2022 ANNUAL REPORT

RESILIENCE AMIDST A TURBULENT BUSINESS ENVIRONMENT

AGRIBANK OF NAMIBIA

Your all Season Bank

OUR THEME

RESILIENCE AMIDST A TURBULENT BUSINESS ENVIRONMENT

Over the past five years, the corporate and business world has experienced several significant challenges ranging from fiscal consolidation, dire climatic conditions and a health crisis boiling from the COVID-19 pandemic. Productivity and efficiency has been brought to the fore during the pandemic which presents opportunities for automation and smarter ways of working. Furthermore, contingency planning of the uncertainty around future events has become a core consideration for decision making.

This Annual Report highlights the Bank's ability to remain resilient during economic hardships while providing affordable and innovative financial solutions towards socio-economic development in Namibia.

Agribank will continue to effectively navigate through the economic uncertainty that is affecting the business operations while promoting sustainable and climate resilient agricultural practices.

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ABBREVIATION OF TERMS

AALS	Affirmative Action Loan Scheme
AASD	Agri Advisory Services Division
AB	Agribank of Namibia
BoN	Bank of Namibia
CEO	Chief Executive Officer
CIC	Credit and Investment Committee (of the Board)
ERFP	Emerging Retail Financing Product
EXCO	Executive Committee
FID	Farmers' Information Day
FRACC	Finance, Risk, Audit and Compliance Committee (of the Board)
FY	Fiscal Year/Financial Year
GIZ	Deutsche Gesellschaft für Internationale Zusammenarbeit
HRC	Human Resources Committee (of the Board)
ICT	Information and Communication Technology
MAWLR	Ministry of Agriculture, Water and Land Reform
PMS	Performance Management System
RAG	Red Amber Green
SADC	Southern African Development Community
SAP	Systems, Applications, Products (in data processing)
SAI	Sales Automation Initiative
MoF	Ministry of Finance

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ABOUT AGRIBANK

01 ABOUT AGRIBANK

1.1 Mandate

Agribank is a development finance institution whose mandate is to lend money to individuals, business entities or financial intermediaries for the promotion of agriculture and related activities. The Bank derives its mandate from the provisions of the Agricultural Bank of Namibia Act, No. 5 of 2003.

1.2 Strategic Thrust

Our Vision

To be the catalyst in transforming the agricultural sector where every Namibian enjoys a quality life.

Our Mission

To promote socio-economic development through affordable and innovative agricultural financing solutions.

Our Values

Our core values, which serve as principles which guide our business are:

CAPFIT

Customer Service

Striving for excellence in the way we serve our customers

Accountability

Accounting for and taking responsibility for the actions we take in pursuit of our mandate

Professionalism

Striving to apply skills, competence and character, expected of highly trained professionals, in the conduct of our business and the execution of our mandate

Fairness

Striving towards equitable and fair treatment of all stakeholders

Integrity

Honesty and truthfulness in the conduct of our business

Transparency

Openness in all our dealings and to public scrutiny

OUR NON-NEGOTIABLES

- Living our values
- Treating customers fairly
- Treating the business like its our own
- Respect towards fellow employees
- Ethical dealings in everything we do

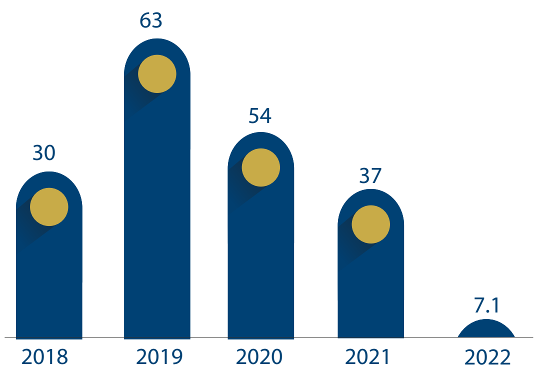
02

KEY FACTS

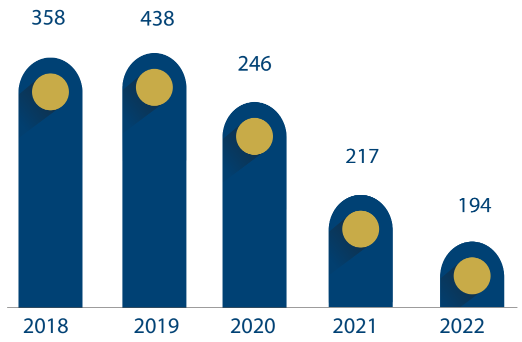
02 KEY FACTS

2.1 Financial Highlights

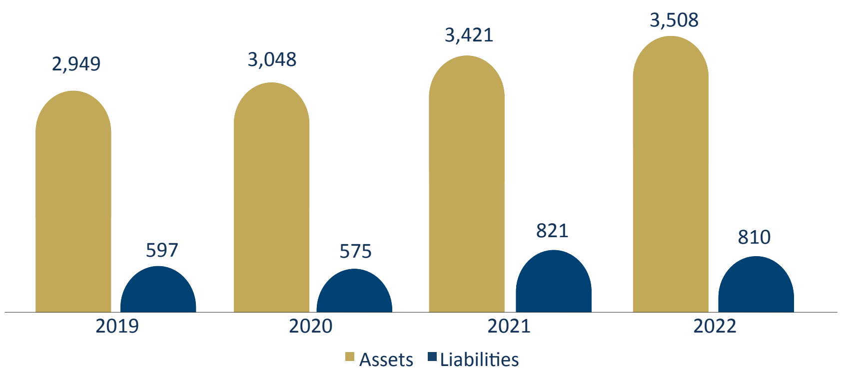
Bank's surplus (N$m)



Bank's total loan disbursements (N$m)



Banks total assets and total liability (N$m)



Financial ratios

Return on Equity

0.3%
FY2021/22

1.4%
FY2020/21

Net Interest Margin

6.5%
FY2021/22

6.7%
FY2020/21

Staff cost to Opex

63.5%
FY2021/22

63.7%
FY2020/21

Return on Assets

0.2%
FY2021/22

1.1%
FY2020/21

Cost to Income Ratio

75.2%
FY2021/22

71.4%
FY2020/21

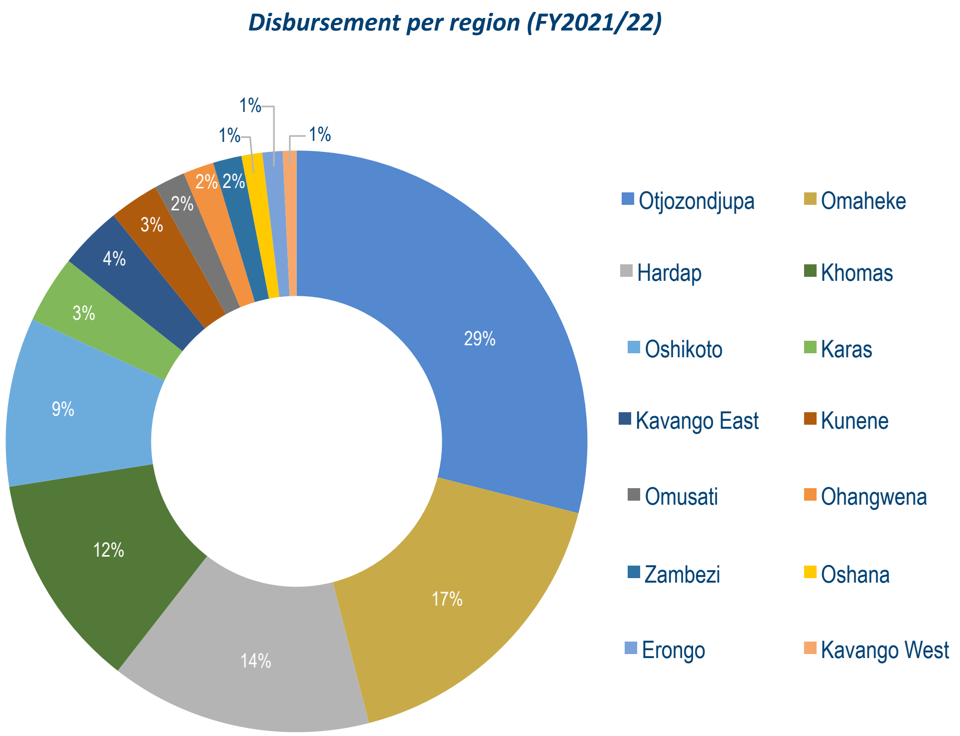
Arrears to Total Advances Ratio

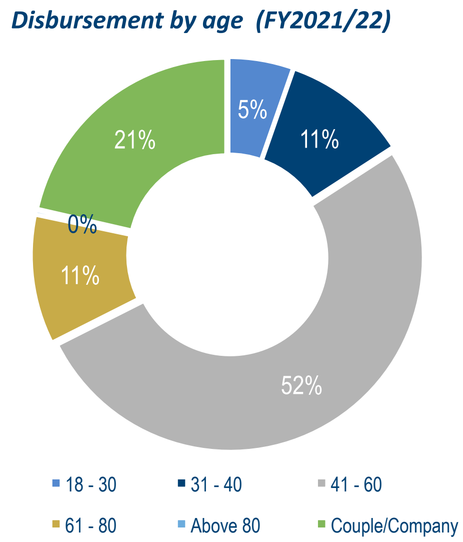
27.8%
FY2021/22

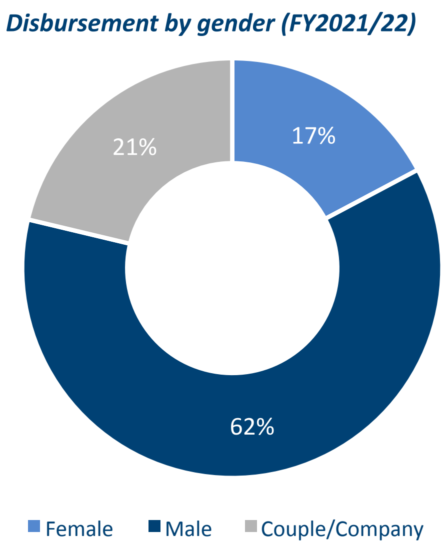
24.7%
FY2020/21

2.2 Product distribution by demand – Highlights

The Bank improved its market share to 45% by March 2022 compared to 43% in the prior financial year.







2.3 Developmental impact highlights

AB % of the market	Client base (no)	*Land size (ha)	Employment created/maintained
45% in FY2022	4,467 in FY2022	57,965 ha in FY2022	35,736 in FY2022
VS	VS	VS	VS
43% FY2021	4,723 FY2021	88,530 ha FY2021	37,784 FY2021

*Land size refers to new farm land purchases during the reporting period.

2.4 Disbursement for inclusive financing schemes

N$m

	1Q2021/22	2Q2021/22	3Q2021/22	4Q2021/22	FY2021	FY2022
ERFP	0.5m	1.2m	2.1m	8.8m	1.6m	12.6m
No collateral	2.1m	3.5m	2.4m	2.1m	13.2m	10.10m
Women and Youth	2.3m	4.7m	2.1m	3.4m	0.15m	12.5m

* **(ERFP)**: No collateral loan product for full-time communal farmers.
* **No Collateral**: No collateral loan product for part-time communal farmers.

2.5 Total disbursement - FY2021/22

	Quarterly Comparison				Annual Comparison	
	1Q2021/22	*2Q2021/22*	*3Q2021/22*	*4Q2021/22*	*FY2021*	*FY2022*
Total disbursements	34.3m	55.5m	62.5m	42.2m	217m	194.5m
Crop sector (incl. Irrigation)	0.4m	0.7m	3.8m	0.5m	12.9m	5.4m
Livestock	10.3m	14.7m	24.4m	23.8m	52.5m	73.2m
Land purchases	14.3m	22.7m	12.3m	5.8m	70m	55.1m
Other products	9.3m	17.4m	22m	12.1m	81.6m	60.9m

CHAIRPERSON'S STATEMENT

> The COVID-19 pandemic continues to test resilience of social and economic infrastructures during the reporting period (April 2021- March 2022)

DAGMAR HONSBEIN,
Agribank, Deputy Chairperson

3.1 Introduction

As we reach the two-year mark of the COVID-19 pandemic, the financial year ended March 2022 was one of the most difficult that economies, businesses, and individuals faced in history. The compounding and lingering effects of the pandemic coupled with pre-existing socio-economic challenges were felt across the business and corporate world. The business world has experienced events that created negative impacts such as steep increases in unemployment and economic downturn.

The COVID-19 pandemic continues to test the resilience of social and economic infrastructures during the reporting period (April 2021 - March 2022). As with any crisis, leadership at all levels was tested and COVID-19 revealed the importance of collaboration amongst stakeholders and policy support to mitigate the impact of the crisis and the implementation of recovery plans.

Amidst this challenging environment, Agribank had a remarkable performance recording a surplus over the past two consecutive financial years. Guided by our corporate strategy to support growth of the agriculture sector and improve livelihoods, the Bank prioritised customer centrism to deliver long-term value to clients and shareholders. Agribank responded to the needs of the customers and farmers by investing in digitalisation to improve efficiency in service delivery going forward.

The Bank further introduced virtual platforms for advisory services to increase the reach. Furthermore, in what was truly uncharted waters, Agribank expanded its footprint and launched a new branch in Grootfontein, to bring the service closer to clients and fully revamped its Otjeroku branch and cemented its Gobabis outlet. The product portfolio was equally expanded.

Sadly, several staff members as well as customers succumed to the pandemic and many others experienced the loss of loved ones from COVID-19-related complications. This naturally placed a heavy emotional burden on individuals, and put excessive pressure on legal collections as estate arrears exponentially increased.

3.2 Global Economic Environment

The global economic growth is affected by key cross-currents in rising commodity prices and geopolitical tensions. The global economy is estimated to have grown by 5.9% in 2021. In 2022 the world economy is forecasted to grow more slowly than expected, at 3.6%. The downward growth reflects the US's tightening of monetary policy and supply chain disruption, China's strict zero-Covid policy and the weaker property sector, as well as comomodity supply costs.

Global economic activities will continue to suffer the effects of the China – US trade disputes, the Russia-Ukraine conflicts coupled with the lagging effects of COVID-19.

3.3 Domestic Economy

Following five years of consecutive depressed economic growth and the deepest contraction (-7.9%) in 2020, the Namibian economy rebounded by 2.4% in 2021 (NSA, preliminary national account). The wholesale and retail trade sector recovered from depressed spending and operations witnessed between 2016 and 2020, increasing by 6.1% in 2021. The growth is reflected in an upward shift in income from vehicles, household spending, furniture outlets and wholesalers' sales. The health sector recorded a stronger growth of 4.5% in 2021 emanating from an increase in health personnel and health expenditures.

Inflation rate for March 2022 stood at 4.5% compared to a 3.1% recorded in the prior year. Inflationary pressure emanates from the rise in global energy and food prices resulting from the Russia-Ukraine conflicts.

High costs of production are likely to be transferred to businesses and households. The fear of rising interest rates has become a reality, with BoN hiking interest rates by 25bps to 4.0% in February 2022. Further hikes are expected during the calendar year.

The economy is projected to grow by 3.2% in 2022 and material and broad-based growth is likely to be realised over the medium-term. The emerging high inflation rates due to energy shocks remains a risk to sustainable economic growth.

Although, a rebound in growth is observed, economic activities lag below pre-pandemic levels in terms of production output across the industries. It is worth mentioning that the pre-pandemic economic growth was already depressed especially in the agricultural sector due to the 2018/2019 draught.

3.4 Reimagining our future

As a key player in the transformation of the agriculture sector, Agribank remained resilient amidst a turbulent operating environment. Just as economies are adapting to the new normal of the COVID-19 disruptions, a new supply shockwave through energy and food prices hit the market. This resulted in a rapid increase in oil prices coupled with rising global inflation and predictable drastic interest rates hikes going forward. Similarly, the rising cost of production remains a concern for on-farm production over the medium-term.

Continued collaboration with other institutions to pool financial resources for capacity building and training of farmers to support sustainable and inclusive growth in the agriculture sector, assisted Agribank to prepare for the future.

3.5 Corporate Governance

Despite difficulties within the operating environment, Agribank remains amongst the most well governed public enterprises in the country. In accordance with the principles of sound corporate governance, the Board Charter, modelled on the charter principles and the recommended NAMCODE, provided a clear and

Dagmar Honsbein

concise overview of the division of responsibilities and accountability of the Board members, collectively and individually. This ensures a balance of power and authority. The Board Charter is reviewed annually to ensure continued compliance with regulations and best practice. The Board of Directors and various Board sub-Committees, established by the Board, provide ongoing input and support to the Board and the Chief Executive as and when required.

The members of the Board receive timely, accurate and relevant information to enable them to fulfil their duties. All new directors undergo a formal induction process, which includes meeting the executive management to discuss key aspects of the business and the governance thereof. The bank has comprehensive documentation regarding the governance and management structures in place. All Directors are encouraged to undertake continuous professional development, training and education throughout their term of office.

3.6 Looking to the future

Positive economic growth expectations are faced with new challenges that will require both businesses and households to find ways to navigate through high inflation, rising borrowing cost, increasing unemployment and low profit margins to survive. The uncertainty of the scale and duration of the damages caused by the pandemic is one of the most difficult challenges ahead, straining individuals, business, and state financial resources.

The uncertainty around, duration and extent of the geopolitical tensions and conflicts in Europe will present headwinds in the context of business and economic growth and shape the business landscape and outlook. Yet, as the past three financial years in the Banks business planning cycle from 2019-2022 demonstrated, Agribank will strive to adapt and remain focused on delivering value for customers and stakeholders.

“Continued collaboration with other institutions to pool financial resources for capacity building and training of farmers to support sustainable and inclusive growth in the agriculture sector, assisted Agribank to prepare for the future.”

The Bank will continue to shape the future in the best interests of the societies, farming communities, stakeholders, and its financial sustainability.

The Board strives to provide management with sound guidance, oversight and foster robust communication with Management.

3.7 Acknowledgements

On behalf of the Board, I wish to express gratitude to the executive leadership and the entire Agribank team for the leadership and efforts to navigate business challenges and disruptions. Their dedication and resilience has helped the Bank to take greater strides in the fulfilment of its mandate, despite the difficult operating environment. I acknowledge and appreciate our shareholder, the government, for continued support and trust in Agribank towards promoting agriculture as a viable business proposition in the country. Importantly, my gratitude goes to our esteemed customers who remained loyal and supportive throughout the year.

As I end my tenure as the Deputy Chairperson of the Board of Directors, I cannot express enough appreciation to all my fellow Board members and to our entire staff for the trust placed in me during my term and for the support and collaboration throughout. We have truly weathered during the most challenging times. I would further like to thank the shareholder for the opportunity to serve in this role as a member of the Board of Directors.

Together we not only tackled testing times, but we also pursued opportunities with a view to position the Bank as a relaible business partner and make it future fit. It has been a great pleasure to be a part of it all. Finally, I wish the incoming Board of Directors all the best for their tenure.

DAGMAR HONSBEIN
ACTING & DEPUTY CHAIRPERSON

04

BOARD OF DIRECTORS





04 BOARD OF DIRECTORS

DAGMAR HONSBEIN
ACTING & DEPUTY CHAIRPERSON

APPOINTED: 1 SEP 2018 - 31 OCT 2022

Qualifications

- MPhil Chemical Engineering and Applied Sciences from Aston University, Birmingham, (United Kingdom).
- MA Leadership of Sustainable Finance, Frankfurt School of Finance and Management, Frankfurt, (Germany).
- BSc degree Wood Science, University of Stellenbosch, (South Africa).
- Certified Expert: Manangement accounting, IFRS9 modelling, micro and SME finance and climate finance.

DR MICHAEL HUMAVINDU
BOARD MEMBER

APPOINTED: 1 SEP 2018 - 31 OCT 2022

Qualifications

- PhD in Economics, University of Umeä, (Sweden).
- MSc Finance and Investments, University of Durham, (United Kingdom).
- MA Economics, University of Stellenbosch, (South Africa).
- Postgraduate Diploma, Environmental Economics, University of London, (United Kingdom).

PEYAVALI HANGULA
BOARD MEMBER

APPOINTED: 1 SEP 2018 - 31 OCT 2022

Qualifications

- Chartered Accountant.
- Honours degree Accounting Science (CTA), University of South Africa (UNISA).
- B degree Accounting, University of Namibia (UNAM).
- She completed her articles with Deloitte Namibia and thereafter was seconded to work for Deloitte in Atlanta, USA, for a period of six months to gain international experience in the field of auditing.

BOARD OF DIRECTORS

PHANUEL KAAPAMA
BOARD MEMBER

APPOINTED: 1 SEP 2018 - 31 OCT 2022

Qualifications

- MSc Development Planning and Administration, University of Bristol (United Kingdom).
- National Diploma, Public Administration, Namibia University of Science and Technology (NUST).
- Mr Kaapama was part of the high-level committee for the preparation of the Second National Land Conference held in October 2018.
- Serves on the Technical Committee and negotiating team in the bilateral negotiations with the Federal Republic of Germany on the 1904-1908 genocide.

ALFRED SIKOPO
BOARD MEMBER

APPOINTED: 23 JUNE 2021 - 31 AUG 2024

Qualifications

- Professional Master Degree in Geo-Information Science and Earth Observation, ITC (Netherlands).
- National Diploma in Agriculture, Namibia University of Science and Technology (NUST).
- Director for Resettlement in the Ministry of Agriculture, Water and Land Reform (MAWLR).

05

CORPORATE GOVERNANCE STATEMENT

05 CORPORATE GOVERNANCE STATEMENT

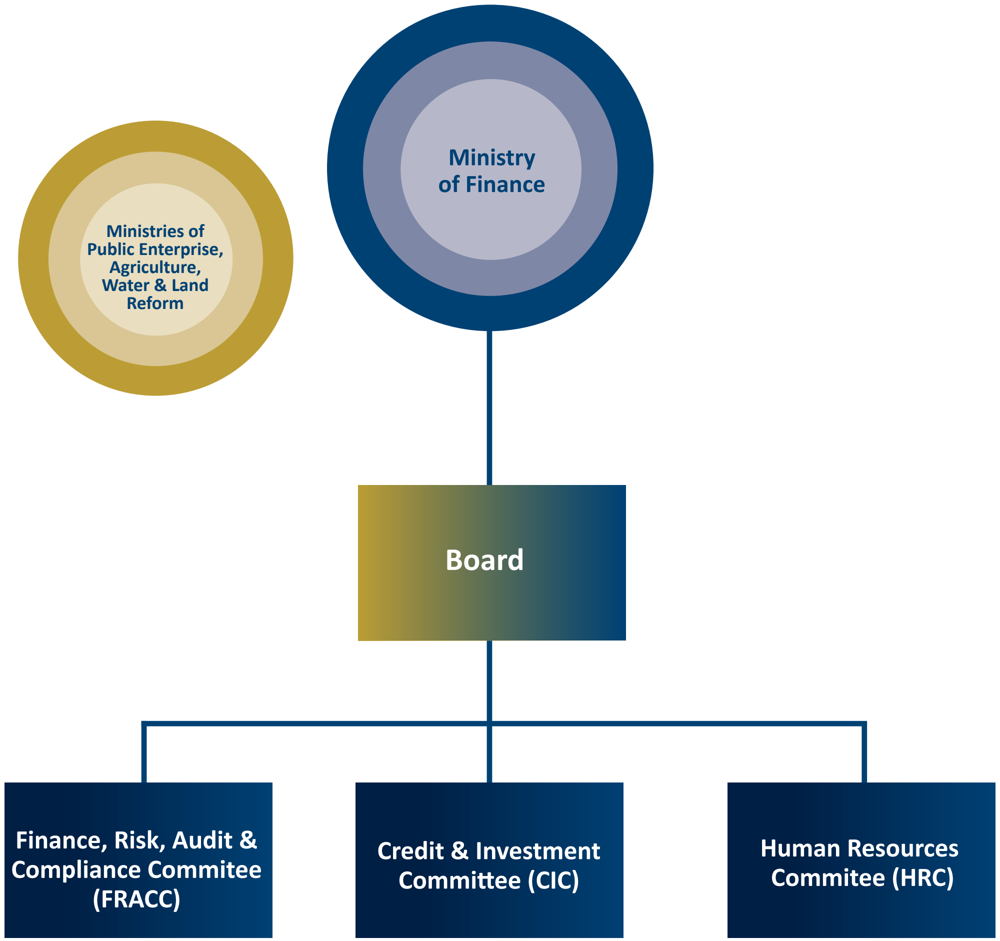
5.1 Governance framework and board structure

The Board of directors provides leadership and strategic guidance within a framework of prudent controls designed to assess and manage risk to ensure long-term financial sustainability and growth of the Bank. The Board has ultimate accountability for the performance and affairs of the Bank and for ensuring that the Bank adheres to high standards of business ethics.

The Board consists of five non-executive directors who are appointed by the shareholder. The Board is responsible for providing strategic guidance to the Bank in line with the Agribank Act; and is accountable to the shareholder for the Bank's financial and operational performance. The Board ensures that the Bank actively complies with applicable laws and regulations, as well as with its own policies and procedures. This is achieved through strict oversight by the three Board Committees, assisted by the Company Secretary. The role, functions and powers of the Board are embodied in various Acts, applicable laws, regulations, the Board Charter, corporate governance best practices as well as the Bank's policies.

Directors have access to any information from the Bank or any employee of the Bank that they may need to be consulted to exercise their independent judgement on the affairs of the Bank. In addition, directors may seek independent advice individually or collectively on any matter concerning the Bank should they need to do so to fulfil their responsibility.

Figure 1: Board Governance Structure



5.1.1 Internal Control Environment

To ensure robust risk management, compliance and best practice internal controls, the Bank has set up the following fully-fledged functions in 2016: Internal Audit, Risk Management and Compliance. Oversight over operational and internal financial controls rests with the Board and has been delegated to the Finance, Risk, Audit and Compliance Committee (FRACC).

The Bank's governance principles on ethical behaviour, legislative compliance and sound accounting practices provide the foundation for its internal control and assurance processes and procedures. Executive management is responsible for implementing an effective system. The work of internal audit, risk management and compliance is reported on a quarterly basis to FRACC and subsequently to the Board. Assurance on the internal control environment is provided during the year by the internal audit function and by the auditor general at financial year-end. For the reporting period, the Bank received an unqualified audit opinion.

5.2 Board Committees

The Board of Directors establishe Board Committees to assist in the execution of the Board's duties and responsibilities, with each Committee comprising suitably skilled directors. Each Committee has written terms of reference that are reviewed annually and mapped to applicable legislation, regulation and governance practices to ensure relevance and compliance.

In so doing, the Board recognises and accepts the principle that whilst certain powers can be delegated to committees, ultimate accountability for delegated matters remains with the board. Authority delegated by the Board accordingly always entails a requirement of reporting to the full Board and the obligation of the Board to monitor and evaluate the performance of the Committees. Outlined hereafter are brief descriptions of three Committees, their oversight roles and respective members:

Finance, Risk, Audit and Compliance Committee (FRACC)

Members of the Committee

Chairperson: Ms. D Honsbein
Dr M. Humavindu
Ms. P. Hangula

Committee role, responsibilities, and functions

The committee is responsible for the following key matters:

1. Systems of internal control in the areas of finance and accounting.
2. Auditing, accounting and financial reporting processes.
3. Internal and external auditor obligations.
4. Bank-wide risk management, which includes consideration and investigation of strategic, financial and operational risks as identified by management and internal and external auditors.
5. Compliance to applicable laws, regulations, and policies.
6. Innovation manangement.

Human Resources Committee (HRC)

Members of the Committee

Chairperson: Mr. P. Kaapama
Ms. D. Honsbein
Ms. P. Hangula

Committee role, responsibilities, and functions

The committee is responsible for the following key matters:

1. Establishment and review of an appropriate remuneration framework for the Bank's employees in line with periodic market developments and the directives of the Ministry of Public Enterprises.
2. Review of organisational and staff matters, as well as ensuring employee training, development and welfare.
3. Ensuring that there is a system of organisational succession planning in place.
4. Review and approval of annual salary increases.
5. Welfare programmes.

Credit Investment Committee (CIC)

Members of the Committee

Chairperson: Dr. M. Humavindu
Mr. P. Kaapama
Ms. P. Hangula

Committee role, responsibilities, and functions

The committee is responsible for the following key matters:

1. Oversight over credit policy.
2. Oversight over the development impact of the Bank.
3. Review and approval of loans
4. Review and recommendation, to the Board for approval, of loans with a monetary value in excess of N$15 million.
5. Oversight over investment decisions of the Bank.
6. New sales/credit products.

5.3 Board and Committee Attendance

The Board plays a pivotal role with regards to the Bank's corporate governance system. Integrity is an overiding principle in its approach. Good corporate governance is appled be eg. gollowing NAMCode and the Board claster. If a director is unable to attend a meeting, an apology is recorded and, if possible, he/she makes written or oral contributions ahead of the meeting as reflected in table 1. The Credit and Investment Committee (CIC) is scheduled to meet at least once a month to expedite credit and investment decisions.

Table 1: ***FY 2021/22 Board and Board Committee Attendance***

Name of Director	Position	Board meeting	Board Committee Position	CIC	FRACC	HRC
				Meetings attended		
Dagmar Honsbein	Deputy Chairperson	9/9	Chairperson FRACC	-	5/5	2/6
Dr M. Humavindu	Member	6/9	Chairperson CIC	9/9	3/5	-
Peyavali Hangula	Member	9/9	Member	8/9	3/3	5/5
Phanuel Kaapama	Member	9/9	Chairperson HRC	8/9	-	6/6
Alfred Sikopo	Member	5/9	Member	-	2/5	3/6

Notes:

- When Dagmar Honsbein started performing the duties of the Chair of Board, she stopped being a member of HRC.
- Peyavali Hangula ceased to be a member of FRACC in mid-2021.
- Alfred Sikopo was appointed to the Board towards mid-2021.

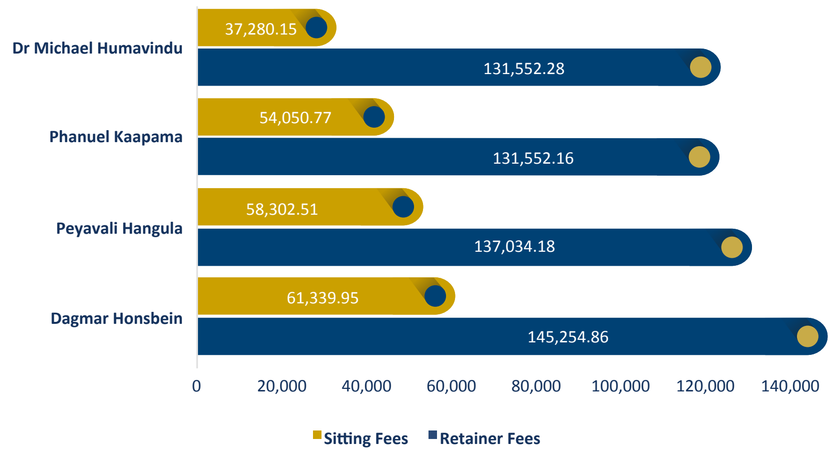
5.4 Board Fees for 2021 and 2022

Table 2 below highlights Board fees for FY 2020/21 compared to the FY 2021/22. Figure 2 highlights sitting and retainer fees per Board member during the year under review.

Table 2: ***FY 2020/21 and FY2021/22 Board fees***

	2020/2021	2021/2022
Retainer Fees	586,829	545,393.48
Sitting Fees	239,415	210,973.38
Total	**826,244**	**756,366.86**

Figure 2: ***FY2021/22 Board fees per Director***



5.5 Company Secretary

The role of the Company Secretary is to ensure the Board remains cognisant of its duties and is kept abreast of current bank affairs. The Company Secretary oversees the induction of new directors, as and when these are appointed, and coordinates the initiatives for the continuing professional development of directors.

> To enable the Board to function effectively, all Directors have full and timely access to information that may be relevant to the proper discharge of their duties.

This includes information such as corporate announcements, stakeholder communication and other developments that may affect the Bank and its operations. All directors have access to the services of the Company Secretary.

5.6 Communication with the shareholder

The Bank ensures continuous and constructive communication with the shareholder, primarily through the following fora:

- The Bank's Annual Report, prepared and submitted in a timely manner to the shareholder in line with the statutory reporting requirements.
- Annual General Meeting at which the shareholder is informed about the strategy of the Bank, its performance and any significant matters.
- Quarterly technical meetings shared by the Executive Director of the Ministry of Finance.

5.7 Compliance

5.7.1 Code of Ethics

The Bank operates based on a sound culture of entrenched values that are reflected in the bank's approved Code of Ethics. To ensure that these standards are adhered to, all employees are made aware of the Code of Ethics during their induction. Furthermore, employees are required to complete a conflict of interest declaration form, which should be updated regularly and when changes occur. Employees are introduced to all new policies through policy awareness sessions. All policies are uploaded on the Bank's intranet site for ease of reference by employees.

5.7.2 Conflict of Interest

For the Bank to guard against conflicts of interest, the Company Secretary maintains a register of directors' and executives' interests. In addition, the directors and executive management are required to declare conflict of interests at the respective meetings they attend. These interests are recorded in writing, as required by legislation. At no time during the reporting period were any contracts of significance relative to the Bank's business entered into with either a director of the Bank, or any member of the executive committee, or any entities in which any director or executive of the Bank have an interest. Thus, no conflicts of interest arose during the review period.

06

CHIEF EXECUTIVE OFFICER'S REPORT

“I found the Bank in a stable and resilient position, and it is my duty to uphold and spark a wave of innovation that will enhance operations in line with the Bank’s mandate.

Dr Raphael Karuaihe
Agribank, Chief Executive Officer

06 CHIEF EXECUTIVE OFFICER'S REPORT

6.1 Introduction

In enduring the scars from the COVID-19 pandemic amidst the prevailing turbulent economic environment, the Bank continues to report solid financial performance. This was due to the Banks unceasing ability to deliver on its strategic objectives.

To this end, I am delighted to have been appointed as CEO towards the end of the financial year under review. I found the Bank in a stable and resilient position, and it is my duty to uphold and spark a wave of innovation that will enhance operations in line with the Banks mandate.

6.2 Our achievements

6.2.1 Financial Performance

Despite a harsh economic and business environment, coupled with the prolonged drought, the Bank recorded prudent financial performance as follows:

- Interest income increased by 2.9% from N$246 million in 2021 to N$253 million in 2022 ascribed largely to prudent financial management measures coupled with an increase in the Bank's and money market investments.
- Interest expense increased by 32.4% from N$32.5 million in 2021 to N$43.0 million in 2022 attributed to the Bank's ability to raise affordable capital due to the prevailing low interest rates environment at the time.

Dr Raphael Karuaihe

- The Bank's total client base stood at 4,467 at the end the review period, translating into 35,736 jobs created and or maintained.
- Loans with the value of N$12.5 million were disbursed under the women and youth loan scheme, in favour of 66 beneficiaries.

The Bank successfully implemented a targeted stakeholder engagement roadshow, aimed at raising awareness about the women and youth loan scheme, introduced with distinct features to encourage the participation of women and youth in the agriculture sector.

- The Bank extended its training outreach to 38,205 farmers through face-to-face interventions and 32,859 through virtual training during the review period.
- Credit impairment losses increased to 82.7% from N$25.5 million in 2021 compared to N$46.6 million in 2022 mainly due to an increase in our arrear book as a result of nonpayment from our clients.
- Total expenses had a marginal growth from N$151.8 million in 2021 to N$158.1 million in 2022 mainly due to provisions for inflationary increases in staff cost.
- Surplus for the year stands at N$7.1 million from N$37.2 million in 2021 due to the significant increase in provision for losses on advances incurred during the FY2021/22 proportional to the low uptake of new business. Despite the reduction, the Bank continues to record a surplus year- after-year.
- Total assets grew by 2.5% from N$3.4 billion in 2021 to N$3.5 billion in 2022.

6.2.2 Customers

- Amidst the challenges, we continued to observe an increase in the loan advancement, marginally increased to N$2.92 billion in the FY2021/22 compared to N$2.89 billion in the prior year. This can be attributed to heightened innovative and inclusive loan products launched and rolled-out to the market, such as the women and youth and biomass financing schemes.
- The Bank disbursed loans to the value of N$194 million, benefiting a total of 481 customers.

6.2.3 People

- With the increased regional coverage, the Bank secured exceptional talent to add to its existing staff compliment needed to enhance operational efficiencies.
- It is, however, heart-rending to announce that several staff members lost their lives to COVID-19 and many others experienced the loss of loved ones from COVID-19 related complications. This naturally placed a heavy emotional burden on staff and their productivity.
- The Bank continued to champion a high-performance culture through various initiatives such as the performance management system and employee recognition scheme.
- Moreover, in line with its succession planning policy, the Bank continued with the implementation of the talent management strategy, to retain its staff and ensure business continuity.

6.2.4 Governance and Transformation

- The Bank achieved an overall score of 82% on the prudential standards rating based on an audited assessment during the 2021/22 financial year. This reflects effective controls, operational efficiencies, prudent financial management and good corporate governance across the business.

6.3 Our Immediate Focus

- Intensify awareness and roll out of the biomass sector financing scheme;
- Ensure digital transformation of customer relationship management (CRM), and Sales Automation Initiative (SAI);
- Adopt innovative products to de-risk and diversify the loan book;
- Enhance relevant skills development in line with the Banks focus areas;
- Reduce expenses to improve profitability without risking long term sustainability;
- Seek for affordable financing solutions

6.4 Conclusion

It is admirable that the Bank rapidly adapted to the "New Normal" and embraced initiatives such as remote working, virtual meetings, stakeholder engagement and trainings, and embedded online loan applications to maintain and improve operational efficiencies. As such, it is pleasing to note that the Bank delivered on its mandate through affordable financing, enhancing brand presence, maintaining high corporate governance standards and a high-employee performance culture.

> "I am also thankful to my predecessor, and executive members who acted in the Chief Executive position, for their steadfast commitment to the cause"

Similarly, the achievements noted in this report would not have been possible without the dedication of the Board, entire staff, and unwavering support from our clients as well as stakeholders. We should remain steadfast in our resolve to resilience during these turbulent times.

Dr Raphael Karuaihe
CHIEF EXECUTIVE OFFICER

07

REVIEW OF OPERATIONS

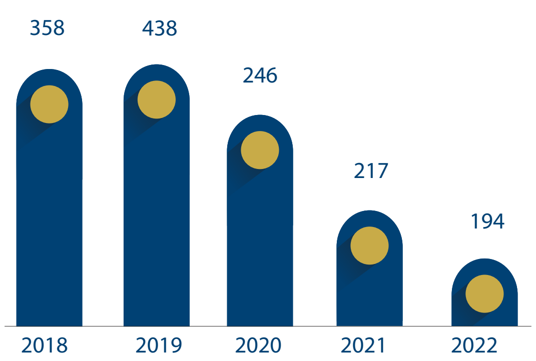
07 REVIEW OF OPERATIONS

The Bank's day-to-day operations are supervised by the Executive Committee (EXCO), chaired by the Chief Executive Officer and ensures that the Bank meets its strategic objectives and fulfills its developmental mandate. As a development finance institution, Agribank supports the agricultural sector's economic activity by providing affordable, innovative and inclusive financing solutions.

7.1 Product and Service Offerings

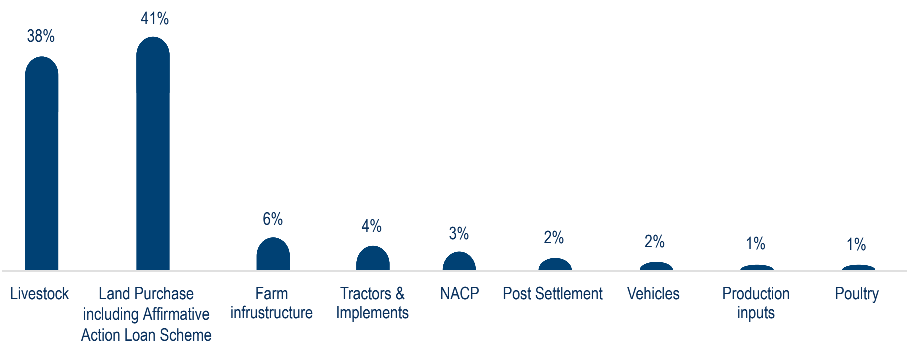
The financial services sector was not spared by the adverse impact of the pandemic. The sector contracted by 12.8% and 5.3% in 2020 and 2021, respectively, owing to lower interest rates environment and low credit appetite by businesses and households. Similarly, credit extended to the agriculture sector by commercial banks declined due to developing and existing challenges such as prolonged drought, COVID-19 related restrictions and animal disease outbreaks. Agribank was not spared from these challenges, as a downward trend was observed in the total loan disbursements to N$194m in FY2021/22 compared to N$217m in the prior year. To mitigate the impact of COVID-19 on the farmers, Agribank provided a COVID-19 relief and stimulus package, benefiting 306 clients and an amount of N$92.6m restructured.

Figure 3: ***Loan disbursement trends (N$m)***



During the period under review, land purchase and livestock loan products dominated the loans advanced. This can be attributed to the high value associated with farmland purchases coupled with the restocking phase post dire climatic conditions. Furthermore, 6% and 4% of the loans advanced during the period under review, were for farm infrastructure and, tractors and implements, respectively. There is great need to diversify the loan book concentration to other enterprises to de-risk the loan book.

Figure 4: ***FY2021/22 Top 9 products disbursement***



Otjozondjupa, Omaheke, Hardap and Khomas regions took up the majority of the loans disbursed during the period under review, accounting for 29%, 17%, 14% and 12%, respectively. Livestock loans dominated in these regions, which is attributed to the improved rangeland conditions and subsequent restocking phase. Furthermore, an increase in the number of livestock marketed has been observed towards the end of the financial year 2021/22. The increase in land purchases in the Hardap region can be ascribed to the recent developments in the Stampriet area coupled with the relaxed collateral conditions under the Women and Youth Loan Scheme.

Fig 5: ***FY2021/22 Loan products disbursements by region***

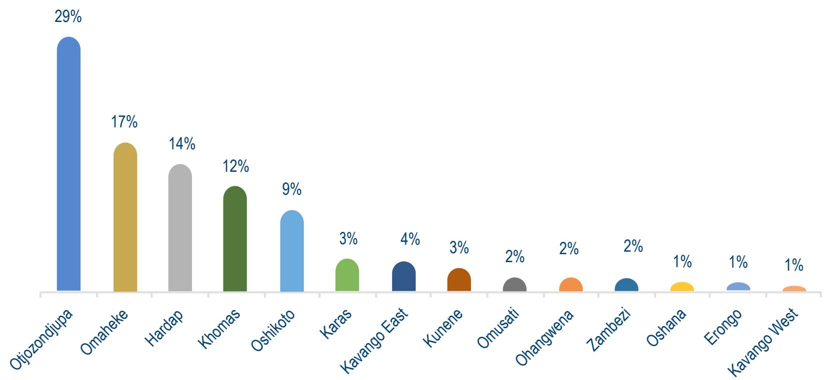
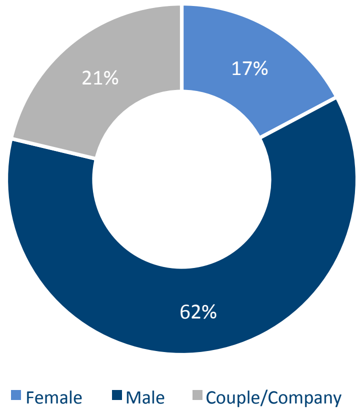


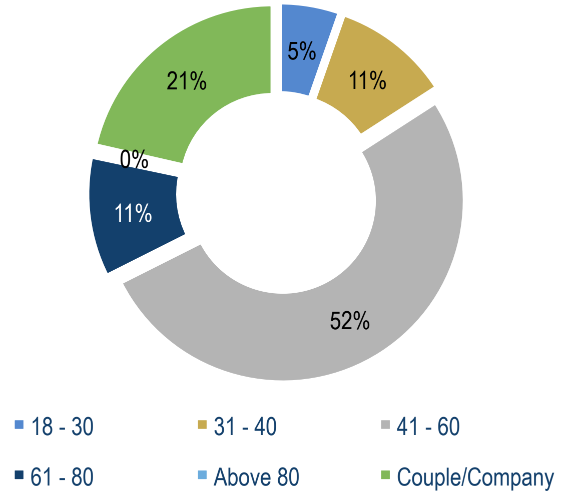
Figure 6: ***FY2021/22 Loan disbursements by gender***



Loan disbursements by gender show that an amount of N$33m or 17% of total disbursements, benefitted women improving the level of gender inclusivity in the loan uptake. N$41m or 21% was disbursed to couples/companies which may include female representatives. Moreover, The Bank continued to promote farm diversification and inclusivity through country-wide stakeholder engagements coupled with inclusive loan products.

Disbursements to clients under the age of 40 years stood at N$30m, which is 16% of total loans disbursed during the financial year under review. This is in line with the Bank's efforts to include youth in loan uptake and subsequently reduce youth unemployment in the country. However, 52% of the loans disbursed were predominantly in the 41-60 age group.

Figure 7: ***FY2021/22 Loan disbursements by age***



The loan composition continues to be dominated by the asset backed loans, accounting for 78% of total loans disbursed, due to the structure of the agriculture sector and the flexible repayment frequencies offered by the Bank. An increase in ERFP loans has been observed, increasing from 1% of total loans disbursed in the FY2020/21 to 7% in the financial year under review. The surge in the ERFP loans can be attributed to an increase in the product awareness and the drive towards livestock restocking. Similarly, the uptake for women and youth increased tremendously on the back of the women and youth networking sessions in collaboration with GIZ.

***Table 3:* FY2021/22 Loan disbursements by scheme**

Scheme	FY2021/22	% of total disbursement
Asset-backed	150,670,602.83	78%
ERFP	12,597,232.59	6%
Salary-backed	10,221,889.67	5%
Post Settlement	5,639,982.50	3%
Women & Youth	14,639,979.58	8%
Total	**193,769,687.17**	**100%**

7.2 Credit

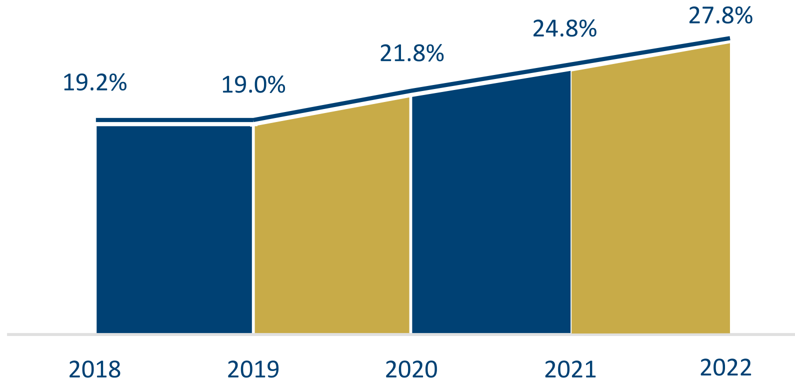
Collections

The Bank managed to collect N$354m during the period under review compared to N$365m in the prior year. The collection momentum during the period under review was sustained through constant client commitments to repay debt obligations coupled with the restructuring arrangements offered by the Bank. Furthermore, to ensure repayment ability, the Bank will enhance its due diligence procedures and exercise a flexible approach towards repayment restructuring options in line with the business plan.

Loan Book Quality

The effect of the pandemic also took a toll on the Banks arrears, surging from 25% in FY2020/21 to 28% in the FY2021/22. This is due to the loss of clients to the pandemic, exerting pressure on legal collections by 40% of the total arrears. It is worth noting that the estate cases are beyond the ambit of the Bank. However, the Bank continues to intensify collections through sound repayment arrangements with struggling clients, in an effort to reduce the arrears.

***Figure 8:* Arrears ratio**



7.3 Sustainability

The sustainability report combines the people, stakeholders, resources and the environmental aspects in fulfilling the Bank's mandate.

7.3.1 Human Resources

In its open, inclusive, collaborative and diverse recruiting approach, the Bank continues to attract the best and brightest candidates. The Bank believes that the key to its success lies in capable and motivated employees. As such, the Bank strives to create a high-performance culture that values diversity and enables employees to reach their full potential.

To achieve this, the Bank continues to review policies, entrench performance management, as well as recognise and reward employees.

As at 31 March 2022, the Bank had 150 fulltime employees compared to 148 at 31st March 2021. The Bank's workforce age ranges from 27 to 59 years with an average age of 42 years. 46 percent are below 41 years old, while 54 percent are 41 years and above. The staff turnover ratio for the period was 2.03%, which is below the market aggregate rate of 10%. Key human resources metrics are reflected in Table 4.

Table 4: ***Human resources ratios as at 31 March 2022***

Ratio	March 2021	March 2022
Staff compliment	148	150
Workforce distribution male to female	46%–54%	47%–53%
Average age (years)	42	42
Staff turnover rate	2.03%	8%
Average tenure service (years)	8.8	8.5
Terminations (number of employees)	3	12
Absenteeism rate	1.93%	2.29%
Staff cost/Total cost ratio	64%	64%

The Bank is an equal opportunity employer and remains committed to employment equity and, as such, continues to comply to Namibia's Employment Equity and Affirmative Action Acts. To this end, our total workforce recorded a 47% male and 53% female ratio across job levels. The employment breakdown is shown in Table 5.

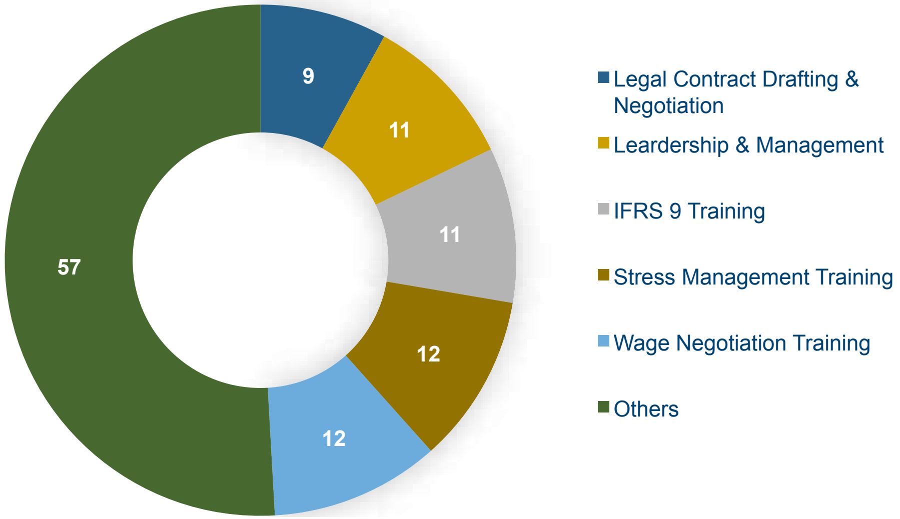
Table 5: ***Employment breakdown***

Category	Male	Female	Disability	Total
Senior Management	7	0	0	7
Management	19	14	0	33
Non-Management	44	65	1	110
Total	**70**	**79**	**1**	**150**

7.3.2 Organisational Development

The Bank invested over N$798,489 in staff development interventions from which 66 employees benefitted. The training interventions are reflected in Figure 9 below.

Figure 9: ***Staff training interventions***



7.3.3 Employee Relations and Wellness

Employee wellness is high on the Bank's agenda to support better health at work and to improve health outcomes. Several wellness activities were carried out during the reporting period such as blood donation, biokinetics, skin care awareness, ear testing, eye testing, blood pressure testing and biometrics screenings. In addition, several commemoration activities were conducted such as World Asthma Day, World Mental Health Day, World Malaria Day, World Cancer Day, World Aids Day, and others.

Agribank hosted its annual fun walk or run as part of its employee wellness. The exercise was eligible to all staff, their families members as well as friends. This exercise was held along the Daan Viljoen road, where participants covered between 5 -10 km.

7.4 Marketing and Customer Strategy

As an integral part of the Banks operations, the department maintains a solid customer-driven marketing strategy through country-wide stakeholder engagements, market intelligence reports, virtual presence through podcasting, mentorship programs and face to face trainings. The Bank through the Marketing and Customer Strategy Department undertakes to create focused customer centric value propositions, strengthen relationships with customers and maintain a data-driven culture for value addition.

7.4.1 Marketing and Communication

The Marketing and Communication division continues to drive a broad range of initiatives to meet the needs of our various customer segments, to enhance brand awareness, visibility and promotion optimally.

This is done through exposing the Bank's products and services through multiple media platforms inclusive of conventional and social media channels such as Facebook, Twitter, YouTube, LinkedIn, Website, SMSes, thought leadership articles, as well as face-to-face stakeholder engagements.

Figure 10: ***Marketing Metrics***

During the period under review the Bank's social media pages reach increased by 27% to 623,306 compared to 491,384 in 2021, while the number of followers went up by 88% to 156,240 compared to 83,192 in 2021.

From April to December 2021, a total of 194 applications worth the value of N$327 673 443 were received by the Bank.

39% of the applications received were applied through the Women and Youth Loan Scheme. The significant increase in the value of loan applications in November can be attributed to an agro-processing company in Ongwediva, accounting for 84% of the women and youth application value.

Table 6: ***FY2021/22 Stakeholder scorecard***

Indicator		2021	2022	RAG
Customers	Brand Ranking	11.5	9.1	↑
	Social media reach	491,384	623,306	↑
	Social media followers	83,192	156, 240	↑
	Website Visitors	51,657	68,529	↑
	Training reach	6,458	38,205	↑
	Virtual training reach	7,490	32,859	↑
Society	Sponsorship budget	N$ 700,000	N$333,162	↓
	Financial literacy	N$ 300,000	N$ 300,000	↔
	Bursaries awarded	1	0	↓
	Stakeholder engagements	1,641	3,662	↑
Shareholder	Technical Quarterly meeting	4	4	↔
	AGM	1	1	↔

The Bank expanded the queue management and feedback kiosks to all branches, except for Otjiwarongo and Rundu due to ongoing renovations at these offices. The system enhances efficiency of customer service in respect of waiting time, assignment of front-line staff and information dissemination through digital advertising screens. It further contributes to enhancement of Customer Relations Management (CRM) database.

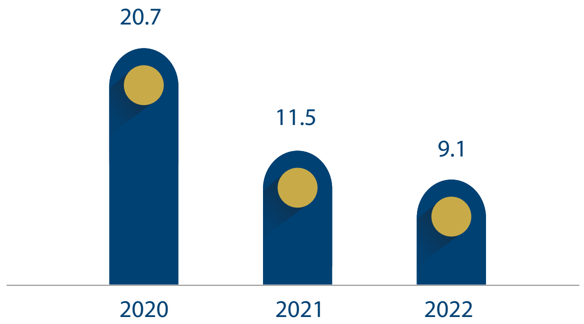
7.4.2 Stakeholder Relationships

The Bank continued to engage relevant stakeholders such as farmers' unions, multinational institutions, the shareholder, and the farmers at various platforms to collaborate and network while building the brand, trust and confidence. During the review period, the Bank embarked on a nationwide stakeholder engagement road show with the objective to introduce and share information about the Bank's Women and Youth Scheme. The roadshow reached more than 3,662 external stakeholders.

7.4.3 Brand Visibility Ranking

The Bank's brand visibility involves publication of media articles, including client testimonials and product advertorials. During the review period Agribank ranked ninth on average compared to eleventh in the prior year out of more than 500 companies in Namibia that subscribe to NaMedia. Figure 11 shows the rankings of the Bank throughout the year.

Figure 11 : FY2021/22 Brand visibility ranking



7.4.4 Corporate Social Responsibility

The Bank spent over N$333,162 on worthy corporate social responsibility projects during the financial year. These projects range from the financial literacy initiative, farmers' information days, agricultural shows, youth in agriculture conference, Agra weaners' competition and community gardening projects.

7.4.5 Agri Advisory Services

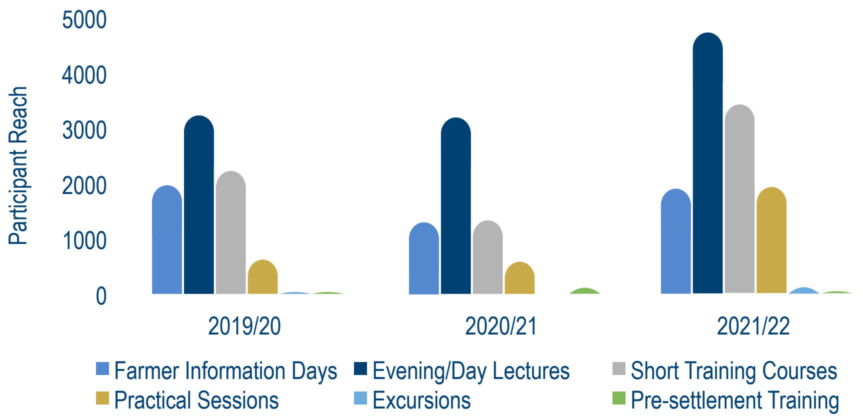
Figure 12: AASD focus areas

The Agri Advisory Services Division (AASD) was established to enhance the capacity of farmers countrywide with the ultimate objective of transforming agricultural ventures into viable business enterprises. To this end, AASD capacity development initiatives include an array of interventions comprising face-to-face short training courses, lectures, practical sessions, excursions, farmers' information days, published articles, radio broadcasts, as well as virtual trainings through mobile phone and social media learning.

Training Events

AASD training interventions have benefited 38,205 participants from 1 April 2017 to 31 March 2022 providing farmers with the opportunity to acquire practical knowledge and skills to establish and succeed in their farming endeavours. In the FY2021/22, a total of 12,169 farmers were reached from 6,458 in the FY2020/21, representing an 88% increase, of which 96% were non-clients. Moreover, 89% of the short training courses conducted focused on building capacity in diversified farming enterprises such as poultry, piggery, crop, and hydroponic production, fodder production, rangeland management to build farmers' resilience to erratic climatic conditions. Furthermore, 60% of the short training courses conducted targeted women and youth groups with support from the Deutsche Gesellschaft fur Internationale Zusammenarbeit (GIZ) amounting to €244 805 (N$4,284,094.00) over a two-year period.

Figure 13 : Training events: FY 2017/18 - 2021/22



Virtual Training

During the review period, the AASD continued with online interventions such as the Agri-Learn podcast, agricultural video training clips, and tips of the week that can be found on Agribank's social media platforms.

These interventions collectively attracted a total of 32,859 viewers and listeners. Moreover, the AASD continues to share agricultural knowledge through its series of article publications in the local print media.

Mentorship

A total of 127 clients comprising 26% female clients have participated in the three-year mentorship programme from inception to 31 March 2022. Overall, mentorship has had a positive effect showing a reduction in livestock mortality rates for mentees. Cattle mortality rates reduced significantly from 23% in 2019/20 to 6% in 2020/21 and 4% in 2021/22. Moreover, a marked decrease in small stock mortality rates can be noted in the FY2021/22 compared to previous years. However, livestock offtake rates reduced as mentees continue to restock and rebuild their herds due to improved rangeland conditions.

This follows a period of destocking and losses experienced during prolonged drought conditions up to early 2020. Cattle calving rates declined compared to FY2020/21 but remained above rates recorded in 2018/19 and 2019/20. Moreover, goat and sheep reproduction rates declined but remained above rates recorded in 2019/20 showing a slight recovery. Furthermore, the mentee satisfaction rate remains high, at 89%, as per the survey conducted in 2021.

Table 7: ***Mentorship productivity indicators***

Indicators	Targets	2019/20	2020/21	2021/22
Offtake rate (%): Cattle	12%	32%	34%	19%
Offtake rate (%): Goats	20%	29%	25%	21%
Offtake rate (%): Sheep	20%	26%	28%	19%
Calving rate (%)	80%	45%	57%	49%
Kidding rate (%)	125%	60%	74%	62%
Lambing rate (%)	80%	47%	82%	51%
Mortality rate (%): Cattle	<10%	23%	6%	4%
Mortality rate (%): Goats	<25%	18%	14%	8%
Mortality rate (%): Sheep	<20%	19%	16%	11%
Client Satisfactory rating of mentorship services	85%	85%	91%	89%

Pre-settlement training of resettlement beneficiaries

To prepare newly resettled farmers under the Resettlement Scheme of Government, selected mentors and AASD Technical Advisors provide training to these farmers upon request from the Ministry of Agriculture, Water and Land Reform (MAWLR). Such training is funded under the auspices of the Land Acquisition and Development Fund (LADF). Since 2017,11 pre-settlement training sessions reaching 267 participants have been conducted.

7.4.6 Research and Product Development

The Bank's Research and Product Development Division promotes the development of innovative and improved financing options as well as expanding business intelligence that will help the business to navigate through the volatile, uncertain and complex business environment.

Figure 14: ***Research focus areas***

Product Development & Review

- Biomass sector financing scheme launched in 2021
- 2nd Product review – Approved by the Board in 31 Mar 2022

Market Intelligence

- Quarterly economic outlook
- Monthly market watch
- Fiscal budget reviews

Business Support

- Development impact dashboard
- Annual reports (business analytics)

Stakeholders

- Participated in the review of AALS and PSSF

During the period under review, the division produced business intelligent reports such as the Monthly Market Monitor, Quarterly Economic Outlook, Annual Agriculture Outlook, Developmental Impact Dashboard and the national budget review, amongst others. This serves as an analytical lens to the five year strategic plan and the 3 years rolling business plan. The division continued to monitor the risks and impact of COVID-19, inflation, and economic indicators on the agriculture sector to identify financing needs for farmers and unlocking new financing opportunities for the Bank.

In addressing developmental issues relevant to inclusivity and diversification, the division developed a biomass sector financing scheme that was launched in September 2021. Furthermore, the division embarked on reviewing the Bank's products, which was approved by the Board on the 31 March 2022.

During the review process, the division was able to foster research collaboration, networks, and institutional linkages necessary in setting the sector on a sustainable growth trajectory.

7.5 ICT and Business Innovation

The Information Communication Technology and Business Innovation (ICT&BI) department continues to drive digital innovation, assisting the Bank in delivering end-to-end self-service capabilities to execute better service to clients. The Sales Automation Initiative (SAI) was launched and implemented, allowing a transparent, on-line loan application experience, from application, approval to disbursement.

> This automated process continuous to be enhanced and improved in close cooperation with our staff on the ground.

In 2021, the bank embarked on its cloud strategy, and successfully partnered with Green IT Solutions to assist it on its journey. The Bank also started enhancing its digital automation capabilities with robotics process automation and Artificial Intelligent predicting models. These enhancements are assisting to fast-track the bank's digitisation processes to ultimately get "paper applications" into the digital sales pipeline.

The Agribank workplace will see major advancements in productivity over the coming years; and the ICT team is ready to enable these changes.

7.6 Risk Management

The operating environment of Agribank was challenged by the threats posed by COVID-19. The Bank applied response strategies to minimize impact on the business such as rotational working, remote working, enhanced sanitisation protocols and social distancing. In addition to this, the Bank also assisted its clients with relief and/or restructuring of their loans to ease the pressure and help clients improve their production with the savings from the relief/restructuring program.

> In line with Agribank's risk philosophy, the Bank is committed to continuous improvement and effective implementation of its risk management practices throughout its operations.

The risk management measures taken by the Bank's Board, management and staff on a strategic level, reflect the Bank's improving risk culture which is built on best-practices of managing risks and a clear indication of a strong 'tone at the top'. Embracing risk management as a core competency allows the business to optimise risk-taking and is objective and transparent.

The restrained economic environment, as illustrated by slow economic growth, combined with pressure on cost reduction/containment, low prices of agricultural produce, ongoing restocking efforts by clients because of the drought and pressure to meet targets, will likely increase the exposure to strategic and operational risks in 2022/23 financial year. To this end, the Bank will engage in a robust reassessment of its key risks. Below is an overview of the status of key top strategic risks as at 31 March 2022:

Table 8: ***Top strategic risks as at 31 March 2022***

Risk	Risk Articulation	Mitigation Measures	Residual Risk Status
1. Shareholder funding sustainability risk	Inability of the shareholder to provide sustainable funding support. (Subsidies, Guarantees and Government on-lending).	- Continuous engagement with key stakeholders. - Frequently review the business strategy (and model) to remain sustainable and make a development impact.	The likelihood risk is low, but the impact could be major. Thus, the rating: MODERATE
2. Default risk	Inability to recover loans advanced to clients due to the Impact of adverse economic/pandemic conditions and access to markets and Changes in climatic conditions.	- Proper credit assessments and sound loan approval processes. - Adequate collateral. - Focused recovery efforts. - Loan book diversification. - Ongoing capacity building of credit & sales staff. - Continuous review of the credit risk model.	The likelihood of this risk is high, and impact could be major. Thus, the rating: HIGH

Risk	Risk Articulation	Mitigation Measures	Residual Risk Status
3. IFRS 9 (Expected credit losses) Integration risk	Lack of a fully integrated IFRS 9 solution in the core banking module resulting in unexpected or adverse impact on the operating surplus/profits.	- An IFRS 9 solution within the SAP environment. - Business process alignment (loan staging). - Audit sign-off of proposed pre-implementation of ECL model.	The likelihood of the risk is possible, but the impact could be major. Thus, the rating: MAJOR
4. Loan book concentration risk	Concentration risk because of over exposure to single party, sector or industry could limit the Bank's ability to meet internal risk appetite limits and obtain funding.	- Adherence to the Credit Policy regarding single party and industry/sectoral limits. - Loan book diversification - Implement a risk-based pricing in the medium to long-term as per economic conditions.	The likelihood of the risk is likely, and the impact was moderate. Thus, the rating: MAJOR
5. Reputation risk	The potential for negative public perception which could destroy the Bank's brand and thereby affect the achievement of the Bank's strategic objectives.	- Effective stakeholder engagement (including media). - Management of positive content that is shared with media. - Monitoring of the media and timely response to negative publicity.	The likelihood of this risk is possible, and impact could be major. Thus, the rating: MAJOR
6. Information technology risk	The risk of data loss, hardware & software failures, backup procedures not followed, unauthorized use of data by 3rd parties and data manipulation. The risk of continuous support and enhancement of in-house developed systems.	- Enhancing current tape backup & Disaster Recovery environments with Virtualized Snapshot Technology. - Upgrade storage environment with highly redundant storage technology. - Additional human resource (in-source) and multi-skilling the current team. - Implementation of a hybrid system (Cloud-base with on-premises.	The likelihood of this risk is likely, and impact could be major. Thus, the rating: CRITICAL

Risk	Risk Articulation	Mitigation Measures	Residual Risk Status
7. Access affordable funding risk (Developmental Funding)	Inability to fully access affordable DFI and green climate funding due to lack of compliance to international Environmental, Social and Governance Standards (ESGs). Inadequate integrated Environmental, Social and Governance standards (ESGs).	- Implementation of the Environmental Social Management Policy and embedding its requirement within the loan appraisal and monitoring process. - Implementation of a structure/resource to implement the Environmental Social Management Policy and ESGs. - Seeking technical assistance for accreditation (i.e. GCF, EIF and others).	The likelihood of this risk is possible, and impact could be major. Thus, the rating: MAJOR
8. Human capital risk (People)	The risk of inadequate talent/competency within the Bank to extract operational efficiencies that could impact the Bank's sustainability.	- Effective recruitment. - Training & Development. - Recognition and rewards (Performance management). - Talent management strategy. - Partnering with training, educational and other institutions (review some of the MoU).	The likelihood of this risk is possible, and impact could be moderate. Thus, the rating: MODERATE
9. Pandemic related risk	The outbreak and global spread of diseases has a significant and prolonged impact on global and local economic conditions. This could increase employee absenteeism, potential loss of human capital and this could adversely impact the Bank's operations.	- The Bank's management are monitoring events closely with regular Board oversight evaluating the impacts and designing appropriate response strategies. - Various departments are working diligently to implement specific actions to minimise disruption faced by our clients in these challenging times.	The likelihood of this risk is likely, and impact could be major. Thus, the rating: CRITICAL
10. Political exposure risk	Politically Exposed Persons (PEPs) could demand special treatment that could lead to financial loses to the Bank. Potential negative influence by PEPs (including networks) on the stakeholders thereby impacting the Bank's sustainability.	- Adherence to client on boarding control policies and procedures. (Compliance with Financial Intelligence Act) - Continuous engagement with key stakeholders.	The likelihood of this risk is possible, and impact could be moderate. Thus, the rating: MODERATE

7.7 Internal Audit

The Internal Audit Division is an independent, objective assurance and consulting activity designed to add value and improve the banks operations. This is done through the provision of insights and foresights, evaluating risks, assess controls, helping improve operational effectiveness and efficiency and to promote ethics.

Figure 15: ***Internal audit governance structure***

Internal Audit Planning and Execution

The Division achieved 100% completion rate for FY 2021/22 internal audit plan compared to a target of 90%. As planned, eleven risk-based audits and five follow-up audits were completed, in addition to eight ad-hoc or special engagements carried out during the reporting period.

The closing of audit issues by management was 65% compared to a target of 90%. This is a possible area of improvement by management to ensure appropriate closure of audit issues.

Internal Audit Activities

The key activities during the FY2021/22 were:

- the review of the Internal Audit Charter and Whistleblowing policy.
- the auditors attended the Institute of Internal Auditors Southern Africa 24th Annual Conference to keep abreast of new developements.
- the roll-out of the whistleblowing reporting medium awareness campaign, and awareness creation of the role of Internal Audit.

Whistleblowing

The Bank has introduced an anonymous whistleblower platform where unethical, corrupt, or fraudulent activities can be reported by staff, members of the public as well as other stakeholders. The Bank is committed to the highest standards of ethical, moral, and legal business conduct. The whistle blowing reporting medium was extensively marketed through the national broadcaster (both on television and radio), email signatures were developed and rolled out bank-wide and it was also advertised on most of the social media platforms of the bank. However, no activities were reported on the hotline for FY21/22.

7.8 Legal Services

The Legal Division caters for comprehensive legal service and support bank-wide, headed by an admitted legal practitioner and supported by experienced personnel. The Division's primary functions comprise amongst others: oversight of litigation matters; contract management; day to day legal advisory services and legal collections.

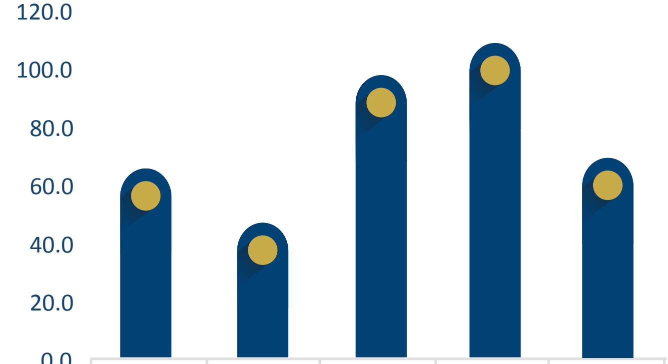
During the period under review, the bank collections were affected negatively by the impact of COVID-19 pandemic, resulting in missed payment arrangements and an increase in late estate matters. Despite the challenges, the Legal Division has made good traction and delivered N$68.7 million in collections as opposed to N$108.6 million the previous year. The department is committed to strengthening collections efforts, listen to clients' plights and enter into sound repayment arrangements and prompt escalation to external legal service providers.

The Legal Division is committed to contributing to the national developmental goals of the bank by ensuring that the bank always remains liquid via collection efforts. The successful completion of the lengthy litigation process between Agribank and Witvlei Meat (Pty) Ltd resulted in a decision to dispose off the Witvlei Abattoir, which process is still ongoing.

Despite the tedious legal process, the two labour disputes lodged with the labour commissioner and the High Court are underway and progressing as per expectations. Two liquidation cases are yet to be finalised, however the liquidation process takes longer to finalise. The SME Bank Namibia's 1st Liquidation and Distribution account was verified by the Master of the High Court and the 2nd Liquidation and Distribution account is yet to be lodged. The Komsberg (Pty) Ltd matter is close to finality for Agribank as the preferred bondholder and secured payment is expected to be made in the 1st quarter of the 2023 financial year.

The application lodged by the Previously Disadvantage Namibians Commercial Farmers Union to stay orders for warrants of execution against farms obtained through the Affirmative Action Loan Scheme has been defended by Agribank. The parties are in the process of exchanging pleadings.

***Figure 16:* Legal collection trends over the past 5 years**



	2017/2018	2018/2019	2019/2020	2020/2021	2021/2022
Series1	65.6	47.3	97.2	108.6	68.7

(N$m)

08

EXECUTIVE MANAGEMENT

Daily operations of the Bank are managed by the Executive Committee (EXCO), chaired by the Chief Executive Officer. The Executive Committee ensures that the Bank fulfils its mandate of lending money to individuals, business entities or financial intermediaries for the promotion of agriculture and related activities.

EXECUTIVE MANAGEMENT

Chief Executive Officer
Dr Raphael Karuaihe

Chief Financial Officer
Louis Du Toit

Executive: Marketing & Customer Strategy
Regan Mwazi

Executive: Sales
Andre Botes

Executive: Credit
Emmanuel Masule

Executive: Human Resources
Muhindua Kaura

Executive: ICT and Business Innovation
Ben Jacobs

Corporate Governance Officer
Evast Kalumbu

Manager: Internal Audit
Benjamin Coetzee

Manager: Legal
Kuukuluntu Angula

Risk Officer
Kenneth Kasata

ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2022


200
BANK OF NAMIBIA
HUNDRED NAMIBIA DOLLARS
N$200

GENERAL INFORMATION

Country of incorporation and domicile	Namibia
Directors	Dagmar Honsbein Peyavali Hangula Dr Michael Humavindu Phanuel Kaapama Alfred Sikopo
Reporting Currency	Namibian Dollar
Registered office	10 Post Street Mall Windhoek Namibia
Business address	10 Post Street Mall Windhoek Namibia
Postal address	Private Bag 13208 Windhoek Namibia
Establishment act	Agricultural Bank of Namibia Act 5 of 2003 (formerly the Land Bank Act)
Secretarial services	Provided internally by Corporate Governance Manager
Preparer	The annual financial statements were externally compiled by PricewaterhouseCoopers Namibia Registered Accountants and Auditors, Chartered Accountants (Namibia)
Auditor	Auditor-General of the Republic of Namibia

REPORT OF THE AUDITOR-GENERAL

ON THE ACCOUNTS OF THE AGRICULTURAL BANK OF NAMIBIA

1. UNQUALIFIED AUDIT OPINION

I have audited the financial statements of Agricultural Bank of Namibia for the financial year ended 31 March 2022. These financial statements comprise the Statement of comprehensive income and retained earnings, Statement of financial position, statement of changes in equity, statement of cash flows for the year then ended, and a summary of significant accounting policies.

In my opinion, the financial statements present fairly the financial position of Agricultural Bank of Namibia as at 31 March 2022 and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards and in the manner required by the Agricultural Bank Act, 2003 (Act No.5 of 2003).

2. BASIS FOR AUDIT OPINION

I conducted my audit in accordance with International Standards on Auditing. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I am independent of the entity in accordance with the Code of Ethics for Professional Accountants together with the ethical requirements that are relevant to my audit of the financial statements, and I have fulfilled my other ethical responsibilities in accordance with these requirements and the Code of Ethics. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

3. KEY AUDIT MATTERS

Key audit matters are those matters that, in my professional judgment, were of most significance in my audit of the financial statements of the current period. These matters were addressed in the context of my audit of the financial statements as a whole, and in forming my opinion thereon, and I do not provide a separate opinion on these matters. I have nothing to report in this regard.

4. OTHER INFORMATION

My opinion on the financial statements does not cover the other information and I do not express any form of assurance conclusion thereon. In connection with my audit of the financial statements, my responsibility is to read the other information and in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work I have performed, I conclude that there is a material misstatement of this other information; I am required to report that fact. I have nothing to report in this regard.

5. RESPONSIBILITIES OF MANAGEMENT AND THOSE CHARGED WITH GOVERNANCE FOR THE FINANCIAL STATEMENTS

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and in the manner required by the Agricultural Bank Act, 2003 (Act No.5 of 2003), and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Entity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the entity or to cease operations, or has no realistic alternative but to do so. Those charged with governance are responsible of overseeing the entity's financial reporting process.

AUDITOR GENERAL'S REPORT

6. AUDITOR'S RESPONSIBILITY FOR THE AUDIT OF THE FINANCIAL STATEMENTS

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the International Standards on Auditing, will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. As part of an audit in accordance with the International Standards on Auditing, I exercise professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control.

- Evaluate the appropriateness of accounting policies uses and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence, obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my report, However, future events or conditions may cause the Entity to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

- I also provide those charged with governance with a statement that I have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, I determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. I describe these matters in my report unless law or regulation precludes public disclosure about the matter or, when, in extremely rare circumstances, I determine that a matter should not be communicated in my report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

7. ACKNOWLEDGEMENT

The co-operation and assistance by the management and staff of the Agricultural Bank of Namibia during the audit is appreciated.

WINDHOEK, October 2022

JUNIAS ETUNA KANDJEKE
AUDITOR-GENERAL

CONTENTS

The reports and statements set out below comprise the annual financial statements presented to the members:

Approval of Annual financial statements

The annual financial statements, set out on pages 65 to 99 have been compiled from the books of the Bank and to the best of our knowledge and belief, are correct

Raphael Karuaihe
Chief Executive Officer

Louis du Toit
Chief Financial Officer

The annual financial statements, set out on pages 64 to 97 have been approved and authorised for issue by the Board of directors of Agricultural Bank of Namibia and are signed on its behalf by:

Dagmar Honsbein
Vice Chairperson of the Board

Peyavali Hangula
Member Finance, Risk, Audit and Compliance Committee

Directors' report

The directors have pleasure in submitting their report on the annual financial statements of Agricultural Bank of Namibia for the year ended 31 March 2022.

1. Main business activities

The main business activity of the Bank comprises the promotion of agriculture within Namibia through financing agricultural activities or activities related to such.

There have been no material changes to the main business activities of the Bank over the reporting period.

2. Directorate

The directors in office at the date of this report are as follows:

Directors	Nationality	Changes
D Honsbein (Vice Chairperson)	Namibian	
Dr M Humavindu	Namibian	
P Hangula	Namibian	
P Kaapama	Namibian	
A Sikopo	Namibian	Appointed 23 June 2021

The following director resigned during the year under review:
- M Iyambo - (Namibian) - resignation 13 April 2021.

3. Dividends

Agribank is not a company incorporated under the company Act 28 and it is not within its powers, under the Agricultural Bank of Namibia Act 5, to pay dividends.

4. Significant changes in the state of affairs

There were no significant changes in the state of affairs of the Bank during the financial year or since the end of the financial year.

5. Events after the reporting period

The directors are not aware of any material event which occurred after the reporting date and up to the date of this report that would require adjustments to or disclosure in the annual financial statements.

6. Going concern

We draw attention to the annual financial statements, which indicates that the Bank incurred a net surplus of N$7,161,000 during the year ended 31 March 2022 and, as of that date, the Bank's assets exceeded its liabilities by N$2,697,579,000.

The directors believe that the Bank has adequate financial resources to continue in operation for the foreseeable future and accordingly the annual financial statements have been prepared on a going concern basis. The directors have satisfied themselves that the Bank is in a sound financial position and that it has access to sufficient borrowing facilities to meet its foreseeable cash requirements. The directors are not aware of any new material changes that may adversely impact the Bank. The directors are also not aware of any material non-compliance with statutory or regulatory requirements or of any pending changes to legislation which may affect the Bank.

Statement of Financial Position

as at 31 March 2022

	Note(s)	2022 N$ '000	2021 Restated * N$ '000	01 April 2020 Restated * N$ '000
Assets				
Cash and cash equivalents	3	429,683	377,678	30,387
Other receivables	4	602	571	3,465
Inventories	5	1,209	1,165	1,081
Loans and advances to customers	6	2,922,690	2,889,487	2,854,477
Retirement benefit asset	7	1,259	1,583	1,108
Investment property	8	41,730	44,502	50,089
Property and equipment	9	110,453	106,438	107,434
Intangible assets	10	1	3	10
Total Assets		**3,507,627**	**3,421,427**	**3,048,051**
Equity and Liabilities				
Due to banks	3	3,059	4,752	100,175
Creditors and other payables	11	10,342	9,504	7,202
Finance lease liabilities	12	2,253	1,068	1,657
Borrowed funds	13	518,170	531,396	192,673
Special purpose funds	14	104,000	101,344	98,372
Loan guarantee fund	15	126,317	121,459	118,845
Provisions	16	5,232	5,092	3,592
Deferred income	17	40,675	46,395	52,285
Total Liabilities		**810,048**	**821,010**	**574,801**
Equity				
Capital	18	1,721,506	1,631,506	1,541,506
Reserves		893,882	886,720	849,553
Funds and grants	19	82,191	82,191	82,191
Total Equity		**2,697,579**	**2,600,417**	**2,473,250**
Total Equity and Liabilities		**3,507,627**	**3,421,427**	**3,048,051**

* See Note 30

Statement of Comprehensive Income

	Note(s)	2022 N$ '000	2021 Restated * N$ '000
Interest income	20	253,068	245,964
Interest expense	21	(43,017)	(32,486)
Net interest income		**210,051**	**213,478**
Other operating income	22	6,602	7,010
Other operating gains (losses)	23	(4,783)	(5,566)
Credit impairment losses	24	(46,579)	(25,498)
Personnel expenses	24	(103,470)	(100,279)
Depreciation expense	24	(4,919)	(5,635)
General and administrative expenses	24	(49,755)	(45,842)
Net operating surplus for the year		**7,148**	**37,668**
Other comprehensive income:			
Actuarial gain / (loss)		13	(501)
Other comprehensive income for the year		**13**	**(501)**
Total comprehensive income for the year		**7,161**	**37,167**

* See Note 30

Statement of Changes in Equity

	Capital N$ '000	Funds and grants N$ '000	Reserves N$ '000	Total equity N$ '000
Opening balance as previously reported	1,541,506	82,191	855,869	2,479,566
Adjustment to the opening balance	-	-	(6,316)	(6,316)
Restated balance 01 April 2020 *	**1,541,506**	**82,191**	**849,553**	**2,473,250**
Surplus for the year	-	-	37,668	37,668
Other comprehensive income	-	-	(501)	(501)
Total comprehensive income for the year	**-**	**-**	**37,167**	**37,167**
Contributions	90,000	-	-	90,000
Total contributions	**90,000**	**-**	**-**	**90,000**
Balance at 01 April 2021	**1,631,506**	**82,191**	**886,721**	**2,600,418**
Surplus for the year	-	-	7,148	7,148
Other comprehensive income	-	-	13	13
Total comprehensive income for the year	**-**	**-**	**7,161**	**7,161**
Contributions	90,000	-	-	90,000
Total contributions	**90,000**	**-**	**-**	**90,000**
Balance at 31 March 2022	**1,721,506**	**82,191**	**893,882**	**2,697,579**
Note(s)	18	19		

* See Note 30

Statement of Cash Flows

	Note(s)	2022 N$ '000	2021 Restated * N$ '000
Cash flows from operating activities			
Surplus for the year		7,161	37,167
Adjustments for:			
Change in operating assets	25	(32,954)	(32,675)
Change in operating liabilities	25	980	3,802
Net gain / (loss) from investing activities	25	9,700	11,201
Net gain / (loss) from financing activities	25	12,280	8,700
Net cash to operating activities		**(2,834)**	**28,195**
Cash flows to investing activities			
Purchase of property and equipment	9	(9,819)	(3,610)
Proceeds from sale of property, plant and equipment	9	162	21
Net cash to investing activities		**(9,657)**	**(3,589)**
Cash flows from financing activities			
Government contributions received	18	90,000	90,000
Funding raised		-	350,000
Repayment of loans	13	(21,708)	(20,126)
Payment of leasing liabilities		2,173	(1,766)
Net cash from financing activities		**66,189**	**418,108**
Total cash movement for the year		**53,698**	**442,714**
Cash at the beginning of the year		372,926	(69,788)
Total cash at end of the year	3	**426,624**	**372,926**

* See Note

Accounting policies

1. Significant accounting policies

The principal accounting policies applied in the preparation of these annual financial statements are set out below.

1.1 Basis of preparation

The annual financial statements have been prepared on the going concern basis in accordance with, and in compliance with, International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board (IASB), and International Financial Reporting Interpretations Committee ("IFRIC") interpretations issued and effective at the time of preparing these annual financial statements and the Companies Act of Namibia.

The annual financial statements have been prepared on the historic cost basis, as modified by the revaluation of financial assets at fair value through profit and loss, financial assets at fair value through other comprehensive income and financial liabilities held at fair value through profit or loss, except for investment property and certain office properties (classified as property, plant and equipment). The annual financial statements are presented in Namibia Dollars, which is the Bank's functional currency, and all values are rounded to the nearest thousand dollars, except when otherwise indicated. Rounding does result in minor rounding differences which cannot be avoided, certain line items have been adjusted accordingly.

These accounting policies are consistent with the previous period.

Presentation of financial statements

The Bank presents its statement of financial position in order of liquidity based on the Bank's intention and perceived ability to recover/settle the majority of assets/liabilities of the corresponding financial statement line item.

An analysis regarding recovery or settlement within 12 months after the reporting date (current) and more than 12 months after the reporting date (non-current) is presented in note 28.

Financial assets and financial liabilities are generally reported gross in the statement of financial position except when IFRS netting criteria are met.

Accounting policies

1.2 Significant judgements and sources of estimation uncertainty

The preparation of annual financial statements in conformity with IFRS requires management, from time to time, to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. These estimates and associated assumptions are based on experience and various other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Critical judgements in applying accounting policies

The critical judgements made by management in applying accounting policies, apart from those involving estimations, that have the most significant effect on the amounts recognised in the financial statements, are outlined as follows:

Key sources of estimation uncertainty

Impairment losses on financial assets

The measurement of impairment losses under IFRS 9 across all categories of financial assets requires judgement.

These estimates are driven by several factors, changes in which can result in different levels of allowances.

The Bank's ECL calculations are outputs of complex models with a number of underlying assumptions regarding the choice of variable inputs and their interdependencies. Elements of the ECL models that are considered accounting judgements and estimates include:

- The Bank's own collection efforts and efforts aimed at securing collateral as well as legal processes to be followed and the consistency of application of these.
- The three stages classification model and whether this best reflects the indications of increases in credit risk.
- Development of ECL models, including the various formulas and the choice of inputs.
- Treatment of the whole loan book as a portfolio in the absence of collection of loss data, which might support modelling enhancements and segmentation improvements.
- The lack of industry comparative data to confirm results given the uniqueness of the agricultural loan book.

Provisions and contingent liabilities

The Bank operates in a regulatory and legal environment that, by nature, has a heightened element of litigation risk inherent to its operations. As a result, it is involved in various litigation, arbitration and regulatory investigations and proceedings arising in the ordinary course of business.

When the Bank can reliably measure the outflow of economic benefits in relation to a specific case and considers such outflows to be probable, the Bank records a provision against the case. Where the probability of outflow is considered to be remote, or probable, but a reliable estimate cannot be made, a contingent liability is disclosed. However, when the Bank is of the opinion that disclosing these estimates on a case-by-case basis would prejudice their outcome, then the Bank does not include detailed, case-specific disclosures in its financial statements.

Given the subjectivity and uncertainty of determining the probability and amount of losses, the Bank takes into account a number of factors including legal advice, the stage of the matter and historical evidence from similar incidents. Significant judgement is required to conclude on these estimates.

The provisions for post-retirement medical and severance benefits are based on actuarial valuation by independent actuaries. In determining the provision, assumptions are made regarding discount rates, mortality rates and health care inflation rates.

1.3 Financial instruments

Financial instruments held by the Bank are classified in accordance with the provisions of IFRS 9 Financial Instruments.

Broadly, the classification possibilities, which are adopted by the Bank, as applicable, are as follows:

Financial assets which are equity instruments:

- Mandatory at fair value through profit or loss; or
- Designated as at fair value through other comprehensive income. (This designation is not available to equity instruments which are held for trading or which are contingent consideration in a business combination).

Accounting policies

1.3 Financial instruments (continued)

Financial assets which are debt instruments:

- Amortised cost. (This category applies only when the contractual terms of the instrument give rise, on specified dates, to cash flows that are solely payments of principal and interest on principal, and where the instrument is held under a business model whose objective is met by holding the instrument to collect contractual cash flows); or
- Fair value through other comprehensive income. (This category applies only when the contractual terms of the instrument give rise, on specified dates, to cash flows that are solely payments of principal and interest on principal, and where the instrument is held under a business model whose objective is achieved by both collecting contractual cash flows and selling the instruments); or
- Mandatory at fair value through profit or loss. (This classification automatically applies to all debt instruments which do not qualify as at amortised cost or at fair value through other comprehensive income); or
- Designated at fair value through profit or loss. (This classification option can only be applied when it eliminates or significantly reduces an accounting mismatch).

Financial liabilities:

- Amortised cost; or
- Mandatory at fair value through profit or loss. (This applies to contingent consideration in a business combination or to liabilities which are held for trading); or
- Designated at fair value through profit or loss. (This classification option can be applied when it eliminates or significantly reduces an accounting mismatch; the liability forms part of a group of financial instruments managed on a fair value basis; or it forms part of a contract containing an embedded derivative and the entire contract is designated as at fair value through profit or loss).

Note 2 Financial instruments and risk management presents the financial instruments held by the Bank based on their specific classifications.

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis.

Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

The specific accounting policies for the classification, recognition and measurement of each type of financial instrument held by the Bank are presented below:

Date of recognition

Financial assets and liabilities, with the exception of loans and advances to customers and balances due to customers, are initially recognised on the trade date, i.e., the date on which the Bank becomes a party to the contractual provisions of the instrument. Loans and advances to customers are recognised when funds are transferred to the customers' accounts. The Bank recognises balances due to customers when funds are transferred to the Bank.

Initial measurement of financial instruments

The classification of financial instruments at initial recognition depends on their contractual terms and the business model for managing the instruments. Financial instruments are initially measured at their fair value, except in the case of financial assets and financial liabilities recorded at FVPL, transaction costs are added to, or subtracted from, this amount. Trade receivables are measured at the transaction price.

Classification of subsequent measurement

The Bank classifies all of its financial assets based on the business model for managing the assets and the asset's contractual terms, measured at either amortised cost or FVPL.

Relevant financial liabilities to the Bank comprise borrowed fund and balances due to Banks and are measured at amortised cost.

Derecognition of financial assets and liabilities

Derecognition due to substantial modification of terms and conditions

The Bank derecognises a financial asset, such as a loan to a customer, when the terms and conditions have been renegotiated to the extent that, substantially, it becomes a new loan, with the difference recognised as a derecognition gain or loss, to the extent that an impairment loss has not already been recorded. The newly recognised loans are classified as Stage 1 for ECL measurement purposes.

Accounting policies

1.3 Financial instruments (continued)

If the modification does not result in cash flows that are substantially different, the modification does not result in derecognition. Based on the change in cash flows discounted at the original EIR, the Bank records a modification gain or loss, to the extent that an impairment loss has not already been recorded.

Derecognition other than substantial modification

A financial asset is derecognised when the rights to receive cash flows from the financial asset have expired. The Bank also derecognises the financial asset if it has both transferred the financial asset and the transfer qualifies for derecognition.

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expires. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability. The difference between the carrying value of the original financial liability and the consideration paid is recognised in profit or loss.

Impairment of financial assets

Overview of ECL principles

The ECL allowance is based on the credit losses expected to arise over the life of the asset (the lifetime expected credit loss or LTECL), unless there has been no significant increase in credit risk since origination, in which case, the allowance is based on the 12 months' expected credit loss (12mECL).

The 12mECL is the portion of LTECLs that represent the ECLs that result from default events on a financial instrument that are possible within the 12 months after the reporting date.

Both LTECLs and 12mECLs are calculated on either an individual basis or a collective basis, depending on the nature of the underlying portfolio of financial instruments. Loans to customers are assessed on a collective basis, whilst other financial assets on an individual basis.

The Bank performs an assessment, at the end of each reporting period, of whether a financial instrument's credit risk has increased significantly since initial recognition, by considering the change in the risk of default occurring over the remaining life of the financial instrument.

Based on the above the Bank has assessed that the most appropriate grouping of loan stages as described below:

- **Stage 1**: When loans are first recognised, the Bank recognises an allowance based on 12mECLs. Stage 1 loans also include facilities where the credit risk has improved and the loan has been reclassified from Stage 2.
- **Stage 2**: The Bank has determined that due to the nature of its loan book and exclusive focus on the agricultural lending with exposure to varying production cycles that 180 days in arrears is a good indicator a significant increase in credit risk since origination. The Bank records an allowance for the LTECLs. Stage 2 loans also include facilities, where the credit risk has improved and the loan has been reclassified from Stage 3.
- **Stage 3**: Stage 3 loans are considered credit impaired once they reach the stage of being overdue in excess of 1 year. The Bank records an allowance for the LTECLs.

For financial assets for which the Bank has no reasonable expectations of recovering either the entire outstanding amount, or a proportion thereof, the gross carrying amount of the financial asset is reduced. This is considered a (partial) derecognition of the financial asset.

Calculation of ECL's

The Bank calculates ECLs the expected cash shortfalls, discounted at an approximation to the EIR. The mechanics of the ECL calculations are outlined below and the key elements are, as follows:

- **PD**: The Probability of Default is an estimate of the likelihood of default over a given time horizon.
- **EAD**: The Exposure at Default refers to the total value that the Bank is exposed to at the time of default.
- **LGD**: The Loss Given Default is an estimate of the loss arising in the case where a default occurs at a given time. The Bank calculates LGD on historic loss data.

Accounting policies

1.3 Financial instruments (continued)

When estimating ECL's the Bank considers various scenarios and also considers the rebuttable loan classification stages as set out under IFRS 9.

Forward looking information

The Bank considers forward looking information when determining ECLs, where there is sufficient correlation between these factors as supported by loss history and default trends. A correlation coefficient of 75% or higher is deemed to be sufficient correlation, for purposes hereof.

Collateral valuation

To mitigate its credit risks on financial assets, the Bank seeks to use collateral, where possible. The collateral comes in various forms, such as cash, securities, letters of credit/guarantees, real estate, receivables, inventories, other non-financial assets and credit enhancements such as netting agreements.

Write offs

Financial assets are written off either partially or in their entirety only when the Bank has stopped pursuing the recovery. If the amount to be written off is greater than the accumulated loss allowance, the difference is first treated as an addition to the allowance that is then applied against the gross carrying amount. Any subsequent recoveries are credited to credit loss expense.

Financial instruments

Initial recognition and measurement

Financial instruments are recognised initially when the Bank becomes a party to the contractual provisions of the instruments.

The Bank classifies financial instruments, or their component parts, on initial recognition as a financial asset, a financial liability or an equity instrument in accordance with the substance of the contractual arrangement.

Financial instruments are measured initially at fair value, except for equity investments for which a fair value is not determinable, which are measured at cost and are classified as available for sale financial assets.

Subsequent measurement

Financial instruments at fair value through profit or loss are subsequently measured at fair value, with gains and losses arising from changes in fair value being included in profit or loss for the period.

Financial liabilities at amortised cost are subsequently measured at amortised cost, using the effective interest method.

Impairment of financial assets

At each statement of financial position date, the Bank assesses all financial assets, other than those at fair value through profit or loss, to determine whether there is objective evidence that a financial asset or group of financial assets has been impaired.

Impairment losses are recognised in profit or loss.

Impairment losses are reversed when an increase in the financial asset's recoverable amount can be related objectively to an event occurring after the impairment was recognised, subject to the restriction that the carrying amount of the financial asset at the date that the impairment is reversed shall not exceed what the carrying amount would have been had the impairment not been recognised.

Reversals of impairment losses are recognised in profit or loss except for equity investments classified as available for sale.

Fair value through profit or loss

This category has two sub- categories: financial assets held for trading and those designated at fair value through profit and loss at inception. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term or if so designated by management.

Accounting policies

1.3 Financial instruments (continued)

Offsetting a financial asset and a financial liability

A financial asset and a financial liability shall be offset and the net amount presented in the statement of financial position when the entity has a legally enforceable right to set off the recognised amounts: and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Trade and other payables

Trade payables are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method.

Cash and cash equivalents

Cash and cash equivalents comprise of cash on hand and demand deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. These are initially recorded at fair value and subsequently at amortised cost.

Borrowings

Borrowings are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method. Any difference between the proceeds (net of transaction costs) and the settlement or redemption of borrowings is recognised over the term of the borrowings in accordance with the Bank's accounting policy for borrowing costs.

1.4 Property and equipment

Property and equipment are initially recorded at cost. Owner-occupied properties are carried at valuation, determined by valuations by external independent professional valuators, less subsequent depreciation and provision for impairment. Other property, plant and equipment are carried at cost less accumulated depreciation and impairment losses.

Increases in the carrying amount arising on revaluation are credited to revaluation and other reserves. Decreases that offset previous increases on the same asset are charged against the revaluation reserve, and all other decreases are charged to the statement of comprehensive income.

Where the carrying amount of an asset is greater than its estimated recoverable amount, it is written down immediately in the statement of comprehensive income to its recoverable amount.

All property and equipment, other than land and owner occupied properties, are depreciated on the straight-line basis over its expected economic lives. The rates used to depreciate assets are as follows:

Item	Average useful life
Freehold land and buildings	50 years
Furniture and fittings	5 years
Motor vehicles	5 years
Computer and office equipment	4 years
Leasehold assets	5 years

Depreciation is not provided for on land as it is deemed to have an indefinite life.

The residual value and the useful life of each asset are reviewed at each financial period-end.

Gains and losses on disposal of property, plant and equipment are determined by reference to their carrying amount and are taken into account in determining operational profit. On disposal of revalued assets, amounts in revaluation and other reserves relating to that asset are taken to OCI.

1.5 Properties in possession

Farms or other properties in possession acquired are stated at the amount of debt outstanding at the date of repossession. Provision is made against amounts considered to be irrecoverable.

Unsold properties in possession are stated at the lower of the net outstanding amount at date of acquisition and net realisable value.

1.6 Investment property

Investment properties are properties held to earn rentals and/or for capital appreciation (including property under construction for such purposes). Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are measured at fair value. Gains and losses arising from changes in the fair value of investment properties are included in profit or loss in the period in which they arise.

Accounting policies

1.6 Investment property (continued)

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from the disposal. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the period in which the property is derecognised.

1.7 Intangible assets

Intangible assets are stated at cost less accumulated amortisation and any accumulated impairment losses. They are amortised over their estimated useful lives (not exceeding ten years) using the straight-line method. The following rate is used for the amortisation of intangible assets:

Item	Useful life
Software	3 years

If there is an indication that there has been a significant change in amortisation rate, useful life or residual value of an intangible asset, the amortisation is revised accordingly to reflect the new expectations.

1.8 Impairment of non-financial assets

At each reporting date, the Bank assesses whether there is any indication that any asset (property, plant and equipment and intangible assets) may be impaired. If there is an indication of possible impairment, the recoverable amount of the affected asset (or group of related assets) is estimated and compared with its carrying amount. If the estimated recoverable amount is lower, the carrying amount is reduced to its recoverable amount, and an impairment loss is recognised immediately in profit or loss.

If an impairment loss subsequently reverses, the carrying amount of the asset (or group of related assets) is increased to the revised estimate of its recoverable amount (selling price less costs to complete and sell, in the case of inventories), but not in excess of the amount that would have been determined had no impairment loss been recognised for the asset (or group of related assets) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

1.9 Leases

Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

Leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Bank. The determination of whether an arrangement is, or contains, a lease is based on the substance of the agreement on the inception date.

Assets and liabilities arising from a lease are initially measured on a net present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- payments of penalties for terminating the lease, if the lease term reflects the Bank exercising that option;
- variable lease payment that are based on an index or a rate;
- amounts expected to be payable under residual value guarantees;
- the exercise price of a purchase option if the Bank is reasonably certain to exercise that option; and
- payments of penalties for terminating the lease, if the lease term reflects the Bank exercising that option.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, the lessee’s incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

To determine the incremental borrowing rate, the Bank:

- where possible, uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received.

Accounting policies

1.9 Leases (continued)

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over rate of interest on the remaining balance of the liability for the lease period so as to produce a constant periodic each period.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability;
- any lease payments made at or before the commencement date less any lease incentives received;
- any initial direct costs; and
- restoration costs.

Payments associated with short-term leases of equipment and all leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short- term leases are leases with a lease term of 12 months or less. Low-value assets comprise IT equipment and small items of office furniture.

Right-of-use assets are generally depreciated over the lease term on a straight-line basis.

Operating leases - lessor

Operating lease income is recognised as an income on a straight-line basis over the lease term.

Initial direct costs incurred in negotiating and arranging operating leases are added to the carrying amount of the leased asset and recognised as an expense over the lease term on the same basis as the lease income.

Income for leases is disclosed under revenue in profit or loss.

1.10 Inventories

Inventories are stated at the lower of cost and selling price less costs to complete and sell (net realisable value).

Cost is calculated using the first-in, first-out (FIFO) method.

1.11 Other receivables

At the end of each reporting period, the carrying amounts of trade and other receivables are reviewed to determine whether there is any objective evidence that the amounts are not recoverable. If so, an impairment loss is recognised immediately in profit or loss.

1.12 Trade and other payables

Trade and other payables are obligations on the basis of normal credit terms and do not bear interest.

1.13 Provisions and contingencies

Provisions are recognised when the Bank has an obligation at the reporting date as a result of a past event; it is probable that the Bank will be required to transfer economic benefits in settlement; and the amount of the obligation can be estimated reliably. Provisions are not recognised for future operating losses. Contingent assets and contingent liabilities are not recognised.

1.14 Employee benefits

Short-term employee benefits

The cost of short-term employee benefits, (those payable within 12 months after the service is rendered, such as paid vacation leave and sick leave, bonuses, and non -monetary benefits such as medical care), are recognised in the period in which the service is rendered and are not discounted.

Defined contribution plans

The Bank provides defined contribution pension fund plans for employees. Payments to the pension fund are charged as an expense as incurred.

Defined benefit plans

The Bank provides post-retirement medical benefits by way of 100% contribution of medical aid. Benefits are not available to some employees. Payments to the post-retirement medical benefit plan are recognised as an expense when employees have rendered service entitling them to the contributions.

Accounting policies

1.14 Employee benefits (continued)

The Bank's net obligation in respect of post-retirement medical benefits obligation is determined using the projected unit credit method with actuarial valuation being carried out at the end of each annual reporting period. Remeasurements, comprising actuarial gains and losses, the effect of changes in asset ceiling (if applicable) and return on plan assets (excluding interest), is reflected immediately on the statement of changes in financial position with a charge or credit recognised in other comprehensive income in the period in which they occur. Remeasurement recognised in other comprehensive income is reflected immediately in retained earnings and will not be reclassified to profit and loss. Past service costs are recognised in the profit or loss in the period of plan amendment. Net interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability or asset. Defined benefit costs recognised are as follows:

- Service cost (including current service cost, past service cost, as well as gains and losses on curtailments and settlements);
- Net interest expense or income; and
- Remeasurements.

The post-retirement medical benefit obligation recognised in the statement of financial position represents the deficit on the Bank's defined benefit plans. Any surplus resulting from the calculation is limited to the present value of the economic benefits available in the form of refunds from the plan or reduction in future contributions to the plan.

A liability for termination benefits is recognised at the earlier of when the Bank no longer offers the termination benefit and when the Bank recognises the restructuring costs.

1.15 Reserve fund

The net surplus, after certain special provisions have been made, is credited to the Reserve Fund and applied to make good any loss or deficit which may occur in any transaction of the Bank. Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

1.16 Government grants

Government grants are recognised when there is reasonable assurance that:

- the Bank will comply with the conditions attaching to them; and
- the grants will be received.

Government grants are recognised as income over the periods necessary to match them with the related costs that they are intended to compensate.

Grants related to income are presented as a credit in the profit or loss (separately).

Where a loan is received from the Government at below between the fair value of the loan and the amount received is market interest or at no interest rate, the difference recognised as a Government grant.

Notes to the annual financial statements

2. Financial instruments and risk management

The Bank is exposed to credit risk, liquidity risk and market risk through financial instruments. It is also subject to climatic risk, country risk and various operating and business risks.

The Board of Directors is responsible for the overall risk management approach and for approving the risk management strategies and principles. The Board has established a Finance, Risk and Compliance Committee (FRACC), that has responsibility for the development of the risk strategy and implementing principles, frameworks, policies and limits. The FRACC also monitors the overall risk processes and monitoring the levels of risk within the Bank.

The risk management function is responsible for implementing and maintaining risk related procedures to ensure an independent control process is maintained. The function works closely with and reports to the FRACC to ensure that procedures are compliant with the overall framework.

The Bank's treasury function is responsible for managing its assets and liabilities and the overall financial structure. It is also primarily responsible for the funding and liquidity risks of the Bank. Treasury function reports into an Assets and Liability Committee (ALCO), who has been established by policy of the Board to manage risk exposures to financial instruments. The internal audit unit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the FRACC.

The Bank has assessed its exposure to risks arising from financial instruments as follows:

- **Credit risk**: High
- **Liquidity risk**: Medium
- **Market risk**: Low

Excessive concentrations of risk

Concentrations arise when a number of counterparties are engaged in similar business activities, or activities in the

same geographical region, or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changesDin economic, political or other conditions.

In order to avoid excessive concentrations of risk, the Bank's strategies, policies and procedures provide guidelines to focus on maintaining a diversified portfolio. Identified concentrations of credit risks are controlled and managed accordingly.

Financial risk management

Credit risk

Credit risk is the risk that the Bank will incur a loss because its customers or counterparties fail to discharge their contractual obligations. The Bank manages and controls credit risk by setting limits on the amount of risk it is willing to accept for individual counterparties and for geographical and type of agricultural activity, by monitoring exposures in relation to such limits.

The Board of Directors has delegated responsibility for the oversight of credit risk to its Credit and Investment Committee (CIC). A separate credit department, reporting to the Group Credit Committee, is responsible for managing the Group's credit risk relating to its customers, including the following:

- Formulating credit policies in consultation with business units, covering collateral requirements, credit assessment and reporting, documentary and legal procedures, and compliance with regulatory and statutory requirements.
- Establishing the authorisation structure for the approval and renewal of credit facilities. Authorisation limits are allocated to business units. Larger facilities require approval by the Management Credit Committee (MCC), the CIC or the Board of Directors, as appropriate.
- Managing a credit quality review process to provide early identification of possible changes in the creditworthiness of counterparties, including regular collateral revisions. The credit quality review process aims to allow the Bank to assess the potential loss as a result of the risks to which it is exposed and take corrective actions.

Counterparty credit risk falls within the responsibility of the ALCO who also reports into the CIC. Counterparty credit risk is minimised through the application of selection and grading criteria at the stage of initial evaluation and thereafter by annual reviews of the financial position of counterparties.

Notes to the annual financial statements

2. Financial instruments and risk management (continued)

The following diagram summarises the impairment requirements under IFRS 9:

Changes in credit quality since initial recognition		
Stage 1	**Stage 2**	**Stage 3**
(Initial recognition)	(Significant increase in credit risk since initial recognition)	(Credit-impaired assets)
12-month expected credit losses	Lifetime expected credit losses	Lifetime expected credit losses

The Banks credit risk exposure at the end of the year is provided in the table below:

	2022 N$ '000	2021 Restated * N$ '000	2020 Restated * N$ '000
Assets with credit risk exposure			
Cash and cash equivalents (i)	429,683	377,678	30,387
Other receivables (ii)	602	571	3,465
Loans and advances to customers (iii)	2,922,690	2,889,487	2,860,792
	3,352,975	**3,267,736**	**2,894,644**
Combined assets with no credit risk exposure	154,652	153,691	159,722
	3,507,627	**3,421,427**	**3,054,366**

(i) Cash and cash equivalents

Cash and cash equivalents comprise amounts held or invested with reputable and regulated financial institutions within the Republic of Namibia. Counterparty credit risk is therefore assessed as low.

(ii) Other receivables

Past trends indicate that payment has been received timeously and that fair values post year-end fairly reflect the amounts received and credit risk is assessed as low.

(iii) Loans and advances to customers

Loans and advances are granted mainly on the basis of collateral. The main types and in order of collateral strength being mortgage bonds, surety bonds cession over fixed deposits and investments, cession over insurance policies and personal suretyships.

(iv) Impairment assessment

This section should be read in conjunction with the accounting policies with regard to stages of loan classification and explanations as to the terminology.

Principle ECL modelling outputs and assumptions	2022	2021 (Restated)	2020 (Restated)
Average remaining loan term	12.59 years	12.98 years	13.17 years
Probability of default (one year)	10.35 %	9.48 %	9.39 %
LTECL	15.50 %	12.35 %	14.00 %
12mECL	0.23 %	0.15 %	0.17 %

Sensitivity analysis on modelling results:	Increase	Decrease
2022		
1% change in PD	2,109	(2,425)
1% change in LGD	137,718	(137,718)
2021 as restated		
1% change in PD	2,103	(2,508)
1% change in LGD	162,348	(162,348)
01 April 2020 as restated		
1% change in PD	1,755	(2,109)
1% change in LGD	146,300	(146,300)

Notes to the annual financial statements

2. Financial instruments and risk management (continued)

Loan book analysed per classification stage:	Stage 1	Stage 2	Stage 3	Total
Classification basis				
-Loans subject to annual instalment	0 to 180 days	up to 365 days	365 days	
-Loans subject to monthly instalments	0 to 30 days	up to 90 days	90 days	
2022				
Closing balance	39.52 %	10.16 %	50.32 %	100.00 %
Opening balance	35.10 %	12.23 %	52.67 %	100.00 %
	-	-	-	-
2021 as restated				
Closing balance	35.10 %	12.23 %	52.67 %	100.00 %
Opening balance (as restated)	40.95 %	9.77 %	49.28 %	100.00 %
01 April 2020 as restated				
Closing balance	40.95 %	9.77 %	49.28 %	100.00 %
Opening balance (as restated)	47.13 %	10.01 %	42.86 %	100.00 %

Forward looking assumptions are considered by the Bank only where there is sufficient correlation to economic and/or climatic factors to support the influences of these factors on historic loss and default trends. As set out in the accounting policies, a correlation coefficient of greater than 75% is considered to be sufficient correlation. In support of this the bank has correlated its data to both rainfall trends and Gross Domestic Product and found that there is not sufficient correlation to support the application of forward looking data in this financial period.

For the current year the Bank has assessed that the economy as a whole would likely be showing a marginal improvement however this is offset by the adversity of climatic conditions. The Bank is actively encouraging farmers to diversify and adopt drought resilience strategies and the results of these efforts would only be seen in the long term. The rigour in collection efforts are improving and this is counterbalanced from a loss perspective by the capturing of collateral where the Bank sees significant increases in credit risk. The Bank therefore has taken forward looking factors into account but has elected not to apply these.

Liquidity risk

The liquidity risk is that the Bank will encounter difficulty in meeting obligations associated with its financial liabilities that are settled by delivering cash or another financial asset.

The Bank's Board of Directors sets the Bank's strategy for managing liquidity risk and delegates responsibility for oversight of the implementation of this policy to ALCO. The treasury function manages the Bank's liquidity position on a day-to-day basis and reviews daily reports covering the liquidity position.

The Bank's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when they are due. The Bank is not a deposit taking institution and therefore does not stress test liquidity scenarios. The Bank ensure that it has sufficient liquid assets to meet three months operational requirements and manages its disbursements of funds to match its collection targets.

Notes to the annual financial statements

2. Financial instruments and risk management (continued)

The table below summarises the maturity profile of the undiscounted cash flows of the Bank's financial assets and liabilities:

2022

	Within 12 months N$'000	Between 1 and 5 years N$'000	More than 5 years N$'000	Total N$'000
Financial assets				
Cash and cash equivalents	429,683	-	-	429,683
Loans and advances to customers	899,355	503,310	1,513,749	2,916,414
Other receivables	376	-	-	376
Total financial assets	**1,329,414**	**503,310**	**1,513,749**	**3,346,473**
Financial liabilities				
Due to banks	3,059	-	-	3,059
Borrowed funds	13,892	442,800	61,478	518,170
Creditors and other payables	9,591	-	-	9,591
Finance lease liabilities	2,049	204	-	2,253
Total financial liabilities	**28,591**	**443,004**	**61,478**	**533,073**
Net undiscounted financial assets	**1,300,823**	**60,306**	**1,452,271**	**2,813,400**

2021 as restated

	Within 12 months N$'000	Between 1 and 5 years N$'000	More than 5 years N$'000	Total N$'000
Financial assets				
Cash and cash equivalents	377,678	-	-	377,678
Loans and advances to customers	784,455	513,147	1,598,201	2,895,803
Other receivables	571	-	-	571
Total financial assets	**1,162,704**	**513,147**	**1,598,201**	**3,274,052**
Financial liabilities				
Due to banks	4,752	-	-	4,752
Borrowed funds	12,090	433,865	85,441	531,396
Creditors and other payables	9,504	-	-	9,504
Finance lease liabilities	722	346	-	1,068
Total financial liabilities	**27,068**	**434,211**	**85,441**	**546,720**
Net undiscounted financial assets	**1,135,636**	**78,936**	**1,512,760**	**2,727,332**

Notes to the annual financial statements

2. Financial instruments and risk management 2020 as restated (continued)

	Within 12 months N$'000	Between 1 and 5 years N$'000	More than 5 years N$'000	Total N$'000
Financial assets				
Cash and cash equivalents	30,387	-	-	30,387
Loans and advances to customers	694,935	471,187	1,728,525	2,894,647
Other receivables	3,465	-	-	3,465
Total financial assets	**728,787**	**471,187**	**1,728,525**	**2,928,499**
Financial liabilities				
Due to banks	100,175	-	-	100,175
Borrowed funds	28,185	93,350	71,138	192,673
Creditors and other payables	7,201	-	-	7,201
Finance lease liabilities	1,286	371	-	1,657
Total financial liabilities	**136,847**	**93,721**	**71,138**	**301,706**
Net undiscounted financial assets	**591,940**	**377,466**	**1,657,387**	**2,626,793**

With the exception of Komsberg as disclosed in note 3, no other financial assets are encumbered. The carrying value of Komsberg reflected in loans and advances,in the between 1 and 5 year category, is N$73,752,967 for both financial periods. As this is the only item no additional disclosure unencumbered maturities is presented as required under IFRS 7.

Market risk

Market risk is the risk that the fair value or future cash flows of financial instruments will fluctuate due to changes in market variables such as interest rates, foreign exchange rates and equity prices.

The Bank does not have a trading portfolio and consequently only discloses information for its non-trading portfolio, i.e. its Banking book. The Bank's risk management strategy for its Banking book is different for each of the following categories of market risk. where applicable and is set out in the subsequent subsections of these financial statements, as follows:

- **Interest rate risk** - set out below.
- **Prepayment risk** - this risk is insignificant to the Banks operating model.
- **Currency risk** - the Bank has no foreign currency exposures.
- **Equity price** - the Bank is not exposed to this risk.

Interest rate risk

The Bank's primary business model is to collect contractual repayments and use these funds to provide loans to its customers. Interest rate risk is the impact that changes in interest rates could have on the Bank's margins, profit or loss, and equity. Interest risk arises from the mismatch of interest payable on the Banks' liabilities and the interest earned on its assets.

The Bank's asset-liability profile of its Banking book is such that:

- Interest rates on advances are predominantly floating, except for specific schemes, for which money was advanced by the Government or Ministries as appropriate for the Bank to manage.
- Interest payable on its loan with the Government is fixed.
- Interest on all other borrowed funds is variable.

Notes to the annual financial statements

2. Financial instruments and risk management (continued)

The table below summarised the Bank's exposure to interest rate risks.

		2022 N$ '000	2021 Restated * N$ '000	2020 Restated * N$ '000
Financial assets	**Interest rate**			
Cash and cash equivalents	Floating	429,683	377,678	30,387
Loans and advances to customers				-
- Specific schemes	Fixed	66,336	65,428	67,286
- Other	Floating	2,856,354	2,830,375	2,827,361
Other receivables	Non-interest bearing	602	571	3,465
Financial liabilities				
Due to banks	Floating	3,059	4,752	100,175
Borrowed funds				-
- Government loan	Fixed	96,969	101,311	105,285
- Bank loan	Floating	71,201	80,085	87,388
Special purpose funds	Fixed and floating	104,000	101,344	98,372
Loan guarantee fund	Floating	126,317	121,459	118,845
Creditors and other payables	Non-interest bearing	9,591	9,504	7,201

Financial assets are classified consistently on an amortised cost basis. There are no liabilities that are classified as fair value through profit and loss.

Cash flow sensitivity analysis for interest-bearing instruments:

	2022 N$ '000	2021 Restated * N$ '000	2020 Restated * N$ '000
100 bps increase in rates on net floating financial assets	29,615	28,978	24,530
100 bps decrease in rates on net floating financial assets	(29,615)	(28,978)	(24,530)

Notes to the annual financial statements

3. Cash and cash equivalents

	2022 N$ '000	2021 Restated * N$ '000	2020 Restated * N$ '000
Cash and cash equivalents consist of:			
Cash on hand	35	32	32
Bank balances	17,326	37,465	4,026
Notice deposits	433,611	359,286	43,909
Provision for impairment	(21,289)	(19,105)	(17,580)
Due to other banks	(3,059)	(4,752)	(100,175)
	426,624	**372,926**	**(69,788)**

Included in the cash and cash equivalents is N$25,402,000 invested with SME Bank which was placed into liquidation on 11 July 2017. The provision for impairment reflects the irrecoverable amount on this investment.

The amounts due to other banks represents a bank overdraft which is secured by a cession over cash balances held on its behalf by the Liquidator of the grape farming operation known as Komsberg and remaining security as disclosed in note 13. Interest is payable at a rate of 7.75% (2021: 7.00%).

4. Other receivables

	2022 N$ '000	2021 Restated * N$ '000	2020 Restated * N$ '000
Other receivables	602	571	3,465

5. Inventories

	2022 N$ '000	2021 Restated * N$ '000	2020 Restated * N$ '000
Office consumables	1,209	1,165	1,081

6. Loans and advances to customers

	2022 N$ '000	2021 Restated * N$ '000	2020 Restated * N$ '000
Loan capital	2,331,862	2,383,779	2,436,508
Arrears	899,728	780,855	677,394
Impairment allowance	(308,900)	(275,147)	(253,110)
	2,922,690	**2,889,487**	**2,860,792**
The impairment allowance reflects ECL for the following loan stages:			
ECL - stage 1	3,824	9,157	11,918
ECL - stage 2	39,353	37,593	30,008
ECL - stage 3	265,723	228,397	211,184
	308,900	**275,147**	**253,110**

Notes to the annual financial statements

7. Retirement benefit asset

Pension scheme

The majority of the employees are members of the Agricultural Bank of Namibia Pension Fund, a defined contribution plan, which has been registered in Namibia in accordance with the requirements of the Pension Funds Act. The Fund is governed by the Pension Funds Act of 1956.

Post-employment benefits are classified as non-current liabilities.

The Agricultural Bank of Namibia currently contributes 16% (2021: 16%) of basic salary to the Fund whilst themembers contribute 7% (2021: 7%).

	2022 N$ '000	2021 Restated * N$ '000	2020 Restated * N$ '000
Bank contribution	7,855	7,843	7,532
Employee contribution	3,366	3,361	3,228
	11,221	**11,204**	**10,760**

Retirement benefit obligation

The Bank made provision for the post-retirement medical benefit obligation as well as the severance benefit obligation, payable in terms of the Namibian Labour Act. The post-retirement medical aid benefit was December 2019. The net assets/liabilities balances of these two obligations made for the year are as follows: funded during

	2022 N$ '000	2021 Restated * N$ '000	2020 Restated * N$ '000
Present value of medical benefit obligation	1,895	2,248	1,677
Present value of severance benefit obligation	(636)	(665)	(569)
	1,259	**1,583**	**1,108**

Medical benefit obligation

The Bank contributes to the medical aid scheme for retired employees. The liability in respect of future contributions to the scheme in respect of members is valued annually.

The latest actuarial valuation for the post -retirement medical benefit was carried out in April 2022. The valuation method used was the projected unit credit method.

	2022 N$ '000	2021 Restated * N$ '000	2020 Restated * N$ '000
Movement in the net medical plan asset			
Balance at the beginning of the year	2,198	1,677	(8,785)
Return on asset less interest expense	(214)	(139)	(1,549)
Benefits paid	-	(682)	424
Actuarial gain (remeasurement)	(67)	450	594
Annuity purchased	-	-	10,993
Annuity purchase contribution	117	892	-
	2,034	**2,198**	**1,677**
The principal assumptions used were:			
Discount rate	10.70 %	10.98 %	12.09 %
Health care cost inflation	8.677 %	9.02 %	9.20 %
Average retirement age (in years)	58	58	60
Medical aid inflation	8.67%	9.02%	-
The following are the major sensitisation to the overall liability:			
- Mortality rate decrease of 20% per annum	932	887	
- Mortality rate increase of 20% per annum	-732	- 697	
- Healthcare cost inflation 1% lower per annum	-752	-741	
- Healthcare cost inflation 1% higher per annum	860	850	
Amount recognised in the statement of comprehensive income are as follows:			
Return on asset less interest expense	214	139	1,549

Notes to the annual financial statements

7. Retirement benefit asset (continued)

	2022 N$ '000	2021 Restated * N$ '000	2020 Restated * N$ '000
Remeasurement of the defined benefit obligation:			
Actuarial gain / (loss) recognised through other comprehensive income	13	(501)	1,017
The following sensitivity of the overall lability to changes in principal assumption is:			
Medical aid inflation 1% lower per annum	(752,000)	(741,000)	-
Medical aid inflation 1 % higher per annum	860, 000	850,000	-
	108,000	**109,000**	**-**
Severance benefit obligation			
Mortality rate decrease 20% lower	932,000	887,000	-
Mortality rate decrease 20% higher	(732,000)	(697,000)	-
	200,000	**190,000**	**-**
Movement in severance benefit obligation			
Balance at the beginning of the year	(665)	(569)	(568)
Current service costs	(65)	(60)	(63)
Interest expense	(61)	(62)	(50)
Benefits paid	75	77	70
Actuarial gain / (loss) recognised through other comprehensive income	80	(51)	42
	(636)	**(665)**	**(569)**

8. Investment property

	2022 Valuation	2022 Accumulated depreciation	2022 Carrying value	2021 Valuation	2021 Accumulated depreciation	2021 Carrying value
Investment property	41,730	-	41,730	44,502	-	44,502

	2020 Valuation	2020 Accumulated depreciation	2020 Carrying value
Investment property	50,089	-	50,089

Reconciliation of investment property - 2022

	Opening balance	Fair value movement	Total
Investment property	44,502	(2,772)	41,730

Reconciliation of investment property - 2021

	Opening balance	Fair value movement	Total
Investment property	50,089	(5,587)	44,502

Reconciliation of investment property - 2020

	Opening balance	Transfers	Fair value movement	Total
Investment property	44,261	4,648	1,180	50,089

Notes to the annual financial statements

8. Investment property (continued)

	2022 N$ '000	2021 Restated * N$ '000	2020 Restated * N$ '000
Comprises the following properties			
Witvlei properties			
Portion 38 of Farm Okatjirute No 155	28,860	30,800	33,000
Extension of Farm Okatjirute No 155	2,200	2,500	6,128
Erf Prn 18, Witvlei	4,560	4,900	3,507
Erf Prn 34, Witvlei	710	830	873
Erf Prn 117, Witvlei	100	125	264
Erf Prn 203, Witvlei	202	217	606
Erf Prn 204, Witvlei	160	170	383
Erf Prn 292, Witvlei	160	172	344
Erf Prn 294, Witvlei	130	140	336
Owner occupied properties			
Portion of Erf 1235, Rundu	4,648	4,648	4,648
	41,730	**44,502**	**50,089**

The investment properties consist of farmland with improvements measuring 11,9335 hectares, situated in the Omaheke Region, more commonly known as the Witvlei abattoir, together with associated properties as well as owner occupied properties. The fair value of the Witvlei together with associated properties were determind by an independent sworn appraiser during March 2022.

9. Property and equipment

	2022 Cost/ Valuation	2022 Accumulated depreciation	2022 Carrying value	2021 Cost/ Valuation	2021 Accumulated depreciation	2021 Carrying value
Freehold land and buildings	102,729	(2,036)	100,693	99,963	(2,036)	97,927
Furniture and fittings	12,109	(11,152)	957	12,110	(10,578)	1,532
Motor vehicles	6,953	(6,497)	456	6,953	(5,785)	1,168
Office equipment	2,097	(1,953)	144	2,004	(1,874)	130
Computers	9,426	(6,216)	3,210	8,356	(5,925)	2,431
Leasehold assets	3,729	(979)	2,750	2,123	(474)	1,649
Right of use asset	5,167	(2,924)	2,243	5,531	(3,930)	1,601
Total	**142,210**	**(31,757)**	**110,453**	**137,040**	**(30,602)**	**106,438**

	2020 Cost/ Valuation	2020 Accumulated depreciation	2020 Carrying value
Freehold land and buildings	99,963	-	99,963
Furniture and fittings	11,212	(9,758)	1,454
Motor vehicles	6,476	(4,461)	2,015
Office equipment	1,988	(1,807)	181
Computers	7,931	(5,695)	2,236
Leasehold assets	384	(384)	-
Right of use asset	3,503	(1,918)	1,585
Total	**131,457**	**(24,023)**	**107,434**

Notes to the annual financial statements

9. Property and equipment (continued)

Reconciliation of property and equipment -2022

	Opening balance	Additions	Disposals	Revaluations	Depreciation	Total
Freehold land and buildings	97,927	4,870	-	(2,104)	-	100,693
Furniture and fittings	1,532	-	-	-	(575)	957
Motor vehicles	1,168	-	-	-	(712)	456
Office equipment	130	93	-	-	(79)	144
Computers	2,431	1,140	(70)	-	(291)	3,210
Leasehold assets	1,649	1,606	-	-	(505)	2,750
Right of use asset	1,601	3,396	-	-	(2,754)	2,243
	106,438	**11,105**	**(70)**	**(2,104)**	**(4,916)**	**110,453**

Reconciliation of property and equipment -2021

	Opening balance	Additions	Depreciation	Total
Freehold land and buildings	99,963	-	(2,036)	97,927
Furniture and fittings	1,454	921	(843)	1,532
Motor vehicles	2,015	476	(1,323)	1,168
Office equipment	181	39	(90)	130
Computers	2,236	436	(241)	2,431
Leasehold assets	-	1,738	(89)	1,649
Right of use asset	1,585	1,022	(1,006)	1,601
	107,434	**4,632**	**(5,628)**	**106,438**

Notes to the annual financial statements

9. Property and equipment (continued)

Reconciliation of property and equipment - 2020

	Opening balance	Additions	Disposals	Transfers	Revaluations	Depreciation	Total
Freehold land and buildings	108,816	-	-	(4,648)	(4,205)	-	99,963
Furniture and fittings	2,313	-	-	-	-	(859)	1,454
Motor vehicles	3,310	-	-	-	-	(1,295)	2,015
Office equipment	297	6	-	-	-	(122)	181
Computers	745	1,999	(3)	-	-	(505)	2,236
Right of use asset	-	3,503	-	-	-	(1,918)	1,585
	115,481	**5,508**	**(3)**	**(4,648)**	**(4,205)**	**(4,699)**	**107,434**

	2022 N$ '000	2021 Restated * N$ '000	01 April 2020 Restated * N$ '000
Right of use assets			
Amounts recognised in the balance sheet			
The balance sheet shows the following amounts relating to leases:	1,285	1,063	1,101
Medium-term leases	958	538	484
Short-term leases	**2,243**	**1,601**	**1,585**

Notes to the annual financial statements

9. Property and equipment (continued)

	2022 N$ '000	2021 Restated * N$ '000	2020 Restated * N$ '000
Amounts recognised in the statement of profit or loss			
The statement of profit or loss shows the following amounts relating to leases:			
Medium-term leases	2,128	560	1,206
Short-term leases	625	446	436
Low-value leases	-	-	276
	2,753	**1,006**	**1,918**

Freehold land and buildings comprise of the following properties, which were independently valued by independent valuators. The surplus and loss on revaluation has been credited and debited respectively to revaluation reserves.

Erf 5479, Windhoek	80,662	84,374	84,374
Erf 995, Otjiwarongo	9,740	4,650	4,650
Erven 870 and 871 Mariental	170	170	170
Erf 1235, Rundu	2,372	932	932
Erf 1591, Oshakati	1,814	1,814	1,814
Unit 4, Romemoer, Otjiwarongo	1,293	1,345	1,345
Erf 2195, Otjimuise Extension 4, Section 7, Raili Court	1,434	1,434	1,434
Erf 1968, Hochlandpark	1,258	1,258	1,258
Erf 1588, Oshakati Extension 7	3,986	3,986	3,986
	102,729	**99,963**	**99,963**

Erf 5479, Windhoek is registered in the name of Land en Landbou Bank of South West Africa (predecessor of Agricultural Bank of Namibia).

Erf 5479 (Windhoek), Erf 995 (Otjiwarongo) and Erf 1235 (Rundu) are encumbered as detailed in note 13 of these financial statements.

Details regarding the fixed properties are availabe to shareholders at the registered office of the company. All property, plant and equipment are owned by the company. The net carrying value of the building as at 31 March 2022 N$91,957 (2021: N$91,957) (2020: N$102,846).

Included in freehold land and buildings is land to the value of (2022-2020: N$5,970).

Details regarding the fixed properties are required in terms of schedule 4 of the Companies Act of Namibia are available to shareholders at the registered office of the company. This information will be open for inspection in terms of the provisions of section 120 of the Companies Act of Namibia, 2004.

The useful lives of the assets were reviewed during March 2022 and no changes were during the current financial year.

Notes to the annual financial statements

10. Intangible assets

	2022 Cost	2022 Accumulated amortisation	2022 Carrying value	2021 Cost	2021 Accumulated amortisation	2021 Carrying value
Software	28,691	(28,690)	1	28,691	(28,688)	3

	2020 Cost	2020 Accumulated amortisation	2020 Carrying value
Software	28,691	(28,681)	10

Reconciliation of intangible assets - 2022

	Opening balance	Amortisation	Total
Software	3	(2)	1

Reconciliation of intangible assets - 2021

	Opening balance	Amortisation	Total
Software	10	(7)	3

Reconciliation of intangible assets - 2020

	Opening balance	Amortisation	Total
	125	(115)	10

Opening Amortisation Total

Notes to the annual financial statements

	2022 N$ '000	2021 Restated * N$ '000	2020 Restated * N$ '000
11. Creditors and other payables			
Creditors	10,232	9,394	7,092
Grants and bursaries	110	110	110
	10,342	**9,504**	**7,202**

Categories of trade and other payables

Trade and other payables are categorised as follows in accordance with IFRS 9:
Financial instruments

	2022	2021	2020
Amortised cost	10,342	9,504	7,202
Split between non-current and current portions			
Current liabilities	10,342	9,504	7,202

12. Finance lease liabilities

	2022	2021	2020
Minimum lease payments due			
- within one year	2,008	754	1,349
Present value of minimum lease payments due			
- within one year	2,049	722	1,286
- in second to fifth year inclusive	204	346	371
	2,253	**1,068**	**1,657**
Amounts recognised in profit or loss			
Interest received on lease liabilities	38	-	-
Interest paid on lease liabilities	-	154	249
	38	**154**	**249**
Amounts recognised in statement of cash flows			
Movement in lease liabilities	1,223	(744)	(2,095)

	2022 N$ '000	2021 Restated * N$ '000	2020 Restated * N$ '000
13. Borrowed funds			
Held at amortised cost Secured			
Government loan	96,969	101,311	105,285
Bank Windhoek loan	71,201	80,085	87,388
GIPF - 3 year term instrument	150,000	150,000	-
GIPF - 5 year term instrument	50,000	50,000	-
SSC - 5 year term instrument	150,000	150,000	-
Unsecured	-	-	-
	518,170	**531,396**	**192,673**

Government loan

The Government of the Republic of Namibia settled the Bank's outstanding line of credit balances with the African Development Bank. The total historical amount settled was N$218,139,076. The loan attracts interest at 2% (2021: 2%) per annum and is repayable in equal instalments of N$12,823,255 (2021: N$12,823,255). The balance disclosed represents the fair value of the loan as at the end of the financial period.

Bank Windhoek loan

The loan attracts interest at rates linked to prime currently 8.13% (2021: 7.65%) and is payable in 19 semi-annual instalments spread over 10 years.

The loan is secured as follows:

- First covering mortgage Bond for N$ 88 million over Erf No. 5478, Windhoek.
- First covering mortgage Bond for N$ 5.58 million over Erf No. 1235, Rundu.
- First covering mortgage Bond for N$ 4.65 million over Erf No. 995, Otjiwarongo.
- Registered cession of fire insurance policy over the above-listed properties.
- Registered cession over cash cover of N$ 100 million held at the Bank.

Notes to the annual financial statements

	2022 N$ '000	2021 Restated * N$ '000	2020 Restated * N$ '000
14. Special purpose funds			
Ministry of Lands and Resettlement (Post-resettlement)	76,865	76,356	75,699
Staff savings scheme	190	88	623
Government ministries, agricultural boards and unions	19,509	18,004	19,311
Government Institutions Pension Fund (Severance)	4,697	4,157	-
Drought relief scheme fund	2,739	2,739	2,739
	104,000	**101,344**	**98,372**

The Bank acts as an agent for the management of these funds on behalf of third parties.

15. Loan guarantee fund

Loan guarantee fund	126,317	121,459	118,845

The loan guarantee fund attracts interest at the rate equivalent to the average rate of inflation of 3.6% (2021: 2.4%). The Bank has borrowed N$89 million from the loan guarantee fund repayable over 5 years. As at 31 March 2022 the Bank owed N$71.2 million (2021: N$89 million) to the loan guarantee.

16. Provisions

Reconciliation of provisions - 2022

	Opening balance	(Released from) / charged to the income statement	Total
Leave pay	5,092	140	5,232

Reconciliation of provisions - 2021

	Opening balance	(Released from) / charged to the income statement	Total
Leave pay	3,592	1,500	5,092

Reconciliation of provisions - 2020

	Opening balance	(Released from) / charged to the income statement	Total
Leave pay	4,712	(1,120)	3,592

17. Deferred income

The deferred income arose from the Government loan (referred to in note 13) attracting interest at 2% (2021: 2%) per annum, which is below market rates. Interest-free loans and loans at below market interest rates are recognised as a form of government assistance. The benefit is the difference between the initial carrying amount of the loan, discounted at similar loan rates, and the actual proceeds received from the government. The interest rate used is 9.25% (2021: 9.25%) per annum.

	2022 N$ '000	2021 Restated * N$ '000	2020 Restated * N$ '000
Opening balance	46,395	52,285	58,318
Amortised to the statement of comprehensive income	(5,720)	(5,890)	(6,033)
	40,675	**46,395**	**52,285**

Notes to the annual financial statements

	2022 N$ '000	2021 Restated * N$ '000	2020 Restated * N$ '000
18. Capital			
Issued			
Opening balance	1,631,506	1,541,506	1,468,031
Contribution during the year	90,000	90,000	73,475
	1,721,506	**1,631,506**	**1,541,506**

The capital fund comprises the reserves of the Bank at the date it was established under the Agricultural Bank of Namibia Act (No 5 of 2003) as well as any contributions designated as such by the Government of Namibia.

The Bank is not regulated by the Bank of Namibia as it is not a deposit taking institution. Consequently, it does not have externally imposed capital requirements. Internally the Bank maintains a three-month buffer for operational cash flows, meeting its borrowing repayment commitments as well as any capital expenditure it may have. The Bank has complied with its internal requirements throughout the period.

It is the Bank's longer -term strategy to maintain a Capital Adequacy Ratio of up to 10%, however this is dependent on a sufficient level of Government funding to meet the development needs of the agricultural sector.

As reported in note 3 the Bank has a net cash deficit position at the end of its financial year. The reason for this is as a result of the Bank securing an overdraft facility on the strength of monies owing to it from a liquidation claim, once the claim has been settled the Bank will operate with a net surplus cash position.

	2022 N$ '000	2021 Restated * N$ '000	2020 Restated * N$ '000
19. Funds and grants			
European fund account	11,528	11,528	11,528
Government scheme	36,102	36,102	36,102
Agribank - NACP contribution	34,561	34,561	34,561
	82,191	**82,191**	**82,191**

	Note	2022 N$ '000	2021 N$ '000
20. Interest income			
Advances granted		238,252	241,989
Bank and money market investments		14,778	3,975
Interest received lease		38	-
		253,068	**245,964**
21. Interest expense			
Government loan		8,482	8,849
Fund accounts and borrowings		34,535	23,483
Interest paid lease		-	154
		43,017	**32,486**
22. Other operating income			
Rental income		202	431
Other income		680	689
Government grants		5,720	5,890
		6,602	**7,010**
23. Other operating gains (losses)			
Gains (losses) on disposals			
Property, plant and equipment	9	92	21
Fair value gains (losses)			
Investment property	8	(2,771)	(5,587)
Revaluation of property and equipment		(2,104)	-
		(4,875)	**(5,587)**
Total other operating gains (losses)		**(4,783)**	**(5,566)**

Notes to the annual financial statements

24. Operating profit (loss)

Operating profit for the year is stated after charging (crediting) the following, amongst others:

Auditor's remuneration - external		
Audit fees	540	531
Remuneration, other than to employees		
Professional fees	12,378	11,163
Personnel expenses		
Salaries and wages	91,972	88,797
Social security costs	277	277
Pension costs	11,221	11,205
Total personnel expenses	**103,470**	**100,279**

Statement of Comprehensive Income

	Notes (s)	2022 N$ '000	2021 Restated * N$ '000
Depreciation and amortisation expense			
Depreciation of property, plant and equipment		4,916	5,628
Amortisation of intangible assets		3	7
Total depreciation and amortisation		**4,919**	**5,635**
Credit impairment losses			
Movement in credit impairment losses			
Impairment charge for the year		33,753	22,035
Net gains / (losses) on derecognition of financial assets measured at amortised cost		12,826	3,463
		46,579	**25,498**

The table below shows the ECL charges on financial instruments for the year recorded in the income statement:

2022 in N$'000	Stage 1	Stage 2	Stage 3	Total
Loans and advances to customers	(5,333)	1,760	37,326	33,753

2021 as restated in N$'000	Stage 1	Stage 2	Stage 3	Total
Loans and advances to customers	(2,761)	7,584	17,212	22,035

Statement of Comprehensive Income

24. Operating profit (loss) (continued)

Impairment charge for the year	33,753	22,035	32,145
Net gains / (losses) on derecognition of financial assets measured at amortised cost	-	-	6,881
	33,753	**22,035**	**39,035**

Impairment charges reflect the movement in provisions as per the IFRS 9 models.

Subsequently recoveries of amounts previously written off are credited to the credit impairment losses line item.

Financial assets are only written off if there is no reasonable expectation at that time to recover the debt, however, recoveries are recorded when money is received back from clients when their circumstance change, as the written off amount was debited in full to the statement of comprehensive income.

General and administrative expenses

	2022 N$ '000	2021 N$ '000
Auditor's remuneration	540	531
Advertising and marketing	3,786	3,747
Bank charges	415	370
Computer expenses	5,793	5,610
Directors expenses (Retainer Fees not included)	255	405
General expenses	1,462	2,153
Insurance	616	511
Legal expenses	895	1,224
Maintenance and security	1,697	1,349
Municipal charges	2,779	2,962
Printing and stationery	900	1,039
Professional fees	12,378	11,163
Rent paid	796	629
Subscriptions and memberships	3,655	3,367
Telephone	1,088	1,572
Training	1,343	931
Travelling and accommodation	5,343	3,508
VAT apportionment expenses	5,030	3,985
Vehicle expenses	983	786
	49,754	**45,842**

25. Additional cash flow information

	Notes (s)	2022 N$ '000	2021 Restated * N$ '000
Change in operating assets			
Net change in other receivables		(31)	2,894
Net change in inventories		(44)	(84)
Net change in loans and advances to customers		(33,203)	(35,010)
Net change in retirement benefit obligations		324	(475)
		(32,954)	**(32,675)**
Change in operating liabilities			
Net change in creditors & other payables		837	2,302
Net change in provisions		143	1,500
		980	**3,802**
Net gain / (loss) from investing activities			
Depreciation and amortisation expense		4,916	5,635
Profit on disposal of property, plant and equipment		(92)	(21)
Revaluation of property, plant and equipment		2,104	-
Revaluation of investment property		2,772	5,587
		9,700	**11,201**
Net gain / (loss) from financing activities			
Interest paid on loans		8,482	8,849
Interest paid on leasing liabilities		82	155
Lease modifications		1,922	-
Movement in special purpose funds		2,656	2,972
Movement in loan guarantee fund		4,858	2,614
Net change in deferred income		(5,720)	(5,890)
		12,280	**8,700**

26. Commitments

Authorised capital expenditure			
Authorised capital expenditure		26,385	61,325

This committed capital expenditure relates to the acquisition of property, plant and equipment and intangible assets (software) and will be funded by both borrowings and own funds.

Notes to the annual financial statements

27. Contingent liabilities

Litigation

There is a Labour Court matter that stems from an unfair retrenchment case instituted by four ex-employees against Agribank. One employee passed away before the case was finalised. The case against one employee succeeded and the employee was duly compensated by the Bank. The case against the other two was dismissed however, one of them filed a notice of appeal and the notice of appeal was opposed by the Bank. The appeal case was dormant for some time and the appellant filed a notice of motion on 7 August 2020 for the appeal case to be reinstated which the Bank is opposing. The court is yet to grant leave to appeal.

The matter at the Labour Commissioner is a complaint against Agribank by an ex -employee based on unfair dismissal. Agribank is being represented by a Legal Practitioner who have appointed an Advocate on the matter due to the complexity of the matter.

No provision for any claims has been made in these financial statements. The possible outflow which could result from such litigation, based on the current status of the legal proceedings, is estimated to be no more than One Million Three Hundred Thousand Namibian dollars (N$1,300,000), while the timing of the outflows is uncertain.

28. Maturity analysis of assets and liabilities

The table below shows an analysis of assets and liabilities analysed according to when they are expected to be recovered or settled. Trading assets and liabilities have been classified to mature and/or be repaid within 12 months, regardless of the actual contractual maturities of the products. With regard to loans and advances to customers, the Bank uses the same basis of expected repayment behaviour that was used for estimating the effective interest rate (EIR).

As 31 March 2022 in N$ thousand	Within 12 months	After 12 months	Total
Assets			
Cash and cash equivalents	429,683	-	429,683
Other receivables	376	-	376
Inventories	1,209	-	1,209
Loans and advances to customers	899,355	2,017,059	2,916,414
Retirement benefit asset	-	1,259	1,259
Investment property	-	41,730	41,730
Property, plant and equipment	-	110,851	110,851
Intangible assets	-	1	1
	1,330,623	**2,170,900**	**3,501,523**

As 31 March 2022 in N$ thousand	Within 12 months	After 12 months	Total
Liabilities			
Due to banks	3,059	-	3,059
Creditors and other payables	9,591	-	9,591
Finance lease liabilities	2,253	-	2,253
Borrowed funds	-	518,170	518,170
Special purpose funds	104,000	-	104,000
Loan guarantee fund	-	126,317	126,317
Provisions	-	5,232	5,232
Deferred income	-	40,675	40,675
	118,903	**690,394**	**809,297**

Notes to the annual financial statements

28. Maturity analysis of assets and liabilities (continued)

As 31 March 2021 restated in N$ thousand	Within 12 months	After 12 months	Total
Assets			
Cash and cash equivalents	377,678	-	377,678
Other receivables	571	-	571
Inventories	1,165	-	1,165
Loans and advances to customers	784,455	2,111,348	2,895,803
Retirement benefit asset	-	1,583	1,583
Investment property	-	44,502	44,502
Property, plant and equipment	-	106,438	106,438
Intangible assets	-	3	3
	1,163,869	**2,263,874**	**3,427,743**

As 31 March 2021 restated in N$ thousand	Within 12 months	After 12 months	Total
Liabilities			
Due to banks	4,752	-	4,752
Creditors and other payables	9,504	-	9,504
Finance lease liabilities	1,068	-	1,068
Borrowed funds	28,184	503,212	531,396
Special purpose funds	101,344	-	101,344
Loan guarantee fund	-	121,459	121,459
Provisions	-	5,092	5,092
Deferred income	-	46,395	46,395
	144,852	**676,158**	**821,010**

As 01 April 2020 restated in N$ thousand	Within 12 months	After 12 months	Total
Assets			
Cash and cash equivalents	30,387	-	30,387
Other receivables	3,465	-	3,465
Inventories	1,081	-	1,081
Loans and advances to customers	2,860,792	-	2,860,792
Retirement benefit asset	-	1,108	1,108
Investment property	-	50,089	50,089
Property, plant and equipment	-	107,434	107,434
Intangible assets	-	10	10
	2,895,725	**158,641**	**3,054,366**

As 01 April 2020 restated in N$ thousand	Within 12 months	After 12 months	Total
Liabilities			
Due to banks	100,175	-	100,175
Creditors and other payables	7,201	-	7,201
Finance lease liabilities	1,286	371	1,657
Borrowed funds	28,184	164,489	192,673
Special purpose funds	98,372	-	98,372
Loan guarantee fund	-	118,845	118,845
Provisions	-	3,592	3,592
Deferred income	-	52,285	52,285
	235,218	**339,582**	**574,800**

Notes to the annual financial statements

29. Fair value information

Fair value hierarchy

The table below analyses assets and liabilities carried at fair value. The different levels are defined as follows:

Level 1: Quoted unadjusted prices in active markets for identical assets or liabilities that the Bank can access at measurement date.

Level 2: Inputs other than quoted prices included in level 1 that are observable for the asset or liability either directly or indirectly.

Level 3: Unobservable inputs for the asset or liability.

Levels of fair value measurements

Level 2

Recurring fair value measurements

Liabilities	**Note(s)**			
Financial liabilities at fair value through profit (loss)				
Bank loan		(71,201)	(80,085)	(87,388)
Government loan		(96,969)	(101,311)	(105,285)
Total financial liabilities at fair value through profit (loss)		**(168,170)**	**(181,396)**	**(192,673)**
Total		**(168,170)**	**(181,396)**	**(192,673)**

Non recurring fair value measurements			
Investment property			
Owner occupied properties	4,648	4,648	4,468
Property, plant, equipment			
Land	5,970	5,970	5,970
Buildings Leasehold property	94,723	91,957	102,846
Total property, plant and equipment	**100,693**	**97,927**	**108,816**
Total	**105,391**	**102,575**	**113,284**

Land and Buildings are measured periodically in line with the valuation policy.

	2022 N$ '000	2021 Restated * N$ '000	2020 Restated * N$ '000
Level 3			
Non recurring fair value measurements			
Investment property			
Witvlei abattoir	28,860	30,800	33,000
Witvlei cattle pen	2,200	2,500	6,128
Witvlei land & erven	6,022	6,554	6,313
Total investment property	**37,082**	**39,854**	**45,441**
Total	**37,082**	**39,854**	**45,441**

The investment properties comprise the Witvlei abattoir and related land in the Witvlei area. There is no mechanism to establish a fair market value due to the specialist nature of the abattoir and the location of the other properties in Witvlei town and area due to the frequency of sales. Refer to note 8 for details regarding investment property.

Notes to the annual financial statements

30. Prior period adjustment

An error was detected during the current financial year relating to auto-reversing accrued interest transactions not reversing correctly relating to the 2014 to 2019 financial years. Opening retained earnings as at 1 April 2020 as previously stated amounted to N$855,869 million and the error so identified amounted to N$6,3 million.

	2022 N$ '000	2021 N$ '000
The prior period error resulted in the following adjustments:		
Statement of Financial Position		
Opening retained earnings as previously stated	-	(855,869)
Impact of error on opening retained earnings	-	6,316
Restated retained earnings as 1 April 2020	**-**	**(849,553)**

31. New Standards and Interpretations

31.1 Standards and interpretations effective and adopted in the current year

At the date of authorisation of the financial statements of the Agricultural Bank of Namibia for the year ended 31 March 2022, the following applicable new or revised financial reporting standards, amendments and interpretations of those standards were in issue but not yet effective. On review of these amendments and interpretations, the impact (if any) has not yet been estimated, nor is it expected to have a material impact on the Bank's financial statements.

Standard/ Interpretation:	Effective date: Years beginning on or after	Expected impact:
Annual improvements cycle to IFRS 1, IFRS 9, IFRS 16 and IFRS 13	01 January 2022	Unlikely there will be a material impact
Amendments to IAS 16 Property, Plant and 01 January 2022 Equipment: Proceeds before Intended Use	01 January 2022	Unlikely there will be a material impact
Amendments to IAS 37 Onerous Contracts—Cost of 01 January 2022 Fulfilling a Contract	01 January 2022	Unlikely there will be a material impact

31.2 Standards and interpretations not yet effective

The company has chosen not to early adopt the following standards and interpretations, which have been published and are mandatory for the company's accounting periods beginning on or after 01 April 2022 or later periods:

Standard/ Interpretation:	Effective date: Years beginning on or after	Expected impact:
IFRS 17, 'Insurance contracts' (effective 1 January 2023 or when apply IFRS 15 and IFRS 9	01 January 2023	Expected impact is insignificant
Amendments to IAS 1, Presentation of financial statements' on classification of liabilities	01 January 2023	Expected impact is insignificant
Narrow scope amendments to IAS 1 'Presentation of Financial Statements', Practice statement 2 and IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors'	01 January 2023	Unlikely there will be a material impact

NOTES

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