

Bank of Namibia

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Bank Supervision Department

BANKING INSTITUTIONS ACT

CIRCULAR - BIA 2/05

TO: ALL BANKING INSTITUTIONS

DATE: 16 June 2005

**INSTRUCTIONS, DIRECTIVES AND INTERPRETATIONS FOR THE
COMPLETION OF THE REVISED MINIMUM RESERVE REQUIREMENTS
RETURN FORM "MRR 1"**

1. Introduction

In order to ascertain the compliance of banking institutions with statutory requirements, the Bank in terms of section 35 of the Bank of Namibia Act, 1997, requires banking institutions to submit the return on Minimum Reserve Requirements "Average Daily Amount of Total Liabilities to Public" (MRR 1).

2. Purpose

The purpose of this Circular is solely to introduce a revised return form MRR 1 with its instructions and interpretations for completion, which should be used to determine the average daily amount of total liabilities to the public and the minimum statutory reserve balances to be maintained by banking institutions. The objective of such directives and interpretations is to provide guidance on the basic principles to be applied when completing the return form MRR 1 and to provide instructions on the caption on each line item on the returns.

3. Implementation and Reporting

All banks are required to submit the return form MRR 1 in the format provided in the attachment to this Circular by not later than 14th day of the month in respect of the information of the previous calendar month.

Failure by any banking institution to submit this return on the due date shall call for non-compliance to be filed against such banking institution. Banking institutions are required to submit their returns both in hardcopy and electronic (soft) copy via the following e-mail address: returns@bon.com.na. This parallel submission will be expected to continue until such time that this Office advise otherwise.

4. Repeal of the Returns

The appended (existing) returns forms MRR 1 (Average Daily Amount of Total Liabilities to the Public) and MRR 2 (Day-to-Day Balances on Reserve Account with Bank of Namibia) in Circular 1/05 are hereby repealed. As per paragraph 6 of the Directives on Minimum Reserve Requirements, banking institutions are no longer required to submit a return on daily balances on the reserve account (previously form MRR 2) to the Bank. The new requirements relating to the return MRR 1 and the related directives will become effective from 1 July 2005.

5. Additional Copies

Two additional copies of this Circular are enclosed for the use of your institution's independent auditors. The attached "Acknowledgement of Receipt" duly completed and co-signed by the said auditors, should be returned to this Office at your earliest convenience.


P M MWANGALA

SENIOR MANAGER

**DIRECTIVES AND INTERPRETATIONS FOR THE COMPLETION OF
MINIMUM RESERVE REQUIREMENTS RETURN (MRR 1 "AVERAGE DAILY
AMOUNT OF TOTAL LIABILITIES TO THE PUBLIC)**

1. PURPOSE

The return is used to determine the average daily amount of total liabilities to the public and the minimum statutory reserve balance to be maintained by a banking institution in accordance with the provisions of paragraph 4 of the Directive on the Minimum Reserve Requirements (BON-D 1/2005).

2. FREQUENCY

Monthly

3. INSTRUCTIONS

Instructions relating to the completion of this return are furnished with reference to the item descriptions and column item numbers appearing on form MRR 1, as follows:

Column 1 Total deposits (including foreign deposits)
Report the total deposits (including foreign deposits) at the close of each calendar day for all the days in the particular month, to which the return relates.

Column 2 Loans and advances received
Report all borrowings and loans and advances received by the reporting bank at the close of each calendar day for all days in the particular month, to which the return relates.

Column 3 Total other liabilities to the public (excluding capital)
Report all other liabilities to the public (excluding capital and reserves) at the close of each calendar day for all days in the particular month, to which the return relates.

Note: Total liabilities (including foreign liabilities) such as deposits, loans and advances received and other liabilities as at the end of the previous working day shall be used for liabilities on Sundays and Public holidays.

Banking Institution:	
Year:	
Start Date:	
End Date:	

MINIMUM RESERVE REQUIREMENTS

MRR 1

AVERAGE DAILY AMOUNT OF TOTAL LIABILITIES TO THE PUBLIC

(Confidential and not available for inspection by the public)

Day	All amounts in NS'000			
	Total deposits including foreign deposits	Total loans and advances received	Total other liabilities to the public excluding capital	Total liabilities to the public
	(1)	(2)	(3)	(4) = (1) + (2) + (3)
1 st				
2 nd				
3 rd				
4 th				
5 th				
6 th				
7 th				
8 th				
9 th				
10 th				
11 th				
12 th				
13 th				
14 th				
15 th				
16 th				
17 th				
18 th				
19 th				
20 th				
21 st				
22 nd				
23 rd				
24 th				
25 th				
26 th				
27 th				
28 th				
29 th				
30 th				
31 st				
Average Daily Amount of Total Liabilities to the Public				
Required Minimum Balance (B)				