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Private Sector Credit Extension (PSCE) – November 2025

31 October 2025

1. Overview

In September 2025, Private Sector Credit Extension (PSCE) growth continued on a path of strong recovery, recording an annual growth rate of **5.9%**, up slightly from the **5.8%** recorded in the previous month." The data highlights a resilient but uneven credit market. While the overall trajectory is positive, a clear divergence remains between the corporate and household sectors. **Corporate Robustness:** Business credit remains the engine of growth, expanding by 9.5% year-on-year, supported largely by asset financing and general loans. **Household Caution:** Household credit growth, while improving to 3.4% year-on-year, remains muted relative to historical norms, with consumers continuing to deleverage from unsecured facilities.

2. Key Market Insight

A distinct structural shift can be seen in the Namibian credit market. Capital flows are shifting away from long-term fixed property commitments and into more movable assets.

Property Stagnation: Mortgage credit has continued to stagnate. Total mortgage growth contracted by 0.3% year-on-year. Business mortgages have been in negative territory for eleven consecutive months, while household mortgages recorded a lethargic 0.6% growth.

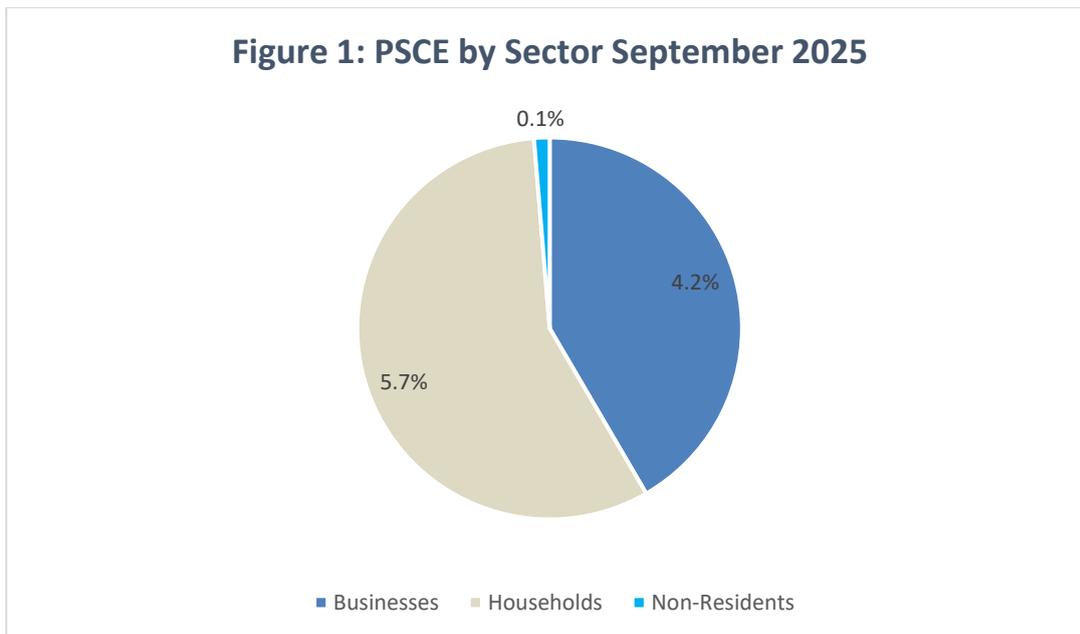
Asset Surge: In sharp contrast, instalment sale and leasing credit is booming, recording a robust 22.4% year-on-year growth for businesses. This makes it the fastest-growing credit category.

Implication: This suggests a strategic shift where economic agents are prioritizing mobility and operational capacity (vehicles, machinery) over real estate expansion. In the current interest-rate environment, the appetite for 20-year bond commitments remains suppressed, while the demand for immediate utility assets is soaring.

Table 1: PSCE Overview, Nov 2025

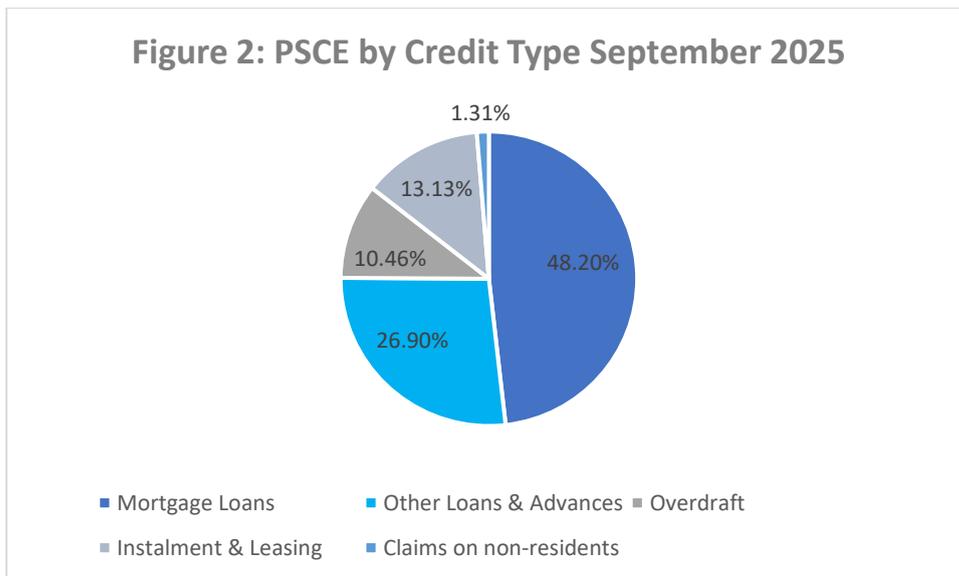
Category	Outstanding (N\$ m)	MoM change (N\$ m)	MoM (%)	YoY change (N\$ m)	YoY (%)
<u>Claims by businesses</u>	51,179.3	+267.0 ▲	+0.5% ▲	+4,423.8 ▲	+9.5% ▲
Loans & advances (business)	43,651.6	-122.9 ▼	-0.3% ▼	+3,047.7 ▲	+7.5% ▲
Instalment & leasing (business)	7,527.7	+389.8 ▲	+5.5% ▲	+1,376.2 ▲	+22.4% ▲
<u>Claims by households</u>	70,154.9	+435.5 ▲	+0.6% ▲	+2,290.6 ▲	+3.4% ▲
Loans & advances (households)	61,540.5	+338.1 ▲	+0.6% ▲	+1,109.3 ▲	+1.8% ▲
Instalment & leasing (households)	8,614.3	+97.4 ▲	+1.1% ▲	+1,181.3 ▲	+15.9% ▲
<u>Private sector claims (local)</u>	121,334.2	+702.5 ▲	+0.6% ▲	+6,714.4 ▲	+5.9% ▲

Source: Bank of Namibia



Source: Bank of Namibia

Figure 2: PSCE by Credit Type September 2025



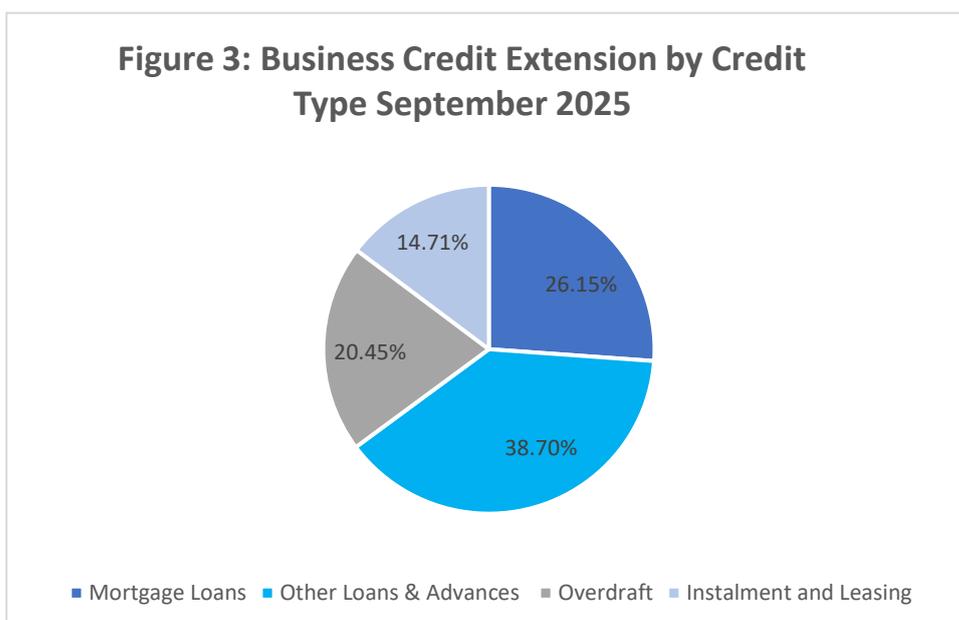
Source: Bank of Namibia

Private Sector Credit Composition By Type

In September 2025, the composition of credit revealed a market driven by specific pockets of demand rather than broad-based expansion.

- **Corporate Drivers:** Growth in business credit moderated slightly to **9.5%** but continues to sustain the overall PSCE figures. The moderation was primarily due to repayments by corporates in the mining, manufacturing, and fishing sectors.
- **Asset Financing:** The surge is led by the **22.4%** jump in instalment and leasing credit for businesses. This is structurally unbalanced growth, skewed heavily toward movable assets.
- **Cash Flow Management:** Overdraft credit growth slowed to 16.8% year-on-year (from **20.9% in August**). The decrease in momentum suggests businesses are effectively managing their working capital positions.

Figure 3: Business Credit Extension by Credit Type September 2025



Source: Bank of Namibia

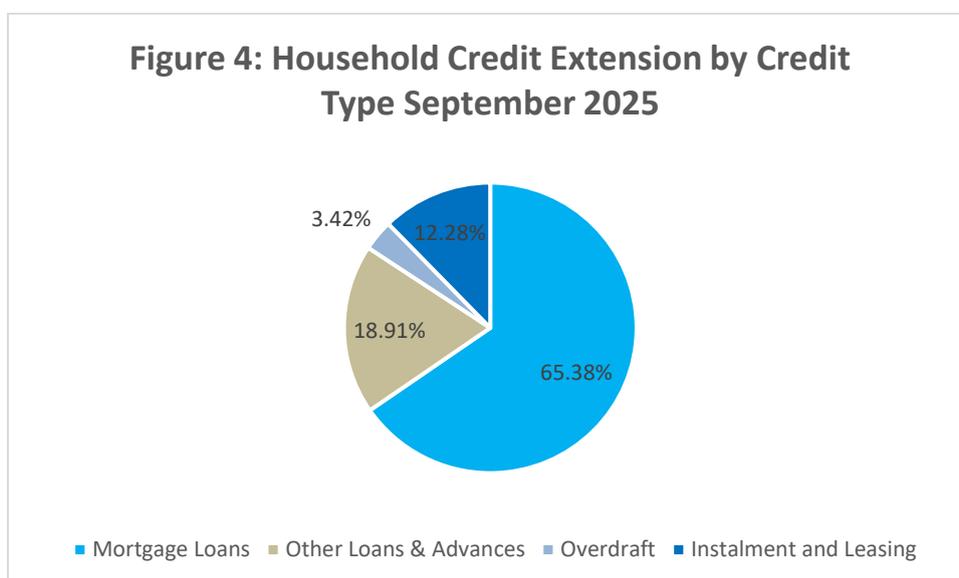
Business Credit: Operational Investment Drives Growth

The Namibian credit extended to businesses grew to **N\$51.18 billion**, reflecting a **9.5% year-on-year** increase despite a slight moderation from the 10.3% recorded in August.

Asset Financing: Instalment and leasing remain the standout performer, surging 22.4% y-o-y. This confirms businesses are actively investing in movable assets, such as commercial vehicles and yellow metal, to boost operational output.

Working Capital vs. Structural Debt: While loans and advances rose 7.5% y-o-y, overdraft facilities saw significant growth of 16.8% y-o-y. This suggests businesses are utilising short-term facilities to manage cash flow and bridge liquidity gaps rather than committing to long-term structural debt. By relying on overdrafts, firms maintain the flexibility to navigate uncertainty instead of locking capital into fixed-interest mortgage debt, which contracted by 3.1% for corporations.

Property Contraction: Business mortgage loans contracted for the eleventh straight month, evidenced by the 3.1% y-o-y decline. This decline stands in stark contrast to the asset finance boom, proving that business credit demand has fundamentally shifted toward assets that generate immediate revenue (movable assets) rather than those that sit stagnant on the balance sheet.



Source: Bank of Namibia

Household Credit Composition by Type

Household claims grew by **3.4% y-o-y** to **N\$70.15 billion**, essentially flat against the **3.5% headline inflation rate**.

Real-Term Contraction: Because credit growth (3.4%) is lagging behind inflation (3.5%), household claims are contracting in real terms. This means the actual purchasing power of consumer credit is shrinking relative to rising costs, signalling severe financial pressure on Namibian families.

Mortgage Stagnation: A structural stalemate is evident as household mortgage loans grew by only 0.6%. This reflects interacting forces: high interest rates pricing consumers out of the market (Demand), tighter bank lending criteria in an uncertain climate (Supply), and households prioritizing debt repayment over new long-term bonds (Balance Sheet Repair).

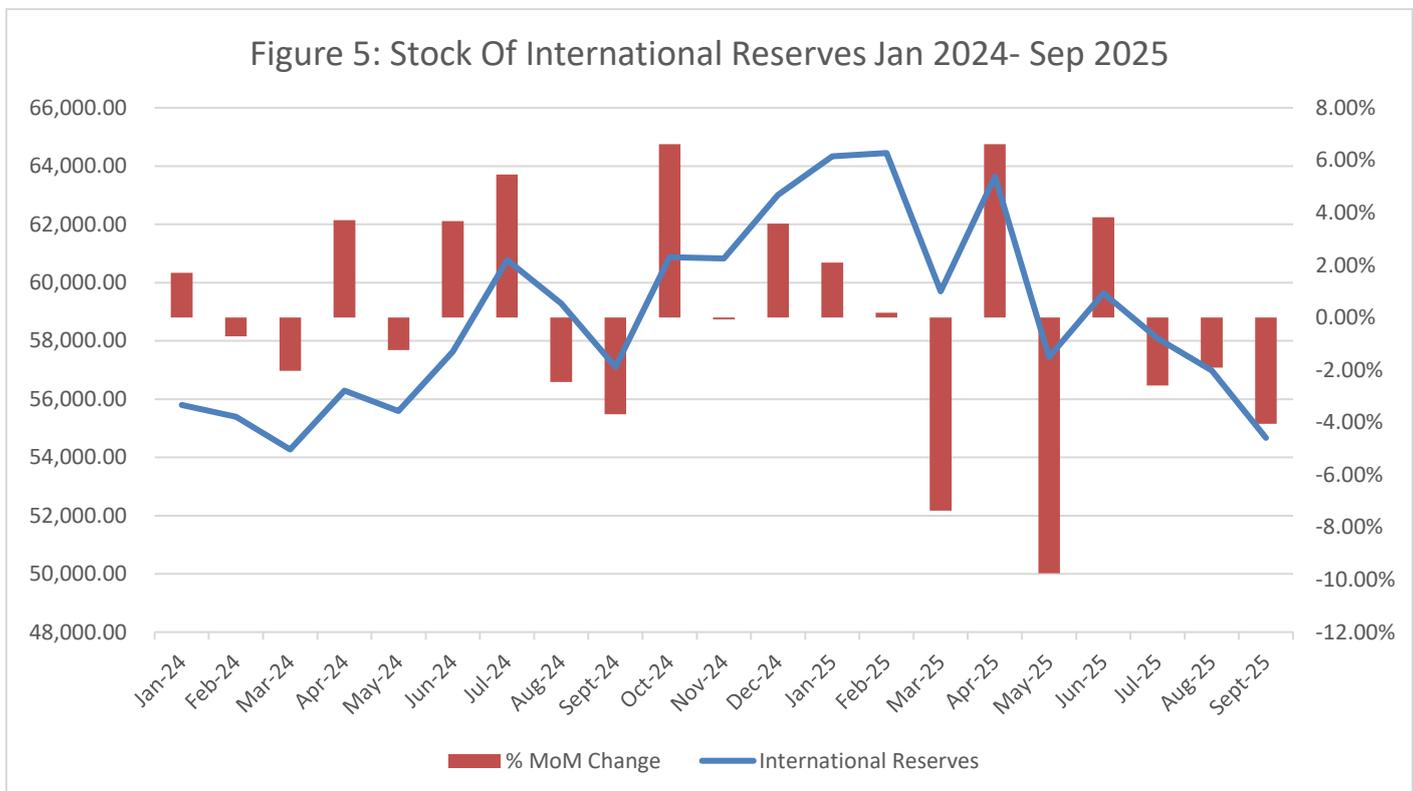
Substitution Effect: Instalment and leasing credit for households surged 15.9%. This divergence booming asset credit vs. dead mortgage growth—suggests a substitution effect where consumers, priced out of property, are

directing limited credit toward mobility and shorter-term assets.

Deleveraging: Households are actively reducing reliance on expensive unsecured debt, as seen in the sharp 10.3% y-o-y contraction in overdraft facilities. This points to a trend of financial prudence and balance sheet consolidation

International Reserves

According to the Bank of Namibia, the stock of international reserves stood at N\$54.7 billion at the end of September 2025. This represents a 4.1% month-on-month decline, primarily due to increased government foreign payments and pre-funding activity ahead of the Eurobond redemption in October. This level translates to 3.6 months of import cover which remains above the international standard of 3.0 months of import cover and remains sufficient to sustain the currency peg with the South African Rand.



Source: Bank of Namibia

3. Outlook

As of September, the Bank of Namibia maintained the repo rate at **7.00%**, with market expectations leaning toward a cut in the upcoming October meeting." While the cutting cycle has commenced, transmission to the household sector is lagging as policy adjustments take time to filter through the banking system and bolster consumer confidence. Consequently, PSCE growth is expected to remain muted in the near term. The disparity between strong corporate asset financing and stagnant household mortgages is likely to persist into Q1 2026. A key risk factor is the continued high growth in corporate overdrafts, which may signal cash flow pressures on businesses rather than healthy operational expansion.