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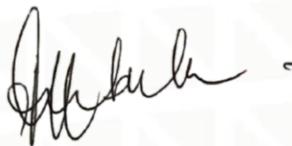
COVID-19 RELIEF MEASURES TO REMAIN IN PLACE TO SUPPORT ECONOMIC RECOVERY

1. To further support the economic recovery underway, the Bank of Namibia has decided to continue with some of the measures instituted to cushion households and businesses from the worst impacts of COVID-19 pandemic and its related restrictions on economic activities. The new measures provided for in Determination BID-33 came into effect on 2 April 2023, and are valid until 1 April 2024.
2. The unprecedented measures taken by the Bank of Namibia included loan repayment moratoriums, liquidity relief measures, and the relaxation of the capital conservation buffer and concentration risk/single borrower limit. These relaxations allowed commercial banks to extend credit to economic sectors most affected by the pandemic and its aftermath.
3. During 2022 the banking industry received a total of 122,819 applications for repayment holidays. The value of loan approvals indicated that individuals dominated the approvals with a total of N\$2.3 billion in 2022 compared to N\$4.9 billion in 2021. This was followed by the Real estate and Business Services sector with N\$1.2 billion, Trade and Accommodation with N\$731.1 million, and the Mining sector with N\$285.1 million.
4. Since its issuance in 2020, the Determination on Policy Changes in Response to Economic and Financial Stability Challenges following the fallout of the COVID-19 pandemic (BID-33), was extended in 2021 and in 2022 until 31 March 2023.
5. The policy interventions have gradually alleviated the impact of COVID-19 on the banking industry. However, despite the resumption of normal business activities, some of the key sectors of the economy that were hit hard by COVID-19 still require more time to recover from the impact of COVID-19 levels. This necessitated the need to revise the Determination (BID-33) to extend the period of the credit relief measures extended to banking institutions and their clients to enable the enhanced credit relief measures introduced late last year November 2022 to take effect.
6. Primarily, the desired objective of reviving the various key sectors where economic activity was downscaled by COVID-19 restrictions, such as tourism, hospitality, and the construction industry will take time. Therefore, the Bank has extended credit relief

measures to enable banking institutions to continue providing relief to the clients impacted by COVID-19 and ensure that key economic sectors can recover from the impact of COVID-19.

7. Furthermore, the limits imposed in respect to total exposures outstanding at any time to a single person or a group of related persons in terms of the Determination on Limits on Exposures to Single Borrowers, Large Exposures and Concentration Risk (BID-4) has been postponed until 1 April 2024. The limit is currently set at twenty-five (25) percent since December 2019. With this postponement, the limit will still stand at thirty (30) percent of a banking institution's capital funds. This postponement will provide banking institutions with further scope to lend to the most vulnerable sectors of the economy during these challenging times.
8. As previously stipulated, borrowers who are granted payment reliefs and who are repaying their loans as agreed, should not be reported to the credit bureaus for purposes of credit reporting. This measure is to ensure that a payment holiday does not adversely affect borrowers' credit records for the duration of the payment moratorium.
9. However, since the banking institutions' liquidity position remains healthy, and any concerns regarding liquidity risk are muted, the liquidity relief measures that applied previously are no longer necessary. Therefore, banking institutions are from now on required to comply with the liquidity requirements set in the Determination on Minimum Liquid Assets (BID-6). Similarly, the capital Conservation Buffer which enabled banking institutions to use the capital they have built up during better financial and economic conditions for lending purposes is no longer required anymore as banks hold capital above the minimum capital requirements plus conservation buffer.
10. The Bank of Namibia will continue to closely monitor the implementation of these relief measures by banking institutions to ensure that they achieve the desired objectives and to ensure that financial system remains stable.
11. Find the Determination (Bid-33) here: <https://bit.ly/3zvW3KI>

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