

## Private Sector Credit Extension (PSCE) – November 2025

08 January 2026

### 1. Overview

In November 2025, Private Sector Credit Extension (PSCE) growth remained sluggish, recording a modest 0.5% year-on-year increase and a 0.5% month-on-month rise. Total claims on the private sector rose to N\$123.13 billion, up from N\$122.50 billion in October. The data highlights a continued divergence in the economy. The corporate sector is driving what little growth exists (+7.2% y-o-y), largely through asset financing. In contrast, households remain under severe pressure with effectively zero growth (0.0% m/m) and a clear trend of deleveraging.

### 2. Key Market Insight: The Shift from Property to Assets

A distinct divergence has emerged in the Namibian credit market. Capital flows are shifting aggressively away from fixed property and into movable assets:

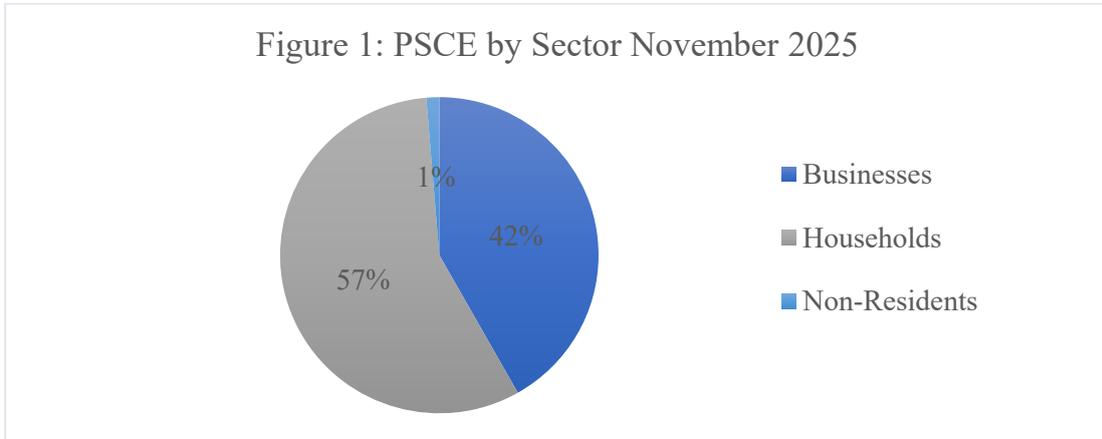
- **Property Stagnation:** Mortgage credit is effectively dead in the water. Business mortgages contracted by 2.2% year-on-year, while household mortgages recorded 0.0% growth.
- **Asset Surge:** In sharp contrast, instalment sale and leasing credit is booming, up 22.7% for businesses and 15.8% for households.
- **Implication:** This suggests businesses are prioritizing operational capacity (upgrading fleets and machinery) over real estate expansion, likely driven by the need for efficiency in the current economic climate.

Table 1: PSCE Overview, Nov 2025

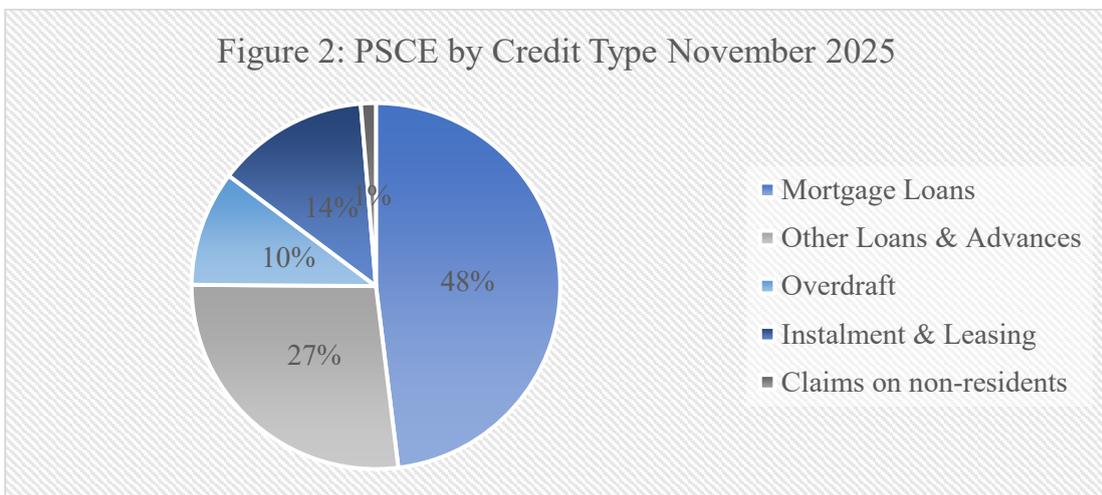
Category	Outstanding (N\$ m)	MoM change (N\$ m)	MoM (%)	YoY change (N\$ m)	YoY (%)
<b><u>Claims by businesses</u></b>	<b>51,323.9</b>	<b>+602.8 ▲</b>	<b>+1.2% ▲</b>	<b>+3,448.6 ▲</b>	<b>+7.2% ▲</b>
Loans & advances (business)	43,666.9	+587.9 ▲	+1.4% ▲	+2,034.0 ▲	+4.9% ▲
Instalment & leasing (business)	7,657.0	+15.0 ▲	+0.2% ▲	+1,414.7 ▲	+22.7% ▲
<b><u>Claims by households</u></b>	<b>70,185.8</b>	<b>+16.2 ▲</b>	<b>0.0%</b>	<b>+1,740.8 ▲</b>	<b>+2.5% ▲</b>
Loans & advances (households)	61,358.4	-80.3 ▼	-0.1% ▼	+537.1 ▲	+0.9% ▲
Instalment & leasing (households)	8,827.4	+96.6 ▲	+1.1% ▲	+1,203.7 ▲	+15.8% ▲

<b>Private sector claims (local)</b>	<b>123,125.0</b>	<b>+627.3 ▲</b>	<b>+0.5% ▲</b>	<b>+629.8 ▲</b>	<b>+0.5% ▲</b>
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Source: Bank of Namibia



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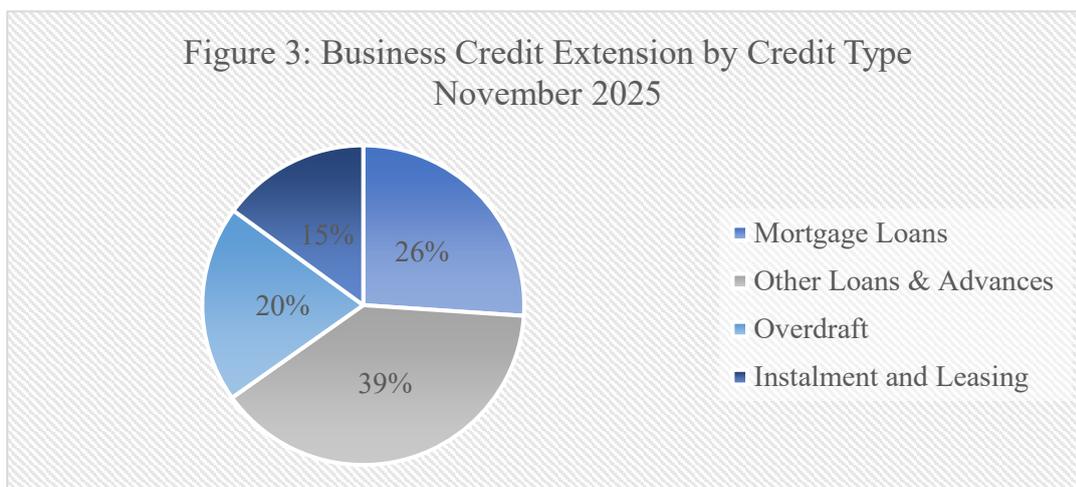
## Private Sector Credit Composition By Type

In November 2025, Private Sector Credit Extension (PSCE) growth remained sluggish, recording a modest 0.5% year-on-year. While the corporate sector added N\$3.45 billion in new credit year-on-year (+7.2%), the household sector despite being the larger portion of the total credit book managed an increase of only N\$1.74 billion (+2.5%).

- **Corporate Drivers:** The robust growth in business credit is structurally unbalanced, heavily skewed toward movable assets and working capital rather than long-term expansion.
- **Asset Financing:** The surge is led by a 22.7% year-on-year jump in instalment and leasing credit, confirming that businesses are prioritizing operational capacity such as upgrading fleets and machinery over fixed property.
- **Cash Flow Management:** Concurrently, business overdrafts increased by 11.5%, suggesting a reliance on short-term facilities to manage liquidity.
- **Household drivers:** In contrast, the household sector is effectively shrinking in real terms. With year-on-year growth at 2.5% sitting below the inflation rate of 3.4%, consumer purchasing power is eroding.
- **Deleveraging Trend:** Households appear to be actively cutting expensive unsecured debt, evidenced by the sharp

12.6% contraction in overdraft facilities.

●**Property Saturation:** The traditional driver of household credit mortgages has ground to a halt with 0.0% growth, indicating that the interest rate cutting cycle has not yet stimulated appetite for residential property.



Source: Bank of Namibia

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### Business Credit: Operational Investment Drives Growth

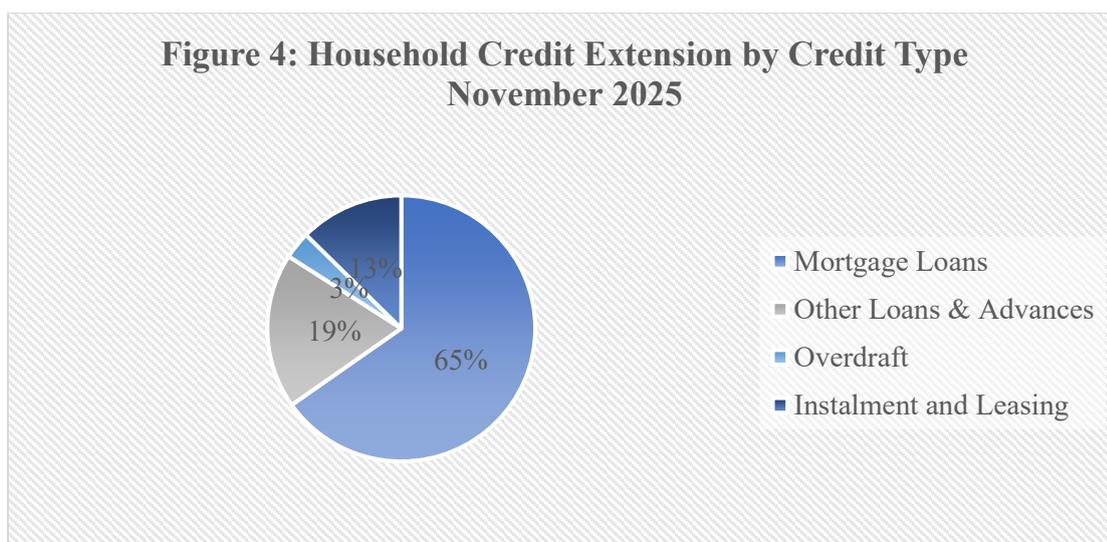
The Namibian Credit extended to businesses grew to N\$51.32 billion, increasing by 1.2% month-on-month and 7.2% year-on-year. The monthly increase of N\$602.8 million indicates that liquidity provided by recent rate cuts is circulating within the business environment, even if it has not yet reached consumers.

●**Asset Financing:** Instalment and leasing remain the standout performer, surging 22.7% y-o-y to N\$7.66 billion. This confirms businesses are actively investing in movable assets, such as commercial vehicles and yellow metal.

●**Working Capital vs. Structural Debt:** Loans and advances rose 4.9% y-o-y while overdraft facilities increased significantly by 11.5% y-o-y. This suggests businesses are utilizing short-term facilities to manage cash flow rather than committing to long-term structural debt. In the current economic climate, businesses are potentially opting for flexibility. By relying on overdrafts and short-term loans, they maintain liquidity to navigate uncertainty, rather than locking capital into long-term, fixed-interest mortgage debt, which contracted by 2.2%.

●**Property Contraction:** Business mortgage loans contracted by 2.2% y-o-y to N\$13.38 billion, evidencing the shift away from property investment toward operational assets. The decline in mortgages stands in stark contrast to the 22.7% surge in instalment sale credit. credit demand has not disappeared by business they have fundamentally shifted with businesses now investing in assets that generate immediate revenue (movable assets) rather than assets that sit on the balance sheet (fixed property).

**Figure 4: Household Credit Extension by Credit Type  
November 2025**



Source: Bank of Namibia

### Household Credit Composition By Type

**Real-Term Contraction in Household Claims** Household claims grew by 2.5% y-o-y to N\$70.19 billion, lagging behind the 3.4% inflation rate. This indicates a contraction in real terms, meaning the actual purchasing power of household credit is shrinking relative to rising costs. Households are effectively borrowing less value than before, signalling financial pressure.

- **Mortgage Stagnation:** A Structural Stalemate Mortgage loans remained flat (0.0% growth) and contracted slightly month-on-month. This stagnation reflects a mix of interacting forces in the Namibian market:
- **Affordability Constraints (Demand):** High interest rates are pricing consumers out of the housing market.
- **Bank Caution (Supply):** Lenders are tightening criteria in an uncertain economic climate.
- **Balance Sheet Repair:** Households are prioritizing debt repayment rather than committing to long-term bonds.

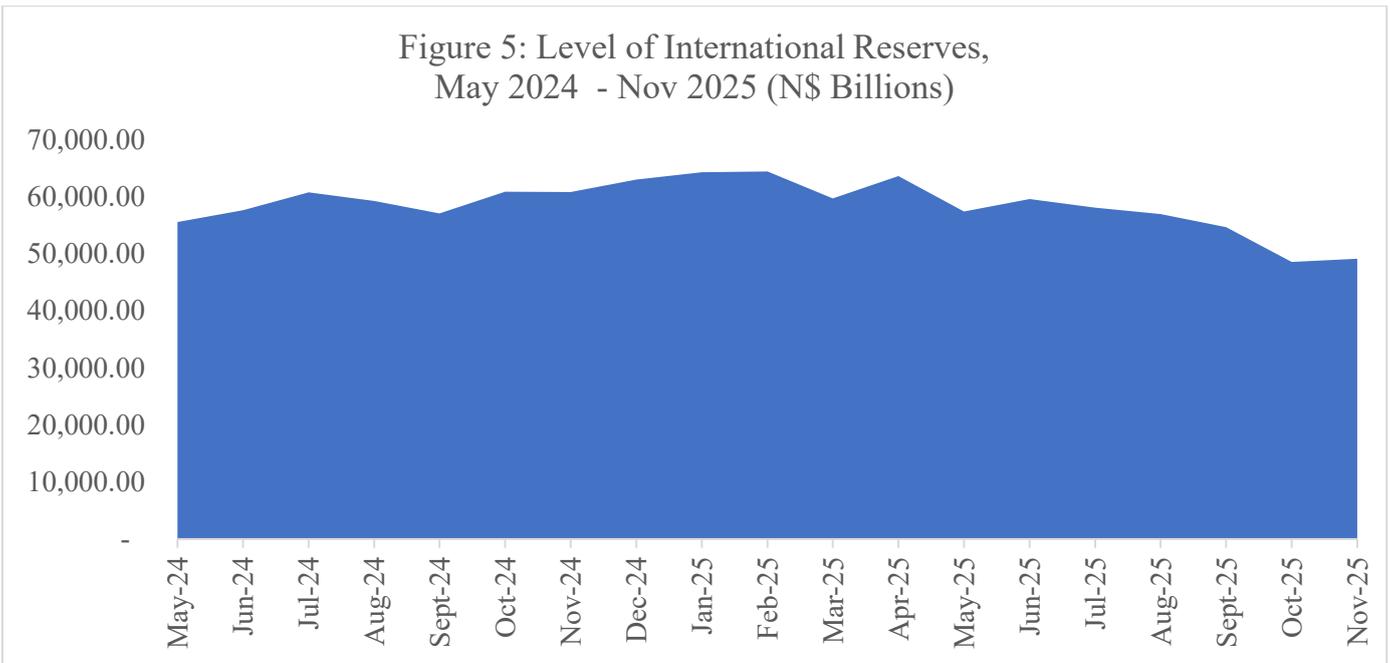
**Instalment and leasing credit** surged 15.8% to N\$8.83 billion. This category serves as the primary financial proxy for vehicle sales. This divergence suggests a substitution effect: consumers, priced out of the property market, are directing available credit toward mobility and shorter-term assets.

**Deleveraging from Unsecured Debt** Households are actively reducing reliance on expensive debt, evidenced by a sharp 12.6% y-o-y contraction in overdrafts. This points to a trend of financial prudence and balance sheet consolidation.

### International Reserves

Namibia's stock of international reserves stood at **N\$49.16 billion** in November, covering approximately **3.6 months** of imports. This reflects a **1.2% increase** relative to October levels. Despite high external debt servicing and import costs, reserves remain sufficient to maintain the currency peg with the South African Rand.

Figure 5: Level of International Reserves,  
May 2024 - Nov 2025 (N\$ Billions)



Source: Bank of Namibia

### 3. Outlook

The Bank of Namibia maintained the repo rate at 6.50% in December 2025, and while the cutting cycle has commenced, transmission to the household sector is lagging due to the time required for policy adjustments to bolster consumer confidence. Consequently, Private Sector Credit Extension (PSCE) growth is expected to remain muted in the near term, driven by household over-indebtedness, continued bank risk aversion, and stagnant real wages, suggesting the disparity between strong corporate asset financing and stagnant household mortgages will persist into Q1 2026. A key risk factor warrants monitoring in the high growth of corporate overdrafts, as this often signals that businesses are borrowing to bridge short-term liquidity gaps and manage cash flow pressures rather than funding healthy operational expansion.