Annual Report 2010

Bank of Namibia

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Annual Report 2010

1990-2010
YEARS
BANK OF NAMIBIA

This is the Bank of Namibia Annual Report and the Financial Statements for the financial year ended 31 December 2010, which are prepared pursuant to section 52(1) of the Bank of Namibia Act, 1997 (No. 15 of 1997).

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MESSAGE FROM THE GOVERNOR

The year 2010 marked the 20th Anniversary of the Bank of Namibia. This important event made it possible to reflect upon developments and achievements over the past two decades. It also provided an opportunity to look forward on how the Bank can assist in achieving a brighter future for all Namibians. In my welcoming address at the gala dinner hosted on 16 July 2010, I pledged to sharpen our skills to deliver on our mandate, and to strive to be an entity whose expertise in the area of economics, banking and finance rivals the best central banks in the world. I also said that we will strive to provide quality advice that is persistently sought after and to be held in high regard by the institutions we regulate. I still stand by my words and hopefully this Annual Report will serve as a benchmark of the achievements during the year under review.

Apart from the events to celebrate two decades of our existence, 2010 will also be remembered as a year of hope and progress on a global and national scale. The financial market tension and economic disturbance in 2009 gave way to initial signs of headway.

The financial crisis that began in 2007 in the United States and Europe plunged the global economy in a deep, lasting recession late in 2008. At the end of 2008, and early in 2009, most central banks in the world reacted immediately by pursuing an accommodative monetary policy by sharply lowering their policy rates and by instituting measures to stabilize the strains in their financial systems. The Bank of Namibia, on its part, has started lowering its repo rate from a high of 10.5 per cent in December 2009 and continued to do so in phases to eventually reach 6.0 per cent in December 2010 – the lowest rate since the establishment of the Bank in 1990. This monetary policy stance was taken at a time when both global and domestic inflation decelerated rapidly. Local consumer price inflation slowed down from a high of 12.0 per cent in October 2008 to 3.1 per cent in December 2010. Both businesses and individuals responded positively to the more accommodative monetary policy environment by raising their demand for credit in virtually all loan categories. This, in turn, spurred economic activity through higher consumption and investment expenditure.

Unlike the experience in other developed economies, the financial system in Namibia remained relatively resilient against the contagion impact of the crisis. Stock prices on the local exchange have recovered remarkably since the beginning of 2009 and throughout 2010, but increased volatility was being observed. The real economy of Namibia also improved moderately in 2010 with real GDP expanding at 4.6 per cent, after a gradual deterioration was recorded between 2006 and 2009. Most key sectors that were directly and indirectly affected by the financial crisis and the subsequent global recession, such as mining and tourism, built up momentum, albeit not to pre-crisis levels. The fiscal position deteriorated as a consequence of the crisis, mainly through falling tax revenue from key sectors, especially mining, and much lower revenue derived from SACU. The budget surplus of 5.4 per cent of GDP in 2007/08 was reversed to a deficit of 1.6 per cent of GDP in 2009/10. That notwithstanding, the fiscal situation remains sustainable and public debt levels are still at manageable levels.

Generally, I am satisfied with the progress made in turning around the gloomy and uncertain economic outlook that prevailed during the crisis. However, notwithstanding good progress made, significant and fundamental weaknesses still persist. Here, I refer specifically to the untenable unemployment situation, lack of skills and productivity that all lead to extreme poverty and income inequalities. This precarious situation is further exacerbated by a lack of financial inclusion. Although the Bank cannot tackle these challenges single-handedly, I am pleased to mention that we have made a modest contribution through stimulating and maintaining the policy debate on these important subjects. We also took a step further and adopted financial inclusion as a key strategic goal of the Bank for years to come.

Our quest for financial inclusion in Namibia will be addressed through various initiatives, including implementing the financial sector strategy, drafting of second-tier banking legislation, protecting the consumer through regulating bank fees and charges and through financial education campaigns. We have realized, however, that more can and must be done to ensure the delivery of financial services at affordable costs to sections of disadvantaged and low income segments of our society.

The Bank's operations and policy focus are, as before, guided and propelled by our legal mandate and the five-year strategic plan. Our key strategic goals are to promote price stability and to safeguard and enhance financial stability. We also seek to manage our international reserves prudently and to develop the Namibian financial market. We aim to promote a positive reputation for the Bank and the country through service excellence and quality policy advice. As a public institution, we have to pay attention to developing and managing our resources sustainably and efficiently. The progress in addressing these strategic priorities is outlined in more detail later in this Report.

The live rollout of the International Convergence of Capital Measurement and Capital Standards: A Revised Framework (Basel II) framework is a key highlight for the year 2010. Through this accomplishment, we hope to make our banking system more resilient to external shocks and adequately capitalized. Another milestone was the amendment of legislation in the supervisory and payment system fields that will, amongst others, enhance the Bank's supervisory powers and scope and to augment the governance standards in the industry. The legislation also empowered the Bank to carry out consolidated supervision, meaning that the conduct of bank holding companies and subsidiaries now fall under the purview of the Bank. There is a continued interest by potential entrants to the Namibian banking sector and a number of licence applications were processed. Of course, we also had to act resolutely against perpetrators trying to offer lucrative investment returns in violation of the law.

We have completed the necessary preparations for the issue of a new family of banknotes that are not only fresh and more appealing in appearance, but also incorporate state-of-the-art security features. The N$20 banknote is the first denomination to be issued in 2011, and the four other denominations are planned to be issued in 2012.

On reserves management, two major factors contributed to the reduced level of international reserves, one being the strong external value of the Namibia Dollar, and the other lower SACU receipts. As a result, our international reserves declined from N$13.8 billion at the end of 2009 to N$10.2 billion at the end of 2010. Despite this decline, the current reserves level remains more than adequate to meet the foreign exchange needs of the Namibian economy.

Let me acknowledge the important role played by the Members of the Board during a difficult year and for their independent views and their contribution to the policy debate. I would like to extend my heartfelt thanks for their guidance and judgement over the past year. At this juncture, I wish to thank my predecessor, Mr Tom Alweendo, who ended his term on 25 March 2010 following his appointment as Director-General of the National Planning Commission. He has laid a very solid foundation at the helm of the Bank of Namibia for 13 years.

The ex officio membership of the former Permanent Secretary of the Ministry of Finance, Mr Calle Schlettwein, ended with effect from 21 March 2010, when he was appointed as Deputy Minister of Finance. I want to thank both former members for their dedicated service to the Bank and to the country and wish them well with their new assignments. At the same time, I would like to welcome the new Permanent Secretary of the Ministry of Finance, Ms Ericah Shafudah, as new Board Member with effect from 3 April 2010 and look forward to working productively with her in the years to come.

I also thank all the staff members of the Bank of Namibia for their commitment, dedication, and focus throughout the year. I am convinced that, with their continued dedication to find solutions in difficult situations, and with their commitment to excellence, we will be able to face the challenges in the years ahead.

The compilation of this Report, and of course other reports, depends very much on the good cooperation by numerous respondents in the private and public sectors who provide information and data to the Bank. Their cooperation and assistance is truly appreciated. The Bank also relies on essential technical assistance in a few areas of the Bank's operations. Some of our development partners include the World Bank, the US Treasury, the US Federal Reserve, the Bank of England, the Bundesbank and the Australian Financial Transaction Analyses Centre (AUSTRAC). I am very grateful for these institutions' continued support.

Despite the post-crisis progress we have witnessed in 2010, there are still numerous challenges going forward. The global economic outlook for 2011 seems far from certain. While a recovery appears to be underway, its force and sustainability remain vague. The fiscal situation in major economies and the timing and pace of their exits from monetary easing make the way ahead difficult to predict. Uncertainty about the direction and size of movements in interest rates and capital flows are likely to imply that financial markets will remain unpredictable. Hence, the Bank of Namibia must exercise extreme caution and vigilance as monetary authority, as regulator of the banking system and as custodian of foreign reserves.

Ipumbu Shiimi
Governor
16 March 2011

PART A

OPERATIONS AND AFFAIRS OF THE BANK

Report Prepared Pursuant To Section 52(1)(b) of The Bank of Namibia Act

PART A

OPERATIONS AND AFFAIRS OF THE BANK

THE ORGANISATION OF THE BANK OF NAMIBIA

MEMBERS OF THE BOARD

(AS AT 31 DECEMBER 2010)

Mr Veston Malango
Member since 1 April 2008
Current term ends 31 March 2013
(Member of the Audit Committee and the Remuneration Committee)

Mr Faniel Kisting
Member since 14 July 1998
Current term ends 31 July 2013
(Chairperson of the Audit Committee)

Dr Nashilongo Shivute
Member since 1 August 2007
Current term ends 31 July 2012
(Member of the Audit Committee)

Mr Paul Hartmann
Deputy Governor and Member of the Board since 1 August 2002
Current term ends 31 December 2011

Ms Ericah Shafudah
Member (ex officio) since 3 April 2010
(Permanent Secretary: Finance)

Mr Ipumbu Shiimi
Governor and Chairperson of the Board since 26 March 2010
Current term ends 31 December 2011
(Chairperson of the Board)

Dr Omu Kakujaha-Matundu
Member since 1 November 2008
Current term ends 31 October 2013
(Member of the Remuneration Committee)

Ms Ophelia Netta
Member since 1 February 2007
Current term ends 31 January 2012
(Chairperson of the Remuneration Committee)

Members of the Board whose term ended during 2010

Mr Tom Alweendo
Governor and Chairperson of the Board up to 25 March 2010

Mr Calle Schlettwein
Member (ex officio) and Permanent Secretary: Finance until 20 March 2010

THE BANK'S ORGANISATIONAL STRUCTURE

Bank of Namibia - Management Stucture
31 December 2010

- Governor
  - Deputy Governor
    - Director of Human Resources
      - Deputy Director: HR Administration & Recruitment
      - Deputy Director: OD & Training
    - Director of Finance & Administration
      - Deputy Director: Financial Administration
      - Deputy Director: General Services
    - Director of Information Technology
      - Deputy Director: Business Systems
      - Deputy Director: Technical & Network Services
  - Assistant Governor & Head of Financial Stability
    - Director of Financial Intelligence
      - Deputy Director: Investigations & Analysis
      - Deputy Director: Legal & Compliance
    - Director of Banking Supervision
      - Deputy Director: Analysis & Examinations
      - Deputy Director: Policy & Regulation
      - Deputy Director: Payment System
    - Director of Financial Markets
      - Deputy Director: Investments & Domestic Markets
      - Deputy Director: Exchange Control
      - Deputy Director: Macroprudential Analysis
  - Director of Research
    - Deputy Director: Research & Monetary Policy
    - Deputy Director: International Affairs & Forecasting
    - Deputy Director: Statistics & Publications
  - Director of Banking Services
    - Deputy Director: Currency & Banking
    - Deputy Director: Protection Services
    - Oshakati Branch Manager
  - Head of Corporate Communications
  - Head of Risk Management & Assurance

THE BANK'S SENIOR MANAGEMENT TEAM

Leonie Dunn
Director of Financial Intelligence

Romeo Nel
Director of Banking Supervision

Michael Mukete
Assistant Governor and Head of Financial Stability

Lea Namoloh
Director of Banking Services

Ben Biwa
Director of Financial Markets

Ipumbu Shiimi
Governor

Barbara Gowaseb
Director of Human Resources

Manfred Rittmann
Head of Risk Management and Assurance

Estelle Tjipuka
Director of Finance and Administration

Marsorry Ickua
Director of Information Technology

Paul Hartmann
Deputy Governor

Ndangi Katoma
Head of Corporate Communications

*VACANT
Director of Research

MIDDLE MANAGEMENT AS AT END OF 2010

Financial Markets

Titus Ndove
Investments & Domestic Markets

Sylvia Shikongo
Exchange Control

Financial Intelligence Centre

Dennis Khama
Legal & Compliance

Ismael Naukosho
Investigations & Analysis

Human Resources

Shirene Bampton
HR Administration & Recruitment

Henny van Rensburg
Organisation Development & Training

Information Technology

Martha Dama
Business Systems

Gerhardt Cloete
Technical & Network Services

Banking Services

Sam Shivute
Currency & Banking

Bryan Eiseb
Protection Services

Phillip Ndjendja
Oshakati Branch Manager

Banking Supervision

Terttu Uuyuni
Analysis & Examinations

Andrew Shatona
Policy & Regulation

Urbans Karumendu
Macro-prudential Analysis

Brian Geikhoibeb
Payment System

Finance & Administration

Kuruvilla Mathew
Financial Administration

Indileni Kandele
General Services

Research

Abed Iyambo
International Affairs & Forecasting

Emma Haiyambo
Policy Research

Florette Nakusera
Statistics & Publications

EMPLOYEE PROFILE

As at 31 December 2010

Total staff	306
By gender	
Women	160
Men	146
By affirmative action profile	
Racially disadvantaged	98%
Racially advantaged	2%
By age (years)	
Under 25	9
25-35	117
36-45	124
46-55	50
56-65	6
Over 65	0
By educational level	
Ph.D	0
Masters	37
B- or Hons. degree	75
Diplomas	66
Grade 12 and blelow	128
Average years of service	8
Annual turnover	7.5%

GOVERNANCE

OBJECTIVES AND ACCOUNTABILITY OF THE BANK

The Bank of Namibia is the central bank of the Republic of Namibia, created under Article 128(1) of the Constitution of the Republic of Namibia. The Constitution obliges the Bank to serve as the State's principle instrument to control the money supply, the currency and the institutions of finance. The following statutory objectives of the Bank are recorded in Section 3 of the Bank of Namibia Act, 1997 (No. 15 of 1997, as amended):

- To promote and maintain a sound monetary, credit and financial system in Namibia and sustain the liquidity, solvency and functioning of that system
- To promote and maintain internal and external monetary stability and an efficient payments mechanism
- To foster monetary, credit and financial conditions conducive to the orderly, balanced and sustained economic development of Namibia
- To serve as the Government's banker, financial advisor and fiscal agent, and
- To assist in the attainment of national economic goals.

For the purpose of promoting sound and prudential banking practices in Namibia, the Bank is also responsible for supervising the activities and practices of banking institutions and for overseeing the conduct of banking business in the country. The Bank is further entrusted to carry out two additional functions that are not typically performed by central banks, namely the administration of exchange control, and the combating of money laundering.

In terms of Section 3B of the Act, the Bank performs its functions independently, provided that there are regular consultations between the Minister and the Governor.

In addition to the Bank of Namibia Act, the Bank administers six other laws, as follows:

- The Currency and Exchanges Act, 1933 (No. 9 of 1933)
- The Prevention of Counterfeiting of Currency Act, 1965 (No. 16 of 1965)
- The Building Societies Act, 1986 (No. 2 of 1986)
- The Banking Institutions Act, 1998 (No. 2 of 1998)
- The Payment System Management Act, 2003 (No. 18 of 2003), and
- The Financial Intelligence Act, 2007 (No. 3 of 2007).

The stated objectives of the Bank and the relevant enabling legislation provide the Bank with considerable policy and regulatory authority, and this authority makes the Bank responsible for carrying out numerous multifaceted functions.

Apart from the national laws, the Bank is given specific obligations resulting from regional and international treaties to which Namibia is a party. These are the African Union, the Common Monetary Area (CMA), Southern African Development Community (SADC), the International Monetary Fund (IMF), the World Bank, and the Eastern and Southern African Anti-money Laundering Group (ESAAMLG).

The relationship between the Government and the Bank are broadly defined in the Bank of Namibia Act. The provisions of the Act are more clearly defined in a Memorandum of Understanding (MOU) entered into between the Ministry of Finance and the Bank. The MOU covers the terms and conditions of banking services rendered to Government, public debt management arrangements, and the nature and frequency of consultations.

A

CORPORATE CHARTER

Apart from its statutory mandate, the Bank's actions and the way it carries out its mandate are distinctly guided by its Mission Statement (or Corporate Charter). The Charter is not merely a voluntary guideline; in fact, Section 3A of the Bank of Namibia Act expressly requires the Bank to have a Mission Statement clearly spelling out the main purpose and vision of the Bank, based on its objectives.

The Bank's "VISION" portrays the desired or intended future state of the Bank in terms of its fundamental objective and strategic direction. The "MISSION" defines the fundamental purpose of the Bank, describing why it exists and why it is important to achieve the Vision. The Bank's "VALUES" essentially express the beliefs that are shared among the stakeholders of the Bank. The values drive the Bank's culture and priorities, and it articulates the code of conduct that the Bank uses in getting all its resources mobilised in pursuit of its vision. All our stakeholders are expected to assimilate and identify these required standards and principles toward ethical behaviour and excellence.

The Charter strives to promote a sense of shared expectations among all levels and generations of employees toward ethical behaviour and excellence.

BANK OF NAMIBIA CORPORATE CHARTER

OUR VISION

A professional and credible institution – working in the public interest, and supporting the achievement of national economic development goals.

OUR MISSION

In support of economic growth and development, our mandate is to promote price stability, efficient payment systems, effective banking supervision, reserves management and economic research in order to proactively offer relevant financial and fiscal advice to all our stakeholders.

OUR VALUES

- We value high-performance impact in the context of teamwork
- We uphold open communication, diversity and integrity
- We care for each other's well-being and we value excellence

STRATEGIC OBJECTIVES

The Bank's strategic objectives are linked to its functional priorities. Seven principal objectives were derived from the mission and vision, and reflect the Bank's desire to meet its statutory mandate. The strategic objectives essentially refer to what the Bank is aspiring to achieve. The following seven strategic objectives have been laid down to be pursued during the planning period:

1) Safeguard and enhance financial stability;
2) Promote price stability;
3) Manage reserves prudently;
4) Promote a positive reputation;
5) Promote financial market development;
6) Develop and manage resources sustainably;
7) Promote sustainable economic growth.

When pursuing these strategic objectives, it is not only important to design strategies that can be engaged in pursuit of the objectives, but also to clearly describe the strategic outcomes that would reveal whether or not the objective has been achieved. To ensure successful strategy implementation, the mentioned strategies have been transformed into areas of concentration with clear measurable targets. On a quarterly basis, heads of departments must report progress in their areas of concentration and the achievement of their targets. On an annual basis, the entire plan is reviewed and refreshed.

To promote ownership of the strategic plan and to attain performance excellence, the strategic plan is rolled out Bank-wide through its performance management system. Individual performance goals are crafted for each employee, and performance progress is charted by means of performance agreements and recognized quality standards.

The section titled "The Year in Review" in this Report, explains the activities and progress under each of the seven strategic objectives during the review period.

ACCOUNTABILITY

The Bank of Namibia, like most central banks in the world, is unique in terms of its institutional setup and functions. Some of the unique features of the Bank are that it enjoys a fair degree of operational autonomy, it is not profit driven, and its actions are able to influence the performance of the Namibian economy and the welfare of its citizens.

Given these circumstances, it is vitally important that the Bank must be accountable to its citizens and their elected representatives by adhering to good corporate governance principles. Some of the expectations of good governance that the Bank aspires to observe include the following:

- To be responsible, respected, trustworthy and credible;
- To be accountable to its shareholders and the Namibian people;
- To demonstrate an exceptionally high degree of integrity;
- To ensure that its actions and policies are efficient, effective, and transparent;
- To maintain professionalism and excellence in the delivery of services; and
- To be flexible and forward-looking in its approach, but to avoid undue risks.

The Bank's legislation, its corporate charter, and its strategic plan are some of the tools that guide the Bank to live up to these ambitions of good governance. The Bank also seeks to be transparent by having a concrete communication strategy in place that is able to openly and clearly communicate why and how the Bank is doing what it does.

THE GOVERNOR

The Governor, assisted by a Deputy Governor and an Assistant Governor, serves the Bank as head of the institution and is accountable for the Bank's actions. In monetary policy and in most other matters, the decision-making authority resides with the Governor. However, comprehensive and Board approved delegations of power are in place to guide the decision-making powers of the Governor and his delegates. The Governor is appointed for a five-year term. The Act sets specific criteria for the appointment, reappointment and dismissal of a Governor. The current incumbent, Mr Ipumbu Shiimi, assumed office on 26 March 2010 and his term will expire in December 2011, which is the remaining term of the previous incumbent, Mr Tom Alweendo, who terminated his contract on 25 March 2010.

THE BOARD OF THE BANK OF NAMIBIA

As defined by the Bank of Namibia Act, the Board is responsible for the policy, internal control, risk management, and general administration of the Bank. Board Members have the typical fiduciary duties that most board directors normally fulfil, but are also charged with many high-level responsibilities directly related to the policies and operations of the central bank, including approving the licensing of banking institutions and ensuring the adequacy of international reserves. Among other things, the Board is also responsible for approving financial statements and budgets and for promoting effective corporate governance practices and monitoring internal control and risk management frameworks.

The Board consists of Executive and Non-executive Members. The Governor (Chairperson) and the Deputy Governor are Executive Members of the Board, while the Permanent Secretary of Finance (who is an ex officio member), one staff member from the Public Service, and four other persons constitute the Non-executive Members. The President of the Republic of Namibia appoints all Board Members. The Assistant Governor also attends Board Meetings in an advisory capacity. Throughout the year under review, the Board operated at full strength. Board Members who served during the year under review appear on page 9 herein.

The Board meets regularly – at least four times a year – with the main purpose of overseeing and monitoring the finances, operations and policies of the Bank. During 2010, four ordinary and four special Board meetings were held. Table A.1 sets out the frequency and attendance of Board meetings during 2010.

Table A.1: Frequency and attendance of Board meetings during 2010

	04-Mar	19-Mar	30-Apr	27-May	01-Jul	19-Aug	09-Nov	25-Nov
Mr T Alweendo	✓	✗	Resigned as Governor on 25 March 2010					
Mr I Shiimi	Appointed as Governor on 26 March 2010		✓	✓	✓	✓	✓	✓
Mr P Hartmann	✓	✗	✓	✓	✓	✓	✓	✓
Mr C Schlettwein	✓	✗	Term ended 20 March 2010					
Ms E Shafudah	Term started 3 April 2010		✗	✗	✓	✓	✗	✗
Mr F Kisting	✓	✓	✓	✓	✓	✓	✗	✓
Ms O Netta	✗	✓	✗	✗	✗	✓	✓	✓
Dr N Shivute	✗	✓	✓	✓	✓	✗	✓	✗
Mr. V Malango	✓	✗	✓	✗	✓	✗	✓	✓
Dr O Kakujaha-Matundu	✓	✓	✓	✓	✓	✓	✓	✓

The Board has formed two Committees, namely the Audit Committee and the Remuneration Committee, both of which provide effective communication between the Board and management.

The **Audit Committee** is responsible for evaluating the adequacy and efficiency of the Bank's corporate governance practices, including internal control systems, risk control measures, accounting standards, information systems, and auditing processes. Three Non-executive Board Members currently serve as Members of this Committee, whose meetings are also attended by the Bank's Head of Risk Management and Assurance, the external auditor, and relevant staff members. The Deputy Governor and the Assistant Governor are not members of the Audit Committee, but do attend the meetings by invitation.

In general, the Audit Committee is responsible to consider all audit plans and scope of the external and internal audits, to ensure that the co-ordination of audit effort is maximised. The Committee must also introduce measures to enhance the credibility and objectivity of financial statements and reports prepared with reference to the affairs of the Bank and to enhance the Bank's corporate governance, with emphasis on the principles of accountability and transparency, including adequate disclosure of information to the public.

The **Remuneration Committee**, on the other hand, is responsible for overseeing and coordinating the Bank's remuneration function and for ensuring that remuneration is fair and equitable, in order to attract and retain quality staff and Board Members. This Committee also comprises of three Non-executive Board Members. The Remuneration Committee also fulfils the following duties and responsibilities in relation to Board Affairs of the Bank by establishing and maintaining a Board membership continuity programme. This programme involves the following activities: (a) measures to ensure the continuity of non-executive Board members; (b) a regular review of the composition of skills, experience and other qualities required for the effectiveness of the Board; and (c) an annual assessment of the Board as a whole and of the contribution of each non-executive Board member. Table A.2 sets out the frequency and attendance of Committee meetings.

Table A.2: Frequency and attendance of Committee meetings during 2010

Audit Committee	25-Feb	20-May	12-Aug	18-Nov
Mr F Kisting (Chair)	✓	✓	✓	✓
Dr N Shivute	✗	✗	✓	✗
Mr V Malango	✓	✓	✓	✓
Remuneration Committee	**20-Apr**	**13-Aug**	**09-Nov**	
Ms O Netta (Chair)	✓	✓	✓	
Mr V Malango	✓	✓	✓	
Dr O Kakujaha-Matundu	✓	✓	✓	

MANAGEMENT STRUCTURE

The Bank's senior management team is made up of the Governor, the Deputy Governor, the Assistant Governor, and the Heads of the Bank's various Departments, as outlined on page 11. The positions of Governor and Deputy Governor are required by Statute.

The Bank's Executive Committee (EC) is chaired by the Governor and attended by the Deputy Governor, the Assistant Governor, and the Director of Research and the Director of Financial Markets. The EC meets monthly to consider and debate issues that have economic policy implications, including reserve management and monetary policy. Every second month, the EC deliberates on an appropriate monetary policy stance to be pursued by the Bank. The EC makes its monetary policy decision publicly known through a media statement presented at a media conference. All monetary policy decisions taken by the EC are by consensus. The EC also assesses the level and adequacy of Namibia's foreign exchange reserves. While the Board approves the International Reserves Management Policy, the EC may review the investment guidelines for final approval by the Governor. The EC is also required to ensure that investments comply with the approved policy.

The Governor chairs the Bank's Management Committee. The Management Committee is responsible for reviewing Bank-wide policies and matters. Also in attendance are the Deputy and Assistant Governors, all Directors, the Head of Risk Management and Assurance, and the Head of Corporate Communications. The MC meets every second week.

REPORTING OBLIGATIONS

In terms of the Bank of Namibia Act, the Bank is required to submit a copy of this Annual Report to the Minister of Finance within three months after the close of each financial year. The Minister, in turn, is obliged to table the Annual Report to the National Assembly within 30 days after having received it. According to the Act, the Report must contain the Bank's annual accounts as certified by external auditors, information about the Bank's operations and affairs, and information about the state of the economy. The Annual Report is widely distributed to domestic and foreign stakeholders, while various presentations are made to convey its main messages.

Apart from the Annual Financial Statements, the Bank's monthly Balance Sheet is required to be submitted to the Minister, and published in the Government Gazette every month.

In accordance with section 40 of the Bank of Namibia Act, the Bank renders advice and furnishes reports to the Minister of Finance on any economic or financial matter that the Minister may refer to the Bank for investigation and advice, and on any matter that may prevent the Bank from achieving its objects or hinder the performance of its functions.

When the Government or any governmental body or institution intends to borrow from any source in a foreign country, they are required in terms of the Act, before entering into any commitment to borrow, to seek the Bank's opinion regarding the timing, terms and conditions, and financial expediency of the intended borrowing.

Although the Governor is not obliged to appear before any Parliamentary Committee, the Bank initiates regular briefings and consultations with appropriate Standing Committees of the National Assembly and National Council on a variety of policy-related subjects.

COMMUNICATION

The Bank continues to enhance the transparency of its operational activities. To that end, concerted efforts to ensure the best possible communication with financial markets, business enterprises, and the general public were undertaken. The Bank is also actively engaged in creating a favourable and accurate public perception regarding its functions as the central bank and the grounds for certain policy decisions.

It is generally recognised that transparency in decision-making supports the principle of accountability. It also increases the effectiveness of monetary and other policy decisions. As a result, the Bank has put in place an extensive communication strategy and programme, which is aimed at increasing an understanding of the Bank's policies, functions, and operations amongst relevant stakeholders.

The success of the Bank largely depends on individuals or groups whose behaviour impacts on its performance. During the past year, the Governor hosted several engagements with relevant stakeholders within the financial sector to share relevant information pertaining to economic development of the country. The Bank recognises that its own actions and decisions have an effect on various stakeholders, individuals, and groups. Therefore, it is critical that the Bank cultivates and maintains these relationships.

The Bank also pro-actively engaged with various stakeholders through specific strategic communication efforts. These include events such as the Annual Symposium focusing on the SME development, the Governor's Annual Address dedicated to issues of financial inclusion and various media conferences addressing specific issues. In addition, the Bank also makes use of other communication tools and channels such as the corporate website, intranet (for internal staff use), internal newsletters, and media releases in reaching out to its stakeholders. These efforts not only strengthen relationships with external stakeholders, but also enhance a conducive working relationship with Bank staff.

In order to keep the public informed about policy decisions, economic developments and other relevant events, the Bank produces a wide range of publications during the year. Among these are the following series of publications:

- The Bank of Namibia's *Quarterly Bulletin* contains comprehensive data covering the real sector, monetary and financial developments, public finance, and the balance of payments. The Bulletin also gives a description of developments in these areas and features articles on a variety of topics.

- The *Monetary Policy Review* now forms part of the quarterly bulletin, which aims at providing a brief account of the state of the economy, inflation determinants, and the reasons for the Bank's monetary policy decisions. It is featured on a six monthly basis.

- The *Financial Stability Review*, published every six months, gives a detailed assessment of the overall condition of Namibia's financial system and highlights potential risks and vulnerabilities that could threaten the stability of the system.

- The Bank of Namibia *Annual Report* which reports on the Bank's annual accounts, information about the Bank's operations and affairs as well as information on the state of the economy. The report is prepared pursuant to section 52(1) of the Bank of Namibia Act, No. 15 of 1997.

- A commemorative book titled "*Bank of Namibia: Celebrating 20 Years in Central Banking*" was published to record the course of events that led to the establishment of the Bank of Namibia

and covers more than a century of currency and banking history in Namibia, before and after independence.

During the year, senior Bank staff participated in a number of stakeholder meetings and presentations. These included the following:

- *Money laundering and Financial Intelligence Act*, a banking conference organised by the Namibia Chamber of Commerce and Industry - Northern branch held in November 2010.

- *The Euro Unravelling - Key lessons for SADC*, South African Reserve Bank Conference on Monetary Policy and Financial Stability in Post-Crisis Era held in November 2010.

THE YEAR IN REVIEW

The Bank has identified seven strategic objectives to be pursued during the five-year period from 2007 to 2011. The Bank's strategic objectives are closely related to its statutory duties, its functional priorities, its mission and its vision, as well as to developments in the internal and external environment. In pursuit of its five-year strategic objectives, the Bank has formulated appropriate strategies for each such objective. In this section, each of seven strategic objectives are first highlighted, followed by the agreed initiatives and strategies to accomplish these, as well as the strategic outcomes that could indicate the success or failure of these strategies. Under each strategic objective in this section, the key actions and activities undertaken during the course of the year are presented.

SAFEGUARDING AND ENHANCING FINANCIAL STABILITY

Strategic objective 1

Safeguard and enhance financial stability by preventing risks that might have a negative impact on the integrity of the financial system

Initiatives and strategies

- Promote financial integrity
- Supervise deposit-taking institutions
- Oversee the domestic payment and settlement system
- Combat money laundering
- Provide sufficient quality, quantity and security of currency to meet demand in the economy
- Regularly assess the stability of the financial sector

Strategic outcomes

- A banking system that is free of illegal banking and deposit-taking activities
- A stable banking sector underpinned by a comprehensive prudential regulatory framework based, where feasible, on international standards. The ability to anticipate weaknesses in the banking sector and a robust mechanism to correct such weaknesses
- A safe and reliable national payment systems where all banking and financial transactions are processed in accordance with national laws
- A robust anti-money laundering system that is capable of detecting and preventing incidences of money laundering
- A comprehensive currency management system where the correct amount and quality of currency is available at all times, and where the currency is acquired in the most cost effective manner
- A financial system that is free of macro-economic disturbances

The financial system plays a critical role in the Namibian economy. It enables the financial intermediation process, which facilitates the flow of funds between savers and borrowers, thus ensuring that financial resources are allocated efficiently towards promoting economic growth and development. Therefore, financial stability can be described as the condition where the financial intermediation process functions smoothly and there is confidence in the operation of key financial institutions and markets within the economy.

Stable conditions in the financial sector are achieved when there is a high degree of confidence that financial institutions and financial markets are able to meet contractual obligations without interruption or recourse to external support. Such stable conditions do not preclude the failure of individual financial institutions. A financial institution can fail and be allowed to fail even under stable financial conditions if that institution is not managed prudently and if its failure does not pose any systemic risk. It is only when the whole, or an important part, of the financial sector is at risk, that the situation can be described as financially unstable.

Financial instability and its effects on the economy can be very costly due to its contagion or spill over effects to other parts of the economy. Therefore, it is essential to have a sound, stable and healthy financial system to support the efficient allocation of resources and distribution of risks across the economy. Moreover, the deepening of the international financial crisis in recent years has strongly reinforced the need for central banks to have policies in place that are able to mitigate the effects of such crises and restore the health of the financial system.

The Bank of Namibia is mandated "*to promote and maintain a sound monetary, credit and financial system in Namibia and sustain the liquidity, solvency and functioning of that system*" in terms of section

3(a) of the Bank of Namibia Act, 1997. Therefore, in order to carry out this statutory responsibility, the Bank regularly monitors and assesses the efficiency and soundness of the various components of the financial system, including the financial markets and the payments infrastructure. The Bank shares this assessment on a regular basis with the other relevant authorities through the issue of a Financial Stability Report twice a year. The Bank continues to emphasise financial system stability by examining the banking system from a macro-prudential perspective. This approach takes many forms, including regularly assessing the stability of the financial system, ensuring that the banking system is prudently managed through dedicated supervision, safeguarding the integrity and efficiency of the national payment system, and instituting rigorous anti-money laundering practices including ways of combating the financing of terrorism.

FINANCIAL STABILITY ASSESSMENT

The Bank has issued two *Financial Stability Reports* during the year under review. Both Reports aim to inform the public whether or not there are any stability concerns in the Namibian financial system and about regulatory developments that are aimed at preventing potential system instability.

Most of the Bank's financial stability assessments are focused on the banking sector's performance and its ability to absorb unexpected shocks. This approach is because banking institutions are a key component of the financial system, and shocks in the banking sector can easily be transmitted to the rest of the financial sector and eventually to the real economy.

Both Financial Stability Reports have drawn attention to the impact of the global financial crisis and its concomitant impact on the functioning and performance of the Namibian financial system. The main conclusion reached was that certain real sectors of the economy felt the impact of the crisis directly through weakened global consumer demand and high unemployment. Sectors that have been hardest hit are diamond mining and tourism. However, the impact of the crisis on the local banking sector continued to be limited due to the sector's insulation from the strain in international financial markets. The Financial Stability Report issued in September 2010 found that the Namibian economy on both the supply and demand side has picked up towards the latter half of the year. The same report assessed the risk of instability in the Namibian banking sector to remain low in the immediate future.

BANKING SUPERVISION

Early in the year, the Bank officially went live with the Basel II Implementation, specifying the new capital reporting framework for banking institutions in Namibia. This became a reality after a successful completion of the parallel-run phase undertaken by all banking institutions in Namibia, which paved the way for the smooth transition to the new capital accord.

During the year, the Bank recommended to the Minister under section 13 of the Banking Institutions Act, 1998 to amend the regulation relating to fees payable by banking institutions. The key changes to the annual license fees payable by the holders of banking licenses were the introduction of a formula, which is now based on the total non-bank depositor funding of banking institutions. Additionally, the application fees for authorization to establish a banking institution in Namibia also increased from N$5,000 to N$10,000. This Regulation came into effect on 31 December 2010.

Other notable developments that took place was the granting of a provisional license to the SME Bank after the applicants remodelled their business plan to the satisfaction of the Bank. The SME Bank is expected to commence business in 2011 after completion of a pre-opening inspection by the Bank. During the year, the Bank also received another bank license application from investors seeking authorization to enter the banking market. This application is still being examined for a final decision to be taken in 2011.

Alongside the above developments, the protracted amendments to the Banking Institutions Act, 1998, were finally passed in Parliament after incorporating the recommendations of various stakeholders that were made at a public hearing of the National Council Standing Committee on Constitutional and Legal Affairs.

PAYMENT SYSTEM OVERSIGHT

National payment system oversight is a key function of the Bank in terms of the Payment System Management Act, 2003 (Act No. 18 of 2003). This Act enables it to oversee, inspect and monitor the national payment system (NPS) with the view of ensuring the timely, secure and cost-effective transfer of funds between participants in both the wholesale and retail financial markets. The smooth

operation of the NPS is a critical element for trading of goods and services in the Namibian economy.
A number of oversight activities were undertaken during the review period. During May of 2010, the Bank undertook an on-site visit to *BankservAfrica*[1] in South Africa in order to assess the NamSwitch infrastructure and operations. The visit was preceded by the successful Disaster Recovery (DR) processing on NamSwitch during the same month involving all banking institutions in Namibia.

The year also saw the Bank carry out an on-site visit to NamPost Namibia Limited, with the aim to review the operations relating to the smartcard scheme operated by NamPost. This exercise was followed by an on-site visit to Smart Switch Namibia (SSN) to assess the switching system operations of SSN. The overall assessment of the Bank is that the smart scheme is well-managed from a risk perspective coupled with operational efficiencies and it is in compliance with the payment system legal framework.

The first quarter of 2010 saw the banking industry implementing the Directive on Early Square-off in the Namibia Interbank Settlement System (PSDIR-4) to facilitate an earlier time for squaring off transactions than was previously prescribed. The Bank considers Payment Clearing House (PCH) batches as systemically important, because in total they represent a significant proportion of the daily settlement in the Namibia Interbank Settlement System (NISS). Previously, retail PCH batches were settled late in the day when NISS participants' treasury operations were closed. This prevented participants from entering the inter-bank market should they be short at settlement time. The failure of a NISS participant to honour its obligations in PCH batches late in the evening, when inter-bank financial markets are closed could cause systemic risk in the payment system together with the potential to affect statutory requirements. Compliance with the early square-off directive has, therefore, ensured that participants, who are long or short, can better manage their liquidity positions through the interbank market.

In addition, the Bank introduced the Determination on the reduction of the item limit for domestic cheque payments within the Namibian National Payment System (PSD-2) during the first half of 2010. This Determination required the banking industry to make the necessary system and business process changes not to accept or process domestic cheque payments in excess of N$500,000 after the cut-off date.

Shortly after this, the Directive to Prohibit the Practice of Sorting-at-source of EFT Payment Instructions within the Namibian National Payment System (PSDIR-5) was issued to address an increasing area of concern in the Payments Systems arena. The practice of sorting-at-source is characterised by activities whereby certain parties in the Payment System environment sort payment instructions themselves and distribute these directly to the collecting banks. This practice introduces numerous risks into the NPS by by-passing the Payment Clearing House (PCH) and the associated rules and procedures that govern the PCH. The danger of such an activity is that it also by-passes the controls implemented to increase detection of fraud. Consequently, transactions that bypass the PCH reduce the potential efficiency gains associated with increased economies of scale, which could ultimately reduce the cost of clearing through the PCH.

One of the Bank's strategic objectives is to promote wider access to financial services to enable non-banks and the public to participate in the National Payment System (NPS). Since approximately 51 per cent of the Namibian population do not have access to financial services, the Bank considers the access to financial services as a key element to economic development. The Bank is approaching this objective from various angles by, amongst others, encouraging banking institutions to introduce service delivery at affordable costs to those that regard such services as unaffordable. The Bank must facilitate the creation and implementation of innovative new technologies and payment services given its powers under the Payment System Act.

The Payment System Management Amendment Act, 2010, gives the Bank the power to oversee and set standards for payment charges in Namibia. Going forward, the Bank will develop a strategy to investigate and address payment system fees and charges that discourages the wider population from getting access to basic financial services. Another amendment in the Act includes the ability to directly penalise persons or institutions that are not complying with any directives or determinations issued by the Bank.

The year 2010 saw the Bank authorizing MobiCash Payment Solutions (Pty) Ltd to provide mobile payment services in Namibia in terms of section 5(4) of the Payment System Management Act, 2003 (Act No. 18 of 2003). MobiCash Payment Solutions is the first mobile payment service provider in Namibia. Research has shown that one of the key methods to reach the unbanked or underbanked communities in developing countries is through mobile phone technology. The MobiCash product, known as MobiPay, allows unbanked Namibians to have access to payment services by allowing them to transfer money from person-to-person, purchase utilities, such as pre-paid electricity, and buy airtime by means of their mobile phone at relatively low cost. The other product development envisioned by this service provider includes purchasing of goods and services at retail outlets countrywide via mobile phones.

[1] BankservAfrica is a South African based provider of electronic payment and information switching services and automated payment clearing house that is providing card-switching services (NamSwitch) in Namibia.

This payment system is considered to be very dynamic and new demands and opportunities are constantly arising in this environment as a result of market requirements and technological developments. In light of these demands, the NPS is constantly facing new challenges, which require a new strategic direction for the NPS. Hence, the Bank in collaboration with the banking industry has developed this new vision, strategies and objectives for the future of the Namibian NPS. The NPS Vision 2015, to be issued in 2011, provides the strategic roadmap for the Namibian Payment System up to 2015. The Vision places enormous responsibility on the Bank to ensure that Namibia develops and maintains an excellent payment system, to meet the needs of the local economy.

Trade facilitation between member countries of the Common Monetary Area (CMA) has been a key focus of the Governments in this area to strengthen the economy of the region. In 2010, the CMA Governors re-affirmed their commitment towards developing the CMA cross-border payment system infrastructure with active development continuing in the year 2011. The CMA central bank payments representatives have agreed that the CMA payment infrastructure will be developed with a view to become a platform for the development of the SADC cross-border payment system infrastructure. At this stage, the four national real-time gross settlement systems (RTGS); electronic funds transfers (EFT) and card payments in the CMA are the only payment channels that are considered to be adequately regionally integrated. However, this excludes the clearing settlement cross-border cheque payments.

THE CARD PAYMENT SYSTEM IN NAMIBIA

Background

The Bank of Namibia views the card system as one of the systemically important payment systems in Namibia. The implementation of a card-switching system in Namibia – NamSwitch – came about because of the payment system reform initiative dating back to the year 2000. At that time, a need arose to reform the NPS not only on the settlement side, but also on the clearing side. In this regard, the reform entailed taking out domestic payments out of the South African Switch (SASwitch) for clearing via a domestic Switch, called NamSwitch. This has enabled Namibia to manage the risks of being exposed to a foreign payment system jurisdiction with its own laws and clearing rules.

Set up of NamSwitch

The Bank, in collaboration with NamClear and the banking industry, implemented NamSwitch through a phased approach, whereby the Automated Teller Machine (ATM) solution and the Point-of-Sale (POS) solution was rolled out in 2008. This period marked the end of the reform project on the clearing side.

In terms of the current arrangements, the Switch is hosted at BankservAfrica in South Africa and settlement files are submitted on a fund settlement value day to the Bank via NamClear in Namibia. Once debits and credits have been posted in the books of the Bank, the settlement of domestic ATM, debit card and credit card transactions are considered final and irrevocable.

Oversight arrangements

As part of its oversight role, the Bank has the power to oversee both domestic and foreign services providers. During the year, the robustness and effectiveness of the solutions provided by NamSwitch and NamClear were assessed through onsite visits.

Recent developments

- **Card fraud**

  Card fraud has become an increasing problem in Namibia. One of the main forms of card fraud is by skimming or cloning of debit and credit cards with specialized equipment. It became evident in 2009 that legislative changes will have to be introduced to criminalize the possession and use of such equipment in Namibia. As a consequence, the Payment System Management Amendment Act, 2010 (No. 6 of 2010) was passed in May 2010, which included provisions to criminalize the possession and use of cloning devices in Namibia. This has given local law enforcements authorities and prosecutors the legal powers to arrest and prosecute persons in possession of card cloning devices.

  The Bank, together with the industry, has intensified efforts to curb this problem in order to ensure safety in the card payment system. In line with the NPS Vision 2015, the industry is committed to implement relevant international standards, which include EuroPay, MasterCard and Visa (EMV) standards and Payment Card Industry Data Security Standards (PCI DSS) to mitigate card fraud.
  EMV is a key standard for interoperation of chip cards or chip and PIN capable point-of-sale (POS) terminals and automated teller machines (ATMs), for authenticating credit and debit card

transactions. The Bank will encourage the rollout of chip cards and devices with the view to curb card fraud in Namibia.

The PCI DSS is another important standard that can be used to limit card fraud in Namibia. Specifically, it is a set of comprehensive requirements for enhancing payment account data security. The requirements were developed by the founding payment brands of the PCI Security Standards Council with the view to help facilitate the broad adoption of consistent data security measures on a global basis. The Bank will encourage compliance by all banking institutions with these standards in the National Payment System.

- **Petrol/Fuel Card Transactions**
  The Namibian banking industry has decided to implement petrol/fuel card solution to handle fuel purchases via debit and credit card. Currently, petrol/fuel card transactions are considered part of the South African fuel transaction-processing environment from an issuing and acquiring perspective, since NamSwitch Namibia does not process fuel transactions. This resulted in the strong drive to enable the acceptance of branded (MasterCard/Visa) debit and credit cards at fuel outlets. The Petroleum Products and Energy Act, 1990 (13 of 1990) and regulations issued under this Act make provision for purchase of fuel with branded debit or credit cards in Namibia. The existing proprietary South African fuel cards (Petro/Garage) will have to be phased out over time.

Conclusion

Going forward, the Bank will continue engaging the stakeholders with the view to modernise the card and payment systems in line with the NPS Vision 2015. Implementation of appropriate regulatory and international standards will lead to improved safety and efficiency within the card system in Namibia, which is expected to result in greater confidence in the NPS.

FINANCIAL INTELLIGENCE

The Financial Intelligence Centre (FIC) is mandated on behalf of the Bank of Namibia, to manage Namibia's national money laundering risk by its administration of the Financial Intelligence Act, 2007 (No. 3 of 2007) (FIA). In particular, the FIC is mandated to:

- receive and analyse Suspicious Transaction Reports (STRs) pertaining to money laundering, which are received from accountable institutions and supervisory bodies designated in the FIA;
- disseminate intelligence so gathered from the analysis conducted, to local law enforcement agencies, foreign law enforcement agencies and foreign financial intelligence units, in order to combat money laundering in the country and abroad; and
- ensure that accountable institutions and supervisory bodies comply with their obligations under the FIA.

Worth noting is the significant progress made during the review period with the implementation of recommendations made by the World Bank and the Eastern Southern African Anti-Money Laundering Group (ESAAMLG) in Namibia's 2005 mutual evaluation report. The main purpose of the evaluation was to assess Namibia's compliance with the Financial Action Task Force's (FATF) Forty Recommendations on Money Laundering and Nine Special Recommendations on Terrorism Financing (40 + 9). Since 2005, both the FIA and the Prevention of Organised Crime Act, 2004, as amended, were operationalized. During the review period Namibia's Implementation Plan to address deficiencies identified in the mutual evaluation report was approved by Cabinet and submitted to ESAAMLG and the FATF. Namibia's draft Prevention and Combatting of Terrorist Activities Bill was also completed and submitted to the Ministry of Safety and Security during the third quarter of 2010. This Bill, once enacted, will give effect to obligations Namibia has attracted under relevant United Nations Conventions, Security Council Resolutions and Protocols. It will further ensure that Namibia has a legal framework to assist the international community to combat terrorism and the financing thereof. It is envisaged that the Bill will be tabled and discussed in Parliament in 2011.

Table A.3 sets out the number of STRs submitted to the FIC during 2009 and 2010. The number of STRs fell from 90 in the first seven months in 2009 to 88 in 2010. This decrease is ascribed to the considerable improvement in the quality of the reports, especially after accountable institutions have been advised to conduct their own preliminary investigations to ensure that STRs, when reported to the FIC, are of a required quality and substantiated. This has also resulted in less STRs having had to be set aside due to insufficient or lacking information.

Table A.3: Suspicious transaction reports (STRs) received per source

Source of STR	May to December 2009		January to December 2010	
	Number of Reports	Percentage	Number of Reports	Percentage
Financial service providers	86	95.6	62	70.5
Legal practitioners	1	1.1	6	6.8
Members of the public	3	3.3	2	2.3
Motor dealers	-	-	1	1.1
Asset managers	-	-	2	2.3
Accounting firms	-	-	1	1.1
Government ministries	-	-	2	2.3
Money remitters	-	-	9	10.2
Supervising authorities	-	-	2	2.3
Internally generated	-	-	1	1.1
Total	**90**	**100**	**88**	**100**

Of the 88 STRs received during 2010, the majority was reported by the banking sector. During the same period, 88 intelligence reports were disseminated to various law enforcement agencies. Possible offences identified during analyses were, amongst others, corruption, fraud, diamond smuggling, drug trafficking, illegal deposit taking, tax evasion, terrorism financing and human trafficking. The main constraint preventing the prosecution of persons involved in these alleged offences were and continue to be the lack of proactive investigations of intelligence reports by the local law enforcement agencies. Another constraint is the fact that Namibia's FIC is not a member of the Egmont Group[1]. This prevents Namibia from obtaining intelligence from financial intelligence units within the Egmont Group and sharing local intelligence with them.

Money laundering poses a national risk to Namibia, which Government is trying to reduce by implementing the provisions of and ensuring compliance with FIA. Accountable institutions are obliged to implement measures prescribed in FIA to avoid them from becoming victim to or being involved in money laundering activities. The Bank of Namibia acknowledges that it will not be practically possible to monitor and enforce FIA compliance at all accountable institutions. Accordingly, the Bank adopted a risk-based approach to monitor and enforce compliance with FIA provisions during the review period. The focus has thus shifted to those institutions that pose the highest money laundering risk/threat to the national economy and the national financial system. A risk assessment was carried out on all accountable institutions based on the following criteria:

- the incidents of non-reporting of STRs;
- the lack of quality and substance of suspicious transaction reported;
- the absence of implemented and effective Anti-Money Laundering Compliance Programmes prescribed under section 25 of the FIA; and
- the cash-intensive industries where proceeds of crime can easily be laundered and proceeds of crime introduced in the financial system without being detected by law enforcement agencies.

The assessment profiled banking institutions, money remitters, real estate agents, lawyers, casinos and motor vehicles as sectors that pose the highest money laundering risk. In order to address the risk posed, the Bank embarked on a campaign to make the identified accountable institutions and their respective supervisory bodies aware of their obligations under FIA. In this regard, both the World Bank and Australian Financial Transactions Analyses Centre (AUSTRAC) were invited to present training on different topics to some of the afore-mentioned institutions. This was to ensure a thorough understanding of Money Laundering risks and implementing a risk-based compliance framework that ensures that identified risks are properly mitigated. In this context, the World Bank delivered training on Anti-Money Laundering Examination and how to assess Namibia's national Anti-Money Laundering and Combatting the Financing of Terrorism risks to all accountable institutions and supervisory bodies.

During the course of 2010, compliance meetings were held with the top management of regulated institutions, during which the new risk-based approach of the Bank was shared, welcomed and supported. Staff members of money remitters were

[2] The Egmont Group was established in 1995 at the Egmont Arenberg Palace in Brussels by a group of Financial Intelligence Units (FIUs) as an informal group to provide a forum for FIUs around the world to improve cooperation in the fight against money laundering and financing of terrorism.

also trained on the provisions of the FIA and it was reported by authorised dealers that staff fully co-operated in implementing anti-money laundering measures in line with the FIA. The Bank further went on a countrywide awareness and training initiative for estate agents having realised that this sector was not aware of the fact that they are listed as an accountable institution under the FIA. The training was successful in that most estate agents are now aware of their obligations under the FIA. A FIA workshop was conducted with motor vehicle dealers in December 2010, and outreach will continue with this sector in 2011. Two video-linked conferences were held with lawyers on development of AML Compliance Programmes. This proved to be successful in that 90 per cent of all law firms submitted their AML compliance programmes upon request by the Law Society in November 2010. Three FIA training workshops were also conducted with the staff of a casino in Windhoek and their understanding of FIA compliance was subsequently tested. All staff members of the casino who attended achieved an average of 80 per cent pass rate.

Table A.4 reflects the revenue and expenditure of the operations of the FIC during 2010.

Table A.4 – Funding of the Financial Intelligence Centre

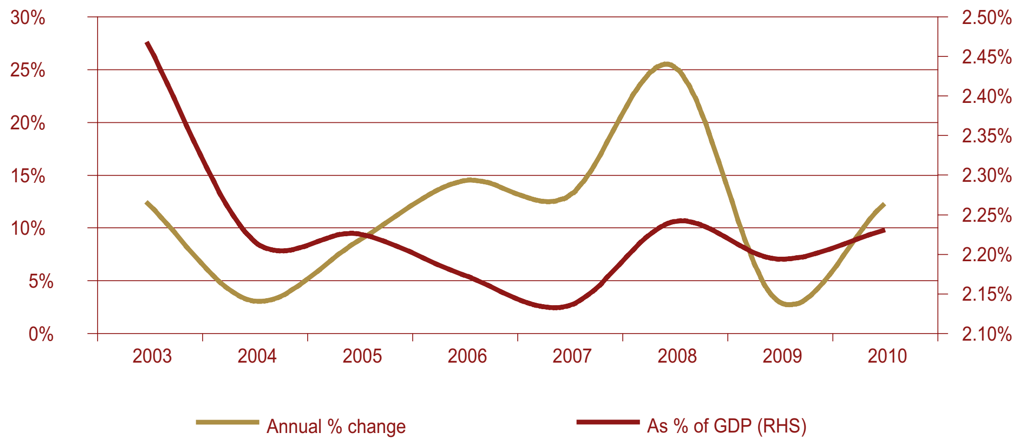
Income and expenditure as at 31 December 2010	**N$**
Government grant - FIC funding	11 537 460
Total revenue	**11 537 460**
Operating expenditure	7 044 065
Capital expenditure	222 636
Total expenditure	**7 266 701**
Surplus/(deficit) for the year	**4 270 759**

CURRENCY OPERATIONS

One of the Bank's core functions is to issue the national currency. This function requires the Bank to arrange for the printing of banknotes and the minting of coins, and to ensure a sufficient quantity, acceptable quality, and security of the national currency. During the year under review, the stock of new N$20, N$50 and N$200 notes were replenished following competitive tendering by qualified suppliers.

The annual growth in the value of currency in circulation outside the central bank increased from 2.9 per cent at the end of 2009 to 12.0 per cent at the end of 2010. The increase could be primarily ascribed to two factors, namely the pickup in economic activity in Namibia and lower inflation rates during the review period, which both have contributed towards improved consumer spending and hence larger currency holdings by the public. However, in relation to GDP, the currency in circulation slowed marginally from 2.17 per cent in 2009 to an estimated 2.14 per cent in 2010. Chart A.1 depicts the annual change in currency in circulation and the ratio of currency to GDP between 2003 and 2010.

Chart A.1: Currency in circulation



All banknotes deposited by commercial banks at the Bank are subject to authentication and sorting into quality categories, such as Unfit, Fit and Super- or ATM-fit. Banknotes that no longer meet the Bank's fitness criteria are withdrawn from circulation and destroyed. In 2010, a total of 32.9 million banknote units were withdrawn from circulation and destroyed compared with 16.1 million units in 2009. Rising note destruction normally occurs when new notes are being put into circulation. Although there was a sharp increase in the number of currency deposited from commercial banks, the Bank was able to process most of the note deposits. The number of unsorted notes decreased from 1375 boxes at the end of 2009 to 472 at the end of 2010. This progress is due to the acquisition of a second high-speed sorting machine. The respective values and volumes of banknotes and coin in circulation at the end of 2009 and 2010, respectively, are shown in Table A.5.

Table A.5: Composition of currency in circulation (outside the Bank of Namibia) at year-end

Denomination	2009 Value (N$ million)	2009 Volume (million)	2010 Value (N$ million)	2010 Volume (million)	Change in value (%)
5c coin	4.93	98.69	5.67	113.40	14.9%
10c coin	8.72	87.21	9.68	96.84	11.0%
50c coin	8.48	16.96	9.12	18.24	7.5%
N$1 coin	58.69	58.69	64.90	64.90	10.6%
N$5 coin	33.38	6.68	35.01	7.00	4.9%
N$10 coin	0.00	0.00	8.98	0.90	--
All coins	114.21	268.23	133.36	300.38	16.8%
N$10 notes	48.87	4.89	49.20	4.92	0.7%
N$20 notes	123.07	6.15	115.79	5.79	-5.9%
N$50 notes	185.08	3.70	198.87	3.98	7.4%
N$100 notes	1,089.68	10.90	1,171.29	11.71	7.5%
N$200 notes	144.44	0.72	240.84	1.20	66.7%
All notes	1,591.15	26.36	1,775.98	27.60	11.6%
TOTAL	**1,705.36**	**294.60**	**1,909.34**	**328.88**	**12.0%**

The growth in both value and volume of notes and coins between 2009 and 2010 was about 12 per cent. At the end of 2010, the number of coins in circulation rose to 300 million units, from 268 million units the previous year, while the number of notes rose to 27.6 million units from 26.4 million units over the same period. In 2010, the N$20-note decreased its circulation, mainly because of limited stock for issuance whilst awaiting stock replenishment in 2011. All other notes and coins showed fairly steady increases in their circulation. The relatively large increase of 66.7 per cent in the circulation of the N$200-note is attributed to new stock having been put in circulation in large quantities during the review period after a severe shortage arose in 2009.

The N$100-bill remains the most popular among the notes, with a circulation of 11.7 million units in 2010. These notes accounted for 42.4 per cent of the volume and 66.0 per cent of the value of all notes in circulation. The 5-cent piece has the highest circulation among the coins, with 113.4 million units. This represents 37.8 per cent of the volume and 4.6 per cent of the value of all coins in circulation at the end of 2010.

In accordance with the Bilateral Monetary Agreement with South Africa, the Bank is required to repatriate South African Rand notes that are deposited at the Bank back to South Africa. Rand notes continue to come into circulation in Namibia, mainly because of foreign trade and tourism. The value of Rand banknotes repatriated between 2003 and 2010 are shown in Table A.6.

Table A.6: Value of Rand notes repatriated to South Africa

Calendar year	Value of Rand notes repatriated	
	R million	Annual % change
2003	338.1	53.7%
2004	396.7	17.3%
2005	512.6	29.2%
2006	749.7	46.3%
2007	1,125.0	50.1%
2008	974.8	-13.4%
2009	1,200.0	23.1%
2010	1,425.0	18.8%

During 2010, the value of Rand banknotes repatriated to South Africa reached an all-time high of R1.4 billion. Compared to 2009, this represents an 18.8 per cent increase. This increase is higher than the 12.0 per cent increase in the Namibia Dollar currency increase during the same year, suggesting that the Rand still plays a major role in overall currency in circulation in Namibia.

Table A.7 indicates that the number of counterfeit Namibia Dollar banknotes decreased from 265 units in 2009 to 96 in 2010, which is quite a sharp reduction. The number of counterfeit notes expressed per million of notes in circulation fell from 10 in 2009 to about 3.5 in 2010. The progress in getting the counterfeiting problem under control is explained by the introduction of more rigorous controls, closer collaboration with the Namibian Police and continued campaigns to educate the public about the security features of the notes. In addition to these actions, the Bank commenced with a major banknote upgrade project involving the introduction of new security features for all banknotes. The first upgrade will be the N$20-note to be introduced in 2011. These endeavours are all aimed at reinforcing people's confidence in holding money and thereby contributing towards financial stability.

Table A.7: Counterfeit Namibia Dollar banknotes

Denomination	Number of counterfeit banknotes detected					Counterfeits per million notes in circulation, 2010
	2006	2007	2008	2009	2010	
N$10	0	0	16	5	2	0.41
N$20	15	5	12	9	5	0.86
N$50	11	23	38	126	49	12.31
N$100	20	7	34	84	33	2.82
N$200	24	48	18	41	7	5.79
Total	70	83	118	265	96	
Counterfeits per million notes	3.70	3.72	4.56	10.05	3.48	

PROMOTING PRICE STABILITY

Strategic objective 2
Promote price stability

Initiatives and strategies
- Improve economic data management and statistical analyses
- Pursue monetary policy in accordance with Monetary Policy Framework

Strategic outcomes
- A robust and comprehensive economic database based on international standards enabling the Bank to have an up-to-date view of the economy
- An economic and financial environment where the parity between the Namibia Dollar and the South African Rand is not in any way threatened

Monetary policy is the process by which the monetary authority of a country controls the supply of money, availability of money, and cost of money or rate of interest to attain a set of objectives oriented towards the growth and stability of the economy.

The Bank of Namibia aims to achieve and maintain price stability. For that purpose, Namibia has adopted a fixed exchange rate regime, whereby the Namibia Dollar is pegged at par with the South African Rand. Theoretically, a country that pegs its currency to another country's currency imports price stability (or price instability) of the anchor country. Under pegging regime, the country normally forfeits the advantage of conducting independent monetary policy by choosing to anchor its currency. However, in the case of Namibia, the country can afford to deviate, though in a limited fashion, from South Africa's monetary stance if domestic conditions warrant the divergence. This is possible partly because Namibia has capital and prudential controls in place that prevent institutional investors from taking unlimited amount of capital to South Africa. Capital controls ensure that a differential in monetary stance between the two countries does not inflame massive capital outflows that might disturb the peg.

MONETARY POLICY STANCE DURING 2010

Monetary policy formulation in Namibia during 2010 was set against a rather complex economic backdrop brought about by the global financial crisis that started in 2007. Although the situation was more reassuring than in 2009, uncertainty about the shape and pace of the global recovery persisted. Private spending in advanced economies continued to be constrained, although inflation remained generally subdued.

The fragile and uneven nature of the recovery and large unemployment in advanced economies raised concerns about the sustainability of the global recovery. The situation was further complicated by the emergence of the Euro area sovereign debt crisis in mid-2010. Nonetheless, emerging markets were significantly ahead on the recovery curve during the year, although some of them started to face inflation pressures. The strong growth in emerging markets was driven by domestic demand and supported by exports.

The rising concern about the slowing momentum of the recovery resulted in most central banks maintaining an expansionary monetary policy environment. The concern even prompted some central banks in advanced economies to initiate or to consider initiating further rounds of quantitative easing to further stimulate private demand.

In Namibia, the expansionary monetary policy, which began in December 2008, continued during 2010, in line with the global monetary policy trend. Although the Bank had maintained the Repo rate unchanged during the first four meetings of 2010, the Repo rate was reduced at the last two meetings of the year. The Repo was reduced in October and December 2010 by 25 basis points and 75 basis points, respectively. The decision to reduce the policy rate by a cumulative 100 basis points during the period under review was done based on Namibia's specific macroeconomic dynamics in the broader context of persisting uncertainty of the global recovery. Another reason was not allow significant deviations from ruling policy rates in South Africa. Thus, the direction of the monetary policy for 2010 had been conditioned by the following major considerations.

The paramount consideration of the Bank was the need for a sustainable growth of the domestic economy during 2010 and beyond. The 7.2 per cent GDP growth for the first quarter of 2010, as per the national accounts statistics released by the Central

Bureau of Statistics, suggested that the economy was steadily regaining the pre-crisis growth trajectory. However, with the persisting uncertainty regarding the global recovery, domestic growth drivers were loosing momentum. This required additional stimulus to revive and enable the economy to absorb to a large extent the negative impact of the slowing recovery.

The expansionary monetary policy stance was supported by the improved inflation outlook and the subsequent abatement of the domestic inflationary pressures during the review period. This condition afforded the Bank the opportunity to provide further rounds of monetary easing to stimulate the economy. Nonetheless, the Bank was cognisant of the risks emerging from the direct and indirect impact of the large increases in administered prices, firmer domestic demand and rising international commodity prices.

The Bank continually reviewed and expressed its satisfaction concerning the level of the country's official reserves, which is the immediate target of monetary policy in Namibia. Although the official international reserves steadily declined from N$14.6 billion in January to N$10.2 billion in December 2010, the EC remained confident that even at that level, the official reserves were more than adequate to sustain the currency peg.

Taking into consideration the above-mentioned conditions, the EC pursued a more accommodative monetary policy stance and later provided further rounds of easing in order to take care of the present macroeconomic needs of the economy as well as those needs that might exist 8 to 12 months ahead.

CONTRIBUTING TO ECONOMIC POLICY FORMULATION

Strategic objective 3
Contribute to national economic policy-making

Initiatives and strategies
Deliver relevant and quality policy advice

Strategic outcomes
- A public recognition of the Bank as leading economic research centre where our research influences public policies
- An up-to-date regional negotiation strategy articulating Namibia's position that is shared with key Government departments. The strategy must describe how to minimise potential costs and how to maximise potential benefits

The Bank of Namibia's statutory mandate informs the economic and financial research agenda at the Bank, although other research topics not directly linked to the Bank's functions are sometimes also dealt with. The main aim of the research undertaken by the Bank is that of stimulating further thinking, deliberations and informing specific policy actions. As quality data is a necessity for the research to make credible conclusions and recommendations, the Bank continued working on its database in terms of expanding the coverage and refining the data.

POLICY RESEARCH AND ADVICE

The Bank continues to give policy advice to the Government, given its role as an advisor to the Government on economic and fiscal issues. In this regard, a number of research activities, as well as other projects, were undertaken.

In 2010, the Bank finalised the study on devising strategies that would enhance Namibia's economic growth, if implemented, and enable the country to realise its Vision 2030. This study, which first assessed the factors that have hampered growth so far, proposed areas of intervention to be prioritised in pursuit of the achievement of Vision 2030. The study identified three growth enhancing and employment creating sectors, namely transport, tourism, and agriculture. Concerning the transport sector, a more detailed analysis led to the recommendation that while an approach to concurrently developing the different transport modes was ideal, the rehabilitation and the construction of the railway network should be prioritised, given the scarce resources. The outcome of the study was shared with the relevant authorities during the course of 2010.

Like in the past, the Bank also formulated a fiscal position paper, which was submitted to the Ministry of Finance as an input in the budgetary process. The theme for the 2010 fiscal position paper was "*The current and future state of government revenue in Namibia: exploring ways of maximising tax revenues*".

Through the Bank`s participation in the Macroeconomic Working Group (MEWG), the Medium-Term Macroeconomic Framework (MTEF) was prepared. In addition, inputs and comments were given for various other internal and public Government documents. The MTEF intends to serve as a medium through which the Working Group provides an overview on the economic outlook for the ensuing three years and the possible implications for the fiscal position. The Government, in turn, uses the MTEF to provide broad direction on economic and fiscal policies over the three-year period.

The Bank's 12th Annual Symposium took place in September 2010. The Bank's Annual Symposium intends to stimulate public debate on relevant and topical economic issues and challenges facing Namibia. The theme of the 2010 Symposium was "SME Development in Namibia", which was chosen in acknowledgement of the importance of the SME sector in Namibia. It is a well-known fact that SMEs all over the world face unique challenges, which hamper their development and realisation of their full potential. Many of the challenges faced by SMEs globally also apply to Namibian SMEs. In this regard, international and local speakers were invited, based on their expertise and experience, to share ideas and contribute to the debate. The Symposium proceedings were also published on the Bank's website.

Following the release of the first monetary policy review in 2009, the Bank published the second and third monetary policy reviews in 2010 as sections in the June and December Quarterly Bulletins. The reviews provided a comprehensive framework for the sources of inflation in Namibia and explained the reasons for monetary policy decisions taken over the review periods. This is in line with the Bank's aim of clarifying and communicating its decisions to those affected.

In line with the Bank's expected strategic outcome of producing quality and credible research on which policy advice is to be based, a review of the status of the recommendations made by past research papers of the Bank was undertaken. The aim was to determine the extent at which the Bank's recommendations have been implemented. The review found that although a lot was done in line with the past recommendations made by the Bank, thus indicating that some fruits are being reaped from the Bank's efforts, some of the recommendations have not been taken on by the relevant authorities and/or institutions. In this regard, the Bank intends engaging in discussions with respective stakeholders with a view of revisiting those recommendations that are still relevant and appropriate for possible implementation.

INTERNATIONAL FINANCIAL CO-OPERATION

During the year under review, the Bank co-operated with international and regional institutions, such as the IMF, World Bank as well as SADC and SACU.

At the international front, the Bank participated in the Annual meetings of the IMF and World Bank in Washington, DC, during October 2010. During the year, the World Bank provided support to the Bank of Namibia by financing two workshops on the computable general equilibrium model (CGE). The main objective of the first workshop was to refresh participants on the foundations of CGE modelling, especially the functioning of the General Algebraic Modelling Systems (GAMS). The second workshop focused on building the Namibian CGE model using the 1994 Social Accounting Matrix (SAM) and the National Household Income and Expenditure Survey (NHIES) of 2003/04. The CGE model is a useful tool in analysing and quantifying the economic impact of policy changes. It can also give users a better understanding of the linkages between industries and thus be able to assess the direct and indirect effects on the economy from the change in policy. It is expected that a full operational CGE model for Namibia will be in place by the end of 2011.

During 2010, the Executive Board of the IMF approved the 14th General Review of Quotas. Once implemented, the reform package will result in an unprecedented 100 per cent increase in total quotas and a major re-alignment of quota shares to better reflect the changing relative weights of the IMF's member countries in the global economy. Namibia was one of the countries that voted in favour of the resolution. At the end of 2010, Namibia quota share in the IMF amounted to SDR136.50 million or US$209.9 million. With the approval of the 14th General Review of Quotas, the country's share increased to SDR199.1 million or US$293.8 million. In terms of the IMF rules, 25 per cent of the allocated amount will be paid in SDRs, while the remaining amount is paid for in the local currency, usually in promissory notes.

Regionally, the Bank continued to participate in the activities of the Committee of Central Bank Governors (CCBG) in SADC, the Common Monetary Area (CMA), SACU, and MEFMI. With regard to the CCBG, the main activities that took place during 2010 were the provision of updated economic data, the contribution towards the annual paper on recent economic developments in SADC and the preparation of the strategic plan of the CCBG for 2011. The Bank was one of the institutions consulted by the mission of the SADC Secretariat on progress made towards the implementation of SADC Finance and Investment Protocol. All the relevant information within the realm of the Bank was provided to officials from the SADC Secretariat. The SADC Secretariat also conducted a needs assessment in the area of macroeconomic modelling and forecasting at the Bank of Namibia and other macroeconomic institutions, namely National Planning Commission and the Ministry of Finance. This would form the basis for the provision of training in these areas during 2011.

During the period under review, two meetings of the CCBG were held in April and October in Pretoria and Harare, respectively. At these meetings, Governors discussed economic and financial developments in SADC as well as issues related to regional economic integration, particularly progress towards the establishment of the SADC Central Bank by 2016 and the launch of a single currency by 2018. With few exceptions, most countries reported good progress towards the achievement of the agreed macroeconomic convergence targets as a pre-condition for the formation of the said regional central Bank. Notwithstanding this general good performance, the Governors noted that the timeframe within which the central bank will be established was ambitious and that this may have to be revisited.

With respect to the Common Monetary Area (CMA), three meetings were held during 2010 at which the Governors discussed and exchanged information on the recent economic developments in their respective countries, as well as on issues of a general financial nature and on monetary cooperation. The CMA comprises of Lesotho, Namibia, South Africa, and Swaziland. The Bank also participated in the programmes of the Macroeconomic and Financial Management Institute of Eastern and Southern Africa (MEFMI) as well as those of the Southern African Customs Union (SACU).

The Bank also participated in the SACU Commission and Council of Ministers' meetings during 2010 and provided technical advice on revenue sharing within the Union. It is understood that revenue from the SACU Common Revenue Pool remains crucial to Namibia from a fiscal policy and reserves management perspective, while the arrangement also contributes considerably towards enhanced cross-border trade.

FOREIGN EXCHANGE RESERVE MANAGEMENT

Strategic objective 4
Manage reserves prudently

Initiatives and strategies
- Manage reserves actively to optimise returns
- Manage liquidity pro-actively

Strategic outcomes
Levels of international reserves proportionate with the economic activities, the management of which is underpinned by a comprehensive reserve management policy and by pro-active management of liquidity in the money market

Most central banks across the world are charged with the responsibility to manage their nations' gold and foreign exchange reserves. In accordance with section 27 of the Bank of Namibia Act, 1997, the Bank is responsible to establish and maintain, on such terms and conditions determined by the Board, international reserves consisting of certain prescribed external assets. In addition, the Act requires the Bank to ensure the liquidity and safety of external assets and that their international purchasing power is preserved.

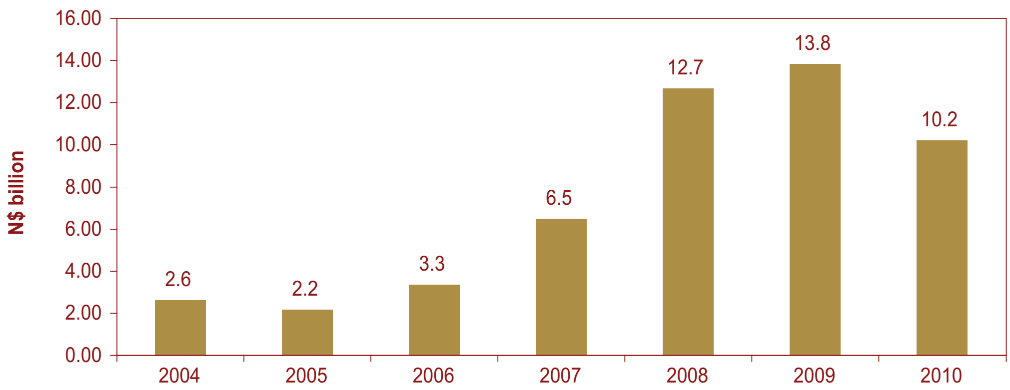
In the case of Namibia, the fundamental reasons for holding foreign exchange reserves are to:

- provide backing for the issue of domestic currency, as required in terms of Article 4 of the Bilateral Monetary Agreement between the Governments of the Republic of Namibia and the Republic of South Africa;
- enable the funding of international transactions of the country as stipulated in section 28(2) of the Bank of Namibia Act, 1997;
- maintain confidence in the country's monetary and exchange policies;
- give assurance to the international community that the country is able to meet its external obligations; and
- ensure that the economy is resilient to external shocks.

FOREIGN EXCHANGE RESERVE DEVELOPMENTS DURING THE YEAR

Foreign exchange reserves have decline by 26.2 per cent from N$13.8 billion at the end of December 2009 to N$10.2 billion at the end of December 2010 (refer to Chart A.2). The decline in reserves could mainly be attributed to a decline in SACU revenue by 20 per cent from N$8.6 billion in 2009 to N$6.9 billion in 2010. In addition, commercial banks purchases of Rand from Bank of Namibia were high at N$10.2 billion in 2010 compared to N$7.9 billion in 2009. Even though reserves have declined they are still considered adequate as they stood well above currency in circulation of N$1.9 billion and threshold for invoking section 28 of the Bank of Namibia Act, 1997, of N$4.4 billion.

Chart A.2: Official foreign exchange reserves stock



An assessment of the performance of internal investment managers since the second Strategic Asset Allocation[3] (SAA) was implemented in September 2009, shows that the objectives set out were met. These were that the Investment Portfolios were to have a return greater than negative 1.0 per cent, the Liquidity Portfolios were to have a positive return, and that the deviation from the benchmarks would fall within the required risk parameters. All of these objectives were met despite a few operational issues that prevented the Investment Team from investing in all the allowable instruments. It is important to emphasise that the 12-months cumulative returns were positive for all the portfolios. Due to this, the SAA version 3, implemented effective September 2010, was not much different from SAA of 2009 to allow the Investment Team to fully implement the strategy proposed in 2009. The one major change in the SAA of 2010 that is worth mentioning is the change from a completely enhanced indexation to a blend of enhanced indexation and active mandate for the investment portfolios. This management style was only applicable to the Liquidity Portfolios in the previous SAA. However, this change should be seen as a decrease in risk, rather than an extension thereof, as the Portfolio Manager will only be allowed to deviate from the benchmark by going short (that is reducing interest rate risk) in order to preserve capital, which is the primary objective of reserve management.

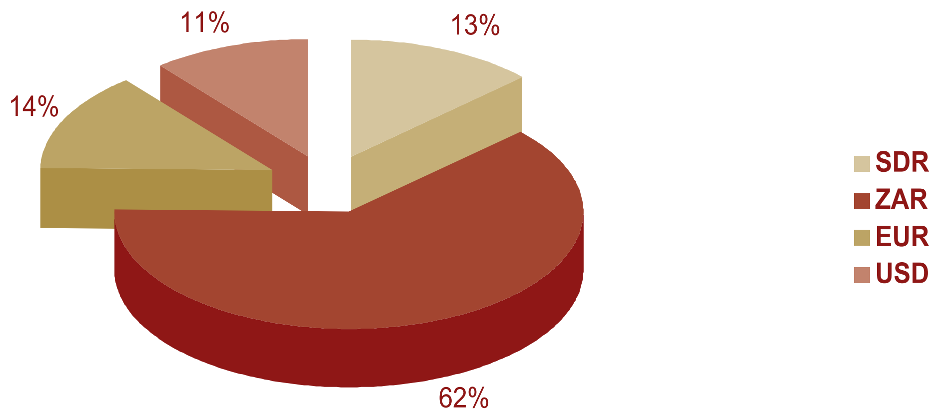
As a norm, reserves are divided into three tranches namely Working Capital, Liquidity Tranche and Investment Tranche to serve different objectives. Each of these tranches was further subdivided into three reserves currencies, namely ZAR, USD and EUR. In the SAA of 2010, the shares of the ZAR reserves in the liquidity tranche increased from 25 per cent to 35 per cent, while the EUR share decreased from 45 per cent to 35 per cent in the Liquidity Tranche (see Table A.8). On the other hand, the USD share remained unchanged at 30 per cent. The currency composition of reserves is determined mainly on the basis of a liability approach whereby the potential calls on the reserves form the basis for the respective currency allocations. These changes were, therefore, necessitated by the change of the weights of the three currencies in the total debt repayments and other Government payments composition. The shares of the EUR and USD shares in the Investment Tranche remained unchanged at 70 per cent and 30 per cent, respectively.

Table A.8: Types of tranches and their sizes (new SAA)

	Working Capital		Liquidity Tranche		Investment Tranche	
	Old (Sep-09 to Aug-10)	New (since Sep-10)	Old	New	Old	New
ZAR	500 million -2.5 billion	Unchanged	25%	35%	0%	Unchanged
USD	0-10 million	Unchanged	30%	30%	30%	Unchanged
EUR	0-5 million	Unchanged	45%	35%	70%	Unchanged
	Total		**100%**	**100%**	**100%**	

The composition of the four investment currencies at the end of 2010 is depicted in Chart A.3, which shows that the majority of reserves are invested in Rand assets.

Chart A.3: Currency mix of foreign exchange reserves as at 31 December 2010



[3] The primary goal of a strategic asset allocation is to create an asset mix that will provide the optimal balance between expected risk and return for a long-term investment horizon.

SERVICE DELIVERY AND STAKEHOLDER RELATIONS

Strategic objective 5
Promote a positive reputation through efficient service delivery and sound stakeholder relations

Initiatives and strategies
- Deliver excellent service to stakeholders
- Promote good corporate citizenship

Strategic outcomes
- Cost-effective, efficient, secure and innovative banking services provided to the Bank's customers that meet their requirements and approval
- A robust and efficient real-time gross settlement system (RTGS) that is able to settle obligations of system participants finally and irrevocably
- An exchange control regime administered according to relevant legislation
- Public awareness and appreciation of what the Bank's role is in the Namibian economy
- A mutually rewarding relationship with all the Bank's external stakeholders based on their understanding of the Bank's role in the economy
- A comprehensive communication mechanism where both external and internal stakeholders are provided with the latest relevant information and that they are satisfied with the information so provided

The Bank continuously strives to improve the level of efficiency of service delivery to its customers and to nurture a positive reputation among its stakeholders. Striving to be a Centre of Excellence naturally creates an expectation among customers that they should expect superior services from the Bank. In addition, the Bank also strategically manages its relationships with its salient internal and external stakeholder groups. The Bank, therefore, is constantly striving to strengthen its stakeholder relationships through implementing targeted stakeholder engagement plans, monitoring relevant stakeholder groups and timely identifying and managing relevant stakeholder issues.

During the year under review, the Bank had numerous engagements with various stakeholder groups on a variety of topics. The Bank's Annual Symposium addressed the topical issue of SME development in the country. The Governors' Annual Address focused on financial inclusion, which is an area where Namibia is still lagging. In addition, a few stakeholder forums were held, where the Bank shared its views on monetary policy and general economic outlook. In general, the findings from the evaluation of these strategic engagements have revealed a positive rating of the Bank by relevant stakeholders in respect of the relevance of the selected topics or issues of discussion, the degree of relationship built with the Bank and the suitability of the arrangements for such events. As an example from the evaluation outcome of the Governors Annual Address, all respondents rated the content of the address as useful, while 90 per cent felt that the event has strengthened their relationship with the Bank.

BANKING SERVICES

As part of its mandate, the Bank provides banking services to the Government for State Account and certain donor accounts. This consists of cheque and EFT clearing and settlement. All domestic transfers exceeding N$5 million are made through the real time settlement system – NISS – to ensure timely and irrevocable payment. Money transfers processed by the Bank on behalf of Government are indicated in Table A.9. Domestic transfers processed more than trebled, mainly because of the lowering of the cheque limit, which prompted the Bank to process transaction above N$500,000 through the NISS system. This was later replaced by the Government's own EFT system.

Table A.9: Money transfers on behalf of Government

Year	Domestic transfers		Foreign transfers	
	Volume	Annual % change	Volume	Annual % change
2007	424	---	900	---
2008	529	24.8	942	4.7
2009	570	7.8	911	-3.3
2010	1,717	201.2	1,118	22.7

The Bank has a special arrangement with the Ministry of Finance to clear special presentations of State Account cheques, where the holder wishes to have immediate value. Such clearances are done on request from the payee. There has been a slight reduction in the number of special clearances, namely from 1,806 in 2009 to 1,674 in 2010. This reduction is ascribed to the reduced clearing time on normal deposits, which is now done within five days of presentation.

All cash and cheque payments to Government are deposited at the Bank of Namibia. These cheques are then forwarded to NamClear for clearance and credited to the State Account. Government cheques issued by the respective Ministries/Offices and Agencies are deposited at commercial banks by beneficiaries. These cheques are, in turn, forwarded to NamClear for clearance and there after returned to the Bank. The Bank authenticates the cheques to ensure that these were not forged or stopped. The cheques are then processed and bank statements are prepared and submitted with the cleared cheques to the Ministry of Finance. During 2010, 691,080 cheques were processed compared to 694,825 cheques in 2009. The decline of 0.5 per cent is explained by the introduction of the Electronic Funds Transfer (EFT) system for use by Government as further described below.

In its endeavour to provide improved and modern services to the Government, the Bank has introduced an EFT to the Government. The EFT went live on 12 September 2010. Government, as well its clients, are now able to transfer payment on-line up to N$5 million. Banking institutions were able to change their internet banking system to enable payments to Government by their clients. Although the Bank has not yet seen a drastic decrease in the number of cheques issued, the Bank is positive that in the near future more people will catch up with the use of the EFT thereby reducing the volumes of cheques. The Bank received 282 inflow payment to the value of N$170.3 million from banking institutions. Of these, 12 were returned due to incorrect State Account numbers. A total of 96 batched files for payments were processed on behalf of Government between September and December 2010. Of these, 152 payments were rejected due to closed accounts of clients or incorrect batch numbers.

A

SETTLEMENT SERVICES

As banker to commercial banks, the Bank continues to provide real-time inter-bank settlement services to the Namibian banking institutions through the Namibia Interbank Settlement System (NISS). All interbank payments above N$5 million must be processed through NISS. Values originating from the retail payment systems (Electronic Funds Transfer (EFT), Cheque, and Card) operated by NamClear, are also settled in NISS. NISS availability was high during 2010 and is broadly in line with those reported for large value and retail payment systems in other countries. High priority was placed to ensure uninterrupted availability of NISS operations.

During 2010, the Bank upgraded the hard and software of NISS from Version 3 to Version 5. The project entailed replacing all of the previous hardware infrastructure as well as a change in network architecture. At present, all banking institutions are connecting via the Bank's Virtual Private Network (VPN). NISS Version 5 introduced significant changes in the end-user interface from an application-based to a web-based platform. This allows participants to communicate with the Bank directly to identify their settlement positions within the system without having to communicate with South Africa over long distance links that sometimes proved a challenge when unavailable. The project also saw significant improvements in security by making use of encryption technology to ensure that transmitted data among participants and the Bank are safe and secure. These changes have made NISS more user-friendly and reduced the licensing costs to the banking institutions.

In 2010, the total value settled in NISS was N$ 443.8 billion (see Table A.10). Approximately 69 per cent of the total value settled in NISS emanated from gross[4] settlement as opposed to bulked[5] transactions originating mainly from NamClear. The total number of transactions settled was 50,100, which is, on average, 166 transactions per settlement day. The value settled in NISS in 2010 decreased mildly by 2.0 per cent compared to 2009, while the volumes increased by 23.9 per cent over the same period. This is an overall positive trend since significantly more transactions are occurring in NISS in real-time and irrevocably, thus decreasing systemic risk.

[4] Transactions settled on a gross basis are single payments that are not netted out. These are normally transactions between banking institutions.
[5] Transactions settled in bulk are batched payments, such as cheques, EFT and cards, that are cleared by NamClear and submitted to NISS.

Table A.10: NISS transactions

Year	Number of settlement days	Value settled (N$ billion)			Total number for settlement transactions
		Total value settled	Value settled gross	Value settled bulk	
2004	302	242.4	188.7	53.7	37,804
2005	302	231.1	154.8	76.3	37,009
2006	301	262.6	202.3	90.3	27,011
2007	301	342.7	239.7	103.1	27,805
2008	304	455.5	328.5	127.0	32,587
2009	301	453.1	311.5	141.6	40,437
2010	301	443.9	306.5	137.4	50,100

The Bank continues to provide sufficient collateralized liquidity to the participants through the seven-day and overnight repo facilities in NISS. In 2010, the value of overnight credit extended totalled N$185.8 million compared to N$1.8 billion in 2009. This decrease in overnight credit to NISS participants is mainly attributed to participants' excess liquidity position during the year. This is further demonstrated by surplus funds left on participants' settlement account, which increased from N$0.43 billion at the end of 2009 to N$0.87 billion at the end of 2010.

Apart from the 7-day and overnight repos, the Bank provides interest free intraday credit to the participants. As interbank payments are made throughout the day, this facility is a valuable way to fund intraday commitments to one another. The use of the facility reduced due to the same reason mentioned above.

The total settlement value for retail payment system (EFT, Cheque, and Card) operated by NamClear was N$ 137.4 billion in 2010 (see Table A.11). This amounted to 31 per cent of the total value settled in NISS. Retail payment systems are considered to be systematically important as they represent a significant proportion of the daily settlement.

Table A.11: NamClear Transactions

Year	Cheque transactions		EFT transactions		Card transactions	
	Value (N$ million)	Volume ('000)	Value (N$ million)	Volume ('000)	Value (N$ million)	Volume ('000)
2006	72,796	5,490	27,377	4,382	--	--
2007	76,172	5,163	72,368	4,928	--	--
2008	81,653	4,534	106,757	7,085	--	--
2009	76,650	3,721	127,190	7,910	674	2,484
2010	59,427	3,753	165,703	8,977	37,913	11,454
Annual percentage change						
2007	4.6	-6.0	164.3	12.5	--	--
2008	7.2	-12.2	47.5	43.8	--	--
2009	-6.1	-17.9	19.1	11.6	--	--
2010	-22.5	0.9	30.3	13.5	5525.1	361.1

During 2010, NamClear processed 3.8 million cheques to the total value of N$ 59.4 billion. The value of cheques processed decreased significantly by 22.5 per cent in 2010. This mainly was due to the reduction of the cheque item limit from N$5 million to N$500,000. This also contributed to the strong rise in volumes through NISS and EFT as a substitute for previously issued cheque payments of more than N$500,000.

NamClear processed 8.98 million EFT transactions to the value of N$165.7 billion in 2010, which is a 30.3 per cent increase in value from 2009. This was due to mostly to the reduction of the cheque item limit, which lead to EFT transactions being used as an alternative for payments between N$500,001 and N$5 million. This allowed for greater efficiency and security in the national payment system as EFT transactions are safer than cheques and are cleared three days quicker than cheque transactions.

NamClear processed 11.5 million card transactions to the value of N$37.9 billion in 2010, which is a significant increase in card transactions, switched through NamSwitch. This was due to the continued implementation of the NamSwitch directive, which requires all domestic card transactions to be switched through NamSwitch.

ADMINISTRATION OF EXCHANGE CONTROL

The administration of exchange control is the domain of the Ministry of Finance with the powers, functions, and duties being delegated to the Bank of Namibia. The Bank is, therefore, responsible for the administration of exchange control and implementation of exchange control policies. The Minister of Finance, on the recommendation of Bank of Namibia, appoints Authorised Dealers in foreign exchange as well as Authorised Dealers in Foreign Exchange with Limited Authority (ADLA). During the period under review, various companies have been granted permission to deal in foreign currency pertaining to travel related transactions. The idea is to facilitate trade in foreign currency as well as eliminate illegal trade in foreign currency with the purpose of bringing foreign currency into the formal system.

The Bank continues with its commitment of gradual liberalisation of exchange control by issuing circulars that allow a wider scope for Namibian investors to invest offshore by increasing private individual investment amount from N$2 million once off to N$4 million investment per annum. Similarly, the Bank increased the amount for foreign capital allowance per emigrating family unit and single persons from N$4 million to N$8 million and N$2 million to N$4 million, respectively. In addition, foreign owned Namibian companies may now avail of local financial assistance at a higher ratio.

In pursuit of exchange control liberalisation, the Bank of Namibia has gradually delegated a significant part of exchange control functions to the Authorised Dealers. This means that the Bank is no longer involved in approving applications on those delegated functions, and such responsibility is now being carried out by the Authorised Dealers. Thus, the Bank has shifted its focus from controlling to conducting intensive risk-based auditing and compliance inspections in order to ensure that, Authorised Dealers are handling all the functions so delegated, strictly within the ambit of Exchange Control Rules and Regulations.

Through the Cross Border Foreign Exchange Transaction Reporting, all reportable data received from external sources are validated, stored securely and monitored. This allows for the efficient monitoring of suspicious transactions as well as monitoring cross border flows.

The Bank played a significant role in facilitating investments of major projects, such as those of Ohorongo Cement and Areva Resources. The introduction of foreign loans by these multinational companies went through the process of approval of exchange control after thorough consultation with various stakeholders. The consultation was due to the complexity of the structure of financing required to fund the projects that are envisaged to have a major impact on the national economy.

PUBLIC EDUCATION

The Bank of Namibia appreciates that public education plays a very important role in creating an understanding regarding the working of the economy. A thorough understanding of the monetary system and banking industry can help individual members of the public to make informed decisions that will have a positive impact on their lives. As the Bank celebrated its 20th anniversary this year, all public education programmes carried out during the year were under the overall theme of “Celebrating 20 Years of Central Banking”.

During this year, the Bank continued with the publication of bi-weekly educational articles. These focused on educating the public about the economy and the role of the central bank, addressing specific topics of relevance to the Namibian, regional and world economy. These articles were featured in the local daily newspapers and can be found on the Bank’s website.

The prestigious gala dinner event of the Bank of Namibia National High School competition was held on 10 September 2010. The competition is aimed at educating learners about the role that the central bank plays in the Namibian economy. Secondary school learners in Namibia from Grades 8 to 12 were invited to take part in the regional competition so that each region would come up with one winner who would proceed to the finals. A total of 170 schools consisting of 680 learners countrywide participated in the competition.

Official closure of the computer project at Nuuyoma Senior Secondary School. F.L.T.R. Mr P. Ndjendja (BoN Branch Manager: Oshakati), Mr S. Mulongeni (Principal of Nuuyoma Senior Secondary School), Mr E. Amunyela (Inspector of Education in Elim Circuit) and Mr N Katoma (Head of Corporate Communications)

Overall winners of N$50,000 from Karasburg Senior Secondary School (Karas region).
F.L.T.R.: Mr C. Kabajani, Under Secretary of Formal Education (Ministry of Education), Mr P. Hartmann, Deputy Governor (BoN) and Mr C. Adriaanse, School accompanying teacher.

The schools were provided with relevant resource materials to prepare for the competition. The learners gained knowledge on the role of the Bank in particular and the workings of the Namibian economy in general. The top four best performing schools were Karasburg Senior Secondary School from Karas region, Haimbili Haufiku Senior Secondary School from Ohangwena region, Outjo Senior Secondary School from Kunene region and Wennie Du Plessis Secondary School from Omaheke region. Combined prizes worth N$92,590 were provided to the winning schools.

The Bank of Namibia also regularly hosts a school visitor's programme that aims to educate learners about the role and functions of the Central Bank. A total of twelve schools from Khomas region visited the Bank during 2010 as part of this programme.

The Bank highly values the significant impact that the media has played in educating the public by disseminating relevant information through active engagements with the Bank. During the year under review, the Bank embarked on a currency campaign to educate the public on the security features of the banknotes and coins. The campaign was rolled out in the last quarter of the year under the theme "Know your currency: Inspect security features". The programme aimed to educate and inform the Namibian public on the security features of the Namibian currency to enable them detect and report counterfeit currency.

CORPORATE SOCIAL INVESTMENT

The Bank of Namibia is a responsible corporate citizen that invests in Namibian communities through its corporate social responsibility/investment activities. The Bank has identified education and information technology as its focus area. Various programmes contributing towards capacity building and socio economic development were therefore implemented during the year under review.

The five-year computer laboratory project (2005-2010) at selected secondary schools was completed in May 2010. A total amount of N$1 million has been committed for the next five years (2011-2016). The computer laboratories provide learners with an opportunity to become computer literate, a skill that has become increasingly important in the business and working environment. In addition, the Bank channelled funds in the form of donations and sponsorships to initiatives that support its objective of creating a knowledge-based society. In 2010, the Bank made financial contributions as set out in Table A.12

Table A.12: Donations and sponsorships by the Bank during 2010

Nature of the sponsorship	Beneficiary	Amount (N$)
National Planning Commission	Central Bureau of Statistics	1,000,000
Donation to the UNAM Foundation	University of Namibia (UNAM)	300,000
Financial assistance to UNAM and best commerce student award	UNAM Economic and Accounting Student Societies as well as best commerce student	33,200
Sponsorship and donation to Media Institute Southern Africa (MISA)	Prize award to MISA Namibia (Feature Writer –print media)	30,000
Financial assistance to Polytechnic of Namibia and best commerce student award	Polytechnic of Namibia Economic Society and best commerce student	25,000
Financial assistance to rural schools	Olupaka Combined School	20,000
Financial assistance to charity institutions	Lazarus Shinyemba Ipangelwa Foundation and Christina Swart-Opperman Aids Orphan Foundation Trust	20,000
TOTAL		**1,428,200**

Learners from Wennie Du Plessis Secondary School at the official closing ceremony of the computer laboratory project (Omaheke region).

His Excellency Dr Sam Nujoma, Founding President and Father of the Namibian Nation (also Chancellor of the University of Namibia) receiving a donation for the UNAM Foundation, in the presence of Education Deputy Minister, Dr. David Namwandi.

FINANCIAL MARKET DEVELOPMENTS

Strategic objective 6
Promote financial market development

Initiatives and strategies
- Promote the deepening of the financial market
- Promote wider access to financial services

Strategic outcomes
- An active financial market characterized by all financial instruments that are found in other comparable markets
- A financial system where no person should be financially excluded from financial services

An efficient and diversified financial market is necessary to support real economic activity. Indeed, the advantages of sound financial markets are well known. These markets play a critical role in mobilising savings and in allocating them to productive investment. Moreover, strong local markets can also provide a more stable source of financing for the public and the private sectors, thus insulating them to some extent against volatile global capital flows.

The Bank of Namibia is not the only institution responsible for financial market development, but, given its position as manager of Government's debt portfolio and as a major participant in the domestic money market, the Bank is in a unique position to take initiatives and to provide advice to stakeholders to develop a strong, broad, and deep financial market in Namibia.

FINANCIAL SECTOR STRATEGY

The year 2010 also saw an intensified process of drafting the Financial Sector Strategy. This process started in 2009, with the Bank, Ministry of Finance, and NAMFISA being involved. A number of consultations were also undertaken with some stakeholders in the financial sector to gauge their input on the draft Strategy. The remaining parties will be consulted in 2011 before the ultimate launch of the document as a national strategy for the financial sector. Once completed, the Strategy will be used as a guiding document for the development of the financial sector in Namibia.

PRIMARY DEALERS FOR THE NAMIBIAN GOVERNMENT SECURITIES

The Primary Dealers are market players who are appointed to market government securities and then redistribute these securities to the rest of the market. The primary objective of the primary dealer system is to continuously enhance the primary and secondary markets for domestic government securities. Among other their key responsibilities, the Primary Dealers are expected to strengthen the primary market by helping to build a stable, dependable, source of demand for government securities by providing liquidity in the secondary market, devoting capital resources to underwriting, absorb an occasional shortfall of liquidity, building distribution channels (to act as intermediaries) and provide market information including, prices, volumes, and spreads between bids and offers. Following below are the key benefits expected to be derived from the Primary Dealers system:

- Encourage efficient price discovery in the primary and secondary markets for government securities
- Increase liquidity and competitiveness in the secondary market for government securities
- Reduce cost of the government borrowing in the long term
- Increase the number of participants in government securities market.

All financial institutions, banking and non-banking financial institutions were invited to apply for a role of market making in government securities. The criteria to select market makers were mainly based on the financial strength as indicated by the adequate capitalisation. The selection also took into consideration institutions that have an active track record in dealing with government debt securities as well as infrastructures for trading. Primary Dealers would have an obligation to act as market makers and follow certain guidelines. Primary Dealers would also enjoy several privileges. Some of these privileges include, among others, exclusive participation in government securities auction. Five Primary Dealers were were appointed at the end of 2009 after a careful screening by the Ministry of Finance and the Bank of Namibia.

The Primary Dealer system was planned to be implemented during 2010. However, due to some shortcomings, this could not take place. The shortage of securities in the market was identified as the key stumbling block. However, the Bank and Ministry of Finance have started since 2010, working on a solution to address this issue. The implementation of this initiative should therefore be expected in the near future.

DEVELOPMENT OF THE NAMIBIAN ZERO COUPON YIELD CURVE

The zero coupon yield curve that the Bank of Namibia has been working on during 2009 was finally implemented in January 2010. A yield curve, which is also referred to as a term structure of interest rates, or simply the relationship between interest rates in the economy and the term to maturity forms the basis for the valuation of all the fixed income securities. A yield curve is modelled as a series of cash flows due at different points of time in the future. Since the Namibian market does not trade zero coupon bonds, the zero coupon yield curve is derived from the conventional bonds that are traded in the market. Six key bond and money market traders provide the data to the bank of Namibia at the end of the closing date. The zero coupon yield curve is generated using the Nelson Siegel cubic spline model.

The curve is published by the Bank of Namibia every morning. In addition to the zero coupon yield curve, this process has also been able to generate rich cheap analysis. Rich and cheap in this case refers to the pricing of a security in the secondary market relative to comparable securities on the calculated model. Rich, or overvalued bonds, have lower yields than bonds with similar terms. Cheap, or undervalued bonds, have higher yields and lower prices. When using the yield curve to trade, investors usual buy securities, which are trading at higher yields or lower prices and sell those which are expensive with lower yields or high prices compared to the yield curve. The rich cheap analysis is published on the daily basis. Furthermore, the zero coupon yield curve daily publication provides a guide to investors whether to sell or buy that security. The future plan is to have an independent financial market institution to publish the yield curve.

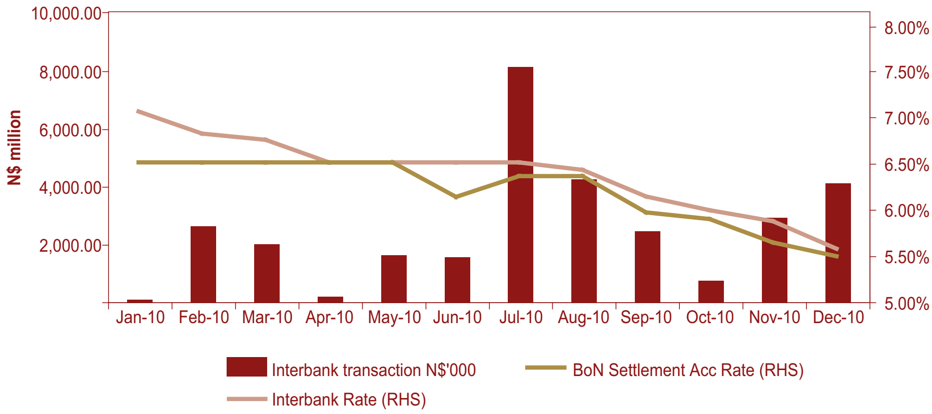
THE NAMIBIAN INTERBANK MARKET ACTIVITIES

Developing the interbank market in Namibia is important for the three mains reasons. Firstly, a well developed interbank improves the effectiveness of monetary policy. Secondly, a well functioning local interbank market will enable local banks to withstand any negative shock from the South African market. Thirdly, developing the interbank market contributes further to a broader development of the local financial market. The flow of funds in the interbank market is currently low. It is against this background that the Bank encourages the commercial banks to trade among each other and embarks on monitoring and analyses the activities of the interbank trading among the Namibian commercial banks.

Chart A.4 highlights the total volume of interbank market transactions during 2010. As indicated in the Chart, the volume of the interbank market transaction was generally higher during the second half of the year than the first six month of 2010. The first half of the year's interbank transaction totalled N$8.20 billion. The second half of the year witnessed a substantial increase of 177 per cent of interbank transactions. The value traded in the interbank totalled N$22.72 billion during the second half of the year. The total value of interbank market transactions was the highest during July, when the interbank transaction totaled N$8.330 billion. The observed increase of the interbank transaction during July could be attributed to the excess liquidity observed during this period, as well as the relatively lower yields on the shorter-term securities such as the Bank of Namibia Bills compared to returns on the interbank market.

The weighted average rate in the interbank market was 7.05 per cent during January 2010, but dropped to 6.50 per cent during midyear. The interbank rate reached the lowest level of 5.57 per cent during December 2010. The fall in the interbank market was in line will the movements in the money market rates following the fall in the benchmark rates, both in Namibia and South Africa. There is a plan to produce an official interbank rate for the Namibian money market during 2011. The rate will be calculated daily from the rates to be received from market participants.

Chart A.4: Interbank trading activities and Settlement rate



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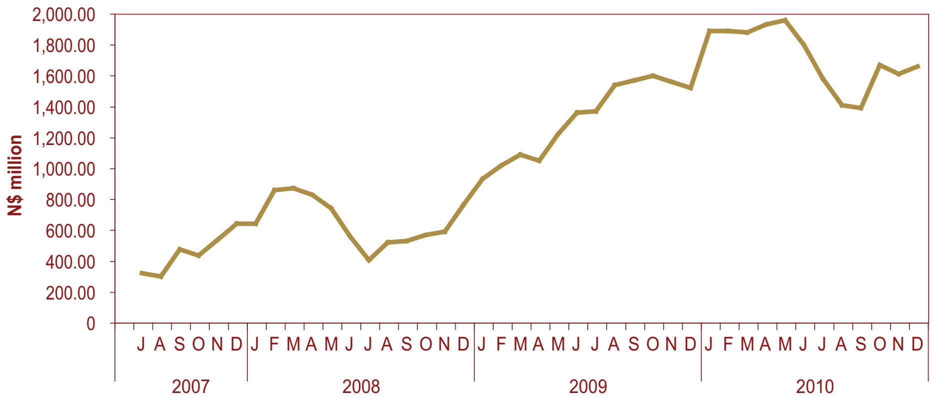
BANK OF NAMIBIA BILL (BON-BILL)

In a view of the persistent shortage of government securities and the increase in the liabilities of commercial banks, the Bank of Namibia continued to issue the Bank of Namibia bill, BoN-Bill, to the banking institutions during 2010. During the year under review, total of N$1.65 billion was outstanding, which represents 9.3 per cent increase from 2009 (see Chart A.5).

Chart A.5: BoN Bills outstanding



The introduction of the BoN Bill since July 2007 was necessitated by the need for commercial banks to comply with the liquid asset requirements. Liquid assets required of banks in Namibia are based on the average daily amount of banks' total liabilities to the public for the preceding month. According to the Determinations on Minimum Liquid Assets (BID6), commercial banks hold an average daily amount of liquid assets in Namibia which should not be less than an amount equal to 10 per cent of the average daily amount of its total liabilities to the public for the preceding month and shall furnish to the Bank a return in accordance with this Determination. The composition of the liquid assets comprises of cash or its equivalents – assets that are readily convertible into cash.

All the banks have been regularly participating in the BoN Bill tenders since its introduction. The participation also consistently reflected the liquid asset needs for individual banks. Although the liquidity needs for banks determined the extent of the banks' participation in the BoN Bill tenders, the exposure limits also influenced how much BoN bills some banks could hold at a time. The banks have placement and receipt limits with Bank of Namibia, just like the other counterparts. Some of the banks' limits are very low and this limits the extent to which certain banks can participate in the BoN bill auctions.

The BoN Bill tenders are held every other week. The maturity period of the BoN Bill is 56 days. A one-year calendar for the BoN Bill is sent to participants in advance. A day prior to the tender date, the participants are officially invited to participate in the tender. The price of the BoN Bill to be issued is also communicated to the participants with the invitation. The tenders close at 10.00 am and the results are released immediately. This is usually done before 10:30. Given the objective of this certificate, the issuance is usually on demand. This means that the participants are allotted the amount they tendered for. The liquidity conditions of the banks are taken in consideration when allotments are made.

RESOURCE MANAGEMENT

Strategic objective 7
Develop and manage resources sustainably

Initiatives and strategies
- Manage risk effectively
- Adapt the Bank's human resources strategies to enhance leadership and a culture of being performance-driven
- Manage the Bank's financial affairs in a prudent manner by promoting value for money
- Ensure functionality and availability of assets and infrastructure that support its operations in a cost-effective manner

Strategic outcomes
- Internal control systems which are effective in managing the Bank's operations
- An environment where no risk translates into an incident due to the fact that it was not anticipated, and where such incidences do occur, the risk management system has effective mechanisms to minimize such risks
- A knowledge-based institution where all employees are exposed to the latest knowledge in their field of work, only where such knowledge is to improve their productivity
- An effective performance management system that is capable of assessing performance and reward employees accordingly
- A comprehensive financial management system, inclusive of budget, where all the Bank's financial transactions are recorded and monitored in accordance with international accounting standards, except where the Bank's legal requirements dictate otherwise
- A comprehensive procurement system where the correct goods and services are procured in the most cost effective manner and made available on a timely basis
- An enabling physical working environment and an up-to-date asset register where all assets are well maintained and kept in good working condition at all times
- A comprehensive security management system where no loss of currency or any other assets occurs or, where it occurs, the system is robust enough to identify the offender(s).
- The right number of employees with the ability & willingness to promote the Bank's corporate culture of being a centre of excellence
- Reliable hardware and software IT infrastructure that that contributes to the Bank's productivity and is acquired in the most cost effective manner
- An IT system that is available at all times and is accessed only by those who are authorized to access the system

RISK MANAGEMENT

As most central banks, the Bank of Namibia is exposed to a wide variety of risks and uncertainties. Taking the Bank's unique role and functions into consideration, the fulfilment of its statutory and constitutional responsibilities could be seriously jeopardised if significant operational, reputational and/or other risks were to materialise. Therefore, the Bank views risk management as an essential element of good corporate governance and has fully integrated risk management into its strategy and daily operations.

To provide a reasonable sense of assurance to its stakeholders that all the significant risks facing the Bank are being appropriately managed, the Bank has established a risk management policy and strategy. The policy and strategy is aligned with internationally accepted risk management practices and aims to ensure that all types of risks, including strategic, financial, operational, and reputational risks, that could hinder the Bank from achieving its strategic objectives, are systematically and comprehensively managed.

The policy specifies the Bank's risk appetite and tolerance levels, risk management governance structures, general principles, frameworks and processes as well as the roles and responsibilities of stakeholders. It regulates the risk management activities in such a way to ensure that it is aligned with the Bank's strategic objectives, regular risk assessments are conducted, risks are prioritized, treatment strategies are devised and implemented, and that all risk activities are closely monitored and reported.

Oversight of the Bank's arrangements for risk management rests with the Risk Management Committee (RMC). This is a senior management committee responsible for ensuring that the risk management policy and strategy is implemented. It is chaired by the Governor and comprises the Deputy

Governor, Assistant Governor, all departmental Directors, the Head of Corporate Communications, and the Head of Risk Management and Assurance. It meets every quarter and reports its findings and recommendations to the Audit Committee after having considered risk reports of various departments.

The Board is ultimately responsible for the total process of risk management at the Bank. This responsibility has been delegated to the Audit Committee, which is a sub-committee of the Board. The Audit Committee is responsible for reviewing the Bank's risk management policy and strategy, determining the levels of risk tolerance, the effectiveness of risk management activities, acknowledging the key risks facing the Bank and determining the adequacy of the responses to address these key risks.

The RMC is assisted in carrying out its responsibilities by the Risk Management Section, which is supervised by the Head of Risk Management and Assurance. The main role of the Head of Risk Management and Assurance with regard to risk management is to assist the business areas of the Bank to manage their risk environment within the agreed framework. The principal risk management responsibilities include the following:

- adopt a standardised risk management methodology and process;
- carry out risk impact assessments (at least once annually);
- ensure that risk logs are prepared and maintained and that the most critical residual high risk areas are elevated to the Bank's top risk log;
- confirm that agreed risk mitigating actions are implemented;
- validate that the risk management processes are adequate and effective;
- comply with internationally accepted risk management standards; and
- report on risk management activities in a standardised and integrated manner.

The Bank's risk management approach requires risks to be formally assessed, through a facilitated workshop session, at least once annually, subsequent to the Bank's annual strategic review sessions. Business areas are required to identify all risks that can inhibit them from achieving their objectives and rate them on an inherent and residual basis according to likelihood of occurrence and potential impact. The impact ratings are categorized according to type, for example financial, reputational, operational, strategic, etc. Risk prioritization then takes place to identify the key risks that require focus on a strategic level, as well as those requiring attention on a business or departmental level. Risk mitigating strategies are then devised for risk areas that require attention. The Bank's Risk Management Section monitors the entire process, including ensuring that risk mitigating strategies are being implemented.

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BUSINESS CONTINUITY

The Bank of Namibia has identified the need for proper business continuity activities. It is essential for the Bank of Namibia, due to its unique and critical services, to be able to continue normal business in the event of an emergency or crisis. To this end, a business continuity planning strategy has been adopted, with a number of initiatives completed, including revision of Business Continuity and Disaster Recovery plans and groundwork for the establishment of a fully equipped disaster recovery facility in Windhoek.

STAFFING AND PERSONNEL DEVELOPMENTS

The Bank's human resources play a vital role in meeting its statutory objectives as well as its strategic goals. The Bank continuously strives to ensure that it is staffed with quality employees with the willingness and ability to carry out the activities that are required to fulfil the Bank's mandate. In order to fulfil this mandate, the Bank achieved significant milestones in this regard.

The Bank's actual staff complement as at 31 December 2010 was 306 employees. This is 11 staff members less than the approved establishment of 318 positions. The number of vacancies was caused by the creation of new positions, deaths, retirements, and resignations during the year. The composition of the staff complement is shown in Table A.13.

Table A.13: Staff numbers at the Bank of Namibia at year-end

Staff Category	2006	2007	2008	2009	2010
General staff	232	251	264	266	275
Management (excl. executive management)	25	27	29	28	28
Executive management	3	3	3	3	3
Total	**260**	**281**	**296**	**297**	**306**

During 2010, the Bank recorded a staff turnover of 19 terminations (inclusive of one retirement and one death), which represents 7.5 per cent of the actual staff complement of 307. The turnover rate is slightly above the Bank's tolerance level of 6 per cent, but does not cause a concern at this stage.

With the proactive identification of talent in the market through the talent network introduced in 2008, the Bank continues to keep on record high calibre staff that is able to build and strengthen the Bank's vision of being a centre of excellence if and when required.

EMPLOYMENT EQUITY

The Bank consistently upholds its commitment to employment equity and continuously meets and exceeds its employment equity targets as set out in its three-year employment equity plan. It is worth noting that female representation at senior management level currently stands at 57 per cent.

The Bank not only focuses on equity internally, but is also committed to up-skill Namibian women in particular and, in this regard, the Bank provided bursaries to 18 female recipients in the IT, Accounting, Economics, Finance and Banking areas. At the end of 2010, the Bank supported 23 bursars, of which 78 per cent were female students. Three undergraduate students have graduated at the end of 2010. Table A.14 provides the number of students per field as well as the academic year.

Table A.14: Composition of bursary holders of the Bank in 2010

2010 Undergraduate Profile	1st Year	2nd Year	3rd Year	4th Year	Total
Accounting / Finance	4	6	1	1	12
Economics	2	4	-	2	8
Computer Science	-	-	1	-	1
B-Juris Law	-	1	1	-	2
Total	**6**	**11**	**3**	**3**	**23**

NOTE: One student in the accounting field in 2nd year is inactive due to ill health

CAPACITY DEVELOPMENT AND VISION BUILDING

The Bank is committed to continuously advancing its employees. To this end, the Bank has sponsored three employees and one external person to pursue fulltime studies abroad. Three are pursuing PhD fellowships, and one staff member completed the master programme during 2010. A further 38 employees of the Bank were financially assisted with interest-free loans from the Bank to pursue part-time studies at various institutions.

Various in-house courses were offered during 2010, and 101 employees participated in the short courses offered to enhance internal capacity. The leadership pipeline was rolled out during 2010 to familiarize staff with their key accountabilities and activities as per their levels of work. All staff members have been initiated into the leadership pipeline methodology of the Bank, and 55 per cent have successfully completed the training for their levels of work.

As part of the Bank's mission to promote excellence, performance management plays an important role in establishing a high performance culture. Various organizational policies and practices, such as the Performance Management Policy, Disciplinary

Policy, and Bank of Namibia Code of Ethics, have been revised to reflect current and new realities. The Bank hosts quarterly vision building sessions to inculcate the core values, improve the organisational climate, strengthen cultural diversity and offer a platform for engagement to ensure that employees of the Bank are living up to the Bank's mission and values.

HEALTH, SAFETY AND WELLNESS

The Bank follows a holistic wellness approach. Various wellness interventions were conducted with the view to prevent socio-economic problems before they arise, as well as encouraging employees of the Bank to become health conscious and financially prudent.

During the year under review, the Bank conducted a follow-up HIV/AIDS prevalence test, with the view to understand the impact of the focussed interventions embarked upon. The results indicate that there is an improvement in the levels of awareness regarding HIV/AIDS in the workplace. Most of the employees who participated in the voluntary testing exercise were reported as knowing their HIV/AIDS status. Eleven in-house HIV/Aids Councillors were up-skilled to assist employees to better understand the HIV/Aids pandemic in the workplace with a focus on living positively.

ORGANISATION DEVELOPMENT

Not only was the leadership pipeline methodology thoroughly deployed Bank-wide, but a deepening of the pipeline and a deepening of the performance culture continues to be a priority at the Bank. Employees are encouraged to take responsibility for their own careers, and the pipeline helps employees to develop a personal portfolio of evidence of the progress they are making, as well as to track their development. The Bank provides succession planning through the pipeline and sound organizational structuring as per job evaluations and descriptions. During the course of 2010, most job descriptions have be revisited for improved alignment and job evaluations, and quality assurance remains the mainstay of the Bank's practices.

The Bank is in the process of acquiring a new and improved performance management system with the aim of ensuring that its performance management practices are current, relevant and robust. To this effect, the existing system is to be overhauled and a new integrated performance management system will be deployed during 2011.

FINANCIAL MANAGEMENT

An examination of the Bank's liabilities gives a good indication of the sources of funds with which it sustains its operations. These funds are reflected in Table A.15.

Table A.15: Composition of monthly average liabilities of the Bank of Namibia

Financial year N$ million	2006	2007	2008	2009	2010
Capital and reserves	836	1,021	2,237	2,156	1,211
Currency in circulation	1,017	1,126	1,366	1,560	1,688
Government deposits	1,633	4,648	6,403	8,267	5,106
Bank deposits	355	400	569	775	1,433
Other	335	529	993	2,258	3,544
Total	**4,176**	**7,724**	**11,568**	**15,016**	**12,982**
Percentage composition					
Capital and reserves	20.0	13.2	19.3	14.4	9.3
Currency in circulation	24.4	14.6	11.8	10.4	13.0
Government deposits	39.1	60.2	55.3	55.1	39.3
Bank deposits	8.5	5.2	4.9	5.2	11.0
Other	8.0	6.8	8.6	15.0	27.3
Total	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**

The sources of Bank funds declined between 2009 and 2010. The main contributing factor to this decline was a substantial reduction in Government deposits. These deposits declined from N$8.3 billion to N$5.1 billion between 2009 and 2010. As percentage of total liabilities, Government deposits fell from 55 per cent to 39 per cent. Bank deposits, on the other hand, almost doubled mainly as a result of higher balances left by NISS participants on their settlement accounts.

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Table A.16 presents a few major categories of the Bank's assets. As a central bank, it is typical that the bulk of the Bank's assets consist of foreign investments. Since 2006, the share of foreign investments as a percentage of total assets steadily increased. Although the value of foreign investments fell from 2009 to 2010, its share remained around 95 to 96 per cent level. Loans and advances, on the other hand, reduced its share mainly due to much lower Repo credit extended to NISS participants.

Table A.16: Composition of Bank assets per monthly average

Financial year N$ million	2006	2007	2008	2009	2010
Foreign investments	3,056	6,051	10,498	14,372	12,313
Loans and advances	781	1,248	686	187	72
Fixed assets	146	142	157	165	173
Other assets	192	283	227	293	356
TOTAL	4,175	7,724	11,568	15,016	12,914
Percentage composition					
Foreign investments	73.2	78.3	90.8	95.7	95.4
Loans and advances	18.7	16.2	5.9	1.2	0.6
Fixed assets	3.5	1.8	1.4	1.1	1.3
Other assets	4.6	3.7	2.0	2.0	2.8
TOTAL	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**

As outlined in Table A.17, all sources of the Bank's income declined steadily 2008 and 2010. Traditionally, net interest earned on the Bank's investments is the most important source of income. However, in 2010 this source fell to 42.1 per cent of total income from 54.4 per cent in 2009. The main reason for this decline is the slump in SACU revenue received by Government and the strong appreciation of the Namibia Dollar against most of the currencies in which investments are held. A slight improvement in realised gains was recorded between 2009 and 2010. Rand seigniorage made up the single largest source of income of the Bank in 2010.

Table A.17: Sources of Bank income[6]

Income component	2008		2009		2010	
	N$ million	Per cent	N$ million	Per cent	N$ million	Per cent
Interest received	599.6	89.5	595.1	136.2	401.8	110.4
less: Interest paid	-360.8	-53.9	-357.3	-81.8	-248.5	-68.3
Net interest earned	238.8	35.6	237.8	54.4	153.3	42.1
Net realised gain/(loss)	260.8	38.9	6.4	1.5	31.1	8.5
Rand seigniorage	146.0	21.8	164.4	37.6	161.4	44.4
Other income	24.4	3.6	28.4	6.5	18.0	4.9
Total income	**670.0**	**100.0**	**437.0**	**100.0**	**363.8**	**100.0**
Annual % change	**n/a**	**104.5**	**n/a**	**-34.8**	**n/a**	**-16.8**

Because the Bank maintains strict control over all expenditure and works within the budget constraints approved by the Board, it is possible to contain the annual rise in operating expenses (see Table A.18). As expected, staff costs remain the Bank's largest expenditure item followed by other operating expenses. Staff costs in relation to total operating expenses fell from 66 per cent in 2008 to close to 55 per cent in 2009, but rose again in 2010 to about 63 per cent of total operating costs. Other components of the Bank's operating costs maintain a steady ratio, except for depreciation, which is quite unsteady because of changing depreciation approaches.

[6] Excluding unrealized net foreign exchange gains and losses

Table A.18: Composition of the Bank's operating costs

Cost component	2008		2009		2010	
	N$ million	Per cent	N$ million	Per cent	N$ million	Per cent
Staff costs	111.2	66.0	109.5	54.8	132.9	62.6
Currency expenses	19.5	11.6	24.3	13.0	26.2	12.3
Depreciation charges	7.6	4.5	14.0	10.4	1.7	0.8
Other operating expenses	30.1	17.9	52.0	21.8	51.5	24.3
Total operating expenses	**168.4**	**100.0**	**199.8**	**100.0**	**212.3**	**100.0**
Annual % change	**n/a**	**14.9**	**n/a**	**18.6**	**n/a**	**6.3**

FACILITIES MANAGEMENT AND SECURITY

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The year 2010 was earmarked for a number of significant infrastructure development projects. During the current year under review, the Bank completed the much anticipated refurbishment project at the head-office that initially commenced in 2009. This project, which was aimed at creating more office space and enhancing the ambiance of the working environment, was completed successfully.

Bank interior during renovations

Bank interior after renovations

During the year under review, the air-conditioning system at head-office was upgraded by installing two new chiller-engines and new condensers. This project that commenced in 2009 was a significant capital project for the Bank and was driven by complexity and technicalities. The air-conditioning project was necessary to improve the physical working environment at the head-office.

New chiller –engines

New condensers

The year under review also saw the completion of a major upgrade of the security and access control system at the head-office. As the previous system became outdated and difficult to maintain, the decision was taken in 2008 to replace and augment the entire security system at head-office. The project also included the repair and maintenance of physical access points and facilities. This project has considerably strengthened the overall security setup at the head-office.

INFORMATION TECHNOLOGY (IT)

The year under review, was once again quite eventful with various system implementations to support the operations and strategic focus of the Bank. In addition, more consideration was given to secure regular support from services providers, to deepen IT governance practices and strengthen IT security.

Two major service level agreements were concluded with hard- and software service providers to ensure that the Bank receives the required backup and support to ensure uninterrupted and effective business processes within service levels determined by the Bank.

The Bank made considerable progress in tackling various IT projects during the year. The more significant ones that were not covered elsewhere in this Report include the following:

- The **Government EFT Project** enables the Ministry of Finance to make electronic payments and to collect electronic receipts. Of the two solutions that were identified, one was chosen on the grounds of cost, functionality and implementation timeframe. All the technical requirements were met and the infrastructure was ready for systems deployment very early in the year. Equipment was deployed both at the Bank's head-office, as well as at the Ministry of Finance. The system went live at the agreed time and, to date, an average of 8 - 10 transactions per day, consisting of creditors payments are being processed through the system. In addition, selective payroll runs for smaller Government Ministries are being processed through the system effectively with volumes expected to increase in future. Starting 2011, commercial Banks are expected to enhance their internet banking systems to enable incoming payments to the State. The same services can also be processed over the counter.

- The Bank made further progress in developing the infrastructure for effective **Data Replication and Recovery** at the Bank's disaster recovery site. Significant investments were made in the IT infrastructure to see this project through. This project is not yet fully functional and further actions are planned in 2011 to be able to replicate and recover all critical systems at the disaster recovery site in case of natural disasters and/or operational disruptions. A close eye is kept on the developments of this project that will eventually be transferred to the Bank's new disaster recover facility.

The maintenance of tight **IT Security** remains a high priority of Bank. This concern was addressed through an IT Security Plan that was adopted in 2009 and implemented during the course the review period. This plan included a 14-point programme that addresses, amongst others, server security, workstation security, security around the Bank's web server, internal network security, information rights management, and security on the databases. The plan itself concluded with the requirement of performing an IT penetration test and an internal IT security audit by an external security service provider. Both tests were completed within the scope of the project and the results are available to design subsequent activities to eliminate identified weaknesses.

The **IT Governance** project is a long-term commitment by the Bank. During 2008, with the initial scoping of the project, a three-year implementation plan was developed to see the project through, from 2009 to the end of 2011. All of the activities for 2009 were accomplished and audited. The activities for 2010 included the completion of isolated activities still outstanding. A few of the major accomplishments of this project for the 2010 activities include the development of better HR management, increased IT Security, a Service Delivery Standard for all customers, enhanced Project Management operations, Change Management and Availability Planning. These and future activities are continually increasing the operational efficiency of the Bank.

FIVE-YEAR HISTORICAL FINANCIAL OVERVIEW

Table A.19: Balance Sheet comparisons, 2006–2010 – N$'000

	31-Dec-06	31-Dec-07	31-Dec-08	31-Dec-09	31-Dec-10
ASSETS					
Non-current assets	**193,155**	**206,638**	**212,967**	**244,936**	**306,355**
Property, plant and equipment	151,890	156,945	155,595	153,990	187,662
Intangible assets - computer software	1,884	1,205	11,865	14,274	15,883
Currency inventory - notes and coins	12,544	26,926	20,853	52,054	71,793
Loans and advances	26,837	21,562	24654	24,618	31,017
Current assets	**5,099,892**	**7,696,801**	**13,048,996**	**14,143,151**	**10,459,522**
Investments	3,348,505	6,547,819	12,712,264	12,322,101	8,876,115
Loans and advances	1,509,450	889,560	136,453	8,166	951
Rand Deposits	133,087	108,658	43,770	127,781	72,889
Other inventory - stationary and spares	2,086	1,982	1,917	2,369	2,464
SDR and other receivables	106,764	148,782	154,592	1,682,734	1,507,103
TOTAL ASSETS	**5,293,047**	**7,903,439**	**13,261,963**	**14,388,087**	**10,765,877**
EQUITY AND LIABILITIES					
Capital and reserves	**953,691**	**1,189,455**	**3,142,927**	**1,702,963**	**960,192**
Share capital	40,000	40,000	40,000	40,000	40,000
General reserve	306,310	367,432	595,699	698,378	736,256
Foreign Currency revaluation reserve	587,381	722,023	2,427,228	821,218	15,755
Distribution state revenue fund	0	0	0	43,367	8,181
Building fund reserve	10,000	60,000	80,000	100,000	150,000
Development fund reserve	10,000	0	0	0	10,000
Non-Current Liabilities	**14,940**	**16,991**	**21,302**	**24,210**	**35,451**
Provision for post-employment benefits	14,940	16,991	21,302	24,210	35,451
Current Liabilities	**4,324,416**	**6,696,993**	**10,097,734**	**12,660,914**	**9,770,234**
Notes and coins in circulation	1,173,345	1,323,749	1,656,928	1,705,358	1,909,341
Deposits	3,132,352	5,334,479	8,405,284	10,930,573	7,841,786
Provision for post-employment benefits	420	477	634	748	789
Trade and other payables	18,299	38,288	34,888	24,235	18,318
TOTAL EQUITY AND LIABILITIES	**5,293,047**	**7,903,439**	**13,261,963**	**14,388,087**	**10,765,877**

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Table A.20: Income Statement comparisons, 2006–2010 – N$'000

	31-Dec-06	31-Dec-07	31-Dec-08	31-Dec-09	31-Dec-10
Interest income	165,093	327,574	599,578	595,126	401,839
Interest expense	(31,291)	(159,075)	(360,752)	(357,323)	(248,534)
Net interest income	133,802	168,499	238,826	237,803	153,305
Net gains on portfolio investments	(5,403)	19,111	260,808	6,373	31,133
Net foreign exchange gains/(losses)	241,523	134,642	1,705,205	(1,606,010)	(805,463)
Rand compensation	87,288	132,590	145,969	164,421	161,354
Other income	5,492	7,520	24,379	28,375	17,998
Total income	**462,702**	**462,362**	**2,375,187**	**(1,169,038)**	**(441,673)**
Operating expenses	**99,400**	**146,598**	**168,365**	**199,764**	**212,277**
Net income for the year	**363,302**	**315,764**	**2,206,822**	**(1,368,802)**	**(653,950)**
Transfer from/(to) revaluation reserve	(241,523)	(134,642)	(1,705,205)	1,606,010	805,463
Net income available for distribution	**121,779**	**181,122**	**501,617**	**237,208**	**151,513**
Appropriations:					
General Reserve	49,582	61,122	228,267	102,679	37,878
Building Reserve	10,000	50,000	20,000	20,000	50,000
Development Fund reserve	10,000	0	0	0	10,000
Distribution to State Revenue Fund	52,197	70,000	253,350	71,162	45,454
Distribution to State Revenue Fund (retained)	0	0	0	43,367	8,181

PART B

ANNUAL FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2010

Report prepared pursuant to section 52(1) (a) of the Bank of Namibia Act, 1997 (No 15 of 1997)

PART B

B

ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2010

BOARD'S STATEMENT OF RESPONSIBILITIES

The main statutory provisions relating to the role and duties of members of the Board are covered under Section 8(1) of the Bank of Namibia Act, 1997, we confirm that:

1. The Board members are responsible for the preparation of the annual financial statements and for the judgements used therein.

2. The Board has overall responsibility for the system of internal financial control in the Bank, which is designed to safeguard the assets of the Bank, prevent and detect fraud and other irregularities. To discharge this responsibility an appropriate organisational structure has been established. In this regard, the Audit Committee of the Board meets periodically with Internal and External Auditors and members of Management of the Bank to discuss control issues, financial reporting and related matters. The Internal and External Auditors have full access to the Audit Committee. Further, the Bank has a comprehensive Risk Management Strategy in place.

3. The Board is satisfied that the Bank complies with International Financial Reporting Standards and the requirements of the Bank of Namibia Act, 1997.

4. The Board members confirm that they are satisfied that the Bank has adequate resources to continue in business for the foreseeable future. For this reason they continue to adopt the going concern basis in preparing the financial statements.

5. The Board's Audit Committee is composed of members who are neither officers nor employees of the Bank and who have the required mix of skills, with at least one member being a financial expert. The committee is therefore qualified to review the Bank's annual financial statements and recommend the approval by the Board Members. The committee has a duty to review the adoption of, and changes in accounting principles including risk management issues and makes recommendations on the same for approval. The Board considers and where necessary approves the Board Audit Committee recommendations.

The annual financial statements on pages 55 to 89 were approved by the Board and are signed on its behalf by:

Chairman
16 March 2011

Board Member
16 March 2011

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INDEPENDENT AUDITOR'S REPORT TO THE MEMBER OF THE BANK OF NAMIBIA

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We have audited the annual financial statements of the Bank of Namibia, which comprise the statement of financial position as at 31 December 2010, and the statements of comprehensive income, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 55 to 89.

Board members' Responsibility for the Financial Statements

The Bank of Namibia's Board members are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and in the manner required by the Bank of Namibia Act, 1997, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatements, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Bank of Namibia as at 31 December 2010, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards and in the manner required by the Bank of Namibia Act, 1997.

PRICEWATERHOUSECOOPERS
Registered Accountants and Auditors
Chartered Accountants (Namibia)

Windhoek
16 March 2011

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2010

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	Notes	2010 N$'000	2009 N$'000
Net interest income		**153 305**	**237 803**
Interest income	2	401 839	595 126
Interest expense		(248 534)	(357 323)
		179 352	**192 796**
Government Grant – FIC funding	2	7 267	6 274
Rand Compensation Income		161 354	164 421
Other income	2	10 731	22 101
Total income		**332 657**	**430 599**
Operating expenses	2	(212 277)	(199 764)
Net gains on investment portfolio		31 133	6 373
Net foreign exchange revaluation (losses)/gains	14	(805 463)	(1 606 010)
Total Comprehensive (Loss)/Profit for the Year		**(653 950)**	**(1 368 802)**
(Losses)/Profits attributable to:			
Revaluation Reserve	14	(805 463)	(1 606 010)
Amount Available for Distribution	1.2	151 513	237 208
		(653 950)	**(1 368 802)**

STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2010

	Notes	2010 N$'000	2009 N$'000
ASSETS			
Non-current Assets		**306 355**	**244 936**
Property and equipment	3	187 662	153 990
Intangible assets – computer software	4	15 883	14 274
Currency costs – notes and coins	5	71 793	52 054
Loans and advances	6	31 017	24 618
Current Assets		**10 459 522**	**14 143 151**
Investments	7	8 876 115	12 322 101
Loans and advances	8	951	8 166
Rand deposits	9	72 889	127 781
Other inventory – stationery and spares	10	2 464	2 369
SDR and Other receivables	11	1 507 103	1 682 734
TOTAL ASSETS		**10 765 877**	**14 388 087**
EQUITY AND LIABILITIES			
Capital and Reserves		**960 192**	**1 702 963**
Share capital	12	40 000	40 000
General reserve	13	736 256	698 378
Foreign currency revaluation reserve	14	15 755	821 218
Distribution state revenue fund	1.2	8 181	43 367
Building fund reserve	15	150 000	100 000
Development fund reserve	16	10 000	-
Non-Current Liabilities		**35 451**	**24 210**
Provision for post employment benefits	17	35 451	24 210
Current Liabilities		**9 770 234**	**12 660 914**
Notes and coins in circulation	18	1 909 341	1 705 358
Deposits	19	7 841 786	10 930 573
Provision for post employment benefits	17	789	748
Trade and other payables	20	18 318	24 235
TOTAL EQUITY AND LIABILITIES		**10 765 877**	**14 388 087**

IPUMBU W. SHIIMI
GOVERNOR
16 MARCH 2011

ESTELLE TJIPUKA
CHIEF FINANCIAL OFFICER
16 MARCH 2011

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2010

	Share Capital N$'000	Accumulated Profit & Loss Account N$'000	General Reserve N$'000	Revaluation Reserve N$'000	Distribution State Revenue Fund N$'000	Development Fund Reserve N$'000	Building Fund Reserve N$'000	Total N$'000
Balance at 1 January 2009	**40 000**	**-**	**595 699**	**2 427 228**	**-**	**-**	**80 000**	**3 142 927**
Profit for the year	-	(1 368 802)	-	-	-	-	-	(1 368 802)
Transfer to Revaluation reserve	-	1 606 010	-	(1 606 010)	-	-	-	-
Appropriation of net profit for the year	-	(237 208)	102 679	-	114 529	-	20 000	-
Dividends distribution	-	-	-	-	(71 162)	-	-	(71 162)
Balance at 31 December 2009	**40 000**	**-**	**698 378**	**821 218**	**43 367**	**-**	**100 000**	**1 702 963**
Profit for the year	-	(653 950)	-	-	-	-	-	(653 950)
Transfer to Revaluation reserve	-	805 463	-	(805 463)	-	-	-	-
Appropriation of net profit for the year	-	(151 513)	37 878	-	53 635	10 000	50 000	-
Dividends distribution (prior year)	-	-	-	-	(43 367)	-	-	(43 367)
Dividend distribution (current year)	-	-	-	-	(45 454)	-	-	(45 454)
Balance at 31 December 2010	**40 000**	**-**	**736 256**	**15 755**	**8 181**	**10 000**	**150 000**	**960 192**

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STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2010

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	Notes	2010 N$'000	2009 N$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash utilised by operations	A	4 075	282 999
CASH FLOWS FROM INVESTING ACTIVITIES		**(93 529)**	**(78 079)**
Proceeds on disposals of property & equipment and intangible assets		376	49
Purchase of property & equipment		(35 563)	(16 714)
Purchase of currency inventory		(45 966)	(55 049)
Purchase of other inventory		(752)	(1 097)
Purchase of intangible asset – computer software		(5 225)	(5 304)
(Increase)/Decrease in loans and advances		(6 399)	36
CASH FLOWS FROM FINANCING ACTIVITIES		**89 454**	**(204 920)**
Distribution to the State revenue fund	B	(114 529)	(253 350)
Distribution to the Development Bank of Namibia		-	-
Notes and coins issued		203 983	48 430
		-	-

NOTE:

A. RECONCILIATION OF PROFIT FOR THE YEAR TO CASH UTILISED BY OPERATIONS

	2010	2009
Profit/(Loss) for the year	151 513	237 208
Adjusted for:		
Depreciation	1 744	14 004
Currency inventory amortisation cost	26 228	24 251
Other inventory issuance cost	658	645
Provision post employment benefits	11 282	3 022
Amortisation of computer software	3 447	6 777
(Profit)/Loss on disposal of property & equipment	(62)	(19)
Operating cash flows before movements in working capital	**194 810**	**285 888**
Decrease in loans and advances	7 215	128 287
Decrease/(Increase) in Rand cash	54 892	(84 011)
Decrease/(Increase) in other receivables	175 631	(1 528 142)
(Decrease)/Increase in deposits	(3 063 079)	2 707 477
(Decrease) in trade and other payables	(5 917)	(10 653)
Decrease/(Increase) in investments	2 640 523	(1 215 847)
	4 075	**282 999**

B. DISTRIBUTION TO STATE REVENUE FUND

	2010	2009
Opening balance included in deposits	(114 529)	(253 350)
Appropriations of net profit for the year	45 454	71 162
Closing balance included in deposits	(45 454)	(71 162)
Paid for the year	**(114 529)**	**(253 350)**

NOTES TO THE ANNUAL FINANCIAL STATEMENTS 31 DECEMBER 2010

1. ACCOUNTING POLICIES

The Bank's annual financial statements are prepared in accordance with the going concern principle under the historical cost basis, except for financial assets and liabilities where the fair value and amortised cost basis of accounting is adopted. The principal accounting policies, which have been consistently applied in all material respects, are set out below. The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 1.3. The annual financial statements have been prepared to comply with the requirements of the Bank of Namibia Act, 1997 and with the requirements of International Financial Reporting Standards (IFRS).

1.1 NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS

B

International Financial Reporting Standards and amendments and interpretations effective for the first time for December 2010 year-end:

Number	Title	Effective date
IFRS 1	*First time Adoption of International Financial Reporting Standards – Revised*	1 July 2009
IFRS 3	*Business Combinations – Revised*	1 July 2009
IAS 27	*Consolidated and Separate Financial Statements – Revised*	1 July 2009
IAS 39 – Amendments	*Amendments to IAS 39 Financial Instruments: Recognition and Measurement Eligible Hedged Items*	1 July 2009
IFRS 2 – Amendments	*Amendment to IFRS 2: Group cash-settled share-based payment transactions*	1 January 2010
N/a	*Improvements to IFRSs (issued April 2009)*	Unless otherwise specified the amendments are effective for annual periods beginning on or after 1 January 2011

International Financial Reporting Standards and amendments and interpretations issued but not effective for December 2010 year-end:

Number	Title	Effective date
IAS 32 – Amendments	*Classification of rights issues*	1 February 2010
IFRS 1 – Amendments	*Limited exemption from comparative IFRS 7 disclosures for first-time adopters*	1 July 2010
IAS 24 – Amendments	*Related party disclosures*	1 January 2011
N/a	*Improvements to IFRSs (Issued May 2010)*	Unless otherwise specified the amendments are effective for annual periods beginning on or after 1 January 2011

1. ACCOUNTING POLICIES (CONTINUED)

1.1 NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (CONTINUED)

International Financial Reporting Standards and amendments and interpretations issued but not effective for December 2010 year-end:

Number	Title	Effective date
IFRS 1 – Amendments	*'First-Time Adoption' on hyperinflation and fixed dates (Note that as at 31 December 2010, this amendment is still subject to approval by the APB)*	1 July 2011
IFRS 7 – Amendments	*Disclosures – Transfer of financial assets*	1 July 2011
IAS 12 – Amendments	*'Income taxes' on deferred tax (Note that as at 31 December 2010, this amendment is still subject to approval by the APB)*	1 January 2012
IFRS 9	*Financial Instruments*	1 January 2013

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The Bank has reviewed the above detailed statements and do not expect them to have a significant impact on the Bank's financial statements.

1.2 APPROPRIATION OF PROFITS IN TERMS OF THE BANK OF NAMIBIA ACT, 1997

	Notes	2010 N$ `000	2009 N$ `000
Total Comprehensive (Loss) for the Year		**(653 950)**	**(1 368 802)**
Exchange Rate Losses transferred to the Revaluation Reserve		805 463	1 606 010
Net Profit for the Year		**151 513**	**237 208**
Appropriation of Profits		**151 513**	**237 208**
General reserve	13	37 878	102 679
Building fund reserve	15	50 000	20 000
Development fund reserve	16	10 000	-
Distribution to State Revenue Fund		45 454	71 162
Distribution to State Revenue Fund (Retained)		8 181	43 367

The IFRS loss reflected on the Statement of Comprehensive Income is due to the fact that Revaluation Losses for the year have been charged to the Income Statement to comply with the requirements of IAS 21 – Effect of changes in Foreign Exchange Rates. In terms of section 31 of the Bank of Namibia Act, 1997, gains and losses arising based on changes in the book or realised value of assets or liabilities, denominated in currencies other than the domestic currency, are to be transferred to the Revaluation Reserve. The Net Profit for the year in line with the compliance requirements of the Bank of Namibia Act, 1997 would therefore amount to N$ 151.513 million. Appropriations of profits are based on this Net Profit figure.

1. ACCOUNTING POLICIES (CONTINUED)

1.3 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS IN APPLYING ACCOUNTING POLICIES

The Bank makes estimates and assumptions that affect the reported amounts of assets and liabilities within the financial year. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The major areas where management has used its judgment and accounting estimates are with regards to:

1. Provision for post employment benefits disclosed under note 17.

   An Actuary was appointed to perform the valuation to determine the Bank's obligation in this regard. The assumptions and judgments used by the actuary were considered by the Bank and were deemed reasonable in light of the prevailing and anticipated future economic conditions.

2. Evaluation of useful lives and residual values as disclosed under note 3.

   The residual value and useful life evaluation exercise was performed by internal staff members who had technical knowledge of specific classes of assets. Market information with regards to pricing was also obtained to ensure the required level of objectivity was maintained in the whole evaluation process. The depreciation charge adjustment as a result of the evaluation exercise amounted to N$ 10.6 million.

3. Accounting for off-market loans as disclosed under note 6.

   Management judgement was applied to determine the average repayment period on the various classes of loans granted by the Bank. Prevailing interest rates at year end was however applied to determine the impairment charge for the year on new off market loans.

1.4 REVENUE RECOGNITION

Interest income is recognised on a time proportioned basis, taking account of the principal outstanding and the effective interest rate over the period to maturity. The effective interest rate takes into account all directly attributable external costs, discounts or premiums on the financial assets.

Rand compensation income is received from the South African Government as compensation for the Rand currency in circulation in Namibia. The Bank accounts for this income on an accrual basis.

1.5 FINANCIAL INSTRUMENTS

Financial instruments as reflected on the Bank's balance sheet include all financial assets and financial liabilities. Management determines the appropriate classification at initial recognition of the financial instrument. Depending on their classification, financial instruments are carried at fair value, cost or amortised cost as described below.

1. ACCOUNTING POLICIES (CONTINUED)

1.5 FINANCIAL INSTRUMENTS (CONTINUED)

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction. Fair value is a current bid price for financial assets and the current asking price for financial liabilities which are quoted in an active market. A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange or other institution and those prices represent actual and regularly occurring market transactions on an arm's length basis.

In inactive markets, the most recent arm's length transactions are the basis of current fair values. Fair value is not the amount that an entity would receive or pay in a forced transaction, involuntary liquidation or distressed sale.

It is to be noted that the Bank does not invest in financial instruments which are not quoted in an active market, however should our investment philosophy change, valuation techniques such as cash flows models and consideration of financial data of the investees will be used to fair value certain financial instruments for which external market pricing information is not available. Valuation techniques may require assumptions not supported by observable market data. Disclosures will be made in the financial statements if changing any such assumptions to a reasonably possible alternative would result in significantly, different profit, income, total assets or total liabilities.

Cost is the amount of cash or cash equivalents paid or the fair value of other consideration given to acquire an asset at the time of its acquisition and includes transaction costs. Transaction costs are incremental costs that are directly attributable to the acquisition, issue or disposal of a financial instrument. An incremental cost is one that would not have been incurred if the transaction had not taken place. Transaction costs do not include debt premiums or discounts, financing costs or internal administrative or holding costs.

Amortised costs is the amount at which the financial instrument was recognised at initial recognition less any principal repayments, plus accrued interest, and for financial assets less any write-down for incurred impairment losses. Accrued interest includes amortisation of transaction costs deferred at initial recognition and of any premium or discount to maturity amount using the effective interest rate method. Accrued interest income and accrued interest expense, including both accrued coupon and amortised discount or premium, are not presented separately and are included in the carrying values of related balance sheet items.

The effective interest method is a method of allocating interest income or interest expense over the relevant period so as to achieve a constant periodic rate of interest (effective interest rate on the carrying amount). The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts (excluding future credit losses) through the expected life of the financial instrument or a short period, if appropriate, to the net carrying amount of the financial instrument.

The effective interest rate discounts cash flows of variable interest instruments to the next interest repricing date except for the premium or discount which reflects the credit spread over the floating rate specified in the instrument, or other variables that are not reset to market rates. Such premiums or discounts are amortised over the whole expected life of the instrument. The present value calculation includes all fees paid or received between parties to the contract that are an integral part of the effective interest rate.

1. ACCOUNTING POLICIES (CONTINUED)

1.5 FINANCIAL INSTRUMENTS (CONTINUED)

The Bank classifies its financial instruments as follows:

Classification - Financial Assets

Loans and Receivables – amortised cost

- Loans and advances
- Repurchase agreements
- Amounts due from the Government
- Accounts receivable

At fair value through profit or loss

Designated
- External portfolio investments

Held to maturity financial assets at amortised cost
- External money market investments

All the Financial assets of the Bank are neither past due or impaired.

Classification - Financial Liabilities

At amortised cost
- Other liabilities
- Bank of Namibia 52 day Bills
- Notes and coins issued
- Amounts due to the Government
- Commercial bank deposits
- Accounts payable

Recognition

The Bank recognises financial instruments including, "regular way" purchases and sales on settlement date and thus applies settlement date accounting to these transactions. Upon initial recognition the Bank designates the financial instrument as at fair value through profit or loss. Loans and advances, other receivables and other financial liabilities are recognised on the day they are transferred to the Bank or on the day the funds are advanced.

Measurement

Financial instruments are initially measured at cost which includes transaction costs and this value approximates the fair value of the instruments. Subsequent to initial measurement financial instruments are measured at fair value or amortised cost depending on their classification. Gains and losses arising from a change in the fair value of financial instruments are recognised in the income statement of the period in which it arises.

1. ACCOUNTING POLICIES (CONTINUED)

1.5 FINANCIAL INSTRUMENTS (CONTINUED)

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are financial assets designated by the Bank as at fair value through profit or loss upon initial recognition.

Designated – External portfolio investments

Financial assets at fair value through profit or loss are financial assets designated by the Bank as at fair value through profit or loss upon initial recognition. The Bank recognises movements in the fair values of these assets in the profit or loss account for the relevant year. The fair values of marketable securities within the portfolio are obtained from quoted market prices.

Held to maturity - External money market investments

Held to maturity money market investments are non – derivative financial assets with fixed or determinable payments and fixed maturities that the Bank has the positive intention and ability to hold to maturity. Money market investments are stated at amortised cost.

Loans and advances, receivables and non-trading liabilities

These are measured at amortised cost and re-measured for impairment losses, except where cost approximates amortised cost as set out below:

Amounts due to the Government, bankers reserve and current accounts are stated at cost as these accounts do not have fixed maturity dates.

Notes and coins issued are measured at face value as this liability does not have a fixed maturity date.

Accounts payable are stated at cost as this approximates fair value due to the short term nature of such obligations.

Reclassification

It is a requirement that institutions should disclose when it has reclassified a financial asset as one measured at cost or amortised cost rather than at fair value, or vice versa, at fair value rather than at cost or amortised cost. The Bank has not reclassified any of its financial assets during the year under review.

Impairment of financial assets

The Bank assesses at each balance sheet date whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or group of financial asset is impaired and impairment losses are incurred if, and only if, there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the assets (a “loss event”) and that the loss event has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated. Objective evidence that a financial asset or group of assets is impaired would include breach of contract such as default on interest and capital repayments, bankruptcy of the borrower, downgrading of the ratings of the institutions by rating agencies, etc.

1. ACCOUNTING POLICIES (CONTINUED)

1.5 FINANCIAL INSTRUMENTS (CONTINUED)

De-recognition

The Bank de-recognises a financial asset only when the contractual rights to the cash flows from the asset expires or where the Bank transfers the contractual rights to receive the cash flows of the financial asset. De-recognition also occurs when the Bank retains the contractual rights to receive the cash flows of the financial asset but assumes a contractual obligation to pay the cash flows to a third party and consequently transfers substantially all the risks and benefits associated with the asset.

Where the Bank retains substantially all the risks and rewards of ownership of the financial asset, it continues to be recognised as a financial asset. A financial liability is derecognised when the liability is extinguished, that is, when the obligation specified in the contract is discharged, cancelled or has expired.

The Bank did not transfer financial assets in such a way that part of the asset did not qualify for de-recognition.

Collateral

The Bank provides overnight and seven day loans (Repo's) to Commercial Banks to cover for temporary liquidity shortages. The commercial banks pledge eligible securities in the form of Government bonds, treasury bills, etc, as collateral for this facility. The Bank is not permitted to sell or re-pledge these securities in the absence of default from the said commercial banks. As at 31 December 2010 there were no overnight repo's granted to commercial banks.

Credit losses

The Bank's financial assets were not impaired as a consequence of credit losses, however when instances of this nature occur the Bank records the impairment in a separate impairment account rather than directly reducing the carrying amount of the concerned assets.

Defaults and breaches

The Bank did not default on any of its loan commitments both during the current and previous financial year.

Income statement net gains or losses

	2010 N$'000	2009 N$'000
Financial assets – at fair value through profit or loss		
Designated		
External portfolio investments – net gains	31 133	6 373
	31 133	**6 373**

The Bank reviewed its financial assets and determined that there were no impairment adjustments that needed to be made for valuation purposes.

1. ACCOUNTING POLICIES (CONTINUED)

1.6 GENERAL RESERVE

The general reserve is established in terms of Section 16 of the Bank of Namibia Act, 1997 and may only be used for the purpose specified below:

- increase the paid up capital of the Bank;
- offset losses sustained by the Bank during a financial year;
- fund a Development Reserve Account; and
- redeem any securities issued by the Bank.

The amount maintained in this account relates to the annual appropriation of distributable profits determined by Section 15 of the Bank of Namibia Act. The Act prescribes that not less than 30% of the net profits of the Bank for a financial year be transferred to the General Reserve Account.

1.7 FOREIGN CURRENCY ACTIVITIES AND REVALUATION RESERVE

The Revaluation reserve has been created in accordance with Section 31 of the Bank of Namibia Act and is used to accommodate any net gains or losses in any financial year of the Bank arising from any change in the book value or realised/unrealised value of the Bank's Assets or Liabilities denominated in currencies or units of account other than the Domestic Currency, such as gold, special drawing rights and foreign currencies. Any change in the value of such currencies or units of account in terms of the currency of Namibia, shall be credited to the Revaluation Reserve Account before any appropriation to any other reserve.

Assets and liabilities in foreign currencies are translated to Namibia Dollars at year-end exchange rates. In terms of Section 31 of the Bank of Namibia Act, 1997, exchange gains and losses of the Bank are for the account of the Government and are consequently transferred to the Revaluation Reserve Account before appropriation of profits.

1.8 BUILDING FUND RESERVE

This reserve was reactivated in the financial year 2006 to set aside funds for the construction of the Bank's Disaster Recovery and Business Continuity Facility. This facility is designed to host the Bank's disaster recovery equipment as well as have adequate space to accommodate the Bank employees in the event of a disaster situation. Annual profits appropriated will be credited to the reserve and on completion of the construction of the building the reserve so created will be released to the General Reserve.

1.9 PROPERTY AND EQUIPMENT

Property and equipment are stated at cost and are depreciated on the straight-line method over their estimated useful lives. The estimated useful lives, residual values and depreciation methods are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis. The Bank reassesses the residual value and useful life of all assets on an annual basis and the revised useful life in years, is as detailed below:

Freehold buildings	50 years
Computer hardware	2-6 years
Motor vehicles	4 years
Furniture, fittings and equipment	1-20 years
Note Sorting Machines	9-17 years

The residual value on the building is benchmarked to similar structures in the country and did not call for any adjustment in residual value both in the previous year and the current year. Subsequent costs are included in the assets carrying value only when it is probable that future economic benefits associated with the assets will accrue to the Bank. All other repairs and maintenance costs are charged to the income statement during the financial period in which they are incurred.

1. ACCOUNTING POLICIES (CONTINUED)

1.10 INTANGIBLE ASSETS – COMPUTER SOFTWARE

On acquisition the software is capitalised at purchase price and amortised on a straight line basis with zero residual value. The estimated useful lives, residual values and depreciation methods are reviewed at each year end, with the effect of any changes in the estimate accounted for on a prospective basis. The Bank reassesses the residual value and useful life of Computer software on an annual basis and the useful life has been set to range between 1 and 8 years.

1.11 INVENTORY

Currency Costs

The costs of new Namibia bank notes and coins are capitalised and amortised on the earlier of issue of the currency or over five years. Cost comprises of printing and minting costs, carriage, insurance and freight landed at the Bank's premises or designated port of consignment arrival. Currency is issued using the weighted average cost.

Stationery and spares

Stationery and spares inventory are capitalised and stated at the lower of cost and net realisable value. Cost comprises of purchase price as well as applicable freight for imported spare parts. Inventory is issued using the weighted average costs.

1.12 PENSION FUND

It is the policy of the Bank to contribute to the retirement benefits for employees. Contributions to the Bank of Namibia Provident Fund are charged against income in the year in which they become payable.

1.13 IMPAIRMENT OF NON FINANCIAL ASSETS

The carrying amount of the assets of the Bank are reviewed at each balance sheet date to determine whether there is any indication of impairment, in which case their recoverable amounts are estimated.

An impairment loss is recognised in the income statement whenever the carrying amount of an asset exceeds its recoverable amount. A previously expensed impairment loss will be reversed if the recoverable amount increases as a result of a change in the estimates used previously to determine the recoverable amount, but not to an amount higher than the carrying amount that would have been determined had no impairment loss been recognised.

1.14 POST- EMPLOYMENT MEDICAL BENEFITS

The Bank provides for post-employment medical benefits in the form of a medical aid scheme for eligible employees and pensioners. The cost of providing benefits is determined using the projected unit credit method. The liability for the Bank's contribution to the scheme is, in respect of current and future pensioners, provided for by means of an on-balance sheet liability. The magnitude of the liability is based on an actuarial valuation. Actuarial gains and losses on the post-retirement medical benefits are accounted for in the year in which they arise.

1. ACCOUNTING POLICIES (CONTINUED)

1.15 STATEMENT OF CASH FLOWS

The definition of cash in the Standard is not wholly appropriate to the Bank. Due to its role in the creation and withdrawal of currency, the Bank has no cash balances on its balance sheet.

1.16 PROVISIONS

Provisions are recognised when the Bank has a present legal or constructive obligation as a result of past events, for which it is probable that an outflow of economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

1.17 TRANSACTIONS ON BEHALF OF GOVERNMENT

The Bank undertakes several transactions on behalf of the Government, which include among others, opening and maintenance of accounts for donor funded projects and the maintenance of accounts for line ministries. All such accounts opened are pre-funded with the funds received invested and the corresponding liability recorded in the books of the Bank. The transactions where the Bank only acts as an agent, as well as the assets and liabilities arising from such transactions, are not reflected in the annual financial statements of the Bank.

1.18 BORROWING COSTS

Borrowing costs are primarily interest and other costs incurred by the Bank in connection with the borrowing of funds. Borrowing costs are recognised on a time proportioned basis, taking account of the principal outstanding and the effective interest rate over the period of the loan and are expensed accordingly.

1.19 IAS 20 – ACCOUNTING FOR GOVERNMENT GRANTS

The Bank accounts for grants received from the Government as income in the period in which the monies are received and are matched against related costs on a systematic basis. Surpluses are carried forward and released to the income statement of the following year, however deficits are carried forward as assets and Government funding received in the following year is used to off-set the asset.

1.20 ACCOUNTING FOR IMF - SPECIAL DRAWING RIGHTS (SDR)

The Bank of Namibia is both the fiscal and depository agents for the Government of the Republic of Namibia. Given this relationship all transactions entered into with the International Monetary Fund are recorded in the books of Bank of Namibia.

The SDR is an international reserve asset, created by the IMF in 1969 to supplement the existing official reserves of member countries. SDRs are allocated to member countries in proportion to their IMF quotas. The SDR also serves as the unit of account of the IMF and some other international organizations. The SDR is defined in terms of a basket of currencies. Its value is determined as the weighted sum of exchange rates of the four major currencies (Euro, Japanese yen, Pound sterling and US dollar).

In as far as Namibia is concerned the total allocation of SDR by the IMF is recorded in the books of the Bank as an asset under “SDR and Other Receivables” classification and as a liability under “Deposits” classification.

1. ACCOUNTING POLICIES (CONTINUED)

1.21 NOTES AND COINS IN CIRCULATION

One of the primary functions of the Bank is the printing and minting of Namibia Dollar currency and issuance thereof into circulation. Costs of printing and minting the currency are capitalised and amortised based on issuance of the currency into circulation. New currency notes and coins are issued to the Commercial Banks at face value which then flows into circulation through the monetary and financial systems operational in the country. Once issued into circulation the notes and coins are reflected in the books of the Bank as a liability and the liability is only extinguished when the currency is no longer in circulation.

1.22 LENT OUT SECURITIES

The Bank derives income from securities lending activity. The counter parties involved in these transactions are rated institutions and a cash collateral is deposited with the custodians as guarantee for the lent out securities. Our custodians are responsible for the administration and management of this activity. The income generated from the lent out securities activities for the year ended 31st December 2010, are recorded in the books of the Bank accordingly.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONTINUED)
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2. RESULTS FOR THE YEAR

Profit for the year is arrived at after taking the following items into account:

		2010 N$'000	2009 N$'000
Interest Income			
Namibia Dollar & Rand Currency		**292 098**	**382 221**
Debt securities – fair value through profit or loss		97 432	122 909
Money market instruments – fair value through profit or loss		156 128	121 658
Money market instruments – held to maturity		38 538	137 654
Other Currency		**107 596**	**210 612**
Debt securities – fair value through profit or loss		99 457	202 804
Money market instruments – fair value through profit or loss		2 363	1 383
Money market instruments – held to maturity		5 776	6 425
Unwinding of present value adjustments		2 145	2 293
		401 839	**595 126**
Other Income			
Rand compensation income		161 354	164 421
Sundry income		10 731	22 101
		172 085	**186 522**
Government Grant – Financial Intelligence Centre Funding*		7 267	6 274
Operating Expenses			
Depreciation		1 744	14 004
Amortisation of computer software		3 447	6 777
Currency inventory amortisation costs		26 228	24 251
Other inventory expensed		657	645
Salaries and related personnel costs		132 917	109 479
Staff training and development		2 302	2 539
Social responsibility		3 735	4 972
Board members' fees	- for services as board members	363	259
Auditors' remuneration	- audit fees	742	592
	- other	-	239
Membership fees		119	529
Building and other maintenance costs		9 636	7 880
Loss on disposal of property, equipment and intangible assets		147	-
Amortisation of prepaid long-term employee benefit		2 145	2 293
Other expenditure		28 095	25 305
Total operational expenditure		**212 277**	**199 764**
Number of employees		**306**	**297**

*The Financial Intelligence Centre (FIC) was established in terms of the Financial Intelligence Act, 2007 (No 3 of 2007) and its operations commenced in May 2009. The Act prescribes that the Bank of Namibia shall host the FIC and will be responsible and accountable for all its operational and administrative activities. The operations of the FIC are funded by an annual grant by the Government of the Republic of Namibia to Bank of Namibia. Unutilised grant funding received is carried forward into the following financial year and released to the profit or loss account for that year.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONTINUED)
31 DECEMBER 2010

3. PROPERTY AND EQUIPMENT

2010 Cost	Freehold Land and Buildings N$'000	Computer Hardware N$'000	Furniture Fittings & Equipment N$'000	Motor Vehicles N$'000	Total N$'000
At 1 January 2010	144 381	16 853	73 404	2 009	236 647
Additions	14 426	1 986	18 538	613	35 563
Disposals	-	(1 045)	(557)	-	(1 602)
Transfers	10 365	-	(10 365)	-	-
At 31 December 2010	**169 172**	**17 794**	**81 020**	**2 622**	**270 608**
Accumulated depreciation					
At 1 January 2010	26 915	10 542	43 865	1 335	82 657
Current year charge	2 889	2 216	6 225	356	11 686
Disposals/write-offs	-	(1 028)	(427)	-	(1 455)
Adjustments		(243)	(9 415)	(284)	(9 942)
At 31 December 2010	**29 804**	**11 487**	**40 248**	**1 407**	**82 946**
Carrying value					
At 1 January 2010	**117 466**	**6 311**	**29 539**	**674**	**153 990**
At 31 December 2010	**139 368**	**6 307**	**40 772**	**1 215**	**187 662**
2009					
Cost					
At 1 January 2009	144 445	13 011	66 232	1 506	225 194
Additions	85	4 577	11 436	616	16 714
Disposals/write-offs	(149)	(735)	(4 264)	(113)	(5 261)
At 31 December 2009	**144 381**	**16 853**	**73 404**	**2 009**	**236 647**
Accumulated depreciation					
At 1 January 2009	24 107	9 486	34 767	1 239	69 599
Current year charge	2 808	1 387	7 090	204	11 489
Disposals/write-offs	-	(730)	(108)	(108)	(946)
Adjustments	-	399	2 116	-	2 515
At 31 December 2009	**26 915**	**10 542**	**43 865**	**1 335**	**82 657**
Carrying value					
At 1 January 2009	**120 338**	**3 525**	**31 465**	**267**	**155 595**
At 31 December 2009	**117 466**	**6 311**	**29 539**	**674**	**153 990**

In line with the requirements of IAS 16: *Property, Plant & Equipment* the Bank reviewed the residual value and useful life of all classes of Assets. As required by the Statement, adjustments were processed prospectively and charged to the current year's Income Statement.

A register containing details of land and buildings is available for inspection at the registered office of the Bank.

Included in the asset class Property, Plant and Equipment is Capital Work in Progress amounting to N$ 19.1 million. Costs incurred relates primarily to the Building refurbishment, Security System replacement and Disaster Recovery Building project.

3. PROPERTY AND EQUIPMENT (CONTINUED)

Transfers relate to assets that were transferred from Capital Work in Progress upon completion of the project to the respective asset classes. Adjustments relate to debits or credits posted to accumulated depreciation as a result of the year end residual value/useful life evaluation exercise.

4. INTANGIBLE ASSETS - COMPUTER SOFTWARE

2010	**N$'000**
Cost	
At 1 January 2010	36 571
Additions	5 225
Disposals	(169)
Transfers	-
At 31 December 2010	**41 627**
Amortisation	
At 1 January 2010	22 297
Adjustment	(668)
Current year charge	4 115
At 31 December 2010	**25 744**
Carrying value	
At 1 January 2010	**11 865**
At 31 December 2010	**15 883**
2009	
Cost	
At 1 January 2009	27 385
Additions	5 304
Disposals/transfers	3 882
At 31 December 2009	**36 571**
Amortisation	
At 1 January 2009	15 520
Current year charge	6 777
At 31 December 2009	**22 297**
Carrying value	
At 1 January 2009	**11 865**
At 31 December 2009	**14 274**

Transfers relate to assets that were transferred from Capital Work in Progress upon completion of the project to the respective asset classes. Adjustments relate to debits or credits posted to accumulated depreciation as a result of the year end residual value/useful life evaluation exercise.

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NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONTINUED)
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	2010 N$'000	2009 N$'000
5. CURRENCY COSTS - NOTES AND COINS		
Opening Balance	52 054	20 853
Purchases current year	45 967	55 049
Amortisation current year	(26 228)	(24 251)
Additional charge	-	403
Closing Balance	71 793	52 054
6. LOANS AND ADVANCES		
Staff loans	**23 148**	**23 065**
Less: Present value adjustment for off-market loans	**(2 626)**	**(3 283)**
Opening balance – 1 January	(3 283)	(3 903)
Current year fair value adjustment of new loans	(1 488)	(1 672)
Amortised to Income statement	2 145	2 292
Add: Staff Long term benefit	**2 626**	**3 283**
Opening balance – 1 January	3 283	3 903
Current year Fair value adjustment of new loans	1 488	1 672
Amortised to Income statement	(2 145)	(2 292)
Net staff loans	**23 148**	**23 065**
Other loans	8 820	9 719
Short-term portion of loans (Note 8)	(951)	(8 166)
Closing Balance	**31 017**	**24 618**
7. INVESTMENTS		
Rand currency		
Fair value through profit or loss		
Designated		
Debt securities	6 029 961	4 699 690
Held to maturity		
Money market instruments	315 512	653 316
	6 345 473	**5 353 006**
Other currencies		
Fair value through profit or loss		
Designated		
Debt securities	2 414 454	6 094 869
Held to maturity		
Money market instruments	116 188	874 226
	2 530 642	**6 969 095**
Total Investments	**8 876 115**	**12 322 101**

7.1 LENT OUT SECURITIES

As at 31st December 2010, the value of lent out securities from our Investment Portfolio, managed by our custodians, nominal value amounted to Euro 135 million (2009: Euro 204 million) and US Dollar 94 million (2009: US Dollar 188 million) respectively. The counter parties involved in these transactions are rated institutions and a cash collateral has been deposited with the custodians as guarantee for the lent out securities. The income generated from the lent out securities activity, has been recorded in the books of the Bank accordingly.

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7.2 FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

The levels of hierarchy used to determine the fair value of financial instruments is as detailed below:

Fair value of instruments that fall in the Level 1 category would be based on the unadjusted quoted prices in an active market for identical assets or liabilities. Level 2 category would be based on quoted prices that are observable for the asset or liability, either directly as prices or indirectly as derived from prices. Level 3 category would be based on inputs for the asset or liability that are not based on observable market data.

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The Bank's investments in financial assets are quoted in an active market and these prices are used in the fair value evaluation process. The Bank invests in securities issued by the German and US governments and these securities are actively traded in global Capital markets. Other investments include money market investments in the form of Fixed Deposits, NCD's, Call and Current account deposits, etc. The fair value hierarchy would therefore fall under the Level 1 and 2 categories.

As at 31st December the fair value of financial instruments that was classified under the various hierarchies is detailed in the tables below:

As at 31st December 2010

At Fair value through Profit or Loss	Level 1 N$'000	Level 2 N$'000	Total N$'000
Designated Debt Securities	2 247 377	6 197 038	8 444 415
	2 247 377	6 197 038	8 444 415

As at 31st December 2009

At Fair value through Profit or Loss	Level 1 N$'000	Level 2 N$'000	Total N$'000
Designated Debt Securities	4 908 527	5 886 032	10 794 559
	4 908 527	5 886 032	10 794 559

8. LOANS AND ADVANCES

	2010 N$'000	2009 N$'000
Repurchase agreements – local banks	-	-
	-	-
Add: Short-term portion of long-term loans (Note 6)	951	8 166
	951	**8 166**

Repurchase agreements are over night and seven day loan facilities granted to the commercial banks to cover for temporary liquidity shortages. The over night and seven day repurchase agreements are granted to banking institutions to draw under the credit facility an amount equal to the total adjusted value of eligible securities pledged by each banking institution as collateral to Bank of Namibia.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONTINUED)
31 DECEMBER 2010

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9. RAND DEPOSITS

	2010 N$'000	2009 N$'000
	72 889	127 781
	72 889	**127 781**

Rand deposits is the value of Rand banknotes held by the Bank of Namibia. Commercial banks deposit the Rand notes collected at their various branches at the Bank of Namibia. The Bank of Namibia in turn repatriates the said currency to the South African Reserve Bank based on predetermined currency values.

10. OTHER INVENTORY - STATIONERY AND SPARES

	2010 N$'000	2009 N$'000
Opening Balance	2 369	1 917
Purchases current year	752	1 097
Issues current year	(657)	(645)
Closing Balance	**2 464**	**2 369**

11. OTHER RECEIVABLES

	2010 N$'000	2009 N$'000
Rand compensation receivable – Government	161 466	164 533
Accounts receivable	14 052	12 284
IMF – special drawing rights	1 331 585	1 505 917
	1 507 103	**1 682 734**

12. SHARE CAPITAL & CAPITAL MANAGEMENT

	2010 N$'000	2009 N$'000
Authorised share capital		
100 000 000 ordinary shares of N$1 each	**100 000**	**100 000**
Issued share capital		
40 000 000 ordinary shares of N$1 each	**40 000**	**40 000**

The Capital is the amount subscribed by the Government in accordance with Section 14 of the Bank of Namibia Act, 1997. The Bank is not subject to any externally imposed capital requirements however annually the appropriation of the profits is approved by the Government which requires that a minimum percent of the annual profits is transferred to the general reserve which forms part of the Bank's capital.

13. GENERAL RESERVE

	2010 N$'000	2009 N$'000
Opening Balance	698 378	595 699
Appropriation of net profit for the year	37 878	102 679
Closing Balance	**736 256**	**698 378**

The General Reserve is a Statutory Reserve that can be utilised for increasing the paid- up Capital of the Bank, offset losses incurred, fund a Development Reserve and redeem any securities issued by the Bank.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONTINUED)
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14. FOREIGN CURRENCY REVALUATION RESERVE

	2010 N$'000	2009 N$'000
Opening Balance	821 218	2 427 228
Net foreign exchange (losses)/gains	(805 463)	(1 606 010)
Closing Balance	**15 755**	**821 218**

The Revaluation reserve has been created in accordance with Section 31 of the Bank of Namibia Act, 1997.
The Act requires that both realised and unrealised gains and losses be transferred to the Revaluation Reserve account.

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15. BUILDING FUND RESERVE

	2010 N$'000	2009 N$'000
Opening Balance	100 000	80 000
Appropriation of net profit for the year	50 000	20 000
Closing Balance	**150 000**	**100 000**

This reserve has been created to provide funds for the construction of the Bank's Disaster Recovery Building and Business Continuity Facility.

16. DEVELOPMENT FUND RESERVE

	2010 N$'000	2009 N$'000
Opening Balance	-	-
Appropriation of net profit for the year	10 000	-
Closing Balance	**10 000**	**-**

This reserve was established under section 53(1)(a) of the Bank of Namibia Act, 1997 for the purpose of promoting or financing economic development in Namibia.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONTINUED)
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17. PROVISION FOR POST EMPLOYMENT BENEFITS

The Bank provides post employment medical benefits to retired staff members. A provision for the Liability has been determined based on the Projected Unit Credit Method. The valuation was performed for the year ended 31 December 2010.

	2010 N$'000	2009 N$'000
Opening Liability	24 958	21 936
Interest costs	2 708	2 378
Current service costs	2 640	1 278
Benefit payments	(691)	(634)
Actuarial loss/(gain)	6 625	-
Closing Liability	36 240	24 958
Current portion of post employment benefits obligation	(789)	(748)
Non-current portion of post employment benefits obligation	**35 451**	**24 210**

Key assumptions	**2010**	**2009**
Discount rate	8.13 % p.a.	11% p.a
Medical inflation	6.42 % p.a.	9 % p.a
Valuation date	31 December 2010	31 December 2008

The effect of a 1% movement in the assumed medical cost trend rate is as follows:	**Increase N$'000**	**Decrease N$'000**
Effect on the aggregate of the current service cost and interest cost	1 274	985
Effect on the defined benefit obligation	37 514	35 255

At 31 December	**2010 N$'000**	**2009 N$'000**	**2008 N$'000**	**2007 N$'000**	**2006 N$'000**
Present value of post retirement benefit obligation	36 240	24 958	21 936	17 468	15 360

The Banks post retirement plan is unfunded.

18. NOTES AND COINS IN CIRCULATION

	2010 N$'000	2009 N$'000
Notes	1 775 978	1 591 147
Coins	133 363	114 211
	1 909 341	**1 705 358**

19. DEPOSITS

Government of the Republic of Namibia	3 468 744	6 967 716
Domestic bankers' reserve account	459 431	418 382
Domestic bankers' settlement account	874 488	432 615
Bank of Namibia 52 day Bills measured at amortised cost	1 639 296	1 503 640
SDR Allocation account	1 331 390	1 505 685
Other – Pre-funded donor funds at cost	68 437	102 535
	7 841 786	**10 930 573**

19. DEPOSITS (CONTINUED)

Banker's reserve and current account balances have no fixed maturity and attract no interest. The Settlement account however attracts interest at the prevailing rate as determined by the Bank of Namibia.

Interest is payable to the Government of the Republic of Namibia on deposits in excess of N$250 million (2009: N$250 million) at the 91 day Treasury Bill rate less a discount of 4.5%.

The Bank issued debt instruments at various maturity dates and discount rates in the form of 52 day Bank of Namibia bills for liquidity management purposes and also to provide secured debt instruments for participants of the Namibian financial markets.

The pre-funded donor funds are monies received on behalf of the Government for various donor funded projects being undertaken in the country. These funds have no maturity dates and attract no interest.

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20. TRADE AND OTHER PAYABLES

	2010 N$'000	2009 N$'000
Sundry Creditors	18 318	24 235

21. RETIREMENT FUND

Retirement benefits are provided for employees by a separate provident fund, known as the Bank of Namibia Provident Fund, to which the Bank contributes. The provident fund is administered under the Pension Fund Act, 1956 (No. 24 of 1956). The Fund was converted from a Defined Benefit Pension Fund to a Defined Contribution Provident Fund as at 1 March 2000. All employees contribute to the fund. Total Bank's contributions for the year amounted to N$13,058,547.01 (31 December 2009: N$12,519,559.10).

22. TAXATION

No provision for taxation has been made in the annual financial statements as the Bank is exempted from taxation in terms of Section 57 of the Bank of Namibia Act, 1997.

23. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

The investment of foreign currency (FX) reserves in financial instruments gives rise to exposure to various types of risk which include market, currency, interest rate, credit and liquidity risk. Risk management at the Bank of Namibia, forms an integral part of reserves management within the governance structures of the Bank starting from the level of the Board and down to the Financial Markets Department (FMD). The Board defines the investment guidelines and the Bank's strategic asset allocation. The Executive Committee formulates the investment mandate for the portfolio managers and monitors compliance with the investment guidelines. The FMD is responsible for managing the reserves and has a Risk & Analytics section that monitors compliance to assigned risk measures on a daily basis. The types of risk that the foreign currency reserves are exposed to and the Bank's risk management approaches are stated below:

23.1 MARKET RISK

Market price risk is the risk of loss resulting from changes in market conditions and prices. In extending credit to banking institutions, this risk is substantially reduced by a rigorous repurchase agreement, by applying a hair-cut to the valuation of purchased securities and by using modern technology and appropriate organisational structures and procedures. The Bank follows a portfolio indexation which is a passive portfolio management strategy, which aims to construct a portfolio whose risk and return follows those of a defined benchmark.

23.1.1 INTEREST RATE RISK

Since FX reserves are invested in fixed income instruments, the Bank is exposed to interest rate risk, which is the risk that the market value of the securities will decline due to changes in market interest rates. Modified duration is the key measure for interest rate risk and quantifies the sensitivity of the value of a fixed income instrument to changes in interest rates. The Bank uses the investment benchmark's target duration as a means of managing the interest rate risk. As at 31 December 2010, the modified durations of the EUR and USD portfolio were 1.468 years and 1.138 years as opposed to 3.031 years and 1.396 years for the respective benchmarks. The USD portfolio represent a close tracking of the benchmark characteristics which reflect the objective of portfolio indexation (or index replication) of creating a portfolio that matches the risk and return characteristics of the index. On the other hand, the EUR portfolio's duration was very much short of the benchmark duration by 1.563 years. The sensitivity analysis tables below measure the impact of a 100 basis points increase in interest rates on both the EUR and USD portfolios for 2010 and compares with portfolio holdings of 2009.

IMPACT OF 100 BASIS POINTS SHOCK ON EUR PORTFOLIO - 2010

Instrument	Amount Invested N$'000	Actual Portfolio Weight	Interest Rate	Duration	Dur Contr	Yield after 1% Shock	Estimate Total Return	Incremt. Return	Return Contr	Effect on Income Statement N$'000
Working Capital	10 297	6%	0.280%	0.000	0.000	1.280%	1.280%	1.000%	0.059%	909
Liquidity Tranche	21 396	12%	0.571%	0.086	0.011	1.571%	1.485%	0.914%	0.112%	1 727
Investment Tranche	142 265	82%	0.830%	1.782	1.457	1.830%	0.049%	-0.782%	-0.639%	(9 819)
	173 958	**100%**	**0.766%**	**1.468**	**1.468**	**-**	**0.298%**	**-0.468%**	**-0.468%**	**(7 183)**

IMPACT OF 100 BASIS POINTS SHOCK ON USD PORTFOLIO - 2010

Instrument	Amount Invested N$'000	Actual Portfolio Weight	Interest Rate	Duration	Dur Contr	Yield after 1% Shock	Estimate Total Return	Incremt. Return	Return Contr	Effect on Income Statement N$'000
Working Capital	6 502	6%	0.13%	0.000	0.000	1.131%	1.131%	1.000%	0.057%	430
Liquidity Tranche	28 520	25%	0.22%	0.291	0.073	1.216%	0.925%	0.709%	0.178%	1 337
Investment Tranche	78 754	69%	0.51%	1.539	1.065	1.506%	-0.033%	-0.539%	-0.373%	(2 809)
	113 776	**100%**	**0.412%**	**1.138**	**1.138**	**-**	**0.274%**	**-0.138%**	**-0.138%**	**(1 042)**

The sensitivity analysis above for 2010 indicates that the portfolios were invested at relatively lower average interest rates for 2010 compared to the rates that prevailed in 2009. EUR and USD rates were on average at 1.253 percent and 0.650 percent, respectively, in 2009. These lower yields explains why the portfolios recorded realized gains of NAD32 million in 2010 compared to realized gains of NAD6.37 million recorded in 2009. Yields across the German and US Government benchmark yield curves declined in 2010 in contrast to the rise in yields during 2009. In addition, the duration for the EUR and USD portfolios were lower in 2010 compared to those of 2009.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONTINUED)
31 DECEMBER 2010

23.1.1 INTEREST RATE RISK (CONTINUED)

IMPACT OF 100 BASIS POINTS SHOCK ON EUR PORTFOLIO - 2009

Instrument	Amount Invested N$'000	Actual Portfolio Weight	Interest Rate	Duration	Dur Contr	Yield after 1% Shock	Estimate Total Return	Return Contr	Effect on Income Statement N$'000
Working Capital	6 583	2%	0.050%	0.000	0.000	1.05%	1.050%	0.016%	700
Liquidity Tranche	107 848	26%	0.767%	1.274	0.331	1.77%	0.493%	-0.071%	(3 148)
Investment Tranche	300 946	72%	1.453%	2.523	1.828	2.45%	-0.070%	-1.103%	(48 756)
	415 377	**100%**	**1.253%**	**2.159**	**2.159**	**-**	**0.094%**	**-1.159%**	**(51 204)**

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IMPACT OF 100 BASIS POINTS SHOCK ON USD PORTFOLIO - 2009

Instrument	Amount Invested N$'000	Actual Portfolio Weight	Interest Rate	Duration	Dur Contr	Yield after 1% Shock	Estimate Total Return	Return Contr	Effect on Income Statement N$'000
Working Capital	5 489	2%	0.000%	0.000	0.000	1.00%	1.000%	0.019%	405
Liquidity Tranche	92 464	32%	0.090%	0.199	0.065	1.09%	0.891%	0.260%	5 459
Investment Tranche	186 679	66%	0.947%	1.508	0.989	1.95%	0.439%	-0.333%	(6 986)
	284 632	**100%**	**0.650%**	**1.054**	**1.054**	**-**	**0.597%**	**-0.054%**	**(1 123)**

The sensitivity analysis above for 2009 indicates that the portfolios were exposed to higher interest rates when compared to 2010, as the EURO and USD had durations of 2.159 and 1.054, respectively.

INTEREST RATE REPRICING

The following table summarises the Bank's interest rate exposure in the form of an interest rate repricing table. This shows when the interest rate earned or charged on assets and liabilities are expected to change. The table can therefore be used as the basis for an assessment of the sensitivity of the Bank's net income to interest rate movements.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONTINUED)
31 DECEMBER 2010

23.1.1 INTEREST RATE RISK (CONTINUED)

AS AT YEAR ENDED 31 DECEMBER 2010

N$'000	0 – 3 Months	3 – 12 Months	1 - 5 Years	Non Interest Bearing	Total
Assets					
Property, equipment and intangible assets	-	-	-	203 545	203 545
Inventory	-	-	-	74 257	74 257
Loans and advances - non current	-	-	31 017	-	31 017
Investments	6 561 052	204 296	2 110 767	-	8 876 115
Loans and advances - current	-	-	951	-	951
Rand deposits	-	-	-	72 889	72 889
Other receivables	1 507 103	-	-	-	1 507 103
Total Assets	**8 068 155**	**204 296**	**2 142 735**	**350 691**	**10 765 877**
Equity and Liabilities					
Shareholders' equity	-	-	-	960 192	960 192
Post employment benefits	-	-	-	36 240	36 240
Notes and coins in circulation	-	-	-	1 909 341	1 909 341
Deposits	7 313 918	-	-	527 868	7 841 786
Trade and other payables	-	-	-	18 318	18 318
Total Equity and Liabilities	**7 313 918**	**-**	**-**	**3 451 959**	**10 765 877**
Interest rate repricing gap	**754 237**	**204 296**	**2 142 735**	**(3 101 268)**	**-**

AS AT YEAR ENDED 31 DECEMBER 2009

N$'000	0 – 3 Months	3 – 12 Months	1 - 5 Years	Non Interest Bearing	Total
Assets					
Property, equipment and intangible assets	-	-	-	168 264	168 264
Inventory	-	-	-	54 423	54 423
Loans and advances - non current	-	-	24 618	-	24 618
Investments	12 322 101	-	-	-	12 322 101
Loans and advances - current	-	8 166	-	-	8 166
Rand deposits	-	-	-	127 781	127 781
Other receivables	1 505 917	-	-	176 817	1 682 734
Total Assets	**13 828 018**	**8 166**	**24 618**	**527 285**	**14 388 087**
Equity and Liabilities					
Shareholders' equity	-	-	-	1 702 963	1 702 963
Post employment benefits	-	-	-	24 958	24 958
Notes and coins in circulation	-	-	-	1 705 358	1 705 358
Deposits	10 409 656	-	-	520 917	10 930 573
Trade and other payables	-	-	-	24 235	24 235
Total Equity and Liabilities	**10 409 656**	**-**	**-**	**3 978 431**	**14 388 087**
Interest rate repricing gap	**3 418 362**	**8 166**	**24 618**	**(3 451 146)**	**-**

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23.1.2 CURRENCY RISK

FX reserves are held in foreign currencies and this gives rise to a risk that the reserves will decline in value due to adverse changes in foreign exchange rates. In terms of the Investment policy and guidelines, foreign exchange risk is managed on indexation basis through a currency composition (benchmark) that provides a natural hedge against potential liabilities. The currency composition of the FX reserves reflects the currency distribution of the country's short-term external debt, imports and other contingent liabilities. The bank revised its SAA in 2008 and as a result of that revision foreign reserves were divided into three tranches namely: Working capital, Liquidity and Investment Tranche which in return are composed of different currencies. The following is the benchmark portfolio used to manage this risk.

Instruments	ZAR Portfolio	USD Portfolio	EUR Portfolio
Working Capital	500 mil - 2500 mil	0 mil – 10mil	0 mil – 5 mil
Liquidity Tranche	35%	30%	35%
Investment Tranche	0%	30%	70%

Risk-return preferences per tranche

Tranche	Horizon	Objective
Working Capital	0-3 Months	Provide Liquidity, No negative returns allowed on any period (100% Cash)
Liquidity	1 Year	Maximize returns subject to avoiding negative returns at 99% confidence (as measured on an annual basis)
Investment	1 Year	Maximize returns subject to a negative return of 100 bps with 95% probability (as measured on an annual basis)

- With ZAR portfolio parameters are arrived at, using the 12 month investment horizon, with a worst case return requirement of 0 percent and a maximum duration of 45 days.

- The maximum maturity of any instrument is restricted to 5 years and not more.
  A 10 percent depreciation of the Namibia dollar to other convertible currencies would result in the Namibia Dollar equivalent of our foreign currency investments increasing to N$9,3 billion and in the same vein a 10 percent appreciation of our currency would result in a decline in our foreign currency investments balances to N$ 7.6 billion.

- The Namibia Dollar is pegged to the South African Rand at one is to one parity and hence there is no currency risk.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONTINUED)
31 DECEMBER 2010

23.1.2 CURRENCY RISK (CONTINUED)

AT 31 DECEMBER 2010 THE BANK HAD THE FOLLOWING CURRENCY POSITION EXPOSURES

	N$ '000	ZAR '000	Euro '000	US$ '000	Other '000	Total N$'000
Assets						
Property, equipment and intangible assets	203 545	-	-	-	-	203 545
Currency inventory – notes and coins	71 793	-	-	-	-	71 793
Loans and advances - non current	31 017	-	-	-	-	31 017
Investments	-	6 348 235	1 432 611	1 095 173	96	8 876 115
Loans and advances - current	951	-	-	-	-	951
Rand deposits	-	72 889	-	-	-	72 889
Other inventory – stationery & spares	2 464	-	-	-	-	2 464
Other receivables	14 164	161 354	-	-	1 331 585	1 507 103
Total Assets	**323 934**	**6 582 478**	**1 432 611**	**1 095 173**	**1 331 681**	**10 765 877**
Liabilities						
Post employment benefits	36 240	-	-	-	-	36 240
Notes and coins in circulation	1 909 341	-	-	-	-	1 909 341
Deposits	6 446 692	30 846	4 434	28 424	1 331 390	7 841 786
Trade and other payables	18 318	-	-	-	-	18 318
Total Liabilities	**8 410 591**	**30 846**	**4 434**	**28 424**	**1 331 390**	**9 805 685**
Net Balance Sheet position	**(8 086 657)**	**6 551 632**	**1 428 177**	**1 066 749**	**291**	**960 192**

AT 31 DECEMBER 2009 THE BANK HAD THE FOLLOWING CURRENCY POSITION EXPOSURES

	N$ '000	ZAR '000	Euro '000	US$ '000	Other '000	Total N$'000
Assets						
Property, equipment and intangible assets	168 264	-	-	-	-	168 264
Currency inventory – notes and coins	52 054	-	-	-	-	52 054
Loans and advances - non current	24 618	-	-	-	-	24 618
Investments	-	5 352 784	4 411 127	2 534 558	23 632	12 322 101
Loans and advances - current	8 166	-	-	-	-	8 166
Rand deposits	-	127 781	-	-	-	127 781
Other inventory – stationery & spares	2 369	-	-	-	-	2 369
Other receivables	12 284	164 533	-	-	1 505 917	1 682 734
Total Assets	**267 755**	**5 645 098**	**4 411 127**	**2 534 558**	**1 529 549**	**14 388 087**
Liabilities						
Post employment benefits	24 958	-	-	-	-	24 958
Notes and coins in circulation	1 705 358	-	-	-	-	1 705 358
Deposits	9 256 332	58 163	-	38 955	1 577 123	10 930 573
Trade and other payables	24 235	-	-	-	-	24 235
Total Liabilities	**11 010 883**	**58 163**	**-**	**38 955**	**1 577 123**	**12 685 124**
Net Balance Sheet position	**(10 743 128)**	**5 586 935**	**4 411 127**	**2 495 603**	**(47 574)**	**1 702 963**

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23.2 LIQUIDITY RISK

Liquidity risk is the risk that the Bank will fail to meet its foreign exchange obligations when they fall due or the possibility that the Bank will incur huge capital losses when it disposes its securities in the secondary market. Liquidity is the second most important FX reserves management objective after capital preservation and the Bank seeks to maintain sufficient liquidity by investing in securities with an active secondary market. As at 31 December 2010, 90 percent of investments could be liquidated within two working days, reflecting the highly liquid nature of the portfolio. In addition to what has been disclosed in the liquidity risk table below, cash outflows of capital commitments amounting to N$ 4 million (2009: N$ 20 million) are expected to be incurred during the first half of year 2011.

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Liquidity/Obligations risk analysis statement as at year ended 31 December 2010

N$'000	0 – 3 Months	4 – 12 Months	1 - 5 Years	No maturity	Total
Assets					
Property, equipment and intangible assets	-	-	-	203 545	203 545
Inventory	-	-	-	74 257	74 257
Loans and advances - non current	-	-	31 017	-	31 017
Investments	6 561 052	204 296	2 110 767	-	8 876 115
Loans and advances - current	-	951	-	-	951
Rand deposits	161 466	-	-	72 889	234 355
SDR Holdings - IMF	-	-	-	1 331 585	1 331 585
Other receivables	-	-	-	14 052	14 052
Total Assets	**6 722 518**	**205 247**	**2 141 784**	**1 696 328**	**10 765 877**
Equity and Liabilities					
Shareholders' equity	-	-	-	960 192	960 192
Post employment benefits	-	-	-	36 240	36 240
Notes and coins in circulation	1 909 341	-	-	-	1 909 341
Deposits	5 982 528	-	-	527 868	6 510 396
SDR Allocation - IMF	-	-	-	1 331 390	1 331 390
Trade and other payables	18 318	-	-	-	18 318
Total Equity and Liabilities	**7 910 187**	**-**	**-**	**2 855 690**	**10 765 877**
Liquidity sensitivity gap	**(1 187 669)**	**205 247**	**2 141 784**	**(1 159 362)**	**-**
Cumulative liquidity sensitivity gap	**(1 187 669)**	**(982 422)**	**1 159 362**	**-**	**-**

Liquidity/Obligations risk analysis statement as at year ended 31 December 2009

N$'000	0 – 3 Months	4 – 12 Months	1 - 5 Years	No maturity	Total
Assets					
Property, equipment and intangible assets	-	-	-	168 264	168 264
Inventory	-	-	-	54 423	54 423
Loans and advances - non current	-	-	24 618	-	24 618
Investments	12 322 101	-	-	-	12 322 101
Loans and advances - current	-	8 166	-	-	8 166
Rand deposits	-	-	-	127 781	127 781
Other receivables	1 505 917	-	-	176 817	1 682 734
Total Assets	**13 828 018**	**8 166**	**24 618**	**527 285**	**14 388 087**
Equity and Liabilities					
Shareholders' equity	-	-	-	1 702 963	1 702 963
Post employment benefits	-	-	-	24 958	24 958
Notes and coins in circulation	-	-	-	1 705 358	1 705 358
Deposits	10 409 656	-	-	520 917	10 930 573
Trade and other payables	24 235	-	-	-	24 235
Total Equity and Liabilities	**10 433 891**	**-**	**-**	**3 954 196**	**14 388 087**
Liquidity sensitivity gap	**3 394 127**	**8 166**	**24 618**	**(3 426 911)**	**-**
Cumulative liquidity sensitivity gap	**3 394 127**	**3 402 293**	**3 426 911**	**-**	**-**

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONTINUED)
31 DECEMBER 2010

23.3 CREDIT RISK

This is the risk that the Bank's counterparty will default on its contractual obligations resulting in a financial loss to the Bank. With safety of principal being the foremost investment objective, the Bank seeks to manage credit risk by investing in money market instruments issued by counterparts with a minimum short-term credit rating of F2. Longer-dated fixed income instruments are limited to issues by members of the Group of 7 Nations (G7), OECD and the Republic of South Africa.

Detailed below is a table which provides rating information on institutions where the Bank invests its funds.

CORRESPONDENT BANK	Country of Origin	Currency	Country Ceiling	Long term Rating	Short term Rating
Abn Amro Bank Amst Amsterdam	Netherlands	USD, EUR, ZAR	AAA	A+	F1+
Abn Amro Bank Jhb Johannesburg	Netherlands	USD, EUR, ZAR	AAA	A+	F1+
Absa Bank Johannesburg	South Africa	ZAR	A	A	F1
Banca Monte dei Paschi di Siena	Italy	USD, EUR, ZAR	AAA	A	F1
Bank For International Settlement Basel / 4002 Bas	Switzerland	EUR	AAA	NR	NR
Bank of England / London	UK	GBP	AAA	AAA	NR
Bank of Ireland / Dublin	Ireland	USD, EUR, ZAR	AAA	A-	F1
Bank of Namibia / 9000 Windhoek	Namibia	NAD	A	NR	NR
Bank of Tokyo London / London	UK	USD, EUR, ZAR	AAA	A	F1
Bank of Tokyo Mitsubishi UFJ LTD / TOKYO	Japan	JPY	AAA	A	F1
BANK WINDHOEK / Windhoek	Namibia	NAD	A	NR	NR
Barclays Bank PLC Wholesaleholm SE / London	UK	USD, EUR, ZAR	AAA	AA-	F1+
BELGIUM KINGDOM / Belgium	Belgium	EUR	AAA	NR	NR
BUNDESOBLIGATION / Germany	Germany	EUR	AAA	NR	NR
BUNDESREPUB. DEUTSCHLAND / Deutschland	Germany	EUR	AAA	NR	NR
BUNDESSCHATZANWEISUNGEN / Germany	Germany	EUR	AAA	NR	NR
Calyon Corporate & Investment Bank / 92920 Paris	France	USD, EUR, ZAR	AAA	AA-	F1+
Citi Bank Jhb / Sandton	UK	USD, EUR, ZAR	AAA	A+	F1+
Citibank International plc / London	UK	USD, EUR, ZAR	AAA	A+	F1+
Citibank NA New York / New York	USA	USD	AAA	A+	F1+
Clearstream Banking / L-1855 LUXEMBOURG	UK	USD, EUR	AAA	AA	F1+
Crown Agents / sutton 00000	UK	USD, EUR, ZAR	AAA	A	F1
Deutsche Bank AG LDN / London	Germany	USD, EUR, ZAR	AAA	A+	F1+
Dresdner Bank Frankfurt (Commerzbank) / Frankfurt	Germany	EUR	AAA	AA-	F1+
Federal Reserve Bank of New York / New York 10045	USA	USD	AAA	NR	NR
First National Bank Namibia / Windhoek	Namibia	NAD	A	NR	NR
First National Bank of South Africa / Johannesburg	South Africa	ZAR	A	BBB	F3
FirstRand Bank Ltd Johannesburg / Johannesburg	South Africa	ZAR	A	BBB	F3

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NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONTINUED)
31 DECEMBER 2010

23.3 CREDIT RISK (CONTINUED)

FRANCE GOVERNMENT / Paris	France	EUR	AAA	NR	NR
GERMAN TREASURY BILL / Germany	Germany	EUR	AAA	NR	NR
IBRD / no info (US)	USA	USD	AAA	AAA	F1+
Investec Bank Ltd Jhb / Sandton	South Africa	ZAR	A	BBB	F3
Morgan Keegan / Memphis	USA	USD, EUR	AAA	NR	NR
Nedbank Jhb / Sandton	South Africa	ZAR	A	BBB	F2
Nedbank Namibia / Windhoek	Namibia	NAD	A	NR	NR
NETHERLANDS GOVERNMENT / Netherlands	Netherlands	EUR	AAA	NR	NR
Nordea Bank AB / SE-Stockholm	Sweden	SEK	AAA	AA-	F1+
Rabobank International London / London	UK	USD, EUR, ZAR	AAA	AA+	F1+
Royal Bank of Canada Europe London / London	UK	USD, EUR, ZAR	AAA	AA-	F1+
South African Reserve Bank / PRETORIA	South Africa	ZAR	A	NR	NR
SPANISH GOVERNMENT / Spain	Spain	EUR	AAA	NR	NR
Standard Bank Namibia / Windhoek	Namibia	NAD	A	NR	NR
Standard Bank South Africa / Johannesburg	South Africa	ZAR	A	BBB+	F2
Standard Chartered Bank London / London	UK	USD, EUR, ZAR	AAA	A+	F1
Standard Bank plc / London	South Africa	ZAR	A	BBB+	F2
The Bank of New York Mellon / New York 10286	USA	USD	AAA	AA-	F1+
UBS Zurich / 8001 ZURICH	Switzerland	CHF	AAA	A+	F1+
US TREASURY N B GOVERNMENT / USA	USA	USD	AAA	NR	NR
West LB SA / Sandton	Germany	USD, EUR, ZAR	AAA	A-	F1
Westdeutsche Landesbank London / London	UK	USD, EUR, ZAR	AAA	A-	F1
Westpac Banking Corporation / Sydney	Australia	AUD	AAA	AA-	F1+

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NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONTINUED)
31 DECEMBER 2010

23.3 CREDIT RISK (CONTINUED)

The table below shows the maximum exposure to credit risk for the financial instruments held. The maximum exposure is shown gross, before the effect of any mitigating factors.

INSTITUTIONAL CREDIT RISK RATING ANALYSIS

	Credit rating	2010 N$'000	2009 N$'000
NON – RAND CURRENCY			
BIS Euro Sight a/c	NR	90 886	70 020
Crown Agents	A	88 308	257 363
Swift Shares – Euro	NR	215	259
Bank of England – GBP	AAA	127	148
Fed Reserve – Auto Investment	AAA	76 419	46 704
Barclays Bank – Fixed Deposit – USD	AA-	-	125 842
SBSA Bon	NR	355 526	389 551
SBSA Bon	NR	97	108
Standard Chartered Bank London	A+	-	464 340
Standard Chartered Bank London – Current	A+	9	-
Dresdner Bank AG	AA-	-	457
Bank of Tokyo Mitsubishi - Current – JPY	A	100	23 585
Nordbanken Current	AA-	20	21
UBS AG Zurich Current	A+	23	66
Citibank New York Current	A+	257	401
German Government	AAA	1 255 073	3 087 676
USA Government	AAA	635 735	1 520 251
Bank of Tokyo Mitsubishi Settlement – JPY	A	55	53
Westpac Banking Corp - AUD	AA-	9	59
ABN Amro Bank Fixed Deposit	A+	-	500 378
Bank of Tokyo London Fixed Deposit	A	-	407 767
West LB London Fixed Deposit	A-	27 783	74 046
TOTAL NON-RAND INVESTMENTS		**2 530 642**	**6 969 095**
RAND CURRENCY			
Rand Currency – CPD	A	3 102 611	1 213 555
ABN Amro ZAR Call account	A+	-	63
Calyon Corporate	AA-	-	253 765
Cadiz ZAR account	NR	669 309	622 865
Investec ZAR account	NR	668 134	622 940
West LB SA	A-	162 366	432 435
Absa Call	A	-	2 434
Barclays Bank	AA-	-	220 398
First Nat Bank SA	BBB	6	3
Investec Bank	BBB	-	264 970
IRS Red – CADIZ ZAR	NR	794 723	862 356
IRS Red – INVESTEC ZAR	NR	795 170	857 462
SBSA Bon – ZAR	NR	8	8
SARB – Main	A	-	(248)
Crown Agents	A	153 146	-
TOTAL RAND INVESTMENTS		**6 345 473**	**5 353 006**

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23.3 CREDIT RISK (CONTINUED)

The Bank invests/buys securities in reputable institutions who are rated by Fitch, Moody's and Standard & Poor rating agencies. The Bank's exposure to credit risk has remained static and movements in the fair values of our external portfolio investments were as a result of movements in interest rate risk, foreign exchange risk, etc.

23.4 SETTLEMENT RISK

This is the risk that the Bank is exposed to when settling or clearing transactions. The Bank faces this risk when the counterparty in the dealing contract fails to settle or clear transactions where the exchange of cash, securities is not instantaneous. This risk is of particular significance as foreign exchange transactions are settled only two days after the deal date, and uncertain events within these two days could have a negative impact on the Bank. In order to control this risk, the Bank has imposed settlement limits so as to limit the bank's exposure to counterparty at any given time in the deal cycle. For foreign exchange transactions entered into by the Bank, settlement limits will be 60% of maximum counterparty limit.

23.5 OPERATIONAL RISK

Like any other institutions, the Bank is exposed to operational risk; this is the risk of financial losses or damage to the Bank's reputation resulting from one or more risk factors such as human factors, failed or inadequate processes, failed or inadequate systems and external events.

These factors are defined in details as follows:

- Human Factors: insufficient personnel, lack of knowledge, skills or experience, inadequate training and development, inadequate supervision, loss of key personnel, inadequate succession planning or lack of integrity or ethical standards.
- Failed or inadequate processes: a process is poorly designed or unsuitable, or not properly documented, understood, implemented, followed or enforced.
- Failed or inadequate systems: a system is poorly designed, unsuitable or unavailable or does not operate as intended.
- External events: the occurrence of an event having an adverse impact on the Bank but outside its control.

The operational risk at the Bank is managed by having a suitable operational organizational structure with clear segregation of duties as well as defined built-in systematic controls. Bank wide operations manuals are in place to be followed by staff. The Bank wide business continuity plans which clearly states effective disaster recovery plans are currently being developed.

In as far as the treasury operations are concerned the Bank ensures that dealers and analysts are well trained in instruments in which they are trading and that the systems they need to operate on is in place. The Bank also makes sure that all investment officers are aware of procedures in place and have access to relevant documents. The Financial Markets Department Director reviews all procedures, documentation requirements and the operational practices.

23.6 LEGAL RISK

Legal risk is the risk arising from failure to comply with statutory or regulatory obligations. Legal risk also comes about if the rights and obligations of parties involved in a payment are subject to significant uncertainty, for example if a payment participant declares bankruptcy. Legal disputes that delay or prevent the resolution of payment settlement can cause credit, liquidity, or reputation risks at individual institutions. Legal risk also results from a financial institution's failure to comply with the bylaws and contractual agreements established with the counter-parties with which it participates in processing, clearing, and settling payment transactions. The Bank therefore manages this risk by having appropriate documentation and using the market-customary, standard master-agreements where possible.

24. CAPITAL COMMITMENTS

	2010 N$' 000	2009 N$' 000
Contracted – Aircondition Upgrade	4 000	20 000

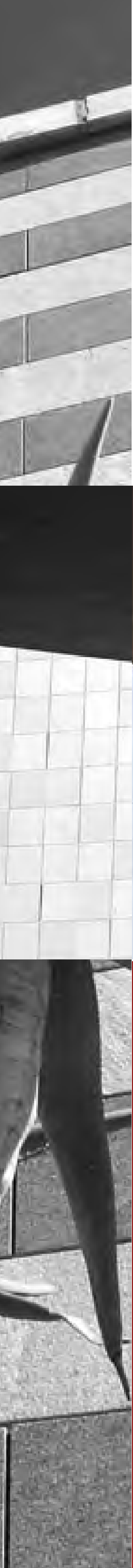
These capital commitments will be funded from internal resources.

25. RELATED PARTY INFORMATION

During the year the Bank, in its ordinary course of business, entered into various transactions. These transactions were under taken on commercial terms and conditions. The Bank of Namibia Act, 1997 prescribes that the emoluments of the Governor, Deputy Governor and Board members be determined by the Minister of Finance. The emoluments of the Board members are primarily sitting fees and the annual stipend. The Governor and the Deputy Governor's emoluments are all inclusive packages which comprises of salaries, pension contributions, medical aid and leave pay. The gross emoluments of executive, senior management and Board members are detailed below. Transactions with the Namibian Government who is the sole shareholder of the institution are detailed in note 1.17 of this report. Note 1.19 and 2 provide more information on the Financial Intelligence Centre.

Gross Emoluments	Salaries N$'000	Retirement Benefit N$'000	Medical Aid Benefit N$'000	Total 2010 N$'000	Total 2009 N$'000
Executive Management					
Governor/Deputy Governor	8 557	549	96	9 202	4 612
Senior Management	6 035	845	240	7 120	9 212
Non-Executive Board					
Mr V Malango				88	84
Mr F Kisting				94	72
Ms O Netta				60	47
Dr NK Shivute				-	-
Dr O Kakujaha- Matundu				86	56
Ms EB Shafudah				-	-
Mr C Schlettwein				-	-

There were no other related party transactions with both the executive management and non-executive Board members.

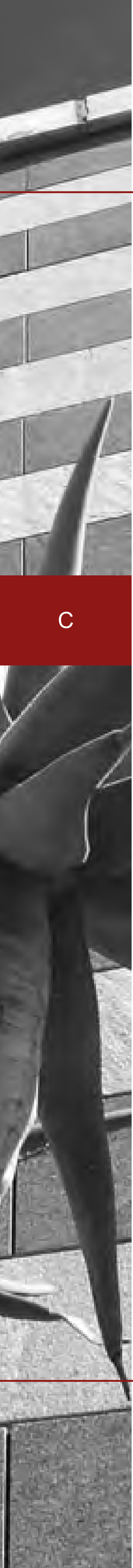


PART C

ECONOMIC AND FINANCIAL DEVELOPMENTS IN 2010 AND OUTLOOK FOR THE MEDIUM TERM

PART C

ECONOMIC AND FINANCIAL DEVELOPMENTS IN 2010 AND OUTLOOK FOR THE MEDIUM TERM



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SELECTED FINANCIAL AND ECONOMIC INDICATORS

	2006	2007 Actual	2008	2009 Actual	2010 Actual	2011 Proj.
			(Annual percentage change)			
GDP at constant 2004 prices	7.1	5.4	4.3	-0.7	4.6	4.1
GDP deflator	115.3	125.7	143.8	152.3	159.1	169.3
GDP at current market prices (N$ million)	54,028	62,080	74,000	77,812	85,080	94,206
Consumer price index (period average)	129.1	137.7	152.0	165.4	172.7	n/a
Consumer price index (end-of-period)	132.5	141.9	157.4	168.4	173.6	n/a
Exports	36.5	15.0	28.0	-0.3	12.6	n/a
Imports	16.7	25.8	46.0	15.2	-2.5	n/a
Real effective exchange rate	-1.5	-3.6	-3.9	4.2	4.3	n/a
Private sector credit	14.8	13.5	11.3	10.0	10.8	n/a
Broad money supply	32.0	10.1	17.9	66.0	9.5	n/a
			(In per cent of GDP, unless otherwise stated)			
Gross investment	21.6	23.7	25.4	23.6	21.1	21.6
Public	5.53	7.5	7.7	7.6	3.4	3.7
Private	16.1	16.1	17.7	16.0	17.7	17.9
Gross savings	35.6	31.3	34.3	29.8	26.9	27.6
Public	9.7	7.0	7.7	5.7	4.8	4.9
Private	25.9	24.3	26.6	24.1	22.1	22.7
Public Finance*						
Revenue and grants	23.4	27.1	31.4	30.0	25.5	17.4
of which SACU	6.9	10.3	10.8	10.7	6.7	2.9
Expenditure and net lending	23.5	23.5	23.3	26.8	27.2	26.3
of which personnel expenditure	10.5	9.6	9.1	9.4	9.7	9.8
of which capital expenditure	2.9	4.1	4.7	6.0	6.1	5.1
Primary balance	2.0	5.8	6.0	0.4	-5.5	-5.7
Overall Government deficit / surplus	4.1	5.1	2.0	-1.1	-5.7	-9.8
Public debt outstanding	24.3	18.0	17.9	14.8	20.1	26.8
Public and publicly guaranteed debt outstanding	6.7	5.2	4.0	3.3	2.7	n/a
Current account balance	13.8	9.1	3.0	1.7	0.1	n/a
excluding official transfers	2.0	-2.2	-10.0	-12.0	-11.0	n/a
Gross official reserves						
in million of N$ dollar	2,939.3	6,500.0	12,712.5	13,828.2	10,208.2	n/a
in months of imports	1.7	3.1	5.7	3.9	3.0	n/a
External debt	25.4	21.9	23.8	20.4	22.0	n/a
Exchange rate to US Dollar (end-of period)	7.0406	6.8271	9.9456	7.4894	6.8294	n/a
Exchange rate to US Dollar (period average)	6.7672	7.0544	8.2517	8.4371	7.3303	n/a

* Public Finance data are in Fiscal Year instead of Calendar Year, starting from 2005/06
n/a means not available

SUMMARY OF ECONOMIC DEVELOPMENTS

The world economy is estimated to have recovered to 5.0 per cent during 2010 from a contraction of 0.6 per cent registered in 2009 on the back of increased economic activities in the manufacturing and trade sectors. In general, the unprecedented scale of the policy measures taken by Governments during the early stage of the crisis has undoubtedly helped stabilized financial markets, thereby providing momentum to the global recovery. The policy response, however, weakened during 2010, and is expected to be much less supportive during 2011, especially as widening fiscal deficits and rising public debt may undermine the support for further fiscal stimulus. Many Governments, particularly those in developed countries, are already shifting towards fiscal consolidation. This would adversely affect global economic recovery during 2011 and 2012. Furthermore, financial distress and weaknesses in key financial institutions in major developed economies pose risks for world economic outlook.

Among the developed economies, the United States of America has been on a weak recovery path from the longest and deepest recession since the Second World War. It is estimated that the level of GDP in the US will return to its pre-crisis peak by 2011, while a full recovery of employment will take at least another four years. Growth in many European countries will also remain low due to unwinding of fiscal measures, while some may continue to be in recession. In Japan growth, is expected to decelerate notably.

Emerging and developing countries would continue to drive the global recovery, but their output growth is also expected to moderate during 2011 and 2012. Developing Asia continues to show the strongest growth performance. Strong growth in major developing economies, especially China, is an important factor in the rebound in global trade and commodity prices, which is benefiting growth in Latin America, the Commonwealth of Independent States and parts of Sub-Saharan Africa.

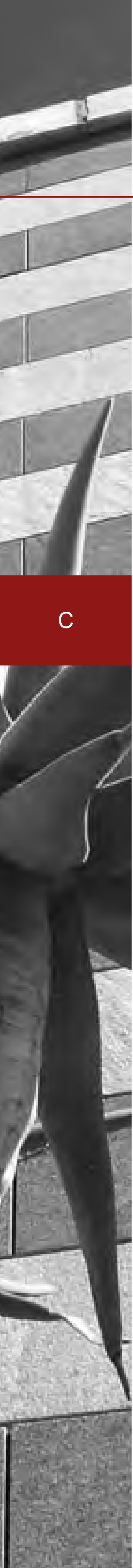
In line with the global economic recovery, the Namibian economy rebounded in 2010 from a contraction recorded in 2009. The domestic economy is estimated to have expanded by 4.6 in 2010 compared to a contraction of 0.7 percent in 2009. Growth in the real sector accelerated, mainly as a result of good performance in export-oriented subsectors in particular the diamond mining. The expansion in the mining sector was mainly driven by improved global demand for mineral products, leading to improved export earnings from these products. The secondary industry mainly driven by the construction sector has also pose a favourable performance compared to a contraction recorded in the previous year. Nonetheless, over the same period, the tertiary industry moderated due to slowed growth in some of the sub-sectors of the industry. Contrary, the wholesale and retail trade as well as public administration and defence sectors expanded. These gains emanated from increased consumer demand, due to accommodative monetary and fiscal policies pursued over the last two years.

Like in other parts of the world, the current account surplus decreased significantly, despite the good performance in the country's export relative to the previous year. The decline in the current account surplus was mostly attributed to a substantial decline in current transfer earnings as receipts from the SACU revenue pool moderated. These were reinforced by the net outflow recorded in investor's income, following higher payments made to foreign direct investors. In contrast, the capital and financial account registered a widening deficit during 2010 when compared to the previous year, largely due to outflow of portfolio investment.

During 2010, the monetary and financial sector remained fairly stable. Although monetary aggregates subdued, credit aggregates as reflected in credit extended to the private sector, expanded in 2010. Contributing to the improved growth in credit extended to the private sector was higher borrowing by both businesses and individuals. The upward trend observed in demand for credit is expected to continue in 2011 due to the projected increase in economic activity compounded with the prevailing low interest rate environment.

On the fiscal front, Government continued to pursue an expansionary fiscal policy. Expenditure as a ratio of GDP increased slightly from 31.1 per cent in 2009/10 to 31.2 per cent in 2010/11. On the contrary, revenue as a ratio of GDP declined from 30.0 per cent to 17.4 per cent over the same period. This resulted in a budget deficit of 5.7 per cent of GDP. In addition, the stock of domestic and foreign debt declined at the end of the review period and both continued to remain within the sustainable limits.

Going forward, key challenges for the Namibian economy remain, including the expected decline in international taxes, high level of unemployment, income inequality, and the shortage of skilled labour. In this regard, concerted efforts should, therefore, be devised to address these challenges so as to enable the country to achieve the United Nations Millennium Development Goals as well as realise its own Vision 2030.



THE GLOBAL ECONOMY

The world economy is estimated to have recovered to 5.0 per cent during 2010 from a contraction of 0.6 per cent registered in 2009 on the back of increased economic activities in the manufacturing and trade sectors. Underpinning the brisk performance of the manufacturing and trade sectors was largely the surge in corporate fixed investment. On the other hand, low consumer confidence, reduced household incomes and wealth constrained consumption expenditure in major advanced economies. Growth in these economies is estimated to have reached about 3.0 per cent during 2010, a low rate considering the fact that they are emerging from the deepest recession since World War II (Table C.1). Their recoveries will remain fragile for as long as improving business investment does not translate into higher employment growth. In contrast, consumption and investment expenditures performed relatively well in many emerging markets thereby propelling economic growth and job creation in these economies. Accordingly, the IMF estimates that emerging markets and developing countries would register vibrant growth of 7.1 per cent during 2010 compared to their subdued performance of 2.6 per cent experienced during the preceding year.

Table C.1: World economic output (annual percentage change)

	2007	2008	2009	2010	2011	2012	2013
World Output	5.3	2.8	-0.6	5.0	4.4	4.5	4.6
Advanced economies	2.7	0.2	-3.4	3.0	2.5	2.5	2.6
USA	1.9	0.0	-2.6	2.8	3.0	2.7	2.9
Euro Area	2.9	0.5	-4.1	1.8	1.5	1.7	1.8
UK	2.7	-0.1	-4.9	1.7	2.0	2.3	2.4
Japan	2.4	-1.2	-6.3	4.3	1.6	1.8	1.9
Other advanced economies	5.0	1.7	-1.2	5.6	3.8	3.7	3.7
Emerging and developing economies	8.7	6.0	2.6	7.1	6.5	6.5	6.6
Sub-Saharan Africa	7.0	5.5	2.8	5.0	5.5	5.8	5.7
Central and Eastern Europe	5.5	3.0	-3.6	4.2	3.6	4.0	4.0
Common Wealth of Independent States	9.0	5.3	-6.5	4.2	4.7	4.6	4.6
Developing Asia	11.4	7.7	7.0	9.3	8.4	8.4	8.5
China	14.2	9.6	9.2	10.3	9.6	9.5	9.5
Middle East	6.0	5.0	1.8	3.9	4.6	4.7	4.7
India	9.9	6.4	5.7	9.7	8.4	8.0	8.2
Brazil	6.1	5.1	-0.6	7.5	4.5	4.1	4.1
South Africa	5.5	3.7	-1.8	2.3	3.2	3.6	4.2
Russia	8.5	5.2	-7.9.	4.0	4.3	4.4	4.2

Source: IMF World Economic Outlook January, 2011 and National Treasury, South Africa.

OUTPUT GROWTH AND OUTLOOK BY MAJOR REGIONS AND ECONOMIC BLOCS[7]

Real GDP in the **US** is estimated to have grown by 2.8 per cent during 2010 from a contraction of 2.6 per cent registered in 2009. The recovery of the US economy was due to unprecedented stimulus measures implemented by the US Treasury and the Federal Reserve Board. Growth is expected to increase moderately to 3.0 per cent during 2011. The moderate growth in real GDP growth could be mostly due to the improved production in the manufacturing sector. Moreover, the weak labour market with unemployment rate of 9.8 per cent, as well as depressed housing prices, which both impact negatively on real incomes and the ability of households' net worth, would remain a drag on recovery.

Despite the sovereign debt crisis in some member states of the Euro Area, economic growth in the region was estimated to have recovered to 1.8 per cent during 2010 from a significant contraction of 4.1 per cent recorded during 2009. This was because of a strong macroeconomic policy response, including unprecedented liquidity and credit support, new European financing instruments, and substantial fiscal action in affected countries that helped to contain the financial turmoil thereby moderating its adverse impact on the Euro Area's economic activities.

Real GDP in **Germany**, increased by 3.3 per cent during 2010 from a contraction of 4.7 per cent observed in 2009. Growth in consumption, investment and demand for German exports were the main drivers of economic growth during 2010. German economic growth, however, is projected to slow to 2.0 during 2011, due to the weak growth of its trading partners' economies and consequent slowdown in the demand for its exports. This slowdown may negatively influence Namibia's exports to the German market.

During 2010, **Spain's** real GDP registered a marginal contraction of 0.3 per cent from a significant contraction of 3.7 per cent experienced in the preceding year. The contraction in economic growth was largely attributed to a moderation in private consumption due to the introduction of the value added tax (VAT). Furthermore, economic growth in Spain was expected to be constrained by fiscal pressures prevailing in that country during the year under review. A moderate recovery of 0.7 per cent is projected for Spain during 2011. Given the expected moderate economic performance in Spain for 2011, Namibia's fish exports may be adversely affected and therefore the search for alternative markets for Namibia's exports, especially fish should be strongly pursued.

In **Japan**, an export-led recovery witnessed since the second quarter of 2009 strengthened in early 2010 supported by a stronger than anticipated recovery in the Western advanced economies and rising demand for capital goods in China. Real GDP was estimated to have increased by 2.8 per cent during 2010 from a significant contraction of 5.2 per cent recorded during 2009. Projections by the IMF indicate that the Japanese economy will slow to 1.6 per cent during 2011. This could largely be due to the end of the fiscal stimulus package and the sluggish labour market situation.

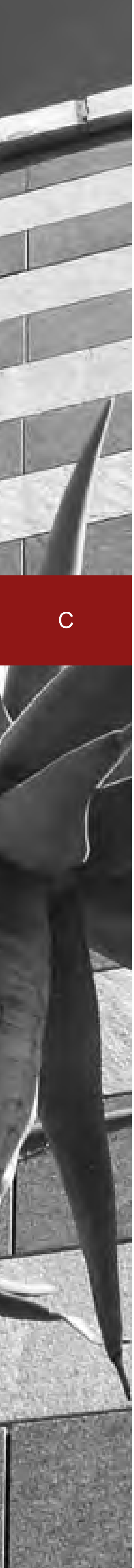
Impressive improvements in the macroeconomic policy framework over the past two decades, combined with accommodative policies, easy external financing conditions, and strong commodity prices, are driving a robust recovery in Brazil during the year under review. As a result, real GDP growth is estimated to have increased to a robust 7.5 per cent during 2010 from a contraction of 0.6 per cent observed during 2009. Looking ahead, projections show that the Brazil's real GDP would slow to 4.5 per cent during 2011 partly due to fiscal tightening.

In **Russia**, real output is estimated to reach 4.0 per cent during 2010 from a significant contraction of 7.9 per cent experienced in the preceding year. Underpinning the growth in real GDP in Russia during 2010 were largely higher crude oil prices. Available forecasts show that the Russian economy would grow by 4.3 per cent during 2011. It is expected that the projection would materialize if the fiscal stimulus package is reversed in a gradual manner. The performance of the Russian economy is likely to influence its FDI in other countries, including the planned investment in Namibia's Kudu gas project by Gazprom[8].

India's macroeconomic performance has been vibrant during 2010, with industrial production at a two year high. Real GDP is estimated to have rebounded to 9.7 per cent during 2010 from a much lower growth of 5.7 per cent experienced during the preceding year driven by robust industrial production and domestic demand. It is expected that real GDP would slow to 8.4 per cent during 2011 because of the anticipated decline in the country's exports.

In **China**, real GDP was estimated to have expanded by 10.5 per cent in 2010 from 9.1 per cent experienced during the preceding year, underpinned by robust domestic demand. Projections indicate that real GDP would moderate to 9.6 per cent during 2011. This slight moderation in economic activities is expected during 2011 because of tighter limits on credit growth, the introduction of policy measures to

[7] All projections in this section are consistent with IMF, World Economic Outlook January 2011
[8] Gazprom is one of the world's largest energy companies. Its major business lines are exploration, production, transportation, storage, processing and marketing of hydrocarbons as well as power generation.



control the property market and limit bank exposure as well as the planned withdrawal of the fiscal stimulus package in 2011.

The economic recovery in the **Middle East** during 2010 was mainly underpinned by the rebound in the crude oil prices from its trough in 2009, which boosted receipts for oil exporters in that region. In addition, a sizable and rapid fiscal policy response, especially in oil-exporting countries, has played a substantial role in supporting the non-oil sector in these economies. Against the backdrop of these positive factors, economic growth in the region is estimated to be 3.9 per cent during 2010 compared to 1.8 per cent registered in the previous year. Going forward, it is projected that real GDP for the region would grow by 4.6 per cent for 2011. In general, average growth rates among oil exporters are projected to be higher during 2010 and 2011 when compared to 2009. This is due to a sizable government infrastructure investment in the crude oil sector. Similarly, economic growth in oil-importing countries is expected to remain robust for 2010 and 2011. The political turmoil in the region is expected to push up oil prices. If the upward trend in crude oil prices continues, economic growth in the Middle East would be higher than projected by the IMF in January 2011.

Economic growth in **Sub-Saharan Africa** increased to an estimated 5.0 per cent during 2010 from a slow growth of 2.6 per cent in the previous year. Underpinning the recovery in the region was robust domestic demand supported by the recovery in commodities prices and exports. Going forward, Sub-Saharan Africa's growth is projected to reach 5.7 per cent during 2011. The main factors expected to drive economic growth in the region are the global economic recovery that would result in the pick-up of exports and improved domestic demand.

South Africa benefited from the global economic recovery, strong demand for commodities, especially from China and India as well as the increased investment activities by virtue of hosting the Federation of International Football Association 2010's (FIFA) World Cup. Consequently, real GDP growth is estimated to have improved to 2.3 per cent during 2010, from a contraction of 1.8 per cent recorded during the previous year. Projections by the IMF indicate that the South African economy will grow by 3.2 per cent during 2011. Supporting the growth projections is largely the monetary easing pursued during 2009 and 2010 coupled with countercyclical fiscal policy that jointly assisted in stimulating domestic demand. In the coming years, the main policy challenge facing South Africa will be to strike a good balance between nurturing economic growth, while preserving fiscal sustainability and low inflation. South Africa's economic and social outlook remains shadowed by enormous structural challenges, notably deficiencies in transport and energy infrastructure, which raise production costs and limit growth potential. Public service delivery, also a serious bottleneck to growth, has proven inadequate in a period of economic recession.

Economic growth for **Botswana** was estimated to have recovered robustly to 8.4 per cent during 2010 from a contraction of 3.7 per cent recorded during 2009. The recovery was mainly ascribed to the global recovery which prompted a rebound in diamond production in response to firmer international demand for the country's diamonds. However, non-mineral GDP growth is expected to slow to 4.8 per cent during 2010. Equally crucial to Botswana's economic performance during 2010 was the countercyclical fiscal policy stance pursued by the government during fiscal year 2009/10 complemented by monetary policy easing by the Bank of Botswana in response to the global economic downturn. Forecasts indicate that real GDP growth for Botswana would slow to 4.8 per cent during 2011 as a result of the withdrawal of the fiscal stimulus package by the government. Botswana's economy faces considerable challenges, such as the need for flexible macroeconomic policy to support the recovery until the world diamond market recovers fully.

Angola's growth is projected to increase to about 6.0 per cent in 2010 from 0.7 per cent registered during the preceding year. The growth in Angola was based on the increase in global demand and the strengthening of crude oil prices. This was complemented by increased investment in preparation for the African Cup of Nations that the country hosted during 2010. Projections by the IMF show that, real GDP in Angola will grow by 7.0 per cent during 2011 on the back of projected high crude oil prices. Angola's economy is, and will remain, particularly dependent on oil revenue in the foreseeable future. Nevertheless, the non-oil sector, expected to grow by 10 per cent in 2010, has been growing faster than the oil sector for the third consecutive year. Non-oil economic growth was supported by the efforts made in infrastructure and by the resurgence of economic activities throughout the country. Nevertheless, Luanda still remains the economic and political hub of the country, accounting for 70 to 75 per cent of economic activities and consumption. Angola's main challenges are to manage its non-renewable national wealth more efficiently, and create jobs. Better management will require strengthening institutions, among others. Angola's economy remains largely driven by public investment and thus there is a need to strengthen the private sector in the medium to long term. Looking ahead, the favourable growth outlook for Angola augurs well for Namibia's exports to that country, as reflected by the rise in exports to N$2.5 billion in 2010 from about N$2.3 billion registered during the previous year.

MONETARY POLICY STANCES OF KEY CENTRAL BANKS

Monetary policy remained appropriately supportive in most economies during 2010. Amongst the advanced economies, central banks in the US, the UK, and the European Central Bank kept their policy rates unchanged during the year under review to stimulate economic activities and mitigate the impact of the recession. These central banks also continued to pursue unconventional programmes of monetary easing by injecting funds into their economies with a view to encouraging commercial banks to extend credit to households and businesses. The Bank of Japan was one of the central banks amongst the advanced economies that adjusted its policy rate upwards towards the end of 2010 due to expectations of higher inflationary pressures as a result of commodity prices.

Similar to its monetary policy stance in 2009, the Federal Reserve Board in the US maintained the federal funds rate within the range of 0 to 0.25 per cent during 2010 indicating that economic conditions warranted exceptionally low interest rates for an extended period (Table C.2). The Federal Reserves Board continued providing support to the mortgage lending and housing markets by means of purchasing US$1.25 trillion of agency mortgage-backed securities[9] and about US$175 billion of agency debt[10]. This program was implemented until the end of March 2010. To promote a stronger pace of economic recovery, the Federal Reserve Board decided to continue expanding its holdings of securities during its December 2010 meeting. The Federal Open Market Committee also announced its intention to purchase a further US$600 billion of longer-term Treasury securities by the end of the second quarter of 2011, at a pace of about US$75 billion per month in order to support maximum employment and price stability.

The Bank of England complemented its low bank rate policy (i.e. 0.5 per cent) with the £200 billion asset purchase programme. The objective of the asset purchase programme was to boost money supply through large-scale asset purchases and, in doing so bring about a level of nominal demand consistent with meeting the inflation target in the medium term. Equally, the European Central Bank continued to pursue an expansionary monetary policy stance by maintaining its refinancing rate at 1.0 per cent throughout 2010 to support economic activities. Given the fact that Canada's inflation dynamics were broadly in line with expectations, the Bank of Canada also decided to keep its policy rate unchanged during its December meeting. In contrast, other advanced economies such as Australia, Israel, New Zealand, Norway, and Sweden have raised their policy rates toward the end of 2010 with a view to containing inflationary expectations.

In contrast to the advanced economies, which generally pursued expansionary monetary policy stance during the period under review, a number of emerging economies implemented monetary policy tightening by raising their policy rates (for example, Brazil, India, Malaysia, Peru), increasing their cash reserve requirements (for example, China, India, Turkey), or imposing direct limits on credit growth (for example, China). The tightening is expected to proceed at a gradual pace, as inflation is generally projected to be contained in emerging market. Asian emerging markets are faced with a pressing concern of high credit growth for real estate purchases. Thus, policymakers in various Asian economies have successfully intervened to slow the growth in credit extended to the mortgage sector with prudential regulations. Within the Common Monetary Area (CMA), the South African Reserve Bank continued to pursue an expansionary monetary policy stance during 2010 by reducing its repo rate cumulatively by 150 basis points during 2010. The SARB cited an improved inflation outlook in the longer term and evenly balanced risks to the outlook as the main reasons for reducing its policy rate. Similarly, the Central Banks of Lesotho and Swaziland also pursued expansionary monetary policy stances to stimulate economic activities in their respective countries during the period under review. In this regard, both Central Banks of Lesotho and Swaziland reduced their policy rates by 150 basis points to 5.50 per cent.

[9] A mortgage backed security (MBS) is an asset backed security or debt obligation that represents a claim on the cash flows from mortgage loans through securitization.
[10] Agency debt is debt obligation owed by an agency of the U.S. government. While similar to a Treasury security, agency debts (bonds) are issued by a particular agency of the federal government, rather than the federal government itself.

Table C.2: Selected economies' latest policy rates

Countries	Policy rate	Current rate (%)	Policy rate % Δ	Last meeting	October inflation	Real interest
Advanced economies						
Australia	Cash rate	4.75	0.25	December	2.7	2.1
Canada	Overnight night rate	1.00	0.00	December	2.4	-1.4
Euro Area	Refinance rate	1.00	0.00	December	2.2	-1.2
Japan	Call rate	0.09	0.002	December	0.0	0.09
UK	Base rate	0.50	0.00	December	3.7	-3.2
USA	Fed Funds rate	0.00–0.25	0.00	December	1.5	-1.3
Brazil, Russia, India, China and South Africa (BRICS)						
Brazil	Short-term interest rate	10.75	0.00	December	5.9	4.9
Russia	Refinancing rate	7.75	0.00	November	8.8	-1.1
India	Repo rate	6.25	0.25	December	9.5	-3.3
China	Lending rate	5.56	0.25	November	4.6	1.0
South Africa	Repo rate	5.50	-0.50	November	3.5	2.0

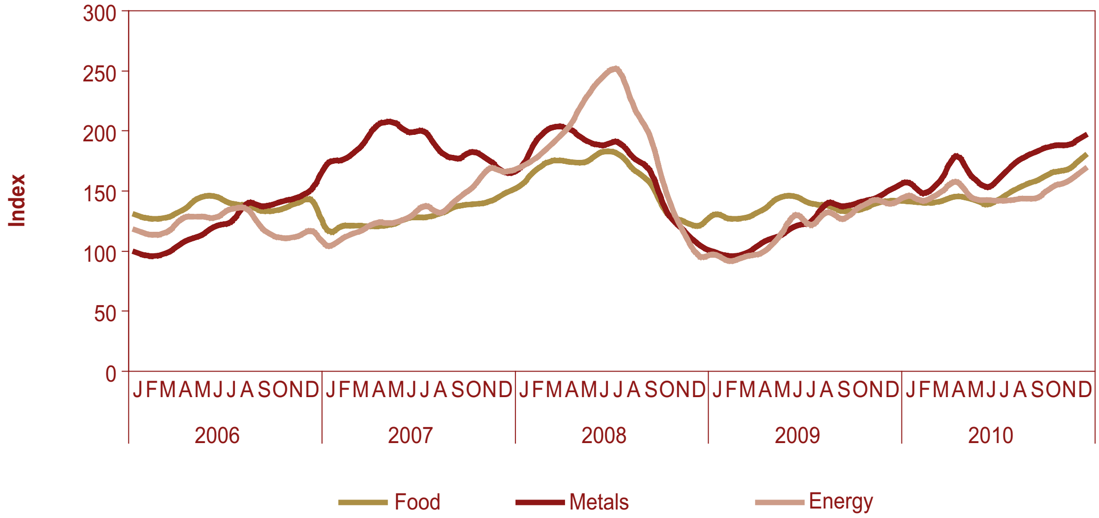
Sources: Respective central/reserve banks

C

COMMODITY PRICE DEVELOPMENTS AND PROSPECTS

During 2010, the prices for the majority of commodities recovered when compared to their levels in 2009. This is evident in the IMF's food price index, which increased by 11.6 per cent during 2010 compared to its level in 2009. The increase in the food price index could partly be explained by the worsening outlook for crops in Russia coupled with weak yields in Canada, the EU and the US, as well as the weaker USD, which continued to sustain the prices of nearly all agricultural and non-agricultural traded commodities (Chart C.1).

Chart C.1: Selected commodity price indices



Source: IMF

Metal prices have responded strongly to changing expectations about prospects for the global economic recovery. In this regard, the IMF index for metal prices, on average, registered a significant growth of 41.5 per cent during 2010 relative to the previous year. The key drivers of developments in the metal price index during 2010 were copper, zinc and lead. In this regard, the price of copper increased on average by 58.1 per cent during 2010 compared to the previous year. Underpinning developments in the price of copper during the year under review were low inventories and slow supply growth from the mines, complemented by robust demand from China and India. Similarly, the price of zinc increased significantly by 43.8 per cent during 2010 on the back of strong demand from China. In contrast, the spot price of uranium decreased by 6.3 per cent during 2010 compared to 2009 (Chart C.2). The decline in the price of uranium was ascribed to an oversupply of uranium in the market as a result of significant production increase from Kazakhstan.

The outlook for metal demand would depend on growth prospects in China, given its fast growing economy and consequently demand for commodities. China's share of the world's metal demand has grown from around 10 to 15 per cent during 2000, to an estimated 40 to 45 per cent during 2010. The demand for metals was driven by China's massive US$700 billion fiscal stimulus package, which largely impacted the metals-intensive construction sector. This increase in Chinese demand in 2010 counterbalanced the decline in demand of all the other countries combined, keeping total world demand at a close level to that of 2008. Furthermore, there have been signs of recovery in demand for metals from advanced economies during 2010, but the slow pace of growth anticipated for these economies suggests that emerging economies will remain the engine of demand growth as far as commodities are concerned. On balance, it is expected that metal prices should increase moderately during 2011, mainly on the grounds of the Chinese economy that may not continue to sustain the robust growth seen over the last years.

Similar to developments in the food and metal price indices, the index for energy also increased registering a rise of 26.7 per cent for 2010 compared to 2009 (Chart C.1). The increase in the energy price index was largely ascribed to a significant demand for crude oil, especially from China.

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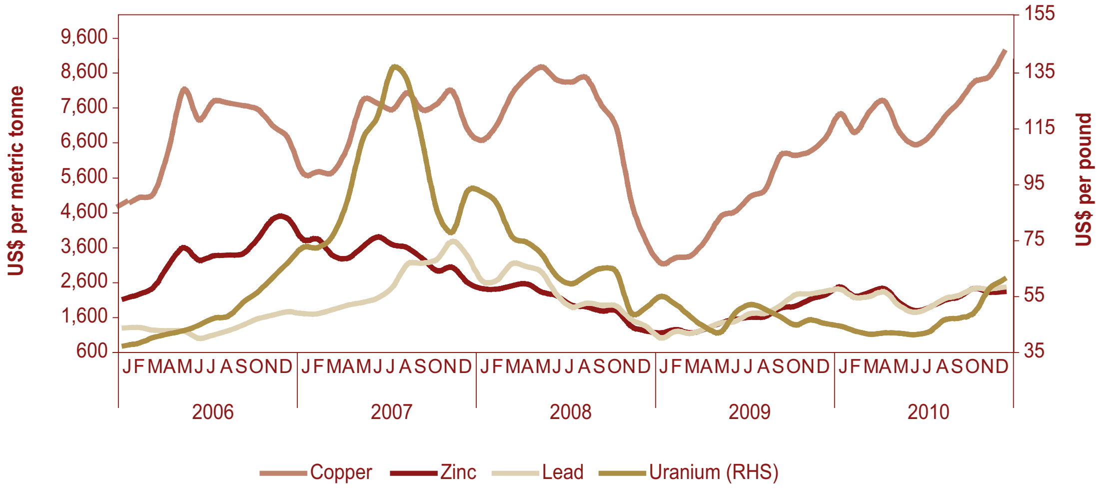
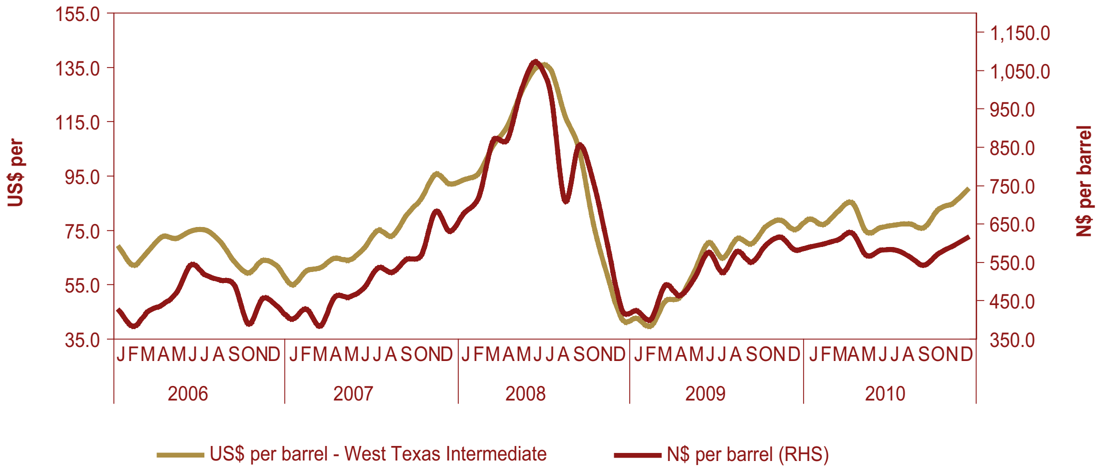
Chart C.2: Selected Commodity Prices



Source: IMF

Strong developments that characterised other commodity markets were also reflected in the market for crude oil that was fairly strong in 2010. In this regard, the spot price of crude oil in the world market remained broadly in the US$70 to US$85 range per barrel (Chart C.3). The demand for crude oil strengthened more than expected during 2010, primarily reflecting stronger than projected global activity and an increase in Chinese oil demand. China's demand for crude oil increased by 14.0 per cent during 2010. This was complemented by an increase in demand by Europe and the US on account of cold weather conditions. Going forward, oil demand is anticipated to continue to rise as the global recovery progresses. In addition, the political turnmoil in the Middle East and North Africa could push oil prices up in 2011 and beyond.

Chart C.3: Crude Oil Prices (West Texas Intermediate: US$ per barrel)



Source: IMF

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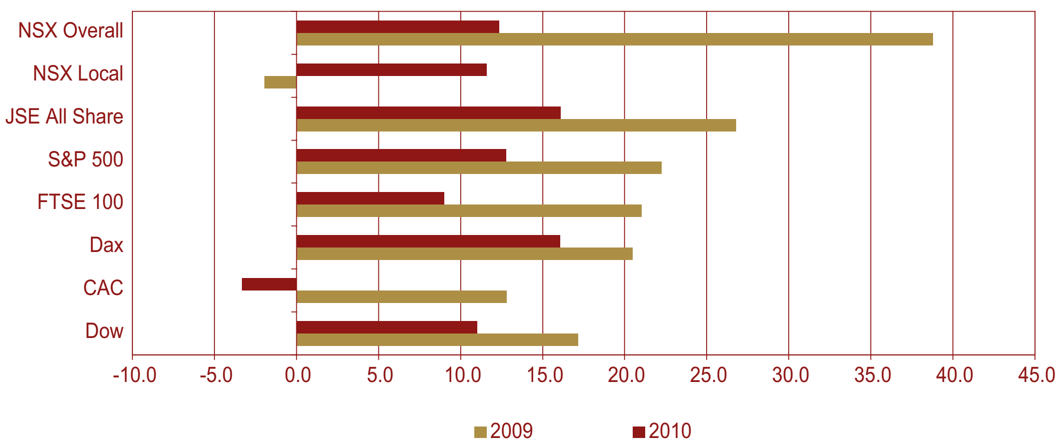
DEVELOPMENTS IN FINANCIAL MARKETS

Very high government deficits and debt levels in several high-income countries (notably Greece, Ireland, Italy, Portugal and Spain) have provoked volatility in international financial markets during 2010. This has been particularly evident in a generalized decline in stock-market valuations, with global equity markets loosing between 8.0 and 17.0 per cent in May 2010, with losses generally larger in countries that directly linked to Greece. Generally, most equity markets performed poorly during 2010 compared to 2009 (Chart C.4). The Cotation Assistée en Continu (CAC) was the worst performer with a contraction of 1.9 per cent during 2010 compared to 12.8 per cent recorded in the preceding year. Other equity markets that did not perform well were the UK and South Africa as measured by growth in the FTSE 100 and JSE All Share Index, which reached growth rates of 6.5 per cent and 12.5 per cent during 2010, respectively. Similarly, a slowdown of 6.2 per cent was also observed in the NSX Overall Index compared to a much robust growth of 38.8 per cent recorded in the preceding year. The indices, which performed poorly, were influenced by the impact of the recession on corporate and household investments in these economies.

Chart C.4: Annual growth rates in stock markets (percentage change in indices in US$ terms)



WORLD TRADE DEVELOPMENTS

Estimates by the IMF indicate that world trade rebounded to 11.4 per cent during 2010 from a substantial decline of 11.0 per cent in 2009. The rebound in world trade was reflected in increased exports and imports of emerging markets and developing economies as well as those of advanced countries (Table C.3). In general, exports and imports of emerging markets registered a relatively stronger rate of growth than those of advanced economies. Growth in imports of emerging markets and developing economies was largely due to robust domestic demand that emanated from sound macroeconomic fundamentals in these countries. Amongst the emerging market economies, trade was particularly resilient in China. The robust ability of China to export goods and services was further boosted by the US$700 billion fiscal stimulus that had a significant impact on the capacity of its manufacturing sector. Projections by the IMF, however, indicate that world trade would slow to 7.0 per cent during 2011.

Table C.3: Growth in the volume of world merchandise trade 2007-2010 (annual percentage change)

	Actual			Projections	
	2007	2008	2009	2010	2011
World trade volume (goods and services)	**7.3**	**2.9**	**11.0**	**11.4**	**7.0**
Imports					
Advanced economies	4.7	-0.4	-12.7	10.1	5.2
Emerging Markets and developing economies	13.8	9.0	-8.2	14.3	9.9
Exports					
Advanced economies	6.3	1.9	-12.4	11.0	6.0
Emerging Markets and developing economies	9.8	4.6	-7.8	11.9	6.1

IMPLICATIONS OF GLOBAL DEVELOPMENTS FOR NAMIBIA

Although the global economy continues to recover, the rebound remains weak and uneven. Emerging market economies continue to drive the global upsurge, while economic performance in advanced economies still remain below its pre-crisis levels. Persistent high levels of unemployment in advanced economies, the weakness in the US property market, high levels of public debt in the Euro Area and the negative impact of quantitative easing on emerging markets are the key risk factors, which may pose uncertainty to the global economic recovery.

Due to the fact that Namibia is a small, open and export-oriented economy, its performance will be significantly influenced by the recovery of the global economy. Namibia's export-oriented industries, such as diamond and uranium mining are expected to have benefited from the estimated global economic growth of 5.0 per cent during 2010. This augurs well for investment, employment creation, tax revenue as well as export earnings for Namibia. The trend in commodity prices, especially crude oil and food will exert upward pressure on Namibia's inflation in the short to medium term. The relatively stronger local currency against the major international currencies is expected to mute inflationary pressures. On the other hand, if the Namibia Dollar continues to remain strong against the major international currencies, it could negatively affect the tourism industry, as Namibia became a much expensive tourist destination.

DOMESTIC ECONOMIC DEVELOPMENTS AND OUTLOOK

The continued recovery of the global economy led to a recovery in demand for Namibia's exports, particularly diamonds. As a result, Namibia's primary industry is estimated to have recorded a growth of 13.3 per cent in 2010, after it contracted by 26.9 per cent in 2009. Fishing and on-board fish processing is, however, estimated to have contracted in 2010, but at a lesser magnitude than the preceding year. Supported by an expansionary budget, the secondary industry is also estimated to have expanded in 2010 mainly driven by the recovery in the construction sector. However, over the same period, the tertiary industry moderated due to slowed growth in most of the sub-sectors of the industry. Activities in the wholesale and retail trade as well as public administration and defence sectors improved as well. The gains were ascribed to increased consumer demand, due to accommodative monetary and fiscal policies pursued over the last two years. Overall, the Namibian economy is estimated to have expanded by 4.6 per cent in 2010, compared to a contraction of 0.7 per cent in 2009.

The economy is projected to expand by 4.1 per cent in 2011, slower than the estimated growth of 4.6 per cent in 2010 (see Chart C.5). The expansion in 2011 will be led by secondary and tertiary industries. However, the downside risks to the Namibian economic outlook include the strong Namibia Dollar and sluggish growth of the global economy.

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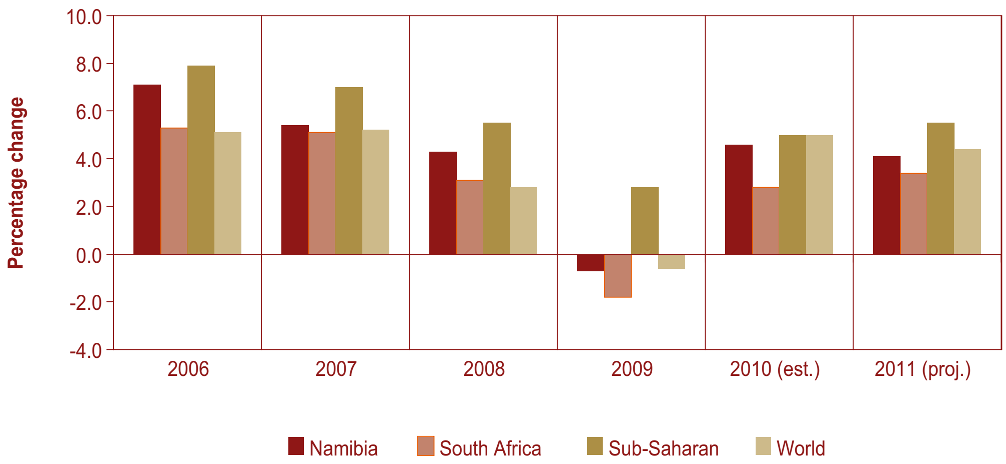
Chart C.5: Real GDP (Annual changes)



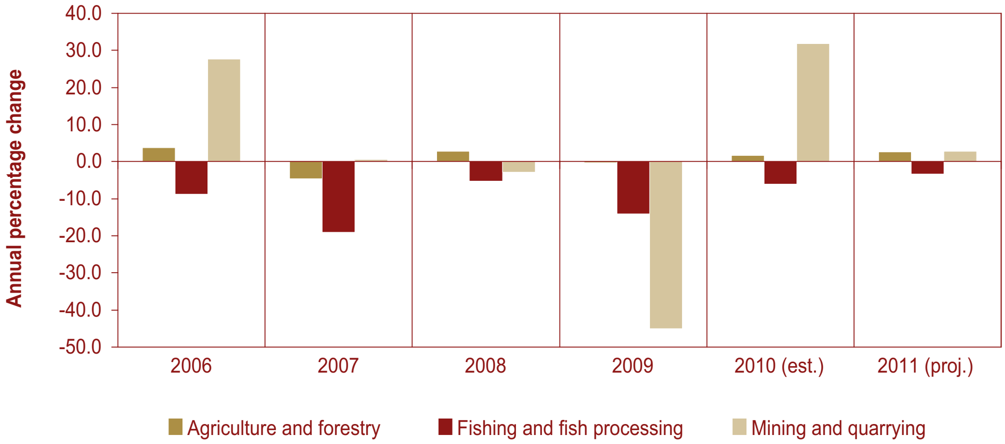
Sources: CBS, 2006-2009, BoN for 2010 estimations and projections for 2011, IMF World Economic Outlook Update January 2011.

In 2010, the Namibian economy is estimated to have performed much better than its main trading partner South Africa. However, the growth in both economies lagged behind that of Sub-Saharan Africa and other economies, which are estimated to have expanded by 5.0 per cent (see Chart C.5).

PRIMARY INDUSTRY

The primary industry, especially the mining sector, which was hard hit by the global economic crisis in 2009 due to its reliance on external demand, rebounded in 2010. This industry is estimated to have expanded by 13.3 per cent in 2010, after it had recorded a significant contraction of 26.9 per cent in 2009 (see Chart C.6). The expansion in the primary industry was mainly attributed to the mining sector, particularly the recovery in diamond mining sales and the expansion carried out at one of the uranium mine. The agricultural sector also improved as reflected in the increased production of livestock and crop farming. Fishing and on-board fish processing, on the other hand, is estimated to have contracted in 2010, albeit slower than in 2009. In addition, primary commodity prices have recovered substantially in 2010, especially copper prices which have reached the highest yearly average since 1980. In this regard, copper production is expected to resume by early 2011 from the Otjihase and Matchless mines. Looking ahead, the growth in primary industry is, however, projected to slow to 2.0 per cent in 2011, compared to an estimated expansion of 13.3 per cent in 2010. This is partly due to the expected moderation in the diamond mining sub-sector as result of depletion of onshore resources and the gradual shift towards offshore diamond recovery.

Chart C.6: Primary industry real growth rates



Sources: CBS, 2006-2009, BoN for 2010 estimations and projections for 2011

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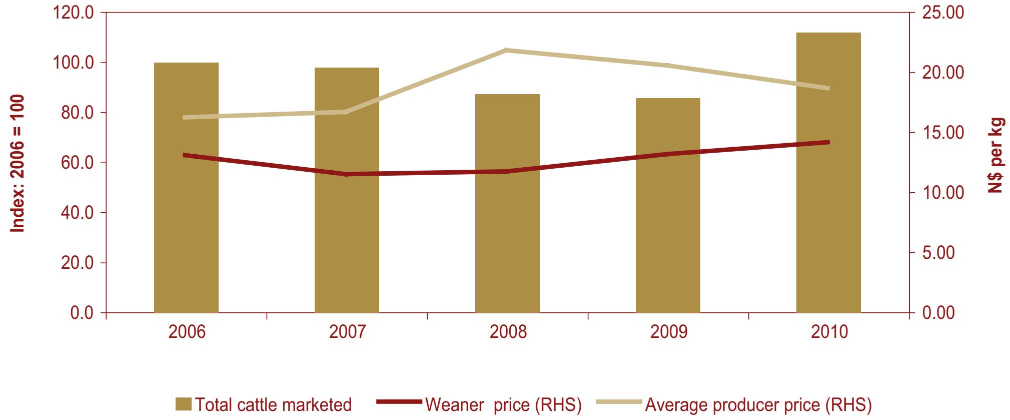
AGRICULTURE AND FORESTRY

Agriculture is estimated to have expanded by 1.7 per cent in 2010 compared to the contraction of 0.2 per cent during 2009. Despite the setbacks emanating from the outbreak of Rift Valley Virus (RVF) in the southern part of the country during the year under review, the livestock farming sub-sector still performed satisfactorily. Activities in the livestock farming sub-sector were boosted by increased number of livestock exported to South Africa. In addition, the crop production sub-sector also recorded positive growth which was ascribed to good harvests for both mahangu (pearl millet) and white maize during the 2010 harvesting season.

Livestock farming performed considerably well, mainly driven by the increased number of cattle marketed (see Chart C.7). The total number of cattle marketed rose by 30.2 per cent to 354,503 head of cattle in 2010 compared to the previous year. The increase in cattle marketed was attributed to favourable prices, which resulted in the large number of live weaners exported to South Africa. As a result, weaners exported live to South Africa spiked, while cattle slaughtered for export to the EU market moderated. This development was further reflected in the average producer prices (in local currency), falling by 9.4 per cent to N$18.50 per kg in 2010, while the average price for weaners rose by 7.3 per cent to N$13.99 per kg. It is anticipated that farmers might re-stock due to good rainfall, which is expected to improve the prospects of the improved pasture. Nonetheless, the anticipation of better prices could induce farmers to sell and that in turn could result in increased cattle marketed.

Chart C.7: Cattle marketed



Source: Meat Board of Namibia

Likewise, small stock marketed rose slightly by 0.7 per cent, which was attributed to a higher number of small stock exported to South Africa, while those marketed locally declined. However, the average price for small stock declined marginally by 2.0 per cent (see Chart C.8). Despite the decline in the small stock price, the increase in small stock marketed could be attributed to improved demand that originated from the 2010 FIFA World Cup event.

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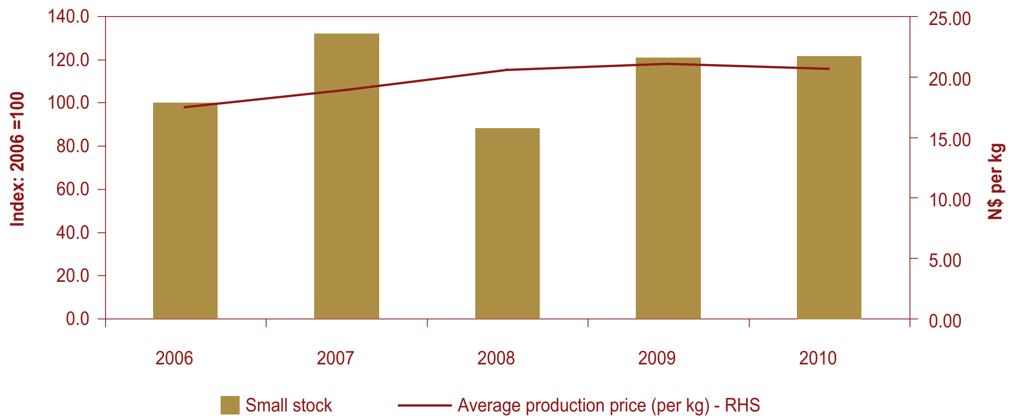
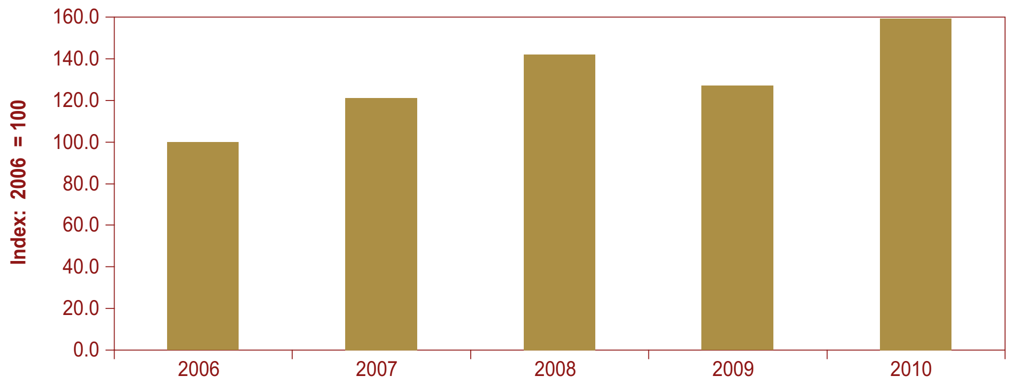
Chart C.8: Small stock marketed



Source: Meat Board of Namibia

Local pigs marketed are estimated to have increased by 36.0 per cent during 2010 compared to the number of pigs marketed during the preceding year (see Chart C.9) The increase in the number of pigs marketed was mainly attributed to the recovery from the setbacks of the African swine fever reported in some parts of Namibia in 2009.

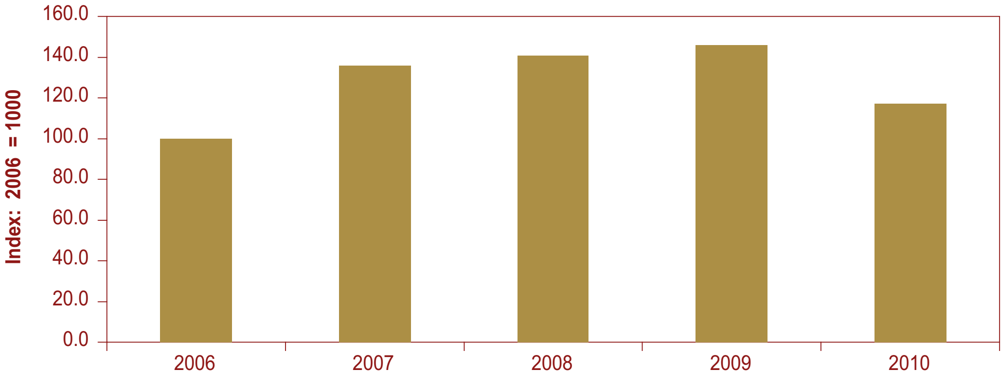
Chart C.9: Pigs marketed



Source: Meat Board of Namibia

With regard to the **crop farming and forestry** sub-sector, the Ministry of Agriculture, Water and Forestry reported that the production of various cereals improved during the 2010 harvesting season, especially in commercial areas under irrigation. However, horticulture production is estimated to have fallen by 8.8 per cent during 2010, compared to 2009 (see Chart C.10). This decline was due to the base effects resulting from a good harvest of onions amounting to 18,742 tonnes in 2009 as compared to 9,637 tonnes in 2010. The prospects of good rainfall during the current rainy season could lead to positive crop production, although the floods on Orange River banks as well as in Caprivi and some parts of Hardap Region could affect the anticipated output. Furthermore, various initiatives geared towards promoting crop farming will favourably impact on the sub-sector over the long term. The on-going Government initiative termed "Namibia Horticulture Market Share Promotion Scheme" which controls the importation of fresh fruit and vegetables into Namibia will continue making positive contribution towards sourcing produces locally, thereby increasing the local production capacity.

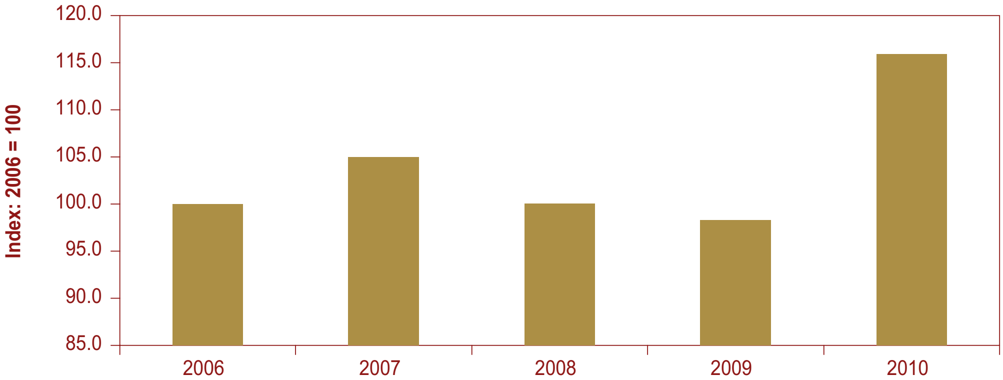
Chart C.10: Horticulture Production (tonnes)



Source: Namibian Agronomic Board

Milk production improved in 2010 compared to the level achieved during the previous year. The production rose by 17.9 per cent to 21.5 million litres in 2010 compared to that in the preceding year (see Chart C.11). The increase in production was attributed to increased capacity originating from the opening of "the Super Dairy Farm" near Mariental in 2009.

Chart C. 11: Milk production



Source: Agricultural Union of Namibia

Output growth for the overall agricultural sector is projected to expand by 2.7 per cent in 2011 compared to an estimated modest growth of 1.7 per cent in 2010. This growth would stem from increased activities in the livestock farming and horticulture output.

The fishing and on-board fish processing sector has persistently recorded a negative growth rates over the past few years. While contraction in the sector continues, it is however, estimated to have improved from a decline of 14.1 per cent in 2009 to a negative growth of 6.0 per cent during 2010. This improvement is largely due to increased fish stocks and the total allowable catches (TACs) for pilchard and hake in 2010. However, the TACs for horse mackerel, which is the largest component, declined over the same period (see Table C.4). Industry participants indicated that the demand for fish did not decline per se, but that consumer's consumption patterns shifted from processed fish to unprocessed and low grade fish as the global economic crisis took effect. In this regard, a decline was observed in the price of processed fish. It is projected that the sector will improve from an estimated contraction of 6.0 per cent in 2010 to an improved negative growth of 3.3 per cent in 2011. The appreciation of the Namibia Dollar remained the major downside risk, which may affect the competitiveness of exported products. Since most of the high-grade Namibian fish products are destined for European Markets, the likelihood of an appreciation of the Namibia Dollar versus the Euro is a worrisome factor.

Table C.4: Total allowable catches for major species ('000 metric tonnes)

Fish types	2005	2006	2007	2008	2009	2010	2011
Pilchard	25.0	25.0	15.0	15.0	17.0	25.0	25.0
Hake	180.0	130.0	130.0	130.0	135.5	148.5	140.0
Horse Mackerel	350.0	360.0	360.0	230.0	230.0	220.0	310.0
Crab	2.3	2.4	2.5	2.5	2.7	2.7	2.8
Rock Lobster	0.4	0.4	0.4	0.4	0.4	0.4	0.3
Alfonsino	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Orange Roughy	2.0	1.1	0.9	0.0	0.0	0.0	0.0
Monk	11.5	9.5	9.5	9.0	8.5	8.5	9.0
Total	**571.3**	**528.4**	**518.3**	**387.8**	**394.1**	**405.1**	**487.1**

Source: Ministry of Fisheries and Marine Resources

The ***mining and quarrying sector*** is estimated to have recovered remarkably by 31.8 per cent in 2010, after a steep contraction of 45.0 per cent in 2009. The recovery realised in the sector was mainly due to improved global recovery, which led to improved demand for mineral commodities, such as diamonds and other mineral products.

Diamond mining rebounded in 2010, with output rising significantly by 56.6 per cent to 1.47 million carats, compared to the output level in 2009. The actual diamond output for 2010 surpassed the production target of 1.45 million carats. Furthermore, growth in value added for diamond mining is estimated to have risen to 40.9 per cent in 2010, but is expected to moderate by 1.9 per cent in 2011 (see Chart C.12). However, it is worth noting that the production level for 2010 still remain below the pre-crisis levels of 2.22 million carats and 2.34 million recorded in 2008 and 2007, respectively.

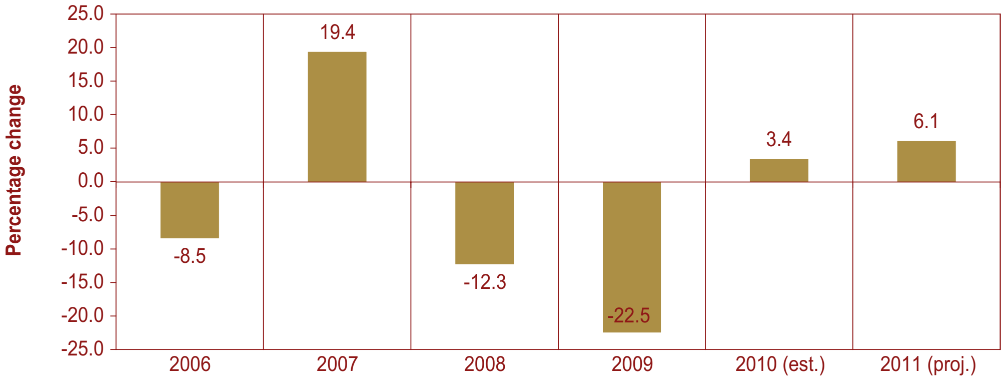
In 2011, diamond production is projected to moderate to 1.42 million carats in 2011 compared to 1.47 million carats recorded for 2010. These forecasts are underpinned by the depletion of onshore diamond deposits whose lifespan extends only up to 2014. Nonetheless, plans are underway to extend the mining operations of Namdeb to 2050, which would positively contribute to the outlook of the sector.

Chart C.12: Diamond mining – Value added growth

Sources: CBS for 2006-2009, diamond companies' projections for 2011

The contribution of other mining and quarrying (including uranium) to GDP sub-sector is estimated to have expanded by 3.4 per cent in 2010 compared with the significant contraction of 22.5 per cent recorded in 2009. The expansion was attributed to the good performance of especially, gold, zinc and uranium. The improved performance of gold output was mainly due to the weakened US Dollar, while the improvement in zinc and uranium output was due to rising prices. Going forward, the other mining and quarrying sub-sector is projected to grow by 6.1 per cent in 2011, mainly on the back of increased outputs of uranium and copper (see Chart C.13).

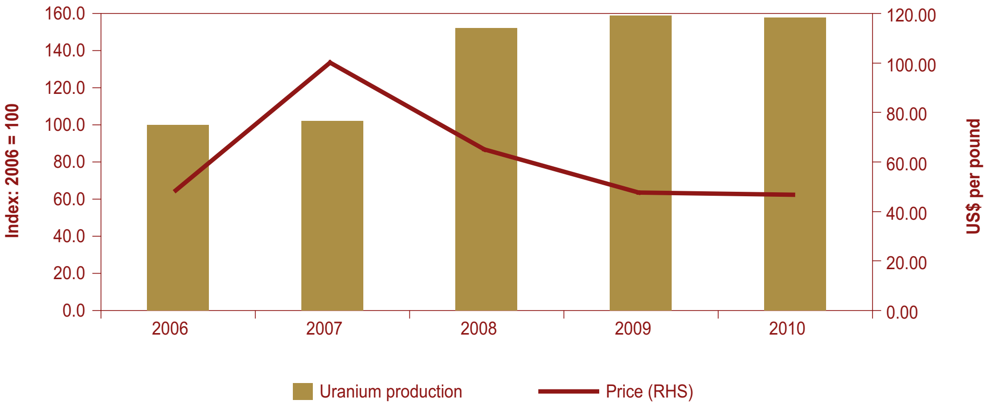
Chart C.13: Other mining



Sources: CBS for, 2006-2009, BoN for 2010 estimations and projections for 2011

Uranium production improved in 2010 when compared to the production level realised in the previous year. This was despite operational hiccups at the mining sites during the course of the year (see Chart C.14). In 2010, the production of uranium rose by 6.5 per cent to 5,876 tonnes compared to the preceding year. The increase was mainly ascribed to the expansion carried out by one of the mines, leading to the improvement in production capacity in 2010. However, uranium average spot price slowed marginally to US$46.00 per pound in 2010 compared to US$47.00 recorded in 2009. In the medium term, the output of uranium is expected to pick up as a result of on-going expansion plans at existing mining sites and the planned opening of new mines in 2013. Furthermore, the improved global outlook for uranium, especially due to high demand from Asian countries, such as China, South Korea, Japan and India is expected to impact positively on the outputs of uranium, going forward.

Chart C.14: Uranium production



Sources: Langer Heinrich, Rossing and IMF

Copper mines in Namibia ceased production at the end of 2008 due to depressed copper prices, which led to unsustainable production. During 2010, however, copper prices rebounded significantly by 45.9 per cent to a yearly average of US$7, 539 per tonne in 2010, much higher than the pre-crisis level. In fact, copper prices are at their highest level since 1980. Due to recovery in the copper price, two mines are expected to resume copper production by early 2011. In this regard, output for copper concentrate from these two mines is expected to range between 4,500 – 5,000 tonnes.

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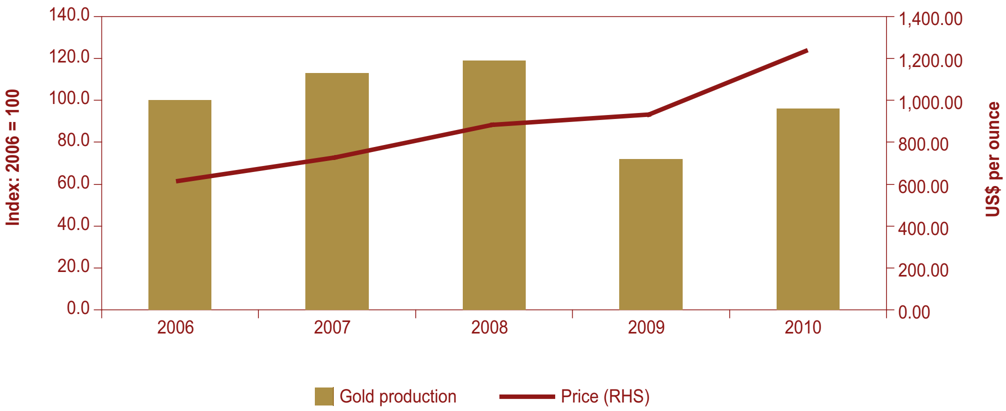
Zinc concentrate production expanded by 7.6 per cent in 2010 compared to a modest growth rate of 1.9 per cent recorded in 2009 (see Chart C.15). The increase was attributed to continued improved demand for base metals, mostly led by China and India, to feed their expanding manufacturing sectors. The improved demand for zinc translated into favourable zinc prices.

Chart C.15: Production of zinc concentrate

Source: Rosh Pinah Zinc Corporation and IMF

The production of ***gold bullion*** increased significantly in 2010 due to rising demand, as gold remained an attractive investment instrument in the face of a weak US Dollar and widespread fears regarding the sovereign debt sustainability in various member countries of the Euro single currency area (see Chart C.16). The production of gold bullion surged by 33.2 per cent in 2010 of which a considerable growth was realised during the second half of 2010. The demand for gold in the international market was further boosted by the easing of restrictions on China's gold imports, which allowed its banks to trade in gold during 2010.

Chart C.16: Gold production

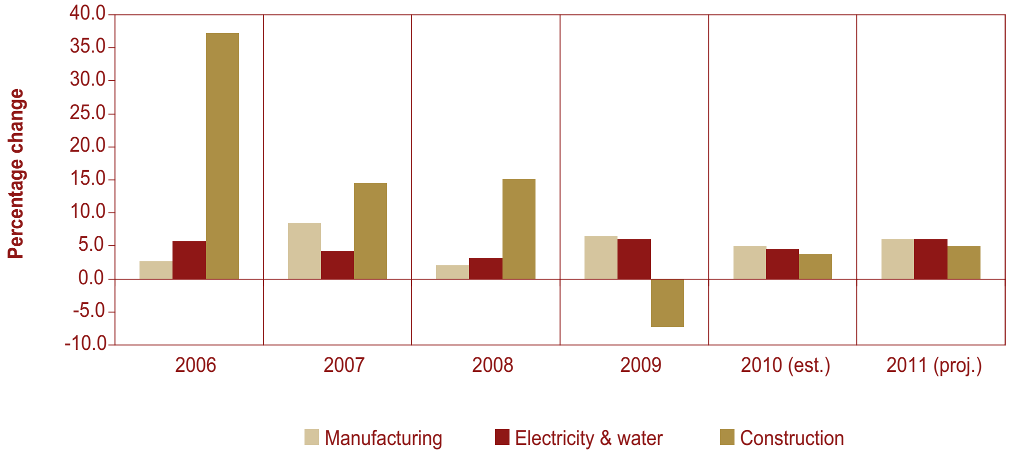


Source: Navachab Mine and World Gold Council

SECONDARY INDUSTRY

The performance in the secondary industry was relatively strong during 2010 compared to the output growth attained in the previous year. The growth was partly supported by expansionary fiscal policies due to increased investment in public and private infrastructure. In this connection, the industry is estimated to have expanded by 4.7 per cent in 2010 compared to 3.5 per cent in 2009 (see Chart C.17), largely on the back of increased activities in the construction sector. Looking ahead, the secondary industry is projected to grow by 5.8 per cent during 2011 with the manufacturing and electricity sectors taking the lead.

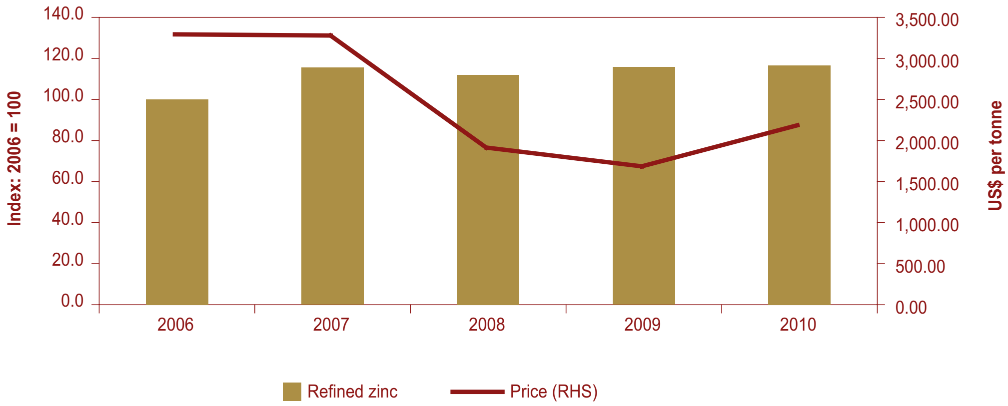
Chart C.17: Secondary industry real growth rates



Sources: CBS for, 2006-2009, BoN for 2010 estimations and projections for 2011

Growth in the ***manufacturing sector*** is estimated to have moderated to 5.0 per cent in 2010, compared with a growth of 6.5 per cent realised in 2009 (see Chart C.17). A slowed growth was reflected in the fishing, meat and fish processing onshore and other manufacturing sub-sectors. However, other food products and beverages increased over the same period. Going forward, the sector is projected to expand by 6.0 per cent in 2011, the expansion is expected to be broad based from all sub-sectors.

Chart C.18: Production of refined zinc



Source: NamZinc and IMF

The **refined zinc** production moderated by 0.8 per cent in 2010 as compared to 3.5 per cent growth rate attained during the preceding year (see Chart C.18). The modest growth could be attributed to operational setbacks encountered at the refinery during the year, which slowed production. The performance of the sub-sector was, however, complemented by high zinc prices as discussed earlier under the primary industry section. The global demand for non-ferrous metal is expected to be sustained driven by the expanding manufacturing sectors in emerging economies, especially in India and China.

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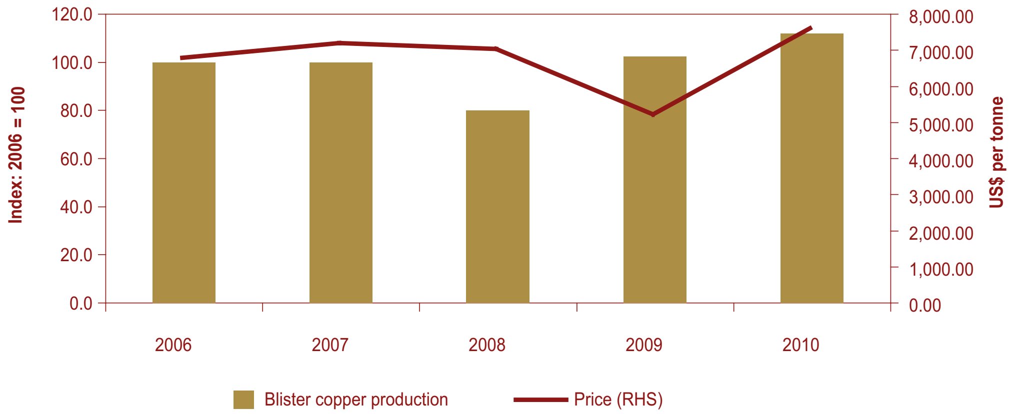
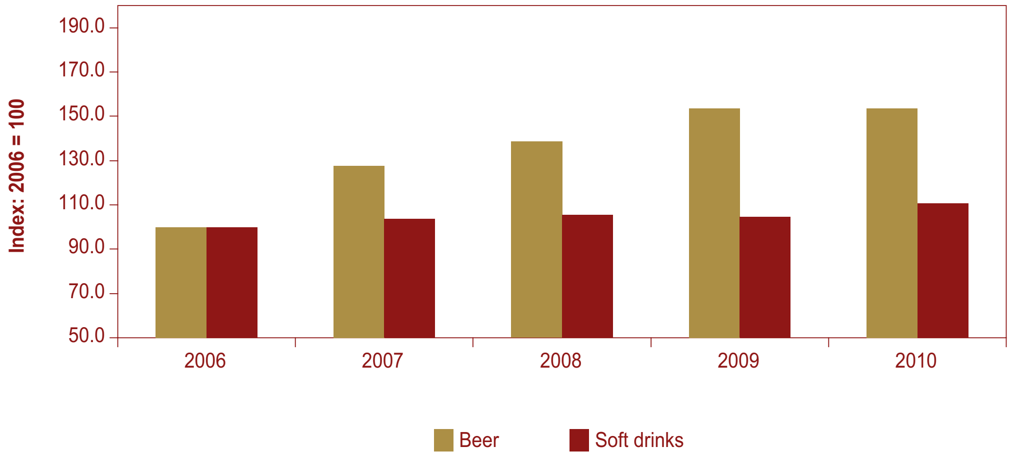
Chart C.19: Blister copper production



Source: Namibia Custom Smelter and IMF

Blister copper output moderated to 9.2 per cent in 2010 compared to a higher growth rate of 28.1 per cent realised in 2009 (see Chart C.19). This moderation could be attributed to operational problems which slowed production. Furthermore, the import of copper concentrate from abroad, mainly from Bulgaria and Peru, was able to sustain the processing of blister copper, despite the closure of all copper mines in Namibia. Copper prices have recovered substantially in 2010 reaching the highest yearly average since 1980. This is expected to entice increased copper smelting.

Chart C.20: Production of beer and soft drinks

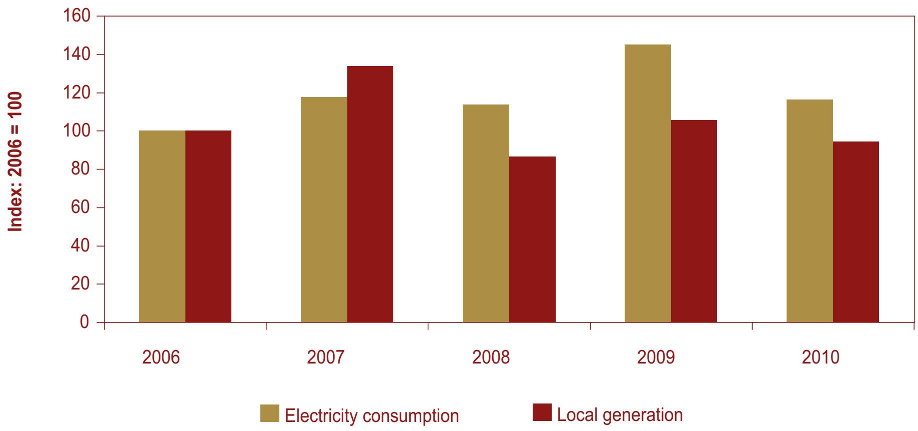


Source: Namibia Breweries and Namibia Beverages

The production of beer and soft drinks increased by 0.1 per cent and 5.8 per cent, respectively during 2010 (see Chart C.20). The increase in beer production could be mainly attributed to the new export markets discovered during the year under review. The introduction of locally brewed Amstel Lager for the South African market also contributed to the increased production. Furthermore, the 2010 FIFA World Cup in South Africa partly contributed to the increased demand for beverages. Production of beverages is expected to rise as a new producer, a South African company will enter the Namibian market currently being constructed at Okahandja.

The growth in the water and electricity sector moderated in 2010, as reflected mainly by slowed growth in locally generated electricity. Equally, electricity consumption is estimated to have declined during the year, this could be attributed to the on-going demand side management initiative[11] by NamPower (see Chart C.21). This was also reflected in the decline of importation of electricity from other countries. In this regard, the real value added for the water and electricity sector is estimated to have moderated to 4.5 per cent in 2010, which is lower than the 6.0 per cent growth registered in 2009 (see Chart C.17). Growth in the water and electricity sector is projected to increase to 6.0 per cent in 2011 due to the commissioning of Ohorongo cement factory, the re-opening of the two copper mines and the commissioning of the Anixas diesel power plant in Walvis Bay. Furthermore, increased activities in other sectors of the economy are expected to contribute to the expansion of the sector.

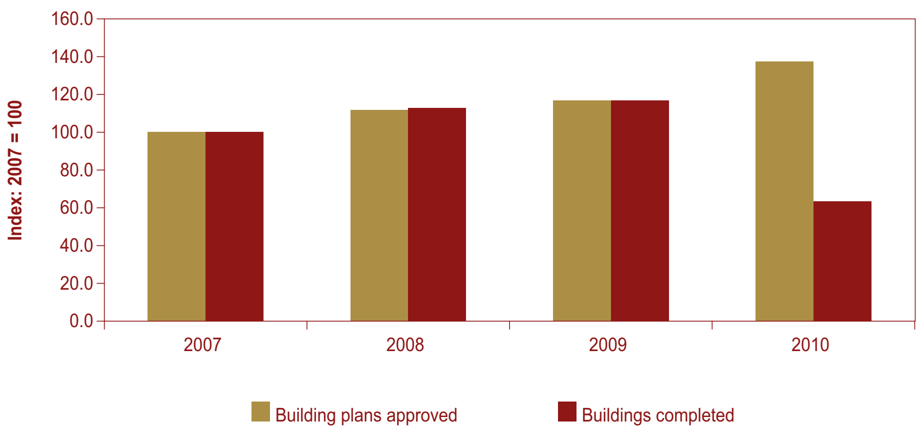
Chart C.21: Electricity production and consumption



Source: Nampower

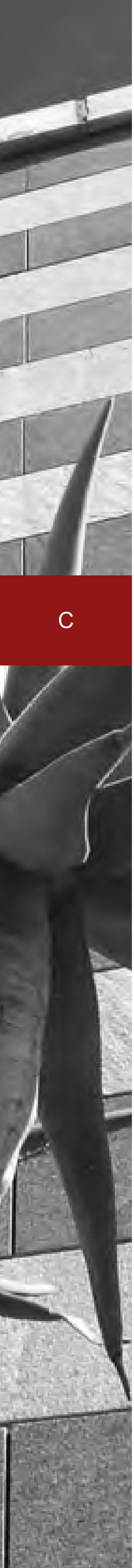
Real value added in the ***construction sector*** is estimated to have expanded by 3.8 per cent in 2010 compared to a contraction of 7.2 per cent recorded in 2009 (see Chart C.17). The performance of the sector was boosted by construction projects undertaken by both the public and the private sector. The most notable of these projects are the renovation and upgrading of Government infrastructure, the Ohorongo cement factory, the Caprivi Interconnector link, the water desalination plant and the Namundjebo Plaza. In contrast, the value of buildings completed at various municipalities and town councils declined significantly by 45.7 per cent during 2010 (see Chart C.22). The construction sector is projected to expand by 5.0 per cent in 2011, mainly driven by envisaged public and private construction activities. In addition, the value of building plans approved, which is a proxy for future construction activities within major municipalities and town councils rose by 17.8 per cent during 2010.

Chart C.22: Value of building plans approved and buildings completed



Source: Major Municipalities and Town Councils

[11] To encourage consumers to use less energy during peak hours and for large users to control their spending, NamPower introduced "Time of Use" (TOU) tariff structure to reflect different costs of energy at different times of the day in 2010.



TERTIARY INDUSTRY

Despite the global economic recovery, the **tertiary industry** is estimated to have moderated in 2010. In this regard, real value added in the tertiary industry is estimated to have moderated to 3.3 per cent in 2010 compared with 4.4 per cent recorded in 2009. The moderation was reflected in most sub-sectors with the exception of wholesale and retail trade and public administration and defence, which improved in 2010 relative to the previous year.

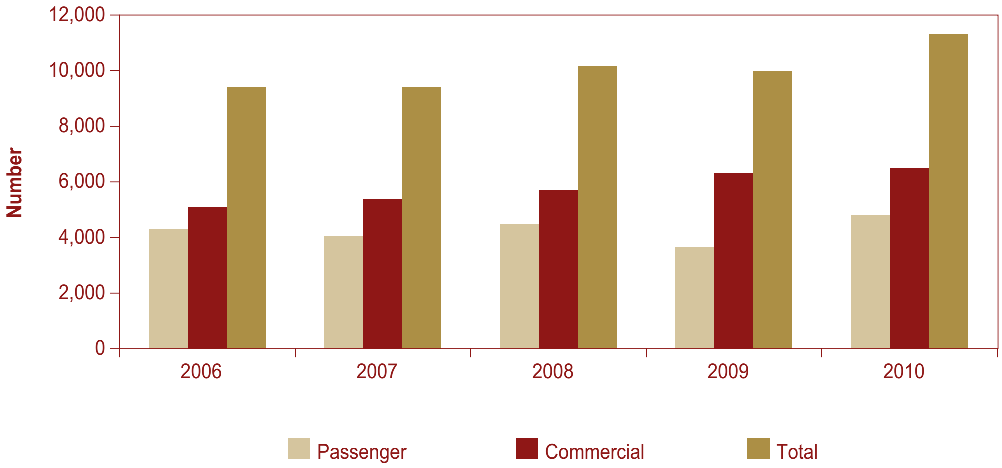
Tertiary industry is expected to expand by 3.9 per cent in 2011, as the world economy continues to recover. The projected expansion is due to expected increase in the activities of almost all sub-sectors (see Chart C.23). This will be supported by the expected rise in consumer spending that emanates from accommodative monetary policy, and fiscal expansion pursued over the last two years.

Chart C.23: Tertiary industry real growth rates

Sources: CBS for 2006-2009: BON for 2010 estimations and projections for 2011

In line with continued global economic recovery, the growth output of the **wholesale and retail trade** sector is estimated to have expanded slightly in 2010 compared to the previous year. This improvement can be attributed to improved consumer demand that arose from the favourable monetary and fiscal policies pursued during the last two years. In this regard, real value added for the wholesale and retail trade sector is estimated to have improved by 3.2 per cent in 2010, slightly higher than the 3.1 per cent recorded during 2009 (see Chart C.23). This was reflected in increased activities from the supermarkets, furniture, clothing and vehicles sales categories in terms of real turnover during the year under review. The number of new vehicles sold rose by 13.3 per cent to 11,313 units in 2010 mainly driven by new passenger vehicles sold, compared to the number of units sold in 2009 (see Chart C.24). The wholesale and retail trade sector is projected to expand by 3.6 per cent in 2011. Market participants have indicated that consumer spending appetite is on a rise and is expected to remain upbeat for the remainder of 2011.

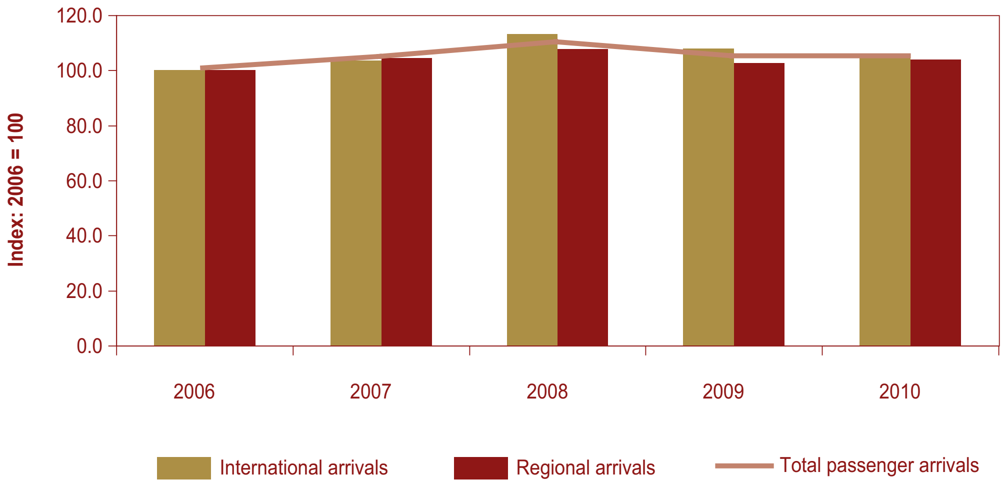
Chart C.24: Total number of new vehicles sold



Source: Simonis Storm Securities

The **tourism sector**- measured by using the hotel and restaurant sector as well as arrival statistics as proxies, moderated in 2010 after recording a good performance in 2009. Growth in the sector is estimated to have slowed to 1.0 per cent in 2010 compared with 5.0 per cent growth in 2009 (see Chart C.23). The slow economic recovery, particularly in the advanced economies has partly contributed to slowed growth. In addition, the appreciation of Namibia Dollar against major currencies during the 2010 could have made Namibia a relatively expensive destination for international tourists. Another factor, which impacted negatively on the tourism sector, was the 2010 FIFA World Cup in South Africa, which crowded-out the domestic tourism sector. Furthermore, the sector was also negatively affected by the volcanic ash eruption in Iceland during mid April 2010. This led to grounding of several international flights which resulted in cancellations of bookings for domestic accommodation establishments. In this regard, total passenger arrivals declined slightly by 0.1 per cent in 2010 compared to the preceding year. The decline was only reflected in international arrivals, while those arriving from within the region rose moderately (see Chart C.25).

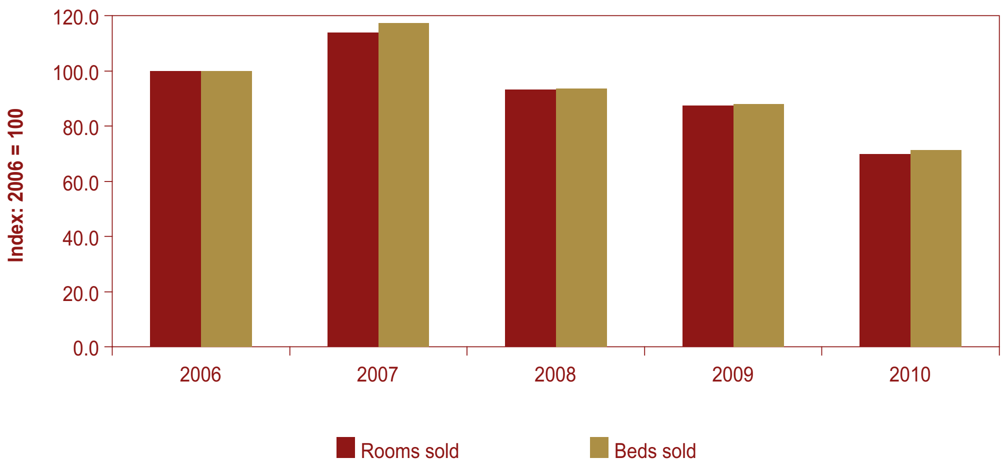
Chart C.25: Arrival statistics



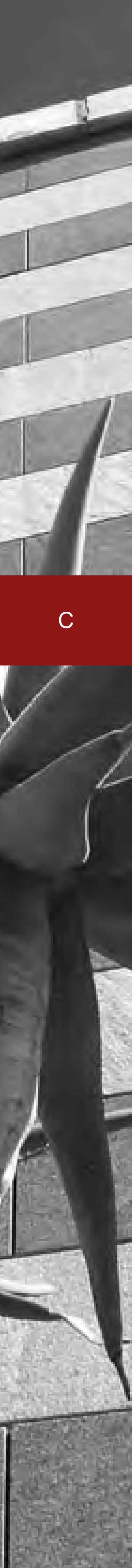
Source: Namibia Airports Company (NAC)

Room occupancy statistics as reflected by rooms and beds sold declined remarkably by 21.3 per cent and 20.4 per cent, respectively, during 2010 compared to the previous year (see Chart C.26). Low occupancy rates were mostly recorded during the second and fourth quarters of 2010. The sector is projected to expand by 2.5 per cent in 2011 compared to an estimated growth of 1.0 per cent in 2010. The expansion is mainly due to expected increased initiatives in the tourism sector, against the backdrop of the continued global economic recovery in 2011. In addition, the overall promotional marketing activities undertaken by the Namibia Tourism Board to promote local tourism and to venture into untapped markets, are expected to pay off in the medium term.

Chart C.26: Occupancy rates



Source: Hospitality Association of Namibia (HAN)



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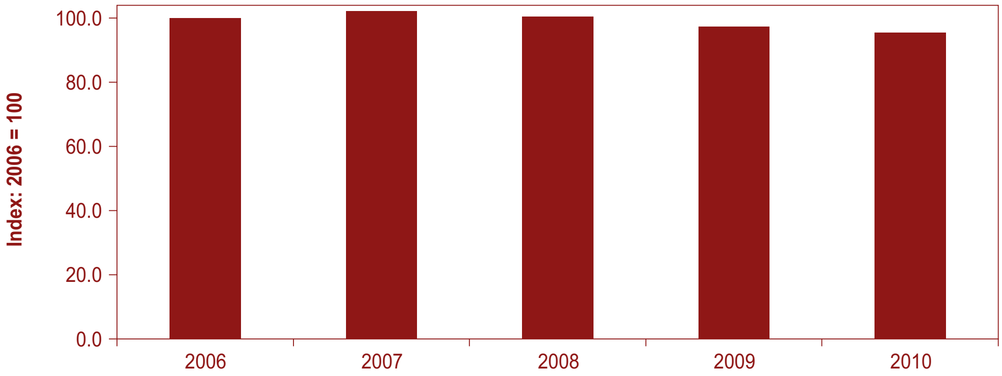
The ***transport and communication sector*** moderated in 2010 as reflected by a slowed growth in the transport sub-sector during the first and fourth quarters. Growth in the sector is estimated to have slowed to 2.9 per cent in 2010 compared to 5.4 per cent attained in 2009 (see Chart C.23). This was mirrored in rail and road cargo operations, which declined mostly during the first and fourth quarters of 2010. In this connection, total road freight declined by 1.8 per cent during 2010, compared to 2009 as result of low maintenance of railway lines (see Chart C.27).

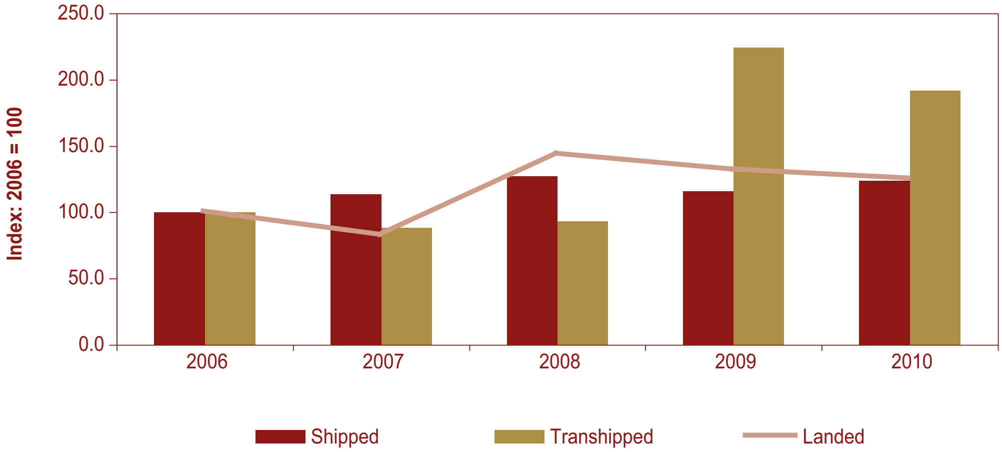
Chart C.27: Transnamib freight



Source: Transnamib

Similarly, volumes of cargo handled at the Lüderitz and Walvis Bay harbours declined during 2010, due to fewer landed and transhipped cargo volumes when compared to 2009. Transhipped cargo declined considerably by 14.5 per cent, while landed cargo dropped by 3.8 per cent. Shipped cargo, however, improved by 9.9 per cent, mainly due to the export of mineral products, such as zinc and fluorspar (see Chart C.28). The decline in transhipped cargo was mainly as result of a shipping line company, which started operating its own terminal in one of the neighbouring countries during the first half of 2010. This resulted into reduced cargo diversion to the port of Walvis Bay because less congestion was experienced at ports in Angola. The transport and communication sector is projected to grow by 5.7 per cent during 2011. This is in line with domestic economic activities which are expected to pick up during the year due to improved global economic outlook. Furthermore, the telecommunications sub-sector is expected to perform better in 2011. This is as result of expected higher consumer demand induced by lower prices resulting from increased competition amongst the three telecommunication service providers.

Chart C.28: Namport operations



Source: Namport

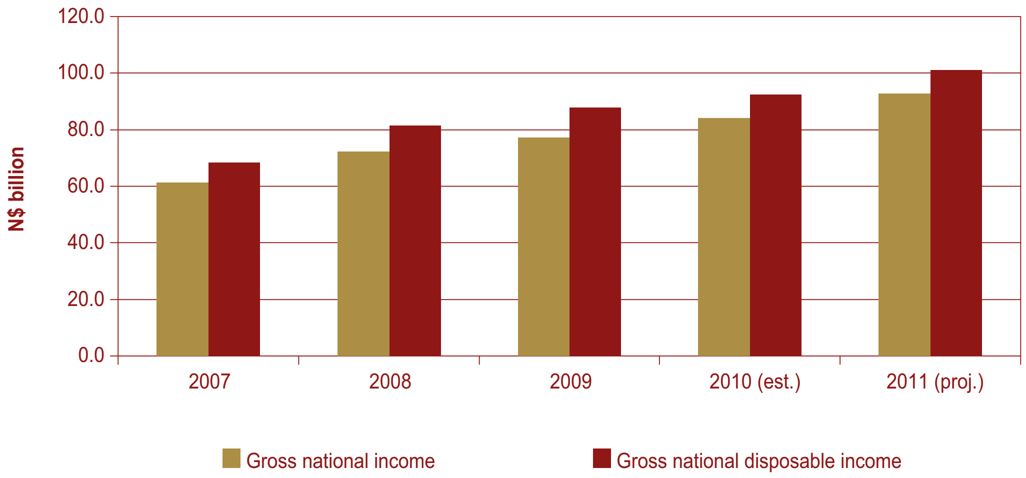
The **public administration and defence** sector is estimated to have expanded in 2010, mainly due to increased financial resources earmarked by Government in the 2010/11 budget to fund activities under the current Medium Term Expenditure Framework (MTEF) 2010/11 - 2012/13. The sector is estimated to have expanded by 4.3 per cent in 2010, higher than the 4.1 per cent recorded for 2009. Looking ahead, the sector is projected to expand slightly by 4.4 per cent in 2011.

GROSS NATIONAL INCOME (GNI) AND GROSS NATIONAL DISPOSABLE INCOME (GNDI)

Gross National Income (GNI), which is derived by adding Net Primary Income from abroad to GDP stood at N$ 77.2 billion in 2009 compared to N$72.2 billion recorded in 2008 (Chart C.29). Gross National Disposable Income (GNDI) which is derived by adding Net Current Transfers from Abroad to GNI increased to N$ 87.8 billion in 2009 from N$ 81.5 billion the preceding year. In comparison to the GDP level of N$77.8 billion in 2009, it is clear that GNI was slightly lower than GDP indicating that Namibia has received less income from the rest of the world than the income earned by foreigners in Namibia.

GNI is estimated to have grown by 8.7 per cent in 2010 while GNDI is estimated to have grown by 5.2 per cent in 2010. Going forward, average growth rates of about 10.5 per cent and 9.7 per cent is projected over the next two years, respectively on back of improved economic conditions described in the previous section.

Chart C.29: GNI and GNDI (current market prices)



Source: CBS

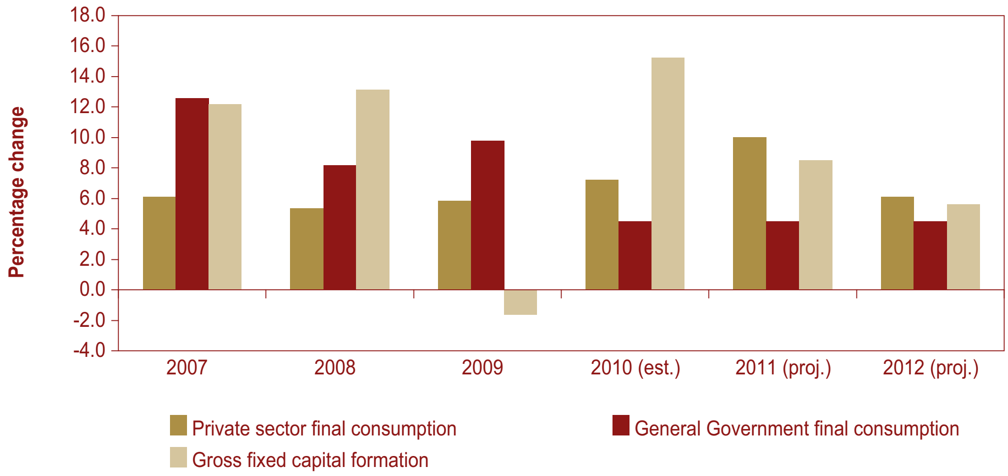
The domestic economy experienced the full impact of the global recession in 2009. In real terms, growth in real gross national income per capita contracted for the first time by 1.6 per cent in 2009 indicating the negative impact of the global recession on the country's wealth. The situation is expected to improve in the short to medium term due to expected recovery in the global economy. Real gross national income per capita is estimated to grow by 1.9 per cent in 2010 and by an average growth rate of 1.8 per cent over the next two years.

GROSS DOMESTIC EXPENDITURE (GDE)

Namibia's nominal gross domestic expenditure (GDE) is estimated to have risen by 7.9 per cent to N$92.7 billion in 2010 when compared to the preceding year. The growth was driven by both final consumption and gross fixed capital formation which are estimated to have grown by 9.4 per cent and 10.5 per cent, respectively. An increase in final consumption is estimated to be supported mainly by private consumption due to rebound in consumer sentiment, low inflation and favourable financing conditions. As such, the contribution to GDE in respect of final consumption is estimated to have improved slightly from 83.1 per cent in 2009 to 83.2 per cent in 2010. Gross fixed capital formation as share of GDP is also estimated to have improved slightly to 25.1 per cent in 2010 compared to 24.9 per cent in 2009.

In real terms, the aggregate GDE rose by 4.7 per cent, to reach N$59.5 billion in 2009 (see Chart C.30). Real GDE is estimated to have grown by 8.0 per cent in 2010 as reflected by the developments in the major components below. In line with economic developments mentioned in the previous sections, real final consumption and real gross fixed capital formation are estimated to have increased by about 6.5 per cent and 15.2 per cent, respectively in 2010.

Chart C.30: Components of real GDE



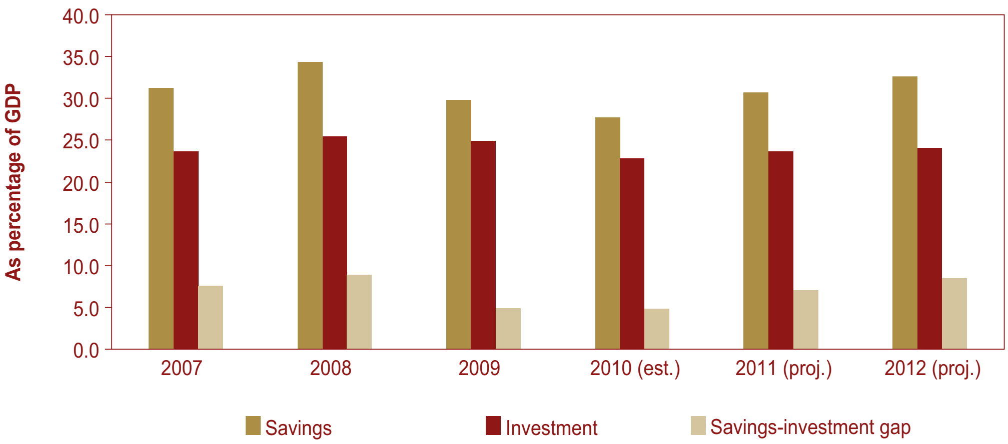
Sources: CBS, National Accounts, 2006–2009; BoN for 2010 estimates and projections for 2011–2012.
GFCF* stands for Gross fixed capital formation

SAVINGS AND INVESTMENT BALANCE

The balance between domestic savings and investment reflects the foreign saving position of the country. Thus, excess saving would lead to foreign lending and hence outflow of capital. As reported in the previous reports, Namibia experienced outflow of capital over the years.

Namibia's gross domestic savings position contracted by 8.7 per cent to N$23.2 billion in 2009, from the level of the previous year, and is estimated to have improved slightly to N$ 23.5 billion in 2010. The level of savings during 2009 amounted to a ratio of 29.8 per cent of GDP compared to 34.3 per cent for the year 2008 (chart C.31). As a ratio of GDP, savings are estimated at the level of 27.6 per cent in 2010, but are expected to improve to an average level of about 32.0 per cent over the next two years.

Chart C.31: Savings–investment gap

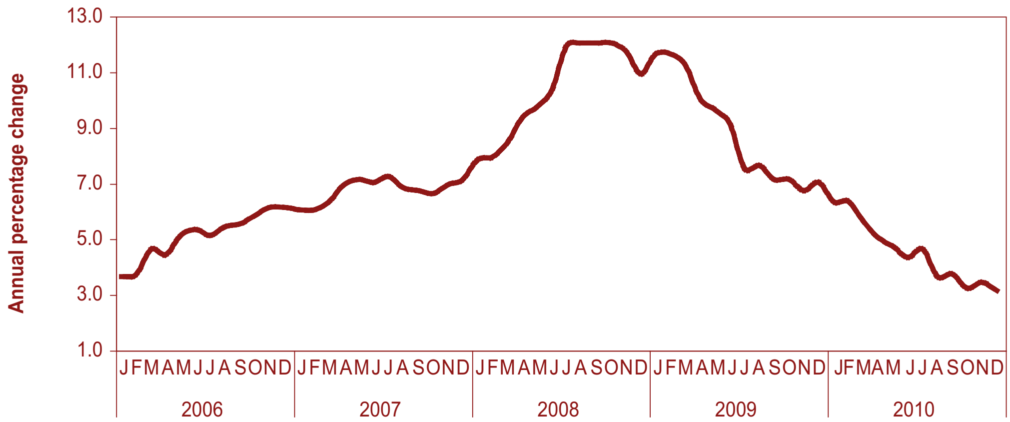


The excess savings gap decreased from N$6.6 billion in 2008 to N$3.8 billion in 2009 due to sluggish economic situation caused by the global financial crisis. As a percentage of GDP, the amount of excess savings over investment decreased from 8.9 per cent in 2008 to 4.9 per cent in 2009 (chart C.31). The savings-investment gap as a proportion of GDP is estimated to be around 4.8 per cent in 2010, and is projected at 7.8 per cent on average over the next two years.

INFLATION DEVELOPMENTS

Namibia's annual inflation rate maintained a downward trend during 2010, starting the year at 6.3 per cent in January and dropping to 3.1 per cent in December (see Chart C.32). The slowdown in overall inflation during the year reflects reduced inflation rates for most Namibia Consumer Price Index (NCPI) categories, including food and non-alcoholic beverages; furnishings, household equipment and routine maintenance of the house; housing, water, electricity, gas and other fuels; clothing and footwear; transport and miscellaneous goods & services. The year 2010 was characterised by slower increases in international food prices, while rising international oil prices were also partially countered by a strong Namibia Dollar. International crude oil prices increased steadily from US$77.09 per barrel in January 2010 to US$90.10 per barrel in December 2010[12]. The overall inflation rate for 2010 averaged 4.5 per cent, which is 4.3 percentage points lower than the rate of the preceding year.

Chart C.32: Overall inflation



Source: CBS

MAJOR COMPONENTS OF INFLATION

INFLATION FOR FOOD AND NON-ALCOHOLIC BEVERAGES

Annual average inflation for *food and non-alcoholic beverages* slowed substantially to 3.3 per cent during 2010, down from 10.8 per cent in 2009 (see Chart C.33). This category maintained a strong downward trend in inflation, starting with an average of 4.9 per cent in the first quarter of 2010 before slowing to 2.1 per cent in the fourth quarter of the same year. Annual inflation for this category has, however, displayed a high degree of fluctuation from one month to the next during the second half of the year.

[12] IMF online database - http://www.imf.org/external/np/res/commod/index.asp

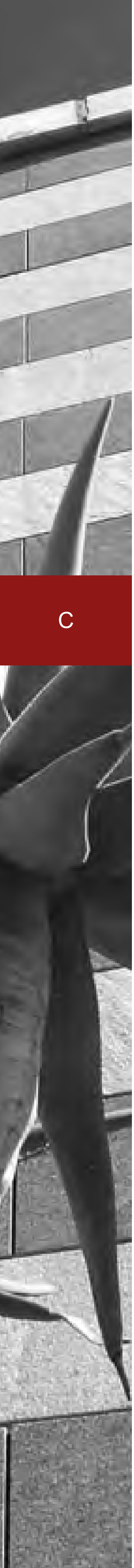
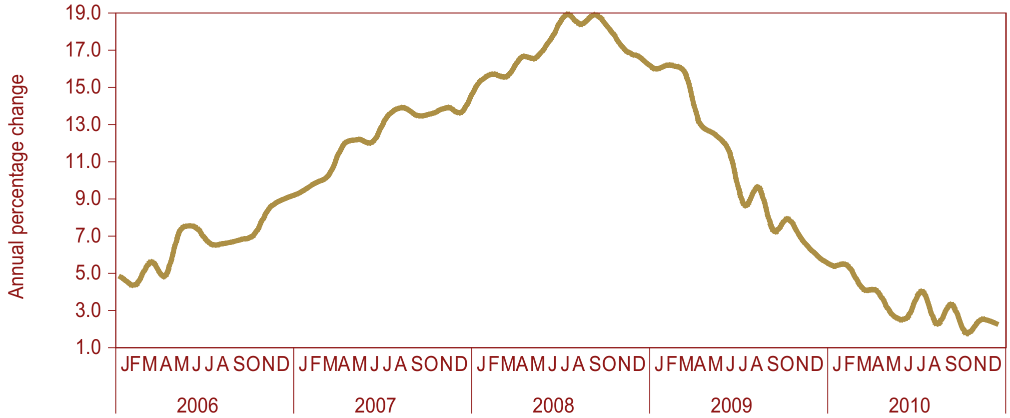


Chart C. 33: Inflation for food and non-alcoholic beverages



Source: CBS

The easing in inflation for food and non-alcoholic beverages is reflected in lower inflation rates for its sub-categories of milk, cheese & eggs; sugar, jam, honey syrups, chocolate and confectionary, vegetables; coffee, tea & cocoa, as well as oils & fats (Table C.5). All these sub-categories recorded higher inflation rates during the first quarter of 2010, but those rates subsided to very low levels at the end of the year, with the first four sub-categories recording negative inflation rates during the fourth quarter. The wheat shortages on the world markets experienced during 2010, which led to high international prices, appear to have had a small effect on the domestic market as wheat products (e.g. bread and cereals) maintained stable inflation rates.

Table C.5: Inflation for food and non-alcoholic beverages

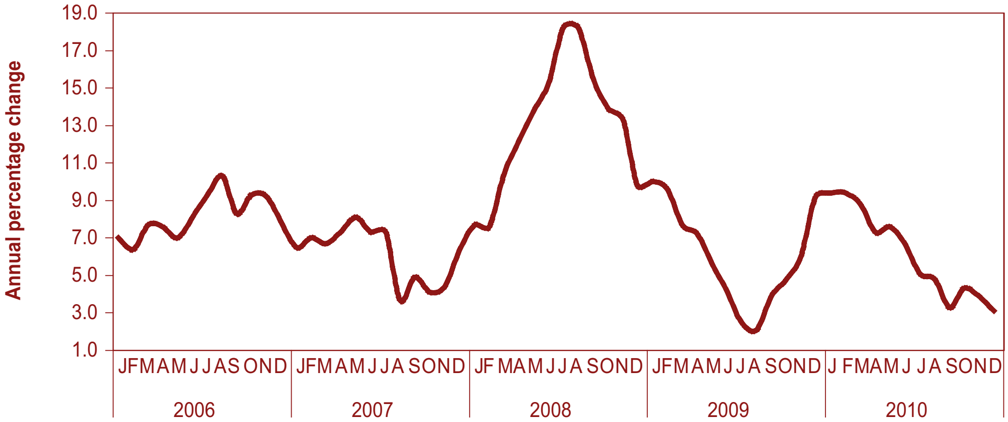
		2009				2010			
	Weight	**Q1**	**Q2**	**Q3**	**Q4**	**Q1**	**Q2**	**Q3**	**Q4**
Food and Non-alcoholic Beverages	**29.6**	**15.9**	**12.3**	**8.4**	**6.7**	**4.9**	**3.0**	**3.1**	**2.1**
Food	**27.1**	**15.8**	**11.8**	**7.9**	**6.5**	**4.7**	**2.9**	**3.1**	**2.0**
Bread and cereals	8.7	14.0	6.1	7.0	3.5	3.9	3.0	0.3	2.6
Meat	7.6	15.1	11.9	6.6	2.8	0.7	1.1	3.4	3.7
Fish	0.9	15.1	15.0	10.1	6.5	4.1	3.0	1.1	1.7
Milk, cheese & eggs	3.3	14.0	12.6	2.8	6.1	7.4	2.8	0.8	-1.7
Oils and fats	1.0	18.0	4.5	-5.2	-7.4	-6.2	-2.7	0.0	1.3
Fruit	1.1	19.2	17.9	13.8	14.8	6.9	5.5	4.6	5.9
Vegetables	2.9	19.0	18.4	13.7	18.8	5.9	2.2	14.0	-1.0
Sugar, jam, honey syrups etc.	1.8	11.3	13.4	11.0	8.1	8.8	4.1	-1.3	-1.0
Food products	0.7	15.5	14.6	13.2	10.9	9.4	7.0	5.1	3.3
Non-alcoholic beverages	**2.5**	**17.6**	**19.0**	**16.4**	**10.1**	**8.2**	**5.2**	**3.1**	**3.8**
Coffee, tea, and cocoa	0.7	21.6	29.1	24.0	16.9	13.0	2.2	-1.3	-1.2
Mineral waters, soft drinks & juices	1.8	15.2	13.8	12.3	6.6	5.6	5.8	4.4	5.4

Source: CBS

TRANSPORT INFLATION

Annual inflation for *transport* averaged 6.0 per cent during 2010, remaining unchanged from the rate in 2009. *Transport* inflation started the year 2010 at a high of 9.3 per cent during January, but fell gradually to 3.2 per cent in September before ending the year at 3.0 per cent in December 2010 (see Chart C.34).

Chart C.34: Transport inflation



Source: CBS

The slowdown in transport inflation is attributed to the deceleration in inflation rates for vehicle purchases and for the operation of personal transport equipment. The two sub-categories jointly account for 91.3 per cent of the transport category or 13.6 per cent of the NCPI basket (Table C.6). The inflation rate for vehicle purchases decelerated from 9.1 per cent in the first quarter of 2010 to 2.4 per cent in the fourth quarter, reflecting smaller adjustments in vehicle prices during the later quarters of the year compared to the corresponding periods a year ago. Similarly, annual inflation for the operation of personal transport equipment, which constitutes items, such as vehicle parts, accessories, fuel and driver's licences, fell from 13.3 per cent in the first quarter to 5.8 per cent in the fourth quarter.

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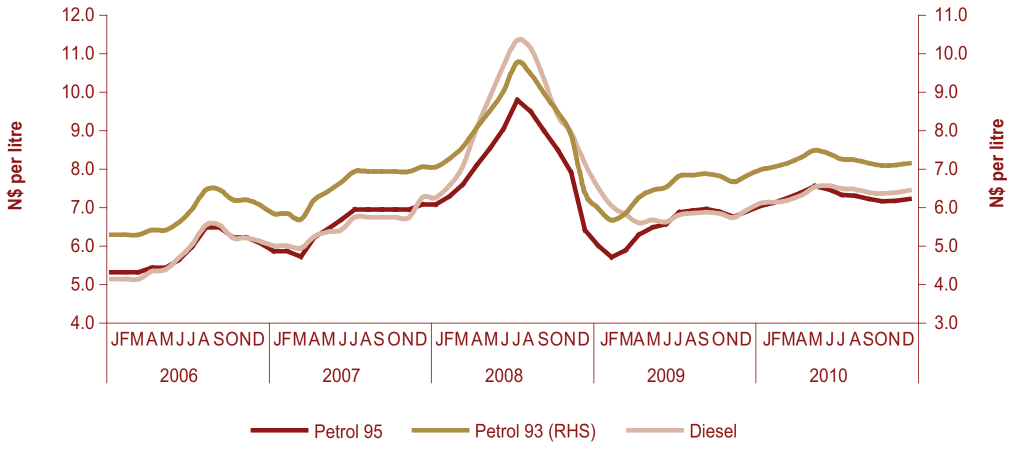
Table C.6: Transport inflation

		2009				2010			
	Weight	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Transport	**14.8**	**9.0**	**5.6**	**2.7**	**6.6**	**9.1**	**7.1**	**4.3**	**3.70**
Purchases of vehicles	10.2	14.1	14.9	13.9	13.2	9.1	5.8	3.0	2.4
Operation of personal transport equipment	3.4	-6.6	-14.8	-18.3	-5.8	13.3	11.9	6.1	5.8
Public transportation services	1.3	16.7	6.9	0.4	-0.2	0.2	5.9	8.1	7.8

Source: CBS

Domestic pump prices for the three controlled fuel products in Namibia, i.e. petrol 93, petrol 95 and diesel, increased by 3.8 per cent on average during the year 2010 (see Chart C.35). The pump prices were adjusted seven times during the year, with price increases affected on four occasions and price reductions on the other three occasions. The main factors that prompted Government to adjust fuel prices include changes in international prices for oil and developments in the Namibia Dollar-US Dollar exchange rate. Furthermore, the road user charge was increased by six cents to 99 cents a litre in August 2010, while a levy amounting to 7.6 cents per litre was taken from the existing National Energy Fund levy, introduced since October 2010 to fund the National Petroleum Corporation of Namibia (NAMCOR) budget. At the end of December 2010, pump prices at Walvis Bay stood at N$7.11 per litre for petrol 93, N$7.18 per litre for petrol 95 and N$7.40 per litre for diesel.

Chart C.35: Coastal pump prices



Source: MME

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INFLATION FOR HOUSING, WATER, ELECTRICITY, GAS AND OTHER FUELS

Annual inflation for housing, water, electricity, gas and other fuels averaged 5.8 per cent during 2010, 2.0 percentage points lower than the corresponding rate for the previous year. The rental payments for dwelling sub-category, which makes up 15.3 per cent of the NCPI basket or 74.1 per cent of this main category, determines most of the variations in the inflation rate for the category. During the year 2010, all the main three sub-categories of housing, water, electricity, gas and other fuels maintained high, but stable inflation rates, with electricity, gas and other fuels sub-category registering inflation rates in the order of 10.0 per cent throughout the year (Table C.7). City of Windhoek implemented an electricity tariff increase of 16.7 per cent in July 2010, and that has contributed to high inflation for electricity, gas and other fuels sub-category.

Table C.7: Housing, water, electricity, gas and other fuels

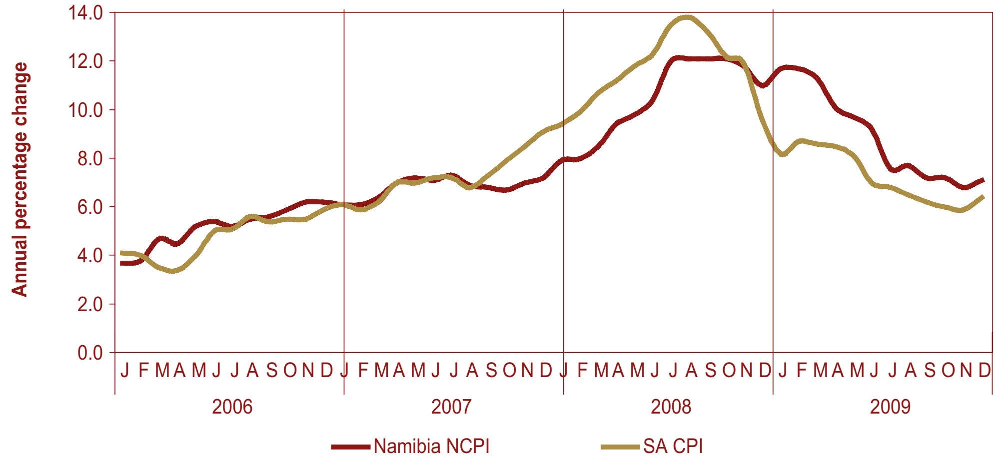
		2009				2010			
	Weight	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Housing, water, Electricity, Gas and other fuels	**20.6**	**8.9**	**8.3**	**7.2**	**6.9**	**5.2**	**5.3**	**6.4**	**6.2**
Rental payments for dwelling	15.3	5.7	5.7	5.0	5.3	3.7	3.7	3.8	3.8
Regular maintenance and repair of dwelling	0.2	53.5	45.2	7.8	3.7	2.5	2.4	1.9	0.3
Water supply, sewerage service and refuse collection	2.0	7.1	7.1	5.4	5.2	5.5	5.7	4.9	4.9
Electricity gas and other fuels	3.1	12.5	10.5	12.2	10.7	10.0	10.3	10.7	10.1

Source: CBS

GOODS AND SERVICES INFLATION

Annual inflation for goods averaged 3.4 per cent in 2010, 6.2 percentages points lower than the corresponding rate for 2009, while services inflation also slowed by 0.8 per cent to 6.6 per cent over the same period. Annual inflation rates for goods and for services started to diverge after the first quarter of 2010 and that trend continued for the rest of the year. From January 2009, goods inflation was always higher than services inflation, but the two rates converged until they intersected during April 2010 (see Chart C.36). Goods categories, such as food and non-alcoholic beverages as well as clothing and footwear, which were responsible for high inflation rates in the past, registered substantially lower inflation rates during 2010, while most services categories continued to trend upward.

Chart C.36: Goods and services inflation

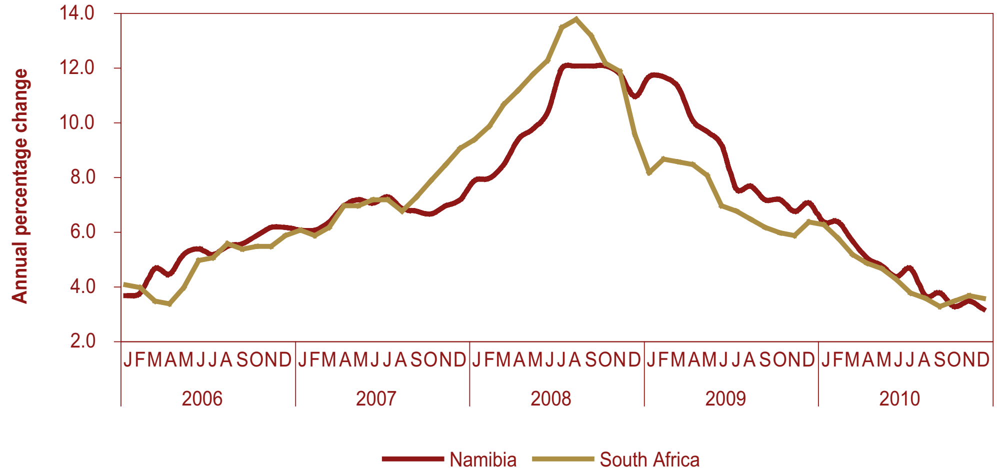


Source: CBS

NAMIBIA'S INFLATION VERSUS SOUTH AFRICA'S INFLATION

As in the past years, Namibia's inflation tracked that of South Africa closely during 2010. This reflects the fact that the two economies are highly integrated through trade and other financial linkages with about 69.0 per cent of Namibia's imports being sourced from its large neighbour. Given those economic links, Namibia also imports about 65.0 per cent of its consumer inflation from South Africa. During 2010, Namibia's annual inflation averaged 4.5 per cent compared to South Africa's 4.3 per cent (see Chart C.37). The two inflation rates converged during 2010 and this is reflected in the narrower gap between them, which stood at 0.2 percentage point in 2010, compared to 1.7 percentage points for the previous year. The convergence between the two rates was due to the change in the classification system by SA for the CPI and measurement methods in 2009, in order to be in line with to international standards.

Chart C.37: Namibia's inflation versus South Africa's inflation

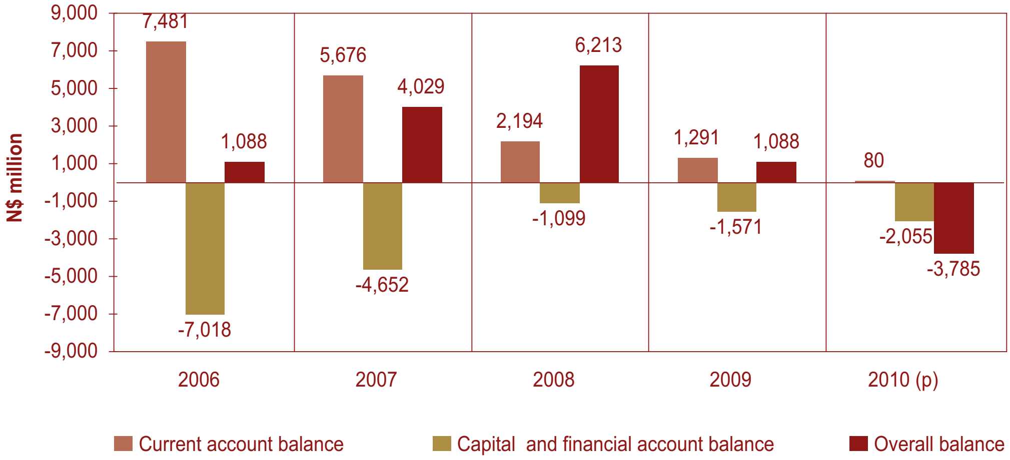


Sources: CBS and Statssa

FOREIGN TRADE AND PAYMENTS[13]

Contrary to the previous year, Namibia's external sector deteriorated significantly during 2010. The country's overall balance of the balance of payments recorded a higher deficit of N$3.8 billion in 2010 compared to a surplus of N$1.1 billion recorded in the preceding year (see Chart C.38). The deterioration in the external balance was a result of developments in both the current and capital and financial accounts. The surplus in the current account decreased significantly during 2010 relative to the previous year, mainly due to reduced current transfer receipts, while the capital and financial account deficit widened further. The deficit in the capital and financial account emanated mostly from larger outflows in portfolio and other long-term investments during 2010. The International Investment Position (IIP) of Namibia recorded a substantially lower net asset position at the end of 2010 compared to the end of 2009, following increased foreign liabilities in 2010.

Chart C.38: Balance of payments, major accounts



CURRENT ACCOUNT

Despite an improvement in the country's export performance and generally constant merchandise imports relative to the previous year, the current account deteriorated. The reduction of the current account surplus was mainly attributed to a substantial decline in current transfer receipts from the SACU revenue pool, as well as higher net outflow recorded in payments made to foreign direct investors, supported by reduced travel by overseas tourists to Namibia. Following these developments, the current account surplus decreased significantly to N$80.0 million in 2010, from N$1.3 billion in 2009. Consequently, the current account as a percentage of GDP, declined to 0.1 per cent in 2010 from 1.7 per cent in 2009.

[13] P stands for provisional.

MERCHANDISE TRADE BALANCE

During 2010, the volume of exported goods gained some momentum, mainly due to the improvement in global demand for commodities, causing a rise in prices and in turn, high receipts from mineral exports were realised. Imports, however, dropped marginally over the same period. In this connection, export earnings increased by 12.6 per cent to N$29.6 billion during 2010, while imports decreased marginally by 2.5 per cent to N$35.7 billion. As a result of these developments, the deficit on the trade account narrowed substantially during 2010 (see Chart C.39).

Chart C.39: Merchandise trade

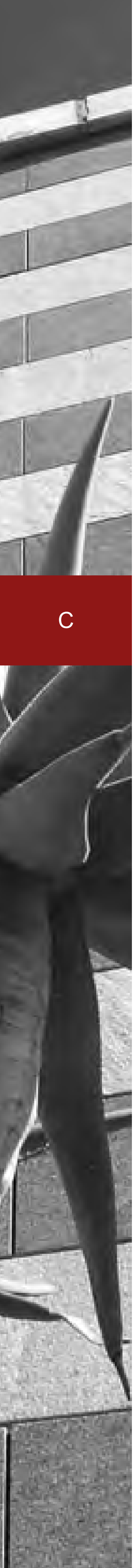
Source: CBS

EXPORTS

Namibia's export earnings during 2010 gained momentum, as the global economic outlook improved relative to the previous year. In this connection, demand for commodities, particularly for minerals increased, resulting in higher prices. Hence increased export earnings recorded during 2010. The contribution of exported minerals to total exports rose to 43.7 per cent in 2010 from a share of 40.8 per cent recorded during the previous year. Diamond export receipts were the major contributor during 2010 for the minerals category, constituting 20.5 per cent of total export receipts from 17.4 in 2009 (see Table C.8). Uranium contributed 17.1 per cent, slightly lower than 17.8 per cent in the preceding year. It is worth highlighting that export earnings would have been higher, had it not been for the unfavourable exchange rate prevailing during 2010.

Table C.8: Major export receipts (percentage of total)

Export receipts	2005	2006	2007	2008	2009	2010
Minerals	54.3	58.8	58.8	54.2	40.8	43.7
Diamonds	41.0	40.9	31.2	24.8	17.4	20.5
Uranium	7.0	8.7	19.1	19.6	17.8	17.1
Other minerals	6.3	9.2	8.5	9.8	5.6	6.1
Food and live animals	15.4	12.2	9.7	11.5	12.0	12.2
Manufactured products	23.7	27.7	30.5	27.1	23.7	20.8
Other commodities	6.6	1.3	1.0	7.2	23.5	23.3

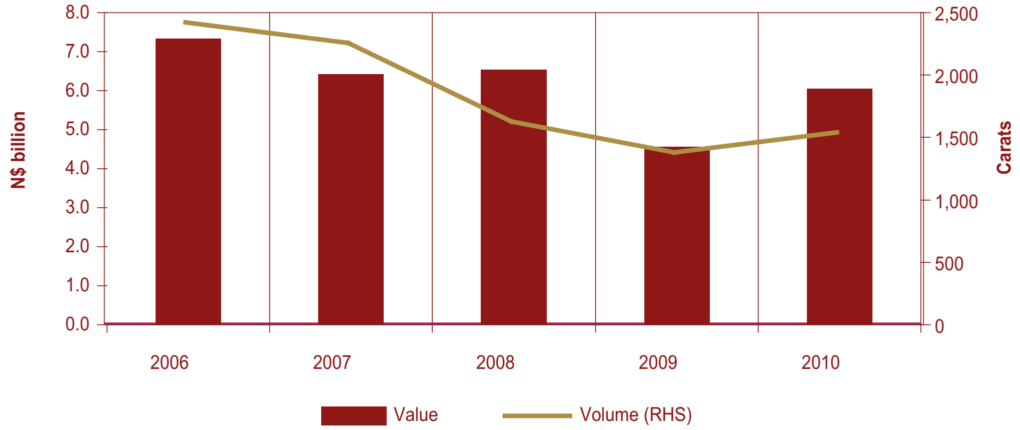


MINERAL EXPORTS

DIAMONDS

The improved global demand in 2010 impacted positively on the export earnings of mining products, especially diamonds. In this regard, the export earnings from diamonds showed a substantial increase of 32.9 per cent to N$6.1 billion during 2010 compared with N$4.6 billion registered in 2009 (see Chart C.40). The combined effects of both the rise in prices and volume exported contributed to the improved earnings in 2010. Unfavourable exchange rates due to a strong local currency, however, off-set these export receipts.

Chart C.40: Diamond exports

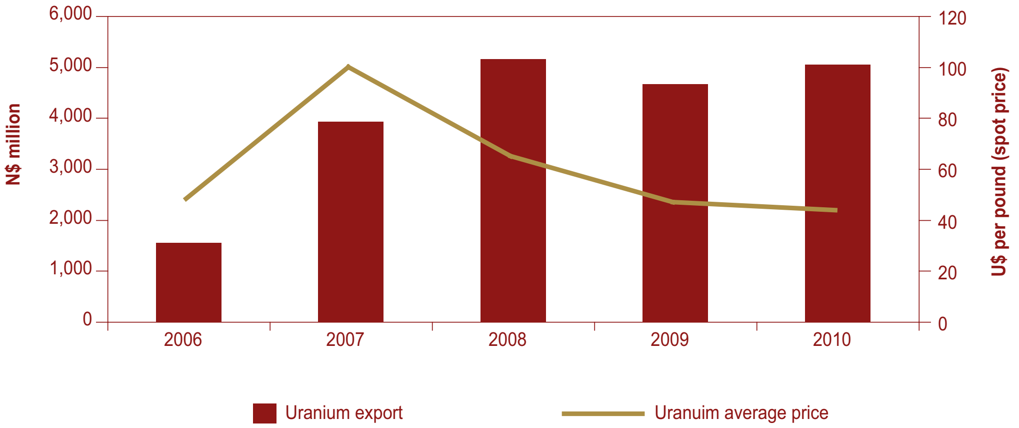


Source: Ministry of Mines and Energy

URANIUM

Since 2004, there has been a steady rise in uranium export receipts. In this regard, uranium export earnings registered 4.7 per cent increase to N$5.0 billion in 2010, from the level recorded in 2009 (see Chart C.41). The rise stemmed from an improved global demand and the subsequent rise in uranium prices as the effects of the crisis gradually wore off. The outlook for uranium export receipts remains positive in the medium-term, as demand from China is expected to increase due to their civilian nuclear- energy-generating plants, which are at the implementation stages. In addition, the continuous investments in the exploration of uranium in Namibia improved the outlook for higher export earnings.

Chart C.41: Uranium – export earnings

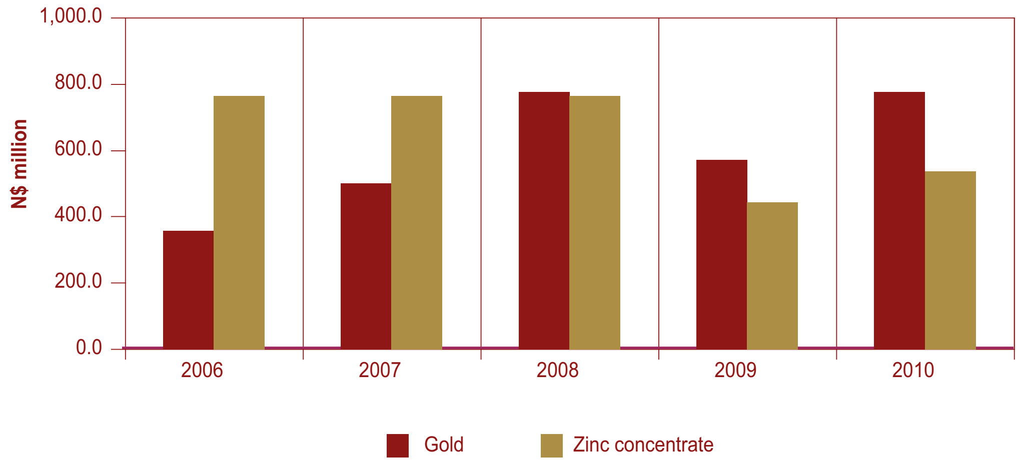


Source: Ministry of Mines and Energy

OTHER MINERALS

The export receipts in the *other minerals* category, which include base metals, industrial mineral and dimension stones, improved during 2010, despite the unfavourable exchange rate and operational problems experienced at some of the mines. In this regard, this category recorded total earnings of N$1.8 billion, a 23.6 per cent increase from the earnings recorded in 2009 (see Chart C.42). Gold exports contributed the most to the rise in receipts for other minerals. The weakening USD, coupled with the strong demand for jewellery from Asian countries contributed to the rise in gold prices. Going forward, it is expected that the performance of these commodities will remain favourable, in line with the strengthening global economic conditions. Furthermore, the envisaged plans to resume copper production, prompted by the current favourable market conditions, are also expected to boost the performance of the base metals.

Chart C. 42: Other minerals – export earnings



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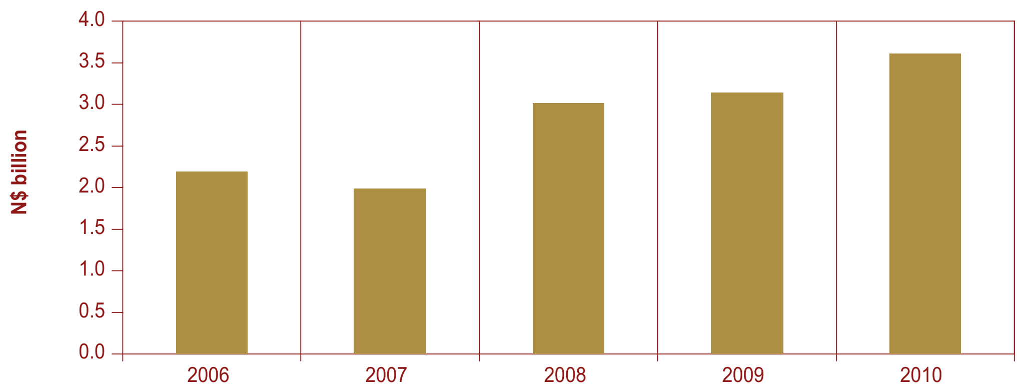
NON-MINERAL EXPORTS

FOOD AND LIVE ANIMALS

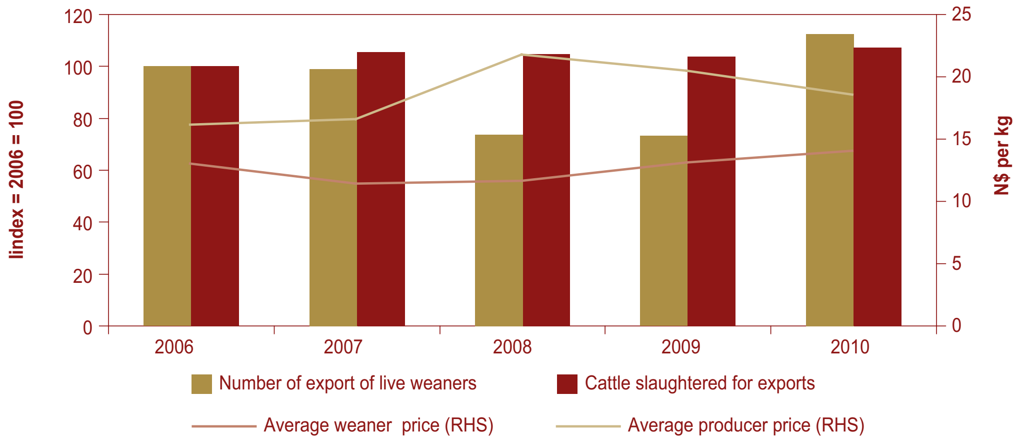
During 2010, Namibia's main trading partners increased their demand for domestically produced food and live animals when compared to the preceding year. This sub-category is made up of products such as live animals, meat and meat preparations, fish, lobsters and crabs. The earnings from these products rose noticeably by 14.7 per cent to N$3.6 billion in 2010 (see Chart C.43). It is worth mentioning that this was achieved amidst the appreciation of the local currency.

Chart C.43: Food and live animals – Export value



During 2010, export receipts of the sub-category live animals, predominantly live weaners, rose substantially by 43.0 per cent to N$1.1 billion in 2010, compared with 2009 (see Chart C.44). This was mainly due to higher prices offered by the South African market, especially during the 2010 FIFA World Cup. Similarly, export earnings of the sub-category meat and meat preparations increased by 12.7 per cent to N$1.1 billion over the same period. The export earnings of fish, lobster and crab also rose by 11.5 per cent to N$1.1 billion, from N$968.5 million in 2009, largely on account of improved volumes exported.

Chart C.44: Cattle slaughtered and live weaners for export

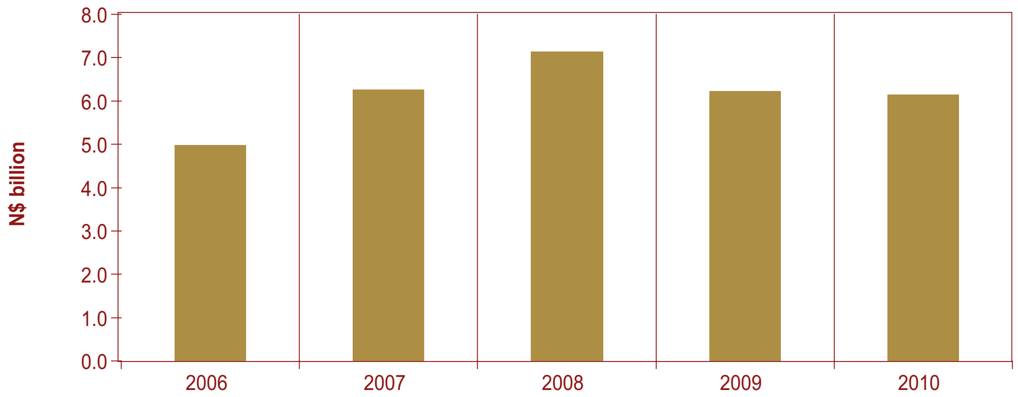


Source: Meat Board of Namibia

MANUFACTURED PRODUCTS

Manufactured products, consisting of polished diamonds, processed fish, refined zinc, textile and beverages, showed a minor decline of 1.1 per cent to N$6.1 billion during 2010, mainly on account of the decline in processed fish and beverage exports. The decline in exported fish products was mainly due to lower demand, especially from Spain, coupled with a stronger local currency during the year. The decline in the beverage exports, on the other hand, was largely due to the Government tax enforcement on beer exports to Angola in order to curb illegal trade between the two countries. Nonetheless, beer exports to Angola is expected to rise due to the signed agreements between the local breweries and retail outlets in that country.

Chart C.45: Manufactured products – Export value



IMPORTS

During 2010, the import bill for Namibia decreased marginally by an estimated 2.5 per cent to N$35.7 billion in comparison with 2009. The decline was mainly due to slowed overall import value in 2010 relative to the preceding year, following the appreciation of the local currency. This was, however, partly off-set by increased import volumes and resultant import bill of major commodities, particularly industrial diamond, fuel[14] and vehicles, which increased by 46.1 per cent, 29.1 per cent, and 1.4 per cent to N$1.2 billion, N$ 3.1 billion and N$2.5 billion, respectively during 2010 compared to 2009. The rise in these commodities was, however, not large enough to offset the collective decline in other items, hence the drop in the total import bill, which was observed during the period under review.

SERVICES TRADE BALANCE

Namibia's net services account recorded a surplus of N$588.0 million in 2010, a slight decline from a surplus of N$601.0 million registered in 2009 (see Chart 46). The lower surplus on this sub-account emanated mainly from the bleak performance of the tourism sector, Namibia's main service export category, causing lower inflows from travel related services. This was supported by other transport services, which continued to record net outflow over the same period. As a result, net inflow from travel services declined by 9.4 per cent to N$2.2 billion during 2010, while transportation services recorded net outflow of N$602.0 million.

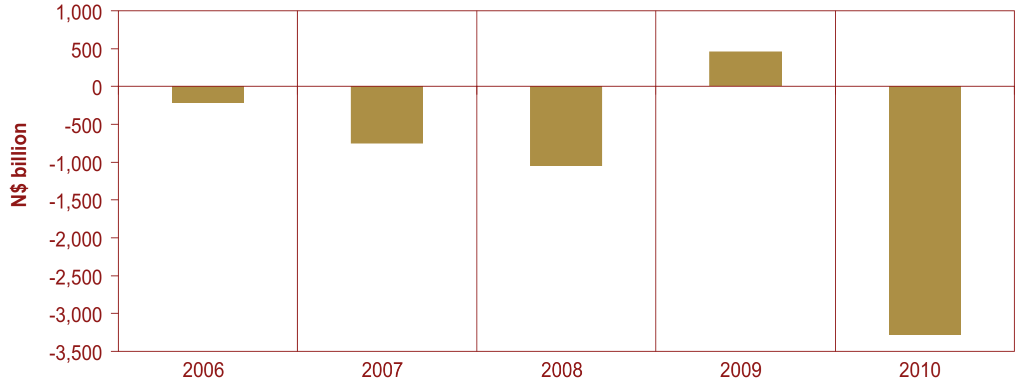
Chart C.46: Net trade in services

INVESTMENT INCOME

Net investment income recorded a net outflow of N$3.3 billion during 2010, as opposed to a net inflow of N$463.0 million in 2009 (see Chart C.47). A significant rise in income payments to foreign direct investors in Namibia mostly contributed to this outflow. In this regard, payments to foreign direct investors, increased significantly by N$2.7 billion to N$4.9 billion in 2010 when compared to 2009. This increased payment was mostly in the form of retained earnings, as investors started to reinvest in the local economy due to improved economic conditions in 2010. The sub-categories net portfolio income and other investment income both recorded net inflows of N$883.0 million and N$715.0 million, respectively, during the period under review. These represent declines of 33.0 per cent and 48.0 per cent, in the portfolio and other investment income, respectively, during 2010 relative to 2009.

[14] This comprises of diesel, petrol and gas.

Chart C.47: Net investment income



CURRENT TRANSFERS

Current transfers declined by 15.1 per cent to N$9.0 billion in 2010, mainly on account of reduced SACU receipts, which is the major component of this category. To this effect, SACU receipts fell by 19.9 per cent from N$8.6 billion registered for 2009. As a percentage of GDP, current transfers shrank from 11.0 per cent in 2009 to 8.1 per cent. Over the same period, SACU transfer receipts amounted to N$6.9 billion, representing 76.2 per cent of the total current transfers, following a higher 80.7 per cent recorded during 2009 (see Chart C. 48).

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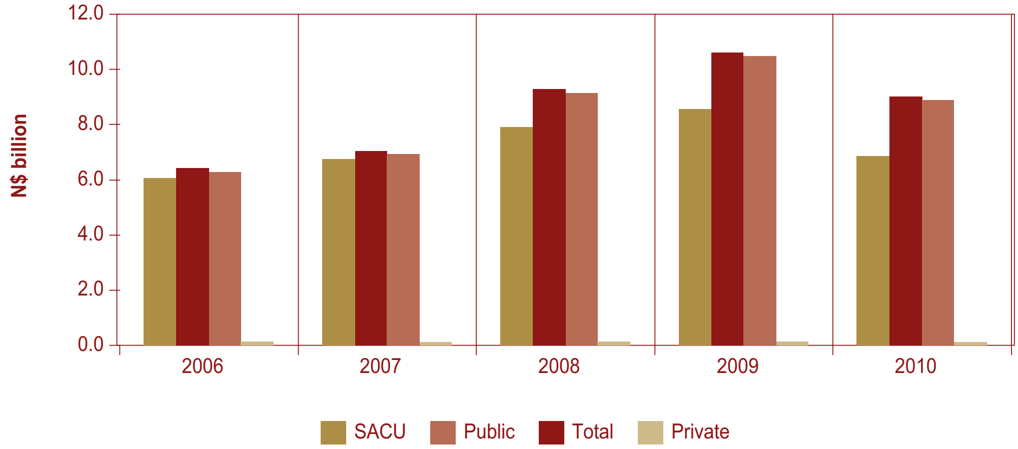
Chart C.48: Current account transfers



CAPITAL AND FINANCIAL ACCOUNT

Namibia's *capital and financial account* registered a widening deficit during 2010 when compared to the previous year. The deficit was mainly due to increased outflows in *portfolio investment*, which grew by 13.0 per cent year-on-year, during 2010. *Other long-term investment* also recorded an outflow in 2010 when compared to the inflow registered during the previous year and further contributed to the rising deficit in this account. Contrary to the outflows in *portfolio* and *other long-term investments*, *foreign direct investors* expanded their business operations in the domestic economy through reinvested earnings. As a result, FDI exerted downward pressure on the capital outflow for the overall category in 2010.

FOREIGN DIRECT INVESTMENT

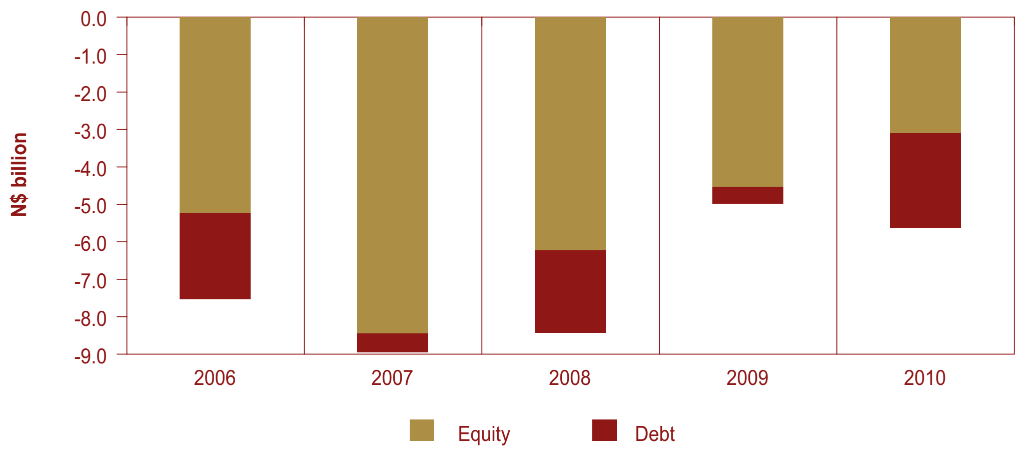
FDI into Namibia grew substantially during 2010, rising by 43.5 per cent to N$6.3 billion in comparison to 2009 (see Chart C.49). This growth was mostly attributed to reinvested earnings, which grew by N$2.7 billion when compared to that in 2009, due to the rise in investor's risk appetite. On the other hand, inflows in *other capital* declined by 20.9 per cent during 2010 to N$2.2 billion, compared to the N$2.8 billion recorded a year ago. This was a result of decreased borrowing by local entities from their parent companies abroad during the year under review, as realised profits by most business corporations improved as the economic recovery strengthened.

Chart C.49: Foreign direct investment

PORTFOLIO INVESTMENT

Portfolio investment outflows increased during 2010 when compared to the previous year. In this regard, *portfolio investment* funds held abroad, especially in South Africa, rose by N$647 million from N$5.0 billion recorded in 2009 (see Chart C.50). These funds were due to increased investments by residents abroad, especially in the bond market, which remains attractive, while investments in equity remained flat. In this connection, investment in debt securities rose remarkably during 2010 to reach N$2.5 billion compared to N$448.0 million a year ago. The purchases of equity, however, decreased substantially to N$3.1 billion from N$4.5 billion during 2009. This development is a clear indication that although investors' sentiment towards economic recovery improved, they remained risk averse by adjusting their portfolios to preserve wealth instead of investing in riskier assets.

Chart C.50: Portfolio investment



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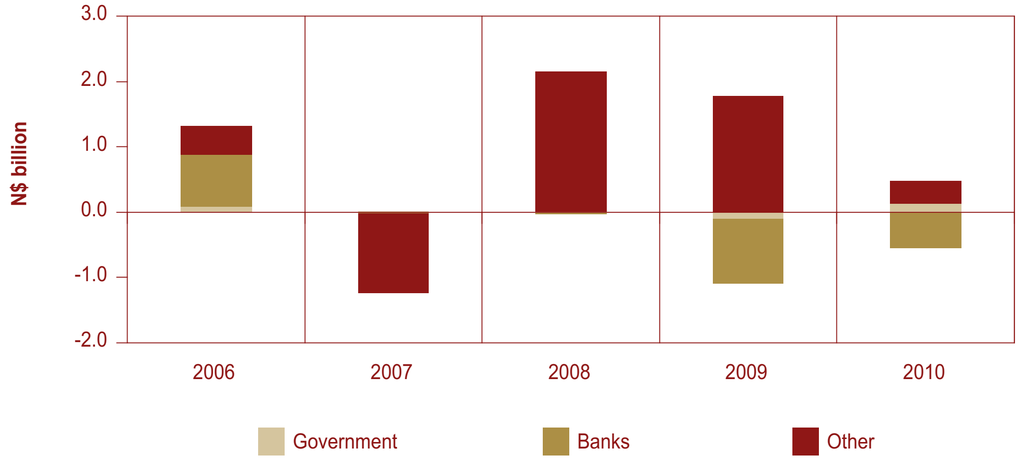
OTHER TYPES OF INVESTMENTS

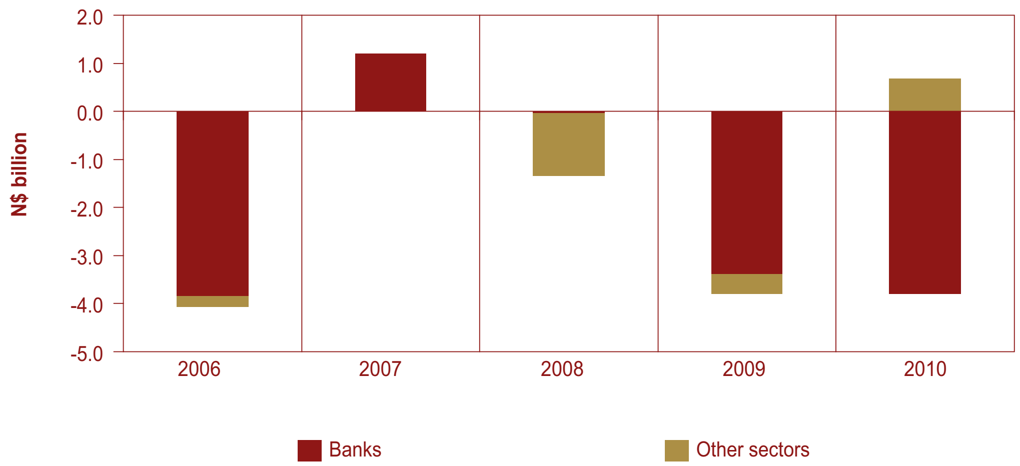
During 2010, *other long-term investment*, which mainly consists of loans between unrelated enterprises with repayment periods of longer than a year, recorded a net outflow of only N$117.0 million. This was unlike the high inflow of N$2.3 billion in 2009 (see Chart C.51). The allocation of Special Drawing Rights (SDRs) by the International Monetary Fund (IMF) to member countries during 2009 contributed to the increased inflow recorded in that year. In addition to lower drawings on foreign credit lines by the other sectors, higher repayment by this sector on their loans abroad contributed to this outflow registered for this subcategory.

Chart C.51: Other long-term investment



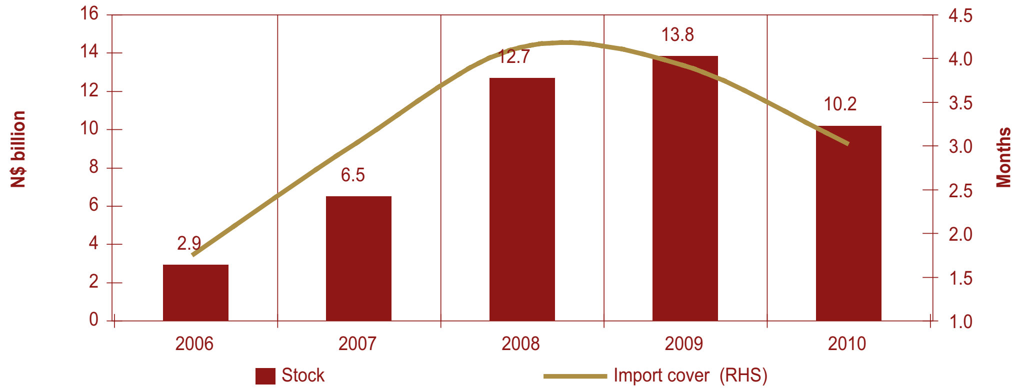
Other short-term investment, consisting of loan contracts maturing within a year, maintained a net outflow in 2010, although declining substantially compared to the previous year. Outflows in this category decreased to N$3.1 billion in 2010, down from N$3.8 billion a year earlier (see Chart C.52). The significant drawing on investment assets by other sectors, especially the mining industry during 2010 relative to the previous year, contributed to the lower outflow in the overall category. In this regard, *other sectors*, posted an inflow of N$675.0 million compared to an outflow of N$415.0 million in 2009. Over the same period, banks, however, increase their foreign assets by N$1.5 billion from the N$2.7 billion registered for 2009.

Chart C.52: Other short-term investment



The stock of international reserves held by the Bank of Namibia declined sharply by 26.6 per cent to N$10.2 billion at the end of 2010, compared to the level of the previous year (see Chart C.53). This decrease in reserves was largely attributed to the net outflow observed in the capital and financial account as discussed above. In 2010, the SACU receipts were, however, not significant enough to offset the decline in reserves as they also registered a decline of 19.9 per cent year-on-year. In terms of import coverage, during 2010, the stock of reserves represented 3.1 months of imports, lower than the 4.0 months for 2009. The lower import cover for 2010 was due to lower reserves as imports declined slightly, compared to the previous year. It is worth mentioning that, despite the moderation in months of imports cover in 2010, it remains in line with the international benchmark requirement of 3.0 months.

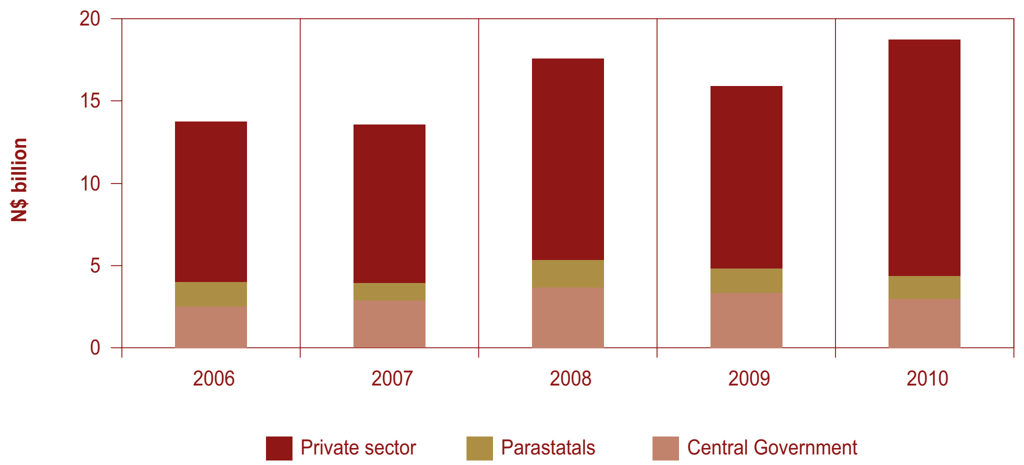
Chart C.53: Stock of international reserves



EXTERNAL DEBT[15]

At the end of 2010, Namibia's external debt rose substantially when compared to its stock level at the end of the previous year. This increase emanated from a rise in the stock of private sector debt outstanding, which is the largest component, while debt commitment levels of the remaining two sub-sectors declined (see Chart C.54).

Chart C.54: External debt outstanding



[15] The external debt levels for Namibia in this report are based on surveys carried out by Bank of Namibia.

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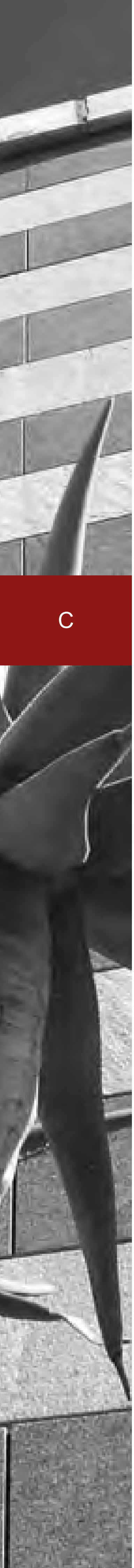
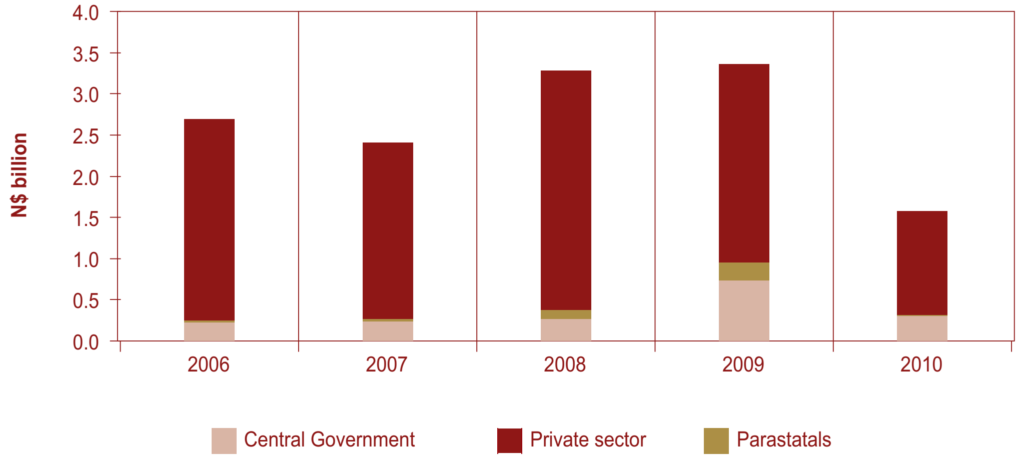


In this regard, Namibia's external debt rose by 17.8 per cent to N$18.7 billion in 2010 from its stock level at the end of 2009. *Private sector* debt, which is the largest component increased substantially by 29.6 per cent to N$14.3 billion in 2010 compared to its stock level at the end of 2009. On the contrary, *Central Government* debt decreased by 10.1 per cent to N$3.0 billion and that of parastatals decreased by 7.2 per cent to N$1.4 billion in 2010 over the same period.

Conversely, during 2010, Namibia's external debt servicing declined substantially by 53.4 per cent to N$1.6 billion in comparison to the preceding year. The decline in debt servicing was a result of reduced repayments by all three sub-sectors on their foreign loan obligations. To this effect, the private sector and *Central government* made repayments of N$1.3 billion and N$306.0 million, respectively, and the parastatals repaid an amount of N$5.0 million (see Chart C.55). The non-servicing of foreign loans by parastatals during the last two quarters of 2010 resulted in the overall decline of repayment commitments by this sector over the said year. The above developments represent a contraction in the trio's debt servicing obligations of 48.0 per cent, 58.3 per cent and 97.5 per cent, respectively.

Chart C.55: External debt servicing

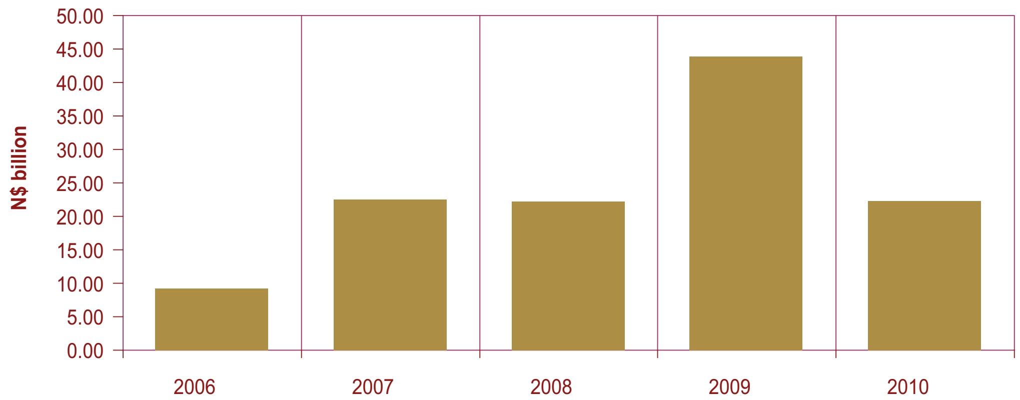


The ratio of debt servicing to exports stood at 5.3 per cent in 2010, a position significantly lower than 12.8 per cent registered at the end of 2009. This outcome was a result of low external debt servicing during 2010. This ratio remains far below the international benchmark of 15.0 - 25.0 per cent.

INTERNATIONAL INVESTMENT POSITION

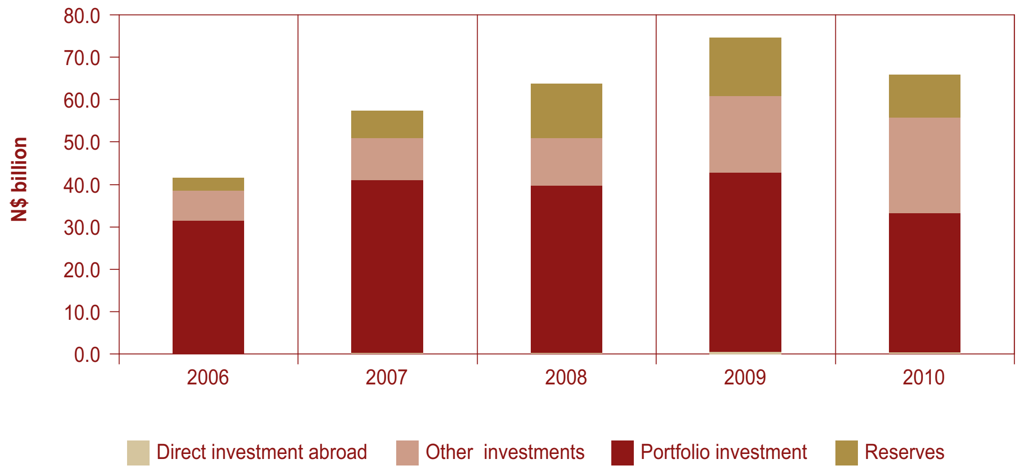
The upward trend in Namibia's net asset stance in the International Investment Position (IIP) since 2006 subsided for the first time in 2010. The net asset position decreased by 49.1 per cent to N$22.3 billion from N$43.9 billion at the end of 2009 (see Chart C.56). The weaker position stemmed from significantly higher foreign liabilities on the part of Namibia, with retained earnings being the key driver of the increased liabilities. These developments resulted in a much lower foreign asset position and a higher foreign liability position in 2010 for Namibia when compared to 2009.

Chart C.56: Net international investment position



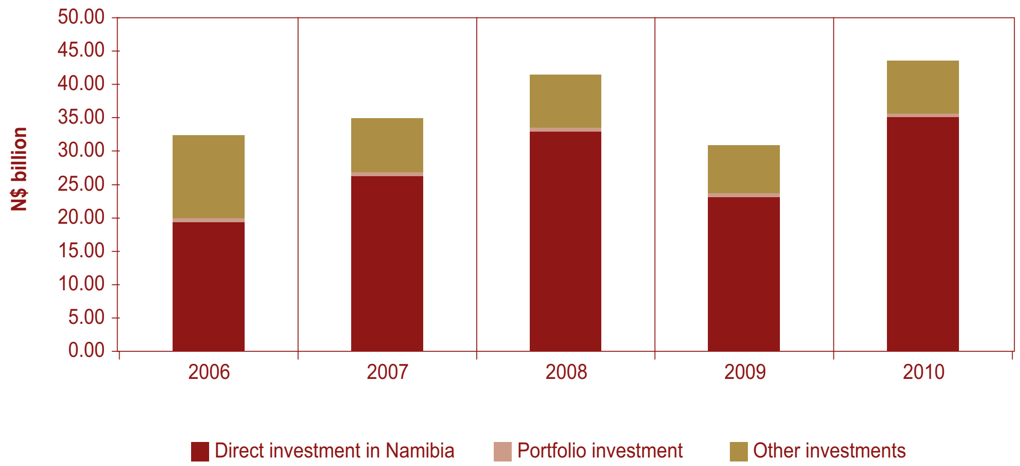
In this respect, Namibia's foreign assets declined to N$65.9 billion at the end of 2010 from N$74.8 billion at the end of the preceding year. This decline was largely attributed to *portfolio investment*, a major contributing component on the assets side of the IIP, which decreased by 22.1 per cent to N$32.9 billion at the end of 2010 (see Chart C.57). Similarly, international reserves declined mainly on account of increased capital flows as reflected in the Capital and Financial account and partly due to a stronger currency, significant purchases of Rand by commercial banks as well as net government payments made during 2010.

Chart C.57: International investment position – Assets



Contrary to the developments in foreign assets, Namibia's foreign liabilities increased to N$43.6 billion from N$30.9 billion at the end of the 2009. *Foreign direct investment* into Namibia, the major debt component on the liabilities side, rose by 51.7 per cent to N$35.1 billion from N$23.1 billion in the previous year (see Chart C.58). The rise was due to the increased retained earnings in 2010, as the global economic outlook continued to improve relative to the previous year. Similarly, *other investments*, the second major debt component rose by 10.7 per cent to N$7.9 billion at the end of 2010, from N$7.2 billion at the end of 2009.

Chart C.58: International investment position – Liabilities



The above developments in the IIP indicate how global downside risks have channelled their way through trade and financial linkages and impacted on the Namibian net asset position, recording a much lower net IIP position for 2010.

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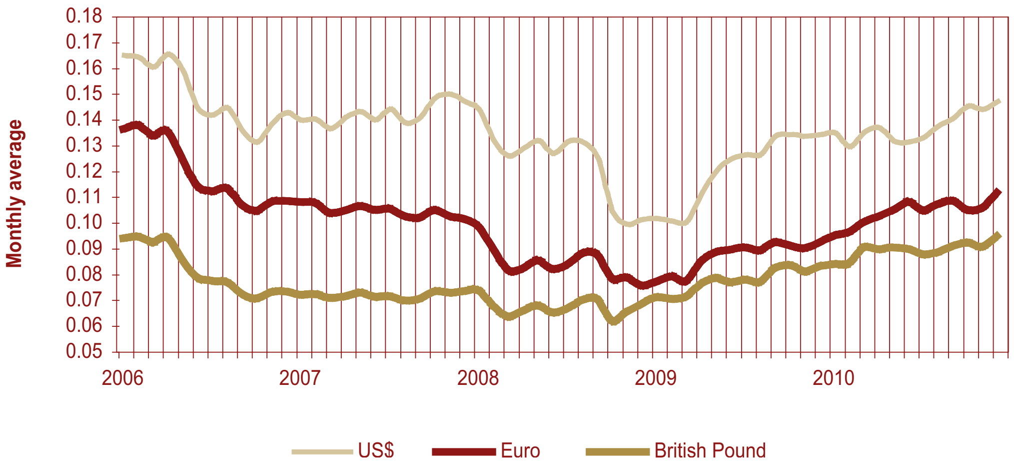
EXCHANGE RATE DEVELOPMENTS

During the year 2010, the foreign exchange market was closely shaped by economic developments in advanced economies. As such, economic woes in the US regarding, amongst others, the slow economic recovery, coupled with renewed concerns about contagion effects in the Euro area, had implications on the currency market during the 2010. At a global level, the large influx of capital stemming from the need to revive economic growth in advanced economies had far-reaching consequences for emerging markets and, in turn on their exchange rates. In this regard, the South African Rand and invariably the Namibia Dollar appreciated against major currencies, such as the US Dollar, British Pound and Euro (see chart C.59).

Chart C.59: Selected foreign currency against the Namibia Dollar



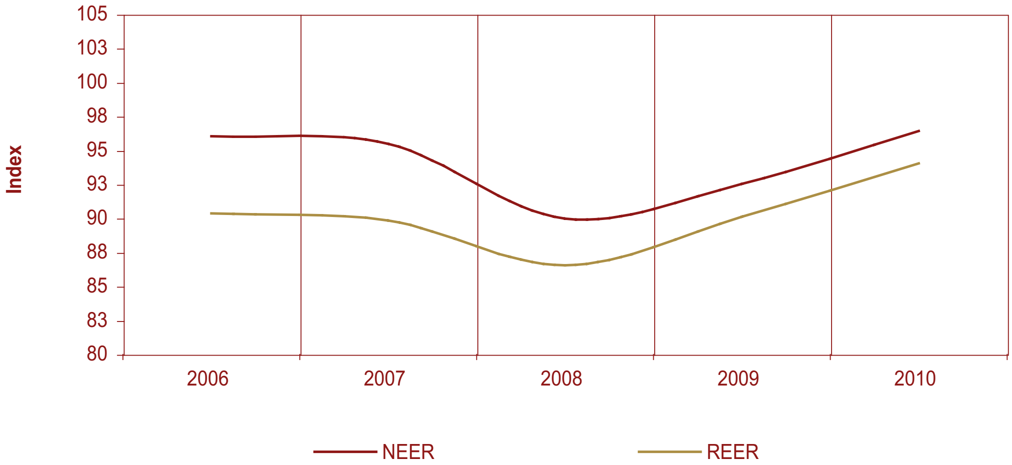
On average, during 2010, the Namibia Dollar appreciated by 16.9 per cent, 13.1 per cent and 13.7 per cent against the Euro, US Dollar and British Pound, respectively. The appreciation of the Namibia Dollar against the Euro and British Pound was largely due to renewed concerns of contagion effects from the sovereign indebted EU economies, coupled with the bailout package for Ireland, which failed to achieve the desired outcome. With regard to the US Dollar, the slow pace of economic recovery, the widening ratio of the US's current account deficit to GDP and the high unemployment rate aided the appreciation of the Namibia Dollar.

TRADE-WEIGHTED INDEX

The trade-weighted effective exchange rate indices (the nominal and real effective exchange rate indices) continued appreciating in 2010 (see Chart C.60). The nominal effective exchange rate (NEER) index[16] rose to 96.4 in 2010 from 92.6 in 2009, representing an appreciation of 4.2 per cent. Correspondingly, the real effective exchange rate (REER) index[17] rose to 94.0 from 90.1 during the same period, which represents a trade-weighted appreciation in real terms of 4.3 per cent. This implies that Namibian products lost competitiveness on the international markets due to a strong Namibia Dollar during 2010.

[16] The NEER index is a trade-weighted index of the bilateral nominal exchange rate of the Namibia Dollar against the currencies of major trading economies namely the Euro, British Pound, Rand, US Dollar and Yen.
[17] The REER index is the deflation of the NEER with the relative consumer price indices, that is, the ratios of Namibia's CPI and that of the aforementioned major trading economies.

Chart C.60: Trade-weighted effective exchange rate indices[18]



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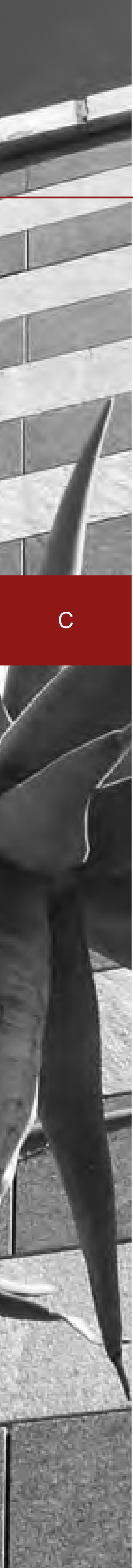
[18] The base period is 1995

MONETARY AND FINANCIAL MARKET DEVELOPMENTS



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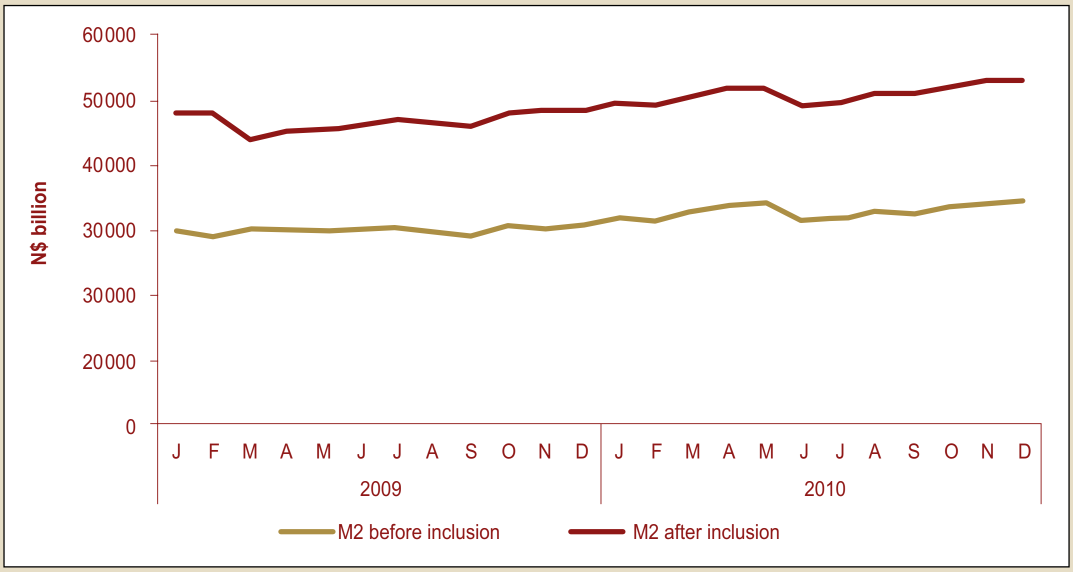
CHANGES TO NAMIBIA'S MONETARY AND FINANCIAL STATISTICS

With the release of this 2010 Annual Report, the Bank of Namibia introduces revised values of all major components of the monetary and financial statistics. This note serves to inform all our data users that the Money and financial statistics published below now includes the money market unit trust (MMU) as indicated in the December 2010 Quarterly Bulletin publication.

As stated earlier herein, the inclusion of the MMU would bring Namibia in line with international codes of good practises on statistical methodology. Namibia's current definition of Broad money (M2) comprises of narrow money plus other deposits. After careful assessment of money market funds, it was concluded that these instruments possess properties similar to those instruments currently included in the definition of M2. The inclusion would also further be in line with the IMF Monetary and Financial Statistics Manual (MFSM), which requires MMU's liabilities to be included in M2 because, they are highly liquid and their value remains stable over a long period of time. Furthermore, this will enhance the quality of the data and now allows analysis and comparisons of policies with other economies worldwide.

The inclusion of money market funds is from 2009, and thus all analysis below is based on two (2) years. Following the inclusion of MMUs, M2 reached a level of N$48.5 billion at the end of 2009, resulting in a growth of 66.0 per cent. A graphical representation of the divergence between the current M2 and the new, which includes MMU's is provided in Chart M.1 and it clearly reveals that M2 was underestimated with the exclusion of MMUs.

Chart M.1 Broad money supply



The Bank of Namibia will continue surveying MMU's on a monthly basis and will include them in Namibia's monetary aggregates going forward. Thus, the public is cautioned to constantly monitor all monetary aggregates so as to make due changes. The impact of the inclusion of MMU's on the statistical counterparts in (M2) is presented below in Table M.1 for the period ending 2009 and 2010:

Table M.1: Key Monetary Aggregates

	2009	2010
Depository Corporations Survey (DCS) including MMU		
(New series) N$ million		
Net Foreign Assets	22, 682.00	18, 007.00
Domestic Claims	39, 489.00	46, 860.00
Broad Money Supply	48, 544.00	53, 170.00
DCS excluding MMU		
(Old series) N$ million		
Net Foreign Assets	16, 930.00	12, 485.00
Domestic Claims	34, 041.00	42, 374.00
Broad Money Supply	30, 968.00	34, 482.00

Like other central banks across the globe, the Bank of Namibia continued to pursue a more accommodative monetary policy stance during 2010 to support the steady recovery observed in the domestic economy. The key policy rate was reduced from 7.0 per cent in December 2009 to 6.0 per cent in December 2010 to support the recovery and further stimulate domestic demand. As a result, domestic demand as reflected in private sector credit extended (PSCE) improved during the year 2010. The low interest rate environment that prevailed during 2010, coupled with low inflation has provided a positive stimulus to domestic demand. Despite the fact that, interest rates were reduced since December 2008, credit extension only started responding during the latter part of 2010, due to the lag between monetary easing and credit growth, which is estimated to be between 18 and 24 months in the case of Namibia. The slow responsiveness to monetary easing is also attributed to low households spending due to economic dip as well as stricter lending criteria applied by the commercial banks.

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MONETARY AND CREDIT AGGREGATES

In response to the expansionary monetary policy stance pursued since the latter part of 2008, growth in credit extended to the private sector improved moderately at the end of 2010. This improvement is an indication that the balance sheets of households which account for the largest portion of total private sector credit have been gradually restored. On the other hand, net foreign assets of the banking system contracted significantly at the end of December 2010, as economic agents reduced their foreign assets holdings due to the conducive investment environment brought about by the improved economic activities within the domestic economy.

MONEY SUPPLY[19]

Growth in the broadly defined money supply slowed significantly in the course of 2010, when compared to 2009. The growth in the broad money supply decelerated significantly from 66.0 per cent at the end of 2009 to 9.5 per cent at the end of 2010 (see Table C.9). The slower growth in M2 in 2010 was significantly exaggerated by base effects due to high growth recorded during the previous year. Further, the deceleration in M2 can be explained by a significant contraction in net foreign assets of the depository corporations which contracted by 20.6 per cent from a growth of 67.0 per cent at the end of 2009 (see Table C.9). Similarly, net claims on Central Government contracted on an annual basis, while claims on non-residents by commercial banks slowed thus contributing to the slower growth in M2. The contraction in net claims to Central Government resulted from a significant withdrawal in Government deposits due to higher Government spending. September 2010 saw the highest levels of Government spending which is in line with the budget. Furthermore, the decrease in net foreign assets was also in line with a low level of foreign assets held by the banking sector.

[19] The inclusion of MMU as part of monetary aggregate has led to a significant rise for 2009 (see Table: C.9 and C.10).

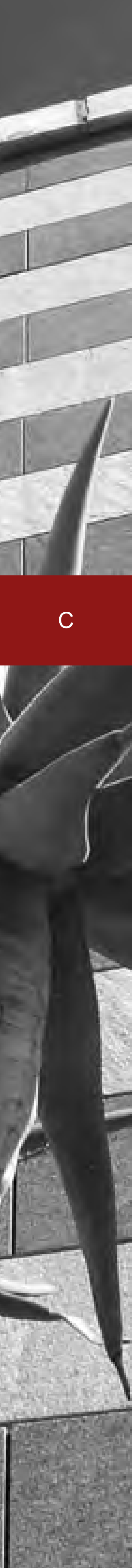

Table C.9: Growth in monetary aggregates (percentage change over 12 months)

Monetary Aggregates	2009	2010
Currency in circulation	1.4	11.8
Transferable deposits	13.3	15.3
Narrow Money (M1)	12.5	15.1
Other deposits	159.5	5.3
Broad Money (M2)	66.6	9.5

The deceleration in M2 growth was consistent with the deposits by the household sector, while those of businesses expanded moderately. Deposits of the household sector to total deposits stood at N$23.2 billion at the end of 2010, resulting in a slower annual growth of 4.6 per cent. As a proportion of total deposits, household sector deposits represented 44.7 per cent at the end of December 2010 lower than 46.8 per cent at the end of the preceding year. The noticeable decline in domestic interest rates and the steady growth in the global economy may have reduced the attractiveness of monetary deposits relative to other financial assets.

Conversely, deposits by business to total deposits rose moderately to an annual growth of 12.0 per cent at the end of 2010, representing 35.4 per cent as a proportion of total deposits from a growth of 34.6 per cent at the end of the preceding year. Deposits by other financial corporations and State and Local Government improved, recording annual growth rates of 10.3 per cent and 1.8 per cent, respectively, at the end of 2010. Deposits by public non-financial institutions, however, slowed by 6.8 per cent from N$4.1 billion at the end of 2009 (see Chart C.61).

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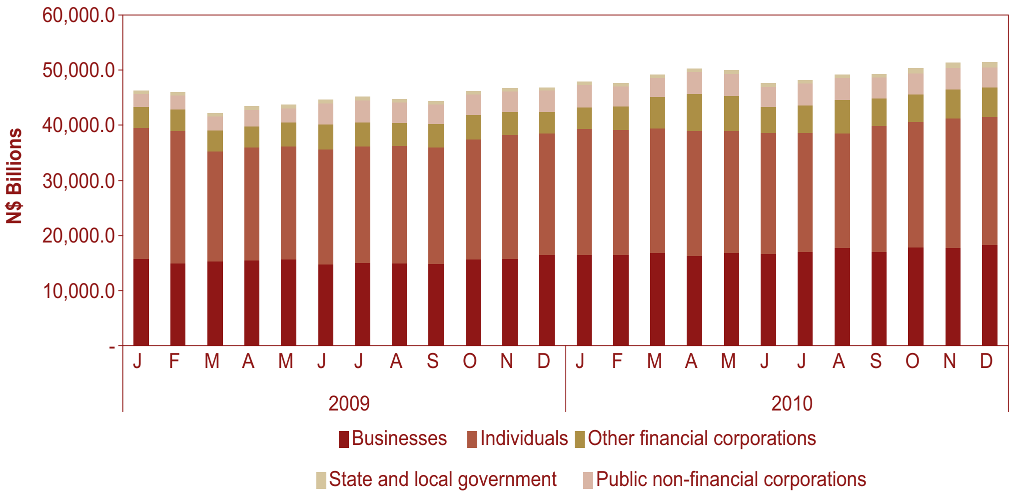
Chart C.61: Deposits holdings of institutional sectors



DETERMINANTS OF MONEY SUPPLY

The decline in M2 at the end of 2010, was due to the slower growth recorded in all determinants of M2, namely net foreign assets, domestic claims and other items net. Net foreign assets of the depository corporations contracted significantly by 20.6 per cent from N$22.7 billion at the end of 2009. The decline in net foreign assets could be attributed to the deceleration in claims to non-residents, while the decrease in liabilities to Central Government led to the slower growth in domestic claims. The state account balance fell significantly from N$5.4 billion in December 2009 to N$1.8 billion recorded in December 2010. Government spending increased significantly during the year as a result of major payments to GIPF, Avril deductions, VAT refunds, road projects and salaries during 2010. Domestic claims slowed, while other items net contracted by 18.6 per cent and 15.1 per cent, resulting in N$46.9 billion and to N$8.6 billion, over the same period, respectively (see Table C.10).

Table C.10: Determinants of money supply (N$ million)

	Change N$ (million)		Annual percentage	Contribution to change in M2
	2009	2010		
Domestic claims (DC)	**7,516.9**	**7,370.3**	**18.7**	**13.9**
Claims on the private sector	8,174.4	3,913.9	8.7	7.4
Net claims on the Central Government	-657.6	3,456.4	-65.3	6.5
Net Foreign Assets of the Banking System (NFA)	**9,092.6**	**-4,669.91**	**-20.6**	**-8.8**
Other Items Net (OIN)	**-7,014.0**	**-1,126.4**	**-15.1**	**-2.1**
Broad Money Supply (Domestic Claim + NFA+OIN)	**9,595.04**	**1,574.1**	**9.5**	**3.0**

Total claims of ODCs on other sectors of the economy, excluding Central Government, slowed by 8.7 per cent at the end of 2010, compared with an increase of 22.4 per cent observed at the end of the preceding year. Similarly, net claims on Central Government contracted significantly by 65.2 per cent from N$5.3 billion at the end of 2009. Contributing to this development was the significant contraction in liabilities to the Central Government. Claims on public non-financial corporations (parastatals) also contracted by 26.6 per cent, while those of the State and Local government rose by 35.0 per cent at the end of 2010 (see Table C.11).

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Table C.11: Claims by institutional sectors (N$ million)

Institutional sectors	2009	2010	Percentage change
Claims on Central Government	2,814.0	3,080.0	9.5
Claims on other sectors	44,774.8	48,676.7	8.7
Claims on other financial corporations	7,419.8	7,413.3	-0.1
Claims on public non-financial corporations	689.0	506.1	-26.6
Claims on the State and Local Government	86.3	116.6	35.0
Claims on the private sector	**36,403.7**	**40,347.3**	**10.8**

CREDIT EXTENSION

Growth in credit extended to the private sector expanded at a moderate pace at the end of 2010. The recovery in private sector credit growth was largely assisted by lower interest rates. PSCE rose slightly by 10.8 per cent at the end of 2010 from N$36.4 billion recorded at the end of 2009. While most credit categories contributed positively to the growth in private sector credit in 2010, asset backed credit and other loans and advances slowed at the end of 2010. Household credit demand which accounts for 63.0 per cent of total PSC was the major driver of PSCE. Annual growth in credit extended to individuals, rose by 9.0 per cent at the end of December 2010, from N$23.2 billion at the end of December 2009. Conversely, credit extended to businesses slowed by 14.1 per cent on an annual basis to N$15.0 billion at the end of 2010 (see Chart C.62).

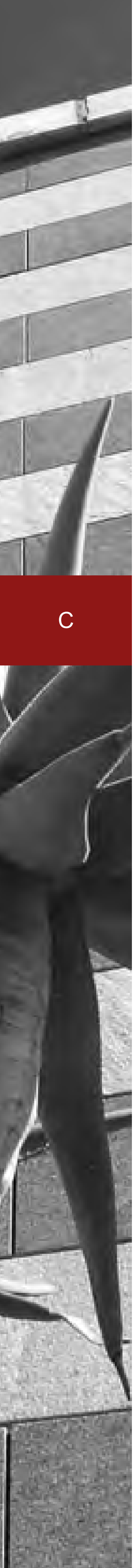

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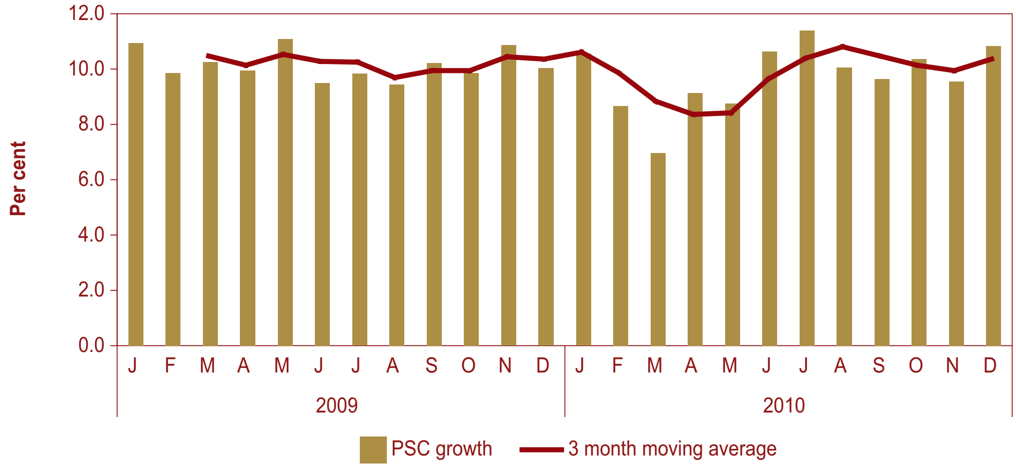
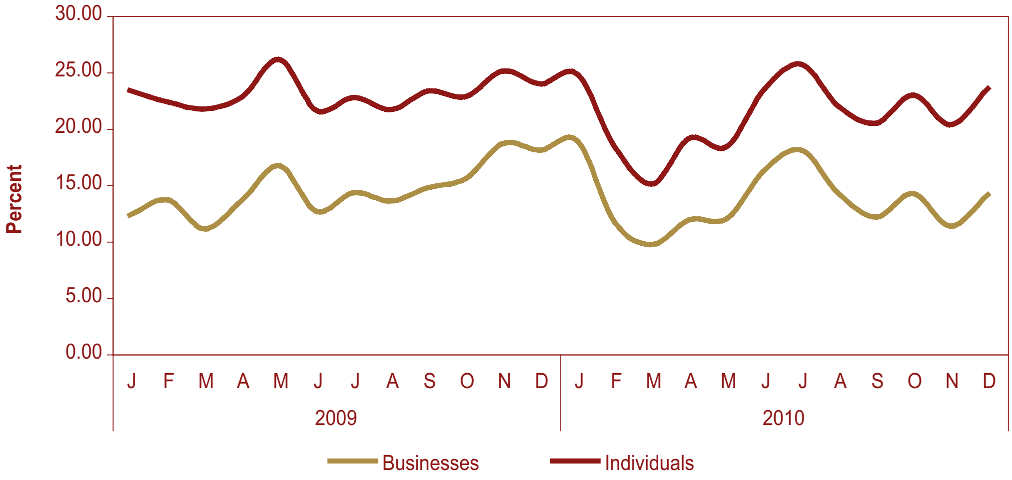
Chart C.62: Private sector credit extended



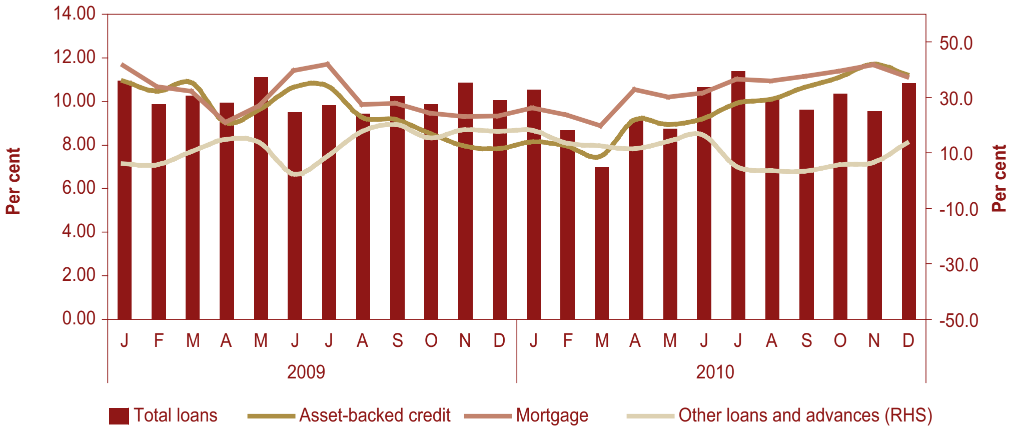
The improved growth in credit extended to individuals was more pronounced in the categories mortgage lending, overdrafts and instalment credit. The category mortgage lending which represents the largest portion of total loans advanced to individuals rose moderately to 8.3 per cent at the end of December 2010 from an annual growth of 7.4 per cent recorded at the end of 2009. The improved growth in mortgage lending to the household sector was also in line with the increase in the total number of building plans approved, which rose by 6.7 per cent to a total of 4 474 during the year 2010. The recovery in the real-estate market, rising property prices and low interest rates served to uphold the growth in mortgage advances. The improved recovery in the property market was further evident in the increasing number of new mortgage loans granted and paid out, which increased from 1 698 at the end of June 2010 to 2 434 at the end of December 2010. Looking ahead, improvement in mortgage credit is expected to continue in the year 2011, given the high demand and the increased number of NHE houses financed by the banking sector.

Chart C.63: Claims on households and corporations (percentage change over 12 months)



On the contrary, credit extended to businesses slowed on an annual basis (see Chart C.63). The slowdown was mostly on account of overdraft lending and other loans and advances. In this connection, increased profits realised by business corporations due to the economic recovery, enabled some business corporations to repay their short-term overdraft obligations (see Chart C.64). In addition, Telecom Namibia issued bonds to settle its short-debt held with commercial banks.

Chart C.64: Mortgage, asset-backed credit and other loans and advances (percentage change over 12 months)



At N$26.6 billion, asset-backed credit (mortgages and vehicles sales) accounted for 66.0 per cent of total loans and advances to the private sector at the end of 2010, which translated into a growth rate of 11.1 per cent over the 12-month period (see Chart C.64). Other loans and advances as well as overdrafts constituted the remainder. The moderate rise in asset-backed credit is mainly attributed to the rise observed in mortgage advances, which typically account for about 51.0 per cent of total private sector credit. Annual growth in mortgage credit rose to 11.0 per cent, from the 9.2 per cent witnessed in 2009. On the contrary, growth of other loans and advances slowed to 12.8 per cent at the end of 2010 from 16.9 per cent recorded at the end of the preceding year (see Table C.12).

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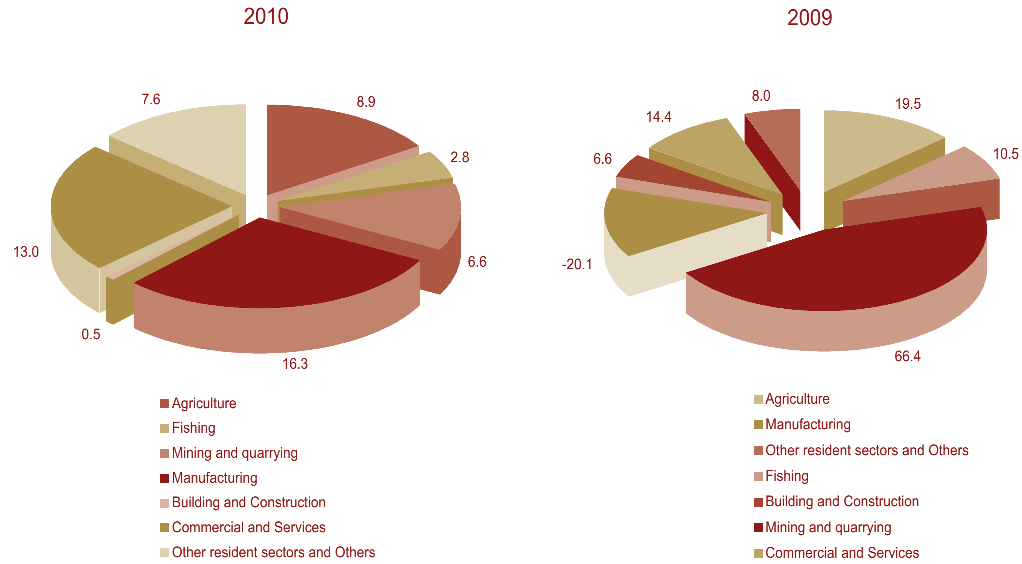
Table C.12: Credit aggregates (N$ million)

Component	December 2009	December 2010	Percentage change
Asset-backed credit	23,940.3	26,605.8	11.1
Mortgage Advances	18,670.8	20,730.7	11.0
Instalment Credit	5,269.5	5,875.1	11.5
Overdraft lending	6,419.4	7,010.8	9.2
Other loans and advances	4,467.80	4,936.0	12.8
Total loans and advances	36,403.7	40,347.3	10.8

The bank credit extension to all sectors of the economy declined at the end of 2010 with the exception of the manufacturing sector when compared to the previous year (see Chart C.65). The manufacturing sector received the largest portion of the credit allocated followed by the commercial services, agriculture and other resident sectors. Credit extended to the manufacturing sector recorded a growth of 16.3 per cent at the end of 2010 compared to a significant contraction of 20.1 per cent recorded at the end of the previous year. This increased borrowing by the manufacturing sector could partly be attributed to a sluggish growth recorded in the sub-sectors meat and fish processing in order to stimulate the activities within the sector. Growth in credit extended to commercial services, agriculture and other resident sectors slowed to 12.9 per cent, 8.9 per cent and 7.6 per cent at the end of December 2010, respectively, from 14.4 per cent, 19.5 per cent and 8.0 per cent, respectively recorded at the end of the preceding year.

Chart C.65: Direction of credit to economic sectors



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BANKING SYSTEM LIQUIDITY

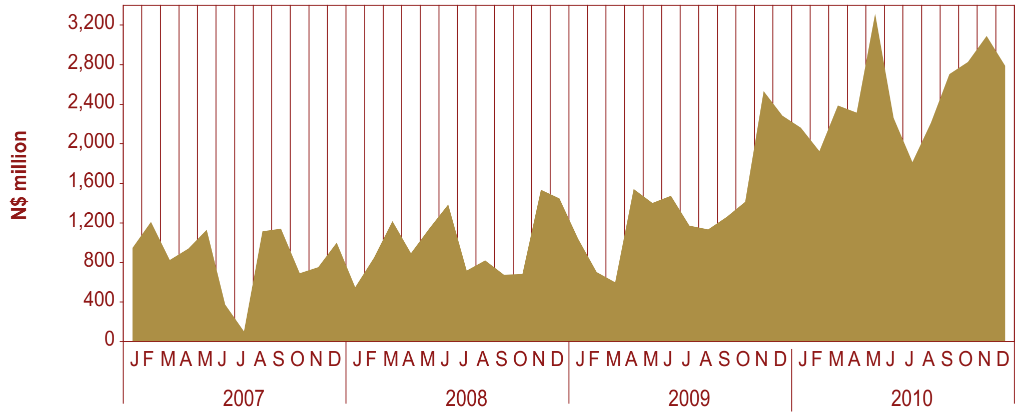
The Namibian banking industry experienced the highest liquidity situation to date during 2010. The overall liquidity position for both the first and second halves of the year was significantly higher compare to the levels observed during the corresponding periods of the previous year. The overall daily liquidity position of the banking industry averaged about N$2.4 billion during the first half of 2010, but further increased during the second half of 2010 to average about N$2.6 billion. These levels dwarf the N$1.1 billion and N$1.6 billion registered for the first and second halves of 2009, respectively. The overall daily liquidity condition of the Namibian banking industry reached the highest monthly average level of N$3.3 billion during May 2010, the highest ever recorded. The peak in May could be explained by the decision of one of the pension funds in Namibia to restructure its investment portfolios. The decision resulted in the conversion of investments previously held in dual listed equity into cash, which was in turn placed with local banking institutions while alternative investment vehicles is being sought. The lowest monthly average overall liquidity position recorded for the year was N$1.8 billion during July 2010.

The consistently high level of banking institution's liquidity experienced throughout 2010 was a reflection of the high Government spending. The high Government spending is in line with the firm commitment expressed by the Minister of Finance during the occasion of tabling of the National budget for 2010/2011 fiscal year on 30 March 2010. The Minister of Finance indicated that the Government have to spend more money with a view of offsetting the negative effects of global economic crisis on Namibia and put the economy back on the high growth trajectory. The total Government local spending[20] alone, excluding foreign payments, was about N$18 billion in 2010. Government local spending during the first half of the year recorded a monthly average of N$1.1 billion. This amount increased significantly to a monthly average of N$1.9 billion during the second half of 2010. Total Government expenditure for 2010/2011 financial year is estimated at N$28.9 billion. Therefore, the higher liquidity situation of the banking institutions is attributed to higher domestic government expenditure anticipated in 2010/11 financial year. Chart C.66 below indicates the developments in the liquidity position of the Namibian banking industry during 2010.

Another factor which played a role in an elevated banking institution's liquidity position during the first half of the year was the redemption of the GC10 Government bond. A total of N$1.75 billion in GC10 matured during January 2010, the biggest amount ever redeemed. The largest amount that the Government redeemed before was N$1.2 billion during July 2007 when the GC07 bond matured. Besides the higher Government expenditure, portfolio restructuring and the redemption of GC10, the issuance of three corporate bonds by local banking institutions and a State Owned Enterprises (SOE) also played a notable role in high liquidity conditions of the banks. The issuance of these bonds entailed that the banks had to hold more cash, during the issuance period, to enable the investors to participate in the bond auctions.

[20] The Local Government spending has an impact on liquidity conditions of the banking institutions. Once the Government spends, the money goes immediately in the banking system, affecting the level of liquidity. Foreign payments do not go in the hands of the local banks and thus has no effects on the liquidity level of the banks.

Chart C.66: Overall liquidity of the banking industry



MONEY MARKET DEVELOPMENTS

Due to the improved inflation outlook, the adequacy of international reserves and to boost domestic demand, the Bank of Namibia reduced its key policy rate, the Repo rate to 6.0 per cent in December 2010. In line with the changed monetary stance, commercial banks reduced their prime lending rate to 9.75 per cent, from 11.25 per cent during the previous year (see Chart C.67).

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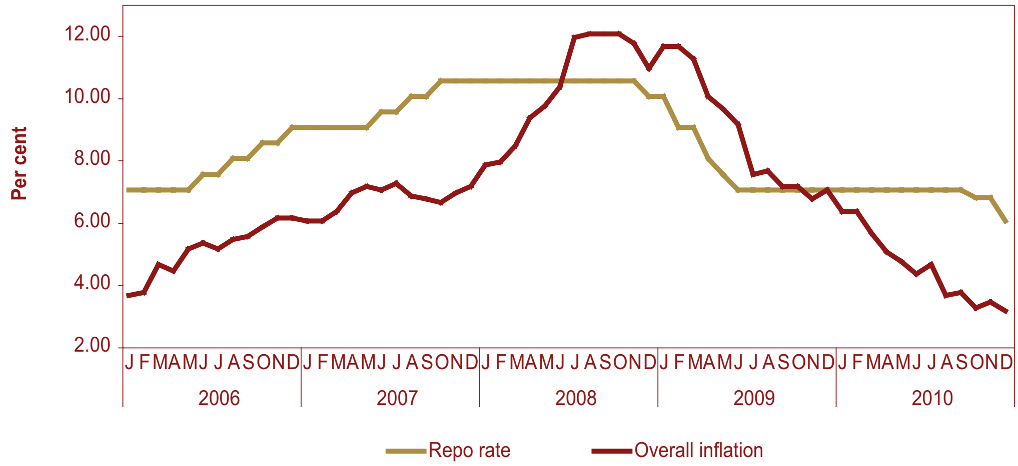
Chart C.67: Bank of Namibia Repo rate and overall inflation



In line with the above, the downward trajectory in money market rates that started during the latter part of 2008 continued during the year 2010. This brought the average nominal lending rates down to 9.01 per cent in December 2010 from 10.75 per cent in December 2009 (see Chart C.68). Similarly, the average nominal deposit rate declined to 4.41 per cent, leading to a narrowing spread between lending and deposit rates. This downward adjustment is in line with the easing monetary conditions that started in the latter part of 2008.

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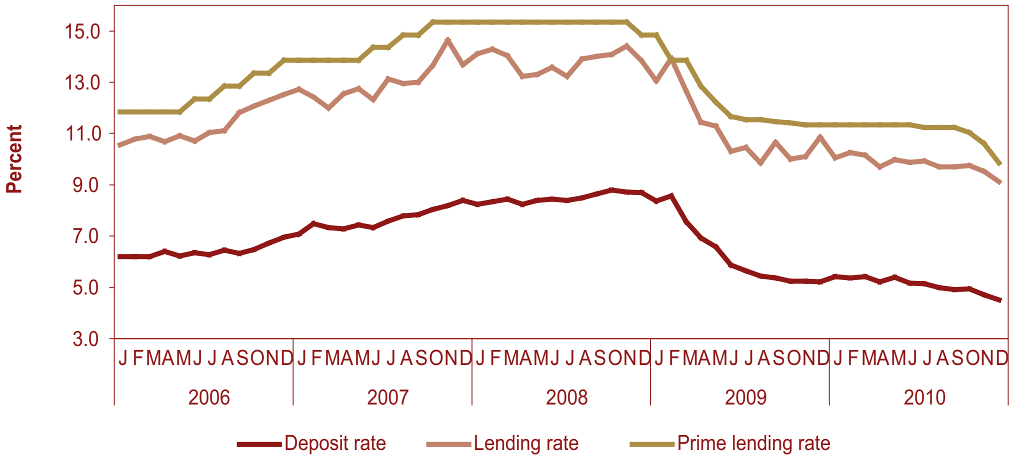
Chart C.68: Lending and deposit rates



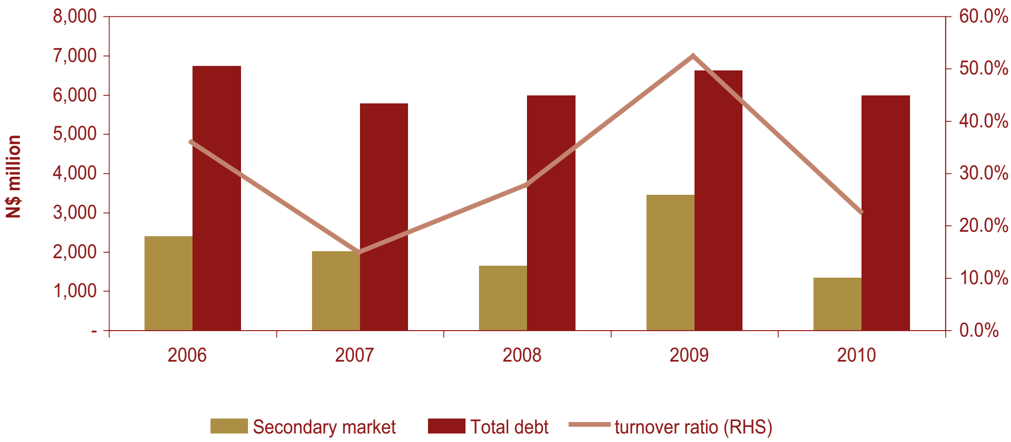
BOND MARKET DEVELOPMENT

SECONDARY MARKET TRADING FOR GOVERNMENT BONDS

Fitch Ratings Agency has revised the outlook for Namibia to positive from stable. Namibia sovereign rating was initially assigned in December 2005 and was again reconfirmed in December 2010. The rating for long term foreign currency issuer default is BBB- (minus), the rating for the long term local currency is BBB and Short-term foreign currency IDR of F3. The country ceiling is affirmed at A, given its membership to the Common Monetary Area. The positive outlook reflects resilience to effects emanating from the global economic crisis and strong prospects for the mining sector in particular uranium mining. The country remains one of the few countries on the continent with best sovereign credit ratings, underscored by low level of public indebtedness, good economic growth prospects, strong increase in exports which will strengthen the current account balance and fiscal position.

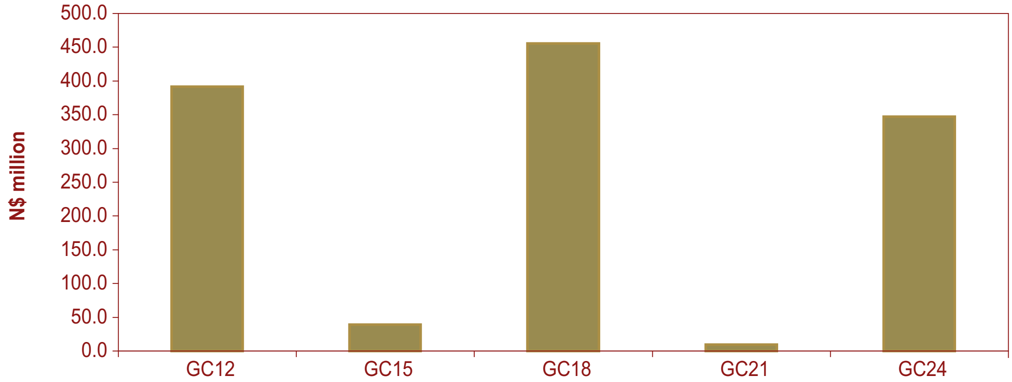
The Namibian Government started off the year 2010 with five bonds. With the maturity of the GC10 in January 2010, the market was left with only four bonds for most part of the year, with an additional bond, the GC21, only being issued in November 2010. With few bonds on-the-run, the Government listed two more bonds, the GC27 and GC30 towards the end of 2010. The volume of the Government bond outstanding fell from N$6.6 billion in December 2009 to N$6.0 billion at the end of December 2010.

Chart C.69: Turnover ratio of Namibian Government bonds



The decline in the outstanding amount of Government bonds usually has a negative impact on the bond trading in the secondary market (Chart C.69). The secondary market trading for Government bonds during 2010 totalled only N$1.3 billion, compared to the previous year's secondary market trading of N$3.5 billion. Subsequently, the turnover ratio of the Government bonds during 2010 was only 22.4 per cent from a higher rate of 52.2 per cent recorded in 2009. The GC18 traded relatively more, N$455.7 million, on the secondary market during 2010 than other bonds, while the GC15 traded the least. The low trading levels for the GC15 is explained by the fact that the Government has stopped using this bond to raise funds. This bond was last issued in September 2006. The GC21 was issued for the first time in November 2010, hence the small volume traded during 2010, as illustrated in the Chart C.70 below.

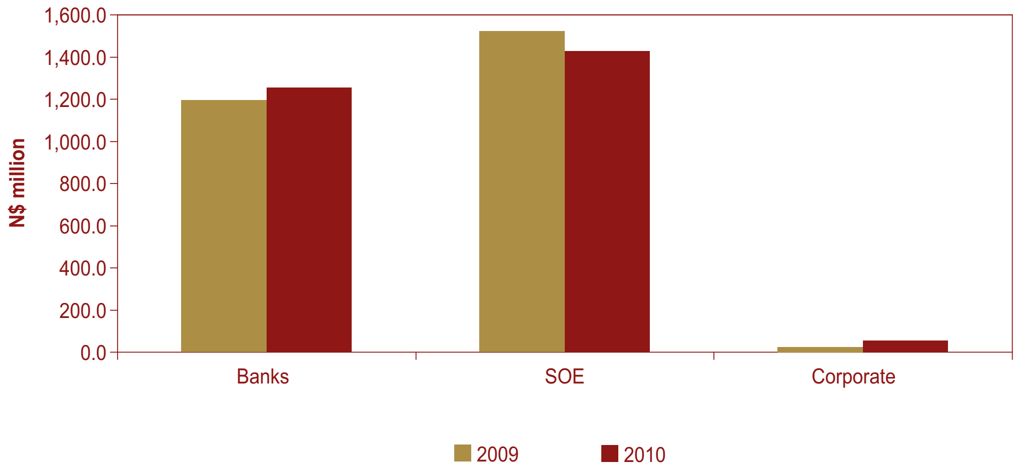
Chart C.70: Outstanding Central Government bonds (December 2010)



CORPORATE BONDS

The past years have seen an increased number of the sectors, other than the Central Government taking part in the issuance of domestic bonds. The State Owned Enterprises (SOEs), commercial banks and other corporates, namely the Ohlthaver & List Finance and Trading Corporation Limited, constituted just less than a third (31.4 per cent) of the total bonds trading in the market during 2010 (Chart C.71). This represent an increase, albeit little, when compared to the 29.3 per cent of the non-Central Government bonds' share of the total volume of bonds traded in the market. Although the Road Fund Administration Bond (RFA10) matured during 2010, the issuance of the Telecom Namibia Limited bonds - TCNF02, TN15, TCN16 and the TCNF01 brought the number of the SOE's bonds from five at the end 2009 to eight at the end of 2010. The number of commercial banks' bonds during 2010 remained seven, the same as in 2009. Bank Windhoek's matured BW10 bond was replaced by the new bond BW20, which is maturing in 2020. The Ohlthaver & List Finance and Trading Corporation Limited increased its bond issuance from N$25 million during 2009 to N$55 million in 2010.

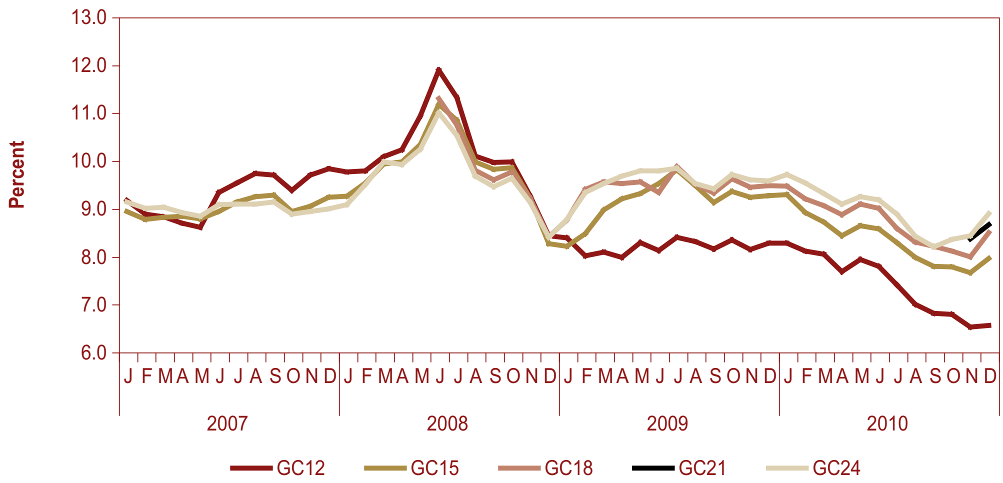
Chart C.71: Outstanding Non-Central Government bonds



GOVERNMENT BOND YIELDS

The Namibian Government bond yields trended downward during 2010, similar to the yields of the South African benchmark bonds (Chart C.72). The South African Reserve Bank reduced the benchmark policy rate in 2010 to stimulate the fragile domestic economic activities. Subsequently, the yields on the South African benchmark bonds fell as well, in line with the Repo rate. The Namibian yields were lower in 2010 relative to the levels observed during 2009. The yield on the GC12 bond was much lower compared to the yields on medium term bonds. With less than two years left before maturity, the GC12 bond is currently trading at 6.53 per cent, closely tracking the money market rates. This represents a strong decline of 172 basis points when compared to the closing yield of December 2009. The yields on the GC15 and the GC18 followed suit, dropping by 134 and 97 basis points to 7.93 per cent and 8.47 per cent by end of December 2010, respectively. The GC24 bond rallied as well during 2010, where the yield fell by 82 basis points by December 2010. The supply constraint of assets in the Namibian financial markets also contributed to the bonds rally during the year.

Chart C.72: Namibian Government bond yields

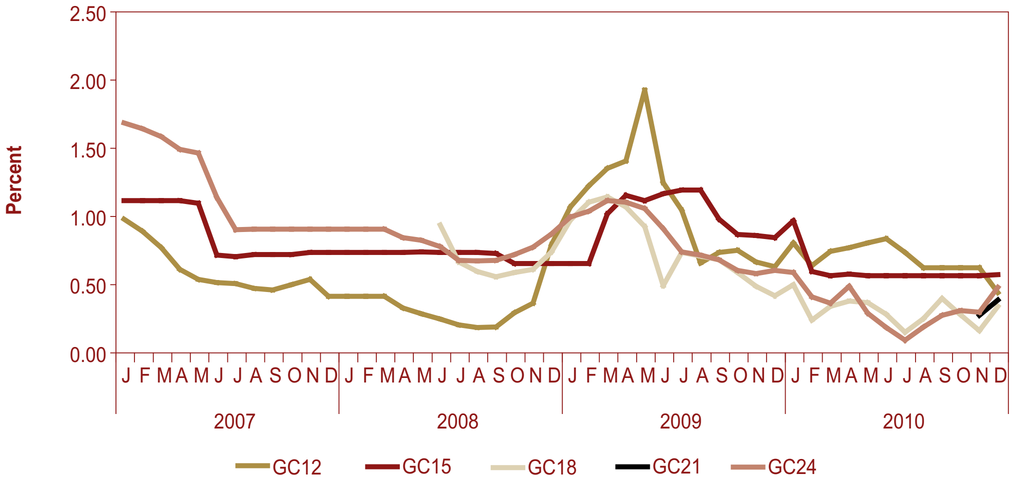


YIELD SPREADS

The average spread between the Namibian bonds and the South African equivalent benchmark bonds yields narrowed significantly during 2010, compared to that of 2009. The spreads fell with the same magnitude across all bonds through the year. The yield spread for the medium term bonds i.e. GC12 and GC15, recorded an annual average of 67 basis points and 59 basis points, respectively (Chart C.73). The yield spread narrowed significantly for the longer dated bonds to a record low during 2010. The yield spread on GC18, GC21, and GC24 above averaged 29, 32, and 32 basis points above the R204, R208, and R186, respectively.

The relatively narrow spread between the Namibian Government bonds and their respective benchmarks could be attributed to the fact that Namibian bonds were fairly priced. The zero-coupon yield curve produced by the Bank of Namibia on a daily basis also contributed greatly to the better pricing of the Namibia bonds. It is worthwhile noting that the Namibian investors are moving towards having more or less similar understanding of the factors which affect bond prices. In addition, high demand for the GC18 and the GC24 issued for most part of 2010, has pushed the yields down and subsequently narrowing the spread.

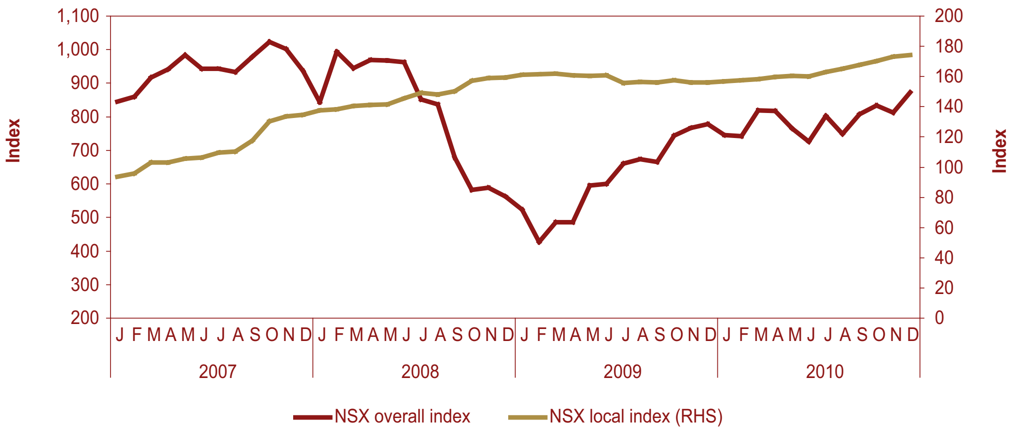
Chart C.73: Spreads between Namibian Government bonds and SA benchmark bonds



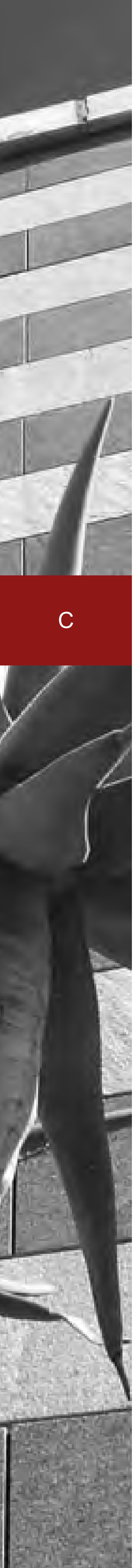
EQUITY MARKET DEVELOPMENTS

The NSX overall index closed at 867.23 at the end of December 2010 up by 12.3 per cent when compared to the closing value of the previous year (Chart C.74). The gain in the index was partly due to the positive performance of the Anglo American share which accounts for approximately 42.0 per cent of the total market capitalisation. Anglo American's share price although it has still not reached its pre-crisis levels, increased from N$319.33 in December 2009 to N$345.43 in December 2010 partially attributable to its operating profits which doubled to reach US$9.8 billion[21] Further, shares for Truworths Ltd, Shoprite Holdings and Barloworld Ltd also contributed positively to the performance of the overall index. The overall index recorded positive annual growth rates for all the quarters of 2010; with the highest annual growth of 69.5 per cent recorded during the first quarter of 2010. Similarly, the local index recorded a significant turnaround from a decline of 2.0 per cent at the end of 2009 to 11.6 per cent at the end of 2010. The continuous improvement in the local index was due to the artificial demand created by Regulation 28, which stipulates that each fund must invest 35.0 per cent of its total funds in Namibian assets. The market capitalisation of the components of the local index slowed by 9.1 per cent, reaching N$7.8 billion at the end of 2010.

Chart C.74: Namibian Stock Exchange



[21] Anglo American 2010 Annual financial results reported increased operating profit.



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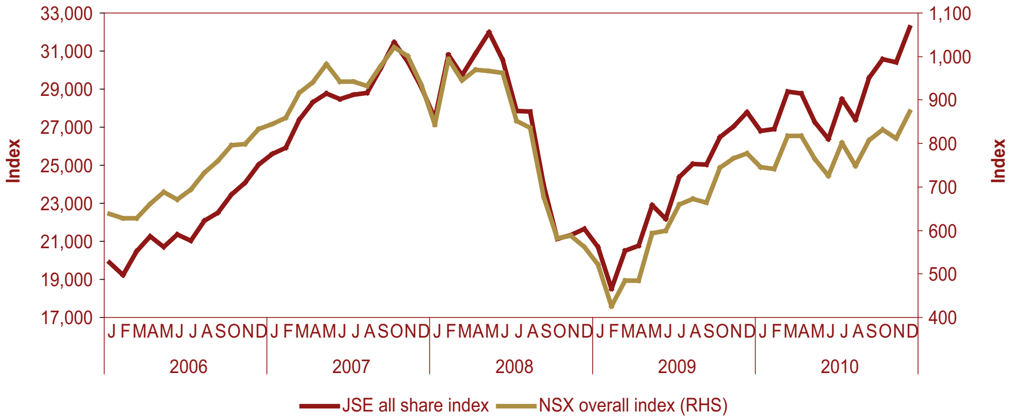
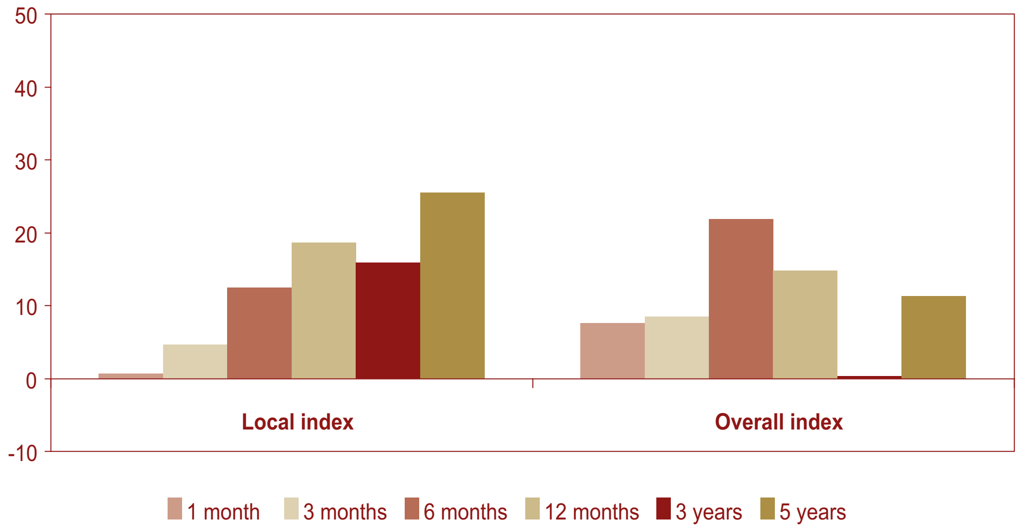
The NSX overall index closely mimics developments in the JSE all shares index because some of the dual-listed companies are primarily listed on the JSE, which dictates equity price movements (see Chart C.75). The JSE all share index compared favourably with NSX overall index when it closed at 32 118.89 index points at the end of 2010 resulting in a growth of 16.1 per cent. This growth is, however, lower than the 28.6 per cent recorded at the end of 2009.

Chart C.75: JSE all shares index and NSX overall index



The total index returns on the overall index continue outperforming the returns on the local index for the periods shorter than 12 months (see Chart C.76). Over the 12-month period ended 31 December 2010, however, the NSX overall index returned 14.79 compared with 18.7 per cent of local index.

Chart C.76: Index total returns, December 2010

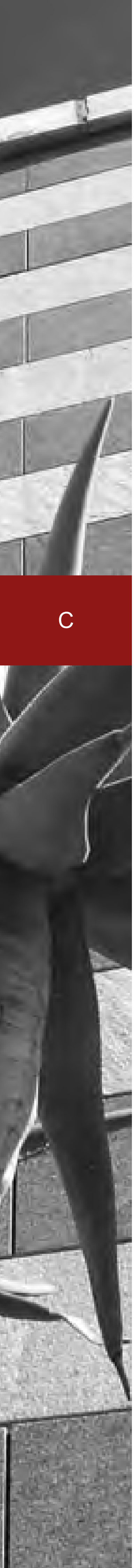


Source: IJG

The turnover of the NSX decreased to N$7.6 billion at the end of 2010 from N$9.0 billion recorded at the end of 2009. This poor performance was, however, due to a decline of volumes traded at the end of 2010 (see Table C.13). Overall liquidity continues to remain low due to the number of issues after the GIPF changed its mandates.

Table C.13: NSX summary statistics

Category	2009	2010	Percentage change
Overall			
Index (end of year)	771.91	867.23	12.3
Market capitalisation (N$ million) (end of year)	1,024,124	1,151,487	12.4
Free-float market capitalisation (N$ million) (end of year)	968,273	1,096,701	13.3
Volume traded ('000)	338,077	195,199	-42.3
Value traded (N$ million)	8,715,179	7,088,776	-18.7
Number of deals	2,987	2,567	-14.1
Number of new listings (DevX)	3	1	-67
Local			
Index (end of year)	154.77	172.72	11.6
Market capitalisation (N$ million) (end of year)	7,126	7,782	9.2
Volume traded ('000)	17,746	12,423	-30.0
Value traded (N$ 000)	184,123	112,642	-38.8
Number of deals on NSX	305	330	8.2
Number of new listings	1	0	-100.0



RETHINKING MONETARY POLICY FRAMEWORK AFTER THE CRISIS

I. Introduction

The financial crisis and the upsurge in inflation during the period of 2007-08 have brought to the fore the question whether the monetary policy that was pursued over the past decades remains adequate. It is argued that inflation-targeting has failed to deliver low inflation and that fine tuning through interest rate manipulation is ineffective (P. Arestis, M.Sawyer; 2010).

As the global economy slowly recovers from the financial crisis, countries world-wide begun to take stock of their respective economic policies, measuring them against the lessons learned from the crisis. At the centre of it all, is the debate on how best to manage monetary policy in their respective countries. The need for a re-look at the traditional consensus on the precise objectives of monetary policy, which became ineffective during the financial crisis seems to be the reason behind the debate.

The point of argument is that too accommodative macroeconomic policies can undermine financial stability by brewing asset bubbles and encouraging extensive credit growth. The bone of contention, therefore, is whether central banks have the responsibility to puncture asset bubbles beforehand or whether their crisis management role as lenders of last resort ex post is sufficient.
The debate on rethinking monetary policy framework after the crisis has gained momentum as policy makers continue to look at alternative policy frameworks. In general, a crisis leads to all sorts of problems, causing policymakers to rethink ingrained ideas and earlier accepted practices.
When crises occur, they expose flow in the system and raise more fundamental questions regarding the way the economy functions in different respects. These questions are often much difficult to answer. It usually takes years of practical experience and theoretical and empirical research before one can draw conclusions with any reasonable certainty.

This article will shed light on some of the weaknesses that were exposed by the recent financial crisis and their implications for monetary policy. It will also look at issues on the design of appropriate policy for the attainment and sustenance of a financially stable environment going forward. The remainder of the article is organized as follows: section II examines monetary policy framework prior to the crisis. Section III discusses the lessons learnt from the crisis while section IV suggests the way forward. Section V concludes.

II. Monetary policy framework before the crisis

Prior to the crisis of 2007-08 there was widespread agreement that price stability (in practice, low and stable inflation) should be the ultimate objective of monetary policy. This agreement has been reflected both in the mandates set for monetary policy by governments and in the practice of the central banks. So long as inflation was stable, the output gap was likely to be small and stable and monetary policy did its job (Blanchard, Dell'Ariccia and Mauro 2010).
Central banks typically operate under one of two types of mandate. A hierarchical mandate makes price stability the primary objective for monetary policy and subordinates other potential objectives. A dual mandate recognizes two objectives – price stability and full employment – and put them on equal footing. Either regime could make price stability objective more precise by setting an explicit numerical target for inflation. During the 1990s, a number of central banks (i.e. Chile, Canada, Brazil and Australia) adopted a framework that is called inflation targeting, combining a hierarchical mandate and explicit inflation objective.

What is inflation targeting?

Inflation targeting is a formal adoption of an inflation target, which is one way of achieving the goal of price stability. According to the IMF, inflation targeting involves: "the public announcement of medium-term numerical targets for inflation with an institutional commitment by the monetary authority to achieve these targets" (Blanchard, Dell'Ariccia & Mauro 2010). Additional features include increased communication with the public and the markets about the plans and objectives of monetary policymakers and increased accountability of the central bank for attaining its inflation objectives. Monetary policy decisions under an inflation targeting framework are generally guided by the deviations of forecast of future inflation from the announced target, with the inflation forecast acting (implicitly) as the intermediate target of monetary policy.

The case for and against inflation targeting

An explicit inflation target would give added precision to an already mandated objective. The following are three of the arguments in favour of inflation targeting regimes. First, an explicit inflation target

would improve the transparency and accountability of monetary policy. Second, it helps, at the margin, to anchor inflation expectations. Third, it reduces inflation volatility and helps institutionalize good monetary policy.
Critics of inflation targeting, on the other hand have argued that inflation targeting if implemented as a very strict policy rule, it could have some serious costs. Some of the costs advanced amongst others are the restricted ability of the central bank to respond to financial crises or unforeseen events; inflation targeting could potentially leads to poor outcomes in employment, exchange rate and other macroeconomic variables besides inflation. Finally, inflation targeting leads to potential instability in the event of large-supply-side shocks.

III. Lessons from the crisis

Until recently, many would have claimed that inflation targeting was able to provide a nominal anchor for the economy. After a number of other policies designed to provide a nominal stability (notably control of money supply and fixed exchange rate) had largely failed, inflation targeting appeared to have delivered (Blanchard, Dell'Ariccia and Mauro 2010).
But the experience of 2007-08, shows that when inflation rose above target levels, it raises questions about the potency of inflation targeting. When looked at in the context of broader monetary policy, the crisis unearthed a number of lessons regarding the objective of price stability using inflation targeting regime.
The crisis has taught us that **stable inflation may be necessary, but is not a sufficient condition for financial stability**. Both inflation and the output gap may be stable, but the behaviour of some asset prices and credit aggregates, or the composition of output, may be undesirable and potentially triggers major macroeconomic adjustments later on. Further, **limited policy instruments bounded the scope of monetary policy in deflationary recessions**. When the crisis started in earnest in 2008, and aggregate demand collapsed, most central banks responded quickly by reducing their policy rates close to zero. Had they been able to, they would have decreased the rate further, but the zero nominal interest rate bound prevented them from doing so.
The recent financial crisis underscored the role of **financial intermediation in the economy**. Nowadays, markets have become more segmented, with specialized investors operating in specific markets. Most of the time, they are well linked through arbitrage. Therefore, if for some reasons, some of the investors withdraw from those markets, the effects on prices can be felt instantly across the entire system.
Moreover, the crisis taught us that **countercyclical fiscal policy is an important tool**. In this regard, fiscal policy came back to centre stage as a macroeconomic tool for two main reasons. First, to the extent that monetary policy, including credit and quantitative easing, had largely reached its limit, policymakers had little choice but to rely on fiscal policy. Second, from its early stage, the recession was expected to be long lasting, so that it was clear that fiscal stimulus would have ample time to yield a beneficial impact despite implementation lags.
Finally, the crisis has highlighted to us that **regulation is not macroeconomic neutral**. Financial regulation or lack of it has played a central role in the crisis. It contributed to the amplification effects that transformed the decreasing in U.S. housing prices into a major world economic crisis. It has become clear that the limited perimeter of regulation gave incentives for banks to create off-balance sheet entities to avoid some prudential rules and increase leverage.

IV. Monetary Policy after the crisis and the way forward

The 2007-08 financial crisis seems to have spelled the end of monetary policy, and instead to be replaced with financial stability policy. The term 'monetary policy' suggests that it concerns money and mainly involves banks, since they are the financial institutions whose liabilities are regarded as part of the stock of money.
Monetary policy in the simple IS-LM[22] type framework is viewed in terms of the (policy) interest rate, the stock of money and the notion that the central bank can set one of these variables (and must then accept the value of the other as market determines).
In an endogenous money framework, the central bank sets the policy interest rate as the term at which it will supply reserves. One of its key roles is then to act as the lender of last resort, which involves supplying liquidity to the banking system as and when required.

With an objective of financial stability, the central bank would, however, transcend these narrow roles and become more like a Central Financial Agency (CFA). It would be responsible for policies that seek to influence the credit and lending practices of the full range of financial institutions.

Following the exposition of flaws within the monetary policy framework, the following issues have emerged as a consensus among monetary policy specialists as the way forward: First, the primary

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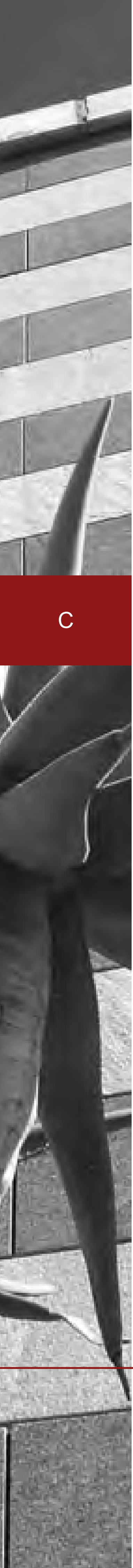

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objective of monetary policy in addition to price stability should also focus on unemployment and other macroeconomic goals. Second, monetary and financial stability should be adopted as an objective of macroeconomic policy. This argument is based, in part, on the relative frequency of financial instability and the significant cost associated with financial crisis. Third, the objective of stability relates to the whole financial system and not only to the banking system, as has generally been the case. It has now been generally recognized that the financial system has evolved and changed such that the banking system has become a relatively smaller part of the overall financial system. The key point here is to bring to the forefront a form of monetary and financial policy focused on financial stability.

V. Conclusion

The crisis has uncovered flaws in the pre-crisis monetary policy framework and has forced policymakers to explore new policies during the crisis. After the crisis, policymakers were forced to think about the architecture of post-crisis macroeconomic policy. In many ways, while the general policy framework would likely remain the same, some adjustments are needed to address the weaknesses exposed during the crisis and make the monetary policy more credible and effective.

Further, the ultimate goals should be to achieve a stable output gap and stable inflation. But the crisis has made clear that policymakers have to monitor many indicators, including the composition of output, the behaviour of asset prices, and the leverage of different agents. The challenge, however is to learn how to monitor indicators effectively.

Reference

- Arestis, Philip and Sawyer, Malcolm (2010) ‘What Monetary Policy after the Crisis?’, Review of Political Economy, 22: 4, 499 – 515
- Blanchard, Dell’Ariccia and Mauro (2010) ‘Rethinking Macroeconomic Policy’, IMF Staff Positions Note, SPN/10/03

[22] The IS/LM model is a macroeconomic tool that demonstrates the relationship between interest rates and real output in the goods and services market and the money IS/LM stands for Investment Saving/ Liquidity preference Money supply.

PUBLIC FINANCE[23]

FISCAL DEVELOPMENTS

During the fiscal year 2010/11, Government continued to pursue an expansionary fiscal policy amidst slow growth in revenue. The stocks of both domestic and foreign debt, however, declined at the end of the review period and both remain within sustainable ranges. In addition, the loan guarantees by Central Government for both domestic and foreign borrowing also declined over the same period, signalling a moderation of contingent liabilities and risks faced by the Central Government.

REVENUE AND GRANTS

Namibia's overall revenues performed below pre-crisis growth rate levels, reflecting the negative impact of the economic crisis, as reflected in the attained revenue. Year-on-year, revenue declined, as opposed to growths which were recorded for the previous three fiscal years prior to the economic crisis. In light of this, the revenue outturn for 2010/11 declined to N$15.5 billion from N$24.1 billion recorded in 2009/10 (see Chart C.77). The decline in the revenue outturn can mainly be attributed to the decline in SACU revenues with the impact of the global financial crisis taking its toll. Overall, revenues as a percentage of GDP have experienced a decline from 30.0 per cent attained in 2009/10 to 17.4 per cent in 2010/11. It is estimated that this will further rise to 21.2 per cent in 2011/12.

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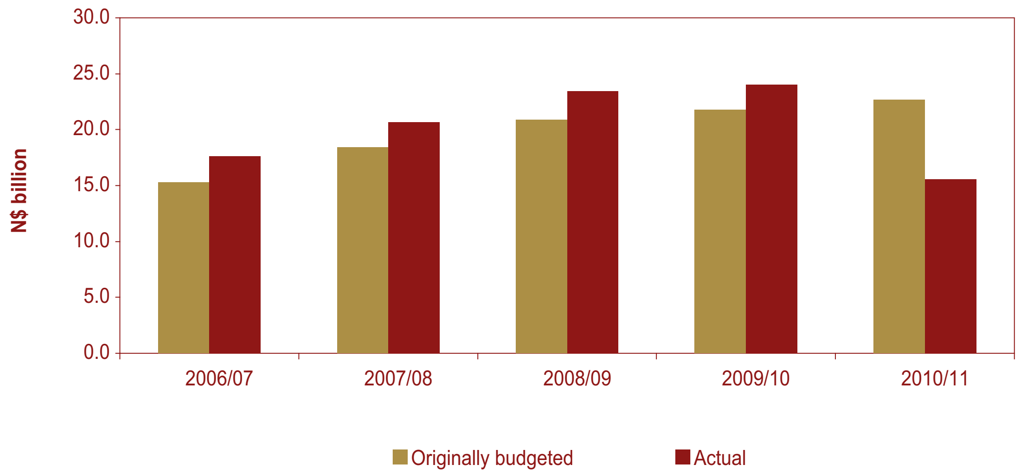
Chart C.77: Government revenue and grants



GOVERNMENT EXPENDITURE

In 2010/11, Government continued to pursue an expansionary fiscal policy, which resulted in an expanded expenditure exceeding the revenue growth. Expenditure priorities include fostering development of human capital, guaranteeing law and order, ensuring food security, improving health services, enlarging social welfare support and promoting economic growth. Year-on-year, expenditure increased to N$27.4 billion in 2010/11 compared to N$24.9 billion in 2009/10 (see Chart C.78). Given this stance, expenditure as a ratio of GDP increased slightly to 31.2 per cent in 2010/11 from 31.1 per cent of GDP in 2009/10, resulting in a budget deficit of 5.7 per cent of GDP, higher than the 1.1 per cent recorded in 2009/10.

[23] The years referred to in this section are fiscal years and consequently the year-on-year analysis is made between fiscal years unless otherwise stated.

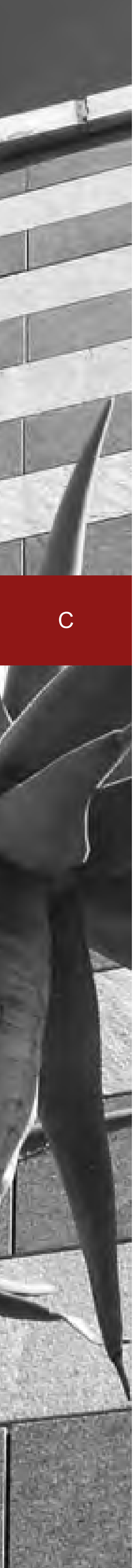
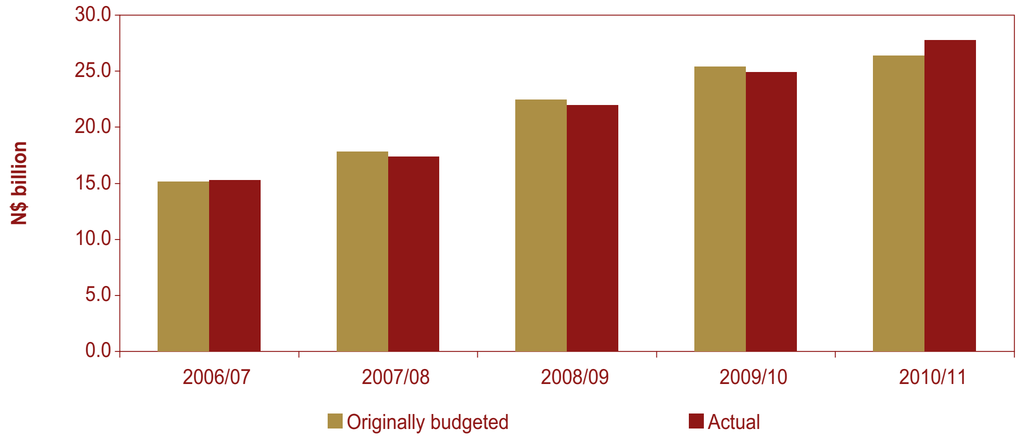


Chart C.78: Government expenditure



DOMESTIC DEBT

Effort to develop and stimulate the domestic financial market remains one of the principal issue on the agenda of the Central Government. One way to achieve that goal is to issue short and long term debt instruments to local market participants. In this connection, domestic debt issuance constituted 11.3 per cent of GDP in the year 2010, although it came down mildly from 12.7 per cent in 2009 (Table C.14). Furthermore, domestic debt constitutes approximately 77.0 per cent of total borrowing by the Central Government, thus being consistent with the emphasis placed by the Central Government on developing the domestic capital market. In nominal terms, however, the aggregate domestic debt stock fell slightly from N$10.2 billion at the end of 2009 to N$10.0 billion at the end of 2010. In terms of composition of the domestic debt stock, 60.0 per cent was in the form of internal registered stocks (IRS), whilst Treasury Bills (TBs) constituted the remaining 40.0 per cent.

Between 2009 and 2010, the stock of TBs recorded a nominal increase whereas IRS issuances moderated. Accordingly, TBs increased by 13.8 per cent from N$3.5 billion at the end of 2009 to N$4.0 billion by end of 2010. IRS, on the other hand, moderated to N$6.0 billion at the end of 2010 from a higher amount of N$6.7 billion at the end of 2009. Much of the decline in the IRS can be attributed to the redemption of the GC10 during the year, with the issuance of a new bond, the GC21, however moderated the effect thereof. Notably, new bonds were issued (GC27 and GC30) for the fiscal year 2010/11 and this will further assist with government budget financing and other development objectives.

Table C.14: Central government debt as at 31 December 2010 (N$ million)

	2007	2008	2009	2010
GDP	**62,663**	**75,054**	**80,099**	**88,238**
Total export of goods and services	6,149	6,770	8,528	-
Foreign debt stock	**2,873.3**	**3,665.1**	**3,322.0**	**2,976.9**
Bilateral	1,092.3	1,536.2	1,425.4	980.3
As % of total	38.0	41.9	42.9	32.9
Multilateral	1,781.0	2,129.0	1,896.6	1,996.7
As % of total	62.0	58.1	57.1	67.1
Foreign debt service	78.5	66.0	-	35.2
As % of export	1.3	1.0	-	-
Domestic debt stock	**8,782.0**	**9,489.7**	**10,177.1**	**9,982.5**
Treasury bills	3,000.0	3,505.0	3,510.4	3,994.1
As % of total	34.2	36.9	34.5	40.0
Internal registered stock	5,782.0	5,984.7	6,666.7	5,988.5
As % of total	65.8	63.1	65.5	60.0
Total Central Government debt	**11,655.3**	**13,154.8**	**13,499.1**	**12,959.5**
Proportion of total debt				
Foreign debt stock	24.7	27.9	24.6	23.0
Domestic debt stock	75.3	72.1	75.4	77.0
As % of GDP				
Foreign debt stock	4.6	4.9	4.1	3.4
Domestic debt stock	14.0	12.6	12.7	11.3
Total debt	**18.6**	**17.5**	**16.9**	**14.7**

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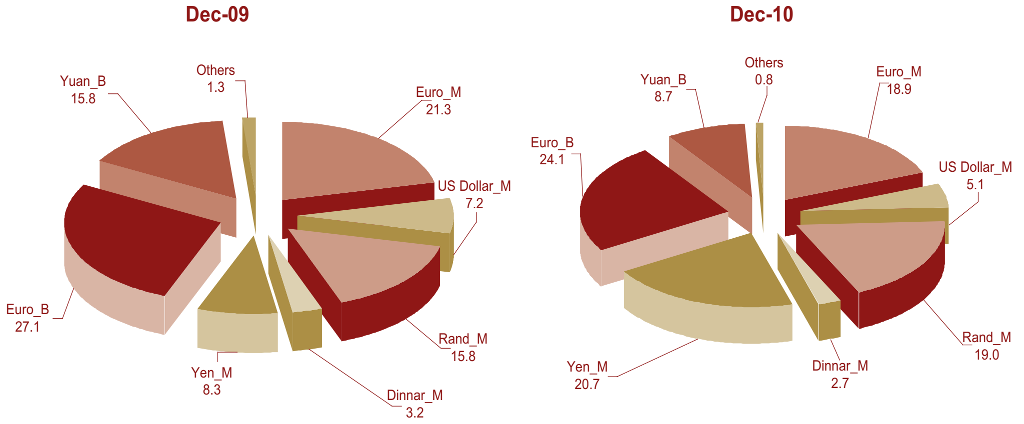
FOREIGN DEBT

Total external debt declined to N$2.9 billion at the end of December 2010, from N$3.3 billion in 2009, representing a significant decline of 10.4 per cent. The decline in total external debt was mainly due to the repayment of N$305.6 million to bilateral creditors. Further the appreciation of the Namibia Dollar against the Euro and Yuan contributed to the decline in external debt (see Table C.14). As a result, the share of external debt to total central government debt decreased from 24.6 per cent at the end of 2009 to 23.6 per cent at the end of December 2010. As a ratio to GDP, external debt stood at 3.4 per cent in 2010, 0.8 percentage points lower than that for 2009. Loans from multilateral creditors continued to dominate the composition of external debt, accounting for 67.1 per cent at end of December 2010 higher than the 57.1 per cent recorded the same period in the preceding year.

CURRENCY COMPOSITION

Bilateral loans, which are mostly denominated in Euro and Yuan accounted for 35.2 per cent of total Central Government external debt at the end of 2010/11, a reduction from the 42.9 per cent recorded at the of 2009/10. Significant decreases were observed in loans denominated in Euros, US Dollars, British Pound and Kuwait Dinar. However, loans denominated in the South African Rand and Japanese Yen increased at the end of the period under review. The stronger Namibia Dollar exchange rate against the Euro and US Dollar experienced throughout the year contributed to the decline in the loans dominated in these currencies (see Chart C.79).

Chart C.79[24]: External debt currency composition (percentage share) at 31 December 2010 compared with 31 December 2009



Source: Ministry of Finance

The Euro maintained its position as the dominant currency with respect to the denomination of Namibia's foreign debt stock at the end of 2010 altough decining in percentage share. Accordingly, the Euro constituted 43.1 per cent of total foreign debt, down from 48.4 per cent at the end of 2009, while the Japanese yen was in second place accounting for 20.7 per cent. The South African Rand constituted 19.0 per cent of the total debt recorded at the end of 2010. The Chinese Yuan's debt share to total external debt declined by 7.1 percentage points to 8.7 per cent. Also the US Dollar's debt share went down to 5.1 per cent of the total share from 7.2 per cent at the end of 2009. The shares of the rest of the currencies, however, remained fairly stable between December 2009 and December 2010 (see Chart C.79).

CENTRAL GOVERNMENT LOAN GUARANTEES

Namibia recorded an overall decline in her loan guarantees between December 2009 and December 2010, driven by a significant decline in foreign loan guarantees and a mild decline in domestic guarantees. Consequently, Central Government's loan guarantees declined by 7.2 per cent to N$2.4 billion in 2010 compared to N$2.6 billion at the end of December 2009 (Table C.15). The decline in the overall Central Government loan guarantees, on an annual basis, was mainly due to the appreciation of the Namibia Dollar against the US Dollar at the end of the period under review. The above developments resulted in total loan guarantees as a percentage of GDP declined to 2.8 per cent at the end of 2010 (Table C.15).

Table C.15: Central Government loan guarantees (N$ million)

	2006/07	2007/08	2008/09	2009/10	2010/11
GDP	**56 047**	**65 064**	**75 054**	**80 099**	**88 238**
Domestic Guarantees	1 826.1	1 231.5	1 106.5	1 095.6	1 081.4
As % of GDP	3.3	1.9	1.5	1.4	1.2
As % of Total Guarantees	47.3	37.6	35.6	41.9	44.5
Foreign Guarantees	2 037.4	2 039.6	1 999.4	1 519.4	1 346.2
As % of GDP	3.6	3.1	2.7	1.9	1.5
As % of Total Guarantees	52.7	62.4	64.4	58.1	55.5
Total Guarantees	**3 863.5**	**3 271.1**	**3 106.0**	**2 615.1**	**2 427.6**
Total Guarantees as % of GDP (RHS)	6.9	5.0	4.1	3.3	2.8

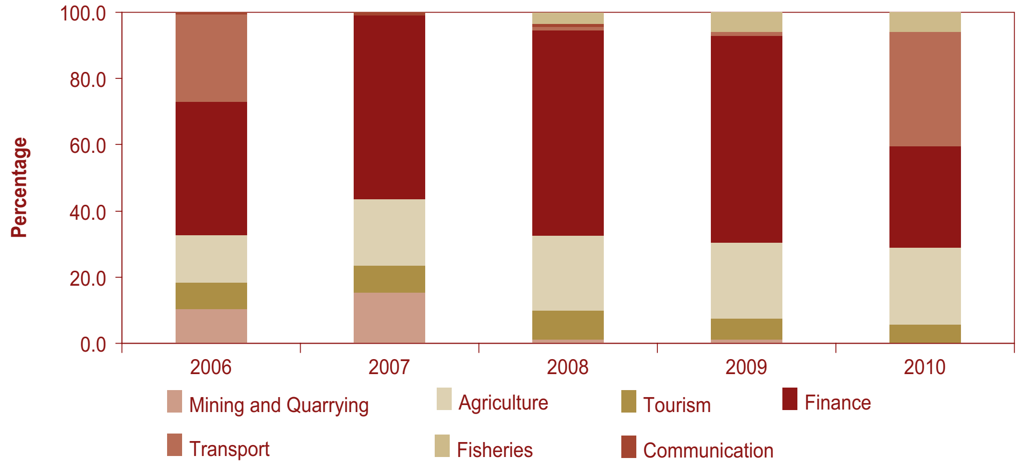
Source: MoF, BoN and CBS

[24] Note that M and B in Chart C.79 represent multilateral and bilateral loans, respectively. Bilateral loans interest-free or provided at low fixed interest rates, ranging from 0.75 per cent to 3.25 per cent. They are cheaper when compared with standard market or multilateral loans. Multilateral loans includes loans denominated in British Pounds, Kuwait Dinars, Special Drawings Rights, and Swiss Francs.

DOMESTIC LOAN GUARANTEES

Central Government's commitments to guaranteeing domestic loans by the end of 2010, declined when compared to the previous year. Domestic loan guarantees declined year-on-year by 1.3 per cent to N$1.1 billion compared to December 2009, which reduced Central Government risk by this same percentage. Financial sector loan guarantees declined sharply over this period by 51.3 per cent followed by a decline of 12.8 per cent in the tourism sector and these were responsible for the reduction of Central government's domestic loan guarantees. As a ratio to GDP, domestic loan guarantees recorded a lower level of 1.2 per cent at the end of the same period (Table C.15), partly explained by lower guarantees and a higher level of GDP.

Chart C.80: Proportion of Government domestic loan guarantees by sector



Source: MoF

At the sector level, guarantees extended to the transport sector increased significantly at the end of 2010 when compared to the end of 2009 and was the dominant sector to which guarantees were extended. Resultantly, the share of guarantees for the transport sector in total guarantees increased to 34.4 per cent at the end of 2010, from a meagre increase of 1.3 per cent a year ago. The financial sector share in total guarantees follows closely at 30.7 per cent, at the end of 2010, compared to 62.3 per cent at the end of 2009 (see Chart C.80). The additional guaranteeing of a loan of N$220 million to Air Namibia and the repayment of a loan of N$350 million in the financial sector were responsible for the aforementioned developments. Loan guarantees extended to all other sectors made up the remaining 34.2 per cent of total domestic guarantees.

FOREIGN LOAN GUARANTEES

The stock of foreign loan guarantees declined by 11.4 per cent to N$1.3 billion at the end of 2010, year-on-year, from N$1.5 billion at the end of 2009 (Table C.15). The decline in foreign loan guarantees was on account of the depreciation of the US Dollar against the Namibia Dollar as well as on account of substantial repayment of foreign loans. As a share of GDP, foreign loan guarantees consequently declined on an annual basis by 0.4 percentage point to 1.5 per cent. Similarly, foreign loan guarantees as a percentage of total loan guarantees declined by 2.7 percentage points, year-on-year, to 55.5 per cent at the end 2010.

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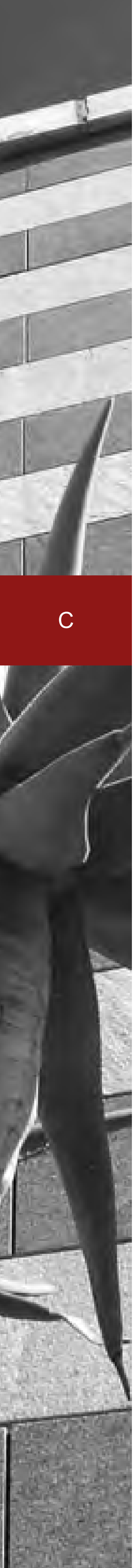
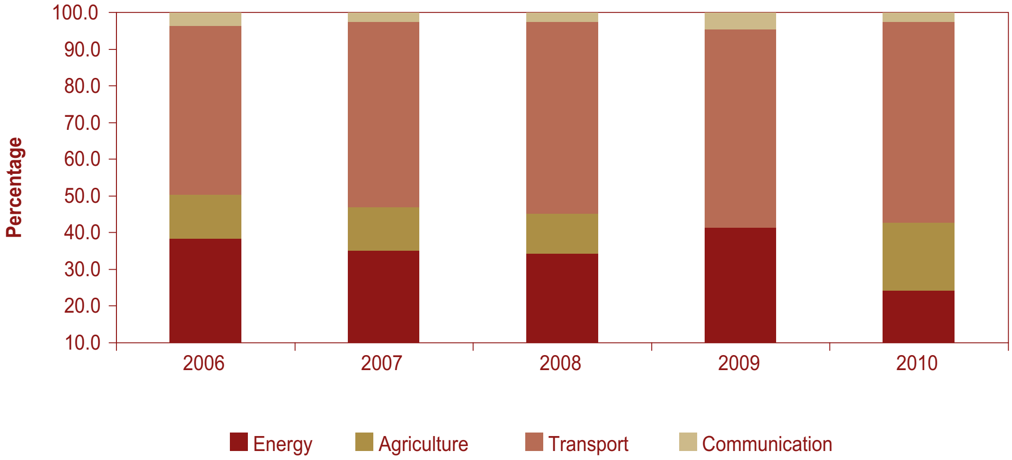


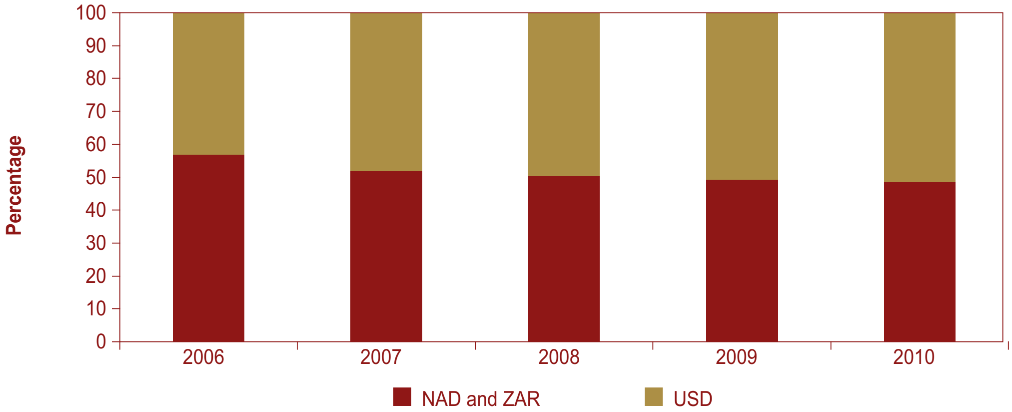
Chart C.81: Proportion of Government foreign loan guarantees by sector



Source: MoF

Furthermore, total loan guarantees issued to foreign creditors continued to be dominated by the transport and energy sectors at the end of 2010. The share of foreign loan guarantees issued to the transport sector, which formed a large portion of foreign loan guarantees and mostly denominated in US Dollar, increased at the end of 2010. In this connection, the share of loan guarantees to this sector, increase by 0.6 percentage points to 54.5 per cent. This was followed by the energy and agriculture sectors, which represented 24.2 per cent and 18.7 per cent, respectively (see Chart C.81).

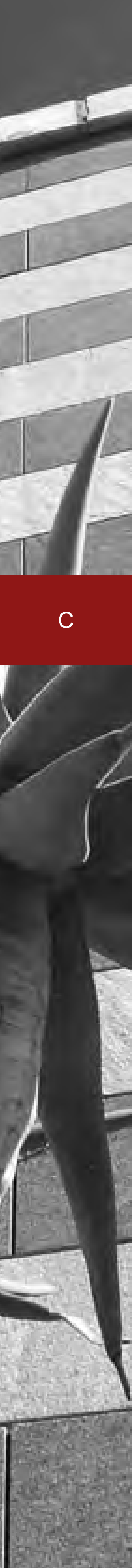
Chart C.82: Currency composition of Government foreign loan guarantees



Source: MoF

The share of Namibia Dollar and South African Rand denominated loan guarantees increased by 0.6 percentage points to 51.3 per cent, at the end of 2010 (see Chart C.82). On the other hand, the share of the US Dollar denominated guarantees declined by the same magnitude to 48.7 per cent, over the same period. The decrease observed in the US Dollar denominated guarantees was due to the appreciation of the Namibia Dollar against the US Dollar at the end of 2010 when compared to the end of the previous year. A reduction in guarantees in foreign currency is desirable as it reduces the foreign exchange exposure risks to the Central Government if the currency depreciates and consequently the risks of higher debt in case of defaults on payments.

THEME CHAPTER: FINANCIAL INCLUSION



INTRODUCTION

The Namibian financial industry is strong, well capitalised and profitable. Notwithstanding these achievements, there remain concerns that financial services are not available to a vast segment of the Namibian population. The FinScope 2007 survey indicates that 51.7 per cent of the Namibian population is excluded from formal financial services.

Meanwhile, literature on development economics has adequately outlined a close correlation between “financial inclusion” and human development. With that in mind, it then follows that addressing the issue of financial inclusion is one of the strategies that could steer Namibia towards alleviating poverty and attaining Vision 2030. Since the early 2000s, the importance of reducing financial exclusion and ensuring access to sustainable financial services has been widely recognised internationally, partly stimulated by the United Nations Year of Micro Credit 2005. As a result, most developing economies have embraced the promotion of an inclusive financial system as a policy priority.

Financial inclusion, in broad terms refers to a process that ensures the ease of access, availability and usage of the formal financial system for all members of society (Sarma and Pais, 2008:2). This process is two-dimensional; it focuses on elements of providing access to a wide range of financial services, while simultaneously advocating for a variety of competitive options for consumers to choose from. Following from this definition, inclusive financial services thus extend beyond the provision of financial products in that it embraces the concepts of financial literacy and consumer empowerment as its core pillars. The importance of consumer awareness is compounded by the fact that access to financial services does not always lead to usage. Therefore, Ramji (2009) cautions that it is essential for policy design to address this knowledge gap in order to encourage participation of the financially excluded members of society.

An inclusive financial system facilitates efficient allocation of productive resources, which has the potential to reduce the cost of capital. Further, an inclusive financial system is crucial in reducing the growth of often exploitative informal sources of credit in an economy (Sarma and Pais, 2008:2). In other words, by providing avenues for secure saving practices and a whole range of financial services, an inclusive financial system enhances efficiency and welfare of a society.

There also exists ample theoretical justification that broad access to financial services can serve as a tool to minimise information asymmetries, transactions costs, contract enforcement costs, lack of collateral and credit histories that burdens SMEs (Beck and de la Torre, 2006:3). Thus, for small entrepreneurs, financial inclusion would smooth project financing which will serve as an incentive for new initiatives and technologies. Finance breeds growth because it fuels innovation by allocating resources to efficient newcomers. There are also positive externalities to financial inclusion of the marginalised communities, for instance a reduction in crime. That way, improving access to financial services can positively impact on growth and poverty alleviation.

ESSENTIAL ELEMENTS OF FINANCIAL INCLUSION

As alluded to earlier, the primary rationale for financial inclusion is to make suitable financial services accessible to the excluded mass population, while simultaneously ensuring relevant financial literacy to permit usage of these services. In line with that, the core pillars of any financial inclusion strategy has to lay groundwork on both the supply-side and demand-side to avoid the pitfall of access not reaping the intended usage. Beck and de la Torre (2006:4) cite transaction costs, uncertainty about project outcomes and information asymmetries as the possible factors that exacerbate financial exclusion from the supply-side.

Unduly low levels of financial literacy result into a lack of access to financial services from the demand-side. Further, high transaction costs can also serve as a barrier to participating in the formal financial system. Coetzee (2006:5) also pointed out that the majority of people without financial products are at times excluded by a combination of marketing and inappropriate product design.

Changing the landscape in the provision of financial services requires intense financial sector reforms which have to be undertaken by both the public and private sector in partnership. The key reason for financial exclusion is the perceived high riskiness suggested by the personal or economic circumstances of the affected individuals. Therefore, any effort to improve access has to address the existing market frictions that prevent financial institutions from rolling out services to these communities. Empirical research has concluded that possible solutions to financial exclusion should focus on four main areas:

reducing barriers to access; product design; delivery of services; and encouraging take-up. These are elaborated on further below.

Regulation

Perhaps the most important factor to kick-start financial inclusion is regulatory reform. In addition, capacity building to create a conducive environment and appropriate incentives for financial services providers to expand access while preventing fraud and money laundering; and maintaining financial stability is essential. It is especially important to note that the recent global financial crisis was triggered by the losses incurred on subprime mortgages in the US. The enormous growth in the subprime mortgage market was arguably partly spurred by the efforts of policymakers to make it easier for financial institutions to extend mortgage credit to borrowers who had hitherto been excluded from access to credit. In this regard, the regulatory framework for financial inclusion should target regulatory areas, which can be relaxed without compromising financial stability. Some of the identified innovative regulatory approaches to providing financial services to the financially excluded that can be implemented by financial regulatory agencies are:

- Liberalise regulations on money transfer services to allow mobile phone companies to offer these services in collaboration with banks. Furthermore, retailers and other players with broader market coverage can be given the green light to offer basic financial products and services. That way, communities who lack access to the payment system can be served at reduced costs.
- Since the challenges of extending the coverage of prudential regulations to unlicensed semi -formal and informal financial institutions are immense, the most feasible approach is to gradually encourage the few, larger, semi -formal financial institutions to graduate to 2nd and 3rd tier status. That is, to set up a third tier system of licenced and regulated deposit taking micro-financial institutions.
- Licence dedicated banks focusing exclusively on lending to micro-entrepreneurs. Empirical evidence dictates that this approach works best in paired public-private sector partnerships, with the former supplying funding and the latter focusing on the operational-technical know-how. Appropriate legislations should be promulgated to allow small, dedicated banks to be set up. This would, amongst others, seek to lower the entry and capital requirements.

C

Microfinance

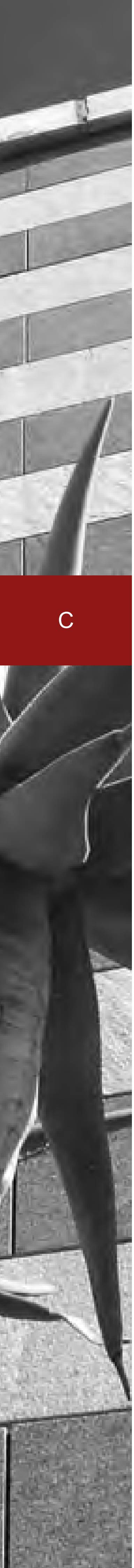
In many countries, microfinance is widely acknowledged as the appropriate tool to close the identified gap, the ‘missing middle’, between the traditional subsistence economy on the one hand, and the modern monetised economy, on the other. In broad terms, microfinance can be defined as the provision of an extensive range of financial services, such as deposits, loans, payment services, money transfers and insurance to poor and low-income households and their micro-enterprises. For Namibia, low population density which lead to and relatively high operating costs is the key barrier to the viability of many forms of microfinance in the country. Nonetheless, cutting-edge innovations in information technology present a way of minimising microfinance transaction costs and thus could improve the feasibility of microfinance models.

As the understanding of microfinance continues to evolve, access to microcredit remain the most populous way to increase financial inclusion. Access to credit has the potential to increase the labour productivity in microenterprise activities. To fully exploit this potential, financial service providers should possess sufficient knowledge of micro borrowers and their preferences so that they can design tailor-made loan products suitable to their needs. Microcredit should not be restricted to financing a set of narrowly-defined ‘productive’ activities (Schoombee, 2004). With a broader reach, microcredit is perhaps the best tool to free poor households from exploitative financial relationships with moneylenders.

Ramji (2009:7) noted that discussions on financial inclusion in policy and academic circles often revolve around the extension of institutional credit at the expense of fostering savings, in spite of evidence that poor people do save. This myopic focus on credit could result in detrimental outcomes such as over-indebtedness. To avoid this pitfall, it is essential to ensure access to a savings bank account without frills to all. Principally, the poor need access to convenient, liquid and safe deposit services which are protected against inflation by positive real rates of interest. With savings in reserve the poor are able to smooth their consumption expenditures in the face of uncertain income streams.

Increasing eligibility for financial coverage

The drive for financial inclusion can only have meaning if the excluded segment of the Namibian population is eligible to utilise the envisaged financial services. In other words, the flip-side of financial inclusion is creating an enabling macro-environment that encourages employment creation and breeds income-generating activities. That way, the bottom of the pyramid will have funds to save and projects



that require financing will get such funding. In other words, there is work that needs to be done in order to boost demand for financial services by the poor.

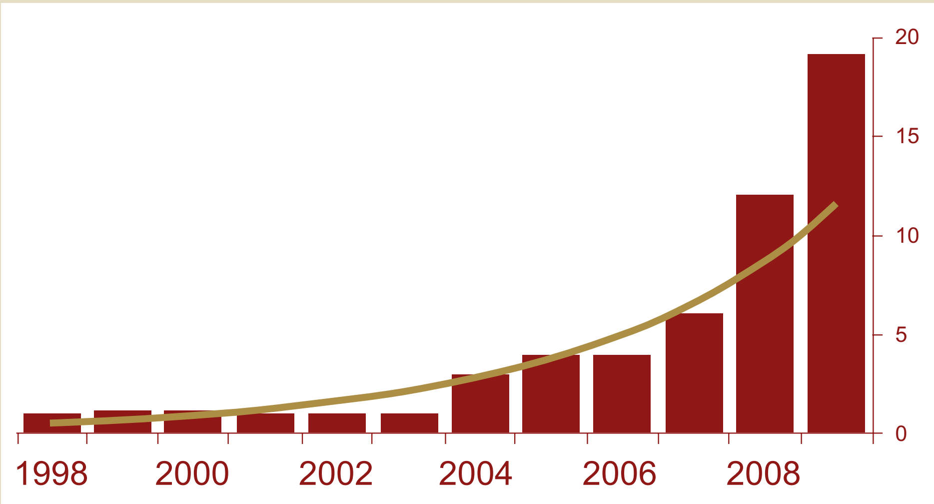
Financial education and consumer protection

Investing in financial literacy or marketing programmes to improve understanding of financial services and knowledge about their availability is perhaps the key ingredient that will ensure extensive usage of financial products. Levelling the playfield of understanding between suppliers and consumers of financial services can help to reduce moral hazard, excessive costs, predatory lending, lack of understanding about financial options and insufficient avenues for redress. In addition to financial literacy, consumer protection is also an important pillar of financial inclusion. Without adequate consumer protection measures, the potential benefits of financial inclusion can be wiped out. Relaxed regulations to serve the bottom of the pyramid should be complemented by avenues for consumers to seek redress so as to curb predatory lending. One way of reducing the information imbalance is competition via increased players in the market. Improving access to the payment system is also another way to encourage entry into the financial system.

THE GLOBAL PERSPECTIVE

Improving access to basic financial services as a means to alleviating poverty and income disparity is a global phenomenon. As Figure 1 shows, financial inclusion is gaining ground in the policy arena as indicated by the increasing number of countries adopting a financial inclusion strategy. Notably, the majority of these are low- and middle-income countries for whom the agenda for financial inclusion is broader. Their efforts span from promotional activities to encourage savings or access to financial services in rural areas to the establishment of new regulations or financial capability programs.

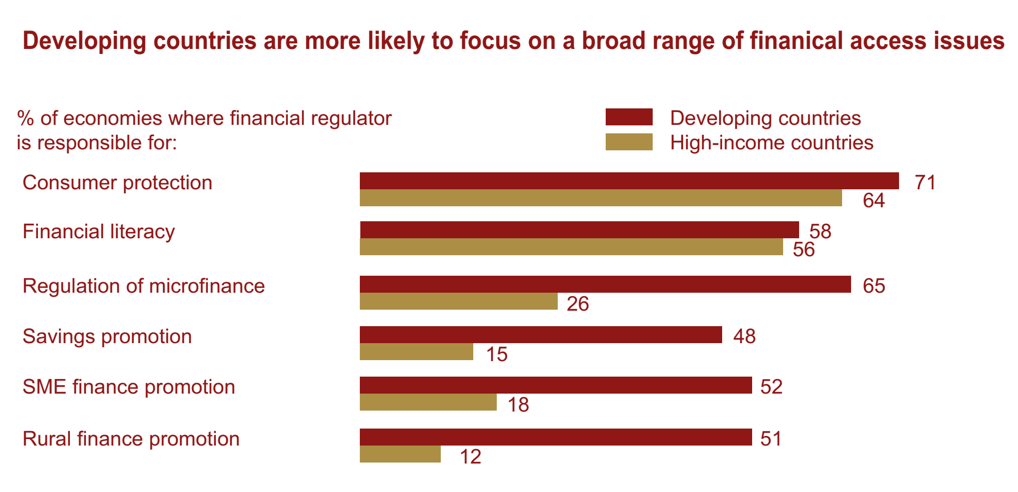
Fig. 1 Number of economies with a strategy document



Source: Financial Access Database

The mandates for improving access to financial services in different countries prioritise different aspects of financial inclusion. Consumer protection and financial literacy are the two key areas of priorities which are equally relevant in both developed and developing markets (Fig 2). The responsibility for these issues traditionally lies with the financial sector regulators as they relate to the broader mandate of ensuring soundness and stability of the financial system. For developing economies, it is also imperative to create incentives for savings or outreach to rural areas. As CGAP (2010) noted, perception of high risk amongst the poor people is the key item that discourage financial service providers from rolling out services to rural areas in developing countries.

Fig. 2 Focus areas of financial inclusion



Source: Financial Access database

Recently, it has been noted that the global financial crisis has taken a toll on the financial inclusion agenda. CGAP (2010) reported that the utilisation of basic deposit and microcredit services moderated worldwide in 2009 as the global financial crisis deepened. The elasticity of these services with respect to macroeconomic conditions highlights strong correlation between the elements of financial inclusion and financial stability. Therefore, further research is required to better understand the transmission channels and potential feedback loops between financial stability and access and to identify policy solutions aimed at balancing both objectives in a sustainable manner.

FINANCIAL INCLUSION FROM BANK OF NAMIBIA'S PERSPECTIVE

While Namibia is a free market economy, there are areas in which the free market has failed to provide the required access and pricing to attract the population excluded from financial services. With that in mind, there is need for the financial regulators to intervene with the aim of fast tracking the process towards a much more inclusive financial system. An inclusive financial system is imperative for sustained economic growth. When financial institutions do not give the desired attention to low-income communities, it undermines the objective of sustained economic growth.

It is on the premise of these two issues that the Bank of Namibia is placing emphasis on financial inclusion. In this connection, the Bank of Namibia has made financial inclusion one of its strategic objectives and as a result, a new Division dealing exclusively with financial inclusion was recently created. It is expected that with this new committed Division, financial inclusion matters will now receive the attention they deserve.

Broadening access

As a key economic policymaker, the Bank of Namibia would continue and further enhance its role to promote a conducive environment, which enables other role players to develop appropriate financial services and products needed to achieve financial inclusion. With this in mind, the Bank of Namibia has adopted a strategic objective to broaden its regulatory ambit by introducing another class of banks into the system. In 2011, the Bank of Namibia will embark on crafting a new legislation that will codify the regulatory framework for Tier II banks, which will serve as microfinance oriented banks.

These banks will operate with special focus on serving the low income segment of the society and will be subjected to a different set of prudential regulations in comparison to fully fledged commercial banks. Given the fact that microfinance institutions are only allowed to extend credit but not permitted to take deposits from the public, the new legislation will be promotional in nature, as it will enable the establishment of deposit-taking microfinance banks.

Consumer literacy and protection

Lack of access to financial services and products is not only a question of affordability or availability, but it is a function of a multitude of interconnected factors. As earlier mentioned, the two primal aspects that generally presuppose financial inclusion are consumer literacy and consumer protection. The pursuit of financial inclusion demands serious consideration of these factors.

As noted above, the financial illiteracy remains a challenge in Namibian society is currently characterized by. This together with potential apathy toward financial services providers by the financially excluded communities are partially responsible for the under usage of financial services and products. Limited financial knowledge translates into lack of awareness about the existence of various financial options available in the market. Additionally, due to limited information, the low income communities may lack confidence in their abilities to make informed choices about financial services and products that suits their needs. Given this situation, consumer education is recognised as an essential element of financial inclusion.

In addition, consumer protection is another precondition to achieving financial inclusion. Consumers of financial services and products need assurance not only about the safety of their money that they place with financial service providers but they also need protection of their basic rights when dealing with such providers. It is, therefore, against this background that various public sector bodies in Namibia (including the Bank of Namibia and NAMFISA) under the leadership of the Ministry of Finance has set up a body to look at these issues critically and propose measures on how they should be tackled in Namibia. In this regard, the Namibia Financial Literacy Working Group (NFLWG) was established in June 2009 and has thus far developed a policy framework and an action plan. The current members of the NFLWG are the Ministries of Finance, Trade and Industry, Justice, Education; Bank of Namibia, NAMFISA, National Planning Commission, Namibia Consumer Trust, Namibia Competition Commission and GIZ, which provided logistical support. It is envisaged that this body will in due course broaden its membership to include other players, especially from the industry.

Reducing fees and charges

While the monetary cost of owning a bank account is an important component in understanding why the unbanked remain excluded, of equal significance is the clarity and transparency with which these costs are communicated and understood. A report by the Institute for Public Policy Research found that bank fees and charges in Namibia are complicated and difficult to understand, even by frequent bank account users. This adds to the lack of confidence that the unbanked have in the banking industry.

In the FINSCOPE 2007 survey, 61.5 per cent of the respondents indicated that the two major considerations in choosing a bank in Namibia are bank charges and interest rates. Furthermore, The CGAP (2010) report on Financial Access ranked Namibia in 5th place on the list of countries that receive the most complaints related to financial services. On that end, the Hawkins report2 made several key recommendations on suitable approaches to addressing excessive fees and charges in Namibia. Firstly, the report noted that access by non-conventional payment service providers to the national payment system needs to be evaluated in order to create a transparent and fair process on entry. This is deemed to increase competitiveness and thereby reducing the level of fees and charges by allowing for more efficient and easily accessible payment services in Namibia. To this end, the Bank of Namibia has already taken the innovative step of authorising a non-bank service provider, MobiCash, to offer mobile payment service in Namibia. The target market is the previously unbanked population of Namibia particularly those in rural areas that are far from bank branches and ATMs.

Secondly, the report recommended that penalty fees levied for insufficient funds in individuals bank accounts should be reduced or even capped. These fees seem to be unjustified in an environment where payments are electronic and automated. As a result, some of the commercial banks have voluntarily begun the process of reducing these fees. Due to higher fees and charges, the Bank of Namibia begun investigating penalty fees since 2008 and will monitor these fees going forward, taking remedial action where necessary.

The biggest challenge countries have had with regard to reducing the level of fees and charges is how to determine a price that is fair, yet profitable enough so as not to put financial institutions at risk. This is a process which will have to be investigated and researched thoroughly in order to inform the Bank of Namibia, which fees and charges need to be addressed and to what extent.

Additionally, with regard to reducing fees and charges, transparency will be a great motivating factor to drive prices down. The Hawkins report also noted that Namibian citizens expressed uncertainty with regard to fees and charges, particular where bank accounts tend to bundle products and services into one account. This makes comparisons across banking institutions more complex for the public thus reducing competitiveness. Going forward, transparency of fees and charges will be a key focus for the Bank of Namibia.

It is in this vein, that the Bank of Namibia has taken the step to amend the Payment System Management Act of 2003. The key amendment grants the Bank of Namibia the power and mandate to supervise and regulate fees and charges where necessary. The aim of the amendment is to enable the Bank of Namibia to carry out in depth investigations into various fees and charges and, where necessary, regulate such fees to ensure that fees and charges meet the following criteria:

- Are in public interest
- Promote
- Competition;
- Efficiency; and
- Cost-effectiveness.

The Bank of Namibia has developed a 5 year strategy which is aimed at investigating specific fees and charges to ensure they comply with the above criteria and take remedial action where necessary. The key focus of the five year plan is to address various fees and charges to make access by the financially excluded more convenient and attractive.

Local ownership of commercial banks

Financial inclusion should not be viewed from the receivers perspective only, but also from the side of the suppliers and owners of resources. The recently amended Banking Institutions Act gives the Minister of Finance the power to facilitate the transformation of the Namibian banking industry in a quest to diversify the shareholding structure of banking institutions. The localization of bank ownership and management is seen as a tool to enhance credit extension as local persons are knowledgeable about domestic conditions and do not make lending decisions based solely on hard facts. The quest for domestic ownership and management control should therefore be viewed as one of the strategies for a more inclusive financial system, while keeping financial stability in balance.

CONCLUSIONS AND IMPLICATIONS

This theme chapter has highlighted the importance of financial inclusion to the country. It has shown that reducing financial inclusion holds positive implications for poverty reduction and economic growth. Furthermore, it has shown that there is an imperative for regulatory intervention, given that the market has thus far failed to drive the financial inclusion agenda. The Bank of Namibia has realised that without regulatory intervention, financial inclusion will not be properly addressed, at the expense of many Namibians who are currently excluded from the financial system. To that end, the central bank will pursue the financial inclusion agenda until meaningful results in that regard are achieved.

The main implication to be drawn from this theme chapter is that financial inclusion is a very important issue and needs to be tackled urgently and aggressively in order to ensure that more Namibians gain access to financial products and services. To that end, there is a need for a concerted effort by all stakeholders to pursue this ideal, since the Bank of Namibia cannot be expected to pursue this important task alone.

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PART D
BANKING SUPERVISION

PART D

BANKING SUPERVISION

INTRODUCTION

The Bank executes the responsibilities assigned to the – Banking Supervision Department of the Bank in terms of the Bank of Namibia Act, 1997 (Act No. 15 of 1997). The Bank also promotes efficient payment systems and effective banking supervision through its legal mandates, and regularly ensures that regulations remain relevant in line with international regulatory and supervisory standards to enhance the soundness and robust state of the banking sector.

The year under review created an improved operating environment for the banking sector, despite the global financial crisis that exerted a determining influence on the local economy. The banking sector during 2010 was in a better shape than feared, as domestic economic recovery gained momentum and gradual signs of recovery were visible from the international financial crisis.

Furthermore, systemic risks in the world financial system declined substantially, even though the outlook remained clouded by uncertainties over sovereign debt problems in Europe. Looking forward, the Bank aims to continuously improve and strengthen its legal and supervisory frameworks in order to achieve higher levels of efficiency and promote financial stability.

DEVELOPMENTS IN THE LEGAL AND REGULATORY FRAMEWORK

D

The year 2010 has been a prolific year in various spheres of the Bank's regulatory framework.

BANKING INSTITUTIONS AMENDMENT ACT OF 2010

During the year 2010, the Bank embarked on various activities in order to strengthen the regulatory and supervisory framework to ensure that banking institutions comply with international best practices. Key notable events are discussed below:

The year under review also saw the promulgation of the long-awaited Banking Institutions Amendment Act, 2010 (No.14 of 2010). This was a notable milestone indeed, since the key changes to the Amendment Act of 2010 includes provisions permitting the establishment of branches of foreign banking institutions, which is envisioned to stimulate local competition among banking institutions; providing the Bank with the mandate to carry out consolidated supervision by extending supervisory oversight to bank holding companies and banking groups in order to mitigate the risk of contagion; powers for the Bank to apply spot fines on banks for non-compliance with prudential requirements; powers for the Minister of Finance to issue regulations relating to ownership and citizenships of board of directors or officers of banks and bank controlling companies; and outlawing pyramid schemes.

Minor editions were also accommodated in the Amendment Act of 2010 to improve grammatical structure and readability of the law. The Banking Supervision Department is in the process of developing the various by-laws to complement and strengthen some of the newly introduced sections of the Banking Institutions Amendment Act.

OFFICIAL LAUNCHING OF BASEL II[25] REGIME

Following the Bank's successful migration to the Basel II Capital Adequacy Measurement on 1 January 2010, Namibia has officially become a Basel II regime. The Basel II framework is an international standard for measuring the capital position in banking institutions with the aim of ensuring that they maintain sufficient capital buffers commensurate with the level of risk undertaken.

The Bank continues to monitor the impact of Basel II, especially the local banking institutions' risk management capabilities with the aim of eliminating any weaknesses identified. Similarly, 2011 will mark the first anniversary of the Basel II adoption in Namibia, and the Bank intends to allow for third party review in order to assess the effectiveness of Basel II implementation in the country.

[25] Refer to Annual Report 2005 to 2009 for additional information on the Basel II Capital Requirements

COMPLIANCE TO BASEL CORE PRINCIPLES

The enactment of Banking Institutions Amendment Act of 2010 improved the Bank's regulatory landscape, not only in terms of its robustness but also with respect to the closer alignment to international best practices. The year under review also saw the Bank conducting a self-assessment to gauge its compliance level against the Basel Core Principles for Effective Supervision (BCPs) after the implementation of Basel II and other related Determinations, including the promulgation of the Amendment Act of 2010. Using the 2008 self-assessment findings as a baseline, the 2010 self-assessment results showed a significant improvement in terms of the BCP compliance position of the Bank.

Although the Bank's regulatory system is not yet fully compliant with all the BCPs, the lowest rating attained on some BCPs in 2010 is "largely compliant". However, since the outstanding aspects include technical issues, normally addressed by way of Determinations (i.e. by-laws) and the bank is confident that full compliance will be achieved towards the end of 2011.

ANTI MONEY LAUNDERING CFT SUPERVISORY FRAMEWORK

The Financial Intelligence Act, 2007 (Act No. 3 of 2007) was enacted in May 2009 with the intention to safeguard the Namibian financial system and the financial institutions that make up the system from the abuses of financial crime, including money laundering and other illicit financial transactions. All banking Institutions in Namibia developed and implemented effective Anti Money Laundering (AML) programmes that address the ever-changing strategies of money launderers who attempt to gain access to the Namibian financial system. Two banking institutions were examined during the course of 2010 in order to establish whether they developed and implemented AML programs and also complied with it. These banking institutions were also examined in relation to the compliance with the framework of Banking Supervision Department and regarding compliance with their own AML programmes.

The Financial Intelligence Centre (FIC) continued to be the delegated administrator of the Financial Intelligence Act 2007, (Act No. 3 of 2007). In this capacity, the Financial Intelligence Centre issued regulations and interpretive guidance, and provided outreach to regulated accountable institutions, supported the examination functions performed by the Bank through the Banking Supervision Department. The Financial Intelligence Centre also aided with investigative case support by law enforcement, to identify and communicate financial crime trends and patterns, and fostered international cooperation with its counterparts worldwide.

DEVELOPMENTS IN THE BANKING INDUSTRY

LICENSING OF BANKING INSTITUTIONS

One of the key mandates of the Bank is to issue licenses to prospective banks who meet the set minimum requirements. During the last quarter of 2010, the Bank received one application for a banking license from the Cameroonian Afriland First Bank. Assessment of this application was finalized in 2010.

During the second half of 2010, the Bank granted a provisional license to SME Bank. Initially the Bank of Namibia was not convinced that the applicant met all the licensing requirements in its efforts to find a better way of supporting SME sector in Namibia. As a result, the Bank of Namibia was compelled to engage all relevant stakeholders to find an amicable solution. Subsequently, the Bank of Namibia set conditions that allowed significant government involvement in the SME Bank to realize the desired developmental objectives. The SME Bank is expected to provide funding facilities that will enhance the financial inclusion and development agenda of the SME sector in Namibia.

On a different note, the Bank also handled an application from South Africa's ABSA Bank Limited, which sought approval to acquire a controlling stake in Capricorn Investment Holdings, the majority shareholder in Bank Windhoek Limited. The Bank did not positively consider this application based on the wider implications it may have on the financial system stability of the country and national economic interest considerations.

PYRAMID SCHEMES AND ILLEGAL DEPOSIT-TAKING

During 2010, the Bank observed a proliferation in pyramid schemes incidents and it dealt with an influx of queries from the public in this regard. After extensive investigations, the Bank declared two entities to be pyramid schemes and issued warnings to the public not to participate in such schemes.

This did, however, not deter the operations of these schemes as their promoters remains adamant that they are not pyramid schemes as pronounced by the Bank. Nevertheless, the Bank maintains its stance and advised the two businesses to cease and desist from operating in Namibia, failure of which will result in the Bank invoking the relevant provisions of the law.

Additionally, during the first half of 2010 the Bank received information on a possible illegal deposit-taking. After the investigations carried out under the Banking Institutions Act (Act No. 2 of 1998), the Bank ordered the illegal deposit-taker to repay all moneys received from the public within a specified period to which he failed to do. In response, the Bank made an urgent application to the High Court to declare the person's estate insolvent as stipulated by the Act. However, the said application was dismissed on grounds of the lack of urgency. Consequently, the Bank intends to launch another application to the High Court in the normal course. The developments in this area further compelled the Bank to intensify its awareness campaigns against pyramid schemes and illegal banking activities in order to ensure the financial integrity of Namibia's financial system.

OTHER DEVELOPMENTS

The four licensed banking institutions committed themselves to the 31 October 2010 deadline when they reduced interest rates by another 50 basis points in order to achieve a 375 percentage points spread between the repo rate and the bank rate.

ON-SITE EXAMINATIONS AND OFF-SITE ANALYSES

As at 31 December 2010, the banking sector in Namibia comprised of five licensed banking institutions, of which one is a micro-finance bank.

The Bank has conducted two risk based examinations during 2010, of which one was targeted and the other a full scope. These examinations continued to address the proper identification, measurement, monitoring and control of risks by the management of banking institutions and the allocation of adequate capital for the identified risks.

Continuous off-site supervision during the year 2010 ensured compliance by banking institutions to the regulations issued by the Bank, which also guaranteed the financial soundness and governance of these institutions.

The Bank through its Banking Supervision Department continued to enhance its role of on-going analysis of monthly and quarterly statutory returns based on the Basel II standardized approach, in order to monitor financial soundness of individual banking institutions, compliance with Basel II regulations and the stability of the entire banking industry. The technical assistance received from the International Monetary Fund in terms of training towards effective written communication, has further enhanced the skills of conducting off-site analysis. The Bank continued to host frequent meetings with the executive management of banking institutions in order to address issues of concern such as post Basel II implementation compliance and risk management. The analysis performed on the financial data for the period ended 31 December 2010 indicated a sound and stable banking sector.

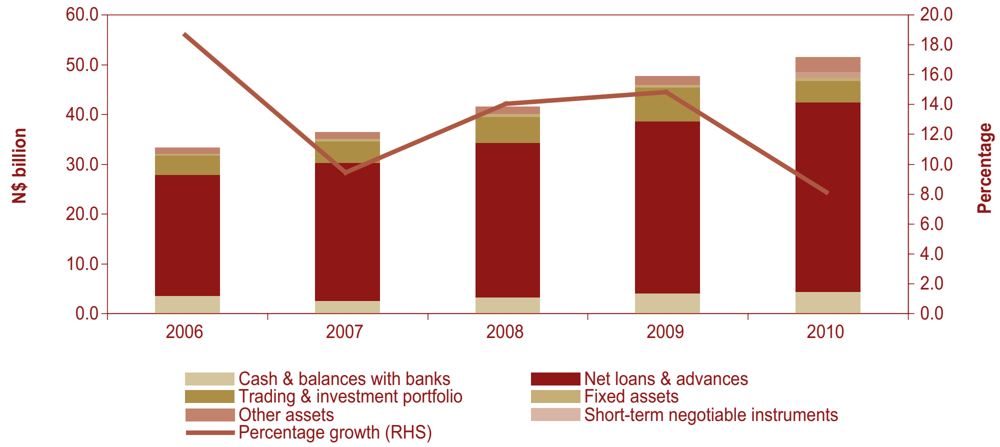
PERFORMANCE OF THE BANKING SECTOR

ASSETS

Total balance sheet assets of the banking sector as depicted in Chart D.1 below stood at N$51.5 billion, recording an 8.0 per cent year-on-year growth. This growth is mainly attributable to the increases in loans & advance. Trading and investment portfolios declined while cash and balances increased during the year under review.

Total loans and advances notably grew by N$3.3 billion to N$38.7 billion as at 31 December 2010 (Chart D.1 refers). This growth was mainly spearheaded by the significant increase in mortgages which grew by N$2.8 billion to stand at N$20.2 billion as at 31 December 2010.

Chart D.1 Structural change and growth: Assets

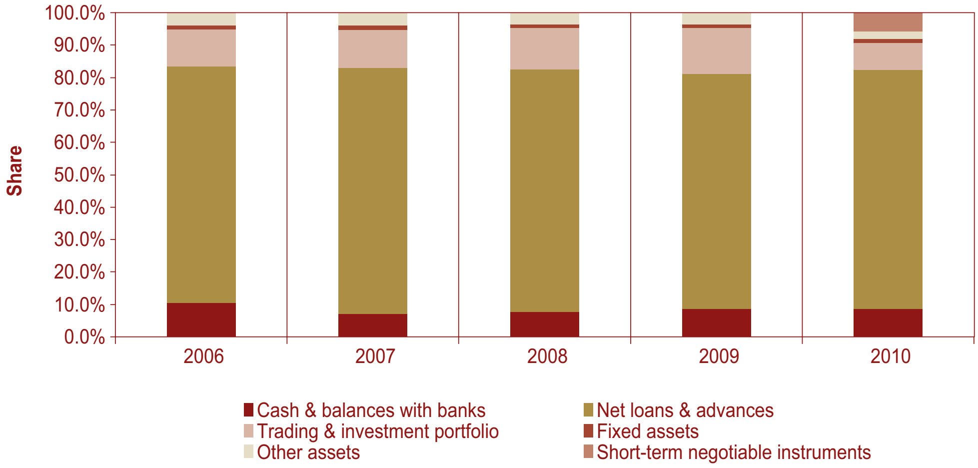


Total trading and investment portfolio decreased significantly by 37.5 per cent to N$4.3 billion during the year under review. The decline is attributable to a significant reduction in trading securities and available for sale securities which declined by N$1.8 billion and N$875 million, respectively. Cash & balances with banks increased by 8.7 per cent to N$4.4 billion, which was mainly spearheaded by the significant increase in the clearing and settlement account balances with BON to N$862 million compared to N$124 million recorded a year ago (Chart D.1 refers).

As depicted graphically in Chart D.2 below, net loans and advances at 73.8 per cent of total assets remained the major component of total banking sector assets followed by cash & interbank balances and total trading & investment securities at 8.6 per cent and 8.3 per cent, respectively. Short-term negotiable securities, property plant & equipment and other assets accounted for the remaining 9.3 per cent of total asset mix.

D

Chart D.2: Composition of total assets



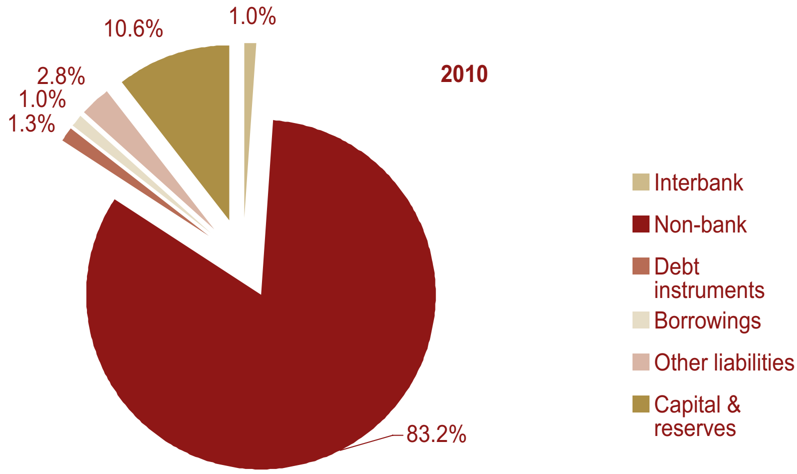
FUNDING STRUCTURE

The increase of 8.0 per cent in total funding was mainly spurred by the growth in non-bank funding which grew by 7.8 per cent to N$42.9 billion during the year under review. The growth in non-bank funding was mainly spearheaded by the increases in demand deposits and foreign funding which grew by N$3.5 billion and N$836.2 million, respectively. Capital and reserves also grew by 18.4 per cent to N$5.5 billion while other liabilities declined by 21.4 per cent.

In Chart D.3 below, at 83.2 per cent, non-bank funding remained the biggest portion of total funding[26] of the banking sector as at 31 December 2010, followed by capital and reserves at 10.6 per cent.

D

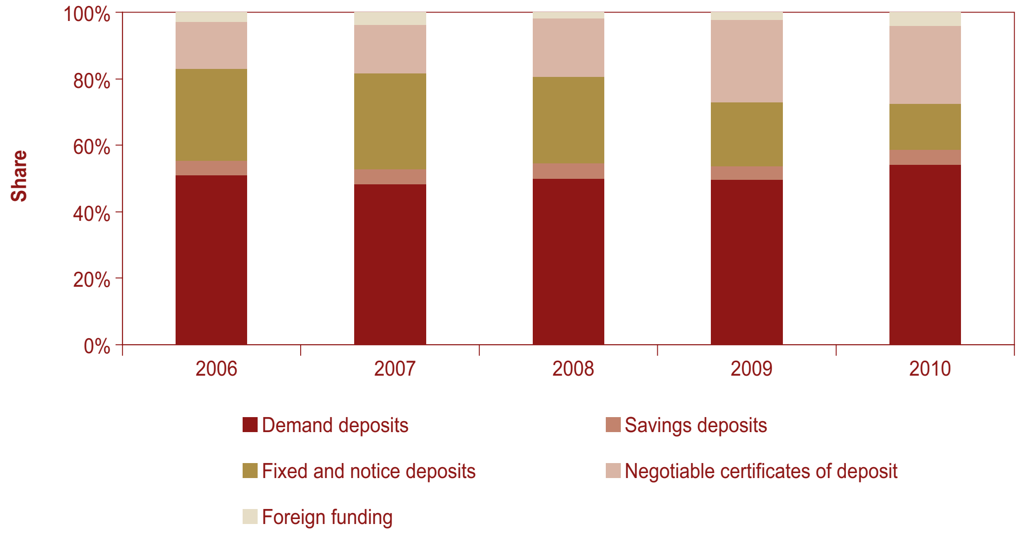
Chart D.3: Composition of liabilities and capital as at 31 December 2010



Non-bank deposits as illustrated in Chart D.4 below, continued to be dominated by demand deposits. Demand deposits accounted for 54.3 per cent during 2010 compared to 49.7 per cent during 2009 and continued to dominate the share of total non-bank deposits. A decline was recorded in the categories of NCDs and fixed and notice deposits from 24.9 per cent and 19.1 per cent to 23.5 per cent and 13.9 per cent, respectively. On the other hand, foreign currency deposits increased its share to 4.0 per cent, whilst savings deposits increased its share by 0.3 percentage points to 4.3 per cent.

[26] Total funding comprises all liabilities to the public, including capital and reserves; also termed as "Liabilities and capital"

Chart D.4: Composition of non-bank deposits



CAPITAL ADEQUACY

The Bank of Namibia (the Bank) officially implemented Basel II as a regulatory standard for capital adequacy on the 1st of January 2010. Accordingly, all banking institutions in Namibia have since implemented the Standardized Approach[27] for the measurements and calculation of capital charges for credit, operational and market risks.

Maintaining adequate capital serves as a cushion against risks associated with the growth in banking institutions' assets and provides solid support for the expansion of operational activities, which is of critical importance for banking operations. Banking institutions are therefore compelled to keep a risk-weighted capital adequacy ratio (RWCR) of at least 10.0 per cent of which 7.0 per cent should be Tier 1 risk-weighted capital ratio. In addition, banking institutions are required to maintain a minimum Tier 1 leverage ratio of 6.0 per cent at all times.

During the year under review, RWCR for the banking sector (as illustrated in Chart D.5) slightly increased to 15.3 per cent compared to 15.0 per cent recorded a year ago. The improvement in the ratio came as a result of the 23.4 per cent growth in qualifying capital, which outpaced the growth of 21.1 per cent in risk-weighted assets during the year under review.

In absolute values, total qualifying capital grew by N$1.1 billion to N$5.9 billion. The growth in qualifying capital is largely attributable to the 15.3 per cent increase in Tier 1 capital, which was spearheaded by the significant growth in retained profits of 37.0 per cent. Conversely, risk-weighted assets increased by N$6.8 billion to N$38.8 billion as at 31 December 2010.

In response to the above development, tier 1 leverage ratio increased slightly by 0.5 percentage-points to 8.3 per cent due to the slower growth in gross assets relative to the growth in Tier 1 or permanent capital.

Chart D.5 below depicts the tier 1 capital relative to total qualifying capital and the trend in capital adequacy ratios of the banking sector over the past five years. The industry in general remained well capitalized throughout the year 2010 and no instances of non-compliance with the capital requirements were observed.

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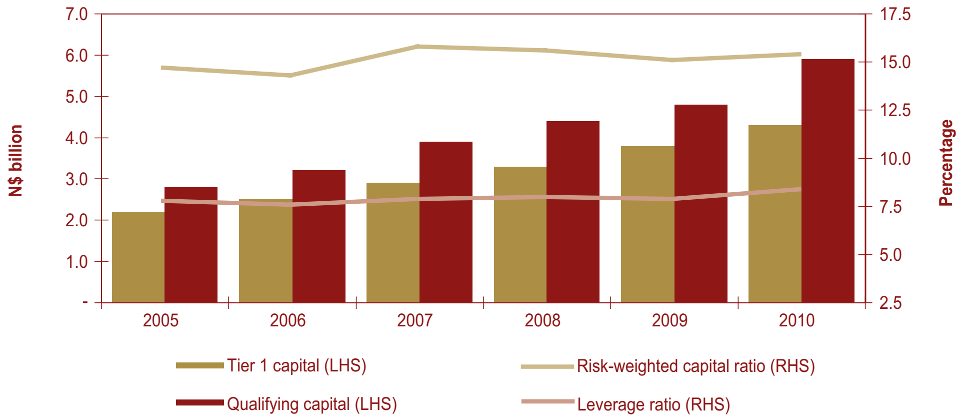
[27] The Standardised approach refers to a set of techniques proposed under Basel II capital adequacy rules for banking institutions, for the measurement and calculation of capital charges for credit risk, operational risk and market risk. The methodologies used under this approach are detailed in the Determination on Capital Adequacy (BID-5).

Chart D.5: Capital adequacy



CREDIT RISK

Credit risk is commonly defined as the potential risk that a banking institution's borrower or counterparty will fail to meet their obligations in accordance with agreed terms of the credit agreement. The exposure to credit risk still remains the most prominent risk faced by banking institutions worldwide and therefore banking institutions should be cognisant of the need to identify measure, monitor and control credit risk. Adequate capital should be maintained against this risk and banks should ensure that capital is adequately insulated against the additional risks incurred.

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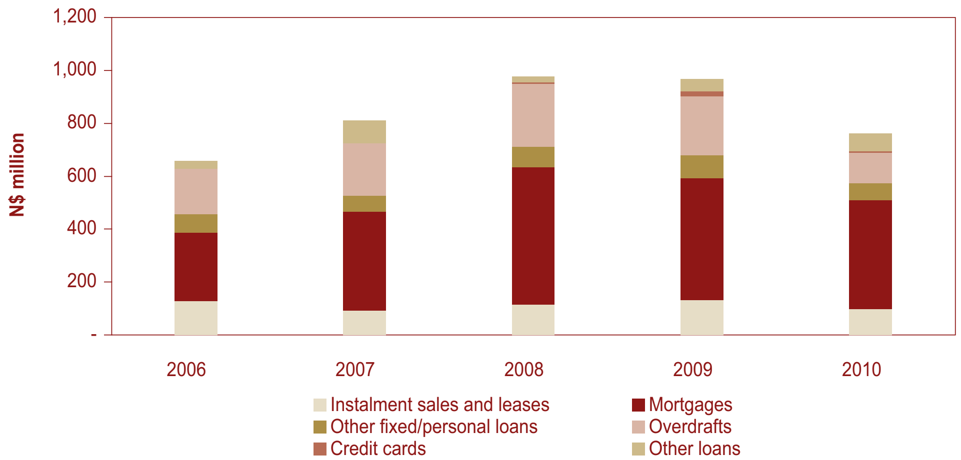
ANALYSIS OF NON-PERFORMING LOANS

Non-performing loans (NPL's) decreased by 21.3 per cent, bringing the total amount of non-performing loans to N$760.8 million compared to N$966.3 million recorded a year ago, with much of the NPL's concentrated in the mortgage sector. The decline in NPLs was mainly observed under overdrafts, instalment sales & leases and mortgages which declined by 49.4 per cent, 26.0 per cent and 11.1 per cent, respectively (see Chart D.6). This is a manifestation of the easing economic conditions due to declining interest rates.

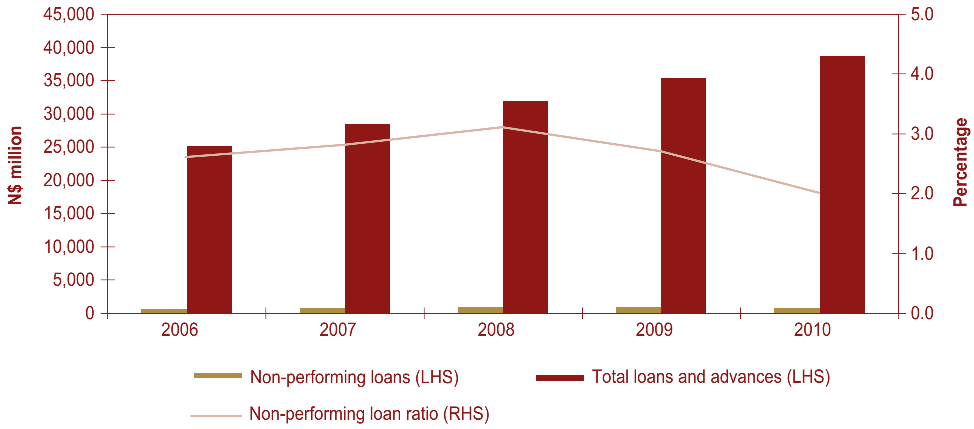
In terms of the composition of NPL's as illustrated in Chart D.6 below, non-performing mortgages continued to top the list, constituting 54.0 per cent of total NPL's followed by overdrafts at 14.8 per cent and instalment sales & leases at 12.8 per cent. The remaining 18.4 per cent of total non-performing loans was shared amongst personal loans, credit cards, loans to banks and other loans and advances.

Chart D.6: Non-performing loans per loan product



As at 31 December 2010, the banking sector's non-performing loans ratio stood at 2.0 per cent, representing an improvement when compared to the 2.7 per cent reported the previous year. The comparison of non-performing loans to total loans and advances is reflected in Chart D.7 below. The asset quality of the banking sector remained satisfactory, which is underpinned by low NPL's and overdue loans, of which the latter declined by 41.1 per cent during the year under review.

Chart D.7: Non-performing loans in relation to total loans



ADEQUACY OF PROVISIONS

The banking sector adequately provided for delinquent loans throughout 2010 in line with the minimum regulatory provisioning requirements as outlined in the Determination on Asset Classification, Suspension of Interest and Provisioning (BID-2).

In absolute terms, specific provisions stood at N$230.4 million during the current year as opposed to N$276.9 million in 2009, representing a decrease of 16.8 per cent. As a percentage of non-performing loans, specific provisions increased to 33.3 per cent compared to 28.7 per cent recorded the previous year, but remained below the international benchmark of 40 per cent. The improvement in the ratio was triggered by the faster decline in NPL's of 21.3 per cent compared to the decline of 16.8 per cent in specific provisions. Total provisions expressed as a percentage of total loans and advances declined by 0.4 percentage points to 1.4 per cent as at 31 December 2010.

LOAN DIVERSIFICATION AND STATUTORY LARGE EXPOSURES

It is critical for banking institutions to diversify their loan portfolio in order to spread credit risk across the various economic sectors and product types, thus mitigating the probability of default by one particular sector or asset class.

As at 31 December 2010, individuals accounted for the majority of the banking sector credit at 44.1 per cent of total loans and advances, followed by real estate and business services at 17.6 per cent and trade & accommodation at 16.7 per cent. The rest of the sectors shared the remaining 21.6 per cent. In terms of product types, mortgage loans continued to dominate the total loans and advances granted by the sector, constituting 52.3 (or N$20.2 billion) followed by instalment sales and leases and then overdrafts, which accounted for 16.0 per cent (or N$6.2 billion) and 14.3 per cent (or N$5.5 billion) of total loans and advances, respectively. The remaining 17.4 per cent was split among personal loans, credit cards and other loans and advances.

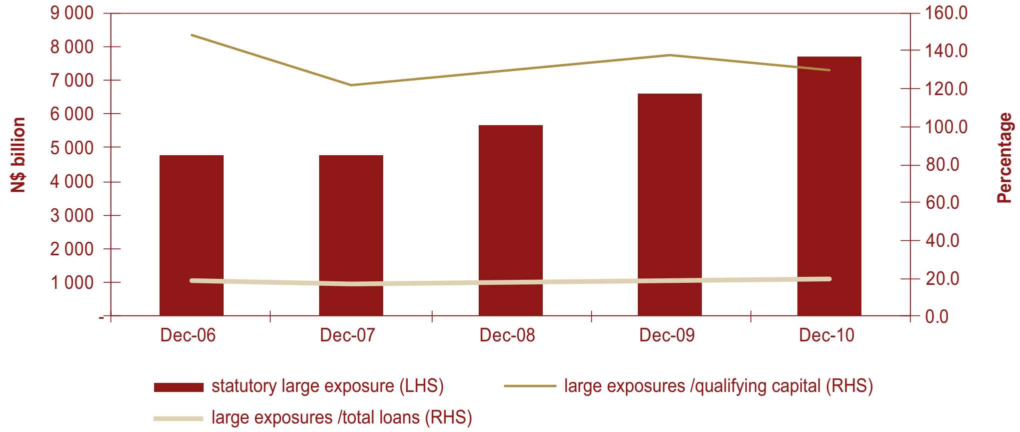
Large exposure refers to any exposure to a single person or group of related persons which, in aggregate, equals or exceeds 10 per cent of a banking institution's capital funds. All individual large exposures are limited to 30 per cent of the capital funds of a banking institution unless exempted in terms of the Determination on Exposures to Single Borrowers (BID-4). The aggregate of all large exposures of a banking institution is limited to 800 percent of the capital funds of a banking institution.

During the year under review, the value of large exposures, as depicted in Chart D.8 below, increased by 16.6 per cent and stood at N$7.7 billion compared to N$6.6 billion recorded the previous year. As a result, the ratio of large exposures to total loans increased by 1.2 percentage points to 19.9 per cent as at 31 December 2010.

As a percentage of qualifying capital, large exposures stood at 130.0 per cent compared to

137.5 per cent recorded a year ago. This position is well within the permissible limit of 800 per cent of capital funds. Large exposures are calculated on the basis of the higher of the outstanding loan and the facility granted. The outstanding amount of the industry in terms of large exposures accounted for 56.5 per cent of total large exposures at N$4.4 billion.

Chart D.8: Statutory large exposures relative to total loans



LIQUIDITY

Liquidity is the ability of the banking institution to fund increases in assets and meet financial obligations as they fall due at acceptable costs and is also crucial to the existence of any banking institution. The management of liquidity is, therefore, one of the most important activities conducted by banks due to the fact that a liquidity shortfall at one banking institution can easily have a systemic effect.

The banking sector held liquid assets to the tune of N$5.5 billion as at 31 December 2010, compared to N$4.6 billion minimum required. The banking sector, on an aggregated basis, recorded surplus liquid assets amounting to N$937.3 million as at 31 December 2010 (2009: N$606.1 million) as depicted in Chart D.9. The sector has over the past five years continued to maintain their liquid assets above the required minimum.

Liquid assets as a percentage of total assets increased from 9.8 per cent a year ago to 10.7 per cent during 2010. The loans-to-deposits ratio declined relatively from 94.3 per cent to 90.4 per cent at the end of 2010 and remained favorably below the internal benchmark of 100.0 per cent, indicating that banking institutions continued to be funded by core deposits. Loans as a percentage of assets decreased during the current year to 75.20 per cent from 76.4 per cent during 2009, which was barely above the international benchmark ratio of 75.0 per cent. The decrease in the ratio is an indication that the loans share in assets decreased which may be favorable because the loans generally are less liquid than other type of assets.

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Chart D. 9: Statutory liquid assets

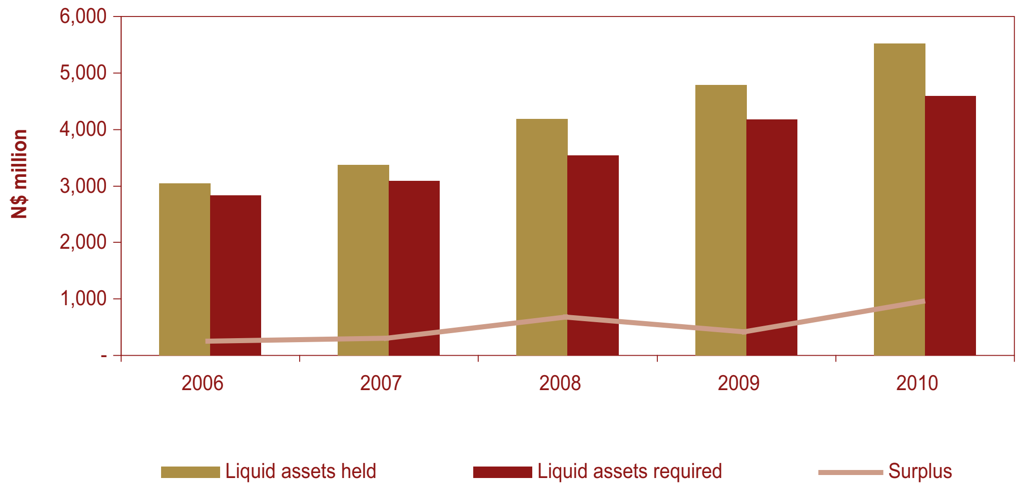

Chart D.10 shows that Government Treasury Bills continued to have the largest share in the composition of total liquid assets at 31.5 per cent, which is a further increase from 28.2 per cent in 2009. During the year 2010, the Securities of Bank of Namibia (the BON Bill) continued to gain its share in total liquid assets held, as its share increased from N$1.5 billion to N$1.7 billion as at the end of December 2010, while the position in terms of stocks, securities, bills and bonds decreased from N$746.9 million to N$444.7 million. The other securities, Strip bonds, PSE's declined marginally by 0.6 per cent, while clearing and settlement account balances increased significantly by N$530.2 million to N$941.9 million as at the end of December 2010.

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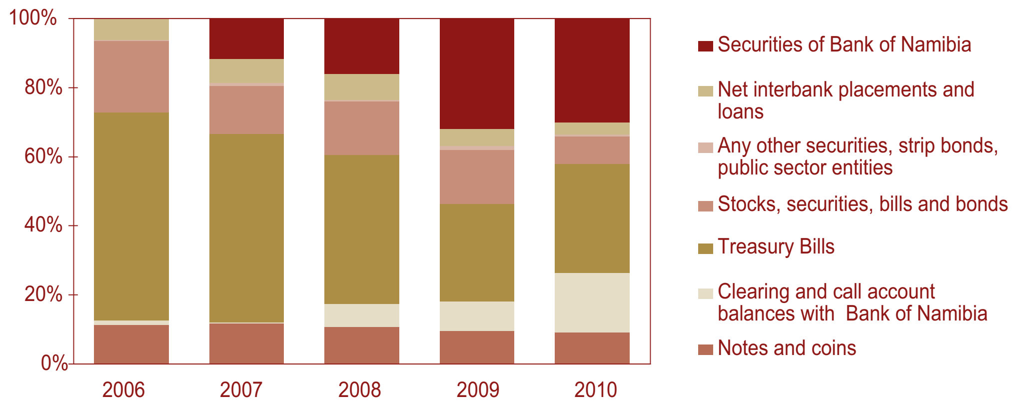
Chart D.10: Liquid assets composition



The banking institutions' negative net funding commitments for the short-term bucket of 1-31 days decreased from N$ 8.1 billion to N$6.2 billion and are attributed to the decline of both the cash inflows and cash outflows from N$21.7 billion to N$16.2 billion and from N$13.6 billion to N$9.9 billion, respectively.

The banking sector continued to operate within their respective board recommended limits for on-balance sheet cumulative mismatches for the time bucket, 1-31 days, however, these limits were contravened for the time buckets of ">6 months to 1 year and >5years in isolated instances during 2010. Stress testing conducted by the banking sector indicated that available sources of funding are sufficient to meet funding commitments under stressful conditions (1-7 days bucket) and in the long run.

With respect to the concentration of funding sources of the banking sector, the ten largest depositors constitute 29.1 per cent of total funding liabilities. In the 1-7 days time bucket, funding from large depositors amounted to N$6.5 billion, constituting 12.6 per cent of the total funding liabilities of the banking sector, therefore it indicates that the portfolio is less reliant on unstable funding. In terms of foreign exchange exposure, the sector showed an asset sensitive position in the short-run (1-7 days), which indicate that earnings would be positively influenced when the Namibia Dollar appreciate against other foreign currencies. The composition of foreign exchange exposures is dominated by different individual currencies and the most prominent ones are USD and Euro currencies, which exhibit a liability sensitive position in the short-term bucket of 1-7 days.

INTEREST RATE RISK

In terms of interest rate risk exposures, the short term variable rate liabilities (0-30 days term bucket) amounts to N$ 26.1 billion while short term variable rate assets amounts to N$41.5 billion. However, the majority of the variable rate assets are concentrated in the short term (0-30 days term bucket) and constitutes 80.6 per cent of assets, while liabilities that are also concentrated under the variable rate structure in the short-term, constitutes 50.6 per cent of liabilities and capital, and unlike assets - are therefore well spread over all term buckets.

The mixture of the liabilities is well balanced because the fixed rate liabilities only constitutes 27.1 per cent of the liabilities and capital, while the remaining (56.8 per cent) is at a variable rate. The fixed rate assets constituted 7.1 per cent of total assets, while the variable rate assets constituted 86.7 per cent of total assets. Overall, the banking sector continued to fund its short term variable rate assets (0-30 days) with a mixture of fixed and variable rate liabilities.

In conclusion, the earnings of the banking sector will improve when the bulk of assets, that are mostly concentrated in the variable short term bucket of 0-30 days, will re-price faster in the event of interest rate hikes, as opposed to re-pricing of liabilities. The effect of a 200 basis points rate shock on the balance sheet of the banking sector over a twelve month period reflects a resilient position and therefore interest rate risk in the banking book will have a minimum effect on the sector, considering the fact that the net interest margin remained almost static – having fluctuated between 4.8 per cent and 4.4 per cent during 2010.

PROFITABILITY AND EARNINGS

Profitability in the form of retained earnings is an indicator of a bank's capacity to carry risk or to strengthen its capital base. It allows banking institutions to maintain certain risk profiles and provides a cushion against short-tem problems. The competitive position of banks in the market and the quality of their management practices are mainly signified by the levels of earnings being achieved. The analysis of earnings, therefore, looks at the banking institutions' ability to generate income on the one hand, and management related expenditure items on the other.

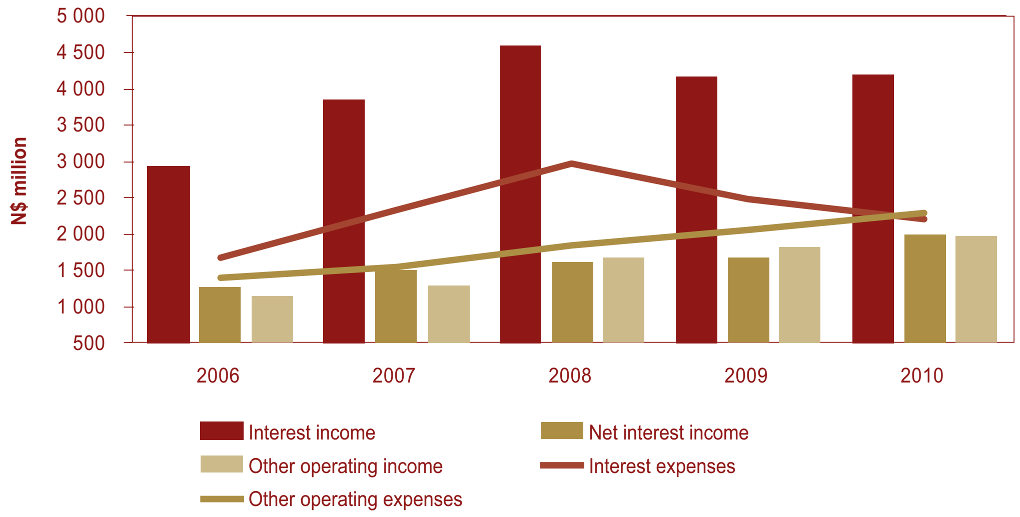
During 2010, the profitability of banks' continued to be favourable due to a significant decline in provisions and write-offs. Total income increased by 12.4 per cent to N$4.0 billion, compared to N$3.5 billion in the preceding year, which was induced by a increase in other operating income. The year 2010 furthermore witnessed adverse changes in bank rates that brought margins under pressure, however, the banking sector managed to record only a marginal decline in interest income of 0.8 per cent to stand at N$4.2 billion, while interest expenses declined even further by 10.9 per cent to N$2.2 billion (2009: 16.6 per cent decline).

The decline in interest income during 2010 was triggered by the low interest income realized from mortgage loans and overdrafts and credit card debtors, while the interest income for the rest of the loan categories declined significantly. Interest income accounted for 10.8 per cent of total loans in 2010, compared to 11.8 per cent during the preceding year. The further decline in interest expenses during 2010 is attributed to the low interest paid on savings and fixed and notice deposits, while NCD's attracted the highest interest expense payable.

As expected, interest expenses as a percentage of non-bank funding liabilities declined from 6.2 per cent to 5.2 per cent, being impacted by lower interest rates, while interest income in relation to total assets declined from 8.7 per cent to 8.2 per cent due to the decline in interest rates during the current year.

Due to the fact that interest expenses declined at a faster pace than interest income, the net interest income grew from N$1.7 billion to N$2.0 billion, representing a 17.9 per cent increase, as depicted Chart D.11.

Chart D.11: Key income statement indicators



The total operating income of the banking sector increased by 7.4 per cent to N$2.0 billion at the end of December 2010, as opposed to an 8.9 per cent increase in 2009. Total operating income accounted for 49.8 per cent of total income compared to 52.1 per cent a year ago. Operating expenses depicted an escalating trend over the five year period and increased further by 63.4 per cent to N$2.3 billion at the end of December 2010. However, when compared in absolute numbers to the growth in total income over the five year period, operating expenses remained at a lower level.

The increase in operating expenses (11.1 per cent) mainly resulted from the significant increase in depreciation and amortization of 33.0 per cent and 21.0 per cent in directors' fees and remuneration, respectively. Staffing expenses that increased by 11.4 per cent, continued to constitute the largest portion of total operating expenses (49.8 per cent), followed by administration and other overhead costs at 28.9 per cent. In response to the significant decline in NPLs of 21.3 per cent, provision charges declined from N$136.4 million to N$56.5 million, representing a 58.6 per cent decline.

Total income increased by 12.4 per cent and spurred the increase in the banking sector's after tax profits of 23.5 per cent to stand at N$1.1 billion. Consequently, both the return on assets and return on equity increased from 2.1 per cent and 20.4 per cent to 2.5 per cent and 25.1 per cent, respectively.

Chart D.12 indicates the efficiency of the Banking sector as measured by the cost-to-income ratio, which express total operating expenses as a percentage of total income. The cost-to-income ratio improved from 58.8 per cent to 58.1 per cent and stood above the international benchmark of 50.0 per cent.

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Chart D.12: Efficiency indicators of the banking sector

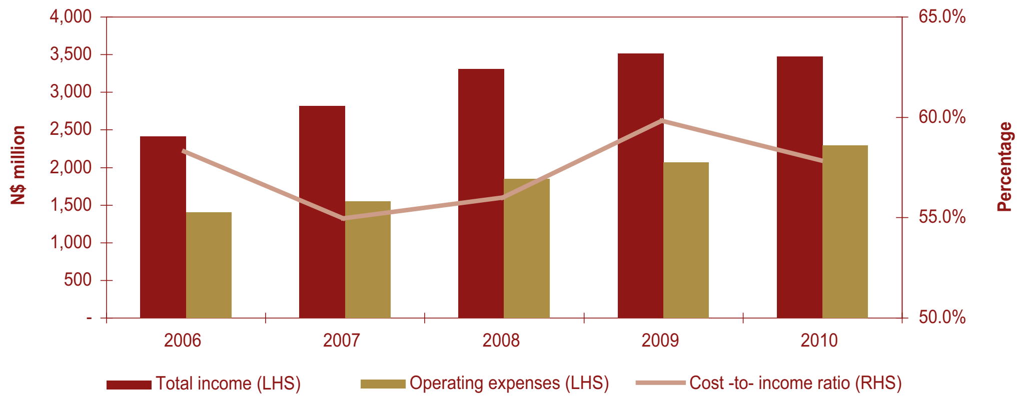

Chart D.13 display the productivity of the banking sector measured by comparing the expenditure on employees to the amount of income generated. The gross income generated by employees increased by 9.6 per cent to N$859 000 and was attributed to the increase in total income of 12.4 per cent to N$4.0 billion as opposed to the increase in the number of employees by 2.7 per cent to 4 608. The cost per employee increased by 8.4 per cent to N$248 000 due to the increase in both the staff costs and staff complement of 11.4 per cent to N$1.0 billion and 2.7 per cent to 4486, respectively.

Chart D.13 Productivity

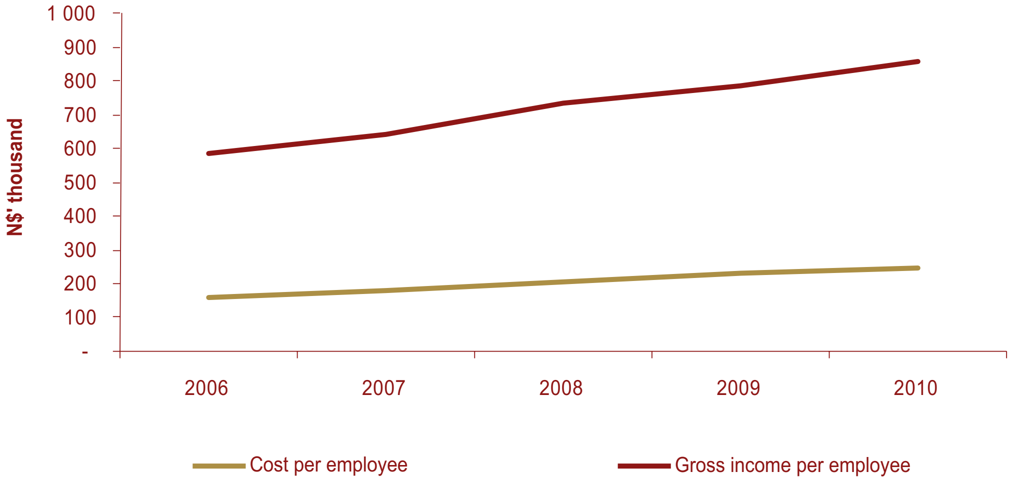

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Table D.1: Branch network

Description	2006	2007	2008	2009	2010
Branches	96	87	94	96	100
Agencies	46	66	64	66	66
Total branches & Agencies	142	153	158	162	166

The branch network of the banking sector expanded, albeit at a slow pace during 2010, by 2.4 per cent, compared to an increase of 2.5 per cent in 2009. The number of agencies, however, remains steady. Thus signifying that there was a growing banking demand for fully fledged branch services instead of agencies, which provide limited transacting powers to customers (Table D.1).

Table D.2: Staffing levels

Description	2006	2007	2008	2009	2010
Permanent personnel	3,893	4,224	4,293	4,486	4,608
Temporary personnel	518	169	210	134	224
Total	4,411	4,393	4,503	4,620	4,832

During 2010, employment in the banking sector continued to grow, and increased by 4.6 per cent to 4,832 staff members compared to 4,620 a year ago. This development is explained by an increase in both permanent and temporary personnel. (Table D.2).

SUSPENSION OF CHEQUE ACCOUNT FACILITIES

Banking institutions are required to suspend cheque account facilities of a given customer in order to maintain and uphold the credibility of the payment system in Namibia. Suspension of cheque account facilities are inevitable in the event a customer issue five cheques or more over a period of three months, which are eventually dishonoured by the banking institution, provided that the customer has the same profile and transacted on the same account (Determination on the compulsory suspension of cheque accounts (BID-12).

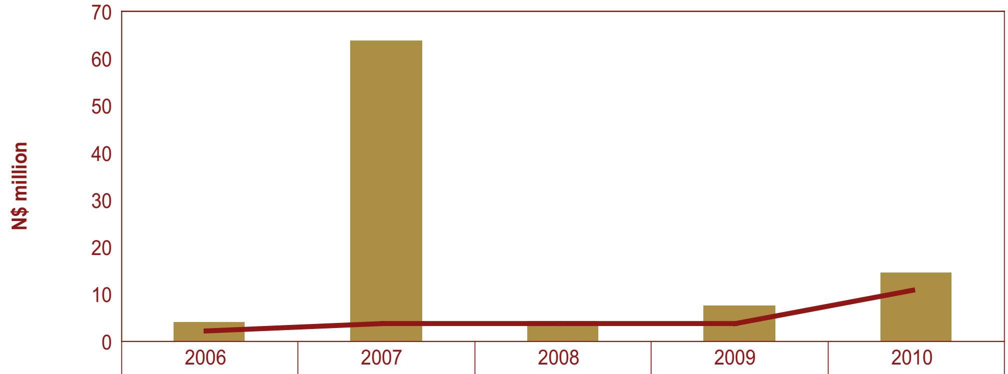
During 2010, the value of cheques returned as well as the number of cheque account facilities suspended, declined further. The value of cheques returned reduced significantly by N$11.2 million to N$ 7.0 million, while the number of cheque facilities suspended declined by 84 to stand at 136. The aforementioned indicate that banking institutions are intolerant to mismanagement of cheque accounts by customers who still utilize cheque account facilities, and furthermore, the preference of electronic banking facilities by the banking population also contributed to this reduction as more customer subscribe to electronic banking products.

FRAUD

Fraud and other economic crime escalated during 2010 and continued to translate into financial losses for banking institutions as reported in the prudential returns on fraud and other economic crime (BIR190). During 2010, the reported amounts for fraud and other economic crime increased from N$7.5 million to N$14.6 million. From the N$14.6 million reported during 2010, an amount of N$10.3 million was lost. An amount of N$3.9 million was recovered, while the banking sector anticipates a further recovery of N$52 100. The common form of crime is ATM fraud, theft of cash, currency counterfeit and credit card fraud. Chart D.14 depicts the trend in amounts involved in and lost through fraudulent activities.

The incidences of fraud and other forms of financial and economic crime increased during 2010 when compared to 2009 and 2008. Therefore banking institutions should continuously re-formulate their strategies, policies and procedures to minimize these incidences to ensure that public confidence in the banking system is not compromised.

Chart D.14: Fraud



	2006	2007	2008	2009	2010
Amounts involved	4,099	63,791	4,286	7,552	14,574
Amounts lost	1,726	3,224	3,312	3,243	10,351

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Table D.3 Composition of Balance Sheet

	2006	2007	2008	2009	2010
Interbank Funding	928,008	919,015	1,084,909	267,830	526,643
Non-bank Funding	**26,406,160**	**28,877,379**	**33,834,963**	**39,761,640**	**42,851,697**
Demand	13,477,286	13,965,306	16,885,676	19,778,437	23,260,493
Savings	1,155,552	1,292,557	1,568,755	1,618,314	1,855,210
Fixed & notice deposits	7,364,749	8,354,293	8,810,661	7,604,343	5,967,856
Negotiable Certificate of Deposits	3,650,012	4,210,709	5,953,675	9,882,954	10,054,312
Foreign Funding*	758,561	1,054,514	616,196	877,592	1,713,826
Loans under repurchase agreement	-	-	-	-	-
Debt Instruments issued	351,047	607,472	618,760	620,174	686,788
Other borrowings	1,502,370	1,027,722	548,617	547,562	518,703
Other liabilities	1,148,059	1,603,654	1,329,148	1,859,039	1,461,731
Capital & Reserves	3,061,660	3,469,551	4,146,311	4,609,321	5,455,463
TOTAL FUNDING	**33,397,304**	**36,504,793**	**41,562,708**	**47,665,566**	**51,501,025**
Cash and Balances **	3,480,774	2,585,519	3,221,665	4,080,625	4,435,965
Short term negotiable securities	-	-	-	-	2,969,317
Interbank Loans and Advances**	534	2,479	4,667	-	9
Foreign currency loans and advances	245,883	21,426	69,379	12,253	38,619
Instalment debtors and leases	4,664,794	4,970,883	5,492,819	5,639,406	6,202,258
Mortgage loans	12,363,452	14,054,262	15,733,111	17,464,902	20,237,838
Other fixed term loans***	1,400,953	2,056,216	2,115,341	2,752,972	2,801,169
Personal loans	1,681,771	1,631,226	1,915,746	2,062,542	2,169,560
Overdraft	4,308,664	4,932,251	5,656,801	6,709,764	5,531,256
Credit card debtors	-	-	231,142	238,630	248,058
Acknowledgement of debts discounted	13,499	9,496	4,756	1,082	-
Loans granted under resale agreement	-	-	-	-	-
Investment in Preference Share	279,087	311,582	325,638	270,320	229,030
Other loans and advance	234,555	472,564	426,146	266,949	1,267,373

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	2006	2007	2008	2009	2010
Total loans and advances	**25,193,192**	**28,462,385**	**31,975,546**	**35,418,820**	**38,725,170**
Less: Specific provision	300,292	299,614	285,241	276,900	230,386
Less: General provisions	293,980	302,444	346,605	362,658	367,565
Less: Interest- in- suspense	169,228	202,408	252,212	258,018	135,281
Investment portfolio	3,804,670	4,377,890	5,263,757	6,816,000	4,260,766
Trading securities	1,676,184	1,586,081	1,812,178	2,927,754	1,161,824
Available for sale securities	1,071,344	1,792,624	3,260,328	3,715,015	2,839,522
Held to maturity securities	1,046,340	969,454	163,297	157,223	241,500
Unconsolidated subsidiaries, associates	10,802	29,731	27,954	16,008	17,920
Property, plant and equipment	360,571	470,877	519,567	576,974	655,150
Other assets	1,321,597	1,412,590	1,466,231	1,674,349	1,187,889
TOTAL ASSETS	**33,397,304**	**36,504,795**	**41,562,708**	**47,669,192**	**51,501,025**
Average Assets	**30,787,746**	**36,331,599**	**40,968,062**	**45,472,529**	**49,599,841**
Average Equity	**2,899,308**	**3,349,615**	**4,047,128**	**4,476,445**	**5,192,629**

* Effective from January 2004, the balance sheet was re-designed and foreign funding was made part of non-bank funding.

** Effective from January 2004, cash and balances with the Bank of Namibia included balances held with other banks, hence the increase in cash & balances and the decrease in interbank loans and deposits

*** Before 2004, there was no provision made for personal loans category on the balance sheet return.

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Table D. 4 Capital adequacy

	2006	2007	2008	2009	2010
Tier 1 capital	**2 514 952**	**2 908 162**	**3 317 663**	**3 750 305**	**4 325 408**
Paid up shares	23 672	23 822	23 822	23 822	23 822
Share premium	1 641 249	1 791 099	1 791 099	1 791 099	1 791 099
Retained profits/(accumulated losses)		-	-	871 763	1 194 217
Reserves	1 175 972	1 389 436	1 803 218	1 491 120	1 628 187
Current Unaudited losses			28 325	177 220	-
Less: Intangible Asset	325 941	296 195	272 151	250 279	311 917
Tier 2 capital	**688 176**	**1 041 902**	**1 048 428**	**1 062 862**	**1 615 596**
Hybrid Debt*		-	-	-	149 473
Subordinated-term Debt	375 473	635 478	635 878	635 948	522 667
Current Unaudited losses*			-	177 220	320 206
General Provisions	293 980	376 315	376 315	401 028	290 949
Revaluation Reserves	18 723	30 109	36 235	25 886	332 301
Less: Investment in unconsolidated subsidiaries	-	-	-	-	-
Total Qualifying capital	**3 203 128**	**3 950 064**	**4 366 091**	**4 813 167**	**5 941 004**
Risk-weighted Assets	**20 223 954**	**24 674 887**	**28 225 790**	**32 087 728**	**38 847 413**
10% risk-weighted*	33 701	36 102	70 841	78 638	-
20% risk-weighted	484 760	481 175	494 135	865 417	-
50% risk-weighted	3 198 448	6 139 432	6 655 921	7 326 073	-
100% risk-weighted	16 507 046	18 018 178	21 004 894	23 817 600	-
Gross Assets*	**33 683 346**	**36 861 109**	**41 989 827**	**48 134 947**	**51 951 134**

* Hybrid debt is an addition under the new Basel II Capital accord.

* Current unaudited losses are part of Tier 2 capital under the new Basel II capital accord.

* Prior to 2004, there was no provision for 10% risk-weighting and there was no requirement to report Gross Assets

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Table D.5 Analyses of overdue and Non-performing loans

	2 006	2007	2008	2009	2010
Overdue loans*	**850 767**	**1 115 118**	**1 809 172**	**2 803 247**	**1 652 510**
Amounts overdue: <1 month	53 937	59 690	450 706	1 411 571	373 458
Amounts overdue: 1 to < 3 months	170 317	323 235	381 928	425 385	518 208
Amounts overdue: 3 to < 6 months	118 413	158 931	149 151	213 194	182 756
Amounts overdue: 6 to <12 months	160 425	223 759	199 538	128 048	112 335
Amounts overdue: 12 to <18 months	256 622	267 145	465 359	471 003	376 498
Amounts overdue: 18 months and above	91 053	82 358	162 490	154 046	89 255
Total Non-performing loans	**657 827**	**810 095**	**976 537**	**966 296**	**760 844**
Instalment sales	128 047	93 782	114 794	131 782	97 486
Mortgages	259 574	371 694	518 799	462 485	411 165
Other fixed/ Personal	68 081	61 653	77 235	85 255	66 220
Overdraft	174 276	198 459	238 338	223 248	112 944
Other loans & advances	27 849	84 507	21 384	44 701	67 130
Credit cards	-	-	5 987	18 825	5 899
Realizable Security	351 473	441 102	477 079	459 037	489 091
Specific Provisions	300 292	299 613	285 240	276 900	230 386

Table D.6 Sectoral distribution of loans and advances

	2 006	2007	2008	2009	2010
Total loans and advances	**25 193 188**	**28 462 384**	**31 975 547**	**35 418 822**	**38 725 171**
Agriculture and Forestry	744 748	811 131	1 051 586	1 188 120	1 332 828
Fishing	797 751	662 100	808 697	877 412	982 577
Mining	166 526	566 428	575 092	967 554	668 325
Manufacturing	601 237	613 671	968 699	705 983	902 789
Construction	396 782	470 839	557 510	542 582	1 114 058
Electricity , Gas and Water	78 656	95 599	144 382	201 994	191 160
Trade and Accommodation	1 288 730	1 786 713	1 967 230	1 589 353	6 468 010
Transport and Communication	779 530	390 415	392 869	647 337	867 346
Finance and Insurance	1 380 935	1 551 461	1 984 716	2 361 067	1 019 361
Real Estate and Business Services	2 605 206	3 853 406	4 994 871	6 339 497	6 828 118
Government Services	236 981	661 899	537 774	552 595	511 383
Individuals	14 207 044	16 506 560	17 439 194	18 357 267	17 084 843
Other	1 909 062	492 162	552 927	1 088 061	754 373

Table D.7 Composition of Income Statement

	2006	2007	2008	2009	2010
Interest Income	**2,938,521**	**3,852,097**	**4,600,899**	**4,168,666**	**4,201,216**
Balances with banks	98,705	189,954	238,521	172,005	171,868
Instalment debtors , hire purchase , etc	521,495	664,243	749,596	649,662	622,166
Mortgage loans: Residential	1,223,975	1,737,606	2,068,699	1,879,012	1,604,511
Mortgage Loans: Commercial	-	-	-	-	360,434
Personal loans	265,432	293,930	329,927	305,546	302,253
Fixed term loans	141,874	221,974	312,484	262,023	267,156
Overdraft	600,274	674,524	773,501	744,638	590,493
Other interest related income	86,766	69,866	128,171	155,780	282,335
Interest Expenses	**1,668,204**	**2,340,088**	**2,977,801**	**2,483,067**	**2,213,269**
Demand deposits	692,139	948,455	1,225,716	976,530	582,317
Current Accounts	-	-	-	-	336,783
Savings deposits	25,586	43,014	57,725	38,080	29,985
Fixed and notice deposits	459,689	661,686	855,585	634,244	390,291
Negotiable certificates of deposits	282,278	409,793	563,329	657,711	746,504
Debt instruments issued	37,628	55,664	67,747	61,403	57,896
Other interest related expenses	170,884	221,476	207,699	115,099	69,493
Interest Margin	**1,270,317**	**1,512,009**	**1,623,098**	**1,685,599**	**1,987,947**
Less: Provisions	222,492	122,232	145,062	136,417	56,543
Total operating Income	1,143,845	1,305,083	1,684,148	1,833,199	1,968,860
Trading Income	94,284	115,569	207,724	182,849	261,781
Investment Income	251,877	356,148	464,180	375,704	221,651
Transaction-based Fee Income	662,504	714,924	845,094	1,008,629	1,225,736
Knowledge-based Fee Income	47,343	48,551	67,694	72,080	77,424
Other income	87,837	69,891	99,456	193,937	182,268
Total Income	**2,414,162**	**2,817,092**	**3,307,246**	**3,518,798**	**3,956,807**
Total Operating Expenses	1,405,661	1,546,392	1,849,510	2,068,006	2,297,349
Staff costs	657,140	789,299	933,934	1,028,111	1,144,906
Administration & Overheads	341,133	342,256	512,985	586,592	665,169
Depreciation and amortisation	127,222	113,203	81,937	104,336	138,770
Occupancy expenses	113,468	125,639	132,302	140,589	136,196
Other operating expenses	166,698	175,995	188,352	208,378	212,308
Net Income Before Tax	786,009	1,148,468	1,312,674	1,314,375	1,602,915
Taxation	244,848	353,191	399,799	405,050	480,312
Net Income After Tax	**541,161**	**795,277**	**912,875**	**909,325**	**1,122,603**

Table D.8: Selected key ratios

	2006	2007	2008	2009	2010
Capital					
Tier 1 Leverage	7.5%	7.9%	7.9%	7.8%	8.3%
Tier 1 Risk-weighted Capital	11.2%	11.8%	11.8%	11.7%	11.1%
Total Risk-weighted Capital	14.2%	15.8%	15.5%	15.0%	15.3%
Asset Quality					
Non-performing loans to Total loans	2.6%	2.8%	3.1%	2.7%	2.0%
Overdue loans to Total loans	3.4%	3.9%	5.7%	8.0%	4.3%
Total Provisions to Total loans	2.4%	2.1%	2.0%	1.8%	1.5%
Specific Provisions to Non-performing loans	45.6%	37.0%	29.2%	28.7%	33.3%
Earnings					
Return on Assets	1.8%	2.2%	2.2%	2.1%	2.5%
Return on Equity	18.7%	23.7%	22.6%	20.4%	25.1%
Net Interest Margin	4.1%	4.2%	4.0%	3.8%	4.4%
Other Operating Income: Total Assets	3.4%	3.6%	4.1%	4.1%	4.1%
Other Operating Income: Total Income	47.4%	46.3%	50.9%	52.1%	49.8%
Other Exp: Total Income	58.2%	54.9%	55.9%	58.8%	58.1%
Liquidity					
Liquid Assets / Total Assets	9.1%	9.3%	10.1%	9.5%	10.7%
Liquid Assets / Average total liabilities	10.7%	10.9%	11.8%	11.0%	12.0%
Total Loans / Total Assets	75.4%	78.0%	76.9%	76.4%	75.2%
Total Loans / Total Deposits	98.2%	98.6%	94.5%	94.3%	90.4%
Growth Rates					
Total Assets	18.5%	9.3%	13.9%	14.7%	8.0%
Total Qualifying Capital	12.9%	23.3%	10.5%	10.2%	23.4%
Tier 1 Capital	15.1%	15.6%	14.1%	13.0%	15.3%
Total Loans	14.4%	13.0%	12.3%	10.8%	9.3%
Total Deposits	25.3%	9.4%	17.2%	17.5%	7.8%
Overdue loans	5.3%	31.1%	62.2%	54.9%	-41.1%
Non-performing loans	28.4%	23.1%	20.5%	-1.0%	-21.3%
Liquid Assets	13.5%	-2.3%	40.6%	14.4%	15.3%
Large Exposures	19.1%	0.2%	18.6%	17.0%	16.6%
Off-Balance Sheet Items	278.7%	29.1%	-1.9%	22.4%	19.2%

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PART E
STATISTICAL APPENDIX

PART E

STATISTICAL APPENDIX

STATISTICAL APPENDIX

METHODS AND CONCEPTS

Balance of Payments

Accrual accounting basis
This applies where an international transaction is recorded at the time when ownership changes hands, and not necessarily at the time when payment is made. This principle governs the time of recording for transactions; transactions are recorded when economic value is created, transformed, exchanged, transferred or extinguished.

Balance of Payments
The balance of payments (BOP) is a statistical statement that systematically summarizes, for a specific time period, the economic transactions of an economy with the rest of the world. Transactions, for the most part between residents and non residents, consist of those involving goods, services, and income; those involving financial claims and liabilities to the rest of the world; and those (such as gifts) classified as transfers. It has two main accounts viz, the current account, capital and financial account. Each transaction in the balance of payments is entered either as a credit/asset or a debit/liability. A credit/asset transaction is one that leads to the receipts of payment from non-residents. Conversely, the debit/liability leads to a payment to non-residents.

Current Account
The current account of the balance of payments covers all transactions (other than those in financial account) that involve economic values, (i.e.; real transactions) and occur between residents and non-resident entities. Also covered are offsets to current economic values provided or acquired without a quid pro quo. Included are goods, services, income and current transfers. The balance on goods, services, income and current transfers is commonly referred to as the "current balance" or "current account balance".

Capital and Financial Account
In the balance of payments, the capital account covers capital transfers and the acquisition or disposal of non-produced non-financial items such as patents. The financial account of the balance of payments consists of the transactions in foreign financial assets and liabilities of an economy. The foreign financial assets of an economy consist of holdings of monetary gold, IMF Special Drawing Rights and claims on non-res idents. The foreign financial liabilities of an economy consist of claims of non-residents on residents. The primary basis for classification of the financial account is functional: direct, portfolio, other investment and reserve assets.

Current Transfers
Current transfers are all transfers of real resources or financial items without a quid pro quo and exclude transfers of funds directed for capital investments. Included are gifts of goods and money to or from non-residents viz, governments and private individuals. Current transfers directly affect the level of disposable income and should influence the consumption of goods and services.

Capital Transfers
Capital transfers in kind consists of the transfers without a quid pro quo of the (1) ownership of a fixed asset or (2) the forgiveness, by mutual agreement between creditor and debtor, of the debtor's financial liability when no counterpart is received in return by the creditor. Capital transfer in cash, on the other hand, is linked to or conditional on, the acquisition or disposal of a fixed asset by one or both parties to the transaction (e.g., an investment grant).

Direct Investment
Direct investment refers to a lasting interest of an entity resident in one economy (the director investor) in an entity resident in another economy (the direct investment enterprise), with an ownership of 10 per cent or more of the ordinary shares or voting power (for an incorporated enterprise) or the equivalent (for an unincorporated enterprise).

Double-entry accounting
The basic accounting conversion for a balance of payment statement is that every recorded transaction is represented by two entries with exactly equal values. Each transaction is reflected as a credit (+) and a debit (-) entry. In conformity with business and national accounting, in the balance of payment, the term: credit is used to denote a reduction in assets or an increase in liabilities, and debit a reduction in liabilities or an increase in assets.

Goods
These are real transactions with change in the ownership of physical products and include consumer and capital goods.

Income
Income covers two types of transactions between residents and non residents: (i) those involving compensation of employees, which is paid to non-resident workers (e.g. border, seasonal and other short-term workers), and (ii) those involving investment income receipts and payments on

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external financial assets and liabilities. Included in the latter are receipts and payments on direct investment, portfolio investment and other .investment and receipts on reserve assets. Income derived from the use of tangible asset e.g., car rental by a non-resident is excluded from income and is classified under services such as travel.

Merchandise Trade Balance
This is net balance of the total export and import of goods excluding transactions in services between residents and non-residents. Trade balance is the net balance of the total export and import of goods including transactions in services between residents and non-residents.

Net Errors and Omissions
The balance of payment accounting framework requires a balancing item as the measure of the difference between recorded credits/debits and omissions. This is called net errors and omissions'. Theoretically, it measures quality though in practice a zero/lower net errors and omissions could imply not necessarily good quality data but that debits and credits just cancelled each other.

Other Investment
Other investment covers all financial instruments other than those classified as direct investment, portfolio investment or reserve assets.

Overall Balance of Payments
A balance simply refers to the difference between the sum of credits and debit entries. The overall balance is a very simple concept but a powerful analytical tool often used by analysts. In the balance of payment, overall balance refers to the balance between the sum of the current account balance, the capital and financial account balance and net errors and omissions.

Portfolio Investment
Portfolio investment includes trading in equity and debt securities (other than those included in direct investment and reserve assets). These instruments are usually traded (or tradable) in organized and other financial markets, including over-the-counter (OTC) markets.

Reserve Assets
Reserve assets consist of those external assets that are readily available to and controlled by the monetary authority for the direct financing of payments imbalances, for indirectly regulating the magnitude of such balances through intervention in exchange markets to affect the currency exchange rate, and/or for other purposes.

Residency
In the balance of payments, the concept of residency is based on a sectoral transactor's center of economic interest. Country boundaries recognized for political purposes may not always be appropriate for economic interest purposes. Therefore, it is necessary to recognize the economic territory of a country as the relevant geographical area to which the concept of residence is applied. An institutional unit is a resident unit when it has a center of economic interest in the territory from which the unit engages in economic activities and transactions on a significant scale, for a year or more.

Monetary and Financial Statistics

3-Month BA Rate
The interest rate on a time draft (bill of exchange) drawn on and accepted by Other Depository Corporations on which it was drawn; the bank accepting the draft assumes the obligation of making payment at maturity on behalf of its client.

Repo rate
The rate charged by the Bank of Namibia on advances on specific collateral to Other Depository Corporations. The Repo rate is the cost of credit to the banking sector and therefore eventually affects the cost of credit to the general public.

Depository Corporations Survey
The Depository Corporations Survey is a consolidation of the Central Bank Survey and the Other Depository Corporations Survey.

Bond
A security that gives the holder the unconditional right to a fixed money income or an income linked to some index, and except for perpetual bonds, an unconditional right to a stated fixed sum or a sum linked to some index on a specified date or dates.

Currency in circulation
Consist of notes and coins that are of fixed nominal values and are issued by central banks and governments. Currency is the most liquid financial asset and is included in broad money aggregates.

Narrow Money Supply (M1)
Narrow Money Supply (M1) is defined to include currency in circulation and transferable deposits of resident sectors, excluding Central Government and depository corporations.

Broad Money Supply (M2)
Broad Money Supply (M2) is defined to include currency outside depository corporations, transferable and other deposits in national currency of the resident sectors, excluding deposits of the Central Government and those of the depository corporations.

Transferable Deposits
These are deposits that are exchangeable without penalty or restriction, on demand and are directly usable for making third party payments.

Other Depository Corporations (ODCs)
The ODC sub-sector consists of all resident financial corporations (except the Central Bank) and quasi-corporations that are mainly engaged in financial intermediation and that issue liabilities included in the national definition of broad money. There are currently eight financial intermediaries classified as financial intermediaries in Namibia, i.e. First National Bank of Namibia, Standard Bank of Namibia, Nedbank Namibia, Bank Windhoek, Agribank of Namibia, National Housing Enterprise, Fides Bank and the Namibia Post Office Savings Bank.

Other Deposits
The other deposit category comprises all claims, other than transferable deposits, that are represented by evidence of deposit. Different forms of other deposits are e.g. savings and fixed investments. Other deposit is thus a component of broad money supply.

Deposit rate
The deposit rate refers to the weighted average deposit rate of the ODC's i.e. the rate that ODC's declare on other deposits (e.g. time deposits).

Dual-listed Companies
Refer to those companies listed and trading on two stock exchanges, such as the Johannesburg Stock Exchange as well as on the NSX.

Lending rate
The lending rate refers to the weighted average lending rate, i.e. the rate charged by ODC's to borrowers.

Local Market in terms of NSX
Only local (Namibian) companies listed on the NSX.

Market Capitalisation
Market Capitalisation is the total market value of a company's issued share capital. It is equal to the number of fully paid shares listed on the NSX multiplied by the share price.

Market Turnover
Volume of shares traded on the NSX multiplied by the share price.

Market Volume
The number of shares traded on the NSX.

Money Market rate
The money market rate refers to the inter-bank interest rate; the rate at which ODC's extend credit to each other.

Money Market Unit Trust (MMU)
The MMU sub-sector consist of all resident unit trust companies that have money market funds. There are currently seven of those companies in Namibia: FNB Unit Trust, Standard Bank Unit Trust, Pointbreak, Prudential and Sanlam Unit Trust, Old Mutual Unit Trust and Capricorn Unit Trust.

Mortgage rate
The rate charged on a loan for the purpose of financing construction or purchasing of real estate.

Overall Market in terms of NSX
Refers to all companies, local as well as foreign, listed on the NSX.

Prime rate
The rate of interest charged by Other Depository Corporations (ODC's) for loans made to its most credit-worthy business and industrial customers; it is a benchmark rate that banks establish from time to time in computing an appropriate rate of interest for a particular loan contract.

Real Interest rate
The rate of interest adjusted to allow for inflation; the nominal interest rate less the rate of inflation for Namibia, is the real interest rate.

STATISTICAL TABLES

I National Accounts

II Monetary and Financial Developments

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III Public Finance

IV Balance of Payments

Table 1.1 Aggregate economic indicators

	2005	2006	2007	2008	2009
Current prices					
GDP (N$ mil.)	46,177	54,028	62,080	74,000	77,812
% Change	8.2	17.0	14.9	19.2	5.2
GNI (N$ mil.)	45,463	53,676	60,836	72,203	77,228
% Change	5.2	18.1	13.3	18.7	7.0
GDP per capita (N$)	23,596	27,122	30,611	35,836	37,001
% Change	6.3	14.9	12.9	17.1	3.3
GNI per capita (N$)	23,231	26,946	29,998	34,965	36,723
% Change	3.4	16.0	11.3	16.6	5.0
Constant 2004 prices					
GDP (N$ mil.)	43,758	46,853	49,371	51,475	51,106
% Change	2.5	7.1	5.4	4.3	-0.7
GNI (N$ mil.)	44,408	50,161	54,743	57,902	58,020
% Change	2.8	13.0	9.1	5.8	0.2
GDP per capita (N$)	22,360	23,521	24,345	24,927	24,301
% Change	0.7	5.2	3.5	2.4	-2.5
GNI per capita (N$)	22,692	25,181	26,994	28,040	27,589
% Change	1.0	11.0	7.2	3.9	-1.6

Source: Central Bureau of Statistics

Table I.2 Gross Domestic Product and Gross National Income

Current prices - N$ millions	2005	2006	2007	2008	2009
Compensation of employees	19,630	21,508	24,835	28,545	31,676
Consumption of fixed capital	5,373	6,020	7,251	8,885	10,178
Net operating surplus	17,311	22,366	25,328	30,973	29,524
Gross domestic product at factor cost	**42,313**	**49,894**	**57,414**	**68,403**	**71,378**
Taxes on production and imports	3,864	4,133	4,666	5,598	6,434
Subsidies					
Gross domestic product at market prices	**46,177**	**54,028**	**62,080**	**74,000**	**77,812**
Primary incomes					
- receivable from the rest of the world	955	1,310	1,449	1,870	1,752
- payable to rest of the world	-1,670	-1,661	-2,693	-3,666	-2,336
Gross national income at market prices	**45,463**	**53,676**	**60,836**	**72,203**	**77,228**
Current transfers					
- receivable from the rest of the world	4,547	6,733	7,421	9,762	11,245
- payable to rest of the world	-286	-306	-369	-484	-632
Gross national disposable income	**49,724**	**60,103**	**67,887**	**81,482**	**87,842**
Current prices - N$ per capita					
Gross domestic product at market prices	23,596	27,122	30,611	35,836	37,001
Gross national income at market prices	23,231	26,946	29,998	34,965	36,723
Constant 2004 prices - N$ millions					
Gross domestic product at market prices	**43,758**	**46,853**	**49,371**	**51,475**	**51,106**
- Annual percentage change	2.5	7.1	5.4	4.3	-0.7
Real gross national income	**44,408**	**50,161**	**54,743**	**57,902**	**58,020**
- Annual percentage change	2.8	13.0	9.1	5.8	0.2
Constant 2004 prices - N$ per capita					
Gross domestic product at market prices	22,360	23,521	24,345	24,927	24,301
- Annual percentage change	0.7	5.2	3.5	2.4	-2.5
Real gross national income	**22,692**	**25,181**	**26,994**	**28,040**	**27,589**
- Annual percentage change	1.0	11.0	7.2	3.9	-1.6

Source: Central Bureau of Statistics

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Table I.3 NATIONAL DISPOSABLE INCOME AND SAVINGS

Current prices - N$ millions	2005	2006	2007	2008	2009
Disposable income and saving					
Gross national disposable income	49,724	60,103	67,887	81,482	87,842
Consumption of fixed capital	5,373	6,020	7,251	8,870	10,142
Net national disposable income	**44,351**	**54,083**	**60,637**	**72,612**	**77,700**
All other sectors	32,742	39,334	44,823	53,509	56,374
General government	11,609	14,749	15,814	19,103	21,325
Final consumption expenditure	**35,640**	**40,867**	**48,470**	**56,096**	**64,666**
Private	26,734	30,340	35,636	40,939	45,714
General government	8,905	10,526	12,834	15,158	18,951
Saving, net	**8,711**	**13,216**	**12,167**	**16,515**	**13,034**
All other sectors	6,007	8,994	9,187	12,570	10,660
General government	2,704	4,223	2,979	3,945	2,374
Financing of capital formation					
Saving, net	8,711	13,216	12,167	16,515	13,034
Capital transfers receivable from abroad	535	602	590	633	628
Capital transfers payable to foreign countries	-3	-3	-3	-3	-3
Total	**9,243**	**13,815**	**12,753**	**17,145**	**13,658**
Capital formation					
Gross fixed capital formation	8,594	11,686	14,696	18,815	19,351
All other sectors	7,062	9,905	11,796	14,915	14,340
General government	1,532	1,781	2,900	3,900	5,011
Consumption of fixed capital	**-5,373**	**-6,020**	**-7,251**	**-8,870**	**-10,142**
All other sectors	-4,484	-4,991	-5,901	-7,137	-8,077
General government	-889	-1,029	-1,350	-1,734	-2,065
Changes in inventories	498	342	32	1,794	1,871
Net lending (+) / Net borrowing(-)	**5,524**	**7,808**	**5,276**	**5,406**	**2,578**
All other sectors	3,477	4,602	4,255	3,939	3,740
General government	2,047	3,206	1,021	1,467	-1,162
Discrepancy on GDP 1)	-1,382	979	304	2,402	1,169
Net lending/borrowing in external transactions 2)	4,142	8,786	5,580	7,808	3,747
Total	**9,243**	**13,815**	**12,753**	**17,145**	**13,658**

Source: Central Bureau of Statistics

Table I.4 (a) GROSS DOMESTIC PRODUCT BY ACTIVITY

Current Prices - N$ Millions

Industry	2005	2006	2007	2008	2009
Agriculture and forestry	2,861	3,275	3,045	3,976	3,931
Livestock farming	1,606	1,836	1,765	2,548	2,453
Crop farming and forestry	1,254	1,439	1,280	1,428	1,478
Fishing & fish processing on board	1,932	1,948	2,330	2,411	2,775
Mining and quarrying	4,257	6,654	6,816	11,772	7,744
Diamond mining	3,182	4,591	3,535	5,500	2,812
Other mining and quarrying	1,075	2,063	3,281	6,272	4,932
Primary industries	**9,050**	**11,878**	**12,191**	**18,159**	**14,450**
Manufacturing	5,738	7,792	9,774	9,404	10,489
Meat processing	162	175	206	145	227
Fish processing on shore	477	657	902	993	1,123
Other food products and beverages	2,262	2,518	2,930	3,678	4,179
Other manufacturing	2,836	4,441	5,736	4,588	4,959
Electricity and water	1,091	1,012	1,562	1,663	1,934
Construction	1,259	1,826	2,286	3,013	2,922
Secondary industries	**8,088**	**10,630**	**13,622**	**14,080**	**15,344**
Wholesale and retail trade, repairs	5,202	5,879	6,769	7,682	8,610
Hotels and restaurants	829	940	1,115	1,283	1,486
Transport, and communication	2,662	2,535	2,955	3,400	3,717
Transport and storage	959	794	1,146	1,442	1,557
Post and telecommunications	1,703	1,741	1,809	1,958	2,160
Financial intermediation	1,823	2,201	2,534	2,879	3,294
Real estate and business services	4,218	4,479	4,990	5,415	5,987
Real estate activities	3,055	3,231	3,564	3,778	4,166
Other business services	1,164	1,247	1,426	1,637	1,820
Community, social and personal services	1,697	1,840	1,979	2,184	2,419
Public administration and defence	4,115	4,423	5,157	6,219	8,088
Education	3,208	3,703	4,570	5,222	5,850
Health	1,579	1,647	1,859	2,244	2,482
Private household with employed persons	358	384	424	492	559
Tertiary industries	**25,692**	**28,031**	**32,352**	**37,020**	**42,491**
Less: Financial intermediation services indirectly measured	517	644	750	855	907
All industries at basic prices	**42,313**	**49,894**	**57,414**	**68,403**	**71,378**
Taxes less subsidies on products	3,864	4,133	4,666	5,598	6,434
GDP at market prices	**46,177**	**54,028**	**62,080**	**74,000**	**77,812**

Source: Central Bureau of Statistics

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Table I.4 (b) GROSS DOMESTIC PRODUCT BY ACTIVITY

Percentage Contribution

Industry	2005	2006	2007	2008	2009
Agriculture and forestry	6.2	6.1	4.9	5.4	5.1
Livestock farming	3.5	3.4	2.8	3.4	3.2
Crop farming and forestry	2.7	2.7	2.1	1.9	1.9
Fishing & fish processing on board	4.2	3.6	3.8	3.3	3.6
Mining and quarrying	9.2	12.3	11.0	15.9	10.0
Diamond mining	6.9	8.5	5.7	7.4	3.6
Other mining and quarrying	2.3	3.8	5.3	8.5	6.3
Primary industries	**19.6**	**22.0**	**19.6**	**24.5**	**18.6**
Manufacturing	12.4	14.4	15.7	12.7	13.5
Meat processing	0.4	0.3	0.3	0.2	0.3
Fish processing on shore	1.0	1.2	1.5	1.3	1.4
Other food products and beverages	4.9	4.7	4.7	5.0	5.4
Other manufacturing	6.1	8.2	9.2	6.2	6.4
Electricity and water	2.4	1.9	2.5	2.2	2.5
Construction	2.7	3.4	3.7	4.1	3.8
Secondary industries	**17.5**	**19.7**	**21.9**	**19.0**	**19.7**
Wholesale and retail trade, repairs	11.3	10.9	10.9	10.4	11.1
Hotels and restaurants	1.8	1.7	1.8	1.7	1.9
Transport, and communication	5.8	4.7	4.8	4.6	4.8
Transport and storage	2.1	1.5	1.8	1.9	2.0
Post and telecommunications	3.7	3.2	2.9	2.6	2.8
Financial intermediation	3.9	4.1	4.1	3.9	4.2
Real estate and business services	9.1	8.3	8.0	7.3	7.7
Real estate activities	6.6	6.0	5.7	5.1	5.4
Other business services	2.5	2.3	2.3	2.2	2.3
Community, social and personal services	3.7	3.4	3.2	3.0	3.1
Public administration and defence	8.9	8.2	8.3	8.4	10.4
Education	6.9	6.9	7.4	7.1	7.5
Health	3.4	3.0	3.0	3.0	3.2
Private household with employed persons	0.8	0.7	0.7	0.7	0.7
Tertiary industries	**55.6**	**51.9**	**52.1**	**50.0**	**54.6**
Less: Financial intermediation services indirectly measured	1.1	1.2	1.2	1.2	1.2
All industries at basic prices	**91.6**	**92.3**	**92.5**	**92.4**	**91.7**
Taxes less subsidies on products	8.4	7.7	7.5	7.6	8.3
GDP at market prices	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**

Source: Central Bureau of Statistics

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Table I.5(a) GROSS DOMESTIC PRODUCT BY ACTIVITY

Constant 2004 Prices - N$ Millions

Industry	2005	2006	2007	2008	2009
Agriculture and forestry	2,590	2,687	2,564	2,635	2,628
Livestock farming	1,315	1,219	1,253	1,336	1,339
Crop farming and forestry	1,274	1,468	1,311	1,298	1,289
Fishing & fish processing on board	1,434	1,308	1,059	1,003	862
Mining and quarrying	3,697	4,718	4,742	4,606	2,532
Diamond mining	2,872	3,962	3,840	3,815	1,919
Other mining and quarrying	826	756	902	791	613
Primary industries	**7,721**	**8,712**	**8,365**	**8,244**	**6,023**
Manufacturing	5,742	5,897	6,401	6,537	6,962
Meat processing	178	162	169	155	161
Fish processing on shore	723	494	640	617	695
Other food products and beverages	2,230	2,297	2,413	2,654	2,852
Other manufacturing	2,611	2,944	3,178	3,111	3,253
Electricity and water	1,119	1,182	1,234	1,274	1,350
Construction	1,166	1,600	1,833	2,110	1,957
Secondary industries	**8,026**	**8,680**	**9,467**	**9,921**	**10,268**
Wholesale and retail trade, repairs	5,087	5,473	5,904	6,072	6,259
Hotels and restaurants	788	846	936	961	1,008
Transport, and communication	2,627	2,999	3,161	3,247	3,421
Transport and storage	931	1,253	1,328	1,498	1,602
Post and telecommunications	1,696	1,746	1,833	1,750	1,819
Financial intermediation	1,941	2,024	2,267	2,488	2,652
Real estate and business services	4,188	4,339	4,667	4,874	5,166
Real estate activities	3,060	3,221	3,447	3,613	3,780
Other business services	1,128	1,118	1,221	1,260	1,387
Community, social and personal services	1,656	1,703	1,761	1,721	1,755
Public administration and defence	3,673	3,816	4,213	4,707	4,902
Education	3,066	3,175	3,365	3,574	3,712
Health	1,446	1,461	1,545	1,739	1,810
Private household with employed persons	350	358	370	389	406
Tertiary industries	**24,822**	**26,194**	**28,145**	**29,772**	**31,092**
Less: Financial intermediation secvices indirectly measured	519	593	652	670	666
All industries at basic prices	**40,051**	**42,993**	**45,325**	**47,267**	**46,717**
Taxes less subsidies on products	3,707	3,860	4,047	4,208	4,388
GDP at market prices	**43,758**	**46,853**	**49,371**	**51,475**	**51,106**

Source: Central Bureau of Statistics

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Table I.5 (b) GROSS DOMESTIC PRODUCT BY ACTIVITY

Annual Percentage Changes

Industry	2005	2006	2007	2008	2009
Agriculture and forestry	15.0	3.8	-4.6	2.8	-0.2
Livestock farming	41.5	-7.3	2.8	6.7	0.2
Crop farming and forestry	-3.6	15.2	-10.7	-1.0	-0.7
Fishing and fish processing on board	-8.3	-8.8	-19.0	-5.3	-14.1
Mining and quarrying	-10.9	27.6	0.5	-2.9	-45.0
Diamond mining	-16.6	38.0	-3.1	-0.6	-49.7
Other mining and quarrying	17.3	-8.5	19.4	-12.3	-22.5
Primary industries	**-3.1**	**12.8**	**-4.0**	**-1.5**	**-26.9**
Manufacturing	7.5	2.7	8.5	2.1	6.5
Meat processing	21.9	-8.5	4.3	-8.4	3.8
Fish processing on shore	-5.2	-31.7	29.6	-3.6	12.6
Other food products and beverages	4.2	3.0	5.1	10.0	7.5
Other manufacturing	14.0	12.7	8.0	-2.1	4.6
Electricity and water	24.3	5.7	4.3	3.2	6.0
Construction	2.4	37.2	14.5	15.1	-7.2
Secondary industries	**8.8**	**8.1**	**9.1**	**4.8**	**3.5**
Wholesale and retail trade, repairs	9.7	7.6	7.9	2.9	3.1
Hotels and restaurants	2.4	7.4	10.6	2.7	5.0
Transport, and communication	9.3	14.2	5.4	2.7	5.4
Transport and storage	2.8	34.5	6.0	12.8	6.9
Post and telecommunications	13.2	3.0	4.9	-4.5	4.0
Financial intermediation	15.1	4.3	12.0	9.8	6.6
Real estate and business services	6.8	3.6	7.6	4.4	6.0
Real estate activities	5.4	5.3	7.0	4.8	4.6
Other business services	10.7	-0.9	9.2	3.2	10.0
Community, social and personal services	6.9	2.9	0.8	0.3	2.0
Public administration and defence	-4.8	3.9	10.4	11.7	4.1
Education	-8.0	3.5	6.0	6.2	3.9
Health	-19.9	1.0	5.8	12.5	4.1
Private household with employed persons	2.2	2.2	3.4	5.2	4.4
Tertiary industries	**2.1**	**5.5**	**7.4**	**5.8**	**4.4**
Less: Financial intermediation secvices indirectly measured	10.7	14.2	10.1	2.7	-0.6
All industries at basic prices	**2.2**	**7.3**	**5.4**	**4.3**	**-1.2**
Taxes less subsidies on products	5.9	4.1	4.8	4.0	4.3
GDP at market prices	**2.5**	**7.1**	**5.4**	**4.3**	**-0.7**

Source: Central Bureau of Statistics

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Table I.6 (a) EXPENDITURE ON GROSS DOMESTIC PRODUCT

Current Prices - N$ Million

Expenditure category	2005	2006	2007	2008	2009
Final consumption expenditure	35,640	40,867	48,470	56,096	64,666
Private	26,734	30,340	35,636	40,939	45,714
General government	8,905	10,526	12,834	15,158	18,951
Gross fixed capital formation	8,594	11,686	14,696	18,815	19,351
Changes in inventories	498	342	32	1,794	1,871
Gross domestic expenditure	**44,732**	**52,895**	**63,198**	**76,706**	**85,888**
Exports of goods and services	18,678	24,566	31,496	38,777	34,581
Imports of goods and services	18,615	22,454	32,310	39,080	41,488
Discrepancy	1,382	-979	-304	-2,402	-1,169
Gross domestic product at market prices	**46,177**	**54,028**	**62,080**	**74,000**	**77,812**

Source: Central Bureau of Statistics

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Table I.6 (b) EXPENDITURE ON GROSS DOMESTIC PRODUCT

Current Prices - Percent

Expenditure category	2005	2006	2007	2008	2009
Final consumption expenditure	77.2	75.6	78.1	75.8	83.1
Private	57.9	56.2	57.4	55.3	58.7
General government	19.3	19.5	20.7	20.5	24.4
Gross fixed capital formation	18.6	21.6	23.7	25.4	24.9
Changes in inventories	1.1	0.6	0.1	2.4	2.4
Gross domestic expenditure	**96.9**	**97.9**	**101.8**	**103.7**	**110.4**
Exports of goods and services	40.4	45.5	50.7	52.4	44.4
Imports of goods and services	40.3	41.6	52.0	52.8	53.3
Discrepancy	3.0	-1.8	-0.5	-3.2	-1.5
Gross domestic product at market prices	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**

Source: Central Bureau of Statistics

Table I.7 (a) EXPENDITURE ON GROSS DOMESTIC PRODUCT

Constant 2004 Prices - N$ Million

Expenditure category	2005	2006	2007	2008	2009
Final consumption expenditure	34,299	37,469	40,346	42,787	45,723
Private	26,121	28,392	30,128	31,734	33,591
General government	8,179	9,077	10,218	11,052	12,133
Gross fixed capital formation	8,207	10,651	11,945	13,511	13,289
Changes in inventories	463	228	401	514	474
Gross domestic expenditure	**42,969**	**48,348**	**52,692**	**56,811**	**59,486**
Exports of goods and services	16,850	19,436	20,675	21,740	18,491
Imports of goods and services	18,125	21,083	27,784	29,712	30,940
Discrepancy	2,064	151	3,788	2,635	4,068
Gross domestic product at market prices	**43,758**	**46,853**	**49,371**	**51,475**	**51,106**

Source: Central Bureau of Statistics

Table I.7 (b) EXPENDITURE ON GROSS DOMESTIC PRODUCT

Constant 2004 Prices - Percent

	2005	2006	2007	2008	2009
Final consumption expenditure	-0.9	9.2	7.7	6.0	6.9
Private	0.8	8.7	6.1	5.3	5.8
General government	-5.9	11.0	12.6	8.2	9.8
Gross fixed capital formation	3.6	29.8	12.1	13.1	-1.6
Changes in inventories	0.6	-0.5	0.4	0.2	-0.1
Gross domestic expenditure	**0.5**	**12.5**	**9.0**	**7.8**	**4.7**
Exports of goods and services	-0.8	15.3	6.4	5.2	-14.9
Imports of goods and services	0.9	16.3	31.8	6.9	4.1
Discrepancy	2.7	-4.4	7.8	-2.3	2.8
Gross domestic product at market prices	**2.5**	**7.1**	**5.4**	**4.3**	**-0.7**

Source: Central Bureau of Statistics

Table I.8 GROSS FIXED CAPITAL FORMATION BY ACTIVITY

Current prices - N$ Million

Industry	2005	2006	2007	2008	2009
Agriculture	464	495	540	649	720
Fishing	104	71	162	195	234
Mining and quarrying	1,762	3,842	3,367	4,274	3,337
Manufacturing	715	1,068	1,376	2,164	2,974
Electricity and water	309	364	387	680	556
Construction	297	307	334	601	691
Wholesale and retail trade; hotels, restaurants	367	432	1,213	1,147	978
Transport, and communication	1,351	1,498	2,296	2,808	2,095
Finance, real estate, business services	1,684	1,840	2,084	2,456	2,814
Community, social and personal services	46	41	47	42	47
Producers of government services	1,497	1,728	2,889	3,798	4,905
Total	8,594	11,686	14,696	18,815	19,351
Per cent of GDP	18.6	21.6	23.7	25.4	24.9

Source: Central Bureau of Statistics

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Table I.9 GROSS FIXED CAPITAL FORMATION BY ACTIVTY

Constant 2004 Prices - N$ Million

Industry	2005	2006	2007	2008	2009
Agriculture	449	466	484	503	523
Fishing	103	70	158	181	205
Mining and quarrying	1,699	3,510	2,623	2,970	2,255
Manufacturing	685	965	1,075	1,524	1,996
Electricity and water	291	329	308	486	363
Construction	291	294	307	468	502
Wholesale and retail trade; hotels, restaurants	356	405	1,078	858	704
Transport, and communication	1,309	1,410	1,906	2,069	1,488
Finance, real estate, business services	1,584	1,598	1,629	1,698	1,847
Community, social and personal services	44	39	41	32	34
Producers of government services	1,394	1,565	2,335	2,720	3,371
Total	8,207	10,651	11,945	13,511	13,289
Annual change, per cent	3.6	29.8	12.1	13.1	-1.6

Source: Central Bureau of Statistics

Table I.10 GROSS FIXED CAPITAL FORMATION BY THE TYPE OF ASSET

Current prices - N$ Million

Type of Asset	2005	2006	2007	2008	2009
Buildings	2,207	2,571	3,460	4,167	4,616
Construction works	2,168	3,625	4,224	5,892	5,968
Transport equipment	1,531	1,724	1,338	1,741	1,791
Machinery and other equipment	2,212	3,284	5,135	6,410	6,298
Mineral exploration	477	482	540	605	677
Total	8,594	11,686	14,696	18,815	19,351

Source: Cental Bureau of Statistics

Table I.11 GROSS FIXED CAPITAL FORMATION BY TYPE OF ASSET

Constant 2004 Prices - N$ Million

Type of Asset	2005	2006	2007	2008	2009
Buildings	2,062	2,202	2,631	2,793	2,948
Construction works	1,995	3,211	3,477	4,207	4,101
Transport equipment	1,526	1,704	1,301	1,620	1,571
Machinery and other equipment	2,163	3,096	4,090	4,457	4,186
Mineral exploration	460	437	446	433	482
Total	8,207	10,651	11,945	13,511	13,289

Source: Central Bureau of Statistics

Table I.12 GROSS FIXED CAPITAL FORMATION BY OWNERSHIP

Current prices - N$ Million

Ownership	2005	2006	2007	2008	2009
Public	2,640	2,986	4,673	5,725	5,924
Producers of government services	1,497	1,728	2,889	3,798	4,905
Public corporations and enterprises	1,143	1,258	1,784	1,927	1,019
Private	5,955	8,700	10,023	13,090	13,427
Total	8,594	11,686	14,696	18,815	19,351

Source: Central Bureau of Statistics

Table I.13 GROSS FIXED CAPITAL FORMATION BY OWNERSHIP

Constant 2004 Prices - N$ Million

Ownership	2005	2006	2007	2008	2009
Public	2,493	2,738	3,806	4,135	4,084
Producers of government services	1,394	1,565	2,335	2,720	3,371
Public corporations and enterprises	1,100	1,173	1,471	1,415	713
Private	5,713	7,913	8,139	9,376	9,204
Total	8,207	10,651	11,945	13,511	13,289

Source: Central Bureau of Statistics

Table I.14 FIXED CAPITAL STOCK BY ACTIVITY

Current Prices - N$ Million

Industry	2005	2006	2007	2008	2009
Agriculture	9,299	9,621	10,266	11,688	12,158
Fishing	1,544	1,547	1,660	1,954	2,212
Mining and quarrying	10,897	14,131	17,726	22,167	24,462
Manufacturing	5,726	6,741	8,392	10,766	13,188
Electricity and water	8,049	8,235	8,659	9,568	9,476
Construction	1,291	1,365	1,481	1,940	2,389
Wholesale and retail trade; hotels, restaurants	3,435	3,803	4,968	6,214	6,903
Transport, and communication	10,478	11,317	13,347	16,538	17,775
Finance, real estate, business services	16,912	19,606	23,339	27,963	31,131
Community, social and personal services	660	687	736	825	848
Producers of government services	24,209	26,202	30,168	36,632	41,007
Total	**92,501**	**103,253**	**120,743**	**146,255**	**161,550**

Source: Central Bureau of Statistics

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Table I.15 FIXED CAPITAL STOCK BY ACTIVITY

Constant 2004 Prices - N$ Million

Industry	2005	2006	2007	2008	2009
Agriculture	8,740	8,655	8,569	8,481	8,397
Fishing	1,525	1,504	1,566	1,643	1,736
Mining and quarrying	10,552	13,050	14,552	16,302	17,264
Manufacturing	5,408	5,908	6,465	7,389	8,641
Electricity and water	7,447	7,323	7,094	6,796	6,350
Construction	1,265	1,300	1,345	1,555	1,782
Wholesale and retail trade; hotels, restaurants	3,260	3,377	4,091	4,543	4,797
Transport, and communication	9,853	10,219	11,132	12,142	12,465
Finance, real estate, business services	15,834	16,871	17,891	18,932	20,070
Community, social and personal services	626	618	612	597	582
Producers of government services	22,399	23,037	24,303	25,794	27,763
Total	**86,908**	**91,864**	**97,620**	**104,174**	**109,846**

Source: Central Bureau of Statistics

Table 1.16 (a) NATIONAL CONSUMER PRICE INDEX (December 2001 = 100)

	Food & non alcoholic beverages	Alcoholic Beverages & tobacco	Clothing and footwear	Housing, water, electricity, gas & others	Furnitures, household equipment & maintenance	Health	Transport	Communica-tions	Recreation & culture	Education	Hotels, cafes & restaurants	Miscellaneous goods & services	All items	All Items Annual percentage changes
weights	29.63	3.26	5.13	20.59	5.61	1.51	14.79	0.9	2.5	7.36	1.62	7.11	100	
	122.6	121.2	109.3	122.4	111.3	111.8	123.9	107.4	110.3	135.5	120.9	109.5	120.2	4.2
2005	**124.4**	**130.1**	**108.2**	**124.3**	**113.9**	**112.6**	**132.3**	**108.5**	**111.1**	**140.6**	**127.1**	**108.0**	**122.9**	**2.3**
2006	**132.5**	**139.7**	**105.0**	**128.3**	**116.9**	**110.1**	**143.0**	**109.2**	**113.9**	**149.9**	**134.0**	**114.8**	**129.1**	**5.1**
2007	**148.7**	**149.9**	**108.5**	**132.7**	**121.7**	**115.2**	**151.5**	**110.8**	**119.1**	**158.9**	**143.3**	**117.1**	**137.7**	**6.7**
2008														
Jan-08	161.7	153.9	111.0	134.6	125.2	117.0	157.5	113.8	122.0	168.7	151.3	117.7	144.1	7.8
Feb-08	162.7	154.2	111.0	134.7	125.7	117.0	158.6	113.8	123.1	168.7	152.2	117.9	144.6	7.9
Mar-08	164.8	161.7	111.6	134.8	126.3	117.1	162.2	113.8	124.1	168.7	154.1	118.1	146.2	8.4
Apr-08	168.9	165.2	112.3	135.0	129.0	117.2	166.9	113.8	125.9	168.7	155.3	119.2	148.6	9.3
May-08	170.6	165.8	111.6	135.4	130.9	117.3	170.6	113.8	126.3	168.7	157.1	119.5	149.8	9.7
Jun-08	172.7	166.4	111.8	135.6	132.3	117.9	173.9	113.8	125.0	168.7	158.9	121.4	151.2	10.3
Jul-08	176.7	166.7	112.4	140.2	133.3	118.0	180.3	114.0	125.6	168.7	162.1	124.7	154.7	11.9
Aug-08	178.1	170.5	113.0	141.1	135.3	118.5	180.6	114.3	127.9	168.7	163.6	125.3	155.8	12.0
Sep-08	180.8	172.2	114.1	140.8	138.4	118.5	178.7	114.2	127.9	168.7	165.4	126.0	156.5	12.0
Oct-08	182.3	173.4	114.8	141.3	140.7	118.7	176.6	123.2	130.9	168.7	166.1	128.9	157.2	12.0
Nov-08	184.2	173.2	115.3	141.5	142.4	118.9	176.1	123.1	132.6	168.7	166.5	129.0	158.0	11.7
Dec-08	184.6	173.9	115.8	141.5	142.5	119.0	171.7	123.1	133.0	168.7	166.9	129.1	157.4	10.9
Average 2008	**174.0**	**166.4**	**112.9**	**138.0**	**133.5**	**117.9**	**171.1**	**116.2**	**127.0**	**168.7**	**160.0**	**123.1**	**152.0**	**10.3**
2009														
Jan-09	187.5	174.8	115.8	146.7	144.8	120.5	173.0	123.0	136.5	174.6	171.6	132.8	160.8	11.6
Feb-09	188.9	175.1	115.9	146.6	145.4	122.2	173.7	123.1	136.6	174.6	171.6	133.3	161.4	11.6
Mar-09	190.6	183.6	119.4	146.6	147.6	123.5	174.5	123.1	137.0	174.6	172.5	133.3	162.6	11.2
Apr-09	190.9	185.3	119.3	146.5	147.2	124.5	178.7	123.1	137.7	174.6	172.6	134.4	163.5	10.0
May-09	191.8	185.5	119.8	146.6	147.9	124.8	180.0	123.1	136.6	174.6	174.3	134.7	164.2	9.6
Jun-09	192.5	186.4	121.9	146.8	149.1	125.0	181.0	123.1	138.1	174.6	174.9	135.4	164.9	9.1
Jul-09	192.0	187.9	124.3	150.7	148.7	125.7	184.5	123.1	140.8	174.6	179.0	135.9	166.3	7.5
Aug-09	195.0	191.9	125.0	150.7	148.7	125.2	184.3	123.1	142.4	174.6	178.5	135.9	167.7	7.6
Sep-09	193.9	192.1	126.5	151.1	149.4	125.6	185.5	123.2	141.0	174.6	180.9	136.3	167.6	7.1
Oct-09	196.5	193.8	126.7	151.2	149.6	125.7	184.9	124.7	141.1	174.6	181.1	137.0	168.3	7.1
Nov-09	196.3	194.6	128.5	151.3	150.4	125.7	186.4	124.6	142.1	174.6	181.0	136.5	168.6	6.7
Dec-09	195.3	195.6	128.5	151.3	148.9	125.8	187.4	124.6	143.1	174.6	181.3	136.6	168.4	7.0
Average 2009	**192.6**	**187.2**	**122.6**	**148.8**	**148.2**	**124.5**	**181.2**	**123.5**	**139.4**	**174.6**	**176.6**	**135.2**	**165.4**	**8.8**
2010														
Jan-10	197.5	196.3	128.1	154.2	150.6	128.9	189.2	124.9	141.7	183.8	185.6	139.6	170.9	6.3
Feb-10	199.0	197.0	127.5	154.3	150.6	128.8	189.9	124.6	142.5	183.8	186.0	140.1	171.6	6.3
Mar-10	198.5	203.4	127.3	154.3	151.3	128.9	189.7	124.9	142.6	183.8	186.7	139.6	171.8	5.6
Apr-10	198.3	204.1	125.7	153.9	150.1	129.4	191.6	124.9	143.2	183.8	189.7	140.4	171.7	5.0
May-10	197.1	206.4	127.6	154.5	150.8	129.5	193.6	124.9	144.4	183.8	189.5	139.7	171.9	4.7
Jun-10	197.4	207.0	127.8	154.6	151.8	130.5	193.0	125.0	145.0	183.8	190.2	139.6	172.0	4.3
Jul-10	199.4	208.8	128.0	160.5	151.6	130.8	193.8	124.9	146.5	183.8	191.7	140.1	174.0	4.6
Aug-10	199.2	208.4	127.1	160.5	150.9	131.1	192.9	124.9	144.6	183.8	193.8	141.4	173.7	3.6
Sep-10	200.1	208.9	125.6	160.5	151.4	131.7	191.3	124.9	144.1	183.8	193.9	142.2	173.8	3.7
Oct-10	199.9	209.0	125.0	160.6	150.7	131.7	192.7	125.4	144.7	183.8	193.8	142.3	173.7	3.2
Nov-10	201.1	209.9	125.2	160.5	149.7	131.7	193.6	125.6	144.9	183.8	194.3	142.4	174.3	3.4
Dec-10	199.6	209.8	124.9	160.6	150.3	131.6	193.1	125.9	144.0	183.8	195.4	142.4	173.6	3.1
Average 2010	**198.9**	**205.8**	**126.7**	**157.4**	**150.8**	**130.4**	**192.0**	**125.1**	**144.0**	**183.8**	**190.9**	**140.8**	**172.7**	**4.5**
2011														
Jan-11	200.9	209.8	125.9	171.5	151.4	136.6	194.7	126.4	144.5	193.2	196.4	144.9	176.8	3.5
Feb-11	201.3	209.4	127.0	170.6	151.2	136.7	196.0	126.4	147.0	193.2	195.6	144.3	176.3	3.1

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Table 1.16 (b) NATIONAL CONSUMER PRICE INDEX
(December 2001=100)

	Services			Goods		
	Index	Monthly Infl. Rate	Annual infl. rate	Index	Monthly infl. rate	Annual infl. rate
2003	**112.9**	**0.4**	**7.3**	**116.9**	**0.1**	**7.2**
2004	**119.8**	**0.5**	**6.1**	**120.6**	**0.3**	**3.1**
2005	**123.7**	**0.3**	**3.3**	**122.3**	**0.3**	**1.4**
2006	**129.7**	**0.5**	**4.8**	**128.7**	**0.5**	**5.2**
2007						
Jan-07	133.9	1.3	5.7	133.5	0.5	6.1
Feb-07	134.0	0.1	5.1	133.9	0.3	6.6
Mar-07	134.7	0.5	5.5	135.0	0.8	6.7
Apr-07	134.5	-0.1	5.3	136.8	1.4	7.8
May-07	134.5	0.0	5.1	138.0	0.8	8.5
Jun-07	134.6	0.1	4.4	138.5	0.4	8.7
Jul-07	136.0	1.0	4.5	139.6	0.8	8.9
Aug-07	136.4	0.3	3.6	141.8	1.6	9.7
Sep-07	136.5	0.1	3.6	141.8	0.0	8.7
Oct-07	136.7	0.1	3.6	142.7	0.6	8.6
Nov-07	135.8	-0.6	2.8	145.0	1.6	9.4
Dec-07	135.6	-0.2	2.6	145.9	0.6	9.9
Average	**135.3**	**0.2**	**4.3**	**139.4**	**0.8**	**8.3**
2008						
Jan-08	138.7	2.3	3.6	147.5	1.1	10.5
Feb-08	139.2	0.3	3.9	148.1	0.4	10.6
Mar-08	140.3	0.8	4.2	149.9	1.2	11.0
Apr-08	141.5	0.8	5.2	153.1	2.2	11.9
May-08	142.0	0.4	5.6	154.7	1.1	12.1
Jun-08	142.4	0.3	5.8	156.7	1.3	13.2
Jul-08	147.5	3.6	8.5	159.2	1.6	14.0
Aug-08	147.8	0.2	8.4	160.8	1.0	13.4
Sep-08	148.0	0.1	8.4	161.9	0.7	14.2
Oct-08	150.1	1.4	9.8	161.7	-0.1	13.3
Nov-08	150.9	0.5	11.1	162.5	0.5	12.1
Dec-08	151.1	0.1	11.5	161.4	-0.7	10.6
Average	**145.0**	**0.9**	**7.2**	**156.5**	**0.8**	**12.2**
2009						
Jan-09	153.6	1.6	10.7	165.3	2.5	12.1
Feb-09	154.7	0.7	11.1	165.6	0.2	11.9
Mar-09	155.0	0.2	10.4	166.6	0.6	11.2
Apr-09	154.5	-0.3	9.2	167.6	0.6	9.5
May-09	154.2	-0.2	8.6	170.6	1.8	10.2
Jun-09	154.5	0.3	8.5	171.5	0.5	9.4
Jul-09	156.4	1.2	6.0	172.5	0.6	8.3
Aug-09	156.9	0.3	6.1	174.6	1.2	8.5
Sep-09	156.4	-0.3	5.6	174.8	0.1	7.9
Oct-09	156.4	0	4.2	175.8	0.6	8.7
Nov-09	157.0	0.4	4.0	175.9	0.1	8.2
Dec-09	157.2	0.1	4.0	175.5	-0.3	8.7
Average	**156.0**	**0.3**	**7.4**	**171.4**	**0.7**	**9.6**
2010						
Jan-10	162.2	3.2	5.6	176.4	0.5	6.7
Feb-10	162.2	0	4.8	177.4	0.6	7.1
Mar-10	163.5	0.8	5.5	177.0	-0.3	6.2
Apr-10	164.0	0.3	6.1	176.6	-0.2	5.4
May-10	165.3	0.8	7.2	176.1	-0.3	3.2
Jun-10	165.7	0.2	7.2	175.9	-0.1	2.6
Jul-10	167.7	1.2	7.2	177.9	1.1	3.2
Aug-10	167.5	-0.1	6.8	177.6	-0.2	1.7
Sep-10	167.6	0	7.2	177.8	0.1	1.7
Oct-10	167.8	0.1	7.3	177.4	-0.2	0.9
Nov-10	168.3	0.3	7.2	178.0	0.3	1.2
Dec-10	167.6	-0.4	6.6	177.4	-0.3	1.1
Average	**165.8**	**0.5**	**6.6**	**177.1**	**0.1**	**3.4**
2011						
Jan-11	172.2	2.7	6.1	179.7	1.3	1.9
Feb-11	172.7	0.3	6.4	179.6	-0.1	1.2

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Table II.1(a) Central bank survey (end of period in N$ million)

	Jan-08	Feb-08	Mar-08	Apr-08	May-08	Jun-08	Jul-08	Aug-08	Sep-08	Oct-08	Nov-08	Dec-08
Assets												
Net foreign assets	8497.9	8656.7	8900.8	9949.6	9441.9	9697.8	11758.2	10730.8	10942.1	13805.3	12725.8	12857.5
Claims on nonresidents	8580.7	8704.0	8946.1	9988.4	9497.8	9744.9	11859.3	10833.0	11053.4	13922.6	12844.2	12977.0
Monetary gold and SDR holdings	0.2	0.2	0.3	0.2	0.2	0.3	0.2	0.2	0.3	0.3	0.3	0.3
Foreign currency	153.3	69.8	121.2	119.1	138.9	156.1	122.4	132.6	123.8	99.1	144.6	43.8
Deposits	8289.3	8609.1	8787.9	9819.6	9295.8	9513.5	5917.4	4381.5	4827.4	7202.5	5710.3	6587.2
Securities other than shares	0.0	0.0	-0.0	0.0	0.0	0.0	5733.1	6222.1	5992.3	6499.5	6854.1	6200.9
Loans	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Financial derivatives	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other	137.8	24.9	36.8	49.4	62.9	75.1	86.2	96.4	109.7	121.2	134.9	144.9
less: Liabilities to nonresidents	-82.8	-47.4	-45.3	-38.8	-55.9	-47.1	-101.1	-102.1	-111.3	-117.3	-118.5	-119.5
Deposits	-32.8	-27.1	-28.2	-22.5	-39.7	-30.1	-27.1	-27.4	-35.0	-37.1	-38.7	-40.7
Securities other than shares	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Loans	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Financial derivatives	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other	-49.9	-20.3	-17.2	-16.2	-16.3	-17.0	-74.0	-74.7	-76.3	-80.2	-79.7	-78.8
Claims on other depository corporations	844.9	878.2	900.3	936.0	912.6	1012.4	529.5	710.1	966.2	312.1	73.5	162.4
Net claims on central government	-5632.0	-5193.1	-4841.9	-6572.0	-6079.1	-6301.6	-7857.5	-7013.2	-6578.1	-8107.7	-6892.5	-6664.4
Claims on central government	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Securities	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other claims	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
less: Liabilities to central government	-5632.0	-5193.1	-4841.9	-6572.0	-6079.1	-6301.6	-7857.5	-7013.3	-6578.2	-8107.7	-6892.5	-6664.4
Deposits	-5632.0	-5177.2	-4826.0	-6556.2	-6063.3	-6285.7	-7841.7	-6997.4	-6562.3	-8091.9	-6876.7	-6648.6
Other liabilities	0.0	-15.9	-15.9	-15.9	-15.9	-15.9	-15.9	-15.9	-15.9	-15.9	-15.9	-15.9
Claims on other sectors	16.8	21.6	21.3	22.3	22.6	22.8	23.0	23.3	23.3	24.1	23.8	23.4
Other financial corporations	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
State and local government	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Public nonfinancial corporations	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other nonfinancial corporations	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other resident sectors	16.8	21.6	21.3	22.3	22.6	22.8	23.0	23.3	23.3	24.1	23.8	23.4

	Jan-09	Feb-09	Mar-09	Apr-09	May-09	Jun-09	Jul-09	Aug-09	Sep-09	Oct-09	Nov-09	Dec-09
Assets												
Net foreign assets	15104.9	14570.6	12800.9	14443.6	14023.3	13541.9	14362.6	13973.9	13404.3	14477.7	12998.8	12569.8
Claims on nonresidents	15225.7	14690.8	13990.5	14556.6	14134.7	13651.5	14442.5	15281.8	15005.2	16164.4	14657.3	14156.3
Monetary gold and SDR holdings	0.3	0.3	0.3	0.3	0.2	0.2	0.2	1231.3	1519.5	1604.5	1547.8	1505.9
Foreign currency	128.0	99.1	68.3	87.3	208.7	371.4	168.2	56.8	120.3	156.6	111.8	127.8
Deposits	9066.5	8609.4	7853.1	14410.8	13851.6	13193.5	14172.0	13876.6	13235.9	14260.3	12839.1	12357.6
Securities other than shares	6016.3	5953.2	6024.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Loans	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Financial derivatives	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other	14.6	28.8	44.7	58.3	74.2	86.4	102.0	117.1	129.5	143.0	158.6	164.9
less: Liabilities to nonresidents	-120.8	-120.2	-1189.5	-113.0	-111.4	-109.7	-79.9	-1307.9	-1600.9	-1686.6	-1658.5	-1586.4
Deposits	-40.2	-39.1	-39.5	-35.5	-35.2	-34.6	-4.8	-1235.8	-1524.7	-1609.7	-1582.6	-1511.1
Securities other than shares	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Loans	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Financial derivatives	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other	-80.6	-81.0	-1150.0	-77.5	-76.3	-75.0	-75.1	-72.1	-76.2	-76.9	-75.9	-75.3
Claims on other depository corporations	304.1	415.9	391.5	74.0	156.7	145.2	254.3	35.8	122.5	253.0	115.7	38.0
Net claims on central government	-8808.5	-8600.9	-7233.5	-9126.5	-8903.4	-8362.8	-9285.5	-8226.3	-8002.6	-8685.3	-7186.6	-6966.5
Claims on central government	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Securities	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other claims	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
less: Liabilities to central government	-8808.5	-8601.0	-7233.5	-9126.6	-8903.4	-8362.9	-9285.6	-8226.3	-8002.6	-8685.4	-7186.7	-6966.6
Deposits	-8802.6	-8595.1	-7227.7	-9120.7	-8897.6	-8360.0	-9282.7	-8223.5	-7999.8	-8682.5	-7183.8	-6963.7
Other liabilities	-5.9	-5.9	-5.9	-5.9	-5.9	-2.8	-2.8	-2.8	-2.8	-2.8	-2.8	-2.8
Claims on other sectors	22.8	22.7	23.2	23.1	22.3	22.0	21.7	21.1	21.6	22.1	21.2	21.4
Other financial corporations	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
State and local government	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Public nonfinancial corporations	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other nonfinancial corporations	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other resident sectors	22.8	22.7	23.2	23.1	22.3	22.0	21.7	21.1	21.6	22.1	21.2	21.4

	Jan-10	Feb-10	Mar-10	Apr-10	May-10	Jun-10	Jul-10	Aug-10	Sep-10	Oct-10	Nov-10	Dec-10
Assets												
Net foreign assets	13113.1	13004.5	11496.5	11950.9	11478.2	11065.5	10987.2	10672.6	10273.4	10576.0	9137.4	9097.5
Claims on nonresidents	14723.3	14635.4	13037.1	13475.3	13034.8	12577.9	12522.3	12202.6	11759.2	12089.4	10640.3	10483.3
Monetary gold and SDR holdings	1529.3	1547.4	1459.0	1442.7	1472.3	1473.8	1459.5	1454.0	1410.0	1438.2	1427.5	1331.6
Foreign currency	152.1	109.9	85.6	136.4	163.1	148.4	140.4	185.0	154.6	279.3	296.3	73.2
Deposits	13028.0	12951.9	11451.2	11843.8	11334.0	10876.7	10831.2	10459.3	10064.6	10228.4	8760.2	8909.6
Securities other than shares	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Loans	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Financial derivatives	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other	13.9	26.2	41.3	52.4	65.4	79.0	91.2	104.3	130.0	143.5	156.4	168.9
less: Liabilities to nonresidents	-1610.2	-1630.9	-1540.6	-1524.4	-1556.6	-1512.4	-1535.2	-1530.0	-1485.8	-1513.5	-1502.9	-1385.7
Deposits	-1534.5	-1553.8	-1465.3	-1449.0	-1478.5	-1482.1	-1467.9	-1462.2	-1418.3	-1446.6	-1435.7	-1339.7
Securities other than shares	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Loans	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Financial derivatives	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other	-75.7	-77.1	-75.3	-75.4	-78.0	-30.4	-67.3	-67.7	-67.5	-66.8	-67.2	-46.1
Claims on other depository corporations	37.4	37.6	37.7	136.3	333.0	117.4	38.8	38.9	39.1	39.2	39.3	39.6
Net claims on central government	-7477.7	-6875.0	-5135.3	-5982.2	-5148.0	-5562.5	-5603.9	-5447.5	-4307.7	-4240.3	-2812.2	-3481.0
Claims on central government	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Securities	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other claims	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
less: Liabilities to central government	-7477.8	-6875.1	-5135.4	-5982.2	-5148.1	-5562.6	-5603.9	-5447.6	-4307.8	-4240.3	-2812.3	-3481.0
Deposits	-7474.9	-6872.2	-5132.5	-5979.4	-5145.2	-5559.7	-5601.1	-5444.7	-4304.9	-4237.5	-2809.4	-3478.2
Other liabilities	-2.8	-2.8	-2.8	-2.8	-2.8	-2.8	-2.8	-2.8	-2.8	-2.8	-2.8	-2.8
Claims on other sectors	21.5	21.4	22.2	21.7	21.9	22.0	22.0	21.6	21.4	21.5	21.4	21.9
Other financial corporations	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
State and local government	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Public nonfinancial corporations	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other nonfinancial corporations	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other resident sectors	21.5	21.4	22.2	21.7	21.9	22.0	22.0	21.6	21.4	21.5	21.4	21.9

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Table II.1(b) Central bank survey (end of period in N$ million)

	Jan-08	Feb-08	Mar-08	Apr-08	May-08	Jun-08	Jul-08	Aug-08	Sep-08	Oct-08	Nov-08	Dec-08
Liabilities												
Monetary base	**2151.1**	**2433.1**	**2449.2**	**2416.7**	**2451.7**	**2229.4**	**2653.5**	**2614.6**	**2980.4**	**2717.5**	**2726.0**	**3101.1**
Currency in circulation	1177.7	1198.7	1263.0	1260.1	1266.5	1267.5	1358.4	1383.8	1463.6	1524.7	1570.4	1656.9
Liabilities to other depository corporations	973.4	1234.3	1186.2	1156.5	1185.2	961.9	1295.1	1230.8	1516.8	1192.8	1155.7	1444.2
Reserve deposits	348.4	392.3	332.8	342.7	459.7	415.2	474.6	492.5	428.8	471.6	462.4	467.9
Other liabilities	625.0	842.0	853.4	813.8	725.5	546.7	820.5	738.3	1087.9	721.2	693.2	976.2
Deposits included in broad money	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Transferable deposits	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other deposits	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Securities other than shares, included in broad money	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**
Deposits excluded from broad money	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**
Of which: Other financial corporations	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Securities other than shares, excluded from broad money	**625.0**	**842.0**	**853.4**	**813.8**	**725.5**	**546.7**	**391.8**	**505.7**	**515.5**	**555.9**	**575.6**	**749.6**
Of which: Other financial corporations	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Loans	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**
Of which: Other financial corporations	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Financial derivatives	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**
Of which: Other financial corporations	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Trade credit and advances	**10.1**	**10.9**	**10.6**	**5.6**	**4.6**	**2.7**	**6.1**	**7.2**	**7.2**	**7.0**	**17.8**	**8.3**
Of which: Other financial corporations	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Shares and other equity	**1730.4**	**2082.2**	**2662.0**	**2064.1**	**1984.6**	**2339.7**	**1932.7**	**1967.1**	**2504.4**	**3447.1**	**3333.2**	**3417.6**
Funds contributed by owners	40.0	40.0	40.0	40.0	40.0	40.0	40.0	40.0	40.0	40.0	40.0	40.0
Retained earnings	213.8	190.3	190.3	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
General and special reserves	302.8	306.0	306.0	427.4	427.4	427.4	427.4	427.4	427.4	427.4	427.4	427.4
SDR allocations	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Valuation adjustment	1157.0	1502.9	2069.0	1536.0	1462.4	1810.9	1343.9	1342.3	1745.2	2500.9	2451.2	2428.7
Current year result	16.8	42.9	56.7	60.7	54.8	61.4	121.3	157.4	291.7	478.7	414.5	521.5
Other items (net)	**-164.0**	**-162.8**	**-141.2**	**-150.5**	**-143.0**	**-140.4**	**-139.0**	**-137.8**	**-138.4**	**-137.7**	**-146.4**	**-148.0**
Other liabilities	24.1	24.0	43.5	39.8	39.9	39.9	40.1	40.5	40.8	41.3	41.5	46.2
less: Other assets	-188.1	-186.8	-184.7	-190.3	-182.9	-180.3	-179.1	-178.3	-179.2	-179.0	-187.9	-194.2

	Jan-09	Feb-09	Mar-09	Apr-09	May-09	Jun-09	Jul-09	Aug-09	Sep-09	Oct-09	Nov-09	Dec-09
Liabilities												
Monetary base	**3220.4**	**3121.7**	**2584.5**	**3310.2**	**3407.4**	**3548.5**	**3522.7**	**3861.1**	**3884.1**	**3952.5**	**4165.2**	**4060.0**
Currency in circulation	1526.7	1497.0	1531.8	1562.9	1538.9	1508.8	1505.8	1586.3	1548.1	1558.2	1652.2	1705.4
Liabilities to other depository corporations	1693.7	1624.7	1052.6	1747.3	1868.5	2039.7	2017.0	2274.8	2336.0	2394.3	2513.0	2354.6
Reserve deposits	597.9	466.3	422.7	508.4	543.2	518.8	480.1	475.4	452.5	766.4	971.5	851.0
Other liabilities	1095.8	1158.4	629.9	1238.9	1325.3	1520.9	1536.9	1799.4	1883.6	1628.0	1541.5	1503.6
Deposits included in broad money	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Transferable deposits	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other deposits	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Securities other than shares, included in broad money	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**
Deposits excluded from broad money	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**
Of which: Other financial corporations	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Securities other than shares, excluded from broad money	**909.5**	**1001.2**	**0.0**	**1032.3**	**1199.8**	**1342.7**	**1351.8**	**1520.0**	**1552.6**	**1581.8**	**1541.5**	**1503.6**
Of which: Other financial corporations	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Loans	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**
Of which: Other financial corporations	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Financial derivatives	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**
Of which: Other financial corporations	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Trade credit and advances	**7.5**	**7.9**	**8.2**	**11.6**	**7.0**	**20.1**	**6.0**	**33.2**	**4.5**	**7.5**	**7.9**	**9.5**
Of which: Other financial corporations	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Shares and other equity	**3544.8**	**3421.5**	**3453.6**	**2240.4**	**2031.3**	**1932.5**	**1978.3**	**2093.7**	**1837.9**	**2289.3**	**1962.1**	**1786.0**
Funds contributed by owners	40.0	40.0	40.0	40.0	40.0	40.0	40.0	40.0	40.0	40.0	40.0	40.0
Retained earnings	500.8	501.6	501.6	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
General and special reserves	427.4	427.4	427.4	675.7	675.7	675.7	675.7	675.7	675.7	675.7	675.7	675.7
SDR allocations	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Valuation adjustment	2577.6	2382.2	2370.1	1388.6	1186.9	1060.5	1069.8	1164.1	891.4	1340.1	990.0	833.1
Current year result	-1.1	70.2	114.5	136.1	128.7	156.3	192.7	213.8	230.9	233.5	256.4	237.2
Other items (net)	**-149.2**	**-142.9**	**-64.2**	**-148.1**	**-146.8**	**-154.8**	**-154.9**	**-184.7**	**-181.2**	**-181.4**	**-185.8**	**-192.5**
Other liabilities	45.1	46.1	47.2	47.2	47.3	49.8	50.3	48.8	48.9	45.8	43.5	38.1
less: Other assets	-194.3	-189.1	-111.3	-195.3	-194.0	-204.6	-205.1	-233.5	-230.0	-227.2	-229.3	-230.6

	Jan-10	Feb-10	Mar-10	Apr-10	May-10	Jun-10	Jul-10	Aug-10	Sep-10	Oct-10	Nov-10	Dec-10
Liabilities												
Monetary base	**4210.3**	**4434.3**	**5029.2**	**5002.8**	**5534.9**	**4459.8**	**4333.8**	**4208.1**	**5038.1**	**5325.0**	**5376.6**	**4881.9**
Currency in circulation	1526.7	1506.6	1590.6	1595.2	1649.8	1652.3	1668.8	1798.1	1738.6	1758.1	1857.0	1909.3
Liabilities to other depository corporations	2683.6	2927.7	3438.6	3407.6	3885.1	2807.5	2665.1	2409.9	3299.6	3566.9	3519.7	2972.5
Reserve deposits	815.0	1052.6	1580.2	1499.5	1944.7	1026.8	1131.3	1046.6	1924.9	1917.2	1924.2	1334.2
Other liabilities	1868.6	1875.1	1858.4	1908.1	1940.4	1780.6	1533.8	1363.3	1374.6	1649.7	1595.5	1638.4
Deposits included in broad money	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Transferable deposits	0.0	0.0	0.0	0.0	0.0	-0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other deposits	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Securities other than shares, included in broad money	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**
Deposits excluded from broad money	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**
Of which: Other financial corporations	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Securities other than shares, excluded from broad money	**1868.6**	**1875.1**	**1858.4**	**1908.1**	**1940.4**	**1780.6**	**1533.8**	**1363.3**	**1374.6**	**1649.7**	**1595.5**	**1638.4**
Of which: Other financial corporations	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Loans	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**
Of which: Other financial corporations	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Financial derivatives	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**
Of which: Other financial corporations	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Trade credit and advances	**5.7**	**5.0**	**4.4**	**7.3**	**5.1**	**2.5**	**1.9**	**9.7**	**2.7**	**3.8**	**2.6**	**7.3**
Of which: Other financial corporations	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Shares and other equity	**1698.5**	**1967.4**	**1508.5**	**1340.2**	**1377.3**	**1414.9**	**1340.4**	**1300.4**	**1216.9**	**1301.4**	**1234.8**	**1008.0**
Funds contributed by owners	40.0	40.0	40.0	40.0	40.0	40.0	40.0	40.0	40.0	40.0	40.0	40.0
Retained earnings	237.2	237.2	237.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
General and special reserves	675.7	675.7	675.7	798.4	798.4	798.4	798.4	798.4	798.4	798.4	798.4	798.4
SDR allocations	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Valuation adjustment	864.6	937.1	473.6	400.4	403.3	433.8	360.5	291.5	206.6	297.8	230.1	25.1
Current year result	-119.1	77.3	82.1	101.4	135.6	142.7	141.5	170.4	171.9	165.2	166.3	144.5
Other items (net)	**-219.9**	**-218.5**	**-120.8**	**-223.3**	**-232.2**	**-234.7**	**-232.2**	**-232.6**	**-231.5**	**-233.8**	**-228.1**	**-219.2**
Other liabilities	35.1	34.7	34.5	34.2	34.1	34.1	33.9	33.9	33.7	33.7	33.6	44.9
less: Other assets	-255.0	-253.3	-155.3	-257.5	-266.3	-268.8	-266.1	-266.5	-265.2	-267.5	-261.8	-264.1

Table II.2(a) Other depository corporations survey (end of period in N$ million)

Assets	Jan-08	Feb-08	Mar-08	Apr-08	May-08	Jun-08	Jul-08	Aug-08	Sep-08	Oct-08	Nov-08	Dec-08
Net foreign assets	1864.5	1886.0	1870.0	2482.6	2522.7	1557.0	2829.8	907.6	1636.6	2712.7	2946.6	726.7
Claims on nonresidents	2758.3	2844.1	2824.1	3444.9	3460.6	2871.3	3869.9	1947.5	2533.8	3620.8	3969.8	1809.3
Foreign currency	137.1	186.4	207.8	219.6	182.8	182.7	174.9	251.8	347.7	360.9	360.2	273.5
Deposits	2566.6	2602.8	2560.7	3168.7	3219.9	2570.5	3574.1	1366.0	1824.7	2855.9	3297.3	1271.9
Securities other than shares	0.0	0.0	0.0	0.0	0.0	60.6	61.2	251.6	284.3	326.1	232.1	172.8
Loans	54.6	54.9	55.6	56.5	57.8	57.4	59.7	64.4	66.1	66.9	68.9	80.4
Financial derivatives	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other	0.0	0.0	0.0	0.0	0.0	0.0	0.0	13.7	11.0	11.0	11.3	10.7
less: Liabilities to nonresidents	-893.8	-958.1	-954.1	-962.3	-937.8	-1314.3	-1040.1	-1039.9	-897.2	-908.1	-1023.2	-1082.6
Deposits	-235.4	-286.7	-288.1	-293.5	-265.9	-645.4	-366.3	-372.3	-235.2	-245.7	-193.2	-294.2
Securities other than shares	-442.2	-444.8	-439.4	-442.2	-445.0	-439.3	-442.2	-445.0	-439.4	-442.2	-609.8	-568.3
Loans	-216.3	-226.6	-226.6	-226.6	-226.9	-229.6	-231.7	-222.6	-222.6	-220.2	-220.2	-220.2
Financial derivatives	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Claims on central bank	1113.5	1558.9	1525.7	1498.7	1495.1	1275.0	1583.9	1631.3	1793.4	1621.8	1544.3	1972.2
Currency	395.2	316.7	334.8	322.3	306.6	310.2	372.4	324.4	387.2	290.4	349.3	516.5
Reserve deposits	348.2	392.2	332.7	342.6	459.5	415.0	439.8	491.4	428.7	471.5	430.3	651.1
Other claims	370.0	850.0	858.2	833.9	729.0	549.8	771.7	815.5	977.5	859.9	764.7	804.6
Net claims on central government	1964.0	1735.0	1785.3	1929.1	2005.7	2151.3	2172.8	2394.7	2297.8	2276.9	2144.1	2026.6
Claims on central government	2598.5	2321.3	2416.5	2441.9	2465.9	2578.5	2701.0	2915.9	2848.5	2762.4	2617.5	2631.7
Securities other than Shares	2583.6	2316.8	2304.1	2432.7	2451.7	2575.6	2698.1	2913.0	2845.0	2758.4	2612.9	2627.5
Other claims	14.9	4.5	112.4	9.2	14.2	2.9	2.9	2.9	3.5	4.0	4.6	4.2
less: Liabilities to central government	-634.5	-586.4	-631.3	-512.8	-460.2	-427.2	-528.3	-521.2	-550.7	-485.5	-473.4	-605.1
Deposits	-584.2	-536.1	-581.0	-462.5	-409.9	-376.0	-477.1	-470.1	-499.5	-437.0	-424.9	-557.4
Other liabilities	-50.2	-50.3	-50.3	-50.3	-50.4	-51.2	-51.2	-51.2	-51.2	-48.5	-48.5	-47.7
Claims on other sectors	32642.9	33616.6	33828.8	34275.1	33899.9	34445.7	34661.2	35014.4	35497.4	35548.9	35676.2	36586.8
Other financial corporations	2430.3	2874.6	2692.2	2890.9	2710.4	2899.6	2873.8	2798.7	3028.9	2635.0	2437.4	2572.1
State and local government	24.8	26.3	25.8	23.6	21.4	19.8	28.7	59.9	67.2	89.7	87.1	82.3
Public nonfinancial corporations	216.6	259.2	379.9	464.8	506.1	522.0	560.0	427.9	454.1	485.0	469.7	655.1
Other nonfinancial corporations	10070.8	10292.8	10560.4	10515.3	10116.7	10373.8	10514.6	10756.4	10871.6	10978.5	10959.7	11229.2
Other resident sectors	19900.4	20163.8	20170.5	20380.4	20545.3	20630.5	20684.2	20966.6	21070.8	21355.9	21717.4	22043.3
Unclassified shares and other equity	0.0	0.0	0.0	0.0	0.0	0.0	0.0	4.9	4.9	4.9	4.9	4.9

Assets	Jan-09	Feb-09	Mar-09	Apr-09	May-09	Jun-09	Jul-09	Aug-09	Sep-09	Oct-09	Nov-09	Dec-09
Net foreign assets	7764.7	6800.7	6660.1	7261.4	7088.7	7778.4	8270.1	8653.9	8166.1	10505.3	10137.4	10107.0
Claims on nonresidents	8828.6	8163.7	7676.7	8346.9	8206.7	8872.2	9169.1	9590.8	9361.7	11331.7	11007.9	10516.6
Foreign currency	315.1	224.0	277.7	273.3	240.3	176.9	191.9	182.7	150.3	207.1	199.7	144.2
Deposits	3349.1	2880.1	2692.7	3641.0	3694.4	3765.7	3732.3	4296.5	3671.5	5435.1	4732.8	4612.1
Securities other than shares	5065.0	4962.1	4603.7	4326.3	4168.9	4817.7	5140.8	5004.3	5431.9	5545.1	5936.4	5551.5
Loans	80.4	81.4	85.3	84.9	86.5	101.6	93.1	95.4	96.8	100.1	98.2	103.8
Financial derivatives	8.2	5.3	5.9	9.6	5.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other	10.8	10.8	11.3	11.8	11.6	10.3	11.0	11.9	11.2	44.4	40.8	105.0
less: Liabilities to nonresidents	-1063.9	-1362.9	-1016.5	-1085.5	-1118.0	-1093.8	-899.0	-936.9	-1195.5	-826.4	-870.5	-409.6
Deposits	-269.8	-562.6	-231.8	-303.2	-339.0	-303.5	-299.4	-361.8	-626.1	-323.2	-376.6	-309.0
Securities other than shares	-571.2	-573.7	-568.3	-571.1	-575.1	-569.3	-572.2	-575.1	-569.4	-491.1	-493.9	-100.6
Loans	-222.9	-226.6	-216.4	-211.2	-203.9	-221.0	-27.4	0.0	0.0	-12.1	0.0	0.0
Financial derivatives	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Claims on central bank	1909.2	1878.6	2434.9	2073.1	2210.2	2398.4	2348.6	2615.4	2812.0	2503.6	2679.9	2690.4
Currency	309.1	262.2	303.9	314.9	303.9	375.9	296.5	406.0	463.3	412.8	447.8	548.7
Reserve deposits	667.1	576.8	902.8	653.3	647.6	623.2	643.5	729.8	717.2	652.4	653.6	418.4
Other claims	933.0	1039.7	1228.2	1104.9	1258.7	1399.3	1408.5	1479.7	1631.5	1438.4	1578.5	1723.4
Net claims on central government	2281.5	2147.2	2008.5	1885.0	1738.1	1869.4	1764.3	1354.8	1392.1	1585.4	1527.9	1671.2
Claims on central government	2877.4	2681.4	2689.0	2507.3	2409.5	2519.4	2659.8	2653.9	2534.2	2760.0	2731.6	2814.0
Securities other than Shares	2856.9	2660.4	2668.1	2486.5	2388.8	2472.8	2612.5	2557.2	2482.7	2710.0	2676.2	2760.3
Other claims	20.5	20.9	20.9	20.8	20.8	46.6	47.4	96.7	51.5	50.0	55.4	53.6
less: Liabilities to central government	-595.9	-534.2	-680.5	-622.2	-671.4	-650.0	-895.5	-1299.1	-1142.1	-1174.6	-1203.7	-1142.7
Deposits	-548.9	-486.5	-525.3	-454.9	-491.1	-526.3	-755.8	-1135.8	-969.2	-983.4	-999.5	-1015.3
Other liabilities	-47.0	-47.6	-155.2	-167.3	-180.3	-123.7	-139.7	-163.3	-172.8	-191.2	-204.3	-127.4
Claims on other sectors	39205.1	39552.4	39764.2	41816.8	41807.8	41739.4	41855.6	42895.7	43245.9	43511.8	44714.0	44763.3
Other financial corporations	4965.4	5134.2	4984.4	6842.8	6647.5	6643.7	6478.3	7078.0	7074.2	7072.0	7755.0	7417.8
State and local government	89.4	78.2	76.6	69.6	83.1	93.2	82.5	96.2	82.0	93.7	83.8	86.3
Public nonfinancial corporations	736.7	714.1	666.1	702.8	773.5	844.8	853.7	857.0	749.9	776.3	779.9	689.0
Other nonfinancial corporations	11301.8	11691.2	11724.2	11938.6	11794.1	11675.2	12006.5	12205.8	12465.9	12675.7	12995.4	13248.1
Other resident sectors	22107.1	21929.7	22308.1	22258.1	22504.8	22477.1	22429.2	22653.3	22868.5	22888.8	23094.5	23319.7
Unclassified shares and other equity	4.9	4.9	4.9	4.9	4.9	5.4	5.4	5.4	5.4	5.4	5.4	2.4

Assets	Jan-10	Feb-10	Mar-10	Apr-10	May-10	Jun-10	Jul-10	Aug-10	Sep-10	Oct-10	Nov-10	Dec-10
Net foreign assets	11462.4	11491.1	11218.4	11218.1	10063.2	8860.2	9681.2	10456.0	9094.0	9662.1	10001.5	8909.4
Claims on nonresidents	11932.2	12126.5	11827.3	11936.4	10846.5	9575.1	10655.8	11454.9	9975.0	10656.1	10753.6	9799.1
Foreign currency	235.6	141.8	129.9	94.5	176.8	137.5	119.5	197.5	120.7	132.3	157.7	77.2
Deposits	5587.0	5640.7	5439.2	4905.9	5160.0	3881.5	5239.4	6132.8	4943.2	5407.6	5213.9	4478.0
Securities other than shares	5899.3	6131.3	6010.6	6692.9	5278.5	5273.6	5023.8	4835.0	4609.0	4743.2	4950.2	4812.8
Loans	105.6	106.8	108.6	106.6	108.2	112.2	110.4	115.5	112.8	125.0	127.5	132.3
Financial derivatives	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other	104.7	105.8	139.0	136.6	123.1	170.3	162.7	174.1	189.3	248.0	304.2	298.8
less: Liabilities to nonresidents	-469.8	-635.4	-608.9	-718.3	-783.4	-714.8	-974.6	-998.9	-881.0	-994.0	-752.1	-889.7
Deposits	-355.4	-525.0	-508.3	-617.7	-660.7	-614.2	-799.4	-827.6	-763.0	-864.9	-632.6	-789.1
Securities other than shares	-100.6	-100.6	-100.6	-100.6	-100.6	-100.6	-100.6	-100.6	-100.6	-100.6	-100.6	-100.6
Loans	-13.7	-9.9	0.0	0.0	-22.1	0.0	-74.6	-70.8	-17.4	-28.5	-18.9	0.0
Financial derivatives	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Claims on central bank	3110.7	2986.6	3582.6	3414.8	3757.0	2932.4	2757.0	2685.0	3460.6	3714.5	3771.6	3241.1
Currency	399.1	388.9	537.6	450.0	519.0	516.7	438.9	564.6	520.5	484.8	540.8	616.7
Reserve deposits	598.2	715.2	547.6	868.7	1784.8	881.6	1059.2	864.2	1765.0	1843.3	1751.8	1127.4
Other claims	2113.4	1882.4	2497.4	2096.0	1453.1	1534.2	1258.9	1256.1	1175.1	1386.4	1478.9	1497.1
Net claims on central government	1198.4	1420.2	1392.3	1708.2	1721.7	1269.5	1472.8	1494.4	1388.5	1305.7	1135.7	1642.1
Claims on central government	2392.8	2780.4	2843.6	3026.1	3003.9	2620.1	2721.2	2800.5	2861.9	2835.3	2854.9	3080.0
Securities other than Shares	2343.0	2731.0	2794.5	2976.1	2956.3	2569.3	2669.1	2749.4	2808.5	2770.7	2806.1	3031.4
Other claims	49.8	49.3	49.1	50.0	47.6	50.9	52.1	51.1	53.3	64.7	48.8	48.6
less: Liabilities to central government	-1194.5	-1360.2	-1451.4	-1317.9	-1282.2	-1350.6	-1248.5	-1306.1	-1473.4	-1529.7	-1719.2	-1437.9
Deposits	-1053.8	-1179.8	-1252.6	-1106.2	-1066.9	-1224.0	-1115.7	-1136.8	-1302.8	-1334.3	-1512.6	-1308.4
Other liabilities	-140.7	-180.4	-198.7	-211.7	-215.3	-126.6	-132.8	-169.3	-170.6	-195.4	-206.6	-129.5
Claims on other sectors	45101.2	44147.4	43592.1	44807.4	44654.8	45015.3	45952.9	46026.7	46157.2	47256.3	48202.3	48676.7
Other financial corporations	7485.5	7051.1	6958.1	6922.4	6958.7	6600.1	6987.9	7116.3	6824.7	7304.7	7969.5	7413.3
State and local government	85.1	70.7	24.5	62.2	57.4	92.8	27.1	50.1	67.6	74.5	88.9	116.6
Public nonfinancial corporations	702.9	604.8	648.3	620.7	506.2	639.6	624.4	537.1	507.7	505.2	497.1	506.1
Other nonfinancial corporations	13422.8	13041.8	12851.0	13346.6	13201.5	13563.1	14163.7	13931.1	13969.7	14465.5	14459.4	15106.9
Other resident sectors	23402.5	23376.6	23107.8	23853.2	23928.4	24117.2	24147.3	24389.6	24784.6	24903.5	25184.4	25530.5
Unclassified shares and other equity	2.4	2.4	2.4	2.4	2.6	2.6	2.6	2.6	2.8	2.9	2.9	3.3

Table II.2(b) Other depository corporations survey (end of period in N$ million)

Liabilities	Jan-08	Feb-08	Mar-08	Apr-08	May-08	Jun-08	Jul-08	Aug-08	Sep-08	Oct-08	Nov-08	Dec-08	Jan-09	Feb-09	Mar-09	Apr-09	May-09	Jun-09
Liabilities to central bank	851.1	881.1	823.6	872.6	916.3	1011.8	524.6	706.6	695.0	415.6	68.5	158.0	231.8	413.2	389.0	70.5	152.8	141.7
Deposits included in broad money	25120.1	26829.5	26097.5	26844.4	26810.8	27037.8	28786.6	27111.5	27909.4	27938.2	28490.9	28096.9	46826.0	46572.1	42755.8	43937.6	44367.4	45106.0
Transferable deposits	14728.3	16645.5	16362.3	16717.4	16420.1	17265.2	18716.4	17761.4	17977.5	16394.9	17276.3	17430.6	17746.6	17683.6	18608.4	18473.1	18650.6	19033.6
Other financial corporations	2466.0	2640.3	3063.6	3354.0	3289.5	3151.8	3852.5	2891.4	3207.7	2477.7	1905.1	1597.3	1666.0	1778.5	1927.0	1675.9	1749.3	2095.2
State and local government	242.9	303.3	238.0	312.3	303.0	323.1	243.9	233.3	236.6	268.2	289.1	258.0	249.5	264.9	257.0	265.8	261.9	286.1
Public nonfinancial corporations	691.1	625.8	509.6	461.7	729.2	432.9	823.5	690.2	585.9	500.8	637.3	616.6	658.4	910.1	939.0	1269.0	1098.4	1638.7
Other nonfinancial corporations	8288.9	9511.3	9255.0	9579.3	9248.3	10209.0	10704.7	10582.0	10677.4	10017.1	9990.2	10032.6	10873.9	10306.9	10526.7	10722.0	10983.3	10496.1
Other resident sectors	3039.5	3564.8	3296.1	3010.2	2850.1	3148.5	3091.8	3364.5	3269.8	3131.0	4454.5	4926.1	4298.8	4423.3	4958.8	4540.4	4557.8	4517.5
Unclassified	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other deposits	10391.8	10184.0	9735.3	10127.0	10390.7	9772.6	10070.2	9350.1	9931.9	11543.3	11214.6	10666.4	29079.3	28888.5	24147.5	25464.5	25716.8	26072.5
Other financial corporations	779.7	719.4	824.8	913.4	1045.7	874.2	869.0	852.7	877.0	822.8	729.2	314.4	2020.1	2111.0	1972.5	2197.4	2489.1	2555.8
State and local government	427.5	465.2	399.9	461.5	451.9	472.3	407.4	329.2	298.9	264.0	254.3	242.3	307.5	315.7	354.0	367.6	420.3	405.1
Public nonfinancial corporations	1087.2	951.3	748.5	1043.5	982.2	944.3	757.2	598.9	653.8	877.2	910.8	982.6	1759.2	1621.7	1539.5	1697.7	1599.3	2089.2
Other nonfinancial corporations	4543.8	4302.2	4169.1	4150.6	4044.2	3638.7	4311.7	3849.3	4243.2	5374.7	5193.0	5279.6	4918.3	4551.1	4706.3	4766.4	4582.3	4242.3
Other resident sectors	3529.9	3728.1	3575.2	3540.1	3849.0	3825.3	3707.1	3702.1	3838.3	4183.8	4105.9	3826.7	19507.7	19717.9	15001.3	15889.0	16090.6	16271.9
Unclassified	23.7	17.7	17.7	17.7	17.7	17.7	17.7	17.8	20.8	20.8	21.6	20.8	566.6	571.2	573.9	546.5	535.2	508.2
Securities other than shares, included in broad money	6.0	3.9	3.9	3.9	3.9	3.9	3.9	3.9	3.9	3.9	3.9	3.9	3.9	3.9	3.9	3.9	3.9	3.9
Deposits excluded from broad money	1596.8	1013.2	1357.9	1710.6	1365.3	867.3	836.4	757.8	913.1	1022.6	984.1	741.5	1891.4	1958.7	1727.9	1811.4	1855.7	1982.5
Securities other than shares, excluded from broad money	4699.6	4699.4	5265.2	5168.5	5034.5	5461.6	5868.9	5884.6	6135.1	6633.7	6788.3	6491.6	6440.2	6060.0	6796.1	7179.0	6905.5	6979.8
Of which: Other financial corporations	3945.6	3862.6	4423.9	4296.8	4260.5	4602.3	5036.8	5037.2	5238.7	5730.5	5760.2	5580.0	5536.5	5196.2	5945.9	6321.6	6018.4	6070.6
Loans	6.8	6.5	6.5	6.2	6.2	6.2	6.2	6.2	6.2	5.9	5.9	6.9	7.0	5.9	7.7	5.1	15.5	15.5
Financial derivatives	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Trade credit and advances	28.3	0.0	95.4	43.9	35.4	61.9	53.3	88.6	65.9	167.6	49.1	111.4	111.8	91.1	124.6	116.5	128.5	29.3
Shares and other equity	4982.5	5095.3	5112.8	5165.1	5256.5	5351.3	5387.4	5454.5	5491.3	5653.2	5735.1	5965.2	6073.5	5808.5	6047.6	6086.6	6166.3	6231.7
Funds contributed by owners	579.4	579.4	579.4	579.4	579.4	579.4	579.4	1722.2	1722.2	1850.3	1850.3	1850.3	1850.3	1722.2	1850.3	1850.3	1850.3	1850.3
Retained earnings	1453.7	1453.4	1452.2	1439.6	1439.5	1510.0	1522.6	1815.6	1816.6	1891.4	1891.4	1891.8	2041.3	1994.9	2027.1	2041.4	2174.0	2363.2
General and special reserves	2791.3	2828.0	2793.4	2822.0	2866.7	2922.7	3069.3	1597.2	1605.9	1612.9	1620.9	1633.0	1646.2	1650.7	1662.1	1669.6	1682.9	1734.5
Valuation adjustment	0.0	0.0	0.0	0.0	0.0	0.0	0.0	9.5	8.9	5.7	11.2	17.0	15.0	13.2	12.4	14.0	12.7	10.2
Current Year Result	158.2	234.6	287.8	324.0	370.8	339.2	216.2	310.0	337.7	292.8	361.2	573.1	520.7	427.5	495.6	511.3	446.2	273.4
Other items (net)	293.7	267.4	246.8	301.8	494.5	-372.7	-210.6	-65.8	5.3	319.5	185.4	-263.2	-10425.1	-10534.5	-6985.0	-6174.1	-6750.7	-6704.9
Other liabilities	2140.2	2141.1	2069.8	2203.8	2625.8	2092.1	2103.9	2159.7	2229.1	2504.2	2850.5	2159.2	1956.7	2079.6	2221.2	2365.2	2100.5	2050.8
less: Other assets	-1853.4	-1873.9	-1825.2	-1902.6	-2107.9	-2452.4	-2303.0	-2218.3	-2226.8	-2157.7	-2509.2	-2410.7	-2099.5	-2248.1	-2406.6	-2430.1	-2191.2	-2528.8
plus: Consolidation adjustment	6.8	0.2	2.3	0.6	-23.5	-12.4	-11.5	-7.2	3.0	-27.0	-155.9	-11.7	-10282.3	-10366.1	-6799.6	-6109.1	-6660.0	-6226.9

Liabilities	Jul-09	Aug-09	Sep-09	Oct-09	Nov-09	Dec-09	Jan-10	Feb-10	Mar-10	Apr-10	May-10	Jun-10	Jul-10	Aug-10	Sep-10	Oct-10	Nov-10	Dec-10
Liabilities to central bank	250.8	32.6	119.4	250.1	112.7	33.6	34.3	34.5	34.7	133.4	330.5	35.5	36.2	36.4	36.6	36.8	36.9	36.7
Deposits included in broad money	45722.7	45266.0	44897.8	46670.6	47240.9	47383.6	48396.9	48180.7	49669.2	50747.3	50604.4	48173.2	48619.5	49726.6	49856.2	50842.0	51794.7	51876.4
Transferable deposits	19004.0	18817.2	18409.8	19550.4	19624.4	19741.5	20936.5	20888.5	21780.7	22177.8	22391.2	19928.6	20330.4	21578.4	21834.4	21596.7	22341.6	22760.4
Other financial corporations	1770.2	1829.9	2087.5	2149.0	1974.3	1733.1	1859.3	1754.3	2779.1	4202.7	3756.8	2056.3	1852.8	2032.3	2100.2	2035.0	2083.1	1997.5
State and local government	254.2	276.5	266.3	345.3	317.0	248.4	300.1	247.2	272.9	320.0	271.9	330.5	233.6	228.6	201.6	353.6	341.7	415.7
Public nonfinancial corporations	1958.2	1804.0	1700.8	1524.0	1915.3	1923.8	2349.2	1952.4	2096.3	1929.6	1903.4	1781.3	2167.1	1954.7	1953.6	2005.0	2084.2	1817.4
Other nonfinancial corporations	10877.3	10340.2	9856.8	10756.6	10741.0	11141.4	11517.6	12076.2	11871.6	11110.2	11695.0	10961.5	11722.7	12555.6	12484.1	12191.2	12610.7	13332.2
Other resident sectors	4144.2	4566.6	4498.4	4775.6	4676.8	4694.7	4910.3	4858.4	4760.7	4615.2	4764.2	4799.0	4354.1	4807.1	5094.9	5011.9	5221.9	5197.6
Unclassified	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other deposits	26718.8	26448.8	26488.0	27120.2	27616.5	27642.1	27460.4	27292.2	27888.5	28569.5	28213.2	28244.6	28289.1	28148.2	28021.8	29245.3	29453.1	29116.0
Other financial corporations	2542.3	2248.4	2184.4	2319.6	2062.5	2066.1	2099.0	2589.8	2823.5	2502.8	2556.9	2603.4	3060.3	4148.6	2791.0	2949.9	3181.8	3357.6
State and local government	430.0	319.2	288.1	273.1	303.0	245.1	241.0	353.6	355.1	339.5	464.9	430.8	379.7	388.6	498.3	517.1	584.6	522.2
Public nonfinancial corporations	2040.6	1947.9	1911.7	2110.8	1896.5	2079.2	1754.2	1682.4	1492.0	2034.9	2047.7	1859.2	1854.0	2038.6	1923.5	1865.9	1795.8	1731.4
Other nonfinancial corporations	4198.7	4609.3	4963.9	4829.8	4968.6	5241.8	4926.1	4418.9	4944.5	5191.3	5144.1	5671.1	5321.3	5125.0	4583.4	5613.5	5067.2	5015.7
Other resident sectors	16986.6	16821.2	16637.8	17105.4	17910.2	17487.8	17957.4	17703.9	17861.0	18052.7	17420.3	17236.8	17209.8	15971.2	17746.0	17806.2	18334.1	18003.1
Unclassified	520.6	502.9	502.0	481.3	475.7	522.0	482.8	543.6	412.5	448.3	579.3	443.4	464.0	476.2	479.6	492.7	489.7	486.0
Securities other than shares, included in broad money	3.9	4.0	3.9	3.9	3.9	3.9	3.9	3.9	3.9	3.9	3.9	3.9	3.9	3.9	0.0	0.0	0.0	0.0
Deposits excluded from broad money	1852.7	2151.2	2085.7	2104.3	2198.8	2228.5	2457.0	1690.7	1537.6	1324.7	1390.6	1454.5	1415.4	1259.8	1289.1	1417.0	1490.5	1023.2
Securities other than shares, excluded from broad money	6950.9	7998.2	8347.8	9286.0	10159.6	10553.0	10440.6	10466.1	10579.7	10152.6	9791.4	10369.3	11224.1	11227.0	11321.1	11341.3	11243.9	10798.9
Of which: Other financial corporations	6156.5	7189.5	7613.7	8431.9	8960.6	9369.5	9187.5	9168.9	9286.6	8896.9	8525.2	9325.2	10199.9	10150.6	10247.7	10221.5	10275.4	9821.3
Loans	36.5	36.7	36.9	35.2	35.4	34.7	34.9	35.0	34.1	33.1	33.3	33.5	33.5	30.7	33.6	33.6	33.6	32.3
Financial derivatives	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Trade credit and advances	80.2	81.6	55.6	4.4	31.3	-16.9	97.2	108.3	92.6	92.6	92.6	92.6	92.6	92.6	92.6	92.7	92.7	92.7
Shares and other equity	6247.7	6327.2	6434.9	6555.5	6563.5	6469.1	6565.4	6582.2	6642.6	6663.6	6757.8	6804.8	6872.7	6936.2	7058.8	7011.2	7123.8	7302.7
Funds contributed by owners	1850.3	1881.3	1881.3	1881.3	1881.3	1881.3	1881.3	1929.8	1929.8	1960.8	1960.8	1960.8	1960.8	1960.8	1960.8	1960.8	1960.8	2021.0
Retained earnings	2382.6	2376.0	2376.4	2376.4	2376.2	2377.2	2346.9	2759.6	2769.0	2762.0	2770.5	2823.9	3056.7	3009.4	3067.1	3069.5	3079.3	3116.4
General and special reserves	1803.4	1809.2	1822.2	1837.2	1846.1	1861.5	1872.2	1417.7	1418.2	1419.7	1418.2	1568.1	1560.5	1561.1	1561.1	1499.5	1498.2	1500.8
Valuation adjustment	11.4	15.4	13.7	15.2	14.6	16.7	16.2	19.2	22.7	22.3	19.8	17.7	21.1	22.8	18.5	25.3	23.5	20.8
Current Year Result	199.9	245.2	341.2	445.4	445.4	332.5	448.8	456.0	503.0	498.8	588.5	434.4	273.6	382.1	451.4	456.2	561.9	643.6
Other items (net)	-6906.8	-6377.7	-6365.7	-6803.8	-7287.0	-7457.5	-7157.7	-7056.3	-8409.1	-8002.8	-8807.9	-8880.9	-8434.0	-8651.2	-9587.6	-8836.1	-8705.1	-8693.6
Other liabilities	2279.7	2263.0	2263.7	2460.5	2691.3	2651.6	2598.6	2682.0	2616.0	2560.6	2628.2	2059.2	2102.4	2033.2	2096.9	2351.8	2530.7	2214.5
less: Other assets	-2446.6	-2599.8	-2535.8	-2594.4	-3063.1	-3180.9	-3288.4	-2980.5	-3376.2	-2902.6	-2925.0	-2495.8	-2339.5	-2369.7	-2582.4	-2283.2	-2535.7	-2175.4
plus: Consolidation adjustment	-6739.9	-6040.9	-6093.5	-6669.9	-6915.1	-6928.3	-6467.8	-6757.8	-7648.9	-7660.8	-8511.1	-8444.4	-8196.9	-8314.7	-9102.1	-8904.7	-8700.1	-8732.7

Table II.3 Depository corporations survey (end of period in N$ million)

	Jan-08	Feb-08	Mar-08	Apr-08	May-08	Jun-08	Jul-08	Aug-08	Sep-08	Oct-08	Nov-08	Dec-08	Jan-09	Feb-09	Mar-09	Apr-09	May-09	Jun-09
Net foreign assets	10362.4	10542.6	10770.7	12432.2	11964.6	11254.8	14588.0	11638.4	12578.7	16518.0	15672.4	13584.2	22869.6	21371.4	19461.0	21705.0	21112.0	21320.3
Claims on nonresidents	11339.0	11548.1	11770.2	13433.3	12958.4	12616.2	15729.2	12780.4	13587.2	17543.4	16814.0	14786.3	24054.3	22854.5	21667.1	22903.5	22341.4	22523.7
less: Liabilities to nonresidents	-976.6	-1005.5	-999.4	-1001.1	-993.8	-1361.3	-1141.2	-1142.0	-1008.5	-1025.4	-1141.7	-1202.1	-1184.7	-1483.1	-2206.1	-1198.6	-1229.4	-1203.5
Domestic claims	28991.8	30180.1	30793.5	29654.5	29849.0	30318.3	28999.5	30419.2	31240.4	29742.2	30951.7	31972.5	32701.0	33121.3	34562.3	34598.3	34664.8	35268.0
Net claims on central government	-3668.0	-3458.1	-3056.6	-4642.9	-4073.5	-4150.3	-5684.7	-4618.6	-4280.4	-5830.8	-4748.4	-4637.7	-6527.0	-6453.7	-5225.0	-7241.5	-7165.3	-6493.4
Claims on central government	2598.5	2321.3	2416.5	2441.9	2465.9	2578.5	2701.1	2915.9	2848.5	2762.4	2617.5	2631.8	2877.4	2681.4	2689.1	2507.3	2409.5	2519.4
less: Liabilities to central government	-6266.5	-5779.4	-5473.1	-7084.8	-6539.4	-6728.8	-8385.8	-7534.5	-7128.9	-8593.3	-7365.9	-7269.5	-9404.4	-9135.1	-7914.0	-9748.8	-9574.8	-9012.8
Claims on other sectors	32659.7	33638.2	33850.1	34297.4	33922.5	34468.5	34684.2	35037.7	35520.7	35573.0	35700.1	36610.2	39227.9	39575.1	39787.3	41839.8	41830.1	41761.4
Other financial corporations	2430.3	2874.6	2692.2	2890.9	2710.4	2899.6	2873.8	2798.7	3028.9	2635.0	2437.4	2572.1	4965.4	5134.2	4984.4	6842.8	6647.5	6643.7
State and local government	24.8	26.3	25.8	23.6	21.4	19.8	28.7	59.9	67.2	89.7	87.1	82.3	89.4	78.2	76.6	69.6	83.1	93.2
Public nonfinancial corporations	216.6	259.2	379.9	464.8	506.1	522.0	560.0	427.9	454.1	485.0	469.7	655.1	736.7	714.1	666.1	702.8	773.5	844.8
Other nonfinancial corporations	10070.8	10292.8	10560.4	10515.3	10116.7	10373.8	10514.6	10756.4	10871.6	10978.5	10959.7	11229.2	11301.8	11691.2	11724.2	11938.6	11794.1	11675.2
Other resident sectors	19917.2	20185.4	20191.8	20402.7	20567.9	20653.3	20707.2	20989.9	21094.1	21380.1	21741.3	22066.7	22129.9	21952.4	22331.3	22281.2	22527.1	22499.1
Unclassified shares and other equity	0.0	0.0	0.0	0.0	0.0	0.0	0.0	4.9	4.9	4.9	4.9	4.9	4.9	4.9	4.9	4.9	4.9	5.4
Broad money liabilities	25908.8	27715.7	27029.8	27786.3	27774.8	27999.2	29776.7	28175.9	28989.9	29176.5	29683.8	29241.4	48047.6	47811.0	43987.8	45189.7	45606.8	46243.2
Currency outside depository corporations	782.5	882.0	928.2	937.8	960.0	957.3	986.0	1059.4	1076.4	1234.3	1221.0	1140.4	1217.6	1234.8	1227.9	1248.0	1235.0	1133.0
Transferable deposits	14728.5	16645.7	16362.4	16717.6	16420.2	17265.4	18716.6	17762.5	17977.6	16395.0	17244.2	17430.7	17746.7	17683.8	18608.5	18473.2	18651.0	19033.8
Other financial corporations	2466.0	2640.3	3063.6	3354.0	3289.5	3151.8	3852.5	2891.4	3207.7	2477.7	1905.1	1597.3	1666.0	1778.5	1927.0	1675.9	1749.3	2095.2
State and local government	242.9	303.3	238.0	312.3	303.0	323.1	243.9	233.3	236.6	268.2	289.1	258.0	249.5	264.9	257.0	265.8	261.9	286.1
Public nonfinancial corporations	691.1	625.8	509.6	461.7	729.2	432.9	823.5	690.2	585.9	500.8	637.3	616.6	658.4	910.1	939.0	1269.0	1098.4	1638.7
Other nonfinancial corporations	8288.9	9511.3	9255.0	9579.3	9248.3	10209.0	10704.7	10582.0	10677.4	10017.1	9990.2	10032.6	10873.9	10306.9	10526.7	10722.0	10983.3	10496.1
Other resident sectors	3039.5	3564.8	3296.1	3010.2	2850.1	3148.5	3091.9	3364.5	3269.8	3131.0	4454.5	4926.1	4298.8	4423.3	4958.8	4540.4	4557.8	4517.5
Unclassified	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Less: Central bank float	0.2	0.1	0.1	0.1	0.1	0.1	0.1	1.1	0.1	0.1	-32.1	0.1	0.1	0.1	0.2	0.1	0.4	0.2
Other deposits	10391.8	10184.0	9735.3	10127.0	10390.7	9772.6	10070.2	9350.1	9931.9	11543.3	11214.6	10666.4	29079.3	28888.5	24147.5	25464.5	25716.8	26072.5
Other financial corporations	779.7	719.4	824.8	913.4	1045.7	874.2	869.0	852.7	877.0	822.8	729.2	314.4	2020.1	2111.0	1972.5	2197.4	2489.1	2555.8
State and local government	427.5	465.2	399.9	461.5	451.9	472.3	407.4	329.2	298.9	264.0	254.3	242.3	307.5	315.7	354.0	367.6	420.3	405.1
Public nonfinancial corporations	1087.2	951.3	748.5	1043.5	982.2	944.3	757.2	598.9	653.8	877.2	910.8	982.6	1759.2	1621.7	1539.5	1697.7	1599.3	2089.2
Other nonfinancial corporations	4543.8	4302.2	4169.1	4150.6	4044.2	3638.7	4311.7	3849.3	4243.2	5374.7	5193.0	5279.6	4918.3	4551.1	4706.3	4766.4	4582.3	4242.3
Other resident sectors	3529.9	3728.1	3575.2	3540.1	3849.0	3825.3	3707.1	3702.1	3838.3	4183.8	4105.9	3826.7	19507.7	19717.9	15001.3	15889.0	16090.6	16271.9
Unclassified	23.7	17.7	17.7	17.7	17.7	17.7	17.7	17.8	20.8	20.8	21.6	20.8	566.6	571.2	573.9	546.5	535.2	508.2
Securities other than shares, included in broad money	6.0	3.9	3.9	3.9	3.9	3.9	3.9	3.9	3.9	3.9	3.9	3.9	3.9	3.9	3.9	3.9	3.9	3.9
Deposits excluded from broad money	1596.8	1013.2	1357.9	1710.6	1365.3	867.3	836.4	757.8	913.1	1022.6	984.1	741.5	1891.4	1958.7	1727.9	1811.4	1855.7	1982.5
Securities other than shares, excluded from broad money	4699.6	4699.4	5265.2	5168.5	5034.5	5461.6	5868.9	5884.6	6135.1	6633.7	6788.3	6491.6	6440.2	6060.0	6796.1	7179.0	6905.5	6979.8
Loans	6.8	6.5	6.5	6.2	6.2	6.2	6.2	6.2	6.2	5.9	5.9	6.9	7.0	5.9	7.7	5.1	15.5	15.5
Financial derivatives	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Trade credit and advances	38.4	10.9	106.0	49.5	40.0	64.6	59.4	95.8	73.1	174.6	66.9	119.7	119.3	99.0	132.8	128.1	135.5	49.4
Shares and other equity	390.8	99.6	24.0	67.8	351.7	-516.9	-271.1	-284.3	-293.9	146.7	26.8	-427.3	-10553.2	-10671.9	-8130.1	-6336.7	-6939.7	-6846.3
Other items (net)	390.8	99.6	24.0	67.8	351.7	-516.9	-271.1	-284.3	-293.9	146.7	26.8	-427.3	-10553.2	-10671.9	-8130.1	-6336.7	-6939.7	-6846.3
Other liabilities (includes central bank float)	2164.2	2165.0	2113.1	2243.5	2665.6	2131.8	2143.9	2199.0	2269.8	2545.4	2924.1	2205.3	2001.6	2125.6	2268.2	2412.2	2147.3	2100.4
less: Other assets	-2041.5	-2060.7	-2010.0	-2093.0	-2290.7	-2632.7	-2482.1	-2396.6	-2406.0	-2336.7	-2697.1	-2604.8	-2293.8	-2437.1	-2517.9	-2625.4	-2385.2	-2733.4
plus: Consolidation adjustment	268.1	-4.8	-79.1	-82.7	-23.2	-16.0	67.1	-86.8	-157.7	-62.0	-200.2	-27.7	-10261.0	-10360.4	-7880.3	-6123.6	-6701.8	-6213.2
Memoranda: Central bank float	-0.2	-0.1	-0.1	-0.1	-0.1	-0.1	-0.1	-1.1	-0.1	-0.1	32.1	-0.1	-0.1	-0.1	-0.2	-0.1	-0.4	-0.2

	Jul-09	Aug-09	Sep-09	Oct-09	Nov-09	Dec-09	Jan-10	Feb-10	Mar-10	Apr-10	May-10	Jun-10	Jul-10	Aug-10	Sep-10	Oct-10	Nov-10	Dec-10
Net foreign assets	22632.7	22627.8	21570.5	24983.0	23136.2	22676.8	24575.5	24495.6	22714.8	23169.1	21541.3	19925.8	20668.3	21128.6	19367.5	20238.0	19138.9	18006.9
Claims on nonresidents	23611.7	24872.6	24366.9	27496.1	25665.2	24672.8	26655.5	26761.9	24864.4	25411.7	23881.3	22153.0	23178.1	23657.5	21734.2	22745.5	21393.9	20282.3
less: Liabilities to nonresidents	-979.0	-2244.8	-2796.4	-2513.0	-2529.0	-1996.0	-2080.0	-2266.3	-2149.6	-2242.6	-2340.0	-2227.3	-2509.8	-2528.9	-2366.8	-2507.5	-2255.0	-2275.4
Domestic claims	34356.0	36045.3	36657.1	36434.0	39076.4	39489.4	38843.3	38713.9	39871.2	40555.2	41250.4	40744.3	41843.7	42095.1	43259.4	44343.1	46547.1	46859.7
Net claims on central government	-7521.3	-6871.5	-6610.5	-7099.9	-5658.7	-5295.3	-6279.4	-5454.8	-3743.1	-4274.0	-3426.3	-4293.0	-4131.1	-3953.1	-2919.3	-2934.6	-1676.5	-1838.9
Claims on central government	2659.8	2653.9	2534.2	2760.0	2731.7	2814.0	2392.9	2780.4	2843.7	3026.1	3004.0	2620.2	2721.3	2800.5	2861.9	2835.4	2854.9	3080.0
less: Liabilities to central government	-10181.1	-9525.5	-9144.7	-9859.9	-8390.4	-8109.3	-8672.2	-8235.2	-6586.7	-7300.1	-6430.3	-6913.2	-6852.4	-6753.7	-5781.2	-5770.0	-4531.5	-4918.9
Claims on other sectors	41877.3	42916.8	43267.6	43534.0	44735.1	44784.7	45122.6	44168.8	43614.3	44829.1	44676.7	45037.3	45974.9	46048.3	46178.7	47277.8	48223.7	48698.6
Other financial corporations	6478.3	7078.0	7074.2	7072.0	7755.0	7417.8	7485.5	7051.1	6958.1	6922.4	6958.7	6600.1	6987.9	7116.3	6824.7	7304.7	7969.5	7413.3
State and local government	82.5	96.2	82.0	93.7	83.8	86.3	85.1	70.7	24.5	62.2	57.4	92.8	27.1	50.1	67.6	74.5	88.9	116.6
Public nonfinancial corporations	853.7	857.0	749.9	776.3	779.9	689.0	702.9	604.8	648.3	620.7	506.2	639.6	624.4	537.1	507.7	505.2	497.1	506.1
Other nonfinancial corporations	12006.5	12205.8	12465.9	12675.7	12995.4	13248.1	13422.8	13041.8	12851.0	13346.6	13201.5	13563.1	14163.7	13931.1	13969.7	14465.5	14459.4	15106.9
Other resident sectors	22450.9	22674.4	22890.2	22910.9	23115.6	23341.1	23424.0	23398.0	23130.0	23874.9	23950.3	24139.2	24169.2	24411.1	24806.1	24925.0	25205.8	25552.4
Unclassified shares and other equity	5.4	5.4	5.4	5.4	5.4	2.4	2.4	2.4	2.4	2.4	2.6	2.6	2.6	2.6	2.8	2.9	2.9	3.3
Broad money liabilities	46931.0	46446.6	45984.4	47821.6	48450.9	48544.4	49528.7	49302.6	50726.4	51897.2	51739.5	49313.0	49853.6	50966.9	51075.0	52116.0	53111.6	53169.6
Currency outside depository corporations	1209.2	1180.3	1084.9	1145.4	1204.4	1156.7	1127.6	1117.6	1053.0	1145.2	1130.8	1135.6	1229.9	1233.5	1218.1	1273.3	1316.1	1292.7
Transferable deposits	18999.1	18813.5	18407.6	19552.1	19626.1	19741.7	20936.7	20888.8	21781.0	22178.5	22391.6	19928.9	20330.7	21581.2	21835.1	21597.4	22342.3	22760.9
Other financial corporations	1770.2	1829.9	2087.5	2149.0	1974.3	1733.1	1859.3	1754.3	2779.1	4202.7	3756.8	2056.3	1852.8	2032.3	2100.2	2035.0	2083.1	1997.5
State and local government	254.2	276.5	266.3	345.3	317.0	248.4	300.1	247.2	272.9	320.0	271.9	330.5	233.6	228.6	201.6	353.6	341.7	415.7
Public nonfinancial corporations	1958.2	1804.0	1700.8	1524.0	1915.3	1923.8	2349.2	1952.4	2096.3	1929.6	1903.4	1781.3	2167.1	1954.7	1953.6	2005.0	2084.2	1817.4
Other nonfinancial corporations	10877.3	10340.2	9856.8	10756.6	10741.0	11141.4	11517.6	12076.2	11871.6	11110.2	11695.0	10961.5	11722.7	12555.6	12484.1	12191.2	12610.7	13332.2
Other resident sectors	4144.2	4566.6	4498.4	4775.6	4676.8	4694.7	4910.3	4858.4	4760.7	4615.2	4764.2	4799.0	4354.1	4807.1	5094.9	5011.9	5221.9	5197.6
Unclassified	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Less: Central bank float	-4.9	-3.6	-2.2	1.7	1.7	0.3	0.3	0.3	0.3	0.7	0.4	0.3	0.4	2.8	0.7	0.8	0.7	0.5
Other deposits	26718.8	26448.8	26488.0	27120.2	27616.5	27642.1	27460.4	27292.2	27888.5	28569.5	28213.2	28244.6	28289.1	28148.2	28021.8	29245.3	29453.1	29116.0
Other financial corporations	2542.3	2248.4	2184.4	2319.6	2062.5	2066.1	2099.0	2589.8	2823.5	2502.8	2556.9	2603.4	3060.3	4148.6	2791.0	2949.9	3181.8	3357.6
State and local government	430.0	319.2	288.1	273.1	303.0	245.1	241.0	353.6	355.1	339.5	464.9	430.8	379.7	388.6	498.3	517.1	584.6	522.2
Public nonfinancial corporations	2040.6	1947.9	1911.7	2110.8	1896.5	2079.2	1754.2	1682.4	1492.0	2034.9	2047.7	1859.2	1854.0	2038.6	1923.5	1865.9	1795.8	1731.4
Other nonfinancial corporations	4198.7	4609.3	4963.9	4829.8	4968.6	5241.8	4926.1	4418.9	4944.5	5191.3	5144.1	5671.1	5321.3	5125.0	4583.4	5613.5	5067.2	5015.7
Other resident sectors	16986.6	16821.2	16637.8	17105.4	17910.2	17487.8	17957.4	17703.9	17861.0	18052.7	17420.3	17236.8	17209.8	15971.2	17746.0	17806.2	18334.1	18003.1
Unclassified	520.6	502.9	502.0	481.3	475.7	522.0	482.8	543.6	412.5	448.3	579.3	443.4	464.0	476.2	479.6	492.7	489.7	486.0
Securities other than shares, included in broad money	3.9	4.0	3.9	3.9	3.9	3.9	3.9	3.9	3.9	3.9	3.9	3.9	3.9	3.9	0.0	0.0	0.0	0.0
Deposits excluded from broad money	1852.7	2151.2	2085.7	2104.3	2198.8	2228.5	2457.0	1690.7	1537.6	1324.7	1390.6	1454.5	1415.4	1259.8	1289.1	1417.0	1490.5	1023.2
Securities other than shares, excluded from broad money	6950.9	7998.2	8347.8	9286.0	10159.6	10553.0	10440.6	10466.1	10579.7	10152.6	9791.4	10369.3	11224.1	11227.0	11321.1	11341.3	11243.9	10798.9
Loans	36.5	36.7	36.9	35.2	35.4	34.7	34.9	35.0	34.1	33.1	33.3	33.5	33.5	30.7	33.6	33.6	33.6	32.3
Financial derivatives	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Trade credit and advances	86.2	114.8	60.0	11.9	39.2	-7.4	102.9	113.3	97.0	100.0	97.7	95.1	94.6	102.3	95.3	96.4	95.3	100.0
Shares and other equity	-7095.2	-6496.5	-6560.5	-6686.3	-7196.6	-7441.7	-7408.9	-6948.1	-8139.6	-7786.8	-8395.8	-8806.1	-8322.2	-8599.6	-9462.8	-8735.9	-8647.4	-8568.1
Other items (net)	-7095.2	-6496.5	-6560.5	-6686.3	-7196.6	-7441.7	-7408.9	-6948.1	-8139.6	-7786.8	-8395.8	-8806.1	-8322.2	-8599.6	-9462.8	-8735.9	-8647.4	-8568.1
Other liabilities (includes central bank float)	2334.9	2315.5	2314.8	2504.6	2733.1	2689.5	2633.4	2716.4	2650.2	2594.1	2661.9	2093.1	2135.9	2064.2	2129.9	2384.7	2563.6	2258.9
less: Other assets	-2651.7	-2833.3	-2765.9	-2821.6	-3292.4	-3411.4	-3543.5	-3233.8	-3531.5	-3160.0	-3191.3	-2764.6	-2605.6	-2636.2	-2847.6	-2550.7	-2797.4	-2439.5
plus: Consolidation adjustment	-6778.4	-5978.8	-6109.4	-6369.4	-6637.3	-6719.8	-6498.9	-6430.8	-7258.3	-7220.9	-7866.5	-8134.6	-7852.5	-8027.6	-8745.1	-8569.9	-8413.6	-8387.5
Memoranda: Central bank float	4.9	3.6	2.2	-1.7	-1.7	-0.3	-0.3	-0.3	-0.3	-0.7	-0.4	-0.3	-0.4	-2.8	-0.7	-0.8	-0.7	-0.5

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Table II.4 Other depository corporations' claims on private sectors (end period in N$ million)

	Jan-08	Feb-08	Mar-08	Apr-08	May-08	Jun-08	Jul-08	Aug-08	Sep-08	Oct-08	Nov-08	Dec-08
Loans	**30282.6**	**30801.8**	**31304.2**	**31398.6**	**31211.4**	**31539.5**	**32534.7**	**32943.4**	**33306.0**	**33386.2**	**33496.0**	**34240.6**
Central bank	0.0	0.0	0.0	0.0	0.0	0.0	0.0	50.2	0.0	0.0	26.6	50.4
Other depository corporations	14.3	13.8	13.4	12.9	13.6	12.0	11.6	11.1	10.7	10.2	9.8	9.3
Other financial corporations	0.0	0.0	0.0	0.0	0.0	0.0	751.9	677.3	849.4	474.5	385.7	323.9
Central government	14.9	4.5	112.4	9.2	14.2	2.9	2.9	2.9	3.5	4.0	4.6	4.2
State and local government	24.8	26.3	25.8	23.6	21.4	19.8	28.7	59.9	67.2	89.7	87.1	82.3
Public nonfinancial corporations	215.3	258.4	379.1	414.0	455.3	471.2	509.2	377.1	403.3	434.2	418.9	581.1
Other nonfinancial corporations (Businesses)	**10063.0**	**10285.0**	**10552.5**	**10507.3**	**10108.5**	**10353.0**	**10494.6**	**10741.6**	**10843.0**	**10962.0**	**10943.2**	**11210.0**
Loans and Advances	**7881.9**	**8095.6**	**8336.7**	**8285.0**	**7871.2**	**8028.2**	**8006.4**	**8217.0**	**8314.3**	**8315.7**	**8237.8**	**8399.9**
Farm mortgage loans	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other mortgage loans	2276.2	2174.7	2337.4	2388.0	2359.7	2311.5	2389.0	2452.4	2406.2	2520.3	2562.6	2572.3
Dwellings	328.5	279.8	312.5	319.5	293.1	298.2	297.4	293.1	292.2	206.5	205.5	214.6
Other	1947.7	1895.0	2025.0	2068.5	2066.6	2013.3	2091.6	2159.3	2114.0	2313.8	2357.1	2357.7
Overdrafts	3835.5	4048.7	4136.2	4113.4	3840.4	3908.3	3805.7	4003.5	4177.6	4066.6	4029.5	4194.9
Other loans and advances	1770.2	1872.1	1863.0	1783.6	1671.1	1808.4	1811.7	1761.2	1730.5	1728.8	1645.7	1632.8
Leasing	45.7	48.2	48.0	51.3	51.2	55.1	61.2	62.4	66.7	58.3	63.5	61.6
Instalment credit	1317.0	1323.8	1352.6	1372.8	1365.8	1512.1	1547.0	1589.9	1629.6	1672.9	1739.4	1796.2
Other	818.4	817.5	815.1	798.2	820.3	757.7	879.9	872.2	832.3	915.1	902.4	952.3
Other resident sectors (Individuals)	**19895.8**	**20159.1**	**20165.5**	**20375.1**	**20540.5**	**20623.2**	**20676.1**	**20958.9**	**21062.8**	**21344.7**	**21551.3**	**21898.9**
Loans and Advances	**16044.4**	**16301.9**	**16370.3**	**16470.5**	**16625.6**	**16763.6**	**16848.3**	**17126.7**	**17241.9**	**17526.6**	**17637.1**	**17834.9**
Farm mortgage loans	741.1	755.3	755.3	755.3	747.4	489.4	489.4	764.4	764.4	761.3	870.0	940.1
Other mortgage loans	12338.8	12553.4	12620.7	12728.0	12849.0	12984.1	12962.1	13114.3	13228.8	13380.7	13463.7	13561.8
Dwellings	12338.8	12553.4	12620.7	12728.0	12849.0	12982.6	12960.7	12965.1	13049.6	13269.4	13374.8	13460.9
Other	0.0	0.0	0.0	0.0	0.0	1.4	1.4	149.2	179.2	111.3	88.9	100.9
Overdrafts	1125.9	1170.3	1211.5	1177.5	1215.9	1199.3	1162.8	1201.3	1229.2	1210.6	1279.3	1227.0
Other loans and advances	1838.6	1822.8	1782.8	1809.6	1813.3	2090.8	2234.0	2046.7	2019.5	2174.0	2024.1	2106.1
Leasing	92.0	93.2	92.9	94.6	95.7	94.7	96.4	105.4	107.7	102.8	101.9	100.9
Instalment credit	3389.3	3385.1	3316.6	3411.3	3417.8	3323.0	3279.0	3260.9	3245.5	3243.5	3298.1	3332.9
Other	370.1	378.8	385.7	398.8	401.4	441.9	452.3	465.9	467.6	471.9	514.1	630.2
Nonresidents	**54.6**	**54.9**	**55.6**	**56.5**	**57.8**	**57.4**	**59.7**	**64.4**	**66.1**	**66.9**	**68.9**	**80.4**
Loans and Advances	**54.6**	**54.9**	**55.6**	**56.5**	**57.8**	**57.4**	**59.7**	**64.4**	**66.1**	**66.9**	**68.6**	**75.7**
Farm mortgage loans	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other mortgage loans	31.5	31.5	31.5	31.0	31.1	32.3	34.1	38.5	39.4	39.5	40.8	44.6
Dwellings	31.5	31.5	31.5	31.0	31.1	32.3	34.1	38.5	39.4	39.5	40.8	44.6
Other	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Overdrafts	20.3	20.7	21.1	22.9	24.0	22.4	23.0	22.8	23.5	24.1	24.6	28.0
Other loans and advances	2.8	2.7	2.9	2.6	2.7	2.7	2.6	3.1	3.3	3.2	3.3	3.2
Leasing	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Instalment credit	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.3	4.7

	Jan-09	Feb-09	Mar-09	Apr-09	May-09	Jun-09	Jul-09	Aug-09	Sep-09	Oct-09	Nov-09	Dec-09
Loans	**34321.5**	**34534.8**	**35106.6**	**35121.0**	**35359.5**	**35338.6**	**35724.4**	**36217.6**	**36673.3**	**36912.2**	**37542.6**	**37750.6**
Central bank	50.3	50.3	150.4	50.4	50.3	50.2	50.2	50.3	50.2	0.2	0.0	0.0
Other depository corporations	8.9	8.4	7.9	7.4	6.9	6.5	10.3	5.6	5.2	6.2	17.0	26.0
Other financial corporations	347.9	383.3	439.5	429.3	486.1	478.0	541.9	526.1	674.5	597.3	690.9	570.7
Central government	4.2	4.5	4.5	4.4	4.4	46.6	47.4	96.7	51.5	50.0	55.4	53.6
State and local government	89.3	78.1	76.5	69.5	83.0	93.1	82.4	96.1	81.9	93.6	83.7	86.2
Public nonfinancial corporations	495.9	473.3	476.1	511.2	583.5	654.8	663.7	667.0	559.9	586.3	589.9	499.0
Other nonfinancial corporations (Businesses)	**11270.2**	**11656.5**	**11683.5**	**11839.0**	**11687.8**	**11570.0**	**11933.4**	**12162.6**	**12420.2**	**12646.3**	**12957.8**	**13155.3**
Loans and Advances	**8457.2**	**8784.7**	**8868.1**	**8999.7**	**8841.1**	**8708.2**	**9054.0**	**9297.9**	**9575.8**	**9715.9**	**9949.3**	**10109.7**
Farm mortgage loans	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other mortgage loans	2565.0	2688.0	2680.2	2703.5	2744.4	2797.4	2841.1	2901.0	2903.9	2972.3	2993.0	3060.8
Dwellings	238.1	244.8	214.1	212.3	211.7	210.4	235.1	254.6	254.1	251.0	256.5	263.6
Other	2326.9	2443.2	2466.1	2491.2	2532.7	2587.0	2606.0	2646.4	2649.8	2721.3	2736.6	2797.1
Overdrafts	4216.6	4280.2	4341.2	4432.8	4371.7	4230.7	4193.3	4352.9	4652.1	4684.9	4926.7	5103.2
Other loans and advances	1675.5	1816.5	1846.7	1863.4	1725.0	1680.1	2019.6	2044.0	2019.7	2058.7	2029.6	1945.7
Leasing	66.0	63.2	59.2	59.2	57.9	62.7	64.1	62.6	62.9	63.4	63.1	68.2
Instalment credit	1811.3	1879.1	1904.6	1920.2	1923.8	1938.9	1955.9	1960.9	1927.6	1948.9	1937.7	1973.7
Other	935.7	929.6	851.6	859.9	865.0	860.4	859.3	841.2	853.8	918.1	1007.7	1003.7
Other resident sectors (Individuals)	**21974.5**	**21798.8**	**22182.9**	**22125.0**	**22371.0**	**22337.8**	**22301.9**	**22517.9**	**22733.1**	**22832.2**	**23049.6**	**23256.0**
Loans and Advances	**17998.1**	**17781.7**	**18092.8**	**18072.3**	**18324.4**	**18358.7**	**18382.0**	**18609.0**	**18787.9**	**18897.8**	**19089.3**	**19259.5**
Farm mortgage loans	987.1	755.3	948.1	772.3	795.4	756.7	756.7	828.7	754.6	754.6	754.6	787.1
Other mortgage loans	13571.9	13672.5	13695.0	13806.2	13958.1	13987.6	14059.5	14166.3	14324.1	14461.9	14627.1	14769.4
Dwellings	13421.7	13557.7	13609.5	13715.0	13825.1	13858.5	13935.4	14042.3	14195.2	14342.8	14452.8	14672.2
Other	150.2	114.8	85.5	91.2	133.0	129.1	124.1	123.9	128.9	119.1	174.3	97.2
Overdrafts	1311.8	1293.7	1295.2	1256.4	1354.7	1329.0	1217.2	1200.0	1249.4	1267.5	1283.9	1277.7
Other loans and advances	2127.3	2060.2	2154.5	2237.3	2216.1	2285.4	2348.7	2414.1	2459.9	2413.9	2423.7	2425.3
Leasing	93.8	93.0	89.7	84.9	83.9	78.5	74.1	88.5	89.5	86.9	91.5	90.4
Instalment credit	3295.1	3282.9	3331.3	3294.3	3285.6	3285.9	3224.9	3238.5	3268.1	3232.9	3270.3	3295.5
Other	587.6	641.3	669.1	673.5	677.2	614.7	620.9	581.8	587.6	614.5	598.5	610.6
Nonresidents	**80.4**	**81.4**	**85.3**	**84.9**	**86.5**	**101.6**	**93.1**	**95.4**	**96.8**	**100.1**	**98.2**	**103.8**
Loans and Advances	**77.6**	**81.0**	**82.0**	**84.5**	**85.6**	**90.4**	**93.0**	**95.4**	**96.8**	**98.5**	**98.1**	**103.8**
Farm mortgage loans	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other mortgage loans	45.7	48.3	50.2	52.2	52.9	53.5	55.3	57.2	57.6	57.6	56.4	61.1
Dwellings	45.7	48.3	50.2	52.2	52.9	53.5	55.3	57.2	57.6	57.6	56.4	61.1
Other	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Overdrafts	28.7	29.4	30.3	30.7	31.2	35.5	36.3	36.9	38.0	35.8	36.7	38.4
Other loans and advances	3.2	3.2	1.6	1.5	1.4	1.4	1.4	1.2	1.2	5.0	5.0	4.2
Leasing	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Instalment credit	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other	2.8	0.4	3.2	0.4	0.9	11.1	0.1	0.0	0.0	1.6	0.1	0.0

	Jan-10	Feb-10	Mar-10	Apr-10	May-10	Jun-10	Jul-10	Aug-10	Sep-10	Oct-10	Nov-10	Dec-10
Loans	**38133.6**	**37702.2**	**37323.0**	**38553.9**	**38362.9**	**39071.1**	**39555.9**	**39530.8**	**39923.2**	**40552.0**	**40978.3**	**41831.7**
Central bank	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other depository corporations	20.7	20.2	26.1	24.6	25.0	20.9	21.7	20.9	20.0	24.4	24.8	25.5
Other financial corporations	624.0	703.0	836.9	829.3	783.0	802.5	771.8	785.9	811.4	794.2	930.6	831.6
Central government	49.8	49.3	49.1	50.0	47.6	50.9	52.1	51.1	53.3	64.7	48.8	48.6
State and local government	85.0	70.6	24.4	62.1	57.3	92.7	27.0	50.0	67.5	74.4	88.8	116.5
Public nonfinancial corporations	512.9	414.8	458.3	430.7	316.2	449.6	434.4	347.1	317.7	315.2	307.1	316.1
Other nonfinancial corporations (Businesses)	**13388.8**	**13013.5**	**12794.8**	**13288.2**	**13153.7**	**13474.8**	**14084.4**	**13851.1**	**13888.7**	**14377.9**	**14379.7**	**15012.6**
Loans and Advances	**10352.4**	**9931.7**	**9682.6**	**10196.3**	**10014.9**	**10292.4**	**10814.4**	**10592.0**	**10569.9**	**11048.0**	**10987.8**	**11596.7**
Farm mortgage loans	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other mortgage loans	3077.3	3154.0	3230.9	3249.8	3339.6	3341.1	3470.1	3556.9	3577.0	3714.4	3827.7	3811.7
Dwellings	212.0	362.2	379.7	319.3	318.0	344.7	372.0	405.1	432.9	469.4	511.1	545.9
Other	2865.3	2791.8	2851.2	2930.5	3021.6	2996.4	3098.1	3151.8	3144.1	3245.1	3316.6	3265.8
Overdrafts	5225.6	4726.4	4402.4	4840.4	4666.2	4874.1	5243.7	4903.7	4938.2	5239.7	5118.0	5577.4
Other loans and advances	2049.5	2051.3	2049.3	2106.1	2009.1	2077.2	2100.7	2131.4	2054.8	2093.9	2042.0	2207.6
Leasing	67.5	67.9	67.9	67.3	65.8	64.8	65.6	65.6	67.5	66.9	70.5	71.3
Instalment credit	1969.8	2006.8	2034.1	2088.0	2076.6	2104.0	2132.3	2148.6	2171.4	2189.4	2241.3	2259.6
Other	999.1	1007.1	1010.2	936.7	996.4	1013.7	1072.1	1045.0	1079.8	1073.6	1080.1	1085.0
Other resident sectors (Individuals)	**23346.9**	**23323.9**	**23024.8**	**23762.6**	**23871.9**	**24067.5**	**24054.0**	**24309.2**	**24651.7**	**24776.3**	**25071.0**	**25348.5**
Loans and Advances	**19348.6**	**19281.9**	**18963.8**	**19640.4**	**19770.5**	**19937.6**	**19955.3**	**20081.0**	**20317.6**	**20505.0**	**20740.3**	**20962.3**
Farm mortgage loans	832.4	754.6	754.6	754.6	754.6	754.6	754.6	754.6	754.6	754.6	754.6	754.6
Other mortgage loans	14826.0	14767.2	14439.1	15053.7	15145.9	15271.7	15354.7	15507.4	15630.5	15759.2	15902.5	16093.8
Dwellings	14780.7	14767.2	14439.1	15053.7	15145.9	15271.7	15354.7	15507.4	15630.5	15759.2	15902.5	16093.8
Other	45.3	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Overdrafts	1276.2	1436.5	1453.6	1400.3	1407.7	1402.0	1392.8	1365.9	1388.3	1389.8	1417.1	1387.8
Other loans and advances	2414.0	2323.7	2316.5	2431.9	2462.3	2509.3	2453.2	2453.2	2544.2	2601.5	2666.1	2726.1
Leasing	89.0	84.8	86.9	83.8	92.0	102.4	98.8	99.4	99.8	101.8	108.5	126.4
Instalment credit	3283.8	3316.4	3342.1	3357.9	3372.7	3385.3	3364.2	3415.5	3482.1	3508.6	3576.6	3615.5
Other	625.5	640.8	631.9	680.4	636.7	642.3	635.8	713.3	752.2	660.8	645.5	644.3
Nonresidents	**105.6**	**106.8**	**108.6**	**106.6**	**108.2**	**112.2**	**110.4**	**115.5**	**112.8**	**125.0**	**127.5**	**132.3**
Loans and Advances	**105.6**	**106.4**	**108.6**	**105.0**	**106.4**	**112.1**	**109.6**	**115.0**	**112.8**	**125.0**	**127.5**	**132.3**
Farm mortgage loans	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other mortgage loans	61.3	62.5	63.5	61.3	61.8	62.1	64.0	68.5	65.9	76.8	80.9	84.4
Dwellings	61.3	62.5	63.5	61.3	61.8	62.1	64.0	68.5	65.9	76.8	80.9	84.4
Other	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Overdrafts	40.0	39.8	41.0	42.4	43.4	48.8	44.1	45.0	45.4	46.7	45.0	45.7
Other loans and advances	4.3	4.2	4.1	1.2	1.2	1.2	1.4	1.5	1.6	1.5	1.6	2.3
Leasing	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Instalment credit	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other	0.0	0.3	0.0	1.6	1.8	0.1	0.8	0.5	0.0	0.0	0.0	0.0

Table II.5 Deposits of other depository corporations (end period in N$ million)

	Jan-08	Feb-08	Mar-08	Apr-08	May-08	Jun-08	Jul-08	Aug-08	Sep-08	Oct-08	Nov-08	Dec-08
Total Deposits	28804.4	29768.4	29456.6	30493.8	30039.8	30108.1	31121.9	29345.2	30022.0	30018.9	30522.7	30511.5
Deposits included in broad money	25120.1	26829.5	26097.5	26844.4	26810.8	27037.8	28786.6	27111.5	27909.4	27938.2	28490.9	28096.9
Transferable deposits	14728.3	16645.5	16362.3	16717.4	16420.1	17265.2	18716.4	17761.4	17977.5	16394.9	17276.3	17430.6
In national currency	14728.3	16645.5	16362.3	16717.4	16420.1	17265.2	18716.4	17761.4	17977.5	16394.9	17276.3	17430.6
Other financial corporations	2466.0	2640.3	3063.6	3354.0	3289.5	3151.8	3852.5	2891.4	3207.7	2477.7	1905.1	1597.3
State and local government	242.9	303.3	238.0	312.3	303.0	323.1	243.9	233.3	236.6	268.2	289.1	258.0
Public nonfinancial corporations	691.1	625.8	509.6	461.7	729.2	432.9	823.5	690.2	585.9	500.8	637.3	616.6
Other nonfinancial corporations	8288.9	9511.3	9255.0	9579.3	9248.3	10209.0	10704.7	10582.0	10677.4	10017.1	9990.2	10032.6
Other resident sectors	3039.5	3564.8	3296.1	3010.2	2850.1	3148.5	3091.8	3364.5	3269.8	3131.0	4454.5	4926.1
Unclassified	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
In foreign currency	0.0	0.0	0.0	0.0	0.0	293.2	720.0	321.7	308.0	262.1	138.3	111.0
Other deposits	10391.8	10184.0	9735.3	10127.0	10390.7	9772.6	10070.2	9350.1	9931.9	11543.3	11214.6	10666.4
In national currency	10391.8	10184.0	9735.3	10127.0	10390.7	9772.6	10070.2	9350.1	9931.9	11543.3	11214.6	10666.4
Other financial corporations	779.7	719.4	824.8	913.4	1045.7	874.2	869.0	852.7	877.0	822.8	729.2	314.4
State and local government	427.5	465.2	399.9	461.5	451.9	472.3	407.4	329.2	298.9	264.0	254.3	242.3
Public nonfinancial corporations	1087.2	951.3	748.5	1043.5	982.2	944.3	757.2	598.9	653.8	877.2	910.8	982.6
Other nonfinancial corporations	4543.8	4302.2	4169.1	4150.6	4044.2	3638.7	4311.7	3849.3	4243.2	5374.7	5193.0	5279.6
Other resident sectors	3529.9	3728.1	3575.2	3540.1	3849.0	3825.3	3707.1	3702.1	3838.3	4183.8	4105.9	3826.7
Unclassified	23.7	17.7	17.7	17.7	17.7	17.7	17.7	17.8	20.8	20.8	21.6	20.8
In foreign currency	6.0	3.9	3.9	3.9	3.9	3.9	3.9	3.9	3.9	3.9	3.9	3.9
Unclassified	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Deposits excluded from broad money	3684.3	2938.9	3359.1	3649.4	3229.0	3070.3	2335.2	2233.7	2112.6	2080.6	2031.8	2414.6
Transferable deposits	2273.1	1639.2	2058.2	2282.4	2284.8	1884.5	1316.0	1217.4	1276.6	1409.8	1351.9	1430.7
In national currency	1019.3	887.8	984.1	944.1	1395.0	1154.0	928.1	907.8	801.6	839.5	784.7	1116.1
In foreign currency	1253.9	751.4	1074.1	1338.4	889.8	730.5	387.8	309.6	475.0	570.3	567.2	314.6
Other deposits	1411.1	1299.7	1300.9	1367.0	944.2	1185.8	1019.3	1016.3	836.0	670.8	679.9	983.9
In national currency	1285.6	1147.4	1135.5	1189.2	675.2	812.6	685.8	680.9	541.8	406.8	450.9	700.7
In foreign currency	125.5	152.3	165.4	177.8	269.0	373.2	333.4	335.5	294.3	264.0	228.9	283.1

	Jan-09	Feb-09	Mar-09	Apr-09	May-09	Jun-09	Jul-09	Aug-09	Sep-09	Oct-09	Nov-09	Dec-09
Total Deposits	51000.7	51255.9	47244.0	47897.8	48597.0	49290.6	50148.6	50338.2	49927.8	51723.1	52311.7	52215.0
Deposits included in broad money	46826.0	46572.1	42755.8	43937.6	44367.4	45106.0	45722.7	45266.0	44897.8	46670.6	47240.9	47383.6
Transferable deposits	17746.6	17683.6	18608.4	18473.1	18650.6	19033.6	19004.0	18817.2	18409.8	19550.4	19624.4	19741.5
In national currency	17746.6	17683.6	18608.4	18473.1	18650.6	19033.6	19004.0	18817.2	18409.8	19550.4	19624.4	19741.5
Other financial corporations	1666.0	1778.5	1927.0	1675.9	1749.3	2095.2	1770.2	1829.9	2087.5	2149.0	1974.3	1733.1
State and local government	249.5	264.9	257.0	265.8	261.9	286.1	254.2	276.5	266.3	345.3	317.0	248.4
Public nonfinancial corporations	658.4	910.1	939.0	1269.0	1098.4	1638.7	1958.2	1804.0	1700.8	1524.0	1915.3	1923.8
Other nonfinancial corporations	10873.9	10306.9	10526.7	10722.0	10983.3	10496.1	10877.3	10340.2	9856.8	10756.6	10741.0	11141.4
Other resident sectors	4298.8	4423.3	4958.8	4540.4	4557.8	4517.5	4144.2	4566.6	4498.4	4775.6	4676.8	4694.7
Unclassified	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
In foreign currency	545.7	281.4	56.3	349.1	314.5	121.1	156.8	228.5	217.0	207.3	164.3	266.2
Other deposits	29079.3	28888.5	24147.5	25464.5	25716.8	26072.5	26718.8	26448.8	26488.0	27120.2	27616.5	27642.1
In national currency	29079.3	28888.5	24147.5	25464.5	25716.8	26072.5	26718.8	26448.8	26488.0	27120.2	27616.5	27642.1
Other financial corporations	2020.1	2111.0	1972.5	2197.4	2489.1	2555.8	2542.3	2248.4	2184.4	2319.6	2062.5	2066.1
State and local government	307.5	315.7	354.0	367.6	420.3	405.1	430.0	319.2	288.1	273.1	303.0	245.1
Public nonfinancial corporations	1759.2	1621.7	1539.5	1697.7	1599.3	2089.2	2040.6	1947.9	1911.7	2110.8	1896.5	2079.2
Other nonfinancial corporations	4918.3	4551.1	4706.3	4766.4	4582.3	4242.3	4198.7	4609.3	4963.9	4829.8	4968.6	5241.8
Other resident sectors	19507.7	19717.9	15001.3	15889.0	16090.6	16271.9	16986.6	16821.2	16637.8	17105.4	17910.2	17487.8
Unclassified	566.6	571.2	573.9	546.5	535.2	508.2	520.6	502.9	502.0	481.3	475.7	522.0
In foreign currency	3.9	3.9	3.9	3.9	3.9	3.9	3.9	4.0	3.9	3.9	3.9	3.9
Unclassified	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Deposits excluded from broad money	4174.7	4683.8	4488.2	3960.2	4229.6	4184.6	4425.9	5072.2	5030.0	5052.6	5070.8	4831.5
Transferable deposits	2336.6	2492.1	2707.1	2296.2	2498.6	2372.5	2479.2	2951.9	2853.3	2905.8	2867.6	2677.5
In national currency	1851.6	2026.4	2381.1	1925.7	2129.5	1989.9	2147.6	2362.8	2262.0	2572.7	2410.0	2245.3
In foreign currency	485.0	465.8	326.0	370.5	369.1	382.6	331.5	589.1	591.3	333.1	457.6	432.2
Other deposits	1838.1	2191.7	1781.1	1664.0	1731.0	1812.1	1946.7	2120.3	2176.7	2146.7	2203.2	2154.0
In national currency	1556.1	1620.6	1594.9	1453.1	1523.1	1427.5	1679.3	1869.5	1836.6	1819.8	1979.7	1911.1
In foreign currency	282.0	571.1	186.2	210.9	207.9	384.5	267.5	250.8	340.1	326.9	223.4	242.8

	Jan-10	Feb-10	Mar-10	Apr-10	May-10	Jun-10	Jul-10	Aug-10	Sep-10	Oct-10	Nov-10	Dec-10
Total Deposits	53690.5	53133.1	54311.0	55488.7	54346.1	52023.2	52745.0	53883.0	54132.3	55126.1	56494.2	56137.4
Deposits included in broad money	48396.9	48180.7	49669.2	50747.3	50604.4	48173.2	48619.5	49726.6	49856.2	50842.0	51794.7	51876.4
Transferable deposits	20936.5	20888.5	21780.7	22177.8	22391.2	19928.6	20330.4	21578.4	21834.4	21596.7	22341.6	22760.4
In national currency	20936.5	20888.5	21780.7	22177.8	22391.2	19928.6	20330.4	21578.4	21834.4	21596.7	22341.6	22760.4
Other financial corporations	1859.3	1754.3	2779.1	4202.7	3756.8	2056.3	1852.8	2032.3	2100.2	2035.0	2083.1	1997.5
State and local government	300.1	247.2	272.9	320.0	271.9	330.5	233.6	228.6	201.6	353.6	341.7	415.7
Public nonfinancial corporations	2349.2	1952.4	2096.3	1929.6	1903.4	1781.3	2167.1	1954.7	1953.6	2005.0	2084.2	1817.4
Other nonfinancial corporations	11517.6	12076.2	11871.6	11110.2	11695.0	10961.5	11722.7	12555.6	12484.1	12191.2	12610.7	13332.2
Other resident sectors	4910.3	4858.4	4760.7	4615.2	4764.2	4799.0	4354.1	4807.1	5094.9	5011.9	5221.9	5197.6
Unclassified	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
In foreign currency	426.0	393.8	278.0	670.5	159.5	142.1	1002.0	1186.1	706.7	647.7	487.8	1044.6
Other deposits	27460.4	27292.2	27888.5	28569.5	28213.2	28244.6	28289.1	28148.2	28021.8	29245.3	29453.1	29116.0
In national currency	27460.4	27292.2	27888.5	28569.5	28213.2	28244.6	28289.1	28148.2	28021.8	29245.3	29453.1	29116.0
Other financial corporations	2099.0	2589.8	2823.5	2502.8	2556.9	2603.4	3060.3	4148.6	2791.0	2949.9	3181.8	3357.6
State and local government	241.0	353.6	355.1	339.5	464.9	430.8	379.7	388.6	498.3	517.1	584.6	522.2
Public nonfinancial corporations	1754.2	1682.4	1492.0	2034.9	2047.7	1859.2	1854.0	2038.6	1923.5	1865.9	1795.8	1731.4
Other nonfinancial corporations	4926.1	4418.9	4944.5	5191.3	5144.1	5671.1	5321.3	5125.0	4583.4	5613.5	5067.2	5015.7
Other resident sectors	17957.4	17703.9	17861.0	18052.7	17420.3	17236.8	17209.8	15971.2	17746.0	17806.2	18334.1	18003.1
Unclassified	482.8	543.6	412.5	448.3	579.3	443.4	464.0	476.2	479.6	492.7	489.7	486.0
In foreign currency	3.9	3.9	3.9	3.9	3.9	3.9	3.9	3.9	0.0	0.0	0.0	0.0
Unclassified	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Deposits excluded from broad money	5293.6	4952.4	4641.8	4741.4	3741.7	3849.9	4125.6	4156.4	4276.1	4284.1	4699.5	4261.0
Transferable deposits	2827.4	2859.4	2665.1	2961.1	2017.7	1799.0	2154.0	2057.2	2246.4	2258.1	2479.1	2329.3
In national currency	2443.9	2448.5	2219.4	2528.3	1577.1	1320.7	1465.7	1317.0	1595.4	1550.1	1927.5	1614.6
In foreign currency	383.5	410.9	445.7	432.8	440.6	478.3	688.3	740.3	651.1	708.0	551.6	714.7
Other deposits	2466.2	2093.0	1976.7	1780.3	1724.0	2050.9	1971.6	2099.2	2029.7	2026.0	2220.4	1931.7
In national currency	1886.0	1601.8	1514.5	1466.2	1466.6	1806.2	1587.8	1831.5	1730.5	1821.7	1846.7	1727.4
In foreign currency	580.2	491.2	462.2	314.1	257.4	244.7	383.8	267.7	299.2	204.3	373.7	204.3

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Table II.6 Monetary Aggregates (end of period in N$ million)

		Currency in circulation	Transferable deposits	Narrow money (M1)	Other deposits	Securities included in M2	Broad money supply (M2)
		1	2	3	4	5	6
				1+2 = 3			3+4+5=6
2004		**632.7**	**9,146.8**	**9,779.5**	**5,816.3**	**170.4**	**15,766.1**
2005		**680.0**	**9,096.6**	**9,776.6**	**7,261.7**	**31.4**	**17,069.6**
2006	**Jan**	**646.9**	**9,591.7**	**10,238.6**	**7,130.9**	**11.6**	**17,381.1**
	Feb	663.0	10,056.5	10,719.5	7,052.3	11.7	17,783.5
	Mar	681.0	10,752.9	11,433.9	7,308.9	11.5	18,754.2
	Apr	714.6	10,726.7	11,441.3	7,679.9	11.5	19,132.8
	May	678.8	11,230.2	11,909.0	7,800.1	9.5	19,718.6
	Jun	726.7	11,366.5	12,093.3	8,446.0	9.5	20,548.8
	Jul	727.4	11,743.4	12,470.8	8,494.2	8.0	20,973.0
	Aug	767.4	11,544.1	12,311.4	8,312.2	5.8	20,629.4
	Sep	785.6	12,065.2	12,850.9	8,655.2	5.8	21,511.9
	Oct	772.0	13,562.1	14,334.1	7,898.1	5.9	22,238.1
	Nov	839.7	13,412.7	14,252.4	8,359.3	5.9	22,617.5
	Dec	763.4	12,937.7	13,701.0	8,833.3	5.9	22,540.2
2007	**Jan**	**739.1**	**13,791.9**	**14,531.1**	**8,707.6**	**5.9**	**23,244.6**
	Feb	731.3	13,916.8	14,648.1	8,400.5	5.9	23,054.5
	Mar	797.4	14,029.6	14,827.1	7,756.7	5.9	22,589.7
	Apr	744.5	14,126.1	14,870.6	8,193.0	5.9	23,069.5
	May	777.4	14,154.3	14,931.6	8,562.0	5.9	23,499.5
	Jun	814.5	12,547.1	13,361.6	9,129.7	5.9	22,497.2
	Jul	794.8	14,869.9	15,664.7	9,183.9	5.9	24,854.5
	Aug	883.1	15,021.7	15,904.8	9,026.7	5.9	24,937.4
	Sep	861.8	14,373.6	15,235.4	10,459.9	5.9	25,701.2
	Oct	806.5	14,269.3	15,075.9	9,910.3	6.0	24,992.1
	Nov	806.0	15,193.9	15,999.9	10,194.4	6.0	26,200.2
	Dec	820.3	13,815.9	14,636.2	10,166.1	6.0	24,808.3
2008	**Jan**	**782.5**	**14,728.2**	**15,510.7**	**10,391.8**	**6.0**	**25,908.5**
	Feb	882.0	16,645.4	17,527.4	10,184.0	3.9	27,715.4
	Mar	928.2	16,362.1	17,290.3	9,735.3	3.9	27,029.5
	Apr	937.8	16,717.4	17,655.2	10,127.0	3.9	27,786.1
	May	960.0	16,419.8	17,379.8	10,390.7	3.9	27,774.4
	Jun	957.3	17,270.4	18,227.7	9,772.6	3.9	28,004.2
	Jul	986.0	18,716.2	19,702.2	10,070.2	3.9	29,776.3
	Aug	1,059.4	17,761.9	18,821.3	9,350.1	3.9	28,175.3
	Sep	1,076.4	17,977.1	19,053.5	9,931.9	3.9	28,989.4
	Oct	1,234.3	16,394.6	17,628.8	11,543.3	3.9	29,176.1
	Nov	1,221.0	17,243.6	18,464.6	11,214.6	3.9	29,683.2
	Dec	1,140.4	17,430.2	18,570.7	10,666.4	3.9	29,240.9
2009	**Jan**	**1,217.6**	**17,746.4**	**18,964.0**	**29,079.3**	**3.9**	**48,047.2**
	Feb	1,234.8	17,683.9	18,918.7	28,888.5	3.9	47,811.1
	Mar	1,227.9	18,608.3	19,836.2	24,147.5	3.9	43,987.5
	Apr	1,248.0	18,473.3	19,721.3	25,464.5	3.9	45,189.8
	May	1,235.0	18,651.1	19,886.1	25,716.8	3.9	45,606.8
	Jun	1,133.0	19,036.4	20,169.4	26,072.5	3.9	46,245.8
	Jul	1,209.2	18,999.0	20,208.2	26,718.8	3.9	46,930.9
	Aug	1,180.3	18,813.3	19,993.6	26,448.8	4.0	46,446.3
	Sep	1,084.9	18,406.8	19,491.7	26,488.0	3.9	45,983.6
	Oct	1,145.4	19,551.2	20,696.7	27,120.2	3.9	47,820.8
	Nov	1,204.4	19,624.8	20,829.2	27,616.5	3.9	48,449.7
	Dec	1,156.7	19,740.1	20,896.8	27,642.1	3.9	48,542.9
2010	**Jan**	**1,127.6**	**20,935.0**	**22,062.6**	**27,460.4**	**3.9**	**49,527.0**
	Feb	1,117.6	20,886.9	22,004.5	27,292.2	3.9	49,300.7
	Mar	1,053.0	21,778.2	22,831.2	27,888.5	3.9	50,723.6
	Apr	1,145.2	22,175.3	23,320.5	28,569.5	3.9	51,894.0
	May	1,130.8	22,388.1	23,518.9	28,213.2	3.9	51,736.1
	Jun	1,135.6	19,925.5	21,061.1	28,244.6	3.9	49,309.6
	Jul	1,229.9	20,327.3	21,557.1	28,289.1	3.9	49,850.2
	Aug	1,233.5	21,581.2	22,814.7	28,148.2	3.9	50,966.9
	Sep	1,218.1	21,832.0	23,050.1	28,021.8	-	51,071.9
	Oct	1,273.3	21,595.3	22,868.6	29,245.3	-	52,113.9
	Nov	1,316.1	22,341.1	23,657.3	29,453.1	-	53,110.4
	Dec	1,292.7	22,760.4	24,053.1	29,116.0	-	53,169.0

Table II.7 Monetary analysis (end of period in N$ million)

			Determinants of money supply						
		Broad money supply (M2)	Net foreign assets (cumulative flow)	Claims on the Central Government				Claims on private sectors	Other items net
				Gross claims	Government deposits	Other liabilities	Net claims on Government		
2007	**Jan**	**23,244.6**	**6,128.2**	**2,785.2**	**-4,984.8**	**64.5**	**7,705.5**	**28,889.3**	**-9,573.4**
	Feb	23,054.5	6,058.1	2,914.4	-4,745.9	64.5	7,595.8	29,447.2	-10,619.2
	Mar	22,589.7	6,888.5	3,098.8	-5,779.3	67.3	8,810.8	29,990.7	-11,609.0
	Apr	23,069.5	8,415.2	3,099.4	-6,514.6	51.2	9,562.8	30,040.4	-11,971.0
	May	23,499.5	8,256.2	3,012.1	-5,747.6	52.4	8,707.3	30,345.8	-12,367.0
	Jun	22,497.2	6,949.8	3,270.2	-6,162.7	52.7	9,380.2	30,685.8	-12,245.9
	Jul	24,854.5	9,292.8	3,265.5	-5,905.7	52.7	9,118.5	30,762.6	-12,560.6
	Aug	24,937.4	8,339.2	2,966.9	-4,719.9	52.7	7,634.1	30,998.6	-12,647.3
	Sep	25,701.2	7,825.5	2,957.3	-4,133.0	52.7	7,037.6	31,395.3	-12,343.8
	Oct	24,992.1	7,265.1	2,915.6	-5,061.2	52.8	7,923.9	32,528.8	-12,656.2
	Nov	26,200.2	7,689.4	2,925.3	-4,790.2	-50.2	-1,864.9	32,752.7	-12,377.2
	Dec	24,808.3	7,461.7	2,981.3	-5,242.6	-50.2	-2,261.2	32,374.8	-12,766.9
2008	**Jan**	**25,908.5**	**10,362.4**	**2,598.5**	**-6,266.5**	**-50.2**	**-3,668.0**	**32,659.7**	**-13,445.4**
	Feb	27,715.4	10,542.6	2,321.3	-5,779.4	-66.1	-3,458.1	33,638.2	-13,007.1
	Mar	27,029.5	10,770.7	2,416.5	-5,473.1	-66.1	-3,056.6	33,850.1	-14,534.4
	Apr	27,786.1	12,432.2	2,441.9	-7,084.8	-66.1	-4,642.9	34,297.4	-14,231.9
	May	27,774.4	11,964.6	2,465.9	-6,539.4	-66.2	-4,073.5	33,922.5	-14,038.9
	Jun	28,004.2	11,254.8	2,578.5	-6,728.8	-67.0	-4,150.3	34,468.5	-13,573.9
	Jul	29,776.3	14,588.0	2,701.1	-8,385.8	-67.0	-5,684.7	34,684.2	-13,819.9
	Aug	28,175.3	11,638.4	2,915.9	-7,534.5	-67.0	-4,618.6	35,037.7	-13,881.7
	Sep	28,989.4	12,578.7	2,848.5	-7,128.9	-67.0	-4,280.4	35,520.7	-14,829.2
	Oct	29,176.1	16,518.0	2,762.4	-8,593.3	-64.4	-5,830.8	35,573.0	-17,083.7
	Nov	29,683.2	15,672.4	2,617.5	-7,365.9	-64.4	-4,748.4	35,700.1	-16,940.3
	Dec	29,240.9	13,584.2	2,631.8	-7,269.5	-63.6	-4,637.7	36,610.2	-16,315.3
2009	**Jan**	**48,047.2**	**22,870.6**	**2,877.4**	**-9,404.4**	**-52.8**	**-6,527.0**	**39,227.9**	**-7,523.0**
	Feb	47,811.1	21,356.8	2,681.4	-9,135.1	-53.5	-6,453.7	39,575.1	-6,681.7
	Mar	43,987.5	19,461.0	2,689.1	-7,914.0	-161.1	-5,225.0	39,787.3	-10,035.6
	Apr	45,189.8	21,711.7	2,507.3	-9,748.8	-173.2	-7,241.5	41,839.8	-11,113.9
	May	45,606.8	21,118.2	2,409.5	-9,574.8	-186.2	-7,165.3	41,830.1	-10,170.0
	Jun	46,245.8	21,324.7	2,519.4	-9,012.8	-126.6	-6,493.4	41,761.4	-10,345.1
	Jul	46,930.9	22,636.0	2,659.8	-10,181.1	-142.5	-7,521.3	41,877.3	-10,056.9
	Aug	46,446.3	22,640.2	2,653.9	-9,525.5	-166.2	-6,871.5	42,916.8	-12,225.2
	Sep	45,983.6	21,570.1	2,534.2	-9,144.7	-175.7	-6,610.5	43,267.6	-12,242.7
	Oct	47,820.8	24,988.0	2,760.0	-9,859.9	-194.0	-7,099.9	43,534.0	-13,595.8
	Nov	48,449.7	23,143.6	2,731.7	-8,390.4	-207.1	-5,658.7	44,735.1	-13,762.0
	Dec	48,542.9	22,682.0	2,814.0	-8,109.3	-130.2	-5,295.3	44,784.7	-13,622.1
2010	**Jan**	**49,527.0**	**24,580.5**	**2,392.9**	**-8,672.2**	**-143.5**	**-6,279.4**	**45,122.6**	**-13,890.4**
	Feb	49,300.7	24,502.0	2,780.4	-8,235.2	-183.2	-5,454.8	44,168.8	-13,906.6
	Mar	50,723.6	22,717.3	2,843.7	-6,586.7	-201.6	-3,743.1	43,614.3	-12,259.9
	Apr	51,894.0	23,171.6	3,026.1	-7,300.1	-214.5	-4,274.0	44,829.1	-11,827.4
	May	51,736.1	21,542.5	3,004.0	-6,430.3	-218.1	-3,426.3	44,676.7	-11,052.2
	Jun	49,309.6	19,926.1	2,620.2	-6,913.2	-129.5	-4,293.0	45,037.3	-11,366.1
	Jul	49,850.2	20,668.3	2,721.3	-6,852.4	-135.6	-4,131.1	45,974.9	-12,658.4
	Aug	50,966.9	21,128.6	2,800.5	-6,753.7	-172.1	-3,953.1	46,048.3	-12,256.9
	Sep	51,071.9	19,367.5	2,861.9	-5,781.2	-173.5	-2,919.3	46,178.7	-11,551.9
	Oct	52,113.9	20,238.0	2,835.4	-5,770.0	-198.2	-2,934.6	47,277.8	-12,465.2
	Nov	53,110.4	19,138.9	2,854.9	-4,531.5	-209.4	-1,676.5	48,223.7	-12,574.5
	Dec	53,169.0	18,006.9	3,080.0	-4,918.9	-132.4	-1,838.9	48,698.6	-11,697.0

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Table II.8 Changes in determinants of money supply (end of period in N$ million)

		Determinants of money supply							
		Broad money supply (M2)	Net foreign assets (cumulative flow)	Claims on the Central Government				Claims on other sectors	Other items net
				Gross claims	Government deposits	Other liabilities	Net claims on Government		
2008	**Jan**	**1,100.1**	**2,900.7**	**-382.8**	**-1,023.9**	**0.0**	**-1,406.8**	**285.0**	**-678.5**
	Feb	1,806.9	180.2	-277.2	487.1	-15.9	209.9	978.5	438.3
	Mar	-685.8	228.1	95.2	306.3	0.0	401.5	211.8	-1,527.3
	Apr	756.6	1,661.5	25.4	-1,611.7	0.0	-1,586.3	447.4	302.5
	May	-11.7	-467.6	24.0	545.5	-0.1	569.5	-374.9	193.0
	Jun	229.8	-709.8	112.6	-189.4	-0.8	-76.8	546.0	465.0
	Jul	1,772.1	3,333.2	122.5	-1,657.0	0.0	-1,534.5	215.7	-246.0
	Aug	-1,601.0	-2,949.6	214.9	851.3	0.0	1,066.1	353.5	-61.8
	Sep	814.1	940.3	-67.4	405.6	0.0	338.2	483.0	-947.5
	Oct	186.7	-3,939.3	-86.1	-1,464.4	2.7	-1,550.5	52.3	-2,254.5
	Nov	507.1	845.6	-144.9	1,227.3	0.0	1,082.5	127.0	143.4
	Dec	-442.3	2,088.2	14.2	96.4	0.8	110.6	910.2	625.0
2009	**Jan**	**18,806.3**	**9,286.4**	**245.7**	**-2,134.9**	**10.7**	**-1,889.2**	**2,617.7**	**8,792.3**
	Feb	-236.1	-1,513.8	-196.0	269.2	-0.6	73.2	347.1	841.4
	Mar	-3,823.6	-1,895.8	7.7	1,221.1	-107.6	1,228.8	212.2	-3,353.9
	Apr	1,202.2	2,250.7	-181.8	-1,834.8	-12.1	-2,016.6	2,052.5	-1,078.3
	May	417.1	-593.5	-97.7	174.0	-13.0	76.3	-9.7	943.9
	Jun	638.9	206.6	109.9	562.0	59.6	671.9	-68.7	-175.1
	Jul	685.1	1,311.3	140.4	-1,168.3	-16.0	-1,027.9	115.9	288.2
	Aug	-484.6	4.2	-5.9	655.7	-23.6	649.8	1,039.5	-2,168.3
	Sep	-462.7	-1,070.1	-119.7	380.8	-9.5	261.0	350.8	-17.5
	Oct	1,837.2	3,417.9	225.8	-715.2	-18.4	-489.4	266.4	-1,353.1
	Nov	628.9	-1,844.4	-28.4	1,469.5	-13.1	1,441.2	1,201.2	-166.2
	Dec	93.2	-461.7	82.4	281.1	76.9	363.4	49.5	139.9
2010	**Jan**	**984.1**	**1,898.5**	**-421.2**	**-562.9**	**-13.3**	**-984.1**	**338.0**	**-268.3**
	Feb	-226.3	-78.5	387.5	437.0	-39.7	824.5	-953.9	-16.2
	Mar	1,423.0	-1,784.7	63.3	1,648.5	-18.3	1,711.8	-554.5	1,646.7
	Apr	1,170.3	454.3	182.4	-713.3	-12.9	-530.9	1,214.9	432.6
	May	-157.9	-1,629.1	-22.1	869.8	-3.6	847.6	-152.5	775.2
	Jun	-2,426.5	-1,616.4	-383.8	-482.9	88.7	-866.7	360.6	-313.8
	Jul	540.6	742.2	101.1	60.8	-6.2	161.9	937.6	-1,292.4
	Aug	1,116.7	460.2	79.3	98.8	-36.5	178.0	73.4	401.6
	Sep	105.0	-1,761.1	61.4	972.5	-1.4	1,033.9	130.4	705.0
	Oct	1,042.0	870.6	-26.5	11.2	-24.8	-15.4	1,099.1	-913.3
	Nov	996.5	-1,099.2	19.6	1,238.6	-11.2	1,258.1	945.9	-109.3
	Dec	58.6	-1,132.0	225.1	-387.5	77.0	-162.4	474.9	877.4

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Table II.9 Selected interest rates: Namibia and South Africa

		Prime lending rate		Average lending rate		Treasury bill rate (3 month)		Deposit rates		Bank rate	Repo rate
		Namibia	SA	Namibia	SA	Namibia	SA	Namibia	SA	Namibia	SA
2005	Jan	12.25	11.00	10.68	11.00	7.67	7.29	6.18	6.72	7.50	7.50
	Feb	12.25	11.00	10.66	11.00	7.58	7.23	6.18	6.71	7.50	7.50
	Mar	12.25	11.00	10.56	11.00	7.58	7.20	6.53	6.77	7.50	7.50
	Apr	11.75	10.50	10.66	10.50	7.59	6.95	6.50	6.77	7.00	7.00
	May	11.75	10.50	10.58	10.50	6.80	6.75	6.31	6.48	7.00	7.00
	Jun	11.75	10.50	10.52	10.50	6.16	6.76	6.21	6.48	7.00	7.00
	Jul	11.75	10.50	10.52	10.50	7.11	6.73	6.13	6.48	7.00	7.00
	Aug	11.75	10.50	10.50	10.50	6.71	6.73	6.06	6.48	7.00	7.00
	Sep	11.75	10.50	10.77	10.50	6.75	6.74	6.13	6.66	7.00	7.00
	Oct	11.75	10.50	10.55	10.50	6.93	6.79	5.98	6.82	7.00	7.00
	Nov	11.75	10.50	10.54	10.50	6.93	6.89	60.2	7.06	7.00	7.00
	Dec	11.75	10.50	10.78	10.50	7.01	6.82	5.99	6.75	7.00	7.00
2006	Jan	11.75	10.50	10.46	10.50	7.03	6.74	6.09	6.59	7.00	7.00
	Feb	11.75	10.50	10.69	10.50	6.94	6.68	6.10	6.58	7.00	7.00
	Mar	11.75	10.50	10.78	10.50	6.67	6.53	6.11	6.62	7.00	7.00
	Apr	11.75	10.50	10.58	10.50	6.63	6.65	6.31	6.59	7.00	7.00
	May	11.75	10.50	10.80	10.50	6.5	6.80	6.13	6.75	7.00	7.00
	Jun	12.25	11.00	10.61	11.00	6.77	7.11	6.24	7.32	7.50	7.50
	Jul	12.25	11.00	10.93	11.00	7.23	7.28	6.18	7.46	7.50	7.50
	Aug	12.75	11.50	11.01	11.50	7.56	7.69	6.34	7.92	8.00	8.00
	Sep	12.75	11.50	11.71	11.50	7.57	7.75	6.22	8.08	8.00	8.00
	Oct	13.25	12.00	11.97	12.00	7.52	8.22	6.37	8.36	8.50	8.50
	Nov	13.25	12.00	12.2	12.00	7.95	8.23	6.64	8.57	8.50	8.50
	Dec	13.75	12.50	12.43	12.50	7.95	8.39	6.85	8.57	9.00	9.00
2007	Jan	13.75	12.50	12.63	12.50	8.36	8.87	6.98	9.00	9.00	9.00
	Feb	13.75	12.50	12.32	12.50	8.22	8.41	7.38	8.99	9.00	9.00
	Mar	13.75	12.50	11.90	12.50	8.06	8.26	7.22	8.93	9.00	9.00
	Apr	13.75	12.50	12.44	12.50	8.00	8.32	7.18	9.22	9.00	9.00
	May	13.75	12.50	12.65	12.50	8.11	8.68	7.34	9.23	9.00	9.00
	Jun	14.25	13.00	12.22	12.88	8.03	9.10	7.24	9.59	9.50	9.50
	Jul	14.25	13.00	13.03	13.00	8.66	8.86	7.49	9.93	9.50	9.50
	Aug	14.75	13.50	12.85	13.25	8.98	9.26	7.68	10.15	10.00	10.00
	Sep	14.75	13.50	12.89	13.50	9.24	9.43	7.74	10.11	10.00	10.00
	Oct	15.25	14.00	13.56	13.81	9.16	9.96	7.95	10.39	10.50	10.50
	Nov	15.25	14.00	14.53	14.00	9.19	10.43	8.08	10.65	10.50	10.50
	Dec	15.25	14.50	13.59	14.39	9.80	10.52	8.28	10.92	10.50	11.00
2008	Jan	15.25	14.50	14.01	14.50	9.70	10.37	8.13	10.82	10.50	11.00
	Feb	15.25	14.50	14.18	14.50	9.24	10.24	8.23	10.32	10.50	11.00
	Mar	15.25	14.50	13.93	14.50	9.20	10.04	8.35	10.99	10.50	11.00
	Apr	15.25	15.00	13.14	14.82	9.15	10.46	8.14	11.05	10.50	11.50
	May	15.25	15.00	13.20	15.00	9.36	11.55	8.29	11.51	10.50	11.50
	Jun	15.25	15.50	13.49	15.29	10.19	11.38	8.33	11.20	10.50	12.00
	Jul	15.25	15.50	13.13	15.50	10.74	11.35	8.28	12.02	10.50	12.00
	Aug	15.25	15.50	13.80	15.50	10.79	11.16	8.40	11.91	10.50	12.00
	Sep	15.25	15.50	13.91	15.50	10.89	11.11	8.54	11.99	10.50	12.00
	Oct	15.25	15.50	13.99	15.50	11.22	10.93	8.70	12.00	10.50	12.00
	Nov	15.25	15.50	14.32	15.50	11.26	10.85	8.62	11.95	10.50	12.00
	Dec	14.75	15.00	13.74	15.21	11.29	10.77	8.60	11.61	10.00	11.50
2009	Jan	14.75	15.00	12.96	15.00	11.16	10.66	8.27	11.32	10.00	11.50
	Feb	13.75	14.00	13.84	14.17	10.90	9.22	8.46	10.49	9.00	10.50
	Mar	13.75	13.00	12.55	13.76	9.68	8.62	7.47	10.11	9.00	9.50
	Apr	12.75	13.00	11.35	13.00	9.33	8.28	6.84	9.43	8.00	9.50
	May	12.13	11.00	11.19	11.96	8.67	7.68	6.48	8.85	7.50	7.50
	Jun	11.56	11.00	10.21	11.00	7.63	7.23	5.78	8.29	7.00	7.50
	Jul	11.44	11.00	10.35	11.00	7.68	7.39	5.55	8.22	7.00	7.50
	Aug	11.44	10.50	9.75	10.70	7.48	7.16	5.35	8.00	7.00	7.00
	Sep	11.38	10.50	10.55	10.50	7.27	6.94	5.27	7.75	7.00	7.00
	Oct	11.31	10.50	9.91	10.50	7.34	6.95	5.15	7.68	7.00	7.00
	Nov	11.25	10.50	10.01	10.50	7.37	7.01	5.15	7.44	7.00	7.00
	Dec	11.25	10.50	10.75	10.50	7.42	7.07	5.11	7.40	7.00	7.00
2010	Jan	11.25	10.50	9.95	10.50	7.38	7.11	5.31	7.31	7.00	7.00
	Feb	11.25	10.50	10.15	10.50	7.26	7.08	5.27	7.42	7.00	7.00
	Mar	11.25	10.00	10.06	10.40	7.24	6.95	5.31	7.23	7.00	6.50
	Apr	11.25	10.00	9.60	10.00	7.02	6.59	5.12	7.10	7.00	6.50
	May	11.25	10.00	9.87	10.00	6.93	6.58	5.29	6.87	7.00	6.50
	Jun	11.25	10.00	9.78	10.00	6.92	6.54	5.06	6.88	7.00	6.50
	Jul	11.13	10.00	9.82	10.00	6.77	6.48	5.04	6.66	7.00	6.50
	Aug	11.13	10.00	9.60	10.00	6.59	6.42	4.88	6.60	7.00	6.50
	Sep	11.13	9.50	9.59	9.66	6.59	6.08	4.81	6.36	7.00	6.00
	Oct	10.94	9.50	9.66	9.50	6.37	5.97	4.84	6.17	6.75	6.00
	Nov	10.50	9.00	9.42	9.31	5.94	5.65	4.62	5.97	6.75	5.50
	Dec	9.75	9.00	9.14	9.00	5.68	5.59	4.41	6.37	6.00	5.50

Table III.1(a) Treasury bills auction - N$ million

	Period	Offer	Tendered	Surplus(+) Deficit (-)	Effective Yield %
91 days	**2009**				
	Jan	150.0	274.0	124.0	11.2
	Feb	150.0	190.0	40.0	10.9
	Mar	160.0	352.0	192.0	9.7
	Apr	150.0	190.9	40.9	9.3
	May	150.0	332.5	182.5	8.7
	June	160.0	235.0	75.0	7.6
	July	150.0	267.0	117.0	7.7
	Aug	150.0	257.0	107.0	7.5
	Sep	160.0	290.0	130.0	7.3
	Oct	150.0	120.4	-29.6	7.3
	Nov	150.0	260.0	110.0	7.4
	Dec	160.0	231.0	71.0	7.4
	2010				
	Jan	120.4	161.2	40.9	7.4
	Feb	150.0	273.0	123.0	7.3
	Mar	160.0	156.6	-3.4	7.2
	Apr	120.0	189.9	69.9	7.0
	May	150.0	206.5	56.5	6.9
	June	160.0	199.5	39.5	6.9
	July	150.0	269.2	119.2	6.8
	Aug	150.0	288.5	138.5	6.6
	Sep	200.0	240.6	40.6	6.6
	Oct	150.0	117.3	-32.7	6.4
	Nov	150.0	295.0	145.0	5.9
	Dec	200.0	220.8	20.8	5.7
	2011				
	Jan	150.0	257.1	107.1	5.6
	Feb	200.0	229.7	29.7	5.7
182 days	**2009**				
	Jan	100.0	361.7	261.7	11.1
	Feb	150.0	439.0	289.0	10.4
	Feb	200.0	337.5	137.5	8.9
	Mar	150.0	297.4	147.4	8.4
	May	150.0	355.7	205.7	8.0
	June	200.0	359.0	159.0	7.6
	July	100.0	283.9	183.9	7.7
	Aug	150.0	420.5	270.5	7.7
	Aug	200.0	386.9	186.9	7.5
	Sep	150.0	293.8	143.8	7.5
	Nov	150.0	224.3	74.3	7.5
	Dec	200.0	315.1	115.1	7.6
	2010				
	Jan	100.0	238.4	138.4	7.5
	Feb	150.0	329.2	179.2	7.5
	Feb	200.0	477.1	277.1	7.5
	Mar	150.0	202.3	52.3	7.5
	May	150.0	201.2	51.2	7.0
	June	200.0	285.7	85.7	7.0
	July	150.0	343.5	193.5	6.9
	Aug	150.0	435.0	285.0	6.6
	Aug	200.0	522.7	322.7	6.6
	Sep	150.0	266.3	116.3	6.2
	Nov	150.0	313.3	163.3	6.0
	Dec	200.0	624.8	424.8	5.7
	Dec	250.0	626.5	376.5	5.9
	2011				
	Jan	200.0	385.8	185.8	5.8
	Feb	200.0	376.1	176.1	5.9
	Feb	250.0	578.6	328.6	5.9
365 days	**2009**				
	Feb	100.0	404.0	304.0	10.2
	Mar	100.0	293.0	193.0	8.6
	Apr	150.0	298.0	148.0	8.5
	May	150.0	315.8	165.8	8.2
	May	100.0	270.0	170.0	8.1
	June	130.0	338.0	208.0	7.6
	June	200.0	246.0	46.0	7.7
	July	150.0	350.6	200.6	7.9
	July	50.0	3.0	-47.0	7.9
	Aug	150.0	233.0	83.0	8.0
	Sep	150.0	308.3	158.3	7.8
	Sep	150.0	316.0	166.0	7.7
	Oct	100.0	223.2	123.2	7.8
	Nov	250.0	295.0	45.0	7.9
	Dec	200.0	266.0	66.0	8.1
	2010				
	Feb	100.0	399.8	299.8	7.9
	Mar	100.0	174.7	74.7	7.8
	Apr	150.0	292.4	142.4	7.3
	May	150.0	275.2	125.2	7.4
	May	100.0	273.3	173.3	7.4
	Jun	130.0	205.2	75.2	7.3
	Jun	200.0	152.2	-47.8	7.3
	Jul	150.0	360.3	210.3	7.2
	Jul	100.0	209.4	109.4	7.1
	Aug	150.0	341.6	191.6	6.9
	Sep	150.0	296.8	146.8	6.5
	Sep	150.0	249.3	99.3	6.5
	Oct	150.0	304.5	154.5	6.4
	Nov	250.0	713.4	463.4	6.0
	Dec	200.0	618.7	418.7	5.8
	Dec	250.0	448.8	198.8	6.0
	2011				
	Jan	100.0	290.3	190.3	6.1
	Feb	150.0	386.4	236.4	6.2

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Table III.1(b) Allotment of Government of Namibia treasury bills - N$ '000

Date issued	Date due	Deposit Money Banks	Other Banking Institutions	Banking Sector	Non-banking Financial Institutions	Other Public Enterprises	Private Sector	TOTAL	Amount Outstanding
2009									
Jan	05/09	143,790.0	0.0	143,790.0	0.0	0.0	6,210.0	150,000.0	3,505,000.0
Jan*	07/09	98,000.0	0.0	98,000.0	2,000.0	0.0	0.0	100,000.0	3,505,000.0
Feb	05/09	125,000.0	0.0	125,000.0	25,000.0	0.0	0.0	150,000.0	3,505,000.0
Feb*	08/09	54,700.0	0.0	54,700.0	95,300.0	0.0	0.0	150,000.0	3,505,000.0
Feb*	08/09	199,550.0	0.0	199,550.0	450.0	0.0	0.0	200,000.0	3,505,000.0
Feb**	02/10	30,000.0	0.0	30,000.0	69,520.0	0.0	480.0	100,000.0	3,505,000.0
Mar	06/09	35,000.0	0.0	35,000.0	124,400.0	0.0	600.0	160,000.0	3,540,000.0
Mar*	09/09	130,000.0	0.0	130,000.0	20,000.0	0.0	0.0	150,000.0	3,540,000.0
Mar**	03/10	58,980.0	0.0	58,980.0	41,020.0	0.0	0.0	100,000.0	3,540,000.0
Apr	07/09	114,080.0	0.0	114,080.0	30,000.0	0.0	5,920.0	150,000.0	3,540,000.0
Apr**	04/10	120,000.0	0.0	120,000.0	30,000.0	0.0	0.0	150,000.0	3,540,000.0
May	08/09	141,000.0	0.0	141,000.0	9,000.0	0.0	0.0	150,000.0	3,540,000.0
May*	11/09	117,320.0	0.0	117,320.0	31,780.0	0.0	900.0	150,000.0	3,540,000.0
May**	05/09	139,260.0	0.0	139,260.0	10,740.0	0.0	0.0	150,000.0	3,540,000.0
May**	05/09	100,000.0	0.0	100,000.0	0.0	0.0	0.0	100,000.0	3,540,000.0
June	09/09	160,000.0	0.0	160,000.0	0.0	0.0	0.0	160,000.0	3,540,000.0
June*	12/09	192,640.0	0.0	192,640.0	7,360.0	0.0	0.0	200,000.0	3,540,000.0
June**	06/10	198,500.0	0.0	198,500.0	1,500.0	0.0	0.0	200,000.0	3,540,000.0
June**	06/10	123,850.0	0.0	123,850.0	6,150.0	0.0	0.0	130,000.0	3,540,000.0
July	10/09	143,720.0	0.0	143,720.0	0.0	0.0	6,280.0	150,000.0	3,540,000.0
July*	01/10	99,300.0	0.0	99,300.0	0.0	0.0	700.0	100,000.0	3,540,000.0
July**	07/10	140,000.0	0.0	140,000.0	10,000.0	0.0	0.0	150,000.0	3,540,000.0
July**	07/10	50,000.0	0.0	50,000.0	0.0	0.0	0.0	50,000.0	3,540,000.0
Aug	11/09	148,000.0	0.0	148,000.0	2,000.0	0.0	0.0	150,000.0	3,540,000.0
Aug*	02/10	84,480.0	0.0	84,480.0	65,000.0	0.0	520.0	150,000.0	3,540,000.0
Aug*	02/10	173,110.0	0.0	173,110.0	26,370.0	0.0	520.0	200,000.0	3,540,000.0
Aug**	08/10	144,000.0	0.0	144,000.0	6,000.0	0.0	0.0	150,000.0	3,540,000.0
Sept	12/09	160,000.0	0.0	160,000.0	0.0	0.0	0.0	160,000.0	3,540,000.0
Sept*	03/10	148,360.0	0.0	148,360.0	1,640.0	0.0	0.0	150,000.0	3,540,000.0
Sept**	09/10	70,370.0	0.0	70,370.0	79,630.0	0.0	0.0	150,000.0	3,540,000.0
Sept**	09/10	70,370.0	0.0	70,370.0	79,630.0	0.0	0.0	150,000.0	3,540,000.0
Oct	01/10	100,000.0	0.0	100,000.0	14,000.0	0.0	6,360.0	120,360.0	3,510,360.0
Oct**	10/10	64,000.0	0.0	64,000.0	36,000.0	0.0	0.0	100,000.0	3,510,360.0
Nov	02/10	150,000.0	0.0	150,000.0	0.0	0.0	0.0	150,000.0	3,510,360.0
Nov*	05/10	125,690.0	0.0	125,690.0	23,380.0	0.0	930.0	150,000.0	3,510,360.0
Nov**	11/10	146,900.0	0.0	146,900.0	102,600.0	0.0	500.0	250,000.0	3,510,360.0
Dec	03/10	127,490.0	0.0	127,490.0	32,510.0	0.0	0.0	160,000.0	3,510,360.0
Dec*	06/10	164,000.0	0.0	164,000.0	36,000.0	0.0	0.0	200,000.0	3,510,360.0
Dec**	12/10	130,430.0	0.0	130,430.0	69,570.0	0.0	0.0	200,000.0	3,510,360.0
2010									
Jan	04/10	96,120.0	0.0	96,120.0	22,930.0	0.0	1,310.0	120,360.0	3,510,360.0
Jan*	07/10	100,000.0	0.0	100,000.0	0.0	0.0	0.0	100,000.0	3,510,360.0
Feb	05/10	150,000.0	0.0	150,000.0	0.0	0.0	0.0	150,000.0	3,510,360.0
Feb*	08/10	85,840.0	0.0	85,840.0	63,630.0	0.0	530.0	150,000.0	3,510,360.0
Feb*	08/10	179,950.0	0.0	179,950.0	19,520.0	0.0	530.0	200,000.0	3,510,360.0
Feb**	02/11	83,060.0	0.0	83,060.0	16,940.0	0.0	0.0	100,000.0	3,510,360.0
Mar	06/10	140,000.0	0.0	140,000.0	16,640.0	0.0	0.0	156,640.0	3,507,000.0
Mar*	09/10	137,670.0	0.0	137,670.0	10,890.0	0.0	1,440.0	150,000.0	3,507,000.0
Mar**	03/11	0.0	0.0	0.0	24,840.0	0.0	0.0	24,840.0	3,431,840.0
Apr	07/10	95,120.0	0.0	95,120.0	23,560.0	0.0	1,320.0	120,000.0	3,627,000.0
Apr**	04/11	145,000.0	0.0	145,000.0	5,000.0	0.0	0.0	150,000.0	3,506,640.0
May	08/10	125,000.0	0.0	125,000.0	25,000.0	0.0	0.0	150,000.0	3,506,640.0
May*	11/10	94,730.0	0.0	94,730.0	55,270.0	0.0	0.0	150,000.0	3,506,640.0
May**	05/11	136,770.0	0.0	136,770.0	13,130.0	0.0	100.0	150,000.0	3,506,640.0
May**	05/11	100,000.0	0.0	100,000.0	0.0	0.0	0.0	100,000.0	3,506,640.0
Jun	09/10	159,470.0	0.0	159,470.0	530.0	0.0	0.0	160,000.0	3,510,000.0
Jun*	12/10	164,320.0	0.0	164,320.0	35,000.0	0.0	680.0	200,000.0	3,510,000.0
Jun**	06/11	130,000.0	0.0	130,000.0	0.0	0.0	0.0	130,000.0	3,440,000.0
Jun**	06/11	145,000.0	0.0	145,000.0	6,770.0	0.0	450.0	152,220.0	3,462,220.0
Jul	10/10	142,390.0	0.0	142,390.0	7,380.0	0.0	230.0	150,000.0	3,492,220.0
Jul*	01/11	149,490.0	0.0	149,490.0	0.0	0.0	510.0	150,000.0	3,542,220.0
Jul**	07/11	150,000.0	0.0	150,000.0	0.0	0.0	0.0	150,000.0	3,542,220.0
Jul**	07/11	83,900.0	0.0	83,900.0	16,100.0	0.0	0.0	100,000.0	3,592,220.0
Aug	11/10	76,500.0	0.0	76,500.0	73,000.0	0.0	500.0	150,000.0	3,592,220.0
Aug*	02/11	145,590.0	0.0	145,590.0	4,410.0	0.0	0.0	150,000.0	3,592,220.0
Aug*	02/11	199,460.0	0.0	199,460.0	0.0	0.0	540.0	200,000.0	3,592,220.0
Aug**	08/11	128,400.0	0.0	128,400.0	21,600.0	0.0	0.0	150,000.0	3,592,220.0
Sept	12/10	149,400.0	0.0	149,400.0	50,000.0	0.0	600.0	200,000.0	3,632,220.0
Sept*	03/11	143,730.0	0.0	143,730.0	4,800.0	0.0	1,470.0	150,000.0	3,632,220.0
Sept**	09/11	63,200.0	0.0	63,200.0	86,800.0	0.0	0.0	150,000.0	3,632,220.0
Sept**	09/11	105,660.0	0.0	105,660.0	44,340.0	0.0	0.0	150,000.0	3,632,220.0
Oct	01/11	90,000.0	0.0	90,000.0	27,040.0	0.0	230.0	117,270.0	3,599,490.0
Oct**	10/11	145,000.0	0.0	145,000.0	5,000.0	0.0	0.0	150,000.0	3,649,490.0
Nov	02/11	130,000.0	0.0	130,000.0	20,000.0	0.0	0.0	150,000.0	3,649,490.0
Nov*	05/11	149,130.0	0.0	149,130.0	360.0	0.0	510.0	150,000.0	3,649,490.0
Nov**	11/11	118,010.0	0.0	118,010.0	131,990.0	0.0	0.0	250,000.0	3,649,490.0
Dec	03/11	144,780.0	0.0	144,780.0	55,220.0	0.0	0.0	200,000.0	3,649,490.0
Dec*	06/11	60,590.0	0.0	60,590.0	139,410.0	0.0	0.0	200,000.0	3,649,490.0
Dec*	06/11	165,000.0	0.0	165,000.0	46,010.0	0.0	0.0	211,010.0	4,060,500.0
Dec**	12/11	200,000.0	0.0	200,000.0	0.0	0.0	0.0	200,000.0	4,060,500.0
Dec**	12/11	110,000.0	0.0	110,000.0	23,550.0	0.0	0.0	133,550.0	3,994,050.0
2011									
Jan	04/11	132,880.0	0.0	132,880.0	16,520.0	0.0	600.0	150,000.0	4,026,780.0
Jan*	07/11	189,240.0	0.0	189,240.0	10,000.0	0.0	760.0	200,000.0	4,076,780.0
Jan**	01/12	84,670.0	0.0	84,670.0	15,330.0	0.0	0.0	100,000.0	4,176,780.0
Feb	05/11	197,000.0	0.0	197,000.0	3,000.0	0.0	0.0	200,000.0	4,226,780.0
Feb*	08/11	189,300.0	0.0	189,300.0	10,700.0	0.0	0.0	200,000.0	4,276,780.0
Feb*	08/11	238,450.0	0.0	238,450.0	11,550.0	0.0	0.0	250,000.0	4,326,780.0
Feb**	02/12	125,160.0	0.0	125,160.0	24,840.0	0.0	0.0	150,000.0	4,376,780.0

91 days
*182 days
**365 days

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Table III.2(a) Internal registered stock auction - N$ million

		Offer	Amount Tendered	Surplus (+) Deficit (-)	Weighted YTM %
GC12 (10.50%)					
	2007				
	Jan	40.0	160.0	120.0	9.3
	Feb	40.0	138.5	98.5	8.9
	Mar	40.0	162.4	122.4	8.7
	2008				
	Apr	40.0	217.5	177.5	9.8
	Jun	40.0	188.7	148.7	11.8
	Jul	90.0	201.9	111.9	11.6
	Sep	40.0	54.5	14.5	9.9
	Oct	40.0	41.0	1.0	9.6
	2009				
	Jan	40.0	65.0	25.0	8.4
	Feb	40.0	50.0	10.0	8.2
	Mar	40.0	15.0	-25.0	8.1
	Apr	10.0	17.0	7.0	7.9
	May	10.0	32.0	22.0	7.8
	June	10.0	10.0	0.0	8.2
	July	10.0	37.0	27.0	8.4
	Aug	10.0	31.0	21.0	8.3
	Sept	10.0	22.0	12.0	8.2
	Oct	10.0	20.0	10.0	8.3
	Nov	10.0	17.0	7.0	8.1
	Dec	10.0	20.0	10.0	8.2
	2010				
	Jan	100.0	403.4	303.4	8.2
	Feb	10.0	14.0	4.0	8.1
GC15 (13.00%) GC18 (9.50%)					
	2008				
	Jun	80.0	227.3	147.3	11.1
	Jul	100.0	190.2	90.2	11.1
	Sep	40.0	82.3	42.3	9.5
	Oct	40.0	39.0		9.6
	2009				
	Jan	40.0	20.0	-20.0	9.0
	Feb	40.0	83.2	43.2	9.8
	Mar	40.0	95.3	55.3	9.5
	Apr	20.0	77.0	57.0	9.6
	May	20.0	42.0	22.0	9.5
	June	20.0	37.0	17.0	9.6
	July	20.0	61.5	41.5	9.9
	Aug	20.0	29.0	9.0	9.4
	Sept	20.0	92.0	72.0	9.2
	Oct	20.0	45.6	25.6	9.6
	Nov	20.0	100.0	80.0	9.4
	Dec	20.0	54.0	34.0	9.4
	2010				
	Jan	200.0	381.6	181.6	9.5
	Feb	20.0	71.0	51.0	9.3
	Apr	20.0	88.6	68.6	8.9
	May	20.0	72.0	52.0	9.1
	June	20.0	77.8	57.8	8.9
	July	20.0	62.5	42.5	8.5
	Aug	20.0	23.0	3.0	8.3
	Sep	20.0	61.0	41.0	8.1
	Oct	20.0	74.5	54.5	8.1
	Nov	20.0	98.0	78.0	7.9
	Dec	80.0	130.5	50.5	8.7
	2011				
	Feb	100.0	34.0	-66.0	9.0
GC21 (7.75%)					
	2010				
	Nov	20.0	118.0	98.0	8.2
	Dec	80.0	114.0	34.0	8.8
	2011				
	Jan	100.0	41.0	-59.0	8.9
	Feb	100.0	32.0	-68.0	8.5
GC24 (10.50%)					
	2008				
	Apr	40.0	146.0	106.0	9.6
	Jun	40.0	83.9	43.9	11.0
	Jul	90.0	60.9	-29.1	10.9
	Sep	40.0	111.7	71.7	9.4
	Oct	40.0	25.9	-14.2	9.5
	2009				
	Feb	40.0	42.0	2.0	9.7
	Mar	40.0	80.0	40.0	9.5
	Apr	20.0	61.0	41.0	9.7
	May	20.0	56.1	36.1	9.7
	June	20.0	37.0	17.0	9.7
	July	20.0	54.0	34.0	9.9
	Aug	20.0	32.2	12.2	9.4
	Sep	10.0	22.0	12.0	8.2
	Sep	20.0	92.0	72.0	9.3
	Oct	20.0	30.5	10.5	9.7
	Nov	20.0	87.0	67.0	9.5
	Dec	20.0	47.0	27.0	9.5
	2010				
	Jan	200.0	114.0	-86.0	9.7
	Feb	20.0	82.0	62.0	9.5
	Apr	20.0	57.1	37.1	8.9
	May	20.0	77.7	57.7	9.1
	June	20.0	86.2	66.2	9.0
	July	20.0	55.6	35.6	8.9
	Aug	20.0	30.6	10.6	8.4
	Sep	20.0	83.0	63.0	8.1
	Oct	20.0	65.4	45.4	8.1
	Nov	20.0	64.4	44.4	8.3
	Dec	80.0	84.0	4.0	9.1
	2011				
	Jan	100.0	22.0	-78.0	9.0
GC27 (8.00%)					
	2011				
	Feb	100.0	20.0	-80.0	9.2
GC30 (8.00%)					
	2011				
	Feb	100.0	20.0	-80.0	9.3

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Table III.2(b) Allotment of Government of Namibia internal registered stock - N$ '000

Date issued	Date due	Coupon rate [%]	Deposit Money Banks	Other Banking Institutions	Banking Sector	Non-bank Financial Institutions	Other Public Enterprises	Private Sector	TOTAL	Amount Outstanding
2009										
Jan	10/15	10.50	40,000.0	0.0	40,000.0	0.0	0.0	0.0	40,000.0	6,024,677.2
Jan	07/15	9.50	10,000.0	0.0	10,000.0	0.0	0.0	0.0	10,000.0	6,034,677.2
Feb	10/12	10.50	22,000.0	0.0	22,000.0	0.0	0.0	0.0	22,000.0	6,056,677.2
Feb	07/18	9.50	34,800.0	0.0	34,800.0	5,000.0	0.0	200.0	40,000.0	6,096,677.2
Feb	10//24	10.50	40,000.0	0.0	40,000.0	0.0	0.0	0.0	40,000.0	6,136,677.2
Mar	10/12	10.50	5,000.0	0.0	5,000.0	0.0	0.0	0.0	5,000.0	6,141,677.2
Mar	06/18	9.50	40,000.0	0.0	40,000.0	0.0	0.0	0.0	40,000.0	6,181,677.2
Mar	10/24	10.50	40,000.0	0.0	40,000.0	0.0	0.0	0.0	40,000.0	6,221,677.2
Apr	10/12	10.50	5,000.0	0.0	5,000.0	0.0	0.0	0.0	5,000.0	6,226,677.2
Apr	07/18	9.50	18,000.0	0.0	18,000.0	2,000.0	0.0	0.0	20,000.0	6,246,677.2
Apr	10/24	10.50	20,000.0	0.0	20,000.0	0.0	0.0	0.0	20,000.0	6,266,677.2
May	10/12	10.50	10,000.0	0.0	10,000.0	0.0	0.0	0.0	10,000.0	6,276,677.2
May	07/18	9.50	18,000.0	0.0	18,000.0	2,000.0	0.0	0.0	20,000.0	6,296,677.2
May	10/24	10.50	20,000.0	0.0	20,000.0	0.0	0.0	0.0	20,000.0	6,316,677.2
June	10/12	10.50	10,000.0	0.0	10,000.0	0.0	0.0	0.0	10,000.0	6,326,677.2
June	07/18	9.50	20,000.0	0.0	20,000.0	0.0	0.0	0.0	20,000.0	6,346,677.2
June	10/24	10.50	8,920.0	0.0	8,920.0	0.0	10,000.0	1,080.0	20,000.0	6,366,677.2
July	10/12	10.50	0.0	0.0	0.0	0.0	10,000.0	0.0	10,000.0	6,376,677.2
July	07/18	9.50	20,000.0	0.0	20,000.0	0.0	0.0	0.0	20,000.0	6,396,677.2
July	10/24	10.50	20,000.0	0.0	20,000.0	0.0	0.0	0.0	20,000.0	6,416,677.2
Aug	10/12	10.50	10,000.0	0.0	10,000.0	0.0	0.0	0.0	10,000.0	6,426,677.2
Aug	07/18	9.50	20,000.0	0.0	20,000.0	0.0	0.0	0.0	20,000.0	6,446,677.2
Aug	10/24	10.50	20,000.0	0.0	20,000.0	0.0	0.0	0.0	20,000.0	6,466,677.2
Sept	10/12	10.50	10,000.0	0.0	10,000.0	0.0	0.0	0.0	10,000.0	6,476,677.2
Sept	07/18	9.50	20,000.0	0.0	20,000.0	0.0	0.0	0.0	20,000.0	6,496,677.2
Sept	10/24	10.50	20,000.0	0.0	20,000.0	0.0	0.0	0.0	20,000.0	6,516,677.2
Oct	10/12	10.50	10,000.0	0.0	10,000.0	0.0	0.0	0.0	10,000.0	6,526,677.2
Oct	07/18	9.50	20,000.0	0.0	20,000.0	0.0	0.0	0.0	20,000.0	6,546,677.2
Oct	10/24	10.50	19,520.0	0.0	19,520.0	0.0	0.0	480.0	20,000.0	6,566,677.2
Nov	10/12	10.50	10,000.0	0.0	10,000.0	0.0	0.0	0.0	10,000.0	6,576,677.2
Nov	07/18	9.50	15,000.0	0.0	15,000.0	5,000.0	0.0	0.0	20,000.0	6,596,677.2
Nov	10/24	10.50	20,000.0	0.0	20,000.0	0.0	0.0	0.0	20,000.0	6,616,677.2
Dec	10/12	10.50	10,000.0	0.0	10,000.0	0.0	0.0	0.0	10,000.0	6,626,677.2
Dec	07/18	9.50	11,000.0	0.0	11,000.0	9,000.0	0.0	0.0	20,000.0	6,646,677.2
Dec	10/24	10.50	19,700.0	0.0	19,700.0	0.0	0.0	300.0	20,000.0	6,666,677.2
2010										
Jan	10/12	10.50	99,420.0	0.0	99,420.0	580.0	0.0	0.0	100,000.0	6,766,677.2
Jan	07/18	9.50	174,940.0	0.0	174,940.0	8,600.0	0.0	16,460.0	200,000.0	6,966,677.2
Jan***	10/24	10.50	97,160.0	0.0	97,160.0	0.0	0.0	4,800.0	101,960.0	5,318,990.0
Feb	10/12	10.50	10,000.0	0.0	10,000.0	0.0	0.0	0.0	10,000.0	5,328,990.0
Feb	07/18	9.50	20,000.0	0.0	20,000.0	0.0	0.0	0.0	20,000.0	5,348,990.0
Feb	10/24	10.50	20,000.0	0.0	20,000.0	0.0	0.0	0.0	20,000.0	5,368,990.0
Apr	07/18	9.50	4,720.0	14,720.0	19,440.0	0.0	0.0	560.0	20,000.0	5,388,990.0
Apr	10/24	10.50	0.0	20,000.0	20,000.0	0.0	0.0	0.0	20,000.0	5,408,990.0
May	07/18	9.50	0.0	0.0	0.0	20,000.0	0.0	0.0	20,000.0	5,428,990.0
May	10/24	10.50	0.0	0.0	0.0	20,000.0	0.0	0.0	20,000.0	5,448,990.0
June	07/18	9.50	0.0	13,330.0	13,330.0	6,670.0	0.0	0.0	20,000.0	5,468,990.0
June	10/24	10.50	0.0	20,000.0	20,000.0	0.0	0.0	0.0	20,000.0	5,488,990.0
July	07/18	9.50	0.0	0.0	0.0	0.0	20,000.0	0.0	20,000.0	5,508,990.0
July	10/24	10.50	0.0	0.0	0.0	0.0	20,000.0	0.0	20,000.0	5,528,990.0
Aug	07/18	9.50	20,000.0	0.0	20,000.0	0.0	0.0	0.0	20,000.0	5,548,990.0
Aug	10/24	10.50	19,400.0	0.0	19,400.0	0.0	0.0	600.0	20,000.0	5,568,990.0
Sep	07/18	9.50	15,000.0	0.0	15,000.0	0.0	5,000.0	0.0	20,000.0	5,588,990.0
Sep	10/24	10.50	5,460.0	0.0	5,460.0	0.0	14,540.0	0.0	20,000.0	5,608,990.0
Oct	07/18	9.50	15,000.0	0.0	15,000.0	5,000.0	0.0	0.0	20,000.0	5,628,990.0
Oct	10/24	10.50	15,000.0	0.0	15,000.0	5,000.0	0.0	0.0	20,000.0	5,648,990.0
Nov	07/18	9.50	5,000.0	10,000.0	15,000.0	5,000.0	0.0	0.0	20,000.0	5,668,990.0
Nov	10/21	7.75	10,670.0	0.0	10,670.0	9,330.0	0.0	0.0	20,000.0	5,688,990.0
Nov	10/24	10.50	10,000.0	5,870.0	15,870.0	3,730.0	0.0	400.0	20,000.0	5,708,990.0
Dec	07/18	9.50	58,000.0	0.0	58,000.0	26,500.0	35,000.0	0.0	119,500.0	5,828,490.0
Dec	10/21	7.75	41,000.0	0.0	41,000.0	14,000.0	25,000.0	0.0	80,000.0	5,908,490.0
Dec	10/24	10.50	26,000.0	0.0	26,000.0	14,000.0	40,000.0	0.0	80,000.0	5,988,490.0
2011										
Jan	10/21	7.75	24,000.0	0.0	24,000.0	0.0	0.0	0.0	24,000.0	6,012,490.0
Jan	10/24	10.50	10,000.0	0.0	10,000.0	0.0	0.0	0.0	10,000.0	6,022,490.0
Feb	07/18	9.50	14,000.0	15,000.0	29,000.0	0.0	0.0	0.0	29,000.0	6,051,490.0
Feb	10/21	7.75	24,000.0	0.0	24,000.0	3,000.0	0.0	0.0	27,000.0	6,078,490.0
Feb	01/27	8.00	0.0	0.0	0.0	20,000.0	0.0	0.0	20,000.0	6,098,490.0
Feb	01/30	8.00	0.0	0.0	0.0	23,000.0	0.0	0.0	23,000.0	6,121,490.0

*Redemption of GC07

**Redemption of GC08

***Redemption of GC10

N/A implies not applicable since no auctions took place during this period.

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Table III.3: Central Government revenue and expenditure - N$ million

	Actual					Estimate	Projections		
	2006/07	2007/08	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14
Revenue									
Tax on income and profits	5,676.0	5,201.0	6,729.7	7,354.0	8,136.6	9,357.6	12,218.8	12,933.8	15,642.7
Taxes on properties	142.0	134.0	148.9	167.0	221.9	238.0	255.5	274.7	297.5
Domestic taxes on goods and services	3,197.0	3,487.6	4,081.4	3,712.0	5,162.3	5,286.3	6,508.7	6,967.8	8,042.6
Tax on international trade (SACU)	6,698.0	8,085.0	8,085.1	8,501.8	8,585.2	5,975.3	7,137.0	9,618.0	11,076.0
Other taxes	130.0	134.0	137.9	150.0	166.7	198.6	216.2	235.5	258.3
Total tax revenue	**15,843.0**	**17,041.6**	**19,183.1**	**19,884.8**	**22,272.7**	**21,055.8**	**26,336.2**	**30,029.8**	**35,317.1**
Entrepreneurial and property income	1,264.0	662.8	917.4	815.6	1,112.0	895.6	945.7	1,098.6	1,173.8
Fines and forfeitures	19.0	23.5	25.2	24.0	35.1	40.4	61.5	70.2	80.8
Administrative fees and charges	401.0	431.7	471.0	475.5	421.4	430.9	422.7	429.6	461.5
Return on capital from lending & equity partc.	17.0	23.7	16.1	33.5	4.6	10.9	16.0	16.3	19.6
Total non-tax revenue	**1,701.0**	**1,141.7**	**1,429.8**	**1,348.6**	**1,568.5**	**1,377.8**	**1,445.9**	**1,614.7**	**1,735.7**
Total revenue (own sources)	**17,544.0**	**18,183.3**	**20,612.8**	**21,233.4**	**23,845.8**	**22,433.6**	**27,782.1**	**31,644.5**	**37,052.8**
Grants	50.0	204.0	78.0	141.0	200.8	265.1	229.9	230.1	101.6
Total revenue and grants	**17,594.0**	**18,387.3**	**20,690.9**	**21,374.4**	**24,046.6**	**22,698.7**	**28,012.0**	**31,874.6**	**37,154.4**
Expenditure									
Current expenditure									
Personnel expenditure	6,214.0	6,725.0	6,701.8	7,709.0	9,045.0	10,963.7	12,011.3	12,948.6	14,318.6
Expenditure on goods and other services	2,165.0	2,995.3	2,873.1	3,731.0	4,064.9	4,318.3	5,315.3	5,909.4	7,411.9
Statutory expenditure	1,475.0	1,201.7	1,201.7	1,331.0	1,427.1	1,316.9	1,831.4	2,529.9	3,009.2
Subsidies and other current transfers	2,749.0	3,067.0	3,124.5	4,630.0	4,962.8	5,953.7	8,176.8	8,379.4	8,947.3
Total current expenditure	**12,603.0**	**13,989.0**	**13,901.0**	**17,401.0**	**19,499.8**	**22,552.6**	**27,334.8**	**29,767.3**	**33,687.0**
Capital expenditure									
Capital expenditure	1,763.9	2,277.4	2,180.2	3,775.4	2,763.1	4,507.6	4,094.0	3,738.6	5,233.3
Capital tranfers	261.8	341.8	416.7	159.4	900.0	561.5	3,459.8	2,293.5	3,263.3
Total lending and equity participation	650.6	1,219.2	1,219.2	1,129.3	674.7	536.8	1,359.5	823.5	-
Total capital expenditure	**2,676.3**	**3,838.4**	**3,816.1**	**5,064.1**	**4,337.8**	**5,605.9**	**8,913.3**	**6,855.6**	**8,496.6**
TOTAL EXPENDITURE	**15,279.3**	**17,827.4**	**17,717.1**	**22,465.1**	**24,908.9**	**27,744.2**	**37,687.8**	**37,542.9**	**44,666.1**
Overall deficit (-)/surplus (+)	**2,314.7**	**559.9**	**2,973.8**	**-1,090.7**	**-862.3**	**-5,045.5**	**-9,675.8**	**-5,668.3**	**-7,511.7**
Net borrowing	**926.5**	**1,942.7**	**1,942.7**	**3,091.7**	**1,529.9**	**4,478.5**	**10,091.9**	**7,880.0**	**8,391.3**
Decrease (+)/increase (-) in cash balance	**-2,381.3**	**-1,486.5**	**1,031.1**	**-2,001.0**	**-667.6**	**567.0**	**-416.1**	**-2,211.7**	**-879.6**
Total Financing	**-2,314.7**	**-559.9**	**-2,973.8**	**1,090.7**	**862.3**	**5,045.5**	**9,675.8**	**5,668.3**	**7,511.7**

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Table IV.A Major balance of payments aggregates (a) (N$ million)

	2006	2007	2008	2009	2010(p)
Merchandise trade balance	**642**	**-1,214**	**-5,449**	**-10,353**	**-6,131**
Exports fob	17,949	20,567	26,340	26,262	29,567
Imports fob	-17,307	-21,780	-31,789	-36,614	-35,697
Services (net)	**664**	**607**	**-345**	**601**	**589**
Credit	3,582	4,217	4,572	5,446	5,639
Debit	-2,924	-3,609	-4,918	-4,845	-5,050
Compensation of employees (net)	**-40**	**-16**	**-241**	**-34**	**-108**
Credit	67	67	67	67	67
Debit	-106	-83	-308	-101	-174
Investment income (net)	**-212**	**-753**	**-1,049**	**463**	**-3,282**
Credit	1,824	2,212	3,122	3,091	1,933
Debit	-2,036	-2,965	-4,171	-2,628	-5,215
Current transfers in cash and kind (net)	**6,428**	**7,052**	**9,278**	**10,614**	**9,013**
Credit	6,733	7,417	9,758	11,242	9,649
Debit	-306	-365	-480	-628	-636
Current Account Balance	**7481**	**5676**	**2194**	**1291**	**80**
Net capital transfers	**573**	**586**	**629**	**558**	**558**
Credit	576	590	633	628	628
Debit	-3	-3	-3	-70	-70
Direct investment	**2,697**	**5,144**	**5,908**	**4,398**	**6,249**
Abroad	79	-20	-42	23	-30
In Namibia	2,618	5,164	5,950	4,376	6,279
Portfolio investment	**-7,528**	**-10,372**	**-8,427**	**-4,984**	**-5,631**
Assets	-7,576	-10,417	-8,470	-5,028	-5,673
Liabilities	48	44	42	44	42
Other investment - long term	**1,313**	**-1,223**	**2,135**	**2,249**	**-117**
Assets	68	-42	-48	-503	-492
Liabilities	1,245	-1,181	2,183	2,752	375
Other investment - short term	**-4,073**	**1,213**	**-1,344**	**-3,793**	**-3,114**
Assets	-2,520	942	-621	-2,659	-3,010
Liabilities	-1,553	270	-723	-1,134	-104
Capital and financial account excluding reserves	**-7018**	**-4652**	**-1,099**	**-1,571**	**-2,055**
Net errors and omissions	**625**	**1,640**	**-1,095**	**1,368**	**-1,810**
Overall balance	**1,088**	**4,029**	**6,213**	**1,088**	**-3,785**
Reserve assets	**-1,088**	**-4,029**	**-6,213**	**-1,088**	**3,785**

(a) Debit (negative) entries are used to record import of goods and services, investment income payable, the counterpart to transfers received from non-residents, and a deficit. Credit (positive) entries record exports of goods and services, income receivable, the counterpart to transfers made to non-residents, and a surplus.

(p) Provisional

E

Table IV.B Supplementary table: balance of payments-services (N$ million)

	2006	2007	2008	2009	2010 (p)
Net	**664**	**607**	**-345**	**601**	**589**
Credit	**3,582**	**4,217**	**4,572**	**5,446**	**5,639**
Transportation	691	843	960	973	995
Travel	2,601	3,058	3,121	3,374	3,206
Insurance	12	36	26	24	42
Communication	105	105	105	105	105
Construction	0	0	0	0	0
Financial	0	0	154	21	21
Computer and information	8	9	1	11	9
Royalties and license fees	0	0	0	0	0
Administrative and business	2	4	10	2	0
Professional and technical	4	10	22	6	35
Others, not included elsewhere	22	15	38	795	1,088
Government	136	136	136	136	136
Debit	**-2,919**	**-3,609**	**-4,918**	**-4,845**	**-5,050**
Transportation	-1,019	-1,696	-1,933	-1,639	-1,598
Travel	-806	-931	-933	-997	-1,052
Insurance	-123	-182	-110	-214	-235
Communication	-2	-2	-2	-2	-1
Construction	-172	-64	-201	-880	-385
Financial	-30	-35	-41	8	-80
Computer and information	-142	-110	-155	-249	-230
Royalties and license fees	-21	-14	-143	-47	-56
Administrative and business	-189	-214	-293	-208	-228
Professional and technical	-305	-221	-371	-380	-732
Others, not included elsewhere	-51	-83	-677	-333	-394
Government	-59	-59	-59	-59	-59

Table IV.C Supplementary table: balance of payments- investment income (N$ million)

	2006	2007	2008	2009	2010 (p)
Compensation of employees, net	**-40**	**-16**	**-241**	**-34**	**-108**
Credit	67	67	67	67	67
Debit	-106	-83	-308	-101	-174
Investment income, net	**-212**	**-753**	**-1,049**	**463**	**-3,282**
Credit	**1,834**	**2,212**	**3,122**	**3,091**	**1,933**
Direct investment	6	6	45	2	18
Portfolio investment	1,379	1,432	1,673	1,484	1,053
Other investment	450	775	1,404	1,605	862
Debit	**-2,036**	**-2,965**	**-4,171**	**-2,628**	**-5,215**
Direct investment	-1,726	-2,612	-3,796	-2,223	-4,898
Portfolio investment	-168	-170	-170	-170	-170
Other investment	-143	-184	-206	-235	-147

Table IV.D Supplementary table : balance of payments- transfers (N$ million)

	2006	2007	2008	2009	2010 (p)
Net current transfers	**6,428**	**7,052**	**9,278**	**10,614**	**9,013**
Credit	**6,733**	**7,415**	**9,757**	**11,242**	**9,648**
Government	6,549	7,254	9,589	11,074	9,503
Grants from foreign governments, etc	319	264	1,348	2,195	2,358
SACU receipts	6,049	6,752	7,920	8,564	6,861
Withholding taxes	67	122	189	168	137
Other transfers received	114	117	133	146	147
Private	185	161	168	168	145
Grants received by NGO's	63	40	47	46	24
Other transfers received	121	121	121	121	121
Debit	**-306**	**-365**	**-480**	**-628**	**-636**
Government	-275	-338	-453	-601	-609
Grants to foreign governments, etc	-11	-19	-17	-17	-17
SACU receipts	-264	-320	-436	-584	-592
Withholding taxes	0	0	0	0	0
Other transfers	0	0	0	0	0
Private	-31	-27	-27	-27	-27
Grants received by NGO's	0	0	0	0	0
Other transfers received	-31	-27	-27	-27	-27
Net capital transfers	**573**	**586**	**629**	**558**	**558**
Credit	**576**	**26**	**633**	**628**	**628**
Government	550	0	607	602	602
Private	26	-3	26	26	26
Debit	**-3**	**-3**	**-3**	**-70**	**-70**
Government	0	0	0	-66	-66
Private	-3	-3	-3	-3	-3

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Table IV.E Supplementary table: balance of payments-direct investment (N$ million)

	2006	2007	2008	2009	2010 (p)
Direct investment abroad	**79**	**-20**	**-42**	**23**	**-30**
Equity capital	37	-20	2	0	-19
Reinvested earnings	7	3	-20	10	-9
Other capital	36	-3	-24	12	-3
Direct investment in Namibia	**2,618**	**5,164**	**5,950**	**4,376**	**6,279**
Equity capital	2,948	3,952	2,623	275	66
Reinvested earnings	1,019	1,318	1,115	1,327	4,018
Other capital	-1,349	-106	2,213	2,774	2,195

Table IV.F Supplementary table: balance of payments-portfolio investment (N$ million)

	2006	2007	2008	2009	2010(p)
Portfolio investment, net	**-7,528**	**-10,372**	**-8,427**	**-4,984**	**-5,631**
Equity	**-5,232**	**-8,453**	**-6,226**	**-4,536**	**-3,095**
Assets	-5,264	-8,485	-6,258	-4,567	-3,126
Liabilities	32	32	32	31	31
Debt	**-2,296**	**-1,919**	**-2,201**	**-448**	**-2,536**
Assets	-2,313	-1,931	-2,211	-461	-2,546
Liabilities	16	12	10	13	10

Table IV.G Supplementary table: balance of payments-other investment (N$ million)

	2006	2007	2008	2009	2010 (p)
Long-term, net	**1,313**	**-1,223**	**2,135**	**2,249**	**-117**
General Government	84	8	8	-99	128
Assets	-40	-40	-40	-40	-40
Liabilities	124	48	47	-59	168
Of which: Drawings	202	183	196	521	381
Repayments	-79	-135	-149	-580	-213
Monetary authorities	0	0	0	1,565	-54
Assets	0	0	0	80	0
Liabilities	0	0	0	1,484	-54
Banks	796	-14	-22	-994	-545
Assets	7	3	-15	-523	-430
Liabilities	789	-17	-6	-471	-116
Other sectors	433	-1,218	2,149	1,777	355
Assets	101	-5	7	-20	-22
Liabilities	332	-1,212	2,142	1,798	377
Short-term, net	**-4,073**	**1,213**	**-1,344**	**-3,793**	**-3,114**
General Government	0	0	0	0	0
Assets	0	0	0	0	0
Liabilities	0	0	0	0	0
Banks	-3,843	1,213	-37	-3,378	-3,790
Assets	-2,479	1,284	-129	-2,705	-4,152
Liabilities	-1,364	-71	92	-673	362
Other sectors	-230	0	-1,307	-415	675
Assets	-40	-342	-492	46	1,142
Liabilities	-189	342	-815	-461	-466

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Table IV.H International foreign exchange reserves stock (N$ million)

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
January	2,078	2,320	3,258	2,907	2,614	2,164	2,521	4,545	8,266	14,841	14,521
February	1,938	2,005	3,054	2,454	1,935	1,874	2,571	4,248	8,592	14,516	14,462
March	1,638	1,923	2,705	2,081	1,751	1,786	2,253	5,603	8,696	13,832	12,875
April	2,136	2,189	2,566	2,183	2,276	2,213	2,934	6,216	9,730	14,370	13,495
May	1,948	1,880	2,396	1,959	1,787	1,957	2,785	5,659	9,254	13,814	12,770
June	1,865	1,950	2,317	2,032	1,678	1,744	2,494	5,312	9,470	13,156	12,314
July	2,347	2,664	3,373	2,016	1,881	2,240	3,111	7,074	11,556	14,135	12,255
August	1,865	2,281	3,220	1,798	1,853	2,001	2,593	6,276	10,499	15,070	11,878
September	2,069	1,962	2,905	2,080	1,731	1,617	2,877	5,679	10,781	14,720	11,634
October	2,141	2,303	2,834	2,198	2,075	2,070	3,883	6,481	13,629	15,827	11,605
November	1,936	2,382	2,392	2,015	1,891	1,762	3,392	6,008	12,801	14,351	10,152
December	1,976	2,699	2,797	2,044	1,847	1,861	2,939	6,500	12,713	13,828	10,208

Table IV.I (a) International investment position (N$ million)

	2009												2010 (p)											
	Q1			Q2			Q3			Q4			Q1			Q2			Q3			Q4		
	South Africa	Others	Total	South Africa	Others	Total	South Africa	Others	Total	South Africa	Others	Total	South Africa	Others	Total	South Africa	Others	Total	South Africa	Others	Total	South Africa	Others	Total
Foreign assets	**47,435**	**11,859**	**59,294**	**54,818**	**13,704**	**68,522**	**56,000**	**14,000**	**70,000**	**59,803**	**14,951**	**74,753**	**55,287**	**13,822**	**69,109**	**55,838**	**13,960**	**69,798**	**58,136**	**14,534**	**72,670**	**52,747**	**13,187**	**65,933**
Direct investment	**81**	**20**	**101**	**85**	**21**	**106**	**408**	**102**	**510**	**404**	**101**	**505**	**422**	**105**	**527**	**226**	**57**	**283**	**257**	**64**	**322**	**304**	**76**	**379**
1.1 Equity capital	55	14	69	53	13	66	139	35	174	147	37	183	124	31	155	126	32	158	160	40	200	171	43	214
1.2 Other capital	25	6	32	32	8	40	269	67	336	257	64	322	297	74	372	100	25	125	98	24	122	132	33	165
Long-term	25	6	32	32	8	40	97	24	121	91	23	114	166	42	208	0	0	0	0	0	0	36	9	45
Short-term	0	0	0	0	0	0	172	43	215	166	42	208	131	33	164	100	25	125	98	24	122	97	24	121
Portfolio investment	**29,989**	**2,816**	**32,806**	**32,825**	**4,028**	**36,853**	**30,891**	**4,576**	**35,466**	**37,706**	**4,532**	**42,238**	**30,214**	**4,556**	**34,770**	**30,424**	**3,325**	**33,749**	**32,682**	**4,034**	**36,717**	**27,433**	**5,464**	**32,898**
2.1 Equity securities	11,303	2,131	13,434	16,978	3,129	20,107	18,578	3,557	22,135	21,130	3,701	24,831	13,649	3,858	17,507	13,750	2,612	16,362	15,455	3,281	18,735	11,622	3,667	15,289
2.2 Debt securities	18,686	686	19,372	15,847	899	16,745	12,312	1,019	13,331	16,576	831	17,407	16,565	698	17,263	16,674	713	17,386	17,228	754	17,981	15,811	1,797	17,609
Other investment	**10,045**	**2,511**	**12,556**	**14,725**	**3,681**	**18,407**	**15,443**	**3,861**	**19,304**	**14,546**	**3,636**	**18,182**	**16,750**	**4,187**	**20,937**	**18,761**	**4,690**	**23,452**	**19,198**	**4,800**	**23,998**	**17,958**	**4,490**	**22,448**
3.1 Claims of resident non-bank companies	331	83	414	311	78	389	249	62	312	349	87	437	687	172	858	1,004	251	1,255	514	128	642	595	149	743
3.1.1 Short-term loans and trade finance	244	61	305	242	61	303	249	62	312	294	73	367	396	99	495	877	219	1,096	400	100	500	536	134	670
3.1.2 Long-term loans	87	22	109	69	17	86	0	0	0	55	14	69	290	73	363	127	32	159	114	28	142	59	15	73
3.2 Claims of resident banks	**1,129**	**282**	**1,412**	**699**	**175**	**873**	**414**	**103**	**517**	**650**	**163**	**813**	**863**	**216**	**1,079**	**1,766**	**441**	**2,207**	**2,601**	**650**	**3,252**	**2,273**	**568**	**2,841**
3.2.1 Short-term loans	402	101	503	655	164	818	367	92	458	598	150	748	809	202	1,011	1,715	429	2,144	2,488	622	3,110	2,197	549	2,746
3.2.2 Long-term loans	727	182	908	44	11	55	47	12	59	52	13	65	54	14	68	51	13	63	114	28	142	77	19	96
3.3 Claims of resident parastatal companies	**74**	**19**	**93**	**74**	**19**	**93**	**74**	**19**	**93**	**72**	**18**	**90**	**74**	**18**	**92**	**74**	**18**	**92**	**73**	**18**	**92**	**73**	**18**	**92**
3.3.1 Short-term loans and trade finance	71	18	89	71	18	89	71	18	89	69	17	86	71	18	88	71	18	88	70	18	88	70	18	88
3.3.2 Long-term loans	3	1	4	3	1	4	3	1	4	3	1	4	3	1	4	3	1	4	3	1	4	3	1	4
3.4 Claims of local government authorities	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
3.4.1 Short-term loans and trade finance	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
3.4.2 Long-term loans	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
3.5 Claims of central government	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
3.5.1 Long-term loans	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
3.6 Currency and deposits reported by Namibian banks	**8,032**	**2,008**	**10,040**	**12,684**	**3,171**	**15,855**	**13,649**	**3,412**	**17,062**	**12,322**	**3,081**	**15,403**	**12,442**	**3,110**	**15,552**	**10,456**	**2,614**	**13,070**	**10,637**	**2,659**	**13,296**	**9,388**	**2,347**	**11,736**
3.7 Other assets	**478**	**120**	**598**	**957**	**239**	**1,196**	**1,056**	**264**	**1,320**	**1,151**	**288**	**1,439**	**2,684**	**671**	**3,356**	**5,462**	**1,366**	**6,828**	**5,373**	**1,343**	**6,716**	**5,629**	**1,407**	**7,036**
3.7.1 Other assets NES*	478	120	598	957	239	1,196	1,056	264	1,320	1,151	288	1,439	2,684	671	3,356	5,462	1,366	6,828	5,373	1,343	6,716	5,629	1,407	7,036
Reserve Assets	**11,065**	**2,766**	**13,832**	**10,525**	**2,631**	**13,156**	**11,776**	**2,944**	**14,720**	**11,062**	**2,766**	**13,828**	**10,300**	**2,575**	**12,875**	**9,851**	**2,463**	**12,314**	**9,307**	**2,327**	**11,634**	**8,167**	**2,042**	**10,208**
4.1 Monetary gold	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
4.2 Special drawing rights	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
4.3 Reserve position in the IMF	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
4.4 Foreign exchange	11,065	2,766	13,832	10,525	2,631	13,156	11,776	2,944	14,720	11,062	2,766	13,828	10,300	2,575	12,875	9,851	2,463	12,314	9,307	2,327	11,634	8,167	2,042	10,208
4.5 Other assets	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0

Table IV.I (b) International investment position (N$ million)

	2009											
	Q1			Q2			Q3			Q4		
	South Africa	Others	Total	South Africa	Others	Total	South Africa	Others	Total	South Africa	Others	Total
Foreign liabilities	**31,704**	**10,865**	**42,569**	**31,553**	**10,492**	**42,045**	**20,640**	**7,687**	**28,327**	**22,634**	**8,259**	**30,892**
Direct investment	**27,336**	**6,834**	**34,170**	**27,188**	**6,797**	**33,985**	**15,593**	**3,898**	**19,491**	**18,494**	**4,623**	**23,117**
1.1 Equity capital	18,394	4,598	22,992	18,372	4,593	22,965	10,349	2,587	12,936	11,046	2,761	13,807
1.2 Other capital	8,942	2,236	11,178	8,816	2,204	11,020	5,244	1,311	6,555	7,448	1,862	9,310
Long-term	7,749	1,937	9,686	7,516	1,879	9,395	4,321	1,080	5,401	6,500	1,625	8,125
Short-term	1,193	298	1,491	1,300	325	1,625	923	231	1,153	948	237	1,185
Portfolio investment	**467**	**117**	**584**	**467**	**117**	**584**	**467**	**117**	**584**	**467**	**117**	**584**
2.1 Equity securities	78	20	98	78	20	98	78	20	98	78	20	98
2.2 Debt securities	389	97	486	389	97	486	389	97	486	389	97	486
Other Investment	**3,901**	**3,914**	**7,815**	**3,898**	**3,578**	**7,476**	**4,579**	**3,672**	**8,252**	**3,673**	**3,518**	**7,191**
3.1 Liabilities of resident non-bank companies	499	125	623	500	125	625	537	134	672	619	155	773
3.1.1 Short-term loans	262	65	327	345	86	432	423	106	529	495	124	618
3.1.2 Long-term loans	237	59	296	155	39	194	115	29	143	124	31	155
3.2 Liabilities of resident banks	895	224	1,119	923	231	1,153	303	76	379	670	167	837
3.2.1 Short-term loans	437	109	546	465	116	581	300	75	375	584	146	730
3.2.2 Long-term loans	458	114	572	458	114	572	3	1	4	86	22	108
3.3 Liabilities of resident parastatal companies	1,276	319	1,595	1,279	320	1,599	1,113	278	1,391	1,208	302	1,510
3.3.1 Short-term loans and trade finance	324	81	405	327	82	409	161	40	201	155	39	194
3.3.2 Long-term loans	952	238	1,190	952	238	1,190	952	238	1,190	1,053	263	1,317
3.4 Liabilities of local government authorities	231	58	289	231	58	289	231	58	289	231	58	289
3.4.1 Short-term loans and trade finance	2	1	3	2	1	3	2	1	3	2	1	3
3.4.2 Long-term loans	229	57	286	229	57	286	229	57	286	229	57	286
3.5 Liabilities of central government	747	2,987	3,734	655	2,621	3,277	610	2,440	3,050	664	2,658	3,322
3.5.1 Long-term loans	747	2,987	3,734	655	2,621	3,277	610	2,440	3,050	664	2,658	3,322
3.6 Currency and deposits reported by Namibian banks	217	54	271	270	68	338	1,721	430	2,151	252	63	314
3.7 Liabilities of EPZ companies	37	147	184	39	156	195	64	255	319	29	116	145
3.7.1 Short-term loans and trade finance	31	123	154	32	126	158	40	159	199	7	30	37
3.7.2 Long-term loans	6	24	30	7	29	37	24	96	121	21	86	107
3.8 Other liabilities	0	0	0	0	0	0	0	0	0	0	0	0
3.8.1 Short-term loans and trade finance	0	0	0	0	0	0	0	0	0	0	0	0
3.8.2 Long-term loans	0	0	0	0	0	0	0	0	0	0	0	0
Net Foreign Assets (+)/Liabilities(-)	**13,380**	**3,345**	**16,725**	**21,182**	**5,295**	**26,477**	**33,339**	**8,335**	**41,674**	**35,089**	**8,772**	**43,861**

	2010 (p)											
	Q1			Q2			Q3			Q4		
	South Africa	Others	Total	South Africa	Others	Total	South Africa	Others	Total	South Africa	Others	Total
Foreign liabilities	**26,431**	**8,952**	**35,383**	**27,924**	**9,247**	**37,171**	**4,429**	**3,369**	**28,351**	**5,017**	**3,530**	**43,626**
Direct investment	**22,310**	**5,578**	**27,888**	**23,866**	**5,967**	**29,833**	**0**	**0**	**20,553**	**0**	**0**	**35,079**
1.1 Equity capital	13,714	3,428	17,142	13,969	3,492	17,461	9,207	2,302	11,508	18,580	4,645	23,225
1.2 Other capital	8,597	2,149	10,746	9,897	2,474	12,371	7,236	1,809	9,045	9,483	2,371	11,854
Long-term	7,714	1,928	9,642	8,713	2,178	10,891	6,414	1,603	8,017	8,571	2,143	10,714
Short-term	883	221	1,104	1,184	296	1,480	822	206	1,028	912	228	1,140
Portfolio investment	**467**	**117**	**584**	**467**	**117**	**584**	**467**	**117**	**584**	**467**	**117**	**584**
2.1 Equity securities	78	20	98	78	20	98	78	20	98	78	20	98
2.2 Debt securities	389	97	486	389	97	486	389	97	486	389	97	486
Other Investment	**3,653**	**3,257**	**6,911**	**3,590**	**3,164**	**6,754**	**3,961**	**3,252**	**7,214**	**4,550**	**3,413**	**7,962**
3.1 Liabilities of resident non-bank companies	417	104	522	513	128	641	436	109	545	673	168	842
3.1.1 Short-term loans	314	79	393	395	99	494	396	99	494	545	136	681
3.1.2 Long-term loans	103	26	129	117	29	146	40	10	50	129	32	161
3.2 Liabilities of resident banks	713	178	891	579	145	724	953	238	1,191	1,280	320	1,599
3.2.1 Short-term loans	629	157	786	496	124	620	871	218	1,088	1,197	299	1,496
3.2.2 Long-term loans	84	21	105	83	21	104	82	21	103	82	21	103
3.3 Liabilities of resident parastatal companies	1,255	314	1,569	1,165	291	1,456	1,121	280	1,401	1,121	280	1,401
3.3.1 Short-term loans and trade finance	155	39	194	169	42	211	169	42	211	169	42	211
3.3.2 Long-term loans	1,100	275	1,375	996	249	1,245	952	238	1,190	952	238	1,190
3.4 Liabilities of local government authorities	231	58	289	231	58	289	231	58	289	231	58	289
3.4.1 Short-term loans and trade finance	2	1	3	2	1	3	2	1	3	2	1	3
3.4.2 Long-term loans	229	57	287	229	57	287	229	57	287	229	57	287
3.5 Liabilities of central government	609	2,437	3,047	586	2,344	2,930	593	2,372	2,965	597	2,389	2,986
3.5.1 Long-term loans	609	2,437	3,047	586	2,344	2,930	593	2,372	2,965	597	2,389	2,986
3.6 Currency and deposits reported by Namibian banks	412	103	515	498	125	623	617	154	772	638	159	797
3.7 Liabilities of EPZ companies	16	63	79	18	74	92	10	40	51	10	38	48
3.7.1 Short-term loans and trade finance	7	29	37	10	40	50	2	7	8	1	4	6
3.7.2 Long-term loans	8	34	42	8	34	42	8	34	42	8	34	42
3.8 Other liabilities	0	0	0	0	0	0	4	1	5	0	0	0
3.8.1 Short-term loans and trade finance	0	0	0	0	0	0	0	0	0	0	0	0
3.8.2 Long-term loans	0	0	0	0	0	0	0	0	0	0	0	0
Net Foreign Assets (+)/Liabilities(-)	**26,981**	**6,745**	**33,726**	**26,101**	**6,525**	**32,627**	**35,456**	**8,864**	**44,320**	**17,846**	**4,462**	**22,308**

* Not else where specified e.g. re-insurance, bonds etc.

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Table IV.J Foreign exchange rates - Foreign currency per Namibia Dollar

Period average

Period		US Dollar	UK Pound	Germany Mark	Japan Yen	Switzerland Franc	Spain Peseta	EU ECU
2003	Jan	0.115	0.071	0.109	13.680	0.159	0.109	0.109
	Feb	0.120	0.075	0.112	14.368	0.167	0.112	0.112
	Mar	0.124	0.078	0.115	14.728	0.169	0.115	0.115
	Apr	0.130	0.082	0.120	15.552	0.200	0.120	0.120
	May	0.130	0.080	0.113	15.291	0.177	0.113	0.113
	Jun	0.127	0.076	0.108	15.152	0.167	0.108	0.108
	Jul	0.133	0.082	0.116	15.723	0.180	0.116	0.116
	Aug	0.135	0.085	0.121	16.077	0.187	0.121	0.121
	Sep	0.137	0.085	0.122	15.723	0.188	0.122	0.122
	Oct	0.144	0.086	0.123	15.723	0.190	0.123	0.123
	Nov	0.149	0.088	0.127	16.234	0.198	0.127	0.127
	Dec	0.153	0.088	0.125	16.556	0.195	0.125	0.125
2004	Jan	0.145	0.079	0.115	15.385	0.179	0.115	0.115
	Feb	0.148	0.079	0.117	14.388	0.184	0.117	0.117
	Mar	0.150	0.083	0.121	16.367	0.193	0.121	0.121
	Apr	0.153	0.085	0.127	16.393	0.198	0.127	0.127
	May	0.147	0.082	0.123	16.502	0.189	0.123	0.123
	Jun	0.155	0.085	0.128	17.007	0.194	0.128	0.128
	Jul	0.163	0.089	0.133	17.825	0.203	0.133	0.133
	Aug	0.155	0.085	0.127	19.802	0.196	0.127	0.127
	Sep	0.153	0.085	0.125	16.807	0.193	0.125	0.125
	Oct	0.157	0.087	0.125	17.036	0.193	0.125	0.125
	Nov	0.165	0.089	0.127	17.301	0.194	0.127	0.127
	Dec	0.174	0.086	0.130	19.231	0.200	0.130	0.130
2005	Jan	0.168	0.089	0.128	17.301	0.197	0.128	0.128
	Feb	0.166	0.088	0.128	17.422	0.198	0.128	0.128
	Mar	0.166	0.087	0.126	17.483	0.195	0.126	0.126
	Apr	0.163	0.086	0.126	17.452	0.194	0.126	0.126
	May	0.158	0.085	0.124	16.835	0.192	0.124	0.124
	Jun	0.148	0.081	0.122	16.103	0.187	0.122	0.122
	Jul	0.149	0.085	0.124	16.694	0.193	0.124	0.124
	Aug	0.155	0.086	0.126	17.094	0.195	0.126	0.126
	Sep	0.157	0.087	0.128	17.452	0.199	0.128	0.128
	Oct	0.152	0.086	0.126	17.452	0.196	0.126	0.126
	Nov	0.150	0.087	0.127	17.794	0.197	0.127	0.127
	Dec	0.157	0.090	0.133	18.657	0.205	0.133	0.133
2006	Jan	0.164	0.093	0.135	18.939	0.210	0.135	0.135
	Feb	0.163	0.094	0.137	19.268	0.213	0.137	0.137
	Mar	0.160	0.092	0.133	18.762	0.209	0.133	0.133
	Apr	0.165	0.093	0.134	19.305	0.211	0.134	0.134
	May	0.158	0.085	0.124	17.668	0.193	0.124	0.124
	Jun	0.144	0.078	0.113	16.474	0.177	0.113	0.113
	Jul	0.141	0.077	0.111	16.313	0.175	0.111	0.111
	Aug	0.144	0.076	0.112	16.667	0.177	0.112	0.112
	Sep	0.135	0.072	0.106	15.798	0.168	0.106	0.106
	Oct	0.126	0.067	0.100	14.929	0.159	0.100	0.100
	Nov	0.117	0.063	0.094	14.060	0.150	0.094	0.094
	Dec	0.109	0.058	0.087	13.191	0.141	0.087	0.087
2007	Jan	0.139	0.071	0.107	16.750	0.173	0.107	0.107
	Feb	0.139	0.071	0.107	16.807	0.173	0.107	0.107
	Mar	0.136	0.070	0.103	15.949	0.166	0.103	0.103
	Apr	0.140	0.071	0.104	16.667	0.170	0.104	0.104
	May	0.142	0.072	0.105	17.212	0.174	0.105	0.105
	Jun	0.139	0.070	0.104	17.094	0.172	0.104	0.104
	Jul	0.143	0.071	0.105	17.422	0.173	0.105	0.105
	Aug	0.138	0.069	0.102	16.129	0.166	0.102	0.102
	Sep	0.140	0.070	0.101	16.129	0.166	0.101	0.101
	Oct	0.148	0.072	0.104	17.094	0.173	0.104	0.104
	Nov	0.149	0.072	0.102	16.584	0.168	0.102	0.102
	Dec	0.146	0.072	0.101	16.420	0.167	0.101	0.101
2008	Jan	0.143	0.073	0.097	15.456	0.158	0.097	0.097
	Feb	0.131	0.067	0.089	14.025	0.143	0.089	0.089
	Mar	0.125	0.063	0.081	12.642	0.127	0.081	0.081
	Apr	0.128	0.065	0.081	13.141	0.130	0.081	0.081
	May	0.131	0.067	0.084	13.661	0.137	0.084	0.084
	Jun	0.126	0.064	0.081	13.477	0.131	0.081	0.081
	Jul	0.131	0.066	0.083	13.966	0.134	0.083	0.083
	Aug	0.131	0.069	0.087	14.265	0.141	0.087	0.087
	Sep	0.124	0.069	0.087	13.263	0.138	0.087	0.087
	Oct	0.103	0.061	0.077	10.373	0.118	0.077	0.077
	Nov	0.099	0.064	0.078	9.579	0.118	0.078	0.078
	Dec	0.101	0.068	0.075	9.166	0.115	0.075	0.075
2009	Jan	0.101	0.070	0.076	9.132	0.114	0.076	0.076
	Feb	0.100	0.069	0.078	9.234	0.116	0.078	0.078
	Mar	0.100	0.070	0.077	9.775	0.116	0.077	0.077
	Apr	0.111	0.075	0.084	10.953	0.127	0.084	0.084
	May	0.119	0.077	0.088	11.547	0.132	0.088	0.088
	Jun	0.124	0.076	0.089	11.990	0.134	0.089	0.089
	Jul	0.126	0.077	0.089	11.891	0.136	0.089	0.089
	Aug	0.126	0.076	0.088	11.933	0.135	0.088	0.088
	Sep	0.133	0.081	0.091	12.151	0.138	0.091	0.091
	Oct	0.134	0.083	0.090	12.063	0.137	0.090	0.090
	Nov	0.133	0.080	0.089	11.848	0.135	0.089	0.089
	Dec	0.134	0.082	0.091	11.976	0.137	0.091	0.091
2010	Jan	0.134	0.083	0.094	12.255	0.139	0.094	0.094
	Feb	0.129	0.083	0.095	11.779	0.140	0.095	0.095
	Mar	0.135	0.089	0.099	12.195	0.144	0.099	0.099
	Apr	0.136	0.089	0.101	12.706	0.145	0.101	0.101
	May	0.131	0.089	0.104	12.077	0.148	0.104	0.104
	Jun	0.131	0.089	0.107	11.876	0.147	0.107	0.107
	Jul	0.133	0.087	0.104	11.614	0.140	0.104	0.104
	Aug	0.137	0.088	0.106	11.710	0.143	0.106	0.106
	Sep	0.140	0.090	0.107	11.820	0.141	0.107	0.107
	Oct	0.145	0.091	0.104	11.820	0.140	0.104	0.104
	Nov	0.143	0.090	0.105	11.820	0.141	0.105	0.105
	Dec	0.146	0.094	0.111	12.195	0.142	0.111	0.111

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Table IV.K Effective exchange rate indices

		Nominal effective exchange rate indices			Real effective exchange rate indices		
		Import trade weighted	Export trade weighted	Total trade weighted	Import trade weighted	Export trade weighted	Total trade weighted
1991		106.5	234.1	152.4	41.0	108.6	63.9
1992		106.1	228.1	150.3	42.5	115.8	67.0
1993		105.6	227.2	149.6	41.9	119.9	67.6
1994		104.9	213.0	144.8	42.5	118.9	67.9
1995		104.4	204.4	141.7	43.0	120.0	68.6
1996		103.6	187.2	135.6	43.1	113.9	67.0
1997		103.4	178.4	132.6	100.7	157.3	123.3
1998		102.4	159.7	125.3	99.2	144.4	117.6
1999		101.8	150.2	121.5	100.4	142.9	117.9
2000		100.7	119.3	108.3	101.1	119.5	108.6
2001		99.1	91.1	95.3	102.3	96.9	99.7
2002		97.8	78.2	88.3	103.3	89.2	96.6
2003	Jan	98.5	83.7	91.4	105.5	99.3	102.6
	Feb	98.5	86.0	92.6	105.1	101.5	103.5
	Mar	98.9	88.4	94.0	104.6	103.9	104.3
	Apr	99.2	91.2	95.5	104.3	106.5	105.3
	May	99.0	89.5	94.6	105.2	105.5	105.3
	Jun	98.8	86.8	93.1	106.3	103.5	105.0
	Jul	99.1	90.5	95.9	133.7	109.0	99.5
	Aug	99.3	92.7	96.9	133.1	111.2	100.3
	Sep	99.3	93.0	97.0	133.4	111.4	100.4
	Oct	99.4	93.2	97.1	132.8	111.3	100.3
	Nov	99.6	94.9	97.9	134.5	113.9	101.4
	Dec	99.7	94.8	97.9	132.2	112.9	101.0
2004	Jan	99.2	89.2	95.3	132.3	107.0	98.0
	Feb	99.2	88.9	95.1	132.4	106.7	97.7
	Mar	99.5	91.7	96.5	133.3	110.4	99.1
	Apr	99.6	93.2	97.1	132.7	111.9	99.6
	May	99.5	91.8	96.5	132.4	110.1	99.0
	Jun	99.7	93.7	97.4	132.4	112.3	99.8
	Jul	99.9	96.2	98.6	136.6	117.3	101.9
	Aug	99.8	94.6	97.9	137.6	115.8	101.6
	Sep	99.6	93.5	97.3	137.5	114.4	100.9
	Oct	99.7	94.3	97.7	138.1	115.7	101.4
	Nov	99.9	95.8	98.5	139.8	117.9	102.2
	Dec	100.0	95.3	98.2	140.5	117.6	102.5
2005	Jan	99.9	95.9	98.5	106.2	102.4	93.2
	Feb	99.9	95.4	98.3	106.1	101.9	93.0
	Mar	99.8	94.9	98.0	103.6	100.1	91.8
	Apr	99.8	94.1	97.7	103.7	99.2	91.4
	May	99.7	93.5	97.3	102.4	97.9	90.7
	Jun	99.4	91.1	96.1	102.6	95.7	89.8
	Jul	99.6	93.4	97.2	103.1	98.5	90.8
	Aug	99.7	94.2	97.7	104.1	99.8	91.4
	Sep	99.8	94.9	98.0	106.3	101.5	92.8
	Oct	99.7	94.4	97.7	105.0	100.4	91.7
	Nov	99.7	94.7	97.9	105.9	101.1	92.0
	Dec	99.9	97.2	99.0	107.0	104.2	94.0
2006	Jan	100.1	99.0	99.9	107.5	106.6	94.0
	Feb	100.2	99.4	100.1	107.5	107.1	94.2
	Mar	100.0	98.1	99.5	107.6	105.7	93.6
	Apr	100.1	99.1	100.0	107.3	106.6	94.0
	May	99.7	93.5	97.4	106.5	100.2	91.3
	Jun	99.1	88.2	94.8	105.9	94.5	88.8
	Jul	99.1	87.7	94.6	106.0	94.3	88.4
	Aug	99.1	87.6	94.5	107.6	94.8	88.7
	Sep	98.8	84.4	92.9	108.5	91.8	87.4
	Oct	98.6	83.0	92.2	109.2	90.6	86.9
	Nov	99.4	85.1	93.5	111.2	93.2	88.5
	Dec	98.9	85.2	93.4	110.0	93.0	88.4
2007	Jan	99.0	87.2	94.4	111.4	96.2	89.3
	Feb	98.8	84.8	93.1	111.4	93.5	88.3
	Mar	98.6	83.1	92.3	111.2	91.7	87.3
	Apr	98.8	84.8	93.2	111.4	93.7	87.9
	May	98.9	85.2	93.4	111.8	94.2	88.0
	Jun	98.8	84.3	93.0	111.6	93.3	87.5
	Jul	98.9	84.2	92.9	112.3	93.9	87.3
	Aug	98.7	82.6	92.1	113.1	92.5	86.7
	Sep	98.7	83.0	92.3	113.5	93.2	86.8
	Oct	98.9	60.4	93.4	113.6	67.7	87.6
	Nov	98.9	60.1	93.2	114.3	67.6	87.6
	Dec	98.8	60.1	93.2	113.5	67.5	87.4
2008	Jan	98.7	59.8	93.0	122.4	68.2	87.4
	Feb	98.2	56.5	90.6	121.3	64.3	85.1
	Mar	97.7	54.0	88.8	117.8	60.7	82.4
	Apr	97.9	55.1	89.7	123.2	63.2	84.0
	May	98.1	56.2	90.5	123.4	64.4	84.6
	Jun	97.9	54.9	89.5	123.6	63.1	83.6
	Jul	98.0	53.3	90.2	126.2	62.2	84.2
	Aug	98.2	57.2	91.4	127.1	66.7	85.2
	Sep	98.1	56.7	91.1	127.7	66.1	85.1
	Oct	97.2	51.4	87.5	127.8	60.3	81.9
	Nov	97.2	53.7	88.3	129.3	63.3	82.8
	Dec	97.1	54.5	89.0	129.3	64.4	83.8
2009	Jan	97.2	55.5	89.7	140.9	68.3	88.0
	Feb	97.3	55.5	89.7	139.5	67.9	87.5
	Mar	97.3	55.9	90.1	139.8	68.5	87.5
	Apr	97.8	58.7	92.1	141.4	72.1	89.5
	May	98.1	59.9	93.0	142.3	73.5	90.4
	Jun	98.2	59.5	92.7	142.6	73.1	90.2
	Jul	98.2	59.9	93.0	143.6	74.0	90.3
	Aug	98.2	59.6	92.8	145.2	74.0	90.5
	Sep	98.5	61.7	94.4	145.2	76.5	91.7
	Oct	98.5	62.0	94.6	146.2	77.1	92.2
	Nov	98.4	61.0	93.9	146.5	75.8	91.6
	Dec	98.5	61.9	94.5	144.9	76.5	92.0
2010	Jan	98.6	62.5	94.9	149.7	78.4	93.1
	Feb	98.5	62.6	94.9	149.3	78.5	93.0
	Mar	98.8	65.1	96.6	148.2	81.1	94.2
	Apr	98.9	65.1	96.7	147.6	80.8	94.1
	May	98.8	65.3	96.7	147.5	80.9	94.0
	Jun	98.9	65.2	96.5	147.5	80.8	94.0
	Jul	98.8	64.2	95.9	149.8	80.5	93.7
	Aug	98.9	64.7	96.2	149.0	80.6	93.9
	Sep	99.0	65.7	96.9	149.3	81.8	94.5
	Oct	99.0	65.8	97.1	148.7	81.8	94.6
	Nov	99.0	65.4	96.8	149.1	81.3	94.3
	Dec	99.2	67.3	98.0	146.5	82.7	95.1

BANK OF NAMIBIA PUBLICATIONS

Regular Publications

Title	Frequency
Financial Stability Review	Bi-annually
Quarterly Bulletin	Quarterly
Annual Report	Annually

Occasional Papers (OP) of the Bank of Namibia

Title	Authors	No and Year
Modeling Inflation in Namibia	Mihe Gaomab II	OP/1998
Estimating the Demand for Money in Namibia	Silvanus Ikhide and Kava Katjomuise	OP 01/1999
Savings and Investment in Namibia	Ipumbu Shiimi and Gerson Kadhikwa	OP 02/1999
Efficiency of Commercial Banks in Namibia	Silvanus Ikhide	OP 01/2000
Potential for Diversifying Namibia's Non- Mineral Exports	Bernie Zaaruka and Heinrich Namakalu	OP 01/2002
The Structure and Nature of Savings in Namibia	Ebson Uanguta, Emma Haiyambo, Gerson Kadhikwa and Chimana Simana	OP 01/2004
Viability of Commercial Bank branches in rural communities in Namibia	Esau Kaakunga, Bernie Zaaruka, Erna Motinga and John Steytler	OP 02/2004
Namibia Macro-econometric Model	Tjiveze Tjipe, Hannah Nielsen and Ebson Uanguta	OP 01/2005
Private Equity: Lessons for Namibia	Bernie Zaaruka, Ebson Uanguta and Gerson Kadhikwa	OP 02/2005
Property Rights and Access to Credit	Esau Kaakunga and Vitalis Ndalikokule	OP 01/2006
How can Namibia Benefit further from AGOA	Vitalis Ndalikokule, Esau Kaakunga and Ben Biwa	OP 02/2006
Assessing the potential of the Manufacturing sector in Namibia	Gerson Kadhikwa and Vitalis Ndalikokule	OP 01/2007
Unleashing the Potential of the Agricultural Sector in Namibia	Postrick Mushendami, Ben Biwa and Mihe Gaomab II	OP 01-2008
The Viability of Export Credit Guarantee and Insurance Scheme	Bernie Zaaruka, Ebson Uanguta and Postrick Mushendami	OP 02-2008
Enhancing the role of factoring and leasing companies in providing working capital to Small and Medium Enterprises (SMEs) in Namibia	Florette Nakusera, Gerson Kadhikwa and Postrick Mushendami	OP 03-2008
Investigating the role securitisation could play in deepening the financial sector in Namibia	Postrick Mushendami and Kennedy Kandume	OP 04-2008

Bank of Namibia Annual Symposium

Theme	Speakers	Year
Central banking issues and economic development	T.K. Alweendo – Governor, Bank of Namibia; J. Capria and P. Honoban – World Bank; C. C. Okeahalam – University of the Witwatersrand; B. Vollan – Bank of Namibia; W. G. Mason – IMF; C. C. Okeahalam and D. W. Adams – University of the Witwatersrand; D. J. J. Botha – University of the Witwatersrand and Pretoria	1999
The challenges of monetary policy within the context of the Common Monetary Area (CMA) arrangement	Dr. K. Jefferis – Deputy Governor, Bank of Botswana; Mr. Steven Xu – Hong Kong and Mr. Brian Kahn - SARB	2000
Optimal Financial Structure for Namibia	Dr. Norman Loayza - World Bank; Dr. Tekaligne Godana - Nepru and Dr. Jaafar bin Ahmad - Air Namibia	2001
Raising investment and growth in Namibia	Dr. Carolyn Jenkins, Oxford University, Dr. Patrick Asea, UNECA and Dr. Meschack Tjirongo, IMF	2002
Poverty, Income Inequality and Economic Development in Namibia	Dr. Anne Epaulard, IMF, Dr. S. Wangweesrf - Tanzania, Dr. O. A. Akinboade, Unisa-RSA; Dr. W. Werner - Namibia	2003
The challenges for the developments of Namibian Government bonds market: Lessons from other countries -	Phillip Shiimi - BoN; Mike Sandler - RSA; Tom Lawless - RSA and Nicholas Biekpe - RSA	2004
The benefits of Regional Integration for smaller economies -	Paul Kalenga – SADC Secretariat, F. Di Mauro - EU and Prof. SKB Asante	2005
Foreign Direct Investment versus Direct Investment in Namibia	Dr. S. Ikhide - Unam	2006
Broad-based Economic Empowerment: Lessons for Namibia	Dr. John Steytler - BoN, Dr. Just Faaland - Norway, Roger Southall-RSA	2007
Structural Transformation of the Namibian economy: Insight from other Countries	Prof. J.E. Odada-Unam, Mr. H.O. Jankee - Bank of Mauritius, Ms.P. Arora-World Bank, RSA, Prof. Ji Hong Kim-KDI School of Public Policy and Management, Mr. K. U. Katjomuise-UNECA	2008
Privatisation in Namibia	Dr. John Steytler - Bank of Namibia, Dr. Omu Kakujaha-Matundu - University of Namibia, Prof. Jin Park - KDI School of Public Policy and Management, Dr. Keith Jefferis - Econsult Botswana (Pty) Ltd, Mr Sven Thieme - Ohlthaver and List Group, Mr. Robin Sherbourne - Old Mutual Namibia	2009
SME Development in Namibia	Dr. Christoph Storkler - Senior Researcher at the Link Centre at the University of the Witwatersrand, South Africa, Mr Neil Ramsden-SME Banking Specialist, International Finance Corporation, Dr. Rob Smorfitt - Independent Consultant, South Africa, Mr. Herbert Jauch- Independent Labour Researcher, Namibia, David Nuyoma - CEO, Development Bank of Namibia.	2010

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Statutory Publication: Theme Chapters Annual Report

Title	Contributors	Year
Socio-Economic Development: The Post Independence Decade	Policy Research	2001
Challenges of Economic Diversification	Policy Research	2002
Review of Namibia's Participation in Regional Integration Arrangements: Issues and Implications	Policy Research	2003
Unemployment and Employment Creation - Policy Options for Namibia	Policy Research	2004
Viability of second tier Banks	Extraction from Banking Supervision Study	2005
The Base Care Principles for effective Banking Supervision	Banking Supervision	2007
Financial Inclusion	Policy Research	2010

LIST OF ABBREVIATIONS

AML	Anti-money laundering
AMLAC	Anti-money Laundering Advisory Council
ATM	Automated teller machine
AUSTRAC	Australian Financial Transactions Analyses Centre
BC	Business Continuity
BIS	Bank for International Settlements
BOP	Balance of Payments
CAR	Capital Adequacy Ratio
CCBG	Committee of Central Bank Governors
CGAP	Consultative Group to Assist the Poor
CGE	Computable General Equilibrium
CMA	Common Monetary Area
COBIT	Control Objectives for Information and related Technology
DR	Disaster recovery
EC	Executive Committee
ECB	European Central Bank
EFT	Electronic funds transfer
EPZ	Export processing zone
ESAAMLG	Eastern and Southern African Anti-money Laundering Group
EUR	Euro/European Union currency
FATF	Financial Action Task Force's
FDI	Foreign direct investment
FIA	Financial Intelligence Act
FIC	Financial Intelligence Centre
FIFA	Fédération International de Football Association (Internal Federation of Association)
GAMS	General Algebraic Modelling System
GC10	Government internal registered stock maturing in 2010
GC12	Government internal registered stock maturing in 2012
GC15	Government internal registered stock maturing in 2015
GC18	Government internal registered stock maturing in 2018
GC24	Government internal registered stock maturing in 2024
GDE	Gross domestic expenditure
GDP	Gross domestic product
GFCF	Gross fixed capital formation
GIZ	Gesellschaft für Internationale Zusammenarbeit
GNDI	Gross national disposable income
GNI	Gross national income
HAN	Hospitality Association of Namibia
HR	Human Resources
ICAAP	Internal Capital Adequacy Assessment Process
IIP	International investment position
IMF	International Monetary Fund
IRS	Internal registered stock
IRSR	Internal Registered Stock Redemption
ISMA	International Security Market Association
IT	Information technology
JSE	Johannesburg Stock Exchange
LHS	Left hand side
MAWF	Ministry of Agriculture, Water and Forestry

MC	Management Committee
MCA	Millennium Challenge Account
MEFMI	Macroeconomic and Financial Management Institute of Eastern and Southern Africa
MEWG	Macroeconomic Working Group
MOU	Memorandum of Understanding
MTEF	Medium-term Expenditure Framework
NAC	Namibia Airports Company
NAD/N$	Namibia Dollar
NAMFISA	Namibia Financial Institutions Supervisory Authority
NCDs	Negotiable certificates of deposits
NCPI	National Consumer Price Index
NEER	Nominal effective exchange rate
NFLWG	Namibia Financial Literacy Working Group
NISS	Namibian Interbank Settlement System
NHIES	National Housing Income Expenditure Survey
NPS	National Payment System
NPF	Namibian Petroleum Fund
NSX	Namibian Stock Exchange
OP	Occasional Papers
PAN	Payment Association of Namibia
POS	Point-of-sale
REER	Real Effective Exchange Rate
RHS	Right hand side
RISDP	Regional Indicative Strategic Development Plan
RMC	Risk Management Committee
ROA	Return on Asset
RSA	Republic of South Africa
RTGS	Real-time Gross Settlement System
SAA	Strategic Asset Allocation
SACU	Southern African Customs Union
SADC	Southern African Development Community
SAM	Social Accounting Matrix
SDR	Special Drawings Rights
SLA	Service Level Agreement
SOEs	State-owned enterprices
STR	Suspicious Transaction Report
TABSLF	Term Asset-backed Securities Loan Facility
TACs	Total Allowable Catches
T-bill	Treasury bill
TSLF	Term securities lending facility
UK	United Kingdom
US	United States
USA	United States of America
USD/US$	United States Dollar
VAT	Value added tax
VPN	Virtual Private Network
WAX	West Africa Express
WTO	World Trade Organisation
ZAR/Rand	South African Rand

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