

# Private Sector Credit Extension (PSCE)

March 2026

## 1. Executive summary

**In March 2026, Private Sector Credit Extension (PSCE)** recorded year-on-year growth of **4.25%**, equivalent to an increase of **N\$5.0 billion**, while month-on-month growth slowed to 0.13%, representing a modest expansion of N\$158.4 million. This stability is underscored by the Bank of Namibia’s April 29, 2026, decision to maintain the repo rate at 6.50% (Prime at 10.25%) for the third consecutive meeting, aiming to support the domestic economy while protecting the currency peg to the Rand. Overall credit conditions reflected a divergence between business and household lending, with contraction in corporate credit offset by a stronger increase in household borrowing.

Claims by businesses **declined by 1.47% month-on-month (N\$773.5 million)**, although annual growth remained positive at **4.40%** (N\$2.2 billion). The monthly contraction was driven by a notable decline in loans and advances, which fell by 2.20% (N\$976.7 million), indicating reduced demand for general-purpose and investment-related financing. In contrast, instalment and leasing finance continued to expand, increasing by 2.50% month-on-month (N\$203.2 million) and 28.56% year-on-year (N\$1.9 billion), reinforcing its role as the primary driver of business credit growth.

For households, total claims **increased by 1.32% month-on-month** (N\$931.9 million) and 4.15% year-on-year (N\$2.9 billion), marking a stronger expansion relative to previous months. Growth was supported by both loans and advances, which rose by 1.05% month-on-month (N\$645.3 million), and instalment and leasing finance, which increased by 3.16% month-on-month (N\$286.6 million) and 15.32% year-on-year (N\$1.2 billion). This suggests a broad-based recovery in household credit demand, particularly in consumer and asset-backed financing.

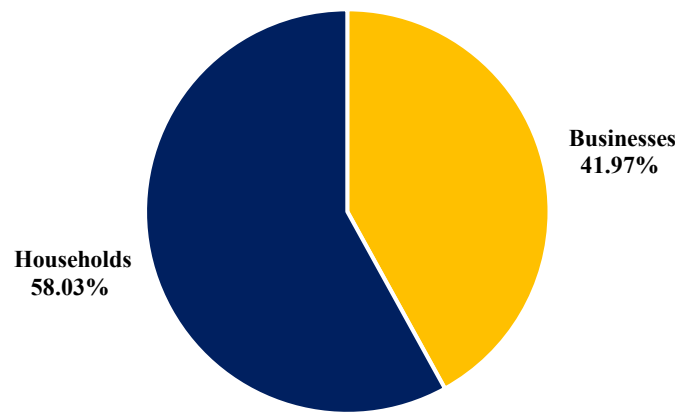
**Table 1: PSCE Overview, March 2026**

Category	Outstanding (N\$ m)	MoM change (N\$ m)	MoM (%)	YoY change (N\$ m)	YoY (%)
<b><u>Claims by businesses</u></b>	<b><u>51,771.1</u></b>	<b><u>-773.5 ▼</u></b>	<b><u>-1.47% ▼</u></b>	<b><u>+2,179.6 ▲</u></b>	<b><u>+4.40% ▲</u></b>
Loans & advances (business)	43,428.4	-976.7 ▼	-2.20% ▼	+326.1 ▲	+0.76% ▲
Instalment & leasing (business)	8,342.7	+203.2 ▲	+2.50% ▲	+1,853.6 ▲	+28.56% ▲
<b><u>Claims by households</u></b>	<b><u>71,570.8</u></b>	<b><u>+931.9 ▲</u></b>	<b><u>+1.32% ▲</u></b>	<b><u>+2,851.5 ▲</u></b>	<b><u>+4.15% ▲</u></b>
Loans & advances (households)	62,222.4	+645.3 ▲	+1.05% ▲	+1,609.5 ▲	+2.66% ▲

Category	Outstanding (N\$ m)	MoM change (N\$ m)	MoM (%)	YoY change (N\$ m)	YoY (%)
<b>Instalment &amp; leasing (households)</b>	9,348.4	+286.6 ▲	+3.16% ▲	+1,242.0 ▲	+15.32% ▲
<b><u>Private sector claims (local)</u></b>	<b><u>123,341.84</u></b>	<b><u>+158.44 ▲</u></b>	<b><u>+0.13% ▲</u></b>	<b><u>+5,031.16 ▲</u></b>	<b><u>+4.25% ▲</u></b>

Source: Bank of Namibia

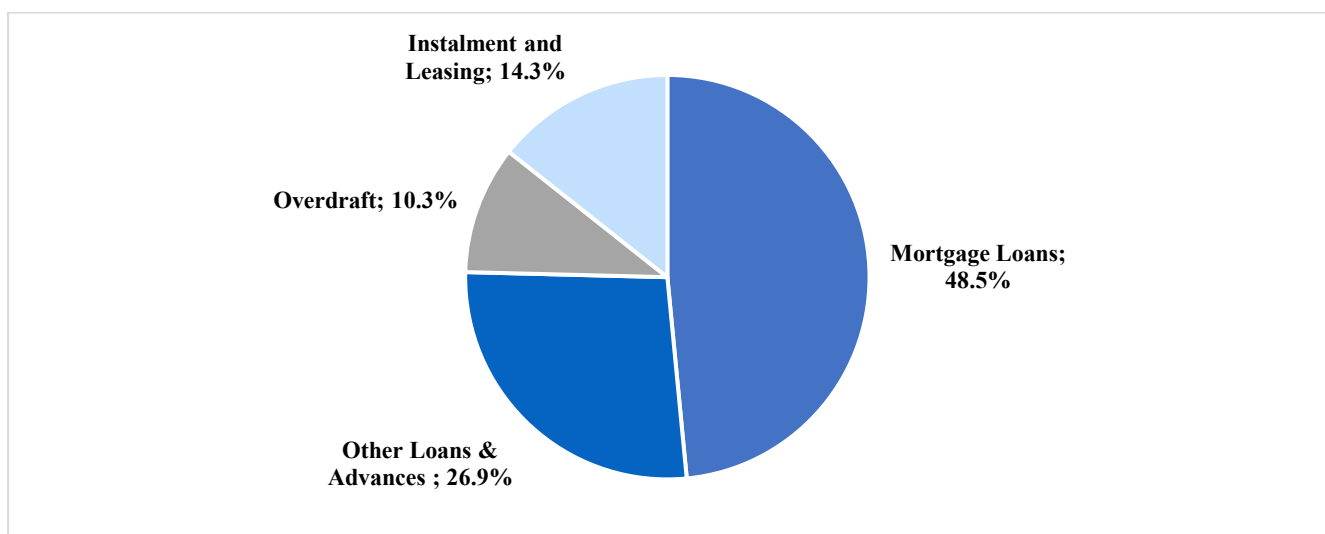
**Figure 1: Share of Local PSCE by Entity, March 2026**



Source: Bank of Namibia

CREDIT TYPE

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



Source: Bank of Namibia

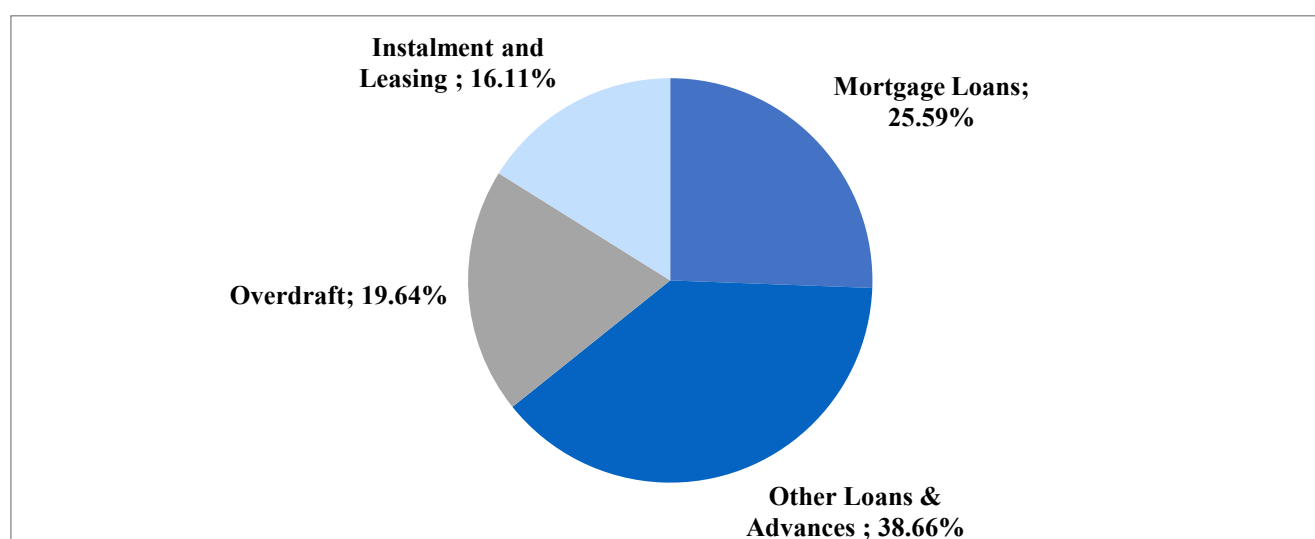
In March 2026, the distribution of local private sector credit remained broadly stable, with mortgage lending still dominating the overall credit structure, while instalment and leasing finance continued to gain share.

- **Mortgage loans** remained the largest component, accounting for **48.5%** of total private sector credit, equivalent to approximately **N\$59.8 billion**. The bulk of this exposure remained concentrated in household housing finance, while business mortgage credit remained comparatively weaker.
- **Other loans and advances** represented **26.9%** 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 **10.3%** of total private sector credit, equivalent to approximately **N\$13.1 billion**. This remained an important source of short-term liquidity and working capital support, particularly for businesses.
- **Instalment and leasing finance** comprised **14.3%** of total credit, amounting to roughly **N\$17.7 billion**. This category continued to gain prominence, supported by demand for asset-backed financing across households and businesses.

## 2. Analysis

### CORPORATE CREDIT

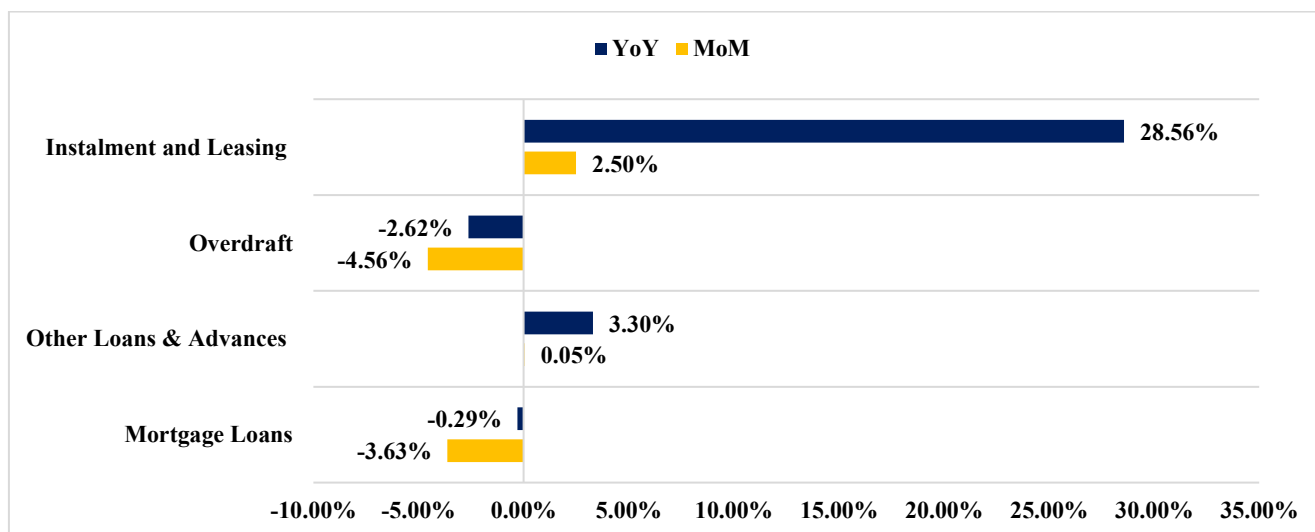
**Figure 3: Corporate Credit by Type, March 2026**



Source: Bank of Namibia

Business sector credit remained concentrated in loans and advances, which accounted for **83.90%** of total corporate credit in March 2026, although overall corporate credit declined during the month. In terms of composition, other loans and advances represented the largest share at **38.70%**, followed by mortgage loans at **25.60%** and overdraft facilities at **19.60%**. Instalment and leasing finance accounted for **16.10%**, increasing from **15.50%** in February. The decline in overall corporate credit, particularly in loans and advances and overdrafts, contributed to the relative increase in the share of instalment and leasing finance, reinforcing the gradual shift toward asset-backed financing within corporate credit.

**Figure 4: Corporate Credit Growth Drivers, March 2026**



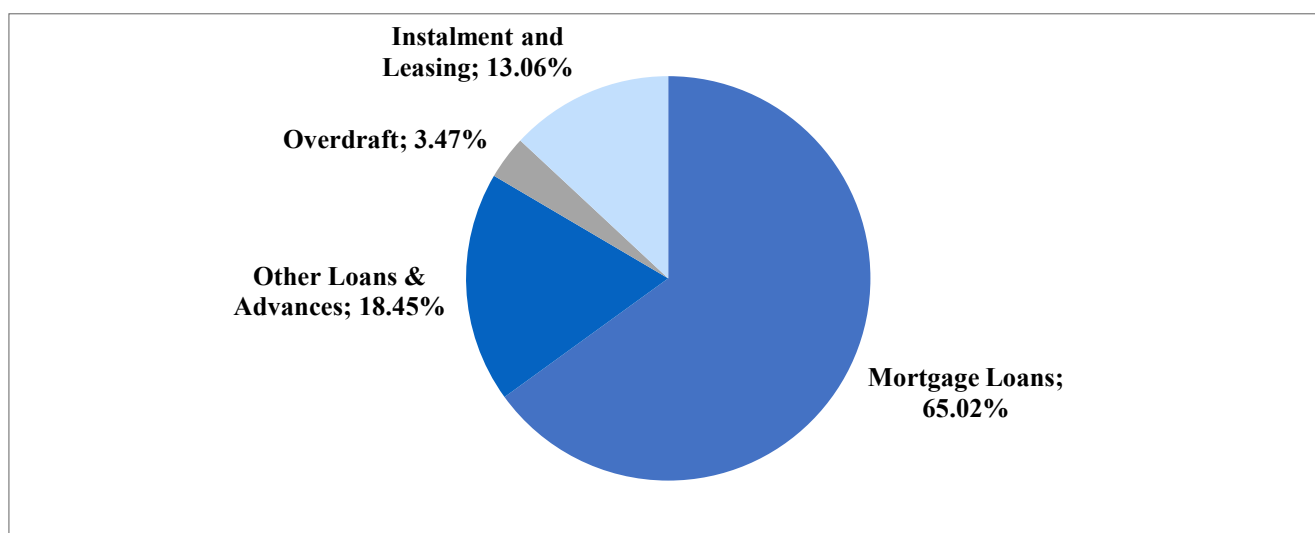
Source: Bank of Namibia

Corporate credit **contracted by 1.47%** month-on-month in March 2026, reflecting weaker activity across most major credit categories. The decline was driven mainly by mortgage lending (**-3.63%**) and overdraft facilities (**-4.56%**), with the latter reflecting net repayments by businesses, particularly in the manufacturing, wholesale and retail sectors. In contrast, instalment and leasing finance expanded by **2.50%** month-on-month, partially offsetting the overall decline and reinforcing its role as the most resilient segment of corporate credit.

On an annual basis, corporate credit growth moderated to 4.40%, down from 7.28% in February. The slowdown was mainly reflected in weaker other loans and advances (**+3.30% YoY**), continued contraction in mortgage lending (**-0.29% YoY**), and a decline in overdraft credit (**-2.62% YoY**). Instalment and leasing finance remained the strongest driver, expanding by 28.56% YoY, indicating continued demand for asset-backed financing despite softer overall corporate credit momentum.

## HOUSEHOLD CREDIT

**Figure 5: Household Credit by Type, March 2026**

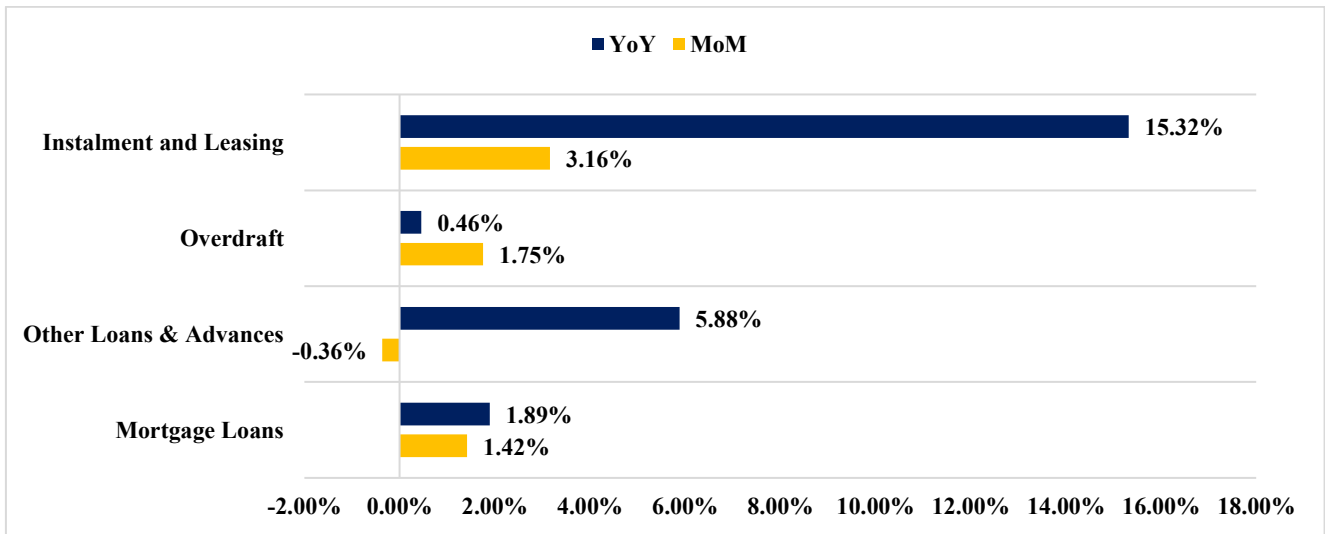


Source: Bank of Namibia

Household credit remained concentrated in loans and advances in March 2026. In terms of composition, mortgage lending remained the largest category at **65.02%**, reflecting the continued dominance of housing finance in household borrowing. Other loans and advances accounted for **18.45%**, while overdraft facilities represented

3.47%. Instalment and leasing finance made up the remaining 13.06%, indicating continued demand for asset-backed consumer financing.

**Figure 6: Household Credit Growth Drivers, March 2026**



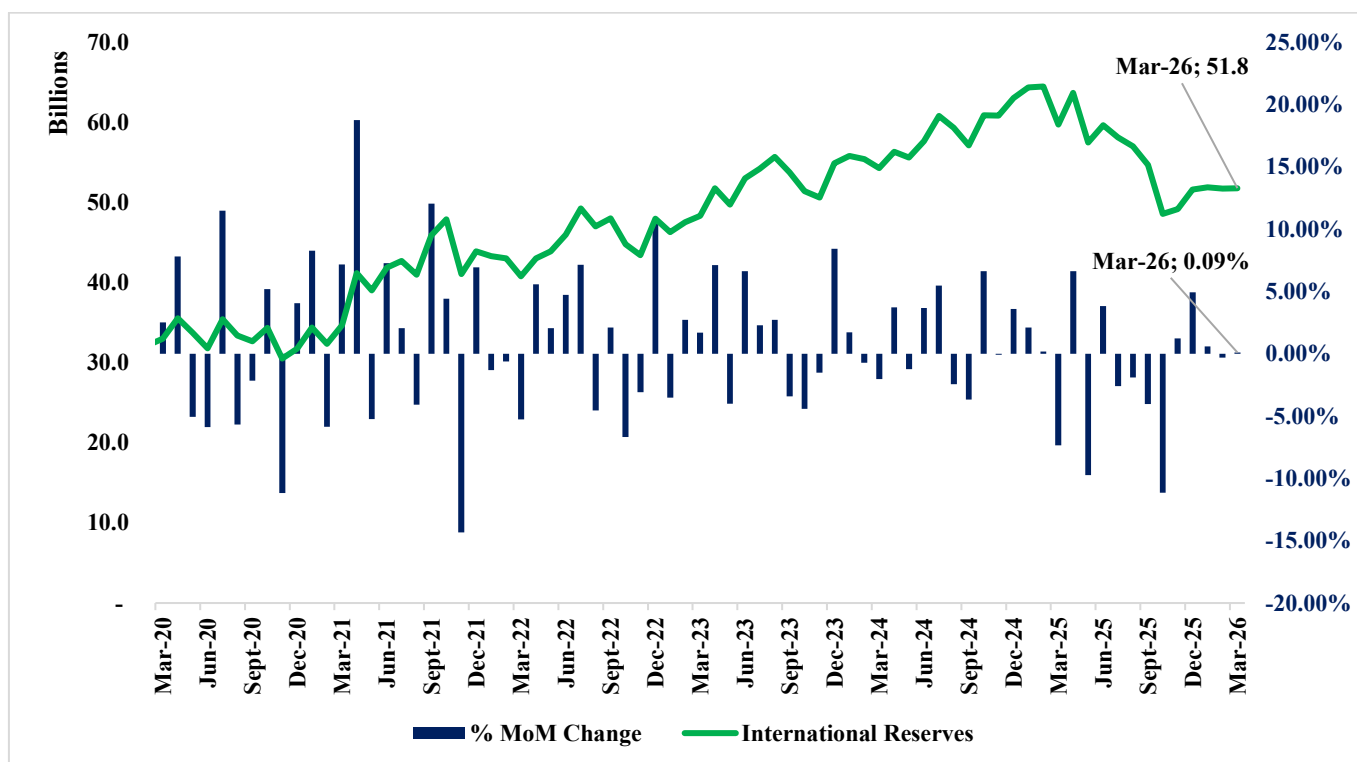
Source: Bank of Namibia

Household credit expanded by 1.32% month-on-month in March 2026, reflecting a broad-based increase across most credit categories. The growth was primarily supported by mortgage lending (+1.42%), alongside gains in instalment and leasing finance (+3.16%) and overdraft facilities (+1.75%), indicating improved demand for both housing-related and short-term consumer financing. In contrast, other loans and advances declined slightly (-0.36%), moderating the overall pace of expansion.

On an annual basis, household credit growth strengthened to 4.15%, up from 2.91% in February. The increase was driven by mortgage lending (+1.89% YoY) and continued expansion in instalment and leasing finance (+15.32% YoY), while other loans and advances (+5.88% YoY) also contributed to overall growth. Overdraft credit recorded a modest recovery (+0.46% YoY) following earlier weakness. Overall, household credit dynamics point to a gradual recovery in borrowing activity, supported by both housing finance and consumer-related lending. The recovery was likely buoyed by a temporary 'inflation window,' as annual headline inflation hit a multi-year low of 2.1% in March 2026. This provided a brief respite in disposable income, though this relief is expected to be transitory.

### 3. International Reserves

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



Source: Bank of Namibia

At the end of March 2026, Namibia’s official international reserves stood at **N\$51.8 billion**, increasing marginally by **0.09% month-on-month (N\$48.6 million)**, but remaining **13.30% lower year-on-year** (a decline of approximately N\$7.9 billion). The annual decline largely reflects earlier outflows, including the repayment of the Eurobond, which reduced the stock of foreign assets. Beyond the Eurobond, the annual decline was further impacted by the final repayment of the N\$3.9 billion IMF emergency loan in April 2026. However, the Bank notes that banking system liquidity remains healthy despite these outflows.

The reserve position translated into an estimated import cover of around **3.2 months** (approximately 3.6 months excluding oil and gas-related imports), remaining just above the commonly accepted adequacy benchmark of 3 months. At this level, reserves continue to provide sufficient support for the currency peg and Namibia’s short-term external obligations.

### 4. Outlook

Private sector credit extension is expected to remain relatively stable in the near term, although conditions are becoming less supportive. The Bank of Namibia’s decision to maintain the repo rate at the April Monetary Policy Announcement should help anchor borrowing costs, while recent credit momentum may remain supported by household lending and instalment and leasing finance.

However, the April fuel price increases are expected to place upward pressure on inflation through transport, production and food costs. This may erode household disposable income, raise business operating costs and weigh on both credit demand and repayment capacity.

For households, higher fuel and food prices may constrain discretionary borrowing and increase financial strain on existing borrowers. For businesses, rising input and distribution costs may dampen investment appetite, while sustaining demand for overdrafts and instalment and leasing finance to manage liquidity and asset-backed financing needs.

While the government's 50% fuel levy reduction provides a cushion, the Bank of Namibia has revised its 2026 average inflation forecast upward to 3.7%. Consequently, while PSCE may remain stable in the short term, the 'repayment-capacity channel' faces heightened risk as inflation is projected to spike notably in Q2 2026, potentially dampening the household recovery seen in March.