

Fitch Affirms Development Bank of Namibia at 'BB-'; Outlook Stable

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Fitch Ratings - London - [publication date will be automatically inserted] Fitch Ratings has affirmed Development Bank of Namibia Limited's (DBN) Long-Term Issuer Default Ratings (IDR) at 'BB-' and its National Long-Term Rating at 'AA+(zaf)'. The Outlooks are Stable. A full list of rating actions is below.

Key Rating Drivers

Development Bank of Namibia Limited's (DBN) 'BB-' Long-Term Issuer Default Ratings (IDRs) are driven by potential support from the Namibian authorities, as expressed by its Government Support Rating (GSR) of 'bb-'. DBN's Long-Term IDRs and GSR are equalised with Namibia's 'BB' Long-Term IDRs. The Stable Outlook on DBN's Long-Term IDRs mirror that on Namibia's Long-Term IDRs.

DBN's National Long-Term Rating of 'AA+(zaf)' is equalised with that of Namibia and reflects the bank's creditworthiness relative to that of issuers in South Africa and Namibia. The Stable Outlook reflects that on Namibia's National Long-Term Rating.

As is usual for policy banks, Fitch Ratings does not assign a Viability Rating to DBN because its operations are largely determined by its policy role.

'bb-' GSR: The Namibian government has a high propensity to support DBN, in our view, given the bank's important policy role, 100% state ownership, and significant share of government-guaranteed funding. However, the sovereign's ability to provide support is constrained by its own creditworthiness, as indicated by its Long-Term IDR.

Important Policy Role: DBN is Namibia's flagship and largest policy bank and contributes to the country's economic growth and social development. Its strategy is aligned with national development objectives and is highly influenced by Namibian government policy, with close oversight from its shareholder, the Ministry of Finance (MoF). DBN focuses on financing infrastructure, developmental and large industrial projects in strategically important sectors, and, to a lesser degree, small and medium-sized enterprises (SMEs).

Fully Government-Owned: The MoF's 100% stake in DBN is strategic and long-term. While the sale of a minority share is permitted under DBN's act of incorporation, we believe this option will not be exercised in the medium term given DBN's policy role and non-commercial focus.

Weak Asset Quality: DBN's impaired loans (Stage 3 loans under IFRS 9) ratio increased to 38% at end-March 2025 (end-March 2020: 13%). The sharp deterioration reflects DBN's weak risk profile due to its development lending focus and weak economic conditions, weighing on borrowers' repayment capacity.

Low Profitability: DBN was loss-making in FY22 and FY23 due to high loan impairment charges (LICs), but returned to a small profit in FY24 and FY25 as LICs declined. Cost management is good, as indicated by a 3-year average cost/income ratio of just 40%.

Strong Capitalisation: DBN remains well-capitalised despite large net losses in FY22 and FY23. Its high total capital adequacy ratio of 70% at FYE25 was supported by a low-risk-weight density, which mainly reflects high government-related lending. DBN's tangible leverage ratio (FYE25: 42.7%) provides a large buffer to absorb potential further losses. [the CAR as at 31 March is](#)

Significant State Funding Guarantees: Government-guaranteed funding represented 96% of DBN's total liabilities at FYE25. A 17-year government-guaranteed credit line from the African Development Bank (AfDB) maturing in 2033 represented 77% of liabilities at FYE25. DBN holds sufficient liquid assets to meet upcoming loan repayments.

RATING SENSITIVITIES

Factors that Could, Individually or Collectively, Lead to Negative Rating Action/Downgrade

DBN's Long-Term IDRs would be downgraded if Namibia's sovereign ratings are downgraded.

DBN's Long-Term IDRs are also sensitive to a reduced propensity of the authorities to support the bank. This could be indicated by an adverse change in DBN's policy role, a material reduction in the proportion of state-guaranteed funding, or a sharp reduction in government ownership.

DBN's National Long-Term Rating is sensitive to an unfavourable change in Fitch's opinion of the bank's creditworthiness relative to other South African and Namibian issuers.

Factors that Could, Individually or Collectively, Lead to Positive Rating Action/Upgrade

DBN's Long-Term IDRs would be upgraded if Namibia's sovereign ratings are upgraded.

DBN's National Long-Term Rating is sensitive to a favourable change in Fitch's opinion of the bank's creditworthiness relative to other South African and Namibian issuers.

REFERENCES FOR SUBSTANTIALLY MATERIAL SOURCE CITED AS KEY DRIVER OF RATING

The principal sources of information used in the analysis are described in the Applicable Criteria.

Public Ratings with Credit Linkage to other ratings

DBN's ratings are equalised with Namibia's ratings.

ESG Considerations

DBN has an ESG Relevance Score of '4[+]' for Human Rights, Community Relations, Access & Affordability due to its policy role, which promotes financing to under-banked and under-served communities, including SMEs. This has a positive impact on the government's propensity to provide support and is therefore relevant to DBN's ratings in conjunction with other factors.

Unless otherwise disclosed in this section, the highest level of ESG credit relevance is a score of '3'. This means ESG issues are credit neutral or have only a minimal credit impact on the entity, either due to their nature or the way in which they are being managed by the entity. Fitch's ESG Relevance Scores are not inputs in the rating process; they are an observation of the materiality and relevance of ESG factors in the rating decision. For more information on Fitch's ESG Relevance Scores, visit www.fitchratings.com/esg.

RATING ACTIONS

ENTITY	RATING			PRIOR
Development Bank of Namibia Limited	LT IDR	BB- ●	Affirmed	BB- ●
	ST IDR	B	Affirmed	B
	LC LT IDR	BB- ●	Affirmed	BB- ●
	LC ST IDR	B	Affirmed	B
	Natl LT	AA+(zaf) ●	Affirmed	AA+(zaf) ●
	Natl ST	F1+(zaf)	Affirmed	F1+(zaf)
	Government Support	bb-	Affirmed	bb-

[View Additional Rating Details](#)

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Applicable Criteria

Bank Rating Criteria (pub.21-Mar-2025)(includes rating assumption sensitivity)
National Scale Rating Criteria (pub.22-Dec-2020)

Additional Disclosures

Dodd-Frank Rating Information Disclosure Form

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