

Private Sector Credit Extension (PSCE)

August 2026

Executive summary

In August 2026, Private Sector Credit Extension (PSCE) strengthened, recording **year-on-year growth of 5.4%**, up from **4.2% in July 2026**. On a **month-on-month basis**, private sector credit increased by **1.52%**, with the total credit balance rising from **N\$125.55 billion in July to N\$127.46 billion in August 2026**. The acceleration in annual credit growth and the monthly expansion reflected increased credit uptake by both the business and household sectors, with stronger business borrowing providing the main impetus to overall PSCE growth. The annual growth rate of 5.4% represents the **highest level recorded since September 2025**, indicating an improvement in private sector credit demand during the month under review.

Business credit recorded a notable improvement in August, increasing by **2.93% month-on-month** and accelerating to **5.9% year-on-year**, from **3.7% in July 2026**. The business credit balance increased from **N\$52.41 billion in July to N\$53.94 billion in August 2026**. The acceleration in business credit growth was supported by higher uptake of **overdrafts, as well as other loans and advances**, particularly by corporates operating in the real estate, mining, retail, fishing, transport and logistics, manufacturing, and business services sectors. The stronger demand for business credit marked a reversal from the contraction recorded in July and was a key contributor to the overall improvement in PSCE growth.

Household credit also continued to expand, increasing by **0.58% month-on-month** and accelerating to **4.9% year-on-year** in August, from **4.6% in July 2026**. The household credit balance increased from **N\$72.74 billion in July to N\$73.16 billion in August 2026**. The improvement in household credit growth was supported by increased growth in **mortgage credit, instalment sale and leasing credit, as well as other loans and advances**. Notably, household mortgage credit growth reached **2.8% in August 2026**, its highest level since October 2023, indicating a continued strengthening in demand for housing-related credit.

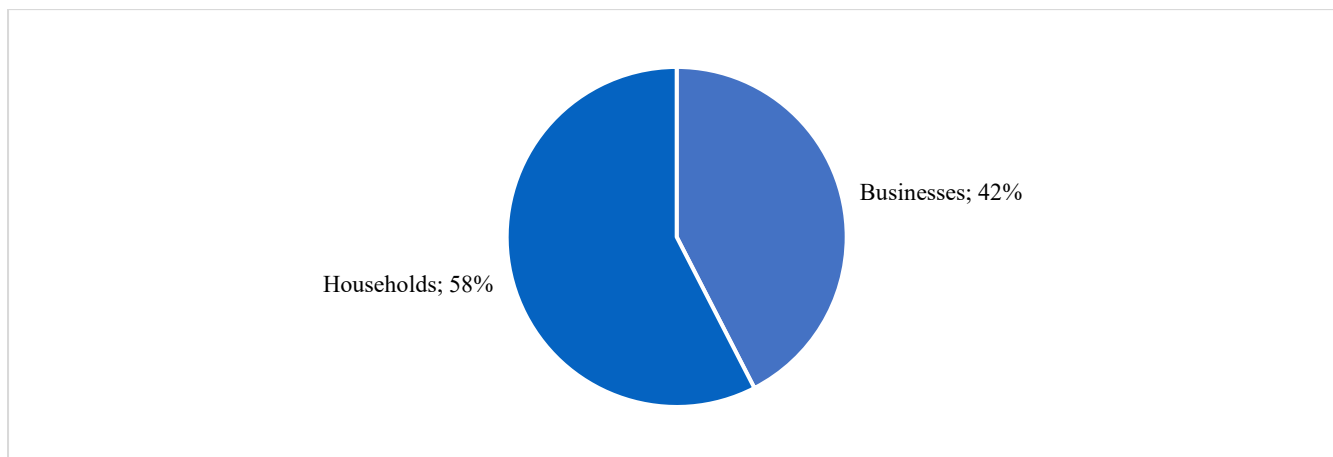
Table 1: PSCE Overview August 2026:

Category	Outstanding (N\$ m)	MoM change (N\$ m)	MoM (%)	YoY change (N\$ m)	YoY (%)
<u>Claims by businesses</u>	<u>53 940,2</u>	<u>+1533,21 ▲</u>	<u>+2,93% ▲</u>	<u>+ 3 027,90 ▲</u>	<u>+5,95% ▲</u>
Loans & advances (business)	45 192,1	+1474,30 ▲	+3,37% ▲	+ 1 417,6 ▲	+3,24% ▲
Instalment & leasing (business)	8 748,1	+ 58,9 ▲	+0,68 % ▲	+1610,29% ▲	+22,56% ▲
<u>Claims by households</u>	<u>73 161,2</u>	<u>+ 423,4 ▲</u>	<u>+ 0,58% ▲</u>	<u>+3441,78▲</u>	<u>+4,94% ▲</u>
Loans & advances (households)	63 323,7	+275,4 ▲	+0,44% ▲	+2121,31 ▲	+3,47% ▲

Instalment & leasing (households)	9 837,5	+ 147,9 ▲	+1,53% ▲	+1320,48 ▲	+15,50% ▲
<u>Private sector claims (local)</u>	<u>127 455,3</u>	<u>+1 902,9 ▲</u>	<u>+1,52% ▲</u>	<u>+ 6 602,7 ▲</u>	<u>+ 5,4% ▲</u>

Source: Bank of Namibia & HEI Research

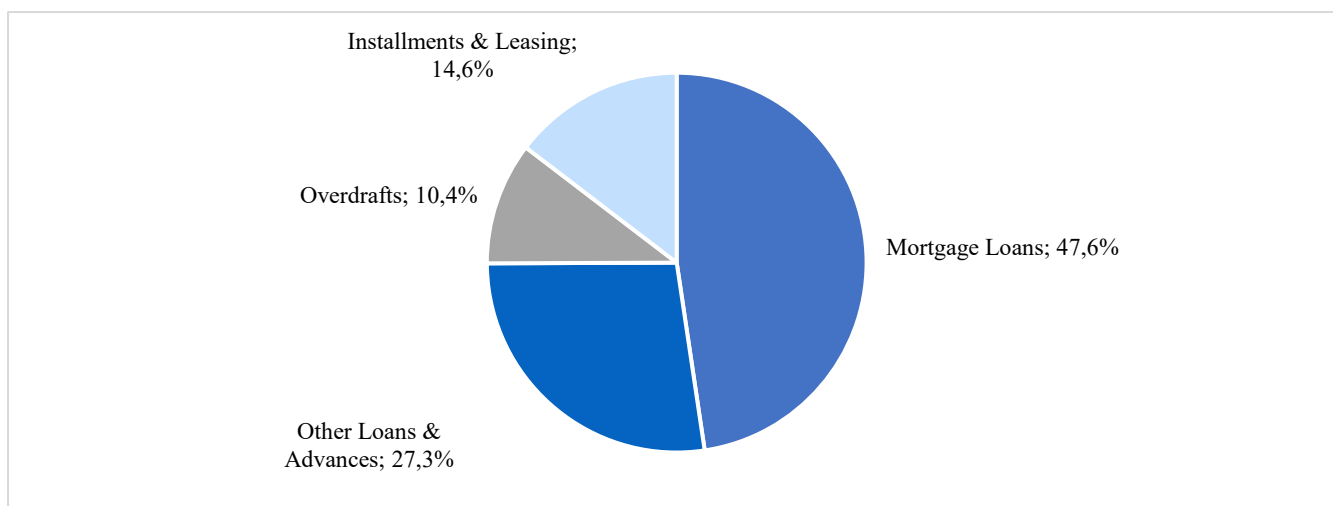
Figure 1: Share of Local PSCE by Entity, August 2026.



Source: Bank of Namibia & HEI Research

CREDIT TYPE

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



Source: Bank of Namibia & HEI Research

The composition of private sector credit shifted modestly in August 2026, with **mortgage lending remaining the largest component** of the credit portfolio, accounting for **47.6% of total local PSCE**, equivalent to approximately **N\$60.7 billion** of the N\$127.46 billion total credit balance. This represents a decline in its share from **49.0% in July**, indicating a modest reduction in the relative concentration of private sector credit in mortgage financing during the month.

Other loans and advances remained the second-largest component of private sector credit, accounting for **27.3%**, or approximately **N\$34.8 billion**, of total PSCE. Its share increased from **26.1% in July**, suggesting a greater contribution from general-purpose lending during the month.

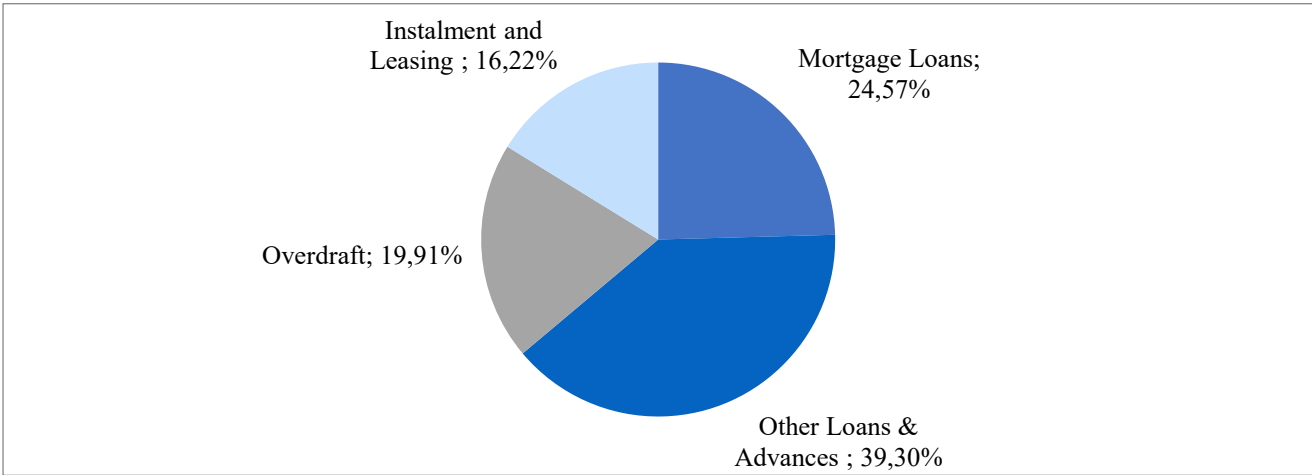
Instalment and leasing finance accounted for **14.6%**, equivalent to approximately **N\$18.6 billion**, of total private sector credit. Its share declined marginally from **14.7% in July**, indicating that asset-based financing remained broadly stable within the overall credit portfolio.

Overdraft facilities comprised **10.4% of outstanding private sector credit**, amounting to approximately **N\$13.3 billion**. This represents a slight increase from **10.2% in July**, indicating a modest increase in the relative use of short-term credit facilities during the month.

Analysis

CORPORATE CREDIT

Figure 3: Corporate Credit by Type, August 2026

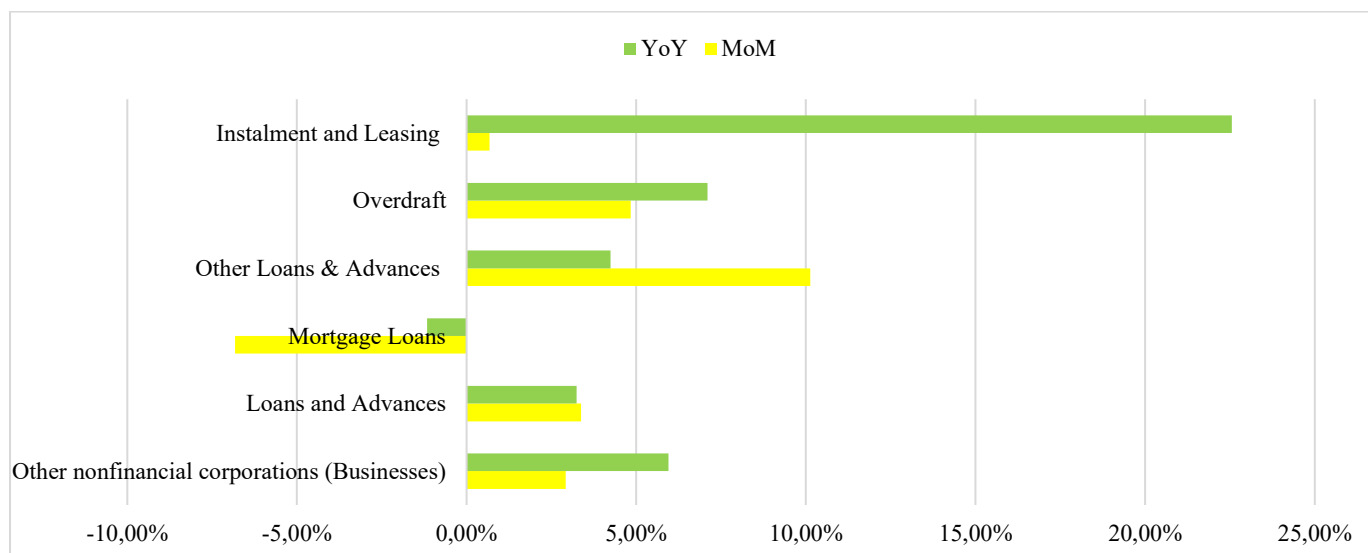


Source: Bank of Namibia & HEI Research

Within the business sector, **other loans and advances** remained the largest component of business credit in August 2026, accounting for **39.3%**, up from **36.7% in July**. The increase is consistent with the reported higher uptake of other loans and advances by corporates across sectors such as real estate, mining, retail, fishing, transport and logistics, manufacturing, and business services.

Mortgage loans accounted for **24.6%** of business credit, down from **27.1%** in July, while **overdrafts** increased slightly to **19.9%** from **19.5%**. **Instalment and leasing finance** declined marginally to **16.2%** from **16.6%**, indicating broadly stable demand for asset-based financing.

Figure 4: Corporate Credit Growth Drivers, August 2026



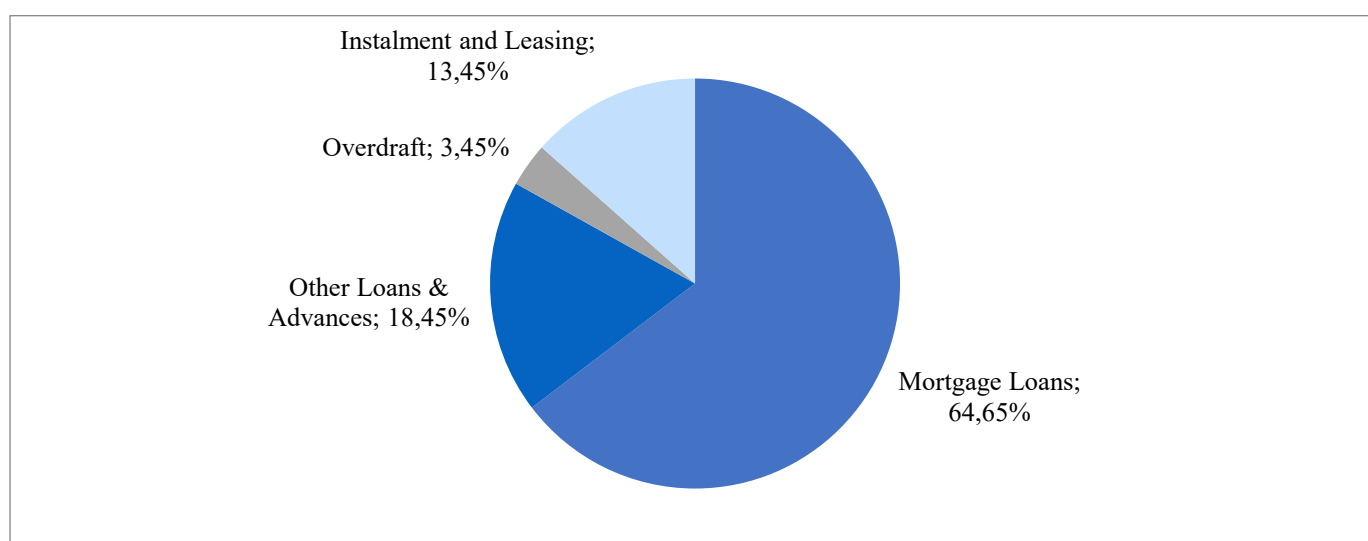
Source: Bank of Namibia & HEI Research

Corporate credit strengthened in August 2026, with claims on businesses increasing by **2.93% month-on-month**, reversing the **1.46% contraction** recorded in July. The expansion was driven primarily by **other loans and advances**, which increased by **10.13%**, while overdraft facilities grew by **4.84%** and loans and advances by **3.37%**. Instalment and leasing finance recorded modest growth of **0.68%**, while mortgage lending declined by **6.82%**. On a year-on-year basis, corporate credit growth accelerated to **5.95%**, up from **3.7% in July**, indicating a notable improvement in business credit demand.

Annual growth was supported by strong growth in **instalment and leasing finance (22.56%)** and **overdraft facilities (7.10%)**, while other loans and advances increased by **4.24%**. In contrast, mortgage lending contracted by **1.16% year-on-year**. The stronger uptake of overdrafts and other loans and advances, particularly among corporates in the **real estate, mining, retail, fishing, transport and logistics, manufacturing, and business services sectors**, contributed to the overall acceleration in corporate credit during the month.

HOUSEHOLD CREDIT

Figure 5: Household Credit by Type, August 2026

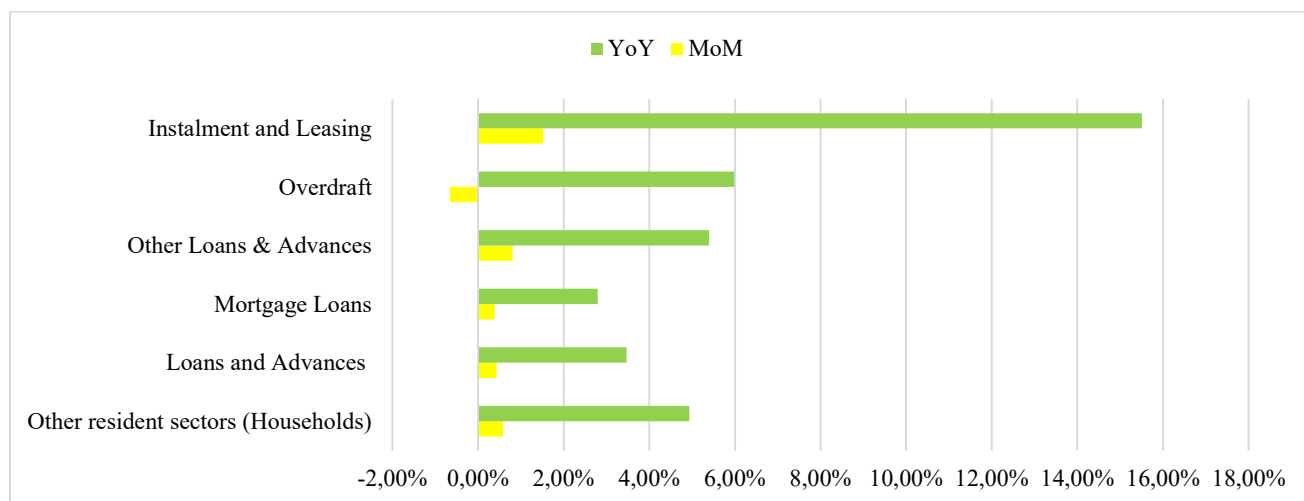


Source: Bank of Namibia & HEI Research

Household credit remained strongly concentrated in **mortgage lending** in August 2026, with mortgage loans accounting for **64.7%** of total household credit, broadly unchanged from **64.8% in July**. Other loans and advances accounted for **18.4%**, while instalment and leasing finance represented **13.4%** and overdraft facilities **3.5%**. The continued dominance of mortgage lending highlights the importance of housing finance within household borrowing.

Household credit growth accelerated to **4.9% year-on-year** in August, from **4.6% in July**, supported by stronger growth in mortgage credit, instalment and leasing finance, and other loans and advances. Notably, **mortgage credit grew by 2.8%**, its highest annual growth rate since **October 2023**, indicating continued strengthening in demand for housing-related credit.

Figure 6: Household Credit Growth Drivers, August 2026



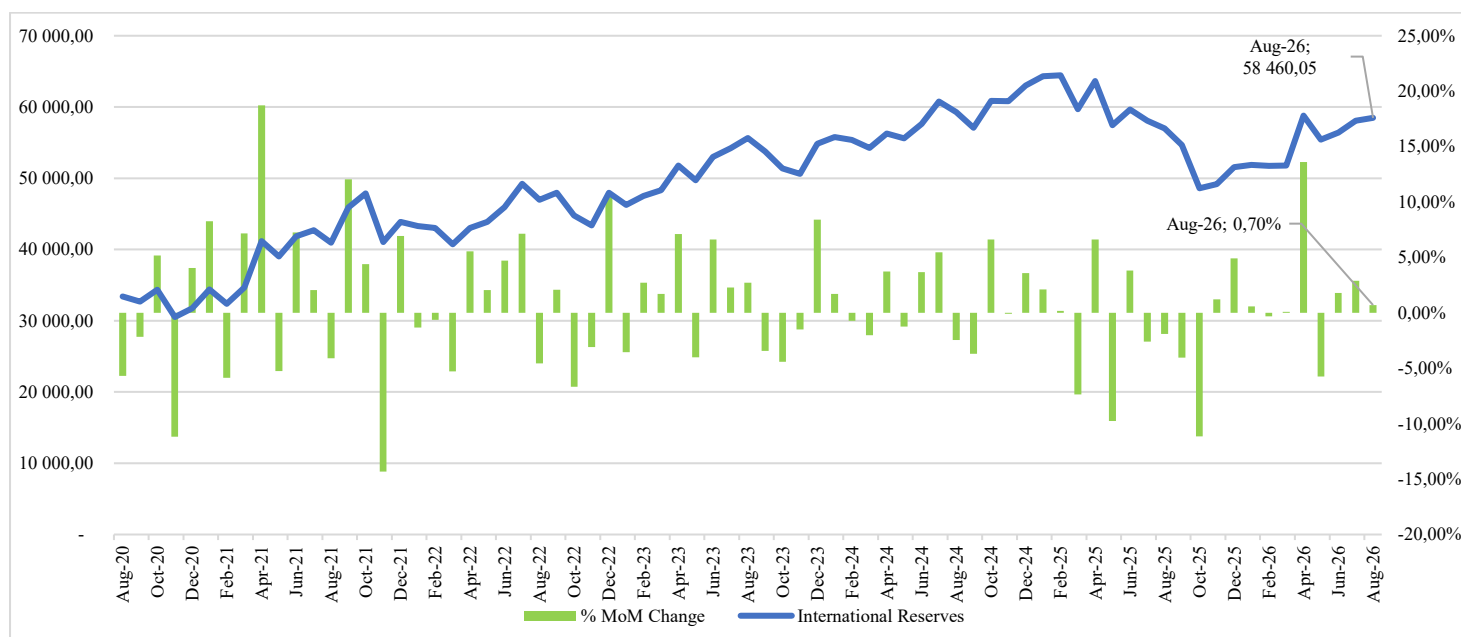
Source: Bank of Namibia & HEI Research

Household credit strengthened modestly in August 2026, increasing by **0.58% month-on-month**, compared to **0.61% in July**. The expansion was supported by growth across most major credit categories, with **instalment and leasing finance** recording the strongest increase of **1.53%**, followed by **other loans and advances** at **0.80%**. Mortgage lending and loans and advances increased by **0.39%** and **0.44%**, respectively, while overdraft facilities contracted by **0.66%**.

On a year-on-year basis, household credit growth accelerated to **4.94% in August**, from **4.60% in July**. Instalment and leasing finance remained the fastest-growing component, expanding by **15.50%**, followed by overdraft facilities at **5.98%** and other loans and advances at **5.40%**. Loans and advances grew by **3.47%**, while mortgage lending increased by **2.80%**. Overall, the acceleration in household credit growth was supported by continued strength in asset-backed financing and higher growth across most lending categories.

INTERNATIONAL RESERVES

Figure 7: Levels of International Reserves, August 2020-August 2026



Source: Bank of Namibia & HEI Research

Namibia's international reserve position strengthened further in August 2026, with foreign reserves increasing by **0.7% month-on-month to N\$58.5 billion**. The increase was primarily driven by net commercial bank transfers and stronger Customer Foreign Currency (CFC) placements by commercial banks. Reserve accumulation was further supported by positive changes in the market value of asset swaps, interest received, and gold purchases, although these gains were partly offset by government payments, negative foreign exchange revaluation effects, and lower external manager valuations.

The stronger reserve position maintained Namibia's external liquidity buffer, with reserves equivalent to approximately **3.6 months of import cover**, or **4.0 months when oil and gas exploration and appraisal-related imports are excluded**. At the end of August, reserves were estimated at **10.0 times currency in circulation**, compared to 10.1 times in July. This level of coverage remained adequate to support the **Namibia Dollar–South African Rand currency peg** while providing a buffer to meet short-term international obligations.

Private sector credit extension is expected to remain on an improving trajectory in the near term, supported by the stronger credit uptake recorded across both the household and business sectors in August 2026. The acceleration in PSCE growth to 5.4%, alongside the notable recovery in business credit, suggests an improvement in private sector financing demand. However, the sustainability of this recovery will depend on borrowing conditions, domestic liquidity and the broader macroeconomic environment. The continued expansion in mortgage, instalment and leasing finance also indicates that demand for asset-backed credit remains relatively resilient.

The inflation environment has become less supportive of credit conditions. Namibia's headline inflation accelerated to 5.0% in August 2026, from 4.4% in July, marking its highest level since January 2024. The increase was largely driven by higher transport costs following increases in fuel prices, with higher transportation costs also feeding through to the prices of food and other goods. The renewed increase in inflation could place pressure on household purchasing power and debt-servicing capacity, while potentially encouraging more cautious borrowing and investment decisions. Persistent fuel-related inflation therefore represents an important downside risk to the outlook for private sector credit.

Regional monetary conditions have also tightened following the South African Reserve Bank's decision to increase its policy rate by 25 basis points to 7.25% in September 2026. Given Namibia's close financial integration with South Africa and the currency peg, developments in South African monetary policy remain important for domestic financial conditions. At the same time, the decline in the Namibian banking industry's cash balances to N\$6.5 billion in August, partly associated with increased Government borrowing, points to tighter liquidity conditions within the banking system. If sustained, tighter liquidity could influence banks' lending conditions and the cost and availability of credit to households and businesses.

Overall, the outlook for private sector credit remains cautiously positive, supported by the recovery in business borrowing and continued household demand for credit. However, elevated inflation, higher fuel prices, tighter regional monetary conditions and reduced banking-sector liquidity present risks to the pace of credit expansion over the coming months.