

Private Sector Credit Extension (PSCE)

May 2025

Overview

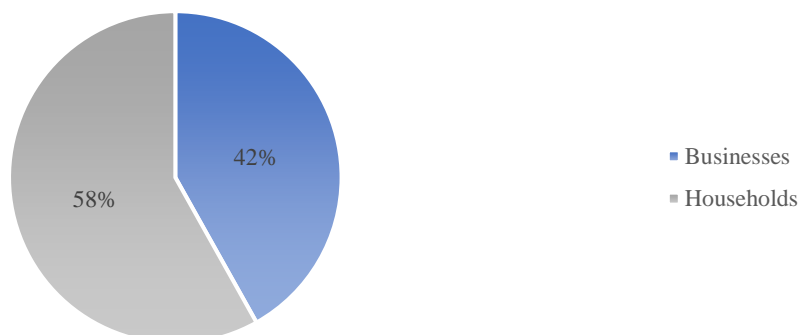
In May 2025, Private Sector Credit Extension (PSCE) growth eased to **4.1%** year-on-year, from **4.5%** in April, as demand for credit softened across both businesses and households. The total loan book reached **N\$119.1 billion**. The slowdown was mainly due to net mortgage repayments and reduced uptake of other loans, advances, and instalment sale credit. On a month-on-month basis, PSCE rose by **0.5%**, reflecting a slight improvement in credit demand, with business credit up **1.0%** and household credit increasing by **0.2%**.

TABLE 1: PSCE OVERVIEW, MAY 2025

Category	Outstanding (N\$ m)	MoM Growth (N\$ m)	MoM Growth (%)	YoY Growth (N\$ m)	YoY Growth (%)
Claims by Businesses	<u>50,086.4</u>	<u>+502.1 ▲</u>	<u>+1.01% ▲</u>	<u>+3,049.2 ▲</u>	<u>+6.5% ▲</u>
Loans & Advances	43,566.2	+531.8 ▲	+1.24% ▲	+2,293.0 ▲	+5.6% ▲
Instalments & Leasing	6,520.3	-29.6 ▼	-0.45% ▼	+756.3 ▲	+13.1% ▲
Claims by Households	<u>68,995.3</u>	<u>+166.7 ▲</u>	<u>+0.24% ▲</u>	<u>+1,695.3 ▲</u>	<u>+2.5% ▲</u>
Loans & Advances	60,774.2	+119.4 ▲	+0.20% ▲	+659.0 ▲	+1.1% ▲
Instalments & Leasing	8,221.0	+47.2 ▲	+0.58% ▲	+1,036.2 ▲	+14.4% ▲
Private Sector Claims (Local)	<u>119,081.7</u>	<u>+668.8 ▲</u>	<u>+0.5% ▲</u>	<u>+5315.8 ▲</u>	<u>4.1% ▲</u>

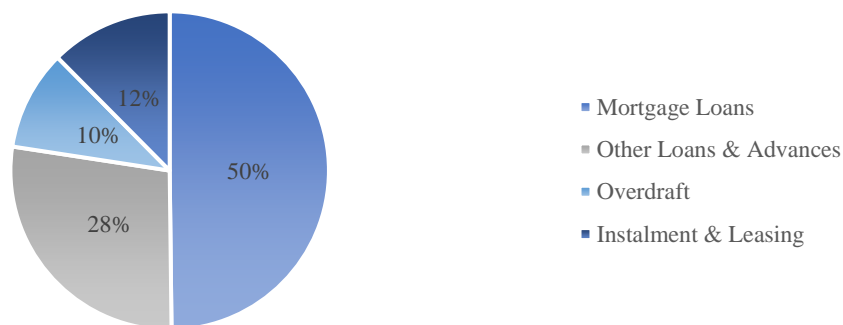
Source: Bank of Namibia

Figure 1: PSCE by Sector (% share), May 2025



Source: Bank of Namibia

Figure 2: PSCE by Credit Type (% share), May 2025



Source: Bank of Namibia

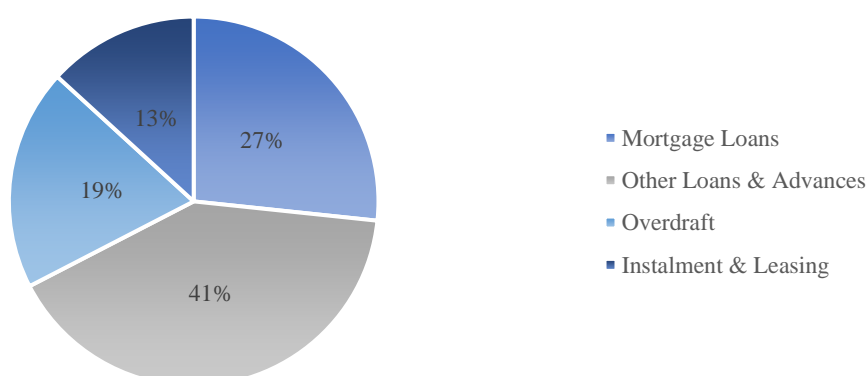
PRIVATE SECTOR CREDIT COMPOSITION BY TYPE

In May 2025, total claims on the private sector stood at **N\$119.1 billion**, representing a **0.5%** increase from **N\$118.4 billion** in April 2025, and a **2.3%** year-on-year decline from **N\$122.08 billion** in May 2024.

- Credit to businesses amounted to N\$50.09 billion, growing by 1.01% month-on-month from N\$49.58 billion in April, and rising 6.5% year-on-year from N\$47.04 billion. The growth was driven by increased demand for other loans and advances, with overdraft facilities and instalment credit also contributing positively.
- Credit to households reached N\$68.99 billion, up 0.24% from N\$68.83 billion in April, and 2.5% higher compared to N\$67.30 billion in May 2024. Growth within the household sector remained steady, supported by instalment sales and personal loans, while mortgage advances remained relatively flat.

Business Credit Extension

Figure 3: Business Credit Extension by Credit Type (% share), May 2025



Source: Bank of Namibia

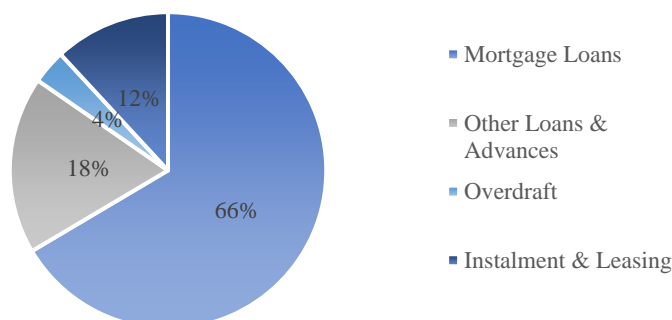
BUSINESS CREDIT COMPOSITION BY TYPE

Credit extended to businesses rose to **N\$50.09 billion** in May, up from **N\$49.58 billion** in April, reflecting increased short-term borrowing and asset financing.

- Loans and advances to businesses increased by 1.24% to N\$43.57 billion, from N\$43.03 billion in April, and were up 5.6% year-on-year.
- Mortgage loans declined slightly by 0.26% month-on-month to N\$13.19 billion, compared to N\$13.22 billion in April, and remained 3.0% lower than the N\$13.60 billion recorded in May 2024.
- Other loans and advances grew by 2.66% month-on-month to N\$20.74 billion, up from N\$20.20 billion in April, and reflected a robust 8.7% year-on-year increase.
- Overdraft facilities rose modestly by 0.30% to N\$9.64 billion, from N\$9.61 billion in April, marking a solid 12.1% annual increase.
- Instalment and leasing credit for businesses eased slightly by 0.45% month-on-month to N\$6.52 billion, though it remained 13.1% higher on an annual basis, indicative of ongoing investment in vehicles and equipment financing.

Household Credit Extension

**Figure 4: Household Credit Extension
by Credit Type (% share), May 2025**



Source: Bank of Namibia

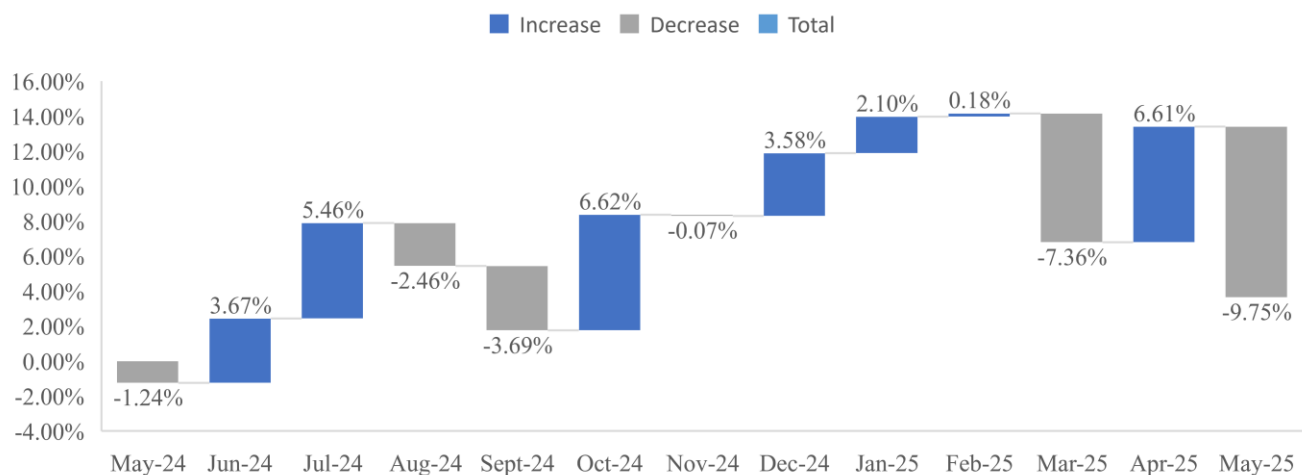
HOUSEHOLD CREDIT COMPOSITION BY TYPE

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International Reserves

At the end of May 2025, Namibia's international reserves stood at N\$57.44 billion, reflecting a 9.76% month-on-month decline from N\$63.65 billion recorded in the previous month. This represents a decrease of N\$6.21 billion over the month, following a notable accumulation of reserves in April 2025. Despite the drop, the reserve position remains adequate to support import cover and maintain external sector stability in the short term.

**Figure 5: Level of International Reserves,
May 2024 - May 2025**



Source: Bank of Namibia

PSCE Outlook

Namibia's Private Sector Credit Extension (PSCE) is poised to maintain a modest but steady upward trajectory in June 2025, underpinned by sustained demand in instalment and leasing credit as well as other loans and advances. Instalment and leasing credit continue to expand robustly, driven largely by household demand for asset-backed financing such as vehicle purchases. This segment has consistently outperformed other credit categories in terms of growth, reflecting resilient consumer confidence despite broader economic uncertainties. Business credit growth is expected to remain stable, supported by short-term borrowing and asset financing that cater to operational needs and capital investments, particularly in mining, manufacturing, and energy sectors. The return to positive growth in overdraft facilities signals improving cash flow management among firms, further bolstering corporate credit demand.

Conversely, mortgage lending is anticipated to remain subdued amid the prevailing high-interest rate environment. The Bank of Namibia's decision to keep the repo rate steady at 6.75% has sustained borrowing costs at elevated levels, constraining demand for long-term housing finance. This trend is consistent with recent contractions in mortgage credit and reflects cautious consumer behavior in the face of affordability challenges.

Overall, PSCE growth in June is expected to be moderate and demand-driven, reflecting a cautious but improving credit environment. While elevated interest rates and subdued mortgage demand temper rapid expansion, the sustained momentum in instalment and leasing credit alongside steady business borrowing underscores a gradual recovery aligned with broader economic improvements.