

Private Sector Credit Extension (PSCE)

January 2026

1. Overview

In January 2026, Private Sector Credit Extension (PSCE) recorded year-on-year growth of 4.20%, equivalent to an increase of N\$5.0 billion, while month-on-month expansion stood at 0.44%, representing an addition of N\$534.7 million. Credit growth was supported by both business and household lending, although the pace of expansion moderated compared with the previous month.

Claims by businesses increased by 5.83% year-on-year (N\$2.9 billion) and 0.88% month-on-month (N\$455.7 million). Growth was primarily driven by loans and advances, which rose 3.39% year-on-year (N\$1.5 billion) and 1.10% month-on-month (N\$481.8 million). Instalment and leasing finance remained a strong contributor to annual growth, increasing 22.27% year-on-year (N\$1.4 billion), although it recorded a slight month-on-month decline of 0.33% (N\$26.1 million).

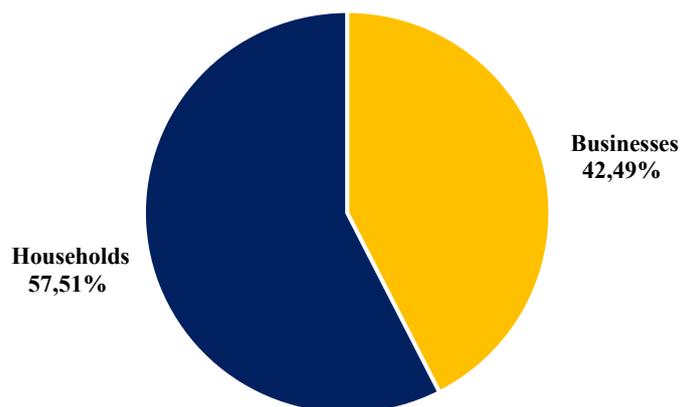
For households, total claims rose 3.04% year-on-year (N\$2.1 billion) and 0.11% month-on-month (N\$78.9 million). Household loans and advances increased by 1.66% year-on-year (N\$1.0 billion), with marginal month-on-month growth of 0.07% (N\$40.5 million). Instalment and leasing finance expanded by 13.57% year-on-year (N\$1.1 billion) and 0.43% month-on-month (N\$38.4 million), continuing to support household credit growth.

Table 1: PSCE Overview, Jan 2026

Category	Outstanding (N\$ m)	MoM change (N\$ m)	MoM (%)	YoY change (N\$ m)	YoY (%)
<u>Claims by businesses</u>	<u>52,203.34</u>	<u>+455.7▲</u>	<u>+0.88%▲</u>	<u>+2,874.0▲</u>	<u>+5.83%▲</u>
Loans & advances (business)	44,429.8	+481.8▲	+1.10%▲	+1,458.1▲	+3.39%▲
Instalment & leasing (business)	7,773.5	-26.1▼	-0.33%▼	+1,415.9▲	+22.27%▲
<u>Claims by households</u>	<u>70,649.22</u>	<u>+78.9▲</u>	<u>+0.11%▲</u>	<u>+2,083.2▲</u>	<u>+3.04%▲</u>
Loans & advances (households)	61,647.9	+40.5▲	+0.07%▲	+1,007.7▲	+1.66%▲
Instalment & leasing (households)	9,001.3	+38.4▲	+0.43%▲	+1,075.5▲	+13.57%▲
<u>Private sector claims (local)</u>	<u>122,852.56</u>	<u>+534.65▲</u>	<u>+0.44%▲</u>	<u>+4,957.24▲</u>	<u>+4.20%▲</u>

Source: Bank of Namibia

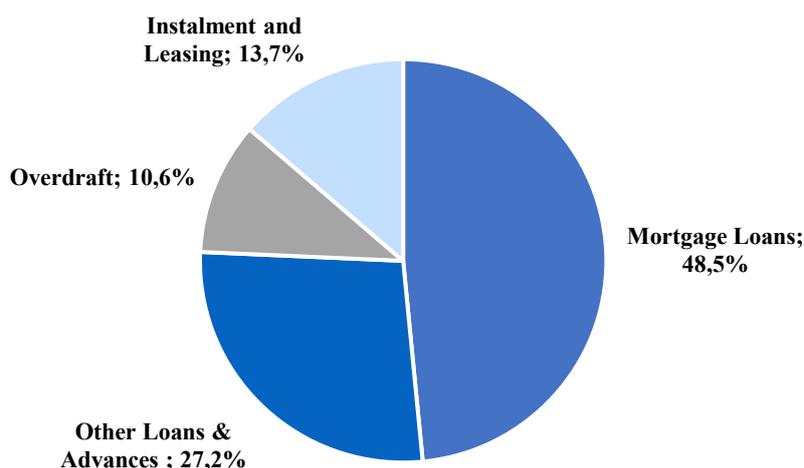
Figure 2: Share of Local PSCE by Entity, Jan 2026



Source: Bank of Namibia

CREDIT TYPE

Figure 3: Share of Local PSCE by Credit Type, Jan 2026



Source: Bank of Namibia

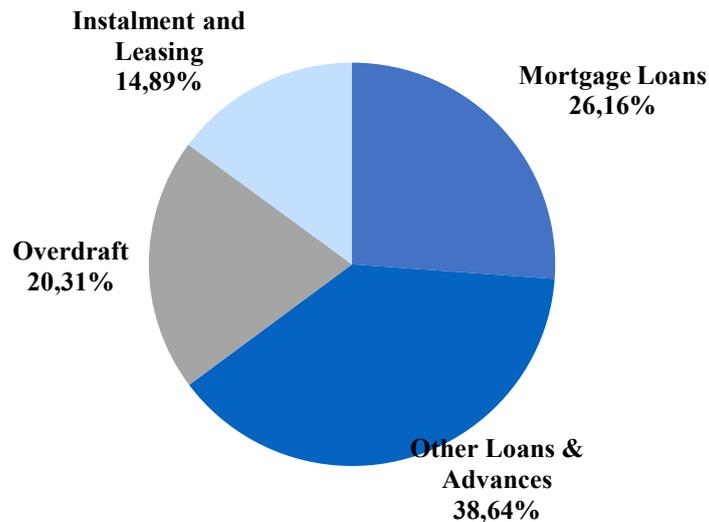
In January 2026, the distribution of local private sector credit continued to reflect a strong concentration in mortgage lending, while other credit categories maintained relatively stable shares.

- **Mortgage loans** remained the largest component, accounting for **48.5%** of total private sector credit, equivalent to approximately **N\$59.5 billion**. The majority of this exposure is concentrated in household housing finance, with a smaller share held by businesses.
- **Other loans and advances** represented **27.2%** of total credit, amounting to about **N\$33.5 billion**. This category has shown a gradual increase over recent years, reflecting broader use of general-purpose financing by both households and firms.
- **Overdrafts** accounted for **10.6%** of total credit, equivalent to roughly **N\$13.1 billion**.
- **Instalment and leasing finance** comprised **13.7%** of total credit, amounting to approximately **N\$16.8 billion**. This segment has steadily expanded over time, indicating sustained demand for asset-backed and consumer durable financing.

2. Analysis

CORPORATE CREDIT

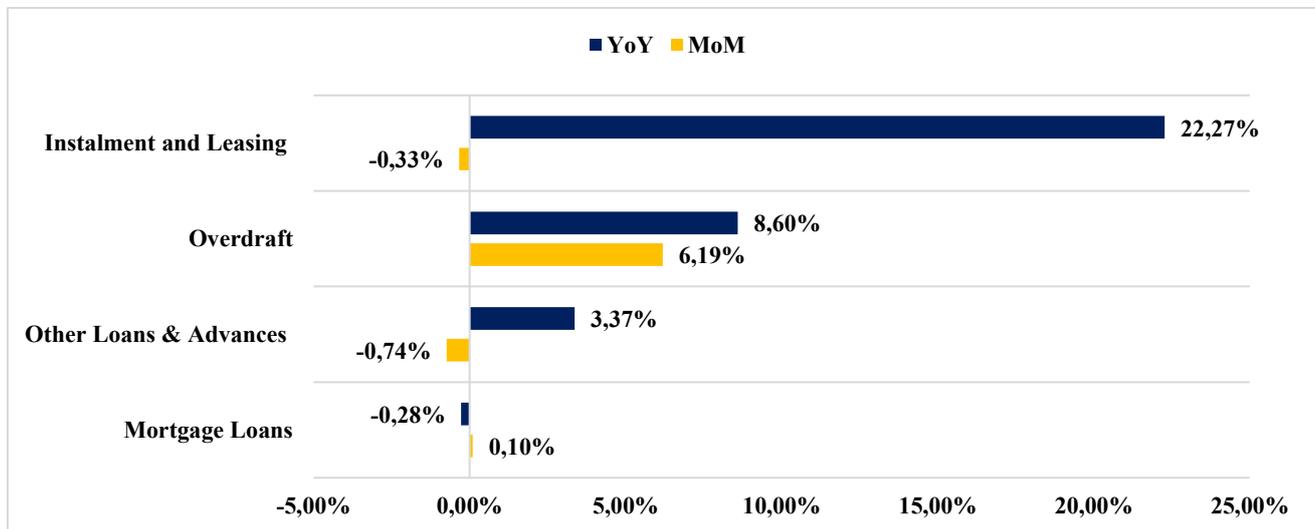
Figure 4: Corporate Credit by Type, Jan 2026



Source: Bank of Namibia

Business sector credit, represented by nonfinancial corporations, remained largely concentrated in loans and advances, which accounted for 85.1% of total corporate credit in January 2026. In terms of composition, other loans and advances represented the largest share at 38.6% of total corporate credit, followed by mortgage loans at 26.2% and overdraft facilities at 20.3%, reflecting a mix of medium-term financing and short-term working capital requirements. Instalment and leasing finance accounted for the remaining 14.9%, continuing its gradual upward trend as firms increasingly utilise asset-backed financing for vehicles, machinery and equipment.

Figure 5: Corporate Credit Growth Drivers, Jan 2026

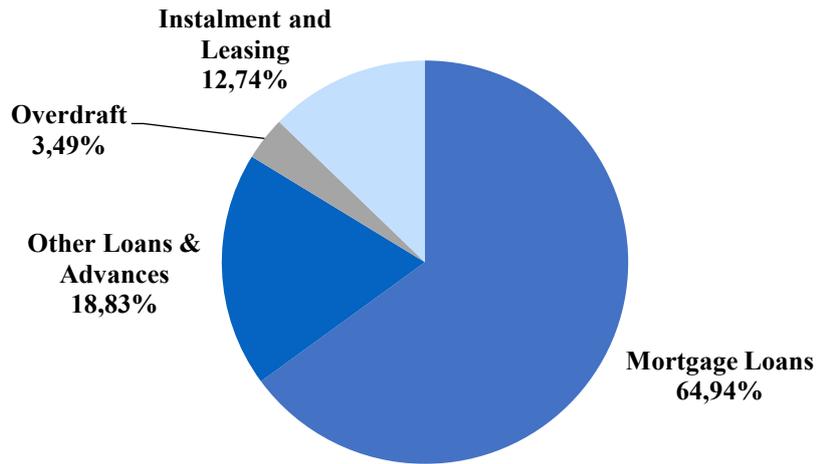


Source: Bank of Namibia

Corporate credit growth moderated in January 2026, with annual growth in claims on nonfinancial corporations slowing to 5.8%, down from 6.8% in December 2025, partly reflecting lower demand and net repayments by firms in the manufacturing, financial and telecommunications sectors. Annual growth remained supported by instalment and leasing finance (+22.27% YoY) and overdrafts (+8.60% YoY), while other loans and advances (+3.37% YoY) expanded more moderately and mortgage lending remained largely flat (+0.10% YoY). On a month-on-month basis, credit developments were mixed, with overdrafts increasing by 6.10%, while instalment and leasing (-0.33%), other loans and advances (-0.74%), and mortgage lending (-0.28%) recorded slight contractions.

HOUSEHOLD CREDIT

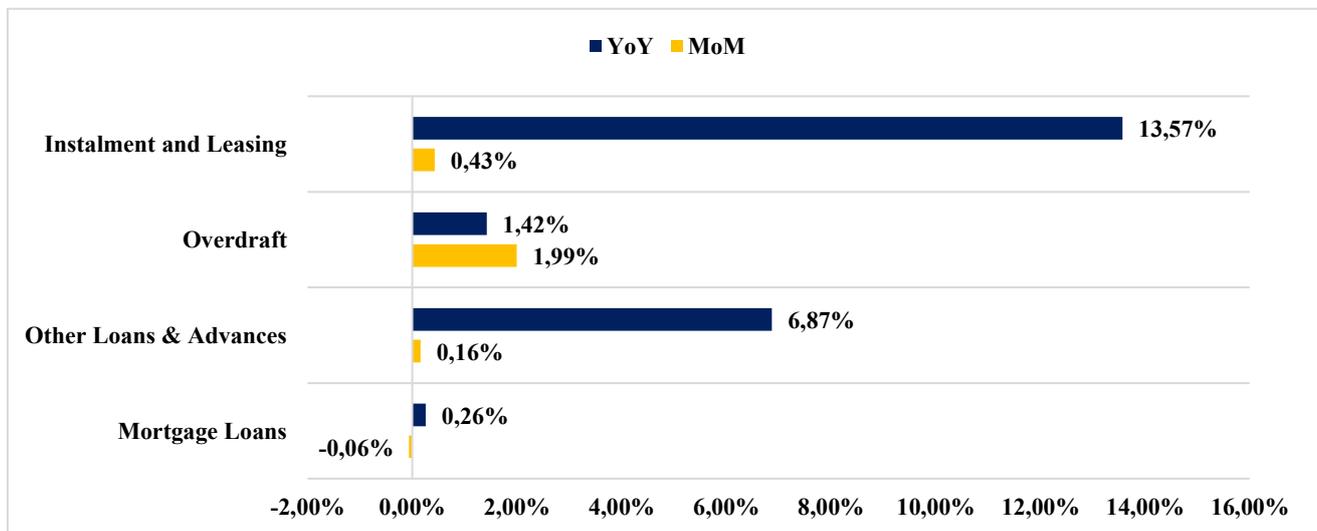
Figure 6: Household Credit by Type, Jan 2026



Source: Bank of Namibia

Household credit remained heavily concentrated in loans and advances, which accounted for 89.3% of total household credit in January 2026. In terms of composition, mortgage lending represented the largest share at 67.6% of total household credit, reflecting the structural importance of housing finance in household borrowing. Other loans and advances accounted for 17.6%, indicating continued use of general-purpose consumer credit, while overdraft facilities comprised 4.2%, largely reflecting short-term liquidity needs. Instalment and leasing finance made up the remaining 10.7% of household credit, highlighting ongoing demand for asset-backed consumer financing such as vehicles and durable goods.

Figure 7: Household Credit Growth Drivers, Jan 2026

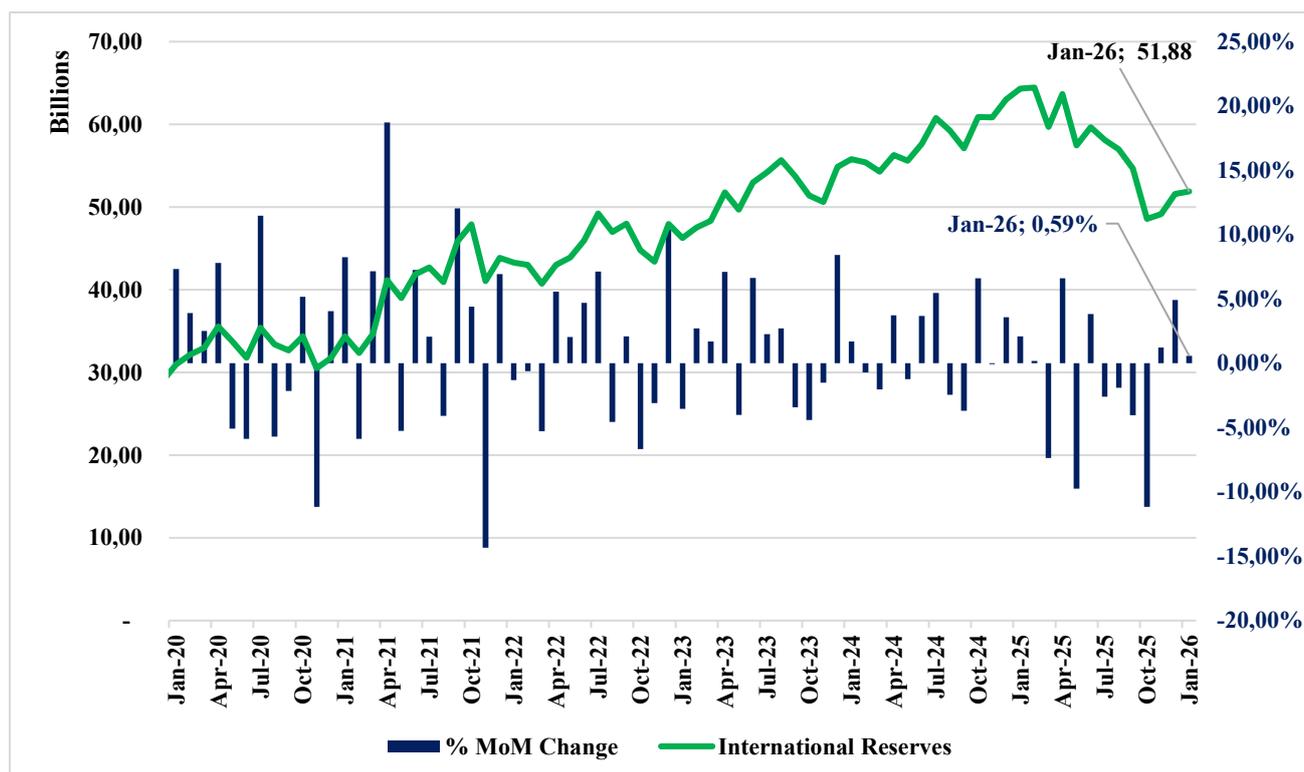


Source: Bank of Namibia

Household credit growth edged higher in January 2026, with annual growth rising to 3.0%, up from 2.7% in December 2025. The modest increase was mainly supported by growth in mortgage lending (+0.26% YoY) and a rebound in overdraft credit (+1.42% YoY), the latter emerging from a twelve-month period of contraction after recording -10.7% in December 2025. Instalment and leasing finance remained the strongest driver of annual household credit growth, expanding 13.57% year-on-year, while other loans and advances grew by 6.87% YoY, indicating continued demand for consumer and durable-goods financing. On a month-on-month basis, credit growth was modest, with overdrafts increasing by 1.99%, instalment and leasing by 0.43%, and other loans and advances by 0.16%, while mortgage lending recorded a slight contraction of 0.06%.

3. International Reserves

Figure 8: Levels of International Reserves, Jan 2020 – Jan 2026



Source: Bank of Namibia

At the end of January 2026, Namibia's international reserves stood at N\$51.9 billion, reflecting a month-on-month increase of 0.59% (N\$302.7 million), largely supported by SACU inflows. Despite the modest monthly rise, reserves remained significantly lower on an annual basis, declining 19.36% year-on-year, equivalent to a reduction of approximately N\$12.5 billion compared to January 2025. The January reserve level provided an estimated 3.3 months of import cover, or 3.8 months when excluding oil and gas exploration and appraisal related imports. At this level, reserves were estimated to be 9.6 times the currency in circulation, indicating that external buffers remain sufficient to sustain the currency peg between the Namibia Dollar and the South African Rand while supporting the country's short-term international obligations.

4. Outlook

Private sector credit growth is expected to remain moderate in the near term as domestic economic activity continues to recover gradually and borrowing conditions remain broadly stable. In February 2026, the Bank of Namibia's Monetary Policy Committee maintained the repo rate at **6.50%**, preserving supportive financial conditions while safeguarding the currency peg with the South African Rand and ensuring orderly capital flows within the Common Monetary Area.

Given Namibia's monetary framework, domestic lending conditions remain closely linked to developments in South Africa, where policy rates and financial market dynamics influence regional funding costs. While global monetary policy trends have begun to diverge, South Africa has largely maintained a steady policy stance, contributing to relatively predictable borrowing conditions for Namibian households and businesses.

Credit expansion is therefore expected to remain gradual rather than rapid. Corporate borrowing is likely to continue being driven primarily by working capital requirements and asset backed financing, particularly instalment and leasing facilities, while longer term investment lending may remain subdued amid cautious business sentiment. Household credit growth is expected to remain modest, supported by consumer durable financing and selective mortgage demand, although elevated debt servicing costs and moderate income growth may continue to limit stronger expansion.

At the same time, developments in South Africa's financial market structure may gradually influence regional lending practices. Ongoing consultations on replacing the traditional prime lending rate benchmark with policy rate based pricing

frameworks could alter how lending rates are referenced across the region, strengthening the transmission of monetary policy without materially changing borrowing costs.

On the external front, international reserves remain adequate to sustain the currency peg and support short term external obligations, although buffers remain lower than a year earlier. Overall, private sector credit extension is expected to follow a measured and stable trajectory, shaped by domestic economic conditions, regional monetary policy alignment, and the pace of credit demand across households and firms.