Private Sector Credit Extension
August 2024

Overview

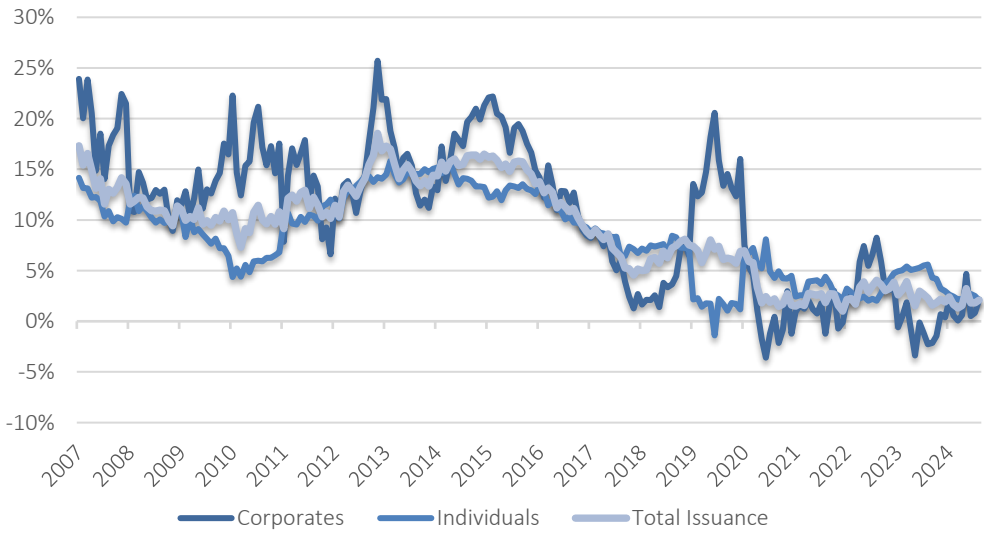
Category	N$ Millions Outstanding	Change in N$ Millions One Month	Change in N$ Millions One Year	% Change m/m	% Change y/y
Corporates	**46,156.2**	**234.5**	**967.6**	**0.51%**	**2.14%**
Individuals	**67,812.1**	**125.9**	**1,378.4**	**0.19%**	**2.07%**
Mortgage Loans	59,367.5	43.2	385.1	0.07%	0.65%
Other Loans & Advances	30,295.6	143.9	2,005.5	0.48%	7.09%
Overdrafts	10,978.3	94.9	(1,674.5)	0.87%	-13.23%
Instalment Credit	13,326.9	78.5	1,630.0	0.59%	13.93%
Total PSCE*	**113,968.3**	**360.4**	**2,346.0**	**0.32%**	**2.10%**

**Normalised for claims on non-resident private sectors*

Source: Bank of Namibia, IJG Securities

Private sector credit (PSCE) grew by 0.3% m/m, translating to a meagre annual growth rate of 2.1% in August 2024. The normalised cumulative credit outstanding amounted to N$113.97 billion (removing the interbank swaps the Bank of Namibia (BoN) accounts for in non-resident private sector claims). Over the past twelve months, N$2.35 billion worth of credit was extended to the private sector, which is 5.7% less than the N$2.48 billion issued over the same period a year ago. Individuals took up N$1.38 billion worth of credit over this period, while corporates took up N$967.6 million.

PSCE Issuance Growth (% y/y)

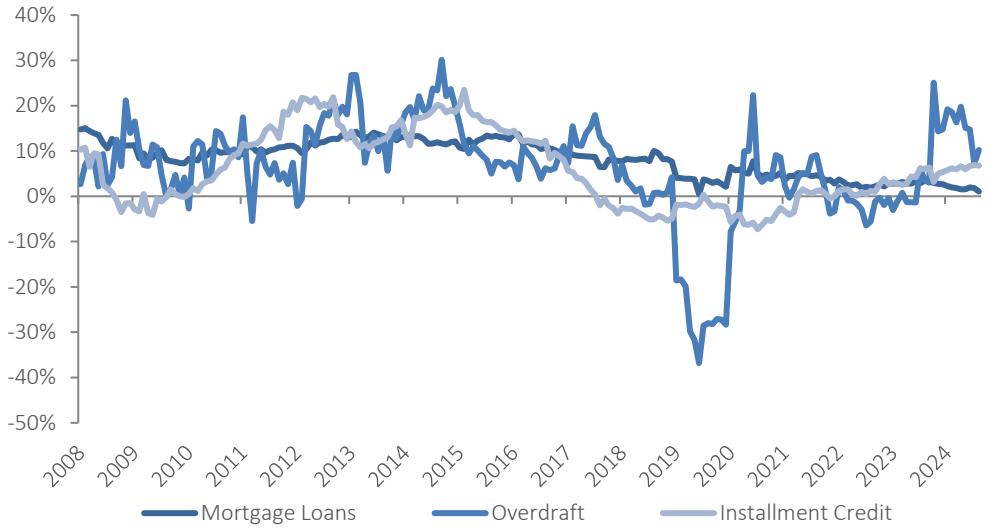


Source: Bank of Namibia, IJG Securities

Credit Extension to Individuals

Credit extended to individuals rose by 0.2% m/m and 2.1% y/y in August. All credit lines for individuals saw a rise in annual growth during the month. Overdraft facilities extended to individuals expanded by 1.4% m/m and 10.2% y/y, marking continuous annual growth in this category since June 2023. Mortgage loans extended to individuals saw a slight contraction of 0.01% m/m but still grew by 1.1% y/y. Other loans and advances, which include credit cards, personal loans, and term loans, increased by 0.4% m/m and 1.5% y/y, reaching N$12.1 billion, the highest level on record. Instalment credit annual growth slowed, as credit extended in this category rose by 0.7% m/m and 6.7% y/y.

Annual Credit Growth
(Individuals)

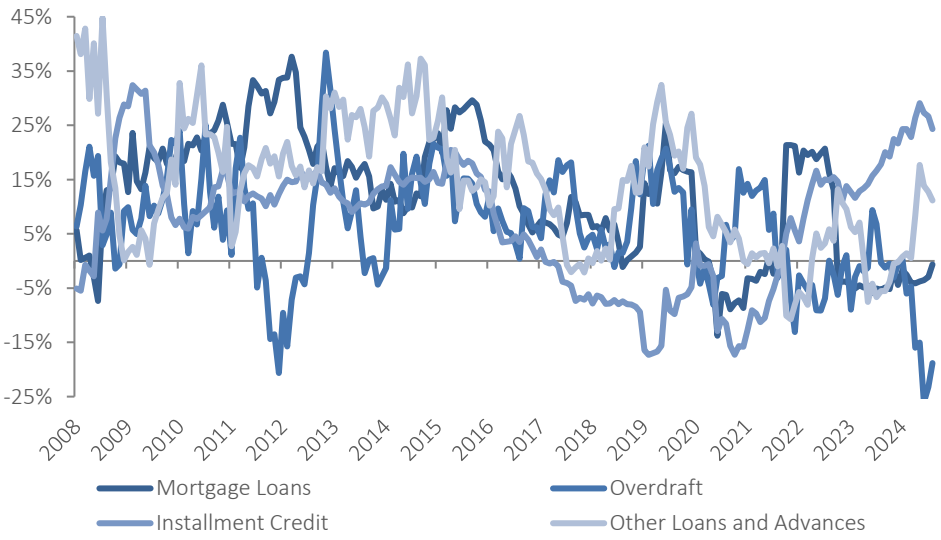


Source: Bank of Namibia, IJG Securities

Credit Extension to Corporates

Credit extended to corporates rose by 0.5% m/m and 2.1% y/y in August. According to the BoN, this growth was driven by increased demand for credit facilities from corporates in the mining sector during the period. Mortgage loans increased by 0.3% m/m but fell 0.7% y/y. Overdrafts grew by 0.7% m/m but saw a significant drop of 18.8% y/y. Instalment credit rose by 0.5% m/m and 24.3% y/y, while other loans and advances to corporates increased by 0.5% m/m and 11.1% y/y. Overall credit demand from corporates in Namibia however remains weak.

Annual Credit Growth
(Corporates)

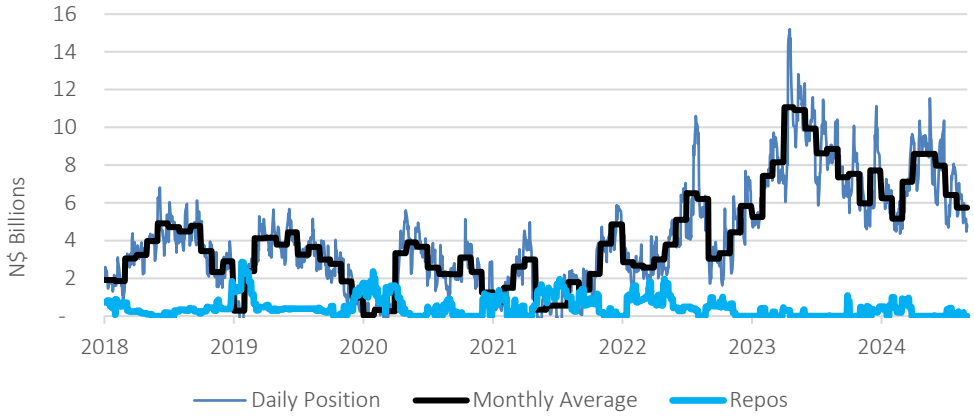


Source: Bank of Namibia, IJG Securities

Banking Sector Liquidity

Commercial banks' overall liquidity declined by N$668.5 million in August, averaging N$5.75 billion, compared to N$6.41 billion in July. The central bank attributed this decrease to substantial cross-border payments and reduced government spending during the month. Despite this slight drop, liquidity levels remain healthy.

Namibian Banking Liquidity

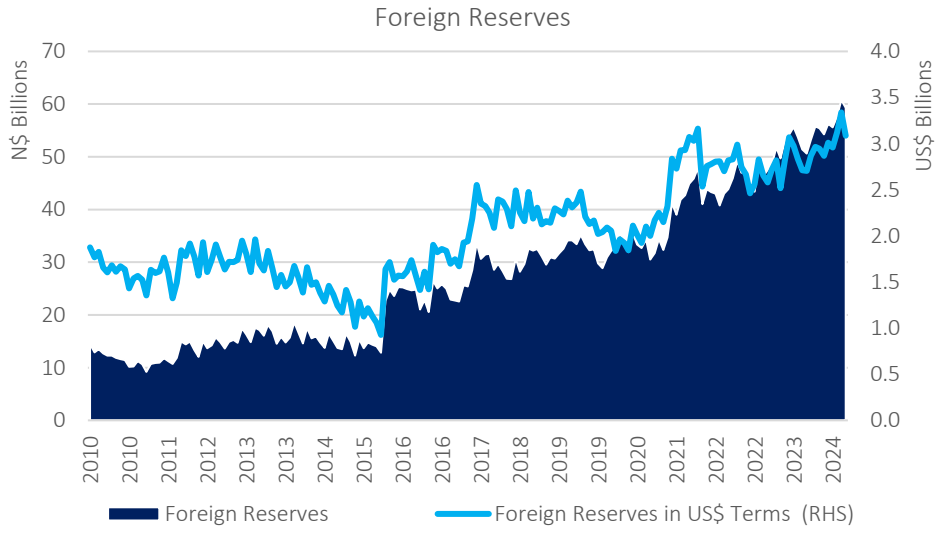


Source: Bank of Namibia, IJG Securities

Money Supply and Reserves

In August, the stock of international reserves fell by N$1.49 billion, or 2.5% m/m, to N$59.3 billion, providing 4.0 months of import cover, which remains comfortably above the international benchmark of 3.0 months. The Bank of Namibia attributed this decline primarily to withdrawals of Customer Foreign Currency.

Foreign Reserves



Source: Bank of Namibia, IJG Securities

Outlook

Namibian PSCE growth remains modest, reflecting subdued demand from both individuals and corporates. Although individual credit lines, especially overdrafts, showed consistent annual growth, the overall credit extension remains tepid due to weak corporate demand, particularly in mortgages. With liquidity levels declining and credit conditions soft, PSCE growth is likely to remain constrained in the near term. Nonetheless, the mining sector could provide some support, albeit limited.



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