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Private Sector Credit Extension (PSCE)

December 2025

1. Overview

Private Sector Credit Extension (PSCE) continued to expand in December 2025, reflecting sustained lending activity across both the business and household components. On a year-on-year basis, PSCE grew by 4.43%, equivalent to an increase of N$5.2 billion, while month-on-month growth stood at 0.67% (N$808.2 million). This expansion indicates improving liquidity conditions and steady credit demand within the domestic economy.

Business credit remained the primary driver of overall PSCE growth. Claims on businesses increased by 6.8% year-on-year (N$3.3 billion) and 0.83% month-on-month (N$423.8 million), supported largely by strong demand for instalment and leasing finance, which expanded by 22.22% year-on-year. This suggests increased investment in vehicles, machinery, and other productive assets, alongside rising working-capital needs. Loans and advances to businesses also recorded moderate growth of 4.49% year-on-year (N$1.9 billion).

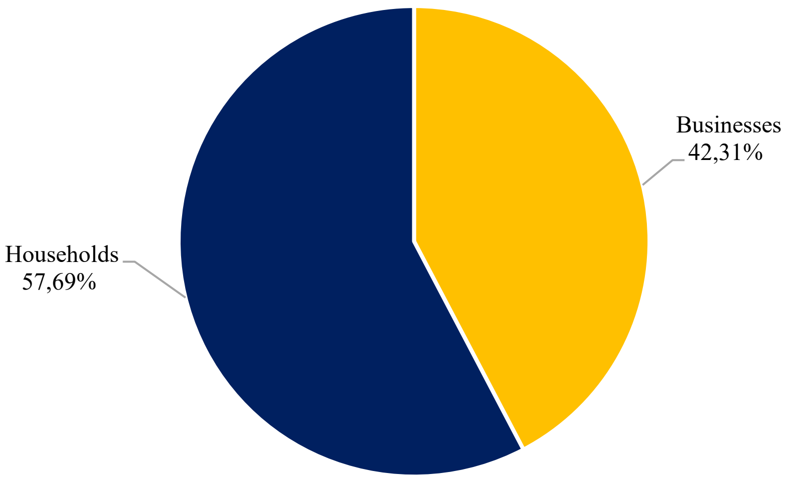
Household credit growth remained positive but more subdued relative to the corporate sector. Total household claims rose by 2.74% year-on-year (N$1.9 billion) and 0.55% month-on-month (N$384.5 million). Growth was driven primarily by instalment and leasing finance, which expanded by 15.49% year-on-year (N$1.2 billion), indicating sustained demand for durable goods. In contrast, household loans and advances recorded a more modest increase of 1.12% year-on-year (N$680.0 million), pointing to continued caution among consumers in an environment of elevated living costs.

Table 1: PSCE Overview, Dec 2025

Category	Outstanding (N$ m)	MoM change (N$ m)	MoM (%)	YoY change (N$ m)	YoY (%)
Claims by businesses	**51,747.61**	**+423.75 ▲**	**+0.83% ▲**	**+3,305.5 ▲**	**+6.8% ▲**
Loans & advances (business)	43,948.0	+281.1▲	+0.64% ▲	+1,887.6▲	+4.49% ▲
Instalment & leasing (business)	7,799.6	+142.6 ▲	+1.86% ▲	+1,417.9 ▲	+22.22% ▲
Claims by households	**70,570.3**	**+384.5 ▲**	**+0.55%▲**	**+1,882.0 ▲**	**+2.74% ▲**
Loans & advances (households)	61,607.5	+249.0 ▲	+0.41% ▲	+680.0 ▲	+1.12% ▲
Instalment & leasing (households)	8,962.8	+135.4 ▲	+1.53▲	+1,202.0 ▲	+15.49% ▲
Private sector claims (local)	**122,317.91**	**+808.21 ▲**	**+0.67% ▲**	**+5,187.42 ▲**	**+4.43% ▲**

Source: Bank of Namibia

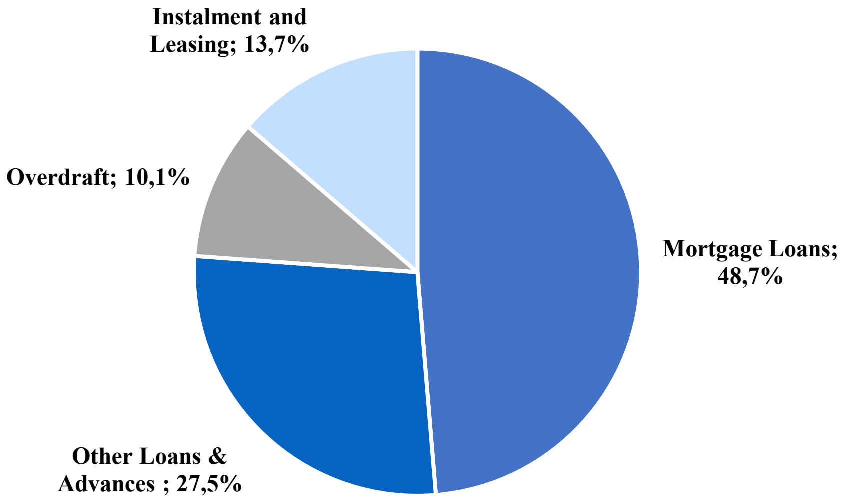
Figure 2: Share of Local PSCE by Entity, Dec 2025



Source: Bank of Namibia

CREDIT TYPE

Figure 3: Share of Local PSCE by Credit Type, Dec 2025



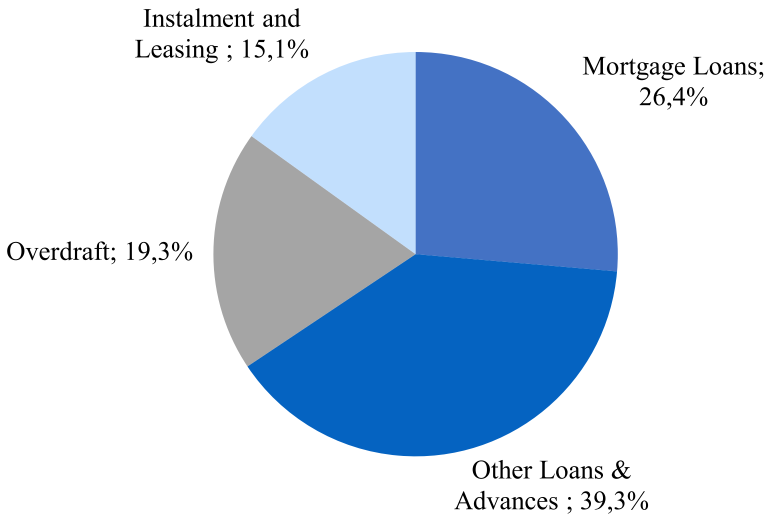
Source: Bank of Namibia

The distribution of local private sector credit in December 2025 remained heavily concentrated in mortgage finance, while other credit types recorded modest growth.

- **Mortgage loans** remained the largest component, which accounted for **48.7%** of total PSCE, equivalent to **N$59.6 billion**. Households held the bulk of mortgage credit (**N$45.9 billion**), while businesses accounted for **N$13.6 billion**.
- **Other loans and advances** comprised **27.5%** of total credit (N$33.6 billion), split between businesses (**N$20.3 billion**) and households (**N$13.3 billion**).
- **Overdraft** accounted for **10.1%** of total credit (N$12.4 billion), with businesses holding a larger share (**N$10.0 billion**) compared to households (**N$2.4 billion**).
- **Instalment and leasing finance** made up **13.7%** of total private sector claims, amounting to **N$16.8 billion**, supported by households (**N$9.0 billion**) and businesses (**N$7.8 billion**).

CORPORATE CREDIT

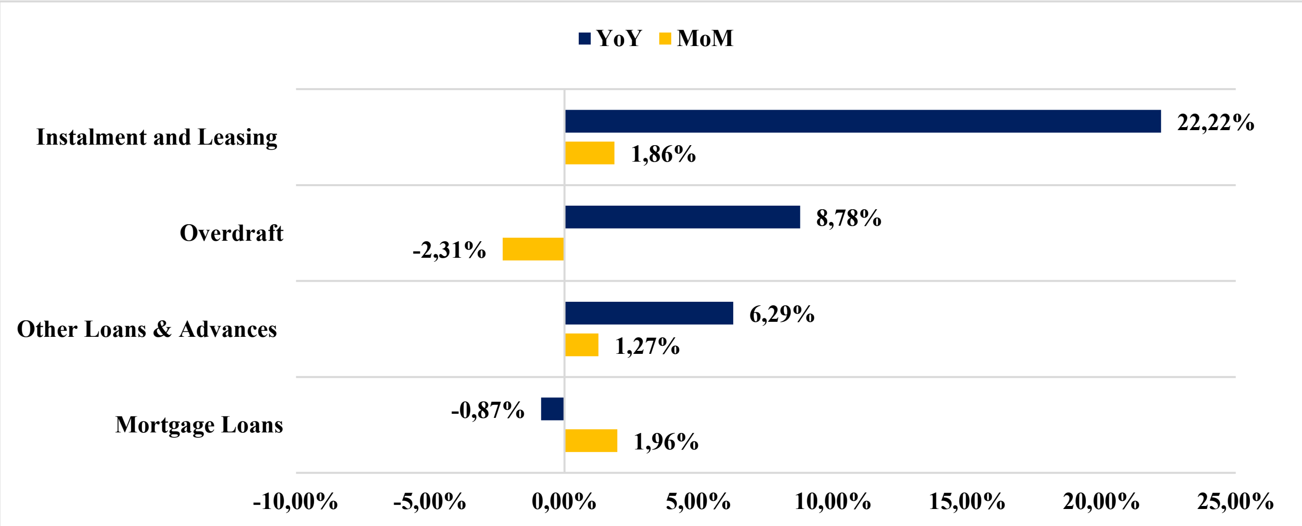
Figure 4: Corporate Credit by Type, Dec 2025



Source: Bank of Namibia

Within the corporate sector, credit remained dominated by loans and advances, which accounted for 84.9% of total business claims. This included 26.4% in mortgage lending, 39.3% in other loans and advances, and 19.3% in overdrafts. Instalment and leasing finance accounted for the remaining 15.1%, reflecting a gradual increase in medium-term, asset-backed financing.

Figure 5: Corporate Credit Growth Drivers, Dec 2025



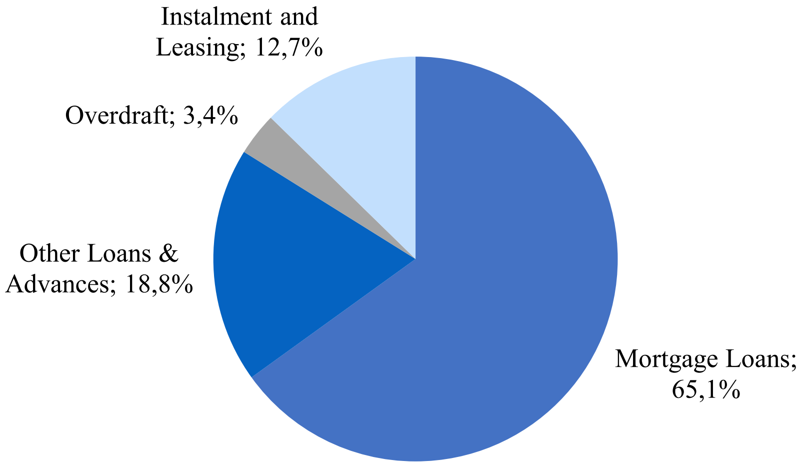
Source: Bank of Namibia

On a month-on-month basis, claims on non-financial corporations rose by 0.83%, driven primarily by growth in instalment and leasing finance (+1.86%) and other loans and advances (+1.27%). Mortgage lending also recorded a notable increase of 1.96%, while loans and advances expanded more moderately by 0.64%. In contrast, overdrafts declined by 2.31%, partially offsetting gains in other business credit categories.

On a year-on-year basis, business sector credit expanded by 6.82%, with growth strongly supported by instalment and leasing finance, which increased by (+22.22%) and remained the dominant contributor to annual growth. Overdrafts rose by 8.78%, indicating continued reliance on short-term liquidity facilities, while other loans and advances increased by 6.29%. Growth in loans and advances was more moderate at 4.49%, while mortgage lending contracted by 0.87%, highlighting subdued long-term investment financing relative to shorter- and medium-term credit instruments.

HOUSEHOLD CREDIT

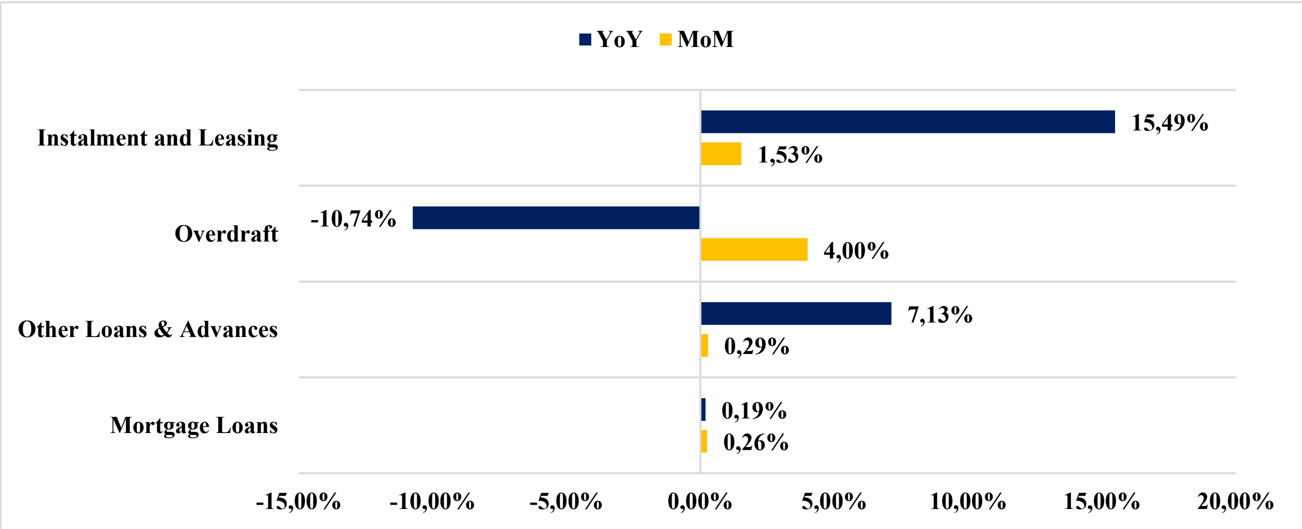
Figure 6: Household Credit by Type, Dec 2025



Source: Bank of Namibia

Household credit remained largely concentrated in loans and advances, which accounted for 87.3% of total household claims. Within this category, mortgage loans comprised 65.1%, while other loans and advances accounted for 18.8%, underscoring the continued dominance of housing-related borrowing. Overdraft represented a relatively small share of 3.4%, while instalment and leasing finance accounted for 12.7% of household credit, reflecting steady demand for medium-term consumer financing, particularly for durable goods.

Figure 7: Household Credit Growth Drivers, Dec 2025



Source: Bank of Namibia

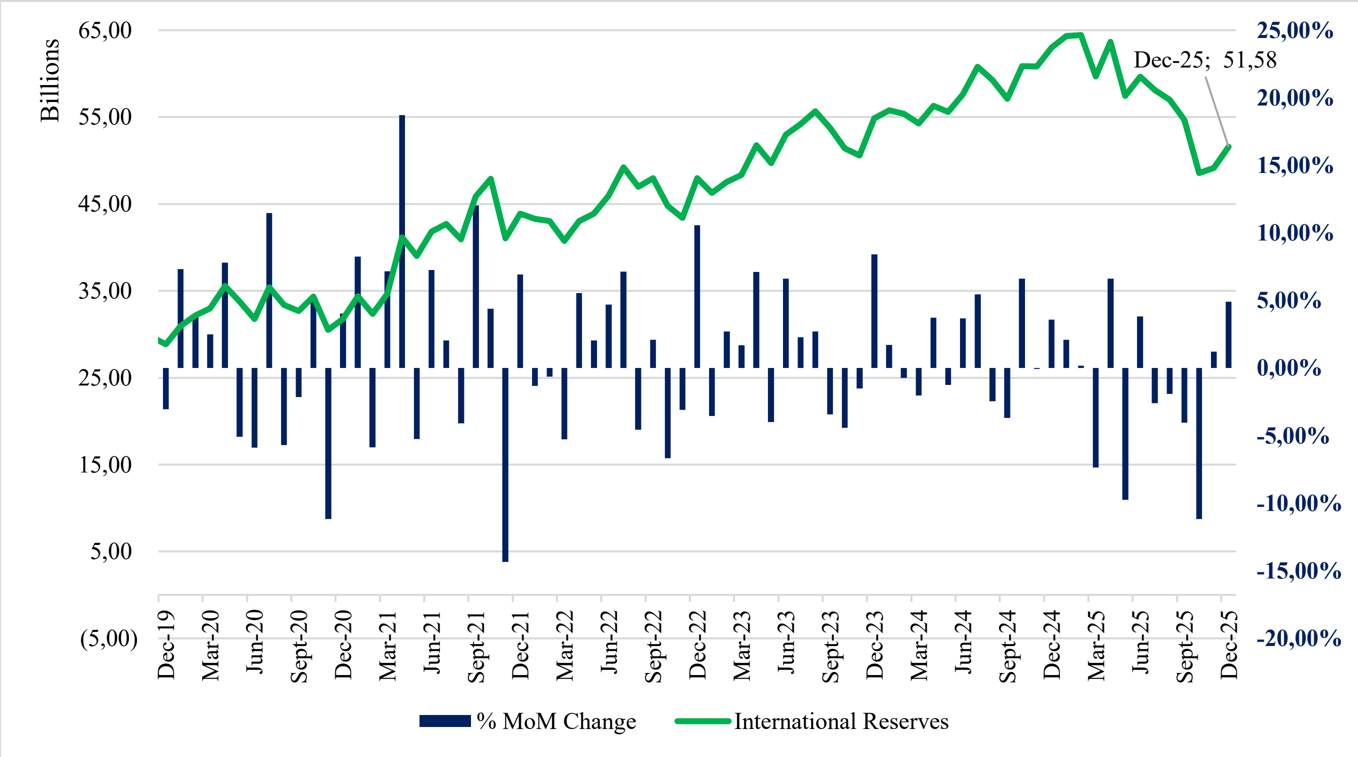
Household credit growth reflected a gradual recovery in December, supported mainly by instalment and leasing finance. On a month-on-month basis, claims on households increased by 0.55%, driven by growth in instalment and leasing (+1.53%), alongside moderate expansions in mortgage lending (+0.26%) and other loans and advances

(+0.29%). Loans and advances rose by 0.41%, while overdrafts rebounded sharply (+4.00%) after previous contractions, contributing positively to short-term credit growth.

On a year-on-year basis, household claims increased by 2.74%, with growth primarily underpinned by instalment and leasing finance (+15.49%) and other loans and advances (+7.13%), indicating sustained demand for consumer and durable-goods financing. Loans and advances expanded modestly by 1.12%, while mortgage lending remained broadly flat, increasing marginally by 0.19%. In contrast, overdrafts declined by 10.74%, continuing to weigh on overall household credit growth and signalling reduced reliance on short-term revolving credit.

3. International Reserves

Figure 8: Levels of International Reserves, Dec 2019 – Dec 2025



Source: Bank of Namibia

Namibia's official international reserves increased in December 2025, reflecting an improvement in the country's external liquidity position. At the end of the month, reserves stood at N$51.6 billion, representing a month-on-month increase of 4.9%. The increase was mainly driven by strong net ZAR inflows from portfolio investment, alongside revaluation gains stemming from favourable price movements in selected fixed-income securities. Despite this improvement, reserve levels had declined earlier in 2025, largely due to the repayment of Eurobond obligations, which temporarily reduced the stock of foreign assets.

In terms of import cover, the December 2025 reserve position was sufficient to finance an estimated 3.3 months of imports, increasing to 3.8 months when excluding imports related to oil and gas exploration and appraisal**.** This reflects the combined influence of capital inflows, valuation effects, and debt servicing on the evolution of Namibia's foreign reserves and its capacity to meet short-term external payment obligations.

4. Outlook

Private Sector Credit Extension is expected to remain on a moderate but positive growth trajectory in the near term, supported primarily by sustained business lending and resilient demand for instalment and leasing finance across both the corporate and household sectors. The Bank of Namibia's decision to maintain the repo rate at 6.50% in December 2025 has provided policy stability, helping to contain borrowing costs and underpin measured credit expansion. The strong expansion in asset-backed financing suggests that firms are prioritising productivity-enhancing investments and operational capacity, rather than long-term fixed capital commitments, a trend likely to persist amid lingering economic uncertainty.

Business credit growth is expected to continue outperforming household credit, driven largely by working-capital requirements and ongoing demand for vehicles, machinery, and equipment. The robust growth in instalment and leasing finance and overdrafts indicates that firms remain reliant on flexible and short- to medium-term funding solutions. However, the continued contraction in business mortgage lending points to subdued long-term investment appetite, suggesting that corporate confidence, while improving, remains cautious and sensitive to changes in interest rates, demand conditions, and policy signals.

Household credit growth is likely to remain restrained but stable, shaped by elevated living costs, cautious consumer sentiment, and limited real income growth. Mortgage lending is expected to remain broadly flat in the short term due to affordability constraints and conservative household balance-sheet management. In contrast, instalment and leasing finance is expected to remain the primary driver of household credit growth, supported by demand for durable goods and vehicle financing, particularly if inflation remains contained and interest rates stabilise or ease.

The credit composition is expected to remain heavily skewed toward mortgage lending, reinforcing the structural importance of the housing market in Namibia's financial system. However, the relatively faster growth of instalment and leasing finance suggests a gradual shift toward shorter-tenor, asset-backed credit. While this may help limit systemic risk, it also highlights constraints on long-term capital formation.

Overall, PSCE growth is expected to follow a gradual and sustainable path, conditioned by monetary policy decisions, inflation dynamics, exchange rate developments, and external balance conditions. A stable or easing interest rate environment would support a gradual acceleration in credit demand, particularly in the business sector, while renewed cost pressures or tighter financial conditions could quickly dampen momentum.