

Private Sector Credit Extension

June 2023

0.0005	4.85%
0.1003	13.04%
0.0001	50.00%
0.0003	14.29%
0.0005	12.50%

Overview

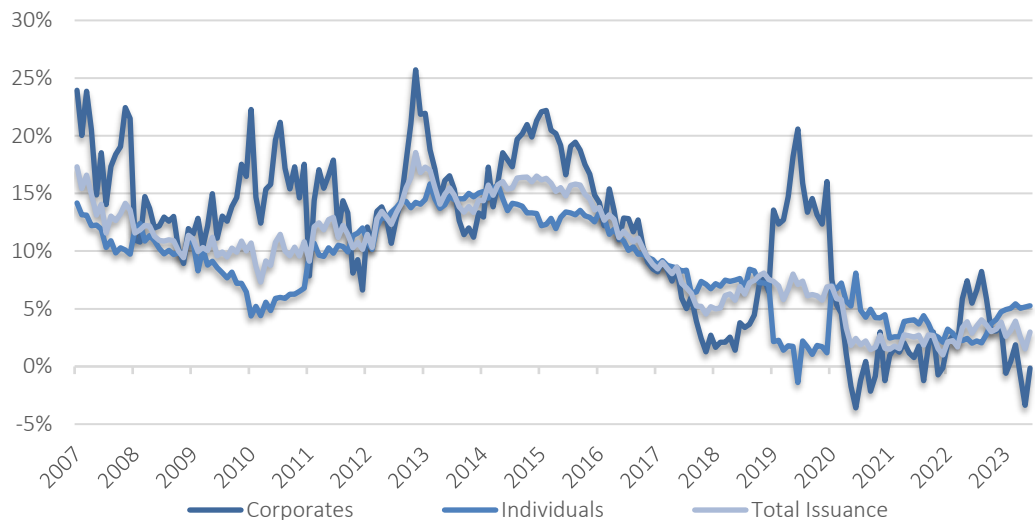
Category	N\$ Millions Outstanding	Change in N\$ Millions		% Change	
		One Month	One Year	m/m	y/y
Corporates	45,778.4	850.2	(61.4)	1.89%	-0.13%
Individuals	65,811.2	(15.9)	3,294.1	-0.02%	5.27%
Mortgage Loans	58,906.2	(3.0)	541.9	-0.01%	0.93%
Other Loans & Advances	28,263.8	223.4	913.1	0.80%	3.34%
Overdrafts	13,063.5	504.9	883.8	4.02%	7.26%
Instalment Credit	11,356.1	109.0	893.9	0.97%	8.54%
Total PSCE*	111,589.6	834.3	3,232.7	0.75%	2.98%

*Normalised for claims on non-resident private sectors

Source: Bank of Namibia, IJG Securities

Private sector credit (PSCE) grew by N\$834.3 million or 0.75% m/m in June, bringing the normalised cumulative credit outstanding to N\$111.6 billion (removing the interbank swaps the Bank of Namibia (BoN) accounts for in non-resident private sector claims). On a year-on-year basis, PSCE growth ticked up to 2.98% from 1.53% in May. N\$3.23 billion worth of credit was extended to the private sector over the past twelve months, 6.1% more than the N\$3.05 billion issued over the same period a year ago. Individuals took up N\$3.29 billion worth of credit over this period, while corporates deleveraged by N\$61.4 million.

PSCE Issuance
Growth (% y/y)



Source: Bank of Namibia, IJG Securities

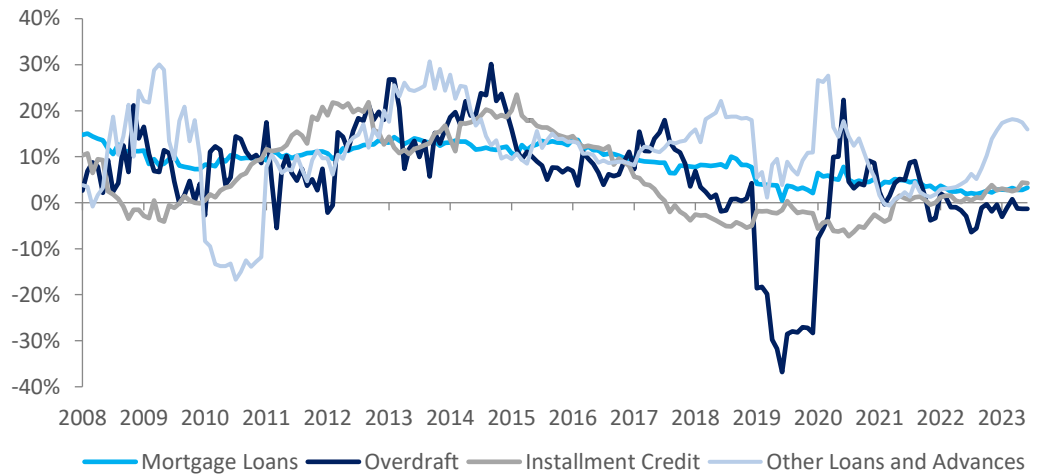
Credit Extension to Individuals

Credit extended to individuals remained steady month-on-month but rose 5.3% y/y, in line with inflation. Overdrafts facilities to individuals contracted by a rather meaningful 2.2% m/m and 1.4% y/y. 'Other loans and advances', which consists of credit card debt and personal- and term loans, posted moderate growth of 0.1% on a month-on-month basis, although the category's growth on a year-on-year basis remains elevated at 15.9%. Mortgage loans were relatively unchanged month-on-month but rose 3.3% y/y, whereas instalment credit to individuals grew by 0.1% m/m and 4.2% y/y.



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Annual Credit Growth (Individuals)

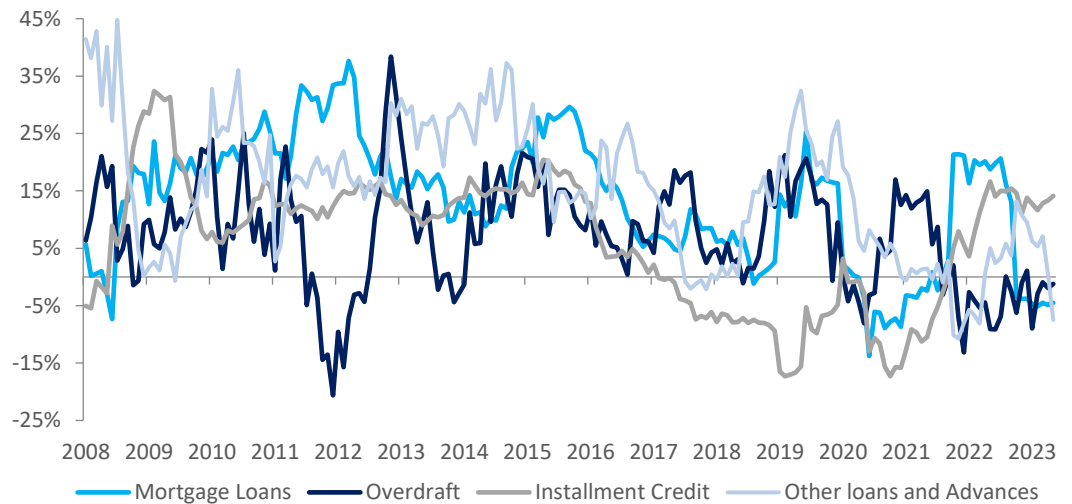


Source: Bank of Namibia, IJG Securities

Credit Extension to Corporates

Credit extended to corporates grew by 1.9% m/m but remained 0.1% lower than a year ago. The month-on-month growth was primarily driven by a 5.5% m/m and 9.4% y/y increase in overdraft facilities. The fact that most of the other longer-term categories recorded contractions suggests that some corporates could be experiencing short-term cash flow constraints. Mortgage loans contracted by 0.1% m/m and 5.9% y/y. ‘Other loans and advances’ increased by 1.3% m/m but fell 4.2% y/y, and instalment credit grew by 2.2% m/m and 15.7% y/y.

Annual Credit Growth (Corporates)



Source: Bank of Namibia, IJG Securities

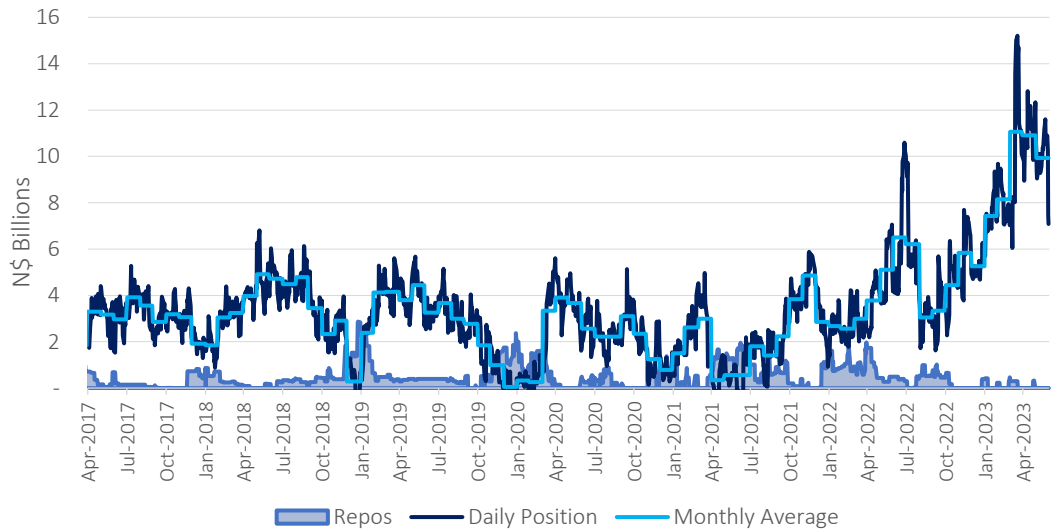
Banking Sector Liquidity

The overall liquidity position of the commercial banks weakened during June but remained strong historically. The liquidity position declined by N\$980.6 million to an average of N\$9.93 billion. According to the BoN the contraction was due to “corporates gearing up for corporate tax payments”.



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Namibian Banking Liquidity

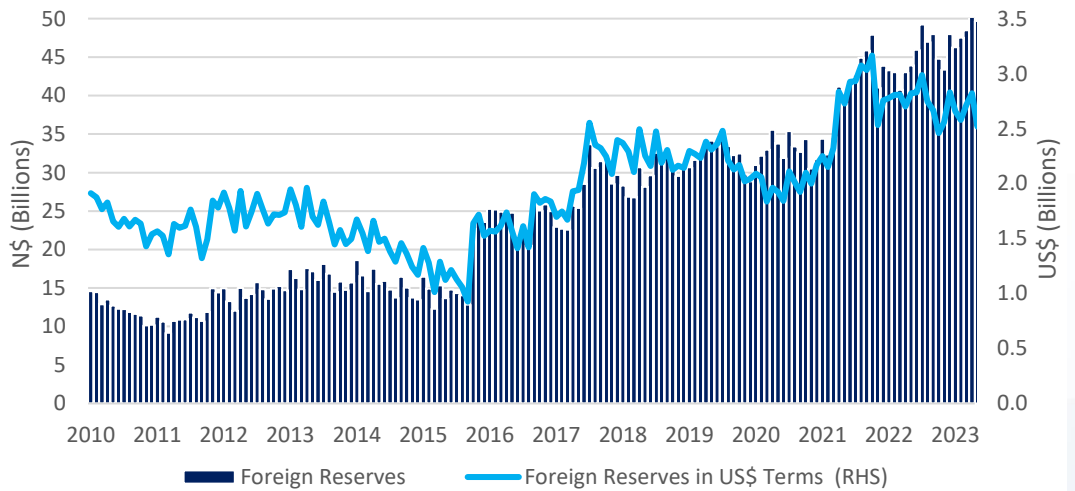


Source: Bank of Namibia, IJG Securities

Money Supply and Reserves

The BoN’s latest monetary statistics show that broad money supply (M2) rose by N\$7.69 billion or 6.0% y/y in June. The stock of international reserves increased by 6.6% m/m or N\$3.29 billion to N\$53.0 billion, translating to 5.5 months of import cover. The BoN ascribed the strong increase to diamond sales proceeds, Customer Foreign Currency (CFC) placements as well as net commercial bank inflows due to portfolio investment inflows.

Foreign Reserves



Source: Bank of Namibia, IJG Securities

Outlook

PSCE growth ticked up in June; however, the growth rate continues to trend at around half the levels observed prior to the pandemic. Credit extended to individuals is just about in line with inflation, driven by mortgage loans and the relatively short-term ‘other loans and advances’ in nearly equal measure in monetary terms. Credit uptake by corporates however remains subdued, as businesses continue to mostly de-lever their balance sheets. We do not anticipate overall PSCE growth to pick up materially in the short- to medium term, while central bank rhetoric in both Namibia and South Africa remains hawkish.



IJG Holdings

Mathews Hamutenya	Group Chairman		Tel: +264 (61) 256 699
Mark Späth	Group Managing Director	mark@ijg.net	Tel: +264 (81) 958 3510
Helena Shikongo	Group Financial Manager	helena@ijg.net	Tel: +264 (81) 958 3528
Zanna Beukes	Group Compliance Officer	zanna@ijg.net	Tel: +264 (81) 958 3516
Tashiya Josua	Group Financial Officer	tashiya@ijg.net	Tel: +264 (81) 958 3511
Tutaleni Armas	Financial Accountant	tutaleni@ijg.net	Tel: +264 (81) 958 3536
Francoise Van Wyk	Group PA	francoise@ijg.net	Tel: +264 (81) 958 3500

IJG Securities

Eric van Zyl	Managing Director Designate	eric@ijg.net	Tel: +264 (81) 958 3530
Leon Maloney	Equity & Fixed Income Dealing	leon@ijg.net	Tel: +264 (81) 958 3512
Maria Amutenya	Settlements & Administration	maria@ijg.net	Tel: +264 (81) 958 3515
Danie van Wyk	Head: Research	danie@ijg.net	Tel: +264 (81) 958 3534
Hugo van den Heever	Sales and Research	hugo@ijg.net	Tel: +264 (81) 958 3542

IJG Wealth Management

Andri Ntema	Managing Director	andri@ijg.net	Tel: +264 (81) 958 3518
Wim Boshoff	Head Wealth Manager	wim@ijg.net	Tel: +264 (81) 958 3537
Aretha Burger	Wealth Manager	aretha@ijg.net	Tel: +264 (81) 958 3540
Katja Greeff	Wealth Manager	katja@ijg.net	Tel: +264 (81) 958 3538
Ross Rudd	Portfolio Manager	ross@ijg.net	Tel: +264 (81) 958 3523
Lorein Kazombaruru	Wealth Administration	lorein@ijg.net	Tel: +264 (81) 958 3521
Madeline Olivier	Wealth Administration	madeline@ijg.net	Tel: +264 (81) 958 3533

IJG Capital

Jakob de Klerk	Managing Director	jakob@ijg.net	Tel: +264 (81) 958 3517
Mirko Maier	Business Analyst	mirko@ijg.net	Tel: +264 (81) 958 3531
Letta Nell	Business Analyst	letta@ijg.net	Tel: +264 (81) 958 3532
Lucas Martin	Business Analyst	lucas@ijg.net	Tel: +264 (81) 958 3541
Fares Amunkete	Value Add Analyst	fares@ijg.net	Tel: +264 (81) 958 3527

IJG Investment Managers

Dylan Van Wyk	Portfolio Manager	dylan@ijg.net	Tel: +264 (81) 958 3529
---------------	-------------------	---------------	-------------------------

IJG Unit Trust

Keshia !Hoa-Khaos	Portfolio Administrator	keshia@ijg.net	Tel: +264 (81) 958 3514
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IJG Advisory

Herbert Maier	Managing Director	herbert@ijg.net	Tel: +264 (81) 958 3522
Jolyon Irwin	Director	jolyon@ijg.net	Tel: +264 (81) 958 3500

Aldes Namibia Business Brokers

Ursula Gollwitzer	Broker	ursula@aldesnamibia.com	Tel: +264 (81) 958 3535
Richard Hoff	Broker	richard@aldesnamibia.com	Tel: +264 (81) 958 3500

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4th Floor, 1@Steps, C/O Grove and Chasie Street, Kleine Kuppe, Windhoek

P O Box 186, Windhoek, Namibia

Tel: +264 (61) 383 500 www.ijg.net