



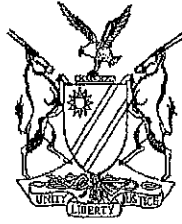
REPUBLIC OF NAMIBIA



REPORT OF THE AUDITOR-GENERAL ON THE ACCOUNTS OF THE
AGRICULTURAL BANK OF NAMIBIA
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2022



REPUBLIC OF NAMIBIA



TO THE HONOURABLE SPEAKER OF THE NATIONAL ASSEMBLY

I have the honor to submit herewith my report on the accounts of the Agricultural Bank of Namibia for the financial year ended 31 March 2022, in terms of Article 127(2) of the Namibian Constitution. The report is transmitted to the Honorable Minister of Finance in terms of Section 27(1) of the State Finance Act, 1991(Act 31 of 1991) to be laid upon the Table of the National Assembly in terms of Section 27(4) of the Act.

WINDHOEK, October 2022

A handwritten signature in black ink, appearing to read 'Junias Etuna Kandjeke'.

**JUNIAS ETUNA KANDJEKE
AUDITOR-GENERAL**

**REPORT OF THE AUDITOR-GENERAL ON THE
ACCOUNTS OF THE AGRICULTURAL BANK OF NAMIBIA
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2022**

1. UNQUALIFIED AUDIT OPINION

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

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

2. BASIS FOR AUDIT OPINION

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

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

3. KEY AUDIT MATTERS

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

4. OTHER INFORMATION

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

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

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

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

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control.
- Evaluate the appropriateness of accounting policies uses and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence, obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my report. However, future events or conditions may cause the Entity to cease to continue as a going concern.

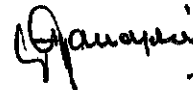
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.
- I also provide those charged with governance with a statement that I have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence, and where applicable, related safeguards.

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

7. ACKNOWLEDGEMENT

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

WINDHOEK, October 2022



JUNIAS ETUNA KANDJEKE
AUDITOR-GENERAL

**AGRICULTURAL BANK OF NAMIBIA
ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022**

Agricultural Bank of Namibia
Annual Financial Statements for the year ended 31 March 2022

General information

Country of incorporation and domicile	Namibia
Directors	D Honsbein (Vice Chairperson) Dr M Humavindu P Hangula P Kaapama 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
Preparer	The annual financial statements were externally compiled by: PricewaterhouseCoopers Namibia

Agricultural Bank of Namibia
Annual Financial Statements for the year ended 31 March 2022

Contents

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

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Approval of Annual financial statements

The annual financial statements, set out on pages 5 to 41 have been compiled from the books of the Bank and to the best of our knowledge and belief, are correct.

Raphael Kuruaihe
Chief Executive Officer

Louis du Toit
Chief Financial Officer

The annual financial statements, set out on pages 5 to 42 have been approved and authorised for issue by the Board of directors of Agricultural Bank of Namibia and are signed on its behalf by:

Dagmar Honsbein
Vice Chairperson of the Board

Peyavali Hangula
Member Finance, Risk, Audit and
Compliance Committee

Directors' report

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

1. Main business activities

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

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

2. Directorate

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

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

The following director resigned during the year under review:

- M Iyambo - (Namibian) - resignation 13 April 2021.

3. Dividends

Agribank is not a company incorporated under the 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 surplus of N\$7,161,000 during the year ended 31 March 2022 and, as of that date, the Bank's assets exceeded its liabilities by N\$2,697,579,000.

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

Agricultural Bank of Namibia
Annual Financial Statements for the year ended 31 March 2022

Statement of Financial Position
as at 31 March 2022

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

* See Note 30

Agricultural Bank of Namibia
Annual Financial Statements for the year ended 31 March 2022

Statement of Comprehensive Income

	2022	2021
	N\$ '000	Restated * N\$ '000
Interest income	253,068	245,964
Interest expense	(43,017)	(32,486)
Net interest income	210,051	213,478
Other operating income	6,602	7,010
Other operating gains (losses)	(4,783)	(5,566)
Credit impairment losses	(46,579)	(25,498)
Personnel expenses	(103,470)	(100,279)
Depreciation expense	(4,918)	(5,635)
General and administrative expenses	(49,755)	(45,842)
Net operating surplus for the year	7,148	37,668
Other comprehensive income:		
Actuarial gain / (loss)	13	(501)
Other comprehensive income for the year	13	(501)
Total comprehensive income for the year	7,161	37,167

* See Note 30

Agricultural Bank of Namibia
Annual Financial Statements for the year ended 31 March 2022

Statement of Changes in Equity

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

* See Note 30

Agricultural Bank of Namibia
Annual Financial Statements for the year ended 31 March 2022

Statement of Cash Flows

	2022	2021
	N\$ '000	Restated * N\$ '000
Cash flows from operating activities		
Surplus for the year	7,161	37,167
Adjustments for:		
Change in operating assets	(32,954)	(32,675)
Change in operating liabilities	981	3,802
Net gain from investing activities	9,699	11,201
Net gain from financing activities	10,238	8,700
Net cash (to) from operating activities	(4,875)	28,195
Cash flows to investing activities		
Purchase of property and equipment	(11,104)	(4,632)
Proceeds from sale of property, plant and equipment	162	21
Net cash to investing activities	(10,942)	(4,611)
Cash flows from financing activities		
Government contributions received	90,000	90,000
Funding raised	-	350,000
Repayment of loans	(21,708)	(20,126)
Movement in finance lease liabilities	1,223	(744)
Net cash from financing activities	69,515	419,130
Total cash movement for the year	53,698	442,714
Cash at the beginning of the year	372,926	(69,788)
Total cash at end of the year	426,624	372,926

* See Note 30

Accounting policies

1. Significant accounting policies

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

1.1 Basis of preparation

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

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

These accounting policies are consistent with the previous period.

Presentation of financial statements

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

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

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:

Accounting policies

1.2 Significant judgements and sources of estimation uncertainty (continued)

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

Provisions and contingent liabilities

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

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

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

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

1.3 Financial instruments

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

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

Financial assets which are equity instruments:

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

Financial assets which are debt instruments:

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

Accounting policies

1.3 Financial instruments (continued)

- Designated at fair value through profit or loss. (This classification option can only be applied when it eliminates or significantly reduces an accounting mismatch).

Financial liabilities:

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

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

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

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

Date of recognition

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

Initial measurement of financial instruments

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

Classification of subsequent measurement

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

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

Derecognition of financial assets and liabilities

Derecognition due to substantial modification of terms and conditions

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

Accounting policies

1.3 Financial instruments (continued)

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

Derecognition other than substantial modification

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

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

Impairment of financial assets

Overview of ECL principles

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

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

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

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

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

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

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

Calculation of ECL's

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

- PD: The Probability of Default is an estimate of the likelihood of default over a given time horizon.

Accounting policies

1.3 Financial instruments (continued)

- 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.

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.

Accounting policies

1.3 Financial instruments (continued)

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

Trade and other payables

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

Cash and cash equivalents

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

Borrowings

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

1.4 Property and equipment

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

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

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

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

Accounting policies

1.4 Property and equipment (continued)

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

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

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

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

1.5 Properties in possession

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

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

1.6 Investment property

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

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

1.7 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:

<i>Item</i>	<i>Useful life</i>
Software	3 years

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

1.8 Impairment of non-financial assets

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

Accounting policies

1.8 Impairment of non-financial assets (continued)

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

1.9 Leases

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

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

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

- fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- payments of penalties for terminating the lease, if the lease term reflects the Bank exercising that option;
- variable lease payments 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.

Accounting policies

1.9 Leases (continued)

Operating leases - lessor

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

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

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

1.10 Inventories

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

1.11 Other receivables

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

1.12 Trade and other payables

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

1.13 Provisions and contingencies

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

1.14 Employee benefits

Short-term employee benefits

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

Defined contribution plans

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

Defined benefit plans

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

Accounting policies

1.14 Employee benefits (continued)

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

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

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

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

1.15 Reserve fund

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

1.16 Government grants

Government grants are recognised when there is reasonable assurance that:

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

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

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

Where a loan is received from the Government at below 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.

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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

Credit risk

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

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

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

Notes to the annual financial statements

2. Financial instruments and risk management (continued)

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

Counterparty credit risk falls within the responsibility of the ALCO 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:

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

(i) Cash and cash equivalents

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

(ii) Other receivables

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

(iii) Loans and advances to customers

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

(iv) Impairment assessment

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

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2. Financial instruments and risk management (continued)

Principle ECL modelling outputs and assumptions

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

Sensitivity analysis on modelling results:

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

Loan book analysed per classification stage:

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

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

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

Agricultural Bank of Namibia

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2. Financial instruments and risk management (continued)

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.

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

2022

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

2021 as restated

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

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2. Financial instruments and risk management (continued)

2020 as restated

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

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

Market risk

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

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

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

Interest rate risk

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

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

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

Agricultural Bank of Namibia

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2. Financial instruments and risk management (continued)

- Interest on all other borrowed funds is variable.

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

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

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

Cash flow sensitivity analysis for interest-bearing instruments:

100 bps increase in rates on net floating financial assets	29,615	28,978	24,530
100 bps decrease in rates on net floating financial assets	(29,615)	(28,978)	(24,530)

3. Cash and cash equivalents

Cash and cash equivalents consist of:

Cash on hand	35	32	32
Bank balances	17,326	37,465	4,026
Notice deposits	433,611	359,286	43,909
Provision for impairment	(21,289)	(19,105)	(17,580)
Due to other banks	(3,059)	(4,752)	(100,175)
	426,624	372,926	(69,788)

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

The amounts due to other banks represents a bank overdraft which is secured by a cession over cash balances held on its behalf by the Liquidator of the grape farming operation known as Komsberg and remaining security as disclosed in note 13. Interest is payable at a rate of 7.75% (2021: 7.00%) (2020: 9.00%).

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	2022	2021	2020
	N\$ '000	Restated * N\$ '000	Restated * N\$ '000
4. Other receivables			
Other receivables	602	571	3,465
5. Inventories			
Office consumables	1,209	1,165	1,081
6. Loans and advances to customers			
Loan capital	2,331,862	2,383,779	2,436,508
Arrears	899,728	780,855	677,394
Impairment allowance	(308,900)	(275,147)	(253,110)
	2,922,690	2,889,487	2,860,792
<i>The impairment allowance reflects ECL for the following loan stages:</i>			
ECL - stage 1	3,824	9,157	11,918
ECL - stage 2	39,353	37,593	30,008
ECL - stage 3	265,723	228,397	211,184
	308,900	275,147	253,110

7. Retirement benefit asset

Pension scheme

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

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

The Agricultural Bank of Namibia currently contributes 16% (2021: 16%) (2020: 16%) of basic salary to the Fund whilst the members contribute 7% (2021: 7%) (2020: 7%).

	2022	2021	01 April
	N\$ '000	Restated * N\$ '000	2020 Restated * N\$ '000
Bank contribution	7,855	7,843	7,532
Employee contribution	3,366	3,361	3,228
	11,221	11,204	10,760

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7. Retirement benefit asset (continued)

Retirement benefit obligation

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

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

Medical benefit obligation

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

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

Movement in the net medical plan asset

Balance at the beginning of the year	2,198	1,677	(8,785)
Return on asset less interest expense	(214)	(139)	(1,549)
Benefits paid	-	(682)	424
Actuarial (remeasurement) gain	(67)	450	594
Annuity purchased	-	-	10,993
Annuity purchase contribution	117	892	-
	2,034	2,198	1,677

The principal assumptions used were:

Discount rate	10.70 %	10.98 %	12.09 %
Health care cost inflation	8.67 %	9.02 %	9.20 %
Average retirement age (in years)	58	58	60
Medical aid inflation	8.67 %	9.02 %	-

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

Return on asset less interest expense	214	139	1,549

Remeasurement of the defined benefit obligation:

Actuarial gain / (loss) recognised through other comprehensive income	13	(501)	1,017

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

Medical aid inflation 1% lower per annum	(752,000)	(741,000)	-
Medical aid inflation 1% higher per annum	860,000	850,000	-
	108,000	109,000	-

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	2022	2021	2020
	N\$ '000	Restated * N\$ '000	Restated * N\$ '000
7. Retirement benefit asset (continued)			
Mortality rate decrease 20% lower per annum	932,000	887,000	-
Mortality rate decrease 20% higher per annum	(732,000)	(697,000)	-
	200,000	190,000	-

Severance benefit obligation

Movement in severance benefit obligation

Balance at the beginning of the year	(665)	(569)	(568)
Current service costs	(65)	(60)	(63)
Interest expense	(61)	(62)	(50)
Benefits paid	75	77	70
Actuarial gain / (loss) recognised through other comprehensive income	80	(51)	42
	(636)	(665)	(569)

8. Investment property

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

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

Reconciliation of investment property - 2022

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

Reconciliation of investment property - 2021

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

Reconciliation of investment property - 2020

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

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

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

9. Property and equipment

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

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

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9. Property and equipment (continued)

Reconciliation of property and equipment - 2022

	Opening balance	Additions	Disposals	Revaluations	Depreciation	Total
Freehold land and buildings	97,927	4,869	-	(2,103)	-	100,693
Furniture and fittings	1,532	-	-	-	(575)	957
Motor vehicles	1,168	-	-	-	(712)	456
Office equipment	130	93	-	-	(79)	144
Computers	2,431	1,140	(70)	-	(291)	3,210
Leasehold assets	1,649	1,606	-	-	(505)	2,750
Right-of-use asset	1,601	3,396	-	-	(2,754)	2,243
	106,438	11,104	(70)	(2,103)	(4,916)	110,453

Reconciliation of property and equipment - 2021

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

Reconciliation of property and equipment - 2020

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

2022	2021	2020
N\$ '000	Restated * N\$ '000	Restated * 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	1,285	1,063	1,101
Short-term leases	958	538	484
	2,243	1,601	1,585

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

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

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

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

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

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

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

Details regarding the fixed properties 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 2022 and no changes were made during the current financial year.

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10. Intangible assets

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

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

Reconciliation of intangible assets - 2022

	Opening balance	Amortisation	Total
Software	3	(2)	1

Reconciliation of intangible assets - 2021

	Opening balance	Amortisation	Total
Software	10	(7)	3

Reconciliation of intangible assets - 2020

	Opening balance	Amortisation	Total
Software	125	(115)	10

Intangible assets are held by the company, and are classified as non-current assets. No assets were encumbered at 31 March 2022, nor 31 March 2021 and 31 March 2020.

2022	2021	2020
N\$ '000	Restated* N\$ '000	Restated* N\$ '000

11. Creditors and other payables

Creditors	10,232	9,394	7,092
Grants and bursaries	110	110	110
	<u>10,342</u>	<u>9,504</u>	<u>7,202</u>

Categories of trade and other payables

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

Amortised cost	<u>10,342</u>	<u>9,504</u>	<u>7,202</u>
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Split between non-current and current portions

Current liabilities	<u>10,342</u>	<u>9,504</u>	<u>7,202</u>
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	2022 N\$ '000	2021 Restated * N\$ '000	2020 Restated * N\$ '000
12. Finance lease liabilities			
<i>Minimum lease payments due</i>			
- within one year	2,008	754	1,349
<i>Present value of minimum lease payments due</i>			
- within one year	2,049	722	1,286
- in second to fifth year inclusive	204	346	371
	2,253	1,068	1,657
<i>Amounts recognised in profit or loss</i>			
Interest received on lease liabilities	38	-	-
Interest paid on lease liabilities	-	154	249
	38	154	249
<i>Amounts recognised in statement of cash flows</i>			
Movement in lease liabilities	1,223	(744)	(2,095)
13. Borrowed funds			
<i>Held at amortised cost</i>			
Secured			
Government loan	96,969	101,311	105,285
Bank Windhoek loan	71,201	80,085	87,388
GIPF - 3 year term instrument	150,000	150,000	-
GIPF - 5 year term instrument	50,000	50,000	-
SSC - 5 year term instrument	150,000	150,000	-
	518,170	531,396	192,673

Government loan

The Government of the Republic of Namibia settled the Bank's outstanding line of credit balances with the African Development Bank. The total historical amount settled was N\$218,139,076 (2021 & 2020: N\$218,139,076). The loan attracts interest at 2% (2021 & 2020: 2%) per annum and is repayable in equal instalments of N\$12,823,255 (2021 & 2020: N\$12,823,255). The balance disclosed represents the fair value of the loan as at the end of the financial period.

Bank Windhoek loan

The loan attracts interest at rates linked to prime currently 8.13% (2021: 7.65%) (2020: 9.65%) and is payable in 19 semi-annual instalments spread over 10 years.

The loan is secured as follows:

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

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

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

15. Loan guarantee fund

Loan guarantee fund	<u>126,317</u>	<u>121,459</u>	<u>118,845</u>
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The loan guarantee fund attracts interest at the rate equivalent to the average rate of inflation of 3.6% (2021 & 2020: 2.4%). The Bank has borrowed N\$89 million from the loan guarantee fund repayable over 5 years. As at 31 March 2022 the Bank owed N\$71.2 million (2021 & 2020: N\$89 million) to the loan guarantee.

16. Provisions

Reconciliation of provisions - 2022

	Opening balance	Charged to the income statement	Total
Leave pay	5,092	140	5,232

Reconciliation of provisions - 2021

	Opening balance	Charged to the income statement	Total
Leave pay	3,592	1,500	5,092

Reconciliation of provisions - 2020

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

17. Deferred income

The deferred income arose from the Government loan (referred to in note 13) attracting interest at 2% (2021 & 2020: 2%) per annum, which is below market rates. Interest-free loans and loans at below market interest rates are recognised as a form of government assistance. The benefit is the difference between the initial carrying amount of the loan, discounted at similar loan rates, and the actual proceeds received from the government. The interest rate used is 9.25% (2021 & 2020: 9.25%) per annum.

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	2022	2021	2020
	N\$ '000	Restated * N\$ '000	Restated * N\$ '000
17. Deferred income (continued)			
Opening balance	46,395	52,285	58,318
Amortised to the statement of comprehensive income	(5,720)	(5,890)	(6,033)
	<u>40,675</u>	<u>46,395</u>	<u>52,285</u>

18. Capital

Issued

Opening balance	1,631,506	1,541,506	1,468,031
Contribution during the year	90,000	90,000	73,475
	<u>1,721,506</u>	<u>1,631,506</u>	<u>1,541,506</u>

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

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

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

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

19. Funds and grants

European fund account	11,528	11,528	11,528
Government scheme	36,102	36,102	36,102
Agribank - NACP contribution	34,561	34,561	34,561
	<u>82,191</u>	<u>82,191</u>	<u>82,191</u>
	<u>2022</u>	<u>2021</u>	
	N\$ '000	Restated * N\$ '000	

20. Interest income

Advances granted	238,252	241,989
Bank and money market investments	14,778	3,975
Interest recovered on finance lease liabilities	38	-
	<u>253,068</u>	<u>245,964</u>

Statement of Comprehensive Income

	2022	2021
	N\$ '000	Restated * N\$ '000
21. Interest expense		
Government loan	8,482	8,849
Fund accounts and borrowings	34,535	23,483
Interest paid lease	-	154
	43,017	32,486
22. Other operating income		
Rental income	202	431
Other income	680	689
Government grants	5,720	5,890
	6,602	7,010
23. Other operating gains (losses)		
<i>Gains (losses) on disposals</i>		
Property, plant and equipment	92	21
<i>Fair value gains (losses)</i>		
Investment property	(2,771)	(5,587)
Revaluation of property and equipment	(2,104)	-
	(4,875)	(5,587)
Total other operating gains (losses)	(4,783)	(5,566)
24. Operating profit (loss)		
Operating profit for the year is stated after charging (crediting) the following, amongst others:		
<i>Auditor's remuneration - external</i>		
Audit fees	540	531
<i>Remuneration, other than to employees</i>		
Professional fees	12,378	11,163
<i>Personnel expenses</i>		
Salaries and wages	91,972	88,797
Social security costs	277	277
Pension costs	11,221	11,205
Total personnel expenses	103,470	100,279
<i>Depreciation and amortisation expense</i>		
Depreciation of property, plant and equipment	4,916	5,628
Amortisation of intangible assets	2	7
Total depreciation and amortisation	4,918	5,635

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	2022 N\$ '000	2021 N\$ '000
24. Operating profit (loss) (continued)		
Credit impairment losses		
Movement in credit impairment losses		
Impairment charge for the year	33,753	22,035
Net gains / (losses) on derecognition of financial assets measured at amortised cost	12,826	3,463
	46,579	25,498

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

2022 in N\$'000	Stage 1	Stage 2	Stage 3	Total
Loans and advances to customers	(5,333)	1,760	37,326	33,753
	33,753	22,035	22,035	39,035
	33,753	22,035	22,035	39,035

2021 as restated in N\$'000	Stage 1	Stage 2	Stage 3	Total
Loans and advances to customers	(2,761)	7,584	17,212	22,035
Impairment charge for the year		33,753	22,035	32,154
Net gains / (losses) on derecognition of financial assets measured at amortised cost		-	-	6,881
		33,753	22,035	39,035

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

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.

	2022 N\$ '000	2021 N\$ '000
Expenses by nature		
Auditor's remuneration	540	531
Advertising and marketing	3,786	3,747
Bank charges	415	370
Computer expenses	5,793	5,610
Directors expenses	255	405
General expenses	1,462	2,153
Insurance	616	511
Legal expenses	895	1,224
Maintenance and security	1,697	1,349
Municipal charges	2,779	2,962
Printing and stationery	900	1,039
Professional fees	12,378	11,163
Rent paid	796	629

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	2022	2021
	N\$ '000	N\$ '000
24. Operating profit (loss) (continued)		
Subscriptions and memberships	3,655	3,367
Telephone	1,088	1,572
Training	1,343	931
Travelling and accommodation	5,343	3,508
VAT apportionment expenses	5,030	3,985
Vehicle expenses	983	786
	49,754	45,842
25. Additional cash flow information		
Change in operating assets		
Net change in other receivables	(31)	2,894
Net change in inventories	(44)	(84)
Net change in loans and advances to customers	(33,203)	(35,010)
Net change in retirement benefit obligations	324	(475)
	(32,954)	(32,675)
Change in operating liabilities		
Net change in creditors & other payables	838	2,302
Net change in provisions	143	1,500
	981	3,802
Net gain / (loss) from investing activities		
Depreciation and amortisation expense	4,916	5,635
Profit on disposal of property, plant and equipment	(92)	(21)
Revaluation of property, plant and equipment	2,103	-
Revaluation of investment property	2,772	5,587
	9,699	11,201
Net gain / (loss) from financing activities		
Interest paid	8,444	9,004
Movement in special purpose funds	2,656	2,972
Movement in loan guarantee fund	4,858	2,614
Net change in deferred income	(5,720)	(5,890)
	10,238	8,700
26. Commitments		
Authorised capital expenditure		
Authorised capital expenditure	26,385	61,325

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

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27. Contingent liabilities

Litigation

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

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

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

28. Maturity analysis of assets and liabilities

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

<i>As 31 March 2022 in N\$ thousand</i>	<i>Within 12 months</i>	<i>After 12 months</i>	<i>Total</i>
Assets			
Cash and cash equivalents	429,683	-	429,683
Other receivables	376	-	376
Inventories	1,209	-	1,209
Loans and advances to customers	899,355	2,017,059	2,916,414
Retirement benefit asset	-	1,259	1,259
Investment property	-	41,730	41,730
Property, plant and equipment	-	110,851	110,851
Intangible assets	-	1	1
	1,330,623	2,170,900	3,501,523
Liabilities			
Due to banks	3,059	-	3,059
Creditors and other payables	9,591	-	9,591
Finance lease liabilities	2,253	-	2,253
Borrowed funds	-	518,170	518,170
Special purpose funds	104,000	-	104,000
Loan guarantee fund	-	126,317	126,317
Provisions	-	5,232	5,232
Deferred income	-	40,675	40,675
	118,903	690,394	809,297

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28. Maturity analysis of assets and liabilities (continued)

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

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

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

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

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	2022	2021	2020
	N\$ '000	Restated * N\$ '000	Restated * N\$ '000
29. Fair value information			
<i>Fair value hierarchy</i>			
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.			
<i>Levels of fair value measurements</i>			
<i>Level 2</i>			
<i>Recurring fair value measurements</i>			
<i>Liabilities</i>			
<i>Financial liabilities at fair value through profit (loss)</i>			
Bank loan	(71,201)	(80,085)	(87,388)
Government loan	(96,969)	(101,311)	(105,285)
Total financial liabilities at fair value through profit (loss)	(168,170)	(181,396)	(192,673)
Total	(168,170)	(181,396)	(192,673)
<i>Non recurring fair value measurements</i>			
<i>Investment property</i>			
Owner occupied properties	4,648	4,648	4,468
<i>Property, plant, equipment</i>			
Land	5,970	5,970	5,970
Buildings and Leasehold property	94,723	91,957	102,846
Total property, plant and equipment	100,693	97,927	108,816
Total	105,341	102,575	113,284
Land and Buildings are measured periodically in line with the valuation policy.			
<i>Level 3</i>			
<i>Non recurring fair value measurements</i>			
<i>Investment property</i>			
Witvlei abattoir	28,860	30,800	33,000
Witvlei cattle pen	2,200	2,500	6,128
Witvlei land & erven	6,022	6,554	6,313
Total investment property	37,082	39,854	45,441
Total	37,082	39,854	45,441

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29. Fair value information (continued)

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

30. Prior period adjustment

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

2022	2021
N\$ '000	N\$ '000

The prior period error resulted in the following adjustments:

Statement of Financial Position

Opening retained earnings as previously stated	-	(855,869)
Impact of error on opening retained earnings	-	6,316
Restated retained earnings as 1 April 2020	-	(849,553)

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31. New Standards and Interpretations

31.1 Standards and interpretations effective and adopted in the current year

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

<i>Standard/ Interpretation:</i>	<i>Effective date: Years beginning on or after</i>	<i>Expected impact:</i>
• Annual improvements cycle to IFRS 1, IFRS 9, IFRS 16 and IFRS 13	01 January 2022	Unlikely there will be a material impact
• Amendments to IAS 16 Property, Plant and Equipment: Proceeds before Intended Use	01 January 2022	Unlikely there will be a material impact
• Amendments to IAS 37 Onerous Contracts—Cost of Fulfilling a Contract	01 January 2022	Unlikely there will be a material impact
• Amendments to interest rate benchmark reform phase 2 on: IAS 39 - Financial Instruments: Recognition and Measurement; IFRS 7 - Financial Instruments: Disclosures and IFRS 9 - Financial Instruments	01 January 2021	Unlikely there will be a material impact

31.2 Standards and interpretations not yet effective

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

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