Box 2 The recent drivers of corporate credit growth in South Africa

The corporate sector's strong demand for credit drove growth in total loans and advances extended by monetary institutions over the past year. Growth in loans to companies accelerated from 5.1% in February 2025 to 13.2% in February 2026, before easing slightly to 12.5% in April. This box discusses the recent drivers of corporate credit growth in South Africa, breaking down the trends for financial corporates (FCs) and non-financial corporates (NFCs) to help interpret the credit aggregates.

The acceleration in corporate credit growth was primarily driven by general loans, which make up about 56% of all corporate credit. Twelve-month growth in these loans to companies surged from 4.2% in January 2025 to 19.1% in April 2026. Growth in general loans to FCs picked up sharply from mid-2025, reaching 24.4% in April 2026. Growth in general loans to NFCs also accelerated steadily in 2024 and 2025, amounting to 15.8% in April 2026.

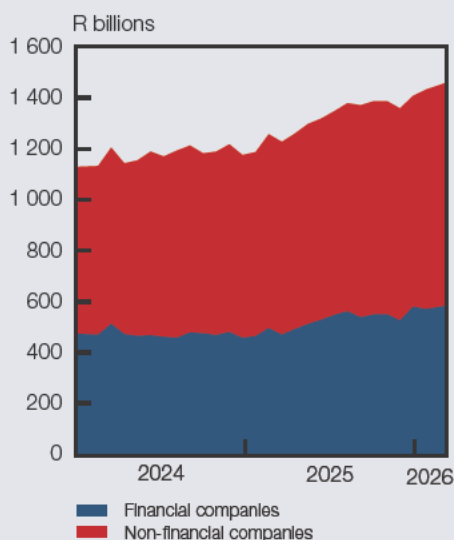
Outstanding balances and growth in loans to companies

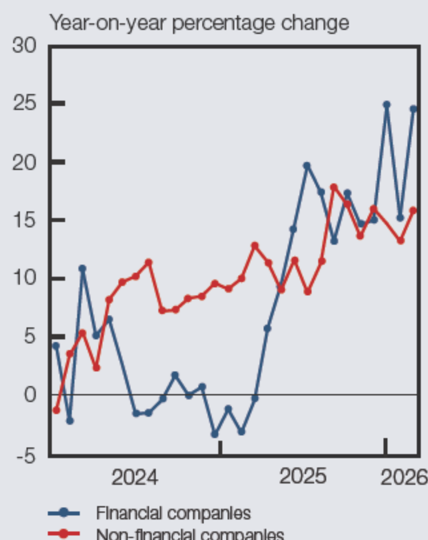
	Jan to Jun 2025*	Jul to Dec 2025*	Change	Feb 2026	Mar 2026	Apr 2026
Outstanding balance (R billions)						
Total loans and advances	2 316.8	2 470.9	154.1	2 558.2	2 582.8	2 610.1
General loans	1 234.6	1 365.9	131.3	1 408.6	1 433.5	1 461.9
Of which: Financial companies	481.9	546.0	64.1	579.7	570.7	584.5
Non-financial companies	752.8	819.9	67.1	828.9	862.9	877.3
Percentage change over 12 months						
Total loans and advances	6.6	10.5	3.9	13.2	10.2	12.5
General loans	6.5	14.4	7.9	18.6	14.0	19.1
Of which: Financial companies	1.2	16.1	14.9	24.8	15.2	24.4
Non-financial companies	10.3	13.2	2.9	14.7	13.2	15.8

* Average over the period

The outstanding balances on general loans to both FCs and NFCs increased in 2025 and further in the first quarter of 2026. Notably, the acceleration in 12-month growth was mainly driven by lending to FCs, which recorded an average growth rate of 1.2% in the first half of 2025 and 16.1% in the second half of the year, before increasing further to 24.4% in April 2026. By contrast, growth in general loans to NFCs accelerated more gradually, from 9.1% in early 2025 to 15.8% in April 2026.

General loans to companies





Source: SARB

The recent diverging growth trends in general loans to FCs and NFCs reflect different underlying drivers. Lending to NFCs provides a better indication of credit conditions facing the productive economy, whereas lending to FCs is more closely associated with financial market activity and balance sheet management. Growth in credit extended to NFCs often mirrors economic activity characteristic of prevailing phases of the business cycle. During the pre-COVID-19 period (from 2017 to February 2020), borrowing was subdued and largely reflected reduced working-capital requirements amid weak business confidence and limited appetite for fixed investment. Although NFCs initially drew on existing facilities for liquidity during the COVID-19 period, they subsequently started reducing their debts. However, in the post-COVID-19 period (from January 2022 to April 2026), NFC credit grew steadily, consistent with higher operating-cost pressures and a gradual recovery in investment-related borrowing, largely aimed at addressing infrastructure constraints, especially in the energy and logistics sectors.

Against this backdrop, the expansion in general loans to NFCs reflected a combination of factors. From a demand perspective, lending was supported by a combination of working-capital requirements and investment-related borrowing. The continued utilisation of credit facilities suggests that companies were funding operating costs, managing inventories and drawing on project-based borrowing, particularly in infrastructure, energy and logistics, where companies draw down facilities progressively during construction and commissioning phases.

NFC lending is also shaped by borrower-specific, non-systemic and timing-related factors, which can introduce volatility in aggregate trends without necessarily signalling a change in underlying credit conditions. Similarly, large and concentrated balance sheet adjustment transactions, including acquisition-related financing, can create step-changes in outstanding balances, while seasonal and sector-specific cycles, for example in agriculture, retail and commodity-linked industries, contribute to predictable intra-year fluctuations.

Overlaying these dynamics are financing conditions and bank behaviour, which influence both the demand and supply of credit. Changes in interest rates, spreads, maturities and covenant structures affect borrowing incentives and refinancing decisions, while shifts in bank lending standards – including collateral requirements, affordability assessments and sectoral risk limits – determine the extent to which credit demand is accommodated.

By contrast, the strong increase in lending to FCs from mid-2025 mainly reflected banking groups' use of their balance sheets for trading and market activities, with a significant share of this increase linked to intra-group funding flows between banks and the securities and trading companies of their holding companies. These

entities utilised short-dated, often collateralised facilities to support trading inventories, margin requirements and settlement activity. These flows tend to be inherently more volatile and are closely tied to financial market conditions, trading opportunities and internal funding strategies. The allocation of balance sheet capacity to these activities may also entail trade-offs with other lending opportunities, such as lending to NFCs.

Market intelligence and reasons provided by banks suggest that the recent strong growth in credit extended to FCs can be grouped into three types of drivers: cyclical (short-term market conditions), structural (longer-term regulatory and market-infrastructure changes) and strategic (banks' business model choices).

The short-term cyclical drivers include:

- **Higher trading/derivatives activity:** The surge in domestic share and bond prices in the second half of 2025 supported higher trading and increased equity/derivatives activity, which increased balance sheet usage and margin-funding requirements (initial and variation margins). The increase in loans to securities and trading companies was in response to increased client-led trading activity.

- **Increased non-resident repo-funded positions:** Higher repurchase (repo) activity by non-residents raised credit extension. Similar trends in the United States and United Kingdom were noted by the Financial Stability Board (FSB) as falling rates supported leveraged bond buying.

- **Post-greylisting normalisation:** Inflows prior to the October 2025 announcement were consistent with improved fiscal metrics and market anticipation of South Africa's removal from the Financial Action Task Force (FATF) greylist.

- **Base and compositional effects:** Strong year-on-year growth in FC lending in the second half of 2025 partly reflected the low base in early 2025 and the concentration of FC activity in a small number of large banking groups and subsidiaries.

The longer-term structural drivers include:

- **Basel III implementation (2025–2026):** Higher capital and leverage constraints on trading books may have encouraged banks to optimise their balance sheets and allocate capital across subsidiaries. This may have led to increased funding to securities subsidiaries, shifts in wholesale deposits and greater intra-financial system exposure.

- **Derivatives market expansion:** Evolving over-the-counter (OTC) reforms and margin requirements may have increased on-balance sheet funding for margin purposes.

- **SARB liquidity management:** Changes in liquidity management can shift funding between a bank and its group entities, altering where exposures are booked and causing sharp swings (and occasional reversals) in FC loan aggregates.

The strategic business model drivers include:

- **Corporate and Investment Banking (CIB) division expansion:** Increased underwriting, structured product issuance and trading intermediation reflected higher financial sector exposures, increased repo/interbank activity and more volatile FC loan balances.

- **Primary dealer/market-making role (banks):** Higher government bond issuance increases auction underwriting and market-making commitments. This tends to raise banks' government bond inventories and associated repo funding, which is reflected in higher funding to FC counterparties (including securities/trading subsidiaries) and elevated FC loan/repo balances.

The recent increase in corporate credit was broad-based but materially influenced by financial sector activity. Total corporate credit increased by R269.3 billion from June 2025 to April 2026, with general loans to FCs contributing around 32.5% to the increase. Overall growth reflected both financial sector balance sheet activity and broader borrowing by non-financial companies. For the purposes of interpreting credit conditions, lending to NFCs remains the more direct indicator of credit extended to the real productive economy. By contrast, lending to FCs reflects a combination of market-facing activity, intra-group funding and balance sheet positioning. While these activities form an important part of monetary policy transmission through financial markets – including through funding conditions, securities financing and the yield curve – they are less indicative of credit flowing to the real economy.