

Private Sector Credit Extension (PSCE)

July 2025

Overview

In July 2025, Private Sector Credit Extension (PSCE) remained consistent at **5.7%** year-on-year, similar to the rate recorded at the end of June 2025.

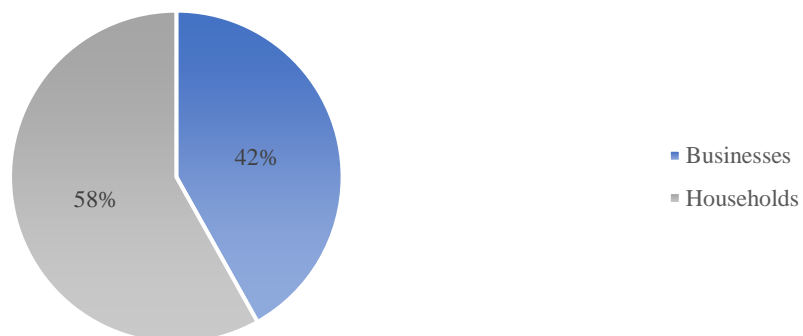
Household credit rose to **2.7%** in July 2025, influenced by an increase in mortgage loans, instalment sales and leasing credit. Business credit stood at **10.1%** in the month under review, slightly lower than the observed growth in June 2025. The decline was mainly attributed to a decline in overdraft lending, instalment sales and leasing credit.

TABLE 1: PSCE OVERVIEW, JULY 2025

Category	Outstanding (N\$ m)	MoM change (N\$ m)	MoM (%)	YoY change (N\$ m)	YoY (%)
Claims by businesses	<u>50,545.9</u>	<u>-343.1 ▼</u>	<u>-0.7% ▼</u>	<u>+4,624.2 ▲</u>	<u>+10.1% ▲</u>
Loans & advances (business)	43,506.0	-413.0 ▼	-0.9% ▼	+3,509.6 ▲	+8.8% ▲
Instalment & leasing (business)	7,039.9	+69.9 ▲	+1.0% ▲	+1,114.6 ▲	+18.8% ▲
Claims by households	<u>69,539.3</u>	<u>+338.2 ▲</u>	<u>+0.5% ▲</u>	<u>+1,853.2 ▲</u>	<u>+2.7% ▲</u>
Loans & advances (households)	61,084.3	+246.0 ▲	+0.4% ▲	+721.2 ▲	+1.2% ▲
Instalment & leasing (households)	8,455.0	+92.2 ▲	+1.1% ▲	+1,132.0 ▲	+15.5% ▲
Private sector claims (local)	<u>120,085.2</u>	<u>-4.9 ▼</u>	<u>-0.0% ▼</u>	<u>+6,477.4</u>	<u>~5.7%</u>

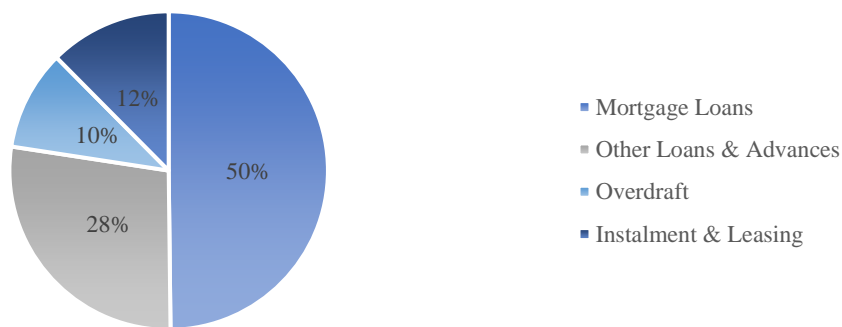
Source: Bank of Namibia

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



Source: Bank of Namibia

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



Source: Bank of Namibia

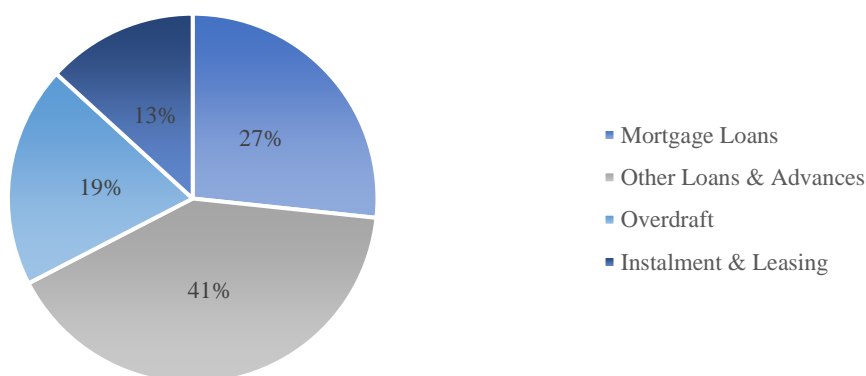
PRIVATE SECTOR CREDIT COMPOSITION BY TYPE

In July 2025, total private sector claims remained broadly unchanged at **N\$120.09 billion**, month-on-month from June 2025. On an annual basis, the local private loan book grew by **5.7%** compared to July 2024.

The flat monthly outcome was mainly due to a contraction in business credit, as loans and advances and other short-term facilities declined. However, household credit continued to grow modestly, supported by instalment and leasing finance as well as a slight increase in mortgage loans.

Business Credit Extension

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



Source: Bank of Namibia

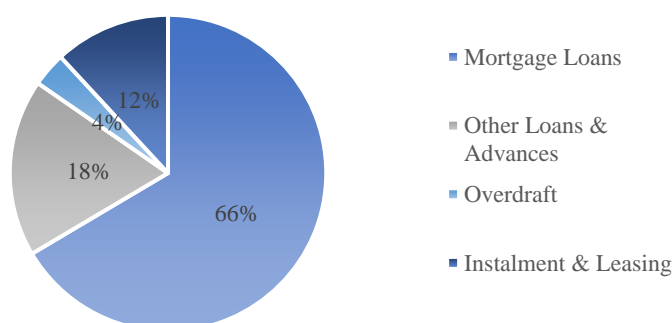
BUSINESS CREDIT COMPOSITION BY TYPE

Credit extended to businesses fell to **N\$50.55 billion** in July, a decrease of **N\$343.1 million or 0.7 %** month-on-month, though still **10.1 %** higher year-on-year compared to July 2024. The decline reflects weaker short-term loan uptake, partly offset by gains in mortgage and instalment lending.

- **Loans and advances for businesses** declined to **N\$43.51 billion**, down **0.9 %** month-on-month, though still **8.8 %** higher year-on-year, reflecting softer demand for working capital.

- **Instalment and leasing for businesses** rose to **N\$7.04 billion**, up **N\$69.9 million or 1.0%** and **18.8%** year-on-year, showing sustained investment in vehicles and equipment.
- **Mortgage lending to businesses** increased slightly to **N\$13.35 billion**, up **N\$185.6 million or 1.4%** month-on-month, though still **2.3%** lower year-on-year.
- **Overdraft facilities** eased to **N\$10.16 billion**, a small decline of **N\$64.9 million or 0.6%**, but remain **23.4%** higher year-on-year, signaling continued reliance on short-term liquidity.
- **Other loans and advances to businesses** fell to **N\$19.99 billion**, down **2.6%** month-on-month, though still **10.5%** higher year-on-year.

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



Source: Bank of Namibia

HOUSEHOLD CREDIT COMPOSITION BY TYPE

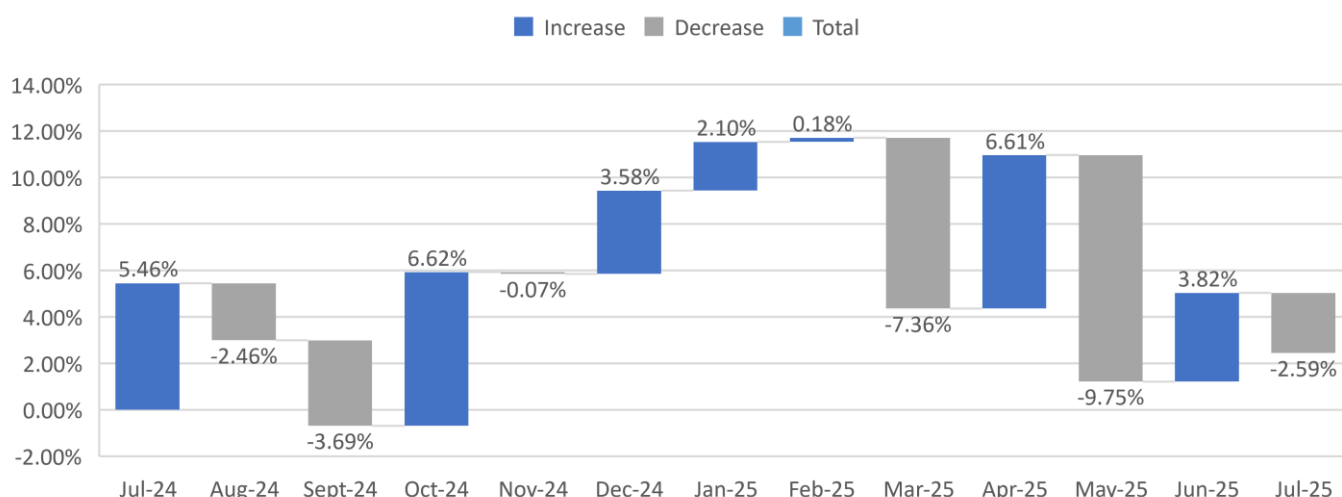
Household credit stood at **N\$69.54 billion** in July, an increase of **N\$338.2 million or 0.5 %** month-on-month and **N\$1.85 billion or 2.7 %** year-on-year.

- **Loans and advances for households** increased to **N\$61.08 billion**, rising **0.4 %** month-on-month and **1.2 %** year-on-year.
- **Mortgage loans** edged up to **N\$45.99 billion**, a modest increase of **0.2 %** month-on-month and **0.8 %** year-on-year, suggesting housing finance remains subdued.
- **Other loans and advances** rose to **N\$12.75 billion**, up **0.7 %** month-on-month and **5.7 %** year-on-year.
- **Household overdrafts** improved to **N\$2.34 billion**, rising **3.5 %** month-on-month, but remain **11.8 %** lower year-on-year, showing ongoing restraint in short-term borrowing.
- **Instalment and leasing for households** grew to **N\$8.46 billion**, up **1.1 %** month-on-month and **15.5 %** year-on-year, confirming strong demand for asset-backed credit.

International Reserves

At the end of July 2025, Namibia's international reserves stood at **N\$58.09 billion**, reflecting a decline of **2.6%** month-on-month from the **N\$59.64 billion** recorded in June 2025. The contraction follows the downward trend seen in the months of March and May and reflects outflows linked to external payments. Despite the decline, the reserves remain adequate to support 3.8 months of import cover and safeguard external sector stability.

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



Source: Bank of Namibia

PSCE Outlook

Private Sector Credit Extension (PSCE) is expected to remain on a moderate growth path in August 2025, with trends broadly consistent with recent months.

The Bank of Namibia's MPC decision to keep the repo rate unchanged at **6.75%**, thereby maintaining the prime lending rate at **10.50%**, means borrowing costs remain elevated. This will likely keep mortgage lending subdued, as households remain cautious about taking on long-term housing debt.

Growth will continue to be supported by instalment and leasing credit, alongside short-term business borrowing in the form of overdrafts. Household demand for personal and instalment loans is also expected to remain steady.

Overall, PSCE growth in August is likely to remain steady, led by instalment lending and short-term credit. However, upside momentum remains capped by the high-interest-rate environment, which limits stronger expansion in long-term credit categories such as mortgages.