

ANNUAL REPORT

2024



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The Namibia Deposit Guarantee Authority Annual Report and Financial Statements for the financial year ended 31 December 2024 are prepared pursuant to section 32(1) of the Deposit Guarantee Act, 2018 (No. 16 of 2018).

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Abbreviations

AGM	Annual General Meeting
ARIC	Audit, Risk and Investment Committee
GDP	Gross Domestic Product
IADI	International Association of Deposit Insurers
IMF	International Monetary Fund
MPC	Monetary Policy Committee
NDGA	Namibia Deposit Guarantee Authority
NPL	Non-Performing Loan
SARB	South African Reserve Bank
USA	United States of America



Ebson Uaguta
BOARD CHAIRPERSON
NAMIBIA DEPOSIT GUARANTEE AUTHORITY

Chairperson's Statement

It gives me great pleasure to present the Namibia Deposit Guarantee Authority (NDGA) 2024 Annual Report. The report is issued in terms of section 32 of the Deposit Guarantee Act, 2018 (No. 16 of 2018) and provides useful information to the Minister of Finance and Social Grants Management, the Bank of Namibia, our member institutions and all our stakeholders. The information is presented in three parts. Part A offers a background to the Authority and its organisational structure and management, while Part B reports on developments in international and domestic markets as well as on the performance of the Deposit Guarantee Fund during the year under review. Finally, Part C presents the Authority's Annual Financial Statements for the reporting year ended 31 December 2024.

“ Through this mandate, the Scheme not only fosters consumer protection, but also plays a pivotal role in ensuring the stability and resilience of Namibia's financial system. ”

The NDGA has consistently grown as an institution since its establishment five years ago, thanks to its good corporate governance foundation and operational efficiency. The annual report has always been prepared in accordance with the requirements of the Deposit Guarantee Act and aligned with international best practices of good governance. The NDGA was established under section 2(1) of the Act with the primary objective of providing depositors, particularly small depositors, with a critical safety net and financial protection. The Authority is also mandated to manage the Deposit Guarantee Scheme, which offers depositors compensation in the event their deposits held by a member institution become unavailable. Through this mandate, the Scheme not only fosters consumer protection, but also plays a pivotal role in ensuring the stability and resilience of Namibia's financial system.

The institution continues to be operationalised through the structures of the Bank of Namibia while preserving and safeguarding its independence as provided for by the Act. This arrangement has enabled the NDGA to minimise its operational cost and enhance efficiency in pursuit of the institution's core mandate. To this end, the NDGA is managed by a dedicated team seconded by the Bank who carry out the Authority's day-to-day activities, while a competent Board of Directors provides effective oversight. The Board is responsible for the general policy, control and administration of the Authority's business and affairs. The Board also ensures that the rules and determining policies for the Authority's

administration are adopted and it advises the Minister on any relevant and related matters.

This report is presented at a time when economic developments, both globally and domestically, remain somewhat weak. Global Gross Domestic Product (GDP) growth moderated slightly in 2024 compared to 2023. In this regard, global GDP growth eased to 3.2 percent in 2024, from 3.3 percent in 2023 on the back of weak investment, sluggish productivity growth and high debt levels. Moreover, tight monetary conditions dampened global development, especially by impacting housing and credit markets. Growth in advanced economies ticked marginally higher compared with the performance in 2023 as investment remained subdued, particularly in the Euro Area. In Emerging Market and Developing Economies (EMDEs), growth remained unchanged at 4.2 percent in 2024 relative to 2023 ascribed to the slow pace of structural reforms, which is holding back productivity. Going forward, global economic growth is projected to increase slightly, albeit still below the historical average.

Regarding the domestic economy, recent data indicate that the domestic economic growth moderated in 2024 compared to 2023. The growth rate of the Namibian economy slowed in 2024, from the growth recorded in 2023, driven by a weak performance in the primary industry, particularly the contractions in diamond and crop production. The secondary and tertiary industries however showed improved performances, where the growth in the secondary industry was primarily driven by improved growth in the manufacturing and construction sectors. Meanwhile the tertiary industries experienced growth

led by the wholesale and retail trade sector, which largely stimulated the adjusted tax bracket refunds and easing inflationary pressures.

The banking sector remained resilient and sound during 2024, amidst challenging economic conditions. Banks' capital remained strong during the year under review, which supported the balance sheet expansion and cushioned against risk. Profitability improved in 2024 relative to 2023, with both the return on assets and the return on equity exceeding the performance reported in the previous year. Furthermore, the banks' liquid asset holdings remained adequate to meet nearterm obligations after they continued to record significant buffers above the prudential limits. Asset quality, as indicated by the ratio of performing to non-performing loans, showed a slight improvement from the previous year by remaining below the supervisory intervention threshold. These factors underscore the current resilience of the banking sector to macroeconomic shocks. Overall, the banking sector remained stable under the prevailing economic conditions and continued to extend credit to the real economy.

The reporting period marked the second year of implementation of the Authority's Strategic Plan (2023-2025). Building on the strong foundation established during the first year, the NDGA has made significant strides in advancing the goals and objectives outlined in the Plan. Thanks to a sustained effort, strategic focus and commitment, the second year yielded remarkable results, further demonstrating the effectiveness of the Authority's approach towards achieving its objectives. In view of the NDGA being on the cusp of the third and

final year of implementing its 2023–2025 Plan, the progress made this far is inspiring, and it will keep the institution resolute in actualising its mandate. The successes of the past two years will reinforce confidence in the path already charted, committing the Management and staff to concluding this journey with a legacy of excellence and a lasting impact.

Allow me to close by extending appreciation to all stakeholders and partners who, through their commitment and unyielding support, have made the Authority's journey so far a successful and fulfilling one. Advancing into and completing Year 2 of the Strategic Plan, with such tangible achievements, was possible only thanks to the collaboration between Management, the Board and the institution's strategic stakeholders. I would therefore like to thank the Board of Directors, Management and staff for

their commitment and dedication not only during the period under review, but also since the NDGA's establishment five years ago. As we launch this 2024 Annual Report, which coincides with celebrating the Authority's Fifth Anniversary, I would like to assure all our strategic partners and stakeholders as well as the public at large that the NDGA remains committed to executing its mandate and that we look forward to further fruitful partnerships in the years ahead.



Ebson Uanguta
BOARD CHAIRPERSON
NAMIBIA DEPOSIT GUARANTEE AUTHORITY



Florette Nakusera
HEAD
NAMIBIA DEPOSIT GUARANTEE AUTHORITY

Report by the Head of the Authority

I am honoured to present the fifth *Namibia Deposit Guarantee Authority Annual Report* to our stakeholders and the public at large for the year ended 31 December 2024. This is prepared in terms of section 32 of the Deposit Guarantee Act, 2018 (No. 16 of 2018). The information contained herein details the Authority's governance and management, its operations, and the performance of the Deposit Guarantee Scheme over the review period. The report also presents the Authority's independently audited Annual Financial Statements for the reporting year.

The review period was characterised by somewhat subdued global and domestic economic environment. Global GDP growth slowed somewhat in 2024, easing to 3.2 percent in 2024 from 3.3 percent in 2023 on the back of weak investment, sluggish productivity growth, and high debt levels. The world's GDP growth is, however, projected to rise by 3.3 percent in 2025. According to the International Monetary Fund's January 2025 World Economic Outlook update, the anticipated sluggish growth is attributed to the lagged impact of the tight monetary policy and increased geopolitical risks.

On the domestic front, in line with global economic growth, real GDP in Namibia expanded further, although at a slower pace in 2024 than in 2023. Domestic economic growth eased slightly to 3.7 percent, compared with the robust 4.4 percent registered in 2023. This slower expansion is attributed to the weak performance in the primary industry, particularly the contractions in diamond and crop production. Furthermore, the Namibian financial system remained sound and well capitalised, and no substantial disruptions in financial services that impeded economic growth were identified. The financial sector demonstrated resilience through maintaining adequate capital and liquidity buffers to absorb the impact of shocks, while simultaneously ensuring that the payment infrastructure operated efficiently.

“ The year under review marked the second year of the implementation of the NDGA's Strategic Plan (2023-2025), the full achievement of which will assist the Authority in pursuing its mandate. ”

The NDGA's assets remained safe and secured as invested in line with approved investment policy and guidelines. The Deposit Guarantee Fund maintained robust growth throughout 2024, as evidenced by the Fund's closing market value. The increase was primarily driven by member institutions' annual premiums contributed to the portfolio, coupled with the strong and consistent performance of the portfolio itself. The strategic positioning of the Fund ensured favourable returns, further bolstering its value. The portfolio's market value closed the year at N\$30.3 million, reflecting an increase of N\$7.3 million compared to the N\$23.0 million recorded at the end of 2023. The annual member institutions' premiums, which were the primary contributors to this increase, amounted to N\$5.4 million in 2024. The Fund portfolio consistently outperformed its benchmark, the Alexander Forbes Short-term Fixed Interest (STeFI) 3-month Index, surpassing its returns by 71 basis points. In the context of a high-interest-rate environment that prevailed for most of the year and began to decline only gradually from the third quarter, the portfolio was strategically positioned to capitalise on these favourable conditions.

In terms of operations, the NDGA has continued to grow from strength to strength over the past years. In this regard the Authority's collaboration with the Bank of Namibia still serves the institution well. The year under review marked the second year of the implementation of the NDGA's Strategic Plan (2023–2025), the full achievement of which will assist

the Authority in pursuing its mandate. The mid-term review of this Plan in August was one of 2024's highlights as it allowed the Board and staff to revisit the Plan and track progress to date.

On the global front, the NDGA continued to participate and derive benefits from the International Association of Deposit Insurers (IADI) since joining the network in February 2024.

The IADI is a global forum where deposit insurers as well as other financial safety net participants and international financial institutions work together to promote best practices in the areas of depositor protection, bank resolution and financial stability. During the year under review, the NDGA participated in the IADI's Africa Regional Committee (ARC) Annual General Meeting and Conference held in Kampala, Uganda, from 27 to 30 August 2024, under the theme "Ensuring financial stability and protecting depositors in a dynamic financial ecosystem". Management also attended the IADI's 23rd AGM and Annual Conference in Tokyo, Japan, held from 11 to 15 November 2024, under the banner "Future proofing the Core Principles: Raising the bar for deposit insurance systems". The Authority intends to continue deriving benefits from this network through participating in capacity development and peer review programmes to strengthen its regional and global cooperation.

Our success over the past year was only made possible by the support and guidance from the NDGA Board and the cooperation of all our stakeholders. I would, therefore, like to sincerely thank the Board for its commitment and for guiding us not only over the past year, but since the establishment of this institution. Furthermore, I would like to thank our staff for their hard work and dedication as we continue to build the NDGA in the best possible way we can. The Bank of Namibia has been and continues to be our bedrock since the Authority's establishment. For this indispensable support I wish to thank the Bank's Board, management and staff for ensuring the NDGA operates seamlessly. Moreover, our association with the IADI, has already begun to show results as we have managed to cement fruitful

relationships with identified strategic partners. Finally, I wish to thank all our member institutions for their cooperation over the past reporting year. As we celebrate our fifth anniversary as an institution, we recommit and rededicate ourselves to continue building the NDGA, pursuing our strategic objectives and fulfilling our mandate.



Florette Nakusera

HEAD

NAMIBIA DEPOSIT GUARANTEE AUTHORITY

Corporate Charter

In pursuit of achieving its strategic objectives and mandate, the Namibia Deposit Guarantee Authority is guided by the principles of good corporate governance. In accordance with its establishing Act, the NDGA maintains and manages a Deposit Guarantee Scheme aimed at compensating depositors in a speedy, efficient and transparent manner in the event of member institutions' failure.

On this legal and principled foundation, the NDGA aspires to be a credible entity in ensuring depositors are protected against the risk of loss. Therefore, the Authority's staff members, its Board and anyone else acting on its behalf are guided by a set of core values to actualise these aspirations and deliver on the NDGA's mandate.

OUR VISION

To be a credible insurer committed to the protection of depositors' funds.

OUR MISSION

To establish and administer a deposit guarantee scheme for the protection of depositors against risk of loss of their deposits.

OUR CORE VALUES

- Integrity – We are truthful and honest in all areas of our professional and personal lives.
- Professionalism – We conduct ourselves in a professional manner at all times in the execution of our duties and when engaging with our stakeholders.
- Transparency – We pride ourselves on providing complete information when required and authorised to do so.
- Accountability – We are accountable to our principals and stakeholders and take full responsibility for our actions.





PART A

MANDATE AND GOVERNANCE OF THE NDGA

MANDATE OF THE NDGA

The existence of a deposit guarantee or deposit insurance scheme is a crucial consideration for any regulatory structure aimed at protecting bank depositors while safeguarding financial stability.

Deposit insurance schemes have gained significant traction since the aftermath of the 2008 global financial crisis. These schemes have been adopted in numerous countries to protect depositors either fully or in part, from losses resulting from the failure of banks or other types of financial institutions. By promoting consumer protection and safeguarding financial stability, deposit insurance schemes serve as a critical element of the broader financial system safety net. They are also intended to prevent panic withdrawals by assuring depositors that their deposits are secure in the event of a bank or similar type of institution's failure, thereby mitigating the risk and potential scale of a systemic crisis.

The Namibia Financial Sector Strategy (NFSS) 2011–2021, which was developed through collaboration between the country's financial authorities and key stakeholders, advocated for the need of a safety net to safeguard small depositors. In this regard, a comprehensive study was conducted, as

recommended by the NFSS. The study proposed that Namibia, in line with international best practices and considering the country's growing banking industry, should implement a deposit guarantee scheme. This recommendation led to the establishment of the NDGA and its eventual operationalisation in 2020. In line with its mandate, the NDGA now administers and oversees a Deposit Guarantee Scheme. The main objectives of this Scheme are (1) to protect a high percentage of depositors against loss by compensating them if a member institution should fail, and (2) to enhance financial stability in both the financial sector and the country by insuring a portion of the total deposits held by banks and building societies in Namibia.

Globally, deposit protection schemes are designed primarily to safeguard small depositors from financial loss in the event when a bank or similar institution fails. Therefore, the coverage limits of most of these schemes aim to ensure that a substantial proportion of small depositors are fully protected. In Namibia, the current coverage limit is set at N\$25,000 per depositor. This threshold guarantees that over 90 percent of depositors are reimbursed in full. This coverage level aligns with international practice, as the primary objective of establishing deposit guarantee schemes is always to ensure the protection of a significant proportion of small depositors.

POWERS OF THE NDGA

The Deposit Guarantee Act grants the NDGA its mandate and the power to execute its functions.

Although the NDGA is an independent juristic entity, it is currently administered within the existing structures of the Bank of Namibia. This arrangement was deemed the most cost-effective approach for managing the Authority for its initial years of operation. In pursuit of its strategic objectives and mandate, the NDGA possesses specified powers which enable it to –

- ▶ provide insurance, in accordance with the provisions of the law, against the loss of deposits
- ▶ collect premiums from member institutions in accordance with the provisions of the law
- ▶ administer the Deposit Guarantee Fund
- ▶ assess claims made against the Fund by depositors and determine the eligibility and entitlement of claimants in accordance with the provisions of the law
- ▶ keep the public informed of the benefits and limitations of the Deposit Guarantee Scheme, and
- ▶ engage in public awareness programmes aimed at increasing financial literacy to ensure depositors are always well informed.

MEMBERSHIP AND COVERAGE OF THE DEPOSIT GUARANTEE SCHEME

Globally, many deposit insurance schemes have made it obligatory for deposit-taking institutions to participate as members of such schemes. In the case of Namibia, section 23 of the Deposit Guarantee Act outlines three categories of membership for the country's Deposit Guarantee Scheme, as follows:

- ▶ A banking institution authorised under section 11 of the Banking Institutions Act, 2023 (No. 13 of 2023) to carry on banking business in Namibia
- ▶ A branch of a foreign banking institution authorised under section 26 of the Banking Institutions Act to carry on banking business in Namibia, and
- ▶ A building society registered to conduct the business of a building society under section 4 of the Building Societies Act, 1986 (No. 2 of 1986).

At the end of 2024, Deposit Guarantee Scheme members comprised seven banking institutions, including a branch of a foreign banking institution operating in Namibia. All members pay annual premiums to the Scheme which are credited to the Deposit Guarantee Fund.

The Scheme provides covers for deposits as stipulated in section 39 of the Deposit Guarantee Act. Most types of deposits received by a bank or building society in Namibia in its usual course of business, such as savings and call or other term investments, are covered by the Scheme. Notable exclusions are foreign currency accounts and tradeable debt and deposit instruments, negotiable certificates of deposit, and deposits at institutions regulated and overseen by the Namibia Financial

Institutions Supervisory Authority (NAMFISA). Deposits from institutions in which the Namibian Government is a shareholder are also not covered.

The Scheme adopts a predetermined coverage limit per depositor in respect of the total of that individual's deposits at a member institution that has failed. In cases where a depositor holds multiple deposits in a failed bank or building society, the value of all deposit accounts held there by that depositor will be consolidated and the claimant will be compensated up to the maximum coverage limit. The coverage limit is determined per depositor per member institution. Thus, where a depositor has several accounts in a given member institution, such accounts will be aggregated before compensation is effected. The Board regularly reviews this guaranteed coverage threshold, which is currently set at N\$25,000.

This threshold ensures that a substantial number of small depositors are covered in the event of a member institution's failure. By the end of 2024, the Deposit Guarantee Fund fully covered 91.3 percent of total depositors at the set threshold, a slight increase from 91.2 percent recorded for the end of the previous reporting year.

The Scheme also provides partial coverage for depositors with deposit values exceeding the coverage limit, i.e. above N\$25,000 in total deposits. These partially covered depositors are eligible to receive a reimbursement up to the threshold value. By the end of the review period, partially covered depositors constituted 8.7 percent of total depositors, a slight decrease from 8.8 percent recorded by the end of 2023.

TABLE 1: Summary estimates of deposits and depositor coverage, 31 December 2024

At N\$25,000 coverage	Fully covered	Partially covered	Total
Value of qualifying deposits (N\$)	3,766,720,125.04	71,131,384,449.53	74,898,104,574.57
Percentage of total qualifying deposits	5.0%	95.0%	100.0%
Number of depositors	1,759,320.00	166,973.00	1,926,293.00
Percentage of all depositors	91.3%	8.7%	100.0%

FUNDING

It is important that an appropriate funding model is adopted for any deposit guarantee authority to ensure there are adequate funds with which to compensate depositors. In most countries with deposit guarantee schemes, banking institutions bear the primary responsibility for paying the cost of such a scheme because they and their clients benefit directly from it. The funding of a deposit guarantee scheme can take an *ex-ante*, *ex-post* or hybrid form. *Ex-ante funding* of such schemes refers to funds being accumulated and maintained to cover deposit guarantee claims prior to the failure of a bank or other similar deposit-taking institution. This form of funding primarily involves member premiums. In the *ex-post funding* model, funds to cover deposit guarantee claims are only collected from members when a bank or other similar deposit-taking institution fails. The *hybrid funding* system involves the collection of funds through the *ex-ante* approach but, when there is a shortfall, provision is made for a mechanism to obtain further funds *ex-post* from members and/or to borrow from the government or the market.

The NDGA's Deposit Guarantee Scheme has adopted an ex-ante approach with borrowing powers. This approach is deemed more equitable strategy for the NDGA as the cost of the deposit guarantee is spread over time, which prevents it from becoming too expensive. All member institutions contribute premiums to the Deposit Guarantee Fund. The NDGA's main source of income for the Fund, which also covers the Fund's associated expenses, comprises premium contributions collected from member institutions once a year by the Scheme's administrators.

Premiums are calculated with reference to the size of each member institution's deposit base as well as its risk score determined by the Bank of Namibia. The Bank of Namibia's Determination on premiums payable per risk category (DGD-6, gazetted on 1 April 2020) established that all Scheme members were regarded as Category 1 until the end of 2021. This allowed members to prepare themselves for the differentiated risk-based premium structure implemented in 2022. The new structure penalises bad and rewards good risk management. Annual premiums thus differ significantly between member institutions according to their risks. Member premiums to the Fund are based on two principles, as follows:

- ▶ Premiums are based on four risk categories:
 - Category 1: 8 basis points
 - Category 2: 16 basis points
 - Category 3: 32 basis points
 - Category 4: 64 basis points
- ▶ Premiums are determined according to the 'double-up principle', i.e. premiums for the highest-risk member institutions are eight times higher than those for their lowest-risk counterparts.

These two principles are designed to ensure that the NDGA is fair in setting its annual premiums, that it remains sustainable, and that it can respond to a member institution's failure in a timely and effective manner. Premiums for higher-risk member institutions are higher than those with lower risks since the likelihood of higher-risk institutions failing is higher than it is for their lower-risk counterparts.

GOVERNANCE OF THE NDGA

It is important that a proper governance structure comprised of effective management and oversight is put in place for any institution to carry out its mandate effectively. Thus, adopting principles of good governance is crucial for the NDGA to operate optimally. Although the NDGA falls under the Bank of Namibia for its day-to-day administrative functions, an independent Board of Directors is responsible for overseeing the Authority and formulating its policies. Section 32(1) of the Deposit Guarantee Act requires the Authority to prepare and submit to the Minister of Finance and Public Enterprises a copy of its annual report for the review period in question, containing annual accounts certified by its auditors, a report on its activities, and a report on the operations of its Deposit Guarantee Fund. The Deposit Guarantee Act further stipulates that the Minister table a copy of the said report in the National Assembly.

BOARD OF DIRECTORS

Oversight for the Authority is the responsibility of a competent Board of Directors appointed in terms of section 6 of the Deposit Guarantee Act.

The Board is responsible for formulating general policy for the Authority as well as for exercising control over its affairs. In addition, the Board is responsible for adopting rules for the Authority's proper administration and functioning, for fulfilling the functions and exercising the powers assigned to it in the said Act, and for advising the Minister on any relevant and related matters. In accordance with section 6(2) of the said Act, the Board consists of the following persons who are appointed by the Bank of Namibia subject to the Minister's approval:

- ▶ The Deputy Governor of the Bank of Namibia, as referred to in Article 128(2) of the Namibian Constitution and as appointed in terms of section 9(1)(b) of the Bank of Namibia Act, 2020 (No. 1 of 2020), who then serves as the Board Chairperson
- ▶ A representative from the Ministry of Finance, who is nominated by the Minister
- ▶ Two persons with relevant qualifications and experience in the fields of law, banking, finance, accounting or any other field relevant to the functions of the Board
- ▶ A person representing the interests of consumers, and
- ▶ A Head of the Authority, who is an *ex officio* member of the Board with no voting rights.

The NDGA Board of Directors was comprised as follows during the year under review in respect of the portfolios specified:



Ebson Uanguta

*Chairperson, Non-executive Director
(Macroeconomics, Regulation and Monetary Policy)*



Linda Dumba Chicalu

*Deputy Chairperson, Non-executive Director
Member: Audit, Risk and Investment Committee
(Legal and Consumer Protection)*



Festus Nghifwenwa

*Non-executive Director
Member: Audit, Risk and Investment Committee
(Macroeconomic and Fiscal Policy)*



Kenneth S Matomola

*Non-executive Director
(Finance and Banking, Regulation)*



Herman Shilongo

*Non-executive Director
Chairperson: Audit, Risk and Investment Committee
(Accounting, Finance, Insurance and Strategy)*



Florette Nakusera

*Executive Director (Ex officio)
(Macroeconomic Policy, Central Banking and Financial
Stability, Strategic Leadership)*

The Board meets regularly to oversee and monitor the Authority's finances, operations and policies. An important element of the governance structure is that the Board establishes and delegates certain functions to committees. Since the first year of the Authority's existence and considering its administrative set-up, the creation of only one Committee was deemed adequate. Thus, the establishment of the Audit, Risk and Investment Committee (ARIC) is in line with section 14 of the Deposit Guarantee Act. This section states that the Board may establish one or more committees consisting of Directors to assist and advise it in exercising its powers and performing its functions or duties.

AUDIT, RISK AND INVESTMENT COMMITTEE

The ARIC supports the Board of Directors in implementing effective policy and planning for risk management and internal control to enhance the Authority's ability to achieve its strategic objectives and ensure its sustainability. The Committee is specifically responsible for matters related to financial reporting, internal control systems, risk assessment, oversight of external audit functions, and the review of investment policies and functions, additionally executing all other powers and functions delegated or assigned to it by the Board. As such, the Committee is required to deliver regular reports to the Board in respect of matters for which it is responsible. Thus, the Board remains the ultimate custodian of the Authority's corporate governance standards.

BOARD AND COMMITTEE MEETINGS

During the review period, all scheduled Board and Committee meetings were held as planned.

The Board meets at least four times a year with the main purpose of overseeing and monitoring the Authority's policies, operations and finances, as well as the performance of the Deposit Guarantee Fund. During 2024, four ordinary Board meetings were held. Table 2 outlines the dates and attendance of these meetings.



TABLE 2: Attendance of Board meetings, 2024

Board Member	19 March	11 July	22 October	29 November
Mr Ebson Uanguta (Chairperson)	✓	✓	✓	✓
Ms Linda Dumba Chicalu	✓	✓	✓	✓
Mr Festus Nghifewa	✓	✓	✓	✓
Mr Kenneth S Matomola	✓	✓	✓	✓
Mr Herman Shilongo	✓	✓	✓	✓
Ms Florette Nakusera (<i>Ex officio</i>)	✓	✓	✓	✓

Similarly, the ARIC ordinarily meets four times a year. This Committee supports the Board by facilitating the implementation of effective policies and frameworks for risk management and internal control models, thereby strengthening the Authority's

ability to achieve its strategic objectives and ensure its sustainability. During the year under review, the committee held four meetings. Table 3 outlines the dates and attendance of these meetings.

TABLE 3: Attendance of Audit, Risk and Investment Committee meetings, 2024

Committee Member	11 March	11 June	25 September	7 November
Mr Herman Shilongo (Chairperson)	✓	✓	✓	✓
Ms Linda Dumba Chicalu	✓	✓	✓	✓
Mr Festus Nghifewa	✓	✓	✓	✓

MANAGEMENT AND ADMINISTRATION

Effective management is essential for the success of any institution, including the NDGA. To support its operations, a Service Level Agreement signed between the NDGA and the Bank of Namibia ensures the Bank provides the necessary human, financial and other resources to safeguard the

Authority's proper functioning. Ms Ndeyapo Msati, a Financial Analyst from the Bank's Financial Stability and Macroprudential Oversight Department, was seconded to the NDGA during the reporting period.

The NDGA's seconded staff during the year under review were therefore as follows:



Florette Nakusera
Head of the NDGA



Petrus Shifotoka
Manager of Operations



Rakotoka Zaire
Senior Financial Analyst



Ndeyapo Msati
Financial Analyst

INFORMATION BOX

Global trends in deposit insurance

1. Introduction

Deposit insurance has evolved significantly over the past two decades, reflecting the dynamic nature of financial markets and regulatory frameworks. The increasing frequency of banking crises, coupled with rapid technological advancements and the growing interconnectedness of financial institutions, has placed deposit insurance at the centre of financial stability mechanisms worldwide. The International Association of Deposit Insurers (IADI) has observed a continuous expansion in the number

of jurisdictions implementing explicit deposit insurance schemes, growing from just over 80 in 2008 to 143 by 2023. This trend underscores the recognition of deposit insurance as a fundamental pillar of financial sector safety nets. As deposit insurers continue to refine their frameworks, several key global trends have emerged. These include enhanced funding mechanisms, expanded mandates, risk-based premium assessments, technological advancements, and the role of deposit insurance in financial inclusion.

2. Expansion of mandates and enhanced cooperation

Traditionally, many deposit insurance schemes operated under a 'pay box' model, wherein their sole function was to reimburse insured depositors in the event of bank failure. However, a growing number of jurisdictions are shifting toward broader mandates, such as 'pay box plus', 'loss minimiser', or 'risk minimiser' models, where deposit insurers engage in resolution planning, financial stability initiatives and risk mitigation. This expansion has necessitated greater collaboration with prudential regulators and resolution authorities, ensuring early intervention

mechanisms and seamless crisis management strategies.

The 2008 global financial crisis and subsequent banking failures highlighted the importance of coordination among financial safety net participants. As a result, many jurisdictions have formalised information-sharing frameworks and established inter-agency cooperation mechanisms to strengthen early warning systems and mitigate potential systemic risks.

3. Risk-based premiums and sustainable funding mechanisms

To maintain financial stability, a robust and sustainable deposit insurance funding mechanism is crucial. Globally, deposit insurers are shifting from flat-rate to risk-based premium assessments, wherein banks contributing to the fund are charged based on their risk profile. This approach aligns incentives by discouraging excessive risk-taking by financial institutions while

ensuring that deposit insurance funds remain adequately capitalised.

The IADI Core Principles advocate for ex-ante funding models, where premiums are collected in advance to ensure sufficient liquidity for pay-out obligations. Additionally, emergency liquidity arrangements, such as backstop funding from central banks or fiscal authorities, are becoming

more prevalent to enhance the resilience of deposit insurance funds. Many jurisdictions are also exploring investment strategies that balance

capital preservation and fund growth while maintaining liquidity to meet potential depositor claims.

4. *Technological advancements in reimbursement and supervision*

The integration of digital technology in banking has led to a corresponding evolution in deposit insurance operations. Many jurisdictions are adopting automated pay-out systems to facilitate rapid depositor reimbursement in the event of a bank failure. The introduction of electronic 'Know Your Customer' (e-KYC) and digital verification systems has enhanced efficiency in deposit insurance claims processing. Furthermore, deposit insurers are leveraging artificial intelligence and

big data analytics to assess the risk profiles of member institutions more accurately.

With the increasing prevalence of fintech and digital banks, deposit insurers are also refining their coverage frameworks to accommodate non-traditional banking models. This includes extending protection to e-money wallets and digital deposits, ensuring that financial innovation does not create regulatory blind spots.

5. *The role of deposit insurance in financial inclusion*

An emerging trend in global deposit insurance is its role in fostering financial inclusion. Many developing economies are implementing deposit protection schemes to build trust in the formal banking sector and encourage savings among unbanked populations. Countries with extensive informal economies are designing coverage frameworks that include microfinance institutions, cooperative banks and mobile money platforms.

By enhancing depositor confidence, deposit insurance supports broader financial sector development and economic stability. Moreover, financial literacy initiatives led by deposit insurers are gaining traction. These aim at educating depositors about the benefits and limitations of deposit insurance and promoting responsible financial behaviours.

6. *Conclusion*

The global landscape of deposit insurance continues to evolve in response to emerging financial sector challenges and innovations. Key trends shaping the future of deposit insurance include expanded mandates, risk-based premium assessments, enhanced funding models, the

integration of technology, and a focus on financial inclusion. These developments underscore the importance of continuous adaptation and collaboration among financial sector authorities to ensure that deposit insurance remains a resilient and effective safeguard for depositors worldwide.

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PART B: THE YEAR UNDER REVIEW

OVERVIEW OF MACROECONOMIC AND INDUSTRY DEVELOPMENTS

According to the International Monetary Fund's World Economic Outlook update in January 2025, global economic growth remained stable in 2024, with a marginal decline to an estimated 3.2 percent, compared to 3.3 percent in 2023. Economic activity demonstrated resilience, defying earlier warnings of stagflation and a potential global recession. In emerging market and developing economies, growth projections were revised downward for the Middle East, Central Asia and sub-Saharan Africa, largely due to disruptions in commodity production and shipping – particularly oil – along with conflicts, civil unrest and extreme weather events. However, these declines were offset by upward revisions for emerging and developing Asia, where robust demand for semiconductors and electronics, fuelled by significant investments in artificial intelligence, drove strong economic performance.

On the global inflation front, significant progress was made in combating inflation, although price pressures persisted in some countries throughout 2024. Global headline inflation is expected to decrease

further, reaching 4.2 percent in 2025 and 3.5 percent in 2026, with advanced economies likely returning to target inflation rates sooner than emerging market and developing economies. While core goods price inflation returned to or fell below historical trends in 2024, services price inflation remained above pre-pandemic averages in many economies, particularly in the United States and the euro area. Localised factors have kept inflation elevated in some emerging market and developing economies in Europe and Latin America. In response, central banks in these regions have adopted a cautious approach to monetary easing, closely monitoring economic activity, labour markets and exchange rate movements.

In the years ahead, global growth is forecast to remain steady at 3.3 percent in 2025 and 2026.

This outlook is underpinned by an upward revision for the United States, driven by robust consumer spending, which offsets downward revisions in other major economies. In other advanced economies, recovering real incomes are expected to support a cyclical rebound in consumption. However, trade headwinds – exacerbated by heightened trade policy uncertainty – are likely to keep investment subdued.

For emerging market and developing economies, growth in 2025 and 2026 is anticipated to broadly align with the performance observed in 2024.

Notably, China's growth projection for 2025 has been revised marginally upward by 0.1 percentage points to 4.6 percent. This reflects positive carryover effects

from 2024 as well as the impact of a fiscal package announced in November, which largely offset the drag from heightened trade policy uncertainty and ongoing challenges in the property market.

In the medium term, the balance of risks to the global outlook is tilted to the downside, with growth poised to be around 3 percent, lower not only than its 2025-2026 forecast average, but also its five-year forecast. Near-term risks, in contrast, could reinforce divergences across countries: they are tilted to the upside in the United States, whereas downside risks prevail in most other economies amid elevated policy uncertainty and headwinds from ongoing adjustments (in particular, energy in Europe and real estate in China). Policy-generated disruptions to the continuing disinflation process could interrupt the pivot to easing monetary policy.

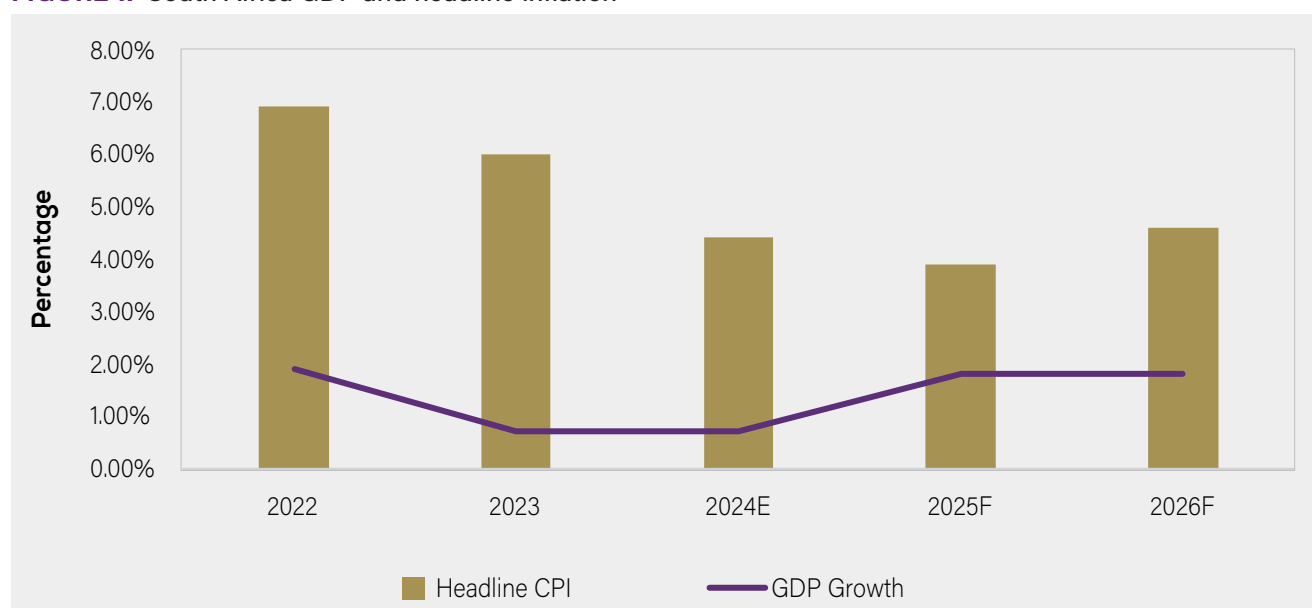
On the domestic front, according to the recent quarterly GDP data released by the Namibia Statistics Agency, the domestic economic growth moderated in 2024 compared to 2023. This is primarily due to subdued global demand, coupled with drought conditions. The growth rate of the Namibian economy slowed to 3.7 percent in 2024, from 4.4 percent recorded in 2023, driven by a weak performance in the primary industry, particularly the contractions in diamond and crop production. The secondary and tertiary industries however showed improved performances, where the growth in the secondary industry was primarily driven by improved growth in the manufacturing and construction sectors.

Meanwhile the tertiary industries experienced growth led by the wholesale and retail trade sector, largely stimulated the adjusted tax bracket refunds and easing inflationary pressures.

The Banking industry continued to be profitable, liquid, and well capitalised. Both the capital adequacy and the liquidity position of the banking sector improved and remained well above the statutory minimum requirements. Profitability increased during 2024, reaching pre-pandemic levels, as observed in both the return on assets and return on equity. Asset quality, as measured by the non-performing loans (NPLs) ratio, remained stable and below the supervisory intervention trigger point of 6 percent. The NPL ratio stood at 5.6 percent at the end of 2024, a marginal improvement from the levels observed at the end of 2023. Overall, the banking sector reported sound developments with adequate containment of threads to financial systems stability.

Regarding the market outlook in South Africa, where all Deposit Guarantee Fund assets are invested, the South African Reserve Bank (SARB) estimates economic growth of 0.7 percent for 2024, with forecasts rising to 1.8% in both 2025 and 2026 (see Figure 1). The SARB anticipates that output will benefit from several tailwinds, including lower inflation, increased disposable income, and additional spending driven by pension withdrawals under the new Two-Pot system. Additionally, the SARB anticipates a rebound in investments and improvements in the primary and secondary sectors.

FIGURE 1: South Africa GDP and headline inflation



Source: Statistics South Africa and South African Reserve Bank

On a year-on-year basis, headline inflation in South Africa continued to decline in 2024, remaining comfortably within the SARB's target range of 3-6 percent. Annual headline Consumer Price Index inflation averaged at 4.4 percent for the year, reflecting a significant decline from the 6.0 percent average recorded in 2023 (see Figure 1). On a monthly basis, headline inflation rose marginally by 0.1 percent in December 2024, ending the year at 3.0 percent, up slightly from 2.9 percent in the preceding month.

The overall decline in 2024 was primarily driven by a marked slowdown in fuel price inflation and the appreciation of the South African Rand, alongside a more modest deceleration in services price inflation. Notably, headline consumer and producer price inflation reached multi-year lows of 2.8 percent and -0.7 percent, respectively, in October 2024.

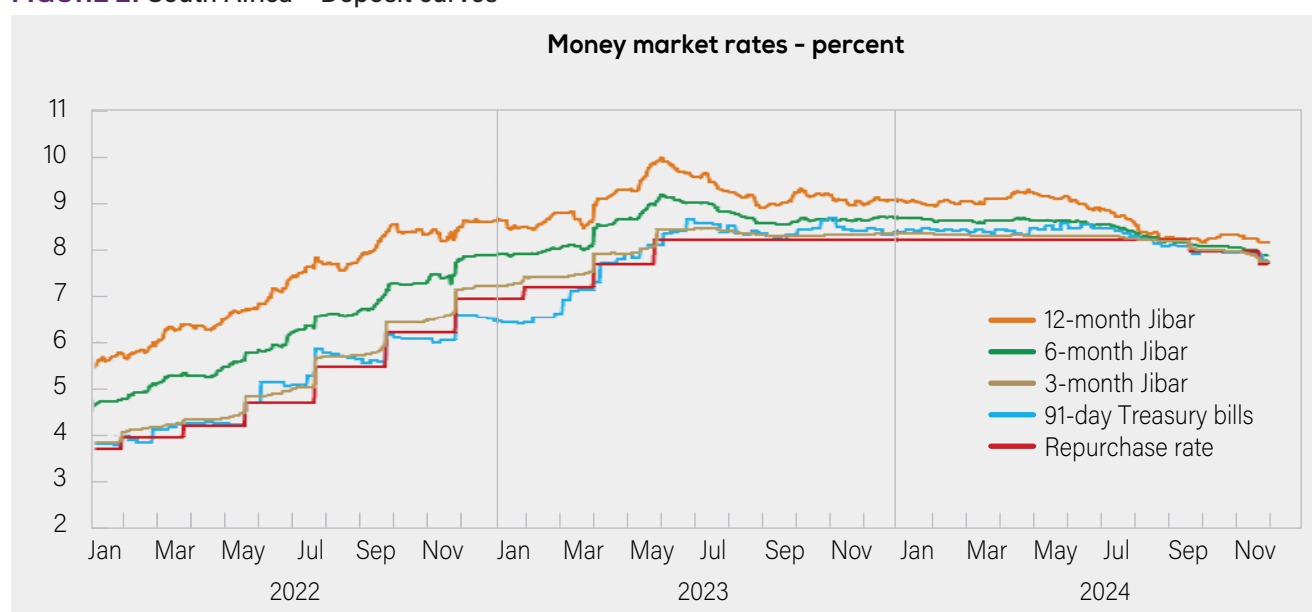
In response to these inflation trends, the SARB's Monetary Policy Committee (MPC) kept the repo rate unchanged at four consecutive meetings during 2024. However, the rate was reduced by a total of 50 basis points over the final two MPC meetings of the year. These decisions were made cautiously, informed by monthly inflation data, risks to the medium-term outlook and other economic factors. While headline inflation generally remained

within the SARB's target range, services price inflation remained sticky throughout the year.

Projections from the SARB anticipate inflation to remain in the bottom half of the target range of 3-6 percent through the first half of 2025. However, headline inflation is projected to return to around 4.5% thereafter, supported by core inflation, which is expected to stay at or below the midpoint over the forecast period. If one looks ahead, inflation risks are tilted to the upside. While inflation appears well-contained in the near term, the medium-term outlook remains uncertain, with significant risks from the external environment. Additionally, domestic factors, such as administered prices, pose further challenges.

As anticipated, South African money market rates remained closely aligned with monetary policy developments in 2024. As illustrated in Figure 2, short-term money market rates remained steady in the first half of 2024, largely reflecting the unchanged policy rate during the first four MPC meetings. However, this trend shifted in the third quarter, as rates began to decline in response to the reduction in the policy rate, the appreciation of the South African Rand, and lower-than-expected consumer price inflation outcomes. The interplay of these factors contributed to the downward movement in short-term money market rates, as highlighted in Figure 2.

FIGURE 2: South Africa – Deposit curves



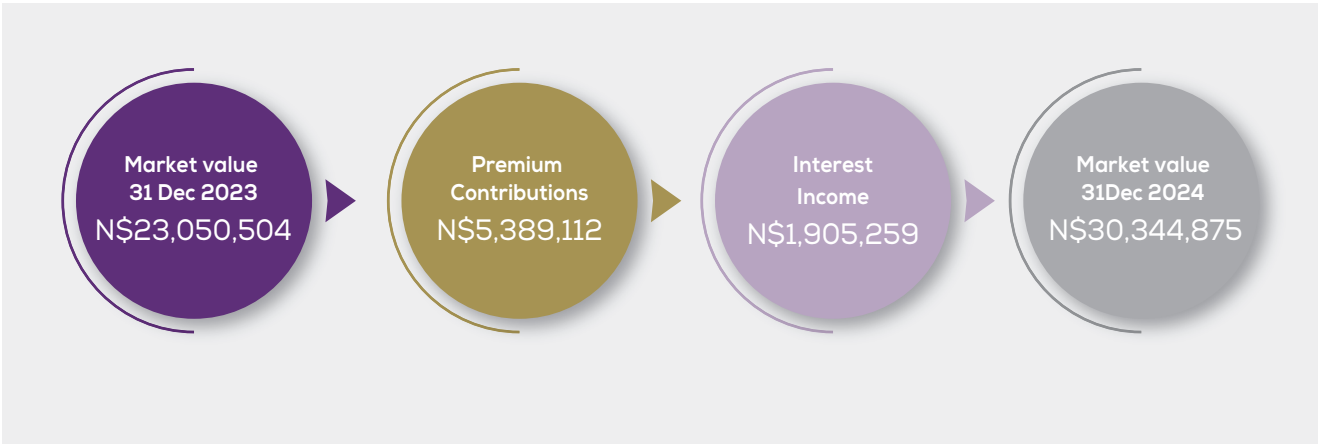
Source: South African Reserve Bank

FUND PERFORMANCE OVERVIEW

The Deposit Guarantee Fund maintained robust growth throughout 2024, as evidenced by its closing market value. This growth was primarily driven by annual member institutions' premiums contributed to the portfolio, coupled with the Fund's strong and consistent performance. Moreover, the Fund's strategic positioning ensured favourable

returns, further bolstering its value. The portfolio's market value closed the year at N\$30.3 million reflecting an increase of N\$7.3 million compared with the N\$23.0 million recorded at the end of 2023 (see Figure 3). The annual member institutions' premiums, which were the primary contributors to this increase, amounted to N\$5.4 million in 2024.

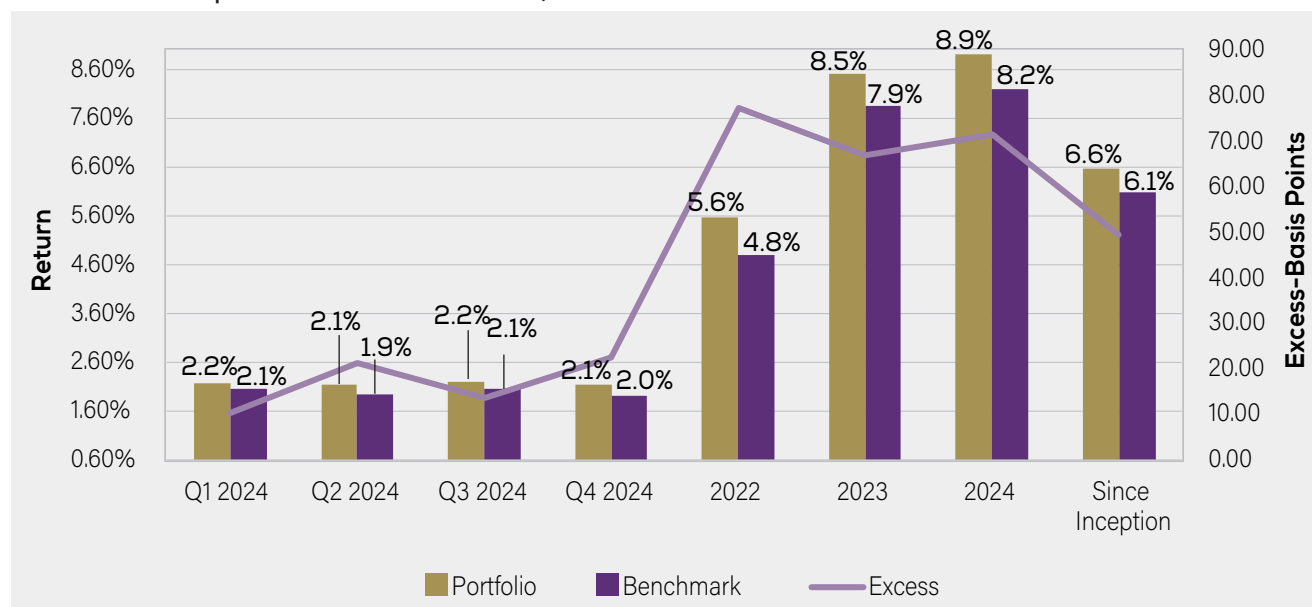
FIGURE 3: Portfolio contributions and their market value



In 2024, the Deposit Guarantee Fund portfolio consistently outperformed its benchmark, the Alexander Forbes Short-term Fixed Interest (STeFI) 3-month Index, surpassing its returns by 71 basis points. In the context of a high-interest-rate environment that prevailed for most of the year and began to decline only gradually from the third

quarter, the portfolio was strategically positioned to capitalise on these favourable conditions. This approach enabled the portfolio to generate an impressive annual return of 8.9 percent, compared with the benchmark's annual return of 8.1 percent (see Figure 4).

FIGURE 4: Fund performance vs Benchmark, 2024



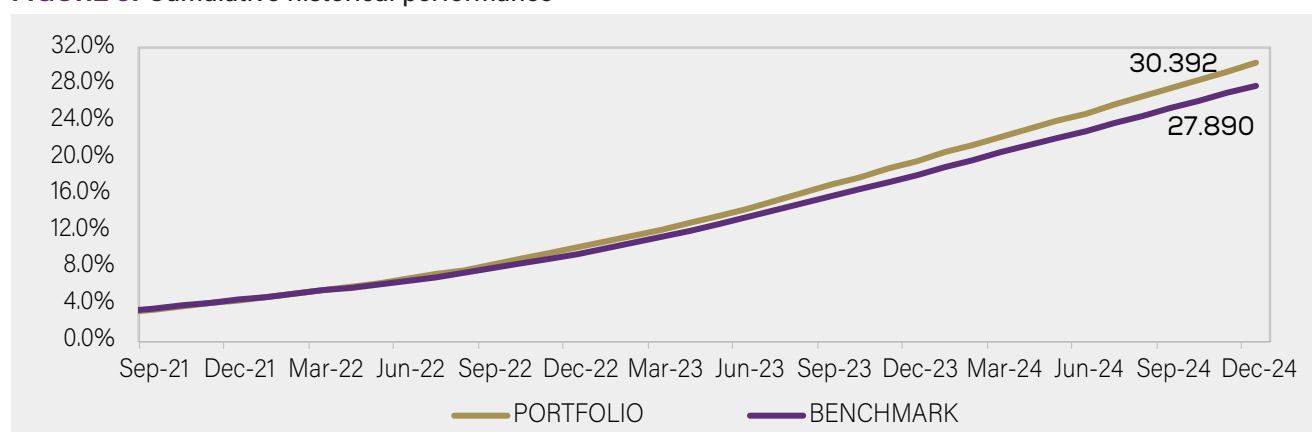
Note: The benchmark is the Alexander Forbes Short-term Fixed Interest (STeFI) 3-month Index

The portfolio's diverse exposure, particularly to floating rate notes and Treasury bills, was instrumental in delivering strong performance.

Floating rate notes were favourably priced with wider spreads above the Johannesburg Interbank Average Rate (JIBAR), ensuring the portfolio remained resilient amid the decline in JIBAR associated with the gradual easing of the policy rate. Meanwhile, Treasury Bills, being fixed-rate instruments, further supported portfolio performance in response to the interest rate movements during the year.

Additionally, the portfolio's longer duration of 109 days relative to the benchmark's 47 days contributed to securing higher returns over extended periods. Cash allocations held with the SARB call account also performed favourably, earning an average rate of 8.1 percent in 2024. Figure 5 illustrates the cumulative historical performance of the Fund portfolio compared to its benchmark since the Fund's inception.

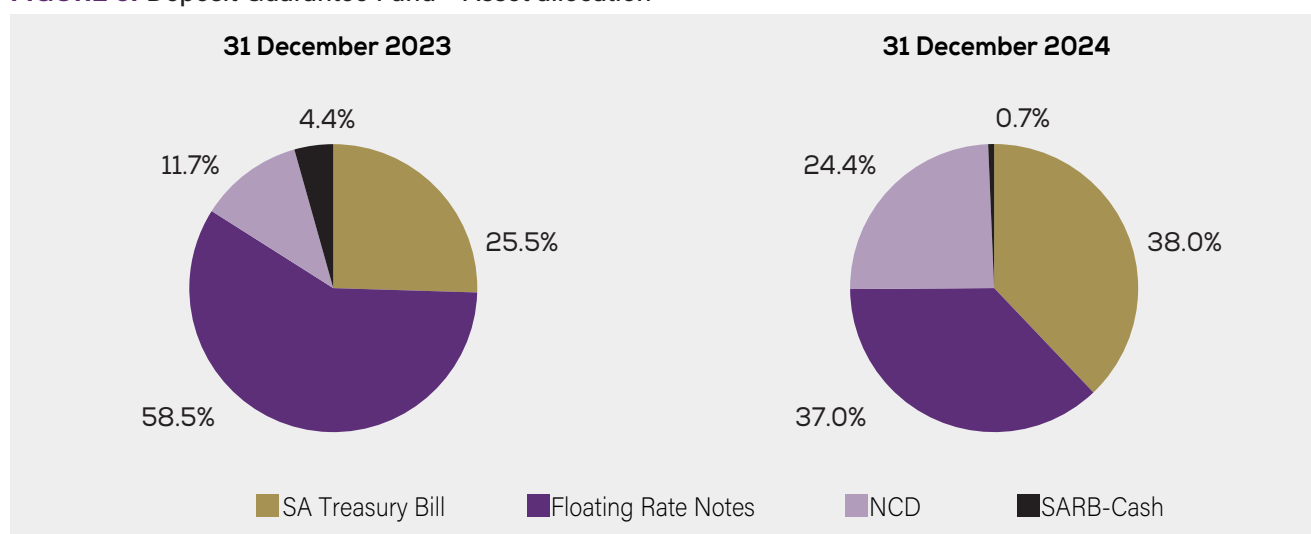
FIGURE 5: Cumulative historical performance



During 2024, the Deposit Guarantee Fund maintained a well-diversified portfolio, both in terms of asset class and counterparty exposure, remaining within its prescribed limits. Notably, the Fund's exposure to South African Treasury bills increased significantly, reaching 37.9 percent compared with 25.5 percent in 2023 (see Figure 6). This rise reflects the portfolio's strategic decision to enhance exposure to Treasury Bills in response to interest rate trends over the year. Conversely, the

exposure to floating rate notes experienced a marked decline, dropping to 37.0 percent in 2024 from the elevated level of 58.5 percent recorded in 2023. Negotiable certificates of deposit continued to form a substantial portion of the portfolio, with an exposure of 24.4 percent, while the cash component saw a further decrease, settling at 0.7 percent by the end of 2024. These shifts in asset class exposure closely mirrored the interest rate trends observed during the reporting year.

FIGURE 6: Deposit Guarantee Fund – Asset allocation



Regarding counterparty exposure, the South African Government emerged as the leading counterparty, accounting for 37.90 percent of the portfolio. Standard Bank South Africa followed with a significant share of 22.42 percent. The remaining portion of the portfolio was distributed among other approved counterparties, including Nedbank South Africa, FirstRand Bank, and Absa Bank. This balanced distribution underscores the Fund's commitment to prudent counterparty risk management.

The Deposit Guarantee Fund portfolio continues to be effectively managed in accordance with the investment guidelines. Throughout the reporting year, the portfolio has consistently outperformed its benchmark, reflecting sound portfolio management strategies and the benefits of favourable market conditions. Looking ahead, maintaining vigilance in risk management and data-driven decision-making will remain essential to sustaining this momentum and achieving long-term growth.

DETERMINATION OF RISK CATEGORIES FOR MEMBER INSTITUTIONS

Premiums payable to the Deposit Guarantee Scheme by member institutions are based on their respective individual risk profiles. The Bank of Namibia *Determination of premiums payable per risk category and interest rates payable by member institution: Deposit Guarantee Act, 2018* (DGD-6) gazetted on 1 April 2020 specifies the premiums for the various risk categories as follows:

- ▶ Category 1: 8 basis points
- ▶ Category 2: 16 basis points
- ▶ Category 3: 32 basis points
- ▶ Category 4: 64 basis points

During 2024, the risk categories for member institutions were calculated using data provided by the Bank of Namibia's Banking Supervision Department in line with the Memorandum of Agreement on sharing information between the Bank and the NDGA. The data is based on the following six variables: capital adequacy ratio, liquid asset ratio, asset quality (NPL ratio), deposit concentration, profitability (return on equity/ROE), and supervisory assessment. These variables are all relevant for determining the performance and governance of a particular member institution as well as its risk profile. The average ratios in four specific quarters (Q3 of 2023, Q4 of 2023, Q1 of 2024 and Q2 of 2024) were applied to the risk scores and assigned weights of the selected variables to determine each member's risk category. Measuring performance, governance and risk over a longer period is regarded as more reliable than taking a single point in time as a reference. Moreover, analysing such trends eliminates the risk of attributing performance or risk to the effect of a single internal or external factor. Thus, the various risk categories were determined and communicated to members in October 2024. These categories will also apply when calculating the 2025 annual premiums.

Managing risk is an important part of running any organisation. Through the ARIC, the Board is tasked with monitoring risks facing the NDGA and to offer guidance on measures to be taken to mitigate them. The Board-approved ARIC Charter stipulates that the Committee should assist the Board in carrying out its risk responsibilities. In respect of risk assessment, the ARIC's duties are as follows:

- ▶ Review the Authority's progress and maturity in respect of managing risk, the effectiveness of its risk management activities, the key risks it faces, and its responses to addressing these key risks
- ▶ Consider a risk management policy and plan, and monitor the whole risk management process
- ▶ Review and recommend to the Board for its approval a Risk Management Policy, together with associated risk management frameworks, processes and practices for the Authority to adopt, and to review these once a year
- ▶ Recommend risk tolerance levels to the Board

- ▶ Ensure that the Authority takes appropriate measures to achieve a prudent balance between risk and reward in both ongoing and new business activities
- ▶ Evaluate the Authority's significant risk exposures and assess management's actions to mitigate such exposures in a timely manner including via once-off initiatives and ongoing activities such as business continuity planning and disaster recovery planning and testing, and
- ▶ Keep the Board informed in respect of risk exposures and risk management activities through the submission of periodic reports from management.

The Board approved the NDGA's Risk Management Policy during the period under review. This Policy aims to establish a systematic and comprehensive approach to identify, assess, treat and monitor risks in the NDGA's operations and activities. The Policy also outlines the principles, guidelines, roles and responsibilities that are to be followed to ensure that the NDGA's strategic objectives are achieved while mitigating risks that may hinder the successful accomplishment of those objectives. The Policy thus provides a structured and consistent approach to managing risks, enabling the NDGA to make informed and effective decisions, allocate resources efficiently, and protect its assets and reputation. The instrument is also designed to ensure that risk management is integrated into the NDGA's business processes and practices and is aligned with the Authority's overall goals and objectives. Another aspect of the Policy is that it outlines the roles and responsibilities of all stakeholders involved in the risk management process.

The year under review also saw the ARIC continuing to track the effectiveness of the controls and risk-mitigating measures through the Authority's Risk Register and Risk Tracker. The Register highlights the key risks facing the institution so that plans and strategies can be devised to mitigate such challenges. The Risk Register and Risk Tracker have together enabled the ARIC to monitor the measures being taken to mitigate the impact of identified risks as well as keep the Board up-to-date on such measures.

ENGAGEMENT WITH THE INTERNATIONAL ASSOCIATION OF DEPOSIT INSURERS

The NDGA began subscribing to and thereby officially became a member of the International Association of Deposit Insurers (IADI) on 16 February 2023. As the global standard-setting body for deposit insurance systems, the IADI plays a crucial role in enhancing financial stability by promoting effective deposit insurance frameworks and fostering international cooperation on deposit insurance and bank resolution arrangements. Since its inception in May 2002, the IADI has expanded from

25 founding members to its current 109, establishing itself as a recognised authority in deposit insurance standards and evaluations. The NDGA remained a member throughout 2024 and continues to leverage the benefits of its membership, gaining insights into global best practices, participating in capacity-building initiatives, and strengthening Namibia's deposit insurance framework through international collaboration.



IADI Africa Regional Committee AGM and Annual Conference

As an IADI member, the participated in the IADI Africa Regional Committee (ARC)'s AGM and Annual Conference in Kampala, Uganda, from 27 to 30 August 2024, under the theme **"Ensuring financial stability and protecting depositors in a dynamic financial ecosystem"**. This was the second ARC meeting attended by the NDGA since becoming a member of the IADI. The AGM was attended by the Head of the Authority, Ms Florette Nakusera; Manager of Operations, Mr Petrus Shifotoka; and Senior Financial Analyst, Mr Rakotoka Zaire.

The ARC Annual Conference was graced by speakers from various jurisdictions. Presenters from the continent, featuring countries such as Botswana, Ghana, Kenya, Malawi, Morocco, Namibia, Nigeria and South Africa, complemented speakers from Austria, Canada, Guernsey and Turkey to provide perspectives from their regions. The Conference presentations focused on two principal themes, namely "Issues and challenges facing deposit insurers" and "The funding model for deposit insurers".

IADI 23rd AGM and Annual Conference

The IADI held its 23rd AGM and Annual Conference of Members in Tokyo, Japan, from 11 to 15 November 2024, under the theme "Future proofing the Core Principles: Raising the bar for deposit insurance systems". The same occasion saw the IADI's 78th Executive Council Meeting, Technical and Council Committee Meetings, and Regional Committee Meetings. This was the NDGA's second attendance of an IADI AGM and Annual Conference since becoming a member of the Association. The NDGA was represented at these events by the Head of the Authority, Ms Florette Nakusera, and the Manager of Operations, Mr Petrus Shifotoka. By contributing actively to the IADI network, the Authority intends to maximise its membership benefits by taking advantage of opportunities for capacity development and international cooperation.

STAKEHOLDER ENGAGEMENT

Stakeholder engagement is pivotal to a successful deposit insurance system. The IADI Core Principle 10 on public awareness stipulates that, in order to protect depositors as well as to contribute to the country's financial stability, the public has to be constantly informed about the benefits and limitations of an adopted deposit insurance system. The first essential criterion for this Core Principle advocates that the deposit insurer is responsible for promoting such public awareness, using a variety of communication tools on an ongoing basis as part of a comprehensive communication programme. To this end, NDGA staff conducted stakeholder engagement sessions during 2024 in the Hardap, Kunene, Omusati and Oshana Regions as part of the Authority's Strategic Plan (2023–2025). These engagements began with courtesy visits to the offices of the respective Honourable Governors in the selected Regions and were followed by meetings with commercial banks. Another engagement tactic involved distributing educational and promotional

materials amongst the public at specific venues. The awareness programme and its associated activities conveyed information about the following:

- ▶ The scope of the Deposit Guarantee Scheme, i.e. which types of financial instruments and depositors are covered by deposit insurance, and which are not
- ▶ Which banks and other deposit-taking institutions were members and how to identify them
- ▶ Deposit insurance coverage level limits, and
- ▶ The NDGA's mandate and other relevant information.

The regional visits where a huge success as members of the public had an opportunity to engage with NDGA officials and learn about the deposit insurance put in place. The NDGA intends to roll out stakeholder engagements in the remaining Regions in 2025, as per the Strategic Plan.





STRATEGY EXECUTION UPDATE

In August 2024, the NDGA held a **Strategy Review of its Strategic Plan (2023–2025)**. The Plan sets out the following key strategic objectives, in which much progress has been made to date – as reported below:

- ▶ Grow the Deposit Guarantee Fund
- ▶ Establish robust and seamless processes
- ▶ Engage stakeholders effectively, and
- ▶ Promote a reputable brand.

During the **Strategy Review session**, the Board approved amendments to the **Corporate Charter** and updated the NDGA's **Strengths–Weaknesses–Opportunities–Threats (SWOT) analysis** to remain aligned with the evolving financial sector.



Growing the Deposit Guarantee Fund

The Authority's main objective is to establish, maintain and administer manage a Deposit Guarantee Scheme to protect depositors against the risk of losing their deposits. For both the insured depositors and the Scheme's member institutions to have confidence in the Authority's ability to deliver on its mandate, the NDGA must demonstrate that it has the funds available to do so. The focus of this strategic objective, therefore, is on exploring ways to grow the Deposit Guarantee Fund. This will be achieved by employing an enhanced investment strategy, maximising premium collection, and managing operational costs. The strategic objective also highlights the need to consider entering into agreements with key institutions such as the Bank of Namibia and the Ministry of Finance for emergency funding facilities. Moreover, the need to secure seed capital for the Fund is emphasised. The reporting year saw the following milestones reached on the road to achieving this strategic objective:

- ▶ A proposal on ways to grow the Fund, approved by the Board, was submitted to the Minister of Finance and Public Enterprises.
- ▶ The Board also approved revisions to the model for risk category rates and coverage limits. The revised model was then submitted to the Minister of Finance and Public Enterprises for final approval and implementation.



Establishing robust and seamless processes

The key to the success of any institution is its ability to provide its stakeholders with an effective and efficient service through robust and seamless processes and systems. Ensuring operational efficiency enables an institution to function optimally and achieve its set objectives. This strategic objective reflects the Authority's aim to ensure a smooth and seamless pay-out process in the event depositors need to be compensated. The NDGA's long-term strategy is to ensure its systems remain optimised through advances in information technology. In this regard, the following were achieved in 2024:

- ▶ The Review and approval of the Guidelines for Reimbursement of Depositors in an Event of Member Institution Failure.
- ▶ The commencement of the automation of a member institutions' data submission portal

Engaging stakeholders effectively

The identification of strategic stakeholders and engagement with them are crucial to the success of any organisation. In line with the IADI Core Principle 10 on public awareness, the Authority remains committed to proactive and continuous engagement with stakeholders to foster mutual understanding and trust. To this end, the NDGA has adopted a comprehensive, consistent and inclusive

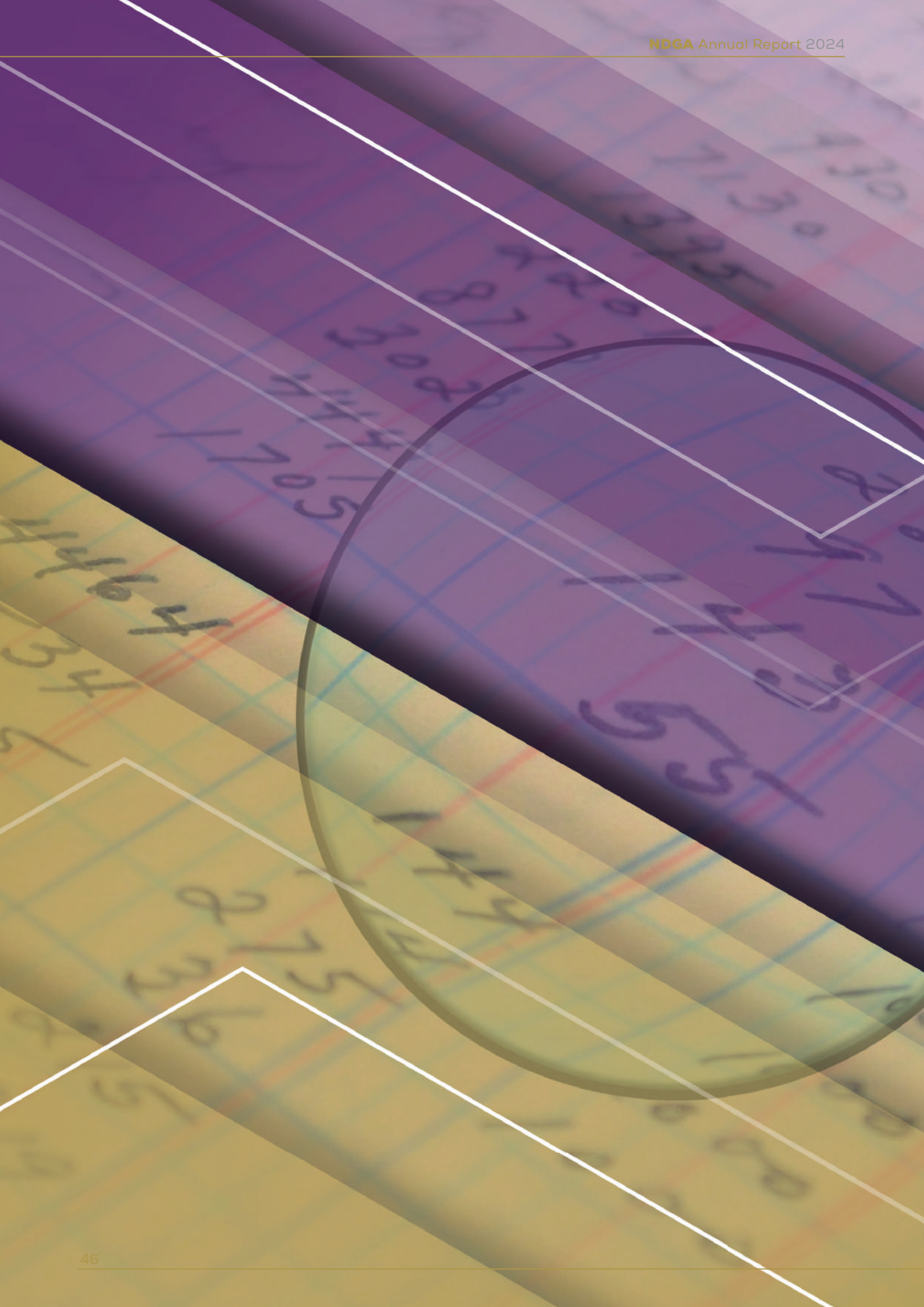
stakeholder engagement approach and strategy. During the year, the Authority made significant progress in this regard:

- ▶ Continuous implementation of the Stakeholder Engagement Strategy, which includes a commitment to regional stakeholder engagements across all regions in Namibia over a three-year period that began in 2023, and
- ▶ As part of this initiative, the NDGA conducted four regional visits in 2024 to engage key stakeholders and enhance public awareness of the Deposit Guarantee Scheme.

Promoting a reputable brand

As a relatively new institution, the Authority intends to build a reputable corporate brand to ensure there is a strong national awareness of its mandate. To achieve this, the NDGA conducts awareness surveys and develops targeted strategies to address any identified gaps. Additionally, the Authority leverages emerging technology to engage stakeholders – particularly the public – on digital platforms, enhancing consumer confidence in the financial sector. The following achievements were recorded in this regard for 2024:

- ▶ The NDGA continues to engage its stakeholders through its website, and
- ▶ The NDGA maintained its active liaison with the public through its social media platforms throughout 2024, providing regular updates and enhancing awareness of the Deposit Guarantee Scheme.





PART C:

ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

GENERAL INFORMATION

Country of incorporation and domicile	Namibia
Nature of business and principal activities	<p>The Namibia Deposit Guarantee Authority (NDGA) is an established juristic body whose main responsibility is to manage the Deposit Guarantee Scheme.</p> <p>The Deposit Guarantee Scheme was established in terms of section 22 of the Namibia Deposit Guarantee Act, 2018 (No. 16 of 2018) to protect depositors of member institutions by paying out compensation in the event of deposits held by a member institution becoming unavailable.</p>
Board of Directors	<p>Mr Ebson Uanguta (Chairperson)</p> <p>Mr Festus Nghifewa</p> <p>Ms Linda Dumba Chicalu</p> <p>Mr Herman Shilongo</p> <p>Mr Kenneth Matomola</p> <p>Ms Florette Nakusera (<i>Ex officio Board Member, Head of the NDGA</i>)</p>
Business address	<p>71 Robert Mugabe Avenue</p> <p>Windhoek</p> <p>Namibia</p>
Postal address	<p>P.O. Box 2882</p> <p>Windhoek</p> <p>Namibia</p>
Auditors	<p>Grand Namibia</p> <p>Registered Accountants and Auditors</p> <p>Chartered Accountants (Namibia)</p>

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The reports and statements set out below comprise the annual financial statements presented to the Board of Directors

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FINANCIAL STATEMENTS OVERVIEW

KEY POINTS		2024 N\$	2023 N\$
Surplus for the year increased by N\$ 669 thousand from N\$6.5 million in 2023 to N\$7.2 million in 2024	Surplus for the year	7,218,717	6,549,373
Total operating expenses increased by N\$ 657 thousand from N\$1.8 million in 2023 to N\$2.4 million in 2024	Operating expenses	2,422,958	1,765,489
Total assets increased by N\$7.4 million from N\$23.7 million in 2023 to N\$31.0 million in 2024	Total assets	31,042,266	23,675,821
Deposit Guarantee Fund investments increased by N\$7.3 million from N\$23.0 million in 2023 to N\$30.3 million in 2024	Total investments	30,344,875	23,050,504

DIRECTORS' RESPONSIBILITIES AND APPROVAL

The Directors are required to maintain adequate accounting records and are responsible for the content and integrity of the annual financial statements and related financial information included in this report. It is the Directors' responsibility to ensure that the annual financial statements fairly present the state of affairs of the Authority as defined as at the end of the financial year and the results of its operations and cash flows for the period then ended, in conformity with the basis as set out in note 1. The external auditors are engaged to express an independent opinion on the annual financial statements. The annual financial statements are prepared in accordance with appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

The Directors acknowledge that they are ultimately responsible for the system of internal financial control established by the Authority and place considerable importance on maintaining a strong control environment. To enable the Board of Directors to meet these responsibilities, it sets standards for internal control aimed at reducing the risk of error or loss in a cost-effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures, and the adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the Authority and all employees are required to maintain the highest ethical standards in ensuring the Authority's business is conducted in a manner that in all reasonable circumstances is above reproach.

The focus of risk management in the Authority is on identifying, assessing, managing and monitoring all known forms of risk across the Authority. While operating risk cannot be fully eliminated, the Authority endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

Based on the information and explanations given by management, the Directors are of the opinion that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the annual financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or loss.

The Directors have reviewed the Authority's cash flow forecast for the year ended 31 December 2025 and, in the light of this review and the current financial position, they are satisfied that the Authority has access to adequate resources to continue in operational existence for the foreseeable future. The external auditors are responsible for independently auditing and reporting on the Authority's annual financial statements. The annual financial statements have been examined by the Authority's external auditors and their report is presented on pages 52 to 53.

The annual financial statements set out on pages 55 to 61, which have been prepared on the going-concern basis, were approved by the Board of Directors and were signed on its behalf by the following representatives:



Ebson Uanguta

Chairperson

Windhoek

26 March 2025



Linda Dumba Chicalu

Board Member

Windhoek

26 March 2025

INDEPENDENT AUDITOR'S REPORT

TO THE BOARD OF DIRECTORS OF NAMIBIA DEPOSIT GUARANTEE AUTHORITY

Opinion

We have audited the annual financial statements of Namibia Deposit Guarantee Authority set out on pages 55 to 61, which comprise the statement of financial position as at 31 December 2024, and the statement of comprehensive income, statement of cashflows and the statement of changes in equity for the year then ended, and the notes to the annual financial statements, including a summary of significant accounting policies.

In our opinion, the annual financial statements present fairly, in all material respects, the financial position of Namibia Deposit Guarantee Authority as at 31 December 2024, and its financial performance for the year then ended in accordance with the basis of accounting set out in note 1 to the annual financial statements and the requirements of the Namibia Deposit Guarantee Act No.16 of 2018.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Annual Financial Statement section of our report. We are independent of the Authority in accordance with the International Ethics Standards Board for Accountants International Code of Ethics for Professional Accountants (including International Independence Standards) and other independence requirements applicable in performing audits of financial statements in Namibia. We have fulfilled our other 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 directors are responsible for the other information. The other information comprises the directors' responsibility and approval of the annual financial statements and the directors' report. The other information does not include the annual financial statements and our auditor's report thereon.

Our opinion on the annual financial statements does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the annual financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the annual financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Board of Directors for the Annual Financial Statements

The directors are responsible for the preparation and fair presentation of the annual financial statements in accordance with the basis of accounting set out in note 1 to the annual financial statements and the requirements of the Namibia Deposit Guarantee Act No.16 of 2018, and for such internal control as the directors determine is necessary to enable the preparation of annual financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the annual financial statements, the directors are responsible for assessing the Authority'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 directors either intend to liquidate the Authority or to cease operations, or have no realistic alternative but to do so.

INDEPENDENT AUDITOR'S REPORT (Continued)

Auditor's responsibilities for the audit of the Annual Financial Statements

Our objectives are to obtain reasonable assurance about whether the annual financial statements are free from material misstatement, whether due to fraud or error, and to issue an auditor's 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 annual financial statements.

As part of an audit in accordance with the International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also –

- identify and assess the risks of material misstatement of the annual financial statements, whether due to fraud or error; design and perform audit procedures responsive to those risks; and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- conclude on the appropriateness of the 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 Authority's

ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the annual financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Authority to cease to continue as a going concern, and

- evaluate the overall presentation, structure and content of the annual financial statements, including the disclosures, and whether the annual financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence and, where applicable, related safeguards.

Grand Namibia

Grand Namibia

Registered Accountants and Auditors
Chartered Accountants (Namibia)
P. O. Box 24304, Windhoek
Per: Petrus NGHIPANDULWA (Partner)

Windhoek
27 March 2025

DIRECTORS' REPORT

The Directors have pleasure in submitting their report on the annual financial statements of the Namibia Deposit Guarantee Authority for the year ended 31 December 2024.

1. Main business and operations

The main objective of the Authority in terms of the Namibia Deposit Guarantee Act No.16 of 2018 is to establish and administer the Deposit Guarantee Scheme for the protection of depositors against the risk of loss of their deposits.

The surplus for the Authority for 2024 is N\$7,218,717 (2023: N\$6,549,373).

The Authority's operating results and its state of affairs are fully set out in the attached annual financial statements and do not in our opinion require any further comment.

2. Board of Directors

The members of the Board of Directors in office at the date of this report are as follows:

Directors

Mr Ebson Uanguta (Chairperson)

Mr Festus Nghifenwa

Ms Linda Dumba Chicalu

Mr Herman Shilongo

Mr Kenneth Matomola

Ms Florette Nakusera (*Ex officio* Board Member, Head of the NDGA)

3. Events after the reporting period

The Board is not aware of any material event that occurred after the reporting date and up to the date of this report.

4. The Authority's governance

The Authority is managed by an independent Board of Directors appointed by the Governor of the Bank of Namibia with the approval of the Minister of Finance and Public Enterprises.

5. Going concern

The accumulated surplus as at 31 December 2024 amounted to N\$30,785,817 (2023: N\$23,567,100). The annual financial statements have been prepared on a going-concern basis.

STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2024

	Note(s)	2024 N\$	2023 N\$
ASSETS			
Current assets			
Investments	2	30,344,875	23,050,504
Trade and other receivables	6	-	96,455
Bank	3	697,391	528,862
TOTAL ASSETS		31,042,266	23,675,821
EQUITY AND LIABILITIES			
<i>Equity</i>			
Accumulated surplus		30,785,817	23,567,100
Total equity		30,785,817	23,567,100
<i>Liabilities</i>			
Current liabilities			
Trade and other payables	7	197,104	52,651
Audit fee provision	8	59,345	56,070
TOTAL LIABILITIES		256,449	108,721
TOTAL EQUITY AND LIABILITIES		31,042,266	23,675,821

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2024

	Note(s)	2024 N\$	2023 N\$
Revenue	4	7,736,416	6,638,016
Operating expenses	5	(2,422,958)	(1,765,489)
Operating surplus		5,313,458	4,872,527
Investment Revenue	2	1,905,259	1,676,846
Surplus for the year		7,218,717	6,549,373
Other comprehensive income		-	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		7,218,717	6,549,373

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2024

	Accumulated surplus N\$	Total N\$
Opening balance	17,017,727	17,017,727
Surplus for the year	6,549,373	6,549,373
Other comprehensive income	-	-
Balance at 31 December 2023	23,567,100	23,567,100
Surplus for the year	7,218,717	7,218,717
Other comprehensive income	-	-
Balance at 31 December 2024	30,785,817	30,785,817

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2024

	Note(s)	2024 N\$	2023 N\$
Cash flow from operating activities			
Cash receipts from customers	4	7,736,416	6,638,016
Payments to suppliers and employees		(2,178,775)	(1,798,223)
Cash generated from operations	A	5,557,641	4,839,793
Net cash movement for the year		5,557,641	4,839,793
Cashflow from investing activities			
Purchase of Investments		(5,389,112)	(5,167,016)
Net cash from investing activities		(5,389,112)	(5,167,016)
Total cash movement for the year		168,529	(327,223)
Cash at the beginning of the year	3	528,862	856,085
TOTAL CASH AT END OF THE YEAR	3	697,391	528,862
Note:			
A. Reconciliation of surplus for the year to cash generated from operations			
Surplus for the year		7,218,717	6,549,372
<i>Adjusted for:</i>			
Interest received		(1,905,259)	(1,676,845)
Operating cash flows before movements in working capital		5,313,458	4,872,527
Increase in trade and other payables and audit fee provisions		147,728	63,721
Decrease/(Increase) in other receivables		96,455	(96,455)
Cash generated from operations		5,557,641	4,839,793

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

1. Accounting policies

Presentation of annual financial statements

The annual financial statements have been prepared on the historical-cost basis and in accordance with the accounting policies set out below.

1.1 Basis of preparation

The preparation of these statements is in conformity with the Authority's policies that require not only the use of certain critical accounting estimates, but also that Management exercise their professional judgement in applying the Authority's accounting policies. No significant estimates or judgements were used during the period under review.

1.2 Revenue recognition

Premiums received

Premium income from member institutions is levied and recognised in terms of Section 34 of the Namibia Deposit Guarantee Act No.16 of 2018. The Board determines the premiums per risk category payable by each member institution for the benefit of the Fund having regard to the appropriate size of the Fund to meet its and potential liabilities and total guaranteed deposits of member institutions. Premium income is recognized once the money is received from the member institutions.

Grant income

The grant income consists of the approved funding received from the Bank of Namibia. The funds will not be refunded to the Bank of Namibia.

Interest received

Interest received is recognised, in profit or loss, using the effective-interest-rate method.

1.3 Expenses

Expenses are recorded on an accrual basis.

1.4 Trade and other receivables

Trade and other receivables are measured at initial recognition at amortised cost and are subsequently measured at amortised cost using the effective-interest-rate method.

Trade and other receivables are classified as loans and receivables at amortised cost.

1.5 Trade and other payables

Trade payables are initially measured at amortised cost and are subsequently measured at amortised cost using the effective-interest-rate method.

1.6 Investments

Investments are initially measured at cost and are subsequently measured at amortized cost using the effective interest rate method. All interest received on the investments are recorded in the statement of comprehensive income.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (Continued)

2. Investments

	2024 N\$	2023 N\$
SARB - CPD		
Opening balance	23,050,504	16,206,642
Premiums invested	5,389,112	5,167,016
Interest received	1,905,259	1,676,846
Closing balance at 31 December 2024	30,344,875	23,050,504

In terms of Section 29 of the Namibia Deposit Guarantee Act , the Authority may in a manner approved by the Board invest money standing to the credit of the Deposit Guarantee Fund which is not required for immediate use.

Premiums received were invested with the Bank of Namibia's Corporation for Public Deposits (CPD) account at the South African Reserve Bank to enable the Fund to earn interest at a low risk.

3. Bank

Bank account	697,391	528,862
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Section 25(2) of the Deposit Guarantee Act requires the Authority to open a bank account with the Bank of Namibia.

4. Revenue

Premiums received	5,389,112	5,167,016
Grant received	2,347,304	1,471,000
	7,736,416	6,638,016

5. Operating expenses

Audit Fees	50,895	55,868
Computer maintenance	-	34,757
Corporate identity costs	19,806	2,967
Directors' fees	321,634	302,299
Entertainment expenses	46,382	20,818
Printing & publications	258,039	192,639
Public relations events	141,235	90,134
Stationery	15,822	-
Subscription costs	381,362	561,053
Training cost	449,979	17,118
Travel, Subsistence & Accommodation (Meetings)	737,804	487,836
	2,422,958	1,765,489

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (Continued)

6. Trade and other receivables

	2024 N\$	2023 N\$
Prepayments	-	96,455

7. Trade and other payables

Sundry creditors	1,931	44,150
Staff debtors	-	8,501
Accruals	195,173	-
	197,104	52,651

8. Audit fees provision

Provision for audit fees	59,344	56,070
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Provision for audit fees is recognised based on the approved budget.

9. Going concern

The annual financial statements are prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available as detailed in the directors' report to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

10. Subsequent events

There were no material subsequent events between the reporting date and the date of approval of the annual financial statements.

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