

Private Sector Credit Extension (PSCE)

August 2025

Overview

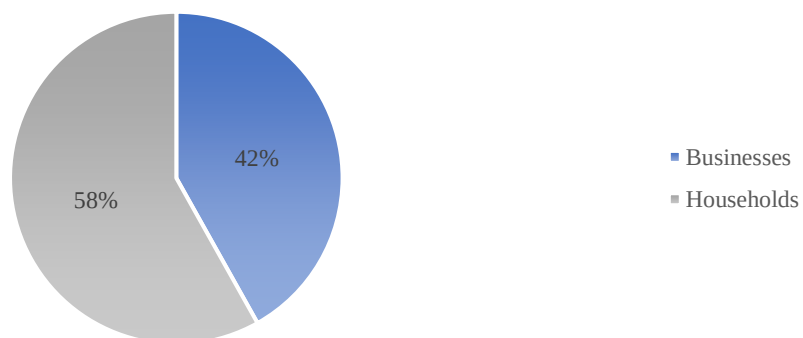
In August 2025, Private Sector Credit Extension (PSCE) continued its moderate growth trajectory, recording a 5.8% year-on-year increase, representing a 0.1%% increase from July 2025. Household credit rose to 2.8% year-on-year, growth was driven by other loans and advances and overdrafts while uptake from the other categories remained stable during the month. Business credit stood at 10.3% year-on-year, slightly higher than in July 2025, largely driven by loans and advances, and instalment and leasing.

TABLE 1: PSCE OVERVIEW, AUGUST 2025

Category	Outstanding (N\$ m)	MoM change (N\$ m)	MoM (%)	YoY change (N\$ m)	YoY (%)
<u>Claims by businesses</u>	<u>50,912.3</u>	<u>+366.4 ▲</u>	<u>+0.7% ▲</u>	<u>+4,764.6 ▲</u>	<u>+10.3% ▲</u>
Loans & advances (business)	43,774.4	+268.4 ▲	+0.6% ▲	+3,569.2 ▲	+8.9% ▲
Instalment & leasing (business)	7,137.9	+98.0 ▲	+1.4% ▲	+1,178.0 ▲	+19.9% ▲
<u>Claims by households</u>	<u>69,719.4</u>	<u>+180.1 ▲</u>	<u>+0.3% ▲</u>	<u>+1,908.5 ▲</u>	<u>+2.8% ▲</u>
Loans & advances (households)	61,202.4	+118.1 ▲	+0.2% ▲	+763.2 ▲	+1.3% ▲
Instalment & leasing (households)	8,516.4	+61.4 ▲	+0.7% ▲	+1,184.4 ▲	+15.5% ▲
<u>Private sector claims (local)</u>	<u>120,631.7</u>	<u>+546.3 ▲</u>	<u>+0.5% ▲</u>	<u>+6,673.1 ▲</u>	<u>5.8% ▲</u>

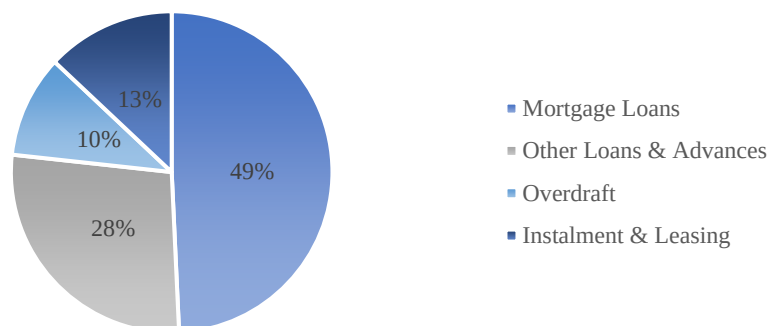
Source: Bank of Namibia

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



Source: Bank of Namibia

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



Source: Bank of Namibia

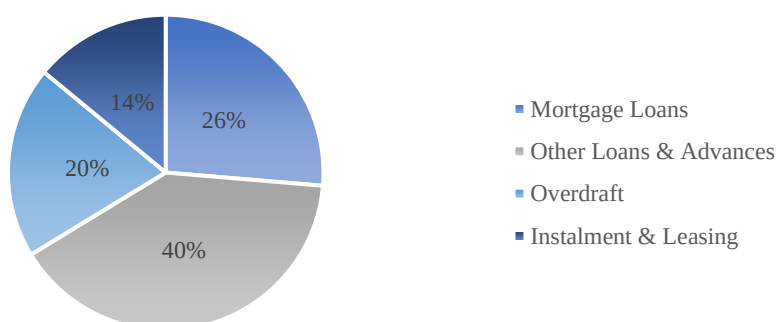
PRIVATE SECTOR CREDIT COMPOSITION BY TYPE

Total claims on the private sector rose to N\$120.63 billion in August 2025, up from N\$120.09 billion in July 2025. This represents a monthly increase of 0.5% and a year-on-year increase of 0.3%.

The monthly increase was primarily driven by sustained growth in household credit and moderate gains in business lending, while long-term mortgage credit remained subdued due to elevated borrowing costs. Instalment and leasing credit continued to underpin overall PSCE expansion, reflecting steady demand from both consumers and corporates.

Business Credit Extension

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



Source: Bank of Namibia

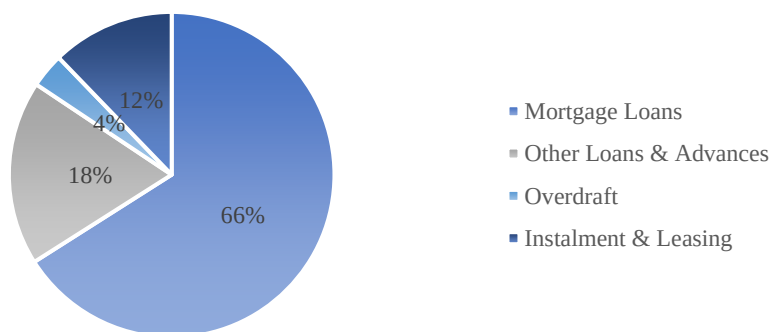
BUSINESS CREDIT COMPOSITION BY TYPE

Business credit extended to businesses grew to N\$50.91 billion in August, increasing by 0.7% month-on-month, and 10.3% increase year-on-year. The slight increase was mainly driven by higher loans and advances, alongside continued growth in instalment and leasing credit.

- **Loans and advances** rose to N\$43.77 billion, up N\$268.4 million month-on-month and 8.9% year-on-year, reflecting ongoing business investment and working capital needs.

- **Mortgage loans** edged up slightly to N\$13.41 billion, up 0.4% month-on-month but down 2.3% year-on-year.
- **Other loans and advances** increased to N\$20.34 billion, up 1.7% month-on-month and 11.8% year-on-year.
- **Overdraft facilities** decreased to N\$10.03 billion, down 1.3% month-on-month but 20.9% higher year-on-year, indicating continued reliance on short-term liquidity.
- **Instalment and leasing** grew to N\$7.14 billion, rising N\$98.3 million or 1.4% month-on-month and 19.9% year-on-year, demonstrating sustained demand for asset-backed financing.

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



Source: Bank of Namibia

HOUSEHOLD CREDIT COMPOSITION BY TYPE

Household claims rose to N\$69.72 billion in August, increasing by 0.3% monthly and 2.8% year-on-year, supported by continued growth in mortgage and instalment lending. Growth remained broad-based, supported by increases across mortgage, instalment, and overdraft categories.

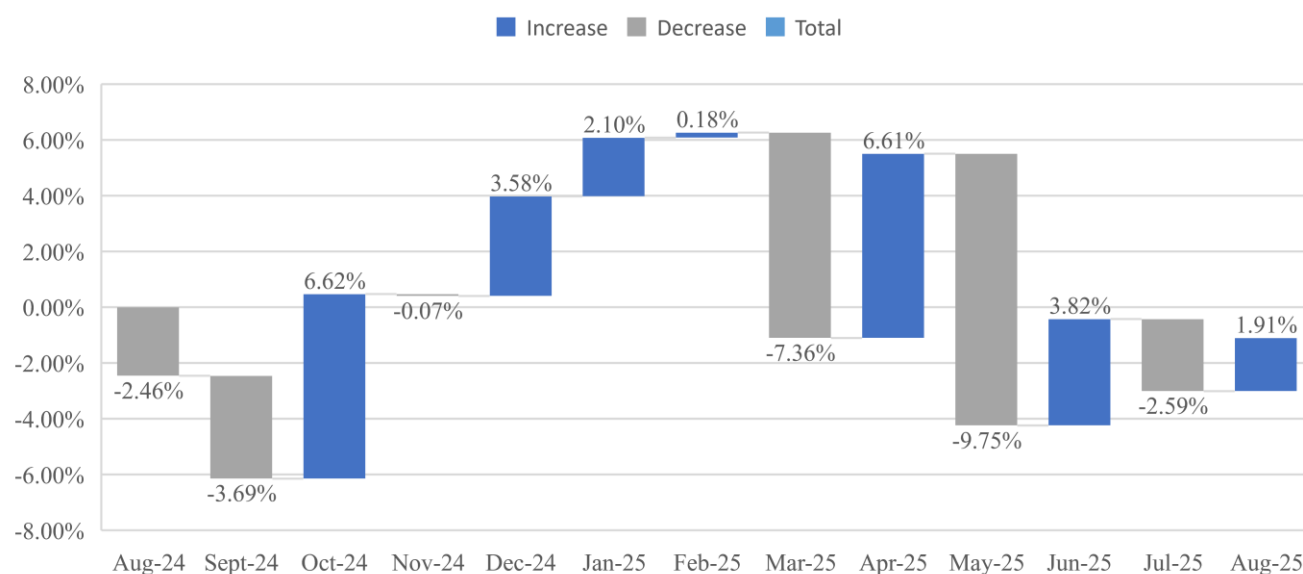
- **Loans and advances** increased to N\$61.20 billion, up 0.2% month-on-month and 1.3% year-on-year.
- **Mortgage loans** reached N\$46.01 billion, up 0.1% month-on-month and 0.8% year-on-year.
- **Other loans and advances** grew to N\$12.80 billion, up 0.4% month-on-month and 5.7% year-on-year.
- **Overdrafts** increased to N\$2.38 billion, rising 2.0% month-on-month, though still down 11.2% year-on-year.
- **Instalment and leasing** rose to N\$8.52 billion, up 0.7% month-on-month and 15.5% year-on-year, reflecting steady demand for consumer and household asset financing.

International Reserves

Namibia's stock of international reserves declined further in August 2025, falling by N\$1.1 billion month-on-month to N\$56.98 billion, from the N\$58.09 billion recorded in July 2025. The decrease was mainly driven by net outflows related to government foreign payments and lower SACU receipts, which outweighed modest inflows from export proceeds.

Despite the monthly decline, the current reserve level remains adequate to cover approximately 4.2 months of imports of goods and services, maintaining a buffer above the international benchmark of three months. The sustained reserve position continues to support the Namibia dollar's one-to-one peg with the South African rand and underpins overall external sector stability.

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



Source: Bank of Namibia

PSCE Outlook

Household credit growth is likely to remain supported by instalment and leasing activity, while business credit will benefit from short-term financing needs and capital equipment purchases. However, subdued economic conditions and elevated borrowing costs may continue to limit more aggressive credit expansion in the near term.

Overall, PSCE growth is projected to remain stable in the coming months, supported by sustained instalment and leasing credit, alongside moderate expansion in other loan categories. Although the high-interest-rate environment, driven by the Bank of Namibia's decision to keep the repo rate at 6.75% and the prime lending rate at 10.50% continues to restrain demand for long-term borrowing, particularly mortgage loans, the MPC's planned two-phase reduction of the prime lending rate by 12.5 basis points in September and December 2025 is expected to ease borrowing costs, stimulate investment, and strengthen domestic credit growth in the following months.