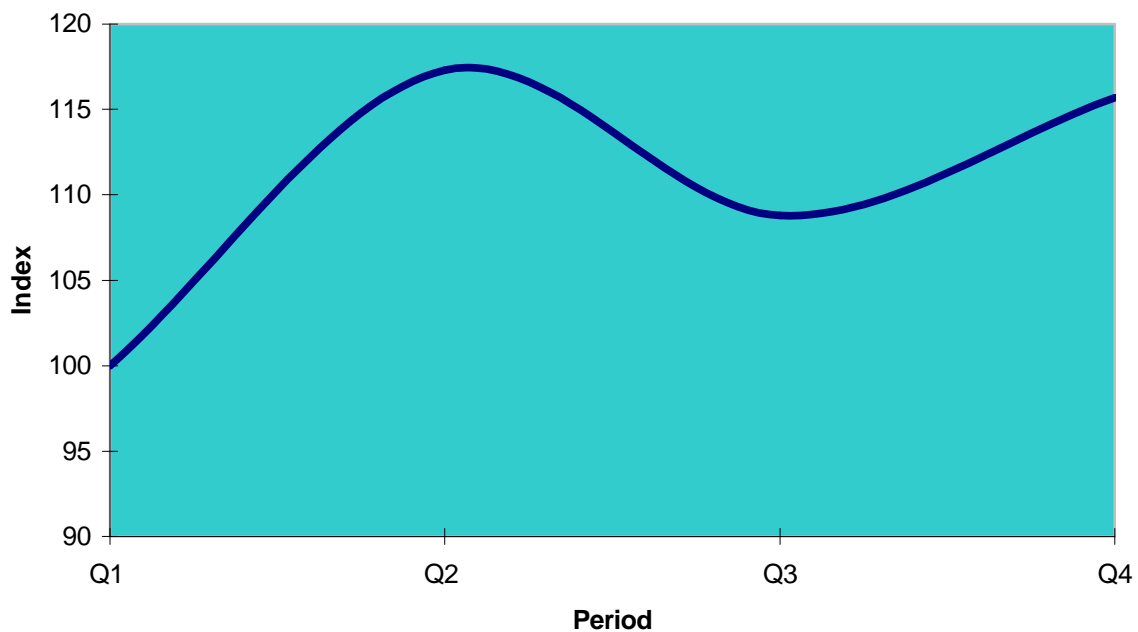




FNB
First National Bank
Namibia

FNB HOUSING INDEX

Windhoek Overall Quarterly Index 2005



The FNB Housing Index will be released every quarter, starting with the four quarters of 2005. The first quarter of 2006 Index will be released by end of April 2006. It covers all suburbs in Windhoek and the information used in the compilation of the index is based on the house valuation done by FNB home loans. FNB Namibia accounts for 45% market share in the home loan market and therefore provides enough samples to represent and explain the characteristics of the population.

The residential property market in Namibia continues to be buoyant on account of strong macroeconomic environment and rising disposal income levels due to lower inflation and interest rates. Analysis of the residential property market from 1993 to 2005, indicates that values of houses in the country has increased by around 100% while the increase from 2001 to 2005 was about 50%. Using 2001 as a base year, values of houses in the Windhoek area have increased by almost 100% over the past five years registering an average annual increase of more than 20% per year. The overall index for Windhoek shows that property values have increased by 90% since 2001. This statistic is continuing evidence of growing demand for Residential properties. Credit extension for home loans, which now accounts for more than 40% of Total bank advances, is still growing and supports momentum in the property market.

The weighted overall quarterly index for 2005 increased to 117.3 in the second quarter, but declined to 108.8 in the third quarter before rising to 115.7 in the fourth quarter. The quarterly index below should be interpreted with caution. The decline in the index for different suburbs in Windhoek does not necessarily indicate a decline in prices, but could be a reflection of lower priced houses being bought and sold in that particular ns were done for these type of houses. For example, for the quarter ending December 2005, there was a decline in index for Olympia, Cimbambesia and Windhoek, due to lower valued housed being valuated for that period. During the second quarter of 2005 residential property prices accelerated by 17%, before registering a decline of 7.8% in the third quarter. In the fourth quarter the housing index registered an increase of 6% on account of high valuations on properties in Klein Windhoek and

Rising Interest Cycle: The lower interest cycle due to structural fall in inflation that have prevailed over the past three years have benefited consumers and the property market and is expected to serve as a stimulus to the property market. Non-performing loans are not yet signaling that households are having difficulties to finance their loans. However, if interest rate cycle turns upward and rise above 13%, then the consumer disposable income will be negatively affected and this, coupled with poor economic growth and a tight government budget will cause a negative affect on the housing market.

Figure 1

Suburb	Weight	Quarter 2 '05 Index =100	Quarter 3 '05 Index = 100	Quarter 4 '05 Index = 100
Academia	6.3%	102.00	131.87	129.76
Cimbembasia	3.9%	95.92	95.35	60.90
Dorado Park	4.2%	105.09	112.09	108.83
Eros Park	11.4%	103.83	108.30	108.30
Hochland Park	7.4%	97.17	103.62	105.06
Kleine Kuppe	7.4%	108.82	95.58	110.45
Klein Windhoek	15.0%	173.96	117.35	152.04
Khomasdal	3.0%	101.71	112.6	97.15
Katutura	2.0%	98.29	102.36	120.02
Olympia	12.9%	90.42	80.67	92.53
Otjomuise	1.6%	73.27	96.41	96.41
Pioneers Park	8.4%	107.66	113.40	104.39
Rock Crest	3.2%	99.77	139.16	112.30
Suiderhof	7.4%	100.11	111.40	111.40
Windhoek West	5.9%	73.27	96.41	96.41

Windhoek Weighted Indexes 2001 = 100

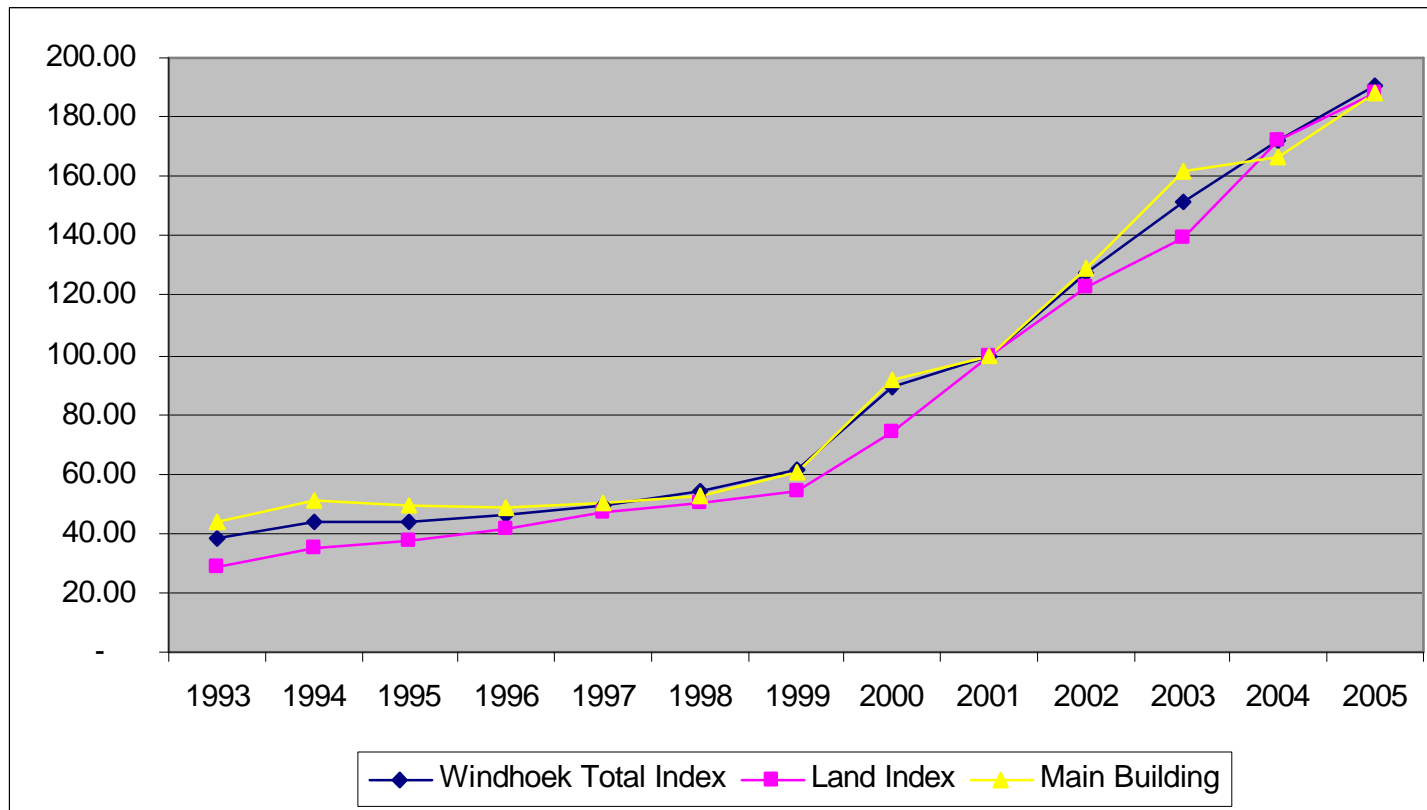


Figure 2

Total Advance, Home Loans

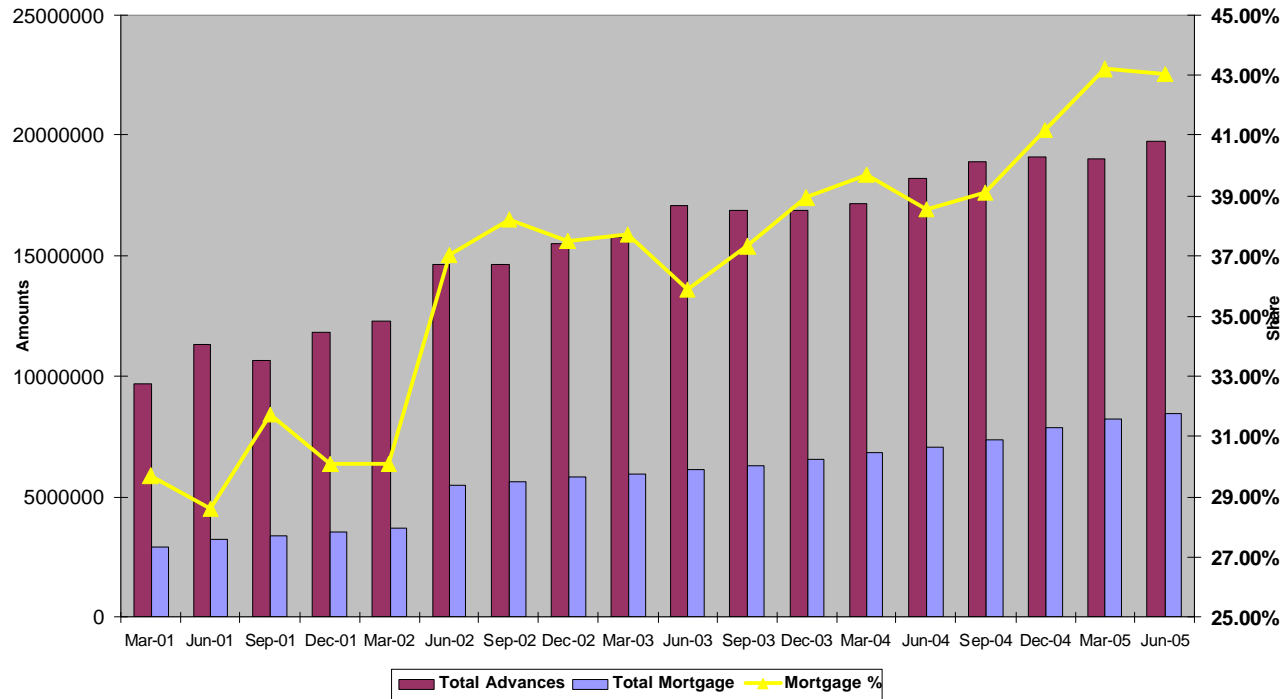


Figure 3

Non-Performing Home Loans

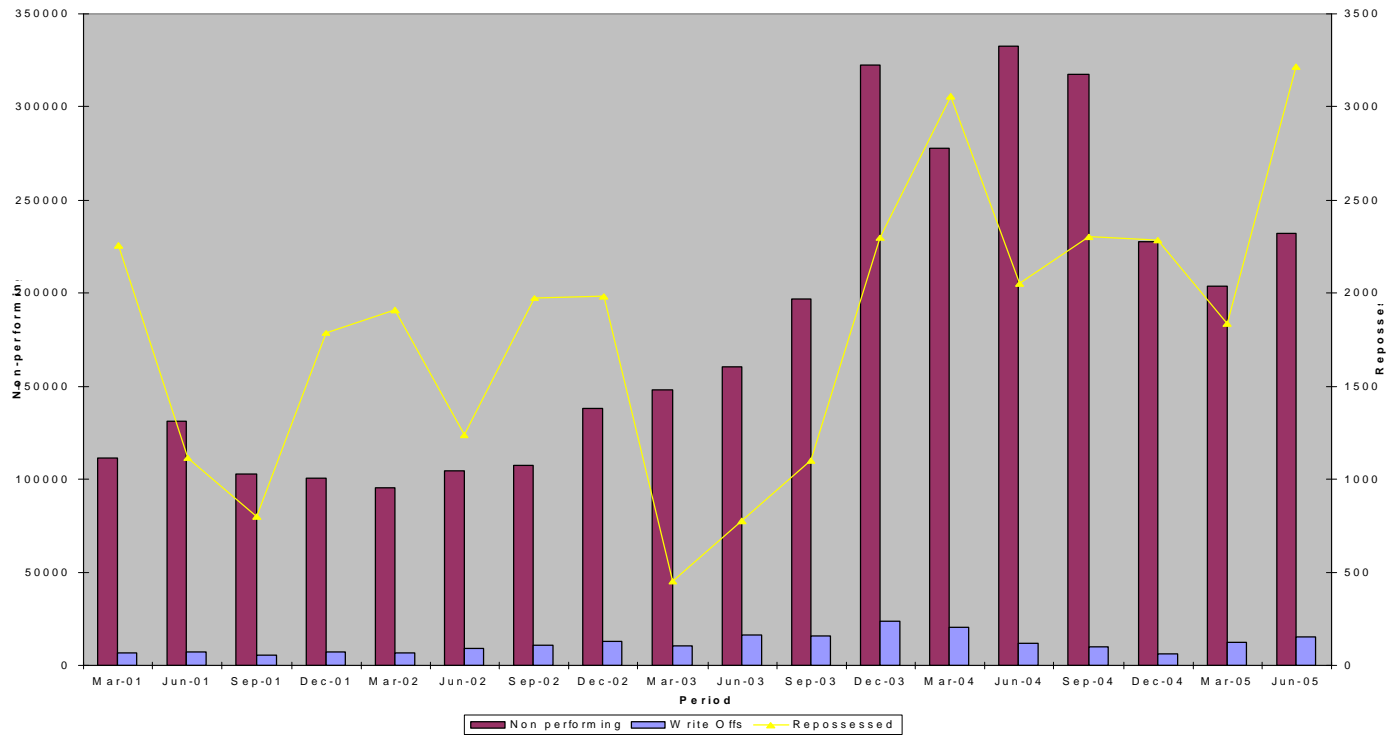
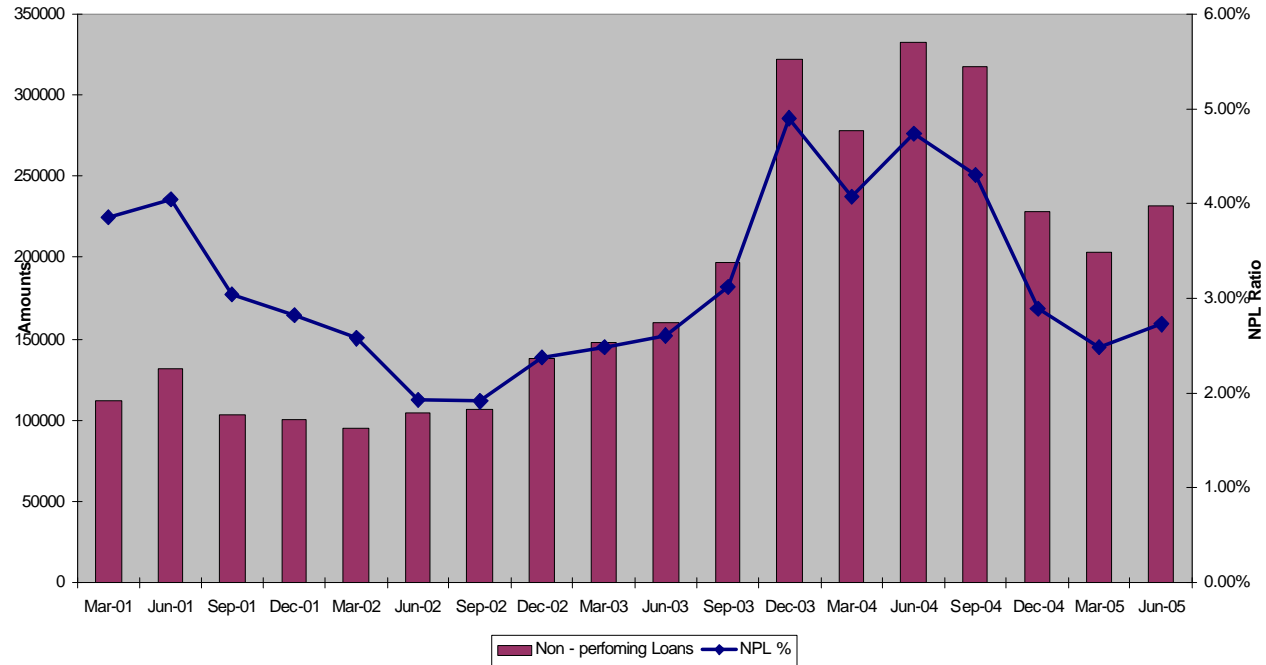


Figure 4

NPL & NPL Ratio



NPL = Non-Performing Loans.