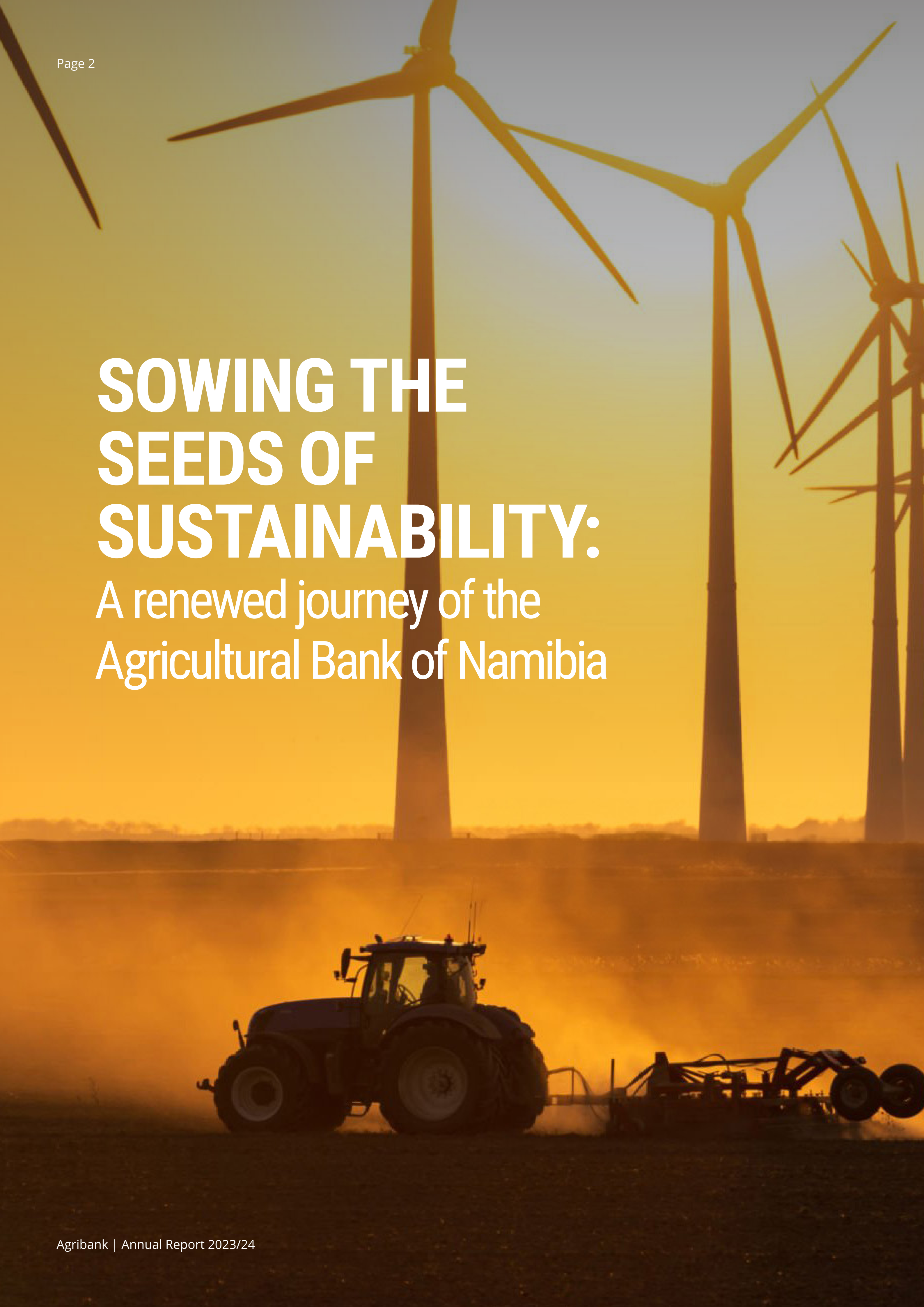
2023/24

ANNUAL REPORT

AGRIBANK OF NAMIBIA

Your all Season Bank



SOWING THE SEEDS OF SUSTAINABILITY:

A renewed journey of the Agricultural Bank of Namibia

TABLE OF **CONTENTS**

Glossary of Terms	4
List of Tables and Figures	5
Prologue: The Roots of Agribank A Brief History of the Agribank of Namibia	7
Cultivating a Vision Agribank's Mandate, Mission, Vision and Values	8
Branching Out Financial & Operational Highlights, Key Financial Ratios, Developmental Impact Highlights	11
Harvesting Leadership Chairperson's Report, Board of Directors, Corporate Governance Statement	17
A Journey Towards Sustainability CEO's Review, Executive Management, Business Performance Review	27
Deep Roots, Nurturing Growth Agri Advisory Services, Research & Product Development	39
Facing the Storms Loan Book Performance, Collections, Legal Services	43
Nurturing Human Capital Human Resources, Organisational Development, Employee Relations and Wellness	47
Cultivating Community Marketing, Stakeholder Relationships, Corporate Social Responsibility	51
Seeds of Innovation ICT and Business Innovation, Risk Management	55
Financial Harvest Annual Financial Statements and Performance Overview	59
Epilogue: Growing a Sustainable Future Reflections, Commitments, and Vision for Future Generations	114

GLOSSARY OF **TERMS**

AASD	Agri Advisory Services Division
BoN	Bank of Namibia
CIC	Credit and Investment Committee (of the Board)
CSR	Corporate Social Responsibility
EIF	Environmental Investment Fund
ERFP	Emerging Retail Financing Product
EXCO	Executive Committee
FRACC	Finance, Risk, Audit and Compliance Committee (of the Board)
FY	Fiscal Year/Financial Year
GCF	Green Climate Fund
HR	Human Resources
HRC	Human Resources Committee (of the Board)
KfW	Kreditanstalt für Wiederaufbau (Credit Institute for Reconstruction)
MAWLR	Ministry of Agriculture, Water and Land Reform
OPEX	Operational Expenditure
PEGA	Public Enterprises Governance Act, 2019 (No. 1 of 2019)
PSSF	Post Settlement Support Fund

LIST OF **TABLES**

Table 1:	FY2023/24 Board and Board Committee Attendance	24
Table 2:	FY2022/23 and FY2023/24 Board Fees	25
Table 3:	FY2022/23 and FY2023/24 Board Fees per Director	25
Table 4:	Mentorship Productivity Indicator	41

LIST OF **FIGURES**

Figure 1:	Board Governance Structure	22
Figure 2:	Loan Disbursement Trends	34
Figure 3:	Loan Disbursement to Youth	35
Figure 4:	Loan Disbursement to Women	35
Figure 5:	Disbursement by Schemes	36
Figure 6:	Disbursement per Region	36
Figure 7:	Farmers' Training Events 2017/18 – 2023/24	40
Figure 8:	Legal Collections Trend Year on Year 2020 - 2024	45
Figure 9:	Brand Visibility Ranking	52
Figure 10:	Regional Spend of CSR	53

1.

PROLOGUE:
THE ROOTS OF AGRIBANK

Agribank of Namibia is a State-Owned Enterprise that has been at the forefront of Namibia's agricultural development since 1907 when it was founded as Deutsch-Sudwestafrikanischer Farmerbund.

In April 1922, the Land and Agricultural Bank of South West Africa was established. In 1944, the Landbank Act No. 13/1944, as amended, provided the legal framework for regulating the business of the Bank. In 1991, under the Agricultural Bank Amendment Act No. 27, the Land and Agricultural Bank of South West Africa was changed to the Agricultural Bank of Namibia. With a mandate to promote the growth and advancement of agriculture through affordable and innovative financing, Agribank has established itself as a critical financial institution serving farmers and stakeholders across the nation.

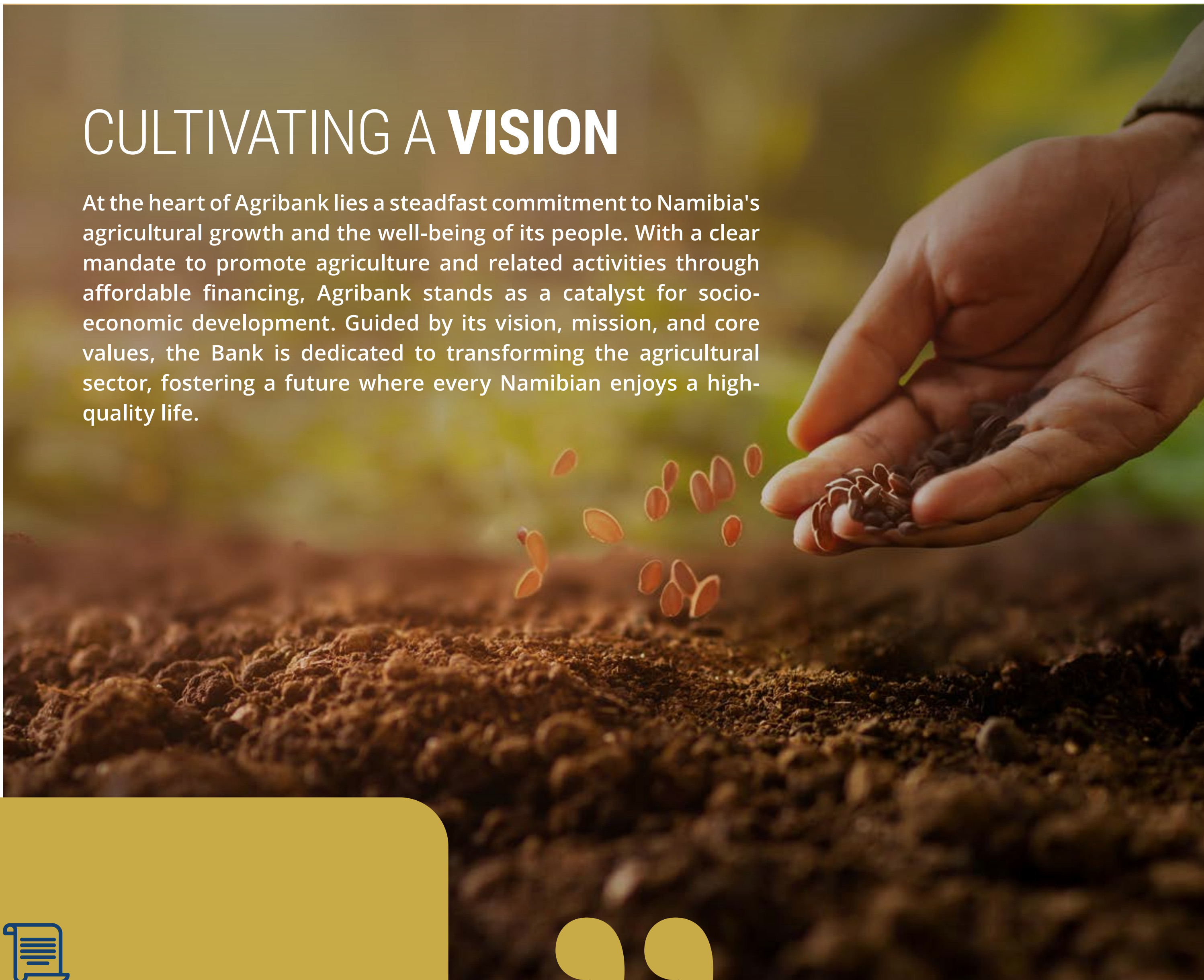
Operating through its eight branch offices located in Katima Mulilo, Mariental, Ongwediva, Otjiwarongo, Rundu, Windhoek, Gobabis, and Grootfontein, Agribank's reach extends to diverse client groups. These include commercial, communal, and emerging commercial farmers, cooperative societies, companies, partnerships, trusts, and individuals engaged in agriculture. Agribank's inclusive approach ensures that it addresses the varying needs of Namibia's agricultural landscape, from large-scale commercial farmers to smaller, resettled farmers.

The Bank operates under the legal framework provided by the Agribank Act No. 5 of 2003, which empowers it to offer financial solutions to individuals and financial intermediaries to promote agriculture and related activities. This mandate shapes Agribank's purpose—to be a catalyst for transforming the agricultural sector and enabling every Namibian to enjoy a quality life.

Central to its operations is a governance framework led by a Board of Directors appointed by the shareholder. The Board's responsibilities encompass setting Agribank's strategy, ensuring effective governance practices, approving annual business plans and budgets, and providing independent judgment on critical decisions. This governance structure and the bank's dedication to adhering to applicable laws, regulations, and internal policies ensure that Agribank remains a stable and reliable partner for Namibia's farmers.

Guided by its vision "to be the catalyst in transforming the agricultural sector where every Namibian enjoys a quality life," Agribank actively pursues its mission of providing affordable and sustainable innovative financial solutions contributing to Namibia's socio-economic development. The bank's values—Customer Service, Accountability, Professionalism, Fairness, Integrity, and Transparency—are the cornerstones of its operations, reflecting its commitment to serving the agricultural sector with efficiency, ethical standards, and integrity.

Agribank's story is one of growth, responsibility, and an unwavering dedication to fostering a sustainable agricultural future for Namibia. As we delve into the chapters of this annual report, we will explore the many facets of Agribank's journey—its challenges, triumphs, and ongoing commitment to the agricultural community.



CULTIVATING A **VISION**

At the heart of Agribank lies a steadfast commitment to Namibia's agricultural growth and the well-being of its people. With a clear mandate to promote agriculture and related activities through affordable financing, Agribank stands as a catalyst for socio-economic development. Guided by its vision, mission, and core values, the Bank is dedicated to transforming the agricultural sector, fostering a future where every Namibian enjoys a high-quality life.

Mandate

Agribank is a development finance institution mandated to lend money to individuals, business entities or financial intermediaries to promote 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).

Empowering Namibia's Agriculture Since 1907

STRATEGIC **THRUST**

Our Vision

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

Our Mission

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

Our Values

The core values that guide our business are:

Customer Service
We strive to serve our customers with excellence.

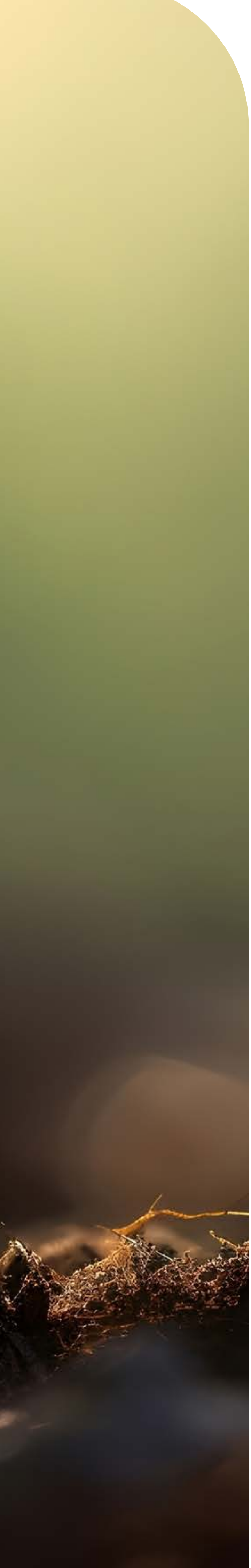
Fairness
We strive towards equitable and fair treatment of all stakeholders.

Accountability
We account for and take responsibility for our actions to fulfil our mandate.

Integrity
We are honest and truthful in the conduct of our business.

Professionalism
We strive to apply the skills, competencies and character expected of highly trained professionals in conducting our business and executing our mandate.

Transparency
We are open to public scrutiny in all our dealings.

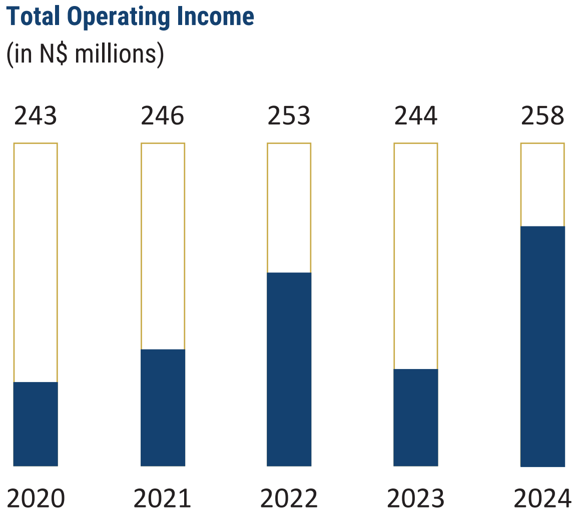


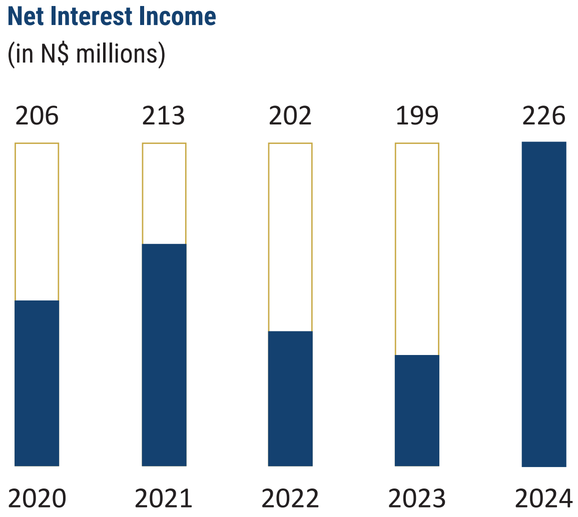
2.

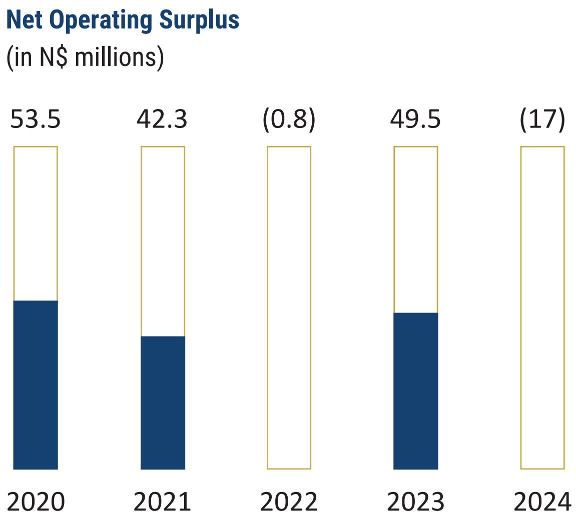
BRANCHING **OUT**

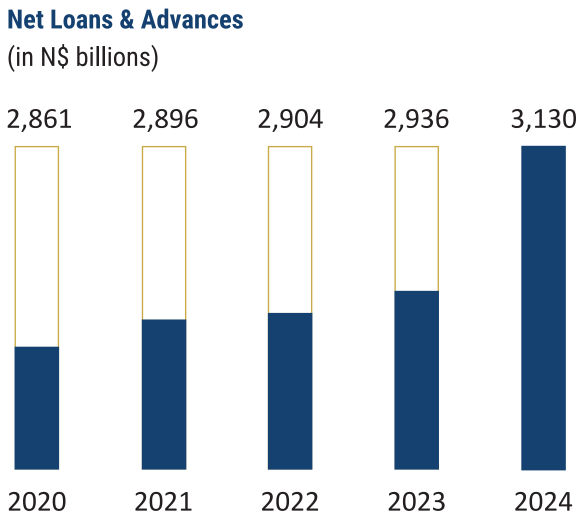
As Agribank expands its reach across Namibia, critical financial and operational highlights reflect the bank's growing impact on the agricultural sector. From maintaining a stable financial position over time to increasing loan disbursements and regional outreach, Agribank is branching out to meet the diverse needs of its clients. This section provides an overview of the bank’s financial performance, its developmental impact, and the strides made in empowering farmers, driving productivity, and fostering sustainable agricultural practices.

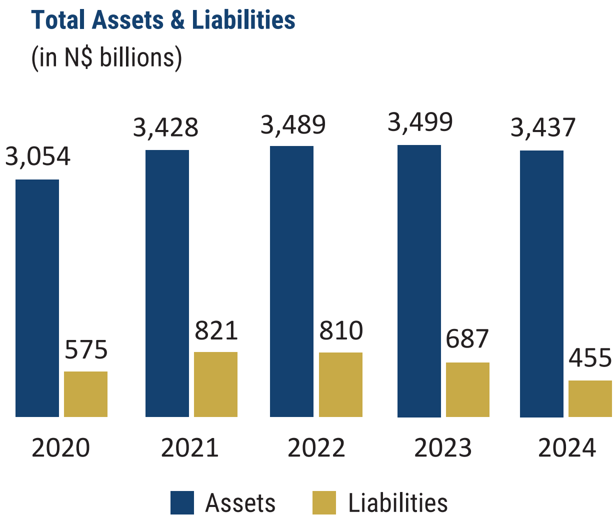
FINANCIAL AND OPERATIONAL **HIGHLIGHTS**

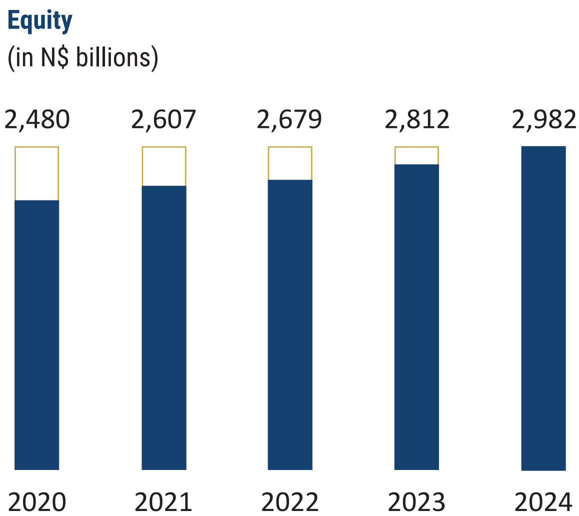












Key Financial Ratios

-0.64%
Return on Equity | FY 2023/24

66.29%
Staff Cost to OPEX | FY 2023/24

69.61%
Cost-to-income Ratio | FY 2023/24

6.40%
Net Interest Margin | FY 2023/24

-0.56%
Return on Assets | FY 2023/24

34.19%
Arrears-to-total-advances Ratio | FY 2023/24

66.37%
Non-Performing Loans Ratio (NPL)s | FY 2023/24

Developmental Impact Highlights

1. FY2023/24 Disbursements

- Total disbursement increases by 34% to N$369m.
- 466 farmers benefited.

2. Market Share

- Agribank loans as % of Agriculture debt 47% in FY2024 vs 45% in FY2023. Agribank continues to be the leading market player in the agriculture finance sector.

3. Farmland Product

- Land size of loans disbursed for land purchase 82 709 ha.
- Total disbursement for land purchase N$183.0m.

4. Disbursement to Top 5 Scemes

- Security backed loans N$250m.
- Women and Youth loan scheme N$85m.
- No collateral loans scheme N$12m.
- Emerging Retail financing product (ERFP) N$8m.
- Post settlement N$3.7m.

5. Top 5 Products (excluding land purchase)

- Livestock N$94.0m.
- Debt take-over N$39.3m.
- Farm vehicle and implements N$25.0m.
- Farm improvement N$9.0m.
- Season and irrigation loans N$5.7m.

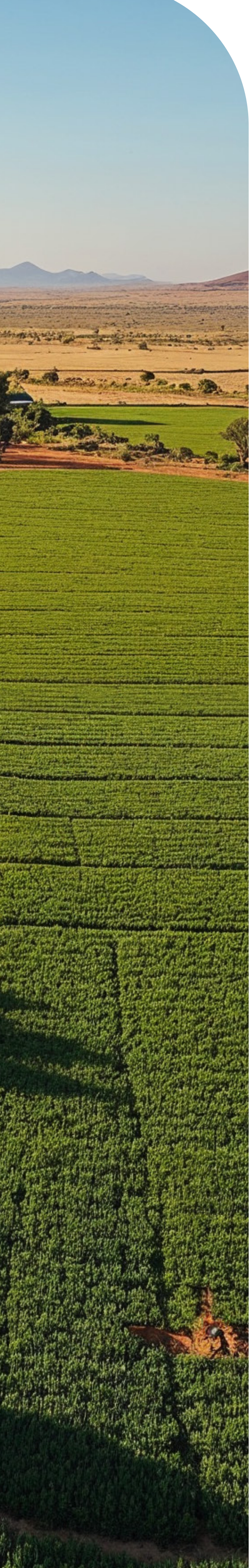
6. Mentorship & Training

- 223 clients under mentorship.
- 9 449 face-to-face training participants.
- 84% Client Satisfactory rating of mentorship services.

7. Mentees Productivity

- Cattle offtake rate increased by 19%.
- Cattle mortality rate dropped by 10%.
- Sheep offtake rate increased by 21%.
- Sheep mortality rate dropped by 15%.

Empowering farmers, driving productivity, and fostering sustainable agricultural practices.



3.

HARVESTING **LEADERSHIP**

Effective leadership and sound governance are the cornerstones of Agribank's success and growth. In this chapter, we delve into the insights and strategic direction outlined in the Chairperson's Report, explore the contributions of the Board of Directors, and highlight the robust governance framework that guides the Bank. Additionally, the Chief Executive Officer's review provides an in-depth look at Agribank's performance and the path forward, underscoring our commitment to transparency, sustainability, and resilience in Namibia's agricultural sector.

CHAIRPERSON'S REPORT

Introduction

The Namibian agricultural sector continues to struggle. With a impending drought impacting the country's livestock and crop production sub-sectors, agriculture's contibution to the economy is expected to yet underperform this year. The early rainy season started off on a promising note. However, the hopes of the farming community soon faded during the height of the raining season, which saw long hot dry spells leading to crop failures and poor grazing conditions.

In response to the severe drought forecasted to affect most parts of the country the Government announced several drought relief measures. One of these programs involved providing instalment payment relief for famers with land and livestock loans through Agribank to ease the financial burden imposed by drought conditions. This assistance is welcomed and expected to support the liquidity of both Agribank and individual loan recipients for the year ahead.

The poor climatic conditions and global economic crises constitute a challenging context for Agribank, impeding on the Bank's set strategy. Despite these difficulties, Agribank has made positive strides. We maintained a strong focus on financial sustainability, operational efficiency, prudent expense management and growth in loan disbursements. The value of loans disbursed has increased compared to the previous year, reflecting our ongoing support for the agriculture sector. We continue to extend credit to farmers focusing on designated groups such as Women and Youth farmers, as well small and medium-sized agri-enterprises in the face of climate variability. This represent a key market segment for Agribank, offering an opportunity to grow productive capital in the agricultural sector, which is critical for economic growth and job creation.

Together, we will build a stronger, more resilient future.

As we look to the future, we are cautiously optimistic. We recognise the risks posed by climate change and global uncertainties. We are starting to accept that drought will remain a constant risk to our business and the Namibian farming community. We have accordingly started to think about new ways to evelove our business model to mitigate the impact of climate change on our business and our clients.

Internally, we have started to look at ways to become more efficient and to streamline our operational processes, while paying attention to our loan book. For example, we have started a balance sheet clean up process in an effort to improve the quality of our loan book. This exercise involve re-assessing the quality of the current loan portfolio, reviewing the risk profile of different products based on historical performance, and adapting the credit criteria in line with Agribank's mandate and changing operating environment. The result from this exercise is aleady visible in the income statement for the year ended 31 March 2024.

While the impact has resulted in significant reduction in profitability with a loss recorded for the year, the Board is convinced about the long-term benefits for the organisation. Strengthening the balance sheet and focusing on the quality of our loan book through this exercise will greatly assist Agribank's strategy to diversity its funding sources.

Henceforth, the Bank will explore alternative funding streams and mobilize affordable capital to further support our developmental mandate. The long-term objective is to access long-term funding from alternative sources, including local capital markets, Social Investors, Regional and international Development Funding Institutions.

Furthermore, we seek to embed Environmental, Social, and Governance (ESG) factors into our strategic planning and operations. This is to unlocking climate finance and concessional capital, ensuring the Bank remains positioned to deliver sustainable solutions and invest in high-impact projects that benefit not only the Bank but also our customers and the country at large. We realise that the shift in our strategy and operating model present an opportunity for Agribank to maintain a balanced growth and remain resilient under changing conditions.

Position :
Chairperson

JOSEPHAT MWATOTELE

As we close this financial year and prepare for the next season, on behalf of the Board, I would like to extend my sincere gratitude to all stakeholders for their continued confidence in Agribank and continued support. I would also like to thank our shareholder for the continued support and productive working relationship. Finally. I extend my appreciation to the Agribank management team and staff for their commitment towards delivering the results that we have collectively achieved, despite the challenging conditions. Together, we will continue to build a stronger, more resilient future for Namibia's agricultural sector and the Namibian economy.

Josephat Mwatotele
Chairperson

4. BOARD OF DIRECTORS

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 Nashandi
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

CORPORATE GOVERNANCE **STATEMENT**

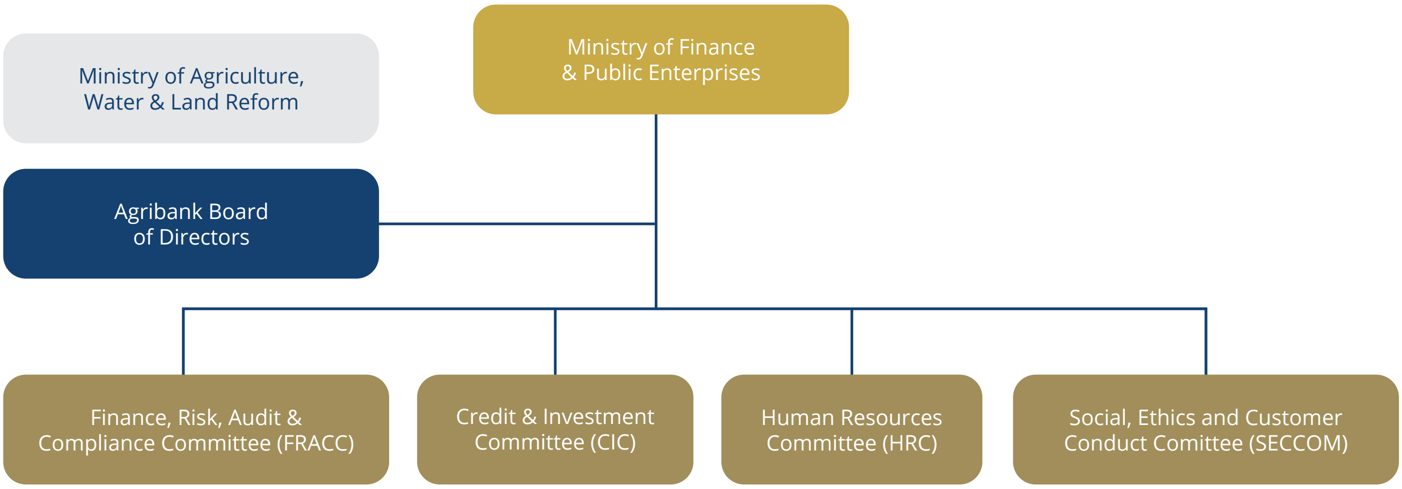
Governance Framework and Board Structure

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

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

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

Figure 1: Board Governance Structure



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. Internal Audit, Risk Management and Compliance work is reported quarterly to the FRACC and subsequently to the Board. Assurance of 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.

Board Committees

The Board of Directors establishes committees to assist with the execution of the Board's duties and responsibilities. Each committee comprises 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 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 four committees, their oversight roles and respective members.

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

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

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

Social, Ethics and Customer Conduct Committee (SECCOM)

Members	Roles, responsibilities and functions
Brian Katjaerua (Chairperson) **Josephat Mwatotele** **Peyavali Hangula** **Erna Motinga**	• Advises and guides the Board on the effectiveness of management's efforts concerning social, ethics, sustainable development-related and customer conduct matters. • Monitors the Bank's performance as a responsible corporate citizen in the workplace and the social and natural environments.

Board and Committee Attendance

To effectively execute its fiduciary duties, the Board is committed to meeting at least four times a year. Additional special Board meetings may be convened as needed to address operational, financial, governance, or other critical business issues. In FY 2023/2024, the Board held its scheduled quarterly meetings.

Table 1: FY2023/24 Board and Board Committee Attendance

	BOARD	FRACC	CIC	HRC	SECCOM
Josephat Mwatotele	100%	100%	89%	N/A	100%
Brian Katjaerua	100%	60%	100%	N/A	66%
Peyavali Hangula	100%	100%	N/A	100%	66%
Dolly Nashandi	100%	60%	N/A	100%	N/A
Alfred Sikopo	25%	N/A	66%	25%	N/A
Erna Motinga	25%	N/A	89%	100%	100%

Total number of meetings held

Board 4 Meetings

CIC 9 Meetings

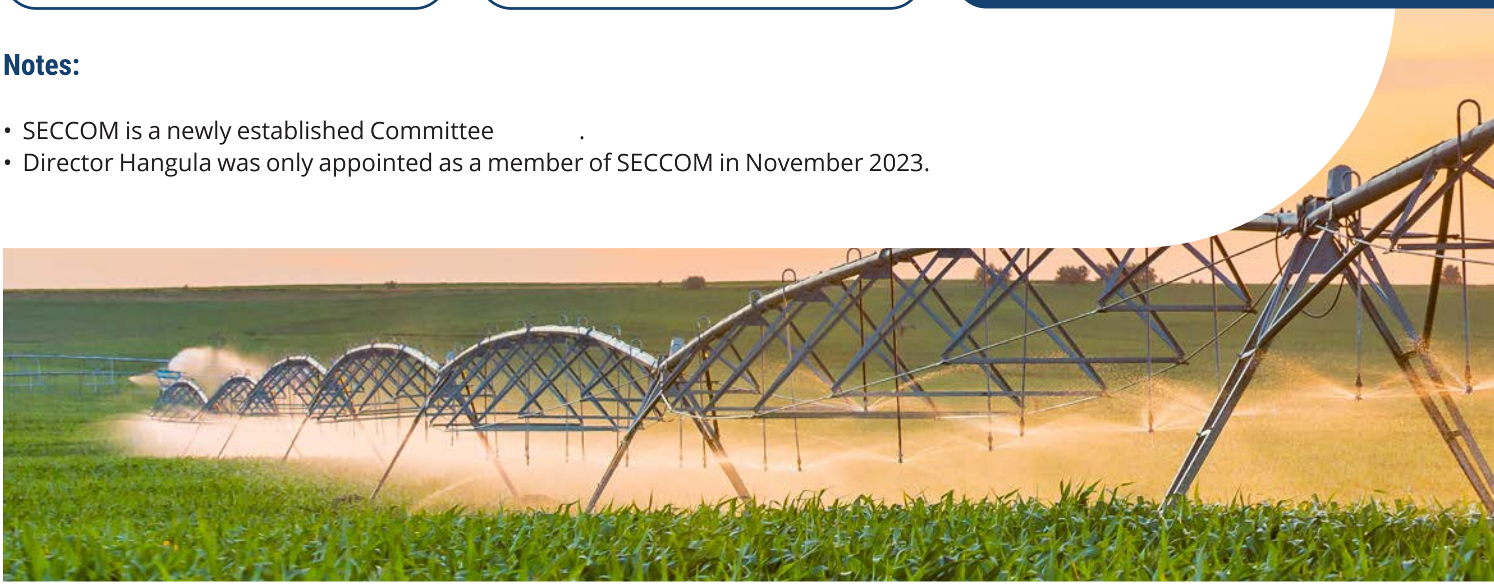
FRACC 5 Meetings (1 special)

HRC 4 Meetings

SECCOM 3 Meetings

Notes:

- SECCOM is a newly established Committee .
- Director Hangula was only appointed as a member of SECCOM in November 2023.



Board Fees for 2022/2023 and 2023/2024 financial years

Table 2 highlights an increase in sitting fees from the FY 2022/23 to the FY 2023/24, mainly due to introducing a new Boad Committee (SECCOM). Table 3 highlights sitting and retainer fees per Board member during the year under review.

Table 2: Board Fees for 2023/2024

Type of Fee	2023	2024
Retainer Fees	N$549,222	N$722,656
Sitting Fees	N$202,876	N$355,592
Total	**N$764,755**	**N$752,098**

Table 3: FY 2023/2024 Board Fees per Director

Name	Sitting Fees	Retainer Fees
Joephat Mwatotele	N$91,977	N$149,851
Peyavali Hangula	N$76,145	N$148,607
Loide Dolly Nashandi	N$54,261	N$117,847
Brain Katjaerua	N$71,505	N$157,744
Erna Motinga	N$61,703	N$148,607
Total	**N$355,591**	**N$722,656**

Like a well-tended farm, strong governance ensures fruitful results.

4.

A JOURNEY TOWARDS **SUSTAINABILITY**

In a year marked by challenges, from adverse weather conditions to economic uncertainty, Agribank continued to support ambitions of Agri enterprises. This chapter outlines the financial and operational report as well as strategic interventions taken to establish the bank as a key partner for our customer growth. With a focus on customer-centricity, financial inclusion, and responsible risk management, we review how Agribank continues to drive positive impact across regions and communities, and commitment to driving sustainable agriculture practices, amidst changing dynamics.

CHIEF EXECUTIVE OFFICER'S REVIEW

Introduction

I present to you a comprehensive review of the Bank's performance for the financial year ending 31 March 2024. The year under review presented significant challenges, primarily driven by adverse climatic conditions, notably the severe drought across our country. Such adverse conditions have had a profound impact on the agricultural sector, which is at the heart of our operations. Various macro-economic conditions have also contributed to operational difficulties faced during the period under review.

Despite these challenging conditions, the year also presented opportunities for the Bank. We capitalized on this by reinforcing our control systems and implementing strategic interventions that align with our commitment to sustainability and future resilience.

Key performance highlights of the institution are as follows:

Financial Performance

i. Interest income increased by 5.46%, from N$244.1 million in 2023 to N$257.5 million in 2024. The increase is primarily due to a growth in loan book and optimal investment of surplus funds.

ii. Additionally, the bank benefited from a significant reduction in interest expenses, which decreased by 30.98%, reaching N$31.4 million in 2024, down from N$45.5 million in 2023, due to the settlement of significant funding facilities during the period under review.

iii. However, these gains were overshadowed by substantial increase in credit impairment losses, which escalated from (N$2.8 million) in 2023 to N$65.3 million in 2024. This alarming rise reflects the impact of recurring droughts on farmers, leading to an increase in loss provisioning cases and poor recovery of net bad debts.

iv. Total expenses surged from N$157.9 million in 2023 to N$188.6 million in 2024, due to expense alignment and increase in accruals and provisions with regard to professional fees, legal provisions, filling of key executive and management roles, and inflationary increases in other expenses.

v. These factors culminated in a regrettable financial outcome, with the Bank recording a loss of N$16.7 million, a significant downturn from the N$49.5 million surplus achieved in the previous year.

vi. The Bank's total assets registered a slight decline of 1.68%, culminating in a total value of N$3.44 billion, down from N$3.50 billion in the previous financial year.

Together, we will restore financial stability and ensure sustainability.

Position :

Chief Executive Officer

RAPHAEL KARUAIHE

Customer Centricity

i. Our customer-centric focus is demonstrated through key metrics such as loan growth, and improved service turnaround times.

ii. We continuously work to improve stakeholder engagement and sales channels to better serve our clients. Initiatives such as the "Branch-on-Wheels" have brought banking services closer to underserved areas, making financial services more accessible to deserving communities.

iii. Consequently, the Bank disbursed N$370 million in 2024, a significant increase compared to the N$285 million in 2023, further demonstrating our leading position in the agricultural finance space.

Customer Centricity (continued)

iv. Correspondingly, Agribank achieved a 6.59% growth in the total loan portfolio, with the total amount rising to N$3.13 billion in 2024 from N$2.94 billion in 2023. This success stems from our efforts to streamline the loan process, improve sales channels and improve turnaround times.

v. Furthermore, Agribank values strong customer relationships and regularly engages with stakeholders to foster mutual understanding. During the review period, we held stakeholder sessions at agricultural shows and conducted one-on-one client visits, resulting in meaningful collaborations and valuable feedback to enhance our services and product offerings.

vi. Despite cost containment measures leading to a reduction in the number of farmers training events, Agribank continued to offer valuable agri-advisory services, reaching 9,449 participants during the period under review. This reflects our ongoing commitment to empowering farmers with the knowledge and skills they need for success.

Turn Around time

i. We strive to enhance our customer experience by reducing loan turnaround times, particularly the credit application processing. We have enforced Service Level Agreements (SLAs) across all relevant divisions to ensure timely and efficient service delivery.

ii. We are making significant strides in modernizing our Core Banking system and upgrading our front-end systems. These improvements are designed to enhance system performance and deliver a better experience for our customers.

Human Capital

i. The Bank made significant progress in line with its strategic objective of "cultivating a high-performance culture and an engaged workforce". During the year under review, Human Resources implemented various initiatives targeted at driving a high-performance culture, enhancing employee experience by training and developing our employees.

ii. We remain committed to upskilling/reskilling our employees to ensure that they drive business objectives. For the year under review, 65% of employees benefited from the training and development initiatives to the value of N$ 799,241.92 towards qualification in undergraduate, Honours, Masters, and short courses.

Compliance

i. The Bank's prudential standard rating stood at 78%, which is indicative of effective controls, operational efficiency, prudent financial management, and sound corporate governance.

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, enhancing our risk mitigation framework.

Strategic Imperatives

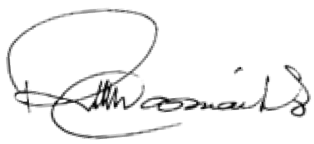
As we look to the future, Agribank is ready to intensify its strategic priorities for the 2024/25 fiscal year as follows:

- Raise climate finance to invest in high impact and sustainable projects
- Develop Environmental and Social system
- Continue to drive financial inclusion agenda and building capacity for Agribank clients.
- Continuous improvement in operational efficiencies.
- Enhance technological innovations

Conclusion

Despite the outcome of the financial year, the bank remains committed to addressing the underlying issues, particularly in credit management and expense control, to restore financial stability and ensure long-term sustainability. The lessons learned during this period will be crucial in guiding the bank's strategies moving forward.

I would like to thank the Board for their strategic guidance along the year, our management team and employees for the dedication and commitment to forging ahead. We extend our gratitude to our customers for their ongoing support.



Raphael Karuaihe
Chief Executive Officer

Despite these challenging conditions, the year also presented opportunities for the Bank. We capitalized on this by reinforcing our control systems and implementing strategic interventions that align with our commitment to sustainability and future resilience.

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.

Raphael Karuaihe
Chief Executive Officer

Abel Akayombokwa
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

BUSINESS PERFORMANCE **REVIEW**

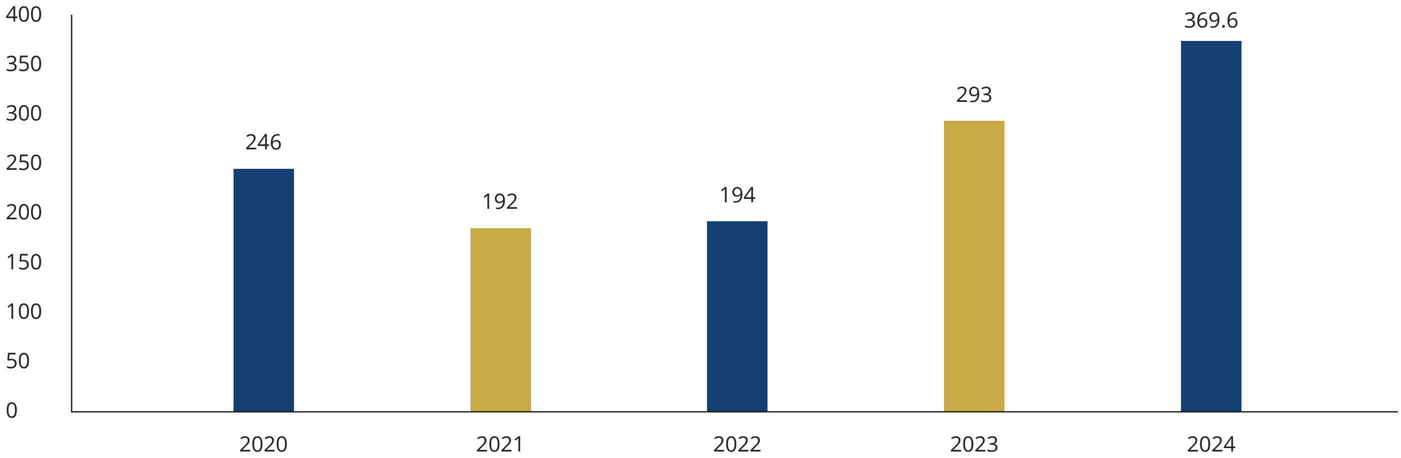
The Executive Committee (EXCO) manages the Bank's daily operations under the chairmanship of the Chief Executive Officer. This governance structure ensures alignment with strategic objectives and the fulfilment of the Bank’s developmental mandate. As a development finance institution, Agribank facilitates economic growth within the agricultural sector by offering affordable, innovative, and inclusive financing solutions.

PRODUCTS AND SERVICE OFFERINGS

Our banking services are built on the principle of customer centricity, where we strive to understand the unique needs and challenges of our clients. We prioritize building strong relationships with our clients, enabling us to provide tailored financial solutions that meet their specific requirements. This approach, combined with competitive loan terms and conditions, allows Agribank to remain a premier agriculture lender, with a view to support growth in the agriculture sector and related value chains. In FY2023/24, Agribank advanced a total of N$370 million to farmers, marking a 26% increase from the previous year (Figure2). This significant growth reflects our ongoing commitment to improving operational efficiencies, streamlining loan processess and enhancing service delivery.. Another key driver of this success has been the introduction of innovative initiatives such as the "Branch on Wheels" program, which has extended our reach and brought banking services closer to clients in remote and underserved areas. By continually refining our products and services, we aim to empower more farmers with access to the financial resources they need to grow and thrive in a challenging operating environment.

Figure 2: Loan Disbursement Trends

(in N$ millions)



As a responsible corporate citizen, Agribank is deeply committed to promoting financial inclusion, with a particular focus on smallholder farmers, youth, and women. We recognize that these segments play a critical role driving the urgently required agricultural growth and employment creation. Our approach is not only profit driven but also empowering those who are often left behind, ensuring a more equitable and resilient future for all.

In FY2023/24, loan advancements to youth surged to N$58.3 million, up from N$9.4 million in the previous year. Similarly, loan advancements to women increased by 94%, reaching N$26.8 million. These increases are attributable to ongoing capacity-building initiatives and stakeholder engagements during the period under review. Agribank's efforts to support these groups align with national objectives to empower youth and promote gender equality in Namibia.

Figure 3: Loan Disbursement to Youth

(in N$ millions)

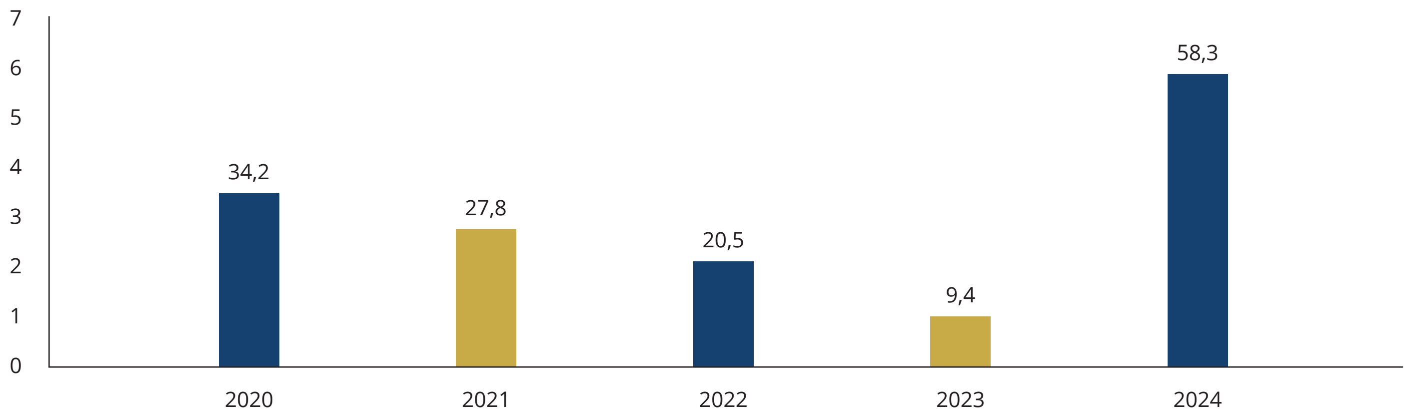
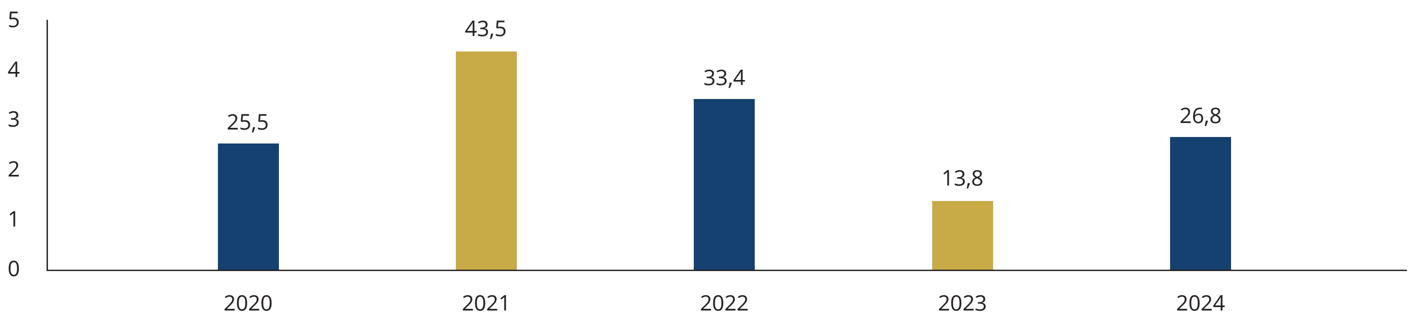


Figure 4: Loan Disbursement to Women

(in N$ millions)



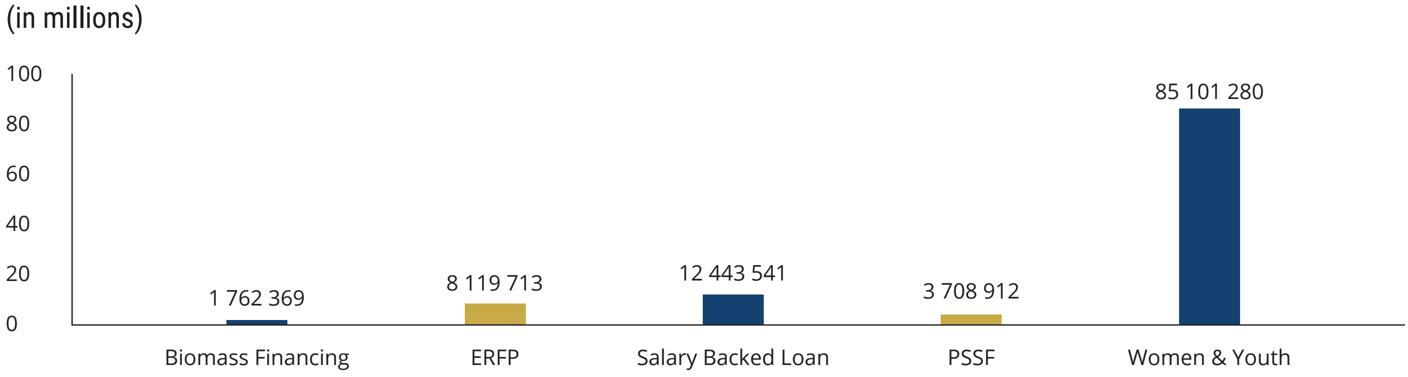
Branch on Wheels Initiatives

The Bank launched a pioneering Branch-on-Wheels pilot initiative to enhance financial inclusion and expand its loan book. This initiative extends to the Oshikoto, Kunene, //Kharas, and Hardap regions, targeting underserved farming communities. By bringing banking services directly to these areas, the Bank seeks to engage previously untapped potential clients, thereby increasing its market share and strengthening Agribank's competitive advantage in these regions. Within two months of the pilot project, the Bank successfully serviced 270 clients, demonstrating its commitment to inclusivity and client convenience. This strategic move is expected to drive economic growth by providing essential financial services to remote areas, fostering greater economic participation, and supporting the agricultural sector's development.

Disbursement by Schemes

Agribank's loan schemes promote product and farming diversification, effectively balancing commercial and communal agricultural practices. In promoting communal farmers, N$8.2 million and N$12.4 million was advanced through the ERFP and salary-backed loan schemes, respectively, in the FY2023/24. Additionally, the Bank supports product diversification by rolling out the Biomass Financing Facility, which encourages alternative agricultural products and promotes farm income diversification. Furthermore, aligning with the national land redistribution objectives, Agribank invested N$3.7 million into the Post-Settlement Support Program. The disbursement amounts for different schemes are shown in the figure below:

Figure 5: Disbursement to Schemes

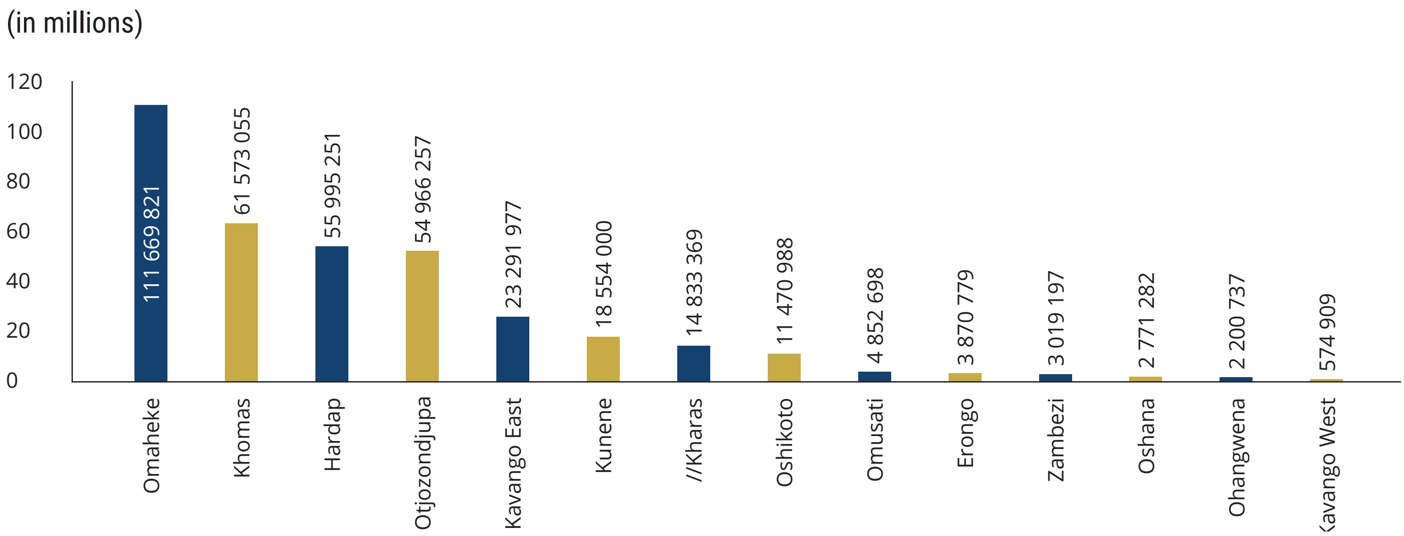


Disbursement by Regions

The Bank made substantial disbursements across various regions during the review period to foster inclusive and sustainable agricultural development. The Omaheke region received the highest allocation, totalling N$111mn. This was followed by significant disbursements to Khomas at N$61,6mn and Hardap at N$56mn. Additional notable allocations included Otjozondjupa with N$55mn and Kavango East with N$23.3mn. These targeted investments reflect the Bank's commitment to supporting agricultural growth and ensuring financial resources are strategically distributed to enhance regional development and agricultural sustainability.

The notable disbursement increases across the top five (5) regions are primarily driven by heightened demand for farmland acquisition, livestock, irrigation equipment, and utilities (Water & Electricity infrastructure) loans. The surge in livestock loan uptake can be partially attributed to the decline in livestock prices, allowing farmers to restock their herds at reduced costs, thereby positioning themselves favourably for future market recoveries. Additionally, the increased investment in irrigation equipment reflects the pressing need to maintain crop production amidst challenging climatic conditions.

Figure 6: Disbursement per Region



INTERNAL AUDIT

The Internal Audit function is critical in strengthening Agribank's corporate governance framework. The function provides independent and objective assurance of the effectiveness of risk management, internal controls, and governance processes. This translates into valuable insights that guide the Bank towards achieving its strategic and operational objectives.

Risk-Based Approach for Optimal Assurance

The Board of Directors approved a risk-based internal audit plan for FY 2023/2024. This plan focused on key areas identified through a collaborative risk assessment process. The audits assessed the adequacy and effectiveness of controls in mitigating potential risks that could hinder the achievement of Agribank's goals.

The Internal Audit function completed six (6) risk-based audits, six (6) investigations, and three (3) consulting engagements during the year. The key findings from the engagements emphasised the importance of strengthening the control environment and risk management practices to support further achieving Agribank's objectives.

Follow-up and Continuous Improvement

Our commitment to continuously improving Agribank's risk management and control environments extends beyond the initial audit. The Internal Audit function actively monitors management's progress in implementing action plans arising from internal and external audits. This follow-up ensures that management effectively addresses audit recommendations. For the period under review, management implemented 74% of the actions at year-end.

Fraud Prevention and Management

The Board of Directors is firmly committed to upholding the highest standards of ethical, moral, and legal business conduct. To ensure this commitment translates into action, all incidents reported to Internal Audit through various channels during the review period were thoroughly investigated and reported to both Management and the Board.

Furthermore, the function took significant steps to enhance the accessibility and awareness of the whistleblowing reporting platform. First, they ensured easy access by making it available directly through the Bank's website. Second, whistleblowing advertisements were placed in the Agribank newsletter and extended their reach by placing advertisements in public local newspapers, engaging the broader community. These comprehensive initiatives encouraged anonymous reporting of incidents by internal staff and the general public.

Lastly, the Internal Audit Function remains committed to partnering with Management and the Board to enhance the Bank's governance, risk management, and internal control environment.

Strengthening the control environment and risk management supports Agribank's strategic objectives.

5.

DEEP ROOTS, NURTURING GROWTH

Agribank's commitment to the agricultural sector extends beyond financing. We strive to developing knowledge and capacity of our clients through training and mentorship through a dedicated business unit referred to as Agri Advisory Services Division (AASD). In this chapter we showcase how AASD empowers farmers with training, support, and innovative solutions. We also highlight key initiatives undertaken to develop tailored financial products, promote inclusivity, and drive sustainable growth within Namibia's agricultural landscape.

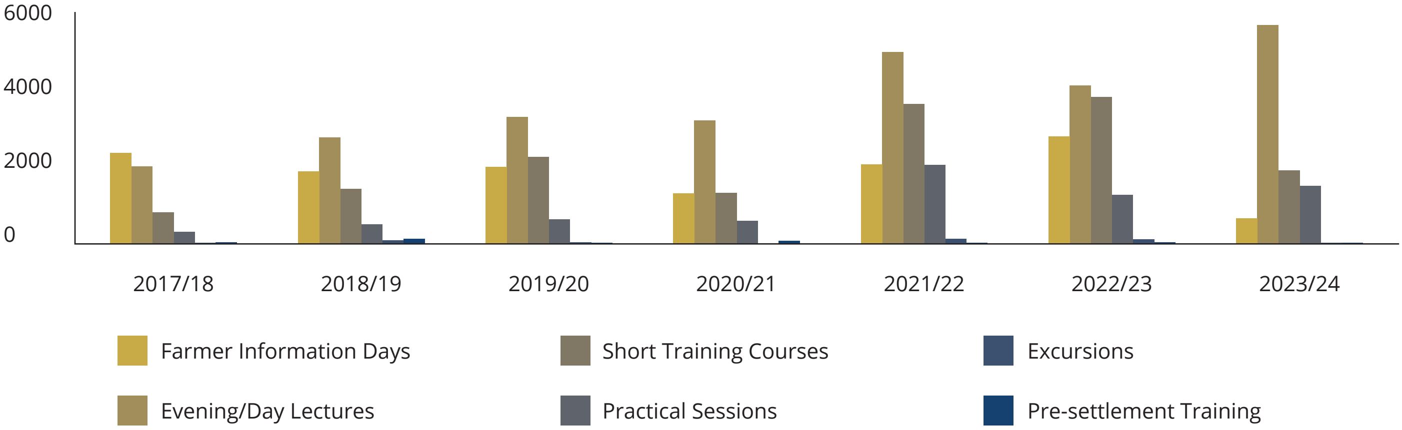
AGRI ADVISORY SERVICES

The Agri Advisory Services Division (AASD) provides agricultural advisory services to Agribank (AB) clients, individual farmers and organised farmer groups. The Division offers one-on-one mentorship services to selected Agribank clients on a compulsory and voluntary basis. Moreover, the Division hosts events such as farmers' information and marketing days, day and evening lectures, practical sessions and short training courses to enhance agricultural knowledge and skills. In addition, the Division disseminates critical agriculture enterprise information online and on various media platforms for farmers.

Training Events

From 1 April 2017 to 31 March 2024, 59,529 participants, 45% of whom are female, benefited from AASD training interventions. In FY 2023/24, 9,449 participants were reached compared to 11,875 farmers in the prior year, indicating a 20% decrease in outreach due to fiscal restrictions. However, a significant increase of 41% in lecture participants is noted, demonstrating growing interest in short interventions targeted at part-time farmers.

Figure 7: Farmers' Training Events 2017/18 - 2023/24



Virtual Training

Online interventions are integral to AASD interventions and comprise agricultural training videos, Tips of the Week, and the Agri-Learn Podcast. Since the start of these interventions in 2020, they have attracted 210,754 viewers and listeners. In addition, the AASD continues to share agricultural knowledge through a series of articles published in local print media. A total of 24 articles have been published, and 26 radio interviews have been broadcast on various radio channels.

Mentorship

A cumulative total of 301 Agribank clients have benefited from the mentorship programme from 2017 to 31 March 2024 at varying intervals. Mentorship results show positive effects with above-target livestock offtake and below-threshold mortality rates on average. During the FY 2023/24, however, an increase in livestock mortality rates is noted compared to the prior year. This can be attributed to low rainfall and aggravated drought affecting client-mentee enterprises. Reproduction rates remained relatively consistent compared to the preceding year. Furthermore, a high mentee satisfaction rate of 84% was recorded, as per the survey conducted in 2023.

Table 4: Mentorship Productivity Indicator

Indicators	Targets	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24
Offtake rate (%): Cattle	12%	14%	32%	34%	19%	23%	19%
Offtake rate (%): Goats	20%	14%	29%	25%	21%	24%	24%
Offtake rate (%): Sheep	20%	16%	26%	28%	19%	16%	21%
Calving rate (%)	80%	43%	45%	57%	49%	51%	51%
Kidding rate (%)	125%	89%	60%	74%	62%	70%	77%
Lambing rate (%)	80%	79%	47%	82%	51%	67%	65%
Mortality rate (%): Cattle	<10%	4%	23%	6%	4%	3%	10%
Mortality rate (%): Goats	<25%	19%	18%	14%	8%	12%	16%
Mortality rate (%): Sheep	<20%	18%	19%	16%	11%	9%	13%
Client Satisfactory rating of mentorship services	85%	86%	85%	91%	89%	92%	84%

Pre-settlement training of resettlement beneficiaries

AASD continues to capacitate newly resettled farmers under the Government Resettlement Scheme upon request from the Ministry of Agriculture, Water and Land Reform (MAWLR). Such training is funded under the auspices of the Land Acquisition and Development Fund (LADF), and 13 pre-settlement training sessions, reaching 333 participants, have been conducted since 2017.

RESEARCH AND PRODUCT DEVELOPMENT

The Research and Development (R&D) business unit at Agribank exists to drive innovation, enhance product offerings, and support informed business decision-making. By conducting in-depth research, the R&D unit ensures that Agribank's financial products and services are tailored to meet the evolving needs of clients and drive the financial inclusion and sustainability agenda of the Bank.

Key strategic initiatives undertaken during the reporting period are outlined hereunder:

Internal Stakeholder engagements: The R&D unit launched the "Know Your Product Campaign (KYP)" to enhance product knowledge among internal stakeholders. This initiative aims to improve service delivery and streamline the loan process, minimizing delays caused by misunderstandings or misinterpretations of loan criteria and requirements.

Improvement of Product Portfolio: A comprehensive review of Agribank's financial products was conducted to ensure they align with customer needs. This review focuses on enhancing the overall effectiveness and impact of the product portfolio.

Renewed Commitment towards Green Climate Fund Accreditation (GCF): The R&D unit reaffirmed Agribank's commitment to mobilizing climate finance, through proactive stakeholder partnership and collaboration. As part of this effort, Agribank has benefited from Namibia’s Readiness Proposal titled “Support for Accreditation of Direct Access Entities in Namibia (NAM-RS-006).” This initiative, funded by the GCF, is aimed at enhancing Agribank’s readiness to meet the criteria for GCF accreditation.

Looking ahead to the fiscal year 2024/25, the Division seeks to implement the following critical initiatives, amongst others:

Looking ahead, the R &D unit will focus on the following ke strategic actions:

- The R&D unit will continue coordinating efforts toward the completion of GCF accreditation stages. This strategic pursuit reflects Agribank’s commitment to sustainable practices and environmental responsibility, supporting initiatives that catalyse growth across the agriculture value chain. The enhanced capacity to finance environmentally sustainable initiatives will promote sustainable agricultural practices and support climate resilience.

- Additionally, the R&D unit will take the lead in coordinating the development of Agribank’s Environmental, Social, and Governance (ESG) strategy and the Environmental and Social Management Framework. This will ensure that the organization and its funded projects align with social and environmental best practices, reinforcing Agribank's dedication to sustainability.

- Furthermore, the R&D unit will facilitate the development of a concept note and project pipeline for climate financing, enabling the Bank to unlock funding from the GCF and other climate funds. This initiative will also assist the Bank in expanding its portfolio with viable projects and diversifying its income streams.

6.

FACING **THE STORMS**

Navigating through economic challenges, climate variability, and financial hardships, Agribank remains steadfast in its commitment to maintaining loan book quality, optimising collections and providing robust legal support. This chapter delves into the Bank's strategic measures to manage credit risks, support clients amidst difficulties, and sustain financial stability. Despite headwinds, Agribank continues implementing initiatives to improve asset quality and mitigate losses while offering relief and support to farmers facing adverse conditions.

Loan Book Performance

Prior financial year loan book quality enhancement initiatives buffered the bank against adverse macroeconomic variables that would have worsened portfolio quality indicators. The year-on-year arrears ratio deteriorated to 33% from 28% in the FYE March 2023 due to a domestic outlook slowdown, especially in the agricultural sector, as evidenced by a lacklustre performance (BoN Economic Stability Report April 2024). The negative trend in loan book arrears is observed across the banking industry sector's NPL weakened ratios, almost reaching the trigger point level over the reporting period.

The Bank's loan book is mainly individual household borrower composition, which was not spared by a slowdown in the debt servicing ratio of this segment and reduced disposable income levels over the period. The Bank managed, albeit negative trends, to contain the book quality from significant deterioration whilst maintaining sound liquidity and intense capital adequacy levels through:

a) Adequate provisioning.
b) Enhanced deal screening, accommodative restructuring and repayment plans; and
c) Stringent collateral adequacy requirements.

New strategic initiatives will be implemented to support asset quality improvement, which include:

a) Loan book diversification to reduce concentration risk on livestock loans.
b) Beef up workout and business rescue unit to support restructuring plans and migrate non-performing loans to performing statuses.
c) Write off some irrecoverable loan portfolios (e.g., special schemes, deceased estates) that have been provided for.
d) Provide relief to clients exposed to uncertain rainfall patterns through soft restructuring requirements and pricing concessions.
e) Closer project and client supervision throughout the loan cycle.
f) Introduction of climate mitigation loan products.
g) Going live with credit life policies to mitigate losses against deceased estates.

Despite economic challenges and climate variability, Agribank continues improving asset quality while mitigating financial losses.

Collections

During the period under review, collections recorded a 17% slowdown to N$315.7m compared to N$381.7m in the previous financial year. This decline can be ascribed to the consistently tight macroeconomic environment coupled with the adverse impact of drought on farmers' repayment ability. Despite a decline in collections, the current levels remain sufficient to meet the Bank's liquidity needs, even as prolonged drought conditions have adversely affected farmers' cash flows and market opportunities. Management has been optimising synergies through enhanced repayment platforms and flexible terms to improve the outlook for collections in the upcoming financial year. Moreover, to support farmers severely affected by drought conditions, new initiatives such as government relief on instalments and the Bank's measures on penalty interest rate concessions are expected to improve the collection's trajectory.

Legal Services

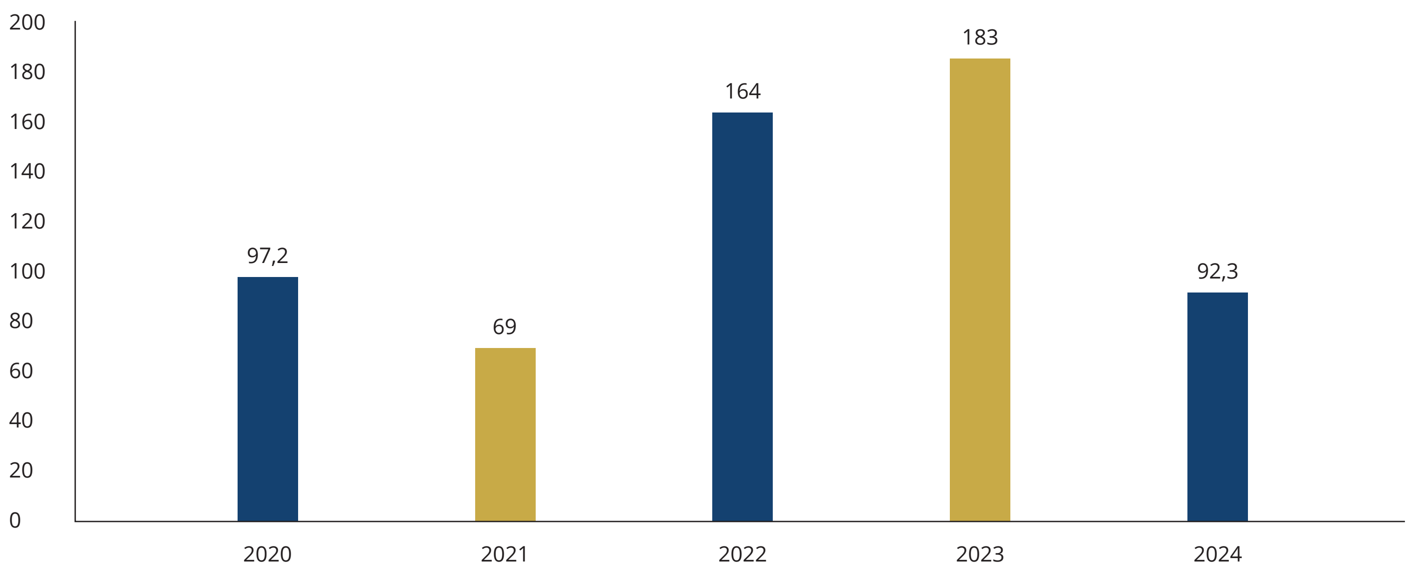
The Legal Division provides comprehensive legal services and support across the Bank, including to the Board and its Committees. The Division's primary focus areas include overseeing litigation, managing contracts, providing daily legal advisory services, and handling legal collections to maintain the Bank's financial liquidity.

Post-Covid-19, the Bank continues to feel the pandemic's impact, mainly through a significant increase in arrears from deceased estates. The prolonged finalisation of deceased estates, a meticulous and time-consuming process beyond the control of the Legal Division, has further exacerbated this issue. However, the Division's unwavering commitment to implementing arrears management interventions to reduce arrears Bank-wide, integrated into the updated Legal Collections and Distressed Clients Policy, provides reassurance. During the review period, the Legal Division collected and delivered over N$92 million in legal collections. Despite the negative impact of the drought emergency declared for the 2023/2024 financial year on collections, the Division continues to enhance its collection efforts while accommodating clients without compromising the integrity of the legal collections process.

Regarding third-party litigation matters, one employee relations case is still pending in the High Court of Namibia. In contrast, another case has been resolved with its removal from the court roll. The liquidation proceedings for SME Bank are ongoing, with no clear timeline for resolution. The second Liquidation and Distribution Account was submitted to the Master of the High Court in October 2022 and is still awaiting review and confirmation.

Figure 8: Legal Collections Trends Year on Year 2020 - 2024

(in N$ millions)



7.

NURTURING **HUMAN CAPITAL**

Agribank’s success is rooted in its dedicated workforce. Recognising the importance of talent management, the Bank has implemented various initiatives to foster a high-performance culture and enhance employee experience. This chapter delves into Agribank's commitment to human resources development, staff training, organisational well-being, and promoting a positive work culture that aligns with its strategic objectives.

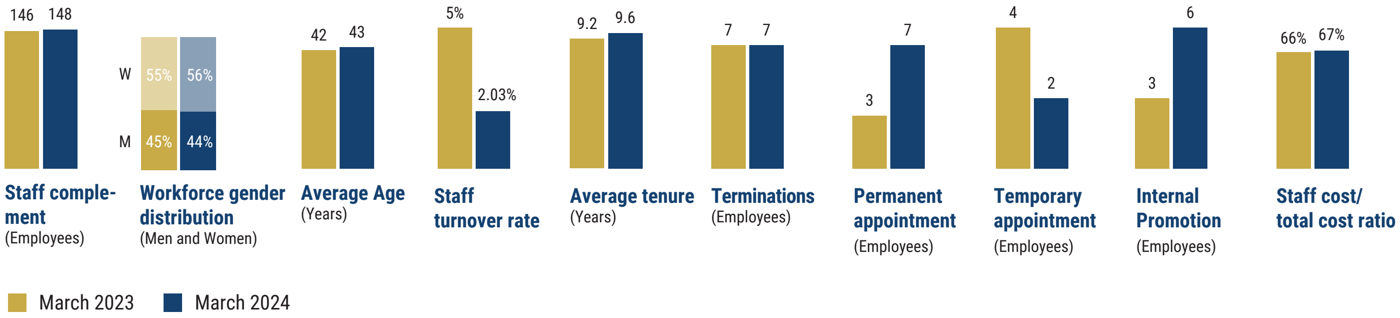
HUMAN RESOURCES

Overview

The Bank made significant progress in line with its strategic objective of "cultivating a high-performance culture and an engaged workforce". The Bank recognises the importance of managing talent by ensuring that we have people in the right roles at the right time to instil a high-performance culture, boost organisational agility, and provide resilience to realise its business strategy. We aim to unlock value by developing competent talent responsive to a continuous business environment in an ever-evolving agricultural sector. During the year under review, Human Resources implemented various initiatives to drive a high-performance culture, enhance employee experience, and drive a learning organisation by training and developing our employees.

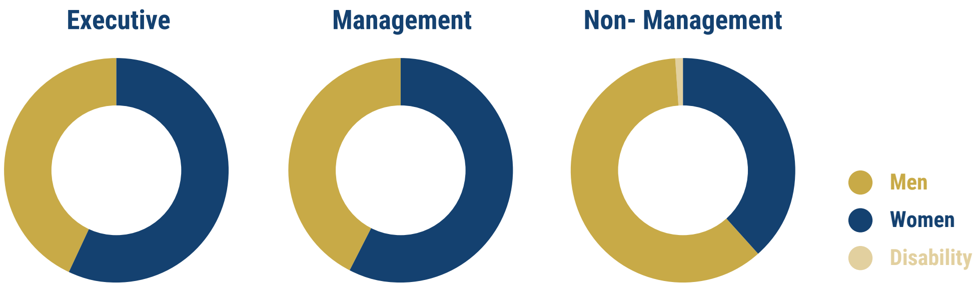
Human Resources is an environment that is highly regulated by legislation, policies, and procedures. It ensures that fairness in the working environment is adhered to. As a strategic business partner, Human Resources ensures policies are in place to guide the organisation, reviewed and aligned to legislative and regulatory prescripts. During the review period, Human Resources has been monitoring risks associated with Human Resources. The risk register was reviewed with the Risk department to ensure that mitigation measures were in place to reduce risks associated with Human Resources.

Human Resources Analytics



Workforce Distribution by Level

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 44% male to 56% female ratio across all job levels during the reporting period.



Employee Culture Change

To align the organisation's objective to improve work culture, the Bank conducted an employee engagement survey with a 68% participation rate. The results were shared with the Board, Exco, Manco, and the rest of the employees. A plan of action was developed to address the areas that require improvement, and the input provided by employees was incorporated. Deliberate initiatives have been developed and implemented to enhance employee engagement experience in the Bank. The implementation highlights included reviewing key policies, employee engagement activities such as birthday celebrations/vouchers, enhancing onboarding experience, and celebrating key milestones such as Mother/Father's Day, Valentine's and Women Leadership Development Program.

A culture and engagement survey is expected to be conducted during 2024 to assess staff perceptions of and effectiveness of the various interventions implemented thus far and highlight enhancement opportunities.

Organisational Development

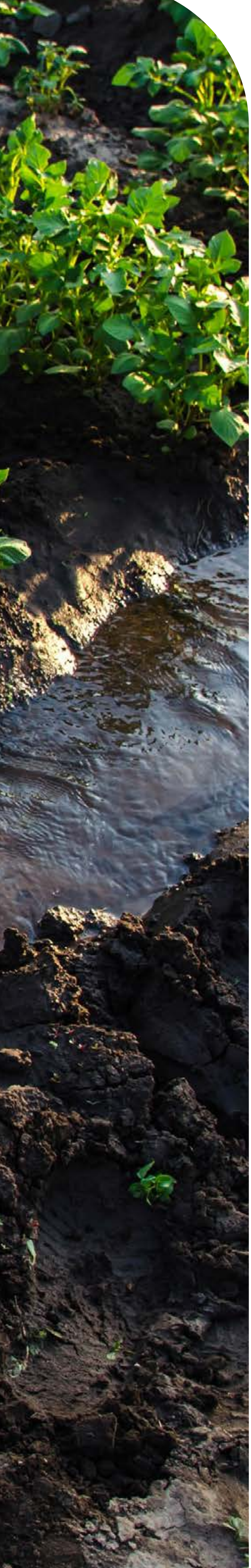
Staff Training Interventions

The spending on training has increased from the previous Financial Year, and the Bank remained committed to upskilling/reskilling our employees to ensure that they drive business objectives. A Bank-wide Training Needs Assessment serves as a base for training & development of talent. For the year under review, 65% of our employees benefited from our training and development initiatives to the value of N$799,241.92. Agribank provides financial assistance to its employees furthering their studies towards qualifications at undergraduate, Honours, Master, and Doctoral levels. During the year under review, the Bank assisted four (4) employees through study loans to the value of N$ 405,348.00. Under our Internship opportunities, the Bank contracted eight (8) interns across the different disciplines of the Bank.

Priority Training Initiatives
Debt Collection Training
Initiate and Chairing Disciplinary Hearing Training
Health & Safety Training
Core Supervisory Skills Programme
Management and Leadership Skills Programme
Advance Poultry Training
Estate Administration
Certified Forensic Examiner Review Course
Shopstewards Conference

Employee Relations and Wellness

The wellbeing of our employees remains a priority for the Bank. In recent years, the Bank's focus has shifted from merely addressing physical health to embracing a holistic approach encompassing physical, mental, emotional, and social well-being. On an annual basis, the bank conducts an employee wellness survey to ensure we continue to enhance our approach to wellness, and our wellness plan is derived from that. Wellness initiatives/activities implemented were Wellness Days (Biometric Screenings, Eye Testing, Flu Shots), Awareness Session targeting areas of interest such as Financial Management, Mental Health, Fun Run/Walk Days, Zumba Dancing and Commemoration of Disease management days.



8.

CULTIVATING **COMMUNITY**

Agribank's commitment to fostering sustainable agriculture goes beyond financing; it actively engages with stakeholders, promotes brand visibility, and supports community development through targeted Corporate Social Responsibility (CSR) initiatives. This chapter outlines the Bank's efforts in marketing and communication, stakeholder engagement, and CSR activities to build strong, informed, and resilient agricultural communities across Namibia.

MARKETING AND CUSTOMER STRATEGY

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

MARKETING AND COMMUNICATION

The Marketing and Communication Division spearheads the Bank's marketing and promotes its products and services to reach the target audience. The division's initiatives have enhanced the Bank's brand visibility across multiple platforms, including social media, website, email and bulk SMS communications, online public relations, and advertising.

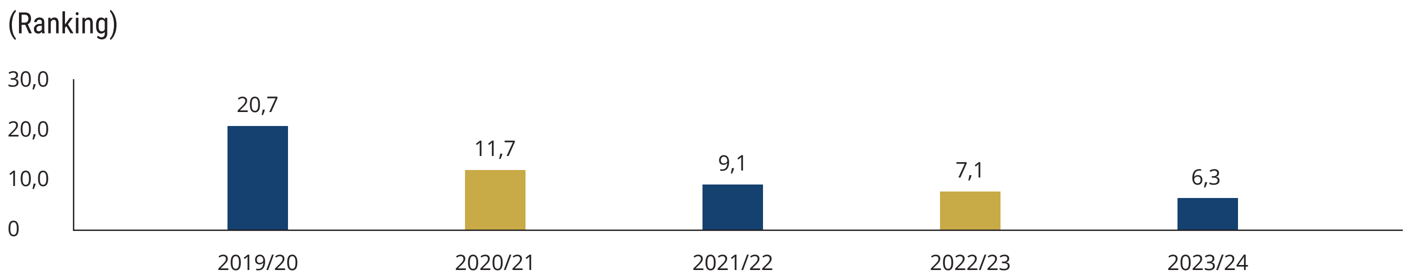
Stakeholder Relationships

The Bank values stakeholder engagement to promote mutual understanding of its operations and activities. During the period under review, the Bank held various engagement events, including stakeholder sessions at agriculture shows, meetings with stakeholders, and clients' one-on-one visits. Positive outcomes include sales lead generation, product innovation collaboration, and sharing vital information and insights to enhance the Bank's operations and products. The Bank could also gather the financial needs and challenges experienced by farmers. Engaging with stakeholders is crucial for fostering public trust and confidence in the Bank's capacity to fulfil its mandate.

Brand Visibility

The Bank continued implementing a robust and dynamic media plan to strengthen its brand visibility. 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 6 brands in Namibia during the reporting period, as depicted below.

Figure 9: Brand Visibility Ranking



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:

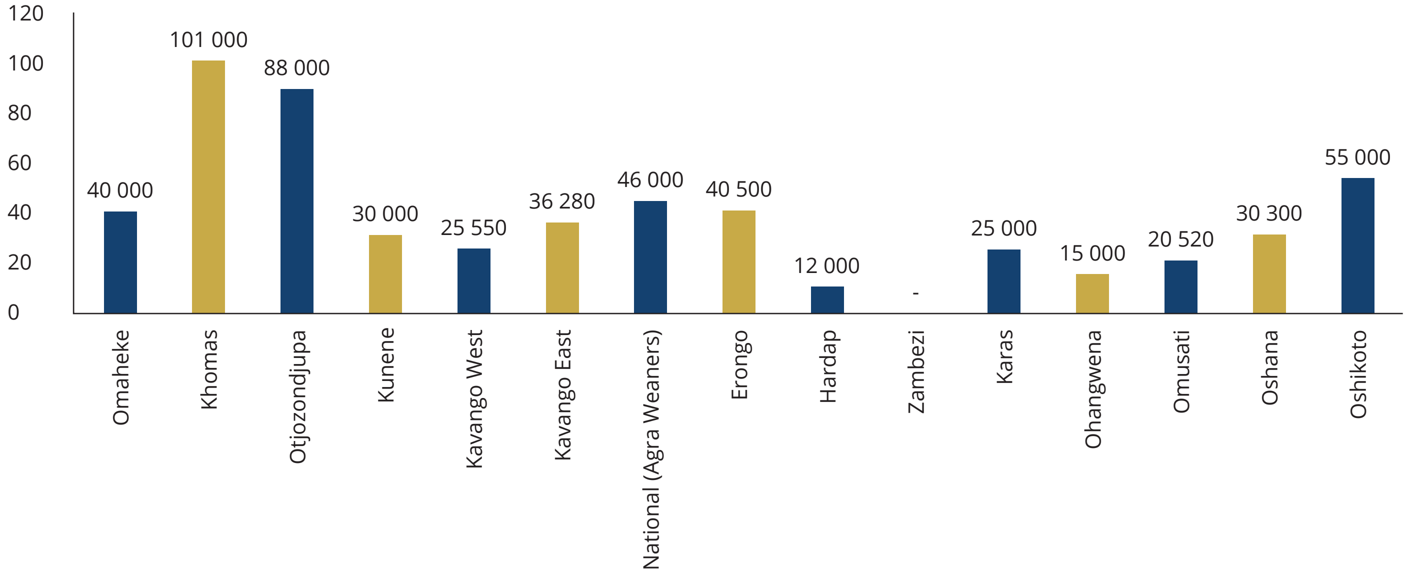
- **Sustainable agriculture:** Supporting agricultural practices that are environmentally friendly, economically viable, and socially responsible.
- **Community development:** Enhancing the livelihoods and well-being of rural communities and farmers.
- **Environmental protection:** Initiatives aimed at environmental and natural resource preservation and reducing carbon footprint.
- **Community and welfare:** Supporting local communities through programs that uplift and empower them.
- **Capacity building:** Development of skills, knowledge, and capabilities in Agriculture.

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

During the year under review, the Bank provided funding worth N$498,750 to 52 projects, including various agricultural exhibition events, community and school gardens, farmers information days and conferences across the country. Figure 8 depicts the regional spread of these projects.

Figure 10: Regional Spread of CSR (in N$)

(in thousands)



9.

SEEDS OF **INNOVATION**

Agribank remains committed to leveraging digitalisation and robust risk management to drive innovation and efficiency in a rapidly evolving agricultural landscape. This chapter highlights the Bank's strides in information and communications technology (ICT) to modernise operations and enhance customer experiences. Additionally, we explore the risk management strategies employed to safeguard the Bank's assets and ensure resilience against emerging challenges.

ICT AND BUSINESS INNOVATION

In our ongoing commitment to building a digitally and data-enabled Bank, we have made significant strides in our digitalisation program. Critical initiatives undertaken to simplify and modernise our enterprise technology architecture include:

- Successful completion of cloud migration: ICT has successfully migrated certain critical business services to the cloud, enhancing scalability and flexibility.
- Decommissioning of non-essential capabilities: Redundant digital capabilities have been effectively decommissioned, streamlining our technology landscape.
- Modernisation of business-critical applications: Exploratory work is underway to modernise applications vital to our business operations.
- Strengthening cybersecurity posture: We continually review and fortify our cybersecurity measures to protect against evolving threats.
- Reengineering of loan application processes: We have commenced a process reengineering exercise for our loan application and origination processes, aiming to improve efficiency and customer satisfaction.

These initiatives are pivotal to the digitalisation programme to strengthen the Bank's digital backbone. Through innovative and efficient digital solutions, we aim to enhance the operating model and elevate the customer experience.

RISK MANAGEMENT

The Bank’s risk management landscape has been affected by a couple of factors/events, such as the impact of COVID-19 (late estate cases) and the Ukraine war, which significantly influenced commodities. Just when recovery from these events was kicking in, the country was faced with a drought declaration that affected the client’s productivity and the Bank’s loan book.

Risk management is one of the critical pillars of decision-making within Agribank, aligned with the Bank’s strategy. During the 2023/24 financial year, the Bank took a different approach to managing risks at source to improve the risk culture across various functions at the Bank at large. The risk management unit believes that risk is not managed within a risk register but by people; thus, the emphasis is on risk culture.

The Bank continuously aims to improve its risk management, monitoring and oversight process which has been adapted to reflect new strategic priorities and the evolving risk landscape.
To this end, the essential five (5) risks with high-risk rating that the Bank monitored during the 2023/24 financial year are highlighted below:

1. Default Risks (increasing arrears)
2. Information Security & Cyber Risks
3. Cashflow Risks
4. Climate Change Risks
5. Strategic Risks

Key mitigation actions were identified, refined, and implemented during the period under review to address the risk exposure. The Finance Risk Audit Compliance Committee (FRACC) is responsible for risk management oversight and guides the Bank regarding appropriate actions to mitigate identified risks.

Modernise operations and enhance customer experiences through ICT.

10.

FINANCIAL **HARVEST**

The year's financial results reflect Agribank's commitment to transparency, accountability, and strategic financial management. This chapter presents the Bank's financial statements, offering a comprehensive overview of its financial health, performance, and resilience amidst a challenging economic landscape.

ANNUAL FINANCIAL **STATEMENTS**

For The Year Ended 31 March 2024

Agricultural Bank of Namibia
Annual Financial Statements for the year ended 31 March 2024

GENERAL INFORMATION

Country of incorporation and domicile	Namibia
Directors	J Mwatotele (Chairperson) E Motinga B Katjaerua D Nashandih P Hangula A Sikopo
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

CONTENTS

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

Report of the Auditor-General	62
Directors' report	65
Statement of Financial Position	66
Statement of Comprehensive Income	67
Statement of Changes in Equity	68
Statement of Cash Flows	69
Accounting policies	70
Notes to the annual financial statements	79

APPROVAL OF ANNUAL FINANCIAL STATEMENTS

The annual financial statements, set out on pages 65 to 110 have been compiled from the books of Agricultural Bank of Namibia and to the best of our knowledge and belief, are correct.

Raphael Karuaihe
Chief Executive Officer

Abel Akayombokwa
Chief Financial Officer

The annual financial statements, set out on pages 3 to 55 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
Chairperson of the Finance, Risk, Audit and Compliance Committee

REPORT OF THE AUDITOR-GENERAL

ON THE ACCOUNTS OF THE AGRICULTURAL BANK OF NAMIBIA
FOR THE YEAR ENDED 31 MARCH 2024

1. UNQUALIFIED AUDIT OPINION

I have audited the financial statements of Agricultural Bank of Namibia for the financial year ending 31 March 2024. 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 of 31 March 2024 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 our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matter	How our audit addressed the key audit matter
How our audit addressed the key audit matter	
Refer to Note 1.2 for significant judgments and sources for estimation uncertainty (Impairment losses on financial assets, overview of ECL principles, calculations of ECL's and forward-looking information, Note 2 for Financial Instruments and risk management (Credit Risk Loans and advances to customers and impairment assessment in the annual financial statements).	Not applicable
As at 31 March 2024, the bank recognized gross loans and advances of N$3.1 billion, against which an impairment of loans and advances of N$0.4 billion was recognized. The Expected Credit Losses (ECL) were calculated by applying IFRS 9 - Financial Instruments. In calculating the ECLs, the key areas of significant management judgment and estimation included:	Not applicable
Significant increase in credit risk (SICR): Stage 2: The Bank has determined that due to the nature of its loan book and exclusive focus on the agricultural lending with exposure to varying production cycles that 180 days in arrears is a good indicator of a significant increase in credit risk since origination for its collateralized loan book. 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.	I assessed the reasonableness of the SICR thresholds, and assumptions and inputs applied in the ECL model by performing the following procedures: • I evaluated whether there are indicators of SICR by comparing the staging of a sample of loans to an independent staging based on the assumptions and data included in management's model, as well as on our own independent assumptions. • I tested on a sample basis loans that moved from stage 3 to stage 2 based on management's parameters. No exceptions were noted.

Determination of the probability of default (PD): The Probability of Default is an estimate of the likelihood of default over a given time horizon. The Bank calculates it by dividing the number of loans in a stage over the total number of loans in default. The PD calculation is done on a portfolio basis.	I recalculated the PD using the Company's historical default data for the various loan portfolios i.e. PD per loan staging. No exceptions were noted.
The incorporation of forward-looking information in the calculation of the ECLs: 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.	In performing our own independent calculation of the ECL, I included relevant independently obtained forward-looking information (which included GDP forecasts and other relevant market data) in the calculation on an overall basis. I compared our results to that of management and I did not note a material variance.
Determination of the loss given 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.	I reperformed the LGD calculation using historical write offs and the default loan portfolio data. No exceptions were noted.
Determination of the exposure at default (EAD): The Exposure at Default refers to the total value that the Bank is exposed to at the time of default.	I recalculated the EAD on a sample basis by recalculating the loan amortisation schedule with interest accrued up to the point of default. No exceptions were noted.

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

REPORT OF THE AUDITOR-GENERAL (continued)

ON THE ACCOUNTS OF THE AGRICULTURAL BANK OF NAMIBIA
FOR THE YEAR ENDED 31 MARCH 2024

- 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 used and the reasonableness of accounting estimates and related disclosures made by management.

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

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

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

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

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

7. ACKNOWLEDGEMENT

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

WINDHOEK, September 2024

JUNIAS ETUNA KANDJEKE
AUDITOR-GENERAL

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 2024.

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

There have been no changes to the directorate for the year under review.

3. Dividends

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

4. Significant changes in the state of affairs

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

5. Events after the reporting period

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

6. Going concern

We draw attention to the annual financial statements, which indicates that the Bank incurred a net loss of N$16,721,000 (2023: Surplus N$ 49,500,000) during the year ended 31 March 2024 and, as of that date, the Bank's assets exceeded its liabilities by N$2,982,149,000 (2023: N$ 2,896,939,000).

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 to meet its foreseeable cash requirements. The directors are not aware of any new material changes that may adversely impact the Bank. The directors are also not aware of any material non-compliance with statutory or regulatory requirements or of any pending changes to legislation which may affect the Bank.

STATEMENT OF **FINANCIAL POSITION**
AS AT 31 MARCH 2024

	Notes	2024 N$ '000	2023 N$ '000
Assets			
Cash and cash equivalents	3	141,236	400,655
Other receivables	4	903	626
Inventories	5	1,412	1,329
Loans and advances to customers	6	3,129,637	2,936,222
Retirement benefit obligation and asset	7	1,921	1,357
Investment property	8	42,908	45,425
Property, plant and equipment	9	118,806	110,053
Total Assets		**3,436,823**	**3,495,667**
Equity and Liabilities			
Creditors and other payables	11	23,879	11,242
Finance lease liabilities	12	4,079	3,370
Borrowed funds	13	267,731	436,105
Special purpose funds	14	11,046	16,227
Loan guarantee funds	15	106,459	81,381
Severance benefit obligation	7	758	655
Provisions	16	5,939	5,072
Deferred income	17	34,783	44,676
Total Liabilities		**454,674**	**598,728**
Equity			
Share capital	18	1,910,825	1,811,506
Retained income		901,124	917,845
Reserves	19	170,200	167,588
Total Equity		**2,982,149**	**2,896,939**
Total Equity and Liabilities		**3,436,823**	**3,495,667**

STATEMENT OF **COMPREHENSIVE INCOME**

	Notes	2024 N$ '000	2023 N$ '000
Interest income	20	257,458	244,424
Interest expense	21	(31,404)	(45,757)
Net interest income		**226,054**	**198,667**
Other operating income	22	5,873	6,846
Other operating gains / (losses)	23	(2,563)	3,803
Credit impairment charges recovered (losses)	24	(65,282)	2,839
Personnel expenses	24	(121,509)	(104,933)
Depreciation expenses	24	(3,661)	(4,065)
General and administrative expenses	24	(58,136)	(48,914)
Net operating surplus / (loss) for the year		**(19,224)**	**54,243**
Other comprehensive income:			
Revaluation gain / (loss)		1,389	(4,424)
Actuarial (loss) / gain		1,114	(319)
Total items that will not be reclassified to profit or loss		**2,503**	**(4,743)**
Other comprehensive (loss) / income for the year		**2,503**	**(4,743)**
Total comprehensive income / (loss) for the year		**(16,721)**	**49,500**

STATEMENT OF **CHANGES IN EQUITY**

	Share capital N$ '000	Reserves - Funds and grants N$ '000	Retained income N$ '000	Total equity N$ '000
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 loss for the year	**-**	**-**	**49,500**	**49,500**
Capitalisation of special purpose funds	-	85,397	-	85,397
Contributions	90,000	-	-	90,000
Revalution losses	-	-	(6,963)	(6,963)
Total contributions	**90,000**	**85,397**	**(6,963)**	**168,434**
Balance at 01 April 2023	**1,811,506**	**167,588**	**917,845**	**2,896,939**
Loss for the year	-	-	(19,224)	(19,224)
Other comprehensive income	-	-	2,503	2,503
Total comprehensive loss for the year	**-**	**-**	**(16,721)**	**(16,721)**
Capitalisation of special purpose funds	-	2,612	-	2,612
Contributions	99,319	-	-	99,319
Total contributions	**99,319**	**2,612**	**-**	**101,931**
Balance at 31 March 2024	**1,910,825**	**170,200**	**901,124**	**2,982,149**
Notes	18	19		

STATEMENT OF **CASH FLOWS**

	Notes	2024 N$ '000	2023 N$ '000
Cash flows to operating activities			
(Loss) / Surplus for the year		(16,721)	49,500
Adjustments for:			
Change in operating assets	25	(193,314)	(31,693)
Change in operating liabilities	25	13,504	740
Net gain from investing activities	25	4,743	4,686
Net gain from financing activities	25	10,240	(43,009)
Net cash to operating activities		**(181,548)**	**(19,776)**
Cash flows to investing activities			
Capital expenditure on property, plant and equipment	9	(11,864)	(11,532)
Proceeds from sale of property, plant and equipment	23	46	108
Net cash to investing activities		**(11,818)**	**(11,424)**
Cash flows (to) / from financing activities			
Government contributions received	18	99,319	90,000
Repayment of loans	13	(166,081)	(82,065)
Movement in finance lease liabilities	12	709	(2,704)
Net cash (to) / from financing activities		**(66,053)**	**5,231**
Total cash movement for the year		**(259,419)**	**(25,969)**
Cash at the beginning of the year	3	400,655	426,624
Total cash at end of the year		**141,236**	**400,655**

ACCOUNTING **POLICIES**

1. SIGNIFICANT ACCOUNTING POLICIES

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

1.1 BASIS OF PREPARATION

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

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

These accounting policies are consistent with the previous 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 29.

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:

- 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.

ACCOUNTING **POLICIES**

1.2 SIGNIFICANT JUDGEMENTS AND SOURCES OF ESTIMATION UNCERTAINTY (continued)

- 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.

Useful lives and residual values of property, plant and equipment

Management assess the appropriateness of the useful lives of property, plant and equipment at the end of each reporting period. The useful lives of motor vehicles, furniture and computer equipment are determined based on company replacement policies for the various assets.

When the estimated useful life of an asset differs from previous estimates, the change is applied prospectively in the determination of the depreciation charge.

The residual value of property, plant and equipment was estimated by management based on the nature of the assets, further costs to be incurred to sell it and age of the assets. The residual value of motor vehicles was based on current market values.

The residual value, useful life and depreciation method of each asset are reviewed at the end of each reporting year. If the expectations differ from previous estimates, the change is accounted for prospectively as a change in accounting estimate.

Fair value of investment property

The fair value of investment property is derived from the current market prices of comparable real estate. The fair value is based on a valuation made by an independent appraiser, who holds a recognised and relevant valuation license and has recent experience in valuing buildings in the same location as the comapny's investment property. Refer to note 8 for details on this estimation.

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.

Financial assets which are debt instruments:

- Amortised cost; or
- Fair value through other comprehensive income; or
- Mandatory at fair value through profit or loss; or
- Designated at fair value through profit or loss.

Financial liabilities:

- Amortised cost; or
- Mandatory at fair value through profit or loss; or
- Designated 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.

ACCOUNTING **POLICIES**

1.3 FINANCIAL INSTRUMENTS (continued)

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.

Subsequent measurement

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

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

Derecognition of financial assets and liabilities

Derecognition due to substantial modification of terms and conditions

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

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 effective interest rates, 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.

ACCOUNTING **POLICIES**

1.3 FINANCIAL INSTRUMENTS (continued)

Impairment of financial assets

Overview of ECL principles

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

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

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

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

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

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

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

Calculation of ECL's

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

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

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

Forward looking information

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

ACCOUNTING **POLICIES**

1.3 FINANCIAL INSTRUMENTS (continued)

Collateral valuation

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

Write offs

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

Financial instruments

Initial recognition and measurement

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

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

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

Subsequent measurement

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

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

Impairment of financial assets

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

Impairment losses are recognised in profit or loss.

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

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

Fair value through profit or loss

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

Offsetting a financial asset and a financial liabilities

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.

ACCOUNTING **POLICIES**

1.3 FINANCIAL INSTRUMENTS (continued)

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.

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

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

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.

ACCOUNTING **POLICIES**

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 property. 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 company 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 company 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 rate is used for the amortisation of intangible assets:

Item	Useful life
Software	3 years

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

1.9 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:

ACCOUNTING **POLICIES**

1.10 LEASES (continued)

- 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.

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.

ACCOUNTING **POLICIES**

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

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

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

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

1.16 RESERVES

The net surplus / (loss), 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.

ACCOUNTING **POLICIES**

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.

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 of the period in which it becomes receivable.

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

Where a loan is received from the Government at below 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), that has responsibility for the development of the risk strategy and implementing principles, frameworks, policies and limits. The FRACC also monitors the overall risk processes and monitoring the levels of risk within the Bank.

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

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

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

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

Excessive concentrations of risk

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

NOTES TO THE **ANNUAL FINANCIAL STATEMENTS**

2. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

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 CIC, is responsible for managing the Group's credit risk relating to its customers, including the following:

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

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

The following diagram summarises the impairment requirements under IFRS 9:

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

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

	2024 N$ '000	2023 N$ '000
Assets with credit risk exposure		
Cash and cash equivalents (i)	141,236	400,655
Other receivables (ii)	903	626
Loans and advances to customers (iii)	3,129,637	2,936,222
	3,271,776	**3,337,503**
Combined assets with no credit risk exposure	165,047	158,164
	3,436,823	**3,495,667**

NOTES TO THE **ANNUAL FINANCIAL STATEMENTS**

2. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

(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 credit quality. The main types and in order of collateral strength being mortgage bonds, surety bonds cession over fixed deposits and investments, cession over insurance policies and personal suretyships.

(iv) Impairment assessment

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

Principle ECL modelling outputs and assumptions	2024	2023
Average remaining loan term	14.21 years	13.34 years
Probability of default (one year)	9.54 %	9.44 %
LTECL	16.81 %	16.04 %
12mECL	0.22 %	0.21 %
LGD	2.33 %	2.37 %
Discount rate	8.82 %	8.81 %

Sensitivity analysis on modelling results:	Increase	Decrease
2024		
1% change in PD	1,907	(2,158)
1% change in LGD	177,801	(177,801)
	-	-
2023		
1% change in PD	1,791	(2,005)
1% change in LGD	150,419	(150,419)

NOTES TO THE **ANNUAL FINANCIAL STATEMENTS**

2. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

Loan book analysed per classification stage:	Stage 1	Stage 2	Stage 3	Total
Classification basis				
-Loans subject to annual instalment	0 to 180 days	up to 365 days	> 365 days	
-Loans subject to monthly instalments	0 to 30 days	up to 90 days	> 90 days	
2024				
Closing balance	33.63 %	8.30 %	58.07 %	100.00 %
Opening balance	37.12 %	8.32 %	54.56 %	100.00 %
	-	-	-	-
2023				
Closing balance	37.12 %	8.32 %	54.56 %	100.00 %
Opening balance (as restated)	39.52 %	10.16 %	50.32 %	100.00 %

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

For the current year the Bank has assessed that the economy as a whole would likely be showing a marginal improvement however this is offset by the adversity of climatic conditions. The Bank is actively encouraging farmers to diversify and adopt drought resilience strategies and the results of these efforts would only be seen in the long term. The rigor in collection efforts are improving and this is counterbalanced from a loss perspective by the capturing of collateral where the Bank sees significant increases in credit risk. The Bank therefore has taken forward looking factors into account.

Liquidity risk

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

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

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

NOTES TO THE **ANNUAL FINANCIAL STATEMENTS**

2. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

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

2024	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	141,236	-	-	141,236
Loans and advances to customers	882,934	319,048	1,927,655	3,129,637
Other receivables	903	-	-	903
Total financial assets	**1,025,073**	**319,048**	**1,927,655**	**3,271,776**
Financial liabilities				
Borrowed funds	172,107	95,624	-	267,731
Creditors and other payables	23,879	-	-	23,879
Finance lease liabilities	2,221	1,858	-	4,079
Total financial liabilities	**198,207**	**97,482**	**-**	**295,689**
Net undiscounted financial assets	**826,866**	**221,566**	**1,927,655**	**2,976,087**

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	400,655	-	-	400,655
Loans and advances to customers	902,700	365,920	1,667,602	2,936,222
Other receivables	626	-	-	626
Total financial assets	**1,303,981**	**365,920**	**1,667,602**	**3,337,503**
Financial liabilities				
Borrowed funds	188,664	247,441	-	436,105
Creditors and other payables	11,242	-	-	11,242
Finance lease liabilities	2,156	1,214	-	3,370
Total financial liabilities	**202,062**	**248,655**	**-**	**450,717**
Net undiscounted financial assets	**1,101,919**	**117,265**	**1,667,602**	**2,886,786**

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 nontrading portfolio, i.e. its Banking book. The Bank's risk management strategy for its Banking book is different for each of the following categories of market risk. where applicable and is set out in the subsequent subsections of these financial statements, as follows:

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

Interest rate risk

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

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

- Interest rates on advances are predominantly fixed, 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 summarised the Bank's exposure to interest rate risks.

		2024 N$'000	2023 N$'000
Financial assets	**Interest rate**		
Cash and cash equivalents	Floating	141,236	400,655
Loans and advances to customers			
- Specific schemes	Floating	53,566	53,920
- Other	Fixed	3,076,071	2,882,302
Other receivables	Non-interest bearing	903	626

NOTES TO THE **ANNUAL FINANCIAL STATEMENTS**

2. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

		2024 N$'000	2023 N$'000
Financial liabilities	**Interest rate**		
Borrowed funds			
- Government loan	Fixed	87,044	92,226
- Loan guarantee fund	Floating	30,687	43,879
Special purpose funds	Fixed and floating	11,046	16,227
Loan guarantee fund	Floating	106,459	81,381
Creditors and other payables	Non-interest bearing	23,879	11,242

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

Cash flow sensitivity analysis for interest-bearing instruments:		
100 bps increase in rates on net floating financial assets	33,655	34,244
100 bps decrease in rates on net floating financial assets	(33,655)	(34,244)

Capital risk management

The Bank recognizes the critical role that effective capital management plays in maintaining the ongoing sustainability and growth of the organization. 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 the 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:

- 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 recognized 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 honor a repayment commitment, whether principal or interest, on the stipulated date.

NOTES TO THE **ANNUAL FINANCIAL STATEMENTS**

2. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

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 modeling 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 company at the reporting date was as follows:

	Notes	2024 N$ ‘000	2023 N$ ‘000
Borrowings	13	267,731	436,105
Finance lease liabilities	12	4,079	3,370
Trade and other payables	11	23,879	11,242
Total borrowings		**295,689**	**450,717**
Cash and cash equivalents	3	(74,836)	(350,255)
Net borrowings		**220,853**	**100,462**
Equity		2,982,140	2,811,542
Gearing ratio		7 %	5 %

3. CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of:

Cash on hand	35	35
Bank balances	5,869	28,088
Notice deposits and Money market investments	68,932	322,132
Loan guarantee fund investment	53,400	35,600
Other third party funds	13,000	14,800
	141,236	**400,655**

NOTES TO THE **ANNUAL FINANCIAL STATEMENTS**

3. CASH AND CASH EQUIVALENTS (continued)

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:

	2024 N$ '000	2023 N$ '000
Credit rating		
Standard Bank Namibia Limited	Ba2	B
Stanlib Namibia	AA	AA+
Bank Windhoek Limited	A1+	A1+
First National Bank of Namibia Limited	A1+	A1+
Small and Medium Enterprises Bank of Namibia	Unrated	Unrated
Nedbank Namibia Limited	A1+	B
Namibia Post Limited	Unrated	Unrated
Old Mutual Namibia	A-1	A-1

Rating obtained from GCR Ratings Credit Reports are based on 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.

4. OTHER RECEIVABLES

Office consumables	903	626

Refer to note 2 for IFRS 9 recognition and classification of other receivables.

5. INVENTORIES

Office consumables	1,412	1,329

6. LOANS AND ADVANCES TO CUSTOMERS

Loan capital	2,427,941	2,341,794
Arrears	1,070,076	900,720
Impairment allowance	(368,380)	(306,292)
	3,129,637	**2,936,222**

NOTES TO THE **ANNUAL FINANCIAL STATEMENTS**

6. LOANS AND ADVANCES TO CUSTOMERS (continued)

Categorisation of loans and advances to customers

Loans and advances to customers are categorised as follows in accordance with IFRS 9: Financial Instruments:

	2024 N$ '000	2023 N$ '000
At amortised cost	3,129,637	2,936,222

Exposure to credit risk

Loans and advances to customers inherently expose the company to credit risk, being the risk that the company will incur financial loss 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, individualized analysis of their creditworthiness as well as their ability to repay the loans provided to customers.

Our bank employs a credit scoring model to evaluate customers. These models utilize 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 company'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:

NOTES TO THE **ANNUAL FINANCIAL STATEMENTS**

6. LOANS AND ADVANCES TO CUSTOMERS (continued)

Reconciliation of loss allowances

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

	2024 N$ '000	2023 N$ '000
Balance at the beginning of the year	**(306,292)**	**(308,900)**
Remeasurement of loss allowance - comparative	(62,088)	2,608
Closing balance	**(368,380)**	**(306,292)**

Fair value of loans and advances to customers

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

The impairment allowance reflects ECL for the following loan stages:		
ECL - stage 1	2,750	2,707
ECL - stage 2	35,274	29,899
ECL - stage 3	330,356	273,686
	368,380	**306,292**

Credit rating framework

For purposes of determining the credit loss allowances, management determine the credit rating grades of each loans and advances 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.

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 abbreviation "12m" and "ECL" are used to depict "12 months" and "expected credit losses, respectively."

NOTES TO THE **ANNUAL FINANCIAL STATEMENTS**

6. LOANS AND ADVANCES TO CUSTOMERS (continued)

Internal credit grade	Description (Monthly loans)	Description (Annual loans)	Basis for recognising expected credit losses
Performing	Low risk of default and no amounts are past due	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	Either 180 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	Either 365 days past due or there is evidence that the asset is credit impaired	Lifetime ECL (credit im-paired)
Write-off	There is evidence indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery	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 OBLIGATION AND ASSET

Pension scheme

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

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

The Agricultural Bank of Namibia currently contributes 16% (2023: 16%) of basic salary to the Fund whilst the members contribute 7% (2023: 7%).

	2024 N$ '000	2023 N$ '000
Bank contribution	8,777	8,285
Employee contribution	3,840	3,550
	12,617	**11,835**

NOTES TO THE **ANNUAL FINANCIAL STATEMENTS**

7. RETIREMENT BENEFIT OBLIGATION AND ASSET (continued)

Retirement benefit obligation

The Bank has recognized 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 reporting year:

	2024 N$ '000	2023 N$ '000
Present value of medical benefit asset / obligation	1,921	1,357
Present value of severance benefit obligation	(758)	(655)
	1,163	**702**

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 major risks associated with the medical benefit obligation are outlined below:

- **Investment Risk:** Fluctuations in investment returns may affect the present value of the future medical benefit asset.
- **Inflation Rate Risk:** Fluctuations in inflation rates may affect the present value of the future medical benefit obligations.
- **Interest Rate Risk:** Fluctuations in interest rates may affect the present value of the future medical benefit obligations.
- **Longevity Risk:** Fluctuations in expected withdrawal rates may affect the present value if the future medical benefit obligations.

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 19 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.

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.

The latest actuarial valuation for the post-retirement medical benefit was carried out in April 2024. The valuation method used was the projected unit credit method.

NOTES TO THE **ANNUAL FINANCIAL STATEMENTS**

7. RETIREMENT BENEFIT OBLIGATION AND ASSET (continued)

	2024 N$ '000	2023 N$ '000
Reconciliation of the net medical plan asset		
Balance at the beginning of the year	10,970	11,363
Contribution paid	109	118
Benefits paid	(760)	(819)
Actuarial remeasurement gain / (loss)	670	308
Balance at the end of the year	**10,989**	**10,970**
Reconciliation of the medical plan liability		
Balance at the beginning of the year	(9,867)	(9,329)
Current service cost	(63)	(55)
Interest cost	(1,080)	(961)
Benefits paid	760	819
Actuarial remeasurement gain / (loss)	1,183	(341)
Balance at the end of the year	**(9,067)**	**(9,867)**

The principal assumptions used were:

Discount rate	12.98 %	11.38 %
Health care cost inflation	9.53 %	8.47 %
Average retirement age (in years)	58	58

The following sensitivity of the overall liability to changes in the principal assumptions are:

Medical aid inflation 1% lower per annum	(689)	(771)
Medical aid inflation 1% higher per annum	788	882
	99	**111**

Amount recognised in the statement of comprehensive income are as follows:		
Return on asset less interest expense	63	653
Remeasurement of the defined benefit obligation:		
Actuarial (loss) / gain recognised through other comprehensive income	1,114	(319)

NOTES TO THE **ANNUAL FINANCIAL STATEMENTS**

7. RETIREMENT BENEFIT OBLIGATION AND ASSET (continued)

Severance benefit obligation

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

- **Inflation Rate Risk:** Fluctuations in inflation rates may affect the present value of the future severance benefit obligations.
- **Legal and Regulatory Risk:** Changes in labor 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.

Reconciliation of the severance benefit obligation for the year

	2024 N$ '000	2023 N$ '000
Balance at the beginning of the year	(655)	(636)
Current service costs	(63)	(66)
Interest expense	(66)	(64)
Benefits paid	95	89
Actuarial gain / (loss) recognised through other comprehensive income	(69)	22
Balance at the end of the year	**(758)**	**(655)**
The principal assumptions used were:		
Discount rate	11.55 %	10.34 %
Consumer price inflation	6.59 %	5.83 %
Normal salary increase rate	7.59 %	6.83 %
The following sensitivity of the overall liability to changes in the principal assumptions are:		
Severance benefit obligation		
Mortality rate decrease 20% lower per annum	(32)	28
Mortality rate increase 20% higher per annum	29	(31)
	(3)	**(3)**

NOTES TO THE **ANNUAL FINANCIAL STATEMENTS**

8. INVESTMENT PROPERTY

	2024		
	Valuation	Accumulated depreciation	Carrying value
Investment property	42,908	-	42,908

	2023		
	Valuation	Accumulated depreciation	Carrying value
Investment property	45,425	-	45,425

Reconciliation of investment property - 2024

	Opening balance	Fair value adjustments	Total
Investment property	45,425	(2,517)	42,908

Reconciliation of investment property - 2023

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

Comprises the following properties

Witvlei properties		
Portion 38 of Farm Okatjirute No 155	29,180	31,746
Extension of Farm Okatjirute No 155	2,250	2,420
Erf Prn 18, Witvlei	4,580	5,016
Erf Prn 34, Witvlei	770	781
Erf Prn 117, Witvlei	110	110
Erf Prn 203, Witvlei	210	222
Erf Prn 204, Witvlei	170	176
Erf Prn 292, Witvlei	170	176
Erf Prn 294, Witvlei	137	130
Owner occupied properties		
Portion of Erf 1235, Rundu	5,331	4,648
	42,908	**45,425**

NOTES TO THE **ANNUAL FINANCIAL STATEMENTS**

8. INVESTMENT PROPERTY (continued)

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 were determined by an independent sworn appraiser during May 2024.

There has been no tenant in place for a number of years on the abattoir. The Rundu & Otjiwarongo offices were subject to renovations and available space is not yet filled with tenants and they were revalued to the current market value.

9. PROPERTY, PLANT AND EQUIPMENT

	2024			2023		
	Cost or revaluation	Accumulated depreciation	Carrying value	Cost or revaluation	Accumulated depreciation	Carrying value
Freehold land and buildings	104,201	(2,036)	102,165	101,392	(2,036)	99,356
Leasehold assets	3,729	(2,323)	1,406	3,729	(1,654)	2,075
Furniture and fittings	12,145	(11,182)	963	12,133	(11,169)	964
Motor vehicles	12,884	(6,472)	6,412	6,862	(6,239)	623
Office equipment	2,751	(2,176)	575	2,548	(2,014)	534
Computers	8,516	(5,671)	2,845	10,076	(6,754)	3,322
Right-of-use asset	6,827	(2,387)	4,440	5,566	(2,387)	3,179
Total	**6,827**	**(2,387)**	**4,440**	**5,566**	**(2,387)**	**3,179**

Reconciliation of property, plant and equipment - 2024

	Opening balance	Additions	Disposals	Revaluations	Depreciation	Total
Freehold land and buildings	99,356	1,420	-	1,389	-	102,165
Leasehold assets	2,075	-	-	-	(669)	1,406
Furniture and fittings	964	12	-	-	(13)	963
Motor vehicles	623	6,022	-	-	(233)	6,412
Office equipment	534	203	-	-	(162)	575
Computers	3,322	973	(839)	-	(611)	2,845
Right-of-use asset	3,179	3,234	-	-	(1,973)	4,440
Total	**110,053**	**11,864**	**(839)**	**1,389**	**(3,661)**	**118,806**

NOTES TO THE **ANNUAL FINANCIAL STATEMENTS**

9. PROPERTY, PLANT AND EQUIPMENT (continued)

Reconciliation of property, plant and equipment - 2023

	Opening balance	Additions	Disposals	Revaluations	Depreciation	Total
Freehold land and buildings	100,693	10,050	-	(11,387)	-	99,356
Leasehold assets	2,750	-	(6)	-	(669)	2,075
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
Right-of-use asset	2,243	3,520	-	-	(2,584)	3,179
	110,453	**15,077**	**(26)**	**(11,387)**	**(4,064)**	**110,053**

	2024 N$ '000	2023 N$ '000
Right-of-use assets		
Amounts recognised in the balance sheet		
The balance sheet shows the following amounts relating to leases:		
Medium-term leases	3,507	2,729
Short-term leases	933	450
	4,440	**3,179**
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	1,193	2,542
Short-term leases	1,017	343
	2,210	**2,885**
Depreciation charge of right-of-use assets		
Medium-term leases	1,082	2,262
Short-term leases	892	322
	1,974	**2,584**
Interest expense (included in finance cost)	236	302

NOTES TO THE **ANNUAL FINANCIAL STATEMENTS**

9. PROPERTY, PLANT AND EQUIPMENT (continued)

The total cash outflow for leases in the current year was N$ 709 (2023: N$ 2,704)

	2024 N$ '000	2023 N$ '000
Historical cost base buildings subject to revaluation	65,061	65,061

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	90,240	78,777
Erf 995, Otjiwarongo	8,000	6,820
Erven 870 and 871 Mariental	170	170
Erf 1235, Rundu	4,648	3,824
Erf 1591, Oshakati	1,814	1,814
Unit 4, Romemoer, Otjiwarongo	1,365	1,293
Erf 2195, Otjimuise Extension 4, Section 7, Raili Court	1,115	1,434
Erf 1968, Hochlandpark	980	1,258
Erf 1588, Oshakati Extension 7	3,896	3,986
	112,228	**99,376**

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 2024.

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 company. This information will be open for inspection in terms of the provisions of section 120 of the Companies Act of Namibia, 2004.

The useful lives of the assets were reviewed during March 2024 and no changes were made during the current financial year.

10. INTANGIBLE ASSETS

	2024			2023		
	Valuation	Accumulated amortisation	Carrying value	Valuation	Accumulated amortisation	Carrying value
Software	28,691	(28,691)	-	28,691	(28,691)	-

Reconciliation of intangible assets - 2023

	Opening balance	Amortisation	Total
Software	1	(1)	-

NOTES TO THE **ANNUAL FINANCIAL STATEMENTS**

10. INTANGIBLE ASSETS (continued)

Intangible assets are held by the bank, and are classified as non-current assets. No assets were encumbered at 31 March 2024 and 31 March 2023.

11. CREDITORS AND OTHER PAYABLES

	2024 N$ '000	2023 N$ '000
Creditors	23,769	11,132
Grants and bursaries	110	110
	23,879	**11,242**

Fair value of trade and other payables

The fair value of creditors and other payables approximates their carrying amounts.

Categories of trade and other payables

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

Amortised cost	23,879	11,242

Split between non-current and current portions

Current liabilities	23,879	11,242

12. FINANCE LEASE LIABILITIES

	2024 N$ '000	2023 N$ '000
Minimum lease payments due		
- within one year	2,330	2,240
Present value of minimum lease payments due		
- within one year	2,221	2,156
- in second to fifth year inclusive	1,858	1,214
	4,079	**3,370**

NOTES TO THE **ANNUAL FINANCIAL STATEMENTS**

12. FINANCE LEASE LIABILITIES (continued)

	2024 N$ '000	2023 N$ '000
Amounts recognised in profit or loss		
Interest paid on lease liabilities	236	302
Amounts recognised in statement of cash flows		
Movement in lease liabilities	709	1,117
Minimum lease payments due		
within one year	2,139	2,240
in second to fifth year inclusive	2,380	1,389
Less: future finance charges	(440)	(259)
	4,079	**3,370**

13. BORROWED FUNDS

Held at amortised cost Secured		
Government loan	87,044	92,226
GIPF - 3 year term instrument	-	150,000
SSC - 5 year term instrument	150,000	150,000
Loan guarantee fund loan	30,687	43,879
	267,731	**436,105**

Government loan

The Government of the Republic of Namibia settled the Bank's outstanding line of credit balances with the African Development Bank. The total historical amount settled was N$218,139,076 (2023: N$218,139,076). The loan attracts interest at 2% (2023: 2%) per annum and is repayable in equal instalments of N$12,823,255 (2023: N$12,823,255). The balance disclosed represents the fair value of the loan as at the end of the financial period.

GIPF 3-year term instrument

This loan was repaid during the current year under review.

SSC 5-year term instrument

The N$150 million SSC 5-year instrument attracted fixed interest at a rate of 6.00% (2023: 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.

Loan guarantee fund loan

The Bank has borrowed N$89 million from the loan guarantee fund repayable over 5 years, this loan is interest free.

NOTES TO THE **ANNUAL FINANCIAL STATEMENTS**

14. SPECIAL PURPOSE FUNDS

Ministry of Lands and Resettlement (Post-resettlement)	1,702	3,352
Staff savings scheme	228	173
Ministry of Lands and Resettlement (Post-resettlement training)	9,116	9,384
Government Institutions Pension Fund (Severance)	-	3,318
	11,046	**16,227**

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

15. LOAN GUARANTEE FUND

Loan guarantee fund	106,459	81,381

The loan guarantee fund attracts interest at the rate equivalent to the average rate of inflation of 5.4% (2023: 3.6%).

16. PROVISIONS

Reconciliation of provisions - 2024

	Opening balance	Charged to the income statement	Released from the income statement	Total
Leave pay	5,072	8,150	(7,283)	5,939

Reconciliation of provisions - 2023

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

NOTES TO THE **ANNUAL FINANCIAL STATEMENTS**

17. DEFERRED INCOME

The deferred income arose from the Government loan (referred to in note 13) attracting interest at 2% (2023: 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% (2023: 9.25%) per annum.

Government Loan		
Opening balance	35,155	40,675
Amortised to the statement of comprehensive income	(5,286)	(5,520)
	29,869	**35,155**

The deferred income arose from an interest free loan. 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 Loan Guarantee Fund. The interest rate used is 10.5% (2023: 10.5%).

Loan Guarantee Fund		
Opening balance	9,521	15,382
Amortised to the statement of comprehensive income	(4,607)	(5,861)
	4,914	**9,521**
Total deferred income	**34,783**	**44,676**

18. SHARE CAPITAL

	2024 N$ '000	2023 N$ '000
Issued		
Opening balance	1,811,506	1,721,506
Contribution during the year	99,319	90,000
	1,910,825	**1,811,506**

The share 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.

NOTES TO THE **ANNUAL FINANCIAL STATEMENTS**

19. FUNDS AND GRANTS

European fund account	11,528	11,528
Government scheme	36,102	36,102
Agribank - NACP contribution	34,561	34,561
Ministry of Lands and Resettlement (Post-resettlement)	76,835	74,223
Other schemes	11,174	11,174
	170,200	**167,588**

20. INTEREST INCOME

Advances granted	231,762	220,663
Bank and money market investments	25,696	23,761
	257,458	**244,424**

21. INTEREST EXPENSE

Government loan	7,641	8,080
Fund accounts and borrowings	23,527	37,375
Interest paid on finance lease liabilities	236	302
	31,404	**45,757**

22. OTHER OPERATING INCOME

	2024 N$ '000	2023 N$ '000
Rental income	100	-
Other income	487	1,326
Government grants	5,286	5,520
	5,873	**6,846**

NOTES TO THE **ANNUAL FINANCIAL STATEMENTS**

23. OTHER OPERATING GAINS (LOSSES)

Gains (losses) on disposals, scrappings and settlements			
Loss on disposal of property, plant and equipment	9	(107)	108
Profits on disposal of property, plant and equipment	9	61	-
		(46)	**108**
Fair value gains (losses)			
Investment property	8	(2,517)	3,695
Total other operating gains (losses)		**(2,563)**	**3,803**

24. OPERATING PROFIT (LOSS)

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

Auditor's remuneration - external		
Audit fees	1,299	593
Remuneration, other than to employees		
Professional fees	18,763	13,639
Personnel expenses		
Salaries and wages	108,609	92,818
Social security costs	283	280
Pension costs	12,617	11,835
Total other operating gains (losses)	**121,509**	**104,933**

	2024 N$ '000	**2023 N$ '000**
Depreciation and amortisation expense		
Depreciation of property, plant and equipment	3,661	4,064
Amortisation of intangible assets	-	1
Total depreciation and amortisation	**3,661**	**4,065**

Credit impairment losses		
Movement in credit impairment losses		
Impairment charge for the year	62,088	(2,608)
Net (losses) / gains on derecognition of financial assets measured at amortised cost	3,194	(231)
	65,282	**(2,839)**

NOTES TO THE **ANNUAL FINANCIAL STATEMENTS**

24. OPERATING PROFIT (LOSS) (continued)

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

2024 in N$'000	Stage 1	Stage 2	Stage 3	Total
Loans and advances to customers	42	5,375	56,671	62,088

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

Impairment charge for the year	62,088	(2,608)

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.

	2024 N$ '000	2023 N$ '000
Other expenses by nature		
Auditor's remuneration	1,299	593
Advertising and marketing	3,387	4,112
Bank charges	430	415
Computer expenses	8,779	6,904
Directors expenses	357	284
General expenses	1,545	1,629
Insurance	755	717
Legal expenses	1,344	1,038
Maintenance and security	2,269	1,345
Municipal charges	3,098	2,718
Printing and stationery	830	1,036
Professional fees	18,763	13,639
Rent paid	143	392
Subscriptions and memberships	2,849	2,791
Telephone	1,118	1,358
Training	2,106	1,901
Travelling and accommodation	3,416	3,514

NOTES TO THE **ANNUAL FINANCIAL STATEMENTS**

24. OPERATING PROFIT (LOSS) (continued)

VAT apportionment expenses	4,450	3,069
Vehicle expenses	1,135	1,399

25. ADDITIONAL CASH FLOW INFORMATION

Change in operating assets		
Net change in other receivables	(277)	(24)
Net change in inventories	(83)	(120)
Net change in loans and advances to customers	(193,415)	(32,106)
Net change in retirement benefit obligations	461	557
	(193,314)	**(31,693)**

Change in operating liabilities		
Net change in creditors & other payables	12,637	900
Net change in provisions	867	(160)
	13,504	**740**

	2024 N$ '000	2023 N$ '000
Net gain / (loss) from investing activities		
Depreciation and amortisation expense	3,661	4,065
Profit on disposal of property, plant and equipment	(46)	(108)
Revaluation of property, plant and equipment	(1,389)	4,424
Revaluation of investment property	2,517	(3,695)
	4,743	**4,686**
Net gain / (loss) from financing activities		
Interest paid on leasing liabilities	236	302
Movement in special purpose funds	(5,181)	(2,376)
Movement in loan guarantee fund	25,078	(44,936)
Net change in deferred income	(9,893)	4,001
	10,240	**(43,009)**

NOTES TO THE **ANNUAL FINANCIAL STATEMENTS**

26. COMMITMENTS

Authorised capital expenditure		
Authorised capital expenditure	19,910	15,250

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

The prior year matter on dismissal application was filed on 6 November 2023 in the High Court was struck from the roll on 12th March 2024 due to inaction by the applicant. The matter is considered to be finalised and no outlfow is expected.

The applicant currently has three (3) matters pending, both relating to the same cause of action, being the unfair dismissal, as lodged with the Labour Commissioner. With regards to the first matter, judgment was granted by the Labour Commissiner by ordering 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 operation of the Labour Commissioner's award is suspended until the finalisation of the appeal process however, during preliminary negotiations, which negotiation outcome was made an order of court, Agribank was ordered to pay the ex-employee a monthly salary pending the appeal outcome. The appeal matter was subsequently heard on 16 August 2024 in the High Court and the matter was postponed to 30 October 2024 at for delivery of Judgment. With regards to the second matter, conciliation proceedings commenced on 15 November 2023, Agribank applied to the Labour Commissioner for the Arbitrator to recuse himself. The outcome of the application is yet to be delivered, however there is inaction from the applicant. The third matter is set down for conciliation by the Labour Commissioner on 3 September 2024.

A possible outflow could result from the second litigation matter.

28. RECLASSIFICATION OF PRIOR YEAR PRESENTATION

Certain prior year amounts have been reclassified for consistency with the current year presentation. These reclassifications had no effect on the reported results of operations or retained earnings. The reclassifications included reclassifying portions of funds and grants that have been fully deployed in the previous financial years to equity as reflected in note 14, 15 and 19. In addition a Loan guarantee fund temporary loan was reclassified from the loan guarantee fund to borrowings with the attendant deferred income in note 17 as the loan was interest free.

Balances due to banks was reclassified to cash and cash equivalents in Note 3 as this was related to bank clearing balances, as well as a matured investment related to SME Bank that was recovered through liquidation process.

The effect of the reclassification are set out on the next page:

NOTES TO THE **ANNUAL FINANCIAL STATEMENTS**

28. RECLASSIFICATION OF PRIOR YEAR PRESENTATION (continued)

	2024 N$ '000	2023 N$ '000
Statement of Financial Position		
Cash and cash equivalents (decrease)	-	(7,035)
Due to other banks	-	7,035
Net retirment benefit (obligation) and asset (increase)	-	655
Severance benefit obligation (increase)	-	(655)
Borrowed funds (increase)	-	(43,879)
Loan guarantee fund (decrease)	-	53,400
Deferred income (increase)	-	(9,521)
Special purpose funds (decrease)	-	(85,397)
Reserves (increase)	-	85,397

29. MATURITY ANALYSIS OF ASSETS AND LIABILITIES

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

As 31 March 2024 in N$ thousand	Within 12 months	After 12 months	Total
Assets			
Cash and cash equivalents	141,236	-	141,236
Other receivables	903	-	903
Inventories	1,412	-	1,412
Loans and advances to customers	882,934	2,246,703	3,129,637
Retirement benefit obligation and asset	-	1,921	1,921
Investment property	42,908	-	42,908
Property, plant and equipment	-	118,806	118,806
	1,069,393	**2,367,430**	**3,436,823**

NOTES TO THE **ANNUAL FINANCIAL STATEMENTS**

29. MATURITY ANALYSIS OF ASSETS AND LIABILITIES (continued)

As 31 March 2024 in N$ thousand	Within 12 months	After 12 months	Total
Liabilities			
Creditors and other payables	23,879	-	23,879
Finance lease liabilities	2,221	1,858	4,079
Borrowed funds	172,107	95,624	267,731
Special purpose funds	11,046	-	11,046
Loan guarantee fund	-	106,459	106,459
Provisions	5,939	-	5,939
Deferred income	6,707	28,076	34,783
Severance benefit obligation	758	-	758
	222,657	**232,017**	**454,674**

As 31 March 2023 in N$ thousand	Within 12 months	After 12 months	Total
Assets			
Cash and cash equivalents	400,655	-	400,655
Other receivables	626	-	626
Inventories	1,329	-	1,329
Loans and advances to customers	902,700	2,033,522	2,936,222
Net retirement benefit obligation and asset	-	1,357	1,357
Investment property	-	45,425	45,425
Property, plant and equipment	-	110,053	110,053
	1,305,310	**2,190,357**	**3,495,667**

As 31 March 2023 in N$ thousand	Within 12 months	After 12 months	Total
Liabilities			
Creditors and other payables	11,242	-	11,242
Finance lease liabilities	2,156	1,214	3,370
Borrowed funds	188,664	247,441	436,105
Special purpose funds	16,227	-	16,227
Loan guarantee fund	-	81,381	81,381
Provisions	5,072	-	5,072
Deferred income	10,199	34,477	44,676
Severance benefit obligation	655	-	655
	234,215	**364,513**	**598,728**

NOTES TO THE **ANNUAL FINANCIAL STATEMENTS**

30. FAIR VALUE INFORMATION

Fair value hierarchy

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

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

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

Level 3: Unobservable inputs for the asset or liability.

Levels of fair value measurements

Level 2

	2024 N$ '000	2023 N$ '000
Recurring fair value measurements		
Liabilities		
Financial liabilities at fair value through profit (loss)		
Government loan	(87,044)	(92,226)
Total	**(87,044)**	**(92,226)**
Non recurring fair value measurements		
Investment property		
Owner-occupied properties	5,331	4,648
Property, plant, equipment		
Land	5,970	5,970
Buildings Leasehold property	96,195	93,386
Total property, plant and equipment	**102,165**	**99,356**
Total	**107,496**	**104,004**

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

NOTES TO THE **ANNUAL FINANCIAL STATEMENTS**

30. FAIR VALUE INFORMATION (continued)

Level 3

	2024 N$ '000	2023 N$ '000
Non recurring fair value measurements		
Investment property		
Witvlei abattoir	29,180	31,746
Witvlei cattle pen	2,250	2,420
Witvlei land and erven	6,147	6,611
Total investment property	**37,577**	**40,777**
Total	**37,577**	**40,777**

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.

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 2024, 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:
Amendments to IAS 12, Income Taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction	01 January 2023	Unlikely there will be a material impact
Narrow scope amendments to IAS 1 'Presentation of Financial Statements', Practice statement 2 and IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors'	01 January 2023	Unlikely there will be a material impact
Amendments to IAS 12 International Tax Reform—Pillar Two Model Rules	01 January 2023	Unlikely there will be a material impact

NOTES TO THE **ANNUAL FINANCIAL STATEMENTS**

31. NEW STANDARDS AND INTERPRETATIONS (continued)

31.2 Standards and interpretations not yet effective

The company has chosen not to early adopt the following standards and interpretations, which have been published and are mandatory for the company's accounting periods beginning on or after 01 April 2024 or later periods:

Standard/ Interpretation:	Effective date: Years beginning on or after	Expected impact:
Amendments to IAS 1 - Non-current liabilities with covenants	01 January 2024	Unlikely there will be a material impact
Amendment to IFRS 16 – Leases on sale and leaseback	01 January 2024	Unlikely there will be a material impact
Amendments to Supplier Finance Arrangements (IAS 7 and IFRS 7)	01 January 2024	Unlikely there will be a material impact

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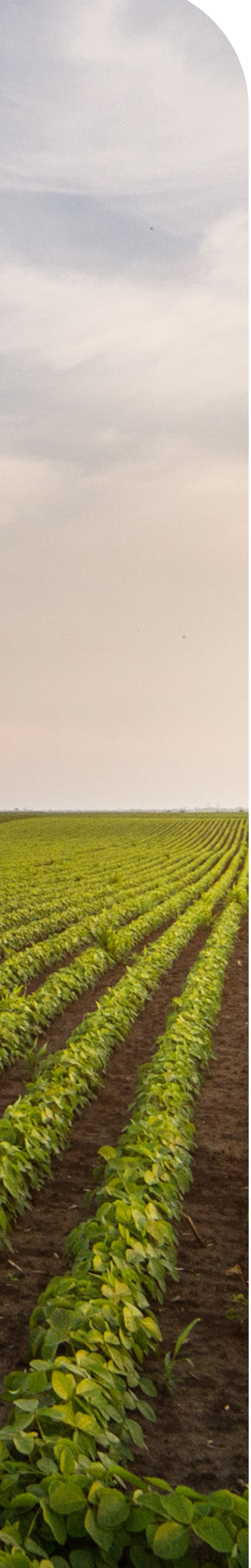

11.

EPILOGUE: GROWING A SUSTAINABLE FUTURE

As we reflect on Agribank's journey, it is clear that the Bank's commitment to promoting agricultural growth and sustainability has profoundly impacted Namibia's agricultural sector. Despite facing challenges such as climate variability, economic uncertainties, and evolving market demands, Agribank has consistently demonstrated resilience, innovation, and a deep-seated commitment to its mandate. The achievements detailed in this report highlight the Bank's efforts to support farmers, advance financial inclusion, and drive positive change across the sector.

Looking ahead, Agribank remains steadfast in its dedication to fostering sustainability. The Bank continues to explore new strategies to enhance risk management, diversify loan products, and incorporate environmental, social, and governance (ESG) principles into its operations. By leveraging technology, building strong partnerships, and embracing innovative financial solutions, Agribank is well-positioned to address future challenges and contribute to the long-term prosperity of Namibia's agricultural community.

The path forward is one of hope and promise. As Agribank nurtures the seeds of sustainable agriculture, it also inspires future generations to carry on the legacy of cultivating a thriving and inclusive agricultural sector. Through its ongoing efforts, Agribank envisions a future where every Namibian can enjoy a high quality of life rooted in a robust, sustainable, and prosperous agricultural landscape.

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