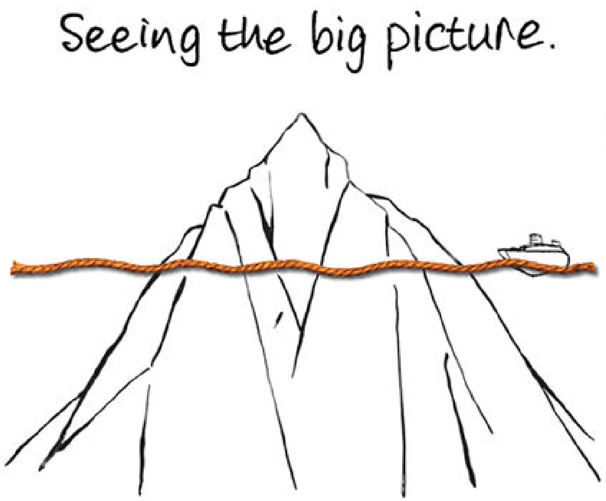


RisCUpdate

Namibian Overview

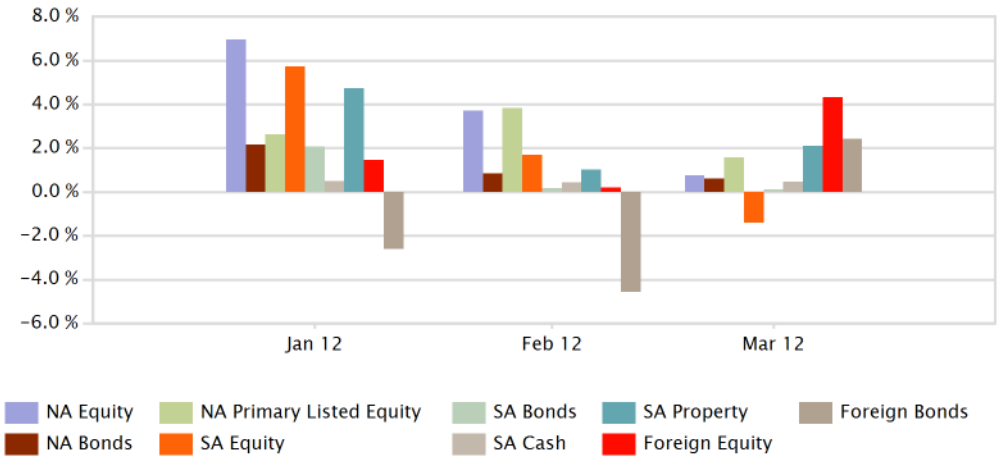
3 January 2012 – 30 March 2012

More Information:

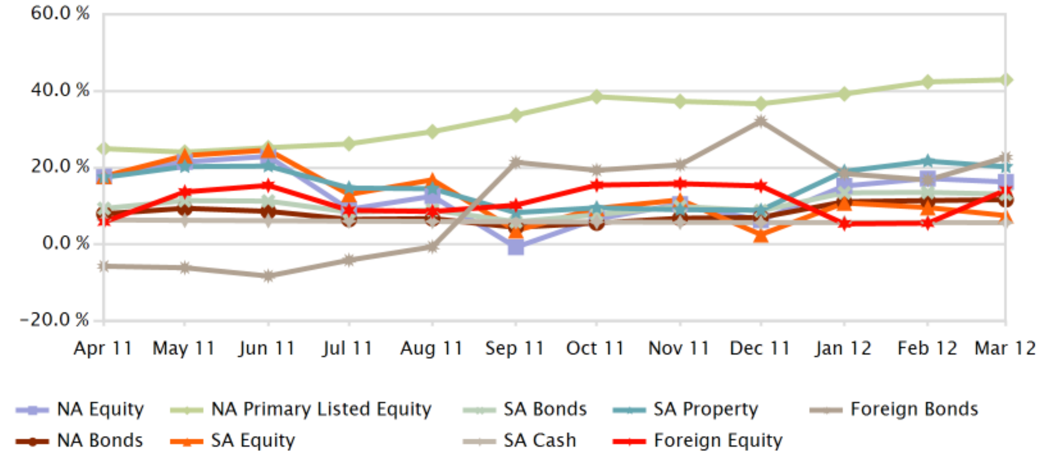
Werner Opperman wopperman@riscura.com +27 21 673 6999

How the different asset classes performed

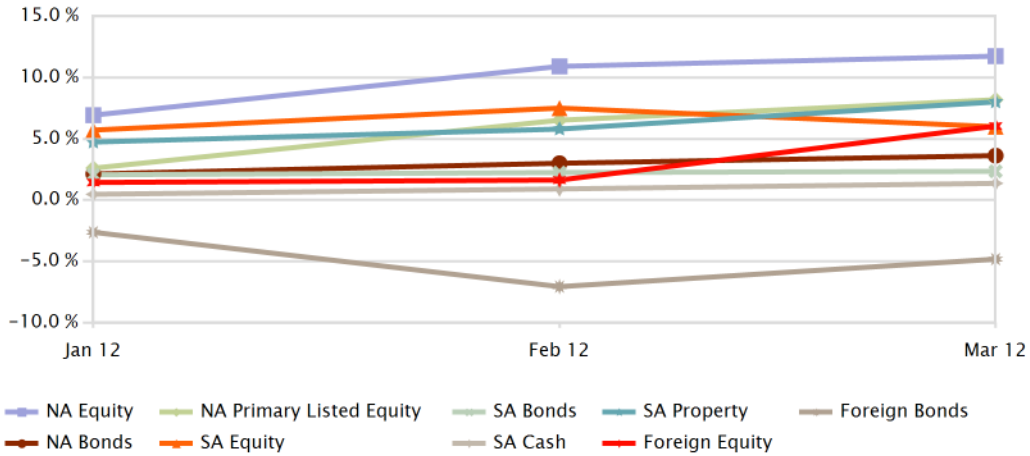
Asset class monthly returns



Asset class rolling 12-month performance



Asset class performance – year to date

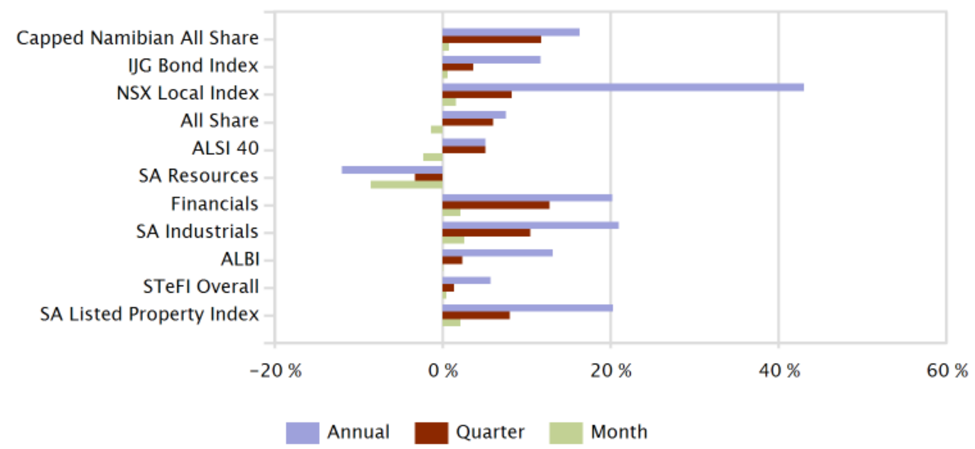


Sector Indices

Asset Class	Index
NA Equity	Capped Namibian All Share
NA Bonds	IJG Bond Index
NA Primary Listed Equity	NSX Local Index
SA Equity	All Share Index
SA Bonds	ALBI
SA Cash	STeFI Overall
SA Property	SA Listed Property
Foreign Equity	MSCI World Index
Foreign Bonds	JPM Global Aggregate Bond Index

How the local market indices performed

Returns of FTSE/JSE/NSX sectors and indices

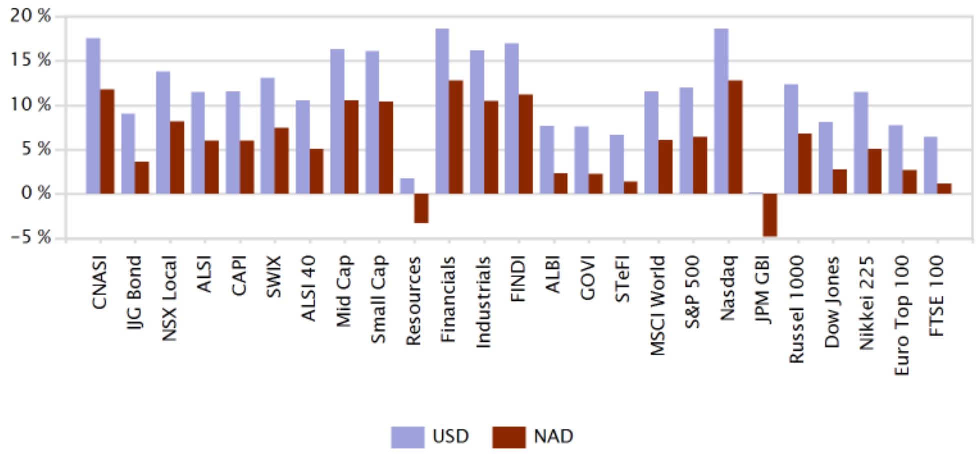


How the currency performed

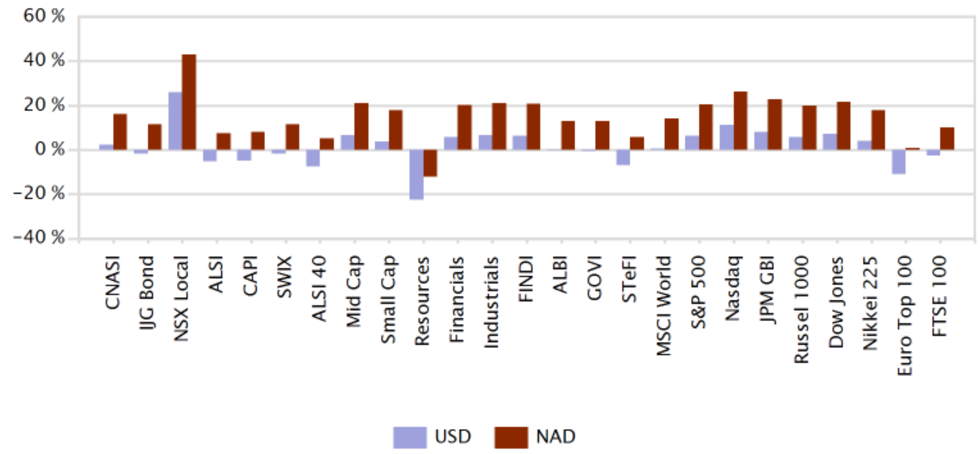
Description	Previous	Current	% Change
NAD/Dollar	8.07	7.67	-4.94
NAD/Pound	12.53	12.25	-2.25
NAD/Euro	10.44	10.21	-2.20
Dollar/Euro	1.30	1.33	2.58

How the world market indices performed

Quarterly return of major indices



Annual return of major indices



Market and Economic Update

Local speaking

Background

- **Inflation**: Annual inflation for March eased 0.5 percentage points to 6.9% from 7.4% in February. A significant 1.1 percentage point drop in housing and utilities was the main driver behind the slow down, while small declines in food and transport contributed to a lesser extent. On a monthly basis, the inflation rate eased to 0.3% from 0.8% the month before. The 12-month average inflation rate continued the upward trend, increasing to 5.9% from 5.7% in February and a low of 3.8% in April 2011.
- **Vehicle Sales**: Another record high was reached this month, with NAAMSA recording 1,349 units of new vehicles sold during the month of March. This represents a 7.1% monthly increase and a 13.5% y-o-y increase. This drove the 4-month moving average higher to 1,206 units, compared to 981 units a year earlier. 3,645 new vehicles were sold in the first quarter of 2012, 22.1% higher than the first quarter of 2011. The monthly increase could have been expected given the seasonality of the figures, whereby March has historically been the best month for new vehicle sales. Government has also been quite active in the buying of vehicles of late. We could, however, expect figures to normalise in the next few months due to the seasonality factor, as well as supply issues mentioned by some dealers.
- **Money and banking statistics**: According to the Bank of Namibia's money and banking statistics, total credit extended to the private sector slowed to 10.2% y-o-y growth from 11.2% in January. On a monthly basis, total credit extended grew slower at 0.6% compared to 0.74% in January, with N$229.5m worth of credit extended in the month. The decline in the growth rate of credit was broad based; credit extended to the corporate sector decreased from 11.3% in January to 10.2% in February, while credit to individuals slowed to 10.3% from 10.9% the previous month. With regard to credit categories, mortgage loans extended were slower at 14% compared to 14.7% in January, although this was slightly offset by faster instalment credit growth, which grew by 18.8% y-o-y.
- **Windhoek building statistics**: The number of building plans approved by The City of Windhoek (excluding walls and pools) fell for the second month in a row to 186 plans in March from 210 plans in February. This represented an 11% m-o-m decrease and a 26% y-o-y decrease. The decrease was largely due to additions and commercial plans approved being much lower.
- **Interest rates**: We expect the Namibian repo rates to strongly follow that of South Africa and to remain lower for longer given a general view that inflation will only temporarily breach the upper limit and downside risks remain for economic growth.

Outlook

- **Exchange rate and global conditions**: As the Namibian economy is very open, the outlook for the economy is very dependent on the global and regional market place and exchange rate developments. In this regard, we foresee marginal economic improvements, both globally and regionally. Due to the strong focus from global investors on risk aversion, we foresee a weaker exchange rate, which will be supportive for the local economy.
- **Domestic interest rates**: Monetary policy makers will continue to find a balance between supporting economic growth and managing increasing inflationary pressures. We do not foresee too strong upward inflationary pressures over the next 12 months and, as a result, we expect interest rates to remain unchanged for the most of 2012.
- **Inflation rate**: Although food and basic commodity prices are on the rise, global surplus production capacity will ensure that inflation will remain fairly stable over the short- to medium-term. As a result we foresee only a marginal increase in the inflation rate to about 8% at year-end with the average for the year around the 7.5% level.
- **Public sector**: The public sector is a very dominant sector in the Namibian economy and in previous years contributed significantly to economic growth. Due to the vibrant state of the global / regional economy in the mid-2000's, SACU receipts reached very high levels. This has enabled the government to spend large amounts of capital projects without increasing public debt levels. Unfortunately the situation has changed, with SACU receipts significantly lower and other revenue sources also under pressure. As the need for government to stimulate the economy with labour intensive projects is very high and also recognised, government intends to stimulate the economy significantly over the next few years. This will hopefully result in the creation of a large number of jobs. This will also result in a significant growth in public debt and the government's share of the economy.
- **Economic growth**: The government will be the main driving force behind economic growth in 2012, with a significant portion of the budget allocation for stimulating the local economy still to be spent. Other developments in the mining and agricultural industries, as well as on-going construction projects will result in an above-average economic growth rate for 2012. We expect GDP growth to be around 5% for 2012, compared to an expected 4% for 2011 and 6.6% registered in 2010.