

**Date:** 07 November 2023

**Attention:** News Editor

**Ref:** 9/6/2

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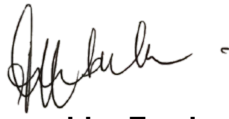
## **BANK OF NAMIBIA RELEASE AMENDED REGULATIONS ON LOAN-TO-VALUE RATIOS**

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1. Loan-to-value ratios for purchasing multiple homes through mortgage bonds to mitigate financial risks have been relaxed through a new regulation issued by the Minister of Finance and Public Enterprises, on the recommendation of the Bank of Namibia, effective 31 October 2023.
2. The latest regulations have replaced the previously issued Regulations on Restrictions on Loan-to-Value (LTV) Ratios in 2019. Simply put, the Loan-to-Value Ratio represents the amount of money lent to a borrower by a banking institution to purchase a property in relation to the property's price or valuation, and the deposit required from the borrower.
3. The new regulation provides for a further relaxation of LTV ratios, particularly concerning additional property purchases. As such, a mortgage loan for a second residential property no longer requires any deposit, while mortgage loans for third and subsequent residential properties only require a 10% deposit.
4. Recent economic conditions and shifts in the Namibian property market prompted these changes. Banking institutions are mandated to establish comprehensive policies and procedures to ensure adherence to the loan-to-value restrictions outlined in the regulations.
5. Appraising the new regulation, Ms. Leonie Dunn, Deputy Governor of the Bank of Namibia, emphasised the significant advantages it offers to property owners and prospective property buyers: "These regulations mirror recent economic conditions which require a further relaxation while safeguarding financial stability. They are designed to foster investment in the property sector, generate job opportunities, and make a positive contribution to economic growth and recovery."



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