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Private Sector Credit Extension (PSCE)

September 2026

Executive summary

In September 2026, Private Sector Credit Extension (PSCE) recorded **year-on-year growth of 5.6%,** up from **5.4% in August 2026**. The total domestic private sector loan book stood at approximately **N$128.2 billion**, reflecting a continued improvement in annual credit growth. This represents the highest PSCE growth recorded since September 2025, largely supported by increased credit uptake by businesses, particularly in other loans and advances and mortgage credit. Meanwhile, household credit maintained a steady annual growth rate of 4.9%, indicating continued but stable household borrowing activity during the month under review.

Business credit continued to strengthen in September 2026, **increasing by 1.22% month-on-month** and **accelerating to 6.68% year-on-year, up from 5.9% in August 2026**. The business credit balance increased from **N$53.94 billion in August to N$54.60 billion in September 2026.** The acceleration in annual business credit growth, which reached its **highest level in seven months,** partly contributed to the improvement in overall PSCE growth. The increase was primarily driven by higher demand for other loans and advances and mortgage credit, particularly among corporates operating in the real estate, wholesale and retail, and health sectors.

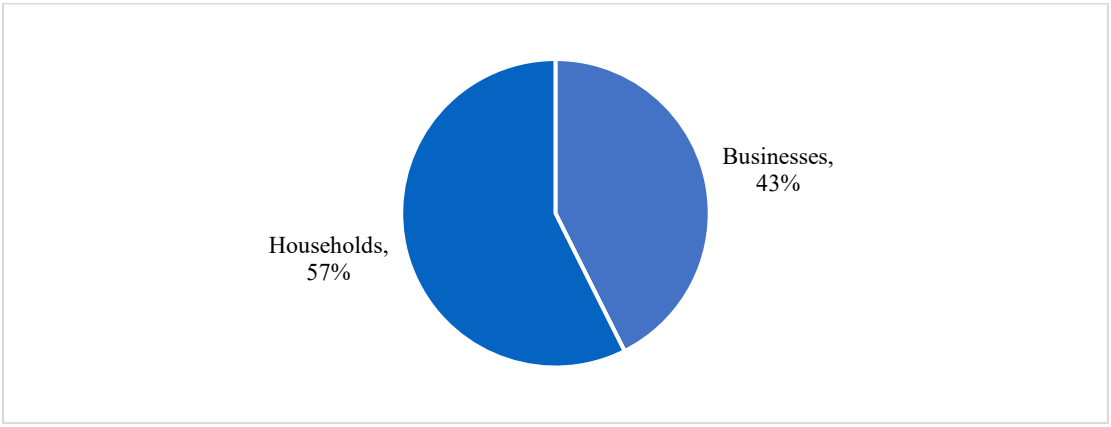
Household credit maintained a relatively steady growth trajectory in September 2026, **increasing by 0.55% month-on-month and recording annual growth of 4.86%, broadly unchanged from 4.9% in August 2026.** The household credit balance increased from **N$73.20 billion in August to N$73.60 billion in September 2026.** The stable annual growth rate reflected mixed developments across the major household credit categories, with slight improvements in mortgage lending, instalment sale and leasing finance, and overdrafts being offset by a contraction in other loans and advances. This indicates that household credit demand remained relatively resilient, although growth was constrained by weaker uptake in general-purpose lending.

Table 1: PSCE Overview September 2026:

Category	Outstanding (N$ m)	MoM change (N$ m)	MoM (%)	YoY change (N$ m)	YoY (%)
Claims by businesses	**54 597,0**	**+ 656,8 ▲**	**+1,22% ▲**	**+ 3417,73 ▲**	**+6,68% ▲**
Loans & advances (business)	**45 724,4**	**+532,36 ▲**	**+1,18% ▲**	**+ 2 072,8 ▲**	**+4,75% ▲**
Instalment & leasing (business)	**8 872,6**	**+ 124,5 ▲**	**+0,68 % ▲**	**+ 1344,94 ▲**	**+17,87% ▲**
Claims by households	**73 564,7**	**+ 403,5 ▲**	**+ 0,55% ▲**	**+3409,85 ▲**	**+4,94% ▲**
Loans & advances (households)	**63 607,8**	**+ 284,0 ▲**	**+0,45% ▲**	**+ 2067,23 ▲**	**+ 4,86% ▲**
Instalment & leasing (households)	**9 956,9**	**+ 119,5 ▲**	**+1,21% ▲**	**+ 1342,62 ▲**	**+ 15,59% ▲**
Private sector claims (local)	**128 534,1**	**+ 1 078,9 ▲**	**+0,85% ▲**	**+ 5592,55 ▲**	**+ 5,63% ▲**

Source: Bank of Namibia & HEI Research

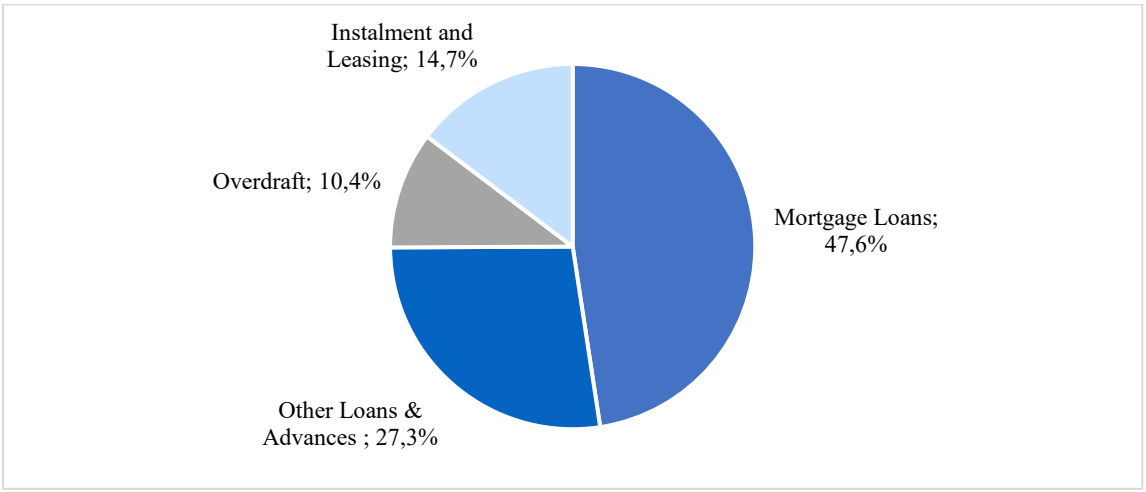
Figure 1: Share of Local PSCE by Entity, September 2026.



Source: Bank of Namibia & HEI Research

CREDIT TYPE

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



Source: Bank of Namibia & HEI Research

The composition of private sector credit remained unchanged in September 2026, with mortgage lending remaining the largest component of the credit portfolio, **accounting for 47.6% of total local PSCE,** equivalent to approximately **N$61.0 billion of the N$128.16 billion total credit balance**. Its share remained unchanged from August, indicating that mortgage financing maintained its relative position within the overall credit portfolio during the month.

Other loans and advances remained the second-largest component of private sector credit, accounting for **27.3%, or approximately N$35.0 billion, of total PSCE.** Its share was unchanged from August, indicating a stable contribution from general-purpose lending to overall private sector credit.

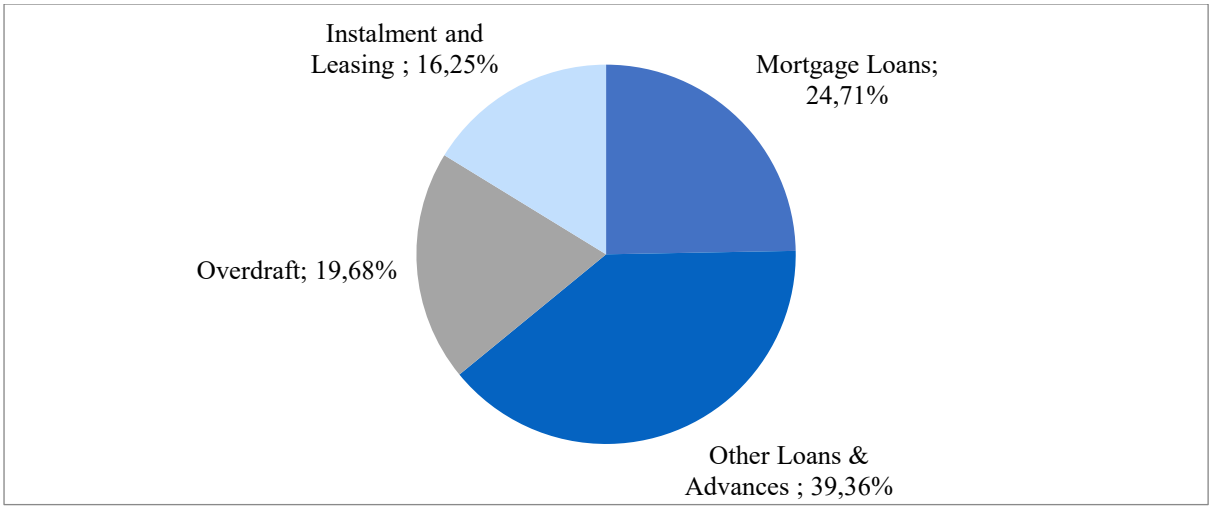
Instalment and leasing finance accounted for 14.7%, equivalent to approximately N$18.8 billion, of total private sector credit. Its share remained unchanged from August, reflecting a stable proportion of asset-based financing within the overall credit portfolio.

Overdraft facilities comprised **10.4%** of outstanding private sector credit, amounting to approximately **N$13.3 billion.** This was unchanged from August, indicating that the relative contribution of short-term credit facilities remained stable during the month.

Analysis

CORPORATE CREDIT

Figure 3: Corporate Credit by Type, September 2026

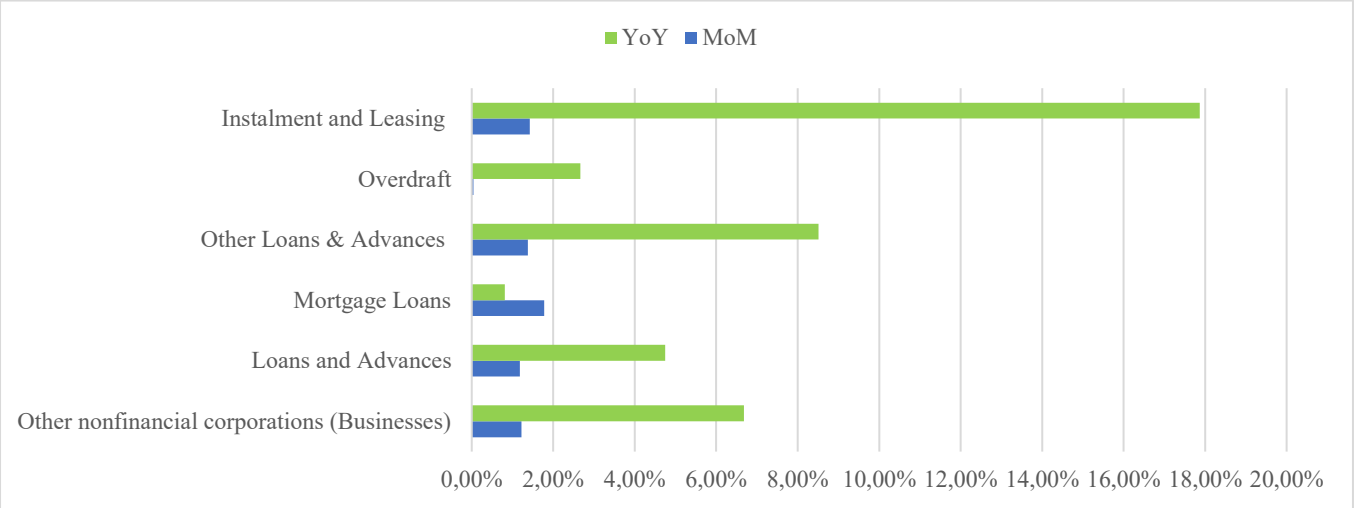


Source: Bank of Namibia & HEI Research

Within the business sector, **other loans and advances** remained the largest component of business credit in September 2026, **accounting for 39.4%, compared to 39.3% in August**. Its share remained broadly unchanged, indicating the continued importance of general-purpose financing in meeting businesses' operational and investment requirements.

Mortgage loans accounted for 24.7% of total business credit, increasing slightly from 24.6% in August. Overdraft facilities declined to 19.7%, from 19.9% in the preceding month, while instalment and leasing finance increased marginally to 16.3%, from 16.2%. Overall, the movements indicate that the composition of business credit remained relatively stable during September, with only minor shifts across the major lending categories.

Figure 4: Corporate Credit Growth Drivers, September 2026



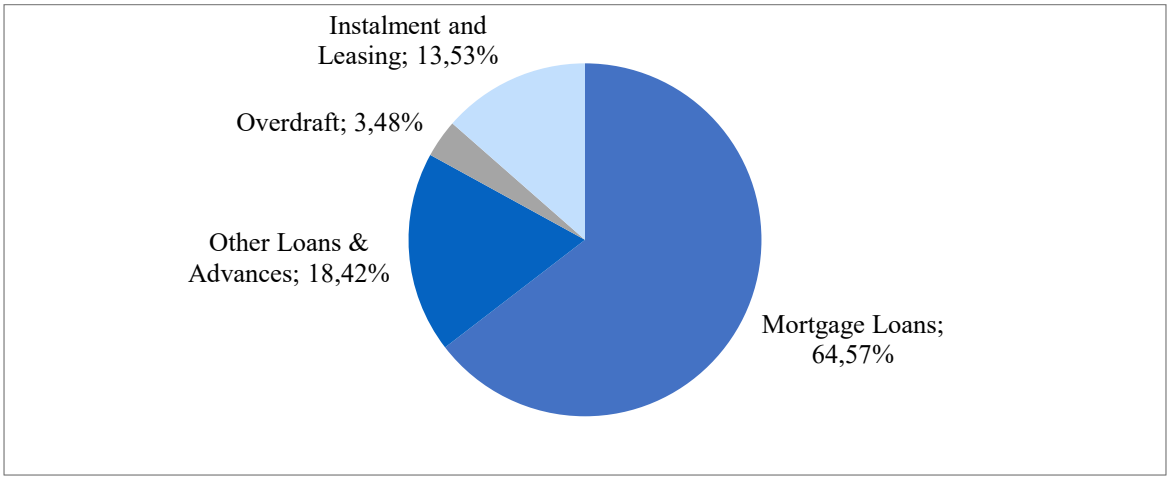
Source: Bank of Namibia & HEI Research

Corporate credit continued to strengthen in September 2026, **increasing by 1.22% month-on-month and 6.68% year-on-year.** The monthly expansion was supported by growth across all major credit categories, led by mortgage loans (1.78%), instalment and leasing finance (1.42%), and other loans and advances (1.38%). Overdraft facilities recorded modest growth of 0.04%.

On an annual basis, growth was driven primarily by instalment and leasing finance (17.87%) and other loans and advances (8.51%), while loans and advances grew by 4.75%. Mortgage loans and overdrafts recorded slower growth of 0.81% and 2.67%, respectively. Overall, the continued expansion in business credit reflects sustained corporate demand for financing, particularly through general-purpose and asset-backed lending

HOUSEHOLD CREDIT

Figure 5: Household Credit by Type, September 2026

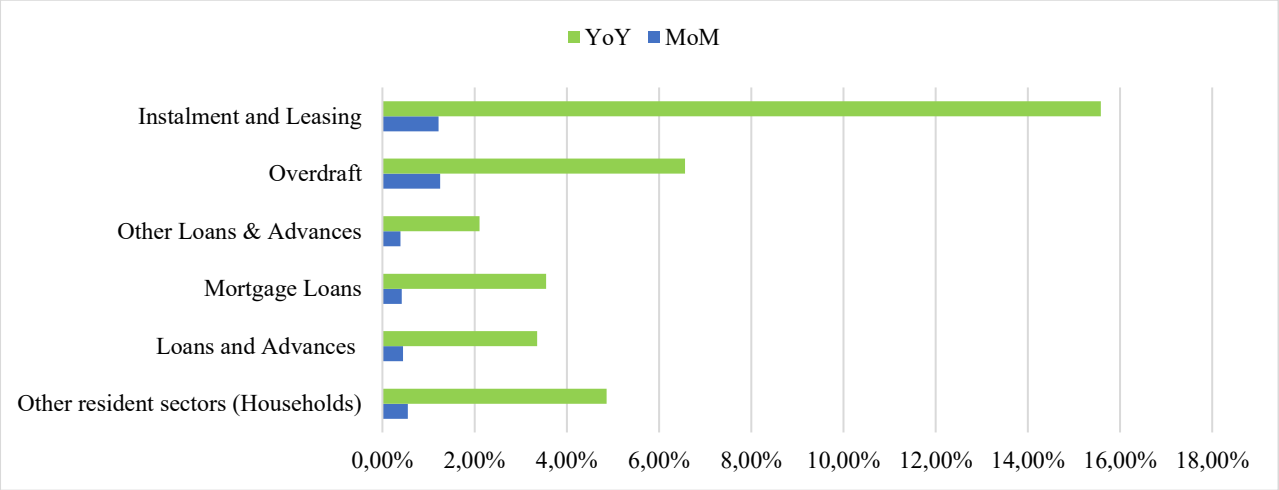


Source: Bank of Namibia & HEI Research

Household credit remained strongly concentrated in mortgage lending in September 2026, with **mortgage loans accounting for 64.6%** of total household credit, slightly down from **64.7% in August**. **Other loans and advances accounted for 18.4%,** while **instalment and leasing finance represented 13.5% and overdraft facilities 3.5%.** The continued dominance of mortgage lending highlights the importance of housing finance within household borrowing.

The composition of household credit remained broadly stable during the month, with only a marginal shift from mortgage lending towards instalment and leasing finance. This suggests that the relative distribution of household borrowing across the major credit categories remained largely unchanged.

Figure 6: Household Credit Growth Drivers, September 2026



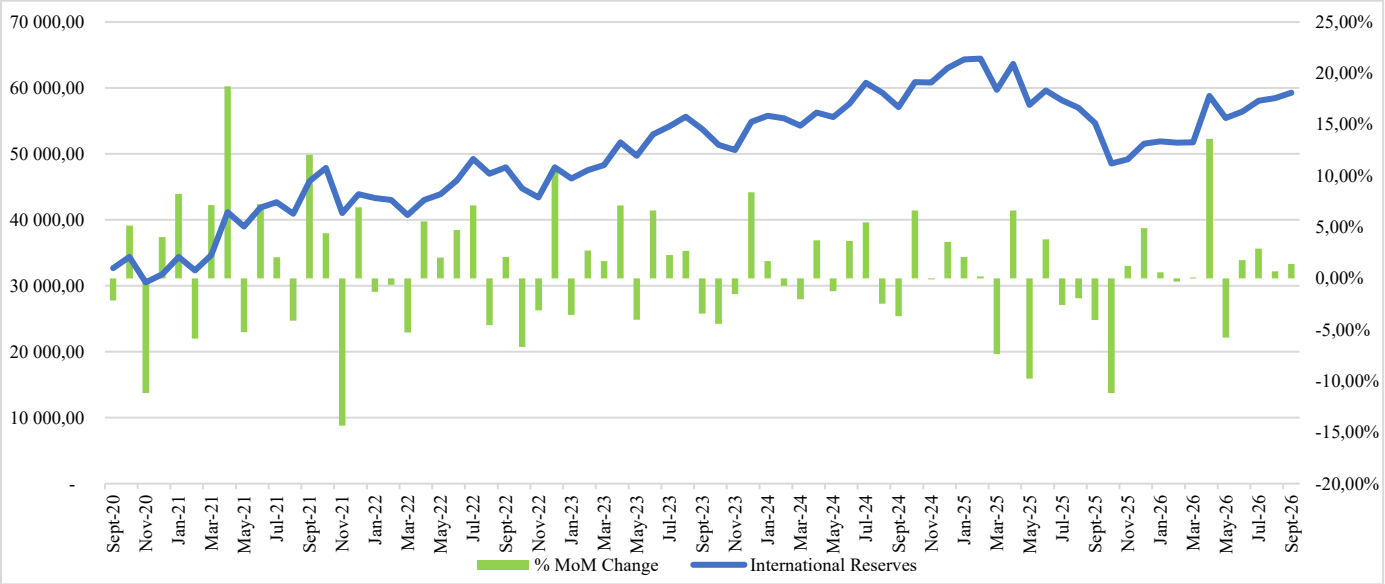
Source: Bank of Namibia & HEI Research

Household credit maintained a steady growth trajectory in September 2026, increasing by 0.55% month-on-month and 4.86% year-on-year. The monthly expansion was supported by growth across all major credit categories, with overdraft facilities recording the strongest increase of 1.26%, followed by instalment and leasing finance at 1.21%. Other loans and advances increased by 0.39%, while mortgage lending grew by 0.42%.

On an annual basis, instalment and leasing finance remained the fastest-growing category, expanding by 15.59%, followed by overdraft facilities at 6.57%. Mortgage loans grew by 3.55%, while other loans and advances recorded slower growth of 2.10%. Overall, household credit growth remained stable, supported by continued demand for asset-backed financing and overdraft facilities.

INTERNATIONAL RESERVES

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



Source: Bank of Namibia & HEI Research

Namibia's international reserve position strengthened further in September 2026, with foreign reserves increasing by **1.4% month-on-month to N$59.3 billion, up from N$58.5 billion in August**. The increase was primarily driven by net South African Rand inflows from commercial banks and favourable price revaluations. Reserve accumulation was further supported by Customer Foreign Currency (CFC) inflows and continued gold monetization, reflecting sustained inflows into the country's foreign reserve position.

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 September, reserves were estimated at 10.1 times currency in circulation, compared to 10.0 times in August. This level of coverage remained adequate to support the Namibia Dollar–South African Rand currency peg while providing a buffer to meet the country's short-term international obligations.

Outlook

Private sector credit extension is expected to maintain a positive growth trajectory in the near term, supported by the continued improvement in credit uptake across both the business and household sectors in September 2026. Annual PSCE growth accelerated to 5.6%, from 5.4% in August, largely driven by stronger business credit growth, while household credit remained relatively stable. These developments point to sustained demand for private sector financing. However, the sustainability of this improvement will depend on prevailing economic conditions and the impact of tighter borrowing conditions on credit demand.

The inflation environment presents a growing risk to the credit outlook. Namibia's annual inflation rate increased to 5.4% in September 2026, from 5.0% in August, reaching its highest level since January 2024. This increase was largely driven by higher global oil prices, which pushed up domestic fuel prices and transportation costs for food and other goods. Rising inflation could place further pressure on household purchasing power and businesses' operating costs, potentially constraining their capacity and willingness to take on additional credit.

Monetary policy conditions have also tightened across the Common Monetary Area, with the Bank of Namibia increasing its repo rate by 25 basis points to 7.00% in October 2026, following the South African Reserve Bank's rate increase to 7.25% in September. The higher domestic policy rate is expected to translate into increased borrowing costs, potentially moderating credit demand among households and businesses. Overall, the outlook for private sector credit remains cautiously positive, although elevated inflation and tighter monetary conditions pose downside risks to the pace of credit expansion over the coming months.