



FREQUENTLY ASKED QUESTIONS ABOUT THE COVID-19 STIMULUS PACKAGE

1. WHAT IS A COVID-19 RELIEF AND STIMULUS PACKAGE?

The Covid-19 relief and stimulus package are a set of measures or interventions implemented by the Bank to assist clients to withstand the effects of COVID-19 and to stimulate agricultural production.

This intervention provides stimulus by supporting the achievement of optimal production levels as well as to support additional income streams for farmers affected by COVID-19. It requires an existing client to be in good standing with the Bank from 1 June 2020 – i.e. not in arrears. Subsequently, the client should be actively engaged in farming or production and should demonstrate feasibility activity(ies) for funding.

1. PRODUCTION STIMULUS LOANS

1.1. WHAT ARE THE PRODUCT OFFERINGS FOR PRODUCTION STIMULUS LOANS?

Types of stimulus loans:

Industry	Product offering
Cropping facility	<ul style="list-style-type: none"> • Production inputs, capital expenditure for farm improvement, irrigation systems or/add solar systems
Restocking facility	<ul style="list-style-type: none"> • Restocking for farms with low stock units, production inputs, capital expenditure for farm improvement or/and Solar systems
Biomass industry	<ul style="list-style-type: none"> • Equipment and facilities for Forestry Stewardship Council (FSC) compliance or/and bush to feed machinery and technology
Poultry	<ul style="list-style-type: none"> • Capital expenditure for farm improvement or /and production inputs (medicine, feed, marketing etc.)

Other production activities can be considered on condition that they have potential to stimulate production.

1.2. WHO CAN APPLY?

- All new and existing clients are eligible to apply.

1.3. HOW DO I QUALIFY TO PARTICIPATE IN THE PRODUCTION STIMULUS LOAN FACILITY?

- Existing clients should be in good standing, meaning that they should not be in arrears at the time of application.
- Clients should be actively engaged in farming/production.
- Client should demonstrate feasibility of proposed activity(ies) for funding.

1.4. WHAT ARE THE APPLICABLE INTEREST RATES AND LOAN PERIOD?

- In line with the Bank's policy and the revised interest rates.
- Loan period is as per the Bank's policy.

1.5. ARE THERE ANY COLLATERAL REQUIREMENTS FOR PRODUCTION STIMULUS LOANS?

- Full collateral cover is a requirement on all new loans for production stimulus.
- All clients to commit to a revaluation of collateral for the Bank to determine collateral scope, if valuation is 5 years or less. On older than 5 years valuations, a fresh valuation based on physical inspection will be conducted.
- Clients are expected to sign the Power of Attorney for revaluation of collateral at a future date if Agribank is a first bond holder. If Agribank is a second bond holder, disbursement is subject to the bond registration, while as, If Agribank pays for the Bond fees, such amount will be added to client's loan account.
- For clients with collateral in the form of an investment policy, a cession from financial institution or insurance companies must first be received.

1.6. WHEN DO I START PAYING AGAIN MY NORMAL INSTALLMENTS IF GRANTED PRODUCTION STIMULUS LOAN?

- Clients will be expected to start paying their installment after the expiry of the grace period. The grace period is based on cashflow and production cycle - in line with Bank's Credit Policy provisions.

1.7. WHAT IS THE TREATMENT OF INTEREST DURING THE GRACE PERIOD?

- All interests accrued during the grace period is capitalized and the normal Bank recovery procedures will apply to defaulting clients after grace period.

2. PAYMENT HOLIDAY OR RELIEF ON EXISTING LOANS (INSTALMENT RELIEF)

2.1. WHO CAN APPLY?

- Relief is open to all clients who can prove COVID-19 adverse impact on a case-by-case basis.
- Clients wishing, or able, to continue paying entire or part of their instalments are encouraged to do so.

2.2. HOW LONG IS THE INSTALMENT RELIEF PERIOD?

- 12 months for loan instalment holiday (Interest + capital) from 1 June 2020.

2.3. WHEN DO I START PAYING MY NORMAL INSTALMENTS IF GRANTED THE INSTALMENT RELIEF PACKAGE?

- Normal instalment payments will resume after the instalment holiday period.
- Instalment that will fall due during relief period will be capitalized and an additional year will be added to client's loan term but clients who wish to keep to original loan term(s) are free to do so.

2.4. WHAT WILL HAPPEN TO MY EXISTING ARREARS AND HOW WILL MY PENALTY INTEREST BE TREATED?

- Existing arrears will not be capitalized; penalty interest of 1.5% will apply on arrears for relief period (down from 2%).

2.5. ARE THERE ANY COLLATERAL REQUIREMENTS FOR THE PAYMENT RELIEF PACKAGE?

- The client's full collateral cover should be maintained, and desktop valuations will be conducted to determine collateral scope if valuation is 5 years or less. For valuation older than 5 years, physical valuation will be conducted.
- Client are expected to sign the Power of Attorney upfront for an additional bond registration should it be necessary after relief is granted. If the additional collateral is in the form of investment/ policy, the client should provide cession from financial institution or insurance company.
- Applications for instalment relief are to be granted by Management Credit Committee.

3. OTHER RELIEF MEASURES

i) Interest rate relief:

- ✓ Rates above 8.5% to be reduced by 0.5%.
- ✓ Rates between 8% & 8.49% to be reduced to 8%.
- ✓ Rates below 8% to remain as is.
- ✓ Penalty interest on arrears to be reduced from 2% to 1.5% during relief period.
- ✓ Bank's average lending rate will be 8.09% (inclusive of reduced penalty interest; 7.4% without penalty interest on arrears).

ii) ITC de-listing & restructuring:

▪ For pre-legal clients:

- ✓ De-listing on payment of 10% of arrears.
- ✓ Loan restructuring on payment of 20% of arrears & viability of farming business. Business plan is required. Bank policy allows for additional 2 years to loan term.

▪ For legal clients:

- ✓ De-listing on payment of 10% of arrears.
- ✓ Loan restructuring – if client is up to date with repayment arrangement = 20% of arrears & viable business plan; if not up to date = 30% of arrears and viable business plan. Credit policy loan term extension applies.

iii) Legal action:

- ✓ Where default judgement already obtained against client – Bank will spend further legal action if COVID-19 impact is proven or upon 20% payment of arrears for restructuring. Otherwise action proceeds.
- ✓ Where action started but judgment not yet obtained – Bank will spend action subject to consent to judgement and proof of Covid-19 impacting or 20% payment on arrears for restructuring. Otherwise action proceeds.
- ✓ Where action not yet started – Same principles as above apply.

2. WHERE DO I APPLY AND SUBMIT THE APPLICATION?

- New and existing clients are encouraged to lodge their applications for instalment relief and new loans on production stimulus at the nearest branch. Due to COVID-19, clients are encouraged to make use of the online platform.
- The legal clients are expected to consult the legal division at the Agribank Head Office (ask for Mrs Evast Kalumbu and/or Mrs Ndinelaio Hangula at 061 – 2074200) to apply for the installment relief facility. Thereafter, the client can contact the branch if wishes to apply for the Covid-19 relief package.

3. HOW LONG DOES THE APPROVAL PROCESS TAKE?

- We expect the approval process to take up to 30 working days.

4. WHO DO I CONTACT FOR MORE INFORMATION ON THE AVAILABLE ASSISTANCE OR TO APPLY FOR RELIEF?

- Clients or interested farmers are encouraged to contact their nearest branch.

5. WHAT IS THE DUE DATE TO APPLY FOR THESE RELIEF PACKAGES?

- The widow period for the New Loans is 30 April 2021, while for the Installment Payment Holiday Relief is 30 June 2021.