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General Notice

BANK OF NAMIBIA

No. 850

2026

DETERMINATION ON POLICY CHANGES IN RESPONSE TO ECONOMIC AND
FINANCIAL STABILITY CHALLENGES AS A RESULT OF THE FOOT-AND-MOUTH
DISEASE OUTBREAK AND EL NIÑO-INDUCED CLIMATIC CONDITIONS RELATED
RISKS TO THE AGRICULTURAL SECTOR IN NAMIBIA (BID-42):
BANKING INSTITUTIONS ACT, 2023

In my capacity as Governor of the Bank of Namibia, and under the powers vested in the Bank in terms of section 108(3)(b) of the Banking Institutions Act, 2023 (Act No. 13 of 2023), I hereby issue the Determination on Policy Changes in Response to Economic and Financial Challenges as a Result of the Foot-and-Mouth Disease Outbreak and El Niño-Induced Climatic Conditions Related Risks to the Agricultural Sector in Namibia (BID-42).

EBSON UANGUTA
GOVERNOR

Windhoek, 15 October 2026

Determination No. BID-42**DETERMINATION ON POLICY CHANGES IN RESPONSE TO ECONOMIC AND FINANCIAL CHALLENGES AS A RESULT OF THE FOOT-AND-MOUTH DISEASE OUTBREAK AND EL NIÑO-INDUCED CLIMATIC CONDITIONS RELATED RISKS TO THE AGRICULTURAL SECTOR IN NAMIBIA (BID-42)****PART I
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**PART I
PRELIMINARY MATTERS**

1. **Short Title** – Determination on Agricultural Sector Relief Measures for Foot-and-Mouth Disease and El Niño-Related Risks in Namibia
2. **Authorisation** – Authority for the Bank to issue this Determination is provided in terms of section 108(3)(b) of the Banking Institutions Act, 2023 (Act No. 13 of 2023).
3. **Application** – This Determination applies to all banking institutions authorised by the Bank to conduct banking business in Namibia in terms of section 13(2) of the Banking Institutions Act, 2023.
4. **Definitions** – Terms used in this Determination are as defined in the Act, as defined below, or as reasonably implied by the contextual usage:
 - 4.1 **“Act”** means the Banking Institutions Act, 2023 (Act No. 13 of 2023).

- 4.2 **“Agricultural Distress Event ”** means any adverse development arising from **Foot-and-Mouth Disease (FMD)** and/or **El Niño-induced climatic conditions**, including any outbreak, occurrence, spread, resurgence, or related consequence thereof, that has a material adverse impact on agricultural production, livestock farming, animal husbandry, game and wildlife farming, agricultural value chains, agro-processing activities, rural livelihoods, trade in agricultural products, or the repayment capacity of borrowers operating within the affected sectors.
- 4.3 **“Agriculture sector”** means livestock production, farming, crop farming, game farming, and all activities ancillary or incidental thereto, including related value chain activities directly or indirectly affected by Foot-and-Mouth Disease and/or El Niño-induced climatic conditions.
- 4.4 **“Bank”** means the Bank of Namibia.
- 4.5 **“Burden-sharing”** means the arrangement under which the cost of extending a moratorium is shared between the banking institution and the client, including but not limited to reduced interest rates, and foregoing charging administrative fees in respect of credit assessments conducted.
- 4.6 **“Client”** means any individual, entity, group of related persons, agricultural producer, processor, transporter, vehicle and trailer manufacturers and repairs service providers, exporter, input supplier, abattoir, auctioneer, feed supplier, veterinary service provider, or any other agriculture-related business that has a credit facility with a banking institution and whose financial position has been adversely affected by an Agricultural Distress Event, including any business operating directly or indirectly within the agricultural, livestock, game farming, wildlife, meat processing, agricultural tourism, transport, logistics, marketing, or related value chains, and who meets the eligibility criteria in paragraph 8.2.
- 4.7 **“Distressed Loan”** means a loan that is at significant risk of default or has already defaulted due to the borrower’s financial difficulties, arising from an Agricultural Distress Event and induced climate condition on agricultural production, processing, trade, transport or income generation.
- 4.8 **“Distressed Loan Restructuring”** means modifying the terms of a loan agreement for a client who is unable, or is likely to become unable, to meet the original repayment terms of a loan, whether classified as performing or non-performing, to prevent default, foreclosure or bankruptcy arising from the effects of an Agricultural Distress Event and induced climate condition on agricultural production, processing, trade, transport or income generation.
- 4.9 **“El Niño”** means a periodic climate pattern characterised by the anomalous warming of sea surface temperatures in the central and eastern tropical Pacific Ocean resulting from the weakening of prevailing trade winds, which disrupts global ocean-atmosphere dynamics and normal meteorological systems, thereby inducing above-average precipitation and flooding in certain geographical regions while simultaneously causing severe drought conditions and moisture deficits in other regions.
- 4.10 **“Foot-and-Mouth Disease”** or **“FMD”** means a severe and highly contagious viral disease affecting cloven-hoofed animals, including cattle, sheep, goats, pigs, and wildlife species, which causes significant production losses and may disrupt domestic and international trade in animals and animal products.
- 4.11 **“Moratorium”** means a deferral, agreed in writing, between a banking institution and a client, of payments of either principal amount or interest or both in respect of loans classified as performing at the Reference Date.

- 4.12 **“Reference Date”** means 22 September 2026, being the date on which the competent veterinary authority officially declared the outbreak of Foot-and-Mouth Disease.
- 4.13 **“Relief Measure”** means a moratorium, Distressed Loan Restructuring or emergency credit facility granted pursuant to this Determination.

PART II STATEMENT OF POLICY

5. Purpose

This Determination is issued to provide temporary policy, prudential and regulatory relief measures to banking institutions and affected clients in response to the economic and financial stability risks arising from an Agricultural Distress Event and induced climate condition, and its adverse impact on the agricultural sector and related value chains in Namibia.

6. Scope

This Determination sets out the Relief Measures that banking institutions may grant to eligible clients, the conditions attached to each Relief Measure, the prudential treatment of loans subject to Relief Measures and the related disclosure, reporting and exit requirements.

7. Responsibilities

- 7.1 Banking institutions must have in place a board-approved credit policy which incorporates the principles contained in this Determination.
- 7.2 Banking institutions must ensure that appropriate governance, risk management and control frameworks are in place to support the implementation of Relief Measures under this Determination. The Board of Directors and Senior Management are responsible for ensuring that Relief Measures are implemented in a prudent manner and in accordance with applicable regulatory requirements.

PART III IMPLEMENTATION AND SPECIFIC REQUIREMENTS

8. Policy and Regulatory Measures

8.1 Loan Repayment Moratorium

- 8.1.1 Given the impact of the Agricultural Distress Event and induced climate conditions on clients, which affects their ability to repay existing loans, the Bank hereby grants banking institutions authorisation to extend a moratorium on loan repayments to clients operating within the agriculture sector in accordance with the Determination on Asset Classification, the Suspension of Interest and Provisioning (BID-2), subject to the following requirements:
- a) The moratorium applies to all types of loans that were performing at the Reference Date, including but not limited to working capital loans, term loans, and equipment financing.
 - b) The moratorium may be granted on the principal amount only for a period of up to twenty-four (24) months, as determined by the banking institution following a comprehensive and documented assessment of the client's circumstances and repayment capacity. The moratorium shall be subject to periodic review based on the

progression and continuing impact of the Agricultural Distress Event. Where prevailing conditions warrant further relief, the Bank may, upon review, extend the maximum moratorium period by notice issued to banking institutions.

- c) The revised repayment arrangements, including any extension of the loan term, shall be documented and agreed in writing between the banking institution and the Client, in a manner consistent with this Determination.
- d) Loan moratorium shall be measured cumulatively from the date of the initial moratorium granted in respect of a loan. The aggregate duration of all moratoria granted on a loan shall not exceed twenty-four (24) months, unless the Bank determines otherwise and authorises an extension through a notice issued following a review of prevailing conditions. Moratoria granted under BID-39 shall not be taken into account when calculating the cumulative limit under this Determination.
- e) No penalties, default interest, additional fees or charges arising solely as a consequence of the granting or extension of a moratorium may be charged to the Client. Nothing in this paragraph prevents interest from accruing in accordance with the contractual interest rate applicable to the loan, unless otherwise agreed in writing between the banking institution and the Client.
- f) Notwithstanding sub-paragraph (e) above, a banking institution may charge a once-off administration fee not exceeding the standard loan amendment or restructuring administration fee ordinarily charged by the institution and may recover reasonable and necessary third-party costs incurred in implementing the Relief Measure, provided that such costs are directly attributable to the Relief Measure and are disclosed to the Client in writing before the Moratorium is agreed. No subsequent assessment, restructuring or administrative fee may be charged in relation to the same Moratorium.
- g) Banking institutions must monitor loans subject to Relief Measures in accordance with their approved credit risk management policies and procedures.
- h) Any secondary and subsequent extension or rollover of the initial moratorium must be subjected to a comprehensive and documented assessment. The assessment of the extension or rollover must consider whether the increase in credit risk warrants an adverse shift in both regulatory and accounting classification, once the loan moratorium amounts to twenty-four (24) months cumulatively, unless the assessment demonstrates that the client is able to resume repayment in full.
- i) In granting a moratorium, banking institutions must apply burden-sharing, which must maintain a no-borrower-worse-off principle in terms of which no borrower is placed in a worse-off position at the end of the moratorium period. A banking institution must document, for each moratorium, how the client is not placed in a worse-off position, having regard to at least the interest rate, fees, instalment amount and total cost of credit relative to the original loan terms.

- j) Banking institutions must ensure that the elected manner of burden-sharing is captured within their credit administration policies and must be reviewed by the Internal Audit function during the audit review cycle.
- k) Any loan or portfolio of loans which was classified as non-performing in terms of BID-2 prior to the Agricultural Distress Event and induced climate condition is not eligible for a loan moratorium as the inability to service the loan in accordance with the contractual obligations predates the advent of the agricultural distress event.
- l) Sub-paragraph k) above does not apply to a loan of a client that received relief under the BID-39, where the client demonstrates that the non-performing status results from the combined effect of the COVID-19 pandemic and the agricultural distress event, and not from other factors such as poor debt management.
- m) For purposes of this Determination, facilities shall not be regarded as non-performing solely due to minor technical arrears, temporary excesses, routine facility review renewals, expired limits undergoing active review, or immaterial covenant breaches, provided the banking institution is satisfied that the facility was substantively performing immediately before the Agricultural Distress Event.

8.1.2 Distressed Loan Restructuring

8.1.2.1 Banking institutions may offer restructuring options for non-performing loans held by clients adversely affected by the agricultural distress event. The objective is to make the debt more manageable for the client, while maximising the likelihood of repayment. A banking institution may consider distressed loan restructuring as subject to the following requirements:

- a) A distressed loan must be distressed as a result of the agricultural distress event. Any non-performing loan which is due to other factors, including poor debt management by the client, does not qualify for restructuring.
- b) Sub-paragraph a) above does not apply to a loan of a client that received relief under the BID-39, where the client demonstrates that the non-performing status results from the combined effect of the COVID-19 pandemic and the agricultural distress event, and not from other factors such as poor debt management.
- c) Loan restructuring options may include, but are not limited to:
 - i. Extension of loan tenures;
 - ii. Reduction of interest rates;
 - iii. Conversion of short-term loans into long-term loans; or
 - iv. A moratorium may be granted on the principal amount only in respect of a restructured loan for a period of up to twenty-four (24) months, unless the Bank, following a review of prevailing conditions, authorises an extension by notice to banking institutions.

- d) Distressed restructuring must not be used to postpone the recognition of inevitable losses in terms of credit risk exposure under regulatory and accounting reporting standards.
- e) Distressed restructuring should only be considered for clients, who have engaged with the banking institution in good faith, including by providing information reasonably requested and who, despite their current financial distress, demonstrate future viability and performance in accordance with the revised payment schedule, as is evidenced by a comprehensive and documented assessment.
- f) A Distressed Loan classified as performing may be restructured under this paragraph before it becomes non-performing. Its classification is determined in accordance with this Determination.

8.1.3 Recovery Support Funding

For purposes of this Determination, Agricultural Recovery Financing refers to credit facilities extended by banking institutions to support Clients affected by an Agricultural Distress Event and induced climate condition, and does not imply the existence of a declared state of emergency or disaster.

8.1.3.1. Banking institutions may extend recovery support credit facilities to clients affected by the agricultural distress event, under preferential terms to aid the recovery efforts, subject to the following:

- a) A recovery loan may be extended to a client, whether classified as performing or non-performing, if it can be demonstrated based on future prospects that the client will be able to service the total loan portfolio post the agricultural distress event.
- b) A moratorium may be extended to a new loan, whether the new loan is combined with the existing loans or not, for a maximum period of twenty-four (24) months and on the principal amount only.
- c) A recovery loan may be granted on fair and, where feasible, concessional terms, having regard to the institution's cost of funding, the client's risk profile, available security, available guarantees and the form of burden-sharing applied.

8.1.3.2 Where Agricultural Recovery Financing is extended to a Client whose loans are classified as non-performing, the banking institution must conduct a comprehensive and documented assessment, demonstrating reasonable prospects of recovery and confirming that the facility is not intended to postpone the recognition of credit losses, avoid provisioning requirements, or circumvent the requirements of BID-2.

8.1.4 Loan Classification in respect of BID-2

8.1.4.1 A loan or portfolio of loans under relief management, may not be classified to the extent the borrower is worse off, and must be subjected, to the following requirements, as may be applicable:

- a) Any single loan or portfolio of loans which is duly assessed and granted a moratorium of a period of one (1) to twenty-four (24) months, as applicable, must not be adversely classified under regulatory loan classification solely by reason of the moratorium extended.

- b) A positive change of the classification and provisioning status of any loan or portfolio of loans can only be made when new loan terms and the conditions of reclassification to accrual status are agreed upon, and where both the conditions of BID-2 on the expected full repayment of interest and a sustained record of performance for a period of at least six (6) months are satisfied.
- c) A new loan extended to a Client classified as non-performing or a restructured existing loan classified as non-performing shall retain the same classification rating applicable immediately before the granting of the Relief Measure. A positive change in the classification and provisioning status of any new or restructured existing loan or portfolio of loans classified as non-performing can only be considered when a sustained record of performance for a period of at least six (6) months on the expected full repayment of at least interest is established.
- d) Nothing in this Determination relieves a banking institution of its obligation to assess significant increases in credit risk, staging and expected credit losses in accordance with IFRS 9. The granting of a Relief Measure does not of itself constitute a significant increase in credit risk, but each exposure must be assessed on its merits. Where regulatory provisions exceed accounting provisions, the difference must be reported in accordance with Annexure 1 hereto.
- e) The prudential treatment provided for in sub-paragraph (d) above shall continue to apply to any loan that was subject to a Relief Measure until such loan has been assessed and reclassified in accordance with the Determination on Asset Classification, the Suspension of Interest and Provisioning (BID-2).

8.2 Eligibility Criteria

8.2.1 To qualify for a Relief Measure, a client must:

- a) Demonstrate that their income has been significantly affected by an Agricultural Distress Event. Such impact may be demonstrated by clients operating directly or indirectly within the agricultural value chain, including businesses in other sectors whose income, operations or cash flows are materially dependent on agricultural activity. The impact is presumed where the Client's operations are located in an area declared by the competent authority to be an FMD-affected, protection or quarantine zone, or a drought-affected area, or where the Client's income or turnover has declined compared with the corresponding period preceding the Reference Date due to the direct or indirect effects of the Agricultural Distress Event.
- b) Provide evidence of such impact, which may include but is not limited to, data from credible institutions, livestock movement or veterinary reports, crop yield reports, and financial statements.
- c) Submit a formal application to their banking institution detailing the extent of the impact and the relief sought.

8.2.2 Application Process and Client Protection:

- a) Banking institutions must consider applications for relief measures within a reasonable period determined by their internal processes.

- b) Where an application is declined, the banking institution must provide the client with written reasons for declining their application.
- c) Banking Institutions must maintain records of all applications received, approved and declined for at least five (5) years.
- d) Relief measures must not be made conditional upon the client acquiring any unrelated product or service from the banking institution.
- e) Clients who are dissatisfied with the handling of an application may lodge a complaint through the banking institution's complaints process or any other applicable dispute resolution mechanism.

9. Other Regulatory Interventions

- 9.1 To extend impactful relief to affected clients because of the agricultural distress event, the following additional measures are herewith determined:

9.1.1 Single Borrower Limits

- a) Paragraph 8.1 of the Determination on Limits on Exposures to Single Borrowers, Large Exposures and Concentration Risk (BID-4) is hereby amended, for the duration of this Determination, such that the limit relating to the total of all exposures outstanding at any time to a single person, or a group of related persons, has been increased from 25% (twenty-five percent) to 30% (thirty percent) of a banking institution's capital funds.
- b) The 30 percent single borrower limit is applicable only to exposures arising from Relief Measures granted to clients operating within the agriculture sector, including but not limited to:
 - i. Value chain counterparties;
 - ii. producers or cooperatives; and
 - iii. export entities impacted by the agricultural distress event.
- c) Any exposure exceeding 25% (twenty-five per cent) of capital funds in reliance on this paragraph must be approved by the board of directors of the banking institution or its delegated credit committee, and the Bank must be notified within five (5) working days from the date of the limit being exceeded.
- d) The limit referred to in this section reverts to 25% (twenty-five per cent) on the expiry or revocation of this Determination, subject to transitional provisions herein.

9.1.2 Credit Bureau Reporting

- 9.1.2.1 The following must be considered when reporting credit performance information to credit bureaus during the period of the Agricultural Distress Event and induced climate condition, for the duration of this Determination:

- a) All credit performance information reporting to credit bureaus should continue.

- b) All clients who have been granted relief in terms of this Determination should be reported as performing and must not be reported as non-performing with credit bureaus for the duration of this Determination, unless otherwise required by BID-2 due to a material deterioration in credit quality. For the avoidance of doubt, a loan must not be reported as in arrears or non-performing solely because repayments have been deferred under a moratorium granted in terms of this Determination.
- c) All clients who have been classified as non-performing prior to the commencement of this Determination must be reported as such to the credit bureaus.
- d) The relief indicator referred to in sub-paragraph (b) must be removed once the Relief Measure ends and the loan has been classified as performing for a period of at least six (6) months.

10. Disclosure Requirements

- 10.1 At a minimum, banking institutions must publish on their websites clear and accessible information on the eligibility criteria, application requirements, application fees and procedures for obtaining relief under this Determination.
- 10.2 Banking institutions must also communicate this information through appropriate channels to ensure that it reaches clients across all regions, including those with limited internet access. Information must be provided in plain language and, where appropriate, relevant local languages, using channels suited to clients' needs, such as branches, radio, SMS and community outreach.

11. Reporting and Monitoring

- 11.1 Banking institutions must submit on the 20th of every month reports to the Bank detailing:
 - a) The number and value of applications received, approved, declined and pending for each relief measure, including the main reasons for declining applications.
 - b) The number of clients granted moratoria, the outstanding value of loans covered and the duration of the moratoria.
 - c) The number and outstanding value of distressed loans restructured, including the types of restructuring granted.
 - d) The number and value of emergency loans extended under preferential terms, including the applicable interest rates and repayment periods.
 - e) The repayment performance of loans benefiting from relief, including arrears, non-performing loans and defaults following the expiry of relief.
 - f) Exposures exceeding 25% (twenty-five per cent) of capital funds in reliance on sub-paragraph 9.1 above.
 - g) Estimated number of jobs retained or preserved as a result of Relief Measures granted, together with the methodology used by the banking institution.

- 11.2 Reports must be disaggregated by region, borrower category and agricultural sector (including livestock, crop, game and value chain activities), to enable the Bank to assess the distribution of relief, identify concentrations of distress, and the impact of the relief.
- 11.3 Banking institutions must monitor the effectiveness of relief measures and report material implementation challenges and emerging risks in respect of the preceding month.
- 11.4 The reporting obligations prescribed under this Determination apply for the duration of its validity.

12. Phase Out of Interventions

Relief Measures implemented between the Reference Date and the Effective Date of this Determination may qualify for treatment under this Determination, provided that the banking institution demonstrates compliance with the substantive requirements of this Determination within sixty (60) days of the Effective Date.

13. Duration and Review

- 13.1 This Determination shall remain in force for twenty-four (24) months from its Effective Date unless amended, extended or revoked by the Bank, where prevailing conditions indicate that the Agricultural Distress Event and induced climate conditions continue to materially affect the agricultural sector, related value chains, and clients whose income, operations, or cash flows are directly or indirectly dependent on agricultural activity.
- 13.2 The Bank shall review the effectiveness of this Determination periodically and make any necessary amendments to address emerging issues and ensure effective implementation of relief measures.

PART IV EFFECTIVE DATE

14. Effective Date

This Determination comes into effect on the date of publication in the *Gazette*.

ANNEXURE 1**STATUTORY REPORTING OF ADDITIONAL PROVISIONS**

1. With respect to statutory reporting, banking institutions must account for additional provisions under the Statutory Returns BIR-101 Statement of Financial Position, BIR-201 Statement of Comprehensive Income, as well as BIR-401 Consolidated Return on Capital Adequacy Ratio as follows:
 - 1.1 Additional specific provisions, where regulatory provisions are higher than accounting provisions, should be added to the provisions in line item 81, Specific Provisions, of BIR-101.
 - 1.2 Additional general provisions, where regulatory provisions are higher than accounting provisions, should be reported under non-distributable reserves, line item 39, Non-Distributable Reserves of BIR-101.
 - 1.3 In BIR-401, the general risk reserve, with respect to additional general provisions raised, should be reported in line 36 (Certain Loan Loss Provisions), which is capped at 1.25 percent of credit risk-weighted assets.
 - 1.4 In BIR-401, the additional specific provisions raised are not to be reported separately but should only be reflected as a decrease in Retained Income.
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