

Private Sector Credit Extension

January 2025

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

Overview

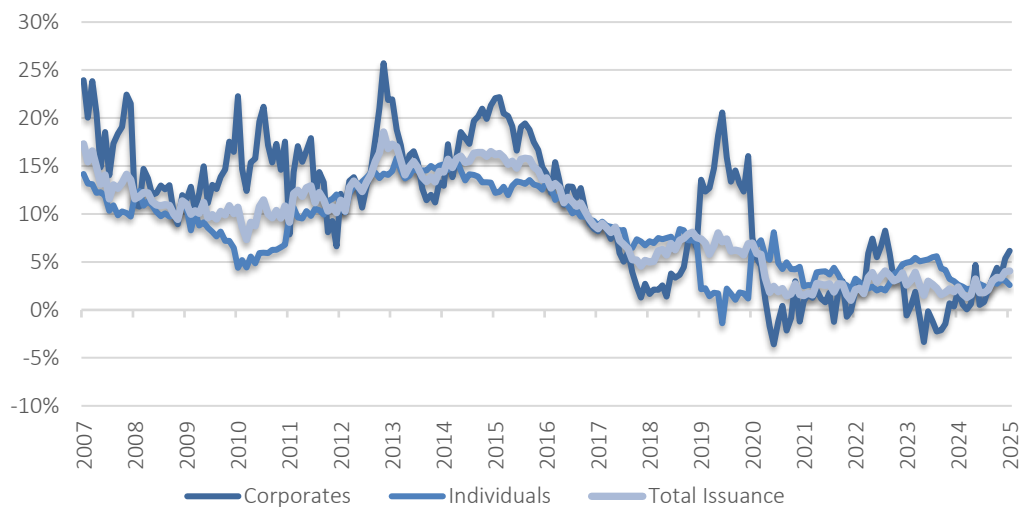
Category	N\$ Millions Outstanding	Change in N\$ Millions		% Change	
		One Month	One Year	m/m	y/y
Corporates	49,329.3	887.1	2,857.2	1.83%	6.15%
Individuals	68,566.0	(122.3)	1,737.7	-0.18%	2.60%
Mortgage Loans	59,455.6	(128.8)	199.9	-0.22%	0.34%
Other Loans & Advances	31,961.4	445.9	3,496.7	1.41%	12.28%
Overdrafts	12,194.9	306.9	(1,145.8)	2.58%	-8.59%
Instalment Credit	14,283.4	140.8	2,044.2	1.00%	16.70%
Total PSCE*	117,895.3	764.8	4,595.0	0.65%	4.06%

*Normalised for claims on non-resident private sectors

Source: Bank of Namibia, IJG Securities

Private sector credit extension (PSCE) ticked up by N\$764.8 million or 0.7% m/m in January. As a result, the total cumulative credit outstanding, after the Bank of Namibia (BoN) accounted for interbank swaps, reached N\$117.90 billion, reflecting a year-on-year growth of 4.1%. This moderate growth in PSCE was primarily driven by 1.8% m/m increase in credit uptake within the corporate sector. In contrast, credit to individuals saw a slight decline of 0.2% m/m. The overall PSCE growth was further tempered by negative growth in mortgage loans for both corporations and households, with a decrease of 0.5% m/m and 0.1% m/m, respectively. Instalment credit and 'other loans and advances' exhibited robust annual growth, rising by 16.7% y/y and 12.3% y/y, respectively.

PSCE Issuance
Growth (% y/y)



Source: Bank of Namibia, IJG Securities

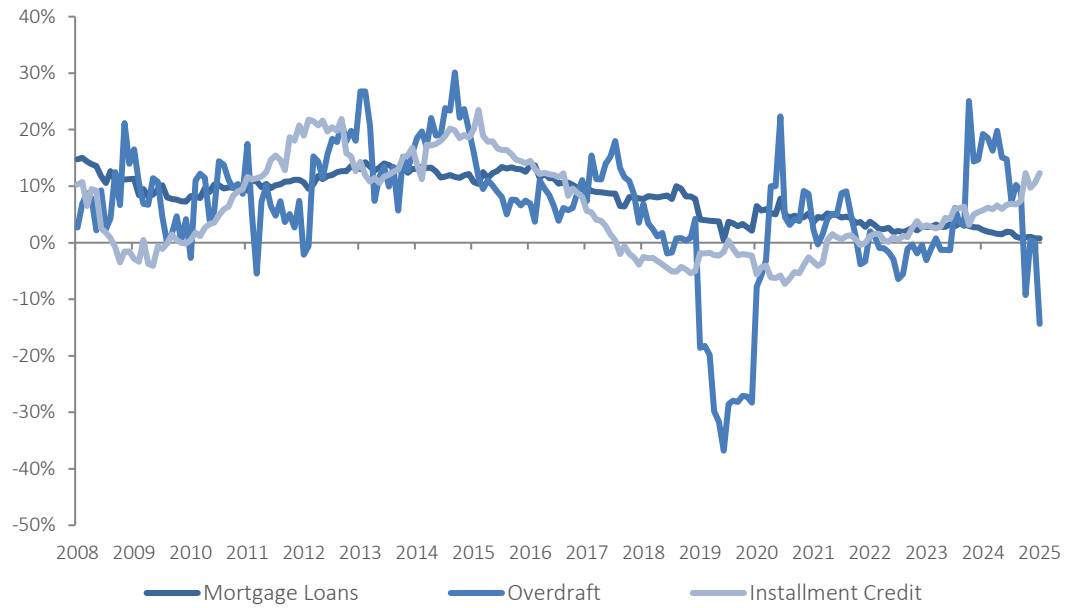
Credit Extension to Individuals

Credit extended to households marked a 0.2% m/m decline in January, slowing to an annual growth rate of 2.1% y/y. The decline in credit extended to households can largely be attributed to the negative impact of overdraft lending, which decreased by 10.2% m/m. Further moderate month-on-month declines in loans and advances, mortgage credit and non-resident private sector claims further supported the downward trend in credit extension to individuals. While 'other loans and advances' slightly increased by 0.4% m/m in January.



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Annual Credit Growth (Individuals)

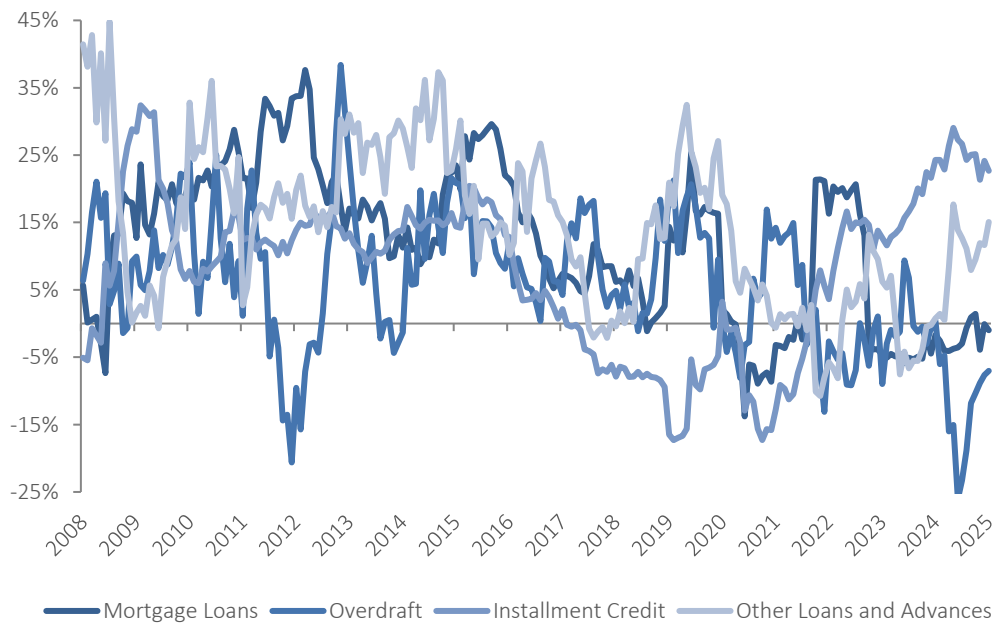


Source: Bank of Namibia, IJG Securities

Credit Extension to Corporates

Credit extended to corporations increased by 1.8% m/m in January, contributing to a year-on-year growth of 6.2%. This growth was driven by a notable rise in loans and advances, which grew by 4.1% y/y, reaching its highest annual growth rate since September 2022. Additionally, 'other loans and advances' surged by 15.1% y/y, and instalment credit saw a significant increase of 22.7% y/y which highlights the increased demand for vehicles, according to the BoN. However, negative growth in mortgage loans and overdraft lending persisted in January, contributing to a rather more modest month-on-month rise in credit extension to businesses. This decline also indicates that businesses continue to reduce their overdraft balances.

Annual Credit Growth (Corporates)



Source: Bank of Namibia, IJG Securities

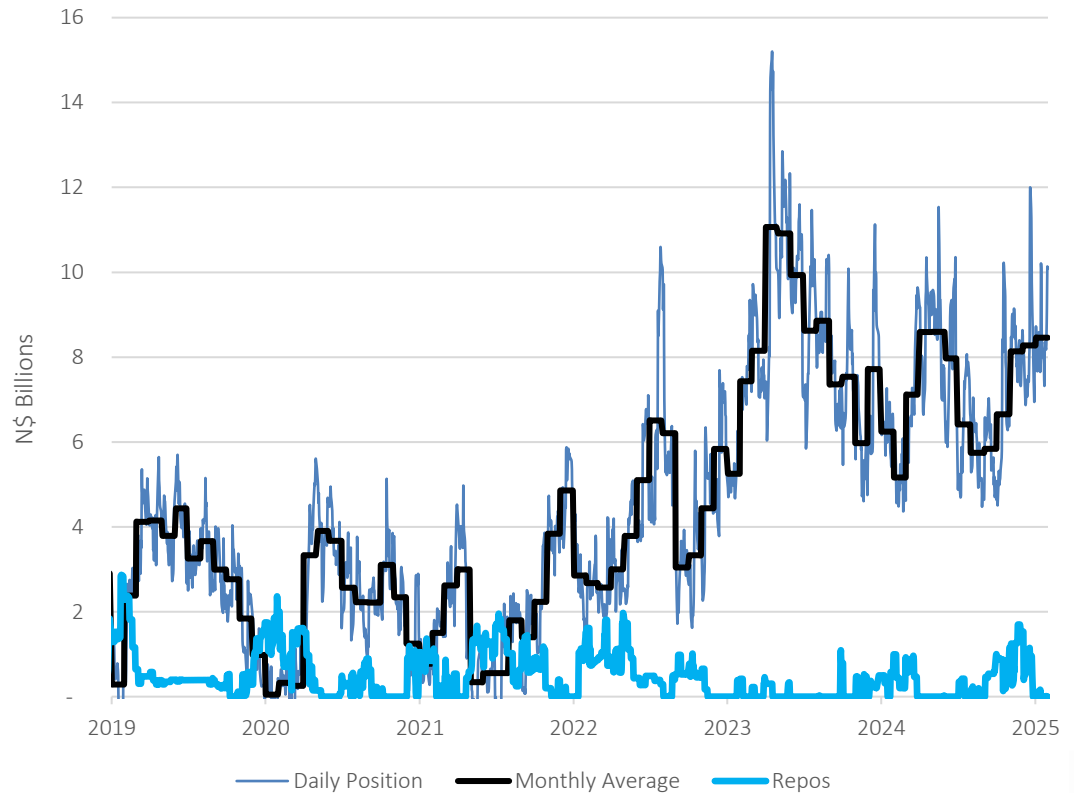


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Banking Sector Liquidity

Banking sector liquidity continued its positive momentum into 2025, as the overall liquidity position reached N\$8.5 billion in January. This uptick in the overall liquidity level represents a 2.2% m/m increase relative to December's overall liquidity of N\$ 8.3 billion. According to the BoN, the rise in liquidity was primarily driven by the infusion of coupon payments into the market and higher revenue from diamond sales.

Namibian Banking Liquidity



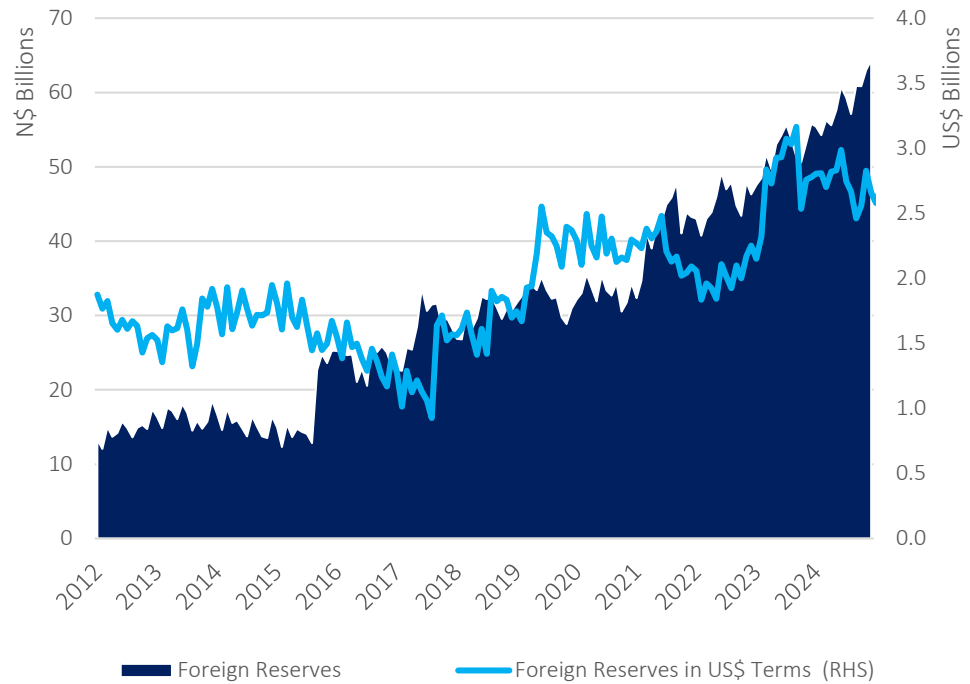
Source: Bank of Namibia, IJG Securities

Money Supply and Reserves

International foreign reserves increased for a second consecutive period to N\$64.33 billion, marking a 2.1% m/m rise from December. According to the BoN, the rise in foreign reserves can be ascribed to the inflows of N\$7.0 billion from SACU. This level of foreign reserves translates into 4.2 months of import cover. The exclusion of oil and appraisal activities renders an import cover of 5.2 months.

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Foreign Reserves



Source: Bank of Namibia, IJG Securities

Outlook

PSCE in Namibia is expected to see a gradual improvement in the coming months, supported by the 100bps reduction in interest rates compared to the same period last year. Lower borrowing costs should provide some relief to both households and corporates, encouraging moderate credit uptake, particularly in areas such as instalment credit and other loans and advances, which have already shown some growth momentum.

However, subdued demand for mortgage loans, coupled with cautious consumer spending and ongoing deleveraging in overdraft facilities, could limit the pace of recovery, especially within the household segment. Corporate credit uptake is likely to remain more resilient, supported by improving business sentiment in sectors linked to vehicle financing, trade, and operational expansions.

Overall, while PSCE growth is expected to accelerate slightly in 2025, it will likely remain moderate and closely tied to broader economic recovery trends, confidence levels, and the extent to which businesses and consumers respond to the lower interest rate environment.



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