



Agribank specializes in financing the entire value chain from land acquisition, production inputs, harvesting, transporting, processing and marketing agricultural products at competitive interest rates.

#### AGRIBANK CORPORATE PROFILE

- The Agricultural Bank of Namibia Act, Act No. 5 of 2003 as amended, provide the legal framework for regulating the business of the bank and to expand the business operations to be responsive to the changing environment. The Act mandates Agribank to advance money to persons or financial intermediaries to promote economic development of agriculture or activities related to agriculture.
- The Act complements the existing policies on Land Reform, Agricultural, Industrial Development and the Fourth National Development Plan (NDP\_4) to achieve Vision 2030.
- NDP 4's main objectives are: High and sustained economic growth, increased income equality and employment creation.
- Five (5) members of the Board are appointed by the Ministry of Finance for policy, management and prudent control of the affairs of the Bank.
- Staff complement of 130, and 6 Regional branches countrywide with Head Office in the Capital City -Windhoek, Namibia.

#### Vision

The Agricultural Bank of Namibia - or Agribank - is a sustainable financial services institution that adds value to agricultural and related industries as well as rural communities.

#### Mission

Agribank is an agricultural and rural development finance institution that strives to enhance the productivity and profitability of agricultural and related industries by providing affordable and sustainable financial products and services that add value to clients' businesses.

#### Core Values of AGRIBANK

Our core values, which serve as guiding principles and beliefs and which ethically guide us, are as follows:

#### Professionalism

We strive for exemplary conduct and personal integrity in all our professional interactions.

#### Integrity

We subscribe to truth, honesty, transparency and accountability of conduct in all that we do.

#### Productivity and competency

We recognise the importance of hard work, efficiency and effectiveness.

#### Innovation

We value innovative thinking in recognition of the important impact that each individual can have on our institution and society at large.

#### Work ethics

We uphold sound moral interactions with each other as well as all external stakeholders.

#### Quality customer service

We uphold high standards of aspiration in all practices, with continuous attention to improvement in excellent customer service.

#### Cost-effectiveness

We strive to make use of scarce resources in the most effective and efficient way. Striving for service excellence

#### For further enquiries, contact the following Regional Branches

#### Branches

Windhoek Head Office (061) 207 4111

Email: info@agribank.com.na

Katima Mulilo (066) 252 060

E-mail; katima@agribank.com.na

Mariental (063) 242 818

Email: southern@agribank.com.na

Midland (061) 207 4202

Email: midland@agribank.com.na

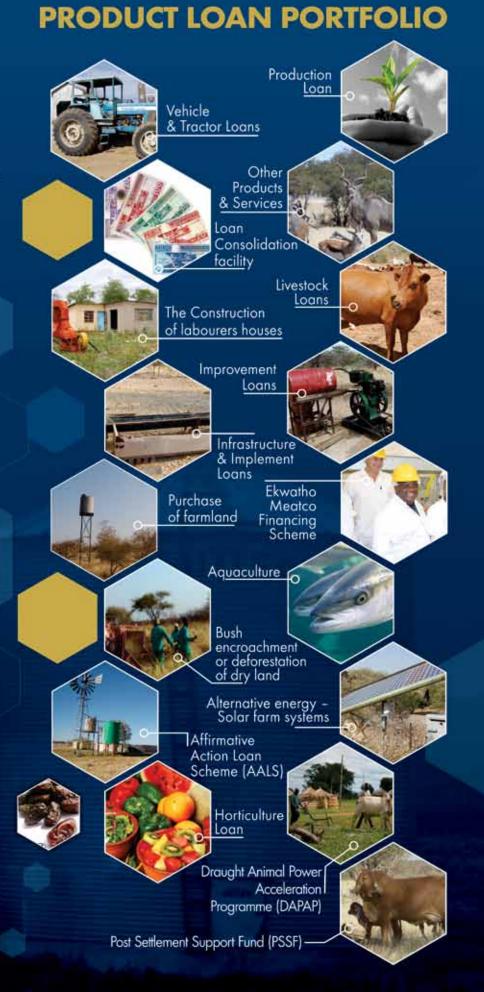
Otjiwarongo (067) 304 596

Email: atjeroku@agribank.com.na Oshakati (065) 221 358

Email: oshakati@agribank.com.na

Rundu (066) 255 645

Email: kavango@agribank.com.na





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# **Board of Directors**



#### Mr Hans-Günther Stier Chairman of the Board of Directors

- Chartered Accountant (SA and NAM)BA and BComm CA
- Partner: Stier Vente Associates
  Hold Various Directorships
- Part-time Farmer



- Ms Terttu Ndunge Tegelela Uuyuni
  Vice Chairperson of the Board of Directors
   Diploma (CAIB) from the Institute of Bankers in SA (IBSA)
   Bachelor of Commerce degree from UNAM
   Deputy director Bank of Namibia
   Member to the Marketing Council PricewaterhouseCoopers Namibia
   Board Member Windhoek Country Club Resort
   Appointed to Agribank Board of Directors
  July 2010



#### Ms Wilburga Katamelo

Receiver of Revenue Supervisor: Ministry of Home Affairs and Immigration (MHA)

- Certificate in Public Administration
- Part-time Farmer



#### Mr Malachias Vehaka Tjimune

CEO - Namibia National Farmers Union (NNFU)

- MA in Rural Social DevelopmentPost Graduate Diploma in Rural
- Post Graduate Enforma in Rural
   Social Development
   National Diploma in Agriculture
   Secretariat Member of SADC
   Board Member of SADC Food, Natural Resources Policy Analysis Network

- Member of the Agricultural Forum



#### Mr Desmond Raimund Tshikesho

Under Secretary - Department of Agriculture (MAWF)

- M.Ed Environmental Education
  B.Agric. (Honors)
- Extension Management

- National Diploma in Agriculture
- National Coordinator for
- Foreign Funded projects such as: NOLIDEP, REMP and NOREESP



#### Ambassador Leonard N lipumbu

Chief Executive Officer

- Masters Degree in International Services
   Bachelors Degree in Business Administration
   Majoring in Economics and Finance
   Held numerous diplomatic positions as Namibian



# Chairperson's Statement

The Namibian economy, though resilient, remains very vulnerable to external factors as a result of high energy and food prices which accelerated local inflation to 7.6 per cent in November 2012. In addition, signs of drought are evident throughout the country, with potentially devastating effects for the agricultural sector. Protracted weak growth in the Euro Area also continued to affect Namibia's main export products such as beef, grapes and fish.

Despite these challenges, the Agricultural Bank of Namibia maintained a positive performance in 2012/13 in terms of meeting its mandate of granting loans for agriculture and related activities. The Bank disbursed loans amounting to N\$245 million in the reporting year, which represents an increase of 25 per cent in comparison with the N\$196 million disbursed in this respect in the previous review period. The Bank's total loan book accordingly increased by 7.7 per cent, namely from N\$1.7 billion in 2011/12 to N\$1.8 billion in the 2012/13 financial year. The Bank has adequate security in place for all the loans disbursed. In respect of non-performing loans, sufficient provision has been made for doubtful debts. Although the Bank approved the Arrear Recovery Strategy in the previous financial year to manage, recover and reduce arrear balances, the looming drought situation and high input costs led to a delay in the implementation of this Strategy in the reporting period.

After Namibia's Independence, Agribank's transformation played a crucial role in including previously disadvantaged Namibians in the country's agricultural and economic development by accelerating advances for the purchase of farmland. During the 2012/13 financial year, the ratio of farmland loans to total loans disbursed was 33 per cent, compared with 30 per cent in 2011/12. This development bears testimony to Agribank's progress in complementing Government efforts towards equitable land redistribution.

Over the years, Agribank has also contributed towards important development projects and investments to promote productivity within the agricultural sector. In 2010, for example, the Bank became the official implementing agency of a development project being co-funded by the Federal Republic of Germany's international development aid arm, the Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ), to complement the Agribank Farmers' Training Programme. During the period under review, N\$4 million was made available by Agribank in this regard. The Programme contracted 32 mentors to offer continuous support to farmers around the country.

Chairperson's Statement continue >>



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#### << Chairperson's Statement continue

The agricultural sector is not immune to natural disasters. The Bank is, therefore, closely monitoring the looming drought situation and needs to act if a national drought emergency is declared by the Government. The Bank is also concerned about the potential impact such a drought will have in terms of increases in arrears and non-performing loans.

Agribank's partnerships with the Ministry of Finance, the Ministry of Agriculture, Water and Forestry, the Ministry of Lands and Resettlement, and the Ministry of Fisheries and Marine Resources played a significant role in advancing affordable products to the agricultural sector. It is through these partnerships that financial support was received for the Affirmative Action Loan Scheme, the Post-settlement Support Fund, the Cooperative Fund and the Green Scheme. These partnerships are yielding significant results in terms of social upliftment in the country.

As Chairperson of the Board, I thank the Minister of Finance for her resolute support, and the Board for its strong cooperation and backing. My sincere appreciation goes to exiting Board Members Messrs V Tjimune and D Tshikesho and Ms W Katamelo, whose terms ended during the 2012/13 financial year.

Finally, I would also like to thank the Chief Executive Officer for his leadership, and the management and staff of Agribank for their dedication and teamwork in carrying out the mandate of the Bank.

Terttu NT Uuvuni (Ms)

Ierttu NT Uuyuni (Ms)
Chairperson of the Board of Directors







# Chief Executive Officer's Statement

Agribank has made some remarkable progress towards its vision of being a sustainable financial services institution that adds value to agriculture and related industries as well as rural communities. We strive to be the Bank of choice in the agricultural sector, despite some challenges both economically and operationally. It is, therefore, with great enthusiasm that I report a significant improvement in the Bank's financial performance during the year under review. Worth specific mention is that our surplus almost doubled in comparison with the previous reporting period, which signifies that the Bank remains in a financially sound position.

In an effort to ensure that previously disadvantaged farmers have access to affordable loans, the Bank offers financing below market interest rates. In this regard, loans disbursed under the National Agriculture Credit Programme to communal farmers in rural areas increased by a remarkable 45 per cent in 2012/13 in comparison with the previous reporting period, which proves that farmers are taking advantage of the low interest rates. In so doing, they are contributing towards their own — as well as the nation's — food security, self-sustainability and wealth, and to national job creation.

Agribank's net interest income before provisions grew by 9.9 per cent, i.e. from N\$124 million in 2011/12 to N\$136 million in 2012/13. However, the liquidation of a grape company led to a substantial increase (80.6 per cent) in the provision for impairment on advances, thereby resulting in a reduction in the net income from lending activities. Total income consequently increased moderately by 1.6 per cent in 2012/13, in comparison with similar gains in the previous reporting period.

On the other hand, general administrative expenses declined by 12 per cent relative to 2011/12 levels, due to the Post-settlement Support Fund contribution that ended in the previous financial year, as the three-year agreement with the Ministry of Lands and Resettlement lapsed. This development drastically increased the Bank's surplus by 79 per cent in 2012/13 in comparison with the previous financial year.

As regards assistance from the Government, the Bank received N\$120 million from the Ministry of Finance during the reporting period to fund communal and commercial farming projects. This is a noteworthy contribution from the Bank's sole shareholder.

In respect of other operational matters, the Information Technology Department engaged in projects which enhanced the Bank's efficiency in respect of keeping abreast of constant change in the digital environment.



In terms of human resources, the total staff turnover rate increased slightly to 6.1 per cent, mainly due to resignations from the Bank. The Bank also continued to adhere to the requirements of the Affirmative Action (Employment) Act, 1998 (No. 29 of 1998), and was duly awarded its annual compliance certificate.

The Bank experienced an industrial action in the form of a strike, in which the majority of employees in the bargaining unit participated. The strike lasted for 12.5 working days. Through fruitful negotiations between management and the Namibia Financial Institutions' Union (NAFINU), an amicable agreement was reached between the parties on the issues raised.

Human resource development is important to the Bank in respect of developing a strong and competent workforce. In this regard, the Bank invested N\$763,000 in staff training and development during the 2012/13 financial year, from which 19 employees benefited.

Agribank's social investment policy also continued to feature strongly in the reporting year, with an amount of N\$749,000 being contributed towards community upliftment. The policy is geared towards grass-roots programmes that will have a meaningful impact on those that need them most.

Finally, I would like to thank the Ministry of Finance, the Ministry of Agriculture, Water and Forestry, and the Ministry of Lands and Resettlement for their support. My appreciation is also due to our Board of Directors, management and staff for their dedication and hard work during the year, allowing us to continue to carry out our mandate with maximum effectiveness.

Amb. Leonard N lipumbu

Chief Executive Officer





# Corporate Governance Report

The Agricultural Bank of Namibia, operating as Agribank, is a State-owned enterprise that adheres to the requirements of the legislation by which it is governed, namely the Agricultural Bank of Namibia Act, 2003 (No. 5 of 2003), as amended.

The Board, through its Audit Committee, regularly monitors Agribank's compliance not only with this Act, but also with the State-owned Enterprises Governance Act, 2006 (No. 2 of 2006), as amended, as the two main pieces of legislation regulating the Bank. The Committee also monitors Agribank's compliance with other relevant legislation.

#### **Board of Directors**

The Agribank Board of Directors is committed to the principles articulated in the King Report on Corporate Governance (King III) and recognises the value of consistently employing the principles of good faith, care and diligence in the performance of its duties. The Board also acknowledges its accountability in respect of ensuring that the Bank's business is conducted in an ethical, transparent and responsible manner in line with Agribank's mandate.

During the period under review, the Directors complied with the Code of Corporate Governance as set out in the Agribank Board Charter, which forms the cornerstone of the Bank's governance framework and guides the Board in the performance of its duties. The Board is committed to the continuous implementation of initiatives to improve corporate governance for the benefit of all Agribank stakeholders.

The Board is also responsible for setting the Bank's direction through established strategic themes, objectives and key policies. To support the Five-year Strategic Plan for the period 2012/13–2016/17, the Board approved ten Strategic Focus Areas that required attention during the reporting period. The Board is ultimately responsible for the Bank's overall policy direction.

#### **Board structure**

Agribank is led by an effective Board consisting of five members. The Chief Executive Officer (CEO) attends Board meetings as an ex-officio Member.

#### Appointment and terms of office

The Minister of Finance, in concurrence with the Minister of Agriculture, Water and Forestry, appoints suitable persons to serve on the Agribank Board of Directors. Emphasis is placed on retaining a balance of skills, knowledge and experience necessary for achieving Agribank's strategic objectives.

The Chairperson of the Board is appointed by the Minister of Finance. Board Members elect a Deputy Chairperson from among themselves and in concurrence with the Minister of Finance. Non-executive Directors are actively involved in the Board's decision-making and contribute independent judgements in respect of Board discussions.

A member of the Board holds office for a period of three years and is eligible for reappointment for two additional terms. The incumbent Board of Directors was appointed in May 2012. Members' terms will end in 2015, as illustrated in Table 1.

Table 1: Board Members' dates and terms of appointment

Board Member	Date of appointment	End of term
Mr IP Awene	16 May 2012	16 May 2015
Mr MG Mayumbelo	16 May 2012	16 May 2015
Mr O Mahina	29 August 2012	29 August 2015
Ms A Shiweda	29 August 2012	29 August 2015
Ms TNT Uuyuni (Chairperson)	16 May 2012	16 May 2015

Members maintained an excellent record of attending Board and Board Committee meetings. The Board also complied with its Charter and with the principles of good corporate governance in general.

#### **Board procedures and related matters**

In terms of its procedures, roles and responsibilities, the Board is guided by the Code of Corporate Governance as set out in the Agribank Board Charter, as well as by the Charter itself.

The Board, which meets once a month, is responsible for overseeing policies guiding the affairs of the Bank as well as for the management and control of such affairs, with powers and duties to be exercised and performed in line with the Agribank Act. The day-to-day management and administration of Agribank's affairs is delegated to the CEO, with the Board retaining oversight responsibility over the CEO.

The Board has unrestricted access to all information, records, documents and property of the Bank to enable it to discharge its duties and responsibilities. Should they deem it necessary, Directors are also entitled to obtain independent professional advice at the Bank's expense. Conflicts of interest are avoided in that Directors are required to declare, in writing to the Minister of Finance, all financial or professional interests in a matter before the Board or one of its Committees.

#### **Governance and Performance Agreements**

The Board of Directors is obligated to enter into a Governance Agreement with the Minister of Finance as per the requirements of the State-owned Enterprises Governance Act. The same Act requires individual Board Members to enter into annual Performance Agreements with the Minister. Among other things, the Performance Agreements set out the various programmes which the Bank intends to execute within a specified time frame as well as the performance measurement targets it intends to achieve. During the period under review, the Board finalised and signed the said agreements and submitted them to the Minister.

#### **Board Committees**

In carrying out its functions, the Board is assisted by Board Committees. Each Board Committee is served by at least two Board Members, with the CEO and senior management being in attendance. There are four Board Committees, as outlined below.

#### **Human Resources Committee**

The primary objective of Agribank's Human Resources Committee is to create an organisational culture and pertinent structures and processes which seek to support staff development and optimise their potential. The Committee meets at least four times a year.

#### **Audit and Risk Committee**

The Audit and Risk Committee assists the Board in meeting its responsibilities to ensure an adequate system of internal controls monitors compliance with policies, laws and regulations that impact Agribank, and that the Bank meets its external financial reporting obligations. The Committee's terms of reference deal with its membership, authority and duties. The Committee meets at least four times a year. In the 2011/12 financial year, the Bank's external auditors, appointed by the Auditor-General, were Grand Namibia.

#### **Credit and Investment Committee**

The key function of this Committee is to extend credit and make investment decisions in order to maximise returns on available investment options. The Committee is mandated to review and approve all loans above N\$500,000 up to N\$10 million. The Committee meets at least once a month.

#### **Management Committees**

#### **Executive Committee**

The Executive Committee (EXCO) consists entirely of Agribank's Executive Management, namely the representatives of all operational departments. The Committee, which meets once a month, makes recommendations to the Board on the Bank's policy and strategic direction.

#### **Credit Committee**

The Credit Committee consists predominantly of Managers in the Sales, Credit, Finance, and Marketing Communication Departments. The Committee is responsible for reviewing and approving loan applications, or recommending them for approval, as the case may be. The Committee is also responsible for the management of credit risk to which the Bank is exposed. The Committee meets once a week in order to ensure the timeous approval of loans.

#### Asset and Liability Management Committee

This Committee's primary purpose is the monthly review of Agribank's assets and liabilities. It also monitors risks, sets limit exposures in respect of a potential asset—liability mismatch, periodically reviews and sets interest rates, and monitors the meeting of commitments. The Committee consists predominantly of the Finance Manager and Managers in other relevant Departments.

# Financial Performance Report

The Bank's financial performance in the 2012/13 reporting year shows a marked improvement in relation to the previous financial year, despite challenging conditions in the agricultural sector. The positive results achieved were mainly due to increased returns on loans and a further reduction in operational expenses — notwithstanding the additional provision on losses. Table 2 reflects some performance highlights for the period under review, namely 1 April 2012 to 31 March 2013.

Table 2b: Highlights from the Statement of Comprehensive Income: All metrics

Metric	2012/13 (N\$'000)	2011/12 N\$'000)	Variation %
Net interest income before provisions	135,998	123,704	9.9
Provision for losses	(43,414)	(24,042)	80.6
Total income	115,879	113,956	1.7
General administrative expenses	(85,219)	(96,821)	12.0
Surplus	30,660	17,135	78.9

Net interest income before provisions increased by 9.9 per cent, i.e. from N\$124 million in 2011/12 to N\$136 million in 2012/13. A larger portion of interest income was raised from loans, in spite of clients being faced with many challenges as regards achieving optimal production. The Bank made adequate provision for losses on loans advanced to clients, which increased by 80.6 per cent in 2012/13 in comparison with the preceding reporting period. This marked increase was due to some loans not performing as expected and one major client in the grape industry undergoing liquidation. The looming drought situation is also expected to have a negative impact on our clients' financial position going forward, due to higher input costs and low prices for animals, making marketing difficult as the animals are in very poor condition.

Operational expenses were fairly contained during the period under review, showing a 12 per cent reduction from N\$97 million in 2011/12 to N\$85 million in 2012/13. The reduction was due mainly to the lapse of a three-year agreement between Agribank and the Ministry of Lands and Resettlement in the 2011/12 reporting period. The agreement is currently under review to determine new terms and conditions. In addition, staff costs only increased by 4 per cent, a level that was below inflation. These developments resulted in a 78.9 per cent rise in the Bank's surplus, i.e. from N\$17 million in 2011/12 to N\$31 million in 2012/13



Table 3: Highlights from the Statement of Financial Position

Financial Position	2012/13 (N\$'000)	2011/12 N\$'000)	Variation %
Total assets	1,950,282	1,754,301	11.2
Total advances after provisions	1,520,987	1,434,360	6.0
Bank and cash balances	330,173	251,298	31.4
Capital and reserves	1,494,189	1,351,248	10.6
Arrears	317,730	286,214	11.0

The increase in the Bank's total assets during the reporting period owed itself primarily to growth in the loan book and a climb in the value for fixed property following the commencement of the construction of the new head office building. Total advances after provisions increased by 6.0 per cent, i.e. from N\$1.4 billion in 2011/12 to N\$1.5 billion in 2012/13.

**Table 4: Key ratio analysis** 

Key ratios	2012/13	2011/12
Loan advances (after provisions) as a percentage of	78	82
total assets		
Return-on-assets ratio	2	1
Cost-to-income ratio	74	85
Liquidity ratio	4:1	3:1
Total arrears as a percentage of total advances	21	20
Net interest margin	8	8

Loan advances after provisions, as a ratio to total assets, registered at 78 per cent during the period under review — still above the international benchmark of 75 per cent. Total arrears expressed as a percentage of total advances levelled out at 21.0 per cent in 2012/13 (20.0 per cent for 2011/12). Total arrears increased by 11.0 per cent year-on-year, from N\$286 million in 2011/12 to N\$318 million in 2012/13 (Table 3). This slight uptick on arrear balances can be ascribed to a delay in implementing the Arrear Recovery Strategy, which delay was in turn due to the looming drought.

The low return-on-assets ratio is mainly due to our mandate to offer affordable interest rates to farmers as a development finance institution. Another factor influencing this ratio is the challenge posed by some of our clients not honouring their financial obligations on time. These challenges can be attributed to the agricultural sector's vulnerability to adverse climatic and economic factors that are beyond the Bank's control.

Nonetheless, sound cash and bank balances as well as a reduction in current liabilities led to an increase in the liquidity ratio from 3:1 in 2011/12 to 4:1 in 2012/13. This indicates that the Bank is in a stable financial position to cover all its short-term obligations at any time.





# Development Impact Report

The reporting year saw Agribank investing substantially in large livestock (28 per cent) and farmland (27 per cent) to the benefit of both communal and commercial farmers. Table 5 illustrates the value of loans disbursed per loan product. In total, the Bank invested N\$245 million in 2012/13, directly creating 2,910 permanent jobs on average. This in turn had an indirectly positive impact on the livelihoods of the population in general.

The Farmers' Support Programme aimed at improving productivity, market orientation and income generation through the adaptation of modern land and animal management practices for resettled farmers. The Programme provided 3,037 training-related activities by way of farmer information days, excursions, topic-specific short courses and stakeholder meetings during the 2012 calendar year. The Programme also provided 3,450 mentoring and coaching activities during the same period, which focused on providing one-on-one assistance to farmers. Mentors mostly share their experience, skills, networks and views with the mentee in a relationship based on confidentiality and mutual trust.

Table 5: Loan disbursements per product

Type of loan	Amount (N\$)	Apportion-ment by type of loan (%)	No. of clients	No. of perma- nent jobs created
Additional land for expansion	9,737,300	4.0	2	6
Affirmative Action – Full-time farmers	2,325,598	0.9	3	9
Affirmative Action — Part-time farmers	3,541,410	1.4	2	6
Aquaculture	102,770	0.0	1	3
Consolidation of debt	43,656,980	17.8	21	63
Construction of dwellings and other permanent farm buildings	461,631	0.2	3	9
Cooperatives	11,518	0.0	6	18
Drought relief: Production loan	480,000	0.2	1	3
Ekwatho Financing Scheme for weaners	988,744	0.4	5	15
Improvements: Clearing bush encroachment	185,500	0.1	1	3
Improvements: Fencing	1,899,070	0.8	14	42
Improvements: Water and electricity provision	2,694,960	1.1	12	36
Irrigation equipment	93,884	0.0	2	6
Labourers' housing	828,017	0.3	5	15
Land purchase by beginner farmers	66,137,661	27.0	25	75
Large stock	69,532,713	28.4	443	1329
Male breeding stock and tollies	226,272	0.1	2	6
National Agricultural Credit Programme: Fencing	832,338	0.3	22	66
National Agricultural Credit Programme: Irrigation equipment	2,822,640	1.2	19	57
National Agricultural Credit Programme: New tractors and agricultural implements	3,999,020	1.6	15	45
National Agricultural Credit Programme: Solar system	112,172	0.1	1	3
National Agricultural Credit Programme: Used tractors and agricultural implements	1,504,114	0.0	2	6
National Agricultural Credit Programme: Veld vehicles and trucks	2,341,377	1.0	15	45
National Agricultural Credit Programme (NACP): Water and electricity	1,161,199	0.6	17	51
New tractors and agricultural implements	3,821,249	1.6	15	45
Post-settlement	4,930,295	2.0	79	237
Seasonal loans for production inputs	6,191,610	2.5	112	336
1	114	342	2	6
Used tractors and agricultural implements	122,500	0.1	2	6
Vehicles and small trucks	3,802,568	1.6	13	39
TOTAL	245,189,468	100	970	2,910

Table 6: Performance of loans

Loan	Long-te	rm loans	Medium-t	erm loans	Short-te	rm loans
performance	2011/12	2012/13	2011/12	2012/13	2011/12	2012/13
Loans granted	121	102	792	747	127	120
Loan amount (N\$)	99,975,492	131,625,567	89,227,229	105,934,727	6,528,294	7,249,174

Table 7: Loan redemption periods

Term type	Purpose of loan	Redemption period (Years)
	Purchase of farmland	25
lang tarm	Purchase of additional farmland/expansion of activities	20
Long-term	Debt takeover for farmlands	20
	Farm improvements (fencing, water provision, etc.)	15
	Consolidation of debts	10
	Purchase of large stock by landowners	10
	Purchase of small stock by landowners	8
Medium-term	Purchase of stock by farmers leasing land	9
Medium-term	Purchase of male breeding stock	5
	Purchase of farming vehicles (tractors, small trucks, vans, etc.)	5–10
	Purchase of second-hand farm vehicles	3
	Irrigation equipment and implements	5
Short-term	Production	1

#### Special schemes offered by the Bank

In conjunction with the Government, Agribank offers certain loans under special schemes to farmers to improve their livelihoods. These schemes, which are Government-subsidised, are offered with favourable conditions. The following programmes, introduced in 1992 in terms of Cabinet Resolution CAB 92 of 1992, apply in this respect:

#### The Affirmative Action Loan Scheme

The main objective of this Scheme is to resettle well-established and strong communal farmers on commercial farmland in order to relieve the pressure on grazing in communal areas. The Scheme, which is an important component of the Government's Land Reform Programme, enables emerging farmers from previously disadvantaged communities to acquire farms in commercial areas. The Bank avails 25-year loans against a mortgage bond as security, as follows:

- For full-time farmers, Years 1 to 3 of the loan term are interest-free and no capital repayments are required. From Year 4 onwards, the outstanding amount is redeemed over the remaining 22 years of the loan at an escalating interest rate (Table 8).
- For part-time farmers, Years 1 to 3 can be used to service the interest portions only. Thereafter, the outstanding amount is redeemed over the remaining 22 years at the appropriate interest rate determined by Agribank for such loans from time to time.
- Part-time farmers can also elect to capitalise the interest portion (no interest payment for Years 1 to 3. Thereafter, the outstanding amount is redeemed over the remaining 22 years at the appropriate interest rate.

Table 8: Affirmative Action Loan Scheme

Category of loan disbursed		Interest rate applicable during repayment period (%)			
	Years 1–3	Years 4–6	Years 7–8	Year 9	
Full-time farmers	0.0	2.0	4.0	8.0	
Part-time farmers earning a non-farming income between N\$0 and N\$100,000 per annum	1.0	3.0	5.0	9.0	
Part-time farmers earning a non-farming income between N\$100,001 and N\$200,000 per annum	2.0	4.0	6.0	9.38	
Part-time farmers earning a non-farming income between N\$200,001 and N\$300,000 per annum	6.0	9.38	9.38	9.38	
Part-time farmers earning a non-farming income between N\$300,001 and N\$400,000 per annum	9.38	9.38	9.38	9.38	
Part-time farmers earning a non-farming income in excess of N\$400,000	9.38	9.38	9.38	9.38	

#### Loans for the construction of housing for farm labourers

This facility is available to farmers for the construction of accommodation of an acceptable standard for their farmworkers. The maximum qualifying amount per unit is N\$75,000, but this can be increased in exceptional cases. All units are to be characterised as permanent structures with a minimum of two rooms, together with bathing and ablution facilities.

#### **National Agricultural Credit Programme**

Production loans, livestock loans and infrastructure loans are provided under this Programme. In each case, legally acceptable, conventional collateral is required as security. The provision of these loans aims to maximise agricultural productivity, ensure surplus production, and contribute towards food security and wealth creation.

#### **Production Loans**

Loans are made available to finance input costs such as seed, fertiliser, chemicals, fuel and oil in order to enhance the production of foodstuffs and cash crops, and in turn enable small-scale farmers to become surplus producers. These loans are seasonal and repayable within a year, but they can also be granted as a five-year revolving facility.

#### **Livestock Loans**

Loans for livestock are entertained only where grazing is sufficient and the right to utilise grazing has been verified. Loans for small stock are repayable over a maximum of eight years, while the loan term for large stock purchases is ten years.

#### **Infrastructure Loans**

Loans are granted for fencing around cultivated land as well as for irrigation schemes, tractors, farming equipment, farm implements and draught animals. Such loans are repayable over a maximum of ten years.

The following are examples of the types of loans granted to applicants under the Programme in terms of infrastructure development:

- Vehicle and Tractor Loans: Loans are made available to purchase new and second-hand vehicles such as light delivery vans, trailers, small trucks and tractors. The repayment period in the case of the purchase of a new vehicle is five years and three years for a second-hand vehicle. The repayment period in the case of the purchase of a new tractor is ten years, and five years for a secondhand one.
- Solar Energy Loans: This facility enables its beneficiary to purchase and install a solar-powered alternative energy source for agricultural purposes in order to enhance sustained productivity. The loan includes support for solar electricity, solar heating systems, solar geysers, solar water heaters, solar water pumps and generators.

#### **Green Scheme**

The principal commitment of the Green Scheme is to create public—private partnerships aimed at developing and managing basic infrastructure for irrigation, and promote private sector investment in agriculture. A secondary function of the Scheme is to develop an enabling legal environment for accessing and utilising agricultural land in a way that encourages long-term investment. The Scheme's third focus is on creating national programmes to enhance small-scale irrigation management. Agribank financing in respect of the Scheme covers all operational expenses, inclusive of production costs.

#### **Post-settlement Support Fund**

In terms of a Memorandum of Understanding signed in 2009, the Ministry of Lands and Resettlement and Agribank established the Post-settlement Support Fund for resettled farmers to enable them to enhance their agricultural productivity. Contributions to this Fund by Agribank came to an end during the 2011/12 reporting period, as the three-year agreement lapsed. It is to be reviewed to determine new terms and conditions.

Loans disbursed in terms of this Fund during the reporting year were tailored to meet the following important financing needs for resettled farmers:

Table 9: Loans offered to resettled farmers

Type of loan	Repayment period	Interest rate
Crop production	2 years	4%
Production inputs and small equipment (working capital)	2 years	4%
Large stock	10 Years	4%
Small stock	8 Years	4%
Poultry, pigs and rabbits	2 years	4%
Water provision, fencing and other improvements	10–15 years	4%

#### Other products

Despite funding primary agricultural activities such as livestock and farmland acquisition, the Agricultural Bank of Namibia Act allows the Bank to finance other products that are agriculture-related in order to diversify the production base. Business plans are a prerequisite to any application for funding in the new range of activities.

#### **Aquaculture**

Namibia's aquaculture industry expanded quickly during the past decade. While the mariculture industry is predominantly driven by the private sector, the freshwater aquaculture industry witnessed substantial investment by the Namibian Government, in the form of infrastructure development, the development of technology and aquaculture systems, research, training, seed provision, and fish feed formulation and supply. Since the aquaculture industry is capital-intensive, financing is essential not only for facilitating the growth of Namibian aquaculture entrepreneurs, but also to assist in infrastructure development and input purchases in order to establish successful aquaculture enterprises.

Having realised the need to establish a strong financial commitment as well as increase financial support for aquaculture development in Namibia, in consultation with the Ministry of Fisheries and Marine Resources, Agribank developed the Guidelines for evaluating and financing aquaculture businesses in Namibia. The objective of these Guidelines is to develop a foundation on which to establish a broader policy framework for financing aquaculture.

#### **Ecotourism**

A prerequisite for considering ecotourism applications is that such operations should complement normal farming activities. The following can be considered:

- Construction or renovation of guest accommodation facilities
- Construction of recreation facilities
- · Construction of game-proof camps, and
- Purchasing of game.



#### **REPUBLIC OF NAMIBIA**



#### TO THE HONOURABLE SPEAKER OF THE NATIONAL ASSEMBLY

I have the honour to submit herewith my report on the accounts of the Agricultural Bank of Namibia for the financial year ended 31 March 2013, in terms of Article 127(2) of the Namibian Constitution. The report is transmitted to the Honourable Minister of Finance in terms of Section 27(1) of the State Finance Act, 1991 (Act 31 of 1991) to be laid upon the Table of the National Assembly in terms of Section 27(4) of the Act.

WINDHOEK, December 2014

JUNIAS ETUNA KANDJEKE AUDITOR-GENERAL



# REPORT OF THE AUDITOR-GENERAL ON THE ACCOUNTS OF THE AGRICULTURAL BANK OF NAMIBIA FOR THE FINANCIAL YEAR ENDED 31 MARCH 2013



#### 1. INTRODUCTION

The accounts of the Bank for the year ended 31 March 2013 are being reported on in accordance with the provisions set out in the State Finance Act, 1991 (Act 31 of 1991) and the Agricultural Bank of Namibia Act, 2003 (Act 5 of 2003).

The firm MAC & Associates of Windhoek has been appointed by the Auditor-General in terms of Section 26(2) of the State Finance Act, 1991, to audit the accounts of the Bank on his behalf and under his supervision.

#### Section 3 of the Act stipulates as follows:

"Agribank"

The juristic person known as the Agricultural Bank of Namibia continues to exist under the name Agribank."

#### Section 4 of the Act defines the object of the bank as follows:

"Object of the Agribank"

The object of the Agribank is to promote agriculture or activities related to agriculture by lending money:

- a) to persons, which money is to be used in connection with agriculture or activities related to agriculture; and
- b) to financial intermediaries, who or which in turn lend money to persons for the purposes contemplated in paragraph (a)"

To finance loans advanced as stipulated in Section 6(2)(a) in respect of persons mentioned in Section 4(2) above, the Bank may in terms of the Act conclude contracts relating to:

- (i) security in respect of a loan;
- (ii) the manner of, and period for, the repayment of a loan;
- (iii) the interest payable in respect of a loan;
- (iv) records and returns to be submitted to the Agribank; and
- (v) any other matters, which the Agribank considers necessary.

#### 2. ANNUAL FINANCIAL STATEMENTS

In terms of Section 20(b) of the Act, the Chief Executive Officer shall:

"(b) as soon as possible, but not later than six months after the end of a financial year, cause a statement of the income and expenditure of the Agribank for that financial year, and a statement of financial position of its assets and liabilities as at the end of that financial year, to be prepared."

The following documentation is attached to this report:

- Audit observations
- Contents and approval of financial statements
- Value Added Statement
- Statement of financial position
- Statement of changes in equity
- Statement of comprehensive income
- Statement of cash flows
- Notes to the financial statements

#### 3. SCOPE OF THE AUDIT

Management's Responsibility for the Financial Statements. The Accounting Officer of the bank is responsible for the preparation and fair presentation of these financial statements and for ensuring the regularity of the financial transactions. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error, selecting and applying appropriate accounting policies, and making accounting estimates that are reasonable in the circumstances.

#### **Auditor's Responsibility**

It is the responsibility of the Auditor-General to form an independent opinion, based on the audit, on those statements and on the regularity of the financial transactions included in them and to report the opinion of the Auditor-General to the National Assembly. The audit was conducted in accordance with International Standards on Auditing. Those standards require the auditor to comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the management, as well as evaluating the overall presentation of the financial statements.

#### 4. AUDIT OBSERVATIONS

The observations made during the previous audit were partially dealt with either by management or by the internal audit department through regular reporting on the progress in this regard.

The following are items of a critical nature also contained in our report to management:

#### 4.1 Recovery of loans

Audit is concerned about the inadequacy of credit controls exercised by the Bank. These deficiencies results in low recovery rates on its scheduled loan installments due by customers. For the past two financial years the recovery rate (actual installments received as a percentage of scheduled installments) remained below 20% and this trend has continued for the period after the financial year-end.

The Bank's arrear loan book has increased by 50 % from N\$ 224 million in 2012 to N\$ 335 million in 2013 whilst the Bank generally has adequate security in place for most of its loans. The impact of poor debt collection on its liquidity remains a cause of concern.

#### 5. RESPONSES FROM THE LAWYERS

The Bank is separately a plaintiff and a defendant in a number of cases being handled by its legal advisors. Details of the cases are disclosed in note 20 of these Annual Financial Statements. Since significant uncertainties regarding the ultimate outcome of these cases prevail, no provision for any liability has been made in the financial statements.

#### 6. ACKNOWLEDGEMENT

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

#### 7. AUDIT OPINION

The financial statements of the Agricultural Bank for the financial year ended 31 March 2013 have been audited in accordance with the provisions of Section 25(1)(b) of the State Finance Act, 1991, read with the provision of Section 20(2) of the Agricultural Bank of Namibia Act, 2003 (Act 5 of 2003).

In my opinion the financial statements fairly present, in all material respects, the financial position of the Bank as at 31 March 2013 and the results of its operations and cash flows for the year then ended, in conformity with International Financial Reporting Standards and in the manner required by the State Finance Act, 1991 (Act 31 of 1991) and the Agricultural Bank Act, 2003 (Act 5 of 2003).

WINDHOEK, February 2014

JUNIAS ETUNA KANDJEKE AUDITOR-GENERAL





## AGRICULTURAL BANK OF NAMIBIA ANNUAL FINANCIAL STATEMENTS ANNUAL FINANCIAL STATEMENTS - 31 MARCH 2013

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Statement of changes in equity	37
Statement of cash flows	38 - 39
Notes to the annual financial statements	40 - 71

#### **APPROVAL**

The annual financial statements, set out on pages 32 to 71, have been compiled from the books of the Bank and to the best of our knowledge and belief, are correct.

Ambassador L N lipumbu	Mr I.H. Theodore
Chief Executive Officer	General Manager Finance
	on pages 32 to 71, have been approved by the Board of the Agri Namibia and are signed on their behalf:

### AGRICULTURAL BANK OF NAMIBIA ANNUAL FINANCIAL STATEMENTS ANNUAL FINANCIAL STATEMENTS - 31 MARCH 2013

#### **Statutory Information**

#### **DIRECTORS:**

The composition of the board of directors is as follows:

#### **CHAIRMAN OF THE BOARD:**

Ms T.N.T. Uuyuni Appointed 16 May 2012

#### **NON-EXECUTIVE DIRECTORS**

Mr. I.P .Awene Appointed 16 May 2012
Mr. G. M. Mayumbelo Appointed 16 May 2012
Mrs. W. G. Katamelo Resigned 15 May 2012
Mr. D. R. Tshikesho Resigned 15 May 2012
Mr. H- G. Stier Resigned 15 May 2012
Mr. V. M. Tjimune Resigned 15 May 2012

#### **EX-OFFICIO MEMBER**

Ambassador Leonard N lipumbu

(Chief Executive Officer) Appointed 01 February 2005

The Chief Executive Officer attends board meetings as an Ex-officio member.

#### **REGISTERED OFFICE**

Agricultural Bank of Namibia 10 Post Street Mall Private Bag 13208 WINDHOEK

# AGRICULTURAL BANK OF NAMIBIA VALUE ADDED STATEMENT

		2013	2012	
	_	N\$'000	N\$'000	_
Value added:				
Value added is the wealth created by the Agricul-				
tural Bank of Namibia through the provision of				
loans to clients. Interest income and non-interest income		169 547	148 772	
Interest media and other expenditure		(87 157)	(86 162)	
interest paid and other experialtare	-	82 390	62 610	_
	=			=
Distribution of wealth created by the Bank				
	<b>D</b>			
- I	Proportion			Proportio
Employee compensation	410/	22.716	20.002	4.00/
- Salaries, wages and other benefits Government	41%	33 716	28 982	46%
- Taxation	11%	8 654	7 748	12%
Retention for expansion of growth	48%	40 020	25 880	42%
- Retained income	<del>-1</del> 0 /0	30 660	17 135	72 /0
- Depreciation and amortisation		9 360	8 745	
·				
	100%	82 390	62 610	100%

# AGRICULTURAL BANK OF NAMIBIA STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2013

	Notes	2013	2012
ASSETS		N\$'000	N\$'000
Non-current assets			
Long-term portion of advances	4	1 318 759	1 255 503
Property, plant & equipment	6	77 294	41 713
Investment properties	6.2	14 350	14 650
Intangible assets	7 _	3 570	10 600
	_	1 413 973	1 322 466
Current assets	_		
Inventory	9	171	156
Cash on hand	2	32	31
Bank balances	3	330 141	251 267
Short-term portion of advances	4	202 228	178 857
Other receivables	5	3 737	1 524
	_	536 309	431 835
	_	1 950 282	1 754 301
CAPITAL, RESERVES AND LIABILITIES			
Capital and reserves		890 826	770 826
Capital	17	487 691	464 196
Reserves	16	115 672	116 226
Funds and grants	15	1 494 189	1 351 248
	=		
Non-current liabilities		99 735	108 630
Deferred income	13	63 234	51 653
Loan Guarantee Fund	10	154 023	85 021
Long-term portion of borrowings	11	15 499	12 558
Post-retirement employee benefits	14.2	332 491	257 862
Current liabilities		7 781	29 862
Creditors and provisions	12	8 846	10 350
Current portion of long-term borrowings	11 _	106 975	104 979
Special purpose funds	8	123 602	145 191
Total liabilities	_	456 093	403 053
Total capital, reserves and liabilities	=	1 950 282	1 754 301

# AGRICULTURAL BANK OF NAMIBIA STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2013

INCOME	Notes	2013	2012
		N\$'000	N\$'000
Interest income on advances	18.1	146 252	134 478
Interest expense	18.2	(10 254)	10 774)
Net interest income before provision for		135 998	123 704
impairment on advances			
Provision for losses on advances	4	(43 414)	24 042)
Net income from lending activities		92 584	99 662
Interest income on banks and fixed deposits	18.1	12 873	3 085
Other operating income	18.3	10 422	11 209
Total income		115 879	113 956
General administrative expenses	18.4	(85 219)	96 821)
Surplus for the year	30 660	17 135	

# AGRICULTURAL BANK OF NAMIBIA STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2013

	Capital	Reserves	Funds and Grants	TOTAL
	N\$ '000	N\$ '000	N\$ '000	N\$ '000
Balance at 1 April 2011	569 658	447 061	116 226	1 132 945
Surplus for the year	-	17 135	<u>-</u>	17 135
Contributions	201 168	-	-	201 168
Balance as at 31 March 2012	770 826	464 196	116 226	1 351 248
Surplus for the year	-	30 660	-	30 660
Revaluation loss	-	(7 165)	-	(7 165)
Disbursement	-	-	(554)	(554)
Contributions	120 000	-	-	120 000
Balance as at 31 March 2013	890 826	487 691	115 672	1 494 189

# AGRICULTURAL BANK OF NAMIBIA STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2013

	Notes	2013	2012
		N\$'000	N\$'000
Cash flow from operating activities	1	(67 976)	(48 667)
Cash received from customers	2	169 547	148 772
Cash paid to financiers	3	(10 254)	(10 774)
Cash paid to employees and suppliers		(159 952)	(86 061)
Cash movement in operating liabilities/assets	4	(24 294)	12 533
Cash movement in advances	5	(43 023)	113 137)
Cook flow from investing activities		(44 775 \	(C 272)
Cash flow from investing activities		(44 775 )	(6 373)
Proceeds from the disposal of property and equipment		-	119
Acquisition of property and equipment		(44 775)	(6 492)
Cash flow from financing activities		191 626	244 928
Movement in funds and capital-Government Grants received		119 446	201 168
Movement in Special Purpose Fund		1 996	18 994
Movement in other borrowed funds		11 581	28 554
Decrease in deferred income		(8 895)	(8 906)
Movement in long-term borrowings		67 498	5 118
Cash and short-term funds generated/ (utilized) for the			189 888
year			
Cash and short-term funds in the beginning of the year		251 298	61 410
Cash and short-term funds at the end of the year	_	330 173	251 298

# AGRICULTURAL BANK OF NAMIBIA STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2013 (Continued)

1.   Reconciliation of surplus for the year to cash flow from operating activities   Surplus for the year   30 660   17 135		NOTES TO THE STATEMENT OF CASH FLOWS	2013	2012
operating activities         30 660         17 135           Surplus for the year         30 660         17 135           Adjusted for non-cash items:         2 030         1 415           Depreciation on property, plant and equipment         2 030         300           Amortization of investment properties         300         300           Amortization of intangible assets         7 030         7 030           Post-retirement benefits         2 941         2 215           Profit on disposal of property and equipment         - (44)           Movement in creditors         (22 081)         13 649           Movement in inventories         (15)         (156)           Movement in trade receivables         (2 213)         (1 116)           Movement in advances         (86 627)         (89 095)           Cash flow from operating activities         (67 975)         (48 667)           2. Cash received from customers         146 252         134 478           Interest received on advances         146 252         134 478           Interest received on banks and fixed deposits         12 873         3 085           Other income received         10 422         11 209           169 547         148 772           3. Cash paid to financiers/loan			N\$'000	N\$'000
Surplus for the year	1.	Reconciliation of surplus for the year to cash flow from		
Adjusted for non-cash items:   Depreciation on property, plant and equipment   2 030   1 415     Depreciation on investment properties   300   300     Amortization of intangible assets   7 030   7 030     Post-retirement benefits   2 941   2 215     Profit on disposal of property and equipment   - (444     Movement in creditors   (22 081)   13 649     Movement in inventories   (15)   (156)     Movement in trade receivables   (2 213)   (1 116)     Movement in advances   (86 627)   (89 095)     Cash flow from operating activities   (67 975)   (48 667)    2. Cash received from customers   146 252   134 478     Interest received on advances   146 252   134 478     Interest received on banks and fixed deposits   12 873   3 085     Other income received   10 422   11 209    3. Cash paid to financiers/loan providers   10 254   10 774    4. Cash movement in operating liabilities/assets   2 2 131   (1 116)     Creditors and provision   (22 081)   13 649     (24 294)   12 533    5. Cash movement in advances   (24 294)   12 533		operating activities		
Depreciation on property, plant and equipment   2 030   30		Surplus for the year	30 660	17 135
Depreciation on investment properties   300   300     Amortization of intangible assets   7 030   7 030     Post-retirement benefits   2 941   2 215     Profit on disposal of property and equipment   - (44)     Movement in creditors   (22 081)   13 649     Movement in inventories   (15)   (156)     Movement in trade receivables   (2 213)   (1 116)     Movement in advances   (86 627)   (89 095)     Cash flow from operating activities   (67 975)   (48 667)     2. Cash received from customers   (67 975)   (48 667)     Interest received on advances   146 252   134 478     Interest received on banks and fixed deposits   12 873   3 085     Other income received   10 422   11 209     Total to financiers/loan providers   169 547   148 772     A. Cash paid to financiers/loan providers   10 254   10 774     Cash movement in operating liabilities/assets   (2 213)   (1 116)     Creditors and provision   (22 081)   13 649     Cash movement in advances   (24 294)   12 533     S. Cash movement in advances   (24 294)   12 533		Adjusted for non-cash items:		
Amortization of intangible assets Post-retirement benefits Profit on disposal of property and equipment Amovement in creditors Movement in inventories Movement in inventories Movement in trade receivables Movement in advances Cash flow from operating activities  Cash received from customers Interest received on advances Interest received on banks and fixed deposits Other income received  Cash paid to financiers/loan providers Interest paid  Cash movement in operating liabilities/assets Debtors Creditors and provision  Cash movement in advances  (2 2 13) (1 116) (89 095) (48 667) (89 095) (48 667)  (48 667)  (48 667)  (49 095) (48 667)  (49 095) (48 667)  (49 095) (48 667)  (49 095) (48 667)  (49 095) (48 667)  (49 095) (48 667)  (49 095) (48 667)  (49 095) (48 667)  (49 095) (48 667)  (49 095)		Depreciation on property, plant and equipment	2 030	1 415
Post-retirement benefits 2 941 2 215 Profit on disposal of property and equipment - (44) Movement in creditors (22 081) 13 649 Movement in inventories (15) (156) Movement in inventories (22 13) (1 116) Movement in advances (86 627) (89 095) Cash flow from operating activities (67 975) (48 667)  2. Cash received from customers Interest received on advances 12 873 3 085 Other income received 10 422 11 209 The financiers/loan providers Interest paid 10 254 10 774  4. Cash movement in operating liabilities/assets Debtors (22 081) 13 649 Creditors and provision (22 081) 13 649 Cash movement in advances		Depreciation on investment properties	300	300
Profit on disposal of property and equipment  Movement in creditors  Movement in inventories  Movement in inventories  Movement in inventories  Movement in trade receivables  Movement in advances  Cash flow from operating activities  Cash received from customers  Interest received on advances  Interest received on banks and fixed deposits  Other income received  Cash paid to financiers/loan providers  Interest paid  Cash movement in operating liabilities/assets  Debtors  Creditors and provision  Cash movement in advances		Amortization of intangible assets	7 030	7 030
Movement in creditors   (22 081)   13 649     Movement in inventories   (15)   (156)     Movement in trade receivables   (2 213)   (1 116)     Movement in advances   (86 627)   (89 095)     Cash flow from operating activities   (67 975)   (48 667)     Cash received from customers   (67 975)   (48 667)     Interest received on advances   146 252   134 478     Interest received on banks and fixed deposits   12 873   3 085     Other income received   10 422   11 209     The state of		Post-retirement benefits	2 941	2 215
Movement in inventories		Profit on disposal of property and equipment	-	(44)
Movement in trade receivables   (2 213)   (1 116)		Movement in creditors	(22 081)	13 649
Movement in advances		Movement in inventories	(15)	(156)
Cash flow from operating activities  Cash received from customers Interest received on advances Interest received on banks and fixed deposits Other income received  Cash paid to financiers/loan providers Interest paid  Cash movement in operating liabilities/assets Debtors Creditors and provision  Cash movement in advances  (2 2 13) (1 116) (22 081) 13 649 (24 294)  Cash movement in advances		Movement in trade receivables	(2 213)	(1 116)
2. Cash received from customers Interest received on advances Interest received on banks and fixed deposits Other income received  146 252 134 478 112 873 3 085 Other income received 10 422 11 209 169 547 148 772  3. Cash paid to financiers/loan providers Interest paid 10 254 10 774  4. Cash movement in operating liabilities/assets Debtors Creditors and provision (2 213) (1 116) (22 081) 13 649 (24 294) 12 533		Movement in advances	(86 627)	(89 095)
Interest received on advances Interest received on banks and fixed deposits Other income received Other income received Other income received  10 422 11 209 169 547 148 772  3. Cash paid to financiers/loan providers Interest paid  10 254 10 774  4. Cash movement in operating liabilities/assets Debtors Creditors and provision  (2 213) (1 116) (22 081) 13 649 (24 294) 12 533		Cash flow from operating activities	(67 975)	(48 667)
Interest received on advances Interest received on banks and fixed deposits Other income received Other income received Other income received  10 422 11 209 169 547 148 772  3. Cash paid to financiers/loan providers Interest paid  10 254 10 774  4. Cash movement in operating liabilities/assets Debtors Creditors and provision  (2 213) (1 116) (22 081) 13 649 (24 294) 12 533	2.	Cash received from customers		
Interest received on banks and fixed deposits Other income received  12 873 10 422 11 209 169 547 148 772  3. Cash paid to financiers/loan providers Interest paid  10 254 10 774  4. Cash movement in operating liabilities/assets Debtors Creditors and provision  (2 213) (1 116) (22 081) 13 649 (24 294) 12 533  5. Cash movement in advances			146 252	134 478
Other income received       10 422       11 209         169 547       148 772         3. Cash paid to financiers/loan providers Interest paid       10 254       10 774         4. Cash movement in operating liabilities/assets Debtors Creditors and provision       (2 213)       (1 116)         Creditors and provision       (22 081)       13 649         (24 294)       12 533				
3. Cash paid to financiers/loan providers Interest paid  4. Cash movement in operating liabilities/assets Debtors Creditors and provision  Creditors and provision  10 254  10 774   (2 213) (1 116) (22 081) 13 649 (24 294) 12 533  5. Cash movement in advances		·		
## 10 254 10 774  4. Cash movement in operating liabilities/assets  Debtors  Creditors and provision  (2 213) (1 116) (22 081) 13 649  (24 294) 12 533  5. Cash movement in advances		-		
## 10 254 10 774  4. Cash movement in operating liabilities/assets  Debtors  Creditors and provision  (2 213) (1 116) (22 081) 13 649  (24 294) 12 533  5. Cash movement in advances		•		
4. Cash movement in operating liabilities/assets  Debtors Creditors and provision  (2 213) (1 116) (22 081) 13 649 (24 294) 12 533  5. Cash movement in advances	3.	Cash paid to financiers/loan providers		
Debtors (2 213) (1 116) Creditors and provision (22 081) 13 649 (24 294) 12 533  5. Cash movement in advances		Interest paid	10 254	10 774
Debtors (2 213) (1 116) Creditors and provision (22 081) 13 649 (24 294) 12 533  5. Cash movement in advances		·		
Debtors (2 213) (1 116) Creditors and provision (22 081) 13 649 (24 294) 12 533  5. Cash movement in advances	1	Cash movement in operating liabilities/assets		
Creditors and provision       (22 081)       13 649         (24 294)       12 533    5. Cash movement in advances	٦.	• •	(2.213)	(1 116)
5. Cash movement in advances (24 294) 12 533				, , ,
5. Cash movement in advances		creditors and provision		
		-	(24 234)	12 333
Movement in advances (86 627) (89 095)	5.	Cash movement in advances		
		Movement in advances	(86 627)	(89 095)
Movement in provision for credit losses 43 604 (24 042)		Movement in provision for credit losses	43 604	(24 042)
(43 023) (113 137)		·	(43 023)	(113 137)
		·		

# 1. ACCOUNTING POLICIES

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

# 1.1 Basis of presentation

The annual financial statements have been prepared in accordance with International Financial Reporting Standards. The annual financial statements are prepared on the historical cost basis except for the measurement of certain financial assets and liabilities at fair value as well as revaluation of land and buildings.

The principal accounting policies adopted in the preparation of these financial statements are set out below and are consistent with the previous period, unless stated otherwise.

# 1.2 Significant judgements

In preparing the financial statements, management is required to make estimates and assumptions that affect the amounts represented in the financial statements and related disclosures. Use of available information and the application of judgements are inherent in the formation of estimates. Actual results in the future could differ from these estimates which may be material to the financial statements. Significant judgements include:

# - Advances, loans and receivables

The bank assesses its advances, loans and receivables for impairment at each statement of financial position date. In determining whether an impairment loss should be recorded in the statement of comprehensive income, the bank makes judgements as to whether there is observable data indicating a measurable decrease in the estimated future cash flows from a financial asset.

### - Fair value estimation

The fair value of financial instruments traded in active markets is based on quoted market prices at the statement of financial position date.

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. The bank uses a variety of methods and makes assumptions that are based on market conditions existing at each statement of financial position date.

The carrying value less impairment provision for financial assets and liabilities with maturities of less than one year, are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the bank for similar financial instruments.

# - Impairment testing

The bank reviews and tests the carrying value of assets when events or changes in circumstances suggest that the carrying amount may not be recoverable. In addition, intangible assets are tested on an annual basis for impairment.

Provisions were raised and management determined estimates based on the information available. Additional disclosure of these estimates of provisions is included in note 12 – Creditors and Provisions.

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 Property, plant and equipment

Property, plant and equipment are initially recorded at cost. Owner-occupied properties are carried at revaluation, determined by valuations by external independent professional valuators, less provision for impairment.

Farms acquired are stated at the amount of debt outstanding at the date of repossession. Provision is made against amounts considered to be irrecoverable. All other property, plant and equipment are accounted for at cost.

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 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, plant 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:

Motor vehicles -5 years
Furniture and fittings -5 years
Computer and office equipment -4 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 is reviewed at each financial period-end.

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item shall be depreciated separately.

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 transferred to retained earnings.

# 1.4 Leased assets

Property, plant and equipment acquired under finance leases are capitalised at the lower of fair value and present value of the minimum lease payments.

Capitalised leased assets are depreciated on a straightline basis over the lower of the lease term or the useful life of the leased asset.

Finance costs are accrued and expensed annually, based on the effective rate of interest applied consistently to the remaining balance of the liability and are included in the related liability. This liability is reduced as and when payments are made in terms of the agreements.

Operating leases, mainly for the rental of premises and certain office equipment, are not capitalised and rentals are expensed on a straight-line basis over the lease term.

# 1.5 Doubtful advances and provision for impairment

Advances are stated net of specific and general provisions. Specific provisions are made against identified doubtful advances based on regular evaluations that take cognisance of, inter alia, past experience, economic climate and the client's overall risk profile. Regulatory general provisions are maintained to cover potential losses which, although not specifically identified, may be present in any portfolio of advances.

When a loan is deemed uncollectible, it is written off against the specific provision if a provision has been made; otherwise the amount is charged to the statement of comprehensive income. Subsequent recoveries are likewise adjusted to the provision.

# 1.6 Properties in possession

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

# 1.7 Intangible assets

# Computer software development cost

Generally, costs associated with developing computer software are recognised as expenses when incurred. However, costs that are clearly associated with an identifiable system, which will be controlled by the entity and have a probable benefit exceeding the cost beyond one year, are recognised as an asset. Computer software development costs recognised as assets are, from the date the asset is brought into use, amortised in the statement of comprehensive income on a straight-line basis at rates appropriate to the expected useful lives of the asset.

Such assets are carried in the statement of financial position at cost less any accumulated amortisation and impairment losses.

# 1.8 Provisions

Provisions are recognised when the bank has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount can be made.

Employee entitlements to annual leave and long-service leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave and long-service leave as a result of services rendered by employees up to the statement of financial position date.

# 1.9 Employee Benefits

# 1.9.1 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.

# 1.9.2 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.

# 1.9.3 Defined benefit plans

The bank provides post-retirement medical benefits

by way of 100% contribution of medical aid. Benefits are available to all employees. Payments to the post-retirement medical benefit plan are recognised as an expense when employees have rendered service entitling them to the contributions.

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. Reameasurement 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;
- Remeasurements

# 1.9.3 Defined benefit plans (continued)

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 contribution to the plan.

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

# 1.10 Financial instruments

The bank classifies its financial assets into the following categories: financial assets at fair value through profit and loss, loans and receivables, available for sale assets and held-to-maturity investments. Financial liabilities are classified as financial liabilities at fair value through profit and loss and financial liabilities at amortised cost. Classification depends on the purpose for which the financial instruments were obtained and takes place at initial recognition.

# 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 of 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.

Loans and receivables are subsequently measured at amortised cost, using the effective interest method, less accumulated impairment losses. Held-to-maturity investments are subsequently measured at amortised cost, using the effective interest method, less accumulated impairment losses.

Available for sale, financial assets are subsequently measured at fair value. This excludes equity investments for which a fair value is not determinable, which are measured at cost less accumulated impairment losses. Gains and losses arising from changes in fair value are recognised directly in equity until the asset is disposed of or determined to be impaired.

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.

inancial assets at 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.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loan advances and loans to employees are classified as loans and receivables.

Loan advances are measured at initial recognition at fair value, and are subsequently measured at amortised cost using the effective interest rate method. Appropriate allowances for estimated irrecoverable amounts are recognised in profit or loss when there is objective evidence that the asset is impaired. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments are considered indicators that the trade receivable is impaired. The allowance recognised is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition. Appropriate adjustments are made for securities held by the bank in respect of identified impaired debtors.

The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in the statement of comprehensive income within operating expenses. When a trade receivable and/or advance is uncollectible, it is written

off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited against operating expenses in the statement of comprehensive income.

# 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 convertable 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.

# Bank overdrafts and borrowings

Bank overdrafts and 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.

# 1.11 Revenue recognition

Interest income is recognised at the effective rates of interest inherent in finance contracts and is brought into income in proportion to the balance outstanding on a time proportional method.

Interest suspended is credited directly against the provision for credit losses.

Revenue arising from the provision of services to clients is recognised on an accrual basis in the period in which the services are rendered.

# 1.12 Interest expenses recognition

Interest expenses are recognised in the statement of comprehensive income on an accrual basis. Interest due/accrued on doubtful accounts is recognised as income but is provided for under the provision for credit losses.

# 1.13 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.

# 1.14 Contingencies and commitments

Transactions are classified as contingencies where the bank's obligations depend on uncertain future events.

Items are classified as commitments where the bank commits itself to future transactions or if the items will result in the acquisition of assets.

# 1.15 Government grants

Government grants are recognized when there is reasonable assurance that:

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

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

Government grants related to income are presented as a credit in the profit or loss.

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

# 1.16 Investment properties

Investment property is measured initially at cost, including transaction costs. The carrying amount includes the cost of replacing part of an existing investment property at the time cost is incurred if the recognition criteria are met; and excludes the costs of day to day servicing of an investment property.

Investment is subsequently measured at cost reduced by annual depreciation charges and impairment.

# 1.17 Inventory

Inventories are measured at the lower of cost and net realisable value on the first-in-first-out basis. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

The cost of inventories comprises of all costs of purchase and other costs incurred in bringing the inventories to their present location and condition.

	_	2013	2012
		N\$'000	N\$'000
2.	CASH ON HAND		
	Cash on hand	32	31
3.	BANK BALANCES		
	Bank balances	33 366	4 841
	Notice deposits	296 775	246 426
	_	330 141	251 267
4.	ADVANCES		
	Total advances	1 824 797	1 694 566
	Provision for credit losses on advances		
	Opening balance	260 206	234 157
	Current provision:		
	- Interest suspended	1 691	2 007
	- Provision for doubtful debts	43 414	24 042
	- Amounts written off	(1 501)	-
	TOTAL PROVISION	303 810	260 206
	T. I. I. 6	4 520 007	4 42 4 2 60
	Total advances after provision	1 520 987	1 434 360
	LESS: SHORT-TERM PORTION OF ADVANCES	(202 228)	(178 857)
_	LONG-TERM PORTION OF ADVANCES	1 318 759	1 255 503
5.	OTHER RECEIVABLES	3 732	1 444
	Accounts receivable and prepayments	5	80
	Staff related	3 737	1 524

# 6

6. PROPERTY, PLANT & EQUIPMENT					
31 March 2013	Leasehold	Work-in Progress			
	N\$'000	N\$'000			
Carrying value: Beginning					
of the year	57	5 717			
Cost/valuation	772	5 717			
Accumulated depreciation	(715)	-			
During the year:	(22)	39 152			
- Additions	-	39 152			
- Disposal	-	-			
- Depreciation	(22)	-			
Carrying value : End of the year	35	44 869			
Cost/valuation	772	44 869			
Accumulated depreciation	(737)	-			
31 March 2013	Leasehold	Work-in Progress			
Correing value, Deciming	N\$'000	N\$'000			

Carrying value:	Beginning
- C (l	

of the year Cost/valuation

Accumulated depreciation

During the year:

- Additions
- Disposal
- Depreciation

Carrying value : End of the year

Cost/valuation

Accumulated depreciation

	Leasehold	Work-in Progress
	N\$'000	N\$'000
	89	-
	772	-
	(683)	-
	(22)	5 717
	-	5 717
	-	-
	(22)	-
Ξ	57	5 717
	772	5 717
	(715)	-

Land and buildings	Furniture and Fittings	Motor vehicles	Total
N\$'000	N\$'000	N\$'000	N\$'000
, i	•	·	•
33 774	1 202	963	41 713
33 774	4 556	4 156	48 795
-	(3 354)	(3 193)	(7 262)
(7 165)	4 400	(784)	35 581
-	5 623	-	44 775
(7 165)	-	-	(7 165)
-	(1 223)	(784)	(2 029)
26 609	5 602	179	77 294
26 609	10 179	4 156	86 585
_	(4 577)	(3 977)	(9 291)
	,	,	,
Land and buildings	Furniture and Fittings	Motor vehicles	Total
N\$'000	N\$'000	N\$'000	N\$'000
33 642	1 799	1 181	36 711
33 642	7 846	3 969	46 240
-	(6 047)	(2 788)	(9 529)
122	(198)	(615)	5 003
122	468	186	6 492
-	(74)	-	(74)
-	(592)	(801)	(1 415)
33 774	1 202	962	41 713
33 774	4 556	4 156	48 795
	(3 354)	(3 193)	(7 262)
	(J JJ <del>4</del> )	(3 133)	(1 202)

6.1 Freehold land and buildings comprise of the following properties, which were independently valued during 2013 by independent valuators. The surplus and loss on revaluation has been credited and debited respectively to revaluation reserves.

- Erf 5478, V	Vindhoek
---------------	----------

- Erf 995, Otjiwarongo

- Erf 870 and 871, Mariental

- Erf 1608 and 1609, Rundu

- Erf 1417, Oshakati

2013	2012
N\$'000	N\$'000
63 011	22 000
3 160	1 620
171	60
3 323	2 920
1 814	30
71 479	26 630

Erf 5479, Windhoek is registered in the name of Land and Land Bou Bank of South West Africa (predecessor of Agricultural Bank of Namibia). There is a mortgage bond registered against title, being Mortgage Bond No. B7436/2011 dated 28 November 2011 for N\$ 66 million.

# 6.2 INVESTMENT PROPERTIES

Opening carrying amount

Cost

Accumulated depreciation

Depreciation charge

Closing carrying amount

Cost

Accumulated depreciation

14 650	14 950
15 000	15 000
(350)	(50)
(300)	(300)
14 350	14 650
15 000	15 000
(650)	(350)

The investment properties consist of farmland with improvements measuring 11,9335 hectares, situated in the Omaheke Region. The fair value, as determined by an independent sworn appraiser on 23 July 2010 amounted to N\$ 40 500 000.

		2013	2012
		N\$'000	N\$'000
7.	INTANGIBLE ASSETS		
	Software Development Costs		
	Opening carrying amount	10 600	17 630
	Cost	28 124	28 124
	Accumulated amortisation	(17 524)	(10 494)
	Amortisation	(7 030)	(7 030)
	Closing carrying amount	3 570	10 600
	Cost	28 124	28 124
	Accumulated amortisation	(24 554)	(17 524)
8.	SPECIAL PURPOSE FUNDS  Ministry of Lands and Resettlement (Post-resettlement)	64 273	62 041
	Staff savings scheme	193	43
	Government Ministries & agricultural boards & unions	42 509	42 895
		106 975	104 979
	-		

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

# 9. INVENTORY

Consumables

171	156

		2013	2012
		N\$'000	N\$'000
10.	OTHER BORROWED FUNDS		
	Government scheme for drought relief 92 loans	20 731	20 731
	Etunda Small Farmers	2 922	2 922
	Post settlement support to Resettled farmers	28 000	28 000
		51 653	51 653
	<del>-</del>		2.7.22
11.	LONG-TERM BORROWINGS		
	The Government of the Republic of Namibia settled the Bank's		
	outstanding line of credit balances with the African Development		
	Bank.		
	The total amount settled was N\$ 218 139 076. The loan is inter-		
	est free and repayable over 21 years as follows:		
	- For the first 20 years — N\$ 10 350 000 annually		
	- Last installment — N\$ 11 139 076		
	The balance disclosed represents the fair value of the loan as at	118 403	88 812
	31 March 2013	110 403	00 012
	31 March 2013		
	Loan - Bank Windhoek	44 466	6 559
	A loan for the renovation of the Agribank building from Bank	(8 846)	(10 350)
	Windhoek of N\$ 44 466 342 at a rate of 9.75% covered by	(5 5 . 5)	(1000)
	mortgage bond of N\$ 66 million over ERF 5478 Windhoek prop-		
	erty. The loan is repayable over 15 years.		
	Less: Current portion shown under current liabilities	154 023	85 021
	=	154 025	03 02 1
12.	CREDITORS AND PROVISIONS		
	Leave	2 161	2 149
	Grants and bursaries	110	110
	Total other provisions	2 271	2 259
	Creditors	5 510	6 903
	Government loan instalment		20 700
	Total creditors and provisions	7 781	29 862
	=	, , , , ,	23 002

# 13. DEFERRED INCOME

Opening balance

Recognized during the year:

- Ministry of Finance grant (Crop and agriculture production) Amortized to the statement of comprehensive income

2013	2012
N\$'000	N\$'000
108 630	117 536
-	-
(8 895)	(8 906)
99 735	108 630

The Government of the Republic of Namibia settled the Bank's outstanding line of credit balances with the African Development Bank during the previous financial year. The total amount settled was N\$ 218 139 076. The loan is interest-free and interest-free loans are recognized 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 was the equivalent of the borrowing rate that the African Development Bank would have charged for a similar loan, currently 10.685%.

# 14. EMPLOYEE BENEFITS

### 14.1 Pension scheme

The Government of the Republic of Namibia settled the Bank's outstanding line of credit balances with the African Development Bank in 2009. The total amount settled was N\$ 218 139 076. The loan is interest-free and interest-free loans are recognized 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 was the equivalent of the borrowing rate that the African Development Bank would have charged for a similar loan, currently 10.685%. The Agricultural Bank of Namibia currently contributes 16% of basic salary to the Fund whilst the members contribute 7%.

Bank contribution Employee contribution

20	13	2012	
N\$'00	00	N\$'000	_
3 0!	50	4 111	
1 3	34	1 799	
4 3	84	5 910	
			_

# 14.2 Post-retirement employee benefits

The bank made provision for their post-retirement medical benefit obligation as well as their severance benefit obligation, payable in terms of the Namibian Labour Act. The balances of these two provisions made for the year are as follows:

	2013	2012
	N\$'000	N\$'000
Present value of medical benefit obligation	21 243	17 473
Present value of severance benefit obligation	337	260
Unrecognised actuarial loss	(6 081)	(5 175)
	15 499	12 558

# 14.2.1 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 every 2nd year.

The latest actuarial valuation for the post-retirement medical benefit was carried out on 31 March 2012. The valuation method used was the projected Unit Credit Method. The liability was estimated at N\$ 17.5 million as at 31 March 2012.

_	2013	2012
	N\$'000	N\$'000
Present value of unfunded obligation	21 243	17 473
Reconciliation showing the movement of the present value of		
unfunded obligation:		
Opening balance	12 298	10 200
Actuarial loss not recognized	6 082	5 175
Net expense recognized in the statement of comprehensive	2 863	2 098
income		
	21 243	17 473
Net expense recognized in the statement of comprehensive income:		
Current service cost	1 401	1 189
Interest cost	1 462	909
-	2 863	2 098
The principle assumptions used were:		
Discount rate	9.04%	8.4%
Health care cost inflation	8.04%	7.4%
Average retirement age	60	60

		2013	2012
		N\$'000	N\$'000
14.2.1	Medical benefit obligation		
	Current service cost	1 658	1 501
	Interest cost	1 921	1 462
	Components of the defined benefit costs recognised in	3 579	2 963
	profit or loss (surplus) Remeasurement of the defined benefit obligation		
	Actuarial (gain)/ loss	(2 654)	807
	Components of defined benefit (income)/costs recognised in	2 654	807
	other comprehensive income	2 034	307
	Total	925	3 770
	=		
14.2.2	Severance benefit obligation		
	Present value of unfunded obligation	337	260
	Reconciliation showing the movement of liability reflected on the		
	statement of financial position:		
	Opening balance	260	143
	Net expense/(income) recognized in the statement of comprehen-	77	117
	sive income	227	260
	=	337	260
	Net expense recognized in the statement of comprehensive		
	income: Actuarial loss	20	88
	Current service cost	37	18
	Interest cost	20	11
	-	77	27
	The latest actuarial valuation for the severance benefit obligation		
	was carried out on 31 March 2012.		
	The principle assumptions used were:		
	Salary inflation rate	7.94%	7.9%
	Investment return	7.80%	8.37%
	Average retirement age	60	60

# 15. FUNDS AND GRANTS

European Fund Account
Government
Agribank - NACP contribution
Government Tractor Scheme
Actuarial (gain)/ loss

2013	2012
N\$'000	N\$'000
11 528	11 528
36 102	36 102
34 561	34 561
33 481	34 035
115 672	116 226

Tractors and implements were transferred to Agribank from Government for sale and on-lending to communal farmers during the previous financial years. Agribank administered the scheme on behalf of Government and any proceeds out of the scheme will be repayable to Government. The balance of the Government Tractor Scheme of N\$ 34 034 868 (2011: N\$ 34 034 868) has been included under funds and grants, as this scheme is administered on behalf of the Ministry of Agriculture, Water and Forestry, and does not represent a liability of the bank.

# 16. RESERVES

Balance at the beginning of the year Surplus for the year Revaluation loss Balance at the end of the year

464 196	447 061
30 660	17 135
(7 165)	-
487 691	464 196

			2013	2012
			N\$'000	N\$'000
17.	CAPITAL FUND			
	Account No. 1	*	54 284	54 284
	Account No. 2	**	108 893	108 893
	Account No. 3	***	6 079	6 079
	Account No. 4	****	721 570	601 570
			890 826	770 826
		=		

- The amount consists of loans and grants made available to the Bank by the then Administration of SWA, through its South West Africa account and the then General Authority.
- The amount consists of loans granted by the former second tier agricultural departments of the then administration of SWA which were transferred to the Bank on 31 January 1992 in terms of Section 23 of the Agricultural Amendment Act, 1991.
- The amount consists of loans granted by the Rehoboth Investments Development Corporation Limited which were transferred to the Bank on 16 December 1996 in terms of Section 5 of the Rehoboth Investment and Development Corporation Act, 1966 (Act 15 of 1996).

The amount consist of a N\$ 150 000 000 investment in the Bank by the Government converted to equity participation by Cabinet decision, Decision no 3rd/27.02.07/008. An additional transfer of N\$ 128 159 was made in 2009. It was initially advanced as a loan by Government, but subsequently converted into equity. In the 2010 financial year, the Ministry of Finance made an advance of N\$ 18 million to strengthen the Bank's statement of financial position. During the 2011 financial year the Government made another N\$ 91.243 million, of which N\$ 31 million was already transferred to the Bank during the 2010 financial year, towards strengthening the statement of financial position of the Bank. The amount also includes N\$ 13 million which was advanced to the Bank by Government to advance aquaculture and crop production loans. During the current year, the Ministry of Finance transferred N\$201 million to the bank, N\$61 million for financing Aquaculture and Crop production as well as to provide training to the AALs beneficiaries. N\$ 140 million was for financing of both commercial and communal farming projects.

		2013	2012
	- -	N\$'000	N\$'000
18.1	INCOME AND EXPENDITURE		
	Interest income	42.072	2.005
	Cash and short-term assets	12 873	3 085
	Advances granted	146 252	134 478
	=	159 125	137 563
18.2	Interest expenses		
	Interest-free loan — Government	8 894	8 906
	Deposits	1 360	1 868
		10 254	10 774
18.3	Other operating income		
	Commission earned	7	25
	Rents received	601	957
	Government grant released interest free loan	8 894	8 906
	Other income	920	1 288
	Surplus on disposal of assets	-	33
		10 422	11 209
	= -		

		2013	2012
		N\$'000	N\$'000
18.4	General administrative expenses		
	Auditor's Remuneration	168	151
	Auditor's remuneration	168	151
	Depreciation and amortisation	9 360	8 746
	Property, plant & equipment	2 030	1 416
	Investment properties	300	300
	Amortization - intangible assets	7 030	7 030
	Directors Fees	68	184
	Insurance	457	435
	Marketing	3 725	5 023
	Maintenance property & equipment	159	1 935
	Professional fees	4 443	6 384
	Rent paid	3 814	2 995
	Staff cost	44 271	42 537
	Salaries	24 784	24 974
	Fringe benefits	18 724	16 187
	Training	763	1 376
	Other expenses	18 754	28 431
	Post resettlement contribution	-	10 000
	Bank charges	299	319
	Legal fees	614	251
	Security cost	229	214
	Printing & stationery	300	308
	Computer expenses	4 943	3 571
	VAT apportionment expenses	1 949	4 338
	Municipal costs	1 099	1 133
	Travel	1 824	3 052
	Vehicle cost	477	433
	Telephone	1 082	1 076
	General expenses	5 938	3 736
		85 219	96 821

# 19. Commitments

Authorized capital expenditure Contracted and authorized

2013	2012
N\$'000	N\$'000
15 849	44 775

The bank's activities expose it to a variety of financial risks: market risk, credit risk and liquidity risk.

The bank's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the bank's financial performance. Risk management is carried out under policies approved by the board. The board provides written principles for overall risk management, as well as written policies covering specific areas, such as credit risk, and investment of excess liquidity.

# 19.1 Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with its financial liabilities.

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. Due to the dynamic nature of the underlying businesses, the bank maintains flexibility in funding by maintaining availability under committed credit lines.

The bank manages liquidity risk through an ongoing review of future commitments and credit facilities. Cash flow forecasts are prepared and adequate utilized borrowing facilities are monitored.

The overdraft facilities were as follows:

# Overdraft facilities

Building Project
Normal operations
Utilised on building project
Available

2013	2012
N\$'000	N\$'000
66 000	-
50 000	50 000
(6 559)	-
109 441	50 000

# 20. Contingencies

# 20.1 Four former employees vs Agribank

Four former employees who were retrenched are suing the Bank challenging their retrenchment. The hearing on the matter was done in September 2013 but the outcome of the matter is yet to be determined. The amount of the award cannot be determined.

# 20.2Former employee vs Agribank

The Bank is appealing an arbitration award which had directed a re-instatement of a dismissed employee and further ruled that the employee be paid his salary from the date of dismissal to the date of until the date of re-instatement. The appeal hearing was expected to be heard in October 2013 and the outcome of the matter could not be ascertained.

# 20.3 Agribank vs a third party

The Bank brought eviction proceedings against a third party from its Abattoir. The High Court ruled in favour of the Bank and ordered an eviction. The third party has appealed the High Court decision and the appeal would be heard in October 2013 in the Supreme Court. The third party is arguing that it had rights to buy the Abattoir for \$ 15 million instead of the N\$ 40 million required by the Bank. The outcome of the matter is uncertain.

# 20.4 Third party vs Agribank

A third party is suing the Bank for an amount of N\$ 14 million in connection with a contract entered into. The third party has not acted in a manner to indicate that it intends to finalise the matter.

# 21.FINANCIAL RISK MANAGEMENT

The bank's activities expose it to a variety of financial risks: market risk, credit risk and liquidity risk.

The bank's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the bank's financial performance. Risk management is carried out under policies approved by the Board. The Board provides written principles for overall risk management, as well as written policies covering specific areas, such as credit risk, and investment of excess liquidity.

# 21.1 Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with its financial liabilities. Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. Due to the dynamic nature of the underlying businesses, the bank maintains flexibility in funding by maintaining availability under committed credit lines.

# 21.1 Liquidity risk (continued)

The bank manages liquidity risk through an ongoing review of future commitments and credit facilities. Cash flow forecasts are prepared and adequate utilized borrowing and overdraft facilities are monitored. The facilities were as follows:

# **Borrowing and overdraft facilities**

Building Project Normal operations Utilised on building project Available

2013	2012
N\$000	N\$000
66 000	66 000
50 000	50 000
(44 466)	(6 559)
71 534	109 441

The table below analyses the bank's financial liabilities into relevant maturity groupings based on the remaining period at the statement of financial position to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

### 2013

Financial liabilities	Less than 1 year	Between 1 and 5 years	More than 5 years
	(N\$ 000)	(N\$ 000)	(N\$ 000)
Other liabilities	117 648	66 375	164 554
Trade payables	7 781	-	-

### 2012

Financial liabilities	Less than 1 year	Between 1 and 5	More than 5 years
i ilialiciai liabilities	(N\$ 000)	years (N\$ 000)	(N\$ 000)
Other liabilities	166 982	41 400	166 389
Trade payables	27 603	-	-

# 21.2 Cash flow and fair value interest rate risk

Cash flow interest rate risk is the risk that future cash flows of a financial instrument will fluctuate because of changes in market interest rate risks. Fair value interest rate risk is the risk that the value of the financial instrument will fluctuate because of changes in market interest rates.

As the bank's significant interest-bearing assets, are fixed rate advances, its income and operating cash flows are substantially independent of changes in market interest rates.

The bank's interest rate risk arises mainly from its long-term borrowings. Borrowings issued at variable rates expose the group to cash flow interest rate risk. This risk is managed by maintaining an appropriate mix between fixed and floating interest rates.

# Financial instruments by classification

Assets as per statement of financial position 2013

Financial assets	Interest rate	Loans and receivables	Fair value through profit & loss	TOTAL
		N\$ 000	N\$ 000	N\$ 000
Advances	Fixed	1 520 987	-	1 520 987
Cash and bank balances	Floating	330 141	-	330 141
Other current assets	Non-interest- bearing	3 737	-	3 737

# 2012

Financial assets	Interest rate	Loans and receivables	Fair value through profit & loss	TOTAL
		N\$ 000	N\$ 000	N\$ 000
Advances	Fixed	1 423 269	-	1 423 269
Cash and bank balances	Floating	251 267	-	251 267
Other current assets	Non-interest- bearing	1 524	-	1 524

# Liabilities as per statement of financial position 2013

Financial assets	Interest rate	Loans and receivables	Fair value through profit & loss	TOTAL
		N\$ 000	N\$ 000	N\$ 000
Loan Guarantee Fund	Non-interest- bearing	63 234	-	63 234
Long-term borrowings	Floating/Non-interest	162 869	-	162 869
	bearing			
Special purpose funds	Fixed and floating	106 975	-	106 975
Post retirement Benefits	Floating	15 499	-	15 499
Trade creditors	Non-interest- bearing	7 781		7 781

# Liabilities as per statement of financial position (continued) 2012

Financial assets	Interest rate	Loans and receivables	Fair value through profit & loss	TOTAL
		N\$ 000	N\$ 000	N\$ 000
Other borrowed funds	Non-interest- bearing	51 653	-	51 653
Long-term borrowings	Floating/Non-interest bearing	95 371	-	95 371
Special purpose funds	Fixed and floating	104 979	-	104 979
Trade creditors	Non-interest- bearing	27 603	-	27 603

The tables above summarize the bank's exposure to interest rate risks.

# Cash flow sensitivity analysis for interest-bearing instruments:

A change of 100 basis points in interest rates at the reporting date would have increased/decreased profits by the amounts shown below. This analysis assumes that all other variables remain constant. The analysis has been performed on the same basis for 2011.

# As at 31 March 2013:

	100 basis points increase	100 basis points decrease
	(N\$ 000)	(N\$ 000)
Floating rate financial assets	330 141	3 301
Floating rate financial liabilities	-	-
Increase/(decrease) in profits	330 141	3 301

# As at 31 March 2012:

	100 basis points increase	
	(N\$ 000)	(N\$ 000)
Floating rate financial assets	251 267	2 513
Floating rate financial liabilities	-	-
Increase/(decrease) in profits	251 267	2 513

# 21.3Credit risk

Credit risk is the risk that the counterparties will not repay obligations on time and in full as expected or contracted, resulting in a financial loss to Agribank.

# Policy and responsibility

The key components of the current general credit policy are the following:

- The primary role of the bank is to provide finance to the agricultural sector;
- In its mandate, the bank seeks to satisfy the needs of its customer base while maintaining a sound credit portfolio;
- The bank insists upon a thorough assessment of the client's financial position during the loan decision process, so as to lead to better-quality credit decisions which result in timeouts loan repayments and reduce losses due to, for example, insolvency;
- For the vast majority of the products, credits are granted on the basis of insight into the customer's circumstances and of specific assessments that provide a context for such credits;
- The facilities should match the customer's creditworthiness, capital position or assets, and the customer should be able to substantiate his or her repayment ability, and
- The bank may assume risks only within the limits of applicable legislation and other rules, including the rules on good practice for financial enterprises.

# Approval process

When the bank processes a credit application from a customer, the following minimum information is needed:

- Comprehensive identity of the borrower;
- Evidence of the borrower's legal ability to borrow;
- Ability to repay including the timing and source of repayment and evidence of verification thereof;
- Description of the terms of credit obligation;
- Assessment of major risks and key litigants;
- Credit checks:
- Overview of the facility and collateral; and
- Documentary evidence of review and approval process

### Risk classification

The bank monitors the repayment record of its customers on an ongoing basis to ensure that any deterioration in repayment record is detected as early as possible. Accounts will be categorized as "normal" or "arrears". The purpose of the classification is to provide a mechanism for the efficient and effective, reporting and evaluation of problem loans, and to allow them to be managed in such a way that the bank's risk is minimized.

# Credit exposure

The bank's maximum credit exposure at 31 March was as follows:

Credit exposure is calculated on the basis of selected items on and off the statement of financial position (guarantees and loan commitments excluded).

# Asset classes with credit risk exposure:

Advances
Bank balances
Other receivables

2013	2012
N\$'000	N\$'000
1 520 987	1 434 360
330 142	251 267
3 737	1 524
1 854 866	1 687 151

# Asset classes with no credit risk exposure:

Property, plant and equipment Intangible assets Cash on hand Investment property Inventory

2013	2012
N\$'000	N\$'000
77 294	41 713
3 570	10 600
32	31
14 350	14 650
171	156
95 417	67 150

# **Collateral**

The main types of collateral the Bank normally obtain include the following:

- Bonds over farmland, developed/undeveloped municipal plots
- Surety bonds
- Cession of fixed deposits
- Cession of surrendering value of policies
- Listed investments and unit trust investments
- Suretyships

# Other Financial Assets

The other financial assets include cash at bank and other receivables. These assets are rated as good.

# **Bank balances**

The amounts are invested with reputable financial institutions.

# Other receivables

Past trends indicate that payment has been received timeously and that the fair values post year-end fairly reflects the

# Concentration of credit risk

The concentration risk within the Agribank consists mainly of:

- Exposure per agricultural sector
- Exposure per individual account holder

At the reporting date credit risk exposure were not concentrated to a small number of individual accounts, but was spread across entire loan book account holders.

# Loan advances past due not impaired

Less than one year
Between one and two years
Between two and three years
More than three years

2013	2012
N\$'000	N\$'000
776 494	739 054
100 706	95 851
170 816	162 580
152 714	145 350
1 200 730	1 142 835

The above table represent the gross loan balance in respect of past due loans and not only the past due portion of such loans.

# Loan advances neither past due nor impaired

599 466 51 913

Included in the loan book of the Bank are the following amounts in respect of loan customers whose credit terms were re-negotiated. The Board granted relief to others based on adverse industry conditions prevailing over a specified period of time.

Consolidation of debt Special arrangements

29 255	189 420
-	42 583
29 255	232 003

# 20. Standards and interpretations not yet effective

At the date of authorisation of the financial statements of the Agricultural Bank of Namibia for the year ended 31 March 2013, the following 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, or is not expected to have a material impact on the Bank's financial statements.

Standard or interpretation	Title and details	Effective Date
IFRS 1 First time adoption of Inter- national Financial Reporting Standards	Amendments add an exception to the retrospective application of IFRSs to require that first-time adopters apply the requirements in IFRS 9 Financial Instruments and IAS 20 Accounting for Government Grants and Disclosure of Government Assistance prospectively to government loans existing at the date of transition to IFRSs.	Annual periods beginning on or after 1 January 2013
	Annual improvements 2009-2011 Cycle amendments clarify the options available to users when repeated application of IFRS 1 is required and to add relevant disclosure requirements.	Annual periods beginning on or after 1 January 2013
	Annual improvements 2009-2011 Cycle amendments to borrowing costs.	Annual periods beginning on or after 1 January 2013
IFRS 7 Financial	The amendments require entities to disclose gross amounts subject to	Annual periods
Instruments : Disclo-	set-off, amounts set off in accordance with the accounting standards	beginning on or
sures (amendment)	followed, and the related net credit exposure. This information will help	after 1 January
	investors to understand the extent to which an entity has set off in its	2013
	balance sheet and the effect of the rights of set-off on the entity's rights and obligations.	

IFRS 9 Financial	This is a new standard that forms part of the IASB's project to replace	Annual periods
Instruments	the existing standard on the recognition and measurement of financial	beginning on or
	instruments. The standard defines two measurement categories for	after 1 January
	financial assets: amortised cost and fair value. A financial asset may	2015
	only be measured at amortised cost if it has basic loan features and is	
	managed on a contractual yield basis. The standard also differs from	
	existing requirements for accounting for financial assets in various other	
	areas, such as embedded derivatives and the recognition of fair value	
	adjustments in other comprehensive income.	
IFRS 10 Consolidated	This standard replaces the consolidation requirements in SIC 12 and IAS	Annual periods
Financial Statements	27. It builds on existing principles by identifying the concept of control	beginning on or
	as the determining factor in whether an entity should be included	after 1 January
	within the consolidated financial statements of the parent company and	2013
	provides additional guidance in the determination of control where this	
	is difficult to assess.	
	Amondments to the transition suidence of IFDC 10 Consolidated	Annual nariada
	Amendments to the transition guidance of IFRS 10 Consolidated	Annual periods
	Financial Statements, IFRS 11 Joint Arrangements and IFR12 Disclosure	beginning on or
	of Interests in other Entities, thus limiting the requirements to provide	after 1 January 2013
	adjusted comparative information.	2013
	IFRS 10 exception to the principle that all subsidiaries must be	Annual periods
	consolidated. Entities meeting the definition of "Investment Entities"	beginning on or
	must be accounted for at fair value under IFRS 9, Financial Instruments,	after 1 January
	or IAS 39, Financial Instruments Recognition and Measurement.	2014
IFRS 11 Joint Ar-	This is a new standard that deals with the accounting for joint	Annual periods
rangements	arrangements and focuses on the rights and obligations of the	beginning on or
	arrangement, rather than its legal form.	after 1 January
		2013.
	Amendments to the transition guidance of IFRS 10 Consolidated	Annual periods
	Financial Statements, IFRS 11 Joint Arrangements and IFRS 12	beginning on or
	Disclosure of Interests in Other Entities, thus limiting the requirements	after 1 January
	to provide adjusted comparative information.	2013

IEDC 42 D: 1	TI	A 1 1 1
IFRS 12 Disclosure	This is a new and comprehensive standard on disclosure for all forms of	Annual periods
of Interests in Other	interests in other entities, including joint arrangements, special purpose	beginning on or
Entities	vehicles and other off balance sheet vehicles.	after 1 January
		2013
	Amendments to the transition guidance of IFRS 10 Consolidated	Annual periods
	Financial Statements, IFRS 11 Joint Arrangements and IFRS 12	beginning on or
	_	
	Disclosure of Interests in other entities, thus limiting the requirement to	after 1 January
	provide adjusted comparative information.	2013
	New disclosures required for investment Entities (as defined in IFRS 10)	Annual periods
		beginning on or
		after 1 January
		2014
IFRS 13 Fair Value	The standard provides new guidance on fair value measurement and	Annual periods
Measurement	disclosure requirements.	beginning on or
		after 1 January
		2013
IAS 1, Presentation of	Annual Improvements 2009-2011 Cycle: Amendments clarifying the	Annual periods
Financial Statements	requirements for comparative information including minimum and	beginning on or
	additional comparative information required.	after 1 January
	additional comparative information required.	2013
IAS 16 Property, Plant	Annual Improvements 2009-2011 Cycle: Amendments to the	Annual periods
' '	recognition and classification of servicing equipment.	beginning on or
and Equipment	recognition and classification of servicing equipment.	
		after 1 January
		2013
IAS 19 Employee	Amendments to the accounting for current and future obligations	Annual periods
Benefits	resulting from the provision for defined benefits plans.	beginning on or
		after 1 January
		2013

IAS 27 Consolidated and Separate Finan- cial Statements	Consequential amendments resulting from the issue of IFRS 10, 11 and 12.  Requirement to account for interests in investment Entities at fair value under IFRS 9 Financial Instruments, or IAS 39 Financial Instruments:  Recognition and Measurement in the separate financial statements of the parent.	Annual periods beginning on or after 1 January 2013 Annual periods beginning on or after 1 January 2014
IAS 28 Investments in Associates	Consequential amendments resulting from the issue of IFRS 10, 11 and 12.	Annual periods beginning on or after 1 January 2013
IAS 32 Financial Instruments: Presentation	Amendments require entities to disclose gross amounts subjects to rights of set-off, amounts set-off in accordance with accounting standards followed, and the related net credit exposure. This information will help investors understand the extent to which the entity has set-off its balance sheet and the effects of rights of set-off on the entity's rights and obligations.  Annual improvements 2009-2011 Cycle: Amendments to clarify the tax effect of distribution to holders of equity instruments.	Annual periods beginning on or after 1 January 2013
IAS 34 Interim Finan- cial Reporting	Annual improvements 2009-2011 Cycle: Amendments to improve the disclosure for interim financial reporting and segment information for total assets and liabilities.	Annual periods beginning on or after 1 January 2013
IAS 36 Impairment of Assets	The amendment to IAS 36 clarifies the required disclosures of information about recoverable amount of impaired assets if that amount is based on fair value less costs of disposal.	Annual periods beginning on or after 1 January 2014
IFRIC 20 Stripping Costs in the Production Phase of a Surface Mine		Annual periods beginning on or after 1 January 2013
IFRIC Interpretation 21 Levies		Annual periods beginning on or after 1 January 2014

# AGRICULTURAL BANK OF NAMIBIA Notes

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