

Private Sector Credit Extension (PSCE)

February 2026

1. Overview

In February 2026, Private Sector Credit Extension (PSCE) recorded year-on-year growth of 4.73%, equivalent to an increase of N\$5.6 billion, while month-on-month growth stood at 0.27%, representing an addition of N\$330.8 million. Credit expansion remained supported by business sector lending, while household credit was broadly flat on a monthly basis.

Claims by businesses increased by 7.28% year-on-year (N\$3.6 billion) and 0.65% month-on-month (N\$341.2 million). Growth was primarily driven by instalment and leasing finance, which rose by 28.10% year-on-year (N\$1.8 billion) and 4.71% month-on-month (N\$365.9 million), indicating continued demand for asset-backed financing. By contrast, business loans and advances increased by 4.17% year-on-year (N\$1.8 billion) but recorded a slight month-on-month decline of 0.06% (N\$24.7 million).

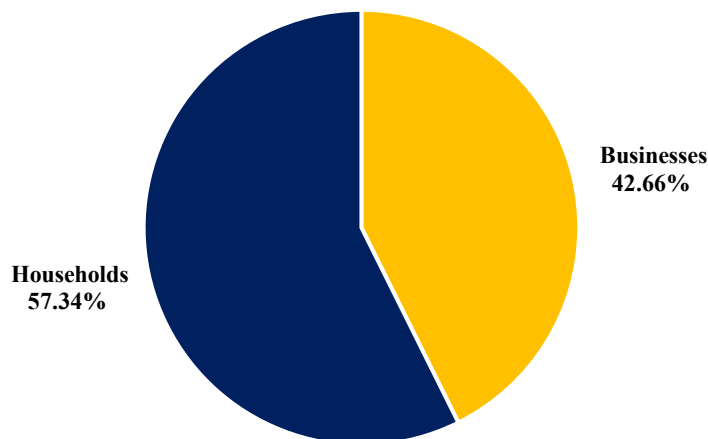
For households, total claims increased by 2.91% year-on-year (N\$2.0 billion) but edged down by 0.01% month-on-month (N\$10.4 million). Household loans and advances rose by 1.50% year-on-year (N\$911.1 million) but declined by 0.12% month-on-month (N\$70.9 million). Meanwhile, instalment and leasing finance remained a key support to household credit growth, increasing by 13.61% year-on-year (N\$1.1 billion) and 0.67% month-on-month (N\$60.6 million).

Table 1: PSCE Overview, Feb 2026

Category	Outstanding (N\$ m)	MoM change (N\$ m)	MoM (%)	YoY change (N\$ m)	YoY (%)
<u>Claims by businesses</u>	<u>52,544.5</u>	<u>+341.2▲</u>	<u>+0.65%▲</u>	<u>+3,563.7▲</u>	<u>+7.28%▲</u>
Loans & advances (business)	44,405.1	-24.7▼	-0.06%▲	+1,778.4▲	+4.17%▲
Instalment & leasing (business)	8,139.5	+365.9▲	+4.71%▲	+1,785.3▲	+28.10%▲
<u>Claims by households</u>	<u>70,638.9</u>	<u>-10.4▼</u>	<u>-0.01%▼</u>	<u>+1,996.5▲</u>	<u>+2.91%▲</u>
Loans & advances (households)	61,577.0	-70.9▼	-0.12%▼	+911.1▲	+1.50%▲
Instalment & leasing (households)	9,061.8	+60.6▲	+0.67%▲	+1,085.4▲	+13.61%▲
<u>Private sector claims (local)</u>	<u>123,183.40</u>	<u>+330.84▲</u>	<u>+0.27%▲</u>	<u>+5,560.23▲</u>	<u>+4.73%▲</u>

Source: Bank of Namibia

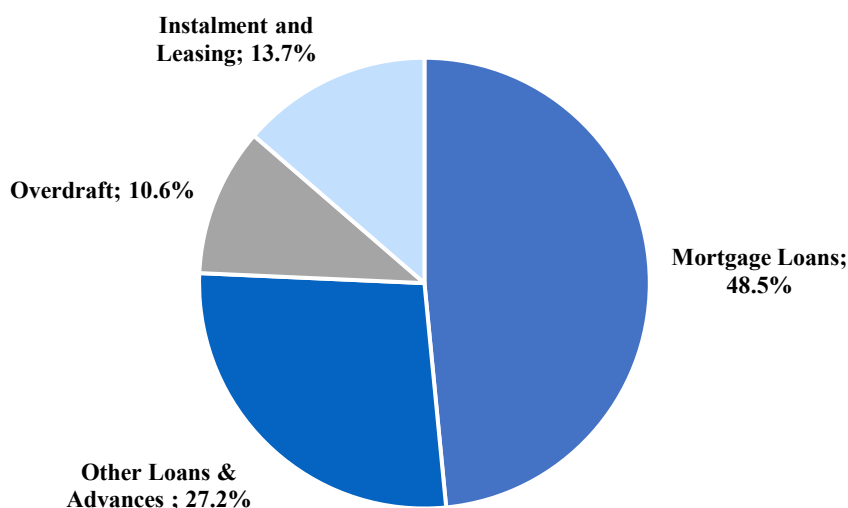
Figure 1: Share of Local PSCE by Entity, Feb 2026



Source: Bank of Namibia

CREDIT TYPE

Figure 2: Share of Local PSCE by Credit Type, Feb 2026



Source: Bank of Namibia

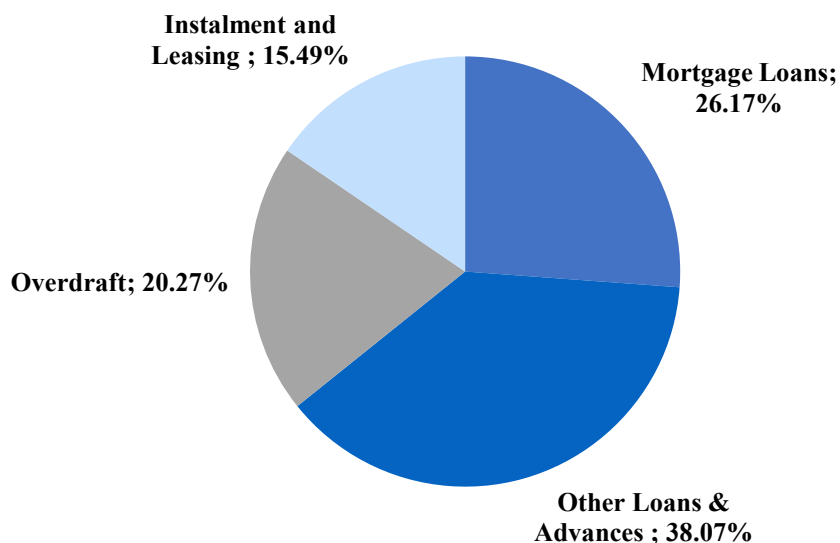
In February 2026, the distribution of local private sector credit remained broadly stable, with mortgage lending continuing to dominate the overall credit structure while instalment and leasing finance gained further share.

- **Mortgage loans** remained the largest component, accounting for 48.4% of total private sector credit, equivalent to approximately N\$59.6 billion. The bulk of this exposure remained concentrated in household housing finance, with a smaller share held by businesses.
- **Other loans and advances** represented 27.0% of total credit, amounting to around N\$33.3 billion, reflecting continued use of general-purpose financing by both households and firms.
- **Overdrafts** accounted for 10.6% of total private sector credit, equivalent to approximately N\$13.1 billion, remaining a key source of short-term liquidity and working capital support.
- **Instalment and leasing finance** comprised 14.0% of total credit, amounting to roughly N\$17.2 billion. This marked a slight increase from January and continued to reflect strong demand for asset-backed financing across both the household and business sectors.

2. Analysis

CORPORATE CREDIT

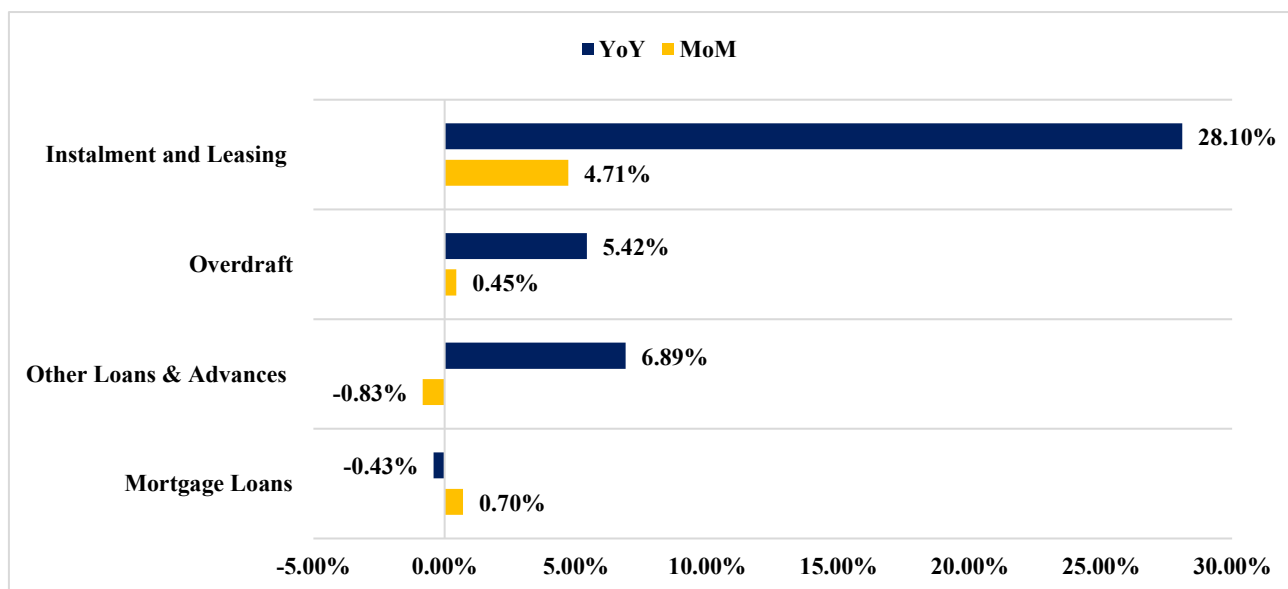
Figure 3: Corporate Credit by Type, Feb 2026



Source: Bank of Namibia

Business sector credit, represented by nonfinancial corporations, remained largely concentrated in loans and advances, which accounted for 84.5% of total corporate credit in February 2026. In terms of composition, other loans and advances represented the largest share at 38.1% of total corporate credit, followed by mortgage loans at 26.2% and overdraft facilities at 20.3%, reflecting a continued mix of medium-term financing and short-term working capital requirements. Instalment and leasing finance accounted for the remaining 15.5%, increasing slightly from the previous month and indicating continued demand for asset-backed financing such as vehicles, machinery and equipment.

Figure 4: Corporate Credit Growth Drivers, Feb 2026



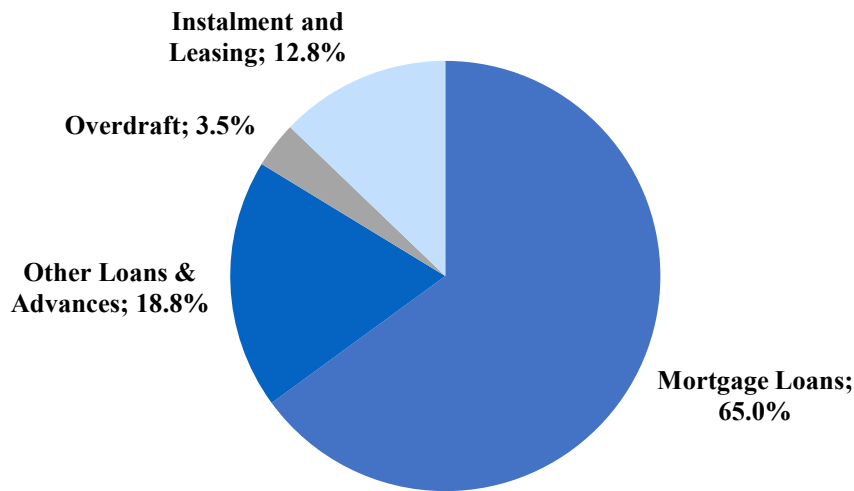
Source: Bank of Namibia

Corporate credit growth strengthened in February 2026, with annual growth in claims on nonfinancial corporations rising to 7.28%, up from 5.83% in January 2026. The acceleration was driven primarily by instalment and leasing finance (+28.10% YoY), which remained the strongest source of expansion, alongside solid growth in other loans and advances (+6.89% YoY) and overdraft facilities (+5.42% YoY). By contrast, mortgage lending remained weak, declining by 0.43% year-on-year, suggesting that longer-term business borrowing remained subdued. On a month-on-month basis, corporate credit growth was

led by instalment and leasing finance (+4.71%), while overdrafts (+0.45%) and mortgage lending (+0.70%) recorded modest increases. Other loans and advances, however, declined by 0.83%, indicating some moderation in general-purpose business lending.

HOUSEHOLD CREDIT

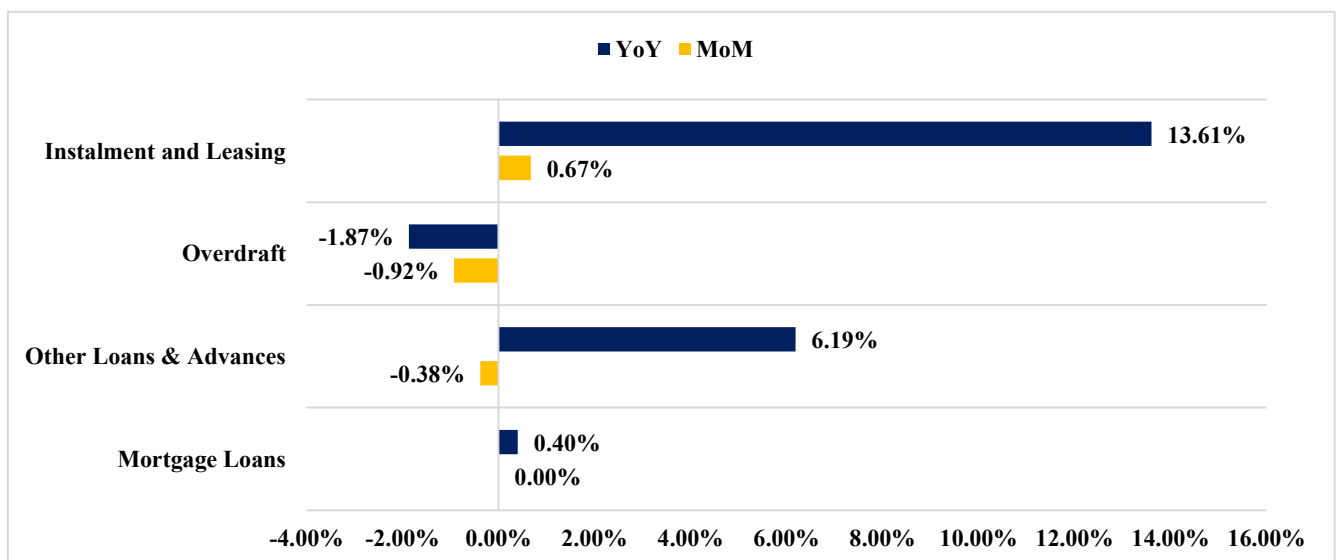
Figure 5: Household Credit by Type, Feb 2026



Source: Bank of Namibia

Household credit remained heavily concentrated in loans and advances, which accounted for 87.2% of total household credit in February 2026. In terms of composition, mortgage lending represented the largest share at 65.0% of total household credit, reflecting the continued dominance of housing finance in household borrowing. Other loans and advances accounted for 18.8%, indicating ongoing use of general-purpose consumer credit, while overdraft facilities comprised 3.5%, remaining a relatively small but important source of short-term liquidity. Instalment and leasing finance made up the remaining 12.8% of household credit, edging slightly higher from the previous month and highlighting sustained demand for asset-backed consumer financing such as vehicles and durable goods.

Figure 6: Household Credit Growth Drivers, Feb 2026



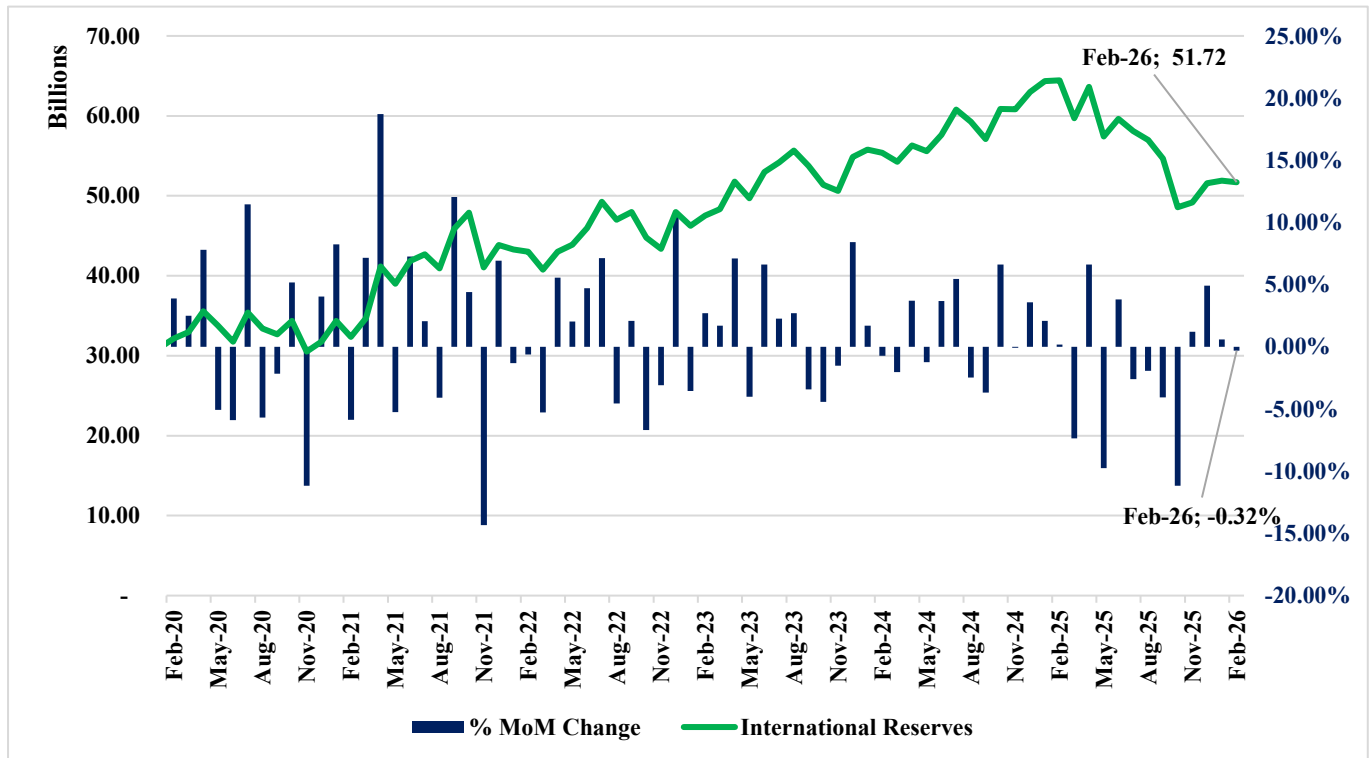
Source: Bank of Namibia

Household credit growth softened slightly in February 2026, with annual growth easing to 2.91% from 3.04% in January 2026. Despite the moderation, instalment and leasing finance (+13.61% YoY) remained the strongest driver of annual household credit growth, followed by other loans and advances (+6.19% YoY), indicating continued demand for consumer

and durable-goods financing. Mortgage lending remained broadly stable, recording only 0.40% year-on-year growth, while overdraft credit contracted by 1.87% YoY, reversing the brief rebound observed in the previous month. On a month-on-month basis, household credit developments were mixed, with instalment and leasing finance increasing by 0.67%, while other loans and advances (-0.38%) and overdrafts (-0.92%) declined. Mortgage lending remained broadly unchanged on a monthly basis, indicating continued caution in household borrowing behaviour.

3. International Reserves

Figure 7: Levels of International Reserves, Feb 2020 – Feb 2026



Source: Bank of Namibia

At the end of February 2026, Namibia’s official international reserves stood at N\$51.7 billion, reflecting a month-on-month decline of 0.32% (N\$163.9 million). The slight decrease was mainly driven by net ZAR outflows and Customer Foreign Currency (CFC) withdrawals. On an annual basis, reserves remained significantly lower, declining by approximately N\$12.7 billion compared to February 2025. Despite this moderation, the reserve position remained broadly adequate, providing an estimated 3.3 months of import cover, or 3.7 months when excluding oil and gas exploration and appraisal related imports.

4. Outlook

Private sector credit extension is expected to remain relatively resilient in March 2026, supported by still-stable financing conditions and continued momentum in business lending, particularly in instalment and leasing finance and other short-term credit instruments. The South African Reserve Bank’s decision to maintain its policy rate in March at 6.75%, together with the Bank of Namibia’s decision to hold the repo rate at 6.50% in February, should help preserve broadly stable monetary conditions in the immediate term.

However, the outlook becomes less supportive from April onwards. Fuel price adjustments announced in both Namibia and South Africa point to a renewed inflation impulse entering the second quarter. In Namibia, April pump prices increased by N\$2.50 per litre for petrol and N\$4.00 per litre for both diesel 50ppm and diesel 10ppm, reflecting higher international product prices, freight and insurance costs, exchange rate depreciation, and pricing model under-recoveries. In South Africa, the April adjustment was more pronounced, with petrol rising by R3.06 per litre and diesel increasing by between R7.37 and R7.51 per litre, indicating a broad regional cost shock rather than an isolated domestic adjustment.

The inflationary effects are likely to extend beyond fuel. The initial pass-through will be visible in transport, logistics and distribution costs, but these pressures are also expected to feed into food prices and other essential consumer goods over the

coming months. This creates upside risk to inflation in both South Africa and Namibia, particularly if elevated oil prices and shipping costs persist.

This alters the macro-financial outlook. Earlier expectations of a gradual monetary easing cycle have become less certain as inflation risks re-emerge. With Namibia's next Monetary Policy Announcement scheduled for April, the Bank of Namibia may need to reassess the expected policy path in light of regional inflation dynamics, reserve conditions and South Africa's monetary stance. Under these conditions, the likelihood of a delayed cutting cycle, or even a near-term tightening bias, has increased.

From a credit perspective, March may still reflect relatively firm borrowing activity, but April and May are likely to show the effects of tighter real financing conditions. For households, higher fuel and food costs are expected to erode real disposable income, constraining discretionary borrowing and moderating credit demand further, rising cost-of-living pressures introduce credit quality risks, particularly for middle- and lower-income households with high debt-service ratios. Elevated fuel and food costs could strain repayment capacity over the coming months, particularly for unsecured consumer credit and vehicle finance where affordability is most sensitive to disposable income erosion. Banks may respond with tighter underwriting standards, further constraining credit access even as monetary policy remains accommodative. For businesses, rising operating and distribution costs may dampen investment demand while increasing reliance on working capital and short-term liquidity facilities.

Overall, private sector credit extension is expected to follow a moderate but increasingly uneven trajectory, supported in the near term by stable monetary conditions, but facing growing downside risks through the inflation and interest rate channel as the second quarter unfolds.