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Private Sector Credit Extension (PSCE)

June 2026

Executive summary

In June 2026, Private Sector Credit Extension (PSCE) recorded year-on-year growth of 4.5%, equivalent to an increase of N$5.39 billion, compared to 4.3% recorded in May 2026. On a month-on-month basis, private sector credit expanded by 1.06%**,** representing an increase of N$1.31 billion. The improvement in overall credit growth was supported by stronger credit uptake from both businesses and households during the month under review.

Claims by businesses increased by 1.73% month-on-month and 4.5% year-on-year, up from 4.3% in May 2026. The increase was supported by continued growth in both loans and advances and instalment and leasing finance, with the latter remaining the fastest-growing component of business credit.

Household credit expanded by 0.57% month-on-month and 4.5% year-on-year, compared to 4.2% in May 2026. Growth continued to be supported by instalment and leasing finance, which outpaced loans and advances, contributing to the overall expansion in household credit.

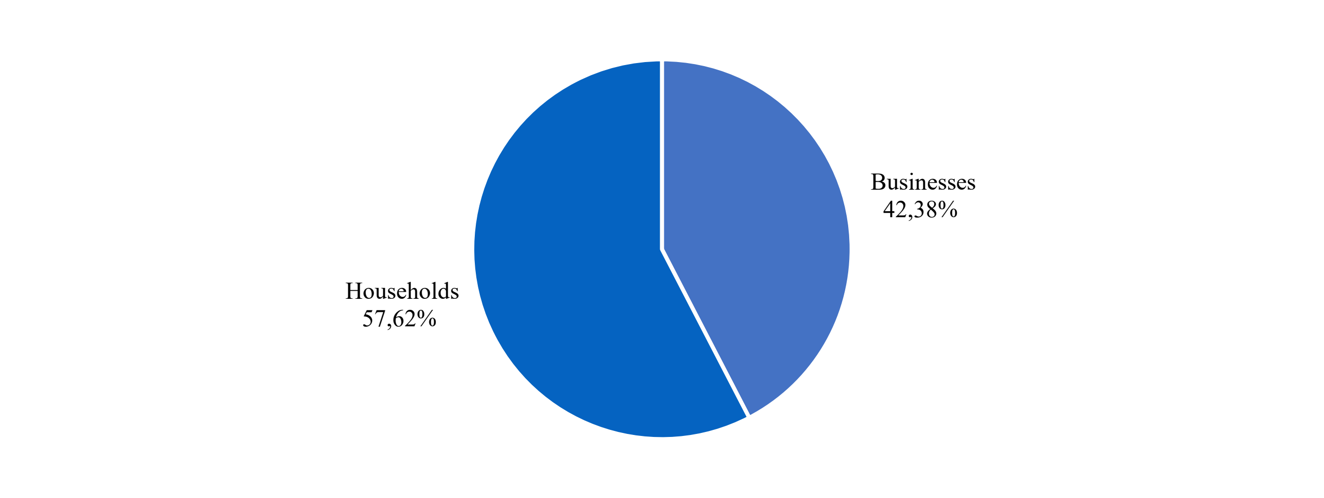
During the month, the Bank of Namibia increased the repo rate by 25 basis points to 6.75%**,** raising the prime lending rate to 10.25%. The policy adjustment reflected the Bank's efforts to contain rising inflationary pressures, as Namibia's annual inflation rate accelerated to 4.4% in June 2026 from 4.1% in May.

Table 1: PSCE Overview June 2026:

Category	Outstanding (N$ m)	MoM change (N$ m)	MoM (%)	YoY change (N$ m)	YoY (%)
Claims by businesses	**53,185.7**	**+903.4▲**	**+1.73% ▲**	**+2,296,7▲**	**+4.5% ▲**
Loans & advances (business)	**44,516.8**	**+823.7▲**	+1.89% ▲	+597.8 ▲	+1.4% ▲
Instalment & leasing (business)	8,668.8	+79.7▲	+0.93% ▲	+1698.9▲	+24.4% ▲
Claims by households	72,299.1	+408.8 ▲	+0.57% ▲	+3098.0 ▲	+4.5% ▲
Loans & advances (households)	**62,697.8**	**+232.3 ▲**	**+0.37% ▲**	**+1859.5▲**	**+3.1% ▲**
Instalment & leasing (households)	9,601.3	+176.5 ▲	+1.87% ▲	+1238.5▲	+14.8% ▲
Private sector claims (local)	**125,484.8**	**+1312.1 ▲**	**+1.06% ▲**	**+5394.7▲**	**+4.5% ▲**

Source: Bank of Namibia & HEI Research

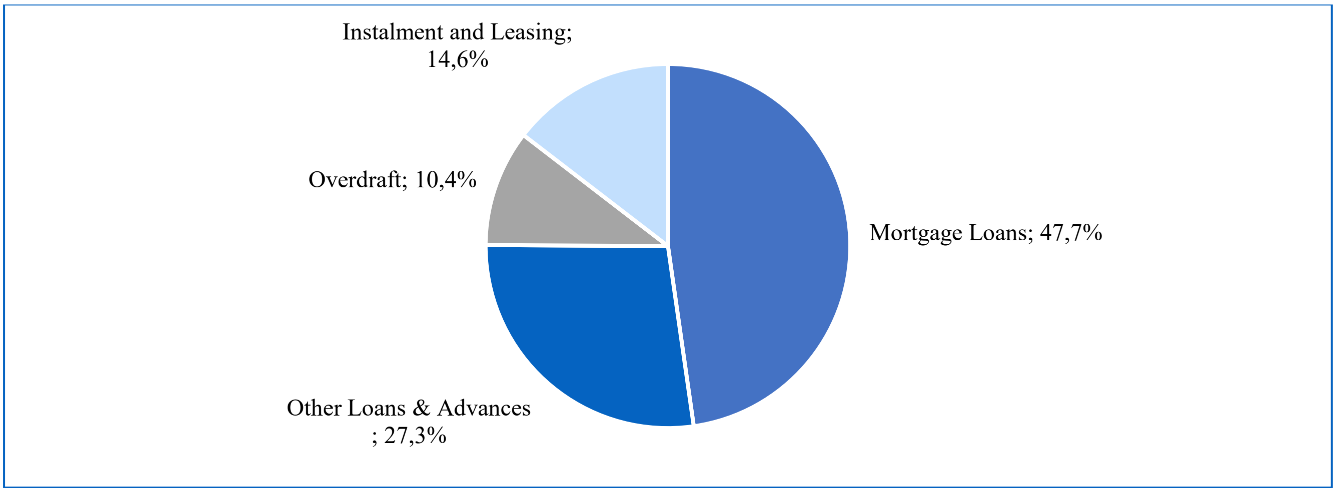
Figure 1: Share of Local PSCE by Entity, June 2026.



Source: Bank of Namibia & HEI Research

CREDIT TYPE

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



Source: Bank of Namibia & HEI Research

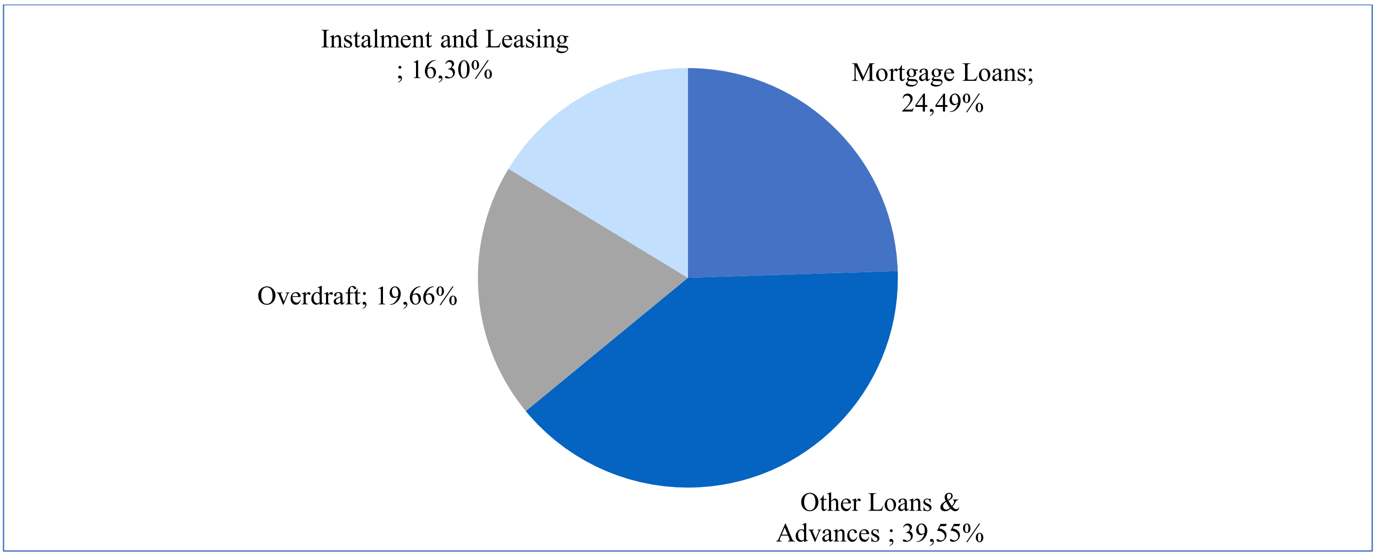
The composition of private sector credit remained relatively stable in June 2026, with mortgage lending continuing to dominate the credit portfolio, accounting for 47.7% (approximately N$59.9 billion) of total local PSCE (May: 48.2%). Despite a marginal decline in its share from the previous month, mortgage finance remained the principal source of private sector borrowing.

- General-purpose lending (other loans and advances) represented the second-largest component of private sector credit, accounting for 27.3% (approximately N$34.3 billion) of the total credit portfolio (May: 26.9%). The slight increase in its share suggests continued reliance on flexible financing by both households and businesses.
- Instalment and leasing finance accounted for 14.6% (approximately N$18.3 billion) of total credit, increasing marginally from 14.5% in May. This continued upward trend reflects sustained demand for asset financing, particularly for vehicles and business equipment.
- Overdraft facilities comprised 10.4% (approximately N$13.1 billion) of outstanding private sector credit (May: 10.3%). Although their share remained the smallest among the four major credit categories, overdrafts continued to provide an important source of short-term financing for businesses and households.

Analysis

CORPORATE CREDIT

Figure 3: Corporate Credit by Type, June 2026



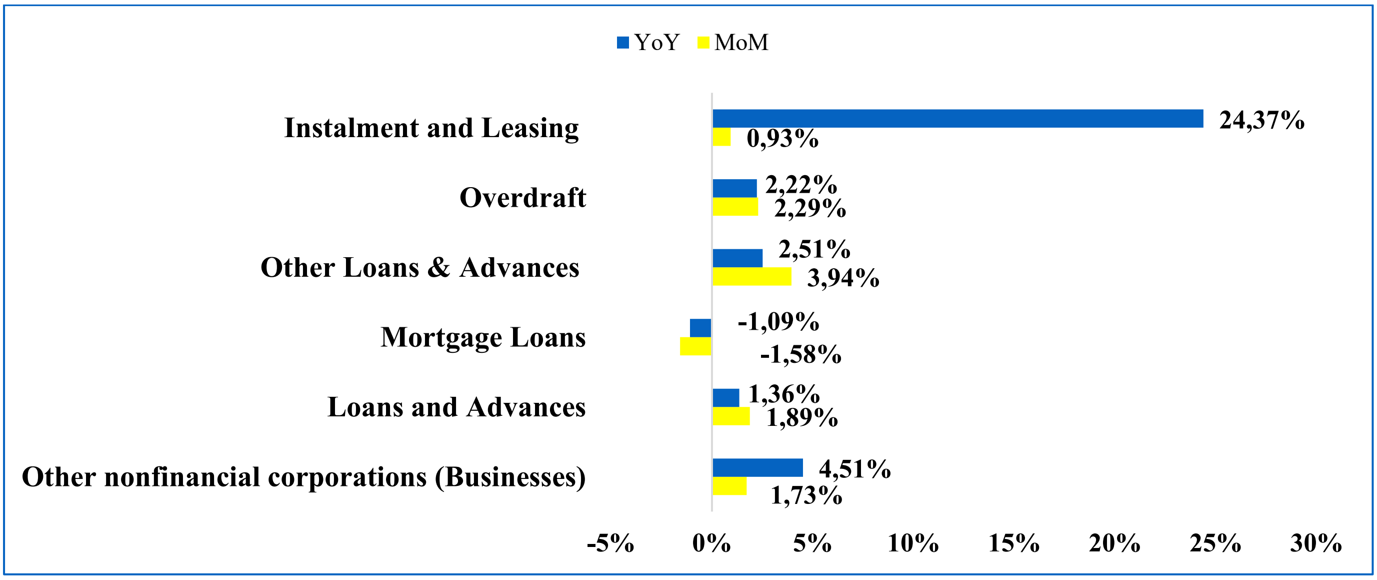
Source: Bank of Namibia & HEI Research

Within the business sector, other loans and advances continued to account for the largest share of business credit in June 2026, representing 39.6% of total business credit. This highlights businesses' continued reliance on general-purpose financing to support operational activities and investment requirements.

Mortgage loans accounted for 24.5% of total business credit, indicating the continued importance of property-related financing within the business sector. Overdraft facilities comprised 19.7% of business credit, reflecting the ongoing use of short-term liquidity facilities to support cash flow and working capital requirements.

Instalment and leasing finance accounted for the remaining 16.3% of total business credit, demonstrating sustained demand for asset-backed financing, particularly for vehicles, machinery and other business equipment.

Figure 4: Corporate Credit Growth Drivers, June 2026



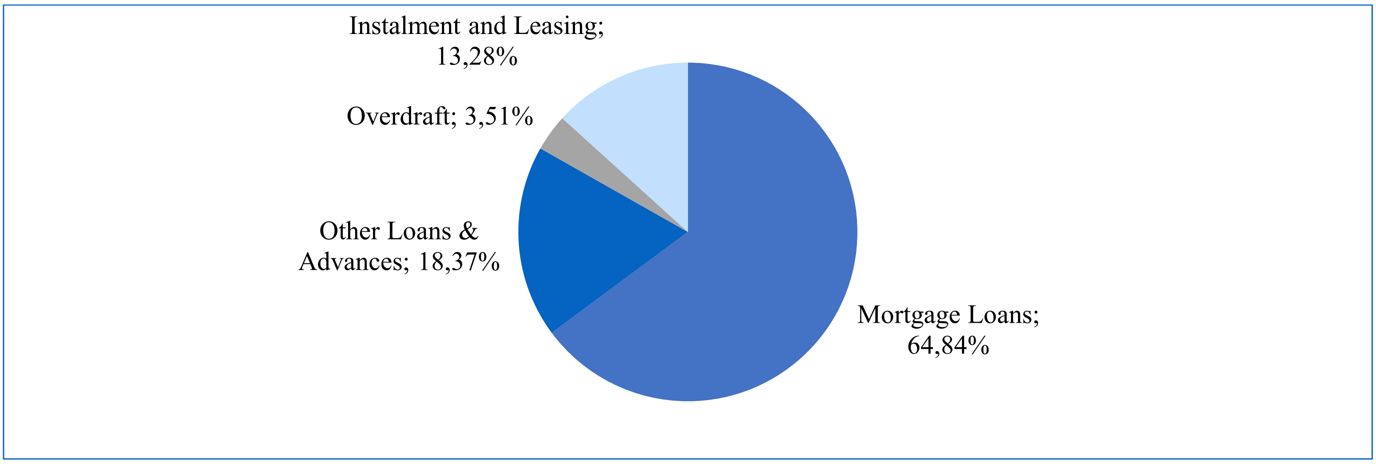
Source: Bank of Namibia & HEI Research

Corporate credit strengthened in June 2026, with claims on businesses increasing by 1.73% month-on-month, reversing the contraction recorded in May. The expansion was driven primarily by growth in loans and advances (1.89%), other loans and advances (3.94%), and overdraft facilities (2.29%), reflecting increased business borrowing for both long-term financing and short-term working capital. The increase in other loans and advances was mainly attributed to higher demand from corporates in the mining, wholesale and retail, financial services, and energy, oil and petroleum sectors. Instalment and leasing finance also recorded positive monthly growth of 0.93%, while mortgage lending remained the only credit category to contract, declining by 1.58%, indicating continued weakness in property-related borrowing by corporates.

On an annual basis, corporate credit expanded by 4.51% in June 2026. Growth continued to be driven by instalment and leasing finance, which increased by 24.37% year-on-year, reflecting sustained demand for asset-backed financing. Overdraft facilities (2.22%), other loans and advances (2.51%), and loans and advances (1.36%) also recorded positive annual growth, while mortgage lending contracted by 1.09% year-on-year. Overall, business credit growth remained broad-based, with firms continuing to rely on working capital and asset-backed financing despite tighter monetary conditions.

HOUSEHOLD CREDIT

Figure 5: Household Credit by Type, June 2026

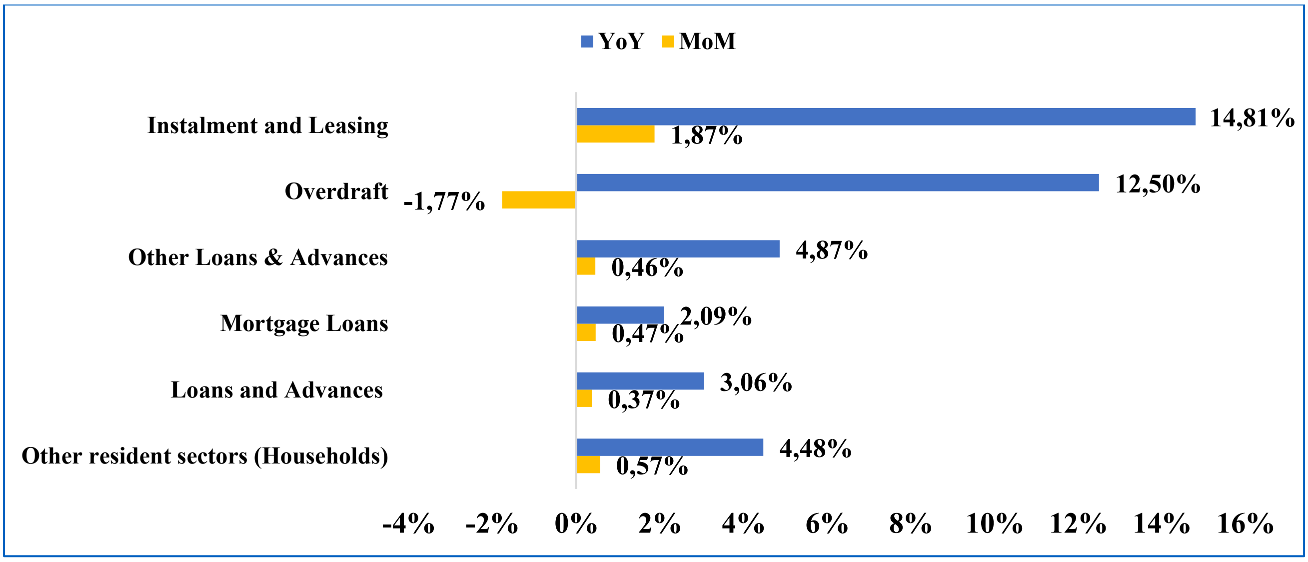


Source: Bank of Namibia & HEI Research

Household borrowing continued to be heavily concentrated in mortgage lending in June 2026, with mortgage loans accounting for 64.8% of total household credit, reaffirming housing finance as the largest component of household indebtedness. Other loans and advances represented 18.4% of household credit, reflecting the continued use of unsecured and general-purpose credit by consumers.

Instalment and leasing finance accounted for 13.3% of total household credit, indicating sustained demand for asset-backed financing, particularly for vehicles and other durable goods. Overdraft facilities comprised the remaining 3.5% of household credit, suggesting that reliance on short-term credit facilities remained relatively limited compared to other forms of household borrowing.

Figure 6: Household Credit Growth Drivers, June 2026



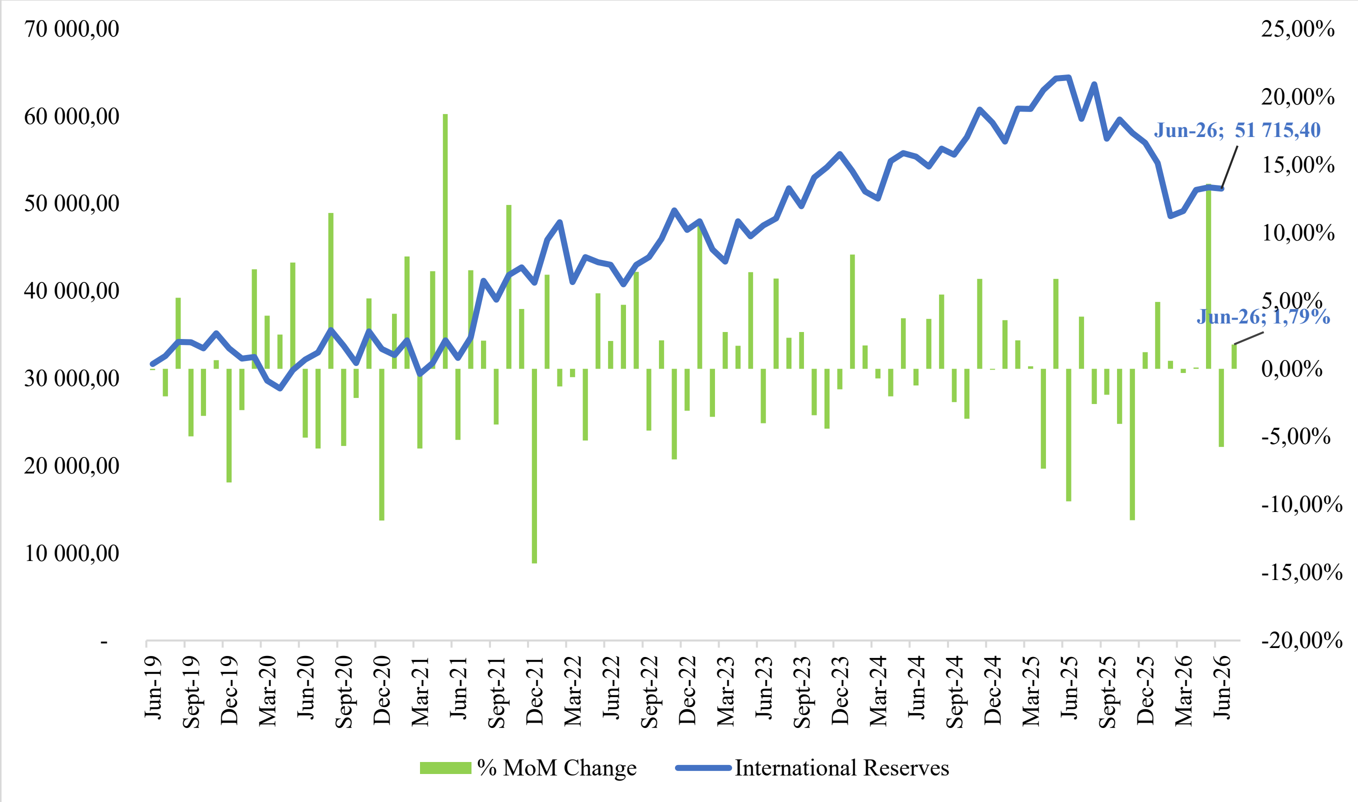
Source: Bank of Namibia & HEI Research

Household credit within other resident sectors increased by 0.57% month-on-month in June 2026, up from 0.19% recorded in May, indicating stronger household borrowing during the month. The increase was mainly supported by instalment and leasing finance, which recorded monthly growth of 1.87%, while mortgage loans and loans and advances recorded monthly growth of 0.47% and 0.37%, respectively. Other loans and advances rose modestly by 0.46%, whereas overdraft credit contracted by 1.77%, reflecting lower utilization of short-term credit facilities.

On an annual basis, household credit growth increased to 4.48% in June from 4.20% in May. Instalment and leasing finance remained the strongest-performing credit category, expanding by 14.81%, while overdraft credit recorded annual growth of 12.50%. Other loans and advances recorded annual growth of 4.87%, whereas loans and advances and mortgage lending recorded more moderate annual growth of 3.06% and 2.09%, respectively. Overall, household credit continued to expand, supported by sustained demand for asset-backed financing despite tighter monetary conditions.

INTERNATIONAL RESERVES

Figure 7: Levels of International Reserves, June 2019-June 2026



Source: Bank of Namibia & HEI Research

International reserves improved in June 2026, increasing by N$1.0 billion to N$56.4 billion, representing a month-on-month increase of 1.79% from N$55.4 billion in May. However, on a year-on-year basis, international reserves declined by 5.40%, reflecting a weaker external position compared to the same period in the previous year.

The monthly increase in reserves indicates a modest improvement in the country's external buffer position during the period. Despite the year-on-year contraction, international reserves remained at adequate levels, providing continued support for the Namibia Dollar–South African Rand currency peg and the country's ability to meet short-term external obligations.

At this level, international reserves were sufficient to cover an estimated 3.5 months of imports, increasing to 3.9 months when excluding oil and gas exploration appraisal-related imports. Reserve holdings were also estimated at 10.1 times the currency in circulation, underscoring continued external stability and the adequacy of reserve levels.

Outlook

Private sector credit extension is expected to remain on a moderate but resilient growth path over the near term, supported by continued demand for household mortgage lending, working capital facilities and asset-backed financing. Following the Bank of Namibia's decision to increase the repo rate by 25 basis points to 6.75% in June 2026, borrowing costs are expected to remain relatively elevated for both households and businesses ahead of the next MPC meeting scheduled for August 2026.

Inflation remained at 4.4% in June 2026, indicating that domestic price pressures have remained relatively contained. Regionally, the South African Reserve Bank (SARB) maintained its policy rate at 7.00% at its MPC meeting held in July 2026. Despite inflation remaining around 5.0%, SARB indicated that the current policy stance remains sufficiently restrictive for now. Although geopolitical tensions in the Middle East continue to pose risks to global energy prices, inflation dynamics and broader financial market conditions, SARB's decision provides some short-term policy relief for other central banks in the Common Monetary Area, including the Bank of Namibia, by reducing immediate pressure for an interest rate increase ahead of the August MPC meeting. In addition, the improvement in international reserves during June and the continued adequacy of reserve cover provide an important buffer for external stability and support confidence in the Namibia Dollar–South African Rand currency peg.

Overall, private sector credit growth is expected to remain broadly stable in the coming months, with household borrowing likely to continue driving overall credit expansion, while business credit recovery is expected to remain gradual amid cautious borrowing conditions. Nevertheless, global economic uncertainty, geopolitical tensions, commodity price volatility and the relatively high interest rate environment remain key downside risks that could influence credit demand, investment activity and debt-servicing capacity over the remainder of 2026.