

# AGRICULTURE- CREDIT LENDING

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23<sup>rd</sup> September 2021

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# THE AGRICULTURAL MINIMUM QUALIFYING CRITERIA

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Finance is provided to all farmers including both full and part-time farmers who derive the primary income (<50% income) from farming activities. Recently the bank approved an emerging farmers policy that is assisting farmers who are at the verge of becoming commercial farmers. The farmer would have to demonstrate that he has been supplying or has contracts with off-takers which he has been supplying. This can be in a form of invoices, deposits into the current account or payment remittance from the off-taker.

# INFORMATION REQUIREMENTS

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- Resolution
- Client Profile
- Annual Financial Statements (at least 3 years)
- Management Accounts (if the date of financial statements is more than 6 months)
- Cash flow forecasts with assumptions
- Collateral

# AGRIC PRODUCTS

- **Agric Mortgage Bond**

The Agric Term Loan serves the purpose to finance the acquisition of, improvement, or the refinance agricultural properties, normally with a 10 year with a fixed repayment structure.

- **Term Loan**

The Agric Term Loan serves the purpose to finance the acquisition of agricultural assets, including livestock, as well as for the consolidation of the debt (carry over debt). The repayment is negotiable and varies from 12 to 60 months, with the exception to the breeding stock which will be up to maximum of 84 months.

- **Production Credit/Working Capital**

The production Credit Facility serves the purpose to finance the production costs directly related to the cultivation of the crop and input costs for livestock e.g. seeds, fertilizer, fuel oil, weed killers, pesticides, etc.

# AGRI PRODUCTS CONT....

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## **Overdraft Facility**

**This is associated with the production loans and usually granted as one facility. This is to cover other expenses i.e. living expenses, instalments est.**

**- In other event an Overdraft is granted as a bridging finance for an entity experiencing delayed payments from an off-takers**

# AGRI PRODUCTS CONTI

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- **Other products offered by Absa Bank**
  - i. Revolving Credit Facility/Invoice discounting**
  - ii. FOREX**
  - iii. Asset Finance (CAF)**
  - iv. Credit Card**
  - v. Business Debt Card**
  - vi. Business Pre-paid Card**
  - vii. Stock and Debtor Financing**

# 7 ADDING VALUE TO THE CLIENT

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- **As Absa Bank, we add value to the client as we have two dedicated Relationship Managers overseeing the North and South regions of the country.**
- **Tapping into our team of Agri Specialists in South Africa on complicated deals, offering tailor made solutions supporting the clients business model.**
- **Monthly production reports on different sectors indicating areas with opportunity to invest in sent to the clients.**

# 8 END OF PRESENTATION AND TAKING QUESTIONS

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THANK YOU

