ANNUAL REPORT

AGRIBANK
OF NAMIBIA
Your all Season Bank

2022/23

Navigating Our Annual Report

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Glossary of Terms

AASD	Agri Advisory Services Division
BJURIS	Bachelor of Jurisprudence
CEO	Chief Executive Officer
CIC	Credit and Investment Committee (of the Board)
EDP	Executive Development Programme
EMBA	Executive Master in Business Administration
ERFP	Emerging Retail Financing Product
EXCO	Executive Committee
FRACC	Finance, Risk, Audit and Compliance Committee (of the Board)
FY	Fiscal Year/Financial Year
HR	Human Resources
HRC	Human Resources Committee (of the Board)
ICT	Information and Communication Technology
KfW	Kreditanstalt für Wiederaufbau (Credit Institute for Reconstruction)
LLB	Bachelor of Law
LLM	Master of Law
MAWLR	Ministry of Agriculture, Water and Land Reform
MBA	Master of Business Administration
MSc	Master of Sciences
NA	Namibia
NL	Netherlands
NUST	Namibia University of Science and Technology
OPEX	Operational Expenditure
PEGA	Public Enterprises Governance Act, 2019 (No. 1 of 2019)
SA	South Africa
SAP	Systems, Applications, Products (in data processing)
SAI	Sales Automation Initiative
UNISA	University of South Africa
UK	United Kingdom
USA	United States of America

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About Agribank

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1. About Agribank

1.1 Mandate

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

1.2 Strategic Thrust

1.2.1 Our Vision

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

1.2.2 Our Mission

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

1.2.3 Our Values

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

Customer Service	Striving for excellence in the way we serve our customers
Accountability	Accounting for and taking responsibility for the actions we take in pursuit of our mandate
Professionalism	Striving to apply skills, competence and character, expected of highly trained professionals, in the conduct of our business and the execution of our mandate
Fairness	Striving towards equitable and fair treatment of all stakeholders
Integrity	Honesty and truthfulness in the conduct of our business
Transparency	Openness in all our dealings and to public scrutiny

2.

Key Facts at a Glance

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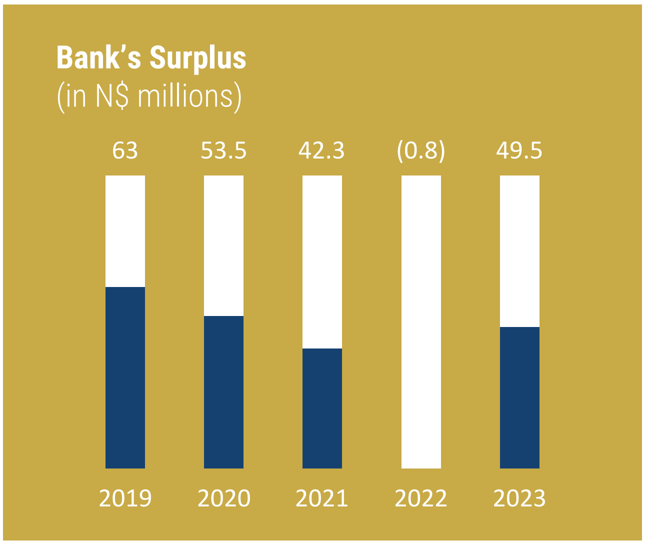
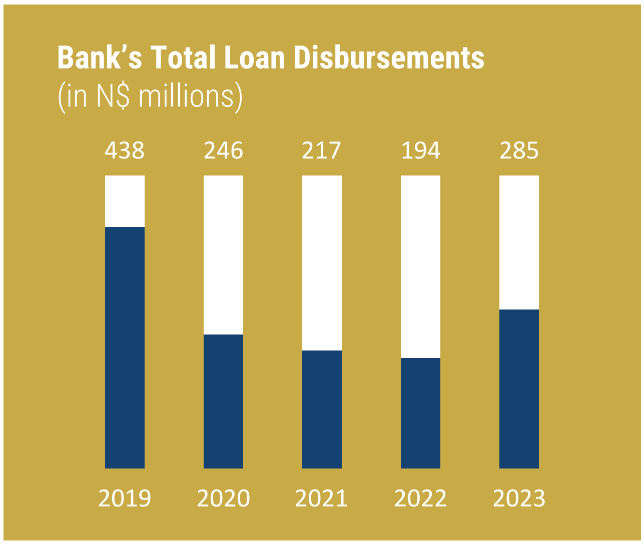
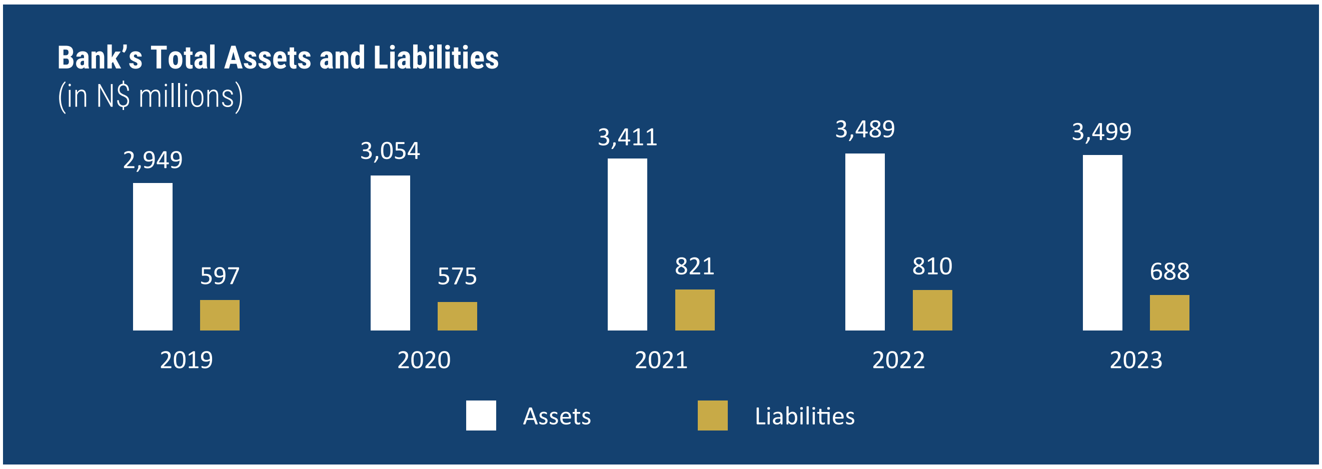
2. Key Facts at a Glance

2.1 Financial Highlights







Financial Ratios

1.76% FY 2022/23 — **Return on Equity** — 0.20% FY 2021/22

66.45% FY 2022/23 — **Staff Cost to OPEX** — 65.45% FY 2021/22

64.69% FY 2022/23 — **Cost-to-income Ratio** — 75.76% FY 2021/22

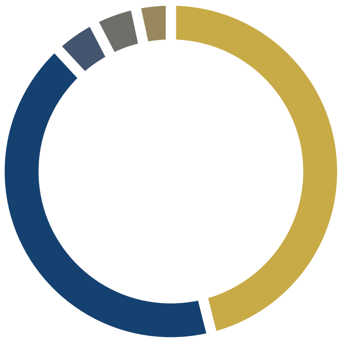
5.68% FY 2022/23 — **Net Interest Margin** — 6.88% FY 2021/22

1.55% FY 2022/23 — **Return on Assets** — 0.02% FY 2021/22

31.30% FY 2022/23 — **Arrears-to-total-advances Ratio** — 30.60% FY 2021/22

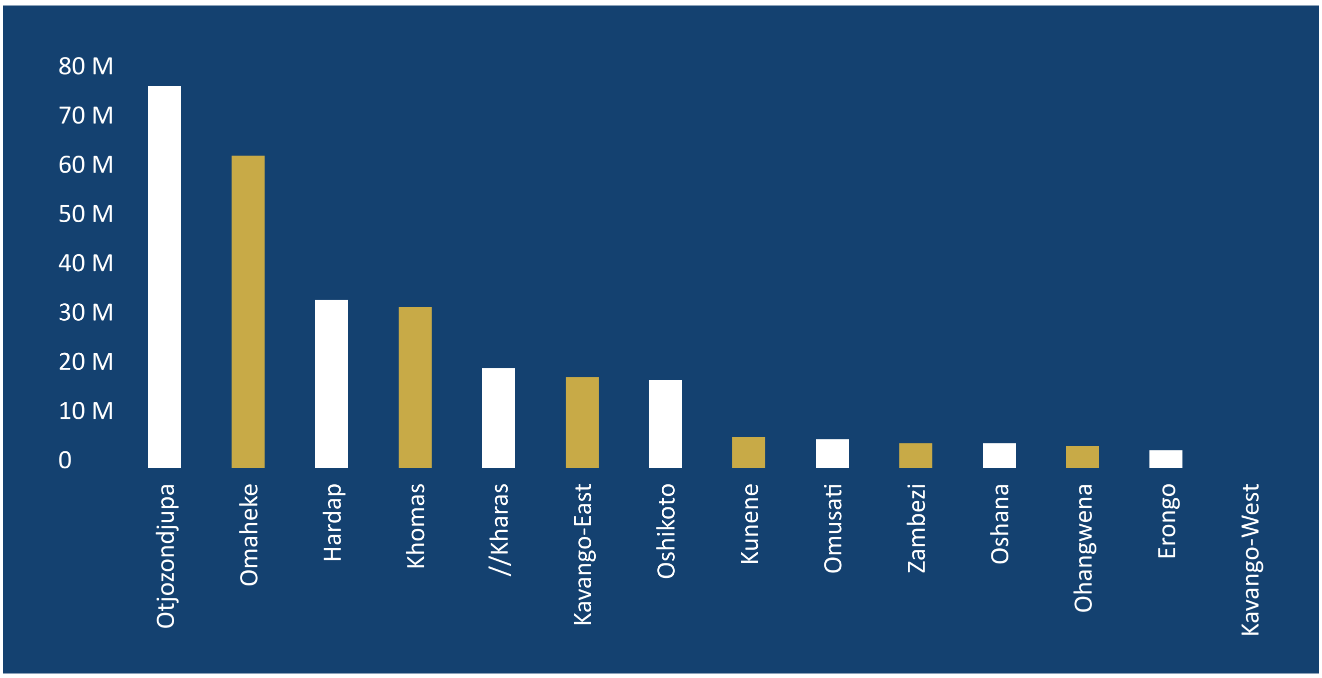
2.2 Loan Disbursement Highlights

2.2.1 Disbursement for Top 5 Products



- Livestock: N$107,611,900
- Farmland: N$98,179 438
- New Tractors & Agricultural Implements: N$10,018,239
- Affirmative Action - Full time: N$9,907,146
- Improvements - Water and Electricity Provision: N$7,789,058

2.2.2 Disbursement by Region



2.2.3 Disbursement by Gender

- Female 24%
- Male 41%
- Group/Companies 35%

2.2.4 Disbursement by Age

- 18 - 30 years: 5%
- 31 - 40 years: 15%
- 41 - 60 years: 38%
- 61 - 80 years: 7%
- Above 80 years: 0%
- Group/Companies: 35%

2.3 Developmental Impact Highlights

Agribank loans as percentage of agriculture debt:

46%

in FY 2023 vs 45% in FY 2022

Total number of clients who benefitted from total loans disbursed:

564

in FY 2023 vs 440 in FY 2022

Land size for loans disbursed for land purchase:

134,122 ha

in FY 2023 vs 57,965 ha in FY 2022

Total disbursement for youth and women:

N$30.6 million & N$55.4 million

in FY 2023 vs N$20.5 million & N$30.1 million in FY 2022, respectively

Total disbursement for ERFP Loan Scheme:

N$26.6 million

in FY 2023 vs N$12.6 million in FY 2022

Total disbursement for No Collateral Loan Scheme:

N$14.3 million

in FY 2023 vs N$10.1 million in FY 2022

Total disbursement for land purchase:

N$98.2 million

in FY 2023 vs N$55.1 million in FY 2022

Total disbursement for livestock:

N$76.8 million

in FY 2023 vs N$52.2 million in FY 2022

Total disbursement to crop sector (incl. irrigation):

N$5.1 million

in FY 2023 vs N$5.4 million in FY 2022

Number of clients under mentorship:

179

mentees in FY 2023 vs 88 mentees in FY 2022

Cattle offtake rate increased to

23%

in FY 2023 vs 19% in FY 2022

Cattle mortality rate dropped to

3%

in FY 2023 vs 4% in FY 2022

Training participant reach stood at

11,875

in FY 2023 vs 12,169 in FY 2022

Virtual reach increased by

101,811

in FY 2023 to 134,670 vs 32,859 in FY 2022


3.

Chairperson's Report

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3. Chairperson's Report

"On behalf of the Board, I would like to thank the Ministry of Finance and Public Enterprises and various stakeholders for their continuous support during these challenging times."

3.1 Introduction

On behalf of the Board of Directors, I am pleased to present the Annual Report of the Agricultural Bank of Namibia (Agribank) for the fiscal year ending on 31 March 2023.

The current Board assumed its duty in November 2022, effectively overseeing the remaining five-month period of the 2022/2023 financial year. The appointment of the new Board marked a significant leadership change, as it set the strategic direction of Agribank for the next three years and beyond. As the Chairperson, I am excited not only about the wealth of knowledge and collective insights that the new Board brings, but also the renewed energy to drive Agribank's strategic agenda and mandate.

During the first few months in office, the Board put considerable effort into understanding and evaluating the challenges and opportunities facing

Agribank. We relied on the work and contributions of our predecessors, Executive Management, and other industry sources to gain valuable insights into the key strategic issues. Based on these collective insights, we have established clear priorities and defined our strategic approach to guide our path forward.

While we will continue to build on the solid foundation established by the previous Board, we equally recognise the need to reposition the institution to become more responsive to the changing environment. The COVID-19 pandemic and its aftermath have left numerous scars on both Agribank and the national economy, providing useful lessons in the process. The issues of climate change, diversification of agriculture value chains, employment creation, poverty alleviation and land reform are just some of the national challenges requiring collaborative action. These issues are increasingly intertwined with the mandate of Agribank. As the leading development finance institution mandated to promote the development of agriculture in Namibia, we have a significant role to play.

3.2 Key Strategic Focus Areas

To ensure that we are operationally geared to effectively address the various challenges facing the organisation, we decided to become internally focused in the short term. The priority is to improve our service delivery and achieve operational excellence. We have commenced with the review of existing policies, streamlining key processes, and accelerating the deployment of key ICT solutions aimed at enhancing operational efficiencies and ensuring client service consistency. The initiatives already underway include a sales automation initiative, a proactive customer engagement approach, and the review of key governance processes related to sales and credit.

At the same time, to ensure that we remain relevant and future-fit as an institution, we have identified several focus areas and key strategic objectives. These are as follows:

i) **Sustainable Funding and Climate Finance:** Diversifying and embedding a sustainable funding model, which includes harnessing climate finance opportunities, will be instrumental in our journey towards financial sustainability and environmentally responsible funding practices.

ii) **Governance and Compliance:** We will continue to focus on making our corporate governance processes and risk management framework increasingly responsive. This includes developing the required capacity for an effective and independent internal audit function. We remain steadfast in our commitment to maintaining the highest standards of corporate governance to ensure transparency, accountability and ethical conduct at all levels of the organisation.

iii) **Product Innovation and Value Creation:** Cognisant of the evolving needs of the agriculture sector, we aim to deliver relevant and innovative products that create tangible value for our customers. This will be done through a continuous review of current products based on focused research and closer collaboration with key stakeholders to identify new opportunities.

iv) **Social Transformation and Sustainability Integration:** We plan to integrate Environmental, Social and Governance (ESG) considerations into our strategic plans, operational policies and reporting. Our focus on ESG will not only ensure responsible and ethical business practices, but also enable us to measure the targeted development impact of our activities across different communities.

v) **Human Capital Development:** The achievement of our goals and operational plans is dependent on a team with the requisite skill set and a strong performance culture. We are investing in staff development initiatives and aligning our performance incentive programmes to create a high performance culture.

3.3 Operating and Economic Environment

During the period under review, Agribank grappled with the effects of subdued local economic performance, and the continued adverse effects of climate change. Due to the ever-present threat of drought, farmers continue to find it difficult to plan adequately, which negatively impacts their farming activities. As at the end of the financial year, the prospect for a decent rainy season was still uncertain. Coupled with the interruptions in cattle exports to the South African market, this negatively impacted the price of weaners.

Considering these prevailing challenges, the Bank faced hurdles in upholding its targets of maintaining sustainable loan book funding, arrears reduction and product innovation, further exacerbated by having to navigate a high-interest rate environment, address bottlenecks in the agriculture value chain, and respond to the relentless pressures of dry climatic conditions.

These factors put pressure on the disposable income of farmers, which in turn necessitated further loans and impacted their ability to service existing debt obligations.

On the global front, economic growth is projected to decline to 3.0% in 2023 due to continued tight monetary policies, financial sector deterioration and geopolitical tensions. Similarly, within our domestic sphere, Namibia's economy is expected to face headwinds. In 2023, the country's economic growth is projected to slow further to 3.3%, compared to the 4.6% growth registered in 2022. Key factors that contribute to this slowdown are similar to global factors and include monetary policy tightening, persistent global tensions, high commodity prices and adverse local weather conditions. Our strategic approach is to proactively monitor the potential impacts and opportunities arising from these factors to enable us to adapt our strategies accordingly to ensure the resilience and sustainability of our institution.

3.4 Performance Against Our Strategy

Despite the various challenges, the fiscal year closed on a note of optimism for Agribank, based on several positive performance indicators. The institution achieved significant improvements in both sales performance and collection efforts, as leadership focused on steering the organisation through the treacherous waters of the economic landscape and the substantial challenges confronting the agriculture sector.

As we reflect on the progress made in accordance with our five-year strategy, we take pride in the strides we have made. Our focus on driving sales and loan collections has borne fruit, and we are committed to delivering sustainable solutions that extend benefits not only to the Bank, but also to our customers and the wider agriculture sector.

3.5 Acknowledgements

On behalf of the Board, I would like to thank our line Ministry, the Ministry of Finance and Public Enterprises, and various stakeholders for their continuous support during these challenging times, as well as for their partnership in the execution of the Agribank mandate.

I would also like to express my gratitude to the previous Board members for having diligently served the institution until the end of their term. Lastly, let me extend a word of thanks to the Chief Executive Officer and his Management team for their role in this journey. We remain resolute in our mission to fulfil our mandate and to steer the organisation through any future challenges that may lie ahead.

Josephat Mwatotele
Chairperson

"As we reflect on the progress made in accordance with our five-year strategy, we take pride in the strides we have made."

4.

Board of Directors

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4. Board of Directors

4.1 Board Tenure and Qualifications

Josephat Mwatotele
Chairperson

Term:
1 November 2022 – 31 October 2025

Qualifications:
- MA: International Relations & Strategic Studies, Lancaster University, UK
- BA: Economics, Dana College, USA
- Various professional certificates and short training courses, including Development Finance and Project Management, University of Stellenbosch Business School, SA

Peyavali Hangula
Deputy Chairperson

Term:
1 November 2022 – 31 October 2025 (second term)

Qualifications:
- Honour's Degree Accounting Science (CTA), UNISA, SA
- Bachelor's Degree Accounting, UNAM, NA
- Articles completed with Deloitte Namibia and thereafter seconded to work for Deloitte Atlanta, USA, for six months to gain international experience in auditing

Erna Motinga
Board Member

Term:
1 November 2022 – 31 October 2025

Qualifications:
- Bachelor of Economics, UNAM, NA
- MsC Financial Economics, University of London, UK
- MBA, University of Stellenbosch, SA
- Leadership Program for Women Supervisors and Regulators, Toronto Centre, Canada
- Executive and Management Coaching Programme, University of Cape Town (UCT), SA
- Coaching for Development (CFD), UCT, SA
- Leadership Development Programme, UCT, SA
- Senior Executive Programme for African Leaders, Harvard Business School, USA

Brian Katjaerua
Board Member

Term:
1 November 2022 – 31 October 2025

Qualifications:
- MBA, University of Stellenbosch Business School, SA
- LLM (Mercantile Law), University of Stellenbosch, SA
- LLM (International Economic/Trade Law), UNAM, NA
- LLB, UNAM, NA
- BJURIS, UNAM, NA

Alfred Sikopo
Board Member

Term:
23 June 2021 – 31 August 2024 (second term)

Qualifications:
- Master's Degree in Geo-Information Science and Earth Observation, International Institute for GEO-Information Science and Earth Observation, NL
- National Diploma in Agriculture, NUST, NA

Loide Dolly Nashandih
Board Member

Term:
1 November 2022 – 31 October 2025

Qualifications:
- Executive Master's Business Administration (EMBA), Management School of Maastricht, NL
- Bachelor's Degree in Public Administration (Industrial Psychology), UNAM, NAM
- Post Graduate Diploma in Strategic HR Management, University of Stellenbosch Business School, SA
- Executive Management Development Diploma (EDP), University of Stellenbosch Business School, SA
- Executive Human Resources Programme Diploma, University of Stellenbosch Business School, SA
- Project Management Diploma, University of Stellenbosch Business School, SA
- National Diploma in Personnel Management, Technikon of Namibia, NA

The Board is comprised of 50% women and 50% men, as reflected in Table 1.

Table 1: Board of Directors Gender Distribution

Non-Executive Director	Position	Gender
J. Mwatotele	Chairperson	
P. Hangula	Deputy Chairperson	
E. Motinga	Member	
B. Katjaerua	Member	
A. Sikopo	Member	
L.D. Nashandih	Member	

5.

Corporate Governance Statement

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5. Corporate Governance Statement

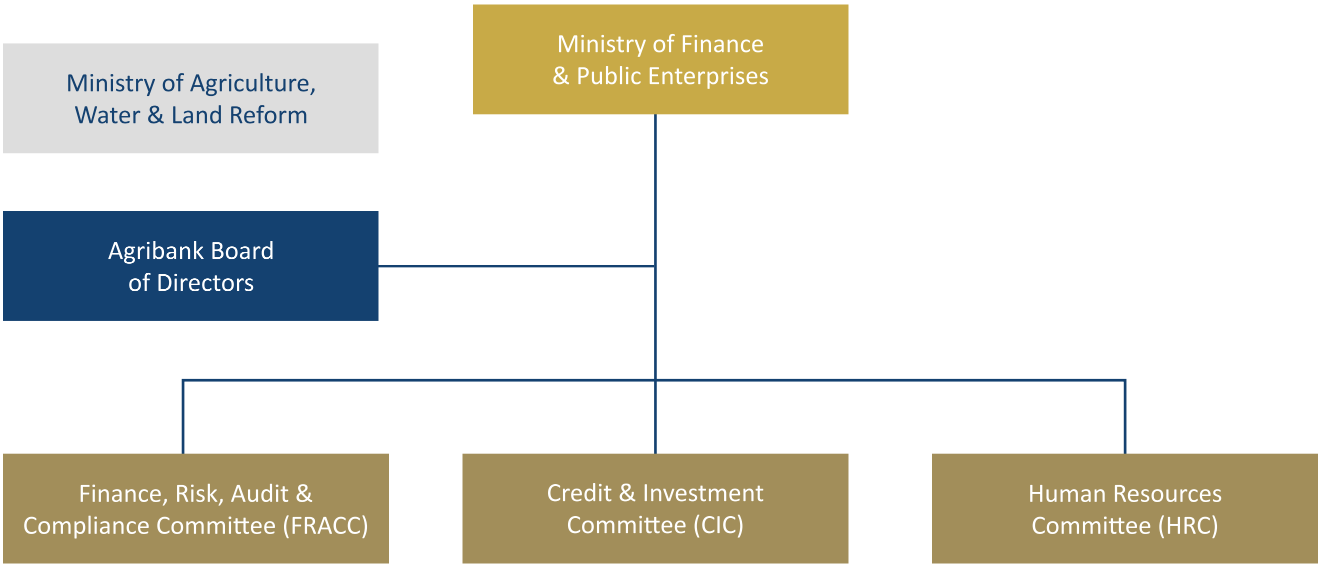
5.1 Governance Framework and Board Structure

The Board of Directors provides leadership and strategic guidance within a framework of prudent controls designed to assess and manage risk to ensure long-term financial sustainability and growth of the Bank. The Board bears ultimate responsibility for overseeing the Bank's performance and operations as well as ensuring adherence to high standards of ethical conduct. The Board meets on a quarterly basis for its committee and full Board sessions.

The Board consists of six non-executive directors who are appointed by the shareholder, the Government of the Republic of Namibia. The Board is responsible for providing strategic guidance to the Bank in line with the shareholder's mandate, and is accountable to the shareholder for the Bank's financial and operational performance.

Furthermore, the Board ensures that the Bank actively complies with applicable laws and regulations, as well as with its own policies and procedures. This is achieved through strict oversight by the three Board committees, which are assisted by the Company Secretary. The role, functions and powers of the Board are embodied in the Agribank Act, applicable laws, regulations, the Board Charter, corporate governance best practices as well as the Bank's policies.

Figure 1: Board Governance Structure



5.1.1 Internal Control Environment

To ensure robust risk management, compliance and best-practice internal controls, the Bank has set up the fully-fledged functions of Internal Audit, Risk Management and Compliance.

Oversight over operational and internal financial controls rests with the Board and has been delegated to the Finance, Risk, Audit and Compliance Committee (FRACC). The Bank's governance principles on ethical behaviour, legislative compliance and sound accounting practices provide the foundation for its internal control processes. Executive Management is responsible for implementing an effective system of controls. The work of Internal Audit, Risk Management and Compliance is reported on a quarterly basis to the FRACC and subsequently to the Board. Assurance on the internal control environment is provided during the year by the Internal Audit function and by the external auditors at financial year-end. For the reporting period, the Bank received an unqualified audit.

5.2 Board Committees

The Board of Directors establishes Board committees to assist with the execution of the Board's duties and responsibilities, with each committee comprising suitably skilled directors. Each committee has written Terms of Reference that are reviewed annually and mapped to applicable legislation, regulation and governance practices to ensure relevance and compliance.

In so doing, the Board recognises and accepts the principle that, while certain powers can be delegated to committees, ultimate accountability for delegated matters remains with the Board. Accordingly, authority delegated by the Board always entails a requirement of reporting to the full Board and the obligation of the Board to monitor and evaluate the performance of the committees.

Outlined hereunder are brief descriptions of the three committees, their oversight roles and respective members.

5.2.1 Finance, Risk, Audit and Compliance Committee (FRACC)

Members	Roles, responsibilities and functions
Peyavali Hangula (Chairperson) Brian Katjaerua Josephat Mwatotele Loide Dolly Nashandih	• Systems of internal control in the areas of finance and accounting • Auditing, accounting and financial reporting processes • Internal and external audit obligations • Bank-wide risk management, which includes consideration and investigation of strategic, financial and operational risks as identified by Management and internal and external auditors • Compliance to applicable laws, regulations and policies • Innovation management

5.2.2 Human Resources Committee (HRC)

Members	Roles, responsibilities and functions
Erna Motinga (Chairperson) Loide Dolly Nashandih Peyavali Hangula Alfred Sikopo	• Establishment and review of an appropriate remuneration framework for the Bank's employees in line with periodic market developments and the directives of the Ministry of Finance and Public Enterprises • Review of organisational and staff matters, as well as ensuring employee training, development and welfare • Ensuring a system of organisational succession planning • Review and approval of annual salary increases • Welfare programmes

5.2.3 Credit and Investment Committee (CIC)

Members	Roles, responsibilities and functions
Brian Katjaerua (Chairperson) Josephat Mwatotele Erna Motinga Alfred Sikopo	• Oversight over credit policy • Oversight over the Bank's development impact • Review and approval of loans ranging between N$2.5 million and N$15 million • Review and recommendation, to the Board for approval, of loans in excess of N$15 million • Oversight over investment decisions of the Bank

5.3 Board and Committee Attendance

The Board discharges its duties and responsibilities at meetings, with care being taken to prepare the Board calendar to enable attendance. If a director is unable to attend a meeting, an apology is recorded and, if possible, he/she makes written or oral contributions ahead of the meeting. The Credit and Investment Committee (CIC) is scheduled to meet at least once a month in order to expedite loan approval decisions.

Table 2: FY 2022/23 Board and Board Committee Attendance

Director	Position	Board Meeting	Board Committee Position	CIC	FRACC	HRC
				Meetings		
Previous Board						
Dagmar Honsbein	Deputy Chairperson	3/3	Member	-	-	2/2
Dr. Michael Humavindu	Member	2/3	CIC Chairperson	4/6	2/2	-
Peyavali Hangula	Member	3/3	Member	4/6	2/2	-
Phanuel Kaapama	Member	2/3	HRC Chairperson	5/6	-	1/2
Alfred Sikopo	Member	3/3	Member	2/2	2/2	2/2
Current Board						
Josephat Mwatotele	Chairperson	3/3	Member	1/2	2/2	-
Peyavali Hangula	Deputy Chairperson	3/3	FRACC Chairperson	-	2/2	1/1
Loide Dolly Nashandi	Member	2/3	Member	-	1/2	1/1
Erna Motinga	Member	3/3	HRC Chairperson	1/2	-	1/1
Brian Katjaerua	Member	3/3	CIC Chairperson	2/2	2/2	-
Alfred Sikopo	Member	2/3	Member	2/2	-	0/1

Notes:

- The previous Board served from 1 April 2022 to 31 October 2022.
- The current Board was appointed to serve from 1 November 2022 until 31 October 2025.
- The CIC meets monthly to expedite approval of loan applications; however, no additional remuneration is paid.
- One HRC meeting for the year was cancelled due to the transition of leadership at the Bank.
- The three special Board meetings were necessitated by the transition of leadership at the Bank.
- Special meetings are not remunerated; thus, the Bank remains compliant with PEGA directives on directors' remuneration.

5.4 Board Fees for 2022 and 2023

Table 3 highlights a slight increase in sitting fees from the FY 2021/22 to the FY 2022/23, mainly due to an increase in CIC meetings, which are now conducted on a monthly basis. Table 4 highlights sitting and retainer fees per Board member during the year under review.

Table 3: FY 2021/22 and FY 2022/23 Board Fees

Type of Fee	2022	2023
Retainer Fees	N$583,082	N$549,222
Sitting Fees	N$181,673	N$202,876
Total	**N$764,755**	**N$752,098**

Table 4: FY 2022/23 Board Fees per Director

Name	Sitting Fees	Retainer Fees
Previous Board		
Dagmar Honsbein	N$30,002.64	N$60,409.36
Michael Humavindu	N$21,722.09	N$76,738.81
Phanuel Kaapama	N$18,630.79	N$76,738.76
Current Board		
Josephat Mwatotele	N$27,626.62	N$55,331.60
Peyavali Hangula	N$51,064.28	N$128,125.98
Loide Dolly Nashandi	N$13,839.13	N$49,103.10
Brian Katjaerua	N$20,418.88	N$51,387.22
Erna Motinga	N$19,572.28	N$51,387.22
Total	**N$202,876.71**	**N$549,222.05**

Note: Alfred Sikopo is not paid director's or retainer fees since he is a civil servant.

5.5 Company Secretary

The role of the Company Secretary is to ensure that the Board remains cognisant of its duties. Towards this end, the Company Secretary keeps the Board abreast of relevant changes in legislation and governance best practices. The Company Secretary also oversees the induction of new directors, as and when these are appointed, and coordinates initiatives for the continuing professional development of directors.

To enable the Board to function effectively, all directors have full and timely access to information that may be relevant to the proper discharge of their duties, including corporate announcements, stakeholder communication and other developments that may affect the Bank and its operations. All directors have access to the services of the Company Secretary.

5.6 Communication with the Shareholder

The Bank ensures continuous and constructive communication with the shareholder through various fora, including the Bank's Annual Report, prepared and submitted in a timely manner to the shareholder in line with statutory reporting requirements.

In addition, the shareholder is informed about the strategy of the Bank, its performance, and any significant matters at the Annual General Meeting, and quarterly technical meetings are held with the Executive Director of the Ministry of Finance and Public Enterprises.

5.7 Compliance

5.7.1 Code of Ethics

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

5.7.2 Conflict of Interest

To guard against conflicts of interest, the Company Secretary maintains a register of directors' and executives' interests. In addition, the directors and Executive Management are required to declare conflicts of interest at all meetings they attend. These interests are recorded in writing, as required by legislation.

At no time during the reporting period were any contracts of significance relative to the Bank's business entered into by either a director of the Bank, or any member of the Executive Committee, or any entities in which any director or executive of the Bank has an interest. Thus, no conflicts of interest arose during the review period.

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Chief Executive Officer's Review

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6. Chief Executive Officer's Review

"The Bank persevered, remaining committed to its core mission."

6.1 Introduction

I am honoured to present a comprehensive overview of the Bank's performance for the financial year ended 31 March 2023, a period marked by a complex operating environment characterised by high interest rates, elevated food and energy commodity prices, and pockets of drought, among others. Despite contending with an adverse business environment and undergoing a leadership transition, the Bank persevered, demonstrating its adaptability during the period under review. The Bank's leadership underwent significant changes, with the departure of the Chief Executive Officer and four strategic executives, which had a substantial impact on the Bank's overall performance.

Despite these challenges, the Bank persevered, remaining committed to its core mission.

6.2 Performance Highlights

6.2.1 Financial Performance

In terms of financial metrics, Agribank delivered a resilient performance in a complex economic environment:

(i) Interest income experienced a marginal contraction of 0.42%, declining from N$245.1 million in 2022 to N$244.1 million in 2023. The decrease is primarily due to a change in accounting treatment pertaining to interest recognition.

(ii) Concurrently, interest expenses demonstrated a 5.7% increase, reaching N$45.4 million in 2023, up from N$43 million in 2022. The upturn was underpinned by the Bank's strategic capital-raising initiatives and the overall increase in funding costs during the review period.

(iii) The decline in credit impairment losses was noteworthy, shifting from a negative N$46.6 million in 2022 to a significantly improved position of N$2.8 million in 2023. This positive outcome was the result of meticulous credit loss provisioning and the successful recovery of net bad debts amounting to N$0.2 million.

(iv) Our commitment to prudent financial management and operational efficiency is reflected in the marginal expense reduction of -0.1% against year-on-year inflation growth of 6.7%, resulting in a -6.8% real expense reduction. Total expenses decreased from N$158.1 million in 2022 to N$157.9 million in 2023.

(v) Remarkably, the fiscal year concluded with a surplus of N$49.5 million, showcasing an extraordinary 6,613% increase from the net loss of N$0.8 million recorded in 2022. This turnaround can be attributed to prudent expense management, a considerable reduction in provisions, and net credit loss recoveries for the current year.

(vi) The Bank's total assets registered a modest growth of 0.3%, culminating in a total value of N$3.499 billion, up from N$3.489 billion in the previous financial year.

6.2.2 Customer Engagement

(i) Agribank's commitment to fostering financial inclusion is evidenced by a 1.1% growth in loans advanced to customers, which amounted to N$2.936 billion in 2023, compared to N$2.904 billion in 2022, due to innovative and inclusive loan products introduced to the market, such as the Women and Youth, and Biomass Financing Schemes.

(ii) Our customer-centric approach is further demonstrated by loan disbursements totalling N$285 million, benefitting a significantly higher number of customers compared to the N$194.4 million disbursed in 2022. The increased outreach benefitted 1,026 customers during the fiscal year.

(iii) The Bank's steadfast commitment to its clients is underscored by a robust client base of 6,153, a collective effort that has contributed to the creation and maintenance of 49,224 jobs.

6.2.3 Human Capital

(i) Upholding a high-performance culture remained a cornerstone of our human resources strategy, witnessed through the implementation of initiatives such as the Performance Management System and the implementation of an employee recognition scheme.

(ii) Our succession planning policy facilitated the strategic retention of valuable talent, demonstrated through the internal appointments to vacant executive positions. This approach ensures not only a seamless transition of leadership, but also underscores the Bank's commitment to cultivating its human capital.

6.2.4 Governance and Compliance

(i) The Bank's prudential standard rating stood at 82%, which is indicative of effective controls, operational efficiency, prudent financial management, and sound corporate governance. This commendable rating reaffirms our resilience and financial stability.

(ii) As part of our steadfast commitment to regulatory compliance, the Bank has maintained a rigorous focus on adhering to the Financial Intelligence Act (FIA), 2012 (No. 13 of 2012). All new applications are rigorously screened for FIA compliance, further enhancing our risk mitigation framework.

6.3 Strategic Imperatives

Looking ahead, Agribank is poised to further amplify its strategic priorities for the fiscal year 2023/24:

- » Pursue operational excellence through enhanced efficiencies
- » Elevate customer service delivery by meeting and exceeding customer expectations
- » Diversify the loan product portfolio to mitigate climate-related variations and capitalise on emerging market trends
- » Implement targeted measures to reduce arrears and bolster financial sustainability
- » Strategically obtain affordable funding to support growth initiatives and income generation
- » Actively contribute to the broader socio-economic transformation agenda of the nation
- » Streamline and accelerate loan processing times for enhanced customer convenience

6.4 Conclusion

In conclusion, Agribank's unwavering commitment to strategic resilience has been exemplified throughout the intricate economic landscape characterised by high interest rates, volatile commodity prices, and localised climatic challenges. The Bank's exceptional financial performance, particularly the surplus of N$49.5 million, underscores our ability to navigate complexities and capitalise on opportunities.

As the Bank embarks on a new fiscal year, it remains dedicated to fostering progress, enhancing its value proposition, and making tangible contributions to the national economy. We extend our gratitude to the outgoing and incoming Boards for their visionary leadership, our esteemed Management team for their dedication, and our employees for their exceptional commitment to our shared objectives.

With a clear strategic roadmap in place, Agribank is poised to continue delivering value, demonstrating resilience, and contributing significantly to the economic development of our nation.

Raphael Karuaihe
Chief Executive Officer

7.

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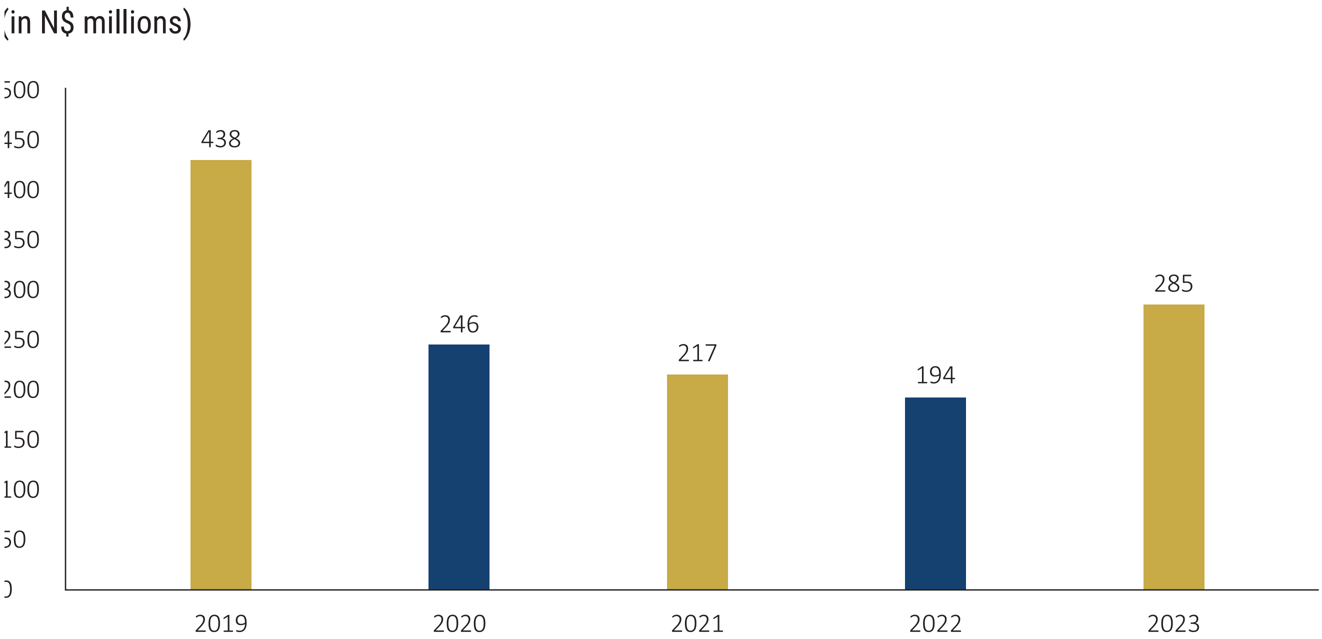
7. Review of Operations

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

7.1 Product and Service Offerings

The financial services sector rebounded to post a growth of 1.7% in 2022, compared to a contraction of 5.1% in 2021, stemming from increased interest rates and improved domestic economic activities. Similarly, Agribank recorded a notable growth in the total loans disbursed, from N$194 million in the previous financial year to N$285 million in the FY 2022/23, as indicated in Figure 2. The notable growth in disbursements can be ascribed to favourable weather conditions, recovery in economic growth and increased product awareness through various platforms, such as stakeholder engagements, advisory training services, increased virtual presence and the introduction of diversified product offerings.

Figure 2: Loan Disbursement Trends



During the review period, a significant portion of the loans granted was directed towards two main categories, namely land purchase and livestock. This trend can be attributed to several factors, primarily the considerable value linked to acquiring farmland and the need for restocking livestock following climatic conditions favourable to agricultural activities.

Furthermore, loans related to farm infrastructure and loans for tractors/implements each constituted 8% of the total loans disbursed. Farm infrastructure loans support investments in facilities, equipment storage, and other essential structures that enhance overall farm efficiency. Tractor and implements loans support mechanisation, which is crucial for improving agricultural productivity and reducing labour-intensive processes.

Diversifying the loan portfolio is crucial to spread risk across various farming enterprises and ensure that the Bank remains resilient in the face of market fluctuations, climatic uncertainties, and other unforeseen events. Figure 3 depicts the various purposes for which loans were advanced during the review period.

Figure 3: Loan Purposes

The gender-based analysis of loan disbursements provides valuable insights into the inclusivity and diversity of the loan uptake within the agricultural sector. From the data, it is evident that efforts to improve gender inclusivity in loan distribution have yielded positive results, as illustrated in Figure 4.

Specifically, N$71 million, or 25% of the total loan amount disbursed, benefitted women. This indicates a deliberate focus on supporting female farmers and entrepreneurs, which is a commendable step towards promoting gender equity within the agricultural financing landscape.

Additionally, N$51 million, or 18% of loans, were granted to couples. This suggests a recognition of the collaborative nature of agricultural activities carried out by couples. Supporting couples in their farming endeavours can contribute to more sustainable and successful agricultural practices.

Finally, N$11 million, or 7% of loans, were allocated to legal entities, which potentially include female representatives. This reflects a commitment to supporting business structures that involve women as key decision-makers and contributors, encouraging their active participation in the agricultural sector.

Figure 4: Loan Disbursement by Gender

Asset-backed loans constituted the majority of the loan portfolio at 74%, as indicated in Table 5. This underscores the Bank's understanding of the capital-intensive nature of the agriculture sector, where significant investment in assets such as land, machinery and livestock are common. This allocation aligns well with the sector's demands and provides borrowers with flexible repayment options, recognising the cyclical nature of agricultural income.

The allocation of 10% of the loans towards the Women and Youth Loan Scheme signifies deliberate efforts to address historical disparities and promote equal participation of these demographic groups in the agriculture sector. This is a positive step towards achieving gender equity and empowering the next generation of agricultural leaders. Moreover, there was a notable increase in the Emerging Retail Financing Product (ERFP) and No Collateral Loan Schemes, signifying efforts to promote inclusivity in the communal segment.

Deliberate efforts to engage stakeholders, introduce inclusive loan products, and cater to various borrower segments demonstrate a commitment to aligning financial services with the evolving needs of the agricultural community.

Table 5: Loan Disbursement by Product

Scheme	Value	Number of Loans	Percentage of Total Value
Asset-backed	N$211,145,189.19	382	74%
No collateral	N$14,259,600.7	97	5%
Women and youth	N$27,687,929.17	68	10%
ERFP	N$26,581,187.70	216	9%
Post settlement	N$5,220,681.21	40	2%
Total	**N$284,894,588.00**	**803**	**100%**

7.2 Credit

7.2.1 Collections

The Bank managed to collect a total amount of N$454.7 million during the period under review, which is a 28% increase compared to the N$354 million recorded in the previous financial year. The increase can be attributed to a continued and sustained improvement in collection efforts, coupled with the recovery of N$73 million from a legacy debt write-off. This indicates a sign of sustained improved collection efforts despite a challenging environment. The Bank plans on capitalising on the existing momentum of both proactive and active collection approaches, through several modalities:

» Closer client relationship and accounts monitoring
» Convenient repayment modalities, such as direct debit orders
» New debt management system
» Flexible repayment frequencies, i.e., monthly, quarterly or annually as per cash flow cycle
» Renegotiation of repayment terms

7.2.2 Loan Book Quality

Amidst the challenging operating environment for farmers, the Bank registered an arrears ratio of around 31% over the reporting period. The Bank continues to demonstrate prudency and compliance with portfolio management standards, as evidenced by an arrears ratio of around 11% on its normal book, which is net of legacy and estate accounts (resulting from COVID-19).

New strategies and initiatives have been articulated in the new business plan to address the legacy book, which has a significant bearing on the non-performing book of the Bank, to bring the arrears ratio to 24% by the end of the 2023/24 financial year. The key initiatives include a two-pronged approach of (i) addressing the legacy book, and (ii) maintaining adherence to enhanced screening and monitoring of the new book.

These approaches will be pursued and achieved through the following initiatives:
» Enhanced loan applications due diligence, evaluation and monitoring
» Offering new workouts and refinancing options to clients
» Introducing flexibility in internal policies and procedures to be responsive to client realities and accommodative to business needs
» Adoption of technology and digitally-enabled internal processes to enhance client service and loan book performance
» Introduction of credit life cover to mitigate losses resulting from deaths

7.2.3 Legal Services

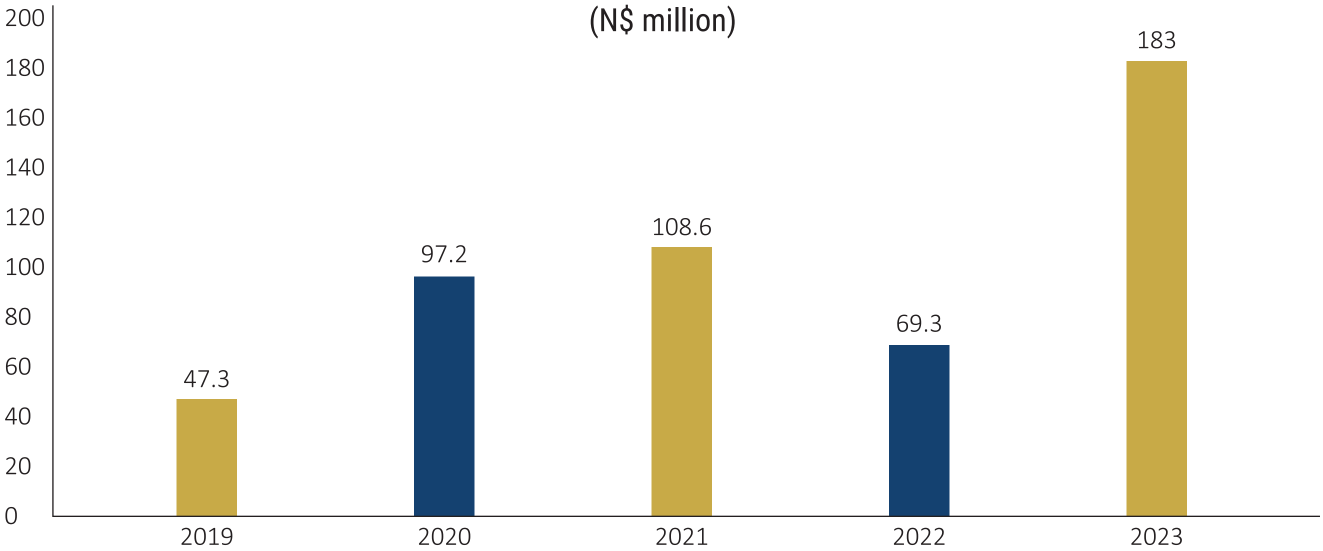
The Bank's Legal Division is well equipped to provide extensive legal services and support across the Bank. It primarily handles litigation oversight, contract management, daily legal advice and collections. During the FY 2022/23, the Bank continued to experience the repercussions of the COVID-19 pandemic in terms of collections. However, there was a decrease in the reporting and registration of estate cases.

The Legal Division is actively implementing strategies to decrease arrears throughout the Bank. Streamlining estate matters is a current challenge due to their complex nature. Notwithstanding these obstacles, the Division achieved substantial progress, collecting over N$183 million in the FY 2022/23. Moreover, the Division continued to enhance collection methods, while maintaining a balanced and client-friendly legal collections process.

The Legal Division managed third-party litigations and to date, two employee relations matters are pending finalisation in the High Court of Namibia. The SME Bank liquidation matter is yet to be finalised. The first liquidation and distribution account has been verified by the Master of the High Court; however, the second liquidation and distribution account is yet to be lodged and confirmed. As the preferred bondholder, Agribank recouped the secured amount of N$73.7 million from the liquidation of Komsberg (Pty) Ltd and the remainder of the debt awaits the completion of the liquidation process.

The application lodged by the Previously Disadvantaged Namibians Commercial Farmers Union to stay orders for warrants of execution against farms obtained through the Affirmative Action Loan Scheme, has been withdrawn by the applicants.

Figure 5: Legal Collections Trends



7.3 Human Resources

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

As at 31 March 2023, the Bank had 146 fulltime employees, compared to 150 on 31 March 2022. The age of the Bank's workforce ranges from 28 to 59 years, with an average age of 42 years. Just over half of all employees, namely 53%, are younger than 42 years old, while 47% are 43 years and older. The staff turnover ratio for the period was 5%, which is below the market aggregate rate of 10%. Key human resources metrics are reflected in Table 6.

Table 6: FY 2022/23 Human Resources Data

Description	March 2022	March 2023
Staff complement	150 employees	146 employees
Workforce gender distribution	47% men - 53% women	45% men - 55% women
Average age	42 years	42 years
Staff turnover rate	8%	5%
Average tenure	8.5 years	9.2 years
Terminations	12 employees	7 employees
Absenteeism rate	2.29%	2.21%
Staff cost/total cost ratio	64%	66%

The Bank is an equal opportunity employer and remains committed to employment equity. As such, the Bank continues to comply with Namibia's Affirmative Action (Employment) Act, 1998 (No. 29 of 1998), with its total workforce recording a 45% male to 55% female ratio across all job levels during the reporting period. The employment breakdown is shown in Table 7.

Table 7: Employment Breakdown

Category	Male	Female	Disabilities	Total
Senior Management	3	0	0	3
Management	18	14	0	32
Non-management	44	66	1	111
Total	**65**	**80**	**1**	**146**

7.3.1 Organisational Development

Employees are required to complete a personal development plan with their line managers to outline learning initiatives that will enhance skills and knowledge relevant to the employee's position and future growth. The Bank invested over N$748,527 in staff development interventions, which benefitted 74 employees, or 51% of the workforce. The training interventions are reflected in Figure 6.

Figure 6: Staff Training Interventions

- Chairing & Initiating Disciplinary Hearings: 49%
- Women in Leadership: 8%
- Advanced Excel: 7%
- Management Development Programme: 5%
- Public Speaking: 5%
- Emotional Intelligence: 4%
- Others: 22%

The Bank provides study loans to employees who wish to further their studies towards a qualification at undergraduate, honours, masters or doctoral level. During the financial year, the Bank approved five staff study loans to the value of N$449,692 in the fields of development finance, law, business administration and human resources to support the learning journey and development of staff.

7.3.2 Employee Relations and Wellness

Employee wellness is high on the Bank's agenda to support better health at work and improve health outcomes. Several wellness activities were carried out during the reporting period, such as a blood donation drive, biokinetics, cancer screening, mental health engagements, financial literacy, flu vaccinations, blood pressure testing and biometric screening. In addition, several health awareness days were commemorated, including World Asthma Day, World Mental Health Day, World Malaria Day, World Cancer Day, and World Aids Day.

7.4 Marketing and Customer Strategy

The Marketing and Customer Strategy Department continued to implement the Bank's plans in respect of stakeholder engagement, brand awareness, Corporate Social Responsibility, research, product development and advisory services to farmers.

7.4.1 Marketing and Communication

The Marketing and Communication Division drives the Bank's marketing and corporate promotion of products and services through media and social media platforms to connect with the target audience. Through such efforts, the Bank was able to build better brand engagement across all platforms, including social media, its intranet, its website, email and SMS communications, online public relations and advertising.

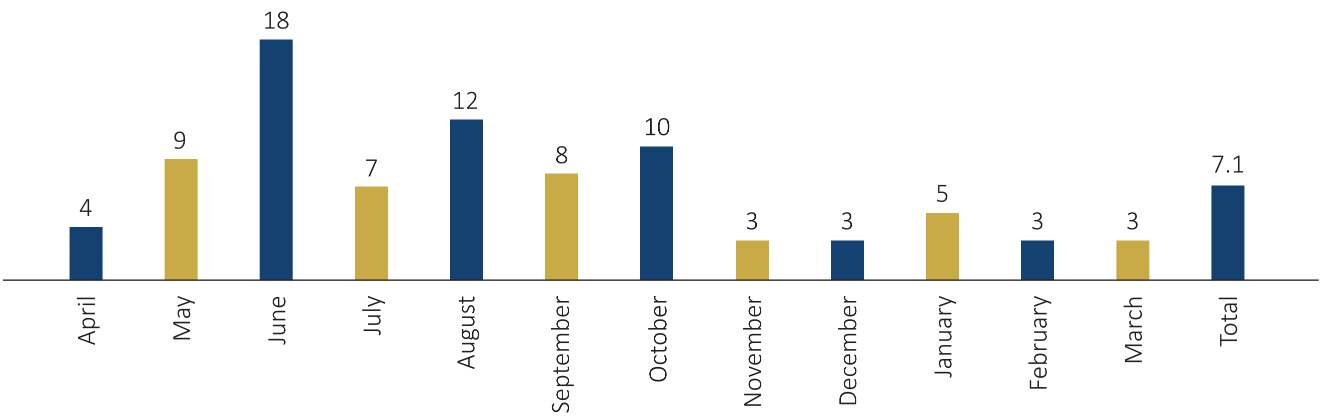
7.4.1.1 Stakeholder Relationships

The Bank places a high premium on stakeholder engagement to foster mutual understanding of its operations and activities. Each year the Stakeholder Engagement Plan (SEP) is reviewed and approved for implementation. The SEP provides a framework for engaging diverse stakeholder groups. The value created through sustained and regular stakeholder engagement is a positive perception of the Bank's strategy and awareness of its financial position. Through stakeholder engagement, the Bank was able to improve relations with farmers' unions and clients. Therefore, stakeholder engagement is an important vehicle for building public trust and confidence in the Bank's ability to carry out its mandate.

7.4.1.2 Brand Visibility

To strengthen its brand visibility, the Bank continued to implement a robust and dynamic media plan. The Bank subscribes to an independent agency which collects and analyses the perceptions and sentiments of stakeholders at more than 500 companies in Namibia. On average, Agribank ranked among the top 7 brands in Namibia during the reporting period, as depicted in Figure 7.

Figure 7: Brand Visibility Ranking



With improved customer relations management, the Bank now tracks various metrics to enhance service delivery to customers. The marketing metrics are depicted in Table 8.

Table 8: Marketing Metrics

Category	Indicator	2022	2023	RAG
Customer	Brand ranking	9.1	7.1	
	Social media reach	623,306	352,042	
	Social media followers	156,240	198,953	
	Website visitors	68,529	70,524	
Society	Sponsorship value	N$333,162	N$621,000	
	Stakeholder engagements	3,662	1,092	
	Financial Literacy Initiative	N$200,000	N$200,000	
Shareholder	Annual General Meeting	1	1	

7.4.1.3 Corporate Social Responsibility

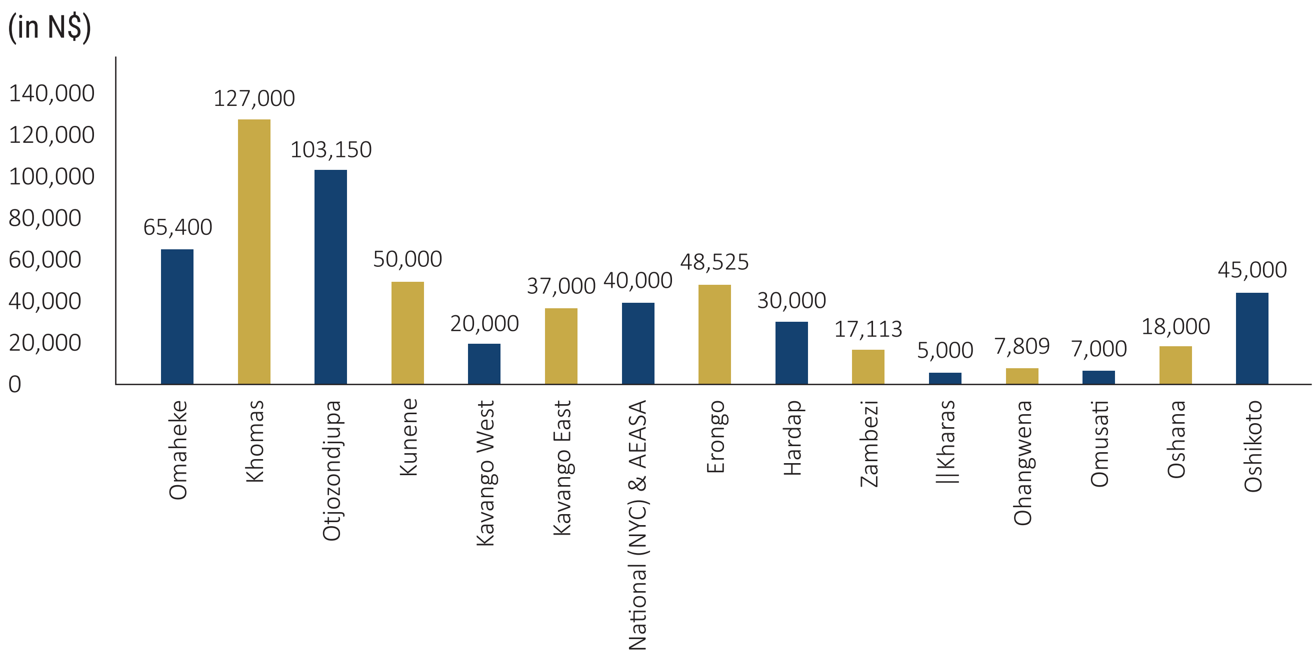
The Bank funds Corporate Social Responsibility (CSR) initiatives to support worthy causes within its business environment, with a primary focus on the following:

- Farmers' unions and associations
- Agricultural co-operatives
- Agricultural shows and farmers' days
- Agriculture-related educational institutions
- Agri-tourism and community-based tourism
- Activities to uplift socially disadvantaged groups and/or communities

The Bank also supports the development of credible national socio-economic projects and other worthy causes, including technical education in the field of agriculture, bursaries to study agriculture or related fields, and agricultural development programmes instituted by Government or credible NGOs.

During the year under review, the Bank provided funding worth N$620,997 to 71 projects, including various agricultural trade fairs and shows, the Agra Weaner Championships, National Youth Week, and the innovative Green Hands Horticulture Project. The regional spread of these projects is depicted in Figure 8.

Figure 8: Regional Spread of CSR



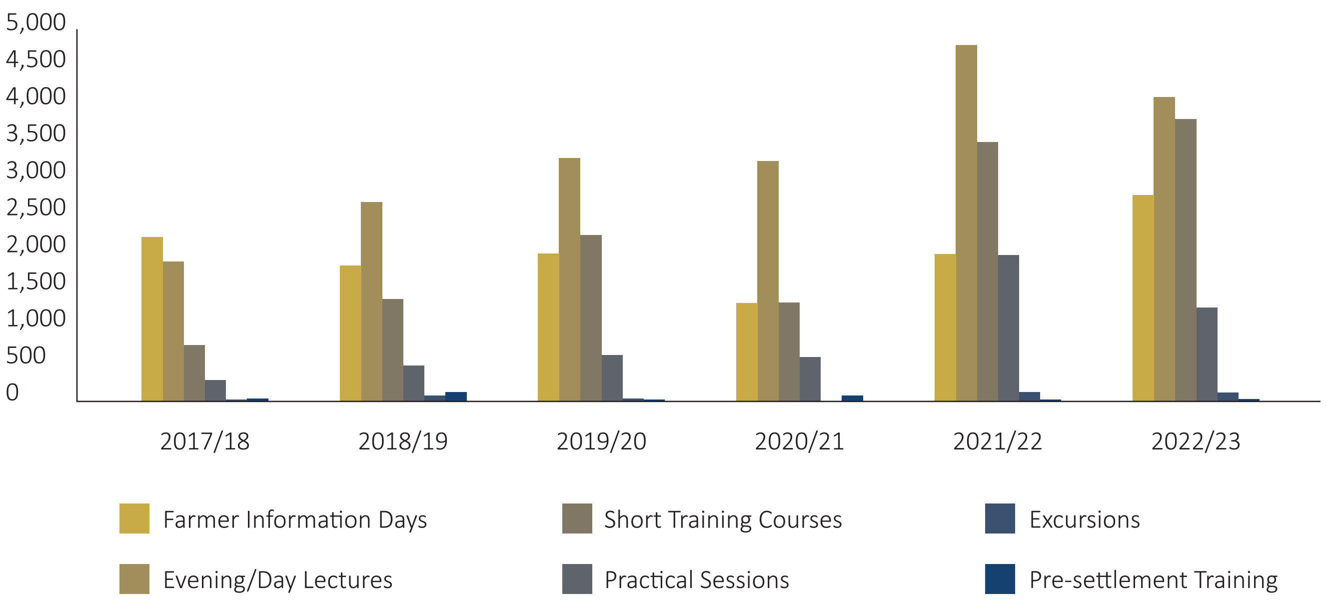
7.4.2 Agri Advisory Services

The mandate of the Agri Advisory Services Division (AASD) is to develop the agricultural knowledge and skills of Agribank's clients as well as farmers across the country with the aim of promoting sustainable and profitable agri-enterprises. AASD capacity development initiatives include various interventions, such as face-to-face short training courses, lectures, practical sessions, excursions, farmers' information days, published articles, radio broadcasts, and virtual training through mobile phone and social media learning.

7.4.2.1 Training Events

A total of 50,080 participants, of which 46% are women, benefitted from AASD training interventions from 1 April 2017 to 31 March 2023. In the 2022/23 financial year, 11,875 participants were reached, compared to a total reach of 12,169 farmers in the previous year, representing a 2% decrease due to fiscal restrictions. Furthermore, 34% of the short training courses conducted targeted women and youth with an emphasis on diversified farming enterprises, such as poultry, piggery, crop, hydroponic and fodder production, and rangeland management to build farmers' resilience to erratic climate conditions. Figure 9 reflects training events held for farmers since the inception of the AASD.

Figure 9: Farmers' Training Events FY 2017/18 to FY 2022/23



7.4.2.2 Virtual Training on Social Media

Online interventions constitute a vital component of AASD interventions such as the Agri-Learn Podcast, agricultural video training clips, and Tips of the Week that can be found on Agribank's social media platforms such as YouTube, Facebook, Instagram, and Apple podcast. These interventions have cumulatively attracted a total of 156,249 viewers and listeners since commencement in 2020.

7.4.2.3 Print Media and Broadcasts

During the review period, the AASD published a total of 29 articles in an effort to share agricultural knowledge through local print media. Moreover, 31 radio interviews were broadcast on various radio channels and 5 television appearances where aired.

7.4.2.4 Mentorship

From 2017 to 31 March 2023, a total of 241 Agribank clients benefitted from the mentorship programme. The results of mentorship show positive effects, with significant outcomes recorded in livestock offtake and mortality rates.

Cattle and goat offtake rates improved in the FY 2022/23 compared to the previous year, and overall improvements have been noted compared to the first year of mentorship in the FY 2018/19. Moreover, a notable reduction in cattle and sheep mortality rates was recorded in the FY 2022/23 compared to the FY 2021/22 due to improved rainfall and rangeland conditions. Reproduction rates have also shown improvement over the years, with notable improvements from the FY 2021/22 to the FY 2022/23 due to improvements in livestock condition and mentee restocking initiatives to expand productive herds. Furthermore, the mentee satisfaction rating reached 92%, as per the survey conducted in 2022, the highest since the mentorship programme's inception. Mentorship productivity indicators are reflected in Table 9.

Table 9: Mentorship Productivity Indicators

Indicators	Targets	2018/19	2019/20	2020/21	2021/22	2022/23
Offtake rate: Cattle	12%	14%	32%	34%	19%	23%
Offtake rate: Goats	20%	14%	29%	25%	21%	24%
Offtake rate: Sheep	20%	16%	26%	28%	19%	16%
Calving rate	80%	43%	45%	57%	49%	51%
Kidding rate	125%	89%	60%	74%	62%	70%
Lambing rate	80%	79%	47%	82%	51%	67%
Mortality rate: Cattle	<10%	4%	23%	6%	4%	3%
Mortality rate: Goats	<25%	19%	18%	14%	8%	12%
Mortality rate: Sheep	<20%	18%	19%	16%	11%	9%
Client Satisfaction Rating of Mentorship Services	85%	86%	85%	91%	89%	92%

7.4.2.5 Pre and Post Settlement Training of Resettlement Beneficiaries

The AASD continued carrying out its mandate of building the capacity of newly resettled farmers under the resettlement scheme of the Government, based on a request from the Ministry of Agriculture, Water and Land Reform (MAWLR). Such training is funded under the auspices of the Land Acquisition and Development Fund (LADF), and since 2017, a total of 12 pre-settlement training sessions, reaching 303 participants, has been conducted.

7.4.3 Research and Product Development

The Research and Product Development Division has been at the forefront of developing specialised financial products and services tailored to meet the specific needs of farmers and agribusinesses. These initiatives are not only directed towards supporting the growth of the agricultural sector, but also towards strengthening our position in the market.

Initiatives undertaken during the reporting period are outlined hereunder:

i) Coordination of Green Climate Fund (GCF) Accreditation Process: The Division led efforts to coordinate the accreditation process with the Green Climate Fund (GCF), resulting in successfully securing readiness support funding from the GCF. This achievement underscores our commitment to sustainability and responsible financial practices.

ii) Mariculture Industry Analysis: A comprehensive feasibility study was conducted by the Division to analyse the mariculture industry. This study not only identified viable projects, but also delineated a funding pipeline. The focus on diversifying into mariculture aligns with our strategy of sustainable growth and exploring new avenues within the agricultural domain.

iii) Market Intelligence Analysis: The Division generated valuable market intelligence reports offering in-depth analysis of market trends, demand and supply dynamics, price fluctuations, and emerging opportunities within the agricultural sector. These reports serve as critical tools for making informed decisions and crafting strategies to navigate the dynamic market landscape.

iv) Development Impact Dashboard: A development impact dashboard was developed, focusing on evaluating the socio-economic impact of Agribank financing. This evaluation encompasses crucial aspects such as gender impact, regional loan distribution, land distribution, and the extent of support provided to youth. The dashboard acts as a performance evaluation tool, guiding our efforts to positively impact society through our financial interventions.

Looking ahead to the fiscal year 2023/24, the Division seeks to leverage on in-depth research and implementing strategic initiatives to elevate our operational efficiency, augment customer satisfaction, and fortify our market position through the following initiatives:

i) Financial Innovation and Inclusion: In our pursuit of financial excellence, we are committed to assessing the potential inclusion of smaller holders within our financial services. This initiative aims to broaden financial inclusion efforts, ensuring that a wider spectrum of stakeholders can benefit from our financial products and services.

ii) Coordination of the Bank's GCF Application: We will continue to actively coordinate the Bank's application for accreditation to the Green Climate Fund (GCF). This strategic move aligns with our dedication to sustainable practices and environmental responsibility, showcasing our commitment to supporting environmentally friendly initiatives.

iii) Know Your Product Campaign (KYP): A central focus of the upcoming year will be the execution of the Know Your Product Campaign (KYP). This campaign is designed to enhance understanding and awareness of our product offerings among staff and customers. By fostering knowledge and comprehension, we aim to ensure that our stakeholders make informed decisions about our products and services.

iv) Improvement of Product Portfolio: Enhancing our product portfolio is pivotal to meeting the evolving needs of our valued customers. We are dedicated to improving the range and quality of our offerings, tailoring them to address specific requirements and preferences. This strategic enhancement will significantly contribute to overall customer satisfaction and drive business growth.

7.5 ICT and Business Innovation

During the period under review, the ICT & BI Department's technology operating environment was strengthened by the initiation of various strategic and operational projects to ensure seamless innovation. Projects included the following:

- Training in various Microsoft cloud tools, such as Power BI, Power Automate, and Microsoft Forms to assist business with automation initiatives
- Migration of the Bank's file storage to the cloud (Microsoft SharePoint/OneDrive) to ensure a robust business continuity strategy
- Upgrade of ICT networks at remote Agribank branches with state-of-the-art network cabinets and rewiring
- Entrenchment and embedding of the Sales Automation Initiative (SAI) system in the environment to enable online agri loan applications
- Continuous upgrades of the SAP ERP system to ensure smooth migration to SAP Hana by 2025
- Strengthening of the systems/network administration function through intelligent utilisation of external service providers to streamline the Bank's journey to the cloud and digital transformation
- Commencement of the process of reviewing and consolidating the Bank's ICT policies
- Configuration of the Cascade strategic plan execution tool based on the latest business plan to support a more efficient and effective execution of the strategy

The Executive: Information and Communication Technology and Business Intelligence left the employ of the Bank during the reporting period.

7.6 Risk Management

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

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

The Bank undertook a robust business planning process. The outcome of the process was a practical business plan for the subsequent financial year. The business has identified key risks to the plan and is monitoring these on an ongoing basis. The risks to the business plan and measures for mitigating them in the next financial year are highlighted in Table 10.

Table 10: Enterprise Risk Register

#	Description	Risk Category	Risk Rating	Mitigation Measures
1	Failure to grow the loan book and interest income	Operational risk	Critical	• Robust sales pipeline execution • Implementation of pre-approval offering • Strengthening of sales capacity at understaffed branches • Improvement of customer service delivery • Clear performance deliverables and contracting
2	Failure to manage arrears and provisions	Credit risk	Critical	• Effective arrears management system and arrears plan implementation to collect outstanding debt • Effective due diligence in the loan process and post disbursement monitoring • Proactive and consistent additional collateral registration, capturing and monitoring of high-risk accounts to ensure effective classification of expected credit losses
3	Mismatched repayment period of borrowed funds	Liquidity risk	Major	• Obtaining funding that is closely aligned to the Bank's loan terms for clients • Replacement of short-term loans with long-term loans (conclude KfW funding) and renegotiation of short-term funding • Engagement with the shareholder for support
4	Failure to manage digital transformation	Technology risk	Major	• Development and implementation of a clear digital transformation roadmap • Partnerships with vendors that have experience in delivering digital transformation • Continuous engagement with end users of various digital platforms
5	Bank not achieving its development mandate	Strategic risk	Major	• Stakeholder collaboration and shareholder engagements • Financial innovations for smallholder farmers • Exploration of access to climate finance
6	Non-compliance with legislation, policies, prescribed practices and ethical standards	Compliance risk	Major	• Training and awareness • Risk-based audit plan and audit technology and timely closure of audit findings • Streamlining of processes, procedures and policies • Compliance testing to ensure adherence to key legislation or applicable provisions
7	Climate change	Climate risk	High	• Drought relief measures • Training of farmers • Tailormade products to support climate resilience

7.7 Internal Audit

The role of the Internal Audit function at Agribank is to provide independent and objective assurance that the Bank's risk management, governance and internal control processes operate effectively.

7.7.1 Internal Audit Plan Completion and Coverage

The Internal Audit function follows a risk-based approach to internal auditing. For Internal Audit to contribute to the attainment of the Bank's strategic goals, the function considered the Bank's strategic direction and goals and developed a risk-based audit plan to test the effectiveness of internal controls, risk management and the governance process.

The audit plan for the FY 2022/23 was approved by the Board of Directors and reviewed quarterly to consider emerging risks to ensure the plan remained relevant. The Division achieved a 58% audit plan completion rate for the FY 2022/23, compared to a target of 69% as at 28 November 2022, when the audit plan was put on hold by the Board of Directors, to prioritise the investigation engagements.

In addition to the approved risk-based audits, the Division conducted two ad-hoc engagements requested by Management, and three investigations reported through the whistleblowing reporting medium. The Division issued "a limited level of assurance" to the Bank's control environment, risk management and governance processes for the 2022/23 reporting period. Limited assurance means there are several weaknesses in the system of control and/or the absence of one or more key controls, which places Agribank at risk in several areas.

7.7.2 Audit Issue Assurance

In terms of audit issue assurance, Management implemented 78% of the proposed recommendations and/or management actions.

7.7.3 Fraud Prevention and Management

The Board of Directors is committed to the highest standards of ethical, moral and legal business conduct. As a result, the whistleblowing and fraud prevention and management policies were reviewed and approved during the FY 2022/23, and thereafter extensive policy awareness sessions were conducted for all employees.

In addition, the fully-functional whistleblowing reporting platform gained credibility, with three cases reported during the FY 2022/23, compared to the previous financial years when no incidents were reported.

8.

Executive Management

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8. Executive Management

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

8.1 Procurement Committee

The Chief Financial Officer chairs the Procurement Committee. The Executive: Credit, the Manager: Financial Accounting, the Manager: Management Accounting, and the Manager: Legal Services are also members of the Committee, as is the Departmental Secretary of Finance to provide secretarial support. The Committee's primary purpose is to ensure that the Bank's procurement process is conducted as per the Public Procurement Act, 2015 (No. 15 of 2015), to maintain full compliance.

8.2 Corporate Social Responsibility and Investment Committee

The Manager: Legal Services chairs the CSR and Investment Committee, with additional members being the Manager: Marketing and Communication and representatives from the Finance, Sales and Human Resources Departments. The CSR Committee approves and/or recommends all CSR activities to the CEO for approval. Its operations are enshrined in the Bank's institutional policies by way of a CSR policy.

8.3 Ad-hoc Committees

A variety of other committees are constituted by the CEO to work on pertinent issues from time to time.

Raphael Karuaihe
Chief Executive Officer

Louis du Toit
Chief Financial Officer

Alisa Jakob
Executive: Marketing & Customer Strategy

Hildegardt Martin
Executive: Sales

Vivian Kaposambo
Executive: Human Resources

Josua Jonas
Executive: ICT & Business Innovation

Emmanuel Masule
Executive: Credit

Evast Kalumbu
Governance Officer

Kenneth Kasata
Risk Officer

Kuukuluntu Angula
Manager: Legal Services

Augusta Mbai
Manager: Internal Audit

9.

Annual Financial Statements

for the year ended 31 March 2023

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Agricultural Bank of Namibia
Annual Financial Statements for the year ended 31 March 2023

General Information

Country of incorporation and domicile	Namibia
Directors	J Mwatotele (Chairperson) P Hangula A Sikopo E Motinga B Katjaerua D Nashandih
Registered office	10 Post Street Mall Windhoek Namibia
Business address	10 Post Street Mall Windhoek Namibia
Postal address	Private Bag 13208 Windhoek Namibia
Establishment act	Agricultural Bank of Namibia Act 5 of 2003 (formerly the Land Bank Act)
Secretarial services	Provided internally by Corporate Governance Manager
Compiler of the financial statements	PricewaterhouseCoopers Registered Accountants and Auditors Chartered Accountants (Namibia)
Auditor	Auditor-General of the Republic of Namibia
Preparer	The annual financial statements were externally compiled by: PricewaterhouseCoopers Namibia

Approval of Annual Financial Statements

The annual financial statements, set out on pages 60 to 109 have been compiled from the books of the Bank and to the best of our knowledge and belief, are correct.

Raphael Karuaihe
Chief Executive Officer

Louis du Toit
Chief Financial Officer

The annual financial statements, set out on pages 60 to 109 have been approved and authorised for issue by the Board of Directors of Agricultural Bank of Namibia and are signed on its behalf by:

Josephat Mwatotele
Chairperson of the Board

Peyavali Hangula
Member Finance, Risk, Audit and Compliance Committee

Report of the Auditor-General

ON THE ACCOUNTS OF THE AGRICULTURAL BANK OF NAMIBIA

1. Unqualified Audit Opinion

I have audited the financial statements of Agricultural Bank of Namibia for the financial year ended 31 March 2023. These financial statements comprise the statement of comprehensive income and retained earnings, statement of financial position, statement of changes in equity, statement of cash flows for the year then ended, and a summary of significant accounting policies.

In my opinion, the financial statements present fairly the financial position of Agricultural Bank of Namibia as at 31 March 2023 and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards and in the manner required by the Agricultural Bank Act, 2003 (Act No.5 of 2003).

2. Basis for Audit Opinion

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

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

3. Key Audit Matters

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

4. Other Information

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

5. Responsibilities of Management and Those Charged with Governance for the Financial Statements

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

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

6. Auditor's Responsibility for the Audit of the Financial Statements

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

Report of the Auditor-General

ON THE ACCOUNTS OF THE AGRICULTURAL BANK OF NAMIBIA

6. Auditor's Responsibility for the Audit of the Financial Statements (Continued)

an audit in accordance with the International Standards on Auditing, I exercise professional skepticism throughout the audit.

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

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

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

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

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

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

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

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

7. Acknowledgement

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

Junias Etuna Kandjeke
Auditor-General
Windhoek, September 2023

Directors' Report

The directors have pleasure in submitting their report on the annual financial statements of Agricultural Bank of Namibia for the year ended 31 March 2023.

1. Main business activities

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

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

2. Directorate

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

Directors	Nationality	Appointed
J Mwatotele (Chairperson)	Namibian	1 November 2022
P Hangula	Namibian	Existing
A Sikopo	Namibian	Existing
E Motinga	Namibian	1 November 2022
B Katjaerua	Namibian	1 November 2022
D Nashandih	Namibian	1 November 2022

The following Namibian directors retired as directors on 31 October 2022:

- D Honsbein (Chairperson)
- Dr M Humavindu
- P Kaapama

3. Dividends

Agribank is not a company incorporated under the Companies Act, 2004 (Act No. 28 of 2004) and it is not within its powers, under the Agricultural Bank of Namibia Act, 2003 (No. 5 of 2003), to pay dividends.

4. Significant changes in the state of affairs

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

5. Events after the reporting period

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

6. Going concern

We draw attention to the annual financial statements, which indicate that the Bank incurred a net surplus of N$49,500,000 during the year ended 31 March 2023 and, as of that date, the Bank's assets exceeded its liabilities by N$2,811,542,000.

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

Agricultural Bank of Namibia
Annual Financial Statements for the year ended 31 March 2023

Statement of Financial Position
as at 31 March 2023

	Notes	2023 N$'000	2022 Restated* N$'000	2021 Restated* N$'000
Assets				
Cash and cash equivalents	3	405,009	429,683	377,678
Other receivables	4	626	602	571
Inventories	5	1,329	1,209	1,165
Loans and advances to customers	6	2,936,222	2,904,116	2,878,834
Retirement benefit asset	7	702	1,259	1,583
Investment property	8	45,425	41,730	44,502
Property, plant and equipment	9	110,053	110,453	106,438
Intangible assets	10	-	1	3
Total Assets		**3,499,366**	**3,489,053**	**3,410,774**
Equity and Liabilities				
Due to banks	3	4,354	3,059	4,752
Creditors and other payables	11	11,242	10,342	9,503
Finance lease liabilities	12	3,370	2,253	1,068
Borrowed funds	13	392,226	518,170	531,396
Special purpose funds	14	101,624	104,000	101,344
Loan guarantee fund	15	134,781	126,317	121,459
Provisions	16	5,072	5,232	5,092
Deferred income	17	35,155	40,675	46,395
Total Liabilities		**687,824**	**810,048**	**821,009**
Equity				
Capital	18	1,811,506	1,721,506	1,631,506
Reserves		917,845	875,308	876,068
Funds and grants	19	82,191	82,191	82,191
Total Equity		**2,811,542**	**2,679,005**	**2,589,765**
Total Equity and Liabilities		**3,499,366**	**3,489,053**	**3,410,774**

*** See Note 30**

Agricultural Bank of Namibia
Annual Financial Statements for the year ended 31 March 2023

Statement of Comprehensive Income

	Notes	2023 N$'000	2022 Restated* N$'000
Interest income	20	244,122	245,147
Interest expenses	21	(45,455)	(43,017)
Net interest income		**198,667**	**202,130**
Other operating income	22	6,846	6,602
Other operating gains / (losses)	23	3,803	(4,783)
Credit impairment losses	24	2,839	(46,579)
Personnel expenses	24	(104,933)	(103,470)
Depreciation expenses	24	(4,065)	(4,919)
General and administrative expenses	24	(48,914)	(49,754)
Net operating surplus for the year		**54,243**	**(773)**
Other comprehensive income			
Revaluation losses		(4,424)	-
Actuarial losses		(319)	13
Total items that will not be reclassified to profit or loss		**(4,743)**	**13**
Other comprehensive income for the year		**(4,743)**	**13**
Total comprehensive income / (loss) for the year		**49,500**	**(760)**

*** See Note 30**

Agricultural Bank of Namibia
Annual Financial Statements for the year ended 31 March 2023

Statement of Changes in Equity

	Capital N$'000	Funds and grants N$ '000	Reserves N$ '000	Total equity N$ '000
Opening balance as previously reported	1,631,506	82,191	886,721	2,600,418
Prior period error*	-	-	(10,653)	(10,653)
Balance at 01 April 2021 as restated	**1,631,506**	**82,191**	**876,068**	**2,589,765**
Surplus for the year	-	-	(773)	(773)
Other comprehensive income	-	-	13	13
Total comprehensive loss for the year	**-**	**-**	**(760)**	**(760)**
Contributions	90,000	-	-	90,000
Total contributions	**90,000**	**-**	**-**	**90,000**
Opening balance as previously reported	1,721,506	82,191	893,882	2,697,579
Prior period error*	-	-	(18,574)	(18,574)
Balance at 01 April 2022 as restated	**1,721,506**	**82,191**	**875,308**	**2,679,005**
Surplus for the year	-	-	54,243	54,243
Other comprehensive income	-	-	(4,743)	(4,743)
Total comprehensive income for the year	**-**	**-**	**49,500**	**49,500**
Contributions	90,000	-	-	90,000
Revaluation losses	-	-	(6,963)	(6,963)
Total contributions	**90,000**	**-**	**(6,963)**	**83,037**
Balance at 31 March 2023	**1,811,506**	**82,191**	**917,845**	**2,811,542**
Note(s)	18	19		

*** See Note 30**

Agricultural Bank of Namibia
Annual Financial Statements for the year ended 31 March 2023

Statement of Cash Flows

	Notes	2023 N$'000	2022 Restated* N$'000
Cash flows from operating activities			
Surplus for the year		49,500	(760)
Adjustments for:			
Change in operating assets	25	(31,693)	(25,034)
Change in operating liabilities	25	740	980
Net gain from investing activities	25	4,686	9,700
Net gain from financing activities	25	870	1,876
Net cash from / (to) operating activities		**24,103**	**(13,238)**
Cash flows to investing activities			
Purchase of property, plant and equipment	9	(11,532)	(9,819)
Proceeds from sale of property, plant and equipment	9	108	162
Net cash to investing activities		**(11,424)**	**(9,657)**
Cash flows (to) / from financing activities			
Government contributions received	18	90,000	90,000
Repayment of loans	13	(125,944)	(13,226)
Movement in finance lease liabilities	12	(2,704)	(2,173)
Early terminations of leases and modifications		-	1,992
Net cash (to) / from financing activities		**(38,648)**	**76,593**
Total cash movement for the year		**(25,969)**	**53,698**
Cash at the beginning of the year		426,624	372,926
Total cash at end of the year	**3**	**400,655**	**426,624**

*** See Note 30**

Agricultural Bank of Namibia
Annual Financial Statements for the year ended 31 March 2023

Accounting Policies

1. Significant accounting policies

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

1.1 Basis of preparation

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

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

These accounting policies are consistent with the previous year.

Presentation of financial statements

The Bank presents its statement of financial position in order of liquidity based on the Bank's intention and perceived ability to recover/settle the majority of assets/liabilities of the corresponding financial statement line item. An analysis regarding recovery or settlement within 12 months after the reporting date (current) and more than 12 months after the reporting date (non-current) is presented in note 28.

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

1.2 Significant judgements and sources of estimation uncertainty

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

Critical judgements in applying accounting policies

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

Key sources of estimation uncertainty

Impairment losses on financial assets

The measurement of impairment losses under IFRS 9 across all categories of financial assets requires judgement. These estimates are driven by several factors, changes in which can result in different levels of allowances.

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

Agricultural Bank of Namibia
Annual Financial Statements for the year ended 31 March 2023

Accounting Policies

1.2 Significant judgements and sources of estimation uncertainty (continued)

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

Provisions and contingent liabilities

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

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

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

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

1.3 Financial instruments

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

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

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

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

Accounting Policies

1.3 Financial instruments (continued)

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

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

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

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

Date of recognition

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

Initial measurement of financial instruments

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

Classification of subsequent measurement

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

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

Derecognition of financial assets and liabilities

Derecognition due to substantial modification of terms and conditions

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

Accounting Policies

1.3 Financial instruments (continued)

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

Derecognition other than substantial modification

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

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

Impairment of financial assets

Overview of ECL principles

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

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

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

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

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

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

Calculation of ECLs

The Bank calculates ECLs on the expected cash shortfalls, discounted at an approximation to the EIR. The mechanics

Accounting Policies

1.3 Financial instruments (continued)

of the ECL calculations are outlined below and the key elements are as follows:
- PD: The Probability of Default is an estimate of the likelihood of default over a given time horizon.
- EAD: The Exposure at Default refers to the total value that the Bank is exposed to at the time of default.
- LGD: The Loss Given Default is an estimate of the loss arising in the case where a default occurs at a given time. The Bank calculates LGD on historic loss data.

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

Forward looking information

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

Collateral valuation

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

Write-offs

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

Financial instruments

Initial recognition and measurement

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

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

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

Subsequent measurement

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

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

Impairment of financial assets

At each statement of financial position date, the Bank assesses all financial assets, other than those at fair value

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Accounting Policies

1.3 Financial instruments (continued)

through profit or loss, to determine whether there is objective evidence that a financial asset or group of financial assets has been impaired.

Impairment losses are recognised in profit or loss.

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

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

Fair value through profit or loss

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

Offsetting a financial asset and a financial liability

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

Trade and other payables

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

Cash and cash equivalents

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

Borrowings

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

1.4 Property, plant and equipment

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

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

Accounting Policies

1.4 Property, plant and equipment (continued)

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 their expected economic lives. The rates used to depreciate assets are as follows:

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

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

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

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

1.5 Properties in possession

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

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

1.6 Investment property

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

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

1.7 Revenue from contracts with customers

The Bank recognises revenue from the following major sources:

Revenue is measured based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties. The Bank recognises revenue when it transfers control of a product or service to a customer.

1.8 Intangible assets

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

Accounting Policies

1.8 Intangible assets (continued)

rate is used for the amortisation of intangible assets:

Item	Useful life
Software	3 years

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

1.9 Impairment of non-financial assets

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

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

1.10 Leases

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

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

Assets and liabilities arising from a lease are initially measured on a net present value basis. Lease liabilities include the net present value of the following lease payments:
- Fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- Payments of penalties for terminating the lease, if the lease term reflects the Bank exercising that option;
- Variable lease payment that are based on an index or a rate;
- Amounts expected to be payable under residual value guarantees;
- The exercise price of a purchase option if the Bank is reasonably certain to exercise that option; and
- Payments of penalties for terminating the lease, if the lease term reflects the Bank exercising that option.

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

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

To determine the incremental borrowing rate, the Bank:
- where possible, uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third-party financing was received.

Accounting Policies

1.10 Leases (continued)

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

Right-of-use assets are measured at cost comprising the following:
- The amount of the initial measurement of lease liability;
- Any lease payments made at or before the commencement date less any lease incentives received;
- Any initial direct costs; and
- Restoration costs.

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

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

Operating leases - lessor

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

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

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

1.11 Inventories

Inventories are stated at the lower of cost and selling price less costs to complete and sell (net realisable value). Cost is calculated using the first-in, first-out (FIFO) method.

1.12 Other receivables

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

1.13 Trade and other payables

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

1.14 Provisions and contingencies

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

1.15 Employee benefits

Short-term employee benefits

The cost of short-term employee benefits, (those payable within 12 months after the service is rendered, such as

Accounting Policies

1.15 Employee benefits (continued)

paid vacation leave and sick leave, bonuses, and non-monetary benefits such as medical care), are recognised in the period in which the service is rendered and are not discounted.

Defined contribution plans

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

Defined benefit plans

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

The Bank's net obligation in respect of post-retirement medical benefits 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), are reflected immediately on the statement of changes in financial position with a charge or credit recognised in other comprehensive income in the period in which they occur. Remeasurement recognised in other comprehensive income is reflected immediately in retained earnings and will not be reclassified to profit or loss. Past service costs are recognised in the profit or loss in the period of plan amendment. Net interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability or asset. Defined benefit costs recognised are as follows:

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

The post-retirement medical benefit obligation recognised in the statement of financial position represents the deficit on the Bank's defined benefit plans. Any surplus resulting from the calculation is limited to the present value of the economic benefits available in the form of refunds from the plan or reduction in future contributions to the plan. A liability for termination benefits is recognised at the earlier of when the Bank no longer offers the termination benefit or when the Bank recognises the restructuring costs.

1.16 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.

1.17 Government grants

Government grants are recognised when there is reasonable assurance that:
- the Bank will comply with the conditions attaching to them; and
- the grants will be received.

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

Accounting Policies

1.17 Government grants (continued)

A government grant that becomes receivable as compensation for expenses or losses already incurred, or for the purpose of giving immediate financial support to the entity with no future related costs, is recognised as income in the period in which it becomes receivable.

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

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 recognised as a Government grant.

Notes to the Annual Financial Statements

2. Financial instruments and risk management

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

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

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

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

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

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

Excessive concentrations of risk

Concentrations arise when a number of counterparties are engaged in similar business activities, or activities in the same geographical region, or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions.

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

Financial risk management

Credit risk

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

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

- Formulating credit policies in consultation with business units, covering collateral requirements, credit assessment and reporting, documentary and legal procedures, and compliance with regulatory and statutory requirements.
- Establishing the authorisation structure for the approval and renewal of credit facilities. Authorisation limits are allocated to business units. Larger facilities require approval by the Management Credit Committee (MCC), the CIC or the Board of Directors, as appropriate.

Notes to the Annual Financial Statements

2. Financial instruments and risk management (continued)

- Managing a credit quality review process to provide early identification of possible changes in the creditworthiness of counterparties, including regular collateral revisions. The credit quality review process aims to allow the Bank to assess the potential loss as a result of the risks to which it is exposed and take corrective actions.

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

The following table summarises the impairment requirements under IFRS 9:

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

The Bank's credit risk exposure at the end of the year is provided in the table below:

	2023 N$'000	2022 Restated* N$'000	2021 Restated* N$'000
Assets with credit risk exposure			
Cash and cash equivalents (i)	405,009	429,683	377,678
Other receivables (ii)	626	602	571
Loans and advances to customers (iii)	2,936,222	2,904,116	2,878,834
	3,341,857	**3,334,401**	**3,257,083**
Combined assets with no credit risk exposure	157,509	154,652	153,691
	3,499,366	**3,489,053**	**3,410,774**

(i) Cash and cash equivalents

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

(ii) Other receivables

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

(iii) Loans and advances to customers

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

(iv) Impairment assessment

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

*** See Note 30**

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2. Financial instruments and risk management (continued)

Principle ECL modelling outputs and assumptions	2023	2022 Restated*	2021 Restated*
Average remaining loan term	13.34 years	12.59 years	12.98 years
Probability of default (one year)	9.44 %	10.35 %	9.48 %
LTECL	16.04 %	15.50 %	12.35 %
12mECL	0.21 %	0.23 %	0.15 %
LGD	2.37 %	2.57 %	1.96 %
Discount rate	8.81 %	8.79 %	8.57 %

Sensitivity analysis on modelling results	Increase	Decrease
2023		
1% change in PD	1,791	(2,005)
1% change in LGD	150,419	(150,419)
2022		
1% change in PD	2,109	(2,425)
1% change in LGD	137,718	(137,718)
2021 as restated		
1% change in PD	2,103	(2,508)
1% change in LGD	162,348	(162,348)

Loan book analysed per classification stage	Stage 1	Stage 2	Stage 3	Total
Classification basis				
-Loans subject to annual instalment	0 to 180 days	up to 365 days	> 365 days	
-Loans subject to monthly instalments	0 to 30 days	up to 90 days	> 90 days	
2023				
Closing balance	37.12 %	8.32 %	54.56 %	100.00 %
Opening balance	39.52 %	10.16 %	50.32 %	100.00 %
2022 as restated				
Closing balance	39.52 %	10.16 %	50.32 %	100.00 %
Opening balance (as restated)	35.10 %	12.23 %	52.67 %	100.00 %
2021 as restated				
Closing balance	35.10 %	12.23 %	52.67 %	100.00 %
Opening balance (as restated)	40.95 %	9.77 %	49.28 %	100.00 %

Forward looking assumptions are considered by the Bank only where there is sufficient correlation to economic and/or climatic factors to support the influences of these factors on historic loss and default trends. As set out in the accounting policies, a correlation coefficient of greater than 75% is considered to be sufficient correlation. In

*** See Note 30**

Notes to the Annual Financial Statements

2. Financial instruments and risk management (continued)

support of this, the Bank has correlated its data to both rainfall trends and Gross Domestic Product and found that there is not sufficient correlation to support the application of forward looking data in this financial period.

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

Liquidity risk

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

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

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

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

2023	Within 12 months N$'000	Between 1 and 5 years N$'000	More than 5 years N$'000	Total N$'000
Financial assets				
Cash and cash equivalents	405,009	-	-	405,009
Loans and advances to customers	902,700	365,920	1,667,602	2,936,222
Other receivables	626	-	-	626
Total financial assets	**1,308,335**	**365,920**	**1,667,602**	**3,341,857**
Financial liabilities				
Due to banks	4,354	-	-	4,354
Borrowed funds	157,977	234,249	-	392,226
Creditors and other payables	11,242	-	-	11,242
Finance lease liabilities	2,156	1,214	-	3,370
Total financial liabilities	**175,729**	**235,463**	**-**	**411,192**
Net undiscounted financial assets	**1,132,606**	**130,457**	**1,667,602**	**2,930,665**

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Notes to the Annual Financial Statements

2. Financial instruments and risk management (continued)

2022 as restated	Within 12 months N$'000	Between 1 and 5 years N$'000	More than 5 years N$'000	Total N$'000
Financial assets				
Cash and cash equivalents	429,683	-	-	429,683
Loans and advances to customers	899,355	503,310	1,501,451	2,904,116
Other receivables	602	-	-	602
Total financial assets	**1,329,640**	**503,310**	**1,501,451**	**3,334,401**
Financial liabilities				
Due to banks	3,059	-	-	3,059
Borrowed funds	13,892	442,800	61,478	518,170
Creditors and other payables	10,342	-	-	10,342
Finance lease liabilities	2,049	204	-	2,253
Total financial liabilities	**29,342**	**443,004**	**61,478**	**533,824**
Net undiscounted financial assets	**1,300,298**	**60,306**	**1,439,973**	**2,800,577**

2021 as restated	Within 12 months N$'000	Between 1 and 5 years N$'000	More than 5 years N$'000	Total N$'000
Financial assets				
Cash and cash equivalents	377,678	-	-	377,678
Loans and advances to customers	784,455	513,147	1,581,232	2,878,834
Other receivables	571	-	-	571
Total financial assets	**1,162,704**	**513,147**	**1,581,232**	**3,257,083**
Financial liabilities				
Due to banks	4,752	-	-	4,752
Borrowed funds	12,090	433,865	85,441	531,396
Creditors and other payables	9,503	-	-	9,503
Finance lease liabilities	722	346	-	1,068
Total financial liabilities	**27,067**	**434,211**	**85,441**	**546,719**
Net undiscounted financial assets	**1,135,637**	**78,936**	**1,495,791**	**2,710,364**

With the exception of Komsberg, as disclosed in note 3, no other financial assets are encumbered. The carrying value of Komsberg reflected in loans and advances, in the between-1-and-5-year category, is N$73.7 million for both financial periods. As this is the only item, no additional disclosure unencumbered maturities are presented as required under IFRS 7.

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Notes to the Annual Financial Statements

2. Financial instruments and risk management (continued)

Market risk

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

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

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

Interest rate risk

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

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

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

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

		2023 N$'000	2022 Restated* N$'000	2021 Restated* N$'000
Financial assets	**Interest Rate**			
Cash and cash equivalents	Floating	405,009	429,683	377,678
Loans and advances to customers				
- Specific schemes	Fixed	53,920	66,336	65,428
- Others	Floating	2,882,302	2,837,780	2,813,406
Other receivables	Non-interest bearing	626	602	571

*** See Note 30**

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2. Financial instruments and risk management (continued)

Interest rate risk (continued)

		2023 N$'000	2022 Restated* N$'000	2021 Restated* N$'000
Financial liabilities	**Interest Rate**			
Due to banks	Floating	4,354	3,059	4,752
Borrowed funds				
- Government loan	Fixed	92,226	96,969	101,311
- Bank loan	Floating	-	71,201	80,085
Special purpose funds	Fixed and floating	101,624	104,000	101,344
Loan guarantee fund	Floating	134,781	126,317	121,459
Creditors and other payables	Non-interest bearing	11,242	9,591	9,504

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

	2023 N$'000	2022 Restated* N$'000	2021 Restated* N$'000
Cash flow sensitivity analysis for interest-bearing instruments:			
100 bps increase in rates on net floating financial assets	30,466	29,615	28,978
100 bps decrease in rates on net floating financial assets	(30,466)	(29,615)	28,978

Capital risk management

The Bank recognises the critical role that effective capital management plays in maintaining the ongoing sustainability and growth of the organisation. Our capital management approach is underpinned by the objectives of becoming more self-sustainable, supporting business growth, and ensuring that there are sufficient funds to meet short-term cash flow requirements.

Capital management is integral to our broader risk management framework. By maintaining robust capital levels, we ensure that the Bank can absorb unexpected losses and continue to operate effectively. A dedicated ALCO (Assets and Liabilities Committee) oversees the capital management strategy, setting policies and limits, and ensuring alignment with our overall risk appetite.

Through a dynamic and responsive approach to capital management, we continue to support financial stability, growth, and value creation.

Default events for financial assets are as follows:

Cash and cash equivalents: A default is considered to have occurred in relation to cash and cash equivalents held with a financial institution when one or more of the following occurs:

*** See Note 30**

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2. Financial instruments and risk management (continued)

- Capital Adequacy Deterioration: There is a notable deterioration in the capital adequacy of the institution, as evidenced by a decline in its Tier 1 and Tier 2 capital ratios.
- External Rating Decline: Where external ratings are available, a multi-notch downgrade by a recognised credit rating agency within a short timeframe might indicate a potential default event.
- Financial Ratios: Significant deterioration in key financial ratios of the institution beyond internally set thresholds.
- Repayment Commitment Breach: The financial institution fails to honour a repayment commitment, whether principal or interest, on the stipulated date.

Loans and advances to customers: The determination of default events for loans and advances to customers is primarily based on the "days past due" criteria. Detailed definitions, including the specific days past due thresholds and related ECL modelling outputs and assumptions, are comprehensively discussed in the dedicated section of this note pertaining to Principle ECL Modelling outputs and assumptions.

Other receivables: A default is considered to have occurred with respect to other receivables when:

- **Payment Default:** The obligor fails to make a payment within the number of days past the due date as stipulated by the specific terms and conditions of the financial instrument.
- **Indicators of Unlikeliness to Pay:** There is evidence of significant financial difficulty or distressed restructuring.

The capital structure and gearing ratio of the Bank at the reporting date was as follows:

	Notes	2023 N$'000	2022 N$'000	2021 N$'000
Borrowed funds	13	392,226	518,170	531,396
Finance lease liabilities	12	3,370	2,253	1,068
Creditors and other payables	11	11,242	10,336	9,504
Loan guarantee fund	15	134,781	126,317	121,459
Total borrowings		**541,619**	**657,076**	**663,427**
Cash and cash equivalents	3	(400,655)	(426,624)	(372,926)
Net borrowings		**140,964**	**230,452**	**290,501**
Equity		2,811,542	2,679,008	2,589,765
Gearing ratio		5%	4%	11 %

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3. Cash and cash equivalents

	2023 N$'000	2022 N$'000	2021 N$'000
Cash and cash equivalents consist of:			
Cash on hand	35	35	32
Bank balances	28,609	17,326	37,465
Notice deposits	397,654	433,611	359,286
Provision for impairment	(21,289)	(21,289)	(19,105)
Due to other banks	(4,354)	(3,059)	(4,752)
Total borrowings	**400,655**	**426,624**	**372,-926**

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

The amounts due to other banks represent various minor bank overdrafts. Interest is payable at a rate of 7.75% (2022: 7.75%) (2021: 7.00%).

Credit quality of cash at bank and short-term deposits, excluding cash on hand

The credit quality of cash at bank and short-term deposits, excluding cash on hand, that are neither past due nor impaired can be assessed by reference to external credit ratings (if available) or historical information about counterparty default rates:

	2023	2022	2021
Credit ratings			
Standard Bank Namibia Limited	B	A1+	Ba3
Stanlib Namibia	AA+	AA+	AA+
Bank Windhoek Limited	A1+	A1+	A1+
First National Bank of Namibia Limited	A1+	A1+	A1+
Small and Medium Enterprises Bank of Namibia	Unrated	Unrated	Unrated
Nedbank Namibia Limited	B	BB-	BB-
Namibia Post Limited	Unrated	Unrated	Unrated
Old Mutual Namibia	A-1	A-1	A-1

Ratings obtained from GCR Ratings Credit Reports are based on the current Namibian economy and environment. These assets are still deemed to have a low credit risk rating.

Fair value of cash and cash equivalents

The fair value of cash and cash equivalents approximates their carrying amounts, given their short-term nature.

Refer to note 2 for IFRS 9 recognition and classification of cash and cash equivalents.

Notes to the Annual Financial Statements

4. Other receivables

(N$'000)	2023	2022	2021
Financial other receivables			
Clearing, settlement and internal accounts	626	602	571

5. Inventories

(N$'000)	2023	2022	2021
Office consumables	1,329	1,209	1,165

6. Loans and advances to customers

(N$'000)	2023	2022	2021
Loan capital	2,341,794	2,331,862	2,383,779
Arrears	900,720	881,154	770,202
Impairment allowance	(306,292)	(308,900)	(275,147)
	2,936,222	**2,904,116**	**2,878,834**

Split between non-current and current portions

(N$'000)	2023	2022 *Restated	2021 *Restated
Non-current assets	2,033,522	2,004,761	2,094,379
Current assets	902,700	899,355	784,455
	2,936,222	**2,904,116**	**2,878,834**

Categorisation of trade and other receivables

Trade and other receivables are categorised as follows in accordance with IFRS 9: Financial Instruments:

(N$'000)	2023	2022 *Restated	2021 *Restated
At amortised cost	2,936,222	2,912,037	2,895,803

Exposure to credit risk

Loans and advances to customers inherently expose the Bank to credit risk, being the risk that the Bank will incur financial losses if customers fail to make payments as they fall due.

In order to mitigate the risk of financial loss stemming from defaults, the Bank meticulously assesses the creditworthiness of its clients, in accordance with the guidelines set forth in our credit policy and procedures. This assessment supports the overarching policy of engaging only with reputable customers who demonstrate consistent payment histories.

The Bank obtains sufficient collateral or guarantees as additional security against potential defaults in terms of the credit policy and product sold. Each customer is subject to a rigorous, individualised analysis of their creditworthiness as well as their ability to repay the loans provided to customers.

*** See Note 30**

Agricultural Bank of Namibia
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6. Loans and advances to customers (continued)

Exposure to credit risk (continued)

Our Bank employs a credit scoring model to evaluate customers. These models utilise both the information provided by the customers and external bureau data, where available, to create a well-rounded perspective on credit risk.

Furthermore, our Bank continuously monitors exposure to credit risk and the creditworthiness of customers by leveraging real-time data and analytics. This ongoing vigilance enables us to detect potential risks early and take appropriate preventive measures, thereby reinforcing the integrity of our credit portfolio.

For the nearly 50% the Bank holds collateral which is mostly the underlying farmland. Recoverability is assessed and considered.

The Bank's historical credit loss experience does not show significantly different loss patterns for different customer segments. The provision for credit losses is therefore based on past due status without disaggregating into further risk profiles. The loss allowance provision is determined as follows:

Reconciliation of loss allowances

The following table shows the movement in the loss allowance (lifetime expected credit losses) for loans and advances to customers:

(N$'000)	2023	2022 *Restated	2021 *Restated
Balance at the beginning of the year	**(308,900)**	**(275,147)**	**(253,110)**
Remeasurement of loss allowance - comparative	2,608	(33,753)	(22,037)
Closing balance	**(306,292)**	**(308,900)**	**(275,147)**

Fair value of loans and advances to customers

The fair value of loans and advances to customers approximates their carrying amounts.

The impairment allowance reflects ECL for the following loan stages:

(N$'000)	2023	2022 *Restated	2021 *Restated
ECL - Stage 1	2,707	3,824	9,157
ECL - Stage 2	29,899	39,353	37,593
ECL - Stage 3	273,686	265,723	228,397
	306,292	**308,900**	**275,147**

Credit rating framework

For purposes of determining the credit loss allowances, management determines the credit rating grades of each loan and advance to customers at the end of the reporting period. These ratings are determined either externally through ratings agencies or internally where external ratings are not available.

*** See Note 30**

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6. Loans and advances to customers (continued)

The table below sets out the internal credit rating framework which is applied by management for loans and advances to customers for which external ratings are not available. The abbreviations "12m" and "ECL" are used to depict "12 months" and "expected credit losses", respectively.

Internal credit grade	Description	Basis for recognising expected credit losses
Performing	Low risk of default and no amounts are past due	12m ECL
Non-performing	Either 30 days past due or there has been a significant increase in credit risk since initial recognition	Lifetime ECL (not credit impaired)
In default	Either 90 days past due or there is evidence that the asset is credit impaired	Lifetime ECL (credit impaired)
Write-off	There is evidence indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery	Amount is written off

7. Retirement benefit asset

Pension scheme

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

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

The Agricultural Bank of Namibia currently contributes 16% (2022: 16%) (2021: 16%) of basic salary to the Fund, whilst the members contribute 7% (2022: 7%) (2021: 7%).

	2023 N$'000	2022 Restated* N$'000	2021 Restated* N$'000
Bank contribution	8,285	7,855	7,843
Employee contribution	3,550	3,366	3,361
	11,835	**11,221**	**11,204**

*** See Note 30**

Agricultural Bank of Namibia
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7. Retirement benefit asset (continued)

Retirement benefit obligation

The Bank has recognised provisions for obligations concerning post-retirement medical benefits and severance benefits, both of which are payable in compliance with the Namibian Labour Act. The provision for the post-retirement medical benefit obligation is fully funded. Presented below is an analysis of net assets and liabilities balances attributable to these two obligations for the last three reporting years:

	2023 N$'000	2022 Restated* N$'000	2021 Restated* N$'000
Present value of medical benefit obligation	1,357	1,895	2,248
Present value of severance benefit obligation	(655)	(636)	(665)
	702	**1,259**	**1,583**

Medical benefit obligation

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

The latest actuarial valuation for the post-retirement medical benefit was carried out in May 2023. The valuation method used was the projected unit credit method.

Movement in the net medical plan asset

	2023 N$'000	2022 Restated* N$'000	2021 Restated* N$'000
Balance at the beginning of the year	2,034	2,198	1,677
Return on asset less interest expense	(653)	(214)	(139)
Benefits paid	-	-	(682)
Actuarial (remeasurement) gain/(loss)	(341)	(67)	450
Annuity purchase contribution	63	117	892
	1,103	**2,034**	**2,198**

The principal assumptions used were:

	2023	2022 Restated*	2021 Restated*
Discount rate	11.38%	10.70%	10.98%
Health care cost inflation	8.47%	8.67%	9.02%
Average retirement age (in years)	58	58	58

*** See Note 30**

Notes to the Annual Financial Statements

7. Retirement benefit asset (continued)

Amounts recognised in the statement of comprehensive income are as follows:

	2023 N$'000	2022 Restated* N$'000	2021 Restated* N$'000
Return on asset less interest expense	653	214	139

Remeasurement of the defined benefit obligation:

	2023 N$'000	2022 Restated* N$'000	2021 Restated* N$'000
Actuarial gain / (loss) recognised through other comprehensive income	(319)	13	(501)

The following sensitivity of the overall liability to changes in principal assumption is:

	2023 N$'000	2022 Restated* N$'000	2021 Restated* N$'000
Medical aid inflation 1% lower per annum	(771)	(752)	(741)
Medical aid inflation 1% higher per annum	882	860	850
	111	**108**	**109**

Severance benefit obligation

	2023 N$'000	2022 Restated* N$'000	2021 Restated* N$'000
Mortality rate decrease 20% lower per annum	899	932	887
Mortality rate decrease 20% higher per annum	(721)	732	(697)
	178	**200**	**190**

The liability is exposed to various risks such as investment risk, interest rate risk, inflation risk, and longevity risk. The risks are managed by outsourcing the liability to Old Mutual Life Assurance Company Namibia Limited and also the annual performance of actuarial liability to determine whether the liability is adequately funded.

Though the management of the assets has been outsourced, Agribank maintains the responsibility to top up any shortfalls that might arise. As of the reporting date, the Bank does not anticipate any top-up contributions for the ensuing financial year.

With effect from 31 July 2023, there has been a change of Medical Scheme from Bankmed to Namibia Medical Care (NMC). This could potentially impact the liability and the funding thereof. Currently there are 2 staff members eligible for the benefit and 20 pensioners currently receiving the benefit. Although this change could potentially lead to an increase in liability, it is trusted that the current surplus of the outsourced liability, as highlighted above, is sufficient to cover any additional liability that may arise.

*** See Note 30**

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Notes to the Annual Financial Statements

7. Retirement benefit asset (continued)

No maturity analysis is performed on the post-retirement liability as it is outsourced and is fully funded. The Bank's obligations are managed in line with the regulations and investment policies stipulated by the outsourced entity.

Severance benefit obligation

	2023 N$'000	2022 Restated* N$'000	2021 Restated* N$'000
Movement in severance benefit obligation			
Balance at the beginning of the year	(636)	(665)	(569)
Current service costs	(66)	(65)	(60)
Interest expense	(64)	(61)	(62)
Benefits paid	89	75	77
Actuarial gain / (loss) recognised through other comprehensive income	22	80	(51)
	(655)	**(636)**	**(665)**

The major risks associated with the severance benefit obligation are outlined below:

- **Legal and regulatory risk:** Changes in labour laws and regulations may impact the obligations related to severance benefits.
- **Interest rate risk:** Fluctuations in interest rates may affect the present value of the future severance benefit obligations.
- **Retrenchment or restructuring risk:** The risk that retrenchments or material restructuring could create unexpected obligations that can impact the severance benefit obligation.
- **Risk management related to the Labour Act for employees remaining in service past age 65:** Agribank's policy sets the retirement age at 60, thus managing the risk arising from the Labour Act concerning employees remaining in service past the age of 65.

Due to the relatively immaterial nature of the severance benefit obligation, the obligation is not fully funded. However, Agribank has maintained sufficient reserves to meet the funding obligations should such arise.

8. Investment property

(N$'000)	2023			2022		
	Valuation	Accumulated depreciation	Carrying value	Valuation	Accumulated depreciation	Carrying value
Investment property	45,425	-	45,425	41,730	-	41,730

(N$'000)	2021		
	Valuation	Accumulated depreciation	Carrying value
Investment property	44,502	-	44,502

*** See Note 30**

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8. Investment property (continued)

Reconciliation of investment property - 2023 in N$'000

	Opening balance	Fair value adjustments	Total
Investment property	41,730	3,695	45,425

Reconciliation of investment property - 2022 in N$'000

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

Reconciliation of investment property - 2021 in N$'000

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

Comprises the following properties:

	2023 N$'000	2022 N$'000	2021 N$'000
Witvlei properties			
Portion 38 of Farm Okatjirute No 155	31,746	28,860	30,800
Extension of Farm Okatjirute No 155	2,420	2,200	2,500
Erf Prn 18, Witvlei	5,016	4,560	4,900
Erf Prn 34, Witvlei	781	710	830
Erf Prn 117, Witvlei	110	100	125
Erf Prn 203, Witvlei	222	202	217
Erf Prn 204, Witvlei	176	160	170
Erf Prn 292, Witvlei	176	160	172
Erf Prn 294, Witvlei	130	130	140
Owner-occupied properties			
Portion of Erf 1235, Rundu	4,648	4,648	4,648
	45,425	**41,730**	**44,502**

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

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8. Investment property (continued)

There has been no tenant in place for a number of years on the abattoir, and the Rundu and Otjiwarongo offices were subject to renovation and available space is not yet filled with tenants and also not valued as there were some aspects of the valuation outstanding at year end.

9. Property, plant and equipment

(N$'000)	2023			2022		
	Cost or revaluation	Accumulated depreciation	Carrying value	Cost or revaluation	Accumulated depreciation	Carrying value
Freehold land and buildings	101,392	(2,036)	99,356	102,729	(2,036)	100,693
Furniture and fittings	12,133	(11,169)	964	12,109	(11,152)	957
Motor vehicles	6,862	(6,239)	623	6,953	(6,497)	456
Office equipment	2,548	(2,014)	534	2,097	(1,953)	144
Computers	10,076	(6,754)	3,322	9,426	(6,216)	3,210
Leasehold assets	3,729	(1,654)	2,075	3,729	(979)	2,750
Right-of-use assets	5,566	(2,387)	3,179	5,167	(2,924)	2,243
Total	**142,306**	**(32,253)**	**110,053**	**142,210**	**(31,757)**	**110,453**

(N$'000)	2021		
	Cost or revaluation	Accumulated depreciation	Carrying value
Freehold land and buildings	99,963	(2,036)	97,927
Furniture and fittings	12,110	(10,578)	1,532
Motor vehicles	6,953	(5,785)	1,168
Office equipment	2,004	(1,874)	130
Computers	8,356	(5,925)	2,431
Leasehold assets	2,123	(474)	1,649
Right-of-use assets	5,531	(3,930)	1,601
Total	**137,040**	**(30,602)**	**106,438**

Reconciliation of property, plant and equipment - 2023 in N$'000

	Opening balance	Additions	Disposals	Revaluations	Depreciation	Total
Freehold land and buildings	100,693	10,050	-	(11,387)	-	99 356
Furniture and fittings	957	24	-	-	(17)	964
Motor vehicles	456	382	-	-	(215)	623
Office equipment	144	451	-	-	(61)	534
Computers	3,210	650	(20)	-	(518)	3 322
Leasehold assets	2,750	-	(6)	-	(669)	2 075
Right-of-use assets	2,243	3,520	-	-	(2 584)	3 179
	110,453	**15,077**	**(26)**	**(11,387)**	**(4,064)**	**110,053**

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9. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - 2022 in N$'000

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

Reconciliation of property, plant and equipment - 2021 in N$'000

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

Right-of-use assets

	2023 N$'000	2022 Restated* N$'000	2021 Restated* N$'000
Amounts recognised in the balance sheet			
The balance sheet shows the following amounts relating to leases:			
Medium-term leases	2,729	2,243	1,063
Short-term leases	450	-	538
	3,179	**2,243**	**1,601**
Amounts recognised in the statement of profit or loss			
The statement of profit or loss shows the following amounts relating to leases:			
Medium-term leases	2,542	1,999	1,048
Short-term leases	343	119	113
	2,885	**2,118**	**1,161**

*** See Note 30**

Notes to the Annual Financial Statements

9. Property, plant and equipment (continued)

Right-of-use assets (continued)

	2023 N$'000	2022 Restated* N$'000	2021 Restated* N$'000
Lease liabilities			
Current	2,240	2,049	722
Non-current	1,389	204	346
	3,629	**2,253**	**1,068**
Depreciation charge of right-of-use assets			
Medium-term leases	2,262	2,635	901
Short-term leases	322	118	105
	2,584	**2,753**	**1,006**
Interest expense (included in finance cost)	302	82	154

The total cash outflow for leases in the current year was N$2.7 million (2022: N$0.3 million).

	2023 N$'000	2022 Restated* N$'000	2021 Restated* N$'000
Minimum lease payments due			
Within one year	2,240	2,008	754
In second to fifth year inclusive	1,389	655	374
Subtotal			
Less future finance charges	(259)	(410)	(60)
Total	**3,370**	**2,253**	**1,068**
Historical cost base buildings subject to revaluation	65,061	66,479	67,896

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

Erf 5479, Windhoek	78,777	79,100	84,374
Erf 995, Otjiwarongo	6,820	9,246	4,650
Erven 870 and 871, Mariental	170	170	170
Erf 1235, Rundu	3,824	2,392	932
Erf 1591, Oshakati	1,814	1,814	1,814
Unit 4, Romemoer, Otjiwarongo	1,293	1,293	1,345
Erf 2195, Otjimuise Extension 4, Section 7, Raili Court	1,434	1,434	1,434
Erf 1968, Hochlandpark	1,258	1,258	1,258
Erf 1588, Oshakati Extension 7	3,986	3,986	3,986
	99,376	**100,693**	**99,963**

*** See Note 30**

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9. Property, plant and equipment (continued)

Erf 5479, Windhoek is registered in the name of Land and Landbou Bank of South West Africa (predecessor of Agricultural Bank of Namibia). Erf 5479, Windhoek was valued with an effective date of 31 March 2022.

Erf 5479 (Windhoek), Erf 995 (Otjiwarongo) and Erf 1235 (Rundu) are encumbered as detailed in note 13 of these financial statements. Erf 995, Otjiwarongo was valued with an effective date of 28 April 2022.

Erf 1968, Hochlandpark's details regarding the fixed properties are available to shareholders at the registered office of the Bank. All property, plant and equipment is owned by the Bank. The net carrying value of the building as at 31 March 2023 N$92 million (2022: N$92 million) (2021: N$102.8 million).

Included in freehold land and buildings is land to the value of N$6 million (2022 and 2021: N$6 million).

Details regarding the fixed properties as required in terms of Schedule 4 of the Companies Act of Namibia are available to shareholders at the registered office of the Bank. This information is open for inspection in terms of the provisions of section 120 of the Companies Act of Namibia, 2004.

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

10. Intangible assets

(N$'000)	2023			2022		
	Valuation	Accumulated amortisation	Carrying value	Valuation	Accumulated amortisation	Carrying value
Software	28,691	(28,691)	-	28,691	(28,690)	1

(N$'000)	2021		
	Valuation	Accumulated amortisation	Carrying value
Software	28,691	(28,688)	3

Reconciliation of intangible assets - 2023 in N$'000

	Opening balance	Amortisation	Total
Software	1	(1)	-

Reconciliation of intangible assets - 2022 in N$'000

	Opening balance	Amortisation	Total
Software	3	(2)	1

Reconciliation of intangible assets - 2021 in N$'000

	Opening balance	Amortisation	Total
Software	10	(7)	3

Intangible assets are held by the Bank and are classified as non-current assets. No assets were encumbered as at 31 March 2023, nor 31 March 2022 and 31 March 2021.

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11. Creditors and other payables

	2023 N$'000	2022 Restated* N$'000	2021 Restated* N$'000
Creditors	11,132	10,232	9,393
Grants and bursaries	110	110	110
	11,242	**10,342**	**9,503**

Categories of trade and other payables

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

	2023 N$'000	2022 Restated* N$'000	2021 Restated* N$'000
Amortised cost	11,242	10,342	9,504

Split between non-current and current portions

	2023 N$'000	2022 Restated* N$'000	2021 Restated* N$'000
Current liabilities	11,242	10,342	9,504

12. Finance lease liabilities

	2023 N$'000	2022 Restated* N$'000	2021 Restated* N$'000
Minimum lease payments due			
- Within one year	2,240	2,008	754
Present value of minimum lease payments due			
- Within one year	2,156	2,049	722
- In second to fifth year inclusive	1,214	204	346
	3,370	**2,253**	**1,068**
Amounts recognised in profit or loss			
Interest received on lease liabilities	-	38	-
Interest paid on lease liabilities	302	-	154
	302	**38**	**154**
Amounts recognised in statement of cash flows			
Movement in lease liabilities	2,704	2,173	(744)

*** See Note 30**

Notes to the Annual Financial Statements

13. Borrowed funds

	2023 N$'000	2022 Restated* N$'000	2021 Restated* N$'000
Held at amortised cost Secured			
Government loan	92,226	96,969	101,311
Bank Windhoek loan	-	71,201	80,085
GIPF 3-year term instrument	150,000	150,000	150,000
GIPF 5-year term instrument	-	50,000	50,000
SSC 5-year term instrument	150,000	150,000	150,000
	392,226	**518,170**	**531,396**

Government loan

The Government of the Republic of Namibia settled the Bank's outstanding line of credit balances with the African Development Bank. The total historical amount settled was N$218.1 million (2022 and 2021: N$218.1 million). The loan attracts interest at 2% (2022 and 2021: 2%) per annum and is repayable in equal instalments of N$12.8 million (2022 and 2021: N$12.8 million). The balance disclosed represents the fair value of the loan as at the end of the financial period.

Bank Windhoek loan

The loan was settled during the financial year. Historically it attracted interest at rates linked to prime (2022: 8.13%) (2021: 7.65%) and was payable in 19 semi-annual instalments spread over 10 years.

The loan was historically secured as follows:

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

GIPF 3-year term instrument

The N$150 million GIPF 3-year instrument attracted fixed interest at a rate of 5.85% (2022: 5.85% and 2021: 5.85%). The instrument is a promissory note subject to bi-annual payments of interest and full and final settlement on 13 November 2023. The instrument is backed by a Government guarantee.

GIPF 5-year term instrument

The N$50 million GIPF 5-year instrument attracted a floating interest rate of 6 month Jibar + 2.74% (2022: 10.25% and 2021: 7.14%). The instrument is a promissory note subject to bi-annual payments of interest. The instrument was settled during the financial year. The instrument was backed by a Government guarantee.

*** See Note 30**

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13. Borrowed funds (continued)

SSC 5-year term instrument

The N$150 million SSC 5-year instrument attracted fixed interest at a rate of 6.00% (2022: 6.00% and 2021: 6.00%). The instrument is a promissory note subject to bi-annual payments of interest and full and final settlement on 31 July 2025. The instrument is backed by a Government guarantee.

14. Special purpose funds

	2023 N$'000	2022 Restated* N$'000	2021 Restated* N$'000
Ministry of Lands and Resettlement (Post-resettlement)	77,575	76,865	76,356
Staff savings scheme	173	190	88
Government ministries, agricultural boards and unions	17,819	19,509	18,004
Government Institutions Pension Fund (Severance)	3,318	4,697	4,157
Drought relief scheme fund	2,739	2,739	2,739
	101,624	**104,000**	**101,344**

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

15. Loan guarantee fund

	2023 N$'000	2022 Restated* N$'000	2021 Restated* N$'000
Loan guarantee fund	134,781	126,317	121,459

The loan guarantee fund attracts interest at a rate equivalent to the average rate of inflation of 6.7% (2022: 3.6% and 2021: 2.4%). The Bank has borrowed N$89 million from the loan guarantee fund, repayable over 5 years. As at 31 March 2023, the Bank owed N$71.2 million (2022 and 2021: N$89 million) to the loan guarantee.

16. Provisions

Reconciliation of provisions - 2023 in N$'000

	Opening balance	Income statement	Released from the income statement	Total
Leave pay	5,232	7,161	(7,321)	5,072

Reconciliation of provisions - 2022 in N$'000

	Opening balance	Income statement	Released from the income statement	Total
Leave pay	5,092	7,218	(7,078)	5,232

Reconciliation of provisions - 2021 in N$'000

	Opening balance	Income statement	Released from the income statement	Total
Leave pay	3,592	7,115	(5,615)	5,092

*** See Note 30**

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17. Deferred income

The deferred income arose from the Government loan (referred to in note 13) attracting interest at 2% (2022 and 2021: 2%) per annum, which is below market rates. Interest-free loans and loans at below market interest rates are recognised as a form of Government assistance. The benefit is the difference between the initial carrying amount of the loan, discounted at similar loan rates, and the actual proceeds received from the Government. The interest rate used is 9.25% (2022 and 2021: 9.25%) per annum.

	2023 N$'000	2022 Restated* N$'000	2021 Restated* N$'000
Opening balance	40,675	46,395	52,285
Amortised to the statement of comprehensive income	(5,520)	(5,720)	(5,890)
	35,155	**40,675**	**46,395**

18. Capital

	2023 N$'000	2022 Restated* N$'000	2021 Restated* N$'000
Issued			
Opening balance	1,721,506	1,631,506	1,541,506
Contribution during the year	90,000	90,000	90,000
	1,811,506	**1,721,506**	**1,631,506**

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

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

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

19. Funds and grants

	2023 N$'000	2021 Restated* N$'000	2021 Restated* N$'000
European fund account	11,528	11,528	11,528
Government scheme	36,102	36,102	36,102
Agribank NACP contribution	34,561	34,561	34,561
	82,191	**82,191**	**82,191**

*** See Note 30**

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Notes to the Annual Financial Statements

20. Interest income

	2023 N$'000	2022 N$'000
Advances granted	220,663	230,331
Bank and money market investments	23,761	14,778
Interest (paid) recovered on finance lease liabilities	(302)	38
	244,122	**245,147**

21. Interest expense

	2023 N$'000	2022 N$'000
Government loan	8,080	8,482
Fund accounts and borrowings	37,375	34,535
	45,455	**43,017**

22. Other operating income

	2023 N$'000	2022 N$'000
Rental income	-	202
Other income	1,326	680
Government grants	5,520	5,720
	6,846	**6,602**

23. Other operating gains (losses)

	Notes	2023 N$'000	2022 N$'000
Gains (losses) on disposals			
Property, plant and equipment	9	108	92
Fair value gains (losses)			
Investment property	8	3,695	(2,771)
Revaluation of property and equipment	9	(11 387)	(2,104)
		(7,692)	**(4,875)**
Total other operating gains (losses)		**(7,584)**	**(4,783)**

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24. Operating profit (loss)

	2023 N$'000	2022 N$'000
Auditor's remuneration - external		
Audit fees	593	540
Remuneration, other than to employees		
Professional fees	13,639	12,378
Personnel expenses		
Salaries and wages	92,818	91,972
Social security costs	280	277
Pension costs	11,835	11,221
Total personnel expenses	**104,933**	**103,470**
Depreciation and amortisation expense		
Depreciation of property, plant and equipment	4,064	4,916
Amortisation of intangible assets	1	3
Total depreciation and amortisation	**4,065**	**4,919**
Credit impairment losses		
Movement in credit impairment losses		
Impairment charge for the year	(2,608)	33,753
Net gains/(losses) on derecognition of financial assets measured at mortised cost	(231)	12,826
	(2,839)	**46,579**

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

2023 in N$'000	Stage 1	Stage 2	Stage 3	Total
Loans and advances to customers	(1,116)	(9,455)	7,963	(2,608)

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

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

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

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

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24. Operating profit (loss) (continued)

	2023 N$'000	2022 N$'000
Expenses by nature		
Auditor's remuneration	593	540
Advertising and marketing	4,112	3,786
Bank charges	415	415
Computer expenses	6,904	5,793
Directors' expenses	284	255
General expenses	1,629	1,462
Insurance	717	616
Legal expenses	1,038	895
Maintenance and security	1,345	1,697
Municipal charges	2,718	2,779
Printing and stationery	1,036	900
Professional fees	13,639	12,378
Rent paid	392	796
Subscriptions and memberships	2,791	3,655
Telephone	1,358	1,088
Training	1,901	1,343
Travelling and accommodation	3,514	5,343
VAT apportionment expenses	3,069	5,030
Vehicle expenses	1,399	983
	48,854	**49,754**

25. Additional cash flow information

	2023 N$'000	2022 N$'000
Change in operating assets		
Net change in other receivables	(24)	(31)
Net change in inventories	(120)	(44)
Net change in loans and advances to customers	(32,106)	(25,283)
Net change in retirement benefit obligations	557	324
	(31,693)	**(25,034)**
Change in operating assets		
Net change in other receivables	900	837
Net change in inventories	(160)	143
	740	**980**

Notes to the Annual Financial Statements

25. Additional cash flow information (continued)

	2023 N$'000	2022 N$'000
Net gain / (loss) from investing activities		
Depreciation and amortisation expense	4,065	4,916
Profit on disposal of property, plant and equipment	(108)	(92)
Revaluation of property, plant and equipment	4,424	2,104
Revaluation of investment property	(3,695)	2,772
	4,686	**9,700**
Net gain / (loss) from financing activities		
Interest paid	-	-
Interest paid on leasing liabilities	302	82
Movement in special purpose funds	(2,376)	2,656
Movement in loan guarantee fund	8,464	4,858
Net change in deferred income	(5,520)	(5,720)
	870	**1,876**

26. Commitments

	2023 N$'000	2022 N$'000
Authorised capital expenditure		
Authorised capital expenditure	15,250	26,385

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

27. Contingent liabilities

Litigation

There are currently two active labour matters. The first matter relates to an unfair retrenchment exercise. Despite both the Labour Commissioner and the High Court ruling in favour of Agribank, the applicant filed another new application in the High Court challenging all judgements passed pertaining to her case, citing that the initial matter was defended without a resolution/authority passed by Agribank's Board to defend the matter. Agribank opposed the new application and the matter is postponed to 5 October 2023 for delivery of judgement.

The second matter pertains to an unfair dismissal case as lodged with the Labour Commissioner, with judgement granted against Agribank. The Labour Commissioner ordered Agribank to reinstate the applicant and reimburse her for the period she was not in Agribank's employment from the date of her dismissal. Agribank lodged an appeal with the Labour Court, challenging both the reinstatement and monetary award. The appeal hearing date is yet to be provided by the Labour Court after furnishing the arbitration record/transcript. An interlocutory application was filed by Agribank requesting the court to extend the period within which the record ought to be filed at court. The

Notes to the Annual Financial Statements

27. Contingent liabilities (continued)

Litigation (continued)

operation of the Labour Commissioner's award is suspended until the finalisation of the appeal process; however, Agribank was ordered to pay the ex-employee a monthly salary pending the appeal outcome.

No possible outflow is expected from the first matter. The possible outflow which could result from the second litigation matter is estimated to be around N$3.7 million.

28. Maturity analysis of assets and liabilities

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

As at 31 March 2023 in N$'000	Within 12 months	After 12 months	Total
Assets			
Cash and cash equivalents	405,009	-	405,009
Other receivables	626	-	626
Inventories	1,329	-	1,329
Loans and advances to customers	902,700	2,033,522	2,936,222
Retirement benefit asset	-	702	702
Investment property	-	45,425	45,425
Property, plant and equipment	-	110,053	110,053
	1,309,664	**2,189,702**	**3,499,366**

As at 31 March 2023 in N$'000	Within 12 months	After 12 months	Total
Liabilities			
Due to banks	4,354	-	4,354
Creditors and other payables	11,242	-	11,242
Finance lease liabilities	2,156	1,214	3,370
Borrowed funds	-	392,226	392,226
Special purpose funds	101,624	-	101,624
Loan guarantee fund	-	134,781	134,781
Provisions	-	5,072	5,072
Deferred income	-	35,155	35,155
	119,376	**568,448**	**687,824**

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28. Maturity analysis of assets and liabilities (continued)

As at 31 March 2022 in N$'000	Within 12 months	After 12 months	Total
Assets			
Cash and cash equivalents	429,683	-	429,683
Other receivables	602	-	602
Inventories	1,209	-	1,209
Loans and advances to customers	899,355	2,004,761	2,904,116
Retirement benefit asset	-	1,259	1,259
Investment property	-	41,730	41,730
Property, plant and equipment	-	110,453	110,453
Intangible assets	-	1	1
	1,330,849	**2,158,204**	**3,489,053**

As at 31 March 2022 in N$'000	Within 12 months	After 12 months	Total
Liabilities			
Due to banks	3,059	-	3,059
Creditors and other payables	10,342	-	10,342
Finance lease liabilities	2,049	204	2,253
Borrowed funds	-	518,170	518,170
Special purpose funds	104,000	-	104,000
Loan guarantee fund	-	126,317	126,317
Provisions	-	5,232	5,232
Deferred income	-	40,675	40,675
	119,450	**690,598**	**810,048**

As 01 April 2021 restated in N$'000	Within 12 months	After 12 months	Total
Assets			
Cash and cash equivalents	377,678	-	377,678
Other receivables	571	-	571
Inventories	1,165	-	1,165
Loans and advances to customers	784,455	2,094,379	2,878,834
Retirement benefit asset	-	1,583	1,583
Investment property	-	44,502	44,502
Property, plant and equipment	-	106,438	106,438
Intangible assets	-	3	3
	1,163,869	**2,246,905**	**3,410,774**

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Notes to the Annual Financial Statements

28. Maturity analysis of assets and liabilities (continued)

As 01 April 2021 restated in N$'000	Within 12 months	After 12 months	Total
Liabilities			
Due to banks	4,752	-	4,752
Creditors and other payables	9,503	-	9,503
Finance lease liabilities	1,068	-	1,068
Borrowed funds	28,184	503,212	531,396
Special purpose funds	101,344	-	101,344
Loan guarantee fund	-	121,459	121,459
Provisions	-	5,092	5,092
Deferred income	-	46,395	46,395
	144,851	**676,158**	**821,009**

29. Fair value information

Fair value hierarchy

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

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

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

Level 3: Unobservable inputs for the asset or liability.

	2023 N$'000	2022 Restated* N$'000	2021 Restated* N$'000
Levels of fair value measurements			
Level 2			
Recurring fair value measurements			
Liabilities			
Financial liabilities at fair value through profit (loss)			
Bank loan	-	(71,201)	(80,085)
Government loan	(92,226)	(96,969)	(101,311)
Total financial liabilities at fair value through profit (loss)	**(92,226)**	**(168,170)**	**(181,396)**
Total	**(92,226)**	**(168,170)**	**(181,396)**

*** See Note 30**

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29. Fair value information (continued)

	2023 N$'000	2022 Restated* N$'000	2021 Restated* N$'000
Level 2 (continued)			
Non-recurring fair value measurements			
Investment property			
Owner-occupied properties	4,648	4,648	4,648
Property, plant and equipment			
Land and buildings	5,970	5,970	5,970
Leasehold property	93,386	94,723	91,957
Total property, plant and equipment	**99,356**	**100,693**	**97,927**
Total	**104,004**	**105,341**	**102,575**

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

	2023 N$'000	2022 Restated* N$'000	2021 Restated* N$'000
Level 3			
Non-recurring fair value measurements			
Investment property			
Witvlei abattoir	31,746	28,860	30,800
Witvlei cattle pen	2,420	2,200	2,500
Witvlei land and erven	6,611	6,022	6,554
Total investment property	**40,777**	**37,082**	**39,854**
Total	**40,777**	**37,082**	**39,854**

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

30. Prior period adjustment

Historically, the In Duplum rule was applied case-by-case within our loan portfolio, especially for large long overdue clients, driven by the necessity to provide legally defensible figures for clients in legal actions. However, this financial year marked a comprehensive review and quantification of the rule for the entire loan book, revealing a prior period error. During February of this year, we initiated integrating In Duplum calculations into our SAP system, enhancing accuracy and consistency.

We've restated financial statements to address previously unrecognised In Duplum impacts, aligning with accounting standards. Management is dedicated to rectifying this error and ensuring future financial reporting accurately reflects In Duplum application within our loan portfolio.

Opening retained earnings as at 1 April 2021 as previously stated amounted to N$886.7 million and the error so identified amounted to N$10.7 million.

*** See Note 30**

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30. Prior period adjustment (continued)

	2023 N$'000	2022 Restated* N$'000	2021 Restated* N$'000
The prior period error resulted in the following adjustments:			
Statement of Financial Position			
Decrease in loans and other receivables	-	(18,574)	(10,653)
Decrease in retained earnings	-	10,653	10,653
	-	**(7,921)**	**-**
Statement of Comprehensive Income			
Decrease interest income	-	(7,921)	-
Statement of Cash Flows			
Cash flow from operating activities			
Decrease in loans and receivables	-	(7,921)	-

31. New standards and interpretations

31.1 Standards and interpretations effective and adopted in the current year

At the date of authorisation of the financial statements of the Agricultural Bank of Namibia for the year ended 31 March 2023, the following applicable new or revised financial reporting standards, amendments and interpretations of those standards were in issue but not yet effective. On review of these amendments and interpretations, the impact (if any) has not yet been estimated, nor is it expected to have a material impact on the Bank's financial statements.

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

31.2 Standards and interpretations not yet effective

The Bank's has chosen not to early adopt the following standards and interpretations, which have been published and are mandatory for the Bank's accounting periods beginning on or after 01 April 2023 or later periods:

*** See Note 30**

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31. New standards and interpretations (continued)

31.2 Standards and interpretations not yet effective

Standard/Interpretation:	Effective date: Years beginning on or after	Expected impact:
• IFRS 17, 'Insurance contracts' (effective 1 January 2023 or when IFRS 15 and IFRS 9 apply)	01 January 2022	Expected impact is insignificant
• Amendments to IAS 1, Presentation of financial statements' on classification of liabilities	01 January 2022	Expected impact is insignificant
• Narrow scope amendments to IAS 1 ‘Presentation of Financial Statements’, Practice statement 2 and IAS 8 ‘Accounting Policies, Changes in Accounting Estimates and Errors’	01 January 2022	Unlikely there will be a material impact

*** See Note 30**

NOTES

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