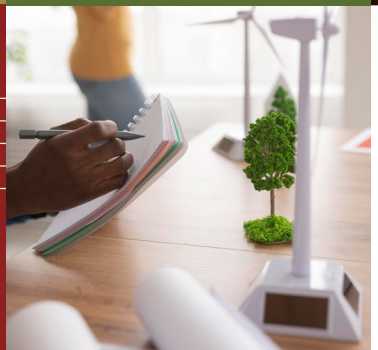
Bank of Namibia

ANNUAL REPORT 2025









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The Bank of Namibia Annual Report and Financial Statements for the financial year ended 31 December 2025 are prepared pursuant to section 67(1) of the Bank of Namibia Act (No. 1 of 2020).

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LIST OF **ABBREVIATIONS**

AE	Advanced Economy
AI	Artificial Intelligence
CCBG	Committee of Central Bank Governors
CEO	Chief Executive Officer
CMA	Common Monetary Area
CBDC	Central Bank Digital Currency
DPI	Digital Public Infrastructure
DSIB	Domestic Systemically Important Bank
EFT	Electronic Funds Transfer
EMDE	Emerging Market or Developing Economy
EU	European Union
FRAC	Finance, Risk And Audit Committee
FY	Financial Year
GDP	Gross Domestic Product
IFF	Illicit Financial Flow
IMF	International Monetary Fund
ISO	International Organization for Standardization
IT	Information Technology
ITGPC	Information Technology Governance and Projects Committee
M2	Broad Money Supply
MIT	Massachusetts Institute of Technology
MOC	Macroprudential Oversight Committee
MOF	Ministry of Finance
MPC	Monetary Policy Committee
MTEF	Medium-Term Expenditure Framework
NAB	Namibian Agronomic Board
NAD	Namibia Dollar
NAMFISA	Namibia Financial Institutions Supervisory Authority
NBFI	Non-Bank Financial Institution
NC A&T	North Carolina Agriculture and Technical State University
NamRA	Namibia Revenue Agency
NEER	Nominal Effective Exchange Rate
NFSTS	Namibia Financial Sector Transformation Strategy
NGFS	Network for Greening the Financial System
NISS	Namibia Interbank Settlement System
NPL	Non-Performing Loan
NSFA	Namibia Sustainable Finance Alliance

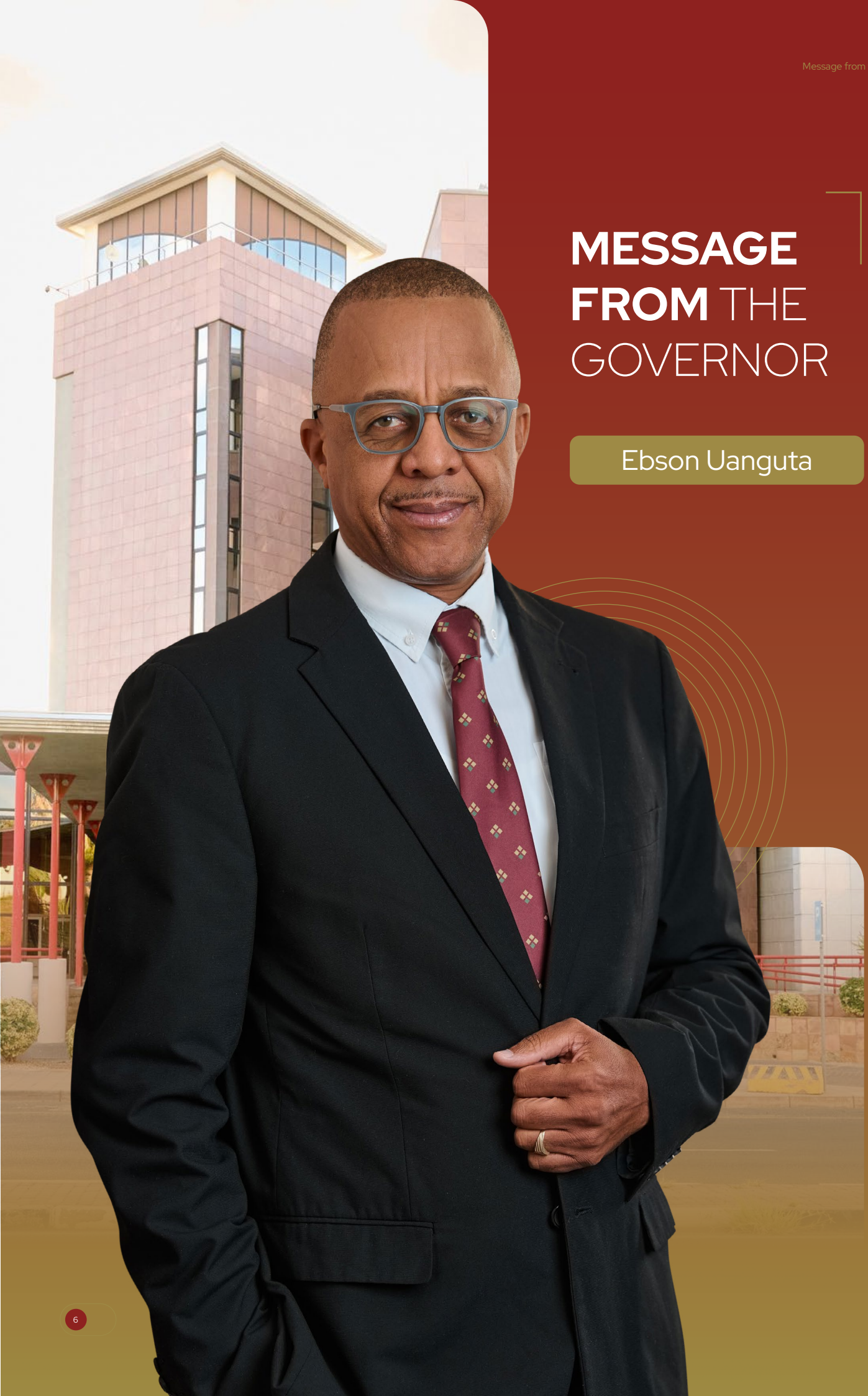
LIST OF ABBREVIATIONS

NPS	National Payment System
NSX	Namibia Securities Exchange
PoN/ NUST	Polytechnic of Namibia/Namibia University of Science and Technology
PSCE	Private Sector Credit Extension
REER	Real Effective Exchange Rate
RegNav	Regulatory Navigation
ROA	Return On Assets
ROE	Return On Equity
RTGS	Real-Time Gross Settlement
SACU	Southern African Customs Union
SADC	Southern African Development Community
SDG	Sustainable Development Goals
SME	Small or Medium-Sized Enterprise
Swift	Society for Worldwide Interbank Financial Telecommunication
TCIB	Transactions Cleared on an Immediate Basis
UK	United Kingdom
UN	United Nations
UNAM	University of Namibia
US(A)	United States (of America)
USD	US Dollar
ZAR	South African Rand



MESSAGE FROM THE GOVERNOR

Ebson Uanguta



Message from the Governor



Introduction

In accordance with section 67(1) of the Bank of Namibia Act (No. 1 of 2020), I am incredibly proud to present the 2025 Annual Report, which is my first edition since taking over as Governor. It is my distinct honour to serve this esteemed institution as it enters its 36th year, embracing a new chapter as its seventh Governor. This milestone signifies a strategic transition that combines continuity with a clear purpose. Together, we are reimagining the future of central banking in an economy experiencing unprecedented transformation since Namibia's Independence, and I am confident that, as a team, we are well-equipped for the challenge.

The year 2025 was marked by a growing call for central banks to enhance resilience through robust supervisory frameworks and better monetary policy tools amidst growing emerging risks and geo-economic uncertainties. Our existing tools and approaches were not spared from the challenges related to the rapid pace of technology adoption and fluctuating commodity prices. Furthermore, as a small, open economy, Namibia remains highly exposed to external shocks such as shifts in demand, changing trade patterns and financial flows. Thus, the observed potential growth in major Advanced Economies (AEs) and key Emerging Market and Developing Economies (EMDEs) continues to generate strong headwinds for Namibia, as it limits external demand. Managing these uncertainties requires that we adopt more agile, data-dependent strategies with robust scenario analysis to navigate an 'unknowable' future accompanied by continuous stakeholder engagement to align perspectives and expectations.

Reflecting on the Bank of Namibia's 35th anniversary

Having accomplished its 35th year anniversary, the Bank marked the moment for reflecting on how far it had come, and on the values that continue to define its purpose.

In terms of its mandate on price stability, the Bank of Namibia has, through prudent monetary policy, managed to reduce inflation from its peak of over 18 percent in the early 1990s to 3.5 percent in 2025. This achievement was underpinned by the continued maintenance of the currency peg of the Namibia Dollar to the South African Rand, complemented by appropriate monetary policy interventions. In this regard, the repo rate declined significantly from its peak of more than 18 percent on average in 1998 to 6.50 percent in December 2025. In particular, the Bank responded aptly to both external and internal inflationary pressures, most notably during the 2007/8 global financial crisis, and more recently during the coronavirus disease pandemic that broke out in December2019.

From the introduction of its own currency in 1993, Namibia has steadily built a sovereign, resilient and modern monetary system. With the first Namibia Dollar coins issued in 1993 and the full banknote series completed in 1996, currency in circulation expanded from N$200 million to N$5.94 billion in 2025 – a powerful reflection of the nation's economic growth, progress and the deepening confidence Namibians place in their currency, and the advancing sophistication of the cash cycle under the Bank's stewardship.

This nearly thirty-fold increase represents far more than rising volumes, it reflects the growth of institutional capability, national confidence and operational excellence. Over three decades, the Bank of Namibia has transformed a young currency into a secure, resilient and modern ecosystem that serves every Namibian with reliability and trust. This is how the Bank honours its responsibility to Namibia and her people, by ensuring that the country's currency remains a symbol of stability, confidence, dignity and national progress.

From those early issuances to the upgraded banknotes and new coinage introduced in 2025, Namibia's currency continues to evolve in security, durability and design. As the institution entrusted with this constitutional mandate, the Bank remains unwavering in safeguarding the integrity and quality of the Namibia Dollar, ensuring that every note and coin placed in the hands of the country's citizens reflects the pride, excellence and aspirations of the Namibian nation.

It is incumbent on us to recognise that central banks live and die by confidence and trust. Confidence and trust is earned in moments of uncertainty, tested in times of crisis, and sustained through disciplined, principled action. The Bank's operational credibility rests on the belief that its policies are technically sound, its leadership is independent and prudent, and the institution itself is durable, well-managed, future-focused and above external influence. In times of comfort, institutions may operate quietly; in times of strain, they are called on to stand firm. And history ultimately measures them by how they respond when stability is under threat.

Over the past 35 years, the Bank has grown into a modern, independent and well-governed institution that is measured by its resilience, transformation, and the steady pursuit of macroeconomic and financial stability. This progress is owed in large measure to my predecessors, Governor Tom Alweendo, Governor Iipumbu Shiimi and Governor Dr Johannes !Gawaxab, whose stewardship has laid a strong foundation, strengthened institutional governance, deepened technical capacity, and modernised Namibia's financial and payments architecture. Each Governor built upon the last, charged by different economic cycles, global shocks and domestic transitions, nonetheless ensuring that there was optimal continuity.

The Bank of Namibia's strength also lies in the calibre of leadership it cultivates. Over the past three decades, the institution has become a crucible for national leadership, producing trail-blazers who have gone on to helm institutions with powerful mandates across the public and the private sector. These individuals are a credit to the depth of discipline, technical competence and public service ethos forged within the Bank.

Moreover, the Bank has evolved its reserves accumulation strategy from a passive reliance on Southern African Customs Union (SACU) receipts and mineral exports to a more active, liability management approach. A significant shift occurred in the past decade, with the issuance of Namibia's inaugural Eurobond of US$500 million in 2011 and a subsequent issuance of US$750 million in 2015, which substantially bolstered the official foreign exchange reserve stock. To further diversify accumulation channels, over the past ten years, the Bank has effectively leveraged the country's financial markets through asset swap arrangements. By engaging with domestic institutional investors, the Bank has been able to direct foreign currency liquidity from the private sector into official reserves, thereby reducing reliance on external debt while simultaneously building a buffer against balance of payment shocks.

The investment performance of these reserves has been defined by resilience underpinned by a defensive positioning strategy that prioritises capital preservation and liquidity over aggressive yield-seeking. Maintaining a robust strategic asset allocation enables the Bank to successfully navigate periods of extreme global market volatility and domestic fiscal pressure. This resilience was most recently demonstrated during the successful redemption of the 2015 Eurobond in late 2025. Despite the significant outflow, the Bank's foresight in utilising a sinking fund and its prudent liquidity management ensured foreign reserves import cover above the international benchmarks, consequently preserving financial stability.

Year 1 of executing the Bank's Strategic Plan for 2025–2027

The past 12 months also heralded the implementation of the Bank's Strategic Plan for 2025–2027. At the heart of the Bank's Strategy, which is anchored in four strategic pillars and enabled by digital transformation and an organisational culture, are three key outcomes: building a smart central bank, fostering an inclusive and resilient financial system, and embracing a diversified economy. These outcomes form the cornerstone of the Banks' strategic direction, each reinforced by our strategic pillars and the critical enablers that will drive the institution's success.

With the guidance of its new Strategic Plan, several achievements were realised during the reporting year, allowing the Bank to sustain a strong strategic focus and execution excellence throughout 2025. Through disciplined execution and semesterly performance reviews, the Bank achieved 97.6 percent of its annual strategic targets. This is equivalent to 29.3 percent of the full three-year Plan, demonstrating a clear strategic direction. Insights from these semesterly reviews informed planning for 2026, strengthened by strategic workshops and updated scenario analysis that highlighted emerging risks and trends. A structured prioritisation exercise further ensured that resources for the year ahead will be directed toward the most impactful initiatives.

Currency management milestones

During the year under review, the Bank transformed the Namibian currency landscape by introducing upgraded banknotes and new coin series as well as a N$60 commemorative banknote in honour of the late President, HE Dr Hage G Geingob. The upgraded banknotes and new coin series simultaneously serve as the country's first comprehensive overhaul of all existing denominations. The respective upgraded and new currency series, integrating state-of-the-art security features, not only denote public trust but also stand as a symbol of the Bank's continued commitment to ensuring that the national currency is inclusive and sustainable, whilst meeting the nation's daily needs. With regard to the commemorative banknote, the N$60 serves to honour the values and transformative efforts of the late Dr Geingob and cements his legacy for present and future generations by paying homage to his years of service to the Namibian nation, before and after Independence.

Economic performance and developments

Global gross domestic product (GDP) registered steady growth in 2025 compared with 2024 and is projected to increase at a similar rate in 2026. World output rose at a pace of 3.3 percent in 2025, reflecting its rate in 2024. The growth was supported by technology-related investment, accommodative fiscal and monetary support, broadly accommodative financial conditions, and adaptability of the private sector. Looking ahead, global growth is anticipated to slow to 3.2 percent in 2027 as the underlying structural challenges such as elevated public debt and geopolitical uncertainties begin to weigh more noticeably on economic activity.

Risks to the forecast remain tilted toward weaker outcomes and encompass commercial and geopolitical frictions. In this regard, trade disputes may escalate, extending uncertainty and exerting further strain on economic performance. In addition, geopolitical conflicts could flare up, adding fresh layers of unpredictability and unsettling the global economy through their effects on financial markets, production networks and commodity costs. Expanding fiscal imbalances and elevated government indebtedness may also drive up long-term interest rates and, consequently, tighten overall financial conditions.

Global inflation decreased in 2025 relative to 2024 and is forecast to decelerate further in 2026 and 2027 to conform to inflation targets. Global headline inflation declined to 4.1 percent in 2025, from with 5.8 percent in 2024, mainly ascribed to a fall in energy prices. Going forward, world inflation is forecasted to continue its gradual decline, easing further to 3.8 percent in 2026 and 3.4 percent in 2027, supported by moderating global price pressures and steady policy normalisation. The decline in inflation is also expected to be driven by softer global demand and lower energy prices. Additionally, the moderation reflects cooler labour markets and the gradual easing of earlier supply chain adjustments following global trade tensions. Key risks that could drive inflation upwards include an escalation of geopolitical tensions, renewed supply chain disruptions and the potential de-anchoring of inflation expectations.

During 2025, real GDP growth in Namibia slowed as weaker activity in the primary industry constrains overall output, while positive growth in the secondary and tertiary industries sustained the growth. Real GDP growth for 2025 slowed to 1.7 percent, down from 3.8 percent in 2024, driven largely by contractions in the primary industry. In the primary industry, agriculture declined due to farmer restocking activities, while mining and quarrying weakened on the back of reduced global demand for natural diamonds. In the secondary industry, the manufacturing sector also contracted, with notable declines in basic non-ferrous metals, meat processing, and diamond processing. Partial offsets came from strong growth in electricity, water, and construction. The tertiary industry remained resilient, sustaining overall growth through increased activity in wholesale and retail, transport, communication, public administration, defence and health services, with hotels and restaurants and finance also recording steady positive performances.

Despite these challenges, the tertiary sector remained resilient, supporting overall growth through increased activity in trade, transport, public administration, health, and other services. Further support was provided by consistent positive performances in sectors such as hotels and accommodation, finance and insurance, health, and public administration and defence during the review period.

Domestic headline inflation slowed in 2025 in relation to 2024. Namibia's headline inflation decelerated throughout 2025, averaging 3.5 percent against its 2024 level of 4.2 percent. This downward trend was primarily driven by a reduction in transport inflation, supported by declining global crude oil prices and the strengthening of the domestic currency. Furthermore, moderating price pressures in the housing, alcoholic beverages and tobacco categories exacerbated the slowing trend. Moreover, despite a robust domestic harvest in 2025, food inflation remained stagnant at 5.2 percent, effectively moderating the broader decline in the consumer price index.

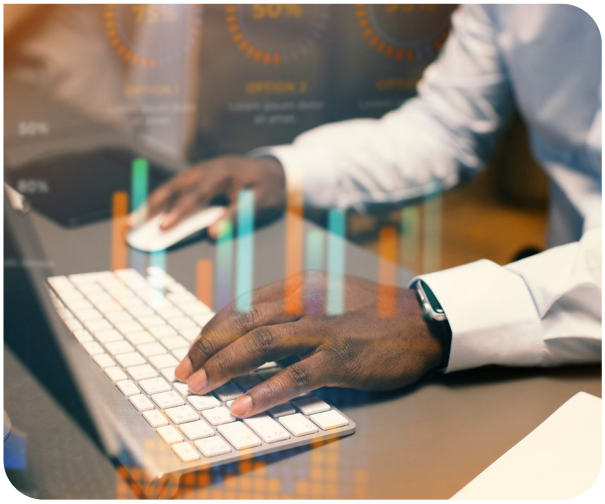
In line with Namibia's membership in the CMA, July 2025 saw the Bank conducting a quantitative analysis of what the potential change in the South African Reserve Bank's inflation target would mean for Namibia's GDP and monetary policy. The findings indicated that South Africa's adoption of a 3 percent inflation target would result in a lower projected path for inflation and the repo rate in Namibia, compared with the previous de-facto target of 4.5 percent at the midpoint of the previous 3–6 percent range. The results also suggested that the new target would marginally constrain real GDP growth in the short run. Overall, the study concluded that the new target would enhance welfare and macroeconomic stability for Namibia over the medium term. Nonetheless, to minimise potential output losses, the study recommended that the Bank enhance its communication efforts. This would strengthen central bank credibility, thereby effectively anchoring inflation expectations around the new target.

The period under review also saw the Bank maintain a relatively accommodative monetary policy stance, primarily to support the domestic economy, while safeguarding the Namibia Dollar's peg to the South African Rand. Consistent with disinflationary pressures, a benign inflation outlook, sufficient levels of foreign reserves, and the subdued level of economic activity, the Bank's Monetary Policy Committee reduced the repo rate by a cumulative 50 basis points, bringing it to 6.50 percent by year-end. The stance was aligned with the easing path for global monetary policies, including in South Africa. To provide further support to the domestic economy, the Bank deployed an additional monetary policy measure that directed commercial banks to reduce their lending rates by 25 basis points over six months through December 2025. Specifically, commercial banks were mandated to reduce their lending rates by 12.5 basis points by 30 September 2025 and again by 31 December 2025. These adjustments narrowed the spread between Namibia's prime and repo rates at year-end from 3.75 percent to 3.50 percent, thus aligning the spread with those of its peers in the Common Monetary Area.

The reporting year also reflected credit aggregates recording moderately higher growth, supported by an increase in credit extended to the corporate sector. Growth in private sector credit extension edged slightly higher in 2025, to an annual growth rate of 4.4 percent from 4.0 percent that prevailed in 2024, driven by somewhat higher credit demand from the business sector. The higher demand for credit was partly due to easier monetary conditions in 2025. Meanwhile, growth in broad money supply slowed, decelerating from 9.7 percent in 2024 to 6.5 percent during the period under review, alongside a moderation in both real income and inflation.

The Central Government's budget deficit for FY2025/26 is set to widen compared to the estimate presented in the October 2025 mid-year budget, while Government debt remains above the Southern African Development Community (SADC) benchmark. According to the 2026/27 budget statement tabled in February 2026, the deficit is now estimated at 6.6 percent of GDP, up from the earlier projection of 5.9 percent in the October 2025 mid-year review. The deterioration reflects lower-than-expected revenue collections, particularly in individual income tax, diamond company taxes, value-added tax (VAT), and withholding tax on interest. Meanwhile, total debt as a percentage of GDP stood at 64.0 percent at the end of December 2025 and is anticipated to reach 65.9 percent of GDP over the Medium-term Expenditure Framework.

The financial account inflows excluding reserves were insufficient to fully cover the current account deficit, resulting in a drawdown of international reserves. As a percentage of GDP the current account deficit narrowed to 13.1 percent in 2025 from 14.9 percent recorded in 2024. This was primarily due to a lower merchandise trade deficit, driven by notably higher export receipts alongside only a slight increase in imports. Nonetheless, the financial account non-reserve-related inflows were unable to cover the current account deficit adequately, which ultimately led to a drawdown of international reserves.



The banking sector remained resilient and stable during 2025, supported by strong capital positions, sustained profitability and sound liquidity management. Capital buffers continued to offer adequate loss-absorbing capacity and enabled measured balance sheet expansion, while earnings performance was reinforced by stable core banking activities. Asset quality improved further, reflecting prudent credit risk practices and effective recovery efforts. Moreover, provisioning levels remained adequate and aligned with regulatory expectations, underscoring the sector's resilience to macro-financial shocks. Liquidity conditions were also favourable owing to their underpinning by sufficient holdings of high-quality liquid assets. Overall, the sector maintained a stable risk profile and continued to support the flow of credit to the real economy under the prevailing challenging economic conditions.

A similar picture emerged for the non-bank financial institutions sector, which maintained its resilience and steady expansion throughout 2025. This was underpinned by solid investment performance, robust regulatory compliance, and sustained demand across its various segments. Notably, the retirement fund and long-term insurance subsectors achieved positive returns on investments, supported by favourable market conditions. Pension funds, long-term insurers and collective investment schemes continued to dominate the industry, jointly accounting for more than 91 percent of its total assets.

Modernising the payment system

Over the past financial reporting year, the Bank advanced the modernisation of Namibia's financial ecosystem through key regulatory and strategic reforms. This included the issuance of the Open Banking and the Namibia Quick Response Code (NAMQR) Standards in the National Payment System. Together, these Standards aim to promote interoperability, competition and innovation through secure data-sharing and standardised QR-based acceptance, thereby expanding consumer choice and enabling seamless digital payments.

Finally, as the National Payment System Vision and Strategy (2021–2025) concluded, the Bank began transitioning to the new National Payment System Vision 2030 by way of its flagship Payments Thought Leadership Event as well as a consumer payment behaviour survey and industry workshops.

Managing foreign reserves

Despite the successful redemption of the Eurobond during 2025, Namibia's foreign exchange reserves remained sufficient to support international trade, the Namibia Dollar's peg to the South African Rand, and retain confidence in the domestic economy. Foreign exchange reserves declined from N$63.0 billion at the end of 2024 and settled at N$52 billion by the end of 2025. The import cover declined from 4.2 months in 2024 and settled at 3.3 months by 31 December of the reporting year. The decline in the foreign reserve stock was driven by lower SACU receipts, a stronger exchange rate and the redemption of the Eurobond in October 2025. Given elevated global fiscal debt vulnerabilities, Namibia needed to demonstrate its commitment to investors and reputation as one of the top-rated debt issuers on the continent. Looking ahead, foreign reserves are expected to stabilise at current levels and remain supportive of the country's strategic macroeconomic objectives.

Transforming to digital modes

The Bank's digital transformation efforts during the reporting period supported its Strategic Plan as a key enabler, strengthening its Future-fit Organisational Efficiency and Effectiveness pillar, particularly the commitment to deliver responsive and innovative solutions. The focus was practical, addressing how information is captured, connected and used so that decisions are faster, more consistent and grounded in trusted data.

A central priority to this end was building stronger data foundations. Progress took the form of developing a Central Data Repository to consolidate key information into a single, trusted environment, supported by improved data definitions and stronger data quality. In parallel, the economic data platform continued to mature. This platform consolidates the Bank's ability to draw together priority data sets in a way that enhances analysis, policy discussions and reporting.

The Bank also advanced the careful and strategic use of artificial intelligence (AI) to support analysis of huge data sets and generate instant insights. Work on Inflation Nowcasting strengthens short-term assessment through enhanced dashboards and machine-assisted forecasting capacities, while its regulatory navigation (RegNav) Tool improves access to regulatory guidance by helping relevant stakeholders find the information they need more efficiently and consistently, supported by traceability to official source documents. Together, these initiatives reflect a deliberate approach: first build strong data capabilities, then apply AI to priority-use cases that improve effectiveness, transparency and service delivery in line with the Bank's Strategy.

Advancing development of the financial sector

During the year under review, the Bank of Namibia strengthened its role as coordinator of the financial sector ecosystem through the launch of the Namibia Financial Sector Transformation Strategy (NFSTS) 2025–2035. The NFSTS sets out a forward-looking reform agenda anchored in financial inclusion, sustainability, competitiveness and resilience, ensuring that the sector remains responsive to structural shifts in the domestic and global environment. Its action plan is now operational, guided by clear institutional accountability under the Financial Sector Council and supported by the Council's Advisory Body. Through this coordinated framework, the Bank aligns its policy, regulation and industry action to foster economic growth, expand access to finance and unlock employment opportunities.

Moreover, Namibia's hosting of the Global Policy Forum in 2025 underscores its rising global stature and credible financial sector reforms. Namibia's hosting of the Alliance for Financial Inclusion's 2025 Global Policy Forum, which drew 712 participants, including Governors and other policymakers from across the world, further underscored Namibia's growing international positioning and affirmed the credibility of its financial sector reform agenda.



Enhancing sustainability

The Bank of Namibia recognises that climate change and environmental degradation pose material and systemic risks to macroeconomic stability, financial soundness, and long-term development. In response, the Bank approved its Sustainability Strategy in 2025, establishing a medium-term framework to embed climate and sustainability considerations into its mandate and operations. This reflects a clear institutional position: that managing climate-related risks is integral to preserving stability and strengthening financial system resilience. To operationalise this, the Bank issued Climate-related Financial Risks and Disclosure Requirements Guidelines under the Banking Institutions Act (No. 13 of 2023), effective 1 July 2025, requiring banking institutions to develop robust frameworks for identifying, assessing, managing, and disclosing climate-related financial risks.

Complementing this regulatory progress, the Bank launched the Namibia Sustainable Finance Alliance, a voluntary multi-stakeholder platform bringing together regulators, financial institutions, and industry associations to advance sustainable finance, strengthen climate resilience, and support inclusive growth. The Alliance promotes coordinated action, capacity-building, and improved climate risk data and analytics across the financial system. In parallel, the Bank is at an advanced stage of developing a national Sustainable Finance Strategy, with a strong emphasis on inclusive green finance as a practical tool to enhance resilience to environmental and economic shocks. The Strategy has been extensively consulted with key stakeholders to ensure practicality, shared ownership, and alignment with the realities of Namibia's financial sector, in line with the broader vision of a resilient, inclusive, and sustainable financial system.

Managing and engaging with people

During the reporting year, the Bank deepened its culture to embrace Agility, Collaboration and Trust (ACT) while continuing to invest in its people. In doing so, it delivered 1,099 learning interventions, up from 727 the previous year, and enabled 56 leaders to attend programmes at flagship institutions. In addition, a total of 31 employees completed their formal studies during 2025. Through expanded wellness support, talent mobility initiatives, international partnerships and constructive engagement with stakeholders, including the Employee Liaison Forum and the Namibia Financial Institutions Union, the Bank strengthened its position as an employer of choice and built a resilient, future-ready workforce to advance its 2025–2027 Strategic Plan.



Bank's financial performance

During the 2025 financial year, despite volatility and uncertainty in global politics, the Bank's financial performance continued to impress, exceeding targets set in the business plan. The Bank recorded an operating profit of N$569 million in 2025 and an amount available for distribution of N$553 million, which outperformed the planned targets.

The decline in global inflation, the weakening of the US Dollar, the redemption of the Eurobond, and the Bank's continued fulfilment of its mandate, namely currency issuance, reserve management, and the advancement of financial inclusion, collectively contributed to a reduction in the Bank's operating profit for the 2025 financial year. As a result, profits designated for distribution fell by 50%, from N$1.107 billion in 2024 to N$553 million in 2025. Consequently, the Bank will distribute a dividend of N$200 million to the Government for the 2025 financial year (2024: N$720 million).

The value of the Bank's total assets declined in 2025, compared to 2024. Total assets declined by 13 percent, year on year, decreasing from N$71 billion in 2024 to N$62 billion in 2025. This reduction is largely attributable to the redemption of Eurobonds and the strengthening of the Namibian Dollar against the US Dollar.

Looking ahead

As Namibia moves into 2026 and beyond, there are three critical elements the Bank will incorporate to support it in carrying out its mandate:

(i) building a knowledge-based institution by implementing and fostering robust knowledge-sharing and collaborative tools across internal and external stakeholders to shape policy discussion and support national priorities;

(ii) strengthening capacity-building efforts and fostering new partnerships with strategic central banks for secondment and exchange programmes; and

(iii) aligning the central bank with the new emerging economy. The Bank's Culture Statement will remain squarely aligned not only with its own Values, but also with the ethical standards expected of central bankers worldwide.

Therefore, when I assumed the responsibility of Governor of the Bank of Namibia, entrusted to me by HE Dr Netumbo Nandi-Ndaitwah, President of the Republic of Namibia, I did so fully conscious that leadership of a central bank is exercised in the service of intergenerational prosperity. I committed myself to safeguarding the credibility painstakingly built over three-and-a-half decades while preparing the institution for a more complex economic future. My tenure will thus focus on strengthening resilience and sharpening institutional agility, guided by the theme "Marching with a clear purpose, while aligning the central bank for the New Economy".



Closing remarks

In conclusion, I wish to thank the Board of Directors, Management and all Bank staff for delivering on the Bank's mandate with unwavering resolve in 2025.
I am confident that, as a team, we will continue striving to advance policies that will support the sustainable growth and long-term prosperity of all Namibians.

Ebson Uanguta
GOVERNOR



2025 ANNUAL REPORT

DASHBOARD

Strategy Execusion

Purpose Pillar Overall Performance

2024	2025
96.0%	95.7%

Stakeholder Engagement Pillar Overall Performance

2024	2025
98.0%	99.1

Talent and Transformation Pillar Overall Performance

2024	2025
97.0%	97.5%

Future-fit Organisation Efficiency and Effectiveness Pillar Overall Performance

2024	2025
96.0%	98.8%

Digital Transformation Enabler Overall Performance

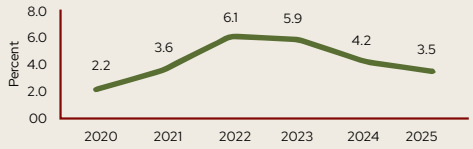
2024	2025
93.0%	95.7%

Organisational Culture Enabler Overall Performance

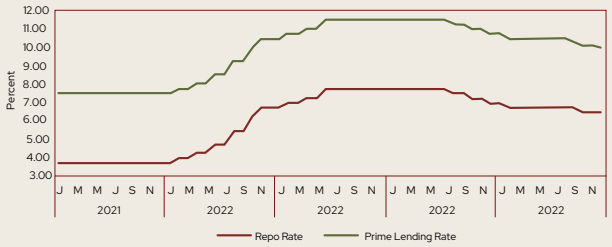
2025
97.8

Price Stability

Namibia Inflation (%)



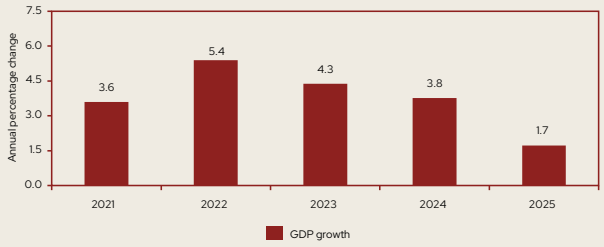
Interest rate (%)



Foreign Reserves (N$ billion)



Gross Domestic Product (%)



Financial Stability

Capital Adequacy (%)

0.3%

2024	2025
17.0%	17.3%

Liquidity Coverage Ratio (%)

-18.0%

2024	2025
163.6%	145.6%

Non-Perfoming Loans Ratio (%)

-1.3%

2024	2025
5.6%	4.3%

Net Stable Funding Ratio (%)

5.0%

2024	2025
111.5%	116.5%

Currency

Currency in circulation (N$ billion)

5.4%

2024	2025
5.6	5.9

Financial Outcomes

Government Divident (N$ million)

72%

2024	2025
720 mill	200 mill

Stakeholder Engagement





OPERATIONS AND AFFAIRS OF THE BANK

PART A

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PART A

OPERATIONS AND AFFAIR OF THE BANK

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BANK OF NAMIBIA **CORPORATE CHARTER**

MISSION

Support sustainable economic development through effective monetary policy and an inclusive and stable financial system for the benefit of all Namibians.

VISION

To be a leading central bank committed to a prosperous Namibia.

VALUES

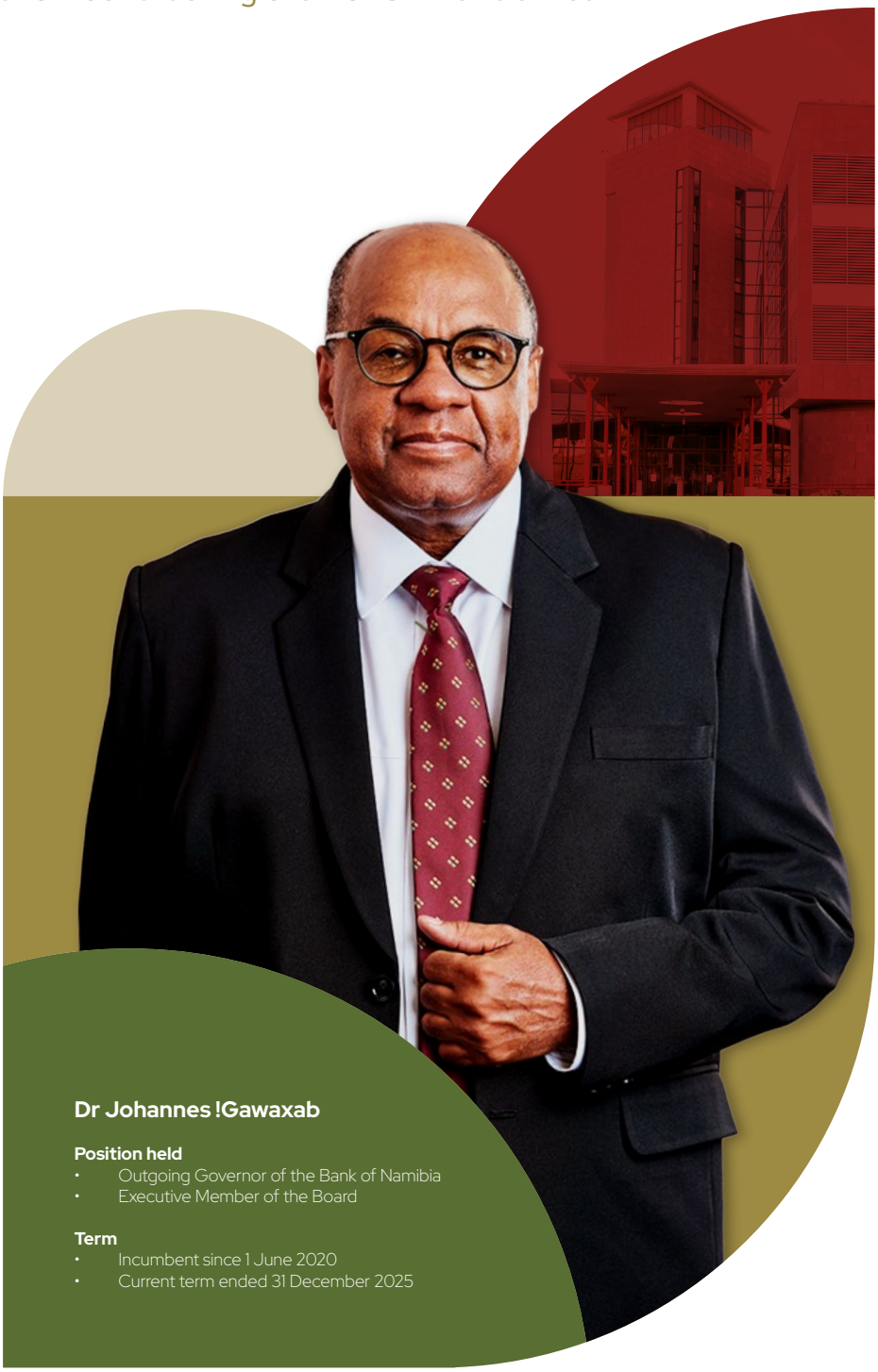
- Act with integrity
- Lead through innovation
- We care
- Open engagement
- Performance excellence
- Embrace diversity

CULTURE STATEMENT

Embracing **Agility**, **Collaboration** and **Trust** (ACT)

ORGANISATIONAL STRUCTURE OF THE BANK OF NAMIBIA

Members of the Board during the 2025 Financial Year



Dr Johannes !Gawaxab

Position held
- Outgoing Governor of the Bank of Namibia
- Executive Member of the Board

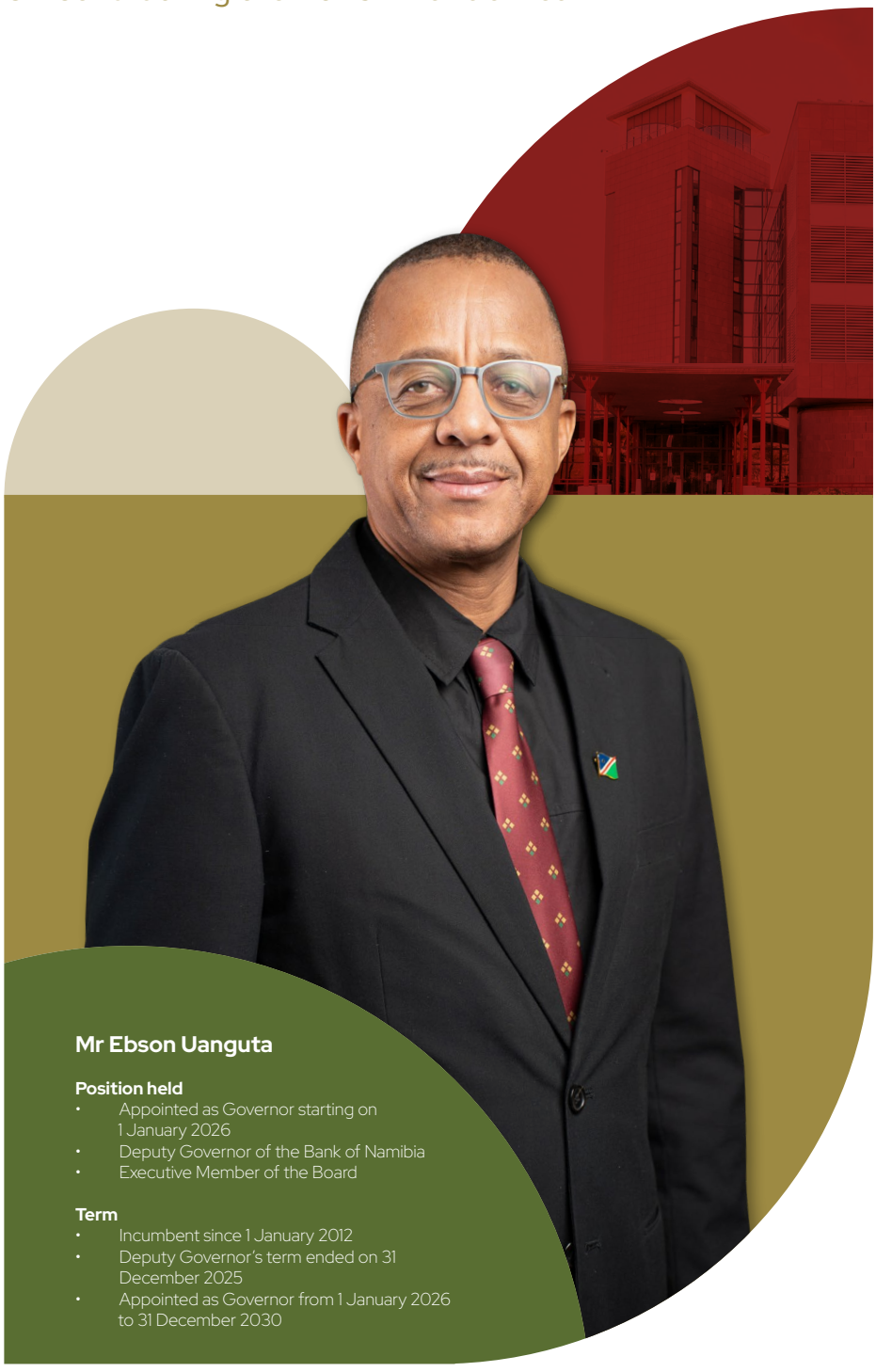
Term
- Incumbent since 1 June 2020
- Current term ended 31 December 2025

Qualifications
- Doctor of Philosophy (PhD) in Economics (University of Cape Town)
- Bachelor of Arts (BA) and Master of Business Leadership (University of South Africa/UNISA)
- Master of Arts (MA) (Graduate Business School, Kingston)
- Certificate in Global Leadership (London School of Business)
- Advanced Management Program (Harvard Business School)

Years of Experience
- 48

Expertise
- Financial services
- Finance
- Financial economics
- Central banking
- Investments
- Governance

Members of the Board during the 2025 Financial Year



Mr Ebson Uanguta

Position held
- Appointed as Governor starting on 1 January 2026
- Deputy Governor of the Bank of Namibia
- Executive Member of the Board

Term
- Incumbent since 1 January 2012
- Deputy Governor's term ended on 31 December 2025
- Appointed as Governor from 1 January 2026 to 31 December 2030

Qualifications
- Master of Science (MSc) in Economic Policy Analysis (Addis Ababa University)
- Bachelor of Economics (BEcon) (University of Namibia/UNAM)
- Advanced Management Program (Harvard Business School)
- Senior Executive Fellow (Harvard Kennedy School of Government)
- Senior Management Programme (University of Stellenbosch)
- Project Management Programme (University of Stellenbosch)

Years of Experience
- 30

Expertise
- Financial services
- Finance
- Financial economics
- Central banking
- Investments
- Governance

Members of the Board during the 2025 Financial Year



Ms Leonie Dunn

Position held
- Deputy Governor of the Bank of Namibia
- Executive Member of the Board

Term
- Incumbent since 1 January 2021
- Current term ends 31 December 2026

Qualifications
- Master of Laws (LLM) with specialisation in Commercial Law (cum laude) (Cardiff University)
- Bachelor of Laws (LLB) (University of Stellenbosch)
- BA Law (University of Stellenbosch)
- Admitted Legal Practitioner of the High Court and the Supreme Court of Namibia
- Women in Leadership Development (University of Washington)
- International Executive Development Programme (Wits Business School & London Business School)
- International Leaders Programme (Foreign, Commonwealth and Development Office, United Kingdom)
- Advanced Management Program (Harvard Business School)
- Chevening Fellow

Years of Experience
- 28

Expertise
- Commercial, civil, criminal and administrative law
- Financial services regulation
- Financial market integrity
- Anti-money laundering / counter-terrorism financing / counter-proliferation financing compliance: monitoring, supervision, administrative enforcement and strategic analyses
- Financial intelligence unit strategic leadership
- Central banking
- Prudential and market conduct regulation
- Financial stability and macroprudential oversight



Dr Michael Humavindu

Position held
- Ex-officio Member of the Board
- Executive Director of the Ministry of Finance

Term
- Incumbent since 1 June 2025
- Current term ended 31 December 2025

Qualifications
- PhD Econ (University of Umeå)
- MSc Finance and Investment (University of Durham)
- MA Econ (University of Stellenbosch)
- BA Hons Econ ((University of Stellenbosch)
- Postgraduate Diploma in Environmental Economics (University of London)
- BA Econ (UNAM)

Years of Experience
- 28

Expertise
- Financial economics
- Economic policy research
- Finance
- Leadership and corporate governance



Ms Rika Pretorius

Position held
- Non-executive Member of the Board
- Chairperson of the Finance, Risk and Audit Committee
- Member of the Information Technology (IT) Governance and Projects Committee

Term
- Incumbent since 1 April 2022
- Current term ends 31 March 2027

Qualifications
- MComm in Forensic Accounting (North-West University)
- BComm Hons Acc Science (UNISA)
- Chartered Accountant (CA) (Namibia)
- CA (South Africa)

Years of Experience
- 19

Expertise
- Financial management
- Auditing

Members of the Board during the 2025 Financial Year



Mr Ehrenfried Meroro

Position held
- Non-executive Member of the Board
- Member of the Finance, Risk and Audit Committee
- Chairperson of the Remuneration Committee
- Member of the IT Governance and Projects Committee

Term
- Incumbent since 1 February 2019
- Term ended 31 December 2023, renewed to 31 December 2028

Qualifications
- MSc Economics (NC A&T)
- BSc Economics (NC A&T)
- Economic Analysis of Structural Adjustments (World Bank)
- Financial Programming and Analysis (IMF)
- Senior Management Programme (University of Stellenbosch)
- Advanced Course for Research Economists (Switzerland)
- Risk Management Training (Intuition Web)

Years of Experience
- 33

Expertise
- Risk management
- Economic policy research
- Currency management
- Banking regulation



Dr Meshack Tjirongo

Position held
- Non-executive Member of the Board
- Member of the Finance, Risk and Audit Committee
- Member of the Remuneration Committee
- Member of the IT Governance and Projects Committee

Term
- Incumbent since 1 February 2024
- Current term ends 31 January 2028

Qualifications
- DPhil Economics (Oxford University)
- MA in Economics (New Mexico State University)
- BSc in Agricultural Business (Iowa State University)
- Diploma in Agriculture (University of Botswana and Swaziland)

Years of Experience
- 36

Expertise
- Macroeconomic policy formulation and implementation
- Economic policy research
- Strategic planning and management
- Economic and development policy

Members of the Board during the 2025 Financial Year



Adv. Eliaser Nekwaya

Position held
- Non-Executive Member of the Board
- Member of the Finance, Risk and Audit Committee
- Member of the Remuneration Committee

Term
- Incumbent since 1 February 2024
- Current term ends 31 January 2028

Qualifications
- LLM in Corporate Law (UNISA)
- LLB (UNAM)
- Bachelor of Jurisprudence (BJuris) (UNAM)

Years of Experience
- 12

Expertise
- Corporate governance
- Risk management
- Regulations and policy oversight
- Financial and operational oversight
- Stakeholder relations and management
- Strategy and governance



Dr Pieter Kruger

Position held
- Non-executive Member of the Board
- Chairperson of the IT Governance and Projects Committee
- Member of the Remuneration Committee

Term
- Incumbent since 1 February 2024
- Current term ends 31 January 2028

Qualifications
- Doctorate of Business Administration (Universidad Catolica San Antonio de Murcia)
- MPhil in Business Management (Universidad Catolica San Antonio de Murcia)
- MSc in Computer Science (University of Stellenbosch)
- BSc in Computer Science and Applied Mathematics (University of Stellenbosch)

Years of Experience
- 27

Expertise
- Artificial intelligence
- Cybersecurity
- Operational leadership
- Financial management
- Corporate governance

Senior Management Team as at 31 December 2025



Dr Johannes !Gawaxab

Position held
- Outgoing Governor of the Bank of Namibia
- Executive Member of the Board

Qualifications
- Doctor of Philosophy (PhD) in Economics (University of Cape Town)
- Bachelor of Arts (BA) and Master of Business Leadership (University of South Africa/UNISA)
- Master of Arts (MA) (Graduate Business School, Kingston)
- Certificate in Global Leadership (London School of Business)
- Advanced Management Programme (Harvard Business School)

Years of Experience
- 48

Expertise
- Financial services
- Finance
- Financial economics
- Central banking
- Investments
- Governance



Mr Ebson Uanguta

Position held
- Appointed as Governor starting on 1 January 2026
- Deputy Governor of the Bank of Namibia
- Executive Member of the Board

Qualifications
- Master of Science (MSc) in Economic Policy Analysis (Addis Ababa University)
- Bachelor of Economics (BEcon) (University of Namibia/UNAM)
- Advanced Management Programme (Harvard Business School)
- Senior Executive Fellow (Harvard Kennedy School of Government)
- Senior Management Programme (University of Stellenbosch)
- Project Management Programme (University of Stellenbosch)

Years of Experience
- 30

Expertise
- Financial services
- Finance
- Financial economics
- Central banking
- Investments
- Governance



Ms Leonie Dunn

Position held
- Deputy Governor of the Bank of Namibia
- Executive Member of the Board

Qualifications
- Master of Laws (LLM) with specialisation in Commercial Law (cum laude) (Cardiff University)
- Bachelor of Laws (LLB) (University of Stellenbosch)
- BA Law (University of Stellenbosch)
- Admitted Legal Practitioner of the High Court and the Supreme Court of Namibia
- Women in Leadership Development (University of Washington)
- International Executive Development Programme (Wits Business School & London Business School)
- International Leaders Programme (Foreign, Commonwealth and Development Office, United Kingdom)
- Advanced Management Program (Harvard Business School)
- Chevening Fellow

Years of Experience
- 28

Expertise
- Commercial, civil, criminal and administrative law
- Financial services regulation
- Financial market integrity
- Anti-money laundering / counter-terrorism financing / counter-proliferation financing compliance: monitoring, supervision, administrative enforcement and strategic analyses
- Financial intelligence unit strategic leadership
- Central banking
- Prudential and market conduct regulation
- Financial stability and macroprudential oversight

Senior Management Team as at 31 December 2025



Mr Romeo Nel

Position held
- Technical Advisor to the Governor
- Member of the MPC

Qualifications
- LLB (UNISA)
- MBA Banking (University of London)
- BEcon (UNAM)
- Postgraduate Certificate in Accounting (University of KwaZulu-Natal)
- International Executive Development Programme (Wits Business School & London Business School)

Years of Experience
- 33

Expertise
- Customs and excise
- Finance
- Financial analysis
- Compliance management
- Banking regulation



Ms Florette Nakusera

Position held
- Director: Financial Stability and Macroprudential Oversight

Qualifications
- MComm Economics (University of Stellenbosch)
- BComm Hons (Economics) (University of Stellenbosch)
- BComm (UNAM)
- Executive Development Programme (University of Stellenbosch)
- International Executive Development Programme (Wits Business School & London Business School)

Years of Experience
- 27

Expertise
- Macroeconomic policy
- Economic research and statistics
- Central banking
- Finance
- Strategic management
- Leadership and corporate governance
- Environmental economics and policy



Ms Shirene Bampton

Position held
- Director: Human Resources

Qualifications
- MSc Global Human Resources Management (University of Liverpool)
- Bachelor of Technology in Human Resources (UNISA)
- Executive Leadership (Oxford University)
- Management Development (National University of Singapore)

Years of Experience
- 31

Expertise
- Strategic human resources management
- Employee relations
- Rewards management
- Organisational development
- Talent management
- Strategic leadership

Senior Management Team as at 31 December 2025



Ms Ancois Plaatje

Position held
- Director: Banking Supervision

Qualifications
- MSc International Banking and Finance (University of Salford)
- BComm (UNAM)
- General Management Programme (Harvard Business School)

Years of Experience
- 25

Expertise
- Financial analysis
- Technology Innovation,
- Policy development, regulation and Supervision
- Risk management
- Strategy planning and execution
- Corporate governance



Mr Nicholas Mukasa

Position held
- Director: Financial Markets
- Member of the MPC

Qualifications
- Chartered Financial Analyst® (CFA Institute)
- Postgraduate Diploma in Financial Management (Heriot-Watt University)
- Bachelor of Business Administration (UNAM)
- Senior Management Development Programme (University of Stellenbosch)
- Global Executive Leadership Programme (Deloitte & London Business School)
- General Management Programme (Harvard Business School)

Years of Experience
- 24

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



Ms Barbara Dreyer

Position held
- Director: National Payment System and Financial Surveillance

Qualifications
- MSc in Global Central Banking and Financial Regulation (University of Warwick Business School)
- Master of Business Administration (MBA) (Swiss Management Center)
- Master of Education (State University of New York)
- BA Hons and Bachelor of Education (University of the Western Cape)
- Postgraduate Diploma in Social Science Research Methods (University of Stellenbosch)
- Postgraduate Diploma in Higher Education (University of the Western Cape/UWC)
- Fellow at the Fletcher School Leadership Programme for Financial Inclusion (Tufts University)
- International Executive Development Programme (Wits Business School & London Business School)

Years of Experience
- 34

Expertise
- Payment systems strategy
- Payment systems risk management
- Central banking
- Corporate governance
- Human resources management strategy
- Remuneration strategy and organisation development
- Strategic management and leadership development
- Knowledge management



Dr Emma Haiyambo

Position held
- Director: Research and Financial Sector Development
- Member of the MPC

Qualifications
- PhD in Development Finance (University of Stellenbosch)
- MSc in Financial Economics (University of London)
- Master of International Business (PoN/NUST)
- Postgraduate Diploma in Financial Economics (University of London)
- BEcon (UNAM)
- Diploma in Public Administration (PoN/NUST)
- Fellow at the Fletcher School Leadership Program for Financial Inclusion (Tufts University)
- Certified Expert in Financial Inclusion Policy (Frankfurt School of Finance and Management)
- Advanced Management Program (MIT)
- International Executive Development Programme (Wits Business School & London Business School)
- Management Development Programme (University of Stellenbosch Business School

Years of Experience
- 29

Expertise
- Macroeconomic research and statistics
- Financial sector development
- Development finance
- Project management
- Strategic planning and management
- Corporate governance



Ms Sencia Kaizemi-Rukata

Position held
- Director: Currency Management and Banking Operations

Qualifications
- MComm in Business Management (cum laude) (UNISA)
- BComm Hons in Business Management (UNISA)
- BComm with specialisation in Human Resources Management (UNISA)
- National Diploma in Commerce (NUST)
- National Secretarial Certificate (NUST)
- Specialised training in Foundational Payment Systems (Payments Association of South Africa)
- Specialised Training in Banknote Production (Royal Joh. Enschedé Senior Management Development Programme, University of Stellenbosch)
- Global Executive Leadership Development Programme (Deloitte Alchemy & London Business School)

Years of Experience
- 27

Expertise
- Commercial and central banking
- Currency management
- Banking services
- Strategic payment systems management
- Leadership and corporate governance



Mr Kazembire Zemburuka

Position held
- Director: Strategic Communications and International Relations

Qualifications
- MA in Development Policy and Practice (University of Cape Town)
- MA in Journalism (with distinction) (Cardiff University)
- BA in Media Technology (PoN/NUST)
- Hons in Journalism (PoN/NUST)
- National Diploma in Media Technology and Journalism (PoN/NUST)
- Management Development Programme (University of Stellenbosch)
- General Management Development Programme (INSEAD)
- Chevening Fellow

Years of Experience
- 24

Expertise
- Journalism
- Media
- International relations
- Central banking communications
- Sustainability

Senior Management Team as at 31 December 2025



Mr Lloyd Londt

Position held
- Director: Finance and Administration

Qualifications
- MBA (with distinction) (Warwick University)
- Postgraduate Diploma in Specialised Accounting (with distinction) (University of the Witwatersrand)
- BAcc Hons (Rhodes University)
- General Management Program (Harvard Business School)
- CA (Namibia)
- CA (South Africa)

Years of Experience
- 19

Expertise
- Financial management, annual report writing and storytelling
- International financial reporting standards
- Business administration
- Financial management and management accounting
- Basic behavioural and emotional finance analysis
- Communication facilitation and training
- Auditing



Mr Paulus Tshiningayame

Position held
- Director: Information Technology

Qualifications
- MBA (University of Stellenbosch Business School)
- Honours in Computer Networking: Information Technology (PoN/NUST)
- National Diploma: Information Systems Administration (PoN/NUST)
- Senior Management Development Programme (University of Stellenbosch Business School)

Years of Experience
- 17

Expertise
- IT governance
- Cybersecurity risk management
- Digital and IT strategy execution
- Enterprise architecture and platform modernisation



Ms Magreth Tjongarero

Position held
- Director: Governance, Risk and Compliance

Qualifications
- MSc in International Banking and Finance (University of Salford)
- BComm (Accounting) (UNAM)
- International Executive Development Programme (Wits Business School & London Business School)
- ISO 22301:2012 Business Continuity Management Systems: Lead Implementer (International Organization for Standardization)

Years of Experience
- 25

Expertise
- Auditing
- Credit risk auditing
- Risk management
- Business continuity management
- Corporate governance
- Project assurance
- Compliance management

Senior Management Team as at 31 December 2025



Ms Valeria Mbango

Position held
- Director: Strategy, Projects and Transformation

Years of Experience
- 11

Qualifications
- Master of Engineering in Project Management (University of Pretoria)
- Bachelor of Engineering in Industrial Engineering (University of Stellenbosch)
- Postgraduate Diploma in Future Studies (University of Stellenbosch Business School)

Expertise
- Strategy development and alignment
- Digital transformation
- Leadership
- Project and programme management
- Business process management and automation
- Change management and organisational development



Ms Leena Shipanga

Position held
- Deputy Director: Internal Audit

Years of Experience
- 10

Qualifications
- BAcc (NUST)
- Certified Internal Auditor (Institute of Internal Auditors)
- Leadership Development Programme (University of Cape Town Graduate School of Business)

Expertise
- Operational and IT auditing
- Data analytics
- Corporate governance
- Compliance management
- Risk management
- Business continuity management
- Project management



Mr Ruben Philander

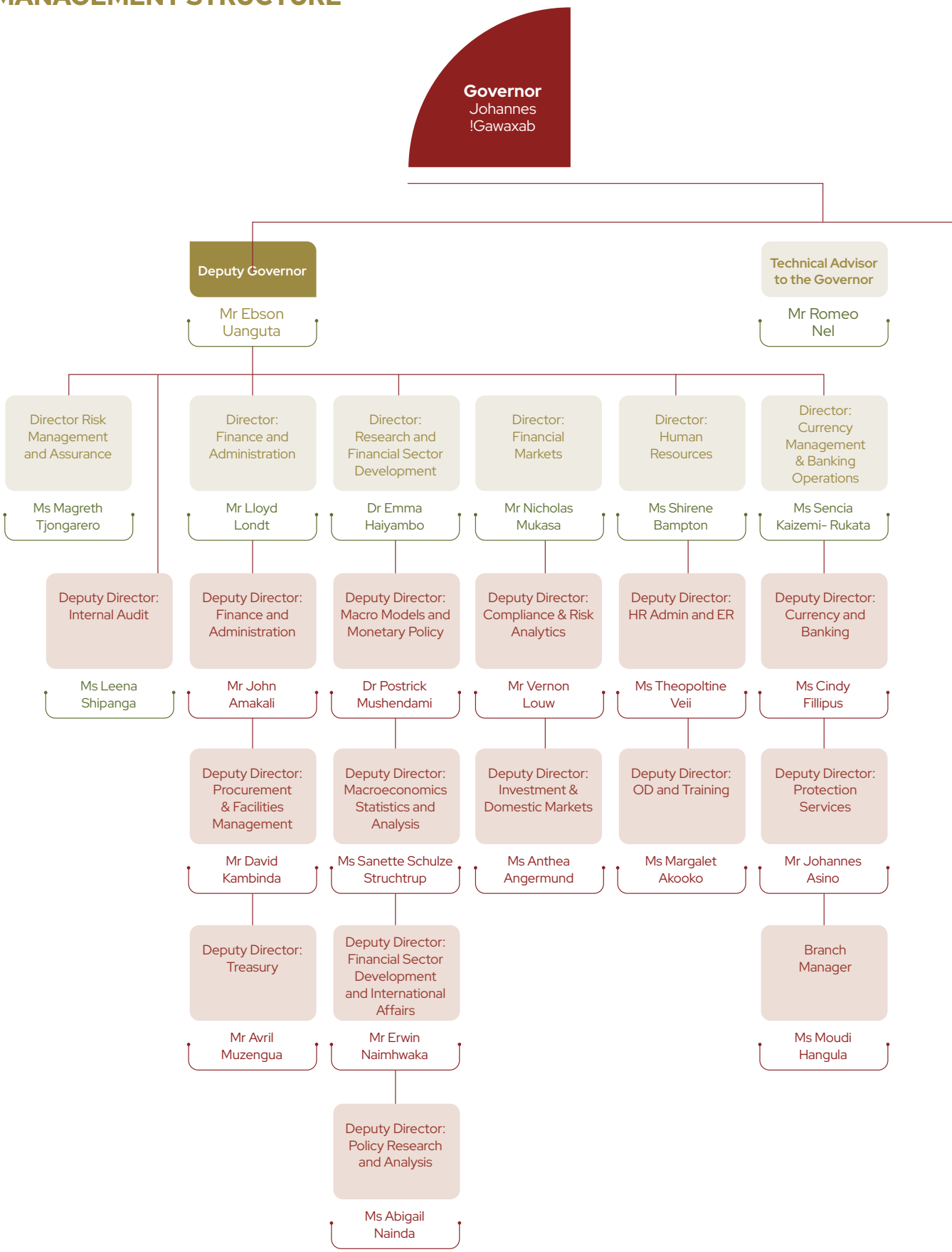
Position held
- Deputy Director: Legal Services

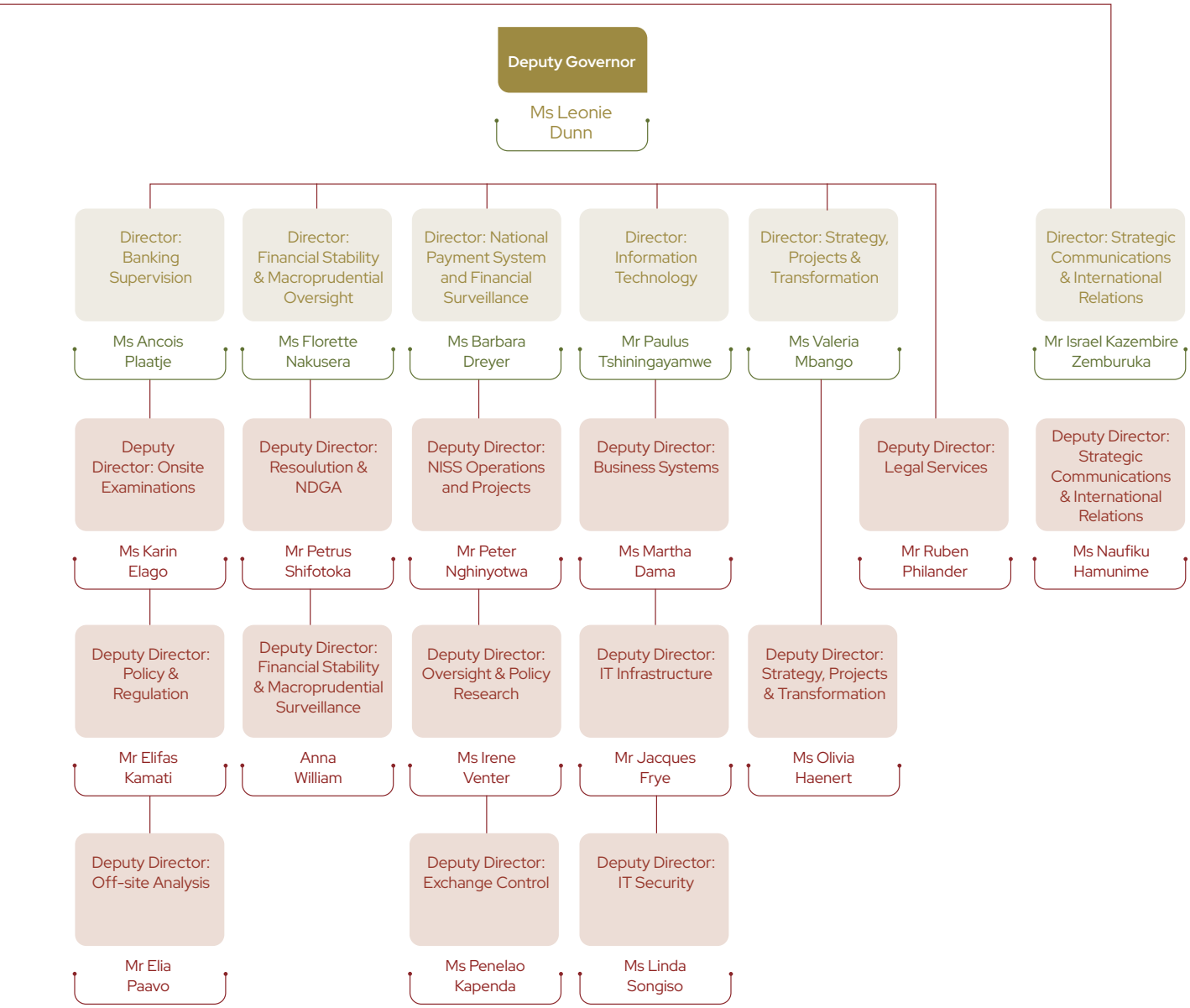
Years of Experience
- 30

Qualifications
- LLB (UWC)
- BJuris (UWC)
- Diploma in Insolvency Law (University of Pretoria)
- Admitted Legal Practitioner of the High Court of Namibia

Expertise
- Employment law
- Administrative law
- Public law
- Pension law
- Banking
- Litigation

BANK OF NAMIBIA
MANAGEMENT STRUCTURE




Deputy Governor
Ms Leonie Dunn
Director: Banking Supervision
Ms Ancois Plaatje
Director: Financial Stability & Macroprudential Oversight
Ms Florette Nakusera
Director: National Payment System and Financial Surveillance
Ms Barbara Dreyer
Director: Information Technology
Mr Paulus Tshiningayamwe
Director: Strategy, Projects & Transformation
Ms Valeria Mbango
Director: Strategic Communications & International Relations
Mr Israel Kazembire Zemburuka
Deputy Director: Onsite Examinations
Ms Karin Elago
Deputy Director: Resoulution & NDGA
Mr Petrus Shifotoka
Deputy Director: NISS Operations and Projects
Mr Peter Nghinyotwa
Deputy Director: Business Systems
Ms Martha Dama
Deputy Director: Legal Services
Mr Ruben Philander
Deputy Director: Strategic Communications & International Relations
Ms Naufiku Hamunime
Deputy Director: Policy & Regulation
Mr Elifas Kamati
Deputy Director: Financial Stability & Macroprudential Surveillance
Anna William
Deputy Director: Oversight & Policy Research
Ms Irene Venter
Deputy Director: IT Infrastructure
Mr Jacques Frye
Deputy Director: Strategy, Projects & Transformation
Ms Olivia Haenert
Deputy Director: Off-site Analysis
Mr Elia Paavo
Deputy Director: Exchange Control
Ms Penelao Kapenda
Deputy Director: IT Security
Ms Linda Songiso

GOVERNANCE

Bank objectives and accountability

The Bank of Namibia is the Republic of Namibia's central bank, created under Article 128(1) of the Namibian Constitution. The Constitution mandates the Bank of Namibia ("the Bank") to serve as the principal instrument of the Government of the Republic of Namibia ("the Government") for controlling the country's money supply, currency, banking institutions and other financial institutions. The Bank's objectives, as defined in the Bank of Namibia Act (No. 1 of 2020), are, inter alia, to

- **contribute towards financial stability through macroprudential oversight over the financial system and coordinate activities involved in the safeguarding of financial stability in order to maintain and enhance a stable financial system in Namibia**
- **issue currency in Namibia**
- **provide fiscal advice, depository services and fiscal agency services to the Government**
- **foster monetary, credit and financial conditions conducive to the orderly, balanced and sustained economic development of Namibia**
- **promote a sound, progressive and inclusive banking system**
- **oversee money and the foreign exchange market**
- **hold and manage foreign reserves in Namibia,**
- **and promote an exchange rate regime which is consistent with the Namibian economy.**

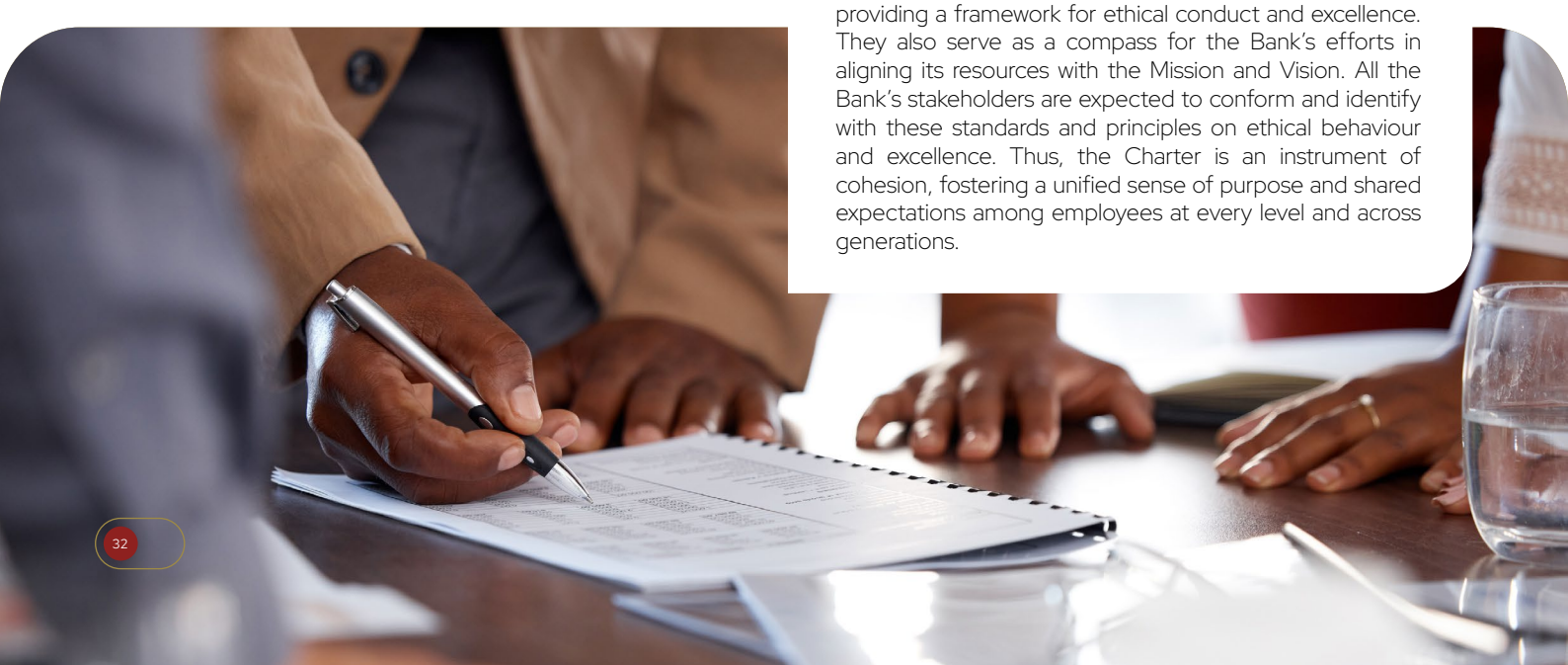
In addition, the Bank fulfils other key functions as defined in other Acts, notably –

- the Banking Institutions Act (No. 13 of 2023), which empowers the Bank to regulate and supervise banking institutions, their affiliates and associates of banking institutions
- the Payment System Management Act (No. 14 of 2023), which provides for the management, administration, operation, regulation, oversight and supervision of payment, clearing and settlement systems in Namibia
- the Currency and Exchanges Act (No. 9 of 1933), as amended, which regulates exchange control in Namibia
- the Deposit Guarantee Act (No. 16 of 2018), which obliges the Bank to provide certain administration and support services to the Namibia Deposit Guarantee Authority, and
- the Financial Intelligence Act (No. 12 of 2012), which requires the Bank to physically host and provide administrative support services to the Financial Intelligence Centre where needed.

In line with section 5(1) of the Bank of Namibia Act, the Bank is required to be independent and to act without improper or undue influence and without fear, favour, prejudice or direction from any person or authority.

Corporate Charter

Beyond its statutory mandate, the Bank's activities and approach are guided by its Mission, Vision, Values and Culture Statement, as detailed in its Corporate Charter. The Bank's Vision sets forth its aspirations and defines the principles that shape how it fulfils its Mission. The Mission statement defines the fundamental purpose of the Bank, specifying its reason for being and emphasising the significance of striving towards its Vision. The Bank's Values and Culture Statement encapsulate the beliefs and cultural essence that are embraced by its stakeholders. The Values form the foundation of the Bank's organisational culture, providing a framework for ethical conduct and excellence. They also serve as a compass for the Bank's efforts in aligning its resources with the Mission and Vision. All the Bank's stakeholders are expected to conform and identify with these standards and principles on ethical behaviour and excellence. Thus, the Charter is an instrument of cohesion, fostering a unified sense of purpose and shared expectations among employees at every level and across generations.



Accountability

The Bank is committed to good corporate governance practices and accountability to the public. It is of paramount importance that the Bank always remains accountable to the public at large by adhering to sound corporate governance principles. Relevant legislative frameworks, the Bank's Corporate Charter and its Strategic Plans are amongst the tools that guide the Bank in setting standards of good governance. The Bank also continuously pursues transparency through its concrete communication strategy that enables the open and clear expression of why and how the Bank acts the way it does. The Bank's commitment to good governance includes the following:

- Being responsible, respected, trustworthy and credible
- Being accountable to its shareholder – the Government – and the Namibian people
- Demonstrating an exceptionally high degree of integrity
- Ensuring that its actions and policies are efficient, effective, and transparent
- Maintaining professionalism and excellence in the delivery of its services, and
- Being flexible and forward-looking in its approach, while still avoiding undue risk.

The Governor

The Governor serves the Bank as Chairperson of its Board of Directors and as the Bank's Chief Executive Officer (CEO) 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 authority are in place to enable the Governor and appropriate delegates to carry out their duties related to implementing the Bank's mandate. Ordinarily, the Governor is appointed for a five-year term. The Bank of Namibia Act sets specific criteria for the appointment, reappointment and dismissal of a Governor. Dr Johannes !Gawaxab, originally appointed on 1 June 2020, served as Governor until 31 December 2025. Mr Ebson Uanguta was appointed as his successor by HE President Netumbo Nandi-Ndaitwah in terms of Article 32(4)(b)(bb) of the Namibian Constitution, read together with section 19 of the Bank of Namibia Act, 2020, for a period of five years, with effect from 1 January 2026.

The Board of the Bank of Namibia

The Board is responsible for the Bank's corporate governance. To assist it in fulfilling this function, the Board adheres to the Corporate Governance Code for Namibia ("the NamCode") insofar as the Code does not contradict the Bank of Namibia Act. Accordingly, the Board ensures that the Bank aligns its governance framework with international standards, thereby ensuring stakeholder confidence and operational integrity. As part of the Southern African Development Community Central (SADC) Committee of Central Bank Governors (CCBG), the Bank will align with the principles outlined in *the King IV Report on Corporate Governance for South Africa 2016*, and plans to perform a gap analysis in 2026.

To further effective oversight, in terms of section 10(1) of the said Act the Board is responsible for determining the Bank's general policies, overseeing its internal controls, managing its risk, and administering it. Additionally, the Board handles any other functions assigned or conferred on it by the Bank of Namibia Act or any other laws. Without limiting the generality of section 10(1) of the said Act, the Board is obliged to –

- approve determinations issued by the Bank
- approve the Bank's budget
- approve the Bank's annual report
- determine the Bank's strategic direction and its ultimate performance
- determine and ensure that an effective risk
- management structure is established within the Bank, and
- make rules for the good governance of the Bank and the conduct of its business in line with best practices.

The Bank's Board members are appointed by the President of the Republic of Namibia. They consist of the Chairperson Governor two Deputy Governors , Executive Director of Ministry of Finance (Ex-officio Member), and a minimum of five and a maximum of six further Non-executive Members. Appointment takes cognisance of their respective skills and areas of expertise in the fields of central banking, economics, the banking sector, finance, law, business, commerce and such other disciplines as may be relevant to the execution of the Bank' s mandate.

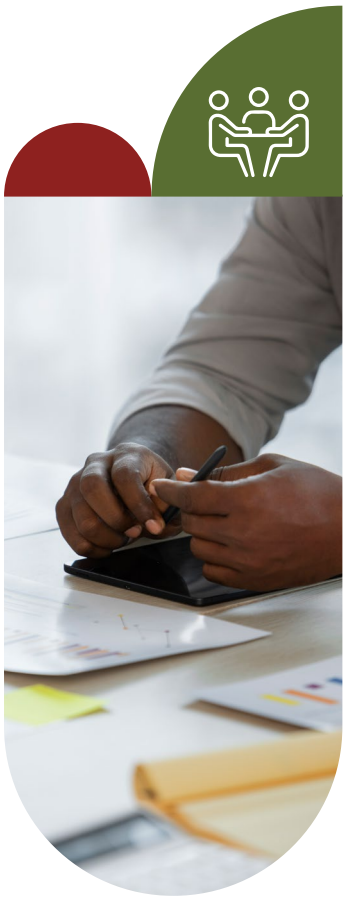
The Board meets at regular intervals but at least four times a year, with the main purpose of overseeing and monitoring the Bank's finances, operations and policies. During 2025, four ordinary and three special Board meetings were held (Table A.1).

Table A.1: Dates and attendance of Board meetings, 2025

Board Member	17 March	27 March (Special)	6 June	22 August	17 November (Special)	21 November	24 November (Special)
Dr J !Gawaxab (Chairperson)	✓	✓	✓	✓	✓	✓	✓
Mr E Uanguta	✓	✓	✓	✓	✓	✓	✗
Ms L Dunn	✓	✓	✓	✓	✓	✓	✗
Mr T Ndove	✓	NM	NM	NM	NM	NM	NM
Dr M Humavindu	NM	NM	✓	✓	✓	✓	✗
Mr E Meroro	✓	✓	✓	✓	✓	✓	✓
Ms R Pretorius	✓	✓	✓	✓	✓	✓	✓
Dr M Tjirongo	✓	✓	✓	✓	✓	✓	✓
Adv. E Nekwaya	✓	✓	✓	✓	✓	✓	✓
Mr P Kruger	✓	✓	✓	✓	✓	✓	✓

✓ Attended ✗ Apology **NM** Not a member and was not part of the meeting

The Board delegates certain functions to various committees from time to time. Currently, these are the Information Technology Governance and Projects Committee (ITGPC), the Finance, Risk and Audit Committee (FRAC), and the Remuneration Committee. Established through formal terms of reference and reporting directly to the Board, these Committees are important elements of the Bank's sound corporate governance structure. During 2025, the Committees held regular meetings and met their respective obligations in all material respects.



The ITGPC was established to assist the Board in discharging IT-related duties and responsibilities. The Committee, therefore, performs a strategic oversight role to ensure the Bank's IT aligns with its overall Strategic Plans. The roles comprise approving, prioritising and monitoring of strategic IT projects and initiatives for value creation, risk mitigation and resource allocation. The ITGPC consists of four Non-executive Board Members and holds meetings quarterly. Table A.2 displays the dates and the attendance of ITGPC meetings during 2025.

Table A.2: Dates and attendance of Information Technology Governance and Projects meetings, 2025

Committee Member	6 March	16 May	13 August	6 November
Mr P Kruger (Chairperson)	✓	✓	✓	✓
Mr E Meroro	✓	✓	✓	✓
Ms R Pretorius	✓	✓	✓	✓
Dr M Tjirongo	✓	✗	✓	✓

✓ Attended ✗ Apology

FRAC is responsible for evaluating the adequacy and effectiveness of the Bank's corporate governance practices, including its internal control systems, risk control measures, accounting standards, and auditing processes. Thus, it considers all key risks and audit plans as well as the scope of external and internal audits to ensure that the coordination of audit efforts is optimised. The Committee is also required to introduce measures to enhance the credibility and objectivity of financial statements and reports prepared on Bank affairs, besides enhancing the Bank's corporate governance, with the emphasis on the governing principles of accountability and transparency.

Five independent Non-executive Board Members currently serve as members of FRAC. Its meetings are also attended by the Bank's two Deputy Governors; its Director of Finance and Administration; its Director of Governance, Risk and Compliance; the Deputy Director of Internal Audit; the external auditors; and relevant Bank staff members. Table A.3 presents the dates of FRAC meetings and their attendance during 2025.

Table A.3: Dates and attendance of Finance, Risk and Audit Committee meetings, 2025

Committee Member	11 March	15 May	15 August	7 November
Ms R Pretorius (Chairperson)	✓	✓	✓	✓
Mr E Meroro	✓	✗	✓	✓
Adv. E Nekwaya	✓	✓	✓	✓
Mr P Kruger	✓	✗	✓	✓
Dr M Tjirongo	✓	✓	✓	✓

✓ Attended ✗ Apology

The Remuneration Committee is responsible for overseeing and coordinating the Bank's remuneration policy and strategy, not only to ensure its competitiveness and comprehensiveness, but also to attract and retain quality members of staff and of the Board. This Committee consists of four Non-executive Board Members, while the two Deputy Governors also attend the meetings. The dates and attendance of Remuneration Committee meetings during 2025 are set out in Table A.4.

Table A.4: Dates and attendance of Remuneration Committee meetings, 2025

Committee Member	13 May	7 August	4 November
Mr E Meroro (Chairperson)	✓	✓	✓
Dr M Tjirongo	✓	✓	✓
Adv. E Nekwaya	✗	✓	✗
Mr P Kruger	✓	✓	✓

✓ Attended ✗ Apology

Management structure

The Bank's Senior Management Team as at the end of 2025 consisted of the Governor, two Deputy Governors, and the Directors of the Bank's various Departments, as outlined in the given organisational structure earlier herein. Several committees are in place as well to ensure that the Bank implements its policies effectively. These are the Monetary Policy Committee, the Financial System Stability Committee, the Macroprudential Oversight Committee, the Resolution Committee, the Management Committee, the Investment Committee, the Budget Committee, the Tender Committee, the Digital Transformation Management Committee, and the Risk Management Committee.

The function of the Monetary Policy Committee (MPC) is to decide on and implement an appropriate monetary policy stance. In 2025, the MPC consisted of the Governor (Chairperson), Deputy Governors, Directors of Research and Financial Markets, and Technical Advisors. The MPC meets every two months to decide on monetary policy for the following two months, seeking consensus among members and recording their views. If no agreement is reached, the Chairperson may call for further debate before making a final decision. The outcome is announced to the public via a media statement at a press conference.

The Financial System Stability Committee assesses the vulnerability and risk exposure of the entire financial system. The Committee is an inter-agency body established by the Bank of Namibia and the Namibia Financial Institutions Supervisory Authority (NAMFISA), with the Ministry of Finance (MOF) participating as an observer. Its members include the Governor of the Bank of Namibia (serving as Chairperson), the Bank's Deputy Governors, the CEO of NAMFISA (as Deputy Chairperson), and a representative from the MOF appointed by the Minister. Additionally, the Bank is legally required to nominate two officers to the Committee: the Technical Advisor to the Governor and the Director of Financial Stability and Macroprudential Oversight. By law, the CEO of NAMFISA also nominates its two Deputy CEOs as well as its General Manager responsible for Research, Policy and Statistics to serve on the Committee. The Committee convenes quarterly to evaluate potential risks to the financial system and to discuss and recommend suitable policy measures to address these risks.

Macroprudential decision-making in Namibia rests with the Governor of the Bank of Namibia, who is assisted by the Macroprudential Oversight Committee (MOC). The MOC assesses financial system risks and recommends policy measures to address them. Chaired by the Governor, the MOC includes Deputy Governors, Technical Advisors and six Directors. The Committee meets at least twice yearly or as needed and may review recommendations from the Financial System Stability Committee.

The Resolution Committee was established to coordinate and expedite decisions on resolution matters. This Committee reviews tools and strategies for managing distressed banking institutions or controlling companies and recommends actions to the Board. The Committee includes eight members, and it is chaired by the Governor.

The Management Committee is responsible for reviewing the Bank's policies on financial and other administrative matters. The Committee consists of the Governor (Chairperson), the Deputy Governors, the Advisor(s) to the Governor, all Directors, the Deputy Director of Internal Audit and the Deputy Director of Legal Services. The Management Committee meets every second week.

The Investment Committee is responsible for the management of Namibia's foreign exchange reserves. While the Board defines the risk tolerance and approves the Reserves Management Investment Policy, the Investment Committee establishes investment guidelines, ensures compliance and evaluates investment performance. The Committee consists of eight Directors and is chaired by the Governor.

The Budget Committee oversees the Bank's budget process, meeting annually to review and approve income and expenditure for both operations and capital needs. Departments present and justify their annual budgets to the Committee, which includes the Governor (Chairperson), Deputy Governors, and senior Finance and Administration staff. For transparency, two employee representatives – one from the Employee Liaison Forum and one from the bargaining union – may attend deliberations without voting rights.

The Tender Committee oversees sustainable, ethical, transparent and cost-effective procurement of the Bank's assets, goods and services. In doing so, it considers –

- product or service quality
- price
- supplier reliability, and
- delivery time and after-sales support for small or medium-sized enterprises (SMEs).

The Digital Transformation Management Committee sets and coordinates the Bank's strategic goals for technology, project management, process improvement and organisational efficiency. The Committee consists of the two Deputy Governors, the Advisor(s) to the Governor, and all Departmental heads. The Committee convenes at least four times per calendar year.

The Risk Management Committee assists FRAC to ensure that the Bank implements an effective risk management policy. The Committee consists of all members of the Management Committee and is chaired by the Deputy Governor responsible for administrative departments. Risk Management Committee meetings are held on a quarterly basis.

RISK AND COMPLIANCE

Enterprise Risk Management Framework

The Bank prioritises strong risk management practices to safeguard price and financial stability in an increasingly complex and dynamic environment. To manage these risks, the Bank continuously monitors and responds to potential and actual political, economic and regulatory risks stemming from both the global and domestic environments. Additionally, risks associated with strategic initiatives and projects are managed through the Framework, ensuring they remain within accepted levels of risk tolerance.

The governance of risk

Although the Bank applies a multi-layered approach to risk management, ultimate responsibility rests with the Board. The Board oversees the identification, assessment, management, monitoring and governance of risk, sets strategic direction, and approves the Bank's risk appetite and tolerance. Senior Management and relevant structures implement the risk policy and strategy and operate within approved risk levels.

As a rule, the Bank scans the horizon for new emerging risks and identifies the top risks that impact its operations. Such reviews also aim to ensure the Bank's top risks are managed and aligned with the global risks. In this regard, global uncertainty, climate pressures and technological transformation continue to shape the Bank's risk profile. While financial stability remains sound, the increasing interdependence between cyber, operational and reputational risks requires continued vigilance and agility.

The Bank's 2025 risk profile reflects a challenging environment shaped by accelerating cyber threats, rising third-party dependencies, macroeconomic pressures and heightened reputational sensitivity. Externally, financial stability risks persist due to inflation dynamics, debt pressures and global economic uncertainty, while climate, environmental, social and governance risks present long-term structural challenges. Internally, risk culture gaps and future skills may constrain organisational agility and readiness for technology-driven change if not effectively mitigated. Cross-cutting risks (see the next section), including governance of artificial intelligence (AI), misinformation and geopolitical instability, require enhanced horizon-scanning, strategic coordination and stronger scenario planning to ensure continued resilience and alignment with the Bank's Strategic Objectives.

Overall, while the Bank's control environment remains robust, several top risks require sustained management attention, targeted investment and accelerated implementation of risk mitigation actions to ensure institutional resilience in 2026 and beyond.

Cross-cutting risks

Central bank business is vulnerable to certain risks that are inherent in its core objectives. Thus, achieving these objectives requires special attention, and associated risks need to be managed effectively and efficiently. The coordinating role of the Governance, Risk and Compliance function extends to the following cross-cutting risk categories:

Business continuity management

The Bank of Namibia maintains a comprehensive Business Continuity Management Programme to ensure operational resilience during extreme disruptions. The Programme is guided by approved policies and plans aligned with International Organization for Standardization Standard (ISO) 22301, as approved by the Board. A dedicated Crisis Management Team oversees all aspects of the Bank's business continuity processes.

During the reporting period, business continuity practices were fully integrated into strategic planning and routine operational processes. Following the implementation of the disaster recovery IT infrastructure, two simulations were successfully conducted, both achieving the two-hour recovery time objective.

Moreover, lessons learned from these exercises continue to be implemented within agreed timelines. The year under review also included business continuity awareness initiatives. A Cyber Response Plan exercise was planned for 2026 to strengthen staff preparedness in managing potential cyber-attack incidents. Three additional simulations were planned for 2026, with the goal of progressing towards unannounced exercises.

Ethics

The Bank's working environment demands high ethical standards, with rules applying equally to all employees, irrespective of their positions. Ethics feature in the Bank's commitment to the principle of accountability and to developing a work culture in which employees and the public are encouraged to report any improper behaviour and/or any violation of the Bank's Code of Ethics and Code of Conduct, as well as relevant laws, policies and procedures that apply to staff members at all levels.

The Bank's Code of Ethics and Code of Conduct were reinforced through awareness sessions conducted in 2025. This was to ensure all staff understood the behaviours expected of them in upholding the highest level of ethics. Furthermore, the Bank introduced a declaration-of-interest protocol for all its staff to ensure that no individual staff were experiencing conflicting interests while executing their functions.

An independent external whistle-blowing mechanism remains an important tool in supporting ethical conduct within the Bank. The independent external hotline service – Deloitte Tip-offs Anonymous – implemented towards the end of 2022 continued to enable whistle-blowers to report wrongdoing related to the Bank's business, while guaranteeing employees and the public anonymity, if desired.

Compliance management

The Bank of Namibia remains steadfast in upholding the highest standards of compliance as part of its mandate to safeguard financial stability and promote sound governance. During the year, the Bank strengthened its policy and procedural frameworks, monitored changes in new and amended laws and regulations, and enhanced its compliance-monitoring activities to ensure alignment with emerging regulatory expectations.

A structured Compliance Monitoring Plan for 2025 and targeted awareness initiatives were also developed during the reporting year to support staff understanding and improve adherence across all functions. In addition, the Bank continued to track Internal Audit follow-up actions and update risk assessment processes to ensure timely identification of compliance risks, supported by the implementation of an updated compliance universe system. On a positive note, no significant non-compliance matters were reported during the period under review.

Leveraging technology, promoting transparency and maintaining an ethical culture remain central to the Bank's approach, with policy awareness and monitoring remaining integral to its effective functioning. In 2026, the Bank is scheduled to undergo an IT Governance Maturity Assessment based on the King IV (2016) and King V (2025) Code on Corporate Governance for South Africa.

Reporting obligations

The Bank of Namibia Act requires the Bank to submit various reports to the Minister of Finance, including a copy of its Annual Report 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 Annual Report needs 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 is further required to submit a monthly balance sheet, which is published in the *Government Gazette*.

Litigation and legal opinions

Legal risk is one of the risks against which the Bank protects itself. Safeguarding against such risk and managing it effectively are vital for the Bank's legal integrity, since legal risk threatens all Bank operations. Through the Legal Services Department, 57 formal legal opinions and advice statements were issued during the year. This total excludes informal or urgent ad-hoc guidance. Of the 11 legal disputes carried over from prior years, three were finalised during 2025. Additionally, three new disputes arose in the reporting period, with two resolved.



Internal audit

Just over a year ago, the Board approved Internal Audit's Strategy for 2025–2027. The strategy recognises that, to effectively support the Bank's mandate and its Strategic Objectives, the Internal Audit function needs to be underpinned by strong and sustainable foundations. Accordingly, the Internal Audit Strategy focuses on five key pillars, as follows:

- Building strong partnerships and collaborative working relationships through continuous and meaningful engagement with stakeholders
- Developing a dynamic and risk-based work programme that is regularly validated against emerging risks and the Bank's evolving strategic direction
- Leveraging innovation and technology to enhance the efficiency, effectiveness and quality of assurance provided by the Internal Audit function
- Fostering a culture of staff excellence to ensure the function is equipped with the skills and capabilities required for the future, and
- Maintaining flexibility in the structure and resourcing of the function to optimise capacity and deliver on Internal Audit's objectives.

Over the reporting period, Internal Audit made noteworthy progress in establishing and strengthening these foundations through a range of pilot initiatives, targeted programmes and process enhancements. A key milestone during the year was the hosting of Internal Audit's inaugural Audit Awareness Day, held under the theme "Beyond compliance: Transforming Internal Audit for lasting impact". The Audit Awareness Day formed part of thet broader stakeholder engagement strategy and was aimed at reinforcing collaboration across the Bank.

Raising awareness of this function also seeks to reposition the role of Internal Audit beyond its traditional retrospective focus on compliance. It aims to shift towards a more value-adding function that provides insight and foresight by assessing the Bank's preparedness to address emerging risks and future challenges. In parallel, Internal Audit has continued to expand its use of technology to deliver data-driven insights. Notable progress was made during the reporting year in applying data analytics within audit engagements as well as in developing continuous auditing capabilities. These steps forward enhance the timeliness and relevance of assurance provided to stakeholders.

Internal Audit is well-positioned to continue carrying out its mandate. The function serves as an agent of positive change within the Bank, providing robust oversight, strategic insight and trusted advice in support of sound governance, risk management and the achievement of the Bank's long-term objectives.



THE YEAR UNDER REVIEW: 2025

Strategic Plan for 2025–2027

The Bank's Strategic Plan is designed to reflect its Mission and key functional priorities over a specified period. The current three-year Plan, spanning from 2025 to 2027, came into effect on 1 November 2024, with 2025 serving as the first year of its implementation cycle. Throughout 2025, the Bank remained firmly committed to its strategic direction and priorities, ensuring alignment across all Departments in pursuit of a unified institutional vision. This shared clarity supported more efficient decision-making and enabled the Bank to maintain strategic discipline.

During the year under review, the Bank conducted comprehensive strategy reviews in May and October. These biannual assessments evaluate both year-to-date progress and cumulative achievements against the three-year plan. By the close of 2025, the Bank had achieved 97.6 percent of its strategic targets set for the first year of implementation, representing 29.3 percent of the total objectives set for the full three-year period. This strong performance is attributed to the clear articulation of goals, well-defined strategic outcomes, and the consistent commitment demonstrated across the institution to advance the Plan and its intended impact.

Clearly, insights from the 2025 review played a pivotal role in informing and shaping the planning for the next year of implementation. As part of this process, the Bank conducted a series of strategic planning workshops, including an in-depth scenario-planning exercise. Existing scenarios were reassessed, materialised risks and trends were identified, and the scenarios were revised accordingly. This exercise provided a refreshed perspective on the operating environment, underscoring the importance of maintaining active visibility of key scenarios and reinforcing the relevance of the Bank's scenario-monitoring dashboard.

In addition, a prioritisation exercise was undertaken to determine the focus for 2026. Through this process, key initiatives were identified and ranked to ensure that resources and efforts are directed toward the most impactful strategic priorities in the year ahead.

The Bank's strategic direction is structured around four core Pillars and two key Enablers, each guiding its Mission and shaping its long-term impact, as follows:

- The Purpose Pillar
- The Stakeholder Engagement Pillar
- The Talent and Transformation Pillar
- The Future-fit Organisational Efficiency and Effectiveness Pillar

Each Pillar is further composed of high-level Strategic Objectives that the Bank aims to achieve collectively through a series of targeted initiatives. These Strategic Objectives are closely aligned with the Bank's functional priorities, its Mission, its Vision, and developments in the internal and external environments. To ensure effective execution of the Strategic Plan, the Strategic Objectives are further supported by strategic initiatives with clear and measurable targets.



the Bank had achieved

97.6%

of its **strategic targets** set for the first year of implementation

representing

29.3%

of the total objectives set for the full three-year period.

Strategic dagwood

At the core of the Strategic Plan are three Key Outcomes that define the Bank's strategic game plan, namely building a Smart Central Bank, fostering an inclusive and resilient financial system, and embracing a new economy. These Key Outcomes form the foundation of the Bank's strategic direction, each supported by its strategic Pillars and critical Enablers to drive success.

Building a Smart Central Bank

At the core of the Bank's Strategy is its ambition to become a smart, agile and future-ready central bank through the purposeful adoption of technology and innovation. The first Key Outcome – Building a Smart Central Bank – therefore focuses on leveraging technology and innovation to enhance operational efficiency and decision-making. Through digital transformation, workforce development and data-driven processes, the Bank will modernise its systems, streamline operations and strengthen policy execution, ultimately creating a more agile and forward-looking institution.

Fostering an inclusive and resilient financial system

The second Key Outcome focuses on fostering an inclusive and resilient financial system. Here, the Bank aims to ensure that the financial sector is accessible, stable and robust by modernising payment systems, supporting financial sector development and safeguarding currency integrity. Moreover, the Bank will strengthen regulatory frameworks and oversight to enhance the resilience of Namibia's financial system, ensuring stability amid domestic, regional and global challenges.

Embracing a new economy

The third Key Outcome focuses on preparing for and embracing a new era as Namibia's emerging energy sectors (oil and gas and green hydrogen) become a driving force in the country's economic transformation. These sectors present substantial opportunities for sustainable growth. The Bank aims to support this transition by promoting financial sector innovation, aligning development with environmental sustainability, and ensuring that financial systems and policies are equipped to support investment, manage risks and facilitate long-term prosperity in the evolving energy landscape.



High-level Strategic Objectives

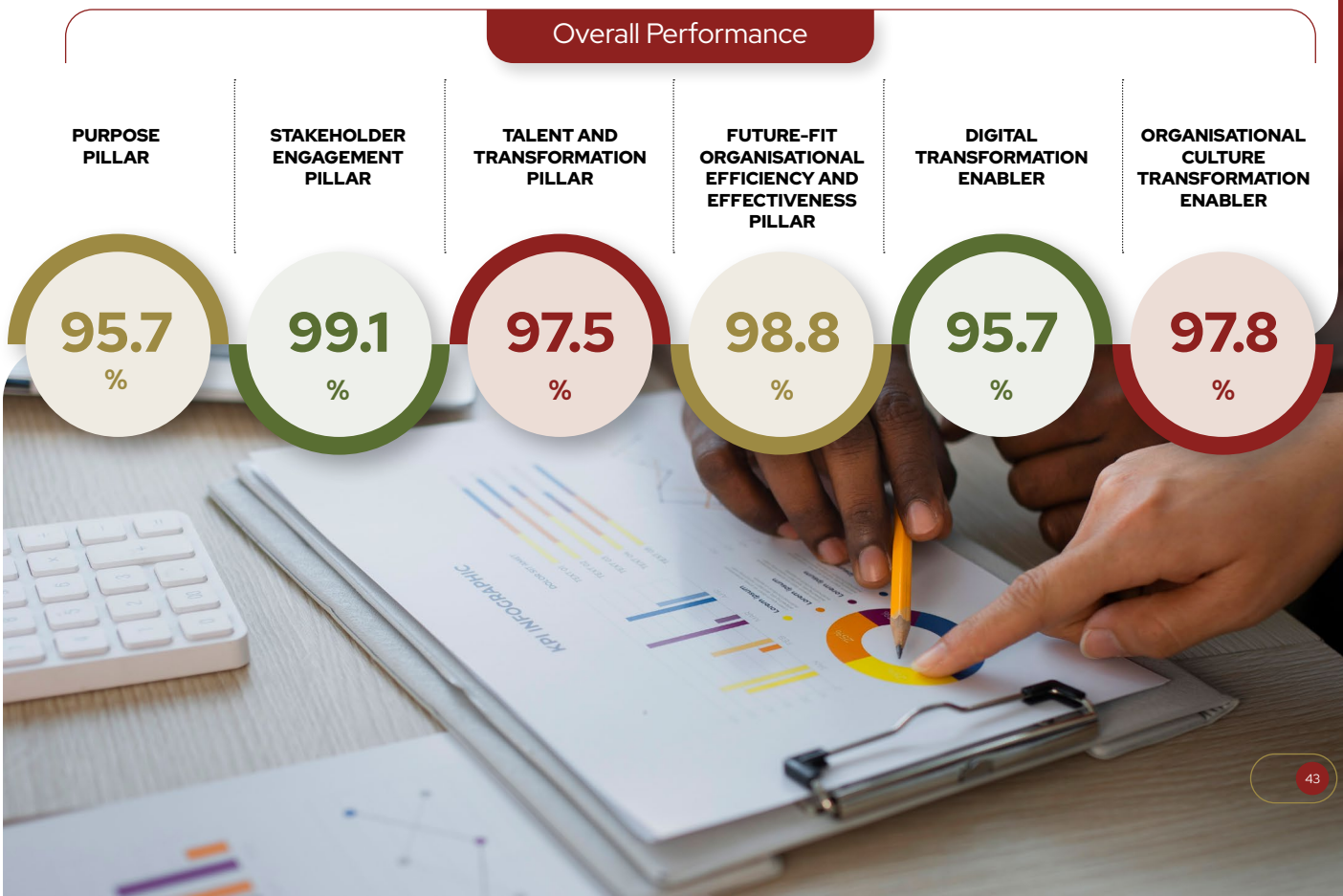
Table A.5 presents the Strategic Plan's High-Level Strategic Objectives along with performance measures expressed in terms of a completion rate percentage. These measures are supported and further illustrated by a summary of key results and achievements over the reporting year. A deeper exploration of specific Strategic Objectives and their associated initiatives follow this section.

Table A.5: Key achievements in the Bank's Strategic Plan for 2025–2027

Achievement indicator / Strategic Objective	No. of initiatives	Completion rate for 2025 (%)
PURPOSE PILLAR		
The Purpose Pillar reflects the Bank of Namibia's Mission, underscoring its fundamental role in maintaining price stability, safeguarding financial stability and supporting long-term sustainable economic growth. In an increasingly complex financial landscape, the Bank remains committed to fulfilling its mandate effectively. The Purpose Pillar ensures the Bank's proactive approach to protecting Namibia's financial system, aligning the regulatory framework with global best practices, and advancing sustainable economic development.		
Overall performance	19	95.7
High-level Strategic Objectives		
Maintain a stable and inclusive financial system	6	97.9
Maintain price and monetary stability	2	96.0
Ensure the sufficiency of supply and the integrity of currency	2	93.8
Operate as fiscal advisor to and banker for Government	3	95.5
Manage reserves prudently	2	95.0
Promote financial sector growth and economic development	4	96.0
STAKEHOLDER ENGAGEMENT PILLAR		
The Stakeholder Engagement Pillar is central to the Bank of Namibia's strategic priorities. It emphasises the importance of building trust, fostering dialogue and maintaining transparent relationships with key stakeholders. This Pillar emphasises the importance of continuous engagement with the Government, the general public, financial institutions and other key players throughout the economy. Through maintaining clear communication and strong stakeholder relationships, the Bank reinforces its position as an independent and credible public institution committed to transparency and accountability.		
Overall performance	3	99.1
High-level Strategic Objectives		
Maintain proactive public engagement	1	98.8
Promote a positive reputation	1	98.9
Enhance stakeholder awareness and confidence	1	99.8
TALENT AND TRANSFORMATION PILLAR		
The Talent and Transformation Pillar is a central element of the Bank of Namibia's Strategy. This Pillar aims at fostering a dynamic, innovative and inclusive work environment that attracts and develops future-fit talent. In an increasingly fast-changing global and local environment, traditional organisational structures and operating models are not adequate for institutions pursuing excellence. The Bank recognises that, to meet its strategic objectives, it needs to cultivate a culture that inspires innovation and encourages its employees to explore new ideas, approaches and solutions.		
Overall performance	4	97.5
High-level Strategic Objectives		
Be an employer of choice	1	97.5
Implement a future-fit talent transformation	3	97.5

Achievement indicator / Strategic Objective	No. of initiatives	Completion rate for 2025 (%)
FUTURE-FIT ORGANISATIONAL EFFICIENCY AND EFFECTIVENESS PILLAR		
The Future-fit Organisational Efficiency and Effectiveness Pillar focuses on enhancing the Bank of Namibia's capacity to adapt to technological advances and operate effectively in a rapidly changing environment. As digital technology continues to transform industries globally, this Pillar ensures that the Bank is well-positioned to leverage these innovations, enabling it to function as a more agile, efficient and high-performing institution.		
Overall performance	12	98.8
High-level Strategic Objectives		
Strengthen risk management and resilience through good governance	1	100.0
Deliver responsive and innovative solutions	4	95.5
Enhance operational efficiency and financial management	4	100.0
Develop a sustainable and green organisation and financial system practices	3	99.8
DIGITAL TRANSFORMATION ENABLER		
Digital transformation is key to the Bank of Namibia's strategic success. The Enabler centres on using technology to enhance efficiency, strengthen collaboration and support modern work practices. As the Bank advances toward a more digital and automated operating environment, its technological capabilities will expand through tools and platforms that streamline processes and facilitate improved cross-Departmental collaboration. This transition will ensure more efficient operations and a better alignment of internal processes with leading digital innovation practices.		
Overall performance	4	95.7
ORGANISATIONAL CULTURE TRANSFORMATION ENABLER		
Organisational culture transformation is a newly introduced Enabler, reflecting the Bank's recognition of the pivotal role that culture plays in the successful execution of any strategy. A strong, adaptive and collaborative organisational culture is essential for driving the strategic objectives and ensuring that the enterprise remains resilient and responsive in a changing environment.		
Overall performance	1	97.8

Completion rate for 2025 (%)





Purpose Pillar

Strategic Objective 1

Maintain a stable and inclusive financial system

Financial stability assessment and surveillance

The Bank assesses all risks and vulnerabilities that could threaten financial sector stability to determine the sector's resilience and ability to withstand internal and external shocks. These risks are assessed in the Financial Stability Reports published each year in April and October. Accordingly, risks to financial stability in Namibia have been, and will continue to be, monitored under the advisory guidance of the Financial System Stability Committee and the direction of the MOC.

Namibia's financial system remained stable and resilient in the reporting year despite an uncertain macroeconomic environment. Although domestic economic activity slowed during 2025 amidst elevated global policies and trade tensions, the banking sector demonstrated resilience, remaining profitable, well-capitalised and liquid over the 12-month period. Furthermore, the stress test results highlighted that the banking sector remained well-positioned to absorb shocks under various stress scenarios, providing comfort that the banking sector would remain resilient in the event of an economic downturn. Moreover, growth in household debt slowed notably during 2025, as reflected in repayments made to microlenders. The property market remained broadly stable over the same period, with marginal improvements observed in key indicators, including the volume and average prices of houses sold as well as rental prices.

The banking sector remained profitable, liquid and well-capitalised during 2025. Both the capital adequacy and the liquidity position of the banking sector improved and remained well above the statutory minimum requirements. The reporting year also saw profitability increase due to net interest and net-trading incomes, as reflected in both the return on assets and return on equity. The banking sector's non-performing loans (NPLs) improved from 5.6 percent recorded in 2024 to 4.8 percent at the end of 2025, following significant write-offs and recoveries as well as an accommodative interest rate environment. Overall, the banking sector reported sound developments with adequate containment of threats to financial system stability.

The non-bank financial institution (NBFI) subsector remained sound and resilient over the past 12 months, supported by favourable financial market conditions. The review period witnessed global equity markets deliver strong returns, while credit spreads tightened and inflation remained contained. This created a supportive backdrop for investment portfolio valuations. In respect of the retirement fund and long-term insurance subsectors, both maintained allocations exceeding 60 percent of assets in equities and bonds, which contributed to investment returns that outpaced domestic inflation during the reporting year. The persistent gap between benefits paid and contributions towards retirement funds continued to be absorbed through positive investment income, supported by strong asset returns. For their part, collective investment schemes maintained their significant role as a liquidity source in the financial system, with accelerating net inflows reinforcing the subsector's stability.

During the period under review, the Bank continued to enhance its crisis management frameworks. In this regard, the Bank spearheaded a financial sector Crisis Simulation Exercise to test the readiness and effectiveness of the crisis management tools and techniques in handling a financial crisis in Namibia. Four financial safety net players, namely the Ministry of Finance, the Bank of Namibia, NAMFISA and the Namibia Deposit Guarantee Authority, participated in the exercise. A report with clear recommendations and timelines was subsequently developed to ensure effective crisis management and cooperation among the four Government agencies. Furthermore, the Bank continues to enhance its bank management mandate to ensure the orderly management of failed banking institutions. This is done through regular enhancement of resolution strategies and plans for designated institutions. To this end, during the review period, the Bank participated in an inaugural Resolution Management Group Meeting in Pretoria, South Africa. The main objective of this engagement was to strengthen cross-border cooperation on crisis management between the host and home governments

The reporting period also saw the Bank continuing its administrative support of the Namibia Deposit Guarantee Authority. The Authority is mandated to manage the Deposit Guarantee Scheme, the purpose of which is to protect depositors in the event of bank failures. This is done by ensuring that deposits up to the insured limit are reimbursed in an efficient, transparent and speedy manner. The Scheme is considered a necessity in the financial sector as its existence provides confidence in the system and reduces the risk of a financial system crisis.

Payment system oversight

The Bank continued to fulfil its regulatory mandate as the sole overseer of the National Payment System (NPS) in 2025, in accordance with the Payment System Management Act, 2023 (No. 14 of 2023). In executing this mandate, the Bank applies a comprehensive, risk-based oversight framework encompassing both on- and off-site supervisory activities, licensing, and ongoing regulatory reforms. Furthermore, the Bank maintained its role in providing interbank settlement services to authorised institutions through the Namibia Interbank Settlement System (NISS), thereby supporting the safe and efficient functioning of the NPS.

The Bank conducted off-site oversight through continuous monitoring of authorised payment service providers in line with its regulatory framework, including data analysis, compliance reviews and performance assessments. Targeted, risk-based on-site inspections were also undertaken during the review period. Findings were communicated to the relevant institutions for remediation within agreed timelines, with recommendations aimed at strengthening internal controls and infrastructure in accordance with the Bank's legal and oversight frameworks.

In terms of its licensing mandate under the Payment System Management Act and the Virtual Assets Act, 2023 (No. 10 of 2023), the reporting year saw the Bank provisionally authorise one payment system operator to conduct business in the country and six payment service providers to do so. Furthermore, the Bank granted full authorisation to three payment service providers to operate in Namibia. Extensions were also granted to two entities previously provisionally authorised to operate as virtual asset service providers.



During the review period, the Bank revised elements of its regulatory framework to ensure their alignment with the Payment System Management Act. Key reforms included the issuance of the revised Determination on Interchange Rates and Off-Us ATM Withdrawal Fees (PSD-11), which establishes applicable interchange rates and fees for interbank card and instant payment transactions and repeals the 2022 Determination. Another revision effected during 2025 was to the Determination on the Licensing and Authorisation of Payment Service Providers in Namibia (PSD-1) to enhance a future-fit, risk-based framework that supports innovation and financial inclusion. The revised Determination was gazetted in 6 January 2026. The Bank further undertook a comprehensive reform of the fees and charges framework for payment services through revisions to PSD-5 (Determination on the Standards for a Basic Bank Account and Cash Deposit Fees within the National Payment System) and PSD-10 (Determination on Standards for Fees and Charges for Payment Services within the National Payment System), with the objective of consolidating and harmonising standards across payment services while promoting competition, efficiency and consumer protection. The revised PSD-10, which repeals and replaces the existing Determinations, was finalised for gazetting in December 2025. In addition, the Payment System Notice was revised to update capital adequacy requirements for payment facilitation service providers, revise licensing and renewal fees, and establish requirements governing access to financial products through e-money wallets, in support of the revised Determination on Issuing of Electronic Money in Namibia (PSD-3).

In line with the National Payment System Vision and Strategy (2021–2025), the Bank, in collaboration with industry, issued the Open Banking and the Namibia Quick Response Code (NAMQR) Standards in the National Payment System in 2025. These Standards establish common frameworks for secure data-sharing and interoperable QR Code payments, respectively.

As the NPS Vision and Strategy (2021–2025) reached the end of its cycle, the Bank initiated its transition to the National Payment System Vision and Strategy 2026-2030. This process was informed by a review of progress achieved, a Payments Thought Leadership Event, Consumer Payment Choice and Behaviour Survey and industry workshops. By the end of the reporting period, the Bank and industry were in the final stages of finalising the new Vision and Strategy, which will continue to guide the development of a safe, efficient and inclusive payment system.

During 2025, the Bank also advanced public education initiatives on fraud awareness and virtual asset service providers through digital and broadcast media, stakeholder engagement and industry collaboration. These efforts included educational content development, outreach sessions, and a joint Fraud Awareness and Cybersecurity Campaign with the Bankers Association of Namibia.

Settlement system oversight

Throughout the reporting year the Bank continued to provide interbank settlement services through the NISS. In line with the Determination for the Authorisation of Payment System Operators and System Participants in the National Payment System (PSD-6), both banks and non-banks are permitted to participate in the NISS. During the reporting year, seven banks settled directly and one non-bank settled indirectly through these services.

As part of its settlement system modernisation agenda, the Bank successfully onboarded the Central Securities Depository Limited as a settlement participant in December 2025. This milestone marked the transition from paper-based securities settlement to a secure, fully electronic environment conducted in central bank money, enabling effective delivery-versus-payment arrangements, reducing settlement and operational risk, and strengthening integration between payment and securities settlement infrastructures. Preparatory work is also under way to onboard the Instant Payment System, which will support real-time payments and enhance interoperability across the national payments ecosystem.

In May 2025, the Bank completed the NISS's migration from Swift[1] MT to ISO 20022 MX messages, well ahead of the global Swift deadline of 22 November 2025. This transition significantly enhanced straight-through processing, reduced operational risk, improved data quality, and strengthened interoperability with regional and global payment systems.

The NISS demonstrated strong operational resilience throughout 2025, supported by two scheduled business continuity management exercises and one fully announced disaster recovery test. All tests were completed, with the system consistently meeting the targeted recovery time objective of two hours. These results confirmed the robustness of contingency arrangements and the Bank's preparedness to manage operational disruptions.

[1]Society for Worldwide Interbank Financial Telecommunication

Settlement activity remained vigorous during the review period, with total real-time gross settlement (RTGS) value reaching N$1.36 trillion across 109,002 transactions. Compared with similar activities in 2024, this represents an increase of N$92.6 billion (7.3 percent) in value and 8,431 additional transactions (8.4 percent). These outcomes reflect continued growth in high-value payment flows and the sustained utilisation of the NISS infrastructure, underscoring its systemic importance in supporting the stability, efficiency and smooth functioning of Namibia's national payment system.



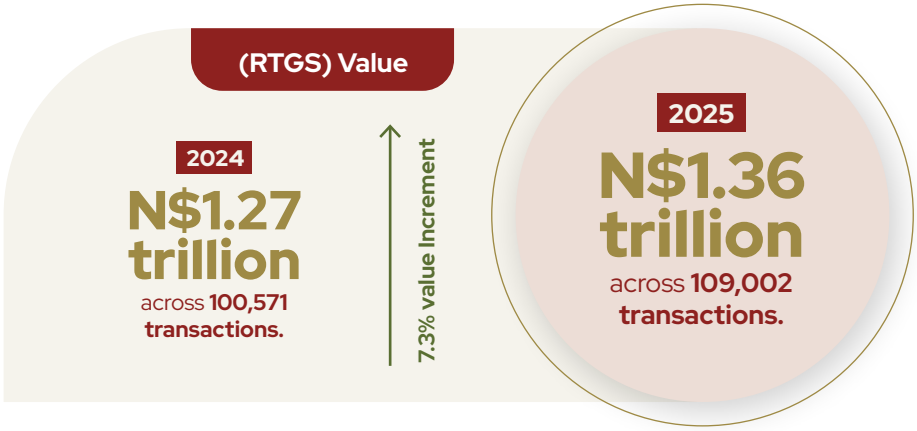


TABLE A.6 NISS TRANSACTION VALUES AND VOLUMES

Year	Number of settlement days	Values settled in N$ billion			Total number of settlement transactions
		Total value settled	Real-time transactions	Retail payment transactions	
2020	301	983.8	687.8	296.0	70 150
2021	301	1 050.4	726.4	323.9	89 758
2022	302	1 131.0	766.3	364.7	90 434
2023	300	1 205.8	800.5	405.3	95 539
2024	302	1 269.1	804.6	464.4	100 571
2025	298	1,361.7	855.7	505.9	109 002

* 2025 final settlement figures have now been fully updated

Clearing system oversight

The Bank continued to oversee clearing operations in the NPS. During the review period, Namclear remained the only payment system operator that provided clearing services within the NPS. It clears interbank electronic funds transfer (EFT) and card transactions submitted to the NISS for settlement.

The value of EFT transactions processed by Namclear increased significantly between 2024 and 2025. The volume of EFT transactions rose from 26 million to 30 million, while the total value increased from N$404 billion to N$447 billion. This represents an 11 percent increase in transaction volumes and a 10 percent increase in transaction values, largely attributable to increased economic activity.

In contrast, card transactions processed by Namclear declined in 2025. A total of 101 million card transactions were processed, down from 111 million in 2024, with a combined value of N$51 billion compared with N$57 billion in the previous year. This reflects decreases of 11 percent in transaction volume and 12 percent in transaction value, respectively.

Oversight of intrabank and electronic money schemes

The value of intrabank EFT transactions increased in 2025, compared with its 2024 counterpart. During the period under review, these transactions totalled 67 million, compared with 61 million in 2024, with a combined value of N$996 billion, up from N$897 billion recorded in the previous year.

Intrabank card transactions also increased in 2025 relative to 2024. Transactions conducted between merchants and customers within the same banking institution amounted to 111 million, with a total value of N$77 billion. This represents a moderate increase from the 98 million transactions valued at N$70 billion reported in 2023.

The use of e-money, which currently operate as closed-loop systems within individual banking institutions and non-bank financial institution continued to grow in 2025. The Bank observed a significant rise in the adoption of e-money as a payment instrument, indicating a shift in consumer payment behaviour within the domestic payment system. In 2025, the volume and value of e-money transactions increased to 89 million and N$45 billion, respectively, compared with 87 million transactions and N$43 billion in 2024. This growth is largely attributable to improved ease of use and accessibility, particularly through digital wallet solutions.

TABLE A.7 INDUSTRY VALUES AND VOLUMES

Year	Interbank EFT transactions		Interbank Card transactions		E-money transactions		Value of total intrabank transactions
	Value (N$ Million)	Volume ('000)	Value (N$ Million)	Volume ('000)	Value (N$ Million)	Volume ('000)	Value (N$ Million)
2021	307 671	23,093	31,733	59,433	31,464	61,305	551,156
2022	349,742	25,362	38,251	73,004	34,169	64,617	770,061
2023	38,021	26,811	42,629	83,958	37,748	71,857	897,396
2024	404,093	26,422	57,160	111,367	43,674	85,628	897,392
2025	447,360	29,526	50,905	100,092	45,188	89,466	995,890
Annual percent change							
2021	12	11	18	20	5	13	-22
2022	12	9	17	19	8	5	28
2023	10	5	10	13	9	10	14
2024	4	-1	24	25	14	16	0
2025	10	11	-12	-11	3	4	10

Regional payment systems oversight

The Bank continued its participation in the SADC-RTGS system. The SADC-RTGS is a regional settlement platform that facilitates time-critical and high-value payments among participating SADC countries. As at the end of the 2025 reporting period, the system comprised 88 participants, namely registered banking institutions and central banks, from 15 SADC countries. Of these, five participants, including the central bank, were based in Namibia. During 2025, total payments processed through the SADC-RTGS amounted to R2.8 trillion. Namibian banks accounted for R708 billion, representing 25 percent of the total value processed. This performance demonstrates the effective utilisation of the SADC-RTGS by Namibian banks in advancing regional payments integration, in line with the Finance and Investment Protocol.

The Bank mandated the regularisation of EFT transactions through the issuance of the Determination on the Conduct of Electronic Fund Transfers within the National Payment System (PSD-9), which became effective in 2024. PSD-9 established a comprehensive regulatory framework governing the processing of EFTs within Namibia, as well as cross-border EFT transactions between Namibia and other SADC countries, including those within the Common Monetary Area (CMA). In line with these requirements, the industry adopted the SADC-RTGS as an interim mechanism for the settlement of low-value CMA EFT transactions.

In parallel, regional initiatives have advanced towards the development and adoption of a dedicated solution for low-value cross-border payments within the CMA. The CMA Cross-Border Payments Oversight Committee (CPOC) issued a position paper requiring all low-value cross-border EFT transactions to migrate from the SADC-RTGS to a designated regional retail payment system, such as the Transactions Cleared on an Immediate Basis (TCIB) payment scheme, by 31 March 2027.

In response, the Bank issued the Directive on the Regularisation of Cross-border Low-value Electronic Funds Transfers within the Common Monetary Area (CMA) (PSDIR-10). This directive directs payment service providers to commence migration of low-value CMA EFTs to the TCIB payment scheme from the effective date of the Directive, to cease processing such transactions through the SADC-RTGS by 31 March 2027, and to execute all low-value cross-border CMA EFTs through the TCIB scheme from 1 April 2027. The Directive further requires that these transactions be processed in an efficient, transparent, and cost-effective manner, without adverse impact on users and businesses.

The SADC-RTGS Operator, in collaboration with the SADC Bankers Association, continued to support the adoption of ISO 20022 messaging standards for cross-border payments within the SADC region during 2025. In line with the global directive issued by the Society for Worldwide Interbank Financial Telecommunications (Swift), which requires all financial institutions to migrate from MT messaging standards to ISO 20022 by November 2025, engagements were undertaken at both regional and domestic levels to ensure readiness and compliance. In November 2025, the SADC-RTGS version 5 (v5) upgrade was successfully implemented, with the majority of regional participants migrating to the enhanced platform, including all Namibian participants. All domestic banks participating in the SADC-RTGS, together with the SADC-RTGS Operator, have migrated to ISO 20022 standards. As part of its oversight responsibilities, the Bank will continue to monitor and promote compliance with international payment and messaging standards to support interoperability, efficiency, and resilience within the NPS.

Oversight of the regional retail payment system

The TCIB was developed as an industry-led initiative, in collaboration with SADC regulators, to facilitate immediate cross-border payments among participating institutions within the region. The system is designed to streamline and simplify cross-border payments by reducing processing time and operational complexity, with a particular focus on supporting low-value transactions within the CMA. In line with the forthcoming regulatory transition, regional implementation efforts have commenced to ensure that both industry participants and the scheme operator are fully prepared to comply with the prescribed regulatory deadlines for low-value CMA EFTs.

TCIB is operated by PayInc in South Africa, which acts as the Regional Clearing and Settlement System Operator (RCSO) for the SADC Region. The system operates as a real-time clearing platform, enabling the efficient and seamless exchange of payment instructions among participants. Ongoing regional coordination and readiness activities are aimed at strengthening operational capacity and ensuring a smooth transition to TCIB as the designated regional retail payment system for low-value cross-border transactions.

Industry fraud statistics

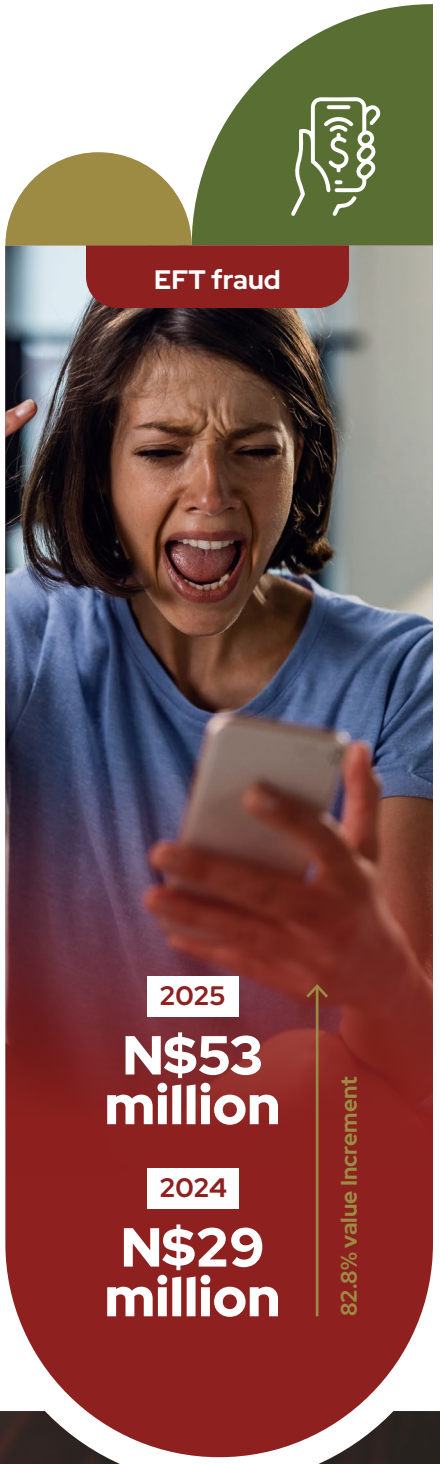
The total value of fraudulent transactions within the National Payment System (NPS) has risen steadily over the past five years, with a marked increase recorded during the review period compared with 2024. Card fraud increased to N$19.8 million, up from N$19 million in 2024. This rise was largely driven by card-not-present (CNP) fraud on e-commerce platforms, where transactions are processed without multi-factor authentication and therefore do not require customer confirmation. Electronic Funds Transfer (EFT) fraud rose significantly to N$53 million, compared with N$29 million in 2024. This escalation was primarily attributable to vishing and phishing schemes, in which fraudsters impersonate legitimate institutions to deceive individuals into disclosing sensitive information such as usernames and passwords. These attacks commonly occur through fraudulent emails, text messages, phone calls, or spoofed websites that appear authentic. In contrast, e-money fraud declined to N$1 million from N$2.8 million in 2024.

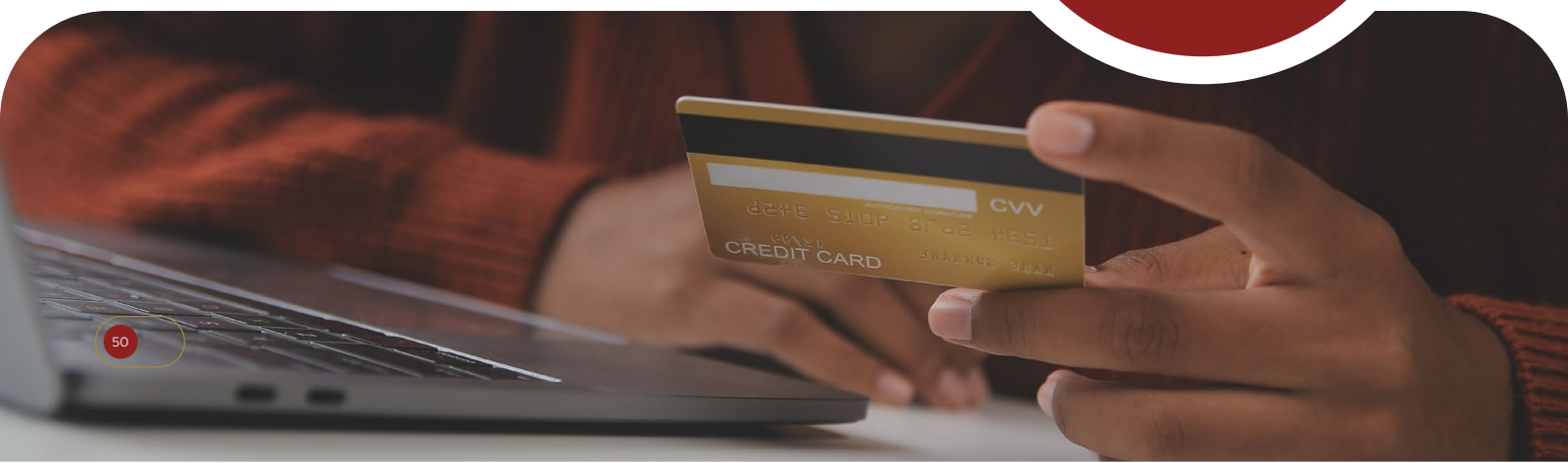
In response to the increasing fraud trends, the Bank, in collaboration with industry stakeholders, have implemented a comprehensive and coordinated fraud mitigation strategy. This strategy focuses on strengthening controls, enhancing fraud detection, and fostering cross-sector collaboration. Aggressive fraud awareness campaigns are being rolled out across the industry, and regulatory frameworks have been revised and continue to be reviewed to ensure that fraud risks are adequately addressed. Collaboration across multiple sectors, including telecommunications providers and law enforcement agencies, is planned for implementation in the coming year to further strengthen fraud prevention and response efforts. Ongoing awareness initiatives continue to educate customers on the importance of safeguarding confidential information and are expected to intensify in the next reporting period. The Bank has also engaged with industry participants to emphasise the need for enhanced controls in the management and protection of client data. In addition, industry platforms, such as the Cybersecurity Council, have been mobilised to reinforce the importance of robust security measures in combating payment fraud.

TABLE A.8 INDUSTRY FRAUD STATISTICS (NPS)

Year	Card fraud	EFT fraud	E-money fraud	Total fraud
	Value ('000)	Value ('000)	Value ('000)	Value ('000)
2021	6,753	2,907	3,618	13,278
2022	7,391	14,455	9,610	31,456
2023	17,720	17,420	11,030	46,170
2024	19,041	29,076	2,780	50,903
2025	19,924	52,880	1,099	73,904

Source: NPS





Strategic Objective 2

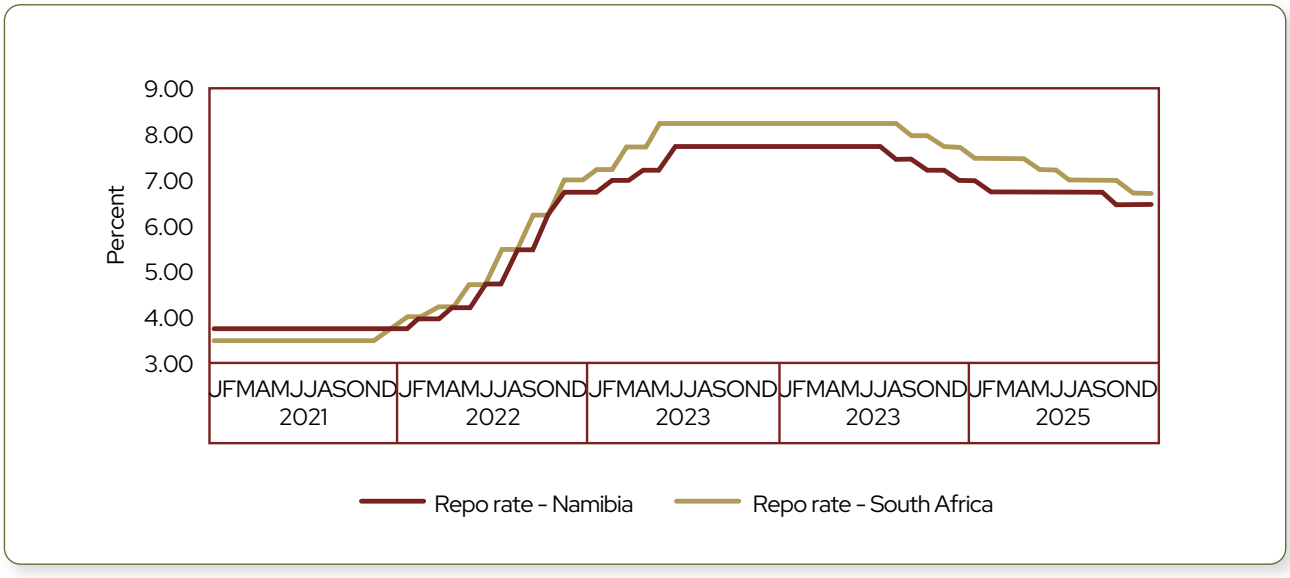
Maintain price and monetary stability

Monetary policy stance during 2025

The Bank implemented an accommodative monetary policy stance through 2025, primarily to support the domestic economy while safeguarding the currency peg of the Namibia Dollar and the South African Rand. During 2025, the Bank's Monetary Policy Committee (MPC) reduced the repo rate by a cumulative 50 basis points, bringing it to 6.50 percent by year-end, a slower pace than in 2024. The ease monetary policy stance was to aid economic activity as well as to safeguard the currency peg. This was consistent with the easing path for global monetary policies, including in South Africa, as inflation continued to decelerate from its post-pandemic highs. Moreover, to provide further support to the domestic economy, the Bank deployed an additional unconventional monetary policy measure that directed commercial banks to reduce their lending rates by 25 basis points over six months, through to December 2025. Specifically, commercial banks were mandated to reduce their lending rates by 12.5 basis points by the end of September and December 2025, respectively. These adjustments narrowed the Namibian prime-repo rate spread to 3.50 percent at year-end from 3.75 percent, thus aligning the spread with those of its counterparts in the CMA.

The Repo rate adopted by the Bank trended below that of South Africa. The Bank maintained its policy rate at levels between 25 and 75 basis points below South Africa's repo rate, with the repo rates in both countries closing the year at 6.50 percent in Namibia and 6.75 percent in South Africa (Figure A.1). Although interest rates in the pegging country are typically expected to be aligned with those in the anchor country, Namibia has consistently maintained a negative interest rate differential since November 2022 to aid economic recovery. This was buttressed by sufficient international reserve assets maintained by the Bank during the period under review and orderly capital flows.

Figure A.1 Namibia Versus South Africa's Repo Rate



Source: Bank of Namibia and the South African Reserve Bank

Domestic economic activity exhibited positive momentum in 2025, albeit at a slower pace, inflation remained well contained, while PSCE improved. The slowdown in economic activity was particularly evident in the second and third quarter mainly driven by weaker performance in the agriculture, mining, construction, and fishing sectors. Meanwhile, consumer price inflation remained contained, receding to 3.5 percent on average during 2025, the lowest since the post-pandemic peak of 6.1 percent in 2022, mainly due to the disinflation in housing, transport, and alcoholic beverages. Turning to credit, the annual growth in private sector credit extension (PSCE) recovered during 2025, primarily sustained by businesses, as household credit uptake lagged. Nevertheless, despite posting its highest post-pandemic average annual growth in 2025, PSCE remained subdued.

Monetary policy research and macroeconomic forecasting achievements

The adoption of a lower inflation target in South Africa could reset monetary policy conduct within the CMA. On 12 November 2025, South Africa announced a point inflation target of 3 percent, with a ±1 percentage point tolerance band, replacing the long-established target band of 3-6 percent. This policy adjustment is anticipated to reset the conduct of monetary policy across the CMA, potentially resulting in lower inflation and interest rates in the medium term. This is likely to benefit the welfare of the most vulnerable and broader population in the long-term.

By July 2025, the Bank concluded a study assessing the implications of the potential change in South Africa's inflation target on Namibia. The primary objective of the study was to evaluate the implications of a lower inflation target in South Africa on output and monetary policy in Namibia. The findings suggested that, while a lower inflation target could entail short-term economic costs, it had far-reaching long-term welfare gains and enhanced financial stability in Namibia. A non-technical policy note summarising the findings was subsequently prepared and submitted to the Ministry of Finance.

Recognising the potential opportunities emanating from artificial intelligence, the Bank continued to integrate machine learning techniques into its suite of macroeconomic models. The Bank incorporated machine learning techniques to further strengthen its GDP nowcasting capabilities. Turning to inflation, the Bank incorporated machine learning to complement the existing near-term inflation forecasting models.

In addition to indirect monetary policy tools, the Bank continued to implement targeted economic relief measures to aid economic activity, notably the SME economic recovery loan scheme. The disbursement phase of the N$500 million SME economic recovery loan facility was concluded in August 2025, with approximately 99.9 percent of the total facility disbursed through four local commercial banks. Overall, the scheme supported some 433 SMEs across various sectors, particularly in the construction, real estate and business services, as well as trade and accommodation sectors. Following the conclusion of the disbursements, the scheme effectively transitioned into a monitoring stage.

Strategic Objective 3

Ensure the sufficiency of supply and the integrity of currency



In 2025, the Bank of Namibia continued to carry out its role as the exclusive issuer of Namibian currency under the Bank of Namibia Act. Currency in circulation expanded by 5.9 percent to N$5.94 billion, reflecting resilience in cash-based transactions amid a rapidly evolving payment landscape. Banknotes dominated at a level of N$5.63 billion (Table A.9), while coins accounted for N$0.32 billion (Table A.10).

The year also marked a historic transformation in Namibia's currency management landscape. This underscores the Bank's strategic commitment to a future-fit currency system that is secure, efficient and inclusive. Central to this achievement was the issuance of the N$60 commemorative banknote, an enduring symbol of national pride and innovation alongside the most comprehensive upgrade of the national currency since the country's Independence in 1990.

Besides the upgrade introducing advanced security and design features across all banknote denominations, it also delivered a complete review of the coin series for the first time since its introduction in 1993. The upgrade included the launch of a new coin denomination, namely the N$0.20c piece, to enhance transactional efficiency. Collectively, these initiatives position Namibia's currency system as future-ready, technologically advanced and responsive to the needs of a modern economy.

Values and volumes as at year-end

The composition of currency in circulation for 2025 reflects a moderate increase in overall value and a notable shift in denomination preferences compared with 2024. Total currency value rose by N$332.9 million (+5.93%) from N$5.6 billion to N$5.94 billion, driven primarily by banknotes, which account for over 95% of the total (Table A.9). Banknotes grew by N$304.7 million (+5.73%) to N$5.63 million, while coins – though smaller in absolute terms – recorded a faster growth rate of +9.76%, reaching N$316.9 million. In respect of volume circulation expanded between 2024 and 2025 by approximately 5.6 million notes (+9.38%) and 32.2 million coins (+4.23%), signalling increased transactional activity across both segments.

Table A.9: Composition of currency in circulation (banknotes)

Denomination	2024 Value (N$ million)	2024 Volume (million)	2025 Value (N$ million)	2025 Volume (m)	Change % (Value)
N$10 notes	95.60	9.560	109.7	11.0	14.7
N$20 notes	233.10	11.655	237.6	11.9	1.9
N$30 notes	146.20	4.873	145.9	4.9	-0.2
N$50 notes	275.10	5.502	401.3	8.0	45.9
N$60 notes	0.00	0.000	58.0	1.0	100.0
N$100 notes	1,042.60	10.426	1,053.3	10.5	1.0
N$200 notes	3,528.60	17.643	3,620.2	18.1	2.60
TOTAL-NOTES	5,321.20	59.659	5,625.90	65.33	5.7
GRAND TOTAL	**5,609.93**	**821.359**	**5,942.77**	**859.22**	**5.9**

Coin volumes and values at year-end

Similar to banknotes, coins trend towards higher denominations. The total coin value increased from N$289 million to N$317 million since 31 December 2024 (Table A.10). The rise was led by the N$10 coin, which jumped by 65.5% year-on-year (from N$17.70 million to N$29.29 million), reflecting the growing demand for higher-value coins in the retail and transport sectors. Compared with their 2024 levels, the N$5 coin rose by 11.11% and the N$1 coin by 4.9% in 2025, maintaining their role as the backbone of coin circulation. Lower denominations remained stable, with modest gains in the N$0.10c and N$0.50c, while the newly introduced N$0.20c coin added a small base value of N$0.19 million for the reporting year

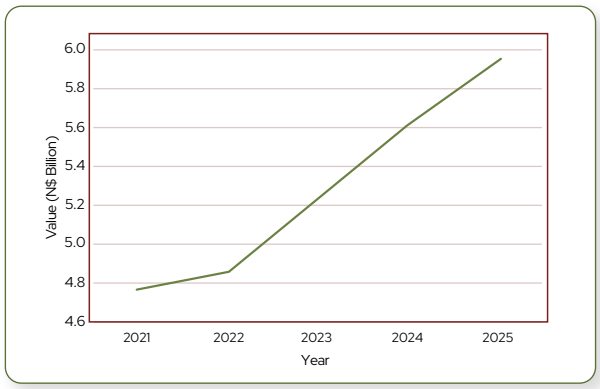
Table A.10: Composition of currency in circulation (coins)

Denomination	2024 Value (N$ million)	2024 Volum (million)	2025 Value (N$ million)	2025 Volume (million)	Change % (Value)
N$0.05c coin	14.53	290.680	14.53	290.7	-
N$0.10c coin	25.30	253.000	27.41	274.1	8.30
N$0.20c coin	0.00	0.000	0.19	0.945	100.00
N$0.50c coin	37.60	75.200	38.21	76.418	1.60
N$1 coin	127.90	127.900	134.22	134.220	4.90
N$5 coin	65.70	13.140	73.02	14.604	11.11
N$10 coin	17.70	1.770	29.29	2.929	65.50
TOTAL -COINS	**288.73**	**761.690**	**316.87**	**793.886**	**9.8**

Operationally, these shifts called for adjustments in cash management strategies. Automated teller machine (ATM) cassette configurations and vault allocations prioritised N$50 and N$60 notes, while moderating N$100 holdings to reflect declining demand. On the coin side, distribution plans accommodated the sharp rise in N$10-coin usage, alongside sustained buffers for N$1 and N$5 coins, which together accounted for nearly two-thirds of coin value in 2025. Finally, integrating these trends with ATM dispense data, branch payouts and merchant cash usage enabled more precise forecasting and inventory positioning ahead of peak periods.

Currency in circulation retained its steady upward trajectory. This was reflected in the expansion in the currency in circulation from N$4.76 billion in 2021 to N$5.94 billion in 2025, underscoring sustained economic activity and the enduring role of cash in Namibia's payment ecosystem (Figure A.2). Although growth moderated from +6.9% in 2024 to +5.9% in 2025, this resilience is significant given the rapid adoption of digital payment instruments such as mobile money, electronic transfers and card-based transactions. Several factors contributed to this continued growth in physical currency, including strong demand for cash in rural and informal sectors, cultural preferences for tangible money, and liquidity needs during periods of economic uncertainty. Seasonal drivers such as festive spending and Government disbursements, particularly social grants, also reinforced the relevance of cash even as digital channels expanded.

Figure A.2: Currency in circulation (2021–2025)

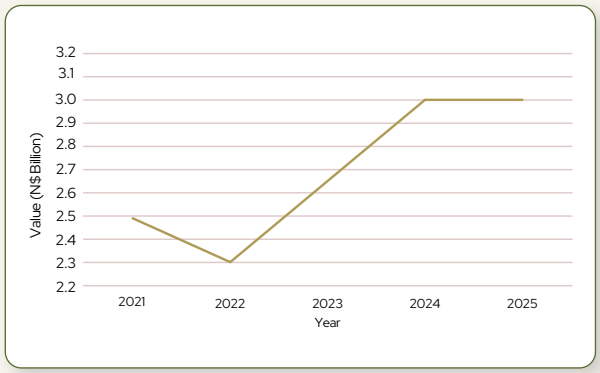


This trend highlights the importance of a balanced approach: while digitisation initiatives accelerate, physical currency remains a critical component of financial inclusion and transactional convenience. The Bank's strategy to modernise currency management and optimise cash-handling processes ensures that both cash and digital instruments coexist effectively, supporting a robust and inclusive payment system.

Replacing unfit currency: A strategic imperative

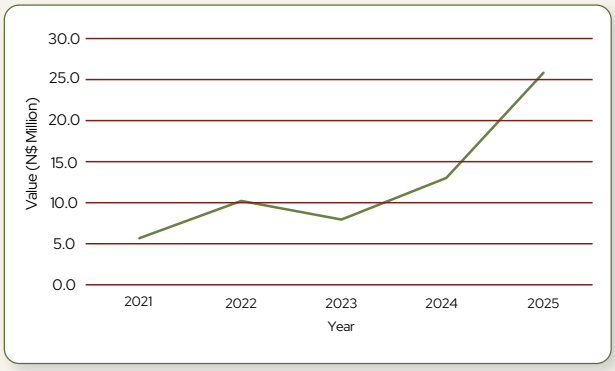
Replacing unfit currency is not merely an operational task; it is a strategic priority. In 2025, the Bank issued N$3 billion in new notes (Figure A.3), consistent with the prior year, while withdrawing N$3.3 billion in unfit notes from circulation, compared with N$2.6 billion in 2024.

Figure A.3: New banknotes issued (2021–2025)



The increase signals intensified efforts to maintain currency integrity and respond to higher circulation volumes and accelerated wear. By proactively removing deteriorated notes and replenishing with high-quality currency, the Bank safeguards public confidence, ensures transactional reliability and supports financial system stability. This proactive approach underpins the Bank's Clean Banknote Policy and aligns with global best practice, reinforcing trust in the financial system.

Figure A.4: New Coins Issued (2021–2025)



Counterfeit banknotes recorded a marginal increase from 75 pieces in 2024 to just 79 pieces in 2025 (0.83 parts per million/ppm), far below the Bank's tolerance threshold of 10 ppm, a clear reflection of strong deterrence measures and a resilient currency framework. This sustained momentum is the result of a multi-pronged approach: intensified public education campaigns, close collaboration with law enforcement, and continuous monitoring of counterfeit trends (Table A.11, Figure A.5).

Table A.11: Counterfeit banknotes (2021–2025)

Denomination	Number of counterfeit banknotes detected per piece					Counterfeits per single denomination per million notes in 2024	Counterfeits per single denomination per million notes in 2025
	2021	2022	2023	2024	2025		
N$10	1	1	2	2	0	0.2	0.0
N$20	6	7	8	7	2	0.7	0.2
N$30	0	0	0	0	0	0.0	0.0
N$50	37	28	13	12	21	1.8	3.1
N$60	0	0	0	0	0	0.0	0.0
N$100	33	55	26	13	10	1.3	1.1
N$200	78	115	35	41	47	2.4	2.5
TOTAL	155	206	84	75	80	1.26	1.26

Figure A.5: Counterfeit banknotes (2021–2025)



Strategic currency projects: Honouring legacy and modernising Namibia's currency system

Project 1 – Currency upgrade: First comprehensive overhaul since 1993

In 2025, the Bank of Namibia achieved a historic milestone with the first simultaneous upgrade of banknotes and coins since the introduction of Namibia's currency. This transformation was not a simple design refresh, but a strategic modernisation aimed at strengthening security, reducing lifecycle costs, improving accessibility, and future-proofing Namibia's cash ecosystem for a rapidly digitising economy.

The decision to review and upgrade Namibia's currency was a strategic imperative anchored in global best practice and national economic priorities. International standards dictate that central banks review their currency every six to eight years to ensure efficiency, security and relevance within the cash ecosystem. Namibia's banknotes had been in circulation for over a decade, while coins had remained unchanged since their introduction in 1993, despite significant technological advancements and evolving market needs. This prolonged cycle exposed vulnerabilities: escalating global counterfeiting threats demanded proactive enhancement of security features; frequent replacements of unfit low-denomination notes increased operational costs, and negative seigniorage on small coin denominations eroded profitability.

The discontinuation of the N$0.05c coin in 2019 compounded pressure on the remaining denominations, while outdated coin sizes, metal compositions and declining banknote tactile features compromised alignment with industry standards and accessibility for visually impaired users. Addressing these challenges through substrate improvements, optimised coin specifications, and upgraded security features was essential to enhance durability, cost-effectiveness and public confidence.

The new banknote series, unveiled by HE Dr Netumbo Nandi-Ndaitwah, President of the Republic of Namibia in July 2025, represents a significant leap forward in currency innovation. Designed to meet the highest global standards, the series integrates state-of-the-art security technology to safeguard against evolving counterfeiting threats. Lower denominations feature a composite substrate that enhances durability, ensures cleaner notes in circulation and reduces environmental impact. To promote inclusivity, the notes incorporate advanced tactile elements, enabling independent denomination recognition and setting a new benchmark for accessible currency design in Africa.



H.E. Dr. Netumbo Nandi-Ndaitwah, President of the Republic of Namibia unveiling the New coinage in July 2025, alongside Dr Johannes !Gawaxab.

The Namibian coinage underwent its first full specification overhaul in more than three decades, introducing innovations that enhanced durability, security and sustainability. New metallurgical compositions provide superior corrosion resistance while reducing weight, making the coins lighter, more cost-efficient and environmentally friendly. These changes aligned with industry best practices and contributed to lowering the carbon footprint. Optimised electromagnetic signatures ensured flawless machine acceptance across vending, parking and transit systems, while distinct tactile edge milling improved denomination recognition by touch.

A key highlight was the introduction of the bi-metallic N$5.00 coin with advanced security features, strengthening anti-counterfeiting measures. Additionally, the new coin series adopted a fresh thematic approach, celebrating Namibia's diverse economic sectors, while the upgraded banknotes retained their traditional themes but incorporated enhanced security features.

Collectively, these changes ensured Namibia's currency was secure, durable, sustainable and fully compatible with modern payment infrastructure.

Delivering this upgrade required rigorous stakeholder engagements with various sectors and the broader public, to ensure operational readiness and public confidence. These comprehensive engagements included the banks, cash-in-transit operators, retailers, parking, gambling and vending machine operators and municipalities to recalibrate equipment and ensure readiness. Nationwide public education campaigns and the Namibia Federation for the Visually Impaired (NFVI) training programs empowered citizens to authenticate and use the new currency confidently.



Bank of Namibia carried out a Nationwide public education campaign with the Namibia Federation for the Visually Impaired.

Ahead of the rollout of the new currency series, the Bank implemented a targeted Currency Replenishment Initiative to ensure uninterrupted currency availability and uphold governance standards during a period of heightened demand. The initiative involved four strategic interventions. First, the N$50.00 banknote was modified to include the sitting Governor's signature for the first time and to incorporate an upgraded level security feature, reinforcing legal and institutional integrity. Second, the N$10.00 banknote was replenished to meet supply requirements and stabilise retail liquidity. Lastly, the N$0.10c and N$1.00 coins were replenished to address prevailing market demand. These proactive measures mitigated operational risk, stabilised supply chains and ensured transactional continuity, thereby preparing the economy for the seamless introduction of the upgraded currency series.

Project 2 – N$60 Commemorative Banknote: Honouring Legacy and, Strengthening Confidence

On 17 March 2025, the Bank of Namibia issued the N$60 commemorative banknote to honour the late President HE Dr Hage G Geingob, denominated to represent 60 years of his dedicated service to Namibia. This historic issuance was informed by the profound significance of Dr Geingob's legacy as Namibia's third President and the first sitting Head of State to unfortunately pass away while in office. The commemorative note was conceived as a national tribute to his transformative leadership and enduring values of unity, inclusivity and progress. Launched by the fourth President, HE Dr Nangolo Mbumba, during a period of national mourning, this initiative was more than a currency issuance; it was a national project symbolising heritage, resilience and technological advancement. The denomination of N$60 was purposefully selected to reflect 60 years of unwavering service, from exile to liberation, from architect of the Constitution to Head of State.

A limited production of two million pieces ensured a balance between accessibility and commemorative exclusivity, while preserving collector value. Initial distribution was managed through commercial banking halls to maintain the note's commemorative status, supported by a nationwide awareness campaign that reached all 14 regions, schools, and pension pay points. To further enhance accessibility and modernise currency distribution, the note was subsequently introduced into the ATM network marking a significant step forward in Namibia's currency management strategy.

This was only the second commemorative banknote issued by the Bank since its establishment, underscoring its rarity and prestige. The public overwhelmingly chose to retain the note as a keepsake rather than spend it, reflecting its emotional and historical significance. The N$60 commemorative banknote stands as a bold expression of national identity, technological excellence and inclusive design, a tangible tribute to a leader whose vision shaped Namibia's democratic foundations and future aspirations.



Together, these projects delivered more than operational improvements.; They redefined Namibia's currency system to reflect innovation, inclusivity and sustainability while responding to critical needs for security, resilience and national pride. By embedding advanced security features, pioneering financial inclusion through NFVI collaboration, and modernising coinage for the first time since 1993, the Bank positioned Namibia as a regional benchmark for secure, durable, socially inclusive currency design and strengthening public confidence.

Strategic Objective 4

Operate as fiscal advisor to and banker for Government

The Bank provided fiscal advice to the Government and assisted the Sovereign to successfully navigate a year of unprecedented bond redemptions. Local bond redemptions were accommodated through switch auctions in the period leading up to redemptions and rollover auctions upon bond maturity. Furthermore, in 2025, Namibia redeemed its second Eurobond of USD 750 million. In preparation for this, the Bank assisted in crafting and implementing a strategy to build a USD sinking fund over the years leading up to the redemption date. To further complement the amount already set aside for this purpose, the Bank assisted the Government in concluding negotiations with local banks to raise private debt at acceptable terms. These endeavours set the stage for Namibia to honour the payment at maturity and firmly anchor her position in the international markets as a credible lender.

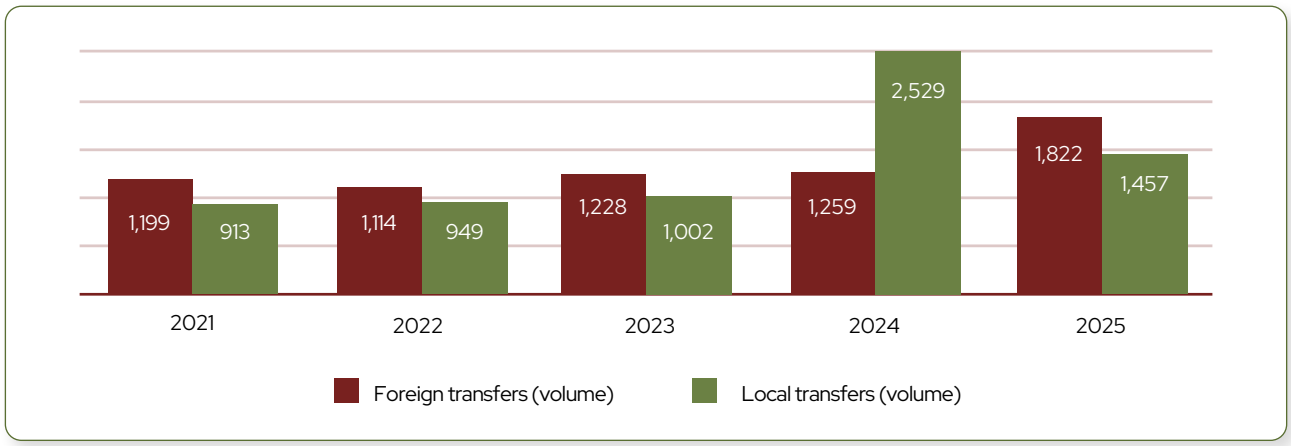
Furthermore, a significant step towards an improved landscape for bond issuance materialised in 2025. The Namibia Securities Exchange (NSX), in partnership with the Bank of Namibia under the oversight of the Namibia Financial Institutions Supervisory Authority (NAMFISA), went live with the Central Securities Depository Limited (CSD) in December 2025, marking a major milestone in the modernisation of the country's capital markets. The launch of the CSD represents a significant transition from paper-based securities registration and settlement to a fully electronic, integrated system, paving the way for international investor participation. The CSD will hold securities in electronic form, facilitate electronic clearing, settlement, and registration, and manage corporate action events.

As banker to the Government, the Bank of Namibia played a pivotal role in ensuring the timely execution of domestic and international financial obligations during the 2025 financial year, thereby supporting the effective implementation of the national budget. Foreign transfer volumes rose to 1,822 transactions, a 44.7 percent increase from 2024, underscoring the Bank's capacity to facilitate cross-border payments aligned with Namibia's external commitments.

In addition to the above, the Bank continued to provide the Ministry of Finance (MoF) with technical advice on public debt sustainability, in line with its mandate. Debt sustainability analysis (DSA) is an important part of debt management and an avenue through which risks and vulnerabilities associated with the country's debt trajectory can be identified and mitigated. The Bank continued to prepare frequent sustainability analysis reports aimed at influencing policy around debt management. After a thorough analysis of Namibia's macroeconomic and fiscal indicators, the debt sustainability analysis established that Namibia's public debt is projected to remain high over the medium term (2025–2029). This is due to rising gross financing needs, including increasing debt service costs. In this regard, the debt sustainability analysis highlights the need for greater fiscal discipline, emphasising the need to strengthen fiscal strategies towards fiscal sustainability to maintain public debt on a more sustainable path.

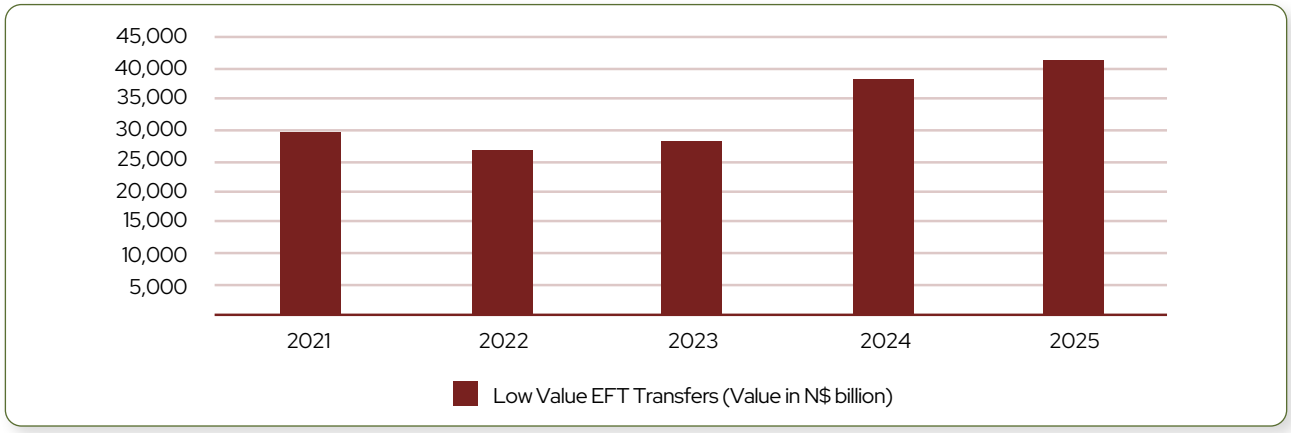


FIGURE A.7 LOCAL AND FOREIGN TRANSFERS PROCESSED (VOLUME)



Local transfers stabilised in 2025, remaining well above pre-2024 levels. Combined with foreign transfer activity, these outcomes demonstrate the Bank's sustained operational reliability in supporting fiscal execution and ensuring the smooth flow of liquidity necessary for effective service delivery. Local transfers normalised to 1,457 transactions following the exceptional surge in 2024, yet remained 45.4 percent above the pre-2024 average, reflecting sustained efficiency in meeting domestic obligations. Together, foreign and local transfers demonstrate the Bank's operational reliability in underpinning fiscal execution and maintaining liquidity flows essential for service delivery.

FIGURE A.8 LOW VALUE ELECTRONIC FUND TRANSFERS



Electronic Funds Transfers (EFT) remained the primary mechanism for Government operational payments, with 2.9 million transactions processed in 2025, consistent with the volume reported in the preceding year. Despite this, EFT volumes remain above historical levels, while the total value of low-value EFT transactions reached N$41.29 billion, higher by 8.1 percent year-on-year, but 38 percent higher than 2021, signalling the deepening digitalisation of Government payment systems.

These outcomes collectively affirm the Bank's effectiveness in safeguarding payment continuity and fiscal credibility. By ensuring the timely settlement of obligations, the Bank not only supports the smooth execution of the State's budget but also reinforces Namibia's standing with stakeholders and counterparties. The growth in foreign transfers reflects strengthened capacity to honour international commitments, while the normalisation of local transfers and sustained EFT adoption highlight operational resilience and modernisation. Ultimately, these trends contribute to confidence in the Bank's stewardship of public funds and its role in sustaining macroeconomic stability.

Advancing digitisation and operational efficiency

The Bank continued to drive its digitisation agenda in pursuit of service excellence, building on the automation journey for Government payment services that commenced in 2024. This sustained effort delivered transformative improvements through the expansion of the online portal and the deployment of Robotic Process Automation, significantly reducing manual, paper-based processes and improving turnaround times. A major highlight was the successful completion of the Modernisation of the Public Teller Project, which introduced a custom-built Public Telling Module within SAP to automate core cash-handling operations.

The impact has been substantial. Since going live at Oshakati Branch on 23 June 2025 and at Head Office on 03 November 2025, the system processed 1,338 government deposits totalling N$34.7 million, alongside internal withdrawals exceeding N$288,000.00. These volumes reflect the scale of modernisation and its contribution to operational efficiency. Real-time processing of deposits replaced delayed manual postings, ensuring immediate account updates and enhancing transparency.

Automated cash balancing reduced end-of-day processing from five hours to three, while built-in validation mechanisms minimised human error.

Beyond efficiency gains, the project delivered measurable benefits. Daily NamPost courier services for deposit slips were eliminated, and manpower requirements at Oshakati and Head Office were reduced by three positions. The automation also enabled a data-driven operating model, allowing faster, more accurate reporting and decision-making. Collectively, these improvements underscore the Bank's commitment to service excellence and represent a historic step toward fully digitised government payment services, laying a strong foundation for future enhancements and sustainable delivery.



Modernisation of the Public Teller Project

The system went live at Oshakati Branch on 23 June 2025 and at Head Office on 03 November 2025, processing **1,338 government deposits totalling N$34.7 million and internal withdrawals exceeding N$288,000.**

Strategic Objective 5

Manage reserves prudently

The Bank continued to manage Namibia's foreign exchange reserves in 2025 as mandated by the Bank of Namibia Act. These reserves are primarily held to support the Namibian currency in circulation, thereby safeguarding the sustainability of the peg to the South African Rand and ensuring the country's ability to meet its international financial obligations. In addition, reserve assets serve broader strategic purposes, including maintaining confidence in the country's monetary framework and enhancing resilience to external shocks.

In fulfilling the objectives of reserve holding, the Bank prioritises capital preservation and liquidity. Subject to these primary objectives being met, excess reserves are managed to optimise risk-adjusted returns, minimise the cost of holding reserves, and preserve and enhance the long-term purchasing power of the reserve portfolio. These objectives are achieved through exposure to a diversified range of eligible foreign assets, within clearly defined limits informed by the Bank's annual strategic asset allocation process.

Review and enhancement of reserve management strategies

During 2025, the Bank undertook a comprehensive review of its reserve management framework, encompassing the strategic asset allocation, investment guidelines, risk limits, and performance benchmarks. The review seeks to ensure continued alignment with evolving global financial market conditions, increased geopolitical uncertainty, and heightened volatility in interest rates and exchange rates. The expected outcome of this initiative is a more robust and forward-looking reserve management strategy that enhances flexibility, improves risk management, and supports more efficient deployment of excess reserves while maintaining the primacy of capital preservation and liquidity.

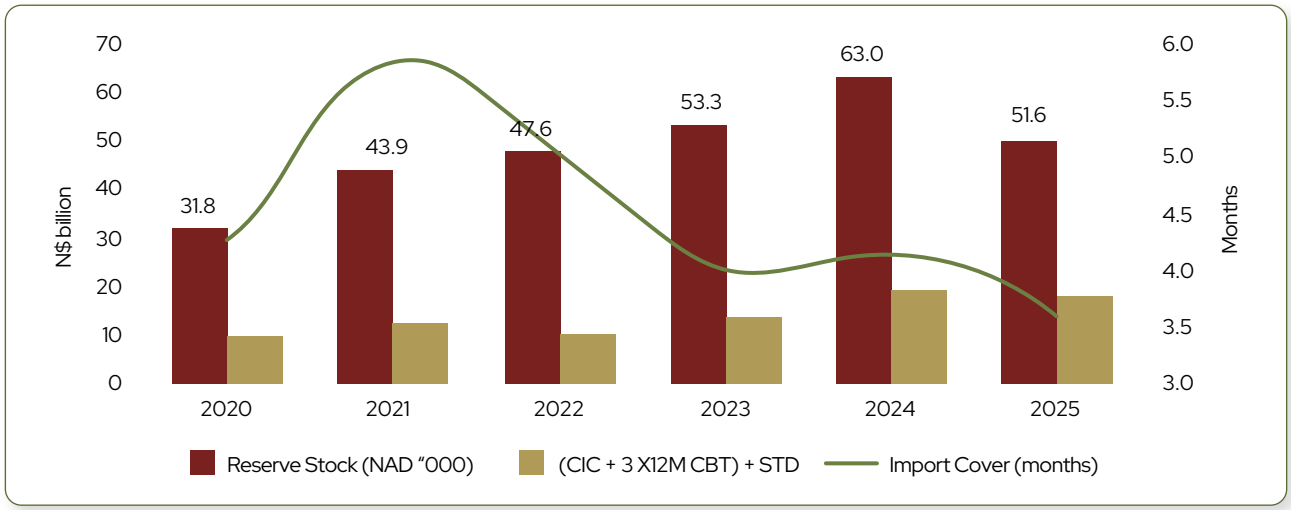
Introduction of gold into the reserve portfolio

As part of efforts to further diversify reserve assets and enhance resilience, the Bank has made advanced progress in formalising the groundwork for including gold within the official reserve portfolio during 2025. Gold is expected to serve as a strategic diversifier, providing a hedge against inflation, currency depreciation, and adverse geopolitical developments. The inclusion of gold is anticipated to strengthen the long-term stability of the reserve portfolio, reduce concentration risks associated with traditional reserve currencies, and reinforce confidence in the Bank's reserve management framework, once all governance matters have been finalised.

Foreign exchange reserve developments during 2025

Over the past 12 months, Namibia's foreign exchange reserves have declined notably. On a year-on-year basis, reserves contracted by 18.1 percent in 2025, in contrast with the 18.4 percent growth recorded in 2024. The foreign reserve stock fell from NAD 63.0 billion at the end of 2024 to NAD 51.6 billion as of 31 December 2025. The decrease is mainly ascribed to the Eurobond redemption in October 2025, as well as a strong local currency and lower SACU receipts.

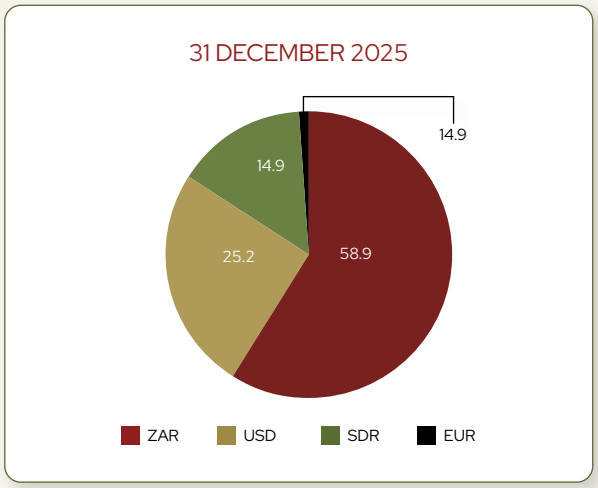
FIGURE A.9: OFFICIAL FOREIGN EXCHANGE RESERVE STOCK



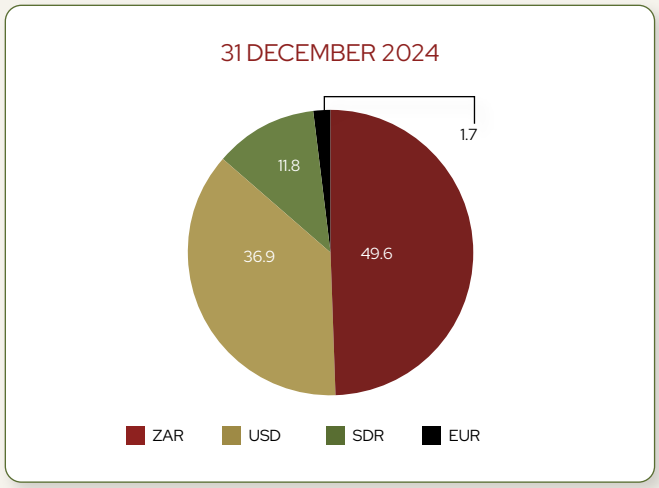
The reserve position remained adequate over the review period, as assessed against multiple adequacy metrics. These are, namely: (i) import cover; (ii) currency in circulation plus a buffer equivalent to three times average monthly commercial bank outflows; and (iii) the latter measure augmented by 12-month external debt obligations. All three indicators remained comfortably above their respective thresholds, with reserves covering 3.3 months of imports and recording ratios of 5.1 and 2.8 for metrics (ii) and (iii), respectively. At these levels, the reserve position is assessed as sufficient to support the exchange rate peg to the South African Rand and remains well above the threshold for invoking Section 61 of the Bank of Namibia Act. The US Dollar (USD) and South African Rand (ZAR) remained the dominant components of the Bank's foreign exchange reserves. As of December 31, 2025, the ZAR and USD accounted for 58.9 percent and 25.2 percent of the reserves, respectively. The remaining 15.8 percent comprised the International Monetary Fund (IMF) Special Drawing Rights (14.9 percent) and the Euro 0.9 percent. (see Chart A.2).

FIGURE A.10: CURRENCY MIX OF FOREIGN EXCHANGE RESERVES, 31 DECEMBER 2025

The largest currency allocation was apportioned among the ZAR and USD currencies of the overall reserves during 2025.



The largest currency allocation was apportioned among the ZAR and USD currencies of the overall reserves during 2025.



Administration of exchange control

Pursuant to its mandate as the agent of Exchange Control administration, the Bank continued to fulfil this function to safeguard a stable foreign exchange market in the country and to support the foreign reserves management policy. Significantly, the Minister of Finance granted the Bank an expanded delegation of powers under Regulation 22E of the Exchange Control Regulations, 1961, as amended. The main purpose of the expanded delegation of powers is to close certain administrative legal gaps as found and guided by the High Court in the matters that were litigated in 2025. In addition, the delegated power by the Minister streamlines the overall administration of the exchange control function, infusing much-needed efficiency and shorter turnaround time.

Furthermore, during the period under review, the Bank made strides in the executing the exchange control function anchored on the following key strategic focus areas:

- Conducted risk-based supervision and compliance enforcement on the regulated institutions in terms of the Exchange Control legal framework.
- Carried out regular monitoring and data analysis of cross border foreign exchange transactions to support compliance enforcement and policy formulation.
- Ensured exchange controls alignment with CMA counterparts, in keeping with the spirit of the Multilateral Monetary Agreement, governing the CMA partnership.
- Undertook assessments and studies on illicit financial flows (IFFs) to inform multi-sectoral risk mitigation measures and policy advisory.
- Conducted several investigations for alleged non - compliance of the Currency and Exchanges Act and together with its associated complementing Exchange Control Regulations.

On-site compliance function

During the period under review, the Bank conducted three (3) risk - based on – site inspections for Authorised Dealers and two (2) Authorised Dealers with Limited Authority, respectively. On one of the key measurements of the effectiveness of controls deployed by the regulated entities, the Bank noted that, compared with last year, the industry maintained a satisfactory level of compliance with the provisions of the Exchange Control Regulations, 1961. This attests to the concerted efforts by the Bank to instil a compliance culture based on sound and effective governance practices. However, on technical compliance, some of the Authorised Dealers were found non-compliant with the Business and Technical specifications regarding their systems and processes on the management of the data submitted to the Bank via the Balance of Payment Reporting System are concerned.

To remediate the root causes of the unsatisfactory quality of data, the Bank shall continue to deploy targeted interventions towards the Authorised Dealers concerned. The approach aims to close systems configuration gaps, enhance skills and capacity of the staff, tightening of the verification measures, and enforce administrative sanctions for non-compliance. This multi-pronged approach is expected to improve the quality of data would also target the end-consumers to ensure they validate and correctly categorise cross-border foreign exchange transactions.

Off-site monitoring

Authorised Dealers as well as Authorised Dealers with Limited Authority are required to report all the cross-border transactions within two business days from the value date of the transactions. This requirement ensures the timely monitoring of cross–border flows of funds. In 2025, the country saw a significant flow of financial transactions, characterised by substantial investment inflows from non-resident entities, alongside considerable outflows from residents. At the same time, the data shows a net outflow for payments for services. Additionally, significant inflow was noted on loans introduced by residents during the reporting year. In terms of trade, Namibian resident entities received lower export proceeds than they paid for imports. The United Kingdom, South Africa and the United States of America (US) played a significant role in Namibia's international trade during 2025, with a focus on both exports and imports. South Africa and the United States of America dominated both the export and import markets. (Figure A.11).

FIGURE A.11:
TOP THREE COUNTRIES AND CATEGORIES OF CROSS-BORDER INFLOWS AND OUTFLOWS FOR THE REPORTING YEAR 2025



Trade Verification System

The Trade Verification System (TVS) was introduced to strengthen digital integration between the Balance of Payments Reporting System and the ASYCUDA World System. Since its implementation in 2023, the Trade Verification System has become an important source system in effective administration of exchange controls, complementing the efforts to mitigate the risk of illegal externalisation of foreign exchange.

The Trade Verification System is used, inter alia, to perform the following functions. Firstly, to establish a single, authoritative source of information for the movement of goods and associated financial flows. Secondly, to enable reconciliation of cross-border financial transactions with the corresponding cross-border movement of goods. Thirdly, to strengthen the prevention, detection, and deterrence of trade-based IFFs. Lastly, to provide requisite trade data to support evidence-based policy formulation and decision-making.

The TVS continued to strengthen the integrity of cross-border transactions. During the year under review, import transactions totalling NAD 2.48 billion were automatically reconciled on the TVS across 5,271 transactions, aligning payments with corresponding declarations. Similarly, export transactions totalled NAD 12.22 billion across 3,472 transactions. A Refresher training was provided to the industry, aimed at training exchange control officials at relevant Authorised Dealers on the use and benefits of the TVS. The training further incorporated practical demonstrations on the use of the system, such as capturing and verifying payments and declarations on the system.

Mitigating the risks of illicit financial flows

In 2025, the Bank continued to lead national efforts on mitigating the risks of Illiciit Financial Flows (IFFs) through the national Technical Working Group (TWG). Following the formation of the new 6th Administration in 2025 and the dissolution of the Ministry of Trade and Industrialisation, the TWG expanded to 15 national agencies, now including the Ministry of International Relations and Trade.

In the National Development Goals 2030, the government set a key target to reduce IFFs from 9% to approximately 5% of GDP. Flowing from this goal, several sub-goals have been developed to focus on the measurement and recovery of these flows. Namibia is currently awaiting Cabinet approval to disseminate IFFs estimates under the UN Sustainable Development Goal Indicator 16.4.1 ("Total value of inward and outward illicit financial flows (in current United States dollars)"). Once approved, this will mark the official reporting of these statistics.

With developmental funding provided by the United Nations Conference on Trade and Development (UNCTAD), Namibia utilised the Assess – Analyse – Apply (AAA) Policy Framework to develop robust policy options for combating IFFs within the economy. Based on the results established during the IFFs measurement phase, the TWG further examined the specific channels and mechanisms through which IFFs occur. In May 2025, the TWG underwent training on the AAA Policy Framework facilitated by UNCTAD.



The TWG during the UNCTAD workshop on understanding the AAA Framework on illicit financial flows

Furthermore, the Bank, along with the Namibia Revenue Agency and the Financial Intelligence Centre, participated in a European Union IFFs project under the SecFin umbrella. This collaboration, in partnership with the Swedish Tax Agency, utilised the Problem Driven Iterative Adaptation approach to workshop solutions for potential tax evasion related to the Withholding Tax on Services. A recommendations report will be shared with participating agencies in this regard.



Participating teams from the Namibia Revenue Agency, the Financial Intelligence Centre and the Bank of Namibia at the award ceremony under the SecFin project

Strategic Objective 6

Promote financial sector growth and economic development

Policy research and analysis

As part of its statutory mandate, the Bank is required to provide policy advice to the Government. In this regard, the Bank conducts economic and financial research, as well as other research of strategic importance. The main aim of the research undertaken by the Bank is to inform Government policy direction and actions. The following is a summary of research activities carried out in 2025.

The Bank conducted a policy research Note on the 'Addressing the Binding Constraints in Public-Private Partnerships (PPPs) in Namibia". PPPs are an important strategic mechanism that can bridge the infrastructure financing gaps and fast-track the achievement of Vision 2030. Despite the legal and institutional framework, Namibia has not successfully implemented projects under the PPP framework. The Note identified constraints, namely, Legal and Institutional Gaps, Political and Administrative Challenges and Capacity and Pipeline Issues. Finally, the Note recommended a review of the legal framework on the frequency of the Committee meetings, and consideration for remuneration of the public servants of the Committee, and the duration of Committee members' term of office. In addition, the Note recommended that capacity building and training curriculum be considered for public management courses at institutions of higher learning. Other suggested interventions includes roadshows, awareness and communication to be fully explored as well as for the Government to identify possible PPP project proposals and approach the private sector for partnering and funding opportunities.

In addition, the Bank of Namibia successfully held its 26th Annual Symposium on the 13th of November 2025 under the theme: Unleashing the Power of the Creative Industries: A Catalyst for Economic Development in Namibia. The event aimed to explore the creative industries, recognising their significant potential to boost national growth and employment. The event attracted creatives across various sub-sectors in the country, policymakers, as well as three invited industry experts from select African countries that have a demonstrated track record of thriving cultural and creative industries. For the first time, the symposium provided a platform for 15 exhibitors to showcase their work to policymakers and industry leaders. The Bank aimed to directly engage local industry players and leverage the experiences of regional experts to understand industries' challenges, explore opportunities, and gather insights on prevailing policy gaps. Aligned with its commitment to support economic growth and development, the Bank selected this theme in support of the country's national development plans.

Financial sector development

Transformation and inclusion

During the year under review, the Bank continued to coordinate the development of the Namibia Financial Sector Transformation Strategy (NFSTS) 2025–2035. As part of this process, the Bank, together with the Secretariat institutions, namely NAMFISA, the Ministry of Finance, and the Ministry of Industrialisation, Mines and Energy, undertook regional consultations across the country to engage grassroots consumers, small businesses, and other stakeholders. These consultations were intended to capture practical feedback and lived experiences to ensure that the Strategy reflects the aspirations, challenges, and needs of all segments of society. The regional consultations were successfully concluded in February 2025.

The NFSTS provides a long-term framework for transforming Namibia's financial sector into one that is more inclusive, resilient, competitive, and digitally enabled. The Strategy is structured around key pillars that focus on expanding access to financial services, deepening usage and quality of financial products, accelerating digital financial innovation, strengthening financial sector stability and integrity, supporting capital market development, and enhancing skills and localisation within the sector. A strong emphasis is placed on financial inclusion, consumer protection, SME and youth financing, and the use of digital solutions to overcome geographic and structural barriers to access.

Following the completion of the consultation process, the Strategy was presented to the Financial Sector Council, chaired by the Minister of Finance, where it was endorsed and approved for submission to Cabinet. Cabinet subsequently approved the Strategy on 19 June 2025, paving the way for its official launch on 28 July 2025.



Financial Sector Council Members, Financial Sector Council Advisory Body Members and relevant stakeholders at the Launch of the NFSTS.

The current phase following the launch of the Strategy is implementation. During this phase, the Bank, together with relevant stakeholders, is coordinating the rollout of priority actions, establishing governance and monitoring arrangements, and tracking progress against agreed targets to ensure effective execution of the Strategy over the 2025–2035 period.

Diagnosing informality in Namibia

The Bank also continued to spearhead a diagnostic study on informality in Namibia to gain a deeper understanding of the dynamics of the informal sector and its implications for financial inclusion and economic development. The study was a collaborative effort with the Ministry of Industrialisation, Mines and Energy, the Ministry of Justice and Labour Relations and various UN agencies, including the International Labour Organisation, the UN Industrial Development Organization and the UN Human Settlements Programme.

The Diagnostic Study on Informality coordinated by the bank was successfully launched on 11 November 2025. As a result of this work, three analytical reports were produced. The findings highlighted the scale and diversity of informality in Namibia, where the informal economy was estimated to contribute 24.7 percent to the national GDP and accounts for 57.7 percent of total employment. The study underscored the high prevalence of micro and survivalist enterprises, particularly in sectors such as Agriculture, Forestry, and Fishing, accounting for about 87.6 percent of informality and Food and Accommodation services at 68.6 percent, while noting strong linkages between informality, unemployment, and income vulnerability. These vulnerabilities are most pronounced in urban areas, where informality reaches 78.9 percent, and among women, who constitute 53.0 percent of the informal workforce. The study also showed limited access to formal financial services among informal sector participants, further evidenced by an extremely low union representation estimated at only 7.0 percent, driven by factors such as irregular incomes, lack of formal documentation, limited financial literacy, and regulatory constraints.

The reports further identified gaps in existing policy and support frameworks and recommended targeted interventions to improve access to appropriate financial services, strengthen business capabilities, and support gradual pathways from informality to formality. These findings provide an important evidence base to inform financial inclusion of policies, SME support programmes, and broader labour market and economic reforms.



Deputy Governor Mr Ebson Uanguta, United Nations Resident Coordinator Ms Hopolang Phororo, and other relevant stakeholders during the Validation workshop of the Diagnostic of Informality Study.



Deputy Governor Mr Ebson Uanguta, Executive Director, Ministry of Finance and Chairperson of the National Working Group on Informality Dr Michael Humavindu, the UN Resident Coordinator Ms Hopolang Phororo and relevant stakeholders at the Launch of the Diagnostic of Informality Reports.

Strengthening financial literacy

The Bank remained committed to advancing financial education and literacy during the year under review, recognising that informed and empowered consumers are essential to a stable, inclusive, and well-functioning financial system. Through its Memorandum of Understanding with the Ministry of Finance, the Bank continued to provide technical support to the Financial Literacy Initiative (FLI), a national platform dedicated to promoting financial awareness, consumer empowerment, and responsible financial behaviour among Namibians.

As part of its contribution to strengthening financial capability, the Bank supported the collaborative development of a national digital financial literacy manual. The manual was developed in partnership with key stakeholders and is intended to equip individuals, households, and small businesses with practical knowledge and skills to safely and effectively use digital financial services.

The content focuses on core topics, including digital payments, consumer rights and responsibilities, fraud and scam awareness, budgeting, savings, and responsible credit use. The digital financial literacy manual will support broader efforts to increase the adoption and safe use of digital financial services.

As a platform supporter, the Bank also made its annual financial contribution to the Financial Literacy Initiative during the year under review. This funding supported the implementation of outreach programmes, public education campaigns, and the development of financial literacy materials aimed at improving financial decision-making across different population segments, including youth, low-income households, and small enterprises. Collectively, these initiatives contribute to strengthening consumer confidence, promoting responsible financial behaviour, and advancing Namibia's financial inclusion objectives.

Strengthening SME development

The Bank continued to play a key technical role in supporting the implementation of the SME Financing Strategy, which seeks to improve access to finance for micro, small and medium-sized enterprises. During the year under review, the Bank's focus remained on supporting the operationalisation and effective use of the three core facilities under the Strategy. This included engagements with the Namibia Special Risks Assurance Association regarding the implementation of the Credit Guarantee Scheme (CSG) as well as the Development Bank of Namibia (DBN) on the Venture Capital Fund and the national mentoring and coaching programme. Through progress updates it was revelead that the total number of jobs created through the CSG increased to 964 in 2025 compared with 934 in 2024 with the Khomas Region leading, followed by the Otjozondjupa and Erongo Regions.

Sustainable Finance and Financial Sector Development

During the year under review, the Bank of Namibia, with the support of the Alliance for Financial Inclusion (AFI), championed the development of a Sustainable Finance Strategy aimed at integrating sustainability considerations into Namibia's financial sector. The Strategy adopts a collaborative approach, bringing together financial institutions, regulators, and policymakers to support the transition toward a more resilient, inclusive, and sustainable financial system.



Sustainable finance strategy validation workshop

The development process was underpinned by extensive stakeholder engagement, including structured consultations with industry participants and relevant institutions across the banking and non-banking sectors. In addition, the Bank facilitated targeted capacity building sessions with both banking and non-banking financial institutions to strengthen understanding of sustainable finance principles, environmental and social risk management, and implementation considerations. These engagements also served as validation platforms to test and refine the proposed strategic framework.

Transformation and inclusion

Over recent years, financial technology (fintech) has emerged as a transformative force reshaping financial services globally. The Bank of Namibia recognises FinTech and innovation as critical enablers of financial sector modernisation, economic growth, and financial inclusion. The adoption of innovative, technology-driven financial solutions is increasingly essential to broadening access to financial services, strengthening economic resilience, and positioning Namibia as a competitive and forward-looking participant in the regional and global digital economy.

In response to these developments, the Bank of Namibia developed a FinTech Strategy aimed at cultivating a dynamic and sustainable fintech ecosystem. The Strategy focuses on strengthening key enablers, including enabling regulatory frameworks, foundational infrastructure, investment mobilisation, and talent and skills development, to support responsible innovation across the financial sector.

Balancing innovation and regulation

During 2025, the Bank revised its FinTech Innovation Regulatory Framework to provide a structured and transparent pathway for innovations that fall outside the scope of existing regulations to be tested and refined. The Framework enables innovators to pilot new solutions in a controlled environment, while allowing the Bank to deepen its understanding of emerging technologies and business models to inform future regulatory and policy directions. The revised Framework now assesses applications based on a balanced evaluation of both potential benefits and associated risks. In doing so, it seeks to foster responsible FinTech innovation while proactively managing risks to consumers, market integrity, and overall financial stability. This approach reinforces the Bank's commitment to enabling innovation without compromising its core mandate of safeguarding the financial system.

Digital public infrastructure as the foundation for innovation and financial inclusion

Recognising that sustainable innovation depends on strong foundational systems, the Bank assumed a leadership role in conducting a national analysis of Namibia's digital public infrastructure (DPI), with a specific focus on digital payments, digital identity, and data exchange. Collectively referred to as DPI, these foundational systems provide the essential building blocks upon which scalable, interoperable, and inclusive digital solutions can be developed.

Between June and September 2025, the Bank convened a broad range of stakeholders from government, the private sector, and development institutions to assess Namibia's current DPI landscape from both policy and technological perspectives. The engagement sought to identify gaps, opportunities, and shared priorities as well as to define what successful DPI implementation should entail in the Namibian context. The strong multi-stakeholder participation and support underscored the strategic importance of DPI in advancing innovation, financial inclusion, and long-term economic development.

Thought leadership and the launch of the FinTech Youth Programme

In October 2025, the Bank hosted a high-level thought leadership forum under the theme "FinTech Futures: Unlocking Youth Potential and Job Creation through Innovations of Tomorrow." The event convened leaders from government, industry, academia, and development institutions to engage on Namibia's digital and economic future. Discussions reaffirmed a shared conviction that the country's long-term competitiveness will depend on its ability to harness technology and empower its youthful population to participate meaningfully in the digital economy.

Deliberations throughout the forum highlighted the need for coordinated national efforts to build digital capabilities, stimulate job creation, and support economic diversification. Stakeholders emphasised the importance of aligning education and training systems with the future of work, improving access to risk-tolerant capital, and strengthening innovation-supportive infrastructure. A recurring theme was that inclusive innovation must be embedded within Namibia's long-term development agenda to ensure that the benefits of digital transformation are widely shared, particularly among youth, who constitute the majority of the population. Participants also called for deeper collaboration among regulators, industry players, academia, and development partners to accelerate innovation while preserving financial stability.

At the centre of the event was the launch of the FinTech Youth Programme (FYP), a flagship initiative of the Bank's Innovation Hub. The FYP is designed to equip young Namibians with the skills, exposure, and institutional support required to thrive in a rapidly evolving financial sector. The programme aims to nurture innovators at different stages of maturity by strengthening technical capabilities, enhancing entrepreneurial readiness, improving employability, and fostering cross-sector collaboration.

Against the backdrop of high youth unemployment and limited access to advanced digital skills, the FYP is positioned as a transformative intervention to unlock homegrown talent and integrate young people more effectively into the digital economy. The programme will support youth-led innovation through targeted skills development, mentorship, incubation support, access to financing opportunities, and regulatory guidance. Beyond stimulating entrepreneurship, the FYP seeks to strengthen national digital readiness by enabling young innovators to develop solutions that advance financial inclusion, support financial sector modernisation, and enhance Namibia's overall economic competitiveness.

Launched in October 2025 with its initial collaborators, the FinTech Youth Programme is scheduled to pilot in 2026 with its inaugural cohort of youth-led FinTech enterprises. The Bank continues to encourage additional partners to join this national initiative and contribute to the development of a robust and inclusive FinTech ecosystem.

Collaboration and ecosystem development

The advancement of FinTech innovation in Namibia requires a cohesive and collaborative ecosystem capable of aligning and amplifying previously siloed efforts. In support of this objective, the Bank established the Innovation Hub as a dedicated physical space for Bank staff and ecosystem collaborators to co-create, network, and drive innovation initiatives. The launch of the Innovation Hub brought together a diverse range of FinTech ecosystem participants, serving as a catalyst for a more integrated and symbiotic network focused on collaboration and partnership. Through this platform, the Bank aims to strengthen engagement across the public and private sectors, support knowledge sharing, and accelerate the responsible emergence of FinTech innovation within Namibia's financial sector.

BOX ARTICLE 1

UNLEASHING THE POWER OF THE Creative INDUSTRIES



UNLEASHING THE POWER OF THE CREATIVE INDUSTRIES:
A catalyst for economic development in Namibia

Introduction and background

The Bank of Namibia held its 26th Annual Symposium on 13 November 2025 in Windhoek under the theme "Unleashing the power of the creative industries: A catalyst for economic development in Namibia". The symposium aimed to explore this contemporary economic sector, recognising its significant potential to boost economic growth and employment. The event attracted creatives across various sub-sectors in the country, policymakers, key stakeholders, as well as three invited industry experts from select African countries with a proven track record of contributing immensely to cultural and creative industries. For the first time, the symposium also provided a platform for 15 exhibitors to showcase their work to participants and industry leaders.

The creative industries are increasingly being recognised as a significant contributor to economic growth and an engine of job creation. According to the United Nations, taken together, creativity, culture, economics, and technology have the potential to generate income, create jobs, and increase exports while promoting social inclusion, cultural diversity, and human development. As a result, the emerging creative economy can be utilised to promote development. Data from the United Nations Conference on Trade and Development (UNCTAD), indicates that the creative industries contributed between 0.5 percent and 7.3 percent to GDP and employed between 0.5 percent and 12.5 percent of the workforce, across different countries globally over the past ten years (UNCTAD, 2024). Furthermore, Namibia Statistics Agency data shows that the Namibian creative industries contributed 1.6 percent to GDP, on average, over the last 10 years.

Despite its relatively small size, the creative economy in Namibia has great potential for growth and development. The Namibian cultural and creative industries encompass a wide range of artistic forms such as media, advertising, entertainment, culture and arts, among others. Generally, creative industries do not only provide a source of cultural identity and expression for the country but also creates job opportunities and contributes to economic diversification. Given the inter-sector linkages, the industries have significant potential to contribute to economic growth through a multiplier effect. With the power of the digital economy, Namibians creatives are not limited to the local market, they can export their work to other markets, use creativity to promote the tourism sector and increase earnings for the country.



The Bank of Namibia selected the 2025 symposium theme to align with the country's Sixth National Development Plan (NDP6) 's goal of doubling the creative industries' contribution to economic growth by 2030. The theme aimed to directly engage the Namibian creative industries players and leverage on the experiences of regional expertise, to understand prevailing challenges and explore available opportunities for the industries. Furthermore, with Namibia's large youth population facing high unemployment, the 2025 symposium aimed to revitalise youth employment opportunities through the creative industries given that the youth are a major participant in these industries.

Specifically, the overview paper and discussions at the symposium were centred around three sub-themes, namely: The Value of Arts and Culture, Technology and the Creative Industries, Business Models and Access to Finance, and driven by the following key guiding prompts:

What are the primary economic contributions of creative industries, and what are their untapped potentials?

How does the creative industry contribute to cultural preservation, promotion, and social development?
What empowerment frameworks are required to enable informal-sector creatives to successfully integrate the richness of cultural and traditional assets into the mainstream economy?

What key institutional arrangements are necessary to support the growth of the creative economy?
What needs to be done to ensure Namibian creative entrepreneurs' work is legally protected, even outside Namibian borders?

Given the unpredictability of business performance in creative industries, what innovative financing models can banks offer to support the growth of the sectors?

Which sector of the creative industries has the highest potential to contribute to growth and employment opportunities?

How can the creative industries and related sub-sectors be effectively accounted for in national economic statistics?

What is the export potential of the creative industry, especially in film production?

What lessons can be learned from countries with successful creative sectors?

The symposium featured presentations and discussions that addressed these questions and other related concerns by local and international speakers. More specifically, the speakers and panellists comprised of private, public and industry representatives with notable speakers representing the Ministry of Education, Youth, Innovation, Sports, Arts and Culture, and the Presidency. In addition, three industry experts were invited from Kenya, South Africa and Nigeria to share practical insights based on their regional and individual country experiences.

The sections below begin with the key policy issues emanating from the Annual Symposium, followed by a synopsis of general and specific policy recommendations.

Key policy issues

The overview paper and discussions held at the Symposium underscored policy issues within Namibia's cultural and creative industries. As summarised below, these include both challenges facing and opportunities available to the industries.

CHALLENGES

High input costs

Creatives are faced with high costs of acquiring and hiring equipment, human skills and logistics that they need for production of their goods and services. This mostly affects the film and graphic designs industries where large equipment is required in the production process. Equipment and other materials used in large film production in Namibia are reported to be mostly imported as they are not available in the country, an opportunity that could be seized locally. To grow the film industry, some countries offer incentives in the form of tax rebates for international film production, this is identified as non-existent in Namibia and a challenge to the growth of the industry.

Limited access to credit facilities and inadequate funding opportunities

The critical issue of limited funding was thoroughly explored. Although there are some initiatives provided by a few institutions in Namibia, resources remain insufficient to fully support the financing needs of the growing number of creatives. This is compounded by a lack of access to formal credit facilities, as banking institutions often classify the creative sector as high-risk due to its innate revenue unpredictability and collateral requirements. As such, most creative projects in Namibia are self-funded, as owners are unable to obtain financing from financial institutions. The issue with collateral is that because creative entrepreneurs do not have a fixed income, they are unlikely to acquire assets such as houses that meet the formal definition of collateral.

When it comes to financing, both creatives and the financial institutions emphasise the need for understanding the creative industries and financing requirements, respectively. Creatives urged banking institutions and regulators to deepen their understanding of creative industry businesses with a view to developing tailored financial products and schemes that address the specific needs of the creative industries. Similarly, creative entrepreneurs were urged to proactively understand finance principles and how to effectively leverage on the available opportunities to grow their businesses. However, it is also with reduced financing regulatory requirements that this issue can be eased.

Payment restrictions and regulatory barriers

Namibian creative industries are faced with an established yet narrowed payments system, including payments across borders. Due to payment restrictions, weak regulatory reforms and high fees charged, creatives struggle to build stable earnings prospects and earn little of what they are subjected to. Examples of these included restrictions by PayPal for an active payout function for Namibia, where creatives receive payments on streaming platforms like YouTube but are unable to withdraw these via cash. The prevailing limitations in the payment space disadvantage Namibian creatives, especially given their low business scale.

Limited access to infrastructure, technology and digital connection

Many regions lack dedicated facilities such as theatres, while existing community venues are currently aging or insufficiently equipped to meet the needs of the creatives such as music and media production. Also, the educational institutions are mostly available in major urban areas like Windhoek which restrains many creatives from pursuing their studies at institutions like the College of the Arts and the Namibia Film School. Moreover, creatives in the rural areas face limited digital connection and reliable technology, which make them less attractive to outside investments, confines their market access and therefore opportunities to grow.

Inadequate intellectual property frameworks

Technological advancements within the creative industries make reproduction and distribution of copyrightable work easily accessible. It has become much easier to share and make use of pirated digital creative work pieces, primarily because of the developments in technology. And because most creatives distribute their products via social media and various online streaming platforms, they are never too safe. Some legal frameworks have been established, but they are cited as fragmented and insufficiently enforced to protect creatives' assets. These frameworks remain outdated as they do not speak to the trends in the digital environment.

Weak value chains

The creative industries are characterised by feeble linkages, as industries often operate in isolations, with limited collaboration between different sectors. This disintegration restrains creatives from maximising their resources to scale up production and reach a wider market. For instance, when creatives want to make garments for fashion, film production, festivals and etc, they are mostly having to source the materials or at times, the finished garments from other countries. This is mainly due to limited infrastructure, skills gap, poor market access and informality of the sector. The absence of a comprehensive national strategy for the creative industries and minimal understanding of the creative industries value chain limits coordinated support and long-term planning.

Misclassification and unavailability of data

Data availability is a critical input in the formulation of appropriate policies. Namibia's creative industries are characterised by data gaps and possible misclassification that make it difficult to quantify the industries' actual economic contribution. Based on data acquired from relevant institutions, economic activities in the creative industries are grouped together with services such as telecommunication, scientific research and computer programming. Thus, the Symposium stressed the need to invest in appropriate data capturing and classification systems to enable appropriate policy recommendations.

Lack of skills development

Namibian creatives need to be technologically and digital savvy to keep up with global trends to grow their business. In addition to the provision of internet connectivity, more on basic digital skills training to empower the creatives to enable them to showcase their work on global digital platforms. Moreover, there is a need to empower creatives in business acumen including the management of their finances and general financial literacy. Notwithstanding the above, the discussions also revealed that the public, especially financial institutions need to acquire a thorough understanding of the creative industries business frameworks from all sectors to help them better craft targeted products for the industries.

Fragmented institutional frameworks

Despite the emerging shift, the Namibian creative economy traditionally experience lack of cohesive national support necessary to enhance its contribution to economic growth. This has been attributed to factors such as the lack of appreciation of creative work by the public, lack of coordination among industry institutions, as well as the absence of a dedicated governing industry body. Currently, oversight is fragmented across multiple institutions, with Arts and Culture under the Ministry of Education, Innovation, Arts Sports and Culture, while other sectors such as film production appear fall under the Ministry of Information Communication. This institutional vacuum leads to a lack of coordinate efforts to suppoort the creatives. As such, many creatives are left unaware of their professional rights and no direction on who to turn to for assistance especially in an event of intellectual property disputes.

Lack of representation at national platforms

The discussions highlighted that the creative economy remains marginalised from key national decision-making platforms. This leads to top-down decisions and policies that are less considerate of their views and expertise. This systemic exclusion is compounded by a lack of public respect for creative labour with consumers frequently failing to recognise and treat these services as professional livelihoods rather than hobbies.



A fragmented legal landscape

The national policy landscape for the creative industries remains hardly harmonised. Existing Intellectual Property legal instruments are described as outdated and suffers from inefficient implementation that fails to address creative needs. While the ongoing review of the Copyright and Related Rights Protection Bill is a critical step, its prolonged timeline suggests a significant need for alignment ahead. Post-finalisation, extensive efforts will be required to synchronise existing policies and ensure that the industries are adequately protected especially in the digital age.

A rigid education system

The current education system does not fully integrate creativity and human ingenuity. Most educational activities are restricted to traditional arts, with no structure to uplift and support natural talent outside the school curriculum. The education curriculum needs to evolve to provide early specialised pathways for those who demonstrate exceptional natural talent in technical or design skills, especially if they do not excel in traditional academic settings.

OPPORTUNITIES

The event also highlighted the opportunities within the industries that can be explored to grow and increase their contributions to growth. Despite its relatively small size and the challenges that the Namibian creative industries are faced with, there are opportunities that would make a great impact on the Namibian economy.

Creative tourism and sports

Namibia has attractive landscapes with a combination of savanna land, mountainous areas, sand dunes and the desert that meets the ocean and the UNESCO recognised world heritage sites. With this, the creative industries can leverage Namibia's rich cultural heritage and artistic talent that integrates local art, music and storytelling to enhance tourism and boost earnings and employment in such industries. Moreover, sports as a subsector of the creative industries, if effectively nurtured, has potential to positively contribute to social values in the country as it unites the nation especially the Youth.

Global increase in potential funding

The cultural and creative industries are receiving increasing interest from global funders. Several financial institutions including the Afreximbank, the Africa Development Bank (AfDB) have initiated programmes aimed to develop and grow the cultural and creative industries on the African continent. Namibia together with other African countries can leverage on these opportunities, exploring the financing models that are practical to individual country cases and facilitate the support to their creative industries.

Technological advances

The advancement in technology, including Artificial Intelligence (AI) has the potential to play a major role in advancing the development of Namibia's creative industries. AI-powered tools can be used to improve efficiency, enhance quality and products delivery in any industry. As such, smart use of AI and other digital tools in the creative industries can greatly improve processes and connect Namibian creatives to external markets, enabling them to grow their businesses.

Policy recommendations

The creative industries are described as a frontier that transforms imagination into income. The industries thrive on, sound regulation, efficient and inclusive national payment systems, as well as the promotion of financial inclusion and literacy. Amidst challenges, the Namibian creative industries hold potentials that if explored would make a great impact on the Namibian economy. In this regard, the following section provides policy recommendations to the current identified issues within the creative industries.

General recommendations

To achieve the NDP6's goal of a 3 per cent of the creative industries contribution to GDP, the country needs to implement initiatives that are targeted towards sectors that cuts across other sectors with a higher multiplier effect.



Improve funding

Develop tailored financial products and additional funding schemes that address the needs of the creative industries. Consider expenditure rebates to attract foreign direct investments and develop equipment leasing financing towards key sectors such as film production. Implement applicable innovative targeted financing models, such as creative credit guarantee facility, Intellectual property -backed financing model, creative bonds or cultural Investment notes and micro-credit models. Financial institutions, led by the Ministry of Finance should exploit opportunities to allow for the use of Intellectual Property in credit provision to the creative business.

Protect intellectual property

Strengthen Legal Frameworks that protect creatives' Intellectual property rights. Modernise Intellectual Property (IP) systems to digitise rights and facilitate the joining of royalty networks to collect, track, and distribute royalty payments to the original owners of intellectual property. While the ongoing review of the Copyright and Related Rights Protection Bill is a critical step, extensive efforts, post its finalisation, should be exerted on synchronising existing policies and ensure that the industries are adequately protected especially in the digital age.

Enable and expand market access

To grow the local market and encourage the marketing of the products externally, the country needs to stimulate public interest through various initiatives such as national or regional Creative Fairs. Moreover, Namibia needs to develop robust export strategies specifically tailored to high-potential sectors such as film and music through special efforts on trade agreements and forums such as Creative Connect Africa. This will enable Namibian creatives to expand and penetrate new international markets which will strengthen the national brand identity on the global stage and increase for Namibian creative services.

Enable access to and classify data

Data availability is a critical input in the formulation of appropriate policies. Lack of data makes it difficult to quantify the industry's actual economic contribution and highlights a need for improved processes in data capturing and management for the country. There is a need to improve data coverage and classification including the adoption of frameworks applicable to the creative industries. Frameworks such as Satellite Accounts employed in other countries will help to quantify the industries' contribution to economic growth. Industries measurement and data availability will also contribute to the branding of the Sector and unlock opportunities for export markets.

Build capacity and create mentorships

Empower creative entrepreneurs including those in rural areas to be able to grow their business. Education systems need to sufficiently include artistic disciplines, culture and indigenous knowledge, this calls for increased investment in education from lower to university levels as well as the adoption of technology in relevant sectors to help them keep up with global trends and increase their social and economic impact. Also, creatives need to be fully aware of their rights and be able to defend and protect their Intellectual Property and therefore might require training of Intellectual Property in addition to other areas.



Pillars	Action required	Authority/agency responsible
Funding 	➔ The financial industry should explore innovative targeted financing models, such as creative credit guarantee facility, intellectual property -backed financing model, creative bonds or cultural investment notes and micro-credit models, leveraging on other countries experiences. ➔ Provide supervisory guidance to encourage banks to serve creatives by officially recognising them as eligible borrowers. This will include the recognition of intellectual property as collateral worthy assets, borrowing from the experiences of countries that have implemented similar strategies, such as Ghana. ➔ To further catalyse creative industries, regulators need to employ strategic regulatory interventions, including changing certain regulations, to create an environment where commercial banks feel comfortable lending to creative businesses. The interventions should also serve as incentives for commercial banks to extend credit to the creative sector with confidence.	• Banking institutions; spearheaded by the Bank of Namibia
Payments 	➔ Seamless payments platforms for creatives to receive local and international payments, particularly for content creators, to allow for digital and cross-border payments	• Bank of Namibia • Ministry of Information and Communication • CRAN
Data availability and classification 	➔ Strengthen data collection and reclassification in line with country specific consideration and international standards. ➔ Further research is needed to help banks and the public understand the value of creative industries. This will also help transition public perception of industries from just art or cultural pursuit to that of a fundamental economic enabler and contributor. ➔ Render appropriate measurement of the industries, including the adoption of the creative industries Satellite Accounts approach in the National accounts.	• Bank of Namibia and Namibia Statistics Agency (NSA) • Ministry of Education and Academic Institutions • NSA



Stakeholder Engagement Pillar

Strategic Objective 1

Maintain proactive public engagement

Communications and stakeholder relations

In 2025, stakeholder engagement became a central instrument through which the Bank of Namibia reinforced economic credibility, policy coordination and public trust. Strategic engagements with the newly appointed President and Cabinet strengthened alignment between monetary policy, financial stability, and Namibia's economic development agenda. Meanwhile, ongoing dialogue with Parliament, regulators, and the private sector ensured continuity, transparency, and institutional confidence during a period of transition. At the same time, flagship platforms such as the 35th Anniversary celebrations and the Creative Industry Symposium broadened the Bank's public footprint, connecting price and financial stability with innovation, culture and inclusive growth. Collectively, these engagements delivered real impact by strengthening trust in Namibia's financial system, enhancing institutional credibility and positioning the Bank as a central driver of stability, reform and long-term economic resilience.

Local and statutory engagements

Engagement with the President of the Republic of Namibia

The Bank held its annual statutory engagement with HE President Dr Netumbo Nandi-Ndaitwah, during which the Governor, Deputy Governors and senior leadership provided an update on key economic developments and strategic financial sector reforms. Discussions covered economic performance, inflation trends, global trade risks, reserve management, and progress on major national projects such as the Central Securities Depository and the Instant Payment Programme (IPP), reaffirming the Bank's commitment to stability, resilience and inclusive growth.



HE President of the Republic of Namibia, Dr Netumbo Nandi-Ndaitwah, Vice President Hon. Lucia Witbooi, Deputy Prime Minister Hon. Natangwe Ithete, Governor of the Bank of Namibia, Dr Johannes !Gawaxab, Deputy Governor of the Bank of Namibia, Mr Ebson Uanguta, Deputy Governor Ms Leonie Dunn, Executive Director of the Ministry of Finance Dr Michael Humavindu, Director for Strategic Communications and International Relations Mr Kazembire Zemburuka, and Communications Practitioner, Ms Josefina Oskar.

Strategic Objective 2

Promote a positive reputation

Launch of the Namibia Regulators Forum

The Bank launched the Namibia Regulators Forum, bringing together the Business and Intellectual Property Authority, the Communications Regulatory Authority of Namibia, the Electricity Control Board, the Financial Intelligence Centre, the Namibia Financial Institutions Supervisory Authority, the Namibia Revenue Authority and the Namibian Standards Institution, with the Namibia Investment Promotion and Development Board and the Namibia Chamber of Commerce and Industry attending as observers. The Forum aims to strengthen coordination and drive smarter, more coherent regulation. At its inaugural meeting, members endorsed the Terms of Reference and appointed Governor Dr Johannes !Gawaxab as Chairperson and CRAN CEO Ms Emilia Nghikembua as Vice Chairperson, marking a decisive step toward collaborative regulation that supports investment, innovation and sustainable growth.



Bank of Namibia Governor and Chairperson of the Namibia Regulators Forum, Dr Johannes !Gawaxab, the Chief Executive Officer of the Communications Regulatory Authority of Namibia and Vice-Chairperson of the Forum, Ms Emilia Nghikembua, together with Deputy Governor of the Bank of Namibia, Ms Leonie Dunn. They are joined by representatives from the Business and Intellectual Property Authority, the Communications Regulatory Authority of Namibia, the Electricity Control Board, the Financial Intelligence Centre, the Namibia Financial Institutions Supervisory Authority, the Namibia Revenue Authority and the Namibian Standards Institution, with the Namibia Investment Promotion and Development Board and the Namibia Chamber of Commerce and Industry participating as observers

Namibia Public–Private Forum

The Bank of Namibia participated in the inaugural Namibia Public–Private Forum, a national platform convened by HE President Dr Netumbo Nandi-Ndaitwah to strengthen collaboration on job-creating, inclusive economic growth. The Governor delivered a scene-setting address that examined Namibia's labour market dynamics and emphasised the need to convert macroeconomic stability into broad-based opportunity by investing in productive sectors, strengthening confidence, enabling smart regulation and embracing digital technologies.



The President of the Republic of Namibia, Her Excellency, Dr Netumbo Nandi-Ndaitwah; Governor of the Bank of Namibia, Dr Johannes !Gawaxab; Chief Executive Officer of the Namibia Investment Promotion and Development Board, Dr Nangula Uaandja; Director-General of the National Planning Commission, Ambassador Dr Kaire Mbuende; Former First Lady of the Republic of Namibia, Madam Monica Geingos; Executive Director in the Ministry of International Relations and Cooperation, Ms Ndiitah Nghipondoka-Robiati; and Chief Executive Officer of the Namibia Chamber of Commerce and Industry, Mr Titus Nampala, alongside other senior Government officials.

Monetary policy dialogue and launch of the Data Sphere

The Bank hosted its 2025 Monetary Policy Dialogue, bringing together policymakers, financial sector leaders, and academics to examine Namibia's economic outlook and to unveil the Data Sphere platform. The Governor provided insights on moderated growth, inflation pressures and global trade risks, while the launch of the Data Sphere marked a historic step in enhancing national economic transparency through a centralised, accessible hub for key macroeconomic and financial data.



The Bank of Namibia Monetary Policy Committee (MPC) members during the annual Monetary Policy Dialogue

Engagement with the Parliamentary Standing Committee

The Bank, led by Governor Dr Johannes !Gawaxab and Deputy Governor Mr Ebson Uanguta, held its statutory engagement with the Parliamentary Standing Committee on Economy and Industry, Public Administration and Planning. The session addressed monetary policy developments, economic performance and emerging sector issues, reinforcing the Bank's commitment to transparency, regulatory reform and a resilient financial system that advances long-term national prosperity.



Governor, Dr Johannes !Gawaxab and officials of the Bank pictured with the members of the Parliamentary Standing Committee on Economy and Industry, Public Administration and Planning.

Dialogue with the Diplomatic Corps and Development Partners

The Bank of Namibia hosted its annual engagement with heads of mission and representatives from multilateral institutions. Chaired by Governor Johannes !Gawaxab, the dialogue served as a platform to exchange views on Namibia's macroeconomic landscape, recent policy developments and the Bank's reform agenda in support of a modernised and resilient financial system.



Governor Dr Johannes !Gawaxab, management of the Bank and members of the diplomatic corps during the annual statutory diplomatic engagement.

Engagement with Namibia's 8th Parliament

The Bank engaged Namibia's 8th Parliament in a dedicated session led by Governor Dr Johannes !Gawaxab to deepen understanding of the central bank's mandate and its role in safeguarding financial stability and public trust. The Governor outlined the economic outlook and rising global risks and introduced the Instant Payment platform as a transformative tool to expand financial access and reduce transaction costs.



Governor Dr Johannes !Gawaxab addressing Namibia's Eighth Parliament.

International engagements

Network for Greening the Financial System – Plenary Africa Outreach

Deputy Governor Leonie Dunn joined counterparts from the Deutsche Bundesbank, South African Reserve Bank, Central Bank of Eswatini, and Bank of Ghana at the Network for Greening the Financial System (NGFS) Plenary Africa Outreach in Cape Town, hosted by SARB. The high-level session focused on climate-related financial risks, advancing sustainable finance, and sharing region-specific strategies to support a greener, more resilient African financial system.



Deputy Governor Ms Leonie Dunn and Dr Sabine Mauderer of the Deutsche Bundesbank, pictured with fellow participants of the Network for Greening the Financial System during its Plenary Africa Outreach in Cape Town.

Strategic cooperation with the Deutsche Bundesbank

In June 2025, Deputy Governor Mr Ebson Uanguta led an official visit to the Deutsche Bundesbank in Germany to advance strategic cooperation between the two central banks. The visit included engagements with Bundesbank President Joachim Nagel and Executive Board members, as well as a visit to the Bundesbank University of Applied Sciences in Hachenburg, where he met Namibian students participating in the bilateral training programme. Deputy Governor Uanguta also delivered a lecture on the Bank of Namibia's mandate and key central banking challenges, reinforcing collaboration on financial stability, capacity building and professional exchange.



Deputy Governor Mr Ebson Uanguta with Dr Joachim Nagel, President of the Deutsche Bundesbank.

2025 International Monetary Fund–World Bank Spring and Annual Meetings

The Governor, Dr Johannes !Gawaxab, participated in the 2025 Spring Meetings of the International Monetary Fund and the World Bank Group in Washington, DC, held under the theme "Jobs – The Path to Prosperity." His engagements formed part of high-level discussions on inclusive job creation and global economic developments, aligning with the Bank's broader commitment to supporting sustainable economic growth.



Governor Dr Johannes !Gawaxab and Bank of Namibia Board Member Adv. Eliaser Nekwaya, photographed alongside attendees of the 2025 International Monetary Fund–World Bank Group Spring Meetings.

Deputy Governor Ebson Uanguta participated in the 2025 Annual Meeting of the IMF and World Bank Group, joining a Namibian delegation led by Minister of Finance Hon. Ericah Shafudah. His engagement enabled Namibia to share experiences, draw from global best practices and contribute to high-level discussions on economic resilience, financial stability and sustainable development, reinforcing the country's role in shaping international economic dialogue.



Deputy Governor Mr Ebson Uanguta and Hon. Ericah Shafudah, Minister of Finance, pictured with Bank staff and other attendees.

60th Annual Meeting of the Committee of Central Bank Governors

The Bank, represented by Governor Dr Johannes !Gawaxab, participated in the 60th Annual Meeting of the SADC CCBG in Maputo, held as part of Banco de Moçambique's 50th anniversary celebrations and attended by senior representatives from SADC central banks. The meeting reviewed progress on the CCBG 3-Year Strategy, focusing on cross-border payment reforms, macroeconomic convergence and financial sector resilience, while also assessing the impact of global and regional headwinds such as elevated debt and muted growth.



Governor Dr Johannes !Gawaxab pictured with other members of the Committee of Central Bank Governors.

Bilateral engagements with Brazil and India on instant payments

The Bank, represented by Governor Dr Johannes !Gawaxab, participated in the 60th Annual Meeting of the SADC CCBG in Maputo, held as part of Banco de Moçambique's 50th anniversary celebrations and attended by senior representatives from SADC central banks. The meeting reviewed progress on the CCBG 3-Year Strategy, focusing on cross-border payment reforms, macroeconomic convergence and financial sector resilience, while also assessing the impact of global and regional headwinds such as elevated debt and muted growth.





Frame 1:
Governor Dr Johannes !Gawaxab pictured with Mr Gabriel Galípolo, Governor of the Central Bank of Brazil.
Frame 2:
Mr Sanjay Malhotra, Governor of the Reserve Bank of India.

Bank for International Settlements' Special Roundtable of Central Bank Governors

The Governor, Dr Johannes !Gawaxab, participated in a special Bank for International Settlements' roundtable in Cape Town, joining central bank governors from across the world to deliberate on Africa's position in the global economy. He highlighted the continent's stark imbalance, 19 percent of the world's population but only 2.4 percent of global GDP and called for bold action to unlock Africa's potential by strengthening regional trade, reducing bureaucracy, improving infrastructure, boosting investor confidence, reforming financing models and accelerating technological innovation.



Governor Dr Johannes !Gawaxab pictured alongside participants of the Bank for International Settlements' Special Roundtable of Central Bank Governors.

Bank of Namibia at the World Economic Forum

Bank of Namibia Governor Dr Johannes !Gawaxab attended the 2025 World Economic Forum (WEF) in Davos. The theme for the WEF was "Collaborating in an Intelligent Age", alongside more than 3,000 global leaders from government, business and civil society. Discussions centred on the shifting global economic landscape, including the future of the US Dollar, interest rate dynamics, technological disruption and climate-related risks.



Governor Dr Johannes !Gawaxab pictured at the 2025 World Economic Forum in Davos.

High-level engagement with the Deutsche Bundesbank

The Bank hosted a high-level delegation from the Deutsche Bundesbank for three days of strategic discussions with national stakeholders. The engagements explored digital transformation, environmental sustainability in banking and the evolution of digital currencies, reinforcing a shared commitment to strengthening financial stability and advancing modern regulatory frameworks.



Bank of Namibia Governor Dr Johannes !Gawaxab, Deputy Governor Leonie Dunn, and Officer in Charge Marsorry Ickua, pictured with Mr Michael Theurer and Mr Burkhard Balz, Executive Board Members of the Deutsche Bundesbank, supported by a technical delegation.

Strategic Objective 3

Enhance stakeholder awareness and confidence

Events and campaigns

Redemption of Namibia's Second Eurobond

Namibia successfully redeemed its second Eurobond worth US$750 million, the largest single debt maturity in its history, underscoring disciplined sovereign debt management. The timely repayment, supported by the sinking fund and local financing, reduced foreign exchange risk and reinforced Namibia's reputation for fiscal responsibility and investor confidence.



Governor of the Bank of Namibia, Dr Johannes !Gawaxab, pictured with the Minister of Finance, Hon. Ericah Shafudah and stakeholders from the banking industry during the announcement of the Eurobond redemption.

Hosting Tertiary Institutions Debating Challenge

The Bank of Namibia hosted the 2025 Tertiary Institutions Debating Challenge, a flagship public education initiative and a premier fixture on Namibia's national debating calendar. The University of Namibia emerged as champions for this year's competition , with Abraham Angula named Best Speaker. This year's theme spotlighted the growing threat of illegal financial schemes amid AI-driven scams and deepfake technologies, prompting critical discussions on consumer protection.



Head Judge and Deputy Director of On-site Examinations, Ms Karin Elago, together with Directors of Ceremonies, Ms Sonia Namadiko and Mr Ricardo Goagoseb, pictured alongside the 2025 winners of the Annual Bank of Namibia Tertiary Institutions Debating Challenge, the University of Namibia

Release of the 2024 Foreign Direct Investment Report

The Bank of Namibia and the Namibia Investment Promotion and Development Board released the country's first comprehensive 2024 FDI Report, providing a data-driven blueprint to strengthen Namibia's investment ecosystem.



Deputy Governor of the Bank of Namibia, Mr Ebson Uanguta; Chief Executive Officer of the Namibia Investment Promotion and Development Board, Dr Nangula Uaandja; and Deputy Minister of International Relations and Trade, Honourable Jennely Matundu.

April 2025 Financial Stability Report

The Bank of Namibia and NAMFISA released the April 2025 Financial Stability Report, confirming that Namibia's financial system remained stable, sound and resilient despite global uncertainties.



Deputy Governor of the Bank of Namibia Mr Ebson Uanguta is pictured here with the Chief Executive Officer of the Namibia Financial Institutions Supervisory Authority Mr Kenneth Matomola, the Deputy Governor of the Bank of Namibia Ms Leonie Dunn, industry stakeholders, and Management of the Bank of Namibia.

Launch of the Bank of Namibia 2024 Annual Report

The Bank of Namibia released its 2024 Annual Report, announcing a record N$720 million dividend to the State, supported by strong financial performance and disciplined operations. The Report confirms a resilient financial system, international reserves of N$63.0 billion and the successful delivery of 98 percent of the Bank's 2022–2024 Strategic Plan, while highlighting that financial year's Theme Chapter on the impact of artificial intelligence on the economy.



Governor of the Bank of Namibia Dr Johannes !Gawaxab, Deputy Governor Ms Leonie Dunn, Officer-in-Charge Mr Marsorry Ickua, Chief Executive Officer of the Namibia Financial Institutions Supervisory Authority Mr Kenneth Matomola, and Director-General of the National Planning Commission HE Ambassador Dr Kaire Mbuende

Fraud Awareness Campaign

In October 2025, the Bank launched a multimedia Fraud Awareness Campaign aimed at shielding the public from rising scams and fraudulent schemes. Deputy Governor Ms Leonie Dunn joined leaders from across the financial sector at the inaugural Fraud and Cybersecurity Risk Awareness Summit, held under the theme "Strengthening Trust and Resilience in Namibia's Financial System."



Deputy Governor of the Bank of Namibia Ms Leonie Dunn addresses participants during the Cybersecurity Summit alongside industry on cyberfraud.

35th anniversary celebrations

Town Hall meeting between staff and the Governors

The Bank of Namibia marked a historic milestone on 15 August 2025 by inviting its three Namibian Governors to date – Hon. Tom Alweendo, Hon. Ipumbu Shiimi and Dr Johannes !Gawaxab – to participate in a Town Hall dialogue with staff to reflect on 35 years of the Bank's existence. The meeting highlighted how the Bank's evolution had mirrored that of Namibia's, being characterised by peaceful institutional transitions, continuity in leadership and steady progress responsive to national priorities.



Governor of the Bank of Namibia Dr Johannes !Gawaxab pictured alongside Deputy Governor Mr Ebson Uanguta, Deputy Governor Ms Leonie Dunn, Minister of Finance Hon. Iipumbu Shiimi and Minister of Mines and Energy Hon. Tom Alweendo.

Staff celebration

On 16 July 2025, the Bank of Namibia commemorated 35 years since opening its doors, marking more than three decades of service to the nation. To honour this milestone, staff gathered for a brief reflection, acknowledging that behind every institutional achievement stand the dedicated Namibians who make such progress possible.



Deputy Governors Mr Ebson Uanguta and Ms Leonie Dunn distributing complimentary treats to staff in celebration of the Bank of Namibia's 35th Anniversary.

Launch of the Knowledge Centre

On 28 March 2025, the Bank of Namibia officially launched its Knowledge Centre, formerly known as the BON Library. The Centre serves as an interactive space that enhances public access to information on the Bank's mandate, policies, research, and publications. It provides educational materials, digital resources, and hosts research activities aimed at strengthening the understanding of Namibia's financial and economic landscape.



Former Director of Human Resource Dr Leah Namoloh, Director - Strategy, Projects & Transformation Ms Valeria Mbango, Director Governance Risk & Compliance Ms Margreth Tjongarero, Director SCIR Mr Kazembire Zemburuka, Deputy Director IT - Business Systems Ms Martha Dama and Deputy Director Policy Research Analysis - R&FSD Ms Abigail Nainda.

Science, Technology, Engineering, Arts, and MathematicsProgramme

In 2025, the Bank of Namibia rolled out Phase 3 of its Science, Technology, Engineering, Arts, and Mathematics (STEAM) Programme in Oshana, Kavango East, Kunene, and Erongo regions, promoting creativity, critical thinking and innovation as drivers of industrialisation. Learners developed community-based solutions, highlighting the importance of integrating arts into science and technology. The initiative culminated in a regional STEAM Expo, hosted in partnership with Mindsinaction, where 20 learners from five schools showcased inventions such as energy-saving stoves, translation tools, and digital payment systems. Haimbili Haufiku SSS took first place, with Okakarara SS, P.I. Groenewald SS, and Caprivi SS also recognised for excellence.

Enhancing financial inclusion – Knowledge and policy coordination

During the year under review, the Bank successfully hosted the 2025 AFI Global Policy Forum, one of the largest global gatherings of financial inclusion policymakers and regulators. The hosting of the Forum was preceded by targeted pre-Forum activities, including a national financial inclusion awareness drive aimed at deepening public understanding of financial inclusion, digital finance, and consumer protection. These activities helped to localise the global policy discussions and ensured broader domestic engagement with the themes of the Forum.

The AFI Global Policy Forum brought together 712 delegates from 61 countries, including over 500 international participants drawn from central banks, financial regulators, ministries, and international organisations across AFI member countries. The event was held in Swakopmund from 2 to 5 September 2025 and represented one of the most ambitious international policy engagements undertaken by the Bank. Over a four-day period, the programme featured key governance meetings, an official opening ceremony, high-level plenaries and an exhibition market, offering a platform for Namibian entrepreneurs from the creative and culture industry to showcase their products and services and enabling them to connect with global networks and potential financiers, opening doors for growth and innovation. Namibia showcased her financial inclusion journey, tracing the evolution of financial access, policy development, and implementation efforts that have shaped the country's inclusive finance landscape over the years.

The successful hosting of the Forum was underpinned by strong collaboration with local stakeholders. Government ministries provided critical support in areas such as visa facilitation, cross-border clearances, technical coordination, and VIP protocol management. Local stakeholders, including banks, insurers, state-owned enterprises, private sector institutions, and development partners, demonstrated strong ownership of the event by collectively contributing close to N$10 million in financial and in-kind contributions. This level of private sector participation reflected confidence in the Bank's leadership and commitment to advancing financial inclusion.

Through extensive coordination with the Alliance for Financial Inclusion, the Bank demonstrated its capacity to host a world-class policy event in a non-traditional location. This collaboration resulted in the adoption of the Swakopmund Call to Action, a landmark global policy commitment that reinforces collective action by AFI members to advance inclusive, resilient, and sustainable financial systems.

Overall, hosting the AFI Global Policy Forum enhanced Namibia's visibility within the global financial inclusion community and strengthened partnerships between public and private sector stakeholders. It also reinforced the Bank's role as a leader in promoting inclusive and sustainable financial sector development.









Official opening ceremony of the AFI Global Policy Forum



Talent and Transformation Pillar

Strategic Objective 1

Be an employer of choice

Employment equity

To effectively execute the Bank's mandate and strategic objectives, a total staff complement of 358 positions was approved for the 2025 financial year. Of these, 341 positions were filled, resulting in a staffing level of 95 percent. In addition, the Bank actively ensures compliance with the Affirmative Action (Employment) Act (No. 29 of 1998) through continuous review of its human resources strategies, fostering a dynamic, resilient, and inclusive work environment. Consequently, the Bank maintains a balanced and diverse workforce, with female representation at 54 percent and male representation at 46 percent.

Furthermore, an average employee tenure of 10 years and an average age of 40 years reflect a stable, experienced, and well-established workforce. With Millennials comprising 55 percent of the workforce, followed by Generation X at 38 percent and Generation Z at 7 percent, the demographic composition further underscores a predominantly mid-career talent base, supported by seasoned professionals and a growing cohort of younger employees.

FIGURE A.11: STAFF COMPLEMENT

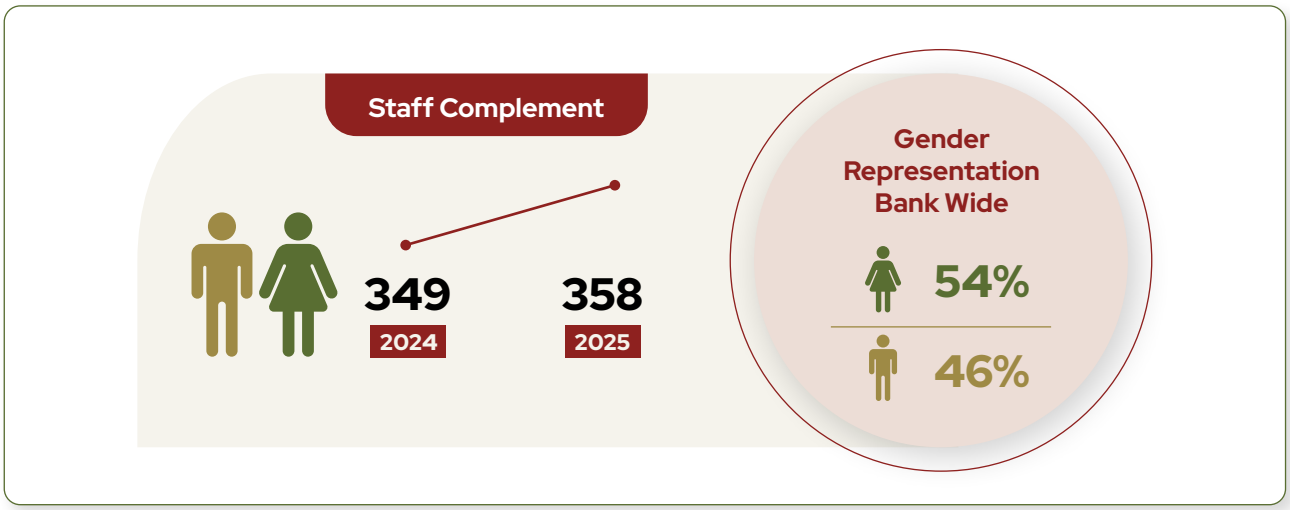


FIGURE A.12: YEAR OF SERVICE BREAKDOWN

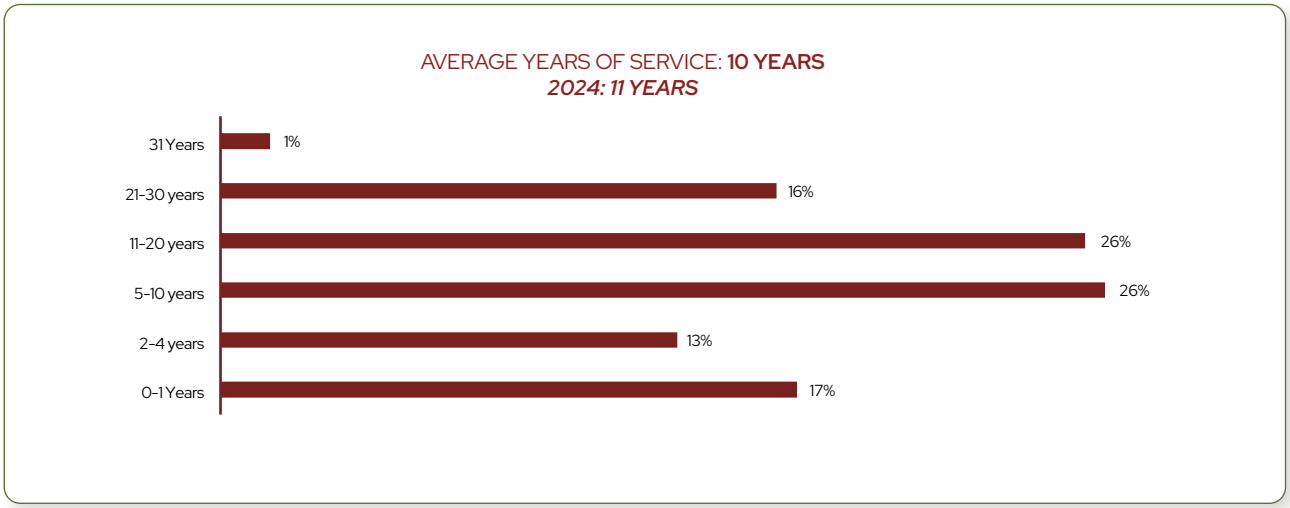


FIGURE A.13: AGE DISTRIBUTION

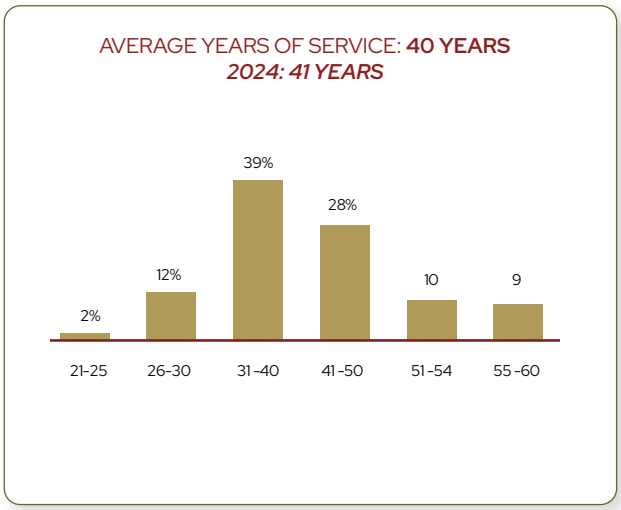
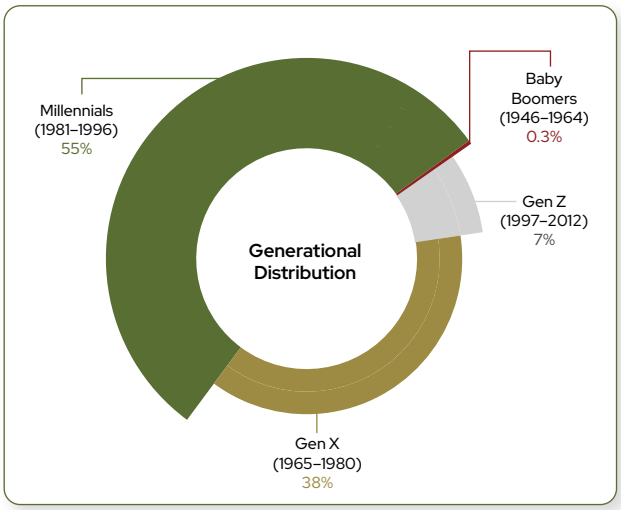


FIGURE A.14: GENERATIONAL DISTRIBUTION



Strategic Objective 2

Implement a future-fit talent transformation

Capacity development

The Bank continued to prioritise capacity development as a cornerstone of its strategic vision during the period under review, reinforcing its commitment to building a future-fit workforce capable of navigating evolving challenges and advancing the Bank's mandate. During the year, the Bank facilitated 1,099 learning interventions, a significant increase from 727 in the previous year, with the majority delivered through online platforms. This digital shift broadened access to learning and enabled greater participation across the Bank, ensuring employees could continuously develop critical skills.

Leadership development remained a key focus area. A total of 56 employees participated in prestigious leadership programmes through various business schools (Oxford SAID, UCT, Harvard Online), while others benefited from in-house leadership sessions facilitated by renowned experts. These initiatives underscore the Bank's commitment to cultivating strong, visionary leaders.

The Bank continued to support formal education in 2025. In this fashion, 31 employees completed advanced studies in disciplines such as Economics, Finance, Data Science, Systemic Risk, Law, Oil and Gas with Energy Management, and International Accounting from various institutions such as Yale University, bringing invaluable insights to the Bank's operations.

The Bank also advanced its talent mobility agenda. Under this agenda 19 employees engaging in cross-departmental and intra-departmental rotations. These rotations promoted skills transfer, enhanced organisational agility, supported career progression, and enriched the overall employee experience.

The Bank collaborated with the Deutsche Bundesbank to build capacity. The supported Namibian students with five new intakes enrolled in the BSc in Central Banking programme in Germany. During the review period, the students from the University of Applied Sciences completed practical training at the Bank, contributing fresh perspectives while gaining hands-on experience.

In 2025, the Bank continued to uphold strong and constructive employee relations, building on the solid foundations established in previous years. Through consistent and proactive engagement with employees, the recognised Union Representatives – the Namibia Financial Institutions Union and the Employee Liaison Forum – the Bank ensured responsiveness to employee concerns while fostering a harmonious and collaborative workplace. These engagements reinforced mutual trust and transparency, enabling the Bank to address challenges effectively and maintain a positive organisational climate.



Learning interventions Facilitated by the Bank:

2024
727
2025
1,099

51.2% Increment





Future-fit Organisational Efficiency and Effectiveness Pillar

Strategic Objective 1

Strengthen risk management and resilience through good governance

The Bank formally transitioned from ISO 15022 to the new global messaging standard. The Bank transitioned to ISO 20022 on, 24 November 2025, which provides a universal language for financial institutions through using eXtensible Markup Language (XML or MX). These features provide seamless universal communication, improve interoperability, simplify complex data sets, a robust data structure, which reduces non-compliance, and accelerates the settlement of payments. Risk Management Capabilities of the National Payment System.



Strategic Objective 3

Deliver responsive and innovative solutions

Explore a Central Bank Digital Currency

CBDCs are digital forms of a country's sovereign currency, issued and backed by a central bank, and representing a direct liability of that institution akin to physical cash but in a digital format. Unlike private digital assets or cryptocurrencies, CBDCs are designed to operate within regulated financial frameworks and can support settlement and payment activities in both retail and wholesale contexts. International financial institutions such as the Bank for International Settlements, the IMF and the World Bank have documented that CBDCs have the potential to improve the efficiency, speed, cost, transparency, and accessibility of payments, especially where legacy arrangements are fragmented or slow.

Cross-border payments within the CMA and SADC continue to face persistent frictions. Common challenges include high transaction costs, limited operating hours of payment infrastructures, multiple intermediaries, technical incompatibilities, fragmented data standards, and regulatory heterogeneity across jurisdictions. These issues can result in delays, low transparency, and elevated transaction costs for both commercial entities and end-users. Institutional research highlights that such frictions are among the principal bottlenecks inhibiting efficient regional payments and broader economic integration. In response, the Bank of Namibia continues to collaborate with the Bank of Eswatini, the Bank of Lesotho, and the South African Reserve Bank to explore the potential role of CBDCs in enhancing cross-border payments within the CMA. During 2025, the collaboration concluded a diagnostic assessment of the CMA cross-border payment landscape, identifying key pain points and evaluating how CBDC-based arrangements could complement existing payment initiatives and modernisation efforts.

A core pillar of the exploration has been extensive stakeholder engagement across all four jurisdictions. This included commercial banks, payment system operators, regulators, and financial market infrastructures. This engagement ensures that identified use cases are grounded in market needs and operational realities, while aligning with international standards on financial integrity, interoperability, and risk management. Through this work, the Bank aims to deepen its understanding of emerging payment technologies, support informed policy and regulatory decision-making, and contribute to the long-term objective of a more efficient, resilient and integrated regional payments system.

Reflecting the global shift from retail Central Bank Digital Currency (CBDC) experimentation towards wholesale CBDCs, the Bank's exploration was refocused on institutional use cases. Wholesale CBDCs are designed for financial institutions and financial market infrastructures, with potential to enable faster and more secure interbank settlement, reduce reliance on correspondent banking arrangements, and support future innovations such as tokenised financial assets.

During 2025, the CMA advanced key initiatives to strengthen payment system integration, regulatory alignment, and cross-border payment efficiency across Member States. Progress included expanded non-bank participation in national payment systems, directives to migrate low-value cross-border payments to fit-for-purpose solutions by 2027, and the establishment of coordinated implementation mechanisms. The CMA also made measurable progress toward global cross-border payment targets through international collaboration, while advancing regional initiatives to enhance payment system resilience, efficiency, and inclusivity.

Information technology

The Bank made significant strides over the past year in aligning its technology with the Bank's corporate strategy and contributing to its overall success. The Bank's technology accomplishments span the three themes listed below.

IT security and resilience

During the 2025 reporting period, the Bank strengthened its cyber resilience through targeted improvements in security posture, incident response readiness, and governance. The 2025/26 IT Security Plan progressed strongly, with 99% of initiatives from the prior plan successfully completed. Compliance was reinforced through updated security procedures, enhanced third-party risk management practices, and the resolution of key audit findings. The Bank further aligned its security architecture with recognised international frameworks, implemented improved secure configuration and protocol validation processes, and increased staff awareness through ongoing security campaigns.

Technology infrastructure

The Bank continued to strengthen the resilience and reliability of its core technology environment. High system availability and uptime were consistently maintained across critical platforms, ensuring uninterrupted business operations and service delivery. Data protection and disaster recovery capabilities were enhanced through the successful implementation of an offline backup solution, providing an additional safeguard against data loss and cyber threats. In addition, the required infrastructure for the Instant Payment System (IPS) project was established, including secure and reliable connectivity with participating institutions to support system integration and operational readiness.

Information systems and enterprise architecture

The Bank progressed its strategic objectives through targeted enhancements to business systems that improved operational efficiency. Key initiatives included improvements to the IT Service Desk, the replacement of the Performance Management System, and the automation of key processes, including Travel and Expense management, Retail Bond operations, and Public Teller services. Additionally, the Bank expanded its robotics process automation capabilities.

In addition, the enterprise architecture capability was strengthened through the formalisation of its mandate, governance framework, and operating model. The integration of enterprise architecture into system onboarding, procurement, and technology decision-making processes enabled more consistent, business-aligned, and well-governed technology investments.

Strategic Objective 3

Enhance operational efficiency and financial management

Upgrade and expansion of facilities

The Bank's mandate is expanding, the new economy is emerging, and the staff complement is growing, necessitating an increase in our real estate and accommodation capacity. In response, the Board of Directors has undertaken to construct a future-fit office wing, adjacent to the existing head office building in Windhoek. The building process is in the design phase. The project is intended to be completed in the next five years.

Strategic Objective 4

Develop a sustainable and green organisation and financial system practices

Digital transformation enabler

Expanding and stabilising data management and analytics

The Bank continued to build the foundation for a fully integrated, well-governed, and analytics-driven data environment. In 2025, the Bank deepened its focus on establishing strong governance structures, developing enterprise data infrastructure, and expanding analytical capabilities to support policy, supervision, and operational decision-making.

Strengthening data governance

A central milestone for the year was the inauguration of the Data and AI Working Group, established as the Bank's primary governance body overseeing data and AI initiatives. This cross-functional group ensures strategic alignment, responsible governance, and coordinated implementation of data and AI programs across the institution. It promotes synergy between data and AI initiatives, enables responsible innovation, and ensures that emerging capabilities are developed in accordance with the Bank's strategic objectives and governance principles. By integrating oversight of both domains, the working group strengthens collaboration across the Bank, enhances governance maturity, and ensures that data and AI are leveraged to support the Bank's mandate of maintaining price stability and safeguarding financial system soundness.

The finalisation of the Bank's Data Policy and Data Strategy further reinforced the governance foundation. These frameworks define the principles, responsibilities, and standards guiding the secure, consistent, and effective management of data throughout the Bank. Work on governance processes, stewardship roles, and compliance mechanisms continued, laying the groundwork for full operationalisation.

Developing the Central Data Repository

The Bank made meaningful progress toward establishing a centralised and scalable data infrastructure. The conceptual architecture for the Central Data Repository was completed, and development of the EagleTech semantic model advanced significantly. These elements are critical for standardising data definitions and enabling interoperability across supervisory, economic, and operational systems. Work also progressed on preparing source systems for integration, including data consolidation, cleansing, and refinement of interfaces. To support sustainability, efforts were made to enhance technical capacity through targeted upskilling in data modelling, metadata management, and architecture maintenance.



An initiative aimed at enhancing macro financial analysis and policy formulation. Data ingestion advanced across priority areas, with full completion achieved for the Minerals dataset and substantial progress recorded for Electricity, Agriculture, and Monetary and Financial Statistics. These datasets will underpin the development of sectoral and cross-sector dashboards, enabling policymakers and analysts to access timely and integrated information. As significant portions of the underlying data pipelines are now established, the platform is well-positioned to deliver more advanced visualisations and analytical tools in the coming year.

Enhancing analytical readiness and future capabilities

Across all initiatives, the Data Management and Analytics function prioritised strengthening readiness for future advanced analytics, including machine learning, predictive modelling, and automated forecasting. Foundational investments made in 2025 in governance, infrastructure, and data standardisation represent essential precursors for scaling analytical capabilities. Ongoing collaboration within the Bank, and other key stakeholders ensured alignment between data architecture, analytical requirements, and regulatory expectations. This integrated approach ensures that the Bank's evolving data ecosystem remains agile, foundationally sound, and capable of supporting long-term strategic outcomes.

Leveraging AI solutions

In 2025, the Bank made meaningful progress in putting artificial intelligence (AI) solutions into practical use to strengthen supervisory work, enhance analytical capability, and improve operational efficiency. These efforts support the Bank's broader digital transformation journey and reflect a growing global trend among central banks to apply AI in ways that reinforce core mandate functions. Importantly, the Bank has prioritised building internal capability so that it can generate data-driven insights while maintaining strong governance, oversight, and accountability over how these tools are used. During the year under review, two flagship AI solutions were developed and deployed, each responding to a clear operational need and demonstrating how modern technology can be applied in a responsible, practical manner.

Inflation Nowcasting System

Timely inflation information is essential for sound monetary policy decisions. To strengthen this capability, the Bank developed an automated inflation nowcasting solution that uses official Consumer Price Index data from the Namibia Statistics Agency to produce high-frequency inflation estimates and short-term forecasts. Rather than replacing existing methods, the system complements traditional analysis with machine learning approaches, providing more frequent, up-to-date insights as new data becomes available. The nowcasting results are presented through interactive dashboards, allowing economists to assess inflation developments more quickly and with greater detail, which supports informed deliberations and improves responsiveness to changing price pressures in the economy.

Regulatory navigation tool

The Bank has made progress on its regulatory navigation (RegNav) tool to address a recurring operational challenge; a high volume of enquiries received on regulatory requirements and compliance matters. An AI-enabled assistant, RegNav will help users find relevant information from the Bank's payment system regulations, directives, and guidance documents. In addition to responding to questions, the tool points users to the source documents from which the guidance is drawn, promoting transparency and helping users verify information directly from the official text. The system also records user queries and feedback, which supports ongoing improvement and provides insight into common areas where stakeholders need clarity. By reducing time spent on routine enquiries, RegNav will allow the Bank' staff to focus more on complex analytical and supervisory work while maintaining effective stakeholder engagement.

Strategic significance of using AI

The successful implementation of AI-enabled solutions demonstrates the Bank's commitment to using emerging technologies in ways that deliver tangible value. The approach during 2025 remained practical and measured, prioritising use cases with clear benefits while strengthening internal skills and institutional capacity. Developing these tools in-house also ensures that the Bank retains control over critical analytical capabilities and reduces reliance on external providers for sensitive policy and supervisory functions.

This is how it can enhance efficiency, improve insight, and strengthen service delivery, guided by responsible innovation, appropriate governance, and alignment with strategic priorities. The foundation established in prior years enabled the scaling of capabilities seen in 2025 and will support continued progress while upholding the rigorous standards expected of a central bank.



Organisational Culture Transformation Enabler

Culture and well-being

In 2025, the Bank positioned culture as a key enabler of its 2025–2027 strategic objectives, guided by its values and culture statement, namely Embracing Agility, Collaboration and Trust (ACT). Building on the previous year's engagement survey, staff and management collaboratively developed tailored departmental solutions. Interactive sessions were rolled out across the Bank to reinforce a growth mindset, strengthen trust, and foster a psychologically safe workplace. These efforts ensured that employees felt empowered to contribute meaningfully while embracing change with confidence.

Throughout the year, the Bank continued to embed the right behaviours by recognising and rewarding staff members who demonstrated the desired culture in their everyday work. New staff were onboarded to the Banks culture through storytelling and participation in various initiatives.

In terms of well-being, the Bank continued to demonstrate a steadfast commitment to holistic employee wellness. Various wellness solutions were offered to employees including mental health referrals, departmental mental resilience sessions, on-site dental services, onsite health screenings and financial education tailored to different life stages. In response to evolving employee needs, the Bank introduced a virtual Employee Assistance Programme, extending support to staff and their families. These initiatives enhanced psychological safety, encouraged proactive health management, and strengthened financial confidence among employees.

Overall, the Bank's continued focus on culture and well-being in 2025 has reinforced its position as an employer of choice, enabling employees to thrive and contribute to the Banks strategy in a supportive environment.

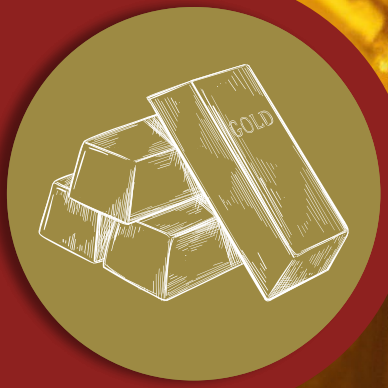
CULTURE
STATEMENT

Embracing **Agility**,
Collaboration and **Trust** (ACT)



BOX ARTICLE 2

Central banks' gold holdings and the global gold rush: Drivers and implications



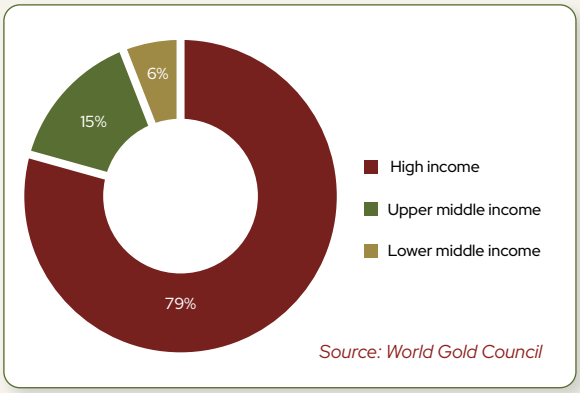
CENTRAL BANKS' GOLD HOLDINGS AND THE GLOBAL GOLD RUSH: Drivers and implications

Introduction

Over the past decade, and with marked acceleration since 2022, central banks have undertaken one of the largest waves of gold accumulation since the collapse of the Bretton Woods system.[1] This renewed interest reflects deep structural changes in the international monetary system, driven by heightened geopolitical tensions, the growing use of financial sanctions, increased policy uncertainty, and concerns over the safety of foreign-held reserves (IMF, 2023). A core component of modern reserve management, gold is held by more than four in five central banks, making it the second most widely held reserve asset globally after the US Dollar (IMF, 2024). Collectively, central banks are the world's largest holders of bullion, and their purchases and sales continue to influence global gold markets (LBMA, 2023). Average allocations have risen materially (to roughly 18 percent of reserves in 2024 from about 10 percent in 2022), although country exposure may vary due to factors such as historical legacies, policy choices, and differences in risk appetites.[2]

Evidence from emerging market central banks indicates that gold is primarily held as a strategic reserve asset rather than for routine liquidity management. While gold trades in deep international markets, it is generally less suitable than major sovereign bonds for operational use, prompting many institutions to adopt a tiered framework with liquid foreign exchange assets for immediate needs and gold as a long-term buffer. Empirical evidence suggests that diversification benefits are strongest at modest allocations of around 1–3 percent of total reserves, while larger holdings require clear policy objectives and rigorous stress testing to manage volatility (BON, 2023).[3] Despite these considerations, global gold reserve holdings remain highly concentrated among advanced economies, with high-income economies accounting for approximately 79 percent of global gold reserves as of December 2025, compared to a combined 21 percent held by upper-middle- and lower-middle-income economies (Figure BA.1).

Figure BA.1: Gold reserve allocations



Source: World Gold Council

Motivations for central banks to hold gold

Central banks, especially those in emerging markets, have shifted from net sellers to significant buyers of gold. According to World Gold Council (WGC) surveys and statistics, the official sector net purchases exceeded 1,000 tonnes in each year from 2022 to 2024 (WGC, 2024), well above the decade average of 473t recorded between 2010 and 2021. Although buying has moderated from these record levels, central bank demand remained robust in 2025, with net purchases of 220 tonnes in the third quarter and y-t-d additions of 634 tonnes, well above pre-2022 norms. Full-year demand is expected to reach 750–900 tonnes, reflecting resilient official-sector demand led by emerging market central banks, many of which continue to signal intentions to further increase their gold holdings (WGC, 2025).[4]

Principal economic motivations

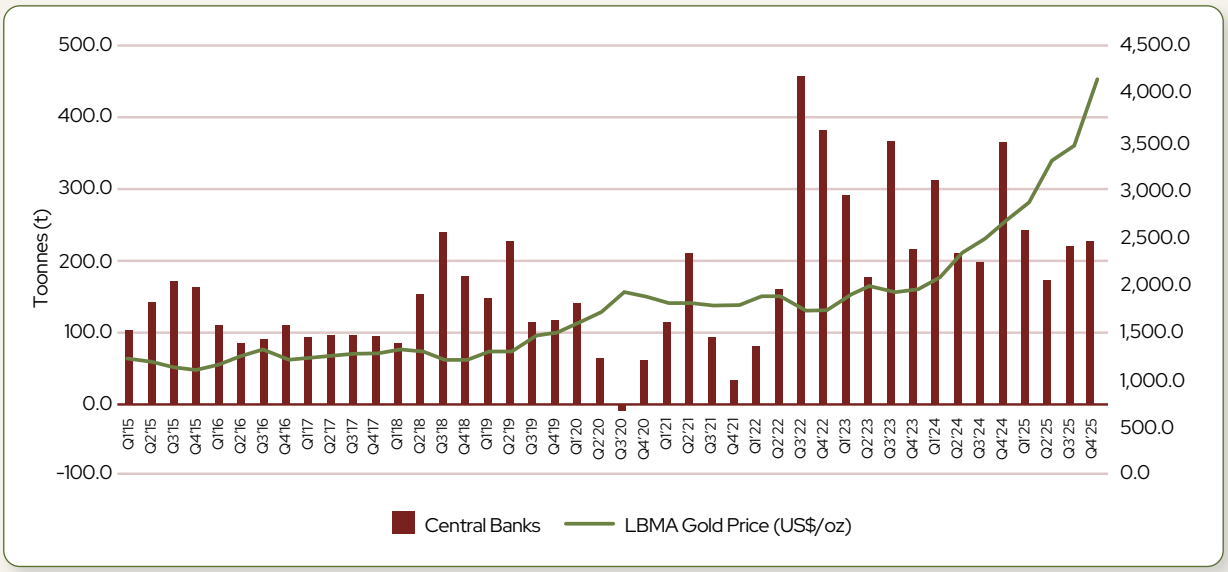
Central Banks acquire gold reserves for a variety of strategic reasons, including the following:

- **Counterparty and sanction-resilience:** When held in domestic custody, physical gold is largely insulated from foreign legal or political actions and cannot be frozen in the same manner as foreign-currency deposits or claims on foreign states. However, gold held in custody abroad remains subject to the jurisdiction of the host country and may be affected by sanctions or access restrictions.
- **Portfolio diversification and low correlation:** Gold generally shows low correlation with many foreign reserve assets (notably long-dated bonds) and can behave positively when real yields and equities are falling – useful when central banks face currency concentration risk.[5] This property is especially relevant for central banks facing concentration risk in a small number of reserve currencies, as gold can help stabilise overall portfolio performance when traditional assets underperform.
- **Inflation hedge:** In environments of policy uncertainty, elevated inflation, or negative real yields, gold serves as a long-term store of value even though it generates no cash flow. Many reserve managers, therefore, treat gold holdings as a strategic insurance rather than an income asset. In exceptional circumstances, gold holdings can be mobilised to address balance-of-payments pressures, support essential imports, strengthen confidence in the domestic currency, or be pledged as collateral for external financing.

Operational and market access improvements: Better vaulting infrastructure, well-established custodial arrangement, deep OTC gold markets have simplified how central banks buy, store, and trade physical gold, lowering operational barriers to holding as part of official reserves.

Gold price and demand dynamics

Figure Ba.2: Central banks' gold demand



Source: WGC
Note: LBMA = London Bullion Market Association
Q=Quater

Gold prices have moved from a relatively stable range in 2013–2019 to a period of stronger upward momentum and higher volatility, driven by global shocks and sustained central bank demand. As observed in earlier periods of stress, such as the inflationary 1970s and the 2008 global financial crisis, gold has performed strongly during episodes of heightened uncertainty, rising sharply during the COVID-19 shock and reaching new record highs above US$4,000 per ounce in 2025. This performance reflects a combination of safe-haven demand and active reserve diversification by central banks, particularly in emerging markets seeking to reduce reliance on U.S. Dollar assets. Looking ahead, while elevated prices may give rise to periods of consolidation, the outlook remains positive, with major financial institutions projecting prices to remain well supported in 2026, ranging from around US$4,400 in early 2026 to as high as US$4,800 towards year-end, underpinned by continued central bank buying, gradual monetary easing, but also persistent geopolitical uncertainty.

Implications for Namibia's reserve management strategy

The Bank of Namibia has, over recent years, been assessing the potential inclusion of monetary gold within its reserve assets, informed by evolving global reserve management practices and heightened geopolitical uncertainty. As such, the Bank's gold acquisition initiative is intended to strengthen financial resilience, preserve monetary sovereignty, and ensure the ability to meet balance-of-payments needs under adverse external conditions. As a gold-producing country, this approach also supports the retention of national resources and aligns with broader considerations of national interest.

The Bank has designed a structured gold acquisition strategy informed by international best practice and consultations with peer central banks and industry participants. Gold will be sourced directly from domestic producers and delivered as London Bullion Market Association Good Delivery bars (minimum 99.5 percent pure gold), refined at an accredited refinery. The Bank intends to hold gold in local custody to ensure full sovereign control and to mitigate legal, jurisdictional and geopolitical risks, in line with global repatriation trends and its mandate under the Bank of Namibia Act (No. 1 of 2020).

Monetary policy and financial stability implications

The monetary impact of gold purchases depends largely on the method of acquisition. When a central bank purchases gold using newly created domestic currency (an approach currently under consideration by the bank), liquidity is injected into the economy, which, if not appropriately managed, could complicate inflation and interest-rate control. As highlighted by the experience of Uzbekistan, such purchases can be neutralised through offsetting operations such as foreign-exchange sales or other liquidity-absorbing instruments, to preserve monetary policy neutrality (WGC, 2021). In Namibia's case, the acquisition programme will be implemented in phases, a structure that provides operational flexibility while also heightening the need for careful liquidity management. Alternatively, where gold purchases are financed through a reallocation of existing foreign exchange reserves, the domestic monetary base remains unaffected, with the transaction reflected solely as a shift in the composition of official reserves.

Conclusion

Gold's resurgence in central banking is not a passing trend, but a response to structural changes in the global monetary and geopolitical landscape. While gold remains highly liquid, it does not serve the same operational role as foreign exchange reserves; it rather functions as a strategic insurance against extreme economic and financial shocks. For Namibia, rising domestic production and evolving global practices create a timely opportunity to reassess the role of gold within the reserve portfolio.

WGC (2021, 2024, 2025)

[1] Central bank acceleration of gold purchases was particularly seen after the 2007-2008 financial crisis, after geopolitical tensions between the West and Russia in 2014 and 2022, and can also be attributable to economic effects the COVID 9 pandemic. See BON (2023).

[2] See IMF (2025).

[3] The study showed that the correlation between gold and fixed income returns is low; however, diversification benefits for central bank portfolios are only evident for holding of about 2 percent of total reserves, and such benefits vanish when the weight is increased beyond this point.

[4] For greater perspective, See WGC (2025).

[5] Gold has historically provided a safe haven during market stress, rising 21% in the 2007–2009 Global Financial Crisis and remaining positive during the 2020 and 2022 equity downturns, with annualized returns of 8% since 1971, outpacing bonds and comparable to equities (See WGC, 2025).

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Sustainability at the Bank

Context and rationale for sustainability considerations

Climate Change as a Macro-Financial Risk

The Bank of Namibia recognises that climate change and environmental degradation constitute material and systemic risks to macroeconomic stability, financial soundness and long-term developmental outcomes. Namibia is among the most climate-vulnerable countries in southern Africa, characterised by recurrent droughts, increasing weather variability and heightened exposure to climate-related shocks. These dynamics directly affect households, businesses, public finances and the resilience of the financial system.

Climate-related risks are transmitted through multiple macro-financial channels. Physical risks, such as droughts and floods, can damage productive assets, disrupt supply chains, impair borrower repayment capacity and increase insurance losses. Transition risks may arise from policy, technological and market shifts associated with the global move towards low- and net-zero carbon economies. If not managed in an orderly manner, such risks can lead to stranded assets, valuation losses on assets, and heightened credit and market volatility.

Sustainability and the central bank mandate

The Bank's commitment to national sustainable development necessitates the integration of climate- and nature-related considerations into its core mandates of monetary policy formulation, financial stability oversight, prudential supervision and internal operations. Globally, central banks increasingly recognise that sustainability considerations fall within their mandates, not as environmental policy objectives per se, but as risk factors with adverse price stability, financial stability and economic resilience implications.

For a small, open and resource-dependent economy such as Namibia, failure to adequately address climate-related risks would expose the economy to heightened volatility, fiscal pressures and reduced long-term growth potential. Sustainability, therefore, is not peripheral to the Bank's mandate; it is integral to its effective discharge.



Institutional Foundations for Sustainability at the Bank

Strategic Commitment and Governance

In its 2022–2024 Strategic Plan, the Bank identified the development of a sustainable and green organisation as a high-level Strategic Objective under the Future-fit Organisational Efficiency and Effectiveness Pillar. This commitment led to the establishment of a dedicated Sustainability function responsible for coordinating sustainability-related initiatives across the institution.

In 2024, the Bank further strengthened its internal governance arrangements through the establishment of the Sustainability Forum, an institutional platform designed to coordinate, monitor and track sustainability-linked activities across Departments. The Forum is chaired by the Deputy Governor and supported by the Strategic Communications and International Relations Department, which serves as the Secretariat.

The Forum is represented across the Bank's various Departments. These Departments include Banking Supervision; Currency Management and Banking Operations; Finance and Administration; Financial Markets; Financial Stability and Macroprudential Oversight; Governance, Risk and Compliance; Internal Audit; National Payments System and Financial Surveillance; and Research and Financial Sector Developments. This cross-departmental structure reflects the Bank's recognition that sustainability considerations cut across all central banking functions.

Sustainability at the Bank is supported by a clear governance structure, underpinned by defined responsibilities and accountability. The Board of Directors also offers strategic oversight and has delegated oversight responsibilities to the Bank's Finance, Risk and Audit Committee. The Bank's Management Committee is responsible for monitoring and delivering operational reporting. The Sustainability Forum focuses on the execution, implementation and reporting of sustainability initiatives. The Sustainability function supports, coordinates and consolidates activities across various Departments.

International Engagement and Global Alignment

To strengthen its knowledge base, analytical capacity and policy alignment, the Bank is a member of the Network for Greening the Financial System (NGFS). The NGFS is a global coalition of central banks and supervisory authorities dedicated to enhancing the resilience of the financial system to climate-related risks. Through this membership, the Bank participates in NGFS plenaries, conferences and technical workstreams, and contributes to the development of analytical tools, guidance notes and policy perspectives relevant to central banking and prudential supervision.

Sustainability Strategy 2025: Strategic Focus Areas and Enablers

In 2025, the Bank finalised and approved its Sustainability Strategy, providing a coherent, medium-term framework for embedding climate- and nature-related considerations into its mandate and operations. The Sustainability Strategy is structured around three Strategic Focus Areas, supported by two Strategic Enablers, with clearly defined objectives, deliverables and implementation timelines.

Strategic Focus Area 1:

Embedding Sustainability within Core Central Bank Functions

Under this focus area, the Bank seeks to systematically integrate climate- and nature-related risks into monetary policy analysis, financial stability assessments, prudential supervision and reserves management. This focus reflects a growing recognition that climate risks, particularly physical risks in the Namibian context, can materially affect inflation dynamics, economic output and the resilience of the financial system.

3.1.1 Issuance of Guidelines on Climate-related Financial Risks and Disclosure Requirements

During the period under review, the Bank issued its Guidelines on Climate-related Financial Risks and Disclosure Requirements under the Banking Institutions Act, 2023. The Guidelines establish a formal supervisory framework for the identification, assessment, management and disclosure of climate-related financial risks.

The Guidelines apply to domestically systemically important banking institutions on a comply-or-explain basis and require banks to integrate climate considerations into governance structures, business strategies, risk management frameworks, internal capital adequacy assessment processes, stress testing and scenario analysis. Commercial banks are also required to make structured climate-related financial risk disclosures to both the Bank and the public. These measures are intended to strengthen supervisory oversight, improve transparency, and promote forward-looking risk management practices aligned with international standards.

Strategic Focus Area 2:

Leading by Example through Sustainable Internal Practices

The Bank is committed to leading by example by embedding sustainability principles within its own operations. This includes integrating environmental, social and governance considerations into facilities management, procurement processes, currency operations and the broader supply chain. In reducing its environmental footprint and promoting resource efficiency, the Bank demonstrates institutional integrity and reinforces its credibility as a steward of long-term financial and economic stability. These internal measures also contribute to operational resilience and cost efficiency over the medium to long term.

The Bank's Carbon Footprint Assessment.

The Bank undertook its first carbon footprint assessment. During the third and fourth quarters of 2025, the Bank undertook its maiden carbon footprint assessment for the 2024 financial and calendar year. This assessment will serve as the anchor for future comparisons. A similar assessment will be performed in 2026 for the 2025 carbon footprint. For the 2024 assessment, Airshed Planning Professionals (Pty) Ltd (Airshed) were appointed to undertake a greenhouse gas (GHG) assessment for the Bank.

The scopes of emissions considered were as follow:

1. **Scope 1:** Direct emissions due to the Bank's operations
2. **Scope 2:** Indirect energy use from imports of electricity, and
3. **Scope 3:** Other indirect GHG emissions upstream and downstream of the Bank's operations.

Green House Gas emissions

The total GHG emissions for 2024 in respect of the Bank's three locations are summarised in Table A.12. Scope 1 and 2 emissions for Bank operations for the 2024 calendar year amounted to 876 t of carbon dioxide equivalent (tCO2e) emissions. The Bank is considered a small facility by global standards, as it produces significantly less than 10,000 tCO2e per annum from Scope 1 and 2 sources. Municipal electricity usage was the greatest source of GHG emissions in 2024, contributing 61 percent of the Scope 1 and 2 totals, with refrigerant usage providing the second largest source (18 percent). Scope 3 emissions were more significant than those in Scope 1 and 2, contributing 80 percent to the total. Capital goods (30 percent) purchased goods (25 percent), business travel (20 percent), and upstream transportation and distribution (16 percent) dominated in terms of the sources of Scope 3 emissions quantified. In terms of the Bank's three principal locations, the Head Office contributed the majority of the GHG emissions (91 percent) in 2024, followed by the Oshakati Branch (5 percent) and the Disaster Recovery site (4 percent).

Table A.12: Total 2024 GHG emissions for the Bank of Namibia

Details	Total Emissions (t CO2e)			
	Scope 1	Scope 2	Scope 3	Total
Total t CO2e (Head Office)	167	353	3 511	4 031
Total t CO2e (Oshakati branch)	102	94	47	243
Total t CO2e (DR site)	16	143	6	164
Total t CO2e	**285**	**591**	**3 563**	**4 439**

The Bank is a small facility by **global standards, emitting under**

10,000

tonnes of CO_2 annually.

Strategic Focus Area 3:

Bridging the Climate Data Gap

Effective climate risk assessment depends on the availability of reliable, granular and decision-useful data. In collaboration with the Namibia Sustainable Finance Alliance, which was launched during the reporting period, the Bank works towards strengthening the availability, quality and accessibility of climate- and nature-related data. This initiative supports evidence-based policy formulation, supervisory assessments and financial stability analysis, while improving the financial sector's capacity to measure, manage and disclose climate-related risks.

Research paper on the impact of fertilisers on crop production in Namibia: A case study of green ammonia

The Bank contributes to efforts to reduce the impacts of climate change through policy research. During the period under review, the Bank undertook research to assess the potential benefits of adopting green ammonia as a fertiliser, specifically ammonia sulphate, in Namibia's crop production. The study found that the use of green ammonia fertilisers would reduce carbon emissions from the agricultural sector and diversify energy, thus contributing to a cleaner energy mix and long-term sustainability. The utilisation of green ammonia fertilisers also aligns with the United Nations Sustainable Development Goals (SDGs), particularly SDG 7 (Affordable and Clean Energy) and SDG 13 (Climate Action). Moreover, the study advocated regulatory measures such as carbon taxes and credits to encourage the adoption of green ammonia.

The Biodiversity Finance Initiative (BIOFIN) in Namibia

The Bank of Namibia is committed to integrating biodiversity finance into national sustainability and climate strategies. In 2025, the Bank participated in the activities of the United Nations Development Programme's Biodiversity Finance Initiative (BIOFIN) in Namibia for the first time, through its Project Steering Committee. As part of this engagement, a BIOFIN workshop was held in Walvis Bay in February 2025 to explore innovative financing mechanisms that support environmental sustainability. This workshop led to the establishment of the BIOFIN Steering Committee, which convenes regularly. The Committee duly held two successful meetings during the year under review.

Strategic Enabler 1

Stakeholder Engagement and Coordination

The Bank recognises that climate-related risks cannot be addressed by individual institutions in isolation. Effective action requires coordination among regulators, the Government, financial institutions, industry, academia and civil society. Thus, through structured engagement at national and international levels, the Bank promotes policy coherence, knowledge-sharing and aligned action in support of a resilient financial system.

Launch of the Namibia Sustainable Finance Alliance

In September 2025, the Namibia Sustainable Finance Alliance (NSFA) was formally established by the Bank of Namibia, in collaboration with domestic financial regulators, banking institutions and industry associations. The Alliance was constituted through the signing of its Terms of Reference, providing a structured governance and implementation framework to advance sustainable finance across Namibia's financial system.



Then Deputy Governor of the Bank of Namibia and Chairperson of the Namibia Sustainable Finance Alliance, Mr Ebson Uanguta, with senior representatives from the banking and non-banking sectors, the Government and the Bank of Namibia Sustainability Forum at the Alliance's official launch and inaugural meeting

The establishment of the NSFA reflects a shared, system-wide recognition that climate- and environment-related risks represent material and growing vulnerabilities for the financial sector and, if left unaddressed, could undermine financial stability and long-term economic resilience. The Alliance therefore serves as a coordinated mechanism to strengthen collective understanding, promote policy coherence and support the integration of sustainability considerations into financial decision-making.

In its initial phase, the NSFA will focus on two complementary thematic areas. The first is climate- and nature-risk assessment and management. This workstream seeks to deepen understanding of how environmental risks are transmitted through the Namibian financial system, with particular emphasis on physical risks arising from climate variability, such as droughts and floods, which can damage productive assets and impair borrower repayment capacity. While physical risks remain the dominant concern in the domestic context, the Alliance will also consider transition risks, including the potential for assets to become stranded as global and domestic economies adjust to greener technologies and evolving regulatory frameworks.

The second focus area is data and analytics, recognising that data gaps remain a significant constraint to effective climate-related risk assessment and disclosure. Limited availability of emissions data, nascent reporting frameworks and inconsistent measurement practices currently hinder the ability of financial institutions to assess their exposure to climate-sensitive sectors such as agriculture and energy, as well as the carbon footprint of their portfolios. Through this workstream, the Alliance aims to promote standardised definitions, improved data collection and sharing practices, and enhanced climate-related disclosure. Over time, the NSFA is expected to facilitate knowledge exchange on data methodologies, support the development of shared climate data repositories, and provide guidance on alignment with internationally recognised frameworks, including the recommendations of the Task Force on Climate-related Financial Disclosures.

Inclusive Green Finance Working Group of the Alliance for Financial Inclusion's Global Policy Forum 2025

During the period under review, the then Deputy Governor of the Bank of Namibia, Mr Ebson Uanguta, addressed global delegates during the Global Policy Forum 2025 of the Alliance for Financial Inclusion's Inclusive Green Finance Working Group. He outlined the implications of climate change for Namibia's economy and the role of inclusive finance in strengthening economic and financial resilience. The address highlighted Namibia's heightened vulnerability to climate-related shocks and set out policy and supervisory measures that the Bank had introduced, including regulatory support for drought-affected farmers, enhanced climate-related risk disclosure requirements for banks, and the implementation of the Bank's Sustainability Framework, thereby positioning Namibia as an emerging regional contributor to the global dialogue on inclusive green finance and climate-resilient financial systems.

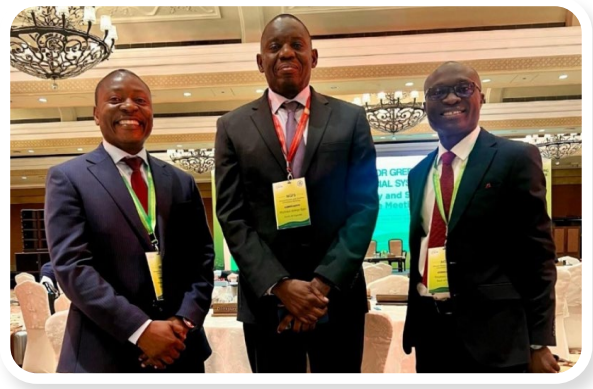


The then Deputy Governor of the Bank of Namibia, Mr Ebson Uanguta, alongside other participants at the Global Policy Forum 2025 held in Swakopmund by the Alliance for Financial Inclusion's Inclusive Green Finance Working Group



Membership to the Network for Greening the Financial System

During the year under review, the Bank continued to actively participate in the NGFS workstreams, meetings and engagements. Notably, the NGFS engaged at the 30th Conference of the Parties (COP) in Belem, Brazil, where it issued a declaration entitled "The economic cost of climate inaction", highlighting the macroeconomic and financial stability risks associated with delayed climate action.



The then Officer in Charge of the Bank of Namibia, Mr Marsorry Ickua, alongside the Governor of the Bank of Uganda, Mr Michael Atingi-Ego, and the Director of Sustainability at the Bank of Ghana, Mr Stephen Armah, during the benchmarking Network for Greening the Financial System Annual Plenary in New Delhi, India

As climate-related risks intensified globally, central banks continued to strengthen their integration of sustainability considerations into policy and supervisory frameworks. In this context, the Bank of Namibia participated in the NGFS Annual Plenary held in New Delhi, India. The Bank was represented by Mr Marsorry Ickua, then Officer in Charge, and Ms Naufiku Hamunime, Technical Expert for International Relations and Sustainability. The meeting, which convened more than 200 central bankers and supervisors from over 60 countries, showed the growing urgency of climate adaptation – a priority of relevance to Namibia.

The Bank also maintained its active participation in the NGFS by contributing to the work of its technical workstreams. During the period under review, the Bank provided a country perspective to the NGFS Task Force on Adaptation's consolidated note entitled "How central banks and supervisors can foster an enabling environment for scaling up adaptation finance". The Bank's input reflected Namibia's climate realities and underscored the importance of adaptation considerations for emerging and developing economies.

During the reporting period the Bank also contributed to a draft research paper entitled "Integrating nature in central banks' investments". This paper will provide asset and reserve management teams at central banks and observer institutions with starting points for integrating nature into their sustainable and responsible investment practices. The research paper is due for publication in 2026.

Strategic Enabler 2

Capacity-building and skills development

Internal Capacity Development

The Bank continues to invest in building internal technical capacity on climate- and sustainability-related issues, in close coordination with the Human Resources Department. This ensures that staff across policy, supervision, finance, operations and risk management functions are equipped to implement the Sustainability Strategy effectively.

Benchmarking engagement with the Deutsche Bundesbank

The Bank of Namibia hosted a delegation from the Deutsche Bundesbank in 2025 for a three-day technical engagement under the European System of Central Banks Project with African Central Banks. The engagement is built on a long-standing institutional partnership between both institutionsformalised through a Memorandum of Understanding. The visit provided a platform for exchanging perspectives on strategic priorities, governance frameworks, data and risk management, and opportunities to advance work on greening the financial system.



The then Deputy Governor of the Bank of Namibia, Mr Ebson Uanguta, with representatives from the Deutsche Bundesbank and the Bank of Namibia Sustainability Forum during their benchmarking engagement

Benchmarking visit to Mongolia on sustainable and inclusive green finance

The Bank undertook a benchmarking and peer-learning exchange visit to Ulaanbaatar, Mongolia, from 15 to 19 December 2025. The visit aimed to deepen understanding of Mongolia's sustainable finance architecture, with particular emphasis on the development and operationalisation of its green and SDG-aligned finance taxonomy. The insights gained are intended to inform the ongoing development of Namibia's Sustainable Finance Strategy and the planned work on a national green finance taxonomy.

The Mongolian Bankers Association, in partnership with the Government of Mongolia and the Financial Regulatory Commission and with support from international partners, launched the Sustainable Finance Initiative in 2013. This Initiative introduced environmental- and social-risk management practices to the banking sector and established one of the first sector-wide sustainable finance frameworks.



The Namibian delegation being welcomed by Financial Regulatory Commission Chairman, Mr Tundev Jambaajamts

Financial sector capacity-building on sustainable finance

The Bank of Namibia and NAMFISA, in collaboration with Genesis Analytics, conducted a two-day Capacity-building Workshop on 8 and 9 December 2025. The Workshop aimed to validate and refine Namibia's draft Sustainable Finance Strategy. Its objective was to align the financial sector with a 'dual track' approach, balancing large-scale green industrial growth with inclusive finance for vulnerable communities while providing technical training on global best practices. The Workshop also served as a critical multistakeholder platform, drawing attendance from a wide range of representatives, including commercial banks, development finance institutions, asset managers, pension funds, micro-lenders and insurers. By engaging both the banking and non-banking sectors over consecutive days, the workshop ensured that diverse industry perspectives could be integrated into the Strategy's core pillars.



Banking and non-banking representatives during the two-day Capacity-building Workshop



6. Conclusion

Through strengthened governance, alliance with industry bodies, targeted policy interventions and sustained engagement at national and international levels, the Bank of Namibia continues to embed sustainability into its institutional DNA. These efforts enhance the Bank's capacity to manage emerging risks, support a just and orderly transition to a low-carbon, climate-resilient and more sustainable economy and safeguard macroeconomic and financial stability in an increasingly climate-affected global environment.





PART

B

MACRO-ECONOMIC REVIEW



CONTENTS[B1]

PART B

MACROECONOMIC REVIEW

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[B1] This section presents the performance of key macroeconomic indicators for 2025, compared to the previous year. For statistical tables that were included in the Annual Report, please refer to the Bank of Namibia's March 2026 Quarterly Bulletin. Additionally, these statistical tables can be downloaded from the Bank of Namibia website (www.bon.com.na) by navigating to the 'Statistical Information' section.

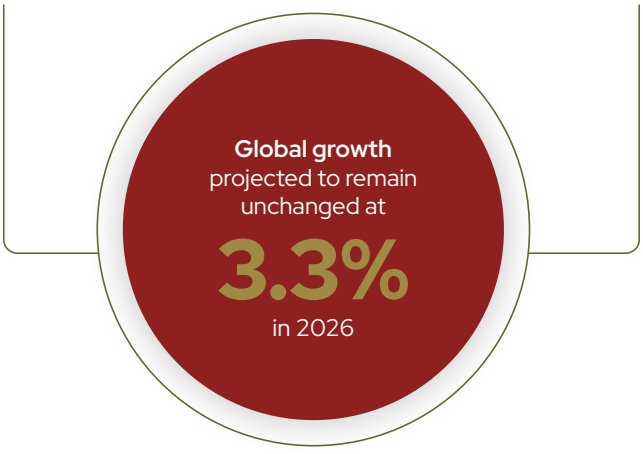
SUMMARY OF GLOBAL AND DOMESTIC ECONOMIC AND FINANCIAL DEVELOPMENTS

OVERVIEW

In its January 2026 World Economic Outlook Update, the IMF estimated the global GDP growth to have remained stable in 2025 compared with 2024. For AEs, growth was estimated to have ticked up slightly to 1.8 percent in 2025 from 1.7 percent in 2024, supported by easing inflation and a gradual return of activity towards long-term potential. Activity in EMDEs ticked higher to 4.4 percent in 2025 from 4.3 percent in 2024, largely ascribed to improving demand conditions.

Going forward, global growth is expected to remain steady in 2026 and slow down marginally in 2027. During 2026, global growth is projected at 3.3 percent before slowing to 3.2 percent in 2027, broadly matching the estimated 3.3 percent outcome for 2025. Growth is anticipated to be upheld by robust technology-driven investment, particularly in artificial intelligence, alongside supportive fiscal and monetary conditions and continued private-sector adaptability to the increasing integration of AI, automation, digitalisation, and data-driven processes. Across AEs, growth is expected to rise slightly to 1.8 percent as easing inflation supports real income gains and improves demand. In EMDEs, growth is projected to ease somewhat to 4.2 percent in 2026, supported by stabilising domestic demand and policy measures that bolster investment and competitiveness.

Risks to the outlook are tilted to the downside and entail trade and geopolitical tensions. Trade tensions could intensify, prolonging uncertainty and placing additional pressure on economic activity. Moreover, geopolitical tensions could erupt, introducing new layers of uncertainty and disrupting the global economy through their impact on financial markets, supply chains, and commodity prices. Larger fiscal deficits and high public debt could put pressure on long-term interest rates and, in turn, on broader financial conditions.



Global inflation is projected to continue declining, with headline inflation falling in 2026 and 2027. Global headline inflation is forecast to continue its gradual decline, easing from 4.1 percent in 2025 to 3.8 percent in 2026 and further to 3.4 percent in 2027, though returning to target more slowly in the US than in other major economies. Strong demand, AI-driven investment, and tariff-related price pressures are expected to keep US inflation elevated.

The year 2025 proved to be a dynamic yet steady period for global financial markets, shaped by monetary policy easing, geopolitical developments, and evolving investor sentiment. Market conditions fluctuated at times as participants responded to shifting trade developments, fiscal considerations, and changes in risk perceptions. Early in the year, proposed tariff measures led to temporary adjustments in global asset prices, though sentiment improved as several initiatives were delayed or scaled back, helping support a more stable backdrop. Equity markets generally performed well, with earnings, particularly among large-cap technology and AI-related firms, continuing to exceed expectations despite occasional uncertainty.

At the same time, global financial stability risks remained elevated. The IMF's 2025 assessments noted stretched asset valuations, rising pressures in sovereign bond markets, and increasing vulnerabilities associated with nonbank financial institutions, including hedge funds and asset managers whose leverage amplified sensitivity to shocks. Episodes of stress in foreign exchange markets driven by tight global financial conditions and macroeconomic uncertainty also spilled over into other asset classes, tightening overall financial conditions in several economies. Despite these challenges, markets avoided deeper disruptions as investors adjusted to evolving trade dynamics, policy signals, and geopolitical risks. Looking ahead, the durability of financial markets stability will continue to depend on the trajectory of inflation, fiscal sustainability in major economies, and the pace of global monetary policy easing.

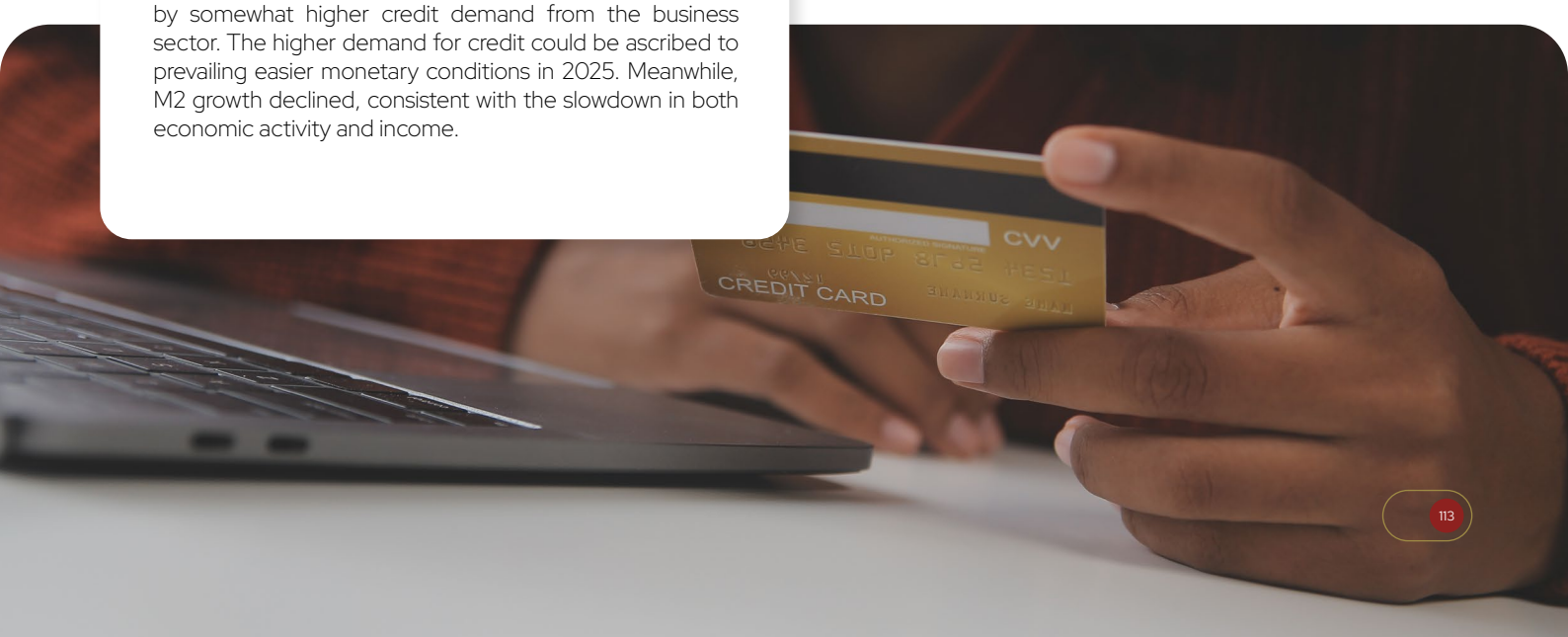
During 2025, real GDP growth slowed as weaker activity in the primary industry constrains overall output, while positive growth in the secondary and tertiary industries sustained the growth. Namibia's real GDP growth decelerated to 1.7 percent in 2025, down from 3.8 percent in 2024, as weakness in the primary industry weighed on overall output. The primary industry contracted sharply by 7.2 percent, driven by a 21.7 percent decline in livestock farming and a fall in diamond mining attributable to weak global demand, while the metal ores subsector also declined due to reduced gold production. These contractions were partially cushioned by a strong surge in uranium production and a rebound in crop farming. In the secondary industries, growth slowed to 2.1 percent as manufacturing contracted with notable declines in basic non-ferrous metals, meat processing, and diamond processing, though this was offset by double-digit growth in electricity and water and a strong expansion in construction. The tertiary sector remained the anchor of economic activity, accounting for 55.0 percent of GDP and growing by 4.2 percent, sustained by solid performances in wholesale and retail trade, information and communication, health, education, and public administration and defence with hotels and restaurants and financial services also recording positive growth.

Domestic inflation moderated in 2025 compared with the previous year, providing some relief to consumers. Overall inflation declined from 4.2 percent to 3.5 percent during the period under review, largely reflecting the pass-through effects of monetary policy easing alongside lower oil prices due to a decline in international crude oil prices, easing pressures on consumers' purchasing power. The slowdown in inflation was particularly evident in the transport and housing categories. In contrast, inflation for food and non-alcoholic beverages remained unchanged over the same period, driven mainly by higher livestock prices, reduced fish catches, and ongoing global supply chain disruptions.

Growth in domestic credit aggregates rose moderately during 2025, supported by an increase in credit extended to the corporate sector, while growth in broad money supply (M2) declined in 2025. In 2025, growth in PSCE edged slightly higher, to an annual growth rate of 4.4 percent from 4.0 percent in 2024 driven by somewhat higher credit demand from the business sector. The higher demand for credit could be ascribed to prevailing easier monetary conditions in 2025. Meanwhile, M2 growth declined, consistent with the slowdown in both economic activity and income.

The Central Government's budget deficit for FY2025/26 is projected to widen relative to the estimate presented in the October 2025 mid-year budget, while Government debt remains above the Southern African Development Community (SADC) benchmark. According to the budget statement tabled in February 2026, the deficit for FY2025/26is now estimated at 6.6 percent of GDP, up from the earlier projection of 5.9 percent, reflecting lower-than-expected revenue collections, particularly from individual income tax, diamond company taxes—especially from the diamond industry—value-added tax (VAT), and withholding tax on interest. Looking ahead, the FY2025/26 deficit is expected to decline to 5.5 percent of GDP in FY2026/27 and further to 3.3 percent by the end of the MTEF period, supported by a recovery in key revenue streams such as individual income tax, VAT, and SACU receipts, alongside expenditure growth remaining contained. Meanwhile, total debt as a percentage of GDP stood at 64.0 percent at the end of December 2025 and is anticipated to reach 65.9 percent of GDP over the Medium-term Expenditure Framework.

During 2025, financial account inflows excluding reserves were insufficient to fully cover the country's current account deficit, resulting in a drawdown of international reserves. As a percentage of GDP, the current account deficit narrowed to 13.1 percent in 2025 from the 14.9 percent recorded in 2024. This was primarily due to a lower merchandise trade deficit, driven by higher export receipts alongside a slight increase in imports. Nonetheless, the financial account non-reserve related inflows were not sufficient to fully cover the current account deficit, which ultimately led to a drawdown of international reserves. As a result, Namibia's international reserves fell to N$51.6 billion during 2025 from N$63.0 billion in 2024, due to the redemption of the Eurobond in October 2025, lower SACU receipts coupled with higher net ZAR outflows. At that level, foreign reserves translated to an estimated import cover of 3.3 months, lower than the 4.2 months recorded in the preceding year. Moreover, the real effective exchange rate (REER) of the Namibia Dollar appreciated moderately on an annual basis, signalling a loss in trade competitiveness.

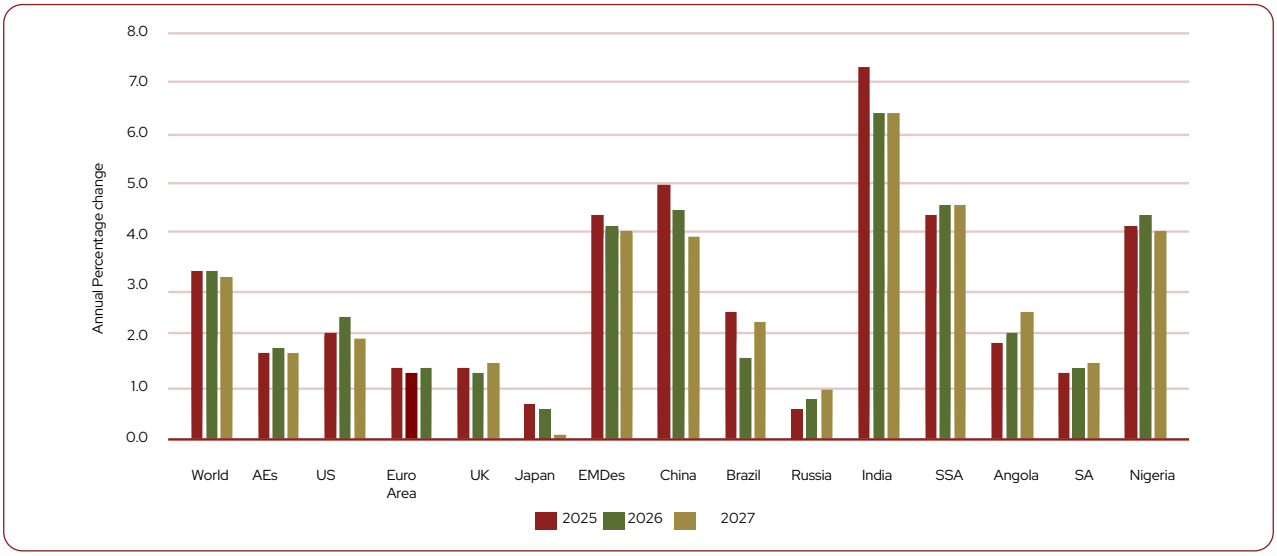


GLOBAL ECONOMIC AND FINANCIAL DEVELOPMENTS

GDP Growth and outlook

Global economic activity is estimated to have remained steady in 2025, compared with 2024 and is projected to remain unchanged in 2026 before slowing down marginally in 2027. GDP growth held steady at 3.3 percent in both 2025 and 2026 and is projected to ease slightly to 3.2 percent in 2027 (Figure B.1). The stability in global growth reflects a balance of opposing forces: while shifting trade policies continue to restrain activity, rising investment, especially in technology sectors such as artificial intelligence is helping to support momentum, particularly in North America and Asia. Supportive fiscal and monetary policies, coupled with favourable financial conditions, and the private sector's adaptability to the increasing integration of AI, automation, digitalisation, and data-driven processes have sustained the overall outlook. Growth in AEs is expected to have slowed marginally in 2025 compared with 2024. In the US, real GDP growth eased to 2.1 percent during 2025 from 2.8 percent in 2024 ascribed to base effects from the post-pandemic momentum and tighter financial conditions. In contrast, growth in the Euro Area increased to 1.4 percent in 2025 from 0.9 percent in 2024 on the back of improved domestic demand and investment conditions. In Japan, growth also rose to 1.1 percent in 2025 from a contraction of 0.2 percent recorded in the preceding year, owing to enhanced household consumption and increased private sector investment.

Figure B.1: International Monetary Fund gross domestic product review 2025, Outlook 2026–2027



Source: International Monetary Fund World Economic Outlook Update, January 2026
Note: AEs = Advanced Economies; US = United States; UK = United Kingdom; EMDEs = Emerging Markets and Developing Economies; SSA = Sub-Saharan Africa; SA = South Africa

Growth in EMDEs is estimated to have inched higher in 2025, supported by rebounding domestic demand. According to the IMF's January 2026 WEO Update, economic activity in EMDEs was boosted by a stronger-than-expected growth in India's real GDP of 7.3 percent in 2025, reflecting robust momentum in the second half of the year (Fig B.1). Several regions, such as Sub-Saharan Africa, also registered gains with GDP growth increasing to 4.4 percent in 2025 stemming from stable macroeconomic conditions and favourable commodity prices. Overall, EMDEs were the key drivers of global activity, expanding at rates just above 4.0 percent, thereby outpacing AEs despite trade policy uncertainty.

Going forward, the global economy is expected to maintain steady momentum during the 2026 and 2027 forecast horizon. The IMF projects global growth at 3.3 percent in 2026 and 3.2 percent in 2027, supported by continued strength in technology-driven investment and accommodative fiscal and monetary policies. Growth in AEs is forecast at 1.8 percent in 2026 and 1.7 percent in 2027, reflecting modest support from policy easing and ongoing investment in artificial intelligence. In the US, GDP growth is anticipated to inch slightly higher to 2.4 percent in 2026 from 2.1 percent in 2025 sustained by expansionary fiscal and eased monetary policy measures. The January 2026 Outlook of the IMF expected EMDEs to expand at a pace of 4.4 percent and 4.2 percent in 2025 and 2026, anchored by improved prospects in major economies, including China and India, and firm domestic demand across several regions. Downside risks remain, notably from trade policy uncertainty and the possibility that productivity gains from new technologies may fall short of expectations.

Inflation and interest rate developments

Global inflation continued a downward trajectory across major economies. After averaging 5.9 percent in 2024, global inflation eased further to 4.5 percent in 2025, driven largely by declining energy and goods prices as supply-chain conditions normalised (Table B.1). This trend was supported by tighter monetary policy implemented in earlier periods, which helped dampen demand pressures. However, inflation remains susceptible to upside risks, including potential energy price shocks linked to geopolitical tensions and persistently elevated services inflation, both of which could slow the pace of disinflation.

Table B.1: Global growth 2021 - 2026 (Annual % change)

Economy	2021	2022	2023	2024	2025(e)	2026(p)
Global	4.7	8.7	6.8	5.9	4.5	3.8
Advanced Economies	3.1	7.3	4.6	2.6	2.0	2.1
Euro Area	0.3	2.6	8.4	2.4	2.1	2.2
Japan	0.1	-0.1	2.4	2.7	2.8	2.0
UK	2.6	9.1	7.3	2.5	3.2	2.0
US	4.7	8.0	4.1	3.0	3.0	2.2
Emerging Market and Developing Economies	5.9	9.8	8.3	8.3	6.2	4.2
Brazil	3.2	8.3	9.4	4.3	4.6	3.6
China	2.5	0.9	2.0	0.2	0.0	0.7
India	6.6	5.2	6.7	4.9	4.8	3.2
Russia	3.4	6.7	13.8	8.3	7.0	5.3
South Africa	3.3	4.6	6.9	4.7	3.2	3.2

Looking forward, global inflation is expected to ease in 2026 on the back of moderating demand and stabilising commodity prices. In this regard, global inflation is projected to slow to 3.8 percent in 2026 from 4.2 percent in 2025, and further to 3.4 percent in 2027. Inflation in AEs is expected to trend downwards towards targets, while EMDEs are anticipated to experience a more pronounced decline in inflation than AEs.

During 2025, monetary policy stances in most monitored AEs pivoted towards easing as central banks responded to slowing growth and moderating inflationary pressures. In the US, the Federal Reserve Bank implemented cumulative policy rate reductions of 0.75 percent, resulting in the federal funds rate of 3.75 percent in December 2025. The European Central Bank reduced the deposit rate by 0.75 percent to 2.00 percent over the same period (Table B.2). Likewise, the Bank of England cut the Bank rate by 0.50 percent to 3.75 percent in the course of 2025. In contrast, the Bank of Japan increased the call rate by 0.25 percent in 2025 to 0.75 percent to contain inflationary pressures resulting from energy and food prices.

Table B.2: Policy rates of selected economies

Country or grouping	Policy rate name	Policy rates at end of 2025 (%)	Month of last meeting in 2025	Policy rate change in 2025 (%)	Inflation rate at end of 2025 (%)	Real interest rate at end of 2025 (%)
Advanced Economies						
Euro Area	Deposit facility rate	2.00	Dec	-0.75	2.1	-0.1
Japan	Call rate	0.75	Dec	+0.25	2.8	-2.1
UK	Bank rate	3.75	Dec	-0.50	3.2	0.55
USA	Federal funds rate	3.75	Dec	-0.75	3.0	0.75
Emerging Market and Developing Economies						
Brazil	SELIC rate	15.00	Dec	+1.75	4.6	10.4
China	Lending rate	3.00	Dec	-0.10	0.0	3.0
India	Repo rate	5.25	Dec	-1.25	4.8	0.5
Russia	Key rate	16.00	Dec	-5.00	7.0	9.0
South Africa	Repo rate	6.75	Nov	-0.75	3.2	3.6

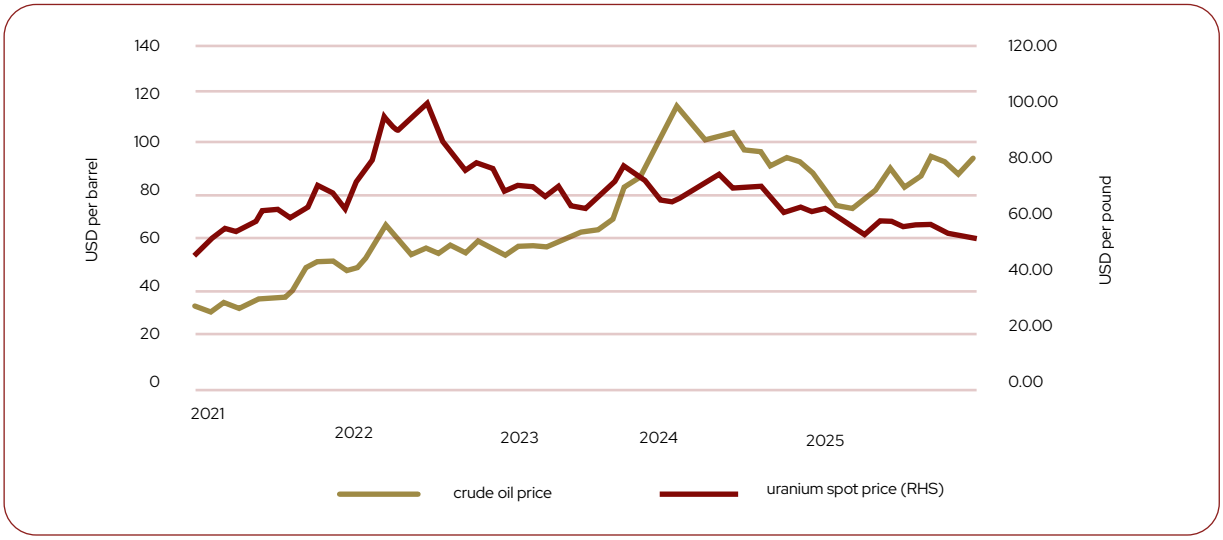
Source: Trading Economics and central banks

Central banks in EMDEs broadly eased their monetary policy stances in 2025 as inflationary pressures gradually receded. The Bank of Russia reduced the key rate from 21.0 percent at the end of 2024 to 16.0 percent by December 2025, a cumulative 5.00 percent decline as disinflation gained traction. The Reserve Bank of India reduced the repo rate by 1.25 percent to 5.25 percent in 2025, owing to moderating inflation pressures. Similarly, the People's Bank of China reduced the lending rate by 0.10 percent to 3.00 percent in order to provide support to sluggish credit demand. In South Africa, the South African Reserve Bank cut the repo rate by 0.75 percent to 6.75 percent in 2025 as inflation stabilised. In contrast, Brazil's central bank raised the Selic rate by 1.75 percent to 15.00 percent in 2025 to contain persistent inflationary pressures.

Commodity market developments

The prices of uranium and Brent crude oil exhibited a mixed trend in 2025. The spot price of uranium rose by 10.9 percent from US$72.63 per pound in 2024 to US$81.55 per pound in 2025, stemming from tight supply conditions in the market. In contrast, the price of Brent crude oil fell by 1.4 percent to US$62.71 per barrel in 2025 from US$63.61 per barrel in 2024, consistent with an oversupplied market and weakening demand, notably by China (Figure B.2).

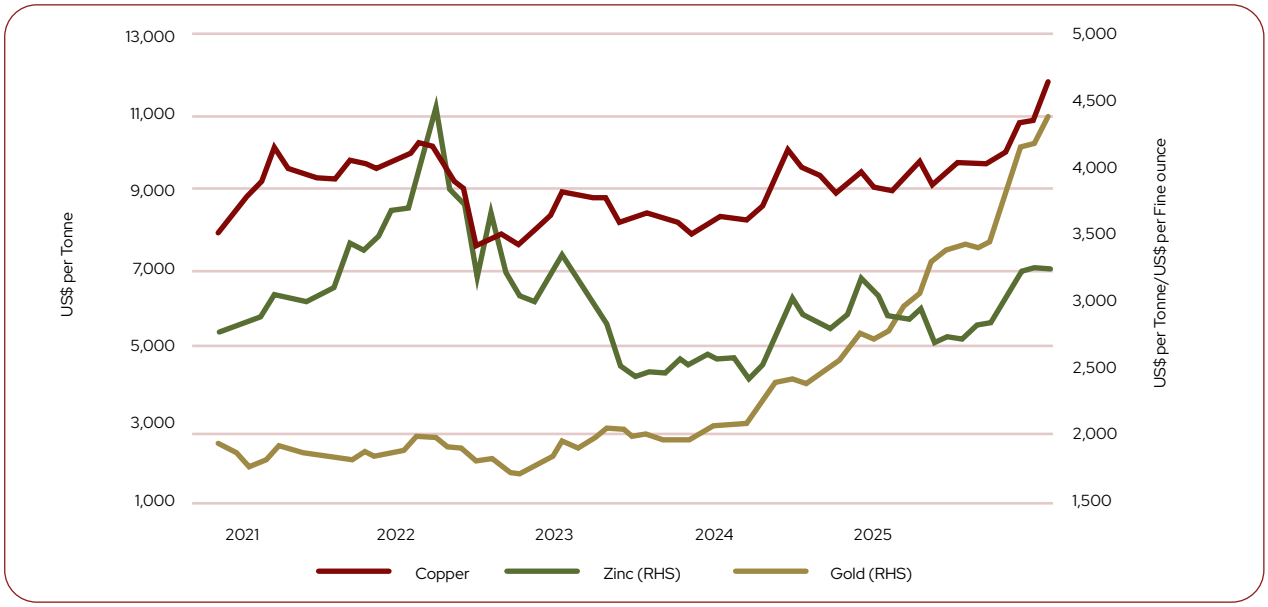
Figure B.2: Uranium and Brent crude oil prices



Source: IMF and Cameco

The prices of copper, gold and zinc increased in 2025 relative to 2024. The price of copper rose by 29.9 percent to US$11 785 per metric tonne in 2025 from US$8 991 per metric tonne in 2024, reflecting strong demand and persistent supply constraints. Gold price also rose significantly by 62.7 percent to US$4 309 per for an ounce in 2025, from US$2 648 per ounce in 2024, supported by robust safe-haven demand amid geopolitical and financial-market uncertainty. On the other hand, the price of zinc increased by 5.4 percent to US$3 168 per metric tonne in 2025 from US$3 004 per metric tonne, a slower rate when compared with those of copper and gold, influenced by shifting supply conditions in the market (Figure B.3).

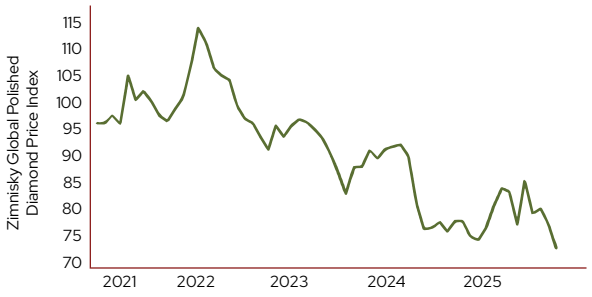
Figure B.3: Other commodity prices



Source: IMF

During the year under review, the Zimnisky global polished diamond index decreased relative to 2024, illustrating subdued demand in the diamond market. In this connection, the Zimnisky global polished diamond index decreased by 6.6 percent to 71.8 index points in 2025 from 76.9 index points in 2024 (Figure B.4). Overall, developments in the polished-diamond market in 2025 reflected a continuation of the soft conditions that had emerged in the prior year. Industry analysis drawing on Zimnisky's State of the Diamond Market indicated that polished prices remained under pressure through 2025, characterised by downward pricing momentum. In several segments, polished diamonds experienced further discounting as oversupply from earlier years persisted and buyers remained highly selective. Meanwhile, market segmentation became more pronounced with premium and larger-size polished stones proving relatively more resilient, while smaller and mid-quality goods saw deeper adjustments, echoing the restrained demand patterns observed in 2024.

Figure B.4: Diamond prices



Source: Paul Zimnisky



Bond market developments

Bond yields displayed renewed divergence in 2025 as shifting inflation dynamics, monetary-policy recalibration and evolving growth prospects shaped sovereign debt markets across major advanced and emerging economies. In the United States, the 10-year Treasury yield hovered around 4.1 percent to 4.2 percent by late 2025, slightly below 2024 levels. UK yields eased, with the 10-year bond yield declining to 4.5 percent in 2025 backed by improved consumer and business confidence indicators (Figure B.5). In contrast, Japan's 10-year government bond yield climbed to 2.1 percent in 2025 from 1.7 percent in 2024 as markets absorbed firming inflation and policy-normalisation signals. Germany saw its 10-year Bund yield fall to roughly 2.6 percent, driven by softer inflation and weak manufacturing data. Among EMDEs, China's 10-year yield edged down to about 1.8 percent, reflecting a subdued growth outlook and accommodative policy settings. South Africa's 10-year yield declined to approximately 8.2 percent, indicating improving investors' sentiment and easing inflation pressures relative to 2024.

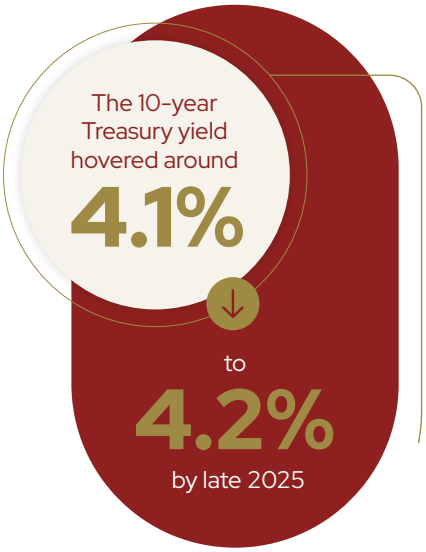
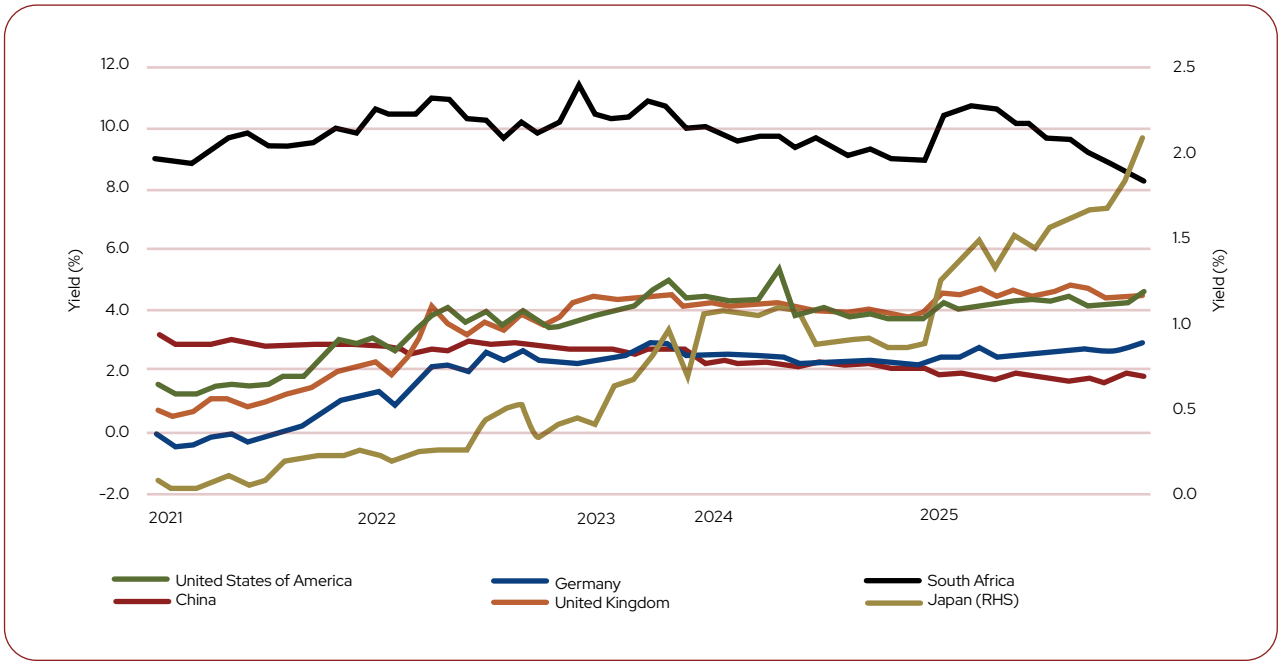


Figure B.5: Ten-year bond yields in selected economies

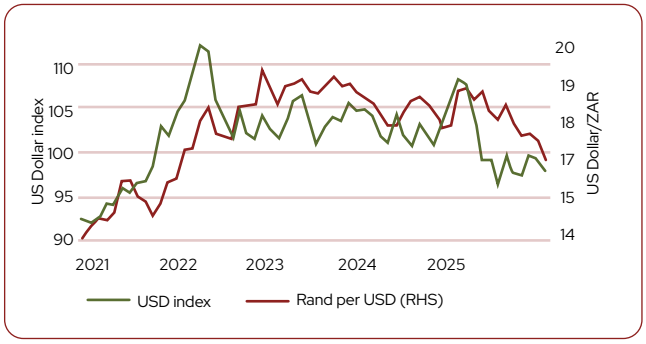


Source: Bloomberg

Foreign currency market

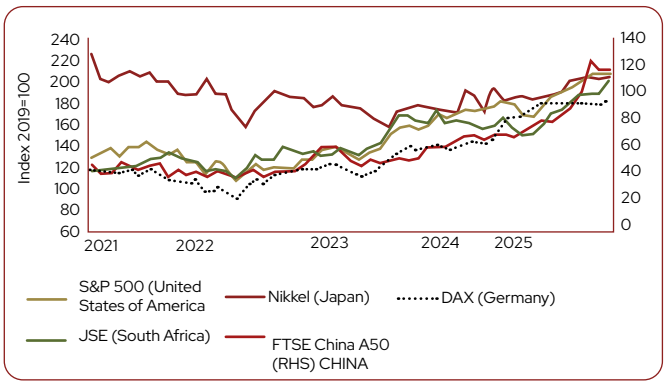
The global currency landscape shifted notably in 2025, with broad-based Dollar weakness. The US Dollar depreciated through much of the year as heightened policy uncertainty, tariff-related disruptions, and a reassessment of U.S. growth prospects drove a sharp fall of about 10 percent to 11 percent in the first half of 2025, against a basket of currencies, marking its worst early-year performance in over five decades (Figure B.6). Meanwhile, the South African Rand strengthened meaningfully, appreciating by 6.0 percent to ZAR 16.51 per U.S. Dollar in 2025 from ZAR17.56 per US Dollar in 2024 as global investors rebalanced away from the weakening US Dollar and toward higher-yielding currencies amid a broad realignment of capital flows.

Figure B.6: Foreign currency market



Source: Bloomberg

Figure B.7 Stock Price Indices



Source: Bloomberg

Stock market developments

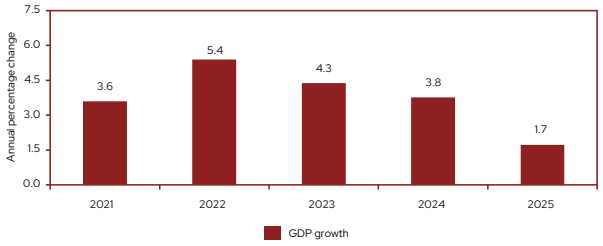
Equity markets extended the strong momentum in 2025, supported by global growth, moderating inflation, and broad-based earnings strength across major regions. In the US, the S&P 500 increased by 18.0 percent to end the year just below the 7,000-index points threshold, building on its robust performance in 2024. Likewise, the German DAX delivered strong gains, rising by about 24.8 percent to 24 490 index points by late 2025 amid improved sentiment toward European industrials and easing monetary conditions. Japan's Nikkei 225 registered one of its most exceptional years on record, surging by 32.9 percent to close at 50 339 index points, supported by the AI investment boom, accommodative fiscal policy, and strong corporate earnings (Figure B.7). The UK's FTSE 100 also performed well, recording a growth of 20.4 percent reaching 9 931 index points at the end of 2025 driven by mining, financials, and defence stocks. In emerging markets, China's FTSE China A50 performed strongly in 2025, supported by index rebalancing flows and improved sentiment following announced stimulus measures. The China A50 rose by 16.0 percent year-on-year, trading near 15 030 index points at the end of the year. South Africa's FTSE/JSE All Share Index also delivered an exceptional performance, surpassing the 100 000 index point mark and advancing by 33.1 percent, driven by robust gains in commodities, banking, and technology shares.

For Namibia, global economic developments are expected to be supportive going forward, particularly through stronger demand from major trading partners and easing global inflation. This environment could be favourable for Namibia's key export commodities, notably uranium and gold.

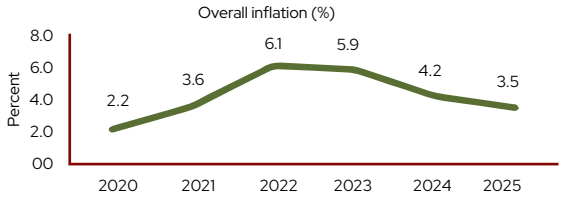
However, the IMF cautions that escalating geopolitical tensions, especially, the US-Israel war on Iran, now pose a key downside risk to the global growth outlook, with potential spillovers to trade, energy prices, and financial stability. Similarly, the World Economic Forum identifies geoeconomic confrontation and interstate conflict as the top global risks for 2026, underscoring the heightened uncertainty facing the global economy.

FIGURE B.8 (A-H): DOMESTIC ECONOMIC AND FINANCIAL DEVELOPMENTS AT A GLANCE

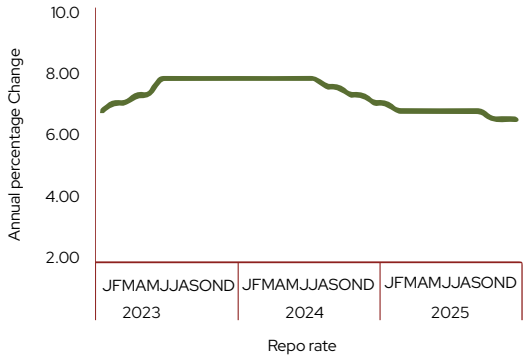
A. The Namibian economy recorded a slower growth rate during 2025.



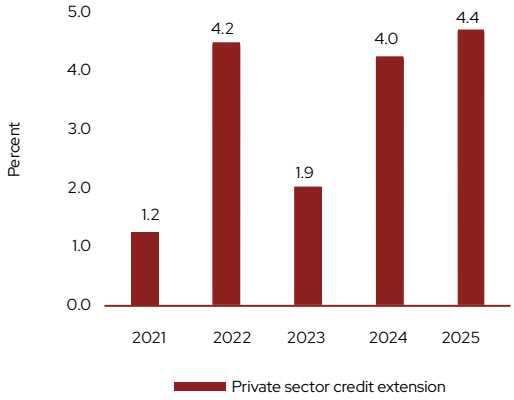
B. The Annual inflation rate decelerated during 2025.



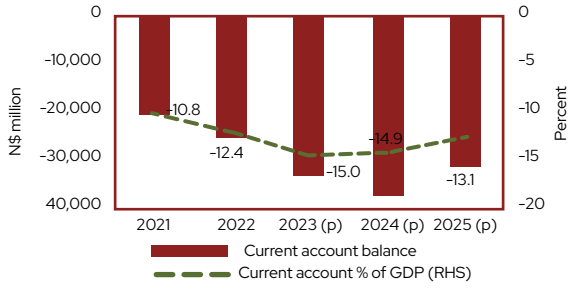
C. Monetary policy easing that commenced since the latter half of 2024 continued into 2025.



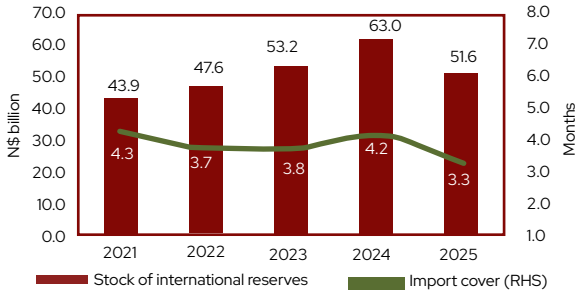
D. Growth in private sector credit extension (PSCE) inched higher during 2025.



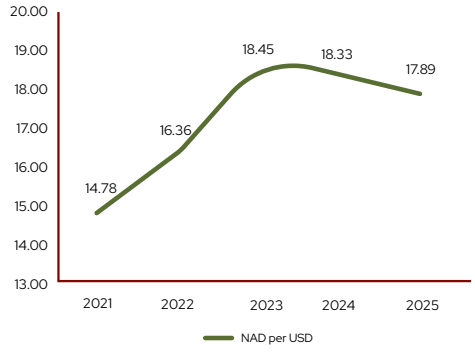
E. The current account deficit improved during 2025.



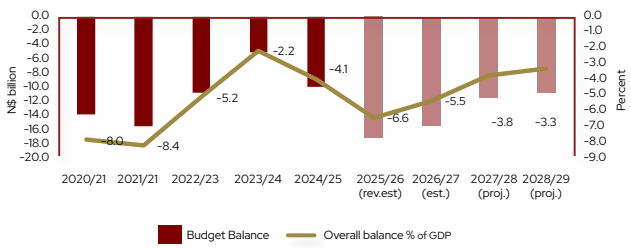
F. The official stock of foreign reserves decreased with the Eurobond redemption but remained sufficient to meet Namibia's international financial obligations.



G. The Namibia Dollar appreciated against the United States Dollar during 2025.



H. Government's budget deficit widened during the fiscal year 2025/26 owing to stagnant revenue compared with rising expenditure.

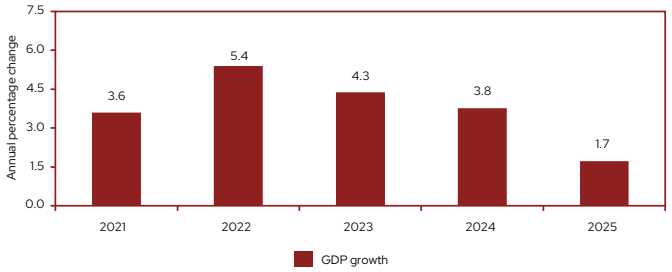


DOMESTIC ECONOMIC AND FINANCIAL DEVELOPMENTS

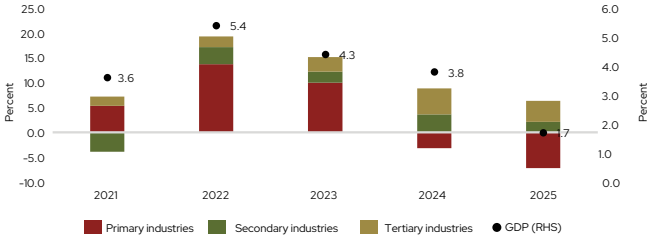
REAL SECTOR DEVELOPMENTS

Figure B.9 a-e: Growth in domestic product at a glance

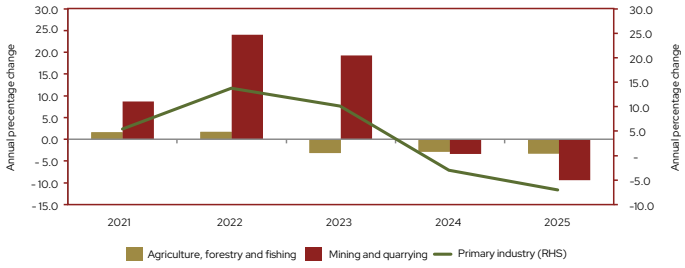
(a) GDP growth in the Namibian economy continued to moderate during 2025.



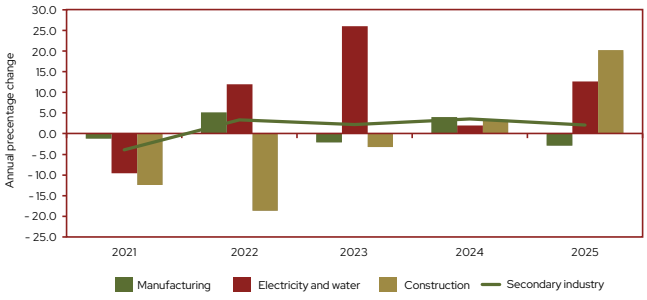
(b) The tertiary industries was the major contributor to gdp, sustaining GDP growth during 2025 but was offset by the weaknesses in the primary industry.



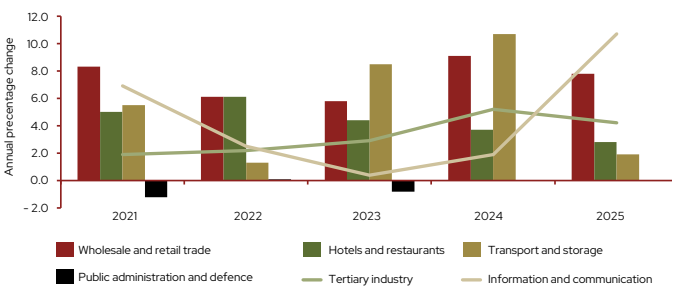
(c) The primary industry registered a contraction in 2025, owing mainly to lower livestock marketing, coupled with lower diamond production



(d) Overall, secondary industries also moderated during 2025, driven by the decline in the output of the manufacturing sector, particularly non-ferrous metals and meat processing.



(e) The positive growth in the tertiary industries remained broad-based, as observed in marked performances in sectors such as trade, hotels and restaurants, transport and storage, health, finance as well as public administration.





Source: Namibia Statistics Agency

Growth in Gross Domestic Product

During 2025, real GDP growth moderated, reflecting contractions in the primary industries, while sustained expansion in the secondary and tertiary sectors continued to support overall economic activity. Consequently, the Namibian economy expanded by 1.7 percent, down from 3.8 percent in 2024 (Figure B.9a). The slower, albeit positive, growth was largely driven by a decline in primary industries, owing to significant contractions in diamond and crop production, alongside reduced manufacturing output. The latter was mainly attributed to sharp declines in the basic non-ferrous metals, meat processing, and diamond processing subsectors. Nonetheless, the resilience of the tertiary sector provided a buffer, underpinning overall growth through increased activity in trade, transport, public administration, health, and other services. Additional support came from steady positive performances in sectors such as hotels and accommodation, finance and insurance, health, and public administration and defence during the review period.

Contribution to real GDP growth by industry

Economic activity within the primary industry contracted in 2025, driven by lower livestock marketing and diamond production. The primary industry contracted by 7.2 percent albeit a higher contraction compared to a negative growth of 3.2 percent registered during 2024 (Figure B.9c). The contraction was ascribed to the prevailing restocking activities by farmers amid herd rebuilding strategies that led to a further contraction of 3.3 percent in activity in the agriculture, forestry and fishing sector relative to a negative growth of 2.9 percent recorded in the preceding year. Moreover, the performance of the primary industry was further dragged down by the weaker production of diamonds, which declined by 8.4 percent to 2.0 million carats in 2025, owing to reduced global demand for natural diamonds coupled with competition from lab-grown diamonds. The mining and quarrying sector, therefore, declined by 9.4 percent in 2025, compared with a contraction of 3.4 percent registered in 2024.

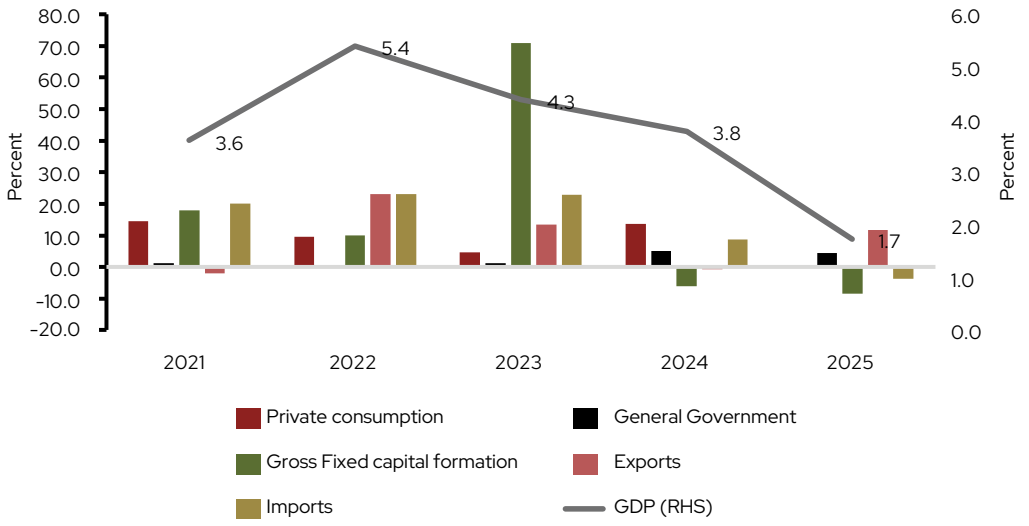
The secondary industries exhibited poor, but positive growth in 2025 due to underperformance in the manufacturing sector. The output of secondary industries increased by 2.1 percent during 2025 (Figure B.9d) compared with the 3.6 percent increase registered in 2024. Manufacturing switched from positive growth of 4.0 in 2024 to a contraction of 2.9 percent in 2025, attributed mainly to a steep decline of 65.6 percent in basic non-ferrous metals. The latter decline was sparked by lower copper processing volumes and subdued international demand for non-ferrous metals in general. The decline was exacerbated by meat processing, which dropped by 9.9 percent compared to 2024. This was due to reduced slaughtering activity as farmers rebuilt herds, following extensive destocking during the 2024 drought. However, a partial set-off arose from the Electricity and water and Construction sectors. Electricity and water remained a key growth driver within the secondary industries in 2025, expanding by 12.6 percent. This is a significant increase compared with 2.0 percent growth in 2024. The rise is ascribed mainly to favourable rainfall patterns that enhanced hydroelectric generation at Ruacana, coupled with ongoing investment in renewable energy. Construction activity increased by 20.2 percent in 2025. The increase was driven by increased in road infrastructure and energy infrastructure projects.

The tertiary industries remained resilient and stable, registering broad-based growth. Real value added in respect of these industries increased by 4.2 percent in 2025, but this was slightly below the 5.2 percent registered in 2024 (Figure B.9e). The increase was attributed to a collective positive performance in several sectors such as Wholesale and retail trade, Hotels, restaurants and accommodation, Transport and storage, and Public administration and defence. Several factors contributed towards stimulating wholesale and retail trade. These included rising income, slowing inflation, wage increases for Government employees, the fiscal expenditure on drought relief, lower personal income tax and lower interest rates.



GDP by Expenditure

Figure B.10: Real GDP Growth by Expenditure



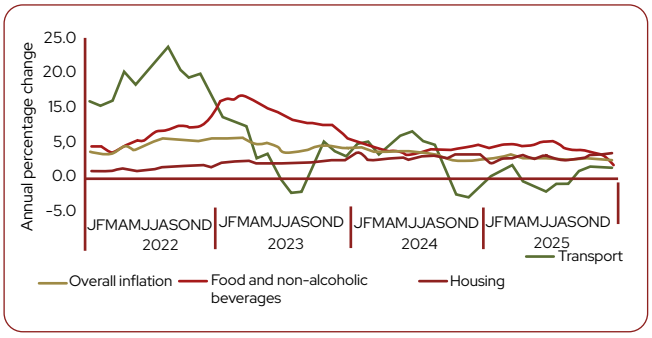
Source: Namibia Statistics Agency

On the domestic demand, the moderation in the economic growth for 2025 reflected a similar movement in the expenditure on final consumption. Real GDP expanded to N$160.1 billion from N$157.4 billion registered in the preceding year, which represents a moderation to 1.7 percent from the 3.8 percent growth recorded in 2024. The slower pace of growth in 2025 was primarily underpinned by contraction in private sector investment, alongside a contraction in import volumes. Simulteneously there was a significant slowdown in final consumption expenditure to 0.7 percent from strong growth of 11.6 percent in 2024. This trend was largely driven by a cooling in the pace of growth in private consumption expenditure, which decreased by 0.3 percent from a previous increase of 13.6 percent. These developments suggest that the economy remains in a fragile state as the impetus from domestic demand has subsided (Figure B.10). Meanwhile, government expenditure and exports registered strong growth of 4.4 percent and 11.8 percent, respectively.

INFLATION DEVELOPMENTS

Domestic inflation slowed during 2025 relative to the previous year, creating relief to consumers. Overall inflation declined to an average of 3.5 percent during the period under review from 4.2 percent during 2025, driven by a moderate appreciation of the exchange rate and lower oil prices. In line with these developments the deceleration in headline inflation was reflected in transport inflation (Figure B.11), and in somewhat lower housing inflation. Meanwhile, inflation for food and non-alcoholic beverages remained unchanged over the same period mainly due to meat prices, reduced fish catches as well as global supply chain disruptions.

Figure B.11: Overall inflation



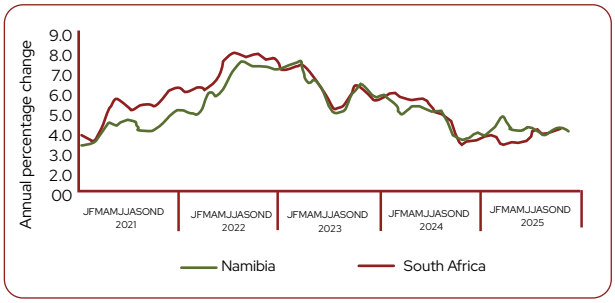
Source: Namibia Statistics Agency

Transport inflation decelerated in 2025. Inflation for transport declined by 3.3 percentage points to 0.3 percent in 2025, supported by weaker fuel prices which were kept unchanged and/or adjusted downwards for the most part of the year. This reflected similar developments in international crude oil prices, given increased oil production by major oil producing countries in 2025, which exerted less pressure on inflation than in the previous year. The period under review saw Namibian pump prices of petrol and diesel declining by N$0.88 to N$20.52 per litre, while that of diesel 50 ppm declined by N$0.76 to N$20.25 per litre.

Annual inflation for housing, water, electricity, gas and other fuels similarly decreased in 2025. Inflation for this category slowed by 0.3 percentage point to 3.7 percent over the period under review from 4.0 percent in the previous year, mainly driven by a decline in inflation for electricity, gas and other fuels.

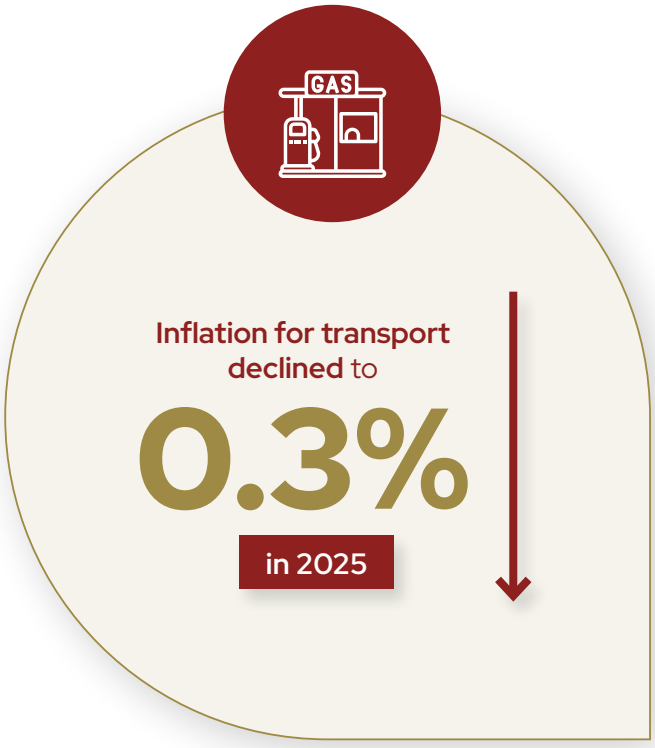
In contrast, inflation for food and non-alcoholic beverages remained unchanged in 2025. Inflation for food and non-alcoholic beverages stood at 5.2 percent maintaining the same rate for in 2025 and 2024. The steady growth in food inflation was predominantly reflected in meat, bread and cereals as well as oils and fats as the declines in subcategories milk, cheese and eggs, sugar, jam, honey and confectionaries offset these increases.

Figure B.12: Inflation comparison between Namibia and South Africa



Source: Namibia Statistics Agency and Statistics South Africa

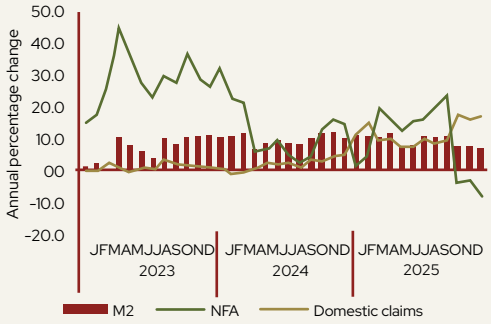
A comparison of the developments in inflation for Namibia and South Africa showed that inflation for South Africa similarly toned-down during 2025 relative to 2024. South Africa's inflation rate edged lower by 1.3 percentage points to average 3.2 percent during the year under review, trending in the same range as that of Namibia at 3.5 percent (Figure B.12). The already small inflation gap between Namibia and South Africa in 2024 narrowed further during 2025. In addition, the inflation differential between the two countries shrank as both nations continued to receive similar impulses from oil prices and the appreciation of the domestic currencies.



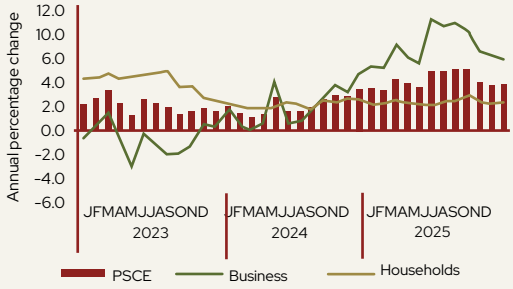
MONETARY AND FINANCIAL MARKET DEVELOPMENTS

Figure B.13 (a-d): Monetary and financial indicators

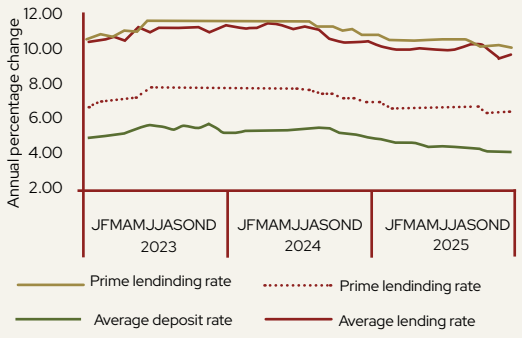
a. Annual growth in broad money supply (M2) declined in 2025, owing to a contraction in net foreign assets (NFA).



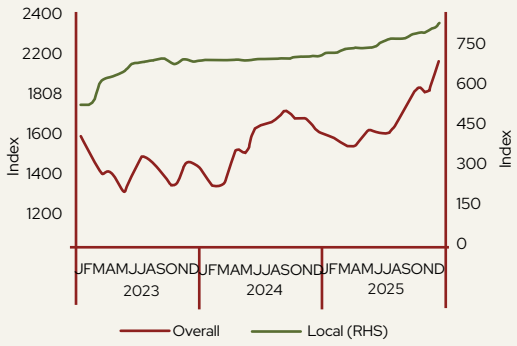
b. Growth in private sector credit extension (PSCE) rose in 2025 supported by higher credit demand by the corporate sector.



c. Commercial banks' prime lending rate declined in 2025 in line with the Repo rate.



d. Both the overall and local share price indices of the Namibia Securities Exchange ended 2025 at higher levels compared with 2024.



Monetary and Credit aggregates

In 2025, the monetary aggregates were characterised by slower growth as nominal income was held back by both lower inflation and real output growth, whereas the credit aggregates recorded a moderate increase in growth, largely owing to higher demand by businesses. Annual growth in broad money supply (M2) slowed to 6.5 percent during the period under review, alongside a moderation in both real income and inflation (Table B.3 and Figure B.13a). To the contrary, credit aggregates recorded higher growth relative to 2024, largely owing to higher demand by businesses, partially attributed to easier monetary conditions (Figure B.13b).

Table B.3: Monetary and Credit aggregates

N$ Million	2021	2022	2023	2024	2025
Levels (end of period)					
Net Foreign Assets	50,697	56,675	71,713	81,967	75,409
Net Domestic Assets	143,425	144,956	146,713	153,672	179,554
Claims on Other Sectors	112,371	113,879	118,262	124,764	130,604
of which: claims on individuals	61,942	64,997	66,869	68,926	70,907
claims on businesses	44,832	46,238	47,440	49,396	53,742
Net Claims on Central Government	31,054	31,077	28,451	28,907	48,950
Claims on Central Government	35,114	34,720	34,044	39,239	53,302
less Government deposits	4,060	3,643	5,593	10,332	4,352
Other Items, Net	64,177	71,673	74,626	77,917	86,987
Broad Money Supply	129,944	129,958	143,800	157,721	167,976
(Change during the period, N$ million)					
Net Foreign Assets	8,878	5,978	15,038	10,254	- 6,557
Net Domestic Assets	8,492	1,531	1,757	6,959	25,883
Claims on Other Sectors	1,131	1,508	4,383	6,502	5,840
of which: claims on individuals	1,214	3,055	1,873	2,057	1,981
claims on businesses	- 109	1,407	1,201	1,956	4,346
Net Claims on Central Government	7,360	23	- 2,626	456	20,043
Claims on Central Government	4,303	- 394	- 676	5,195	14,063
less Government deposits	- 3,057	- 417	1,951	4,738	- 5,980
Other Items, Net	12,078	7,496	2,953	3,291	9,070
Broad Money Supply	5,292	14	13,842	13,922	10,254
Annual percentage growth rates (%)					
Net Foreign Assets	21.2	11.8	26.5	14.3	- 8.0
Total Claims on Other Sectors	1.0	1.3	3.8	5.5	4.7
of which: claims on individuals	2.0	4.9	2.9	3.1	2.9
claims on businesses	- 0.2	3.1	2.6	4.1	8.8
Broad Money Supply	4.2	0.0	10.7	9.7	6.5

Money supply

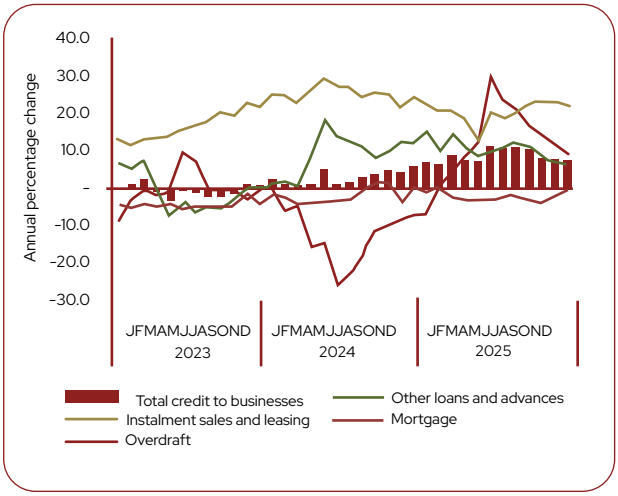
The annual growth in M2 decreased in 2025 compared with 2024 amid slower economic activity feeding through to the transactions demand for money. M2 growth recorded a lower year-on-year growth of 6.5 percent in 2025, compared with 9.7 percent in 2024 (Figure B.14a). The lower M2 growth was underpinned mainly by a deceleration in income growth as both real GDP and inflation slowed; and was evident in the contraction in the growth of net foreign assets (NFA) of the depository corporations, specifically for the central bank, to partially fund the Eurobond redemption. Meanwhile, the growth in domestic claims rose to 16.8 percent in 2025 from 4.7 percent in the previous year, supported particularly by a significant increase in net claims on central government, owing to the Eurobond redemption in October 2025, which reduced the government's sinking fund deposits with the central bank. The decrease in M2 growth was further reflected in the less volatile *other deposits* (i.e., non-transferable deposits) which registered a lower growth rate of 9.4 percent in 2025 relative to 14.1 percent in 2024. The lower growth in *other deposits* was mainly due to a decline in long-term deposit holdings of other resident sectors (i.e., households) and a contraction in that of *public non-financial corporations* (i.e., state-owned enterprises). Similarly, growth in *transferable deposits* (i.e., short-term deposits) decreased to 4.3 percent at the end of 2025 from 6.3 percent during the previous year, mainly due to a decline in deposits held by *other (i.e. non-bank) financial corporations* and other resident sectors as well as a deeper contraction in those held by *state and local government*. Meanwhile, currency in circulation, the most liquid form of money, grew by 4.2 percent at the end of the year under review, lower than the 9.6 percent growth recorded in 2024, reflecting a rise in other payment instruments (Table B.3).

Extension of bank credit[1] to the private sector

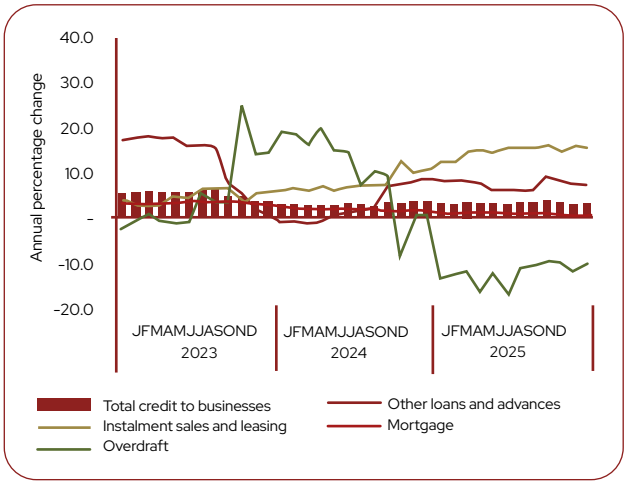
Growth in PSCE edged higher in 2025 compared with 2024, driven by stronger demand by the corporate sector. Annual growth in PSCE rose by 4.4 percent in 2025 relative to 4.0 percent in 2024. The increased total PSCE growth was attributed to the higher credit uptake by businesses, particularly overdraft credit, on the back of easier monetary conditions, while growth in household credit slowed due to lower uptake in mortgage during the period under.

Figure B.14: Credit developments

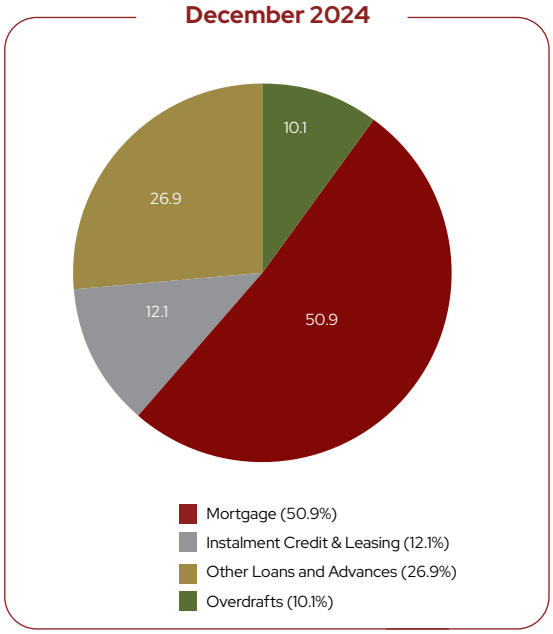
a. Growth in credit extended to households moderated in 2025.

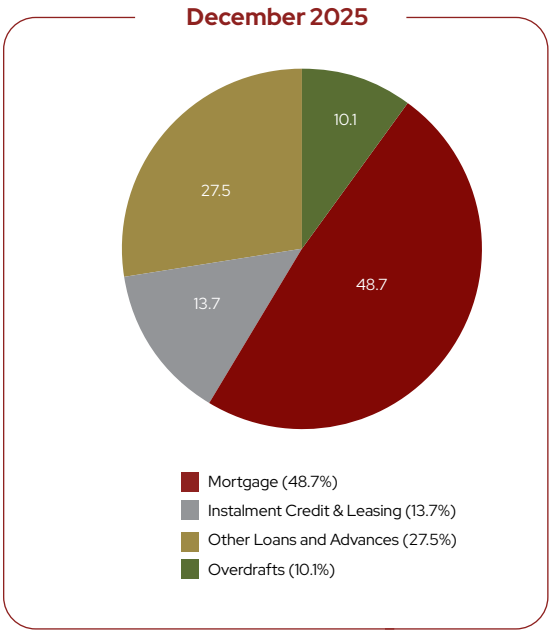


b. Growth in total credit extended to corporations increased in 2025 relative to the previous year.



c. Similar to 2024, mortgage loans continued to be the main contributor to total PSCE in 2025, followed by other loans and advances, and instalment sales and leasing credit.





The year 2025 registered improved credit uptake by businesses. Annual growth in total credit extended to businesses increased to 6.8 percent in 2025 from 5.4 percent the previous year (Figure B.14b). The improved growth was mainly reflected in the sub-category overdrafts, which grew by 8.8 percent in 2025 relative to a contraction of 7.6 percent recorded in 2024, supported by the lower interest rate environment.

[1] This includes credit extended by commercial banks, Agribank and the National Housing Enterprise (NHE)

Credit growth extended to households slowed in 2025 from that registered in 2024. The annual growth in total credit extended to households slowed to 2.7 percent in 2025 relative to 3.1 percent in 2024 (Figure B.14a). The decline in the growth of credit extended to the household sector was reflected in mortgage credit, which recorded a slower growth rate of 0.2 percent in 2025, relative to 0.8 percent in 2024. The decline in the uptake of credit by households was further reflected in a 10.7 percent contraction in overdraft credit growth in 2025 compared with a 0.0 percent growth recorded in the previous year. The decline in the uptake of credit by households mirrors the weaker economic activity and subsequently lower income observed during the period under review, which deterred households from taking on new credit.

Mortgage credit continued to account for the largest share of total PSCE in 2025, as Namibian banks remained highly exposed to mortgages. Mortgage credit represented the largest share of 48.7 percent of total PSCE in 2025, although declining by 2.2 percentage points from the previous year (Figure B.14c).

The slight reduction in the share of mortgage credit during the period under review was due to net repayments made by households, coupled with the generally sluggish demand for mortgages by businesses. The other loans and advances category maintained the second position, its share amounting to 27.5 percent in 2025, marginally higher than the 26.9 percent in the previous year. In third place is instalment sales and leasing credit with a contribution of 13.7 percent during the period under review, an increase of 1.6 percentage points from the previous year, partly reflecting the continued demand for new vehicles, particularly commercial vehicles. Further, there has been a significant increase in the uptake of instalment sale and leasing credit by households, which can in part be attributed to the prevailing lower interest rates environment. Meanwhile, the share of overdraft credit remained unchanged at 10.1 percent in 2025 when compared with the previous year.

Other/non-bank financial corporations[2]

The total assets of Other/Non-Bank Financial Corporations (OFCs) decreased in 2025. The total asset value of OFCs stood at N$212.4 billion at the end of 2025, representing a decrease of 20.3 percent compared to 2024. The absolute size of pension funds continued to dominate the OFCs sector, with N$173.6 billion in net equity of households at the end of 2025. In comparison, N$42.0 billion was the net equity of households in life assurance at the end of the period under review (Table B.4)

Table B.4: Key financial aggregates (N$ million at end of period)[3]

Category	2023	2024	2025
1. Bank of Namibia (BoN)			
Bank of Namibia total asset value	62,499	71,246	62,213
Net foreign assets	47,474	55,305	47,322
Claims on other sectors	171	167	199
2. Other depository corporations survey			
Other Depository Corporations Total Asset value	232,023	250,233	258,338
Net Foreign Assets	24,239	26,661	28,087
Claims on Other Sectors	118,091	124,598	130,405
of which: claims on individuals	66,727	68,760	70,708
claims on businesses	47,440	49,396	53,742
3. Depository Corporations Survey (1+2=3)			
DCs Total Asset Value	294,521	321,478	320,551
Net Foreign Assets	71,713	81,967	75,409
Net Domestic Assets	146,713	153,672	179,554
of which: claims on individuals	66,869	68,926	70,907
claims on businesses	47,440	49,396	53,742
Broad Money Supply	143,800	157,721	167,976

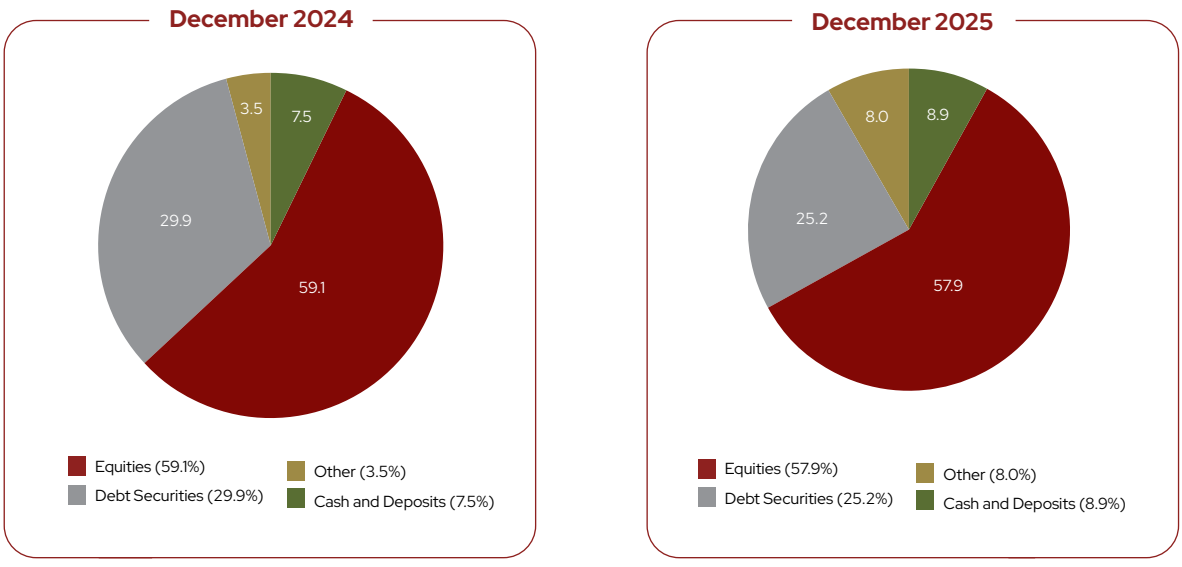
[2] The OFC sub-sector reported herein consists of a sample of resident pension funds, insurance corporations and development finance institutions.
[3] The values in Table B.4 are as at the end of the period and not year averages.

Category	2023	2024	2025
4.Other Financial Corporations Survey			
Other Financial Corporations Total Asset value	226,826	266,441	212,423
Net Foreign Assets	98,948	115,571	135,948
Claims on Other Sectors	18,118	28,504	15,816
Insurance Technical Reserves	200,109	197,092	234,068
5. Financial Corporations Survey (3+4=5)			
Financial Corporations Total Asset value	521,348	587,920	532,974
Net Foreign Assets	170,661	197,538	211,357
Net Domestic Assets	188,728	208,649	194,185
Insurance Technical Reserves	200,109	197,092	234,068
Net Equity of Households in Life Insurance	32,330	35,556	41,999
Net Equity of Households in Pension Funds	152,817	145,501	173,568
Prepayments Premiums Reserves against outstanding claims	14,961	16,035	18,501

The net foreign assets of OFCs rose at the end of 2025. NFA of OFCs stood at N$135.9 billion at the end of 2025, higher than the N$115.6 billion registered at the end of the preceding year (Table B.4). This brought the total net foreign assets for the financial corporations to N$211.4 billion at the end of 2025, a further indication of the significance of the non-banking financial institutions in the Namibian financial sector.

Figure B.15: Asset holdings of non-bank financial institutions as at 31 December 2025

In 2025, equities remained the most preferred asset class for OFC funds, followed by securities in terms of asset allocation.



In the reporting year, equities remained the preferred asset class for OFC funds during the period under review. Figure B.15 shows that, in 2025, 57.9 percent of OFC funds were invested in equities, consistent with the long-term nature of pension funds, followed by interest-bearing securities with a share of 25.2 percent. Equities normally offer higher long-term growth and are, therefore, a preferred investment instrument for OFCs despite being relatively volatile. The interest-bearing securities asset class was followed by cash and deposits and other[4] assets with shares of 8.9 percent and 8.0 percent, respectively, during the period under review.

[4] The category "Other" comprises non-financial assets, loans, receivables and financial derivatives.

Banking system cash position

The level of cash held in the Namibian banking sector increased marginally in 2025 compared with the previous year. The overall banking industry cash position comprises cash held locally and in South African accounts. In 2025, the cash position increased slightly by 5 percent to N$7.4 billion from the average position recorded in 2024. Key factors that impacted this position were Government expenditure and proceeds from diamond sales. Over the past five years, the banking sector observed above-average cash levels. The highest cash position of N$8.2 billion was recorded in 2023, while the lowest position of N$1.9 billion was observed in 2021, a year of market recovery after the 2019 coronavirus disease pandemic that broke out in 2019. Thus, the cash balances recorded in 2025 were the second-highest over the five-year period. Moreover, monthly cash levels consistently remained above N$5 billion during the reporting year. As a reflection of the effective liquidity management strategy, commercial banks prudently maintained their liquid assets ratios above the 10.0 percent statutory requirement. For 2025, the ratio averaged at 21.4 percent.

Money market developments

The Bank of Namibia's Monetary Policy Committee (MPC) reduced the Repo rate by a cumulative 50 basis points during 2025, resulting in lower money market rates. At its first meeting in February 2025, the MPC reduced the Repo rate by 25 basis points to 6.75 percent, and by the same magnitude again in October 2025 to 6.5 percent. These decisions were deemed appropriate to support domestic economic growth, while maintaining the one-to-one peg between the Namibia Dollar and the South African Rand. Furthermore, in June 2025 the Bank of Namibia issued a notice to commercial banks to reduce the spread between the prime lending and repo rate by 12.5 basis points by the end of September 2025 and by a further 12.5 basis points at end of December 2025. As a result, the prime lending rate of the commercial banks was adjusted downward, ending the year at 10.00 percent on 31 December 2025. In line with the falling policy rates, the banks' average lending rate declined to 9.66 percent at the end of 2025, compared with 11.39 percent at the end of the previous year. Adjusting more slowly, the average deposit rate ended lower at 4.16 percent at the end of 2025 relative to 4.98 percent at the end of 2024.

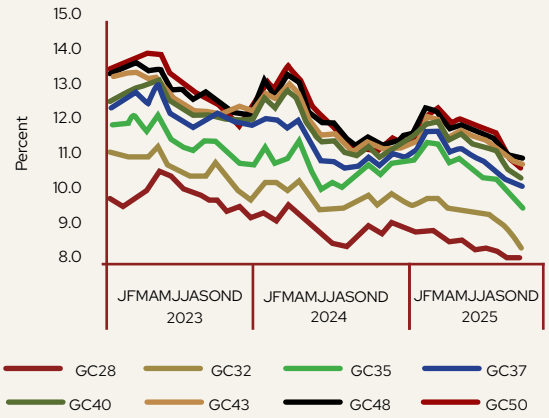
Interbank market activity

The Windhoek Interbank Average Rate (WIBAR) showed a broadly sideways movement in the 3-month rate, which decreased by 5 basis points (bps) over the past year. Meanwhile, the 6-, 9- and 12-month WIBARs declined by 21, 17 and 21 basis points, respectively, closing the year at 6.0, 7.0 and 7.2 percent. The main decline was in the overnight rate, which dropped by 82 basis points between 2024 and 2025, namely from 6.8 to 5.9 percent. This reflects the rates of the top accounts of commercial bank depositors, which is a good indication of the banks' cost of funding. Overall, the WIBARs remained stable throughout the year.

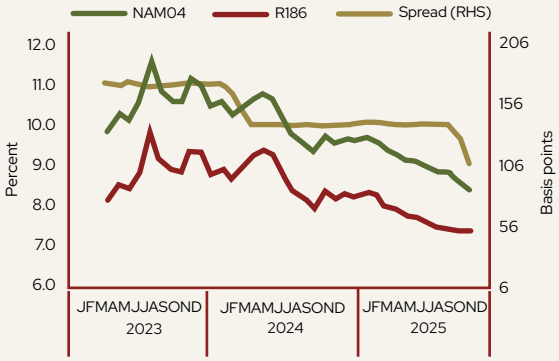
Bond market developments

Figure B.16 a-c: Bond market developments

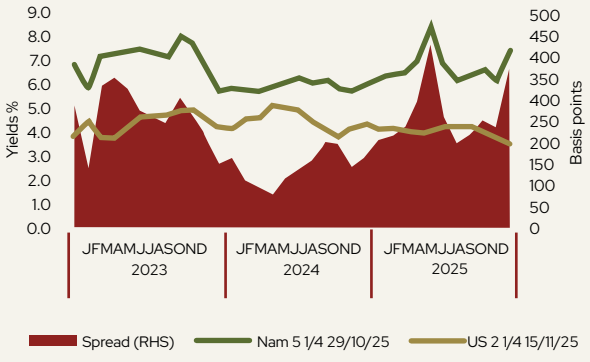
(a) Government bond yields continued to decline in 2025, as interest rates came down.



(b) The yield on the NAM04 decreased in line with the drop in Benchmark yield



(c) The Eurobond was redeemed in October 2025



Source: Bloomberg

Government domestic bonds

Domestic public debt increased in 2025, in line with increased-borrowing requirements for FY2025/26. The outstanding Government bond debt increased by 17.4 percent to N$98.8 billion by the end of December 2025 from the level at the end of 2024. Of this amount, 90.3 percent were fixed-rate bonds, while the inflation-linked bonds accounted for the remaining 9.7 percent. Demand for government bonds was notably concentrated at the front end of the curve. The government continued to conduct switch auctions for its near-term maturing bonds to alleviate cash flow pressures upon bond maturities. Switch auctions for the GC25 and GC26 took place in 2025. After this switching activity, N$1.1 billion was redeemed on the GC25. As of end of December 2025, the outstanding amount on the GC26 stood at N$2.0 billion from the total outstanding of N$6.4 billion. Additionally, the GI25 was successfully redeemed in July to the nominal amount of N$1.96 billion.

Government bond yields

In 2025, Government bond yields dropped in line with the Namibian repo reduction. The local repo rate was reduced by 50 basis points, from 7.00 percent to 6.50 percent, in line with the South African repo rate, which was lowered from 7.75 percent t to 6.75 percent as of 20 November 2025. During the reporting year, the South African Reserve Bank (SARB) and the South African National Treasury also announced a change in the country's inflation target to 3 percent (with a 1 percent tolerance band) from the previous target of 3 to 6 percent. This further fuelled a bond rally in South Africa, in addition to positive investor sentiment towards Namibia's southern neighbour on the back of, among others, a ratings upgrade. Given that Namibian Government bonds are benchmarked against South African bonds, the rally in bonds benefited the Namibian assets.

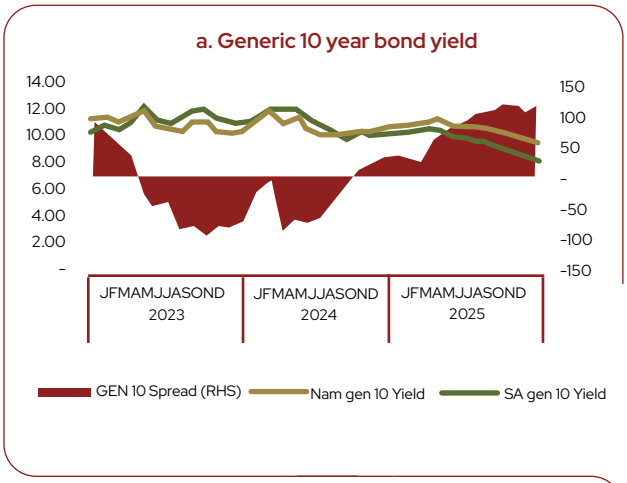
Spreads

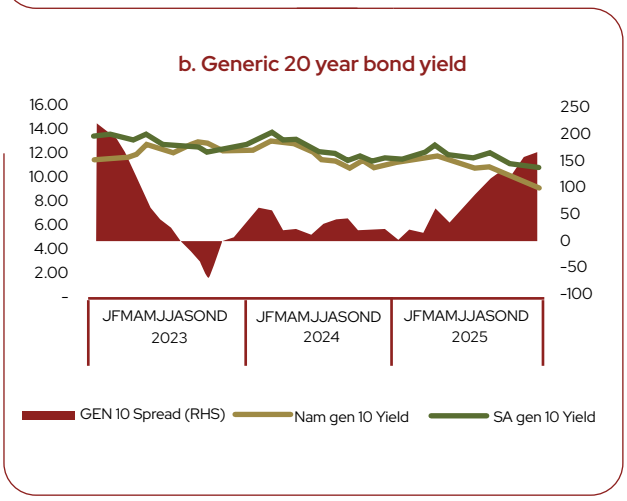
Spreads between Namibian and South African government bonds remained positive throughout 2025, widening as the year progressed. While South African government bond yields rallied on the back of improving domestic and global risk sentiment, Namibian yields adjusted more modestly, resulting in wider spreads in Namibia's favour. In South Africa, the positive sentiment associated with the Government of National Unity continued to support confidence, while the SARB reduced the repo rate by a cumulative 100 basis points to reach 6.75 percent by 20 November 2025. At the global level, the United States Federal Reserve also lowered policy rates by a cumulative 75 basis points over the year, encouraging a broader shift towards "risk-on" positioning and renewed capital flows into emerging markets such as South Africa. The SARB's decision to move from the historical 3 to 6 percent inflation band to a 3 percent point target further reinforced expectations of lower structural inflation and term premia, supporting the South African bond rally.

South Africa's credit rating was upgraded by one of the credit rating agencies in 2025. The S&P Global Ratings upgraded South Africa's long-term foreign currency rating from BB- to BB, and the local currency rating from BB to BB+. In so doing, they cited improving fiscal balances realised during the reporting year, a stabilising and projected downward-trending debt-to-GDP ratio, and tax revenues outperforming forecasts. Against this backdrop, Namibian–South African yield spreads widened across the curve. At the front end (GC28 GC35), average spreads increased by 51.8 basis points to 67.9 basis points during 2025, 196 while longer-dated bonds (GC37–GC50) saw spreads widen by an average of 88.9 basis points to 105.4 basis points over the same period (Figure B17).

Figure B.17 (a-b): Spreads between Namibian Government bonds and South African benchmark bonds

Yield spreads between the Namibian Government bonds and their respective South African (SA) benchmarks widened in 2025.





Source: IJG

Corporate bonds

The value of corporate bonds outstanding increased over the year to the end of 2025. In this regard, the stock of bonds issued by Namibian corporates listed on the Namibian Stock Exchange (NSX) and the Johannesburg Stock Exchange (JSE) increased by N$449.0 million from a total of N$7.4 billion in 2024. The total value of corporate bonds comprised 95.7 percent of instruments listed on the NSX, and the remaining 4.3 percent were listed through issuance on the JSE. The registered increase in corporate bonds for 2025 was primarily due to the maturation of several bonds and new bond issuances. In terms of overall issuance during the year, commercial banks issued the highest amount, being corporate bonds worth N$6.2 billion. This was followed by other corporates with N$1.5 billion. State-owned enterprises (SOEs) issued N$130.0 million.

Namibian Eurobond

In October 2025, the Namibian 2025 Eurobond was fully redeemed. To fund the transaction, savings from the sinking fund were utilised. The remaining portion, an equivalent of N$6 billion, was sourced from local domestic banks through private loans. The repayment was executed smoothly and in line with the Government's liability-management strategy, thereby reducing external rollover risk and strengthening the sovereign's debt maturity profile. Figure B.17c indicates the performance of the Eurobond versus its Benchmark over five years.

The yield on the JSE-listed Namibian Government bond, the NAM04, declined in 2025. In this regard, the NAM04 yield ended the year trading at 8.7% percent, down from 10.7% percent observed in 2024 (Figure B.18b). The overall positive sentiment towards South Africa, as investor confidence improved, led to a rally in bonds. Meanwhile, the NAM04 spread relative to its South African counterpart widened to 188 basis points from 144 in 2024. While the widened spread reflects a higher premium towards Namibia's debt, the low trade figures on this instrument also contributed. Trades on the instrument remain relatively muted, with JSE data recording 17 such trades in 2025.



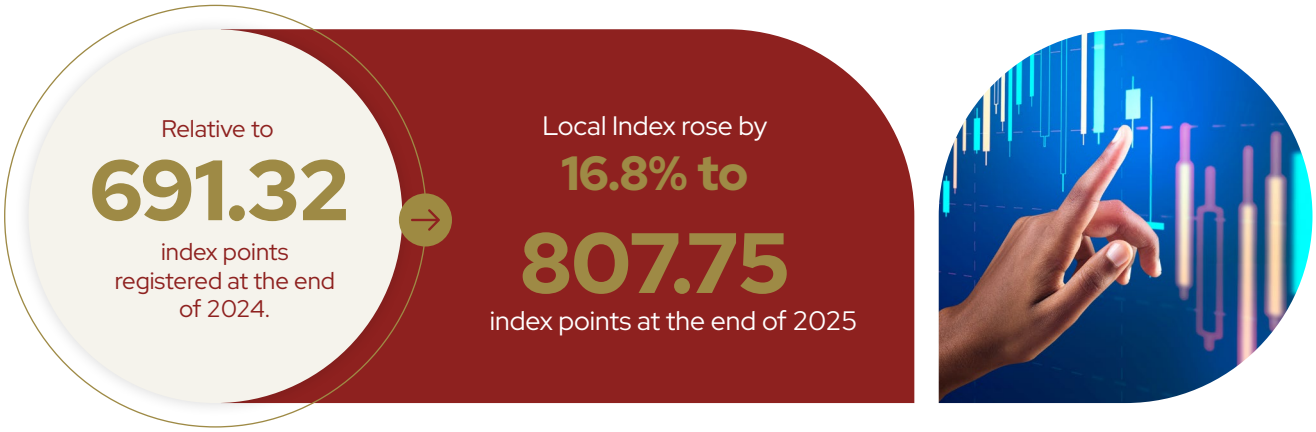
Equity market developments

TABLE B.5 Namibia Securities Exchange (NSX) Summary Statistics

Indicator	2023	2024	2025	Percentage change
Overall				
Index (end of year)	1,633	1,801	1,998	11.0
Market capitalisation (N$ billion) (end of year)	2,206	2,441	2,778	13.8
Free float market capitalisation (N$ billion) (end of year)	1,308	1,612	1,846	14.5
Volumes traded ('000)	38,080	25,380	44,298	74.5
Value traded (N$ million)	1,694	1,727	2,490	44.2
Number of deals	1,342	1,103	1,264	14.6
Number of new listings	0	0	0	0.0
Local				
Index (end of year)	678	691	808	16.8
Market capitalisation (N$ billion) (end of year)	44	46	55	17.7
Volumes traded ('000)	4,452	8,755	4,474	-48.9
Value traded (N$ million)	86	124	110	-10.9
Number of deals	414	299	391	30.8
Number of new listings	0	0	0	0.0

Source: Namibian Securities Exchange and Johannesburg Stock Exchange Limited

The market capitalisation of the 30 companies listed on the NSX rose in 2025. At the end of 2025, the Overall Index increased by 11.0 percent to 1 998.49 index points compared with 1 801.18 at the end of 2024 (Figure B.14d and Table B.5). The increase in the Overall Index was in line with the performance of the global stock market. Similarly, the Local Index rose by 16.8 percent to close at 807.75 index points at the end of 2025, relative to 691.32 index points registered at the end of 2024. The market capitalisation of the Overall Index increased over the year to N$2.8 trillion at the end of 2025, up from N$2.4 trillion at the end of the previous year.

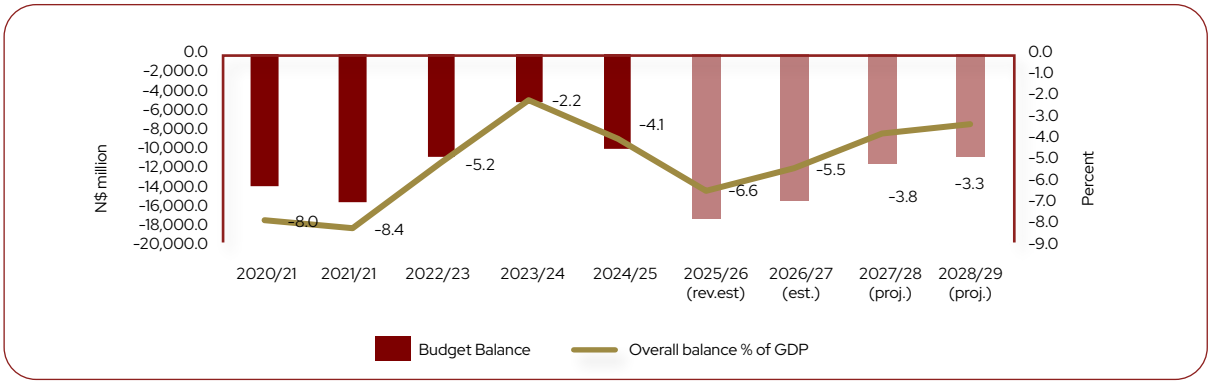


PUBLIC FINANCE

Central Government Operations

Budget balance

Figure B.18: Central Government budget deficit



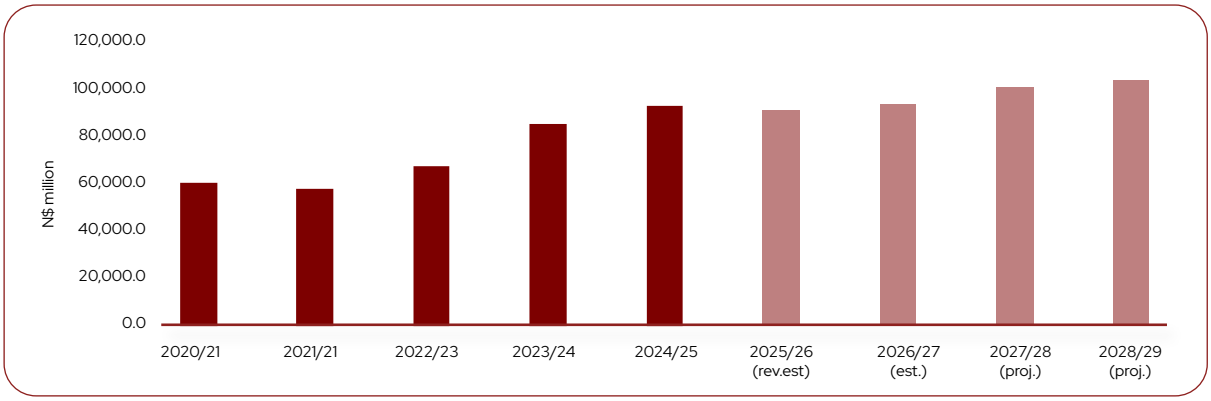
Source: Ministry of Finance

The Central Government's budget deficit for FY2025/26 is set to widen compared to the estimate presented in the October 2025 mid-year budget, mainly due to weaker revenue, but then narrow gradually over the MTEF period. According to the 2026/27 budget statement tabled in February 2026, the budget deficit for FY2025/26 is now estimated at 6.6 percent of GDP, up from the earlier projection of 5.9 percent in the October 2025 mid-year review (Figure B.18). The deterioration reflects lower-than-expected revenue collections, particularly in individual income tax, diamond company taxes, value-added tax (VAT), and withholding tax on interest. Looking ahead, the deficit is projected to decline to 5.5 percent of GDP in FY2026/27 and further to 3.3 percent by the end of the MTEF period. This improvement is based on expectations that revenue growth will outpace expenditure growth, supported by a recovery in key revenue streams such as individual income tax, VAT, and SACU receipts.

Government Revenue

Central government revenue for FY2025/26 was revised downward in the February 2026 budget following weaker-than-expected collections in key tax categories, although revenue is projected to recover gradually over the MTEF period. The February 2026 budget statement adjusted the FY2025/26 revenue and grants estimate to N$87.4 billion, down from the N$89.4 billion projected in the October 2025 mid-year budget (Figure B.19).The revision reflects a lower collection rate of 86.0 percent by the end of January 2026, compared to 90.4 percent recorded during the same period previously. Downward adjustments were made to several major revenue categories, including individual income tax (down 11.0 percent to N$20.4 billion), company tax – particularly from diamond mining where it is down 35.5 percent to N$115 million, VAT (down 5.3 percent to N$23.8 billion), and withholding tax on interest (down 24.7 percent to N$1.5 billion). Looking ahead, central government revenue is projected to increase by 3.1 percent in FY2026/27 and grow at an average annual rate of 4.7 percent over the MTEF period. This expected improvement is supported by a recovery in individual income tax, VAT, and SACU receipts in FY2026/27 and over the medium term.

Figure B.19: Total Central Government revenue

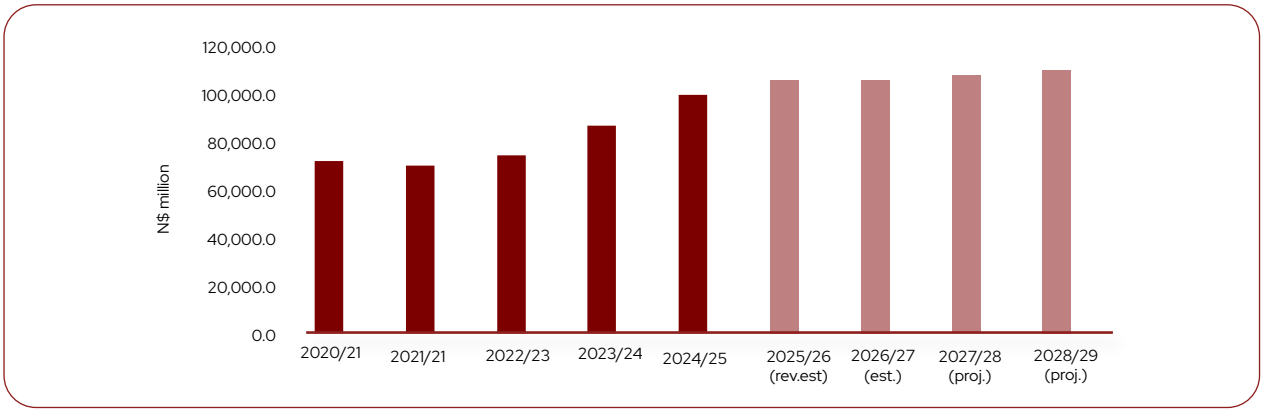


Source: Ministry of Finance

Government Expenditure

Central government expenditure for FY2025/26 was revised slightly downward in the February 2026 budget compared to the mid-year estimates, mainly due to lower execution of the development budget. Total expenditure was reduced by 0.3 percent to N$105.9 billion (Figure B.20), from the N$106.1 billion projected in the October 2025 mid-year budget. The downward revision reflects a lower overall execution rate of 79.0 percent as at the end of January 2026, compared to 86.8 percent recorded during the same period in the previous fiscal year. The weaker performance was particularly evident in the development budget, which was revised down by 1.2 percent to N$11.0 billion from the earlier estimate of N$11.1 billion. Looking ahead, central government expenditure is projected to increase marginally by 0.1 percent to N$106.0 billion in FY2026/27 and grow at a below-inflation average annual rate of 2.0 percent over the MTEF period. The anticipated increase is driven by government allocations toward subsidised tertiary education, housing provision, expansion of sports infrastructure, and the recruitment of professionals in the health, education, and safety and security sectors, while a smaller amount is allocated to development expenditure.

Figure B.20: Total Central Government expenditure



Source: Ministry of Finance

Table B.6: Central Government Revenue and Expenditure Outturn and Projection – February 2026 Budget
N$ million, unless otherwise stated

	2022/23	2023/24	2024/25	2025/26	2025/26	2025/26	2026/27	2027/28	2028/29
	Actual	Actual	Actual	Budget Feb 2025	Mid-year budget Estimate	2025/26 Feb Revised Estimates	Projection	Projection	Projection
Revenue	**64,448**	**81,488**	**89,071**	**92,631**	**89,423**	**87,408**	**89,558**	**96,258**	**99,375**
% of GDP	30.5	34.5	35.9	33.3	34.1	32.6	31.3	31.3	30.1
Expenditure	**75,401**	**87,068**	**99,507**	**106,304**	**106,086**	**105,919**	**106,034**	**108,160**	**110,417**
% of GDP	35.7	36.9	40.1	38.2	40.5	39.5	37.1	35.2	33.5
Budget Balance	**-10,953**	**-5,180**	**-9,875**	**-12,811**	**-15,801**	**-17,650**	**-15,780**	**-11,772**	**-10,942**
% of GDP	-5.2	-2.2	-4.0	-4.6	-5.9	-6.6	-5.5	-3.8	-3.3
Debt*	**142,744**	**153,721**	**167,157**	**173,131**	**177,121**	**174,577**	**193,794**	**206,723**	**217,321**
% of GDP	67.6	65.1	67.3	62.3	67.5	65.2	67.8	67.3	65.9
Interest payments	**9,429**	**11,811**	**13,084**	**13,726**	**14,369**	**14,342**	**16,218**	**17,123**	**17,799**
% of Revenue	14.6	14.5	14.7	14.8	16.1	16.4	18.1	17.8	17.9
Guarantees	**9,387**	**8,332**	**8,516**	**9,348**	**9,348**	**7,573**	**11,786**	**10,586**	**14,083**
% of GDP	4.4	3.5	3.4	3.4	3.6	2.8	4.1	3.4	4.3

Source: Ministry of Finance

Central Government debt

Central Government debt increased at the end of December 2025, compared to the corresponding period in 2024, driven by domestic debt, while foreign debt declined. Total Government debt stock stood at N$172.7 billion at the end of December 2025, increasing by 5.4percent during the year under review (Figure B.18) and (Table B.7). The increase in the domestic debt on a yearly basis was driven by a rise in the issuance of both Treasury bills and internal registered stock. Meanwhile, total debt as a percentage of GDP stood at 64.0 percent at the end of December 2025, representing a decline of 1.5 percentage points from its position a year earlier. This ratio remains above the SADC benchmark of 60 percent of GDP. Meanwhile, total Central Government debt service rose significantly by 95.9 percent to N$32.9 billion during the year under review, mainly on account of the redemption of the Eurobond in October 2025.

Table B.7: Central Government debt indicators

	2021	2022	2023	2024	2025
GDP	183,292	205,884	230,985	250,065	269,768
External debt stock	**32,488**	**34,095**	**37,305.48**	**37,801**	**20,375**
Bilateral	2,792	2,504	4,220	6,024	6,142
As % of total external debt stock	9	7.3	11.3	15.9	30.1
Multilateral	15,723	18,376	18,830	17,342	13,898
As % of total external debt stock	48	53.9	50.5	45.9	68.2
Eurobonds	11,930	12,722	13,921	14,099	-
As % of total external debt stock	37	37.3	37.3	37.3	-
JSE listed bonds	2,042	492	335	335	335
As % of total external debt stock	6.3	1.4	0.9	0.9	1.6
External debt excluding Rand	**19,840**	**20,252**	**21,864**	**21,021**	**3,852**
As % of total External Debt	61	59.4	58.6	55.6	18.9
Total Debt service	**15,490**	**12,813**	**12,788**	**16,379**	**32,084**
Domestic debt service	4,604	8,746	9,122	11,224	13,085
External debt service	10,886	4,067	3,666	5,155	18,999
Domestic debt stock	**91,844**	**103,362**	**111,526**	**126,119**	**152,358**
Treasury bills	31,765	35,109	37,483	41,956	46,743
As % of total domestic debt stock	35	34.0	33.6	33.3	30.7
Internal registered stock	60,079	68,253	74,043	84,163	99,615
As % of total domestic debt stock	65	66.0	66.4	66.7	65.4
RFP					6,000.0
As % of total domestic debt stock					3.9
Gross Central Government debt	**124,332**	**137,457**	**137,457**	**163,920**	**172,733**
Government deposits with depository corporations	4,060	3,643	3,643	10,332	4,352
Net Central Government debt	**120 272**	**133 814**	**133 814**	**153,588**	**168,381**
Proportion of total debt					
Foreign debt stock	26 .1	24.8	25.1	23.1	11.8
Domestic debt stock	73.9	75.2	74.9	76.9	88.2
As % of GDP					
Foreign debt stock	17.7	16.6	16.2	15.1	7.6
Domestic debt stock	50.1	50.3	48.3	50.4	56.5
Total debt % of GDP	**67.8**	**66.9**	**64.4**	**65.6**	**64rt.0**

EXTERNAL SECTOR DEVELOPMENTS

Balance of Payments Overview

In 2025, financial account inflows excluding reserves were insufficient to fully cover the current account deficit, resulting in a drawdown of international reserves. Despite narrowing by 5.2 percent to N$35.2 billion in 2025, the current account deficit remained significantly larger than non-reserve-related financial account inflows, which declined to N$20.6 billion from the N$45.6 billion recorded in 2024. Financial account inflows declined markedly in 2025 reflected in net portfolio investment outflows associated with the Eurobond repayment and higher investments in equity and debt securities abroad, alongside reduced inflows in the direct investment. Consequently, the balance of payments before reserve action recorded a deficit of N$9.8 billion, along with foreign liabilities related to reserves reflecting the partial repayment of the IMF's Rapid Financing Instrument (RFI), which amounted to N$2.3 billion in 2025. This necessitated a total drawdown in foreign reserves of N$12.2 billion compared to an accumulation of N$ 9.7 billion in 2024. Overall, Namibia was a net borrower from the rest of the world to the tune of N$30.5 billion in 2025, lower than the net borrowing position of N$34.8 billion in 2024 (Table B.8).

*Table B.8: Balance of payments overview **

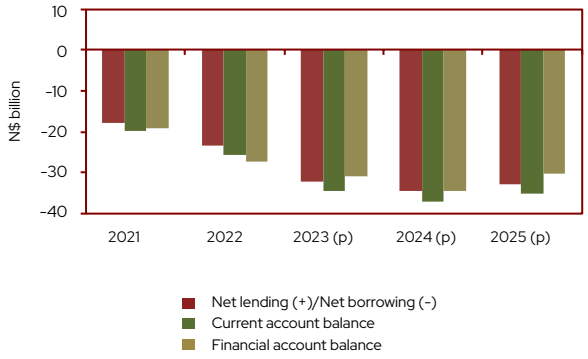
N$ million	2024	2025
1. Current account (deficit –)	-37,200	-35,249
2. Capital transfer (inflow +)	2,834	2,350
3. Financial account excluding reserve action (outflow –, inflow +)	45,600	20,619
4. Unidentified transactions (outflow –, inflow +)	-427	2,440
5. Balance of Payments before reserve action = (1+2+3+4)	10,807	-9,839
6. Reserve action: Foreign liabilities related to reserves	-1,147	-2,324
7. Gross reserves (increase +, decrease –) = (5+6)	9,660	-12,163
8. Net borrowing (+) with reserve action = (3+6–7)	34,793	30,459

** The sign convention in this 'additive flow' overview table differs from the sign convention in the statistical tables at the back of the Bank of Namibia's Quarterly Bulletin reports and those released on the Bank of Namibia website. This table makes it analytically easier for the readers, by building up the organic balance of payments flows reaching the authorities and showing how reserves, along with reserve-related loans, are used to finance or absorb the balance of payments transactions above the line.*

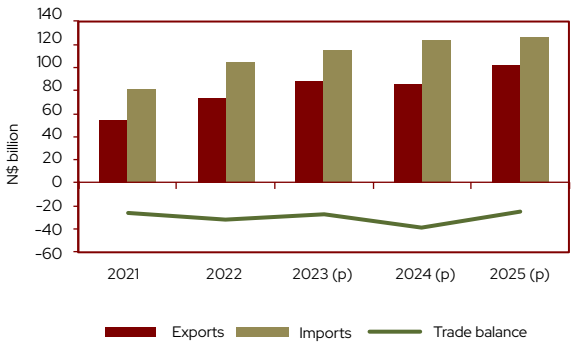


Figure B.21 (a–f): External sector developments overview

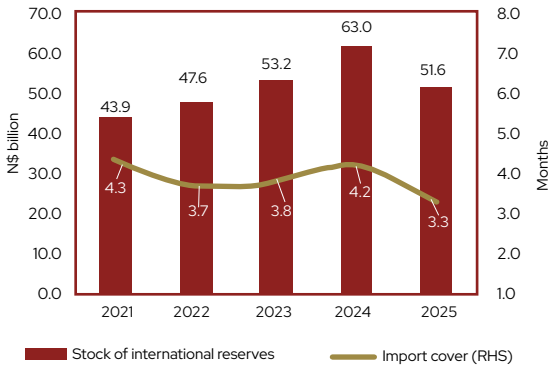
a. During 2025, Namibia recorded a lower net borrowing from the rest of the world in comparison with the level for 2024, reflecting a narrowed current account deficit.



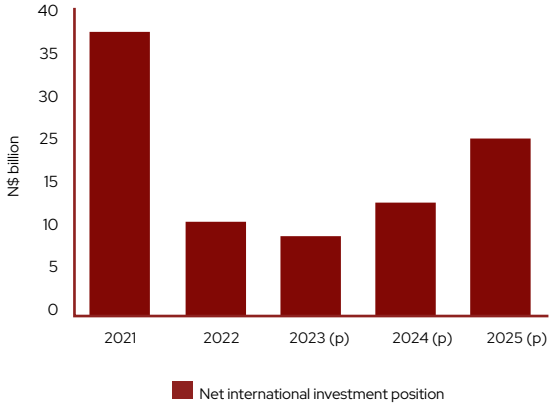
b. The merchandise trade deficit improved during 2025 relative to 2024, driven particularly by higher export receipts relative to the growth in import payments.



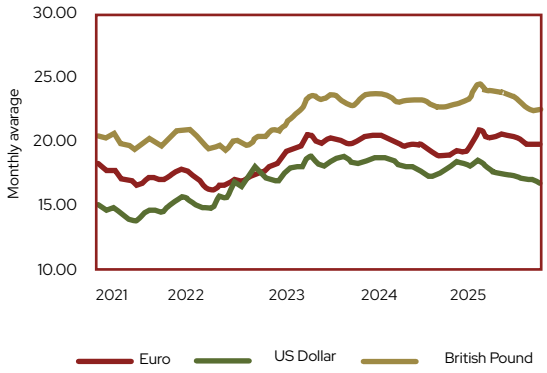
c. The stock of foreign reserves declined in 2025 compared to a year earlier, which was mainly ascribed to the Eurobond redemption and lower SACU receipts.



d. At the end of 2025, Namibia's external balance sheet recorded a higher net asset position relative to 31 December 2024.



e. During 2025, the Namibia Dollar appreciated against the US Dollar but depreciated against the Euro and Pound.



f. During 2025, the nominal effective exchange rate (NEER) and real effective exchange rate (REER) both appreciated relative to the 2024 levels, mainly due to external factors.

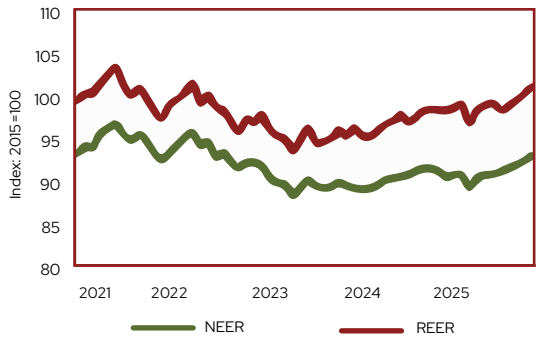


Table B.9: External vulnerability indicators

Indicator	2021	2022	2023(p)	2024 (p)	2025 (p)
Solvency (percentage)					
Gross external debt/Gross domestic product (GDP)	74.0	74.3	75.4	75.5	63.9
Gross external debt/Exports of goods and services	210.4	173.0	162.7	173.3	133.2
External debt service/Exports of goods and services	45.3	35.9	40.5	50.5	52.7
Current account balance/GDP	-10.8	-12.4	-15.0	-14.9	-13.1
Current account balance excluding oil and gas exploration and appraisal activity/GDP	-9.4	-10.0	-4.6	-5.9	-7.7
Reserves adequacy					
Reserves/Imports of goods and services (months)	5.5	4.7	3.8	4.2	3.3
Reserves/Imports of goods and services excluding oil and gas exploration and appraisal-related imports (months)	N/A	N/A	4.3	5.1	3.8
Reserves/Broad money liabilities (percent)	33.8	36.6	37.0	39.9	30.9
Reserves/Short-term external debt (ratio)	3.8	2.3	2.2	2.2	2.2

Note: p in this section stands for provisional

Current account

Namibia's current account deficit narrowed during 2025, largely reflecting a stronger merchandise trade balance and reduced service-related outflows. The current account deficit contracted to N$35.2 billion in 2025 from N$37.2 billion in the previous year (Figure B.21a), driven by stronger export growth relative to imports and reduced service payments to non-residents. As a share of GDP, the deficit declined to 13.1 percent in 2025 from 14.9 percent a year earlier (Table B.9). In contrast, the current account deficit excluding hydrocarbon exploration and appraisal-related transactions[1] widened to 7.7 percent of GDP during 2025 compared with a deficit of 5.9 percent of GDP in 2024.



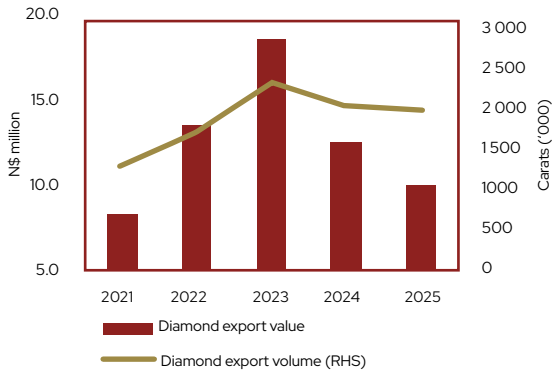
Merchandise trade balance

In 2025, Namibia's merchandise trade deficit decreased from its 2024 level as export growth outpaced the rise in import payments. The merchandise trade balance strengthened significantly, improving by 35.4 percent year-on-year to N$25.0 billion from N$38.6 billion in 2024 (Figure B.21b). This turnaround was driven by an 18.7 percent rise in export receipts to N$101.3 billion, up from the 2024 level of N$85.3 billion, coupled with a marginal 1.9 percent increase in imports, namely from N$123.9 billion to N$126.2 billion between 2024 and 2025. Export growth was underpinned by robust gold and uranium shipments, supported by higher volumes and prices. On the import side, the increase reflected higher payments for vehicles, machinery and chemical products. Vehicle imports were largely driven by fleet expansion in the mining sector and fleet replacement by the public sector and households, while imports of machinery and chemical products were primarily demanded by the mining sector.

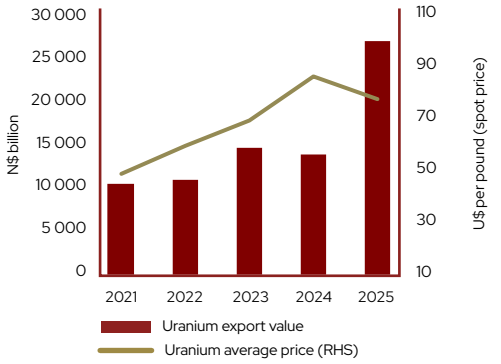
[1] Presenting the current account deficit excluding hydrocarbon exploration provides a clearer and more accurate measure of Namibia's structural external balance, free from temporary distortions caused by large, project-specific exploration imports.

Figure B.22 (a–f): Export commodities

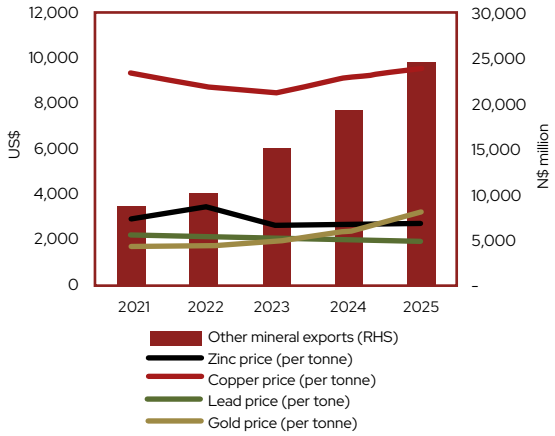
a. Rough diamond export earnings weakened in 2025 relative to 2024, reflecting lower realised prices and reduced export volumes.



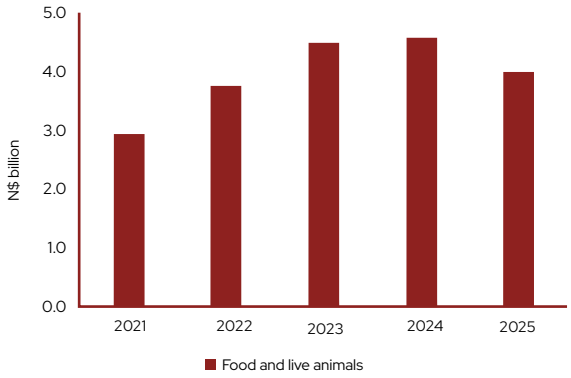
b. Uranium export earnings rose significantly from 2024 to a record high in 2025, driven by higher shipment volumes and improved logistics.



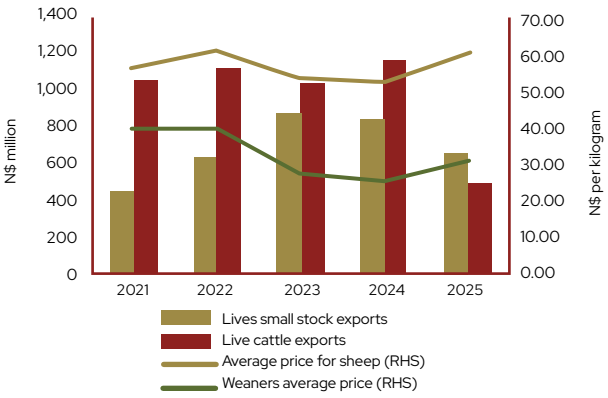
c. The value of other mineral exports increased relative to 2024, primarily reflecting higher gold export proceeds.



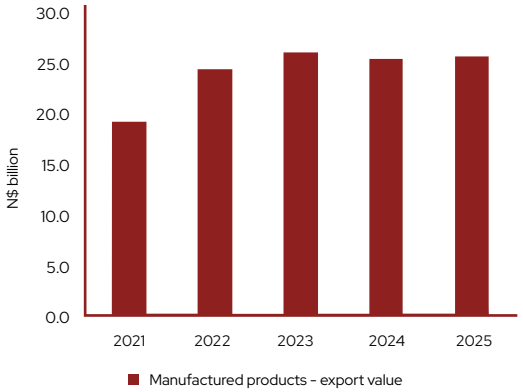
d. Export earnings from food and live animals fell during 2025 compared with the 2024 level, largely due to lower receipts from live animals.



e. During 2025, the average price of sheep and weaners rose in comparison with their 2024 levels as stock rebuilding continued.



f. The value of manufactured exports rose slightly during 2025 relative to 2024, mainly due to increased beef and processed fish exports.



Source: BoN surveys and Namibia Statistics Agency

Exports

Mineral exports

ROUGH DIAMONDS



Export earnings from rough diamonds declined year-on-year, driven by lower realised prices and reduced export volumes. Rough diamond export earnings declined by 20.5 percent to N$10.1 billion from N$12.7 billion recorded in 2024 (Figure B.22a). This contraction reflected a combination of lower export volumes and weaker realised prices. The downturn was driven by continued subdued demand in major downstream markets, notably the US and China, alongside pricing pressures arising from increased competition from laboratory-grown diamonds and an excess supply of rough diamonds in the midstream segment.

URANIUM



Uranium export earnings rose markedly from 2024 to a record high level in 2025, primarily reflecting increased shipment volumes and improved logistics. Uranium export revenues rose by a significant 94.3 percent, reaching a record high of N$28.2 billion (Figure B.22b) during the reporting year. The jump was primarily driven by higher export volumes. In the spot market, uranium spot prices declined by 13.6 percent, settling at US$73.54 per pound. The decline in uranium prices was primarily driven by short-term market corrections despite strong long-term fundamentals.

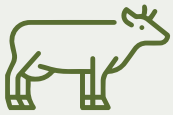
OTHER MINERAL EXPORTS



The value of other mineral exports increased during 2025, underpinned by record-high international gold prices during the period under review. Export earnings from other minerals rose by 26.5 percent to N$24.6 billion in 2025 (Figure B.22c), supported by elevated international gold prices. Consequently, gold export receipts surged by 38.1 percent year-on-year to a record N$20.2 billion. The average global gold price also rose by 44.1 percent to US$3,442 per ounce, reflecting heightened demand for safe-haven assets amid weaker global economic prospects, escalating geopolitical tensions and uncertainty surrounding trade tariffs.

Non-mineral exports

FOOD AND LIVE ANIMALS



Export earnings from food and live animals fell year-on-year on the back of decreased earnings from weaners and small stock. Export earnings from food and live animals declined by 20.6 percent to N$3.7 billion in 2025, after having registered N$4.6 billion in 2024 (Figure B.22d). The contraction was primarily driven by a sharp fall in live animal exports, which dropped by 42.8 percent to N$1.2 billion. Specifically, receipts from weaner exports declined by 57.2 percent to N$501 million, while small stock exports decreased by 22.2 percent to N$656 million (Figure B.23e). The decline in live animal export earnings reflected reduced marketing in 2025 due to herd restocking. This was in turn due to improved grazing conditions from above-average rainfall in the 2024/5 rainy season unlike 2024/3, when drought conditions drove higher marketing and exports.

The average prices of weaners and sheep rose in 2025 compared to 2024 levels. Weaner and sheep prices rose by 23.5 percent and 17.9 percent to N$31.47 and N$62.40 per kilogram, respectively, compared with the averages in the previous year (Figure B.22e). The increases were driven by lower animal supplies as a result of herd restocking during 2025, following improved grazing conditions due to better rainfall in the 2024/5 season relative to the preceding year.

MANUFACTURED EXPORTS

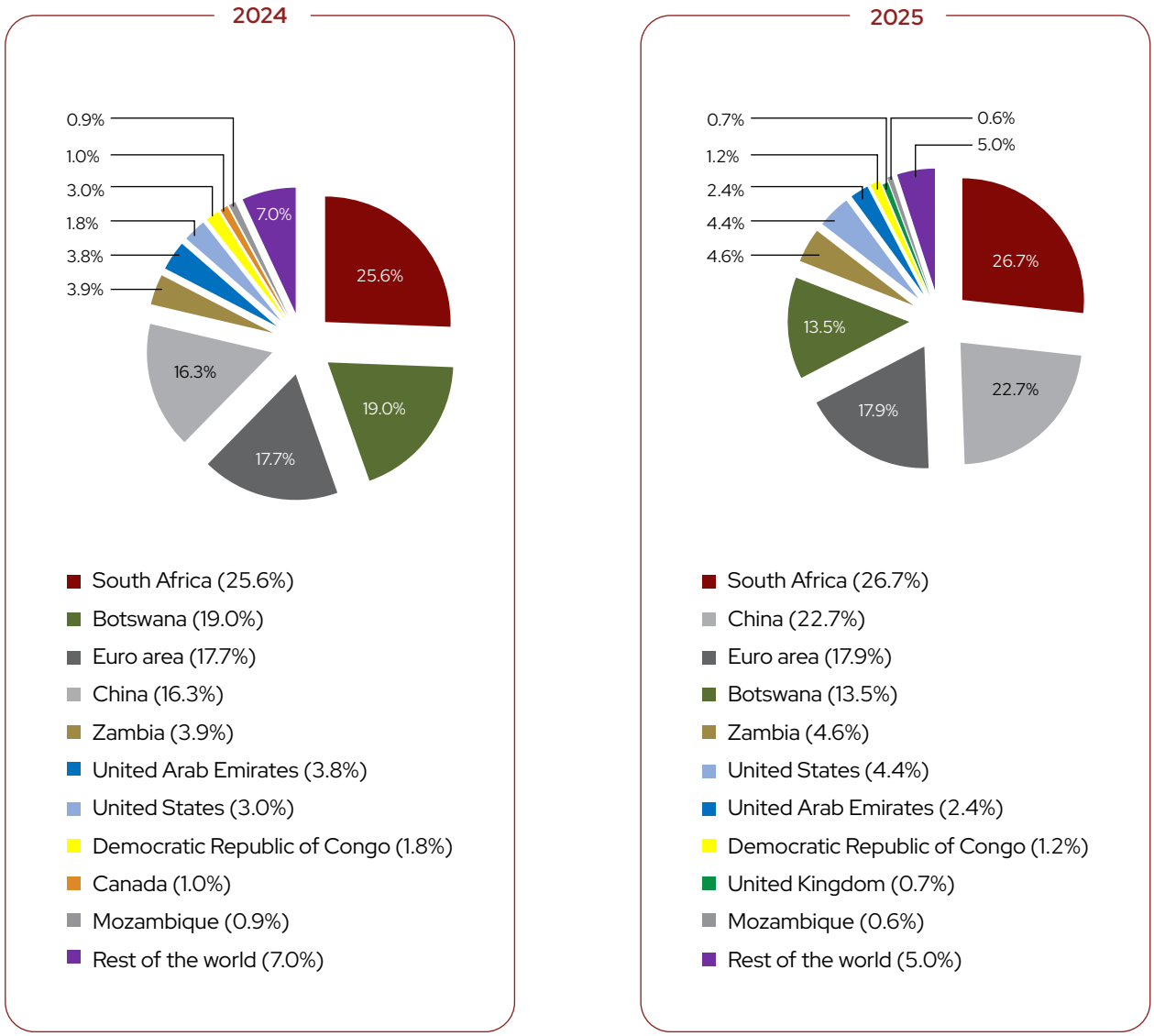


Manufactured export earnings increased in 2025 compared with 2024, primarily driven by higher exports of beef and processed fish. The value of these exports improved by 5.4 percent year-on-year to N$26.4 billion (Figure B.22f). This was largely driven by higher export receipts from processed fish and beef, which rose by 8.5 percent and 40.3 percent from their 2024 levels to N$14.9 billion and N$2.4 billion, respectively. The higher beef export earnings were attributed to stronger beef prices, due to limited supply of livestock in key markets globally, while the increase in fish export earnings was supported by higher realised prices. The rise in manufactured exports could have been higher, but it was offset by lower earnings from polished diamonds. The sale of these gems fell by 17.6 percent to N$4.4 billion, amid weak demand, lower prices and continued competitive pressure from lab-grown diamonds.

The bulk of Namibia's merchandise exports during 2025 were absorbed by South Africa, China, the Euro area, Botswana and Zambia. Between 2024 and 2025, exports to South Africa increased from 25.6 percent to 26.7 percent of the total exports (Figure B.24), mainly supported by gold, live animals and beverages. China took up the second largest share, increasing its purchases of Namibian merchandise exports from 16.3 percent to 22.7 percent, which consisted mainly of uranium. The third-largest portion of exports was taken up by the Euro area, with a share of 17.9 percent, mainly in the form of uranium, processed fish, beef, charcoal and grapes. Botswana's share, which fell to 13.5 percent in comparison with its 2024 level of 19.0 percent, was the fourth largest, largely made up of diamonds and the re-export of mineral fuels. The proportion exported to Zambia increased year-on-year to 4.6 percent, taking the form fish and the re-export of mineral fuels. Other export country destinations include the United Arab Emirates, the US, Democratic Republic of Congo, United Kingdom and Mozambique, amongst others (Figure B.23).

Figure B.23: Exports by destination

Namibia's exports were largely destined to South Africa, China, the Euro area, Botswana and Zambia during 2025.



Source: BoN surveys and Namibia Statistics Agency

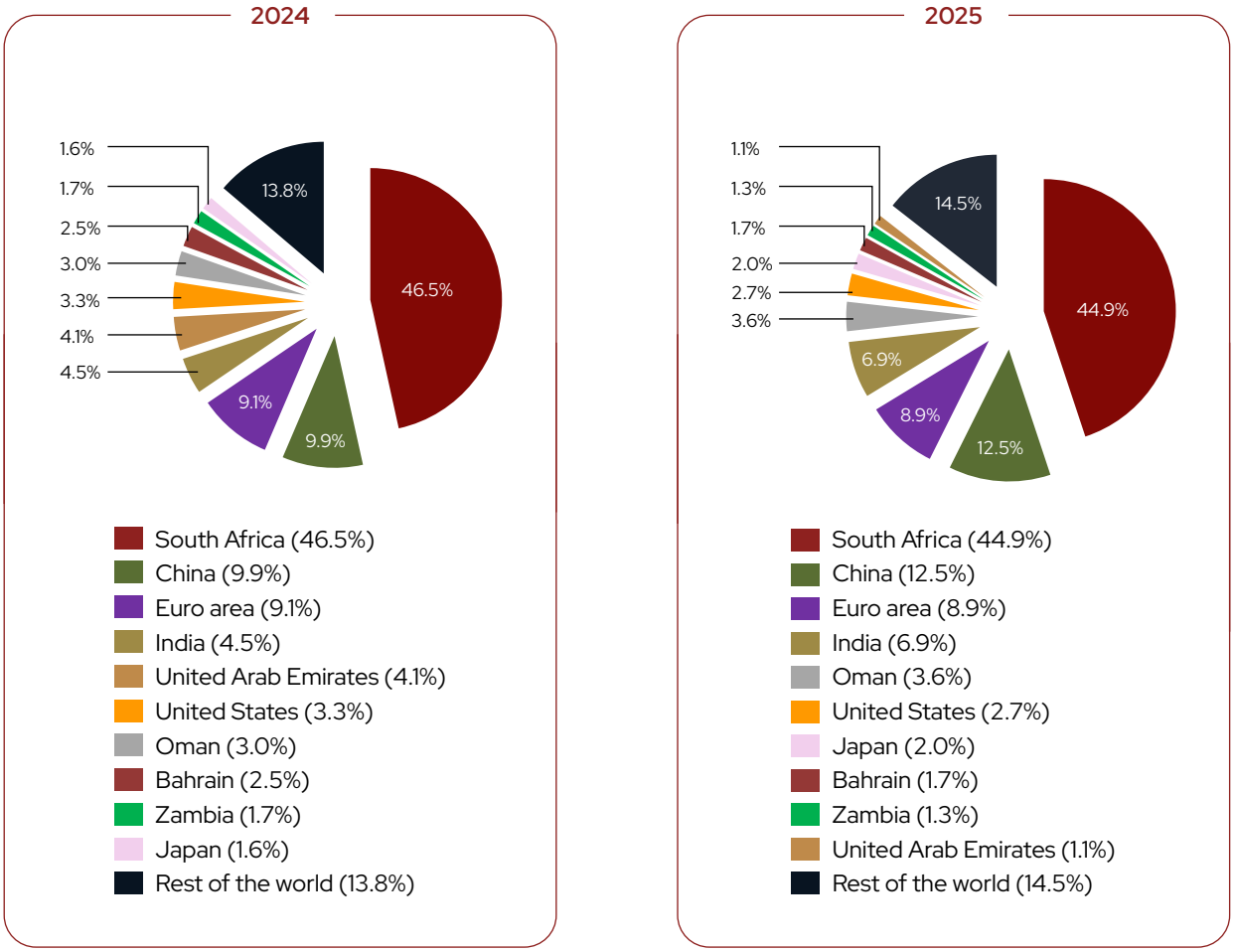
Imports

During 2025, the value of Namibia's imports increased marginally from the level recorded for 2024, driven by a higher bill for vehicles, machinery and products of the chemical industry. Namibia's merchandise import bill edged higher by 1.9 percent to N$126.2 billion in 2025 compared with 2024, reflective of higher payments for vehicles, machinery and chemical products. Vehicle imports were largely driven by the expansion of mining fleets along with replacement of vehicles by the public sector and households, while imports of machinery and chemical products relied on demand primarily from the mining sector.

In 2025, Namibia's imports value was predominantly sourced from South Africa, China, the Euro area, India and Oman. However, South Africa's share of Namibia's merchandise imports declined from 46.5 percent in 2024 to 44.9 percent in 2025 (Figure B.24). Key imports from South Africa included vehicles, machinery and mechanical appliances, articles of iron or steel, sugar and cereals. Conversely, China's share rose from 9.9 percent to 12.5 percent, driven by higher imports of machinery and mechanical appliances, electrical equipment, vehicles and parts, and inorganic chemicals. The Euro area maintained its third-largest share although declining slightly to 8.9 percent, supplying mainly machinery and mechanical appliances, mineral fuels, vehicles and parts, and pharmaceutical products to Namibia. India's share increased from 4.5 percent to 6.9 percent, reflecting the imports of mineral fuels, vehicles and parts, pharmaceutical products and machinery. Oman accounted for 3.6 percent of total imports in 2025, primarily comprising mineral fuels.

Figure B.24: Imports by origin

Namibia's imports were largely sourced from South Africa, China, the Euro area, India and Oman during 2025.



Source: BoN surveys and Namibia Statistics Agency

Services, investment income and current transfers

Services account balance

Outflows on the services account declined annually, mainly due to higher net inflows from transport services and lower payments for maintenance and repairs. During 2025, the services account recorded a net outflow of N$20.1 billion, lower than that of N$21.8 billion recorded a year earlier (Figure B.25a). This lower outflow was chiefly ascribed to a notable increase in transport service inflows in 2025, reflecting Namibia's role as a net transport service provider to landlocked neighbouring countries and benefiting from ongoing port expansions. Furthermore, a decrease in payments for maintenance and repairs to non-residents, partly ascribed to the demobilisation of some mining vessels during 2025, also contributed to lower outflows on the services account.

Namibia's export of services increased annually, mainly absorbed by South Africa, the Euro area, and the United Kingdom. Service exports grew by 18.7 percent to N$28.1 billion from N$23.7 billion recorded in the prior year. The bulk of these exports were driven by higher receipts from travel, transport, other business services as well as maintenance and repairs. South Africa remained the leading destination for Namibia's service exports, accounting for 32.6 percent (Figure B.25b), largely relating to transport, other business services and travel. The Euro area ranked second with 23.2 percent, predominantly in respect of travel service exports, underscoring its role as a key tourist source market. The United Kingdom took up the third largest share of at 9.1 percent, principally constituting travel and other business services.

Most of Namibia's service imports were sourced from South Africa, the US and the Euro area. Imports of services rose by 6.1 percent from 2024 levels to N$48.2 billion in 2025, mainly due to higher payments for other business services, particularly professional and management consulting. South Africa's share in total service imports increased to 36.5 percent from 29.8 percent a year earlier (Figure 25c), driven by professional and management consulting services. Conversely, the shares of the US and Euro area declined to 14.2 percent and 8.8 percent, respectively, mainly reflecting reduced demand for technical and trade-related services amid slower oil and gas exploration and appraisal activity in 2025 relative to 2024.

Net primary income

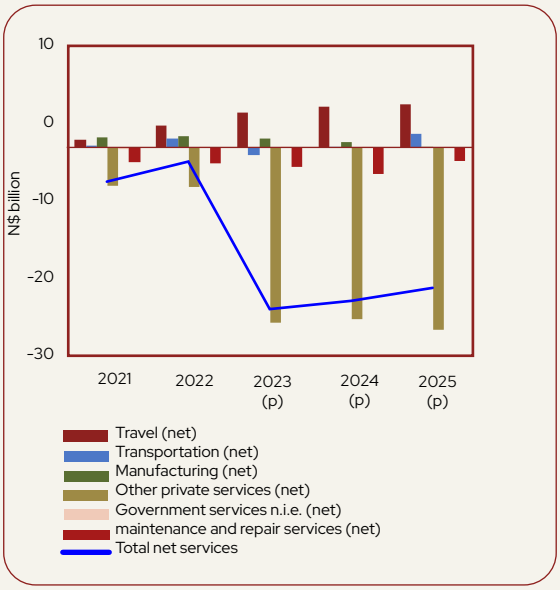
The primary income account registered record high net outflows year-on-year, largely attributed to higher net investment income outflows. The primary income account registered a net outflow of N$16.3 billion in 2025, rising by N$8.4 billion year-on-year from the N$7.9 billion recorded in 2024 (Figure B.25d). This surge was largely attributable to direct investment outflows which rose by 69.2 percent to N$19.4 billion annually. These outflows mainly reflected increased dividend and interest payments, particularly from the mining and financial sectors.

Net secondary income

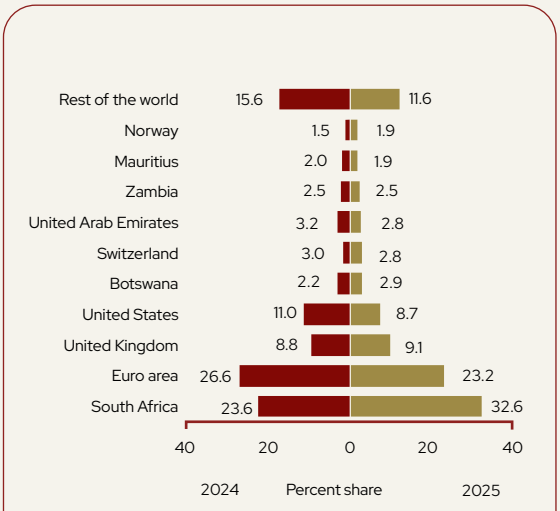
Net inflows on Namibia's secondary income account fell in 2025, driven mainly by lower SACU receipts. Net inflows in the secondary income account fell by 16.0 percent to N$26.1 billion in 2025 compared with the 2024 levels (Figure B.25e), driven mainly by a 15.7 percent drop to N$22.9 billion in SACU receipts. The decline in SACU receipts reflected a downward adjustment to reconcile overpayments made in previous years under the regional revenue-sharing mechanism.

Figure B.25(a–e): Services, primary and secondary income

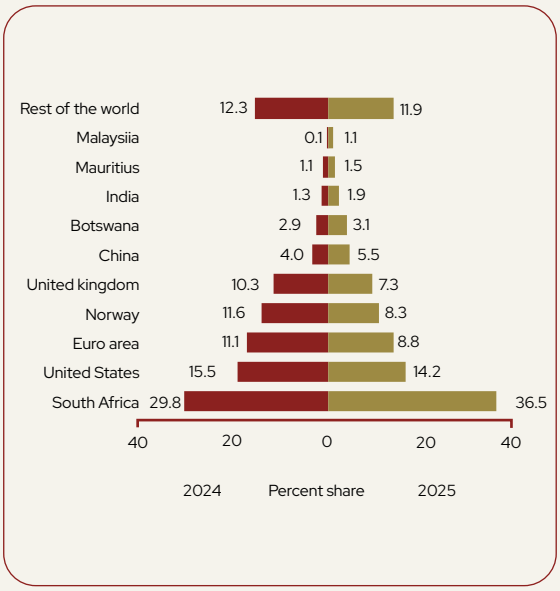
a. The net outflow on the services account decreased in 2025 relative to 2024, supported by higher transport inflows and lower payments for maintenance and repairs.



b. Exports of services were directed mainly to South Africa, the Euro area and the United Kingdom.



c. Imported services were largely sourced from South Africa, the US and the Euro area.



d. The primary income receipts recorded higher net outflows during 2025, mainly supported by higher net investment income outflows compared with the 2024 levels.

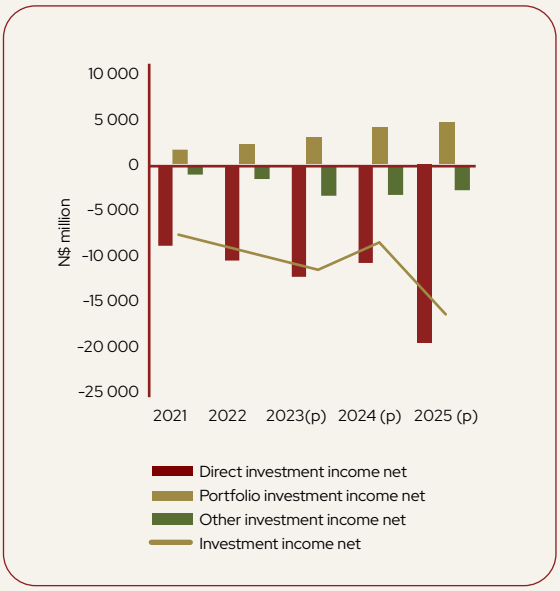
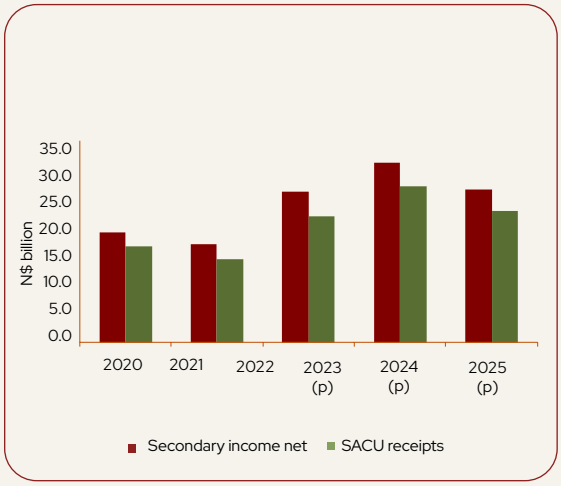
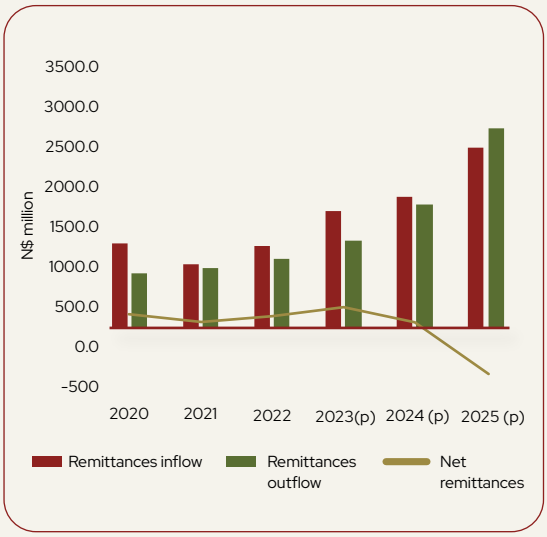


Figure B.25(a–e): Services, primary and secondary income (continued)

e. Namibia's net secondary income receipts shrank during 2025 compared with their 2024 levels, largely due to lower Southern African Customs Union (SACU) receipts.



f. Namibia recorded a net outflow of remittances in 2025, compared to a net inflow in the previous year.



Source: Various companies and BoN surveys
Note: p indicates a provisional estimation that is subject to revision.

Net remittances

Namibia recorded net outflows of international remittances during 2025. Namibia recorded net outflows of international remittances in 2025, amounting to N$304.5 million, compared to a net inflow of N$150.7 million in the previous year (Figure B.25f). The increase in net outflows was primarily driven by higher personal transfer payments and increased compensation of employees paid to non-residents, particularly in the fishing and mining sectors.

Capital account

Namibia's capital account surplus decreased during 2025 in comparison with 2024, largely due to lower capital transfers from non-residents. The surplus fell by 17.1 percent from its 2024 levels to a level of N$2.4 billion. These lower inflows reflected the lower capital transfers from foreign governments and private institutions during 2025, with the reduction deriving largely from the US.

Net lending (+) and net borrowing (-)

With the current account deficit narrowing in 2025, Namibia's net borrowing from the rest of the world declined. Namibia's net borrowing from the rest of the world declined to N$32.9 billion in 2025, compared with N$34.4 billion recorded in the previous year (Figure B.21a).

Financial account[2]

During 2025, Namibia's financial account recorded lower net borrowing when compared with 2024. The financial account recorded net borrowing amounting to N$30.5 billion from the rest of the world, lower than the N$34.8 billion recorded in 2024. The decline reflected lower inflows during the year under consideration, resulting from a slowdown in direct investment inflows coupled with significantly higher net outflows in portfolio investment. As a percentage of GDP, Namibia's financial account balance stood at 11.3 percent, compared with 13.9 percent in 2024.

Direct investment

Namibia's net foreign direct investment registered a lower net inflow in 2025 compared with the prior year, attributable to reduced equity injections for oil and gas exploration and appraisal activities, coupled with higher repayments of intercompany loans. Net foreign direct investment (FDI) came in at N$25.1 billion in 2025, compared with N$35.9 billion in 2024 (Figure B.26a). This pronounced decline was ascribed to decreasing expenditure in oil and gas exploration and appraisal as drilling activities eased. This decline was further supported by higher repayments of intercompany loans by enterprises in the mining sector, during 2025.

[2] The Balance of Payments and International Investment Position Manual, 6th Edition (BMP6), which is an interpretation of the financial account, particularly with regards to assets, denotes an increase as positive and a decrease as negative. The BMP6 interpretation of liabilities remains unchanged from that in 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 BMP6 now presents the financial account balance inclusive of reserve assets, which 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).

Portfolio investment

During the reporting year, the Government's Eurobond redemption led to a substantial escalation in Namibia's portfolio investment net capital outflows relative to 2024. The net outflow amounted to N$22.8 billion in 2025, compared with N$1.5 billion recorded in the previous year (Figure B.26b). This was primarily attributed to the Eurobond redemption by the Government in October 2025, and further ascribed to higher investments in equity and debt securities abroad. The shift toward larger outflows in portfolio investment during 2025 was underpinned by excess liquidity levels in the domestic market following Government coupon payments and bond redemptions.

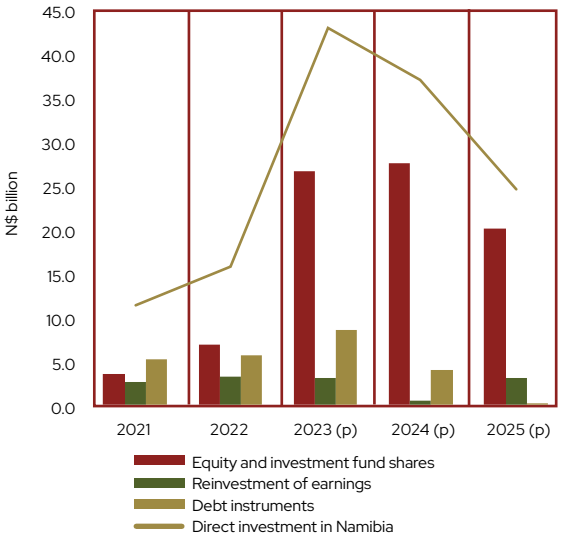
Other investment

Other investment recorded higher inflows during the year under review, reflecting a higher uptake of foreign debt from non-affiliated entities and reduction of foreign deposit holding by domestic deposit taking corporations in 2025. On a net basis, the inflow of other investment rose markedly by 62.7 percent year-on-year, resulting in a net inflow of N$15.2 billion (Figure B.26c). This was primarily driven by a higher uptake of foreign debt from non-affiliated entities by entities in the mining sector. The inflows were exacerbated by withdrawals of foreign deposits by domestic deposit taking corporations to supplement the sinking fund for the Eurobond redemption. Moreover, higher repayments of loans from non-affiliated non-residents supported the increased inflows recorded in 2025.

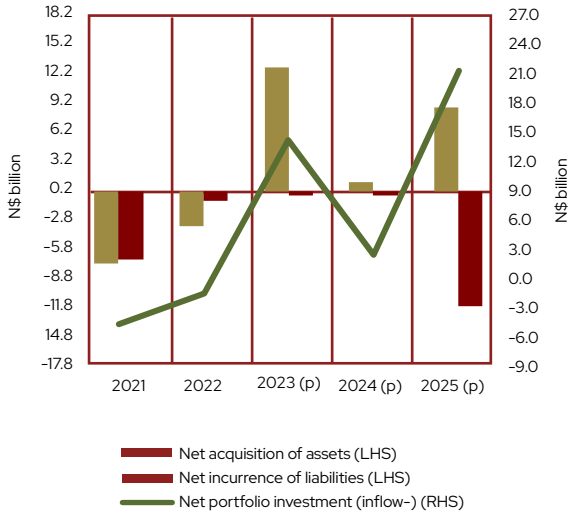


Figure B.26 (a-c): Financial account components

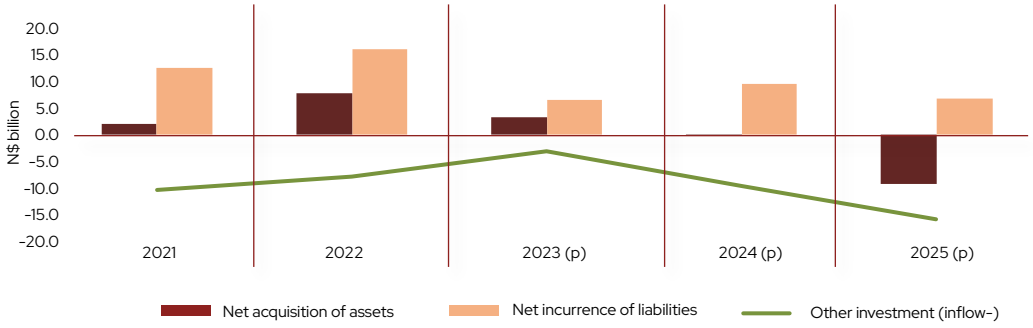
a. Namibia experienced lower foreign direct investment inflows during 2025 compared with 2024, mainly reflecting reduced equity injections in the emerging oil and gas sector for exploration and related appraisal activities and repayments of intercompany loans.



b. During the reporting year, portfolio investment recorded net outflows attributable to the Eurobond redemption and increased investment in equity and debt securities abroad.



c. The Other investment category registered a higher net inflow during 2025 compared with 2024 levels, on the back of higher uptake of foreign debt from non-affiliated entities by enterprises in the mining sector.



Source: Various companies and BoN surveys
Note: p indicates a provisional estimation that is subject to revision.

International reserves

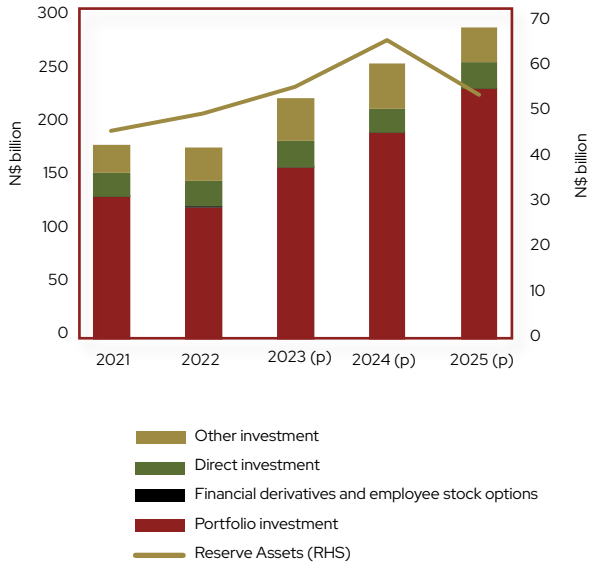
The stock of international reserves held by the Bank of Namibia declined at the end of 2025, compared to the end of 2024, substantially driven by foreign debt repayments by the Government, net ZAR outflows and lower SACU receipts. The pressure on Namibia's foreign reserves during 2025 prompted the decline of 18.1 percent, leading to the position of N$51.6 billion (Figure B.21c). This annual decline was primarily attributable to the foreign debt repayments by the Government, notably the Eurobond redemption in October 2025 and other foreign debt services. This trend was exacerbated by lower SACU receipts, net ZAR outflows from commercial banks for elevated import payments, lower Customer Foreign Currencies placements and the strengthening of the NAD/ZAR against major foreign currencies during 2025. Consequently, by year-end, international reserves translated to an estimated import cover of 3.3 months, lower than the 4.2 months recorded in the preceding year. Excluding expenditure on oil and gas exploration and appraisal activities, the estimated import cover of goods and services stood at 3.8 months in 2025 compared with 5.1 months in 2024. Despite the decline, the stock of foreign reserves was estimated to be 8.7 times the N$5.9 billion currency in circulation. This meant reserves remained adequate in terms of sustaining the Namibian currency's peg to the Rand, and sufficient to meet the country's short-term international financial obligations.

International investment position

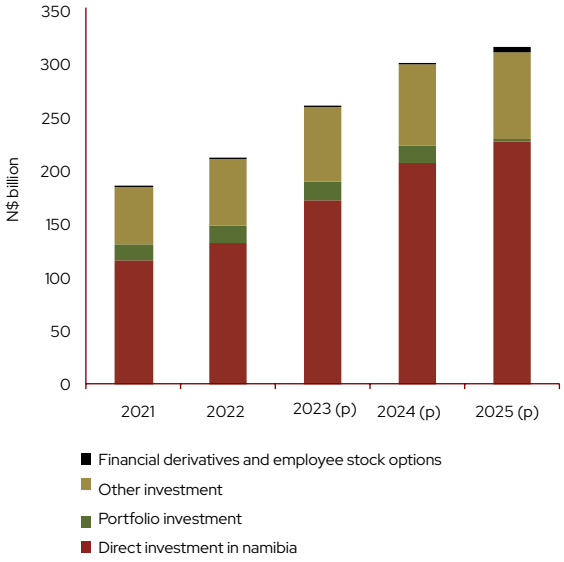
Notwithstanding pressures on foreign reserves and other investment, Namibia's external balance sheet strengthened, reflecting a higher net asset position at the end of 2025 relative to 2024. In 2025, Namibia's net asset position reached N$23.1 billion, a significant increase from the N$14.9 billion recorded in the prior year (Figure B.21f). This improvement was mainly underpinned by a substantial increase in gross foreign assets relative to liabilities, particularly within portfolio investment. This was further supported by a reduction in portfolio investment liabilities to non-residents following the full redemption of the Eurobond on 29 October 2025. Moreover, Namibia's net IIP stood at 8.8 percent of GDP, indicating a net creditor position to the rest of the world and implying a healthy overall external balance sheet for the country.

Figure B.27 (a–b): International investment position – Foreign assets and liabilities

a. At the end of 2025, market value of Namibia's foreign assets rose relative to 2024 levels, chiefly ascribed to increased foreign portfolio investment assets.



b. The market value of Namibia's gross foreign liabilities increased further, depicted by increases in direct and other investment.



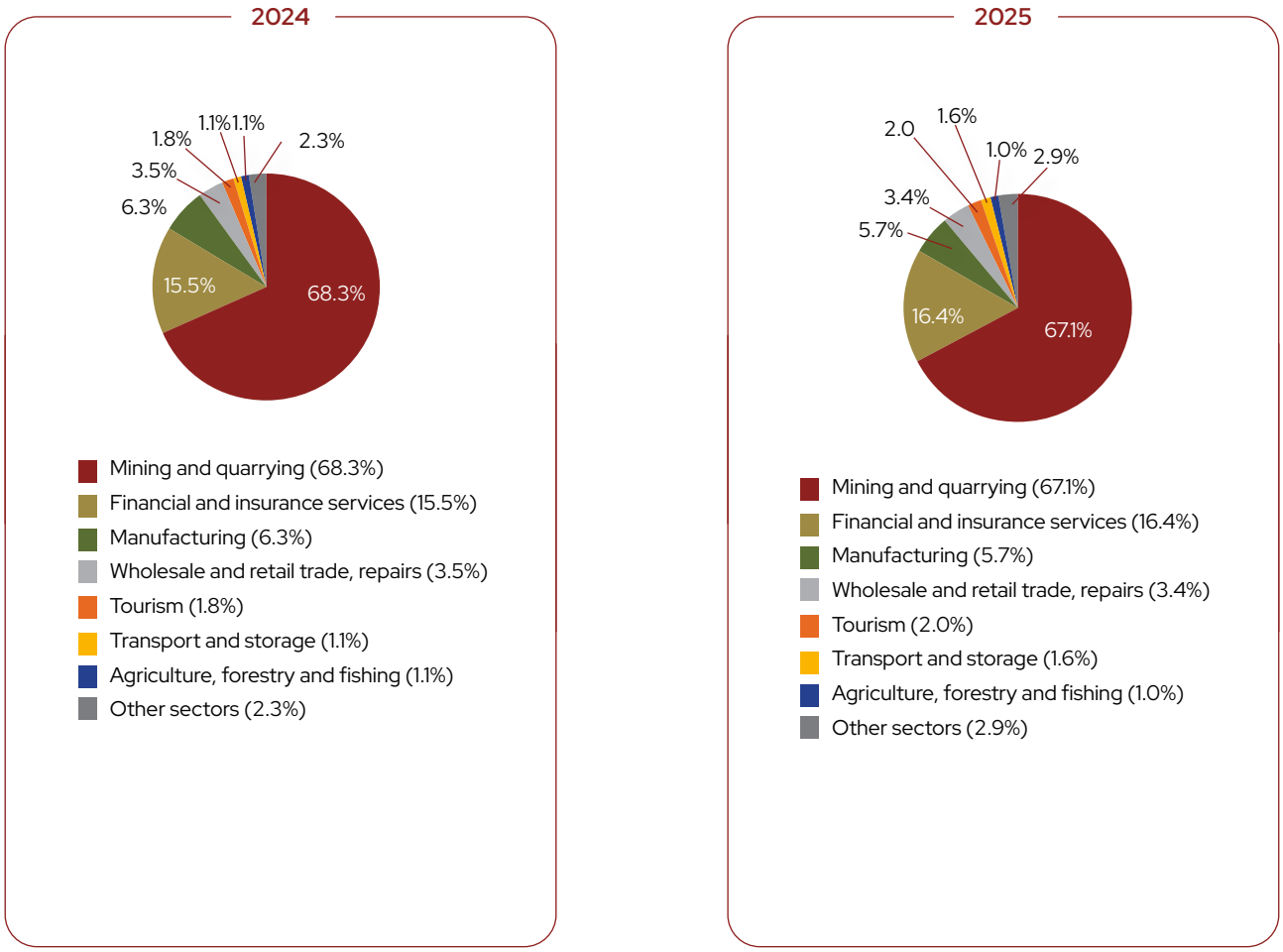
Source: BoN Surveys and administrative records
Note: p indicates a provisional estimate that is subject to revisions

Although reserves assests and other investment declined markedly in 2025, the market value of Namibia's gross foreign assets increased during 2025, largely reflecting sustained growth in the portfolio investment category. Over the course of the reporting year, the market value of foreign assets rose by 6.5 percent compared with 2024, reaching N$336.6 billion at year-end (Figure B.27a). This increase was mainly driven by higher foreign portfolio investment abroad, particularly higher outflows to both CMA and international markets for the acquisition of foreign equity and debt securities, as well as revaluation gains from favourable market performances during 2025. In addition, direct investment abroad, together with holdings of financial derivatives also increased during 2025, driven by higher investment in property markets abroad and a rise in demand for hedging and risk-management instruments, respectively.

At the end of 2025, the market value of Namibia's gross foreign liabilities rose on an annual basis, predominantly reflecting increased direct and other investment. Despite a reduction in non-residents' debt claims on Government following the Eurobond redemption, total foreign liabilities rose by 5.1 percent in relation to 2024 levels to N$313.5 billion (Figure B.27b). Direct investment liabilities maintained their upward momentum, gaining 10.0 percent to reach N$225.7 billion at year-end. The increase was attributed to continued investment by companies in the oil and gas sector in exploration and related appraisal activities, alongside retained earnings generated by enterprises in the mining and financial services sectors. In addition, the increased uptake of foreign loans from non-affiliated entities by enterprises in the mining sector drove a 6.1 percent rise in other investment during 2025. Financial derivatives also played a significant role in expanding these liabilities, increasing sharply from N$397 million to N$5.0 billion, largely reflecting heightened gold-hedging activities undertaken by deposit-taking corporations and firms in the mining sector.

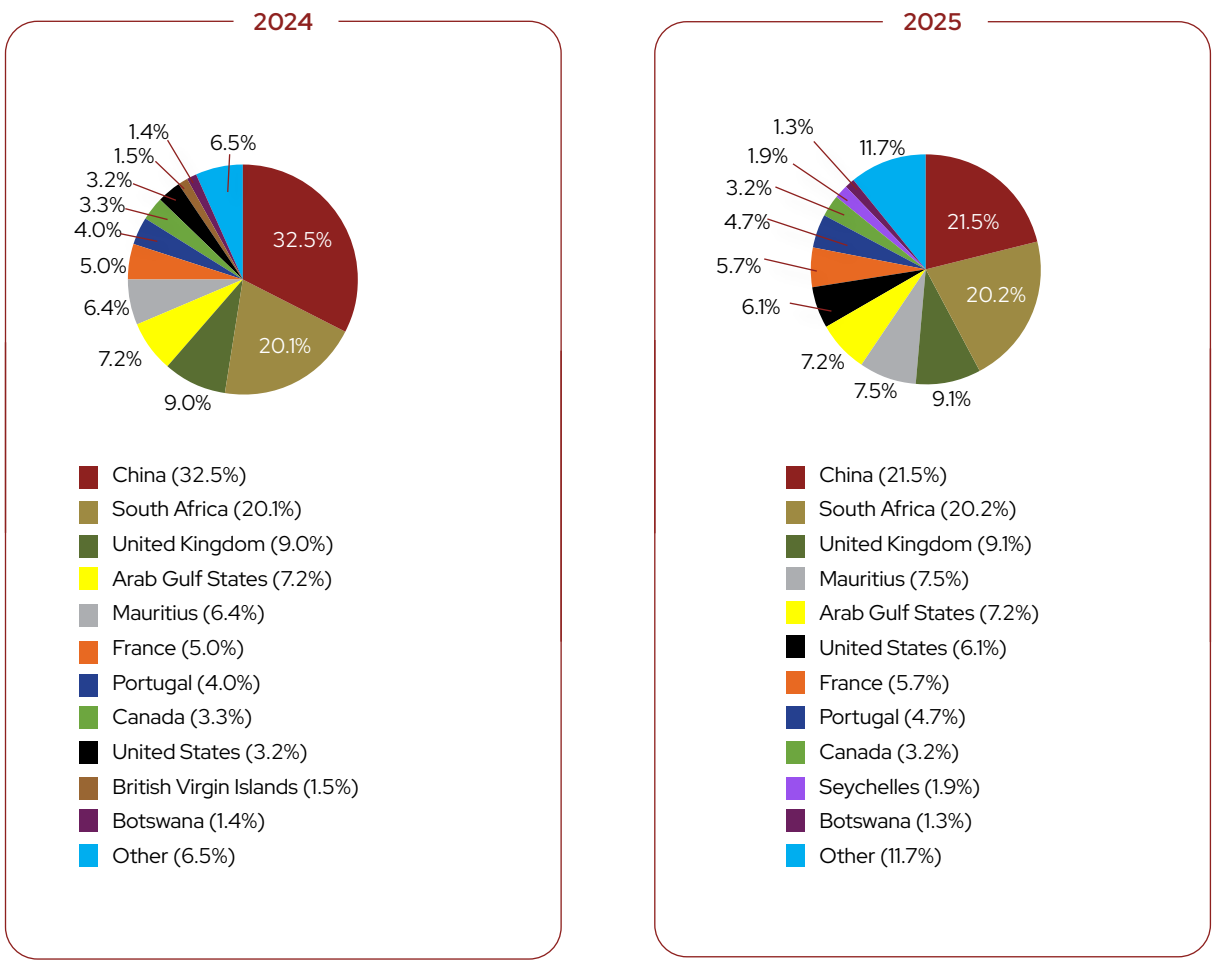
At the end of 2025, the sectoral composition of Namibia's FDI liabilities broadly mirrored the pattern observed in 2024, with mining and quarrying remaining the dominant sector. FDI liabilities remained predominantly concentrated in the mining and quarrying sector, which accounted for 67.1 percent of the total FDI stock in 2025 (Figure B.28). This sector's share declined by 1.9 percentage points from 2024, largely reflecting repayments of intercompany loans by foreign-owned enterprises operating in the extractive industry and eased oil and gas exploration activities. The financial intermediation sector continued to hold the second-largest share at 16.6 percent, supported by sustained foreign participation in banking activities. Manufacturing and wholesale and retail trade followed as the third- and fourth-largest contributors, accounting for 5.7 percent and 3.4 percent of total FDI liabilities, respectively. These distributions highlight the continued dominance of resource seeking-investment, while also indicating moderate diversification across services and secondary industries. The other sectors reflected a growth of 0.6 percent on the back of higher investment in renewable energy.

Figure B.28: Direct investment liabilities by sector (%)



China remained the largest source of Namibia's FDI liabilities at the end of 2025, with South Africa following as the leading contributor. Although South Africa and China remained the principal sources of Namibia's FDI in 2025, jointly accounting for 41.6 percent of total FDI liabilities, their combined share declined notably from the 52.6 percent recorded in 2024 , on the back of higher repayments of intercompany loans (Figure B.29). In contrast, FDI inflows from the United Kingdom, Mauritius, the Arab Gulf States, Portugal, France and the United States maintained strong positions during 2025, underpinned largely by investments associated with ongoing oil and gas exploration and appraisal programmes. These countries continued to deepen their engagement in Namibia's emerging hydrocarbon sector, with sustained capital injections signalling both growing investor confidence in the country's resource potential and steady progress in major offshore exploration activities. FDI from other countries also rose from 6.5 percent to 11.7 percent in 2025, reflecting increased investment from countries such as Luxembourg, Norway and Mexico into financial and insurance services, transport and storage, oil and gas explaration and tourism industries.

Figure B.29: Direct investment liabilities by country (%)



External debt

Namibia's stock of external debt was lower in 2025 relative to levels recorded in 2024, mainly driven by the Government's repayment of the Eurobond and the partial repayments of the IMF's RFI loan. Consequently, the stock of external borrowing declined by 8.7 percent from its 2024 level to reach N$172.4 billion in 2025 (Table B.10). The annual decline was mainly driven by the redemption of the Eurobond and the partial repayment of the IMF's RFI loan by the Government. The decline was further supported by repayments of direct investment intercompany borrowing by enterprises, which decreased by 8.7 percent from the 2024 level to N$90.3 billion as of 31 December 2025. Additionally, repayment of reverse repo transactions by the local deposit-taking corporations contributed to the overall reduction in the stock of external debt.

Table B.10: Namibia's external debt

External debt (N$ million)	2021	2022	2023	2024	2025
Gross external debt position at year-end	135,724	152,720	174,270	188,750	172,356
Central Government	32,488	34,095	37,305	37,801	20,375
State-owned enterprises/parastatals	9,470	9,636	8,373	8,802	9,346
Central bank[3]	6,815	6,714	7,892	7,616	7,159
Deposit-taking corporations, except the central bank	7,380	14,962	13,069	14,780	7,335
Other sectors[4]	12,184	12,179	19,487	22,916	37,869
Direct investment: intercompany lending[6]	67,387	75,134	88,144	96,835	90,272
Gross external debt payments	29,185	31,714	43,380	55,010	68,142
Central Government	10,886	4,067	3,666	5,155	18,999
State-owned enterprises/parastatals	1,399	1,808	1,919	2,012	1,819
Central bank	85	78	304	293	226
Deposit-taking corporations, except the central bank	2,260	2,779	3,537	3,738	10,020
Other sectors	1,733	8,937	17,436	17,543	13,444
Direct investment: intercompany lending	12,823	14,044	16,519	26,269	23,634
Outstanding debt year-on-year (% change)	12.9	12.5	14.1	8.3	-8.7
Debt servicing year-on-year (% change)	34.7	8.7	36.8	26.8	23.9
Debt servicing to exports (free on board)	45.3	35.9	40.5	50.5	52.7
Short-term debt as a ratio of official reserves	3.8	2.3	2.2	2.2	2.2
Exports of goods and services	64,497	88,260	107,113	108,945	129,353
Official reserves	43,869	47,558	53,229	63,009	51,577
Exchange rate (end of period) US Dollar	15.9	17.0	18.6	18.8	16.6

The country's foreign debt servicing increased on an annual basis in 2025, mainly reflected in repayments by the Government. Total repayments on foreign debt rose to N$68.1 billion during 2025, representing an increase from N$55.0 billion in 2024. This increase was derived chiefly from higher external debt repayments by the Government, as the Eurobond matured in October 2025 and was repaid in full. Moreover, the repayment by local deposit-taking corporations supported the higher debt servicing for the year.

During 2025, the ratio of debt servicing to exports increased in comparison with its 2024 level. The ratio increased from 50.5 percent in 2024 to 52.7 percent by the end of the reporting year, reflecting higher external debt servicing. Moreover, the 2025 ratio remained above the international benchmark range of 15–25 percent. Notably, more than half of Namibia's external debt was attributable to direct-investment intercompany lending, which significantly mitigates the risk of external debt distress.

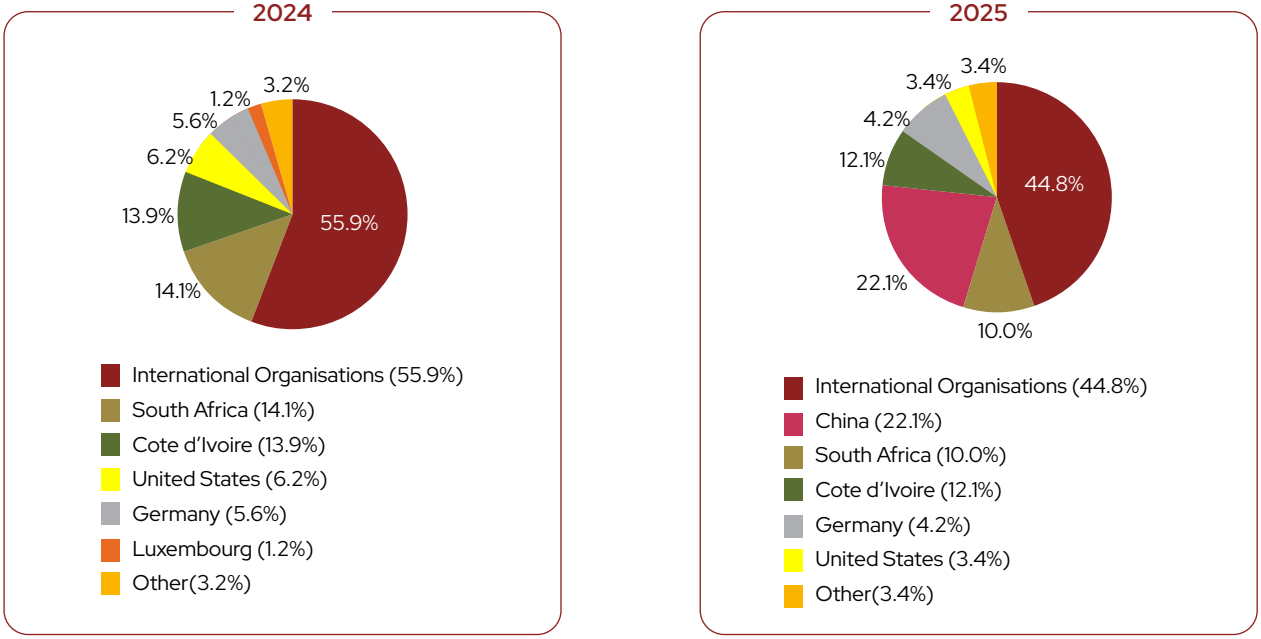
[3] The central bank debt comprises special drawing right (SDR) allocations received from the IMF.
[4] The category Other sectors consists of loans from non-affiliated entities; trade credits, debt securities and other debt liabilities.
[5] Intercompany lending includes loan transactions (and transactions in other debt securities) between a parent company and its subsidiaries or investee companies and between subsidiaries of the same group, unless the latter are financial intermediaries (except for insurance corporations and pension funds).

In 2025, Namibia sourced the majority of its long-term loans from international organisations[6] while its short-term borrowing was largely obtained from South Africa. Thus, long-term loans accounted for over 90 percent of the total debt and predominantly reflected loans from international organisations with a share of 44.8 percent in 2025 (Figure B.31a). However, this share declined due to the Eurobond redemption and partial repayment of the IMF's RFI loan to Namibia. China and South Africa were the second and third largest sources of long-term loan liabilities, jointly contributing 32.1 percent to the total. Namibia's long-term loans from China, mainly consisted of bilateral arrangements between the two Governments. South Africa continued to dominate the short-term loan sphere, holding 82.6 percent share of the total (Figure B.30b). Mauritius represented the second-largest share of Namibia's short-term-loan total at 17.4 percent.

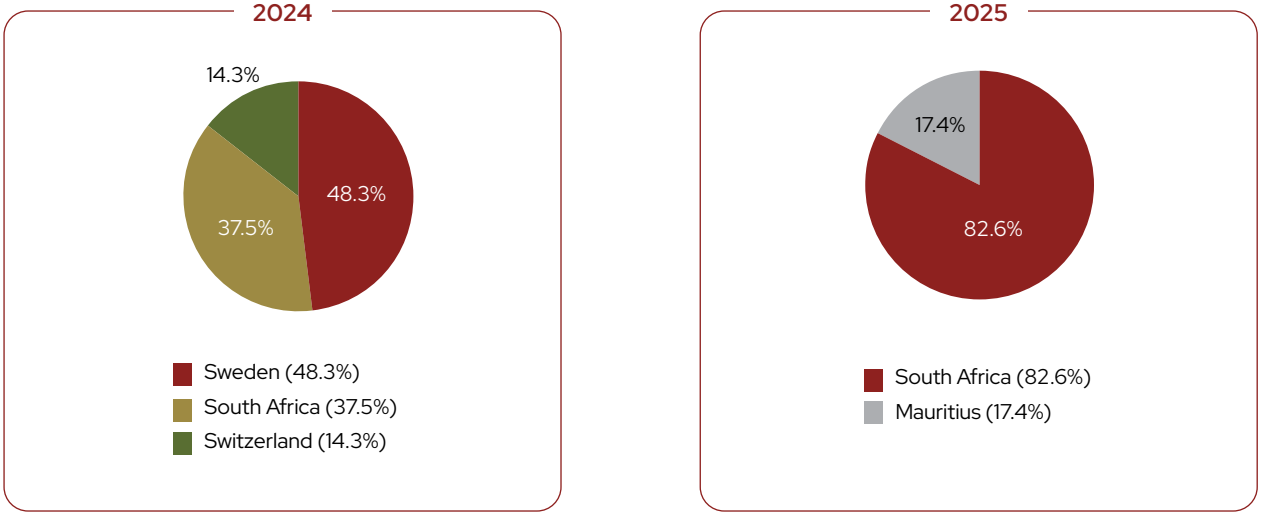
Namibia's long and short-term loans were predominantly dominated in ZAR during 2025. During 2025, long-term loans were mainly denominated in ZAR, accounting for 57.2 percent of the total, followed by the SDR, with a share of 29.8 percent (Figure B.31a). The sustained prominence of the ZAR was supported by supplemental financing from international organization. The USD continued to dominate the short-term loans, with its share increasing to 63.7 percent during 2025 due to increased uptake of short-term loans denominated in the USD In contrast, the ZAR share declined to36.3 percent, reflecting higher repayments denominated in that currency (Figure B.31b).

Figure B.30 (a–b): External long- and short-term loans by country (%)

a. During 2025, international organisations continued to dominate Namibia's long-term loans ...



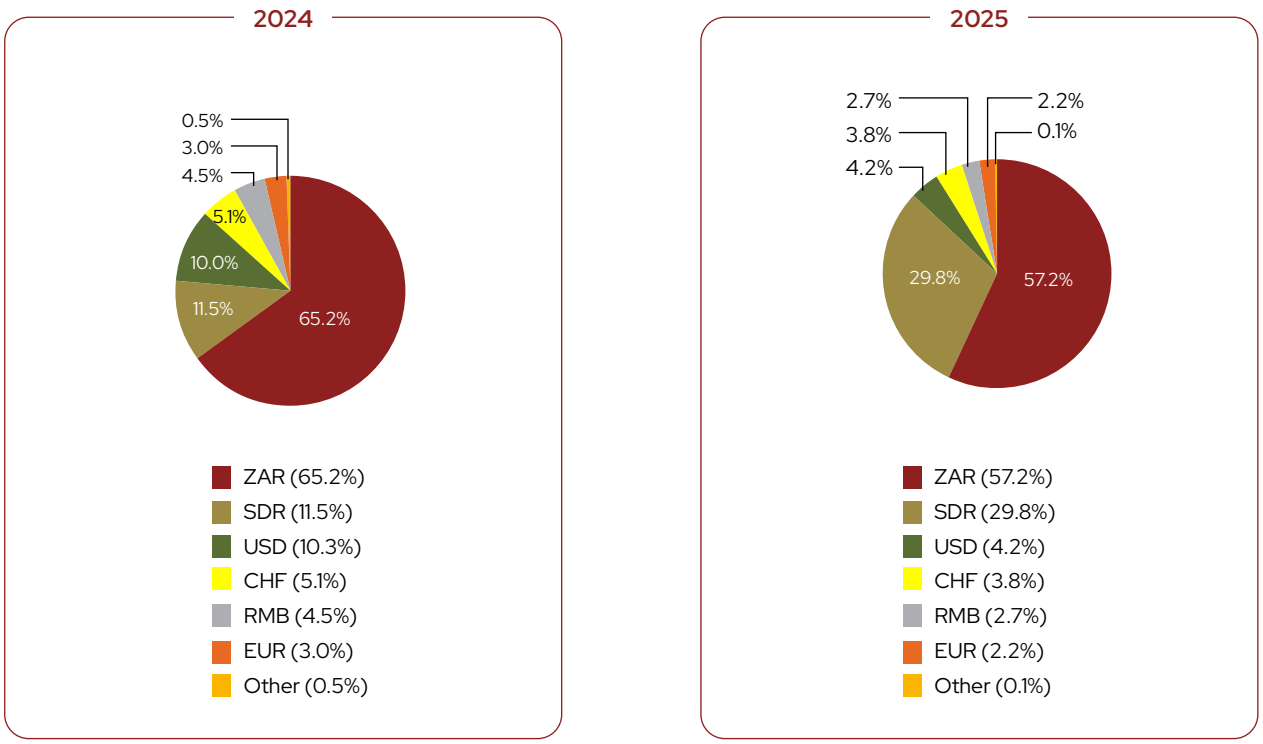
b. ....while short-term loans remained dominated by South Africa during 2025.



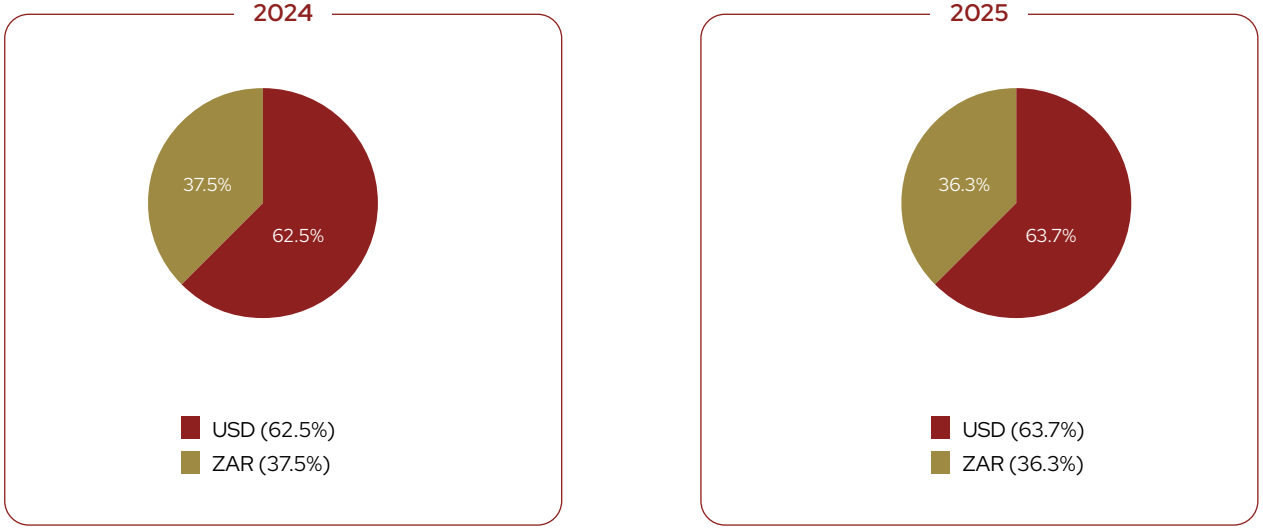
[6] This included borrowing from multilateral organisations.

Figure B.31 (a–b): External long- and short-term loans by currency (%)

a. During 2025, the largest currency of denomination for Namibia's long-term loans continued to be the ZAR, followed by the SDR....



b. ...During 2025, short-term loans were mainly denominated in the USD, followed by the ZAR



At the end of 2025, Namibia's external debt maturity structure was largely concentrated in the medium- to long-term, reflecting a strengthened capacity to withstand external shocks. External debt with a maturity extending beyond five years accounted for 29.3 percent of the total debt (Table B.11). This share forms part of a broader maturity profile that is tilted toward longer-term obligations. Additionally, medium-term external debt, maturing between 2027 and 2031 accounted for 46.6 percent of total external debt as of 31 December 2025. A substantial portion of these obligations comprised of intercompany lending in the mining and quarrying sector, particularly those falling due in 2029. Namibia's external debt due within one year amounted to N$41,6 billion, representing 24.1 percent of total external debt. This component is largely made up of foreign trade credits in the Other sectors category.

Table B.11: External debt by remaining maturity (31 December 2025)

Source of external debt	N$ million							
	Total	Short term debt *	2027	2028	2029	2030	2031	2032 plus **
1. Central Government	20,375	1,676	129	184	16	36	693	17,640
2. State-owned enterprises/parastatals	9,346	905	371	-	471	78	1,824	5,698
3. Central bank (Bank of Namibia)	7,159	-	-	-	-	-	-	7,159
4. Deposit-taking corporations, except the central bank	7,335	6,816	93	-	-	-	276	150
5. Other sectors	37,869	29,224	695	-	-	177	5,270	2,504
6. Direct investment: Intercompany lending	90,272	2,942	17,488	416	35,816	1,902	14,378	17,329
Gross external debt by remaining maturity	**172,356**	**41,563**	**18,776**	**600**	**36,303**	**2,194**	**22,440**	**50,479**

* This includes liabilitiies with an original maturity of less than one year, e.g currency and deposits as well as trade finance. These liabilities are subject to renegotiations.
** This includes debt instruments that mature in 2032 and afterward.

Exchange rate developments[7]

During 2025, the NAD/ZAR appreciated against the USD but depreciated against the Pound and Euro. On average, the NAD/ZAR strengthened against the USD by 2.4 percent in 2025 (Figure B.21e). The appreciation largely reflected a weaker USD, influenced by growing concerns over the slowing US economic growth, partly due to worries over the US fiscal policy, central bank independence, erratic policy shifts and trade uncertainty. Additional support for the NAD/ZAR came from a temporary de-escalation in global trade tensions, including a tariff truce between the United States and China and a rise in the international gold price as investors increased demand for safe-haven assets following the implementation of steep US tariffs. Furthermore, the South African Reserve Bank's commitment to a lower inflation target of 3 percent helped to bolster confidence in the domestic currency. Nonetheless, the NAD/ZAR weakened against the Pound by 0.6 percent and against the Euro by 1.8 percent, as the latter currencies were seen as a safe haven following the tariff announcements by the US, largely due to a more stable policy environment in these economies.

Trade-weighted effective exchange rates[8]

The nominal effective exchange rate (NEER) and real effective exchange rate (REER) both strengthened moderately in 2025. The NEER rose modestly by 0.8 percent in 2025 (Figure B.21f) compared to 2024. The increase in the NEER was driven by the factors mentioned in the exchange rate development section. Meanwhile, the REER appreciated by 2.0 percent year-on-year indicating a marginal decline in trade competitiveness.

[7] The NAD trades one-to-one against the ZAR and is therefore referred to interchangeably. This section uses middle exchange rates against foreign currency units, unless mentioned otherwise; and are period averages for the respective exchanges rates.
[8] The NEER is a trade-weighted index of the nominal exchange rate of the Namibia Dollar against the currencies of Namibia's major trading partners, namely the Euro, Pula, Dirham, Rupee, South African Rand, US Dollar and Yuan. The REER, on the other hand, takes the NEER and deflates it with the relative consumer price indices of Namibia and those of its major trading partners. An increase in the index represents an effective appreciation of the national currency, whereas a decline in the index represents an effective depreciation.

THEME CHAPTER

Twin Deficits in Namibia – History, Prospects, and Policy Implications



Introduction

As a resource-intensive open economy, Namibia is susceptible to economic shocks and risks despite pursuing prudent macroeconomic policies. As in many developing countries, Namibia uses fiscal policy as a key tool in pursuing its economic goals, including robust economic growth and development, macroeconomic stability and sustainable redistribution. Where such policies (often in combination with exogenous forces such as drought) result in large fiscal deficits, they adversely affect the external current account balance with many models and economic theories describing the relationship as the twin deficits hypothesis.

Namibia has generally been running joint budget and current account deficits since the 2008 financial crisis. The occurrence of these twin deficits potentially raises key policy concerns as both are highly regarded barometers measuring the economy's internal and external positions. Budget deficits have been experienced alongside deteriorating trade balances in recent times, possibly signalling a causal relationship. Notably, one precondition for a small, open economy with a currency peg, such as Namibia's, is a sustainable external sector position. Thus, it is imperative to describe and understand the twin deficits and their relationship in the context of Namibia.

According to the International Monetary Fund (IMF2018), the Twin Deficits Hypothesis suggests a strong positive link between a government's budget deficit and the associated country's external current account deficit, arguing that the fiscal deficit and accompanying rising public debt cause the external deficit. From a theoretical point of view, the Twin Deficits Hypothesis exists when an economy is facing both a current account deficit and a fiscal deficit. The Hypothesis further states that prolonged fiscal expansion tends to worsen current account balances and causes the real exchange rate to appreciate. These imbalances could harm economic activity, hinder wealth creation and reduce the well being of the nation. From a policy viewpoint, if the Twin Deficits Hypothesis holds, that is, if the current account deficits are indeed due to increasing fiscal deficits, then the external imbalance cannot be cured unless government deficits are contained.

The objective of this theme chapter is to analyse the trend in the current account balance and the fiscal balance of Namibia, detailing the relationship between the two. Furthermore, comparative analysis of twin deficit behaviour will be conducted among the Southern African Customs Union (SACU) member states and Sub-Sahara Africa as a whole to place Namibia's experience in a regional context. This will be followed by a discussion of prospects for Namibia's twin deficits, before concluding and listing policy recommendations based on evidence derived from this research.

The basic theory of twin deficits

Twin deficits is a phenomenon that occurs when a country's fiscal and current accounts are simultaneously in deficit. Thus, the fiscal account needs funding (as government expenditure exceeds government revenue) at the same time as the current account needs funding.[1] This phenomenon requires the economy to finance such deficits either through utilising existing savings or by borrowing. As a result, the sustainability of twin deficits is a critical policy question, especially when it comes to prolonged time periods in small and open economies.

The sustainability of fiscal and current account deficit balances has been a major concern for many countries lately, specifically for developing economies. According to Eita et al. (2018), an unsustainable deficit on the current account could pose serious macroeconomic challenges that could translate into soaring external debt, reduced international reserves and, eventually, currency crises. It is always a concern for any economy, therefore, to track its current account deficit and be fully aware of how such deficits affect the overall economy and the constraints they impose on fiscal and monetary policy.

The twin deficits concept arises from the national income identity in an open economy. This can be expressed as –

$$CA = (S - I) + (T - G)$$

Where:

CA	is Current Account Balance
S – I	reflects private savings minus the investment balance
T – G	is the fiscal balance (taxes minus government expenditure)

A fiscal deficit (T - G < 0) reduces national savings. If domestic private savings and investment remain in balance, the reduction in public savings needs to be financed through foreign capital inflows, resulting in a current account deficit. This linkage is regarded as the core of the Twin Deficits Hypothesis.

[1] Technically, as imports and other current payments to the rest of the world exceed exports and other current receipts from the rest of the world.

The fiscal balance is one the most monitored macroeconomic variables because it is a vital indicator of how healthy and well-managed (or otherwise) an economy is. Economists are mostly concerned about undue fiscal deficits as opposed to surpluses. A fiscal deficit represents the shortfall when a government's total expenditure exceeds its total revenue collected in a fiscal year, reported as a negative fiscal balance. The size of the deficit indicates the government shortfall to be funded by borrowing in domestic or international financial markets or by using reserves or surpluses from past periods.

According to the IMF (2017), persistent borrowing to fund fiscal deficits can undermine fiscal sustainability and increase the risk of fiscal crises if investors lose confidence in a government's ability to repay. In addition, according to the World Bank (2020), countries with high government debt levels have reduced fiscal space to implement counter-cyclical policies during shocks. Therefore, such countries are more susceptible to external shocks and have limited ability to withstand economic or financial crises. Furthermore, such economies face severe outcomes in the event of natural disasters or public health emergencies such as the coronavirus disease pandemic that began in 2019 (COVID-19).

Twin Deficit Theories

There are three dominant theories which define the causes or transmission channels of the twin deficits. These are the Keynesian (or Conventional) Twin Deficits Hypothesis, the Ricardian Equivalence Hypothesis and the Reverse Causality Hypothesis, as briefly explained below:

Keynesian (Conventional) Twin Deficits Hypothesis

The core Keynesian idea is that budget deficits cause current account deficits. The argument is that an expansionary fiscal policy raises domestic demand, which in turn leads to increased imports and higher interest rates in the domestic market. Subsequently, the higher interest rates attract foreign capital, and the exchange rate appreciates, which leads to a decline in exports. Therefore, in the face of fiscal consolidation, the external balance is expected to improve.

Ricardian Equivalence Hypothesis

The Ricardians are opposed to the Keynesians, arguing that budget deficits do not affect the current account. Their line of thought is that when the government runs a budget deficit, households anticipate higher future taxes in a perfect capital market setting. Thus, households increase their savings (being forward-looking consumers) while national savings remain the same. This theoretically happens because government dissaving is offset by household saving (assuming there are no liquidity constraints). As a result, there will be no impact on interest rates, exchange rates or the current account.

Reverse Causality Hypothesis

This hypothesis is akin to the Keynesian one, but it posits that current account deficits cause budget deficits. The logic here is that external shocks, such as commodity price declines, reduce export revenue. The resultant economic slowdown lowers tax revenue – leading to a budget deficit. This phenomenon can be aggravated when government increases spending in an attempt to stabilise the economy.



Empirical Evidence

The various theories are supported by a range of findings by different authors. A study by Rajakaruna, Suardi & Perera (2021) using the South Asian economies found long-run causality running from fiscal deficits to current account deficits. Furceri and Zdzienicka (2018) support this finding, concluding that twin deficits are not simple cyclical phenomena but reflect a structural long-run relationship. Thus, fiscal imbalances can contribute to persistent external imbalances, which implies that fiscal consolidation can support current account sustainability in open economies in particular. In their study, Woland and Aizcorbe (2019) examined the relationship between the United States federal budget deficit and the current account deficit. They evaluated historical evidence and assessed whether fiscal imbalances systemically translated into external imbalances. They concluded that fiscal sustainability and external vulnerability were interconnected, but the authors fell short of presenting the direction of the impact between the two variables. In another study, which used Namibia's data from 1990 to 2016, Eita et al. (2018) found evidence of twin deficits in Namibia. They concluded that the fiscal deficit was the main determinant of the current account balance over the period they researched.

It seems advisable, therefore, to adopt an eclectic approach when analysing the twin deficits phenomenon. Tracking the fiscal and current account balances and their drivers in practice reveals a complex relationship, with causation sometimes running in one direction and sometimes in the other. Nevertheless, it is well known that, in Namibia, Government expenditure has a significant direct import component through purchases of foreign-sourced capital goods and other goods and services. It also has a significant indirect import component through the salaries of public sector employees and social grants paid to households, since many such recipients have a high import component in their consumption baskets.



Twin deficits: the Namibian context

Since Independence in 1990, Namibia has generally recorded a negative Government fiscal balance. There was an average fiscal deficit of 3.5 percent of gross domestic product (GDP) over the past 34 years to 2024, although the fiscus registered a surplus from 2006/7 to 2009/10. During the 1990s, Namibia recorded lower deficits, ranging between 1.0 percent and 5.1 percent of GDP, with an average of 2.9 percent.

Namibia recorded its first budget surplus in the mid-2000s. Despite recording a negative budget balance for most of the time after Independence, Namibia recorded its first surplus in the mid-2000s. The highest surplus at 4.3 percent of GDP was recorded in the 2006/7 fiscal year and the lowest of 0.9 percent was reported the following fiscal year. The surpluses were recorded on the back of strong economic growth attributable to strong demand and gains in global commodity prices, improved revenue collection, and moderate capital expenditure during the period 2006/7 to 2007/08.

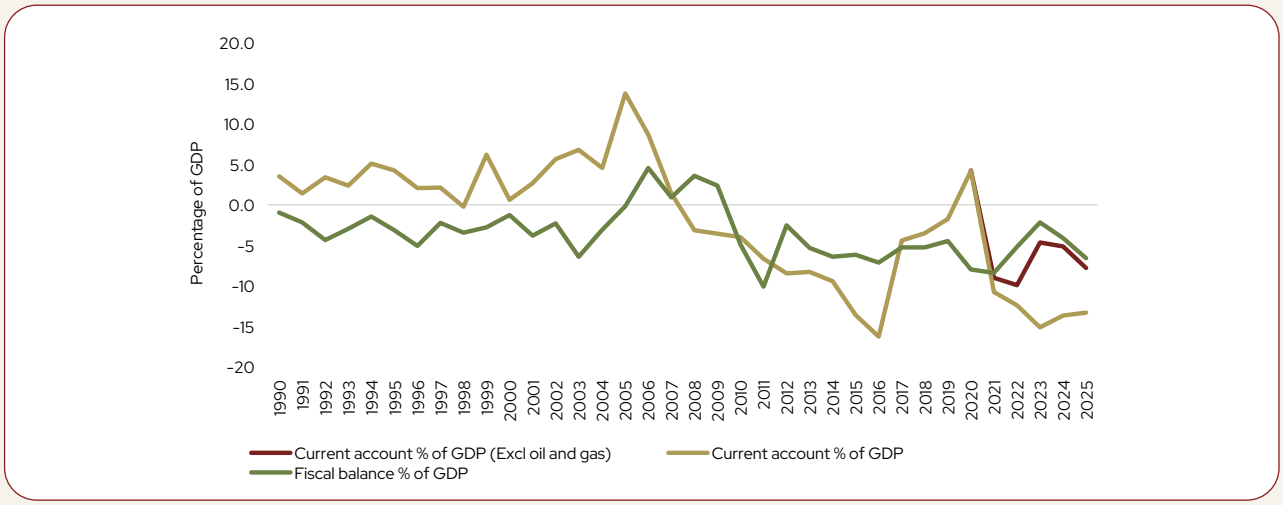
The period between 2010 and 2016 registered large fiscal deficits, including the largest on record. During this time, the deficit widened sharply to an average of 5 percent of GDP, with the highest deficit recorded in 2011/2, namely 10.1 percent of GDP. Such widening emanated from expanding Government priorities, commodity price declines and slower economic growth, culminating in significant Government spending to stimulate the stagnant economy amid revenue challenges. During this period, the Government introduced the Targeted Intervention Programme for Employment and Economic Growth (TIPEEG) to induce economic growth through capital projects. Simultaneously, Government debt escalated significantly.

From 2017 to 2019, Namibia reined in the magnitude of the fiscal deficit through fiscal consolidation. Government revenue was subdued over this period alongside weak economic growth and the drought of 2019. Nevertheless, strict expenditure control brought the deficit down to 4.5 percent of GDP, with Government mindful of the need to stem the rapid rises in public debt and debt service costs.

From 2020 to 2022, Namibia's fiscal deficit as a percentage of GDP widened again in the face of strong economic headwinds. During that period, Namibia faced a multitude of challenges, most notably the impact of the COVID-19 pandemic and its aftermath, which necessitated increased Government expenditure. At the same time, real GDP contracted and revenue fell back significantly, culminating in a budget deficit as high as 8.4 percent of GDP. A decline in revenue from SACU and the fallout from the Russia–Ukraine war brought about further setbacks to the fiscal situation, eroding the moderate gains previously made through the Government's previous fiscal consolidation efforts.

From 2023 onward, the budget shortfall remained high but moderated notably. The fiscal deficit narrowed to an average of 3.8 percent of GDP between 2023 and 2025, attributed to Government continuing to consolidate the fiscus (TC3 Figure 1). Nevertheless, the deficit widened again to more than 6 percent of GDP in 2025 on account of a surge in expenditure alongside weak revenue, inter alia reflecting low revenue from SACU and the diamond mining sector.

Theme Chapter 3 Figure 1: Current account balance and fiscal balance as a percentage of gross domestic product (GDP) - Namibia



On the other hand, Namibia registered uninterrupted current account surpluses from 1990 until 2007, supported by a limited trade deficit and healthy SACU receipts. The current account remained in surplus, driven by a strong rise in the export value of primary commodities, especially diamonds and beef. Manufactured exports, which consisted mainly of fish products, aided the surplus. The small trade deficit owed itself to favourable international commodity prices during the given period, as the international uranium price peaked at US$99.24 per pound in 2007. Moreover, robust global demand contributed equally to increased earnings for minerals, beef and fish.

Following the global recession of 2008/09, Namibia's current account recorded persistent large deficits which averaged N$4.8 billion between 2008 and 2019. Most were due to the widening merchandise trade deficit, given a substantial increase in the demand for imports on the back of expansionary fiscal and monetary policies. Accordingly, a rise in Government expenditure coupled with tax relief in 2013 boosted domestic spending and imports. The policy mix also led to a rise in private sector credit extension, particularly instalment sale credit. Greater credit extension in turn boosted the demand for imports, especially for vehicles and household goods. Moreover, the construction of large new mines financed through foreign direct investment contributed to the widening merchandise trade deficit as construction required imported capital and intermediate goods and construction worker salaries and wages were also used to acquire consumer goods and services, some with a high import content.

In 2020, Namibia's current account registered a short-lived N$3.4 billion surplus, given a reduced merchandise trade deficit and increased secondary income inflows. This resulted from a COVID-19-related decrease in import payments and a consequently reduced merchandise trade deficit, as well as an improvement in the secondary income account brought on by a rise in SACU receipts in 2020.

From 2021, the pattern of large current account deficits was resumed. The merchandise trade deficit deteriorated notably during 2021, with the current account recording a deficit of N$16.5 billion. This emanated from a widening merchandise trade deficit that reflected a significant rise in import payments due to easing COVID-19 restrictions, while export receipts grew at a slower pace. In addition, the surplus on the secondary income account fell, mainly ascribed to lower SACU receipts. Subsequently, rapid increases in Government spending supported a further rise in imports in 2024. The current account deficit expanded to N$37.6 billion as a result, due to higher import payments and slightly lower export earnings during the given period. Furthermore, import payments were bolstered by those for oil exploration services. Such payments continued to be made by foreign oil majors, so a drawdown of Namibia's official international reserves was not required. As a ratio of GDP, the current account deficit fluctuated around 15 percent. However, as a ratio of GDP, imports excluding hydrocarbon exploration and appraisal-related transactions widened to 5.0 percent in 2024, largely reflecting the decrease in exports, particularly diamond exports, coupled with an increase in the import bill. As shown in the accompanying figure, it widened somewhat further in 2025.

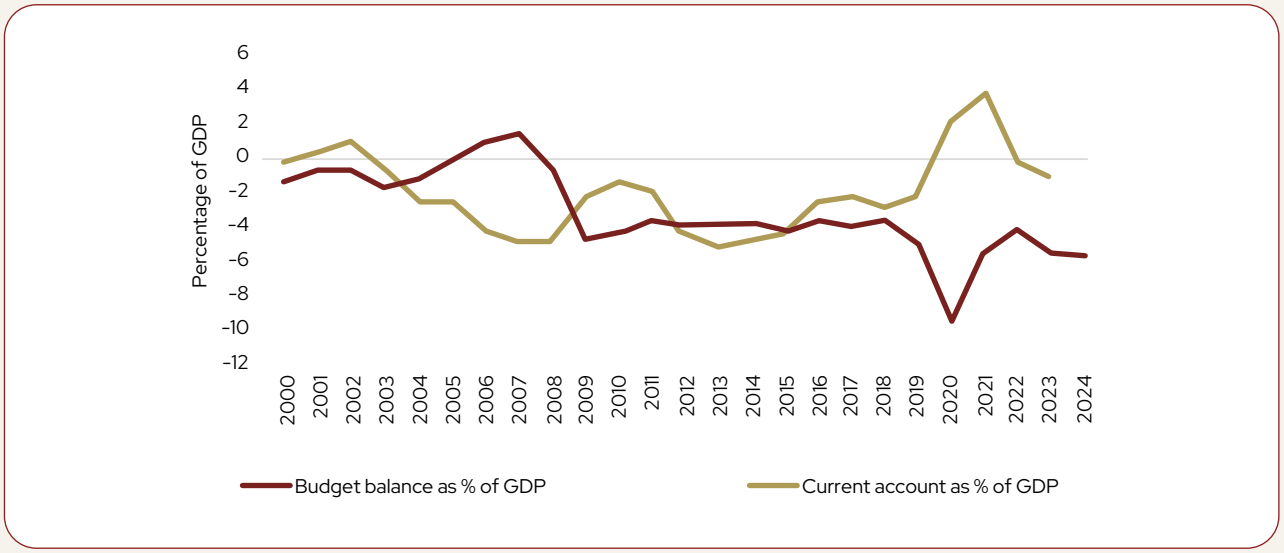
Twin deficits: Regional Comparison

Due to the high degree of geographical closeness, similarity in their economies' structures, and level of integration among SACU member states, this subsection provides a comparative analysis of the existence of the twin deficits in Namibia's sister SACU countries - South Africa, Botswana, Lesotho, and Eswatini. Several external factors that affect each of these economies are similar in nature, such as all having reliance upon commodity exports; being highly susceptible to global economic shocks; and high levels of trade interdependency (particularly Namibia's significant trade interdependence with South Africa). The comparison is also extended to Sub-Sahara Africa as a whole.

South Africa

In general, South Africa recorded deficits for both the fiscal and current account balance for the period 1990 to 2024. Since 2000, South Africa has recorded mixed evidence of the Twin Deficits Hypothesis holding. That is, some periods witnessed convergence between the two variables, with a deterioration in both balances; in other periods, the two balances diverged at a fast rate, indicating an insignificant relationship. From 2000 through to 2008, South Africa maintained a relatively conservative fiscal policy, even briefly recording budget surpluses at 0.8 percent and 1.2 percent for 2006 and 2007, respectively (TC3 Figure 2).

Theme Chapter 3 Figure 2: Current account balance and fiscal balance as a percentage of gross domestic product (GDP) – South Africa



Source: International Monetary Fund

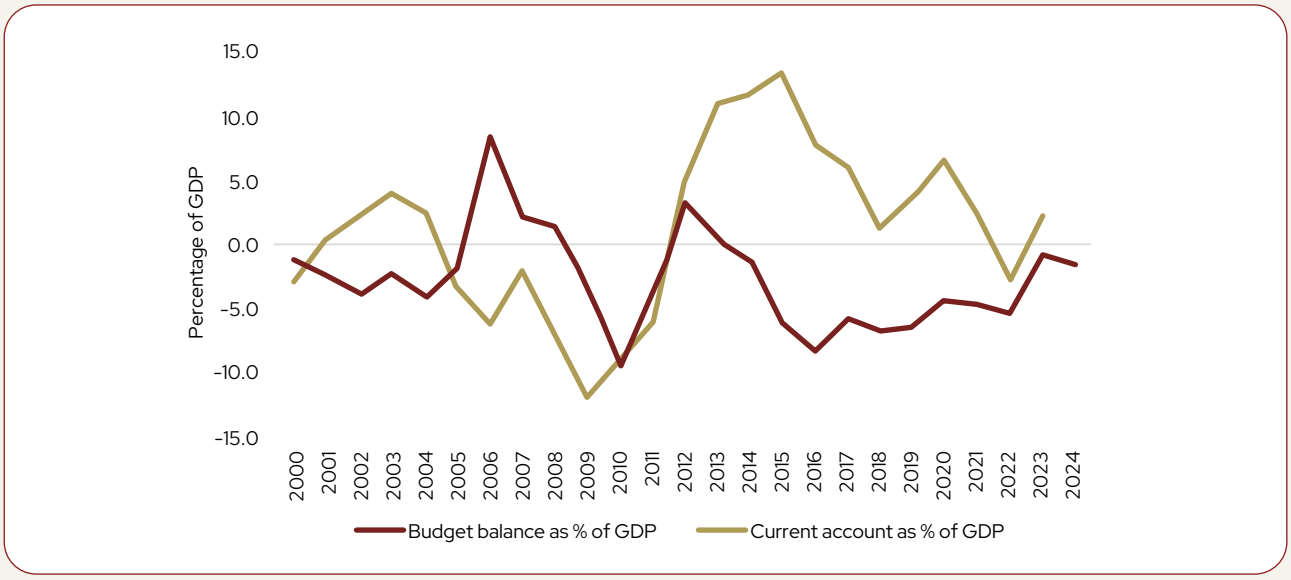
From 2008 onward, South Africa adopted an expansionary fiscal policy to support the recovery of its domestic economy. As a result, the budget deficit widened to 4.6 percent of GDP in 2009, after which it maintained an average of 3.7 percent until 2019. Conversely, during the period 2008 to 2019, the current account deficit remained elevated but closer to the fiscal deficit averaging 3.4 percent of GDP. The data between year 2008 and year 2019 provides evidence to support the Twin Deficits Hypothesis for South Africa.

During the period 2020 and beyond, the presence of the twin deficits faded due to the divergence of the two balances. In this regard, the fiscal deficit widened to an all-time high of 9.6 percent of GDP in 2020, which was attributable to emergency spending and a decline in tax revenue due to the COVID-19 pandemic. Meanwhile, the current account balance improved significantly from 2019 to 2022, recording its highest surplus 3.7 percent of GDP in 2021, largely driven by high commodity exports and reduced imports during the pandemic.

Eswatini

Since 2000, Eswatini recorded generally moderate fiscal deficits at an average of 2.6 percent of GDP, reflecting a continuous expansionary fiscal policy (Simson 2023). Over the intervening years to date, the fiscal deficit has fluctuated, with the lowest level of 0.6 percent recorded in 2000 and the highest of 9.0 percent in 2010. In addition, Eswatini registered consecutive years of budget surplus, namely of 8.6 percent, 2.4 percent and 1.6 percent of GDP in 2006, 2007 and 2008, respectively. Further surpluses were registered in 2012 (5.2 percent of GDP) and 2013 (0.6 percent of GDP) (TC3 Figure 3). Although the deficit has been relatively high from 2015 to the early 2020s, it has been narrowing consistently, having levelled out at 8.6 percent of GDP in 2016 and dropping to 1.3 percent in 2024 thanks to SACU receipts (IMF 2024).

Theme Chapter 3 Figure 3: Current account balance and fiscal balance as a percentage of gross domestic product (GDP) – Eswatini



Source: International Monetary Fund

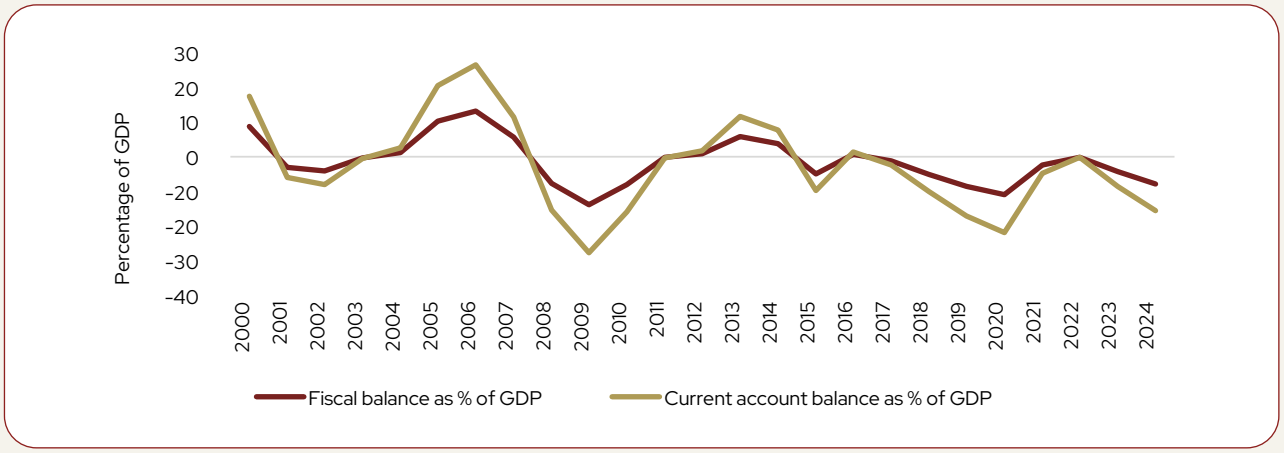
Between 2000 and 2011, the current account balance recorded an average deficit of 3.2 percent of GDP, with the highest at 11.9 percent. These percentages reflect a reliance on external financing and high imports. Also, during the stated period, the budget deficit averaged 1.5 percent of GDP, while the current account deficit averaged 3.2 percent of GDP, indicating evidence of the Twin Deficits Hypothesis being borne out.

From 2012 onward, the situation changed with the current account balance recording consecutive years of surpluses. The surplus averaged 5.9 percent of GDP, with the highest being 13.5 percent recorded in 2015. Conversely, although the fiscal balance briefly recorded consecutive surpluses of 5.2 and 0.6 percent of GDP for 2012 and 2013, respectively, the balance slipped and remained in deficit for the remainder of the period. The gains in the current account were attributed to strong exports, mostly of sugar, but also to substantial transfers from SACU.

Botswana

Botswana boasts significant diamond export earnings that anchor performance in the balance of payments. Since 2000, Botswana has mostly recorded extended current account surpluses owing to diamond exports and SACU revenues. Diamond sales favoured Botswana until the 2008 global financial crisis. After that, the weak diamond market in 2011 and the COVID-19 pandemic period interrupted sales. However, given a healthy accumulation of foreign exchange reserves over time, these impacts were largely cushioned. Budget surpluses were therefore recorded in the early 2000s, given increased diamond revenue, before the 2008 global financial crisis and later COVID-19 and a bloated public sector wage bill brought about deterioration (TC3 Figure 4).

Theme Chapter 3 Figure 4: Current account balance and fiscal balance as a percentage of gross domestic product (GDP) – Botswana

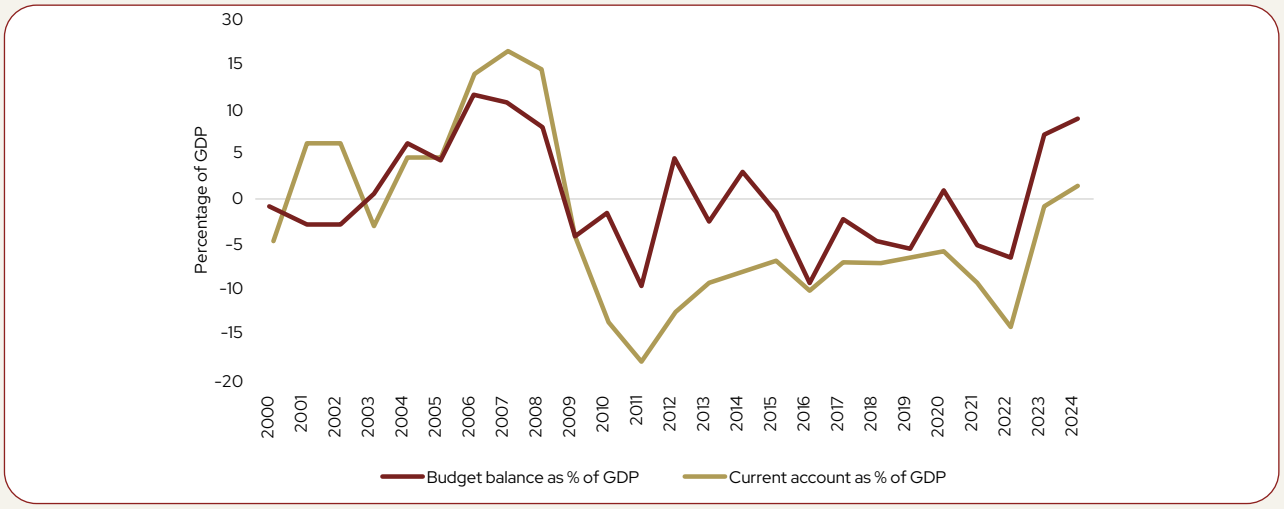


Source: World Bank Group and International Monetary Fund

Lesotho

Lesotho's economy relies on government-led projects, textiles and diamond exports, remittances, and SACU revenues. Lesotho recorded its fifth consecutive fiscal surplus in 2007/08 (the highest among the SACU countries). Despite a marked increase in development spending, this performance reflected higher-than-budgeted SACU receipts, bolstered by buoyant growth in value-added tax and double-digit growth in income taxes, and underspending of both recurrent and development expenditure. Notably, the current account also registered sizable surpluses, reflecting high SACU revenues, workers' remittances, and exports of textiles and diamonds. Moreover, Lesotho's ability to conduct independent fiscal policy remains constrained, as its budget heavily relies on SACU revenues and the volatility of SACU revenues continues to pose a significant risk to fiscal stability. Lesotho's external position remains vulnerable with persistent current account deficits and reliance on external financial flows (TC3 Figure 5). However, most recently both the fiscal and current account balances have switched to surpluses, projecting a notable improvement in the country's robustness.

Theme Chapter 3 Figure 5: Current account balance and fiscal balance as a percentage of gross domestic product (GDP) –Lesotho



Source: World Bank Group and International Monetary Fund

Sub-Sahara Africa

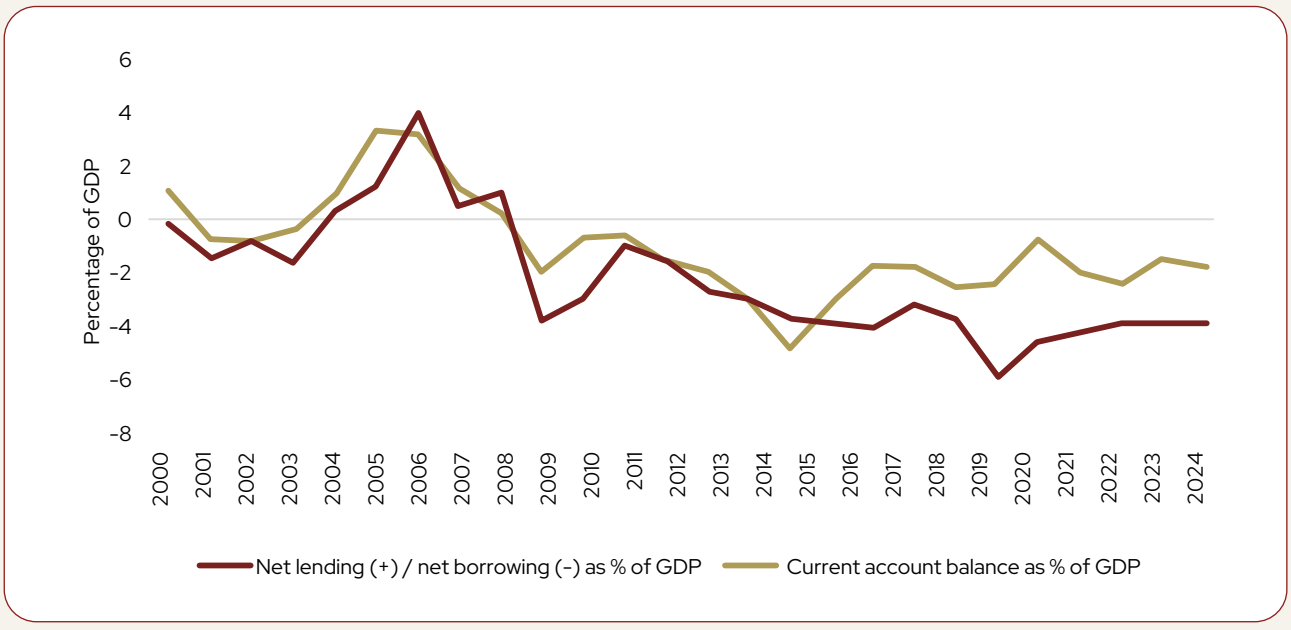
In Sub-Sahara Africa (SSA), the combined effects of external shocks, debt dynamics, fiscal policy expansion, and commodity price cycles account for the evolution of twin deficits. Since 2000, the fiscal and current account positions of Sub-Saharan African countries have been characterized by persistent and varying current account and fiscal deficits, which have been affected by both domestic and external factors.

During the period 2004 to 2008, SSA observed a surplus for both fiscal and current account balances, with an average of 1.4 percent and 1.8 percent respectively. This is attributable to the fact that many developing countries benefited from the debt relief initiatives, improved macroeconomic management, and strong commodity prices, which supported fiscal consolidation and helped narrow external imbalances.

However, from 2009 both the external current account and fiscal balance deteriorated considerably. The deficits emanated from rising public expenditure, particularly on infrastructure and social programs, combined with declining commodity prices in the global market, which led to widening fiscal deficits (increased borrowing needs) and external financing gaps as well as increased import demand, thereby expanding current account deficits.

Many developing economies struggled to recover after the global financial crisis of 2009, and the impact could be felt even beyond 2013. Both the current account balance and fiscal balance remained in deficit since 2009. The situation was made worse by the effects of the COVID-19 pandemic, global inflation, and tighter global financial conditions by prompting governments to increase government spending to stimulate economic activity. In addition, current account balances remained wide due to various headwinds to exports and a strong propensity to import, reinforced by declining real prices of manufactured imports and habit-forming in expenditure and import behaviour. Nevertheless, deficits have narrowed from time to time due to stronger efforts at tightening fiscal balances, enhanced government revenue collection, and favourable conditions for exporting in resource-rich economies (TC3 Figure 6).

Theme Chapter 3 Figure 6: Current account balance and fiscal balance as a percentage of gross domestic product (GDP) –Sub – Sahara Africa



Source: World Bank Group and International Monetary Fund

Prospects for Namibia's twin deficits

In the near term, Namibia is likely to continue recording large twin deficits. The 2026/7 Budget provides for a fiscal deficit of 5.5 percent of GDP as weakish revenue continues to fall short of expenditure by a significant margin. Tight control over expenditure (with nominal outlays rising by less than projected inflation) has been factored in for 2027/8 and 2028/9, together with improved revenue as the economic recovery continues and SACU revenue picks up. The fiscal consolidation path being pursued is designed to gradually reduce the fiscal deficit to 3.3 percent of GDP by 2028/29. However, government expenditure in excess of revenue will continue to exert upward pressure on imports, both directly through public procurement of foreign-produced goods and services and indirectly, as public sector wages and social transfers translate into consumption of goods with often a significant import content. This import leakage effect will continue to sustain a relatively large current account deficit, notwithstanding the mitigating influence of strong export receipts from minerals such as gold and uranium, as well as potentially higher Southern African Customs Union (SACU) revenues, which are expected to partially narrow both the fiscal and external imbalances.

The external current account deficit may widen in the medium term, driven by capital spending. The drive to develop the production of oil and gas and of green hydrogen involves potentially massive expenditure on goods and services with a high import content. In the medium term, this investment spending – currently still dependent on final investment decisions – is likely to boost imports and widen the overall current account deficit significantly. Notably, however, such imports will be financed through foreign direct investment inflows. Foreign energy companies are expected to finance a significant share of the required capital expenditure, thereby limiting pressure on Namibia's stock of foreign exchange reserves. As a result, the anticipated widening of the current account deficit over the medium term is not necessarily a source of macroeconomic concern, as it will largely reflect investment-driven import demand associated with resource development rather than structural external imbalances.

Should diversification into green hydrogen, oil and gas succeed, the twin deficits could switch into surpluses in the long run. Assuming the production of green hydrogen, oil and gas commences, the twin deficits will narrow and even be converted to surpluses as exports of these products buoy receipts on the current account and simultaneously boost Government revenue from taxes, royalties and dividends. Moreover, the mechanism created through the Welwitschia Sovereign Wealth Fund will ensure that a significant part of those revenues is saved for the future rather than being immediately spent by the Government.

This positive scenario is, however, not yet assured. Setting macroeconomic policy as if it were, would be irresponsible; living within its means is the only sustainable solution for any country.

Conclusion

Namibia's current account balance is broadly aligned with a majority of the countries covered in the empirical analysis above, and is significantly influenced by SACU revenue transfers, mining exports and large import requirements. Large capital imports for capital projects have historically widened the current account deficit. However, such imports are for development purposes and are investment- rather than consumption-driven deficits, which are of less concern from a macroeconomic sustainability perspective. Therefore, Namibia does not currently face a severe twin deficits crisis. Nonetheless, if left unaddressed, the combination of persistent fiscal deficits and external shocks could expose Namibia and increase its vulnerability to such negative impacts. Looking ahead, emerging sectors such as oil and gas as well as green hydrogen could significantly increase export revenue once production starts, thereby strengthening the current account, creating much-needed fiscal space and improving Namibia's twin deficits outlook.





7. POLICY RECOMMENDATIONS

To address its persistent twin deficits position, Namibia requires a coordinated policy mix that reduces domestic absorption (spending) while boosting national saving and competitiveness. A coordinated strategy focused on growth-friendly fiscal consolidation, debt stabilisation and debt diversification would be critical, therefore. Such a strategy would include the following objectives:

- **Eliminate wastage and improve revenue to improve fiscal metrics and support Namibia's external position:** This would reduce the budget deficit through the targeted elimination of inefficient expenditure while increasing revenue to support the country's external position.
- **Adopt e-services in public institutions to minimise resource wastage:** Efforts towards improving the efficiency of public expenditure should be intensified to eliminate any potential resource wastage. Enhanced efficiency would allow for the rechannelling of funds to more productive sectors of the economy and would help restore fiscal space. One way to improve efficiency in the public sector is to adopt e-services in public institutions.
- **Close existing loopholes in various sectors of the economy that allow for illicit financial flows, while continuing with fiscal consolidation:** A multi-phased approach is essential. Thus, Namibia should continue with fiscal consolidation and improve revenue collection from new avenues by improving laws and clamping down on illicit financial flows.
- **Substitute some of the imports:** Namibia continues to be a net importer of goods and services. This is despite Namibia having the potential to produce some of the imported goods and services itself.
- **Diversify exports beyond primary products by allowing for local value addition to export finished goods instead:** Namibia's export basket is heavily concentrated in raw minerals, particularly copper, diamonds, gold and uranium. Therefore, Namibia is highly exposed to fluctuations in commodity prices in the global market. Adding value to Namibia's minerals will significantly minimise its exposure to external shocks in the global market.
- **Implement an Economy Diversification Strategy to enhance Namibia's competitiveness, particularly in line with the emerging industries:** This would entail reducing regulatory red tape in the business environment to attract foreign direct investment, which could finance the current account deficit more sustainably than borrowing does.
- **In general, exercise restraint in Government expenditure.** A conservative path for Government expenditure does not only feed into improved fiscal metrics, but also into containment of imports, the current account deficit and external debt.



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BANKING SUPERVISION

PART C

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INTRODUCTION

The number of licensed banking institutions remained the same during the year under review. The banking sector comprised six fully-fledged commercial banks, of which four were classified as domestic systemically important banks (DSIBs) and the remaining two as second-tier banks. The sector also included one branch of a foreign banking institution and one representative office, completing the list of authorised institutions. Provisional banking licenses issued remained at two during the year, granted to Cadance Building Society and Access Bank Namibia (Pty) Limited.

To support stability and confidence in the banking sector, the Bank conducted targeted on-site examinations focused on credit and operational risk management. Credit risk reviews assessed policy adequacy, risk-based approvals, non-performing assets, and IFRS 9 model robustness, while operational risk reviews focused on fraud risk management and control environments. Overall, the assessments revealed areas of improvement in credit governance, loan classification practices, credit administration, and IFRS 9 model design and controls. Digital fraud risk evaluations also highlighted areas for improvement in fraud risk management frameworks and control execution, underscoring the need for strengthened oversight and remediation across institutions. In addition, the Bank hosted the Capricorn Group Supervisory College to enhance understanding of the group's risk profile and promote consistent cross-border supervision and also participated in the supervisory colleges of foreign banking groups present in Namibia to ensure effective cross-border supervision.

To ensure banking regulations remain relevant and robust, the Bank revised its regulatory framework, existing Determinations and also issued a new policy guideline during the year. During the period under review, the Bank finalised the Smart Regulation Framework, which introduced a principles-based and proportionate approach to regulation. The Bank also made amendments to capital charge requirements for securitisation schemes under the Determination on Measurement and Calculation of Capital Charges for Credit Risk, Operational Risk and Market Risk for Domestic Systemically Important Banks (BID-5A). The Bank further revised and gazetted the Determination on the Fit and Proper Test for Substantial and Prospective Substantial Shareholders and Beneficial Owners of Banking Institutions, Microfinance Banking Institutions and Controlling Companies (BID-23). In addition, the Bank introduced the Guidelines on Climate-Related Financial Risk and Disclosure Requirements, which set out principles for managing climate-related financial risks and related reporting obligations.

PERFORMANCE OF THE BANKING SECTOR

The banking sector remained well-capitalised, profitable, and liquid, therefore demonstrating resilience. During the period under review, capital buffers remained ample, with the Total Eligible Capital Ratio (TECR) at 17.3 percent, well above the statutory minimum of 12.5 percent. Profitability was strong, reflected in a Return on Equity (ROE) of 19.6 percent and a Return on Assets (ROA) of 2.5 percent. Asset quality improved, with the Non-Performing Loans (NPL) ratio declining to 4.3 percent from 5.6 percent in 2024, supported by effective credit risk management and loan recoveries. Provisioning levels remained adequate and fully compliant with regulatory requirements. The banking sector demonstrated ample Liquidity, with the Liquidity Coverage Ratio (LCR) and Net Stable Funding Ratio (NSFR) at 145.6 percent and 116.5 percent, respectively, both well above the transitional minimum of 85.0 percent.

Market share analysis

The market share distribution within the banking industry remained highly concentrated among the DSIBs. The four DSIBs comprised 97.3 percent of industry total assets, 97.2 percent of total loans and advances and 98.6 percent of total deposits. The remaining portion of the market share was distributed among the three non-DSIBs.

Table C.1: Market share

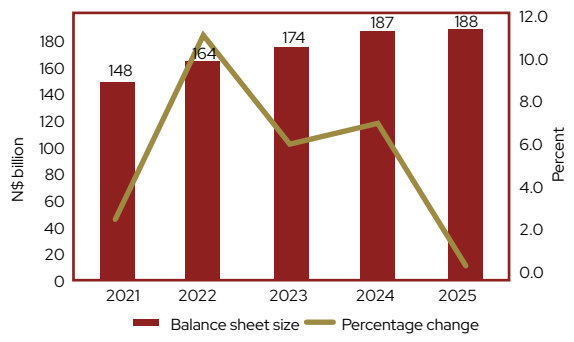
Market share	DSIBs (%)	Non-DSIBs (%)	TOTAL (%)
Total Assets	97.3	2.7	**100.0**
Total Loans & Advances	97.2	2.8	**100.0**
Deposit	98.6	1.4	**100.0**
Net Income After Tax	100.3	-0.3	**100.0**
Total Qualifying Capital	95.2	4.8	**100.0**

*** DSIB = Domestic systemically important bank**

Balance sheet structure

The banking sector's balance sheet recorded slower nominal growth compared with the 2024 financial year. Total assets increased by 0.7 percent to N$188.0 billion, a significantly lower percentage growth compared with the growth of 7.1% observed in 2024. (Figure C.1). The expansion in the balance sheet was primarily driven by growth in net loans and advances, short-term negotiable securities, trading and investments portfolio, and fixed assets. In contrast, this growth was offset by a significant decrease in cash and balances with banks.

Figure C.1: Aggregated balance sheet



Asset structure

The balance sheet growth during the 2025 financial year was primarily driven by an expansion in net loans and advances, which remains the core activity of the banking sector. Net loans and advances increased by N$11.5 billion to N$125.4 billion during the 2025 financial year. Growth was mainly driven by fixed-term loans, which rose by N$7.5 billion to N$29.3 billion, and instalment sales, which increased by N$2.6 billion to N$16.8 billion. Personal loans and loans to non-banks repayable in foreign currencies also recorded growth of N$700.6 million and N$365.7 million, to reach N$10.5 billion and N$794.4 million, respectively. The growth in other loan categories, including overdrafts and commercial mortgage loans, was relatively modest during the period under review.

The balance sheet composition remained dominated by net loans and advances[7], consistent with preceding years. Net loans and advances accounted for 66.7 percent of total assets, up from 61.3 percent in 2024, followed by short-term negotiable instruments at 15.6 percent, an increase from 14.9 percent in the previous year. The remaining asset categories comprised cash and balances with banks at 9.5 percent, trading and investment portfolio at 5.3 percent, fixed assets at 1.6 percent, and other assets at 1.3 percent.

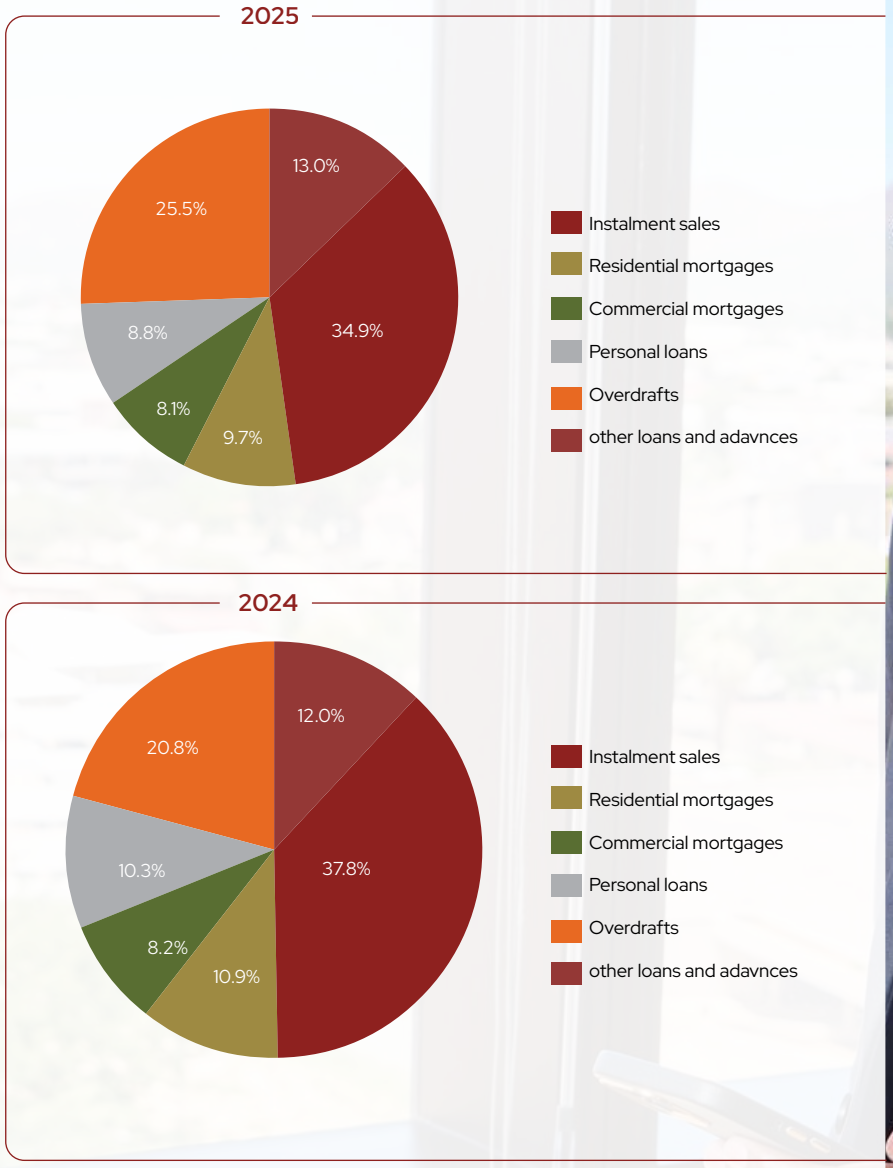
Banking sector credit extension[8] improved in 2025 compared with the previous year and continued to be dominated by residential mortgage loans. Residential mortgages accounted for 34.9 percent of the total credit, a decrease from 38.7 percent recorded in 2024. Other loans and advances represented the second largest category at 25.5 percent, up from 19.9 percent in 2024, followed by instalment sales at 13.0 percent. The remaining share of credit was distributed among commercial mortgages, overdrafts and personal loans with 9.7 percent, 8.8 percent and 8.1 percent, respectively (Figure C.2).

Net loans and advances increased by **N$11.5 billion** to **N$125.4 billion** **in 2025**

[7] Net loans and advances refer to the total amount of loans and advances less specific provisions, general provisions, and interest in suspense.
[8] The banking sector credit extension only includes credit extended by commercial banks and excludes microlenders, Agribank and the Development Bank of Namibia.

Figure C.2 Composition Of Loans And Advances

Residential mortgages, other loans and advances, and instalment sales comprised the majority of the loans and advances in 2025.



Ownership and asset base of commercial banks

The Namibian banking sector comprised of four DSIBs, with the majority of the DSIBs foreign owned. The banking sector was largely dominated by foreign-owned banks, with three of the DSIBs being subsidiaries of South African banking groups and the remaining one fully locally owned. The three Tier-2 banks were also foreign-owned, with parent institutions based in Angola, Portugal, and Botswana. Consequently, the banking industry's total asset base was predominantly held by foreign-owned banking institutions (TABLE C.2).

Banking institution	Total assets N$'000	Share of the industry's total assets (%)
Foreign-owned banking institutions	133,683,251	71.1
Local-owned banking institutions	54,311,090	28.9
Total	187,994,341	100.0

The subsidiaries of South African banking institutions remained dominant, accounting for 68.4 percent of the banking industry's total asset base. The locally owned bank represented 28.9 percent of total assets, while the remaining 2.7 percent comprised of Tier-2 banks, owned by banks from Angola and Portugal, as well as by a financial services company from Botswana.

Funding Structure

The banking sector's total funding base recorded positive growth in 2025 despite being lower than the growth recorded in 2024 and remained dominated by non-bank funding. During the 2025 financial year, total funding increased by N$1.3 billion to N$188.0 billion, largely driven by growth in non-bank funding of N$2.3 billion to N$147.2 billion, mainly due to higher demand deposits. Other liabilities also registered a significant increase of N$2.0 billion to amount to N$7.5 billion, followed by capital and reserves, which increased by N$1.7 billion to N$24.6 billion during the period under review. In contrast, bank funding and debt instruments recorded a decrease of N$4.0 billion to stand at N$2.9 billion, and N$694.5 thousand to stand at N$4.2 billion, respectively, therefore offsetting the significant growth observed in other elements of total funding. Regarding the composition of total funding, non-bank funding accounted for 78.3 percent, up from 77.6 percent in 2024. Capital and reserves represented 13.1 percent, while other liabilities comprised 4.0 percent. Bank funding and debt instruments made up the remaining shares at 2.4 percent and 2.2 percent, respectively (Figure C.3).

Non-bank funding, capital and reserves were the primary sources of funding in the banking sector during 2025.

Figure C.3: Funding structure

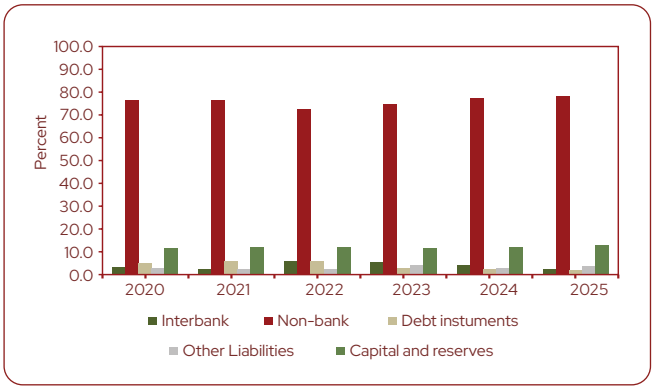
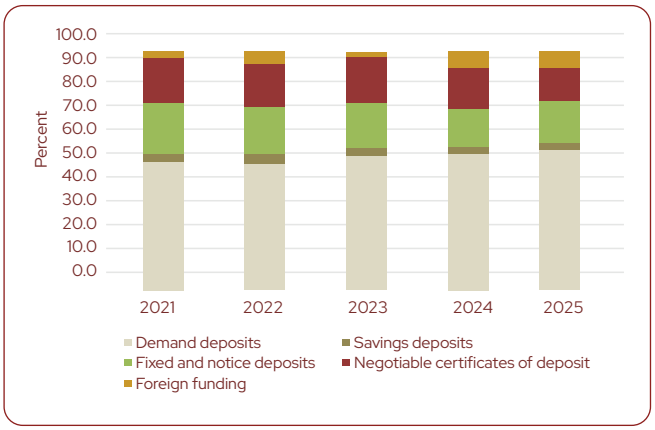


Figure C.4: Composition of non-bank deposits



The composition of non-bank deposits continued to be denominated by demand deposits and fixed-term deposits. Demand deposits accounted for 58.9 percent of total non-bank deposits, a slight increase from the 57.7 percent recorded in 2024. Fixed and notice deposits represented the second-largest component at 17.9 percent, followed by short-term negotiable securities at 11.7 percent. The remaining share of non-bank deposits consisted of foreign funding and savings deposits, at 8.2 percent and 3.3 percent, respectively.

The composition of non-bank deposits

Demand deposits accounted for

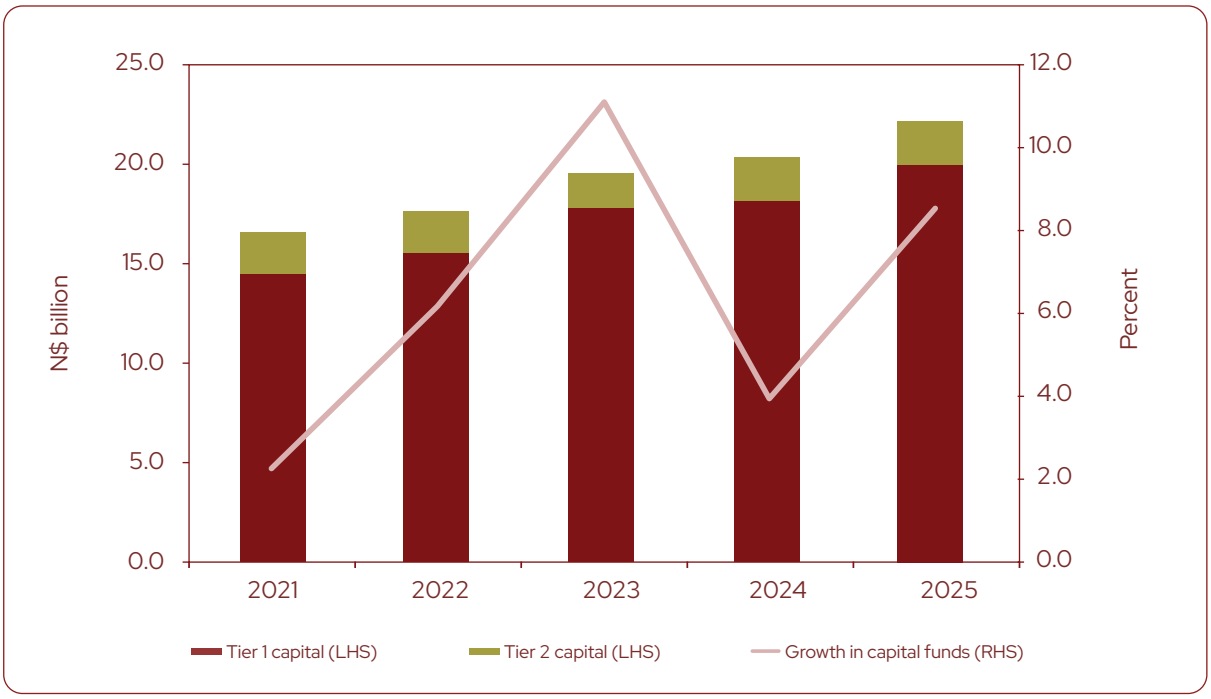
58.9%

of total non-bank deposits

CAPITAL ADEQUACY

The banking sector's capital remained adequate and well above the minimum regulatory requirements during 2025. DSIBs remained well capitalised under the Basel III framework, with all regulatory capital ratios exceeding statutory minimum requirements (Figure C.5a). The TECR increased marginally from 17.0 percent in 2024 to 17.3 percent in 2025, supported by higher retained earnings and accumulated other comprehensive income, and therefore remained well above the prudential minimum of 12.5 percent. The Common Equity Tier 1 (CET1) ratio also strengthened from 14.7 percent to 15.3 percent, comfortably exceeding the 10.0 percent minimum. In addition, the Leverage Ratio rose from 9.2 percent to 10.0 percent, remaining well above the regulatory minimum of 6.0 percent, underscoring the sector's resilience and capacity to absorb shocks.

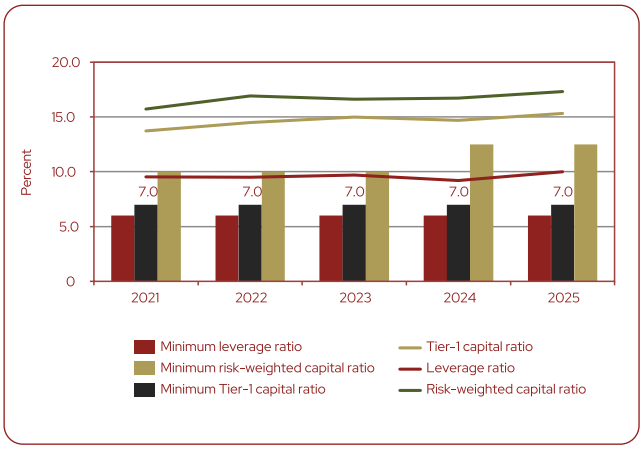
Figure C.5a: DSIBs elements of capital funds



*** DSIB = Domestic systemically important banks**

The increase in total eligible capital during 2025 was underpinned by stronger internal capital generation, supported mainly by higher retained earnings and a notable expansion in accumulated other comprehensive income. These developments drove a 9.8 percent rise in CET1 to N$20.0 billion, reinforcing CET1's position as the core component of regulatory capital (Figure C.6b). In contrast, Tier 2 capital declined moderately by 2.1 percent, reflecting the full phase-out of unaudited interim profits alongside a reduction in eligible loan-loss provisions. Despite this modest reduction in Tier 2, the increase in CET1 resulted in overall growth of 8.6 percent in total eligible capital, which rose from N$20.4 billion in 2024 to N$22.2 billion in 2025. With total capital expanding more rapidly than the 5.2 percent increase in risk-weighted assets, the total capital ratio improved further, strengthening the bank's loss-absorbing capacity.

Figure C.5b: Domestic systemically important banks' capital adequacy ratios



Non-DSIBs, which operate under the Basel II Capital Accord, also maintained adequate capital levels during 2025 despite the decline observed. Total qualifying capital for the non-DSIBs declined by N$163.6 million year-on-year to N$1.1 billion (Figure C.5c). This decrease was largely driven by a N$99.0 million reduction in Tier 2 capital, mainly attributable to a decline in eligible subordinated term debt at one institution. As a result, the total risk-weighted capital ratio fell markedly from 58.6 percent in 2024 to 29.4 percent in 2025, reflecting the same reduction in subordinated term debt. Despite the steeper decline, the ratio remained well above the regulatory minimum of 10.0 percent. Similarly, the Tier 1 capital ratio and Tier 1 leverage ratio remained strong at 27.8 percent and 20.8 percent, respectively, comfortably exceeding their minimum requirements of 7.0 percent and 6.0 percent.

Non-DSIBs

Total qualifying capital for the non-DSIBs declined by

N$163.6

million year-on-year to N$1.1 billion

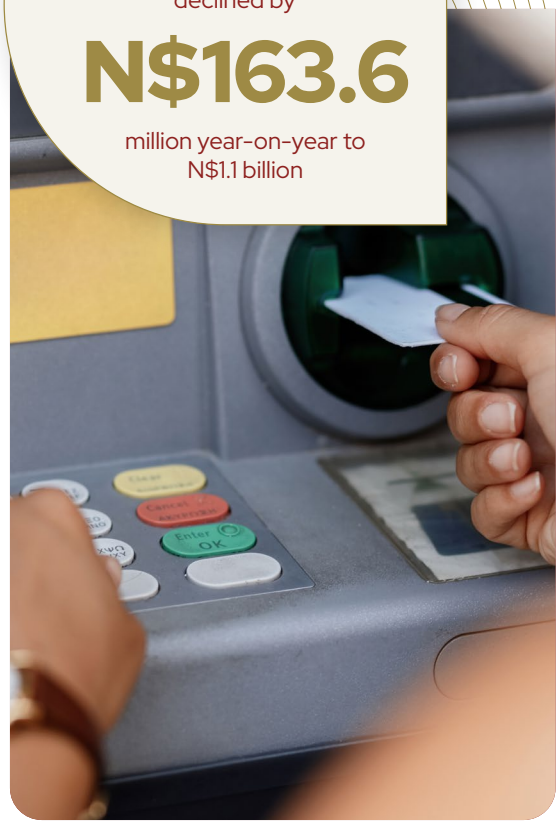


Figure C.5c: Non-DSIBs elements of capital funds

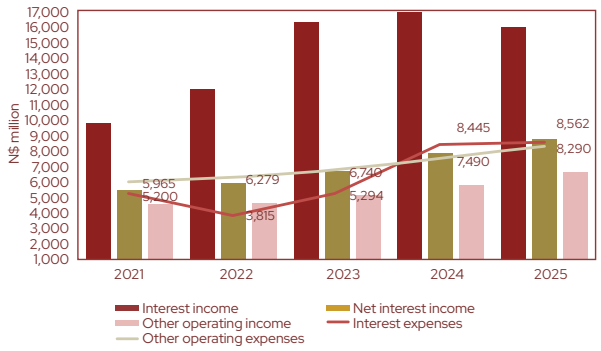


Profitability and earnings

Total income in the banking sector continued its upward trajectory, reflecting strengthened core earnings. Total income for the banking sector increased to N$15.9 billion in the period under review, representing a 9.7 percent rise from N$14.5 billion reported in 2024. This growth was supported by increases in both net interest income and non-interest income. Net interest income rose by 2.7 percent to N$9.0 billion, while operating (non-interest) income increased by 5.4 percent to N$6.9 billion, reflecting improved fee and trading income, supported by high transactional volumes.

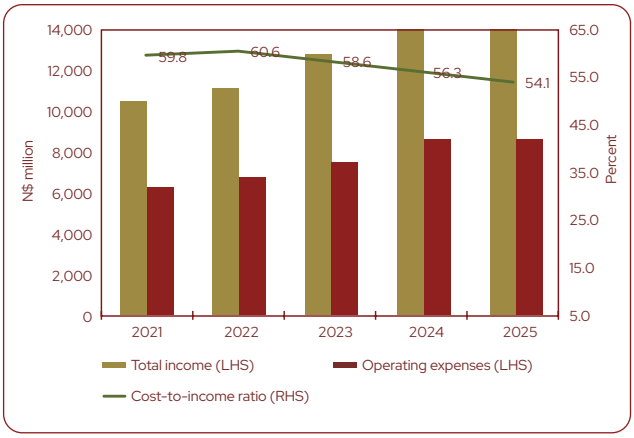
The banking sector's income composition continues to be dominated by net interest income, supported by strong contributions from key interest-earning and fee-based activities. Net interest income accounted for 56.3 percent of total income, largely driven by residential mortgages, fixed-term loans, and other interest-earning assets. Non-interest income accounted for the remaining 43.7 percent (N$6.9 billion), led by fee income of N$5.0 billion (31.3 percent), mainly from transaction fees and service charges. Net trading income contributed N$1.3 billion (8.1 percent), while other income and investment income amounted to N$537.4 million (3.4 percent) and N$146.7 million (0.9 percent), respectively.

Figure C.6a: Key income statement indicators



Operating expenses grew moderately during the period, largely driven by higher staff-related and administrative costs. Operating expenses slightly increased, mainly due to an increase in staff costs, and administration and overheads as institutions increase capacity. Operating expenses increased by 3.8 percent to N$8.6 billion in December 2025, aligning with inflation for 2025. The increase in operating expenses was primarily driven by a 7.0 percent increase in staff costs, a 3.3 percent increase in consultancy and management fees, a 2.4 percent increase in administration and overheads, and a 2.2 percent increase in depreciation and administration. As a result of the growth in total income outpacing the growth in operating expenses, the cost-to-income ratio improved from 57.2 percent in 2024 to 54.1 percent in 2025 (Figure C.5B), comfortably below the Bank's benchmark threshold of 65.0 percent.

Figure C.6b:
Efficiency indicators of the banking sector



The banking sector continued to record profits, surpassing those registered in the preceding year, mainly due to growth in net interest income and fee income. Net income after tax increased by 6.6 percent to N$4.7 billion. Reflecting the current period's improved performance, the sector's return on assets (ROA) remained stable at 2.5 percent, while the return on equity (ROE) edged down slightly to 19.6 percent from 20.3 percent in the previous year (TABLE C.3). Despite this moderation in the profitability ratios, profitability indicators remained robust and above their long-term historical averages, underscoring the sector's continued resilience and sustained operational efficiency.

Growth in net interest income and fee income

Net income after tax increased by

6.6%

to

N$4.7

billion.

Table C.3: Return on assets and return on equity

Description	2020	2021	2022	2023	2024	2025
Return on Assets (%)	1.3	1.7	1.9	2.1	2.5	2.5
Return on Equity (%)	10.9	13.9	16.2	18.4	20.3	19.6

The total number of bank branches and banking agencies continued to decline compared with the prior year. In 2025, the number of branches decreased marginally from 143 to 142. Banking agencies, which saw a marked reduction from 81 in 2022 to 53 in 2023 and then to 47 in 2024, experienced a further modest decrease to 43 in 2025 (Table C.4). The reduction in branches and banking agencies was mainly due to the increased adoption of electronic banking channels.

Table C.4: Bank branch network

Description	2020	2021	2022	2023	2024	2025
Branches	145	135	135	143	143	142
Agencies	84	85	81	53	47	43
Total	**229**	**220**	**216**	**196**	**190**	**185**

The employee headcount in the banking sector increased during the review period, reflecting the banking institutions' efforts to strengthen staffing in credit, collections, and digitisation functions. The industry reported a total of 6,807 employees in 2025, up from 6,665 in 2024. Permanent staff increased from 6,042 to 6,168, while the number of temporary personnel increased from 623 to 639 due to the ongoing digital transformation initiatives and increased credit monitoring and collections (Table C.5).

Table C.5: Bank staff complements

Description	2020	2021	2022	2023	2024	2025
Permanent personnel	6 144	5 915	5 693	5 857	6 042	6 168
Temporary personnel	215	310	434	563	623	639
Total	**6 359**	**6 225**	**6 127**	**6 420**	**6 665**	**6 807**

Bank branches and Banking agencies

Number of branches decreased marginally from

143

to

142

which saw a marked reduction from 81 in 2022

The Industry reported a total of

6,807

employees in 2025



CREDIT RISK

Analysis of non-performing loans

Non-performing loans (NPLs) declined over the period under review, indicating improvement in the ability of households and businesses to meet their debt obligations due to easing economic pressures and continued efforts by banking institutions to manage credit risk. The total value of NPLs declined by 15.5 percent to N$5.6 billion from N$6.6 billion in 2024, reflecting the easing economic conditions, such as lower inflationary pressure and the downward trend of the repo rate. The downward trend in NPLs was evident in the other loans, mortgages, overdrafts and instalment sales and leases categories, as these categories recorded decreases in NPLs of N$1.9 billion, N$637.3 million, N$222.4 million, and N$84.2 million, respectively. In contrast, the credit cards and personal loans categories recorded an increase in NPLs of N$1.5 billion and N$339.5 million, respectively, partially offsetting the decrease noted in other loan products.

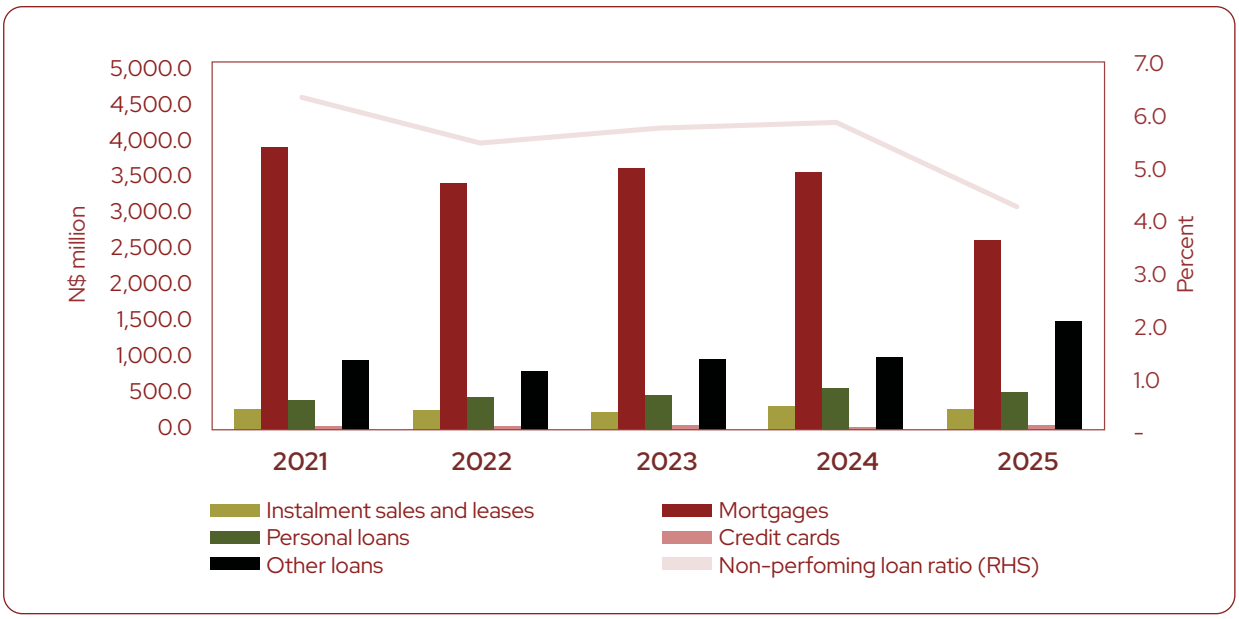
The banking sector's NPL ratio improved significantly, reflecting the improvement observed in asset quality. The sector's NPL ratio improved from 5.6 percent in 2024 to 4.3 percent in 2025 (Figure C.6), reflecting a positive trend in the banking sector's asset quality. This enhancement was attributed to a decline in non-performing loans (NPLs) combined with an 8.8 percent increase in the total loan portfolio, which amounted to N$129.4 billion. The overdue loans decreased by N$1.5 billion to N$8.0 billion in 2025. This net reduction in total overdue loans aligns with the overall improvement in asset quality and the NPL ratio decline. The movements across the ageing buckets were mixed. The 1-to-2-month ageing bucket increased by N$392.8 million to N$1.2 billion, representing the only notable rise in early-stage arrears and now accounting for 0.9 percent of gross exposures. The 6-to-12-month bucket showed only a marginal increase of N$18.8 million to N$939.8 billion. In contrast, improvements were observed in the rest of the categories: the 2-to-3-month bucket declined by N$823.7 million to N$1.2 billion, the 3-to-6-month segment fell by N$396.0 million to N$1.0 billion, and the over-12-month category decreased by N$649.0 million to N$3.6 billion.

Non-performing loans (NPLs) remained concentrated in a few key sectors, with the largest exposure in tourism-related activities. NPLs were predominantly concentrated within the hotels, restaurants, and accommodation sector, representing 18.7 percent of the total, followed by the other loans sectors at 13.8 percent. The construction and professional services sectors contributed 10.7 percent and 9.7 percent, respectively, while finance and insurance accounted for 7.9 percent. Manufacturing, mining and quarrying comprised 5.4 percent and 5.5 percent, respectively. The remaining sectors, including agriculture, fishing, electricity and water, oil and gas, wholesale and retail trade, transport, real estate, and government, collectively represented 28.5 percent, with each individual sector contributing no more than 5.0 percent.

Individuals continue to dominate the sector's credit risk profile, accounting for the majority of non-performing loans. Individuals as a counterparty contributed 60.2 percent to the total NPL, followed by corporates at 30.0 percent, then micro, small and medium-sized enterprises at 9.7 percent. The Government, as a counterparty, contributed the least to the NPLs at 0.1 percent.

Mortgages and other loans and advances contributed to the higher NPLs position.

Figure C.7: Non-performing loans



ADEQUACY OF PROVISIONS

Total provisions declined in line with the reduction in NPLs. Total provisions decreased by 14.2 percent to N$3.3 billion from N$3.8 billion recorded in 2024. Specific provisions [12]declined by 15.9 percent from N$2.4 billion in 2024 to N$2.0 billion, reflecting the lower level of impaired loans. General provisions decreased by 11.3 percent from N$1.4 billion in 2024 to N$1.2 billion, despite growth in total loans and advances during the period. The reduction in provisions indicates improved loan performance, while banks continued to maintain adequate buffers to absorb potential credit losses. Both specific and general provisions remained fully compliant with the requirements of the Determination on Asset Classification, Suspension of Interest and Provisioning (BID-2).[13]

Table C.6: Asset quality and provisions

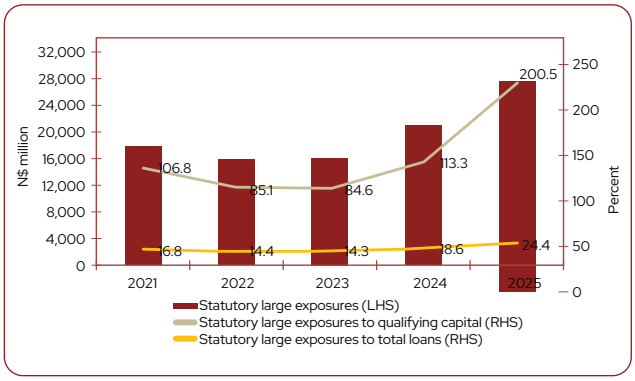
Description	Dec-24 (N$'000)	Dec-25 (N$'000)	% Change
Total Assets	**186,733,191**	**187,994,341**	**0.7**
Gross Loans and Advances	118,869,468	129,352,318	8.8
Net Loans	113,940,048	125,424,542	10.1
Total Non-Performing Loans (NPLs)	6,616,773	5,593,332	-15.5
Total Provisions	3,790,363	3,251,336	-14.2
Gross Loans/ Total Assets (%)	63.7	68.8	5.1
NPLs/Gross Loans (%)	5.6	4.3	-1.3

Loan diversification and statutory large exposures

The loan distribution growth for 2025 outpaced the growth observed in 2024, mainly driven by new facilities granted to the hotels, restaurants & accommodation sector, as well as to the government, professional services, finance & insurance. Overall, gross loans and advances grew by N$10.5 billion to N$129.4 billion. The growth in loans and advances was primarily driven by a N$12.0 billion increase in loans extended to hotels, restaurants & accommodation sector, to N$21.4 billion, and constituted the largest single sectoral share at 16.5 percent. Loans to the government sector grew by N$ 9.9 billion to N$15.9 billion, while professional services grew by N$ 5.3 billion to N$12.8 billion, finance & insurance grew by N$3.8 billion to N$10.8 billion, and the other sector category by N$ 13.0 billion to N$15.6 billion. These five sectors together accounted for 49.7 percent of the total credit extended. On the other hand, sectors such as wholesale & retail trade, mining & quarrying, and transport, storage & communication declined. Some sectors, including real estate and construction, showed comparatively slower expansion relative to the overall portfolio growth.

Statutory large exposures increased materially during the year but remained comfortably within the prescribed regulatory limits. Aggregate large exposures rose from N$20.9 billion at the end of 2024 to N$27.5 billion as at 31 December 2025, representing a year-on-year increase of N$6.6 billion. This growth contributed to a higher concentration of lending to a relatively small number of borrowers, as reflected in the ratio of large exposures to total loans, which increased from 18.6 percent in 2024 to 24.4 percent in 2025. As a result, large exposures relative to qualifying capital also rose over the period, moving from 113.3 percent at the end of 2024 to 200.5 percent as at 31 December 2025. The increase was driven primarily by the higher absolute level of large exposures. Notwithstanding this rise, the ratio remained well below the regulatory ceiling of 800 percent of qualifying capital, indicating that DSIBs continue to maintain a prudent buffer relative to the statutory single-borrower and aggregate large exposure limits (FIGURE C.7).

Figure C.8: Statutory large exposures relative to total loans and capital funds





[12]Specific provisions apply to loans graded as substandard, doubtful and loss, namely that the net realisable value of collateral shall be deducted from the loan balance before applying provisioning percentages.
[13]BID-2 requires banks to report, at a minimum, provisions equal to 10.0 percent, 50.0 percent and 100.0 percent of loans classified as sub-standard, doubtful and loss, respectively.

LIQUIDITY

DSIBs maintained robust liquidity positions during the review period, with both the Liquidity Coverage Ratio (LCR) and the Net Stable Funding Ratio (NSFR) remaining well above the transitional regulatory minimum. During the review period, the LCR declined from 163.6 percent in December 2024 to 145.6 percent in December 2025, mainly due to a 12.1 percent reduction in High-Quality Liquid Assets (HQLA) to N$34.3 billion, which exceeded the marginal 1.2 percent decrease in net cash outflows to N$23.5 billion. Despite this moderation, the LCR remained comfortably above both transitional and full regulatory requirements, indicating strong short-term liquidity resilience. The NSFR increased from 111.5 percent to 116.5 percent, as Available Stable Funding (ASF) increased by 6.7 percent to N$30.3 billion, outpacing a 2.1 percent rise in Required Stable Funding (RSF) to N$26.0 billion, thereby strengthening structural funding resilience. Overall, the sector remained well above the transitional regulatory minimum of 85.0 percent and the Bank's supervisory trigger of 110.0 percent, underscoring continued funding resilience. The phased-in regulatory minimum liquidity requirements for both the LCR and NSFR will increase to 95.0 percent in April 2026, before increasing to a full regulatory compliance minimum of 100.0 percent in April 2027, underscoring the sector's strong liquidity buffers during the transition period.

Table C.7: Basel 3 liquidity ratios

Liquidity coverage ratio	Dec-24	Dec-25
Total high quality liquid assets	38 960 138	129,352,318
Net cash outflow	23 807 859	125,424,542
Liquidity Coverage ratio (%)	163.6	145.6

Net stable funding ratio	Dec-24	Dec-25
Total available stable funding	28 364 280	30 262 497
Total required stable funding	25 447 479	25 984 451
Net stable funding ratio (%)	111.5	116.5

The banking sector's loan-to-funding ratio increased during 2025, reflecting stronger credit intermediation supported by available funding sources. The ratio rose from 63.7 percent in 2024 to 68.6 percent in 2025, demonstrating improved utilisation of funding to sustain credit growth. The ratio remains well below the 85.0 percent trigger ratio, indicating that the sector continues to operate with comfortable funding buffers. Overall, the upward trend in the loan-to-funding ratio highlights healthy intermediation activity, solid funding capacity, and sustainable lending growth, all consistent with sound liquidity and funding risk management within the sector.

The loan-to-deposit ratio (LDR) increased significantly in 2025, reflecting strong credit growth alongside a contraction in deposit mobilisation. The overall LDR rose from 76.1 percent in 2024 to 87.5 percent in 2025. This movement was driven by an expansion in total loans and advances from N$118.9 billion to N$129.4 billion, while total deposits declined from N$148.8 billion to N$147.9 billion over the same period. The higher LDR indicates an increased reliance on deposits to fund lending activities, signalling strong loan demand amid tightening deposit inflows. Although the ratio remained within prudent levels, below the 95.0 percent trigger threshold, it reinforces the need for careful liquidity management to ensure adequate funding buffers as lending continues to grow.

The non-DSIBs, operating under the Basel II liquidity standards, also maintained adequate liquid assets during 2025. The liquidity ratio increased from 20.3 percent in December 2024 to 24.2 percent in December 2025, resulting in a surplus liquidity position of N$155.0 million. This improvement was supported by a rise in average daily liquid assets from N$770.5 million to N$931.8 million in 2025, driven mainly by higher holdings of Treasury Bills, which grew from N$326.4 million to N$479.9 million. However, declines were noted in clearing account balances and net amount of loans and deposits, repayable on demand, indicating reduced reliance on short-term placements. Overall, the increase in liquid assets underscores the industry's ability to maintain adequate buffers to meet short-term obligations, reinforcing resilience against liquidity shocks.

INTEREST RATE RISK

The banking industry reported a cumulative positive net repricing gap, indicating that the sector is positioned to benefit from increases in interest rates and would incur losses in a declining interest rate environment. The total net repricing gap decreased from N$8.2 billion in 2024 to N$7.6 billion in 2025, as growth in interest-sensitive liabilities outpaced the growth in interest-sensitive assets across the various time buckets. Positive repricing gaps were recorded in the up-to-30-days bucket at N$34.3 billion and the more-than-3-months to 6-months bucket at N$2.3 billion. In contrast, negative repricing gaps were observed in the more-than-1-month to 3-months bucket at N$3.8 billion, the more-than-6-months to 9-months bucket at N$2.8 billion, and the more-than-9-months to 12-months bucket at N$6.1 billion. Overall, the positive net repricing gap suggests that banks are positioned to benefit in a high-interest-rate environment but would experience margin pressures should interest rates decline.

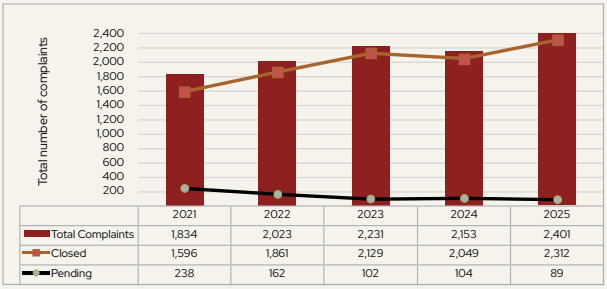
The predominance of interest-rate-sensitive assets and liabilities continued to make banks' interest-earning margins highly responsive to changes in market interest rates. Interest-rate sensitive liabilities accounted for 60.4 percent of total liabilities in 2025, down from 70.0 percent in 2024. The remaining liabilities consisted of fixed-rate liabilities at 14.9 percent, non-interest-bearing liabilities at 2.6 percent, non-rate sensitive liabilities at 8.8 percent and equity at 13.3 percent. Similarly, interest-rate-sensitive assets remained the largest component of total assets, increasing slightly to 72.6 percent in 2025 from 72.0 percent in 2024. Fixed-rate assets made up 19.2 percent, while non-interest-bearing and non-rate-sensitive assets accounted for 5.4 percent and 2.8 percent of total assets, respectively.

Stress testing reaffirmed the resilience of the banking sector to interest rate shocks. Stress testing, which form part of the Bank's supervisory toolkit for early risk identification, showed that interest rate movements would have a limited impact on banks' capital positions during the period under review. A 200-basis-point change in interest rates would lead to a cumulative change of N$588.3 million in net interest income over a 12-month horizon, positive or negative, depending on the direction of the shock. The corresponding impact on the economic value of capital was estimated at N$102.5 million, either positive or negative, representing only 2.5 percent of total capital funds.

CUSTOMER COMPLAINTS

During the reporting year, the banking sector experienced an increase in the number of customer complaints handled and resolved. The total number of complaints increased from 2,153 in 2024 to 2,401 in 2025. Of the 2,401 complaints recorded in the sector, 96.6 percent were submitted directly to the respective banking institutions, and 3.4 percent were lodged with the Bank of Namibia. Out of all complaints lodged within the sector, 96.3 percent were successfully resolved, while the remaining 3.7 percent are still under consideration. Common complaint categories included poor customer service, consumer fraud, unauthorised deductions, and default payments. The Bank of Namibia handled 220 customer inquiries via telephone, email, and in-person visits.

Figure C.9: Total number of complaints recorded in the banking sector



	2021	2022	2023	2024	2025
Total Complaints	1,834	2,023	2,231	2,153	2,401
Closed	1,596	1,861	2,129	2,049	2,312
Pending	238	162	102	104	89

The Bank's mediation efforts between banking institutions and customers continued to yield positive outcomes, resulting in amicable resolutions for affected customers. In 2025, the Bank resolved 59 complaints, with 30 cases resulting in monetary refunds through measures such as interest discounts, loan balance write-offs, and reimbursements for losses arising from fraud or unauthorised deductions. Total refunds amounted to N$0.5 million, lower than the N$1.5 million refunded in 2024 for 20 complaints, reflecting a shift towards complaints of lower monetary value and reduced severity. Most disputes in 2025 were resolved through non-monetary remedies, including loan restructurings, reversals, interest adjustments, document provision, and other settlements, alongside improvements in customer-protection practices. The higher refund amount recorded in 2024 was largely driven by a small number of high-value cases, while the 2025 outcomes indicate sustained improvements in operational effectiveness and customer protection.



LICENSING

The Bank continued to assess licensing applications in line with its mandate to ensure that only fit-and-proper institutions are authorised to operate within the financial system. During 2025, the Bank held six exploratory meetings with prospective banking applicants and two engagements with potential building society promoters to clarify licensing requirements, regulatory expectations, and minimum prudential standards, including governance, capital adequacy, and sustainable business models. While interest remained strong, none of the prospective applicants progressed to the formal application stage during the reporting period.

Applications for new entrants continued to progress during the period, although both ABN and CBS required extensions to meet outstanding conditions for full authorisation. The applications of Access Bank Namibia Limited (ABN) and Cadence Building Society (CBS) remained active, with both applicants recording progress. However, extensions to their provisional approvals were granted to allow additional time to meet outstanding conditions. ABN's provisional authorisation was extended by six months to 15 June 2026, while CBS's provisional registration was extended by twelve months to 10 February 2027. The Bank will continue to exercise supervisory oversight to assess progress towards full authorisation.

REGULATORY REFORMS

During the reporting period, the Bank advanced several key regulatory reforms to strengthen prudential oversight and align the domestic regulatory framework with international best practices. These reforms form part of the Bank's ongoing commitment to maintaining a sound, stable, and resilient banking sector. The following instruments were finalised during the period:

The first reform finalised during the year was the Smart Regulation Framework, which introduces a principles-based and proportionate approach to regulation. The framework sets out the Bank's regulatory philosophy, emphasising risk sensitivity, proportionality, flexibility, and outcome-based supervision. It seeks to modernise the supervisory environment by reducing unnecessary regulatory burdens, enhancing regulatory coherence, and fostering an enabling environment for innovation while safeguarding financial stability. The Smart Regulation Framework also aligns with regional efforts under the CMA to strengthen coordination and harmonise regulatory approaches across member jurisdictions.

The Bank also revised and gazetted the Determination on the Fit and Proper Test for Substantial and Prospective Substantial Shareholders and Beneficial Owners of Banking Institutions, Microfinance Banking Institutions and Controlling Companies (BID-23). The updated Determination strengthens the framework for assessing ownership suitability by introducing clearer definitions of substantial shareholding and beneficial ownership, enhancing documentation and disclosure requirements, and establishing comprehensive assessment criteria relating to integrity, financial soundness, and ownership transparency. These reforms align with the Banking Institutions Act, 2023, as well as the Financial Action Task Force (FATF) Recommendations 24 and 25 and aim to safeguard financial stability by ensuring that only fit and proper individuals and entities hold significant influence over regulated institutions.

The Bank finalised amendments to the 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 revised Determination introduces an updated risk-weighting framework for securitisation schemes. Banking institutions that are unable to apply the Securitisation Internal Ratings-Based Approach or the External Ratings-Based Approach are now required to assign a risk weight of 1,250 percent to unrated securitisation exposures. The amendment also permits the use of eligible external credit ratings to achieve more risk-sensitive capital treatment. These changes ensure more robust and risk-aligned capital requirements for securitisation activities and further align the domestic framework with international standards.

The Bank also issued Guidelines and Disclosure requirements on Climate-Related Financial Risks to the DSIBs. Given the impact of climate and nature-related events on the financial system, the Bank in March 2026 issued the guidelines and disclosure requirements on Climate-Related Financial Risks. The Guidelines outline key principles for the effective management and integration of climate-related financial risks within the operations of DSIBs. They also set out disclosure requirements aimed at ensuring that customers and other key stakeholders receive meaningful information regarding the DSIBs' exposure to, and management of, climate-related financial risks.



ILLEGAL FINANCIAL SCHEMES

The Bank continued its efforts to deter illegal financial schemes through sustained public-awareness initiatives and the investigation of suspected unlawful activities. During 2025, a total of 22 schemes were under investigation, while an additional 22 cases were finalised and closed. The Bank also monitored emerging schemes, particularly those exploiting digital platforms and targeting vulnerable groups.

To strengthen consumer protection, the Bank carried out targeted awareness campaigns focusing on civil servants and pensioners, who have increasingly become victims of fraudulent schemes. In collaboration with the Government Institutions Pension Fund (GIPF), outreach activities were conducted in various regions, including //Kharas, Omusati, Ohangwena, and Kavango East. Furthermore, the Bank participated in the Ongwediva Annual Trade Fair and the Windhoek Agricultural and Industrial Show to educate the public on the risks associated with illegal financial schemes and how to identify their common features.

On-site examinations

In 2025, the Bank conducted a Credit Risk and IFRS 9 Model Risk Thematic Review at two DSIBs. Although the NPL ratio continued to improve over the period, underlying credit risk drivers remained present. The operating environment was challenging, marked by economic uncertainty, elevated interest rates, and subdued activity in key sectors such as mining, agriculture, and tourism. Rising household indebtedness and ongoing pressure on business profitability continued to pose vulnerabilities, underscoring the need for banks to maintain prudent credit underwriting standards and robust provisioning practices.

In line with sections 65 and 66 of the Banking Institutions Act, 2023 (No. 13 of 2023), the Determination on Asset Classification, Suspension of Interest and Provisioning (BID-2), NamCode, and international best practices, the thematic review assessed the effectiveness of governance structures, oversight arrangements, and independent validation processes supporting the credit risk and IFRS 9 frameworks of the two DSIBs. The review further evaluated the adequacy of credit policies, risk-based approval processes, and non-performing asset management practices, as well as the robustness of IFRS 9 models, including key assumptions, the incorporation of forward-looking information, and the quality of model validation.



The Bank also conducted an Operational (Digital Fraud) Thematic Review at two DSIBs. Fraud and financial crimes continued to increase in Namibia, significantly elevating operational risk for banks and cyber risk exposure for customers. Reported fraud incidents rose markedly, driven by rapid digitalisation and the growing sophistication of fraud schemes, including staff impersonation, phishing, and identity theft. Key fraud typologies observed included ATM fraud, EFT fraud, card fraud, mobile application fraud, and BIN attacks.

The Bank's targeted review of fraud risk management frameworks revealed material gaps requiring strengthened oversight and remediation across institutions. In response to the emerging risks, the Bank performed reviews that evaluated the banks' fraud risk management and control environments and updated the overall inherent risk assessment. The review focused on the effectiveness of fraud risk governance and internal control frameworks, the integration of fraud risk within operational risk and enterprise-wide risk management structures, the adequacy of fraud detection, monitoring, and incident-response capabilities, and the extent to which these practices are aligned with sound operational risk management principles in an increasingly digitalised banking environment. The outcome of the evaluations highlighted gaps in fraud risk management frameworks and control execution, underscoring the need for strengthened oversight and remediation across institutions.

The Bank advanced its Digital Maturity Assessment (DMA) initiative, completing the remaining three (3) of six (6) planned assessments. These covered one DSIB, the Bank of Namibia, and Namclear (Pty) Ltd. The DMA is designed to evaluate the financial sector's level of digital maturity, identifying strengths and gaps to guide strategic transformation, enhance operational efficiency, and strengthen the foundations of Namibia's financial ecosystem through improved digital capabilities. The assessments highlighted notable progress across the industry, including the rollout of mobile banking applications, improvements in payment systems, and greater integration of digital strategies. However, significant challenges remain, such as fragmented customer experiences, limited use of advanced data analytics, continued reliance on legacy core systems, and shortages of specialised digital talent.

supervisory authorities. A consolidated on-site examination will also be undertaken at one DSIB under the consolidated supervision framework. These measures aim to strengthen supervisory oversight, improve risk management practices, and ensure effective supervision of cross-border banking activities.



ANNUAL FINANCIAL STATEMENTS

PART D

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PART D

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FINANCIAL STATEMENTS OVERVIEW AS AT 31 DECEMBER 2025

		2025 N$'000	2024 N$'000
KEY POINTS			
Net interest income decreased by N$262 million from N$1.22 billion in 2024 to N$963 million in 2025 due to lower interest rates and lower average investment balances.	Net interest income	963 140	1 224 728
Total operating expenses increased by N$108 million from N$741 million in 2024 to N$849 million in 2025.	Operating expenses	849 018	741 153
The amount available for distribution decreased by N$554 million, from N$1.107 billion in 2024 to N$553 million in 2025.	Amount available for distribution	553 069	1 107 214
An amount of N$200 million will be paid to the Government as a dividend for the 2025 financial year, compared to N$720 million paid in 2024.	Distribution to the State	200 000	720 000
The Bank's assets decreased by N$9 billion, from N$71 billion in 2024 to N$62 billion in 2025, mainly due to the Eurobond redemption.	Total assets	62 213 111	71 245 684
Notes and coins in circulation increased from N$5.6 billion in 2024 to N$5.9 billion in 2025.	Notes and coins in circulation	5 941 023	5 609 944

STATEMENT OF BOARD'S RESPONSIBILITIES

The main statutory provisions relating to the role and duties of members of the Board are covered under Section 9 and 10 of the Bank of Namibia Act no.1 of 2020. We confirm that:

1. The Board members are responsible for the preparation of the annual financial statements in accordance with International Financial Reporting Standards (IFRS ®) as issued by the International Accounting Standards Board and the requirements of the Bank of Namibia Act no. 1 of 2020 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 Finance, Risk and 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 Finance, Risk and Audit Committee. Further, the Bank has a comprehensive risk management strategy in place.

3. The Board is satisfied that the annual financial statements complies with IFRS ® as issued by the International Accounting Standards Board and requirements of the Bank of Namibia Act no. 1 of 2020.

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 Finance, Risk and 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 annual financial statements for 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 Finance, Risk and Audit Committee recommendations.

The annual financial statements on pages 190 to 235 were approved by the Board and are signed on its behalf by:



CHAIRMAN
E. Uanguta
17 March 2026



BOARD MEMBER
R. Pretorius
17 March 2026

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

Opinion

We have audited the financial statements of Bank of Namibia ("Bank") set out on pages 190 to 235 which comprise the statement of financial position as at 31 December 2025, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended and the notes to the financial statements including material accounting policies.

In our opinion the financial statements present fairly in all material respects the financial position of Bank of Namibia as at 31 December 2025 and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS®) Accounting Standards as issued by the International Accounting Standards Board (IASB®) and the requirements of the Bank of Namibia Act 2020.

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 Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Bank in accordance with the International Ethics Standards Board for Accountants International Code of Ethics for Professional Accountants (including International Independence Standards), as applicable to audits of financial statements of public interest entities, and other independence requirements applicable to performing audits of financial statements of public interest entities in Namibia. We have also fulfilled our ethical responsibilities in accordance with these requirements. 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 information included in the Bank of Namibia Annual Report which includes the Message from the Governor Part A (Operations and Affairs of the Bank), Part B (Macroeconomic review), Part C (Banking Supervision), and within Part D the Financial Statements Overview, Statement of Board's Responsibilities, Statement of profit or loss and other comprehensive income in compliance with the Bank of Namibia Act, Five year historical financial overview and income statement comparisons 2021 – 2025, which we obtained prior to the date of this auditors' report. The other information does not include the financial statements and our auditors 'report thereon.

Our opinion on the financial statements does not cover the other information and we do not, and will not, express an audit opinion or any form of assurance conclusion thereon. In connection with our audit of the financial statements our responsibility is to read the other information and in doing so consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If based on the work we have performed 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 for the Financial Statements

The Board members are responsible for the preparation and fair presentation of the financial statements in accordance with IFRS®, as issued by the International Accounting Standards Board and the requirements of the Bank of Namibia Act 2020 and for such internal control as the Board members determine is necessary to enable the preparation of financial statements that are free from material misstatement whether due to fraud or error.

In preparing the 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 Financial Statements

Our objectives are to obtain reasonable assurance about whether the 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 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 financial statements.

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

As part of an audit in accordance with ISAs we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the 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 controls.

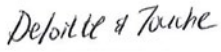
- Obtain an understanding of internal controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the Bank's internal controls.

- 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 of directors' 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 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 auditors' report. However, future events or conditions may cause the Bank to cease to continue as a going concern.

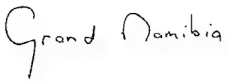
- Evaluate the overall presentation structure and disclosures and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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.



Deloitte & Touche
Registered Accountants and Auditors
Chartered Accountants (Namibia)
Deloitte Building, Maerua Mall Complex,
Jan Jonker Road, Windhoek
PO Box 47, Windhoek
Registration number 9407
Per: P Parry (Partner)

Directors: M Harrison, G Brand
Partners: J Cronjé, H De Bruin, P Parry
Signing Associate Director: R Buckenham
Associate of Deloitte Africa a member of Deloitte Touche Tohmatsu Limited.



Grand Namibia
Registered Accountants and Auditors
Chartered Accountants (Namibia)
09 Axali Doeseb Street Windhoek;
PO Box 24304, Windhoek
Registration number 9424
Per: RN Beukes (Partner)
Partners: RN Beukes (Managing Partner),
R Theron, P Nghipandulwa

17 March 2026

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2025

	Notes	2025 N$'000	2024 N$'000
Net interest income		**963 140**	**1 224 728**
Interest income	2	1 494 921	1 818 540
Interest expense	2	(531 781)	(593 812)
Net other interest income		-	-
Interest from rand investments exchanged	2	1 194 335	1 075 722
Interest paid on BON bills - NamPower and GIPF	2	(1 194 335)	(1 075 722)
Non-interest revenue		**455 336**	**527 899**
Rand compensation income	2	414 396	490 180
Dividend income on equity instruments	2	11 928	12 478
Profit on disposal of property, equipment and intangible assets	2	31	6
Other income	2	28 981	25 235
TOTAL INCOME		**1 418 476**	**1 752 627**
Total operating expenses	2	(849 018)	(741 153)
Operating expenses	2	(861 912)	(733 672)
Allowance for credit reversals/(losses) - amortised cost instruments	2	12 894	(7 481)
Operating profit		**569 458**	**1 011 474**
Foreign exchange and fair value (losses)/gains		(1 462 059)	362 921
Net foreign exchange (losses)/gains	20	(1 473 444)	225 918
Unrealised gains on rand investments exchanged		2 549 283	842 133
Unrealised losses on BON bills - NamPower and GIPF		(2 549 283)	(842 133)
Unrealised gains on derivative instruments	4	-	36 437
Unrealised gains on equity instruments	24	27 799	35 354
Realised foreign exchange (losses)/gains on sale of instruments and FEC's		(16 414)	65 212
(LOSS)/PROFIT FOR THE YEAR		**(892 601)**	**1 374 395**
Items that will be reclassified subsequently to profit or loss:		**275 084**	**(16 194)**
Unrealised gains/(losses) - FVTOCI instruments	24	275 084	(16 194)
Items that will not be reclassified subsequently to profit or loss:		**25**	**30 528**
Allowance for credit loss reversal - FVTOCI instruments	4.1/ 24	2 229	6 557
Actuarial (losses)/gains on post - employment benefits	17	(2 204)	23 971
TOTAL COMPREHENSIVE (LOSS)/INCOME		**(617 492)**	**1 388 729**
(Loss)/Profits attributable to:			
Foreign currency revaluation reserve	20	(1 473 444)	225 918
Investment revaluation reserve	24	302 883	55 597
Amount available for distribution	3	553 069	1 107 214
TOTAL COMPREHENSIVE (LOSS)/INCOME		**(617 492)**	**1 388 729**

STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2025

	Notes	2025 N$'000	2024 N$'000
ASSETS			
Investments	4	50 224 744	60 668 426
Loans and advances - local banks	5	856 133	358 340
Currency inventory	6	134 764	61 480
Rand deposits	7	74 103	12 390
IMF balances and other receivables	8	10 275 260	9 574 850
Loans and advances - other	9	198 665	163 892
Investment in associate	10	-	-
Other inventory - stationery and spares	11	3 315	5 331
Property and equipment	12	346 835	338 977
Intangible assets - computer software	13	99 292	61 998
TOTAL ASSETS		**62 213 111**	**71 245 684**
LIABILITIES			
Deposits	14	44 016 017	52 016 177
Trade and other payables	15	128 180	164 754
Notes and coins in circulation	16	5 941 023	5 609 944
Provision for post-retirement medical aid benefits	17	147 049	134 246
TOTAL LIABILITIES		**50 232 269**	**57 925 121**
CAPITAL AND RESERVES			
Share capital	18	40 000	40 000
General reserve	19	3 869 665	3 662 959
Foreign currency revaluation reserve	20	7 162 400	8 635 844
Training fund reserve	21	30 208	30 208
State revenue fund	3	200 000	720 000
Development fund reserve	22	215 214	283 653
Building fund reserve	23	368 102	153 300
Investment revaluation reserve	24	95 253	(205 401)
TOTAL CAPITAL AND RESERVES		**11 980 842**	**13 320 563**
TOTAL LIABILITIES, CAPITAL AND RESERVES		**62 213 111**	**71 245 684**

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2025

N$'000	Accumulated profit & loss account	Share capital	General reserve	Foreign currency revaluation reserve	Training fund reserve	State revenue fund	Development fund reserve	Building fund reserve	Investment revaluation reserve	Total N$'000
Balance at 01 January 2024	**-**	**40 000**	**3 347 175**	**8 409 926**	**28 007**	**511 470**	**284 424**	**83 300**	**(254 441)**	**12 449 861**
Profit for the year	1 374 395	-	-	-	-	-	-	-	-	1 374 395
Other comprehensive income for the year	30 528	-	-	-	-	-	-	-	(16 194)	14 334
Transfer to revaluation reserve	(225 918)	-	-	225 918	-	-	-	-	-	-
Transfers	-	-	8 271	-	(7 500)	-	(771)	-	-	-
Allowance for credit losses - FVTOCI	-	-	-	-	-	-	-	-	(6 557)	(6 557)
Transfer of unrealised gains on equity and derivative investments to investment revaluation reserve	(71 791)	-	-	-	-	-	-	-	71 791	-
Dividend distribution	-	-	-	-	-	(511 470)	-	-	-	(511 470)
Appropriation of net profit for the year	(1 107 214)	-	307 513	-	9 701	720 000	-	70 000	-	-
Balance at 31 December 2024	**-**	**40 000**	**3 662 959**	**8 635 844**	**30 208**	**720 000**	**283 653**	**153 300**	**(205 401)**	**13 320 563**
Loss for the year	(892 601)	-	-	-	-	-	-	-	-	(892 601)
Other comprehensive income for the year	25	-	-	-	-	-	-	-	275 084	275 109
Transfer to revaluation reserve	1 473 444	-	-	(1 473 444)	-	-	-	-	-	-
Transfers	-	-	68 439	-	-	-	(68 439)	-	-	-
Allowance for credit losses - FVTOCI	-	-	-	-	-	-	-	-	(2 229)	(2 229)
Transfer of unrealised gains on equity and derivative investments to investment revaluation reserve	(27 799)	-	-	-	-	-	-	-	27 799	-
Dividend distribution	-	-	-	-	-	(720 000)	-	-	-	(720 000)
Appropriation of net profit for the year	(553 069)	-	138 267	-	-	200 000	-	214 802	-	-
Balance at 31 December 2025	**-**	**40 000**	**3 869 665**	**7 162 400**	**30 208**	**200 000**	**215 214**	**368 102**	**95 253**	**11 980 842**

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2025

	Notes	2025 N$'000	2024 N$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated by operations	A	**499 334**	**253 653**
CASH FLOWS FROM INVESTING ACTIVITIES		**(110 413)**	**(108 100)**
Interest acquired in associate	10	(1 446)	(428)
Purchase of property and equipment	12	(31 727)	(59 198)
Disposal of property and equipment	12	965	299
Purchase of intangible assets - computer software	13	(43 432)	(27 272)
Disposal of intangible assets - computer software	13	-	2 076
Increase in loans and advances - other	9	(34 773)	(23 577)
CASH FLOWS FROM FINANCING ACTIVITIES		**(388 921)**	**(145 553)**
Distribution to the State Revenue Fund	B	(720 000)	(511 470)
Increase in notes and coins in circulation	16	331 079	365 917
Net cash flow	1.17	-	-

NOTE:

A. Reconciliation of profit for the year to cash generated by operations

Operating Profit	**569 458**	**1 011 474**
Adjusted for:		
Interest from rand investments exchanged	(1 194 335)	(1 075 722)
Interest paid on BON bills - NamPower and GIPF	1 194 335	1 075 722
Unwinding of present value adjustments (staff loans)	(8 811)	(7 543)
Depreciation	22 904	20 528
Provision for post-retirement medical aid benefits	10 599	43 457
Amortisation of computer software	6 138	6 183
Amortisation of pre-paid long-term employee benefits	8 811	7 543
Currency revaluation	1 843	200
Currency inventory amortisation costs	113 311	47 315
Expected credit allowance (reversals)	(12 894)	7 481
Impairment of investment in associate	1 446	428
Operating cash flows before movements in working capital	**712 805**	**1 137 066**
Decrease/(Increase) in Investments	9 269 600	(9 746 652)
(Increase)/Decrease in Loans and advances - local banks	(497 793)	491 989
Increase in Currency inventory	(188 438)	(36 215)
(Increase)/Decrease in Rand deposits	(61 713)	92 106
(Increase)/Decrease in IMF balances and other receivables	(700 409)	249 930
Decrease/(Increase) in Other inventory-stationery and spares	2 016	(352)
(Decrease)/Increase in Deposits	(8 000 160)	8 030 203
(Decrease)/Increase in Trade and other payables	(36 574)	35 578
	499 334	**253 653**

B. Distribution to State revenue fund

Opening balances	(720 000)	(511 470)
Appropriations of net profit for the year	(200 000)	(720 000)
Closing balance	200 000	720 000
Paid for the year	**(720 000)**	**(511 470)**

NOTES TO THE ANNUAL FINANCIAL STATEMENTS 31 DECEMBER 2025

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 ®), as issued by the International Accounting Standards Board, requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying accounting policies. The areas involving a higher degree of judgement or complexity or areas where assumptions and estimates are significant to the financial statements are disclosed in note 1.3. The annual financial statements have been prepared to comply with the requirements of the Bank of Namibia Act 2020, and International Financial Reporting Standards (IFRS ®), as issued by the International Accounting Standards Board.

1.1. NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS

International Financial Reporting Standards (IFRS ®) and amendments, as issued by the International Accounting Standards Board and effective for 31 December 2025 year-end:

Standards	Effective Date	Executive Summary
IAS 21 amendment – Lack of Exchangeability	1 January 2025	The International Accounting Standards Board (IASB) has published 'Lack of Exchangeability (Amendments to IAS 21)' that contains guidance to specify when a currency is exchangeable and how to determine the exchange rate when it is not.

The amendment to IAS 21 standard did not have a material impact on the financial statements of the Bank. We have only disclosed relevant standards that have become effective during the current year. The Namibian dollar is pegged to the South African Rand 1:1, which is a stable and exchangeable currency. The Bank also transacts in other foreign currencies; however, none of these currencies exhibited a lack of exchangeability during the reporting period.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS 31 DECEMBER 2025

1. ACCOUNTING POLICIES (CONTINUED)

1.2. NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS NOT YET EFFECTIVE

International Financial Reporting Standards (IFRS ®) and amendments, as issued by the International Accounting Standards Board, but not effective for 31 December 2025 year-end.

Management is in the process of reviewing the impact that the Standards listed below will have on the financial statements of the Bank in future periods:

Standards	Effective Date	Executive Summary
IFRS 9 & IFRS 7 – Classification and Measurement of Financial Instruments	1 January 2026	Amendments to IFRS 9 and IFRS 7 introducing targeted improvements to the classification, measurement and disclosure requirements for financial instruments. The amendments address *Derecognition and Classification of Financial Assets* and *Disclosure enhancements*.
Annual Improvements to IFRS Accounting Standards – Volume 11	1 January 2026	A collection of narrow scope amendments across several IFRS® Accounting Standards *(IAS 7 Statement of Cash Flows, IFRS 10 Consolidated Financial Statements and IFRS 1 First-time Adoption of International Financial Reporting Standards)*. The changes address minor wording inconsistencies, editorial corrections, and clarifications. No significant changes to accounting requirements are expected.
IFRS 9 and IFRS 7 - Power Purchase Agreements	1 January 2026	Amendments provide guidance on classification, measurement and disclosure of power purchase agreements (PPAs) under IFRS 9 and IFRS 7. They clarify how contractual rights and obligations in PPAs affect financial instrument classification and introduce enhanced disclosure requirement.
IFRS 18 — Presentation and Disclosure in Financial Statements	1 January 2027	IFRS 18 includes requirements for all entities applying IFRS for the presentation and disclosure of information in financial statements.
IFRS 19 — Subsidiaries without Public Accountability: Disclosures	1 January 2027	IFRS 19 enables subsidiaries to keep only one set of accounting records—to meet the needs of both their parent company and the users of their financial statements and reduces disclosure requirements.
IAS 21 The Effects of Changes in Foreign Exchange Rates	1 January 2027	The amendments specify the translation procedures for an entity whose presentation currency is that of a hyperinflationary economy.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS 31 DECEMBER 2025

1. ACCOUNTING POLICIES (CONTINUED)

1.3 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS IN APPLYING ACCOUNTING POLICIES

The Bank makes estimates and assumptions that affect the reported amounts of assets and liabilities within the financial year. Estimates and judgements 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 judgement and accounting estimates are set out below:

1. Impairment of financial assets

IFRS 9 requires that financial instruments be tested for impairments on a forward-looking basis. The main aim is to determine whether the credit risk of an instrument has changed materially since the previous reporting period. To make this calculation, the IASB requires entities to develop and use an Expected Credit Loss (ECL) model. Generally, it can be summarised that the ECL model aims to anticipate shortfalls of contractual cash flows of financial instruments in the event of a default. Refer to note 1.5 and 4.1 for the ECL accounting policy and disclosure.

2. Provision for post-employment benefits disclosed under note 17

An actuarial valuation is performed annually to determine the Bank's obligation in this regard. The assumptions and judgements used by the actuary were considered by the Bank and were deemed reasonable considering the prevailing and anticipated future economic conditions.

3. 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.

4. Accounting for off-market loans as disclosed under note 9

Management judgement was applied to determine the average repayment period on the various classes of loans granted by the Bank. Prevailing interest rates at year-end were applied to determine the fair value of the off-market loans.

5. Rand Compensation Income

Rand compensation income is computed per the formula prescribed in article 8 of the Multilateral Monetary Agreement (MMA) which requires the South African government to make compensatory payments for the Rand currency circulating in Namibia.

The compensation income (seigniorage) is calculated using the currency in circulation and yields being:

- Averages of Rand currency in circulation in South Africa and NAD currency in circulation in Namibia for the measured year and;
- South African government ten-year bond yield (average of the last 3 months – October/November/December of the measured year).

The compensation is calculated by taking two thirds (2/3) of the last three months' average of the South African government ten-year bond yield: 9.16% (2025) (2024: 10.36%) multiplied by the calculated stock of the Rand currency in circulation in Namibia as per the agreed formula. The actual Rand compensation income realised amounted to N$414 million (2024: N$490 million).

6. Acquisition of ZAR portfolios from GIPF and NamPower and issuance of BON bills

The Bank of Namibia entered into asset swaps with the GIPF and NamPower in November 2015 and February 2016, respectively, to bolster the country's foreign exchange reserves pursuant to its powers and functions in sections 4, 62 and 63 of the Bank of Namibia Act, No.1 of 2020. The swapped portfolios are co-managed by South Africa and Namibian registered investment managers and are denominated in the ZAR currency with a weighted overall duration of 14.03 years.

The benchmarks of the mandates swapped with the GIPF predominantly constitute 75 percent SA Inflation-Linked Bond Index and 25 percent SA Government Bond 12+ year Index. Accordingly, as at 31 December 2025, the corresponding portfolios comprised of a 74 percent allocation to South African Government Inflation-Linked Bonds, with the rest of the holdings spread across South African short- duration floating rate securities, negotiable certificates of deposits and private placements. The mandates swapped with GIPF are managed by Momentum, Trialpha, M&G and Sanlam Investment Managers. The portfolio swapped with NamPower is invested in Stanlib unit trusts with a tilt towards short-term fixed interest corporate paper and benchmarked against the Stefi Composite.

In exchange for the swapped mandates, the Bank of Namibia has issued a Namibian Dollar instrument to each of the institutions valued at the nominal capital exchanged. The value of this instrument is aligned to the investment earnings of the swapped portfolios. In the event that the Bank of Namibia requires to liquidate the asset swaps to enable financing of the country's foreign obligations/trade balance, the agreements together with the issued certificates necessitates that the NAD instrument will continue to accrue the benchmarks that are applicable to the GIPF swapped portfolios at the time of liquidation, while the Nampower instrument will continue to accrue the performance of the IJGMM index+150bps.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS 31 DECEMBER 2025

1. ACCOUNTING POLICIES (CONTINUED)

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

6. Acquisition of ZAR portfolios from GIPF and NamPower and issuance of BON bills (continued)

The Bank has not only taken legal ownership of the bills but also has substantive control over the ZAR investments premised on the following substantive factors:

- GIPF and NamPower can liquidate these investments at any time. In return, they have no claim to the ZAR investments but can receive compensation in NAD, SDR, foreign currency, gold and loan funding from e.g. the IMF without liquidating the ZAR investments. Effectively, the Bank has the discretion to decide on the form of the Bank of Namibia bills settlement. The Bank of Namibia bills and the ZAR investments are therefore not tied but can be sold/ exchanged/ transferred independently. Furthermore, the Bank manages the ZAR portfolios as part of its foreign currency reserves.

- The initial ZAR portfolio comprised of debt instruments, mainly SA government inflation-linked bonds and collective investment scheme instruments acquired from the counterparties, changed significantly since inception. The investment choices strategy and risk appetite were subject to the Bank's policies, guidance and strategy without any involvement of the counterparties.

- The Bank of Namibia will only liquidate the ZAR investments upon a balance of payments crisis confirming that the duration is long, and the investment is not working capital. In the event of a balance of payments crisis the returns shall link to an index plus a pre-agreed margin. The returns of the Bank of Namibia bills will not be required to return immediately.

7. Judgement Applied in Determining Control Without Consolidation for Instant Payments Namibia (IPN)

IFRS 10 *Consolidated Financial Statements* requires an investor to consolidate an investee when it has control. Control exists when the investor has:

- power over the investee;
- exposure, or rights, to variable returns from its involvement with the investee; and
- the ability to use power to affect those returns.

Based on its involvement with IPN, the Bank concluded that all three criteria are met and that the Bank has control over IPN. Accordingly, IPN meets the definition of a subsidiary.

Although IPN qualifies as a subsidiary, management applied judgement regarding the materiality of the entity to the Bank's financial statements. Under IAS 1 *Presentation of Financial Statements*, information is material if its omission could influence the economic decisions of users. IPN's financial impact is insignificant in both quantitative and qualitative terms:

- The total cost of the Bank's investment in IPN is N$9.4 million.
- The operations and financial position of IPN are not significant in the context of the Bank's overall financial position, performance, or cash flows.

Management, therefore, determined that consolidating IPN would not provide information that is useful to users of the Bank's financial statements. Based on the above judgement, the Bank elected not to consolidate IPN for the year ended 31 December 2025. Instead, the Bank presents only its own financial statements in accordance with IAS 1's materiality guidance. Management will reassess the materiality and relevance of IPN annually to determine whether future consolidation may be required.

1.4 REVENUE RECOGNITION

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

Dividends on equity instruments are recognised in profit or loss in accordance with IFRS 9 unless the dividends clearly represent a recovery of part of the cost of the investment.

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

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

NOTES TO THE ANNUAL FINANCIAL STATEMENTS 31 DECEMBER 2025

1. ACCOUNTING POLICIES (CONTINUED)

1.5 FINANCIAL INSTRUMENTS

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

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange or other institution and those prices represent actual and regularly occurring market transactions on an arm's length basis.

In inactive markets the most recent arm's length transactions are the basis of current fair values. Fair value is not the amount that an entity would receive or pay in a forced transaction, involuntary liquidation or distressed sale.

It is to be noted that the Bank does not invest in financial instruments which are not 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 cost 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.

Recognition

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

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

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

Measurement

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

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

NOTES TO THE ANNUAL FINANCIAL STATEMENTS 31 DECEMBER 2025

1. ACCOUNTING POLICIES (CONTINUED)

1.5 FINANCIAL INSTRUMENTS (CONTINUED)

Reclassification

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

Financial assets

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

1. Classification of financial assets

Debt instruments that meet the following conditions are measured subsequently at amortised cost:

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

Debt instruments that meet the following conditions are measured subsequently at fair value through other comprehensive income (FVTOCI):

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

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

Investment in equity instruments is classified at FVTPL unless designated as equity investment that is not held for trading.

Despite the foregoing the Bank may make the following irrevocable elections/designations at initial recognition of a financial asset:

- The Bank may irrevocably designate a debt investment that meets the amortised cost or FVTOCI criteria as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch.
- To date, the Bank has not exercised this option and has not designated any qualifying debt investments as measured at FVTPL under this provision.

2. Impairment of financial assets

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

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

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

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

2.1 Definitions

(i) Significant increase in credit risk

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

NOTES TO THE ANNUAL FINANCIAL STATEMENTS 31 DECEMBER 2025

1. ACCOUNTING POLICIES (CONTINUED)

1.5 FINANCIAL INSTRUMENTS (CONTINUED)

In particular the following information is considered when assessing whether credit risk has increased significantly since initial recognition:

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

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

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

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

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

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

(ii) Definition of default

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

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

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

(iii) Credit-impaired financial assets

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

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

NOTES TO THE ANNUAL FINANCIAL STATEMENTS 31 DECEMBER 2025

1. ACCOUNTING POLICIES (CONTINUED)

1.5 FINANCIAL INSTRUMENTS (CONTINUED)

3. Write-off policy

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

4. Measurement and recognition of expected credit losses

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

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

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

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

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

5. Derecognition of financial assets

The Bank derecognises a financial asset only when the contractual rights to the cash flow from the asset expire or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity.

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

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

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

Financial liabilities

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

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

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

NOTES TO THE ANNUAL FINANCIAL STATEMENTS 31 DECEMBER 2025

1. ACCOUNTING POLICIES (CONTINUED

1.6 GENERAL RESERVE

The general reserve is established in terms of Section 72 of the Bank of Namibia Act No.1 of 2020 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 71 of the Bank of Namibia Act, 2020. 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.

1.7 FOREIGN CURRENCY ACTIVITIES AND REVALUATION RESERVE

The Revaluation Reserve has been created in accordance with Section 64 of the Bank of Namibia Act No.1 of 2020 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 64 of the Bank of Namibia Act No.1 of 2020 exchange gains and losses of the Bank are for the account of the Government and are consequently transferred to the Revaluation Reserve Account before appropriation of profits.

1.8 BUILDING FUND RESERVE

The reserve is to fund the modernization and extension of the head office building and potentially build a satellite office in Lüderitz. The renovation aims to enhance operational efficiency, to support future growth and enable our strategic objectives. Annual profits will be appropriated to the reserve and on completion of the construction the reserve created will be released to the General Reserve.

1.9 DEVELOPMENT FUND RESERVE

This reserve was established under section 73(1)(a) of the Bank of Namibia Act No.1 of 2020 for the purpose of promoting or financing economic development in Namibia. The reserve will be released to the General Reserve.

1.10 PROPERTY AND EQUIPMENT

Property and equipment are stated at cost less accumulated depreciation and accumulated impairments losses and are depreciated on the straight-line method over their estimated useful lives. The estimated useful lives, residual values and depreciation methods are reviewed regularly with the effect of any changes in estimate accounted for on a prospective basis. The revised useful life in years is as detailed below:

Freehold buildings	50 Years
Computer hardware	4-10 years
Motor vehicles	6-16 years
Furniture, fittings and equipment	1-37 years
Note sorting machines	9-22 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 Profit or Loss and Other Comprehensive income during the financial period in which they are incurred.

1.11. ASSETS UNDER CONSTRUCTION (AUC)

This asset group is used to accumulate all capital costs relating to software, a building or renovation project (work in progress). The AUC is transferred to the other lines of the Property and Equipment or Intangible assets once the asset under construction is available for use. In accordance with IAS 16, an asset is considered available for use when it is in the location and condition necessary for it to be capable of operating in the manner intended by management. This account should be charged with all costs relating to the construction of a new asset.

1.12. INTANGIBLE ASSETS

On acquisition the intangible asset 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 intangible assets on an annual basis and the useful life has been set to range between 1 and 8 years. Refer to note 13 for disclosure.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS 31 DECEMBER 2025

1. ACCOUNTING POLICIES (CONTINUED)

1.13. 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 cost.

1.14. PENSION FUND

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

1.15. 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 Profit or Loss and Other 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 recognized.

1.16. EMPLOYEE BENEFITS

(a) Post- Retirement Medical Benefits

The Bank provides post-retirement 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 a financial 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 in other comprehensive income.

(b) Annual Leave

Liabilities for wages and salaries, including non-monetary benefits and annual leave that are expected to be settled wholly within 12 months, are recognised and measured at the amounts expected to be paid when the liabilities are settled.

(c) Severance Pay

Severance pay is an amount paid to an employee on the early termination of a contract. Severance pay is equal to 1 week's remuneration for every 12 months of continuous employment with the same employer. The Bank makes provision for severance pay for employees in terms of section 35 (1) of the Labour Act.

1.17. STATEMENT OF CASH FLOWS

Cash as defined in IAS 7 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.

1.18. 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.

1.19. TRANSACTIONS ON BEHALF OF GOVERNMENT

The Bank undertakes numerous transactions on behalf of the Government which include among other 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 or invested and the corresponding liability is 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. Refer to note 32 for disclosure.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS 31 DECEMBER 2025

1. ACCOUNTING POLICIES (CONTINUED

1.20. ACCOUNTING FOR IMF – SPECIAL DRAWING RIGHTS (SDR)

The SDR is an international reserve asset created by the International Monetary Fund (IMF) in 1969 to supplement the existing official reserves of its 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 organisations. 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 classified in the books of the Bank as an asset under "IMF balances and other receivables" and as a liability under "Deposits" classification.

1.21. 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. The 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.

1.22. LENT-OUT SECURITIES

The Bank derives income from securities lending activity. The counterparties involved in these transactions are highly rated institutions and cash collateral is deposited by the counterparty with the custodians as a 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.

1.23. INVESTMENT REVALUATION RESERVE

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

NOTES TO THE ANNUAL FINANCIAL STATEMENTS 31 DECEMBER 2025

2. RESULTS FOR THE YEAR

	2025 N$'000	2024 N$'000
Profit for the year is arrived at after taking the following items into account:		
Interest Income*		
Namibia Dollar & Rand Currency	**800 877**	**1 085 041**
Debt securities and money market instruments	800 877	1 085 041
Other currencies	**685 233**	**725 956**
Debt securities	651 638	646 353
Money market instruments	33 595	79 603
Unwinding of present value adjustments (staff loans)	8 811	7 543
	1 494 921	**1 818 540**
Interest Expense**		
BON Bills	58 270	28 228
SDR	224 379	293 209
Commercial banks	155 194	141 208
Customer Foreign Currency (CFC)	93 938	131 167
	531 781	**593 812**
Rand Currency		
Interest income from rand investments exchanged	1 194 335	1 075 722
Namibia Dollar Currency		
Interest paid on BON bills - NamPower and GIPF	(1 194 335)	(1 075 722)
Rand compensation income	414 396	490 180
Sundry Income		
Profit on disposal of property, equipment and intangible assets	31	6
Dividend income on equity instruments	11 928	12 478
Other income	28 981	25 235

*Interest income relates to interest earned on investments which are invested in the GBP, SDR, CNY, JPY, Rand, Euro and USD money and capital markets as well as interest earned in NAD on the commercial banks' settlement accounts, repurchase agreements and staff loans.

**Interest expense mainly relates to interest expense incurred on Bank of Namibia bills issued to commercial banks, interest expense incurred on commercial banks' settlement accounts, Special Drawing Rights allocations by the IMF and interest on bills issued to GIPF and NamPower.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS 31 DECEMBER 2025

2. RESULTS FOR THE YEAR (CONTINUED)

	2025 N$'000	2024 N$'000
Operating Expenses		
Amortisation of computer software	6 138	6 183
Amortisation of pre-paid long-term employee benefits	8 811	7 543
Asset management fees	11 415	12 590
Auditors' remuneration - audit fees: Deloitte & Touche	2 319	2 131
Auditors' remuneration - audit fees: Grand Namibia	994	913
Auditors' remuneration – non-audit fees: Deloitte & Touche	159	92
Board members' fees - for services as board members	1 854	1 932
Building, information technology and other maintenance costs	37 346	31 350
Conferences hosted	9 766	3 139
Consultants fees	14 893	11 247
Currency inventory amortisation costs	113 311	47 315
Currency revaluation	1 843	200
Depreciation	22 904	20 528
Donation (once off) - Instant Payments Namibia***	9 430	-
Expected credit allowance (reversals)	(12 894)	7 481
Financial inclusion costs	18 175	175
Membership fees	2 039	2 077
Municipal accounts	11 640	11 402
Other expenditure	81 194	81 162
Post-retirement medical benefit expenses	10 599	43 457
Project management fees	15 625	15 420
Salaries and related personnel costs	431 357	390 689
Share of loss from associate	1 446	428
Social responsibility	1 793	6 972
Staff training and development	8 474	14 912
Subscription	24 147	12 213
Travel, subsistence & accommodation	14 240	9 602
Total operational expenditure	**849 018**	**741 153**
Number of employees	**341**	**344**

***Salaries paid on behalf of IPN.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS 31 DECEMBER 2025

3. APPROPRIATION OF PROFITS IN TERMS OF THE BANK OF NAMIBIA ACT NO.1 OF 2020

	Notes	2025	2024
		N$'000	N$'000
Total Comprehensive (Loss)/Income for the Year		**(617 492)**	**1 388 729**
Unrealised gains transferred to the investment revaluation reserve	24	(302 883)	(55 597)
Exchange rate losses/(gains) transferred to the revaluation reserve	20	1 473 444	(225 918)
Amount available for distribution		**553 069**	**1 107 214**
Appropriation of Profits		**553 069**	**1 107 214**
General reserve	19	138 267	307 513
Building fund reserve	23	214 802	70 000
Training fund reserve	21	-	9 701
Development fund reserve	22	-	-
State revenue fund		200 000	720 000

The net foreign exchange loss reflected on the Statement of Profit or Loss and Other Comprehensive Income includes the translation loss for the year that has been charged to the Statement of Profit or Loss and Other Comprehensive Income to comply with the requirements of IAS 21 – "The Effects of changes in Foreign Exchange Rates". In terms of section 64 of the Bank of Namibia Act 2020 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 amount available for distribution for the year in line with the compliance requirements of the Bank of Namibia Act, 2020 would therefore amount to N$553.07 million (2024: N$1.11 billion). Appropriations of profits are based on this figure.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS 31 DECEMBER 2025

4. INVESTMENTS

	2025 N$'000	2024 N$'000
RAND CURRENCY		
Fair value through profit or loss		
Debt securities and money market investments	25 874 023	21 117 866
Fair value through other comprehensive income		
Debt securities	1 638 821	2 699 050
Amortised cost		
Money market instruments	5 433 405	8 334 278
	32 946 249	**32 151 194**
OTHER CURRENCIES		
Fair value through profit and loss		
Equity instruments	708 858	701 689
Derivative instruments	-	36 437
Debt securities and money market investments	88 041	2 372 584
Fair value through other comprehensive income		
Debt securities and money market investments	8 873 912	14 796 894
Amortised cost		
Money market instruments	7 610 187	10 625 024
	17 280 998	**28 532 628**
Total Gross investments	**50 227 247**	**60 683 822**
Less: Rand currency allowance for credit losses - amortised cost (refer to 4.1)	(2 208)	(14 970)
Less: Other currency allowance for credit losses - amortised cost (refer to 4.1)	(295)	(426)
Total Net investments	**50 224 744**	**60 668 426**

The fair value of the certificates of deposit within the Rand currency instruments class, accounted for at amortized cost, was ascertained by referencing the prices provided in the custodian report. The fair value is determined to be N$304 million (2024: N$2.04 billion). All other instruments are considered short-term, therefore, the carrying amount approximates fair value.

In 2025, the Eurobond of N$13 billion was fully redeemed. The transaction was funded using savings accumulated in the Sinking Fund, while the remaining portion amounting to N$6 billion, was sourced through private loans from local domestic banks.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS 31 DECEMBER 2025

4. INVESTMENTS (CONTINUED)

4.1 MOVEMENT IN EXPECTED CREDIT LOSSES

Classification	Measured At FVTOCI			Measured At Amortised Cost	Total
	Internally Managed bonds	Externally Managed bonds	Allowance for credit losses – FVTOCI instruments	Internally managed money market instruments	
	N$'000	N$'000	N$'000	N$'000	N$'000
Balance at 1 January 2025	12 324	1 707	14 031	15 396	29 427
Net Decrease in ECL	**(2 049)**	**(180)**	**(2 229)**	**(12 894)**	**(15 123)**
Decrease: 12-month ECL	(161)	(177)	(338)	(130)	(468)
Decrease: Lifetime ECL	(1 888)	(3)	(1 891)	(12 764)	(14 655)
Balance at 31 December 2025	**10 275**	**1 527**	**11 802***	**2 502**	**14 304**

Classification	Measured At FVTOCI			Measured At Amortised Cost	Total
	Internally Managed bonds	Externally Managed bonds	Allowance for credit losses – FVTOCI instruments	Internally managed money market instruments	
	N$'000	N$'000	N$'000	N$'000	N$'000
Balance at 1 January 2024	18 822	1 766	20 588	7 899	**28 487**
Net (Decrease)/increase in ECL	**(6 498)**	**(59)**	**(6 557)**	**7 497**	**940**
Increase/(decrease): 12-month ECL	151	44	195	(237)	(42)
(Decrease)/increase: Lifetime ECL	(6 649)	(103)	(6 752)	7 734	982
Balance at 31 December 2024	**12 324**	**1 707**	**14 031***	**15 396**	**29 427**

IFRS 9.5.5.2 prescribes that the allowance for credit losses for financial assets measured at FVTOCI of N$11.8 million (2024: N$14 million) shall be recognised in other comprehensive income and shall not reduce the carrying amount of the financial asset in the statement of financial position. The movement in the loss allowance is included in the investment revaluation reserve.

*The total allowance for credit losses at FVTOCI is presented in the Investment revaluation reserve under equity.

4.2 LENT - OUT SECURITIES

At 31 December 2025 the nominal value of lent-out securities from our investment portfolio managed by our custodians amounted to USD 3.6 million; NAD equivalent 59.9 million (2024: USD 17.5 million; NAD equivalent 328.86 million). The counterparties involved in these transactions are investment grade rated institutions and cash collateral has been deposited with the custodians as a guarantee for the lent-out securities. The income generated from the lent-out securities activity has been recorded in the books of the Bank accordingly.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS 31 DECEMBER 2025

4. INVESTMENTS (CONTINUED

4.3 FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

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

Level 1
The fair value of the Bank's financial instruments traded in active markets are based on the quoted prices obtained from the custodian at the statement of the financial position date. A market is regarded as active if quoted prices are readily and regularly available from an exchange dealer, broker or pricing services and the prices represent actual and regularly occurring market transactions on an arm's length basis.

Level 2
The fair value of financial instruments not traded in an active market is determined using available observable market data and rely as little as possible on entity specific estimates. Some of the techniques used include market prices for similar instruments and discounted cash flows where future cash flows are discounted using a market related interest rate.

At 31 December 2025 the fair value of financial instruments that were classified under the various hierarchies is detailed in the tables below:

At 31 December 2025

	Level 1 N$'000	Level 2 N$'000	Level 3 N$'000	Total N$'000
Rand and other currencies investments at fair value through other comprehensive income	3 495 842	32 978 955	-	36 474 797
Other currencies - equity investments at fair value through profit or loss	708 858	-	-	708 858
	4 204 700	**32 978 955**	**-**	**37 183 655**

At 31 December 2024

	Level 1 N$'000	Level 2 N$'000	Level 3 N$'000	Total N$'000
Rand and other currencies investments at fair value through other comprehensive income	3 876 893	37 109 501	-	40 986 394
Other currencies - derivative investments at fair value through profit or loss	-	36 437	-	36 437
Other currencies - equity investments at fair value through profit or loss	701 689	-	-	701 689
	4 578 582	**37 145 938**	**-**	**41 724 520**

The value of the amortised cost instruments not included above amounts to N$13 billion excluding the allowance for credit losses of N$2.5 million (2024: N$18.96 billion excluding the allowance for credit losses of N$15.40 million).

NOTES TO THE ANNUAL FINANCIAL STATEMENTS 31 DECEMBER 2025

5. LOANS AND ADVANCES - LOCAL BANKS

	2025 N$'000	2024 N$'000
Loans to local banks	267 786	358 343
Less: Allowance for credit losses	(1)	(3)
Repurchase Agreements-local banks	588 348	-
Closing balance	**856 133**	**358 340**

The loans to local banks are for the COVID-19 SME Loan Scheme where the commercial banks further on-lent the funds to eligible SME's as COVID-19 Loans. These loans are unsecured and accrue interest at the repo rate of which the obligation to pay interest and capital is deferred for the first six months after the first drawn down.

The loans to the local banks have a fair value of N$244.146 million (2024: N$316.397 million). The fair value was determined by discounting the loans using the prevailing prime rate of 10% (2024: 10.75%) plus 300bp over a 5-year period.

Repurchase agreements-local banks are overnight and seven-day loans (Repo's) to commercial banks to cover temporary liquidity shortages offered by the Bank at repo rate. The loans are short-term in nature and fair value approximates the carrying amount.

6. CURRENCY INVENTORY

	2025 N$'000	2024 N$'000
Opening balance	61 480	72 780
Current year purchases	188 438	36 215
Currency revaluation	(1 843)	(200)
Currency amortisation	(113 311)	(47 315)
Closing balance	**134 764**	**61 480**

7. RAND DEPOSITS

	2025 N$'000	2024 N$'000
Closing balance	**74 103**	**12 390**

Rand deposits is the value of Rand bank notes and coins held by the Bank of Namibia. Commercial banks deposit the Rand bank notes collected at their various branches at the Bank of Namibia. The Bank of Namibia in turn repatriates the Rand bank notes to the South African Reserve Bank based on predetermined currency values. During 2025 financial year R75 million (2024 : R300 million) was repatriated. Upon repatriation the South African Reserve Bank then credits the Namibian reserves on deposit with an amount equal to the value of the Rand bank notes repatriated. The carrying amount of Rand deposits or cash is a reasonable approximation of its fair value.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS 31 DECEMBER 2025

8. IMF BALANCES AND OTHER RECEIVABLES

	2025 N$'000	2024 N$'000
Other receivables	210 131	239 221
Less: Allowance for credit losses	-	-
Net other receivables	**210 131**	**239 221**
Rand compensation receivable	411 730	489 376
IMF - Quota	4 348 865	4 691 354
Government Overdraft	1 475 620	-
Receivable - Financial Intelligence Centre (FIC)	16 711	-
IMF – Special Drawing Rights (SDR) holdings	3 812 203	4 154 899
Total other receivables	**10 275 260**	**9 574 850**

The SDR is an international reserve asset created by the International Monetary Fund (IMF) to supplement the existing official reserves of member countries. SDRs are allocated to member countries in proportion to their IMF quotas.

Other receivables balances consist mainly of prepayments and VAT receivables which are non-financial instruments. No allowance for credit losses has been recognised on any of the Other receivables as the counterparties predominantly include the IMF, South African Government's Treasury and the FIC which are public corporations and government agencies which have high ratings and/ or creditworthiness. All other receivables are short-term in nature and their cost approximate their fair value.

Pursuant to sections 49 and 50 of the Bank of Namibia Act No.1 of 2020 the Government may take up short-term loans from the Bank which shall have a maturity of less than six months. The Government may without prior notification utilise an overdraft facility from the Bank not exceeding N$2.5 billion. The Government shall pay interest to the Bank on debit balances at a rate equivalent to the 91–day treasury bill rate plus 50 basis points. Any request by Government for credit from the Bank exceeding N$2.5 billion shall be referred to the Board of Directors of the Bank for consideration and approval or not.

The SDR holdings account is additional reserves for the Bank that are accessible immediately. The cost approximates the fair value due to its liquid nature.

9. LOANS AND ADVANCES - OTHER

	2025 N$'000	2024 N$'000
Staff loans	200 520	165 710
Less: Present value adjustment for off - market loans	**(85 128)**	**(72 334)**
Opening balance - 1 January	(64 791)	(50 750)
Current year fair value adjustment of new loans	(11 526)	(14 041)
Amortised to income statement	(8 811)	(7 543)
Add: Staff long-term fringe benefits	**85 128**	**72 334**
Opening balance - 1 January	64 791	50 750
Current year fair value adjustment of new loans	11 526	14 041
Amortised to income statement	8 811	7 543
Net staff loans	**200 520**	**165 710**
Lifetime expected credit loss allowance	(1 855)	(1 818)
Closing balance	**198 665**	**163 892**

Loans and advances - other constitute loans to staff members. The loans are issued at varying discounted rates which is below the market rates as a condition of employment.

The fair value of the staff loans as at 31 December 2025 is determined by discounting the loans and advances using the prevailing prime rate of 10% (2024: 10.75%). The loans have a fair value of N$110.133 million (2024: N$91.237 million).

NOTES TO THE ANNUAL FINANCIAL STATEMENTS 31 DECEMBER 2025

10. INVESTMENT IN ASSOCIATE

	2025 N$ '000	2024 N$ '000
Carrying value of investment - 1 January	-	-
Increase in investment	1 446	428
Share of loss in associate	(1 446)	(428)
Total investment in associate - 31 December	-	-

The Bank holds a 49% interest in the Central Securities Depository Ltd (CSD). The company is incorporated in Namibia and the interest is equity - accounted for. The principal activity of the CSD is to provide central securities depository services to the Namibian market.

Below is a summary of the financial information:

	2025 N$ '000	2024 N$ '000
Total Income	300	-
Total Expenses	(4 303)	(2 028)
Net loss for the year	**(4 003)**	**(2 028)**
Total Assets	131	2
Total Liabilities	(14 666)	(10 428)
Equity	**(14 535)**	**(10 426)**
Share of Loss in Associate recognised	1 446	428
Cumulative unrecognised share of loss	2 082	1 568

The Bank has subordinated its debt of N$5.6 million (2024: N$4.6 million) in favour of other creditors of the CSD both present and future and the Bank will not call its claims against the CSD before 1 January 2027. The debt has been fully impaired in the books of the Bank. The Bank will continue to provide financial support to the CSD through a shareholder loan facility of N$20 million, of which the Bank's 49% share amounts to N$9.8 million.

11. OTHER INVENTORY – STATIONERY AND SPARES

	2025 N$ '000	2024 N$ '000
Opening balance	5 331	4 979
Purchases current year	205	935
Issues current year	(2 221)	(515)
Adjustments	-	(68)
Closing balance	**3 315**	**5 331**

The cost of inventories recognised as an expense during the year was N$ 0.8 million (2024: N$ 2.42 million). There was no write-down of inventory to net realisable value.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS 31 DECEMBER 2025

12. PROPERTY AND EQUIPMENT

2025	Freehold Land and Buildings N$'000	Computer Hardware N$'000	Furniture, Fittings & Equipment N$'000	Motor Vehicles N$'000	Assets under construction (AUC) N$'000	Total N$'000
Cost						
At 1 January 2025	354 259	31 164	108 433	20 793	39 863	554 512
Additions	1 527	2 694	980	1 424	25 118	31 743
AUC transfer*	22 959	-	-	-	(22 959)	-
Adjustment**	(10)	-	-	-	(6)	(16)
Disposals	(233)	(1 692)	(21 596)	-	-	(23 521)
At 31 December 2025	**378 502**	**32 166**	**87 817**	**22 217**	**42 016**	**562 718**
Accumulated depreciation						
At 1 January 2025	117 986	12 312	74 132	11 105	-	215 535
Current year charge	9 712	9 073	8 180	2 203	-	29 168
Disposals	(159)	(1 689)	(20 946)	238	-	(22 556)
Useful life change adjustment	294	(3 440)	(2 039)	(516)	-	(5 701)
Writeback Adjustment*	-	(37)	(412)	(114)	-	(563)
At 31 December 2025	**127 833**	**16 219**	**58 915**	**12 916**	**-**	**215 883**
Carrying value						
At 1 January 2025	**236 273**	**18 852**	**34 301**	**9 688**	**39 863**	**338 977**
At 31 December 2025	**250 669**	**15 947**	**28 902**	**9 301**	**42 016**	**346 835**

2024	Freehold Land and Buildings N$'000	Computer Hardware N$'000	Furniture, Fittings & Equipment N$'000	Motor Vehicles N$'000	Assets under construction (AUC) N$'000	Total N$'000
Cost						
At 1 January 2024	345 319	24 794	105 207	17 073	24 163	516 556
Additions	-	12 261	18 577	3 720	25 416	59 974
AUC transfer*	9 072	-	-	-	(9 072)	-
Adjustment	(132)	-	-	-	(644)	(776)
Disposals	-	(5 891)	(15 351)	-	-	(21 242)
At 31 December 2024	**354 259**	**31 164**	**108 433**	**20 793**	**39 863**	**554 512**
Accumulated depreciation						
At 1 January 2024	109 163	13 515	83 821	9 451	-	215 950
Current year charge	8 842	4 566	6 473	2 083	-	21 964
Disposals	-	(5 679)	(15 264)	-	-	(20 943)
Useful life change adjustment	(19)	(41)	(211)	(274)	-	(545)
Writeback Adjustment*	-	(49)	(687)	(155)	-	(891)
At 31 December 2024	**117 986**	**12 312**	**74 132**	**11 105**	**-**	**215 535**
Carrying value						
At 1 January 2024	**236 156**	**11 279**	**21 386**	**7 622**	**24 163**	**300 606**
At 31 December 2024	**236 273**	**18 852**	**34 301**	**9 688**	**39 863**	**338 977**

A register containing details of land and buildings is available for inspection at the registered office of the Bank. The Bank conducted a useful life assessment in the current year, resulting in the extension of the useful life of assets. This extension decreased depreciation for the year by N$5.7 million. The effect on future periods is an increase in the total depreciation expense of N$5.7 million.

* When an asset is ready for its intended use, the accumulated cost is transferred from AUC to the relevant PPE category, and depreciation commences from that date.
**The adjustment relates to retention reversals upon completion of the AUC.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS 31 DECEMBER 2025

12. PROPERTY AND EQUIPMENT (CONTINUED)

Impact of change in Accounting Estimates	2025 N$'000	2024 N$'000
Depreciation based on new useful life estimates	14 897	813
Depreciation based on previous estimates	20 598	1 358
Net effect of change on current year depreciation	**5 701**	**545**

*During the useful life assessment, the Bank identified assets with nil book values that are still in use. A writeback of depreciation totaling N$563,000 (2024: N$891 000) was performed on these identified assets. The writeback confirms an immaterial error, therefore the impact was recorded in the current financial year.

13. INTANGIBLE ASSETS - COMPUTER SOFTWARE

2025	Computer Software N$'000	Assets under construction (AUC) N$'000	Total N$'000
Cost			
At 1 January 2025	80 658	17 101	97 759
Additions	11 255	32 197	43 452
Adjustments	(20)	-	(20)
Disposals	(417)	-	(417)
At 31 December 2025	**91 476**	**49 298**	**140 774**
Accumulated depreciation			
At 1 January 2025	35 761	-	35 761
Current year charge	10 372	-	10 372
Disposals	(417)	-	(417)
Useful life change adjustment	(3 270)	-	(3 270)
Asset Writeback Adjustment	(964)	-	(964)
At 31 December 2025	**41 482**	**-**	**41 482**
Carrying value			
At 1 January 2025	44 897	17 101	61 998
At 31 December 2025	**49 994**	**49 298**	**99 292**

2024	Computer Software N$'000	Assets under construction (AUC) N$'000	Total N$'000
Cost			
At 1 January 2024	78 516	-	78 516
Additions	10 171	17 101	27 272
Disposals	(8 029)	-	(8 029)
At 31 December 2024	**80 658**	**17 101**	**97 759**
Accumulated depreciation			
At 1 January 2024	35 531	-	35 531
Current year charge	7 178	-	7 178
Disposals	(5 953)	-	(5 953)
Useful life change adjustment	(20)	-	(20)
Asset Writeback Adjustment	(975)	-	(975)
At 31 December 2024	**35 761**	**-**	**35 761**
Carrying value			
At 1 January 2024	42 985	-	42 985
At 31 December 2024	**44 897**	**17 101**	**61 998**

NOTES TO THE ANNUAL FINANCIAL STATEMENTS 31 DECEMBER 2025

13. INTANGIBLE ASSETS - COMPUTER SOFTWARE (CONTINUED)

A register containing details of computer software is available for inspection at the registered office of the Bank.
The Bank conducted a useful life assessment in the current year, resulting in the extension of the useful life of the intangible assets. This extension decreased amortisation for the year by N$3.3 million (2024: N$20,000). The effect on future periods is an increase in the total amortisation expense of N$3.3 million.

Impact of change in Accounting Estimates	2025 N$'000	2024 N$'000
Amortisation based on new useful life estimates	4 926	22
Amortisation based on previous estimates	8 196	42
Net effect of change on current year amortisation	**3 270**	**20**

*During the useful life assessment, the Bank identified intangible assets with nil book values that are still in use. A writeback of amortisation totaling N$964 000 (2024: N$975 000) was performed on these identified assets. The writeback confirms an immaterial error, therefore the impact was recorded in the current financial year.

14. DEPOSITS

	2025 N$'000	2024 N$'000
Government of the Republic of Namibia	760 407	8 742 400
Domestic bankers' reserve account	1638 363	1612 784
Domestic bankers' settlement account	2 041 670	4 293 695
SDR allocation account	7 126 092	7 573 625
IMF securities account	4 334 228	4 691 354
Bank of Namibia Bill – GIPF	25 144 104	20 382 002
Bank of Namibia Bill – NamPower	729 920	735 864
Foreign currency placements	2 170 497	3 926 808
Other - pre-funded donor funds at cost	70 736	57 645
Total Deposits	**44 016 017**	**52 016 177**

Domestic bankers' reserve account balances have no fixed maturity and attract no interest. The settlement account, however, attracts interest at the prevailing rate as determined by the Bank of Namibia.

The IMF securities account represents long-term Government deposits.

The Government Institutions Pension Fund (GIPF) and Namibia Power Corporation (Proprietary) Limited (NamPower) purchase agreements were concluded in November 2015 and February 2016, respectively, to enhance Namibia's foreign reserve stocks. NamPower and GIPF transferred their ZAR investments to the Bank in exchange for an investment in NAD Instruments issued by the Bank. The Bank has created and issued Bank of Namibia Bills to the two corporate investors in terms of Section 7(2) of the Bank of Namibia Act 2020.

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

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

The SDR allocation account has no fixed repayment terms. Its cost approximates its fair value.

All other deposits are available on demand thus classified as short-term deposits. Short-term deposits are deemed to approximate fair value.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS 31 DECEMBER 2025

15. TRADE AND OTHER PAYABLES

	2025 N$'000	2024 N$'000
Sundry creditors	85 142	92 147
Payable - Namibia Deposit Guarantee Authority (NDGA)	41 104	31 018
Payable - Financial Intelligence Centre (FIC)	1 934	41 589
Total trade and other payables	**128 180**	**164 754**

Due to the short-term nature of the sundry creditors their carrying amount is considered to approximate fair value.

Namibia Deposit Guarantee Authority (NDGA) and Financial Intelligence Centre (FIC) payable consist of funds invested in money market instrument and call accounts. The interest received on the money market instruments and Corporation for Public Deposits (CPD) investments are capitalized to the balance. The fair value of the NDGA and FIC payable at year end is determined to be N$41.1 million (2024: N$31.02 million) and N$1.9 million (2024: N$41.59 million), respectively.

16. NOTES AND COINS IN CIRCULATION

	2025 N$'000	2024 N$'000
Namibian notes in circulation	5 625 958	5 321 206
Namibian coins in circulation	315 065	288 738
Total notes and coins in circulation	**5 941 023**	**5 609 944**

When Namibian notes and coins are issued into circulation, the Bank recognises the liability. The liability is extinguished when the notes and coins are removed from circulation.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS 31 DECEMBER 2025

17. PROVISION FOR POST-RETIREMENT MEDICAL AID BENEFITS

The Bank provides post-retirement medical aid benefits to retired staff members who joined the Bank prior to 1 January 2006. A provision for the liability has been determined based on the Projected Unit Credit Method. The independent actuarial valuation was performed for the year ended 31 December 2025. The actuarial valuation was performed by 3ONE Consulting Actuaries a member of the Actuarial Society of South Africa ("ASSA").

	2025 N$'000	2024 N$'000
Opening liability	134 246	114 760
Interest cost	15 537	17 032
Current service cost	1 903	2 413
Benefit payments	(6 841)	(6 556)
Estimate adjustment*	-	30 568
Actuarial losses/(gains)	2 204	(23 971)
Closing liability	**147 049**	**134 246**

Number of members	**162**	**163**
Key Assumptions	**2025**	**2024**
Discount rate	10.47% p.a	11.92% p.a
Medical inflation	6.76% p.a	8.09% p.a
Valuation date	31.12.2025	31.12.2024

The effect of a 1% movement in the assumed medical cost trend rate is as follows:	Decrease N$'000	Increase N$'000
Aggregate of the current service cost and interest cost	19 637	21 895
Defined benefit obligation closing liability	164 401	150 087

At 31 December	2025 N$'000	2024 N$'000	2023 N$'000	2022 N$'000	2021 N$'000
Present value of post-retirement benefit obligation	**147 049**	**134 246**	**114 760**	**71 041**	**69 098**

The Bank's post-retirement medical aid plan is unfunded.

The discount rates were deduced from the interest rate data obtained from the Johannesburg Stock Exchange after the market closed at year end.

A health care cost inflation rate of 6.76% (2024: 8.09%) has been assumed. This is 1.50% (2024:1.50%) in excess of expected CPI inflation over the expected term of the liability, namely 5.26% (2024: 6.59%).

*The estimate adjustment is a result of the change in the medical aid premium subsidy rate from 60% to 100% for all members.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS 31 DECEMBER 2025

18. SHARE CAPITAL

	2025 N$'000	2024 N$'000
Authorised share capital		
100 000 000 ordinary shares of N$1 each	100 000	100 000
Issued share capital		
40 000 000 ordinary shares of N$1 each	40 000	40 000

The share capital is the amount subscribed by the Government in accordance with Section 8 of the Bank of Namibia Act 2020. The Bank is not subject to any externally imposed capital requirements, however, the annual appropriation of profits is approved by the Government which requires that a minimum percentage of the annual profits is transferred to the general reserve which forms part of the Bank's capital.

19. GENERAL RESERVE

	2025 N$'000	2024 N$'000
Opening balance	3 662 959	3 347 175
Transfer from the development fund reserve	68 439	8 271
Appropriation of net profit for the year	138 267	307 513
Closing balance	**3 869 665**	**3 662 959**

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

20. FOREIGN CURRENCY REVALUATION RESERVE

	2025 N$'000	2024 N$'000
Opening balance	8 635 844	8 409 926
Net foreign exchange (losses)/gains	(1 473 444)	225 918
Closing balance	**7 162 400**	**8 635 844**

The foreign currency revaluation reserve has been created in accordance with Section 64 of the Bank of Namibia Act 2020. The Act requires that both realised and unrealised gains and losses be transferred to the revaluation reserve account.

21. TRAINING FUND RESERVE

	2025 N$'000	2024 N$'000
Opening balance	30 208	28 007
Transfer to general reserve	-	(7 500)
Appropriation of net profit for the year	-	9 701
Closing balance	**30 208**	**30 208**

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

NOTES TO THE ANNUAL FINANCIAL STATEMENTS 31 DECEMBER 2025

22. DEVELOPMENT FUND RESERVE

	2025 N$'000	2024 N$'000
Opening balance	283 653	284 424
Transfer to general reserve	(68 439)	(771)
Closing balance	**215 214**	**283 653**

This reserve was established under section 73(1)(a) of the Bank of Namibia Act 2020 for the purpose of promoting or financing economic development in Namibia. The transfer of N$68 million was utilised for the Instant Payment Solution. The 2024 transfer of N$771,000 was utilized for the public consultation on the Consumer Credit Bill.

23. BUILDING FUND RESERVE

	2025 N$'000	2024 N$'000
Opening balance	153 300	83 300
Appropriation of net profit for the year	214 802	70 000
Closing balance	**368 102**	**153 300**

This reserve was established under section 73(1)(a) of the Bank of Namibia Act 2020 for the purpose of accumulating funds for building projects that the Bank intends to embark upon in the future.

24. INVESTMENT REVALUATION RESERVE

	2025 N$'000	2024 N$'000
Opening balance	(205 401)	(254 441)
Transfers to investment revaluation reserve for the year (FVTPL)	27 799	71 791
Transfers to investment revaluation reserve for the year (FVTOCI)	275 084	(16 194)
Allowance for expected credit losses	(2 229)	(6 557)
Closing balance	**95 253**	**(205 401)**

The reserve has been created to retain unrealised gains and losses on the Bank's portfolio investments that are measured at fair value through other comprehensive income (FVTOCI) and fair value through profit and loss (FVTPL) per IFRS 9 until they are realised. Unrealised gains when realised become available for distribution and unrealised losses when realised are charged to the Statement of Profit or Loss and Other Comprehensive Income.

25. RETIREMENT FUND

Retirement benefits are provided for employees by a separate provident fund known as the Bank of Namibia Provident Fund to which the Bank contributes. The provident fund is administered under the Pension Fund Act 1956 (No. 24 of 1956). The Fund was converted from a defined benefit pension fund to a defined contribution provident fund as at 1 March 2000. All employees contribute to the Fund. The Bank's total contributions for 2025 amounted to N$32 904 537 (31 December 2024: N$33 517 442).

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26. TAXATION

No provision for taxation has been made in the annual financial statements as the Bank is exempted from taxation in terms of Section 74 of the Bank of Namibia Act 2020.

27. FINANCIAL INTELLIGENCE CENTRE (FIC)

The Bank continues to render administrative support to the Financial Intelligence Centre (FIC). The FIC was established in terms of the Financial Intelligence Act 2007 (No 3 of 2007). This Act was repealed in 2012 and replaced by the Financial Intelligence Act of 2012 which came into effect in December 2012. The Act prescribes that the Bank of Namibia shall host the FIC and will be responsible and accountable for all its operational and administrative activities. During 2016 the FIC financials were separated from those of the Bank. The intercompany accounts are used to determine and settle transactions between the FIC and the Bank. As at 31 December 2025 the FIC owes the Bank a net amount of N$14.7 million (2024: Payable: N$41.6 million) which is reflected on the intercompany account in Notes 8,15 and 32.

28. NAMIBIA DEPOSIT GUARANTEE AUTHORITY (NDGA)

The Bank renders administrative support to the Namibia Deposit Guarantee Authority (NDGA). The NDGA was established in terms of the Deposit Guarantee Act (No. 16 of 2018). The Act prescribes that the Bank of Namibia shall provide resources to the NDGA in order for the institution to achieve its policy objectives and fulfil its mandate. The NDGA is however, responsible and accountable for all its operational and administrative activities. The intercompany accounts are used to determine and settle transactions between the NDGA and the Bank. As at 31 December 2025 the Bank owes the NDGA N$ 41 million (2024: N$31 million) which is reflected on the intercompany account in Note 15 and 32.

29. INSTANT PAYMENTS NAMIBIA (IPN)

Instant Payments Namibia (IPN), an association not for gain incorporated in terms of Section 21 of the Companies Act, 2004 (Act No. 28 of 2004), is a wholly owned subsidiary of the Bank. In accordance with the Memorandum of Agreement (MOA) entered into between the Bank and IPN, the Bank is responsible for rendering specified administrative services to IPN as outlined in the MOA. As at 31 December 2025, the Bank has provided financial support to IPN for operational purposes, including salaries. This support, amounting to N$9.4 million, is classified as a once-off donation and reflected in Notes 2 and 32.

30. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

The reserve activities of the Bank of Namibia are exposed to various types of risks. These include financial risks in the form of market, credit, currency and liquidity risk. The Bank views risk management as an integral part of the reserves management process and an essential element of good corporate governance. Due to its unique role and functions, the Bank's risk management and control is not only based on the institutional risk and return considerations, but also takes into account the national interest, in line with its statutory responsibilities prescribed in the Bank of Namibia (2020) Act.

To support the effective and efficient risk management system, foreign exchange reserves are managed in a three-tier governance structure consisting of the Board of Directors, the Investment Committee (IC) and the Financial Markets Department (FMD). To further strengthen the role of managing foreign reserves, a Credit Risk Committee was established acting as a function of the FMD and consists of members from outside the department with financial risk expertise.

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 IC 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 daily.

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30. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

To achieve the multiple investment objectives, the Bank divides the reserves into three tranches namely: working capital, liquidity and investment tranche.

Tranche	Horizon	Objective
Working capital	0-3 Months	Ensure sufficient liquidity. No negative returns allowed on any period (100% Cash).
Liquidity	1 Year	Maximise returns subject to avoiding negative returns at 99% confidence (as measured on an annual basis). Act as a liquidity buffer for the working capital tranche.
Investment	>1 Year	Maximise returns subject to a negative return of 100 bps with 95% probability (as measured on an annual basis).

The different types of risks that the foreign exchange reserves are exposed to and the Bank's risk management approaches are stated below:

30.1 MARKET RISK

Market risk is the potential for adverse changes in the fair value or future cash flows of the Bank's foreign reserve assets due to changes in the level of volatility of market variables such as interest rates and foreign exchanges rates. The Bank employs duration management, diversification, hedging, correlation analysis and risk budgeting to manage market risk. In managing the foreign exchange reserves, the Bank follows an enhanced indexation approach which aims to outperform traditional passive portfolio management techniques by investing in a defined benchmark as well as employing an active management strategy to enhance investment returns on appropriate portfolios.

Sensitivity analysis on currency risk

The Bank of Namibia follows an Asset-Liability Management Approach to determine its currency composition. This exercise is undertaken annually during the Strategic Asset Allocation review. To manage the Bank's exposure to foreign-denominated liabilities, the foreign reserve assets are matched to these liabilities. Despite the ALM approach of the Bank, material currency risks remain. Refer to note 30.3.

To demonstrate the sensitivity of our foreign currency investments to foreign exchange market changes we elected to stress the foreign currency investments with a reasonably possible variable of 10% in line with the requirements of IFRS 7 Financial Instruments: Disclosures.

	2025		2024	
	Total Assets NAD'000	(Increase)/ decrease 10% change	Total Assets NAD'000	(Increase)/ decrease 10% change
Assets				
USD	14 070 099	(1 407 010)	25 585 382	(2 558 538)
EURO	2 265 301	(226 530)	1 998 140	(199 814)
SDR	8 161 070	(816 107)	8 820 128	(882 013)
OTHER CURRENCIES	943 093	(94 309)	949 009	(94 901)
Balance at 31 December	**25 439 563**	**(2 543 956)**	**37 352 659**	**(3 735 266)**
% Impact on assets		4%		5%
Liabilities				
USD	(1 506 066)	150 607	(3 627 532)	362 753
EUROS	(722 720)	72 272	(356 919)	35 692
SDR	(11 472 768)	1 147 277	(12 238 852)	1 223 885
Balance at 31 December	**(13 701 554)**	**1 370 156**	**(16 223 303)**	**1 622 330**
% Impact on liabilities		3%		3%

Excluded from the above table is the Rand and Namibian currency denominated assets and liabilities totaling N$36.186 billion (2024: N$33.379 billion) and N$30.442 billion (2024: N$35.932 billion) respectively.

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30. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

30.2 INTEREST RATE RISK

Interest rate risk refers to the changes in the market value of assets due to changes in interest rates that adversely affect the value of foreign exchange reserve assets. The Bank's exposure to interest rate risk arises mainly through its investment in foreign exchange reserves. A substantial portion of the foreign exchange reserves are invested in global sovereign bonds. The value of these instruments is affected by changes in interest rates in these countries, which in turn affects earnings. To analyse this impact, the Dollar Duration measure (DV01) is a commonly used measure which considers the interest rate sensitivity of investments.

The table to follow summarises the Bank's interest rate exposure using this methodology and applies a 1 (one) percent interest rate shock. The table can therefore be used as a basis for an assessment of the sensitivity of the Bank's income to interest rate movements.

Sensitivity analysis on interest rate risk

To demonstrate the sensitivity of our investments to interest rate changes we elected to stress the investments with a reasonably possible variable of 100 bps i.e. 1%. This variable is supported by interest rate changes in financial markets over the last two years. The elected variable is in line with the requirements of IFRS 7 Financial Instruments: Disclosures.

IMPACT OF INTEREST RATE CHANGE ON EUR PORTFOLIO – 2025

Instrument	Amount invested €'000	Actual Portfolio Weight (%)	Interest Rate %	Duration (Yrs)	Estimated Loss Assuming 1% Change (000)	Amount invested NAD'000	Estimated Loss Assuming 1% Change (000)
Working capital	6 149	13	1.73	-	-	119 881	-
Liquidity tranche	5 673	12	1.89	0.32	18	110 601	353
Customer foreign currency	34 180	75	-	0.03	9	666 404	168
	46 002	**100**			**27**	**896 886**	**521**

IMPACT OF INTEREST RATE CHANGE ON USD PORTFOLIO – 2025

Instrument	Amount invested US$'000	Actual Portfolio Weight (%)	Interest Rate %	Duration (Yrs)	Estimated Loss Assuming 1% Change (000)	Amount invested NAD'000	Estimated Loss Assuming 1% Change (000)
Working capital	17 303	1	3.49	-	-	287 421	8
Liquidity tranche	54 579	4	3.91	0.07	39	906 647	648
Investment tranche	79 727	6	3.57	2.58	2 056	1 324 392	34 153
Externally managed portfolios	498 500	37	3.53	3.20	15 957	8 280 833	265 070
Customer foreign currency	686 886	52	4.02	0.02	130	11 410 208	2 159
	1 336 995	**100**			**18 182**	**22 209 501**	**302 038**

IMPACT OF INTEREST RATE CHANGE ON ZAR PORTFOLIO – 2025

Instrument	Amount invested R'000	Actual Portfolio Weight (%)	Interest Rate %	Duration (Yrs)	Estimated Loss Assuming 1% Change (000)	Amount invested NAD'000	Estimated Loss Assuming 1% Change (000)
Working capital	3 048 421	44	6.75	-	84	3 048 421	84
Liquidity tranche	2 823 344	40	7.17	0.20	5 530	2 823 344	5 530
Investment tranche	1 132 694	16	6.61	0.24	2 752	1 132 694	2 752
	7 004 459	**100**			**8 366**	**7 004 459**	**8 366**

IMPACT OF INTEREST RATE CHANGE ON SDR PORTFOLIO – 2025

Instrument	Amount invested '000	Actual Portfolio Weight (%)	Interest Rate %	Duration (Yrs)	Estimated Loss Assuming 1% Change (000)	Amount invested NAD'000	Estimated Loss Assuming 1% Change (000)
SDR	168 018	53	2.7	-	-	3 827 288	-
CNY	164 531	5	1.7	0.07	123	391 041	293
EUR	59 004	16	3.03	0.48	282	1 150 392	5 503
GBP	13 902	4	5.28	0.11	16	310 758	356
JPY	2 104 241	3	-	-	-	223 260	-
USD	83 036	19	5.33	0.22	183	1 379 359	3 043
		100				**7 282 098**	**9 195**

NOTES TO THE ANNUAL FINANCIAL STATEMENTS 31 DECEMBER 2025

30. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

30.2 INTEREST RATE RISK (CONTINUED)

IMPACT OF INTEREST RATE CHANGE ON EUR PORTFOLIO – 2024

Instrument	Amount invested €'000	Actual Portfolio Weight (%)	Interest Rate %	Duration (Yrs)	Estimated Loss Assuming 1% Change (000)	Amount invested NAD'000	Estimated Loss Assuming 1% Change (000)
Working capital	3 191	7	3.63	-	-	62 368	-
Liquidity tranche	25 457	57	2.77	0.32	81	497 608	1 590
Investment tranche	16 022	36	-	0.03	4	313 179	95
	44 670	**100**			**85**	**873 155**	**1 685**

IMPACT OF INTEREST RATE CHANGE ON USD PORTFOLIO – 2024

Instrument	Amount invested US$'000	Actual Portfolio Weight (%)	Interest Rate %	Duration (Yrs)	Estimated Loss Assuming 1% Change (000)	Amount invested NAD'000	Estimated Loss Assuming 1% Change (000)
Working capital	15 961	1	4.24	-	-	299 910	8
Liquidity tranche	105 749	8	4.54	0.23	241	1 987 048	4 522
Investment Tranche	75 364	6	3.09	2.68	2 018	1 416 099	37 919
Externally managed portfolios	467 778	37	2.36	3.19	14 916	8 789 633	280 288
Customer foreign currency	201 342	16	4.37	-	7	3 783 257	129
Sinking Fund	404 863	32	4.39	0.29	1 164	7 607 449	21 873
	1 271 057	**100**			**18 346**	**23 883 396**	**344 739**

IMPACT OF INTEREST RATE CHANGE ON ZAR PORTFOLIO – 2024

Instrument	Amount invested R'000	Actual Portfolio Weight (%)	Interest Rate %	Duration (Yrs)	Estimated Loss Assuming 1% Change (000)	Amount invested NAD'000	Estimated Loss Assuming 1% Change (000)
Working capital	5 655 512	52	7.75	-	155	5 655 512	155
Liquidity tranche	1 810 802	16	8.12	0.20	3 547	1 810 802	3 547
Investment Tranche	3 490 354	32	8.26	0.24	8 479	3 490 354	8 479
	10 956 668	**100**			**12 181**	**10 956 668**	**12 181**

IMPACT OF INTEREST RATE CHANGE ON SDR PORTFOLIO – 2024

Instrument	Amount invested '000	Actual Portfolio Weight (%)	Interest Rate %	Duration (Yrs)	Estimated Loss Assuming 1% Change (000)	Amount invested NAD'000	Estimated Loss Assuming 1% Change (000)
SDR	172 378	54	3.2	-	-	4 173 811	-
CNY	161 620	5	1.7	0.07	121	416 331	312
EUR	57 538	14	3.03	0.48	275	1 124 686	5 380
GBP	13 301	4	5.28	0.11	15	313 809	360
JPY	1 600 220	2	-	-	-	192 612	-
USD	90 652	21	5.33	0.22	200	1 703 368	3 758
		100				**7 924 617**	**9 810**

NOTES TO THE ANNUAL FINANCIAL STATEMENTS 31 DECEMBER 2025

30. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

30.2 INTEREST RATE RISK (CONTINUED)

INTEREST RATE REPRICING PROFILE

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

AS AT YEAR ENDED 31 DECEMBER 2025

N$'000	0 – 3 Months	3 – 12 Months	1 – 5 Years	More than 5 years	Non-Interest bearing	Total
Assets						
Investments	11 525 366	4 550 016	5 774 749	27 665 521	709 092	50 224 744
Loans and advances - local banks	856 133	-	-	-	-	856 133
Rand deposits	74 103	-	-	-	-	74 103
IMF balances and other receivables	5 287 823	-	-	-	4 987 437	10 275 260
Loans and advances - other	-	-	198 665	-	-	198 665
Total Financial Assets	**17 743 425**	**4 550 016**	**5 973 414**	**27 665 521**	**5 696 529**	**61 628 905**
Liabilities						
Deposits	11 338 258	-	-	25 874 023	6 803 736	44 016 017
Trade and other payables	-	-	-	-	128 180	128 180
Total Financial Liabilities	**11 338 258**	**-**	**-**	**25 874 023**	**6 930 916**	**44 144 197**
Interest rate repricing gap	**6 405 167**	**4 550 016**	**5 973 414**	**1 791 498**	**(1 235 387)**	**17 484 708**

AS AT YEAR ENDED 31 DECEMBER 2024

N$'000	0 – 3 Months	3 – 12 Months	1 – 5 Years	More than 5 years	Non-Interest bearing	Total
Assets						
Investments	23 972 854	6 677 778	6 342 720	22 758 354	916 720	60 668 426
Loans and advances - local banks	358 340	-	-	-	-	358 340
Rand deposits	12 390	-	-	-	-	12 390
IMF balances and other receivables	4 154 901	-	-	-	5 419 949	9 574 850
Loans and advances - other	-	-	163 892	-	-	163 892
Total Financial Assets	**28 498 485**	**6 677 778**	**6 506 612**	**22 758 354**	**6 336 669**	**70 777 898**
Liabilities						
Deposits	15 794 129	-	-	21 117 866	15 104 182	52 016 177
Trade and other payables	-	-	-	-	164 754	164 754
Total Financial Liabilities	**15 794 129**	**-**	**-**	**21 117 866**	**15 268 936**	**52 180 931**
Interest rate repricing gap	**12 704 356**	**6 677 778**	**6 506 612**	**1 640 488**	**(8 932 267)**	**18 596 967**

NOTES TO THE ANNUAL FINANCIAL STATEMENTS 31 DECEMBER 2025

30. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

30.3 CURRENCY RISK

In terms of the Investment Policy and Guidelines foreign exchange risk is managed on a 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 reserve tranches are further composed of its various reserve currencies. The currency composition of reserves is determined using an Asset Liability approach whereby the potential calls on the reserves form the basis for the respective currency allocations. For the year 2025 the foreign reserves tranches were managed in-line with the currency exposure limits as shown below.

Instruments	ZAR Portfolio	USD Portfolio
Working capital	500mil – 2.5bn	10mil – 20mil
Liquidity tranche	1.0 bn – 4.5bn	20mil – 125mil
Investment tranche (%)	70	30

Risk - return preferences per tranche

Instruments	Horizon	Objective
Working capital	0-3 Months	Ensure sufficient liquidity. No negative returns allowed on any period (100% Cash).
Liquidity	1 Year	Maximise returns subject to avoiding negative returns at 99% confidence (as measured on an annual basis). Act as a liquidity buffer for the working capital tranche.
Investment	>1 Year	Maximise returns subject to a negative return of 100 bps with 95% probability (as measured on an annual basis).

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

NOTES TO THE ANNUAL FINANCIAL STATEMENTS 31 DECEMBER 2025

30. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

30.3 CURRENCY RISK (CONTINUED)

AT 31 DECEMBER 2025 THE BANK HAD THE FOLLOWING CURRENCY POSITION EXPOSURES

N$'000	N$'000	ZAR '000	Euro '000	US$'000	Other '000	Total N$'000
Assets						
Investments	-	32 946 249	2 265 301	14 070 101	943 093	50 224 744
Loans and advances - local banks	856 133	-	-	-	-	856 133
Rand deposits	-	74 103	-	-	-	74 103
IMF balances and other receivables	1 702 462	411 730	-	-	8 161 068	10 275 260
Loans and advances - other	198 665	-	-	-	-	198 665
Total Financial Assets	**2 757 260**	**33 432 082**	**2 265 301**	**14 070 101**	**9 104 161**	**61 628 905**
Liabilities						
Deposits	30 314 463	-	722 720	1 506 066	11 472 768	44 016 017
Trade and other payables	128 180	-	-	-	-	128 180
Total Financial Liabilities	**30 442 643**	**-**	**722 720**	**1 506 066**	**11 472 768**	**44 144 197**
Net financial instruments	**(27 685 383)**	**33 432 081**	**1 542 581**	**12 564 035**	**(2 368 606)**	**17 484 708**

AT 31 DECEMBER 2024 THE BANK HAD THE FOLLOWING CURRENCY POSITION EXPOSURES

N$'000	N$'000	ZAR '000	Euro '000	US$'000	Other '000	Total N$'000
Assets						
Investments	430 685	31 705 210	1 998 140	25 585 382	949 009	60 668 426
Loans and advances - local banks	358 340	-	-	-	-	358 340
Rand deposits	-	12 390	-	-	-	12 390
IMF balances and other receivables	239 220	489 376	-	-	8 846 254	9 574 850
Loans and advances - other	163 892	-	-	-	-	163 892
Total Financial Assets	**1 192 137**	**32 206 976**	**1 998 140**	**25 585 382**	**9 795 263**	**70 777 898**
Liabilities						
Deposits	35 766 746	-	356 919	3 627 532	12 264 980	52 016 177
Trade and other payables	164 754	-	-	-	-	164 754
Total Financial Liabilities	**35 931 500**	**-**	**356 919**	**3 627 532**	**12 264 980**	**52 180 931**
Net financial instruments	**(34 739 363)**	**32 206 976**	**1 641 221**	**21 957 850**	**(2 469 717)**	**18 596 967**

NOTES TO THE ANNUAL FINANCIAL STATEMENTS 31 DECEMBER 2025

30. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

30.4 LIQUIDITY RISK

Liquidity risk is the risk that the Bank will be unable to meet its financial obligations as they fall due or the possibility that the Bank will incur substantial capital losses when it disposes its securities in the secondary market. Liquidity is the second most important foreign exchange reserves management objective after capital preservation. The Bank seeks to maintain sufficient liquidity by investing in money market instruments and securities with an active secondary market. At 31 December 2025 33.3% (2024:43.7%) of total assets could be liquidated at reasonable cost within two working days reflecting the high liquidity nature of the portfolio. The remaining 66.7% remains highly liquid with varying minimal cost of liquidation. The Bank seeks to maintain sufficient liquidity by investing in money market instruments and securities with an active secondary market.

LIQUIDITY/OBLIGATIONS RISK ANALYSIS STATEMENT AS AT 31 DECEMBER 2025

N$'000	0 – 3 Months	3 – 12 Months	1 – 5 Years	5+ Years	Total
Assets					
Investments	12 234 458	4 550 016	5 774 749	27 665 521	50 224 744
Loans and advances - local banks	588 348	-	267 785	-	856 133
Rand deposits	74 103	-	-	-	74 103
Other receivables	2 114 192	-	-	-	2 114 192
Loans and advances - other	-	-	198 665		198 665
IMF Quota	4 348 865	-	-	-	4 348 865
SDR Holdings - IMF	3 812 203	-	-	-	3 812 203
Total Financial Assets	**23 172 169**	**4 550 016**	**6 241 199**	**27 665 521**	**61 628 905**
Liabilities					
Deposits	4 282 904	2 398 770	-	25 874 023	32 555 697
Trade and other payables	128 180	-	-	-	128 180
SDR Allocation - IMF*	-	-	-	7 126 092	7 126 092
IMF securities account*	-	-	-	4 334 228	4 334 228
Total Financial Liabilities	**4 411 084**	**2 398 770**	**-**	**37 334 343**	**44 144 197**
Liquidity sensitivity gap	**18 761 085**	**2 151 246**	**6 241 199**	**(9 668 822)**	**17 484 708**
Cumulative liquidity sensitivity gap	**18 761 085**	**20 912 331**	**27 153 530**	**17 484 708**	**17 484 708**

*Relates to reserves that are held as a result of the Bank's IMF membership. Refer to Note 1.20.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS 31 DECEMBER 2025

30. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

30.4 LIQUIDITY RISK (CONTINUED)

LIQUIDITY/OBLIGATIONS RISK ANALYSIS STATEMENT AS AT 31 DECEMBER 2024

N$'000	0 – 3 Months	3 – 12 Months	1 – 5 Years	5+ Years	Total
Assets					
Investments	24 164 811	6 677 777	6 342 720	23 483 118	60 668 426
Loans and advances - local banks	-	-	358 340	-	358 340
Rand deposits	12 390	-	-	-	12 390
Other receivables	728 597	-	-	-	728 597
Loans and advances - other	-	-	163 892	-	163 892
IMF Quota	4 691 354	-	-	-	4 691 354
SDR Holdings - IMF	4 154 899	-	-	-	4 154 899
Total Financial Assets	**33 752 051**	**6 677 777**	**6 864 952**	**23 483 118**	**70 777 898**
Liabilities					
Deposits	29 396 013	10 355 185	-	-	39 751 198
Trade and other payables	164 754	-	-	-	164 754
SDR Allocation - IMF*	-	-	-	7 573 625	7 573 625
IMF securities account*	-	-	-	4 691 354	4 691 354
Total Financial Liabilities	**29 560 767**	**10 355 185**	**-**	**12 264 979**	**52 180 931**
Liquidity sensitivity gap	**4 191 284**	**(3 677 408)**	**6 864 952**	**11 218 139**	**18 596 967**
Cumulative liquidity sensitivity gap	**4 191 284**	**513 876**	**7 378 828**	**18 596 967**	**18 596 967**

*Relates to reserves that are held as a result of the Bank's IMF membership. Refer to Note 1.20.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS 31 DECEMBER 2025

30. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

30.5 CREDIT RISK

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. In order to control the credit risk of the Bank's foreign exchange assets, the Investment Policy and Guidelines as well as the Credit Risk Framework limits exposure to eligible countries, counterparties, issuers, credit ratings and off-benchmark investments.

In terms of the Bank's credit appetite and threshold the Bank is exposed to credit risk through money market instruments issued by counterparts with a minimum short-term credit rating of upper medium grade. Longer-dated fixed income instruments are limited to issuances by countries holding a lower medium credit rating according to the IMF country classification list. South Africa's credit rating is presently below investment grade however exposure to this market is inevitable due to the historic economic relationship between Namibia and South Africa. Accordingly, a special provision has been made to allow for short-term exposure (minimum one year) to liquid instruments issued by the South African Government as well as by the top five commercial banks in South Africa. This is of strategic importance given the peg of the Namibian Dollar to the South African Rand.

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

CREDIT RISK RATING ANALYSIS AS AT 31 DECEMBER 2025

REGIONAL EXPOSURE	CREDIT RATING GRADING 2025 *	N$ '000
United States	High grade	12 694 621
North America (excl. USA)	High grade	786 081
Euro Area	High grade	4 139 265
United Kingdom	High grade	433 944
Japan	Upper medium grade	992 112
Other Advanced Economies**	High grade	185 241
China	Upper medium grade	400 312
South Africa	Non-investment grade speculative	33 432 081
Other Emerging Markets **	Lower medium grade	817 688
Multilaterals**	Prime	4 990 300
Namibia	Non-investment grade speculative	2 757 260
TOTAL FINANCIAL ASSETS		**61 628 905**

*Lowest weighted average credit rating applied
**Other Advanced Economies, Other Emerging Markets and Multilaterals represent countries classified as such as per the International Monetary Fund (IMF) country classification list and these have been grouped together to represent one regional risk exposure.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS 31 DECEMBER 2025

30. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

30.5 CREDIT RISK (CONTINUED)

CREDIT RISK RATING ANALYSIS AS AT 31 DECEMBER 2024

REGIONAL EXPOSURE	CREDIT RATING GRADING 2024 *	N$ '000
United States	High grade	19 495 193
North America (excl. USA)	High grade	913 095
Euro Area	High grade	4 309 813
United Kingdom	High grade	577 466
Japan	Upper medium grade	1 070 920
Other Advanced Economies**	High grade	738 329
China	Upper medium grade	443 276
South Africa	Non-investment grade speculative	32 206 976
Other Emerging Markets **	Lower medium grade	246 110
Multilaterals**	Prime	9 584 583
Namibia	Non-investment grade speculative	1 192 137
TOTAL FINANCIAL ASSETS		**70 777 898**

*Lowest weighted average credit rating applied
**Other Advanced Economies, Other Emerging Markets and Multilaterals represent countries classified as such as per the International Monetary Fund (IMF) country classification list and these have been grouped together to represent one regional risk exposure.

The Bank invests/buys securities in reputable institutions who are rated by 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 and foreign exchange risk.

30.6 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 or interest foregone and consequently affecting the reputation of the Bank. 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.

30.7 OPERATIONAL RISK

Like any other institution 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 detail as follows:

30.7.1 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.

30.7.2 Failed or inadequate systems:
A process is poorly designed or unsuitable or not properly documented, understood, implemented, followed or enforced. A system is poorly designed, unsuitable or unavailable or does not operate as intended.

30.7.3 External events:
The occurrence of an event having an adverse impact on the Bank but outside its control.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS 31 DECEMBER 2025

30. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

30.7 OPERATIONAL RISK (CONTINUED)

The operational risk at the Bank is managed by having a suitable operational organisational 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 state effective disaster recovery plans are currently being developed.

For the treasury operations the Bank ensures that dealers and analysts are well trained in the instruments in which they are trading and that the systems they need to operate on are 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.

30.8 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 counterparties 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.

30.9 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 2025 the Repo's to commercial banks were N$588 million (2024: N$0 million).

30.10 CREDIT LOSSES

No expected credit losses have been recognised for the Bank's financial assets other than investments at FVTOCI and investments held at amortised cost (refer to note 4.1). However, when expected credit losses are recognised the Bank records the impairment in a separate impairment account rather than directly reducing the carrying amount of the concerned assets (refer to note 4.1).

30.11 DEFAULTS AND BREACHES

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

NOTES TO THE ANNUAL FINANCIAL STATEMENTS 31 DECEMBER 2025

31. CAPITAL COMMITMENTS AND CONTINGENCIES

Capital commitments

	2025 N$'000	2024 N$'000
Approved and contracted	832 000	242 000
Approved and not contracted	34 920	68 000

Included in the approved but not contracted is a loan amount of N$3.92 million, constituting additional funding to the CSD company. The capital commitments were approved by the board for future capital spending.

32. RELATED PARTY INFORMATION

During the year the Bank in its ordinary course of business entered into various transactions. These transactions were undertaken on commercial terms and conditions. The Bank of Namibia Act, 2020 prescribes that the emoluments of the Governor Deputy Governors 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 Governors` 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, sole shareholder of the institution, are detailed in note 1.18 of this report. Notes 25, 27 and 28 provide more information on the Retirement Fund, Financial Intelligence Centre, and Namibia Deposit Guarantee Authority, respectively.

Gross Emoluments	Salaries N$'000	Retirement Benefit N$'000	Medical Aid Benefit N$'000	Total 2025 N$' 000	Total 2024 N$'000
Executive Management					
Governors	8 626	919	230	9 775	9 439
Senior Management	29 750	3 823	1365	34 938	32 280
Non-Executive Board					
Mr E I Meroro				427	462
Mr E Nekwaya				310	334
Dr M Tjirongo				366	407
Dr P Kruger				378	367
Ms R Pretorius				373	362
Total				**1854**	**1932**

Dr Michael Humavindu is an ex-officio director and is therefore not entitled to any directors' remuneration.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS 31 DECEMBER 2025

32. RELATED PARTY INFORMATION (CONTINUED)

Related parties transactions and balances	2025 N$'000	2024 N$'000
Assets - Government Investments	87 722	7 627 791
Liabilities - Government Deposits	(760 407)	(8 742 400)
Interest received from Government	128 586	3 093
Payable - Financial Intelligence Centre (FIC)	(1 934)	(41 589)
Receivable: Loan to Financial Intelligence Centre (FIC)	16 711	-
Payable - Namibia Deposit Guarantee Authority (NDGA)	(41 104)	(31 018)
Current year investment in Central Securities Depository (CSD)	1 446	428
Impairment (I/S) - Investment in Central Securities Depository (CSD)	(1 446)	(428)
Loan to Central Securities Depository (CSD)	5 564	4 625
Impairment (SFP) - Investment in Central Securities Depository (CSD)	(5 564)	(4 625)
Donation (once-off) - Instant Payments Namibia (IPN)*	(9 430)	-

*Salaries and operational costs paid on behalf of IPN.

Sovereign Wealth Fund

The Cabinet through cabinet decision no. 8th/23.06.20/005 approved in principle the establishment of the Sovereign Wealth Fund of Namibia (SWF) also known as the Welwitschia Fund as a reserve account that shall be managed in terms of the sections 72(2) and 73(1)(a) of the Bank of Namibia Act, 2020 (Act. No.1 of 2020). On 12 May 2022 the former Minister of Finance and Public Enterprises, Honourable Ipumbu Shiimi, and the former Governor of the Bank of Namibia, Mr. Johannes !Gawaxab, signed a Memorandum of Understanding (MoU) to appoint the Bank as the manager of the Sovereign Wealth Fund. The Bank has no equity interest in the Fund and effectively has no voting rights in the governance structures of the SWF. The Bank manages the Fund on behalf of the Ministry of Finance and Public Enterprises. The funds under management at 31 December 2025 were N$474.67 million (2024: N$451.72 million).

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

33. APPROVAL OF FINANCIAL STATEMENTS

The Annual Financial Statements have been approved by the Board of Directors at the Board meeting held on 17 March 2026.

34. SUBSEQUENT EVENTS

The Bank declared dividends to the State amounting to N$200 million (2024: N$720 million).

On 19 December 2025, the President of the Republic of Namibia announced the appointment of Mr. Ebson Uanguta as the 7th Governor of the Bank of Namibia, effective 1 January 2026, for a five year term. He succeeds Mr. Johannes !Gawaxab. Mr. Uanguta previously served as Deputy Governor since 2012.

On 31 December 2025, Mr. Oscar Capelao was appointed as the Executive Director and Accounting Officer of the Ministry of Finance, effective 1 January 2026, on a five year fixed term contract. The appointment was approved by the Public Service Commission under the Public Service Act of 1995.

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2025 (IN COMPLIANCE WITH THE BANK OF NAMIBIA ACT 2020)

	Notes	2025 N$'000	2024 N$'000
Net interest income		**963 140**	**1 224 728**
Interest income	2	1 494 921	1 818 540
Interest expense	2	(531 781)	(593 812)
Net other interest income		-	-
Interest from rand investments exchanged	2	1 194 335	1 075 722
Interest paid on BON bills - NamPower and GIPF	2	(1 194 335)	(1 075 722)
Non-interest revenue		**455 336**	**527 899**
Rand compensation income	2	414 396	490 180
Dividend income on equity instruments	2	11 928	12 478
Profit on disposal of property, equipment and intangible assets	2	31	6
Other income	2	28 981	25 235
TOTAL INCOME		**1 418 476**	**1 752 627**
Total operating expenses	2	**(849 018)**	**(741 153)**
Operating expenses	2	(861 912)	(733 672)
Allowance for credit reversals/(losses) - amortised cost instruments	2	12 894	(7 481)
Operating profit		**569 458**	**1 011 474**
Foreign exchange and fair value gains		(1 462 059)	362 921
Net foreign exchange (losses)/gains	20	(1 473 444)	225 918
Unrealised gains on rand investments exchanged		2 549 283	842 133
Unrealised losses on BON bills - NamPower and GIPF		(2 549 283)	(842 133)
Unrealised gains on derivative instruments	24	-	36 437
Unrealised gains on equity instruments	24	27 799	35 354
Realised foreign exchange (losses)/gains on sale of instruments and FEC's		(16 414)	65 212
(LOSS)/PROFIT FOR THE YEAR		**(892 601)**	**1 374 395**
Items that will be reclassified subsequently to profit or loss:		**275 084**	**(16 194)**
Unrealised gains /(losses) - FVTOCI instruments	24	275 084	(16 194)
Items that will not be reclassified subsequently to profit or loss:		**25**	**30 528**
Allowance for credit loss reversal - FVTOCI instruments	4.1/ 24	2 229	6 557
Actuarial (losses)/gains on post - employment benefits	17	(2 204)	23 971
TOTAL COMPREHENSIVE (LOSS)/INCOME		**(617 492)**	**1 388 729**
(Loss)/Profits attributable to:			
Foreign currency revaluation reserve	20	(1 473 444)	225 918
Investment revaluation reserve	24	302 883	55 597
Amount available for distribution	3	553 069	1 107 214
TOTAL COMPREHENSIVE(LOSS)/ INCOME		**(617 492)**	**1 388 729**

FIVE YEAR HISTORICAL FINANCIAL OVERVIEW

Statement Of Financial Position Comparisons 2021-2025 - N$'000

	31-Dec-25	31-Dec-24	31-Dec-23	31-Dec-22	31-Dec-21
ASSETS					
Investments	50 224 744	60 668 426	50 582 528	43 771 048	39 871 827
Loans and advances - local banks	856 133	358 340	850 329	6 093	1 456
Loans and advances - other	198 665	163 892	140 315	115 423	112 518
Currency inventory	134 764	61 480	72 780	81 038	90 100
Rand deposits	74 103	12 390	104 496	159 704	70 014
IMF Balances and other receivables	10 275 260	9 574 850	9 824 780	7 913 980	7 653 445
Investment in associate	-	-	-	-	-
Other inventory - stationery and spares	3 315	5 331	4 979	4 806	4 742
Property and equipment	346 835	338 977	300 606	268 638	278 240
Intangible assets - computer software	99 292	61 998	42 985	38 405	40 562
TOTAL ASSETS	**62 213 111**	**71 245 684**	**61 923 798**	**52 359 135**	**48 122 904**
LIABILITIES					
Deposits	44 016 017	52 016 177	43 985 974	36 591 583	32 800 835
Trade and other payables	128 180	164 754	129 176	88 761	99 077
Notes and coins in circulation	5 941 023	5 609 944	5 244 027	4 873 869	4 759 436
Provision for post-retirement medical aid benefits	147 049	134 246	114 760	71 041	69 098
TOTAL LIABILITIES	**50 232 269**	**57 925 121**	**49 473 937**	**41 625 254**	**37 728 446**
CAPITAL AND RESERVES					
Share capital	40 000	40 000	40 000	40 000	40 000
General reserve	3 869 665	3 662 959	3 347 175	3 010 484	2 741 385
Foreign currency revaluation reserve	7 162 400	8 635 844	8 409 926	7 631 685	7 002 208
Training fund reserve	30 208	30 208	28 007	19 279	16 179
State revenue fund	200 000	720 000	511 470	413 700	413 700
Development fund reserve	215 214	283 653	284 424	184 424	95 986
Building fund reserve	368 102	153 300	83 300	83 300	85 000
Investment revaluation reserve	95 253	(205 401)	(254 441)	(648 991)	-
TOTAL CAPITAL AND RESERVES	**11 980 842**	**13 320 563**	**12 449 861**	**10 733 881**	**10 394 458**
TOTAL LIABILITIES, CAPITAL AND RESERVES	**62 213 111**	**71 245 684**	**61 923 798**	**52 359 135**	**48 122 904**

Income Statement Comparisons 2021–2025 – N$'000

	31-Dec-25	31-Dec-24	31-Dec-23	31-Dec-22	31-Dec-21
Interest income	1 494 921	1 818 540	1 607 243	740 023	547 330
Interest expense	(531 781)	(593 812)	(616 723)	(185 477)	(79 063)
NET INTEREST INCOME	**963 140**	**1 224 728**	**990 520**	**554 546**	**468 267**
Rand compensation income	414 396	490 180	585 689	578 000	505 628
Dividend income on equity instruments	11 928	12 478	13 713	5 025	-
Profit on disposal of property, equipment and intangible assets	31	6	15	36 162	43 237
Other income	28 981	25 235	27 713	-	-
TOTAL INCOME	**1 418 476**	**1 752 627**	**1 617 650**	**1 173 733**	**1 017 132**
Operating expenses	(849 018)	(741 153)	(592 513)	(522 504)	(432 933)
OPERATING PROFIT	**569 458**	**1 011 474**	**1 025 137**	**651 229**	**584 199**
Net foreign exchange translation (losses)/gains	(1 473 444)	225 918	778 241	629 477	801 650
Unrealised gains/(losses) on equity instruments	27 799	35 354	87 614	(15 123)	-
Unrealised gains/(losses) on derivative instruments	-	36 437	(56 000)	-	-
Realised foreign exchange (losses)/gains on FEC`S	(16 414)	65 212	(52 943)	56 599	151 656
(LOSS)/PROFIT FOR THE YEAR	**(892 601)**	**1 374 395**	**1 782 049**	**1 322 182**	**1 537 505**
OTHER COMPREHENSIVE INCOME/(LOSSES)	**275 109**	**14 334**	**346 045**	**(544 428)**	**(392 450)**
Unrealised gains/(losses) on investment portfolio	275 084	(16 194)	361 350	(572 358)	(366 157)
Allowance for credit loss reversals/(losses) - FVTOCI instruments	2 229	6 557	(1 586)	24 631	(20 009)
Actuarial (losses)/gains on post - employment benefits	(2 204)	23 971	(13 719)	3 299	(6 284)
TOTAL COMPREHENSIVE (LOSS)/INCOME	**(617 492)**	**1 388 729**	**2 128 094**	**777 754**	**1 145 055**
Foreign currency revaluation reserve	1 473 444	(225 918)	(778 241)	(629 477)	(801 650)
Investment revaluation reserve	(302 883)	(55 597)	(392 964)	587 481	366 157
Distribution adjustment on unrealised losses	-	-	-	36 879	(36 879)
NET INCOME AVAILABLE FOR DISTRIBUTION	**553 069**	**1 107 214**	**956 889**	**772 637**	**672 683**
APPROPRIATIONS:	**553 069**	**1 107 214**	**956 889**	**772 637**	**672 683**
General reserve	138 267	307 513	335 419	253 937	258 983
Building reserve	214 802	70 000	-	-	-
Training fund reserve	-	9 701	10 000	5 000	-
Development fund reserve	-	-	100 000	100 000	-
State Revenue Fund	200 000	720 000	511 470	413 700	413 700

Bank of Namibia

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