

# Private Sector Credit Extension

## September 2024

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

## Overview

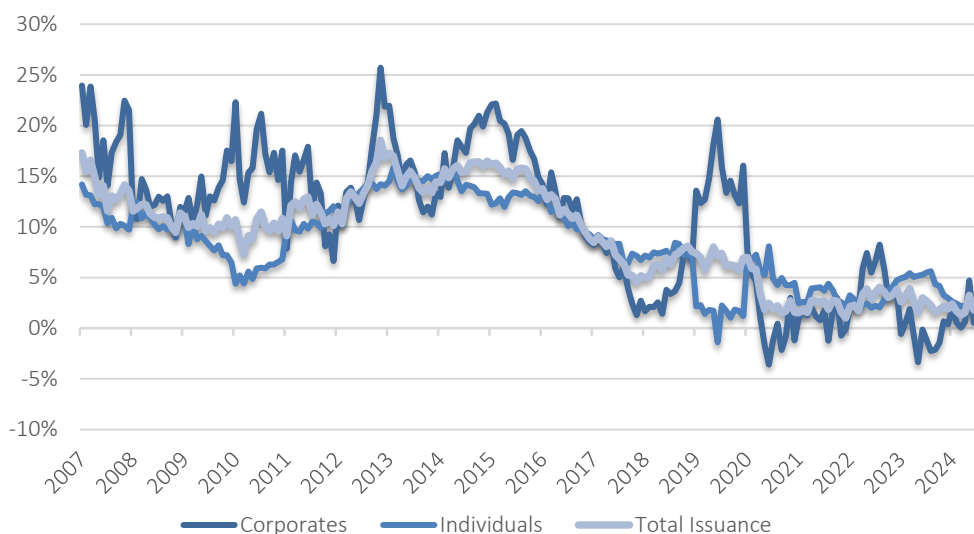
Category	N\$ Millions Outstanding	Change in N\$ Millions		% Change	
		One Month	One Year	m/m	y/y
Corporates	46,755.5	599.3	1,473.7	1.30%	3.25%
Individuals	67,864.3	52.2	1,896.4	0.08%	2.87%
Mortgage Loans	59,417.3	49.9	505.2	0.08%	0.86%
Other Loans & Advances	29,980.2	(315.4)	2,099.4	-1.04%	7.53%
Overdrafts	11,637.6	659.3	(977.4)	6.01%	-7.75%
Instalment Credit	13,584.6	257.7	1,743.0	1.93%	14.72%
<b>Total PSCE*</b>	<b>114,619.8</b>	<b>651.5</b>	<b>3,370.2</b>	<b>0.57%</b>	<b>3.03%</b>

\*Normalised for claims on non-resident private sectors

Source: Bank of Namibia, IJG Securities

Private sector credit (PSCE) grew by 0.6% m/m or N\$650.5 million, resulting in an annual growth rate of 3.0% at end September 2024. The normalised cumulative credit outstanding amounted to N\$114.62 billion (removing the interbank swaps the Bank of Namibia (BoN) accounts for in non-resident private sector claims). Over the last twelve months, N\$3.37 billion worth of credit was extended to the private sector, nearly double the amount issued during the same period a year prior. Individuals accounted for N\$1.90 billion of this credit uptake, while corporations took up N\$1.47 billion.

PSCE Issuance  
Growth (% y/y)



Source: Bank of Namibia, IJG Securities

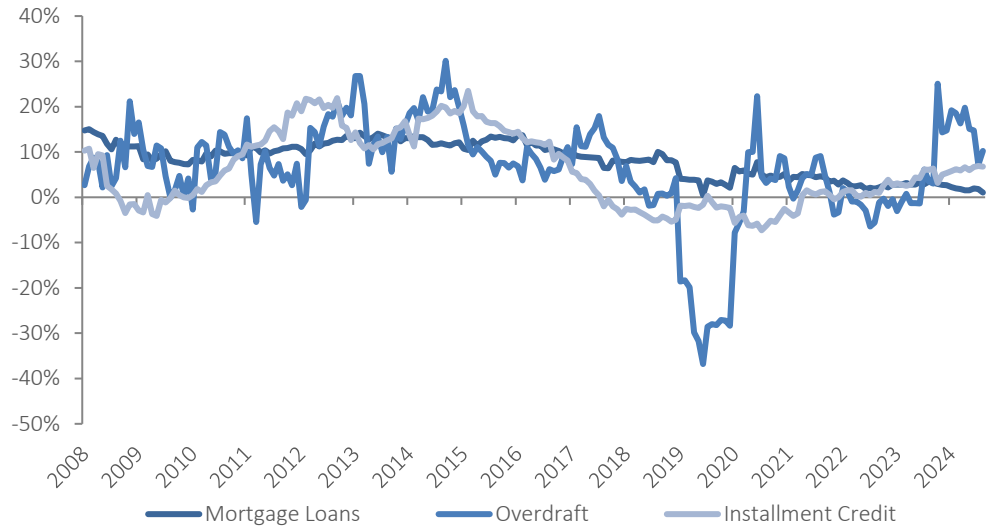
## Credit Extension to Individuals

Credit extended to individuals rose by 2.9% y/y in September. All individual credit lines saw annual growth for the month. Overdraft facilities for individuals grew by 9.1% y/y, maintaining steady annual growth in this category since June 2023. Mortgage loans extended to individuals grew by 0.8% y/y. Other loans and advances, which include credit cards, personal loans, and term loans, increased by 6.9% y/y, while instalment credit grew by 7.4% y/y.



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**Annual Credit Growth (Individuals)**

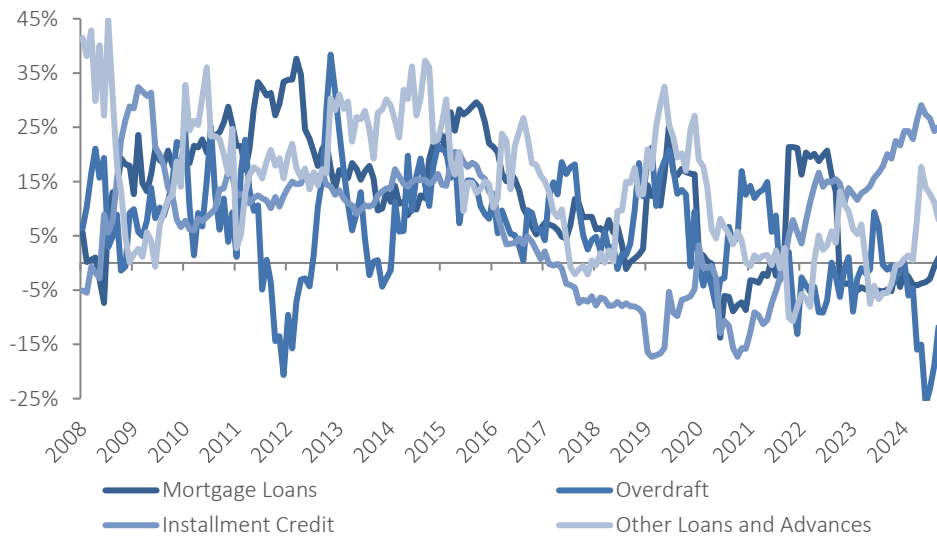


Source: Bank of Namibia, IJG Securities

## Credit Extension to Corporates

Credit extended to corporates increased by 3.3% y/y in September. The central bank noted an increase in business loan uptake across all categories for the month, including mortgage credit, which posted positive annual growth for the first time since September 2022, rising by 0.9% y/y. Corporate overdrafts decreased by 11.8% y/y, while other loans and advances grew by 8.0% y/y. Instalment credit surged by 25.0% y/y. While corporate credit demand in the country is gradually increasing, it remains relatively subdued.

**Annual Credit Growth (Corporates)**



Source: Bank of Namibia, IJG Securities

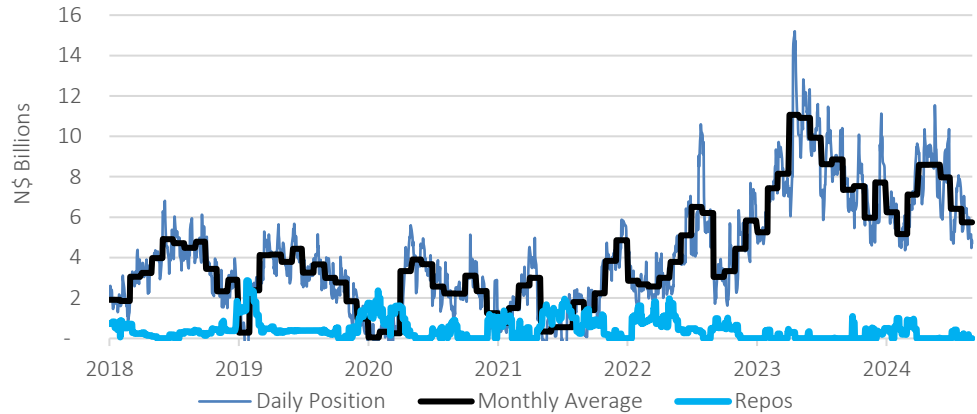
## Banking Sector Liquidity

Commercial banks' overall liquidity increased by N\$93.7 million in September, averaging N\$5.84 billion, up from N\$5.75 billion in August. This increase was attributed to proceeds from diamond sales, with liquidity levels remaining healthy.



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Namibian Banking Liquidity

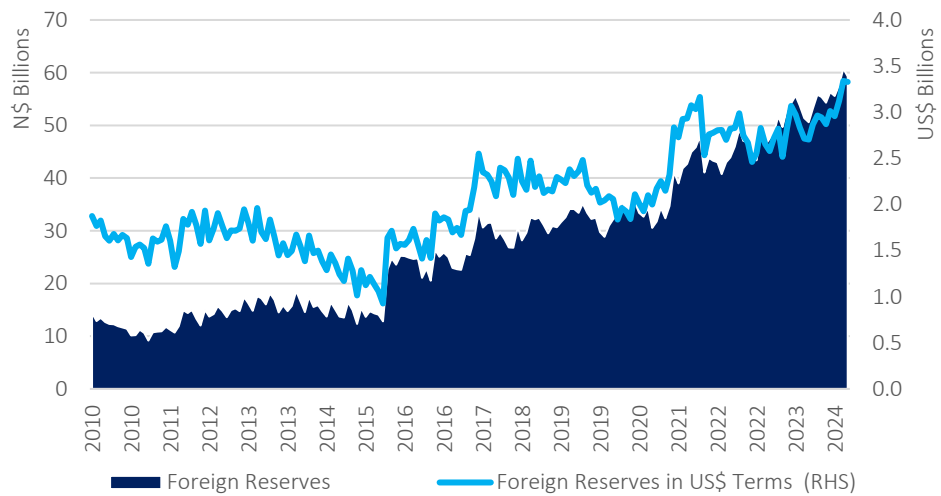


Source: Bank of Namibia, IJG Securities

## Money Supply and Reserves

In September, the stock of international reserves fell by N\$2.19 billion, or 3.7% m/m, to N\$57.10 billion, providing 3.9 months of import cover, comfortably above the international benchmark of 3.0 months. The BoN attributed this decline mainly to withdrawals of Customer Foreign Currency and increased net outflows from commercial banks, driven by high foreign payments by customers.

Foreign Reserves



Source: Bank of Namibia, IJG Securities

## Outlook

Private sector credit in Namibia is gradually expanding, driven by modest increases in both individual and corporate borrowing. While individual credit lines maintain steady growth, corporate credit uptake, though improving, remains relatively subdued. Liquidity in the banking sector is stable, supported by key inflows, yet international reserves have seen a decline due to higher foreign outflows. The interest rate cutting cycle is now in full swing and should see increased demand for credit from both corporates and individuals going forward. We expect PSCE growth to start outpacing inflation in the near term.



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