Bank of Namibia

2017
Annual Report

Published by the Bank of Namibia
71 Robert Mugabe Avenue
PO 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 2017, 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, 1997 (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, and key achievements of the Bank in 2017. A reflection on these issues is provided below.

The Bank cherishes good governance practices, openness and accountability to the public. As an open and accountable central bank, the Bank continued to adhere to good governance principles guided by our Mission and Vision. The Bank's legislation, Corporate Charter and Strategic Plan represent the means that direct the pursuit of our Mission and Vision. The Bank undertakes a clear and comprehensive communication strategy to ensure transparency and accountability regarding its activities. The Bank is committed to ensure that it copes with the changing environment and organisational landscape, and appropriately responds to the challenges faced in the modern day central banking environment. These require a robust and high performing organisation, which the Bank strives to be.

In 2017 the Bank commenced with the implementation of a new Strategic Plan cycle. The new strategic plan outlines the Bank's Strategic Objectives, Strategies and Outcomes, as well as Special Focus Areas for the planning period extending from 2017 to 2021. The new Strategic Plan is founded on our past accomplishments and effective strategic planning practices and is firmly anchored by our legal mandate and Corporate Charter. Through its dedicated staff, the Bank remains steadfast and has already started to deliver on these Strategic Objectives, as outlined in this report. Among key factors for the Bank to deliver on its Strategic Plan is diversity. Diversity helps to build a more coherent and inclusive society, and thus leads to more creative thinking which we need to deliver on our mandate. In order to increase diversity, we are seeking to cement the Bank as an obvious career destination for a wide range of recruits, from university graduates to experienced professionals.

After several years of a difficult economic environment, the global economy gained momentum in 2017. The upturn in economic activity was more broad based, both for Advanced Economies (AEs) and Emerging Markets and Developing Economies (EMDEs). Global economic growth is estimated to have improved to 3.7 percent in 2017, up from 3.2 percent in 2016. Growth was mainly supported by growth in global demand and conducive financial conditions. As a group, AEs are estimated to have recorded better economic growth in 2017, led by the United States, Europe and Japan. Similarly, EMDEs recorded improved economic growth, which was supported by the recovery of the Brazilian and Russian economies. Global financial markets performed well in 2017 compared to 2016, boosted by the depreciation of the United States

Dollar (USD), coupled with improved commodity prices, a positive growth outlook, and reduced political uncertainty. Monetary policy stances remained generally accommodative in both AEs and EMDEs. Inflation trends generally edged up in AEs, while they were divergent and very modest, and mostly low and below targeted levels for the EMDEs.

In contrast with global economic developments, 2017 was a challenging year for the domestic economy. The economy is estimated to have contracted marginally in 2017, following positive growth in 2016. The contraction is ascribed to declines in sectors such as construction, wholesale and retail trade and the public sector, combined with a slowdown in various other sectors, including manufacturing, electricity and water, and transport and communication. Encouragingly, other key sectors such as mining and agriculture maintained positive momentum, which if sustained, could anchor economic recovery going forward. The inflation rate moderated to 6.2 percent during 2017, down from 6.7 percent the previous year. The low overall inflation rate was mainly driven by lower inflation for food and non-alcoholic beverages as a result of good rainfall.

Namibia's current account deficit narrowed significantly during 2017, largely supported by a contraction in the import bill and higher Southern African Customs Union (SACU) receipts. The current account recorded a deficit of only N$3.9 billion, which is significantly lower than the N$23.0 billion deficit in 2016. The decrease in the current account deficit was mainly due to a steep decrease in the import bill, coupled with increased SACU receipts. Meanwhile, the level of international reserves held by the Bank improved by 22.1 percent to N$30.2 billion at the end of 2017. The international reserves were boosted primarily by higher SACU receipts, an inflow from the first tranche of the African Development Bank (AfDB) loan to the Namibian Government and repayments of the debt by the Banco Nacional de Angola (BNA). As a result, the estimated import cover rose to 4.6 months at the end of 2017, up from 3.2 months recorded at the end of 2016.

Despite the Bank maintaining a relatively accommodative monetary policy stance, inflation remained relatively contained in 2017. The Bank kept the repo rate unchanged at 7.00 percent at the February, April and June 2017 meetings. The repo rate was then cut by 25 basis points to 6.75 percent in August and was maintained at the same level at the subsequent Monetary Policy Committee meetings in October and December 2017. The monetary policy stance was adopted to support the domestic economy which remained weak in 2017, while maintaining the currency peg with South Africa. In reaction to the easing of the monetary policy stance in August 2017, commercial banks decreased their prime lending rates by 25 basis points to 10.50 percent. In the meantime, an increase of 9.5 percent was observed in the annual growth of money supply (M2) in 2017, compared to a growth of 4.9 percent in 2016. The higher growth was mainly driven by a strong increase in the net claims on central government, partly related to government's catch-up payments of arrears, alongside a moderate increase in net foreign assets (NFA) and positive growth in private sector credit extension (PSCE), albeit at a slower pace than before. Growth in PSCE slowed to 5.1 percent in 2017 from 8.9 percent in 2016 mainly as a result of the weakening of the domestic economy.

The challenging domestic economic environment continued to impact fiscal policy in 2017. The revised budget deficit for the FY2017/18 was 5.4 percent of GDP, lower than the deficit of 6.9 percent recorded during the FY2016/17. The upward revision was mainly a result of additional budgetary provisions to settle arrears and additional provision for critical services. Higher SACU receipts and improved revenue collection during this period provided some respite and contributed to a lower budget deficit in the FY2017/18. The stock of debt of the Government of the Republic of Namibia increased as a percentage of GDP to 42.3 percent, representing an increase of 3.1 percentage points. This was a result of increases in both domestic and external debt.

The financial performance of the Bank in the FY2017 showed a major improvement, when compared to the FY2016. The increase in our reserves balances, coupled with the increase in interest rates in capital markets we invest in, mainly contributed to the observed improvement in financial performance. The Bank's non-interest earnings also increased due to the unwinding of the FY2016 Banco Nacional de Angola (BNA) discounting to the income statement in the FY2017. As in the past, the Bank prudently managed its operational costs and declared dividends of N$213.1 million to the State Revenue Fund in February 2018.

In spite of slowing domestic economic activity, the performance of the financial sector, and in

particular the banking sector, was sound. Although, the slowdown in domestic economic activity exerted pressure on the earnings of banking institutions, capital adequacy levels remained sufficient to curb potential risks emanating from operations. The banking sector recovered from liquidity pressures towards the third quarter of the year due to payments of Government outstanding invoices. Asset quality of the banking sector deteriorated, with the non-performing loans (NPL) ratio increasing from 1.5 percent to 2.5 percent at the end of 2017, but it remained well within the benchmark of 4.0 percent. The unfavourable market conditions worsened household indebtedness, which in turn caused the deterioration of the NPL ratio.

In line with the Payment Systems Management Act, No.18 of 2003, as amended, the Bank continued to fulfill its mandate as the overseer of the National Payment System (NPS). The Bank conducted on-site and off-site activities, which confirmed the stability of the Namibia Interbank Settlement System (NISS). The availability of the Namibia retail payment systems, which include the Electronic Funds Transfer (EFT) system, the Cheque Processing System (CPS), and the Card Switching System (NAMSWITCH), remained high in 2017, and disruptions that occurred were quickly resolved. With the cooperation of the stakeholders, the Bank was able to ensure that the operation and functioning of the national payment ecosystem is safe, secure, efficient and cost effective. In order to continue improving these aspects, the Bank has implemented several initiatives. These include measuring the progress of the NPS 2020; issuing of the Common Monetary Area (CMA) Directive to regulate clearing and settlement of cross border low-value credit EFT transactions practices within the CMA; awareness campaigns on the NPS and key components of the payments ecosystem; and studying and monitoring of digital innovations and virtual currencies.

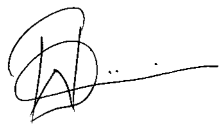
As the Bank relies on its human capital to deliver on its Mission and Vision it is important for the Bank to continue to motivate its staff and build capacity. To this end, targeted interventions that develop and strengthen the Bank's Vision of being a Centre of Excellence were implemented. Through these interventions, the Bank cements a culture of diversity, focusing on interpersonal and inter-group communication and relation-building exercises to instill a culture of excellence in the work place. Such vision-building sessions endeavor to cement the Bank's Values and ensure that all staff are acquainted with its Mission and Vision. The Bank employs a 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. During 2017, the Bank continued to invest in staff capacity building with a total of 126 employees being trained in various aspects of central banking and related fields. 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 less than 500 employees.

The Bank continued with its investment in education by granting bursaries to Namibian learners. A total of 28 Namibian students benefited from the Bank's Bursary Scheme in 2017, allowing them to attend studies at recognised institutions in Namibia and the Southern African Development Community (SADC) Region. The sponsored students are undertaking studies in the fields of accounting / finance, economics, actuarial science, and education (accounting and science).

The Bank's Graduate Accelerated Programme which was introduced in 2011 continued in 2017. The 2016/17 intake benefited six graduates; two of these have secured permanent employment with the Bank, while the remaining four candidates were retained on a temporary basis. The programme is continuing in 2018 with new recruits.

All successful organisations need to maintain productive relationships with their key stakeholders. The Bank values and enjoys excellent relations, with its multiple, diverse stakeholders and offers various platforms and engagements to listen to them. In 2017, the emphasis was placed on identifying and making use of innovative avenues to reach out to existing and new groups using a wide array of communication tools. Drawing on the feedback from stakeholders, the Bank organised strategic stakeholder engagements. Regular consultative meetings were held with various stakeholders, and the opportunity was used to discuss the economic outlook of the country and to share views on issues of common interest within the Bank's mandate.

The strides made in 2017 would not have been possible without the resolute commitment of the staff, Board and stakeholders of the Bank. I am grateful to all the employees and the Senior Management Team for their loyalty and devotion to the Bank. Equally I want to express my gratitude to the Board of the Bank of Namibia. Their considered guidance and direction are invaluable. I am also thankful to our stakeholders, who have granted us their cooperation and provided us with information and data throughout the year which the Bank had used to compile this report and other publications. In the year ahead, the Bank will continue to strive to strengthen its contribution to the development of our country.



Iipumbu Shiimi
Governor
23 March 2018

Part A
Operations and Affairs of the Bank

Contents

Our Vision

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

Our Mission

To support economic growth and development in Namibia, we act
as fiscal advisor and banker to 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.

Management Structure

As at 31 December 2017

- **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-Omoregie
      - *Deputy Director: NISS Operations & Projects* – Peter Nghinyotwa
      - *Deputy Director: Oversight, Policy & Research* – Candy Ngula
    - **Director of Finance & Administration** – Kuruvilla Mathew
      - *Deputy Director: Financial Administration* – John Amakali
      - *Deputy Director: General Services* – Dave 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: Analysis & Examinations* – Penelao Kapenda
      - *Deputy Director: Policy & Regulations* – Urbans Karumendu
      - *Deputy Director: Banking Groups & Special Institutions* – Ancois Plaatje
    - **Director: Exchange Control & Legal Services** – Bryan Eiseb
      - *Deputy Director: Legal Services & Contract Management* – Tulonga Nakamhela
  - **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* – Shirene Bampton
    - *Deputy Director: OD & Training* – Henny Janse van Rensburg
  - *Technical Advisor to the Governor* – Emile van Zyl
  - *Head of Risk Management and Assurance* – Magreth Tjongarero

Members of the Board

Mr Iipumbu W Shiimi

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

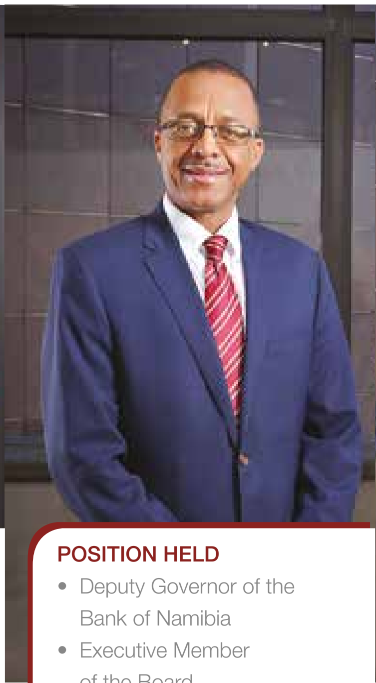
TERM
- Incumbent since 26 March 2010
- Previous term ended 31 December 2016
- Renewed until 31 December 2021

QUALIFICATIONS
- MSc Financial Economics (UL)
- P/G Diploma Economic Principles (UL)
- Diploma 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
23

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

Mr Ebson Uanguta



POSITION HELD
- Deputy Governor of the Bank of Namibia
- Executive Member of the Board

TERM
- Incumbent since 1 January 2012
- Previous term ended 31 December 2016
- Renewed until 31 December 2021

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

YEARS OF EXPERIENCE
21

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

Mr Veston Malango

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

TERM
- Incumbent since 1 April 2008
- Current term ends 31 January 2019

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

YEARS OF EXPERIENCE
33

EXPERTISE
- Mining
- Corporate governance

Ms Ally Angula

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

TERM
- Incumbent since 1 February 2014
- Current term ends 31 January 2019

QUALIFICATIONS
- Master in Philosophy of Development Finance (USB)
- B.Acc (Hons) (UKZN)
- B.Acc, (UNAM)
- Chartered Accountancy Board exams (SAICA)
- Executive Education (various) (GIBS and LBS)

YEARS OF EXPERIENCE
13

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

As at 31 December 2017

Adv. Charmaine van der Westhuizen

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

TERM
- Incumbent since 30 May 2012
- Current term ends 31 January 2019

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

YEARS OF EXPERIENCE
14

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 1 November 2008
- Current term ends 31 January 2019

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

YEARS OF EXPERIENCE
23

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
- Current term ends 31 December 2018

QUALIFICATIONS
- MBA Corporate Strategy and Economic Policy (MSM)
- Diploma in Personnel Management (PoN)
- 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
25

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 3 April 2010

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

YEARS OF EXPERIENCE
21

EXPERTISE
- Accounting
- Finance
- Public policy
- Governance

Management team

Mr Iipumbu W Shiimi

POSITION HELD
Governor of the Bank of Namibia (MPC member)

QUALIFICATIONS
- MSc Financial Economics (UL)
- P/G Diploma Economic Principles (UL)
- Diploma 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
23

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

Mr Ebson Uanguta

POSITION HELD
Deputy Governor of the Bank of Namibia (MPC member)

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

YEARS OF EXPERIENCE
21

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 majoring in Economics, Management Science and Auditing (UNAM)
- Executive Development Programme (EDP) (USB)
- International Executive Development Programme (IEDP) (WBS/LBS)

YEARS OF EXPERIENCE
19

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
33

EXPERTISE
- Economics
- Banking
- Financial markets

As at 31 December 2017

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
24

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
25

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

Ms Leonie Dunn

POSITION HELD
Director: Financial Intelligence Centre

QUALIFICATIONS
- LLM cum laude (UNICAF)
- LLB and BA Law (US)
- International Executive Development Programme (WBS/LBS)
- International Leaders Program (HMFCO UK)

YEARS OF EXPERIENCE
19

EXPERTISE
- Commercial and criminal law
- Financial services regulation
- Financial market integrity
- Prevention and combatting of money laundering, terrorism financing and proliferation financing
- 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
15

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

Management team

Ms Barbara Dreyer-Omoregie

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)

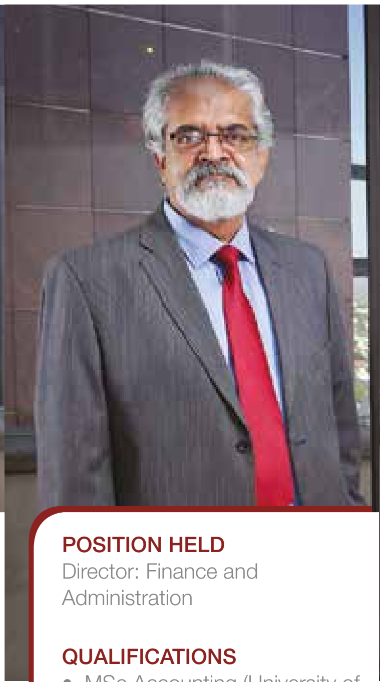
YEARS OF EXPERIENCE

25

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

Director: Finance and Administration

QUALIFICATIONS

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

YEARS OF EXPERIENCE

28

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)
- PC Support (BCC, SA)
- International Executive Development Programme (WBS/LBS)

YEARS OF EXPERIENCE

17

EXPERTISE

- Information technology strategy and governance
- Information technology Innovation
- Programme management
- Information technology security
- Resource planning & IT Risk Management
- Disaster Recovery

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)
- Diploma in Public Administration (TN)
- Management Development Programme (USB)
- International Executive Development Programme (WBS/LBS)
- Fellow at the Fletcher School Leadership Program for Financial Inclusion (2017), (Tufts University, Boston, MA)

YEARS OF EXPERIENCE

21

EXPERTISE

- Macroeconomics and economic statistics
- Research
- Trade policy analysis
- Financial sector development
- Development finance
- Project management
- Strategic planning and management
- Corporate governance and communication

As at 31 December 2017

Mr Sam SHIVUTE

POSITION HELD
Director: Banking Services

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

YEARS OF EXPERIENCE
22

EXPERTISE
- Crime investigation
- Currency management
- Tax law
- Transfer pricing

Ms Magreth Tjongarero

POSITION HELD
Head: Risk Management and Assurance

QUALIFICATIONS
- BAcc (UNAM)
- International Executive Development Programme (WBS/LBS)

YEARS OF EXPERIENCE
17

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

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 Police Science
- Senior Management Programme (USB-ED)
- International Executive Development Programme (WBS/LBS)

YEARS OF EXPERIENCE
28

EXPERTISE
- Corporate Law
- Investigation
- Security
- Exchange Control

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 to serve as the Government's principal to control money supply, the currency and financial institutions. The objectives of the Bank as defined in the Bank of Namibia Act, 1997 (No. 15 of 1997, as amended), are, inter alia, as follows:

- 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 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 following:

- The Banking Institutions Act,1998 (No. 2 of 1998, as amended), which empowers the Bank to supervise banking institutions;
- The Payment System Management Act, 2003 (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 providing for incidental matters; and
- The Financial Intelligence Act, 2012 (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.

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 essentially express 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 and identify with these required 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, Vision and standards of ethical behaviours.

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 as follows:

1. Safeguard and enhance financial stability
2. Promote price stability
3. Manage reserves prudently
4. Provision of currency, Government debt issuance and banking services
5. Promote a positive reputation
6. Promote financial sector development
7. Enhance 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. Consequently, the Directors of the various Departments report biannually on progress in their areas of concentration and the achievement of their targets. Once a year, the entire Strategic Plan is reviewed and refreshed. 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 the objective concerned 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 maintains its accountability to the public at large by adhering to good corporate governance principles. The Bank's legislation, its Corporate Charter and its 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 is able to openly and clearly convey why and how the Bank does what it does. Below are some of the expectations of good governance that the Bank is committed to meet:

- To be responsible, respected, trustworthy and credible
- To be accountable to its shareholders and the Namibian people
- To demonstrate an exceptionally high degree of integrity
- To ensure that its actions and policies are efficient, effective and transparent
- To maintain professionalism and excellence in the delivery of its services, and
- To be flexible and forward-looking in its approach, but to avoid 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.

THE BOARD OF THE BANK OF NAMIBIA

The Board is responsible for the policies, internal controls, risk management and general administration of the Bank. Board Members, in addition to having typical fiduciary duties, are also

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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 of Namibia are appointed by the President of the Republic of Namibia; the Board consists of two Executives, one Ex Officio and five 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. One staff member from the public service and four other persons in addition to the Permanent Secretary of the Ministry of Finance constitute the Non-Executive Members. Board Members who served during the year under review are portrayed on page 10-11 of this report.

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 2017, four ordinary and four special Board meetings were held. The special Board meetings were mainly to attend to matters regarding the SME Bank, which underwent a liquidation process during 2017. Table A.1 below sets out the frequency of Board meetings and the attendance of members during 2017.

Table A.1: Frequency and attendance of Board meetings, 2017

Board Member	23 January (Special)	3 February (Special)	24 February	17 March (Special)	24 May	14 June (Special)	18 August	24 November
Mr I Shiimi (Chairperson)	✓	✓	✓	✓	✓	✓	✓	✓
Ms A Angula	✓	✓	✓	✓	✓	x	✓	✓
Ms E Haipinge	✓	✓	✓	x	x	✓	x	✓
Dr O Kakujaha-Matundu	✓	✓	✓	✓	✓	✓	✓	✓
Mr V Malango	✓	x	✓	✓	✓	✓	x	✓
Ms E Shafudah	✓	x	✓	x	x	x	✓	x
Mr E Uanguta	✓	✓	✓	✓	✓	✓	✓	✓
Adv. C van der Westhuizen	✓	✓	✓	✓	✓	✓	✓	✓

The Board Committees, namely the Audit Committee and the Remuneration Committee, had several meetings during the period under review.

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. Three Non-Executive Board Members currently serve as Members of this Committee, whose meetings are also attended by the Bank's Head of Risk Management and Assurance, the external auditors and relevant staff members. The Deputy Governor attends Audit Committee meetings upon invitation. 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 the audit efforts is optimised. The Committee is also required to introduce measures to enhance the credibility and objectivity of financial statements and reports prepared with reference to the affairs of the Bank. In addition, the committee is also expected to enhance the Bank's corporate governance, with an emphasis on the principles of accountability and transparency.

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, who serves in an ex officio capacity.

The frequency of Audit Committee and Remuneration Committee meetings and the attendance of members during 2017 are set out in Tables A.2 and A.3 respectively.

Table A.2: Frequency and attendance of Audit Committee meetings, 2017

Audit Committee Member	17 February	19 May	11 August	17 November
Ms A Angula (Chairperson)	✓	✓	✓	✓
Dr O Kakujaha-Matundu	✓	✓	✓	✓
Adv. C van der Westhuizen	✓	✓	✓	✓

Table A.3: Frequency and attendance of Remuneration Committee meetings, 2017

Remuneration Committee Member	16 February	11 August	2 November	20 November
Mr V Malango (Chairperson)	✓	✓	✓	✓
Ms T Haipinge	✓	✓	✓	x
Adv. C van der Westhuizen	✓	✓	✓	✓

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 on page 12-15 of this Report. 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 Investment Committee, the Management Committee, the Financial System Stability Committee, the Innovation and Efficiency Committee and Budget Committee.

The Bank's *Monetary Policy Committee (MPC)* consists of the Governor (Chair), Deputy Governor, Advisor(s) to the Governor, 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* 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.

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 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 meets every second week.

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 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 *Risk Management Committee* consists of all members of the Management Committee. The Governor or the Deputy Governor chairs all the committee meetings, which take place on a quarterly basis before the Audit Committee meetings. Its role is

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to assist the Audit Committee to ensure that the Bank has implemented an effective risk management policy and 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 *Innovation and Efficiency Committee* was constituted during the 2013 financial year. The purpose of the Committee is to stimulate 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 membership is predominantly Directors from various Departments in the Bank; given its strategic importance, it is chaired by the Deputy Governor. 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 *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. The Budget Committee oversees budget deliberations. 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 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 of 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

In 2017, the Bank continued to leverage its excellent relations with multiple stakeholders to fulfil its mandate. During the year under review, emphasis was placed on identifying and making use of innovative avenues to reach out to existing stakeholder groups. In addition, the Bank also had engagements with other stakeholders, specifically in the agriculture sector as well as with students, to enhance their understanding of the role of the Bank. This was done in accordance with the Stakeholder and Engagement Procedure of the Bank. The Bank made good use of a wide array of communication tools to strategically and proactively engage with diverse internal and external stakeholder groups. These tools included maintaining a dynamic website and channelling information through social media platforms such as Facebook, Twitter, YouTube, LinkedIn and Flickr. Constant engagement was provided through regular media briefings on monetary policy and other relevant issues, media releases and placements, and timely responses to various queries from the media and members of the public.

The Bank values stakeholder feedback and uses it to inform policy interventions and improve services to achieve set objectives. Annually, the Bank identifies strategic stakeholder engagements based on this feedback mechanism. To this end, regular consultative meetings took place with various stakeholders in support of the Bank's corporate communication strategy. The Bank used these opportunities to share its economic outlook for the country and to discuss views on issues of common interest within the Bank's mandate. External engagements held during the review period included those outlined below:

- **In September 2017, the Governor of the Bank hosted members of the diplomatic corps and shared views on relevant economic issues.**

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Via this platform, the Governor presented and discussed economic trends, the performance of the banking sector, and other related issues. In turn, the diplomats raised matters relating to trade and the performance of different sectors of the economy. All parties found the engagement fruitful and valuable.

Governor Iipumbu Shiimi (centre front row), Deputy Governor Ebson Uanguta and staff of the Bank, together with Heads of Diplomatic Missions and multilateral organisations represented in Namibia during the diplomatic engagement event.

- **The Bank hosted its 18th Annual Symposium on 21 September 2017, under the theme "Feeding Namibia: Agricultural Productivity and Industrialisation".** The Symposium provided a platform to focus attention on the agricultural sector to address the pressing issue of food security and agricultural productivity in Namibia and thus provide appropriate impetus to the industrialisation programme of the country. The following three papers where presented to provide context to the discussions: Feeding Namibia: An Overview of Agricultural Productivity and Industrialisation; Agricultural Transformation in Namibia: Successes, Challenges and Policy Priorities; and Promoting Inclusive Agro-Allied Industrialisation: Water and Infrastructure.The event was attended by representatives of various sectors. Delegates who attended the event comprised representatives of the public and private sectors, including role players such as academics, researchers, media practitioners and policymakers. An evaluation of the event reported that stakeholders had expressed great satisfaction with how it had been organised. They had found it relevant and timely in respect of addressing Namibia's development needs, and made useful suggestions for future events.

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Governor Iipumbu Shiimi with the main speakers and presenters at the 2017 Annual Symposium: [from left to right] Hon. Paul Smit, former Deputy Minister of Agriculture and a commercial farmer; Dr. Emma Haiyambo, Director of Strategic Communication and Financial Sector Development (BON); Hon. John Mutorwa, Minister of Agriculture, Water and Forestry; Ms Florette Nakusera, Director of Research (BON); Dr. Adeleke Salami, Senior Research Economist at the African Development Bank; and Dr. Vaino Shivute, Chief Executive Officer of Namibia Water Corporation.

- **The Governor also visited Kavango West Region and Kavango East Region from 6 to 7 November 2017 as part of the Bank's Stakeholder Engagement Programme to promote excellent stakeholder relations and an improved understanding of the operations and actions of the Bank.** On 6 November, the Governor addressed regional and town councillors, political party representatives, and business and community leaders at a working lunch in Kavango East Region. The purpose of the engagement was to discuss the operations of the Bank and the economic outlook. In addition, the Governor also addressed a well-attended public lecture at the Rundu Campus of the University of Namibia.
- **On 7 November 2017, the Governor held a separate working lunch at Nkurenkuru, Kavango West Region, with more than 60 stakeholders.** The trip concluded with site visits to the Rundu Vocational Training Centre, and the Green Scheme developments at Uvungu-Vungu, Musese and Sikondo. The site visits served as fact-finding missions to inform the Bank's policy advisory mandate in the attainment of national economic goals. The regional engagements were successfully concluded and the response from stakeholders was overwhelmingly positive.


[Seated Picture on the left front row] His Worship Erastus Sitentu Kandjimi, Mayor of Nkurenkuru, Governor Iipumbu Shiimi; Hon. Sirkka Ausiku, Governor of Kavango West; Hon. Joseph Sivaku Sikongo, Chairperson: Kavango West Regional Council; Late Ms. Rosalia Nghidinwa (former Minister of Home Affairs and Immigration) together with other invited officials and business leaders.

[Picture on the right] Hon. Dr Samuel Mbambo, Governor of Kavango East, Governor Iipumbu Shiimi (front left) and Dr Emma Haiyambo, Director of Strategic Communication and Financial Sector Development (BON) with the attendees at the public lecture at the Rundu Campus of the University of Namibia.


[Picture on the left] Governor Shiimi with Dr. Haiyambo, alongside the small scale farmers of Vungu Vungu Green Scheme, during their site visit.

[Picture on the right] Dr. Gilbert Likando, Assistant Pro-Vice Chancellor – Rundu Campus (front left), Hon. Dr Samuel Mbambo, Governor: Kavango East Region, Governor Shiimi, and Her Worship Mayor of Rundu Town, Cllr Verna Sinimbo.

As part of the Bank's regular stakeholder engagements, its Board of Directors hosted the First Lady of the Republic of Namibia, Madam Monica Geingos at a lunch meeting on 24 November 2018. The First Lady's visit coincided with a signing ceremony where 300 employees and management of the Bank converged to condemn increasing levels of violence in Namibia, in support of the #BreakFree 2 #BeFree campaign initiative of the One Economy Foundation, spearheaded by her Office. The event culminated in a pledge by staff members to advocate against violence of any form in their respective communities.

Governor Shiimi with the First Lady, H.E. Madam Geingos witnessed the Bank of Namibia staff and management take a pledge to end violence in their communities.

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. The internal engagements that took place during the year under review include those listed below:

- **Progress reviews continued to take place each semester.** During these reviews, the Senior Management Team gave feedback to the rest of the Bank's employees regarding progress made in the implementation of their respective departmental strategies and areas of concentration for the year. These enabled employees to participate and be aware of the Bank's strategic direction while allowing them to make purposeful contributions towards the successful attainment of such plans.

- **The Governor continued to hold biannual general staff meetings.** During these meetings, staff 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.

- **The Employee Liaison Forum 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.

- **The Deputy Governor continued briefing staff on monetary policy decisions.** These briefings after each meeting of the Monetary Policy Committee offer staff the opportunity to discuss matters pertaining to monetary policy, aligned with several of the strategic objectives of the Bank, and enable them to be well-informed ambassadors for the Bank's monetary policy.

- **During 2017, the Bank continued to produce statutory publications as well as publications**

Employee Liaison Forum Members

As at 31 December 2017

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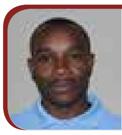
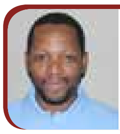


Mukela Mabakeng
Chairperson
Research Department

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

Abigail Nainda
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

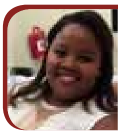
Theopoltine Veii
Member
HR Department

Tupopila Pilatus
Member
HR Department

Nadean Angermund
Member
Exchange Control & Legal Services Department

Morning Mvula
Member
Oshakati Branch

Taimi Ashikuni
Member
Strategic Communications and Financial Sector Development Department



Melintha Fleermuys
Member
Financial Intelligence Centre

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covering general information about the Bank, the economy and the financial sector. The aim is both to provide an update on the economy and to broaden public understanding of the Bank's functions and operations. The following publications were issued during the review period and are available on the Bank's website:

- **In line with statutory requirements, the Bank's *2016 Annual Report* was released in March 2017.** This Report not only covered the operations and affairs of the Bank, but provided information on the Bank's annual financial statements, as well as 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 May 2017.** 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 deepen the resilience of the financial sector as a whole.

- **The *Quarterly Bulletin,* which serves as a prime source of information on economic and financial developments in Namibia, was issued in June, September and December.** It contains comprehensive analysis and data covering the real sector, monetary and financial developments, public finance, and the balance of payments.

- **An *Economic Outlook Report* was released in March, July and December 2017.** These reports highlight global, regional and domestic economic growth prospects, and present domestic sectoral estimations and forecasts for a three-year period.

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THE YEAR IN REVIEW

As mentioned earlier, the Bank of Namibia's activities are premised 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 environment. 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 whether or not the strategic objectives were achieved during the course of the year.

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 potential 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 potential 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]	Early warning indicators such as the following are in place for all deposit-taking institutions and credit bureaus:		
	• Capital adequacy- not less than 11 percent.	Capital adequacy ratio of 15 percent was noted in 2017.	Yes
	• Liquidity ratio not less than 10.5 percent	Banks held liquid assets ratio of 15.3 percent.	Yes
	• NPLs not more than 4 percent	NPLs of 2.5 percent were recorded in 2017.	Yes
	• Adequate Risk Management at banks	A targeted examination and thematic reviews were carried out at banking institutions, in accordance with the Risk Based Examination methodology and the Supervisory Review and Evaluation Process.	Yes
	• Ensure tracking and implementation of recommendations within agreed timelines	Most corrective actions or remedial measures were implemented as per action plans and within agreed timelines, with extension sought or agreed upon with the Bank where applicable.	Yes

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

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

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Initiatives and strategies	Strategic outcomes	Actual outcomes	Strategic objective achieved (Yes/No)
1.3 Licencing[3]	• Entities (applicants for banking licenses) that have submitted all information should be processed within three months within the Bank of Namibia (if more than one application is received, the processing should occur within a period of six months); and one further month with the relevant Ministry.	An application for the acquisition of EBank by First National Bank (FNB) was received and processed within the prescribed timeframe.	Yes
	• 95 percent compliance with regulations and standards.	Banking institutions complied with regulations and standards to a level of at least 95 percent.	Yes
1.4 Ensure efficient, safe and effective payment and settlement systems	Cost effective provision of Payment Systems services		
	There is compliance with the Safety Index, per the following indicators:		
	• Fraud to turnover ratio below 0.05 percent.	Fraud to turnover ratio was 0.0027 percent for 2017.	Yes
	• 99.99 percent availability of retail payment system, participants' systems and NISS.	The retail payment systems were available 99.99 percent of the time. NISS was available 99.53 percent of the time.	No
	• All high and medium risk issues identified from onsite inspections are addressed within agreed timelines.	Most high- and medium-risk issues identified by inspections were addressed within the agreed timelines.	No
1.5 Maintain financial sector stability	• Stable financial system.	The 2017 Financial stability report revealed that banks are sound, healthy, profitable and adequately capitalised.	Yes
1.6 Develop the ability to handle crises in the financial system[4]	• A tested and effective crisis resolution framework.	Tested crisis resolution framework in place.	Yes
1.7 Introduce a financial sector safety net [4]	• Safety net in place for small depositors.	A Deposit Guarantee Bill has been drafted and awaits approval.	Yes

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

4 Developments under this strategy are further duscussed in Part D of this report.

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Payment systems oversight

The Bank of Namibia continued to fulfil its regulatory mandate as the overseer of the National Payments System (NPS) in 2017, 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 as an overseer of the National Payment System was accomplished through periodic on-site and off-site oversight activities. The Bank conducted on-site and off-site activities by monitoring its system participants through a combination of assessments based on information provided by the regulated institutions in the NPS.

These activities confirmed the stability of the Namibia Interbank Settlement System (NISS) in terms of its ability to facilitate time-critical payments to be processed without major disruptions. The availability of the Namibian retail payment systems, namely the Electronic Funds Transfer (EFT) System, the Cheque Processing System (CPS) and the Card Switching System (NAMSWITCH), also remained high in 2017, albeit with some disruptions which the respective institutions managed to address. With the cooperation of the stakeholders, the Bank ensured that the operation and functioning of the payments ecosystem is safe, secure, efficient and cost-effective. The Bank does, however, continue in its efforts to improve on the safety, efficiency and cost-effectiveness of the national payment system, as can be deduced from the initiatives outlined below.

The stability of the NISS and its capacity to enable real-time payments was also monitored. Availability of the NISS and retail payment systems operated by the automatic clearing house Namclear – i.e. the EFT, CPS and NAMSWITCH were also monitored. Overall availability of the retail payment systems was at 99 per cent, while the NISS was available 99.53 percent of the time during 2017.

Review of the NPS Vision 2020: The Bank in collaboration with PAN, assessed the NPS Vision 2020 during 2017. A review of the NPS Vision was conducted in 2017 by the Bank, in conjunction with PAN and industry stakeholders. Most deliverables were reported as being on track, and measures were put in place to address some of the challenges pertaining to those items which required improvement. Annual reviews will be held to ensure that all activities are monitored, measured and tracked.

The issuing of the Common Monetary Area (CMA) Directive. The Committee of Central Bank Governors (CCBG) granted approval for the CMA Cross-border Payment Oversight Committee (CMA-CPOC) to normalise the current unfitting practice of clearing and settlement of cross border low-value credit EFT transactions within the Common Monetary Area. In executing the mandate provided by the CCBG, the CMA-CPOC issued a directive on 15 May 2017. The Bank is part of the CMA-CPOC and provides the necessary guidance and support to ensure that the directive is duly implemented in the Namibian jurisdiction.

The Bank continued with the awareness campaigns on the NPS and key components that make up the payments ecosystem. During 2017, the Bank created awareness of the NPS role in the economy and released a public education article. A fees comparison report was released, aimed at promoting transparency regarding fees charged to customers by commercial banks. As part of the awareness campaign, a presentation on the Determination on issuing of electronic money was made to relevant stakeholders. The aim of the awareness campaign was to educate the public regarding the Bank's role as regulator of the NPS.

The Bank produced a position paper on Digital Innovations: Digital Ledger Technologies and Virtual Currencies. The paper outlines the Bank's current position on these digital innovations. Virtual currencies are neither designated nor authorised as payment instruments in Namibia. The Bank does not regulate virtual currencies or the trading thereof. Virtual currencies are also not recognised as legal tender in Namibia. The Bank does, however, recognise the potential impact distributed ledger technologies might have in Namibia, and while the potential risks and implications are not entirely clear and fully understood, this technology is seen to have the potential to transform financial sector infrastructure, and therewith, the manner of its functioning.

The Bank continued to participate and contribute to the joint oversight of the Southern African Development Community (SADC) Integrated Regional Electronic Settlement System (SIRESS). SIRESS is a regional settlement system that caters for time-critical or high-value payments between 14 participating SADC countries. There are 82 SIRESS participants (i.e. registered banking institutions, as well as central banks within the respective SADC jurisdictions). It should be noted that two Namibian banks (SME Bank and EBank) had their SIRESS participation terminated during the reporting period. Of the remaining 82 SIRESS participants, five were Namibian at the end of the reporting period. During 2017, the total value of

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payments processed in SIRESS by Namibian banks amounted to N$397 billion. Of all payments processed in SIRESS during 2017 (N$983 billion), Namibian banks accounted for 40.4 percent.

Substantial progress has been made in the recalling of magnetic strip-based cards and the issuing of chip-based cards in 2017. 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 recall 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% 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 all POS and ATM devices could accept chip-based and PIN cards, while 92 percent of all payment cards circulating in the NPS were EMV-standard-compliant.

Two commercial banks exited the NPS. A final order to wind up SME Bank was obtained on 29 November 2017 and SME Bank was subsequently provisionally liquidated during the course of the reporting period. This resulted in the termination of the bank in the NPS. Another bank, EBank, was acquired by First National Bank Namibia, and their authorisation and participation in the NPS was terminated. Both SME Bank and EBank's participation in the regional settlement system (SIRESS) was simultaneously terminated.

During 2017, the Bank issued new and updated payment systems regulations. The Bank introduced the Determination on the Imposition of Administrative Penalties in the NPS (PSD-8) aimed at providing guiding assessment principles and criteria to be used by the Bank when determining sanctions and penalties for non-compliance with its Regulations. The Determination on the Reduction of the Item Limit for Domestic Cheque Payments within the Namibian NPS (PSD-8) was amended and gazetted to address legislative concerns by recommending the amendment of the affected legislation to Government for reform. The affected legislations makes pertinent reference to cheques as a payment instrument, and is therefore deemed inconsistent with the envisaged phasing out of cheques in Namibia. The Minister of Finance granted payment intermediation service providers an exemption from Section 7 of the Act. This exemption will enable authorised payment service providers to perform payments intermediation. The Bank will publish the relevant guidelines in respect of the exemption during the first quarter of 2018.

In line with its mandate to ensure efficient access to the NPS, the Bank granted new participants entry to access and participate in the system. Two participants, both of which are banking institutions, were given access to the NPS, namely Trustco Bank Namibia Limited and Banco Privado Atlantico Namibia. Additionally, Vivo Energy Namibia Limited, as a non-bank financial institution, was granted full authorisation to issue the "Shell Fuel Card" as a payment instrument in Namibia.

Settlement services

As the banker to the commercial banks, the Bank continued to provide real-time, interbank settlement services to authorised institutions through the NISS. Retail payments (EFTs, Cheques and Cards) that are processed by Namclear are settled in the NISS. During 2017, two disaster recovery tests (one unannounced, the other announced) were conducted for the NISS. Furthermore, the Bank conducted two Business Continuity Management (BCM) exercises with its most critical systems, including the NISS. All the disaster recovery tests and the NISS component within the BCM exercises conducted during 2017 were successful.

As part of the campaign to strengthen IT Security on the NPS, a Two-Factor Authentication solution was implemented, and was successfully rolled out to all NISS participants. The solution was implemented due to an increase in cyber security threats, and added an additional authentication method for participants when accessing the NISS. Further system enhancements were implemented to improve business intelligence reporting.

The Bank provided collateralised lending to NISS participants through overnight and intra-day repo facilities. Liquidity risk in the NPS was efficiently managed because system participants maintained sufficient settlement account balances and collateral in the NISS, which contributed to low utilisation of alternative sources of funding during 2017.

The year 2017 saw an increase in the value of payments and a decrease in transaction volume

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in the Namibian Interbank Settlement System (NISS). The total value settled through NISS in 2017 amounted to N$852.7 billion, of which 66 percent resulted from real-time transactions settled in the NISS and 34 percent from retail payment transactions cleared through Namclear. The total number of transactions settled in 2017 was 65 983, which averages at 219 transactions per settlement day.

Table 1. NISS transaction values and volumes

Year	Number of settlement days	Values settled in (N$ billion)			Total number for settlement transactions
		Total value settled	Real-time transactions	Retail payment transactions	
2013	301	516.0	304.0	212.0	49,049
2014	301	611.7	370.4	241.2	52,658
2015	301	727.2	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

During 2017, cheque volumes and values processed by Namclear continued to decrease. The volume of cheques processed was 660 thousand with a total value of N$6.2 billion. The volume and value of cheques processed decreased by 39.0 percent and 42.0 percent, respectively in 2017 relative to 2016 (Table 2). The downward trend in the volume and value has been noted for the last five years (2013 – 2017) and mainly due to the shift to electronic payment methods that are more efficient and secure, and the anticipated phasing out of cheques as a payment instrument.

EFT transactions processed by Namclear increased in 2017. Namclear processed EFT transactions to the value of N$269 billion in 2017. This represents a 3.53 percent and 5.97 percent increase in value and volume respectively over 2016 figures. EFT transactions have been increasing steadily over the last five years (2013 – 2017). 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. The use of payment cards has been on the increase over the past five years. In 2017, Namclear processed card transactions with a total value of N$13 billion. The value and volume processed by Namclear increased by 37.0 percent and 40.0 percent respectively, when compared to 2016.

Table 2: Namclear transaction values and volumes

Year	Cheque transactions		EFT transactions		Card transactions		Total value cleared[5] (N$ million)
	Value (N$ million)	Volume ('000)	Value (N$ million)	Volume ('000)	Value (N$ million)	Volume ('000)	
2013	30,544	2,128	178,248	14,067	4,813	9,703	213,375
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
Annual % change							
2013	-0.8	-6.2	21.2	14.9	6.3	-0.8	17.1
2014	-7.9	-14.9	16.4	7.2	20.9	13.5	13.0
2015	-4.8	-11.8	13.8	3.7	38.2	39.1	12.2
2016	-60.1	-32.9	10.2	10.3	20.2	16.9	3.6
2017	-41.5	-38.8	3.53	5.97	37.3	40.6	2.98

5 From a reporting perspective, the Total Value Cleared figures 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, but contained technical errors such as incorrect account number ranges, incorrect date format etc., which are sent back by Namclear to the initiating banks for rectification.

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During 2017, the total value of fraud within the NPS decreased in comparison to 2016. The decrease in fraud activity was mainly due to the increased adoption of EMV-compliant cards, which were introduced to combat card fraud (card cloning). The industry recorded a decrease of 55 percent in payment card fraud in comparison with 2016. The total value of fraud attributable to EFT and cheque streams amounted to N$528,000 and N$2.07 million respectively.

Table 3: Industry fraud statistics

Year	Card Fraud Value (N$ million)	EFT Fraud Value (N$ million)	Cheque Fraud Value (N$ million)	Total Fraud Value (N$ million)
2013	6.243	0.464	2.540	9.247
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

Financial stability assessment and surveillance

The Bank publishes a Financial Stability Report (FSR) once a year, the purpose of which is to identify risks and vulnerabilities in the financial system and assess the financial sector's resilience and ability to withstand internal and external shocks. The report highlights and presents recommendations regarding specific risks stemming from the domestic and external economic environment, household and corporate debt, the banking sector, the non-banking financial sector, and payment and settlement systems.

The 2017 FSR published in April established that the performance of the Namibian banking sector was sound, with banks remaining adequately capitalised, profitable, healthy and stable. The banking industry remained well capitalised and maintained capital levels well above the minimum prudential requirements during 2017. Despite a general economic slowdown in 2017, banking institutions displayed healthy aggregate balance sheet growth, positive profitability and satisfactory liquidity levels. Moreover, although asset quality in terms of non-performing loans (NPLs) deteriorated to 2.5 percent as at December 2017 under challenging economic conditions, it remained low, and within the internal benchmark of 4.0 percent. Overall, this robust performance of the banking sector is expected to continue in the foreseeable future.

The liquidity position of the banking industry improved significantly during the period under review. The liquidity situation remained adequate and the industry average ratio stood at 13.4 percent, compared to 12.4 percent during the previous year, well above the target level of 11.0 percent.

Since the last FSR, a macroprudential regulation in the form of loan-to-value ratio for non-primary residential properties was gazetted on 26 September 2016 and took effect in March 2017. This policy tool was introduced to curb speculation in the residential housing market segment and reduce the exposure of banking institutions to mortgage loans. It is also expected that the loan-to-value ratio will promote responsible borrowing, while giving preferential access to housing for first-time buyers.

Both household and corporate sector debt remained elevated in 2017. Consistent with weak economic conditions, the corporate debt stock and corporate debt to GDP ratio increased in 2017, compared to 2016. The relatively large exposure to external debt by the corporate sector is not considered to be a major concern, given that most companies that borrow externally, earn foreign exchange, and such borrowing is expected neither to adversely impact their debt servicing capacities, nor to pose any meaningful threat to the domestic banking sector. Moreover, household debt as proxied by credit extended to individuals slowed slightly consistent with poor domestic economic conditions.

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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[6]	• 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 before the 5th. • 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.	Average inflation was maintained below 10 percent, having averaged 6.2 percent in 2017.	Yes

Monetary policy stance during 2017

The Bank of Namibia's Monetary Policy Committee (MPC) maintained a relatively accommodative monetary policy stance in 2017, 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 triggered by domestic economic activity which remained weak during 2017. The weak performance was mainly reflected in the construction and wholesale and retail trade sectors, and in low economic growth in some trading partners. Annual inflation levels remained reasonably contained, with an average of 6.2 percent for 2017, compared to 6.7 percent for 2016. During 2017, the Bank kept the repo rate unchanged at 7.00 percent during its February, April and June meetings. At its August 2017 meeting, however, the MPC decided to cut the repo rate by 25 basis points to 6.75 percent to support the local economy. This stance was maintained in the subsequent meetings held in October and December 2017. The MPC took the decision in order to support domestic economic growth, while maintaining the one-to-one link between the Namibia Dollar and the ZAR.

6 Developments under this strategy are further duscussed in Part C of this report.

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STRATEGIC OBJECTIVE 3: MANAGE RESERVES PRUDENTLY[7]

Initiatives and strategies	Strategic outcomes	Actual outcomes	Strategic objective achieved (Yes/No)
3.1 Manage foreign reserves prudently in accordance with the Investment Policy	Returns are in line with agreed benchmarks and risk levels.	No losses or negative returns were recorded on foreign reserve portfolios over the year 2017.	Yes
3.2 Manage liquidity in the banking system proactively to support reserves	There is 100 percent compliance with reserve adequacy thresholds, in accordance with 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
3.3 Administer exchange control in accordance with relevant laws	All known and detected illegal foreign exchange trading is investigated and reported to law enforcement within 30 days.	All illegal cash movements detected were reported to law enforcement during 2017.	Yes

Foreign exchange reserve developments during 2017

The Bank of Namibia is responsible for the prudent management of the Republic of Namibia's foreign exchange reserves, which are of strategic importance to the country. The foreign reserves are held to back the Namibian currency in circulation, maintain the peg to the ZAR, and ensure that the country meets its international financial obligations. In order to fulfil the purposes of holding foreign exchange reserves, the Bank is obliged to ensure that the investment objectives of capital preservation and liquidity are met at all times. Another subordinated objective is to achieve investment returns in excess of assigned investment benchmarks. These investment objectives are achieved through a combination or mixture of assets as informed by the Bank's annual strategic asset allocation exercise.

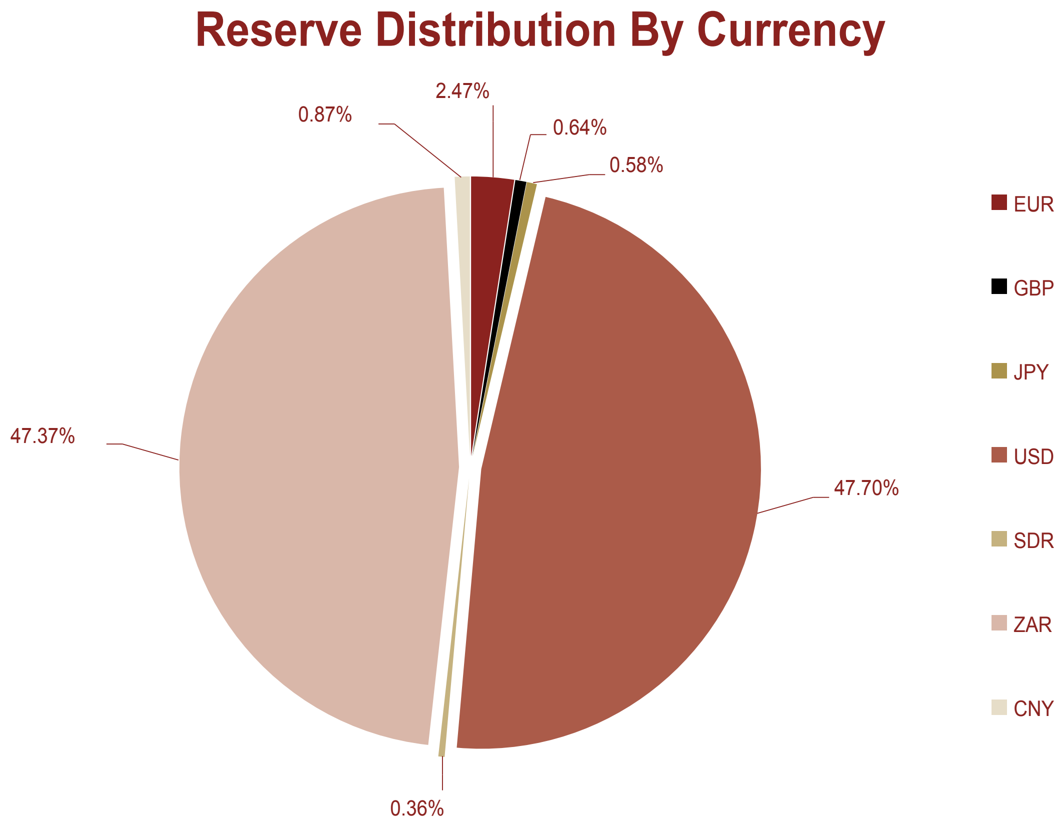
The pressure on foreign reserves toned down during 2017 in comparison with the previous year mainly due to lower cross-border transfers. In this regard, lower net transfers to South Africa and other countries of N$15.3 billion were recorded during 2017, compared to N$20.9 billion recorded during 2016. In addition, net foreign Government expenditure declined from N$3.7 billion in 2016 to N$1.9 billion in 2017, contributing to the lower pressures on foreign exchange reserves.

The level of foreign exchange reserves as at 31 December 2017 was considered to be adequate, measured in terms of currency in circulation (CIC) and import coverage. In terms of currency in circulation, foreign reserves stood at a ratio of 3.5 times above CIC plus a buffer of three times monthly commercial bank outflows. Measured in terms of import coverage, foreign reserves adequacy increased from 3.2 months of imports at the end of 2016 to 4.6 months as at 31 December 2017. This notable improvement presents a coverage ratio higher than the international minimum benchmark of three months (12 weeks).

The USD, ZAR and EUR currencies continued to represent the biggest share of the Bank's foreign exchange reserves. As at the end of 2017, the USD, ZAR and EUR accounted for 47.7 percent, 47.4 percent and 2.5 percent of foreign reserves, respectively. During the corresponding period in 2016, these currencies accounted for 45.0 percent, 49.0 percent and 3.0 percent of foreign exchange reserves, respectively. The small percentages of reserves in currencies such as the Euro, British Pound Sterling (GBP), Japanese Yen (JPY) and the Chinese Yuan/ Renminbi (CNY) were held as part of the Special Drawing Rights basket of currencies (see Figure A.1).

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

Figure A.1: Currency mix of foreign exchange reserves, 31 December 2017



Administration of exchange control

During 2017, the Bank, in its mandate to ensure effective administration of Exchange Controls in terms of the Currency and Exchanges Act (Act No. 9 of 1933) and Exchange Control Regulations, provided oversight of seven Authorised Dealers and eight Authorised Dealers with Limited Authority (ADLAS). The Bank noted that due to the economic contraction experienced in the country, there was a decrease in the volumes of foreign exchange transactions by the ADLAS, whereby two ADLAS ceased operations entirely. No new foreign exchange Dealer licences were issued during 2017.

The Bank conducted eight supervisory onsite examinations on the Authorised Dealers during the year. Overall, the Bank noted an improvement by Authorised Dealers of their compliance to Exchange Controls.

During the year the Bank initiated the formation of a multi-sectoral taskforce on Illicit Financial Flows. The Task Force has been mandated to address systemic shortcomings in the remittances of foreign payments.

The Bank continued its efforts to curb the illegal trade in foreign currency exchanges during the year under review. In this regard the Bank conducted joint operations with the Namibian Police and arrested several suspects. A total of N$925,206.08 in foreign currencies were confiscated. Furthermore, training interventions were offered to the Namibian Police and Customs and Immigration Officials to create public awareness of the requirements of the exchange control regulations. The Bank also intervened and blocked N$12,468 922.10 that was held in a Foreign Currency contrary to Exchange Control Rulings, and investigations in this regard are ongoing.

During the year 2017, the Bank continued to fulfil its multilateral obligations. Exchange Controls within the Common Monetary Area remain harmonised in line with the tenets governing the foreign exchange activities within the region. Similarly, the Bank participated in SADC forums geared towards the harmonisation of exchange controls in the region as stipulated under Annex 4 of the Finance and Investment Protocol (FIP).

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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 Provide effective and efficient banking services	Currency is supplied to commercial banks as per demand at all times.	All commercial banks were supplied with currency as per demand.	Yes
	All (100 percent) of Government payments and deposits are correctly effected and recorded within the agreed timeline.	One hundred percent of Government payments and deposits were effected.	Yes
4.2 Provide sufficient quality and quantity of currency	Counterfeits are detected, and counterfeits in circulation do not exceed the threshold of ten pieces per one million notes.	The ratio of counterfeits recorded in 2017 was nine pieces per million notes in circulation and, thus, within the Bank's threshold.	Yes
4.3 Provide effective lending facilities to banking institutions	All (100 percent) of banking institutions' borrowing needs are met.	One hundred percent of banking institutions' borrowing needs were met.	Yes
4.4 Issue and manage Government securities[8]	Funds are raised for Government in line with the approved borrowing plan.	Government funds were raised in line with the borrowing plan, although a small shortfall was recorded in the domestic market.	Yes

Currency operations

Currency Management is one of the mandates of the Bank of Namibia and hence remains a key strategic goal. The Bank is responsible for the supply of currency of all denominations to the Namibian market. It ensures that sufficient stock of currency and good quality currency are in circulation at all times. All unfit, soiled or mutilated banknotes are deposited by the commercial banks with the Bank for destruction.

The Bank observed a slight increase with regards to growth in the volume of total currency in circulation in 2017. The total volume of banknotes in circulation increased by 2.4 percent in 2017, or 50.5 million pieces, compared to the decrease of 1.9 percent (49.3 million pieces) recorded in 2016. By the end of 2017, the volume of coins in circulation had increased by 6.1 percent compared to the 4.4 percent increase recorded for 2016. Negative growth of 11.3 percent was registered for the N$10 coin in 2017, compared to a growth of 5.9 percent recorded in 2016 (Figure A.2 and Table A.4).

As at 31 December 2017, the total value of currency in circulation stood at N$4.7 billion, compared to N$4.4 billion for the preceding period. Thus, a positive annual growth rate of 6.0 percent was recorded in 2017, compared to the decrease of 2.6 percent noted in 2016. The increased growth in banknotes in 2017 in total was mainly a result of the increased issuance noted for the N$50 and N$200 denominations, namely 6.5 percent higher for the N$50 notes, and a significant rise of 11.5 percent for the N$200 notes. A slight reduction of 3.3 percent was noted on the issuance of the N$100 note. The N$100 and N$200 denominations

8 Developments under this strategy are further duscussed in Part C of this report under Bond Martes.

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remained the most widely circulated banknotes in 2017. In terms of coinage, the 5-cent piece remained the most popular among the coin series, recording a 10.0 percent increase in the value of coins in circulation in 2017, slightly higher than the 9.7 percent increase recorded for 2016.

Figure A.2: Growth in currency in circulation

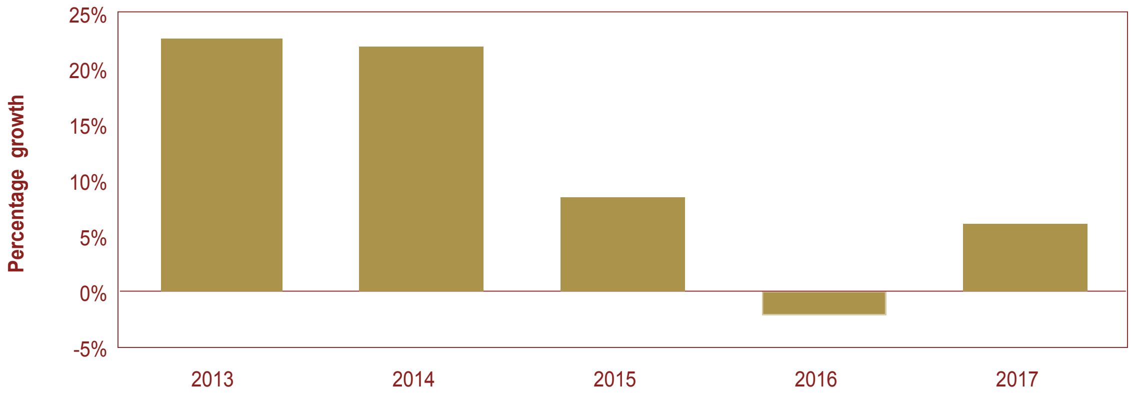

Table A.4: Composition of currency in circulation, 31 December 2017

Denomination	2016 Value (N$ millions)	2016 Volume (N$ millions)	2017 Value (N$ millions)	2017 Volume (N$ millions)	% change in value
5c coins	11.3	226.2	12.4	248.8	10.0
10c coins	18.1	180.5	18.9	188.5	4.4
50c coins	15.1	30.1	15.3	30.6	1.6
N$1 coins	108.3	108.3	111.2	111.2	2.6
N$5 coins	59.3	11.9	60.9	12.2	2.8
N$10 coins	18.9	1.9	16.8	1.7	-11.3
Total – Coins	**230.9**	**558.9**	**235.4**	**592.9**	**2.0**
N$10 notes	101.5	10.2	95.2	9.5	-6.2
N$20 notes	172.9	8.6	179.6	9.0	3.9
N$50 notes	351.2	7.0	374.1	7.5	6.5
N$100 notes	1,157.6	11.6	1,119.3	11.2	-3.3
N$200 notes	2,380.5	11.9	2,654.9	13.3	11.5
Total – Notes	**4,163.7**	**49.3**	**4,423.0**	**50.5**	**6.2**
Grand total	**4,394.5**	**608.2**	**4,658.5**	**643.4**	**6.0**

Efficient sorting of notes remained one of the key focus areas of the Bank in 2017. New banknotes to the value of N$2.4 billion were issued, compared to the N$2.6 billion issued in 2016. The 7.7 percent decrease in the issuance of new banknotes is attributed to the procurement of the new BPS M7 banknote sorting machines in 2016 and 2017 for the Oshakati Branch and Head Office. This sorting equipment 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 35.9 million banknote pieces with a face value of N$1.9 billion in 2017, compared to 52.7 million pieces with a face value of N$3.1 billion in 2016.

The South African Rand is legal tender in Namibia in accordance with the provisions of Section 26(1) of the Bank of Namibia Act. Furthermore, in line with the Bilateral Monetary Agreement between Namibia and

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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 R225 million was repatriated, compared to R600 million in 2016. These figures show a substantial decrease of 62.5 percent between 2016 and 2017, following an increase of 33.3 percent in the total Rand repatriations recorded for the previous year. It is noteworthy that the Rand enters the Namibian market through natural progression and the economic activities in the country such as the tourism sector dictates the volumes of Rand introduced in the market. Rand repatriation values and the value of Namibia Dollars in circulation over the past five reporting years are presented in Table A.5.

Table A.5: 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
2013	1,800.0	9.1	3,402.1	22.7
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

A significant increase was recorded in the number of counterfeit banknotes detected in 2017 compared to 2016. The total number of counterfeit Namibia Dollar banknotes detected in 2017 increased to 440 pieces, compared to 277 pieces recorded in 2016 (Table A.6). The N$200 banknote remains the most targeted denomination by the counterfeiters, accounting for 58.8 percent of total counterfeits detected in 2017.

As at 31 December 2017, the ratio of counterfeits per million in respect of all Namibia Dollar banknote denominations stood at nine pieces, which was well below the international benchmark of 70 banknotes per million. It is noteworthy that the nine pieces were also below the Bank's own threshold of ten pieces per million banknotes (Table A.6). Although an increase was noted in the number of counterfeits detected, the Bank is not concerned given the poor quality of the said counterfeits. The Bank also continued to provide counterfeit training to various stakeholders in the cash industry. A total of 400 participants from the various law enforcement and retail sectors received counterfeit detection training during the period under review.

Table A.6: Counterfeit Namibia Dollar banknotes

Denomination	Number of counterfeit banknotes detected					Counterfeits per single denomination per million notes in 2016	Counterfeits per single denomination per million notes in 2017
	2013	2014	2015	2016	2017		
N$10	3	1	4	0	2	0	0
N$20	3	8	7	11	24	1	3
N$50	40	28	33	29	74	4	10
N$100	125	140	169	38	81	3	7
N$200	212	166	252	199	259	14	19
TOTAL	**383**	**343**	**465**	**277**	**440**		
Total counter-feits per million notes for all denominations	9	7	9	6	9		

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Table A.7: Counterfeit Namibia Dollar banknotes per banknote series

Notes	N$10	N$20	N$50	N$100	N$200	Total pieces	Total value (N$)
New series	2	24	73	72	255	426	62,350
Old series	0	0	1	9	4	14	1,750
Total	**2**	**24**	**74**	**81**	**259**	**440**	**64,100**

Banking services

The use of electronic means of payment continued to take preference during the 2017 financial year, whilst payments effected through cheques recorded a significant decline. During 2017, the volume of Government transactions in respect of local transfers[9] processed by the Bank through the NISS decreased to 1 052 from 1 153 (Table A.8). The volume of NISS payments made to the Government by commercial banks also decreased to 2 298 in 2017 from 2 509 in 2016, constituting a reduction of 8.4 percent.

Table A.8: Volume of local and foreign transfers by Government

Calendar year	Local Transfers (Volume)	Foreign Transfers (Volume)
2013	750	1 959
2014	879	2 453
2015	978	2 366
2016	1 153	2 173
2017	1 052	1 720

During the review period, the Bank continued to ensure that all the Government's foreign obligations were honoured timeously. The Bank recorded a reduction in the number of foreign transfers[10] effected on behalf of the Government from 2 173 in 2016 to 1 720 in 2017, which equates to a decline of 20.8 percent (Table A.8). A decrease of 8.8 percent in the volume of local transfers was further recorded for 2017 in comparison with the previous year.

Furthermore, the Bank noted a slight decrease in EFT payments[11] effected by the Government. The decline in Government transactions can be attributed to the fiscal consolidation policy pursued by the Ministry of Finance. The total volume of EFT payments effected in 2016 amounted to 2,545,720 in comparison with 2,321,348 in 2017 (Table A.9), which constitutes a decrease of 8.8 percent. During the period under review, the total value of outflows effected from the State Account amounted to N$96.8 billion, whilst total inflows were N$97.0 billion.

Table A.9: Government EFT payments

Calendar year	EFT transfers (volume)	EFT transfers (value, N$)
2013	2,473,285	21,020,396,152
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

9 These are high-value and time-bound electronic payments effected through the NISS.

10 These are electronic transactions effected by the Bank on behalf of the Government to foreign beneficiaries.

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

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The volume of cheque transactions decreased tremendously in 2017, in comparison to the preceding year. The decrease of 59.6 percent compared to a reduction of 4.1 percent recorded in the previous year can be ascribed to efforts on the part of the Government to achieve compliance in terms of phasing out the cheques by the end of 2017 (Table A.10). The industry deadline on the complete phasing out of cheques by the end of 2017 was, however, extended to a future date still to be determined.

Table A.10: Government cheques processed

Calendar year	Volume	Change (% decrease)/% increase
2013	229,157	-15.6%
2014	231,705	1.1%
2015	229,050	-1.1%
2016	219,675	-4.1%
2017	88,707	-59.6%

Issuance of Government debt[12]

As part of its function as Fiscal adviser to Government, the Bank of Namibia continues to issue Government debt securities. This is aimed to assist the Government in its efforts and commitment towards financial market developments as well as the financing of the national budget. During 2017, the Bank of Namibia held several auctions for both short-term discount instruments as well as 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 inflation-linked bond (the GI29) whose maturity is in the year 2029.

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

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STRATEGIC OBJECTIVE 5: PROMOTE A POSITIVE REPUTATION

Initiatives and strategies	Strategic outcomes	Actual outcomes	Strategic objective achieved (Yes/No)
5.1 Enhance the Bank's corporate image	More than 80 percent of stakeholders express satisfaction with the Bank, based on a minimum response rate of 70 percent.	Based on regular assessments of stakeholder feedback on engagements held during the year, the Bank achieved an average satisfaction rate above the 80 percent target.	Yes
	The tone with which reference is made to the Bank in the media is positive more than 80 percent of the time, according to systematic media analyses.	The Bank was referred to in a positive tone in the media 93 percent of the time during 2017.	Yes

Corporate image

During the period under review, the Bank of Namibia maintained its positive image, as measured through regular feedback from its engagements with various stakeholders. Based on stakeholder's surveys and feedback mechanisms during the reporting year, the Bank recorded positive media coverage of its activities 93 percent of the time, and stakeholder satisfaction beyond the targeted 80 percent.

Public education

The Bank continued to take advantage of its public education platforms to achieve greater awareness and understanding of its role in the economy. The Bank's Public Education Programme continued to educate various stakeholders on selected issues relating to its functions, role and operational activities.

As in previous years, the Bank hosted its annual economic reporting workshop for media practitioners. The role of the media in improving public access to information and assisting in educating the public about various complex economic and financial issues cannot be overemphasised. This fact underpins the Bank's continued support for the media in the form of the reporting workshop, held on 22-23 June 2017. The workshop provided tools for journalists to report accurately about economic and financial issues. It also served as a platform for insightful engagement with Bank staff.

The National High School Competition is one of the key programmes initiated to improve the level of understanding among high school learners about the role of the central bank in the economy. The Grand Finale held on 28 July 2017 was preceded by regional competitions throughout the country, with secondary school learners from Grade 8 to 12 participating enthusiastically. A total of 184 schools participated in the competition, with 736 learners and 184 teachers accompanying the learners during its various phases. The 14 regional winners travelled from their respective regions to compete in the finals in Windhoek, where winners were rewarded with cash prizes.

The overall winner of the National High School Competition was Etosha Secondary School from the Oshikoto Region. Etosha Secondary School took the first prize of N$50 000. Noordgrens Secondary School from Kavango East Region won the second prize of N$30 000, and Swakopmund Secondary School from Erongo Region received the third prize of N$10 000. Gabriel Taapopi Senior Secondary School from Oshana Region came fourth in the competition, and were rewarded with a printer for their school.

[From left to right] Mr Ebson Uanguta, Deputy Governor is with Dr. Postrick Mushendami, Deputy Director: Macromodels and Financial Stability (BON); and Hon. Ester Anna Nghipondoka, Deputy Minister of Education, Arts and Culture with learners and teachers from the 1st-, 2nd- and 3rd-placed schools.

Credit Information Day was hosted in October 2017 in a joint collaboration with the Financial Literacy Initiative. The main aims of the day were to create awareness around expectations regarding the 2014 Credit Bureau Regulations; provide feedback regarding the statistics received from Credit Bureaus; and discuss the industry's challenges relating to the implementation of the Credit Providers Layout (CPLv1) for Namibia. This was an industry forum, and the targeted audience were the credit providers, credit bureaus and loan management system providers. The Bank also participated in the Swakopmund International Trade Expo (SWAITEX) hosted in Swakopmund, Erongo Region, where facilities were made available for people to draw free credit reports and learn more about credit information.

Corporate social investment and responsibility

During the year under review, the Bank also sponsored various community activities. These 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 addition, Bank staff organised internal fund-raising activities to support certain charity causes.

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	The implementation of the Namibia Financial Sector Strategy is coordinated and executed in line with the agreed Implementation Action Plan.	The Bank continued to coordinate and execute initiatives aimed at improving access to finance not only by individuals earning a low income, but also by small and medium enterprises.	Yes

Financial sector development

Namibia's financial sector development agenda continued to be pursued under the framework of the Namibia Financial Sector Strategy 2011 – 2021 (NFSS). The Strategy serves as a guide for the achievement of the financial sector objectives as set out in the various national development plans. Ultimately, the successful implementation of the NFSS is expected to contribute to fostering economic growth and alleviating poverty, as well as to reducing income inequality in the country. The Bank continued to play a key role in both the coordination and execution of the NFSS during the review period. The execution role entails carrying out specific projects falling within the mandate of the Bank, as outlined in the action plan that is part of the NFSS, while the coordination role involves coordinating activities of various implementing agencies as per the action plan, as well as providing secretariat services to the governance structure of the NFSS. Below are some key projects and activities undertaken during the year under review.

As part of its execution role, the Bank made significant progress in the establishment of a Depositor's Guarantee Scheme that will ensure an appropriate safety net to safeguard depositor's financial stability. The Scheme is meant to protect depositors in the event of bank failures by ensuring that they are reimbursed in an efficient, transparent and speedy manner. The Deposit Guarantee Bill that will establish the Deposit Guarantee Scheme has been drafted and is currently with legal drafters for final refinement before presentation to Parliament.

During 2017, the Bank made some progress towards the development and establishment of systems and policies to allow the interface between the Central Securities Depository (CSD) with the internal systems. The internal systems to interface with the CSD would be the Namibian Interbank Settlement System (NISS) and SAP software. The Bank has engaged several service providers to acquire a collateral management system which will ensure the interface between the CSD and internal systems. Various policies are also under review and may be amended to accommodate the settlement process of traded instruments and align the lending instruments implementation to available systems. The Financial Institutions and Markets Bill, which will govern the CSD under the jurisdiction of NAMFISA, is expected to be enacted in 2018.

The Bank has introduced measures to facilitate securitisation in Namibia. The primary objectives of securitisation are to increase the liquidity of banks and non-bank entities, diversify the sources of funding, and reduce the originating bank's capital requirements where certain conditions are fulfilled. In light of this, the Bank drafted, for issuance by the Minister of Finance, a General Exemption Notice on securitisation schemes during 2016. In 2017, the Bank made further enhancements to the General Exemption Notice, especially providing for an appropriate legal framework for authorising and regulating special purpose vehicles for securitisation transactions. The Notice was resubmitted to the Ministry for consideration and issuance.

The Bank also continued to be actively involved in enhancing access to financial services and products, especially for small and medium enterprises (SMEs). A number of activities and projects geared towards enhancing access to finance both for individuals and businesses continued to be refined during 2017. A major project in this regard is the SME Financing Strategy, comprising three

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complementary facilities, namely the Credit Guarantee Scheme, the Catalytic First Loss Venture Capital Fund, which is designed mainly for growth-oriented SMEs, and a Challenge Fund, to bridge non-financial challenges faced by micro, small and medium enterprises in Namibia. The Strategy, which was presented to and endorsed by the Financial Inclusion Council during the review period, was submitted to Cabinet for approval. Cabinet provided comments for the Cabinet sub-committee to consider and a final submission will be made in early 2018.

During 2017, the Bank finalised an assessment study to determine the skills needs of the Namibian financial sector. This project also aimed at developing a skills development plan for the sector for the identified needs. This is in line with the aspirations of the National Human Resources Development Plan. Following consultations with financial sector stakeholders and training institutions on the draft report, the consultant presented the outcome of the study, including the developed Skills Development Plan, to the Financial Inclusion Council at its meeting in August 2017. The Council approved both the recommendations of the study and the Skills Development Plan for implementation. A draft implementation plan was developed during the latter part of 2017 for consultation with relevant stakeholders in 2018 before implementation.

The Bank participated in the planning and coordination of the 2017 Namibia Financial Inclusion Survey. Since the last FinScope Survey (carried out in 2011), which indicated a financial exclusion rate of 31 percent, no further financial inclusion surveys had been undertaken. The 2017 follow-up survey was also the first conducted locally by the Namibia Statistics Agency (NSA) with technical assistance by FinMark Trust (an organisation that conducted FinScope surveys in the past). The survey was jointly funded by the Bank and the NSA, and its report is expected to be published during the first half of 2018.

The Bank continued to serve on both the Executive Committee and the Tender Committee of the national Financial Literacy Initiative (FLI) in 2017. The FLI plays an important role in enhancing financial education for individuals and small businesses. Through creating awareness of financial services and products, as well as raising awareness regarding the rights and obligations of the financial consumer, the FLI aims to contribute to the narrowing of the financial exclusion gap. In 2017, the FLI conducted a financial capability survey, which was partly funded by the Bank. The results from the survey, which are expected in 2018, will help measure whether or not the country has made progress in closing the financial literacy gap.

Windhoek interbank agreed rate amendments

The Bankers Association of Namibia amended the Windhoek Interbank Agreed Rate (WIBAR) Code of Conduct during 2017. The WIBAR was launched in 2011, with the aim of creating a credible Namibian reference rate for the local money market in order to counteract the dependency on South African benchmarks. The 2011 code focused on creating the overnight and 3-month reference Negotiable Certificate of Deposits rates. In order to further encourage participation in the interbank market, the Bankers Association extended the WIBAR reference rates to include deposit rates for 6-month, 9-month and 12-month Negotiable Certificates of Deposit. Similar to the 3-month WIBAR, the newly introduced 6-month, 9-month and 12-month WIBARs are tradable deposit rates quoted on a daily basis, and they represent the rates at which the banks are prepared to trade (both bid and ask).

The WIBAR amendments also included strengthening of the Code's clauses on compliance, supervision and penalties. This makes provision for the Bank to be responsible for overseeing the verification of WIBAR rate submission against the quotes on the respective banks' Bloomberg pages. Furthermore, random checks will be conducted by the Bank during onsite visits to verify submissions. A penalty for non-compliance will be determined by the Bank in line with the provision under Section 72 of the Banking Institutions Act. Lastly, contributing banks will also introduce internal compliance procedures.

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	>80% of national economic policy advice accepted and 60% implemented within a period of five years. Economic advice is forward looking and independent	88% percent of national economic policy advice 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 in Namibia per year.	A research paper titled “Empirical analysis of the Monetary Approach to the Balance of Payments in Namibia” was published in the International Review of Research in Emerging Markets and the Global Economy (an online international research journal).	Yes
7.3 Promote regional integration	Advice on regional integration matters is accepted and implemented.	The Bank is responsible for the implementation of some of the following annexes of the SADC Finance and Investment Protocol:	
		The macroeconomic convergence criteria for assessing the various stages of integration have been monitored in 2017.	Yes
		Cooperation on Exchange Control	Yes
		Harmonisation of Legal and Operational Frameworks	Partially achieved
		Cooperation in the area of Payments systems	Yes
		Cooperation in the area of ICT	Yes
		Cooperation in Banking and Regulatory Supervision	Yes
		Co-Operation in Anti-Money Laundering and Combating the Financing of Terrorism (AML/CFT)	Yes Yes

Policy research and advice

As part of its statutory mandate, the Bank of Namibia 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 2017:

The 18th Annual Symposium held on the 22nd of September 2017 made several policy recommendations directed at unlocking

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agricultural productivity and industrialisation and ensuring food security in Namibia. Among others, the following recommendations were offered: (i) Namibia should increase agricultural productivity in communal areas through the extensive adoption of new agricultural technologies such as irrigation technologies; (ii) Government should encourage private investment, through an appropriate regulatory environment; (iii) Government should continue to boost irrigation in drought-prone areas ; (iv) Conduct research and promote high-yield crops that are suitable to the Namibian soil; (v) Create more and better jobs for the poor through the promotion of agro-processing industries; (vi) Promotion of feedlots in the vicinity of green scheme projects, and (vi) Improved ways of managing rural water should be reviewed. The symposium proceedings and all policy recommendations were then published in a Symposium Report.

The research paper "Empirical Analysis of the Monetary Approach to the Balance of Payments in Namibia" was finalised and published in an international online research journal. The study aimed at examining whether the monetary approach to the balance of payments (BOP) holds in Namibia, was published in the online journal *International Review of Research in Emerging Markets and the Global Economy*. The study concluded that monetary variables are not the only cause of variations in net foreign assets (NFA) of the monetary sector in Namibia, as the fiscal balance, which is a non-monetary variable, also has a significant impact on NFA. The study recommends that to improve the BOP, the Namibian authorities should consider using monetary and fiscal policies aimed at reducing excessive domestic credit growth and fiscal deficits, specifically where they fuel imports.

In addition, the Bank annually 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 International Monetary Fund (IMF) new (2013) framework for public debt sustainability analysis in market access countries (MAC DSA, 2013). The Debt Sustainability Approach is largely based on various macroeconomic and fiscal indicators of the country under analysis. Analysis on the Debt Sustainability Approach shows that, in the event of interest rate and real GDP growth shocks, i.e. higher interest rates in combination with slow economic growth over the MTEF period (2017/18-2019/20), the servicing of debt by the Government will become increasingly difficult to such a point that, Government debt can be considered unsustainable for this MTEF period. There is thus a need to control expenditure especially when revenues are projected to slow down due to the uncertainties in SACU revenue.

INTERNATIONAL AND REGIONAL COOPERATION

The Bank's engagements and collaborations with international and regional stakeholders continued in 2017. At the international level, the Bank collaborated with other central banks, the IMF and the World Bank Group (WBG), and the Alliance for Financial Inclusion (AFI). At the continental level, the Bank is a member of the Association of African Central Banks (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). The Bank participated actively in Common Monetary Area (CMA) and Southern African Customs Union (SACU) activities. These cooperation arrangements are elaborated on below.

Cooperation with the International Monetary Fund and the World Bank Group

The Bank participated in the Annual Meetings of the Boards of Governors of the IMF and the WBG in 2017. The meetings were held from 15-19 October 2017 in Washington DC, United States of America. These 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 engage its counterparts in central banking, as well as relevant departments at the two Bretton Woods institutions, with the aim of strengthening existing bilateral agreements.

At the request of the Ministry of Finance, a joint IMF and World Bank team conducted the Financial

Sector Assessment Programme (FSAP)[13] from 12 September to 2 October 2017. The mission assessed financial sector risks and vulnerabilities and the quality of financial sector supervision, and evaluated the country's crisis preparedness and management framework. Furthermore, the financial safety net arrangements, financial market infrastructure and state-owned financial institutions were also surveyed to determine their resilience to possible shocks. To achieve its objectives, the mission held discussions with the executive management teams of the Bank, NAMFISA and the Ministry of Finance. Moreover, comprehensive deliberations were held with senior staff of private financial institutions, relevant Government ministries and development finance institutions, to collect data and information, as well as to seek views to facilitate the mission's task. At the end of the missions, several recommendations were presented to the authorities with a view to enhancing supervision, regulation and financial inclusion. The previous FSAP on Namibia took place in 2006.

Cooperation with the International Monetary Fund

The Bank participated in the annual surveillance activities of the IMF Article IV mission under the Articles of Agreement in 2017. The mission 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 terrorist financing regime, and BOP developments. Through Article IV consultations, the IMF assesses the economic health of each country and forestalls future financial problems.

The Bank staff benefited from fully funded IMF training courses in 2017. In collaboration with the Regional Technical Assistance Center (RTAC) in Southern Africa (AFRITAC South – AFS), the IMF provided fully-funded training workshops 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.

From left seated: Mr Iipumbu Shiimi, Governor of the Bank of Namibia with Dr Maxwell Mkwezalamba, IMF Executive Director for Africa Group 1 Constituency during a visit to the Bank of Namibia in December 2017.
From left standing: Mr Edgar Sishi, Senior Advisor to the IMF Executive Director for Africa Group 1 Constituency with Mr Ebson Uanguta, Deputy Governor of the Bank of Namibia.

13 *FSAP* is a joint programme of the IMF and the WBG. Launched in 1999 in the wake of the Asian financial crisis, the programme brings together Bank and Fund expertise to help countries reduce the likelihood and severity of financial sector crises. The FSAP provides a comprehensive framework through which assessors and authorities in participating countries can identify financial system vulnerabilities and develop appropriate policy responses.

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Different departments in the Bank also benefited from technical assistance from the IMF and WBG. The technical assistance focused on areas of monetary and financial statistics (MFS), the BOP and payment systems. The technical assistance on BOP issues was specifically in the area of compiling statistics for insurance, manufacturing, travel, financial services, direct investment and reserve assets, and reviewing revised survey forms for the migration of BOP reporting to the format and methodology proposed in the IMF's latest statistical manual, the sixth edition of the *Balance of Payments and International Investment Position Manual* (BPM6). The migration process was completed in June 2017, and currently, Namibia BoP data are disseminated in the BPM6[14] format on the Bank's Website, and in the Quarterly Bulletins, Annual Reports and IMF quarterly reporting system feeding into the Open Data Platform. The technical assistance on MFS strengthened Namibia's efforts to expand the coverage of the MFS to include non-bank financial institutions, with the objective of having a fully-fledged financial corporations survey for the entire financial sector. A financial corporations survey was compiled for the first time during the first quarter of 2017 and the data were included in the Bank of Namibia's Annual Report for 2016.

Cooperation with the World Bank Group

The Bank is a member of the Reserves Advisory and Management Program under the WBG, which again offered technical assistance and training in 2017. Since May 2008, an investment management and consulting agreement has been in place between the Bank and the WBG. In terms of this Program, the Bank receives certain technical advisory and asset management services. In 2017, the staff members of the Bank received on-site training in the implementation of the WBG's Portfolio Analytics Tool 3 (PAT3), which equips risk managers with portfolio analytics software and market risk analysis. Training workshops in the areas of Bank strategic asset allocation and portfolio accounting were provided to the staff members of the Bank in the review period. In addition, a number of staff members continued to benefit from the fully funded Chartered Financial Analyst training and examination.

Cooperation with the Alliance for Financial Inclusion

As member of the AFI, the Bank continued to benefit from the activities and programmes of the Alliance during the year under review. The AFI is a member-owned network that promotes and develops evidence-based policy solutions that help to improve 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. The Bank participated at the 2017 AFI Global Policy Forum hosted by the National Bank of Egypt in Sharm El Sheikh, Egypt, from 13 to 16 September 2017. The forum was held under the theme "*Exploring Diversity, Promoting Inclusion*," which highlighted the diversity of cultures, experiences and backgrounds within the AFI network, while also illustrating how this diversity contributes to effective financial inclusion policy reform and innovation. Topics covered in 2017 included women's economic empowerment, enabling technologies for SMEs, FinTech, cybersecurity, financial inclusion of forcibly displaced persons, and tackling the threats posed by climate change. Furthermore, during the year under review, the Bank continued to provide input into a database that tracks members' progress towards achieving financial inclusion goals.

Bilateral Cooperation with Other Central Banks

The Bank maintained its bilateral collaboration on the Currency Conversion Agreement with its Angolan counterpart, Banco Nacional de Angola (BNA), in 2017. The two central banks implemented the currency conversion agreement during 2015 with the aim of promoting trade between the two countries. The Governor of BNA visited the Bank in order to strengthen relationships between the two central banks. The BNA continued to honour the agreement and has paid four quarterly amounts of USD51 million. As at 31 December 2017, the total outstanding amount was USD102 million which represents two further equal instalments to be settled by June 2018.

14 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.

The Bank hosted officials from the Central Bank of The Gambia on a familiarisation visit to workshop the utilisation of the Bloomberg Platform for various functions. The Financial Market Department illustrated in detail how the Bloomberg Platform is utilised for the trading of foreign currency for reserve management, for the issuance of Government debt instruments (Bills and Bonds), and for the issuance of Bank of Namibia Bills. In addition, the Bank also discussed the processes followed to issue and manage debt issuances by the Debt Management Office, as well as the monetary policy framework and the process of managing and monitoring liquidity. The Bank also facilitated a visit to one of the commercial banks, to illustrate to the Central Bank of The Gambia how commercial banks engage in foreign currency trading.

Cooperation with the Association of African Central Banks

The Bank continued to participate in the activities of the AACB in 2017. In August 2017, officials from the Bank attended the 40th ordinary meeting of the Assembly of Governors, and technical and bureau meetings. Furthermore, the officials also participated in a symposium on the theme "*Monetary Integration Prospects in Africa: Lessons from the experience of the European Monetary and Financial Integration*". The symposium highlighted the lessons learnt from the European experience of monetary and financial integration, and how a centralised monetary policy along with decentralised fiscal, structural and financial policies may result in or contribute to crises. The recommended solution is to have a monetary union architecture that ensures a balanced policy mix in terms of finance (banking and capital markets), economic union and fiscal union, with commensurate democratic accountability and legitimacy.

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 Macroeconomic and Financial Management Institute of Eastern and Southern Africa (MEFMI) in 2017. The MEFMI meetings preceded the annual meetings of the IMF and WBG**.** MEFMI, the IMF and WBG collaborate in providing training in areas of debt management, macroeconomic management and financial sector management.

The Bank continued its cooperation with MEFMI through participation in the fellowship and training programmes. One member of the Bank graduated during the review period in the Fellows Development Programme in the area of BOP data collection, specifically in the compilation and harnessing of remittances data. Two more members joined the programme in 2017 and are expected to complete the programme in 2018. Graduate fellows are accredited and become regional experts in their respective areas of specialisation. In addition to the Fellows Programme, some members of the Bank attended fully funded workshops in areas such as BOP, macroeconomic modelling and forecasting, and monetary and financial statistics. During the review period, MEFMI offered an on-site, tailor-made practical training session in strategic asset allocation to the entire team of the Financial Markets Department.

Cooperation with the Committee of Central Bank Governors in SADC

The Bank continued to participate in CCBG activities. Staff members attended two CCBG meetings in 2017, at which 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. In addition, Namibia was one of the four SADC member countries that were peer reviewed by four other member states. The peer review report was presented at the SADC Macroeconomic Sub-committee, CCBG Governors' meeting and Peer Review Panel meetings.

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Cooperation with Common Monetary Area Structures

The Bank continued to participate in meetings and other activities of the CMA during 2017. Three meetings were held in 2017, one of which was hosted by the Bank. At these meetings, the Governors exchanged views on economic developments in their respective countries. It is worth mentioning that the revised Multilateral Monetary Agreement among the four member states is soon to be finalised after extensive consultations with member states' National Treasury authorities.

From left seated: Mr Iipumbu Shiimi, Governor of the Bank of Namibia; Mr Majozi Sithole, Governor of the Bank of Swaziland; Dr Rets'elisitsoe Matlanyane, Governor of the Central Bank of Lesotho; Mr Lesetja Kganyago, Governor of the South African Reserve Bank and officials from the Common Monetary Area (CMA) Central Banks at the meeting held on 2-3 March 2017.

Cooperation with the Southern African Customs Union

The Bank continued to provide support to the Government on SACU-related matters during 2017. The activities of SACU intensified following the approval of the work programme by the Council of Ministers in June 2017. The approved work programme entailed the resumption of the re-negotiation 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 minimize volatility in SACU revenue. The Bank participated in meetings of the SACU Commission[15] and the Finance and Audit Committee in 2017.

15 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.

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 are identified and mitigating strategies for medium and high risks are implemented within the agreed time frame.	The 2017 Audit Plan was executed as intended. As per those assignments, sufficient audit coverage was achieved to enable the Bank to express an opinion on its risk management practices, controls and governance processes. The cure rate for the audit findings was 94 percent, which was below the targeted 100 percent.	No
8.2 Ensure that the Bank can function in the event of a disaster (business continuity)	A tested Crisis Management Plan is in place.	The Framework was tested and identified gaps were bridged.	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 Staff members live the Bank's Values.	100% of the Bank's staff were found to be living its Values.	Yes
	95 percent of the critical talent of the Bank are retained.	The Bank retained 95 percent of its critical staff in 2017.	Yes
8.4 Manage the Bank's financial resources and affairs in a prudent manner	The Bank issues unqualified Annual Financial Statements in compliance with the Bank of Namibia Act and International Financial Reporting Standards.	The Bank has consistently obtained an unqualified Audit Report, in compliance with International Financial Reporting Standards.	Yes
8.5 Ensure the functionality, security and availability of facilities, other assets and infrastructure that support its operations in an environment-friendly manner	There is 97 percent availability and functionality of all facilities, other assets and infrastructure that supports its operations in an environment-friendly manner.	In 2017 the average availability of facilities was maintained at 99%.	Yes
	Initiatives are taken to reduce the Bank's carbon footprint.	A reduction in electricity consumption was observed in the first semester of 2017. A report will be prepared in early 2018 to reflect the impact of the energy awareness campaign.	Yes

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Initiatives and strategies	Strategic outcomes	Actual outcomes	Strategic objective achieved (Yes/No)
8.6 Provide relevant, secure, dependable and efficient information technology (IT) to improve business operations	There is 99.9 percent availability of IT systems.	IT systems' availability registered at 96.03 percent for 2017.	No
	The degree of IT security achieved is equivalent to maturity level 3.	The maturity level of IT security remains at Level 1 (Partially Achieved), with a target of Level 3 by 2019.	No
8.7 Employ efficient procurement practices.	Procurement practices that result in cost savings and reduced procurement cycle time are in place.	Cost savings were achieved as planned for 2017.	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 the uncertainty of achieving the Bank's objectives. In 2017, eight operational risk incidents were reported (down from 28 in 2016). 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$238 535, compared to N$765 193 in 2016. 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. The risk tolerances were developed, approved and will be implemented in 2018, and will 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.

Business continuity management at the Bank continued to improve from year to year. Two planned business continuity management simulation exercises were conducted in 2017, covering the bank's most urgent (time-critical) business process. A significant improvement in the Information Communication Technology storage infrastructure was made following the 2016 exercise, leading to a very smooth and uneventful recovery at the disaster recovery site. Participation of staff had increased their understanding and commitment to the business continuity exercise process. Various issues, identified during the 2016 exercise, were successfully addressed. The overall assessment, based on the results of the first exercises conducted in 2015, is that there has been significant improvement in maturity and capability with regards to the four most critical business areas. The maximum allowable outage time of two hours was met.

The 2017 simulation exercise, was conducted following extensive pre-exercise preparations. However, the Bank still needs to conduct an unplanned, Bank-wide business continuity exercise to provide assurance that the Bank will at all times be ready to respond appropriately to disaster.

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Prudent financial management

The Bank-wide compliance management process continues to be embedded in the Bank. The Anti-Money Laundering policy approved in 2014 was rolled out further during the year under review. Suspicious transactions and suspicious activities were reported using the screening tool, which was developed in-house.

The internal audit function provides independent and objective assurance on the adequacy and effectiveness of the Bank's control environment and governance processes. The approved Internal Audit Plan for 2017 provided comprehensive assurance over these 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 express an opinion that it had adequate and effective risk management practices, controls and governance processes in place.

The independent quality assurance review was conducted to assess the performance of the Internal Audit function, as well as to assess whether the function is aligned with industry and broader best practice. The independent assessment concluded that the Bank's internal audit activity generally conformed to the Institute of Internal Auditing (IIA) Standards. Minor required areas for improvements were identified, for which an action plan has been put in place.

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 2017 was 95 percent (2016: 86 percent), which is still below the desired target of 100 percent, but represents an improvement over the previous year.

Staffing and human resource developments

Staffing

The Bank maintained an adequate staff complement in 2017. The staff complement as at 31 December 2017 stood at 287 employees, compared to the approved establishment of 306. The discrepancy was attributed to vacancies resulting from retirements, promotions and resignations during the year under review (Table A.11). In addition, the Bank took a strategic decision not to automatically fill vacant positions, but only to do so where there was a critical need; hence, a number of the positions remained vacant in 2017.

Table A.11: Number of Staff as at 31 December 2017

Staff category	2013	2014	2015	2016	2017
General staff	271	257	269	265	253
Management	24	21	21	22	21
Senior Management	9	11	11	11	11
Executive Management	3	2	2	2	2
Total employed	**307**	**291**	**303**	**300**	**287**

*Please note that the numbers under the current year exclude FIC numbers, as they have their own annual report.

Employment equity

The Bank continued to comply with the requirements of the Affirmative Action (Employment) Act, 1998 (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 runs 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 2017.

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The current total workforce profile for the Bank's 287 permanent employees was as follows at the end of December 2017 (Table A.12): A total of 276 (96 percent) of the Bank's employees are representative of the designated groups. Female representation totalled 160 (56.0 percent). A total of 36 new employees were recruited, of whom 50.0 percent were female.

Table A.12: Employment Equity Data, 2013–2017

Workforce	2013	2014	2015	2016	2017
Male	153	140	144	136	127
Female	154	151	159	164	160
Racially disadvantaged	297	282	291	288	276
Racially advantaged	5	4	6	6	5
Persons with disabilities	4	5	6	6	5
Non-Namibians	1	0	0	0	1
Total	**307**	**291**	**303**	**300**	**287**

Capacity development

The Bank continued to invest in capacity building among its employees in order to enable them to accomplish the Bank's mandate as articulated in its Strategic Plan. In 2017, altogether 126 employees were trained in various aspects of central banking and related fields. Of this group, 66 were male and 60 were female, and they were provided with technical and soft skills training interventions in leadership and effective management.

The Bank continued to invest in education by granting bursaries to Namibian learners as well as bursaries or loans 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. Five staff members received bursaries for undergraduate studies for the period under review, while 27 were awarded study loans. During 2017, 2 staff members completed their Master's degrees, one in IT (Digital and Experience Design) and the other in Applied Economics. The reporting year also saw the Bank awarding ten new bursaries to Namibian school-leavers to study at recognised institutions within the SADC region in the fields of Accounting/ Finance, Economics, Actuarial Science, and Education (Accounting and Science). The Bank awarded a total of 28 undergraduate bursaries in 2017; 60% of the recipients were female (Table A.13).

Mr Ebson Uanguta, Deputy Governor and Mrs Shirene Bampton, Deputy Director Human Resources with the bursary recipients

Table A.13: Namibian Students Sponsored by the Bank's Bursary Scheme, 2017

Field of study	Number of students: 2015	Number of students: 2016	Number of students: 2017
Accounting/Finance	15	13	10
Computer Science/IT	4	2	1
Economics	8	8	11
Actuarial Science	3	1	2
Education (Accounting and Science)		4	4
Total	**30**	**28**	**28**

The Graduate Accelerated Programme, which was introduced in 2011, continued to progress well in 2017. 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 for the 2016/2017 intake came to an end in August 2017. During the period under review, the Bank had 6 candidates in the programme. 2 graduates have already secured permanent employment with the Bank, while 4 candidates were working as temporary staff. The next intake was selected in February 2018.

In 2017, the Bank also provided various in-house training courses in, among others, industrial relations, customer care, leadership development, legal drafting and plain language. The training is meant to equip managers and staff with the necessary competencies aimed at contributing to superior performance. It also aims to create awareness of the role of the central bank in the economy. The technical training, which covered all mission-critical areas relevant to the Bank's operations, enhanced accountability awareness and improved the staff's technical competencies, thereby bridging performance gaps.

Organisation development and workplace culture

The Bank continued to motivate its staff through targeted interventions that develop and strengthen the Bank's Vision of being a centre of excellence. Through these interventions, the Bank continued to foster a culture of diversity by focusing on interpersonal and inter-group communication, while also using relationship-building activities to cement the Bank's culture drive for excellence in the workplace. Such vision building sessions were conducted in order to instil the Bank's Values and to ensure that all staff are conversant with its Vision and Mission. This initiative was further consolidated through various team-building sessions.

To benchmark its organisational and work culture, the Bank participated in the Deloitte Best Company to Work For survey, and scooped a Platinum Award (1st place) in the medium size category of companies with a workforce of less than 500 employees.

Mr Erwin Tjipuka; Managing Director Deloitte Namibia, Ms Lea Namoloh; Director Human Resources, Ms Meriam Kamati; Senior OD and Training Officer and Mr Hendrick Jansen van Rensburg, Deputy Director; OD receiving the Best Company to work for Award

In the course of the reporting year, staff performance was managed and tracked to ensure that employees remained optimally engaged. Two performance appraisals were completed for all staff in 2017. A high performance culture was maintained as staff continued to strive for excellence, attaining an average score of 3.41 on a scoring scale of 1 – 5.

As a process of establishing a shared vision that understand what has to be achieved at an organisational level, 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 the delivery of results to achieve the overall business strategy and to create a high performance workforce.

An appropriately designed Wellness Programme is an important component in any organisation – and the Bank is no exception in this regard. Bank staff benefited from the relevant wellness inputs in respect of issues such as general health and safety. During 2017, the Bank's Wellness Programme continued to impact Bank staff's work/life balance through awareness and knowledge sessions on issues such as effective stress management, emotional wellness, HIV/AIDS, and financial coaching. Staff members working in health-sensitive environments such as the cafeteria and note sorting underwent routine general occupational health check-ups. Staff also took advantage of various other individual consultations and counselling sessions that were offered. Wellness activities continued to apply preventative interventions to deal with potential health risks, and work related stress caused by work pressure. This is evident from an award the Bank received from Bankmed Namibia for being the Best Contributor to Employee Wellness in 2017 in Namibia.

[From left] Ms Sesilia Nekwaya receiving the Wellness Award from Ms Joan Pote, the Administrator of Bankmed on behalf of the Bank.
[From Right] Ms Rauna Linus receiving the Wellness trophy from Ms Joan Pote the Administrator of Bankmed on behalf of the Bank.

The Bank engages in benchmarking activities with various institutions in Namibia and outside the country with a view to stimulating innovation and enhancing business efficiencies and organisational effectiveness. During 2017, various Departments benchmarked with identified institutions internationally and implemented what could be learnt from the experience of others in order to improve and enhance their own business practices and processes. In 2017, a project aimed at re-engineering the Bank's core business processes, such as Onsite and Off-site examination processes for the Banking Supervision Department, the Payment and Settlement Systems Department, and the Exchange Control Department, was implemented. Based on these re-engineered business processes, the Bank will not only achieve greater stakeholder satisfaction, but also improved efficiencies and employee engagement. Following the mapping of business processes and the job analysis project that was completed in 2016, the Bank further embarked in 2017 upon a process of job evaluation for all positions in the Bank. The results were released in December 2017.

Financial management

An examination of the Bank's liabilities gives a good indication of the sources of funds with which it sustains its operations. These funds are reflected in Table A.14.

Table A. 14: Composition of monthly average liabilities of the Bank of Namibia

Financial year	2013	2014	2015	2016	2017
N$ million					
Capital and reserves	3,165	4,018	5,123	7,384	7,014
Currency in circulation	2,864	3,385	3,929	4,044	4,154
Government deposits	6,975	3,556	3,510	6,635	5,765
Bank deposits	1,950	2,513	2,259	3,395	3,181
Other	2,134	3,155	5,440	11,678	15,871
Total	**17,088**	**16,627**	**20,261**	**33,136**	**35,985**
Percentage composition					
Capital and reserves	18.5	24.2	25.3	22.3	19.5
Currency in circulation	16.8	20.4	19.4	12.2	11.5
Government deposits	40.8	21.4	17.3	20.0	16.0
Bank deposits	11.4	15.1	11.1	10.2	8.8
Other	12.5	19.0	26.9	35.3	44.2
Total	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**

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The sources of Bank funds increased in 2017. One of the main contributing factors to this increase can be attributed to the increase in Other Deposits. Other Deposits increased from N$11.7 billion in 2016 to 15.9 billion in 2017. As a percentage of liabilities, average Other Deposits increased from 35.3 percent in 2016 to 44.2 percent during 2017. A significant portion of this increase in Other Deposits can be attributed mainly to the inflows which resulted from foreign placements by commercial banks with Bank of Namibia in the current year. Average Currency in circulation in absolute terms also increased moderately in 2017.

Table A.15 presents a few major categories of the Bank's assets. As a central bank, it is typical that the bulk of the Bank's assets consist of foreign investments. The Bank's foreign investments balances remained relatively constant until 2014. However financial years 2016 and 2017 showed significant increases. The value of average foreign investments significantly increased from N$27.7 billion in 2016 to N$31.9 billion in 2017, which represents 15.2 percent increase over last year. The reason for this increase observed is primarily attributed to increases in foreign currency placements by commercial banks with Bank of Namibia.

Table A. 15: Composition of Bank assets per monthly average

Financial year	2013	2014	2015	2016	2017
N$ million					
Foreign investments	16,253	15,859	18,594	27,687	31,876
Loans and advances	48	82	131	342	509
Fixed assets	311	306	297	309	318
Other assets	476	380	1,239	4,798	3,285
Total	17,088	16,627	20,261	33,136	35,988
Percentage composition					
Foreign investments	95.1	95.4	91.8	83.6	88.6
Loans and advances	0.3	0.5	0.6	1.0	1.4
Fixed assets	1.8	1.8	1.5	0.9	0.9
Other assets	2.8	2.3	6.1	14.5	9.1
Total	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**

As outlined in Table A.16, the Bank's total income significantly increased in 2017 when compared to 2016 financial year. Interest earnings increased mainly due to higher average Rand and Non-Rand holdings observed in 2017. In addition, the increase in the Bank of Namibia (BoN) Bills balances recorded in the current year also contributed to the increase in total income in the 2017 financial year.

Table A. 16: Sources of Bank income

Income component	2015		2016		2017	
	N$ million	Per cent	N$ million	Per cent	N$ million	Per cent
Interest received	324.6	64.3	435.3	72.1	739.9	90.1
less: Interest paid	(88.9)	(17.6)	(174.2)	(28.9)	(263.0)	(32.0)
Net interest earned	235.7	46.7	261.0	43.2	476.9	58.1
Net realised gain/(loss)	(33.9)	(6.7)	12.8	2.1	(13.4)	(1.6)
Rand seigniorage	260.3	51.6	296.5	49.1	326.1	39.7
Other income	42.4	8.4	33.6	5.6	31.8	3.9
Total income	504.5	100.0	604.0	100.0	821.4	100.0
Annual % change	**n/a**	**-16.3**	**n/a**	**19.7**	**n/a**	**36.0**

Since the Bank maintains strict control over all expenditure and works within the budget constraints approved by the Board, it is possible to contain and manage operating expenses (see Table A.17). Staff costs makes up the Bank's largest expenses during 2017, followed by Other operating expenses. Staff costs increased from N$166.0 million in 2016 to N$195.8 million in 2017 mainly due to annual salary increases and market related adjustments that were effected in the current year. In addition, inflationary adjustments in medical aid premiums also contributed to increased staff costs. Depreciation charge increase was due to the acquisition of higher value assets such as the Note Sorting Machine for sorting currency and Computer hardware devices, in the current year.

Table A. 17: Composition of the Bank's operating costs

Cost component	2015		2016		2017	
	N$ million	Per cent	N$ million	Per cent	N$ million	Per cent
Staff costs	192.8	56.3	166.0	40.7	195.8	54.6
Currency expenses	74.3	21.7	54.6	13.4	32.0	8.9
Depreciation charges	(2.40)	(0.70)	19.9	4.9	27.4	7.6
Other operating expenses	78.0	22.8	167.4	41.0	103.6	28.9
Total operating expenses	342.7	100.0	407.9	100.0	358.8	100.0
Annual % change	**n/a**	**10.3**	**n/a**	**19.0**	**n/a**	**-12.0**

Facilities management

Facilities management, which is an interdisciplinary field devoted to the coordination of all business support services, is of strategic importance to the Bank. The Bank's facilities management function can be defined as the integration and alignment of services required to operate and maintain the Bank to fully support its core objectives. The facilities management function includes infrastructure development, general repairs and maintenance, fire safety, utility services and business continuity.

In 2016, the Bank focused on three projects to maintain and enhance its facilities. These involved launching the Green Initiative Project, upgrading the air-conditioning system and replacing the goods elevator. These projects continued through 2017.

The Green Initiative Project: This is a long-term project aimed at identifying potential opportunities through which the Bank can realise substantial reductions in energy and water consumption, and thus reduce its carbon emission footprint. The Bank identified the potential saving that could be realised by replacing the traditional flushing urinals with waterless urinals, in order to reduce water consumption. Waterless urinals were installed in the Head Office building during August 2017. The Bank further identified the importance of recycling and how it can help the Bank in cutting down on its carbon footprint. File 13 boxes were strategically placed around the Bank, making it easier for Bank staff members to dispose of non-confidential recyclable waste office paper. A roll-on cage for recyclable waste such as newspapers, non-confidential office paper waste, plastics bags, bottles (plastic and glass), and boxes was also placed at the turning yard. To reduce electricity consumption, the Bank replaced the two electrical geysers that supplied hot water to the cafeteria with solar geysers. The Bank also installed timers on the gym geysers, the timers reduce the operational time of the geysers from 24 hours to 6 hours. The Bank will continue to explore areas in which greater energy and other savings can be realised through the Green Initiative Project.

Optimisation of the Bank's air-conditioning system is a component of the Air-Conditioning Upgrade Project. The optimisation exercise entails installing 24-V Rickard diffusors throughout the Head Office building, because the existing diffusors have become less efficient due to their age. The new diffusors are expected to improve the circulation of the ventilated air in the building. It was decided that installations would be done one floor at a time each year. Installations on the 2nd floor were completed on 18 July 2017; the installations are planned to continue on the 3rd floor and the remainder of the building in 2018.

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Upgrade of the Schindler Elevators: Over the years, the availability of the goods elevator has declined substantially, with it being out of service for up to three months at a time. The breakdowns were attributed to the age, so the Bank decided to replace it. The installation of the new goods elevator was completed on 5 December 2017.

Green Initiative Project

Solar Geysers for Cafeteria

Upgrade of elevator

New Goods Elevator

Air-conditioning Upgrade Project

Old Diffusor

New 24V Rickard Diffusors

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Information technology

IT governance initiatives

The Bank of Namibia has developed a new IT Master Plan to cover the period 2017 till 2021. The revised plan reduces the strategic objectives to only four, down from seven in the previous version. The objectives focus on Efficiency and Optimisation, IT Security, Innovation and Technology Governance. To ensure effective execution, the new plan also contains specific enabling sections that focus on IT Security, IT Governance and Human Resources.

Technology infrastructure

The availability of IT systems came in slightly lower than the set target during 2017. During the second semester, the target of 99.9 percent was not achieved as a result of various inefficiencies. The overall availability of IT systems for the second semester was 96.0 percent across all critical systems and infrastructure of the Bank. These inefficiencies, including the need for more robust planned maintenance schedules, were identified and will be rectified during 2018. The highest unavailability was observed in the Bank's Database Management solutions and in some peripheral systems that support the Financial Intelligence Centre operations.

IT security

The Bank strengthened its controls in IT Security by implementing new technologies and restructuring its personnel to better address the growing global challenge of cyber security. The Bank now uses a COBIT 5 maturity model to rate its progress on IT Security. The new target maturity for the Bank is Level 3. The Bank had a self-assessed maturity level of 1 (Partially Achieved) in 2017. Additional staff were recruited and made responsible for managing the various security technologies deployed at the Bank to improve the workload, succession management and redundancy of personnel in the event of absenteeism. Smarter and more consolidated security systems were implemented during 2017 to allow for wider monitoring of the IT landscape and improved response capacity. These solutions allowed for a reduction in costs and improved efficiencies, while addressing more emerging security concerns faced by the Bank. Staff authentication requirements have been made more stringent through the introduction of additional authentication factors. The same authentication method may also be applied on the planned corporate cloud, should the Bank adopt its use in the future.

Developments in IT business systems

The Bank is required to comply with the provisions of the Payment System Determination 7 (PSD-7). The determination became effective in December 2014 and requires improved efficiencies in the National Payment System space, particularly the Electronic Funds Transfer (EFT) payment instrument. The industry consequently initiated the Enhanced Electronic Funds Transfer (EEFT) project to ensure that all the participants have enhanced their internal EFT systems to comply to the PSD-7 provisions. Subsequently, the Bank has launched another project to replace its internal EFT system that was running in parallel with the industry Enhanced EFT Project in compliance to the PSD-7 Determination. The Bank was expected to complete these two projects in 2017, however due to some challenges encountered, the two projects were deferred to 2018.

The Bank developed several customised systems internally for its stakeholders to address varying needs. The banking industry received a new customer complaints forum hosted on the Bank's website. This was developed in response to feedback from the public via a survey on how to address challenges and complaints regarding the quality of service in the banking community through the Banking Supervision department. The Bank also enhanced its research system. Developments during the year under review were focused on improving the reporting requirements in

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line with the sixth edition of BPM6. The IT function of the Bank also developed an internal version of its Contract Management system for improved cost efficiency, as well as a mobile application. The mobile application will be responsible for delivering selected central banking information to stakeholders on mobile devices. It is scheduled for public release in 2018.

Innovation, efficiency and sustainability initiatives

As part of the Bank's Efficiency and Innovation Committee's agenda, the Bank effected various improvements in the Information Technology space. These gains included the replacement or consolidation of some security solutions, enabling the bank to work more efficiently across multiple systems. The security solutions have reduced the annual IT maintenance operational expenditure by at least N$260 000 annually. The IT Department's contribution to the development of in-house solutions (as outlined earlier) greatly improves cost efficiencies, while addressing the custom needs of central banking. Finally, the Bank has been testing a cloud computing platform throughout 2017, with recommendations pending for the 2018 financial year. While the potential for cloud computing was seen to be quite substantial for the Bank and the Banking industry at large, the associated risks were deemed to require careful consideration.

FIVE YEAR HISTORICAL FINANCIAL OVERVIEW

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Table A. 18: Balance Sheet comparisons, 2013-2017 - N$'000

	31-Dec-13	31-Dec-14	31-Dec-15	31-Dec-16	31-Dec-17
ASSETS					
Non-current assets	**491,316**	**460,401**	**491,689**	**1,868,010**	**440,506**
Property, plant and equipment	304,926	300,937	308,534	312,109	313,802
Intangible assets - computer software	5,166	2,686	7,551	6,093	5,092
Currency inventory - notes and coins	118,711	108,831	123,450	106,759	66,958
Loans and advances	62,513	47,947	52,154	1,443,049	54,654
Current assets	**16,086,865**	**16,437,114**	**32,303,401**	**32,346,126**	**36,094,757**
Investments	15,612,445	13,418,719	23,557,196	24,599,948	30,067,296
Loans and advances	750	358,415	784,338	716,038	721,737
Rand Cash	144,499	80,645	37,779	59,212	79,631
Other inventory - stationary and spares	2,195	2,211	1,926	1,947	4,396
Other assets	326,976	2,577,124	7,922,162	6,968,981	5,221,697
TOTAL ASSETS	**16,578,181**	**16,897,515**	**32,795,090**	**34,214,136**	**36,535,263**
EQUITY AND LIABILITIES					
Capital and reserves	**3,769,643**	**4,525,798**	**7,874,483**	**7,279,815**	**6,910,922**
Share capital	40,000	40,000	40,000	40,000	40,000
General reserve	835,588	1,127,638	1,197,333	1,277,053	1,473,023
Foreign Currency revaluation reserve	2,688,311	3,310,620	6,574,092	5,851,617	5,020,131
Distribution state revenue fund	-	-	-	-	213,140
Training Fund Reserve	-	10,000	15,000	15,000	14,024
Building fund reserve	150,000	-	-	20,000	45,000
Development fund reserve	25,000	35,000	43,789	43,789	49,970
Unrealised gain reserve	30,744	2,540	4,269	32,356	55,634
Non-Current Liabilities	**55,107**	**61,494**	**68,535**	**55,175**	**60,564**
Provision for post-employment benefits	55,107	61,494	68,535	55,175	60,564
Current Liabilities	**12,753,431**	**12,310,223**	**24,852,072**	**26,879,146**	**29,563,777**
Notes and coins in circulation	3,401,981	4,146,558	4,510,774	4,394,547	4,658,471
Deposits	9,299,551	8,134,924	20,294,533	22,452,711	24,867,329
Provision for post-employment benefits	1,199	1,295	1,470	1,453	1,570
Trade and other payables	50,700	27,446	45,295	30,435	36,402
TOTAL EQUITY AND LIABILITIES	**16,578,181**	**16,897,515**	**32,795,090**	**34,214,136**	**36,535,263**

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Table A.19: Income Statement comparisons, 2013–2017 – N$'000

	31-Dec-13	31-Dec-14	31-Dec-15	31-Dec-16	31-Dec-17
Interest income	345,506	366,247	324,608	435,251	739,892
Interest expense	(91,418)	(124,569)	(88,956)	(174,245)	(262,995)
Net interest income	**254,088**	**241,678**	**235,652**	**261,006**	**476,897**
Net gains/(loss) on portfolio investments	(148,501)	102,158	(33,914)	12,784	(13,418)
Net foreign exchange gains/(losses)	1,588,895	622,309	3,263,472	(722,475)	(831,486)
Rand compensation	214,618	217,600	260,288	296,463	326,107
Other income	38,417	41,292	42,391	33,598	31,809
Total income	**1,947,517**	**1,225,037**	**3,767,889**	**(118,624)**	**(10,091)**
Operating expenses	**301,292**	**310,827**	**342,736**	**407,925**	**358,802**
Net income for the year	**1,646,225**	**914,210**	**3,425,153**	**(526,549)**	**(368,893)**
Transfer from/(to) revaluation reserve	(1,588,895)	(622,309)	(3,263,472)	722,475	831,486
Unrealised Gain Reserve	(24,763)	28,204	(1,729)	(28,087)	(23,278)
Net income available for distribution	**32,566**	**320,105**	**159,952**	**167,839**	**439,315**
Appropriations:	**32,566**	**320,105**	**159,952**	**167,839**	**439,315**
General Reserve	22,796	142,050	68,476	79,720	191,175
Building Reserve	-	-	-	20,000	25,000
Training Fund Reserve	0	10,000	5,000	-	
Development Fund reserve	-	10,000	10,000	-	10,000
Distribution to State Revenue Fund	9,770	158,055	76,476	68,119	213,140
Distribution to State Revenue Fund (retained)	-	-	-	-	-

Part B
Annual Financial Statements

Contents

FINANCIAL STATEMENTS OVERVIEW 31 DECEMBER 2017

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KEY POINTS		2017 N$'000	2016 N$'000
→ Net Interest Income increased to N$476.9 million in 2017, from N$261.0 million in 2016.The main contributing factor to the increase observed in 2017 is the interest earnings from our investments and higher non-interest earnings attributable mainly to the unwinding of the BNA receivables.	Net Interest Income	476 897	261 006
→ Total operating expenses decreased by N$49.1 million from N$407.9 million in 2016 to N$358.8 million in 2017 mainly due to the decrease in the impairment provision for the Banco Nacional de Angola (BNA) receivable.	Operating expenses	358 802	407 925
→ The amount available for distribution improved significantly from N$167.8 million in 2016 to N$439.3 million in 2017.	Amount available for distribution	439 315	167 839
→ An amount of N$ 213.1 million will be paid to the Government as dividend for the 2017 financial year compared to N$68.1 million paid in 2016.	Distribution to the State	213 140	68 119
→ The Bank's assets increased slightly from N$34.2 billion in 2016 to N$36.5 billion in 2017 due to increases in our Non-Rand and Rand investment balances.	Total Assets	36 535 263	34 214 136
→ Currency in circulation slightly increased from N$4.4 billion in 2016 to N$4.7 billion in 2017 due to the increase in demand for cash.	Currency in Circulation	4 658 471	4 394 547

BOARD'S STATEMENT OF RESPONSIBILITIES 31 DECEMBER 2017

B

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 70 to 111 were approved by the Board and are signed on its behalf by:

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Chairman
23 March 2018

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Board Member
23 March 2018

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

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Opinion

We have audited the annual financial statements of Bank of Namibia set out on pages 70 to 111, which comprise the statement of financial position as at 31 December 2017 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 2017 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), the financial statement overview, Board's Statement of responsibilities, Part C (Economic and Financial Developments in 2017), Part D (Banking Supervision) and Part E (Statistical Tables) which we obtained prior to the date of this auditors' report. The other information does not include the annual financial statements and our auditors' 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.

Auditors' 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 auditors' 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

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

a material misstatement when it exists. Misstatements 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
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Deloitte & Touche
Registered Accountants and Auditors
Chartered Accountants (Namibia)
PO Box 47, Windhoek
Per: Helen de Bruin (Partner)
Partners:
E Tjipuka (Managing Partner), RH Mc Donald,
H de Bruin, J Cronjé, A Akayombokwa, J Nghikevali,
A Matenda
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

23 March 2018

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STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2017

B

	Notes	2017 N$'000	2016 N$'000
Net interest income		**476 897**	**261 006**
Interest income	2	739 892	435 251
Interest expense	2	(262 995)	(174 245)
		357 916	**330 061**
Rand compensation income	2	326 107	296 463
Other income	2	31 809	33 598
Total income		**834 813**	**591 067**
		(372 220)	**(395 141)**
Operating expenses	2	(358 802)	(407 925)
Net (loss)/gain on investment portfolio		(13 418)	12 784
Profit for the year		**462 593**	**195 926**
Other Comprehensive (Loss)/Income		**(831 486)**	**(722 475)**
Net foreign exchange translation(loss)/gain	15	(831 486)	(722 475)
Total Comprehensive (Loss) /Profit for the Year		**(368 893)**	**(526 549)**
(Loss)/Profit attributable to:			
Revaluation reserve	15	(831 486)	(722 475)
Unrealised gain reserve		23 278	28 087
Amount available for distribution	3	439 315	167 839
		(368 893)	**(526 549)**

STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2017

B

	Notes	2017 N$'000	2016 N$'000
ASSETS			
Non-current Assets		**440 506**	**1 868 010**
Property and equipment	4	313 802	312 109
Intangible assets – computer software	5	5 092	6 093
Currency inventory	6	66 958	106 759
Loans and advances	7	54 654	1 443 049
Current Assets		**36 094 757**	**32 346 126**
Investments	8	30 067 296	24 599 948
Loans and advances	9	721 737	716 038
Rand deposits	10	79 631	59 212
Other inventory – stationery and spares	11	4 396	1 947
Other receivables	12	5 221 697	6 968 981
TOTAL ASSETS		**36 535 263**	**34 214 136**
EQUITY AND LIABILITIES			
Capital and Reserves		**6 910 922**	**7 279 815**
Share capital	13	40 000	40 000
General reserve	14	1 473 023	1 277 053
Foreign currency revaluation reserve	15	5 020 131	5 851 617
Training fund reserve	22	14 024	15 000
State Revenue Fund		213 140	-
Development fund reserve	16	49 970	43 789
Building fund reserve	17	45 000	20 000
Unrealised gain reserve		55 634	32 356
Non-Current Liabilities		**60 564**	**55 175**
Provision for post - employment benefits	18	60 564	55 175
Current Liabilities		**29 563 777**	**26 879 146**
Notes and coins in circulation	19	4 658 471	4 394 547
Deposits	20	24 867 334	22 452 711
Provision for post - employment benefits	18	1 570	1 453
Trade and other payables	21	36 402	30 435
TOTAL EQUITY AND LIABILITIES		**36 535 263**	**34 214 136**

IPUMBU W. SHIIMI
GOVERNOR
23 March 2018

KURUVILLA MATHEW
CHIEF FINANCIAL OFFICER
23 March 2018

B

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2017

	Share Capital N$'000	Accumulated Profit & loss account N$'000	Training Fund Reserve N$'000	General Reserve N$'000	Revaluation Reserve N$'000	Unrealised Gain Reserve Fund N$'000	Distribution State Revenue Fund N$'000	Development Fund Reserve N$'000	Building Fund Reserve N$'000	Total N$'000
Balance at 1 January 2016	**40 000**	**-**	**15 000**	**1 197 333**	**6 574 092**	**4 269**	**-**	**43 789**	**-**	**7 874 483**
(Loss) for the year	-	(526 549)	-	-	-	-	-	-	-	(526 549)
Transfer to Revaluation reserve	-	722 475	-	-	(722 475)	-	-	-	-	-
Transfers to Unrealised Gain reserve	-	(28 087)	-	-	-	28 087	-	-	-	-
Appropriation of net profit for the year	-	(167 839)	-	79 720	-	-	68 119	-	20 000	-
Dividend distribution	-	-	-	-	-		(68 119)	-	-	(68 119)
Balance at 31 December 2016	**40 000**	**-**	**15 000**	**1 277 053**	**5 851 617**	**32 356**	**-**	**43 789**	**20 000**	**7 279 815**
(Loss) 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**

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2017

B

	Notes	2017 N$'000	2016 N$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash utilised by operations	A	**(1 555 084)**	**1 648 203**
CASH FLOWS FROM INVESTING ACTIVITIES		**1 359 279**	**(1 455 500)**
Proceeds on disposals of property & equipment and intangible assets		7	-
Purchase of property & equipment		(26 818)	(25 060)
Purchase of currency inventory		(575)	(37 894)
Purchase of other inventory		(413)	(440)
Purchase of intangible asset – computer software		(1 317)	(1 211)
(Increase)/Decrease in loans and advances		1 388 395	(1 390 895)
CASH FLOWS FROM FINANCING ACTIVITIES		**195 805**	**(192 703)**
Distribution to the State revenue fund	B	(68 119)	(76 476)
Notes and coins issued		263 924	(116 227)
		-	-

NOTES:

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

	2017 N$'000	2016 N$'000
Profit/(Loss) for the year	462 593	195 926
Adjusted for:		
Depreciation	25 114	19 898
BNA fair value adjustment	(71 289)	83 533
Impairment Investments write back	(5 100)	-
Currency inventory amortisation cost	40 375	54 585
Other inventory issuance cost	(2 036)	419
Provision for post-employment benefits	5 506	(13 377)
Amortisation of computer software	2 318	2 668
Loss/(Profit) on disposal of property & equipment	5	1 007
Operating cash flows before movements in working capital	**457 486**	**344 659**
(Increase)/Decrease in loans and advances	(5 699)	68 300
(Increase) in Rand cash	(20 419)	(21 433)
Decrease Kwanza Cash	-	921 828
Increase in other receivables	1 544 586	19 959
Increase in deposits	2 482 742	2 166 535
Increase/(Decrease) in trade and other payables	5 966	(14 860)
(Increase) in investments	(6 019 746)	(1 836 785)
	(1 555 084)	**1 648 203**

B. DISTRIBUTION TO STATE REVENUE FUND

	2017 N$'000	2016 N$'000
Opening balance included in deposits	(68 119)	(76 476)
Appropriations of net profit for the year	213 140	68 119
Closing balance in payables/deposits	(213 140)	(68 119)
Paid for the year	**(68 119)**	**(76 476)**

NOTES TO THE ANNUAL FINANCIAL STATEMENTS 31 DECEMBER 2017

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 1.2. 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).

1.1 NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS

International Financial Reporting Standards and amendments issued but not effective for 31st December 2017 year-end:

Number	**Effective date**	*Executive summary*
IFRS 9 *Financial Instruments*	1 January 2018 IFRS 9 (2014) supersedes any previous versions of IFRS 9 remain available for application if the relevant date of application is before 1st February 2015	*A final version of IFRS 9 has been issued which replaces IAS 39 Financial Instruments: Recognition and Measurement The completed standard comprises guidance on Classification and Measurement, Impairment Hedge Accounting and Derecognition:* *IFRS 9 introduces a new approach to the classification of financial assets, which is driven by the business model in which the asset is held and their cash flow characteristics. A new business model was introduced which does allow certain financial assets to be categorised as "fair value through other comprehensive income" in certain circumstances. The requirements for financial liabilities are mostly carried forward unchanged from IAS 39. However, some changes were made to the fair value option for financial liabilities to address the issue of own credit risk.* *The new model introduces a single impairment model being applied to all financial instruments, as well as an "expected credit loss" model for the measurement of financial assets. IFRS 9 contains a new model for hedge accounting that aligns the accounting treatment with the risk management activities of an entity, in addition enhanced disclosures will provide better information about risk management and the effect of hedge accounting on the financial statements.* *IFRS carries forward the derecognition requirements of financial assets and liabilities from IAS 39.*
IFRS12 *Disclosure of Interests in Other Entities*	1 January 2017	*Annual Improvements 2014-2016 Cycle: Clarification of the scope of IFRS 12 with respect to interests in entities classified as held for sale in accordance with IFRS 5 Non-current Assets Held for Sale and Discontinued Operations.*

NOTES TO THE ANNUAL FINANCIAL STATEMENTS 31 DECEMBER 2017

1 ACCOUNTING POLICIES (CONTINUED)

1.1 NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (CONTINUED)

Number	**Effective date**	*Executive summary*
IAS 28 *Investments in Associates and Joint Ventures*	1 January 2018	*Annual Improvements 2014-2016 Cycle: Clarification that a venture capital organisation, or a mutual fund, unit trust and similar entities may elect, at initial recognition, to measure investments in an associate or joint venture at fair value through profit or loss separately for each associate or joint venture.*
IAS 40 *Investment Property*	1 January 2018	*Transfers of Investment Property: Clarification of the requirements on transfers to, or from, investment property.*
IFRIC 22 *Foreign Currency Transactions and Advance Consideration*	Annual period beginning or after 1 January 2018	*This interpretation addresses the exchange rate to use in transactions that involve advance consideration paid or received in a foreign currency.*
IFRS 15 *Revenue from Contracts from Customers*	1 January 2018	*New standard that requires entities to recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. This core principle is achieved through a five step methodology that is required to be applied to all contracts with customers. The new standard will also result in enhanced disclosures about revenue, provide guidance for transactions that were not previously addressed comprehensively and improve guidance for multiple-element arrangements.* *The new standard supersedes:* *IAS 11 Construction Contracts;* *IAS 18 Revenue;* *IFRIC 13 Customer Loyalty Programmes;* *IFRIC 15 Agreement for the construction of real estates;* *IFRIC 18 Transfers of Assets from Customers; and* *SIC-31 Revenue-Barter Transactions Involving Advertising Services.*
IFRS 1	1 January 2018	*IFRS 1— Annual Improvements 2014-2016 Cycle: Deletion of short-term exemptions that are no longer applicable.* *First-time Adoption of International Financial Reporting Standards*

NOTES TO THE ANNUAL FINANCIAL STATEMENTS 31 DECEMBER 2017

B

1 ACCOUNTING POLICIES (CONTINUED)

1.1 NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (CONTINUED)

Number	Effective date	*Executive summary*
IFRS 2 *Share-based Payment*	1 January 2018	*Classification and Measurement of Share based Payment Transactions: A collection of three distinct narrow-scope amendments dealing with classification and measurement of share-based payments.* *The amendments address:* • *the effects of vesting conditions on the measurement of a cash-settled share based payment;* • *the accounting requirements for a modification to the terms and conditions of a share-based payment that changes the classification of the transaction from cash-settled to equity-settled; and* • *classification of share-based payment transactions with net settlement features.*
IFRS 4 *Insurance Contracts*	1 January 2018	*Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts: Two amendments to IFRS 4 to address the interaction between IFRS 4 and IFRS 9:* • *A temporary exemption from IFRS 9 has been granted to insurers that meet specified criteria; and* • *An optional accounting policy choice has been introduced to allow an insurer to apply the overlay approach to designated financial assets when it first applies IFRS 9*

NOTES TO THE ANNUAL FINANCIAL STATEMENTS 31 DECEMBER 2017

1. ACCOUNTING POLICIES (CONTINUED)

1.1 NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (CONTINUED)

Improvements to IFRSs were 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 2016 year-end:

IFRS	Effective Date	Subject of amendment
IFRS 5	1 January 2016	***IFRS 5*** *— Adds specific guidance in IFRS 5 for cases in which an entity reclassifies an asset from held for sale to held for distribution or vice versa and cases in which held-for-distribution accounting is discontinued*
IFRS 7	1 January 2016	***IFRS 7*** *— Additional guidance to clarify whether a servicing contract is continuing involvement in a transferred asset, and clarification on offsetting disclosures in condensed interim financial statements*
IAS 9	1 January 2016	***IAS 9*** *— Clarify that the high quality corporate bonds used in estimating the discount rate for post-employment benefits should be denominated in the same currency as the benefits to be paid*
IAS 34	1 January 2016	***IAS 34*** *— Clarify the meaning of 'elsewhere in the interim report' and require a cross-reference*

The Bank has reviewed the above detailed statements and do not expect them to have a significant impact on the Bank's financial statements with the exception of IFRS 9. The Bank has adopted the prescriptions of IFRS 9 from the effective date of 1st January 2018. To this effect significant progress has been made with setting up of Committees, attendance at training events, crafting of implementation plans, etc. Preliminary evaluations indicate there would possibly be some re-classification of financial instruments that we hold; the impact of this is however yet to be determined.

1.2 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. Provision for post-employment benefits disclosed under note 19.

   An Actuarial valuation is performed once every two 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.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS 31 DECEMBER 2017

1. ACCOUNTING POLICIES (CONTINUED)

B

1.2 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS IN APPLYING ACCOUNTING POLICIES (CONTINUED)

2. 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.

3. Currency Conversion Agreement with Angola

   The Bank of Namibia and Banco Nacional De Angola implemented the currency conversion agreement during 2015 to promote trade between the two countries. In terms of the agreement final settlement of the outstanding trade obligations would be in US Dollars. As at 31st December 2017 the NAD equivalent of the amount due from the Banco Nacional De Angola (BNA) amounted to approximately N$ 1.26 billion (2016: N$ 4.2 billion), excluding fair value adjustment. The amount due is reflected in Other receivables balances under Note 12 on our Statement of Financial Position. All repayments agreed with BNA have been honoured and final settlement is expected in the second quarter of 2018. The Bank is confident that the BNA would honour their commitments and as such we assume recoverability of the debt in its totality by the end of the second quarter in 2018.

1.3 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.

1.4 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, cost or amortised cost as described below.

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.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS 31 DECEMBER 2017

B

1. ACCOUNTING POLICIES (CONTINUED)

1.4 FINANCIAL INSTRUMENTS (CONTINUED)

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 2017

B

1. ACCOUNTING POLICIES (CONTINUED)

1.4 FINANCIAL INSTRUMENTS (CONTINUED)

The Bank classifies its financial instruments as follows:

Classification - Financial Assets

Loans and Receivables – amortised cost

- Loans and advances
- Repurchase agreements
- Amounts due from the Government
- Accounts receivable

At fair value through profit or loss

Designated on initial recognition

- External portfolio investments

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.

Classification - Financial Liabilities

At fair value through profit or loss

- Government Debts - Euro Bond Issue

At amortised cost

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

NOTES TO THE ANNUAL FINANCIAL STATEMENTS 31 DECEMBER 2017

B

1. ACCOUNTING POLICIES (CONTINUED)

1.4 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. Upon initial recognition the Bank designates the financial instrument as at fair value through profit or loss. 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 instruments are initially measured at cost which includes transaction costs and this value approximates the fair value of the instruments. Subsequent to initial measurement financial instruments are measured at fair value or amortised cost depending on their classification. Gains and losses arising from a change in the fair value of financial instruments are recognised in the Statement of Comprehensive income of the period in which it arises.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are financial assets designated by the Bank as at fair value through profit or loss upon initial recognition.

Designated – External portfolio investments

Financial assets at fair value through profit or loss are financial assets designated by the Bank as at fair value through profit or loss upon initial recognition. The Bank recognises movements in the fair values of these assets in the profit or loss account for the relevant year. The fair values of marketable securities within the portfolio are obtained from quoted market prices.

Held to maturity - External money market investments

Held to maturity money market investments are non – derivative financial assets with fixed or determinable payments and fixed maturities that the Bank has the positive intention and ability to hold to maturity. Money market investments are stated at amortised cost.

Loans and advances, receivables and non-trading liabilities

These are measured at amortised cost and re-measured for impairment losses, except where cost approximates amortised cost as set out below:

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.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS 31 DECEMBER 2017

B

1. ACCOUNTING POLICIES (CONTINUED)

1.4 FINANCIAL INSTRUMENTS (CONTINUED)

Reclassification

It is a requirement that institutions should disclose when it has reclassified a financial asset as one measured at cost or amortised cost rather than at fair value, or vice versa, at fair value rather than at cost or amortised cost. The Bank has not reclassified any of its financial assets during the year under review.

Impairment of financial assets

The Bank assesses at each Statement of financial position date whether there is objective evidence that a financial asset at amortised cost or group of financial assets is impaired. A financial asset or group of financial asset is impaired and impairment losses are incurred if, and only if, there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the assets (a "loss event") and that the loss event has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated. Objective evidence that a financial asset or group of assets is impaired would include breach of contract such as default on interest and capital repayments, bankruptcy of the borrower, downgrading of the ratings of the institutions by rating agencies, etc.

De-recognition

The Bank de-recognises a financial asset only when the contractual rights to the cash flows from the asset expires or where the Bank transfers the contractual rights to receive the cash flows of the financial asset. De-recognition also occurs when the Bank retains the contractual rights to receive the cash flows of the financial asset but assumes a contractual obligation to pay the cash flows to a third party and consequently transfers substantially all the risks and benefits associated with the asset.

Where the Bank retains substantially all the risks and rewards of ownership of the financial asset, it continues to be recognised as a financial asset. A financial liability is derecognised when the liability is extinguished, that is, when the obligation specified in the contract is discharged, cancelled or has expired.

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

Statement of comprehensive income net gains or losses

	2017 N$'000	2016 N$'000
Financial assets – at fair value through profit or loss		
Designated on initial recognition		
External portfolio investments – net (loss)/Profit	(13 418)	12 784
	(13 418)	**12 784**

NOTES TO THE ANNUAL FINANCIAL STATEMENTS 31 DECEMBER 2017

1. ACCOUNTING POLICIES (CONTINUED)

1.4 FINANCIAL INSTRUMENTS (CONTINUED)

Impairment

The Bank reviewed its financial assets and determined that there were some investments that were impaired and adjustments were processed to the statement of comprehensive income to reflect the impairment.

1.5 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.

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.

1.6 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.

1.7 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.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS 31 DECEMBER 2017

1. ACCOUNTING POLICIES (CONTINUED)

B

1.8 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.

1.9 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.

1.10 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.

1.11 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.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS 31 DECEMBER 2017

1. ACCOUNTING POLICIES (CONTINUED)

1.12 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.

1.13 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.

1.14 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.

1.15 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.

1.16 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.

1.17 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.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS 31 DECEMBER 2017

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1. ACCOUNTING POLICIES (CONTINUED)

1.18 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 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.

1.19 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.

1.20 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.

1.21 UNREALISED GAIN RESERVE

The Reserve has been created to retain unrealised gains on the Bank’s portfolio investments until they are realised. Unrealised losses are however charged to the Statement of Comprehensive Income as they arise. Unrealised gains when realised become available for distribution.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS 31 DECEMBER 2017

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2. RESULTS FOR THE YEAR

Profit for the year is arrived at after taking the following items into account:

	2017 N$'000	2016 N$'000
Interest Income		
Namibia Dollar & Rand Currency	**500 476**	**287 477**
Money market instruments – fair value through profit or loss	485 491	254 006
Money market instruments – held to maturity	14 985	33 471
Other Currency	**166 342**	**145 392**
Debt securities – fair value through profit or loss	156 718	144 049
Money market instruments – held to maturity	9 624	1 343
Unwinding of present value adjustments (BNA Receivable)	71 289	-
Unwinding of present value adjustments (Staff Loans)	1 785	2 382
	739 892	**435 251**
Interest Paid		
Government	90 306	155 215
Commercial Banks	143 682	17 900
Other	29 007	1 130
	262 995	**174 245**
Other Income		
Rand compensation income	326 107	296 463
Sundry income	31 809	33 598
	357 916	**330 061**
Operating Expenses		
Depreciation	25 113	19 899
Amortisation of computer software	2 318	2 668
Currency inventory amortisation costs	32 032	54 585
Other inventory expensed	-	419
Salaries and related personnel costs	195 765	166 023
Staff training and development	3 381	2 770
Social responsibility	1 091	170
Board members' fees - for services as board members	715	589
Auditors' remuneration - audit fees	1 236	972
Membership fees	3 447	2 913
Building and other maintenance costs	16 714	14 419
Loss on disposal of property, equipment and intangible assets	11	1 007
Amortisation of prepaid long-term employee benefit	1 785	2 382
Other expenditure	75 194	139 109
Total operational expenditure	**358 802**	**407 925**
Number of employees	**287**	**300**

Interest income relates to interest earned on our foreign investments which are invested in the Rand, EURO and USD money and capital markets. 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 2017

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

	Notes	2017 N$'000	2016 N$'000
Total Comprehensive (Loss)/Profit for the Year		**(368 893)**	**(526 549)**
Unrealised Gains release from Reserve		(23 278)	(28 087)
Exchange Rate Gains/Losses transferred to the Revaluation Reserve		831 486	722 475
Net Profit for the Year		**439 315**	**167 839**
Appropriation of Profits		**439 315**	**167 839**
General Reserve	14	191 175	79 720
Building Fund Reserve	17	25 000	20 000
Development Fund Reserve	16	10 000	-
Distribution to State Revenue Fund		213 140	68 119

The IFRS 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$439.315 million. Appropriations of profits are based on this Net Profit figure.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS 31 DECEMBER 2017

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4. PROPERTY AND EQUIPMENT

2017	Freehold Land and Buildings	Computer Hardware	Furniture Fittings & Equipment	Motor Vehicles	Total
Cost	**N$'000**	**N$'000**	**N$'000**	**N$'000**	**N$'000**
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**
2016					
Cost					
At 1 January 2016	320 087	26 271	93 493	7 714	447 565
Additions	5 919	1 145	17 404	592	25 060
Disposals	-	(8 096)	(6 113)	-	(14 209)
Transfers	-	(414)	(488)	-	(902)
Adjustments	-	(2)	-	-	(2)
At 31 December 2016	**326 006**	**18 904**	**104 296**	**8 306**	**457 512**
Accumulated depreciation					
At 1 January 2016	52 187	20 123	61 979	4 741	139 030
Current year charge	6 310	2 878	9 245	1 466	19 899
Disposals	-	(7 189)	(6 016)	-	(13 205)
Transfers	-	(205)	(116)	-	(321)
At 31 December 2016	**58 497**	**15 607**	**65 092**	**6 207**	**145 403**
Carrying value					
At 1 January 2016	**267 885**	**6 146**	**31 528**	**2 976**	**308 534**
At 31 December 2016	**267 509**	**3 297**	**39 204**	**2 099**	**312 109**

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 evaluations were performed during the current year. The Bank performs residual value evaluations every third year, the last one was conducted in 2015.

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

Transfers effected in 2016 relate to assets that were transferred from the Bank to the Financial Intelligence Centre (FIC) which has been treated as separate company.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS 31 DECEMBER 2017

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5. INTANGIBLE ASSETS - COMPUTER SOFTWARE

	N$'000
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**
2016	
Cost	
At 1 January 2016	51 078
Additions	1210
Disposals	-
Transfers	(1 385)
At 31 December 2016	**50 903**
Amortisation	
At 1 January 2016	43 527
Current year charge	2 668
Disposals	-
Transfers	(1 385)
At 31 December 2016	**44 810**
Carrying value	
At 1 January 2016	**7 551**
At 31 December 2016	**6 093**

NOTES TO THE ANNUAL FINANCIAL STATEMENTS 31 DECEMBER 2017

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	2017 N$'000	2016 N$'000
6. CURRENCY INVENTORY		
Opening Balance	106 759	123 450
Purchases current year	575	38 015
Adjustments	(8 344)	(121)
Amortisation current year	(32 032)	(54 585)
Closing Balance	**66 958**	**106 759**
7. LOANS AND ADVANCES		
Staff loans	46 176	43 430
Less: Present value adjustment for off-market loans	**(8 956)**	**(8 565)**
Opening balance – 1 January	(3 801)	(3 386)
Current year fair value adjustment of new loans	(3 370)	(2 797)
Amortised to Statement of comprehensive income	(1 785)	(2 382)
Add: Staff Long term benefit	**8 956**	**8 565**
Opening balance – 1 January	3 801	3 386
Current year Fair value adjustment of new loans	3 370	2 797
Amortised to Statement of comprehensive income	1 785	2 382
Net staff loans	**46 176**	**43 430**
Other loans	8 477	8 477
BNA receivables – non-current	-	1 391 142
Closing Balance	**54 654**	**1 443 049**
8. INVESTMENTS		
Rand currency		
Fair value through profit or loss		
Designated		
Debt securities & Money Market Investments	14 295 168	11 802 544
	14 295 168	**11 802 544**
Other currencies		
Fair value through profit or loss		
Designated		
Debt Securities & Money Market Investments	9 168 914	5 663 673
Held to maturity*		
Money market instruments	6 603 213	7 138 831
	15 772 127	**12 802 504**
Less: Impairment provision	-	(5 100)
Total Investments	**30 067 296**	**24 599 948**

*The Bank's valuation of the held to maturity investments is considered to approximate fair value

NOTES TO THE ANNUAL FINANCIAL STATEMENTS 31 DECEMBER 2017

8. INVESTMENTS (CONTINUED)

B

8.1 LENT OUT SECURITIES

As at 31st December 2017, the value of lent out securities from our Investment Portfolio, managed by our custodians, nominal value amounted to US Dollar 16.55 million; NAD equivalent 205.06 million (2016: US Dollar 11.66 million; NAD equivalent 158.83 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.

8.2 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. Other investments include money market investments in the form of Fixed Deposits, NCD's, Call and Current account deposits, etc. The fair value hierarchy would therefore fall under the Level 1 and 2 categories.

As at 31st December 2017, the fair value of financial instruments that was classified under the various hierarchies is detailed in the tables below:

As at 31st December 2017

	Level 1	Level 2	Total
At Fair value through Profit or Loss	**N$'000**	**N$'000**	**N$'000**
Designated Debt Securities & Money Market Investments	1 741 352	21 722 730	23 464 082
	1 741 352	**21 722 730**	**23 464 082**

As at 31st December 2016

	Level 1	Level 2	Total
At Fair value through Profit or Loss	**N$'000**	**N$'000**	**N$'000**
Designated Debt Securities & Money Market Investments	1 995 421	15 470 795	17 466 216
	1 995 421	**15 470 795**	**17 466 216**

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 2017

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9. LOANS AND ADVANCES

	2017 N$'000	2016 N$'000
Repurchase agreements – local banks	721 737	716 038
	721 737	716 038

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.

10. RAND DEPOSITS

	2017 N$'000	2016 N$'000
Closing Balance	79 631	59 212
	79 631	59 212

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.

11. OTHER INVENTORY - STATIONERY AND SPARES

	2017 N$'000	2016 N$'000
Opening Balance	1 947	1 926
Purchases current year	413	440
Issues current year	(260)	(365)
Adjustments	2 296	(54)
Closing Balance	**4 396**	**1 947**

12. OTHER RECEIVABLES

	2017 N$'000	2016 N$'000
Rand compensation receivable – Government	326 202	296 406
BNA receivable	1 265 449	2 782 285
BNA fair value adjustment	(12 244)	(83 533)
Accounts receivable	54 317	23 844
IMF Quota	3 479 255	3 837 661
IMF – Special Drawing Rights	108 718	112 318
	5 221 697	**6 968 981**

NOTES TO THE ANNUAL FINANCIAL STATEMENTS 31 DECEMBER 2017

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	2017 N$'000	2016 N$'000

13. SHARE CAPITAL & CAPITAL MANAGEMENT

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 to be transferred to the general reserve which forms part of the Bank's capital.

14. GENERAL RESERVE

	2017 N$'000	2016 N$'000
Opening Balance	1 277 053	1 197 333
Transfers	4 795	-
Appropriation of net profit for the year	191 175	79 720
Closing Balance	**1 473 023**	**1 277 053**

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.

15. FOREIGN CURRENCY REVALUATION RESERVE

	2017 N$'000	2016 N$'000
Opening Balance	5 851 617	6 574 092
Net foreign exchange (losses)	(831 486)	(722 475)
Closing Balance	**5 020 131**	**5 851 617**

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.

16. DEVELOPMENT FUND RESERVE

	2017 N$'000	2016 N$'000
Opening Balance	43 789	43 789
Transfer	(3 820)	-
Appropriation of net profit for the year	10 000	-
Closing Balance	**49 970**	**43 789**

NOTES TO THE ANNUAL FINANCIAL STATEMENTS 31 DECEMBER 2017

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17. BUILDING FUND RESERVE

	2017 N$'000	2016 N$'000
Opening Balance	20 000	-
Transfer	-	-
Appropriation of net profit for the year	25 000	20 000
Closing Balance	**45 000**	**20 000**

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.

18. 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.

	2017 N$'000	2016 N$'000
Opening Liability	56 628	70 005
Interest costs	5 225	6 421
Current service costs	1 734	3 010
Benefit payments	(1 453)	(1 398)
Actuarial loss/(gain)	-	(21 410)
Closing Liability	62 134	56 628
Current portion of post employment benefits obligation	(1 570)	(1 453)
Non-current portion of post employment benefits obligation	**60 564**	**55 175**

Key assumptions	**2017**	**2016**
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$'000	Decrease N$'000
Effect on the aggregate of the current service cost and interest cost	1 301	1 040
Effect on the defined benefit obligation	**63 435**	**61 094**

At 31 December	2017 N$'000	2016 N$'000	2015 N$'000	2014 N$'000	2013 N$'000
Present value of post retirement benefit obligation	62 134	56 628	70 005	62 789	56 306

The Bank's post retirement plan is unfunded.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS 31 DECEMBER 2017

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19. NOTES AND COINS IN CIRCULATION

	2017 N$'000	2016 N$'000
Notes	4 423 042	4 163 659
Coins	235 429	230 888
	4 658 471	**4 394 547**

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.

20. DEPOSITS

	2017 N$'000	2016 N$'000
Government of the Republic of Namibia	4 732 492	4 605 850
Domestic bankers' reserve account	1 078 556	978 680
Domestic bankers' settlement account	2 990 040	2 479 211
SDR Allocation account	2 328 988	2 403 483
IMF Securities account	3 479 255	3 837 661
GIPF BoN Asset Swap Investment	6 034 119	6 813 812
NAMPOWER BoN Asset Swap Investment	1 001 984	665 977
Other Deposits	3 194 979	639 144
Other – Pre-funded donor funds at cost	26 921	28 894
	24 867 334	**22 452 711**

Banker's reserve and current 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%.

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 2017

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	2017 N$'000	2016 N$'000

21. TRADE AND OTHER PAYABLES

	2017 N$'000	2016 N$'000
Sundry Creditors	**36 402**	**30 435**

22. TRAINING FUND RESERVE

	2017 N$'000	2016 N$'000
Opening Balance	**15 000**	**15 000**
Transfer	**(976)**	**-**
Closing Balance	**14 024**	**15 000**

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.

23. 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 2017 amounted to N$20,061,835.49 (31 December 2016: N$17,575,174.53).

24. 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.

25. 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 balances are used to determine and settle transactions between the FIC and the Bank. As at 31 December 2017, the FIC owes the Bank N$24,179,961.71, (2016: N$3,533,106.16) which is reflected on the intercompany account.

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26. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

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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:

26.1 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 macro-economic 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 is a conservative investment strategy that combines passive portfolio management techniques (which aims to construct a portfolio whose risk and return follows those of a defined benchmark) and active management strategy.

26.2 INTEREST RATE RISK

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. 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.

IMPACT OF 100 BASIS POINTS SHOCK ON EUR PORTFOLIO - 2017

Instrument	Amount invested €'000	Actual Portfolio Weight	Interest Rate	Duration	Yield after 1% Shock	Estimate Total Return	Estimated Loss on Portfolio €000	Effect on Statement of comprehensive income N$"000
Working Capital	605	100%	(0.300%)	-	0.700%	-	-	-
Liquidity Tranche	-	-	0.000%	-	1.000%	-	-	-
Investment Tranche	-	-	0.000%	-	1.000%	-	-	-
	605	**100%**	**(0.148%)**	**-**	**(0.133%)**	**-**	**-**	**-**

IMPACT OF 100 BASIS POINTS SHOCK ON USD PORTFOLIO - 2017

Instrument	Amount invested US$'000	Actual Portfolio Weight	Interest Rate	Duration	Yield after 1% Shock	Estimate Total Return	Estimated Loss on Portfolio US$'000	Effect on Statement of comprehensive income N$"000
Working Capital	139	0%	1.457%	-	2.457%	-	-	-
Liquidity Tranche	116 876	74%	1.543%	-	2.543%	-	-	-
Investment Tranche	40 905	26%	2.066%	2.567	3.066%	(2.567%)	(1 050)	(1 050)
	157 920	**100%**	**1.679%**	**0.665**	**2.679%**	**(0.665%)**	**(1 050)**	**(1 050)**

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26.2 INTEREST RATE RISK (CONTINUED)

IMPACT OF 100 BASIS POINTS SHOCK ON ZAR PORTFOLIO – 2017

Instrument	Amount invested R'000	Actual Portfolio Weight	Interest Rate	Duration	Yield after 1% Shock	Estimate Total Return	Estimated Loss on Portfolio R'000	Effect on Statement of comprehensive income N$"000
Working Capital	2 265 378	39%	7.530%		8.530%	-	-	-
Liquidity Tranche	504 802	9%	7.530%	-	8.530%	-	-	-
Investment Tranche	3 059 290	52%	7.623%	0.280	8.623%	(1.906%)	(646)	(646)
	5 829 470	**100.0%**	**7.579%**	**0.147**	**8.579%**	**(1.001%)**	**(646)**	**(646)**

IMPACT OF 100 BASIS POINTS SHOCK ON EUR PORTFOLIO - 2016

Instrument	Amount invested €'000	Actual Portfolio Weight	Interest Rate	Duration	Yield after 1% Shock	Estimate Total Return	Estimated Loss on Portfolio €000	Effect on Statement of comprehensive income N$"000
Working Capital	37	100%	0.000%	-	1.00000%	0.000%	-	-
Liquidity Tranche	-	0%	0.000%	-	1.00000%	0.000%	-	-
Investment Tranche	-	0%	0.000%	-	1.00000%	0.000%	-	-
	37	**100%**	**0.000%**	**-**	**-**	**-**	**-**	**-**

IMPACT OF 100 BASIS POINTS SHOCK ON USD PORTFOLIO - 2016

Instrument	Amount invested US$'000	Actual Portfolio Weight	Interest Rate	Duration	Yield after 1% Shock	Estimate Total Return	Estimated Loss on Portfolio US$'000	Effect on Statement of comprehensive income N$"000
Working Capital	3 290	4%	0.459%	-	1.45873%	0.000%	-	-
Liquidity Tranche	50 151	53%	0.606%	-	1.60632%	0.000%	-	-
Investment Tranche	40 556	43%	1.643%	2. 626	2.64344%	(2.626%)	(1 065)	(14 511)
	93 997	**100%**	**1.049%**	**1.133**	**-**	**(1.133%)**	**(1 065)**	**(14 511)**

IMPACT OF 100 BASIS POINTS SHOCK ON ZAR PORTFOLIO - 2016

Instrument	Amount invested R'000	Actual Portfolio Weight	Interest Rate	Duration	Yield after 1% Shock	Estimate Total Return	Estimated Loss on Portfolio R'000	Effect on Statement of comprehensive income N$"000
Working Capital	1 686 221	46%	7.680%	-	8.67989%	0.000%	-	-
Liquidity Tranche	1 646 492	45%	7.680%	-	8.67989%	0.000%	-	-
Investment Tranche	350 254	10%	7.680%	-	8.67989%	0.000%	-	-
	3 682 967	**100%**	**7.680%**	**-**	**-**	**-**	**-**	**-**

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26.2 INTEREST RATE RISK (CONTINUED)

INTEREST RATE REPRICING

The table below shows the repricing profile of foreign exchange reserves assets. The repricing profile shows the time from initial change in interest rates until the change reflects in the current portfolio. In addition, it provides context to the level of interest rate risk faced by the Bank through its investment activities.

AS AT YEAR ENDED 31 DECEMBER 2017

N$'000	0 – 3 Months	3 – 12 Months	1 – 10 Years	Non-Interest Bearing	Total
Assets					
Property, equipment and intangible assets (*)	-	-	-	318 894	318 894
Inventory (*)	-	-	-	71 375	71 375
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 Assets	**17 033 283**	**3 946 045**	**14 899 914**	**656 021**	**36 535 263**
Equity and Liabilities					
Shareholders' equity (*)	-	-	-	6 910 922	6 910 922
Post-employment benefits (*)	-	-	-	62 134	62 134
Note and coins in circulation	-	-	-	4 658 471	4 658 471
Deposits	23 761 857	-	-	1 105 477	24 867 334
Trade and other payables	36 402	-	-	-	36 402
Total Equity and Liabilities	**23 798 259**	**-**	**-**	**12 737 004**	**36 535 263**
Interest rate reprising gap	**(6 764 976)**	**3 946 045**	**14 899 914**	**(12 080 983)**	**-**

AS AT YEAR ENDED 31 DECEMBER 2016

N$'000	0 – 3 Months	3 – 12 Months	1 – 10 Years	Non-Interest Bearing	Total
Assets					
Property, equipment and intangible assets (*)	-	-	-	318 202	318 202
Inventory(*)	-	-	-	108 706	108 706
Loans and advances - non-current	-	-	1 443 049	-	1 443 049
Investment	11 301 736	1 350 841	11 947 371	-	24 599 948
Loans and advances - current	716 038	-	-	-	716 038
Rand deposits	-	-	-	59 212	59 212
Other receivables	4 270 229	2 698 752	-	-	6 968 981
Total Assets	**16 288 003**	**4 049 593**	**13 390 420**	**486 120**	**34 214 136**
Equity and Liabilities					
Shareholders' equity (*)	-	-	-	7 279 815	7 279 815
Post-employment benefits (*)	-	-	-	56 628	56 628
Note and coins in circulation	-	-	-	4 394 547	4 394 547
Deposits	21 445 138	-	-	1 007 573	22 452 711
Trade and other payables	30 435	-	-	-	30 435
Total Equity and Liabilities	**21 475 573**	**-**	**-**	**12 738 563**	**34 214 136**
Interest rate reprising gap	**(5 187 570)**	**4 049 593**	**13 390 420**	**(12 252 443)**	**-**

(*)= Non-financial instrument

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26.3 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 2017, the following was the benchmark portfolio 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	-	-

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. For instance, with the foreign reserves at N$25.00 billion, with a total exposure weight of 43.22 percent to USD assets which appreciated by 12.42 percent year-on-year, resulted in a decrease of reserves by NAD780 million. Contrary, a depreciation of 12.42 percent would have resulted in an increase of reserves by NAD780 million. 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.

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26.3 CURRENCY RISK (CONTINUED)

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						
Property, equipment and intangible assets (*)	318 894	-	-	-	-	318 894
Currency inventory – notes and coins (*)	66 979	-	-	-	-	66 979
Loans and advances - non-current	-	-		54 654		54 654
Investment	-	14 295 169	745 351	14 092 699	934 056	30 067 275
Loans and advances - current	721 737	-	-	-	-	721 737
Rand deposits	-	79 631	-	-	-	79 631
Other inventory – stationery & spares (*)	4 396	-	-	-	-	4 396
Other receivables	54 317	326 202	-	1 253 205	3 587 973	5 221 697
Total Assets	**1 166 323**	**14 701 002**	**745 351**	**15 400 558**	**4 522 029**	**36 535 263**
Liabilities						
Post-employment benefits (*)	62 134	-	-	-	-	62 134
Notes and coins in circulation	4 658 471	-	-	-	-	4 658 471
Deposits	12 280 333	-	-	-	12 586 991	24 867 334
Trade and other payables	36 402	-	-	-		36 402
Total Liabilities	**17 037 350**	**-**	**-**	**-**	**12 586 991**	**29 624 341**
Net Statement of financial position Position	**(15 871 027)**	**14 701 002**	**745 351**	**15 400 558**	**(8 064 962)**	**6 910 922**

AT 31 DECEMBER 2016 THE BANK HAD THE FOLLOWING CURRENCY POSITION EXPOSURES

	N$ '000	ZAR '000	Euro '000	US$ '000	Other '000	Total N$'000
Assets						
Property, equipment and intangible assets (*)	318 202	-	-	-	-	318 202
Currency inventory – notes and coins	106 759	-	-	-	-	106 759
Loans and advances - non current (*)	-	-	-	1 443 049	-	1 443 049
Investment	-	11 797 444	750 598	11 495 051	556 855	24 599 948
Loans and advances - current	716 038		-	-	-	716 038
Rand deposits	-	59 212	-	-	-	59 212
Other inventory – stationery & spares (*)	1 947		-	-	-	1 947
Other receivables	23 844	296 406	-	2 698 752	3 949 979	6 968 981
Total Assets	**1 166 790**	**12 153 062**	**750 598**	**15 636 852**	**4 506 834**	**34 214 136**
Liabilities						
Post employment benefits (*)	56 628	-	-	-	-	56 628
Notes and coins in circulation	4 394 547	-	-	-	-	4 394 547
Deposits	11 901 401	-	-	-	10 551 310	22 452 711
Trade and other payables	30 435	-	-	-	-	30 435
Total Liabilities	**16 383 011**	**-**	**-**	**-**	**10 551 310**	**26 934 321**
Net Statement of financial position Position	**(15 164 314)**	**12 153 062**	**750 598**	**15 636 852**	**(6 044 476)**	**7 279 815**

(*)= Non-financial instrument

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26.4 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 and the Bank seeks to maintain sufficient liquidity by investing in securities with an active secondary market. As at 31 December 2017, 53 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 2017

N$'000	0 – 3 Months	4 – 12 Months	1–10 Years	No maturity	Total
Assets					
Property, equipment and intangible assets (*)	-	-	-	318 894	318 894
Inventory (*)	-	-	-	71 375	71 375
Loans and advances - non current	-	-	54 654	-	54 654
Investment	12 529 175	2 692 840	14 845 260	-	30 067 275
Loans and advances - current	721 737	-	-	-	721 737
Rand deposits	-	-	-	79 631	79 631
SDR Holdings -IMF	-	-	-	108 718	108 718
SDR Quota	-	-	-	3 479 255	3 479 255
Other receivables	380 519	1 253 205	-	-	1 633 724
Total Assets	**13 631 431**	**3 946 045**	**14 899 914**	**4 057 873**	**36 535 263**
Equity and Liabilities					
Shareholders' equity (*)	-	-	-	6 910 922	6 910 922
Post employment benefits (*)	-	-	-	62 134	62 134
Notes and coins in circulation	-	-	-	4 658 471	4 658 471
Deposits	7 722 533	-	-	11 336 558	19 059 091
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 Equity and Liabilities	**7 758 935**	**-**	**-**	**28 776 328**	**36 535 263**
Liquidity sensitivity gap	**5 872 496**	**3 946 045**	**14 899 914**	**(24 718 455)**	**-**
Cumulative liquidity sensitivity gap	**5 872 496**	**9 818 541**	**24 718 455**	**-**	**-**

LIQUIDITY/OBLIGATIONS RISK ANALYSIS STATEMENT AS AT YEAR ENDED 31 DECEMBER 2016

N$'000	0 – 3 Months	4 – 12 Months	1–10 Years	No maturity	Total
Assets					
Property, equipment and intangible assets (*)	-	-	-	318 202	318 202
Inventory (*)	-	-	-	108 706	108 706
Loans and advances - non-current	-	-	1 443 049	-	1 443 049
Investment	11 301 736	1 350 841	11 947 371		24 599 948
Loans and advances - current	716 038	-	-	-	716 038
Rand deposits	-	-	-	59 212	59 212
SDR Holdings -IMF	-	-	-	112 318	112 318
SDR Quota	-	-	-	3 837 661	3 837 661
Other receivables	320 250	2 698 752	-	-	3 019 002
Total Assets	**12 338 024**	**4 049 593**	**13 390 420**	**4 436 099**	**34 214 136**
Equity and Liabilities					
Shareholders' equity (*)	-	-	-	7 279 815	7 279 815
Post-employment benefits (*)	-	-	-	56 628	56 628
Notes and coins in circulation	-	-	-	4 394 547	4 394 547
Deposits	7 085 061	-	-	9 126 506	16 211 567
SDR Allocation - IMF	-	-	-	2 403 483	2 403 483
IMF Securities Account	-	-	-	3 837 661	3 837 661
Trade and other payables	30 435	-	-	-	30 435
Total Equity and Liabilities	**7 115 496**	**-**	**-**	**27 098 640**	**34 214 136**
Liquidity sensitivity gap	**5 222 528**	**2 936 679**	**14 503 334**	**(22 662 541)**	**-**
Cumulative liquidity sensitivity gap	**5 222 528**	**8 159 207**	**22 662 541**	**-**	**-**

(*)= Non-financial instrument

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26.5 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 F3 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 (minimum 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 provides rating information on institutions with which the Bank invests its funds:

NAME OF ISSUER	LT FITCH RATING
AFRICAN BANK	B+
AFRICAN DEVELOPMENT BANK	AAA
ALLIANZ GLOBAL INVESTORS	AA
BANK OF CHINA	A
BANK OF ENGLAND	AA
BANK OF TOYKO MITSUBISHI	A
BK BANK NEDERLANDSE GEMEENTEN	AA+
BLACKROCK INVESTMENT MANAGEMENT LTD	AA-
BNP PARIBAS SA	A
CREDIT AGRICOLE SA	A
CREDIT SUISSE	BBB+
CLEARSTREAM BANKING	AA
CROWN AGENTS	BB
EUROPEAN INVESTMENT BANK (EIB)	AAA
FEDERAL RESERVE BANK	AA+
INDUSTRIAL AND COMMERCIAL BANK OF CHINA (ASIA) LIMITED	A
ITALIAN GOVERNMENT	BBB-
INVESTEC ASSET MANAGEMENT LTD	BB+
JP MORGAN CHASE EUROP LIMITED	A+
LANDESBANK BADEN-WURTTERMBERG	AAA

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26.5 CREDIT RISK (CONTINUED)

MOMENTUM	AA+(zaf)
NEDBANK LIMITED SA	BB+
PRUDENTIAL INVESTMENT MANAGERS	A
SANLAM INVESTMENT MANAGEMENT	AAA(zaf)
SIRESS (CPL)	N/R
SIRESS (RTL)	N/R
SOCIÉTÉ GÉNÉRALE BANK	Baa3
SOUTH AFRICAN RESERVE BANK	BB
STANDARD BANK SOUTH AFRICA	BB+
STANDARD CHARTERED BANK	BBB+
STANLIB	AA+(zaf)
SWIFT SHARES	NR
SUMITOMO MITSUI BANKING CORPORATION	A
TRI-ALPHA	NR
AFRICAN DEVELOPMENT BANK	AAA
CHINA CONSTRUCTION BANK	A
DEVELOPMENT BANK OF JAPAN	A
JAPAN BANK FOR INTL Co-op	A
INTL BK RECON & DEV	AAA
ABSA BANK JOHANNESBURG	BB+
TOKYO METRO GOVERNMENT	A+
PROVINCE OF ONTARIO CANADA	A+
SWEDISH EXPORT CREDIT	A
CORONATION FUND MANAGERS	NR
US GOVERNMENT	AA+
WORLD BANK RESERVES MANAGEMENT (RAMP)	AAA

The tables below reflect the current exposures to credit risk for the financial instruments held by the Bank.

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26.5 CREDIT RISK (CONTINUED)

INSTITUTIONAL CREDIT RISK RATING ANALYSIS

RAND INVESTMENTS	CREDIT RATING	2017 N$'000	2016 N$'000
AFRICAN BANK LIMITED	B+	33 835	36 147
CLEARSTREAM BANKING	AA	109 243	1
CORPORATE FOR PUBLIC DEPOSITS (CPD)	BB	4 393 721	3 899 427
FIRSTRAND BANK LTD	BB+	381 552	-
INVESTEC BANK LTD	BB+	311 278	-
NEDBANK LIMITED SA	BB+	332 067	-
SOUTH AFRICAN RESERVE BANK*	BB	3	-
SIRESS(RTL)	NR	-	-11
STANDARD CHARTERED BANK	BBB+	-	65
STANDARD BANK SOUTH AFRICA	BB+	360 015	791
INVESTEC ASSET MANAGEMENT LTD	BB+	504 222	370 239
SIRESS (CPL)	NR	101	325
MOMENTUM	AA+(zaf)	2 227 427	2 882 258
PRUDENTIAL INVESTMENT MANAGERS	A	1 582 929	1 764 768
SANLAM INVESTMENT MANAGEMENT	AAA(zaf)	1 172 428	1 161 520
STANLIB	AA+(zaf)	1 001 984	665 977
TRI-ALPHA	NR	1 051 335	1 021 037
SIRESS (RTL)	NR	76 777	-
CONATION FUND MANAGERS	NR	445 850	-
ABSA BANK	BB+	310 401	-
		14 295 168	**11 802 544**

*Applicable credit rating for central banks are as assigned to a specific country by the rating agencies

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26.5 CREDIT RISK (CONTINUED)

NON-RAND INVESTMENTS	CREDIT RATING	2017 N$'000	2016 N$'000
BANK FOR INTERNATIONAL SETTLEMENT	AAA	10	-
STANDARD BANK SOUTH AFRICA	BB+	181	-
BK BANK NEDERLANDSE GEMEENTEN	AA+	-	13 596
CLEARSTREAM BANKING	AA	(109 141)	-
CITI BANK	A+	289	4
CREDIT SUISSE AG	BBB+	-	368 866
EUROPEAN INVESTMENT BANK (EIB)	AAA	65 936	82 304
FEDERAL RESERVE BANK	AA+	2 378 533	2 409 770
CRÉDIT AGRICOLE CORPORATE	A	-	408 925
JP MORGAN CHASE EUROP LIMITED	A+	315 478	37 881
NEDBANK LIMITED SA	BB+	-	192 031
RABOBANK INTERNATIONAL LONDON	AA-	619 747	-
US GOVERNMENT	AA+	288 996	359 158
WESTPAC	AA-	43	83
NORDBANKEN	BBB-	19	19
BANK OF TOKYO MITSUBISHI	A	176 472	595 916
UBS AG ZURICH	A1	11	10
BANK OF ENGLAND	AA	268	13 790
STANDARD CHARTERED BANK	BBB+	14	64 531
SOCIETY GENERALE BANK	Baa3	655 132	545 184
ALLIANZ GLOBAL INVESTORS	AA	5,562,563	1 522 443
BLACKROCK INVESTMENT MANAGEMENT LTD	AA-	1 769 904	1 511 609
WORLD BANK RESERVES MANAGEMENT (RAMP)	AAA	1 344 927	1 466 923
BANK OF CHINA (AUSTRALIA)Ltd	A	-	340 423
BANK OF CHINA (JOHANNESBURG)	NR	513 425	-
CROWN AGENTS	BB	-	654 427
INDUSTRIAL & COMMERCIAL BANK OF CHINA (ASIA)Ltd	A	714 576	592 450
LANDESBANK BADEN-WURTTERMBERG	AAA	-	376 070
BNP PARIBUS SA	A	-	681 435
ITALIAN GOVERNMENT	BBB-	-	6 939
SUMITOMO MITSUI BANKING CORPORATION	A	456 958	557 717
AFRICAN DEVELOPMENT BANK	AAA	76 548	-
CHINA CONSTRUCTION BANK	A	695 089	-
DEVELOPMENT BANK OF JAPAN	A	12 142	-
JAPAN BANK FOR INTL Co-op	A	29 510	-
INTL BK RECON & DEV	AAA	6 154	-
ABSA BANK JOHANNESBURG	BB+	173 502	-
TOKYO METRO GOVERNMENT	A+	6 252	-
PROVINCE OF ONTARIO CANADA	A+	12 471	-
SWEDISH EXPORT CREDIT	A	6 118	-
		15 772 127	**12 802 504**

The Bank invests/buys securities in reputable institutions who are rated by Fitch, Moody's or 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.

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26.6 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.

26.7 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.

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.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS 31 DECEMBER 2017

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26.8 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 reputational 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.

26.9 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 2017 the Repo's to Commercial Banks were to the tune of N$722 million.

26.10 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.

26.11 DEFAULTS AND BREACHES

The Bank did not default on any of its loan commitments in either the current or previous financial year.

27. CAPITAL COMMITMENTS

	2017 N$' 000	2016 N$' 000
Contracted	-	-

28. 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 1.16 of this report. Note 26 provides more information on the Financial Intelligence Centre.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS 31 DECEMBER 2017

28. RELATED PARTY INFORMATION (CONTINUED)

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Gross Emoluments	Salaries N$'000	Retirement Benefit N$'000	Medical Aid Benefit N$'000	Total 2017 N$' 000	Total 2016 N$'000
Executive Management					
Governors	4 050	715	153	4 918	5 765
Senior Management	17 080	2 015	714	19 809	15 849
Non-Executive Board					
Ms S T Haipinge				113	105
Ms A S I Angula				124	118
Mr V Malango				127	112
Dr O Kakujaha- Matundu				122	129
Ms E B Shafudah				-	-
Ms C v/d Westhuizen				158	125

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

29. APPROVAL OF FINANCIAL STATEMENTS

The Annual Financial Statements have been approved by the Board of Directors at the Board meeting held on 13 March 2018.

30. SUBSEQUENT EVENTS

There are no material events subsequent to the reporting date, other then the declaration of dividend of N$213.14 million.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS 31 DECEMBER 2017

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STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2017 (IN COMPLIANCE WITH THE BANK OF NAMIBIA ACT, 1997)

	Notes	2017 N$'000	2016 N$'000
Net interest income		**476 897**	**261 006**
Interest income	2	739 892	435 251
Interest expense	2	(262 995)	(174 245)
		357 916	330 061
Rand Compensation Income	2	326 107	296 463
Other income	2	38 809	33 598
Total income		**834 813**	**591 067**
		372 220	(395 141)
Operating expenses	2	(358 802)	(407 925)
Net gain/(loss) on investment portfolio		(13 418)	12 784
Profit for the Year		462 593	195 926
Other Comprehensive Income			
Total Comprehensive Profit for the Year		**462 593**	**195 926**
(Transfer) to Unrealised Gain Reserve		(23 278)	(28 087)
Net Profit for the Year		**439 315**	**167 839**
Profits available for Distribution		**439 315**	**167 839**
State revenue fund		213 140	68 119
General reserve	14	191 175	79 720
Building fund reserve	17	25 000	20 000
Development fund reserve	16	10 000	-

Part C
Economic and Financial Developments

Contents

SELECTED FINANCIAL AND ECONOMIC INDICATORS

Indicator (Annual percentage change)	2013	2014	2015	2016	2017
	Actual				Estimate*
Real GDP	5.6	6.4	6.0	1.1	-0.6*
GDP deflator	8.8	6.3	0.4	7.9	5.0*
Consumer price inflation (period average)	5.6	5.4	3.3	6.7	6.2
Consumer price inflation (end of period)	4.9	4.6	3.7	7.3	5.2
Exports	7.7	12.2	2.0	20.3	5.2
Imports	12.3	23.5	11.1	0.7	-12.9
Real effective exchange rate[1]	-5.9	-3.5	-2.1	-2.1	5.2
Private sector credit (end of period)	14.3	16.4	13.5	8.9	5.1
Broad money supply (end of period)	12.8	7.8	10.2	4.9	9.5
(As a percentage of GDP, unless otherwise stated)					
Investment	25.1	33.6	34.6	25.7	18.3*
Public	6.4	7.4	9.2	9.1	6.5*
Private	18.6	26.2	25.4	16.5	11.8*
Savings	25.1	33.6	34.6	25.7	18.3*
External	7.8	9.5	13.7	14.2	1.2*
Domestic	17.2	24.1	20.9	11.5	17.1*
Public	2.9	0.4	-1.2	0.8	1.1*
Private	14.3	23.7	22.1	10.6	16.0*
Public Finance					
Overall government balance[2]	-3.8	-6.2	-8.2	-6.9*	-5.4*
Public debt outstanding (end of period)	23.6	23.2	37.4	39.2	42.3
Public guaranteed debt outstanding (end of period)	3.6	3.4	4.9	5.5	6.1
External Sector					
Current account balance	-7.8	-9.5	-14.3	-14.3	-2.3
excluding official transfers	-19.8	-22.7	-26.3	-26.3	-12.9
Gross official reserves (end of period)					
In N$ million	15 709.5	13 526.9	23 577.2	24 720.1	30 177.1
In US$ million	1 510.5	1 166.1	1 511.4	1 817.7	2 433.6
in months of imports	2.8	2.0	3.1	3.2	4.6
External debt (end of period)[3]	38.2	33.0	53.4	50.5	54.8
Exchange rate to US$ (end of period)	10.4	11.6	15.6	13.6	12.4
Exchange rate to US$ (period average)	9.7	10.8	12.8	14.7	13.3
GDP at current market prices (N$ million)	**122 792**	**138 763**	**147 635**	**161 030***	**169 738***
Fiscal Year GDP (N$ million)	**126 785**	**140 942**	**150 867**	**164 156***	**171 852***

[1] 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 competiveness of the local products on the international market.

[2] These are Government fiscal year data, starting from the 2013/14 and ending in the 2017/18 financial year.

[3] Includes government, parastatals and private sector debt.

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SUMMARY OF ECONOMIC AND FINANCIAL DEVELOPMENTS

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Global economic activity is estimated to have improved in 2017, compared to 2016. The IMF estimates that world economic activity improved in 2017, on the back of stronger economic activity in both advanced and developing countries. The advanced economies (AEs) as a group are estimated to have recorded better economic growth in 2017. The main economies contributing to the stronger growth were the United States, Europe and Japan. Similarly, emerging market and developing economies (EMDEs) recorded improved growth, with especially Brazil and Russia rebounding.

The IMF has revised its growth expectations for 2018 and 2019 upwards, which reflect increased global growth momentum, including the expected impact of the recently approved U.S tax policy changes. In its January 2018 World Economic Outlook Update, the IMF noted that global growth has been accelerating since 2016 through 2017, a momentum that was expected to continue in 2018 and 2019. The positive global growth outlook faces downside risks over the medium term. A correction in the financial markets is a possibility that could dampen growth and confidence. Higher core inflation and interest rates in AEs could be another possible trigger that could lead to financial vulnerabilities erupting in both AEs and EMDEs. In addition, inward-looking policies, geopolitical tensions, and political uncertainty in some countries also pose downside risks to the global economic outlook.

Global financial markets performed quite well in 2017 compared to 2016. The United States Dollar depreciated in 2017, which supported the financial markets and boosted US domestic economic activity. The currencies of EMDEs broadly appreciated on the back of an improved growth outlook, stronger commodity prices, and reduced political uncertainty in some economies. Capital flows to EMDEs remained generally resilient throughout 2017. The stock markets attracted investors on the back of signs of recovery in the global economy and positive economic prospects.

During 2017 monetary policy stances were generally accommodative in both the AEs and EMDEs, whereas inflation increased in the advanced economies, while declining in EMDEs. Among the AEs the US Federal Reserve (Fed), and the Bank of England increased their policy rates during 2017, although to levels still considered quite low. Among the EMDEs, the Banco Nacional de Angola (BNA) increased its policy rate, while the central banks of Brazil, Russia, India and South Africa cut their benchmark policy rates. Inflation increased in most of the monitored AEs, although it mostly remained below the targeted levels, while it varied across the EMDEs.

Domestic economic growth is estimated to have been negative in 2017. The economy is estimated to have contracted by 0.6 percent in 2017, compared to a positive growth rate of 1.1 percent in the previous year. The contraction is mainly due to declines in sectors such as construction, wholesale and retail trade and the public sector. Various other sectors, including manufacturing, electricity and water, and transport and communication also slowed. Despite the disappointing growth, other key sectors such as mining and agriculture maintained positive momentum which if sustained should create better prospects and help the economy to recover going forward.

Namibia's average inflation rate moderated during 2017, pulled lower by a sharp decline in the food and non-alcoholic beverages category. The inflation rate moderated on average to 6.2 percent in 2017, from 6.7 percent recorded in 2016. The slowdown was mainly driven by a decline in the inflation of food and non-alcoholic beverages partly as a result of the good rainfall experienced during the year, compared to the previous year. On the other hand, inflation for the housing and transport categories accelerated on average during the period under review.

The Bank of Namibia cut its policy rate during 2017. The repo rate was cut by 25 basis points to 6.75 percent at the August 2017 Monetary Policy Committee (MPC) meeting. As a result, commercial banks cut their prime lending rates to 10.50 percent. Meanwhile, growth in broad money supply increased significantly to 9.5 percent in 2017, compared to 4.9 percent in 2016. The increased growth in M2 during the period under review was underpinned by a sharp rise in net claims on the government, an increase in the net foreign assets (NFA) of the depository corporations, and further growth in private sector credit extension (PSCE), albeit at a slower pace than before.

The overall liquidity position of the Namibian banking industry improved during 2017, compared to the preceding year. The average liquidity balances of the banking industry improved slightly from N$2.6 billion in 2016 to N$2.7 billion during the year under review. Increased Government payments paired with slightly lower net outflows to South Africa contributed to the slightly higher market liquidity. The liquidity position was generally at high levels from May 2017, peaking in August 2017 at N$3.9 billion.

Compared to the previous year, Central Government's budget deficit is estimated to narrow during the 2017/18 fiscal year. During the 2018/19 budget statement held on the 7 March 2018, Central Government budget deficit was maintained at 5.4 percent, similar to the level indicated in the mid-year budget review during November 2017. Higher SACU receipts and improved revenue collection in terms of personal income tax as well as corporate tax compared to the previous year, contributed to the decline in the deficit. Total Government debt as a percentage of GDP nevertheless rose to 42.3 percent of GDP at the end of 2017, compared to 39.2 percent at the end of 2016. Total loan guarantees as a percentage of GDP increased to 6.1 percent in 2017 from 5.5 percent at the end of 2016, as reflected both in domestic and foreign loan guarantees. Total loan guarantees, however, remain lower than the set ceiling of 10 percent.

Namibia's current account deficit narrowed significantly during 2017, largely supported by a contraction in the import bill coupled with higher Southern African Customs Union (SACU) receipts. The external current account recorded a deficit of N$3.9 billion in 2017, significantly lower than the N$23.0 billion deficit recorded in 2016. This reduction was mainly as a result of a steep decrease in the import bill, coupled with higher SACU receipts. The financial account recorded a reduced surplus of N$4.4 billion during 2017, compared to N$18.7 billion recorded in 2016. Increased outflows of portfolio investment and reduced inflows in the other investment category contributed to the reduced surplus on the financial account. As a result of faster growth in foreign assets relative to foreign liabilities, Namibia's International Investment Position (IIP) recorded a reduced net liability position relative to the 2016 IIP. Moreover, the Namibia Dollar appreciated against all major trading currencies in 2017, compared to the previous year. The appreciation was mainly the result of an upward trend in export commodity prices and narrowing of current account deficits in both Namibia and South Africa, as well as prospects of reduced political uncertainty in the latter country.

GLOBAL ECONOMIC AND FINANCIAL DEVELOPMENTS

OUTPUT GROWTH AND OUTLOOK BY MAIN REGION AND ECONOMIC BLOCK

C

Global economic growth improved in 2017 compared to 2016, on the back of improved growth in the AEs and EMDEs. Both the AEs and the EMDEs are estimated to have recorded improved growth rates in 2017 compared to 2016, mainly supported by stronger global demand and supportive financial conditions. Among the AEs, the US, Eurozone and Japan recorded stronger growth rates in 2017 than in 2016, mainly attributed to high external demand. Among the EMDEs, the improved growth was mainly driven by China and India in addition to notable recoveries in Russia and Brazil following recessions experienced in 2016, mainly due to improved financial conditions and external demand, also contributing to better growth. China and South Africa recorded marginally improved growth rates in 2017 compared to the previous year, while the slight moderation in India could be ascribed to cash shortages and payment disruptions caused by the currency demonetisation initiative which has undermined consumption and business activity.

The global financial markets, and in particular risky assets, performed strongly in 2017 compared to 2016. On the back of solid global economic growth, pro-growth policies, proposed changes to tax legislation in the US and robust corporate earnings, global equity indices set multiple record highs during 2017. Both the Standard & Poor's (S&P) 500 Index and the Dow Jones Average Index recorded returns in excess of 20 percent, mainly driven by the technology sector, which recorded returns in excess of 40 percent. Approximately 74 percent of S&P 500 constituent companies exceeded analyst earnings expectations during 2017. Other developed and emerging market equities also performed strongly during 2017, with the MSCI Emerging Markets Index (MSCI EM) recording local currency returns in excess of 30 percent. Commodities and emerging market currencies generally performed well, while the US Dollar struggled. Corporate bonds, particularly the high yield sector, also performed strongly as credit spreads narrowed further. As a result, Government bonds underperformed other asset classes during the period under review.

Inflation rates in advanced economies rose somewhat, while those in emerging and developing economies generally moderated in 2017. The increase in crude oil prices has boosted inflation rates in the AEs. Among the EMDEs, inflation rates declined in the earlier part of 2017; however, they started to pick up in the final months of 2017 mainly due to higher costs of food, energy, housing and transport. Notably, the inflation rate in the USA increased following an increase in the price of gasoline, which recorded its biggest gain in more than two years amid hurricane-related production disruptions at oil refineries in Texas during October 2017. Against this background, the USA monetary policy authority increased its benchmark rate during 2017. The Eurozone and Japanese central banks maintained their rates but continued with unconventional monetary policy tools. Among the EMDEs, Brazil, Russia, South Africa and India cut their benchmark rates to support economic growth and in line with declining inflation rates. On the other hand, Angola increased its interest rates to curb high inflation, while China kept its interest rates unchanged.

Table C. 1: World economic output (annual percentage change)

	2015	2016	2017(est)	2018(proj)	2019(proj)
World Output	**3.2**	**3.2**	**3.7**	**3.9**	**3.9**
AEs	**2.1**	**1.7**	**2.3**	**2.3**	**2.2**
USA	2.6	1.5	2.3	2.7	2.5
Eurozone	2.0	1.8	2.5	2.2	2.0
Germany	1.5	1.9	2.5	2.3	2.0
Spain	3.2	3.3	3.1	2.4	2.1
UK	2.2	1.9	1.7	1.5	1.5
Japan	1.2	0.9	1.6	1.2	0.9
Other AEs	2.0	2.3	2.7	2.6	2.6
EMDEs	**4.1**	**4.4**	**4.7**	**4.9**	**5.0**
Sub-Saharan Africa	3.4	1.4	2.7	3.3	3.5
Angola	3.0	(0.7)	1.5	1.6	1.4
South Africa	1.3	0.3	1.3	1.5	1.9
Nigeria	2.7	(1.6)	0.8	2.1	1.9
Developing Asia	6.6	6.4	6.5	6.5	6.5
Russia	(3.7)	(0.2)	1.8	1.7	1.5
China	6.9	6.7	6.8	6.6	6.4
India	7.6	7.1	6.7	7.4	7.8
Brazil	(3.8)	(3.5)	1.0	1.9	2.1
Middle East, North Africa, Afghanistan and Pakistan	2.5	4.9	2.5	3.6	3.5
Latin America and the Caribbean	0.1	(0.7)	1.3	1.9	2.6

Source: IMF World Economic Outlook, January 2018 update (2018 and 2019 projections). Trading Economics (2015-2016 actual).

Economic activity in the AEs is estimated to have recorded improved growth in 2017 compared to 2016. Monitored AEs recorded improved growth of 2.3 percent in 2017, compared to 1.7 percent in 2016 (Table C.1). The US economy expanded by 2.3 percent in 2017 compared to 1.5 percent in 2016, reflecting very supportive financial conditions and strong business and consumer confidence. Similarly, the eurozone's real GDP is estimated to have recorded a growth rate of 2.5 percent in 2017 compared to 1.8 percent in 2016, attributed mainly to stronger momentum in domestic demand and higher external demand during the year under review. In the same vein, Japan's real GDP expanded by 1.6 percent in 2017, compared to 0.9 percent in 2016, mainly due to stronger external demand. Conversely, the UK economy is estimated to have recorded a growth rate of 1.7 percent year-on-year in 2017, lower than the 1.9 percent registered in 2016. The lower growth is mainly on account of household consumption and fixed investment, which were weaker during the last two quarters of 2017.

Economic activity in the EMDEs is estimated to have improved in 2017 compared to 2016, mainly attributed to stronger growth in Brazil and Russia and better than anticipated growth in China. The EMDEs are estimated to have recorded a growth rate of 4.7 percent in 2017 compared to 4.4 percent in 2016 (Table C.1). In Brazil, real GDP grew by 1.0 percent in 2017, compared to a contraction of 3.5 percent in 2016. The improved growth could be attributed to stronger household spending and improved external demand. Similarly, economic activity in Russia recovered from a contraction of 0.2 percent in 2016 to a growth of 1.8 percent in 2017 as oil prices recovered and financial conditions improved. Furthermore, the real GDP growth rate in China is estimated to have been at 6.8 percent in 2017, marginally higher than the 6.7 percent recorded in 2016. The slightly improved growth is mainly on the back of strong industrial output and exports during 2017, particularly during the third and fourth quarters.

The economies of South Africa and Angola are estimated to have improved in 2017 in comparison with 2016. Due to improved commodity prices and weather conditions during the review period, real GDP in South Africa is estimated to have recorded a growth rate of 1.3 percent in 2017 compared to 0.3 percent in 2016. Similarly, the IMF has estimated the GDP growth rate of Angola to have been 1.5 percent in 2017, compared to a contraction of 0.7 percent in 2016. The moderate recovery is mainly ascribed to higher oil prices in 2017 from low levels in 2016.

ECONOMIC OUTLOOK FOR 2018

Global output is projected to increase in 2018 and 2019, although risks to growth remain. Growth in the global real GDP is expected to improve to 3.9 percent in 2018, compared to 3.7 percent growth in 2017 (Table C.1). For 2018, growth among the AEs is expected to remain the same as it was in 2017, at 2.3 percent. The US, with projected growth of 2.7 percent in 2018, up from 2.3 percent in 2017, is expected to be the key driver of growth among the AEs. In the EMDEs growth is projected to improve further to 4.9 percent in 2018, from 4.7 percent in 2017. Among the EMDEs, the Chinese economy will continue to drive global demand while Russia and Brazil are expected to maintain positive growth of 1.7 percent and 1.9 percent in 2018, respectively, which should support global growth in 2018.

Over the medium term, risks to the outlook are skewed to the downside. As highlighted by the IMF, the risks include financial market corrections, triggered by tighter US monetary policy in response to inflation, and the build-up of financial vulnerabilities. Other downside risks are those of a lower-than-expected impact from US tax policy changes, policy and political uncertainties, geopolitical tensions and extreme weather and climatic events.

C

MONETARY POLICY STANCE AND INTEREST RATE DEVELOPMENTS

Advanced economies' inflation rates increased in 2017 while monetary policy stances remained accommodative. The US Federal Reserve (Fed) raised the federal funds rate by a total of 75 basis points in 2017, to the 1.25 -1.50 percent range. They cited the positive developments in the labour market which continued to strengthen and economic activity that rose at a solid rate as the main motivation for the increase in rates. Similarly, the Bank of England (BoE) raised its benchmark Bank rate by 25 basis points to 0.50 percent in November 2017, signalling the beginning of a gradual tightening period. However, the BoE maintained its corporate bond purchases at £10 billion per month and the stock of UK government bond purchases at £435 billion, both financed by the creation of central bank reserves. The European Central Bank (ECB) and the Bank of Japan (BoJ) left their benchmark policy rates unchanged in 2017 at 0.00 percent and -0.10 percent, respectively. The ECB decided to reduce its quantitative easing programme to a monthly pace of €€30 billion, down from €€60 billion, effective January 2018, while the BoJ maintained its 10-year government bond yield target around 0.0 percent and the pace of increase in its holdings of Japanese Government Bonds (JGB) at ¥80 trillion (USD677 billion) per annum. On average, inflation increased to 2.1 percent and 2.7 percent, respectively for the US and the UK in 2017, from 1.3 percent and 0.7 percent in 2016. During the same period, in the Eurozone and in Japan, inflation accelerated to 1.6 percent and 0.4 percent from 0.3 percent and -0.4 percent respectively.

Table C. 2: Latest policy rates of selected economies

Country	Policy Rate Name	Rates at the end of 2017 (%)	Month of latest meeting 2017	Policy change in 2017 (percentage points)	Dec 2017 inflation rate (%)	Real interest rate (%)
Advanced economies						
USA	Federal funds rate	1.25 - 1.50	Dec '17	0.75	2.1	-0.6
Eurozone	Refi rate	0.00	Dec '17	0.00	1.4	-1.4
UK	Bank rate	0.50	Dec '17	0.25	3.0	-2.5
Japan	Call rate	-0.10	Oct '17	0.00	1.0	-1.1
EMDEs						
Brazil	SELIC rate	7.00	Dec '17	-6.00	3.0	4.0
Russia	Key rate	8.25	Dec '17	-2.25	2.5	5.8
India	Repo rate	6.00	Dec '17	-0.25	5.2	0.8
China	Lending rate	4.35	Nov '17	0.00	1.8	2.6
SA	Repo rate	6.75	Dec '17	-0.25	4.7	2.1
Angola	Basic Interest rate	18.00	Dec '17	2.00	23.7	-5.7

Source: Trading Economics /Respective Central Banks

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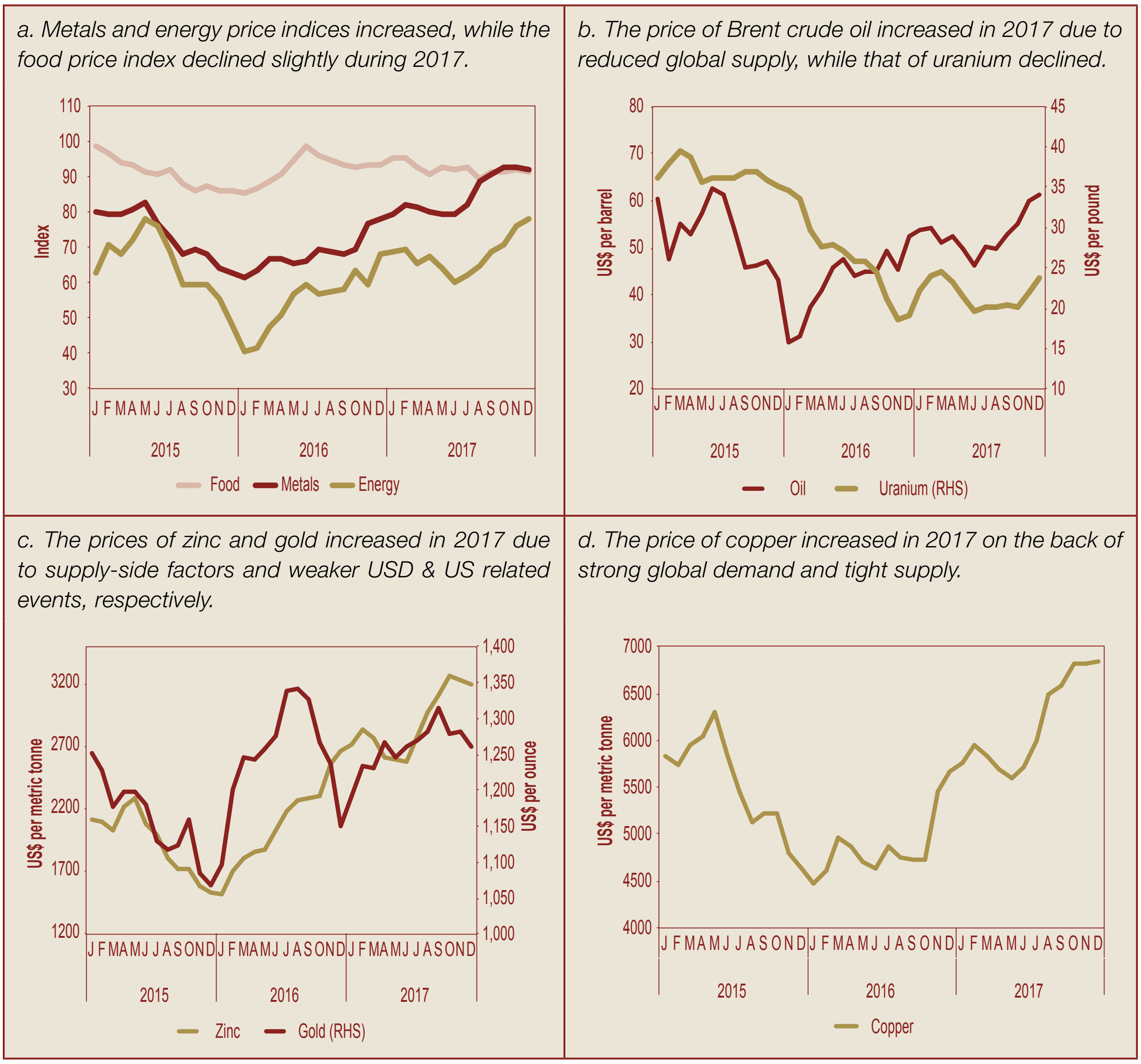
Monetary policy stances in the EMDEs were generally accommodative, while inflation rates were divergent, but generally lower in 2017. The Central Bank of Brazil lowered its benchmark SELIC rate by a total of 600 basis points to 7.0 percent in 2017, mainly due to low inflation and a need to support recovery in economic growth. In the same vein, the Central Bank of Russia cut its benchmark interest rate by a total of 225 basis points to 8.25 percent, mainly on the back of favourable commodity price developments and the need to support economic recovery. Similarly, the South African Reserve Bank (SARB) and the Reserve Bank of India both cut their benchmark interest rates by 25 basis points to 6.75 percent and 6.0 percent respectively during 2017. The People's Bank of China (PBoC) left the benchmark lending rate unchanged at 4.35 percent during 2017. The PBoC also maintained the rate for the 7-day reverse repurchase agreements at 2.45 percent, the 14-day tenor at 2.60 percent and the 28-day reverse repurchase agreements (repo rate) at 2.75 percent. Conversley, the Banco Nacional de Angola (BNA) raised its benchmark interest rate by 200 basis points to 18.0 percent in November 2017, on the back of rising inflation. Inflation rates varied among the AEs and EMDEs, but were generally lower in 2017 than in 2016.

COMMODITY PRICE DEVELOPMENTS AND PROSPECTS

Figure C.1 (a-d): Selected commodity prices and price indices



Source: IMF

The price indices of metals and energy trended upwards during 2017, while that for food trended downwards. Average prices of metals and energy increased by 24.4 percent and 23.6 percent respectively in 2017 (Figure C.1a). The increase in the metal price index is mainly attributed to improved prices of zinc, lead and copper, although the price of uranium remained low during 2017. In addition, the supply constraints resulting from reduced excess capacity imposed by the Chinese authorities also contributed to the increase. The energy price index increase is attributed to the positive trend in oil prices towards the end of 2017, mainly due to the successful implementation of the oil production cuts deal between Russia and key OPEC members. On the other hand, the food price index declined by 0.2 percent during 2017, mainly attributed to weaker prices of maize, rice and other agricultural food items as a result of the bumper harvest and good weather conditions during 2017 compared to 2016.

Crude oil prices increased on average during 2017, compared to 2016. They rose by 23.8 percent to an average of USD53.02 per barrel in 2017 (Figure C.1b) on the back of the successful implementation of the oil production cuts deal between Russia and key OPEC members towards the end of the third quarter of 2017. The compliance level was very high in October 2017, the highest it had ever been since the agreement was entered into. Moreover, Russian and Saudi Arabian officials backed the extension of the deal beyond 2018 at their meeting in November 2017. In addition, the hurricane-related production disruptions at oil refineries in the US Gulf Coast area boosted energy prices. The oil prices averaged US$61.19 per barrel in December 2017, compared to the average of US$53.63 per barrel in January 2017.

Prices of copper and zinc increased in 2017, due to global demand and supply side factors. The average price of copper was US$6 131 per metric tonne in 2017, compared to US$4 783 per metric tonne in 2016, representing an increase of 28.2 percent (Figure C.1d). The increase was mainly spurred by strong global demand and tight supply, emanating from improved demand from China. In addition, global production declined because of lower ore grades mined, unexpected stoppages at key mines, and the delay in the Grasberg mine coming online, adding upward pressure on the price. Similarly, the price of zinc increased to an average US$2 873 per metric tonne in 2017, up from US$1 995 per metric tonne in 2016 (Figure C.1c). The rise in the zinc price is mainly attributed to supply-side factors such as efforts to curb pollution and the shutting down of heavily polluting plants in China. Furthermore, output cuts in key zinc-producing countries led to a significant decrease in production and declining inventories, driving up the price.

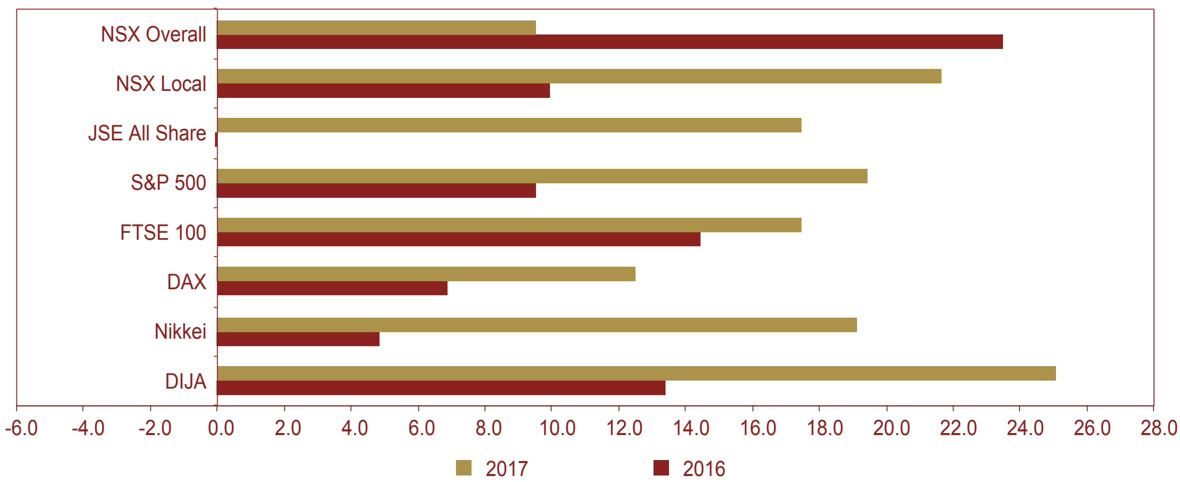
The price of gold increased while the uranium price declined during 2017. The gold price increased by 0.8 percent to an average US$1 252 per ounce in 2017, compared to US$1 241 per ounce in 2016 (Figure C.1c). Conversely, the uranium price averaged US$ 21.59 per pound in 2017, down from US$27.64 per pound in 2016 (Figure C.1b). The 21.9 percent decline in uranium prices is attributed to the global over-supply and weak demand for uranium that followed an earthquake and resulting tsunami that hit Tepco's Fukushima No.1 nuclear power plant back in March 2011.

C

DEVELOPMENTS IN FINANCIAL MARKETS

All the tracked share price indices recorded gains in 2017 on the back of the positive global economic outlook. The Dow Jones Industrial Average (DJIA), Nikkei 225 and DAX indices gained 25.1 percent, 19.1 percent, and 12.5 percent, respectively, during 2017. Despite domestic economic challenges such as low GDP growth and credit downgrades in South Africa, the Johannesburg Stock Exchange (JSE) gained 7.6 percent in 2017 (Figure C.2). The key reasons underpinning these gains were improved global economic activity and the brighter global economic outlook, and accommodative monetary stances among the AEs and EMDEs, as well as the weaker USD. Furthermore, the quantitative easing programmes adopted by some major central banks, particularly in the AEs, supported investment in financial markets. The USA stocks (DJIA and S&P 500) gained from solid USA corporate earnings, improved business confidence and the expected positive impact of major corporate tax relief.

Figure C.2: Annual growth rates in stock markets (percentage change in indices in USD terms)



Source: Bloomberg

WORLD TRADE DEVELOPMENTS

Global trade growth improved in 2017 compared to 2016 and the trend is projected to continue during 2018 (Table C. 3). The volume of world trade in goods and services grew by 4.2 percent in 2017 compared to 2.4 percent in 2016, and is projected to grow by 4.0 percent in 2018. Imports by the advanced economies increased by 4.0 percent in 2017, from 2.7 percent in the previous year. Similarly, exports by advanced economies also increased by 3.8 percent in 2017, from 2.2 percent in 2016. Imports by EMDEs increased to 4.4 percent in 2017, from 2.0 percent in 2016. Exports by EMDEs increased by 4.8 percent in 2017, up from 2.5 percent in the previous year. Both exports and imports by AEs and EMDEs are projected to remain robust in 2018.

Table C. 3: Growth in the volume of World Trade (goods and services) 2013 -2018 (annual percentage change)

				Actual	Projections	
	2013	2014	2015	2016	2017	2018
World trade volume (goods and services)	3.5	3.8	2.6	2.4	4.2	4.0
Imports						
AEs	2.3	3.8	4.2	2.7	4.0	3.8
EMDEs	5.3	4.5	-0.6	2.0	4.4	4.9
Exports						
AEs	3.2	3.8	3.6	2.2	3.8	3.6
EMDEs	4.5	3.5	1.3	2.5	4.8	4.5

Source: IMF

C

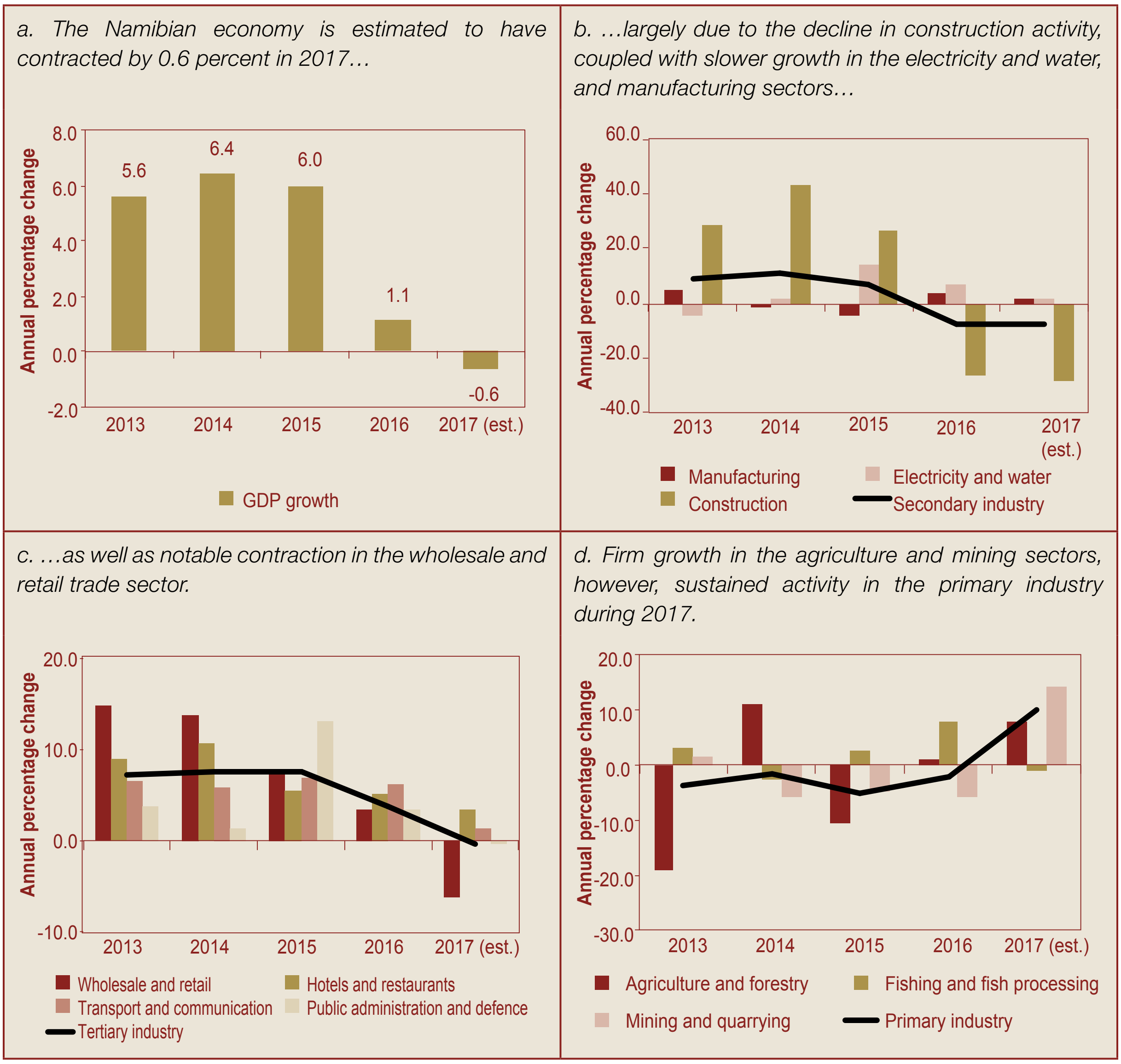
IMPLICATIONS OF GLOBAL DEVELOPMENTS

Higher global growth and improved commodity prices should affect the Namibian economy positively. The positive global outlook for 2018 is set to benefit Namibia's commodity exports. Other sectors such as the tourism sector may also benefit from improved global growth. In addition, as a commodity producing country, the improved commodity prices are expected to have a positive effect on the economy, through export earnings. Namibia's gold, copper and zinc mines may benefit from improved prices. Conversely, the low level of uranium prices bears a direct risk to Namibian uranium exports and could negatively impact growth in the mining sector.

DOMESTIC ECONOMIC AND FINANCIAL DEVELOPMENTS

REAL SECTOR DEVELOPMENTS

Figure C.3 (a-d): Real sector developments



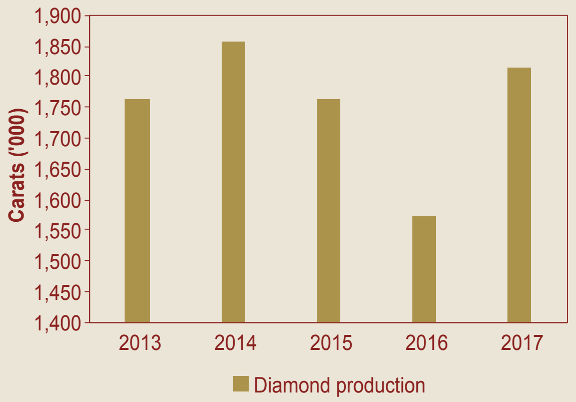
Sources: NSA Annual National Accounts 2016 for 2013-2016 figures, BoN 2017 estimates

Real GDP is estimated to have contracted in 2017. The economy is estimated to have contracted by 0.6 percent in 2017, following an expansion of 1.1 percent recorded during the previous year (Figure C.3). The contraction was mainly attributable to declines in the construction, wholesale and retail trade, as well as the public sectors. Growth in the manufacturing, electricity and water, transport and communication sectors also slowed. Similarly, Government's fiscal consolidation measures had a dampening effect on real economic activity in general during the period under review.

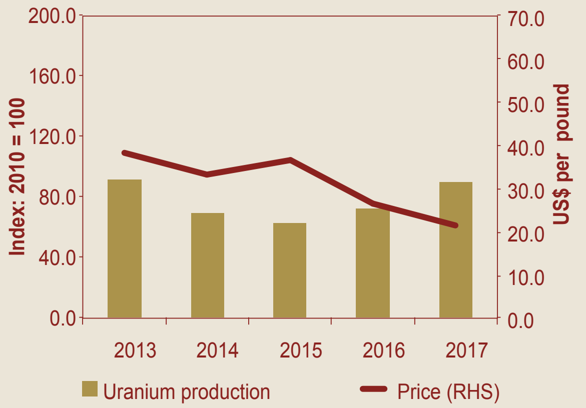
PRIMARY INDUSTRY DEVELOPMENTS

Figure C.4 (a-f) Primary Industry

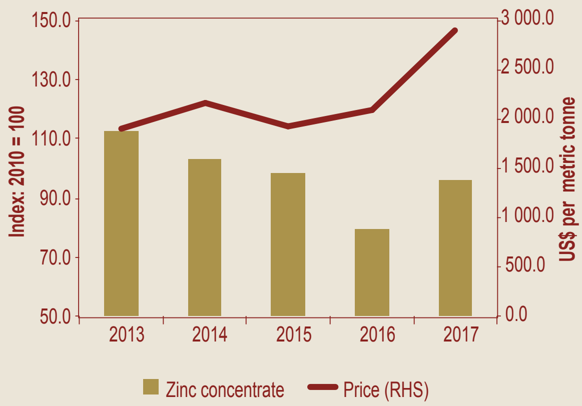
a. The primary industry expanded in 2017, driven in part by an increase in the production of diamonds during the period under review.



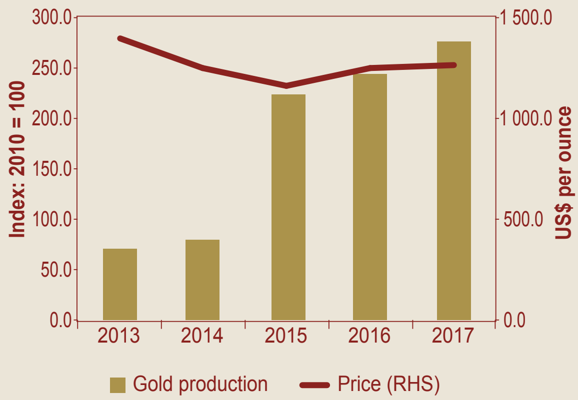
b. Uranium production also rose during 2017 despite lower prices, mainly due to production from a new mine that started up during the year under review.



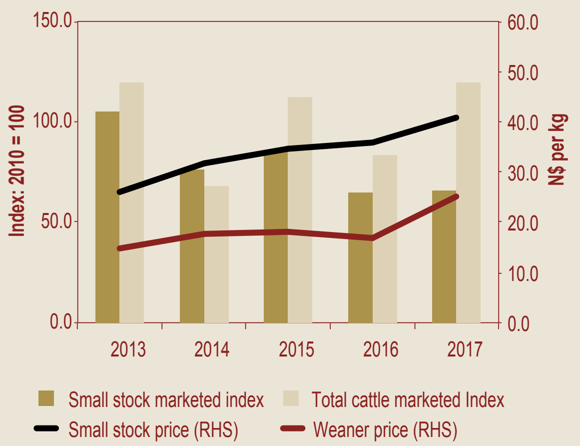
c. Production of zinc concentrate increased during 2017.



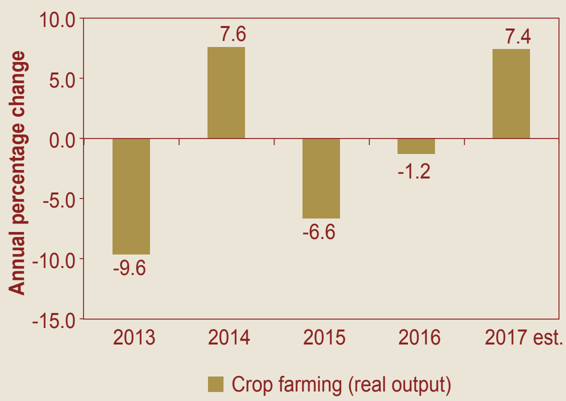
d. Gold production also increased during the year, owing to better grade of ore mined.



e. Farmers increased marketing activity, as reflected in the number of livestock marketed, recovering from the base effect of the veterinary restrictions imposed by South Africa during 2016.



f. Crop farming output also rose in 2017, due to better rainfall during the year under review.



Source: Various companies

Mining

Activity in the mining sector rose during 2017 relative to the previous year, as reflected in increased production of all the major minerals. The increase in diamond production was mainly due to a return to full production by a mining vessel that underwent maintenance during the first half of 2016. Furthermore, production of uranium rose, as a result of increased production by a new mine, while gold production was higher due to better ore grades mined during the year under review. The production of zinc concentrate also rose mainly due to the base effect related to industrial action experienced during 2016.

Diamond mining output increased in 2017, mainly due to more carats recovered offshore during the period under review, coupled with low base effects. Diamond production increased by 15.4 percent to 1 815 577 carats during the year under review, compared to a decline of 10.9 percent in 2016 (Figure C.4a). The increase was mainly attributed to more diamonds recovered offshore during 2017, following a low base resulting from the maintenance of a mining vessel during 2016.

Uranium production increased during 2017, mainly due to increased production by a new mine. Uranium production increased by 23.6 percent to 5 303 tonnes during the year under review, compared to the production in 2016 (Figure C.4b). The increase was mainly due to additional production being put in operation capacity as a large new mine scaled up its production during 2017. However, international uranium prices declined by 18.9 percent from the 2016 price to US$21.35 per pound, owing to the abundant supply of uranium in the global market. Going forward, positive prospects of growing demand for nuclear energy, particularly from China, are expected to have a favourable effect on uranium prices.

The production of zinc concentrate rose in 2017, mainly due to the base effects resulting from the industrial action experienced early in 2016, while international zinc prices improved over the same period. Production of zinc concentrate rose significantly by 20.9 percent to 97 364 tonnes during 2017, compared to the production levels in 2016 (Figure C.4c). International zinc prices rose by 38.3 percent to an average of US$2 891 per metric tonne during 2017, compared to US$2 090 per metric tonne in 2016, largely resulting from increased demand from China.

Gold production increased during 2017 compared to the previous year, mainly due to the higher grade of ores that were mined. Production of gold increased by 13.1 percent to 7 469 kilograms during 2017, compared to the production in 2016 (Figure C.4d). Furthermore, international gold prices rose on average to US$1 261 per ounce during the year under review, compared to an average price of US$1 248 per ounce in 2016.

Agriculture

Agricultural output improved during 2017, mainly due to better rainfall received during the year. Real value addition in the agricultural sector is estimated to have increased by 8.1 percent in 2017, compared to growth of only 0.8 percent in 2016. The better rainfall experienced during the 2016/17 rainy season contributed positively to the performance of the sector. This is also reflected in the expansion in both livestock farming and crop production during 2017. Crop farming and forestry output rose by 7.4 percent during the year under review, compared to a contraction of 1.2 percent in 2016. Additionally, livestock farming also grew positively by 8.6 percent in 2017, from a slower growth rate of 2.3 percent in the previous year. Furthermore, the total number of cattle marketed during 2017 rose by 42.5 percent to 420 646 heads of cattle. The rise was mainly due to the base effects resulting from the veterinary restrictions imposed by South Africa during 2016 as well as higher prices offered by South African feedlots for weaners during the year under review. Moreover, the average price of weaners and beef rose by 50.6 percent and 19.7 percent, respectively, to N$25.19 per kilogram and N$35.30 per kilogram during 2017.

The total number of small stock marketed rose slightly during 2017, while the average price of small stock increased significantly during the year under review. Small stock marketed, which includes sheep and goats, rose by only 1.7 percent to 842 787 during 2017, following the significant decline of 24.6 percent registered in 2016 (Figure C.4e). The increase occurred in both the number of live small stock exported to South Africa and the number of livestock slaughtered for local consumption, which both rose, by 21.4 percent and 4.5 percent, respectively. The rise was mainly due to the base effect resulting from import restrictions imposed by South Africa on live animals at the beginning of July 2016. Furthermore, the average price of small stock rose by 13.0 percent to N$40.61 per kilogram during the year under review, mainly as a result of strong demand from South Africa.

Production of milk declined during 2017 compared to the preceding year as a result of producers switching to more affordable animal feed[16]. Milk production declined by 3.7 percent to 23.2 million litres during 2017. The decline was partly due to a decision taken by one of the largest milk producers to cut cost by procuring less expensive feed which yielded less milk, coupled with low demand for milk during the year under review.

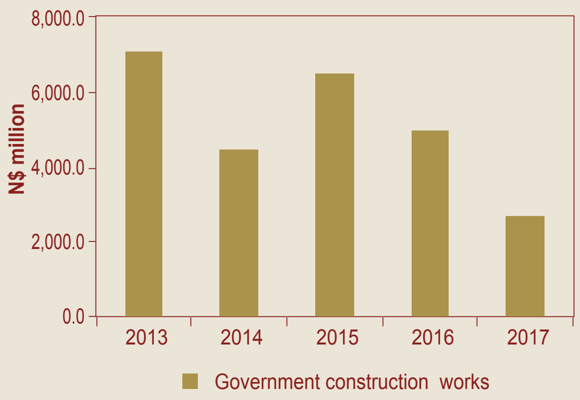
Fishing sector output is estimated to have declined during 2017, compared to the previous year. Real value addition in the fishing sector is estimated to have decreased slightly by 1.1 percent during the year under review, compared to growth of 7.7 percent in 2016, mainly due to lower landings for tuna and pilchards.

16 Higher quality animal feeds rich in nutrients are costly and yield more milk as compared to affordable animal feeds that yield less milk.

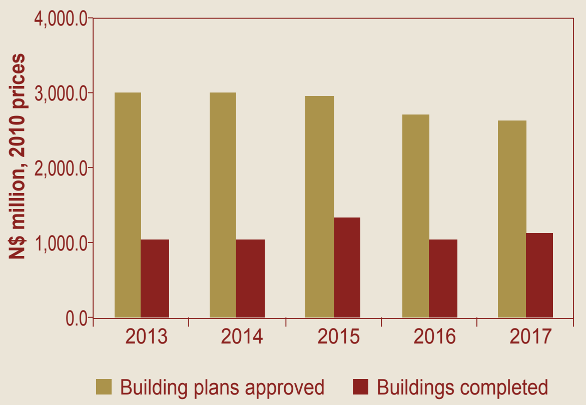
SECONDARY INDUSTRY DEVELOPMENTS

Figure C.5 (a-f): Secondary industry

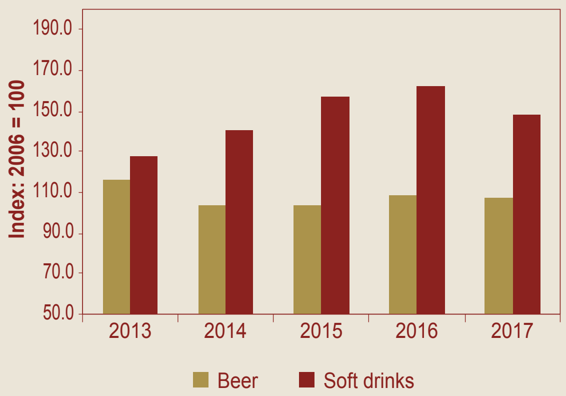
a. The secondary industry is estimated to have declined in 2017 on account of a contraction in the construction sector particularly Government construction activity.



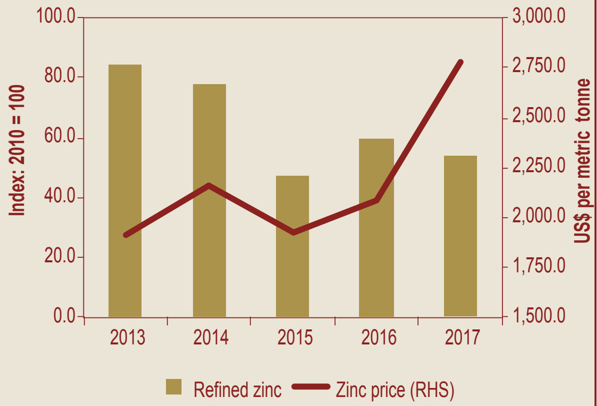
b. The weak performance of the sector was also reflected in the decline in the real value of buildings approved, amid the moderate increase in the real value of buildings completed over the same period.



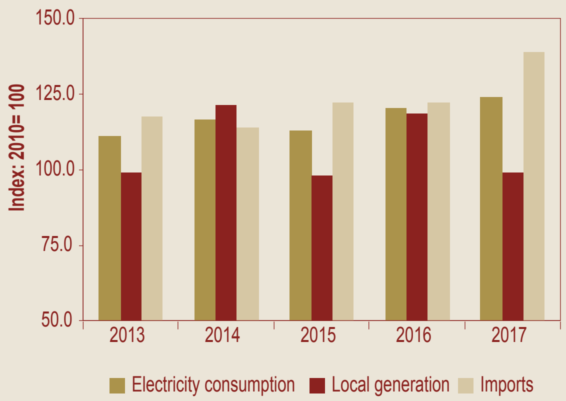
c. Both beer and soft drinks production declined during 2017, mainly due to operational challenges and subdued demand, respectively.



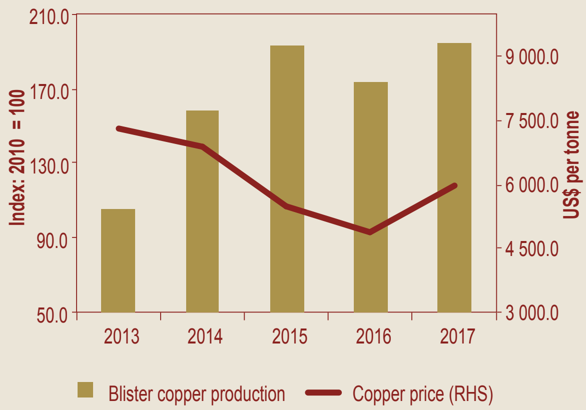
d. Refined zinc production also decreased during 2017, due to operational challenges.



e. Similarly, local generation of electricity declined, owing to inadequate water inflow at the Ruacana hydro-electric power plant.



f. Production of blister copper rose during 2017, compared to the preceding year.



Source: Municipalities, MOF and various companies

Construction

During 2017, the construction sector is estimated to have contracted owing to reduced activity on the part of both the private sector and Government. Real value added in the construction sector is estimated to have contracted by 28.0 percent in 2017, compared to a contraction of 26.5 percent registered in 2016. A sharp decline of 45.0 percent in 2017 in the real value of Government's expenses earmarked for construction works drove the contraction in the sector (Figure C.5a). Similarly, the real value of building plans approved, which is a leading indicator for construction activity, decreased by 3.7 percent to N$2.6 billion over the review period. The real value of buildings completed, however, increased moderately by 6.2 percent to N$1.1 billion in relation to the previous year's level.

Electricity and water

The electricity and water sector slowed in 2017, compared to the robust growth of 2016. The sector is estimated to have registered a lower growth rate of 1.4 percent in 2017, compared to brisk expansion of 6.8 percent in 2016. The slower growth in 2017 emanated from the electricity subsector, which is attributed to a decline in locally generated electricity as a result of inadequate water inflow at the Ruacana hydro- electricity power plant. The ongoing refurbishment of the Van Eck coal power station during the period under review also contributed to the decline in electricity generation. Local electricity generation decreased by 16.3 percent in 2017 compared to 2016. As a result, imports of electricity rose by 13.5 percent over the same period.

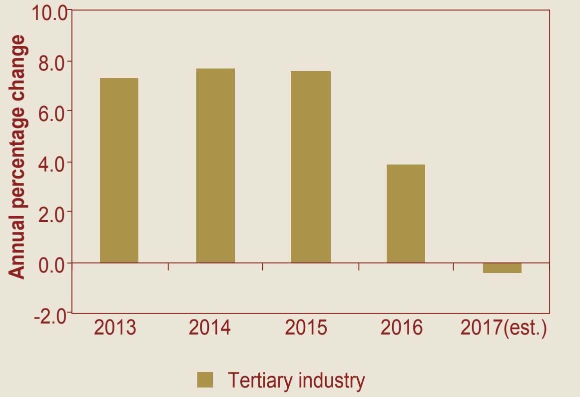
Manufacturing

Growth in the manufacturing sector is estimated to have slowed in 2017, following higher growth in 2016. The sector is estimated to have recorded subdued growth of 1.5 percent in 2017, compared with a noticeable expansion of 3.4 percent in 2016. The slower growth was mainly attributed to steep contractions in the meat processing and beverages subsectors, which are estimated to have contracted by 7.2 percent and 4.0 percent, respectively in 2017. These sub-sectors also registered less severe contractions of 2.1 percent and 1.6 percent, respectively, during 2016. Refined zinc production also decreased during 2017 by 9.2 percent to 83 105 metric tonnes compared to 90 739 metric tonnes recorded during 2016. This was mainly ascribed to the operational challenges experienced during the period under review. The production of both beer and soft drinks also decreased by 1.0 percent and 8.4 percent, respectively in 2017 following increases of 4.6 percent and 3.8 percent, respectively, in 2016. The decreased beer production was largely due to operational factors, while that of soft drinks was largely due to lower local demand, following the current economic downturn. Growth in the diamond processing subsector is, however, expected to remain strong in 2017, albeit lower at 21.9 percent than the exceptional 65.9 percent growth rate recorded in 2016. The production of blister copper rose by 11.8 percent in 2017 to 40 476 metric tonnes, compared with the preceding year.

TERTIARY SECTOR DEVELOPMENTS

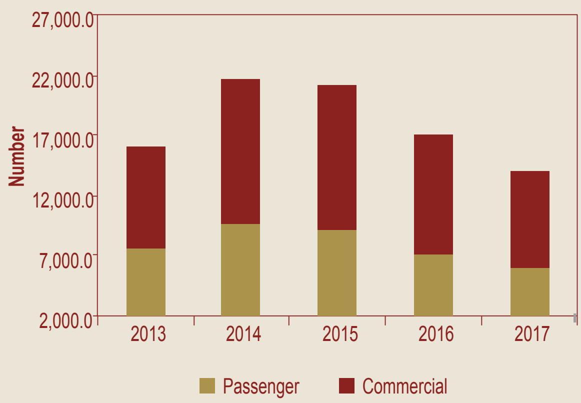
Figure C.6 (a-f): Tertiary industry

a. The tertiary industry is estimated to have declined in 2017 compared to the growth recorded in 2016…

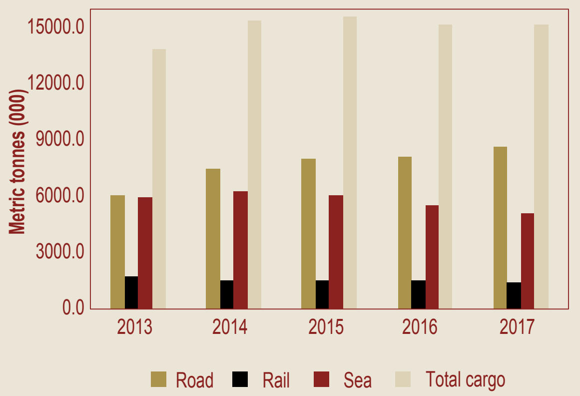


b.…largely driven by the contraction in the wholesale and retail trade sector.

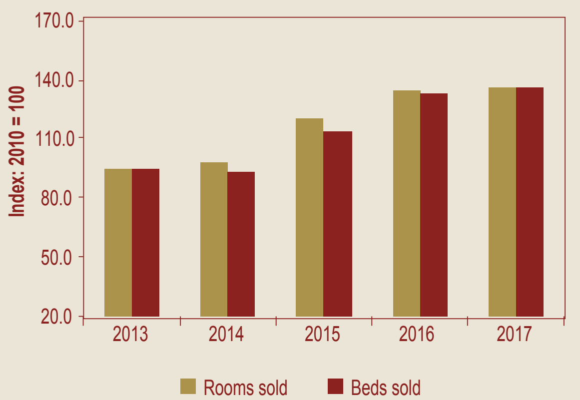
c. The number of new vehicles sold also declined over the same period, owing to subdued demand.



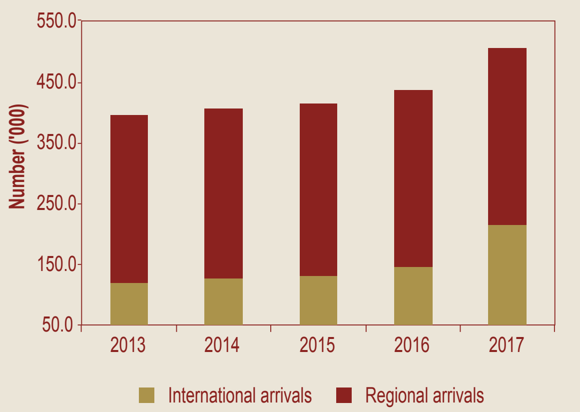
d. In the transport sector, cargo volume grew marginally, supported by activity in the road subsector.



e. Tourism activity slowed in 2017 as reflected in lower growth of room and bed nights sold.



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



Source: NSA Annual National Accounts 2016, NAAMSA, Namport, TransNamib, Road Authority (NaTIS), Namibia Airports Company and Hospitality Association of Namibia.

Wholesale and retail trade

Wholesale and retail trade is estimated to have contracted during 2017, compared to the previous year. The real value addition in the wholesale and retail trade sector is estimated to have contracted by 6.4 percent in 2017, compared to modest growth of 2.5 percent during 2016 (Figure C.6b). The yearly decline was mainly due to low domestic demand, stemming from slower economic activity. The total number of new vehicles sold declined substantially in 2017 by 21.6 percent. New commercial and passenger vehicles sold decreased by 23.4 percent and 19.1 percent, respectively, over the same period. The decline in sales of new vehicles was in line with negative growth of instalment credit, coupled with reduced procurement of new vehicles by the Government and the continued impact of regulations governing credit agreements.

Transport and communication

Growth in the transport and communication sector is estimated to have slowed in 2017, compared to 2016. Growth in the transport and communication sector is estimated to have slowed to 1.4 percent in 2017, compared to a robust growth rate of 17.3 percent recorded during 2016. Total cargo volumes increased slightly by 0.4 percent to 15.2 million metric tonnes in 2017, compared to 2016 levels. This was largely due to the rise in the road transport cargo by 5.6 percent during the period under review, which was higher than the 1.6 percent recorded during the previous year. Sea and rail transport cargo, however, registered declines of 7.1 percent and 0.5 percent respectively, over the same period.

C

Tourism

The growth of the tourism sector, which is measured by activity under hotels and restaurants, generally slowed in 2017, as reflected in the lower growth of room and bed nights sold, amid rising international arrivals. The sector's growth rate is estimated to have slowed to 3.5 percent in 2017, compared to 5.9 percent in 2016 (Figure C.6e). This was observed in the lower growth of regional arrivals, coupled with slower growth for both bed and room nights sold. Higher international arrivals, however, sustained activity in the tourism sector, partly ascribed to the increase in the flight frequency following the recent substantial increase in the number of airline services to Namibia. This development resulted in improved competition, leading to affordable airfares and more visitors.

Public administration and defence

In line with the ongoing fiscal consolidation efforts, the growth in value added by the public administration and defence sector contracted during 2017. The sector contracted by 0.5 percent during 2017, which is in contrast with the expansion of 3.3 percent recorded during the previous year.

GROSS NATIONAL INCOME AND GROSS NATIONAL DISPOSABLE INCOME

Namibia's gross national income (GNI) and gross national disposable income (GNDI)[17] are estimated to have increased during 2017. At current prices, GNI is estimated to have ascended to N$ 167.2 billion in 2017 from N$ 157.3 billion in 2016, an increase of 6.3 percent (Figure C.7). Similarly, GNDI is estimated to have increased by 6.8 percent to N$ 185.8 billion in 2017, from N$ 173.9 billion in the preceding year. Moreover, GNDI remained higher than GNI in 2017, indicating that Namibians received more income transfers from the rest of the world than they sent abroad. Over the years 2007 to 2017, GNDI has been higher than the GNI because of net inflows in current transfers, which includes SACU receipts.

17 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.

Figure C.7 (a-c): GNI, GNDI and savings

a. GNDI continued to be higher than GNI, reflecting the fact that Namibia is a net recipient of current transfers.

b. Gross domestic expenditure as a ratio of GDP decreased in 2017, largely attributed to the fall in investment.

c. Domestic savings are estimated to have improved, while Namibia's use of external savings declined substantially during 2017.

Source: NSA Annual National Accounts 2016 for 2013-2016, Bank of Namibia estimates for 2017

Gross domestic expenditure

Gross domestic expenditure (GDE) as a ratio of GDP is estimated to have decreased in 2017, largely due to a sharp decrease in investment and lower private consumption expenditure. GDE at current prices is estimated to have decreased to NAD 191.3 billion in 2017, from NAD 199.2 billion in the previous year, representing a contraction of 4.0 percent. GDE as a percentage of GDP fell to 112.7 percent in 2017, from 123.7 percent in 2016, a reduction of 11.1 percentage points. In this regard, investment fell to 18.3 percent of GDP in 2017, from 25.7 percent of GDP in 2016 (Figure C.7). Similarly, private final consumption as a percentage of GDP also decreased marginally to below 70.0 percent of GDP in 2017, compared to 73.1 percent of GDP in the preceding year. General government final consumption expenditure at just below 25.0 percent of GDP, moved essentially sideways between the two years.

Savings and investment balance

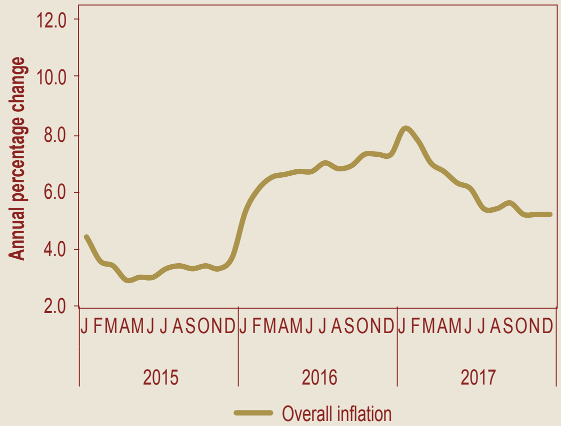
Namibia's total domestic savings as percentage of GDP is estimated to have improved in 2017. Total domestic savings as a ratio of GDP is estimated to have increased to 17.1 percent in 2017, from 11.5 percent in

2016. National savings plays a significant role in driving investment, which in turn stimulates economic growth. The improvement in overall domestic savings was especially attributed to higher private savings, which rose to 16.0 percent of GDP in 2017, from 10.7 percent of GDP in the previous year (Figure C.7). Private savings, which is 16.0 percent of GDP is, however, still low for a developing economy. Similarly, domestic public savings as a ratio of GDP is estimated to have improved to 1.1 percent in 2017, from 0.8 percent in 2016. During 2017, Namibia invested 18.3 percent of GDP, but only saved 17.1 percent of GDP, leaving a savings- investment gap of 1.2 percent of GDP.

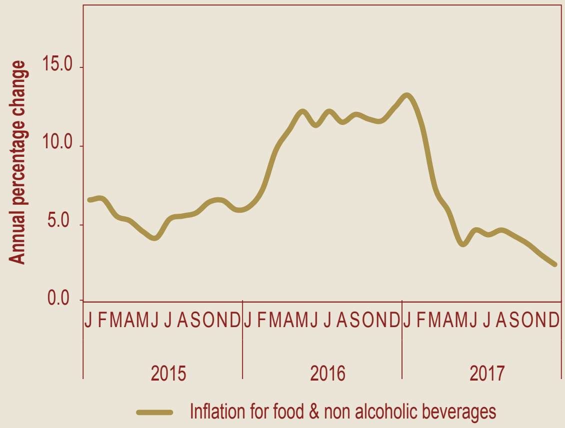
PRICE DEVELOPMENTS[18]

Figure C.8 (a-f): Price developments

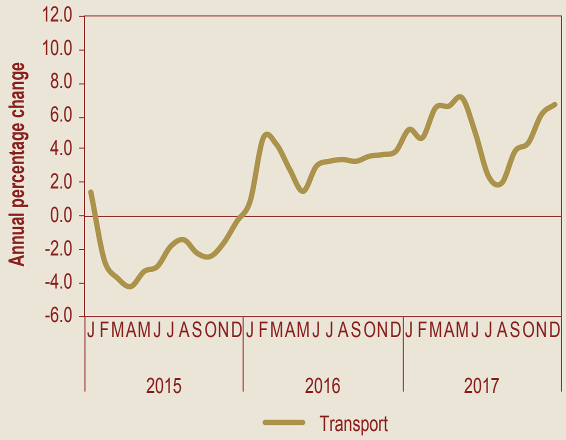
a. Namibia's overall inflation slowed during 2017…



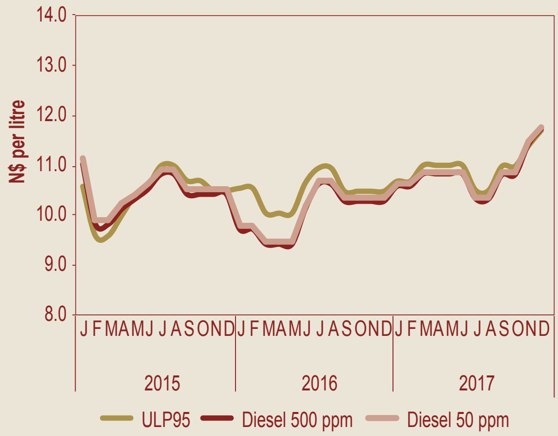
b. …mainly driven by lower inflation for food during the period under review.



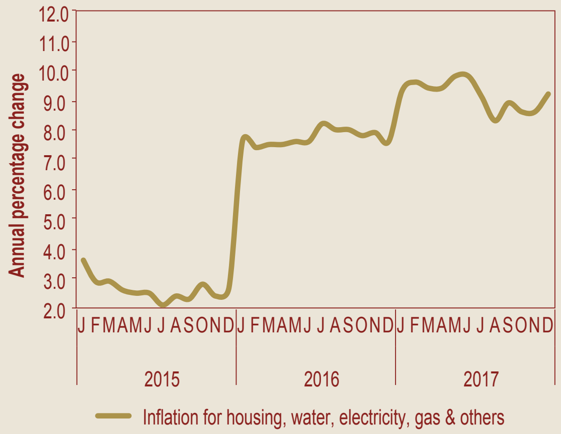
c. Meanwhile, inflation for transport rose during the year under review.



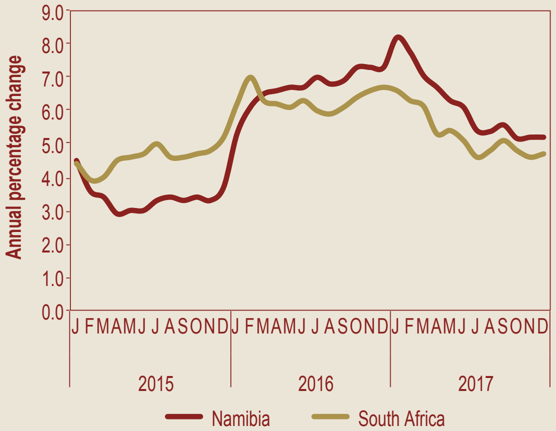
d. Pump prices of petrol and both types of diesel rose on average during 2017 mainly due to an increase in international oil prices.



e. Housing inflation also rose during the review period, driven mainly by an increase in inflation for the subcategories regular maintenance and repairs of dwellings and rental payments for dwellings.



f. The inflation rates for both Namibia and South Africa decelerated during 2017, with Namibia's inflation trending above that of South Africa.



Source: NSA

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

Namibia's overall inflation moderated in 2017 compared to 2016, mainly due to a sharp decline in the inflation rate for food and non-alcoholic beverages. Average inflation during 2017 was 6.2 percent, compared to the 6.7 percent recorded in 2016. The moderation was mainly due to a significant decline in the food and non-alcoholic beverages category. Inflation for the housing and transport categories, however, accelerated on average during the period under review (Figure C.8e and C.8c). The inflation rate for December 2017 declined to 5.2 percent compared to the 7.3 percent registered in the corresponding period in 2016, and the peak value of 8.2 percent recorded in January 2017.

The inflation for food and non-alcoholic beverages declined during the year under review. In 2017, the inflation rate for food and non-alcoholic beverages decelerated to an average of 5.7 percent, from 10.8 percent during 2016. This was mainly on account of lower inflation in the sub-categories bread and cereal; milk, cheese and eggs; oils and fats; and fruits and vegetables. Improved rainfall and a somewhat stronger exchange rate contributed to the moderation in inflation for food and non-alcoholic beverages during the year under review.

Inflation for transport rose during 2017, driven mainly by high inflation for the subcategory *operation of personal transport equipment.* The transport category registered an average inflation rate of 5.1 percent in 2017, higher than the 3.2 percent registered during the previous year (Figure C.8c). The increase was reflected in the *operation of personal transport equipment* category, which rose by 3.7 percentage points to 5.9 percent during the period under review. Meanwhile, transport inflation peaked at 7.1 percent in May 2017, but has since decelerated to 3.9 percent in December 2017, owing to lower inflation for the *operation of personal transport equipment* and *public transport services* categories.

Pump prices for both petrol and both types of diesel rose during 2017 compared to 2016, owing to a rise in international oil prices. Pump prices for petrol, 500ppm and 50ppm diesel averaged N$10.95, N$10.83 and N$10.88 per litre respectively during 2017, higher than the corresponding 2016 averages of N$10.47, N$10.02 and N$10.07 (Figure C.8d). This was mainly due to an increase in global oil prices as a result of the decision by the petroleum exporting countries to reduce oil output during the year under review.

Inflation for housing, water, electricity, gas and other fuels rose during 2017, mainly due to an increase in the inflation rate for the rental payments for dwellings. On average, inflation for housing accelerated to 9.2 percent, compared to 7.7 percent registered during 2016. This rise was mainly due to high inflation for the subcategory rental payments for dwellings, which rose by 2.6 percentage points to 9.6 percent, compared to 7.0 percent recorded during the previous year. On the other hand, inflation in the remaining categories, namely, regular maintenance and repair of dwelling, water supply, sewerage service and refuse collection and electricity, gas and other fuels declined during the period under review.

Table C.4: Inflation for food and non-alcoholic beverages and overall consumer price inflation (percent)

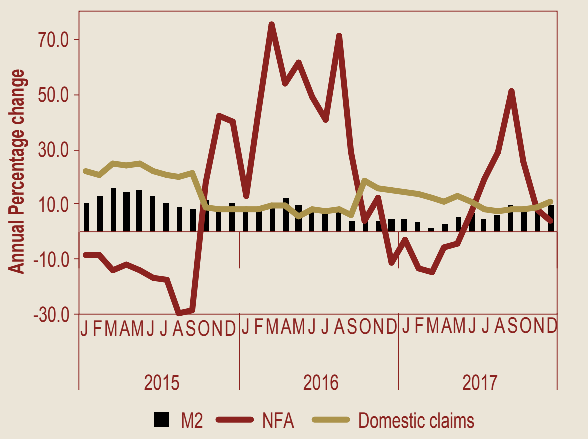
Category	Weight	2013	2014	2015	2016	2017
ALL ITEMS	**100.0**	**5.6**	**5.4**	**3.4**	**6.7**	**6.2**
FOOD AND NON-ALCOHOLIC BEVERAGES	**16.4**	**6.5**	**8.3**	**5.6**	**10.8**	**5.7**
Food	**14.8**	**6.6**	**8.8**	**5.8**	**11.1**	**5.3**
Bread and cereals	4.8	4.6	8.2	3.9	13.4	0.5
Meat	3.5	6.5	12.4	7.0	5.0	8.9
Fish	0.8	8.6	3.3	7.2	14.0	15.4
Milk, cheese and eggs	1.2	5.3	11.4	7.6	7.8	4.4
Oils and fats	0.8	7.5	4.5	3.2	15.0	2.6
Fruit	0.3	13.1	7.4	8.5	15.6	5.2
Vegetables including potatoes and other tubers	1.2	11.7	11.5	6.3	15.6	1.3
Sugar, jam, honey, syrups, chocolate and confectionery	1.4	7.9	5.3	7.2	13.9	11.8
Food products n.e.c.	0.6	5.1	5.4	5.6	10.2	8.6
Non-alcoholic beverages	**1.7**	**5.3**	**3.2**	**4.2**	**7.4**	**9.3**
Coffee, tea and cocoa	0.3	4.6	6.3	8.1	15.3	15.0
Mineral waters, soft drinks and juices	1.4	5.6	2.5	3.3	5.4	7.8

Inflation continues to be higher in Namibia than in South Africa, though in both countries it has declined during the latter part of the period under review. During 2017, South Africa recorded an average inflation rate of 5.3 percent, down from the 6.3 percent recorded in 2016. This was partly due to the fact that the housing and transport categories registered high inflation in 2017, while also having higher weights in Namibia's CPI basket than in South Africa's. The decline in overall inflation in South Africa was mainly due to the lower inflation for transport, food and miscellaneous goods and services.

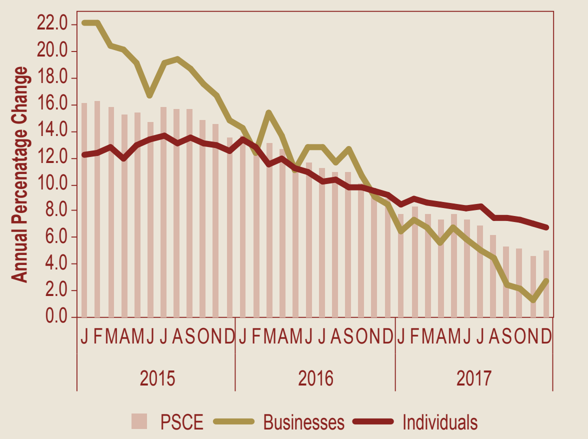
MONETARY AND FINANCIAL MARKET DEVELOPMENTS

Figure C.9 (a-e): Monetary and Financial Market Developments

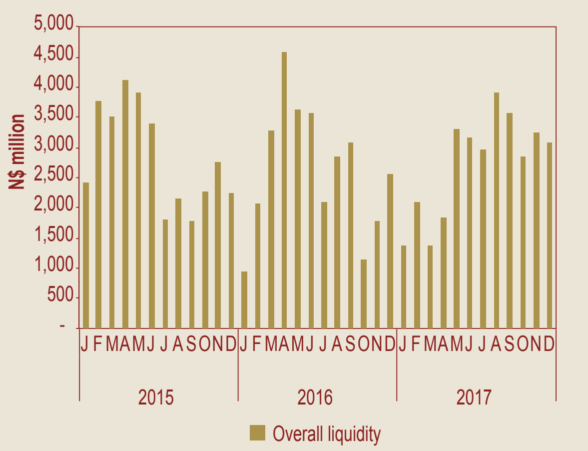
a. The annual growth in broad money supply (M2) rose at the end of 2017, mainly driven by a sharp rise in net claims on central government, and an increase in the NFA of depositary corporations.



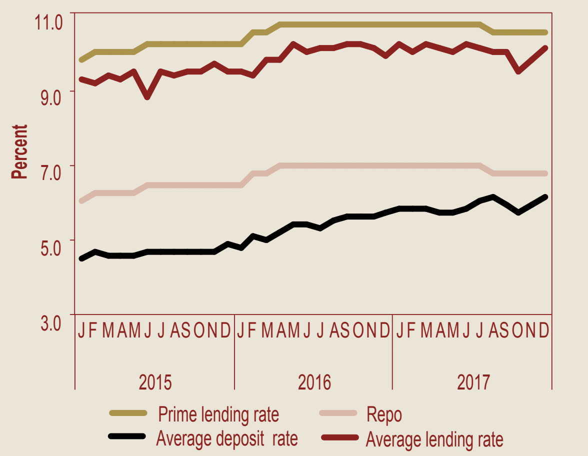
b. Growth in private sector credit extended (PSCE) slowed in 2017, due to lower demand for credit from both the corporate and household sectors.



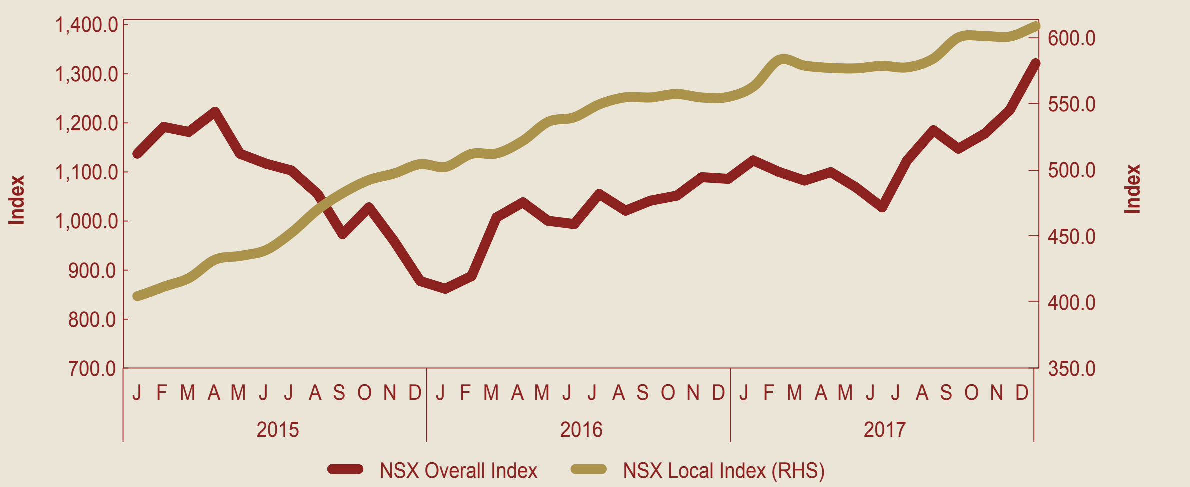
c. The overall liquidity position of the Namibian banking industry increased during 2017, particularly in the final eight months of the year.



d. The banks' prime lending rate declined during 2017, after the Bank of Namibia decreased its Repo rate.



e. The Overall and Local share price indices of the Namibian Stock Exchange rose in 2017, compared to 2016.



MONETARY AGGREGATES

During 2017, developments in the monetary and credit aggregates were characterised by increased growth in money supply, while the growth in credit extended to the private sector slowed. The main counterpart to the higher growth in the broad money supply (M2), during the period under review was the significant increase in net claims on central government by the depository corporations. In turn, this upturn consisted of both an increase in gross claims as banks stepped up their holdings of government securities, and a decline in government deposits. Furthermore, the growth in M2 was underpinned by an increase in the net foreign assets (NFA) of the central bank as a result of the acquisition of the AfDB loan and higher SACU revenue. This was initially coupled with higher government deposits (that do not form part of M2) but, as the government drew down these deposits to make payments to the private sector, hence these increases were reflected in money supply. Private sector credit extension (PSCE) added further to the increase in money supply, but its rate of growth slowed in 2017 as the weakening of the domestic economy was reflected in sluggish demand for credit from both the household and corporate sectors.

C

Table C.5: Monetary and credit aggregates

(N$ million, end of period)	2013	2014	2015	2016	2017
Net Foreign Assets	23,152	19,422	29,516	26,225	29,510
Net Domestic Assets	62,867	77,062	83,316	95,879	106,201
Claims on private sector	62,597	73,060	84,924	91,974	96,537
of which: claims on individuals	36,021	40,772	45,968	50,116	53,506
claims on businesses	23,466	28,507	32,895	35,490	36,396
Net claims on Central Government	269	4,002	(1,608)	3,905	9,664
Claims on Central Government	7,341	7,134	10,170	11,815	15,611
less Government deposits	7,071	3,132	11,779	7,909	5,947
Other Items, net*	17,061	22,119	30,898	36,155	41,569
Broad Money	68,958	76,157	81,934	85,949	94,143
(Change during period, N$ million)					
Net Foreign Assets	2,410	(3,729)	10,093	(3,291)	3,285
Net Domestic Assets	9,707	14,195	6,253	12,564	10,322
Total Claims on Private Sector	8,132	10,463	11,864	7,050	4,562
of which: claims on individuals	4,711	4,751	5,196	4,148	3,390
claims on businesses	2,806	5,041	4,388	2,595	906
Net claims on Central Government	1,575	3,733	(5,611)	5,513	5,759
Claims on Central Government	516	(207)	3,036	1,645	3,796
less Government deposits	(1,060)	(3,939)	8,647	(3,870)	(1,962)
Other Items, net*	4,300	5,058	8,779	5,257	5,414
Broad Money	7,816	7,199	5,777	4,016	8,193
(Annual percentage growth rates)					
Net Foreign Assets	11.6	(16.1)	52.0	(11.1)	12.5
Total Claims on Private Sector	14.9	16.7	16.2	8.3	5.0
of which: claims on individuals	15.0	13.2	12.7	9.0	6.8
: claims on businesses	13.6	21.5	15.4	7.9	2.6
Broad Money	12.8	10.4	7.6	4.9	9.5

MONEY SUPPLY

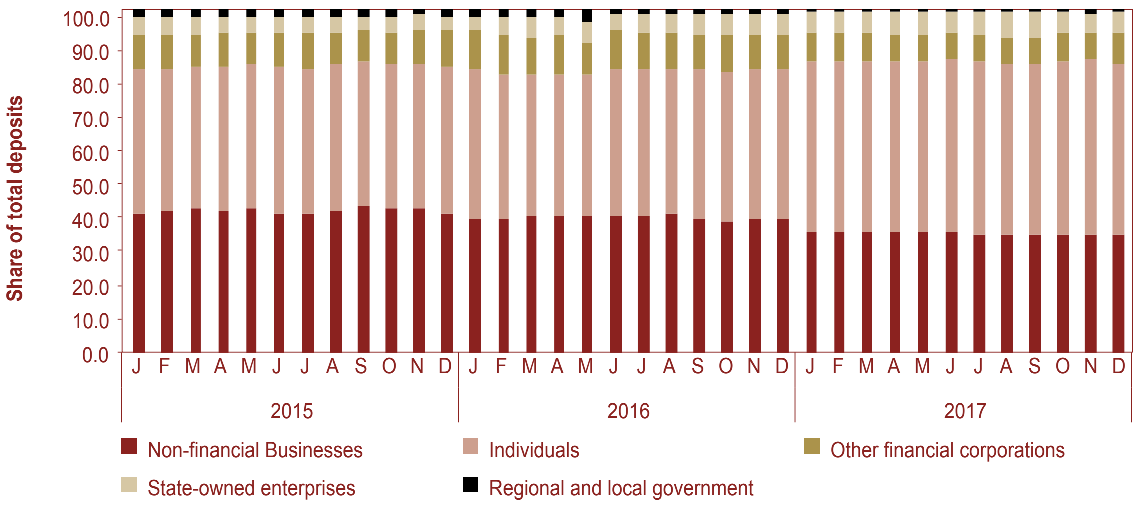
The annual growth in M2 rose in 2017, compared to 2016. M2 growth rose to 9.5 percent at the end of 2017 from 4.9 percent at the end of 2016 (Figure C.9). The increased growth in M2 during the period under review was underpinned by a sharp rise in net claims on central government, an increase in the NFA of the depository corporations, and further growth in PSCE, albeit at a slower pace than in the preceding year. Similarly, the annual growth in narrow money (M1) increased, and generally resembled that of M2. Growth in currency in circulation – the most liquid form of money – was 7.4 percent at the end of 2017, from a contraction of 5.2 percent in 2016. The increased growth in currency in circulation is partly explained by the significant increase in liquidity levels observed during the year. Similarly, growth in transferable (demand) deposits rose to 12.7 percent to reach N$41.3 billion at the end of 2017. However, growth in other or longer-term deposits, the largest component of M2, edged lower to 7.2 percent at the end of 2017, from a higher growth rate of 10.8 percent in 2016, as reflected in the lower growth of deposit holdings of other financial corporations and individuals in particular. On an annual basis, NFA of depository corporations increased by 12.5 percent to N$29.5 billion at the end of 2017, from a contraction of 11.1 percent at the end of 2016 (Table C.5).

C

SOURCES OF FUNDS OF OTHER DEPOSITORY CORPORATIONS (ODCs[19])

Total deposit holdings of institutional sectors rose in 2017, driven by increased deposit holdings of both public non-financial and other non-financial corporations. At the end of 2017, total deposit holdings of individuals and non-financial businesses accounted for 41.2 percent and 39.8 percent of total deposits, respectively. The remaining 19.0 percent stemmed from other financial corporations, regional and local governments and state-owned enterprises. In the previous year, deposits of individuals and businesses accounted for 43.6 percent and 38.6 percent, respectively (Figure C.10).

Figure C.10: Sources of funds of ODCs



19 Total deposits for ODCs includes all the six commercial banks, Money Market Unit trust funds and other deposit takers i.e. Nampost Savings Bank, Agribank and National Housing Enterprise. Hence, total deposits in this section differ from total deposits reported in the Banking Supervision section (Part D) as the latter section only reports deposits with the commercial banks.

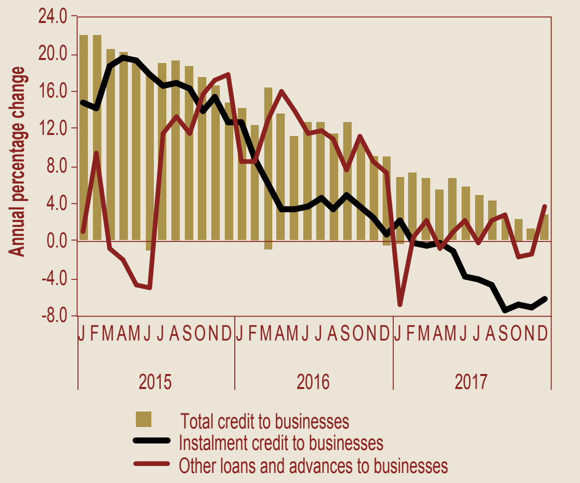
C

EXTENSION OF BANK CREDIT TO THE PRIVATE SECTOR

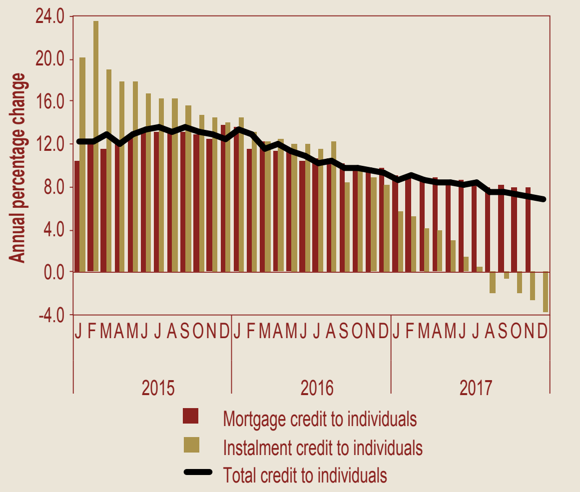
Growth in total credit extended to the private sector slowed in 2017, compared to 2016. On an annual basis, growth in PSCE slowed to 5.1 percent at the end of 2017, from 8.9 percent recorded at the end of 2016. The subdued growth in total credit extended was reflected in the lower growth rates for all credit categories, coupled with the general slowdown in domestic economic activity during the period under review.

Figure C.11 (a-c): Credit developments

a. Growth in credit extended to corporations trended downwards in 2017, compared to the preceding year…

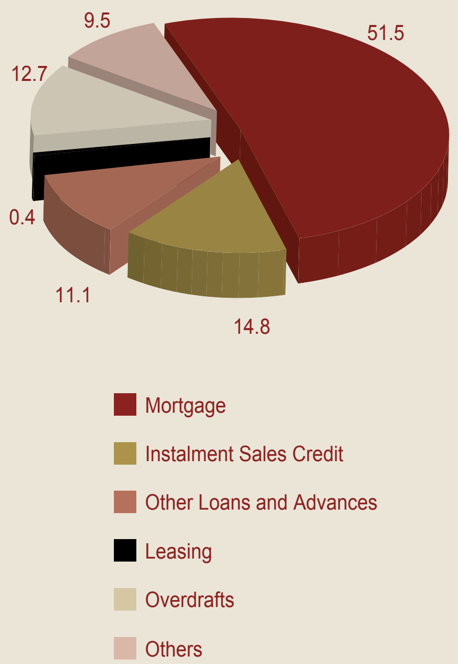


b. …similarly the growth in total credit extended to individuals slowed in 2017.



c. Mortgage loans continued to be the main contributor to total PSCE in 2016, followed by instalment sales credit and overdraft credit.

December 16



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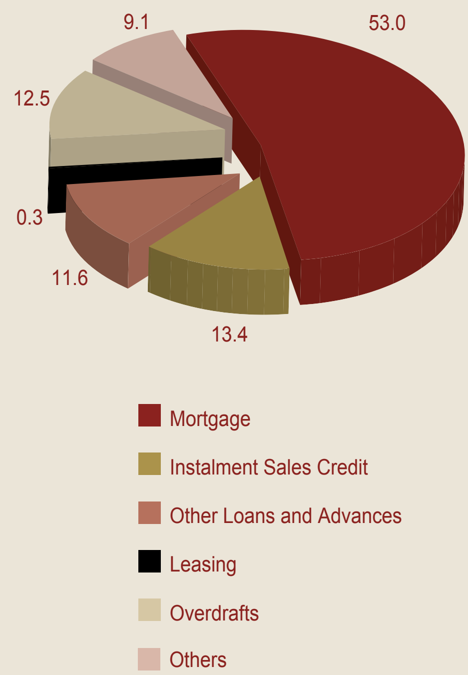

Credit extended to individuals slowed during the course of 2017, driven by a decline in all major credit categories. On an annual basis growth in total credit extended to individuals slowed to 6.7 percent at the end of 2017, from 9.3 percent at the end of 2016 (Figure C.9a). The sluggish growth in credit extended to individuals was more evident in the category instalment sales credit, which contracted by 3.9 percent in 2017, from a positive growth rate of 8.1 percent at the end of 2016. Mortgage lending, which makes up 67.8 percent of total loans and advances to individuals, recorded growth of 7.8 percent at the end of 2017, down from a growth rate of 9.5 percent at the end of 2016. The slower growth in credit extended to individuals in 2017 was driven by poor domestic economic conditions, which resulted in weak income growth, while the introduction of the maximum loan to value (LTV) ratios for mortgages and the amendment to the Credit Agreement Act added additional downward pressure.

Growth in total credit extended to businesses trended downwards in 2017. The annual growth in total credit extended to businesses slowed to 2.7 percent at the end of 2017 from 8.5 percent a year earlier. The slower growth observed in credit extended to businesses was reflected across most of the credit categories with the exception of mortgage credit, which rose on an annual basis. The slowdown in total credit extended to businesses during the year under review was especially evident in instalment sales credit and other loans and advances. These mainly stemmed from a reduction in credit uptake for vehicle financing as well as lower demand for short-term credit facilities, which is partly attributable to the slower than usual domestic economic activity. During the course of 2017, growth in overdraft credit initially accelerated notably and then decelerated again from August 2017. This was probably due to arrears in Government payments to suppliers that accumulated up to the middle of the year, causing suppliers to use overdraft credit facilities to manage their cash flow, which later normalised when Government caught up with its arrears.

In 2017, 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 53.0 percent of total PSCE, followed by instalment sales credit and overdraft credit in the second and third place, with contributions of 13.4 percent and 12.5 percent, respectively. Other loans and advances contributed 11.6 percent over the same period (Figure C.11c).

C

OTHER/NON-BANK FINANCIAL CORPORATIONS (OFCs)

Namibia's financial sector is subdivided into two broad subsectors i.e. Depository Corporations and the Other Financial Corporations. Examples of OFCs include insurance companies, pension funds, and non-money market unit trusts. The aggregated balance sheet of these institutions is of the same order of magnitude as that of the Depository Corporations.

The total assets of OFCs rose on an annual basis during 2017. The total asset value of OFCs stood at N$160.7 billion at the end of 2017, representing an annual increase of 7.2 percent. The annual increase primarily stemmed from the insurance industry. In terms of absolute size, however, pension funds continued to dominate the OFC sector.

20 Depository corporations refers to central bank, deposit money banks and liquid money market unit trusts.

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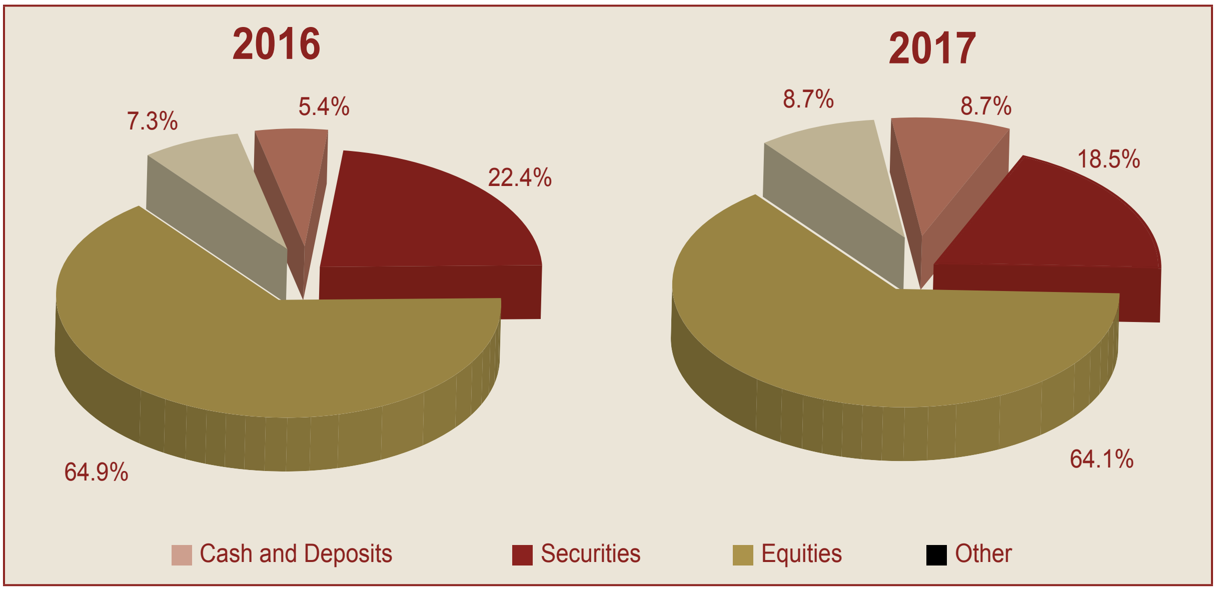
Table C.6: Key Financial Aggregates

N$ Million	2015	2016	2017
Central Bank Survey			
Net Foreign Assets	23,999.1	24,052.7	26,125.2
Net Domestic Assets	(17,626.8)	(16,107.7)	(17,364.5)
Other Depository Corporations Suvey			
Net Foreign Assets	5,516.9	2,172.7	3,385.0
Net Domestic Assets	76,650.6	84,728.8	92,892.4
of which: claims on individuals	45,926.4	50,072.9	53,506.5
claims on businesses	32,894.8	35,489.9	36,396.0
Depository Corporations Suvey			
Net Foreign Assets	29,515.9	26,225.4	29,510.2
Net Domestic Assets	83,316	95,879	106,201
of which: claims on individuals	45,968.1	50,116.3	53,506.5
claims on businesses	32,894.8	35,489.9	36,396.0
Other Financial Corporations Survey			
OFC's Total Asset value	137,895.8	149,882.6	160,678.0
Net Foreign Assets	82,364.1	75,902.0	81,815.8
Claims on Other Sectors	17,495.6	23,165.3	24,456.3
Insurance Technical Reserves	124,264.4	123,274.5	124,972.9
Financial Corporations Survey			
Net Foreign Assets	111,880.0	102,127.4	111,326.0
Net Domestic Assets	102,080.9	127,627.6	132,935.0
Insurance Technical Reserves	124,264.4	123,274.5	124,972.9
Net Equity of Households in Life Insurance	18,551.4	18,508.6	20,452.2
Net Equity of Households in Pension Funds	93,331.9	94,843.4	94,200.4
Prepayments Premuims Reserves against outstanding claims	12,381.0	9,922.5	10,320.3

The net foreign assets of OFCs rose year-on-year up to the end of 2017. NFA of OFCs stood at N$81.8 billion at the end of 2017, far higher than the N$29.5 billion of the Depository Corporations. This has brought the total net foreign assets for the Financial Corporations (FCs) to N$111.3 billion at the end of 2017, a further indication of the significance of the non-bank financial institutions in the Namibian financial sector.

Figure C.12: Asset holdings of non-bank financial institutions as at 31 December



Equities continued to dominate the asset holdings of non-bank financial institutions during the period under review. In terms of asset allocation, Figure C.12 shows that 64.1 percent of OFCs' funds are channelled into equities, followed by interest bearing securities with a share of 18.5 percent at the end of 2017. Cash and deposits and other assets have similar shares, each amounting to 8.7 percent[21].

BANKING SYSTEM LIQUIDITY

The overall liquidity position of the Namibian banking industry improved during 2017 in contrast to the preceding year. The liquidity of the domestic banking sector averaged N$2.7 billion during 2017, slightly higher than the average of N$2.6 billion observed during 2016 (Figure C.9). Higher Government expenditure coupled with relatively lower net outflows to South Africa during the year and inflows arising from a large corporate restructuring deal were some of the factors that contributed to the higher market liquidity. During 2017, the highest monthly average liquidity position was N$3.9 billion in August 2017, while the lowest was N$1.4 billion during the months of January 2017 and March 2017. The liquidity position was generally at high levels from the second quarter of the Government fiscal year, in line with the pick-up in the Government budget execution rate.

MONEY MARKET DEVELOPMENTS

The Bank of Namibia cut its policy rate during 2017, and as a result, various money market rates were affected during the period under review. The Monetary Policy Committee (MPC) of the Bank of Namibia reduced the Repo rate by 25 basis points to 6.75 percent at its August 2017 meeting. The decision to cut the Repo rate was deemed appropriate to support domestic economic growth, while maintaining the one-to-one peg between the Namibia Dollar and the South African Rand. As a result, the prime lending rate of the commercial banks declined to 10.50 percent during 2017, lower by 25 basis points when compared to the same period in 2016. Despite the decline in the policy rate and the banks' prime lending rate, the banks' average lending rate rose to 10.12 percent at the end of 2017, compared to 9.87 percent at the end of the same period of 2016. The average deposit rate also rose to 6.11 percent at the end of 2017 from a lower level of 5.69 percent the end of 2016 (Figure C.9).

INTERBANK MARKET ACTIVITY

The value of transactions in the interbank market increased during 2017 in comparison to the levels observed in 2016. Despite the relatively higher liquidity in the market during 2017, interbank market activity increased as liquidity was concentrated with a few commercial banks. As indicated in Figure C.13, the local interbank market traded funds amounting to N$4.2 billion in total during 2017, significantly higher than the N$2.5 billion observed during the preceding year. The highest monthly value of transactions was N$890 million recorded in January 2017, the month when the average liquidity position was at its lowest. The lowest monthly interbank transaction volume was N$100 million traded in May 2017, when there was ample liquidity in the market.

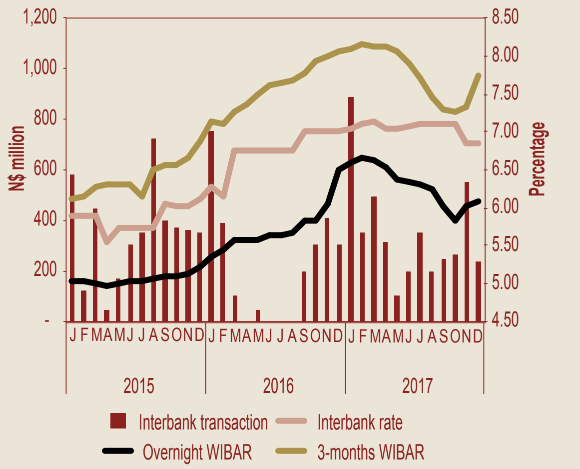
Money market rates were somewhat mixed during 2017 in contrast to the rising trends observed in 2016. In this regard, the domestic interbank rates were on a declining path up to the third quarter of the year, in line with the reduction in the Repo rates in both Namibia and South Africa, before they started picking up towards the end of the year. The average interbank market rate increased from an average of 6.75 percent in 2016 to an average of 7.05 percent during 2017. Similarly, the average overnight Windhoek Interbank Agreed Rate (WIBAR) increased to 6.29 percent in 2017 from 5.73 percent in 2016, while the average three-month WIBAR increased by 15 basis points from its 2016 level to reach 7.75 percent during 2017.

21 The category *other* is comprised of non-financial assets, loans, receivables and financial derivatives.

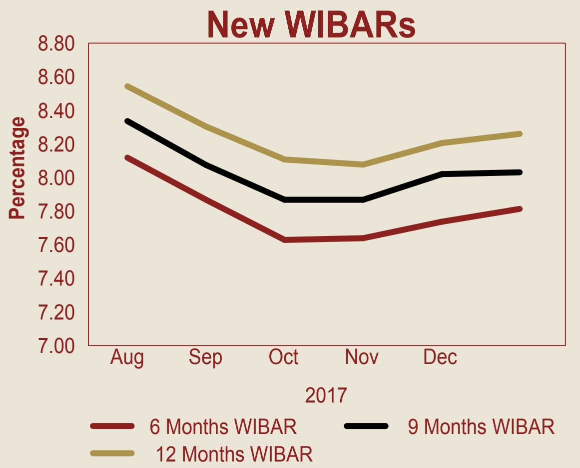
In efforts to develop the Namibians interbank market, amendments were made to the WIBAR Code of Conduct. In this regard, BAN introduced three more points to the WIBAR curve during 2017, namely a 6-month, 9-month and 12-month rate. As stated above, the movement in Namibia's money market rates during 2017 were consistent with the domestic market's development as well as the benchmark rates in South Africa.

Figure C.13 (a-b): Interbank trading activities and the WIBAR

a. The value of transactions in the interbank market increased, while money market rates were mixed during 2017.



b. The new WIBAR rates also follwed a mixed trend during the year.

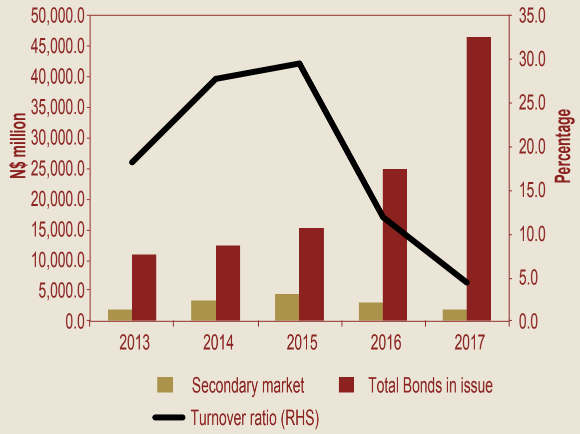


C

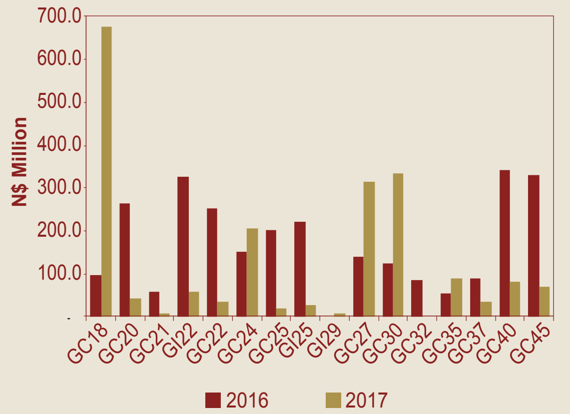
BOND MARKET DEVELOPMENTS

Figure C.14 (a-f): Bond market developments

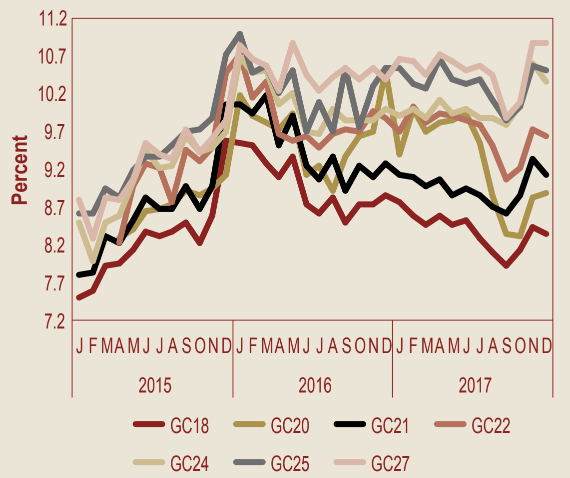
a. The trading of Government bonds in the secondary market declined during 2017 compared to the previous year.



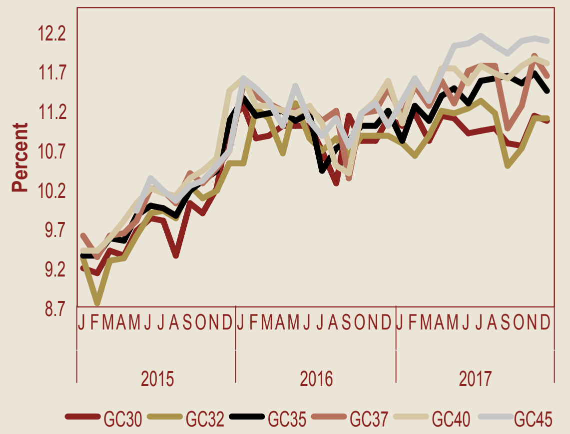
b. The GC18 and the GC30 were the most traded bonds in 2017.



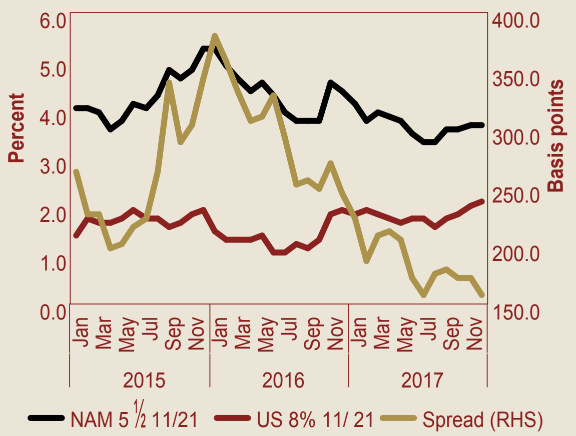
c. The yields on shorter-dated Government bonds were mixed during 2017 in comparison with the previous year.



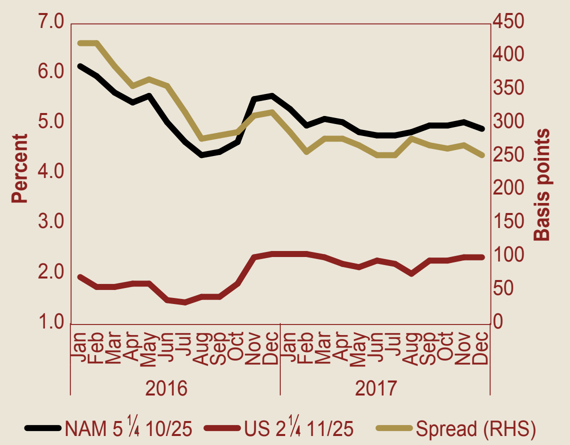
d. Longer-dated Government bonds yields moved in line with financial market developments and political events in South Africa.



e. The spread between the Namibian 2021 Eurobond and the US benchmark narrowed during 2017.



f. The spread between the Namibian 2025 Eurobond and the US benchmark also narrowed during 2017.



Source: NSX, Bloomberg and JSE

Government bonds

The value of outstanding Government bonds increased during 2017. The outstanding amount of domestic Government bonds increased from N$24.8 billion at the end of 2016 to N$28.4 billion by the end of December 2017. Of this amount, N$3.5 billion were inflation-linked bonds while the remainder were fixed rate bonds. The Government also introduced a new inflation-linked bond (the GI29) with a semi-annual coupon rate of 3.8 percent payable on 15 January and 15 July. The first auction was held on 1st June 2017 when a total of N$25.0 million was offered and fully allotted at a bid to cover ratio of 3.17. The said bond will mature on 15 January 2029. The increase in the stock of domestic bonds outstanding during 2017 was in line with increased Government borrowing and efforts to enhance the yield curve and create market benchmarks.

Secondary market activities

The trading of Government bonds in the secondary market moderated during 2017 in comparison to 2016. As depicted in Figure C.14, Government bonds worth N$2.0 billion were traded on the secondary market during the year under review, declining from the corresponding amount of N$2.9 billion registered in 2016. As a result, the turnover ratio of Government bonds in 2017 also dropped from the 11.8 percent recorded in 2016 to 7.3 percent. The most traded bonds were the GC18, GC30, GC27 and the GC24 accounting for 32.8 percent, 16.2 percent, 15.3 percent and 10.0 percent of total trades, respectively. The GC21 and the new inflation-linked bond, the GI29 recorded the lowest trading activities of less than N$10.0 million each, while no trading took place on the GC32 during the year under review.

GC18 Switch auctions

During 2017, N$2.4 billion of the GC18 was successfully switched at three different auctions. The Government commenced with the GC18 bond switch auction programme to induce holders of the GC18 to switch their holdings to longer-dated bonds. This programme is part of Government efforts to practise a prudent debt management strategy and minimise rollover risk at redemption. In this regard, three switch auctions were conducted for the GC18 during 2017. At the first auction in July 2017, an amount of N$1.1 billion was switched, while an additional N$1.0 billion was switched in September 2017. At the last switch auction for the year in November 2017, only $225 million was switched.

The switches resulted in a significant reduction in the total outstanding balance for the GC18. In this context, the outstanding amount on the GC18 was reduced from N$3.6 billion to N$1.2 billion. These amounts were switched into all the longer-dated instruments that are actively offered at the primary auctions, namely, the GC20, GC22, GC25, GC27, GC30, GC32, GC35, GC37 and GC40. Additional auctions are scheduled to take place during the first half of 2018 prior to the bond's redemption on 15 July 2018.

GC17 Redemption

On 15 October 2017, the Government successfully redeemed the GC17. The GC17 which was first issued in January 2013 had a total outstanding amount of N$794 million at the due date. The GC17 had accumulated a total outstanding balance of N$2.1 billion by March 2015. As part of a prudent debt management strategy, the GC17 was put off-the-run since then. At the same time, the Government undertook switch auctions between June 2016 and May 2017, which resulted in a total of N$1.3 billion being switched into longer-dated bonds. As a result, at maturity the GC17 had an outstanding balance of N$794 million, which was successfully redeemed on 15 October 2017.

Government bonds yields

The average yields on Government bonds varied during 2017. In this regard, the average yields on the short-dated bonds declined, while the average yields on the longer-dated bonds increased in comparison to the yields observed in 2016. The movement in yields mirrors domestic market conditions as well as similar developments in the corresponding benchmark South African bonds. At the short end of the curve, the GC18 had the highest rate reduction of 60 basis points, followed by the GC21 whose average yield dropped by 52 basis points. On the other hand, the average yield on the GC45 and the GC40 increased by 68 and 47 basis points, respectively (Figure C.14). The average yields on other bonds changed by less than 40 basis points. Namibian bonds tracked South African bonds which were influenced by inflation and interest rate expectations, financial market and credit rating developments, and political events.

New inflation-linked bond

As part of its commitment to provide diversification in the domestic financial markets, as well as moving towards the attainment of a developed and modern financial system for Namibia, the Government issued another Inflation Linked Bond (ILB), the GI29 in 2017. The GI29 is a 12-year inflation-linked bond which will mature on 15 January 2029, and it is benchmarked against the South African Inflation-linked bond I2029. The bond was first issued on 01 June 2017 with a coupon rate of 3.80 percent. ILBs are ideal for investors looking to preserve the purchasing power of their investments for longer periods as the outstanding principal is adjusted for inflation until such a time the bond matures.

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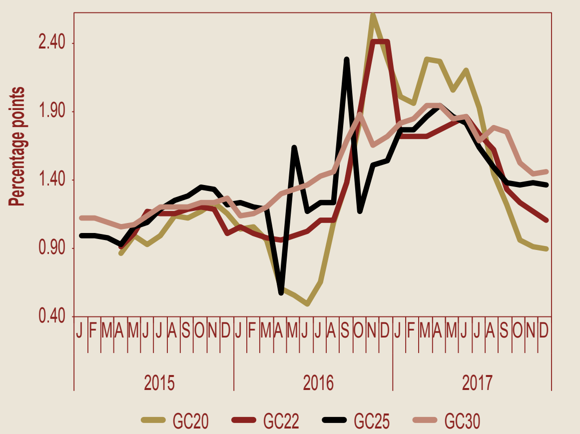
Yield spreads

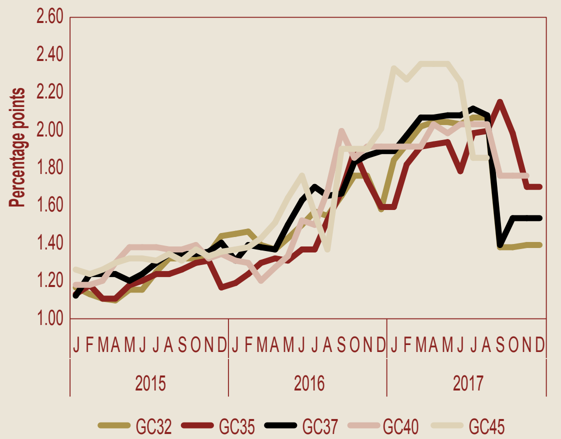
The average yield spread between most Namibian bonds and equivalent South African bonds increased during 2017. During 2017, the average spread on the GC20 and GC22 against the R207 and R2023 averaged 167 basis points and 156 basis points, respectively. This is an increase of 44 basis points and 19 basis points, respectively, compared to 2016. Meanwhile, for medium-term bonds, the GC25 and GC30 recorded annual average spreads of 164 and 172 basis points, respectively. A similar trend was observed at the longer end of the yield curve. In this regard, the spreads between the GC32, GC35, GC37, GC40 and their respective benchmarks averaged between 180 and 192 basis points, while the longest bond, the GC45 recorded an average yield spread of 211 basis points. The widening spreads for domestic bonds reflect the decline in the credit quality of the Republic of Namibia which (among other factors) is attributed to rising Government debt levels. The spreads nevertheless began compressing since July 2017 and continued to trend downwards until the end of the year, partly due to adverse fiscal and credit rating developments in South Africa.

Figure C.15: Spreads between Namibian Government bonds and South African benchmark bonds

The average yield spread between most Namibian bonds and equivalent South African bonds increased during 2017.



The average spread on the GC45 increased the most.



Corporate bonds

The value of corporate bonds outstanding increased nearly two-fold during 2017. In this regard, the stock of bonds issued by Namibian corporations on the Namibian Stock Exchange (NSX) increased from N$3.8 billion in 2016 to N$5.3 billion in 2017. The increase stemmed from the issuance of bonds by State-Owned Enterprises (SOEs) and commercial banks during the reporting year. Corporate bond issuances during 2017 included N$291.0 million on a 3-year JIBAR linked note issued during September 2017 by the Development Bank of Namibia (DBN), a 3-year JIBAR-linked bond worth a total of N$155.0 million as well as N$45.0 million on a 5-year JIBAR-linked bond in August 2017 both issued by Bank Windhoek. Of the N$5.3 billion outstanding corporate bonds, N$4.2 billion is issued by commercial banks, about N$741.0 million is issued by SOEs while N$309.7 million is issued by non-bank corporations. A total of N$540.5 million in corporate bonds, which mainly comprised of commercial banks' bonds, matured during 2017.

Nonetheless, 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 2017, stood at 12.4 percent, which is an increase from the 10.9 percent observed in 2016. As earlier explained, the increase in the proportion of corporate issues is mainly owed to increased bond issuance by commercial banks during the year.

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Namibian eurobond

Despite the downgrade in Namibia's credit rating during the year, the average yield spread between the Namibian 2021 Eurobond and its US benchmark narrowed during 2017. The spread between the Namibian Eurobond and its US benchmark averaged 185 basis points during 2017, compared with an average spread of 299 basis points during 2016 (Figure C.14). In this regard, the yield on Namibia's 2021 Eurobond dropped from 4.10 percent in December 2016, closing the year 2017 at 3.65 percent. Emerging market instruments, in general, rebounded in 2017 from the performance seen in 2016. The tightening spreads of the Namibian Eurobond against its US benchmark is, therefore, a mirror of these broader market developments, and also illustrates the lower credit premium as the bonds approach maturity.

The Namibian 2025 Eurobond also observed a yield drop relative to its US benchmark during 2017. At the end of December 2016, the Namibian 2025 Eurobond yield stood at 5.58 percent but thereafter it trended downwards closing at 4.91 percent at the end of 2017. Its spread to the US benchmark bond averaged 267 basis points, narrowing from the average spread of 342 basis points seen in 2016.

As implied above, the effects of the downgrade on the performance of the Namibian Eurobonds was minimal. This is evident in the level of changes observed in the average yields and spreads to benchmarks between the months before and months after the downgrade. The said yields and spread to benchmarks showed declines of between 4 and 26 basis points, between January 2017 and August 2017 as well as from November 2017 to December 2017. This is apart from the observed increase in the benchmark yields.

Namibia's JSE-listed bonds

The NAM01 bond trading on the JSE tracked developments in benchmark bonds. The movements in the yield on the NAM01 were in line with those of its benchmark bond, the R2023 (Figure C.15). Both the NAM01 and the R2023 average yields dropped in 2017 in contrast to average yields seen in 2016. The average spread between the two bonds increased slightly to 196 basis points during 2017, higher than the spread of 181 basis points observed during the preceding year. The widening spread indicates tight liquidity and non-existent trading of the Namibian bonds relative to their South African counterparts as well as the decline in the Namibian economic fundamentals.

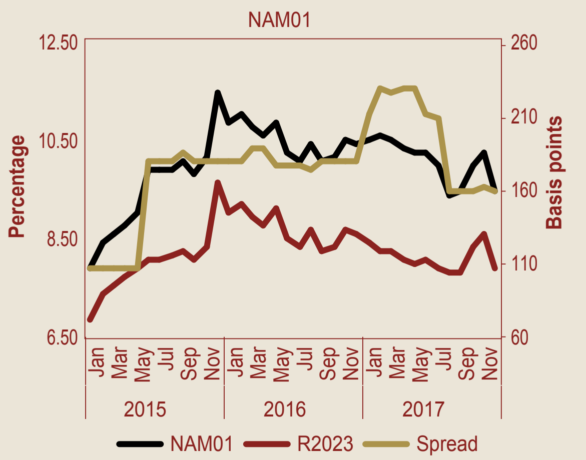
As with the NAM01, the yield on the NAM02 trended downwards during 2017. The NAM02 recorded a yield of 9.93 percent at the beginning of January 2017, and closed off the year at 8.96 percent, the lowest for the year. The NAM02 yield averaged 9.33 percent during 2017. This declining yield corresponds to the movement in the yield of its South African benchmark bond, the R208. Meanwhile, the average yields on the NAM03 and NAM04 also went down in line with their benchmarks.

The spreads on the NAM02, NAM03 and NAM04 also increased during 2017. The spread on the NAM03 and the NAM04 over their benchmarks averaged 165 basis points and 180 basis points in 2017 higher, relative to the 2016 average spreads of 164 basis points and 197 basis points, respectively. Meanwhile, the average yield on the NAM03 decreased from 10.5 percent in 2016 to 10.11 percent during 2017, while that on the NAM04 fell from 10.7 percent to 10.6 percent over the same period.

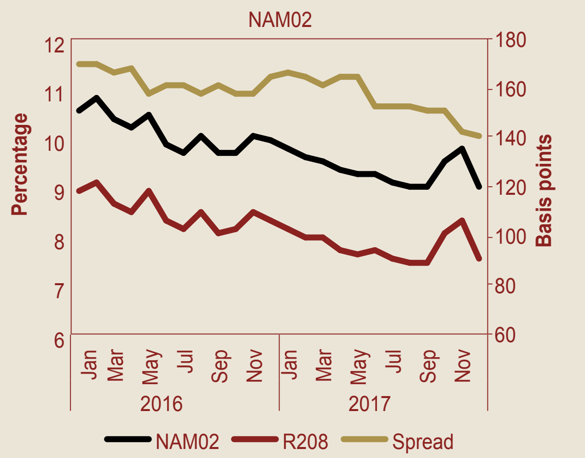
No additional funds were raised on the JSE during 2017. As a result, the outstanding balances on the NAM01, NAM02, NAM03 and NAM04 remained unchanged at N$1.6 billion, N$840 million, N$157 million and N$335 million, respectively.

Figure C.16 (a-d): JSE bonds performance

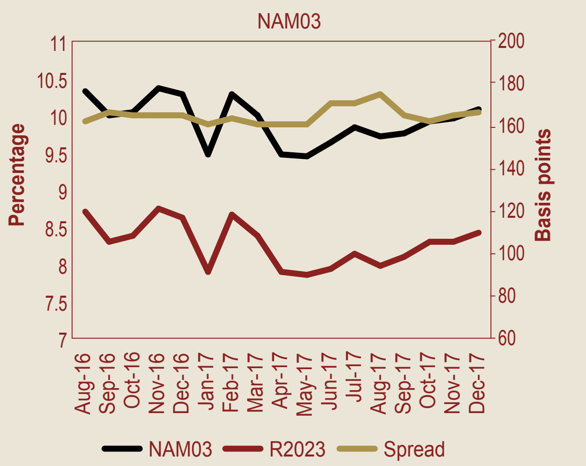
a. The yield on the NAM01 trended downward in 2017, in line with the yield of its benchmark bond.



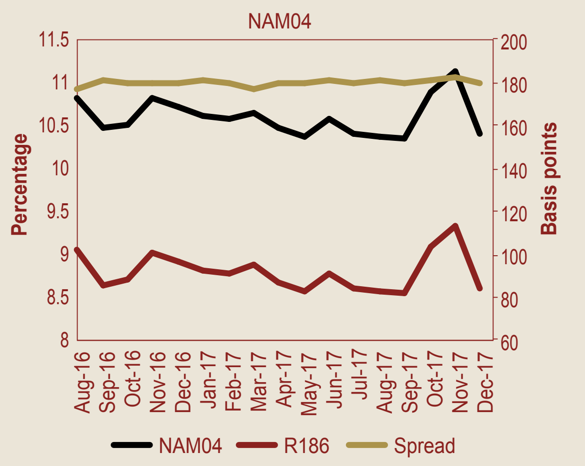
b. Similar to the NAM01, yields movements on the NAM02 were in line with those of its benchmark bond.



c. The spreads on the NAM03 and NAM04 also increased during 2017.



d. The average spread on the NAM04 was higher than the spreads of the other Nam bonds to their benchmark JSE bonds.

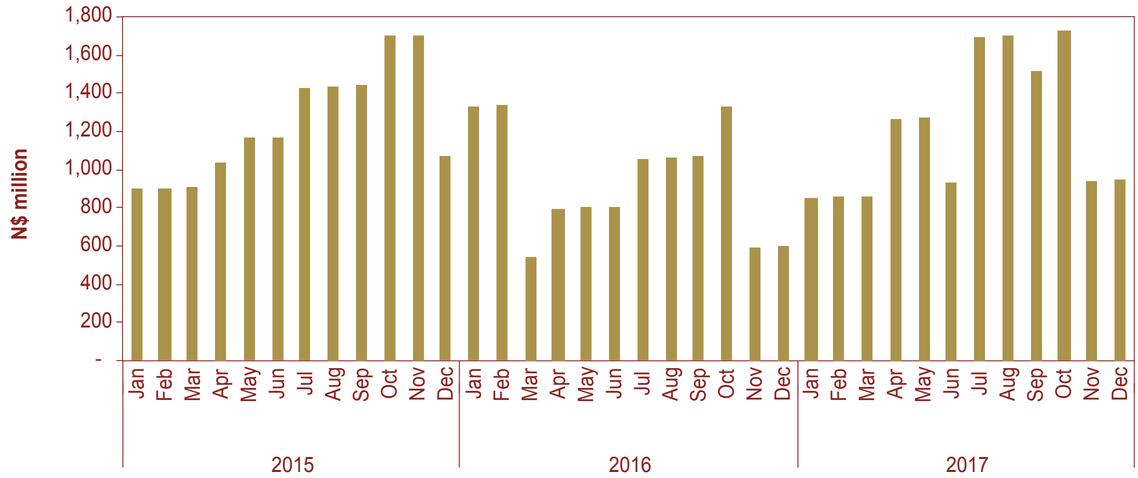


Source: JSE and Bloomberg

Iinternal registered stock redemtion account

The balance on the Internal Registered Stock Redemption Account increased during 2017 (Figure C.16). The balance on this account stood at N$945.9 million at the end of December 2017, higher than its December 2016 counterpart of N$598.3 million. The Government made cash injections and withdrew less from the Redemption Account during 2017, in line with a recovery in government cash flows during 2017. The next domestic bond to mature is the GC18, which is due on 15 July 2018. The GC18 currently has an outstanding balance of N$1.2 billion. The Government will continue to fund this account, when necessary, in order to ensure smooth redemptions of maturing bonds.

Figure C.17: Internal Registered Stock Redemption Account



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Sovereign credit ratings

Moody's rating agency downgraded Namibia's international credit rating position to sub-investment grade in August 2017. Namibia's long-term senior unsecured bond and issuer ratings was lowered to Ba1 from Baa3 while maintaining the negative outlook it was assigned in 2016. Namibia had previously been rated as Baa3, an investment grade rating, by Moody's since the initial rating by the agency in 2011. According to Moody's, the key factors for downgrading the rating were: a) erosion of Namibia's fiscal strength due to sizeable fiscal imbalances and an increasing debt burden; b) limited institutional capacity to manage shocks and address long-term structural fiscal rigidities; and c) the risk of renewed Government liquidity pressures in the coming years.

In November 2017, Fitch Ratings also downgraded Namibia's Long-Term Foreign-Currency Issuer Default Rating (IDR) to 'BB+' from 'BBB-'. Fitch Ratings, nevertheless, assigned a stable outlook to Namibia. The issuer ratings on Namibia's senior unsecured foreign- and local-currency bonds were also affirmed at "*BB+*". The Country Ceiling was downgraded to BBB- from "*BBB*", while the Short-term Foreign and Local Currency International Default Ratings (IDRs) were downgraded to "B" from "*F3*". Fitch attributed the downgrade of the outlook to several factors, including the weaker-than-forecast fiscal outcomes, weaker-than-expected economic recovery, interruptions in the fiscal consolidation measures, the widening budget deficit and the increase in the public debt levels including contingent liabilities. Also see the Theme Chapter, later in the document, for a detailed analysis of the implications of the downgrade.

In the wake of the ratings downgrade, the Government instituted corrective measures to manage the identified macro risks. In this regard, the 2017/18 Mid-year Budget Review released in October 2017 highlighted several fiscal reform measures to ensure that public finances were on a sustainable trajectory. Among other things, the Review included continued measures to propel a pro-growth fiscal consolidation stance to stabilize and eventually reduce public debt. Furthermore, the Review cited measures aimed at strengthening institutional capacity, and enhancing policy frameworks and appraisal capacity to manage fiscal risks effectively. Lastly, the Review also cited measures pertaining to implementing time-bound tax policy and administration reforms to enhance the resilience of domestic revenue generation as well as measures to support higher and inclusive growth.

EQUITY MARKET DEVELOPMENTS

Table C.7: NSX summary statistics

Category	2016	2017	Percentage change
Overall			
Index (end of year)	1,069	1,206	12.9
Market capitalisation (N$ million) (end of year)	1,693,022	2,049,928	21.1
Free-float market capitalisation (N$ million) (end of year)	1,211,069	1,423,380	17.5
Volume traded (‘000)	217,794	218,240	0.2
Value traded (N$’million)	14,234	13,644	(4.1)
Number of deals	5,112	4,345	(15.0)
Number of new listings (DevX)	3	2	(33.3)
Local			
Index (end of year)	547	591	8.0
Market capitalisation (N$ million) (end of year)	32,017	36,018	12.5
Volume traded (‘000)	41,803	49,829	19.2
Value traded (N$ ‘000)	585,787	852,991	45.6
Number of deals	1132	1130	(0.2)
Number of new listings	-	1	-

Source: NSX and JSE

The NSX Overall index and the Local index rose during 2017, compared to the same period of 2016. The Overall index rose by 12.9 percent to 1 206.41 index points at the end of 2017. The increase in the Overall index was driven by increases in share prices for most industries, with the exception of health care and consumer industries. Likewise, the Local index also rose to close at 592.05 index points at the end of 2017. This represents a rise of 8.1 percent, compared to the same period during the previous year (Table C.7). The market capitalisation of the Overall Index increased over the year to N$1.9 trillion at the end of 2017, compared to N$1.7 trillion at the end of 2016.

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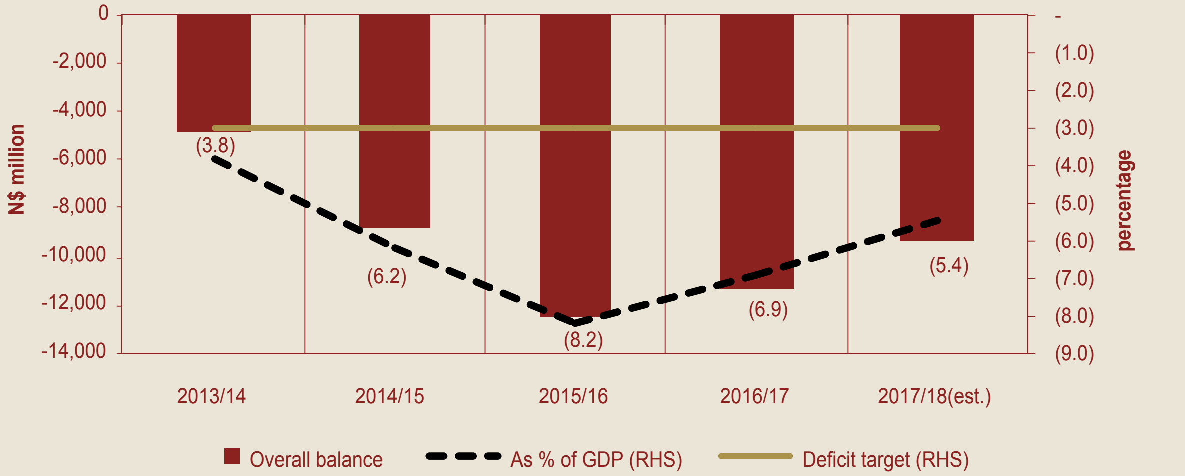
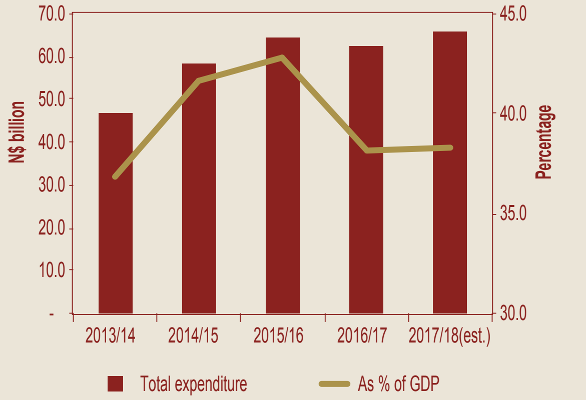
PUBLIC FINANCE

Figure C.18 (a-e): Fiscal developments

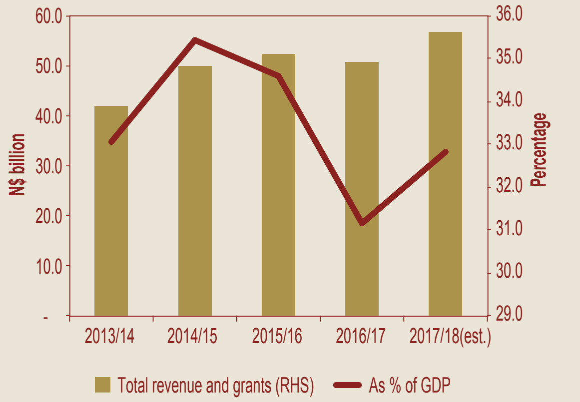
a. It is anticipated that Central Government's budget deficit will improve during the fiscal year (FY) 2017/18, compared to FY 2106/17.



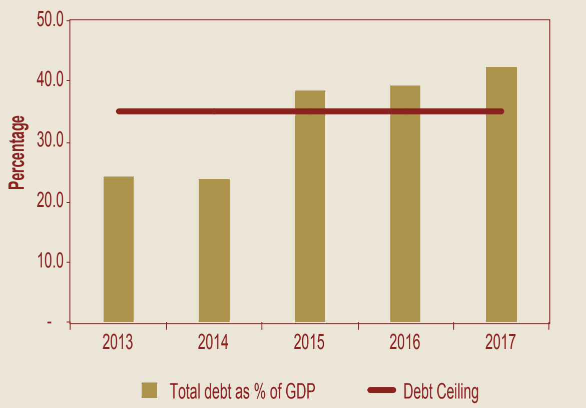
b. Total Government expenditure is estimated to rise in the FY2017/18, owing to additional budget provisions to settle outstanding arrears and deliver crucial services.



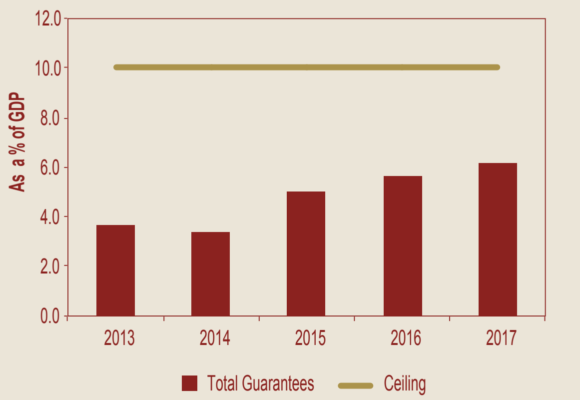
c. Total revenue is also estimated to rise in FY2017/18, owing to higher SACU receipts, coupled with increases collection of tax revenue during the year under review.



d. Total Government debt as a percentage of GDP rose to 42.3 percent at the end of 2017.



e. Total loan guarantees as a ratio of GDP rose to 6.1 percent at the end of 2017, and remained within the set ceiling.



Source: MoF

BUDGET BALANCE

The Central Government budget deficit is estimated to narrow during the fiscal year FY2017/18, compared to FY2016/17. During the FY2018/19 budget statement held on the 7 March 2018, Central Government's budget deficit was maintained at 5.4 percent, similar to the level indicated in the mid-year budget review during November 2017. However, the deficit remains lower than the deficit of 6.9 percent recorded during FY2016/17 (Figure C.18). This was mainly due to higher SACU receipts coupled with improved collection of revenue during the period under review, compared to the previous fiscal year.

Government revenue is estimated to improve during the FY2017/18, mainly due to higher SACU receipt compared to the previous fiscal year. During the FY2018/19 budget statement it was estimated that Central Government revenue would rise by 11.7 percent to N$56.8 billion during the FY2017/18, compared to a decline of 2.6 percent registered during the FY2016/17. This rise was mainly due to higher SACU receipts, coupled with better revenue collection particularly from individuals and corporations taxes during the period under review. Going forward, revenue is projected to grow by an average of 4.9 percent over the Medium Term Expenditure Framework (MTEF). Total revenue as a percentage of GDP rose slightly by 2.1 percentage points, to 33.1 percent in 2017/18.

Table C.8: Current and Capital Expenditures (N$ million)

	2013/14	2014/15	2015/16	2016/17	2017/18
Current Expenditure					
Personnel expenditure	17,932	21,661	23,849	26,753	28,628
Expenditure on goods and other services	6,551	7,950	7,915	10,362	8,603
Interest and borrowing related charges	1,796	2,515	2,623	4,310	5,232
Subsidies and other current transfers	12,316	15,173	17,834	13,105	17,781
Total Current Expenditure	**38,595**	**47,300**	**52,221**	**54,530**	**60,243**
Capital Expenditure	**2013/14**	**2014/15**	**2015/16**	**2016/17**	**2017/18**
Acquisition of capital assets	4,341	6,432	6,913	6,687	5,027
Lending and equity participations	15	17	22	26	27
Capital transfer	2,677	1,927	1,565	1,024	757
Total Capital Expenditure	**7,033**	**8,376**	**8,499**	**7,737**	**5,810**

Source: MoF

Government expenditure is estimated to rise during FY2017/18, mainly due to a sharp increase in personnel expenditure, coupled with additional budgetary provision for settling of arrears, and payment for critical services. Expenditure is estimated to rise by 6.1 percent to N$66.1 billion during FY2017/18, compared to a decline registered in the preceding fiscal year. The rise was due to a sharp increase in the payment of subsidies and other current transfer as well as payment of interest and borrowing related charges which rose by 35.0 percent and 21.4 percent to N$17.8 billion and N$5.2 billion, respectively during the FY2017/18 (Table C.8). Additionally, the rise in personnel expenditure from N$26.8 billion in FY2016/17 to N$ 28.6 billion in FY2017/18 also contributed to the rise in total expenditure during the period under review. This was mainly recorded against the backdrop of a 9.0 percent salary increase that was awarded to Government employees effective from April 2017. Furthermore, a once-off additional budgetary provision for the settlement of outstanding arrears and the delivery of critical services in the social sector also contributed to the rise in expenditure during the period under review. Total expenditure as a percentage of GDP is set to rise by 0.1 percentage points to 38.4 percent during the period under review, compared to the preceding fiscal year.

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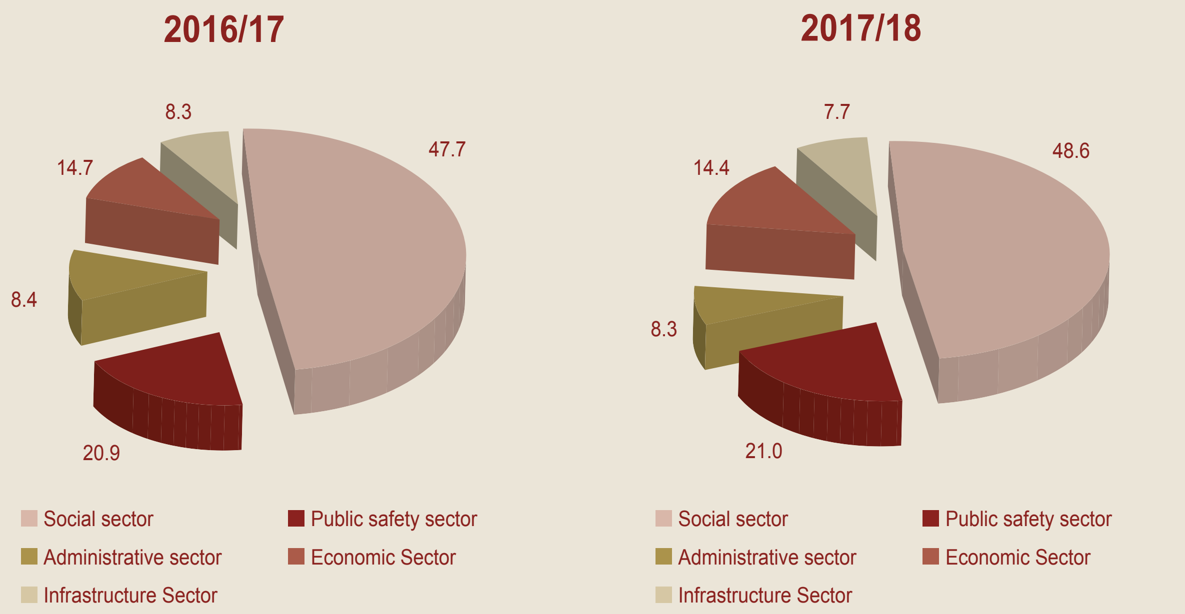
Figure C.19: Budgetary allocation by sector excluding interest payment (Percentage)

The social sector continue to take up the biggest share of the budgetary allocation during FY2017/18, when compared to the previous fiscal year.



Source: MoF

The social sector continues to take up the biggest share of the total budget allocation during the FY2017/18. The budgetary allocation to the social sector which include health and education accounted for 48.6 percentage of the total budget allocation during the FY2017/18, which was 0.9 percentage points higher than the amount allocated during the previous fiscal year. This increase was due to more budgetary allocation to the education as well as the health sub-sectors to cater for procurement of text books, hostel catering, school feeding program, remuneration as well as pharmaceuticals during the period under review. Meanwhile, the public and economic sectors, were the second a third highest recipients of the total budget allocated during FY2017/18. This was mainly to meet long-term contractual obligations and to pay for operational expenses during the period under review

CENTRAL GOVERNMENT DEBT

Total Government debt rose both in nominal terms and as a percentage of GDP during 2017, mainly on account of an increase in domestic debt. Total debt increased by 13.1 percent to N$72.8 billion at the end of 2017, when compared to the debt stock recorded at the end of 2016 (Table C.9) with both domestic and foreign debt rising over the period. Total debt as a percentage of GDP stood at 42.3 percent at the end of 2017, representing an increase of 3.1 percentage points, compared to the previous year.

Table C.9: Central government debt as at 31 December (N$ million)

	2013	2014	2015	2016	2017
Fiscal year GDP	**126,785**	**140,942**	**150,867**	**164,156**	**171,852**
Total exports of goods and services	**42,411**	**52,060**	**53,763**	**59,962**	**60,329**
Foreign debt stock	**10,877**	**11,430**	**28,332**	**25,262**	**26,419**
Bilateral	1,938	2,177	3,549	2,997	2,881
As % of total	17.8	19.0	12.5	12.4	12.4
Multilateral	2,863	2,622	2,939	2,342	5,155
As % of total	26.3	22.9	10.4	9.3	9.2
Eurobond	5,225	5,781	19,444	17,030	15,491
As % of total	48.0	50.6	68.6	67.4	67.0
JSE Listed bond	850	850	2,400	2,892	2,892
As % of total	7.8	7.4	8.5	11.4	11.4
Foreign debt service	**609**	**663**	**976**	**1,865**	**2,029**
As % of exports	1.4	1.3	1.8	3.1	3.4
Domestic debt stock	19,023	21,282	28,045	39,119	46,337
Treasury bills	8,132	8,797	12,716	14,328	17,937
As % of total	42.7	41.3	45.3	36.6	38.7
Internal registered stock	10,891	12,485	15,330	24,791	28,400
As % of total	57.3	58.7	54.7	63.4	61.3
Total Central Government debt	**29,900**	**32,712**	**56,377**	**64,381**	**72,756**
Proportion of total debt					
Foreign debt stock	36.4	34.9	50.3	39.2	36.3
Domestic debt stock	63.6	65.1	49.7	60.8	63.7
As % of GDP					
Foreign debt stock	8.6	8.1	18.8	15.4	15.4
Domestic debt stock	15.0	15.1	18.6	23.8	27.0
Total debt	23.6	23.2	37.4	39.2	42.3

Sources: MoF, BoN and NSA

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Domestic debt

During 2017, total domestic debt as reflected in Internal Registered Stocks and Treasury Bills, rose both in nominal terms and as a ratio to GDP when compared to the end of 2016. Government's total domestic debt rose by 18.6 percent to N$46.4 billion, at the end of 2017. The increase was reflected in both the Internal Registered Stocks and Treasury Bills, which rose by 14.6 percent and 25.5 percent, respectively. This was attributed to increased borrowing activities to meet the financing requirement of FY2017/18. As a percentage of GDP, domestic debt increased by 3.2 percentage points to 27.0 percent at the end of 2017.

Foreign debt

The stock of external debt rose in 2017, compared to 2016, mainly owing to the disbursed first tranche of a new loan from a multilateral loan institution. Government's external debt rose, by 4.6 percent to N$26.4 billion at the end of the 2017 (Table C.9). The increase was ascribed to the disbursement of the first tranche of a loan from the African Development Bank during June 2017. As a percentage of GDP, however, external debt moderated slightly to 15.4 percent during the period under review largely on account of currency revaluations. Furthermore, external debt servicing rose annually by 8.8 percent to N$2.0 billion in 2017. As a percentage of exports, debt servicing rose year-on-year by 0.3 percentage point to 3.4 percent. The rise in this ratio is in line with the increase in external debt.

Debt composition (excluding multilateral and bilateral loans)

Table C.10: Central Government Bonds and Bills as at 31 December 2017

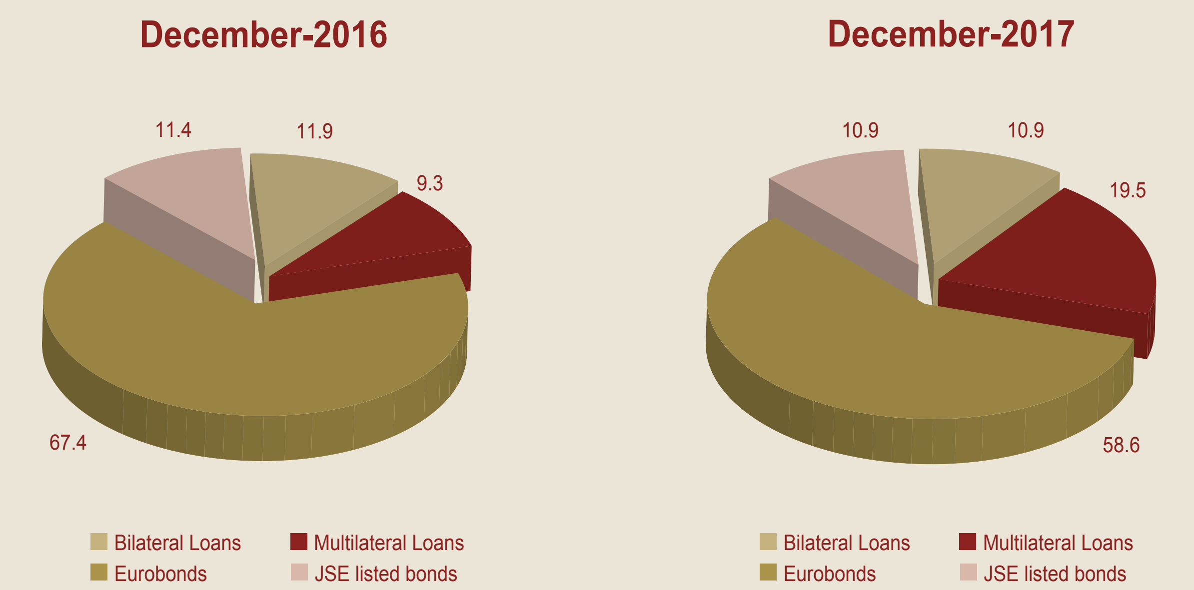
Bonds	Coupon rate	Issue Date	Coupon Dates	Maturity Date	Amount Due (N$)	Percent of total
GC18	9.50	19-Jun-08	15 January, 15 July	15-Jul-18	1,240,640,000.00	2.7
GC20	8.25	29-Apr-15	15 April, 15 October	15-Apr-20	2,691,350,000.00	5.8
GC21	7.75	12-Nov-10	15 April, 15 October	15-Oct-21	1,424,240,000.00	3.0
GC22	8.75	29-Apr-15	15 January, 15 July	15-Jan-22	2,405,030,000.00	5.1
GI22	3.55	28-Aug-15	15 April, 15 October	15-Oct-22	1,806,990,000.00	3.9
GC24	10.50	13-Aug-04	15 April, 15 October	15-Oct-24	3,203,250,000.00	6.8
GC25	8.50	1-Aug-13	15 April, 15 October	15-Apr-25	2,709,970,000.00	5.8
GI25	3.80	28-Aug-15	15 April, 15 October	15-Jul-25	1,453,510,000.00	3.1
GC27	8.00	14-Jan-11	15 January, 15 July	15-Jan-27	2,098,780,000.00	4.5
GI29	3.80	1-Jun-17	15 January, 15 July	15-Jan-29	260,000,000.00	0.6
GC30	8.00	14-Jan-11	15 January, 15 July	15-Jan-30	2,022,510,000.00	4.3
GC32	9.00	1-Aug-13	15 April, 15 October	15-Apr-32	1,670,470,000.00	3.6
GC35	9.50	18-Jul-13	15 January, 15 July	15-Jul-35	1,450,850,000.00	3.1
GC37	9.50	15-Jul-14	15 January, 15 July	15-Jul-37	1,169,350,000.00	2.5
GC40	9.80	15-Jul-14	15 April, 15 October	15-Oct-40	1,629,040,000.00	3.5
GC45	9.85	29-Apr-15	15 January, 15 July	15-Jul-45	1,163,850,000.00	2.5
Local bonds share of total						**60.7**
JSE (NAM01)	8.26	19-Nov-12	19 May, 19 November	19-Nov-22	1,560,000,000.00	3.3
JSE (NAM02)	9.60	29-Jun-15	29 June, 29 December	29-Jun-20	840,000,000.00	1.8
JSE (NAM03)	10.06	1-Aug-16	01 February, 01 August	1-Aug-23	157,000,000.00	0.3
JSE (NAM04)	10.51	1-Aug-16	01 February, 01 August	1-Aug-26	335,000,000.00	0.7
Eurobond1	5.50	3-Nov-11	03 May, 03 November	3-Nov-21	6,196,500,000.00	13.2
Eurobond2	5.25	29-Oct-15	29 April, 29 October	29-Oct-25	9,294,750,000.00	19.9
Foreign bond share of total						**39.3**
Total local and foreign bonds					**46,783,080,000.00**	
Treasury bills	**Coupon rate**	**Issue Date**	**Coupon Dates**	**Due Date**	**Amount Due (N$)**	**Percent of total**
TB-91	-	-	-	-	1,150,000,000.0	6.4
TB-182	-	-	-	-	3,370,000,000.0	18.8
TB-273	-	-	-	-	5,720,000,000.0	31.9
TB-365	-	-	-	-	7,696,890,000.0	42.9
Total TBs outstanding					**17,936,890,000.00**	

Sources: Mof and BoN

In terms of total bonds issued by Central Government, local bonds took up more than half of the total bonds issued at the end of December 2017. At the end of December 2017, the share of local bonds issued by the Central Government stood at 60.7 percent, higher compared to the share of foreign bonds issued. This signified Government's effort to develop and stimulate the domestic financial market. Furthermore, in October 2017 Central Government successfully redeemed the GC17 bond at a maturity value of N$794 million. However, it is important to note that nine of the bonds (GC18, GC20, GC21, GC22, GC24, Eurobond1, Nam02, Nam01 and Nam03) are nearing their maturity date within five years, which requires careful management of Government finances going forward. Meanwhile, in terms of short-term instruments, Central Government issued more of the 275 and 365 day TBs at the end of December 2017.

Figure C.20: External debt by type (percent)

The Eurobond continued to be the major contributor to Government's external debt portfolio during the period under review.

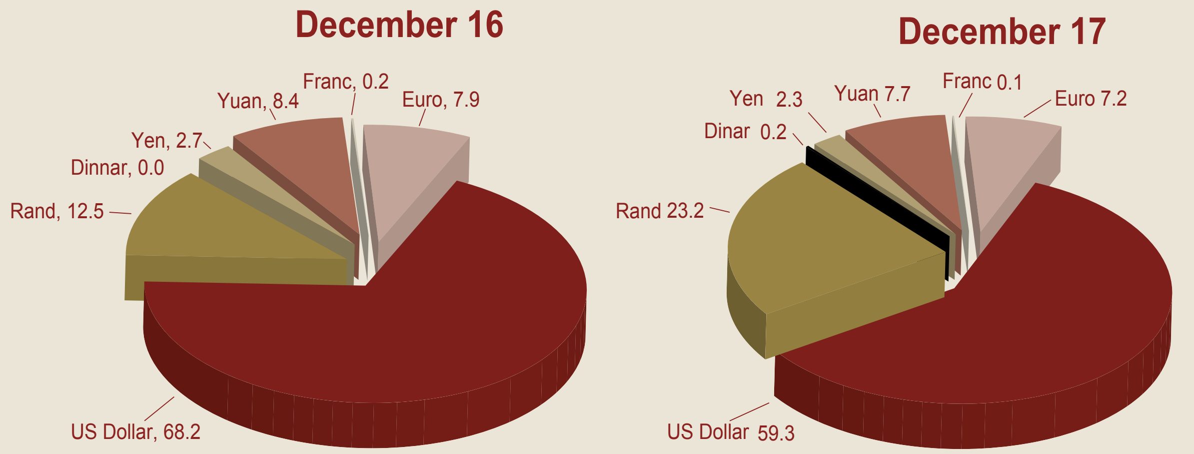


Source: MoF

The Eurobonds remained the major contributor to Government's external debt stock, although their share declined during the year under review due to a rise in the percentage share of multilateral loans. At the end of December 2017, the Eurobonds accounted for 58.6 percent of the stock of Government external debt, which represents a decline of 8.8 percentage points compared to the previous year (Figure C20). The decline was mainly attributed to an increase in multilateral loans which at 19.5 percent constituted the second largest portion of the total external debt at the end of the period under review. As mentioned above the rise in multilateral loans was mainly due to the disbursement of the first tranche of a loan from the African Development Bank to finance part of the fiscal deficit during the period under review. Furthermore, bilateral loans and the JSE listed bonds each accounted for 10.9 percent of the total external debt, which was respectively 0.5 percentage point and 1.0 percentage points lower than the previous year.

Figure C.21: External debt currency composition (percentage share)

The US Dollar continued to be the dominant currency in the Government's total external debt portfolio during 2017.



Source: MoF

C

Currency composition

The US Dollar remained the major currency in the Government's total external debt portfolio at the end of 2017. Central Government's total debt denominated in US dollar accounted for 59.3 percent of its total external debt, which was lower than the 68.2 percent registered in the previous year. This was followed by the South African Rand, which accounted for 23.2 percent, 10.6 percentage points higher than the previous year (Figure C.21). Debt denominated in Chinese Yuan accounted for 7.7 percent, 0.7 percentage points lower than the previous year, while the Euro (EUR) and Japanese Yen accounted for 7.2 percent and 2.3 percent, respectively, at the end of 2017.

CENTRAL GOVERNMENT LOAN GUARANTEES

Total loan guarantees increased during 2017, as reflected in both domestic and foreign loan guarantees. Central Government total loan guarantees increased by 17.3 percent to N$10.5 billion at the end of the period under review. The increase was reflected in both domestic and foreign loan guarantees, but was particularly due to higher domestic loan guarantees issued to the transport, education and agricultural sectors. Furthermore, foreign loan guarantees rose due to an increase in the issuance of guarantees in the finance and transport sector, although the appreciation of the Namibia Dollar against other currencies helped to moderate the increase in total loan guarantees during the period under review. As a percentage of GDP, Central Government loan guarantees rose by 0.7 percentage point to 6.1 percent (Table C.11). At this ratio, total loan guarantees remained well below the Government's ceiling of 10.0 percent of GDP.

Table C.11: Central government loan guarantees as at 31 December (N$ million)

	2013	2014	2015	2016	2017
Fiscal year GDP	**126,785**	**140,942**	**150,867**	**164,156**	**171,852**
Domestic Guarantees	832	800	1,452	1,214	1,686
As % of GDP	0.7	0.6	1.0	0.7	1.0
As % of Total Guarantees	18.1	16.8	19.7	13.6	16.0
Foreign Guarantees	**3,758**	**3,948**	**5,914**	**7,742**	**8,822**
As % of GDP	3.0	2.8	3.9	4.7	5.1
As % of Total Guarantees	81.9	83.2	80.3	86.4	84.0
Total Guarantees	**4,590**	**4,748**	**7,366**	**8,956**	**10,508**
As % of GDP	3.6	3.4	4.9	5.5	6.1

Sources: MoF, BoN and NSA

C

Foreign loan guarantees

Total foreign loan guarantees rose during 2017, mainly due to the issuance of guarantees in the finance and transport sectors. On an annual basis, total foreign loan guarantees rose by 13.9 percent to N$8.8 billion at the end of 2017, owing to issuance of guarantees in the finance and transport sectors during the period under review. As a percentage of GDP, total foreign loan guarantees rose by 0.4 percentage point to 5.1 percent at the end of the period under review.

In terms of sectoral allocations, transport remained the dominant sector in the foreign loan guarantees portfolio at the end of 2017. The transport sector accounted for 57.7 percent of total foreign loan guarantees. This represents an annual decline of 6.3 percentage points, in comparison to the previous fiscal year. The finance sector had the second largest share of foreign loan guarantees, representing 39.7 percent of the total, while the energy sector made up only 2.1 percent at the end of the period under review.

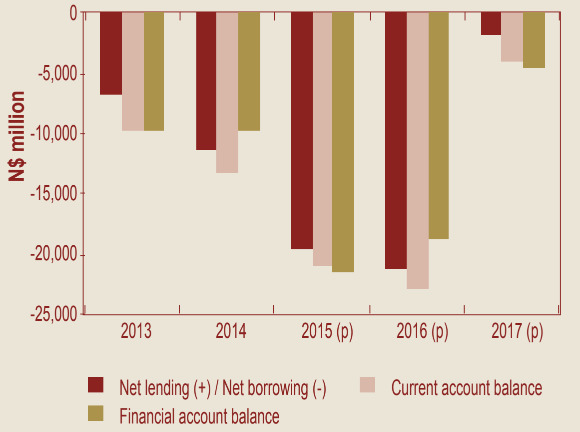
Domestic loan guarantees

Domestic loan guarantees rose during 2017, mainly due to new loan guarantees issued to the transport, education and agricultural sectors (Table C.11). Domestic loan guarantees increased by 38.9 percent to N$1.7 billion at the end of 2017. As a result, domestic loan guarantees as a percentage of GDP increased by 0.2 percentage point to 1.0 percent at the end of 2017. In terms of sectoral allocation, the energy, agriculture and education sectors continued to dominate the total loan guarantees issued in the domestic market. At the end of 2017, the share of these sectors in total domestic loan guarantees stood at 52.1 percent, 17.3 percent and 17.2 percent, respectively.

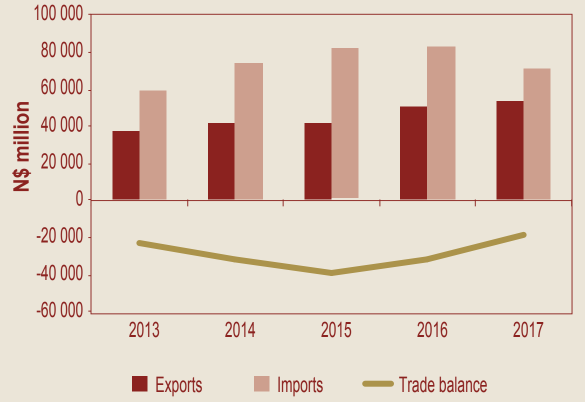
FOREIGN TRADE AND PAYMENTS[20]

Figure C.22 (a-f): External developments

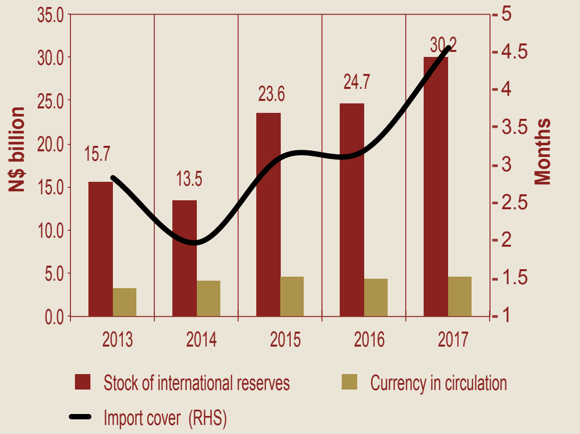
a. During 2017, Namibia's net borrowing[21] from the rest of the world declined to N$1.9 billion, from a high N$21.3 billion in 2016, due to a significant improvement in the current account deficit.



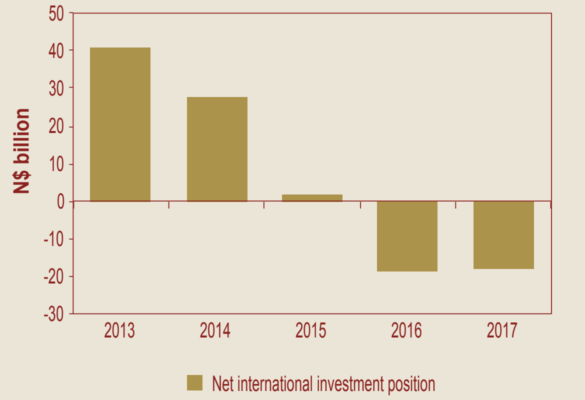
b. Namibia's merchandise trade deficit narrowed during 2017, mainly due to a notable decline in the value of imports, coupled with increased export proceeds.



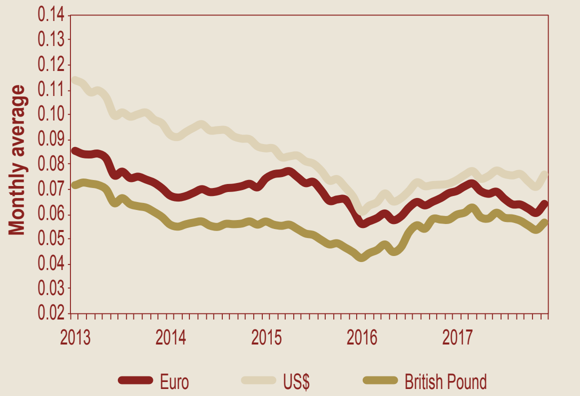
c. The stock of international reserves rose in 2017, mainly due to higher net foreign exchange inflows relative to the previous year.



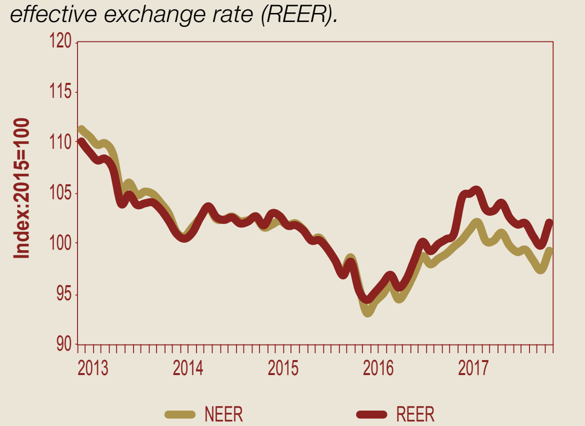
d. Namibia's International Investment Position (IIP) recorded a reduced net liability position at the end of 2017, owing mainly to an increase in foreign assets, relative to foreign liabilities.



e. The Namibia Dollar appreciated, on average, against all major trading currencies in 2017, due to base effects as well as rising commodity prices.



f. On average, Namibia's external competiveness weakened on the international market during 2017 compared to 2016, as a result of an appreciated real effective exchange rate (REER).



20 p in this section stands for *provisional*.

21 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.

CURRENT ACCOUNT

Namibia's current account deficit narrowed significantly during 2017, largely due to a contraction in the import bill, coupled with higher inflows on the secondary income and the services accounts. The *current account* recorded a deficit of N$3.9 billion, compared to a much higher deficit of N$23.0 billion during 2016 (Figure C.22a). The improvement in 2017 was underpinned by the much smaller trade deficit that reflected a steep decline in the import bill, coupled with a marginal increase in export earnings. Moreover, increased receipts on the *services account*, mainly in the *manufacturing services* subcategory as well as higher inflows in the *secondary income account*, particularly SACU receipts, further contributed to this development.

Merchandise trade balance[22]

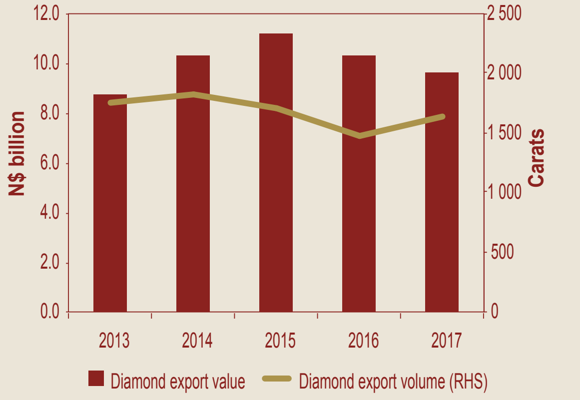
Namibia's merchandise trade deficit narrowed during 2017, mainly attributed to a steep decline in the country's import bill. The country's trade deficit narrowed markedly by N$13.2 billion to N$18.5 billion, during 2017 (Figure C.22b). The improved trade deficit was mainly on account of a notable decrease in expenditure on imports, which declined by N$10.6 billion to N$71.7 billion during the review period. The annual decline was supported by a reduction in payments for most major import categories, particularly *vehicles, base metals, machinery*, and *consumer goods*. This was supported by ongoing fiscal consolidation measures in the public sector, coupled with weak domestic economic activity and large investment projects which came to an end in 2016. At the same time, the value of exports increased by N$2.6 billion to N$53.2 billion during 2017. The improvement in export proceeds was primarily due to increases in major export categories such as *minerals* (excluding rough diamonds), *food and live animals* as well as *manufactured products*.

22 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 (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.

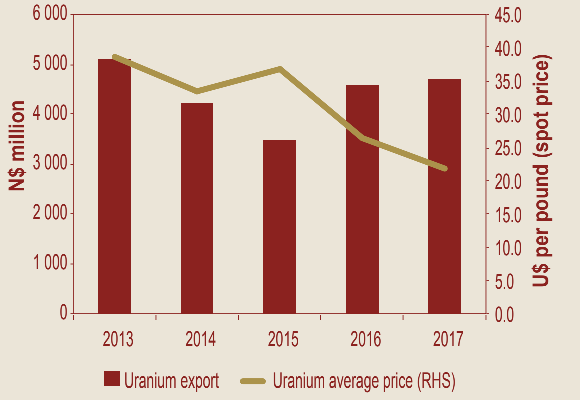
EXPORTS

Figure C.23 (a-f): Export commodities

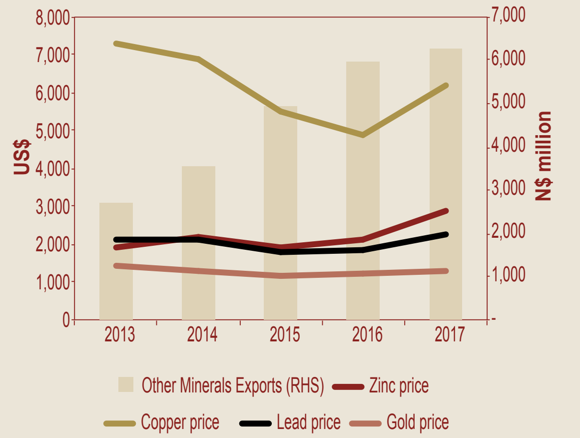
a. Export earnings from rough diamonds declined as more diamonds were cut and polished in Namibia and the exchange rate of the Namibia dollar strengthened.



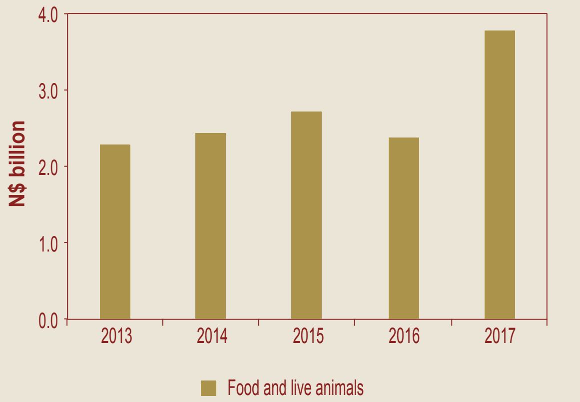
b. Foreign earnings from uranium improved due to the commencement of commercial production by a new mine, coupled with merchanting activities[23] undertaken in 2017.



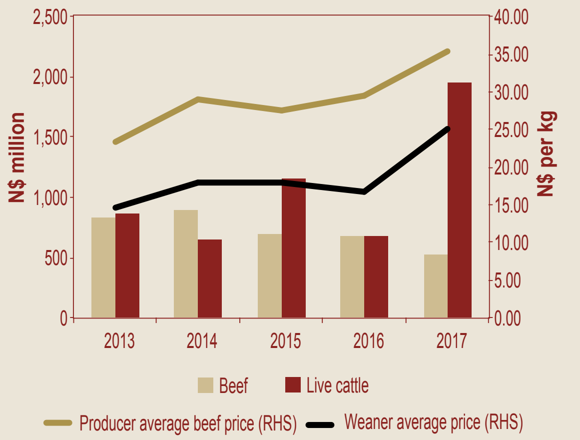
c. Export receipts from other minerals[24] increased during 2017, primarily attributed to higher earnings from zinc concentrate.



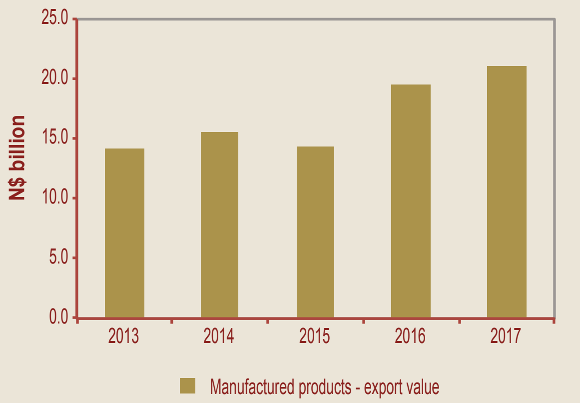
d. Export earnings from food and live animals improved significantly in 2017, due to higher prices and demand for weaners from South Africa.



e. Export earnings from livestock improved significantly in 2017, resulting from increased receipts from weaners exported to South Africa, following a recovery in weaner prices.



f. The value of manufactured product exports rose in 2017, owing to increases in proceeds from polished diamonds, processed fish and refined zinc.



Source: BoN surveys

23 Merchanting is defined as the purchase of goods by a resident of the compiling economy from a non-resident combined with the resale of the same goods to another non-resident without the goods being present in the compiling economy. In this case uranium ores were purchased abroad and then sold to meet contractual obligations.

24 This category includes gold, zinc concentrate, copper, lead, manganese and dimensional stones.

MINERAL EXPORTS

Rough diamonds

Export earnings from *rough diamonds* decreased during 2017, partly due to a shift towards *polished diamonds*, coupled with a relatively lower average price fetched for *rough diamonds* exported. The value of *rough diamonds* exported declined by 6.6 percent to N$9.7 billion during 2017, mainly due to a shift towards *polished diamonds*. The relatively lower yield from *rough diamonds* exported during the period under review further weighed down diamond export earnings (Figure C.23a).

Uranium

During 2017, foreign earnings from *uranium* increased due to the commencement of commercial production by a new mine, coupled with merchanting activities undertaken in 2017. Export earnings from *uranium* increased by 2.3 percent to N$4.7 billion in 2017, compared to N$4.6 billion recorded during 2016 (Figure C.23b). This was primarily on account of the commencement of commercial shipment by a new mine, coupled with merchanting activities undertaken by one of the uranium mines during 2017. In the spot market, the US Dollar price of uranium remained depressed throughout 2017 relative to 2016.

Other mineral exports

The value of exports of *other minerals* increased during 2017, primarily ascribed to higher receipts from *zinc concentrate.* Export earnings from *other minerals* improved by 4.6 percent to N$6.3 billion during 2017 (Figure C.23c). The annual increase was mainly fuelled by higher receipts from *zinc concentrate* which rose by N$475 million to N$1.2 billion between 2016 and 2017. This was mainly attributed to a rise in the average international price of zinc which increased by 38.3 percent to U$2 891 per metric tonne in 2017.

NON-MINERAL EXPORTS

Food and live animals

During 2017, export earnings from *food and live animals* rose substantially due to increased marketing activities in the subcategory *live animals*. The value of exports in the *food and live animals* category increased noticeably by N$1.4 billion, to N$3.8 billion during 2017. This notable increase was mainly explained by higher demand for *live animals*, particularly *weaners,* in South Africa during the period under review. Foreign earnings from this category were further boosted by higher earnings in the *vegetable products* subcategory during 2017.

The average prices of beef and weaners increased noticeably during 2017. Average prices of beef and live weaners increased markedly by 19.7 percent and 50.6 percent, respectively, to N$35.30 and N$25.19 per kilogram, during 2017 (Figure C.23e). The upward trend in 2017 was caused by strong demand for weaners by South African feedlots, following the sharp decline in maize prices and the price of feed. In addition, the good rainfall received at the beginning of 2017 that ensured better grazing conditions and possibilities for the recovering of livestock levels, also contributed to price increases for weaners and beef during the period under review.

Manufactured exports

Export earnings from manufactured products increased during 2017, mainly on account of increases in proceeds from *processed fish*, *polished diamonds* and *refined zinc*. The value of manufactured exports rose notably, by 7.9 percent to N$21.0 billion, in 2017. This was underpinned by increases in receipts from *processed fish*, *polished diamonds* and *refined zinc*. Proceeds from processed fish rose by 0.4 percent to N$8.6 billion, while earnings from *polished diamonds* rose by N$1.3 billion to N$5.4 billion in 2017. This was partly a trade-off, since *rough diamond* export earnings fell during the period under review. Proceeds from *manufactured products* were further boosted by increased receipts from *refined zinc*, which rose by N$539 million to N$3.4 billion, supported by the favourable international zinc price.

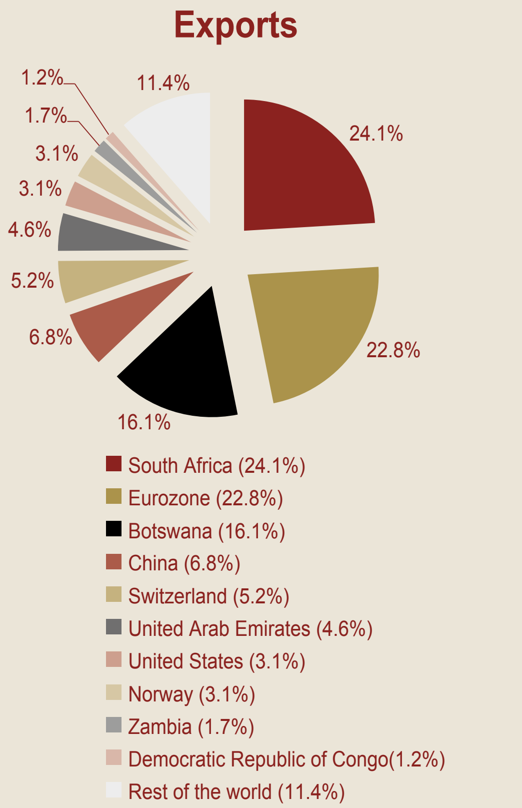
IMPORT OF GOODS

During 2017, the value of merchandise imports declined significantly, as reflected in reduced expenditure on all major import categories. The value of imported goods declined by 12.9 percent to N$71.7 billion in 2017, following a decrease in payments across all major import categories. This development could be attributed to the slower economic activity and the fiscal consolidation measures pursued by the Government, as well as large capital investment projects which came to an end in 2016.

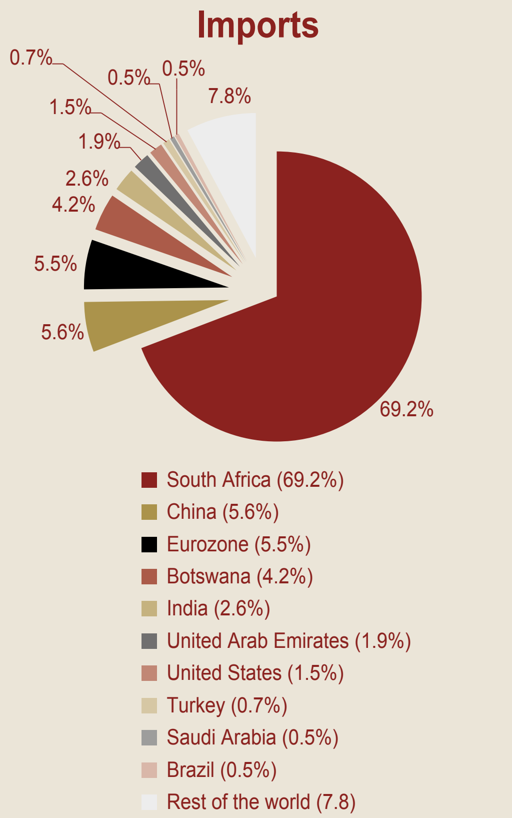
DIRECTION OF TRADE

Figure C.24 (a-b): Direction of trade by country, 2017

a. During 2017, Namibia's key export markets were South Africa, the Eurozone, Botswana, China, and Switzerland…



b. …while South Africa continued to be the leading supplier of foreign goods to Namibia.



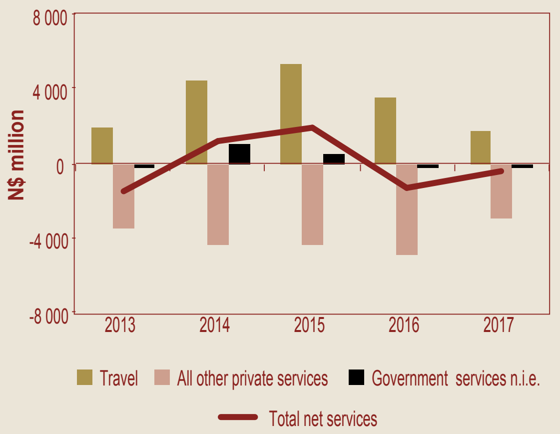
During 2017, Namibia's most important merchandise export destination was South Africa, closely followed by the Eurozone and Botswana, while the People's Republic of China and Switzerland took fourth and fifth positions. South Africa absorbed 24.1 percent of Namibia's total exports, the country's highest share since 2013, largely constituting *gold, live animals, fish* and *beverages.* The Eurozone ranked second, accounting for 22.8 percent of total exports mainly consisting of *fish.* Botswana maintained its position as Namibia's top export partner in *rough diamonds*, representing 16.1 percent of total exports. China represented 6.8 percent of total exports, primarily comprising of *uranium ores and concentrates* as well as *zinc*. Other major export destinations in 2017 included Switzerland (5.2 percent), the United Arab Emirates (4.6 percent), the United States (3.1 percent), and Norway accounting for 3.1 percent (Figure C.24a).

With regard to Namibia's sources of imports by country, South Africa maintained its top rank during 2017, followed by China and the Eurozone. South Africa accounted for 69.2 percent of Namibia's total imports, the most important product categories supplied being mineral products, vehicles, and consumables. China and the Eurozone ranked second and third, respectively, contributing 5.6 percent and 5.5 percent to total imports. Imports from China included arms and ammunitions, vehicles, aircraft and vessels, while those from the Eurozone were mainly mineral products. Other important suppliers of imported products were India (2.6 percent), the United Arab Emirates (1.9 percent) and the United States with 1.5 percent (Figure C.24b).

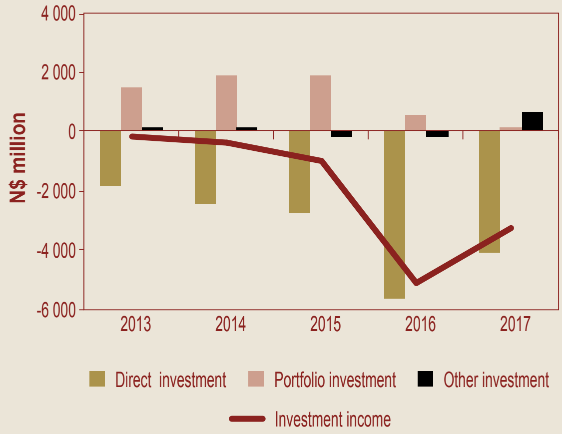
SERVICES, INVESTMENT INCOME AND CURRENT TRANSFERS

Figure C.25 (a-c): Services, primary and secondary income

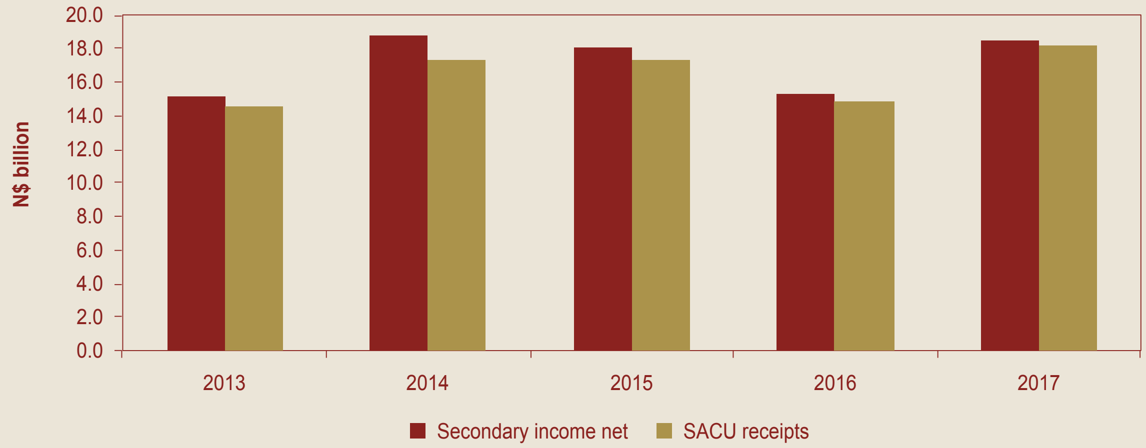
a. Net outflows on the services account declined, on account of a notable decline in payments for other private services, coupled with increased inflows from manufacturing services.



b. Net outflows on the primary income account decreased, mainly supported by lower net investment income outflows.



c. Net inflows on the secondary income account increased between 2016 and 2017, primarily supported by higher SACU receipts.



Source: Various companies and BoN surveys

Services balance

Namibia's *services account* registered a lower net outflow in 2017 compared to 2016, on account of a significant decline in the country's payments for *all other private services,* coupled with increased receipts from *manufacturing services.* The net services balance recorded outflows of N$494 million during 2017 compared to N$1.3 billion in 2016 (Figure C.25a). This was attributed to lower payments on *all other private services*, particularly for technical and trade related services. The reduced net outflow balance on the *services account* was further augmented by the rise in receipts from *manufacturing services*[25].

Net primary income

The *primary income account* recorded lower net outflows during 2017, largely due to reduced net investment income outflows. Net outflows on the *primary income account* roughly halved to N$3.5 billion in 2017. The decreased outflows were mainly underpinned by complementary reductions in investment income payments to foreign direct investors, coupled with additional decreases in the country's income payments under the subcategory *other primary income* (Figure C.25b).

25 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.

Net secondary income

During 2017, Namibia's net secondary income receipts increased markedly, primarily due to higher SACU receipts. Net inflows on the *secondary income account* rose by N$3.3 billion to N$18.5 billion in 2017 (Figure C.25c). This trend was boosted by increased SACU receipts, which rose by N$3.4 billion to N$18.2 billion during the review period.

CAPITAL ACCOUNT

During 2017, inflows on the *capital account* increased, reinforced by the increased receipts from capital transfers. Inflows on the *capital account* surged by N$364 million to N$2.1 billion in 2017. The increased inflows were mainly attributed to a rise in capital transfer receipts from foreign governments and private institutions.

Given the developments on both the current and capital accounts during 2017, Namibia's net borrowing from the rest of the world declined significantly to N$1.9 billion, from N$21.3 billion registered in 2016.

C

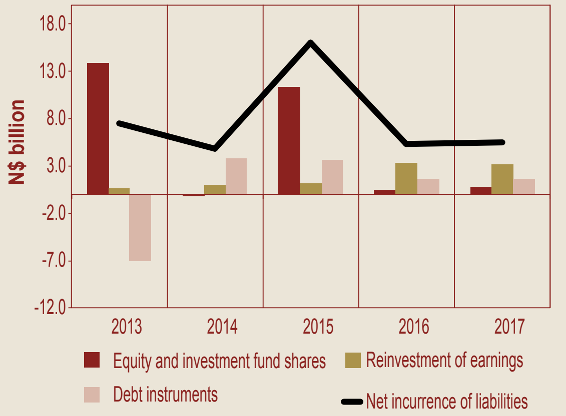
FINANCIAL ACCOUNT[26]

The *financial account* recorded a reduced surplus from the rest of the world during 2017, mainly owing to the large improvement in the *current account,* coupled with outflows in *portfolio investment* and reduced inflows in *other investment* compared to the previous year. In this regard, the surplus on *the financial account* declined to N$4.4 billion during 2017, from N$18.7 billion in the preceding year. The decline was attributed to reduced inflows in *other investment* as well as outflows of *portfolio investment.*

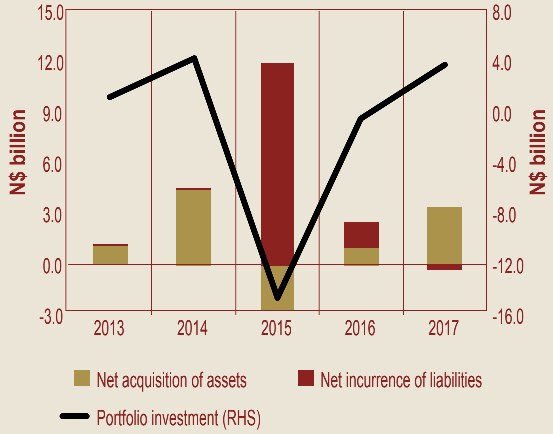
26 BPM6, the interpretation of the financial account particularly on the assets denotes an increase as positive and a decrease as negative. The interpretation on the liabilities remains unchanged from BPM5 where an increase or decrease implies just that. Furthermore, the net balances are interpreted 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.26 (a-c): Financial account components

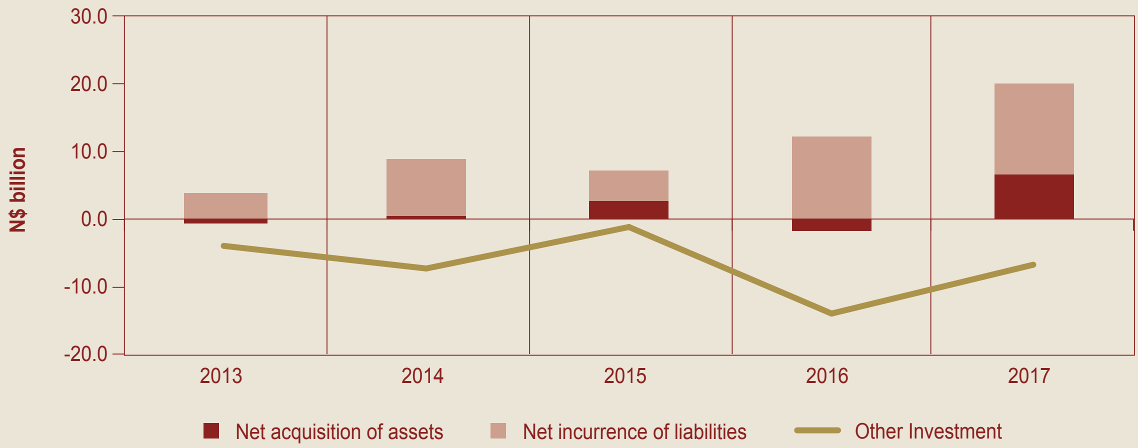
a. Net direct investment liabilities rose during 2017, mainly owing to an increase in foreign equity investments, while dept instruments also rose to a lesser extent.



b. Portfolio investment recorded a significant net outflow during 2017, compared to a net inflow during the preceding year, mainly due to increased investment in both equity and debt securities abroad.



c. During 2017, net inflows of other investment declined significantly, mainly ascribed to an increase in foreign assets mainly in the form of currency and deposits of other sectors abroad.



Source: BON surveys

Direct investment

During 2017, *direct investment liabilities* recorded increased net inflows primarily due to increased foreign equity and investment into Namibia, coupled with a marginal rise in the borrowing of foreign direct investment enterprises from their direct foreign investors. In this regard, *net direct investment* into Namibia increased by 4.3 percent to N$5.5 billion during 2017, when compared to 2016 (Figure C.26a). This was due to an increase in equity investment by the direct investors in their enterprises which rose to N$731 million from N$388 million recorded in the previous year. In addition, the borrowing of foreign direct investment enterprises from their direct investors marginally contributed to the increase, mainly in the form of long term debt instruments which rose by 1.0 percent to N$1.6 billion in 2017.

Portfolio investment

***Portfolio investment* recorded a significant outflow during 2017, in contrast to the inflow recorded in the preceding year, mainly due to increased investment in both *equity* and *debt securities* abroad.** The *net portfolio investment* outflow amounted to N$3.7 billion during 2017, in comparison to an inflow of N$499 million in the preceding year (Figure C.26b). This outflow was related to a significant increase in the net acquisition of assets abroad in terms of both *equity* and *debt securities*. Investment in *equity securities* abroad rose from N$239 million to N$2.1 billion while investment in *debt securities* abroad rose by 72.8 percent to N$1.3 billion in 2017, as Namibian investment managers increased foreign investment holdings in their effort to diversify investment portfolios.

Other investment

During 2017, net inflows in the *other investment* category slowed, mainly ascribed to increased outflows of assets of *other sectors* abroad. The net capital inflow in *other investment* declined to N$6.7 billion during 2017, from N$14.0 billion in the previous year (Figure C.26c). The reduced inflow was mainly due to the increased acquisition of assets abroad in the form of *currency and deposits* held by Namibians with financial institutions abroad. In this regard, *currency and deposits* recorded a turnaround from an inflow of N$1.6 billion to an outflow of N$3.0 billion during the period under review.

INTERNATIONAL RESERVES

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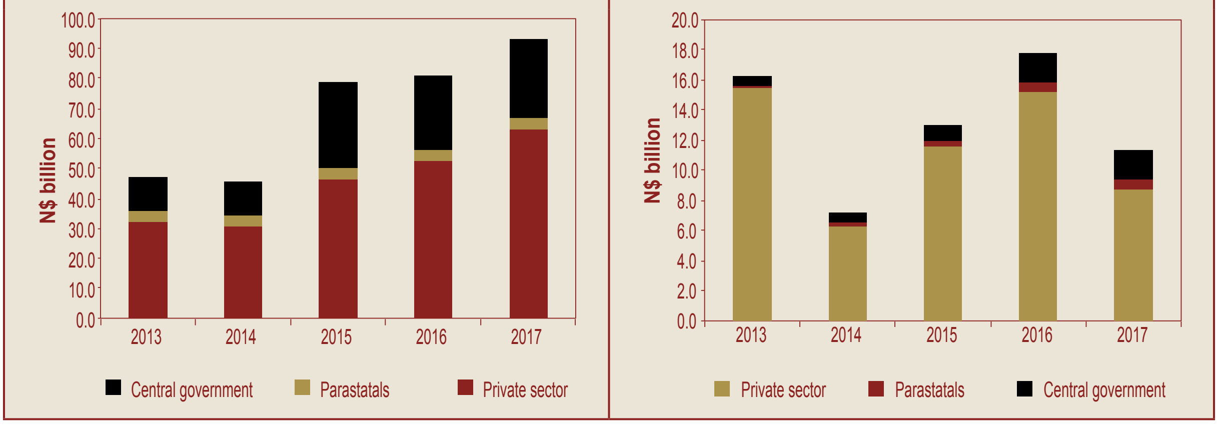
The stock of international reserves held by the Bank of Namibia increased notably in 2017. The international reserves rose by 22.1 percent over the year to stand at N$30.2 billion at the end of 2017, primarily due to inflows of SACU receipts, an inflow from the first tranche of the loan from the African Development Bank (AfDB) to the Namibian Government, and repayment of debt by Banco Nacional de Angola. At the level of N$30.2 billion, the international reserves were estimated to be 6.5 times higher than currency in circulation, supporting the adequacy of reserves required to maintain the currency peg to the Rand. Similarly, the estimated import cover also rose to 4.6 months in 2017, from 3.2 months recorded in 2016. It is worth noting that the estimated current import cover is well above the international minimum benchmark of 3.0 months.

EXTERNAL DEBT

Figure C.27 (a-b): External debt

a. External debt stock rose in 2017, mainly due to increased borrowings by the private sector and Central Government.

b. Namibia's foreign debt servicing declined in 2017, primarily owing to decreased repayments by the private sector.



During 2017, Namibia's total external debt stock increased due to further borrowing by the *private sector* and *Central Government*. The total external debt outstanding increased by 14.3 percent to N$93.0 billion, when compared to the preceding year (Figure C.27a). The increase was mainly reflected in the debt of the *private sector*, which rose by 20.3 percent to N$62.8 billion, mainly due to increased borrowing by enterprises in the mining sector. Similarly, *Central Government* foreign debt also rose by 4.6 percent to N$26.4 billion, mainly due to the uptake of the first tranche of a loan from the AfDB in June 2017.In contrast, external debt of the *parastatals* declined by 3.6 percent to N$3.7 billion. Consequently, the total external debt stock as a ratio of GDP rose to 54.8 percent at the end of 2017, up from 50.5 percent at the end of 2016.

Table C.12: Namibia's external debt

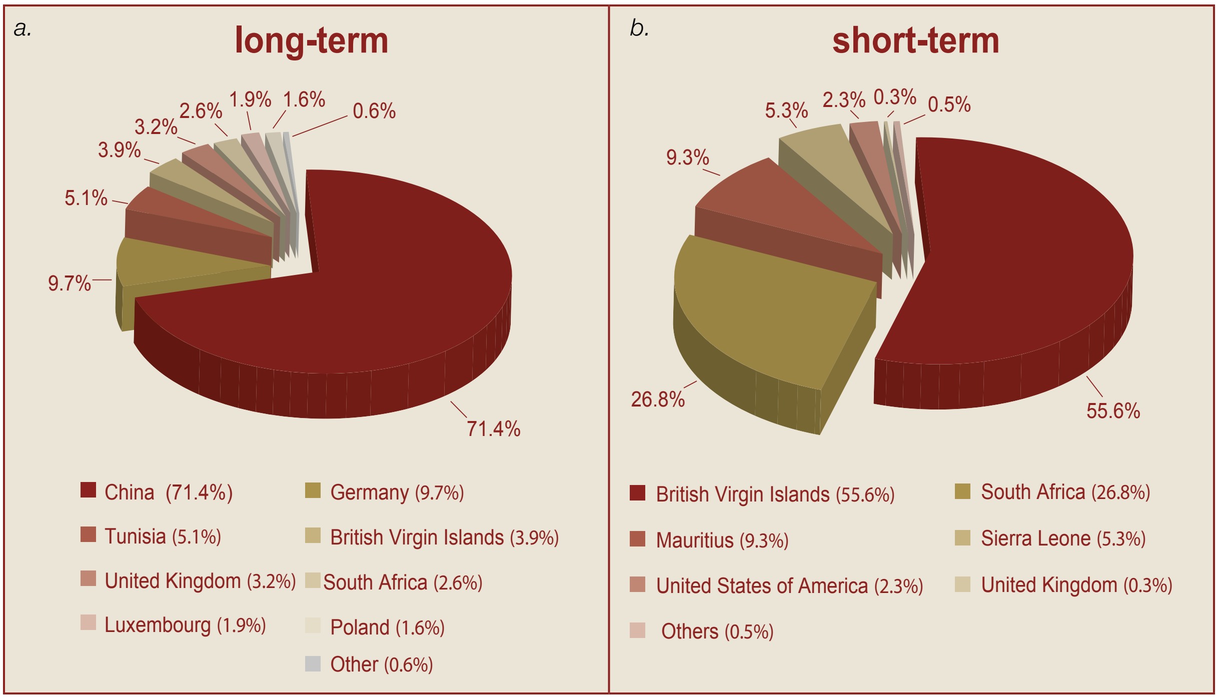
End of:	2013	2014	2015	2016	2017(est.)
Total external debt stock (N$ billion)					
Central Government	10.9	11.4	28.3	25.3	26.4
Parastatals	4.1	3.5	4.2	3.9	3.7
Private sector	31.9	30.8	46.3	52.2	62.8
Total external debt	**46.9**	**45.7**	**78.8**	**81.4**	**93.0**
(In percent of total external debt)					
Central Government	23.2	25.0	35.9	31.1	28.4
Parastatals	8.8	7.7	5.3	4.8	4.0
Private sector	68.0	67.3	58.8	64.2	67.6
Total external debt	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**
(In percent of GDP)					
Central Government	8.9	8.2	19.2	15.7	15.6
Parastatals	3.3	2.5	2.8	2.4	2.2
Private sector	26.0	22.2	31.4	32.4	37.0
Total external debt	**38.2**	**33.0**	**53.4**	**50.5**	**54.8**

Namibia's foreign debt servicing declined significantly during 2017, due to reduced payments by the *private sector*. The total value of repayments on Namibia's foreign debt declined by 35.9 percent to N$11.4 billion in 2017 compared to the previous year (Figure C.27b). The significant decline in *private sector* debt servicing by 42.1 percent to N$8.8 billion was due to the high base effect attributed to the repayments of debt in the form of *long-term loans* and *short-term trade credits* made by some mining companies in the previous year. Similarly, *parastatals* decreased their debt servicing by 19.4 percent to N$556 million mainly due to repayments of debt by some of the *parastatals*. In contrast, *Central Government* increased debt servicing by 8.8 percent to N$2.0 billion in 2017.

In 2017, the ratio of debt servicing to exports declined when compared to 2016. The ratio declined to 21.4 percent in 2017 from 35.1 percent when compared to the preceding year. This decline was mainly due to the significant fall in debt servicing, alongside the modest growth in exports during 2017. However, the ratio is still in line with the international benchmark[27] of 15.0-25.0 percent.

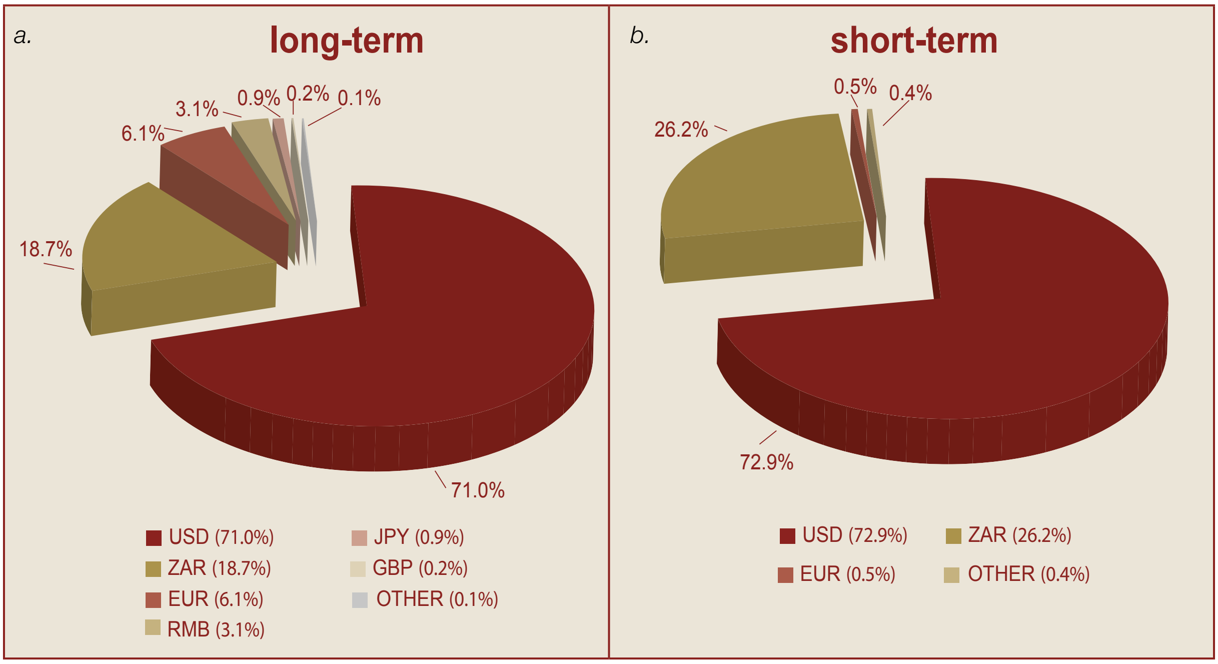
27 The international benchmark values give an assessment of the country's risk of debt distress. If the ratio falls below the threshold of 15.0-25.0 percent, then the country is seen to meet its debt service obligations and is at low risk. Should the country's debt burden fall within the threshold, but 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 debt distress and stringent policy interventions need to be taken.

Figure C.28 (a-b): External sector long-term and short-term loans by country of origin, percentage share, 2017



During 2017, Namibia's long-term loans were mainly from China (71.4 percent), Germany (9.7 percent), Tunisia (5.1 percent) and British Virgin Islands (3.9 percent), while the short-term loans were mainly from British Virgin Islands (55.6 percent), South Africa (26.8 percent) and Mauritius (9.3 percent). These loans were mainly specific to the mining and quarrying sector and financial intermediation sector, particularly those from South Africa.

Figure C.29 (a-b): External sector long-term and short-term loans, by currency, 2017



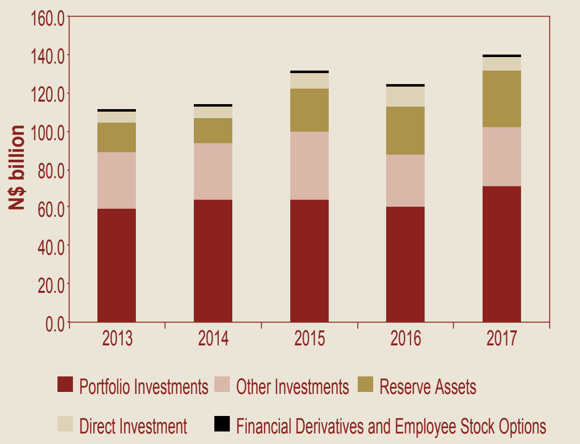
During 2017, 71.0 percent of Namibia's long-term loans were denominated in US dollar, 18.7 percent and 6.1 percent in the South African Rand and Euro, respectively. This variation in the currency composition in the long-term and short-term loans depicts the Government's and private sector's ability to mitigate risks arising from exchange rate volatility.

INTERNATIONAL INVESTMENT POSITION

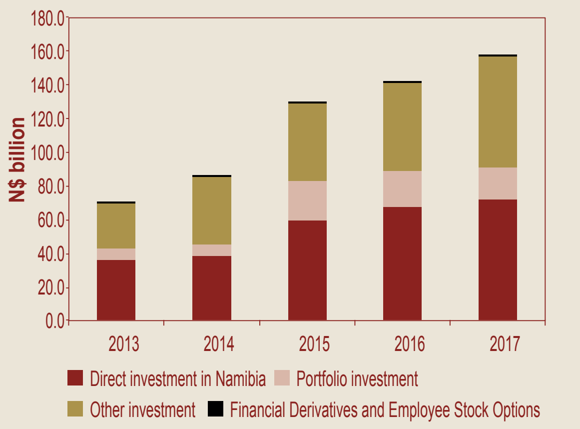
Namibia's International Investment Position recorded a reduced net liability position at the end of 2017 when compared to 2016, due to faster growth in foreign assets than in foreign liabilities. At the end of 2017, Namibia's external balance sheet stood at N$18.1 billion, having narrowed from a slightly higher liability position of N$18.7 billion a year earlier, as foreign assets, mainly in the form of *other investment* and *reserve assets,* rose faster than foreign liabilities.

Figure C.30 (a-b): International Investment Position: Foreign assets and liabilities

a. The value of Namibia's foreign assets rose in 2017, predominantly due to a rise in portfolio investment and reserve assets.



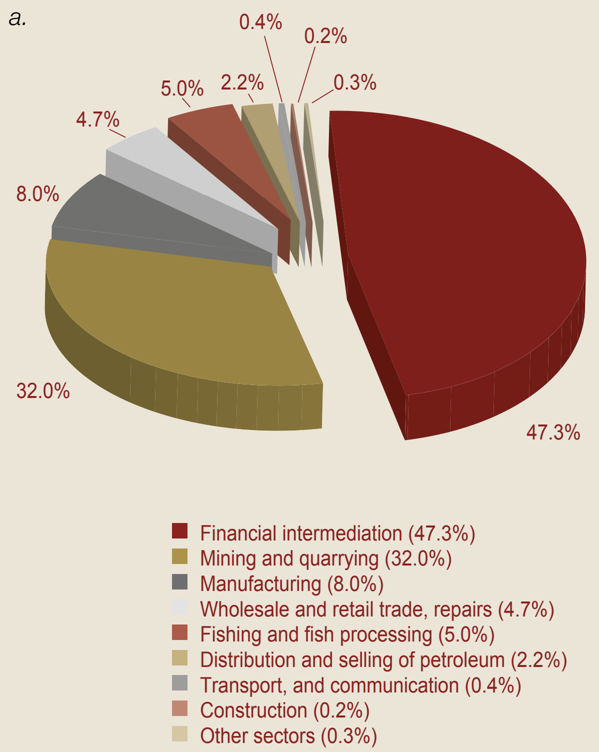
b. Namibia's foreign liabilities rose when compared to the previous year, mainly due to a rise in other investment and direct investment liabilities.

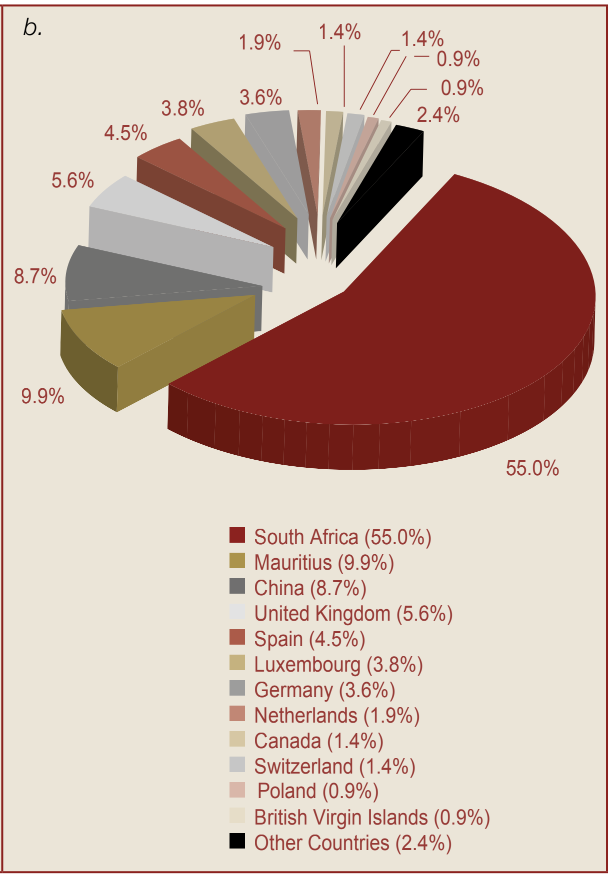


The value of Namibia's foreign assets rose in 2017, mainly due to an increase in *portfolio investment* and *reserve assets*. The stock of foreign assets increased by 13.1 percent to N$139.0 billion at the end of 2017 (Figure C.30a). The increase in foreign assets was mostly reflected in international reserves that rose by 22.1 percent to N$30.2 billion, due to the additional acquisition of the AfDB loan by the Government, higher SACU receipts and repayments of debt by the Banco Nacional de Angola, during the year under review. *Portfolio investment* also rose by 17.1 percent to N$71.5 billion as a result of increased investment in *debt securities.* Finally, *other investment* similarly rose by 13.8 percent to N$30.6 billion and was as a result of an increase in *trade credits and advances* of other sectors. In addition, the currency and deposits of Namibians abroad also rose by 6.4 percent to N$13.2 billion.

The value of Namibia's foreign liabilities rose during 2017, compared to the previous year, mainly due to a rise in *other investment* and *direct investment liabilities*. Namibia's foreign liabilities rose by 11.0 percent to N$157.1 billion compared to the previous year (Figure C.30b). This increase was attributable to *other investment* that rose by N$12.8 billion to N$65.9 billion at the end of 2017. The rise in *other investment* stemmed from a rise in long-term loans primarily through the acquisition of the AfDB loan by the Government. In addition, both long-term loans and short-term trade finance by some companies in the mining sector contributed to the increase. Similarly, *direct investment liabilities* increased by 6.9 percent to N$72.0 billion at the end of 2017, mainly due to increased borrowing by direct investment enterprises from their parent companies, mainly in the form of long-term loans.

Figure C.31 (a-b): Direct investment by sector and by country (percentage share), 2017





During 2017, Namibia's sectoral direct investment liabilities remained broadly unchanged from the previous year. These were concentrated in the following sectors: financial intermediation, 47.3 percent; mining and quarrying, 32.0 percent; manufacturing, 8.0 percent; fishing and fish processing, 5.0 percent and wholesale and retail trade, 4.7 percent. Furthermore, in terms of direct investment liabilities by country of origin, the financial intermediation and retail sector mainly originated from South Africa while those in the mining and quarrying sector were primarily from Mauritius and China whereas those in the fishing and fish processing sector were from Spain.

EXCHANGE RATE DEVELOPMENTS

On average, the Namibia Dollar appreciated against all major trading currencies in 2017 compared to 2016, largely due to base effects and improved sentiment towards EMDEs. In 2016, especially in the first half of the year, the exchange rate of the Namibia Dollar/Rand pair was dragged down by investor fears arising from the rotation of South African Finance Ministers, alongside weak export commodity prices. From this low base, the *annual average* level of the Namibia Dollar/Rand pair strengthened by 9.2 percent against the US Dollar, 12.8 percent against the Pound and by 7.0 percent against the Euro during 2017, when compared to 2016, thereby defying the continuation of adverse political conditions in South Africa and sovereign credit ratings downgrades (Figure C.22e). Apart from the low base, the upward trend in export commodity prices in general and narrowing of the current account deficits in South Africa contributed to the stronger average exchange rate level in 2017. The ongoing uncertainty about the fiscal stimulus and general policy direction in the US economy also contributed to the appreciation of the Namibia Dollar against the US Dollar. The quantitative easing by both the Euro Area and United Kingdom continued to aid the appreciation of the Namibia Dollar against both these currencies. In addition, the appreciation of the local currency against the Pound was amplified by the considerable depreciation of the Pound against all major currencies since Britain's mid-2016 decision to exit the European Union (Brexit).

The Namibia Dollar appreciated against the US Dollar while it depreciated against the Pound and Euro in December 2017 compared to December

2016. By the end of December 2017, the Namibia Dollar appreciated by 4.8 percent against the US Dollar, while it depreciated by 2.1 percent against the Pound, and by 6.7 percent against the Euro, when compared to the end of December 2016 (Figure C.22e). The appreciation of the Namibia Dollar against the US Dollar partly reflected the comparative weakness of the US Dollar in international currency markets as market participants sought more clarity regarding the direction and cohesiveness of US policy. Despite ongoing Brexit, market confidence in the British economy improved somewhat during the course of 2017 as some of the risks initially envisaged with Brexit continued to recede. Improved market conditions in the Euro Area boosted the exchange value of the Euro in foreign currency markets, causing the Namibia Dollar to depreciate the most against the Euro in 2017.

TRADE-WEIGHTED INDEX

Both the nominal effective exchange rate (NEER) and the real effective exchange rate (REER) indices of the Namibia dollar appreciated in 2017. The NEER index appreciated by 3.4 percent to 99.9, while the REER index appreciated by 5.2 percent to 102.9 percent compared to the previous year (Figure C.22f). This implies that Namibia's external competiveness deteriorated somewhat during 2017 as a whole. Within 2017, however, the REER appreciated notably in the first three months of the year, but trended lower in the subsequent nine months, with Namibia thereby regaining some competitiveness.

THEME CHAPTER:

FROM SUB-INVESTMENT GRADE[28] TO INVESTMENT GRADE - A REVIEW OF INTERNATIONAL EXPERIENCES AND LESSONS FOR NAMIBIA

OUTLINE

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1. INTRODUCTION

1. **Namibia received its first credit rating from an internationally recognised rating agency in 2005, at an investment grade level.** In December 2005, Fitch Ratings (Fitch) awarded Namibia the first sovereign rating at an investment-grade of BBB- for long-term foreign-currency risk, F2 for short-term foreign-currency risk, and BBB for long-term domestic-currency, while the overall country rating was set at A-. This reflected an endorsement in the perceived creditworthiness of government. Namibia subsequently received in 2011 a credit rating from another credit rating agency, Moody's Ratings Agency (Moody's).

2. **Namibia's investment grade credit rating has contributed positively to the developments in the Namibian money and capital markets.** The sovereign rating has encouraged other institutions, both private and state-owned, to obtain their own credit ratings. The positive sovereign credit risk for the country also manifested in the lower cost of borrowing by the Government in the international markets relative to its peers. Furthermore, the lower sovereign risk has also contributed to narrow the spread between the South African benchmark bonds and the Namibia domestic Government bonds.

3. **Since 2009, falling SACU revenue, among others, was signaled as a major downside risk to the rating.** The Fitch rating assessment in 2009, identified falling SACU revenues as the main downside risk to the rating and emphasised the importance of reducing the deficit in the medium-term so as to restore fiscal space. Other persistent challenges highlighted were those pertaining to social sector development as well as overall reform needed to improve competitiveness.

4. **By 2016, Namibia started receiving its negative outlook notification to indicate a likelihood of a downgrade.** Credit rating agencies (CRAs) typically signal in advance their intention to consider rating changes, using a negative outlook review. In September and December 2016, both Fitch and Moody's released their respective credit ratings for Namibia with a negative outlook. Fitch and Moody's signaled the increase of the budget deficit, increases in the current account deficit and a continuous decline in foreign exchange reserves as risks to a possible downgrade.

5. **Namibia was downgraded to junk status both by Moody's and Fitch.** On 11 August 2017, Moody's downgraded Namibia's long-term senior unsecured bond and issuer ratings to Ba1 (non-investment grade) from Baa3 with

28 Sub-investment grade is otherwise commonly known as "junk" status

a negative outlook, while on 20 November 2017, Fitch downgraded Namibia's long-term foreign-currency Issuer Default Ratings (IDRs) from BBB- to BB+ with a stable outlook. This downgrade puts Namibia's international debt issuances in the sub-investment category, which is also commonly referred to as junk status.

6. **A downgrade of a sovereign by an agency may influence investors to demand a higher risk premium, increasing the borrowing costs of that sovereign.** This increase in borrowing costs increases the debt obligation of the sovereign, which may lead to further downgrades. The effect of the downgrade on the performance of the existing Namibian Eurobonds, however, was minimal. This is observed in the narrowing of the yield spread between Namibian Eurobonds and its benchmark US bonds. For example, the yield spread on Namibia's 2021 Eurobond dropped from an average of 2.99 percentage points in 2016, closing at an average of 1.85 percentage points at the end of 2017. The Namibian 2025 Eurobond yield spread also showed a downward trajectory, ending with an average yield spread of 2.68 percentage points at the end of 2017, reflecting a drop from a yield spread of 3.43 percentage points at end of 2016. This narrowing seems to be mainly related to improved international investor appetite for emerging-market investments in general, thereby offsetting the effect of the downgrade on spreads.

7. **Yields on Namibian domestic bonds were impacted more by events in South Africa than by the actual credit downgrade.** The average yield spread on most Namibian bonds and the equivalent South African bonds declined after the first downgrade in August 2017. The average spread on the short-term bonds as well as the medium term bonds declined between August to December 2017 when compared to the corresponding period of August to December 2016. However, with the exception of one long-term bond, the GC37, the long-term bonds showed an upward trajectory in the yield spreads. This movement in yields of domestic Namibian bonds was mostly due to political and economic events in South Africa than the actual credit downgrade of Namibia, while the narrowing spread between the Namibian bonds and the South African benchmarks during the second half of 2017, was a result of improved liquidity and looming increases in domestic asset requirements. It should also be noted that South Africa was also downgraded earlier in 2017 and as result the yields on Namibian domestic bonds already reacted in line with their associated South African benchmarks. As a consequence, the direct impact of the Namibian credit downgrade was therefore minimal on yields of domestic Namibian bonds.

8. **The aim of the review is also to investigate what the country will be required to do to restore its investment grade rating.** Namibia is capable of regaining its investment grade if it addresses the causes of the downgrade, including to learn from the lessons from other countries that successfully did so in a very short period. The review will offer some insight into other areas that will be beneficial in the long run.

1.2 SOVEREIGN RATING APPROACHES

9. **The Credit Rating Agencies (CRAs) determine sovereign ratings based on a range of quantitative and qualitative factors with which they gauge a country's ability and willingness to repay its debt.** The CRAs base their ratings on key economic factors, coupled with some qualitative assessment. The qualitative factors assessed include among others, the institutional strength, political stability, fiscal and monetary flexibility, and economic vitality. In addition, a country's track record of honouring its debt is an important indicator of the willingness to pay. This is supported by quantitative factors such as the level of debt and official international reserves, the composition of debt (in particular the currency composition and maturity profile), and the extent of the debt burden, for example as reflected in interest costs.

10. **Each of the three CRAs identifies a set of key drivers that determine its sovereign**

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credit ratings. The fundamental analysis that feeds the rating process is comparable across the CRAs, but it differs in the way individual factors are classified and grouped, and in the manner the CRAs present their methodologies. Fitch and Moody's classify their indicators under four categories of key factors, while S&P uses nine (see table 1). Despite some differences in how these factors are characterised, there is a significant overlap in the underlying information considered. The CRAs use public information as well as additional information supplied to them by the country authorities. Therefore, better sovereign data and transparency tend to enhance the quality of CRA ratings.

Table 1: Key factors in Sovereign Credit Rating Assessments

Credit rating Agency	Key factors
Fitch	Macroeconomic policies, and prospects; structural features of the economy; public finances; external finances.
Moody's	Economic strength; institutional strength; financial strength of the government; susceptibility to event risk.
Standard & Poor's	Political risk; economic structure; economic growth prospects; fiscal flexibility; general government debt burden; offshore and contingent liabilities; monetary flexibility; external liquidity; external debt burden.

Source: Author's compilation from the websites of the rating agencies

11. **The credit rating measures the relative risks which are mapped into discrete rating grades that are usually expressed in terms of alphabetic identifiers.** Table 2 in the annex shows the sovereign credit ratings used by the three main international rating agencies namely, Moody's, Standard & Poor's (S&P) and Fitch Ratings. Although these agencies do not use the same qualitative codes, in general, there is a correlation between the agencies' rating grades.

2. NAMIBIA'S PATH TO DOWNGRADE: WHAT WERE THE STRENGTHS AND THE MAJOR DOWNSIDE RISKS?

2.1 NAMIBIA'S RATING COMPARISON TO ITS PEERS

12. **Namibia's comparison to its peers in terms of the rating category of investment grade (BBB median) was mixed over the review period.** Table 2 below shows how Namibia performed to the median of its peers when it was still in investment grade BBB- in key metrics which are considered important to the rating agencies. Namibia performed better in some categories and worse in others over the period 2005 to 2017. The different metrics are discussed in detail in 2.2 below.

Table 2: Namibia's rating comparison

Variable	Country	Actual		Projection	BBB
	Benchmark	2005-2011	2012-2017	2018	Median
Real GDP growth (%)	-	4.3	4.8	1.4	3.5
Inflation (%)	10.0	6.0	5.7	5.1	2.7
Current account balance (% of GDP)	-5.0	-6.1	-10.5	-2.1	-3.0
Foreign exchange reserves (months of import cover)	3.0	3.1	3.1	4.7	4.2
Budget balance (%GDP)	5.0	-0.2	-5.2	-4.5	-2.7
Gross Debt (%GDP)	35.0	23.0	30.4	45.3	40.9

Source: Authors compilation from NSA and BoN, MoF

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2.2 POSITIVE DRIVERS OF PAST FAVOURABLE RATINGS

13. **Namibia's credit rating remained positive and stable during the period 2005 (when the first rating was issued) to 2015.** A variety of positive developments and factors such as positive overall balance of payments, coupled with a strong fiscal performance and low interest rate environment underscored by stable political environment prompted Namibia's favourable rating, according to the CRAs. These factors are discussed below and were as follows:

(i) Strong current account balances

14. **Namibia's current account surpluses was one of the country's greatest rating strength.** During the period from 2005 to 2015, the overall balance of payments (BoP) was strengthened by the great performance of the current account as a result of rising revenues from the South African Customs Union (SACU), and improved terms of trade from high commodity prices. During this period, the current account deficit averaged 6.07 percent of GDP, while growth in SACU revenue averaged 17.7 percent per annum. Furthermore, the faster build-up of the foreign exchange reserves from N$1.86 billion in 2005 to N$23.6 billion in 2015 and a large repayment of public sector debt installed confidence in the country's ability to repay debt.

(ii) Strong fiscal performance

15. **The country maintained a low fiscal deficit average over the period 2005/6 to 2011/12.** During this period, the fiscal deficit averaged N$631 million, with fiscal surpluses even being recorded from 2006/7 to 2008/9, owing to strong growth in revenue. The improved fiscal position reduced public debt from its peak of 34 percent of GDP in 2004/5 to an average of 23.5 percent of GDP during the period 2005/6 to 2014/15. Namibia's public finance position was considered as a rating strength, also as fiscal consolidation during 2006/7 improved after the large overshoot of the budget deficit to over 6.4 percent of GDP in the fiscal year 2003/4. Any overshoot or undershoot of the budget deficit was mainly a result of volatility in commodity prices, the exchange rate and SACU revenues.

(iii) Stable macroeconomics conditions:

16. **The high commodity prices that prevailed during the review period improved prospects for the mineral sector, by expanding operations and attracting more investor interest in the country.** Improved commodity prices led to more exploration sites becoming economically viable. Moreover, due to higher SACU receipts and stronger tax collections, there were upward shifts in the cash balances on the state account, reaching 11.5 percent of GDP in 2006 and putting the net debt ratio at just 20 percent of GDP. Furthermore, Namibia maintained healthy economic growth, with an average real GDP growth rate of 4.8 percent between 2005 and 2015. The growth was supported by fiscal expansion coupled with strong investment in minerals production and rising output. Similarly, Namibia's gross domestic savings was significantly high during the review period, representing an average of 26.4 percent of GDP.

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17. Other macroeconomic factors that contributed to Namibia's strong credit ratings during the period under review include the enactment of the industrial policy as well as a well-regulated and supervised banking system. These interventions resulted in a more resilient banking system and receding contagion risks, as well as the implementation of the Growth at Home strategy which laid a strong foundation for economic diversification and job creation.

(iv) Prudent monetary policies:

18. The monetary policy environment in Namibia during 2005 to 2015 supported domestic demand over this period. The monetary policy environment was prudent during this period to ensure that the one-to-one peg between the Namibia Dollar and the South African Rand was not compromised. Interest rates were kept broadly in line with those in South Africa in order to curb capital outflows, especially to South Africa. During this period, the repo rate averaged in the region of 7.22 percent, while inflation was well contained within a single digit average of 5.75 percent.

(v) Stable political environment

19. The Namibian political system has been characterised as stable and democratic, with low political risks. The transition of leadership within the ruling party, South West Africa People's Organisation (SWAPO), provided continuity of policy. The succession of Presidents over the years was smooth, with free and fair elections.

2.3 KEY POSSIBLE FACTORS IN THE DOWNGRADE: MAJOR DOWNSIDE RISKS

(i) Emerging fiscal vulnerabilities and limited fiscal scope

20. The rating agencies signaled several downside risks to the credit rating; the main concern was Namibia's high dependency on SACU and the decline in SACU receipts. In 2007 Fitch expressed concerns regarding Namibia's high dependency on SACU receipts and the adverse impacts of a possible decline in these receipts. Namibian authorities were cautioned to address the threats to the budget and the balance of payments from the prospective decline in SACU receipts, and to tackle developmental issues such as high income inequality, unemployment and rural poverty. SACU revenue indeed fell in 2008, 2010 and 2011 although a slight increase was recorded in 2009, while income inequality and the rate of unemployment remained high. Moreover, Namibia's growth momentum sharply moderated in 2016.

21. Furthermore, in 2014, Moody's issued warnings of a possible downgrade, mainly because of the rising debt levels and the high wage bill. The agency stated that if the new fiscal consolidation plan proved ineffective in containing public sector debt accumulation beyond the baselines of the rating agencies and the wage bill is not contained, Namibia's rating would be downgraded.

22. The maintenance of a healthy government balance sheet permitted expansionary policies to be pursued to avoid a larger domestic recession during the global financial crisis. The expansionary policy environment increased the government's financing needs and worsened the fiscal deficit. The fiscal deficit widened in 2015/16 to 8.7 percent of GDP from 6.6 percent of GDP in 2014/15, caused by the prolonged expansionary fiscal stance and the fall in SACU revenues. Moreover, total revenue slowed down from 35.4 percent of GDP in 2014/15 to 34.9 percent of GDP in 2015/16, weighed down by a sharp reduction in the SACU and domestic tax receipts. As a result, the government tapped into the domestic capital market and used proceeds from the USD 750 million euro-bond issued in 2015 and the Johannesburg Stock Exchange (JSE) bonds issued in 2015 and 2016 (totalling ZAR 2.3 billion) to finance the deficit.

23. The issuance of the euro-bond in 2015 increased foreign reserves but also increased public debt to its highest levels. In 2015, Namibia's public debt as a percentage of GDP increased significantly to 39.6 percent from an average of 23.5 percent between 2005 to 2014. The pace at which public debt increased prompted credit rating agencies to revise Namibia's sovereign credit rating outlook from stable to negative in September 2016. As a result, the government had to change its fiscal policy stance and accelerate fiscal consolidation, proposing expenditure cuts of up to 2.8% of GDP in the mid-term review of the 2016/17 budget as well as in the main budget of fiscal year 2017/18. The government was however, unable to achieve the desired outcome of its fiscal consolidation efforts due to increased expenditure which emanated from the repayment of outstanding invoices of the fiscal year 2016/17 and socioeconomic needs. These prompted rating agencies to downgrade Namibia's sovereign credit rating from investment grade BBB- to sub-investment grade (junk status) BB+ in August 2017.

(ii) Rising current account deficit

24. **The fiscal expansionary path coupled with the fall in SACU receipts resulted in the current account deficit as a percentage of GDP recording double digits.** In 2015 and 2016, the current account deficit increased to an average of 14.2 percent of GDP from a single digit average of 6.7 percent of GDP between 2005 to 2014. In addition, a sustained decline in foreign currency reserves to below the threshold level of three months of import cover and an increase in funding pressure resulting from reduced market appetite for Government securities that led to a material increase in borrowing costs, also exerted downward pressure on the rating.

(iii) Sluggish economic growth

25. **After recording high annual growth rates since 2010, Namibia's growth momentum sharply moderated in 2016.** GDP growth slowed from 6.0 percent in 2015 to 1.1 percent in 2016 as major mining construction projects ended and fiscal consolidation commenced. In addition to housing price volatility, the rating agencies were concerned with government pursuing policies that were seen as deterring investment and could reduce the potential for economic growth and increased government earnings (e.g. New Equitable Economic Empowerment Framework (NEEEF)).

26. **Despite significant declines in poverty, the majority of Namibians are still employed in low paid jobs dominated by primary agriculture.** Namibia's poverty levels declined from 28.7 percent in 2009/10 to 18.0 percent in 2015/16. Despite the decline in poverty levels, the unemployment rate increased to 34.0 percent in 2016, while income inequality, as measured by the Gini coefficient, remained high at 0.576.

3. LESSONS FROM OTHER MIDDLE-INCOME DEVELOPING COUNTRIES

27. **The best way to capture what typically happens when a country (e.g. Namibia) is downgraded to sub-investment grade is to analyse the experience of similar countries.** The analysis looks at other middle-income developing countries with similar structure– belonging to a monetary union/arrangement, low population and fixed exchange rate regime – who have moved from Sub-Investment Grade to Investment Grade. The evidence from Latvia and Iceland provides useful lessons for Namibia and will offer practical policy options to be considered.

3.1 LATVIA'S EXPERIENCE: 1997 - 2012

28. **Latvia has been receiving credit ratings from the three leading internationally recognised rating agencies since 1997.** Latvia is a small middle-income country with an open economy and a population of about two million. After Latvia became a member of the European Union in 2004, it also joined the single market in the EU, enabling it to enjoy free movement of goods, services, capital, and labour. Latvia's economy has been receiving credit ratings from Moody's and S&P since 1997 and from Fitch since 1998. During the period from 1997 to 2012, the country went through phases of economic boom, bust and recovery.

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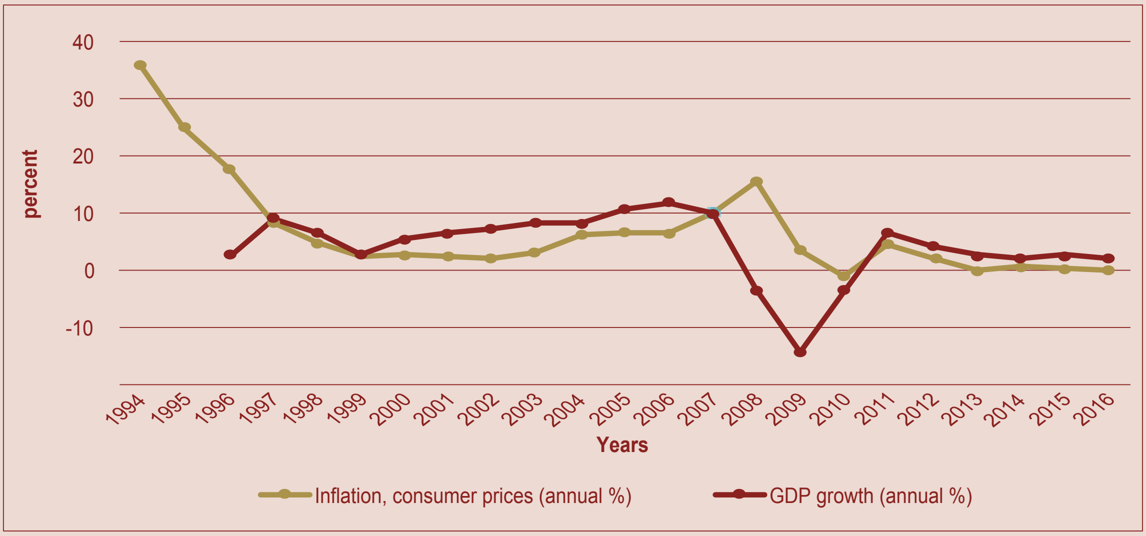
29. **Latvia's long-term foreign currency rating had been stable prior to 2002.** From 1997 to 2001, Latvia's long-term foreign currency rating was BBB/Baa2. After 2001, the country's economy started to grow at a fast pace such that in 2003 both Fitch and S&P upgraded the long-term foreign currency rating to BBB+/Baa1, while Moody's rating was at A/A2.

LATVIA'S BOOM: KEY DRIVERS

30. **Latvia experienced a boom during 2004 to 2007.** The boom was triggered by factors such as the country's EU accession, falling housing prices, increased foreign trade and credit growth which resulted in a consumption boom. Moreover, the country experienced high capital inflows that were boosted by financial deepening effects. The boom was reflected in the country's GDP growth which averaged 10.2 percent during 2004 and 2007 (Figure 1), as well as through the strong ratings by both Fitch and S&P that went up from BBB+/Baa1 to A-/A3, and by Moody's from BBB/Baa2 to A/A2. These high ratings remained constant throughout the period 2004 to 2007.

Figure 1: Latvia's inflation and annual GDP growth rates



Source: Author's compilation using data from World Development Indicators

LATVIA'S DOWNTURN: CAUSES

31. **By late 2007, Latvia's economy started to slow down due to major macroeconomic imbalances.** The economy started to display signs of overheating and ultimately started to experience major economic imbalances. Between 2007 and 2009, the inflation rate averaged 9.7 percent, growth in external debt became unsustainable, property prices rose and the current account deficit was elevated. All these imbalances coupled with lower capital inflows and a decline in demand, led to the contraction of the country's GDP by 3.6 percent and 14.3 percent in 2008 and 2009, respectively, from positive growth of 9.9 percent in 2007 (Figure 1), while the fiscal deficit rose and reserves declined.

32. **There was little room for fiscal expansion.** The country did not have enough fiscal room to enable it to increase its budget expenditure, as any attempt to raise domestic demand by running fiscal deficits would only have widened the trade deficit and current account imbalances. Hence, the government turned to restrictive policies, which resulted in a recession the end of 2007.

33. In 2009, Latvia's economy was downgraded to junk status. In 2008, Fitch and S&P both downgraded the economy from BBB/Baa1 to BBB-/Baa3. In 2009, when the share of the country's total loans that is denominated in foreign currency exceeded 90 percent, Latvia was further downgraded by Fitch to BB+/Ba1, while S&P gave the lowest credit rating of BB/Ba2. Moody's was more generous and downgraded the economy from A/A2 to A-/A3 in 2008 and to BBB-/Baa3 in 2009.

STRATEGIES IMPLEMENTED TO OVERCOME THE DOWNTURN

34. Latvia emerged from the crisis by maintaining an exchange rate pegged to the euro, adjusting through internal devaluation and front-loaded fiscal austerity measures. After the hard landing experienced during 2008-2009, Latvia embarked on a recovery program to resuscitate its economy by implementing several strategies.

35. Firstly, Latvia refused to unpeg and devaluate its currency (the Lats). At the time of the crisis, the Lats was pegged to the Euro and the country's authorities went against the recommendations of many economists by refusing to devaluate its currency and opting to maintain its currency peg.

36. Moreover, the country chose the path of internal devaluation by pushing domestic wages down through job cuts. This led to an increase in unemployment, in the short-run, while wages fell. However, due to the single market of the EU, workers in Latvia were able to migrate to EU countries, thus decreasing the unemployment rate and causing a sharp increase in wages. In the long-run, the internal devaluation measure resulted in lower prices in the economy which made local products more attractive externally and locally.

37. Lastly, the country implemented front-loaded fiscal austerity measures by cutting non-essential spending. Regardless of the fiscal consolidation, however, the authorities agreed to protect the most vulnerable people in the country. This was done through the strengthening of social safety nets by expanding and improving unemployment assistance and cash benefits to the poorest, which also contributed to increased local demand.

LATVIA'S RECOVERY

38. By 2011, Latvia started to experience positive growth and improved credit ratings. Latvia's GDP growth rate returned to a positive value of 6.4 percent in 2011 from a deep contraction of 14.3 percent the previous year, while inflation increased to 6.4 percent from very low levels -1.1 percent in 2010 (Figure 1). Furthermore, the country's public debt was less than 10 percent of GDP, and by mid-2012, the three rating agencies started to upgrade Latvia's credit rating by several notches until it returned to BBB/Baa2.

3.2 ICELAND'S EXPERIENCE

39. In the early 2000s Iceland was an attractive investment destination. It was politically stable and offered steady growth and high interest rates: 12 per cent interest rates in mid-2006 compared with 2 per cent in the euro-zone. With much higher interest levels than what was offered in their domestic markets, traders from around the world flocked to the Nordic island. The country repositioned itself in the international community as a low-tax base for foreign finance and investment.

40. The country's boom was attributed to the foreign exchange market where the investors would borrow in one country and invest in another. It was a ripe environment for the so-called "carry trade". Carry trade is a strategy in which an investor borrows money at a low interest rate in order to invest in an asset that is likely to provide a higher return, which is a strategy that is very common in the foreign exchange markets. Investors would

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borrow in western countries at low interest rates and then invest in Iceland which offered much higher interest rates. They borrowed in US Dollars, converted them into Krona and then made a sizeable profit from bond acquisitions. Even individuals that were not finance experts participated. However, Iceland went through a financial crisis in 2008 which was caused by the Icelandic banks that expanded exponentially and extended their retail operations in overseas markets. The banking systems were badly managed and Iceland's Krona became a major trading currency.

41. **The financial crisis resulted in the collapse of Iceland's banks with the majority of the population defaulting on their loans.** The three big lenders imploded due to investmens in illiquid assets whose prices collapsed when the world's credit markets dried up. The population defaulted on their loans and thousands of homes and motor cars were repossessed. Iceland adopted capital controls, indicated at the time as a temporary fix. Investor confidence slumped and the Krona lost more than 40 per cent of its value against the Euro in the three years to the end of 2010.

42. **The ratings agencies reacted to the collapse of the Icelandic banks by downgrading Iceland's long-term foreign currency Issuer Default Rating (IDR) and country ceiling.** Ratings agency Fitch, Moody's and S&P downgraded the foreign and local currency ratings of the Government of Iceland in 2008. In January 2010, Fitch downgraded Iceland's long-term foreign currency IDR and country ceiling to BB+, which dropped the country into the speculative-grade category.

43. **The government of Iceland implemented several drastic measures and strategies that aided in the improvement of the economy.** The government of Iceland let the banks fail, letting the foreign investors lose their money but guaranteeing those of the people of Iceland. The central bank almost doubled its already high interest rates to 18 percent to rein in inflation and deter consumer spending, which fell more than 20 per cent in the year to the end of 2008. The central bank devalued its currency. Iceland also received a bailout of US$4.6 billion, with US$2.1 billion of that coming from the IMF and the other US$2.5 billion from its Scandinavian neighbours. Iceland sharply reduced spending, introducing more austerity than Spain, Britain, Ireland, Portugal and even Latvia. Fortunately, the small population is highly skilled, the result of decades of massive investment in education and training.

44. **Iceland successfully moved out of the financial crisis and the economy started growing significantly.** Iceland gradually started reducing its interest rates, reaching an all-time low of 4.25 percent in 2011. In February 2012, Fitch moved Iceland's long-term IDR and country ceiling back into investment grade. Inflation declined to the desired levels, unemployment fell to just over 5 percent, and foreign investment is once again flowing in. The economy is growing by more than 2 percent per annum after having shrunk by more than 10 percent in two years.

4. POLICY OPTIONS FOR NAMIBIA

45. **This section offers useful practical policy options for Namibia.** In line with the review in the section on the likely causes of the downgrade and the lessons from other countries, a few strategies and policy options with a strong emphasis on reducing consumption in the government are proposed below:

46. **The government, through the Ministry of Finance, should continue with its fiscal consolidation path, focusing on revenue-expenditure mix.** The recovery (adjustment) path from the ratings downgrade to investment grade requires sharp reductions in government spending and increase in revenue-boosting measures. Namibia's Government wage bill relative to GDP is the highest among the SACU countries and it warrants government reducing wage bill spending to improve the fiscal balance. Among the short-term measures to be considered are wage and hiring freezes. International experience suggests that, while effective in the short run, such measures may affect service delivery and are difficult to sustain and therefore should be implemented only temporarily as part of a measured programme to

achieve fiscal sustainability. On the revenue side, the focus should be directed towards addressing the reduction of tax exemptions and broadening of the tax bases. The ongoing tax administration reforms needs to prioritise the operationalisation of the Revenue Authority and also the review of current taxes, to conform to current business practices.

47. **Fiscal consolidation needs to be complemented by key public finance management reforms to ensure sustainability.** The following measures, among others, are of critical importance: strengthening medium-term frameworks and improving taxpayer compliance. Also, there is a need for continued efforts in fiscal transparency and simplicity to ensure a successful consolidation. The objective of the consolidation has to be simple and well understood, without overburdening taxpayers or unduly curtailing necessary public services.

48. **There is need for new strategies and concerted efforts to build up adequate foreign exchange reserves for the country.** Although international reserves held by Namibia are adequate to maintain the peg with the rand, reserves remain too close to the international benchmark of three months of imports cover and below the SADC benchmark of six month of import cover, suggesting the need for renewed strategies and efforts to build up reserves. The challenge is both fiscal and external, because of the volatility in SACU revenue, which requires a higher foreign exchange reserve buffer to finance imports. Therefore, there is a need to look beyond fiscal consolidation to structural reforms which will strengthen export competitiveness and help build-up reserves.

49. **The government needs to undertake structural reforms of the public wage bill in order to ensure medium-term fiscal sustainability and improved provision of services.** There is a need to address the underlying causes of oversized wage bills through structural reforms. A comprehensive review of government programs can help identify areas of understaffing and overstaffing. It must be complemented by strategic staffing, based on objectives, job profiles and competencies, and enhanced employee mobility across sectors and their training. Structural wage bill reforms require time, administrative capacity, and political will, but they generate significant and lasting savings.

50. **In the medium to long-term, enforce pro-growth policies, which support expansions in infrastructure and fixed-capital investment.** Namibia should not miss this opportunity to introduce structural economic reforms that could unlock the country's potential to achieve its National Development Plan goals. Furthermore, the country should capitalise on the programmes outlined in the Growth at Home strategy. This will lead to job creation, a reduction in imports and contribute to economic growth.

5. CONCLUSION

51. **Crises often breed opportunities to reform and improve economies.** Although the Latvian and Iceland cases of the descent to junk status were all followed by IMF bailouts, Namibia's financial constructs are different. If Namibia responds to the crisis with the utmost determination and clarity in policy formulation aimed at scaling down debt, increasing the revenue base and boosting foreign reserves, there will not be a need for external financial assistance.

52. **The recovery (adjustment) path from the ratings downgrade to investment grade needs to rely on multiple strategies, with a strong emphasis on fiscal consolidation.** In Namibia, fiscal policy is the main macroeconomic policy tool to respond to the loss of the investment grade. Namibia, however, also faces significant developmental challenges and high unemployment. As a result, the design of fiscal adjustment strategies has to focus not only on the immediate goal of rebalancing public finances, but also on restoring external stability while maintaining positive prospects for medium-term growth.

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53. **Fiscal consolidation should proceed without delay.** Although the fiscal adjustment can be delayed by additional borrowing, it may not be feasible given the structural characteristics of the Namibian economy. Further domestic borrowing can induce private demand crowding out. In this case, delaying the fiscal consolidation may ease short-term pressure at the expense of increasing the size of the required adjustment in the medium term. Hence a front-loaded adjustment may be more appropriate.

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ANNEX

Table 2: Credit ratings by the three main ratings agencies

Interpretation	Moody's	Standard & Poors	Fitch
Investment Grade Rating			
Highest quality	Aaa	AAA	AAA
High quality	Aa1	AA+	AA+
	Aa2	AA	AA
	Aa3	AA-	AA-
Strong payment capacity	A1	A+	A+
	A2	A	A
	A3	A-	A-
Adequate payment capacity	Baa1	BBB+	BBB+
	Baa2	BBB	BBB
	Baa3	BBB-	BBB-
Speculative-Grade Ratings			
Likely to fulfill obligations, ongoing uncertainty	Ba1	BB+	BB+
	Ba2	BB	BB
	Ba3	BB-	BB-
High-risk obligations	B1	B+	B+
	B2	B	B
	B3	B-	B-

Source: Author's compilation from the websites of the rating agencies

Table 3: Fitch ratings

Date	Rating	Outlook
20.11.2017	BB+	Stable
19.06.2017	BBB-	Negative
21.04.2017	BBB	Negative
02.09.2016	BBB-	Negative
31.08.2016	BBB-	Negative
22.07.2016	BBB-	Stable
04.03.2016	BBB-	Stable
18.12.2015	BBB-	Stable
04.12.2015	BBB-	Stable
13.11.2015	BBB-	Stable
15.05.2015	BBB-	Stable
28.11.2014	BBB-	Stable
30.05.2014	BBB-	Stable
02.12.2013	BBB-	Stable
30.08.2013	BBB-	Stable
10.01.2013	BBB-	Stable
13.06.2012	BBB-	Stable
26.01.2012	BBB-	Stable
09.12.2011	BBB-	Stable
31.10.2011	BBB-	Stable
16.12.2010	BBB-	Positive
16.12.2009	BBB-	Stable
07.11.2008	BBB-	Stable
09.10.2007	BBB-	Stable
09.11.2006	BBB-	Stable
07.12.2005	BBB-	Stable

Table 4: Moody's ratings

Date	Rating	Outlook
11.08.2017	Ba1	Negative
02.12.2016	Baa3	Negative
18.12.2015	Baa3	Stable
22.09.2011	Baa3	Stable

Part D
Banking Supervision

Contents

INTRODUCTION

The performance of the banking sector was sound during 2017, amidst a slowdown in economic activity that exerted pressure on the growth in earnings of the banking institutions. Capital adequacy levels remained sufficient to absorb potential risks emanating from operations. The banking institutions recovered from liquidity pressure towards the third quarter of the year, due to senior debt issuance (i.e. longer term funding), large repatriation of funds by institutional investors to Namibia and government payments of outstanding invoices. Asset quality weakened, due to an increase in non-performing loans (NPLs) registered. Despite the increase recorded in 2017, the NPL ratio remain below the four percent benchmark.

PERFORMANCE OF THE BANKING SECTOR

The performance and financial condition of the banking sector are analysed based on all the authorised banking institutions. The banking sector remained sound, reported healthy profits, however at relative lower levels and held adequate capital and liquidity. First National Bank Namibia Limited, Standard Bank Namibia Limited, Nedbank Namibia Limited and Bank Windhoek Limited dominated the banking sector and held in aggregate 98.9 percent of the total banking assets in 2017, compared to 98.0 percent in 2016. The remaining 1.0 percent was shared between other commercial banks, specialised banking institutions and a branch of a foreign banking institution, which are essentially new entrants into the banking sector.

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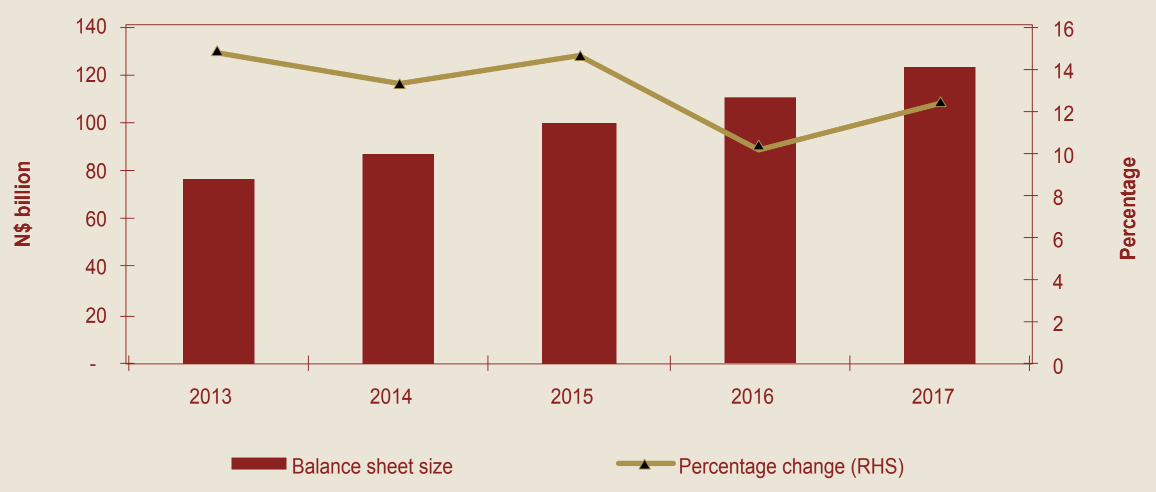
BALANCE SHEET STRUCTURE

The industry balance sheet continued to grow at a faster pace during 2017 compared to 2016. As at 31 December 2017, the total banking sector realized a balance sheet growth of 12.4 percent to N$123.7 billion, higher than the annual growth of 10.1 percent in the preceding year as depicted in Figure D.1. The growth in the balance sheet of banks was a result of relatively strong growth in deposits caused by the improvement in liquidity, and growth in capital and reserves. This increase in funding has enabled banks to increase loans and advances and also to increase liquid assets.

Figure D.1: Aggregated Balance Sheet

Balance Sheets grew at a faster pace during 2017



ASSET STRUCTURE

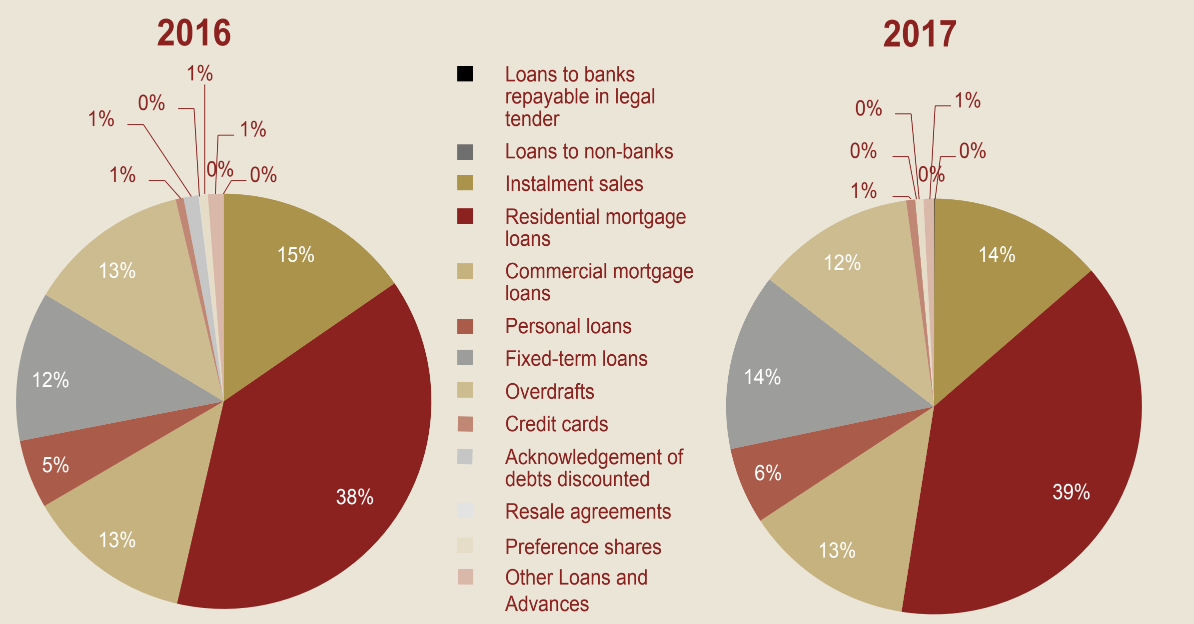
Liquidity improved and contributed to growth in net loans and advances, cash and balances with banks, short-term negotiable securities, and other asset categories. The main drivers in the asset growth were cash and balances with banks, short-term negotiable securities, other assets and net loans and advances. Net loans and advances increased by 7.5 percent from N$84.0 billion to N$90.3 billion. Net loans and advances constituted the largest portion of total banking sector assets with 73.0 percent, a decline from 76.3 percent in 2016. Short-term negotiable securities constituted 9.5 percent of total assets, an increase from 8.1 percent in 2016, as they grew by 32.6 percent to N$11.8 billion. Cash and balances with banks recorded a share of 9.7 percent of total assets, an increase from 8.0 percent in 2016, and stood at N$12.0 billion, reflecting annual growth of 37.3 percent. The remaining 7.8 percent was shared among the rest of the industry assets mix that collectively stood at N$9.6 billion. The fact that cash and balances with banks and short-term securities have increased in excess of 30 percent compared to a much lower growth rate for loans and advances is indicative of efforts to mobilise retail deposits. Despite, improved liquidity in the market, depressed domestic economic conditions.

Mortgage loans[29] were the major driver of the increased loans in 2017 and continued to constitute the largest share of the banking industry's total book. Modest growth, from N$43.7 billion to N$47.5 billion, was evident in mortgage loans, which constituted 52.1 percent of the total loan book, up from 51.4 percent the previous year. The growth was reflected under both residential and commercial mortgages. The slowdown of growth in the mortgage loans could in part be attributed to a combination of the introduction of the loan-to-value ratio regulation, as well as to depressed economic conditions. The purpose of these regulations is to set out the procedures for determining the loan-to-value restrictions when banking institutions extend mortgage loans to customers for the purchase of non-primary residential properties in Namibia.

Strong growth was evident in fixed term loans, credit cards and personal loans, while growth in mortgages and instalment finance declined. Mortgage loans increased by only 8.7 percent to N$47.5 billion, compared to growth of 9.1 percent in 2016, while instalment finance recorded a decline of 5.4 percent to N$12.4 billion. Personal loans increased by 19.2 percent to N$5.4 billion, while overdrafts increased by 4.3 percent to N$11.3 billion. In addition, fixed term loans and credit cards increased by 26.1 percent to N$12.5 billion and 23.8 percent to N$647.0 million, respectively. Fixed term loans came in second and constituted 13.8 percent, instalment sales 13.6 percent, overdrafts 12.4 percent and personal loans 5.9 percent, with other loan categories making up the remainder of 2 percent (Figure D.2).

Figure D. 2: Composition of Total Loans and Advances

The largest share in loans and advances was presented by mortgages loans.



29 Mortgage loans comprised of residential and commercial real estate loans in the report

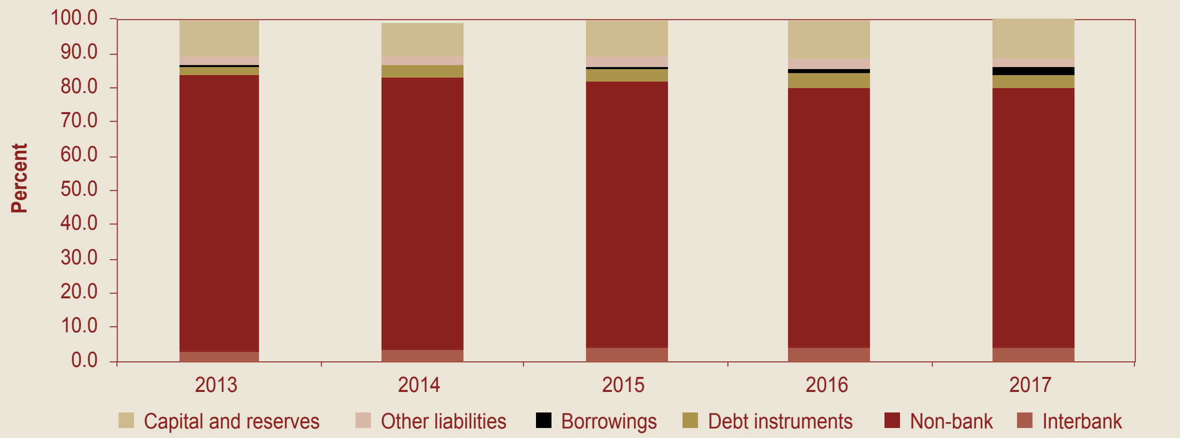
FUNDING STRUCTURE

The total funding mix of the banking industry consisted of bank funding, non-bank funding and capital and reserves, of which non-bank funding remained the dominant source. Cost of funding for banks' is determined by the extent of their own funding in the form of capital and reserves, as well as by the stability of funding sources, competition and market conditions. Non-bank funding which dominated the banking sector total funding, stood at N$93.5 billion and constituted 75.6 percent of total funding, a decrease from 76.2 percent in 2016. Bank funding increased by 4.7 percent to N$4.9 billion and constituted 4.0 percent. Capital and reserves increased by 18.2 percent and constituted 11.6 percent of total funding (Figure D.3). The remaining 8.8 percent of total funding was comprised of all the other liabilities.

Figure D.3: Funding Structure

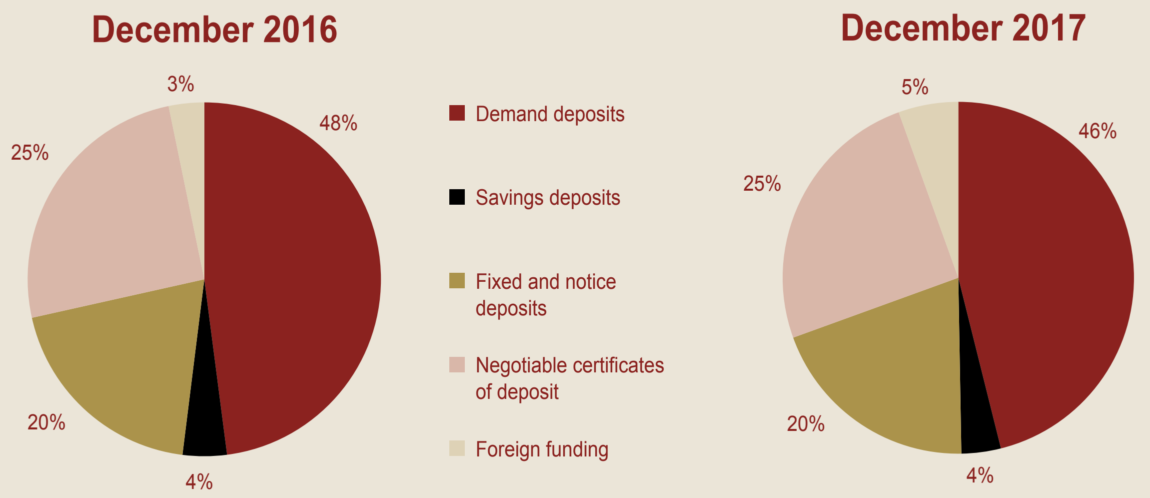
The main sources of funding which is non-bank funding and equity capital improved.

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



The main source of non-bank funding (deposits) of the total banking sector remained demand deposits, followed by negotiable certificates of deposit, and fixed and notice deposits. Total deposits were dominated by demand deposits, which increased by 7.3 percent to N$43.1 billion. (Figure D.3). Furthermore, demand deposits were still dominated by wholesale deposits, as opposed to retail funding, which is regarded as a cheaper and a more stable source of funding.

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The industry observed an increase in the share of Negotiable Certificates of Deposit and fixed and notice deposits. Demand deposits held a share of 46.1 percent in total deposits, a decline in relation to 47.9 percent in 2016. Negotiable Certificates of Deposit increased by 10.5 percent to N$23.4 billion and constituted a share of 25.0 percent, a marginal decrease from the 25.2 percent recorded in 2016. Fixed and Notice Deposits increased by 12.8 percent to N$18.5 billion and constituted a share of 19.7 percent, an increase from 19.5 percent in 2016. Foreign funding and saving deposits followed with shares of 5.5 percent and 3.6 percent, respectively. The non-bank funding portfolio was dominated by depositors from the financial, insurance, public (SOEs) and mining sectors.

CAPITAL ADEQUACY

Industry capital levels remained resilient during 2017, showing improvement in all capital adequacy ratios. All capital adequacy ratios stood above the minimum regulatory requirements.

Total qualifying capital was higher for the period under review, largely due to the inclusion of capital from the specialised banking institutions[30], which had previously been excluded, and higher retained earnings for the banking industry. Overall, growth in retained earnings, paid-up shares and general reserves also contributed to the higher levels of capital recorded during the year. Total qualifying capital increased by 19.4 percent to N$15.1 billion for 2017. This increase is attributed to increases experienced in tier 1 capital, which grew year-on-year by 20.9 percent to N$12.5 billion. The level of tier 1 capital further increased in 2017, owing to the inclusion of N$1.1 billion in paid up share capital from specialised banking institutions, in combination with retained earnings and general reserves for the total industry that increased by N$744.6 million and N$679.3 million, respectively (Figure D.4). The data of these institutions were not included before.

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Figure D.4: Capital adequacy elements and ratios

Banking institutions in Namibia maintained adequate capital levels, with a higher reported growth in total qualifying capital in 2017 than in 2016.

Figure D.4(a) Elements of capital funds

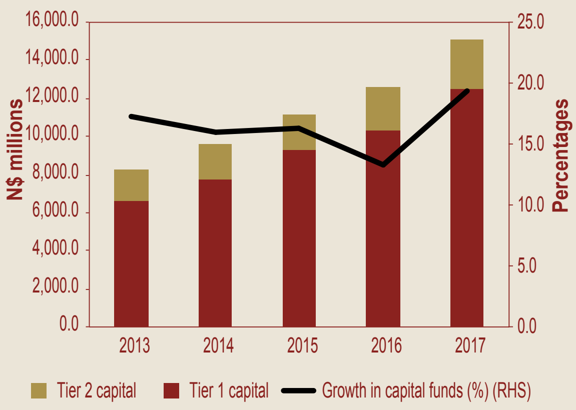
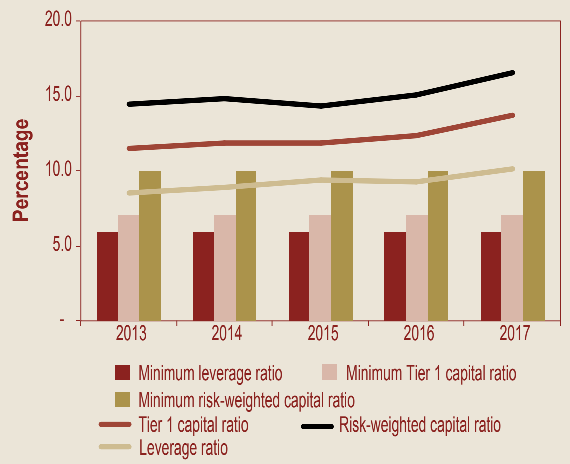


Figure D.4(b) Capital adequacy ratios



Risk weighted assets grew in tandem with the growth in capital. Qualifying capital expanded at a rate of 19.4 percent in 2017, as opposed to 7.6 percent in 2016. Capital adequacy as measured by the risk-weighted capital ratio increased from 14.8 percent to 16.6 percent in 2017 (Figure D.4). The higher ratio is mostly due to the inclusion of the specialised banking institutions in the analysis, which had a combined risk-weighted capital ratio of 119.9 percent. The four larger banks continued to make healthy profits that boosted retained earnings. Consequently, this development led to an increase in the Tier 1 capital ratio of 13.7 percent, up from 12.7 percent the previous year. The leverage ratio increased from 9.3 percent to 10.1 percent, which

30 Specialised banking institutions are banking institutions that are classified differently in terms of their size and the specialised nature of their business models.

was consistent with the trend for the year, as the growth in Tier 1 capital outpaced the growth in gross assets.

The Bank plans to implement new capital rules during 2018 under Basel III which will impact the capital structure of banks. As the implementation timelines for Basel III Project is drawing near, on-going capital management, conservation buffers and the quality of capital is receiving very close attention. The future capital landscape may become significantly different for the banks that are designated as domestic systemically important, as per the Basel Committee prescribed guidelines.

CREDIT RISK[31]

Analysis of non-performing loans

The asset quality of the banking industry deteriorated over the course of 2017, while the appetite for credit by consumers slowed down. The higher level of non-performing loans (NPLs)[32] are attributed to distressed households and corporates, due to a slowdown in domestic economic activities. The year 2017 saw non-performing loans increase from N$1.3 billion to N$2.3 billion. This represents an increase of 76.9 percent, and outstrips the increase of 7.7 percent in total loans and advances. The increase in NPLs was driven by increases in almost all the credit product types. Non-performing mortgages increased by 68.0 percent to N$1.3 billion. The same trend was noted for non-performing overdrafts that increased by 98.1 percent to N$317.3 million. The other unsecured lending categories, such as personal loans and credit cards also performed poorly, with non-performing personal loans increasing by 58.0 percent to N$112.0 million and non-performing credit cards increasing by 21.0 percent to N$18.8 million. The dominant components of non-performing loans were mortgages at 57.4 percent, trailed by overdrafts at 14.0 percent, instalment sales and leases at 10.1 percent, other loans and advances at 12.8 percent, and credit cards at 0.8 percent (Figure D.5). The share of overdrafts in total NPLs surpassed the share of instalment sales when compared to last year figures of 12.2 percent and 14 percent, respectively. The increase in NPLs is attributed to a slowdown in the growth of the Namibian economy which put pressure on corporate and household income, particularly given the elevated levels of debt in 2017.

The ratio of NPLs to total loans and advances, a key indicator of asset quality, deteriorated as economic activity slowed down in major economic sectors. The unfavourable economic conditions coupled with household indebtedness had a negative impact on the level of NPLs. The NPL ratio increased during 2017 from 1.5 percent to 2.5 percent of total loans, the highest level over the past five years (Figure D.5). Nevertheless, the NPL ratio remained manageable and within the benchmark of 4.0 percent.

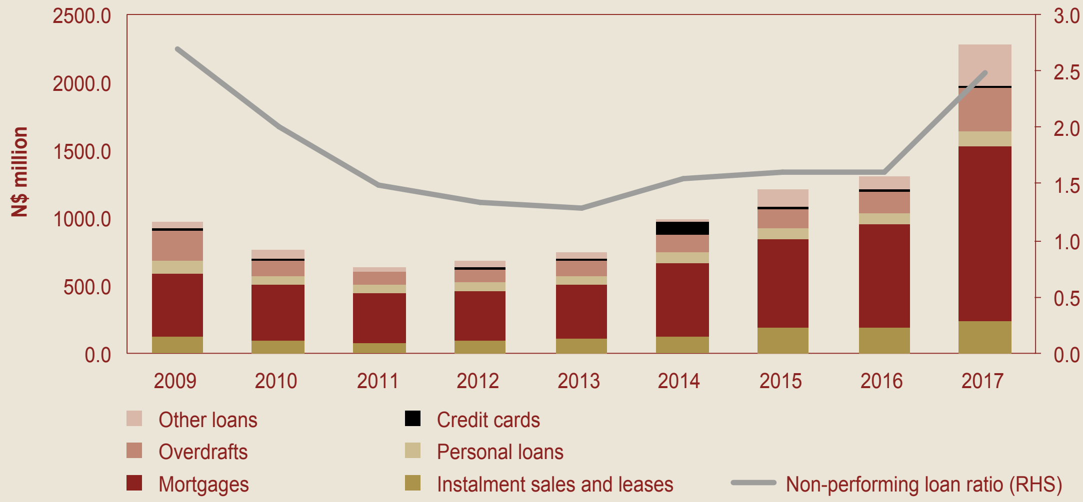
NPLs per sector continued to be managed by banks, through stricter credit underwriting standards for sectors that experienced contractions during the year including the fishing, construction and manufacturing sectors. NPLs increased for individuals, real estate and business services, trade and accommodation, agriculture, finance and insurance, transport and construction sectors. Year-on year, the NPLs category for the individuals sector increased by N$378.1 million to N$1.2 billion, for the real estate and business services sector, by N$272.3 million to N$368.8 million; for the trade and accommodation sector, by N$192.7 million to N$350.1 million; for the agriculture sector, by N$24.1 million to N$82.7 million; for the finance and insurance sector, by N$61.8 million to N$98.3 million; for the transport services sector, by N$54.4 million to N$79.3 million; and for the construction sector, by N$12.1 million to N$66.7 million. Fishing, mining, manufacturing, government services and others sectors showed contractions in NPLs. Banks assess exposures in non-performing sectors, and have, in terms of risk appetite frameworks, set limits for sectoral concentration in the form of sectoral and portfolio limits to minimise exposure to high risk sectors and industries.

31 Credit risk is defined as the potential risk that a banking institution's borrower or counterparty will fail to meet their obligations in accordance with terms of the credit agreement.

32 Non-performing loan refers to a loan (capital and/ or interest) due or unpaid for 90 days or longer.

Figure D.5: Non-performing loans

Mortgages is the main driver for increasing non-performing loans.



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ADEQUACY OF PROVISIONS

Specific provisions increased in tandem with the increase observed in NPLs as expected. Specific provisions increased by 50.4 percent to N$433.5 million, as opposed to N$288.1 million recorded in 2016. Specific provisions as a percentage of non-performing loans stood at 17.3 percent, which constituted a decline from the 20.7 percent recorded in 2016. Realizable security increased by 59.5 percent to N$1.6 billion. As a result, specific provisions[33] increased at a slower rate than they did in 2016, as banking institutions are required to provide for loans after taking into consideration the value of collateral held.

LOAN DIVERSIFICATION AND STATUTORY LARGE EXPOSURES

The banking sector continued to mitigate credit risk by diversifying loans across different sectors and counterparties in line with their respective risk appetites. In terms of the sectoral distribution of loans, loans to individuals represented the majority of banking sector credit, which stood at 61.4 percent of total loans and advances, followed by the real estate and business services sector at 9.7 percent and the trade and accommodation sector at 9.6 percent.

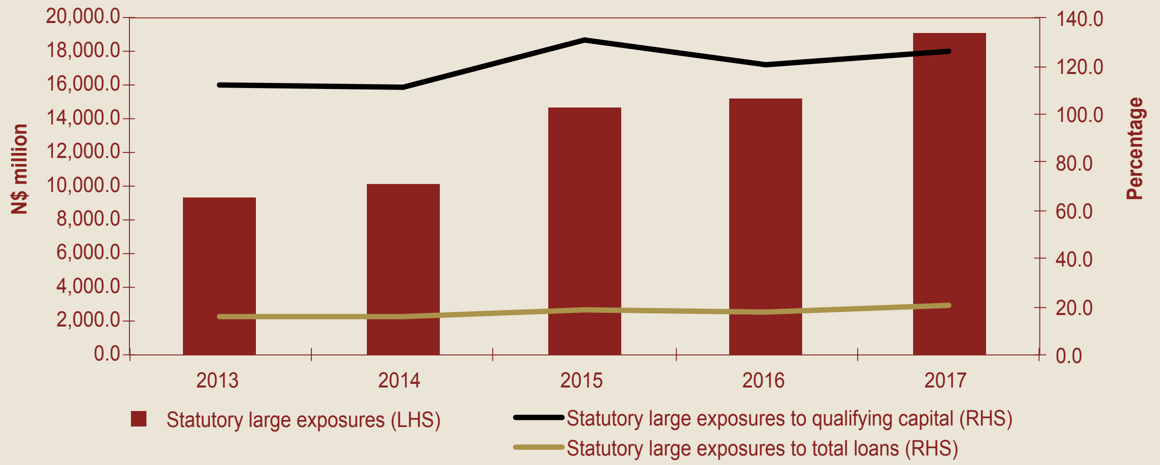
Despite the increase, the value of the large exposures[34] remained within the regulatory capital limits. The value of large exposures increased by 25.2 percent and stood at N$19.1 billion compared to N$15.2 billion recorded in 2016. Consequently, the ratio of large exposures to total loans increased from 17.9 percent on 31 December 2016 to 20.8 percent on 31 December 2017. As a percentage of qualifying capital, large exposures increased from 120.4 percent to 126.2 percent, but were well within the regulatory limit of 800.0 percent of capital funds (Figure D.6).

33 For loans graded substandard, doubtful or loss, the net realisable value of collateral shall be deducted from the loan balance before applying specific provisioning percentages.

34 Large exposures are exposures above 10 percent of a banking institution's capital base.

Figure D.6 Statutory large exposures relative to total loans and capital funds

The value of large exposures increased, but remained within regulatory limits set by the Bank.



PROFITABILITY AND EARNINGS

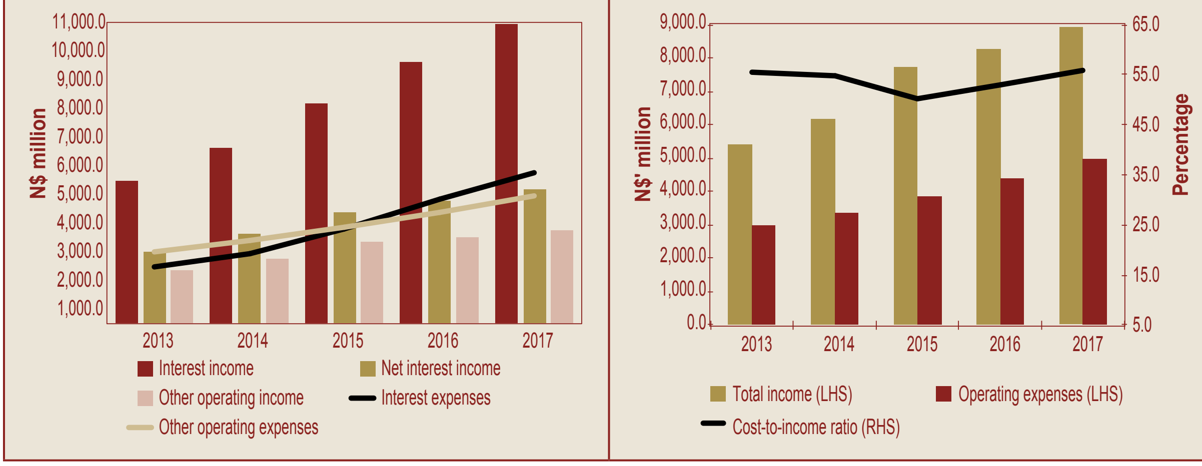
During 2017, the banking institutions recorded a slower growth in income, but remained profitable. The banking industry's total income recorded an increase of N$605.0 million, from N$8.3 billion to N$8.9 billion in 2017. The increase in total income for the banking sector was generated by both net interest income and other operating income. Net Interest Income increased by N$400.7 million to reach the N$5.2 billion mark, while other operating (non-interest) income increased by N$204.4 million to N$3.7 billion during the year (Figure D.7). At 58.2 percent, the net interest income remained the largest component of total income.

Figure D.7: Profitability and Earnings

The banking industry's income increased but cost efficiency deteriorated due to higher operating cost.

Figure D.7(a) Key income statement indicators

Figure D.7(b) Efficiency indicators of the banking sector



The banking sector's operating expenses continued to increase during 2017. The major contributors to the 13.0 percent increase in operating expenses was the escalation in staff costs, and administration and other overheads. Staff costs increased due to annual salary increases, leave provisions, bonuses provisions, share-based options and training provisions. Staff costs increased by 15.4 percent, while administration and other overheads increased by 8.8 percent during the period under review. In terms of the composition of operating expenses, staff costs remained the largest expenditure component, representing 52.8 percent, followed by administration and other overheads at 23.8 percent, occupancy expenses at 6.5 percent, depreciation and amortisation at 5.8 percent and other operating expenses at 11.1 percent. Provision charges increased by N$134.8 million to N$361.2 million during the year under review.

The cost-to-income ratio deteriorated during 2017, indicating more challenges in cost management for the banking sector. The cost-efficiency ratio (operating expenses/total income) increased from 53.0 percent in 2016 to 55.8 percent in 2017 (Figure D.7). The ratio exceeded the international benchmark of 50.0 percent, but remained well below the internal regulatory threshold of 65.0 percent.

The banking industry's after-tax profits decreased during the year, driven down by faster growth in operating expenses, than in income. The banking industry's after-tax profits decreased by 2.4 percent and amounted to N$2.5 billion. The decline in after-tax profits led to a significant drop in especially the return on equity ratio. The return on assets (ROA) ratio decreased from 2.3 percent to 2.1 percent (Table D.1), while the return on equity (ROE) ratio decreased more significantly from 24.1 percent to 18.6 percent.

Table D.1: ROA and ROE ratio

Earnings (percent)	2013	2014	2015	2016	2017
Return on Assets	2.1	2.4	2.5	2.3	2.1
Return on Equity	20.9	24.0	24.5	24.1	18.6

The banking industry expanded the service points to enable greater banking services coverage throughout the country. Twenty-five branches and one agency were established during 2017, taking the banking sector's branch network to 163 branches and the number of agencies to 62 (Table D.2), as a result of the addition of specialised banks.

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Table D.2: Bank Branch Network

Description	2013	2014	2015	2016	2017
Branches	105	111	126	139	163
Agencies	73	73	68	61	62
Total	**178**	**181**	**194**	**200**	**225**

The banking sector's staff complement, especially permanent personnel, increased during the year. The total number of personnel employed by the banking industry was 6 463 as at 31 December 2017, which represented an increase of 3.7 percent over the previous year. Temporary personnel decreased by 45.9 percent to 179, while permanent personnel increased by 5.1 percent to 6 284 during 2017 (Table D.3).

Table D.3: Bank Staffing Levels

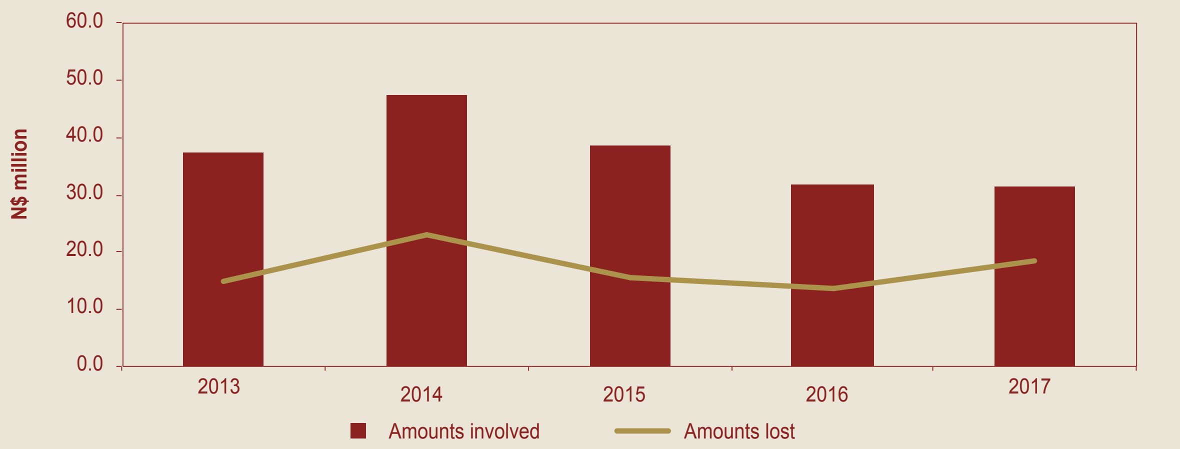
Description (Number of Employees)	2013	2014	2015	2016	2017
Permanent Personnel	5 122	5 231	5 524	5 902	6 284
Temporary Personnel	204	357	375	331	179
Total	**5 226**	**5 422**	**5 899**	**6 233**	**6 463**

FRAUD AND OTHER ECONOMIC CRIME

The levels of fraud and other economic crime in the banking sector decreased during 2017. The number of fraud cases reported declined from 189 in 2016 to 166 in 2017. The amount involved through fraudulent activities declined from N$31.9 million in 2016 to N$31.6 million in 2017. The actual financial loss increased, however, from N$13.6 million in 2016, to N$18.5 million in 2017 (Figure D.8). The banking sector reported that of the amount lost, an amount of N$852.7 thousand was recovered, while further recoveries of N$1.7 million were envisaged pending the successful conclusion of investigations.

Figure D.8: Fraud and other economic crime

The fraud incidences and losses reported decreased due to effectiveness of public awareness campaigns.



The categories of fraud experienced by banking institutions during 2017 included credit card fraud, computer fraud, ATM fraud, theft of cash, cheque fraud, currency counterfeit fraud, theft of assets, manipulation of Automated Teller Machines (ATMs) machines and travellers' cheques fraud. The features of fraud included manipulation of negotiable instruments, fraud committed by outsiders, forgery of authorised signatures, manipulation of accounting and other bank records, inadequate internal controls and failure to adhere to banking procedures. The reduction in the level of fraud stems from improved effectiveness of awareness campaigns by the industry. The occurrence of fraud remains a national, regional and global concern, and to reduce fraud incidences and losses, banks should continue to strengthen their operational risk management practices through robust internal controls and fraud monitoring systems.

LIQUIDITY

Liquid assets stood comfortably above the minimum prudential requirement of 10.0 percent, despite some contractions in liquidity during the first quarter of the year (Figure D.9). The industry liquidity position improved significantly during 2017 due to some banks receiving liquidity support from their parent companies, Government injecting funds into the economy, debt issuance by the industry and repatriation of institutional funds to Namibia.

Figure D.9: Liquidity

Treasury bills held the dominant share of liquid assets and the banking sector complied with minimum statutory liquid assets.

Chart D.9(a) Statutory liquid assets

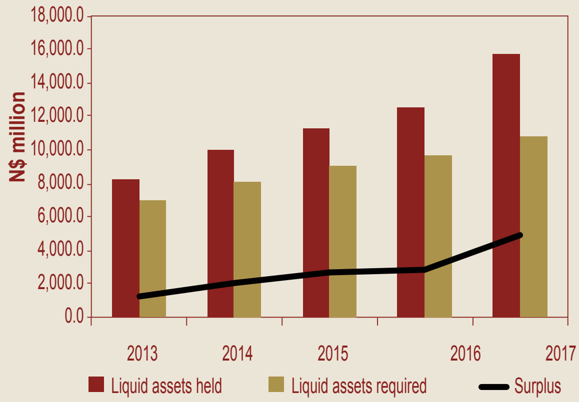
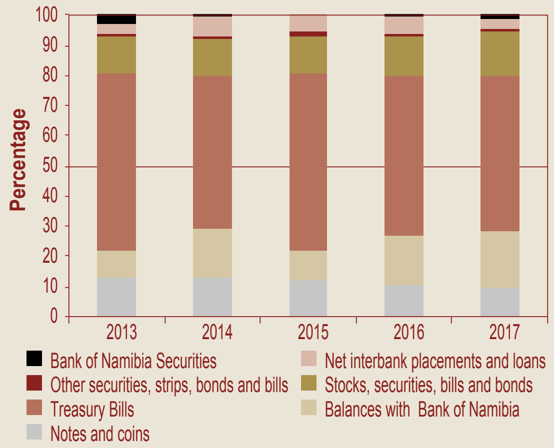


Chart D.9(b) Liquid assets compositions



At the close of 2017, the banking sector held liquid assets in excess of the required minimum levels. The banking sector reported a surplus in liquid assets of N$5.4 billion as total liquid assets held stood at N$16.2 billion, in comparison to the required levels of N$10.8 billion (Chart D.9). Liquid assets increased by N$3.7 billion, which resulted in a higher ratio of 16.2 percent, up from 11.4 percent.

During 2017, the loan-to-asset ratio improved and stood at a satisfactory level. The ratio improved from 76.5 percent to 73.2 percent, and resultantly was better than the international benchmark of 75.0 percent during 2017. The improvement in the ratio arose from slower growth recorded in loan and advances, coupled with higher growth in short-term negotiable securities and cash and balances as a result of improved liquidity conditions.

The industry reported larger than usual increases in total deposits, which exceeded growth in the net loans and advances. The combined loan-to-deposit ratio stood at 94.1 percent, a notable improvement from the 101.4 percent reported in 2016. This improvement was indicative on the one hand of a combination of the banking sector's efforts to mobilise retail deposits and the significant improvement in liquidity in general, and subdued demand for loans and advances as a result of poor economic conditions on the other. The position at the end of 2017 indicates an improvement in the industry's liquidity risk profile.

As was the case with the loan-to-deposit ratio, the total loan-to-funding ratio also improved in 2017. The total loan-to-funding ratio improved from 89.9 percent in 2016 to 86.0 percent in 2017, which is also indicative of the prevailing market and economic conditions.

The relative holding of Treasury Bills by the banking industry decreased during the reporting period, as did clearing and call account balances at the Bank. The share of Treasury Bills as a proportion of qualifying liquid assets stood at 51.5 percent, followed by clearing and call account balances held with the Bank that accounted for 18.9 percent , and stocks, securities, bills and bonds at 15.0 percent. The proportion of notes and coins stood at 9.4 percent, while net interbank placements and loans accounted for 3.0 percent. Bank of Namibia securities and other securities, strips, bonds and bills claimed portions of 1.6 percent and 0.6 percent, respectively (Figure D.9).

Funding from the top ten large depositors of the banking industry decreased in relative importance as banks were able to reduce their funding and concentration risk, because of improved liquidity. The share of the top ten depositors in total funding-related liabilities declined to 25.0 percent during 2017, compared to 28.8 percent reported in 2016. Funding from large depositors in the 1-7 days' time bucket constituted 10.3 percent of total funding-related liabilities and stood at a position of N$10.9 billion during 2017. These exposures were from the insurance, public, financial (investment managers) and mining sectors with shares of 36.1 percent, 30.2 percent, 28.1 percent and 5.6 percent, respectively. Funding concentration remained largely unchanged from the previous year, implying that the banks' position in respect of funding risk had not changed much and that any adverse conditions in these sectors may have negatively impacted them. However, banks held excess funding facilities to serve as contingency funding for large unexpected outflows from these depositors. Contingency funding sources may, however, not be sufficient to cover outflows from sectors with the largest exposures should large depositors choose to withdraw on short notice.

An asset-sensitive position in foreign exchange exposures in the short-term bands (1-3 months) was maintained by the banking industry. This position implies that in the event of local currency appreciation, the banking industry may incur losses against foreign currencies. The USD and EUR currencies remained the most frequently traded.

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 increases. During 2017, assets repricing in 30 days increased to N$100.7 billion, a 9.5 percent increase over 2016. At the same time, the liabilities repricing in 30 days stood at N$63.0 billion in 2017 (N$57.7 billion: December 2016).

The funding side of the balance sheet during 2017 continued to be dominated by liabilities driven by variable interest rates, although smaller than a year ago. The share of these liabilities of total funding decreased from 59.3 percent to 52.2 percent during 2017. Fixed rate-sensitive liabilities and capital shared residuals portions of 29.0 percent (December 2016: 18.9 percent) and 10.9 percent (December 2016: 9.2 percent), respectively. The remaining 7.9 percent represents other non-interest rate liabilities.

Although fixed-rate-sensitive assets gained an increasing stake in 2017, variable-rate-sensitive assets still dominated the asset side of the balance sheet. Variable rate-sensitive assets registered a share of 84.9 percent in 2016 that declined to 81.6 percent in 2017, while fixed rate assets stood at 11.0 percent, with the remaining 7.4 percent representing other non-rate sensitive assets. The resultant outcome of the decrease in variable rate assets caused an asset-sensitive net repricing gap of N$37.4 billion in the 0-31-day-maturity bucket, compared to N$34.4 billion in 2016. Banks are therefore expected to benefit from the asset sensitive position, particularly when interest rates increase, as assets will reprice faster. The stress test results showed that the impact of a 200 basis point interest rate shock on qualifying capital was minimal at 0.9 percent during 2017, in contrast to 0.7 percent impact in 2016.

ON-SITE EXAMINATION

During 2017, the thematic reviews on problem assets was the key focus area, to ensure that the Bank was geared towards continuously fulfilling its mandate to safeguard and enhance financial stability. In response to the recommendations of the Financial Stability Board, the Department intensified the supervision of banks classified as Domestic Systemically Important Banks (DSIBs). This resulted in an increase in the frequency of bank examinations. DSIBs are now examined annually as opposed to every second year. Most of the resources were focused on these reviews with the aim of reducing the likelihood of failure, in view of the profound impact that this would have on the domestic financial system.

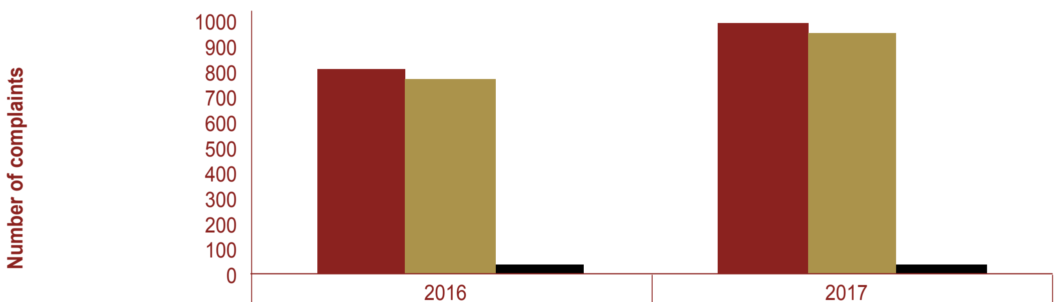
The Bank carried out four on-site examinations to promote the development of sound risk management practices within banking institutions during the year under review. The three scheduled thematic on-site examinations carried out on the DSIBs were continuations of risk monitoring from the previous year. The fourth examination focused on a non DSIB banking institution to ascertain if it had sound risk-management systems, adequate internal controls, and appropriate contingency arrangements. This was aimed at addressing risks that might result in stress conditions and maintaining prudent levels of capital as buffer against possible losses. The thematic review focused on banks' credit risk and liquidity strategic formulation within a challenging macroeconomic environment, and the assessment of the bank's compliance with the Determination on Asset Classification, Suspension of Interest and Provisioning (BID-2) to ascertain the quality of the loan books and credit risk management practices. The conclusions drawn from the industry thematic review may result in further guidance and policy actions, which could possibly see amendments to the Determination BID-2. Credit risk and liquidity risk will continue to be monitored during 2018 given the deterioration in the asset quality, changes in credit risk measurements and the possible impact arising from the implementation of International Financial Reporting Standards 9 (IFRS 9) which took effect immediately after the review year, on 1 January 2018.

In addition, the Bank carried out quarterly follow-up activities on examinations conducted in prior years to establish whether the recommended corrective actions had been implemented. Supervisory actions were instituted where the risk had not been adequately mitigated.

CUSTOMER COMPLAINTS

The year 2017 saw an increase in the total number of complaints reported in the banking sector. A total of 986 complaints were registered during the year, compared to the 806 complaints handled in 2016. A breakdown showed that 91.3 percent were complaints reported directly at the respective banking institutions, and 8.7 percent were complaints that were escalated to the Bank of Namibia for recourse. Of the 168 enquiries made, 83 related to SME Bank related enquiries following the issuing of the provisional liquidation order by the High Court. The remaining 85 enquiries, related to other banks. Figure D.10, illustrates complaints received, cases closed and cases that remained pending at the end of the reporting period.

Figure D.10: Total number of complaints



	2016	2017
Total Complaints	806	986
Closed	767	951
Pending	39	35

The most common theme of complaints received, centred around poor customer service provided to the customers of banking institutions. Poor customer services ranged from unprofessional behaviour by front line staff, to banks not providing adequate information to consumers, delays in processing of instructions, long queues, and challenges faced by pensioners. Complaints also related to the auctioning process of mortgages and vehicles loans, consumers not understanding the fee structures of banks, charges by banks for unpaid debit orders, systems related challenges, disputes over last wills and testaments, over-indebtedness of consumers, and ATM cards and Personal Identification Numbers (PIN) being compromised.

The year under review also witnessed the solving of cases that resulted in interest reversals and/or write-offs, repayment period extensions, monetary refunds, and, where appropriate, formal apologies being offered to aggrieved consumers.

In an effort to provide quality service in the banking sector, the Bank engaged banking institutions during the year under review. The aim of the engagements was to provide feedback, regarding the concerns raised in the sector and to recommend strategies for enhancing the quality of customer service. **The Bank held media campaigns and educated consumers on financial services and debit order related issues.** This followed on concerns raised by consumers of financial services during the year 2016, regarding amounts being deducted from bank accounts without the account holders' permission. Consumers were educated on what debit orders are; how to manage risks, and what to do about unauthorised debit order deductions. The consumer education was conducted through print media releases in the local newspapers and media postings on the Bank's social media pages.

LICENSING OF BANKING INSTITUTIONS

During the period under review, the Bank did not receive any new banking license applications. However, the Bank approved the acquisition of EBank Limited by First National Bank Namibia Limited, whereafter EBank Limited surrendered its certificate of authorisation to conduct banking business on 24 November 2017 for cancellation by the Bank.

LIQUIDATION OF BANKING INSTITUTIONS

The Bank is empowered by the Banking Institutions Act, 1998 to apply to the High Court for the winding-up of a banking institution if the Bank is satisfied that the banking institution in question is insolvent. During the year under review, the Bank made an application to the High Court for the winding-up of SME Bank Limited. The Court granted a provisional order for the winding-up in June 2017, followed by the final order for the winding-up granted in November 2017. The Master of the High Court appointed liquidators to oversee the process of winding-up of the SME Bank Limited in accordance with the relevant legislation. However, following the filing of an appeal in the Supreme Court by minority shareholders of the SME Bank Limited against the winding-up order, the liquidation process was put on hold.

PYRAMID SCHEMES/ILLEGAL BANKING BUSINESS

The Bank assessed a number of potentially illegal financial schemes and concluded that two such schemes were in contravention of the Banking Institutions Act, 1998 (Act No. 2 of 1998). These schemes went by the names of "Be Motivated Today and MyLifeChange 247". The Bank informed the promoters of these schemes of their illegitimacy, and they were directed to cease their operations in Namibia. In addition, the Bank saw the re-emergence of a previously assessed scheme known as "Four Corners Alliance". The Bank directed the new promoters of Four Corners Alliance to cease all operations and repay any money they had collected from members of the public. Furthermore, the Bank issued cautionary notes in the media, advising members of the public to refrain from promoting or participating in illegal financial schemes. The Bank continued to monitor the operations of potentially illegal financial schemes and implemented strategies to prevent such operations from causing harm to members of the public.

DEVELOPMENTS RELATING TO THE CREDIT BUREAUS

In line with the objective outlined in the Namibia Financial Sector Strategy, the Bank continued to strive to ensure that credit bureaus in Namibia are properly supervised. During 2017, the Bank ran a number of successful projects in partnership with various stakeholders in its bid to raise public awareness around the requirements of the 2014 Credit Bureau

Regulations and activities related to the supervision of credit bureaus.

The submission of credit information data using the Credit Providers Layout Version 1 (CPLv1) improved significantly, even though the number of rejected records increased. The improvement was evident in the number of institutions submitting data, volumes of records submitted, and the number of enquiries made. However, the number of records rejected increased and stood at 7.6 percent, above the benchmark of 5 percent. The bulk of rejections came as a result of challenges relating to the verification of the algorithm structure in the Namibian 11 and 13-digits' identity numbers. Efforts are being made to engage the Ministry of Home Affairs and Immigration in this regard. Table D.1 illustrates the year-on-year submission load.

Table D.1: Credit information submission load

Details	Dec-16	Dec-17
Number of Institutions	183	286
Number of records submitted	427,461	1,406,984
Percentage of records rejected	2.2%	7.6%
Number of Enquiries made	47,830	54,783

Despite the progress made with the submission of data in the credit information sharing industry, the information at both credit bureaus remains inconsistent, as credit providers are not submitting all data to both bureaus. The disconnect can be attributed to the fact that a number of credit providers are still in the process of system upgrades and the testing of data.

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The increase in the number of institutions submitting data has had a positive impact on the attainment of measurement targets during 2017. As at 31 December 2017, banking institutions, retailers and microlenders reached an average aggregate of 80 percent of credit providers that have engaged and are submitting data to credit bureaus. The 80 percent coverage of the credit providers sector was a necessary starting point for the data to be statistically meaningful. The Bank will continue to approach and engage the outstanding credit providers, which include utilities, state agencies and local authorities, to ensure the full participation of all parties in the sharing of credit information in Namibia.

The Bank hosted the "Credit Information Day" during the year under review. This was an industry forum which aimed at creating awareness about the expectations of the Credit Bureau Regulations, 2014; providing feedback regarding the statistics received from credit bureaus, and discussing the challenges the industry faces relating to the sharing of credit information.

In partnership with the Financial Literacy Initiative (FLI), the Bank also celebrated Credit information month in October 2017. The purpose of the initiative was to educate consumers on the importance of sharing credit information; create awareness about consumers right to a free credit report once every twelve months and educate the consumers of their right to challenge information via the dispute resolution channels. The activities included radio interviews and participation at the Swakopmund International Trade Expo.

Following an invitation by the Namibia Financial Institutions Supervisory Authority (NAMFISA), the Bank also participated in the Microlending Industry Forum. The Bank briefed the microlending Industry on the provisions and expectations of the Credit Bureau Regulations, 2014. The Microlending Industry forum events were held in the Khomas Region (Windhoek), Kavango East Region (Rundu), Oshikoto Region (Tsumeb) and Erongo Region (Swakopmund).

The Bank anticipates an increase in the public awareness regarding the consumers' right in terms of the Regulations to obtain a free credit report every 12 months, and to dispute incorrect information. The Bank further anticipates an increase in coverage following the information sessions held during the year with a view to enabling the full participation of credit providers and the effective reporting of credit market statistics.

DEVELOPMENTS RELATING TO BANKING LEGISLATION

The Bank continued with amendment and/or propose changes to primary and secondary legislation:

PRIMARY LEGISLATIVE CHANGES

(a) Banking Institutions Bill

The Bank proposed amendments to certain sections of the Banking Institutions Act, 1998 (Act No. 2 of 1998) as amanded, to ensure that the legal framework is brought in line with international developments in the banking regulatory sphere. The amendments were necessitated by, among others, the need to introduce a legal framework for microfinance banking institutions and to improve legal provisions relating to illegal financial schemes. The Bank proposed further enhancement to the Bill following the 2017 Financial Sector Assessment Programme recommendations, to strengthen crisis management and the resolution of weak and failing banks. Consultation with the banking industry on the latest changes to the Bill have been completed.

(b) Deposit Guarantee Bill

The purpose of this proposed legislation is to establish a Deposit Guarantee Scheme for Namibia and to provide for its management and functioning and powers of its Board. In addition, once passed by Parliament, it will facilitate the establishment of Deposit Guarantee Fund for the compensation of depositors in the event of the liquidation of banking institutions. The Minister of Finance presented the Bill to the Cabinet Committee on Legislation which granted the necessary endorsement in 2017. The Bill is now being scrutinised by the legal drafters, after which it will be resubmitted to the Minister for consideration and submission to the Secretary of the Cabinet Committee on Legislation, for transmission to the Attorney General for Certification and eventually for tabling at the National Assembly.

D

SECONDARY LEGISLATIVE CHANGES

(a) Draft 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 purpose of the Determination (BID-5A) is to ensure that banking institutions and bank controlling companies maintain a high level of capital, which is adequate to protect their depositors and creditors. The Capital requirements will 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, and that capital is commensurate with the risk activities and profile of the banking institution. Furthermore, it will promote public confidence in banking institutions and the banking system. The draft Determination has been shared with the industry for sign-off before it is gazetted and implemented, which is anticipated to take place by end of March 2018.

(b) Determination on the Appointment, Duties and Responsibilities of Directors, Principal Officers and Executive Officers of the Banking Institutions and Controlling Companies (BID-1)

The Bank revised and implemented the Determination on the Appointment, Duties and Responsibilities of Directors, Principal Officers and Executive Officers of the Banking Institutions and Controlling Companies (BID-1) which were published in the Government Gazette as General Notice No. 21 of 11 January 2017. The Determination provides guidelines regarding the fit and proper assessment of persons to be appointed to serve as directors and executive officers of banking institutions and controlling companies. The Determination repeals the Determination published in the Government Gazette as General Notice No. 1 899 of 29 June 1998.

(c) Determination on the Appointment, Duties and Responsibilities of an Independent Auditor of a Banking Institution (BID-10)

The Bank made amendments to Determination (BID-10) which were published in the Government Gazette as General Notice No. 407 of 21 September 2017. The Determination sets out rules and regulations relating to the appointment, duties and responsibilities of independent audit firms of banking institutions and controlling companies and the role of the audit committee in this regard. The changes effected include increased involvement of the Audit Committee in the appointment of independent auditors and the introduction of the mandatory audit rotation. This Determination repeals the older version of BID-10 published under General Notice No. 427, in the Government Gazette as General Notice No. 5 089 of 7 December 2012.

(d) Determination on Priority Ranking of Claims of Depositors (BID-26)

Determination (BID-26) is a new Determination which sets out the order of priority that must be followed when effecting the payment of claims of depositors that are made in the event of the winding-up of a banking institution or controlling company of a banking institution. The Bank published this Determination in the Government Gazette as Notice No. 6 332 of 15 June 2017.

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(e) Securitisation

The Bank drafted an Exemption Notice for securitisation schemes in Namibia. The Exemption Notice deals with the designation of an activity such that it does not fall within the scope of the definition of a banking business and with the receiving of funds from the public as contemplated in the Act. The Notice provides regulatory guidance to both banking and non-banking institutions on matters relating to the establishment and treatment of securitisation transactions. The Bank submitted the Exemption Notice to the Ministry of Finance for consideration and issuance by way of Government Gazette.

(f) Determination on Information Security (BID-30)

Determination (BID-30) is a new Determination intended to ensure that banking institutions put in place a robust information security programme. Its aim is to ensure that the business impacts resulting from operational information security vulnerabilities or security incidents are kept to a minimum and remain within the banking institution's risk appetite levels. The Bank published this Determination in the Government Gazette as Notice No. 6 448 of 24 October 2017.

Table D.5 Composition of the balance sheet - N$ '000

	2013	2014	2015	2016	2017
Interbank Funding	2,524,918	3,513,308	4,073,676	4,708,167	4,928,891
Non-bank Funding:	**62,214,004**	**69,661,708**	**77,762,133**	**83,855,085**	**93,538,828**
Demand	33,676,364	37,745,044	39,164,503	40,200,591	43,119,820
Savings	2,738,872	3,200,052	3,501,871	3,383,305	3,390,385
Fixed & notice deposits	7,411,996	9,474,329	11,198,142	16,379,879	18,472,485
Negotiable Certificate of Deposits	15,822,443	16,631,306	20,566,976	21,171,093	23,397,628
Foreign Funding*	2,564,329	2,610,978	3,330,641	2,720,217	5,158,509
Loans under repurchase agreement	-	-	-	-	-
Debt Instruments issued	1,783,257	3,028,686	3,437,993	4,189,830	5,028,350
Other borrowings	664,552	4,070	1,180,719	1,721,937	2,802,767
Other liabilities	2,024,140	1,999,034	2,852,231	3,418,723	3,012,262
Capital & Reserves	7,778,365	8,962,590	10,626,209	12,166,369	14,376,078
TOTAL FUNDING	**76,989,236**	**87,169,395**	**99,932,962**	**110,060,112**	**123,687,176**
Cash and Balances	7,112,890	8,271,422	8,030,748	8,759,938	12,027,513
Short term negotiable securities	7,362,334	6,431,131	7,842,418	8,910,467	11,811,872
Interbank Loans and Advances**	-	-	-	-	37,325
Foreign currency loans and advances	1,170,564	968,216	1,194,043	726,207	478,635
Instalment debtors and leases	9,283,690	11,027,937	12,476,395	13,123,858	12,409,417
Mortgage loans	30,738,321	35,541,479	40,065,538	43,696,678	47,486,896
Other fixed term loans	4,342,456	6,521,757	8,375,449	9,939,039	12,534,536
Personal loans	3,897,957	3,578,410	3,940,908	4,569,454	5,448,681
Overdraft	6,723,390	8,454,621	9,955,822	10,831,391	11,299,722
Credit card debtors	522,619	420,135	462,956	522,564	646,978
Acknowledgement of debts discounted	-	-	-	-	-
Loans granted under resale agreement	-	-	32,933	43,796	15,511
Investment in Preference Shares	485,585	551,317	652,219	569,685	554,312
Other loans and advances	1,015,915	917,427	1,016,296	1,041,241	739,344
Total loans and advances	58,180,498	67,981,300	78,172,558	85,063,912	91,651,359
Less: Specific provisions	220,985	256,406	354,359	271,444	399,383
Less: General provisions	473,130	556,555	627,835	657,545	699,492
Less: Interest- in- suspense	106,367	118,632	113,372	159,695	269,889
Investment portfolio	2,416,589	2,609,096	3,781,590	4,348,061	4,201,077
Trading securities	2,003,945	1,704,269	2,244,822	2,827,188	2,314,082
Available for sale securities	268,533	352,896	1,520,885	1,500,512	1,863,565
Held to maturity securities	121,215	538,033	-	-	-
Unconsolidated subsidiaries, associates	22,896	13,899	15,883	20,361	23,430
Property, plant and equipment	1,033,290	1,410,365	1,720,398	1,848,851	2,095,836
Other assets	1,684,118	1,397,674	1,480,816	2,217,567	3,268,284
TOTAL ASSETS	**76,989,236**	**87,169,395**	**99,932,961**	**110,060,112**	**123,687,176**
Average Assets	**76,989,236**	**82,079,315**	**84,604,076**	**104,996,537**	**116,873,644**
Average Equity	**7,778,365**	**8,962,590**	**9,794,400**	**11,396,289**	**13,271,224**
Interest earning assets	59,773,707	69,644,905	80,842,698	88,302,927	94,460,242
Average interest earning assets	55,725,551	64,709,306	75,243,801	84,572,813	91,381,585

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Table D.6 Capital adequacy - N$ '000

	2013	2014	2015	2016	2017
Tier 1 capital	**6,596,005**	**7,781,426**	**9,269,847**	**10,320,048**	**12,478,149**
Paid up shares	23,861	23,861	23,860	23,861	728,046
Share premium	2,112,553	2,112,553	2,262,554	2,262,554	2,322,078
Retained profits/(accumulated losses)	3,013,465	2,682,069	3,733,820	3,705,283	4,449,877
General Reserves	1,612,070	3,111,760	3,382,818	4,449,763	5,129,071
Current Unaudited losses	-	-	-	-	-
Less: Intangible Assets	165,943	148,817	133,205	121,413	150,923
Tier 2 capital	**1,677,599**	**1,812,803**	**1,893,492**	**2,327,928**	**2,627,261**
Hybred Debt*	-	-	-	-	-
Subordinated-term Debt	705,320	701,457	782,419	783,169	1,000,256
Current Unaudited profits*	339,330	348,209	281,548	657,702	685,199
General Provisions	613,367	717,153	809,943	867,475	922,225
Revaluation Reserves	19,582	45,985	19,582	19,582	19,582
Less: Investment in unconsolidated subsidiaries	-	-	-	-	-
Total Qualifying capital	**8,273,604**	**9,594,229**	**11,163,339**	**12,647,976**	**15,105,410**
Aggregated Risk-weighted Assets	**57,311,215**	**65,451,395**	**78,321,755**	**83,507,641**	**91,102,229**
Total Risk-weighted amount for Credit Risk	50,606,374	57,477,992	68,421,031	73,011,286	79,067,022
Calibrated Risk-weighted amount for Operational Risk	6,269,197	7,141,645	9,146,259	9,850,340	11,152,167
Calibrated Risk-weighted amount for Market Risk	435,644	831,758	754,464	646,015	883,040
Gross Assets*	**77,517,409**	**87,833,538**	**98,620,998**	**110,867,690**	**124,625,108**

* Hybred debt is an addition under the new Basel II Capital accord.

* Current unaudited profits are part of Tier 2 caapital 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

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Table D.7 Analysis of overdue and non-performing loans - N$ ‘000

		2013	2014	2015	2016	2017
Overdue loans*		**2,400,758**	**2,331,947**	**2,798,418**	**2,493,720**	**3,741,637**
Amounts overdue:	1 to <2 months	544,499	616,547	708,559	359,286	561,831
Amounts overdue:	2 to < 3 months	1,108,313	727,599	879,935	823,363	888,123
Amounts overdue:	3 to < 6 months	215,771	345,488	331,466	363,027	825,003
Amounts overdue:	6 to <12 months	160,890	106,004	150,113	167,687	401,307
Amounts overdue:	12 to <18 months	324,709	536,309	728,346	780,356	1,065,373
Amounts overdue:	18 months and above	46,576	0	0	0	0
Total Non-performing loans		**747,946**	**987,801**	**1,209,772**	**1,311,071**	**2,270,009**
Instalment sales		102,875	124,702	193,930	183,381	228,827.5
Mortgages		402,043	546,215	654,651	775,291	1,302,277.3
Personal loans/ Other fixed loans		65,994	81,647	73,350	70,916	112,034.0
Overdrafts		111,422	123,418	148,971	160,145	317,304.0
Other loans & advances		51,714	95,736	124,092	105,774	290,737.9
Credit cards		13,899	16,083	14,779	15,565	18,828.5
Realizable Security		441,116	508,057	849,150	1,009,911	1,610,865.1
Specific Provisions		263,571	256,405	368,217	288,106	433,454.6

*Before 2004 BoN did not require banks to report an ageing analysis of overdues.

* During 2014, the overdue loans categories were revised.

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Table D.8 Sectoral distribution of loans and advances - N$ '000

	2013	2014	2015	2016	2017
Total loans and advances	**58,180,497**	**67,981,300**	**78,172,557**	**85,063,910**	**91,651,359**
Agriculture and Forestry	2,409,188	2,759,006	2,967,529	3,168,669	2,383,368
Fishing	618,205	707,357	633,924	528,978	495,496
Mining	1,135,565	1,188,487	1,717,518	1,280,165	1,396,899
Manufacturing	1,256,908	1,589,895	1,974,747	1,891,542	1,429,850
Construction	2,179,852	3,558,795	3,737,230	3,477,639	2,845,316
Electricity , Gas and Water	472,872	488,006	822,624	758,748	1,198,279
Trade and Accommodation	12,694,213	13,900,011	15,175,448	15,804,622	8,797,065
Transport and Communication	1,223,429	1,140,782	1,191,558	1,287,591	1,056,241
Finance and Insurance	1,368,515	1,515,682	2,491,898	3,834,884	2,328,622
Real Estate and Business Services	6,092,015	8,220,319	9,751,112	10,631,763	8,861,649
Government Services	1,399,121	1,568,213	5,508,926	2,293,339	2,427,380
Individuals	26,157,065	29,919,664	30,178,869	37,886,843	56,245,697
Other	1,173,548	1,425,083	2,021,174	2,219,127	2,185,498

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Table D.9 Composition of income statement - N$ '000

	2013	2014	2015	2016	2017
Interest Income	**5,478,392**	**6,609,787**	**8,174,383**	**9,636,017**	**10,951,772**
Balances with banks	140,875	194,419	231,535	203,797	324,054
Installment debtors , hire purchase , etc	806,162	974,622	1,206,936	1,355,517	1,355,904
Mortgage loans: Residential	2,040,725	2,365,134	2,860,417	3,380,145	3,677,013
Mortgage Loans: Commercial	591,686	708,089	943,188	1,086,612	1,181,567
Personal loans	388,668	455,802	524,721	624,088	746,206
Fixed term loans	356,372	500,304	746,005	968,009	1,251,986
Overdraft	668,338	805,181	1,010,026	1,122,997	1,264,730
Other interest related income	485,567	606,235	651,555	894,852	1,150,311
Interest Expenses	**2,472,612**	**2,964,368**	**3,811,683**	**4,856,556**	**5,771,638**
Demand deposits	615,187	668,778	761,385	773,669	844,915
Current Accounts	318,449	401,613	464,088	597,664	636,266
Savings deposits	33,261	45,563	58,065	78,653	97,200
Fixed and notice deposits	408,042	462,396	660,475	927,884	1,328,870
Negotiable certificates of deposits	871,304	1,062,159	1,388,620	1,769,524	1,986,816
Debt instruments issued	89,377	159,370	217,058	327,471	410,341
Other interest related expenses	136,992	164,488	261,993	381,691	467,230
Interest Margin	**3,005,780**	**3,645,419**	**4,362,700**	**4,779,461**	**5,180,134**
Less: Provisions	146,196	214,429	279,858	226,371	361,215
Total operating Income	2,391,510	2,775,799	3,352,068	3,515,867	3,720,234
Trading Income	382,123	379,086	628,392	580,268	406,319
Investment Income	59,561	73,571	158,320	132,593	168,319
Transaction-based Fee Income	1,710,953	2,098,591	2,333,504	2,561,890	2,786,720
Knowledge-based Fee Income	93,182	124,468	158,320	146,029	194,324
Other income	145,691	100,083	73,533	95,088	164,552
Total Income	**5,397,290**	**6,421,218**	**7,714,768**	**8,295,328**	**8,900,369**
Total Operating Expenses	**3,004,450**	**3,389,534**	**3,871,719**	**4,395,144**	**4,965,781**
Staff costs	1,568,785	1,748,754	2,000,350	2,271,230	2,621,600
Administration & Overheads	794,425	882,992	935,376	1,087,884	1,183,180
Depreciation and amortisation	138,777	159,410	194,854	232,308	287,049
Occupancy expenses	216,320	241,022	268,758	291,762	323,707
Other operating expenses	286,144	357,356	472,381	511,960	550,244
Net Income Before Tax	**2,246,643**	**2,817,255**	**3,563,192**	**3,673,813**	**3,573,373**
Taxation	697,862	911,969	1,094,835	1,145,423	1,105,296
Net Income After Tax	**1,548,782**	**1,905,286**	**2,468,356**	**2,528,390**	**2,468,077**

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Table D.10 Selected key ratios

	2013	2014	2015	2016	2017
Capital					
Tier 1 Leverage	8.5%	8.9%	9.4%	9.3%	10.0%
Tier 1 Risk-weighted Capital	11.5%	11.9%	11.8%	12.4%	13.7%
Total Risk-weighted Capital	14.4%	14.7%	14.3%	15.1%	16.6%
Asset Quality					
Non-performing loans to Total loans	1.29%	1.46%	1.6%	1.5%	2.5%
Overdue loans to Total loans	4.1%	3.4%	3.6%	2.9%	4.1%
Total Provisions to Total loans	1.2%	1.2%	1.1%	1.0%	1.1%
Specific Provisions to Non-performing loans	29.5%	26.0%	29.3%	20.7%	17.3%
Earnings					
Return on Assets	2.1%	2.4%	2.5%	2.3%	2.1%
Return on Equity	20.9%	24.0%	24.5%	24.1%	18.6%
Net Interest Margin	4.1%	5.9%	6.1%	5.9%	5.7%
Other Operating Income: Total Assets	3.1%	3.2%	3.4%	2.4%	3.0%
Other Operating Income: Total Income	44.3%	43.2%	36.1%	39.5%	41.8%
Other Exp: Total Income	55.7%	52.7%	51.6%	51.0%	55.8%
Liquidity					
Liquid Assets / Total Assets	10.7%	11.5%	11.3%	11.4%	12.9%
Liquid Assets / Average total liabilities	12.2%	13.2%	13.1%	13.3%	14.6%
Total Loans / Total Assets	74.8%	77.1%	77.4%	76.5%	73.5%
Total Loans / Total Deposits	86.4%	94.4%	97.3%	97.6%	93.5%
Growth Rates					
Total Assets	14.8%	13.2%	14.6%	10.1%	12.4%
Total Qualifying Capital	4.1%	16.0%	16.4%	13.3%	19.4%
Tier 1 Capital	3.2%	18.0%	19.1%	11.3%	20.9%
Total Loans	15.1%	16.8%	15.0%	8.8%	7.7%
Total Deposits	12.4%	12.0%	11.6%	7.8%	11.5%
Overdue loans	32.7%	-2.9%	20.0%	-10.9%	50.0%
Non-performing loans	10.6%	32.1%	22.5%	8.4%	73.1%
Liquid Assets	12.4%	22.0%	13.0%	10.5%	25.5%
Large Exposures	0.0%	15.8%	3.9%	1.9%	22.6%
Off-Balance Sheet Items	20.4%	-9.3%	9.2%	8.6%	15.3%

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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.

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, Fides Bank, FNB Unit Trust, Stanlib Unit Trust, Pointbreak, Prudential, Sanlam Unit Trust, Old Mutual Unit Trust and Capricorn Unit Trust.

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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.

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.

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 and Capricorn Unit Trust.

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

STATISTICAL TABLES

Table 1.1 Aggregate economic indicators

Current prices (N$ million)	2012	2013	2014	2015	2016
GDP (N$ mil.)	106,864	122,792	138,763	147,635	161,030
% Change	18.6	14.9	13.0	6.4	9.1
GNI (N$ mil.)	102,585	121,962	138,476	146,953	157,277
% Change	17.0	18.9	13.5	6.1	7.0
GDP per capita (N$)	49,579	55,914	62,006	64,732	69,279
% Change	16.4	12.8	10.9	4.4	7.0
GNI per capita (N$)	47,593	55,536	61,878	64,433	67,664
% Change	14.9	16.7	11.4	4.1	5.0
Constant 2010 prices					
GDP (N$ mil.)	91,198	96,319	102,437	108,573	109,748
% Change	5.1	5.6	6.4	6.0	1.1
GNI (N$ mil.)	91,816	101,082	109,160	120,558	114,684
% Change	7.2	10.0	8.0	10.4	-4.9
GDP per capita (N$)	42,311	43,859	45,774	47,605	47,216
% Change	3.1	3.7	4.4	4.0	-0.8
GNI per capita (N$)	42,597	46,028	48,778	52,860	49,339
% Change	5.3	8.1	6.0	8.4	-6.7

Source: NSA

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Table I.2 Gross Domestic Product and Gross National Income

Current prices (N$ million)	2012	2013	2014	2015	2016
Compensation of employees	45,406	51,957	57,863	63,703	69,389
Consumption of fixed capital	11,032	12,739	14,528	15,426	16,662
Net operating surplus	41,700	48,332	55,879	57,219	61,737
Gross domestic product at factor cost	**98,138**	**113,029**	**128,270**	**136,348**	**147,787**
Taxes on production and imports	8,726	9,763	10,493	11,287	13,243
Gross domestic product at market prices	**106,864**	**122,792**	**138,763**	**147,635**	**161,030**
Primary incomes					
- receivable from the rest of the world	2,230	3,036	3,426	3,662	3,468
- payable to rest of the world	-6,509	-3,865	-3,713	-4,345	-7,221
Gross national income at market prices	**102,585**	**121,962**	**138,476**	**146,953**	**157,277**
Current transfers					
- receivable from the rest of the world	13,839	16,218	19,797	20,138	17,818
- payable to rest of the world	-865	-1,006	-1,005	-1,175	-1,206
Gross national disposable income	**115,559**	**137,174**	**157,268**	**165,915**	**173,889**
Current prices - N$ per capita					
Gross domestic product at market prices	49,579	55,914	62,006	64,732	69,279
Gross national income at market prices	47,593	55,536	61,878	64,433	67,664
Constant 2010 prices - N$ millions					
Gross domestic product at market prices	**91,198**	**96,319**	**102,437**	**108,573**	**109,748**
- Annual percentage change	5.1	5.6	6.4	6.0	1.1
Real gross national income	**91,816**	**101,082**	**109,160**	**120,558**	**114,684**
- Annual percentage change	7.2	10.2	8.0	10.4	-4.9
Constant 2010 prices - N$ per capita					
Gross domestic product at market prices	42,311	43,859	45,774	47,605	47,216
- Annual percentage change	3.1	3.7	4.4	4.0	-0.8
Real gross national income	42,597	46,028	48,778	52,860	49,339
- Annual percentage change	5.3	8.1	6.0	8.4	-6.7

Source: NSA

Table I.3 NATIONAL DISPOSABLE INCOME AND SAVINGS

Current prices - N$ million

Disposable income and saving	2012	2013	2014	2015	2016
Gross national disposable income	**115,559**	**137,174**	**157,268**	**165,915**	**173,889**
Consumption of fixed capital	11,032	12,739	14,528	15,426	16,662
Net national disposable income	**104,527**	**124,435**	**142,740**	**150,489**	**157,227**
All other sectors	80,652	95,835	109,571	116,121	124,051
General government	23,875	28,600	33,169	34,368	33,176
Final consumption expenditure	**96,198**	**112,719**	**126,429**	**142,037**	**157,860**
Private	69,514	80,808	90,015	103,537	117,761
General government	26,684	31,912	36,415	38,501	40,099
Saving, net	**8,329**	**11,715**	**16,311**	**8,452**	**-633**
All other sectors	11,138	15,027	19,556	12,584	6,290
General government	-2,809	-3,312	-3,246	-4,132	-6,923
Financing of capital formation					
Saving, net	8,329	11,715	16,311	8,452	-633
Capital transfers receivable from abroad	1,293	1,321	1,570	1,825	2,042
Capital transfers payable to foreign countries	-75	-75	-75	-75	-75
Total	**9,547**	**12,962**	**17,805**	**10,203**	**1,334**
Capital formation					
Gross fixed capital formation	**27,514**	**32,565**	**46,370**	**50,315**	**39,080**
All other sectors	24,282	27,732	39,522	41,736	29,557
General government	3,233	4,834	6,848	8,579	9,523
Consumption of fixed capital	**-11,032**	**-12,739**	**-14,528**	**-15,426**	**-16,662**
All other sectors	-9,931	-11,503	-13,238	-14,236	-15,583
General government	-1,101	-1,237	-1,290	-1,190	-1,078
Changes in inventories	**1,044**	**-1,785**	**259**	**779**	**2,277**
Net lending (+) / Net borrowing(–)	-7,979	-5,080	-14,296	-25,466	-23,361
All other sectors	-206	2,397	-4,954	-13,453	-7,454
General government	-7,773	-7,477	-9,341	-12,012	-15,907
Discrepancy on GDP	**0**	**0**	**0**	**0**	**0**
Net lending/borrowing in external transactions	**-7,979**	**-5,080**	**-14,296**	**-25,466**	**-23,361**
Total	**9,547**	**12,962**	**17,805**	**10,203**	**1,334**

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Table I.4 (a) GROSS DOMESTIC PRODUCT BY ACTIVITY

Current prices - N$ million

Industry	2012	2013	2014	2015	2016
Agriculture and forestry	5,279	4,131	5,445	4,946	5,535
Livestock farming	3,227	2,350	3,262	2,859	3,223
Crop farming and forestry	2,052	1,781	2,183	2,087	2,312
Fishing and fish processing on board	3,329	3,659	3,837	3,888	4,595
Mining and quarrying	13,562	16,218	16,939	16,872	18,178
Diamond mining	8,148	10,683	12,434	11,733	10,708
Uranium	2,223	1,900	1,459	1,384	1,853
Metal ores	1,066	1,387	1,529	2,818	4,786
Other mining and quarrying	2,124	2,247	1,517	936	831
Primary industries	**22,169**	**24,009**	**26,221**	**25,705**	**28,308**
Manufacturing	13,027	13,509	13,911	14,603	17,711
Meat processing	492	680	563	629	646
Grain mill products	814	871	1,212	1,266	1,282
Other food products	1,552	2,172	2,234	2,479	3,133
Beverages	1,930	2,178	2,374	2,598	2,536
Textile and wearing apparel	511	386	237	139	175
Leather and related products	116	128	154	98	101
Wood and wood products	284	314	350	361	389
Publishing and printing	188	219	235	290	304
Chemical and related products	1,027	1,131	1,281	1,294	1,330
Rubber and plastics products	282	360	424	533	595
Non-metallic minerals products	445	472	604	664	698
Basic non-ferrous metals	3,613	2,725	1,982	2,144	3,416
Fabricated metals	563	623	693	666	688
Diamond processing	722	699	987	907	1,918
Other manufacturing	488	551	580	535	501
Electricity and water	1,997	2,332	2,691	2,305	3,858
Construction	3,515	4,747	6,999	8,429	6,509
Secondary industries	**18,539**	**20,588**	**23,601**	**25,337**	**28,078**
Wholesale and retail trade, repairs	11,439	14,212	17,263	17,283	18,792
Hotels and restaurants	1,787	1,929	2,504	3,031	3,600
Transport and communication	5,012	5,765	6,717	7,057	7,202
Transport	1,806	2,438	2,730	3,071	3,361
Storage	867	969	934	782	754
Post and telecommunications	2,339	2,358	3,054	3,205	3,087
Financial intermediation	5,463	7,611	7,964	8,441	9,085
Real estate and business services	8,767	9,469	10,019	10,796	11,590
Real estate activities	6,525	7,048	7,396	7,785	8,548
Other business services	2,242	2,422	2,623	3,011	3,042
Community, social and personal service activities	2,336	2,153	2,498	2,915	3,108
Public administration and defence	11,770	13,974	15,440	17,370	18,065
Education	8,827	10,523	12,757	14,212	15,733
Health	3,200	3,571	3,957	4,477	4,729
Private households with employed persons	1,126	1,110	1,234	1,298	1,405
Tertiary industries	**59,726**	**70,317**	**80,354**	**86,880**	**93,308**
Less: Financial intermediation services indirectly measured	1,315	1,525	1,774	1,931	1,908
All industries at basic prices	**99,119**	**113,389**	**128,402**	**135,991**	**147,785**
Taxes less subsidies on products	7,745	9,403	10,361	11,644	13,245
GDP at market prices	**106,864**	**122,792**	**138,763**	**147,635**	**161,030**

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Table I.4 (b) GROSS DOMESTIC PRODUCT BY ACTIVITY
Percentage Contribution

Industry	2012	2013	2014	2015	2016
Agriculture and forestry	4.9	3.4	3.9	3.3	3.4
Livestock farming	3.0	1.9	2.4	1.9	2.0
Crop farming and forestry	1.9	1.5	1.6	1.4	1.4
Fishing and fish processing on board	3.1	3.0	2.8	2.6	2.9
Mining and quarrying	12.7	13.2	12.2	11.4	11.3
Diamond mining	7.6	8.7	9.0	7.9	6.6
Uranium	2.1	1.5	1.1	0.9	1.2
Metal ores	1.0	1.1	1.1	1.9	3.0
Other mining and quarrying	2.0	1.8	1.1	0.6	0.5
Primary industries	**20.7**	**19.6**	**18.9**	**17.4**	**17.6**
Manufacturing	12.2	11.0	10.0	9.9	11.0
Meat processing	0.5	0.6	0.4	0.4	0.4
Grain mill products	0.8	0.7	0.9	0.9	0.8
Other food products	1.5	1.8	1.6	1.7	1.9
Beverages	1.8	1.8	1.7	1.8	1.6
Textile and wearing apparel	0.5	0.3	0.2	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	0.3	0.2	0.2
Publishing and printing	0.2	0.2	0.2	0.2	0.2
Chemical and related products	1.0	0.9	0.9	0.9	0.8
Rubber and plastics products	0.3	0.3	0.3	0.4	0.4
Non-metallic minerals products	0.4	0.4	0.4	0.4	0.4
Basic non-ferrous metals	3.4	2.2	1.4	1.5	2.1
Fabricated metals	0.5	0.5	0.5	0.5	0.4
Diamond processing	0.7	0.6	0.7	0.6	1.2
Other manufacturing	0.5	0.4	0.4	0.4	0.3
Electricity and water	1.9	1.9	1.9	1.6	2.4
Construction	3.3	3.9	5.0	5.7	4.0
Secondary industries	**17.3**	**16.8**	**17.0**	**17.2**	**17.4**
Wholesale and retail trade, repairs	10.7	11.6	12.4	11.7	11.7
Hotels and restaurants	1.7	1.6	1.8	2.1	2.2
Transport and communication	4.7	4.7	4.8	4.8	4.5
Transport	1.7	2.0	2.0	2.1	2.1
Storage	0.8	0.8	0.7	0.5	0.5
Post and telecommunications	2.2	1.9	2.2	2.2	1.9
Financial intermediation	5.1	6.2	5.7	5.7	5.6
Real estate and business services	8.2	7.7	7.2	7.3	7.2
Real estate activities	6.1	5.7	5.3	5.3	5.3
Other business services	2.1	2.0	1.9	2.0	1.9
Community, social and personal service activities	2.2	1.8	1.8	2.0	1.9
Public administration and defence	11.0	11.4	11.1	11.8	11.2
Education	8.3	8.6	9.2	9.6	9.8
Health	3.0	2.9	2.9	3.0	2.9
Private households with employed persons	1.1	0.9	0.9	0.9	0.9
Tertiary industries	**55.9**	**57.3**	**57.9**	**58.8**	**57.9**
Less: Financial intermediation services indirectly measured	1.2	1.2	1.3	1.3	1.2
All industries at basic prices	**92.8**	**92.3**	**92.5**	**92.1**	**91.8**
Taxes less subsidies on products	7.2	7.7	7.5	7.9	8.2
GDP at market prices	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**

Table I.5 (a) GROSS DOMESTIC PRODUCT BY ACTIVITY

Constant 2010 Prices - N$ million

Industry	2012	2013	2014	2015	2016
Agriculture and forestry	4,603	3,713	4,126	3,696	3,725
Livestock farming	2,806	2,089	2,379	2,063	2,111
Crop farming and forestry	1,797	1,624	1,747	1,633	1,614
Fishing and fish processing on board	2,525	2,602	2,537	2,596	2,795
Mining and quarrying	10,170	10,348	9,725	9,246	8,714
Diamond mining	5,176	5,695	5,976	5,728	5,180
Uranium	1,697	1,579	1,424	1,167	1,326
Metal ores	1,352	1,004	1,010	1,616	1,619
Other mining and quarrying	1,945	2,069	1,315	735	589
Primary industries	**17,299**	**16,662**	**16,388**	**15,538**	**15,234**
Manufacturing	10,147	10,596	10,585	10,100	10,441
Meat processing	354	461	382	371	363
Grain mill products	598	674	766	866	872
Other food products	1,141	1,178	1,317	1,155	1,201
Beverages	1,561	1,775	1,483	1,453	1,430
Textile and wearing apparel	502	543	528	481	498
Leather and related products	102	94	105	103	99
Wood and wood products	255	263	268	261	270
Publishing and printing	158	168	186	198	195
Chemical and related products	896	935	945	914	890
Rubber and plastics products	265	280	295	375	394
Non-metallic minerals products	399	414	438	473	472
Basic non-ferrous metals	2,431	2,333	2,258	2,070	2,091
Fabricated metals	459	485	503	470	465
Diamond processing	623	550	684	520	862
Other manufacturing	404	440	427	392	338
Electricity and water	1,805	1,726	1,751	1,999	2,135
Construction	3,261	4,196	5,983	7,538	5,538
Secondary industries	**15,213**	**16,517**	**18,319**	**19,636**	**18,114**
Wholesale and retail trade, repairs	10,245	11,758	13,388	14,383	14,875
Hotels and restaurants	1,681	1,833	2,030	2,144	2,254
Transport and communication	4,800	5,108	5,399	5,769	6,120
Transport	2,039	2,300	2,375	2,562	2,683
Storage	823	854	903	897	908
Post and telecommunications	1,938	1,954	2,121	2,310	2,529
Financial intermediation	5,194	6,123	6,788	7,041	7,301
Real estate and business services	7,882	8,248	8,483	8,881	9,101
Real estate activities	5,852	6,138	6,322	6,551	6,721
Other business services	2,030	2,111	2,161	2,330	2,380
Community, social and personal service activities	2,076	1,870	1,926	2,169	2,211
Public administration and defence	9,838	10,208	10,346	11,695	12,083
Education	7,200	7,437	8,202	8,538	8,833
Health	2,825	3,078	3,393	3,961	4,376
Private households with employed persons	1,005	938	990	1,007	1,021
Tertiary industries	**52,748**	**56,602**	**60,945**	**65,587**	**68,175**
Less: Financial intermediation services indirectly measured	1,169	1,389	1,463	1,464	1,472
All industries at basic prices	**84,091**	**88,392**	**94,188**	**99,297**	**100,051**
Taxes less subsidies on products	7,108	7,927	8,248	9,276	9,696
GDP at market prices	**91,198**	**96,319**	**102,437**	**108,573**	**109,748**

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Table I.5 (b) GROSS DOMESTIC PRODUCT BY ACTIVITY

Annual Percentage Changes

Industry	2012	2013	2014	2015	2016
Agriculture and forestry	8.1	-19.3	11.1	-10.4	0.8
Livestock farming	6.0	-25.6	13.9	-13.3	2.3
Crop farming and forestry	11.6	-9.7	7.6	-6.6	-1.2
Fishing and fish processing on board	-7.6	3.0	-2.5	2.3	7.7
Mining and quarrying	25.1	1.7	-6.0	-4.9	-5.7
Diamond mining	13.0	10.0	4.9	-4.1	-9.6
Uranium	27.1	-6.9	-9.9	-18.1	13.6
Metal ores	32.4	-25.8	0.6	60.0	0.2
Other mining and quarrying	62.6	6.4	-36.4	-44.1	-19.8
Primary industries	**14.4**	**-3.7**	**-1.6**	**-5.2**	**-2.0**
Manufacturing	-6.8	4.4	-0.1	-4.6	3.4
Meat processing	-1.1	30.4	-17.2	-3.0	-2.1
Grain mill products	-1.6	12.8	13.7	13.0	0.7
Other food products	-16.8	3.3	11.7	-12.3	4.0
Beverages	15.0	13.7	-16.5	-2.1	-1.6
Textile and wearing apparel	6.1	8.2	-2.9	-8.9	3.7
Leather and related products	11.3	-7.3	10.7	-1.8	-3.4
Wood and wood products	-4.5	3.1	1.7	-2.6	3.5
Publishing and printing	-12.6	6.8	10.6	6.3	-1.5
Chemical and related products	4.1	4.3	1.2	-3.3	-2.6
Rubber and plastics products	-7.6	5.6	5.4	26.9	5.2
Non-metallic minerals products	0.6	3.8	5.6	8.1	-0.1
Basic non-ferrous metals	-23.0	-4.0	-3.2	-8.3	1.0
Fabricated metals	7.0	5.6	3.7	-6.4	-1.1
Diamond processing	-6.8	-11.6	24.4	-24.1	65.9
Other manufacturing	3.8	8.9	-2.9	-8.1	-13.9
Electricity and water	15.4	-4.4	1.5	14.2	6.8
Construction	7.5	28.7	42.6	26.0	-26.5
Secondary industries	**-1.8**	**8.6**	**10.9**	**7.2**	**-7.8**
Wholesale and retail trade, repairs	4.3	14.8	13.9	7.4	3.4
Hotels and restaurants	8.1	9.0	10.8	5.6	5.1
Transport and communication	8.0	6.4	5.7	6.9	6.1
Transport	10.0	12.8	3.3	7.9	4.7
Storage	7.7	3.7	5.7	-0.6	1.2
Post and telecommunications	6.2	0.8	8.6	8.9	9.5
Financial intermediation	6.8	17.9	10.9	3.7	3.7
Real estate and business services	4.7	4.6	2.8	4.7	2.5
Real estate activities	6.7	4.9	3.0	3.6	2.6
Other business services	-0.7	4.0	2.4	7.8	2.1
Community, social and personal service activities	-16.6	-9.9	3.0	12.6	1.9
Public administration and defence	2.7	3.8	1.4	13.0	3.3
Education	4.4	3.3	10.3	4.1	3.5
Health	5.7	8.9	10.2	16.7	10.5
Private households with employed persons	8.6	-6.7	5.5	1.7	1.4
Tertiary industries	**3.9**	**7.3**	**7.7**	**7.6**	**3.9**
Less: Financial intermediation services indirectly measured	4.5	18.8	5.3	0.1	0.6
All industries at basic prices	**4.8**	**5.1**	**6.6**	**5.4**	**0.8**
Taxes less subsidies on products	8.9	11.5	4.1	12.5	4.5
GDP at market prices	**5.1**	**5.6**	**6.4**	**6.0**	**1.1**

Table I.6 (a) EXPENDITURE ON GROSS DOMESTIC PRODUCT

Current prices - N$ million

Expenditure category	2012	2013	2014	2015	2016
Final consumption expenditure	96,198	112,719	126,429	142,037	157,860
Private	69,514	80,808	90,015	103,537	117,761
General government	26,684	31,912	36,415	38,501	40,099
Gross fixed capital formation	27,514	32,565	46,370	50,315	39,080
Changes in inventories	1,044	-1,785	259	779	2,277
Gross domestic expenditure	**124,756**	**143,500**	**173,058**	**193,132**	**199,217**
Exports of goods and services	46,391	50,572	53,721	57,650	68,005
Imports of goods and services	64,284	71,280	88,016	103,146	106,192
Discrepancy	0.0	0.0	0.0	0.0	0.0
Gross domestic product at market prices	**106,864**	**122,792**	**138,763**	**147,635**	**161,030**

Source: NSA

Table I.6 (b) EXPENDITURE ON GROSS DOMESTIC PRODUCT

Percentage shares of GDP

Expenditure category	2012	2013	2014	2015	2016
Final consumption expenditure	90.0	91.8	91.1	96.2	98.0
Private	65.0	65.8	64.9	70.1	73.1
General government	25.0	26.0	26.2	26.1	24.9
Gross fixed capital formation	25.7	26.5	33.4	34.1	24.3
Changes in inventories	1.0	-1.5	0.2	0.5	1.4
Gross domestic expenditure	**116.7**	**116.9**	**124.7**	**130.8**	**123.7**
Exports of goods and services	43.4	41.2	38.7	39.0	42.2
Imports of goods and services	60.2	58.0	63.4	69.9	65.9
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

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Table I.7 (a) EXPENDITURE ON GROSS DOMESTIC PRODUCT

Constant 2010 prices - N$ million

Expenditure category	2012	2013	2014	2015	2016
Final consumption expenditure	85,561	92,572	98,378	110,006	115,536
Private	62,310	68,201	72,885	81,466	87,043
General government	23,251	24,371	25,493	28,540	28,493
Gross fixed capital formation	26,205	29,745	39,757	43,175	32,242
Changes in inventories	388	-2,021	-360	-428	-137
Gross domestic expenditure	**112,154**	**120,296**	**137,775**	**152,752**	**147,641**
Exports of goods and services	38,531	39,610	39,421	39,190	41,580
Imports of goods and services	59,486	63,587	74,760	83,369	79,474
Discrepancy	0.0	0.0	0.0	0.0	0.0
Gross domestic product at market prices	**91,198**	**96,319**	**102,437**	**108,573**	**109,748**

Source: NSA

Table I.7 (b) EXPENDITURE ON GROSS DOMESTIC PRODUCT

Constant 2010 Prices - Annual Percentage change

Expenditure category	2012	2013	2014	2015	2016
Final consumption expenditure	7.8	8.2	6.3	11.8	5.0
Private	9.6	9.5	6.9	11.8	6.8
General government	3.3	4.8	4.6	12.0	-0.2
Gross fixed capital formation	31.2	13.5	33.7	8.6	-25.3
Changes in inventories*	1.5	-2.6	1.7	-0.1	0.3
Gross domestic expenditure	**14.0**	**7.3**	**14.5**	**10.9**	**-3.3**
Exports of goods and services	1.0	2.8	-0.5	-0.6	6.1
Imports of goods and services	19.6	6.9	17.6	11.5	-4.7
Discrepancy	0.0	0.0	0.0	0.0	0.0
Gross domestic product at market prices	**5.1**	**5.6**	**6.4**	**6.0**	**1.1**

Source: NSA

* Percentage point contribution to real GDP growth

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Table I.8 GROSS FIXED CAPITAL FORMATION BY ACTIVITY

Current prices - N$ Million

Industry	2012	2013	2014	2015	2016
Agriculture	1,716	964	2,197	2,464	2,367
Fishing	2,000	95	374	1,330	763
Mining and quarrying	6,490	14,430	20,580	18,477	9,344
Manufacturing	3,116	3,005	4,220	5,202	4,438
Electricity and water	1,255	780	569	596	1,342
Construction	845	579	620	640	516
Wholesale and retail trade; hotels, restaurants	851	654	1,210	1,681	886
Transport and communication	3,917	3,391	5,869	5,760	5,381
Finance, real estate, business services	3,817	3,602	3,104	4,138	3,627
Community, social and personal services	167	139	215	271	247
Producers of government services	3,339	4,926	7,411	9,756	10,168
Total	**27,514**	**32,565**	**46,370**	**50,315**	**39,080**
Percent of GDP	25.7	26.5	33.4	34.1	24.3

Source: NSA

Table I.9 GROSS FIXED CAPITAL FORMATION BY ACTIVITY

Constant 2010 prices - N$ million

Industry	2012	2013	2014	2015	2016
Agriculture	1,647	992	1,893	2,060	1,779
Fishing	1,933	92	331	1,107	599
Mining and quarrying	6,354	13,263	17,699	15,998	7,775
Manufacturing	2,888	2,720	3,559	4,257	3,517
Electricity and water	1,188	751	507	514	1,170
Construction	847	556	548	531	424
Wholesale and retail trade; hotels, restaurants	792	590	999	1,377	716
Transport and communication	3,737	3,059	5,010	4,875	4,396
Finance, real estate, business services	3,493	3,082	2,490	3,317	2,869
Community, social and personal services	164	131	191	233	201
Producers of government services	3,160	4,509	6,530	8,905	8,795
Total	**26,205**	**29,745**	**39,757**	**43,175**	**32,242**
Annual change, percent	31.2	13.5	33.7	8.6	-25.3

Source: NSA

Table I.10 GROSS FIXED CAPITAL FORMATION BY TYPE OF ASSET

Current prices - N$ million

Type of Asset	2012	2013	2014	2015	2016
Buildings	7,725	7,806	7,789	8,018	7,197
Construction works	4,876	8,589	15,593	19,107	14,306
Transport equipment	6,019	4,909	8,416	11,829	8,516
Machinery and other equipment	5,892	8,109	12,682	10,512	8,411
Mineral exploration	3,002	3,153	1,890	851	650
Total	**27,514**	**32,565**	**46,370**	**50,315**	**39,080**

Source: NSA

Table I.11 GROSS FIXED CAPITAL FORMATION BY TYPE OF ASSET

Constant 2010 prices - N$ million

Type of Asset	2012	2013	2014	2015	2016
Buildings	7,066	6,671	6,239	6,403	5,695
Construction works	4,585	7,741	13,610	17,588	12,452
Transport equipment	5,935	4,520	7,182	9,467	6,572
Machinery and other equipment	5,675	7,903	11,103	9,007	7,001
Mineral exploration	2,944	2,911	1,623	711	521
Total	**26,205**	**29,745**	**39,757**	**43,175**	**32,242**

Source: NSA

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Table I.12 GROSS FIXED CAPITAL FORMATION BY OWNERSHIP

Current prices - N$ million

Ownership	2012	2013	2014	2015	2016
Public	7,477	7,881	10,263	13,623	14,722
Producers of government services	3,339	4,926	7,411	9,756	10,168
Public corporations and enterprises	4,138	2,955	2,852	3,867	4,554
Private	20,037	24,684	36,107	36,692	24,358
Total	**27,514**	**32,565**	**46,370**	**50,315**	**39,080**

Source: NSA

Table I.13 GROSS FIXED CAPITAL FORMATION BY OWNERSHIP

Constant 2010 prices - N$ million

Ownership	2012	2013	2014	2015	2016
Public	7,055	7,120	8,940	12,170	12,553
Producers of government services	3,160	4,509	6,530	8,905	8,795
Public corporations and enterprises	3,895	2,610	2,410	3,265	3,759
Private	19,150	22,625	30,817	31,004	19,688
Total	**26,205**	**29,745**	**39,757**	**43,174**	**32,241**

Source: NSA

Table I.14 FIXED CAPITAL STOCK BY ACTIVITY

Current prices - N$ million

Industry	2012	2013	2014	2015	2016
Agriculture	8,906	9,639	10,620	11,003	11,809
Fishing	1,895	1,899	2,082	2,133	2,224
Mining and quarrying	38,460	51,304	65,362	75,100	79,360
Manufacturing	18,461	20,620	23,125	24,272	25,648
Electricity and water	14,866	15,572	16,206	15,402	16,159
Construction	3,815	4,403	4,916	5,185	5,527
Wholesale and retail trade; hotels, restaurants	8,552	8,842	9,696	10,198	10,199
Transport and communication	23,337	26,636	30,526	32,277	34,818
Finance, real estate, business services	38,455	43,362	47,805	50,051	52,361
Community, social and personal services	1,100	1,198	1,314	1,346	1,466
Producers of government services	39,295	44,662	52,056	57,335	68,910
Total	**197,143**	**228,138**	**263,709**	**284,303**	**308,481**

Source: NSA

Table I.15 FIXED CAPITAL STOCK BY ACTIVITY

Constant 2010 prices - N$ million

Industry	2012	2013	2014	2015	2016
Agriculture	8,696	8,768	8,759	8,749	8,688
Fishing	1,826	1,823	1,816	1,794	1,746
Mining and quarrying	36,690	45,497	54,267	61,982	63,095
Manufacturing	16,857	17,821	18,650	19,484	20,159
Electricity and water	13,968	13,918	13,831	13,583	13,952
Construction	3,642	3,925	4,073	4,210	4,421
Wholesale and retail trade; hotels, restaurants	7,940	7,759	7,891	8,235	8,079
Transport and communication	21,685	23,040	25,439	27,311	28,975
Finance, real estate, business services	35,216	37,075	38,296	39,970	41,300
Community, social and personal services	1,032	1,067	1,106	1,148	1,195
Producers of government services	36,834	40,022	44,886	51,684	58,990
Total	**184,387**	**200,714**	**219,015**	**238,152**	**250,601**

Source: NSA

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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	Communication	Recreation & culture	Education	Hotels, cafes & restaurands	Miscellaneous goods & 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**

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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
2012	**98.2**	**0.5**	**5.4**	**97.3**	**0.5**	**7.4**
2013	**102.0**	**0.2**	**3.9**	**103.9**	**0.5**	**6.8**
2014						
Jan-14	104.2	1.7	2.6	107.2	0.4	6.7
Feb-14	104.7	0.5	3.0	108.1	0.8	6.9
Mar-14	104.8	0.1	3.0	109.1	1.0	6.9
Apr-14	105.6	0.7	3.8	110.4	1.1	7.5
May-14	105.6	0.1	3.8	110.9	0.5	7.8
Jun-14	105.7	0.0	3.4	111.4	0.5	7.9
Jul-14	106.1	0.4	4.0	111.4	0.0	6.8
Aug-14	106.2	0.1	4.0	111.8	0.4	6.5
Sep-14	106.2	0.0	3.7	112.1	0.3	6.4
Oct-14	106.2	0.0	3.8	112.3	0.2	5.9
Nov-14	106.3	0.0	3.7	112.7	0.4	5.9
Dec-14	106.3	0.0	3.7	112.4	-0.3	5.3
An. Av	**105.7**	**0.3**	**3.5**	**110.8**	**0.4**	**6.7**
2015						
Jan-15	108.4	2.0	3.5	112.3	-0.1	3.9
Feb-15	108.5	0.1	3.6	111.9	-0.4	3.5
Mar-15	108.6	0.1	3.6	112.7	0.7	3.2
Apr-15	108.7	0.1	3.0	113.6	0.8	2.9
May-15	108.7	0.0	2.9	114.3	0.7	3.1
Jun-15	108.8	0.1	2.4	114.9	0.5	2.8
Jul-15	109.0	0.2	2.7	115.5	0.6	3.7
Aug-15	109.3	0.3	2.9	116.0	0.3	3.7
Sep-15	109.4	0.1	3.0	116.1	0.1	3.5
Oct-15	109.5	0.0	3.0	116.4	0.3	3.6
Nov-15	109.5	0.1	3.1	116.7	0.2	3.5
Dec-15	109.5	0.0	3.1	117.1	0.4	4.1
An. Av	**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-17	126.2	0.0	8.0	129.8	0.4	3.1
Dec-17	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**

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Table II.1(a) Central bank survey (end of period in N$ million)

Assets	Mar-14	Jun-14	Sep-14	Dec-14	Mar-15	Jun-15	Sep-15	Dec-15	Jan-16	Feb-16	Mar-16	Apr-16	May-16	Jun-16	Jul-16	Aug-16
Net foreign assets	12568.3	13809.6	14331.6	11596.7	9888.7	12887.6	12248.0	23999.1	25514.5	25423.2	27050.0	27457.8	27729.5	23645.0	24678.4	23047.9
Claims on nonresidents	14 670.9	15 911.4	16563.0	13888.9	12300.3	15315.2	15005.3	27083.1	28706.8	28621.7	30013.2	30273.8	30861.8	26599.1	27487.0	25916.5
Monetary gold and SDR holdings	91.1	94.4	105.8	100.8	100.7	99.2	99.9	101.5	104.0	105.7	109.3	115.5	120.0	118.6	121.7	132.7
Foreign currency	103.2	4.6	102.3	52.1	-0.4	536.3	1827.0	958.8	994.9	984.2	959.5	131.9	170.5	99.9	170.2	69.0
Deposits	4 330.4	4 803.2	4605.8	3657.2	2980.1	2645.6	3100.5	11583.8	11847.4	14036.9	11065.1	9721.6	11431.4	7821.1	7852.6	8073.3
Securities other than shares	10 144.9	11 007.9	11747.8	10077.6	9218.4	12032.7	9609.5	11985.6	13307.2	11041.5	13715.6	14816.5	13351.0	13099.9	14151.8	12339.9
Loans	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	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	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other Foreign Assets	1.2	1.2	1.3	1.3	1.4	1.4	368.4	2453.3	2453.4	2453.4	4163.6	5488.4	5788.8	5459.6	5190.7	5301.6
less: Liabilities to nonresidents	2102.5	2101.8	2231.5	2292.2	2411.6	2427.7	2757.3	3084.1	3192.2	3198.5	2963.2	2816.0	3132.3	2954.1	2808.6	2868.6
Deposits	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Securities other than shares	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	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	0.0	0.0	0.0	0.0	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	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other Foreign Liabilities	2102.5	2101.8	2,231.5	2,292.2	2,411.6	2,427.7	2,757.3	3,084.1	3,192.2	3,198.5	2,963.2	2,816.0	3,132.3	2,954.1	2,808.6	2,868.6
Claims on other depository corporations	47.2	47.8	48.4	407.4	49.6	99.2	50.8	835.8	503.7	52.0	52.1	52.4	228.1	724.7	207.9	101.1
Net claims on central government	- 3 362.9	- 4 861.8	-847.8	-945.8	1300.5	-3345.3	-1821.0	-10323.1	-11363.1	-9196.9	-6008.6	-8569.6	-7158.1	-6731.0	-6705.9	-5167.8
Claims on central government	0.0	0.0	0.0	0.0	2223.3	0.0	0.0	0.0	0.0	82.9	1896.8	0.0	0.0	0.0	0.0	257.1
Securities	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other claims	0.0	0.0	-	-	2,223.3	-	-	-	-	82.9	1,896.8	-	-	-	-	257.0
ess: Liabilities to central government	3 362.9	4 861.8	847.8	945.8	922.9	3345.3	1821.0	10323.1	11363.1	9279.8	7905.4	8569.6	7158.1	6731.0	6705.9	5424.9
Deposits	3 362.9	4 861.8	847.8	945.8	922.9	3345.3	1821.0	10323.1	11363.1	9279.8	7905.4	8569.6	7158.1	6731.0	6705.9	5424.9
Other liabilities	0.0	0.0	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Claims on other sectors	56.3	41.8	42.0	39.5	40.1	40.2	41.1	41.8	43.4	41.1	40.5	41.7	39.9	39.8	40.1	40.9
Other financial corporations	14.7	0.0	0.0	0.0	0.0	0.0	0.0	0.0	1.8	0.0	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	0.0	0.0	0.0	0.0	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	0.0	0.0	0.0	0.0	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	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other residen sectors	41.6	41.8	42.0	39.5	40.1	40.2	41.1	41.7	41.5	41.1	40.5	41.7	39.9	39.8	40.1	40.9

Assets	Sep-16	Oct-16	Nov-16	Dec-16	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	20278.0	24429.3	27209.0	24052.7	25823.0	24196.6	22922.0	26277.3	25169.7	26003.4	31116.7	29814.4	29733.9	28369.1	25695.7	26125.2
Claims on nonresidents	23032.8	27154.2	29967.3	26753.9	28502.5	26773.9	25603.1	28917.1	27766.9	28588.3	33745.6	32409.6	32434.3	31168.7	28419.5	28594.7
Monetary gold and SDR holdings	137.0	137.8	129.4	123.5	136.7	128.0	121.2	124.3	119.6	116.0	115.7	112.3	112.7	108.2	113.2	112.3
Foreign currency	126.5	90.5	115.8	58.5	114.2	72.2	17.6	29.5	49.1	80.5	24.1	43.0	60.1	68.7	75.0	79.4
Deposits	6878.9	11609.1	10440.7	9372.0	9477.3	8579.6	9921.6	8955.7	9072.2	10910.2	10207.9	11481.4	11955.2	13753.5	12423.7	12276.8
Securities other than shares	13864.3	13342.8	14740.4	14976.8	14633.3	14011.0	12100.4	16407.6	15180.8	15912.7	22501.9	18112.0	18229.4	17022.8	15592.1	14859.8
Loans	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	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	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other Foreign Assets	2026.2	1974.0	4541.1	2223.1	4141.1	3983.1	3442.2	3400.0	3345.1	1569.0	896.0	2661.0	2076.9	215.5	215.5	1266.5
less: Liabilities to nonresidents	2754.8	2724.9	2758.3	2701.2	2679.4	2577.2	2681.1	2639.8	2597.2	2584.9	2628.9	2595.2	2700.4	2799.6	2723.8	2469.5
Deposits	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Securities other than shares	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	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	0.0	0.0	0.0	0.0	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	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other Foreign Liabilities	2,754.8	2,724.9	2,758.3	2,701.1	2,679.4	2,577.2	2,681.1	2,639.8	2,597.2	2,584.9	2,628.9	2,595.3	2,700.0	2,799.6	2,723.8	2,469.5
Claims on other depository corporations	776.0	486.6	392.0	772.8	957.0	793.1	1292.7	778.1	208.4	740.8	200.2	201.7	95.3	64.4	57.4	778.7
Net claims on central government	-5619.1	-5264.6	-3472.8	-4556.3	-6324.5	-5883.5	-3168.5	-6817.1	-4397.1	-5143.7	-7595.7	-6529.7	-5548.4	-6586.6	-5052.7	-4749.2
Claims on central government	0.0	230.7	1329.9	169.9	0.0	0.0	1795.4	0.0	856.5	0.0	0.0	0.0	94.8	0.0	63.1	6.3
Securities	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other claims	-	230.7	1,329.9	169.9	-	-	1,795.5	-	856.5	-	-	-	94.8	-	63.1	6.3
ess: Liabilities to central government	5619.1	5495.3	4802.7	4726.3	6324.5	5883.5	4963.9	6817.1	5253.6	5143.7	7595.7	6529.7	5643.1	6586.6	5115.8	4755.4
Deposits	5619.1	5495.3	4802.7	4726.3	6324.5	5883.5	4963.9	6817.1	5253.6	5143.7	7595.7	6529.7	5643.1	6586.6	5115.8	4755.4
Other liabilities	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Claims on other sectors	41.8	41.6	42.8	43.4	43.1	43.7	44.5	46.0	45.2	45.5	45.5	45.1	45.6	46.2	45.6	46.2
Other financial corporations	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	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	0.0	0.0	0.0	0.0	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	0.0	0.0	0.0	0.0	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	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other residen sectors	41.8	41.6	42.8	43.4	43.1	43.7	44.5	46.0	45.2	45.5	45.5	45.1	45.6	46.2	45.6	46.2

Table II.1(b) Central bank survey (end of period in N$ million)

Liabilities	Mar-14	Jun-14	Sep-14	Dec-14	Mar-15	Jun-15	Sep-15	Dec-15	Jan-16	Feb-16	Mar-16	Apr-16	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	Sep-17	Oct-17	Nov-17	Dec-17
Monetary base	5434.5	5011.8	8721.9	6707.3	6772.2	5200.6	5853.4	6372.3	6194.8	7662.1	11104.4	8089.6	8385.4	6888.4	7168.2	6754.7	7021.5	6813.7	8528.3	7945.0	6371.4	6110.0	7681.2	7059.3	7412.5	6581.2	8612.7	7591.6	7625.3	7062.0	7728.2	8760.8
Currency in circulation	3082.9	3290.4	3477.8	4118.0	3597.0	3752.1	4137.9	4495.0	4031.8	3797.7	4015.9	3974.7	3999.7	3921.8	3974.8	4123.3	3960.0	4002.5	4318.5	4393.8	3977.4	3929.0	4004.5	4093.4	4091.1	4056.1	4047.9	4185.6	4172.6	4228.4	4439.9	4658.2
Liabilities to other depository corporation	2351.5	1721.4	5244.1	2589.3	3175.1	1448.5	1715.5	1877.4	2163.0	3864.3	7088.6	4114.9	4385.7	2966.6	3193.4	2631.5	3061.5	2811.2	4209.8	3551.1	2393.9	2181.0	3676.7	2965.9	3321.4	2525.1	4564.8	3405.9	3452.7	2833.6	3288.3	4102.6
Reserve deposits	2351.5	1721.4	5244.1	2589.3	3175.1	1448.5	1715.5	1877.4	2163.0	3864.3	7088.6	4114.9	4385.7	2966.6	3193.4	2631.5	3061.5	2811.2	4209.8	3551.1	2393.9	2181.0	3676.7	2965.9	3321.4	2525.1	4564.8	3405.9	3452.7	2833.6	3288.3	4102.6
Other liabilities	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	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	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	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	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	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	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	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	0.0	2910.8	2910.8	2910.8	2910.8	2910.8	3060.6	3164.1	3917.7	3897.0	3922.4	8864.1	8795.9	7772.5	7593.5	6887.5	6592.1	6571.6	6606.4	9721.7	8355.8	6742.0	6724.3	6846.7	6877.3	7036.1
Deposits excluded from broad money	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	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	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	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	0.0	0.0	2910.8	2910.8	2910.8	2910.8	2910.8	3060.6	3164.1	3917.7	3897.0	3922.4	8864.1	8795.9	7772.5	7593.5	6887.5	6592.1	6571.6	6606.4	9721.7	8355.8	6742.0	6724.3	6846.7	6877.3	7036.1
Of which: Other financial corporations	0.0	0.0	0.0	0.0	0.0	0.0	0.0	2910.8	2910.8	2910.8	2910.8	2910.8	3060.6	3164.1	3184.8	3157.7	3203.1	8138.9	8145.6	7106.5	6927.5	6221.5	5914.7	5886.8	5911.1	8895.5	7529.6	5909.0	5884.6	5951.0	5876.5	6034.1
Loans	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	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	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	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	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	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	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Shares and other equity	4013.6	4068.7	4535.3	5073.3	5114.6	5063.8	5433.9	6122.6	6401.7	6430.2	7740.1	7819.4	8999.0	8339.6	7867.1	8105.1	7703.4	7611.2	7740.3	5510.8	7345.2	7008.6	7403.0	7236.7	7116.1	5352.6	5468.3	7189.6	7620.3	6143.0	5874.8	6960.4
Funds contributed by owners	40.0	40.0	40.0	40.0	40.0	40.0	40.0	40.0	40.0	40.0	40.0	40.0	40.0	40.0	40.0	40.0	40.0	40.0	40.0	40.0	40.0	40.0	40.0	40.0	40.0	40.0	40.0	40.0	40.0	40.0	40.0	40.0
Retained earnings	32.6	0.0	0.0	0.0	320.1	0.0	0.0	0.0	160.0	160.0	160.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	-2054.0	-2054.0	-2054.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	-0.0
General and special reserves	3774.4	3783.3	4160.4	4629.7	4618.4	4861.8	5188.2	5866.7	6108.0	6079.7	7344.5	7566.4	8710.6	8035.5	7494.9	7705.0	7290.7	7187.4	7330.8	5158.9	9244.9	8866.0	9244.3	6975.0	6823.9	5022.8	5088.2	6763.7	7139.3	5640.4	5346.4	6375.7
Valuation adjustment	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Current year result	166.6	245.5	334.9	403.6	136.1	162.0	205.7	215.8	93.7	150.5	195.6	213.0	248.4	264.2	332.2	360.1	372.7	383.8	369.5	311.9	114.3	156.6	172.8	221.7	252.2	289.8	340.1	386.0	441.0	462.6	488.5	544.7
Other items (net)	245.5	398.9	579.0	693.0	619.7	659.8	777.5	881.0	922.1	692.2	630.0	645.1	708.3	722.6	741.0	743.8	3537.6	3607.2	899.0	925.6	906.0	950.8	677.6	676.0	696.5	716.7	730.3	743.6	789.9	838.6	836.4	810.7
Unclassified Assets	569.9	731.4	832.0	868.9	728.0	765.0	851.4	903.6	920.2	698.7	731.0	751.4	773.4	800.6	808.2	829.2	3642.7	3671.2	911.3	926.3	939.5	987.4	714.2	740.7	774.8	800.1	830.5	863.6	889.5	918.9	944.0	959.8
Unclassified Liabilities	324.4	332.5	253.0	175.9	108.3	105.2	73.9	22.7	-2.0	6.5	101.0	106.3	65.1	78.0	67.2	85.4	105.1	64.0	12.3	0.7	33.5	36.6	36.6	64.7	78.4	83.4	100.1	120.0	99.7	80.2	107.6	149.1

Table II.2(a) Other depository corporations survey (end of period in N$ million)

Description	Mar-14	Jun-14	Sep-14	Dec-14	Mar-15	Jun-15	Sep-15	Dec-15	Jan-16	Feb-16	Mar-16	Apr-16	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	Sep-17	Oct-17	Nov-17	Dec-17
Assets																																
Net foreign assets	9274.3	10231.8	11510.2	7825.7	8951.8	7041.7	6498.8	5516.9	3946.1	5,939.5	5,757.7	7,526.1	7,158.4	5,999.3	5,131.1	5,767.7	3,910.1	5,229.0	4,630.2	2,172.7	2,867.0	2,952.6	5,173.6	6,649.1	8,228.6	5,666.4	4,354.6	7,337.4	6,791.3	8,872.9	8,801.1	3,385.0
Claims on nonresidents	12416.7	13053.9	13740.0	10744.2	11879.1	10340.1	10202.2	9776.0	9757.6	11,345.1	10,754.1	12,371.4	12,596.9	11,344.3	10,806.8	11,212.2	9,437.9	10,303.0	10,476.0	8,452.8	8,935.8	9,206.8	11,475.7	12,743.0	14,275.8	12,368.2	12,001.3	13,222.5	13,145.4	15,147.7	15,802.8	10,262.5
Foreign currency	173.1	152.4	178.7	140.4	260.6	309.6	269.3	170.0	224.5	206.6	223.8	151.2	176.9	167.7	175.0	151.4	120.6	162.4	149.2	124.3	111.5	109.2	108.0	154.0	145.8	99.9	100.6	138.5	116.0	126.4	110.8	91.9
Deposits	6569.0	6653.7	6798.1	5608.6	7641.7	6547.4	6635.8	6320.3	5968.7	7,338.5	6,361.7	8,407.5	8,222.8	6,777.5	6,478.9	6,458.8	4,955.2	5,836.7	6,261.6	4,672.8	4,875.4	5,250.8	6,867.6	8,191.7	9,576.7	7,843.1	8,985.5	9,945.2	8,682.1	10,305.1	10,938.0	5,845.2
Securities other than shares	5390.9	5940.5	6438.9	4622.1	3575.9	3049.9	2843.7	2615.9	2886.2	2,935.6	3,104.1	3,124.1	3,059.1	3,285.3	3,281.5	3,301.8	3,236.7	3,242.9	3,324.0	3,126.1	3,260.4	3,168.9	3,789.3	3,536.5	3,567.2	3,547.8	2,068.6	2,161.3	3,364.4	3,724.5	3,905.6	3,431.8
Loans	275.4	299.5	312.9	338.2	351.0	396.4	420.2	431.9	436.2	446.3	462.5	463.7	700.2	641.8	659.5	742.1	585.2	586.2	601.2	403.1	411.9	402.7	434.8	429.9	549.4	435.9	404.8	517.3	495.9	531.0	509.0	516.3
Financial derivatives	8.2	7.9	11.5	34.9	49.8	36.8	33.1	110.2	72.4	59.2	35.9	35.5	82.8	38.5	38.0	97.5	73.6	81.3	73.3	62.0	43.7	33.3	31.5	20.7	15.8	13.2	12.4	23.9	24.4	146.9	30.3	57.4
Other	0.0	0.0	0.0	0.0	0.0	0.0	0.0	127.8	169.6	359.0	566.2	189.5	355.0	433.4	173.9	460.7	466.7	393.5	66.8	64.6	232.9	242.0	244.5	410.2	420.9	428.3	429.4	436.2	462.6	313.8	309.1	319.9
less: Liabilities to nonresidents	3142.3	2822.2	2229.8	2918.4	2927.4	3298.5	3703.4	4259.1	5811.6	5,405.6	4,996.4	4,845.3	5,438.5	5,345.0	5,675.8	5,444.5	5,527.8	5,074.0	5,845.8	6,280.1	6,068.8	6,254.2	6,302.1	6,094.0	6,047.3	6,701.7	7,646.7	5,885.0	6,354.1	6,274.8	7,001.7	6,877.5
Deposits	2926.3	2253.5	1694.4	2681.5	2752.6	3012.6	2966.8	3364.9	3735.5	3,643.2	3,109.7	2,997.6	2,501.6	2,411.0	2,700.8	2,213.2	2,437.8	2,247.4	3,057.5	2,905.5	2,777.6	2,813.0	2,930.5	2,633.6	2,570.3	3,348.5	3,878.5	2,097.0	2,716.3	2,944.8	3,583.4	3,816.5
Securities other than shares	93.0	93.0	93.0	93.0	0.0	0.0	101.7	101.7	102.5	100.8	101.7	102.6	100.9	101.7	102.7	100.9	101.8	100.0	201.9	1,057.4	1,062.9	1,070.1	1,059.3	1,062.8	1,068.2	1,063.4	1,062.3	1,070.5	1,059.0	1,059.8	1,061.4	708.8
Loans	22.8	23.2	16.2	16.5	13.8	14.0	9.4	9.5	9.6	9.6	9.7	9.7	850.5	766.8	723.9	758.2	687.9	1,051.0	945.0	695.3	633.9	726.8	698.3	598.0	585.3	559.4	957.7	984.7	847.3	649.7	624.7	569.4
Financial derivatives	100.3	100.1	99.6	127.5	160.9	137.1	227.0	454.2	455.2	358.8	292.1	245.0	222.7	246.5	176.9	167.3	158.1	162.7	132.7	135.0	121.4	125.8	115.3	118.4	116.5	115.9	125.8	115.1	124.8	142.1	107.6	127.7
Other	0.0	352.4	326.6	0.0	0.0	134.7	398.5	328.8	1508.8	1,293.2	1,483.2	1,490.5	1,762.8	1,818.9	1,971.5	2,204.8	2,142.1	1,512.9	1,508.7	1,486.9	1,473.0	1,518.4	1,498.7	1,681.2	1,707.0	1,614.6	1,622.4	1,617.8	1,606.8	1,478.4	1,624.6	1,655.1
Claims on central bank	3915.9	3486.0	7540.5	5209.9	5671.0	4119.9	4498.7	4778.6	4648.7	4,745.4	8,550.7	5,725.7	6,727.3	6,107.8	6,133.4	4,996.6	5,943.6	5,038.3	7,126.4	6,905.1	5,179.0	4,598.9	5,854.3	5,035.6	6,333.8	6,082.6	8,446.2	8,103.7	9,214.3	7,098.2	6,845.2	9,715.4
Currency	967.5	1036.8	1090.7	1574.0	1049.0	1126.6	1267.2	1453.4	1023.7	907.3	1,251.3	1,053.9	1,161.0	1,081.5	1,021.5	1,244.4	1,055.3	1,038.9	1,309.1	1,509.8	1,178.5	1,099.8	1,128.5	1,113.0	1,221.4	1,134.4	1,094.1	1,154.9	1,052.2	1,219.9	1,252.3	1,562.1
Reserve deposits	2024.0	1381.1	5051.1	2524.0	3080.5	1431.0	1715.6	1863.9	2153.2	2,335.0	5,781.8	2,956.2	3,058.6	3,507.4	3,577.2	2,450.1	3,523.8	2,636.7	4,545.9	4,080.8	2,744.0	2,305.2	3,474.1	2,722.7	3,808.2	3,636.9	4,995.7	3,895.5	4,808.2	3,192.4	3,589.0	6,778.0
Other claims	924.4	1068.1	1398.8	1111.8	1541.5	1562.2	1516.0	1461.3	1471.8	1,503.1	1,517.7	1,715.6	2,507.7	1,518.9	1,534.7	1,302.1	1,364.5	1,362.7	1,271.4	1,314.5	1,256.4	1,193.8	1,251.7	1,199.9	1,304.3	1,311.2	2,356.5	3,053.4	3,353.9	2,685.9	2,003.9	1,375.3
Net claims on central government	5688.5	5053.8	4550.7	4948.1	5960.8	7320.2	8685.7	8714.7	8168.8	8,251.6	8,296.2	8,795.1	8,991.6	9,444.8	9,550.5	9,731.9	10,099.5	9,674.0	8,280.1	8,461.3	8,666.6	9,812.0	10,197.2	10,714.1	11,042.2	10,841.3	11,618.7	12,031.6	12,228.3	13,475.0	13,289.3	14,413.8
Claims on central government	7219.4	7026.1	6886.0	7134.1	8584.5	9732.4	10286.9	10170.4	9965.2	10,101.7	10,191.9	10,895.2	10,768.2	11,041.6	11,068.0	11,362.1	11,785.8	11,364.5	11,549.0	11,644.5	11,798.2	12,078.6	11,959.9	12,074.0	12,342.9	12,241.5	12,880.0	13,333.7	13,626.5	14,963.7	14,796.6	15,604.9
Securities other than Shares	7219.4	7026.1	6886.0	7134.1	8584.5	9732.4	10286.9	10170.4	9965.2	10,101.7	10,191.9	10,895.2	10,768.2	11,041.6	11,068.0	11,362.1	11,785.8	11,364.5	11,549.0	11,644.5	11,798.2	12,078.6	11,959.9	12,074.0	12,342.9	12,241.5	12,880.0	13,333.7	13,626.5	14,963.7	14,796.6	15,604.9
less: Liabilities to central government	1530.9	1972.3	2335.3	2186.0	2623.7	2412.2	1601.2	1455.7	1796.4	1,850.1	1,895.7	2,100.1	1,776.6	1,596.8	1,517.4	1,630.2	1,686.3	1,690.6	3,268.9	3,183.2	3,131.6	2,266.6	1,762.7	1,359.9	1,300.7	1,400.2	1,261.3	1,302.2	1,398.2	1,488.7	1,507.3	1,191.2
Deposits	1530.9	1972.3	2335.3	2186.0	2623.7	2412.2	1601.2	1455.7	1796.4	1,850.1	1,895.7	2,100.1	1,776.6	1,596.8	1,517.4	1,630.2	1,686.3	1,690.6	3,268.9	3,183.2	3,131.6	2,266.6	1,762.7	1,359.9	1,300.7	1,400.2	1,261.3	1,302.2	1,398.2	1,488.7	1,507.3	1,191.2
Claims on other sectors	64624.8	67351.6	69232.0	73020.4	76197.7	78609.6	81638.1	84882.2	85389.6	85,815.5	85,862.8	86,307.8	86,417.1	86,886.8	87,493.0	88,505.4	89,629.9	89,784.0	91,005.9	91,930.8	91,697.6	92,697.2	91,807.0	92,082.7	92,990.5	93,563.4	93,612.0	94,387.5	95,029.3	95,337.4	95,936.6	96,490.4
Other financial corporations	1743.5	2176.3	2297.6	1820.1	2988.8	2646.9	2942.4	3347.8	3377.1	3,331.7	3,279.0	3,305.5	3,225.0	3,220.2	3,296.5	3,301.9	3,325.1	3,341.9	3,521.0	3,579.0	3,619.6	3,647.9	2,948.0	2,783.7	2,945.3	3,147.8	3,036.4	3,465.6	3,637.6	3,600.9	3,576.6	3,627.7
State and local government	160.2	180.5	177.8	184.9	176.8	199.6	202.7	206.0	258.6	220.8	240.8	238.8	266.8	266.3	268.4	270.6	244.2	240.1	248.7	494.9	470.6	474.0	379.9	439.4	403.6	404.6	374.4	428.2	421.4	410.4	409.7	399.2
Public nonfinancial corporations	1581.0	1517.9	1322.2	1776.0	2102.2	2901.9	2633.7	2507.3	2214.6	2,307.9	2,080.5	2,054.4	2,122.2	1,973.5	1,911.5	1,895.3	2,090.0	1,934.0	2,080.5	2,294.1	2,244.2	2,249.0	2,191.6	2,453.5	2,769.0	2,818.5	2,585.9	2,375.7	2,528.7	2,707.2	2,822.4	2,607.2
Other nonfinancial corporations	24072.4	25695.8	26461.8	28506.8	29130.2	30041.0	31525.3	32894.8	33391.2	33,614.7	33,631.4	33,808.4	33,713.3	33,939.8	34,323.3	34,715.9	35,402.9	35,317.5	35,676.4	35,489.9	35,372.2	35,920.1	35,773.7	35,622.8	35,874.9	35,836.7	35,984.6	36,203.0	36,229.7	36,061.8	36,115.1	36,396.0
Other resident sectors	37067.6	37780.9	38972.6	40732.6	41799.8	42820.3	44334.1	45926.3	46148.1	46,340.4	46,631.0	46,900.7	47,089.7	47,486.9	47,693.3	48,321.7	48,567.7	48,950.6	49,479.3	50,072.9	49,991.0	50,406.2	50,513.7	50,783.3	50,997.7	51,355.7	51,630.6	51,915.0	52,211.9	52,557.1	53,012.8	53,460.3

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Table II.2(b) Other depository corporations survey (end of period in N$ million)

Liabilities	Mar-14	Jun-14	Sep-14	Dec-14	Mar-15	Jun-15	Sep-15	Dec-15	Jan-16	Feb-16	Mar-16	Apr-16	May-16	Jun-16
Liabilities to central bank	**48.4**	**47.8**	**48.4**	**49.0**	**49.6**	**99.2**	**50.8**	**594.4**	**169.7**	**51.9**	**52.2**	**52.4**	**52.6**	**724.0**
Deposits included in broad money	**65902.0**	**67284.9**	**73133.0**	**71822.2**	**76103.7**	**76030.3**	**78633.9**	**78892.2**	**77791.3**	**80079.5**	**83685.8**	**84951.0**	**84908.9**	**82269.0**
Transferable deposits	**32241.3**	**33470.3**	**37993.1**	**34171.9**	**36237.6**	**35261.2**	**36763.3**	**37099.9**	**36486.3**	**38015.5**	**41127.1**	**40616.7**	**38739.5**	**36765.4**
Other financial corporations	3061.1	3017.9	5324.9	2181.6	2479.0	2544.4	2856.5	4302.3	4658.8	4766.1	5198.2	5310.0	5065.2	4407.8
State and local government	943.9	875.5	1177.2	985.2	939.9	888.1	1026.4	942.1	1011.4	1107.3	1391.6	1047.9	1007.1	875.9
Public nonfinancial corporations	1957.0	1834.7	1833.0	3230.1	2587.4	2416.6	1681.2	2164.2	1972.3	2720.9	2877.3	2840.7	2446.5	2055.2
Other nonfinancial corporations	18790.0	20072.4	21479.9	20120.3	21682.4	21005.0	22886.5	21091.8	19885.4	20416.1	22396.6	22387.3	21388.0	20430.6
Other resident sectors	7489.3	7669.7	8177.9	7654.7	8548.8	8407.1	8312.7	8599.5	8958.4	9005.2	9263.5	9030.8	8832.7	8995.9
Other deposits	**33660.7**	**33814.6**	**35140.0**	**37650.3**	**39866.1**	**40769.1**	**41870.6**	**41792.3**	**41305.0**	**42064.0**	**42558.7**	**44334.2**	**46169.4**	**45503.6**
Other financial corporations	3048.0	3119.6	3563.8	3799.4	4775.5	4788.9	4543.2	4070.2	3963.8	4155.0	4010.3	4231.8	2549.2	4865.0
State and local government	384.3	431.8	500.0	726.3	638.1	623.3	583.6	551.1	549.3	469.4	483.4	604.9	2379.2	549.8
Public nonfinancial corporations	1540.7	864.0	1140.7	1461.8	1320.6	1275.8	1214.3	1225.0	1375.7	1775.1	1919.5	2145.1	2280.9	1626.9
Other nonfinancial corporations	7159.9	8376.2	7664.3	9187.9	10343.7	10432.8	11089.7	11036.3	11094.5	11225.6	11294.8	11797.3	13130.8	12540.6
Other resident sectors	21527.8	21022.9	22271.1	22474.8	22788.2	23648.2	24439.7	24909.7	24321.7	24438.9	24850.8	25555.2	25829.2	25921.3
Securities other than shares, included in broad money	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**
Deposits excluded from broad money	**1182.8**	**1070.4**	**1166.7**	**1360.4**	**1952.7**	**1759.7**	**1204.5**	**2148.3**	**2133.1**	**2234.2**	**1475.5**	**1313.0**	**1399.6**	**2709.0**
Securities other than shares, excluded from broad money	**16724.3**	**16506.5**	**16750.2**	**17360.7**	**19344.7**	**20141.0**	**21445.3**	**21284.5**	**21488.5**	**22131.7**	**22416.5**	**22673.5**	**22803.3**	**23286.7**
Of which: Other financial corporations	15523.3	15443.9	15494.5	15881.8	17776.5	18519.8	19902.6	19511.2	19730.2	20373.6	20562.6	20931.5	20476.3	20947.8
Loans	**50.1**	**51.9**	**51.1**	**34.3**	**12.5**	**17.5**	**16.0**	**16.0**	**17.1**	**17.2**	**17.3**	**17.3**	**17.5**	**17.7**
Financial derivatives	**43.4**	**39.3**	**34.4**	**89.5**	**129.5**	**83.3**	**151.4**	**88.7**	**61.9**	**47.3**	**23.7**	**27.0**	**75.5**	**35.4**
Shares and other equity	**10836.9**	**11253.6**	**11664.3**	**12129.3**	**12936.3**	**13192.4**	**13415.6**	**13964.8**	**14008.1**	**14085.3**	**14432.0**	**14245.0**	**14559.5**	**14582.6**
Funds contributed by owners	3084.1	3304.1	3304.1	3422.2	4063.8	4063.8	4152.8	4058.9	4075.6	4155.6	4226.8	4226.8	4226.8	4227.0
Retained earnings	4448.9	4492.2	5000.9	5092.1	4988.3	4978.5	5480.7	5533.1	6018.5	5992.5	6000.4	5748.9	5746.9	5810.5
General and special reserves	2381.8	2385.0	2728.0	2775.5	2778.8	2797.6	3227.0	3244.8	3241.5	3238.9	3245.4	3246.1	3250.7	3254.3
Valuation adjustment	33.6	29.1	29.3	33.9	37.5	11.4	14.1	-5.2	14.4	18.5	29.6	33.6	34.0	48.7
Current Year Result	888.4	1043.2	602.1	805.5	1068.0	1341.2	541.1	1133.2	658.1	679.8	929.8	989.7	1301.1	1242.1
Other items (net)	**-11284.3**	**-10131.2**	**-10014.7**	**-11841.0**	**-13747.7**	**-14232.1**	**-13596.3**	**-13096.6**	**-13516.5**	**-13895.1**	**-13635.5**	**-14924.4**	**-14522.5**	**-15185.6**
Consolidation adjustment	12057.1	10914.9	11014.2	12380.5	14050.8	15057.1	15038.6	14118.6	15006.9	15251.9	15379.4	15677.1	15853.9	16241.0
Unclassified Assets	-2843.9	-3249.0	-3268.3	-2899.5	-3849.2	-3666.4	-3809.4	-3407.4	-3292.1	-3708.6	-3896.4	-3411.5	-3527.7	-3617.6
Unclassified liabilities	3616.6	4032.7	4267.8	3439.0	4152.2	4491.5	5251.7	4429.4	4782.5	5065.4	5640.3	4164.2	4859.1	4673.0

Liabilities	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	Sep-17	Oct-17	Nov-17	Dec-17
Liabilities to central bank	**206.9**	**53.4**	**729.0**	**486.8**	**391.5**	**677.7**	**955.3**	**790.7**	**1285.2**	**756.8**	**208.4**	**712.3**	**200.2**	**201.7**	**56.8**	**57.1**	**57.4**	**779.4**
Deposits included in broad money	**83423.8**	**83928.7**	**82095.8**	**83376.9**	**83277.0**	**83065.4**	**81568.9**	**82818.4**	**84906.6**	**87045.0**	**89684.1**	**87831.0**	**87251.9**	**89230.3**	**89721.6**	**90909.5**	**91012.6**	**91046.7**
Transferable deposits	**37701.6**	**37872.7**	**37041.2**	**37239.1**	**36538.4**	**36768.8**	**36045.4**	**36950.7**	**38036.6**	**39919.4**	**40433.2**	**37570.1**	**40002.3**	**41473.9**	**41310.3**	**42010.1**	**42055.8**	**41432.0**
Other financial corporations	4472.5	4404.8	4537.0	4918.2	4489.2	4349.0	5132.4	4934.9	4261.6	4126.1	4320.4	4504.7	4514.3	4800.9	4680.6	5105.6	4988.9	6056.7
State and local government	872.6	846.0	745.6	827.5	709.6	670.2	586.9	611.2	658.3	694.9	715.4	613.8	786.4	903.4	842.6	911.2	948.8	888.6
Public nonfinancial corporations	2365.5	2193.0	2247.6	2524.3	2428.8	2633.6	3078.2	3186.2	3249.2	3592.7	3965.2	2852.1	4031.5	3933.4	4173.2	2722.4	2458.5	2845.8
Other nonfinancial corporations	20920.8	21637.0	21010.1	20168.6	19911.5	20541.9	18871.7	19847.7	21364.8	22784.5	22825.2	20821.6	21658.4	22443.1	22191.4	23350.2	23426.1	21641.7
Other resident sectors	9070.2	8791.9	8501.0	8800.4	8999.3	8574.1	8376.2	8370.6	8502.6	8721.2	8607.1	8777.9	9011.7	9393.0	9422.4	9920.7	10233.5	9999.1
Other deposits	**45722.2**	**46056.0**	**45054.6**	**46137.8**	**46738.6**	**46296.6**	**45523.6**	**45867.7**	**46870.0**	**47125.6**	**49250.9**	**50261.0**	**47249.6**	**47756.4**	**48411.3**	**48899.4**	**48956.8**	**49614.7**
Other financial corporations	4127.2	4076.0	4020.9	4098.7	3871.3	3930.4	3913.3	3751.4	3701.8	3655.7	3870.5	3768.7	3567.2	3682.8	3692.7	3424.9	3465.4	3640.7
State and local government	542.2	532.9	508.5	450.2	441.4	361.7	350.2	335.7	274.6	244.9	290.9	188.5	208.9	202.6	216.3	215.7	219.5	225.9
Public nonfinancial corporations	2097.4	2308.8	2409.2	2385.4	2444.5	2650.8	2711.7	2763.7	2918.5	2855.6	2746.1	2928.1	2981.8	3557.3	3411.5	3357.2	3306.2	3146.2
Other nonfinancial corporations	12695.0	12680.7	11102.3	12380.7	12869.0	11992.7	11232.4	11293.1	11727.2	12143.3	12991.3	13410.8	14616.9	14639.6	15135.1	15869.0	16328.0	16214.2
Other resident sectors	26260.4	26457.6	27013.7	26822.8	27112.5	27360.9	27316.0	27723.8	28247.9	28226.0	29352.1	29964.8	25874.7	25674.0	25955.7	26032.6	25637.8	26387.7
Securities other than shares, included in broad money	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**
Deposits excluded from broad money	**1955.3**	**1779.1**	**2001.1**	**1865.1**	**2321.0**	**1776.6**	**1651.8**	**1915.3**	**2056.3**	**2118.1**	**2299.5**	**2167.5**	**2023.4**	**2185.7**	**3008.7**	**2213.1**	**2594.3**	**2837.2**
Securities other than shares, excluded from broad money	**23116.6**	**22920.4**	**23030.9**	**22400.3**	**22428.1**	**22069.1**	**21699.8**	**22139.7**	**22620.1**	**22715.9**	**23240.0**	**24754.1**	**25095.1**	**25781.8**	**25398.6**	**25609.8**	**25564.8**	**25439.3**
Of which: Other financial corporations	20575.5	20425.8	20739.2	20083.8	19876.2	19544.0	18861.5	19301.1	18872.9	18759.6	19283.8	21485.3	21464.4	22493.6	21512.0	21680.4	21837.3	21381.9
Loans	**17.8**	**17.9**	**251.0**	**7.8**	**7.8**	**7.8**	**5.5**	**5.5**	**5.5**	**6.0**	**5.6**	**5.6**	**5.6**	**3.3**	**3.3**	**3.3**	**3.3**	**3.3**
Financial derivatives	**38.5**	**108.8**	**72.8**	**76.6**	**74.4**	**78.3**	**54.4**	**60.8**	**30.9**	**25.6**	**17.5**	**10.7**	**13.2**	**27.9**	**23.6**	**146.6**	**25.6**	**48.0**
Shares and other equity	**14934.5**	**15127.4**	**15034.8**	**15357.9**	**15542.3**	**15804.2**	**15477.4**	**15737.0**	**15829.3**	**15820.9**	**15990.0**	**16295.4**	**16608.8**	**16932.0**	**16698.2**	**16812.2**	**16887.4**	**17312.8**
Funds contributed by owners	4227.0	4305.0	4305.0	4305.0	4455.0	4474.0	3967.5	3967.5	3987.5	3987.5	3987.5	3987.5	3977.2	3899.9	3899.9	3899.9	3899.9	3899.9
Retained earnings	6447.6	6385.4	6440.5	6608.7	6493.3	6890.1	7411.5	7455.2	7441.1	7381.3	7420.5	7385.4	7903.2	7721.8	7729.5	7910.7	7908.8	7954.5
General and special reserves	3770.2	3773.5	3792.2	3786.8	3786.9	3798.8	3792.3	3792.7	3807.3	3812.2	3820.9	3804.5	4284.2	4665.1	4678.7	4710.7	4700.4	4652.4
Valuation adjustment	54.7	49.3	45.4	34.9	33.5	34.8	-20.6	-13.7	-9.1	-10.9	-6.0	-2.6	3.4	5.7	7.9	0.7	-13.0	8.3
Current Year Result	435.0	614.1	451.7	622.5	773.6	606.4	326.7	535.4	602.5	650.8	767.0	1120.6	440.9	639.5	382.1	290.3	391.3	797.7
Other items (net)	**-15385.4**	**-14934.2**	**-13632.2**	**-13846.2**	**-12999.5**	**-14009.3**	**-13003.1**	**-13406.8**	**-13701.9**	**-14007.0**	**-12850.0**	**-15622.9**	**-13166.7**	**-12502.6**	**-11647.6**	**-10968.3**	**-11273.1**	**-13462.2**
Consolidation adjustment	15872.7	15961.2	14847.1	14990.5	14675.4	15038.9	14479.7	14651.0	13987.0	14042.7	14289.2	15511.5	13300.6	14039.8	12786.3	12132.8	12217.6	13304.3
Unclassified Assets	-3918.6	-3780.2	-3827.9	-3988.4	-3945.2	-4462.1	-3828.3	-4130.1	-4471.7	-4635.0	-2871.1	-5855.2	-5574.1	-5002.7	-4806.3	-5317.3	-5817.7	-5989.2
Unclassified liabilities	4405.8	4807.2	5042.8	5132.7	5621.2	5491.6	5305.0	5374.3	4756.8	4670.7	4310.3	5743.8	5708.1	6539.9	5945.1	6481.8	6762.2	5831.3

Table II.3 Depository corporations survey (end of period in N$ million)

Description	Mar-14	Jun-14	Sep-14	Dec-14	Mar-15	Jun-15	Sep-15	Dec-15	Jan-16	Feb-16	Mar-16	Apr-16	May-16	Jun-16	Jul-16	Aug-16
Net foreign assets	21842.7	24041.4	25841.8	19422.4	18840.5	19929.2	18746.8	29515.9	29460.6	31362.6	32807.7	34983.9	34887.9	29644.3	29809.4	28815.6
Claims on nonresidents	27087.5	28965.3	30303.0	24633.1	24179.4	25655.4	25207.5	36859.1	38464.4	39966.7	40767.3	42645.2	43458.7	37943.4	38293.8	37128.7
less: Liabilities to nonresidents	5244.9	4923.9	4461.2	5210.7	5338.9	5726.1	6460.7	7343.2	9003.8	8604.1	7959.6	7661.3	8570.7	8299.1	8484.4	8313.1
Domestic claims	67006.7	67585.4	72977.0	77062.2	83499.1	82624.7	88543.9	83315.6	82238.7	84911.3	88190.9	86575.0	88290.6	89640.5	90377.8	93110.4
Net claims on central government	2325.6	192.0	3702.9	4002.3	7261.3	3974.9	6864.7	-1608.4	-3194.3	-945.3	2287.6	225.5	1833.5	2713.8	2844.7	4564.1
Claims on central government	7219.4	7026.1	6886.0	7134.1	10807.9	9732.4	10286.9	10170.4	9965.2	10184.6	12088.7	10895.2	10768.2	11041.6	11068.0	11619.2
less: Liabilities to central government	4893.8	6834.1	3183.1	3131.8	3546.6	5757.5	3422.2	11778.8	13159.5	11129.9	9801.1	10669.7	8934.7	8327.8	8223.3	7055.1
Claims on other sectors	64681.1	67393.4	69274.1	73059.9	76237.8	78649.8	81679.2	84923.9	85433.0	85856.6	85903.3	86349.5	86457.0	86926.6	87533.1	88546.3
Other financial corporations	1758.1	2176.3	2297.6	1820.1	2988.8	2646.9	2942.4	3347.8	3378.9	3331.7	3279.0	3305.5	3225.0	3220.2	3296.5	3301.9
State and local government	160.2	180.5	177.8	184.9	176.8	199.6	202.7	206.0	258.6	220.8	240.8	238.8	266.8	266.3	268.4	270.6
Public nonfinancial corporations	1581.0	1517.9	1322.2	1776.0	2102.2	2901.9	2633.7	2507.3	2214.6	2307.9	2080.5	2054.4	2122.2	1973.5	1911.5	1895.3
Other nonfinancial corporations	24072.4	25695.8	26461.8	28506.8	29130.2	30041.0	31525.3	32894.8	33391.2	33614.7	33631.4	33808.4	33713.3	33939.8	34323.3	34715.9
Other resident sectors	37109.3	37822.8	39014.6	40772.1	41839.9	42860.5	44375.2	45968.1	46189.7	46381.5	46671.5	46942.3	47129.7	47526.7	47733.4	48362.6
Broad money liabilities	68017.4	69538.5	75520.1	74366.1	78651.8	78655.8	81504.6	81933.8	80799.5	82969.9	86450.4	87871.7	87747.6	85109.3	86377.1	86807.6
Currency outside depository corporations	2115.4	2253.6	2387.1	2543.9	2548.1	2625.5	2870.7	3041.6	3008.1	2890.4	2764.6	2920.8	2838.7	2840.3	2953.3	2878.9
Transferable deposits	32241.3	33470.3	37993.1	34171.9	36237.6	35261.2	36763.3	37099.9	36486.3	38015.5	41127.1	40616.7	38739.5	36765.4	37701.6	37872.7
Other financial corporations	3061.1	3017.9	5324.9	2181.6	2479.0	2544.4	2856.5	4302.3	4658.8	4766.1	5198.2	5310.0	5065.2	4407.8	4472.5	4404.8
State and local government	943.9	875.5	1177.2	985.2	939.9	888.1	1026.4	942.1	1011.4	1107.3	1391.6	1047.9	1007.1	875.9	872.6	846.0
Public nonfinancial corporations	1957.0	1834.7	1833.0	3230.1	2587.4	2416.6	1681.2	2164.2	1972.3	2720.9	2877.3	2840.7	2446.5	2055.2	2365.5	2193.0
Other nonfinancial corporations	18790.0	20072.4	21479.9	20120.3	21682.4	21005.0	22886.5	21091.8	19885.4	20416.1	22396.6	22387.3	21388.0	20430.6	20920.8	21637.0
Other resident sectors	7489.3	7669.7	8177.9	7654.7	8548.8	8407.1	8312.7	8599.5	8958.4	9005.2	9263.5	9030.8	8832.7	8995.9	9070.2	8791.9
Less: Central bank float	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other deposits	33660.7	33814.6	35140.0	37650.3	39866.1	40769.1	41870.6	41792.3	41305.0	42064.0	42558.7	44334.2	46169.4	45503.6	45722.2	46056.0
Other financial corporations	3048.0	3119.6	3563.8	3799.4	4775.5	4788.9	4543.2	4070.2	3963.8	4155.0	4010.3	4231.8	2549.2	4865.0	4127.2	4076.0
State and local government	384.3	431.8	500.0	726.3	638.1	623.3	583.6	551.1	549.3	469.4	483.4	604.9	2379.2	549.8	542.2	532.9
Public nonfinancial corporations	1540.7	864.0	1140.7	1461.8	1320.6	1275.8	1214.3	1225.0	1375.7	1775.1	1919.5	2145.1	2280.9	1626.9	2097.4	2308.8
Other nonfinancial corporations	7159.9	8376.2	7664.3	9187.9	10343.7	10432.8	11089.7	11036.3	11094.5	11225.6	11294.8	11797.3	13130.8	12540.6	12695.0	12680.7
Other resident sectors	21527.8	21022.9	22271.1	22474.8	22788.2	23648.2	24439.7	24909.7	24321.7	24438.9	24850.8	25555.2	25829.2	25921.3	26260.4	26457.6
Securities other than shares, included in broad money	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Deposits excluded from broad money	1182.8	1070.4	1166.7	1360.4	1952.7	1759.7	1204.5	2148.3	2133.1	2234.2	1475.5	1313.0	1399.6	2709.0	1955.3	1779.1
Securities other than shares, excluded from broad money	16724.3	16506.5	16750.2	17360.7	19344.7	20141.0	21445.3	24195.3	24399.3	25042.5	25327.2	25584.3	25863.9	26450.8	27034.3	26817.4
Loans	50.1	51.9	51.1	34.3	12.5	17.5	16.0	16.0	17.1	17.2	17.3	17.3	17.5	17.7	17.8	17.9
Financial derivatives	43.4	39.3	34.4	89.5	129.5	83.3	151.4	88.7	61.9	47.3	23.7	27.0	75.5	35.4	38.5	108.8
Shares and other equity	14850.5	15322.3	16199.6	17202.6	18050.9	18256.3	18849.6	20087.3	20409.8	20515.5	22172.1	22064.5	23558.5	22922.2	22801.6	23232.5
Other items (net)	-12019.2	-10902.1	-10903.5	-13928.8	-15802.5	-16359.6	-15880.7	-15638.0	-16121.2	-14552.6	-14467.6	-15318.8	-15484.0	-17959.6	-18037.5	-16837.4
Consolidation adjustment	-495.4	-378.2	-316.1	-1402.5	-1446.5	-1474.4	-1513.6	-1674.8	-1693.0	26.2	-210.5	242.8	-262.7	-2060.4	-1919.5	-1168.4
OIN	-239.4	-392.7	-572.7	-685.3	-608.2	-653.1	-770.8	-866.6	-911.7	-683.7	-621.6	-637.2	-698.8	-713.7	-732.5	-734.8
OIN	-11284.3	-10131.2	-10014.7	-11841.0	-13747.7	-14232.1	-13596.3	-13096.6	-13516.5	-13895.1	-13635.5	-14924.4	-14522.5	-15185.6	-15385.4	-14934.2

Description	Sep-16	Oct-16	Nov-16	Dec-16	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	24188.2	29658.3	31839.2	26225.4	28690.0	27149.3	28095.6	32926.4	33398.2	31669.8	35471.2	37151.8	36525.2	37241.9	34496.9	29510.2
Claims on nonresidents	32470.7	37457.2	40443.3	35206.6	37438.2	35980.7	37078.8	41660.1	42042.7	40956.5	45746.9	45632.1	45579.7	46316.4	44222.3	38857.2
less: Liabilities to nonresidents	8282.6	7798.9	8604.1	8981.2	8748.2	8831.4	8983.1	8733.7	8644.5	9286.6	10275.6	8480.3	9054.5	9074.5	9725.5	9347.0
Domestic claims	94152.1	94235.0	95856.1	95879.2	94082.7	96669.4	98880.2	96025.6	99680.8	99306.5	97680.5	99934.4	101754.8	102272.0	104218.8	106201.2
Net claims on central government	4480.4	4409.4	4807.3	3905.0	2342.0	3928.5	7028.7	3897.0	6645.1	5697.6	4023.1	5501.8	6679.9	6888.4	8236.6	9664.6
Claims on central government	11785.8	11595.2	12878.9	11814.5	11798.2	12078.6	13755.3	12074.0	13199.4	12241.5	12880.0	13333.7	13721.3	14963.7	14859.7	15611.2
less: Liabilities to central government	7305.4	7185.9	8071.7	7909.5	9456.1	8150.1	6726.7	8177.0	6554.3	6543.9	8856.9	7831.9	7041.4	8075.2	6623.1	5946.6
Claims on other sectors	89671.7	89825.7	91048.8	91974.2	91740.7	92740.8	91851.5	92128.6	93035.7	93608.9	93657.5	94432.6	95074.8	95383.5	95982.2	96536.6
Other financial corporations	3325.1	3341.9	3521.0	3579.0	3619.6	3647.9	2948.0	2783.7	2945.3	3147.8	3036.4	3465.6	3637.6	3600.9	3576.6	3627.7
State and local government	244.2	240.1	248.7	494.9	470.6	474.0	379.9	439.4	403.6	404.6	374.4	428.2	421.4	410.4	409.7	399.2
Public nonfinancial corporations	2090.0	1934.0	2080.5	2294.1	2244.2	2249.0	2191.6	2453.5	2769.0	2818.5	2585.9	2375.7	2528.7	2707.2	2822.4	2607.2
Other nonfinancial corporations	35402.9	35317.5	35676.4	35489.9	35372.2	35920.1	35773.7	35622.8	35874.9	35836.7	35984.6	36203.0	36229.7	36061.8	36115.1	36396.0
Other resident sectors	48609.4	48992.2	49522.1	50116.3	50034.1	50449.9	50558.3	50829.2	51042.9	51401.2	51676.1	51960.1	52257.5	52603.3	53058.4	53506.5
Broad money liabilities	85000.5	86340.6	86286.4	85949.5	84367.9	85647.6	87782.7	90025.5	92553.8	90752.7	90205.8	92261.1	92842.0	93918.0	94200.1	94142.8
Currency outside depository corporations	2904.7	2963.6	3009.4	2884.0	2798.9	2829.2	2876.0	2980.4	2869.7	2921.6	2953.9	3030.7	3120.4	3008.5	3187.6	3096.1
Transferable deposits	37041.2	37239.1	36538.4	36768.8	36045.4	36950.7	38036.6	39919.4	40433.2	37570.1	40002.3	41473.9	41310.3	42010.1	42055.8	41432.0
Other financial corporations	4537.0	4918.2	4489.2	4349.0	5132.4	4934.9	4261.6	4126.1	4320.4	4504.7	4514.3	4800.9	4680.6	5105.6	4988.9	6056.7
State and local government	745.6	827.5	709.6	670.2	586.9	611.2	658.3	694.9	715.4	613.8	786.4	903.4	842.6	911.2	948.8	888.6
Public nonfinancial corporations	2247.6	2524.3	2428.8	2633.6	3078.2	3186.2	3249.2	3592.7	3965.2	2852.1	4031.5	3933.4	4173.2	2722.4	2458.5	2845.8
Other nonfinancial corporations	21010.1	20168.6	19911.5	20541.9	18871.7	19847.7	21364.8	22784.5	22825.2	20821.6	21658.4	22443.1	22191.4	23350.2	23426.1	21641.7
Other resident sectors	8501.0	8800.4	8999.3	8574.1	8376.2	8370.6	8502.6	8721.2	8607.1	8777.9	9011.7	9393.0	9422.4	9920.7	10233.5	9999.1
Less: Central bank float	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other deposits	45054.6	46137.8	46738.6	46296.6	45523.6	45867.7	46870.0	47125.6	49250.9	50261.0	47249.6	47756.4	48411.3	48899.4	48956.8	49614.7
Other financial corporations	4020.9	4098.7	3871.3	3930.4	3913.3	3751.4	3701.8	3655.7	3870.5	3768.7	3567.2	3682.8	3692.7	3424.9	3465.4	3640.7
State and local government	508.5	450.2	441.4	361.7	350.2	335.7	274.6	244.9	290.9	188.5	208.9	202.6	216.3	215.7	219.5	225.9
Public nonfinancial corporations	2409.2	2385.4	2444.5	2650.8	2711.7	2763.7	2918.5	2855.6	2746.1	2928.1	2981.8	3557.3	3411.5	3357.2	3306.2	3146.2
Other nonfinancial corporations	11102.3	12380.7	12869.0	11992.7	11232.4	11293.1	11727.2	12143.3	12991.3	13410.8	14616.9	14639.6	15135.1	15869.0	16328.0	16214.2
Other resident sectors	27013.7	26822.8	27112.5	27360.9	27316.0	27723.8	28247.9	28226.0	29352.1	29964.8	25874.7	25674.0	25955.7	26032.6	25637.8	26387.7
Securities other than shares, included in broad money	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Deposits excluded from broad money	2001.1	1865.1	2321.0	1776.6	1651.8	1915.3	2056.3	2118.1	2299.5	2167.5	2023.4	2185.7	3008.7	2213.1	2594.3	2837.2
Securities other than shares, excluded from broad money	26953.2	31264.5	31224.1	29841.6	29293.3	29027.2	29212.1	29287.5	29846.4	34475.8	33450.9	32523.9	32122.8	32456.5	32442.1	32475.4
Loans	251.0	7.8	7.8	7.8	5.5	5.5	5.5	6.0	5.6	5.6	5.6	3.3	3.3	3.3	3.3	3.3
Financial derivatives	72.8	76.6	74.4	78.3	54.4	60.8	30.9	25.6	17.5	10.7	13.2	27.9	23.6	146.6	25.6	48.0
Shares and other equity	22738.2	22969.1	23282.7	21315.0	22822.6	22745.6	23232.3	23057.6	23106.1	21648.0	22077.1	24121.6	24318.4	22955.2	22762.2	24273.3
Other items (net)	-18676.6	-18630.4	-15501.0	-16864.2	-15422.7	-15583.4	-15344.1	-15568.3	-14749.7	-18084.0	-14624.3	-14037.3	-14038.9	-12179.0	-13312.0	-18068.5
Consolidation adjustment	-1514.3	-1184.9	-1608.0	-1939.2	-1608.2	-1320.4	-1056.7	-977.9	-1292.2	-1833.2	-816.3	-882.4	-1690.2	-463.3	-1293.1	-3818.4
OIN	-3530.1	-3599.3	-893.5	-915.7	-811.4	-856.2	-585.5	-583.4	-607.5	-627.9	-641.3	-652.3	-701.1	-747.4	-745.8	-788.0
OIN	-13632.2	-13846.2	-12999.5	-14009.3	-13003.1	-13406.8	-13701.9	-14007.0	-12850.0	-15622.9	-13166.7	-12502.6	-11647.6	-10968.3	-11273.1	-13462.2

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Table II.4 Other depository corporations' claims on private sectors (end period in N$ million)

Description	Mar-14	Jun-14	Sep-14	Dec-14	Mar-15	Jun-15	Sep-15	Dec-15	Jan-16	Feb-16	Mar-16	Apr-16	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	Sep-17	Oct-17	Nov-17	Dec-17
Loans	**62 834.2**	**65 174.4**	**67 150.9**	**70 639.4**	**72 817.3**	**75 693.8**	**78 495.8**	**81 581.4**	**82 140.0**	**82 606.7**	**82 853.3**	**83 578.0**	**84 158.0**	**84 512.0**	**85 124.0**	**86 368.6**	**87 326.2**	**87 506.7**	**88 813.3**	**89 430.5**	**89 244.4**	**90 128.9**	**89 345.5**	**89 611.5**	**90 585.9**	**90 903.1**	**91 097.6**	**91 905.5**	**92 284.9**	**92 699.7**	**93 394.7**	**94 433.3**
Central bank	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other depository corporations	27.3	14.7	28.5	26.3	26.6	26.2	27.4	28.4	25.9	27.1	26.7	27.2	26.7	27.5	30.1	28.0	25.7	24.6	36.7	27.3	27.4	26.9	27.6	27.7	27.3	27.3	27.3	27.0	27.5	25.2	27.1	26.9
Other financial corporations	419.7	502.6	681.4	213.5	373.8	417.2	576.8	615.7	687.4	630.8	698.8	767.0	861.0	874.5	857.2	1 018.6	1 013.6	1 060.6	1 251.9	1 248.2	1 312.3	1 253.9	587.3	422.5	526.8	585.3	656.6	910.7	862.7	929.5	948.5	1 091.4
Central government	10.5	10.6	9.9	10.0	12.9	7.6	9.0	7.8	7.4	6.3	7.0	6.5	6.6	5.6	5.7	9.9	5.2	4.7	4.7	4.5	6.3	5.6	5.1	3.9	4.6	6.3	7.2	4.6	4.8	4.3	3.9	408.4
State and local government	160.2	180.5	177.8	184.9	176.8	199.2	202.3	204.7	257.7	220.8	240.8	238.8	266.8	266.3	268.4	270.6	244.2	240.1	248.7	494.9	470.6	474.0	379.9	439.4	403.6	404.6	374.4	428.2	415.4	404.3	403.7	393.1
Public non-financial corporations	912.5	814.5	633.8	799.3	1 178.6	1 983.6	1 741.5	1 898.6	1 612.0	1 711.6	1 482.3	1 636.5	1 746.1	1 539.4	1 488.5	1 440.6	1 646.5	1 494.4	1 644.3	1 855.2	1 790.1	1 793.9	1 736.6	1 995.2	2 314.8	2 362.1	2 126.9	2 006.5	2 158.7	2 340.3	2 493.1	2 276.6
Other non-financial corporations (Businesses)	**23 997.7**	**25 605.9**	**26 359.7**	**28 382.0**	**28 964.0**	**29 894.1**	**31 287.3**	**32 583.9**	**33 085.8**	**33 340.0**	**33 421.6**	**33 631.6**	**33 495.1**	**33 738.0**	**34 166.4**	**34 560.5**	**35 265.5**	**35 174.4**	**35 559.3**	**35 343.1**	**35 254.9**	**35 793.0**	**35 674.2**	**35 521.1**	**35 772.6**	**35 738.9**	**35 883.4**	**36 105.0**	**36 123.5**	**35 940.0**	**36 015.0**	**36 300.3**
Loans and Advances	16 639.4	17 634.9	17 567.5	18 743.6	19 404.2	20 142.1	21 105.5	21 761.5	22 325.3	22 255.1	22 003.7	22 420.6	22 158.4	22 353.4	22 248.8	22 341.0	22 974.1	22 947.3	23 221.6	23 175.3	22 996.7	23 839.1	23 813.9	23 885.8	23 987.9	24 156.7	24 250.3	24 460.8	24 499.8	24 137.4	24 246.2	24 581.8
Farm mortgage loans	24.4	22.3	22.7	23.2	23.6	23.9	21.2	21.6	21.7	29.7	22.0	22.0	22.4	19.2	19.3	19.3	20.3	19.7	19.7	20.0	21.8	20.2	20.4	20.1	20.2	20.3	19.3	19.5	19.6	19.6	19.8	20.0
Other mortgage loans	6 714.3	6 979.7	7 381.5	8 033.4	8 588.7	8 895.7	9 576.9	9 808.2	9 836.0	9 883.7	10 011.3	10 043.2	10 280.5	10 281.1	10 357.3	10 369.7	10 411.7	10 416.1	10 379.2	10 433.2	10 564.2	10 596.7	10 691.6	10 654.3	10 779.2	10 740.5	11 086.9	11 055.7	11 021.1	11 291.4	11 264.4	11 321.4
Dwellings	534.0	624.3	617.2	611.3	891.4	910.1	1 136.3	1 246.3	1 204.5	1 225.4	1 253.3	1 238.7	1 289.0	1 294.0	1 305.1	1 303.5	1 311.8	1 295.6	1 347.3	1 414.9	1 440.4	1 446.2	1 449.5	1 433.7	1 491.5	1 433.7	1 651.0	1 585.0	1 572.8	1 845.5	1 833.1	1 955.5
Other	6 180.3	6 355.4	6 764.2	7 422.1	7 697.3	7 985.6	8 440.6	8 561.9	8 631.5	8 658.3	8 758.0	8 804.5	8 991.5	8 987.1	9 052.3	9 066.2	9 099.9	9 120.4	9 031.9	9 018.3	9 123.8	9 150.5	9 242.1	9 220.6	9 287.6	9 306.8	9 435.9	9 470.7	9 448.3	9 445.9	9 431.2	9 365.9
Overdrafts	5 886.3	6 390.2	6 302.6	6 877.0	6 808.2	7 189.9	7 200.9	7 437.3	7 931.4	7 718.5	7 467.6	7 713.2	7 344.2	7 560.2	7 284.0	7 336.1	7 901.3	7 730.9	7 997.9	7 897.8	8 182.9	8 582.8	8 496.7	8 605.7	8 628.0	8 799.4	8 567.2	8 670.3	8 680.2	8 120.9	8 196.7	8 231.7
Other loans and advances	4 014.4	4 242.7	3 860.8	3 810.0	3 983.7	4 032.6	4 306.5	4 494.4	4 536.1	4 623.1	4 502.7	4 642.2	4 511.4	4 492.9	4 588.2	4 615.9	4 640.8	4 780.6	4 824.8	4 824.3	4 227.8	4 639.3	4 605.2	4 605.7	4 560.6	4 596.5	4 576.8	4 715.3	4 778.9	4 705.6	4 765.3	5 008.8
Leasing	156.5	187.6	254.0	327.1	335.8	324.1	311.0	301.7	285.2	287.0	304.9	296.1	290.1	287.7	274.8	280.9	301.9	304.1	327.1	354.3	332.8	327.5	316.1	307.8	316.3	311.5	309.2	302.2	290.7	304.9	299.1	293.5
Instalment credit	4 015.7	4 156.8	4 335.5	4 548.6	4 768.5	4 898.3	5 038.3	5 125.2	5 045.4	5 073.1	5 057.4	5 003.1	5 008.0	5 077.9	5 134.1	5 159.1	5 283.5	5 224.4	5 209.8	5 161.8	5 153.4	5 063.0	5 033.9	4 994.0	4 959.0	4 882.6	4 924.0	4 924.3	4 892.5	4 871.0	4 837.1	4 844.9
Other	3 186.1	3 626.6	4 202.7	4 762.7	4 455.5	4 529.6	4 832.5	5 395.5	5 430.0	5 724.9	6 055.6	5 911.9	6 038.6	6 019.0	6 508.6	6 779.5	6 705.9	6 698.6	6 800.6	6 651.6	6 772.0	6 563.5	6 510.2	6 333.5	6 509.3	6 388.2	6 399.9	6 417.7	6 440.5	6 626.7	6 632.6	6 580.1
Other resident sectors (Individuals)	**37 030.7**	**37 746.1**	**38 946.9**	**40 685.3**	**41 733.6**	**42 769.3**	**44 231.4**	**45 810.4**	**46 027.5**	**46 223.9**	**46 513.6**	**46 806.8**	**47 055.5**	**47 418.7**	**47 648.1**	**48 298.3**	**48 540.4**	**48 921.5**	**49 466.7**	**50 054.3**	**49 970.8**	**50 379.0**	**50 500.1**	**50 771.7**	**50 986.8**	**51 342.6**	**51 617.0**	**51 906.2**	**52 196.4**	**52 525.0**	**52 994.3**	**53 420.1**
Loans and Advances	29 967.3	30 666.0	31 498.6	32 909.9	33 768.7	34 650.5	35 826.2	37 181.6	37 364.8	37 560.1	37 889.1	38 200.2	38 396.8	38 747.5	38 943.7	39 412.3	39 812.5	40 080.3	40 597.5	41 121.0	41 173.3	41 582.6	41 774.2	42 058.7	42 296.2	42 648.3	42 897.8	43 171.7	43 509.5	43 756.6	44 181.0	44 636.5
Farm mortgage loans	1 100.1	1 116.1	1 123.3	1 292.9	1 327.0	1 351.5	1 383.5	1 414.0	1 360.2	1 370.7	1 436.0	1 417.7	1 486.0	1 488.5	1 488.9	1 539.7	1 539.9	1 490.5	1 477.3	1 495.1	1 554.8	1 419.4	1 494.1	1 495.4	1 504.0	1 478.1	1 504.3	1 499.4	1 498.8	1 463.5	1 518.6	1 555.9
Other mortgage loans	23 740.3	24 242.7	24 957.6	25 945.8	26 618.4	27 225.8	28 173.0	29 240.4	29 320.1	29 558.7	29 719.3	29 961.5	30 046.2	30 349.9	30 545.7	30 852.4	31 148.6	31 356.2	31 717.1	32 073.4	32 106.8	32 346.0	32 461.8	32 680.8	32 812.2	33 135.4	33 303.8	33 516.3	33 811.2	34 037.2	34 340.2	34 647.5
Dwellings	23 740.3	24 242.7	24 957.6	25 906.1	26 603.1	27 202.3	28 149.7	29 217.2	29 297.0	29 536.0	29 696.8	29 942.3	30 026.0	30 334.6	30 530.5	30 837.1	31 133.0	31 340.4	31 699.1	32 055.2	32 088.5	32 326.8	32 441.0	32 661.8	32 794.8	33 118.1	33 293.1	33 505.5	33 800.5	34 026.5	34 336.3	34 645.4
Other	0.0	0.0	0.0	39.6	15.3	23.5	23.3	23.2	23.2	22.7	22.5	19.1	20.2	15.2	15.2	15.2	15.7	15.8	18.0	18.2	18.3	19.3	20.8	19.0	17.4	17.4	10.7	10.7	10.7	10.7	3.8	2.1
Overdrafts	2 234.1	2 331.8	2 401.8	2 442.5	2 445.6	2 541.0	2 584.8	2 625.0	2 732.2	2 634.0	2 714.5	2 742.8	2 738.9	2 707.9	2 640.2	2 693.8	2 733.5	2 766.4	2 824.0	2 915.4	2 924.7	3 032.6	3 012.2	3 041.4	3 112.7	3 120.2	3 114.6	3 050.0	3 049.7	3 068.8	3 063.6	3 019.4
Other loans and advances	2 892.7	2 975.3	3 015.9	3 228.8	3 377.7	3 532.2	3 684.9	3 902.3	3 952.2	3 996.7	4 019.3	4 078.1	4 125.8	4 201.4	4 268.9	4 326.4	4 390.5	4 467.2	4 579.1	4 637.1	4 587.1	4 784.5	4 806.1	4 841.0	4 867.3	4 914.5	4 975.1	5 106.0	5 149.9	5 187.1	5 258.6	5 413.7
Leasing	4.2	4.5	4.4	9.6	10.5	11.4	17.9	16.8	16.3	17.7	26.2	25.7	25.7	20.3	19.8	20.2	21.3	22.3	21.6	21.8	21.0	19.9	19.5	17.8	18.0	17.8	17.3	17.9	19.6	19.1	19.4	19.3
Instalment credit	5 277.1	5 479.7	5 744.3	6 035.0	6 223.9	6 352.4	6 653.7	6 904.4	6 942.9	6 949.7	6 978.9	6 974.9	7 047.3	7 112.2	7 203.4	7 379.2	7 206.1	7 343.4	7 392.3	7 462.2	7 334.1	7 320.1	7 260.5	7 244.1	7 257.7	7 217.3	7 234.7	7 232.4	7 164.9	7 199.6	7 197.0	7 174.3
Other	1 782.1	1 595.9	1 699.5	1 730.7	1 730.5	1 755.1	1 733.5	1 707.5	1 703.4	1 696.4	1 619.4	1 606.0	1 585.6	1 538.7	1 481.2	1 486.6	1 500.5	1 475.5	1 455.3	1 449.3	1 442.4	1 456.4	1 445.9	1 451.2	1 414.8	1 459.2	1 467.2	1 484.2	1 502.3	1 549.7	1 596.9	1 590.0
Nonresidents	**275.4**	**299.5**	**312.9**	**338.2**	**351.0**	**396.4**	**420.2**	**431.9**	**436.2**	**446.3**	**462.5**	**463.7**	**700.2**	**641.8**	**659.5**	**742.1**	**585.2**	**586.2**	**601.2**	**403.1**	**411.9**	**402.7**	**434.8**	**429.9**	**549.4**	**435.9**	**404.8**	**517.3**	**495.9**	**531.0**	**509.0**	**516.3**
Loans and Advances	275.4	299.5	312.8	338.1	351.0	369.3	394.6	399.0	406.6	410.0	424.3	427.3	435.7	435.7	443.5	346.1	349.8	352.9	367.0	359.3	367.0	374.5	385.1	380.3	484.4	396.3	398.9	497.6	490.1	491.3	493.9	499.0
Farm mortgage loans	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other mortgage loans	167.9	188.3	198.4	218.3	228.3	234.6	254.2	253.8	258.8	261.3	273.1	276.2	284.7	285.8	288.8	250.1	257.2	255.3	257.1	255.1	255.4	262.1	274.0	273.8	302.6	212.1	210.0	308.8	304.6	304.6	303.8	312.1
Dwellings	167.9	188.3	198.4	218.3	228.3	234.6	254.2	253.8	258.8	261.3	273.1	276.2	284.7	285.8	288.8	250.1	257.2	255.3	257.1	255.1	255.4	262.1	274.0	273.8	302.6	212.1	210.0	308.8	304.6	304.6	303.8	312.1
Other	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Overdrafts	98.5	99.9	104.2	109.1	110.7	117.2	123.2	126.6	129.9	130.2	132.1	132.6	132.4	132.9	137.1	70.4	66.7	68.6	77.9	77.3	82.9	83.4	82.6	77.8	165.2	167.8	170.1	170.9	167.7	169.0	172.8	169.2
Other loans and advances	8.9	11.2	10.2	10.7	12.0	17.4	17.3	18.6	17.9	18.6	19.1	18.4	18.5	17.0	17.6	25.7	25.9	29.1	32.0	26.9	28.6	29.0	28.5	28.6	16.6	16.4	18.8	17.9	17.8	17.8	17.4	17.6
Leasing	0.1	0.1	0.1	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	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	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other	0.0	0.0	0.0	0.0	0.0	27.1	25.5	32.9	29.6	36.3	38.2	36.4	264.6	206.1	216.1	395.9	235.4	233.3	234.1	43.8	44.9	28.2	49.8	49.6	65.0	39.6	5.9	19.7	5.7	39.7	15.1	17.3

*Other loans and advances comprises personal loans for businesses and individuals and nonresidents.

Table II.5 Deposits with Other depository corporations (end period in N$ million)

Description	Mar-14	Jun-14	Sep-14	Oct-14	Nov-14	Dec-14	Jan-15	Feb-15	Mar-15	Apr-15	May-15	Jun-15	Jul-15
Total Deposits	**72 572.6**	**74 156.8**	**79 430.4**	**78 035.0**	**80 245.2**	**79 534.7**	**80 107.4**	**82 025.8**	**84 161.1**	**84 417.7**	**86 459.2**	**84 120.4**	**85 143.9**
Deposits included in broad money	**65 902.0**	**67 284.9**	**73 133.0**	**71 114.8**	**73 450.0**	**71 822.2**	**72 043.8**	**74 334.8**	**76 103.7**	**75 756.2**	**77 236.4**	**76 030.3**	**77 554.6**
Transferable deposits	32 241.3	33 470.3	37 993.1	34 724.9	36 508.8	34 171.9	32 761.2	34 285.8	36 237.6	35 517.1	36 593.1	35 261.2	36 453.7
In national currency	31 631.9	32 463.2	37 300.8	33 937.1	35 789.1	33 221.9	32 195.5	33 305.7	35 717.0	34 842.9	35 670.2	34 464.4	35 866.2
Other financial corporations	3 061.1	3 017.9	5 324.9	3 300.8	3 237.5	2 181.6	2 622.9	2 752.1	2 479.0	2 364.7	2 429.9	2 544.4	3 163.8
State and local government	943.9	875.5	1 177.2	1 109.3	1 009.6	985.2	934.8	929.8	939.9	909.2	906.6	888.1	860.8
Public non-financial corporations	1 957.0	1 834.7	1 833.0	2 227.4	2 673.4	3 230.1	2 633.5	2 536.8	2 587.4	2 296.4	2 270.3	2 416.6	2 461.2
Other non-financial corporations	18 180.6	19 065.3	20 787.7	18 905.7	20 667.7	19 170.3	18 568.0	19 583.8	21 161.8	20 913.2	21 654.2	20 208.2	20 659.3
Other resident sectors	7 489.3	7 669.7	8 177.9	8 393.9	8 200.8	7 654.7	7 436.3	7 503.2	8 548.8	8 359.4	8 409.2	8 407.1	8 721.1
In foreign currency	**609.4**	**1 007.1**	**692.3**	**787.9**	**719.6**	**950.0**	**565.7**	**980.0**	**520.6**	**674.2**	**922.9**	**796.8**	**587.5**
Other deposits	33 660.7	33 814.6	35 140.0	36 389.9	36 941.3	37 650.3	39 282.7	40 049.0	39 866.1	40 239.1	40 643.3	40 769.1	41 101.0
In national currency	33 660.7	33 814.6	35 140.0	36 389.9	36 941.3	37 650.3	39 282.7	40 049.0	39 866.1	40 239.1	40 643.3	40 769.1	41 101.0
Other financial corporations	3 048.0	3 119.6	3 563.8	3 854.0	3 818.7	3 799.4	4 674.8	4 497.0	4 775.5	4 699.6	4 547.9	4 788.9	4 632.5
State and local government	384.3	431.8	500.0	489.8	474.5	726.3	713.4	695.0	638.1	644.7	652.7	623.3	595.3
Public nonfinancial corporations	1 540.7	864.0	1 140.7	1 144.4	1 047.9	1 461.8	1 029.2	1 215.8	1 320.6	1 483.5	1 640.3	1 275.8	1 528.6
Other nonfinancial corporations	7 159.9	8 376.2	7 664.3	8 880.7	8 992.2	9 187.9	10 405.1	10 693.9	10 343.7	10 248.2	10 580.0	10 432.8	10 338.7
Other resident sectors	21 527.8	21 022.9	22 271.1	22 021.0	22 607.9	22 474.8	22 460.2	22 947.4	22 788.2	23 163.0	23 222.3	23 648.2	24 005.8
In foreign currency	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**
Deposits excluded from broad money	**6 670.7**	**6 871.9**	**6 297.4**	**6 920.2**	**6 795.2**	**7 712.5**	**8 063.5**	**7 691.1**	**8 057.4**	**8 661.5**	**9 222.8**	**8 090.1**	**7 589.2**
Transferable deposits	3 798.6	3 879.9	3 562.7	4 182.5	4 054.2	4 734.6	4 878.6	4 665.4	5 014.4	5 405.2	5 996.3	4 698.5	4 440.7
In national currency	1 712.9	2 898.9	2 690.9	2 810.7	2 616.9	2 880.7	2 817.1	2 516.0	2 669.8	2 592.9	3 056.8	2 628.3	2 275.9
In foreign currency	2 085.7	981.0	871.8	1 371.8	1 437.3	1 853.9	2 061.5	2 149.4	2 344.6	2 812.3	2 939.5	2 070.2	2 164.8
Other deposits	**2 872.1**	**2 992.0**	**2 734.7**	**2 737.7**	**2 741.0**	**2 977.9**	**3 185.0**	**3 025.7**	**3 043.0**	**3 256.3**	**3 226.6**	**3 391.6**	**3 148.5**
In national currency	1 267.1	1 414.2	1 089.3	970.1	971.8	992.1	1 072.8	1 050.5	1 228.7	1 343.0	1 259.2	1 279.3	1 600.9
In foreign currency	1 604.9	1 577.8	1 645.4	1 767.6	1 769.2	1 985.8	2 112.2	1 975.3	1 814.3	1 913.3	1 967.4	2 112.3	1 547.6

Description	Aug-15	Sep-15	Oct-15	Nov-15	Dec-15	Jan-16	Feb-16	Mar-16	Apr-16	May-16	Jun-16
Total Deposits	**85 460.5**	**86 008.7**	**86 859.8**	**89 892.2**	**88 180.1**	**86 786.0**	**88 761.8**	**91 539.2**	**92 543.8**	**91 925.9**	**90 267.8**
Deposits included in broad money	**77 370.4**	**78 633.9**	**79 452.9**	**79 745.7**	**78 892.2**	**77 791.3**	**80 079.5**	**83 685.8**	**84 951.0**	**84 908.9**	**82 269.0**
Transferable deposits	36 096.8	36 763.3	36 430.1	37 121.6	37 099.9	36 486.3	38 015.5	41 127.1	40 616.7	38 739.5	36 765.4
In national currency	35 283.3	35 923.4	35 591.8	36 448.1	36 482.5	35 652.8	37 292.0	40 230.4	39 982.2	37 805.8	36 016.4
Other financial corporations	2 733.1	2 856.5	2 602.0	2 995.5	4 302.3	4 658.8	4 766.1	5 198.2	5 310.0	5 065.2	4 407.8
State and local government	1 010.5	1 026.4	947.6	812.7	942.1	1 011.4	1 107.3	1 391.6	1 047.9	1 007.1	875.9
Public non-financial corporations	2 101.5	1 681.2	2 509.9	1 969.2	2 164.2	1 972.3	2 720.9	2 877.3	2 840.7	2 446.5	2 055.2
Other non-financial corporations	21 221.2	22 046.6	21 135.6	22 037.9	20 474.4	19 051.9	19 692.6	21 499.9	21 752.8	20 454.3	19 681.6
Other resident sectors	8 217.0	8 312.7	8 396.6	8 632.7	8 599.5	8 958.4	9 005.2	9 263.5	9 030.8	8 832.7	8 995.9
In foreign currency	**813.5**	**839.9**	**838.4**	**673.5**	**617.5**	**833.6**	**723.5**	**896.6**	**634.5**	**933.7**	**749.0**
Other deposits	41 273.6	41 870.6	43 022.8	42 624.1	41 792.3	41 305.0	42 064.0	42 558.7	44 334.2	46 169.4	45 503.6
In national currency	41 273.6	41 870.6	43 022.8	42 624.1	41 792.3	41 305.0	42 064.0	42 558.7	44 334.2	46 169.4	45 503.6
Other financial corporations	4 416.7	4 543.2	4 408.0	4 789.6	4 070.2	3 963.8	4 155.0	4 010.3	4 231.8	2 549.2	4 865.0
State and local government	596.5	583.6	640.9	641.8	551.1	549.3	469.4	483.4	604.9	2 379.2	549.8
Public nonfinancial corporations	1 447.2	1 214.3	1 422.2	1 311.0	1 225.0	1 375.7	1 775.1	1 919.5	2 145.1	2 280.9	1 626.9
Other nonfinancial corporations	10 580.7	11 089.7	11 644.9	11 112.0	11 036.3	11 094.5	11 225.6	11 294.8	11 797.3	13 130.8	12 540.6
Other resident sectors	24 232.5	24 439.7	24 906.7	24 769.7	24 909.7	24 321.7	24 438.9	24 850.8	25 555.2	25 829.2	25 921.3
In foreign currency	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**
Deposits excluded from broad money	**8 090.1**	**7 374.9**	**7 406.9**	**10 146.5**	**9 287.9**	**8 994.6**	**8 682.3**	**7 853.5**	**7 592.8**	**7 017.0**	**7 998.8**
Transferable deposits	4 830.0	3 756.9	3 941.8	4 963.9	5 669.0	5 224.9	5 001.2	4 698.5	4 515.2	4 776.0	4 772.0
In national currency	2 075.0	1 945.3	1 919.7	2 463.9	2 967.3	2 089.0	2 027.9	2 645.5	2 279.2	2 337.2	2 147.5
In foreign currency	2 755.0	1 811.6	2 022.1	2 500.0	2 701.7	3 135.9	2 973.3	2 053.0	2 236.0	2 438.8	2 624.6
Other deposits	**3 260.1**	**3 618.0**	**3 465.0**	**5 182.6**	**3 618.9**	**3 769.7**	**3 681.1**	**3 154.9**	**3 077.7**	**2 241.1**	**3 226.8**
In national currency	1 505.5	1 872.0	1 822.2	2 522.0	1 466.8	1 701.0	1 431.7	1 508.5	1 658.1	1 603.2	1 510.1
In foreign currency	1 754.6	1 746.0	1 642.8	2 660.6	2 152.1	2 068.7	2 249.5	1 646.4	1 419.5	637.9	1 716.7

Description	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	Sep-17	Oct-17	Nov-17	Dec-17
Total Deposits	**90 921.1**	**90 805.6**	**90 935.9**	**91 501.9**	**94 018.0**	**93 699.8**	**91 670.1**	**92 392.5**	**94 115.6**	**95 704.2**	**98 098.6**	**97 340.7**	**96 789.4**	**97 110.3**	**99 609.5**	**100 327.3**	**101 546.9**	**101 735.7**
Deposits included in broad money	**83 423.8**	**83 928.7**	**82 095.8**	**83 376.9**	**83 277.0**	**83 065.4**	**81 568.9**	**82 818.4**	**84 906.6**	**87 045.0**	**89 684.1**	**87 831.0**	**87 251.9**	**89 230.3**	**89 721.6**	**90 909.5**	**91 012.6**	**91 046.7**
Transferable deposits	37 701.6	37 872.7	37 041.2	37 239.1	36 538.4	36 768.8	36 045.4	36 950.7	38 036.6	39 919.4	40 433.2	37 570.1	40 002.3	41 473.9	41 310.3	42 010.1	42 055.8	41 432.0
In national currency	36 930.7	37 197.3	36 244.3	36 252.0	35 716.1	36 056.7	34 688.4	35 616.3	36 133.0	37 424.5	38 593.7	35 540.4	37 840.0	39 558.5	39 195.5	39 209.0	38 473.7	38 748.7
Other financial corporations	4 472.5	4 404.8	4 537.0	4 918.2	4 489.2	4 349.0	5 132.4	4 934.9	4 261.6	4 126.1	4 320.4	4 504.7	4 514.3	4 800.9	4 680.6	5 105.6	4 988.9	6 056.7
State and local government	872.6	846.0	745.6	827.5	709.6	670.2	586.9	611.2	658.3	694.9	715.4	613.8	786.4	903.4	842.6	911.2	948.8	888.6
Public non-financial corporations	2 365.5	2 193.0	2 247.6	2 524.3	2 428.8	2 633.6	3 078.2	3 186.2	3 249.2	3 592.7	3 965.2	2 852.1	4 031.5	3 933.4	4 173.2	2 722.4	2 458.5	2 845.8
Other non-financial corporations	20 149.9	20 961.6	20 213.1	19 181.6	19 089.2	19 829.8	17 514.7	18 513.3	19 461.3	20 289.6	20 985.7	18 791.9	19 496.0	20 527.8	20 076.6	20 549.1	19 844.0	18 958.5
Other resident sectors	9 070.2	8 791.9	8 501.0	8 800.4	8 999.3	8 574.1	8 376.2	8 370.6	8 502.6	8 721.2	8 607.1	8 777.9	9 011.7	9 393.0	9 422.4	9 920.7	10 233.5	9 999.1
In foreign currency	**770.9**	**675.4**	**797.0**	**987.0**	**822.3**	**712.1**	**1 357.0**	**1 334.4**	**1 903.6**	**2 494.9**	**1 839.5**	**2 029.7**	**2 162.3**	**1 915.4**	**2 114.8**	**2 801.1**	**3 582.1**	**2 683.3**
Other deposits	45 722.2	46 056.0	45 054.6	46 137.8	46 738.6	46 296.6	45 523.6	45 867.7	46 870.0	47 125.6	49 250.9	50 261.0	47 249.6	47 756.4	48 411.3	48 899.4	48 956.8	49 614.7
In national currency	45 722.2	46 056.0	45 054.6	46 137.8	46 738.6	46 296.6	45 523.6	45 867.7	46 870.0	47 125.6	49 250.9	50 261.0	47 249.6	47 756.4	48 411.3	48 899.4	48 956.8	49 614.7
Other financial corporations	4 127.2	4 076.0	4 020.9	4 098.7	3 871.3	3 930.4	3 913.3	3 751.4	3 701.8	3 655.7	3 870.5	3 768.7	3 567.2	3 682.8	3 692.7	3 424.9	3 465.4	3 640.7
State and local government	542.2	532.9	508.5	450.2	441.4	361.7	350.2	335.7	274.6	244.9	290.9	188.5	208.9	202.6	216.3	215.7	219.5	225.9
Public nonfinancial corporations	2 097.4	2 308.8	2 409.2	2 385.4	2 444.5	2 650.8	2 711.7	2 763.7	2 918.5	2 855.6	2 746.1	2 928.1	2 981.8	3 557.3	3 411.5	3 357.2	3 306.2	3 146.2
Other nonfinancial corporations	12 695.0	12 680.7	11 102.3	12 380.7	12 869.0	11 992.7	11 232.4	11 293.1	11 727.2	12 143.3	12 991.3	13 410.8	14 616.9	14 639.6	15 135.1	15 869.0	16 328.0	16 214.2
Other resident sectors	26 260.4	26 457.6	27 013.7	26 822.8	27 112.5	27 360.9	27 316.0	27 723.8	28 247.9	28 226.0	29 352.1	29 964.8	25 874.7	25 674.0	25 955.7	26 032.6	25 637.8	26 387.7
In foreign currency	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**
Deposits excluded from broad money	**7 497.3**	**6 876.8**	**8 840.1**	**8 125.0**	**10 741.0**	**10 634.4**	**10 101.1**	**9 574.0**	**9 209.0**	**8 659.2**	**8 414.6**	**9 509.7**	**9 537.5**	**7 879.9**	**9 887.8**	**9 417.8**	**10 534.3**	**10 689.0**
Transferable deposits	5 003.9	4 316.5	4 983.1	4 242.6	6 447.0	5 528.4	6 026.8	5 775.0	4 856.9	4 207.9	3 942.6	4 970.8	5 184.1	3 629.1	4 650.3	4 511.1	4 954.9	4 408.6
In national currency	2 143.2	2 222.7	2 554.6	2 101.6	3 534.6	3 710.4	3 754.9	3 315.5	2 470.0	1 943.9	1 705.2	2 056.0	1 779.8	1 727.0	2 413.7	2 303.2	2 057.4	2 214.9
In foreign currency	2 860.7	2 093.9	2 428.5	2 141.1	2 912.4	1 818.0	2 271.8	2 459.4	2 386.9	2 264.0	2 237.4	2 914.8	3 404.3	1 902.1	2 236.6	2 207.9	2 897.5	2 193.7
Other deposits	**2 493.4**	**2 560.3**	**3 857.0**	**3 882.3**	**4 294.1**	**5 106.0**	**4 074.4**	**3 799.0**	**4 352.0**	**4 451.3**	**4 471.9**	**4 539.0**	**4 353.4**	**4 250.9**	**5 237.5**	**4 906.7**	**5 579.4**	**6 280.4**
In national currency	1 431.0	1 425.0	2 505.9	2 576.8	2 511.7	3 224.3	2 964.0	2 790.2	3 021.1	3 180.1	3 110.7	3 242.8	3 231.5	3 224.3	3 142.3	3 633.5	3 759.1	4 478.8
In foreign currency	1 062.4	1 135.3	1 351.1	1 305.5	1 782.3	1 881.7	1 110.4	1 008.8	1 331.0	1 271.1	1 361.3	1 296.2	1 121.9	1 026.5	2 095.2	1 273.2	1 820.3	1 801.6

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
2012	**Jan**	**1 659.4**	**23 438.5**	**25 097.9**	**29 613.6**	**-**	**54 711.5**
	Feb	1 596.5	23 905.8	25 502.3	30 476.8	-	55 979.1
	Mar	1 524.7	25 062.6	26 587.4	30 596.0	-	57 183.4
	Apr	1 634.9	23 960.5	25 595.4	31 227.5	-	56 822.9
	May	1 599.3	25 506.6	27 105.9	31 270.5	-	58 376.4
	Jun	1 715.3	25 653.5	27 368.8	33 169.4	-	60 538.2
	Jul	1 629.6	24 795.4	26 425.1	32 154.6	-	58 579.7
	Aug	1 709.5	24 611.1	26 320.6	34 170.6	-	60 491.1
	Sep	1 712.2	25 306.1	27 018.3	34 231.1	-	61 249.5
	Oct	1 615.8	23 904.0	25 519.8	35 513.0	-	61 032.9
	Nov	1 709.4	23 570.4	25 279.8	35 612.0	-	60 891.8
	Dec	1 685.0	23 263.9	24 948.9	36 381.3	-	61 330.1
2013	Jan	**1 643.9**	**24 943.2**	**26 587.0**	**35 533.6**	**-**	**62 120.7**
	Feb	1 695.4	24 261.2	25 956.6	35 486.7	-	61 443.3
	Mar	1 887.5	24 516.0	26 403.2	35 161.6	-	60 954.6
	Apr	1 763.2	26 618.2	28 381.3	35 200.5	-	63 581.9
	May	1 772.0	26 989.7	28 761.7	35 292.8	-	64 054.5
	Jun	2 003.7	27 925.5	29 929.2	35 150.8	-	65 187.2
	Jul	1 876.0	30 067.7	31 943.8	34 175.3	-	66 119.1
	Aug	2 126.9	31 739.5	33 866.4	34 351.5	-	68 217.9
	Sep	2 174.5	31 225.0	33 398.9	34 579.1	-	67 978.0
	Oct	1 895.0	33 665.9	35 561.0	34 496.2	-	70 057.2
	Nov	2 186.2	32 897.0	35 083.2	34 298.6	-	69 381.9
	Dec	2 137.1	31 743.1	33 880.1	35 077.7	-	68 957.8
2014	**Jan**	**2 093.0**	**30 916.0**	**33 009.0**	**34 568.7**	**-**	**67 577.7**
	Feb	2 083.3	31 814.8	33 898.1	34 298.4	-	68 196.5
	Mar	2 115.4	32 241.3	34 356.7	33 660.7	-	68 017.4
	Apr	2 137.0	32 867.7	35 004.7	33 548.7	-	68 553.4
	May	2 194.0	33 562.4	35 756.3	33 752.3	-	69 508.7
	Jun	2 253.6	33 470.3	35 723.9	33 814.6	-	69 538.5
	Jul	2 343.7	36 147.7	38 491.4	34 426.5	-	72 917.9
	Aug	2 538.0	35 822.7	38 360.7	35 566.8	-	73 927.5
	Sep	2 387.1	37 993.1	40 380.2	35 140.0	-	75 520.1
	Oct	2 433.4	34 724.9	37 158.3	36 389.9	-	73 548.2
	Nov	2 707.4	36 509.2	39 216.6	36 941.3	-	76 157.9
	Dec	2 543.9	34 171.8	36 715.7	37 650.3	-	74 366.0
2015	**Jan**	**2 604.5**	**32 761.2**	**35 365.7**	**39 282.7**	**-**	**74 648.3**
	Feb	2 557.2	34 285.8	36 842.9	40 049.0	-	76 891.9
	Mar	2 548.1	36 237.6	38 785.6	39 866.1	-	78 651.8
	Apr	2 649.5	35 517.1	38 166.6	40 239.1	-	78 405.7
	May	2 670.4	36 593.1	39 263.5	40 643.3	-	79 906.8
	Jun	2 625.5	35 261.2	37 886.7	40 769.1	-	78 655.8
	Jul	2 882.2	36 453.7	39 335.8	41 101.0	-	80 436.8
	Aug	2 950.6	36 096.8	39 047.4	41 273.6	-	80 321.0
	Sep	2 870.7	36 763.3	39 634.1	41 870.6	-	81 504.6
	Oct	3 126.8	36 430.1	39 557.0	43 022.8	-	82 579.7
	Nov	3 290.8	37 121.6	40 412.4	42 624.1	-	83 036.5
	Dec	3 041.6	37 099.9	40 141.5	41 792.3	-	81 933.8
2016	**Jan**	**3 008.1**	**36 486.3**	**39 510.0**	**41 305.0**	**-**	**80 815.0**
	Feb	2 890.4	38 015.5	40 919.0	42 064.0	-	82 983.0
	Mar	2 764.6	41 127.1	43 900.1	42 558.7	-	86 458.9
	Apr	2 920.8	40 616.7	43 547.7	44 334.2	-	87 882.0
	May	2 838.7	38 739.5	41 584.5	46 169.4	-	87 753.9
	Jun	2 840.3	36 765.4	39 613.9	45 503.6	-	85 117.5
	Jul	2 953.3	37 701.6	40 657.4	45 722.2	-	86 379.6
	Aug	2 878.9	37 872.7	40 749.1	46 056.0	-	86 805.2
	Sep	2 904.7	37 041.2	39 947.1	45 054.6	-	85 001.7
	Oct	2 963.6	37 239.1	40 197.5	46 137.8	-	86 335.3
	Nov	3 009.4	36 538.4	39 539.2	46 738.6	-	86 277.8
	Dec	2 884.0	36 768.8	39 647.7	46 296.6	-	85 944.3
2017	**Jan**	**2 798.9**	**36 045.4**	**38 844.3**	**45 523.6**	**-**	**84 367.9**
	Feb	2 829.2	36 950.7	39 779.9	45 867.7	-	85 647.6
	Mar	2 876.0	38 036.6	40 912.6	46 870.0	-	87 782.7
	Apr	2 980.4	39 919.4	42 899.8	47 125.6	-	90 025.5
	May	2 869.7	40 433.2	43 302.9	49 250.9	-	92 553.8
	Jun	2 921.6	37 570.1	40 491.7	50 261.0	-	90 752.7
	Jul	2 953.9	40 002.3	42 956.2	47 249.6	-	90 205.8
	Aug	3 030.7	41 473.9	44 504.6	47 756.4	-	92 261.1
	Sep	3 120.4	41 310.3	44 430.7	48 411.3	-	92 842.0
	Oct	3 008.5	42 010.1	45 018.6	48 899.4	-	93 918.0
	Nov	3 187.6	42 055.8	45 243.3	48 956.8	-	94 200.1
	Dec	3 096.1	41 432.0	44 528.1	49 614.7	-	94 142.8

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Table ii.7 Monetary analysis (end of period in N$ million)

		Broad money supply (M2)	Determinants of money supply						
			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		
2012	**Jan**	**55 710.4**	**24 213.8**	**6 833.5**	**10 270.5**	**0.0**	**-3 436.9**	**47 484.4**	**-12 550.8**
	Feb	57 049.5	22 004.1	6 780.6	8 874.3	0.0	-2 093.7	47 856.1	-10 717.0
	Mar	58 152.4	19 754.5	6 717.8	6 672.7	0.0	45.1	48 912.5	-10 559.6
	Apr	57 830.0	21 630.0	6 748.7	10 418.4	0.0	-3 669.7	49 895.7	-10 026.1
	May	59 448.2	21 759.8	6 632.0	8 154.1	0.0	-1 522.1	49 859.8	-10 649.2
	Jun	60 538.2	21 078.0	6 689.9	7 724.0	0.0	-1 034.1	49 661.9	-9 167.6
	Jul	58 579.7	23 192.9	6 765.0	10 090.5	0.0	-3 325.5	50 471.8	-11 759.6
	Aug	60 491.1	21 756.1	7 110.2	8 933.8	0.0	-1 823.7	50 750.1	-10 191.4
	Sep	61 249.5	21 721.6	6 984.3	8 027.2	0.0	-1 042.9	51 772.2	-11 201.5
	Oct	61 032.9	22 604.9	6 785.5	9 190.4	0.0	-2 404.9	52 393.0	-11 560.2
	Nov	60 784.8	21 166.1	6 825.9	9 184.8	0.0	-2 358.9	54 099.6	-12 122.0
	Dec	61 141.7	20 742.0	6 825.2	8 130.9	0.0	-1 305.6	54 465.6	-12 760.3
2013	**Jan**	**62 120.7**	**25 617.1**	**6 877.7**	**11 033.1**	**0.0**	**-4 155.4**	**55 399.2**	**-14 740.3**
	Feb	61 443.3	23 565.9	6 897.0	10 010.0	0.0	-3 112.9	55 241.4	-14 251.1
	Mar	61 565.1	21 299.4	7 078.2	8 186.5	0.0	-1 108.4	56 276.4	-14 902.3
	Apr	63 581.9	23 817.0	7 125.3	11 526.7	0.0	-4 401.4	56 772.8	-12 606.5
	May	64 054.5	23 193.4	7 071.1	9 489.9	0.0	-2 418.8	57 487.4	-14 207.5
	Jun	65 080.0	22 923.6	6 871.8	8 517.4	0.0	-1 645.6	58 390.2	-14 588.3
	Jul	66 118.3	25 702.8	6 931.1	10 287.5	0.0	-3 356.4	58 602.7	-14 830.8
	Aug	68 217.9	25 585.7	6 962.0	8 184.2	0.0	-1 222.2	58 988.5	-15 134.1
	Sep	67 978.6	23 112.6	7 325.9	6 479.0	0.0	846.9	59 466.7	-15 447.6
	Oct	70 057.2	26 877.6	7 230.8	7 976.7	0.0	- 746.0	60 162.4	-16 236.8
	Nov	69 381.9	24 416.7	7 251.9	6 367.9	0.0	884.0	61 530.4	-17 449.3
	Dec	68 957.8	23 151.7	7 340.6	7 071.2	0.0	269.4	62 597.4	-17 060.6
2014	**Jan**	**67 577.7**	**25 292.6**	**7 182.7**	**9 786.3**	**0.0**	**-2 603.6**	**63 971.4**	**-19 082.7**
	Feb	68 196.5	23 960.0	7 208.7	7 530.4	0.0	- 321.8	64 516.9	-19 958.6
	Mar	68 017.4	21 842.7	7 219.4	4 893.8	0.0	2 325.6	64 681.1	-20 831.9
	Apr	68 553.4	25 325.2	7 091.1	8 420.1	0.0	-1 329.0	65 913.1	-21 355.9
	May	69 508.7	25 168.9	6 938.3	6 726.8	0.0	211.5	66 771.5	-22 643.3
	Jun	69 538.5	24 041.4	7 026.1	6 834.1	0.0	192.0	67 393.4	-22 088.3
	Jul	72 917.9	25 254.3	6 833.3	5 038.6	0.0	1 794.7	67 841.2	-21 972.3
	Aug	73 927.5	25 323.8	6 964.4	3 414.3	0.0	3 550.2	68 478.8	-23 425.3
	Sep	75 520.1	25 841.8	6 886.0	3 183.1	0.0	3 702.9	69 274.1	-23 298.6
	Oct	73 548.2	22 988.9	7 252.2	5 072.6	0.0	2 179.6	70 518.6	-22 138.9
	Nov	76 157.4	20 861.6	6 801.8	2 455.5	0.0	4 346.3	72 342.2	-21 392.7
	Dec	74 366.1	19 422.4	7 134.1	3 131.8	0.0	4 002.3	73 059.9	-22 118.5
2015	**Jan**	**74 648.3**	**23 147.1**	**7 189.7**	**6 099.4**	**0.0**	**1 090.3**	**73 734.4**	**-23 323.4**
	Feb	76 891.9	21 903.9	7 430.6	5 153.6	0.0	2 276.9	75 174.0	-22 462.9
	Mar	78 651.8	18 840.5	8 584.5	1 323.3	0.0	7 261.3	76 237.8	-23 687.8
	Apr	78 657.7	22 234.2	8 775.8	5 474.0	0.0	3 301.8	76 862.8	-23 741.1
	May	79 906.8	21 676.4	9 341.2	3 854.1	0.0	5 487.1	77 935.6	-25 192.3
	Jun	78 655.8	19 929.2	9 732.4	5 757.5	0.0	3 974.9	78 649.8	-23 898.2
	Jul	80 436.8	20 765.8	10 017.1	5 509.7	0.0	4 507.4	79 143.9	-23 980.3
	Aug	80 321.0	18 345.0	10 305.2	4 312.0	0.0	5 993.1	80 608.2	-24 625.4
	Sep	81 504.6	18 746.8	10 286.9	3 422.2	0.0	6 864.7	81 679.2	-25 786.1
	Oct	82 579.7	28 378.7	10 470.0	13 424.8	0.0	-2 954.8	82 228.6	-25 072.8
	Nov	83 036.5	30 787.4	10 580.3	11 410.3	0.0	- 830.0	83 841.0	-30 761.8
	Dec	81 933.8	29 515.9	10 170.4	11 778.8	0.0	-1 608.4	84 923.9	-30 897.7
2016	**Jan**	**80 799.5**	**29 460.6**	**9 965.2**	**13 159.5**	**0.0**	**-3 194.3**	**85 433.0**	**-30 899.8**
	Feb	82 969.9	31 362.6	10 184.6	11 129.9	0.0	- 945.3	85 856.6	-33 304.0
	Mar	86 450.4	32 807.7	12 088.7	9 801.1	0.0	2 287.6	85 903.3	-34 548.2
	Apr	87 871.7	34 983.9	10 895.2	10 669.7	0.0	225.5	86 349.5	-33 687.2
	May	87 747.6	34 887.9	10 768.2	8 934.7	0.0	1 833.5	86 457.0	-35 430.9
	Jun	85 109.3	29 644.3	11 041.6	8 327.8	0.0	2 713.8	86 926.6	-34 175.5
	Jul	86 377.1	29 809.4	11 068.0	8 223.3	0.0	2 844.7	87 533.1	-33 810.1
	Aug	86 807.6	28 815.6	11 619.2	7 055.1	0.0	4 564.1	88 546.3	-35 118.4
	Sep	85 000.5	24 188.2	11 785.8	7 305.4	0.0	4 480.4	89 671.7	-33 339.7
	Oct	86 340.7	29 658.3	11 595.2	7 185.9	0.0	4 409.4	89 825.7	-37 552.7
	Nov	86 286.4	31 839.2	12 878.9	8 071.7	0.0	4 807.3	91 048.8	-41 408.9
	Dec	85 949.5	26 225.4	11 814.5	7 909.5	0.0	3 905.0	91 974.2	-36 155.1
2017	**Jan**	**84 367.9**	**28 690.0**	**11 798.2**	**9 456.1**	**0.0**	**2 342.0**	**91 740.7**	**-38 404.9**
	Feb	85 647.6	27 149.3	12 078.6	8 150.1	0.0	3 928.5	92 740.8	-38 171.1
	Mar	87 782.7	28 095.6	13 755.3	6 726.7	0.0	7 028.7	91 851.5	-39 193.1
	Apr	90 025.5	32 926.4	12 074.0	8 177.0	0.0	3 897.0	92 128.6	-38 926.5
	May	92 553.8	33 398.2	13 199.4	6 554.3	0.0	6 645.1	93 035.7	-40 525.3
	Jun	90 752.7	31 669.8	12 241.5	6 543.9	0.0	5 697.6	93 608.9	-40 223.7
	Jul	90 205.8	35 471.2	12 880.0	8 856.9	0.0	4 023.1	93 657.5	-42 946.0
	Aug	92 261.1	37 151.8	13 333.7	7 831.9	0.0	5 501.8	94 432.6	-44 825.1
	Sep	92 842.0	36 525.2	13 721.3	7 041.4	0.0	6 679.9	95 074.8	-45 437.9
	Oct	93 918.1	37 241.9	14 963.7	8 075.2	0.0	6 888.4	95 383.5	-45 595.8
	Nov	94 200.1	34 496.9	14 859.7	6 623.1	0.0	8 236.6	95 982.2	-44 515.6
	Dec	94 142.8	29 510.2	15 611.2	5 946.6	0.0	9 664.6	96 536.6	-41 568.6

Table II.8 Changes in determinants of money supply (end of period in N$ million)

			Determinants of money supply						
				Claims on the Central Government					
		Broad money supply (M2)	Net foreign assets	Gross claims	Government deposits	Other liabilities	Net claims on Government	Claims on other sectors	Other items net
2012	**Jan**	**-2 998.4**	**-1 197.9**	**- 135.5**	**-2 747.6**	**0.0**	**-2 883.0**	**565.0**	**517.5**
	Feb	1 339.1	-2 209.7	- 52.9	1 396.2	0.0	1 343.2	371.7	1 833.8
	Mar	1 102.9	-2 249.6	- 62.8	2 201.6	0.0	2 138.8	1 056.4	157.4
	Apr	- 322.4	1 875.5	30.8	-3 745.6	0.0	-3 714.8	983.3	533.6
	May	1 618.1	129.7	- 116.7	2 264.2	0.0	2 147.6	- 36.0	- 623.2
	Jun	1 090.0	- 681.7	57.9	430.1	0.0	488.0	- 197.8	1 481.6
	Jul	-1 958.6	2 114.9	75.1	-2 366.4	0.0	-2 291.3	809.9	-2 592.0
	Aug	1 911.5	-1 436.9	345.2	1 156.6	0.0	1 501.8	278.3	1 568.3
	Sep	758.3	- 34.4	- 125.8	906.6	0.0	780.8	1 022.1	-1 010.1
	Oct	- 216.6	883.3	- 198.8	-1 163.2	0.0	-1 362.0	620.8	- 358.7
	Nov	- 248.1	-1 438.8	40.4	5.6	0.0	46.0	1 706.5	- 561.9
	Dec	356.9	- 424.2	- 0.7	1 053.9	0.0	1 053.3	366.0	- 638.2
2013	**Jan**	**979.0**	**4 875.1**	**52.4**	**-2 902.2**	**0.0**	**-2 849.8**	**933.7**	**-1 980.0**
	Feb	- 677.3	-2 051.2	19.4	1 023.1	0.0	1 042.5	- 157.8	489.2
	Mar	121.7	-2 266.5	181.1	1 823.4	0.0	2 004.5	1 035.0	- 651.3
	Apr	2 016.8	2 517.5	47.1	-3 340.2	0.0	-3 293.1	496.5	2 295.8
	May	472.7	- 623.6	- 54.2	2 036.8	0.0	1 982.6	714.6	-1 601.0
	Jun	1 025.5	- 269.8	- 199.2	972.5	0.0	773.3	902.8	- 380.8
	Jul	1 039.1	2 779.2	59.2	-1 770.1	0.0	-1 710.8	212.5	- 242.6
	Aug	2 098.8	- 117.1	30.9	2 103.3	0.0	2 134.2	385.8	- 303.3
	Sep	- 239.3	-2 473.1	363.9	1 705.2	0.0	2 069.1	478.2	- 313.5
	Oct	2 078.6	3 765.0	- 95.2	-1 497.7	0.0	-1 592.9	695.6	- 789.2
	Nov	- 675.3	-2 460.9	21.2	1 608.9	0.0	1 630.0	1 368.0	-1 212.5
	Dec	- 424.0	-1 265.0	88.7	- 703.3	0.0	- 614.6	1 067.0	388.7
2014	**Jan**	**-1 380.2**	**2 140.9**	**- 157.9**	**-2 715.0**	**0.0**	**-2 873.0**	**1 374.0**	**-2 022.1**
	Feb	618.8	-1 332.7	26.0	2 255.8	0.0	2 281.8	545.6	- 875.9
	Mar	- 179.1	-2 117.3	10.7	2 636.6	0.0	2 647.4	164.1	- 873.3
	Apr	536.0	3 482.5	- 128.3	-3 526.3	0.0	-3 654.7	1 232.0	- 523.9
	May	955.3	- 156.3	- 152.8	1 693.4	0.0	1 540.6	858.4	-1 287.4
	Jun	29.8	-1 127.5	87.8	- 107.3	0.0	- 19.5	621.9	554.9
	Jul	3 379.4	1 212.9	- 192.8	1 795.5	0.0	1 602.6	447.8	116.1
	Aug	1 009.5	69.5	393.8	1 361.7	0.0	1 755.5	637.6	-1 453.1
	Sep	1 592.7	518.0	- 341.0	493.8	0.0	152.7	795.2	-126.7
	Oct	-1 972.0	-2 852.9	366.2	-1 889.4	0.0	-1 523.3	1 244.5	1 159.7
	Nov	2 609.3	-2 127.3	- 99.2	2 265.9	0.0	2 166.7	1 823.6	746.2
	Dec	-1 791.4	-1 439.2	- 18.9	- 325.1	0.0	- 344.1	717.7	-725.8
2015	**Jan**	**282.3**	**3 724.6**	**55.6**	**-2 967.6**	**0.0**	**-2 911.9**	**674.5**	**-1 204.9**
	Feb	2 243.6	-1 243.1	240.9	945.7	0.0	1 186.6	1 439.6	860.5
	Mar	1 759.8	-3 063.5	3 377.3	1 607.0	0.0	4 984.3	1 063.8	-1 224.9
	Apr	- 246.1	3 393.7	-2 032.1	-2 179.4	0.0	-4 211.5	625.0	- 53.3
	May	1 501.1	- 557.8	831.9	1 605.4	0.0	2 437.3	1 072.8	-1 451.2
	Jun	-1 251.0	-1 747.2	124.7	-1 636.9	0.0	-1 512.2	714.3	1 294.1
	Jul	1 781.0	836.6	284.7	247.8	0.0	532.5	494.0	- 82.2
	Aug	- 115.7	-2 420.8	288.1	1 197.7	0.0	1 485.8	1 464.4	- 645.1
	Sep	1 183.6	401.8	- 18.3	889.8	0.0	871.6	1 071.0	-1 160.7
	Oct	1 075.1	9 631.9	183.1	-10 002.6	0.0	-9 819.5	549.4	713.3
	Nov	456.8	2 408.7	403.2	1 721.5	0.0	2 124.7	1 612.4	-5 689.1
	Dec	-1 102.7	-1 271.5	- 702.9	- 75.5	0.0	- 778.4	1 083.0	- 135.8
2016	**Jan**	**-1 134.3**	**- 55.3**	**- 205.2**	**-1 380.7**	**0.0**	**-1 585.9**	**509.1**	**- 2.2**
	Feb	2 170.5	1 902.0	219.4	2 029.6	0.0	2 249.0	423.6	-2 404.1
	Mar	3 480.4	1 445.1	1 904.1	1 328.8	0.0	3 232.9	46.7	-1 244.2
	Apr	1 421.4	2 176.2	-1 193.5	- 868.6	0.0	-2 062.1	446.2	861.0
	May	- 124.2	- 96.0	- 127.0	1 735.0	0.0	1 608.0	107.5	-1 743.7
	Jun	-2 638.3	-5 243.6	273.4	606.9	0.0	880.3	469.6	1 255.5
	Jul	1 267.9	165.1	26.3	104.5	0.0	130.9	606.5	365.4
	Aug	430.5	- 993.8	551.3	1 168.2	0.0	1 719.4	1 013.2	-1 308.3
	Sep	-1 807.1	-4 627.4	166.5	- 250.3	0.0	- 83.7	1 125.4	1 778.7
	Oct	1 340.0	5 470.1	- 190.5	119.5	0.0	- 71.0	154.0	-4 212.9
	Nov	- 54.2	2 180.9	1 283.7	- 885.8	0.0	397.9	1 223.1	-3 856.2
	Dec	- 336.9	-5 613.8	-1 064.5	162.2	0.0	- 902.3	925.4	5 253.7
2017	**Jan**	**-1 581.6**	**2 464.6**	**- 16.3**	**-1 546.7**	**0.0**	**-1 562.9**	**- 233.5**	**-2 249.8**
	Feb	1 279.7	-1 540.8	280.4	1 306.1	0.0	1 586.5	1 000.1	233.9
	Mar	2 135.1	946.3	1 676.7	1 423.4	0.0	3 100.1	- 889.3	-1 022.1
	Apr	2 242.8	4 830.8	-1 681.3	-1 450.4	0.0	-3 131.7	277.1	266.6
	May	2 528.3	471.9	1 125.4	1 622.7	0.0	2 748.2	907.1	-1 598.8
	Jun	-1 801.1	-1 728.4	- 957.9	10.4	0.0	- 947.5	573.1	301.6
	Jul	- 546.9	3 801.4	638.5	-2 313.1	0.0	-1 674.5	48.6	-2 722.3
	Aug	2 055.3	1 680.6	453.7	1 025.0	0.0	1 478.8	775.1	-1 879.1
	Sep	581.0	- 626.6	387.6	790.5	0.0	1 178.1	642.3	- 612.8
	Oct	1 076.0	716.7	1 242.3	-1 033.9	0.0	208.5	308.7	- 157.9
	Nov	282.1	-2 745.1	- 104.0	1 452.2	0.0	1 348.2	598.7	1 080.2
	Dec	- 57.3	-4 986.6	751.6	676.5	0.0	1 428.0	554.3	2 946.9

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Table II.9 Selected interest rates: Namibia and South Africa

		Prime lending rate		Average lending rate		Treasury bill rate (3 month)		Deposit rates		Repo rate	Repo rate
		Namibia	SA	Namibia	SA	Namibia	SA	Namibia	SA	Namibia	SA
2012	**Jan**	**9.75**	**9.00**	**8.68**	**9.00**	**5.89**	**5.47**	**4.29**	**5.74**	**6.00**	**5.50**
	Feb	9.75	9.00	8.92	9.00	5.93	5.50	4.32	5.70	6.00	5.50
	Mar	9.75	9.00	8.62	9.00	5.92	5.54	4.36	5.72	6.00	5.50
	Apr	9.75	9.00	8.84	9.00	5.92	5.57	4.32	5.71	6.00	5.50
	May	9.75	9.00	8.55	9.00	5.77	5.56	4.36	5.82	6.00	5.50
	Jun	9.75	9.00	8.88	9.00	5.81	5.58	4.27	5.54	6.00	5.50
	Jul	9.75	8.50	8.71	8.81	5.79	5.37	4.24	5.36	6.00	5.50
	Aug	9.25	8.50	8.64	8.50	5.54	5.05	4.09	5.22	5.50	5.00
	Sep	9.25	8.50	8.46	8.50	5.34	4.94	4.09	5.14	5.50	5.00
	Oct	9.25	8.50	8.60	8.50	5.45	4.94	4.09	5.12	5.50	5.00
	Nov	9.25	8.50	8.36	8.50	5.43	4.93	4.08	5.08	5.50	5.00
	Dec	9.25	8.50	8.57	8.50	5.53	4.99	4.00	5.09	5.50	5.00
2013	**Jan**	**9.25**	**8.50**	**8.35**	**8.50**	**5.71**	**5.06**	**4.12**	**5.09**	**5.50**	**5.00**
	Feb	9.25	8.50	8.22	8.50	5.68	5.04	3.99	5.08	5.50	5.00
	Mar	9.25	8.50	8.30	8.50	5.66	5.05	3.98	5.12	5.50	5.00
	Apr	9.25	8.50	8.23	8.50	5.49	5.12	4.02	5.13	5.50	5.00
	May	9.25	8.50	8.30	8.50	5.54	5.03	4.00	5.13	5.50	5.00
	Jun	9.25	8.50	8.26	8.50	5.72	5.12	4.04	5.14	5.50	5.00
	Jul	9.25	8.50	8.22	8.50	5.79	5.12	3.93	5.15	5.50	5.00
	Aug	9.25	8.50	8.32	8.50	5.73	5.09	3.98	5.13	5.50	5.00
	Sep	9.25	8.50	8.50	8.50	5.64	5.06	3.90	5.13	5.50	5.00
	Oct	9.25	8.50	8.11	8.50	5.63	5.04	3.81	5.14	5.50	5.00
	Nov	9.25	8.50	8.46	8.50	5.60	5.07	4.00	5.18	5.50	5.00
	Dec	9.25	8.50	8.20	8.50	5.64	5.14	3.96	5.22	5.50	5.00
2014	**Jan**	**9.25**	**9.00**	**8.16**	**8.54**	**5.78**	**5.22**	**3.96**	**5.26**	**5.50**	**5.50**
	Feb	9.25	9.00	8.38	9.00	5.78	5.56	4.02	5.68	5.50	5.50
	Mar	9.25	9.00	8.47	9.00	5.99	5.73	4.18	5.72	5.50	5.50
	Apr	9.25	9.00	8.62	9.00	5.97	5.74	4.20	5.76	5.50	5.50
	May	9.25	9.00	8.62	9.00	5.89	5.74	4.17	5.79	5.50	5.50
	Jun	9.50	9.00	8.55	9.00	5.93	5.79	4.23	5.81	5.75	5.50
	Jul	9.50	9.25	8.59	9.25	6.01	6.03	4.11	5.89	5.75	5.75
	Aug	9.75	9.25	8.73	9.25	6.08	6.01	4.33	6.06	6.00	6.00
	Sep	9.75	9.25	8.89	9.25	6.15	6.00	4.41	6.13	6.00	6.00
	Oct	9.75	9.25	9.13	9.25	6.21	5.90	4.41	6.08	6.00	6.00
	Nov	9.75	9.25	9.32	9.25		5.84	4.42	6.08	6.00	6.00
	Dec	9.75	9.25	8.93	9.25	6.25	6.04	4.54	6.09	6.00	6.00
2015	**Jan**	**9.75**	**9.25**	**9.30**	**9.25**	**6.29**	**6.00**	**4.50**	**6.12**	**6.00**	**6.00**
	Feb	10.00	9.25	9.14	9.25		5.88	4.72	6.10	6.25	6.00
	Mar	10.00	9.25	9.33	9.25	6.30	5.80	4.59	6.11	6.25	6.00
	Apr	10.00	9.25	9.25	9.25	6.33	5.80	4.60	6.11	6.25	6.00
	May	10.00	9.25	9.45	9.25		5.73	4.58	6.13	6.25	6.00
	Jun	10.25	9.25	8.79	9.25	6.56	5.76	4.67	6.13	6.50	6.00
	Jul	10.25	9.50	9.43	9.50	6.72	6.03	4.65	6.20	6.50	6.00
	Aug	10.25	9.50	9.38	9.50		6.16	4.72	6.30	6.50	6.00
	Sep	10.25	9.50	9.60	9.50	6.93	6.24	4.83	6.31	6.50	6.00
	Oct	10.25	9.50	9.40	9.50	7.24	6.16	4.79	6.31	6.50	6.00
	Nov	10.25	9.75	9.40	9.75		6.33	5.00	6.39	6.50	6.25
	Dec	10.25	9.75	9.42	9.75	7.51	6.74	4.91	6.57	6.50	6.25
2016	**Jan**	**10.25**	**10.25**	**9.52**	**10.25**	**7.81**	**6.86**	**4.80**	**6.68**	**6.50**	**6.75**
	Feb	10.50	10.25	9.36	10.25		6.93	5.09	6.98	6.75	6.75
	Mar	10.50	10.50	9.74	10.50	7.85	7.04	5.00	7.10	6.75	7.00
	Apr	10.75	10.50	9.76	10.50	7.89	7.18	5.20	7.27	7.00	7.00
	May	10.75	10.50	10.20	10.50		7.16	5.43	7.31	7.00	7.00
	Jun	10.75	10.50	10.01	10.50	7.99	7.20	5.41	7.32	7.00	7.00
	Jul	10.75	10.50	10.11	10.50	8.24	7.35	5.35	7.35	7.00	7.00
	Aug	10.75	10.50	10.12	10.50		7.30	5.53	7.35	7.00	7.00
	Sep	10.75	10.50	10.22	10.50	8.33	7.29	5.64	7.36	7.00	7.00
	Oct	10.75	10.50	10.19	10.50	8.65	7.35	5.60	7.36	7.00	7.00
	Nov	10.75	10.50	10.06	10.50		7.60	5.62	7.36	7.00	7.00
	Dec	10.75	10.50	9.87	10.50	8.89	7.64	5.69	7.36	7.00	7.00
2017	**Jan**	**10.75**	**10.50**	**10.19**	**10.50**	**9.08**	**7.36**	**5.86**	**7.37**	**7.00**	**7.00**
	Feb	10.75	10.50	10.02	10.50		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	10.50	9.06	7.43	5.75	7.34	7.00	7.00
	May	10.75	10.50	10.00	10.50		7.39	5.74	7.33	7.00	7.00
	Jun	10.75	10.50	10.21	10.50	7.97	7.44	5.80	7.34	7.00	7.00
	Jul	10.75	10.50	10.14	10.50	7.94	7.15	6.04	7.08	7.00	7.00
	Aug	10.50	10.25	9.99	10.25		7.16	6.16	7.05	6.75	6.75
	Sep	10.50	10.25	10.04	10.25	7.73	7.11	5.90	6.99	6.75	6.75
	Oct	10.50	10.25	9.46	10.25	7.72	7.40	5.69	7.05	6.75	6.75
	Nov	10.50	10.25	9.77	10.25		7.56	5.98	7.12	6.75	6.75
	Dec	10.50	10.25	10.12	10.25	7.90	7.49	6.11	7.16	6.75	6.75

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Table III.1(a) Treasury bills auction - N$ million

	Period	Offer	Tendered	Surplus(+) Deficit (-)	Effective Yield %
91 days	2017				
	Jan	350.0	403.8	53.8	9.0
	Jan	220.0	360.8	140.8	9.1
	Mar	380.0	442.2	62.2	9.2
	Apr	400.0	454.8	54.8	9.2
	Apr	350.0	614.6	264.6	9.0
	Jun	400.0	1031.7	631.7	8.0
	Jul	400.0	350.5	-49.5	8.0
	Jul	350.0	710.0	360.0	7.9
	Sep	400.0	864.0	464.0	7.7
	Oct	400.0	665.0	265.0	7.7
	Oct	350.0	665.3	315.3	7.7
	Dec	400.0	707.0	307.0	7.9
182 days	2017				
	Jan	350.0	384.9	34.9	9.5
	Jan	350.0	569.7	219.7	9.6
	Feb	400.0	725.8	325.8	9.6
	Mar	330.0	667.9	337.9	9.6
	Apr	400.0	888.8	488.8	9.6
	Apr	350.0	972.8	622.8	9.4
	May	350.0	1295.8	945.8	8.8
	Jun	620.0	1107.1	487.1	8.3
	Jul	400.0	866.4	466.4	8.5
	Jul	400.0	760.0	360.0	8.1
	Aug	400.0	441.5	41.5	7.9
	Sep	350.0	760.0	410.0	7.9
	Oct	400.0	583.0	183.0	7.8
	Oct	400.0	619.0	219.0	7.7
	Nov	400.0	432.5	32.5	8.1
	Dec	620.0	836.3	216.3	8.3
273 days	2017				
	Jan	350.0	439.8	89.8	9.9
	Feb	400.0	415.2	15.2	9.9
	Mar	400.0	680.4	280.4	10.0
	Apr	400.0	1352.6	952.6	9.8
	May	350.0	882.8	532.8	9.5
	May	400.0	1870.9	1470.9	9.0
	Jun	350.0	1050.1	700.1	8.6
	Jun	350.0	1084.4	734.4	8.4
	Jun	350.0	546.0	196.0	8.4
	Jul	350.0	817.4	467.4	8.3
	Aug	400.0	852.4	452.4	8.1
	Aug	370.0	595.0	225.0	8.0
	Sep	400.0	835.1	435.1	8.0
	Oct	400.0	496.0	96.0	7.8
	Nov	400.0	982.3	582.3	7.9
	Nov	400.0	535.0	135.0	8.1
	Nov	400.0	438.2	38.1	8.4
365 days	2017				
	Jan	300.0	503.2	203.2	9.7
	Jan	350.0	506.9	156.9	9.8
	Feb	500.0	834.3	334.3	9.9
	Mar	580.0	527.1	-52.9	9.9
	Apr	400.0	1433.5	1033.5	9.8
	May	400.0	1466.5	1066.5	9.5
	May	400.0	1869.7	1469.7	9.2
	May	400.0	1404.4	1004.4	9.0
	Jun	400.0	1600.4	1200.4	8.6
	Jul	400.0	1267.0	867.0	8.4
	Aug	619.8	1573.3	953.6	8.2
	Sep	450.0	1492.3	1042.3	8.0
	Sep	400.0	1312.0	912.0	7.9
	Oct	350.0	807.3	457.3	7.9
	Nov	410.0	558.9	148.9	7.9
	Nov	400.0	449.4	49.4	8.3
	Dec	300.0	1363.5	1063.5	8.5
	Dec	690.0	1233.0	543.0	8.6

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Table III.1 (b) Allotment of Government of Namibia Treasury Bills - N$ '000

Date issued	Date due	Deposit Money Banks	Other Banking Institutions	Banking Sector	Financial Institutions	Other Public Enterprises	Private Sector	TOTAL	Amount Outstanding
2017									
Jan	04/17	344,180	0	344,180	5,820	0	0	350,000	14,399,520
Jan	04/17	200,210	0	200,210	19,760	0	30	220,000	14,427,820
Jan*	07/17	312,070	0	312,070	37,310	0	620	350,000	14,427,820
Jan*	07/17	305,860	0	305,860	43,600	0	540	350,000	14,427,820
Jan***	10/17	270,760	0	270,760	78,740	0	500	350,000	14,427,820
Jan**	01/18	241,760	0	241,760	57,620	0	620	300,000	14,427,820
Jan**	01/18	155,000	50,000	205,000	145,000	0	0	350,000	14,563,860
Feb*	08/17	361,670	0	361,670	38,270	0	60	400,000	14,704,990
Feb***	11/17	360,000	0	360,000	38,660	0	1,340	400,000	14,754,990
Feb**	02/18	354,000	0	354,000	146,000	0	0	500,000	14,954,990
Mar	06/17	366,820	10,890	377,710	1,960	0	330	380,000	15,014,170
Mar*	09/17	321,200	0	321,200	8,800	0	0	330,000	15,022,480
Mar***	12/17	331,050	16,840	347,890	51,860	0	250	400,000	15,072,480
Mar**	03/18	340,000	0	340,000	187,110	0	0	527,110	15,033,730
Apr	07/17	375,160	0	375,160	24,840	0	0	400,000	15,083,730
Apr	07/17	270,410	0	270,410	54,590	25,000	0	350,000	15,213,730
Apr*	10/17	295,970	0	295,970	54,030	0	0	350,000	15,163,730
Apr*	10/17	330,320	10,000	340,320	59,630	0	50	400,000	15,213,730
Apr***	01/18	400,000	0	400,000	0	0	0	400,000	15,263,730
Apr**	04/18	390,000	0	390,000	10,000	0	0	400,000	15,313,730
May*	11/17	338,500	0	338,500	11,500	0	0	350,000	15,313,730
May***	02/18	250,000	0	250,000	100,000	0	0	350,000	15,335,680
May***	02/18	310,000	0	310,000	90,000	0	0	400,000	15,385,680
May**	04/18	353,990	0	353,990	45,210	0	800	400,000	15,435,680
May**	05/18	210,000	0	210,000	50,000	140,000	0	400,000	15,485,680
May**	05/18	319,950	0	319,950	80,050	0	0	400,000	15,515,680
Jun	09/17	400,000	0	400,000	0	0	0	400,000	15,535,680
Jun*	12/17	619,060	0	619,060	610	0	330	620,000	15,538,160
Jun***	03/18	231,300	0	231,300	18,700	100,000	0	350,000	15,582,930
Jun***	03/18	322,840	0	322,840	26,590	0	570	350,000	15,632,930
Jun***	03/18	330,000	0	330,000	20,000	0	0	350,000	15,702,970
Jun**	06/18	301,640	0	301,640	98,360	0	0	400,000	15,702,970
Jul	10/17	275,000	40,000	315,000	26,070	0	9,430	350,500	15,653,470
Jul	10/17	330,000	0	330,000	20,000	0	0	350,000	15,653,470
Jul*	01/18	275,000	0	275,000	125,000	0	0	400,000	15,703,470
Jul*	01/18	365,780	0	365,780	33,580	0	640	400,000	15,753,470
Jul***	04/18	343,520	0	343,520	6,480	0	0	350,000	15,803,470
Jul**	07/18	400,000	0	400,000	0	0	0	400,000	15,853,470
Aug*	02/18	355,000	0	355,000	45,000	0	0	400,000	15,853,470
Aug***	05/18	333,000	0	333,000	37,000	0	0	370,000	15,873,470
Aug***	05/18	380,700	8,070	388,770	9,030	0	2,200	400,000	15,942,400
Aug**	08/18	141,260	0	141,260	403,520	75,000	0	619,780	16,212,180
Sep	12/17	396,000	0	396,000	4,000	0	0	400,000	16,212,180
Sep*	03/18	305,000	0	305,000	45,000	0	0	350,000	16,232,180
Sep***	06/18	293,720	0	293,720	106,180	0	100	400,000	16,402,100
Sep**	06/18	434,870	0	434,870	450	14,680	0	450,000	16,412,100
Sep**	09/18	341,470	0	341,470	44,230	14,300	0	400,000	16,531,780
Oct	01/17	393,050	0	393,050	6,950	0	0	400,000	16,581,280
Oct	01/17	349,750	250	350,000	0	0	0	350,000	16,581,280
Oct*	04/18	392,000	0	392,000	8,000	0	0	400,000	16,631,280
Oct*	04/18	399,750	250	400,000	0	0	0	400,000	16,631,280
Oct***	07/18	362,000	0	362,000	38,000	0	0	400,000	16,681,280
Oct**	10/18	349,100	0	349,100	0	0	900	350,000	17,031,280
Nov*	05/18	290,000	0	290,000	109,500	0	500	400,000	17,081,280
Nov***	08/18	370,000	0	370,000	30,000	0	0	400,000	17,481,280
Nov***	08/18	308,000	0	308,000	89,990	0	2,010	400,000	17,481,280
Nov***	08/18	308,000	0	308,000	89,990	0	2,010	400,000	17,481,280
Nov**	11/18	302,170	0	302,170	77,830	0	30,000	410,000	17,541,280
Nov**	11/18	250,000	0	250,000	150,000	0	0	400,000	17,591,280
Dec	03/18	399,000	0	399,000	500	0	500	400,000	17,591,280
Dec*	06/18	613,670	0	613,670	6,000	0	330	620,000	17,591,280
Dec***	08/18	350,850	0	350,850	49,100	0	50	400,000	17,591,280
Dec**	12/18	636,010	0	636,010	53,320	0	670	690,000	17,636,890
Dec**	12/18	272,000	0	272,000	28,000	0	0	300,000	17,936,890

* 182 days

** 365 days

*** 274 days

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Table III. 2 (a) Internal Registered Stock auction - N$ million

Bond (coupon rate)	Period	Offer	Amount Tendered	Surplus (+) Deficit (-)	Weighted YTM %
GC20 (8.25%)	2017				
	Feb	50.0	6.6	-43.4	9.94
	Feb	155.0	155.0	0.0	9.98
	Mar	50.0	10.2	-39.8	10.60
	Apr	15.0	16.5	1.5	10.05
	May	15.0	12.0	-3.0	9.84
	Jun	15.0	40.0	25.0	9.94
	Jul	15.0	66.0	51.0	9.55
	Aug	15.0	65.8	50.8	8.84
	Sep	15.0	70.7	55.7	8.34
	Oct	80.0	396.3	316.3	8.30
	Nov	30.0	39.2	9.2	8.81
	Dec	30.0	119.3	89.3	8.88
GC21 (7.75%)	2017				
	Oct	70.0	293.0	223.0	8.4
GC22 (8.75%)	2017				
	Feb	147.0	147.0	0.0	10.0
	Mar	50.0	42.0	-8.0	9.7
	Apr	15.0	22.8	7.8	10.0
	May	15.0	20.7	5.7	9.9
	Jul	15.0	70.8	55.8	9.8
	Aug	15.0	71.0	56.0	9.5
	Sep	15.0	70.7	55.7	8.4
	Oct	80.0	419.0	339.0	8.8
	Nov	30.0	149.1	119.1	9.7
	Dec	30.0	156.1	126.1	8.9
GI22 (3.55%)	2017				
	Jan	60.0	10.0	-50.0	4.2
	Feb	60.0	45.0	-15.0	4.3
	Feb	112.0	112.0	0.0	4.5
	Mar	60.0	184.0	124.0	4.5
	Jun	25.0	96.1	71.1	4.3
	Jun	25.0	49.0	24.0	4.2
	Jul	25.0	57.0	32.0	4.1
	Aug	25.0	92.0	67.0	4.1
	Sep	25.0	70.0	45.0	4.0
	Oct	100.0	234.6	134.6	3.9
	Nov	30.0	33.0	3.0	3.9
GC25 (8.50%)	2017				
	Feb	20.0	0.1	-20.0	10.6
	Feb	207.0	207.0	0.0	10.6
	Apr	15.0	22.0	7.0	10.9
	May	15.0	14.0	-1.0	10.7
	Jun	15.0	47.2	32.2	10.3
	Jul	15.0	25.0	10.0	10.4
	Aug	15.0	51.5	36.5	10.1
	Sep	15.0	47.5	32.5	9.8
	Nov	25.0	68.3	43.3	10.6
	Dec	25.0	68.3	43.3	10.5
GI25 (3.80%)	2017				
	Feb	60.0	35.0	-25.0	4.5
	Feb	110.0	110.0	0.0	4.6
	Mar	60.0	60.0	0.0	4.6
	Apr	25.0	50.0	25.0	4.5
	Jun	25.0	52.1	27.1	4.3
	Jun	25.0	24.0	-1.0	4.3
	Jul	25.0	47.0	22.0	4.3
	Aug	25.0	25.0	0.0	4.2
	Oct	100.0	95.0	-5.0	4.2
	Nov	30.0	34.0	4.0	4.4
GC27 (8.00%)	2017				
	Jan	15.0	0.5	-14.5	10.7
	Feb	15.0	0.1	-14.9	10.8
	Mar	15.0	10.6	-4.5	10.4
	Apr	15.0	15.0	0.0	10.9
	May	15.0	35.2	20.2	10.6
	Jun	15.0	44.0	29.0	10.5
	Jul	15.0	16.0	1.0	10.6
	Aug	15.0	49.5	34.5	10.4
	Sep	15.0	66.8	51.8	9.9
	Oct	60.0	132.6	72.6	10.1
	Nov	25.0	22.0	-3.0	10.9
	Dec	25.0	60.4	35.4	10.9
GI29 (4.5%)	2017				
	Jun	25.0	79.3	54.3	4.9
	Jun	25.0	58.5	33.5	4.9
	Jul	25.0	95.9	70.9	4.9
	Aug	25.0	88.4	63.4	4.8
	Sep	25.0	77.0	52.0	4.7
	Oct	105.0	217.4	112.4	4.6
	Nov	30.0	47.0	17.0	4.6

Bond (coupon rate)	Period	Offer	Amount Tendered	Surplus (+) Deficit (-)	Weighted YTM %
GC30 (8.00%)	2017				
	Jan	15.0	10.0	-5.0	11.0
	Feb	15.0	5.7	-9.3	11.1
	Mar	15.0	10.0	-5.0	11.2
	May	15.0	11.5	-3.5	11.1
	Jun	15.0	25.1	10.1	10.9
	Jul	15.0	25.0	10.0	10.9
	Aug	15.0	25.4	10.4	11.0
	Sep	15.0	32.8	17.8	10.8
	Oct	60.0	201.9	141.9	10.7
	Nov	25.0	51.5	26.5	11.1
	Dec	25.0	25.3	0.3	11.1
GC32 (9.00%)	2017				
	Feb	138.0	138.0	0.0	11.1
	Mar	25.0	3.0	-22.0	10.8
	Apr	15.0	15.0	0.0	11.4
	May	15.0	28.0	13.0	11.2
	Jun	15.0	6.0	-9.0	11.2
	Jul	15.0	7.0	-8.0	11.3
	Sep	15.0	31.6	16.6	10.5
	Oct	50.0	65.2	15.2	10.7
	Nov	10.0	8.1	-1.9	11.1
GC35 (9.50%)	2017				
	Feb	134.0	134.0	0.0	11.3
	Mar	30.0	30.3	0.3	11.4
	Apr	15.0	2.5	-12.5	11.6
	May	15.0	15.6	0.6	11.5
	Jun	15.0	15.0	0.0	11.3
	Jul	15.0	3.8	-11.2	11.6
	Aug	15.0	0.6	-14.4	11.6
	Sep	15.0	0.9	-14.1	11.6
	Oct	60.0	104.1	44.1	11.6
	Nov	10.0	17.9	7.9	11.7
GC37 (9.50%)	2017				
	Feb	127.0	127.0	0.0	11.5
	Mar	30.0	3.0	-27.0	11.2
	May	15.0	18.0	3.0	11.6
	Jul	15.0	6.0	-9.0	11.8
	Aug	15.0	1.0	-14.0	11.8
	Sep	15.0	29.3	14.3	11.0
	Oct	50.0	30.9	-19.1	11.2
GC40 (9.80%)	2017				
	Feb	120.0	120.0	0.0	11.6
	Mar	50.0	36.5	-13.5	11.7
	May	15.0	21.7	6.7	11.7
	Jun	15.0	19.7	4.7	11.5
	Jul	15.0	3.9	-11.2	11.7
	Oct	45.0	64.3	19.3	11.8
	Nov	5.0	5.0	0.0	11.9
GC45 (9.85%)	2017				
	Jan	50.0	21.8	-28.2	11.3
	Feb	117.0	117.0	0.0	11.6
	May	15.0	3.0	-12.0	12.0
	Jun	15.0	1.2	-13.8	12.1
	Jul	15.0	0.4	-14.6	12.1
	Oct	35.0	36.4	1.4	12.1
	Nov	5.0	1.4	-3.6	12.1

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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
2017										
Jan	10/22	3.55	0	0	0	10,000	0	0	10,000	24,801,050
Jan	04/25	8.50	0	0	0	3,400	0	0	3,400	24,804,450
Jan	01/27	8.00	0	0	0	500	0	0	500	24,804,950
Jan	01/30	8.00	0	0	0	10,000	0	0	10,000	24,814,950
Jan	07/45	9.85	0	0	0	21,800	0	0	21,800	24,836,750
Feb*	04/17	8.00	0	0	0	0	0	0	(76,700)	24,760,050
Feb	04/20	8.25	161,500	0	161,500	0	0	0	161,500	24,921,550
Feb*	04/20	8.25	0	79,340	79,340	0	0	0	79,340	25,000,890
Feb	10/22	3.55	10,000	0	10,000	127,000	0	0	137,000	25,137,890
Feb	01/22	8.75	0	0	0	147,000	0	0	147,000	25,284,890
Feb	04/25	3.80	20,000	0	20,000	125,000	0	0	145,000	25,429,890
Feb	04/25	8.50	0	0	0	207,050	0	0	207,050	25,636,940
Feb	01/27	8.00	0	0	0	100	0	0	100	25,637,040
Feb	01/30	8.00	0	0	0	5,700	0	0	5,700	25,642,740
Feb	04/32	9.00	0	0	0	138,000	0	0	138,000	25,780,740
Feb	07/35	9.50	0	0	0	134,000	0	0	134,000	25,914,740
Feb	07/37	9.50	0	0	0	127,000	0	0	127,000	26,041,740
Feb	10/40	9.80	0	0	0	120,000	0	0	120,000	26,161,740
Feb	07/45	9.85	2,000	0	2,000	115,000	0	0	117,000	26,278,740
Mar	04/20	8.25	0	0	0	10,200	0	0	10,200	26,288,940
Mar	10/22	3.55	55,000	0	55,000	5,000	0	0	60,000	26,348,940
Mar	01/22	8.75	0	0	0	42,000	0	0	42,000	26,390,940
Mar	04/25	3.80	5,000	0	5,000	55,000	0	0	60,000	26,450,940
Mar	01/27	8.00	0	0	0	10,550	0	0	10,550	26,461,490
Mar	01/30	8.00	0	0	0	10,000	0	0	10,000	26,471,490
Mar	04/32	9.00	0	0	0	3,000	0	0	3,000	26,474,490
Mar	07/35	9.50	0	0	0	30,000	0	0	30,000	26,504,490
Mar	07/37	9.50	0	0	0	3,000	0	0	3,000	26,507,490
Mar	10/40	9.80	0	0	0	36,500	0	0	36,500	26,543,990
Apr	04/20	8.25	0	0	0	0	0	15,000	15,000	26,558,990
Apr	10/22	3.55	0	0	0	25,000	0	0	25,000	26,583,990
Apr	01/22	8.75	7,200	0	7,200	7,800	0	0	15,000	26,598,990
Apr	04/25	8.50	0	0	0	2,000	13,000	0	15,000	26,613,990
Apr	07/25	3.80	0	0	0	25,000	0	0	25,000	26,638,990
Apr	01/27	8.00	0	0	0	15,000	0	0	15,000	26,653,990
Apr	04/32	9.00	0	0	0	15,000	0	0	15,000	26,668,990
Apr	07/35	9.50	0	0	0	2,500	0	0	2,500	26,671,490
May*	04/17	8.00	0	0	0	0	0	0	(229,480)	26,442,010
May	04/20	8.25	0	0	0	11,800	0	230	12,030	26,454,040
May*	04/20	8.25	151,130	0	151,130	0	0	0	151,130	26,605,170
May	01/22	8.75	0	0	0	15,000	0	0	15,000	26,620,170
May*	01/22	8.75	450	0		0	0	0	450	26,620,620
May	04/25	8.50	0	0	0	13,980	0	0	13,980	26,634,600
May	01/27	8.00	0	0	0	15,000	0	0	15,000	26,649,600
May*	01/27	8.00	0	0	0	570	0	0	570	26,650,170
May	01/30	8.00	0	0	0	11,520	0	0	11,520	26,661,690
May	04/32	9.00	0	0	0	15,000	0	0	15,000	26,676,690
May*	04/32	9.00	0	0	0	580	0	0	580	26,677,270
May	07/35	9.50	0	0	0	15,000	0	0	15,000	26,692,270
May	07/37	9.50	0	0	0	15,000	0	0	15,000	26,707,270
May*	07/37	9.50	0	0	0	2,290	0	0	2,290	26,709,560
May	10/40	9.85	0	0	0	15,000	0	0	15,000	26,724,560
May	10/40	9.85	91,820	0	91,820	2,300	0	0	94,120	26,818,680
May	07/45	9.85	0	0	0	3,000	0	0	3,000	26,821,680
Jun	04/20	8.25	15,000	0	15,000	0	0	0	15,000	26,836,680
Jun	01/22	8.75	3,000	0	3,000	12,000	0	0	15,000	26,851,680
Jun	10/22	3.55	0	0	0	25,000	0	0	25,000	26,876,680
Jun	10/22	3.55	0	0	0	25,000	0	0	25,000	26,901,680
Jun	04/25	8.50	10,000	0	10,000	5,000	0	0	15,000	26,916,680
Jun	07/25	3.80	0	0	0	25,000	0	0	25,000	26,941,680
Jun	07/25	3.80	0	0	0	24,000	0	0	24,000	26,965,680
Jun	01/27	8.00	0	5,000	5,000	10,000	0	0	15,000	26,980,680
Jun	01/29	4.50	0	0	0	25,000	0	0	25,000	27,005,680
Jun	01/29	4.50	0	0	0	25,000	0	0	25,000	27,030,680
Jun	01/30	8.00	4,880	0	4,880	10,120	0	0	15,000	27,045,680
Jun	04/32	9.00	5,000	0	5,000	1,000	0	0	6,000	27,051,680
Jun	07/35	9.50	0	0	0	15,000	0	0	15,000	27,066,680
Jun	10/40	9.85	0	0	0	10,270	4,730	0	15,000	27,081,680
Jun	07/45	9.85	0	0	0	1,200	0	0	1,200	27,082,880
Jul*	07/18	9.50	0	0	0	0	0	0	(1,109,870)	25,973,010
Jul	04/20	8.25	15,000	0	15,000	0	0	0	15,000	25,988,010
Jul*	04/20	8.25	212,280	0	212,280	153,150	0	0	365,430	26,353,440
Jul	01/22	8.75	1,200	0	1,200	0	5,000	8,800	15,000	26,368,440
Jul*	01/22	8.75	0	0	0	53,010	0	0	53,010	26,421,450
Jul	10/22	3.55	6,500	0	6,500	18,500	0	0	25,000	26,446,450
Jul	04/25	8.50	15,000	0	15,000	0	0	0	15,000	26,461,450
Jul	07/25	3.80	0	0	0	25,000	0	0	25,000	26,486,450
Jul*	07/25	3.80	0	0	0	164,780	0	0	164,780	26,651,230
Jul	01/27	8.00	15,000	0	15,000	0	0	0	15,000	26,666,230
Jul*	01/27	8.00	15,000	0	0	188,520	0	0	188,520	26,854,750
Jul	01/29	4.50	1,000	0	1,000	24,000	0	0	25,000	26,879,750

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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
2017										
Jul	01/30	8.00	0	0	0	15,000	0	0	15,000	26,894,750
Jul*	01/30	8.00	0	0	0	257,550	0	0	257,550	27,152,300
Jul	04/32	9.00	0	0	0	7,000	0	0	7,000	27,159,300
Jul*	04/32	9.00	0	0	0	84,200	0	0	84,200	27,243,500
Jul	07/35	9.50	0	0	0	3,800	0	0	3,800	27,247,300
Jul*	07/35	9.50	0	0	0	75,400	0	0	75,400	27,322,700
Jul	07/37	9.50	0	0	0	6,000	0	0	6,000	27,328,700
Jul*	07/37	9.50	0	0	0	67,600	0	0	67,600	27,396,300
Jul	10/40	9.85	0	0	0	3,850	0	0	3,850	27,400,150
Jul*	10/40	9.85	0	0	0	2,900	0	0	2,900	27,403,050
Jul	07/45	9.85	0	0	0	400	0	0	400	27,403,450
Aug	04/20	8.25	15,000	0	15,000	0	0	0	15,000	27,418,450
Aug	01/22	8.75	0	14,100	14,100	900	0	0	15,000	27,433,450
Aug	10/22	3.55	0	0	0	25,000	0	0	25,000	27,458,450
Aug	04/25	8.50	15,000	0	15,000	25,000	0	0	40,000	27,498,450
Aug	01/27	8.00	0	0	0	15,000	0	0	15,000	27,513,450
Aug	01/29	4.50	0	0	0	25,000	0	0	25,000	27,538,450
Aug	01/30	8.00	4,800	0	4,800	10,200	0	0	15,000	27,553,450
Aug	07/35	9.50	0	0	0	600	0	0	600	27,554,050
Aug	07/37	9.50	0	0	0	1,000	0	0	1,000	27,555,050
Sep*	07/18	9.50	0	0	0	0	0	0	(1,034,460)	26,520,590
Sep	04/20	8.25	10,000		10,000	0	0	5,000	15,000	26,535,590
Sep*	04/20	8.25	18,720	104,470	123,190	3,220	41,780	0	168,190	26,703,780
Sep	01/22	8.75	15,000	0	15,000	41,660	0	0	56,660	26,760,440
Sep*	01/22	8.75	190,880	207,580	398,460	0	41,440	0	439,900	27,200,340
Sep	10/22	3.55	0	0	0	25,000	0	0	25,000	27,225,340
Sep	04/25	8.50	15,000	0	15,000	0	0	0	15,000	27,240,340
Sep*	04/25	8.50		107,690	107,690	700	44,710		153,100	27,393,440
Sep	01/27	8.00	15,000	0	15,000	0	0	0	15,000	27,408,440
Sep*	01/27	8.00	39,560	0	39,560	7,140	0	0	46,700	27,455,140
Sep	01/29	4.50	25,000	0	25,000	0	0	0	25,000	27,480,140
Sep	01/30	8.00	5,400	0	5,400	9,600	0	0	15,000	27,495,140
Sep*	01/30	8.00	42,040	0	42,040	32,210	0	0	74,250	27,569,390
Sep	04/32	9.00	15,000	0	15,000	0	0	0	15,000	27,584,390
Sep*	04/32	9.00	0	0	0	170,690	0	0	170,690	27,755,080
Sep	07/35	9.50	0	0	0	900	0	0	900	27,755,980
Sep*	07/35	9.50	0	0	0	35,450	0	0	35,450	27,791,430
Sep	07/37	9.50	15,000	0	15,000	2,390	0	0	17,390	27,808,820
Oct	04/20	8.25	80,000	0	80,000	0	0	0	80,000	27,888,820
Oct	10/21	7.75	70,000	0	70,000	0	0	0	70,000	27,958,820
Oct	10/22	3.55	45,000	0	45,000	50,000	5,000	0	100,000	28,058,820
Oct	10/22	8.75	0	40,000	40,000	10,000	0	30,000	80,000	28,138,820
Oct	10/24	10.50	30,000	0	30,000	40,000	0	0	70,000	28,208,820
Oct	07/25	3.80	70,000	0	70,000		25,000	0	95,000	28,303,820
Oct	04/25	8.50	35,000	0	35,000	25,000	0	0	60,000	28,363,820
Oct	01/27	8.00	30,000	0	30,000	30,000	0	0	60,000	28,423,820
Oct	01/29	3.80	105,000	0	105,000	0	0	0	105,000	28,528,820
Oct	01/30	8.00	10,420	0	10,420	49,580	0	0	60,000	28,588,820
Oct	04/32	9.00	0	0	0	46,000	0	4,000	50,000	28,638,820
Oct	07/35	9.50	0	0	0	60,000	0	0	60,000	28,698,820
Oct	07/37	9.50	0	0	0	30,900	0	0	30,900	28,729,720
Oct	10/40	9.85	0	0	0	45,000	0	0	45,000	28,774,720
Oct	07/45	9.85	0	0	0	0	35,000	0	35,000	28,015,750
Nov*	07/18	9.50	0	0	0	0	0	0	(225,200)	27,790,550
Nov	04/20	8.25	6,830	0	6,830	23,000	0	170	30,000	27,820,550
Nov*	04/20	8.25	31,270	0	31,270		26,220	0	57,490	27,878,040
Nov	10/22	3.55	0	0	0	10,000	13,000	0	23,000	27,901,040
Nov	10/22	8.75	0	0	0	30,000	0	5,150	35,150	27,936,190
Nov*	10/22	8.75	0	0	0	134,260	0	0	134,260	28,070,450
Nov	07/25	3.80	0	0	0	24,000	0	0	24,000	28,094,450
Nov	04/25	8.50	6,740	0	6,740	18,000	0	260	25,000	28,119,450
Nov	01/27	8.00	0	0	0	22,000	0	0	22,000	28,141,450
Nov*	01/27	8.00	0	0	0	42,610	0	0	42,610	28,184,060
Nov	01/29	3.80	0	0	0	30,000	0	0	30,000	28,214,060
Nov	01/30	8.00	0	15,000	15,000	10,000	0	0	25,000	28,239,060
Nov*	01/30	8.00	0	0	0	1,270	0	0	1,270	28,240,330
Nov	04/32	9.00	0	0	0	8,100	0	0	8,100	28,248,430
Nov	07/35	9.50	10,000	0	10,000	0	0	0	10,000	28,258,430
Nov	10/40	9.85	5,000	0	5,000	0	0	0	5,000	28,263,430
Nov	07/45	9.85	0	0	0	0	0	1,400	1,400	28,264,830
Dec	04/20	8.25	16,750	0	16,750	13,250	0	0	30,000	28,294,830
Dec	10/22	8.75	27,000	0	27,000	3,000	0	0	30,000	28,324,830
Dec	04/25	8.50	0	0	0	25,000	0	0	25,000	28,349,830
Dec	01/27	8.00	6,690	18,310	25,000	0	0	0	25,000	28,374,830
Dec	01/30	8.00	0	25,000	25,000	0	0	0	25,000	28,399,830

*Switch auction

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Table III.3 Government Foreign Debt by Type and Currency (N$ million)

End of period	2013	2014	2015	2016	2017
Multilateral	**2,862.4**	**2,622.4**	**2,938.9**	**2,342.2**	**5,155.3**
Euro	1,316.4	1,230.7	1,400.4	1,118.9	1,057.5
US Dollar	195.5	201.9	254.4	205.7	174.6
Pound	0.0	0.0	0.0	0.0	0.0
Rand	407.3	364.0	320.7	277.5	3,234.2
Franc	38.4	37.4	48.6	39.2	35.0
Dinar	30.3	32.2	26.1	9.6	55.6
SDR	0.0	0.0	0.0	0.0	0.0
Yen	874.6	756.3	888.5	691.3	598.4
Billateral	**1,938.4**	**2,176.6**	**3,549.2**	**2,997.5**	**2,880.9**
Euro	1,051.5	966.5	1,098.3	866.7	834.4
Yuan	886.9	1,210.1	2,450.9	2,130.8	2,046.5
Eurobonds	**5,225.0**	**5,780.8**	**19,444.1**	**17,029.9**	**15,491.3**
US Dollar	5,225.0	5,780.8	19,444.1	17,029.9	15,491.3
JSE listed bonds	**850.0**	**850.0**	**2,400.0**	**2,892.0**	**2,892.0**
ZAR	850.0	850.0	2,400.0	2,892.0	2,892.0
Foreign debt stock	**10,875.8**	**11,429.8**	**28,332.1**	**25,261.6**	**26,419.5**
Euro	2,367.9	2,197.2	2,498.7	1,985.6	1,892.0
US Dollar	5,420.4	5,982.6	19,698.5	17,235.6	15,665.8
Pound	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
Franc	38.4	37.4	48.6	39.2	35.0
Dinar	30.3	32.2	26.1	9.6	55.6
SDR	0.0	0.0	0.0	0.0	0.0
Yen	874.6	756.3	888.5	691.3	598.4
Yuan	886.9	1210.1	2450.9	2130.8	2046.5
Exchange Rates (End of period) - Namibia Dollar per foreign currency					
Euro	14.4208	14.0532	16.9997	14.3403	14.8063
US Dollar	10.4499	11.5616	15.5553	13.6240	12.3930
Pound	17.2366	17.9932	23.0652	16.7264	16.6789
Rand	1.0000	1.0000	1.0000	1.0000	1.0000
Franc	11.7786	11.6890	15.7356	13.3511	12.6743
Dinar	37.1222	39.1928	50.6476	44.7096	41.0204
SDR	16.0929	16.7455	21.5729	18.2482	17.6056
Yen	0.0997	0.0966	0.1292	0.1167	0.1100
Yuan	1.7273	1.8639	2.3961	1.9602	1.9013

Source: BoN and MoF

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Table III.4 (a) Government Domestic Loan Guarantees by Sector (N$ million)

Sectoral allocation	2013	2014	2015	2016	2017
Mining & Quarrying	0.0	0.0	0.0	0.0	0.0
Tourism	90.9	90.9	94.1	91.1	90.9
Agriculture	251.7	251.7	224.0	223.2	623.2
Finance	330.0	330.0	330.0	0.0	0.0
Transport	0.0	0.0	0.0	0.0	16.4
Communication	0.0	0.0	0.0	0.0	0.0
Fisheries	59.7	68.4	69.7	69.2	64.6
Education	100.0	83.3	64.5	166.2	221.4
Energy			670.0	664.3	670.0
Total domestic loan guarantees	**832.2**	**824.2**	**1,452.3**	**1,213.9**	**1,686.4**
Proportion of domestic guarantees by sector (percent)					
Mining & Quarrying	0.0	0.0	0.0	0.0	0.0
Tourism	10.9	11.0	6.5	7.5	5.4
Agriculture	30.2	30.5	15.4	18.4	37.0
Finance	39.7	40.0	22.7	0.0	0.0
Transport	0.0	0.0	0.0	0.0	1.0
Communication	0.0	0.0	0.0	0.0	0.0
Fisheries	7.2	8.3	4.8	5.7	3.8
Education	12.0	10.1	4.4	13.7	13.1
Energy	0.0	0.0	46.1	54.7	39.7
Total domestic loan guarantees	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**

Source: MoF

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Table III.4 (b) Government Foreign Loan Guarantees by Sector and Currency (N$ million)

Sectoral allocation	2013	2014	2015	2016	2017
Energy	**358.4**	**294.1**	**435.0**	**248.8**	**182.9**
NAD and ZAR	358.4	294.1	435.0	248.8	182.9
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	**3,312.1**	**3,615.9**	**5,433.2**	**4,954.8**	**5,090.3**
NAD and ZAR	23.6	456.9	1,681.4	2,085.0	2,643.7
USD	3,288.4	3,158.9	3,751.8	2,869.8	2,446.6
Communication	**87.5**	**37.9**	**45.9**	**38.7**	**48.8**
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	87.5	37.9	45.9	38.7	48.8
Finance				**2,500.0**	**3,500.0**
NAD and ZAR				2,500.0	3,500.0
Total foreign loan guarantees	**3,757.9**	**3,947.9**	**5,914.1**	**7,742.3**	**8,822.0**
Proportion of foreign loan guarantees by sector (percent)					
Energy	**9.5**	**7.4**	**7.4**	**3.2**	**2.1**
NAD and ZAR	9.5	7.4	7.4	3.2	2.1
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	**88.1**	**91.6**	**91.9**	**64.0**	**57.7**
NAD and ZAR	0.6	11.6	28.4	26.9	30.0
USD	87.5	80.0	63.4	37.1	27.7
Communication	**2.3**	**1.0**	**0.8**	**0.5**	**0.6**
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	2.3	1.0	0.8	0.5	0.6
Finance				**32.3**	**39.7**
NAD and ZAR				**32.3**	39.7
Total	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**
Foreign loan guarantees per currency					
NAD and ZAR	382.0	751.0	2,116.4	4,833.8	6,326.6
USD	3,288.4	3,158.9	3,751.8	2,869.8	2,446.6
EUR	87.5	37.9	45.9	38.7	48.8
Total foreign loan guarantees	**3,757.9**	**3,947.9**	**5,914.1**	**7,742.3**	**8,822.0**
Currency composition of foreign loan guarantees (percent)					
NAD and ZAR	10.2	19.0	35.8	62.1	71.7
USD	87.5	80.0	63.4	37.4	27.7
EUR	2.3	1.0	0.8	0.5	0.6
Total	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**

Source: MoF

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Table IV.A1 Balance of Payments aggregates (N$ million) [1]

	2013	2014	2015 (p)	2016 (p)	2017 (p)
CURRENT ACCOUNT	**-9,628**	**-13,191**	**-21,066**	**-23,006**	**-3,944**
GOODS AND SERVICES	**-24,342**	**-31,050**	**-37,699**	**-32,988**	**-18,957**
Total credit	42,411	52,060	53,763	59,962	60,329
Total debit	66,753	83,111	91,462	92,950	79,287
Goods	**-22,823**	**-32,328**	**-39,668**	**-31,697**	**-18,463**
Exports (fob) [2]	**36,732**	**41,222**	**42,061**	**50,613**	**53,224**
Diamonds	8,798	10,325	11,195	10,357	9,676
Other mineral products	7,778	7,728	8,437	10,569	10,947
Food and live animals	2,289	2,452	2,718	2,390	3,769
Manufactured products	14,194	15,559	14,413	19,450	20,987
of which Processed fish	6,866	7,600	7,054	8,515	8,550
Other commodities	1,872	2,403	3,042	3,243	1,844
Re-exports	1,801	2,756	2,257	4,604	6,001
Imports (fob) [2]	**59,554**	**73,550**	**81,729**	**82,310**	**71,688**
Consumer goods	14,998	16,597	18,765	19,703	18,940
Mineral fuels, oils and products of their distillation	7,152	5,960	14,136	11,959	8,633
Vehicles, aircraft, vessels	9,511	12,413	10,579	11,716	8,089
Machinery, mechanical, electrical appliances	9,999	15,927	13,189	12,362	11,211
Base metals and articles of base metal	4,380	7,014	6,949	5,409	4,479
Products of the chemical industries	5,213	6,645	6,361	7,288	6,956
Other imports	8,303	8,995	11,749	13,873	13,379
Services	**-1,519**	**1,278**	**1,969**	**-1,291**	**-494**
Total credit	5,680	10,838	11,702	9,349	7,105
Total debit	7,199	9,561	9,733	10,640	7,599
Manufacturing services (net)	724	1,151	1,461	1,521	1,775
Maintenance and repair services (net)	-268	93	236	13	24
Transportation (net)	-169	-861	-977	-936	-678
Travel (net)	1,985	4,363	5,375	3,465	1,723
Insurance and pension (net)	-196	-237	-272	-229	-217
Other private services* (net)	-3,400	-4,294	-4,324	-4,831	-2,981
Government Services, n.i.e. (net)	-195	1,063	470	-294	-141
PRIMARY INCOME	**-357**	**-835**	**-1,346**	**-5,257**	**-3,527**
Compensation of employees (net)	-109	-296	-142	-22	-136
Investment income (net)	-111	-379	-955	-5,125	-3,288
Other primary income (net)	-137	-160	-250	-110	-102
SECONDARY INCOME	**15,072**	**18,695**	**17,979**	**15,239**	**18,540**
General government (net)	14,717	18,306	17,775	14,929	18,014
Current taxes on income, wealth etc.	90	133	148	225	94
Current international cooperation (Include:SACU)	14,627	18,172	17,627	14,704	17,919
of which SACU receipts	14,494	17,269	17,374	14,835	18,216
of which SACU pool payments	958	957	1,127	1,158	1,257
Financial corporations, non-financial corporations, households and NPISHs (net)	354	389	204	310	526
Personal transfers	-6	-150	-70	344	-42
Other current transfers	360	539	274	-34	569
CAPITAL ACCOUNT	**2,896**	**1,701**	**1,378**	**1,689**	**2,053**
Gross acuisitions/ disposals of non-produced nonfinancial assets (net)	1	154	6	1	7
Capital transfers (net)	2,895	1,547	1,373	1,688	2,047
Net lending to (+)/borrowing from (-) rest of world	**-6,732**	**-11,491**	**-19,688**	**-21,317**	**-1,891**

[1] Data for the latest three years are provisional and subject to revision.
[2] Published merchandise trade data from NSA adjusted for BOP purposes.

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Table IV.A2 Balance of Payments aggregates (N$ million) [1]

	2013	2014	2015	2016 (p)	2017 (p)
FINANCIAL ACCOUNT	**-9,663**	**-9,670**	**-21,487**	**-18,685**	**-4,443**
NET DIRECT INVESTMENT [inflow (-)/ Outflow (+)]	**-7,256**	**-4,632**	**-15,536**	**-5,360**	**-6,821**
Net acquisition of financial assets [2]	177	156	523	-48	-1,283
Equity and investment fund shares	-33	185	348	164	-232
Equity other than reinvestment of earnings	-8	93	370	88	-374
Reinvestment of earnings	-25	91	-22	76	141
Debt instruments	210	-28	175	-212	-1,051
Net acquisition of financial liabilities [3]	7,433	4,788	16,059	5,311	5,538
Equity and investment fund shares	14,492	1,031	12,451	3,723	3,934
Equity other than reinvestment of earnings	13,848	-9	11,288	388	731
Reinvestment of earnings	643	1,039	1,163	3,335	3,203
Debt instruments	-7,059	3,757	3,608	1,589	1,604
NET PORTFOLIO INVESTMENT [inflow (-)/ Outflow (+)]	**1,129**	**4,219**	**-14,652**	**-499**	**3,734**
Net acquisition of financial assets [2]	1,161	4,363	-2,674	984	3,424
Equity and investment fund shares	316	1,832	-2,970	239	2,136
Debt securities	845	2,531	297	746	1,288
Net acquisition of financial liabilities [3]	32	144	11,978	1,484	-310
Equity and investment fund shares	21	134	29	26	28
Debt securities	10	10	11,949	1,458	-338
NET FINANCIAL DERIVATIVES & EMPLOYEE STOCK OPTIONS [inflow (-)/ Outflow (+)]	**-34**	**-8**	**-251**	**271**	**3**
Net acquisition of financial assets [2]	8	18	75	-48	-5
Net acquisition of financial liabilities [3]	42	26	327	-319	-7
NET OTHER INVESTMENT [inflow (-)/ Outflow (+)]	**-4,099**	**-7,481**	**-1,096**	**-14,003**	**-6,713**
Net acquisition of financial assets [2]	-226	606	2,926	-1,987	6,650
Other equity	0	0	0	0	0
Currency and deposits	-306	-194	3,199	-1,594	2,978
Loans	151	615	-298	197	1,502
Insurance, pension,standardised guarantees	0	0	0	0	0
Trade credits and advances	-327	525	31	168	667
Other accounts receivable	257	-340	-6	-758	1,502
Net acquisition of financial liabilities [3]	**3,873**	**8,087**	**4,022**	**12,016**	**13,363**
Other equity	0	0	0	0	0
Currency and deposits	659	-252	683	-459	331
Loans	2,927	8,561	2,687	9,833	11,070
Insurance, pension,standardised guarantees	0	0	0	0	0
Trade credits and advances	287	-221	323	1,484	2,194
Other accounts receivable	0	0	329	1,158	-232
Special Drawing Rights	0	0	0	0	0
RESERVE ASSETS (Increase (+)/decrease (-))	**598**	**-1,768**	**10,048**	**906**	**5,355**
NET ERRORS AND OMISSIONS	**-2,931**	**1,821**	**-1,800**	**2,631**	**-2,552**

[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.

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Table IV.B Supplementary table: balance of payments - services (N$ million)

	2013	2014	2015 (p)	2016 (p)	2017 (p)
SERVICES, NET	**-1,519**	**1,278**	**1,969**	**-1,291**	**-494**
Credit	**5,680**	**10,838**	**11,702**	**9,349**	**7,105**
Manufacturing services	724	1,151	1,461	1,521	1,775
Maintenance & repair services		570	448	247	309
Transport services	1,364	1,201	1,077	1,173	1,139
Passenger	1,106	1,081	969	1,036	1,032
Other	258	120	108	136	107
Travel services	2,384	4,901	6,174	4,518	2,498
Business	126	78	284	59	61
Personal	2,258	4,823	5,891	4,459	2,438
Construction services	192	173	181	89	34
Insurance and pension services	8	12	10	6	0
Financial services	221	264	340	420	337
Charges for the use of intellectual property	6	30	4	5	3
Telecommunications, computer & information	123	277	287	257	405
Other business services	137	334	515	367	95
Personal, cultural & recreational services	8	25	23	36	42
Government services, n.i.e.	513	1,901	1,182	710	467
Debit	**7,199**	**9,561**	**9,733**	**10,640**	**7,599**
Manufacturing services	0	0	0	0	0
Maintenance & repair services	268	478	213	234	284
Transport services	1,533	2,062	2,054	2,108	1,817
Passenger	60	184	104	145	99
Other	1,473	1,878	1,949	1,963	1,717
Travel services	399	538	799	1,053	775
Business	119	179	273	348	151
Personal	280	359	526	706	624
Construction services	623	1,094	959	1,042	840
Insurance and pension services	204	249	281	235	217
Financial services	32	13	4	26	84
Charges for the use of intellectual property	67	94	132	42	32
Telecommunications, computer & information	548	676	1,055	410	390
Other business services	2,813	3,511	3,521	4,479	2,547
Personal, cultural & recreational services	3	10	3	6	4
Government services, n.i.e.	708	838	712	1,004	608

Table IV.C Supplementary table: balance of payments - primary income (N$ million)

	2013	2014	2015 (p)	2016 (p)	2017 (p)
PRIMARY INCOME, NET	**-357**	**-835**	**-1,346**	**-5,257**	**-3,527**
Credit	3,225	4,062	3,931	3,868	3,895
Debit	3,583	4,897	5,278	9,125	7,422
Compensation of employees, net	**-109**	**-296**	**-142**	**-22**	**-136**
Credit	324	495	327	339	330
Debit	433	791	469	361	467
Investment income, net	**-111**	**-379**	**-955**	**-5,125**	**-3,288**
Credit	**2,901**	**3,565**	**3,605**	**3,530**	**3,565**
Direct investment	89	219	69	128	200
Dividends	2	2	2	4	6
Reinvested earnngs	-25	91	-22	76	141
Interest	112	126	90	48	53
Portfolio investment	2,153	2,580	2,742	2,489	2,073
Dividends	1,254	1,509	1,770	1,526	1,311
Interest	898	1,071	972	962	762
Other investment	325	483	476	496	457
Reserve assets	335	283	318	417	835
Debit	**3,012**	**3,944**	**4,559**	**8,655**	**6,853**
Direct investment	1,866	2,659	2,798	5,701	4,252
Dividends	945	1,374	1,516	2,293	985
Reinvested earnngs	643	1,039	1,163	3,335	3,203
Interest	277	246	119	73	65
Portfolio investment	620	656	859	1,923	1,929
Dividends	6	12	11	11	11
Interest	614	644	848	1,912	1,918
Other investment	527	629	902	1,030	672
				0	0
Other primary income, net	**-137**	**-160**	**-250**	**-110**	**-102**
Credit	1	2	0	0	0
Debit	138	162	250	110	102

Table IV.D Supplementary table : balance of payments - secondary income (N$ million)

	2013	2014	2015 (p)	2016 (p)	2017 (p)
SECONDARY INCOME, NET	**15,072**	**18,695**	**17,979**	**15,239**	**18,540**
Credit	**16,439**	**20,327**	**19,857**	**17,304**	**20,165**
General government	15,750	19,380	19,281	16,152	19,351
Current taxes on income, wealth etc.	90	133	148	225	94
Social contributions	0	0	0	0	0
Social benefits	0	0	0	0	0
Current international cooperation (Include:SACU)	15,659	19,246	19,134	15,927	19,256
of which Receipts from SACU	14,494	17,269	17,374	14,835	18,216
Financial corporations, non-financial corporation, households and NPISHs	689	947	576	1,152	814
Personal transfers (Current transfers between resident and non resident households)	300	380	274	625	214
Other current transfers	389	568	301	527	600
Debit	**1,367**	**1,633**	**1,878**	**2,065**	**1,624**
General government	1,036	1,078	1,511	1,227	1,341
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)	1,032	1,074	1,507	1,223	1,337
of which SACU pool payments	958	957	1,127	1,158	1,257
Financial corporations, non-financial corporation, households and NPISHs	331	555	368	837	283
Personal transfers (Current transfers between resident and non resident households)	305	529	344	280	256
Other current transfers	26	25	24	557	27

Table IV.E Supplementary table: balance of payments - capital account (N$ million)

	2013	2014	2015 (p)	2016 (p)	2017 (p)
CAPITAL ACCOUNT BALANCE	**2,896**	**1,701**	**1,378**	**1,689**	**2,053**
Credit	**3,187**	**1,911**	**1,779**	**1,852**	**2,113**
Gross disposals of non-produced nonfinancial assets	**2**	**163**	**7**	**2**	**7**
Capital transfers	**3,185**	**1,748**	**1,772**	**1,851**	**2,107**
General Government	1,562	1,521	1,126	1,299	1,166
Debt forgiveness	0	0	0	0	0
Other capital transfers	1,562	1,521	1,126	291	1,166
	0	0	0	0	0
Financial corporations, nonfinancial corporations, households, and NPISHs	1,624	227	646	552	941
Debt forgiveness	0	0	0	0	477
Other capital transfers	1,624	227	646	552	464
Debit	**291**	**210**	**400**	**163**	**60**
Gross acuisitions of non-produced nonfinancial assets	**1**	**10**	**1**	**0**	**0**
Capital transfers	**290**	**201**	**399**	**162**	**60**
General Government	20	119	365	30	17
Debt forgiveness	0	0	0	0	0
Other capital transfers	20	119	365	30	17
Financial corporations, nonfinancial corporations, households, and NPISHs	270	81	35	133	43
Debt forgiveness	0	0	0	0	0
Other capital transfers	270	81	35	133	43

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Table IV.F Supplementary table : balance of payments direct investment (N$ million)

	2013	2014	2015 (p)	2016 (p)	2017 (p)
DIRECT INVESTMENT, NET	**-7,256**	**-4,632**	**-15,536**	**-5,360**	**-6,821**
Net incurrance of liabilities	**177**	**156**	**523**	**-48**	**-1,283**
Equity and investment fund shares	**-33**	**185**	**348**	**164**	**-232**
Equity other than reinvestment of earnings	-8	93	370	88	-374
Direct investor in Direct investment enterprise	-8	93	370	8	-374
Direct investment enterprise in direct investor (reverse investment)	0	0	0	80	0
Between fellow enterprises	0	0	0	0	0
Reinvestment of earnings	**-25**	**91**	**-22**	**76**	**141**
Debt instruments	**210**	**-28**	**175**	**-212**	**-1,051**
Short-term	**74**	**-53**	**-121**	**-101**	**-567**
Direct investor in Direct investment enterprise	-38	19	54	-233	-663
Direct investment enterprise in direct investor (reverse investment)	112	-71	-175	132	90
Between fellow enterprises	0	0	0	0	6
Long-term	**136**	**24**	**297**	**-111**	**-484**
Direct investor in Direct investment enterprise	0	240	348	-58	-484
Direct investment enterprise in direct investor (reverse investment)	136	-216	-51	0	0
Between fellow enterprises	0	0	0	-54	0
	0	0	0	0	0
Net incurrance of liabilities	**7,433**	**4,788**	**16,059**	**5,311**	**5,538**
Equity and investment fund shares	**14,492**	**1,031**	**12,451**	**3,723**	**3,934**
Equity other than reinvestment of earnings	13,848	-9	11,288	388	731
Direct investor in Direct investment enterprise	13,848	-9	11,288	388	731
Direct investment enterprise in direct investor (reverse investment)	0	0	0	0	0
Between fellow enterprises	0	0	0	0	0
Reinvestment of earnings	**643**	**1,039**	**1,163**	**3,335**	**3,203**
Debt instruments	**-7,059**	**3,757**	**3,608**	**1,589**	**1,604**
Short-term	**457**	**569**	**639**	**1,128**	**214**
Direct investor in Direct investment enterprise	457	569	639	1,128	211
Direct investment enterprise in direct investor (reverse investment)	0	0	0	0	0
Between fellow enterprises	0	0	0	0	3
Long-term	**-7,515**	**3,188**	**2,969**	**461**	**1,391**
Direct investor in Direct investment enterprise	-7,515	3,188	2,183	776	1,032
Direct investment enterprise in direct investor (reverse investment)	0	0	0	0	0
Between fellow enterprises	0	0	786	-315	359

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Table IV.G Supplementary table: balance of payments - portfolio investment (N$ million)

	2013	2014	2015 (p)	2016 (p)	2017 (p)
PORTFOLIO INVESTMENT, NET	**1,129**	**4,219**	**-14,652**	**-499**	**3,734**
Net acquisition of financial assets	**1,161**	**4,363**	**-2,674**	**984**	**3,424**
Equity and investment fund shares	**316**	**1,832**	**-2,970**	**239**	**2,136**
Central Bank	0	0	0	0	0
General government	0	0	0	0	0
Deposit-taking corporations except central bank	0	0	0	0	0
Other sectors	316	1,832	-2,970	239	2,136
Debt securities	**845**	**2,531**	**297**	**746**	**1,288**
Short-term	**-288**	**-37**	**-353**	**481**	**-105**
Central Bank	0	0	0	0	0
General government	0	0	0	0	0
Deposit-taking corporations except central bank	-288	-37	-353	481	-105
Other sectors	0	0	0	0	0
Long-term	**1,133**	**2,568**	**650**	**265**	**1,394**
Central Bank	0	0	0	0	0
General government	0	0	0	0	0
Deposit-taking corporations except central bank	0	0	393	156	-168
Other sectors	1,133	2,568	256	109	1,561
Net incurrance of liabilities	**32**	**144**	**11,978**	**1,484**	**-310**
Equity and investment fund shares	**21**	**134**	**29**	**26**	**28**
Central Bank	0	0	0	0	0
General government	0	0	0	0	0
Deposit-taking corporations except central bank	0	0	0	0	0
Other sectors	21	134	29	26	28
Debt securities	**10**	**10**	**11,949**	**1,458**	**-338**
Short-term	**0**	**0**	**9**	**956**	**-349**
Central Bank	0	0	0	0	0
General government	0	0	0	0	0
Deposit-taking corporations except central bank	0	0	9	956	-349
Other sectors	0	0	0	0	0
Long-term	**10**	**10**	**11,941**	**502**	**10**
Central Bank	0	0	0	0	0
General government	10	10	11,941	502	10
Deposit-taking corporations except central bank	0	0	0	0	0
Other sectors	0	0	0	0	0
Financial derivatives and employee stock options, net	**-34**	**-8**	**-251**	**271**	**3**
Net acquisition of assets	8	18	75	-48	-5
Net incurrence of liabilities	42	26	327	-319	-7

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Table IV.H Supplementary table : balance of payments other investment (N$ million)

	2013	2014	2015 (p)	2016 (p)	2017 (p)
OTHER INVESTMENT, NET	**-4,099**	**-7,481**	**-1,096**	**-14,003**	**-6,713**
Net acquisition of financial assets	**-226**	**606**	**2,926**	**-1,987**	**6,650**
Other equity	**0**	**0**	**0**	**0**	**0**
Currency and deposits	**-306**	**-194**	**3,199**	**-1,594**	**2,978**
Deposit taking except Central Bank	2,193	-677	741	-1,693	3,040
Other sectors	-2,499	484	2,457	99	-62
Loans	**151**	**615**	**-298**	**197**	**1,502**
Long-term	**-51**	**548**	**-354**	**158**	**1,128**
General Government	40	40	40	40	40
Deposit taking except Central Bank	51	505	-396	126	84
Other sectors	-142	4	2	-8	1,005
Short-term	**202**	**66**	**57**	**39**	**374**
General Government	0	0	0	0	0
Deposit taking except Central Bank	691	93	24	81	374
Other sectors	-489	-27	32	-42	0
Insurance, pension,standardised guarantees	**0**	**0**	**0**	**0**	**0**
Trade credits and advances	**-327**	**525**	**31**	**168**	**667**
Central Bank	0	0	0	0	0
Deposit taking except Central Bank	0	8	-6	0	0
General Government	0	0	0	0	0
Other sectors	-327	517	37	168	667
Other accounts receivable	**257**	**-340**	**-6**	**-758**	**1,502**
Net incurrence of liabilities	**3,873**	**8,087**	**4,022**	**12,016**	**13,363**
Other equity	**0**	**0**	**0**	**0**	**0**
Currency and deposits	**659**	**-252**	**683**	**-459**	**331**
Deposit taking except Central Bank	659	-252	683	-459	331
Other sectors	0	0	0	0	0
Loans	**2,927**	**8,561**	**2,687**	**9,833**	**11,070**
Long-term	**3,185**	**7,937**	**1,858**	**9,517**	**11,265**
General Government	-225	-34	435	284	2,559
Deposit taking except Central Bank	786	-41	1,298	-247	125
Other sectors	2,624	8,013	126	9,480	8,581
Short-term	**-258**	**623**	**828**	**316**	**-195**
General Government	0	0	0	0	0
Deposit taking except Central Bank	1,025	257	-577	-71	-32
Other sectors	-1,282	366	1,406	387	-164
Insurance, pension,standardised guarantees	**0**	**0**	**0**	**0**	**0**
Trade credits and advances	**287**	**-221**	**323**	**1,484**	**2,194**
Central Bank	0	0	0	0	0
Deposit taking except Central Bank	0	0	0	2	-60
General Government	0	0	0	0	0
Other sectors	287	-221	323	1,482	2,254
Other accounts payable	**0**	**0**	**329**	**1,158**	**-232**
Special Drawing Rights	**0**	**0**	**0**	**0**	**0**

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Table IV.I International foreign exchange reserves stock (including valuation adjustment) (N$ million)

	2013	2014	2015	2016	2017
January	17,447	18,605	16,465	25,292	24,631
February	16,291	16,642	14,925	25,216	22,711
March	14,847	14,595	12,302	24,910	22,576
April	17,590	17,791	15,354	24,662	25,676
May	17,163	15,549	13,659	24,769	25,413
June	16,058	15,934	14,784	21,049	28,510
July	18,131	14,788	14,333	22,834	33,674
August	16,898	13,749	14,066	20,538	30,621
September	14,503	16,457	12,830	26,449	31,463
October	15,851	15,051	22,667	25,068	31,602
November	14,742	13,250	24,795	25,857	28,546
December	15,709	13,527	23,577	24,720	30,177

Table IV.J (a) International investment position (N$ million)

	2013	2014	2015 (p)	2016 (p)	2017 (p)
FOREIGN ASSETS	**110,271**	**112,918**	**130,742**	**122,918**	**139,005**
1. Direct investment	**5,676**	**6,156**	**7,928**	**10,216**	**6,733**
1.1. Equity and investment fund shares	**4,136**	**4,767**	**5,576**	**9,202**	**5,456**
1.1.1. Direct Investor in Direct Investment enterprise	4,136	4,767	5,576	9,202	5,456
1.1.2. Direct Investment enterprise in Direct Investor (Reverse)	0	0	0	0	0
1.1.3. Between Fellow enterprises (Less than 10%)	0	0	0	0	0
1.2. Debt instruments	**1,540**	**1,389**	**2,352**	**1,014**	**1,278**
1.2.1. Direct Investor in Direct Investment enterprise	1,013	1,016	1,553	925	1,248
Short-term	83	83	76	20	466
Long-term	930	933	1,476	905	782
1.2.2. Direct Investment enterprise in Direct Investor (Reverse)	526	373	745	89	30
Short-term	171	110	534	89	30
Long-term	355	263	211	0	0
1.2.3. Between Fellow enterprises (Less than 10%)	0	0	54	0	0
Short-term	0	0	0	0	0
Long-term	0	0	54	0	0
2. Portfolio investment	**59,870**	**64,316**	**63,817**	**61,058**	**71,479**
2.1. Equity and investment fund shares	**30,514**	**35,582**	**36,517**	**35,481**	**34,613**
i) Central Bank	0	0	0	0	0
ii) Deposit taking except Central Bank	0	0	0	0	0
iii)General Government	0	0	0	0	0
iv)Other sectors	30,514	35,582	36,517	35,481	34,613
2.2. Debt securities	**29,356**	**28,734**	**27,300**	**25,577**	**36,866**
i) Central Bank	0	0	0	0	0
ii) Deposit taking except Central Bank	5,888	4,622	2,616	3,126	3,567
iii) General Government	0	0	0	0	0
iv) Other sectors	23,468	24,112	24,685	22,451	33,299
3. Financial derivatives and employee stock options, net	**17**	**35**	**110**	**62**	**57**
4. Other investment	**28,999**	**28,884**	**35,309**	**26,862**	**30,558**
4.1. Other equity	**0**	**0**	**0**	**0**	**0**
4.2. Currency and deposits	**9,798**	**10,035**	**14,982**	**12,393**	**13,180**
i) Central Bank	0	0	0	0	0
ii) Deposit taking except Central Bank	6,426	5,749	6,490	4,797	5,937
iii) General Government	0	0	0	0	0
iv) Other sectors	3,371	4,286	8,491	7,596	7,243
4.3. Loans	**18,899**	**18,214**	**19,694**	**13,973**	**16,197**
Short-term	**18,735**	**17,546**	**18,739**	**13,023**	**14,365**
i) Central Bank	0	0	0	0	0
ii) Deposit taking except Central Bank	4,942	5,035	2,435	193	570
iii) General Government	0	0	0	0	0
iv) Other sectors	13,794	12,511	16,304	12,830	13,795
Long-term	**164**	**668**	**954**	**951**	**1,831**
i) Central Bank	0	0	0	0	0
ii) Deposit taking except Central Bank	164	668	666	730	744
iii) General Government	0	0	0	0	0
iv) Other sectors	0	0	288	221	1,087
4.4. Insurance, pension,standardised guarantees	**0**	**0**	**0**	**0**	**0**
4.5. Trade credits and advances	**303**	**635**	**506**	**431**	**861**
Short-term	**303**	**635**	**506**	**431**	**861**
i) Central Bank	0	0	0	0	0
ii) Deposit taking except Central Bank	0	0	1	0	0
iii) General Government	0	0	0	0	0
iv) Other sectors	303	635	506	431	861
Long-term	**0**	**0**	**0**	**0**	0
i) Central Bank	0	0	0	0	0
ii) Deposit taking except 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 receivable	**0**	**0**	**128**	**65**	**320**
5. Reserve assets	**15,709**	**13,527**	**23,577**	**24,720**	**30,177**
5.1. Monetary gold	0	0	0	0	0
5.2. Special drawing rights	91	101	102	124	112
5.3. Reserve position in the IMF	0	0	0	0	0
5.4. Other reserve assets	15,618	13,426	23,476	24,597	30,065

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Table IV.J (b) International investment position (N$ million)

	2013	2014	2015 (p)	2016 (p)	2017 (p)
FOREIGN LIABILITIES	**69,562**	**85,414**	**129,258**	**141,578**	**157,144**
1. Direct investment	**36,160**	**38,066**	**60,080**	**67,307**	**71,984**
1.1. Equity and investment fund shares	**19,342**	**21,052**	**41,550**	**51,423**	**55,458**
1.1.1. Direct Investor in Direct Investment enterprise	19,342	21,052	41,548	51,421	55,456
1.1.2. Direct Investment enterprise in Direct Investor (Reverse)	0	0	0	0	0
1.1.3. Between Fellow enterprises (Less than 10%)	0	0	2	2	2
1.2. Debt instruments	**16,818**	**17,014**	**18,530**	**15,884**	**16,526**
1.2.1. Direct Investor in Direct Investment enterprise	16,818	17,014	17,737	15,405	15,985
Short-term	1,874	2,925	2,460	1,326	1,693
Long-term term	14,944	14,089	15,276	14,079	14,292
1.2.2. Direct Investment enterprise in Direct Investor (Reverse)	0	0	0	0	0
Short-term	0	0	0	0	0
Long-term	0	0	0	0	0
1.2.3. Between Fellow enterprises (Less than 10%)	0	0	794	479	541
Short-term	0	0	0	0	3
Long-term	0	0	794	479	538
2. Portfolio investment	**6,869**	**7,424**	**22,710**	**21,014**	**19,125**
2.1. Equity and investment fund shares	**701**	**700**	**764**	**35**	**33**
i) Central Bank	0	0	0	0	0
ii) Deposit taking except Central Bank	0	0	0	0	0
iii) General Government	0	0	0	0	0
iv) Other sectors	701	700	764	35	33
2.2. Debt securities	**6,168**	**6,724**	**21,946**	**20,979**	**19,092**
i) Central Bank	0	0	0	0	0
ii) Deposit taking except Central Bank	93	93	102	1,057	709
iii) General Government	6,075	6,631	21,844	19,922	18,383
iv) Other sectors	0	0	0	0	0
3. Financial derivatives and employee stock options, net	**101**	**127**	**454**	**135**	**128**
4. Other investment	**26,431**	**39,797**	**46,013**	**53,122**	**65,908**
4.1. Other equity	**0**	**0**	**0**	**0**	**0**
4.2. Currency and deposits	**2,934**	**2,681**	**3,365**	**2,906**	**3,237**
i) Central Bank	0	0	0	0	0
ii) Deposit taking except Central Bank	2,934	2,681	3,365	2,906	3,237
iii) General Government	0	0	0	0	0
iv) Other sectors	0	0	0	0	0
4.3. Loans	**20,078**	**33,768**	**38,049**	**44,240**	**54,591**
Short-term	**4,660**	**5,209**	**3,318**	**777**	**608**
i) Central Bank	0	0	0	0	0
ii) Deposit taking except Central Bank	3,124	3,374	1,475	116	86
iii) General Government	0	0	0	0	0
iv) Other sectors	1,536	1,835	1,843	660	522
Long-term	**15,418**	**28,559**	**34,731**	**43,463**	**53,983**
i) Central Bank	0	0	0	0	0
ii) Deposit taking except Central Bank	906	864	990	1,812	1,851
iii) General Government	4,802	4,799	6,487	5,340	8,036
iv) Other sectors	9,711	22,895	27,253	36,311	44,096
4.4. Insurance, pension,standardised guarantees	**0**	**0**	**0**	**0**	**0**
4.5. Trade credits and advances	**1,346**	**1,055**	**1,187**	**1,788**	**4,038**
Short-term	**1,346**	**1,055**	**1,187**	**1,788**	**4,037**
i) Central Bank	0	0	0	0	0
ii) Deposit taking except Central Bank	0	0	0	2	1
iii) General Government	0	0	0	0	0
iv) Other sectors	1,346	1,055	1,187	1,786	4,036
Long-term	**0**	**0**	**0**	**0**	**0**
i) Central Bank	0	0	0	0	0
ii) Deposit taking except 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**	**0**	**329**	**1,487**	**1,573**
4.7. Special Drawing Rights	**2,072**	**2,292**	**3,084**	**2,701**	**2,469**
NET ASSET/LIABILITY POSITION	**40,709**	**27,504**	**1,485**	**-18,660**	**-18,139**

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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
2013	Jan	8.786	14.032	11.670	1.107	9.497	1.412	13.510
	Feb	8.883	13.758	11.869	1.110	9.649	1.425	13.568
	Mar	9.175	13.835	11.904	1.118	9.700	1.476	13.817
	Apr	9.113	13.945	11.860	1.115	9.722	1.473	13.695
	May	9.356	14.309	12.148	1.126	9.789	1.524	14.052
	Jun	10.031	15.522	13.228	1.167	10.731	1.635	15.158
	Jul	9.910	15.051	12.969	1.156	10.489	1.616	14.914
	Aug	10.083	15.617	13.418	1.171	10.880	1.647	15.328
	Sep	9.983	15.822	13.319	1.167	10.792	1.631	15.204
	Oct	9.917	15.967	13.530	1.169	10.988	1.625	15.261
	Nov	10.200	16.421	13.766	1.181	11.173	1.674	15.609
	Dec	10.368	16.991	14.203	1.192	11.592	1.707	15.973
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

Source: South African Reserve Bank

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Table IV.L Effective exchange rate indices[1]

		Nominal effective exchange rate indices 2015=100			Real effective exchange rate indices 2015=100		
		Import weighted	Export weighted	Total trade weighted	Import weighted	Export weighted	Total trade weighted
2013	Jan	107.1	122.1	111.2	107.1	117.8	110.0
	Feb	107.2	121.2	110.6	106.8	116.8	109.1
	Mar	106.9	119.6	109.8	106.1	115.7	108.2
	Apr	107.0	119.8	109.9	106.2	115.9	108.4
	May	105.8	118.5	108.8	105.5	114.2	107.3
	Jun	103.6	112.0	105.3	103.4	108.2	104.0
	Jul	104.1	112.9	106.1	103.9	109.6	104.9
	Aug	103.3	110.4	104.8	103.2	107.5	103.8
	Sep	103.7	111.1	105.2	103.4	108.0	104.0
	Oct	103.3	110.2	104.9	103.3	107.5	104.1
	Nov	102.6	108.6	104.1	102.8	106.2	103.4
	Dec	102.1	106.8	103.0	102.2	104.3	102.3
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

[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).

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Table IV.M Selected minerals: monthly average prices

		U$ Per Metric Tonne			US$ Per Ounce	US$ Per Pound
		Copper	Lead	Zinc	Gold	Uranium
2013	Jan	8,053.7	2,334.5	2,031.4	1,664.8	42.8
	Feb	8,060.9	2,365.8	2,128.7	1,588.5	43.4
	Mar	7,652.4	2,173.4	1,929.2	1,589.5	42.3
	Apr	7,221.2	2,024.4	1,855.6	1,469.0	41.4
	May	7,248.7	2,031.9	1,831.0	1,394.5	40.6
	Jun	7,000.2	2,099.7	1,839.0	1,192.0	39.9
	Jul	6,906.6	2,047.7	1,837.6	1,314.5	38.0
	Aug	7,186.3	2,173.1	1,896.4	1,394.8	35.6
	Sep	7,159.3	2,084.9	1,846.9	1,326.5	34.4
	Oct	7,203.0	2,115.4	1,884.8	1,327.5	35.0
	Nov	7,070.7	2,089.6	1,866.4	1,253.0	35.0
	Dec	7,214.9	2,136.7	1,975.0	1,204.5	34.6
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

Source: IMF

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Table IV.N Selected minerals: export volumes

		Diamonds Carat '000	Gold Kg	Copper Tonnes	Zinc Tonnes
2013	Q1	323	440	5,787	49,670
	Q2	525	390	7,888	49,175
	Q3	436	594	6,177	68,538
	Q4	465	524	4,115	67,212
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

Source:Ministry of Mines and Energy

LIST OF ABBREVIATIONS

AACB	Association of African Central Banks
AAU	Addis Ababa University
ADLAs	Authorised Dealers with Limited Authority
ADs	Authorised Dealers
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
BNA	Banco Nacional de Angola
BoE	Bank of England
BoJ	Bank of Japan
BoN	Bank of Namibia
BoP	Balance of Payments
BPM6	Balance of Payments and International Investment Position Sixth Edition
CCBG	Committee of Central Bank Governors in SADC
CIC	Currency in Circulation
CMA	Common Monetary Area
CMA-CPOC	CMA Cross-border Payment Oversight Committee
CNY/¥	Chinese Yuan/ Renminbi
CPC	Customs Procedures Codes
CPLv1	Credit Providers Layout Version 1
CPS	Cheque Processing System
CRAs	Credit Rating Agencies
CSD	Central Securities Depository
DAX	Dax Performance-Index
DBN	Development Bank of Namibia
DLTs	Distributed Ledger Technologies
DSIBs	Domestic Systemically Important Banks
ECB	European Central Bank
EFT	Electronic Funds Transfer
ELF	Employee Liaison Forum
EMDEs	Emerging Markets and Developing Economies
EMV	Europay, MasterCard and Visa
EU	European Union
EUR	Euro

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Fed	Federal Reserve
FinTech	Financial technology
FIP	Finance and Investment Protocol
FLI	Financial Literacy Initiative
FNB	First National Bank of Namibia
FSAP	Financial Sector Assessment Programme
FSR	Financial Stability Report
FTSE 100	Financial Times Stock Exchange 100 Index
FY2016	Financial Year 2016
FY2016/17	Fiscal Year 2016/2017
FY2017	Financial Year 2017
FY2017/18	Fiscal Year 2017/18
GBP	British Pound Sterling
GC17	Government conventional internal registered stock maturing 2017
GC18	Government conventional internal registered stock maturing 2018
GCxx	Government conventional internal registered stock maturing 20xx
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
GNDI	Gross National Disposable Income
GNI	Gross National Income
Govt	Government
Harvard-KSG	Harvard Kennedy School of Government
HIV/AIDS	Human Immunodeficiency Virus and Acquired Immune Deficiency Syndrome
ICT	Information and Communications Technology
IDR	Issuer Default Rating
IFRS 9	International Financial Reporting Standards 9
IIA	Institute of Internal Auditing
IIP	International Investment Position
ILB	Inflation Linked Bond
IMF	International Monetary Fund
IRS	Internal Registered Stocks
IT	Information Technology
JGB	Japanese Government Bonds
JPY	Japanese Yen
JSE	Johannesburg Stock Exchange
LBS	London Business School
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
NAMSWITCH	Namibia Card Switching System
NCPI	Namibia Consumer Price Index
NEEEF	New Equitable Economic Empowerment Framework
NEER	Nominal Effective Exchange Rate
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
NPLs	Non-Performing Loans
NPS	National Payments System
NSA	Namibia Statistics Agency
NSX	Namibia Stock Exchange
ODCs	Other Depository Corporations
OFCs	Other Financial Corporations
OPEC	Organisation of the Petroleum Exporting Countries
PAN	Payment Association of Namibia
PAT3	Portfolio Analytics Tool 3
PBoC	People's Bank of China
PINs	Personal Identification Numbers
PoN	Polytechnic of Namibia
POS	Point of Sale
PSCE	Private Sector Credit Extension
PSD-7	Payment System Determination 7
RAND/ZAR	South African Rand
REER	Real Effective Exchange Rate
RHS	Right Hand Side
ROA	Return on Assets
ROE	Return on Equity
RTAC	Regional Technical Assistance Center
RWCR	Risk Weighted Capital Ratio
S&P 500	Standard and Poor's 500 Index
S&P	Standard & Poor's

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
SNA	System of National Accounts
SOEs	State-Owned Enterprises
SWAITEX	Swakopmund International Trade Expo
SWAPO	South West Africa People's Organisation
TB's	Treasury Bills
U.S./US/USA	United States of America
UK	United Kingdom
UKZN	University of KwaZulu-Natal
UL	University of London
ULIV	University of Liverpool
UM	University of Malaya
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
VCs	Virtual Currencies
WBG	World Bank Group
WBS	Wits Business School
WEO	World Economic Outlook
WIBAR	Windhoek Interbank Agreed Rate
WITS	University of the Witwatersrand
JIBAR	Johannesburg Interbank Agreed Rate

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NOTES: