Development
Bank of Namibia

Annual Report 2021/22

Navigating the storm

The Development Bank of Namibia is mandated to contribute to the development of Namibia, and the socio-economic wellbeing of its citizens.

The goals that it sets itself are ambitious. In order to achieve its vision of prosperity, the Bank continuously evolves and develops its capacity with the aim of being an exceptional agent of economic development.

To achieve prosperity, the Bank transforms the private sector through finance for larger enterprises in key economic sectors that are expected to deliver development impact, economic activity and employment, particularly in the fields of infrastructure, manufacturing, tourism and transport & logistics.

To achieve transformation through inclusive economic participation, the Bank finances previously disadvantaged Namibians and women entrepreneurs. With an eye on the future, the Bank also provides finance to youth entrepreneurs, the next generation of Namibian enterprise leaders.

To develop a conducive environment for enterprise and social wellbeing, the Bank provides finance for infrastructure and utilities, notably energy, electricity and water.

With the aim of socio-economic wellbeing, the Bank participates in development of towns and villages, serviced land, affordable housing, and private sector health and educational facilities.

The Bank represents an ongoing endeavour to materially improve Namibia, now and in future. This is an ongoing challenge which the Bank continuously reviews, and to which it rises.

.Jobs financed By DBN

The Delight Hotel, a member of the Gondwana Group, financed by DBN. A Covid-19 Business Relief Loan preserved 953 jobs in the Gondwana Group.

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Chairperson's report

The year 2021/22 marks the first period of the new Board

I am pleased to present the Chairman's note for the 2021/22 financial year after a new Board was appointed by the shareholder to render strategic direction, ensure long term sustainability and good corporate governance to the Development Bank of Namibia for the period September 1, 2021 to August of 2024. It is indeed a great honour for the new Board to be entrusted with the mammoth and exciting task of enabling the development of Namibia during the tough economic times we are facing and continuing the good work that was done by our antecedents and developed over time since the Bank's inception.

The new Board joins the Bank in turbulent times with subdued national and international economic environments caused by multiple factors, exacerbated by the Covid-19 pandemic and its impact on the operating environment.This undesirable state of affair has challenged the Development Bank of Namibia in the execution of its mandate and placed significant pressure on the Bank as the result of business rescue expectations and supporting our customers during these difficult times. All these factors contributed largely to the unfortunate decline in the Bank's financial performances, however, looking ahead we are confident that we have introduced the correct measures to manage the task at hand.

As a Board, we draw solace in the fact that the DBN governance architecture is very sound. Management is empowered, the systems and processes necessary for the execution of the Bank's mandate are in place and the Board will continue to support and guide where necessary.

Board governance model

It is our collective view that the role of the Board and Management are quite distinct, clearly understood and well respected, and I look forward to see how these two structures will complement each other as we navigate through the new year ahead.

The risk management framework is in place and the well-thought-out Board and management charters adequately outline the robust roles of various agents in the equation. The Board is comforted by the collective strength and proven track record of the Bank management team and the broader human capital. DBN is a repository of value which can be used in times of need.

Ongoing activity

In spite of the loss, the Bank was able to continue with ongoing programmes and make approvals despite the unfavourable environment to the value of N$975.9 million for 2021/22 compared to N$999.3 million during 2020/21. This is remarkable given the challenges during the period.

Of note, the Bank continued to make approvals in the NDP5 sectors of manufacturing, tourism, and transport and logistics.These are core sectors on which future economic policy is pinned.

As a Board, we draw solace in the fact that the DBN governance architecture is very sound. The systems and processes necessary for the execution of the Bank's mandate are in place and the Board will certainly leverage on the solid foundation and bolster where necessary.

The Bank also made gains in pressing national economic issues. These are renewable energy, affordable housing and serviced land, and finance for young entrepreneurs who are expected to drive economic activity in generations to come.

Our priorities during the years ahead

During the year under review, the quality of the Bank's loan book has deteriorated mainly as a result of the impact of Covid 19 and significant provisions had to be taken. Whilst being mindful of its development mandate, Management has put aggressive strategies in place to remedy the situation, and regular feedback will be provided to the Board to monitor progress and guide where required.

Another issue of priority for the new Board is the role the Development Bank should play in the current environment and a number of strategic stakeholder engagements are planned to enable the bank to meaningfully contribute to the Namibian economy. Strategic stakeholder management has become a business imperative and thus it is necessary to have clarity on how to balance all the forces which have bearing on the Bank's performance and realisation of its mandate.

Appreciation

I and my fellow Board members are grateful for the opportunity to serve on the Board of the Development Bank of Namibia. I can pledge on behalf of the collective, that we will continue to monitor the unfolding of global, regional and local economic events and will respond with forethought and prudent strategic initiatives.

I also want to thank the previous Board of Directors of the Development Bank for laying the groundwork needed to navigate the challenges, and preserving value in the Bank's impact for the future of the nation's economic prosperity.

Sarel van Zyl
Chairperson

CEO's report

Economic environment

The 2021/22 financial period was dominated by continuous outbreaks of Covid-19 variants. As result the business environment remained subdued.

The last three quarters of 2021 recorded positive growth, a turnaround from the negative quarterly growth of 2019 and 2020. Preliminary data indicates that the domestic economy grew by 2.4% in 2021, better than earlier projected growth of 1.2%, and far higher than the contraction of 7.9% recorded in the preceding year. 2021 growth was mainly driven by primary and tertiary industries.

Primary industries grew by 8.0% from a decline of 5.9% in 2020, and tertiary industry grew by 1.9% compared to a decline of 4.9% in 2020. The travel and tourism sector, which accounted for 11.7% of GDP in 2020, was adversely affected by the Covid-19 pandemic and related domestic and international travel restrictions and bans. On the other hand, secondary industries also improved albeit with a decline of 6.6% from a drop of 12.1% recorded for 2020.

The challenging environment had a significant impact on borrowers to honour debt obligations, particularly in the SME and tourism sectors.

Operating environment

The Bank continued its policy of staff rotations, with only 50% of employees working from the office, while the rest worked from home. The strategy was effective, with no deterioration in client service.

Staff turnover of 6.03% consisted of five voluntary resignations, and one retirement and the expiration of one fixed term contract in 2021/22 with 14 new personnel recruited, who filled vacant positions and created new capacity in line with the Bank's needs.

Business strategy

In the 2020/21 period, the bank focused on consolidating its loan and investment portfolio and managing business in distress.

It continued rolling out its Covid-19 Business Relief Loan program, however disbursement of the N$450 million facility was slow due to stringent qualifying selection criteria and general concerns about borrowers' ability to repay their loans in future. The Bank seeks to avoid the negative impacts on borrowers of unsustainable debt.

The Bank commenced renegotiating the terms of the Covid-19 Business Relief Loan credit line with its lender (KfW), to broaden the qualifying criteria and change its focus from Covid-19 relief to a broader business rescue fund.

The Bank will continue to assist borrower's in distress through various loan restructuring efforts on the merit of each business case. Pro-active measures to improve the quality of the loan book such as strengthening of the credit risk management team, as well as more focused management of the loan book and collections activity are adored.

In the 2021/22 period, the bank focused on consolidating its loan and investment portfolio .and managing businesses in distress.

Financial Performance

Loan portfolio growth was below the set target for the period, the result of slow economic growth and demand for business credit, and the Bank's own deliberate focus on loan book consolidation and managing borrowers in distress. However, despite the challenging economic environment, the Bank was able to approve N$975.9 million in loans (2020/21: N$999.3 million).

The reported, significant rise in non-performing loans and loan impairments was largely as a result of IFRS 9 provisions. The Bank took a more stringent approach in raising loan provisions in view of the future uncertain business environment outlook.

As a result of the high provisions raised, a N$184.5 million loss was recorded for the year ended 31 March 2022, preceded by a significant drop in profits in the prior year (N$116.5 million profit in 2020/21 compared to N$229.1 million profit in 2019/20).

This resulted in a marginal decline in the retained earnings and reserves position from N$1,320,020,317 at the end March 2021 to N$1,229,184,559 at the end of March 2022.

Net interest income for 2021/22 was N$340.3 million, a minor reduction of less than 1% from 2020/21. An N$53 million (8%) reduction in interest income was offset by a similar reduction in interest expense. The bank relies mainly on interest income as a source of revenue. During periods of low interest rates, as was the case during 2021/22, the Bank's revenue and profitability is put under pressure.

Operating expenses were maintained at prior year levels (N$132 million). Notwithstanding the reported loss and the resulting reduction in retained earnings, DBN has a strong net capital base of N$3,2 billion.

Total assets of DBN stand at N$8.57 billion for the reporting period, a reduction of 10% compared to the 2021 results. This is due to shrinkage of the loan book mainly due to continuous repayment of larger loan exposures. During the period , the National energy Fund (NEF) loan was repaid to the tune of N$524 million, while the loan to the Neckartal Dam project was repaid to the tune of N$97 million We however expect loan book growth to pick up during the 2022/23 financial period supported by disbursements of loans approved during the reporting period, off which disbursements is only expected to ramp up during 2022.

The Bank remains liquid, and is expected to continue meeting the disbursement requirements of its current loan approvals and the loan application pipeline.

Appreciation

The Bank's year has been characterized by challenge, with evolution, adaptation at short notice and the accompanying stresses. With this in mind, I express my deep appreciation for the dedication and resilience on the part of the Executive Committee, management and staff who went out of their way to preserve the Bank's sustainability while striving to assist its borrowers to keep able enterprises continue doing business..

Martin Inkumbi
Chief Executive Officer

Governance and Leadership

There were no failures of governance observed in the Bank during the 2021/22 financial year.

Co-financed by DBN

The Bank facilitated a co-financing agreement with the Development Bank of Southern Africa to rehabilitate rail infrastructure and provide facilities to repair rolling stock. The finance will be key to the transport and logistics sector.

Mandate

The main objectives of the Bank

are to contribute to economic growth and social development of Namibia and for the sustainable promotion of the welfare of the Namibian people by:

mobilising financial and other resources from the private and public sectors nationally and internationally;

appraising, planning and monitoring the implementation of development schemes, export projects and other economic programmes of national importance;

facilitating the participation of the private sector and community organisations in development schemes, export projects and other economic programmes of national importance;

and assisting in the development of money and capital markets.

The ancillary objectives of the Bank are to:

cooperate with, and assist, other development financial institutions in order to achieve an integrated finance system in Namibia for economic growth and sustainable development;
and
assist other institutions in the public and private sectors with the management of specific funds in order that the development requirements of Namibia may be met.

Governing legislation and its key features

The Bank was established through the Development Bank of Namibia Act, Act 8 of 2002 and incorporated as a public company.

Its memorandum and articles are drawn up in terms of the Companies Act, which applies to the Bank, subject to the provision of the Development Bank of Namibia Act.

The Minister of Finance, by gazette, may exempt the Bank from any provisions of the Companies Act.

The Banking Institutions Act does not apply to the Bank, but the Minister may in consultation with the Bank of Namibia apply any provision to the Development Bank of Namibia.

The Public Enterprises Governance Act, Act 1 of 2019, applies to the Bank, which requires the Bank to provide regular feedback in compliance with the Public Enterprises Governance Act to the Minister of Public Enterprises.

A governance agreement was concluded on 30 November 2021, between the Board and the Minister of Finance as per the Public Enterprises Governance Act.

All Directors for the year under review signed performance agreements with the shareholder in terms of section 12 of the Public Enterprises Governance Act.

The Bank must, no later than 6 months after the end of each financial year, submit its annual report to the Minister of Finance and the Minister of Public Enterprises. This has been adhered to.

Internal governance

The DBN articles of association provide for the number of directors, their powers and for their retirement. They further provide for the payment of dividends, directors' remuneration and auditors' fees.

The Bank has Board and Management Charters that are reviewed on an annual basis. In the Charters, the limits of authority are stipulated as well as the roles and responsibility of the various Board Committees, Board members and management.

The Corporate Governance Code for Namibia (Namcode) provides for the establishment of structures and processes, with appropriate checks and balances that enable directors to discharge their legal responsibilities, and oversee compliance with legislation. DBN voluntarily subscribes to the Namcode.

The DBN Code of Business Conduct and Ethics requires all employees and persons acting on behalf of the Bank to act in an ethical and professional manner, upholding the Bank's core values, standards and principles at all times. The Code of Business Conduct and Ethics clarifies what is deemed acceptable business behaviour from a Bank employee so as to ensure the Bank's sustainable business. At the core of this Code are the values of:

- Service
- Integrity
- Transparency
- Excellence

The Board's primary mandate is to ensure the sustainability and successful continuation of the Bank's business activities by providing strategic direction to the executive management. Independent non-executive directors are appointed by the shareholder in terms of section 10 of the Development Bank of Namibia Act, 2002 for a period not exceeding five years, and can be reappointed. Current Board members were appointed on a three year term which commenced 1 April 2018.

Sarel van Zyl (Chairperson)

Qualifications: MBA (Potchefstroom University), BBA (Potchefstroom University)

Experience: Chief Executive Officer (FirstRand Namibia), Chief Executive Officer (First National Bank of Namibia), Chief Executive Officer (FNB Zambia), Head of Retail Banking (FNB Namibia Holdings), Head of Distribution (First National Bank of Namibia), Manager Operations (First National Bank of Namibia)

Evangelina Nailenge (Deputy Chairperson)

Qualifications: M.Com (Money and Banking) (University of the Free State), B.Com (Money and Banking) (University of the Free State), B. Econ (UNAM), Senior Managers Leadership Development Programme (UCT), Being a Director Series Part 1 – 4 (Institute of Directors Southern Africa), SAVCA-GIBS Foundation Programme in Private Equity (University of Pretoria & Southern African Venture Capital and Private Equity Association, Collective Investment Schemes (CIS) (UCT & ASISA Academy), Senior Management Development Programme (University of Stellenbosch), Management Development Programme (University of Stellenbosch)

Experience: Managing Director (Momentum Investment) Chief Executive Officer: HangalaPrescient Investment Management & HangalaPrescient Infrastructure Manager), General Manager: Investment Institutions / Capital Markets(NAMFISA), Deputy Director for Policy Research and Forecasting (Bank of Namibia), Part-time Lecturer (Institute of Bankers Namibia (IoB)), Personal Assistant to the Governor (Bank of Namibia) Head of Money and Capital Market Section/Senior Economist (Bank of Namibia), Research Officer (Bank of Namibia), Part-time Lecturer: Principles of Economics (Polytechnic of Namibia)

Martin Inkumbi (CEO)

Qualifications: M.Sc Financial Economics (University of London), Postgraduate Diploma in Banking and Finance (University of Natal), B.Com (UCT)

Experience: Chief Executive Officer (DBN), Head Lending (DBN), Portfolio Manager (DBN), Manager: Corporate Business Services (First National Bank of Namibia), Financial Market Analyst (Bank of Namibia), Research Officer (Bank of Namibia)

Patience Kanalelo

Qualifications: Admission as Legal Practitioner of the High Court of Namibia (Justice Training Centre), LLB (Hons) (Rhodes University)

Experience: Head: Legal, Regulatory Affairs and Risk Management (Mobile Telecommunications Limited), Head: Legal and Company Secretary (Mobile Telecommunications Limited), Head: Corporate Governance; Legal Services and Regulatory (Telecom Namibia), Senior Legal Practitioner (Shikongo Law Chambers), Corporate Legal Advisor / Company Secretary (Old Mutual Namibia), Legal Practitioner (Hitula & Associates), Legal Practitioner (Conradie & Damaseb), Candidate Legal Practitioner (Conradie & Damaseb)

Diana Husselman

Qualifications: Bachelor in Human Resources Management (NUST), Certificate in Dispute Resolution (UNAM), Certificate in Industrial Psychology and Organisational Behaviour (UNISA), Diploma in Human Resources Management (NUST)

Experience: Manager: Remuneration (Swakopmund Uranium), Superintendent: Remuneration (Swakopmund Uranium), Specialist: Remuneration and Benefits (Rio Tinto) (Rossing Uranium Limited), Head: Remuneration and Administration (Nampower), HR Business Partner (Namdeb Diamond Corporation)

Willy Mertens

Qualifications: Senior Executive Programme (London Business School), Graduate Diploma in Engineering (GDE) (Mining) (WITS University), Postgraduate Certificate in Advanced Taxation (UNISA), Chartered Accountant (CA) (South African Institute of Chartered Accountants (SAICA)), Certified Internal Auditor (Institute of Internal Auditors (IIA)), Post Graduate Diploma in Auditing (UNISA), Foundation Course in Environmental Auditing (Crystal Clear), Post Graduate Diploma in Accounting (UNISA), Hons. BCompt (UNISA) B.Com (UNAM)

Experience: Chief Financial Officer (Debmarine Namibia, Namdeb Holdings and De Beers Namibia), Financial Manager (Debmarine Namibia, Namdeb Holdings and De Beers Namibia), Senior Financial Accountant (Debmarine Namibia), Part-time Lecturer: Auditing (UNAM), Audit Services Manager (Namdeb Diamond Corporation), Senior Internal Auditor(Namdeb Diamond Corporation), Acting Audit Services Manager(Namdeb Diamond Corporation), Internal Auditor (Namdeb Diamond Corporation), Graduate Trainee Internal Auditor (Namdeb Diamond Corporation)

Marsorry Ickua

Qualifications: MSc: Information Systems Management (University of Liverpool), International Executive Development Program (WITS Business School, London Business School), Management Development Program (University of Stellenbosch), Program Project Management (University of Stellenbosch), Diploma: PC Support (Boston City Campus), Diploma: Business Computing (Varsity College)

Experience: Director: Information Technology (Bank of Namibia), Deputy Director: Technical & Network Services (Bank of Namibia)

Board composition for the year ended 31 March 2022

The Bank's Memorandum of Incorporation provides that there should be a majority of independent non-executive directors, including the Chairperson, and one executive director, the Chief Executive Officer. As at 32 March 2021, the Board comprised of seven directors, of whom the majority was non-executive.

The independent non-executive directors have diverse skills, experience and backgrounds, and all the directors have a comprehensive understanding of the industry as well as the business of the Bank.

Board member tenure for the 2022 financial year

0 – 3 years	*5 independent, non-executive directors*
3 – 6 years	*1 independent, non-executive director*
More than 6 years	*1 executive director*

Directors' gender for the 2022 financial year

Male	*4 directors*
Female	*3 directors*

Board independence

The Bank acknowledges that independence is more often than not a matter of perception rather than fact, and in evaluating independence will consider inter alia, whether a Director:

is a significant or ongoing service provider or professional advisor, or was an officer, employee or a representative of such provider of financial capital or funding;
has been employed by the Bank at an executive level within the past 3 financial years, or is a related party to such executive;
has been the external auditor responsible for performing the statutory audit within the previous 3 financial years;
is a significant customer of, or supplier to, the DBN; and / or
is eligible for remuneration dependent on the performance of the DBN.

Based on the above dynamics, the Bank had five independent, non-executive directors at the end of the year under review.

The role of the Chairperson is separate from that of the CEO. The Chairperson provides overall leadership to the Board and ensures that Directors perform effectively.

The CEO is responsible for formulating and recommending long -term business strategies and policies to the Board for approval. In discharging his duties, the CEO is assisted by the Executive Committee.

Conflict of Interest

In terms of Part 6, sections 242 to 248 of the Company's Act 28 of 2004 as amended, all Directors are required to disclose interests in contracts. The Company Secretary maintains a register of interests in contracts as per section 248 of the Companies Act.

Directors are required to declare all interests at the meetings they attend and these are recorded in writing, as required by legislation.

Directors who have a conflict of interest on any matter to be discussed at meetings are required to inform the Company Secretary prior to meetings and are recused when matters that may be subject to conflicts of interest are discussed.

Board committees and membership for the year ended 31 March 2021

Board

Member	Role	Tenure ends
S van Zyl	Chairperson, non-executive independent director	31 August 2024, first term
M Inkumbi (CEO)	Executive director	31 July 2023, 5-year contract, second term
E Nailenge	Deputy Chairperson, non-executive independent director	31 August 2024, first term
D Husselmann	Non-executive independent director	31 August 2024, second term
M Ickua	Non-executive independent director	31 August 2024, first term
P Kanalelo	Non-executive independent director	31 August 2024, first term
W Mertens	Non-executive independent director	31 August 2024, first term

Audit, Risk and Compliance Committee

W Mertens	Chairperson, non-executive independent director
M Inkumbi (CEO)	Executive director
M Ickua	Non-executive independent director
P Kanalelo	Non-executive independent director

Credit and Investment Committee

E Nailenge	Chairperson, non-executive independent director
M Inkumbi (CEO)	Executive director
W Mertens	Non-executive independent director
S van Zyl	Non-executive independent director

Human Capital and Remuneration Committee

D Husselmann	Chairperson, non-executive independent director
P Kanalelo	Non-executive independent director
M Inkumbi (CEO)	Executive director
S van Zyl	Non-executive independent director

Directors' fees

Schedule of Directors' Fees

	04.2020 - 03.2021
Chairperson's quarterly fee	N$17,589
Chairperson's sitting fee	N$9,912 per Board meeting
Director's quarterly fee	N$14,368
Director's sitting fee	N$6,252 per Board meeting
Sub-committee chairperson quarterly fee	N$8,431
Sub-committee chairperson sitting fee	N$4,622 per meeting
Sub-committee member quarterly fee	N$6,424
Sub-committee member sitting fee	N$3,093 per meeting

Non-Executive Directors' Emoluments
For the financial year 1 April 2021 to 31 March 2022

T Hangula (Chairperson 01 April 2021-31 August 2021)	N$74,034
T Mbome (01 April 2021-31 August 2021)	N$107,681
J Cumming(01 April 2021-31 August 2021)	N$103,402
K Geschke(01 April 2021-31 August 2021)	N$97,286
S Van Zyl (Chairperson 01 April 2021 – 31 March 2022)	N$142,226
E Nailenge (Deputy Chairperson 01 April 2021 – 31 March 2022)	N$98,323
D Husselmann (01 April 2021 – 31 March 2022)	N$164,038
M Ickua (01 April 2021 – 31 March 2022)	N$89,051
P Kanalelo (01 April 2021 – 31 March 2022)	N$107,065
W Mertens (01 April 2021 – 31 March 2022)	N$117,901

PAYE (Pay-As-You-Earn) is deducted from the Directors' emoluments as required by the Namibian Income Tax amendment Act, 2015.

Board attendance

General Board Meetings

DD/MM/YY	30.06 2021	27.08 2021	08.10 2021	29.11 2021
T Hangula	√	√	√	*
M Inkumbi (CEO)	√	√	√	*
T Mbome	√	√	√	*
J Cumming	√	√	√	*
D Husselmann	x	√	√	x
K Geschke	√	√	√	*
S van Zyl	*	*	*	√
E Nailenge	*	*	*	√
D Husselmann	*	*	*	√
M Ickua	*	*	*	√
P Kanalelo	*	*	*	√
W Mertens	*	*	*	√

** Change of Board On 31.08.2021.*

Board Strategy Meetings

DD/MM/YY	11.11 2021	12.11 2021
S van Zyl	√	√
E Nailenge	√	√
M Inkumbi (CEO)	√	√
D Husselmann	√	√
M Ickua	√	√
P Kanalelo	x	√
W Mertens	√	√

** Change of Board On 31.08.2021.*

Annual General Meeting

DD/MM/YY	05.08 2021
T Hangula	√
M Inkumbi (CEO)	√
T Mbome	√
J Cumming	√
D Husselmann	√
KV Geschke	√

** Change of Board On 31.08.2021.*

Board attendance (continued)

Extraordinary Board Meetings

DD/MM/YY	04.04 2020	08.04 2020	03.07 2020	22.07 2020	03.08 2020	27.08 2020	16.09 2020	22.09 2020	03.11 2020	12.02 2021	27.08 2021
T Hangula	√	√	√	√	√	√	x	√	√	√	√
M Inkumbi (CEO)	√	√	√	√	√	√	√	√	√	√	√
T Mbome	√	√	√	√	√	√	√	√	√	√	√
J Cumming	√	√	√	√	√	√	√	√	√	√	√
D Husselmann	√	√	√	√	√	x	√	x	√	√	√
KV Geschke	√	√	√	√	√	√	√	√	√	√	√
S van Zyl	*	*	*	*	*	*	*	*	*	*	*
E Nailenge	*	*	*	*	*	*	*	*	*	*	*
M Inkumbi	*	*	*	*	*	*	*	*	*	*	*
D Husselmann	*	*	*	*	*	*	*	*	*	*	*
M Ickua	*	*	*	*	*	*	*	*	*	*	*
P Kanalelo	*	*	*	*	*	*	*	*	*	*	*
W Mertens	*	*	*	*	*	*	*	*	*	*	*

** Change of Board On 31.08.2021.*

Credit and Investment Committee

DD/MM/YY	28.04 2021	03.06 2021	22.06 2021	18.08 2021	28.09 2021	02.11 2021	23.11 2021	08.02 2022	17.03 2022
J Cumming	√	√	√	√	*	*	*	*	*
M Inkumbi (CEO)	√	√	√	√	√	√	√	√	√
T Mbome	√	√	x	√	*	*	*	*	*
K Geschke	√	√	√	√	*	*	*	√	*
E Nailenge	*	*	*	*	√	x	√	√	√
S van Zyl	*	*	*	*	√	√	√	√	√
W Mertens	*	*	*	*	√	√	√	√	x

** Change of Board On 31.08.2021.*

Audit Risk and Compliance Committee

DD/MM/YY	16.06 2021	05.10 2021	22.11 2021	09.02 2022
K Geschke	√	*	*	*
M Inkumbi (CEO)	√	√	√	√
T Mbome	√	*	*	*
J Cumming	√	*	*	*
W Mertens	*	√	√	√
M Ickua	*	√	√	√
P Kanalelo	*	√	√	√

** Change of Board On 31.08.2021.*

Human Capital and Remuneration Committee

DD/MM/YY	11.06 2021	19.08 2021	01.10 2021	23.11 2021	07.02 2022
D Husselmann	√	√	√	√	√
T Hangula	√	√	*	*	*
M Inkumbi (CEO)	√	√	x	x	√
T Mbome	√	√	*	*	*
P Kanalelo	*	*	√	√	√
S van Zyl	*	*	√	√	√

** Change of Board On 31.08.2021.*

Litigation and claims

I hereby certify that to the best of my knowledge and belief, as at 31 March 2022 the Development Bank of Namibia Limited has not been sued and does not have any claims against it apart from the collection matters which are a part the Bank's day-to-day of business.

Legislative Developments

The Bank constantly reviews recently promulgated legislation that could affect the business environment of the Bank.

Adda Angula
Company Secretary
30 June 2022
Windhoek, Namibia

Certification and compliance

Company Secretary Certificate

I hereby certify that to the best of my knowledge and belief, the Development Bank of Namibia Limited has lodged with the Registrar of Companies, at Windhoek, Namibia, all returns required in terms of the Companies Act 28 of 2004, as amended, for the year ended 31 March 2022 and that all such returns are factual and current.

Adda Angula
Company Secretary
30 June 2022
Windhoek, Namibia

Statement of Compliance

The Board is of the opinion that it is substantially compliant in all material respects with the principles of NamCode and the King III Report, the Namibian Companies Act, 2004 and the Development Bank of Namibia Limited Act, 2002, for the financial year ended 31 March 2022.

Sarel van Zyl
Chairperson: Board of Directors
30 June 2022
Windhoek, Namibia

Annual Financial Statements

The Audit, Risk and Compliance Committee has appraised the Annual Report for the year ended 31 March 2022, and considers that it complies in all material aspects with the requirements stipulated in the Companies Act, (Act 28 of 2004), Development Bank of Namibia Act, (Act 8 of 2002), and IFRS and that the adoption of the going concern basis in preparing the Annual Financial Statements is appropriate.

The Audit, Risk and Compliance Committee is of the opinion that these Annual Financial Statements fairly represent the financial position of the Development Bank of Namibia Limited as at 31 March 2022 and therefore recommended the adoption of this Annual Report on **30 June** 2022 to the Board of Directors, who approved the Annual Financial Statements on 30 June 2022.

Willy Mertens
Chairperson: Audit, Risk and Compliance Committee
30 June 2022
Windhoek, Namibia

Executive management and committees

Executive managers form an Executive Management Committee (Exco), and participate in the Asset and Liabilities Committee (ALCO), the Procurement Committee, the Risk and Compliance Committee, the Human Capital and Remuneration Committee, the Information Technology Committee, and the Credit and Investment Committee. Exco members report to the CEO, but may also report to the Board of Directors. The Company Secretary reports to the Board, as well as the CEO, on management matters.

Jantje Daun
(Acting Head: Finance & ICT, Chief Financial Officer)

Qualifications: B.Com (UCT), B.Compt (Hons) (UNISA), Chartered Accountant (SA)

Experience: Independent (Various consultancies), Ministry of Public Enterprises (Advisor, Corporate Advisory Reform Unit), NBC (Chief Financial Officer), IBM Global Services UK (Senior Managing Consultant, PwC Consulting UK (Consultant), PricewaterhouseCoopers UK (Senior Manager, Forensic Services), Price Waterhouse SA (Assistant Manager, Audit)

Robert Eiman
(Head: SME Finance)

Qualifications: MBA (UNAM), Certified Associate (IoB), Advanced Marketing Diploma (IoB), Marketing Diploma (IoB), Certificate in Banking (IoB)

Experience: Acting Head of Investments (DBN), Senior Investment Manager DBN, Portfolio Manager (DBN), Head of SMEs (FNB), Commercial Manager (FNB) Commercial and Corporate Banking, Branch Manager North (FNB), Business Manager (FNB)

Hellen Amupolo
(Head: Investments)

Qualifications: M.Dev Fin (USB), B.Econ (UNAM)

Experience: Senior Investment Manager (DBN), Senior Portfolio Manager: Infrastructure & Utilities (DBN), Northern Regional Portfolio Manager (DBN), Senior Business Analyst (DBN), Business Analyst (DBN), Market Analyst (South Africa Breweries), Acting Chief Economist (Ministry of Fisheries and Marine Resources), Economist (Ministry of Fisheries and Marine Resources)

Erastus Hoveka
(Head: Credit Risk)

Qualifications: B.Sc Accounting (Cum Laude) and MBA (Distinction) Bradley University (USA) Certified Public Accountant, (USA). Executive programs at Wharton (Housing Finance) and INSEAD (Strategic Bank Management)

Experience: Managing Director (ETH Capital), Senior Managing Director (NedNamibia Holdings), Founding CFO (Development Bank of Namibia), GM Finance (NHE), Senior Manager: Corporate Finance (Air Namibia), Manager: Management Accounting (Telecom Namibia), Senior Accountant, Corporate and Security and Exchange (SEC), Debt Reporting (Simon Property Group, USA)

John Mbango
(Head: Portfolio Management)

Qualifications: M.Sc in Financial Economics (University of London), B.Econ (UNAM)

Experience: Portfolio Manager (DBN), Business Analyst (DBN), Team Leader: Namibia Early Warning and Food Information Unit (Ministry of Agriculture, Water & Rural Development), Economics Tutor (UNAM)

Heike Scholtz
(Head: Business Strategy)

Qualifications: MPA (Infrastructure Management) (University of Pretoria), MBA (University of Pretoria), B.Eng (Civil) (University of Pretoria)

Experience: Head: Business Development (DBN), Portfolio Manager (DBN), Head: Research (IJG Securities), Investment Analyst (Allan Gray Namibia), Senior Financial Analyst (Bank of Namibia), Engineer (Namibia Water Corporation)

Saima Nimengobe
(Head: Risk & Compliance)

Qualifications: Certified Ethic Officer (TEI & USB); Master of Business Management & Administration (University of Stellenbosch), Bachelor of Accounting (UNAM), Postgraduate Certificate in Compliance Management (University of Johannesburg), Certificate in Project Management (USB)

Experience: Senior Manager: Risk & Compliance (DBN), Group Manager: ERM & Compliance (O&L Group), Risk Manager, (Namibia Breweries), Corporate Risk Officer (NamPower), Risk & Compliance Officer (Old Mutual), Trainee Accountant (Ernst & Young)

Jerome Mutumba
(Head: Marketing and Corporate Communications)

Qualifications: MBA Strategic Management (Maastricht School of Management), Certificate: Senior Management Development Program (USB), Certificate in Project Management(USB), MA (TESOL) (Southern Illinois University), H.Ed Diploma (UNAM)

Experience: Head: Marketing and Corporate Communications (DBN), Senior Manager: Corporate Communications (DBN), Manager: Corporate Communications (DBN), Manager: External Affairs (Rössing), Manager: Corporate Communications (Bank of Namibia), Lecturer: English Communication (Polytechnic of Namibia), Consultant (AIMS), Lecturer: Complex English Patterns (UNAM)

Elriana Burger
(Head: Human Capital and Operations)

Qualifications: B.Com (Personnel Management) (University of Pretoria), Executive Human Resources Certificate (UOS)

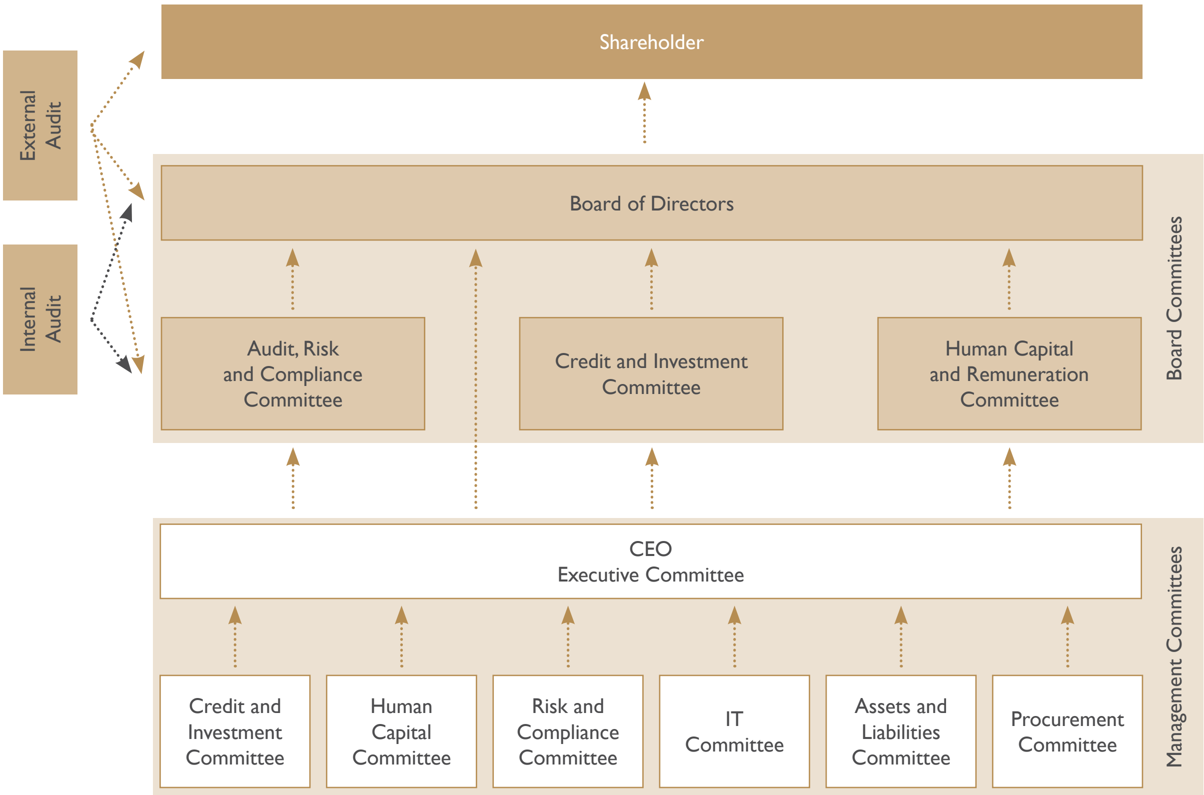
Experience: Acting Head of Human Resources (Bank Windhoek), Head: Human Resources Administration (Bank Windhoek), Human Resources Administrator (Bank Windhoek), Personnel Officer (Meatco), Efficiency Analyst (Office of the Prime Minister), Division Human Resources and Development, Senior Assistant Personnel Officer (Ministry of Health & Social Services) Senior Assistant Personnel Officer (Administration for Whites)

Adda Angula (Company Secretary & Legal Services)

Qualifications: Bachelor of Laws Degree (UWC), Master of Laws Degree with specialisation in Human Rights and Democratisation in Africa (University of Pretoria), Admitted Legal Practitioner of the High Court of Namibia, Associate Member of Chartered Secretaries Southern Africa

Experience: Head: Governance & Reporting (Capricorn Group), Assistant Company Secretary (Capricorn Group), Lecturer (UNAM), Legal Practitioner (Sisa Namandje and Company Inc)

Governance structure



Shareholder

The shareholder representative (the Minister of Finance) is responsible for the appointment of the members of the Board and the Chairperson of the Board. The Bank's Memorandum of Incorporation provides that there should be a majority of independent non-executive directors.

Board and Board Committees

The Board holds ultimate responsibility for the Bank's business strategy and financial soundness, key personnel decisions, internal organisation and governance structure and practices, risk management and compliance obligations.

As at 31 March 2021, the Board comprised of six directors, of whom the majority were non-executive and independent, including the Chairperson, as well as one executive director, the Chief Executive Officer.

The independent, non-executive Directors have diverse skills, experience and backgrounds, and all have a comprehensive understanding of the industry as well as the business of the Bank.

The Board has delegated some of its functions, though not its responsibilities, to Board Committees to increase efficiency and allow deeper focus in specific areas. The Committees are created and mandated by the full Board. The Committees are the Board Credit and Investment Committee, Board Audit, Risk and Compliance Committee and the Board Human Capital and Remuneration Committee.

Internal Audit

The internal audit function provides independent assurance to the Board, and supports the Board in promoting the effectiveness of the Bank's internal control, risk management and governance systems and processes.

External Audit

The external auditors provide external assurance. The relationship between the external auditors and the Bank is overseen by the Audit, Risk and Compliance Committee.

CEO and Executive Committee

Under the direction and oversight of the Board, Exco carries out and manages the Bank's activities in a manner consistent with the business strategy, risk appetite, remuneration and other policies approved by the Board.

Lending Approvals

In total 177 approvals were made,compared to 211 approvals in 2020/21.Thirteen of the loans were start-up businesses compared to 31 start-ups in 2020/21.

Financed by DBN

Freshfruit Farming, in Stampriet, used Development Bank finance to expand their chicken farming facilities. The Bank is targeting growth in agri-processing and agri-industry to enhance food security, as well as rural development.

Impact highlights
2021/22

General approvals
Total approvals amounted to N$975.9 million.

Employment
Bank finance is projected to create 1,348 new permanent jobs lasting more than three years, and 1,714 temporary jobs.

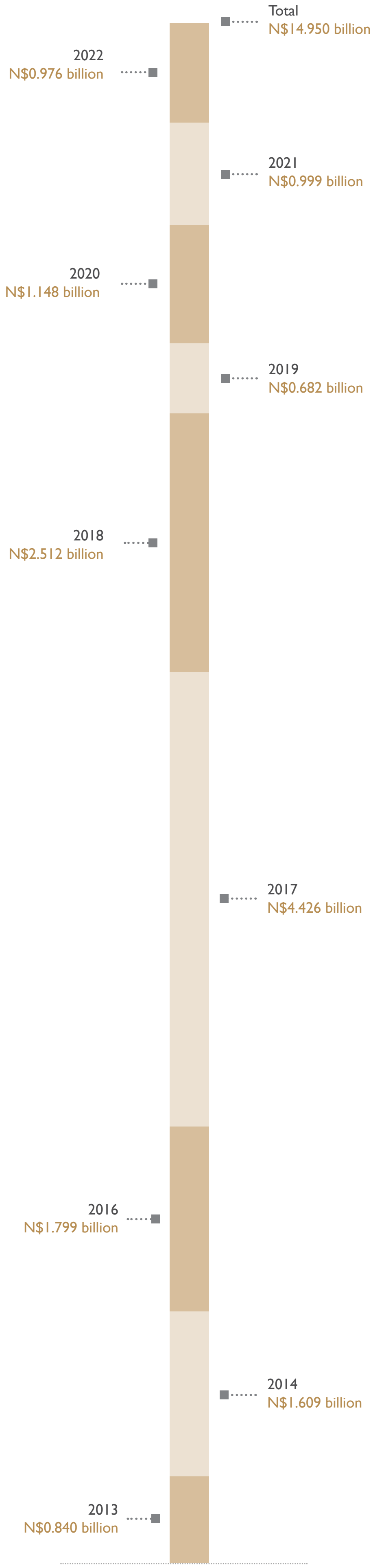
SME finance
N$115.2 million was approved for SME finance in 2021/22, falling from N$155.7 million in 2020/21

Enterprise numbers
The Bank approved finance for 13 start-ups and 164 existing enterprises.

Affordable land and housing
Bank finance was approved for 7.1 ha of business erven and 499 residential units.

Infrastructure
N$509.4 million was approved for infrastructure, of which N$6.6 million was approved for land servicing (public infrastructure).

Cumulative approvals
2013 - 2022



Approvals: 2013 - 2022 including NEF

Zealous Tutorial Centre, in Rundu, offers tutorial classes to Grades 10, 11 and 12 learners with a specific focus on Grades 10 and 12 learners who failed in formal schools.

Ob-Gyn Practice is an obstetrical and gynaecological practice in Lady Pohamba Private Hospital in Windhoek, which improves access to feminine and maternal health.

Kryo Investments specialises in industrial gas needs, and also maintains various industrial consumable items.

Following development of serviced land by a PPP financed by Development Bank of Namibia, Eenhana residents have been able to begin constructing homes on Portion 5.

Muudighu Investments, owned by a young artisan welder in Erongo, has opened its workshop and begun operating with the help of Development Bank's skills-based finance for young artisans.

Economic growth and outlook

The last three quarters of 2021 recorded positive growths, a turnaround from the negative quarterly growth of 2019 and 2020. Preliminary data indicates that domestic economy grew by 2.4% in 2021, better than earlier projected growth of 1.2%, and far higher than the contraction of 7.9% recorded in the preceding year. The 2021 GDP growth was mainly driven by primary and tertiary industries. Primary industries grew by 8.0% from a decline of 5.9% in 2020, and tertiary industry grew by 1.9% compared to a decline of 4.9% in 2020. The travel and tourism sector, which accounted for 11.7% of GDP in 2020, was adversely affected by the Covid-19 pandemic and related domestic and international travel restrictions and bans. On the other hand, secondary industries also improved albeit with a decline of 6.6% from a drop of 12.1% recorded for 2020.

The negative impact of the Covid-19 pandemic resulted in real household spending contracting, particularly through the first quarter of 2021, however, as the year progressed, household incomes started recovering from the negative impact of the Covid-19 pandemic, consumer spending started picking up in 2021 and was expected to continue with positive growth in 2022.

Economic activity, both locally and globally, started gaining some momentum as the impact of the pandemic began to wane. Subsequently, domestic demand picked up, and this translated into the positive growth recorded in the remainder of 2021. Indications at the beginning of 2022 point to accelerated growth in 2022, particularly driven by rising private consumption.

Growth prospects however took a decline after Russia invaded Ukrainian territory in February 2022. Both Russia and Ukraine immediately suspended and/or restrained movement of commercial shipments of goods. The European Union (EU), US, UK and other allies also increased sanctions pressure on Russia in order to suppress the conflict risks. Russia, is a key commodities supplier and the world's largest wheat exporter, while Ukraine is also among the world's leading exporters of grains, steel products and sunflower oil and other commodities. Thus, the conflict risks and the associated sanctions weighed on trade flows from and through Ukraine and Russia. The main channel through which the Russia-Ukraine war will impact Sub-Saharan African (SSA) economies, and therefore Namibia, will be rising global commodity prices. Prices of key commodities such as oil, gas, aluminum, palladium, wheat and maize rallied immediately amid concerns over supply shortages resulting from the war in Ukraine and potential restrictions or disruptions to Russian exports.

Namibia is a net fuel and wheat importer, and rising prices are unlikely to lead to a substantial decline in consumption of such staple items. The Russia-Ukraine conflict will present headwinds to the Namibian current account over 2022. The impact of the conflict, and whether it normalize, will set the pace of Namibian real GDP growth in 2022. Real GDP growth for 2022 and 2023 may be slower than initially projected at the beginning of 2022.

Domestic Inflation

Since the start of 2021, inflationary pressures have been rising in many countries globally, as base effects, higher commodity prices and supply-chain challenges create localized shortages. The Ukraine-Russia conflict has further significantly impacted the global supply prices of key commodities, such as oil and gas, fertiliser, wheat, corn and barley. The commodity price increases are already feeding through into higher consumer prices and will continue to over the year. Rising consumer price inflation is a key risk to consumer spending in 2022, as it has the potential to erode purchasing power and shift spending away from discretionary spending.

Namibia's annual consumer price inflation has risen from a low of 2.7% in January 2021, to end the year at 4.5%. The Namibian inflation averaged 3.6% in 2021, which was relatively low compared to an average annual rate of 2.0% in 2020. Key drivers were food and transport inflation. Food and fuel prices, especially in the midst of global supply chain challenges, which are being exacerbated by Russia's invasion of Ukraine, will put upward price pressures on Namibia's consumer price basket given that Namibia is a net oil and cereal importer. Inflation for 2022 is thus expected to remain elevated.

Interest rates

Local interest rates remained stable in 2021, with the Bank of Namibia (BoN)'s MPC keeping its repo rate unchanged at 3.75 through the year. The domestic prime lending rate on the other hand was stable at 7.50% through 2021. The year 2022 started with anticipation that interest rates would accelerate, albeit at a slower pace. However, since then, inflationary pressures have risen. As a result, the interest rate has increased relatively fast in the first four months of 2022. The BoN MPC increased the repo rate by a total of 50 basis points, with a 25bp rate increase at each meeting held in February and April 2022. With rising inflation, it is expected that BoN will further hike its repo rate in the second half of 2022. An increase in interest rates will further erode consumers' purchasing power, thus, further rate increases will have to take cognisance of the fragile economic recovery.

Measurement of impact

DBN aligns its activities to the country's development priorities . The priority focus of the finance is therefore aimed at facilitating, establishing and building industries and infrastructure, as well as employment.

DBN's impact is assessed using the Bank's impact measurement tool, the Development Impact Score Card (DISC). The DISC is structured around the Bank's strategic focus and reflects the Bank's business strategy. The development impact assessment gives an indication of the Bank's potential economic and socio-economic impact.
The DISC enables the Bank to boost its development impact by providing a measurable basis for benchmark scores, structured around combinations of seven key development pillars:

- Creation of sustainable employment opportunities
- Contribution to economic growth and sectoral diversity
- Infrastructure development
- Manufacturing
- Socio-economic transformation
- Import substitutions and export promotion
- Regional equity

Weights are allocated to each pillar, totalling 100 per cent, and loan applications are assessed on this basis.

- The highest average development impact score is 5
- A score of less than 1 is considered to have low development impact, and a motivation must be provided prior to approval for a project in this band.
- A score of more than 1 but less than or equal to 3 is considered to have moderate development impact
- A score of more than 3 but less than or equal to 4 is considered to have a high development impact
- A project with a score of 4 and up to 5 has a very high development impact, and should be prioritised

Cumulative impact score measures

SMEs: 109 SME projects to the value of N$115.2 million have a weighted average development impact score of 3.3.

Infrastructure: 12 infrastructure projects to the value of N$521.5 million have a weighted average development impact score of 4.0.

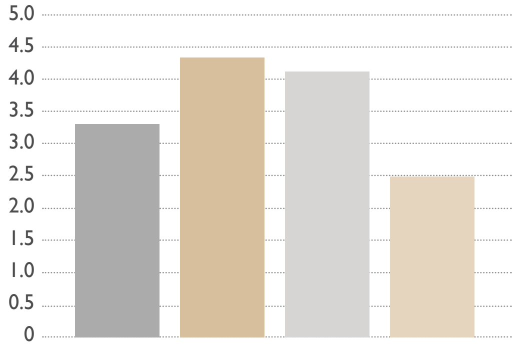
Manufacturing: three manufacturing projects to the value of N$122.0 million have a weighted average development impact score of 4.4.

Services: 27 services projects to the value of N$217.2 million have a weighted average development impact score of 2.5.

Weighted monthly impact scores by impact sector in 2020/21

Weighted average / month	Apr 2020	May 2020	Jun 2020	Jul 2020	Aug 2020	Sep 2020	Oct 2020	Nov 2020	Dec 2020	Jan 2021	Feb 2021	Mar 2021	Annual weighted average
SMEs	3.4	3.1	3.4	3.6	3.1	3.5	3.6	3.7	3.2	3.1	3.3	3.2	3.3
Manufacturing	-	-	4.0	-		-	3.3	4.5	-	-	-	-	4.4
Infrastructure	-	3.7	-	3.9	4.2	-	3.3	3.9	3.7	-	4.3	-	4.0
Services	2.7	2.8	2.5	-	2.2	2.4	2.5	3.1	2.5	-	-	1.9	2.5

Annual average impact scores by impact sector in 2020/21



Approvals	N$ m	Score	Annual weighted average
SMEs	115.2	3.3	3.6
Manufacturing	122.0	4.4	
Infrastructure	521.5	4.0	
Services	217.2	2.5	

Public / private spending in 2020/21

In 2021/22, DBN approved N$975.9 million in loans, guarantees, and co-financing to support economic activity, down from N$999.3 million in 2021/22. The downward trend was due to the prolonged impact of Covid-19, compounded by lingering effects of the recession. Public spending fell to N$6.6 million in the form of land servicing, down from N$202.8 million in 2020/21.

	2020/21		2021/22	
Public / Private Split	N$ m	% of total	N$ m	% of total
Private	542.9	54.3	935.2	95.8
Public	202.8	20.3	6.6	0.7
Public Private Partnership	253.6	25.4	34.2	3.5
Total Approvals: N$ m	999.3	100.0	975.9	100.0

In total 177 approvals were made,compared to 221 approvals in 2020/21. Thirteen of the loans were start-up businesses compared to 31 start-ups in 2020/21. Of the total loan approval amount in 2020/21, N$331.2 million was for start-ups. The total amount approved for start-ups the previous year was N$89.9 million. The higher requirement for capital is attributable to the complexity and scope of enterprises applying for finance, which included a solar power generation utility.

	2020/21		2021/22	
Transformation (Private sector approvals)	No.	N$ m	No.	N$ m
Start-up enterprises	31	89.9	13	331.2
Existing enterprises	180	909.4	164	644.7

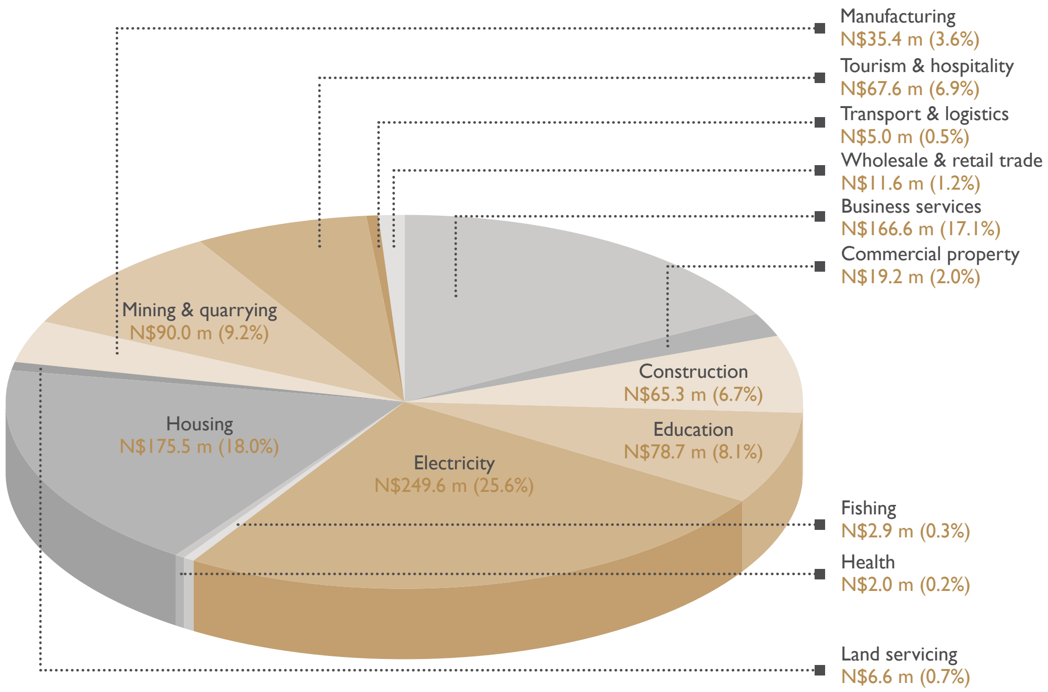
The number of existing enterprises receiving approvals in 2021/22 declined to 164, down from 180 in 2020/21. In 2020/21 the value of approvals amounted to N$999.3 million however in 2020/21 the value of approvals amounted to N$975.9 million. This is indicative of caution in the face of Covid-19. Due to ongoing fiscal consolidation, and a cautious approach by Government. all public infrastructure consisted of land servicing for local authorities.

Financing for sectoral development

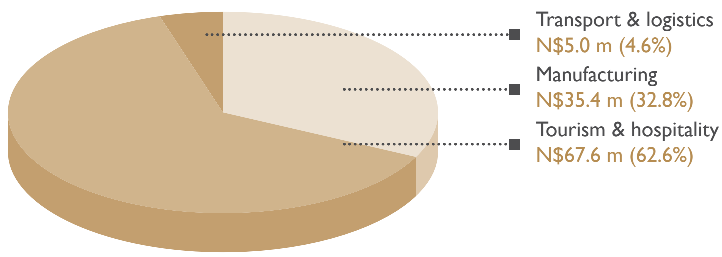
In addition to transformative finance, DBN prioritizes NDP5 sectors that are driving industrial expansion, inclusivity, job creation, delivering essential infrastructure, as well as addressing persistent inequalities, fostering economic transformation, and ultimately economic growth. The sectors targeted by DBN are manufacturing, tourism and transport and logistics. Although inbound tourism was depressed, approvals climbed to N$67.6 million, indicating ongoing expectations of recovery Manufacturing received N$35.4 million in approvals and transport and logistics received N$5.0 million. The housing sector received N$175.5 million, reflecting continuing demand for affordable housing.

Sectoral approvals

	2020/21: all		2020/21: SMEs		2021/22: all		2021/22: SMEs		Since inception	
	N$ m	% of total	N$ m	% of total	N$ m	% of total	N$ m	% of total	N$ m	% of total
Business Services	81.9	8.2	55.7	35.8	166.6	17.1	62.1	53.9	1,120.5	6.2
Commercial property	-	-	-	-	19.2	2.0	0.0	0.0	299.6	1.7
Construction	65.5	6.6	37.4	27.2	65.3	6.7	27.2	23.6	1,644.9	9.2
Education	69.0	6.9	1.0	0.7	78.7	8.1	0.7	0.6	359.8	2.0
Electricity	155.9	15.6	-	-	249.6	25.6	0.0	0.0	1,831.7	10.2
Financial intermediation	-	-	-	-	-	-	-	-	517.7	2.9
Fishing	1.7	0.2	-	-	2.9	0.3	-	-	89.6	0.5
Health	7.3	0.7	7.3	4.7	2.0	0.2	1.2	1.1	209.4	1.2
Housing	203.6	20.4	3.6	2.3	175.5	18.0	2.4	2.1	1,234.8	6.9
Land servicing	46.9	4.7	-	-	6.6	0.7	-	-	1,152.8	6.4
Manufacturing	271.8	27.2	3.0	1.9	35.4	3.6	3.4	2.9	1,762.6	9.8
Mining & quarrying	-	-	-	-	90.0	9.2	-	-	151.3	0.8
Telecommunications	-	-	-	-	-	-	-	-	236.5	1.3
Tourism & hospitality	13.7	1.4	1.7	1.1	5.0	0.5	8.5	7.4	841.4	4.7
Transport & logistics	42.4	4.2	42.4	27.2	67.6	6.9	5.0	4.3	5,255.2	29.3
Water	-	-	-	-	-	-	-	-	622.0	3.5
Wholesale & retail trade	39.7	4.0	3.6	2.3	11.6	1.2	4.6	4.0	610.0	3.4
Grand total	999.3	100.0	155.7	100.0	975.9	100.0	115.2	100.0	17,939.7	100.0



NDP5 sector approvals



SME finance

SMEs are projected to be a significant source of employment. In addition, they form a vital part of the enterprise ecosystem, acquiring and supplying the goods and services of larger enterprises in addition to satisfying consumer demand. DBN is mandated to provide finance to SME start-ups, as well as providing finance for growth to existing SMEs. In 2020/21 SMEs were projected to provide the majority of new permanent job. In order to further strengthen SMEs, the Bank provides client development services to transfer knowledge and skills, where indicated.

Land servicing and housing

Development Bank of Namibia places emphasis on the need for serviced land to enable construction of accommodation, as well as construction of housing. The structural challenge lies in servicing land and developing affordable housing outside of major urban centres. This has the effect of creating an environment in which skilled and semi-skilled employees and their families can enjoy an acceptable standard of living. This in turn creates an environment in which employers can benefit from the wellbeing of employees. The further effect of this is that urban migration is slowed as economically marginalised regions become more economically active. In addition to development of housing, DBN also encourages development of enterprise and institutional facilities, as well as shared social facilities that foster communities.

Key land servicing approvals

Description.	Ha.	N$ m
Servicing business erven (water, sewage, electricity & gravel roads) subsequent to Nkurenkuru land servicing approval last year.	7.15	6.57
Total	7.15	6.57

Key housing project approvals

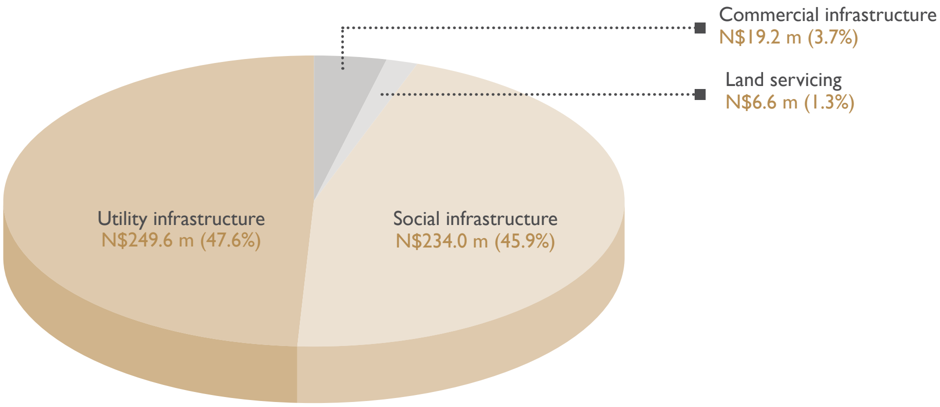
Description.	N$ m
PPP with City of Windhoek to service Auas Blick extension one (Construct 279 single residential erven, 2 general residential, 1 business, 1 institutional, 1 public space and 3 municipal erven.	
Joint venture with Swakopmund municipality (Construction of 143 middle income houses for Extension 18/Matutura Proper)	
Purchase of an Erf in Rocky Crest (13 houses)	
Purchase land from City of Windhoek (10 sectional titles)	
Rehoboth (6 sectional titles)	
Total	175.5

Housing specification

Description.	No.
Single residential	468
Sectional title	31
Total	499

Infrastructure development

Infrastructure plays multiple roles in fostering Namibia's economic activity. DBN finances infrastructure to create both socio-economic wellbeing (serviced land and affordable housing, etc.) as well as an enterprise environment that fosters economic activity for beneficiaries. DBN is also cognisant of the fact that infrastructure creates revenue for its owners that can be used to construct additional infrastructure as well as maintain existing infrastructure. DBN provides finance for infrastructure in PPPs (public private partnerships) or privately owned utilities, such as solar parks



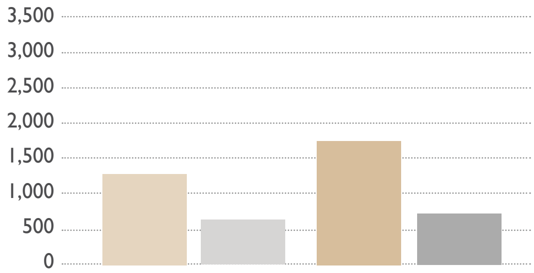
Infrastructure approvals

	2020/21		2021/22	
Infrastructure	N$m	% of total	N$m	% of total
Commercial infrastructure	10.5	2.1	19.2	3.7
Commercial buildings	-	-	19.2	3.7
Industrial buildings	5.0	1.0	-	-
Service stations	5.5	1.1	-	-
Land servicing	46.9	9.5	6.6	1.3
Bulk infrastructure	46.9	9.5	6.6	1.3
Social infrastructure	271.6	55.1	234.0	45.9
Education	68.0	13.8	73.0	13.9
Housing	203.6	41.3	161.0	33.5
Tourism infrastructure	8.3	1.7	-	-
New lodges	8.3	1.7	-	-
Utility infrastructure	155.9	31.6	249.6	47.6
Electricity distribution infrastructure	155.9	31.6	-	-
Power plants: Solar	-	-	249.6	47.6
Grand Total	493.2	100.0	524.0	100.0

Employment creation

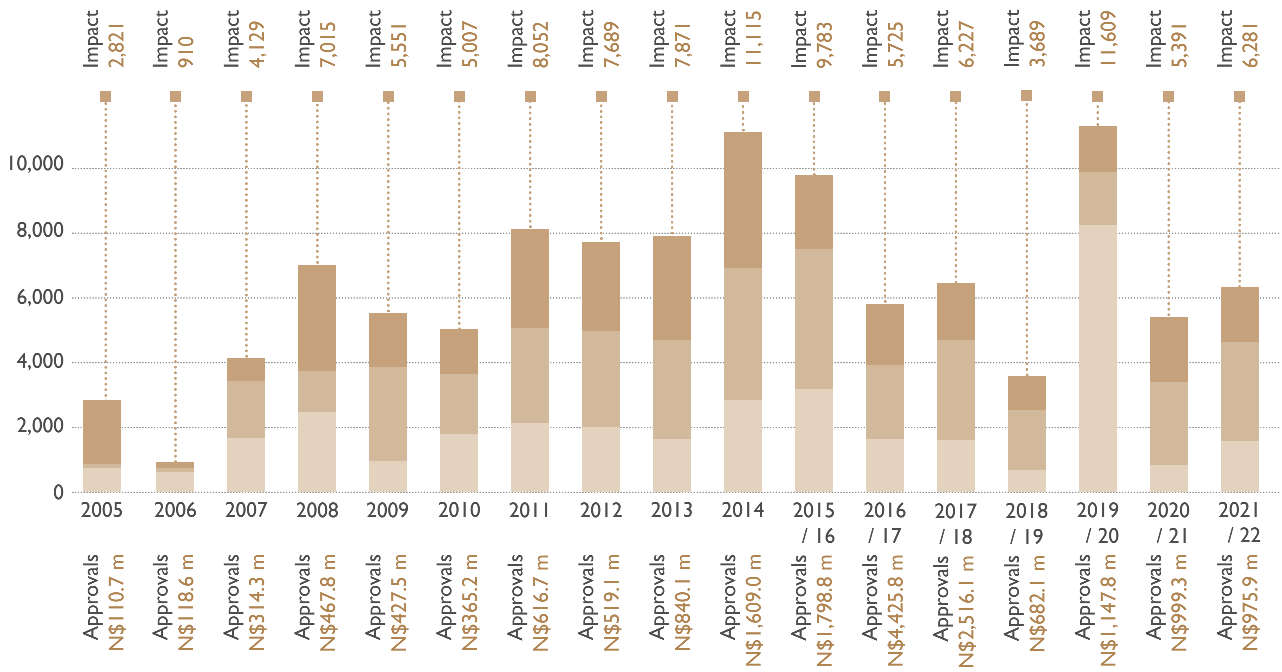
Financing labour intensive projects or projects with a significant labour as a means for DBN to alleviate unemployment and create income through permanent and temporary jobs. The Bank defines permanent jobs as those having a duration of three years or longer. Although some projects may not create many direct, permanent jobs, they may unlock downstream economic activity and increase competitiveness leading to additional investment in more labour-intensive downstream businesses. In 2021/21 approvals near half of new jobs were projected to arise from SMEs.

Employment 2021/22



2021/22 total new jobs (incl. SMEs)	1,348
2021/22 new jobs: SMEs	609
2021/22 total temporary jobs (incl. SMEs)	1,714
2021/22 temporary jobs: SMEs	733
2021/22 total job impact	3,062
2021/22 total job impact: SMEs only	1,342

Projected employment impact since inception



Cumulative new jobs	34,372
Cumulative temporary jobs	37,541
Cumulative retained jobs	36,952
Cumulative total job impact	108,865
Cumulative total approvals	N$17,934.7 m

Job creation by sector

	2020/21 SME jobs		2020/21 Total jobs		2021/22 SME jobs		2021/22 Total jobs	
Sector	Perma-nent	Tempo-rary	Perma-nent	Tempo-rary	Perma-nent	Tempo-rary	Perma-nent	Tempo-rary
Business services	175	234	200	234	180	324	279	489
Commercial property	-	-	-	-	0	0	43	50
Construction	222	526	264	653	169	358	389	443
Education	20	2	30	52	-	-	60	-
Electricity	-	-	-	80	-	-	48	380
Financial intermediation	-	-	-	-	-	-	-	-
Fishing	-	-	5	-	-	-	20	-
Health	46	19	46	19	4	-	8	-
Housing	-	35	10	185	10	5	80	289
Land servicing	-	-	-	80	-	-	-	-
Manufacturing	16	6	70	361	35	20	99	35
Mining & quarrying	-	-	-	-	-	-	105	-
Telecommunication	-	-	-	-	-	-	-	-
Tourism & hospitality	-	1	12	33	164	0	164	-
Transport & logistics	35	1	35	1	10	5	10	5
Water	-	-	-	-	-	-	43	23
Wholesale & retail trade	13	18	186	64	37	21	-	-
Grand total	527	842	858	1,762	609	733	1,348	1,714

**The Bank defines permanent jobs as jobs lasting three or more years.*

Support for women and young entrepreneurs

The Bank strives to promote economic inclusiveness for women entrepreneurs and young entrepreneurs (aged 36 and below). Women entrepreneurs are considered to be a previously excluded group, and may be key to developing inter-generational wealth. Young entrepreneurs are encouraged with a view to establishing future entrepreneurial culture as well as inter-generational and intra-generational wealth.

	2020/21	2021/22
Transformation (private sector)	N$m	N$m
Total effective PDN	**520.2**	**723.9**
Effective F-PDN	46.0	137.4
Effective youth	82.6	81.0

Women entrepreneurs

The Bank directs a portion of finance to women led businesses. This maximises the contribution to socio-economic development, bringing about gender equality, promoting empowerment, reducing poverty, narrowing gender gaps in access to economic assets and resources, and strengthening women's resilience to economic shocks and other setbacks. During 2020/21, the volume of applications for finance increased, as did the value of approvals.

Job creation by women entrepreneurs

	No. approvals		Permanent jobs		Retained jobs		Temporary jobs	
	2020/21	2021/22	2020/21	2021/22	2020/21	2021/22	2020/21	2021/22
SMEs	30	36	106	233	94	603	101	772
Large enterprises	7	15	27	41	296	30	87	15
Grand total	37	51	133	274	390	633	188	787

Approvals to women by sector

	Number of approvals		Effective women	
	2020/21	2021/22	2020/21 N$ m	2021/22 N$ m
Business services	13	23	9.5	31.1
Commercial property	-	-	-	-
Construction	8	9	5.5	11.1
Education	3	1	23.5	5.0
Electricity	-	1	-	38.6
Financial intermediation	-	-	-	-
Fishing	1	1	1.7	1.4
Health	4	1	3.7	0.6
Housing	-	5	-	41.7
Land servicing	-	0	-	-
Manufacturing	2	2	0.3	0.6
Mining & quarrying	-	-	-	-
Tourism & hospitality	4	3	1.3	5.1
Transport & logistics	-	1	-	0.5
Water	-	-	-	-
Wholesale & retail trade	2	4	0.7	2.7
Grand Total	37	45	46.0	138.3

Youth entrepreneurs

Persistently high levels of youth unemployment and undesirable levels of poverty and income inequality have made it imperative for the Bank to consider initiatives to enhance inclusive growth. In addition to finance offered to young entrepreneurs through the SME Finance department and the Investments department, DBN continued to provide skills-based finance to young professionals and young artisans.

Job creation by youth entrepreneurs

	No. approvals		Permanent jobs		Retained jobs		Temporary jobs	
	2020/21	2021/22	2020/21	2021/22	2020/21	2021/22	2020/21	2021/22
SMEs	63	50	169	50	110	387	230	236
Large enterprises	13	11	135	0	73	550	132	22
Grand total	76	61	304	50	183	937	362	258

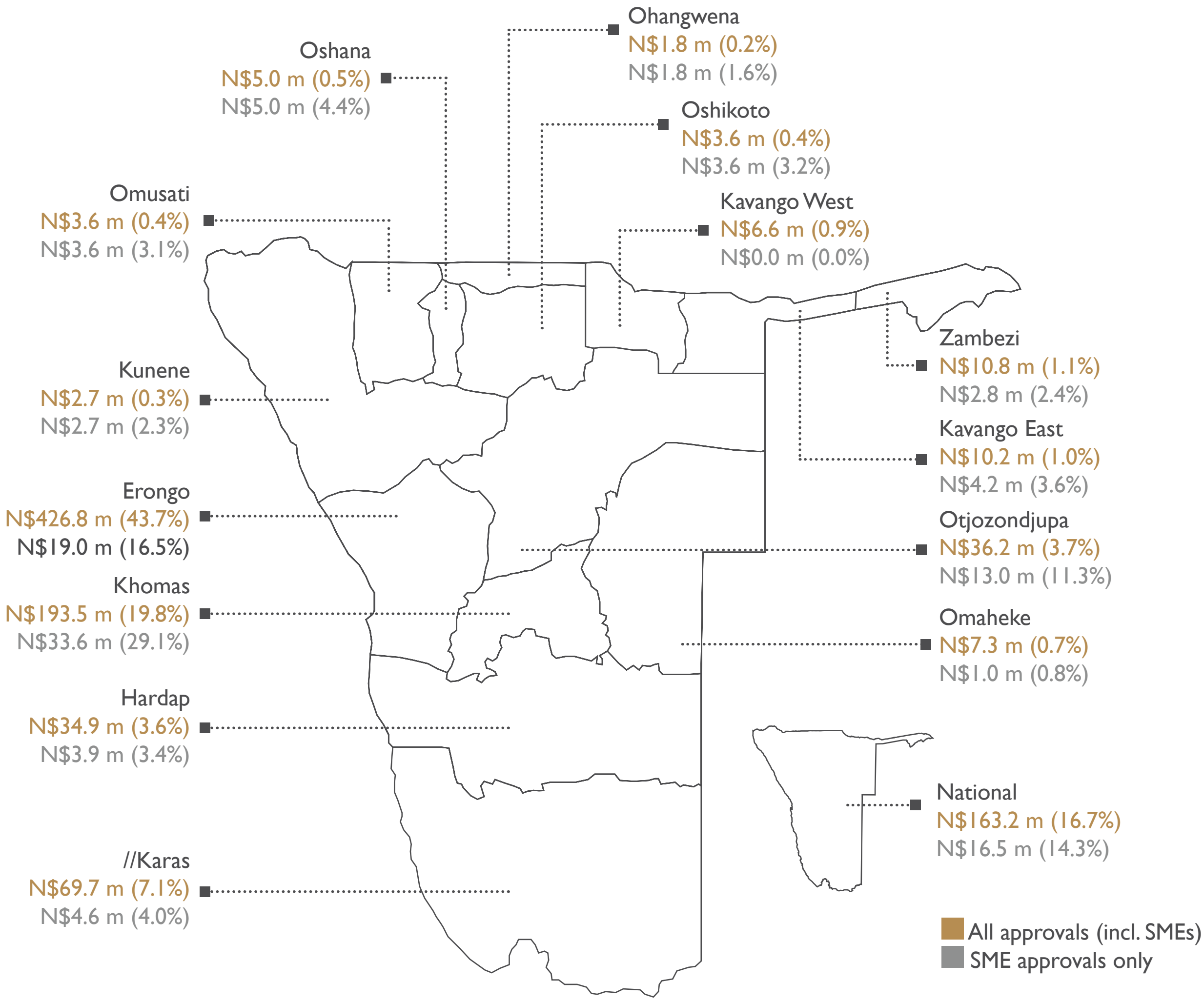
Approvals to youth by sector

	Number of approvals		Effective youth	
	2020/21	2021/22	2020/21 N$ m	2021/22 N$ m
Business pervices	33	33	35.6	31.7
Commercial property	-	-	-	-
Construction	23	13	20.0	25.8
Education	1	1	0.7	0.1
Electricity	-	-	-	-
Financial intermediation	-	-	-	-
Fishing	-	1	-	1.4
Health	5	1	2.9	0.6
Housing	-	1	-	15.0
Land servicing	-	-	-	-
Manufacturing	9	4	9.3	0.6
Mining & quarrying	-	-	-	-
Tourism & hospitality	-	1	-	1.5
Transport & logistics	1	3	0.7	3.2
Water	-	-	-	-
Wholesale & retail trade	4	3	13.1	2.5
Grand Total	76	61	62.0	82.4

Economic decentralization and regional economic development

Prior to Independence, Namibian economic activity was developed on a south-north rail axis, with branches to the coast. This marginalised economic activity in areas not easily accessed from the rail network. As a result the bulk of activity takes place in the Khomas and Erongo regions and there are lingering disparities in many of the regions. This has led to poverty, as well as a high rate of urban migration to larger centres. DBN addresses the issue by making accessible finance to projects and initiatives in regions with lower levels of economic activity. However, finance in the regions is subject to demand. Demand is expected to grow in marginalised regions as economic activity further develops.

	2020/21 (incl. SMEs)		2020/21 SMEs only		2021/22 (incl. SMEs)		2021/22 SMEs only		Since inception	
Region(s)	N$ m	% of total	N$ m	% of total	N$ m	% of total	N$ m	% of total	N$ m	% of total
Erongo	30.6	3.1	17.4	11.2	426.8	43.7	19.0	16.5	6,428.5	35.8
Hardap	1.8	0.2	1.8	1.2	34.9	3.6	3.9	3.4	206.3	1.1
//Karas	41.7	4.2	41.7	26.8	69.7	7.1	4.6	4.0	1,057.2	5.9
Kavango East	2.6	0.3	2.6	1.7	10.2	1.0	4.2	3.6	239.8	1.3
Kavango West	52.9	5.3	1.0	0.7	6.6	0.7	0.0	0.0	114.9	0.6
Khomas	308.6	30.9	43.4	27.9	193.5	19.8	33.6	29.1	3,432.7	19.1
Kunene	12.2	1.2	2.5	1.6	2.7	0.3	2.7	2.3	159.6	0.9
National	469.4	47.0	17.2	11.0	163.2	16.7	16.5	14.3	3,030.2	16.9
Ohangwena	2.3	0.2	2.3	1.5	1.8	0.2	1.8	1.6	174.5	1.0
Omaheke	5.1	0.5	5.1	3.3	7.3	0.7	1.0	0.8	344.4	1.9
Omusati	19.0	1.9	5.7	3.7	3.6	0.4	3.6	3.1	517.0	2.9
Oshana	13.6	1.3	5.2	3.4	5.0	0.5	5.0	4.4	786.3	4.4
Oshikoto	11.3	1.1	1.8	1.1	3.6	0.4	3.6	3.2	242.6	1.4
Otjozondjupa	21.0	2.1	5.6	3.6	36.2	3.7	13.0	11.3	923.5	5.1
Zambezi	7.2	0.7	2.2	1.4	10.8	1.1	2.8	2.4	282.1	1.6
Grand Total	999.3	100.0	155.7	100.0	975.9	100.0	115.2	100.0	17,939.7	100.0

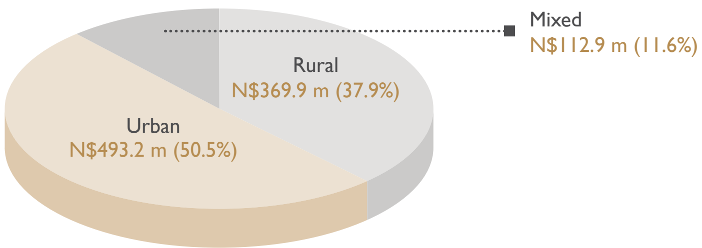


Rural urban split

Parallel to the spread of economic activities across the regions, DBN also provides finance in rural areas. The Bank encourages all forms of viable economic activity, especially those that create jobs, to alleviate rural poverty. The Bank particularly encourages agri-processing and related industry to add value to Namibia's produce support Namibia's drive to grow the economy and create employment through agriculture.

	2020/21 (incl. SMEs)		2020/21 SMEs only		2021/22 (incl. SMEs)		2021/22 SMEs only	
Region(s)	N$ m	% of total	N$ m	% of total	N$ m	% of total	N$ m	% of total
Rural	61.1	6.1	25.3	16.3	369.9	37.9	13.7	11.9
Urban	934.4	93.5	126.5	81.3	493.2	50.5	89.6	77.7
Mixed	3.8	0.4	3.8	2.5	112.9	11.6	12.0	10.4
Total	999.3	100.0	155.7	100.0	975.9	100.0	115.2	100.0

Rural urban split



Corporate social investment and stakeholder outreach

During the last quarter of the year under review, the Bank resumed its programme of consultative meetings with business communities on the Covid-19 Business Relief Loans and youth products in various regions of Namibia.

Donated by DBN

Development Bank of Namibia acquired medical equipment for the Ministry of Health and Social Services to deal with the Covid-19 pandemic.

Outreach programme and awards

Due to Covid-19 pandemic the Bank cancelled the Good Business Awards and Innovation Award.

During the last quarter of the year under review, the Bank resumed its programme of consultative meetings with business communities on the Covid-19 Business Relief Loans and youth products in various regions of Namibia. Governors and councillors of regions were also visited to assess and discuss possible projects in their regions.

Corporate social investment

CSI approvals are made in line with the CSI areas of focal scope. The purpose of the CSI Policy is to develop clear directives that will guide the Bank's CSI schemes and activities, and provide guidelines on how to manage them. It covers contributions to community projects and activities, sponsorships and donations, which are aimed at community upliftment and enhancing the corporate relations between the Bank and its stakeholders.

The Policy has contributed to DBN attaining its mandate in enhancing positive impacts and socio-economic benefits, augmenting its socio-economic footprint as one of a good corporate citizen.

Highlight CSI projects

1.1 Skills development and improvement

To promote skills development and transfer of technology the Bank invested in school and community projects by sponsoring the 2022 Worldskills Competition held in Erongo with the aim of improving outcomes for individuals with vocational training.

1.2 Community safety and health management

In addition to its financing commitment to NDP5, the Bank committed to rolling out basic service delivery to communities that were previously disadvantaged. This improves access to basic services such as sanitation provision. The Bank donated ablution facilities to various communities as part of its community investment and poverty alleviation drive, impacting health and welfare.

1.3 Education and educational related activities

The Bank invested in education and education-related activities donations and sponsorship of infrastructure and ICT development. During the year under review the Bank renovated schools, assisted with and assisted with various educational needs.

1.4 Poverty alleviation

Agriculture growth plays a pivotal role in all levels of society. Through its focus area of poverty alleviation the Bank sponsored projects with infrastructure equipment in order to improve delivery of these projects and promote food security at regional and household levels in various communities of Namibia.

Notable CSI projects

Beneficiary	CSI focus area	Region
The Robert Mugabe Clinic Covid-19 Testing Centre	Community health and safety	National
Development Workshop Namibia	Community health and safety	Khomas
The 6th Annual PPP Conference	Enterprise development	National
World Press Freedom Day - Ministry of Information and Technology	Enterprise development	National
2022 Worldskills Competition-National Training Authority	Skills development	National
San Irrigation Project	Poverty alleviation	Ohangwena
Driehoek Village Development Project	Poverty alleviation	Kunene
Noordoewer Junior Secondary School	Education	Karas region
Step-up Ark Community Organisation	Education-related activities	Hardap
Simaata Secondary School	Education	Zambezi
Theo Primary School	Education	Omusati
Green Leaves Primary School	Education	Khomas
Maunga Junior Primary School	Education-related activities	Zambezi
One Economy Foundation	Enterprise development	National
Municipality of Walvis Bay	Enterprise development	Erongo
Ministry of Agriculture, Water and Land Reform	Poverty alleviation	National
Communal Women Organisation	Poverty alleviation	Omaheke
Youth in Agriculture	Skills development	National

Among its social investments, the Bank contributed to a stationery drive to benefit pre-primary learners.

The Bank is actively involved in sponsoring sanitation facilities, in order to improve community health and wellbeing.

Environmental and Social Management

During the 2021/2022, 58 projects valued
at N$ 3.6 Billion were inspected for compliance.

Inspected by DBN

Ombepo Wind Farm was one of the projects inspected for compliance with environmental and social management compacts.

Environmental and social risk management

The Bank adopted governance processes for managing environmental and social risk. These include the lending due diligence environmental risk analysis approval process, reviewing the impact of natural risks on the Bank's lending portfolios, and the management of direct environmental impacts. Environmental and social risk management processes are integrated into the Bank's risk governance process, which is monitored by the Bank's Risk & Compliance Committee and subsequently reported to Board and Board committees.

Environmental and social risk is typically a cross-cutting risk process in which the Bank strives to understand the environmental and social impacts of its business activities (direct and indirect) including impacts on the environment, society and economic growth, as well as identifying and developing financial products and services that help the Bank's clients overcome economic, social and environmental challenges.

Environment and social risk assessment

All loan applications are screened for environmental, occupational health & safety, and social risks during due diligence. Risks are identified, managed, monitored and controlled to proactively embed E&S risk management into lending processes to minimize the potential project impact on the environment; social; reputational and or financial losses.

Monitoring and Evaluation

Monitoring and evaluation of the occupational health & safety, environmental and social performance of DBN borrowers is done through site inspections and meetings with clients to review and observe compliance to the submitted Environmental and Social Management Plan/Environmental Management Plan (ESMP/EMP). All relevant transactions are monitored to ensure that the E&S commitments are adhered to.

The Bank monitors implementation and progress of remedial actions for the tenure of the loan. The frequency and duration of monitoring depends on the type of transaction financed and the level of risk. Where clients do not comply with environmental and social risk requirements, The Bank works together with clients to achieve the necessary compliance standards.

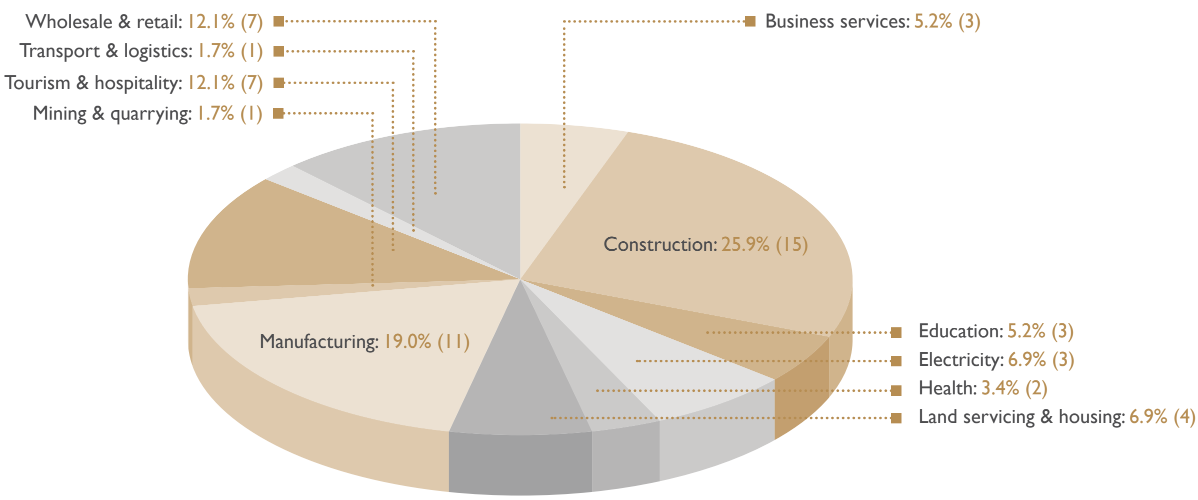
During the 2021/2022, 58 projects valued at N$ 3.6 Billion were inspected for compliance. Inspection and assessments findings that were significant were reported back to our clients, and all relevant management and Board committees as well the bank's financiers.

Construction and manufacturing made up a significant percentage of inspected sectors due to the high number of the projects.

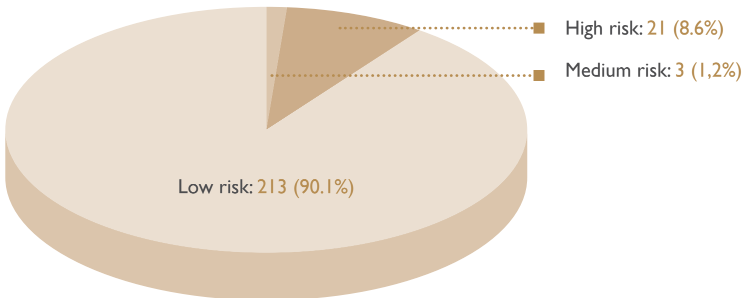
No active loans were terminated due to non-compliance.

Findings of the inspections and assessments were reported back to the business owners, the Board Audit, Risk & Compliance Committee andfinanciers.

ESM site visits by sector



ESM risk categorisation of 2021/22 applications



Finances and sustainability

Total assets stand at N$8.57 billion, a reduction of 10% compared to 2021 results. This is due to shrinkage of the loan book in part due to depressed economic activities.

Financed by DBN

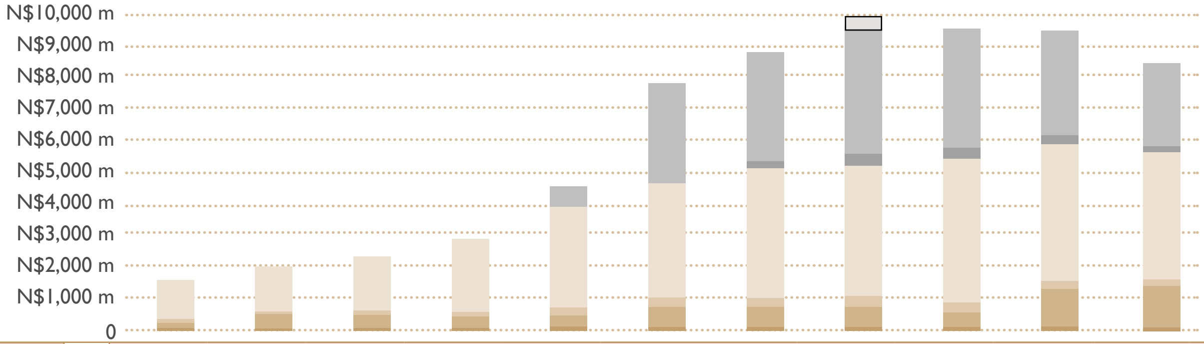
As part of its initiative to preserve value in the economy, the Bank provided finance to pay the salaries of 953 jobs in the Gondwana Group. The Bank also previously provided finance for the group's Delight Hotel (above).

Overview of financial results

An N$184.5 million loss was recorded, preceded by a significant drop in profits in the prior year (N$116.5 million profit in 2020/21 compared to N$229.1 million profit in 2019/20). This can be attributed to a number of factors, including the prolonged negative state of the economy exacerbated by Covid-19. Net interest income remained relatively stable at N$340 million. Operating expenses were maintained at prior year levels (N$132 million). Notwithstanding the negative results, DBN has a strong capital base of N$3.2 billion that is able to absorb this loss. Loans and advances reported at N$6.97 billion reduced by N$952 million (2021: N$7.92 billion). Excluding the NEF fuel storage and the Neckartal repayments, the loan book decreased by N$331 million. The depressed economic landscape also resulted in a slowdown in loan book growth.

Asset base growth

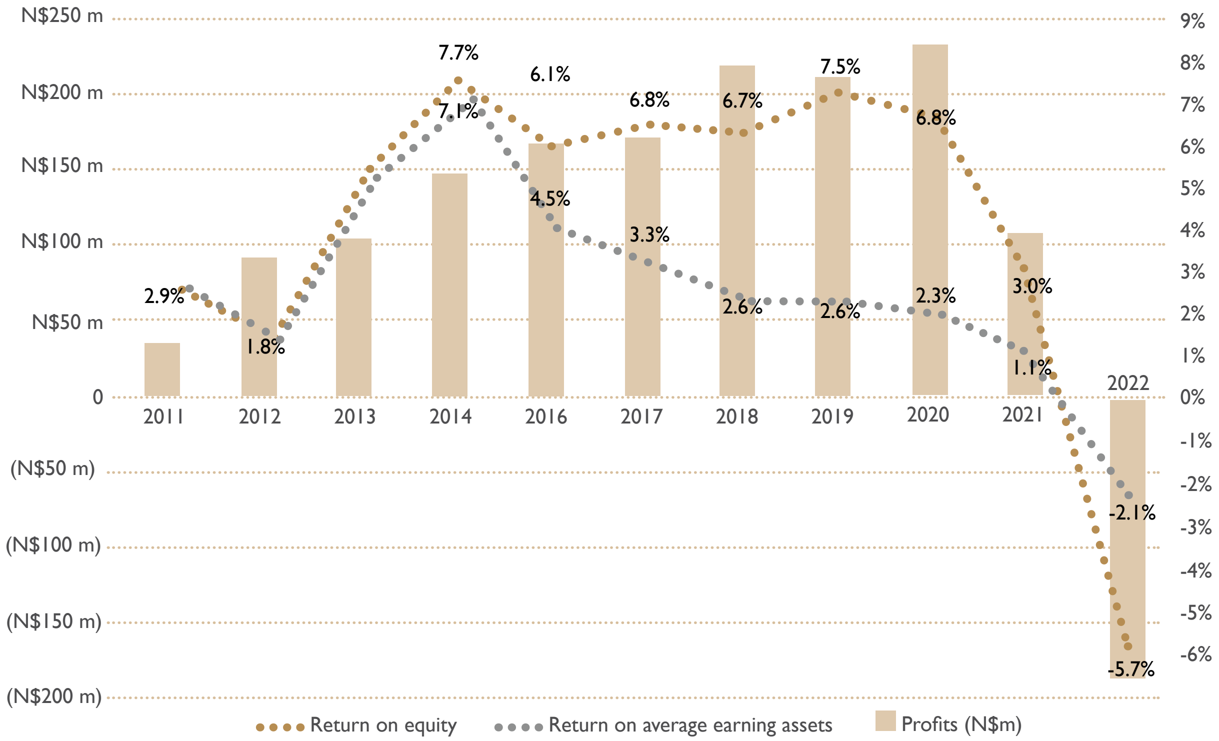
Total assets stand at N$8.57 billion, a reduction of 10% compared to 2021 results. This is due to shrinkage of the loan book in part due to depressed economic activities. The NEF loan repayment of N$524 million, funded with the strategic fuel storage levy, makes up more than 50% of this reduction. The Neckartal Dam loan reduced by N$97 million due to repayments. During the year DBN issued a sovereign guaranteed bond of N$130 million to fund housing related projects. Government guarantees are in place for external financiers for the majority of the funding.



N$ m	2011	2012	2013	2014	2016	2017	2018	2019	2020	2021	2022
IFRS 9 impairments	-	-	-	-	-	-	-	375.5	-	-	-
NEF Fuel Storage	-	-	-	-	670.0	3,168.4	3,465.2	4,152.8	3,816.8	3,342.7	2,818.9
Neckartal	-	-	-	-	-	-	274.9	436.8	339.7	245.1	145.6
All other loans and advances	1,242.2	1,424.7	1,741.3	2,331.1	3,175.7	3,612.6	4,052.9	3,981.7	4,408.5	4,453.0	4,127.4
Equity investments	117.3	70.8	130.4	162.9	287.9	296.6	265.2	281.7	272.8	267.7	257.7
Liquid assets	195.7	489.3	457.6	373.3	397.7	673.3	679.1	727.2	606.8	1,072.1	1,133.0
Fixed assets	47.4	45.5	47.6	52.7	62.4	68.1	81.3	90.5	90.8	86.0	92.2

Operating profits and returns

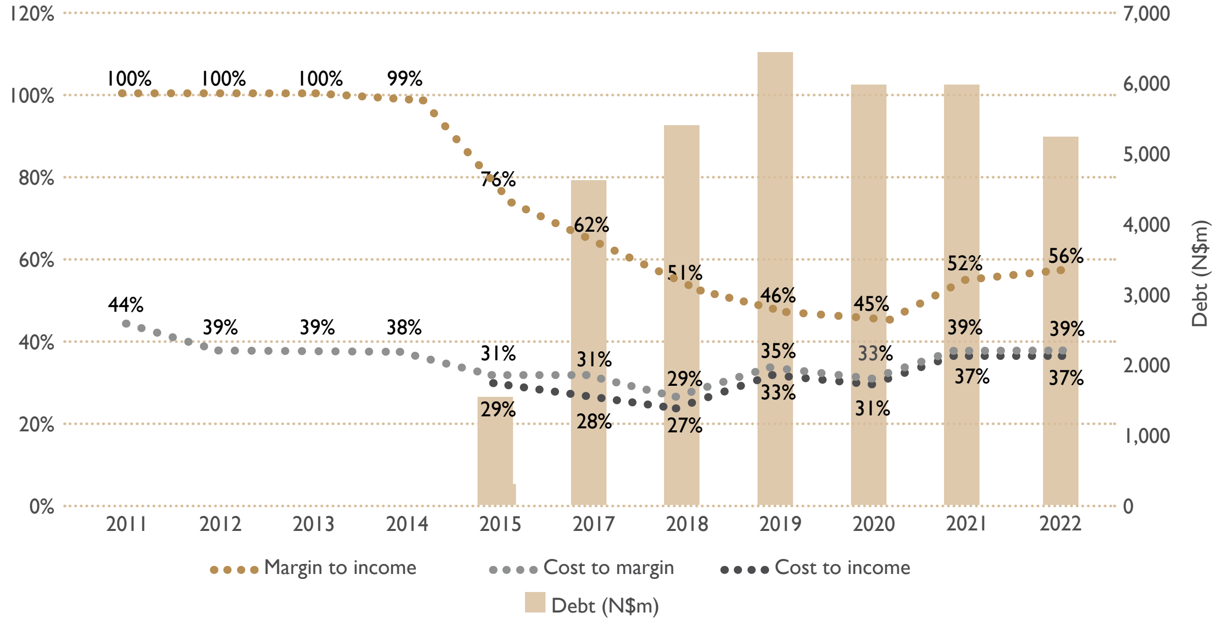
DBNs current year loss has more than absorbed prior year profit, due to the significant increase in impairments. Updated PDs, stage downgrades and security values remain the main drivers, and a relatively small number of client accounts had a significant impact on the net results. Return on equity turned negative 5.7% due to the significant loss. In the 4 years preceding 2021 return on equity exceeded 6% per annum due to introduction of debt to fund loan book growth. The increase in debt levels from 2015, however, had a negative impact on the return on average assets, becoming negative 2.1%.



Margin and cost analysis

The net interest income (margin) for 2021/22 was N$340.3 million, a reduction of less than 1% from 2020/21. A N$53 million (8%) reduction in interest income was offset by a similar reduction in interest expenses. Rising interest rates are expected to have a positive effect on net interest income, even though funding costs are also expected to rise.

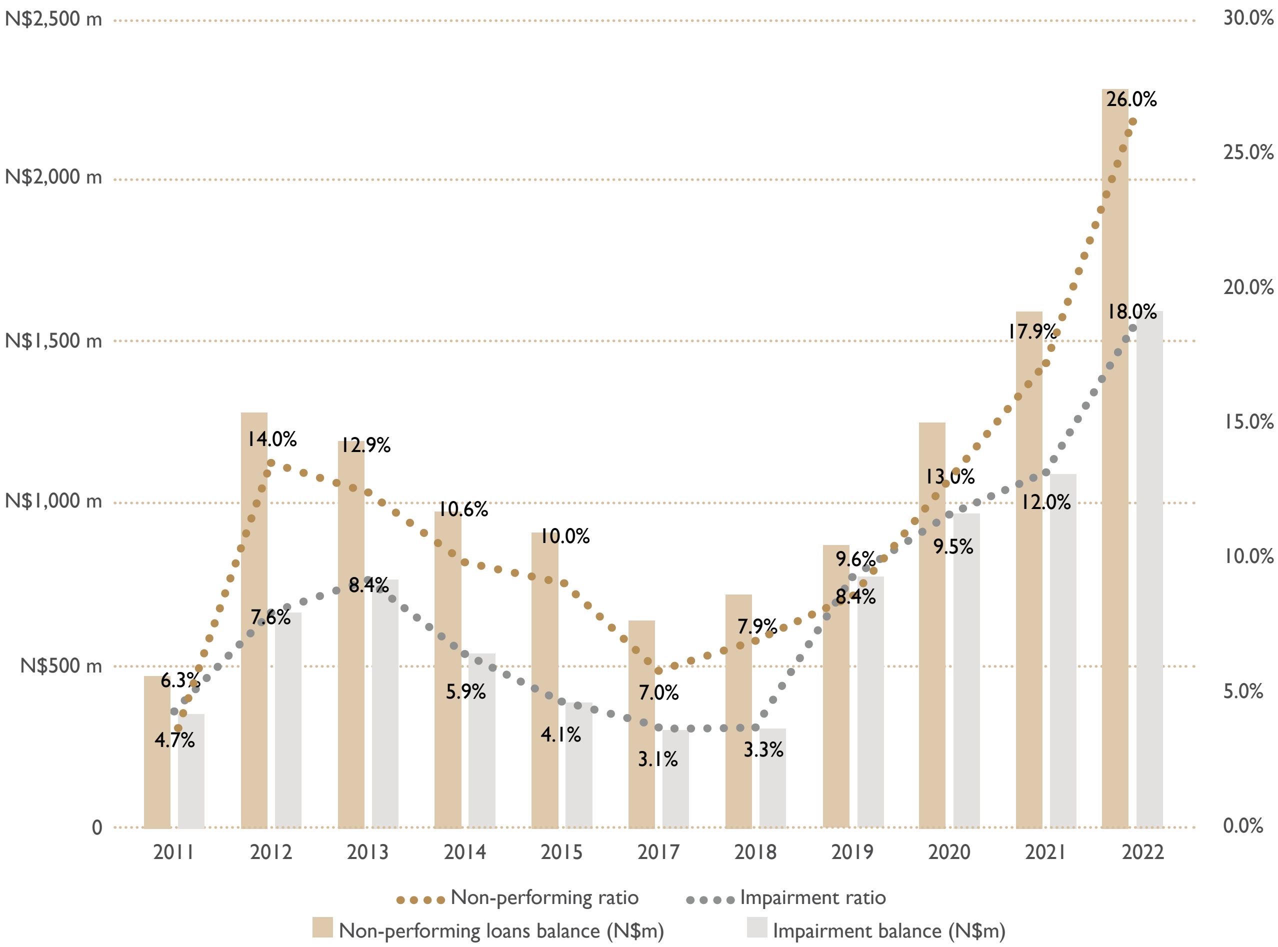
Cost ratios were maintained as there was no increase in operating expenditure. The reducing NEF balance will negatively impact the cost ratios in the future. Quality loan book growth is required to offset this downward trend.



Quality of loan book

2021/22 saw a further steep rise in non-performing loans and impairment ratio climbed from 18%/12% to 26%/18% respectively. The difficult economic environment continued, leading to a worsening of the quality of the loan book. Significant growth in credit in the past, and a weak economic recovery led to an increase of N$243 million in impairment expenses.

Management is taking pro-active measures to improve the quality of the loan book. Measures include reduced exposure to the more challenging sectors, strengthening of the credit team, as well as more focused management of the loan book and collections activity. The Bank aims to bring better quality credit on board.



Financial sustainability

As a development finance institution (DFI), DBN's lending prioritizes projects that demonstrate a positive socio-economic impact in terms of sustainable job creation and strengthening of businesses owned by PDNs. However, for the DBN to do this continuously, a framework has to be in place to ensure the Bank's financial sustainability. This is particularly important when the national economy is sluggish, as the Bank has to maintain its operations, to support economic growth. Poor economic conditions have negative impacts on clients' ability to repay loans. Increased loan impairments are a threat to the Bank's sustainability.

The Bank's impairment ratio increased to 18% at 31 March 2022, compared to 11.6% at the end of the previous financial year. The non-performing loan ratio increased from 17.9% in 2021 to 26% in 2022.

In addition to pricing for risk, the Bank uses a wide range of instruments to enhance the quality of credit and/or reduce potential losses. The amount and type of credit risk mitigation depends on the asset quality and nature of each transaction. Collateral and guarantees are used for credit risk mitigation. The main types of collateral consist of mortgage bonds over commercial and industrial properties, and bonds over plant, equipment and movable assets financed. Where necessary, the Bank also supports credit extension with various forms of specialized legal agreements such as guarantees and cession of income streams.

DBN recorded a slight reduction in the average collateral provision from 76% to 72%. With a capital adequacy ratio of 79% and capital of N$3.2 billion, the Bank's capital base remains strong. Cost ratios were maintained with the cost to income ratio at 37%.

Sustainability Model	31 March 2022 (%)	31 March 2021 (%)	AADFI Benchmark (%)
NPL ratio (% of total loan book) *	26.0	18.0	15
Impairment ratio (specific impairments % of loan book) *	18.0	11.8	** 6
Opex / asset ratio	1.5	1.4	4
Average collateral provision	72	76	110

** Includes off-balance sheet guarantees. ** Pre-IFRS9*

What lies ahead

The effects of a prolonged economic recession, exacerbated by the Covid-19 pandemic, and new international developments are weighing down on the Namibian business environment. Accelerated increases in food and fuel prices, plus supply chain bottlenecks and rising interest rates are some of the impacts already being observed and leading to an inflationary environment. Although some minor improvements in certain sectors, such as tourism and alternative energy, can be observed, these negative international developments will likely further dampen local recovery. Key uncertainties remain, therefore the economic outlook for our clients, and loan book growth, remains muted.

The Portfolio Management Department closely monitors accounts in order to protect the quality of the loan book
.

Risk and compliance

The Bank anticipates that clients will continue to face challenges as the post-lockdown realities take effect. Closer monitoring of credit risk exposures will remain a key focus area for the Board and management.

Ethics according to DBN

To further augment ethics in the workplace, Development Bank of Namibia held a movie festival to promote ethical behaviour.

Risks and opportunities

The Bank's Risk Management Framework is supported by an effective risk governance structure made up of various assigned Board and management committees containing appropriate skills and expertise, a robust policy framework and a risk-focus culture. The strong governance structures and policy frameworks foster the embedding of risk considerations in business processes and ensure that consistent standards exist within the bank.

In line with the Bank's corporate governance framework and charters, the board retains ultimate responsibility for providing strategic direction, approving risk appetite and ensuring that risks are adequately identified, measured, monitored, managed and reported on. This enables the Bank to take advantage of risk opportunities.

The Bank anticipates that clients will continue to face challenges as the post-lockdown realities take effect. Closer monitoring of credit risk exposures will remain a key focus area for the Board and management.

Opportunity exists for the sustainable development goals and transformation to more sustainable and digital operating models to enhancing productivity.

The Bank expects the following risks to materialise and have planned accordingly:

- Heightened credit risks as a result of external factors on client's business operations
- Cybercrime and IT related disruptions
- Environmental and social risk
- Data protection and market conduct
- Theft, fraud, and violent crime

These challenges and associated risks are continuously identified, potential impacts determined, reported, and debated by appropriate risk committees and management.
Developments in key markets are monitored with appropriate responses, strategic adjustments and proactive financial resource management actions implemented where required.

Risk management approach

The Bank has consistently implemented a set of strategies which are aligned to the Banks mandate, and designed to ensure sustainability and development impact. An appropriate risk profile and an acceptable level of risk appetite under adverse conditions supports the execution of the strategies.

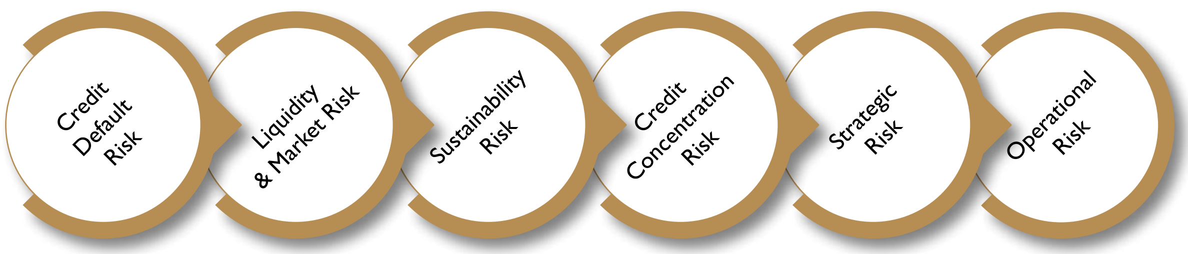
Risk management framework

Key principles:

- Ensure material risks are identified, measured, monitored, mitigated and reported;
- assess impact on the Bank's portfolio;
- understand and price appropriately for risk; and
- ensure decisions are made within risk appetite and volatility parameters (to preserve capital)

Risk appetite framework

The Bank risk appetite metrics reflect its business model and risk strategies. The Bank uses risk appetite limits and early warning thresholds to define its boundaries of risk taking and manage the risk/return profile. The Risk Appetite ratios are monitored quarterly by the Board to ensure that the Bank is able to support its risk taking capacity within its available resources. The DBN Board approved Risk Appetite Statements, which contain the Risk Appetite Ratios to support the strategic objectives of the Bank are indicated below.



Credit Default Risk: Taking a prudent approach in financing activities. Risk and returns are balanced through risk based pricing.

Liquidity & Market Risk: Giving cognisance to the ensuring sufficient liquidity to reduce dependence on distress borrowing and the potential opportunity cost.

Protecting the Bank's net earnings against adverse market movements.

Sustainability Risk: Delivering on the Bank mandate without compromising on environmental and social matters.

Credit Concentration Risk: Managing credit concentration within set limits.

Strategic Risk: Maintain financial sustainability and high development impact.

Operational Risk: Appropriate operational processes that cultivate trust with stakeholders.

The Risk Appetite Policy framework governs the Bank's approach to risk management All exceptions and breaches of thresholds are reported per the escalation process, to the risk management committee, EXCO and the ARCC and Board, as appropriate.

Risk universe: top and emerging risks

The 2021/22 risk profile and response plans were impacted by the following factors and scenarios:

- Persistent pandemic pressure impacting on client's ability to service loans and contributing to the economic decline.
- Significant downward pressure on revenue growth given challenging macroeconomic conditions.
- Successive waves of COVID-19 increased infections and fatalities as economies reopen may lead to reinstatement of hard lockdowns, leading to depressed economy.
- Potential effect of the sovereign rating downgrades on the macroeconomic environment and funding costs.

Risk universe			
No	**Current Top 7 risk outlook**	**Risk description and impact**	**Residual Risk**
1	**Credit default risk**	Credit risk, is the risk of loss due to the non-performance of clients in respect of any financial or other obligation. (The risk includes lost principal and interest, disruption to cash flows, and increased collection costs.) The loss may be complete or partial, and impact on sustainability of the bank.	High
2	**Market risk - adverse economic development**	The risk arises due to rapid change in operating environment (macroeconomic environment) and failure to respond and innovate to remain sustainable.	Moderate
3	**Development impact risk**	The risk arises from lower-than-planned development impact of financed projects resulting in the Bank not meeting its strategic mandate (development impact).	Moderate
4	**Economic and social risk**	The risk arises from the possibility that changes in economic concentration, sovereign debt sustainability, currency exchange and convertibility may impact adversely on the quality of the assets (sustainability), or ability to continue implementing the Bank's mandate (development).	Moderate
5	**Digital Risk**	The risk arises from accidental or malicious breaches of information security, adversely impacting the Bank and its clients, as well as technology failures leading to service disruptions.	Moderate
6	**Financial crime risk**	The risk arises from economic loss, reputation damage and regulatory sanction arising from involvement in any type of financial crime. Financial crime includes fraud, theft, money laundering, bribery, corruption, tax evasion, terrorist financing and providing funding to sanctioned individuals.	Moderate
7	**Reputational risk**	The risk arises from events impacting on the bank's goodwill and reputation, either actual or perceived conduct and performance.	Moderate

Risk universe: top and emerging risks

The Bank's ability to achieve its objectives is dependent on its reputation as a trusted financier. The Bank's reputation is anchored in the ethics and values that shape its culture, commensurate with the conduct of DBN employees. The DBN Code of Business Conduct and Ethics (Code) requires all Bank employees to conduct themselves with integrity and to place the interests of the Bank's clientele, including the communities impacted by the Bank operations, at the center of decision-making. It sets out clear principles to guide Bank employees to navigate the correct course of action.

The Bank has well-developed processes and controls that embed policies and practices to deal with ethics-related risks. The Ethics Policy Framework consists of:

- A **Code of Business Conduct and Ethics** (including a gift policy) with standards for ethical behaviour internally and in dealings with customers, and regulates the receipt and giving of gifts by employees, clients, suppliers and service providers
- A **Fraud Policy**, which assures stakeholders that no form of fraud, theft or corruption is tolerated
- A **Whistleblower Policy**, which guides employees in disclosing unlawful or irregular conduct.

Employees, customers and other stakeholders can access the Bank's anonymous tip-off hotline (administered by an independent, external service provider) to report unethical behaviour. Stakeholders are encouraged, through awareness campaigns, to report fraudulent, unethical or corrupt activities. During the reporting period, two matters were reported through the hotline and investigation commenced. When reports are received; preliminary investigation is carried out and remedial action taken, which includes disciplinary processes; criminal action against perpetrators, reporting to the relevant bodies and blacklisting.

Our approach to ethics is based on three pillars linked to our purpose and values:

Ethics pillars		
Business conduct	**Employees' conduct**	**Environmental and social conduct**
Placing the Bank's clients at the centre of our business, treating clients fairly.	Treating one another with respect and creating an inclusive and supportive culture, empowering employees and stakeholders to speak up	Managing the Bank's impacts on diverse stakeholders, society and the environment.

Values			
Service	Integrity	Transparency	Excellence

The values underpin corporate culture, practices, processes and frameworks, and are expressed in governing structures and decision making. The Board has oversight over the efforts of executive management to foster ethics and appropriate conduct within the Bank and instil the behaviours aligned to our values.

The diagram on the previous page illustrates DBN's risk universe i.e. the risk types that are prevalent given the nature of the Bank's business. These risk types are well understood and organised into strategic, financial and non-financial risks categories. The risk universe represents the risks that are core to the Bank's operating model. Regular scanning of the DBN operating environment ensure that changes that affects the risk universe remain relevant.

Under these risk types, some risks have been identified as those that require additional management focus in 2021/2022 financial year and beyond as Bank accelerates the implementation of its strategic initiatives.

The diagram contains the key residual risks (not listed in order of materiality). All key risks, and their related mitigating actions, are overseen by the Board's Audit, Risk and Compliance Committee, through the Combined Assurance Model, informing the Committee's view of the adequacy of the Bank's governance, risk management processes and internal controls. These risks are continuously monitored and tracked through the Enterprise Risk Management (ERM) process.

Accountability and control

The Bank's ability to achieve its objectives is dependent on its reputation as a trusted financier. The Bank's reputation is anchored on the ethics and values that shapes its culture commensurate with the conduct of DBN employees. The DBN Code of Business Conduct and Ethics (Code) requires all Bank employees to conduct themselves with integrity and to place the interests of the Bank's clientele including the communities impacted by the Bank operations, at the centre of decision-making. It sets out clear principles to guide Bank employees to navigate the correct course of action. All employees must undertake a mandatory annual declaration of interest. The DBN Ethic Risk Assessment has commenced and the resultant update of the Code should demonstrate a focused impact is achieved.

Human Capital

In 2021/22, 93% of the employees who were recruited came from previously disadvantaged groups. Overall, representation of previously disadvantaged employees is 94.52%

Valued by DBN

To assist staff to resocialise after emerging from the Covid-19 lockdown, the Bank held a picnic. Staff worked at home during the lockdown, with no impact on service.

Approach

The Bank is an employer of choice, which intentionally attracts and retains an excellent pool of high-performance individuals. It takes pride in being a community that is inclusive, supportive and has a positive outlook.

Through its reputation and communication, it is recognised as a workplace which offers opportunities for professionalism, commitment, and meaningful impact for Namibia.

Recruiting and retaining the best people, in a market environment with a shortage of skilled and experienced staff, is critically important. The right people at the right time will ensure that DBN delivers on its mandate.

Human Capital and Operations Support maintains and continuously improves the work culture, employee wellbeing, productivity, personal development and the workplace environment with programmed and ongoing management interventions.

The Bank's employees find personal fulfilment in rising to challenges as individuals and as members of supportive teams that are appreciated in the Bank's working community. On this basis, the Bank is able to continuously perform as a leader in the financial sector, while making a difference to Namibia's development.

General and gender equity

Recruitment decisions are aligned to deliverables of the Bank's employment equity plan, and decisions enhance workforce equality.

In 2021/22, 93% of the employees who were recruited came from previously disadvantaged groups. Overall, representation of previously disadvantaged employees is 94.52%,

The Bank respects the abilities of females, and takes a gender-neutral stance towards performance of tasks and contributions to productivity.

In 2021/22, 61.86% of the workforce was female, of which 94.52% were previously disadvantaged. Women constitute 40% of management, and 50% of senior management.

Retention, turnover and recruitment

The Bank takes pride in its ability to retain and attract high quality staff.

Staff turnover of 6.03% consisted of five voluntary resignations, and one retirement and the expiration of one fixed term contract in / 2021/22 with 14 new personnel recruited, who filled vacant positions and created new capacity according to the Bank's needs

Total DBN Staff	2018/19	2019/20	2020/21	2021/22
Employees at start of year	90	105	108	111
Recruitment	15	4	10	14
Retirements	-	-	(2)	(1)
Resignations	-	-	(5)	(5)
Fixed term contract expiry	-	-	-	(1)
Total	105	109	111	118

Promotions

The Bank encourages employees to develop their skills and seek advancement opportunities. It is committed to career mobility of employees with the required qualifications and skills to perform their jobs. During the year, two male and two female employees were promoted, all of them from the previously disadvantaged category.

Where feasible, the Bank recruits internally, either upward in its hierarchy, and/or horizontally. This enables the Bank to open new positions lower in the hierarchy, while recognizing the existing capacity in which it has invested.

Learning organization

The DBN views a learning culture as a particularly important element of sustainable success as it positively impacts strategy, innovation, employee engagement, and employee retention. Our mission, vision, and values are aligned with and support employee professional development through learning.

We have established processes, offer support systems that encourage learning and development, and provide employees frictionless access to capacity-building experiences.

A vital part of our learning culture philosophy, as an agile business, is an evolving workforce and our ability to learn and adjust to a continuously changing world. In the wake of Covid-19, we have remodelled learning programs and also created an environment where employees not only take responsibility for their own professional growth and development but also have the resources they need to make it happen.

Our learning culture developed improvement mindsets and pursuance of opportunities to learn and share knowledge as teams. The culture is further embedded into the recruitment process and is bringing about fast-thinking, creativity, and high social and emotional intelligence.

During 2021/22, employees attended various human resource development interventions designed to enhance organisational and individual competencies. The majority of these programmes were offered by a virtual instructor/facilitator-led training approach.

Introduction to Compliance and Standards for Compliance Best Practice training provided an overview and basic functional understanding of a variety of key compliance principles and activities. These were to be a benchmark for compliance best practices to enhance the application and professionalism of compliance practitioners across all industries.

In order to understand how Quality Management Systems enhance efficiency and effectiveness in business operations, employees attended training that provided awareness of quality and the business imperatives of implementing a Quality Management System (QMS). The programme imparted knowledge and appreciation of the principles that are the building blocks of quality management and constitute the requirements of the standard on customer focus, leadership, continual improvement, decision making, and business to business relationships.

Public Narrative: leadership, storytelling, and action strengthen the capacity to lead and craft a public narrative and coach others to help craft their narratives. This training empowered participants to use public narrative to create an empathetic bridge that enables others to respond to urgent challenges such as loss, difference, power, and change in the organisation. Twenty-four employees attended the Process Flow for Applications in-house training aimed at enhancing service delivery through upskilling efficiency on the new banking system.

An ethics and NOCLAR course trained employees on how to meet the continuing professional development requirements as set by the Public Accountants and Auditors Board and the Institute of Chartered Accountants in Namibia. The purpose of this intervention was to understand ethics from a Namibian perspective as CAs and trainee accountants had been dependent on South African service providers for ethics training.

The executive development for women programme enabled astute women to improve their self-awareness and self-management, self-worth, and confidence to promote the empowerment of women.

As part of the Health and Safety processes, the Bank's first aiders and fire marshals attended relevant training to enhance their capacity and compliance.

The storing of records in digitized form has major benefits to the organisation. In light of this, training was offered to bring about an overall understanding and awareness of what constitutes 'records' and 'information' and what the factors are in effective record and information management.

Three executive management employees attended the Executive Leadership Forum 2021 Online Summit that emphasized the critical skills leaders need to inspire hope to the internal and external stakeholders. The focus was to build resilience and agility at both the individual and organizational levels.

The legal aspects of preference shares training covered the Namibian legislation with regard to preference shares, considered the key aspects of legal agreements, looked into the consequences and pitfalls with regard to preference shares held by financing institutions, and converting non-performing loans into preference shares. It further dealt with the recourse for preference share covenants breached, as well as the implications of the debt to equity conversions on the security held by the lender.

The Wealth and Investment Management training transferred the knowledge and skills to understand the concepts to manage your investments. It covered the topics of your money blueprint, financial goal setting, budgeting and prioritizing expenses, savings investments, debt management, income diversification, retirement planning, and old-age planning.

A customized Microsoft Excel training intervention was presented to enhance the productivity of employees. This training was conducted through a blended learning approach. Four employees attended training on Emotional Intelligence. The intervention covered a combination of competencies that allows a person to be aware of, understand, and be in control of their own emotions, to recognize and understand the emotions of others, and to use this knowledge to foster their success and the success of others.

The SAIC Leadership Evolution Masterclass (exclusively for women) was a transformative program that included strategies, insights, support, community, and practical tools that empowered participants to leverage their unique leadership potential and accelerate their career growth.

The Company Secretary attended the Governance Professional: Beyond the Statutory requirements training. This training imparted skills and knowledge in terms of practical and proven best practices, tools, and recommendations to elevate the Company Secretary's value addition and contribution to the company and Board of Directors. This, in turn, contributes to the Board's overall efficacy and performance in terms of the Board skills and experience matrix, improving Board communication, designing Board and Committee reporting guidelines setting annual Board objectives, and Governance roadshows.

Four employees attended the Professional Certification Program in Development Finance –Foundation Level and were certified. This program developed competence in operational areas of DFIs covering credit appraisal process, risk management, financial, governance and leadership, and relationship management.

The Stress Management training workshop enhanced the control of levels of stress and improved the everyday functioning of staff, and also reduced workplace stress.

Remuneration and benefits

An appropriate remuneration strategy plays a critical role in attracting, motivating and retaining high-performance individuals with scarce and / or critical skills. It also augments the organisation's performance-driven culture and motivation to achieve business objectives. In terms of the remuneration philosophy, employees are remunerated fairly, equitably and consistently, based on individual performance, market remuneration trends, cost of living and availability of budgeted funds.

In addition to normal statutory benefits such as leave, the Bank supports employees with benefits such as medical aid funds, formal study support, subsidised home loans and a retirement fund that includes insured benefits (death and disability).

Currently 72 permanent employees and two former employees contracted on a part time basis to the Bank make use of the housing scheme, with an exposure of N$121.3 million.

The Bank's Performance Incentive Bonus scheme is directly linked to the Bank's Performance Management System.

The main objective of the scheme is to encourage high performing employees through appropriate rewards that foster the retention of capacity.

Performance management

The Bank manages performance using an approach that integrates key business processes in a strategic performance management model.

The performance management model determines key performance areas (KPAs) and translates the KPAs into key performance indicators (KPIs). Specific measurable goals are set for each KPI. Measurements of attainment of KPIs are used to analyse performance to extract and make better informed decisions, which lead to improvements in activities and performance.

The Bank's performance management system works towards the improvement of the overall organizational performance and managing performance of teams and individuals for ensuring the achievement of overall organizational goals.

Employee wellness

The Bank considers its employees holistically, as individuals who have multiple roles and responsibilities, of which being an employee of the Bank is but one.

The Employee Wellness Programme expresses the Bank's desire to assist its employees to achieve wellbeing in terms of health, physical health, spirituality, intellect, social life, career, finances and family. By ensuring holistic wellbeing, employees are enabled to be more productive.

The Programme also equips employees with knowledge and understanding of the value of a healthy lifestyle, as well as common diseases that require early diagnosis and treatment for optimal outcomes

The Employee Wellness Programme for 2021/22, was impacted by the COVID-19 regulatory restriction, but included:

- COVID-19 Care Packs (including, vitamins and other medication) were distributed
- A DBN Spring Picnic to encourage socialization after a period of isolation
- A cancer awareness session
- A post-traumatic stress group debriefing session
- A coaching programme for Housekeeping staff
- Wellness assessments by Medical Aid Providers

By obtaining a healthy level of employee engagement, the Bank reinforces the perception that it is an employer of choice.

The Bank has established a caring culture, which celebrates important life events of employees, such as birthdays and births.

It also provides support and encouragement through visits to employees who are hospitalised and bereaved.

The Bank encourages social integration of the DBN employees through the activities of the Bank's Social Club.

Development Bank of Namibia

Annual Financial Statements
for the year ended 31 March 2022

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Directors' Responsibility Statement
for the year ended 31 March 2022

The Directors are responsible for the preparation and fair presentation of the Annual Financial Statements of the Development Bank of Namibia Limited, comprising the Statement of Financial Position at 31 March 2022, and the Statement of Profit or Loss and Other Comprehensive Income, Changes in Equity and Cash Flow Statement for the period then ended, and the Notes to the Financial Statements which include a summary of significant accounting policies, in accordance with International Financial Reporting Standards and the requirements of the Companies Act of Namibia, and the Directors' Report.

The Directors are also responsible for such internal controls as the Directors determine are necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and for maintaining adequate accounting records and an effective system of risk management.

The Directors of the Company are responsible for the controls over, and the security of the website and, where applicable for establishing and controlling the process for electronically distributing annual reports and other financial information to shareholders.

The Directors have made an assessment of the ability of the Bank to continue as a going concern and have no reason to believe that the business will not be a going concern for the foreseeable future. The going concern basis, therefore, continues to apply and has been adopted in the preparation of the Annual Financial Statements.

The Auditor is responsible for reporting on whether the financial statements are fairly presented in accordance with the applicable financial reporting framework

Approval of the Annual Financial Statements

The Financial Statements of Development Bank of Namibia Limited, as identified in the first paragraph, were approved by the Board of Directors on 6 December 2022, and are signed on their behalf by:

Sarel van Zyl
Chairperson of the Board

Martin Inkumbi
Chief Executive Officer

Independent Auditor's Report
to the Member of Development Bank of Namibia Limited

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Development Bank of Namibia Limited (the Company) as at 31 March 2022, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Companies Act of Namibia.

What we have audited

Development Bank of Namibia Limited's financial statements set out on pages 57 to 108 comprise:

- the directors' report for the year ended 31 March 2022;
- the statement of financial position as at 31 March 2022;
- the statement of profit or loss and other comprehensive income for the year then ended;
- the statement of changes in equity for the year then ended;
- the cash flow statement for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements section* of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Company in accordance with the *International Ethics Standards Board for Accountants International Code of Ethics for Professional Accountants (including International Independence Standard)* (Code of Conduct) and other independence requirements applicable to performing audits of financial statements in Namibia. We have fulfilled our other ethical responsibilities in accordance with the Code of Conduct and in accordance with other ethical requirements applicable to performing audits in Namibia.

Our audit approach

Overview

Overall materiality

- Overall materiality: N$ 85.7 million, which represents 1% of total assets.

Key audit matters

- Impairment of loans and advances to customers (Expected Credit Losses); and
- Valuation of unlisted equity investment in Ohorongo Cement (Pty) Ltd (Ohorongo Cement).

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements. In particular, we considered where the directors made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters, consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

Materiality

The scope of our audit was influenced by our application of materiality. An audit is designed to obtain reasonable assurance whether the financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

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Country Senior Partner: Chantell N Husselmann

Partners: Louis van der Riet, Anna EJ Rossouw (Partner in charge: Coast), Gerrit Esterhuyse, Samuel N Ndahangwapo, Hans F Hashagen, Johannes P Nel, Hannes van den Berg, Willem A Burger

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall materiality for the financial statements as a whole as set out in the table below. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

Overall materiality

- N$ 85.7 million

How we determined it

- 1% of total assets

Rationale for the materiality benchmark applied

- We chose total assets as the benchmark because, in our view, it is the benchmark against which the performance of the Company is most commonly measured by users. The Development Bank of Namibia is mandated to contribute to the development of Namibia and the socio-economic wellbeing of its citizens. The company provides funding and is financed mainly by debt, and consequently, the value of its loan book and accompanying assets is of particular interest to the users of financial statements.

- We chose 1% based on our professional judgement after consideration of the range of quantitative materiality thresholds that we would typically apply when using total assets to compute materiality.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the key audit matter
Impairment of loans and advances (ECL)	
Refer to note 2.4 (Judgements, estimates and assumptions) for details on key management assumptions, note 3.10.7 (Impairment of financial assets) for related accounting policies, note 13 (Loans and advances to customers), note 14 (Impairment of loans and advances) and note 28.2 (Credit risk), to the financial statements. As at 31 March 2022, the Company recognised gross loans and advances of N$ 8.5 billion, against which an impairment of loans and advances of N$ 1.6 billion was recognised. The Expected Credit Losses (ECL) were calculated by applying IFRS 9 – Financial Instruments. In calculating the ECLs, the key areas of significant management judgement and estimation included: **Significant increase in credit risk (SICR):** Determining whether there has been a SICR by using the criteria as set out in note 28.2. Depending on the outcome of the assessment above, management assigns a credit risk grade to each exposure. This credit risk rating guides the probability of default (PD) to be applied to the exposure. In light of the COVID 19 pandemic, some customers were granted payment holidays to reduce the financial impact on their businesses. These relief measures were specifically focussed on the tourism and Small and Medium-Sized Enterprise (SME) customers. The Company did not determine this to be an indicator of SICR in itself, but applied the criteria as set out in note 28.2 to determine whether there has been a SICR. **Determination of the probability of default (PD):** Management assigns a credit risk grade to each exposure (including loans to government entities) based on a variety of data that is determined to be predictive of the risk of default and applying assumptions formulated through the application of their credit risk assessment expertise. The exposures are then subject to ongoing monitoring, which can result in an exposure being moved to a different grade, based on various considerations as disclosed in note 28.2 to the financial statements. For loans for which the PD is calculated on a portfolio basis, an analysis is performed on the categorisation of the loan book (performing, under-performing and credit impaired) and arrears report, comparing changes over time.	**Determining whether there has been a SICR** Utilising our valuations expertise, we assessed the reasonableness of the SICR thresholds, and assumptions and inputs applied in the ECL model by performing the following procedures: • We evaluated whether there are indicators of SICR by comparing the staging of a sample of loans to an independent staging based on the assumptions and data included in management's model, as well as on our own independent assumptions, in particular around the outlook on the economy due to the COVID 19 pandemic. We noted no matters requiring further consideration. • We tested the performance of SICR thresholds applied and the resultant transfer ratio into stage 2 and stage 3 for SICR by comparing the transfer rate of all loans, to historical data. No material exceptions were noted. • We tested management's assessment of whether there has been a SICR as a result of the COVID 19 pandemic, and whether the restructuring of loans and payment holidays granted indicates increased credit risk. For a sample of loans, we evaluated whether the stage they are placed in is in line with management's quantitative and qualitative considerations with reference to the applicable accounting policies. No exceptions were noted. **Determination of the PD:** • We recalculated the PD using the Company's historical default data to assess the history of default, taking into account Namibia's macroeconomic outlook. No material variances were noted. • For loans to government entities, we considered the latest sovereign credit ratings and the outlook on these credit ratings, to assess the appropriateness of the PD used on these loans. No material differences were noted..

Key audit matter	How our audit addressed the key audit matter
Expected credit losses (ECL) on loans and advances (contd.)	
The incorporation of forward-looking information in the calculation of the ECLs: Management incorporates forward-looking information into both the assessment of whether the credit risk of an instrument has increased significantly, as well as in the impairment calculations of the ECLs. The information used includes Gross Domestic Product (GDP) forecasts in light of the continuing COVID 19 pandemic, the Russia/Ukraine conflict and related factors that are expected to impact individual counterparty and/or portfolio exposures. Management identified large exposures in sectors to which it is significantly exposed, i.e. construction, land servicing, tourism and hospitality, financial services and wholesale & retail trade, and assessed the impact of the latest GDP forecasts on their ECLs. **Determination of the loss given default (LGD):** Management estimates LGD parameters based on the history of recovery rates of claims against defaulted counterparties. The LGD models consider the structure, collateral, seniority of the claim, counterparty industry and recovery costs of any collateral that is integral to the financial asset. For loans secured by retail property, loan-to-value (LTV) ratios are a key parameter in determining LGD. The LGD estimates are recalibrated for different economic scenarios and, for real estate lending, to reflect possible changes in property prices. **Determination of the exposure at default (EAD):** Management derives the EAD from the current exposure to the counterparty and potential changes to the current amount allowed under the contract and arising from amortisation. The EAD of a financial asset is its gross carrying amount at the time of default. For lending commitments, the EADs are potential future amounts that may be drawn under the contract, which are estimated based on historical observations and forward-looking forecasts. For financial guarantees, the EAD represents the amount of the guaranteed exposure when the financial guarantee becomes payable. *We determined the ECLs on loans and advances to be a matter of most significance to our current year audit due to the following:* • the degree of judgement and estimation applied by management in determining the ECLs; and • the significance of the loans and advances balance recognised in the financial statements, as it makes up the majority of the Company's assets and are a significant part of the Company's normal operations.	**The incorporation of forward-looking information in the calculation of ECLs:** • In performing our own independent calculation of the ECL, we included relevant independently obtained forward-looking information (which included GDP forecasts and other market data) in the calculation on an overall basis. We compared our results to that of management and we did not note a material variance. • We tested the performance and sensitivity of the forward-looking information in the model against historical trends in the company's data in order to evaluate whether the chosen macro-economic factors and model fit provide a reasonable representation of the impact of macro-economic changes on the results of the ECLs. No material variances were noted. **The incorporation of forward-looking information in the calculation of ECLs:** • In performing our own independent calculation of ECLs, we included relevant independently obtained forward-looking information (which included GDP forecasts and other market data) in the calculation on an overall basis. This procedure did not result in a material variance. • We tested the performance and sensitivity of the forward-looking information in the model in order to evaluate whether the chosen macro-economic factors and model fit provide a reasonable representation of the impact of macro-economic changes on the results of the ECLs. No material variances were noted. **Determination of the LGD:** • We recalculated the LGD for unsecured accounts by using the repayment data where the historical payment receipts were tracked from default date, then discounted to the first day of default by using contractual interest rates. No material exceptions were noted. • We recalculated a sample of collateral values to determine the valuations thereof. For secured accounts we compared our independently determined collateral values against the EAD at each month to estimate the proportion of loss amount. No material exceptions were noted. **Determination of the EAD:** • We recalculated the EAD on a sample basis by recalculating the loan amortisation schedule with interest accrued up to the point of default. • Additionally, a conversion factor was applied to the balances of performance guarantees and the EAD was recomputed. The recomputed EAD was used in the independent recalculation of the ECL. No material variances were noted.

Key audit matter	How our audit addressed the key audit matter
Valuation of unlisted equity investment in Ohorongo Cement (Pty) Ltd (Ohorongo Cement)	
Refer to note 3.10.18 (Equity instrument) for relevant accounting policies, note 17 (Equity investments) and note 29 (Fair value of financial instruments), to the financial statements. The investment in Ohorongo Cement was accounted for at fair value through other comprehensive income (FVOCI), as elected by management in accordance with IFRS 13 - Fair value measurement. Management valued the investment at N$ 210 million on 31 March 2022. The fair value for the Ohorongo Cement investment was determined based on the discounted cash flow model. The valuation involved significant judgements and estimates by management, including: • forecasted production and sales, including expectations of improved export volumes; • the impact of the COVID-19 pandemic and the Russia/Ukraine conflict on GDP forecasts; • weighted average cost of capital; and • terminal growth rate. *We determined the valuation of unlisted equity investment in Ohorongo Cement to be a matter of most significance to our current year audit because of the degree of judgement and estimation applied by management in determining the fair value..*	We assessed the valuation methodology used by management to estimate the fair value of the investment with reference to the requirements of IFRS 13 and industry practice. We noted no matters requiring further consideration. We assessed the reasonableness of cash flow assumptions such as working capital reserves, and future business growth driven by future expansion plans, by comparing the assumptions to historical results and published market and industry data, and by comparing the current year's results with the prior year forecast and other relevant information. In addition, we obtained a detailed understanding of the business of Ohorongo Cement and assessed if there was any inconsistency in the assumptions used in the cash flows projection. No material inconsistencies and no matters requiring further consideration were noted. We used independent economic data on the impact of COVID-19 on the economy and relevant industry, to determine the reasonability of forecasted cash flows. *Utilising our valuation expertise, we recalculated the valuation based on independently formed assumptions as detailed below:* • We utilised our valuations expertise to independently source data such as the cost of debt, risk free rates in the applicable market, market risk premiums, debt/equity ratios, sovereign risk premiums, as well as the beta of comparable companies to determine the discount rates. From this procedure we noted that the discount rate used by management fell within the expected range. • We included independently sourced data in the calculation of the terminal growth rate, based on general market practice. • We recalculated a valuation using the independently obtained inputs and the audited assumptions listed above and compared it to management's valuation. No material difference was noted. Based on our work performed, we noted that management did not apply a discount for a lack of marketability in their valuation. As a result, we applied a discount for a lack of marketability of the Company's minority shareholding to our independent valuation. This procedure did not result in a material difference in the valuation that was independently calculated versus that of management.

Emphasis of matter

We draw attention to Note 34 in the financial statements, which indicates that the previously issued financial statements for the year ended 31 March 2022, on which we issued an auditor's report dated 20 July 2022, have been revised and reissued. As explained in Note 34, this is to reflect the effects of the correction of the errors in notes 28.3 and 28.4 of the financial statements for the year ended 31 March 2022. Our opinion is not modified in respect of this matter.

Other information

The directors are responsible for the other information. The other information comprises the information included in the document titled "Development Bank of Namibia Annual Report 2021/22". The other information does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the financial statements

The directors are responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards and the requirements of the Companies Act of Namibia, and for such internal control as the directors determine 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, the directors are responsible for assessing the Company'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 the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our 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 our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs 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 ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement 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 our 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 control.
- 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 Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' 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 Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company 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.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we 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 our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the directors, we 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. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

PricewaterhouseCoopers
Registered Accountants and Auditors
Chartered Accountants (Namibia)
Per: Louis van der Riet
Partner
Windhoek
Date: 6 December 2022

Directors' Report
for the year ended 31 March 2022

The Directors have pleasure in presenting this report as part of the Annual Financial Statements of the Development Bank of Namibia Limited for the year ended 31 March 2022.

Nature of business

The Development Bank of Namibia (DBN) is a public company registered in accordance with an Act of Parliament, the Development Bank of Namibia Act, (No. 8 of 2002), the purpose of which is to contribute to the economic growth and social development of Namibia by providing financing in support of key development activities, and to provide for matters incidental thereto.

Specifically, the Bank's guiding objectives include:

1. Mobilisation of financial and other resources from the private and public sectors nationally and internationally.
2. Appraisal, planning and monitoring of development schemes, export projects and economic programmes of national significance, including implementation.
3. Facilitation of private sector and community participation in development schemes, export projects and economic programmes of national significance.
4. Development of money and capital markets.

Financial results

The Annual Financial Statements, for the financial year ended 31 March 2022, on pages 50 to 108 set out fully the financial position, results of operations and cash flows of the Bank.

Summarised information on the financial performance is included in the Chief Executive Officer's report on pages 5 to 6 of the Annual Report.

Dividend

No dividends have been declared in the current financial year (2021: N$0). Dividends declared in the prior years were retained for re-deployment towards special enterprise development endeavours as described in note 20 to the financial statements. The liability is further subdivided into the following development programmes:

1. The Client Support & Development Fund
2. The Project Preparation Fund
3. The Innovation Fund
4. Skills-Based Facility Fund
5. Youth Programme Fund

Share capital

The Bank's authorised share capital remained unchanged at 2,000 Ordinary Shares of N$100,000 each.

The issued share capital remained at N$165 million (2021: N$165 million) and the share premium at N$1,842.1 million (2021: N$1,842.1 million).

Directors' interest

At no time during the financial year were any contracts of significance entered into relative to the Bank's business in which a Director had an interest.

Directorate and secretariat

The members of the Board of the Development Bank of Namibia during the year under review were:

- Sarel van Zyl (Chairperson) (Appointed 1 September 2021)
- Evangelina Nailenge (Deputy Chairperson) (Appointed 1 September 2021)
- Diana Husselmann
- Marsorry Ickua (Appointed 1 September 2021)
- Martin Inkumbi
- Patience Kanalelo (Appointed 1 September 2021)
- Willy Mertens (Appointed 1 September 2021)

- Tania Hangula (Chairperson) (Tenure ended 31 August 2021)
- Tabitha Mbome (Tenure ended 31 August 2021)
- James Cumming (Tenure ended 31 August 2021)
- Kai Geschke (Tenure ended 31 August 2021)

Martin Inkumbi is the Chief Executive Officer.
Adda Angula is the Company Secretary.

Directors' emoluments

Directors' emoluments are disclosed in note 8.1 to financial statements.

Business and registered address

Development Bank of Namibia Building
12 Daniel Munamava Street
PO Box 235
Windhoek
Namibia

Taxation status

The Bank is exempt from taxation in terms of section 16(1)(e)(i) of the Income Tax Act (Act No. 24 of 1981), as amended, as well as section 4 of the Development Bank of Namibia Act, 2002 (Act No. 8 of 2002). The Bank is subject to and complies with all other Namibian taxes, including value added tax, employees' tax and withholding tax. During the financial year under review the Bank paid value added tax of N$ 2,583,715 (2021: N$2,278,800), employees tax of N$21,540,842.88 (2021: N$23,307,999) and withholding tax of N$0 (2021: N$0).

Changes in accounting policies

The accounting policies applied during the year ended 31 March 2022 are consistent in all material respects with those applied in the Annual Financial Statements for the year ended 31 March 2021.

Going concern

The Bank's cash flow projections have been updated to include the ongoing developments related to the COVID-19 pandemic. These pandemic scenarios continue to evolve as the effects of the pandemic continue to unfold. The Bank has used available information to assess the possible impact of COVID-19 pandemic on its activities. The key drivers of financial performance that could materially be impacted as result of the pandemic include repayments, impairment levels, interest rates and foreign currency exchange rates.

The Bank implemented relief programmes for clients impacted by the pandemic. The intervention and support scheme takes account of the varying impact the pandemic may have on the various sectors, for example the clients in the tourism and hospitality sector and most SME clients are all directly impacted with the travel and operations restrictions and therefore more adversely impacted and probably also for longer periods. Interventions to date include provision for repayment holidays to mitigate the adverse business impact caused by the pandemic and the lowering of interest rates following the repo rate reduction.

The Bank also launched a relief loans scheme to provide additional funding support for those clients impacted by the pandemic at affordable rates.

Notwithstanding a loss short of N$200 million, DBN has a strong capital base of N$3,2 billion that is able to absorb this loss. Looking forward, there is a sufficient buffer to weather the storm should the economy significantly worsen.

The Bank recognises the dynamic nature of this situation and will continue to review and refine its interventions if necessary, while safeguarding the Bank's financial sustainability and liquidity. The Directors have made an assessment of the ability of the Bank to continue as a going concern and have no reason to believe that the business will not be a going concern for the foreseeable future.

Outlook

The outlook for the economy remains muted with various uncertainties remaining, including the impact of COVID and the situation in the Ukraine. Rising interest rates, currency fluctuations, fuel price increases and rising debt levels are expected to continue to put a strain on the economy, expected to keep DBN growth rates muted and clients under strain. We remain optimistic that the tourism sector, as well as the alternative energy sector, will show positive signs of recovery.

Subsequent Events

The Directors are not aware of any fact or circumstance, which occurred between the date of the financial statements and the date of this report, which may require adjustment to the Annual Financial Statements.

Statement of Profit or Loss and Other Comprehensive Income
for the year ended 31 March 2022

N$	Notes	2022	2021
Interest income	4	602,816,843	655,513,309
Interest expense	5	(262,472,165)	(312,799,672)
Net interest income	5	340,344,678	342,713,637
Fee and commission income	6	19,545,899	19,256,868
Operating income		359,890,577	361,970,505
Other income	7	25,458,649	43,199,890
Net losses on initial recognition of financial assets at amortised cost	9	(5,736,675)	(7,000,752)
Net impairment on loans and advances	14	(432,103,434)	(148,659,293)
Operating expenses	8	(132,008,377)	(132,987,786)
(Loss) / profit before tax		(184,499,260)	116,522,564
Tax expense	10	-	-
(Loss) / profit for the year		(184,499,260)	116,522,564
(Loss) / profit for the year		(184,499,299)	116,522,564
Other comprehensive loss, net of income tax		(6,576,776)	(16,282,286)
Items that will not be reclassified subsequently to profit or loss			
Revaluation gain (loss) on property	22.1	3,423,224	(1,177,599)
Fair value adjustments on FVOCI equity investment financial assets	22.2	(10,000,000)	(15,104,687)
Total comprehensive (loss) income		(191,076,036)	100,240,278

Statement of Financial Position
as at 31 March 2022

N$	Note	2022	2021
Assets			
Cash and cash equivalents	11	1,127,281,493	1,066,681,912
Trade and other receivables	12	5,692,238	5,452,103
Staff home loans and benefits	15	121,266,513	117,866,651
Loans and advances to customers	13	6,970,635,911	7,922,882,110
Equity investments	17	257,684,662	267,684,662
Property and equipment and right of use assets	16	84,555,788	78,535,860
Intangible assets	18	7,617,275	7,433,515
Total assets		8,574,733,880	9,466,536,813
Liabilities			
Trade and other liabilities	19	28,329,508	23,599,119
Credit line facility	19.6	193,262,471	214,736,079
Relief loans	19.7	415,073,723	450,822,637
Line of credit facility	19.3	4,251,391,870	4,530,534,603
Bonds	19.4	260,524,278	230,581,119
Fixed term facility	19.5	146,525,153	544,492,005
Dividends retained for redeployment	20	43,371,140	44,439,478
Total liabilities		5,338,478,143	6,039,205,040
Equity			
Share capital and share premium	21	2,007,071,178	2,007,071,178
Retained earnings		1,208,993,424	1,393,492,684
Reserves	22	20,191,135	26,767,911
Total equity		3,236,255,737	3,427,331,773
Total liabilities and equity		8,574,733,880	9,466,536,813

Statement of Changes in Equity

for the year ended 31 March 2022

N$	Share capital and share premium: Share capital	Share premium	Revaluation reserve on land and buildings	Fair value reserve	Retained earnings	Total
Balance as at 1 April 2021	165,000,000	1,842,071,178	53,057,740	(26,289,829)	1,393,492,684	3,427,331,773
Total comprehensive loss for the year	-	-	3,423,224	(10,000,000)	(184,499,260)	(191,076,036)
(Loss) for the year	-	-	-	-	(184,499,260)	(184,499,260)
Other comprehensive income / (loss), net of income tax	-	-	3,423,224	(10,000,000)	-	(6,576,776)
Dividend paid	-	-	-	-	-	-
Balance as at 31 March 2022	165,000,000	1,842,071,178	56,480,964	(36,289,829)	1,208,993,424	3,236,255,737
Note	*21*	*21*	*22.1*	*22.2*		

N$	Share capital and share premium: Share capital	Share premium	Revaluation reserve on land and buildings	Fair value reserve	Retained earnings	Total
Balance as at 1 April 2020	165,000,000	1,842,071,178	56,246,966	(2,272,144)	1,069,036,542	3,130,082,542
Total comprehensive loss for the year	-	-	(1,177,599)	(15,104,687)	116,522,564	100,240,278
Profit for the year	-	-	-	-	116,522,564	116,522,564
Other comprehensive (loss), net of income tax	-	-	(1,177,599)	(15,104,687)	-	(16,282,286)
Dividend paid	-	-	-	-	-	-
Balance as at at 31 March 2021	165,000,000	1,842,071,178	53,057,740	(26,289,829)	1,393,492,684	3,427,331,773
Note	*21*	*21*	*22.1*	*22.2*		

Cash Flow Statement

for the year ended 31 March 2022

N$	Note	2022	2021
Cash flows from operating activities			
Cash receipts from customers	32.2	649,721,228	707,750,556
Cash paid to suppliers, lenders and employees	32.3	(389,310,747)	(524,952,130)
Cash flows from operating activities	32.1	260,410,481	182,798,426
Government grants received	7	22,500,000	14,000,000
Payments from special funds	20	(1,068,338)	(5,470,705)
Decrease in loans and advances	32.4	500,727,484	355,494,613
Net cash generated from operating activities		782,569,626	546,822,334
Cash flows from investing activities		(14,730,772)	(6,570,656)
Acquisition of property and equipment		(14,314,091)	(4,065,120)
Proceeds from disposal of property and equipment		10,000	25,429
Acquisition of intangible assets		(426,681)	(2,530,965)
Cash flows from financing activities		(707,239,273)	(74,938,539)
Funding liabilities raised relief loan scheme		-	450,000,000
Funding liabilities raised line of credit facility		-	500,000,000
Funding liabilities raised credit line facility		-	120,375,000
Funding liabilities raised bond		130,000,000	-
Funding liabilities paid line of credit facility		(281,250,000)	-
Funding liabilities paid term loan		-	(233,000,000)
Funding liabilities paid bonds		(100,000,000)	(391,000,000)
Funding liabilities paid fixed term facility		(394,145,399)	(500,378,756)
Funding liabilities paid credit line facility		(20,934,783)	(20,934,783)
Funding liabilities paid relief loan scheme		(40,909,091)	-
Net increase in cash and cash equivalents		60,599,581	465,313,139
Cash and cash equivalents at the beginning of the year	11	1,066,681,912	601,368,773
Cash and cash equivalents at the end of the year	11	1,127,281,493	1,066,681,912

1. Reporting entity

Development Bank of Namibia Ltd ('the Bank') is a limited company incorporated in Namibia. The nature of the Bank's operations, its owners and addresses of its registered office and principal place of business are disclosed in the report of the Directors. The Bank mobilises investment capital and facilitates national and international co-operation among public and private entities as well as community organisations in the planning and implementation of larger scale projects capable of delivering sustainable economic growth as well as social development in the form of human capital development and empowerment for Namibia.

2. Basis of preparation

2.1 Statement of compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards ('IFRS'), as issued by the International Accounting Standards Board ('IASB'), interpretations issued by the IFRS Interpretations Committee, the Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council and the requirements of the Companies Act of Namibia.

The annual financial statements for the year ended 31 March 2022 which were approved on 30 June 2022 were retracted and re-issued, refer to note 34.

2.2 Basis of measurement

The financial statements have been prepared on the historical cost basis except for the following:

- Land and buildings are measured at re-valued amounts.
- Equity Investments are measured through Other Comprehensive Income.
- Derivative financial instruments are measured through Profit and Loss.

The methods used to measure fair values are detailed in Notes 16, 28 and 29.

2.3 Functional and presentation currency

These financial statements are presented in Namibia Dollar (NAD), which is the Bank's functional currency. All financial information presented in NAD has been rounded to the nearest Dollar.

2.4 Judgements, estimates and assumptions

In preparing these financial statements, management has made judgements, estimates and assumptions that affect application of the Bank's accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised prospectively.

2.4.1 Use of judgements

The preparation of the financial statements in conformity with IFRSs requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

2.4.1.1 Determination of control over investee

Management applies its judgement to determine if the following control indicator specifies whether the Bank controls its equity investments. The Bank controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. The Bank determined that it has no control over its equity investments, Ohorongo Cement (Pty) Ltd and Norsad Finance Ltd. The Bank has a minority shareholding of 5.58% in Norsad and does not have a controlling vote. The Bank has minority shareholding of 11.73% in Ohorongo Cement (Pty) Ltd and does not have controlling voting rights. The Bank has minority shareholding of 28.57% in Amazing Kids Private school (Pty) Ltd and does not have controlling voting rights.

2.4.1.2 Determination of significant influence over investee

Management applies its judgement to determine if the Bank has significant influence over its equity investments. Management considers that a reasonable reference for significant influence is the proportion of board seats and its involvement in policy-making processes and decisions. The Bank determined that it has no significant influence in the proportion of board seats and its involvement in policy-making processes and decisions is limited. The Bank determined that is has no significant influence in any of its equity investments based on the proportion of board seats and its non-participation in the strategy, operational and policy-making processes. The Bank relies on the majority shareholders, which have the necessary technical expertise, to provide the necessary support and direction to the companies.

2.4.1.3 Financial assets

Classification of financial assets: Management assesses the business model within which the assets are held and assessment of whether the contractual terms of the financial asset are solely payments of principal and interest (SPPI) on the principal amount outstanding (see Notes 3.10.2 and 31). Establishing the criteria for determining whether credit risk on the financial asset has increased significantly since initial recognition, determining methodology for incorporating forward-looking information on measurement of ECL and selection and approval of models used to measure ECL (see Note 28.2).

2.4.2 Critical assumptions and estimates in applying accounting policies

Areas where assumptions and estimates have been used in applying accounting policies, that have had the most significant effect on the amounts recognised in the financial statements, are:

- impairment of loans and advances (see Note 3.10.7);
- derivatives and hedge accounting (see Note 3.16); and
- equity investments (see Note 3.10.16).

Notes 13, 14, 19.1 and 29 contain information about assumptions and estimation of uncertainty that have significant risk resulting in a material adjustment within the next financial year.

2.4.2.1 Expected credit losses on loans and advances

The Bank makes critical assumptions and estimates in determining inputs into the ECL measurement model, including incorporation of forward-looking information. When measuring ECL the Bank uses reasonable and supportable forward-looking information, which is based on assumptions for the future movement of different economic drivers and how these drivers will affect each other.

Information about credit impairment of loans and advances has been included in Notes 14 and 28.2.

2.4.2.2 Credit impaired loans

Loans are impaired if amounts are due and unpaid for four or more months or if there is evidence before this that the customer is unlikely to repay the obligations in full. Management's estimates of future cash flows on individually impaired loans are based on internal historical loss experience, supplemented by analysis of comparable external data with similar credit risk characteristics.

Information on credit impaired loans is included in Note 28.2.

2.4.2.3 Fair value measurement and valuation process

Some of the Bank's assets and liabilities are measured at fair value for reporting purposes.

In estimating the fair value of an asset or a liability, the Bank uses market-observable data to the extent it is available. If level I inputs are not available, the Bank uses internal valuation techniques to perform the valuation.

Information about the valuation techniques and inputs used in determining the fair value of various assets and liabilities are disclosed in Notes 28 and 29.

3. Significant accounting policies

The accounting policies set out below have been applied consistently to all years presented in these financial statements.

3.1 Interest income and expense

Effective interest rate

Interest income and expense are recognised in profit or loss using the effective interest method.

The 'effective interest rate' is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to:

- the gross carrying amount of the financial asset; or
- the amortised cost of the financial liability.

When calculating the effective interest rate for financial instruments other than purchased or originated credit-impaired assets, the Bank estimates future cash flows considering all contractual terms of the financial instrument, but not ECL. For purchased or originated credit-impaired financial assets, a credit-adjusted effective interest rate is calculated using estimated future cash flows including ECL.

The calculation of the effective interest rate includes transaction costs and fees that are an integral part of the effective interest rate. Transaction costs include incremental costs that are directly attributable to the acquisition or issue of a financial asset or financial liability.

Amortised cost and gross carrying amount

The 'amortised cost' of a financial asset or financial liability is the amount at which the financial asset or financial liability is measured on initial recognition minus principal repayments, plus or minus cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount and, for financial assets, adjusted for any expected credit loss.

The 'gross carrying amount of a financial asset' is the amortised cost of a financial asset before adjusting for any expected credit loss allowance.

Calculation of interest income and expense

The effective interest rate of a financial asset or financial liability is calculated on initial recognition of a financial asset or a financial liability. In calculating interest income and expense, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit-impaired) or to the amortised cost of the liability. The effective interest rate is revised as a result of periodic re- estimation of cash flows of floating rate instruments to reflect movements in market rates of interest.

However, for financial assets that have become credit-impaired subsequent to initial recognition, interest income is calculated by applying the effective interest rate to the amortised cost of the financial asset. If the asset is no longer credit-impaired, then the calculation of interest income reverts to the gross basis.

For financial assets that were credit-impaired on initial recognition, interest income is calculated by applying the credit-adjusted effective interest rate to the amortised cost of the asset. The calculation of interest income does not revert to a gross basis, even if the credit risk of the asset improves.

See Note 3.10.7 for information on when financial assets are credit impaired.

Presentation

Interest income and expenses presented in the Statement of Profit or Loss and OCI include interest on financial assets and financial liabilities measured at amortised cost.

3.2 Fees and commission income

Fee and commission income and expenses that are integral to the effective interest rate on a financial asset or financial liability are included in the effective interest rate (see Note 3.1).

Other fee and commission income, including account guarantee fees, front-end fees and other administrative fees are recognised at the point in time when the related services are performed. If a loan commitment is not expected to result in the drawdown of a loan, then the related loan commitment fee is recognised over the commitment period, unless the other fees are immaterial in comparison to the financial asset, in which instance the full amount is recognised in the Statement of Profit or Loss and OCI.

A contract with a customer that results in a recognised financial instrument in the Bank's financial statements may be partially in the scope of IFRS 9 and partially in the scope of IFRS 15. If this is the case, then the Bank first applies IFRS 9 to separate and measure the part of the contract that is in the scope of IFRS 9 and then applies IFRS 15 to the residual.

Other fees and commission expenses relate mainly to transaction and service fees, which are expensed as services are received.

3.3 Other income

Refer to Note 3.8 for the accounting policy on grants.

3.4 Dividend income

Dividend income is recognised when the right to receive income is established. Usually this is the ex-dividend date for equity securities. Dividends are shown as a component of net interest income.

Dividends received on instruments with characteristics of debt, such as redeemable preference shares, are included in interest income. Dividends on equity instruments designated as at FVOCI that clearly represent a recovery of part of the cost of the investment are presented in OCI.

3.5 Employee benefits

3.5.1 Short-term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid under short-term cash bonus when there is a legal or constructive obligation to make such payments as a result of past performance and the obligation can be estimated reliably.

3.5.2 Post-retirement employee benefits

It is the policy of the Bank to provide retirement benefits for employees through a defined contribution plan being a post-employment benefit plan under which the Bank pays fixed contributions into a separate entity and will have no legal obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an expense in profit or loss when due in respect of service rendered before the end of the reporting year.

3.5.3 Employee Housing Benefit

The Bank operates a home ownership scheme, in terms of which, mortgage bonds are provided to the Bank employees at reduced interest rates. At initial recognition of financial assets held/measured at amortised cost, adjustments are made to the notional value of such financial assets where there is a difference between the transaction price and the fair value. The future cash flows of the transactions have been discounted at a market related rate or yield to determine its fair value. The difference between the fair value and the transaction price is accounted for as staff home benefits. Refer to Note 15.

3.6 Property and equipment

3.6.1 Recognition and measurement

Property and equipment is initially recognised at cost. Cost includes expenditures directly attributable to acquisition of the asset. Purchased software that is integral to functionality of related equipment is capitalised as part of that equipment.

Subsequently property is stated at revalued amounts less accumulated depreciation and accumulated impairment losses. Vehicles, furniture and equipment are subsequently stated at cost less accumulated depreciation and accumulated impairment losses. Changes in the fair value are recognised directly in equity through the property revaluation reserve (see Note 3.6.4).

The gain or loss on disposal of an item of property and equipment is determined by comparing the proceeds from disposal with the carrying amount of the item of property and equipment and is recognised within operating expenses in profit or loss. The carrying amount of a replaced

3 Significant accounting policies (continued)

3.6 Property and equipment (continued)

3.6 .1 Recognition and measurement (continued)

part is derecognised. The costs of the day-to-day servicing of property and equipment are recognised in profit or loss as incurred.

3.6.2 Subsequent costs

Subsequent costs are included in the asset's carrying amount only when it is probable that future economic benefits associated with the items will flow to the Bank and the cost of the item can be measured reliably. Ongoing repairs and maintenance are expensed as incurred.

3.6.3 Depreciation

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful life of each part of an item of property and equipment. Land is not depreciated.

Estimated useful lives for current and comparative periods are:

Buildings	25 years (4%)
Furniture and equipment	3-5 years (20% - 33.3%)
Vehicles	5 years (20%)

The estimated useful lives, residual values and depreciation method are reviewed at each reporting date, with the effect of any changes in estimate being accounted for on a prospective basis, if appropriate. The estimated useful lives and residual values for assets are reviewed regularly taking cognisance of the forecasted commercial and economic realities, and through benchmarking of accounting treatments and the specific industries where the assets are used.

The right of use leased asset is amortised over the useful life. The estimated useful lives for the right of use assets are between 1 to 3 years.

Assets under construction are depreciated once available for use.

3.6.4 Revaluation

Land and buildings are revalued to market value. Valuations are from market-based appraisals by professional valuators. Revaluations are performed annually so that the carrying amount does not differ materially from that which would be determined using fair values at the reporting date.

Any revaluation increase arising on the revaluation of the property is credited to the revaluation reserve, except to the extent that it reverses a revaluation decrease for the same asset previously recognised as an expense, in which case the increase is credited to profit or loss to the extent of the decrease previously charged. A decrease in the carrying amount arising on the revaluation of such property is charged as an expense to the extent that it exceeds the balance, if any, held in the revaluation reserve relating to a previous revaluation of that asset. On subsequent sale or retirement of revalued property, the attributable surplus remaining in the revaluation reserve is transferred directly to retained earnings.

3.7 Intangible assets

3.7.1 Software

Intangible assets acquired separately are recognised at cost less accumulated amortisation and accumulated impairment losses. On acquisition software is capitalised at purchase price. The useful life is set at three years for current and comparative periods with a zero- residual value. Gains and losses arising from the derecognition of an intangible asset shall be determined as the difference between the net disposal proceeds, if any, and the carrying amount of the asset, and are recognised in profit or loss. Subsequent expenditure on software assets is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is expensed as incurred. Amortisation is charged on a straight-line basis over the estimated useful lives of intangible assets from the date that they are available for use. The estimated useful life, residual value and amortisation method are reviewed at the end of each annual reporting year, with the effect of any changes in estimate being accounted for on a prospective basis.

3.8 Grants

Government grants are recognised when reasonable assurance exists that all conditions attached to the grant have been complied with, and that the grant will be received or becomes receivable.

Hence, monetary government grants are initially treated as deferred income and recognised in profit or loss on a systematic basis over the periods in which the entity recognises, as expenses, related costs for which the grants are intended to compensate.

3.9 Leases

The group recognises a Right of use Assets (ROUA) and a corresponding lease liability with respect to all lease agreements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets. The lease liability is initially measured at the present value of the lease payments outstanding at the commencement date. The ROUAs are measured at cost comprising of the amount of the initial measurement of the lease liability plus any initial direct costs and restoration costs. Where applicable, any lease payments made at or before the commencement date less any lease incentives received is deducted from the cost. Variable payments that do not depend on an index or rate are not included in the measurement the lease liability and the ROUA.

"Each lease payment is allocated between the lease liability and interest expense. The interest expense is charged to the income statement over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The ROUA is subsequently measured at cost less accumulated depreciation and impairment losses. The asset is depreciated over the lease term on a straight-line basis, where ownership is not transferred at the end of the lease term. If ownership is transferred at the end of the lease term, the asset is depreciated over the shorter of the lease term or useful life.

The group applies IAS 36 to determine whether a ROUA is impaired and accounts for any identified impairment loss.

The minimum rentals due after year-end are presented under lease commitments in Note 25."

For short-term and low value leases the lease payments are recognised as operating expense, spread on a straight-line basis over the term of the lease.

The Bank usually enters into leases for a period of 1 - 5 years.

3.10 Financial instruments

Financial instruments consist of cash and cash equivalents, trade and other receivables, equity investments, loans and advances, staff home ownership scheme loans, trade and other liabilities, term loan facilities, fixed term facilities, line of credit facilities, bonds and derivative liabilities.

3.10.1 Recognition and initial measurement

The Bank initially recognises loans and advances, deposits, debt securities issued and subordinated liabilities on the trade date. All other financial assets and liabilities are initially recognised on the trade date at which the Bank becomes a party to contractual provisions of the instrument.

A financial asset or financial liability is measured initially at fair value plus, for an item not at fair value through profit or loss, transaction costs that are directly attributable to its acquisition or issue.

Financial instruments issued at lower-than-market rates, commonly known as off-market financial instruments, are recognised at the present value of the contractual future cash flows discounted at a market-related rate at initial recognition and the adjustment directly recognised in profit or loss. With such financial assets the difference between the discounted and transaction price is released to interest income in accordance with IFRS 9.

3.10.2 Classification

Financial assets

On initial recognition, a financial asset is classified as measured at amortised cost, FVOCI or FVTPL.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as FVTPL:

- the asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are SPPI.

A debt instrument is measured at FVOCI only if it meets both of the following conditions and is not designated as FVTPL:

- the asset is held within a business model whose objective is to both collect contractual cash flows and sell financial assets; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are SPPI.

On initial recognition of an equity investment that is not held for trading, the Bank may irrevocably elect to present subsequent changes in fair value in OCI (see Note 3.10.16). This election is made on an investment-by-investment basis.

All other financial assets are classified as measured at FVTPL.

In addition, on initial recognition, the Bank may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI or at FVTPL, if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Business model assessment

The Bank makes an assessment of the objective of a business model in which an asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- management's strategy focus on earning contractual interest revenue, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of the liabilities that are funding those assets or realising cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Bank's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and its strategy for how those risks are managed;
- how managers of the business are compensated (e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected); and
- the frequency, volume and timing of sales in prior periods, the reasons for such sales and its expectations about future sales activity. However, information about sales activity is not considered in isolation, but as part of an overall assessment of how the Bank's stated objective for managing the financial assets is achieved and how cash flows are realised.

Financial assets that are held for trading or managed and whose performance is evaluated on a fair value basis are measured at FVTPL because they are neither held to collect contractual cash flows nor held both to collect contractual cash flows and to sell financial assets.

Assessment of whether contractual cash flows are solely payments of principal and interest

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as profit margin.

In assessing whether the contractual cash flows are SPPI, the Bank considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making the assessment, the Bank considers:

- contingent events that would change the amount and timing of cash flows;
- leverage features;
- prepayment and extension terms;
- terms that limit the Bank's claim to cash flows from specified assets (e.g. non-recourse loans); and
- features that modify the consideration of the time value of money (e.g. periodical reset of interest rates).

The Bank holds a portfolio of long-term fixed-rate loans for which the Bank has the option to propose to revise the interest rate at periodic reset dates. These reset rights are limited to the market rate at the time of revision. The borrowers have an option to either accept the revised rate or redeem the loan at par without penalty. The Bank has determined that the contractual cash flows of these loans are SPPI because the option varies the interest rate in a way that is consideration for the time value of money, credit risk, other basic lending risks and costs associated with the principal amount outstanding.

Reclassifications

Financial assets are not reclassified subsequent to their initial recognition, except in the period after the Bank changes its business model for managing financial assets.

Financial liabilities

The Bank measures financial liabilities subsequently at amortised cost or fair value through profit or loss.

The Bank has designated financial liabilities at fair value through profit or loss when liabilities contain embedded derivatives that significantly modify the cash flows that would otherwise be required under the contract.

Debt securities issued, lines of credit, call loan facilities, term loans and bonds are held at amortised cost. The amortised cost of a financial liability is the amount at which the financial asset or liability is measured at initial recognition, minus principal repayments, plus or minus the cumulative amortisation, using the effective interest method, of any difference between the initial amount recognised and the maturity amount.

3.10.3 Derecognition and modifications of financial assets and financial liabilities

3.10.3.1 Derecognition

Financial assets

The Bank derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or when it transfers the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred or in which the Bank neither transfers nor retains substantially all the risks and rewards of ownership and it does not retain control of the financial asset.

Any interest in transferred financial assets that qualify for derecognition that is created or retained by the Bank is recognised as a separate asset or liability in the Statement of Financial Position. On derecognition of a financial asset, the difference between the carrying amount of the asset (or the carrying amount allocated to the portion of the asset transferred), and consideration received (including any new asset obtained less any new liability assumed) is recognised in profit or loss. In addition, any cumulative gain or loss that is recognised in other comprehensive income is also recognised in profit or loss. Any cumulative gain/loss recognised in OCI in respect of equity investment securities designated as at FVOCI is not recognised in

3 Significant accounting policies (continued)

3.10 Financial instruments (continued)

3.10.3 Derecognition and modifications of financial assets and financial liabilities

3.10.3.1 Derecognition (continued)

profit or loss on derecognition of such securities, as explained in Note 3.10.16. Any interest in transferred financial assets that qualify for derecognition that is created or retained by the Bank is recognised as a separate asset or liability. The Bank enters into transactions whereby it transfers assets recognised on its Statement of Financial Position but retains either all or substantially all of the risks and rewards of the transferred assets or a portion of them. If all or substantially all risks and rewards are retained, then the transferred assets are not derecognised. Transfers of assets with retention of all or substantially all risks and rewards include, for example, securities lending and repurchase transactions.

When assets are sold to a third party with a concurrent total rate of return swap on the transferred assets, the transaction is accounted for as a secured financing transaction similar to repurchase transactions as the Bank retains all or substantially all the risks and rewards of ownership of such assets. In transactions in which the Bank neither retains nor transfers substantially all the risks and rewards of ownership of a financial asset and it retains control over the asset, the Bank continues to recognise the asset to the extent of its continuing involvement, determined by the extent to which it is exposed to changes in the value of the transferred asset.

Financial liabilities

The Bank derecognises a financial liability when its contractual obligations are discharged or cancelled or expire.

3.10.3.2 Modifications of financial assets and financial liabilities

Financial assets

If the terms of a financial asset are modified, then the Bank evaluates whether or not the new terms of the modified asset are substantially different to the original terms. Factors that are considered include whether modification merely reduces the contractual cash flows to amounts affordable to the borrower, any new substantial new items are introduced that substantially affects the risk profile of the loan, significant in interest rate, significant extension when borrower is not in financial difficulty and insertion of security to that significantly affect the credit risk associated with the loan.

If terms are substantially different the original financial asset is derecognised (see Note 3.10.3.1) and a new financial asset is recognised at fair value plus any eligible transaction costs. Any fees received as part of the modification are accounted for as follows:

- fees that are considered in determining the fair value of the new asset and fees that represent reimbursement of incremental and directly attributable transaction costs are included in the initial measurement of the asset; and
- other fees are included in profit or loss as part of the gain or loss on derecognition.

If cash flows are modified when the borrower is in financial difficulties, then the objective of the modification is usually to maximise recovery of the original contractual terms rather than to originate a new asset with substantially different terms. If the Bank plans to modify a financial asset in a way that would result in forgiveness of cash flows, then it first considers whether a portion of the asset should be written off before the modification takes place (see below for write-off policy). This approach affects the result of the quantitative evaluation and means that the derecognition criteria are not usually met in such cases.

If the modification of a financial asset measured at amortised cost or FVOCI does not result in derecognition of the financial asset, then the Bank first recalculates the gross carrying amount of the financial asset using the original effective interest rate of the asset and recognises the resulting adjustment as a modification gain or loss in profit or loss. For floating-rate financial assets, the original effective interest rate used to calculate the modification gain or loss is adjusted to reflect current market terms at the time of the modification. Any costs or fees incurred and fees received as part of the modification adjust the gross carrying amount of the modified financial asset and are amortised over the remaining term of the modified financial asset.

3.10.4 Offsetting

Financial assets and financial liabilities are offset, and the net amount presented in the Statement of Financial Position when, and only when, the Bank has a legal right to set off the recognised amounts and it intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Income and expenses are presented on a net basis only when permitted under IFRS, or for gains and losses arising from a group of similar transactions such as in the Bank's trading activity (see Note 19.7).

3.10.5 Amortised cost measurement

The amortised cost of a financial asset or financial liability is the amount at which the financial asset or financial liability is measured at initial recognition, minus principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between the initial amount recognised and the maturity amount, minus any reduction for impairment.

3.10.6 Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the Bank has access at that date.

The fair value of a liability reflects its non-performance risk.

When available, the Bank measures fair value of an instrument using quoted prices in an active market for that instrument.

A market is regarded as active if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

If there is no quoted price in an active market, the Bank uses a valuation technique that maximises use of relevant observable input and minimises the use of unobservable inputs. The chosen valuation technique incorporates all of the factors that market performance would take into account in pricing a transaction.

The best evidence of the fair value of a financial instrument at initial recognition is the transaction price, i.e. the fair value of the consideration given or received, unless the fair value of that instrument is evidenced by comparison with other observable current market transactions in the same instrument, i.e. without modification or repackaging, or based on a valuation technique whose variables include only data from observable markets. When the transaction price provides the best evidence of fair value at initial recognition, the financial instrument is initially measured at the transaction price and any difference between this price and the value initially obtained from a valuation model is subsequently recognised in profit or loss on an appropriate basis over the life of the instrument but not later than when the valuation is supported wholly by observable market data or the transaction is closed out.

If an asset or a liability measured at fair value has a bid price and an ask price, the Bank measures the assets and liabilities at a representative value within the bid price and ask price.

Portfolios of financial assets and financial liabilities that are exposed to market and credit risk that are managed by the Bank on the basis of net exposures to either market risk or credit risk are measured on the basis of a price that would be received to sell a net long position (or paid to transfer a net short position) for a particular risk exposure, those portfolio-level adjustments are allocated to the individual assets or liabilities on the basis of the relative risk adjustment of each of the individual instruments in the portfolio.

The Bank recognises transfers between levels of the fair value hierarchy as of the end of the reporting year during which the change has occurred.

3.10.7 Impairment of financial assets

The Bank recognises loss allowances for ECL on the following:

- financial instruments that are not measured at FVTPL;

- financial assets that are debt instruments;
- financial guarantee contracts issued; and
- guarantees issued.

No impairment loss is recognised on equity investments.

The Bank measures loss allowances at an amount equal to lifetime ECL, except for the following, for which they are measured as 12-month ECL:

- debt investment securities that are determined to have low credit risk at the reporting date; and
- other financial instruments on which credit risk has not increased significantly since their initial recognition (see Note 28.2).

The Bank considers a debt investment security to have a low credit risk when its credit risk rating is equivalent to the globally understood definition of 'investment grade'. The Bank does not apply the low credit risk exemption to any other financial instruments.

12-month ECL is the portion of ECL that results from default events on a financial instrument that are possible within the 12 months after the reporting date. Financial instruments for which a 12-month ECL is recognised are referred to as 'Stage 1 financial instruments'.

Lifetime ECL is the ECL that results from all possible default events over the expected life of the financial instrument. Financial instruments for which a lifetime ECL is recognised but which are not credit-impaired are referred to as 'Stage 2 financial instruments'.

Measurement of ECL

ECL is a probability-weighted estimate of credit losses. It is measured as follows:

- financial assets that are not credit-impaired at the reporting date: as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Bank expects to receive);
- financial assets that are credit-impaired at the reporting date: as the difference between the gross carrying amount and the present value of estimated future cash flows;
- undrawn loan commitments: as the present value of the difference between the contractual cash flows that are due to the Bank if the commitment is drawn down and the cash flows that the Bank expects to receive; and
- financial guarantee contracts: the expected payments to reimburse the holder less any amounts that the Bank expects to recover.

Also see Note 28.2.

Restructured financial assets

If the terms of a financial asset are renegotiated or modified or an existing financial asset is replaced with a new one due to financial difficulties of the borrower, then an assessment is made of whether the financial asset should be derecognised (see Note 3.10.3) and ECL is measured as follows:

- If the expected restructuring will not result in derecognition of the existing asset, then the expected cash flows arising from the modified financial asset are included in calculating the cash shortfalls from the existing asset; and
- If the expected restructuring will result in derecognition of the existing asset, then the expected fair value of the new asset is treated as the final cash flows and used in calculating the expected cash shortfalls for the new asset.

Credit-impaired financial assets

At each reporting date, the Bank assesses whether financial assets carried at amortised cost are credit-impaired (referred to as 'Stage 3 financial assets'). A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or past due event;
- the restructuring of a loan or advance by the Bank on terms that the Bank would not consider otherwise;
- it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for a security because of financial difficulties.

A loan that has been renegotiated due to a deterioration in the borrower's condition is usually considered to be credit-impaired unless there is evidence that the risk of not receiving contractual cash flows has reduced significantly and there are no other indicators of impairment. In addition, a retail loan that is overdue for 120 days or more is considered credit-impaired even when the regulatory definition of default is different.

Presentation of allowance for ECL in the statement of financial position

Loss allowances for ECL are presented in the Statement of Financial Position as follows:

- financial assets measured at amortised cost: as a deduction from the gross carrying amount of the assets;
- loan commitments and financial guarantee contracts: generally, as a provision; and
- where a financial instrument includes both a drawn and an undrawn component, and the Bank cannot identify the ECL on the loan commitment component separately from those on the drawn component: the Bank presents a combined loss allowance for both components. The combined amount is presented as a deduction from the gross carrying amount of the drawn component. Any excess of the loss allowance over the gross amount of the drawn component is presented as a provision.

Write-off

Loans and debt securities are written off (either partially or in full) when there is no reasonable expectation of recovering a financial asset in its entirety or a portion thereof. This is generally the case when the Bank determines that the borrower does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. This assessment is carried out at the individual asset level.

Recoveries of amounts previously written off are included in 'impairment losses on financial instruments' in the Statement of Profit or Loss and OCI.

Financial assets that are written off could still be subject to enforcement activities in order to comply with the Bank's procedures for recovery of amounts due.

Non-integral financial guarantee contracts

The Bank assesses whether a financial guarantee contract held is an integral element of a financial asset that is accounted for as a component of that instrument or is a contract that is accounted for separately. The factors that the Bank considers when making this assessment include whether:

- the guarantee is implicitly part of the contractual terms of the debt instrument;
- the guarantee is required by laws and regulations that govern the contract of the debt instrument;
- the guarantee is entered into at the same time as and in contemplation of the debt instrument; and
- the guarantee is given by the parent of the borrower or another company within the borrower's Bank.

If the Bank determines that the guarantee is an integral element of the financial asset, then any premium payable in connection with the initial recognition of the financial asset is treated as a transaction cost of acquiring it. The Bank considers the effect of the protection when measuring the fair value of the debt instrument and when measuring ECL.

If the Bank determines that the guarantee is not an integral element of the debt instrument, then it recognises an asset representing any prepayment of guarantee premium and a right to compensation for credit losses. A prepaid premium asset ***3***

Significant accounting policies (continued)

3.10 Financial instruments (continued)

3.10.8 Dividends retained for redeployment (continued)

is recognised only if the guaranteed exposure neither is credit impaired nor has undergone a significant increase in credit risk when the guarantee is acquired.

These assets are recognised in 'other assets' (see Note 28). The Bank presents gains or losses on a compensation right in profit or loss in the line item 'impairment losses on financial instruments'.

3.10.8 Dividends retained for redeployment

Dividends declared in 2008 to 2010 and 2016 to 2019 were retained by the Bank for redeployment to special enterprise development endeavours as resolved by the Shareholder. The special funds' liabilities payables are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method. The fund's liabilities are settled through disbursements to the approved enterprise development projects as agreed with the Shareholder.

3.10.9 Trade payables

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

3.10.10 Cash and cash equivalents

Cash and cash equivalents include notes and coins on hand, callable on demand and highly liquid financial assets with original maturities of less than three months which are subject to in significant risk of changes in their fair value and are used by the Bank in the management of its short-term commitments.

Overdraft facilities that are repayable on demand are included in cash and cash equivalents and form an integral part of the Bank's cash management (see Note 28.3).

Cash and cash equivalents are carried at amortised cost in the Statement of Financial Position.

3.10.11 Loans and advances

Loans and advances' line items in the Statement of Financial Position include loans and advances measured at amortised cost (see Note 3.10.2); they are initially measured at fair value plus incremental direct transaction costs, and subsequently at their amortised cost using the effective interest rate method.

When the Bank purchases a financial asset and simultaneously enters into an agreement to resell the asset (or a substantially similar asset) at a fixed price on a future date (reverse repo or stock borrowing), the arrangement is accounted for as a loan or advance, and the underlying asset is not recognised in the Bank's financial statements.

3.10.12 Debt securities issued

Debt securities issued are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method.

3.10.13 Term loan facilities

Term loan facilities are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method.

3.10.14 Call loan and fixed term facilities

Call loan and fixed term facilities are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest method.

3.10.15 Line of credit facility

Line of credit facilities are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method.

3.10.16 Bonds

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

3.10.17 Credit line facility

Credit line facilities are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest method.

3.10.18 Equity instrument

The 'Equity investment' line item in the Statement of Financial Position includes equity investment securities designated as at FVOCI.

The Bank elects to present in OCI changes in the fair value of certain investments in equity instruments that are not held for trading. The election is made on an instrument-by-instrument basis on initial recognition and is irrevocable.

Gains and losses on such equity instruments are never reclassified to profit or loss and no impairment is recognised in profit or loss. Dividends are recognised in profit or loss (see Note 3.10.2) unless they clearly represent a recovery of part of the cost of the investment, in which case they are recognised in OCI. Cumulative gains and losses recognised in OCI are transferred to retained earnings on disposal of an investment.

In determining the fair value for unquoted equity instruments, where the market for an equity financial instrument is not active, the Bank uses a valuation technique to establish what the transaction price would be in an arm's length transaction motivated by normal business considerations.

The Bank uses valuation techniques in measuring equity instruments, including price of recent investment, if available, discounted cash flow analysis based on free cash flows, earnings or dividends using market-related adjusted discount rates or option pricing models.

The Bank ensures that these valuation techniques:

- make maximum use of market inputs and rely as little as possible on entity-specific inputs;
- incorporate all factors that market participants would consider in setting a price; and
- are consistent with accepted economic methodologies for pricing financial instruments.

3.11 Impairment of non-financial assets

The carrying amount of non-financial assets of the Bank is reviewed at each reporting date to determine if there is any indication of impairment, in which case their recoverable amounts are estimated.

An impairment loss is recognised in profit or loss when the carrying amount of an asset exceeds its recoverable amount. A previously recognised impairment loss will be reversed if the recoverable amount increases due to a change in estimates used previously to determine the recoverable amount, but not to an amount higher than the carrying amount that would have been determined net of depreciation and amortisation had no impairment loss been recognised.

The recoverable amount of an asset is the higher of its fair value less cost of disposal and its value in use. Net realisable value is determined by ascertaining the current market value of an asset and deducting any costs related to the realisation of the asset. In assessing value-in-use, the expected future cash flows from the asset are discounted to their present value using pre-tax discount rates that reflect current market assessments of the time value of money and the risks specific to the asset.

3.12 Provisions

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

A provision for onerous contracts is recognised when the expected benefits to be derived by the Bank from a contract are lower than the unavoidable cost of meeting its obligations under contract. The provision is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract. Before a provision is established, the Bank recognises any impairment loss on the assets associated with that contract.

3.13 Financial guarantees

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

Financial guarantee liabilities are recognised initially at fair value. They are subsequently carried at the higher of the amortised amount and the present value of any expected payment when a payment under the guarantee has become probable. Financial guarantees are included in trade and other liabilities. Financial guarantee liabilities are recognised at the higher of the loss allowance determined in accordance with IFRS 9 (see Note 3.10.7) and the amount initially recognised less, when appropriate, the cumulative amount of income recognised in accordance with the principles of IFRS 15. Liabilities arising from financial guarantees are included in provisions.

3.14 Contingent liabilities

A contingent liability is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Bank. Contingent liabilities are not recognised in the Statement of Financial Position but disclosed in Notes to the Financial Statements.

3.15 Commitments

Items are classified as commitments where the Bank has committed itself to future transactions. Commitments are not recognised in the Statement of Financial Position but are disclosed in the Notes to the Financial Statements.

3.16 Summary of standards and interpretations issued

3.16.1 Standards and Interpretations effective and adopted in the current year

International Financial Reporting Standards and amendments relevant to the Bank issued and effective for 31 March 2022 year-end .The Bank has adopted all the standards and interpretations which are relevant to its operations. The following standards did not impact the Bank's financial statements:

New or amended standards	Effective date	Summary of requirements
Amendments to IFRS 9 'Financial Instruments', IAS39 'Financial Instruments: Recognition and Measurement', IFRS 7 'Financial Instruments: Disclosures', IFRS 4 'Insurance Contracts' and IFRS16 'Leases' – interest rate benchmark (IBOR) reform (Phase 2)	Annual periods beginning on or after 1 January 2022 (Published May 2020)	The Phase 2 amendments address issues that arise from the implementation of the reform of an interest rate benchmark, including the replacement of one benchmark with an alternative one.

3 Significant accounting policies (continued)

3.16 Summary of standards and interpretations issued (continued)

3.16.2 Standards and Interpretations effective and adopted in the current year

International Financial Reporting Standards and amendments relevant to the Bank issued but not effective for 31st March 2022 year-end. These standards or amendments have not been early adopted.

The following standards are not expected to have a material impact on the Bank's financial statements in the year of initial applications:

New or amended standards	Effective date	Summary of requirements
Annual improvements cycle 2018 - 2020	Annual periods beginning on or after 1 January 2022 (Published May 2020)	These amendments include minor changes to IFRS 1, 'First time adoption of IFRS' has been amended for a subsidiary that becomes a first-time adopter after its parent. The subsidiary may elect to measure cumulative translation differences for foreign operations using the amounts reported by the parent at the date of the parent's transition to IFRS 9, 'Financial Instruments' has been amended to include only those costs or fees paid between the borrower and the lender in the calculation of "the 10% test" for derecognition of a financial liability. Fees paid to third parties are excluded from this calculation. IFRS 16, 'Leases', amendment to the Illustrative Example 13 that accompanies IFRS 16 to remove the illustration of payments from the lessor relating to leasehold improvements. The amendment intends to remove any potential confusion about the treatment of lease incentives. IAS 41, 'Agriculture' has been amended to align the requirements for measuring fair value with those of IFRS 13. The amendment removes the requirement for entities to exclude cash flows for taxation when measuring fair value.
Amendments to IAS 37 Onerous Contracts - Cost of Fulfilling a Contract	Annual periods beginning on or after 1 January 2022 (Published May 2020)	The amendment clarifies which costs an entity includes in assessing whether a contract will be loss-making, This assessment is made by considering unavoidable costs, which are the lower of the net cost of exiting the contract and the costs to fulfil the contract. The amendment clarifies the meaning of 'costs to fulfil a contract'. Under the amendment, costs to fulfil a contract include incremental costs and the allocation of other costs that relate directly to fulfilling the contract.
Amendments to IAS 16 Propery, Plant and Equipment: Proceeds before Intended Use	Annual periods beginning on or after 1 January 2022 (Published May 2020)	The amendment to IAS 16 prohibits an entity from deducting from the cost of an item of PPE any proceeds received from selling items produced while the entity is preparing the asset for its intended use (for example, the proceeds from selling samples produced when testing a machine to see if it is functioning properly). The proceeds from selling such items, together with the costs of producing them, are recognised in profit or loss.
Amendment to IAS 1, 'Presentation of Financial Statements' on Classification of Liabilities as Current or Non-current	Annual periods beginning on or after 1 January 2023 (Published Jan 2020)	The amendment clarifies that liabilities are classified as either current or non-current depending on the rights that exist at the end of the reporting period. A number of requirements are required to be met in conjunction with this amendment.
Narrow scope amendments to IAS 1, 'Presentation of Financial Statements', Practice statement 2 and IAS 8, (Accounting Policies, Changes in Accounting Estimates and Errors)	Annual periods beginning on or after 1 January 2023. Earlier application is permitted. (Published Feb 2021)	The amendments aim to improve accounting policy disclosures and to help users of the financial statements to distinguish changes in accounting policies from changes in accounting estimates.

4. Interest income

N$	2022	2021
Received on financial assets measured at amortised cost:		
Cash and cash equivalents	41,228,911	28,551,091
Loans and advances to customers : performing	549,994,260	604,358,945
Loans and advances to customers : credit impaired	522,989	263,395
Dividend income on preference shares in loan book	6,097,184	5,174,131
Loans and advances to staff	4,973,499	17,165,747
Total interest income	602,816,843	655,513,309

5. Interest expense

N$	2022	2021
Incurred on financial liabilities measured at amortised cost:		
Term loan facilities	-	12,057,466
Line of credit facility	194,096,821	197,257,096
Bonds	18,083,961	34,749,493
Fixed term facility	19,437,757	53,780,890
Credit line facility	13,557,795	13,978,752
Relief loan facility	17,015,828	822,637
Bank overdrafts	7,590	1,351
Interest on leased liabilities	272,412	151,987
	262,472,165	312,799,672
Net interest income	340,344,678	342,713,637

6. Fee and commission income

N$	2022	2021
Guarantee fees	6,328,969	6,630,903
Front-end fees	13,004,911	11,246,850
Other fees received	212,019	1,379,115
	19,545,899	19,256,868

7. Other income

N$	2022	2021
Subsidy Government Grant *	22,500,000	14,000,000
GiZ Grant Funding#	-	29,132,290
Foreign exchange gain on loan	202,816	-
Other income	2,755,833	67,600
	25,458,649	43,199,890

* The Government grant relates to a subsidy from the Ministry of Finance in support of the Special Development Fund ('SDF') activities managed by the Bank.

The GIZ grant funding was provided to support the deferment of interest repayments for small and medium enterprises (SMEs) and tourism clients. With the support of the grant funding, the accruing of interest has been stopped to assist the affected businesses to recover and to recover quicker.

The Special Development Fund was established in terms of the Development Bank of Namibia Act, 2002, No. 8 of 2002, section 8, the purpose of which is to promote and support development projects and schemes, including small-scale projects, private ventures or other activities as determined by the fund rules on behalf of the Ministry of Finance.

A subsidy of N$22,500,000 (2021: N$14,000,000) was received in 2022.The expenditure associated with the Special Development Fund amounted to N$ 124,090,734 (2021: N$120,249,580) for the financial year.

8. Operating expenses

N$	2022	2021
Auditors' remuneration		
audit fees	1,904,232	1,880,566
other services	171,722	233,310
Directors' fees		
for services as Directors	1,101,007	1,413,811
for management services	2,803,027	3,129,938
Depreciation and amortisation	8,264,121	8,571,059
Donations and sponsorships	1,841,529	2,202,584
(Gain) / loss on disposal of property and equipment	(10,000)	1,604,919
Loss on revaluation of property and equipment	3,696,187	-
Professional services	8,089,524	8,912,475
Salaries and personnel costs	85,526,376	88,273,685
Short-term leases / Operating leases:		
Buildings	548,129	238,566
Equipment	153,115	92,449
Other expenditure		
Information technology services	4,290,415	4,518,555
Promotions and marketing	1,784,720	1,241,741
Building maintenance, cleaning and security services	2,444,971	2,720,711
Telephone, stationary, photocopier and courier	2,886,405	2,238,641
Training and development	1,753,614	1,332,001
Municipal charges	1,609,817	1,534,479
Subscriptions and memberships	1,289,445	1,404,104
Traveling and accommodation	632,819	490,438
Other operational expenditure	1,227,202	953,754
Total operating expenditure	132,008,377	132,987,786
Number of employees	119	111

8.1 Directors’ emoluments

8.1.1 Chief Executive Officer

N$	2022	2021
Pensionable salary - M Inkumbi	2,106,886	2,047,683
Gratuity / Bonus	209,880	611,376
Bank contributions to pension and medical aid schemes	486,261	470,879
	2,803,027	3,129,938

8.1.2 Non-executive Directors’ emoluments

N$	2022	2021
T Hangula (Chairperson)	74,034	283,111
J Cumming	103,402	306,534
K Geschke	97,286	294,268
D Husselman	164,038	211,111
T Mbone	107,681	318,787
W Mertens	117,901	-
NP Kanalelo	107,065	-
MS Ickua	89,051	-
SJ Van Zyl (Chairperson)	142,226	-
EP Nailenge	98,323	-
	1,101,007	1,413,812

8.1.3 Schedule of Directors' fees

N$	2022	2021
Chairperson's quarterly fee	17,589	17,589
Chairperson's sitting fee per Board meeting	9,912	9,912
Director's quarterly fee	14,368	14,368
Director's sitting fee per Board meeting	6,252	6,252
Sub-committee chairperson quarterly fee	8,431	8,431
Sub-committee chairperson sitting fee per meeting	4,622	4 ,622
Sub-committee member quarterly fee	6,424	6,424
Sub-committee member sitting fee per meeting	3,093	3,093

9. Net gains / (losses) on initial recognition of financial assets at amortised cost

N$	2022	2021
Staff home loans	5,736,675	7,000,752
	5,736,675	7,000,752

10. Taxation

No provision for taxation has been made in the Annual Financial Statements, as the Bank is exempt from taxation in terms of section 16(1)(e)(i) of the Income Tax Act (Act No. 24 of 1981) as amended as well as section 4 of the Development Bank of Namibia Act, 2002 (Act No. 8 of 2002).

11. Cash and cash equivalents

	2022	2021
Bank balances and call deposits	299,787,280	161,839,125
Short term fixed deposits with local banks	827,494,213	904,842,787
	1,127,281,493	1,066,681,912

The carrying amount approximates the fair value of cash and cash equivalents as the nature is short-term. The Bank has determined that ECL in respect of cash and cash equivalents is minimal due to their short-term nature, high credit quality (local banks with national investment grade rating) and ability to readily convertible to known amounts of cash which are subject to an insignificant risk of change in values.

12. Trade and other receivables

	2022	2021
Accrued interest on short term fixed deposits with local banks	3,007,831	2,680,318
Deposits	179,454	134,687
Other receivables	982,298	1,202,311
Prepaid expenses	1,078,575	990,707
Inland Revenue - withholding tax	444,080	444,080
	5,692,238	5,452,103

The carrying amount approximates the fair value of trade and other receivables as the nature is short-term.

The Bank has determined that the ECL in respect of trade and other receivables is minimal due to their short-term nature.

13. Loans and advances to customers

13.1 Category analysis

		At amortised cost	At amortised cost
N$		2022	2021
Instalment sales		336,715,719	327,540,875
Preference share advances		96,507,942	90,051,220
Guarantees honoured by the Bank		4,343,342	(2,917,352)
Term loans		8,090,976,153	8,575,297,605
Value of loans and advances		8,528,543,156	8,989,972,348
Accrued interest on loans and advances		18,634,366	13,686,165
Loans and advances		8,547,177,522	9,003,658,513
Impairment of loans and advances	14	(1,576,541,611)	(1,080,776,403)
Net loans and advances		6,970,635,911	7,922,882,110

13. Loans and advances to customers (continued)

13.2 Sectoral analysis

N$	Note	2022	2021
Automotive, machinery & equipment repair services		34,781,476	30,399,044
Business services		205,833,643	161,875,952
Commercial property		314,404,504	316,065,186
Construction		507,080,394	488,916,970
Education		208,567,046	207,259,060
Electricity		377,749,138	417,170,746
Financial intermediation		100,525,738	96,836,792
Fishing		10,032,659	8,169,256
Government & public authorities		3,791,674,838	4,442,704,557
Health		148,563,018	149,405,732
Housing		683,061,336	522,426,085
Land servicing		179,939,584	207,839,942
Manufacturing		573,644,410	561,308,344
Mining & quarrying		22,102,713	11,087,143
Telecommunications		12,976,951	81,379,965
Tourism & hospitality		843,041,501	744,422,348
Transport & logistics		234,075,027	244,428,876
Wholesale & retail trade		299,123,546	311,962,515
Gross value of advances		8,547,177,522	9,003,658,513
Impairment of loans and advances	14	(1,576,541,611)	(1,080,776,403)
Net loans and advances		6,970,635,911	7,922,882,110

The carrying amount approximates the fair value of loans and advances as loans and advances are carried at amortised cost less impairment and the interest rate applied is market related.

The Government of the Republic of Namibia loan was included in the Government and public authorities sector (see Note 27.1.4).

13.3 Maturity structure per contractual maturity date

N$	2022	2021
Repayable on demand	325,494,722	418,096,066
One year or less but not repayable on demand	326,959,507	251,560,482
Three years or less but over one year	746,575,577	620,607,325
Five years or less but over three years	1,051,441,501	901,250,932
Over five years	4,520,164,604	5,731,367,305
Net loans and advances	6,970,635,911	7,922,882,110

13.4 Geographical analysis*

N$	2022	2021
Namibia – net loans and advances	6,970,635,911	7,922,882,110

** DBN operates under two segments. See Note 31 for the segmented reporting.*

14 Impairment of loans and advances

Credit impaired loans by sector* N$ 2022	Credit risk	Security	Impairment allowances: Contractual interest suspended	Impairment allowances: Impairment
Automotive,machinery &equipment repair services	34,400,415	9,501,500	7,530,494	19,334,841
Business services	112,522,076	39,307,550	20,908,705	55,638,129
Commercial property	277,397,562	131,183,000	40,307,365	113,277,032
Construction	412,004,322	205,582,793	84,240,393	120,228,614
Education	25,300,755	9,605,000	8,424,217	7,545,535
Electricity	611,965	-	57	5,794
Financial intermediation	85,962,477	108,120,000	48,076	3,014,210
Fishing	6,853,940	2,589,780	1,774,702	2,274,963
Health	104,944,263	42,502,842	21,467,506	42,232,491
Housing	216,108,605	95,227,684	50,484,136	69,334,098
Manufacturing	395,664,449	174,717,528	53,991,631	172,791,932
Mining & quarrying	10,915,160	2,525,240	625,490	7,831,691
Telecommunications	6,675,449	3,050,000	1,804,553	1,883,760
Tourism & Hospitality	170,609,150	71,965,054	58,275,141	48,454,288
Transport & Logistics	161,603,318	101,710,226	18,663,884	49,451,131
Wholesale & retail trade	230,429,910	95,590,328	50,592,671	95,996,734
Total credit impaired loans by sector	2,252,003,816	1,093,178,525	419,139,021	809,295,243

* Includes guarantees issued in risk categories C, D and E (see Note 23).

Credit impaired loans by sector* N$ 2021	Credit risk	Security	Impairment allowances: Contractual interest suspended	Impairment allowances: Impairment
Automotive, machinery & equipment repair services	27,778,080	9,319,500	5,370,998	14,549,733
Business services	60,114,343	21,318,719	13,405,757	25,876,710
Commercial property	219,183,159	95,358,000	14,620,146	110,257,537
Construction	360,574,619	192,095,428	56,603,187	96,225,375
Education	18,760,405	9,870,000	6,625,785	2,269,652
Fishing	6,379,316	2,589,780	1,165,078	2,157,668
Health	73,493,219	24,600,200	17,100,598	31,238,724
Housing	191,486,735	108,326,751	33,873,101	48,306,021
Manufacturing	274,350,981	115,366,541	45,305,803	110,277,568
Mining and quarrying	2,347,893	2,000,000	184,803	334,070
Telecommunications	6,000,023	3,050,000	1,130,909	1,856,211
Tourism and hospitality	147,774,672	84,543,999	43,735,238	26,887,813
Transport and logistics	70,803,969	44,566,207	19,492,914	16,875,926
Wholesale and retail trade	190,597,479	109,691,868	35,413,420	66,795,603
Total credit impaired loans by sector	1,649,644,893	822,696,993	294,027,737	553,908,611

* Includes guarantees issued in risk categories C, D and E (see Note 23).

14. Impairment of loans and advances (continued)

14. Impairment of loans and advances by product

N$ 2021	Opening ECL 1 April 2021	Total transfer between stages	Net impairments raised /(reversed)	Impaired accounts written off	Closing ECL 31 March 2022
Term loans	979,923,023	-	523,696,766	(98,121,773)	1,405,498,016
Stage 1	39,072,851	(6,006,047)	17,400,531	-	50,467,335
Stage 2	171,363,838	(55,845,376)	161,718,322	-	277,236,784
Stage 3	769,486,334	61,851,423	344,577,913	(98,121,773)	1,077,793,897
Installment sales	91,414,742	-	56,785,229	(9,273,313)	138,926,658
Stage 1	11,753,535	(3,093,722)	(502,876)	-	8,156,937
Stage 2	6,552,491	(81,941)	(1,859,527)	-	4,611,023
Stage 3	73,108,716	3,175,663	59,147,632	(9,273,313)	126,158,698
Preference Shares	3,692,259	-	9,869,815	-	13,562,074
Stage 1	-	-	-	-	-
Stage 2	3,692,259	(2,814,455)	3,089,385	-	3,967,189
Stage 3	-	2,814,455	6,780,430	-	9,594,885
Guarantees	5,746,379	-	15,039,357	(2,230,873)	18,554,863
Stage 1	37,952	(9,927)	262,011	-	290,036
Stage 2	32,444	(16,273)	3,361,872	-	3,378,043
Stage 3	5,675,983	26,200	11,415,474	(2,230,873)	14,886,784
Total loans and advances	1,080,776,403	-	605,391,167	(109,625,959)	1,576,541,611

N$ 2021	Opening ECL 1 April 2020	Total transfer between stages	Net impairments raised /(reversed)	Impaired accounts written off	Closing ECL 31 March 2021
Term loans	786,558,933	-	262,791,192	(69,427,102)	979,923,023
Stage 1	33,995,457	17,517,442	(12,395,695)	(44,353)	39,072,851
Stage 2	225,892,423	(87,112,167)	32,763,012	(179,430)	171,363,838
Stage 3	526,671,053	69,594,725	242,423,875	(69,203,319)	769,486,334
Installment sales	94,486,770	-	44,721,038	(47,793,066)	91,414,742
Stage 1	2,718,091	(385,422)	9,420,866	-	11,753,535
Stage 2	2,239,918	(354,825)	4,667,398	-	6,552,491
Stage 3	89,528,761	740,247	30,632,774	(47,793,066)	73,108,716
Preference Shares	5,918,358	-	(2,226,099)	-	3,692,259
Stage 1	-	-	-	-	-
Stage 2	5,918,358	-	(2,226,099)	-	3,692,259
Stage 3	-	-	-	-	-
Guarantees	3,357,488	-	5,007,157	(2,618,266)	5,746,379
Stage 1	56,779	2,835	(21,662)	-	37,952
Stage 2	13,315	(4,771)	75,933	(52,033)	32,444
Stage 3	3,287,394	1,936	4,952,886	(2,566,233)	5,675,983
Total loans and advances	890,321,549	-	310,293,288	(119,838,434)	1,080,776,403

Comparatives have been restated to conform to disclosures in the year.

Credit impaired loans by category*

N$ 2022	Credit Risk	Security	Contractual Interest Suspended	Impairment provision
Guarantees	62,441,646	17,240,459	2,150,990	12,735,790
Preference shares	21,814,475	11,804,935	331,829	9,263,055
Instalment sales	226,482,787	90,582,282	45,893,566	80,265,135
Term loans	1,941,264,908	973,550,849	370,762,636	707,031,263
Total credit impaired loans	2,252,003,816	1,093,178,525	419,139,021	809,295,243

Credit impaired loans by category*

N$ 2021	Credit Risk	Security	Contractual Interest Suspended	Impairment provision
Guarantees	52,889,693	12,676,500	1,856,570	3,819,413
Preference shares	-	-	-	-
Instalment sales	125,312,550	47,178,951	38,240,864	34,867,852
Term loans	1,471,442,652	762,841,543	253,930,305	515,221,345
Total credit impaired loans	1,649,644,895	822,696,994	294,027,739	553,908,610

* Includes guarantees issued in risk categories C, D and E (see Note 23).

The following table provides an explanation of how significant changes in the gross carrying amount of financial instruments during the period contributed to changes in the loss allowance.

Loans and advances to customers at amortised cost

	Impact: increase / (decrease)					
	2022			2021		
N$	Stage 1	Stage 2	Stage 3	Stage 1	Stage 2	Stage 3
New loans added	310,584,428	114,485,291	58,897,224	459,964,230	301,715,805	10,427,869
Loans settled	(283,301,978)	(46,651,268)	-	(242,408,721)	(141,584,095)	(85,005,812)
Loans written off	-	-	(102,565,400)	(34,808)	-	(86,477,001)
Transferred to Stage 1	122,769,244	(117,721,112)	(5,048,133)	333,982,923	(326,162,933)	(7,819,991
Transferred to Stage 2	567,288,392)	605,415,676	(38,127,284)	(456,311,483)	(457,217,014)	(905,531)
Transferred to Stage 3	(171,223,650)	(415,429,362)	586,653,013	(76,653,929)	(409,531,268)	486,185,197

15. Staff home loans and benefits

N$	2022	2021
Opening balance	117,866,651	99,116,912
New loans and interest during the year	28,303,735	15,647,249
Loan receipts	(24,903,873)	(15,295,063)
Staff costs (adjustment to fair value)	(7,908,387)	12,230,813
Staff long term benefit recognised	7,908,387	6,166,740
Closing balance	121,266,513	117,866,651

Comparatives have been restated to conform to disclosures in the current year.

The Bank operates a home ownership scheme, in terms of which mortgage bonds are provided to the Bank employees at reduced interest rates. Loans are provided to a maximum of four (4) times the pensionable salary, including all costs. Staff home loans are deemed as off- market loans as they represent loans granted to staff members at lower than market related rates. The fair value adjustment at initial recognition regarding off-market staff home loans granted for the current financial year amounted to N$ 3,191,643 (2021: N$2,072,030). Loans are secured by fixed property. ECL for staff home loans are considered insignificant.

16. Property and equipment

N$ Cost or revalued amount	Land	Buildings	Vehicles	Furniture & equipment	Right of Use Assets	Assets under construction	Total
Balance at 1 April 2020	27,412,000	67,881,380	1,875,681	14,624,676	6,088,491	-	117,882,228
Additions	-	138,657	-	1,421,797	381,332	2,123,334	4,065,120
Disposals	-	(2,038,183)	-	(182,338)	-	-	(2,220,521)
Revaluation gains / (losses)	(2,312,000)	1,072,125	-	-	-	-	(1,239,875)
Balance at 31 March 2021	25,100,000	67,053,979	1,875,681	15,864,135	6,469,823	2,123,334	118,486,952
Balance at 1 April 2021	25,100,000	67,053,979	1,875,681	15,864,135	6,469,823	2,123,334	118,486,952
Additions	-	20,388	532,027	897,581	4,496,271	8,367,824	14,314,091
Capitalised	-	10,491,158	-		-	(10,491,158)	-
Disposals	-	-	-	(165,972)	-	-	(165,972)
Revaluation gains / (losses)	425,000	(697,963)	-	-	-	-	(272,963)
Balance at 31 March 2022	25,525,000	76,867,561	2,407,708	16,595,744	10,966,094	-	132,362,107
Accumulated depreciation and impairment							
Balance at 1 April 2020	-	(17,478,379)	(805,049)	(11,237,023)	(2,810,666)	-	(32,331,117)
Eliminated on disposals of assets	-	472,202	-	180,247	-	-	652,449
Depreciation expense	-	(3,547,801)	(313,404)	(1,453,893)	(2,957,326)	-	(8,272,424)
Balance at 31 March 2021	-	(20,553,978)	(1,118,453)	(12,510,669)	(5,767,992)	-	(39,951,092)
Balance at 1 April 2021	-	(20,553,978)	(1,118,453)	(12,510,669)	(5,767,992)	-	(39,951,092)
Eliminated on disposals of assets	-		-	165,972	-	-	165,972
Depreciation expense	-	(3,595,485)	(334,195)	(1,366,280)	(2,725,240)	-	(8,021,200)
Balance at 31 March 2022	-	(24,149,463)	(1,452,648)	(13,710,976)	(8,493,232)	-	(47,806,319)
Carrying amount							
As at 31 March 2021	25,100,000	46,500,001	757,228	3,353,466	701,831	2,123,334	78,535,860
As at 31 March 2022	25,525,000	52,718,098	955,060	2,884,768	2,472,862	-	84,555,788

Land and buildings are measured at the revalued amount in accordance with the Bank's policy. The carrying amount, if carried under the cost model as at 31 March 2022 is N$26,682,736 (2021: N$ 27,420,490).

The property represents land and buildings situated on erven numbers 5444 (portion of) and 7640 (sectional title), Windhoek; erf number 735, Walvis Bay; and erf number 1590, Oshakati. These were valued by independent external, qualified valuators on 31 March 2022. Valuation methods used were the comparative sales method (Level 2), the replacement cost method (Level 3) with the significant unobservable inputs being the associated replacement values of the land and buildings and the depreciation rate. During the year land valuation methods, comparative sale methods are considered as level 3. There was no change in the valuation methods compared to prior year. During the year, the Bank carried out a review of the useful lives and residual values of furniture and equipment. The review has not led to any change in estimations of the useful lives of any class of assets.

No assets of the Bank are encumbered or carry any restrictions.

The construction of the New Erongo Reginal Office for the Development Bank of Namibia situated in Walvis Bay was completed during the year.

Details of the Bank's freehold land and buildings and information about the fair value hierarchy as at 31 March 2022 is as follows:

N$ 2022	Level 1	Level 2	Level 3	Total
Land	-	-	25,525,000	25,525,000
Buildings	-	-	52,718,098	52,718,098
	-	-	78,243,098	78,243,098

N$ 2021	Level 1	Level 2	Level 3	Total
Land	-	3,800,000	21,300,000	25,100,000
Buildings	-	-	46,500,000	46,500,000
	-	3,800,000	67,800,000	71,600,000

Reconciliation of Level 2 and 3 fair value of property and equipment

N$	Level 2		Level 3		
2022	Land	Buildings	Land	Buildings	Total
Fair value at 31 March 2021	3,800,000	-	21,300,000	46,500,000	71,600,000
Additions	-	-	-	20,388	20,388
Capitalised	-	-	-	10,491,158	10,491,158
Fair value gains or (losses) recognised in other comprehensive income	-	-	425,000	(697,963)	(272,963)
Transfers between level 2 and 3	(3,800,000)	-	3,800,000	-	-
Depreciation recognised in profit or loss	-	-	-	(3,595,485)	(3,595,485)
Fair value at 31 March 2022	-	-	25,525,000	52,718,098	78,243,098

N$	Level 2		Level 3		
2021	Land	Buildings	Land	Buildings	Total
Fair value at 31 March 2021	7,412,000	10,403,000	20,000,000	40,000,000	77,815,000
Additions	-	76,066	-	62,591	138,657
Fair value gains or (losses) recognised in other comprehensive income	1,388,000	1,021,999	(3,700,000)	50,126	(1,239,875)
Transfers between level 2 and 3	(5,000,000)	(9,300,000)	5,000,000	9,300,000	-
Disposals	-	(1,565,981)	-	-	(1,565,981)
Depreciation recognised in profit or loss	-	(635,084)	-	(2,912,717)	(3,547,801)
Fair value at 31 March 2022	3,800,000	-	21,300,000	46,500,000	71,600,000

Changes in the Bank's best estimate of the unobservable inputs could affect reported fair value recognised on the Statement of Financial Position and movements in the fair values recognised in other comprehensive income. Changing these inputs to reasonably possible alternatives would change the fair values using more positive reasonable assumptions to N$80,990,670 (2021: N$73,521,489) and using more negative reasonable assumptions to N$77,971,585 (2021: N$69,275,699).

17. Equity investments

N$ **Equity investments - unlisted**	Amazing Kids Private School (Pty) Ltd	Norsad Finance Ltd	Ohorongo Cement (Pty) Ltd	Total
Fair valued amount	*28.75% Shareholding*	*5.58% Shareholding*	*11.73% Shareholding*	
Balance at 1 April 2020 at FVOCI	-	45,789,349	227,000,000	272,789,349
Loan conversion	10,000,000	-	-	10,000,000
Fair value adjustment	-	1,895,313	(17,000,000)	(15,104,687)
Balance at 31 March 2021 at FVOCI	10,000,000	47,684,662	210,000,000	267,684,662
Loan conversion	-	-	-	-
Fair value adjustment	(10,000,000)	-	-	(10,000,000)
Balance at 31 March 2022 at FVOCI	-	47,684,662	210,000,000	257,684,662
Dividend income recognised in profit or loss	-	-	-	-

The DBN designated the above equity investments as FVOCI. The FVOCI designation was made because the investments are expected to be held for the long term for strategic development purposes. Investments are valued based on the dividend discount model and discounted cash flow methods. Refer to Note 29 on the fair value of financial instruments for the methodologies and assumptions used to determine the fair value of the investments in securities.

18. Intangible assets

N$	Software	Software development	Total
Cost			
Balance at 1 April 2020	12,232,028	4,678,343	16,910,371
Additions	275,000	3,015,465	3,290,465
Monetary grant	-	(759,500)	(759,500)
Balance at 31 March 2021	12,507,028	6,934,308	19,441,336
Balance at 1 April 2021	12,507,028	6,934,308	19,441,336
Additions		426,681	426,681
Balance at 31 March 2022	12,507,028	7,360,989	19,868,017
Accumulated amortisation and impairment			
Balance at 1 April 2020	(11,709,185)	-	(11,709,185)
Amortisation for the year	(298,636)	-	(298,636)
Balance at 31 March 2021	(12,007,821)	-	(12,007,821)
Balance at 1 April 2021	(12,007,821)	-	(12,007,821)
Amortisation for the year	(242,921)	-	(242,921)
Balance at 31 March 2022	(12,250,742)	-	(12,250,742)
Carrying amount			
As at 31 March 2021	499,207	6,934,308	7,433,515
As at 31 March 2022	256,286	7,360,989	7,617,275

19. Trade and other liabilities

N$	2022	2021
Trade payables	18,580,646	4,618,539
Salary related payables	6,418,394	12,377,016
Receiver of Revenue	54,066	427,227
Lease liabilities (19.1)	2,572,625	743,002
GiZ Funding	703,776	5,433,334
	28,329,508	23,599,119

Trade payables principally comprise of amounts outstanding for trade purchases and ongoing costs.The Directors consider that the carrying amount of trade payables approximates their fair value due to their short term nature.

19.1 Reconciliation of lease liabilities

NS	Total	Office & parking space	IT equipment	Office equipment
Balance at 1 April 2020	3,448,182	1,695,500	1,385,656	367,026
Interest expense	381,332	322,827	-	58,505
Additions	151,988	79,913	51,649	20,426
Payments	(3,238,500)	(1,525,260)	(1,437,305)	(275,935)
Balance at 31 March 2021	743,002	572,980	-	170,022
Balance at 1 April 2021	743,002	572,980	-	170,022
Additions	4,496,271	1,019,596	2,664,228	812,447
Interest expense	272,412	75,325	158,733	38,354
Payments	(2,939,060)	(1,237,625)	(1,437,305)	(264,130)
Balance at 31 March 2022	2,572,625	430,277	1,385,656	756,692

Income statement recognition of lease related expenditure

N$	2022	2021
Depreciation on right of use assets	(2,723,624)	(2,957,326)
Expenses relating to short-term leases	(701,244)	(330,894)
Total included in operating expenditure	(3,424,867)	(3,288,220)
Interest expense	272,412	151,987

19.2 Term loan facilities

N$	2022	2021
Opening balance	-	233,000,000
Interest payable	-	19,314,596
Interest paid	-	(19,314,596)
Repayments	-	(233,000,000)
Closing balance	-	-

These liabilities have been repaid in the previous year.

19.3 Line of credit facility

N$	2022	2021
Opening balance	4,530,534,603	4,048,129,370
Drawn	-	500,000,000
Interest expense*	194,096,821	245,386,466
Interest paid	(191,989,554)	(262,981,233)
Capital repayment	(281,250,000)	-
	4,251,391,870	4,530,534,603

* In prior year interest accrual was seperately disclosed. In current year total interest expense is disclosed as one line item.

Seventeen-year line of credit with African Development Bank. Repayment of principal is quarterly over a twelve-year period following a grace period of five years. Interest is payable quarterly on 1 February, 1 May, 1 August and 1 November. The first capital installment was paid on 1 August 2021 and final payment payable on 1 May 2033.

19.4 Bonds

N$	2022	2021
Opening balance	230,581,119	624,284,482
Bonds issued during the year:		
DBN29	130,000,000	-
Interest expense*	18,083,961	39,033,975
Interest paid	(18,140,803)	(41,737,338)
Repayment	(100,000,000)	(391,000,000)
	260,524,278	230,581,119

* In prior year interest accrual was seperately disclosed. In current year total interest expense is disclosed as one line item.

Bonds issued consist of senior, unsecured notes, under the N$2.5 billion medium term note programme listed on the Namibian Stock Exchange (NSX), paying either a fixed or floating rate. DBN20 is a three year floating rate note linked to the three month JIBAR paying interest quarterly in arrears with full capital and arrears repayment September 2020 . DBN20A1, DBN20B and DBN23 are 5-year fixed-rate notes paying interest and principal semi-annually in arrears with final payments, 28 February 2023, 31 March 2023 and 31 August 2023. DBN29 was issued 4th March 2022 and is a floating rate note linked to the three month JIBAR paying interest quarterly with final payment on 5 March 2029.

19. Trade and other liabilities (continued)

19.5 Fixed term facility

N$	2022	2021
Opening balance	544,492,005	1,054,996,252
Interest expense*	19,437,757	69,293,524
Interest paid	(23,259,211)	(79,419,014)
Capital repayment	(394,145,399)	(500,378,757)
	146,525,153	544,492,005

* In prior year interest accrual was seperately disclosed. In current year total interest expense is disclosed as one line item.

Eight year term loan with Standard Bank of Namibia. Repayment of principal and interest is payable quarterly in arrears with final payment 1 November 2026.

DBN entered into an agreement to obtain financing of N$1,500,000,000 in order to advance a loan of N$1,500,000,000 to the National Energy Fund (NEF). In terms of the agreement, DBN is required to keep a call deposit account based on 6 months' principal and interest obligations.

As the facility was obtained purely for the loan advanced to NEF, DBN entered into an agreement with NEF with the same terms as above. The call deposit account earns interest monthly both at Standard Bank of Namibia and DBN. The two call accounts have been offset as DBN has a legal right to set off the call accounts and intends to realise the asset and settle the liability simultaneously. (Refer to note 30).

NEF debt service reserve (DSR) facility

N$	2022	2021
Deposit at Standard Bank of Namibia (DBN DSR)	42,641,444	81,256,112
Interest accrued on deposit	85,108	154,981
Accrued interest	(85,108)	(154,981)
Deposit by NEF (NEF DSR)	(42,641,444)	(81,256,112)
	-	-

NEF Call deposit earning a tiered interest rate at 5.25% monthly.

19.6 Credit line facility

N$	2022	2021
Opening balance	214,736,079	112,757,242
Drawn	-	120,375,000
Interest expense*	13,557,795	16,828,385
Interest paid	(14,096,620)	(14,289,765)
Capital repayment	(20,934,783)	(20,934,783)
	193,262,471	214,736,079

* In prior year interest accrual was separately disclosed. In current year total interest expense is disclosed as one line item.

Twelve-year climate related (climate change adaptation and mitigation) credit line with KfW ending 15 November 2030. Repayment of principal and interest is payable semi-annualy (15 May and 15 November) in arrears at the fixed rate of 6.9077 %.

19.7 Relief loan facility

N$	2022	2021
Opening balance	450,822,637	450,000,000
Interest expense*	17,015,828	822,637
Interest paid	(11,855,651)	-
Capital repayment	(40,909,091)	-
	415,073,723	450,822,637

* In prior year interest accrual was seperately disclosed. In current year total interest expense is disclosed as one line item.

Six year term loan with KfW received 15 March 2021, maturing 15 November 2030. Repayment of principal and interest is payable semi-annually (15 May and 15 November) in arrears at the fixed rate of 3.925%.

19.8 Reconciliation of movements of liabilities to cash flows arising from financing activities

N$	2022 Other loans and borrowings	2021 Other loans and borrowings
Balance at beginning of year	5,971,166,444	6,073,167,346
Funding liabilities raised fixed term facility	-	450,000,000
Funding liabilities raised credit line facility	-	500,000,000
Funding liabilities raised bonds	-	120,375,000
Funding liabilities paid Line of credit facility	130,000,000	-
Funding liabilities paid term loan	(281,250,000)	-
Funding liabilities paid bonds	-	(233,000,000)
Funding liabilities paid fixed term facility	(100,000,000)	(391,000,000)
Funding liabilities paid credit line facility	(394,145,399)	(500,378,756)
Funding liabilities paid relief loan	(20,934,783)	(20,934,783)
Funding liabilities paid fixed term facility	(40,909,091)	-
Funding liabilities paid credit line facility	(707,239,273)	(74,938,539)
Funding liabilities paid relief loan		
Liability-related:		
Interest expense	262,199,753	312,647,685
Interest paid	(259,349,847)	(339,710,048)
Total liability-related other changes	2,849,906	(27,062,363)
Balance at end of year	5,266,777,076	5,971,166,444
Total changes from financing activities	(707,239,273)	(74,938,539)

20. Dividends retained for redeployment

N$	2022	2021
Balance at beginning of year	44,439,478	49,510,183
Dividend retained from retained earnings	-	-
Repayments	2,467,836	400,000
Disbursements	(3,536,174)	(5,470,705)
The Client Support & Development Fund	(303,055)	(133,057)
The Innovation Fund	(152,341)	(443,089)
The Youth Programme Fund	1,002,197	(1,002,197)
The Skill-based Facility Fund	(3,917,975)	(1,022,188)
The Project Preparation Fund	(165,000)	(2,870,174)
Balance at end of year	43,371,140	44,439,478

Dividends declared in 2008 to 2010 and 2016 to 2019 were retained by the Bank for redeployment towards special enterprise development endeavours as resolved by the shareholder. The liability recognised is settled through disbursements to approved enterprise development projects.

Balance at end of year	43,371,140	44,439,478
The Client Support & Development Fund	5,275,951	5,579,006
The Innovation Fund	99,770	252,110
The Project Preparation Fund	13,886,157	11,583,321
The Skill-based Facility Fund	16,109,263	20,027,238
The Youth Programme Fund	8,000,000	6,997,803

21. Share capital and share premium

N$	2022	2021
Share capital		
Authorised		
2,000 Ordinary shares of N$100,000 each	200,000,000	200,000,000
Issued		
Share capital: 1,650 (2021: 1,650) Ordinary shares of N$100 000 each.	165,000,000	165,000,000
Share premium		
Share premium on issue of shares	1,842,071,178	1,842,071,178
Total share capital and share premium	2,007,071,178	2,007,071,178

The Bank has one class of ordinary shares which carry no right to fixed income. All issued shares are fully paid up. Each share is entitled pari passu to dividend payments or any other distribution.

22. Reserves

22.1 Revaluation reserve on land and buildings

N$	2022	2021
Balance at beginning of period	53,057,740	54,235,339
Gain /(loss) on revaluation of land and buildings	3,423,224	(1,177,599)
Balance at end of of year	56,480,964	53,057,740

This reserve represents the fair value adjustments recognised on the revaluation of land and buildings.

22.2 Fair value reserve

N$	2022	2021
Balance at beginning of year	(26,289,829)	(11,185,142)
(Loss) on revaluation of available for sale financial assets	(10,000,000)	(15,104,687)
Balance at end of year	(36,289,829)	(26,289,829)

The fair value reserve comprises all fair value adjustments for FVOCI equity investments.

Net balance of reserves at the end of the year	20,191,135	26,767,911

23. Loan commitments and contingent liabilities

N$	2022	2021
Contingent liabilities		
Commitments in respect of loans approved	1,097,636,309	446,806,263
Guarantees issued	140,370,921	166,830,226
Letters of credit	2,835,482	4,387,499
Performance and demand guarantees	137,535,439	162,442,727
	1,238,007,230	613,636,489

23.1 Contingent liabilities

N$	Note	2022				2021			
		Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Loan commitments									
Committed undrawn loans	28.2	1,009,162,727	17,043,722	71,429,860	1,097,636,309	351,431,387	29,434,711	65,940,165	446,806,263
		1,009,162,727	17,043,722	71,429,860	1,097,636,309	351,431,387	29,434,711	65,940,165	446,806,263
Impairment provision		-	-	-	-	-	-	-	-
Carrying amount		1,009,162,727	17,043,722	71,429,860	1,097,636,309	351,431,387	29,434,711	65,940,165	446,806,263
Guarantees issued									
Risk category									
A		76,097,953	-	-	76,097,953	87,712,514	1,418,682	-	89,131,196
B		-	13,037,360	-	13,037,360	-	38,262,512	-	38,262,512
C		-	-	13,122,631	13,122,631	-	-	1,150,000	1,150,000
D		-	-	5,417,170	5,417,170	-	-	2,689,111	2,689,111
E		-	-	32,695,808	32,695,808	-	-	35,597,407	35,597,407
		76,097,953	13,037,360	51,235,609	140,370,922	87,712,514	39,681,194	39,436,518	166,830,226
Impairment provision		(290,040)	(3,378,043)	(14,886,780)	(18,554,863)	(37,955)	(32,444)	(5,675,983)	(5,746,382)
Carrying amount		75,807,913	9,659,317	36,348,829	121,816,059	87,674,559	39,648,750	33,760,535	161,083,844

* Refer to note 28.2 for risk categories descriptions.

Legal proceedings

As a result of client counterclaims lodged during 2020 and 2021, alleging breach of contract, DBN has a contingent liability which may result in damages amounting to approximately N$134 million. The matters are on the case management roll and the outcome of the cases cannot currently be predicted with accuracy.

24. Capital commitments

N$	2022	2021
Capital expenditure authorised:		
Not yet contracted for	25,300,000	10,000,000

25. Lease commitments

N$	2022	2021
Lease commitments:		
Buildings	3,274,906	720,000
Office equipment and leased lines *	100,988	100,988
	3,375,894	820,988
To be incurred as follows:		
Up to 1 year	1,699,969	633,663
2 – 5 years	1,675,925	187,325
	3,375,894	820,988

* Office equipment under a full maintenance lease agreement renewable annually.

26. Retirement fund

Retirement benefits are provided for employees by a separate fund, known as the Development Bank of Namibia Retirement Fund, to which the Bank contributes. The Fund is a defined contribution fund and is administered under the Namibian Pension Fund Act, No. 24 of 1956. The Development Bank of Namibia is a participating employer under a registered umbrella retirement fund with no actuarial valuations required at the participating employer level. All employees contribute to the Fund. Total Bank contributions for the year amounted to N$11,725,233 (2021: N$11,243,314).

27. Related party information

During the year the Bank, in its ordinary course of business, entered into various transactions with related parties. These transactions were undertaken on commercial terms and conditions.

27.1 Related party balances and transactions

27.1.1 Directors

The remuneration of Directors is determined by the Shareholder in line with the remuneration directives issued by the Minister of Public Enterprises.

- Refer to note 8.1 for Directors' emoluments. In order to avoid conflicts of interests and with a view to ensuring transparency at all times, a register of Directors' and manager's interests in other business entities containing the nature of such interests, as well as the nature and the extent of the beneficial shares held in the business entity, is submitted and circulated at each meeting of the Board of Directors for reviewing and updating where necessary.
- Where Directors have an interest in any matter before the Board for consideration, Directors concerned recuse themselves from the meeting and thus have no influence on the decision on the particular matter. In addition, all applications for finance in which Directors have an interest, irrespective of the amount involved, are submitted to the Board for consideration after being reviewed by a committee of non-interested Directors.
- All Directors and officers of the Bank have confirmed that they had no interest in any contract of significance with the Bank which could have resulted in a conflict of interest during the year.

27.1.2 Shareholder

The Government of the Republic of Namibia holds 100% of the issued share capital of the Bank.

N$	2022	2021
Dividends declared	-	-

27.1.3 Key management personnel

The remuneration of key executives is determined by the Board of Directors in accordance with the remuneration directives issued by the Minister of Public Enterprises. The Bank has requested exemption from the directives to attract and retain suitably qualified and skilled staff. The remuneration of the Executive Director (CEO) and other members of key management during the year was as follows:

N$	2022	2021
Compensation	16,011,802	12,820,094
Pension benefits	1,939,307	1,392,564
Other short-term benefits	663,971	649,459
Gratuity payment	1,288,574	-
	19,903,655	14,862,117

No other transactions with key management personnel have been entered into during the current year.

27.1.4 Related entities

Other State-owned enterprises ('SOE') in which the Government of the Republic of Namibia holds the majority of the issued share capital are deemed to be related parties under common control. Transactions undertaken with these SOEs were done on a developmental basis at arm's length and under commercial terms and conditions.

The Bank deems transactions with other SOEs, individually or collectively as significant for disclosure purposes.

N$	2022		2021		2022		
Related party	Outstanding balance	Interest charged	Outstanding balance	Interest charged	ECL provision	Collateral held	*Principal type of collateral held*
Preference shares advance							
Seaflower Whitefish Corporation	52,717,780	2,021,050	50,696,730	1,894,376	-	25,600,000	*Government guarantee*
Term loans							
Erongo Regional Electricity Distributor Company	248,041,161	21,839,841	297,291,424	25,915,294	(740,099)	98,401,639	*Commercial property & Cash*
Meat Corporation of Namibia	437,267,267	38,086,680	385,410,385	23,651,492	(28,826,056)	398,818,500	*Government guarantee, industrical properties & farmland*
Namibia Power Corporation	8,347,851	3,901,099	16,602,240	689,910	(151,696)	-	*None*
Namibia Wildlife Resorts	70,065,390	5,989,722	92,659,564	6,316,828	-	91,500,000	*Government guarantee*
Nampost Financial Brokers	-	-	-	1,326,089	-	-	*Cash*
National Energy Fund	2,818,928,175	181,269,833	3,342,727,501	231,596,312	-	2,934,855,587	*Government guarantee & Cash Flow*
Seaflower Whitefish Corporation	9,250,027	518,623	12,221,402	694,291	-	38,500,000	*Government guarantee & Cash Flow*
Telecom Namibia	-	-	-	1,192,552	-	-	*Letter of comfort*
The Government of the Republic of Namibia	147,057,187	21,175,566	245,095,312	31,027,806	-	145,599,596	*Letter of comfort*
	3,791,674,838	274,802,414	4,442,704,558	324,304,950	(29,717,851)	3,733,275,322	

For each loan, the value of the disclosed collateral is capped to the nominal amount against which the loan is held.

Impairment losses have been recorded against balances outstanding, during the year, with related entities.

28 Financial risk management

28.1 Introduction and overview

The Bank has exposure to the following risks from financial instruments:

- Credit risk
- Liquidity risk
- Market risks

This note presents information about the Bank's exposure to each of the above risks, the Bank's objectives, policies and processes for measuring and managing risk, and the Bank's management of capital.

Risk management framework

The Board of Directors has the overall responsibility for the establishment and oversight of the Bank's risk management framework, and established the Management Risk and Compliance Committee which is responsible for developing and monitoring of the Bank's risk management policies. The Committee has the responsibility and accountability for the following core risk functions:

1. Internal audit function;
2. External audit function;
3. Enterprise-wide risk management; and
4. Compliance risk management

The enterprise-wide risk management framework monitors and manages the financial risks relating to the operations of the Bank through internal risk reports which analyse exposures by degree and magnitude of risks.

These risks and their performances are measured against the Risk Appetite of the Bank, via the Sustainability Model, and include market risk (including fair value interest rate risk and price risk), credit risk, investment risk, liquidity risk, operational risk and cash flow interest rate risk. The Management Risk and Compliance Committee ultimately reports to the Board Audit Risk and Compliance Committee but together with the Management Credit and Investment Committees provide input to the Asset and Liability Committee ("ALCO") on a monthly basis.

The Bank is governed by policies approved by the Board of Directors, which provide written principles on interest rate risk, credit risk, the use of financial derivatives and non-derivative financial instruments, and the investment of excess liquidity.

Compliance with policies and exposure limits is reviewed by risk and compliance commitee and the internal auditors on a continuous basis through a combined assurance model. The Bank does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes. The Asset and Liability Committee reports quarterly to the Board Audit, Risk and Compliance Committee, which monitors risks and policies implemented to mitigate risk exposure.

28.2 Credit risk

Credit risk is the risk of financial loss to the Bank if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Bank's lending activities as well as the placement of deposits with financial institutions. For the Bank, credit risk comprises the potential loss on loans, advances, and guarantees.

As a development finance institution, the Bank has a different risk profile compared to a commercial bank. In the course of its development finance activities the Bank is exposed to credit risk, which is minimised through mitigating credit risk management procedures in terms of which loans and advances are reviewed at regular time intervals to ensure that bad debts are contained within acceptable limits. At year-end the Bank did not consider there to be any significant credit risk which has not been adequately provided for.

Management of credit risk

The Credit Risk Management Framework consists of the following: Credit Risk Governance Framework, Board and executive management oversight, systems, and policies and procedures for identification, acceptance, measurement, monitoring and control of risks. The Credit Risk Governance Framework manages credit risk through clearly defined mandates and delegated authorities. The Board of Directors has delegated responsibility for the management of credit risk to the Management Credit and Investment Committee. An authorisation structure has been established for the approval and renewal of credit facilities within the limits of the Head of Credit, Management Credit and Investment Committee ("MCIC"), and the Board Credit Investment Committee (consisting of the CEO and three Board members). Tiered authorisation limits are allocated to the Head of Credit and the various Credit and Investment Committees. Credit authorisations falling outside of the mandates of the Management Credit and Investment Committee require approval by the Board and / or the Board Credit and Investment Committee.

The Credit Department which also reports to Exco, is responsible for oversight of the Bank's credit risk, including:

- recommending all credit applications, reviews, write-offs, legal proceedings, restructurings, rescheduling and changes in collateral in excess of limits delegated to the department;
- determining and recommending portfolio objectives and risk tolerance levels; and
- formulating credit policies in consultation with business units, determining requirements, credit assessment, measurement and quantification of and reporting on collateral.

For risk management reporting purposes, the Bank considers all elements of credit risk exposures, such as economic sector, single obligor default and business concentration risks. These exposure limits are reviewed on an annual basis.

Concentration risk is monitored by assessing the following exposure limits:

- 12 % of capital (ito the Credit & Equity Investment Policy) for a single counterparty or project exposure.
- 30 % sectoral exposure (ito AADFI guidelines).

None of these exposure limits have been exceeded, with the exception of the NEF loan which was approved by the Board of Directors.

These exposure limits are determined on an annual basis.

The credit risk on short term fixed term deposits is limited as the Bank deposits its surplus cash with major banks and investment houses of high quality credit standing.

Maximum exposure to credit risk

N$	2022	2021
Cash and short term funds	1,127,281,493	1,066,681,912
Loans and advances: at carrying amount	6,970,635,911	7,922,882,111
Instalment sales	197,789,061	236,153,835
Term loans	6,704,112,501	7,609,033,049
Preference Share advances	82,945,869	86,358,961
Guarantees honored by Bank	(14,211,520)	(8,663,734)
Trade and other receivables	4,613,663	4,461,396
Staff home ownership scheme loans	121,266,513	117,866,651
	8,223,797,580	9,111,892,070
Amounts not recognised on the Statement of Financial Position		
Guarantees	140,370,921	166,830,226.00
Commitments to borrowers	1,097,636,309	446,806,263.00
	9,461,804,810	9,725,528,559

Comparatives have been restated to conform to disclosures in the current year.

At a transactional level, all credit decisions, irrespective of nominal size, are based on a comprehensive and documented appraisal process. In evaluating and monitoring credit risk, the Bank employs a directive issued by the Bank of Namibia under the Banking Institutions Act, being the Determination on Asset Classification, Provisioning and Suspension of Interest (BID-2) as well as internally developed methodologies, specifically calibrated to allow differentiation between different client categories (e.g. local authorities, parastatals, utilities, etc.) to ensure a thorough risk assessment of each client.

Loans and advances are classified and grouped into categories which reflect the performance and substance of the asset and are used to determine specific impairments. The risk categories are::

Maximum exposure to credit risk

A: Pass or Acceptable	Stage 1 Performing	These are loans that are performing in accordance with contractual terms, and are expected to continue doing so. 12-month ECL is recognized based on the portion of the ECL that result from default events on the loans or assets that are possible within the 12 months (or contractual lifetime if shorter) after the reporting date.
B: Watch or Special Mention	Stage 2 Under performing	Loans in this category are currently protected, but exhibit potential weaknesses which if not corrected, may weaken the asset and therefore significant increase in credit risk is prevalent. Life-time ECL is recognized based on the ECL that result from all possible default events over the expected life of the loans or assets.
C: Substandard D: Doubtful E: Loss or All Interest Stopped	Stage 3 Non - performing	Loans, or other assets, in this category are assessed to be credit-impaired. Life-time ECL is recognized based on the ECL that result from all possible default events over the expected life of the loans or assets. For these credit impaired (or 'stage 3') loans, interest income is calculated by applying the effective interest rate to the net carrying value"

28 Financial risk management (continued)
28.2 Credit risk (continued)

Loans and advances to customers at amortised cost

N$	2022			
Risk category	Stage 1	Stage 2	Stage 3	Total
A	4,740,307,859	-	-	4,740,307,859
B	-	1,606,101,455	-	1,606,101,455
C	-	-	111,407,086	111,407,086
D	-	-	428,791,368	428,791,368
E	-	-	1,660,569,754	1,660,569,754
Gross value	4,740,307,859	1,606,101,455	2,200,768,208	8,547,177,522
Impairment allowances	(58,914,309)	(289,193,039)	(1,228,434,263)	(1,576,541,611)
Carrying amount	4,681,393,550	1,316,908,416	972,333,945	6,970,635,911

N$	2021			
Risk category	Stage 1	Stage 2	Stage 3	Total
A	5,987,144,225	516,542	-	5,987,660,767
B	746,926	1,405,042,447	-	1,405,789,373
C	-	-	24,328,888	24,328,888
D	-	-	248,313,217	248,313,217
E	-	-	1,337,566,268	1,337,566,268
Gross value	5,987,891,151	1,405,558,989	1,610,208,373	9,003,658,513
Impairment allowances	(51,356,688)	(181,483,366)	(847,936,349)	(1,080,776,403)
Carrying amount	5,936,534,463	1,224,075,623	762,272,024	7,922,882,110

Installment sales to customers at amortised cost

N$	2022				
Risk category	Stage 1	Stage 2	Stage 3	Total	*Collateral held*
A	95,666,206	-	-	95,666,206	*109,132,203*
B	-	14,566,726	-	14,566,726	*7,756,045*
C	-	-	1,264,890	1,264,890	*882,088*
D	-	-	72,587,882	72,587,882	*41,041,672*
E	-	-	152,630,015	152,630,015	*48,658,522*
Gross value	95,666,206	14,566,726	226,482,787	336,715,719	*207,470,530*
Impairment allowances	(8,156,934)	(4,611,023)	(126,158,701)	(138,926,658)	
Carrying amount	87,509,272	9,955,703	100,324,086	197,789,061	

N$	2021				
Risk category	Stage 1	Stage 2	Stage 3	Total	*Collateral held*
A	135,871,625	516,520	-	136,388,145	*116,596,634*
B	746,926	65,093,254	-	65,840,180	*40,247,196*
C	-	-	4,656,205	4,656,205	*3,464,409*
D	-	-	11,776,714	11,776,714	*9,047,913*
E	-	-	108,879,631	108,879,631	*33,095,475*
Gross value	136,618,551	65,609,774	125,312,550	327,540,875	*204,022,782*
Impairment allowances	(11,753,535)	(6,552,491)	(73,108,716)	(91,414,742)	
Carrying amount	124,865,016	59,057,283	52,203,834	236,126,133	

Preference shares to customers at amortised cost

N$	2022				
Risk category	Stage 1	Stage 2	Stage 3	Total	*Collateral held*
A	-	74,693,468	-	74,693,468	*25,600,000*
B	-	-	-	-	-
C	-	-	21,814,475	21,814,475	*11,804,935*
D	-	-	-	-	-
E	-	-	-	-	-
Gross value	-	74,693,468	21,814,475	96,507,943	*37,404,935*
Impairment allowances	-	(3,967,189)	(9,594,885)	(13,562,074)	
Carrying amount	0	70,726,279	12,219,590	82,945,869	

N$	2021				
Risk category	Stage 1	Stage 2	Stage 3	Total	*Collateral held*
A	-	-	-	-	-
B	-	90,051,220	-	90,051,220	-
C	-	-	-	-	*37,404,935*
D	-	-	-	-	-
E	-	-	-	-	-
Gross value	-	90,051,220	-	90,051,220	*37,404,935*
Impairment allowances	-	(3,692,259)	-	(3,692,259)	
Carrying amount	-	86,358,961	-	86,358,961	

Term loans to customers at amortised cost

N$	2022				
Risk category	Stage 1	Stage 2	Stage 3	Total	*Collateral held*
A	4,651,289,356	-	-	4,651,289,356	*4,451,424,852*
B	-	1,517,056,253	-	1,517,056,253	*1,093,544,251*
C	-	-	109,633,963	109,633,963	*69,343,493*
D	-	-	333,947,998	333,947,998	*220,639,363*
E	-	-	1,497,682,948	1,497,682,948	*683,567,994*
Gross value	4,651,289,356	1,517,056,253	1,941,264,909	8,109,610,518	*6,518,519,953*
Impairment allowances	(50,467,335)	(277,236,784)	(1,077,793,897)	(1,405,498,016)	
Carrying amount	4,600,822,021	1,239,819,469	863,471,012	6,704,112,502	

N$	2021				
Risk category	Stage 1	Stage 2	Stage 3	Total	*Collateral held*
A	Stage 1	Stage 2	Stage 3	Total	Collateral held
B					
C	5,868,861,127	-	-	5,868,861,127	5,499,675,498
D	-	1,248,679,992	-	1,248,679,992	1,046,584,012
E	-	-	19,520,359	19,520,359	10,744,000
Gross value	-	-	236,385,496	236,385,496	98,990,738
Impairment allowances	-	-	1,215,536,797	1,215,536,797	385,186,549
Carrying amount	5,868,861,127	1,248,679,992	1,471,442,652	8,588,983,771	7,309,101,052
	(39,565,201)	(171,206,172)	(769,151,650)	(979,923,023)	
	5,829,295,926	1,077,473,820	702,291,002	7,609,060,748	

28. Financial risk management (continued)
28.2 Credit risk (continued)

Guarantees to customers at amortised cost

N$ Risk category	2022 Stage 1	Stage 2	Stage 3	Total	*Collateral held*
A	(6,647,704)	-	-	(6,647,704)	*26,694,024*
B	-	(214,992)	-	(214,992)	*828,000*
C	-	-	508,234	508,234	*5,788,456*
D	-	-	441,013	441,013	*940,503*
E	-	-	10,256,791	10,256,791	*10,511,500*
Gross value	(6,647,704)	(214,992)	11,206,038	4,343,342	*44,762,483*
Impairment allowances	(290,040)	(3,378,043)	(14,886,780)	(18,554,863)	
Carrying amount	(6,937,744)	(3,593,035)	(3,680,742)	(14,211,521)	

N$ Risk category	2021 Stage 1	Stage 2	Stage 3	Total	*Collateral held*
A	(17,588,529)	22	-	(17,588,507)	*19,366,456*
B	-	1,217,981	-	1,217,981	*1,665,832*
C	-	-	152,326	152,326	-
D	-	-	151,007	151,007	*1,380,000*
E	-	-	13,149,841	13,149,841	*10,359,000*
Gross value	(17,588,529)	1,218,003	13,453,174	(2,917,352)	*47,763,779*
Impairment allowances	(37,952)	(32,444)	(5,675,983)	(5,746,379)	
Carrying amount	(17,626,481)	1,185,559	7,777,191	(8,663,731)	

N$ Risk category	2022 Instalment sales	Preference shares	Term loans	Guarantees	Total	*Collateral held*
A	95,666,206	-	4,651,289,356	(6,647,704)	4,740,307,858	*4,804,458,438*
B	14,566,726	74,693,467	1,517,056,253	(214,992)	1,606,101,454	*64,579,237*
C	1,264,890	-	109,633,963	508,234	111,407,087	*281,632,084*
D	72,587,882	21,814,475	333,947,998	441,013	428,791,368	*182,100,068*
E	152,630,015	-	1,497,682,948	10,256,791	1,660,569,754	*290,440,664*
Gross value	336,715,719	96,507,942	8,109,610,518	4,343,342	8,547,177,521	*5,623,210,491*
Impairment allowances	(138,926,658)	(13,562,073)	(1,405,498,017)	(18,554,862)	(1,576,541,610)	
Carrying amount	197,789,061	82,945,869	6,704,112,501	(14,211,520)	6,970,635,911	

N$ Risk category	2021 Instalment sales	Preference shares	Term loans	Guarantees	Total	*Collateral held*
A	136,388,145	-	5,868,861,126	(17,588,507)	5,987,660,764	*5,635,638,588*
B	65,840,180	90,051,220	1,248,679,992	1,217,981	1,405,789,373	*1,140,894,466*
C	4,656,205	-	19,520,359	152,326	24,328,890	*15,779,564*
D	11,776,714	-	236,385,496	151,007	248,313,217	*109,418,651*
E	108,879,631	-	1,215,536,797	13,149,841	1,337,566,269	*696,561,279*
Gross value	327,540,875	90,051,220	8,588,983,770	(2,917,352)	9,003,658,513	*7,598,292,548*
Impairment allowances	(91,414,742)	(3,692,259)	(979,923,023)	(5,746,379)	(1,080,776,403)	
Carrying amount	236,126,133	86,358,961	7,609,060,747	(8,663,731)	7,922,882,110	

The following types of collateral are held in respect of these loans: guarantees, cession of contract income and investments, continuing covering mortgage bonds over commercial and residential properties, general notarial bonds and insurance policies.

Other loans and trade receivables

	Risk category	2022 Stage 1	Stage 2	Stage 3	Total
Staff home loans and benefits (100% collateral)	A	121,266,513	-	-	121,266,513
Staff study loans	A	982,298	-	-	982,298
Trade receivables	A	4,709,940	-	-	4,709,940
Gross value		126,958,751	-	-	126,958,751
Impairment allowances		-	-	-	-
Carrying amount		126,958,751	-	-	126,958,751

	Risk category	2021 Stage 1	Stage 2	Stage 3	Total
Staff home loans and benefits (100% collateral)	A	117,866,651	-	-	117,866,651
Staff study loans	A	1,202,311	-	-	1,202,311
Trade receivables	A	4,249,792	-	-	4,249,792
Gross value		123,318,754	-	-	123,318,754
Impairment allowances		-	-	-	-
Carrying amount		123,318,754	-	-	123,318,754

		2022			2021		
N$	Risk category	Gross amount	Impairment allowances	Carrying amount	Gross amount	Impairment allowances	Carrying amount
Staff home and study loans and benefits	A	122,248,811	-	122,248,811	119,068,962	-	119,068,962
Trade receivables	A	4,709,940	-	4,709,940	4,249,792	-	4,249,792
Carrying amount		126,958,751	-	126,958,751	123,318,754	-	123,318,754

The Bank requires collateral in order to secure its own sustainability. Collateral against loans and advances to customers in the form of mortgage interests over property, other registered securities over assets, investment securities, session of contract income and guarantees. Collateral values do not include collateral not readily convertible to cash or without reasonable determined value, for those collateral the Bank will obtains judgment whereby the assets are attached and then sold. The proceeds are used towards the settlement of debt.

Estimates of fair value are based on the value of collateral assessed at the time of borrowing, and thereafter on an annual basis. Collateral is generally not held over loans and advances to banks acting as intermediaries. The industry approach to valuing securities for risk pricing adjustments is to value securities offered on the basis of the 'net present market value', which is defined as the net realisable proceeds from a present-day sale of the security offered. The net present value of security is generally expressed as a percentage that could reasonably be expected to be recovered in a forced sale situation. For securities provided, the Bank initially, depending on the various risk factors, adjusts the 'net present market value' to the expected recoverable value based on industry benchmarks adopted.

28. Financial risk management (continued)
28.2 Credit risk (continued)

Industry benchmarks used by the Bank in determining expected recovery values for varying types of security are illustrated below:

Type of security	2022 Risk Value of Security ('RVS')	2021 Risk Value of Security ('RVS')
Immovable assets	• Residential properties: 70% - 90% of realisable market value • Commercial properties: 60% - 80% of realisable market value • Industrial properties: 50% - 70% of realisable market value	• Residential properties: 70% to 90% of realisable market value • Commercial properties: 60% to 80% of realisable market value • Industrial properties: 50% to 70% of realisable market value
Movable assets	• 60% of net present market value	• 60% of net present market value
Intangible assets	• 0% - 60% of net present market value	• 0% - 60% of net present market value
Ceded investments Shares / stocks / equity Callable cash investments	 • 100% of fair value • 100% of fair value	 • 100% of fair value • 100% of fair value
Third party collateral Ceded investments Bank and Government guarantees	 • As above for ceded investments • 100% of guarantee value	 • As above for ceded investments • 100% of guarantee value
Insurance - e.g. endowment policies	• 100% of surrender value	• 100% of surrender value
Debtors book (30 days)	• 70% of net present value	• 70% of surrender value
GRN and SOE guaranteed cash flows *(e.g. GRN loan repayments & ceded NEF strategic fuel storage levy)*	• 100% of exposure	• 100% of exposure

The Bank determines the fair value only in the following instances:
- on the date that the loan or advance is initiated; and / or
- when the loan or advance is being renegotiated; or
- when a loan or advance has been transferred to the collections department of the Bank.

Collateral for all loans are reviewed annually and immovable property held as collateral are revalued at least every three years.

As at 31 March 2022, the net carrying amount of credit-impaired loans and advances to corporate customers amounted to N$972,333,945 (2021: N$762,272,027) and the value of identifiable collateral mainly commercial properties) held against those loans and advances amounted to N$1,093,178,525 (2021: N$822,696,994). For each loan, the value of disclosed collateral is capped at the nominal amount of the loan that it held against.

Non-financial assets obtained by the Bank during the year under review by taking possession of collateral held as security against loans and advances and held at year end amounts to N$3,956,122 (2021: N$1,130,000).

Amounts arising from ECL

Inputs, assumptions and techniques used for estimating impairment

See accounting policy in Note 3.10.7.

Significant increase in credit risk (SICR)

When determining whether the risk of default on a financial instrument has increased significantly since initial recognition, the Bank considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative Information and analysis, based on the Bank's historical experience and expert credit assessment and including forward-looking information.

The objective of the assessment is to identify whether a significant increase in credit risk has occurred for an exposure by comparing:

- the remaining lifetime probability of default (PD) as at the reporting date; with
- the remaining lifetime PD for this point in time that was estimated at the time of initial recognition of the exposure (adjusted where relevant for changes in prepayment expectations).

The Bank uses three criteria for determining whether there has been a significant increase in credit risk:
- quantitative tests, including any asset which is overdue 60 days or more; and
- qualitative indicators, including deteriorating collateral; and
- deteriorating economic conditions or negative trends in the client's financial position.

Credit risk grades

The Bank allocates each exposure to a credit risk grade based on a variety of data that is determined to be predictive of the risk of default and applying experienced credit judgment.

Credit risk grades are defined using qualitative and quantitative factors that are indicative of risk of default. These factors vary depending on the nature of the exposure and the type of borrower.

Credit risk grades are defined and calibrated such that the risk of default occurring increases exponentially as the credit risk deteriorates so, for example, the difference in risk of default between credit risk grades 1 and 2 is smaller than the difference between credit risk grades 2 and 3.

Each exposure is allocated to a credit risk grade on initial recognition based on available information about the borrower. Exposures are subject to ongoing monitoring, which may result in an exposure being moved to a different credit risk grade. The monitoring typically involves use of the following data.

- Client and DBN correspondence on file, i.e. the purposes for which the various loans were given, the current status of the loans, if they were in arrears or not and whether they had been restructured or not and whether the cash flows were sufficient to repay capital and interest over the remaining term and the respective collateral values were reviewed; compliance with covenants, quality of management and senior management changes.
- Analysis the latest audited annual financial statements and / or Management Accounts, i.e. In terms of the Statement of Comprehensive Income the profitability of the business is assessed including Gross Profit margin, Net Profit margin and income before interest & taxation (EBITDA) and after interest & taxation; In terms of the Statement of Financial Position the solvency of the business is assessed as well as the liquidity and the debt to equity ratio; Statement of Cash Flows is assessed to understand where the cash is generated and how the cash is utilized.
- The repayment ability or affordability of the respective loan agreements is determined and the debt service cover ratio is calculated.
- The customer's performance risk is assessed to understand whether contracts are completed in time and within budget or whether contracts have consistent time delays and budget overruns. Where there are delays the nature of the delays are assessed whether caused by external uncontrollable factors like excessive rain, recession etc. or internally generated delays predicting performance risk which increases the probability of default on an account.
- The customer's business is assessed for all the risks that can influence the performance of the business and therefore its account with DBN i.e. forex risk, market risk including competition, supply/demand risk, sourcing of supplies and based on the risk assessment the probability of default is determined.
- On a portfolio basis, an analysis is performed of the categorisation of the loan book (performing, under-performing and credit impaired) and arrears report, comparing changes over time.
- Existing and forecast changes in business, financial and economic conditions.

The table below provides an indicative mapping of how the Bank's internal credit risk grades relate to IFRS 9 stages and recognition of expected credit losses. For additional information please refer to Measurement of ECL section later.

Staging table

Internal classification		IFRS 9 stages	Credit risk	Recognition of expected credit losses
A	Pass / Acceptable	Stage 1: Performing	Performing; not impaired on initial recognition	12-months
B	Watch / Special Mention	Stage 2: Under-performing	Credit quality significantly deteriorated; not impaired	Lifetime
C D E	Sub-standard Doubtful Loss	Stage 3: Non-performing	Specifically identified as impaired	Lifetime

Generating the term structure of PD

Contractual run-off, as obtained from the loan book system, is utilized to generate the term structure of PD exposures, with stage 1 loans being the shorter of remaining contractual term or 12 months.

Determining whether credit risk has increased significantly

The Bank assesses whether credit risk has increased significantly since initial recognition at each reporting date. Determining whether an increase in credit risk is significant depends on the characteristics of the financial instrument and the borrower, and the geographical region. Management determines credit risk at a client level and not on an individual financial instrument level as the Bank believes this provides the most reliable assessment of credit risk. Consequently a client's credit risk assessment is assigned to all of the client's financial instruments.

What is considered significant differs for different types of lending, in particular between the Development Portfolio and Enterprise Portfolio. The DP portfolio includes smaller loans (e.g. SMEs), not limited to activities based exclusively on commercial operating principles, but also activities based on socio-economic benefit with an inherent higher risk rating. The Government over the years provided grant funding for the SDF activities which form part of this portfolio. The DP portfolio exposure is limited to 10% of the total loan book based on the approved strategy. The DP portfolio exposure was N$ 276 million or 4.0% of total loans and advances at 31 March 2022 (2021: N$302 million or 3.6% of total loans and advances). Accounts with a turnover of less than N$ 10 million qualify to be in this portfolio with a minimum loan of N$150,000.

The credit risk is deemed to have increased significantly since initial recognition based on qualitative factors linked to the Bank's credit risk management processes that may not otherwise be fully reflected in its quantitative analysis on a timely basis. This will be the case for exposures that meet certain heightened risk criteria, such as placement on a watch list.

Such qualitative factors are based on its expert judgment and relevant historical experiences including deteriorating collateral, deteriorating economic conditions or negative trends in the client's financial position.

If there is evidence that there is no longer a significant increase in credit risk relative to initial recognition, then the loss allowance on an instrument returns to being measured as 12-month ECL. Some qualitative indicators of an increase in credit risk, such as delinquency or forbearance, may be indicative of an increased risk of default that persists after the indicator itself has ceased to exist. In these cases, the Bank determines a probation period, generally of six (6) months, during which the financial asset is required to demonstrate good behaviour to provide evidence that its credit risk has declined sufficiently. When contractual terms of a loan have been modified evidence that the criteria for recognising lifetime ECL are no longer met includes a history of up-to-date payment performance against the modified contractual terms.

The Bank monitors the effectiveness of the criteria used to identify significant increases in credit risk by regular reviews to confirm that:

- the criteria are capable of identifying significant increases in credit risk before an exposure is in default:
- the criteria do not align with the point in time when an asset becomes 60 days past due;
- the average time between the identification of a significant increase in credit risk and default appears reasonable;
- exposures are not generally transferred directly from 12-month ECL measurement to credit-impaired; and
- there is no unwarranted volatility in loss allowance from transfers between 12-month PD (Stage 1) and lifetime PD (Stage 2).

28. Financial risk management (continued)
28.2 Credit risk (continued)

The PDs for some financial assets are determined by modelling the range of possible exposure outcomes at various points in time using scenario and statistical techniques at the time of default. Sensitivity analyses were performed by assessing the impact of further COVID-19 pandemic and economic changes on the PDs. The sensitivity results are disclosed under the forward-looking information.

Definition of default

The Bank considers a financial asset to be in default when:

- the borrower has not repaid part or all of previously agreed upon interest and principle repayments for an extended period of time.
- The credit impaired asset is therefore not yielding any income to the lender in the form of principal and interest payments. Chances of recovery are still possible; or
- the borrower is more than 120 days past due on any material credit obligation to the Bank.

In assessing whether a borrower is in default, the Bank considers indicators that are:

- qualitative: e.g. breaches of covenant;
- quantitative: e.g. overdue status and non-payment on another obligation of the same issuer to the Bank; and
- based on data developed internally and obtained from external sources.

The Bank's approach of using 60 days and 120 days in determining SICR and default is similar to the Bank of Namibia BID2 regulatory classification and industry practice for SICR in Namibia, while the default definition is based on internal risk management practices that adopted 120 days considering that its an unregulated, non-commercial bank with no wide-spread branch representation and without transactional banking facilities. The Bank's quantitative analysis demonstrated only a few clients in number were in these respective aging buckets; 30 to 60 days and 90 to 120 days; and that based on exposure amount, the majority of clients were correctly classified in terms of IFRS 9 stages, the remaining clients were immaterial.

Incorporation of forward-looking information

The Bank incorporates forward-looking information into both the assessment of whether the credit risk of an instrument has increased significantly since its initial recognition and the ECL impairment calculations. The Bank includes all forward looking information which is reasonable and available without undue cost or effort. The information will typically include expected macro-economic conditions and factors that are expected to impact individual counterparty and / or portfolio exposures. For example, for large individual counterparty exposures, information considered in the analysis includes the purposes for which the various loans were given, the current status of the loans, whether the loans are in arrears or have been restructured, whether the cash flows are expected to be sufficient to repay capital and interest over the remaining term and the respective collateral values. When necessary and possible, additional information is obtained from customers, including latest annual financial statements, management accounts, cash flow forecasts and recent collateral valuations. The impact of forward looking economic conditions is embedded in the total IFRS 9 impairment assessments.

As a consequence of the COVID 19 pandemic certain clients, specifically in the tourism and DP portfolios, were granted payment holidays to reduce the financial impact on the clients. Contractual terms were amended on the system so that clients did not inadvertently trigger migration to IFRS 9 stage 2 due to technical arrears. In addition, the biggest exposures were individually assessed for SICR due to COVID 19 and where required clients were reclassified to Stage 2 at year end.

In addition to the Base case, the Bank has compiled two additional economic scenarios: namely better and worse. In deriving the base case the Bank generates band of probability weighted outcomes that are believed to reflect the underlying credit risk of the PD segment. The Base case will tend to be the mid-point of these ranges, while the better case the lower end and worse case the higher range. This results in the three scenarios summarized as follows according to the economic sector exposures.

N$

Scenario	Better	Base	Worse
Expected ECL provisioning	1,510,796,382	1,548,302,086	1,578,306,649
Reduction / (Increase) compared to Base case	37,505,704	-	(30,004,563)
- Tourism & hospitality	18,500,444	-	(14,800,355)
-Land servicing & housing	5,730,898	-	(4,584,719)
-Manufacturing	4,704,971	-	(3,763,976)
- Education	2,696,885	-	(2,157,508)
- Construction	2,151,692	-	(1,721,353)
- Business services	938,703	-	(750,963)
- Wholesale & retail trade	671,780	-	(537,424)
- Health	603,744	-	(482,995)
- Telecommunications	583,468	-	(466,774)
- Other sectors	923,119	-	(738,496)

Measurement of ECL

The key Inputs into the measurement of ECL are the term structure of the following variables:

- probability of default (PD);
- loss given default (LGD); and
- exposure at default (EAD).

PD is an estimate of the likelihood of default. The Bank segments the loan book into the following classifications:

PD Segmentation table		Ranges per IFRS 9 stage		
PD Segment Description	**PD methodology basis**	**Stage 1**	**Stage 2**	**Stage 3**
GRN / SOE Direct exposures to Government and State-owned enterprises. In most cases GRN is the majority or 100% shareholder. Facilities are supported in some cases by GRN through guarantees, letter of support, budget allocations and cession of income.	Sovereign risk	0.30% – 1.00%	1.00% - 2.00%	100%
Renewable energy Solar and wind power generating plants that have been commissioned with power purchase agreements in place.	Low credit risk, just above sovereign risk	0.70% - 1.50%	10% - 100%	100%
Top accounts Individual client exposures that have individually potentially biggest impairment impact. Selected based various factors, including biggest exposures and biggest arrears.	Clients' individual credit risk assessed and classified into IFRS 9 stages and credit risk profile.	1% - 10%	10% - 100%	100%
Arrear PDs In the case where an account is in arrears, the number of days in arrears will determine the probability of default (PD) as the longer an account is in arrears the higher the probability that this account will default.	In the case where an account is in arrears, the number of days in arrears will determine the PD classification as the longer an account is in arrears the higher the probability that this account will default.	10% - 45%	45% - 100%	100%
Portfolio PDs Enterprise Portfolio (EP) Development Portfolio (DP)	All accounts that were neither individually assessed nor in arrears were assigned a portfolio PD according to the DBN classification of Development Portfolio (DP) or Enterprise Portfolio (EP), IFRS 9 stage and the original loan size whether it was smaller or larger than N$15 million. PD methodology basis	1% - 5% 12% - 22%	10% - 25% 25% - 45%	100% 100%

ECL for Stage 1 is calculated by multiplying the 12-month PD by the LGD and EAD

Lifetime ECL is calculated by multiplying the lifetime PD by LGD and EAD.

The methodology of estimating PDs is discussed above under the heading 'Generating the term structure of PD'.

LGD is the magnitude of the likely loss if there is a default. The Bank estimates LGD parameters based on the history of recovery rates of claims against defaulted counterparties. The LGD models consider the structure, collateral, seniority of the claim, counterparty industry and recovery costs of any collateral that is integral to the financial asset. For loans secured by retail property, loan-to-value (LTV) ratios are a key parameter in determining LGD. The LGD estimates are recalibrated for different economic scenarios and, for real estate lending, to reflect possible changes in property prices. They are calculated on a discounted cash flow basis using the effective interest rate as the discounting factor.

EAD represents the expected exposure in the event of a default. The Bank derives the EAD from the current exposure to the counterparty end potential changes to the current amount allowed under the contract and arising from amortization. The EAD of a financial asset is its gross carrying amount at the time of default. For lending commitments, the EADs are potential future amounts that may be drawn under the contract, which are estimated based on historical observations and forward-looking forecasts. For financial guarantees, the EAD represents the amount of the guaranteed exposure when the financial guarantee becomes payable.

As described above, and subject to a maximum of a 12-month PD for Stage 1 financial assets, DBN measures ECL considering the risk of default over the maximum contractual period (including any borrower's extension options) over which it is exposed to credit risk, even if, for credit risk management purposes, DBN considers a longer period. The maximum contractual period extends to the date at which DBN has the right to require repayment of an advance or terminate a loan commitment or guarantee.

At the client or transactional level, these assessments serve as one of DBN's primary mechanisms through which client credit quality is monitored. At portfolio level, results of the semi-annual review program are aggregated on the basis of consistent criteria, viz. default probabilities, industry and geographical sector, and the portfolio assessed to measure and monitor changes in its credit quality and diversification.

Loans with renegotiated terms

Loans with renegotiated terms are loans that have been restructured due to deterioration in the borrower's financial position and where the Bank has made concessions that it would not otherwise consider. Once the loan is restructured it is reclassified to the performing loans category after being kept in the original category for at least 3 months. Extensions of credit are monitored and reviewed periodically to make sure that the creditworthiness of the borrower has not deteriorated.

28. Financial risk management (continued)
28.2 Credit risk (continued)

The total outstanding balance of loans restructured in 2021/22 to N$ 779,669,769 as at 31 March 2022 (2021: N$407,238,467). Expected credit loss increased to N$ 1.58 billion (2021: N$ 1.08 billion). The increase is primarily due to increases in stage 3 assets to N$ 2.2 billion (2021: N$ 1.6 Billion) as a result of some clients moving to non-performing loan status and is also due to exposures moving from stage 1 to stage 2. The Bank has adjusted the expected credit loss for the COVID-19 impact and reduction in valuations of collateral in 2021/22. These revisions have been incorporated into the bank`s credit provision models in line with IFRS 9 requirements, with all segments and portfolios experiencing notable incremental impacts from forward-looking adjustments. All provisions raised reflect the bank's best estimates against available data and scenario analysis and are considered appropriately prudent given the prevailing COVID-19 risk in the economy.

Write-off policy

As at year-end, DBN has a total balance of N$116,153,246 (2021: N$342,129,952) loans that has been written off but are still subject to the enforcement activities in order to comply with the bank's procedures for recovery of amounts due.

28.3 Liquidity risk

Liquidity risk is the risk that the Bank will encounter difficulty in meetings its obligations associated with its financial liabilities that are being settled by delivering cash or another financial assets. The Bank manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by monitoring cash flow forecasts and by matching the maturity profiles of financial assets and liabilities on a monthly basis. The key measure used by the Bank is the cash level reserves measured as a percentage of capital reserves. For the period under review, the reserve levels were targeted to be at a minimum of 12.5% and a maximum of 22.5% based on the financial model used for budgeting. As at 31 March 2022 the cash level reserve stood at 34.8% (2021: 31.1%).

N$	2022		2021	
	Fair value	Carrying amount	Fair value	Carrying amount
Cash and balances with banks	299,787,280	299,787,280	161,839,125	161,839,125
Call deposits	827,494,213	827,494,213	904,842,787	904,842,787
Undrawn facilities *	470,000,000	-	470,000,000	-
Total liquidity reserves	1,597,281,493	1,127,281,493	1,536,681,912	1,066,681,912

**This is the actual unused amount on the approved borrowings.*

Contractual undiscounted cash flows of financial assets and liabilities

	Contractual cash flows					
N$: 2022	Carrying amount	Demand	1-12 months	1-3 years	3-5 years	Over 5 years
Cash and cash equivalents	1,127,281,493	557,849,836	573,638,190	-	-	-
Trade and other receivables	4,613,663	4,613,663	-	-	-	-
Staff home ownership scheme loans*	121,266,513	-	10,683,871	21,318,158	20,412,871	126,340,448
Loans and advances to customers	6,970,635,911	-	1,619,300,255	2,523,863,904	2,191,323,387	3,060,855,369
Total financial assets	8,223,797,580	562,463,499	2,203,622,316	2,545,182,062	2,211,736,258	3,187,195,817
Liabilities						
Trade and other payables	(28,329,508)	-	(30,029,481)	(1,675,925)	-	-
Credit line facility	(193,262,471)	(193,262,471)	-	-	-	-
Relief loans	(415,073,723)	(415,073,723)	-	-	-	-
Bonds issued	(260,524,278)	-	(117,748,491)	(47,521,565)	(17,204,200)	(147,227,767)
Fixed term facility	(146,525,153)	-	(31,609,714)	(141,677,856)	-	-
Line of credit facility	(4,251,391,870)	-	(563,092,441)	(1,145,296,098)	(1,005,225,022)	(2,678,478,772)
Total liabilities	(5,295,107,002)	(608,336,194)	(742,480,127)	(1,336,171,444)	(1,022,429,222)	(2,825,706,539)
Net liquidity excess/ (gap)	2,928,690,578	(45,872,695)	1,461,142,189	1,209,010,618	1,189,307,036	361,489,278
Cumulative liquidity excess	-	(45,872,695)	1,415,269,494	2,624,280,112	3,813,587,148	4,175,076,426

Credit line facility and Relief loans, which have in previously issued financial statements been incorrectly disclosed as being repayable in longer term time buckets, have now correctly been disclosed in these re-issued financial statements as being repayable on demand (see note 34).

As at 31 March 2022, DBN breached a KfW loan covenant, the Open Credit Exposure Ratio (OCER)*, exceeding the stipulated 20% limit, due to a high level of non-performing loans. The terms of the agreement stipulate that KfW have the right to call the loan in the event of a loan covenant breach, and as such the KfW facilities have been disclosed as current. As at the date of the approval of these re-issued financial statements by the board, the loan has not been called. DBN and KfW are in the final stages of agreeing a revised and more appropriate OCER Ratio. There is no concern around liquidity or the ability of the company to continue as a going concern as even if the loan was called, the bank would have sufficient liquid resources available to meet its credit obligations as they become due on its ordinary course of business.

*OCER means the ratio of (i) Non-performing Loans less impairment of loans and advances to (ii) Total equity, expressed in percentage terms.

			Contractual cash flows			
N$: 2021	Carrying amount	Demand	1-12 months	1-3 years	3-5 years	Over 5 years
Cash and cash equivalents	1,066,681,912	649,658,186	417,023,726	-	-	-
Trade and other receivables	5,452,103	5,452,103	-	-	-	-
Staff home ownership scheme loans*	117,866,651	-	9,850,181	29,354,406	9,620,452	119,129,587
Loans and advances to customers	7,922,882,110	-	1,359,151,563	2,628,884,717	2,107,505,751	4,087,633,747
Total financial assets	9,112,882,776	655,110,289	1,786,025,470	2,658,239,123	2,117,126,203	4,206,763,334
Liabilities						
Trade and other payables	(23,599,119)	-	(23,291,317)	(307,802)	-	-
Bonds issued	(230,581,119)	-	(118,140,803)	(139,510,890)	-	-
Credit line facility	(214,736,079)	-	(35,031,403)	(65,724,470)	(63,553,321)	(120,967,436)
Relief Loans	(450,822,637)	-	(52,813,132)	(190,919,757)	(178,100,697)	(84,215,707)
Fixed term facility	(544,492,005)	-	(102,826,397)	(160,453,298)	(294,128,055)	(191,634,055)
Line of credit facility	(4,530,534,603)	-	(480,327,064)	(1,114,251,524)	(1,052,060,934)	(3,075,358,831)
Total liabilities	(5,994,765,562)	-	(812,430,116)	(1,671,167,741)	(1,587,843,007)	(3,472,176,029)
Net liquidity excess/ (gap)	3,118,117,214	655,110,289	973,595,354	987,071,382	529,283,196	734,587,305
Cumulative liquidity excess	-	655,110,289	1,628,705,643	2,615,777,025	3,145,060,221	3,879,647,526

28.4 Market risk

The Asset and Liability Committee (ALCO) reports quarterly to the Board Audit, Risk and Compliance Committee, which monitors risks and policies implemented to mitigate risk exposures.

Market risk is the risk that changes in market prices such as interest rates, foreign exchange rates and equity prices will affect income or the value of its holdings. The Bank's activities expose it primarily to the financial risks of changes in interest rates. The Bank entered into transactions that resulted in exposures to foreign currency risk in prior years.

Interest rate risk

The Bank takes on exposure to the effects of fluctuations in the prevailing levels of market interest rates on its financial position and cash flows. Interest margins may increase as a result of such changes but may reduce or create losses in the event that unexpected movements arise. The Board of Directors sets limits on the level of mismatch of interest rate re-pricing that may be undertaken, which is monitored daily.

As part of the process of managing the Bank's interest rate risk, interest rate characteristics of new investments and the refinancing of existing investments are positioned according to expected movements in interest rates.

Sensitivity analysis for interest rates

The interest rate sensitivity analyses have been determined based on the exposure to interest rates at the reporting date. A 50 basis point increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 50 basis points higher/lower and all other variables were held constant, the Bank's profit and equity for the year ended 31 March 2021 would increase/decrease by N$11,613,257 (2021: increase/decrease by N$16,154,524). This is mainly attributable to the Bank's exposure to interest rates on its variable rate investment portfolio and floating price structure of loans advanced, and funding liabilities.

The Bank's sensitivity to interest rates has not changed during the current year. Loans and advances are normally priced at variable rates linked to market rates such as prime lending rate or Johannesburg Interbank Agreed Rate (JIBAR) and are re-priced as and when these interest rates change. The term to repricing of the majority of interest earning assets are therefore either immediate on demand or on a short-term base.

28. Financial risk management (continued)

28.4 Market risk (continued)

Interest rate exposure

N$ 2022			Term to repricing				
Assets	Effective interest rate	Carrying amount	Demand	1-12 months	2 - 5 years	Over 5 years	Non-interest earning / bearing
Cash and cash equivalents	4.68%	1,127,281,493	560,857,667	566,423,827	-	-	-
Trade and other receivables	-	4,613,663	-	-	-	-	4,613,663
Staff home loans and benefits	4.37%	121,266,513	121,266,513	-	-	-	-
Loans and advances to customers	8.26%	6,970,635,911	3,604,916,849	3,210,351,207	145,599,596	9,768,259	-
Total financial assets		8,223,797,580	4,287,041,029	3,776,775,034	145,599,596	9,768,259	4,613,663
Liabilities							
Bonds	8.85%	(260,524,278)	-	(130,659,887)	(129,864,388)	-	-
Line of credit facility	4.79%	(4,251,391,870)	-	(4,251,391,870)	-	-	-
Fixed term facility	6.62%	(146,525,153)	-	(146,525,153)	-	-	-
Credit line facility	6.91%	(193,262,471)	(193,262,471)	-	-	-	-
Trade and other liabilities	-	(28,329,508)	-	-	-	-	(28,329,508)
Relief loans	3.93%	(415,073,723)	(415,073,723)	-	-	-	-
Total financial liabilities		(5,295,107,003)	(608,336,194)	(4,528,576,910)	(129,864,388)	-	(28,329,508)
Net interest sensitivity excess / (gap)		2,928,690,577	3,678,704,835	(751,801,876)	15,735,208	9,768,259	(23,715,845)

N$ 2021 **Assets**	Effective interest rate	Carrying amount	Demand	1-12 months	2 - 5 years	Over 5 years	Non-interest earning / bearing
Cash and cash equivalents	4.05%	1,066,681,912	649,658,186	417,023,726	-	-	-
Trade and other receivables	-	5,452,103	-	-	-	-	5,452,103
Staff home loans and benefits	4.03%	117,866,651	117,866,651	-	-	-	-
Loans and advances to customers	7.79%	7,922,882,110	4,088,864,461	3,582,101,415	242,665,993	9,250,241	-
Total financial assets		9,112,882,776	4,856,389,298	3,999,125,141	242,665,993	9,250,241	5,452,103
Liabilities							
Bonds	8.85%	(230,581,119)	-	-	(230,581,119)	-	-
Line of credit facility	4.68%	(4,530,534,603)	-	(4,530,534,603)	-	-	-
Fixed term facility	6.14%	(544,492,005)	-	(544,492,005)	-	-	-
Relief loans	3.93%	(450,000,000)	-	-	-	(450,000,000)	-
Trade and other liabilities	-	(34,599,119)	-	-	-	-	(34,599,119)
Dividends retained for redeployment	-	(44,439,478)	-	-	-	-	(44,439,478)
Total financial liabilities		(5,834,646,326)	-	(5,075,026,608)	(230,581,119)	(450,000,000)	(79,038,597)
Net interest sensitivity excess / (gap)		3,278,236,450	4,856,389,298	(1,075,901,467)	12,084,874	(440,749,759)	(73,586,494)

Comparatives have been restated to conform to disclosures in the current year.

The interest repricing gap between the 1-12 month category results from the mismatch between prime-linked assets (included under Demand category) and JIBAR-linked liabilities (repriced quarterly).The potential shift in the spread between SA Prime rate and JIBAR over any period of time poses a risk to the bank. Although hedging strategies can be put in place to manage this risk, management is of view that this risk is minimal as historically, there has been a perfect correlation between SA Prime rate and JIBAR and equally between SA Prime rate and Nam Prime rate.

Credit line facility and Relief loans, which have in the previously issued financial statements been incorrectly disclosed as being repayable in longer term time buckets, have now correctly been disclosed in these re-issued financial statements as being repayable on demand (refer note 34).

28.5 Foreign currency risk

During the year under review, the Bank undertook transactions denominated in foreign currency (US Dollar), consequently exposures to exchange rate fluctuations arose.

The carrying amount of the Bank's foreign currency denominated monetary assets at the end of the reporting year are as follows:

N$	2022	2021
Equity investments	47,684,662	47,684,662

Foreign currency sensitivity analysis

The following table details the Bank's sensitivity to a 10% increase and decrease in NAD to the relevant foreign currency exposure for the cross currency exposure. An exchange rate of NAD/USD 14.48 (2021: 14.62) was applied at year end and a movement of 10% was added or deducted to calculate the sensitivity.

N$	2022	2021
Profit or loss	4,768,466	4,768,466

The sensitivity analysis represent the change in the foreign currency rate used at yearend to convert the equity investment amount. In management's opinion, the Bank's foreign currency exposure is therefore very limited and does not pose a risk to the Bank's operation.

28.6 Equity price risk

The Bank is exposed to equity price risks arising from its equity investments. Equity investments are held for strategic rather than trading purposes.

The Bank does not actively trade these investments.

The sensitivity analyses below have been determined based on the exposure to equity price risk at the end of the reporting year. If the equity prices had been 5% higher or lower:

- Profit for the year ended 31 March 2022 would have been unaffected as the equity investments are classified as Equity investment FVOCI, and no investments were disposed of or impaired.
- Other comprehensive income for the year ended 31 March 2022 would increase/decrease by N$ 12,884,233 (2021: N$13,639,467).

28.7 Capital management

The Bank's objective in managing its capital is to safeguard the Bank's ability to continue as a going concern, through ensuring a sufficient cushion against unexpected losses, and to provide for an acceptable growth rate in the Bank's development finance activities. The Bank monitors and manages its capital adequacy within the applicable policy guidelines, a resource mobilisation strategy and in line with the capital adequacy framework approved by the Board.

Overall capital adequacy within the Bank is measured both quantitatively and qualitatively. The quantitative analysis focuses on risk-based and leverage ratios whilst the qualitative assessment considers the quality of earnings, the quality of assets, the Bank's business strategy and the effectiveness of risk management.

The Bank has adopted a self-imposed capital adequacy framework that differentiates between the risks assumed on different asset classes and provides for market and operational risk, whilst at the same time adhering voluntarily to the overarching regulatory capital requirement applicable to local financial institutions. At reporting date, the Bank's capital adequacy ratio stood at 102% (2021: 83%).

Capital comprises of share capital, share premium, retained earnings and reserves. The capital ratio is calculated as Shareholders' capital divided by risk-weighted assets, where risk-weighted assets comprise of balance sheet assets (as shown on the Statement of Financial position) after applying the relevant risk weights for each asset category.

N$	2022	2021
Share capital	165,000,000	165,000,000
Share premium	1,842,071,178	1,842,071,178
Retained earnings plus reserves	1,229,184,559	1,320,020,317
	3,236,255,737	3,327,091,495

29. Fair value of financial instruments

The Bank measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:

- Level 1: Financial instruments valued with reference to quoted market price (unadjusted) in an active market for identical assets and liabilities. An active market is one in which transactions occur with sufficient volume and frequency to provide pricing information on an on-going basis. This category includes capital market assets, listed equity investments and debt securities.
- Level 2: Financial instruments valued using inputs other than quoted prices as in level 1 but that are observable for the asset or liability, either directly or indirectly, such as: quoted prices for similar assets or liabilities in inactive markets; quoted price for identical or similar assets or liabilities in inactive markets; valuation models using observable inputs; and valuation models using inputs derived from or corroborated by observable market data. This category includes deposits, derivatives, unlisted equity investments and debt securities.
- Level 3: Financial instruments valued using net present value or discounted cash flow models. Valuation techniques using significant unobservable inputs. This category includes all instruments where the valuation technique include inputs not based on observable data and the unobservable inputs have a significant effect on the instrument's valuation.

Valuation techniques include net present value and discounted cash flow models, comparison with similar instruments for which observable market data exists, pricing models and other valuation models.

The objective of using valuation techniques is to arrive at a fair value measurement that reflects the price that would be received to sell the asset or paid to transfer the liability in an orderly transaction between market participants at the measurement date.

The Bank uses recognised valuation models to determine the fair value of the interest rate and currency swap that use only observable market data and require little of management judgment and estimation. Observable prices or model inputs are usually available in the market for simple over-the-counter (OTC) derivatives such as interest rate swaps. Observable market prices and model inputs reduce the need for management judgment and estimation and reduces the uncertainty associated with determining fair values. Observable market prices and model inputs are prone to changes based on specific events and general conditions in the financial markets.

Valuation models that employ significant unobservable inputs require a higher degree of management judgment and estimation in the determination of fair value. Management judgment and estimation are usually required for the selection of the appropriate valuation model to be used, determination of expected future cash flows on the financial instrument being valued, determination of expected volatilities and correlations and selection of appropriate discount rates.

The underlying definition of fair value being that an entity is a going concern without any intention or necessity to liquidate, curtail materially the scale of its operations or to undertake a transaction on adverse terms. Fair value is not therefore, the amount that an entity would receive or pay in a forced transaction, involuntary liquidation, or distress sale. However, fair value reflects the credit quality of the instrument.

29 *Fair value of financial instruments (continued)*

The following table analyses financial instruments measured at fair value at the reporting date, by the level in the fair value hierarchy into which the fair value measurement is categorized. The amounts are based on the values recognised in the Statement of Financial Position.

N$ 2022	Note	Level 1	Level 2	Level 3	Total
Equity investments at FVOCI					
Equity investments	17	-		257,684,662	257,684,662
Financial assets		-	-	257,684,662	257,684,662

N$ 2021	Note	Level 1	Level 2	Level 3	Total
Equity investments at FVOCI					
Equity investments	17	-		267,684,662	267,684,662
Financial assets		-	-	267,684,662	267,684,662

The Ohorongo valuation model is sensitive to changes in forecasted sales volume. Forecasted sales is assumed to be based on 2020 actual escalated with a Namibian GDP forecast view plus a 2%-point growth adjustment for local sales and a more aggressive expansionary growth rate for export sales. If the forecast view is reduced by 2% annually (the additional growth adjustment factor) and the export growth removed, the valuation drops to N$193 million. This represents the worst-case result of the model. The best-case result produces a valuation of N$239 million, with the view that export sales remain the same as the base case, but the local sales growth factor increases to 5%-points from 2% in the base-case. Base-case overall plant utilisation growth is assumed, but is limited to less than 60% utilisation within the five-year view. The selling price view is assumed to be CPI linked, with the base-case assuming a two-year 1%-point reducing adjustment to CPI growth. The key assumption used in the valuation model is disclosed in note 28.5,

The Norsad valuation key sensitivity is to foreign currency fluctuation with the sensitivity disclosed in note 28.5.

The Amazing Kids key assumption use for the valuation model is disclosed in note 28.5.

Reconciliation of financial instruments

N$ 2022	Equity investments
Balance at 1 April 2021	267,684,662
Total (loss) / gain recognised in other comprehensive income	(10,000,000)
Fair value at 31 March 2022	257,684,662

N$ 2021	Equity investments
Balance at 1 April 2020	272,789,349
Loan conversion	10,000,000
Total (loss) / gain recognised in other comprehensive income	(15,104,687)
Fair value at 31 March 2021	267,684,662

Equity investments

The fair value of equity investments is determined by using dividend discount methodologies and discounted cash flow (DCF). However, alternative valuation methods are adopted in instances where reasonable reliance cannot be placed on the use of the income approach valuation method due to limiting factors. The following principle methods have been used to determine the fair value of the unlisted equity investments at reporting date:

Ohorongo Cement (Pty) Ltd

Applicable to 2022

The fair value was determined by using the discounted cash flow method, and using the market value to calibrate the model. A minority discount of 18% being applied to determine the fair value of the Bank's investment in Ohorongo. The key assumptions on which the valuation is based are as follows:

1. Production and sales are based on Namibia GDP forecast, and an expected improvement in export volumes.
2. COVID-19 considerations are reflected in the use of the GDP forecast data.
3. A forecast period of 5 years was used for discounting the projected free cash flow, the Gordon Growth model was used to estimate terminal value.
4. The mid-point weighted average cost of capital applied is 13.5%.5. A terminal growth rate percentage of 3.20% was applied.
5. A terminal growth rate percentage of 3.20% was applied.

Applicable to 2021

The fair value was determined by using the discounted cash flow method, and using the market value to calibrate the model. A minority discount of 18% being applied to determine the fair value of the Bank's investment in Ohorongo. The key assumptions on which the valuation is based are as follows:

1. Production and sales are based on Namibia GDP forecast, and an expected improvement in export volumes.
2. COVID-19 considerations are reflected in the use of the GDP forecast data. An additional N$11 million reduction was made due to COVID-19.
3. A forecast period of 5 years was used for discounting the projected free cash flow, the Gordon Growth model was used to estimate terminal value.
4. The mid-point weighted average cost of capital applied is 11.94%.
5. A terminal growth rate percentage of 3.20% was applied.

Norsad Finance Ltd

1. The equity investment shareholding was fair valued using the dividend discount model approach. The key assumptions on which the valuation is based are as follows:
2. A dividend of 50% of the annual profit was assumed to determine cash flows;
3. Discount rate at the Namibian Bond GC40 (2021: GC40) yield rate, with a premium of 300bps for the ordinary shares;
4. 2/3 preference dividends for the preference shares; and
5. A forecast period of five years was used and a multiple of 12 (2021: 13) times was used to estimate terminal value.
6. COVID-19 considerations are reflected by the use of the weighted SADC forecast data.

The methods described above may produce a fair value measurement that may not be indicative of ultimate realisable value. However, management believes there is no other means of determining fair value for this investment. The estimated values may differ significantly from the values that would have been used had a readily available market for such investments existed, or had such investments been liquidated, and these differences could be material to the financial statements.

Amazing Kids

The fair value was determined by using the discounted cash flow method. The key assumptions on which the valuation is based are as follows:

1. Fair rate of return was assumed to be 11.77%;
2. A minority discount of 18% as well as a marketability discount of 25% is applied to get to the fair value; and
3. Management forecast was used as the bases of the forecast model.

30 Offsetting financial assets and financial liabilities

Financial assets and liabilities are offset and the net amount is reported in the statement of financial position where the Bank currently has a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis ore realise the asset and settle the liability simutaneously.

The following table presents the recognised financial instruments that are offset, or subject to enforceable master netting arrangements.

	2022			2021		
N$:	Gross amounts	Gross amounts set off in the statement of financial position	Net amounts presented in the statement of financial position	Gross amounts	Gross amounts set off in the statement of financial position	Net amounts presented in the statement of financial position
Financial assets						
Cash and cash equivalents	1,169,922,937	42,641,444	1,127,281,493	1,147,938,024	81,256,112	1,066,681,912
Trade and other receivables	5,692,238	-	5,692,238	5,452,103	-	5,452,103
Staff home ownership scheme loans	121,266,513	-	121,266,513	117,866,651	-	117,866,651
Loans and advances to customers	6,970,635,911	-	6,970,635,911	7,922,882,110	-	7,922,882,110
Total financial assets	8,267,517,599	42,641,444	8,224,876,155	9,194,138,888	81,256,112	9,112,882,776
Financial liabilities						
Trade and other payables	28,329,508	-	28,329,508	23,599,119	-	23,599,119
Credit line facility	193,262,471	-	193,262,471	214,736,079	-	214,736,079
Relief Loans	415,073,723	-	415,073,723	450,822,637	-	450,822,637
Line of credit facility	4,251,391,870	-	4,251,391,870	4,530,534,603	-	4,530,534,603
Bonds issued	303,165,722	42,641,444	260,524,278	311,837,231	81,256,112	230,581,119
Fixed term facility	146,525,153	-	146,525,153	544,492,005	-	544,492,005
Total financial liabilities	5,337,748,446	42,641,444	5,295,107,002	6,076,021,674	81,256,112	5,994,765,562

31 Analysis of assets and liabilities

The table that follows sets out the company's classification of assets and liabilities:

N$:	Note	2022 Total carrying amount	2022 FVOCI	2022 Amortised cost	2022 Non-financial assets and liabilities	2021 Total carrying amount	2021 FVOCI	2021 Amortised cost	2021 Non-financial assets and liabilities
Assets									
Cash and cash equivalents	11	1,127,281,493	-	1,127,281,493	-	1,066,681,912	-	1,066,681,912	-
Trade and other receivables	12	5,692,238	-	4,613,663	1,078,575	5,452,103	-	4,017,316	1,434,787
Staff home ownership scheme loans	15	121,266,513	-	121,266,513	-	117,866,651	-	117,866,651	-
Loans and advances to customers	13	6,970,635,911	-	,970,635,911	-	7,922,882,110	-	7,922,882,110	-
Equity investments	17	257,684,662	257,684,662	-	-	267,684,662	267,684,662	-	-
Other non-financial assets		92,173,063	-	-	92,173,063	85,969,375	-	-	85,969,375
Total assets		8,574,733,880	257,684,662	8,223,797,580	93,251,638	9,466,536,813	267,684,662	9,111,447,989	87,404,162
Liabilities									
Trade and other liabilities	19.2	28,329,508	-	28,329,508	-	23,599,119	-	23,599,119	-
Credit line facility	19.7	193,262,471	-	193,262,471	-	214,736,079	-	214,736,079	-
Relief loans	19.3	415,073,723	-	415,073,723	-	450,822,637	-	450,822,637	-
Line of credit facility	19.4	4,251,391,870	-	4,251,391,870	-	4,530,534,603	-	4,530,534,603	-
Bonds	19.5	260,524,278	-	260,524,278	-	230,581,119	-	230,581,119	-
Fixed term facility		146,525,153	-	146,525,153	-	544,492,005	-	544,492,005	-
Other non-financial liabilities	20	43,371,140	-	-	43,371,140	44,439,478	-	-	44,439,478
Total liabilities		5,338,478,142	-	5,295,107,002	43,371,140	6,039,205,040	-	,994,765,562	44,439,478
Total equity		3,236,255,737	-	-	3,236,255,737	3,427,331,773	-	-	3,427,331,773
Total liabilities and equity		8,574,733,879	-	5,295,107,002	3,279,626,877	9,466,536,813	-	5,994,765,562	3,471,771,251

32 Notes to the cash flow statement

N$	Note	2022	2021
32.1 Cash generated by operations			
(Loss) / profit for the year		(184,499,259)	116,522,564
Adjusted for:			
Unwinding of discounted present value on off-market loans		7,908,387	(12,817,660)
Fair value adjustments of off-market loans		(2,171,712)	7,000,752
Depreciation and amortisation		8,264,120	8,571,059
Net impairment on loans and advances		446,838,849	155,901,014
(Gain) / loss on disposal of property and equipment		(10,000)	1,604,919
Government grants received		(22,500,000)	(14,000,000)
Interest on lease liabilities		272,412	151,987
Lease payments on lease liabilities		(2,939,060)	(3,191,957)
Accrued interest		2,850,325	(27,062,363)
IIS reversal and Interest on net credit impaired loans per IFRS9		11,366,943	9,356,428
		265,381,004	242,036,743
Increase in trade receivables		(240,135)	(27,629)
Increase in trade payables		(4,730,389)	(59,210,688)
		260,410,481	182,798,426
32.2 Cash receipts from customers			
Interest received		612,684,079	652,052,077
Bad debts recovered		14,735,416	7,241,721
Fee and dividend income		22,301,733	48,456,758
		649,721,228	707,750,556
32.3 Cash paid to suppliers and employees			
Interest paid		(259,349,847)	(339,710,048)
Operating expenditure		(129,960,900)	(185,242,082)
		(389,310,747)	(524,952,130)
32.4 Decrease in loans and advances			
Staff home ownership scheme loans		(3,399,862)	(25,750,491)
Loans and advances		504,127,346	381,245,104
		500,727,484	355,494,613

33 Segment information

A. Basis for segmentation

Operating segments: The Bank considers its banking operations as one operating segment; however, it is including segment reporting to split operations between SME and LE customers. The Bank's lending activities are split between the SME Finance unit and Investment unit which are based on the split of the lending activities.

These two divisions service different segments of the market.

Reportable segments:

- SME Finance (SME) - Loans to SME entities including youth programs (turnover below N$10 million)
- Investments (LE) - Loans & equity investments offered to large enterprises (turnover N$10 million and higher)

Segment reporting

An operating segment is a component of the Bank that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses relating to transactions with any of the Bank's other components, whose operating results are reviewed to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available. Segment results that are reported include items that are directly attributable to a segment as well as those that can be allocated on a reasonable basis. Corporate comprises mainly of revenues, expenses, assets & liabilities that are shared and cannot be reasonably allocated.

B. Income Statement Segmentation

N$:	Note	Total 2022	SME	LE	Corporate	Total 2021	SME	LE	Corporate
Interest income	4	602,816,843	33,547,066	518,062,005	51,207,772	655,513,309	33,248,456	576,548,002	45,716,851
Interest expense	5	(262,472,165)	(9,187,016)	(253,005,147)	(280,002)	(312,799,672)	(7,519,553)	(305,126,780)	(153,339)
Net interest income	5	340,344,678	24,360,050	265,056,858	50,927,770	342,713,637	25,728,903	271,421,222	45,563,512
Fee and commission income	6	19,545,899	7,814,972	11,730,927	-	19,256,868	7,699,410	11,557,458	-
Operating income		359,890,577	32,175,023	276,787,784	50,927,770	361,970,505	33,428,313	282,978,680	45,563,512
Other income	7	25,458,649	22,500,000	-	2,958,649	43,199,890	22,334,952	20,797,338	67,600
Net gains / (losses) on initial recognition of financial assets at amortised cost	9	(5,736,675)	(1,657,786)	(4,078,889)	-	(7,000,752)	(2,023,079)	(4,977,673)	-
Net impairment on loans and advances	14	(432,103,434)	(73,088,659)	(359,014,775)	-	(148,659,293)	(69,673,439)	(78,985,854)	-
Operating expenses	8	(132,008,377)	(41,815,060)	(90,193,317)	-	(132,987,786)	(42,125,298)	(90,862,488)	-
Direct		(39,979,534)	(18,524,574)	(21,454,960)	-	(40,276,154)	(18,662,013)	(21,614,141)	-
Shared cost allocated		(92,028,843)	(23,290,486)	(68,738,357)	-	(92,711,632)	(23,463,285)	(69,248,347)	-
(Loss) / profit before tax		(184,499,260)	(61,886,482)	(176,499,197)	53,886,419	116,522,564	(58,058,551)	128,950,003	45,631,112
Tax expense	10	-	-	-	-	-	-	-	-
(Loss) / profit for the year		(184,499,260)	(61,886,482)	(176,499,197)	53,886,419	(58,058,551)	128,950,003	45,631,112	45 631 112
Other comprehensive (loss) / income, net of income tax		(6,576,776)	-	(10,000,000)	3,423,224	-	(15,104,687)	(1,177,599)	(1,177,599)
Revaluation gain on property	22.1	3,423,224	-	-	3,423,224	-	-	(1,177,599)	(1,177,599)
Fair value adjustments on FVOCI equity investment financial assets	22.2	(10,000,000)	-	(10,000,000)	-	-	(15,104,687)	-	-
Total comprehensive (loss) / income		(191,076,036)	(61,886,482)	(186,499,197)	57,309,643	100,240,278	(58,058,551)	113,845,316	44,453,513

C. Statement of financial position

N$:	Note	Total 2022	SME	LE	Corporate	Total 2021	SME	LE	Corporate
Assets									
Cash and cash equivalents	11	1,127,281,493	-	-	1,127,281,493	1,066,681,912	-	-	1,066,681,912
Trade and other receivables	12	5,692,238	-	-	5,692,238	5,452,103	-	-	5,452,103
Staff home ownership scheme loans	15	121,266,513	-	-	121,266,513	117,866,651	-	-	117,866,651
Loans and advances to customers	13	6,970,635,911	276,486,248	6,694,149,663	-	7,922,882,110	446,605,331	7,476,276,779	-
Equity investments	17	257,684,662	-	257,684,662	-	267,684,662	-	267,684,662	-
Property and equipment and right of use assets	16	84,555,788	-	-	84,555,788	78,535,860	-	-	78,535,860
Intangible assets	18	7,617,275	-	-	7,617,275	7,433,515	-	-	7,433,515
Total assets		8,574,733,880	276,486,248	6,951,834,325	1,346,413,307	9,466,536,813	446,605,331	7,743,961,441	1,275,970,041
Liabilities									
Trade and other liabilities	19	28,329,508	-	-	28,329,508	23,599,119	-	-	23,599,119
Term loan facilities	19.2	-	-	-	-	-	-	-	-
Line of credit facility	19.3	4,251,391,870	168,629,003	4,082,762,867	-	4,530,534,603	177,451,462	4,286,889,051	66,194,090
Bonds	19.4	260,524,278	-	260,524,278	-	230,581,119	-	230,581,119	-
Fixed term facility	19.5	146,525,153	-	146,525,153	-	544,492,005		544,492,005	-
Credit line facility	19.6	193,262,471	-	193,262,471	-	214,736,079	-	214,736,079	-
Relief loans	19.7	415,073,723	-	-	415,073,723	450,822,637	-	-	450,822,637
Dividends retained for redeployment	20	43,371,140	-	-	43,371,140	44,439,478	-	-	44,439,478
Total liabilities		5,338,478,142	168,629,003	4,683,074,768	486,774,371	6,039,205,040	177,451,462	5,276,698,254	585,055,324
Equity									
Share capital and share premium	21	2,007,071,178	-	-	-	2,007,071,178	-	-	-
Retained earnings		1,208,993,424	-	-	-	1,393,492,684	(177,451,462)	(177,451,462)	(177,451,462)
Reserves	22	20,191,135	-	-	-	26,767,911	-	-	-
Total equity		3,236,255,737	107,857,245	2,268,759,557	859,638,936	3,427,331,773		2,467,263,187	690,914,717
Total liabilities and equity		8,574,733,879	276,486,248	6,951,834,325	1,346,413,307	9,466,536,813	446,605,331	7,743,961,441	1,275,970,041

34 Issue of revised annual financial statements

On 30 June 2022 the directors approved the annual financial statements for the year ended 31 March 2022, correctly disclosing the line of credit and relief loans facilities in note 28.3 and 28.4. as “On Demand”. Due to an administrative oversight, DBN issued annual financial statements incorrectly disclosing the facilities in longer term time buckets. These revised financial statements provide the correct and expanded disclosure on the facility. In addition, the previously issued annual financial statements omitted disclosure relating to the details of the breach of a loan covenant, which have now been provided in note 28.3.

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