



PARLIAMENTARY STANDING COMMITTEE ON ECONOMICS AND PUBLIC ADMINISTRATION

Ebson Uanguta
Governor
02 June 2026



DISCLAIMER

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The Bank of Namibia assumes no responsibility for decisions made based on the content of this presentation.

▶ Outline

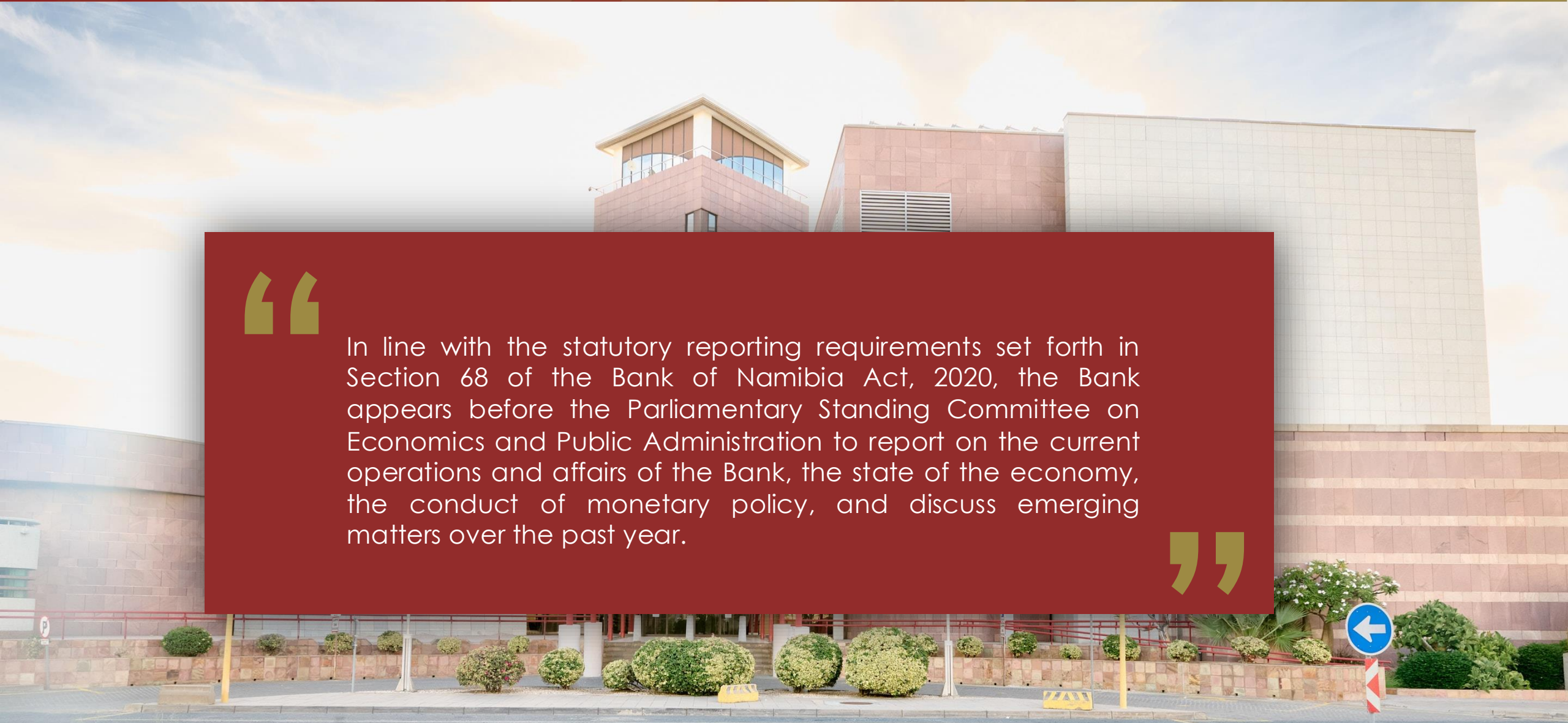


▶ Bank of Namibia: A Force For Good

“

In line with the statutory reporting requirements set forth in Section 68 of the Bank of Namibia Act, 2020, the Bank appears before the Parliamentary Standing Committee on Economics and Public Administration to report on the current operations and affairs of the Bank, the state of the economy, the conduct of monetary policy, and discuss emerging matters over the past year.

”



MANDATE OF THE BANK



▶ MANDATE OF THE BANK



BON ESTABLISHED BY ARTICLE
128 OF THE CONSTITUTION



COMPLIMENTED BY BANK OF
NAMIBIA ACT NO. 1 OF, 2020



WHOLLY OWNED BY THE
GOVERNMENT OF THE
REPUBLIC OF NAMIBIA

The core mandate
of the Bank of
Namibia is to
**promote
monetary stability
and safeguard
financial stability,**
as outlined
in the Bank of
Namibia Act 1 of
2020 (the Act).

▶ FUNCTIONS OF THE BANK

1

PROMOTE PRICE STABILITY

2

FISCAL ADVISOR & BANKER TO GOVERNMENT

3

CONDUCT ECONOMIC RESEARCH

4

ECONOMIC DEVELOPMENT

5

MANAGE FOREIGN RESERVES & CURRENCY

6

ENSURE SOUND FINANCIAL SYSTEM

7

HOST NAMIBIA DEPOSIT GUARANTEE AUTHORITY

8

MACROPRUDENTIAL OVERSIGHT (ECONOMIC & FINANCIAL MARKET DEVELOPMENT IN NAMIBIA); BANK OF NAMIBIA ACT NO. 1 OF 2020, SECTION 73

▶ What we DON'T do

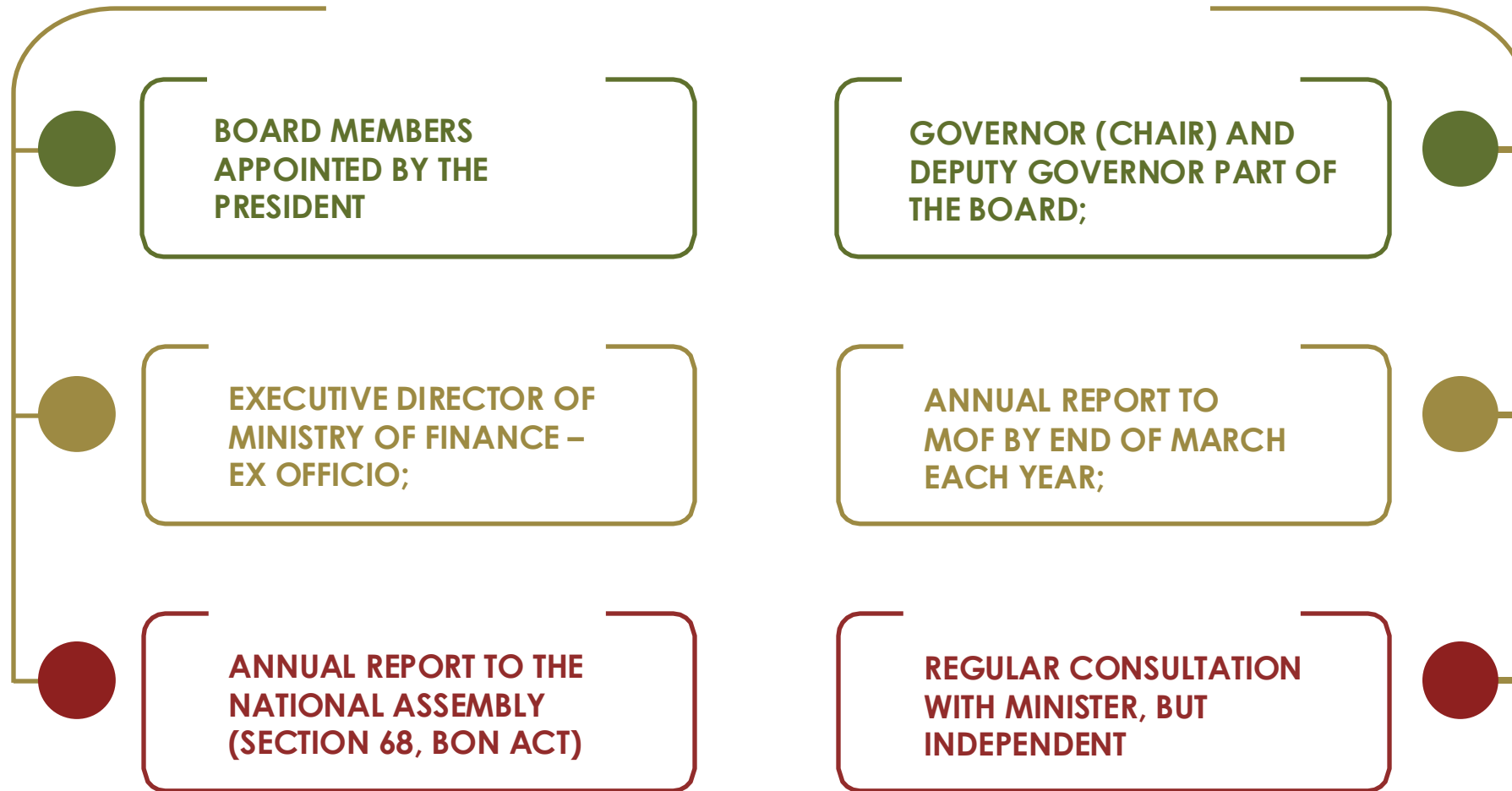
The Bank does not provide banking services to individuals

Does not provide loans or financing to businesses

Not regulate the non-banking financial sector

The Bank does not direct the affairs of the Financial Intelligence Centre (FIC). It is an independent entity

▶ GOVERNANCE STRUCTURE



▶ INDEPENDENCE OF THE CENTRAL BANK



Maintain its independence and operate free from improper or undue influence, as well as from fear, favouritism, prejudice or direction from any individual or authority.



No person or authority is permitted to attempt to influence a member of the Board, a committee established under the Bank of Namibia Act 1 of 2020 or any staff member in carrying out their responsibilities under this Act.

The Bank of Namibia was granted independence through the Bank of Namibia Act 1 of 2020, aligning with modern central banking practices.

MONETARY POLICY



▶ MONETARY POLICY



- Ensure adherence to the Monetary Policy Framework (MPF).
- The MPF documents procedures and guidelines for the formulation and conduction of Monetary Policy.



- MPC members carefully consider both global and domestic economic conditions, financial market and external sector developments, exchange rate developments and the adequacy of Namibia's foreign exchange reserves before reaching any decision by consensus.

The Bank of Namibia's Monetary Policy Committee (MPC) typically meets six times a year to determine an appropriate level of short-term interest rates for the upcoming two months.

▶ PEG ARRANGEMENT



BENEFIT

- Lower Transaction Costs
- Stable Prices
- Compensation for Seigniorage Lost from the Rand
- Better Access to Financial Markets



COST

- Loss of Monetary Independence
- Economic disturbances from the Anchor Country
- Issues with the Rand as a Reserve Currency
- Capital Outflow Concerns

Namibia adopted a fixed exchange rate peg system in which the Namibia dollar is pegged to the South African Rand at a one-to-one ratio.

This exchange rate arrangement is part of the Common Monetary Area, which includes Eswatini, Lesotho, Namibia, and South Africa.

▶ April 2026 MPC DECISION



FACTORS CONSIDERED

- Prevailing uncertainty from Middle East tensions
- Domestic economic activity
- Alignment of the interest rate differential with SA to ensure orderly capital flows.

"Namibia's Repo rate was kept unchanged at 6.50 percent".

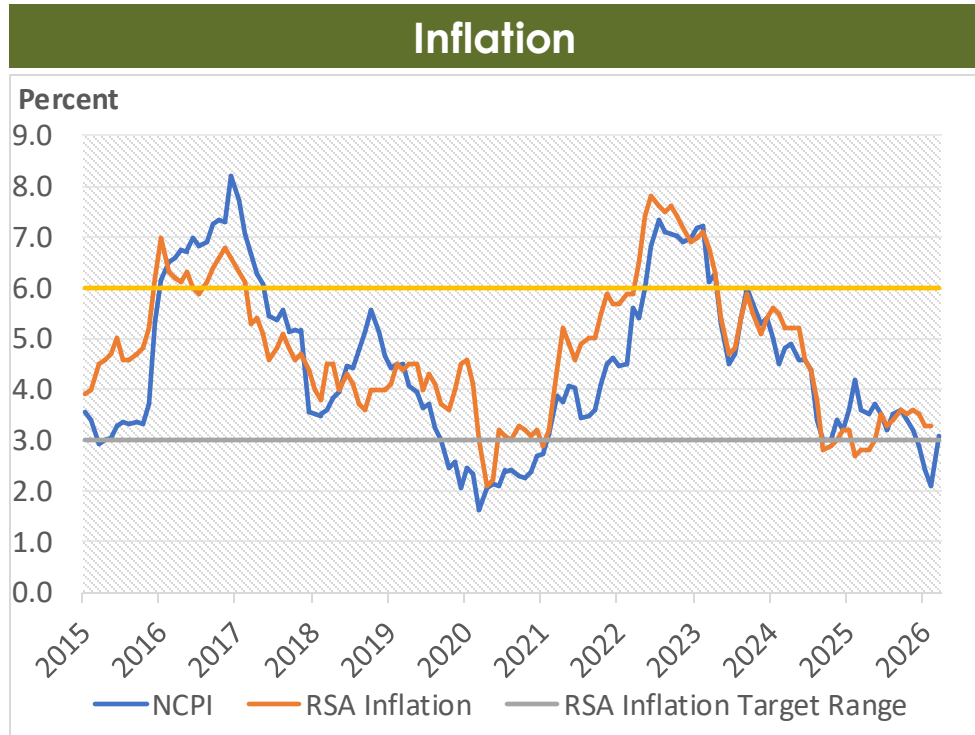


OTHER CONSIDERATIONS

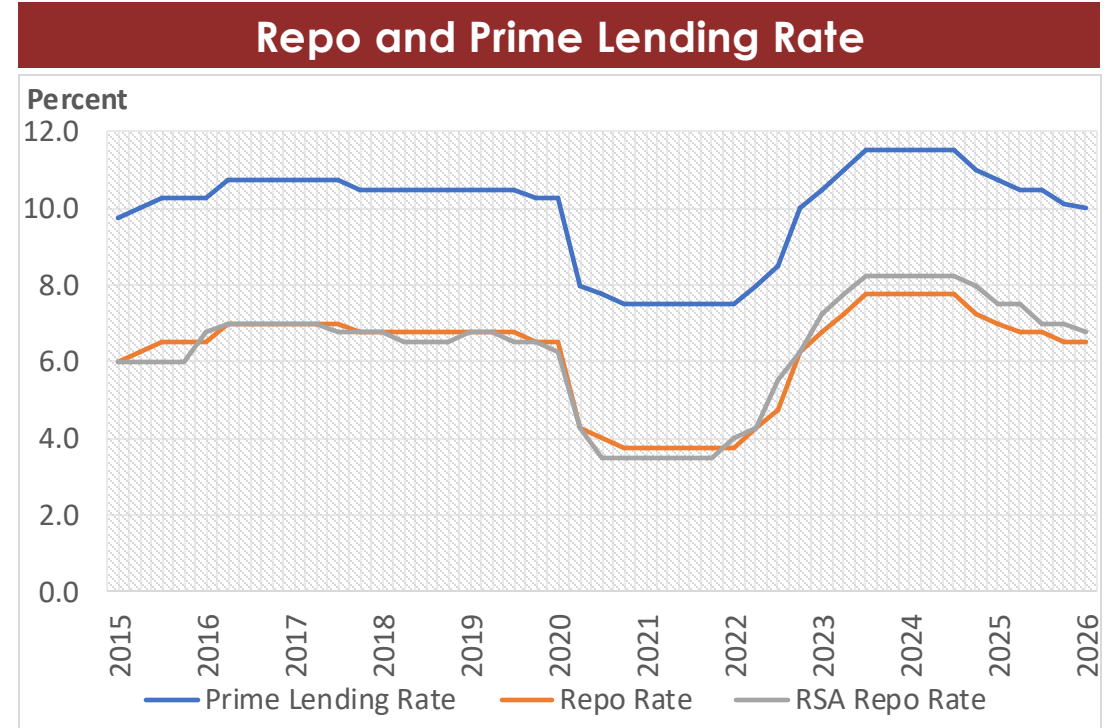
- Namibia's external position
- The stock of international reserves

"South Africa's Repo rate was kept unchanged at 6.75 percent in March 2026".

MONETARY POLICY



Source: NSA, STASSA



Source: SARB, BoN

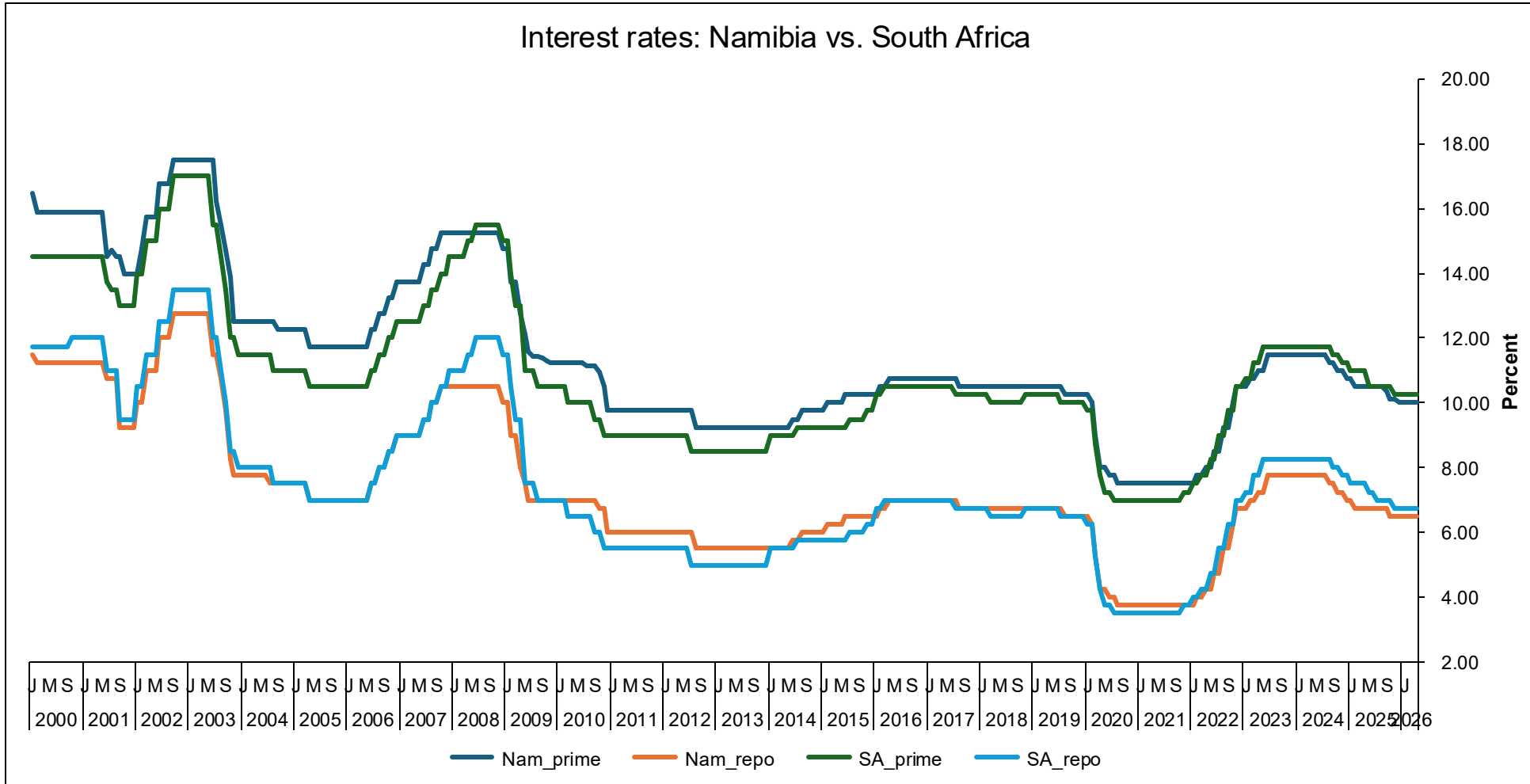
Inflation outlook

- Potential spillovers from higher fuel import bill, higher freight and insurance services payments driven largely by global prices and logistics pressures
- Annual inflation is projected to rise in 2026, before easing in 2027
- Inflation is expected to remain well within single digit territory

Credit extension

- Credit extension has remained subdued over the last 4 years
- Leveraged balance sheets for both individuals and corporates
- Moderate recovery expected over the medium term

Namibian vs. South African Selected Interest Rates



Prime-Repo Spread

Namibia:
3.50

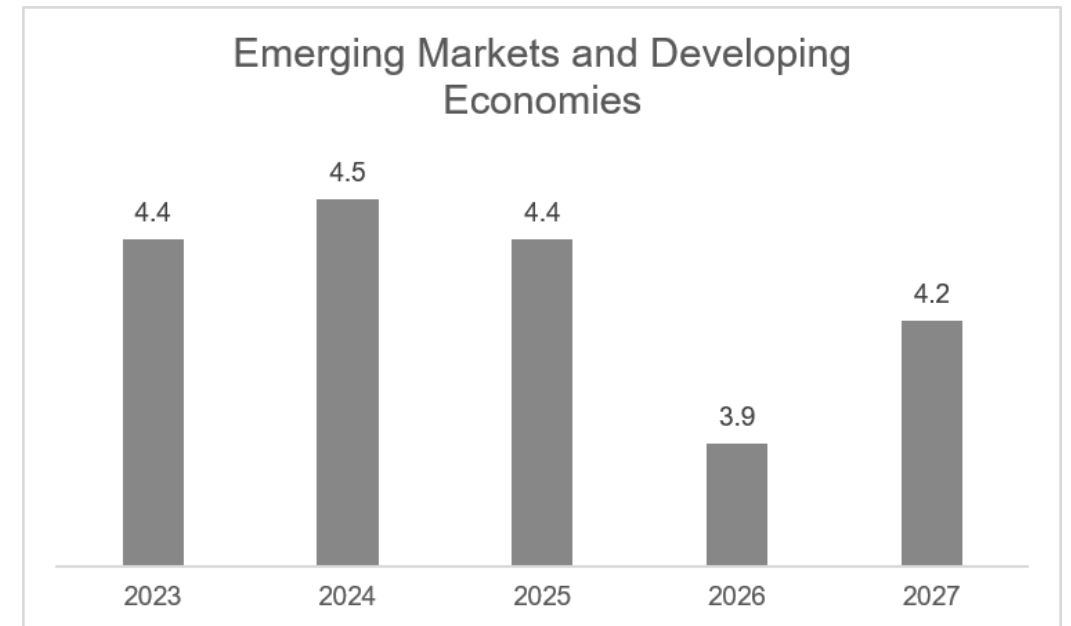
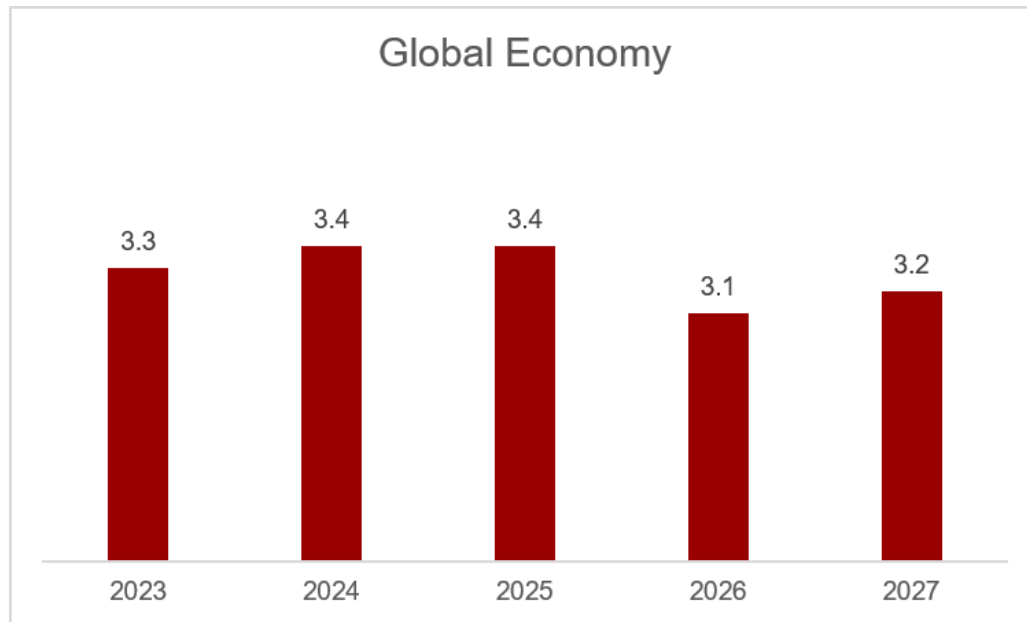
South Africa:
3.50

GLOBAL AND DOMESTIC ECONOMIC DEVELOPMENTS



▶ GLOBAL ECONOMY

Global Economic landscape is characterized by **uncertainty** due to **the war in the Mid-East**, which led to downward adjustment in estimated **global growth for 2026**



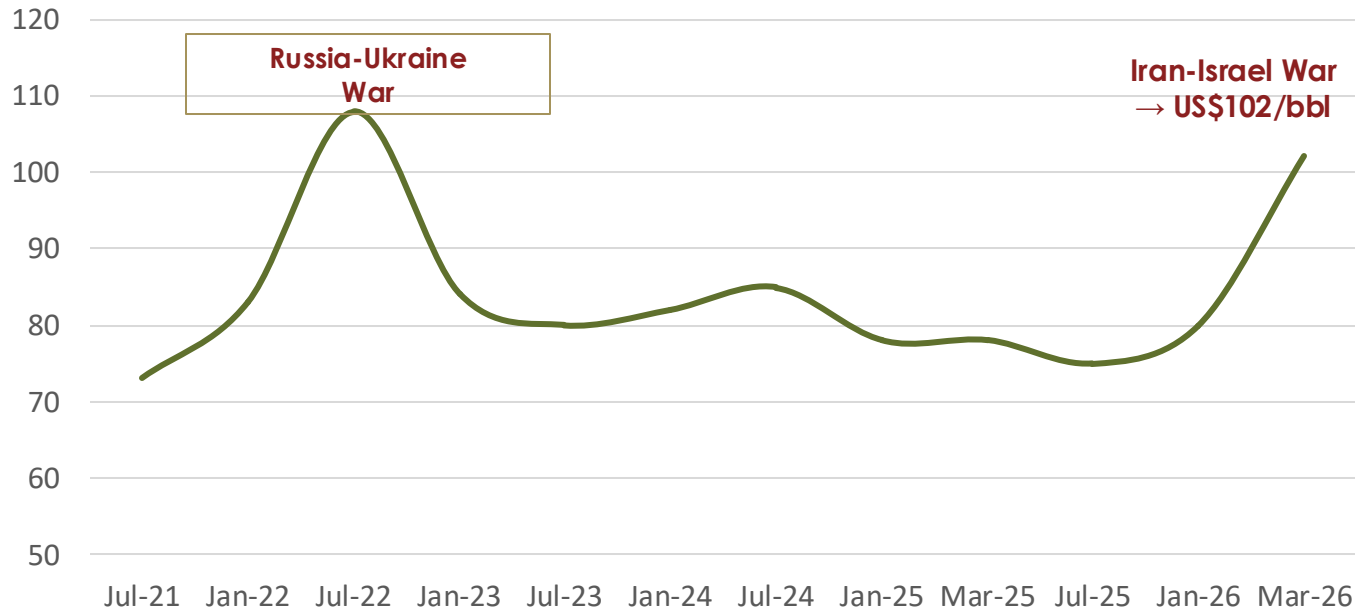
Source: IMF

- The IMF **revised 2026 growth downwards** to 3.1 percent in April, from 3.3 percent projected previously.
- The revised growth rate represent a slowdown from **3.4 percent growth in 2025**.
- Global growth is anticipated to improve slightly to **3.2 percent in 2027**.

▶ MIDDLE EAST WAR: ENERGY SHOCK

Brent crude surged ~30% to US\$101.82/barrel — Strait of Hormuz at risk

Brent Crude Oil Price (US\$/barrel) — 2021 to March 2026



Source: Bloomberg



Strait of Hormuz

~20–25% of world seaborne oil trade and ~19% of global LNG trade transits the Strait daily (IEA, 2026)

Oil Price Spike

Brent rose ~30%: Higher energy costs threaten global inflation and monetary tightening.

Shipping Disruption

War-risk premiums and freight charges surged, raising the cost of all GCC-sourced imports.

Namibia's Exposure

Oil-importer sourcing 40–55% of mineral fuels from GCC countries, Namibia faces indirect but material exposure through import costs and exchange rate effects.

▶ DOMESTIC ECONOMY

Key Highlights

REAL SECTOR AND PRICE

- The **Namibian economy** remains on a positive but uneven recovery. The Primary industry continues to shrink, negatively affected by low diamond prices and depleting gold deposits.
- **Headline inflation** remained low during the first four months of 2026 but started to increase in line with surging global oil prices.

PUBLIC SECTOR

- **Government debt** stood at N\$178.4 billion at the end of March 2026, representing a yearly increase of 7.0 percent.

EXTERNAL SECTOR

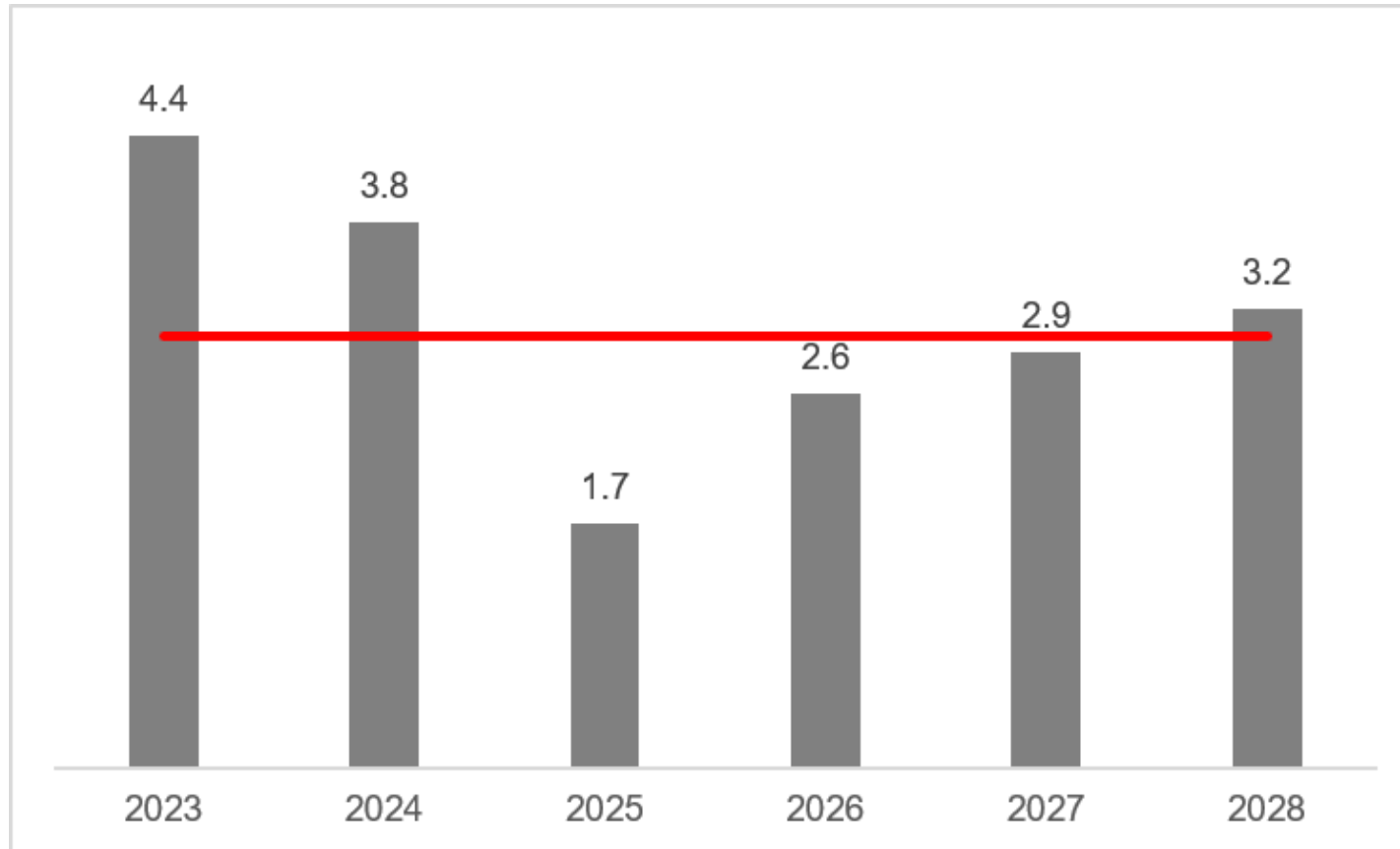
- The **merchandise trade deficit** is anticipated to remain high in 2026, mainly due to high imports by the oil and gas sector.
- The stock of **foreign reserves** rose to N\$58.8 billion at the end of April 2026, translating into an estimated import cover of 3.7 months.

MONETARY SECTOR

- Growth in **private sector credit** remained low across businesses and households alike, largely reflecting limited activity in the property (mortgage) sector.

▶ DOMESTIC OUTLOOK

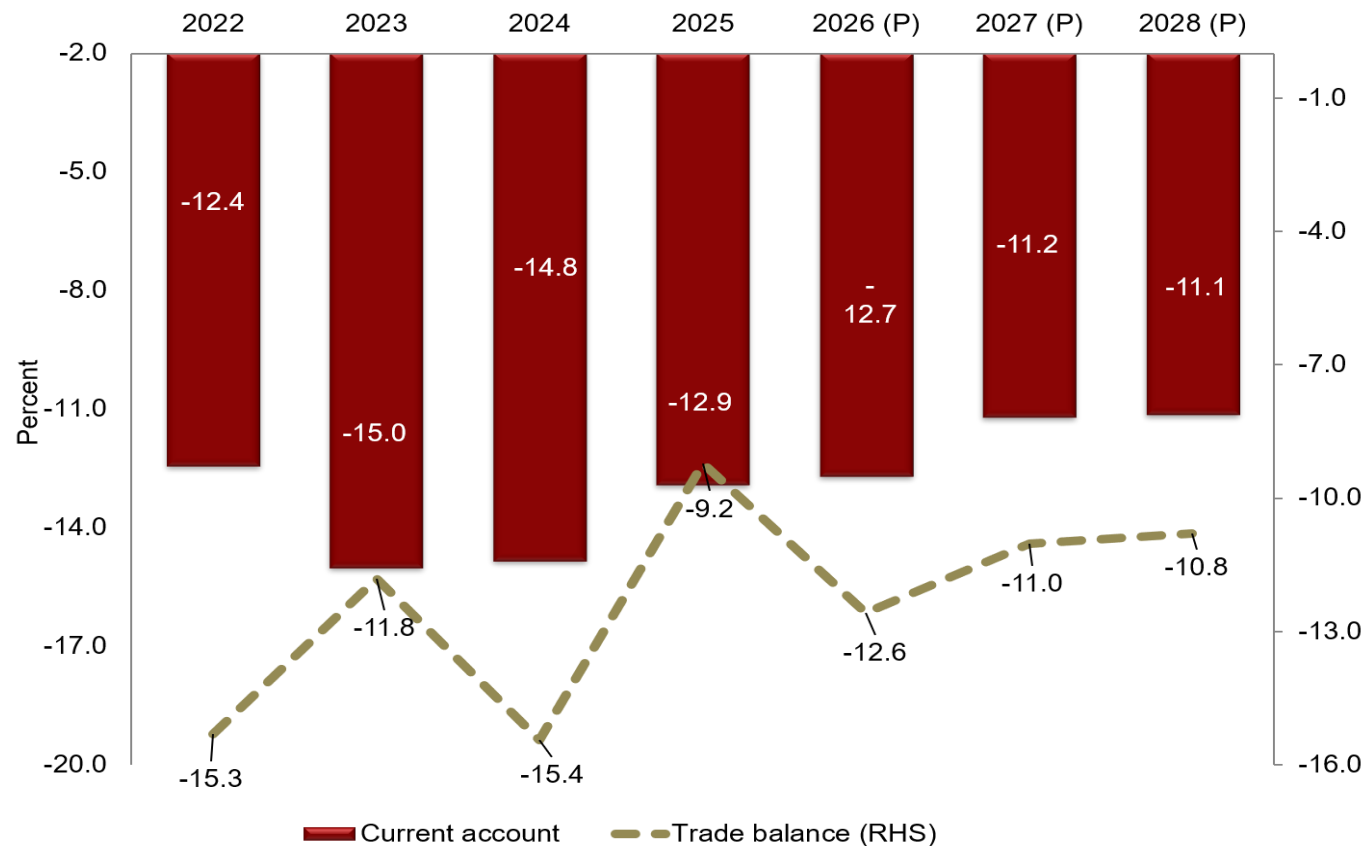
GDP growth is projected at 2.6 percent in 2026 and 2.9 percent in 2027



- Moderate economic growth prospects
 - Climatic shocks
 - Diamond prices
- Uranium mining emerging as a key source of growth
- Strong growth in financial services, tourism, transport & storage, electricity & water
- Oil and gas prospects are the main greenshoot on the horizon

▶ DOMESTIC OUTLOOK

Namibia's current account deficit is projected to remain elevated in 2026



Namibia's current account deficit (as % of GDP) is projected to moderate in 2026 but remains high.

High deficits due to oil and gas activities, where imports of services, machinery and mineral fuels are expected to remain elevated.

Such deficit are not of macroeconomic concern as they are financed through Foreign Direct Investments (FDI).

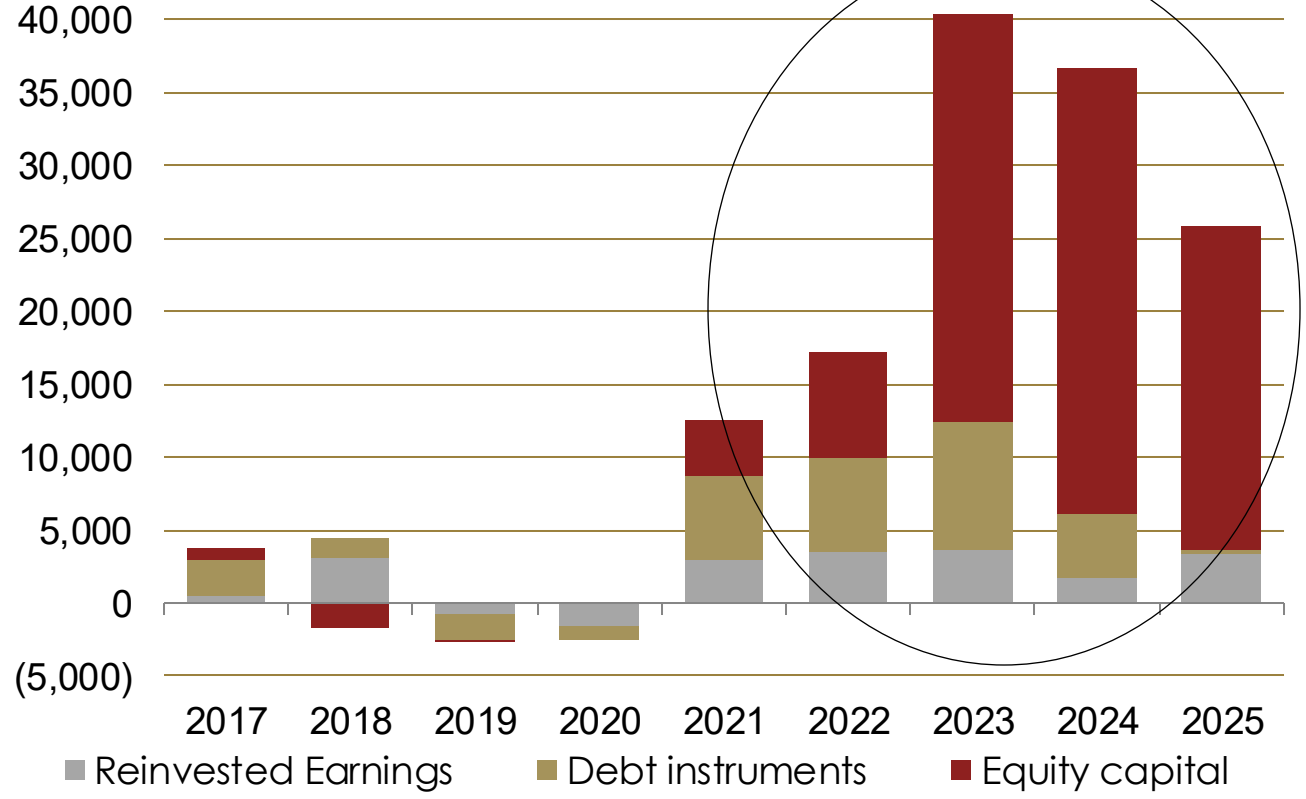
▶ FOREIGN DIRECT INVESTMENT

Key FDI Partners



Net FDI Flows

NAD millions



Source: BoN

MINING INVESTMENTS

Twin Hills Gold Project

Shanjin International

Update: Construction commenced in Q4 2025

CAPEX: US\$450 million (~N\$7.3 billion), FDI of about N\$2.5 billion thus far

Construction: 2 years

Jobs: 1,000 - 1,500 employees at full production

Production: 2027, 160,000 ounces of gold per year

Etango Project

Bannerman

Update: JV with CNNC subsidiary to fund Etango FID after the JV approval

CAPEX: US\$353 million (~N\$5.8 billion)

Construction: 2nd half of 2026

Jobs: 1,200 construction jobs, 750 permanent positions

Production: 2028, 3.5 million pounds of U3O8 per year

Tumas Project

Deep Yellow

Update: FID (sufficient uranium price incentivization)

CAPEX: US\$475 million (~N\$7.8 billion)

Construction: Bulk earthworks 65% complete, power & water agreements finalized

Jobs: 1,000 construction jobs, 600 permanent jobs

Production: 2028, 3.6 million pounds of U3O8 per year

S1 Desalination Plant

JV - Swakop Uranium & Namwater

Update: Final bids from contractors - May 2026

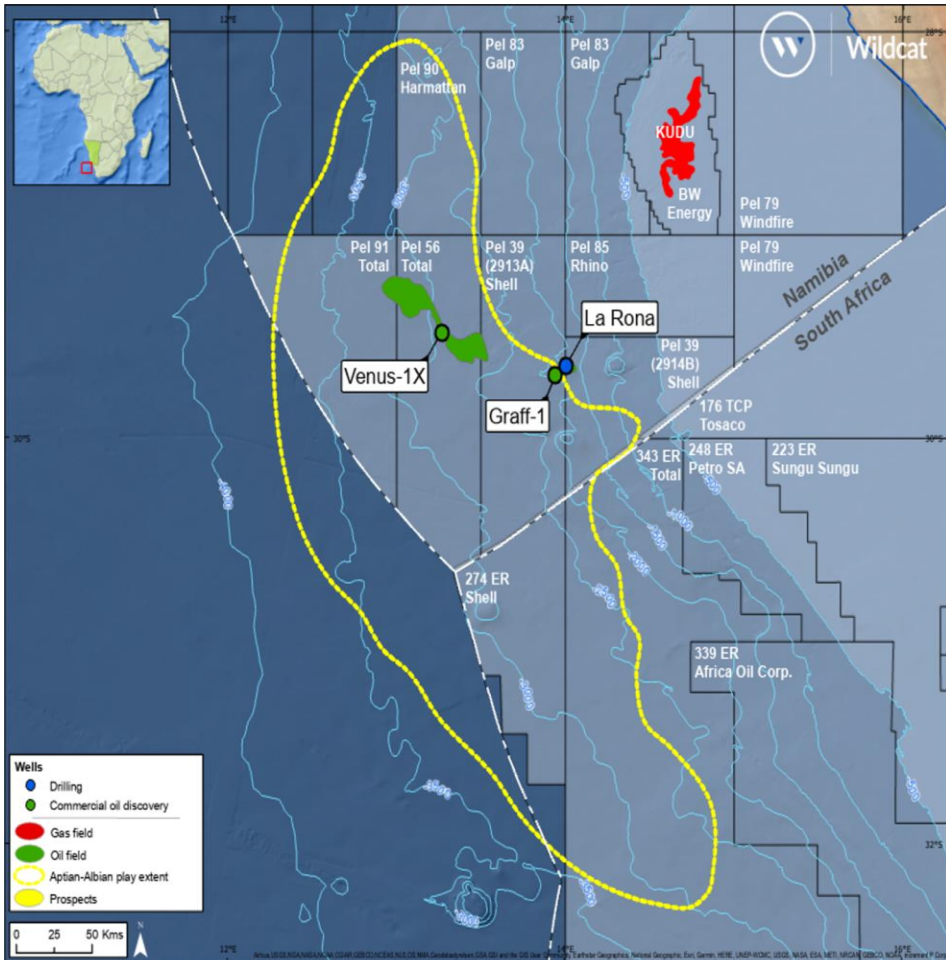
CAPEX: N\$2.1 billion, blended financing, Nampower 30% stake

Construction: Notice to proceed with development around July 2026

Jobs: 1,000 construction jobs, 50-100 permanent jobs

Production: 2028, 20 million cubic litres of potable water per year.

OIL AND GAS INVESTMENTS



01

TotalEnergies Venus Field Development Plan submitted, targeting the FID in mid-2026

02

Shell (PEL 39) is expected to spud the Merlin exploration well in April 2026

03

Chevron planned to drill the Nabba-1X well offshore Namibia in Q4 2026

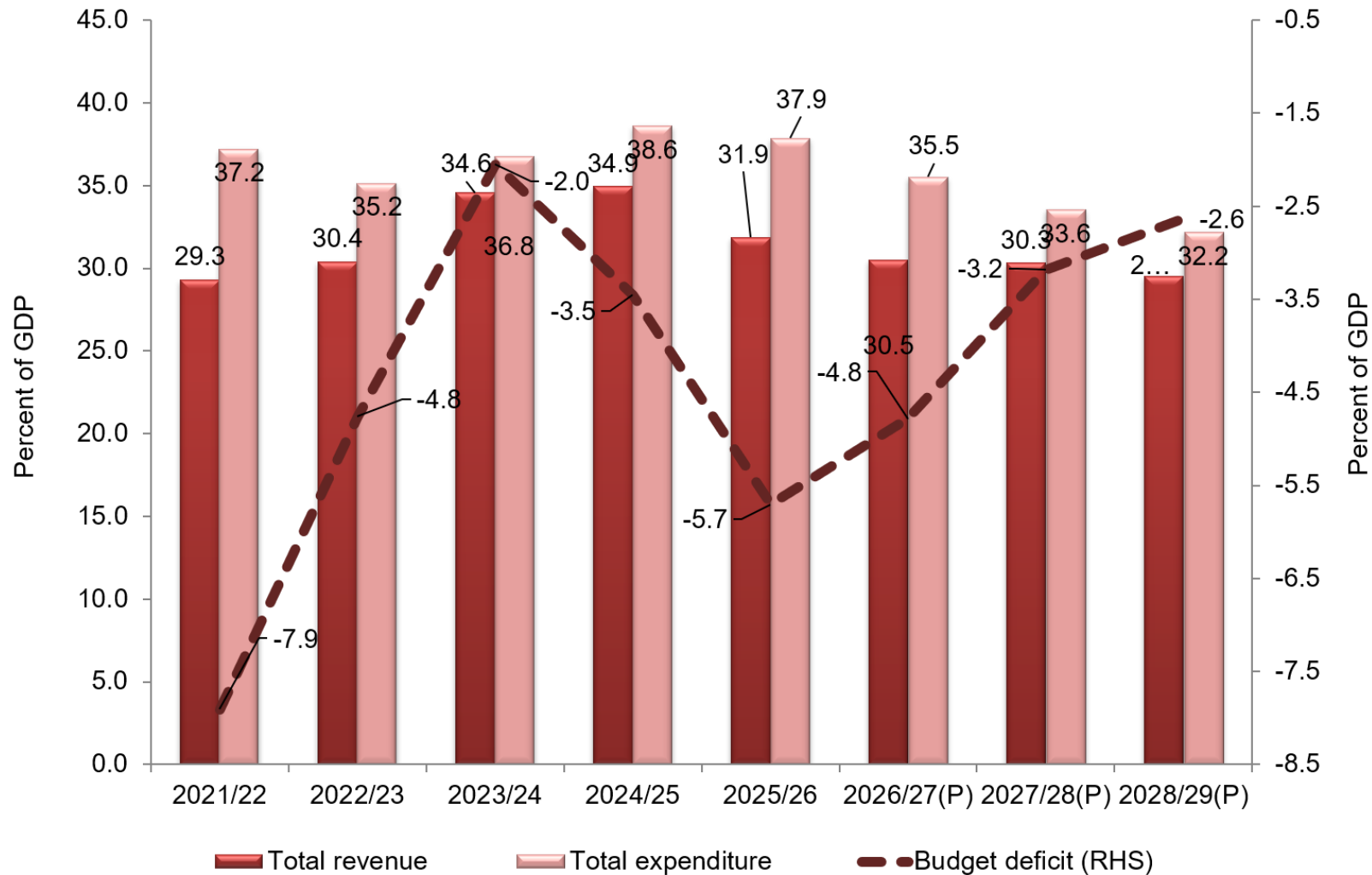
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Rhino resources has planned appraisal wells for 2026, in the Volans and Capricornus areas

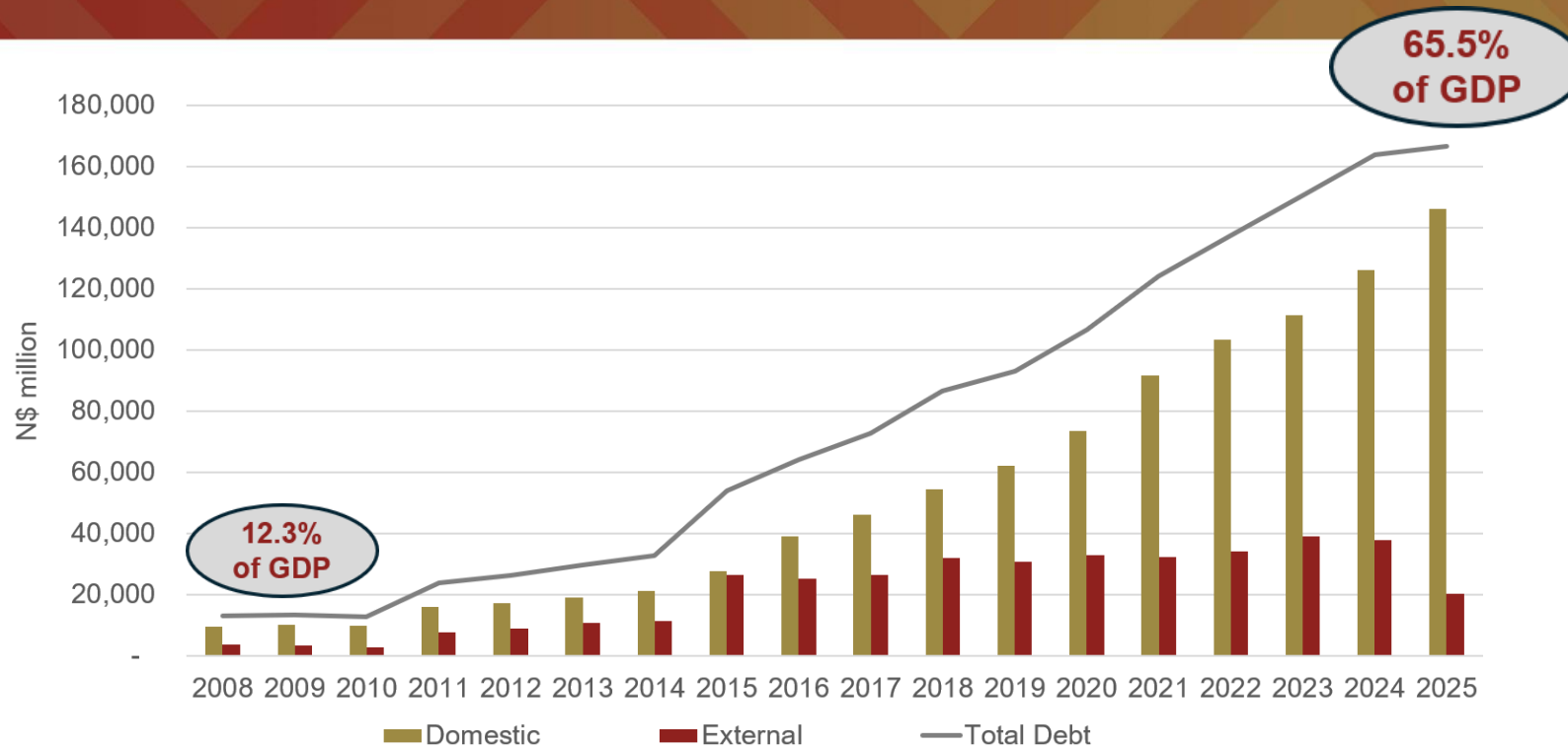
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Galp & TotalEnergies planning exploration(*1) and appraisal wells (*2) for 2026 and 2027, Mopane FID expected in 2028

▶ PUBLIC SECTOR



▶ PUBLIC SECTOR



- Government debt has increased more than 5-folds since 2008
- Debt is predominantly denominated in domestic currency
- Government deficit continues to increase
- Government cannot continue to borrow into perpetuity

- Scope to borrow dependent on fiscal position
- Waning appetite for government securities
- Urgently need economic growth – investments
- Limited fiscal buffers

EMERGING ISSUES



Emerging supervisory and regulatory issues: Oil and gas economy

OIL & GAS ECONOMY

1. Rising bank exposure to oil and gas financing.
2. Monitoring concentration risk and foreign capital inflows from offshore petroleum developments
3. Creating an enabling regulatory environment for banking sector participation and broader economic value creation

REGULATORY REFORMS TO ENABLE THE OIL AND GAS ECONOMY

1. Revision of Large Exposure Determination (BID-4): To manage concentration risk and strengthen banking sector resilience while enabling prudent participation in the oil and gas sector.
2. Revision of Minimum Capital Requirements (BID-5 and BID-5A): Ensure Banks maintain sufficient capital buffers before aggressively expanding into energy.
3. Explore the introduction of a Large Deals Determination: This determination may help regulate banks participate in these high-value transactions, mega-transactions, large infrastructure contracts and cross-border financing arrangements etc.

▶ Fees & Charges and Market Conduct

- Greater focus on fair customer treatment and consumer protection (**Regulation on unfair terms**).
- Strengthening governance, transparency, and responsible banking practices, such as **Disclosure of Bank Charges, Fees and Commissions (BID-13)**.
- Draft **Regulations on fees and charges** have been approved by the Bank and consultations with banking institutions
- The Bank also serves as a mediator between banking institutions and aggrieved customers through its **customer complaints division**.

Payment System Management Act, 2023 - The Bank may determine standards to ensure that **fees and charges** are in the public interest and promote competition and efficiency (s. 30(1) of PSM Act, 2023)

The Bank issued a consolidated legal framework to regulate fees and charges through the **Determination on Standards for Fees and Charges for Payment Services within the National Payment System (PSD-10)**. The Determination establishes standards governing fees and charges applicable to payment services, instant payments, including those relating to the Basic Bank Account.

High Profitability of Banks

1. Profitability must be balanced with fair pricing and consumer protection.
2. The Bank continues to monitor banking sector pricing and market conduct.

▶ BoN Gold Acquisition - Update



- Gold Introduced into Reserves: April 2026
- Two Tranches Acquired:
 - 15 April: 2 143.38 oz
 - 12 May: 2 143.38 oz

**Total Holdings:
4 286.76 oz**

- Value of Gold Holdings @ 20 May 2026
- NAD 320.9 million

Gold currently makes up 0.6 percent of Total Reserves

▶ Gold Industry Developments

Chart 1: Central banks buying remained elevated in Q1

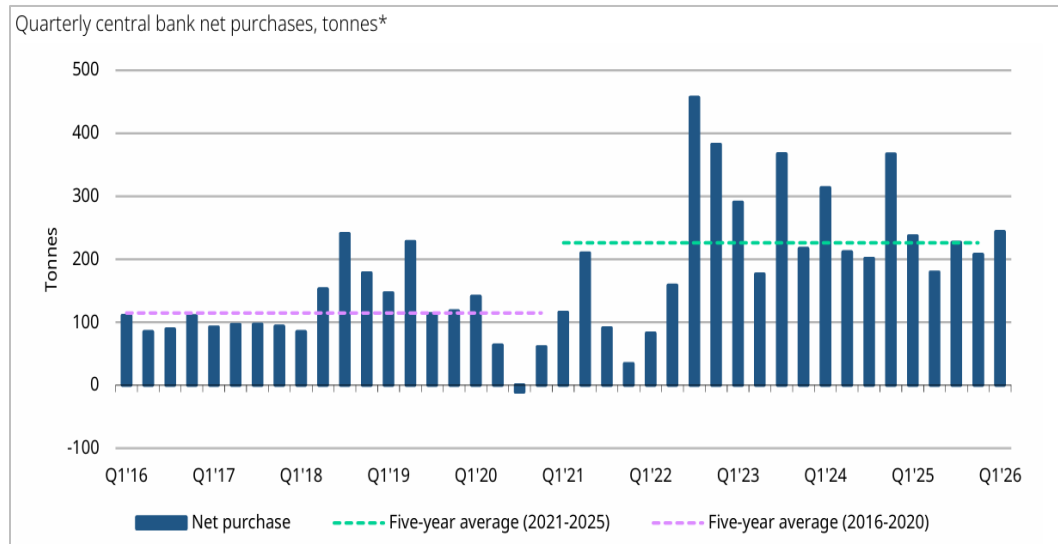
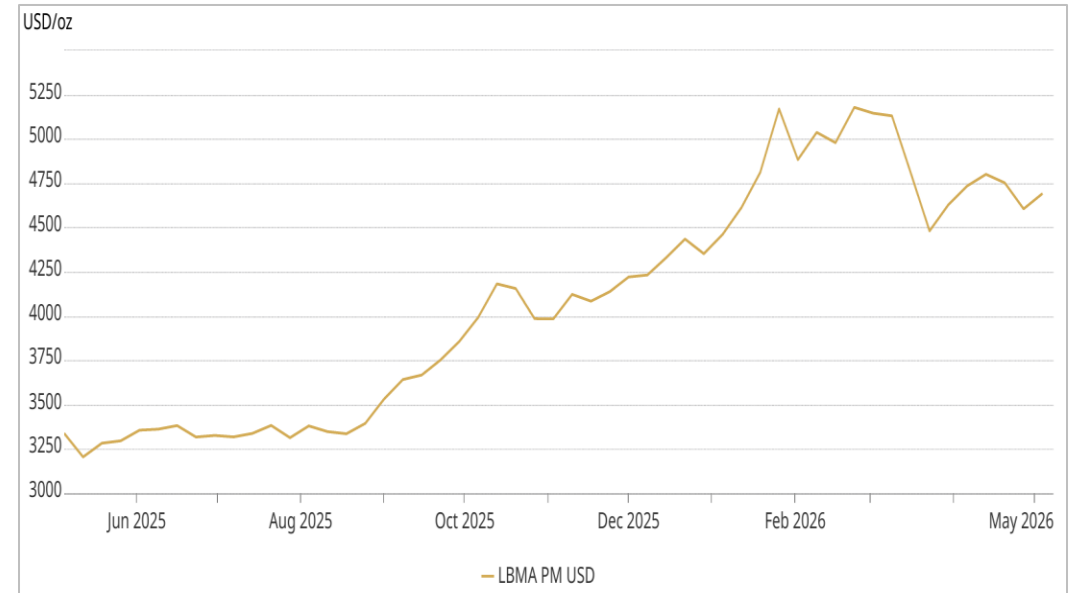


Chart 2: Gold Prices



- Central banks' gold demand remained robust for 1Q2026, with net purchases reaching 244 tonnes during the quarter, above both the previous quarter and the five-year average, reflecting continued reserve diversification efforts and sustained confidence in gold as a strategic store of value amid heightened geopolitical and geoeconomic uncertainty.

INSTANT PAYMENT SOLUTION



▶ INSTANT PAYMENT SOLUTION

A national initiative aimed at transforming access to financial services by enabling fast, affordable, and secure payments for all Namibians.

- Interoperable
- Government to Person
- Person-to-Person
- Business to Person
- Business-Business
- ATM Withdrawal functionality

Tailored features to meet local needs such as interoperability, affordability, and 24/7 accessibility.

The first use case expected to go live with Government-to-Person on 5 June 2026.

Other remaining use cases will be launched in November 2026

NAMIBIA'S SOVEREIGN WEALTH FUND



▶ NAMIBIA'S SOVEREIGN WEALTH FUND



The **Welwitschia Fund** was established in **2022** to enhance Namibia's resilience against **cyclical** and **external shocks** and **promote intergenerational prosperity** through the distribution of benefits from **natural resources**.



The Welwitschia Fund's **initial seed capital** of **USD 17.74 million/ NAD 282.68 million** was injected in early **2022**.

As of **30 April 2026**, the Fund has achieved an annualised return of **16.01 percent since inception**. This resulted in a total market value of **USD30.24 million/ NAD 511.25 million**.



- **Stabilisation Account:** Achieving short-term objectives pertaining to fiscal stability.
- **Intergenerational Savings Account-** geared towards the attainment of long-term intergenerational transfer of wealth earned mainly from Namibia's natural resources.



The **Sovereign Wealth Fund of Namibia Bill** is undergoing the **statutory approval** processes and is envisaged to be **tabled** in Parliament later in 2026 (likely Q3-Q4).

The **Ministry of Finance** has placed the custodian of the Fund with the **Bank of Namibia Board of Directors**.

BANKING SUPERVISION REPORT



PERFORMANCE OF THE BANKING SECTOR – MARCH 2026

The Banking Sector remains stable, sound, and adequately capitalized

Capital Adequacy

- Tier 1 15.5% (15.6%)
- Tier 2 1.7%(1.7%)
- CAR 17.2%(17.3%)

Credit Risk

- Total loans N\$ 131.0 billion (N\$ 129.3 billion)
- Non-performing loan 4.2% (4.3%)

Liquidity

- Liquidity Coverage 182.0 % (145.6%)
- Net Stable Funding 120.1% (116.5%)

Liquidity

- Fraud Volume 32 399 incidents (up from 3 766 incidents)
- Value N\$ 15.9 million (up from N\$ 11.9 million)

The increase in fraud incidents was primarily driven by a surge in disputed Google merchant transactions, including TikTok, Roblox, subscriptions, and in-app purchases, rather than a targeted BIN attack, resulting in higher attempted fraud volumes during Q1 2026.

▶ HOME AND VEHICLE LOANS REPAYMENT TERMS

Core Finding: In response to whether home-loan terms are commercial bank-determined or can be tailored to customer needs and affordability, the terms are not based on property value alone, but mainly on affordability, age/working life, income, repayment capacity, credit history, and risk policies. Customers may also request shorter terms where affordability permits.

Home Financing



Typical structure: Longer tenor
(often ~20 years, up to 30 years in some cases,
but shorter terms may also be chosen)

Purpose: Keep the monthly instalment affordable and sustainable over a long working life.

Vehicle Financing



Typical Structure: Longer tenor (commonly around 5 to 6 years)

Purpose: Match a shorter-term product and asset profile, same price as a house can mean a much higher monthly instalment.

Key Takeaway:



- **Same price does not mean same loan term. The key question is whether the monthly repayment is affordable and sustainable.**

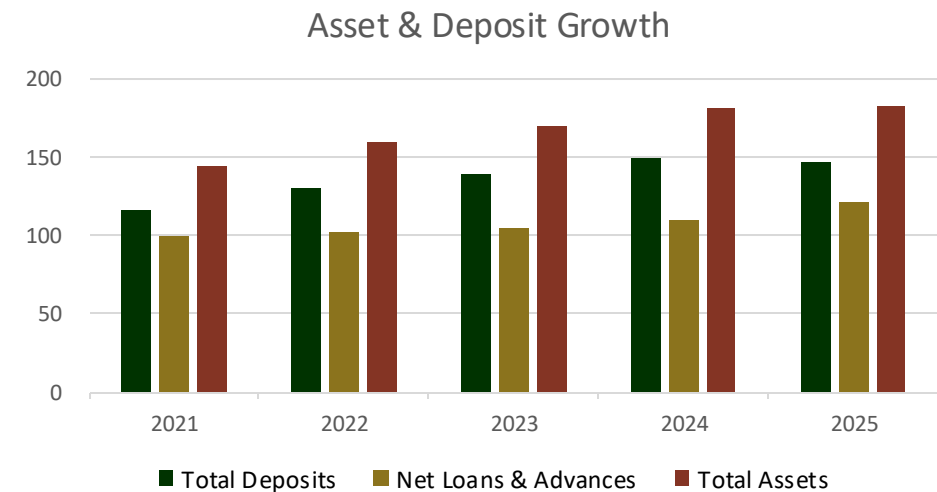
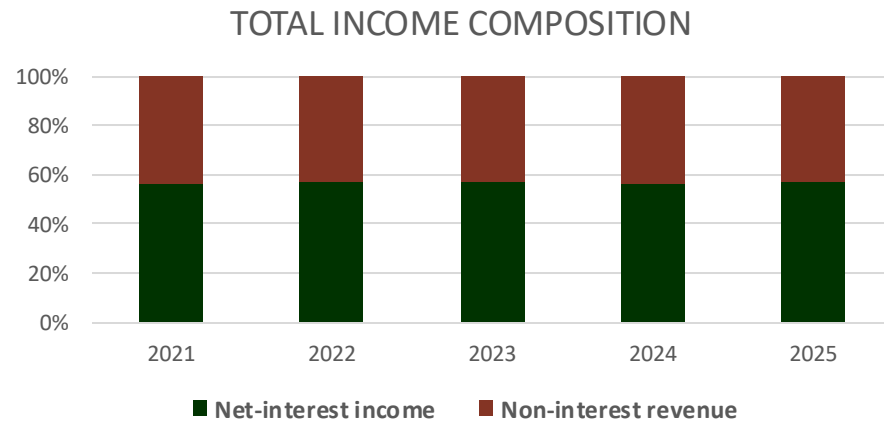
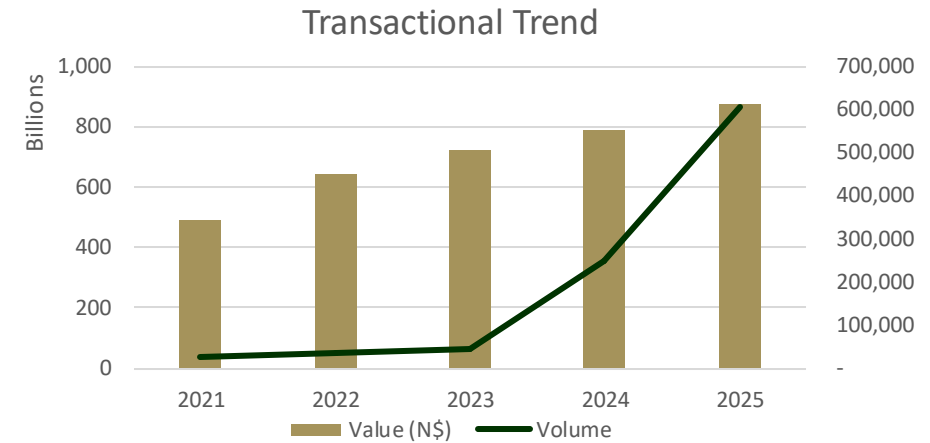
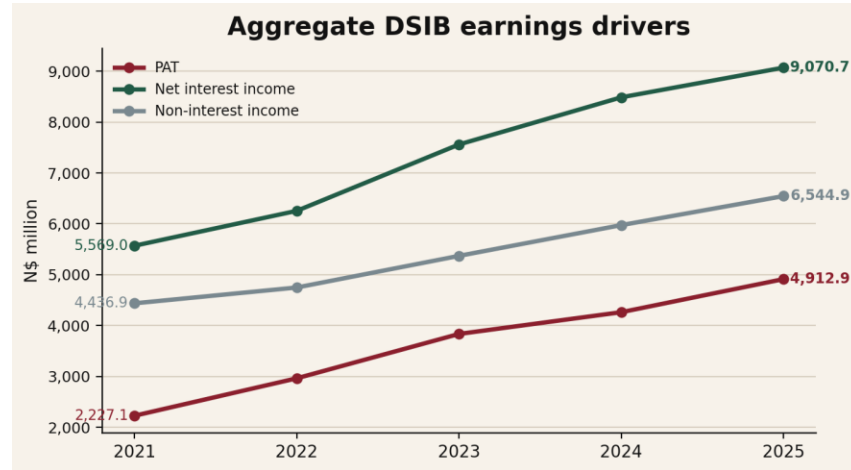
Consumer choice & safeguards



Customers can request shorter terms where affordability permits, some commercial banks allow extra repayments/prepaid facilities to reduce the effective loan term.

PROFITABILITY DRIVERS

Growth in profitability was supported by growth in transactional volume and value, as well as growth in total assets, including loans and advances.

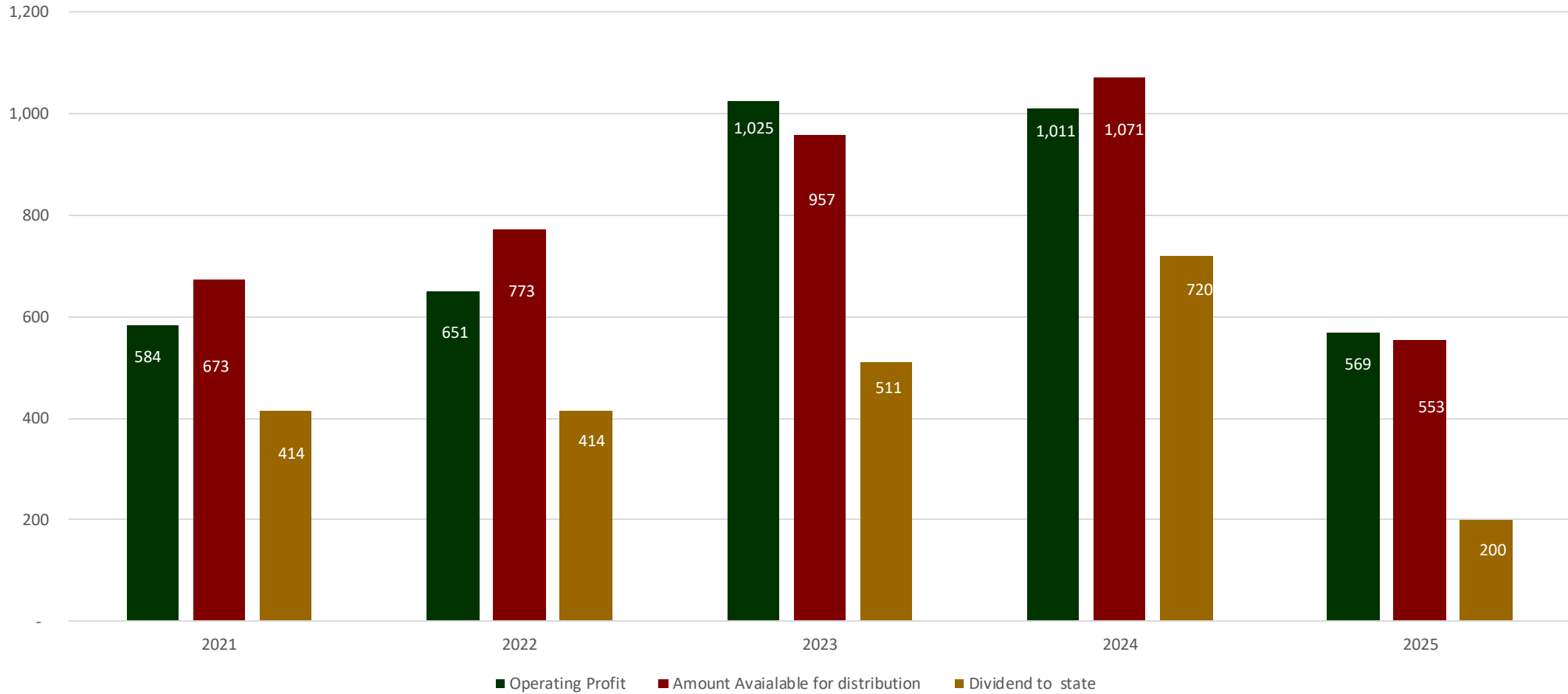


PERFORMANCE OF THE BANK



▶ PROFITABILITY DRIVERS

5 year Historic view in N\$ million at 31 December



▶ 2025 Financial Performance

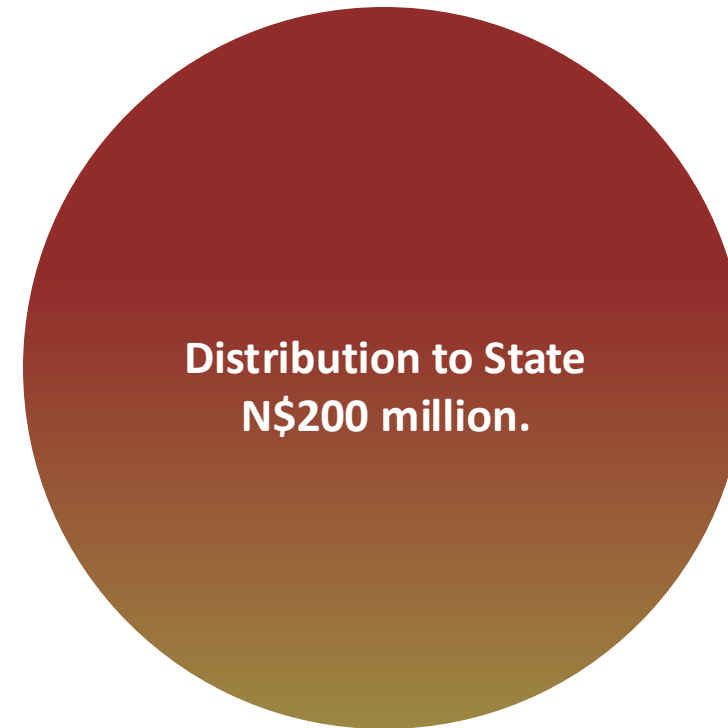
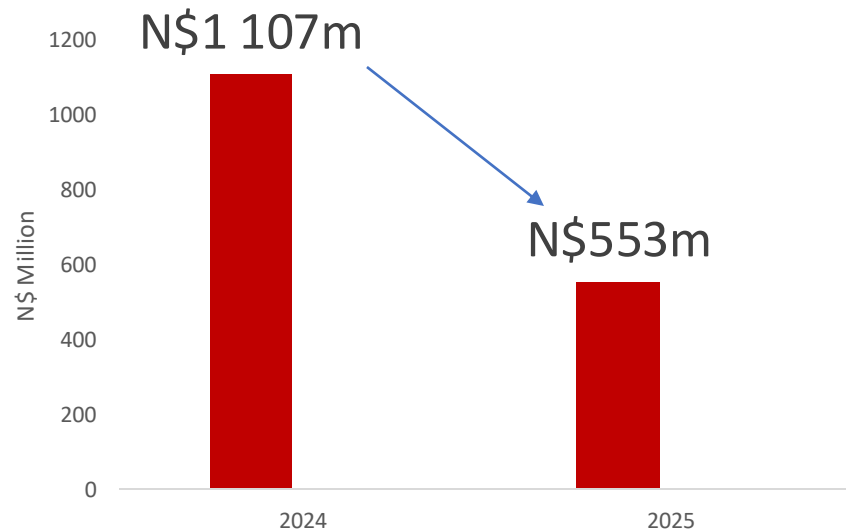
Interest Income ↓ 21%

N\$1.22 billion in 2024 to N\$963 million in 2025

Operating expenses ↑ 15%

from N\$741 million in 2024 to N\$849 million in 2025.

Amount Available for Distribution



▶ Bank of Namibia: A Force For Good



We recognise that economic transformation cannot be achieved in isolation.

That is why we are committed
To engage with government, policymakers, and financial
Institutions, businesses and the public to foster a resilient and
an inclusive financial system.



**THANK
YOU...**

