



COMMERCIAL BANK
OF NAMIBIA

We're about service



Annual Report 2001

*Our success rests on perfecting the
relationship between the bank and
our customers.*

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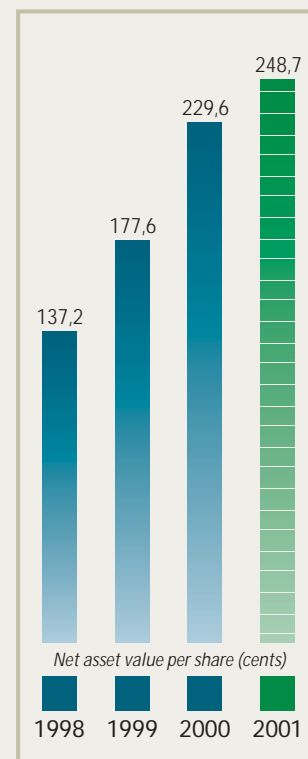
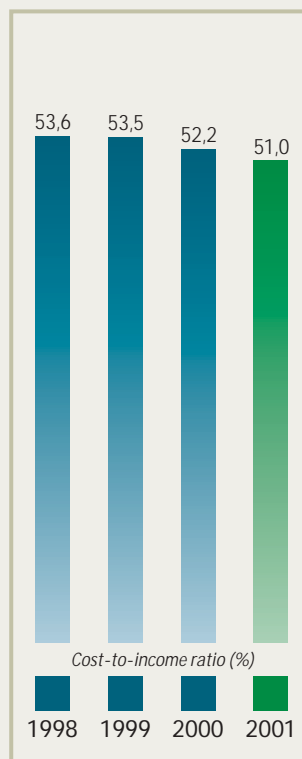


**COMMERCIAL BANK
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Highlights of the year 2001

- Net asset value per share up 8,3% to 248,7 cents
- Cost-to-income ratio reduced to 51,0%
- Provisions-to-income ratio reduced to 0,6% from 5,7%
- Earnings per share up 20,5% to 94,0 cents



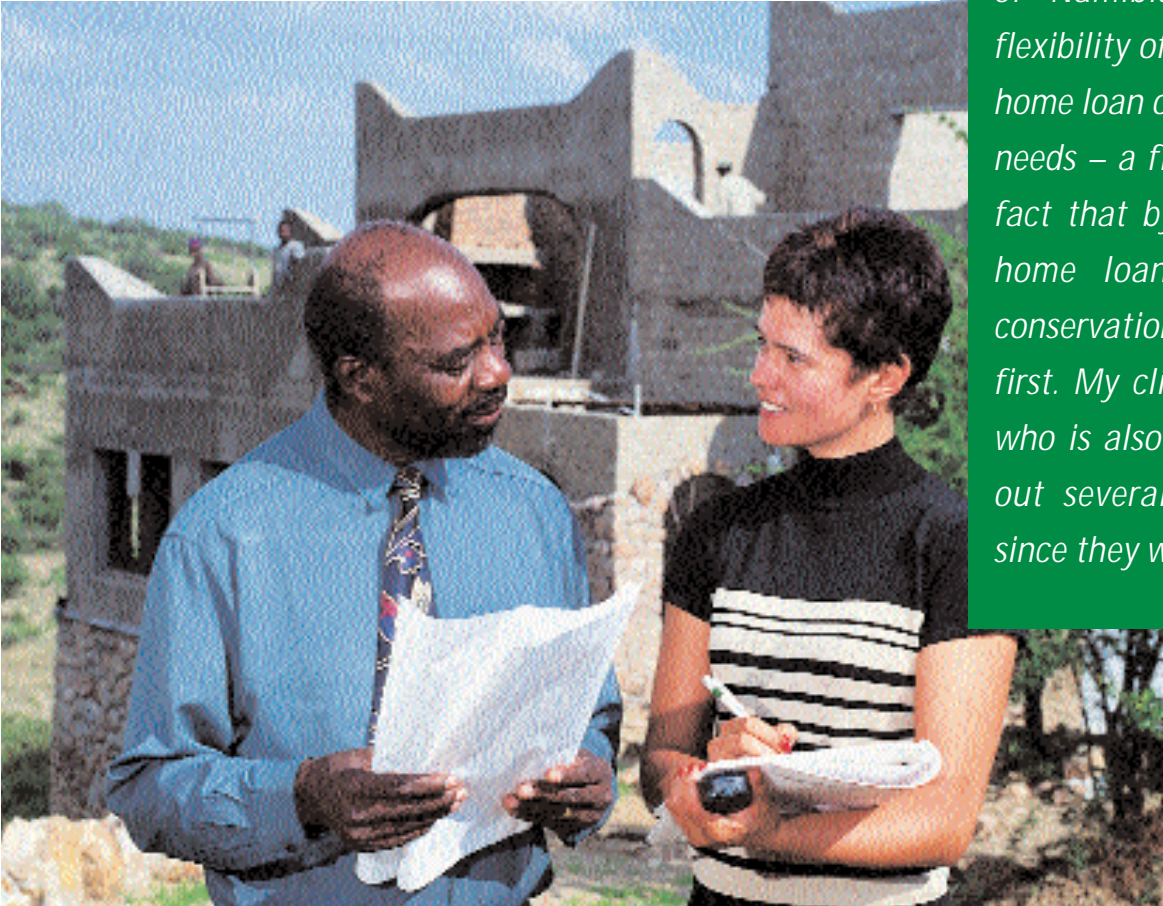
Retail Banking Client

Nathaniel Hekandjo

Estate Agent

Natascha von Zelewski

My clients really like the Go Green home loans from Commercial Bank of Namibia. They appreciate the flexibility of being able to choose the home loan option that best suits their needs – a first in Namibia – and the fact that by taking out a Go Green home loan, they are supporting conservation in the country – another first. My client, Nathaniel Hekandjo, who is also a bank client, has taken out several Go Green home loans since they were launched.



Integrity governs our actions in every sphere of the bank. A critical core value of the bank is complete integrity in all that we do.

Our shareholders

Commercial Bank of Namibia's majority shareholder is SND Investment Holdings Limited (92,66%), in turn owned by BNP Paribas, Nedcor Bank Limited and DEG (Deutsche Investitions- und Entwicklungsgesellschaft mbH). The balance is held primarily by Namibian citizens.

Our international shareholders provide a firm financial foundation and global expertise, while enabling us to operate independently – a unique advantage in the competitive Namibian market. Our Namibian shareholders reflect our commitment to the country and its people. The bank also benefits from considerable support by its major shareholders in the form of staffing, product development, business referrals and international trade finance opportunities.

Highlights of the year

- Dividends per share up 44%
- Managing credit risk drives provisions to record lows

Our stakeholders

Our people

Our people are the foundation of our business and our success. Mutual respect, trust and sound interpersonal communication form the basis of relationships between all our people. With ongoing training in the bank's products, systems and services, the principles of teamwork and our values and goals, their skills are continually enhanced, enabling them to operate successfully in a challenging and changing environment.

Investor community

We focus on achieving sound returns on investments for all stakeholders. Our priority is to provide timeous, accurate and relevant information to those stakeholders and the financial press.

Our communities

Commercial Bank of Namibia has a responsibility to the communities that enable us to conduct business. Through active sponsorship and social investment projects, the bank makes significant contributions to the sustainable development of entrepreneurial, educational and cultural activities in Namibia, creating stable employment opportunities and contributing to the economic and social welfare of the wider community.

The markets we serve

Corporate and international banking

By forging personal relationships, we maintain a sharp focus on client needs as markets evolve and needs become increasingly complex. Our proven skills in the corporate banking market ensure we can accommodate those clients whose size and sophistication demand more advanced products, from trade finance to foreign exchange, offshore loans, electronic banking and project finance. To maximise convenience for our clients, skilled corporate banking teams are concentrated in Windhoek and at the coast.



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Treasury Clients

Tony Edmunds Aretha Burger

The electronic banking service from Commercial Bank of Namibia really suits my company. Now we invest our clients' funds real time, online with the guarantee of the best security features available in the world. We deal with several bank departments, benefiting from the processes and systems I helped develop when I was a bank employee. As a client, I really enjoy the service levels Commercial Bank of Namibia offers.



The markets we serve

continued

Retail banking

The retail banking division has extensive knowledge and understanding of the differing needs of individual clients. This collective experience is reflected in the development of a comprehensive range of products and services to meet the spectrum of requirements in retail banking. Building on the cornerstone of convenient normal banking services provided

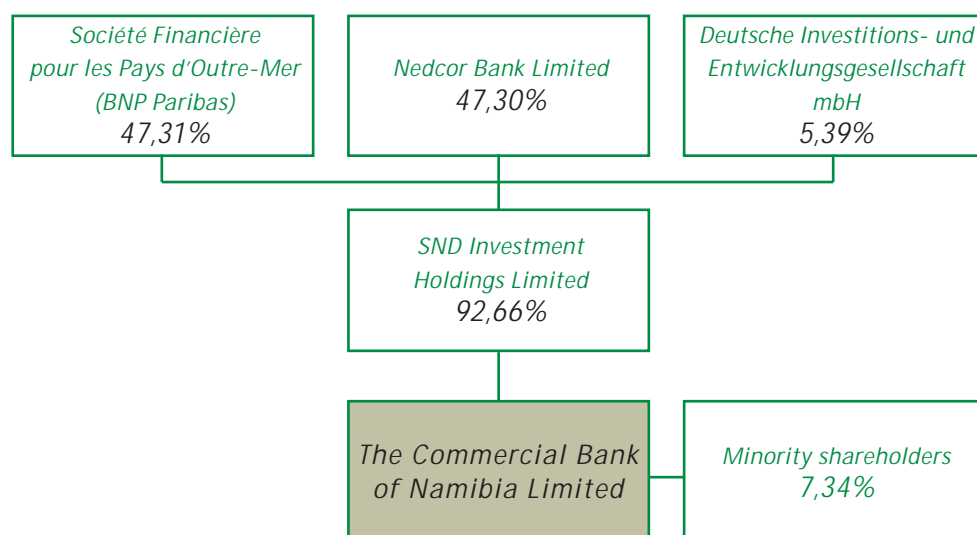
to many of our clients, sophisticated and personalised services have been developed for those clients whose needs are more complex. Every client enjoys the direct attention of a personal banker or relationship manager, reflecting our commitment to building lasting relationships. In addition, clients benefit from an increased focus on Internet banking.

Company profile

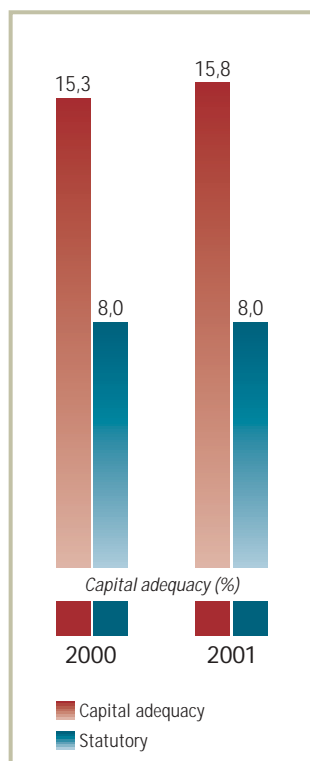
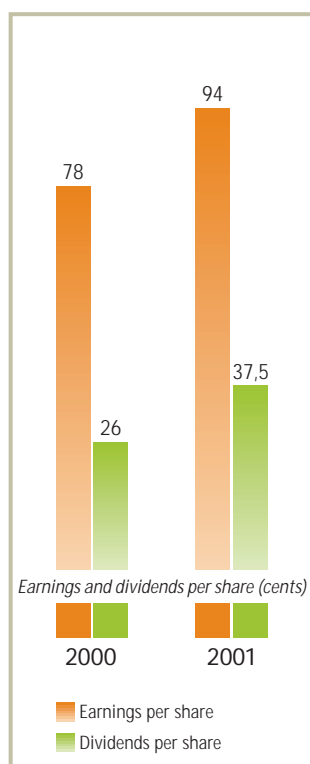
Commercial Bank of Namibia, founded in 1973, is a registered Namibian bank based in Windhoek. Well capitalised by international standards, the bank has assets of over N\$1,8 billion. The bank is a uniquely competitive force in Namibia, providing a comprehensive range of domestic and international financial

services through 363 staff members in nine branches, two agencies and a corporate service centre. The bank's service-driven culture is reflected in the commitment of all its people to delivering consistent and superior service levels to a growing base of corporate, international and individual clients.

Shareholders' structure



Financial and statistical highlights



		2001	2000	% increase
Shareholders' funds	(N\$'000)	159 372	147 188	8,3
Total assets	(N\$'000)	1 870 940	1 951 655	(4,1)
Net income before risk provision and taxation	(N\$'000)	77 674	69 798	11,3
Net income before taxation	(N\$'000)	76 709	61 464	24,8
Net income after taxation	(N\$'000)	60 254	50 019	20,5
Dividend – normal (proposed)	(N\$'000)	24 035	16 664	44,2
– special	(N\$'000)	48 070	0	
Return on average shareholders' funds	(%)	39,3	38,3	
Return on average total assets	(%)	3,2	2,7	
Expenses to total income	(%)	51,0	52,2	
Capital adequacy	(%)	15,8	15,3	
Net asset value per share	(cents)	248,7	229,6	
Earnings per share	(cents)	94,0	78,0	
Dividends per share	(cents)	37,5	26,0	
Dividends per share (including special dividend)	(cents)	112,5	26,0	
Dividend cover	(times)	2,5	3,0	
Dividend cover (including special dividend)	(times)	0,8	3,0	
Number of employees		363	363	

Leadership

Board of directors

Michael J Leeming** (*Chairman*)

Michel Vayssié*** (*Deputy chairman*)

Pierre Delhaise****

Vincent M J de Roux***

Stephanus C du Plessis** (*Managing director*)

Theo J Frank (Adv)

Willem P Frost**

Christopher J Pearce**

Rolf H Peters*

Timothy Thahane** (*as from 01/07/2001*)

Fanuel Tjingaete (Dr)

Paul W Weise* (*as from 22/11/2001*)

Directors who resigned

Karl-Heinz Kolz* (*06/10/2001*)

Matheus K Shikongo (*19/11/2001*)

*German **South African ***French ****Belgian

Audit committee

Rolf H Peters (*Chairman*)

Theo J Frank (Adv)

Christopher J Pearce

Pierre Delhaise

Fanuel Tjingaete (Dr)

Risk management committee

Christopher J Pearce (*Chairman*)

Rolf H Peters

Joachim Schwalbe

Company secretary

Mechthild Meiring

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SWIFT CBON NA NX

www.c-bank.com.na

Company Reg No 73/04561

Transfer secretaries

KPMG Corporate Secretaries (Pty) Limited

PO Box 30 Windhoek Namibia



Retail Banking Client

Jochen Hein

Imagine the surprise of my clients when they arrive in Windhoek on a Sunday to find a bureau de change open for business. They are even more surprised to find that the friendly, professional staff at Commercial Bank of Namibia charge no commission on exchanging their currency and send free e-mails to their families abroad to inform them of their safe arrival.



Senior management

Back row, from left to right:

Van Zyl Kruger

Senior Manager Corporate Banking

Chris Leaf

Senior Manager International Banking

Peter de Meersseman

Senior Manager Information Technology

Bertus Matthee

Senior Manager Retail Banking

Joern Wiedow

Senior Manager Human Resources

Urda Rapsch

Senior Manager Operations

Sven von Blottnitz

Senior Manager Treasury

Fanie du Plessis

Managing Director

Front row, from left to right:

Birgit Hoffmann

Senior Manager Communications & Marketing

Martin Moeller

Senior Manager International Business Development

Dorothy Zealand

Senior Manager Retail Banking Support

Willem Burger

Senior Manager Internal Audit

Annette Struchtemeier

Senior Manager Risk Management

Johann Jurgens

Senior Manager Financial Planning & Controlling

Werner Thesen

Senior Manager Corporate Banking Coastal Region

Empowered senior managers and strong teams characterise the bank and underpin its progress.



Chairman's interview

Q. The review period was an intensely turbulent one, yet one in which the bank recorded much better-than-average results. Why?

A. Essentially, the bank benefits from its focus on service and the quality of its people. In addition, we concentrate on getting quality business onto the books. Having international shareholders like BNP Paribas and Nedcor also positions the bank uniquely in the Namibian market.

Namibia is an export-oriented country, primarily diamonds, fishing and meat, so currency depreciation worked in our favour and export financing revenues escalated.

There is also strong reciprocal support for foreign direct investment and this makes Namibia an attractive environment for investment.

Commercial Bank of Namibia was able to capitalise on these conditions, drawing on the skills in its corporate and international banking divisions to attract new business and expand existing business. On a retail level, customers have responded very well to innovative product offerings and our continual focus on improving service standards.

Q. Turning to the economy, how did the global environment affect regional economic performance?

A. In last year's interview, I expressed the view that the biggest risk to more

favourable growth in 2001 would be a weakening in the international economy. Unfortunately, this fear materialised. The world's largest economy, the US, slipped into recession in the first quarter of the year and suffered further weakness following the dramatic events of 11 September. Similarly, Europe experienced only subdued growth, whereas Japan remained mired in recession, resulting in the first synchronised downturn in the major industrialised countries since the early 1970s. News from developing countries was also poor. In south-east Asia, countries such as South Korea and Malaysia experienced downturns for the second time in less than five years. Singapore experienced its first recession in more than three decades. Latin America was also adversely affected. Argentina was eventually forced to abandon its currency peg with the US dollar as the economy slid into a severe downturn and the fiscal situation deteriorated. Venezuela followed suit, although Brazil was able to absorb some of the pressure through its flexible exchange rate.

Africa also suffered weaker growth in trade volumes and commodity prices, as well as increased investor risk aversion that reduced the chances of meaningful foreign direct investment. The downturn in diamond sales and prices impacted on Namibia. However, the weakness was perhaps not as bad as might have been expected, given that a slump following the millennium boom had been predicted.



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Over the years, the bank has matured and entrenched itself as a prominent force in the Namibian economy. It has international shareholders, giving it access to vital international resources, and a solid grounding in Africa, which provides in-depth understanding of local markets.

Q. International events were also cited as one of the reasons for the rand, and hence the Namibian dollar, weakening so dramatically in 2001. What do you believe were the key factors?

A. Increased global risk aversion, regional tensions, and particularly the political situation in Zimbabwe, as well as lower commodity prices all played a part in the currency's dramatic fall. However, without the right mix of technical market features, particularly towards the end of the year, none of these factors would have been sufficient in themselves. What exacerbated the situation so dramatically were the thin market conditions from October onwards and the continual draining of dollars to reduce South Africa's net open forward position. The creation of a one-way bet allowed so-called speculators to take advantage of the situation.

Q. Will it now stabilise and what effects will last year's decline have?

A. Certainly, the currency is now very undervalued and is much less vulnerable than it was towards the end of last year. However, it is difficult to be totally confident about its future direction until the open position has been closed and this depends on imponderables such as the success of South Africa's privatisation efforts. What is beyond dispute is that it leaves our region very competitive, with exports and tourism bound to benefit over the medium term. Unfortunately, the sting in the tail is that both inflation and interest rates have risen, and this will dampen growth in the short term.

Q. How will the Namibian economy fare in 2002 and beyond?

A. As always the case, much will depend on factors beyond the country's control. If current enthusiasm about a global recovery proves correct, then both export prices and volumes will benefit. My

Chairman's interview

continued

personal feeling is that the full benefit of the currency's depreciation will be felt only in 2003 and 2004, once the global recovery is more sound and local entrepreneurs realise how competitive this has made the region. Helping even more is the excellent access to both the US and the EU. An example of the calibre of investment that can be attracted is the recent investment by Malaysian clothing manufacturer, Ramatex.

Agriculture still plays an important role in the economy, both directly and through its influence on manufacturing. Obviously, climatic factors will determine performance in this sector, but there are hopes that 2002 should see improved yields in both crops and livestock. The fishing industry, which is well managed by the authorities, is dependent on climatic conditions, but no major growth is expected in this sector in the short term given the quota system in place. This is despite continued good performance in the white fish industry, rising margins as demand increases and the financial benefits of the depreciating currency.

There are a number of exciting developments in mining. Offshore diamond production continues to grow, but quotas are currently restricting sales to De Beers' Diamond Trading Company. These could well be lifted later in the year if global conditions continue to improve. The Skorpion zinc mine is coming on stream, although full production will start only next year. This will provide an important boost to the economy, with final capacity estimated at around 4% of GDP.

Q. The bank is operating in a small, but highly competitive, market. What is the outlook for the new year?

A. FY2003 marks the 30th anniversary of Commercial Bank of Namibia. Over the years, the bank has matured and entrenched itself as a prominent force in the Namibian economy. It has international shareholders, giving it access to vital international resources, and a solid grounding in Africa, which provides in-depth understanding of local markets.

The bank has transformed itself in recent years, focused on delivering on its promise of superior customer service, and aiming for steady growth in quality business for stakeholders.

The bank's clear vision sets it apart from competitors as does its focus on service. Its shareholders lend credence to its international capabilities as do its global correspondent relationships. Together with our shareholders and our people, we will continue to build the bank, aiming to be the most efficient and client-focused bank in Namibia.

On behalf of the board, I sincerely thank the senior management team of the bank for their dedication, discipline and enthusiasm.

Mike Leeming
Chairman

19 March 2002

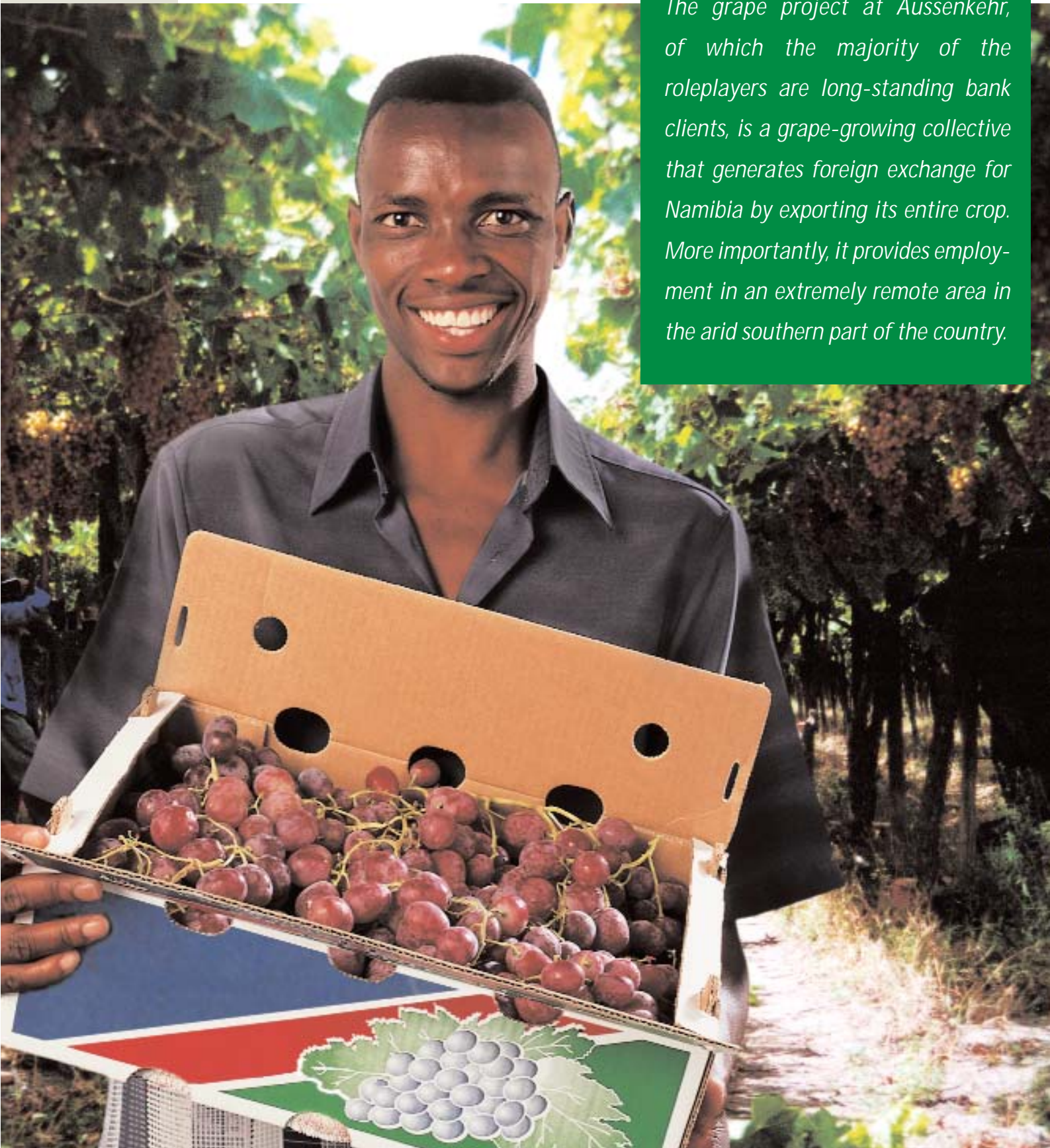


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Aussenkehr grape project

The grape project at Aussenkehr, of which the majority of the roleplayers are long-standing bank clients, is a grape-growing collective that generates foreign exchange for Namibia by exporting its entire crop. More importantly, it provides employment in an extremely remote area in the arid southern part of the country.



Report of the managing director

A truly green year

The undoubted highlight of the year to 31 December 2001 was the launch of Commercial Bank of Namibia's Go Green product range. This concept combined all the elements required for a very successful campaign: intensive teamwork, innovative products and competitive rates all coming together to support conservation in Namibia. Go Green found an instantly receptive audience among customers, suppliers and conservationists alike. The Go Green range, launched with five flexible home loan options, was a first in Namibia, both in the choices available to Namibians and in the conservation focus. The range will be extended in future, entrenching the bank's commitment to customer service, innovation and conservation.

This consistent focus on customer service has underpinned the bank's steady growth over the years. Since Namibia celebrated its independence in 1990, the bank's asset base has grown from just N\$371 million to over N\$1,8 billion at year-end.

It is my pleasure to review a year in which the bank exceeded targets in most areas and again made significant progress towards its goals. Commercial Bank of Namibia is well placed for new challenges in a global market, proud of our reputation for service and determined to be the most customer-focused commercial bank in the country.

Financial results

In the review period, Commercial Bank of Namibia recorded results ahead of budget, reflecting the quality of business undertaken and the continuing trend of earnings growth.

Net income before tax rose 24,8% from N\$61,5 million to N\$76,7 million. Net income after tax rose by 20,5% from N\$50,0 million to N\$60,3 million. Shareholders' funds increased 8,3% from N\$147,2 million to N\$159,4 million after having paid a special dividend of N\$48,1 million to shareholders, giving the bank a capital adequacy ratio of 15,8%, well above the stipulated level of 8,0% and in excess of international standards.

Excellent cost containment saw expenses increase just 6,3%, compared to inflation of 9,0%, rising to N\$81,0 million. This translates into a most satisfactory cost-to-income ratio of 51,0%, well within southern African industry averages.

The quality of the bank's balance sheet is highlighted by the significant decline in provisions to net interest income, reflecting a stringent focus on effectively managing credit risks. These gratifying results were underpinned by prudent asset and liability management and steady growth in income from commissions, fees and foreign exchange business, boosting by 19,8% the bank's non-interest revenue.

The directors have recommended an increased dividend of 37,50 cents per share for the year



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(2000: 26,00 cents per share), reflecting their confidence in the bank's prospects.

Customer service

During the review period, the customer service unit continued to monitor service levels, benchmarking turnaround times, welcoming new customers, measuring service at branch level and ensuring a bank-wide culture of service awareness. The customer service unit reports to the customer service council monthly, ensuring trends are immediately identified and appropriate steps taken. Overall, service levels in the bank have continued to improve. However, to earn the position of undisputed leader in the customer service field in our country, we acknowledge that the process is both dynamic and ongoing.

Risk management

By decentralising risk management to branches and relevant departments, we have continued to

deliver important improvements to our service. Customers benefit from rapid turnaround times, while the bank enjoys the benefit of expert risk management specialists at each site. The result of this strategy is a further significant reduction in the bad debt growth trend in 2001, with provisions now at record low levels, and much improved response times for advances applications.

Retail banking

The retail banking division recorded excellent results for the year, again exceeding set targets and reflecting the benefits of teamwork supported by an ongoing sales and marketing drive. The relationship management concept, introduced to accommodate the differing needs of different customers, continues to deliver material results. Personal bankers and business bankers provide a superior service and a single source of supply to a portfolio of individuals and businesses, supported by back-office and risk management teams.

Report of the managing director

continued

In the last quarter of the review period, customer and third-party supplier response to the launch of the bank's Go Green campaign, detailed earlier, exceeded expectations. The flexibility and competitive rates of the home loan options, under the Go Green brand, have been extremely well received in the market, with new business levels up sharply in the final quarter and into the new year.

During the year, our Independence Avenue branch refurbishment was completed and in the new financial year, the Swakopmund branch will be refurbished, completing the cycle of upgrading our branch network to conform to the bank's modern image.

As part of our ongoing focus on effectively controlling costs, the Wernhil branch was converted to an agency during the year, offering customers basic services, while the full suite of services is available at nearby Bülw Street.

A new bureau de change at Independence Avenue branch has been welcomed by customers, particularly tourists, as it offers 12 hours of daily trading, zero commission and a free e-mail service, securely managed by bank personnel. The bureaux de change in Windhoek and in the premier resort town of Swakopmund are unique in Namibia, offering maximum customer convenience by operating from 07:00 to 19:00, seven days a week, the longest trading hours in the industry.

Electronic banking

The electronic banking service expanded steadily during the review period. Corporate and individual clients enjoy the benefits of increasingly sophisticated services. Upgraded software has also contributed to ease of use, enabling corporate customers to manage salaries, creditors and collections in one facility. Electronic banking is a dynamic facility, and continued improvements will maximise the convenience for our clients and keep services affordable.

Corporate banking

The corporate banking division recorded mixed results for the review period, against very low demand for credit and the early repayment of short-term credit lines by customers. This environment effectively neutralised growth in new business for much of the period.

The benefits of removing certain administrative processes from corporate managers continued to emerge, freeing them to concentrate on providing ongoing personalised service to their portfolio of corporate clients. Risk management procedures have been decentralised and allocated to specific portfolios, significantly speeding up credit approval while ensuring professional risk management on site.

The focus for the new year will be on attracting sustainable, quality business and superior risk assessment, underpinned by product innovation and competitive pricing.

International

The international department recorded satisfactory results for the year. Commendably, in an extremely difficult trading environment, market share was maintained and budgets exceeded for the period. Against volatile currency markets, which prompted currency speculation, and reduced import activity, the department's focus was on its existing customer base.

The division offers advisory services to customers using foreign currency accounts, short-term trade finance products and specialised international finance capabilities.

Through our international shareholders and global correspondent banks, we continue to enhance our proficiency in world markets, winning clients in the face of intense competition.

By drawing on the resources of international partners, concentrating on meeting and exceeding the needs of customers through appropriate structures and products, and consistent superior service, the international department is well placed to contribute meaningfully to the bank's results.

Local and international money markets

Treasury division recorded an acceptable performance during the year, given widespread uncertainty in the final quarter in the wake of global events, adverse market conditions in

foreign exchange and the constant depreciation of the rand.

The continued focus on asset and liability management enabled the bank to effectively manage interest rate risk, liquidity and capital adequacy requirements within an approved risk profile. High levels of liquidity, which prevailed for most of the period but dropped off sharply at the end of the year, contained the downward pressure on interest rates.

The foreign exchange corporate desk produced excellent results, continually enhancing the delivery of foreign exchange services to the bank's clients. Apart from better service levels enjoyed by importers and exporters, the desk reinforces the bank's marketing activities by regularly identifying new business opportunities.

The introduction of daily electronic market commentaries and a weekly radio broadcast has been well received, assisting the bank to make progress in entrenching its position in the market.

Unit trust

The Commercial Bank of Namibia Growth Fund recorded improved performance in the review period, returning 13,89% for the year to 31 December 2001. The fund, managed by Franklin Templeton NIB Investments, again met its objective of achieving an inflation-beating return.

Report of the managing director

continued

Information technology

Throughout the bank, significant capital expenditure has been invested in information technology in recent years. The benefits of faster communication flow, productive information management and enhanced computer literacy among all our people continued to emerge during the year. Ongoing training focuses on multiskilling employees to maximise the benefits of the technology platform and further our aim of a paperless workplace.

Going forward, continual upgrades and enhancements to this platform will provide increased functionality, security and information flow.

Internal controls

The bank's internal audit function conforms to accepted international standards of corporate governance, using the early warning system of control and risk self-assessment (CRSA). This proactive method reinforces traditional auditing methods of substantive testing and workflow-related controls by placing the responsibility for ongoing control of identified and potential bank exposures with functional management and staff.

During the year, the CRSA system was refined to focus even more on key business risks, and preventative measures were improved for critical controls. Definitive manuals were produced for both CRSA and internal audit, ensuring

standardised processes throughout the bank. The results of internal and external audits conducted during the year, confirmed that the process is well established.

A dedicated and proactive loss control unit focuses on crime-related and non-operational losses within the bank. This unit continues to enhance fraud awareness among staff and has effectively countered crime while improving relationships with external security-related parties. During the year, losses amounting to a significant percentage of total income were prevented through increased vigilance and tighter controls.

In the new year, the audit function will again be enhanced with the installation of world-class computer-assisted audit technology for data enquiry, analysis and reporting. The internal audit unit will be one of the first to use this technology in Namibia.

Human resources

Training initiatives are focused on meeting customers' needs through superior service and detailed product knowledge. Our local and international training programmes keep our people informed of domestic and international developments. During the year, the focus was on computer skills, banking skills and specialised industry-related training.

For the review period, the bank submitted its second affirmative action plan to the authorities

in terms of the Affirmative Action Act of 1998. The bank's long-standing proactive policy on equal employment opportunities is reflected in its current staff complement of 363 people, which includes 94% affirmative action candidates, while at managerial level, that figure is 47%. Commercial Bank of Namibia is also an active participant in the industry-wide initiative to develop formal banking courses that will be recognised by the National Qualifications Authority.

The consultative process introduced by the employee representative forum continues to enhance communication levels and to address common concerns.

Leadership development programmes and diversity management courses ran in tandem with our trainee/apprenticeship programme for school leavers from previously disadvantaged backgrounds. Together with bursaries for our own people, their children and capable previously disadvantaged students, we are building the skills that will enable us to continually improve our customer service levels. To date, the bank has awarded 12 bursaries to gifted youths from previously disadvantaged backgrounds for studies at tertiary institutions.

The system of performance agreements which complements our performance appraisal system continues to produce good results. Superior performance is recognised through a formal awards programme, beginning with bronze and

progressing to diamond. To date, 29 employees have achieved gold status.

Communications and marketing

Aggressive and focused marketing campaigns, above and below the line, have ensured above-average editorial and advertising exposure for the bank in all relevant media during the review period. The bank also undertakes selected sponsorships at corporate and branch level to maintain its profile in the Namibian market. Our new website has received much praise for adding value through innovative and useful features, with some commentators rating it the best banking site in the country. Visitors to the site have more than doubled since the relaunch in the middle of the year.

Social investment

Commercial Bank of Namibia makes a meaningful contribution to selected social investment projects in the core areas of entrepreneurial development, education and healthcare.

The bank invests directly in some projects and via facilitating organisations and non-profit organisations in others. We work closely with organisations like Kayec, Bleks Foundation, Shamvura Trust and Women's Action for Development. A highlight of the year was the launch of the Commercial Bank of Namibia Theatre School, opened by the country's first lady, Madam Kovambo Nujoma.

Report of the managing director

continued

While each of these organisations has a slightly different focus, they all concentrate on imparting knowledge and skills to enable people to move from subsistence levels to becoming productive members of the formal economy.

Prospects

The Namibian financial services industry will continue to be characterised by intense levels of competition. The winning participants will be those that proactively meet the needs of their customers by applying new technology and capitalising on new market opportunities.

Commercial Bank of Namibia is well positioned to meet this challenge through innovative products, superior service and a disciplined approach to growth. By combining training, technology and innovation, we will entrench our position at the forefront of a new, electronic era in financial services.

Appreciation

I thank our growing base of loyal clients for their continued support and constructive feedback. In

turn, we will deliver and improve on the service you expect from your bank. My committed colleagues on the board contribute greatly to the bank's steady progress and I thank them for their counsel.

It was a challenging year for all our business units. These results are entirely due to the dedication, enthusiasm and teamwork of our people throughout the bank. On behalf of the board, I thank every one of you for your effort. Together, our goals are attainable. Together, we will reach them quicker.

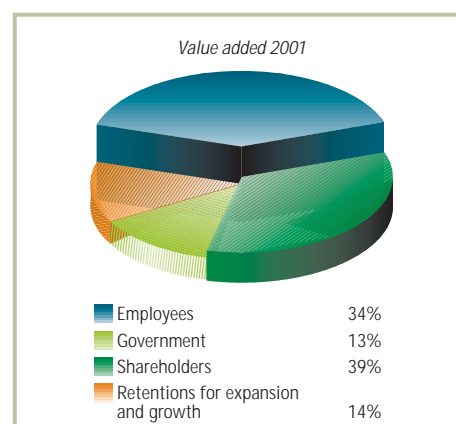
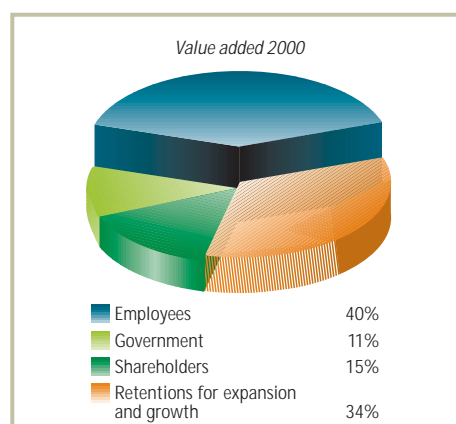


Fanie du Plessis
Managing director

Windhoek
19 March 2002

Value added statement

	2001		2000	
	N\$'000	%	N\$'000	%
VALUE ADDED				
Value added is the wealth created by Commercial Bank of Namibia through the provision of services to clients				
Interest income and non-interest revenue	278 729		272 432	
Interest paid and other expenditure	155 155		163 878	
	123 574		108 554	
VALUE ALLOCATED				
• Employees				
Salaries, wages and other benefits	42 391	34	43 415	40
• Government				
Taxation	16 455	13	11 445	11
• Shareholders				
Dividends – Normal	0	0	16 664	15
– Special	48 070	39	0	0
• Retentions for expansion and growth	16 658	14	37 030	34
Retained income	12 184		33 355	
Depreciation	4 474		3 675	
	123 574	100	108 554	100



Corporate governance and risk monitoring

The directors endorse and, during the year under review, have principally applied the code of corporate practices and conduct as set out in the King Report on Corporate Governance, issued in South Africa in 1994. The bank will also comply with the requirements of the King II Report, once introduced. By adhering to the code, the directors have recognised the need to conduct the affairs of the bank with integrity and in accordance with generally accepted corporate practices. Specifically, the directors report on the following matters:

Financial statements

The directors are responsible for the annual financial statements which are prepared in accordance with generally accepted accounting practice. The accounting policies used were consistently applied, appropriate and supported by reasonable and prudent judgement and estimates. The directors need to ensure that the financial statements fairly present the state of affairs of the bank as at the financial year end and the results for the year under review. The external auditors are responsible for independently reviewing and reporting on the fair presentation of these financial statements.

Board of directors

The board of directors presently comprises 11 non-executive and one executive director who have a wide range of different skills and experience that they bring to bear for the benefit of the bank. In appointing directors, emphasis is placed on retaining the balance of skills necessary for achieving the bank's strategic objectives.

The board is responsible to shareholders for setting the direction of the bank through the establishment of objectives, strategies and key policies. It monitors the implementation of its strategies and policies through a structured approach to reporting and accountability and recognises it is responsible for relationships with its various stakeholders.

The non-executive directors are actively involved in, and bring independent judgement to, board deliberations and discussions. The chairman has significantly more involvement in the bank than other non-executive directors. The level of involvement is considered necessary for the provision of adequate guidance and input, but does not constitute the exercise of executive powers.

The board meets regularly and retains full and effective control over the bank. An audit committee and a risk management committee exist to assist the board in the discharge of its responsibilities. All directors have access to the advice and services of the company secretary.

All directors retire on a rotational basis and, if eligible for re-election, submit their names for election at the annual general meeting. The appointment of new directors is approved by the board as a whole.

Audit committee

The audit committee has written terms of reference that have been confirmed by the board of directors. It presently comprises five non-executive directors. Internal audit, as well as the

external auditors, have unrestricted access to the chairman of the committee. It meets periodically, at least four times a year, to review the annual financial statements and accounting policies, interim results, the effectiveness of management information and assurances provided by management, internal and external auditors on other systems of internal controls, including the internal audit function, and to assess the external auditors' reports. The audit committee reports its findings to the board of directors.

Internal audit

The objective of the internal audit function is to assist the managing director and the audit committee on the effective discharge of their responsibilities by performing an independent appraisal activity of the bank's management controls, with the full co-operation of the managing director and the board of directors. By virtue of its mandate, any material or significant control weakness that may be identified from time to time is brought to the attention of the managing director and the audit committee for consideration and the necessary remedial action.

Internal control

For the board to discharge its responsibilities to ensure the accuracy and integrity of the financial statements, management has developed and continues to maintain adequate accounting records and effective systems of internal controls. The board has ultimate responsibility for the systems of internal controls and reviews their operation primarily through the audit committee and various other risk-monitoring committees.

As part of the system of internal controls, the internal audit function conducts operational, financial and specific audits and co-ordinates audit coverage with the external auditors.

The internal controls include risk-based systems of internal accounting and administrative controls, designed to provide reasonable, but not absolute, assurance that assets are safeguarded and that transactions are executed and recorded in accordance with generally accepted business practices and the bank's policies and procedures. These internal controls are based on established and written policies and procedures and are implemented by trained, skilled staff with an appropriate segregation of duties, are monitored by management and include a comprehensive budgeting and reporting system, operating with strict deadlines and an appropriate control framework that has been developed in accordance with the bank's activities. Internal control issues are regularly discussed with the managing director and at board level.

Nothing has come to the attention of the directors to indicate that any material breakdown in the functioning of these controls, procedures and systems has occurred during the year under review. The independent auditors concur with the above statements by the directors.

Risk management

The risk management committee is a supporting committee of the board. Its objective is to monitor the management of risks, thereby ensuring the overall effectiveness of the process of corporate

Corporate governance and risk monitoring

continued

governance. It meets at least four times a year to monitor aspects of operations involving risks such as credit risks, asset and liability management risks, operational risks and any other material risks not covered by the audit committee.

Risk monitoring

In the course of normal business operations, the bank is exposed to a number of risks, the most significant of which are interest rate, liquidity, trading, solvency, credit and operational risks. These risks are managed through a comprehensive framework encompassing infrastructure, policies and methods that support active and effective control as well as compliance with regulations laid down by the authorities.

Asset and liability management

The effective management of risk is critical to the success of any financial institution. The asset and liability committee (ALCO) strives to ensure that acceptable levels of financial risk, excluding credit and operational risk, are identified, understood and effectively managed, while achieving the strategic and financial objectives of the bank.

Interest rate risk

Interest rate risk can be defined as the exposure of the bank's net interest income to adverse movements in interest rates, and arises as a result of mismatches in the term characteristics of assets and liabilities.

Interest rate risk is assessed through the use of traditional gap analysis techniques. Gap analysis measures the volumes of assets and liabilities subject to repricing within a given period. For this purpose,

assets and liabilities are classified according to their contractual repricing characteristics. Through the use of balance sheet stress testing and net interest income scenarios, the impact of interest rate movements and risk concentrations can be measured and identified. Strategies are then developed for mitigating such risks.

Liquidity risk

Liquidity risk is defined as the potential inability of the bank to raise funds at market-related prices to meet commitments as they fall due or to satisfy client demands for funds. By monitoring the maturity profile of the current balance sheet as well as the expected future structure, ALCO is proactively monitoring this risk and is able to manage any potential mismatches.

Solvency risk

Solvency risk is defined as the inability of the bank to pay its debts in full. The board and management, as well as banking regulators, monitor this risk through the assessment of capital adequacy. The internal requirements of the bank are substantially more conservative than those imposed by the regulating authorities.

Currency risk

Currency risk is the potential changes to the value of financial instruments denominated in foreign currency due to exchange rate movements. The exchange rate movements are continuously monitored by the treasury department and dealers operate within pre-approved limits based on their knowledge, expertise and experience.

Credit risk

Credit risk is the risk that a client or counter party fails to meet its commitments to the bank, thereby causing a loss. The credit department assesses all exposures and monitors the implementation of the bank's credit policy to ensure that the extension, control and maintenance of credit, as well as the process of providing for and writing off of bad debts is executed in a proper way and within laid-down policy.

Operational risk

Operational risk is the risk of direct or indirect loss resulting from inadequate or failed internal processes, people and systems or from external events. Effective operational risk management enhances and protects shareholder value, specifically against unexpected or unwanted events. The management of operational risk is based on a system of internal controls. This system includes a documented organisational structure with policies, procedures and reasonable segregation of duties that are communicated throughout the bank.

The corporate governance framework for operational risk management includes monitoring bodies such as the audit committee and internal audit. Line management has the responsibility for day-to-day management of individual operational risks, while senior management holds collective responsibility for all aspects of risk management including operational risk.

The internal controls in place are designed to provide assurance that transactions, records and management information are complete, valid and accurate, and that business objectives will be achieved. This internal control system is supported by a control self-assessment methodology, which enables line management to integrate control responsibilities with each job function and to ensure that supervisory controls are effectively applied.

Internal audit independently and continuously monitors the adequacy, appropriateness and effectiveness of these internal controls and reports its findings to management and the audit committee.

Going concern

The directors have no reason to doubt that the bank has adequate resources to continue in operational existence for the foreseeable future. The going-concern basis in preparing annual financial statements is therefore considered appropriate. The independent auditors concur with this statement by the directors.

Affirmative action

The bank's affirmative action policy has been in place for several years and fully complies with new legislation in Namibia. It is a carefully planned, managed and monitored process, incorporating proactive strategies aimed at transforming the employment environment within the bank. These mechanisms provide for the recruitment, development and promotion of competent individuals, especially those from previously disadvantaged groups, for such persons to gain access to opportunities based on their suitability, while also ensuring the maintenance of core standards within the organisation.

Code of ethics

The bank is committed to a policy of fair dealing and integrity in the conduct of its business. To this end, the bank has adopted a code of ethics, governing, among others, the bank's conduct regarding its relationships with clients, competitors, suppliers, employees, shareholders and the community. All directors, managers and employees are required to maintain the highest ethical standards in ensuring that the bank's business practices are conducted in a manner which, under all reasonable circumstances, is beyond reproach.

Report of the directors

The directors have pleasure in submitting their report together with the annual financial statements of the bank for the year ended 31 December 2001.

NATURE OF BUSINESS

The Commercial Bank of Namibia Limited is a registered bank that provides a full range of banking services. The bank's head office is in Windhoek and its operations are confined to Namibia.

HOLDING COMPANY

SND Investment Holdings Limited continues to be the holding company of The Commercial Bank of Namibia Limited. SFOM's (Société Financière pour les Pays d'Outre-Mer) (47,31%), Nedcor Bank Limited's (47,30%) and DEG's (Deutsche Investitions- und Entwicklungsgesellschaft mbH) (5,39%) respective shareholdings in SND Investment Holdings Limited remained unchanged. BNP Paribas is the sole shareholder of SFOM.

RESULTS FOR THE YEAR

The net income after taxation for the 12 months amounted to N\$60,3 million compared to N\$50,0 million for the previous year. Total assets of the bank decreased by 4,1% from N\$1 951,7 million to N\$1 870,9 million.

SHARE CAPITAL

During the year under review, the bank's authorised share capital remained unchanged at N\$20,0 million, consisting of N\$17,5 million ordinary shares and N\$2,5 million convertible preference shares. The issued share capital remained at N\$16,0 million, consisting of 64 093 969 ordinary shares with a nominal value of 25 cents each.

DIVIDENDS

In view of the bank's capital exceeding the banking regulations requirements substantially, the board

decided during 2001 to declare a special dividend of 75,0 cents per share totalling N\$48,1 million, to bring the capital more in line with an internationally-acceptable capital asset ratio. This dividend was paid in August 2001.

The directors recommend the payment of a dividend of 37,5 cents per share (2000: 26,0 cents per share), resulting in a dividend cover of 2,5 times (2000: 3,0 times). The total dividend amounts to N\$24,0 million (2000: N\$16,7 million).

ACCOUNTING TREATMENT OF LOANS AND ADVANCES

The accounting treatment of loans and advances disclosed in the annual financial statements complies with the requirements of BID-2 of the Bank of Namibia. BID-2 (Determinations on the Classification of Loans and the Suspension of Interest on Non-Performing Loans and the Provisions for Bad and Doubtful Debts) has been issued pursuant to section 71(3) of the Banking Institutions Act, 1998.

BOARD OF DIRECTORS AND SECRETARY

At the bank's annual general meeting held on 21 June 2001, Messrs R H Peters, W P Frost and Dr F Tjingaete, who retired by rotation in accordance with the provisions of the bank's articles of association, made themselves available for re-election and were duly elected.

Mr K H Kolz resigned from the board on 6 October 2001 and Mr P W Weise was appointed in his place on 22 November 2001. Mr M K Shikongo resigned as director on 19 November 2001.

Mr T Thahane was appointed to the board with effect from 1 July 2001.

The board conveys its appreciation to the resigning directors for their valuable contributions during their terms of office.

The names of the directors and the company secretary as well as the company's registered address have been set out on page 6 of this report.

APPRECIATION

We extend our sincere appreciation to our employees and esteemed customers for their loyalty and continued support.

Our appreciation is also extended to the Ministry of Finance, the Bank of Namibia, the local authorities

and our attorneys and auditors for their assistance and co-operation.

APPROVAL BY THE BOARD OF DIRECTORS

This report and the annual financial statements set out on pages 26 to 51 were approved by the board of directors on 19 March 2002 and signed on its behalf by:



Stephanus C du Plessis
Managing director



Michael J Leeming
Chairman of the board of directors

Report of the independent auditors

TO THE MEMBERS OF THE COMMERCIAL BANK OF NAMIBIA LIMITED

Introduction

We have audited the annual financial statements set out on pages 26 to 51. These annual financial statements are the responsibility of the company's directors. Our responsibility is to report on these financial statements, based on our audit.

Scope

We conducted our audit in accordance with statements of Namibian Auditing Standards. These standards require that we plan and perform the audit to obtain reasonable assurance that the financial statements are free of material misstatements.

An audit includes:

- examining, on a test basis, evidence supporting the amounts and disclosures included in the financial statements;

- assessing the accounting principles used and significant estimates made by management; and
- evaluating overall financial statement presentation.

We believe that our audit provides a reasonable basis for our opinion.

Audit opinion

In our opinion, the financial statements fairly present, in all material respects, the financial position of the company at 31 December 2001, and the results of its operation and cash flows for the year then ended in conformity with generally accepted accounting practice in Namibia and in the manner required by the Namibian Companies Act.



Deloitte & Touche
Chartered Accountants (Namibia)
Windhoek, 19 March 2002

Balance sheet

at 31 December 2001

	Notes	2001 N\$'000	2000 N\$'000
ASSETS			
Cash and balances with central bank	3	39 032	36 927
Government and public sector securities	4	151 240	181 123
Other short-term securities	5	86 071	195 334
Due from other banks	6	178 463	240 687
Loans and advances to customers	7	1 300 847	1 218 495
Investments in subsidiary and associates	8	5 755	5 952
Property and equipment	9	29 430	27 408
Other assets	10	80 102	45 729
Total assets		1 870 940	1 951 655
LIABILITIES			
Due to other banks	11	189 505	303 444
Other deposits	12	54 202	5 371
Due to customers	13	1 404 284	1 430 740
Long-term subordinated debt instruments	14	625	537
Deferred taxation	15	33 987	30 961
Other liabilities	16	28 965	33 414
Total liabilities		1 711 568	1 804 467
SHAREHOLDERS' EQUITY			
Share capital	17	16 023	16 023
Share premium	17	16 424	16 424
Retained income		126 925	114 741
Total shareholders' equity		159 372	147 188
Total equity and liabilities		1 870 940	1 951 655

Income statement

for the year ended 31 December 2001

	Notes	2001 N\$'000	2000 N\$'000
Interest income	18	215 103	219 340
Interest expense	18	120 069	126 482
Net interest income		95 034	92 858
Non-interest revenue	19	63 626	53 092
Total income		158 660	145 950
Specific and general provisions for bad and doubtful debts	20	965	8 334
Net income		157 695	137 616
Expenses	21	80 986	76 152
Net income before taxation		76 709	61 464
Taxation	22	16 455	11 445
Net income after taxation		60 254	50 019

Statement of changes in equity

for the year ended 31 December 2001

	Notes	Share capital N\$'000	Share premium N\$'000	Retained income N\$'000	Total N\$'000
<hr/>					
Balance at					
1 January 2000		16 023	16 424	81 386	113 833
Net income after taxation for the year				50 019	50 019
Dividends	23			(16 664)	(16 664)
<hr/>					
Balance at					
31 December 2000		16 023	16 424	114 741	147 188
Net income after taxation for the year				60 254	60 254
Dividends	23			(48 070)	(48 070)
<hr/>					
Balance at					
31 December 2001		16 023	16 424	126 925	159 372
<hr/>					

Cash flow statement

for the year ended 31 December 2001

	Notes	2001 N\$'000	2000 N\$'000
Cash (utilised)/generated from operating activities	24.1	(196 787)	75 140
Cash received from customers	24.2	270 444	265 452
Cash paid to customers	24.3	(125 059)	(134 302)
Cash paid to employees and suppliers		(61 700)	(73 614)
Dividends received		1 107	1 212
Dividends paid		(64 734)	(9 614)
Taxation paid		(16 000)	(24 019)
Recoveries of loans previously written off		2 880	1 656
Cash movements in advances and other accounts		(117 215)	(142 215)
Cash movements in operating liabilities	24.4	(86 510)	190 584
Cash flow (utilised)/generated for investment activities		136 668	(199 940)
Investment in property and equipment		(7 330)	(13 757)
Proceeds on sale of property and equipment		1 331	5 023
Proceeds from other investments		124	316
Purchase of non-dealing securities	24.5	142 543	(191 522)
Cash and short-term funds utilised		(60 119)	(124 800)
Cash and short-term funds at beginning of the year		277 614	402 414
Cash and short-term funds at end of the year	24.6	217 495	277 614

Notes to the annual financial statements

31 December 2001

1. BASIS OF ACCOUNTING

The annual financial statements are prepared on the historical cost basis, in conformity with generally accepted accounting practice in Namibia.

2. ACCOUNTING POLICIES

The principal accounting policies adopted and applied are set out below and are consistent with those of the previous year.

2.1 Investments

Securities having a fixed redemption value are stated at cost, adjusted for differences between cost and redemption value which are brought to account over the period to redemption date. No provision is made for any shortfall between the market value of securities held for investment purposes and the carrying value as determined above where it is intended they be held to redemption. Securities held for trading purposes are stated at market value. Other investments are stated at cost and provision is made where, in the opinion of the directors, there has been a permanent diminution in value.

2.2 Bad and doubtful debts

Specific provisions for bad and doubtful debts are made against identified doubtful advances, including amounts in respect of interest which is not serviced, and are deducted from advances. In addition, a general provision is maintained against unforeseen losses and, in

particular, on advances not specifically identified as doubtful. The provisions, both specific and general, made during the year, less recoveries of advances previously written off, are charged to the income statement.

In quantifying the provisions for loans and advances the requirements of BID-2 of the Bank of Namibia have been complied with. BID-2 (Determinations on the Classification of Loans and the Suspension of Interest on Non-Performing Loans and the Provisions for Bad and Doubtful Debts) has been issued pursuant to section 71(3) of the Banking Institutions Act, 1998.

2.3 Instalment transactions

Instalment credit agreements are regarded as financing transactions and the total instalments, less unearned finance charges, are included in advances and other accounts. Lease income and finance charges are pre-computed at the commencement of the contractual periods and are recognised in income in proportion to the net cash investment capital balances outstanding. Unearned lease income and finance charges are carried forward as deferred income and deducted from advances.

2.4 Property and equipment

All property and equipment are stated at cost and are depreciated on the straight-line basis at rates considered appropriate to their estimated useful lives.

Freehold land and buildings	2,0%
Leasehold land and buildings	10,0%
Furniture and equipment	12,5 – 25,0%
Computer equipment	25,0%

The carrying amounts of the company's assets 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 recognised 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. For goodwill a recognised impairment loss is not reversed.

The recoverable amount is the higher of its net realisable value and its value in use. Net realisable value is determined by ascertaining the current market value of an asset and deducting any costs related to the realisation of the asset. In assessing value-in-use, the expected future cash flows from the asset are discounted to their present value using pre-tax discount rates that reflect current market

assessments of the time value of money and the risks specific to the asset. For an asset whose cash flows are largely dependent on those of other assets, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

2.5 Deferred taxation

Deferred taxation is provided at current rates on all temporary differences between the carrying value of an asset or liability and its tax base. Deferred taxation assets are recognised to the extent that it is probable that future taxable income will allow the asset to be recovered.

2.6 Foreign currencies

Assets and liabilities in foreign currencies are converted at rates of exchange ruling at the year-end, or, where appropriately hedged by forward exchange contracts, at the relevant contract rates. Foreign exchange trading positions, including spot and forward exchange contracts, are valued at current market rates, taking maturity profiles into account, and resultant profits and losses are accounted for in the income statement.

2.7 Discounting transactions

Acceptances, promissory notes and other bills drawn by customers and discounted, as well as amounts rediscounted, are included under advances.

Notes to the annual financial statements

31 December 2001

continued

2.8 Properties in possession

Unsold properties in possession are stated at the lower of the net outstanding amount at date of purchase and net realisable value.

2.9 Pension fund

Contributions to the fund are charged against income as incurred.

2.10 Post-retirement medical benefits

Provision is made for post-retirement medical benefits for eligible employees. The expected costs of these benefits are accrued over the period of employment and are determined by independent qualified actuaries.

2.11 Goodwill

Goodwill represents the excess of cost of acquisition over the fair value of the net identifiable assets acquired. It is capitalised and amortised over its estimated useful life.

2.12 Revenue

Revenue relates to the company's banking activities and comprises net income from funds, dividends from investments, fees and commissions from banking and related transactions, and net income from exchange dealings. Revenue is shown net of value-added tax. Net income from funds is recognised on a time proportion basis. Dividends are recognised when the right to receive payment is established. Fees and commissions are recognised when the service to the customer has been rendered. Foreign exchange gains and losses on monetary items arising from foreign currency transactions that have not been settled at the balance sheet date are recognised in income for the period in which the exchange rate movement occurred. The premium or discount on the forward exchange contracts is amortised to income over the term of the forward exchange contract.

	2001 N\$'000	2000 N\$'000
3. CASH AND BALANCES WITH CENTRAL BANK		
Bank notes and coins	22 354	20 689
Balances with central bank	16 678	16 238
	39 032	36 927
4. GOVERNMENT AND PUBLIC SECTOR SECURITIES		
4.1 Investment portfolio		
Treasury bills	51 183	82 004
Government registered stock	100 057	99 119
	151 240	181 123
4.2 Maturity structure		
1 year or less	51 183	82 054
3 years or less but over 1 year	97 740	96 836
Over 3 years	2 317	2 233
	151 240	181 123
4.3 Valuation		
Listed		
– Book value	–	50
– Market value	–	50
Unlisted		
– Book value	151 240	181 073
– Directors' valuation	151 240	181 073
Total book value	151 240	181 123
Total market/directors' value	151 240	181 123
5. OTHER SHORT-TERM SECURITIES		
Negotiable certificates of deposit	86 071	195 334
6. DUE FROM OTHER BANKS		
Placements with other banks	178 463	240 687

Notes to the annual financial statements

31 December 2001

continued

	2001 N\$'000	2000 N\$'000
7. LOANS AND ADVANCES TO CUSTOMERS		
7.1 Category analysis		
Home loans	260 929	236 141
Other loans and overdrafts	900 522	860 872
Leases and instalment debtors	211 250	198 619
Less: Unearned finance charges on leases and instalment debtors	(36 389)	(34 508)
Preference shares	8 741	8 741
	1 345 053	1 269 865
Specific and general provisions for bad and doubtful debts (note 20)	(44 206)	(51 370)
	1 300 847	1 218 495
7.2 Sectoral analysis		
Individuals	517 135	466 320
Manufacturing	44 312	35 584
Wholesale and trade	65 809	123 751
Retailers, catering and accommodation	65 830	39 484
Agriculture, hunting, forestry and fishing	325 306	259 736
Mining and quarrying	24 136	36 087
Financial services, insurances and real estates	44 932	39 701
Government and public sector	78 256	89 908
Building and property development	86 144	67 671
Transport, storage and communication	81 748	61 508
Other services	11 445	50 115
	1 345 053	1 269 865
7.3 Maturity structure		
Repayable on demand or at short-term notice	748 334	765 506
3 months or less but not repayable on demand or at short-term notice	74 111	46 203
1 year or less but over 3 months	96 581	61 074
5 years or less but over 1 year	165 098	164 111
Over 5 years	260 929	232 971
	1 345 053	1 269 865
7.4 Geographical analysis		
Namibia	1 345 053	1 269 865

	2001 N\$'000	2000 N\$'000
8. INVESTMENT IN SUBSIDIARY AND ASSOCIATES		
Investment in subsidiary company		
– Shares at cost	1	1
Investment in associated companies		
– Carrying value at beginning of the year	5 951	6 264
– Repayment of preference shares	(197)	(313)
– Carrying value at end of the year	5 754	5 951
	5 755	5 952
Directors' valuation	5 755	5 952

Subsidiary company

	Issued ordinary share capital and proportion held		Shares at cost		Indebtedness (to)/by subsidiary	
	N\$'000	%	2001 N\$'000	2000 N\$'000	2001 N\$'000	2000 N\$'000
Namibia Executors and Trustees (Pty) Limited	1	75	1	1	–	–

Group annual financial statements are not presented in view of the insignificant amounts involved. The directors value the investment in the subsidiary company at cost.

Notes to the annual financial statements

31 December 2001

continued

	Issued share capital and proportion held		Shares at cost		Indebtedness (to)/by associates	
	N\$'000	%	2001 N\$'000	2000 N\$'000	2001 N\$'000	2000 N\$'000
8. INVESTMENT IN SUBSIDIARY AND ASSOCIATES (continued)						
Associated companies						
Property companies:						
Ten Kaiser Wilhelm Strasse (Pty) Limited						
– Ordinary shares	582	50	291	291	–	–
Walvis Bay Land Syndicate (Pty) Limited						
– Ordinary shares	3 000	50	1 500	1 500	–	–
– Variable rate cumulative redeemable preference shares	2 963	100	2 963	3 160	–	–
Other companies:						
Commercial Bank of Namibia Management Co. (Pty) Limited						
– Ordinary shares	2 000	50	1 000	1 000	–	–
Total			5 754	5 951	–	–

Indebtedness does not include loans and advances paid in the normal course of business.

These amounts were included in advances.

The associated companies are not equity accounted in view of the insignificant amounts involved.

The directors value the investment in the associated companies at cost.

	Freehold land and buildings N\$'000	Leasehold land and buildings N\$'000	Furniture, fittings and equipment N\$'000	Computer equipment N\$'000	Total N\$'000
9. PROPERTY AND EQUIPMENT					
2001					
Carrying amount at 31 December 2000	12 251	1 266	8 948	4 943	27 408
– at cost	13 353	1 500	18 488	10 026	43 367
– accumulated depreciation	(1 102)	(234)	(9 540)	(5 083)	(15 959)
Additions at cost	102	–	3 246	3 982	7 330
Disposals at net book value	(808)	–	(19)	(7)	(834)
Depreciation for the year	(208)	(295)	(1 739)	(2 232)	(4 474)
Carrying amount at 31 December 2001	11 337	971	10 436	6 686	29 430
– at cost	12 647	1 500	21 715	14 001	49 863
– accumulated depreciation	(1 310)	(529)	(11 279)	(7 315)	(20 433)
2000					
Carrying amount at 31 December 1999	5 679	1 673	6 483	15 430	29 265
– at cost	6 573	1 673	14 923	20 640	43 809
– accumulated depreciation	(894)	–	(8 440)	(5 210)	(14 544)
Additions at cost	6 822	–	5 406	2 355	14 583
Disposals at net book value	(42)	(173)	(1 524)	(10 981)	(12 720)
Depreciation for the year	(208)	(234)	(1 417)	(1 861)	(3 720)
Carrying amount at 31 December 2000	12 251	1 266	8 948	4 943	27 408
– at cost	13 353	1 500	18 488	10 026	43 367
– accumulated depreciation	(1 102)	(234)	(9 540)	(5 083)	(15 959)

Information regarding land and buildings required in terms of the Companies Act is available for inspection at the bank's registered office.

Notes to the annual financial statements

31 December 2001

continued

	2001 N\$'000	2000 N\$'000
10. OTHER ASSETS		
Remittances in transit	37 742	15 361
Zero coupon bonds	31 896	27 647
Sundry debtors and other accounts	10 464	2 721
	80 102	45 729
11. DUE TO OTHER BANKS		
Deposits and borrowings from other banks	189 505	303 444
12. OTHER DEPOSITS		
Negotiable certificates of deposit	54 202	5 371
13. DUE TO CUSTOMERS		
13.1 Category analysis		
Current accounts	486 149	512 557
Savings accounts	78 103	75 354
Other deposits and loan accounts	631 997	669 454
Foreign currency liabilities	208 035	173 375
	1 404 284	1 430 740
Generally, foreign currency liabilities are either matched by advances to clients or covered against exchange rate fluctuations.		
13.2 Sectoral analysis		
Government and quasi government	119 547	246 592
Insurance and pension funds	148 043	111 546
Companies and close corporations	671 310	605 375
Individuals	465 384	467 227
	1 404 284	1 430 740
13.3 Maturity structure		
Repayable on demand	1 270 072	1 206 264
3 months or less but not repayable on demand	18 263	45 809
1 year or less but over 3 months	100 499	155 645
5 years or less but over 1 year	15 450	23 022
	1 404 284	1 430 740

	2001 N\$'000	2000 N\$'000
13. DUE TO CUSTOMERS (continued)		
13.4 Geographical analysis		
Namibia	1 378 754	1 383 489
Europe	25 529	47 251
	1 404 283	1 430 740
14. LONG-TERM SUBORDINATED DEBT INSTRUMENTS		
Unsecured, subordinated debentures, at issue price as adjusted for amortised discount and the portion of the coupon payments in excess of the effective interest expense	625	537
The debentures were issued at a discount on 15 September 1995 and are redeemable at their nominal value of N\$40 million on 15 September 2030. Interest was payable on these debentures on a six-monthly basis at the rate of 17% per annum on nominal value until 15 September 2000. These coupon payments were partially charged against income and partially against the capital value of the debentures. For the years 2001 to 2030 the effective interest expense is capitalised. The coupon holders are entitled, in the event of interest default, to put the coupon covering such interest payments to Nedcor Limited and SFOM (Société Financière pour les Pays d'Outre-Mer). In the unlikely event of redemption prior to 15 September 2030 a contingent liability of N\$25,5 million (2000: N\$24,2 million) would arise.		
15. DEFERRED TAXATION		
The movement on the deferred tax account is as follows:		
Balance at beginning of the year	30 961	29 618
Movements during the year		
– Temporary differences – current year	3 026	1 030
– prior year	–	313
Balance at end of the year	33 987	30 961
The balance comprises:		
Capital allowances	4 873	3 818
Provisions and others	29 114	27 143
	33 987	30 961

Notes to the annual financial statements

31 December 2001

continued

	2001 N\$'000	2000 N\$'000
16. OTHER LIABILITIES		
Dividends payable	–	16 664
Creditors and other accounts	32 916	18 129
Current taxation	(3 951)	(1 379)
	28 965	33 414

	Number of shares	Ordinary shares N\$'000	Share premium N\$'000	Total N\$'000
17. ISSUED CAPITAL AND SHARE PREMIUM				
As at 31 December 2000 and 31 December 2001	64 093 969	16 023	16 424	32 447

The total number of authorised shares at year-end was:
70 000 000 (2000: 70 000 000) ordinary shares of 25 cents each
10 000 000 (2000: 10 000 000) convertible preference shares of 25 cents each

All issued shares are fully paid.

Subject to the restrictions of the Companies Act, the unissued shares are under the control of the directors until the forthcoming annual general meeting.

	2001 N\$'000	2000 N\$'000
18. NET INTEREST INCOME		
<i>Interest and discount income</i>		
Cash and short-term funds	51 229	63 323
Loans and advances	163 874	156 017
	215 103	219 340
<i>Interest expense</i>		
Banks and customers	120 069	126 482
	95 034	92 858

	2001 N\$'000	2000 N\$'000
19. NON-INTEREST REVENUE		
Commission and fees	26 478	22 430
Exchange earnings	33 376	27 388
Profit on sale of fixed property and equipment	497	30
Sundry trading gains	1 737	2 215
Other income	1 538	1 029
	63 626	53 092
20. SPECIFIC AND GENERAL PROVISIONS FOR BAD AND DOUBTFUL DEBTS		
20.1 Movements		
Balance at beginning of the year	51 370	42 465
Debts recovered	2 880	1 656
Debts written off	(11 009)	(1 085)
Income statement charge	965	8 334
– specific provision	(290)	6 338
– general provision	1 255	1 996
	44 206	51 370
20.2 Analysis		
Specific provision	27 461	35 880
General provision	16 745	15 490
	44 206	51 370
21. EXPENSES		
Auditors' remuneration		
– Audit fees – current year	696	650
– Overprovision previous year	(74)	(16)
– Other services	160	11
Depreciation	4 474	3 720
Staff costs	42 391	41 511
Operating lease charges		
– Fixed property	2 709	2 585
– Equipment and vehicles	1 268	1 090

Notes to the annual financial statements

31 December 2001

continued

	2001 N\$'000	2000 N\$'000
21. EXPENSES (continued)		
Remuneration other than to employees for:		
– Managerial services	2 110	566
Directors' fees		
For services as directors	464	278
Other services	661	1 904
Other expenses	26 127	23 853
	80 986	76 152
22. TAXATION		
22.1 Charge for the year		
<i>Taxation on income</i>		
Namibian normal	11 342	10 046
Deferred – current	3 026	1 030
– prior	–	313
	14 368	11 389
<i>Other taxation</i>		
Value-added tax charge in respect of current expenditure net of input credits	2 087	56
Total taxation	16 455	11 445
	%	%
22.2 Reconciliation of rate of taxation		
Namibian normal rate of taxation	35,0	35,0
Reduction in rate for the year:	(16,8)	(16,8)
– Non-taxable income	(8,8)	(9,6)
– Other permanent differences	(8,0)	(7,2)
Increase in rate for the year:	3,3	0,4
– Value-added tax charge in respect of current expenditure net of input credits	2,7	0,1
– Underprovision prior year	0,6	0,3
Effective rate of taxation	21,5	18,6

	2001 N\$'000	2000 N\$'000
23. DIVIDENDS		
Ordinary dividend of 26,0 cents per share paid on 2 July 2001 (2000: 15,0 cents per share paid on 30 June 2000)	16 664	9 614
Special dividend of 75,0 cents per share paid on 31 August 2001	48 070	–
	64 734	9 614

The directors have proposed the payment of an ordinary dividend of 37,5 cents per share (2000: 26,0 cents per share) for confirmation at the forthcoming annual general meeting. The total dividend amounts to N\$24,0 million (2000: N\$16,7 million).

24. CASH FLOW INFORMATION		
24.1 Reconciliation of net income before taxation to cash (utilised)/generated from operating activities		
Net income before taxation	76 709	61 464
Adjustments for non-cash items:	(3 670)	2 563
– Interest accrued on non-dealing securities	(6 657)	(7 041)
– Discount on government stock amortised	(990)	(991)
– Profit on disposal of fixed property and equipment	(497)	(30)
– Depreciation	4 474	3 720
– Fixed assets written off	–	6 905
Other adjustments	(61 410)	(32 992)
– Movement in long-term subordinated debt instruments	89	(6 226)
– Current income tax charge	(13 429)	(10 102)
– Dividends	(48 070)	(16 664)
Movement in operating assets	(208 416)	44 105
– Deposit, current and other accounts	(96 013)	216 937
– Advances and other accounts	(112 403)	(172 832)
Cash flow from operating activities	(196 787)	75 140
24.2 Cash received from customers		
Interest received	207 725	212 858
Commission and fees received	39 276	32 954
Other income received	23 443	19 640
	270 444	265 452

Notes to the annual financial statements

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continued

	2001 N\$'000	2000 N\$'000
24. CASH FLOW INFORMATION (continued)		
24.3 Cash paid to customers		
Interest paid on deposits	(125 059)	(127 502)
Coupon payment on debentures	–	(6 800)
	(125 059)	(134 302)
24.4 Cash movements in operating liabilities		
Current accounts	15 654	149 960
Savings deposits	2 774	9 847
Other deposits and loan accounts	(181 573)	71 609
Foreign currency accounts	31 505	(34 701)
Negotiable certificates of deposit	45 130	(6 131)
	(86 510)	190 584
24.5 Purchase of non-dealing securities		
Other short-term securities	142 493	(191 622)
Government and public sector securities	50	100
	142 543	(191 522)
24.6 Cash and short-term funds		
For the purpose of the cash flow statement, cash and short-term funds comprise the following balances with less than 90 days maturity:		
Bank notes and coins (note 3)	22 354	20 689
Balances with central bank (note 3)	16 678	16 238
Due from other banks (note 6)	178 463	240 687
	217 495	277 614
25. COMMITMENTS		
25.1 Capital expenditure		
Authorised but not contracted	7 905	9 096
Funds to meet capital expenditure will be provided from internal resources.		
25.2 Bond commitments		
Bonds granted, not yet paid out	14 323	2 728

	2002 N\$'000	2003 N\$'000	2004 N\$'000
25. COMMITMENTS (continued)			
25.3 Operating leases			
Premises	2 282	1 427	980
Equipment and vehicles	679	-	-
	2 961	1 427	980

26. PENSION FUND

All eligible employees are members of the Commercial Bank of Namibia Pension Fund, a defined contribution plan, which has been registered in Namibia in accordance with the requirements of the Pension Funds Act. The fund is governed by the Pension Funds Act 1956, which requires an actuarial valuation every three years. The findings of independent consulting actuaries, based on their appraisal of the fund during May 2001, confirmed that the fund was financially sound.

The total value of contributions to the pension fund during the year amounted to:

	2001 N\$'000	2000 N\$'000
Employer contributions	2 867	2 612
Employee contributions	1 891	1 714
27. CONTINGENT LIABILITIES		
Confirmed letters of credit	4 712	10 764
Liabilities under guarantees	157 616	91 844
	162 328	102 608

28. COMMITMENTS UNDER DERIVATIVE FINANCIAL INSTRUMENTS

During the year under review the company held an interest rate contract with a notional principal value of N\$50 million and a positive net fair value of N\$0,9 million (2000: N\$2,3 million) if it were to be settled.

The interest rate contract will mature within the next year.

Notes to the annual financial statements

31 December 2001

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29. RELATED-PARTY DISCLOSURE

Commercial Bank of Namibia Limited's majority shareholder is SND Investment Holdings Limited (92,66%), which is in turn owned by Société Financière pour les pays d'Outre-mer (SFOM), Nedcor Bank Limited and DEG (Deutsche Investitions- und Entwicklungsgesellschaft mbH)

The following related-party transactions have been entered into:

	2001 N\$'000	2000 N\$'000
Type of related party	Associated companies	
Loans		
Loans outstanding as at end of year	76 739	228 054
Interest income earned	14 655	11 718
Other expenses		
Computer processing cost	7 330	1 624
Management fee	2 110	566
	9 440	2 190
Directors' remuneration		
The total remuneration to the directors for services as directors amounted to	272	136
There were no related-party transactions with the majority shareholding company, other than the payment of dividends on ordinary shares.		

	N\$ N\$'000	ZAR N\$'000	EUR N\$'000	US\$ N\$'000	Other N\$'000	Total N\$'000
30. CURRENCY PROFILE						
Assets						
Cash and balances with central bank	39 032					39 032
Treasury bills, Government and public sector securities	151 240					151 240
Other short-term securities		86 071				86 071
Due from other banks	39 688	80 161	25 862	21 403	11 349	178 463
Loans and advances to customers	1 085 900	31 896	171 507	10 216	1 328	1 300 847
Investments in subsidiary and associates	5 755					5 755
Property and equipment	29 430					29 430
Other assets	80 102					80 102
Total assets	1 431 147	198 128	197 369	31 619	12 677	1 870 940
Liabilities						
Due to other banks	6 998		169 680	11 499	1 328	189 505
Other deposits	54 202					54 202
Due to customers	1 404 284					1 404 284
Long-term subordinated debt instruments	625					625
Deferred taxation	33 987					33 987
Other liabilities	28 965					28 965
Total liabilities	1 529 061	-	169 680	11 499	1 328	1 711 568
Shareholders' equity						
Share capital	16 023					16 023
Share premium	16 424					16 424
Retained income	126 925					126 925
Total shareholders' equity	159 372	-	-	-	-	159 372
Total equity and liabilities	1 688 433	-	169 680	11 499	1 328	1 870 940
Net balance sheet position	(257 286)	198 128	27 689	20 120	11 349	(0)
Off-balance sheet net notional position	-	-	2 065	(437)	2 284	3 912

Notes to the annual financial statements

31 December 2001

continued

	<3 months N\$'000	3 months <6 months N\$'000	6 months <1 year N\$'000	1 year <5 years N\$'000	>5 years N\$'000	Non- interest sensitive N\$'000	Total N\$'000
31. INTEREST RATE RISK ANALYSIS							
Assets							
Cash and balances with central bank		39 032					39 032
Treasury bills, Government and public sector securities	18 377	114 377	16 169		2 317		151 240
Other short-term securities	43 966		42 105				86 071
Due from other banks	178 463						178 463
Loans and advances to customers	1 023 237	205 992	26 589			45 029	1 300 847
Investments in subsidiary and associates						5 755	5 755
Property and equipment						29 430	29 430
Other assets					31 896	48 206	80 102
Total assets	1 303 075	320 369	84 863	-	34 213	128 420	1 870 940
Liabilities							
Due to other banks	58 088	121 676	9 741				189 505
Other deposits	43 726		10 476				54 202
Due to customers	1 298 898	6 687	98 506	193			1 404 284
Long-term subordinated debt instruments					625		625
Deferred taxation						33 987	33 987
Other liabilities						28 965	28 965
Total liabilities	1 400 712	128 363	118 723	193	625	62 952	1 711 568
Shareholders' equity							
Share capital						16 023	16 023
Share premium						16 424	16 424
Retained income						126 925	126 925
Total shareholders' equity	-	-	-	-	-	159 372	159 372
Total equity and liabilities	1 400 712	128 363	118 723	193	625	222 324	1 870 940
On-balance sheet interest sensitivity gap	(97 637)	192 006	(33 860)	(193)	33 588	(93 904)	-

	Up to 1 month N\$'000	1 – 3 months N\$'000	3 – 12 months N\$'000	1 – 5 years N\$'000	Over 5 years N\$'000	Total N\$'000
32. LIQUIDITY RISK						
Assets						
Cash and balances with central bank	39 032					39 032
Treasury bills, Government and public sector securities	18 146	228	130 549		2 317	151 240
Other short-term securities	43 966		42 105			86 071
Due from other banks	178 463					178 463
Loans and advances to customers	721 217	21 862	131 741	165 098	260 929	1 300 847
Investments in subsidiary and associates					5 755	5 755
Property and equipment				18 101	11 329	29 430
Other assets	45 053		2 976		32 073	80 102
Total assets	1 045 877	22 090	307 371	183 199	312 403	1 870 940
Liabilities						
Due to other banks	36 374	21 714	131 417			189 505
Other deposits	43 726		10 476			54 202
Due to customers	1 286 612	12 171	105 308	193		1 404 284
Long-term subordinated debt instruments					625	625
Deferred taxation			33 987			33 987
Other liabilities	28 965					28 965
Total liabilities	1 395 677	33 885	281 188	193	625	1 711 568
Shareholders' equity						
Share capital					16 023	16 023
Share premium					16 424	16 424
Retained income			24 035		102 890	126 925
Total shareholders' equity	–	–	24 035	–	135 337	159 372
Total equity and liabilities	1 395 677	33 885	305 223	193	135 962	1 870 940
Net liquidity gap	(349 800)	(11 795)	2 148	183 006	176 441	–

33. COMPARATIVE FIGURES

Comparative figures have been restated, where necessary, to afford a proper comparison.

Notice of annual general meeting

Notice is hereby given that the 28th annual general meeting of the company will be held in the boardroom of The Commercial Bank of Namibia Limited, 5th floor, 12 – 20 Bülow Street, Windhoek, at 15:00 on 20 June 2002 for the following purposes:

To consider and resolve the following matters:

1. To receive and consider the annual financial statements for the year ended 31 December 2001, together with the report of the auditors.
2. To confirm the payment of a dividend of 37,5 cents per ordinary share. The total dividend amounts to N\$24,0 million.
3. To determine the directors' remuneration.
4. To approve the actions undertaken and discharged by the directors during the year under review.
5. To appoint Messrs Deloitte & Touche as auditors for the new financial year.
6. To authorise the directors to determine the remuneration of the auditors.
7. To elect directors in accordance with the provisions of the articles of association of the company. The following directors retire by rotation at this meeting and, being eligible, offer themselves for re-election:
Mr V M J de Roux
Mr M J Leeming
Mr C J Pearce
Mr M Vayssié
8. To elect the following newly-appointed directors who retire in terms of the articles of association of the company at this meeting but, being eligible, offer themselves for re-election:
Mr T Thahane
Mr P W Weise
9. To place the unissued ordinary/convertible preference shares under the control of the directors.
10. To adopt the following special resolutions:

A AMENDMENT TO THE BANK'S MEMORANDUM OF ASSOCIATION

- 10.1 TO DELETE ARTICLE 3 OF THE MEMORANDUM OF ASSOCIATION, DEFINING THE OBJECTIVES OF THE COMPANY AND TO SUBSTITUTE IT WITH THE FOLLOWING WORDING:

"The main objective of the company is to do business as a commercial bank pursuant to the provisions of the relevant banking legislation, applicable from time to time."

- 10.2 TO ADOPT THE REVISED MEMORANDUM OF ASSOCIATION AS APPENDED IN ANNEXURE 1 (see pages 58 and 59).

REASON & EFFECT

The reason for the amendment is to bring the memorandum of association in line with the banking legislation applicable to Namibia.

The effect of the amendment is that the company will conduct its banking business according to the banking legislation applicable to Namibia.

- B AMENDMENTS TO THE BANK'S ARTICLES OF ASSOCIATION
(Strikethrough = delete; Bold = insert)

- 10.3 TO AMEND THE DEFINITION CLAUSE WHICH PRESENTLY READS:
"The Banks Act" means the Banks Act, 1965 of the Republic of South Africa, as applicable in the Territory."

TO READ:

"The Banking Institutions Act" means the Banking Institutions Act, Act No 2 of 1998 and shall include any determinations by the Bank of Namibia pursuant to the provisions thereof."

10.4 TO AMEND THE DEFINITION CLAUSE WHICH PRESENTLY READS:

“The Statutes” means the Companies Act and the Banks Act.”

TO READ:

“The Statutes” means the Companies Act and the Banking Institutions Act.”

10.5 TO SUBSTITUTE THE DEFINITION CLAUSE WHICH PRESENTLY READS:

“NBC” means NAMIBIAN BANKING CORPORATION LIMITED, Windhoek, Republic of Namibia;

WITH THE FOLLOWING DEFINITION CLAUSE:

“SND” means SND INVESTMENT HOLDINGS LIMITED, Windhoek, Republic of Namibia.”

10.6 TO SUBSTITUTE THE DEFINITION CLAUSE WHICH PRESENTLY READS:

“SFOM” means SOCIÉTÉ FINANCIÈRE POUR LES PAYS D’OUTRE-MER S.A. Geneva, Switzerland.”

WITH THE FOLLOWING DEFINITION CLAUSE:

“BNP PARIBAS” means BANQUE NATIONALE DE PARIS PARIBAS, Paris, France.”

10.7 TO AMEND ARTICLE 3 TO READ:

“Without prejudice to any special rights previously conferred on the holders of any shares or class of shares for the time being issued (which special right may be varied or

abrogated only in the manner provided by Article 4) any share in the company may be issued with such preferred, deferred or other special rights, or subject to such restrictions, whether in regard to dividend, return of capital, voting or otherwise, as the company may from time to time by ordinary resolution determine or failing such determination as the board of directors may under authority of an ordinary resolution of the company determine. Subject to the provisions of the statutes of the Territory, the company may ~~with the prior written approval of the Registrar of Banks and subject to such conditions as he may prescribe,~~ issue preference shares which are, or at the option of the company are to be, liable to be redeemed on such terms and in such manner as the company before the issue thereof may by special resolution determine.”

10.8 TO AMEND ARTICLE 5, TO READ:

“Shareholdings in the company are subject to the provisions of the Banks Act Banking Institutions Act.”

10.9 TO AMEND ARTICLE 12.1, WHICH PRESENTLY READS:

“The company shall maintain at its registered office a register of members of the company as provided in section 105 of the act. The register of members shall be open to inspection, as provided in section 113 of the act.”

TO READ:

“The company shall maintain at its registered office a register and return as to allotments as provided for in section 93 of the Companies Act and

Notice of annual general meeting

continued

subject to section 21(3) of the Banking Institutions Act and a register of members of the company as provided for in section 105 of the Companies Act. These registers shall be open to inspection as provided for in section 113 of the Companies Act."

10.10 TO AMEND ARTICLE 22.1, TO READ:

"Subject to the provisions of the Companies Act or any amendment thereof and to the prior approval of the Registrar of Banks statutes, the company may from time to time by special resolution, increase the capital by such sum, to be divided into shares of such amount, as the resolution shall prescribe."

10.11 TO AMEND ARTICLE 23.1, TO READ:

"Subject to the prior written approval of the Registrar of Banks, Bank of Namibia, the company may, by special resolution –
23.1.1 . . ."

10.12 TO AMEND ARTICLE 31, TO READ:

"Subject to article . . . , there shall be no quorum at the meetings of members of the company, unless there is present at the commencement of such meeting and throughout such meeting NBC SND, represented by:"

10.13 "TO AMEND ARTICLE 46.2, TO READ:

"Subject to article 46.1 of these articles and section 41 of the Banking Institutions Act, the directors may from time to time appoint new directors. In the event . . ."

10.14 TO AMEND ARTICLE 47.1.3 TO READ:

"for so long as DEG owns not less than 3% (three percent) of NBC, SND it shall be entitled, by written notice . . ."

10.15 TO AMEND ARTICLE 47.2, TO READ:

"In addition to the foregoing, the managing director and the Deputy Managing Director of the company shall be a director of the company."

10.16 TO DELETE ARTICLE 48, WHICH PRESENTLY READS:

"The shareholding qualification of a director shall be the holding of at least one hundred shares of the company, and it shall be his duty to comply with the provisions of section 213 of the act."

10.17 TO AMEND ARTICLE 50, WHICH PRESENTLY READS:

"Each director shall have the power to nominate another person to act as alternate director in his place during his absence or inability to act as such director, etc . . ."

TO READ:

A director who is not resident in Namibia shall have the power to nominate another person to act as alternate director in his place during his absence or inability to act as such director, etc . . ."

10.18 TO AMEND ARTICLE 53.1, TO READ:

"The directors shall meet together for the dispatch of business not less than twice per year, provided that not

~~more than six months shall elapse between any such meetings once every calendar quarter."~~

10.19 TO AMEND ARTICLE 53.5, TO READ:

"Subject to the provisions of section 234 to 241, inclusive, of the act and of section 41(10) of the Banking Institutions Act, a director shall not vote in respect of any contract or proposed contract with the company in which he is interested, or any matter arising therefrom, and if he does so vote, his vote shall not be counted."

10.20 TO AMEND ARTICLE 54, TO READ:

"The remuneration of the directors shall from time to time be determined by the company in general meeting. The remuneration of directors shall not be out of line with the nature and size of the company's operations and any bonuses and fringe benefits shall be relative to the profits and operations of the company."

10.21 TO DELETE ARTICLES 56.2 AND 57-61, WHICH PRESENTLY READ:

56.2 "The management of the company shall include a managing director and a deputy managing director. The managing director and the deputy managing director appointed in terms of article 53.4, shall be known as the managing directorate."

57. "The directors may delegate any powers to an executive committee which shall comprise not less than three and not more than five directors. The

managing director and the deputy managing director of the company shall ex officio be included in such number."

58. "The executive committee may from time to time elect a chairman of its meetings, and shall meet at such times and places as the executive committee may determine. The executive committee shall meet together for the dispatch of business not less than twice per year, provided that not more than six months shall elapse between any such meetings. The quorum necessary for the dispatch of business by the executive committee shall, where such committee comprises 3 or 4 members, be 2 or 3 and where such committee comprises 5 members be 4. There shall be no quorum unless a director representing SFOM and a director representing NEDCOR BANK is present at such meeting."

59. "Any decision taken at a meeting of the executive committee shall be determined by the votes of so many members as to form a quorum."

60. "Each member of the executive committee shall be entitled to appoint another person as his alternate member in his place during his absence or inability to act as such, and provided that such appointment is approved of by the board, such alternate member shall be subject to all the terms and

Notice of annual general meeting

continued

- conditions relating to other members of the executive committee."
61. "The provisions of article 51 shall mutatis mutandis apply to any alternate members of the executive committee."
- 10.22 To delete the headings "EXECUTIVE COMMITTEE" and "ALTERNATIVE MEMBERS OF EXECUTIVE COMMITTEE"
- 10.23 TO INSERT THE FOLLOWING NEW ARTICLES 57 & 58, UNDER THE HEADING:
- "AUDIT COMMITTEE"
- "57. The board of directors shall establish an audit committee in terms of the provisions of section 42 of the Banking Institutions Act.
58. The audit committee shall subject to the Banking Institutions Act have such powers, duties and functions as the board of directors may specify from time to time."
- 10.24 TO AMEND ARTICLE 62, TO READ:
- "The board of directors ~~or the Executive Committee~~ may from time to time entrust to or confer upon the managing directorate for the time being such of the powers and authorities vested in them as they may deem fit, . . ."
- 10.25 TO AMEND ARTICLE 63.1, TO READ:
- "ceases to be a director by virtue of any of the provisions of the ~~Companies Act, 1973~~ statutes or any amendment thereof, or becomes prohibited from being a director by
- reason of ~~any order made under the said Companies Act, 1973~~ statutes or any amendment thereof; or"
- 10.26 WHERE APPLICABLE, TO REPLACE THE WORD "VICE CHAIRMAN" WITH THE WORD "DEPUTY CHAIRMAN"
- 10.27 TO AMEND ARTICLE 71, TO READ:
- "A resolution in writing signed by all the directors ~~or all the members of the Executive Committee~~ for the time being shall be as valid and effectual as if passed at a meeting of the directors ~~or of the Executive Committee~~ as the case may be, duly called and constituted. Provided that such resolution be duly entered in the minute book of the board of directors ~~or the Executive Committee, as the case may be.~~"
- 10.28 TO AMEND ARTICLE 73, TO READ:
- "All acts done by any meeting of the directors ~~or of the Executive Committee~~, or by any person acting as a director, . . ."
- 10.29 TO AMEND THE FIRST SENTENCE OF ARTICLE 77, TO READ:
- "Subject to the provisions of sections 234 and 237 of the Companies Act, ~~1973~~ and section 41 of the Banking Institutions Act, or any amendment thereof, a director of the company may be or become a director of any subsidiary or other company promoted by the company . . ."
- 10.30 TO AMEND THE LAST SENTENCE OF ARTICLE 77, TO READ:
- ". . . Nevertheless, any director or directors so interested or acquiring any benefit must disclose the fact of his possessing any interest, whether

as director or member or otherwise, whether or not it appears on the face of the contract or arrangement, in accordance with the provisions of the said sections 234 and 237 of the Companies Act, 1973 and of section 41 of the Banking Institutions Act, or any amendment thereof."

10.31 TO AMEND ARTICLE 79, TO READ:

"The company in general meeting may, subject to section 32 of the Banking Institutions Act, declare dividends but no dividend shall exceed the amount recommended by the directors."

10.32 TO AMEND ARTICLE 97.4, WHICH PRESENTLY READS:

"the Registrar of Banks."

TO READ:

"the Bank of Namibia."

10.33 TO AMEND ARTICLE 106, TO READ:

"The company may, by special resolution, alter its memorandum and articles of association as provided by section 55 and 62 of the Companies Act 1973 and by section 54(1)(e) of the Banking Institutions Act."

10.34 TO ADD THE FOLLOWING AS ARTICLE 108.3:

"A waiver is deemed if any of the parties mentioned do not show for a third time at a duly constituted meeting."

10.35 TO CHANGE THE NUMBERING OF ARTICLES 48 ONWARDS IN ORDER TO PUT THEM IN NUMERICAL SEQUENCE.

REASON:

The reason for the above amendments is to bring the articles of association in line with the company's current structure, the determinations by the Bank of Namibia and the legislation applicable to Namibia, as amended from time to time.

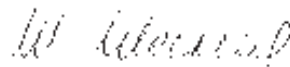
EFFECT:

The effect of the amendments will be that business will be conducted within the company's current structure, the determinations by the Bank of Namibia and according to the legal requirements as applicable to banking institutions in Namibia.

11. To transact such other business as may be transacted at an annual general meeting.

A member entitled to attend and to vote at the meeting is entitled to appoint a proxy to attend and speak and, on a poll, to vote in his stead. A proxy need not be a shareholder of The Commercial Bank of Namibia Limited. Proxies must be lodged at the Commercial Bank of Namibia's registered office at least 48 hours before the commencement of the meeting. Saturdays, Sundays and public holidays are not taken into account in determining the 48 hours.

By order of the board



M Meiring
Secretary

Windhoek, 1 May 2002

Annexure 1

THE COMPANIES ACT, 1973 COMPANY LIMITED BY SHARES MEMORANDUM OF ASSOCIATION OF THE COMMERCIAL BANK OF NAMIBIA LIMITED

1. The name of the company is THE COMMERCIAL BANK OF NAMIBIA LIMITED.
2. The registered office of the company is situated at Commercial Bank Building, Bülow Street, Windhoek.
3. The main objective and business of the company is to do business as a commercial bank pursuant to the provisions of the relevant banking legislation, applicable from time to time.
4. The shareholders of the company shall have limited liability.

The shareholders approved that the bank's authorised share capital be increased from N\$12 500 000 to N\$20 000 000 consisting of:

- 70 000 000 (seventy million) ordinary shares of 25 cents each; and
- 10 000 000 (ten million) convertible preference shares of 25 cents each.

We, the persons whose names, addresses and occupations are noted below, wish to be constituted as a company in terms of this memorandum of agreement and each one of us binds himself to take up the number of shares in the capital of the company indicated next to his name.

Signature of signatories	Full names and addresses of signatories	Occupation of signatories	Number of shares taken up by signatories
(signed) B MOUTON	BENJAMIN MOUTON Die Skaapkraal Merrow Lane Merrowdown SANDTON	ATTORNEY	ONE (1)
(signed) P J RIEKERT	PHILLIPPUS JOHANNES RIEKERT 395 Vale Avenue Ferndale RANDBURG	CLERK	ONE (1)
(signed) S D DE KOCK	SYBRANDT DREYER DE KOCK Holding 247 North Riding RANDBURG	COMPANY MANAGER	ONE (1)
(signed) S Z VAN WYK	SAMUEL ZACHARIAS VAN WYK 83 Bertha Street Triomf JOHANNESBURG	SECRETARY	ONE (1)
(signed) D D DE K ROSSLEE	DIEDERIK DANIEL DE KLERK ROSSLEE 154 Acacia Road Northcliff JOHANNESBURG	ATTORNEY	ONE (1)
(signed) K R MALCOLM	KEITH ROY MALCOLM Holding 1 Pineslopes WITKOPPEN	ACCOUNTANT	(ONE) 1
(signed) J A ALBERTS	JAN ABRAM ALBERTS 14 Martha Street Fontainebleau RANDBURG	ATTORNEY	(ONE) 1
TOTAL NUMBER OF SHARES TAKEN UP			SEVEN (7)

SIGNED at RANDBURG on this 26th day of March 1973.

WITNESSES :

SIGNATURE: : (signed) U SWANEPOEL

FULL NAMES : UNA SWANEPOEL

OCCUPATION : TYPIST

ADDRESS : 31 Nedbank Centre, 1 Paris Avenue, Bordeaux, RANDBURG

Contact details

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Fax (061) 295-2205

Windhoek Independence Avenue

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Tel (061) 261-894
Fax (061) 262-242

Windhoek South

Bismarck Street
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Tel (061) 295-2223
Fax (061) 295-2224

Windhoek Wernhil

Shop 121 Wernhil Park
Mandume Ndemufayo Avenue
PO Box 1 Windhoek
Tel (061) 295-2159
Fax (061) 295-2267

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Fax (063) 223-814

Lüderitz

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Oshakati

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Fax (065) 22-0089

Swakopmund

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Tel (064) 40-4925
Fax (064) 40-2274

Walvis Bay

Cnr Sam Nujoma Avenue and 11th Road
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Fax (064) 20-2457



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