



GOVERNMENT GAZETTE

OF THE

REPUBLIC OF NAMIBIA

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General Notice

BANK OF NAMIBIA

No. 398

2020

DETERMINATION UNDER THE BANKING INSTITUTIONS ACT, 1998 (ACT NO. 2 OF 1998) AS AMENDED

In my capacity as Governor of the Bank of Namibia (Bank), and under the powers vested in the Bank by virtue of section 71(3) of the Banking Institutions Act, 1998 (Act No. 2 of 1998) as amended, read in conjunction with sections 41 of the aforementioned Act, I hereby issue the **Determination on the Appointment, Duties and Responsibilities of Directors, Principal Officers, and Executive Officers of Banking Institutions and Controlling Companies (BID-1)**.

J. !GAWAXAB
GOVERNOR

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PART I: PRELIMINARY

1. **Short Title** - Appointment, Duties and Responsibilities of Directors, Principal Officers and Executive Officers.
2. **Authorization** - Authority for the Bank to issue this Determination is provided in Section 41(5) and Section 71(3) of the Act.

3. **Application** - This Determination applies to all banking institutions authorised by the Bank to conduct banking business or an authorised controlling company of a banking institution in Namibia.
4. **Definitions** - Terms used within this Determination are as defined in the Act, as further defined below, or as reasonably implied by contextual usage.
- 4.1 **“Act”**- means the Banking Institutions Act, 1998 (Act No. 2 of 1998) as amended.
- 4.2 **“alternate director”**- means a person nominated by an existing director to represent such existing director during his/her absence or inability to act as director, provided that the appointment of the alternate director is approved by the Board of Directors.
- 4.3 **“banking institution”**- means banking institution as defined in the Act and “bank” will carry a corresponding meaning.
- 4.4 **“controlling company”**- means controlling company as defined under the Act and “holding company” has a corresponding meaning;
- 4.5 **“economic benefit”**- means a benefit that can be expressed numerically as an amount of money that will be saved or generated as the result of an action.
- 4.6 **“executive officer”** - means executive officer as defined in the Act;
- 4.7 **“independent non-executive director”**- means a non-executive director who:
- i. is not a substantial shareholder, as defined in the Act, of the banking institution (including any controlling or subsidiary companies in a consolidated group with the banking institution) and who represents the interests of members of the general public and of the shareholders other than the controlling shareholders;
 - ii. does not have a direct or indirect interest in the company which is more than 5% of the group’s total number of shares in issue, but interest that is material to his personal wealth;
 - iii. is not and has not been employed by the banking institution, its subsidiaries and/or the banking institution’s holding company or its subsidiaries in any executive capacity for the preceding three financial years;
 - iv. is not a member of the immediate family of an individual who is, or has during the preceding three financial years, been employed by the company or the group in an executive capacity;
 - v. is not a professional adviser to the banking institution or the group, other than as a director;
 - vi. has no significant contractual relationship with the banking institution or the banking institution’s holding company, and/or
 - vii. does not receive remuneration contingent upon the performance of the banking institution or the controlling company.

In addition to the above-mentioned, the provisions of principle C2-18.6 of the Corporate Governance Code for Namibia (NamCode) must apply.

- 4.8 **“independence”**- read together with principle C18.4 of the NamCode means the ability to exercise objective, independent judgment after fair consideration of all relevant information and views without undue influence from executive officers within the bank or controlling company or from inappropriate external parties or interests.
- 4.9 **“non-executive director”**- means a director who is not a full-time employee of the banking institution or its subsidiaries. An individual in the full-time employment of the holding company or its subsidiaries would also be considered to be a non-executive director unless such individual by his/her conduct or executive authority could be construed to be directing the day to day management of the company and its subsidiaries. Non-executive director is independent of management on all issues including strategy, performance, sustainability, resources, transformation, diversity, employment, equity, standards of conduct and evaluation of performance.
- 4.10 **“pardon”** – for the purpose of this Determination, means the power of the President as contemplated in Article32(3)(d) of the Namibian Constitution or any similar legislation in another jurisdiction.
- 4.11 **“politically exposed person (PEP)”** - means a person, whether domestic or foreign, who is or has been entrusted with prominent public functions by a country, for example a head of state or of government, a senior politician, a senior government official, a judicial or military official, a senior executive of state owned corporations, or a senior official of a political party in a position of influence as defined in the Guidance Note No. 1 of 2019 on Treatment of Politically Exposed Persons, and any amendments thereto, as issued by the Financial Intelligence Centre of Namibia.
- The definition of PEP excludes a person who is serving or has served in the middle or junior positions in the foregoing categories and a family member of a PEP.
- 4.12 **“remuneration”** - means payment or compensation received for services or employment. This includes the basic salary and any bonuses or other economic benefits that an employee or executive officer receives during employment.

PART II: STATEMENT OF POLICY

5. **Purpose** - This Determination is intended to set out guiding principles relating to corporate governance in banking institutions and controlling companies. The Determination relates to the appointment, duties and responsibilities of directors, principal officers, and executive officers of banking institutions and controlling companies. It aims to ensure that only “fit and proper” persons are appointed to serve on the board and run the affairs of banking institutions and controlling companies.
6. **Scope** - This Determination applies to all directors, principal officers, and executive officers of banking institutions and controlling companies, and should be read in conjunction with the Corporate Governance Code for Namibia (the NamCode).
7. **Responsibility** - it is the responsibility of banking institutions and controlling companies to ensure that only “fit and proper” persons are nominated and appointed to be board of directors, principal officers, or executive officers of banking institutions and controlling companies and that the appointed candidates execute their duties and responsibilities as stipulated herein.

PART III: IMPLEMENTATION AND SPECIFIC LIMITATIONS**8. Appointment of Directors, Principal Officers and Executive Officers**

8.1 Approval of Appointments: - every banking institution and controlling company must give the Bank written notice of the nomination of any director, principal officer, or executive officer of such bank or controlling company. Such notice must reach the Bank at least 30 days prior to the proposed date of appointment. The application must be accompanied by the following forms and documentation, duly completed, and signed by the prospective director, principal officer, or executive officer.

- a) **Annexure A** (i.e. form BIF024);
- b) **Annexure B** (i.e. form BIF 022);
- c) **Annexure C** (i.e. declaration form);
- d) Comprehensive curriculum vitae;
- e) Certified copies of academic qualifications;
- f) Certified copies of personal identification documents;
- g) A police clearance or certificate of conduct issued in Namibia and/or the country of present or previous residence, within the last 6 months; and
- h) Any other documents or information the Bank may deem necessary from time to time.

8.2 Fit and Proper Test: - upon receiving all the required documentation listed above, the Bank must conduct a “fit and proper” test guided by the contents of **Annexure D**, to determine whether the applicant is suitable to hold the position of director, principal officer, or executive officer of a banking institution or controlling company as the case may be. In determining the fitness and propriety of a person to hold the position of director, principal officer, or executive officer due regard must be given to the following:

- a) His/her probity, competence and soundness of judgement in fulfilling the responsibilities of that position;
- b) His/her experience, knowledge and understanding of conducting and managing banking business;
- c) His/his education or other qualifications and experience relating to the functions to be performed;
- d) The diligence with which he/he is fulfilling or is likely to fulfil those responsibilities; and
- e) Whether the person has a sound financial record and has been declared bankrupt/insolvent by a competent court in Namibia, in terms of the Insolvency Act, 1936 (Act No. 24 of 1936) or any relevant legislation governing insolvency, or in any other countries, in terms of such countries’ bankruptcy/insolvency laws.

8.3 Interviews: - the Bank may require a nominated principal officer, executive officer or director, by written invitation, to be subjected to an interview conducted by a panel constituted by the Bank in order to determine such nominee’s experience relating to the proposed position and explore issues relating to his/her integrity. Interviews are conducted at initial licensing stage, but the Bank may also require a new nominee of an existing banking institution or controlling company to be interviewed to determine his/her fitness and probity for a proposed appointment.

The interviews to be conducted by the Bank will not replace the interviews by the banking institutions and controlling companies. An appointing banking institution or controlling company should therefore conduct an interview in accordance with

its internal procedures, prior to submitting a notice of nomination for appointment to the Bank.

Interviews for a nominated principal officer, executive officer, or director of an existing banking institution or controlling company will be conducted as part of the fitness and probity assessment by the Bank, after the Bank receives a notice of nomination, and within thirty days prior to the effective date of appointment.

8.4. Additional Criteria for Principal Officers:- the sound operation of banking institutions or controlling companies depends critically on its principal officer. The candidate for the principal officer's position must be suitably qualified with appropriate experience and must preferably possess a proven track record in the financial industry.

- a) The following requirements must be observed with regard to the appointment and responsibilities of the principal officer:-
- (i) He/she must be a person of high integrity.
 - (ii) He/she must be familiar with the operations of the banking institution, the state of internal controls, legal requirements, as well as current issues and policies affecting the industry in general.

In respect of the principal officer of a banking institution, he/she must also have the necessary knowledge and professional competence related to the conduct of banking business;

- b) The principal officer must be a Namibian citizen or a person residing in Namibia and should at all times be directly accessible to the Bank for consultation on matters of policy and day-to-day operations of the banking institution or controlling company.
- c) In the event of absence¹ of the principal officer, a banking institution must inform the Bank of the person who will be directly responsible for the overall running of the banking institution during such period of absence. This is necessary for the Bank to consult him on matters of policy and day-to-day operations. The person so nominated must be fully acquainted with the affairs of the banking institution, and must be able to act promptly and, with authority, on matters affecting the banking institution. The nominated person must fulfil the fit and probity requirements as stated in paragraph 8.2 above.
- d) The delegation of responsibilities to several persons, with no single person appointed as the coordinator within the banking institution or controlling company, is not permitted.

8.5 Principal Officer and Executive Officers (Senior Management) - should ensure that the banking institutions activities are consistent with the business strategy, risk tolerance and policies as approved by the Board.

¹ Absence in this regard would mean a period exceeding 14 working days excluding public holidays and where the Principal Officers may not otherwise be reachable via email or telephonically to attend to urgent matters and policy issues relating to the institution. This may include absence due to annual leave, study leave, extended period of sick leave or extended period of compassionate leave.

8.6 Restrictions on Appointment of Persons: -

- 8.6.1 Without prejudice to the generality of the foregoing provisions, banking institutions and controlling companies must not appoint a director, principal officer, or executive officer if he/she has at any time -
- a) under any relevant law, declared to be of unsound mind, detained as a person with a mental disorder, declared a prodigal or a person unable to manage his/her own affairs;
 - b) convicted of an offence involving fraud or other dishonesty, or any other relevant criminal offences of which dishonesty is an element;
 - c) contravened any provisions made by or under any law designed to protect members of the public against financial loss due to dishonesty, incompetence or malpractice by persons concerned in the provision of banking, insurance, investment or other financial services or the management of companies or against financial loss due to the conduct of insolvents or rehabilitative insolvents;
 - d) been engaged in or been associated with any other business practices or otherwise conduct himself/herself in such a way as to cast doubt on his/her competence, soundness of judgement or integrity;
 - e) been involved with a company, partnership, or other organisation that had its license revoked or withdrawn. Exemption to the rule will be considered on a case by case basis, depending on the severity of the applicant's involvement.
 - f) been a director, or concerned in the management of a business that has gone into insolvency or liquidation while such person was a director or member of the management team of such company or within one year after having left that company for the preceding (one) year;
 - g) been dismissed, or asked to resign and consequently resigned, from employment or from a position of trust, fiduciary appointment or similar positions, or has ever been disqualified from acting as a director or from acting in any managerial capacity.
- 8.6.2 Notwithstanding paragraph 8.6.1 above, a person may be disqualified on basis of any other grounds that the Bank may deem significant to impair his/her integrity and ability to discharge of his/her duties. In determining honesty, integrity and reputation of a person, the Bank may consider, among other things, if the person has been investigated or is under investigation for corruption or organised crime under the Anti-Corruption Act, 2003 (Act No. 8 of 2003) or Prevention of Organised Crime Act, 2004 (Act No. 29 of 2004) or other similar legislation in another jurisdiction, even where such investigation has not yet been concluded.

If a person is under investigation, such person should not be nominated for appointment as a principal officer, executive officer or director of a banking institution or controlling company until such investigation is completed.

If a banking institution or controlling company becomes aware that an existing executive officer or director becomes the subject of an investigation, such banking institution or controlling company must disclose this information to the Bank within seven working days of becoming aware of such investigation. The Bank will assess the matter relating to the investigation on a case-by-case basis, taking into account the seriousness of the investigation, and circumstances surrounding the alleged offence, the explanation offered by the executive officer or director being investigated, and the relevance of the alleged offence to the position occupied.

- 8.6.3 Where a person has previously been convicted of a criminal offence and has since been pardoned or reprieved in Namibia or elsewhere, the details of the conviction must be disclosed to the Bank. The Bank may consider such previous conviction in determining the fitness and probity of the person and may disqualify a person from being appointed as a principal officer, executive officer or director of a banking institution or controlling company. Pardoned or reprieved convictions are assessed by the Bank on a case-by-case basis taking into account the seriousness of, and circumstances surrounding, the offence, the explanation offered by the person, the relevance of the offence to the proposed role, the passage of time since the offence was committed and evidence of the person's rehabilitation.
- 8.6.4 A person nominated for appointment as a board member at a banking institution or controlling company must not serve simultaneously on more than two boards of directors of companies.

8.7 Alternate Directors:

- a) Directors of banking institutions or controlling companies may not appoint alternate directors as they are expected to be personally committed to the board in directing the management of the banking institution or controlling companies. This is based on the premise that an alternate, in his capacity as a proxy for a director, may not be able to contribute effectively to the deliberations of the board.
- b) Notwithstanding paragraph 8.7 (a) above, Directors who are not Namibian residents are permitted to appoint alternates, on good cause shown, provided that a "fit and proper" test is conducted in the same manner as for prospective directors prior to such appointment.
- c) Directors must attend at least 75% of board meetings per annum, unless prior exemption of the Bank is obtained for valid reason(s), to avoid the abusing of the use of alternate directors.

- 8.8 Practicing Lawyers and Accountants:** - to enable banking institutions and controlling companies to tap the expertise of lawyers and accountants, practicing lawyers and accountants may be appointed as directors of a banking institution or controlling company, provided they are not employed by or must not be partners in a legal firm, which is on the panel of lawyers of that particular banking institution or controlling companies. Similarly, practicing accountants may be directors provided they are not employed by or are not partners in an accounting firm which is engaged to conduct the audit of or consultancy work for that particular banking institution or controlling companies.

The practicing lawyers and accountants who are appointed as directors of banking institutions and/or controlling companies must exercise the highest degree of integrity and professionalism. They must be mindful of the need to avoid being involved or seen to be involved in any self-serving practices and conflict of interest situations in the conduct of their profession while serving as directors of a banking institution or controlling company.

8.9 Service providers: - owners of companies that provide services to a banking institution or controlling company should only be appointed as directors of a banking institution or controlling company once their level of influence on the concerned banking institution or controlling company has been assessed by the Bank.

8.10 Politically Exposed Persons (PEPs): - individuals who are entrusted with prominent public functions and who hold positions of influence should not be appointed as directors of a banking institution or controlling company. Due to their position and influence, it is recognised that PEPs are in positions that can potentially be abused for personal gain or other interests. In this regard, banking institutions and controlling companies must avoid nominating such persons as directors.

A PEP must observe a cooling off period of not less than (3) three years from the last date of employment in the position of influence in order to become eligible for appointment as a director of a banking institution or controlling company.

9. Duties and Responsibilities of the Board

In addition to the duties stipulated under section 41(7) of the Act, the board of directors of a banking institution or controlling company shall be responsible for the following:-

9.1 Appointment: - select and appoint executive officers who are qualified and competent to administer the affairs of the banking institution or controlling company effectively and soundly. The management team must be professional at all times in carrying out its duties and the board of directors must ensure at all times the effectiveness and competence of their management team.

9.2 Supervisory Oversight on Management: - exercise oversight on the affairs of the banking institution or controlling company, and be regularly informed of the banking institution and controlling company's financial condition and management policies ensuring that the bank and controlling company are soundly managed. The directors of a banking institution are entrusted with the handling and investment of public funds. Consequently, the supervisory commitment required from them entails a higher degree of wisdom, prudence, good business judgement and competence than that of directors of other types of companies. They must commit sufficient time to be fully acquainted with the condition of the business and the direction into which they are steering the banking institution and controlling company to apply immediate remedial measures when the need arises.

Although directors may delegate certain authority to executive officers, it is ultimately their responsibility to supervise the banking institution and controlling company to ensure sound management. The board must meet at least once quarterly, to deliberate on the performance of the banking institution and to provide direction and guidance to management.

9.3 Objectives, Strategies, Policies, Procedures, and Processes: - provide clear and effective objectives, policies, strategies, and systems within which senior executive officers must operate. These must cover all aspects of operations, including strategic

planning, credit policies, administration and control, asset and liability management encompassing the management of liquidity risk, interest rate risk in the banking book, market risk, credit risk, operational risk, accounting system and control, service quality, automation plan, prevention of money laundering, terrorism financing and proliferation financing, profit planning and budgeting, adequacy of capital and human resource development and ensuring compliance with any obligation specified in any applicable laws. Clear lines and limits of authority for all levels of staff must be established.

- 9.4 Internal Audit Department:** - set up an effective internal audit department, staffed with qualified internal audit resources to perform internal audit functions. To enhance the independence of the internal audit function, the board must ensure that the internal auditors have full access to all records, and are given an appropriate standing in the organisation's hierarchy. In this regard, the internal auditors must be placed under the direct authority and supervision of the Audit Committee and must report independently to the said Committee. The Chief Internal Auditor including the Internal Audit Department must have a direct reporting line to the Chairperson of the Audit Committee and his/her performance must be evaluated and rated by the Audit Committee.
- 9.5 Audit Committee:** - establish and ensure the effective functioning of an Audit Committee comprising of non-executive directors, in accordance with section 42 of the Act.
- 9.6 Risk Management Committee:** - establish and ensure the effective functioning of a Risk Management Committee, which should be responsible for creating a comprehensive risk management process to identify; measure; monitor; evaluate; and control or mitigate all material risks inherent in the banking institution and controlling company. Additionally, the Risk Management Committee must provide oversight on senior management's activities in managing credit, market, liquidity, operational, compliance, investment, reputational, strategic, country and transfer risks and any other risks of the banking institution and controlling company. The committee must ensure that the risk function within the banking institution and controlling company possess sufficient experience and qualification and must have sufficient stature, authority, independence and resources to enable it to carry out its responsibilities.
- 9.7 Compliance:** - in line with principle C6-1 of the NamCode, the board must ensure that there is an effective independent compliance function overseeing the management of the bank's compliance risk and approves the banking institution's compliance policy, including a formal document establishing a permanent and effective compliance function. At least once a year, the board or a committee of the board must assess the extent to which the banking institution is managing its compliance function to determine its effectiveness. The results of this assessment must be discussed at the board or committee meeting and necessary action may be taken to enhance effectiveness, where required.

Most importantly, directors are expected to observe and be familiar with banking and other relevant legislation, related regulations, determinations, guidelines, and notices and must exercise due diligence to ensure that these are not violated. Directors may be held accountable for any non-compliance with the provisions of the banking legislation and be removed from office if found to have acted against the interests of depositors and the banking institution.

- 9.8 Social Responsibility:** - ensure that the banking institution has a beneficial influence on the economic well-being of the community. Within the framework of sound business practices, directors have a continuing responsibility to the community to provide those banking services and facilities which will be conducive to economic growth and national policy aspirations.
- 9.9 Self-serving Practices and Conflict of Interest:** - display the utmost good faith towards the banking institution in their dealings with it or on its behalf. Once their appointments take effect, Directors assume a fiduciary role and must disclose their outside business interests and in particular, avoid making any personal profit, acquiring personal benefit or retaining any commission, bonus or gifts for performing their official function of granting approval to financing arrangements or the use of particular services.

They must also undertake to comply with the lending policies and practices applicable to directors of the bank and controlling company. With regard to credit exposures to directors, banking institutions must comply with the determinations issued by the Bank in terms of section 36 of the Act on exposures to directors, officers with managerial responsibilities, shareholders, etc.

10. Composition of the Board of Directors

- 10.1 Minimum Number of Directors:** - a banking institution must have at least five directors. This is crucial to ensure that an adequate number of directors are always present to provide direction and guidance to the management of the banking institution. In the event that the Memorandum and Articles of Associations (M&A) of a banking institution prohibits the appointment of more than five directors, the M&A must be amended. In other cases, banking institutions are obliged to amend their M&A, as and when convenient, to provide for a minimum of five directors.

To ensure appropriate succession planning, the board should identify a sufficiently broad population of candidates to be nominated as board members. This should consist of a blend of qualified executive, non-executive and independent non-executive members.

- 10.2 Independent Non-Executive Directors:-** in an increasingly complex banking environment, the presence of suitably qualified independent directors can contribute effectively towards achieving the main tasks of the board. Independent directors must provide the necessary check and balance on the “controller” i.e. parties representing the interests of the majority shareholders of the banking institution or controlling company so as to ensure that interests of minority shareholders and that of the general public are given due consideration in the decisions-making process. Independent directors should not be brought in only to be neglected and ignored as this would tantamount to deceiving the minority shareholders and the public.

A banking institution and controlling company must appoint **at least two** independent non-executive directors to its board. A director of a banking institution who is an independent director of that bank institution’s controlling company will be considered to be an independent director of such a banking institution if he does not have a direct or indirect stake of more than 5% in that respective banking institution.

- 10.3 Chairperson of the Board:** - in order to achieve appropriate checks and balances, the chairperson of the board of a banking institution or controlling company must be an independent non-executive director, who is free of conflict of interest at appointment or election.

The board must evaluate the independence of the chairperson on annual basis. In situations where the independence of the chairperson is questionable or impaired, a lead independent non-executive director (LID) should be appointed as a chairperson for as long as the situation exists.

The chairperson of the board of a banking institution and the chairperson of the controlling company may be the same person provided that there is a substantial number of the same board of directors serving both the banking institution and the controlling company and that the minutes are kept and documented separately.

No substantial shareholder in the banking institution or controlling company may be appointed to be the chairperson or deputy chairperson of the board of that banking institution or controlling company.

Additionally, any person who has been employed by the banking institution and/or the banking institution's controlling company in any executive capacity for the preceding three financial years may not be appointed as a chairperson of the board.

In addition to the above, the appointment of a board chairperson should comply with Principle C2-16 of the NamCode which deals with aspects relating to the chairperson of a company.

10.4 Maximum Number of Executive Directors: - a maximum of two executive officers, including the Principal Officer, of a banking institution or controlling company, as the case may be, must serve on the board. In exceptional cases with the prior written consent of the Bank, up to three senior officers may be appointed as directors. This is to ensure that the non-executive and independent non-executive directors, who should form the majority, render the necessary independence to the board from the executive arm of the banking institution or controlling company, and help mitigate any possible conflict of interest between the policy-making process and the day-to-day management of the banking institution and controlling company.

10.5 Board Committees: - the majority of the members of the various board committees shall be non-executive directors. A banking institution or controlling company may choose to establish one single board committee to deal with all key risk areas (audit, risk, compliance, remuneration, information technology, etc.) e.g. Board, Audit and Risk Committee. However, the banking institution or controlling company must demonstrate to the satisfaction of the Bank that such single committee will adequately deliver on its mandate in the respective areas.

Committees must be chaired by independent non-executive directors.

10.6 Limitation on a term of a non-executive director: - A director of a banking institution or controlling company must serve for a maximum term of (10) ten years. This limitation shall not apply to an executive director.

Notwithstanding the term of office of (10) ten years, an outgoing director of a banking institution or a controlling company may, with the prior approval of the Bank, be reappointed as a director on the board of that particular banking institution or controlling company, or of another banking institution or controlling company after having observed a cooling off period of two years. Banking institutions and controlling companies must comply with this requirement within a three years grace period from the effective date of this Determination.

- 10.7** The board should maintain appropriate records (minutes) of its deliberations and decisions. As a minimum requirement, the meeting minutes must be comprehensive to provide sufficient information on discussions, recommendations made, and resolutions taken by the board. The minutes should be made available to the Bank whenever required.

11. Directorship in Other Companies

Interlocking directorships in any other banking institutions or banking groups are prohibited. The Bank will only allow common directorships for banking institutions and controlling company within the same group. This is in line with the need to avoid conflict of interest situations in the management of two or more banking groups. Consistent with this policy, a person with more than 5% of the total nominal value of all vote bearing shares issued in a banking institution or controlling company in his personal capacity (directly or indirectly) must not be appointed to the board of another banking institution or banking group.

Subject to the prior written approval of the Bank, any executive director (including the principal officer) of a banking institution must not hold any executive position in another company. However, for companies within the same group, and family-owned companies of the principal officer or executive director, exemption may be granted on a case-by-case basis. This is consistent with the Bank's requirement for a principal officer and any other executive director to devote his attention and commitment principally to the day-to-day operations of a banking institution.

12. Attendance of Meetings by Non-Executive (including Independent Non-Executive) Directors

Non-executive board members must attend at least 75% of the board meetings of a banking institution or controlling company in any particular year. This is to ensure that they will discharge their duties and responsibilities effectively. At its Annual General Meeting, a banking institution or controlling company must review the suitability of any non-executive director who has failed to comply with this 75% attendance rule without valid reason. A non-executive director who breached the 75% attendance rule without valid reason for two consecutive years must be discharged. Attendance must be disclosed in the annual report.

13. Remuneration of Directors, Principal Officers and Executive Officers

The remuneration of the directors, principal officers and executive officers shall not be out of line with the nature and size of operations of a banking institution and or controlling company. The directors, principal officer and executive officers shall not avail themselves of unreasonably bountiful remuneration, with excessive bonuses and fringe benefits relative to the profits and operations of the banking institution or controlling company. Banking institutions and controlling companies should remunerate directors fairly and responsibly. (Refer to Principle C2 - 25 of the NamCode).

13.1 Effective Governance of Remuneration

The board of directors of banking institutions and controlling companies should exercise good stewardship of their banking institutions' remuneration practices and ensure that remuneration works in harmony with other practices to implement balanced risk postures:

- a) The banking institutions and controlling company's board of directors must actively oversee the organisation's remuneration policies.

- b) The banking institutions and controlling companies board of directors must monitor and review the remuneration system to ensure the system operates as intended.
- c) Staff engaged in financial and risk control must be independent, have appropriate authority, and be remunerated in a manner that is independent of the business areas they oversee and commensurate with their key role in the banking institution.

13.2. Effective alignment of remuneration with prudent risk taking

An employee's remuneration should take account of the risks that he/she takes on behalf of the banking institution. Remuneration should take into consideration prospective risks and risk outcomes that are already realised.

- a) Remuneration must be adjusted for all types of risk. Subdued or negative financial performance of the financial institution should generally lead to a considerable contraction of the banking institution's total variable compensation.
- b) Remuneration outcomes must be symmetric with risk outcomes.
- c) Remuneration pay-out schedules must be sensitive to the time horizon of risks.

13.3. Effective supervisory oversight and engagement by stakeholders

Banking institutions and controlling companies must demonstrate to the satisfaction of the Bank and other stakeholders that their remuneration policies are sound.

- a) Supervisory review of remuneration practices must be rigorous and sustained, and deficiencies must be addressed promptly with supervisory action.
- b) Banking institutions and controlling companies must disclose clear, comprehensive and timely information about their remuneration practices to facilitate constructive engagement by all stakeholders.

14. Re-assessment of fitness and probity

Banking institutions and controlling companies should notify the Bank whenever the executive management or board of directors is reshuffled or reorganised, which results in persons previously assessed being assigned to new roles. The notification must be accompanied by a new application with all the supporting documents attached if the previous assessment was conducted more than two years ago.

15. Reporting Requirements

Banking institutions and controlling companies must report, within **five working days**, to the Bank when any director or principal officer resigns from their positions. Banking institutions and controlling companies must, if they become aware of any changes in the "fitness and propriety" of any of their directors, executive officers or principal officer, report such changes and the details thereof to the Bank in writing within **10 working days** of them becoming aware. Banking institution must also submit form CM29 within 10 working days

after the approval of the amendments to the form by the relevant authority, should there be a change in directorships in terms of resignations and/or new appointments.

PART IV: CORRECTIVE MEASURES

- 16. Corrective measures** - If a banking institution or controlling company fails to comply with this Determination, the Bank may pursue any remedial measures as provided under the Act or any other measures the Bank may deem appropriate in the interest of prudent banking practices.

PART V: EFFECTIVE DATE

- 17. Effective date** – This Determination shall become effective on the date of publication in the Government Gazette.
- 18. Repeal of BID-1** - This Determination repeals and replaces the Determinations on the Appointment, Duties and Responsibilities of Directors and Principal Officers of Banking Institutions (BID-1) published, as general notice No. 21, in the Government Gazette No. 6221 of 11 January 2017.

BIF 024

ANNEXURE A

(If insufficient space provided, please attach a separate sheet)

**STATEMENT BY INDIVIDUALS WHO ARE NOMINATED FOR APPOINTMENT
AS A DIRECTOR, EXECUTIVE OFFICER OR PRINCIPAL OFFICER OF BANKING
INSTITUTION AND/OR CONTROLLING COMPANY (INSTITUTION)****(Confidential and not available for inspection by the public)**

1. Name of institution(s) in connection with which this questionnaire is being completed:

2. Your surname:

3. Your full forename(s):

4. Former surname(s) and or forename(s) by which you may have been known:

5. Please state in what capacity you are completing this questionnaire, i.e. as a current or prospective director, principal officer or executive officer or combination of these. Please state your full title and describe the particular duties and responsibilities attached to the position(s) that you will hold. If you are completing this form in the capacity of prospective director, indicate whether, in your position as director, you have or will have executive responsibility for the management of the institution's business. In addition, please provide a copy of your detailed signed curriculum vitae:

6. Addresses (Residential and Postal):

7. Any previous residential address(es) during the past 10 years:

8. Date and place of your birth (including town or city):

9. Your nationality and how it was acquired (birth, naturalization or marriage):

10. Name(s) and address (es) of your bankers during the past 10 years:

11. Your professional/academic qualifications and date on which and institution/s where they were obtained:

12. Your occupation and employment now and during the past 10 years, including the name and address of your employer in each case, the nature of business, the position held and relevant dates:

13. What other body corporates (other than the banking institution) are you a director or hold an executive position and since when? Describe any relationship, which now exists or will exist between the other institution and the proposed bank.

14. Do you have any direct or indirect interest representing 5 per cent or more of the issued capital of any body corporate (other than the institution) that is now authorized, or has applied for authorization, under the Act? If so, give particulars:

15. Of what body corporates other than the institution and those listed under paragraph 13 have you been a director or an officer with managerial responsibilities at any time during the past 10 years? Give relevant dates:

16. Do any of the body corporates listed in paragraphs 13, 14 and 15 maintain a business relationship with the institution? If so, give particulars:

17. Do you hold or have you ever held or applied for a license or equivalent authorization to carry on any business activity in Namibia or elsewhere? If so, give particulars. If any such application was refused or withdrawn after it was made or any authorization was revoked, give particulars:

18. Does any institution with which you are, or have been, associated as a director or executive officer, hold or has it ever held or applied for, a license or equivalent authorization to carry

on any business activity? If so, give particulars. If any such application was refused, or was withdrawn after it was made or an authorization revoked, give particulars:

19. Have you, at any time, been convicted of any offence (including any conviction that has been pardoned or reprieved in Namibia or elsewhere), excluding -

- (i) any offence committed when you were under 18 years, unless the same was committed within the last 10 years? If yes, provide particulars;
- (ii) any offences provided in Chapter 9 of the Road Traffic and Transport Act, 1999 (Act No. 22 of 1999) and any amendments thereto; or
- (iii) any political related offences committed prior to Independence, if such conduct would have constituted an offence within Namibia after Independence.

If so, give particulars of the court by which you were convicted, the offence, the penalty imposed and the date of conviction:

20. To your knowledge, have you ever been investigated for corruption or organised crime under the Anti-Corruption Act, 2003 (Act No. 8 of 2003) or Prevention of Organised Crime Act, 2004 (Act No. 29 of 2004) or other similar legislation in another jurisdiction? If yes, give particulars.

21. Have you, in Namibia or elsewhere, been censured, disciplined, warned as to future conduct, or made the subject of a court order at the instigation of any regulatory authority or any professional body to which you belong or belonged, or have you ever held a practicing certificate subject to conditions? If so, give particulars:

22. Have you, or has any body corporate, partnership or unincorporated institution with which you are, or have been, associated as a director or officer with managerial responsibility, been the subject of an investigation, in Namibia or elsewhere, by or at the instigation of a government department or agency, professional association or other regulatory body? If so, give particulars:

23. Have you, in Namibia or elsewhere, been dismissed from any office or employment, or subject to disciplinary proceedings by your employer or barred from entry to any profession or occupation? If so, give particulars:

24. Have you failed to satisfy any debt adjudged due and payable by you, as a judgment-debtor under an order of a court in Namibia, or elsewhere, or made any compromise arrangement with your creditors within the last 10 years? If so, give particulars:
-
-
25. Have you ever been declared insolvent (either provisionally or finally) by a court in Namibia or elsewhere, or has bankruptcy petition ever been served on you? If so, give particulars:
-
-
26. Have you ever been declared to be of unsound mind or detained as a person with a mental disorder under any law, or declared a prodigal or incapable of managing your own affairs? If so, give particulars:
-
-
27. Have you, in connection with the formation or management of any body corporate, partnership or unincorporated institution, been adjudged by a court in Namibia or elsewhere, civilly liable for any fraud, misfeasance or other misconduct by you towards such a body or company or towards any members thereof? If so, give particulars:
-
-
28. Has any body corporate, partnership or unincorporated institution with which you were associated as a director or executive officer, in Namibia or elsewhere, been wound up, made subject to an administration order, otherwise made any compromise or arrangement with its creditors or ceased trading, either while you were associated with it or within one year after you ceased to be associated with it, or has anything analogous to any of these events occurred under the laws of any other jurisdiction? If so, give particulars:
-
-
29. Have you been concerned with the management or conduct of the affairs of any institution that, by reason of any matter relating to a time when you were so concerned, has been censured, warned as to future conduct, disciplined or made the subject of a court order at the instigation of any regulatory authority in Namibia or elsewhere? If so, give particulars:
-
-
30. In carrying out your duties, will you be acting on the directions or instructions of any other individual or institution? If so, give particulars:
-
-
31. Do you, or does any related party of whom you are aware, undertake business with this institution? If so, give particulars:
-
-
32. How many shares in the institution are registered in your name or the name of a related party? If applicable, give name(s) in which registered and class of shares:
-
-

33. In how many shares in the institution (not being registered in your name or that of a related party) are related parties beneficially interested?
-
-

34. Do you, or does any related party, hold any shares in the institution as trustee or nominee? If so, give particulars:
-
-

35. Are any of these shares in the institution mentioned in reply to questions 31, 32 and 33 equitably or legally charged or pledged to any party? If so, give particulars:
-
-

36. What proportion of the voting power at any general meeting of the institution (or of another body corporate of which it is a subsidiary) are you or any related party entitled to exercise or control the exercise of?
-
-

37. If the exercise of the voting power at any general meeting of the institution, or of another body corporate of which it is a subsidiary, is or may be controlled by one or more of your associates or any related party, give the proportion of the voting power so controlled in each case and the identity of each associate:
-
-

38. Are you currently, or do you, other than in professional capacity, expect to be, engaged in any litigation in Namibia or elsewhere? If so, give particulars excluding litigations relating to private affairs such as divorce, child custody, child maintenance etc.:
-
-

39. Do you have a basic knowledge and understanding of the risks to which banking institutions and controlling companies are exposed?
-
-

40. Do you, at all times while acting in your capacity as a director or executive officer of the institution, undertake to:

- i. act in good faith towards the bank/banking institutions and controlling companies in the group;
 - ii. avoid conflict between your other interests and the interests of the bank/banking institutions and controlling companies in the group; and
 - iii. place the interest of the bank/banking institutions and controlling companies in the group and the depositors above all other interests?
-
-

41. Have you acquainted yourself with, and do you understand, the extent of the rights and powers, as well as your responsibilities and duties as a director of the institution, as contained in the common law, the Companies Act, 2004 (Act No. 28 of 2004), the Banking Institutions Act, 1998 (as amended), Determinations on the appointment and duties of Directors issued by the Bank of Namibia? (To be completed only by directors or prospective directors).

-
-
42. Are you a practicing lawyer employed by or a partner in a bank which is on the panel of lawyers of the institution?

-
-
43. Are you a practicing accountant employed by or a partner in an accounting firm which is engaged or to be engaged to conduct the audit or consultancy work for the institution?

-
-
44. Are you a member of National Assembly or the National Council of Namibia or any other equivalent state organs in other jurisdictions?
-
-

ANNEXURE B

Provide your latest personal financial statement below:

PERSONAL FINANCIAL STATEMENT

(To be completed by Directors or Principal Officers or Executive Officers)
(Amounts in N\$'000)

Balance sheet (as at _____)

Assets

Cash & Bank Balances: -----

(Schedule I)

Marketable Securities: -----

(Schedule II)

Debtors-Good: -----

Debtors-doubtful: -----

Other Investments: -----

(Schedule III)

Machinery & Equipment: -----

Real Estate (1): -----

(Schedule IV)

Farms Products (2): -----

Business Interests: -----

Other Assets (specify):² -----**Total Assets:** -----**Liabilities & Net worth**

Accounts Payable: -----

Notes Payable: -----

Mortgage Indebtedness: -----

Interest Payable: -----

Taxes Payable: -----

Judgements: -----

Other Liabilities (specify): -----

Total Liabilities: -----**Net Worth:** -----

Income (for the year: _____)

Salary/Wages: -----

Investments: -----

Real Estate: -----

Other (Specify): -----

Total: -----² Vehicle should only be listed as asset when such is settled in full.

BIF 022

PERSONAL FINANCIAL STATEMENTS
SUPPORTING SCHEDULES
 (Attach additional sheets as necessary)
 (Amounts in N\$'000)

SCHEDULE I**CASH IN BANKS**

TYPE OF SECURITY (Savings, checking)	BANK AND ADDRESS	ACCOUNT NAME	BALANCE

SCHEDULE II**MARKETABLE SECURITIES**

TYPE OF SECURITY (Stock, Bonds)	DESCRIPTION	NO. OF SHARES OR FACE VALUE	IN NAME OF	COST	MARKET VALUE

Note: Please provide account numbers where applicable.

SCHEDULE III**OTHER INVESTMENTS**

DESCRIPTION (INCLUDE NATURE/EXTENT OF OWNERSHIP)	DATE PURCHASED	COST	CURRENT VALUE

**SCHEDULE IV
REAL ESTATE OWNED**

DESCRIPTION (INCLUDE NATURE/EXTENT OF INTEREST)	DATE PURCHASED	COST	MORTGAGE* INDEBTEDNESS	CURRENT VALUE

* Describe below the terms of mortgages with name and address of mortgage.

**SCHEDULE V
NOTES/LOANS PAYABLE - BANKS AND OTHERS**

WHERE BORROWED	DATE OF LOAN	ORIGINAL AMOUNT	REPAYMENT TERMS	COLLATERAL SECURITY (IF ANY)	CURRENT BALANCE OWING

Please provide account numbers where applicable.

ANNEXURE C

DECLARATION

I,, hereby declare/affirm the following:

This statement consists of pages, each signed by me. The content of this declaration is true to the best of my knowledge and belief. I am aware that should it be submitted as evidence that there is something contained therein that I know to be false or believe not to be true; I may be liable for prosecution.

I undertake that, as long as I continue to be a director, principal or executive officer of the institution, I will notify the Bank of Namibia of any material changes affecting the completeness or accuracy of the information supplied by me on forms BIF 022 and BIF 024 as soon as possible, but in no event later than **21 days** from the day that the changes come to my attention.

I also authorize the Bank to request and receive any information necessary, from any source the Bank deems appropriate, to verify the accuracy of information contained in these statements.

I know and understand the content of this declaration. I have*/do not have* objections to taking the prescribed oath. I consider the prescribed oath to be binding*/not binding* on my conscience.

..... SIGNATURE OF DEPONENT
..... ADDRESS OF DEPONENT
..... NAME OF DEPONENT
..... POSITION OF DEPONENT

I certify that the above statement was taken by me and that the deponent has acknowledged that he*/she* knows and understands the content of this statement. This statement was sworn to*/affirmed* before me and the deponent’s signature was placed hereon in my presence at
on

.....
COMMISSIONER OF OATHS

FULL NAMES
EX OFFICIO
AREA
ADDRESS

**Delete whichever is not applicable*

ANNEXURE D**EXPLANATION OF THE FITNESS & PROPRIETY ASSESSMENT CRITERIA**

The Bank will consider the following criteria when assessing fitness and propriety of director, principal officer, or executive officer of a bank or controlling company:-

1. Good character (i.e. honesty, integrity, fairness, and reputation);
2. Competence, diligence, capability, soundness of judgment;
3. Financial solvency and integrity;

1. Good Character

1.1. Good character incorporates various qualities including honesty, integrity, fairness and reputation, which are demonstrated over time. In determining a person's "good character", the Bank will take into account past conduct, attitude, and actions of the nominee and will have regard to all appropriate factors. In so far as it may be relevant in the execution of the respective duties, the following factors will be taken into account:-

- i) Whether the person has been convicted or found guilty of a criminal offence under any legislation designed to protect members of the public from financial loss i.e. an offence relating to dishonesty, fraud or financial crime;
- ii) Whether the person has been convicted or found guilty in any proceedings of a disciplinary nature;
- iii) Whether the person has been the subject of any adverse findings or any settlement in civil proceedings, particularly in connection with banking or other financial business, misconduct, or fraud;
- iv) Whether the person has been a director, partner, or otherwise involved in the management of a business that has gone into receivership, insolvency or compulsory liquidation while the person was a part of that organization or within a reasonably short period (e.g. one year) after the person's departure from the institution;
- v) Whether the person has been dismissed, asked to resign or resigned from employment or from a position of trust, fiduciary appointment or similar position because of questions about honesty and integrity.
- vi) Whether the person has ever been disqualified, in terms of the relevant Companies Act or any other legislation, from acting as a director or serving in a managerial capacity as a result of wrongdoing.
- vii) Whether the person has not been fair, truthful and forthcoming in dealings with customers, superiors, auditors and regulatory authorities within the past ten years and has been the subject of any justified complaint relating to regulated activities;
- viii) Whether the person has been investigated for corruption or organised crime under the Anti-Corruption Act, 2003 (Act No. 8 of 2003) or Prevention of Organised Crime Act, 2004 (Act No. 29 of 2004) or other similar legislation in another jurisdiction.

ix) Whether the person demonstrates a readiness and willingness to comply with the requirements and standards of the regulatory system and other legal, regulatory or professional requirements and standards.

1.2 The Bank shall consider all the above factors whether they have arisen in Namibia or elsewhere. The Bank should be informed of all of these matters, and will take into account the extent and circumstances of the person's involvement in the relevant events, the time it occurred and its seriousness. In its assessment, the Bank will gather information from all appropriate sources, in determining the person's fitness and propriety.

2 Competence and Capability

2.1 The applicants shall demonstrate competence and ability or understanding required to conduct business operations effectively, in the interest of all stakeholders.

2.2 In so far as is relevant to the applicants responsibilities, the Bank will take into account the following factors, and any other matters as it deem appropriate, when assessing the person's competence and capabilities:-

i) Whether the person possesses relevant qualifications and/or experience to serve as a director, principal officer, or executive officer in a bank. Therefore, the applicant will be expected to at least meet the requirements as stipulated under Table 1. With regards to qualifications obtained outside Namibia, the Bank may consider the accreditation attributed to foreign institutions by the Namibian Qualifications Authority to confirm certification of an institution. The below table serves as a mere guide and the Bank will exercise supervisory judgement taking into account whether the applicant possesses a certain level of academic achievements or sufficient relevant working experience.

Table 1: Minimum required qualifications and work experience

	Director	Principal Officer	Executive Officer
Academic Qualification	Completed bachelor's degree or better in any relevant field at an accredited institution	Completed bachelor's degree or better in finance/banking/or any other relevant at an accredited institution	Completed bachelor's degree or better in relevant field at an accredited institution
Relevant Experience	10 years' experience in relevant field	10 years banking related experience	5 years in relevant field
Management skills	5 years management experience	5 years bank management experience in banking or financial sector	5 years general management experience in relevant field

ii) Whether the person has been declared to be of unsound mind or detained as a person with a mental disorder under any relevant law, or declared a prodigal or incapable of managing his/her own affairs;

iii) Whether the person has ever been disciplined by a professional, trade, or regulatory body, dismissed or requested to resign from any position or office for negligence, incompetence, fraud or mismanagement; and

iv) Whether the person has sound knowledge of banking business and the

responsibilities of being a director, principal officer, or executive officer of a bank.

3. Financial Solvency and Integrity

- 3.1 In assessing financial soundness, due regard will be given to the solvency of the person. The assessment will amongst others consider the following factors:-
- i) Whether the person has ever filed for bankruptcy and been declared bankrupt, had his/her estate sequestrated, or is the subject of such proceedings in Namibia or elsewhere;
 - ii) Whether the person has made a compromise with his/her creditors;
 - iii) Whether the person has failed to satisfy any debt adjudged due and payable as a judgment-debtor under an order of a court.
 - iv) Whether the person has been a director, principal officer, or executive officer in an institution that has been the subject of adverse judgment or award or made arrangements or compromise with its creditors, filed for bankruptcy, has been adjudged bankrupt, had its estates sequestrated or has been involved in any similar proceedings.
 - v) Whether the person has been associated with any illegal activity concerning banking business, deposit taking, financial dealing or any other dealings relating to the applicants responsibilities.

ANNEXURE E

Checklist of required information

General Instructions

1. An application for approval submitted in terms of BID-1 will not be considered, unless all information requirements listed in table 1 below is submitted together with the initial application.
2. The Bank will not commence with the assessment of an application **if any** of the required information listed in table 1 below is outstanding.
3. The Bank will not consider an application that is not accompanied by the checklist in table 1 below, which is duly completed.
4. The submission of a police clearance certificate will no longer be made a conditional approval, that is, the Bank will no longer approve an application subject to the applicant submitting a police clearance certificate.
5. All forms should be accurately completed, and no question should be left unattended to.
6. All copies of original documents should be authenticated.
7. All applications should be accompanied by the declaration below table 1, completed and duly signed by the principal officer of the appointing banking institution or controlling company.

Table 1: Information required for the application for approval to appoint directors, principal officers and executive officers of a banking institution or controlling company

Type of Information	Submitted		Remarks
	Yes	No.	
1. Accurately Completed BIF-022			
2. Accurately Completed BIF-024			
3. Signed declaration form, clearly indicating the number of pages in the statement			
4. Signed curriculum vitae			
5. Authenticated copy of identity document			
6. If nominee is not a Namibian citizen, the certificate of domicile or work permit should be submitted			
7. Authenticated copies of all relevant qualifications			
8. Police clearance certificate not older than six months			

Declaration

I, the undersigned, hereby declare that all information listed in Table 1 for the purpose of submitting an application for approval to appoint (name of nominee) in the position of at (name of banking institution or controlling company) has been attached, is accurate and complete.

I know and understand that the Bank will not commence assessing this application, should the information submitted is found to be incomplete.

Signed at on the of 20

Name of principal officer
