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# REPUBLIC OF NAMIBIA

# GOVERNMENT ISSUE

# GI27

Circular No.: BoN/FM/08/15

June 2021

## Terms of issue for Government of the Republic of Namibia Internal Registered Stock 4.00%, 2027 (GI27)

## TERMS AND CONDITIONS OF THE ISSUE

### General

This document should be read in conjunctions with the Bank of Namibia Act no.15, 1997 under section 42 (1) and (2) and the Inflation Linked Bonds Technical Specifications document.

### Issue

Republic of Namibia 4.00% Internal Registered Stock, 15 October 2027.
The Stock will be known as GI27.

### Purpose

The purpose of the issue is to raise funds for budget deficit for the Republic of Namibia Government and to also foster the growth for domestic capital market.

### Interest

The Bonds shall bear interest at the Coupon on the Capital Value of the Bonds in accordance with these conditions.

A coupon of 4.00% will be paid semi-annually in arrears until October 2021.

Coupon payment dates will be 15 April and 15 October of each calendar year up to 15 October 2027 including the redemption. The first payment will be made on 15 October 2021.

The books will be closed from 15 March to 15 April and 14 September to 15 October each year (all dates inclusive as market condition may allow to determine bondholders entitled to receive interest).

Interest will cease to accrue on the bond from the maturity date.

If the coupon payment date is not a Banking day, payment will be made on the next banking day without payment of additional interest.

The Interest in respect of each Interest Period shall be determined as at the Interest Date following that Interest Period (I.e. the first day after the Interest Period) in accordance with the following formula:

Interest = (Coupon/2) *Capital Value*Index ratio

**Capital Value**

The Issuer's indebtedness with regard to the Bond shall be the Capital Value plus accrued interest. The Capital Value of the bond is the adjusted Principal Amount – the nominal principal amount adjusted with reference to any increase or decrease in the NCPI. The Capital Value of the bond at any Date shall be determined as follows:

Capital Value = Principal Amount * Index Ratio

**Redemption of Capital**

The redemption of capital will be made upon the maturity of the bond on 15 October 2027.

Redemption payment will be made in the currency of the Republic of Namibia on the redemption date by electronic transfer into the accounts of the bondholders specified in the payments instructions, unless, in respect of individual bondholders, contrary instructions are agreed with the transfer secretaries in advance.

If the payment date is not a banking day, payment will be made on the next succeeding banking day without payment of additional interest.

Bonds are not payable/ redeemable prior to the maturity date.

On the Redemption Date of 15 October 2027, the Issuer shall pay the Bondholders the Capital Value of the Bonds on that Date provided that, if the Capital Value of the Bonds on the Redemption Date is less than the Principal Amount, the Issuer shall pay the Bondholders an Additional Amount equal to the shortfall.

**Trading**

The bond will be listed on the Namibian Stock Exchange (under the ISIN code **GI27-NA000A3KQVW4**)

**Method of issue**

The bond is issued through the Bank of Namibia by invitations to tender at auctions.

**Settlement**

Settlement takes place electronically and via Bank of Namibia. The rolling Settlement of (T+1) has been effected by the Bank since 2007. Bonds are negotiated on a yield to maturity basis. The amount payable is based on the clean price of the investment plus the accrued interest calculated until the agreed settlement date (dirty price).

**Consumer Price Index**

The Consumer Price Index will be the Namibia Consumer Price Index (NCPI): All-Items as published by the Namibian Statistics Agency (NSA).

**Index ratio**

The index ratio will be calculated as the Reference CPI on the Date divided by the Reference CPI on the Issue Date (Base CPI).

**Reference CPI**

If the issue/settlement date occurs on the first day of a calendar month, then the Reference $CPI_{(settlement\ date)}$ is the Consumer Price Index for the fourth calendar month preceding the calendar month in which the issue date occurs.

If the issue/settlement date occurs on any day other than the first day of any calendar month, then the Reference $CPI_{(settlement\ date)}$ shall be determined as follows:

$$\text{Ref } CPI_{(settlement\ date)} = CPI_{(4\ months\ back)} + [(\text{Settlement date-1}) / D) \times (CPI_{(3\ months\ back)} - CPI_{(4\ months\ back)})$$

where:

- **Ref $CPI_{(4\ months\ back)}$** is the CPI figure for the first day of the calendar month 4 months preceding the issue date
- **Ref $CPI_{(3\ months\ back)}$** is the CPI figure for the first day of the calendar month 3 months preceding the issue date
- **t** is the calendar day corresponding to the issue date
- D is the number of days in the calendar month in which the settlement date occurs

**BASE CPI**

The Base CPI means the reference CPI on the first issue date of the bond.

Base CPI = *Ref CPI* $_{(First\ issue\ date}$

**Adjustment to CPI**

In the event that the CPI is reset, then a new Reference CPI that is applicable for the issue date will (if necessary) be calculated in such a way that the Capital Value of a Bond is the same immediately before and after reset.

If, as a result of a delay in the publication of the CPI, the CPI is not available. In order to make a determination in accordance with these Conditions, subject to the clause above a substitute CPI value, calculated as follows will be used:

Let the CPI value for the month “m” that is the required be denoted by $CPI_m$. Then, in the event of one month delay, $CPI_m$ shall be determined in accordance with the following formula:

$$CPI = CPI_{m-1} * (CPI_{m-1} / CPI_{m-13})^{1/12}$$

And in the event of a delay, of more than one month (the number of months being denoted by “n”), $CPI_m$ shall be determined in accordance with the following formula:

$$CPI_m = CPI_{m-n} * (CPI_{m-n} / CPI_{m-n-12})^{1/12}$$

If it is necessary to use these formulas to calculate a substituted CPI value, then it will be used for all subsequent calculations that rely on that month’s Index ratio, and will not be replaced by the actual CPI when is reported, except for the use in the above formulas. When it becomes necessary to use the above formula to calculate a substitute CPI value, the last CPI that has bee reported will be used to calculate CPI values for months which the CPI has not been reported timeously.

**Rounding**

For calculation purposes in terms of these specifications, Both the Base, Reference index and CPI will be unrounded, while the Index ratio will be rounded to the nearest seven decimal places. Any cash-flow resulting from the Bond under these Specifications shall be rounded to the nearest two decimal places.

**Non-Residence of Namibia**

Inflation Linked Bonds are exempted in terms of section E.5 [D] (C) (iii) of the Exchange Control Regulation. Tenders by or on behalf Non-residence are accepted and will be treated in the same manner as the Internal Registered Stock.