# CORPORATE PLAN

## FY27 – FY29

LAND BANK
We stand by you

# Turnaround Plan to Stabilise, Consolidate and Grow Land Bank.

# 1. OFFICIAL SIGN-OFF

Signed at Centurion on this the 31st day of March 2026.

Jabu Mphambo

30/03/2026 12:49:51(UTC+02:00) SIGNIFLOW

Mr. JABU MPHAMBO
ACTING CHIEF EXECUTIVE OFFICER OF LAND BANK

M Skwatsha (Mar 30, 2026 17:17:50 GMT+2)

Mr. MCEBISI SKWATSHA
CHAIRMAN OF LAND BANK

FOR AND ON BEHALF OF THE BOARD OF DIRECTORS LAND BANK AND DULY AUTORISED HERETO

AS WITNESSES:

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# 2. ABBREVIATIONS

| | |
|---|---|
| AAMP | Agricultural and Agro-processing Master Plan |
| AEA | Agricultural Economics and Advisory |
| ASF | African Swine Fever |
| B-BBEE | Broad-Based Black Economic Empowerment |
| BER | Bureau of Economic Research |
| BCM | Business Continuity Management |
| CEC | Crop Estimate Committee |
| CEO | Chief Executive Officer |
| CFO | Chief Financial Officer |
| CPI | Consumer Price Inflation |
| DFI | Development Finance Institute |
| DOA | Department of Agriculture |
| EE | Employment Equity |
| ENSO | El Niño-Southern Oscillation |
| ESG | Environmental, Social and Governance |
| FMD | Foot and Mouth Disease |
| FY | Financial Year |
| GDP | Gross Domestic Product |
| HPAI | Highly Pathogenic Avian Influenza |
| ICT | Information and Communication Technology |
| IFRS | International Financial Reporting Standards |
| IMF | International Monetary Fund |
| ISO | International Organization for Standardization |
| LBIC | Land Bank Insurance Company |
| LBLIC | Land Bank Life Insurance Company |
| MPC | Monetary Policy Committee |
| NDP | National Development Plan |
| NPL | Non-Performing Loans |
| NT | National Treasury |
| PFMA | Public Finance Management Act (No. 1 of 1999) |
| PRB | Principle of Responsible Banking |
| SDGs | Sustainable Development Goal |
| SARB | South African Reserve Bank |
| SAWS | South African Weather Service |
| SWOT | Strengths, Weaknesses, Opportunities, Threats |
| UNEP-FI | United Nations Environmental Programme for Financial Institutions |

## 3. PURPOSE OF THE CORPORATE PLAN

Land Bank is a Schedule 2 public entity in terms of the Public Finance Management Act (No. 1 of 1999) (PFMA). Section 52 of the PFMA and Treasury Regulation 29.1 stipulates that a Schedule 2 Public Entity and its subsidiaries must submit a corporate plan in the prescribed format covering the affairs of the public entity for the next three financial years and which includes revenue projection, expenditure, and borrowings.

The purpose of this Corporate Plan is to take stock of the Land Bank's progress in driving its strategic priorities, while positioning the institution firmly within the evolving policy landscape. It seeks to respond decisively to emerging environmental and economic shifts that will shape our future direction, ensuring capital adequacy and resilience at the core of our financial strategy. This plan also reinforces our commitment to advancing the Land Bank Mandate Statement and Shareholder Compact, while embedding concessional funding frameworks that unlock greater access to finance for clients. In doing so, we strengthen our ability to balance developmental impact with financial sustainability.

This Corporate Plan defines the broad outline of Land Bank's forward-looking innovation agenda to achieve its Strategic Priorities. It is informed by, and should be read alongside, key strategic documents that outline the Bank's approach to stakeholder engagement, alignment with national and sectoral policy priorities, and the fulfilment of shareholder expectations as articulated in the Shareholder Compact.

Among these are:

- The National Development Plan (NDP) 2030 which seeks to utilise land reform work to unlock the potential for a dynamic, growing and employment creating agricultural sector, among other things.
- Agriculture and Agro-processing Master Plan (AAMP) which seeks to resolve policy ambiguities and creating investment friendly climate.
- Sustainable Development Goals (SDGs) which aims to advance environmental stewardship and promote gender equality within the sector.
- Principles for Responsible Banking (UNEP- FI) which seeks to promote responsible banking and sustainable environmental and social practices from the Bank's clients.

## 4. OUR HISTORY, MANDATE, AND PURPOSE

The Land and Agricultural Development Bank of South Africa (Land Bank), established in 1912, has a core mandate to finance and advance the country's agricultural sector. Created as a statutory institution of government, the Bank plays a pivotal role in supporting farmers and agribusinesses, thereby contributing to national food security and rural development.

Land Bank operates through two wholly owned subsidiaries: The Land Bank Insurance Company (LBIC) and the Land Bank Life Insurance Company (LBLIC). LBIC provides crop and asset insurance solutions to Land Bank clients as well as the wider farming community, while LBLIC has offered credit life insurance products to Land Bank's clients since 1954.

Figure 1: Land Bank Group

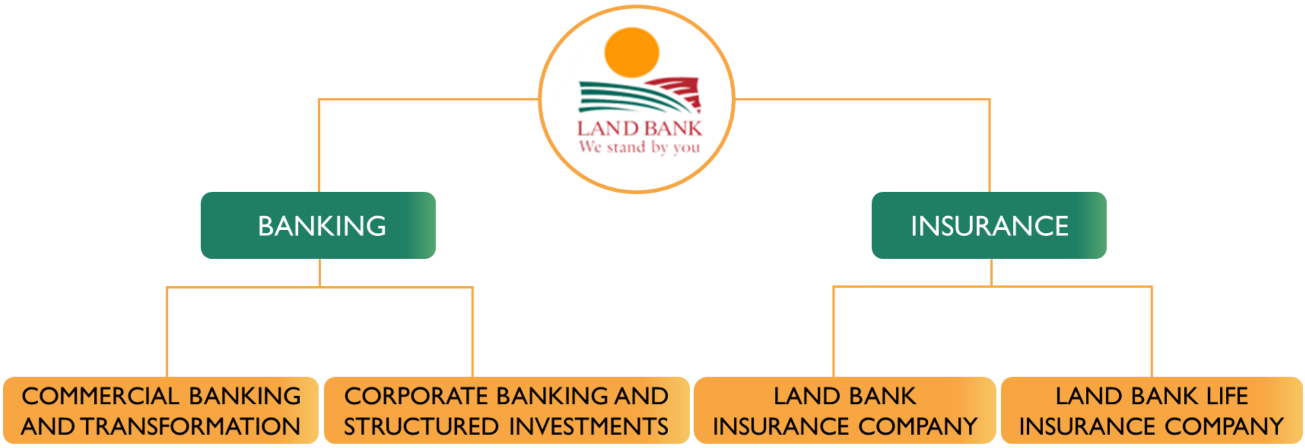
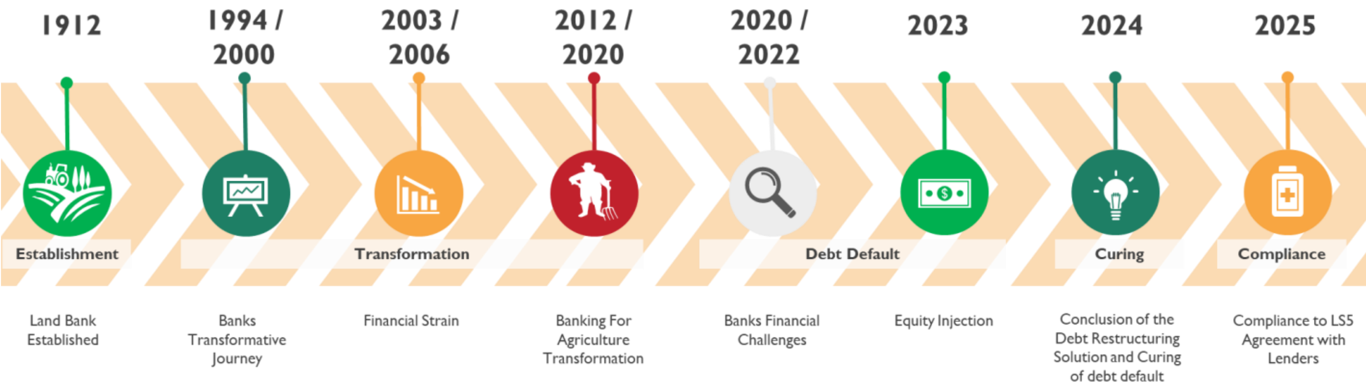



Figure 2: History of the Bank




## 4.1 THE BANK'S MANDATE

The Land and Agricultural Development Bank Act, No. 15 of 2002 (the Land Bank Act) defines the Land Bank's purpose and mandate. As a responsible Development Finance Institution (DFI), the Bank is tasked with the promotion, facilitation, and support of:

- Equitable ownership of agricultural land, in particular the increase of ownership of agricultural land by historically disadvantaged persons;
- Agrarian reform, land redistribution or development programmes aimed at historically disadvantaged persons or groups of such persons for the development of farming enterprises and agricultural purposes and access for agricultural purposes;
- Agricultural entrepreneurship;
- The removal of the legacy of past racial and gender discrimination in the agricultural sector;
- The enhancement of productivity, profitability, investment and innovation in the agricultural and rural

financial systems;

- Programmes designed to stimulate the growth of the agricultural sector and the better use of land;
- Programmes designed to promote and develop the environmental sustainability of land and related natural resources;
- Programmes that contribute to agricultural aspects of rural development and job creation;
- Commercial agriculture; and
- Food security.

The objectives of the Land Bank Act are strongly aligned with the Sustainable Development Goals (SDGs), the UNEP-FI Principles for Responsible Banking (PRB), the National Development Plan (NDP) 2030, and the Agriculture and Agro-processing Master Plan (AAMP). This is depicted in table 1 below:

Table 1: Objectives Framework

| **The Land Bank Act**<br>*Objects are the promotion, facilitation, and support of:* | **National Development Plan** | **Linked Sustainable Development Goals** | **Agriculture and Agro- processing Master Plan** |
|---|---|---|---|
| • Equitable ownership of agricultural land, particularly increasing the ownership of agricultural land by Historically Disadvantaged Persons.<br>• Agrarian reform, land redistribution or development programmes aimed at Historically Disadvantaged Persons for the development of farming enterprises and agricultural purposes.<br>• Removal of the legacy of past racial, gender and generational discrimination in agriculture. | • Making land reform work to unlock the potential for a dynamic, growing and employment creating agricultural sector. | 1 NO POVERTY<br>5 GENDER EQUALITY<br>10 REDUCED INEQUALITIES | • Pillar 1: Resolving policy ambiguities and creating investment friendly climate. |
| • Programmes that contribute to agricultural aspects of rural development and job creation.<br>• Agricultural entrepreneurship.<br>• Enhancement of productivity, profitability, investment, and innovation in the agricultural and rural financial systems. | • Support job creation in the upstream and downstream industries.<br>• Develop strategies that give new entrants access to product value chains and support from better resourced players. | 1 NO POVERTY<br>2 ZERO HUNGER<br>4 QUALITY EDUCATION<br>6 CLEAN WATER AND SANITATION<br>7 AFFORDABLE AND CLEAN ENERGY<br>9 INDUSTRY, INNOVATION AND INFRASTRUCTURE<br>17 PARTNERSHIPS FOR THE GOALS | • Pillar 2: Creating enabling infrastructure.<br>• Pillar 3: Providing comprehensive farmer support, development finance, R&D and extension services. |

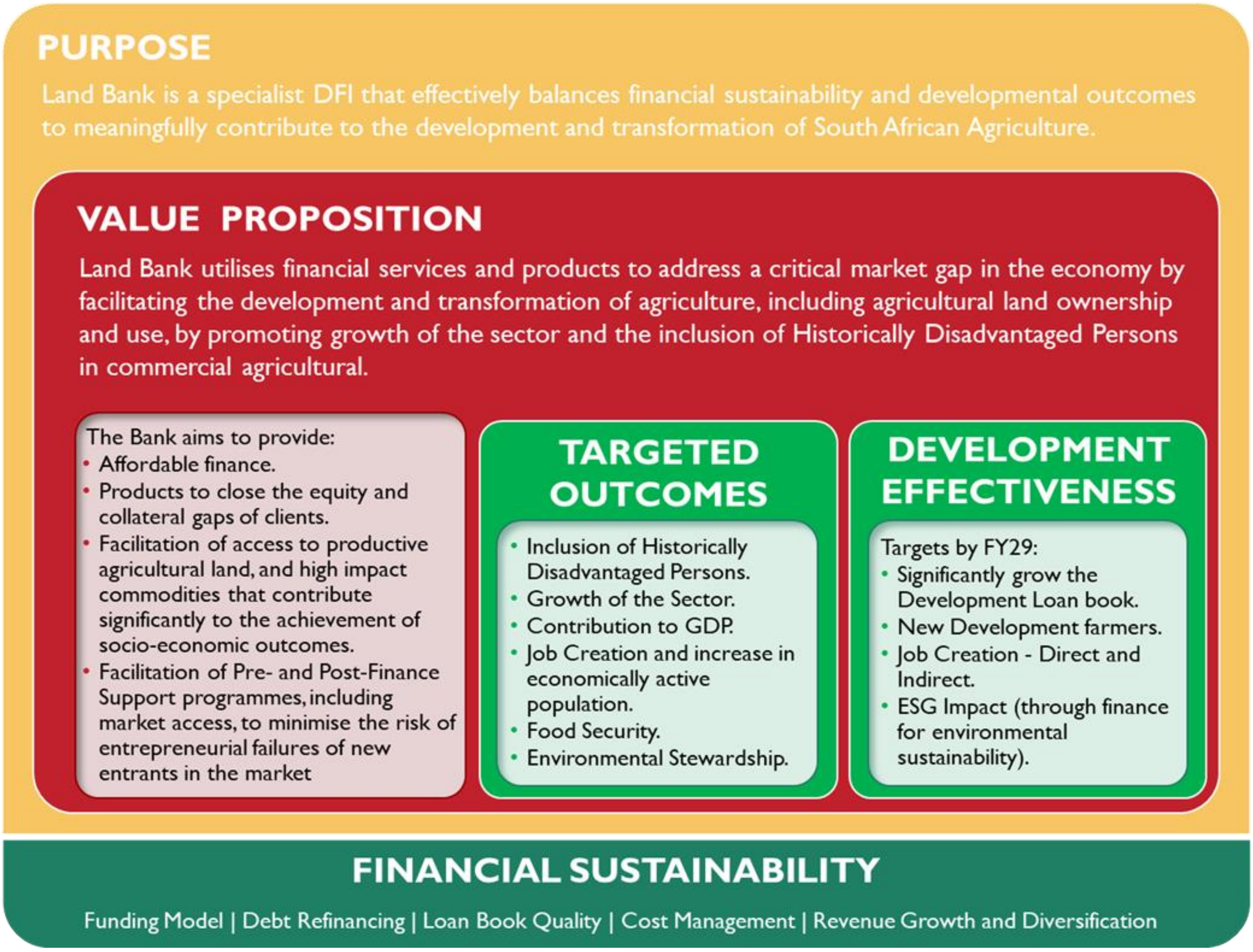
| | | | |
|---|---|---|---|
| • Commercial agriculture.<br>• Land access for agricultural purposes.<br>• Better use of land. | • Commercialise some underused land in communal areas and land reform projects.<br>• Pick and support the commercial agriculture sector and regions that have the highest potential for growth and employment. | 4 QUALITY EDUCATION<br>8 DECENT WORK AND ECONOMIC GROWTH<br>9 INDUSTRY, INNOVATION AND INFRASTRUCTURE<br>10 REDUCED INEQUALITIES<br>11 SUSTAINABLE CITIES AND COMMUNITIES<br>17 PARTNERSHIPS FOR THE GOALS | • Pillar 5: Enabling markets expansion, improving market access and trade facilitation.<br>• Pillar 6: Developing localized food, import replacement and expanded agro-processing exports. |
| • Food Security. | • Everyone should, at all times, have access to sufficient, nutritious, and safe food. | 2 ZERO HUNGER<br>3 GOOD HEALTH AND WELL-BEING | • Pillar 4: Ensuring food security, expanded production and employment creation, decency and inclusivity. |
| • Promote and develop the environmental sustainability of land and related natural resources. | • Expand irrigated agriculture; find creative partnerships between opportunities. | 6 CLEAN WATER AND SANITATION<br>7 AFFORDABLE AND CLEAN ENERGY<br>12 RESPONSIBLE CONSUMPTION AND PRODUCTION<br>13 CLIMATE ACTION<br>14 LIFE BELOW WATER<br>15 LIFE ON LAND<br>16 PEACE, JUSTICE AND STRONG INSTITUTIONS<br>17 PARTNERSHIPS FOR THE GOALS | • Pillar 1: Resolving policy ambiguities and creating investment friendly climate – this refers, in particular, to environmental sustainability (policies for natural resource management, climate resilience).<br>• Pillar 2: Creating enabling infrastructure – polices related to water infrastructure, irrigation, etc. |

## 4.2 THE BANK'S PURPOSE

The Land Bank, as a specialist DFI, continues to balance financial sustainability with developmental outcomes to drive the transformation of South African agriculture. Our value proposition lies in closing critical market gaps through affordable finance, equity and collateral support, and comprehensive pre- and post-finance solutions that enhance client success.

Anchored in a robust policy positioning, the Bank is committed to scaling its Development Loan Book, onboarding new development farmers, and advancing ESG outcomes that reflect meaningful social and environmental impact, ensuring that our financial model remains both resilient and transformative. Refer to Figure 3, below for the Banks Mandate and Purpose positioning.

Figure 3: Mandate and Purpose Overview



## 4.3 ECONOMIC POLICY POSITION

Land Bank's Economic Policy Position underscores its dedication to advancing agricultural development, empowering rural communities, and driving economic transformation across South Africa. This strategic stance is closely aligned with key national imperatives, including the National Development Plan (NDP), the Agricultural and Agro-processing Master Plan, and ongoing land reform efforts. Below is an overview of the principal elements that define the Bank's economic policy framework:

1. **Support for Economic Transformation and Inclusion**

   The Bank remains steadfast in its pursuit of promoting inclusive economic growth and supporting both the preservation and creation of jobs by providing financial assistance to Historically Disadvantaged Individuals (HDIs). Its policy prioritises funding for black-owned, women-owned, and youth-owned agricultural enterprises, while also working to expand access to land and resources for emerging farmers to foster a more equitable agricultural sector. In addition, the Bank supports skills development and mentorship initiatives aimed at empowering new entrants and strengthening their participation in the agricultural economy.

2. **Commitment to Land Reform**

   Land Bank is committed to supporting sustainable land reform as a means of addressing historical imbalances in land ownership. Its policy approach centres on providing financial support to land reform beneficiaries and working collaboratively with government to advance land redistribution initiatives. To ensure long-term success, the Bank offers tailored financial products that promote sustainable agricultural practices on newly redistributed land.

3. **Agricultural Development and Food Security**

   Land Bank seeks to enhance agricultural productivity and strengthen national food security through targeted financing and strategic sector support. Its policy approach involves investing across the agricultural value chain, with particular emphasis on primary production and agro-processing, in alignment with the Agriculture and Agro-Processing Master Plan. By prioritising funding for key food security sectors and promoting efficient, climate-resilient farming practices, the Bank aims to ensure long-term stability and sustainability in food production.

4. **Rural Development and Poverty Alleviation**

   Land Bank aims to drive socio-economic development in rural areas by expanding access to finance and strengthening local agricultural economies. Its policy focuses on investing in rural communities to stimulate job creation, improve livelihoods, and alleviate poverty. By supporting infrastructure development, improving market access, and enhancing supply chains, the Bank helps build a more resilient rural economy. Additionally, it promotes rural industrialisation through targeted investments in agri-processing and related sectors to accelerate inclusive and sustainable growth.

**5. Climate Resilience, Sustainable Development and Principles of Responsible Banking**

Land Bank aims to promote environmentally sustainable agricultural practices in response to the growing impacts of climate change. Its policy integrates climate resilience into lending criteria by encouraging responsible land use, water conservation, and effective soil management. Financing is aligned with South Africa's commitments under the Paris Agreement, the Sustainable Development Goals (SDGs), and the Principles of Responsible Banking to ensure long-term sustainability. Additionally, the Bank offers financial products that support renewable energy adoption, improved waste management, and greater resource efficiency across the agricultural sector.

**6. Promoting Innovation and Technological Advancement**

Land Bank aims to modernise the agricultural sector by promoting the adoption of innovative technologies and practices. Its policy supports precision agriculture, mechanisation, and digital solutions to boost efficiency and productivity, while encouraging the use of resource-optimising technologies that minimise waste and improve crop quality. The Bank also invests in research and development to drive progress in agricultural methods, with a focus on solutions suited to local conditions and available resources.

**7. Financial Sustainability and Governance**

Land Bank strives to balance developmental impact with financial sustainability to safeguard its long-term viability. Its policy framework emphasises strong risk management to support prudent lending, protect assets, and mitigate financial risks. The Bank upholds sound governance aligned with regulatory standards to ensure transparency and accountability. Additionally, it focuses on operational efficiency, expanding and preserving its commercial client base, diversifying revenue streams, and enhancing loan recovery to maintain financial stability and resilience.

**8. Collaboration and Stakeholder Engagement**

Land Bank aims to strengthen partnerships across public, private, and community sectors to amplify its developmental impact. Its policy promotes collaboration with government departments, private enterprises, and development finance institutions (DFIs) to broaden funding avenues and tap into specialised expertise. By engaging with community-based organisations and NGOs, the Bank enhances its reach and ensures support is responsive to local needs. It also facilitates public-private partnerships to close funding gaps and improve service delivery within the agricultural sector.

**9. Ethics and Ethical Leadership**

The Land Bank's Code of Ethics and Business Conduct outlines the principles, values, and standards that guide ethical behaviour across all levels of the organisation. It reinforces the Bank's commitment to integrity, transparency, and compliance with legal and regulatory frameworks, while promoting a culture of accountability, fairness, and respect for human rights. The Code applies to employees, management, and stakeholders, covering areas such as conflict of interest, responsible use of resources, confidentiality, stakeholder relationships, and whistle-blower protection. It also sets out expectations for ethical decision-making, outlines consequences for misconduct, and aligns with national legislation and global governance standards to ensure the Bank operates as a responsible and sustainable DFI.

**Land Bank's Economic Policy Position** seeks to balance its dual mandate of fostering agricultural growth and achieving economic transformation. By aligning with national and international development goals, Land Bank aims to make a meaningful impact on South Africa's agricultural sector, contribute to rural development, and ensure sustainable and inclusive economic progress.

# 5. OUR STRATEGIC GOALS

## 5.1 VISION, MISSION, VALUES, AND STRATEGIC GOALS

Anchored in its legislative and policy mandate, the Corporate Plan serves as **Land Bank's strategic compass,** defining its vision, mission, organisational values, and long-term goals. It translates mandate into action.

### VISION

To be a world-class agricultural development bank that stimulates development, growth, and transformation; one that drives solid performance and spurs innovation.

### MISSION

To collaborate with all stakeholders to build an adaptive, transformed, sustainable, and competitive agricultural sector that drives environmental, social, and economic development, and contributes to food security.

### VALUES

The Bank's culture is anchored on its values. Culture is defined by the way we do things at Land Bank. The leadership team, in consultation with employees, adopted a set of corporate values and the associated behaviours in support of living these values.

Table 2: Land Bank Ethical Culture and Values

| CONTRIBUTE MEANINGFULLY | EMPOWER | BUILD ORGANISATIONAL SYNERGY | BE ACCOUNTABLE | BE PRO-ACTIVE |
|---|---|---|---|---|
| Seeking to always add value in our engagements. | Seeking to empower ourselves and each other in the way we undertake our work. | Seeking to create a sense of oneness and integration. | We do what we say and follow through on our promises. | Always striving to see opportunities to do things better, and to do all we can to make things happen. |

The Leadership Charter reinforces Land Bank's core values by placing intentional focus on leadership behaviour as a key lever for shaping organisational culture. While culture emerges from the collective actions of all employees, it is leadership that sets the tone, models the desired behaviours, and upholds accountability. Through this Charter, leaders are equipped to actively cultivate a high-performance, value-driven environment that supports the Bank's strategic mandate.

As a behavioural compass, the Charter provides clear guidance for leaders, articulating both enabling behaviours that foster high performance and inclusion, and constraining behaviours that must be actively addressed to sustain a values-driven, resilient organisation.

Table 3: Ethical Leadership Charter and Associated Behaviours

**Enabling Behaviours**

WE WILL

1. Act with integrity and accountability.
2. Collaborate to achieve desired results.
3. Empower and enable all (to contribute meaningfully).
4. Be proactively solutions-oriented.
5. Build capability through continuous learning.
6. Encourage open to communication and feedback.

**Constraining Behaviours**

WE WILL NOT

1. Tolerate mediocrity.
2. Shy away from appropriate cross-organisation interventions to affect improvements.
3. Undermine people and governance prescripts.
4. Suppress conflict and diversity.

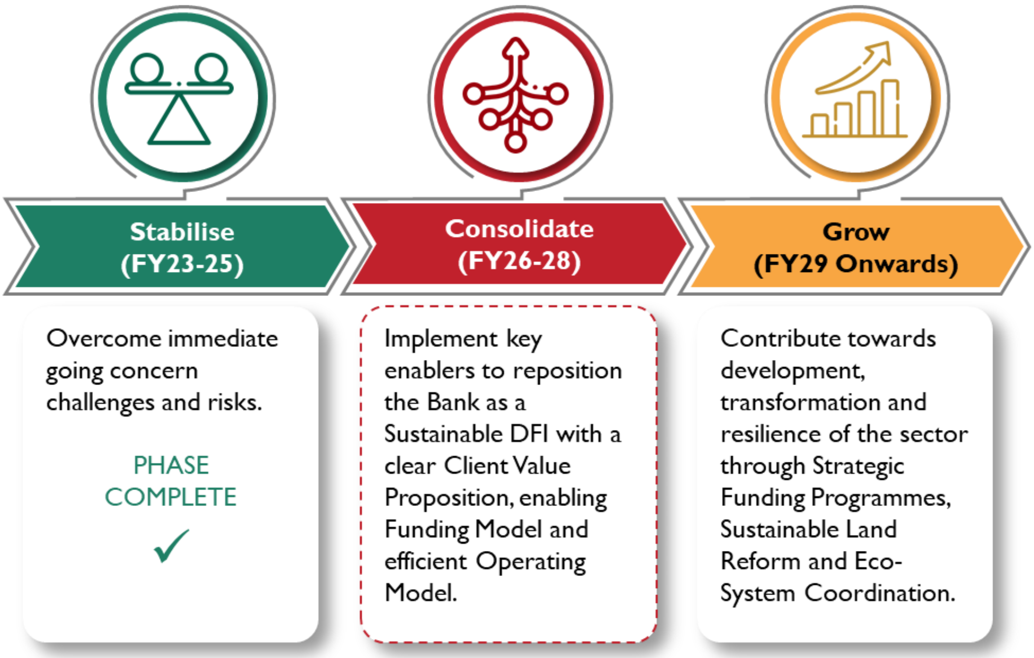
## 5.2 LAND BANK'S GROWTH JOURNEY

Land Bank's strategic turnaround journey is structured across three distinct phases, **Stabilisation**, **Consolidation**, and **Growth**, each building toward a resilient, high-impact institution.

With the Stabilisation phase completed in FY25, the Bank successfully restored operational and financial stability, laying the groundwork for transformation.

FY27 now marks the second year of the Consolidation phase, focused on scaling gains through operating model refinement, capability building, IT system enhancements, and a sharpened emphasis on Sustainability. These efforts are positioning the Bank for the Growth phase from FY29 onwards, where a matured operating model, strengthened funding architecture, and preserved loan portfolio will enable scaled lending and deeper development impact.

Figure 4: Phased Strategic Approach




**Phase 1 - Stabilisation (FY23 – FY25):**

The "**Stabilisation**" phase of Land Bank's strategic turnaround was successfully completed in FY25, having addressed the Bank's immediate priorities to restore institutional stability. Key interventions during this phase curtailed further deterioration in critical areas and laid a solid foundation for improved financial performance, operational efficiency, and deeper alignment with the Bank's developmental mandate. This milestone marks a pivotal shift from reactive recovery to proactive transformation.

**Phase 2 - Consolidation (FY26 – FY28):**

FY27 marks the second year of Land Bank's "**Consolidation**" phase, with continued focus on scaling earlier gains and positioning the institution for long-term growth and impact. This phase prioritises further refinement of the operating model, targeted capability building, and enhancing our Banking and IT systems to support the journey toward the Bank's desired future state.

In addition, strategic priorities include expanding reach through entrenched partnerships and ecosystem development, diversifying revenue streams, and embedding a performance-obsessed culture. A strengthened focus on Sustainability now underpins these efforts, ensuring that financial solutions, operational practices, and stakeholder engagements are aligned with environmental stewardship, climate resilience, and inclusive development.

Together, these initiatives are shaping a future-ready institution that is agile, impactful, and deeply committed to transforming South Africa's agricultural landscape.

**Phase 3 - Growth (FY29 onwards):**

The "**Growth**" phase assumes that all the key objectives undertaken in the stabilisation and consolidation phase have been addressed. The Bank will have repaid its restructured debt or refinanced it and having preserved the loan portfolio that will provide the building block for growing the Bank's future loan book. An appropriate funding model would have been adopted and sufficiently supported by the Shareholder and other Strategic Partners for impact. The revised operating model of the Bank would have advanced towards maturity. These critical pre-requisites will enable the Bank to scale up its lending for increased development effectiveness in a financially sustainable way.

## 5.3 LAND BANK STRATEGIC PRIORITIES AND FOCUS AREAS

Land Bank is currently executing its first year of the Consolidation phase of the Banks strategy, focusing efforts on optimising operations through a revised operating model, digitisation, consolidating its role as an ecosystem catalyst in agriculture, embedding strategic partnerships, ramping up new lending, and strengthening funding structures while maintaining covenant adherence. FY27 targets growth, embedding the desired operating model, advancing the Banks Sustainability agenda, ramping up IT and digitisation efforts and Land Reform to achieve long-term resilience and impact.

Execution is now centered on the following priority strategic objectives, identified and endorsed by the Board as part of the phased approach:

Figure 5: Land Bank Strategic Priorities for FY27

<table>
<tr><th>Consolidation – Part 2 [FY27]</th><th>Consolidation – Part 3 [FY28]</th><th>Growth [FY29 - onwards]</th></tr>
<tr><td colspan="3">1. Development Effectiveness</td></tr>
<tr><td colspan="3">Evidence Development Effectiveness and Impact</td></tr>
<tr><td colspan="3">2. Implement Partnership Development and Ecosystem Coordination</td></tr>
<tr><td colspan="3">3. Embed Sustainability</td></tr>
<tr><td colspan="3">Sustainability Framework</td></tr>
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<tr><td colspan="3">4. Enhance B-BBEE Verification Rating</td></tr>
<tr><td colspan="2">5. Compliance to Debt / Lender Covenants and Undertakings</td><td></td></tr>
<tr><td colspan="3">6. Improve Loan Book Quality and NPL Remediation</td></tr>
<tr><td colspan="3">7. Debt Refinancing and Funding Model</td></tr>
<tr><td colspan="3">8. Enhance Pricing Strategy</td></tr>
<tr><td colspan="3">9. Revenue Diversification and Growth</td></tr>
<tr><td colspan="3">10. Implement Operational Effectiveness</td></tr>
<tr><td colspan="3">Cost Containment to support the Operating Model</td></tr>
<tr><td colspan="3">Digital Transformation and Modernisation of IT</td></tr>
<tr><td colspan="3">11. Performance, Culture and EVP</td></tr>
<tr><td>Adopt a Performance - Obsessed Culture</td><td colspan="2">Maintain a Performance - Obsessed Culture</td></tr>
<tr><td>Introduce Rewards and Incentives</td><td colspan="2">Maintain Rewards and Incentives</td></tr>
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<tr><td>Define and agree role of the Bank</td><td colspan="2">Implement agreed role of the Bank</td></tr>
<tr><td colspan="3">16. Strengthen Governance and Compliance</td></tr>
</table>

Figure 5 outlines the Board-approved strategic priorities for FY27, derived from a rigorous review of progress in the phased strategy implementation journey

## 1. Development Effectiveness

Transformation and sustainability remain central pillars of Land Bank's strategic agenda, reflecting its dual mandate to drive inclusive growth and long-term resilience within South Africa's agricultural sector. The Bank continues to prioritise financing support for historically disadvantaged groups, including Black Women, Youth, and Persons with Disabilities, while maintaining its commitment to serving corporate and commercial clients. Impact will be measured through loan disbursements, both in value and in the number of enterprises supported, ensuring that transformation is tangible and sector wide.

Progress to date includes the commissioning of a Development Effectiveness Impact Studies Survey, which will help evidence the Bank's contribution to sector transformation and sustainability. The Bank is also developing programmes to support farmers during climate-related disasters and systemic threats, reinforcing its role as a stabilising force in the sector. Together, these efforts position Land Bank as a catalyst for inclusive transformation and sustainable agricultural development.

## 2. Implement Partnership Development and Ecosystem Coordination

Land Bank's strategic initiatives reflect a deepening commitment to ecosystem coordination, inclusive growth, and enhanced client support. Recognising that its mandate cannot be fulfilled in isolation, the Bank is actively leveraging partnerships across the agricultural value chain to strengthen origination quality, reduce direct acquisition costs, and mitigate risks associated with new entrants. This includes pursuing farmer aggregation models, expanding market access for clients, and establishing alternative funding partnerships.

A key pillar of this strategy is the rollout of pre- and post-finance support services to build clients technical, operational and compliance capabilities. Milestones include securing a dedicated procurement resource within the supply chain team, embedding mentorship and support through the Enterprise Development unit, finalising a credit paper to integrate support into loan applications, and initiating SAP configurations to digitise and monitor these activities.

Complementing these efforts is the Bank's growing ecosystem coordination model, which gained momentum through a flagship partnership with Woolworths during FY26. This collaboration aims to commercialise smallholder farmers, who remain underrepresented at national output, by linking them to formal retail value chains. Land Bank provides blended finance, insurance, and business support, while Woolworths offers market access, technical training, and inclusive procurement pathways. The model also supports MSME development, food security, and youth employment through enterprise funding, market expansion, and graduate training.

## 3. Embed Sustainability

Anchored in the Land Bank Act, mandate, vision, and values, the Bank's sustainability priorities are designed to strengthen its role as a catalyst for inclusive and resilient agricultural development. These priorities are future-oriented yet firmly aligned with national policy objectives, emphasising four critical focus areas: advancing climate resilience, embedding regenerative and sustainable agricultural practices, driving sector transformation, and securing national food security. Informed by this Corporate Plan, the Bank will expand concessional and blended finance, institutionalise robust environmental and social safeguards, and deepen partnerships across agricultural value chains. In doing so, Land Bank will enhance its capacity to support historically disadvantaged farmers and agribusinesses, promote innovation and responsible resource use, and ensure that agricultural growth is both equitable and sustainable.

To strengthen the Bank's sustainability governance and institutional credibility, Land Bank will commence participation in the Sustainability Standards Certification Initiative (SSCI) in the first quarter of FY27. The SSCI provides an internationally recognised certification framework for value-driven financial institutions seeking to embed sustainability across their governance, strategy, operations, and stakeholder engagement practices. Through its holistic Octagon Value Creation Model, the SSCI assesses how sustainability is integrated across critical institutional functions, including governance, management systems, business models, operations, products, technology, stakeholder relations, and human capital.

Over a twelve-month period, Land Bank will undertake the required diagnostic, gap analysis, and institutional strengthening activities to align its policies, systems, and practices with the SSCI standards. Successful completion of this process is expected to enhance the Bank's credibility with global partners and impact investors, strengthen internal sustainability governance, and position the institution to mobilise climate and development finance in support of its mandate to advance sustainable and inclusive agricultural development.

### 4. Enhance B-BBEE Verification Rating

Land Bank is actively strengthening its Broad-Based Black Economic Empowerment (B-BBEE) posture as part of its commitment to transformation, compliance, and inclusive growth. As a state-owned entity, adherence to the B-BBEE Codes is mandatory, and the Bank's verification is conducted against the specialised generic scorecard comprising four key elements, Management Control, Skills Development, Enterprise and Supplier Development, and Socio-Economic Development.

Following a "Non-Compliant" rating in FY23, the Bank made notable progress in FY24, achieving a Level 8 contributor status with 51.76 points, up from zero. To accelerate progress, responsible business units have developed targeted remediation plans for each scorecard element. These plans include clear timelines, resource allocations, and measurable actions, and they will be implemented ahead of the 2027 financial year.

In FY27, we will implement a comprehensive B-BBEE Management System that improves the Land Bank's B-BBEE reporting, data management, performance tracking, and overall compliance with the Financial Sector Code.

### 5. Compliance to Lender Covenants and Undertakings

The Bank was cured from the debt default in September 2024 following the conclusion of the Liability Solution (LS5) with its lenders. Since then, the focus has shifted to ensuring strict adherence to the agreed covenants and undertakings. To support this, the Finance and Treasury division developed and fully implemented a tracking tool to enable continuous monitoring and timely reporting to both the Board and lenders. The grace period given to the Bank on the covenants will expire on 15 September 2026, meaning the Bank will need to ensure that for FY27, covenants cannot be breached.

### 6. Improve Loan Book Quality and NPL Remediation

Strengthening the Land Bank's loan book through the acquisition of new, high-quality assets is vital to improving the overall health of the portfolio, which currently includes a significant portion of non-performing loans (NPL). This growth strategy is anchored on preserving and expanding the performing portfolio, with a focus on offering short to medium-term facilities that support production and mechanisation. As a strategic priority, it underpins the Bank's financial sustainability and its mandate to deliver inclusive agricultural finance. Recent initiatives, spanning pipeline origination, client coverage, CRM optimisation, performance management, and streamlined application processes, demonstrate meaningful progress, though further refinement is needed to fully realise operational efficiency and impact. Initiatives in progress or already implemented, and those that still require attention are noted below:

- Pipeline origination efforts are underway to achieve a 3x pipeline-to-budget ratio, supported by strategic partnerships with industry bodies, focused outreach to under-covered existing clients, and lead generation through referrals and aggregator networks. Engagement with provincial agricultural departments and auction houses continues to expand market reach.

- The coverage model has been strengthened by clarifying roles for Client Business Representatives and Relationship Managers, improving lead allocation and conversion processes, and deepening internal collaboration across client value chains. Client Relationship Management (CRM) optimisation is progressing through weekly pipeline reviews, real-time monitoring tools, and ongoing CRM and SAP training to enhance system utilisation.

- Performance management is being refined through regional incentive programmes and active reviews of Key Performance Indicators (KPIs) and scorecards to improve their strategic impact. Application processes are being streamlined, with simplified loan documentation, revised credit scoring model is under development, and efforts to align lending conditions with commercial banking standards. Cross-departmental standardisation of credit inputs is also in motion.

- The implementation of the Board approved NPL Strategy remains a key focus, with continued emphasis on rigorous portfolio monitoring and the rehabilitation of non-performing loans. Notable progress is being made in reducing the stage 3 book by actively transitioning stage 2 accounts back to performing status.

- The Bank is also prioritising the restructuring of low-risk, solvent stage 3 clients, exploring options such as cash recoveries, strategic write-offs, and leveraging secondary markets to support asset disposal and exposure settlement. As part of its accelerated foreclosure approach, the Bank is activating collateral on high-quality stage 3 legal accounts. Additionally, the recovery process is being supported through the placement of eligible NPL clients into business rescue.

- High-priority restructuring is underway with restructures and business rescue plans in progress.

Collateral on good quality stage 3 clients are also a focus to curb NPL growth. These interventions reflect a proactive and evolving approach to managing distressed assets while preserving developmental impact.

## 7. Debt Refinancing and Funding Model

Resolving Land Bank's funding model remains the most critical objective to ensure the institution can sustainably fulfil its developmental mandate. Although the Land Bank Act provides for multiple funding sources, including state support, limited capital deployment from the shareholder has led to increased reliance on capital markets. This shift has resulted in a high gearing ratio, funding mismatches, elevated borrowing costs, and reduced tolerance for non-performing loans; all of which pose a significant challenge in a high-risk sector with a transformation agenda.

To mitigate these pressures, the Bank is actively pursuing cheaper, concessional funding sources and advancing its funding strategy in alignment with LS5 agreements, which will enable new capital inflows for debt repayment, loan book expansion, and mandate support.

A multi-pronged approach is underway, spanning debt instruments, grants, accreditations, and credit enhancements to address funding gaps and reinforce institutional resilience. The Bank has received expressions of interest from multiple lenders, including opportunities to refinance the high-cost debt with more affordable alternatives. The application process for credit enhancement instruments has commenced, with due diligence in progress to position the Bank for future guarantee-backed funding. In parallel, accreditation with climate finance agencies is advancing to unlock broader sources of concessional and sustainable finance, supported by a dedicated team driving this agenda.

Regular cash flow projections shared with lenders indicate that, without intervention, the Bank is projected to face a liquidity shortfall by the end of the 2027 financial year. The absence of capital allocation through the MTEF budget process has significantly weakened the Bank's liquidity position and requires urgent attention from both Land Bank and National Treasury. Preliminary discussions with potential funders suggest that state guarantees may be necessary, prompting further engagement with National Treasury to explore viable solutions and secure long-term financial sustainability.

## 8. Enhance Pricing Strategy

Land Bank has adopted a pricing strategy designed to balance revenue optimisation with market competitiveness, aligned to its developmental mandate. By using the Weighted Cost of Funds to set client and portfolio margins, the Bank promotes financial sustainability while leveraging the zero-cost state equity allocation to enhance price competitiveness.

## 9. Revenue Diversification and Growth

Land Bank continues to address pressure on interest margins, driven primarily by its high cost of funding and a loan portfolio dominated by long-term facilities with fixed interest rates that limit repricing flexibility. Given these constraints, relying on client pricing to improve margins would risk undermining competitiveness. As a result, the Bank is actively pursuing revenue diversification to strengthen financial performance.

Land Bank is actively pursuing alternative revenue streams to strengthen financial resilience and maintain market relevance. Key initiatives under consideration include the development of non-interest income sources such as land management services, trade finance, escrow facilities, and credit payment guarantees. A pilot process has been initiated to test the viability of introducing the trading and trade finance offering. The outcomes of this pilot will inform the development of a Trading and Trade Finance Business Case, which will be presented to the Board for consideration of establishing this capability within the Bank.

### 10. Implement Operational Effectiveness

Optimising the Bank's cost structure remains a key priority, with a renewed focus on operational effectiveness in the upcoming financial year. Efforts will centre on aligning expenditure with revenue-generating activities to ensure the current cost base is both justified and strategically targeted.

In FY27, the Land Bank will implement the Board-approved Digital Transformation and IT plans. The organisation will re-architect itself as a digital platform that connects farmers, buyers, input suppliers, insurers, financiers, and policymakers into one transparent, data-driven ecosystem, in order to unlock productivity, resilience, and inclusion at national scale.

### 11. Performance, Culture and EVP

As part of the FY27 Corporate Plan, Land Bank is driving a transformative people and performance agenda to enhance competitiveness, operational efficiency, and institutional effectiveness. Central to this effort is the cultivation of a high-performance culture grounded in ethical values, a clearly defined employee value proposition, and a commitment to continuous improvement. The successful launch of the Land Bank Innovation Forum marks a significant milestone in fostering proactive problem-solving and embedding innovation into the Bank's organisational DNA.

Complementing this, the Bank has rolled out an enhanced Performance Management Framework, with all Line Managers trained and a full staff engagement held on 9 May 2025. The updated framework introduces continuous performance management, balancing individual contributions with strategic goals. It enables regular feedback, clear performance differentiation, and integration with broader people processes such as talent management, succession planning, and recognition schemes.

The Performance Management Policy reinforces a results-driven ethos, ensuring employees understand how their roles align with the Bank's mission and strategic objectives. Training and development remain a priority, with robust implementation of the skills development programme underway to support capability building across the organisation.

Together, these initiatives, anchored by the Innovation Forum and strengthened performance systems, position Land Bank to unlock greater value from its human capital, drive strategic execution, and remain agile in a rapidly evolving financial and agricultural landscape.

### 12. Bancassurance Effectiveness

Cross-selling through Bancassurance continues to gain momentum, achieving a current conversion rate of 28%, which underscores the growing synergy between the Bank and its Insurance subsidiary, Land Bank

Insurance. This performance reflects the successful integration of financial and insurance solutions, enabling the Bank to meet clients' holistic needs while diversifying revenue streams. Bancassurance has emerged as a key distribution channel for the Land Bank Insurance subsidiary, facilitating increased accessibility of insurance products to both new and existing clients. Through this model, the Bank leverages its extensive branch network, client relationships, and digital platforms to promote uptake of insurance products that complement loan offerings, such as credit life, asset, and agricultural insurance.

Looking ahead, the Bank will continue to enhance this partnership by strengthening staff training, improving client value propositions, and deploying digital tools to streamline policy issuance and claims processing. The strategy aims to embed Bancassurance more deeply into the Bank's value chain, thereby increasing penetration and improving Client retention.

### 13. Land Bank and Land Bank Insurance Integration

The integration between Land Bank and Land Bank Insurance represents a strategic alignment designed to enhance value creation, operational efficiency, and client service, while maintaining clear regulatory separation. Although Land Bank Insurance is not governed by the Land Bank Act, its collaboration with the Bank is anchored in shared objectives of supporting the agricultural sector and safeguarding clients' assets and livelihoods.

The integration focuses on leveraging the Bank's extensive client base and distribution network to expand access to tailored insurance solutions, thereby strengthening risk mitigation for both clients and the Bank's loan portfolio. Synergies are realised through coordinated ways of work, cross-selling initiatives, and aligned service delivery processes, ensuring a seamless client experience. At the same time, both entities uphold strict compliance with their respective regulatory frameworks, ensuring governance integrity, transparency, and accountability.

### 14. Enhance Client Value Proposition

As part of the FY27 Corporate Plan, Land Bank is advancing a client-centric transformation that integrates performance, innovation, and service excellence. Central to this effort is the enhancement of the Client Coverage Model through the development of a clearly defined Client Value Proposition (CVP), aligned with the Bank's mandate and mission. This refined approach aims to deliver a tailored, high-quality experience by structuring service delivery around institutional strengths and ensuring consistency across divisions. The outcome will be a set of clear service commitments that define what clients can expect when engaging with the Bank.

To support this, the Bank is actively aligning its operating model to serve clients more holistically at key moments of truth in their journey, such as on boarding, loan application, and disbursement. A major initiative underway is the reduction of turnaround time, which will significantly improve responsiveness and operational efficiency.

### 15. Embed Land Reform

Land Bank is actively establishing itself as a preferred strategic partner to the State and key agricultural stakeholders in advancing land reform and sector development. In its evolving role, the Bank has clearly defined its contribution to the Land Reform programme, moving beyond conventional financing to include the stewardship and management of agricultural land on behalf of the State. By leveraging its financial expertise, the Bank seeks to improve the productive use of land allocated to reform beneficiaries, ensuring that support is both practical and scalable, and aligned with broader national development goals. These efforts are aimed at firmly entrenching the Bank's role as a central enabler of inclusive land reform.

### 16. Strengthen Governance and Compliance

Land Bank continues to strengthen its governance, risk and control assurance, and compliance architecture as a strategic priority to drive operational efficiency, accountability, and ethical conduct. A key focus has been the institutionalisation of robust internal control systems and an effective Internal Audit function, which serve as critical assurance mechanisms to support clean audit outcomes, streamline operations, and eliminate unnecessary bureaucracy. These efforts are designed to enhance transparency, reduce risk, and improve overall organisational performance.

The Bank is also embedding a strong risk management culture through the entrenchment of Enterprise Risk Management (ERM) practices. Implementation of ERM controls is underway, with the goal of achieving an acceptable Enterprise Risk Maturity Score and ensuring that risk awareness is integrated across all levels of the organisation.

In parallel, the Bank has made significant strides in institutionalising ethics. The Ethics Management Plan (EMP), Ethics Risk Assessment (ERA), and Ethics Maturity Strategy, aligned to the governance of ethics framework, have been approved and are being actively implemented. Progress to date includes the launch of ethics awareness training for staff, approval of the employee ethics commitment pledge by ExCo, and communication of the CEO's ethics statement to all employees. Procurement for a new ethics and fraud hotline is complete, further reinforcing the Bank's commitment to integrity and accountability.

Staff training and upskilling programmes are also in place, with strict adherence to attendance, ensuring that employees are equipped to uphold the Bank's governance standards.

The Bank continues to comply with the requirements of the PFMA as a critical regulatory enabler and to improve the audit outcome.

## 5.4 LAND BANK'S ROLE IN ADVANCING SUSTAINABILITY AND RESPONSIBLE BANKING

Land Bank continues to embed sustainability into its operations, guided by its commitment to the UNEP FI Principles for Responsible Banking (PRB), Sustainable Development Goals (SDGs), and national frameworks. The Bank's approach integrates ESG considerations across strategy, policy, and client engagement to promote shared prosperity and climate resilience.

### Policy and Product Enhancements

- **Climate Change Policy** approved to promote environmentally sustainable practices across stakeholders.
- **Credit Decision Policy** updated to reward clients aligned with PRB goals via preferential interest rates.

- **Environmental and Social Risk Assessment (ESRA)** applied to ALL new finance applications and reviews.
- **Green Farming Facility** launched to support eco-friendly production.
- **Agro Energy Fund (AEF)** introduced in partnership with the Department of Agriculture and executed in collaboration with Nedbank AVO and Standard Banks Power Pulse to finance alternative energy assets for farming operations.

**Institutional Strengthening and PRB Implementation**

- **Project Steering Committee** established to oversee PRB implementation.
- **Governance structures created during Phase 1** (Awareness and Alignment).
- Policies and partnerships **aligned to support sustainable production and consumption.**

**FY26 Progress Highlights**

- Formal structures established for **Development and Transformation** and **Climate Stability.**
- Climate initiatives advanced: Green Finance landscape assessed, climate change brochure developed, carbon emissions methodology identified.
- PRB awareness promoted through employee training and stakeholder engagements.

**Targets in Progress**

- Baseline for carbon emissions (Scope 1 and 2) measurement underway.
- MOUs with strategic partners being formalised.
- Corrective policy measures under-development.
- Farmer support programmes (training, mentorship) initiated.

Land Bank's sustainability posture continues to evolve, positioning the institution as a responsible financier and enabler of inclusive, climate-resilient agricultural development.

# 6. SITUATIONAL ANALYSIS

## 6.1 PESTEL ANALYSIS

Land Bank operates within a dynamic and often volatile external environment shaped by global, regional, and national developments. To effectively deliver on its mandate and strategic intent, the Bank must remain attuned to shifts across the broader operating landscape, institutional agility and proactive responsiveness to emerging risks and opportunities.

Figure 6: Land Bank PESTEL Analysis

**Political**

- **Geopolitical instability:** A top business risk requiring building of strategies resilient to trade disputes, sanctions, and shifting alliances.
- **Diplomatic Weakness:** Framework deal discussions with the U.S, Commitment to accelerate export support measures.
- **Policy Instability**: Coalition government dynamics and inconsistent regulatory enforcement.

**Economic**

- A shift from free-market liberalism to geo-economics, where trade policies, strategic investments, and economic tools are increasingly wielded for geopolitical advantage.
- **Inflation pressures; finance risk; private market dynamics:** Forward planning: organisations need scenario modelling for ecoflation, regulatory change, and ESG capital flows is essential.

**Social**

- **Demographics and consumer values:** Consumers and younger demographics are demanding purpose-driven and sustainable business practices and evidencing organisation's sustainable business practices.
- **Global shift toward sustainability-driven consumption**: Consumer and market trends are driving demand for ethical, traceable, and health-focused products, from fair trade and organic foods to plant-based proteins and eco-friendly packaging, requiring financing and infrastructure support to help farmers and agribusinesses achieve sustainability standards, certification, value-added processing, and efficient supply chains.
- **Well-being and remote work**: Organisations are increasingly investing in mental health and hybrid work setups to support workforce satisfaction and retention through tailored wellbeing programmes
- **Growing Population:** The Global food system will need to feed 2 billion more people by 2025.

**Technological**

- **AI, automation, and Tech:** widespread AI adoption is pushing automation across sectors, but also raising concerns of a tech bubble.
- **Emerging tech Blockchain, IOT, 5G, quantum, and biotech** are transforming supply chains, energy, manufacturing and services.
- **Cyber resilience, data regulation & security:** firms are focusing on cybersecurity, consumer privacy and data protection compliance within evolving legal frameworks.
- **Digital finance platforms:** extending reach to smallholders via mobile lending and payments.
- **Precision agriculture and agri-tech adoption:** Funding drones, sensors, and AI-based advisory tools.

**Environmental**

- **Climate Shocks**: Increasing frequency of droughts, floods, and heatwaves shifting agro-ecological zones, requiring crop and supply chain transitions
- **Scarcity of critical resources** (e.g. water, materials) driven by climate impacts.
- **Pressure on corporates to decarbonise supply chains:** downstream demand for sustainable raw materials
- **Governments are strengthening regulations** and reporting mandates, demanding greater transparency and accountability around ESG performance.
- Companies are under increasing pressure to accelerate the net-zero transition, address climate and biodiversity risks, and comply with evolving sustainability regulation, standards and reporting.

**Legal**

- **Evolving rapidly shifting regulatory regimes:** Rising compliance cost, regulatory red tape tied to carbon emissions, climate reporting, and product lifecycles is reshaping operations and strategy.
- Strengthen legal foresight proactive compliance and local insight will help navigate regulatory requirements.
- Alignment with frameworks like TCFD and ISSB to meet investor and regulator expectations.
- **Policy and Mandate Enhancement:** A shift of DFIs towards Public Development Bank. Public Development Banks (PDBs) are evolving beyond finance into instruments of policy implementation, aligning with national development and climate strategies while bridging public and private capital to drive systemic, long-term transformation in areas underserved by markets.

**Other: Infrastructure**

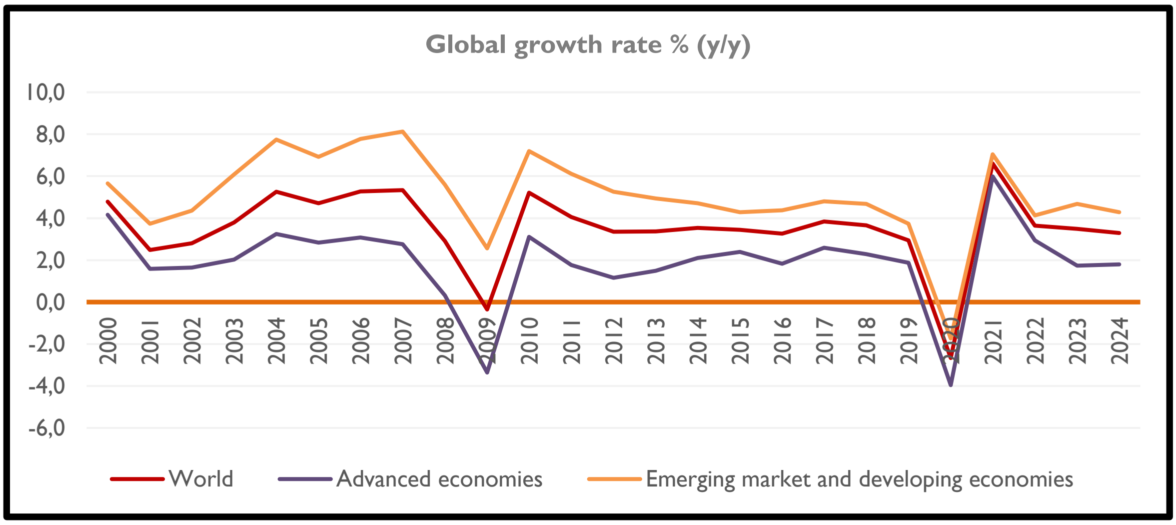
- **Logistics Bottlenecks:** Delays at ports affecting agri-exports.
- **Cold Chain Limitations**: Inadequate post-harvest infrastructure reducing export viability.
- **Digital Infrastructure**: Critical need for expansion and last-mile fibre to support agri-tech ecosystems.

## 6.2 MACROECONOMIC CONTEXT

### Global Economic Growth

For most of 2025, the global economy has been characterised by uncertainty posed by the United States' tariffs. This has led to fears of lower global economic growth, high global inflation and the prospects of tightened monetary policy by major global central banks.

Figure 7: Global GDP Yearly Growth Rates (%)




Source: IMF, World Bank, Land Bank AEA.

The International Monetary Fund (IMF) (January 2026) global economic outlook forecasts the global economy to remain unchanged in 2026 from the 3.3% witnessed in 2025 and to decrease to 3.2% in 2027 (see Table 4, below). The global economy will be supported by the buoyant global investment in artificial intelligence (AI) particularly in North America and Asia.

In its turn, the World Bank (January 2026) expects the global economy to decrease from 2.7% in 2025 to 2.6% in 2026 before getting back to 2.7% in 2027. The World Bank notes that the global economy has been resilient despite trade tensions & policy uncertainty. According to the World Bank, the global economy has been supported by easier financial conditions and by the surge in AI related investments.

The IMF expects advanced economies to increase from 1.7% in 2025 to 1.8% in 2026 and to decrease to 1.7% in 2027. While the World Bank expects advanced economies to decrease from 1.7% in 2025 to 1.6% in both 2026 and 2027. The IMF expects growth in emerging markets and developing economies to decrease from 4.4% in 2025 to 4.2% and 4.1% in 2026 and 2027, respectively. The World Bank expects growth in emerging and developing economies to decrease from 4.2% in 2025 to 4.0% and 4.1% in 2026 and 2027, respectively.

Table 4: Global Annual GDP Growth Rate Forecasts (%)

| Agency | IMF | | | World Bank | | |
|---|---|---|---|---|---|---|
| **Year** | **2025** | **2026** | **2027** | **2025** | **2026** | **2027** |
| **World** | 3.3 | 3.3 | 3.2 | 2.7 | 2.6 | 2.7 |
| **Advanced economies** | 1.7 | 1.8 | 1.7 | 1.7 | 1.6 | 1.6 |
| **Emerging market & developing economies** | 4.4 | 4.2 | 4.1 | 4.2 | 4.0 | 4.1 |

Source: IMF, World Bank, Land Bank AEA.

From a strategy perspective, these disparities highlight the need to monitor policy shifts and market sentiment closely, as advanced economy performance is more uncertain, while emerging markets remain the primary engine of global expansion.

### Geopolitics developments

The global economy is contending with mainly two critical challenges that threaten growth momentum.

**Firstly,** the ongoing trade war, driven by elevated tariffs imposed by the United States, continues to create uncertainty. While recent tariff agreements with the EU and key Asian economies have provided some relief, there is concern that tariff levels will remain structurally higher than before, sustaining pressure on global trade flows.

**Secondly,** geopolitical instability, most notably the Russia-Ukraine conflict and ongoing tensions in the Middle East involving Israel, poses significant risks to global energy markets. Prolonged disruptions to oil supplies could fuel higher energy costs, amplifying global inflationary pressures.

**Thirdly**, the escalation of hostilities in the Middle East involving Iran and the Israel/US and Iran's retaliation which included attacks in other countries in the Gulf region that host US bases has brought renewed uncertainty to global economic growth prospects. The war and the subsequent closure of the of Strait of Hormuz will disrupt trade and energy markets. The prices have already reached $100 per barrel for the first time in more than eight months. This will spike global inflation prompting global central banks to tighten monetary policy; and negatively affecting global growth prospects. South Africa's small open economy is linked to the global economy, and these developments will affect the South African economy negatively. From an agricultural perspective, the new developments in the Middle East, will limit exports to the region and undermine South Africa's agricultural export diversification initiatives that have been underway as counter the US tariffs. Furthermore, the agricultural sector will experience a cost squeeze through an increase in prices of global fuel, agrochemicals and fertiliser. Second round effects through high interest rates will further increase the cost of doing business and curtail new investments.

Together, these dynamics heighten the risk of **persistent inflation**, which may compel central banks to extend tighter monetary policies, further constraining growth. This outlook is compounded by rising debt burdens in major economies, raising the risk of fiscal instability and financial contagion.

For South Africa, these global risks present both **challenges and strategic considerations**, as external shocks to trade, capital flows, and commodity markets will continue to shape the country's growth trajectory. The section below outlines the major geopolitical developments currently influencing South Africa's economic outlook.

**Key geopolitical developments affecting South Africa**

1. **Global trade tensions and tariffs**
   - South Africa's Trade, Industry and Competition Department is continuing negotiations with U.S. counterparts to seek reductions or exemptions and has submitted a revised offer as part of ongoing diplomatic engagement.
   - In November 2025, the United States announced the cancellation of reciprocal tariffs on a broad range of commodities, including beef, coffee and tropical fruits which includes commodities that South Africa exports to the United States, such as citrus and macadamia nuts.
   - The agribusiness sector, especially citrus growers and nut producers, is facing competitive displacement in the U.S. market as Chile and Peru benefit from lower tariff rates.
   - Diversification of export markets toward Asia, Middle East, and EU is underway but could lead to oversupply and lower prices if global demand does not absorb displaced exports — an effort to offset U.S. market losses that could lead to job and production risks in South Africa.
   - In February 2026, the U.S. approved extended AGOA for another year until December 2026.
   - South Africa remains technically AGOA-eligible, but practical participation is undermined by the effective neutralization of tariff preferences through high U.S. tariffs on its exports.
   - The U.S. Supreme Court is reviewing whether the President lawfully used the International Emergency Economic Powers Act (IEEPA) to impose broad, unilateral tariffs (including "reciprocal" tariffs), after lower courts ruled that this exceeded executive authority and encroached on Congress's constitutional power over trade.
   - In recent weeks, the United States Supreme Court declared the tariffs imposed illegal and that they exceeded Trumps presidential authority.
   - In response, Trump imposed a 10% tariff on all imports to the United States. As these developments attest, the United States trade policy remains volatile, and it will remain that way for most of Trump's presidency.
   - Therefore, South Africa's agricultural exports to the United States will be constrained in the short to medium term.
2. **Geopolitical conflicts**
   - Russia–Ukraine war remains unresolved and a central driver of ongoing geopolitical instability in Europe, contributing to broader NATO–Russia tensions and civilian impacts.
   - Middle East tensions escalate, especially U.S.–Iran dynamics: Escalating confrontations have driven oil prices up and markets volatile as U.S. threats of military action against Iran over

nuclear/ballistic issues persist, with Iran prepared for retaliation. This has broad regional risk implications for energy and security.

- Venezuela is undergoing a major geopolitical turning point marked by direct U.S. involvement and partial diplomatic re-engagement, heightening regional tensions while reshaping power dynamics and raising concerns about sovereignty, legality, and stability in Latin America.
- Sanctions easing and structural reforms are reopening Venezuela's oil sector to foreign participation, enabling limited resumption of exports and revenue flows, but governance, transparency, and humanitarian risks remain significant despite hopes of economic stabilization.
- The escalation of hostilities in the Middle East between Iran and Israel/U.S. have brought renewed uncertainty in global economic growth prospects with the risk of low trade, high inflation, tightened monetary policy and a slowdown in global economic growth.
- The economic impact of the conflict is expected to unfold mainly through two channels: trade disruption and oil supply shocks. Firstly, the Gulf region is a critical hub for global trade. Major civil aviation centres such as Dubai and key Gulf ports facilitate the movement of both people and cargo. Any sustained disruption to these hubs would slow international trade and strain global supply chains. Secondly, the Gulf region accounts for approximately 25% of global crude oil supply. The Strait of Hormuz, a vital shipping route for oil and gas exports, remains central to global energy logistics. Any threat to its operations would have immediate consequences for global energy markets. Higher energy prices will prompt major central banks throughout the world to raise interest rates which will slow global economic growth.
- The agricultural sector is particularly exposed to these developments. Farmers would also face a cost squeeze as input prices rise, especially fuel, agrochemicals and fertilisers. Fuel and gas are critical inputs in fertiliser and agrochemical production, and Iran is a significant global supplier of urea and ammonia, both key fertiliser components.
- Higher interest rates would increase the cost of capital for agribusinesses, potentially slowing investment in expansion and modernisation.
- On the trade front, South Africa's agricultural exports could be disrupted if supply chains are constrained. The Middle East is an increasingly important export destination, accounting for approximately 17% of South Africa's total agricultural export value in the fourth quarter of 2025.
- Key exports to the region include beef, goat and sheep meat, apples, citrus, pears, various nuts, and wine. The UAE and Saudi Arabia are among the most important markets for South African agricultural products.
- While the full economic impact will depend on the duration and intensity of the conflict, the risks to global energy markets, inflation, interest rates and trade flows are material. For South African agriculture, the combination of rising input costs, potential export disruptions and tighter financial conditions presents a challenging operating environment in the months ahead.

**3. Global debt and fiscal pressures**

- Major economies face rising debt burdens, leading to fiscal instability. This raises the risk of capital flow volatility to emerging markets like South Africa, affecting investment inflows and financing conditions.
- Higher global inflation may see major central banks throughout the world raising their interest rates, further constraining economic growth.

**4. Regional and continental dynamics**

- Within Africa, SA continues to face competition from other agricultural exporters (e.g., Morocco, Egypt, Kenya) in the EU and Middle Eastern markets.
- Sudan’s civil war persists and DRC–Rwanda tensions and M23 insurgency continue to destabilize eastern DR Congo limiting market opportunities.
- African Continental Free Trade Area (AfCFTA) offers opportunities, but infrastructure and regulatory harmonisation remain constraints.

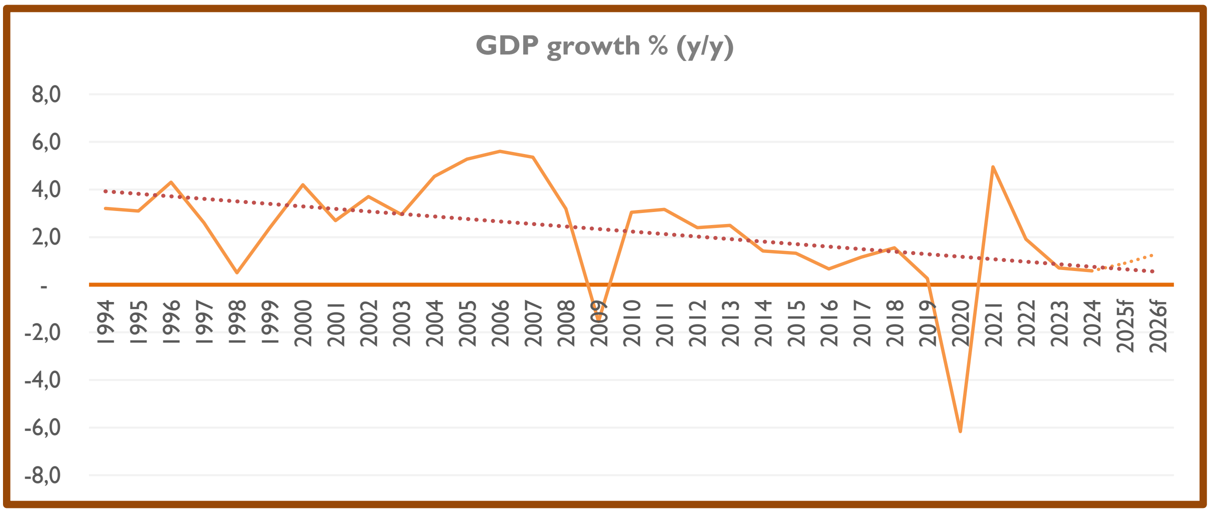
**5. Policy and governance shifts**

- Trade realignments (e.g., US-AGOA uncertainty) and new bilateral trade negotiations will influence SA’s market access trajectory.
- Heightened global sustainability and compliance standards (climate, traceability, biosecurity) create both barriers and opportunities for SA agriculture.

## South Africa's Economic Growth

The growth in the South African economy remained pedestrian in 2025, growing by an average of 1.1%, having grown by 0.5% in 2024. Nonetheless, the economy grew below 2% in 2025 despite the ongoing structural reforms under the auspices of Operation Vulindlela. The objective of the structural reforms to improve efficiencies in transport (rail and ports), electricity, water and logistics, amongst others. It is hoped that these reforms will reduce costs and improve competitiveness for the economy.

Figure 8: South Africa's Annual GDP Growth Rates (%)




Source: Quantec, SARB, Land Bank AEA.

Economic growth forecasts remain modest despite these reform efforts. In its January 2026 Monetary Policy Committee (MPC) meeting, the South African Reserve Bank (SARB) forecasted that the South African economy will grow by 1.4% in 2026 and 1.9% in 2027 (see Table 5 below). The Bureau of Economic Research (February 2026) projects GDP growth of 1.8% in 2026and 1.7% in 2027.

Table 5: GDP Quarterly Percentage Changes and Yearly Forecasts

| Gross domestic product (Real) | Actual | | | | | Yearly forecast | | |
|---|---|---|---|---|---|---|---|---|
| | 2021 | 2022 | 2023 | 2024 | 2025 | 2026 | 2027 | 2028 |
| **Percentage changes** | 4.96 | 1.9 | 0.8 | 0.6 | 1.1 | 1.4 | 1.9 | 1.9 |

Source: SARB, Land Bank AEA.

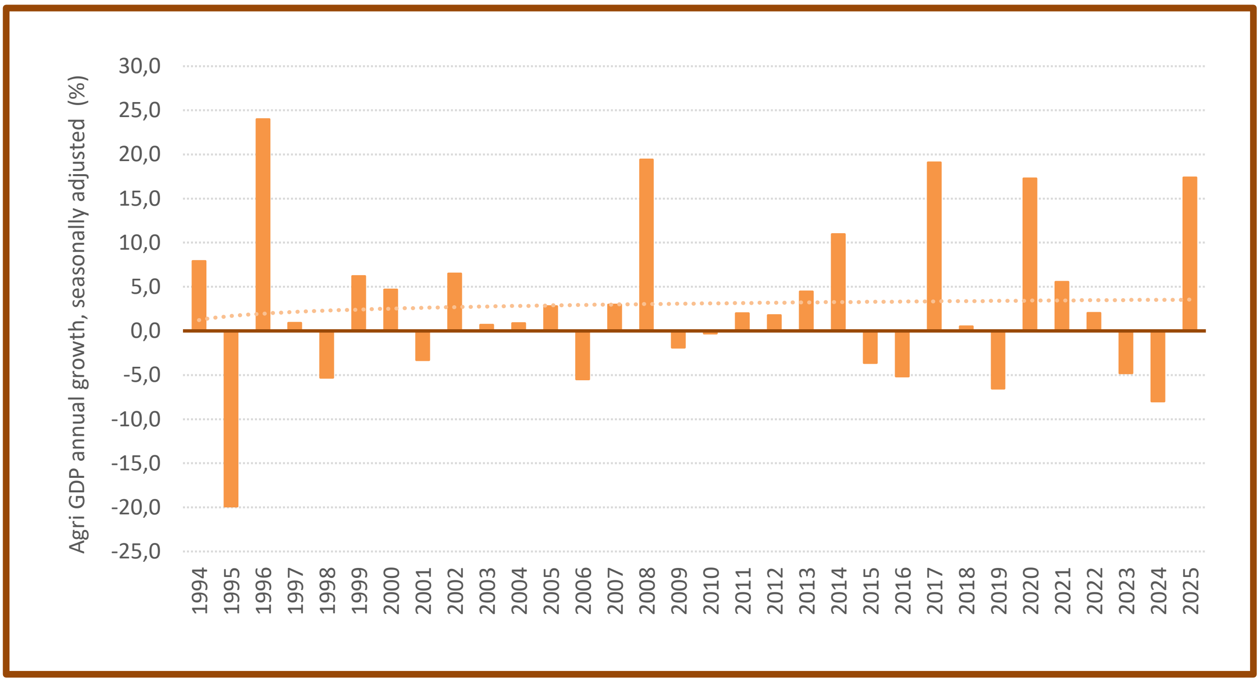
According to SARB, the modest growth will be supported by the ongoing structural reforms. However, SARB notes that for growth to be sustainable the economy requires much more investment than the current levels. The recent geopolitical developments in the Middle East will affect the South African growth prospects. Total South African exports will take a knock and inflation will start rising. A tightened monetary policy environment that will follow will further constrain new investments in the economy further constraining economic growth.

## Agricultural GDP

In 2025, agriculture contributed **2.85% to South Africa's GDP** If agro-processing is included, the sector's economic and labour market impact is even more significant, highlighting its central role in **job creation, rural livelihoods, and poverty alleviation.** Having declined by 4.8% and 8.7% in 2023 and 2024, respectively, the agricultural sector grew by 17.4% in 2025. The growth in the agricultural sector in 2025 was supported by an increase in field crops and horticultural crops which offset the ongoing biosecurity challenges in the livestock sector.

This recovery underscores the sector's ability to rebound from shocks, but also highlights the importance of **climate resilience, biosecurity measures, and value-chain integration** to sustain growth and maximise agriculture's contribution to economic transformation.

Figure 9: Annual Real Growth Rate in Agriculture, Forestry and Fishing




Source: SARB, Land Bank AEA.

The agricultural sector set to grow in 2026 supported by favourable weather conditions. However, the ongoing foot and mouth disease (FMD) and the unrest in the Middle East pose a risk for growth. Firstly, trade will be disrupted; Iran is not a key market for South Africa's exports. However, the Middle East is an important export destination, accounting for approximately 17% of South Africa's total agricultural export value in the fourth quarter of 2025. Key exports to the region include beef, goat and sheep meat, apples, citrus, pears, various nuts, and wine. The UAE and Saudi Arabia are among the most important markets for South African agricultural products.

Secondly the Gulf region is an important global source for oil and gas which is a key input in agricultural production. Furthermore, gas is an important input in the production of fertilisers and other agrochemicals, which are important inputs in agricultural production systems. Therefore, low exports and increasing input costs because of the Iran war will slow agricultural growth.

This outlook on slow agricultural growth is supported by the pessimistic sentiment about business conditions by agribusinesses in Q1 2026. The AgBiz/IDC Agribusiness Confidence Index (ACI) decreased by 18 points to 49 points (one point below the 50 points neutral mark) in Q1 2026 from Q4 2025, its lowest level since Q3 2024. The drop in sentiment in Q1 2026 was influenced by the financial pressure in the livestock sector due to outbreak of diseases and lower global prices of wheat and sugar. The sentiment in Q1 2026 was further dampened by concerns of the negative impact of the Middle East conflict will have on energy and fertilizer prices.

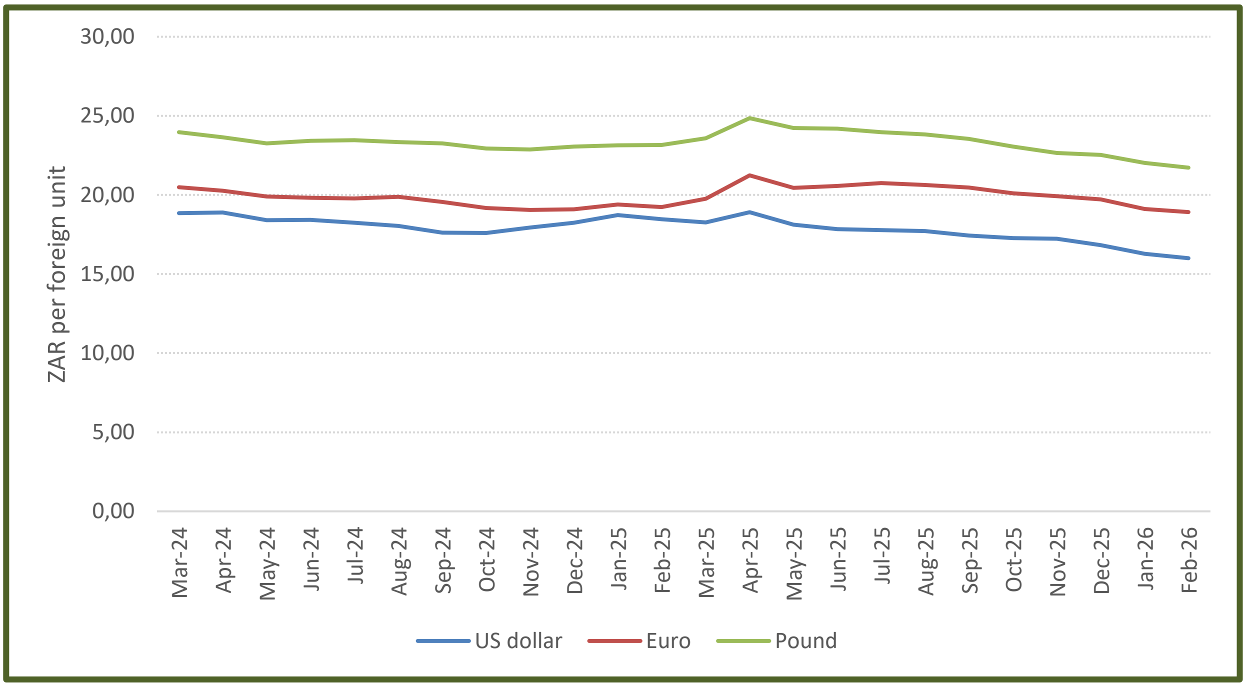
Nonetheless, machinery sales, which are an indicator of investments in the agricultural sector remain somewhat positive. Data from the South African Agricultural Machinery Association (SAAMA) indicates that in January 2026, 517 tractors were sold, an increase of 13.7% y/y compared to 457 tractors sold during the same period in 2025, a sign of good capital formation and optimism in the sector.

**Exchange rates**

The rand has seen good performance for most of 2025 influenced by improved fiscal policy, South Africa's removal from the 'grey list', an improved sovereign credit rating, the adoption of a new inflation target, a contained inflationary environment, higher interest rates relative to the United States and record high precious metal prices (see Figure 10, below). For example, gold has seen a stronger demand driven by its status as a safe haven in times of high economic uncertainty in the face of the uncertain United States trade policy and geopolitical tensions. In 2025, the rand averaged R17.88 against the dollar (an appreciation of 2.5%), R20.18 against the Euro (a depreciation of 1.8%) and R23.56 against the Pound Sterling (a depreciation of 0.6%). The strength of the rand against the U.S. dollar continued in the first two months of 2026, averaging R16.29 per U.S. dollar in January 2026 (up 13.0% y/y) and R16.00 per U.S. dollar in February 2026 (up 13.4% y/y).

BER forecast (February 2026) that the rand will further appreciate against the United States dollar in 2026 and 2027, averaging R16.27 and R16.44, respectively. From an agricultural perspective, a stronger rand has meant lower prices for imported inputs such as fuel and agrochemicals such as fertilisers, which have contained cost pressures for farmers. However, the Middle East tensions could see a reversal on these gains. Nonetheless, a stronger rand could curtail the competitiveness of agricultural exports as they become expensive in dollar terms.

Figure 10: Exchange Rates



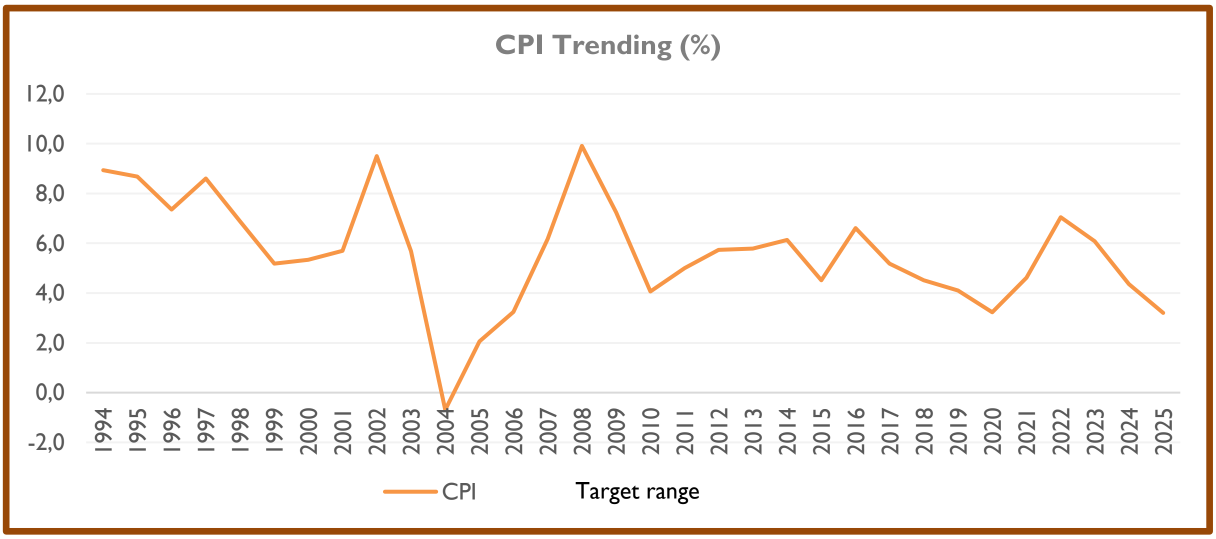

Source: BER

## Inflation and monetary policy

Domestic inflation remained relatively contained, averaging 3.2% in 2025, down from **4.4% in 2024**, slightly higher than the 3.0% South African Reserve Bank's (SARB) **target** (see Figure 11 below). In recent years, domestic price trends have been largely shaped by movements in global fuel prices. Increased crude oil production has kept international fuel prices subdued, helping to offset inflationary pressures despite ongoing geopolitical tensions and conflicts in several major oil-producing regions. This dynamic has also filtered through to the domestic market, with fuel prices remaining muted for most of 2025. The stronger rand against major global currencies has also kept imported inflation in check.

However, the ongoing Middle East unrest is already causing an increase in global fuel prices as key maritime routes are disrupted causing a supply shock in the global energy markets. This will see a reversal of the low inflationary environment that characterized most of 2025.

Figure 11: Annual Average Consumer Inflation (%)




Source: World Bank, Land Bank AEA.

Forecasts by the South African Reserve Bank (SARB) (March 2026) indicate that inflation will average 3.7% in 2026, before slowing to 3.3% in 2027 (see Table 6, below).

According to SARB, the stronger rand and lower fuel costs will contribute to lower inflation (closer to the 3% target) in the medium term. The Bureau of Economic Research (BER February 2026 forecast expected inflation to average 3.0% in 2026 and 3.2% in 2027. However, the new geopolitical developments in the Middle East may result to an upward revision to the SARB and BER inflation forecasts. Therefore, monetary policy will be contractionary with little room for any rate cuts in the short to medium term.

Table 6: CPI Forecasts

| Year | 2024 | 2025 | 2026 | 2027 |
|---|---|---|---|---|
| **CPI forecast (%)** | 4.4 | 3.2 | 3.7 | 3.3 |

Source: BER, Land Bank AEA.

In March 2026, the monetary policy committee (MPC) of SARB decided to leave interest rates unchanged at 6.25% (prime 10.25%). In its decision, SARB cited inflationary risks emanating from increased oil prices because of disruption in oil supplies out of the Gulf region caused by the Middle East war.

The unchanged interest rates do not give any relief to the agricultural sector. The cost of capital and repayments of existing loans will remain the same. Therefore, the demand for credit will remain the same or decline. This is particularly crucial in an uncertain economic environment characterised by rising input costs such as fuel, agrochemicals and fertiliser. The likelihood of hikes in interest rates in the short to medium-term will further increase credit costs for farmers. Therefore, the Bank should mitigate for a low credit demand environment and the possibility of an increase in non-performing loans.

## 6.3 OPERATING ENVIRONMENT OVERVIEW

### CLIMATE OVERVIEW

According to forecasts from the Agricultural Research Council, ongoing drought conditions across the western, southwestern, and parts of the southern interior of South Africa remain a major concern for the agricultural sector, as limited rainfall during October, November, and December 2025 has contributed to continued pressure on dam levels and irrigation water availability. The Standardized Precipitation Index (SPI) ending December 2025 shows that large portions of the Western Cape and adjacent areas of the Northern Cape remained under moderate to extreme drought, reflecting the continued lack of rainfall through late spring and early summer. In contrast, the central and northeastern summer rainfall region experienced a marked shift to moderate to extremely wet conditions from mid-October, with frequent rainfall events during November and December highlighting a pronounced spatial contrast in rainfall patterns across the country. The wet weather benefited the planting activities, and improved pastures for livestock.

The latest forecast of 3 February 2026 from the South African Weather Services, shows that the El Niño-Southern Oscillation (ENSO) is currently in a weak La Niña state; however, it is expected to return to a neutral state within the next month. Most predictions indicate that ENSO will continue towards a neutral state with a possible return to an El Niño state during the Southern Hemisphere spring months. The usual effect of La Niña events on South Africa is for an increased likelihood to receive above-normal rainfall over the north-eastern parts of the country during summer. During the autumn months most of the areas that receive significant rainfall are expected to receive above normal-rainfall with the exception of some interior regions that are expected to receive below normal rainfall during the March-April-May season. Above-normal late-summer to autumn rainfall will benefit crops and livestock but increases waterlogging and harvest-delay risks. Early winter rainfall indications show below-normal rainfall for the southwestern and southern coastal areas.

### SECTOR PERFORMANCE

- **Field Crops**

Since late 2020, South Africa has experienced predominantly **normal to above-normal rainfall**, creating widespread favourable conditions across much of the country, except during the 2023/24 summer season. This extended period of beneficial precipitation has **enhanced soil moisture, supported crop growth, and improved yields**, mitigating the adverse effects of drought and reinforcing national **food security**.

After the drought-affected 2023/24 season, the **2024/25 summer production season** brought a significant recovery for field crops, supported by favourable climatic conditions. Total summer **grains and oilseeds production is estimated to have increased by approximately 31% year-on-year**. However, quality concerns in domestic white maize, primarily related to moisture content and kernel integrity in certain regions, have influenced procurement patterns, which has contributed to **price softness**. Looking at the current 2025/26 season, above average rainfall improved soil moisture and boosted prospects for an above average grain crop across the summer rainfall region. However, delayed planting, disease pressure, limited heat units and low grain prices mean producers remain cautious.

According to the area planted and the sixth production estimates, South Africa's 2025/26 winter grain production is now projected at 2.658 million tons, which is more or less the same as the output produced in the 2024/25 season. This is despite slightly increased plantings during this season. Challenging weather conditions in August, a critical month for crop growth, have impacted yields across several regions. In the Southern Cape, despite rainfall in June and July, a complete cut-off in August left crop performance at average to below average levels, with extreme dryness in the eastern parts forcing some farmers to graze livestock on unviable fields. Similarly, the Overberg region faced below-average yields due to the absence of August rainfall, requiring close monitoring. The Swartland region was performing relatively better, with conditions described as stable but still dependent on sufficient rainfall for the remainder of September to secure the harvest. These conditions limited the initial positive sentiment within the winter grains complex.

As at November 2025, the Southern Cape region was having quality problems on the wheat side, with the Heidelberg area having received hail damage at some point, affecting canola. Harvesting in the Southern Cape area was complete. Overberg area is still harvesting, with some areas receiving slightly below average yield, whilst some areas expected slightly below average yields. The Swartland area was not looking too bad especially when compared to the past 2 to 3 years, however, there are quality concerns reported. Additionally, the broader industry faces financial pressure from low global wheat prices, which have not risen to offset lower yields. Increases in domestic input costs over time and the fact that farmers had to replant in the Western Cape at the beginning of the season due to snail infestations imply financial pressure for some. Meanwhile, other wheat producing areas like the Northern Cape, Free State and Limpopo expect larger wheat production for the 2026 season.

These developments highlight the importance of **climate-resilient production planning, targeted financing, and value-chain optimisation** to capitalise on favourable conditions while mitigating risks related to crop quality and price volatility.

- **Livestock**

The **livestock sector**, South Africa's largest agricultural subsector, experienced a combination of recovery and challenges in 2025. **Favourable rainfall** improved grazing conditions, supporting healthier herds and better weight gains, providing relief after the 2024 drought. However, the sector faced disruptions from **animal diseases**, notably **Foot-and-Mouth Disease (FMD)**, while Highly Pathogenic Avian Influenza (HPAI) remained less severe in livestock.

FMD outbreaks initially affected only the **Eastern Cape and KwaZulu-Natal** with 188 open cases as of March 2025. By July, the disease had spread to **five provinces**, including Gauteng, Mpumalanga, North West, and Free State, increasing total cases by 26% to 236 open outbreaks. This expansion prompted **China to impose a ban on South African beef exports**, with KwaZulu-Natal most severely affected. The **Eastern Cape successfully resolved its outbreaks** by July, resulting in the lifting of Disease Management Areas (DMAs) in both the Eastern Cape and Limpopo. Notably, the June 2025 FMD outbreak at **Karan Beef feedlots** disrupted the beef market, contributing to a **37.49% year-on-year increase** in Class A2/3 carcass prices by August, reflecting supply chain and market pressures. The number of active foot and mouth disease outbreaks has significantly worsened, increasing from 236 in July 2025 to 374 in October 2025, spanning across Free State, Gauteng, KwaZulu-Natal, Mpumalanga, and North West.

The FMD situation has worsened sharply between October 2025 and February 16, 2026, with national open outbreaks increasing from 374 to 836, an overall rise of 124%. Provinces previously unaffected, including the Eastern Cape, Limpopo, Northern Cape, and Western Cape, now show new outbreaks, while already affected provinces saw major surges. This escalation reflects both geographic spread into new provinces and intensified transmission in high-risk areas, underscoring the urgent need for strengthened containment and surveillance.

South Africa's mitigation efforts against Foot and Mouth Disease (FMD) centre on a national strategy launched in 2025 to achieve long-term FMD freedom, beginning with attaining FMD-Freedom with Vaccination. Key measures include a phased mass vaccination campaign starting February 2026, supported by both imported vaccines and renewed local production by the ARC after a 20-year hiatus. Surveillance and traceability are strengthened through systems such the Red Meat Industry Services digital heatmap, while diagnostic capacity and relevant legislation are being upgraded to enable faster response. A multi-tier governance structure, comprising the Ministerial Advisory Task Team, Technical and Scientific Task Team, and the FMD Industry Coordination Council (ICC) coordinates technical guidance, implementation, enforcement, and communication across government and industry.

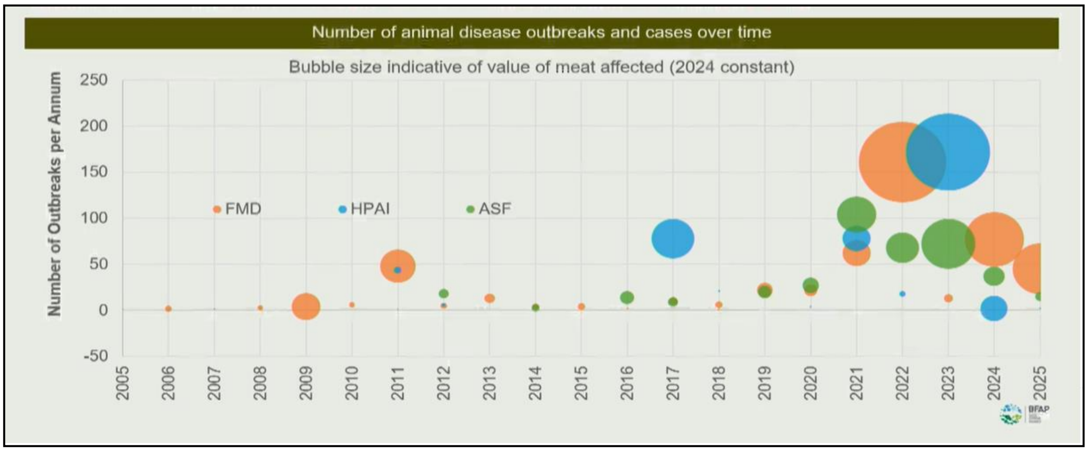
Following the declaration of FMD as a National Disaster in February 2026, recovery efforts focus on enabling faster mobilisation of resources, harmonised enforcement, and improved support to affected producers without overriding existing animal-health legislation. To secure vaccine supply during the scaling-up of local production, SAHPRA has fast-tracked Section 21 authorisations for urgent vaccine imports, with millions of doses scheduled from multiple international suppliers.

In the **poultry sector**, as of 31 October 2025, the Department of Agriculture confirmed a total of 9 outbreaks across the country, 3 in Mpumalanga Province, 1 in North West Province, 4 in the Western Cape Province, and 1 in the Eastern Cape Province. With warmer weather reducing virus survival, the risk of further outbreaks is expected to decline. Compared to the previous major outbreak, the 2025 situation remains less severe, and effective monitoring and containment measures have kept the disease under control, helping maintain stability in the poultry industry. As of 31 January 2026, 2 of the 9 outbreaks have been resolved, 1 in the Western Cape and one in the Eastern Cape, while seven remain active. Production in the poultry industry also recovered and is back to normal following the devastating 2023 bird flu outbreaks.

Progress on HPAI vaccination in South Africa has also been gradual. Currently, one broiler breeder farm has been approved for vaccination under the existing protocols. To enhance the rollout of vaccinations, a task team of scientists and veterinarians has been appointed to review and revise these protocols. While some challenges remain in aligning guidelines, efforts are ongoing to address these issues. Accelerating the vaccination of long-living birds is essential, as it plays a vital role in preventing the spread of HPAI.

Overall, the **frequency and impact of animal disease outbreaks**, including FMD, HPAI, and African Swine Fever (ASF), have increased significantly in recent years, with rising economic losses highlighted in Figure 12. It should be noted that the 2025 data is not yet complete. It is highly likely that the bubble sizes and outbreak count for 2025 will appear significantly higher, this trend underscores the urgent need for **strengthened disease control measures, risk management strategies, and sector collaboration** to protect livestock productivity, stabilise markets, and mitigate financial and agricultural risks.

Figure 12: Number of Animal Disease Outbreak Cases Over Time




Source: BFAP, DALRRD

- **Horticulture**

The **horticultural sector** is a high-value, export-oriented subsector, with fruits and nuts driving growth. Over the past decade, an estimated **120,000 hectares** of these crops have been added, enhancing South Africa's export capacity and positioning the industry as a key contributor to trade earnings (BFAP).

The **2024/25 growing season** benefited from favourable production conditions and replenished irrigation resources, providing a strong foundation for continued expansion. Nonetheless, the sector faces ongoing challenges, including **logistical inefficiencies, rising input costs, and stringent compliance requirements** in major export markets.

While strong **international demand** has supported horticultural exports, potential disruptions, such as the possible discontinuation of the **African Growth and Opportunity Act (AGOA)** or U.S. tariff increases, pose risks to profitability. Market redirection from the U.S. to Asia and Europe could result in oversupply, placing **downward pressure on prices** and reducing net returns for producers. Despite these headwinds, the sector's export orientation has provided some insulation from **domestic economic weaknesses**.

**Infrastructure investment** remains critical, with emphasis on **irrigation systems, port facilities, and transport logistics** to maintain competitiveness. Rising energy costs and load-shedding continue to divert resources from technological advancements toward alternative electricity solutions. Nevertheless, the sector's **resilience, strategic focus on market diversification, and efficiency improvements** highlight its potential for sustained growth amidst ongoing challenges.

**Key Priorities for Growth**

The table below outlines some of the key actions that need to be prioritised to drive growth in the agricultural sector. It highlights efforts to enhance energy resilience, logistics, and climate adaptation while supporting smallholder farmers and fostering sustainable practices. Additionally, it emphasises the importance of research, export diversification, and policy reforms to ensure long-term growth and resilience.

| Key Priority | Description |
|---|---|
| **Energy Resilience** | Addressing the energy crisis by adopting renewable energy technologies to reduce dependence on the national grid. |
| **Logistics and Market Access** | Investments in transport infrastructure and port operations are needed to resolve export bottlenecks and improve global competitiveness. |
| **Climate Resilience** | Promoting climate-smart agriculture, such as improved irrigation systems and soil conservation, to mitigate risks from unpredictable weather. |
| **Smallholder & Entrant Farmer Support** | Scaling programs to integrate smallholder farmers into value chains, provide access to credit, and enhance capacity through effective support services. |
| **Research and Development** | Prioritising innovation in crop production, pest management, and disease control to improve productivity and resilience across subsectors. |
| **Export Market Diversification** | Exploring alternative export markets while maintaining focus on traditional markets. |
| **Sustainability and Environmental Stewardship** | Emphasising sustainable agricultural practices in response to global demand for greener solutions. |
| **Policy and Governance Reforms** | Implementing effective policies and fostering partnerships. |
| **Efficiency Gains in the Supply Chain** | Improving infrastructure, including electricity, roads, rails, and ports, to enhance efficiency. |
| **Safety and Security** | Addressing the impact of crime on costs, investment confidence, and the overall value chain. |

Source: Land Bank AEA, BFAP

**Concluding remarks**

As South Africa navigates a complex and evolving global economic landscape, the agricultural sector stands at a pivotal juncture. The 2025 outlook reflects both the resilience and the fragility of the sector, resilience in its recovery from climatic and disease-related shocks, and fragility in the face of persistent structural constraints, geopolitical tensions, and trade uncertainties.

To secure long-term growth and transformation, a strategic shift is imperative. This entails moving beyond reactive measures toward a proactive, systems-based approach that integrates climate resilience, technological innovation, and inclusive development. The sector must embrace sustainability not only as a compliance requirement but as a competitive advantage, aligning with global trends in green finance, traceability, and environmental stewardship.

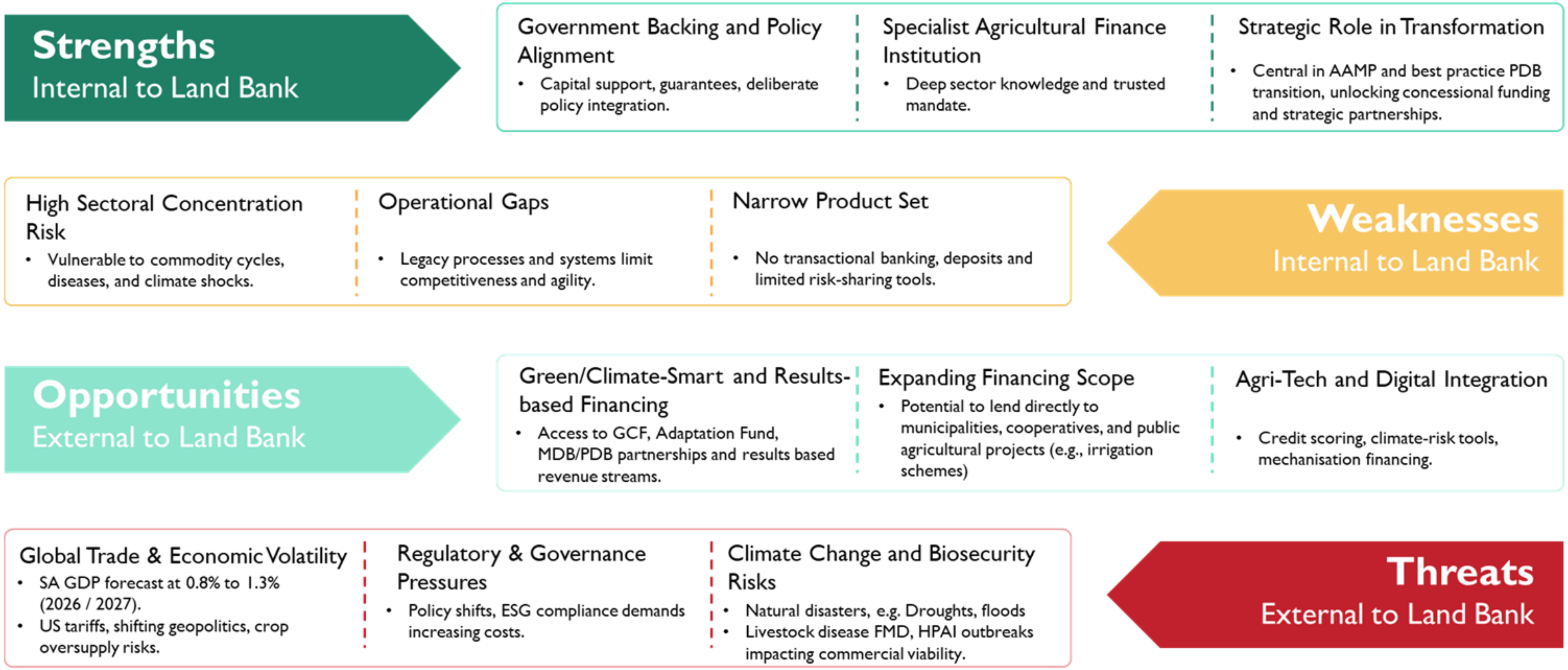
The Land Bank is uniquely positioned to lead this transformation. By scaling up investments in climate-smart agriculture, strengthening biosecurity frameworks, and unlocking infrastructure bottlenecks, particularly in energy and logistics, the Bank can catalyse systemic change. Furthermore, expanding blended finance instruments and fostering deeper collaboration with public and private stakeholders will be critical to bridge the gap between commercial viability and developmental impact.

Ultimately, the success of this Corporate Plan will be measured not only by GDP growth or export volumes, but by the sector’s ability to generate inclusive prosperity, enhance food security, and build resilience against future shocks. With strategic clarity, operational agility, and stakeholder alignment, South African agriculture can emerge stronger, more competitive, and more equitable in the years ahead.

## 6.4 SWOT ANALYSIS

A holistic view of the Land Bank highlights the following strengths, weaknesses, opportunities, and threats. The internal environment presents both strengths and weaknesses that will influence the Bank's ability to capitalise on external opportunities and address potential threats. These internal factors represent areas of advantage that Land Bank can harness, as well as vulnerabilities that must be effectively managed to support sound strategic formulation. The external environment encompasses all external factors and influences that may affect the Bank's operations. It highlights both the opportunities that the Bank can leverage to advance its mandate and the threats that must be proactively managed to safeguard its strategic objectives.

Figure 13: Land Bank SWOT Analysis




1. **Strengths**

- Specialist Agricultural Finance Institution – Deep sector knowledge and mandate give the Bank credibility and trust among farmers and agribusinesses.
- Government Backing and Policy Alignment – As a state-owned entity, Land Bank benefits from capital support, guarantees, and alignment with national agricultural and climate policies.
- Extensive Regional Reach – Presence across provinces allows for proximity to diverse farming systems and commodity clusters.
- Strategic Role in Transformation – Positioned at the centre of the Agriculture and Agro-processing Master Plan (AAMP) and Public Development Bank (PDB) guidelines, giving it influence in shaping policy and unlocking concessional funding.

2. **Weaknesses**

- Constrained Balance Sheet – Past financial distress and reliance on government interventions limit independence and affordability of funding in capital markets.
- Narrow Product Set – No transactional banking, deposits, or significant non-interest income; still limited in tailored risk-sharing tools (e.g., insurance, guarantees).
- High Sectoral Concentration Risk – Exposure almost entirely to agriculture leaves the Bank vulnerable to commodity cycles, disease outbreaks (FMD, HPAI), and climate shocks.
- Constraints in swiftly adapting Operational Gaps – Legacy processes and systems lag behind commercial peers, limiting ability to compete on speed, innovation, and client experience.

3. **Opportunities**

- Green and Climate-Smart Financing – Access to global concessional funds (e.g., GCF, Adaptation Fund) and partnerships with Multi-Lateral Development Banks (MDBs) and National Development Banks (NDBs) to scale sustainable agriculture, renewable energy, and resilience projects.
- Agri-Tech and Digital Integration – Technology-enabled credit scoring, climate-risk tools, and mechanisation financing can broaden access and reduce risk.
- Diversification that may be enabled through the transitioning from a DFI into a Public Development Bank– Expanded scope to finance municipalities, cooperatives, agri-processing hubs, and public-good infrastructure (irrigation, storage, logistics).
- Export Market Support – Despite US tariff headwinds, opportunities exist in Asia, EU, and Africa (AfCFTA), where financing can help farmers diversify markets and upgrade compliance standards.
- Transformation Agenda – Potential to create 5,600+ new black-owned farming entities by 2030 under the AAMP, positioning Land Bank as the enabler of inclusive growth.

4. **Threats**

- Economic Stagnation – Low domestic growth (0.8 –1.3% forecast for 2025/26) suppresses credit demand and repayment capacity.
- Climate Change and Biosecurity Risks – Increasing frequency of droughts, floods, and disease outbreaks threaten farmer viability and collateral values.
- Global Trade Volatility – US tariffs on SA exports, shifting geopolitics, and oversupply in certain crops (e.g., citrus, macadamias) can depress prices and margins.
- Competition from Commercial Banks and DFIs – Larger, diversified financial institutions and global PDBs may outcompete Land Bank on funding costs, product variety, and partnerships.
- Regulatory and Governance Pressures – Policy shifts, governance expectations, and stricter ESG compliance could raise operational demands and costs.

## 6.5 OPERATIONAL CHALLENGES FACING THE LAND BANK

The strategy review has highlighted internal capabilities and external influences that collectively affect the Bank's ability to deliver on its developmental mandate. These intersecting factors are actively shaping the Bank's current operating environment and informing its strategic direction:

### 1. Funding Model Challenges

- The refinancing of the Banks expensive debt remains outstanding and is yet to be executed.
- The Bank's FY26 MTEF application was unsuccessful, leaving uncertainty around securing low-cost funding to support its strategic objectives.
- Committed grants by the Department of Agriculture (DoA) will be inadequate to support the projected loan growth in future years.

### 2. Margin Compression

- The Bank continues to face margin compression, driven by rising funding costs and constrained pricing power.

### 3. Revenue Diversification

- Revenue diversification remains constrained, with no new products launched, the Land Management Subsidiary still pending activation, and the interest-generating escrow account yet to be initiated.

### 4. NPL and ECL

- The Bank continues to face elevated Non-Performing Loans (NPLs), Expected Credit Loss (ECLs), and impairment charges, driven by prolonged default periods and rising Loss Given Default (LGD) rates.

### 5. Origination Optimisation

- Suboptimal origination processes are contributing to delays in turnaround times for loan assessments and disbursements.
- Comprehensive client support, both pre- and post-financing, must be fully integrated into the origination process.
- Improved systems integration is essential to deliver a seamless client experience.

**Mitigation Strategies to support the challenges:**

- Funding challenges: The Bank is executing a phased funding strategy, with government guarantees under consideration by the Shareholder, while concurrently engaging concessional and development finance partners to support refinancing, financial sustainability, and future private capital mobilisation.
- Origination Optimisation: Digitisation of Core Banking and IT systems are progressing well, with a process mind-set being embedded in the Land Bank as a project approach.

## 6.6 ENABLERS

The Land Bank's Strategic Enablers are key elements that support and facilitate the effective execution of its strategy, helping to realise its goals in agricultural transformation, rural development, and financial sustainability. These enablers form the foundation for long-term success and align with the bank's mandate and objectives.

Figure 14: Land Bank's Critical Enablers for Success During FY27

**Inclusive and Impact-Driven Financial Solutions**

- Expand and tailor financial products to meet the needs of underserved segments and unlock revenue growth.

**Client-Centric Delivery and Value Proposition**

- Enhance service models to deliver holistic, responsive, and accessible solutions that reflect client needs and drive satisfaction.

**Digital Enablement and Technology Modernisation**

- Accelerate digital transformation to improve operational agility, data intelligence, and client experience.

**Strategic Ecosystem Partnerships**

- Deepen collaboration with public and private stakeholders to expand reach and pool resources,

**Sustainable and Diversified Funding Architecture**

- Secure long-term financial resilience through diversified, low-cost funding sources aligned with the Bank's mandate.

**Talent Development and Organisational Capability**

- Build a high-performing, future-ready workforce through targeted skills and leadership development,

**Environmental and Social Sustainability**

- Embed ESG principles across operations, financing decisions, and partnerships to promote climate resilience and inclusive development.

# 7. MEASURING OUR PERFORMANCE

Organisational performance will be transparently measured through key performance indicators (KPIs) defined in the FY27 Shareholder's Compact. Performance at Corporate level will be assessed against these KPIs, with quarterly progress reports provided to the Ministry of Finance.

Delivery will be driven by disciplined execution, embedding KPIs into employee performance contracts, and cascading targets throughout the organisation. While the Shareholder's Compact outlines 25 Corporate-level KPIs, a second-tier Scorecard has also been developed to track and monitor divisional and functional performance against the Bank's strategic priorities for the year.

Figure 15: Strategy to Execution Framework for FY27

### OUR MANDATE

Inclusion of Historically Disadvantaged Persons | Contribution to GDP | Job Creation & growth in Economically Active Population | Food Security | Environmental Stewardship

### OUR PURPOSE

Land Bank is a specialist DFI that effectively balances developmental outcomes and financial sustainability to meaningfully contribute to the development and transformation of South African agriculture.

| OUR VISION | OUR MISSION |
|---|---|
| To be a world-class agricultural development bank that stimulates development, growth, and transformation; one that drives solid performance and spurs innovation. | To collaborate with all stakeholders to build an adaptive, transformed, sustainable, and competitive agricultural sector that drives environmental, social, and economic development, and contributes to food security. |

### OUR VALUES

| | | | | |
|---|---|---|---|---|
| Contribute Meaningfully | Empower | Build Organisational Synergy | Be Accountable | Be Pro-active |

### OUR STRATEGIC PRIORITIES

| | | | | | | | |
|---|---|---|---|---|---|---|---|
| 1. Compliance to Debt/ Lender Covenants & Undertakings | 2. Improve Loan Book Quality and NPL Remediation | 3. Debt Refinancing & Funding Model | 4. Implement Pricing Strategy | 5. Revenue Diversification & Growth | 6. Operational Effectiveness | 7. Sustainability | 8. Performance, Culture and EVP |
| 9. Customer Value Proposition | 10. Implementation of Key Strategic Partnerships | 11. Embed Land Reform | 12. Development Effectiveness | 13. Strengthen Governance & Compliance | 14. Enhance B-BBEE Verification | 15. Bancassurance Effectiveness | 16. Land Bank and Land Bank Insurance Integration |

### OUR KEY PERFORMANCE AREAS

| | | | |
|---|---|---|---|
| Development Effectiveness | Financial Sustainability | Organisational Effectiveness | Stakeholder Management and Client Centricity |

## 7.1 LAND BANK CORPORATE SCORECARD FOR FY27

The Bank's FY27 Strategy to Execution Framework ensures that every element of the strategic architecture, from mandate, purpose, vision, and mission to values, is translated into measurable outcomes. Strategic priorities form the bridge between long-term aspirations and operational delivery, while key performance areas (KPAs) and indicators (KPIs) provide the basis for monitoring progress and accountability.

Table 7: Land Bank Corporate Scorecard for FY27

| WT | OBJECTIVE | WT | KEY PERFORMANCE INDICATOR | FY26 BASELINE | ANNUAL TARGET | QUARTERLY TARGET |
|---|---|---|---|---|---|---|
| **KPA: DEVELOPMENT EFFECTIVENESS** | | | | | | |
| 30% | Facilitate development and transformation of the agricultural sector. | 20% | [1.1] Blended Finance Debt Disbursements (majority black owned entities, as per BFS eligibility criteria) | R700m | R900m[1] | Cumulative<br>Q1: R225m<br>Q2: R450m<br>Q3: R675m<br>Q4: R900m |
| | | 10% | [1.2] Agro-Energy Fund Loan Disbursement | R42m | R100m | Cumulative<br>Q1: R25m<br>Q2: R50m<br>Q3: R75m<br>Q4: R100m |
| | Financial support provided for development effectiveness. | 10% | [1.3] Financial support provided to Designated Groups at participating ownership level:<br>• Black female<br>• Black youth<br>• People with disability | 50 | 50 | Cumulative<br>Q1: 12<br>Q2: 24<br>Q3: 38<br>Q4: 50 |
| | | 10% | [1.4] Percentage of approved clients provided with Pre and Post Finance Support | 40% | 40% | 40% |

[1] Given the current shortfall in grant allocation to the Bank this target is dependent on the Bank receiving additional Grant allocations from the Department of Agriculture and other sources.

| WT | OBJECTIVE | WT | KEY PERFORMANCE INDICATOR | FY26 BASELINE | ANNUAL TARGET | QUARTERLY TARGET |
|---|---|---|---|---|---|---|
| | Provide financial support to the agricultural sector. | 20% | [1.5] Debt Disbursements to Non-Blended Finance clients | R500m | R800m | Cumulative<br>Q1: R200m<br>Q2: R400m<br>Q3: R600m<br>Q4: R800m |
| | | 5% | [1.6] Percentage of performing clients who experienced repayment challenges who were assisted during the financial year. | NA | 40% | 40% |
| | Sustainability<br>**1.** ESRA.<br>**2.** Embed sustainability in the Bank's strategy and operations to unlock access to green and sustainable funding. | 10% | [1.7] All category A and B Environmental and Social Risk Assessments (ESRA) rated disbursed transactions contain ESRA conditions. | 100% | 100% of all transactions | 100% of all transactions per Quarter. |
| | | 10% | [1.8] Implementation of the Sustainability Standards Certification Initiative. | N/A | 80% implementation of SSCI responsibilities and tasks for FY27 completed by 31 March 2027. | In line with FY27 Project Plan. |
| | B-BBEE Rating.<br>1. Improve B-BBEE Verification Outcome for the Bank.<br>2. Compliance to B-BBEE Commission. | 5% | [1.9] Outcome of B-BBEE rating. | 8 | 7 | Measurable at the end of the financial year. |
| **KPA: FINANCIAL SUSTAINABILITY** | | | | | | |
| 30% | Compliance to Debt / Lenders Covenants | 10% | [2.1] Compliance to Debt / Lenders Covenants | In Progress | All 6 financial covenants (NPL, CTI, Net Debt/Loan ratio, Leverage ratio, Credit Loss ratio, and ECL Credit ratio) met for the financial year. | All 6 financial covenants (NPL, CTI, Net Debt/Loan ratio, Leverage ratio, Credit Loss ratio, and ECL Credit ratio) met for the financial year. |
| | Compliance to Debt / Lenders Undertakings | 10% | [2.2] Compliance to Debt / Lenders Undertakings | In Progress | Full compliance to Debt / Lender Undertakings for the year. | Full compliance to Debt / Lender Undertakings for the year. |
| | Improvement of Loan Book Quality | 20% | [2.3] NPL ratio | 46.3% | 44% | 44% |

| WT | OBJECTIVE | WT | KEY PERFORMANCE INDICATOR | FY26 BASELINE | ANNUAL TARGET | QUARTERLY TARGET |
|---|---|---|---|---|---|---|
| | Profitability | 20% | [2.4] Cost to Income ratio | 73% | 87%[2] | 87% |
| | | 20% | [2.5] Net Interest Margin (excluding interest in suspense) | 5.2% | 5.2%[3] | 5.2% |
| | | 20% | [2.6] Generate New Revenue Streams | R14.6m | R100m | Cumulative<br>Q1: R25m<br>Q2: R50m<br>Q3: R75m<br>Q4: R100m |
| **KPA: STAKEHOLDER MANAGEMENT AND CLIENT CENTRICITY** | | | | | | |
| 10% | Improve Turnaround Time to clients | 20% | [3.1] Turn-around Times (TAT): Initial Assessment to Credit Decision (working days) | N/A | 75% of transactions approved within 60 days. | 75% of transactions approved within 60 days. |
| | | 20% | [3.2] TAT: Credit Decision to Disbursement (working days) | N/A | 60% of transactions disbursed within 50 days. [4] | 60% of transactions disbursed within 50 days. |
| | Improve the Bank's Reputation among Stakeholders | 30% | [3.3] Net Reputation Score, conducted by media monitoring company | 7% | 14% [5] | 14% |
| | Client Retention | 30% | [3.4] Client Attrition Rate [by Rand Value Exposure] | 10% | 10% | 10% |
| **KPA: ORGANISATIONAL EFFECTIVENESS** | | | | | | |
| 10% | Development of Employee Academy | 10% | [4.1] Embed Employee Development Academy | N/A | 80% development initiatives of the FY27 approved Capability Plan completed (Generic, Learnership, Internal Skills Transfer) through the Internal Employee Academy. | Q1: Completion and approval of Employee Academy programme (Capability Plan) for the year.<br>Q2: 27% of the plan implemented. |

[2] Aligned to FY27 Budget.
[3] Aligned to FY27 Budget.
[4] Some disbursements are dependent on Bond Registration which involves external parties such as transferring attorneys and other financiers.
[5] The 21% performance outcome represents an overachievement relative to industry norms. In comparable institutions, the best practice benchmark averages 14%.

| WT | OBJECTIVE | WT | KEY PERFORMANCE INDICATOR | FY26 BASELINE | ANNUAL TARGET | QUARTERLY TARGET |
|---|---|---|---|---|---|---|
| | | | | | | Q3: 54% of the plan implemented (Q2 & Q3 = 54%).<br>Q4: 80% plan implemented (Combined Q2 to Q4 = 80%). |
| | Development of Farmers through the Land Bank Academy | 10% | [4.2] Embed Farmers Academy | 100% (15 Farmers completed a module on the online platform) | 80% of the 50 Emerging Farmers that attended the on-line training demonstrated increased knowledge, as evidenced by assessment results **[40].** | Q1: 20% of Farmer's demonstrated increased knowledge **[10].**<br>Q2: 40% of Farmer's demonstrated increased knowledge **[20].**<br>Q3: 60% of Farmer's demonstrated increased knowledge **[30].**<br>Q4: 80% of Farmer's demonstrated increased knowledge **[40].** |
| | People and Talent Management | 10% | [4.3] Embed People and Talent Integrated management framework | N/A | Implement career paths and standard development plans for **60** of the **118** approved critical roles in the Bank. | Q1: **15** roles - career paths and standard development plans developed.<br>Q2: **30** roles - career paths and standard development plans developed.<br>Q3: **45** roles - career paths and standard development plans developed.<br>Q4: **60** roles - career paths and standard development plans developed. |
| | Build a Capable Organisation | 20% | [4.4] Implementation of CRM BPM System supporting Re-engineered Critical Processes. | On-Boarding of Vendor (CRM Service Provider), CIPC and Home Affairs Integration | Implementation of CRM BPM System by 31 March 2027. | In line with FY27 Project Plan. |

| WT | OBJECTIVE | WT | KEY PERFORMANCE INDICATOR | FY26 BASELINE | ANNUAL TARGET | QUARTERLY TARGET |
|---|---|---|---|---|---|---|
| | Digital Transformation and Modernisation of IT | 15% | [4.5] Achievement of IT Strategy | N/A | Implementation of 80% of the list of FY27 deliverables contained in the Board approved IT Strategy Plan by 31 March 2027. | In line with FY27 deliverables contained in the IT Strategy Plan. |
| | | 5% | [4.6] Implementation of Board approved Cyber-Security Plan | N/A | Full Implementation of Board approved Cyber-Security Plan by 31 March 2027. | In line with FY27 Board approved IT Strategy Plan. |
| | Land Bank and Land Bank Insurance Integration | 15% | [4.7] Bancassurance Qualified Leads Referrals | N/A | 80% of approved transactions referred to LBIC as qualified leads. | 80% of approved transactions referred to LBIC as qualified leads. |
| | | 15% | [4.8] Implementation of Land Bank Group Governance Framework | N/A | Group Governance Framework implemented by 30 September 2026. | In line with FY27 Project Plan. |
| **KPA: GOVERNANCE** | | | | | | |
| 20% | Achieve clean Audit outcome | 20% | [5.1] Audit outcome as per the AGSA Audit Report | Clean Audit[6] Outcome | Clean Audit Outcome | Measurable at the end of the financial year. |
| | Create an Effective control environment | 20% | [5.2] Classify 0.1% (R value) of expenses as irregular, fruitless and wasteful expenditure | 0.01% | <0.1% | <0.1% |
| | Entrench Enterprise Risk Management and Compliance | 20% | [5.3] Enterprise Risk Management controls effectively implemented to achieve an acceptable Enterprise Risk Maturity Score | ERM Score: 3 | ERM Score: 3 | Measurable at the end of the financial year. |
| | Entrench Ethical behaviour | 20% | [5.4] Corrective measures implemented to address unethical behaviour | N/A | 100% of disciplinary process initiated on all validated allegations of unethical behaviour. | Measurable at the end of the financial year. |
| | Compliance with PFMA | 20% | [5.5] Compliance with PFMA regulations | N/A | 100% compliance with PFMA regulations. | Measurable at the end of the financial year. |



[6] The Audit Outcome for FY26 will only be confirmed following the Auditor General's audit of the Annual Financial Statements, expected in July/August 2026. For context, the Bank received an Unqualified Audit Outcome for FY25.

# 8. LAND BANK INSURANCE

The Land Bank Insurance Company (LBIC) and Land Bank Life Insurance Company (LBLIC) hereby present the financial year 2026/27 Corporate Plan. The plan outlines a roadmap of key strategic initiatives, actions, and measurable goals that the insurance businesses intend to deliver over the 12-month period. The strategic outcomes established in the plan are anchored on the theme of business stability with a sharp focus on remaining agile to opportunities, client needs and expectations, and responses to the risk environment in particular emerging climate change risk and market risk among others, and technological advances. Continually invest in the capacitation and retention of fit-for-purpose structure that maximises available resources, availability of appropriate modernised information technology systems support to facilitate intelligent product offerings and generate value for a variety of stakeholders.

To achieve these goals, the business has adopted five key pathways, including (1) Building out Internal Capabilities, (2) Embed Customer Centricity, (3) Actively support sector Development and Transformation, (4) Scale-up LBLIC, and (5) Profitable growth of LBIC. These pathways aim to fill a long-standing market vacuum of inadequate agricultural crop and animal insurance products for emerging black farmers by offering Index-based Insurance products. In addition, LBIC is still dedicated to helping commercial farmers and improving its data-driven insurance solutions' pricing, and underwriting tools to increase market share, boost sales, and sustain long-term profitable growth in the industry towards the fulfilment of its overarching mandate.

The life insurance portfolio is positioned to use its strong capital foundation to generate appealing investment returns while increasing net underwriting margins and balancing out overall group results at scale. Management is committed to increasing business volumes through strategic partnerships and making the most of the present Bancassurance channel.

The macroeconomic and micro environmental elements that are likely to have a direct or indirect influence on the LBI business are taken into account in the Corporate Plan. This establishes the current operational environment and circumstances that may have an impact on LBI's performance and success. The LBI management structures and Board are happy to present a smart corporate plan, backed by clear milestones to support the sustainability of the agricultural sector.

## 8.1 LBIC CORPORATE SCORECARD FOR FY27

Table 8: LBIC Corporate Performance Scorecard

| WT | OBJECTIVE | KPI BASE AND TARGET FY2026 | KPI FY2027 | WT | ANNUAL TARGETS | QUARTERLY TARGETS |
|---|---|---|---|---|---|---|
| **KPA 1: LBIC SUSTAINABLE GROWTH [30%]** | | | | | | |
| 30% | Financial Sustainability | **Base**: Manage Expense Ratio<br>**Target**: 5.5% - < 6,0% of the budgeted total revenue | 1. Manage Expense Ratio | 20% | 7.6% | Annual Target |
| | | **Base**: Improve LBIC Loss Ratio<br>**Target**: 65% - < 70% in any reporting period | 2. Improve LBIC Loss Ratio | 20% | 62% | Annual Target |
| | | **Base**: SCR Cover Ratio<br>**Target**: 150% - 170% in any reporting period | 3. LBIC SCR Cover Ratio | 10% | 150% - 200% | 150% - 200% in any reporting period. |
| | Sustainable Growth | **Base**: GWP Crop and Non-Crop incl. Index<br>**Target**: R1.049 billion revenue for the full Financial Year | 4. Gross Written Premium (GWP) Crop | 30% | R840.0 m | Cumulative measurement of total gross premium written as at the end of each quarter:<br>Q1: R0 m<br>Q2: R66.0 m<br>Q3: R376.0 m<br>Q4: R840.0 m |
| | | **Base**: GWP Non-Crop excluding Index<br>**Target**: R50 million revenue for Asset and Livestock | 5. Gross Written Premium (GWP) Non-Crop | 20% | R50.0 m | Cumulative measurement of total gross premium written as at the end of each quarter:<br>Q1: R7.5 m<br>Q2: R20.0 m<br>Q3: R37.5m<br>Q4: R50.0 m |
| **KPA 2: SCALE-UP LIFE BUSINESS (LBLIC) [5%]** | | | | | | |
| 5% | Optimise Distribution Capability and New Sales | **Base**: Credit Life GWP<br>**Target**: R4.5 million Credit Life new business sales | 6. Credit Life (New Business GWP) | 100% | R3.7 m | Cumulative measurement of new business GWP as at the end of each quarter:<br>Q1: R0.5 m<br>Q2: R1.5 m<br>Q3: R2.3 m<br>Q4: R3.7 m |
| **KPA 3: BUILT OUT INSTITUTIONAL CAPABILITIES [10%]** | | | | | | |

| WT | OBJECTIVE | KPI BASE AND TARGET FY2026 | KPI FY2027 | WT | ANNUAL TARGETS | QUARTERLY TARGETS |
|---|---|---|---|---|---|---|
| 10% | Leverage the Group capability for commercial gain | New | 7. Bancassurance - 80% leads referrals from deals approved by Land Bank GWP for Assets and Crop deals | 100% | Referral of 80% of all approved deals from the Land Bank. | To align with the Land Bank tracking, the 80% is tracked quarterly. |
| **KPA 4: CUSTOMER CENTRICITY [10%]** | | | | | | |
| 10% | Improved Customer Centricity | **Base**: Enhanced Customer Centricity<br>**Target**: Customer Satisfaction Survey (Achieve minimum of 70% score) | 8. Develop and implement the Bancassurance customer channel | 100% | Implement the full Bancassurance strategy | Quarterly targets to be determined once aligned with Land Bank quarterly budgets. |
| **KPA 5: DEVELOPMENT AND TRANSFORMATION [15%]** | | | | | | |
| 15% | B-BBEE Verification Report | New | 9. Outcome of B-BBEE rating | 20% | B-BBEE Recognition Level 7 | Annual Target |
| | Farmer Academy - Social Mandate: Provide Farmers with technical Support | **Base**: Consumer Market Education on insurance products offering<br>**Target**: 1,000 South African Farmers trained, mainly targeting a majority of Previously Disadvantaged Individuals (PDI) category of farmers (50% + 1 split) | 10. Consumer Education on risk mitigation strategies and insurance | 40% | 1,248 South African Farmers trained, mainly targeting a majority of Previously Disadvantaged Individuals (PDI) category of farmers (50% + 1 split) | Q1: 312 farmers<br>Q2: 624 farmers<br>Q3: 936 farmers<br>Q4: 1,248 farmers |
| | Improve development farmer insurance policy count | New | 11. Improve policy penetration through strategic partnerships, including Landbank's programmes | 40% | Improve development farmer insurance policy count to 5% of total book of business, through strategic partners, including the Land Bank | Annual target |
| **KPA 6: PEOPLE AND CULTURE (ORGANISATIONAL EFFECTIVENESS) [10%]** | | | | | | |

| WT | OBJECTIVE | KPI BASE AND TARGET FY2026 | KPI FY2027 | WT | ANNUAL TARGETS | QUARTERLY TARGETS |
|---|---|---|---|---|---|---|
| 10% | Organisational culture that fosters a conducive work environment | **Base**: Conduct a culture survey<br>**Target**: Complete culture survey and implement 30% of the EXCO approved remediation plan. | 12. Design and Implement Organisational Culture improvement plan | 40% | Implement 100% of the Phase One (1) items of the remediation plan. Phase 1 of the remedial plan was approved by EXCO during Q4 FY26 and 30% of the plan implemented. FY27 will focus on the remaining 70% of which the target is to implement 100% of the remediation plan. | Annual target |
| | Retention of talent and improved levels of attrition | **Base**: Retention of talent and critical skills<br>**Target**: Retain 80% of employees identified by EXCO to be in critical roles as at 01 April 2025 | 13. Retention of talent and improved levels of attrition | 30% | <10% of attrition rate | <10% of attrition rate in any reporting period |
| | People and Talent Management | **New KPI**<br>**Replacing** Succession Management (Learning and Development)<br>**Target:** Implement Board approved succession plan at all organisational levels | 14. Embed People and Talent Integrated management framework | 30% | Implement career paths for at least 50% of the approved critical roles. | Annual target |
| **KPA 7: RISK, COMPLIANCE AND GOVERNANCE [20%]** | | | | | | |
| 20% | Create an effective control environment | **Base**: Classify <0.1% (R value) of expenses as irregular, fruitless and wasteful expenditure<br>**Target**: Less-than 0.1% (<0.1%) | 15. Classify <0.1% (R value) of expenses as irregular, fruitless and wasteful expenditure | 15% | <0.1% | <0.1% |
| | Achieve a clean audit outcome | **Base**: Clean audit outcome<br>**Target:** Clean audit outcome | 16. Audit outcome as per the AGSA Audit Report | 20% | Achieve a clean audit outcome | Annual Target |
| | Comply with the reporting timelines agreed to by the Land Bank and Land Bank Insurance (LBI) | New | 17. Alignment and compliance with agreed reporting timelines encompassing Corporate Plan, National Treasury (NT) | 15% | 100% alignment and compliance with applicable reporting timelines | Annual target |

| WT | OBJECTIVE | KPI BASE AND TARGET FY2026 | KPI FY2027 | WT | ANNUAL TARGETS | QUARTERLY TARGETS |
|---|---|---|---|---|---|---|
| | | | Report, and Integrated Report. The Annual Financial Statements submitted to the Land Bank (Group) as agreed with the Land Bank Finance. | | | |
| | Fraud Prevention and Ethical Behaviour | **Base**: Ethical Compliance Investigation and Monitoring Rate<br>**Target**: Ensure that Fraud and Ethics policy and process is clear on oversight committees and further ensure that 100% of reported ethical compliance issues are investigated, continually monitoring and outcomes are transparently reported to governance structures | 18. Develop clear fraud and ethics policy and process, and ensure Corrective measures are implemented to address unethical behaviour | 10% | Clear fraud and ethics policy in place and disciplinary process initiated on all allegations of unethical behaviour. | Annual target |
| | Climate change | **Base**: Implementation of approved Environmental, Social and Governance (ESG) Framework – Year One (1)<br>**Target**: Successfully lay the groundwork for a comprehensive ESG framework and implement the climate risk assessment to enhance business sustainability | 19. Develop a Comprehensive Climate Risk Management Framework | 15% | Development of a Comprehensive Climate Risk Management Framework. | Annual target |

| WT | OBJECTIVE | KPI BASE AND TARGET FY2026 | KPI FY2027 | WT | ANNUAL TARGETS | QUARTERLY TARGETS |
|---|---|---|---|---|---|---|
| | Comply with Insurance Regulatory and Public Finance Management Act (PFMA) | **Base:** Compliance and implementation of the PFMA Act<br>**Target:** 100% compliance with applicable sections of the PFMA regulatory requirements. (This includes ensuring that all PFMA prescribed returns/annual financial statements in terms of sections, 52, 54, and 55 (a); (b); (c); (d) are timeously submitted) | 20. Implementation of the Compliance Coverage Plan, Monitoring Plan, including compliance with the PFMA Act and all Insurance regulations | 7.5% | 100% compliance with applicable sections of the PFMA regulatory requirements. (This includes ensuring that all PFMA prescribed returns/annual financial statements in terms of sections, 52, 54, and 55 (a); (b); (c); (d) are timeously submitted). | Annual target |
| | Comply with Insurance Regulatory | **Base:** Implementation of the Compliance Coverage and Monitoring Plans<br>**Target:** 1. Implement the FY2026 Audit and Risk Committee (ARC) approved Compliance Coverage Plan (This includes ensuring that all insurance regulatory returns are timeously submitted)<br>2. Implement 100% FY2026 ARC approved Monitoring Plan | 21. Implement the FY2027 Audit and Risk Committee (ARC) approved Compliance Coverage Plan (This includes ensuring that all insurance regulatory returns are timeously submitted) and Implement 100% FY2027 ARC approved Monitoring Plan | 7.5% | 100% implementation of FY2027 Compliance Coverage and Monitoring Plans. | Annual target |

| WT | OBJECTIVE | KPI BASE AND TARGET FY2026 | KPI FY2027 | WT | ANNUAL TARGETS | QUARTERLY TARGETS |
|---|---|---|---|---|---|---|
| | Alignment of Land Bank and Land Bank Insurance (LBI) policies | New | 22. Alignment of Supply Chain Management (SCM), Information Technology (IT), and Remuneration Policies, including their application and implementation, subject to compliance with the Insurance Regulations | 10% | 100% alignment, implementation and compliance with identified policies. | Q1 = Policies diagnosis and gap analysis<br>Q2 = Policies aligned, EXCO and Board-approved<br>Q3 = Policies training and implementation<br>Q4 = Compliance and reporting (Full compliance demonstrated) |

# ANNEXURES

## ANNEXURE A: CORPORATE PLAN COMPLIANCE CHECKLIST

| No | Description | Reference | Status |
|---|---|---|---|
| 1. | Strategy | Section 5 & 6 | Complete |
| 2. | Balanced Scorecard | Section 7 | Complete |
| 3. | Compliance check list | Annexure A | Complete |
| 4. | Capital Expenditure Plan (covering the next three years) | Annexure B | Complete |
| 5. | Financial Plan (covering the next three years) including:<br>• Projected income statement<br>• Projected balance sheet<br>• Projected cash flow statement | Annexure B | Complete |
| 6. | Materiality and Significance Framework | Annexure C | Complete |
| 7. | LBIC and LBLIC Materiality and Significance Framework | Annexure D | Complete |
| 8. | Governance Structures<br>• Governance structures and roles/responsibilities<br>• Structure of Board of Directors committees<br>• Structure of Executive Management | Annexure E | Complete |
| 9. | Employment Equity Plan | Annexure F | Complete |
| 10. | Compliance Management Plan<br>• Polices, Governance and Regulatory Compliance<br>• AML and Terrorist Financing Compliance<br>• Fraud and Ethics Compliance<br>• IT Governance and Compliance | Annexure G | Complete |
| 11. | Funding Plan (covering the next three years) | Annexure H | Complete |
| 12. | Risk Management Plan<br>• Description of risk management process<br>• Key operational risks | Annexure I | Complete |
| 13. | LBI Risk Management Plan | Annexure J | Complete |
| 14. | Business Continuity and Organisational Resilience | Annexure K | Complete |
| 15. | Other Supporting Plans<br>Environmental Sustainability Framework | Annexure L | Complete |
| 16. | Description of SDG and NDP outcomes | Annexure M | Complete |

## ANNEXURE B: CAPITAL EXPENDITURE AND FINANCIAL PLAN

### FINANCIAL OVERVIEW

### 1.1 INTRODUCTION

The purpose of this section is to outline the Bank's expected financial performance for FY27.

Key assumptions in the budget include:

- Key aspects of the Liability Solution (LS) concluded on 16 September 2024 thereby curing the state of default.
- Resumption of lending for development funding under a blended finance model.
- The projected effects of the NPL remediation strategy, which incorporates loan book preservation, rehabilitation, forced attrition, forbearance, accelerated foreclosure, and asset disposals. The overall aim is to improve the loan book quality and client collections, which will enable the Bank to service its debt and reduce the non-performing loan book.
- A project budget has been set aside for the improvement of business processes, including digitisation.
- Filling of key vacancies and retention of critical skills.

**Below is the budget income statement and the balance sheet.**

### 1.2 INCOME STATEMENT

Figure 16: Income Statement

| Statement of profit or loss and other comprehensive income | FY2027<br>R'm | FY2028<br>R'm | FY2029<br>R'm |
|---|---|---|---|
| **Net interest income** | **1 260** | **1 027** | **1 099** |
| Interest income | 1 878 | 1 755 | 1 938 |
| Interest expense | (618) | (728) | (839) |
| Net Impairment releases/(charges) | 218 | (133) | (182) |
| Non-interest income/(expense) | 121 | 125 | 240 |
| **Operating income/(loss) from banking activities** | **1 598** | **1 019** | **1 157** |
| Operating Expenses | (1 299) | (917) | (950) |
| Other | (55) | (46) | (47) |
| **Net Operating income** | **244** | **57** | **160** |
| Other comprehensive income | - | - | - |
| **Total comprehensive income/(loss) for the year** | **244** | **57** | **160** |

The Bank is expected to generate a profit in the current period and generate cumulative profits through the budget period.

## 1.3 BALANCE SHEET

Figure 17: Balance Sheet

| Balance Sheet | FY2027 R'm | FY2028 R'm | FY2029 R'm |
|---|---|---|---|
| Cash and cash equivalents | 3 132 | 3 399 | 3 788 |
| Net loans and advances | 12 329 | 13 992 | 15 789 |
| Other* | 3 263 | 3 456 | 3 505 |
| **Total Assets** | **18 724** | **20 847** | **23 083** |
| Distributable reserves | 11 056 | 11 113 | 11 273 |
| Liabilities | 7 640 | 9 664 | 11 693 |
| Funding liabilities | 7 000 | 9 000 | 11 000 |
| Other liabilities | 668 | 735 | 810 |
| **Total Equity and liabilities** | **18 724** | **20 847** | **23 083** |

## 1.4 KEY RATIOS

Even though the Bank uses multiple financial ratios to measure its performance, only financial ratios linked to the Liability Solution are included below.

Figure 18: Ratios

| | Consolidated | | | | |
|---|---|---|---|---|---|
| | FY 2027 Budget | FY 2028 Budget | FY 2029 Budget | LS5 Covenants | LS5 Targets Achieved Y/N? |
| **Cost to Income** | 86,9% | 79,6% | 70,9% | **<90%** | **Y** |
| **NPL ratio** | 34,3% | 27,9% | 22,8% | **<50%** | **Y** |
| **ECL Coverage Ratio** | 17,0% | 14,6% | 12,8% | **<26%** | **Y** |
| **Credit Loss Ratio** | -1,5% | 0,9% | 1,1% | **<4%** | **Y** |
| **Bank Gearing/Leverage Ratio** | 69,1% | 87,0% | 103,7% | **<80%** | **Y** |
| **Net debt/Net Loan** | 31% | 40% | 46% | **< 50%** | **Y** |

## 1.5 Capital Expenditure

Figure 19: Capital Expenditure

| Capex spend per annum | FY 2027 Budget | FY 2028 Budget | FY 2029 Budget | Total FY27 - FY29 |
|---|---|---|---|---|
| **Project related Capex(included in project amounts)** | **89 035 344** | **85 195 062** | **-** | **174 230 406** |
| Workflow optimisation through system integration (ERP Business Case & Implementation) | 75 000 000 | 75 000 000 | - | 150 000 000 |
| Re-engineering optimisation | 14 035 344 | 10 195 062 | - | 24 230 406 |
| **Other Information Technology capex** | **12 900 000** | **4 350 000** | **4 350 000** | **21 600 000** |
| Software | 7 900 000 | 350 000 | 350 000 | 8 600 000 |
| Hardware | 5 000 000 | 4 000 000 | 4 000 000 | 13 000 000 |
| **Total Information Technology Capex** | **101 935 344** | **89 545 062** | **4 350 000** | **195 830 406** |
| Building Improvements | 22 555 000 | 15 233 300 | 14 633 240 | 52 421 540 |
| Building Acquisitions | - | 143 000 000 | - | 143 000 000 |
| **Total Other Capex** | **22 555 000** | **158 233 300** | **14 633 240** | **195 421 540** |
| **Total business as usual Capex** | **124 490 344** | **247 778 362** | **18 983 240** | **391 251 946** |

## ANNEXURE C: LANDBANK MATERIALITY AND SIGNIFICANCE FRAMEWORK

1. **Background**

- **Nature of Business**

The Land Bank operates as a development finance institution within the agricultural and agri-business sectors regulated by the Land and Agricultural Development Bank Act No.15 of 2002.

As such, the Land Bank provides a wide range of financing products to a broad spectrum of clients within the agricultural industry. Financing products include wholesale financing for co-operatives and other agriculture-related businesses as well as retail financing for emerging farmers.

- **Key aspects**

This framework is only for the Land Bank entity alone; both the insurance companies submit their own individual ones to the Executive Authority.

As a financial institution, the key aspects of measurement for the Land Bank are as follows:

*Statement of Financial Position*

- Loans and advances to clients
- Funding liabilities

*Statement of Profit and Loss and Other Comprehensive Income*

- Interest income from loans and advances
- Funding costs

Below are some key financial indicators from the FY2025 Audited Financial Statements

**Statement of Financial Position (SOFP):**

| | **FY2025** | **FY2024 (Restated)** |
|---|---|---|
| | **R'm** | **R'm** |
| Loans and advances | 11, 574 | 13,332 |
| Other assets | 11, 280 | 16,872 |
| **Total Assets** | **22,854** | **30,204** |
| | | |
| Funding liabilities | 9, 932 | 17,258 |
| Other liabilities | 2,249 | 8,406 |
| Equity | 10,673 | 4,540 |
| **Total Equity & Liabilities** | **22,854** | **30,204** |

**Statement of Profit and Loss and Other Comprehensive Income (SPLOCI):**

| | FY2025 | FY2024 (Restated) |
|---|---|---|
| | R'm | R'm |
| Interest income (Revenue) | 3,345 | 2,581 |
| | | |
| Interest Expense | 1,546 | 1,876 |
| | | |
| Operating Expenses | 819 | 638 |
| | | |
| | | |
| **Profit/Loss for the year from Continuing Operations** | **486,6** | **72,8** |

- **General control environment**

The Bank received an "Unqualified Opinion" with findings audit outcome in FY2025. This is constant from the prior year's audit because of material misstatements identified on the financial statements presented and other disclosures. The material misstatements were corrected before the conclusion of the audit.

Management acknowledges the unqualified audit. The Board instituted a remediation plan to improve the internal control environment, and this will continue being implemented to address any deficiencies that remain. The Audit and Finance Committee of the Board and Management will monitor this plan to ensure there is continuous improvement regarding the controls around overall management of all aspects and inputs into the loan book to ensure that these results are improved in the new year.

The Land Bank will continue to review its operational environment in order to address any potential risks that could arise as it pursues its mandate.

2. **National Treasury`s guidelines**

- **Legislative Framework**

Treasury Regulation 28.3 requires that the accounting authority must develop and agree a framework of acceptable levels of materiality and significance with the relevant executive authority.

Section 28.3.1

*"For purposes of material [sections 55(2) of the Public Finance Management Act (PFMA)] and significant transactions as defined in [section 54(2) of the PFMA], the accounting authority must develop and agree a framework of acceptable levels of materiality and significance with the relevant executive authority"*

In terms of Section 54(2) of the PFMA, before a public entity concludes the following transactions, the accounting authority for the public entity must promptly and in writing inform the relevant treasury of the transaction and submit relevant particulars of the transaction to its executive authority for approval of the transaction:

a) establishment or participation in the establishment of a company;

b) participation in a significant partnership, trust, unincorporated joint venture or similar arrangement;

c) acquisition or disposal of a significant shareholding in a company;

d) acquisition or disposal of a significant asset;

e) commencement or cessation of a significant business activity; and

f) a significant change in the nature or extent of its interest in a significant partnership, trust, unincorporated joint venture or similar arrangement.

The Materiality Framework forms part of the annual corporate plan submission.

The National Treasury Practice Note on Application under Section 54 of the PFMA, provides parameters for the calculations using the latest audited financial statements but requires sound judgement, prudence consistency and other qualitative factors to be considered.
As a guideline, the above Practice Note, suggests that the materiality limit be derived from the Rand value of certain elements of the entities latest audited financial statements as follows:

| **Element** | **% range to be applied against R value** |
|---|---|
| Total assets | 1% - 2% |
| Total revenue | 0.5% - 1% |
| Profit after tax | 2% - 5% |

The financial implications on the various elements indicated below are based on the FY2025 Audited Financial Statements.

| | **Statement** | **Basis** | **Range** | **Elected %** | **Motivation** | **Value at 31/03/25** | **Equivalent R` limit** |
|---|---|---|---|---|---|---|---|
| 1. | SFP | Total Assets | 1% - 2% | 1% | Presently the control environment of the Land Bank is sound although there were material misstatements identified; these were isolated to those identified areas as evident in the audit report for the FY2025 financial year. Notwithstanding the audit outcome, it is prudent to keep it at the lower range to allow for additional independent oversight over significant/material decisions as the Land Bank continues to entrench the key controls | R22,854bn | R228,54m |

| | | | | | | | |
|---|---|---|---|---|---|---|---|
| | | | | | implemented as part of the remedial plan. | | |
| 2. | SPLOCI | Total Revenue (Interest income) | 0.5%-1% | 0.5% | Presently the control environment of the Land Bank is sound although there were material misstatements identified; these were isolated to those identified areas as evident in the audit report for the FY2025 financial year. Notwithstanding the audit outcome, it is prudent to keep it at the lower range to allow for additional independent oversight over significant/material decisions as the Land Bank continues to entrench the key controls implemented as part of the remedial plan. | R3,345bn | R16,725m |
| 3. | SPLOCI | Profit After tax | 2%-5% | 2% | Presently the control environment of the Land Bank is sound although there were material misstatements identified; these were isolated to those identified areas as evident in the audit report for the FY2025 financial year. Notwithstanding the audit outcome, it is prudent to keep it at the lower range to allow for additional independent oversight over significant/material decisions as the Land Bank continues to entrench the key controls implemented as part of the remedial plan. | R486.6m | R9,732m |

In considering the elements, the Bank believes that "Total Assets" and "Total Revenue" are an appropriate measurement tool as "Loans and Advances" and "Interest Income" are a critical driver of the business from a SOFP and SPLOCI perspective respectively.
In considering materiality limits for FY2027, members are requested to also consider scenarios attached in **Annexure A** below.

## 3. Materiality Framework

| | **Statement** | **Basis** | % | **Motivation** | **Value at 31/03/25** | **Equivalent R` limit** |
|---|---|---|---|---|---|---|
| 1. | SOFP | Total Assets | 1% | Presently the control environment of the Land Bank is sound although there were material misstatements identified; these were isolated to those identified areas as evident in the audit report for the FY2025 financial year. Notwithstanding the audit outcome, it is prudent to keep it at the lower range to allow for additional independent oversight over significant/material decisions as the Land Bank continues to entrench the key controls implemented as part of the remedial plan. | R22,854bn | R228,54m |
| 2. | SPLOCI | Total Revenue (Interest income) | 0.5% | Presently the control environment of the Land Bank is sound although there were material misstatements identified; these were isolated to those identified areas as evident in the audit report for the FY2025 financial year. Notwithstanding the audit outcome, it is prudent to keep it at the lower range to allow for additional independent oversight over significant/material decisions as the Land Bank continues to entrench the key controls implemented as part of the remedial plan. | R3,345bn | R16,725m |
| 3. | Irregular, Fruitless and Wasteful Expenditure. Net impact on the Income statement and Balance sheet | | | All instances of irregular, fruitless and wasteful expenditure are reported and due process followed in line with the requirements of the PFMA, regardless of amount.<br>It is also important to note that in line with the PFMA S55(2b) The annual report and financial statements of Land Bank will (*b*) | None | All |

| | Statement | Basis | % | Motivation | Value at 31/03/25 | Equivalent R` limit |
|---|---|---|---|---|---|---|
| | | | | include particulars of—<br>(i) any material losses through criminal conduct and any irregular expenditure<br>and fruitless and wasteful expenditure that occurred during the financial year;<br>(ii) any criminal or disciplinary steps taken as a consequence of such losses or<br>irregular expenditure or fruitless and wasteful expenditure;<br>(iii) any losses recovered or written off; | | |
| 4. | Theft, fraud and corruption as well as irregular, fruitless and wasteful expenditure. | Net impact on the Income statement | | All instances are considered material regardless of amount.<br>It is also important to note that in line with the PFMA S55(2b) The annual report and financial statements of Land Bank will<br>(*b*)<br>include particulars of—<br>(i) any material losses through criminal conduct and any irregular expenditure<br>and fruitless and wasteful expenditure that occurred during the financial year;<br>(ii) any criminal or disciplinary steps taken as a consequence of such losses or<br>irregular expenditure or fruitless and wasteful expenditure;<br>(iii) any losses recovered or written off; | None | All |

## 4. Conclusion

The Bank has opted to adopt the materiality figures in point C above as these are deemed appropriate for the size of the Bank`s operations.

*In terms of section 54 (2) (c) of the PFMA:*

The Land Bank will request the necessary approval from the Minister of Finance before embarking on equity investment acquisitions whenever such a transaction could result in:

1. The Bank owning 20% (in terms of "Practice Note on Applications Under Section 54 of the PFMA by Public Entities") or more of the issued share capital of the investee company; or
2. Where the Rand value of the acquisition or disposal exceeds 1% of the value of total assets of the Land Bank.

   Reference to the previously mentioned acquisition of equity shall not include preference shares, except where the subscription price exceeds R228,54 million (as indicated in section C above) in which case the Land Bank must obtain prior written consent from the Minister of Finance.

   For convertible preference shares, if at the time of conversion, the Land Bank`s shareholding exceeds or equals the 20% threshold, the Finance Minister`s written consent must be sought.

# ANNEXURE D: LBIC AND LBLIC MATERIALITY AND SIGNIFICANCE FRAMEWORK

## LBIC MATERAILITY AND SIGNIFICANT FRAMEWORK

5. **Background**

- Nature of Business

  The Land Bank Insurance SOC Limited (Herein referred to as "the Company") is wholly owned subsidiary of the Land and Development Bank of South Africa created to drive the Bank's objective of providing financial services that will enable the Bank to satisfy its objects and its broad development mandate as stipulated in the Land Bank Act (15 of 2002). The company is licensed by the Prudential Authority to operate as a licensed insurer to offer financial insurance products.

- **Key aspects**

  As a financial institution the key aspects of measurement are as follows:

  Balance Sheet - Total assets

  Income Statement - Insurance revenue

Below are some key numbers from the FY2025 Annual Financial Statements

Table 9: LBIC Balance Sheet

| | **FY24/FY25** | **FY23/FY24** |
|---|---|---|
| | **R'm** | **R'm** |
| Investment assets | 268 | 327 |
| Other assets | 462 | 310 |
| **Total Assets** | **730** | **637** |
| Other liabilities | 229 | 180 |
| Equity | 501 | 457 |
| **Total Equity & Liabilities** | **730** | **637** |

Table 10: LBIC Income Statement

| | **FY24/FY25** | **FY23/FY24** |
|---|---|---|
| | **R'm** | **R'm** |
| Insurance revenue | 828 | 796 |
| Insurance service results | 18 | (86) |
| Investment returns and interest income | 29 | 37 |
| Operating expenses | 15 | 3 |
| **Net profit/ (loss) for the year** | **43.5** | **(50.1)** |

## The company's Materiality and Significance Framework

- **General Control Environment**

The LBIC received an unqualified audit opinion with material findings for the 2025 financial year. This represents an improvement from the qualified opinion issued in FY2024, which resulted from material misstatements identified in the presentation of the financial statements, particularly within due to understated accruals.

The implementation of IFRS 17 in FY2024 presented significant technical and operational challenges that contributed to the prior year's regression. Although the material misstatements were corrected before the conclusion of the FY2024 audit, the financial statements were restated accordingly.

Management and the Board acknowledge the FY2025 audit outcome and remain committed to strengthening the internal control environment and addressing the material findings raised. The IFRS 17 remediation plan, instituted by the Board, continues to be implemented and monitored to ensure that all control deficiencies are fully resolved. This includes ongoing support from an appointed accounting firm and IFRS 17 technical specialists.

The Audit and Risk Committee (ARC) and Management will continue to oversee the execution of the remediation plan and monitor progress to ensure sustainable improvement in the control environment, financial reporting processes, and overall governance. The LBIC will further review its operational environment to proactively identify and mitigate potential risks as it continues to deliver on its mandate.

### 6. Materiality Framework

- **Legislative Framework**

Treasury Regulation 28.3 requires that the accounting authority must develop and agree a framework of acceptable levels of materiality and significance with the relevant executive authority.

Section 28.3.1:

*"For purposes of material [sections 55(2) of the Public Finance Management Act (PFMA)] and significant transactions as defined in [section 54(2) of the PFMA], the accounting authority must develop and agree a framework of acceptable levels of materiality and significance with the relevant executive authority"*

In terms of Section 54(2) of the PFMA, before a public entity concludes the following transactions, the accounting authority for the public entity must promptly and in writing inform the relevant treasury of the transaction and submit relevant particulars of the transaction to its executive authority for approval of the transaction:

a) establishment or participation in the establishment of a company;

b) participation in a significant partnership, trust, unincorporated joint venture or similar arrangement;

c) acquisition or disposal of a significant shareholding in a company;

d) acquisition or disposal of a significant asset.

e) commencement or cessation of a significant business activity; and

f) significant change in the nature or extent of its interest in a significant partnership, trust, unincorporated joint venture or similar arrangement.

The Materiality Framework forms part of the annual corporate plan submission.

The National Treasury Practice Note on Application under Section 54 of the PFMA, provides parameters for the calculations using the latest audited financial statements but requires sound judgement, prudence consistency and other qualitative factors to be considered. As a guideline, the above Practice Note, suggests that the materiality limit be derived from the Rand value of certain elements of the entities latest audited financial statements as follows:

| Element | % Range to be applied against R value |
|---|---|
| Total Assets | 1% - 2% |
| Total Revenue | 0.5% - 1% |
| Profit after tax | 2% - 5% |

- **Guidance to be followed by subsidiaries**

a) Where transactions envisaged under sections 54(2)(a) and 54(2)(c) occur, the guidelines under 3.1 and 3.3 should be followed.

b) Regarding transactions envisaged under sections 54(2)(b)(d)(e) and (f), the top-most holding company should agree a significance framework with each of its subsidiaries, by applying the parameters provided in 3.7 above to determine the rand value of the significance limit applicable to that subsidiary.

- For any such transaction that exceeds the significance limit of a subsidiary, an application to the Executive Authority must be made, which application must be accompanied by approval from the board of the top- most holding company.
- The top-most holding company may make an application to the Executive Authority on behalf of its subsidiary, provided that this is supported by a resolution to that effect by the board of that subsidiary.
- Subsidiaries of subsidiaries should follow the same guidelines above.

In considering the elements, the LBIC is of the view that "Total Assets" and "Total Revenue" are an appropriate measurement tool as "Investments" and "Insurance revenue" are a critical driver of the business from a SOFP and SPLOCI perspective respectively.

The financial implications on the various elements indicated below are based on the FY2025 Audited Financial Statements, using the minimum guide for prudency given regression in the latest financials.

Table 11: LBIC Materiality Framework

| | Statement | Basis | % | Motivation | Value at 31/03/25 R' m | Equivalent R limit R' m |
|---|---|---|---|---|---|---|
| 1. | Financial position | Total Assets | 1% | The control environment of the LBIC is sound. Although there were material misstatements identified, these were isolated to presentation of financial statements as evident in the audit report for the FY2025 financial year. Notwithstanding the audit outcome, measures have been put in place to enhance the overall control environment which will result in improved audit outcomes. | 730 | **7.3** |
| 2. | Statement of profit and loss | Total Insurance Revenue | 1% | Lowest possible threshold based on the total revenue.<br>The control environment of the LBIC is sound. Although there were material misstatements identified, these were isolated to presentation of financial statements as evident in the audit report for the FY2025 financial year. Notwithstanding the audit outcome, measures have been put in place to enhance the overall control environment which will result in improved audit outcomes. | 828 | **4.1** |
| 3. | Profit After tax | 2% - 5% | 2% | The control environment of the LBIC is sound although there were material misstatements identified, these were isolated to those identified areas as evident in the audit report for the FY2025. | 44 | **N/A** |
| 4. | Irregular and Fruitless and wasteful expenditure | Net impact on the income statement | | All instances are considered material regardless of amount.<br>It is also important to note that in line with the PFMA S55(2b) The annual report and financial statements of LBIC will (b) include particulars of—<br>(i) | 0 | **All** |

| | | | | | | |
|---|---|---|---|---|---|---|
| | | | | any material losses through criminal conduct and any irregular expenditure and fruitless and wasteful expenditure that occurred during the financial year:<br>(ii)<br>any criminal or disciplinary steps taken as a consequence of such losses or irregular expenditure or fruitless and wasteful expenditure;<br>any losses recovered or written off | | |
| 5. | Theft, fraud and corruption | Net impact on the Income statement | | All instances are considered material regardless of amount.<br>It is also important to note that in line with the PFMA S55(2b) The annual report and financial statements of LBIC will (b) include particulars of—<br>(iii)<br>any material losses through criminal conduct and any irregular expenditure and fruitless and wasteful expenditure that occurred during the financial year:<br>(iv)<br>any criminal or disciplinary steps taken as a consequence of such losses or irregular expenditure or fruitless and wasteful expenditure;<br>(v)<br>any losses recovered or written off. | 0 | **All** |
| 6. | Material losses through criminal conduct | Net impact on the income statement | | All instances are considered material regardless of amount. | 0 | **All** |

## 7. National Treasury`s guidelines

As a guideline, the National Treasury`s practice note on application under section 54 of the Public Finance Management Act (PFMA) suggests that all transactions be deemed significant where the Rand value exceeds the following:

Table 12: LBIC National Treasury's Guidelines

| | Statement | Basis | Range | Elected % | Motivation | Value at 31/03/25 R' m | Equivalent R` limit R'm |
|---|---|---|---|---|---|---|---|
| 1. | Financial Position | Total Assets | 1% - 2% | 1% | Measures have been put in place to enhance the overall control environment which will result in improved audit outcomes. The control environment of the LBIC is sound. | 730 | **7.3** |

| | | | | | | | |
|---|---|---|---|---|---|---|---|
| | | | | | Although there were material misstatements identified, these were isolated to presentation of financial statements as evident in the audit report for the FY2025 financial year. Notwithstanding the audit outcome, measures have been put in place to enhance the overall control environment which will result in improved audit outcomes. | | |
| 2. | Income Statement | Total Revenue | 0.5% -1% | 0.5% | Measures have been put in place to enhance the overall control environment which will result in improved audit outcomes. The control environment of the LBIC is sound. Although there were material misstatements identified, these were isolated to Trade and other payables as evident in the audit report for the FY2025 financial year. Notwithstanding the audit outcome, measures have been put in place to enhance the overall control environment which will result in improved audit outcomes. | 828 | **4.1** |
| | Income Statement | Profit After tax | 2%-5% | 2% | Measures have been put in place to enhance the overall control environment which will result in improved audit outcomes. The control environment of the LBIC is sound. Although there were material misstatements identified, these were isolated to Trade and other payables as evident in the audit report for the FY2025 financial year. Notwithstanding the audit outcome, measures have been | 44 | **0.88** |

| | | | | | | | |
|---|---|---|---|---|---|---|---|
| | | | | | put in place to enhance the overall control environment which will result in improved audit outcomes. | | |

8. **Conclusion**

The company has opted to adopt the materiality figures in point B above as these are deemed appropriate for the company`s operations given the size of the business, nature of the business and current operating environment. The materiality figures adopted by the company are minimum of the range from the National Treasury guidelines set out by the National Treasury and hence more stringent as follows:

| Element | % Range to be applied against R value | % Chosen |
|---|---|---|
| Total Assets | 1% - 2% | 1% |
| Total Revenue | 0.5% - 1% | 0.5% |
| Profit after tax | 2% - 5% | 2% |

The company will also request the necessary approval from Executive Authority, which application must be accompanied by approval from the Board of the top- most holding company.

## LBLIC MATERAILITY AND SIGNIFICANT FRAMEWORK

### 1. Background

- **Nature of Business**

The Land Bank Life Insurance Company SOC Limited (Herein referred to as "the Company" or "LBLIC") is wholly owned subsidiary of the Land and Agricultural Development Bank of South Africa created to drive the Bank's objective of providing financial services that will enable the Bank to satisfy its objects and its broad development mandate as stipulated by the Land Bank Act (15 of 2002). The company is a licensed life Insurer and an authorised financial services provider.

- **Key aspects**

As a financial institution the key aspects of measurement are as follows:

Balance Sheet - Total assets

Income Statement - Gross written premium (revenue)

Below are some key numbers from the 2024/25 Annual Financial Statements:

Table 13: LBLIC Balance Sheet

| | FY25/FY26 | FY23/FY24 |
|---|---|---|
| | **R'm** | **R' m** |
| Investment assets | 985 | 1 061 |
| Other assets | 297 | 303 |

| | | |
|---|---|---|
| **Total Assets** | **1 282** | **1 364** |
| | | |
| Other liabilities | 63 | 84 |
| Equity | 1 219 | 1 280 |
| **Total Equity & Liabilities** | **1 282** | **1 364** |

Table 14: LBLIC Income Statement

| | FY25/FY26 | FY23/FY24 |
|---|---|---|
| | **R`m** | **R`m** |
| Gross written premium (Revenue) | 13 | 12 |
| Investment returns | 187 | 82.0 |
| Insurance expenses | 10 | (42) |
| Operating Expenses | 7 | 0 |
| | | |
| **Profit After Tax** | **190** | 40 |

**The company's Materiality and Significance Framework**

- **General Control Environment**

The LBLIC received an "Unqualified Opinion" with material findings audit outcome in FY2025. This is a regression from the prior year's audit because of material misstatements identified on the insurance reserves The material misstatements were corrected before the conclusion of the audit.

Management acknowledges the unqualified audit with material findings. The Audit and Risk Committee of the Board and Management will ensure there is continuous improvement regarding the controls around overall management of insurance reserves to ensure that these results are improved in the new year.

The LBLIC will continue to review its operational environment in order to address any potential risks that could arise as it pursues its mandate.

## 2. National Treasury`s guidelines

- **Legislative Framework**

Treasury Regulation 28.3 requires that the accounting authority must develop and agree a framework of acceptable levels of materiality and significance with the relevant executive authority.

Section 28.3.1

*"For purposes of material [sections 55(2) of the Public Finance Management Act (PFMA)] and significant transactions as defined in [section 54(2) of the PFMA], the accounting authority must develop and agree a framework of acceptable levels of materiality and significance with the relevant executive authority".*

In terms of Section 54(2) of the PFMA, before a public entity concludes the following transactions, the accounting authority for the public entity must promptly and in writing inform the relevant treasury of the transaction and submit relevant particulars of the transaction to its executive authority for approval of the transaction:

a) establishment or participation in the establishment of a company;

b) participation in a significant partnership, trust, unincorporated joint venture or similar arrangement;

c) acquisition or disposal of a significant shareholding in a company;

d) acquisition or disposal of a significant asset;

e) commencement or cessation of a significant business activity; and

f) a significant change in the nature or extent of its interest in a significant partnership, trust, unincorporated joint venture or similar arrangement.

The Materiality Framework forms part of the annual corporate plan submission.

The National Treasury Practice Note on Application under Section 54 of the PFMA provides parameters for the calculations using the latest audited financial statements but requires sound judgement, prudence consistency and other qualitative factors to be considered.

As a guideline, the above Practice Note suggests that the materiality limit be derived from the Rand value of certain elements of the entities latest audited financial statements as follows:

| Element | % range to be applied against R value |
|---|---|
| Total assets | 1% - 2% |
| Total revenue | 0.5% - 1% |
| Profit after tax | 2% - 5% |

- **Guidance to be followed by subsidiaries**

a) Where transactions envisaged under sections 54(2)(a) and 54(2)(c) occur, the guidelines under 3.1 and 3.3 should be followed.

b) Regarding transactions envisaged under sections 54(2)(b)(d)(e) and (f), the top-most holding company should agree a significance framework with each of its subsidiaries, by applying the parameters provided in 3.7 above to determine the rand value of the significance limit applicable to that subsidiary.

- For any such transaction that exceeds the significance limit of a subsidiary, an application to the Executive Authority must be made, which application must be accompanied by approval from the board of the top- most holding company.
- The top-most holding company may make an application to the Executive Authority on behalf of its subsidiary, provided that this is supported by a resolution to that effect by the board of that subsidiary.
- Subsidiaries of subsidiaries should follow the same guidelines above.

The financial implications on the various elements indicated below are based on the FY2025 Audited Financial Statements.

Table 15: LBLIC Materiality Framework

| | Statement | Basis | % | Motivation | Value at 31/03/25 R'm | Equivalent R limit R'm |
|---|---|---|---|---|---|---|
| 1. | Balance Sheet | Total assets | 1% | The control environment of the LBLIC is sound. Although there were material misstatements identified, these were isolated to investments as evident in the audit report for the FY2025 financial year.<br>Notwithstanding the audit outcome, measures have been put in place to enhance the overall control environment. | **1 283** | **12.8** |
| 2. | Income Statement | Total Revenue | 0.5% | Lowest possible threshold based on the total revenue.<br>The control environment of the LBLIC is sound. Although there were material misstatements identified, these were isolated to IFRS 17 Insurance results as evident in the audit report for the FY2025 financial year. | **13** | **0.07** |
| 3. | Profit After tax | 2% - 5% | 2% | The control environment of the LBLIC is sound although there were material misstatements identified, these were isolated to those identified areas as evident in the audit report for the FY2025. | **190** | **3.8** |

| | | | | | | |
|---|---|---|---|---|---|---|
| 3. | Irregular and Fruitless and wasteful expenditure | Net impact on the income statement | 0 | The control environment of the LBLIC is sound although there were material misstatements identified, these were isolated to those identified areas as evident in the audit report for the FY2025 financial year. Notwithstanding the audit outcome, it is prudent to keep it at the lower range to allow for additional independent oversight over significant/material decisions as the LBLIC continues to entrench the key controls implemented as part of the remedial plan. All instances of irregular, fruitless and wasteful expenditure are reported and due process followed in line with the requirements of the PFMA, regardless of amount. | **0** | **All** |
| 4. | Theft, fraud and corruption | Net impact on the Income statement | | All instances are considered material regardless of amount.<br>It is also important to note that in line with the PFMA S55(2b) The annual report and financial statements of LBIC will (b) include particulars of—<br>(i) any material losses through criminal conduct and any irregular expenditure and fruitless and wasteful expenditure that occurred during the financial year:<br>(ii)<br>any criminal or disciplinary steps taken as a consequence of such losses or irregular expenditure or fruitless and wasteful expenditure.<br>(iii)<br>any losses recovered or written off. | **0** | **All** |
| 6. | Material losses through criminal conduct | Net impact on the income statement | | All instances are considered material regardless of amount. | **0** | **All** |

In considering the elements, the LBLIC is of the view that "Total Assets" and "Total Revenue" are an appropriate measurement tool as "Investments" and "Gross written premium" as well as "investment returns" are a critical driver of the business from a SOFP and SPLOCI perspective respectively.

## 3. Materiality Framework

As a guideline, the National Treasury`s practice note on application under section 54 of the PFMA suggests that all transactions be deemed significant where the Rand value exceeds the following:

| | Statement | Basis | Range | Elected % | Motivation | Value at 31/03/25 R'm | Equivalent R` limit R'm |
|---|---|---|---|---|---|---|---|
| 1. | Balance Sheet | Total Assets | 1% - 2% | 1% | Measures have been put in place to enhance the overall control environment which will result in improved audit outcomes. | **1 283** | **12.8** |
| 2. | Income Statement | Total Revenue | 0.5% - 1% | 0.5% | Measures have been put in place to enhance the overall control environment which will result in improved audit outcomes. | **13** | **0.07** |
| 3. | Income Statement | Profit After Tax | 2% - 5% | 2% | Measures have been put in place to enhance the overall control environment which will result in improved audit outcomes. | **190** | **3.8** |

## 4. Conclusion

The company has opted to adopt the materiality figures in point B above as these are deemed appropriate for the company`s operations given the size of the business, nature of the business and current operating environment. The materiality figures adopted by the company are minimum of the range from the National Treasury guidelines set out by the National Treasury and hence more stringent as follows:

| Element | % Range to be applied against R value | % Chosen |
|---|---|---|
| Total Assets | 1% - 2% | 1% |
| Total Revenue | 0.5% - 1% | 0.5% |
| Profit after tax | 2% - 5% | 2% |

The company will also request the necessary approval from Executive Authority, which application must be accompanied by approval from the Board of the top- most holding company.

## ANNEXURE E: CORPORATE GOVERNANCE FRAMEWORK

### 23. LAND BANK BOARD

The Land Bank is managed by a Board of Directors appointed by and accountable to the Minister. The majority of Directors are non-executive.

The Board consists of no fewer than seven (10) and no more than twelve (12) persons, appointed for a period of no more than five (5) years. The CEO and CFO are members of the Board, the former by virtue of his or her office and the latter in terms of the power of the Minister to appoint any other employee of the Bank as a director. The Chief Executive officer is appointed by the Minister in consultation with and at the recommendation of the Board. The Minister designates one of the directors as chairperson and another as deputy chairperson to act as chairperson whenever the chairperson is unable to.

The Subsidiary Companies are managed by a Board appointed by the Land Bank as sole Shareholder, and it consists of persons who are, in equal proportion, Directors of the Land Bank and persons who are not members of the Board of Directors of the Land Bank. The non-executive directors are independent as contemplated in King V and in the Governance Standards for Insurers (GOI). The Land Bank Board appoints one among its number as the chairperson of the Board of the Insurance Companies. The Managing Director of the Insurance Companies is appointed by the Board of Directors of the Land Bank in consultation with and at the recommendation of the Board of the Insurance Companies.
The relationship between the Bank and its Subsidiary Companies is governed by a Group Governance Framework which recognises the need for the Insurance Subsidiaries to align themselves with the vision and goals of the Bank, while at the same time acknowledging that such subsidiaries are juristic persons distinct from the Bank, and that the Directors of the Subsidiaries stand in a fiduciary relationship and owe a duty of care, skill and diligence not to the Land Bank, but to the Insurance Companies. The Boards of Directors of the Bank and the Insurance Companies are responsible for providing prescient and ethical leadership, strategic direction, policy approval, oversight and accountability over the entities so that the good governance outcomes of an ethical culture, good performance, effective control and legitimacy with stakeholders are achieved.

The chairpersons of the Boards of Directors are responsible for leading the Board in the objective and effective discharge of its governance role and responsibilities. The Chief Executive Officer of the Bank and the Managing Director of the Insurance Companies play a critical and strategic role in the operations and success of the Bank and the Insurance Companies. They are responsible for the day-to-day management of the Bank and the Insurance Companies and consistently strive to achieve the financial and operating goals and objectives of the Bank and the Insurance Companies and to ensure that the day-to-day business of the Bank and the Insurance Companies is appropriately managed.

The members of the Boards of Directors of the Bank and the Insurance Subsidiaries have adopted Board Charters, Directors' Codes of Ethics and Business Conduct, Conflict of Interest Policies and Board Manuals, which guide them in fulfilling their duties to the Land Bank and the Insurance Companies. The Charters, Codes, Policies and Manuals apply to all members of the Boards without exception.

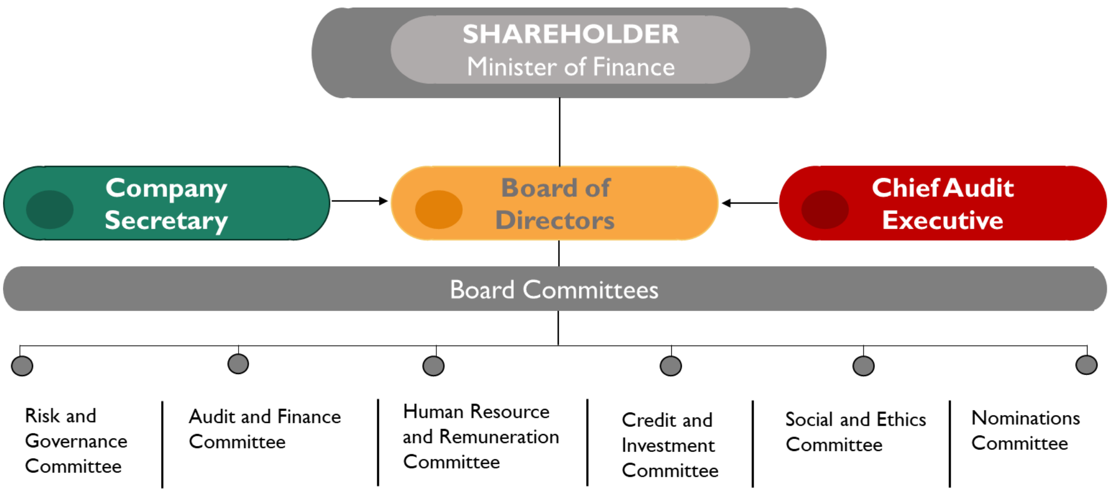
The Boards have delegated some of their responsibilities to Board Committees, individual Directors, other ad hoc structures and management in terms of approved delegations of powers frameworks. The Delegations of Power frameworks are founded on the law, on what is appropriate for the Bank and the Insurance Companies, and on what is necessary for achieving the purposes of the delegations.

The Boards, their Committees and Management are assisted by a Company Secretary who provides independent, professional corporate governance advisories and company secretarial support to them as required by the Companies Act of 2008 and recommended by the King Report on Corporate Governance for South Africa, 2016. Sound operating procedures have been deployed at all levels of the Bank and its Insurance Subsidiaries. These are continuously monitored and reviewed.

## 24. GOVERNANCE STRUCTURE

The Governance structure of the Land Bank Board is as set out in the diagram below:

Figure 20: Governance Structure of the Land Bank Board



## 25. LAND BANK BOARD



| MR MCEBISI SKWATSHA | MS KHETHA-OKUHLE RANTAO | PROF JOHANN KIRSTEN |
|---|---|---|
| Board Chair<br>Sub Committees: Chair Nominations Committee;<br>Member: Human Resources and Remuneration Committee;<br>and Joint Land Bank and Land Bank Insurance and Land Bank Life Insurance Social and Ethics Committee.<br>Age: 61<br>Term of Service to the Bank: 6 months<br>Other Board(s) Served: None | Board Deputy Chair<br>Sub Committees: LBI Board Chair;<br>Chair Joint Land Bank and Land Bank Insurance and Land Bank Life Insurance Social and Ethics Committee.<br>Member: Audit and Finance Committee.<br>Member: Nominations Committee.<br>Age: 42<br>Term of Service to the Bank: 1 year, 4 months<br>Other Board(s) Served: Sanlam Investment Holdings, Land Bank Insurance. | Board Member<br>Sub Committees:<br>Chair: Credit and Investment Committee<br>Member: Risk and Governance Committee.<br>Age: 64<br>Term of Service to the Bank: 6 months (re-appointed)<br>Other Board(s) Served: Served: Rich Rewards Trading 533, Louisvale Wines and Karoo Lamb Consortium. |
| Mr Skwatsha is a former Deputy Minister of the Department of Agriculture Land Reform and Rural Development from 2019-2024 and also as Deputy Minister of Rural Development and Land Reform from 2014-2019. He was also Provincial Minister of Transport and Public Works from 2004-2005. He represented the ANC in the Western Cape Provincial Parliament and also held the position as Provincial Chairperson and was a member of the ANC National Executive Committee. | Ms Rantao is an experienced Chartered Accountant with a strong background in investment banking and development finance. She has over 17 years of experience structuring and funding projects across infrastructure, energy, and public-private partnerships in sub-Saharan Africa.<br><br>She currently serves as the Founder and Executive Director of ReagaInfra Holdings, a specialist project finance advisory and investment firm. She holds a Master of Philosophy in International Business and a Certificate of Specialization in Business in Society from Harvard Business School Online. Ms Rantao also contribute her expertise as a member of several investment and credit committees. | Prof. Johann Kirsten is a distinguished Professor of Agricultural Economics and Director of the Bureau for Economic Research at Stellenbosch University. With over 30 years of experience, he has published more than 130 peer-reviewed articles and supervised 78 Master's and 31 PhD students.<br><br>He previously served as Professor and Head of Agricultural Economics, Extension, and Rural Development at the University of Pretoria for two decades and has held prominent leadership roles in national and international associations. Prof. Kirsten holds a BSc (Hons) in Agricultural Economics from Stellenbosch University and an MSc and PhD in Agricultural Economics from the University of Pretoria. |

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|---|---|---|
| MR MABOTHA A MOLOTO | MS EGASHNEE PILLAY | MS SIMTHANDILE FORD |
| Board Member<br>Sub Committees: Chair Human Resources and Remuneration Committee,<br>Member: Credit and Investment Committee, Nominations Committee<br>Member: Risk and Governance Committee; Audit and Finance Committee; and IT Steerco.<br>Age: 57<br>Term of Service to the Bank: 6 months<br>Other Board(s) Served: Harith General Partners, Arene Holdings and Prowess Investment Managers. | Board Member<br>Sub Committees: Chair: Audit and Finance Committee;<br>Member: Credit and Investment Committee; LBI Board Chair.<br>Age: 46<br>Term of Service to the Bank: 6 months (re-appointed)<br>Other Board(s) Served: None. | Board Member<br>Sub Committees:<br>Member: Joint Land Bank and Land Bank Insurance and Land Bank Life Insurance Social and Ethics Committee and Human Resource and Remuneration Committee.<br>Age: 39<br>Term of Service to the Bank: 6 months<br>Other Board(s) Served: Served: Walter Sisulu University Council, Aspire. |
| Arthur Moloto is a seasoned Non-Executive Director with extensive experience in Corporate Governance, Infrastructure and Agriculture Financing, Pension Administration, and Real Estate Development and Management.<br><br>He served on Boards of various entities in the private sector and holds a Master of Science degree in Finance and Financial Law. | Ms Pillay is a seasoned Chartered Accountant specializing in audits and assurance, with extensive experience in the public sector. Her expertise encompasses external and internal audits, corporate governance, risk management, financial reporting, and performance monitoring and reporting.<br><br>She is a member of several Board committees, chairs multiple Audit, Finance, and Risk Management Committees, and holds a B. Com (H) in Accounting. Additionally, she has completed a business risk management course at UCT. | Ms Ford has a strong background in journalism that include being a Politics Copy Editor and a Politics Reporter for the Daily Dispatch, a Times Media outlet. She went on to hold numerous Spokesperson positions in the Eastern Cape provincial government including being a Head of Communications. |

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| MS PHUMZILE H MASEKO | MS TUMELO F MATLALA | MS SIPHUMELELE DLUNGWANE |
| Board Member<br>Sub Committees: Chair: Risk and Governance Committee.<br>Member: Audit and Finance Committee.<br>Age: 55<br>Term of Service to the Bank: 6 months<br>Other Board(s) Served: Intersite Asset Investments SOC, South African Institute of Financial Markets (SAIFM). | Board Member<br>Sub Committees: Member: Risk and Governance Committee;<br>and Audit and Finance Committee.<br>Age: 35<br>Term of Service to the Bank: 6 months<br>Other Board(s) Served: None. | Board Member<br>Sub Committees: Member:<br>To be allocated.<br>Age: 39<br>Term of Service to the Bank: 4 months<br>Other Board(s) Served: South African Airways (SAA), National Housing Finance Corporation (NHFC), South African Nuclear Energy Corporation (NECSA). |
| Ms Maseko is a seasoned treasury executive with extensive experience in both public and private sectors. Her knowledge and expertise expands through financial markets, banking-treasury-risk management, corporate governance and leadership. A Certified Ethics Officer and **Director of Companies, Ms Maseko holds a BCom (Hons), MBL degree from UNISA School of Business Leadership. | Ms Matala is a data analytics expert. Her primary focus is on maintaining data accuracy, integrity, and security, while thriving on creatively solving complex problems and eagerly embracing new challenges. Ms Matlala holds a MSc Data Science, BCom Finanical Management and a BCom Statistics degree. She is also a scrum master and has been a data analyst at various Companies. | Ms Dlungwane is a Chartered Accountant and holds a Master's degree in Development Finance. She has extensive experience in finance across both the private and public sectors, spanning External Auditing, Internal Auditing, Accounting, and Financial Management.<br><br>Through her involvement in various governance committees, she has developed a strong and invaluable understanding of annual financial statements, risk management practices, legislative requirements, and audit processes. |

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|---|---|---|
| MR JABU MPHAMBO | MS KHENSANI MUKHARI | MR B MPUMELELO MASEKO |
| Acting Chief Executive Officer<br>Executive Board Member<br>Age: 39<br>Term of Service to the Bank: 1 year, 4 months<br>Other Board(s) Served: None. | Chief Financial Officer<br>Executive Board Member<br>Age: 53<br>Term of Service to the Bank: 6 years<br>Other Board(s) Served: None. | Board Member<br>Sub Committees: To be allocated.<br>Age: 58<br>Term of Service to the Bank: 4 months<br>Other Board(s) Served: The Salesian Pupils Association in South African Chapter, South African Savings Institute. |
| Mr Mphambo brings more than 16 years of senior executive experience across banking and financial services. His background reflects a strong combination of strategic leadership, operational execution, and rigorous investment management. He has previously held senior positions at Standard Bank Corporate and Investment Banking, Absa, and Nutun.<br><br>He is a Chartered Accountant (SA) and CFA charter holder and holds an MBA from GIBS. He earned a Bachelor of Business Science (Finance) and a Postgraduate Diploma in Accounting from the University of Cape Town. In 2019, he was recognised as a finalist in the Top 35 CA(SA) Under 35 awards. | Ms Mukhari is a seasoned finance executive with experience in various sectors including Banking, Retail and Insurance. She has worked in both the private and public sector environment. Her experience covers financial strategy, risk management, financial management and reporting, analytics, financial modelling, policy and process formulation, stakeholder management, supply chain management, treasury and other.<br><br>She is a Chartered Accountant CA(SA), and holds a Master's Degree in Business Leadership. | Mr Maseko is an economist. He obtained a BA (Economics / Statistics) Graduate Diploma Economics, MA (Development Studies), and MBL.<br><br>He worked at the Department of Economic Affairs and Tourism in Mpumalanga as an Assistant Director, at Infrastructure Finance Corporation and at the National Treasury.<br><br>His career has been in Economics Research where he researched for government policy initiatives such as comparing corporate tax rates, presumptive / turnover tax, tax-free savings accounts and the two-pot retirement system. He also worked on an IMF sponsored pre-feasibility study on using capital markets in Africa to finance infrastructure. |

The demographic composition of the Board of Directors of the Land Bank is tabled in the following table.

Table 16: Demographics of the Board of Directors

| Non-Executive Directors | M | F | B | I | C | W |
|---|---|---|---|---|---|---|
| Mr M Skwatsha | ✓ | | ✓ | | | |
| Ms KV Rantao | | ✓ | ✓ | | | |
| Ms S Ford | | ✓ | ✓ | | | |
| Prof JF Kirsten | ✓ | | | | | ✓ |
| Mr MA Moloto | ✓ | | ✓ | | | |
| Ms PH Maseko | | ✓ | ✓ | | | |
| Ms TF Matlala | | ✓ | ✓ | | | |
| Ms E Pillay | | ✓ | | ✓ | | |
| Ms S Dlungwane | | ✓ | ✓ | | | |
| Mr BM Maseko | ✓ | | ✓ | | | |

| Executive Directors | M | F | B | I | C | W |
|---|---|---|---|---|---|---|
| Mr J Mphambo | ✓ | | ✓ | | | |
| Ms K Mukhari | | ✓ | ✓ | | | |

## 26. GOVERNANCE COMMITTEES

The Board is supported by five standing committees, namely: An Audit and Finance Committee, a Human Resource and Remuneration Committee, a Nominations Committee, a Risk and Governance Committee, a Credit and Investment Committee, and shares a Social and Ethics Committee with the Board of the Insurance Companies. From time to time, the Board also establishes temporary structures such as ad hoc committees, project teams and task teams to deal with specific time bound issues.

The Committees of the Board and the Board's ad hoc structures are governed by Charters or terms of reference approved by the Board. The Charter or terms of reference set out the purpose, authority, responsibilities, composition, constitution of meetings, frequency of meetings, conduct of meetings, decision-making, record keeping, and reporting and communication by a structure on its activities to the Board.

### Audit and Finance Committee

The primary role of the Committee is to provide oversight over the financial reporting process, the audit process, the Bank's system of internal control, the financial position of the Bank, and the Bank's investments and returns.

### Risk and Governance Committee

The primary role of the Committee is to advise the Board of Directors of the Land Bank on enterprise-wide risk management and good corporate governance practice.

### Human Resources and Remuneration Committee

The primary role of the Committee is to assist the Board of Directors of the Land Bank in the discharge of its duty to oversee the establishment of appropriate human resources policies and strategies that provide the Bank with the capability to achieve its short-and long-term business objectives.

### Nominations Committee

The primary responsibility of the Committee is to manage the appointment, Committee placement, development, performance management, rotation, suspension and removal of members of the Board of Directors of the Land Bank.

## Social and Ethics Committee

The Committee's primary role is to review and make recommendations to the Board of Directors of the Bank and its subsidiaries on matters relating to social and ethics policies and strategies amongst other things; and to assist the Boards with creating value in a sustainable manner taking into consideration the triple context of the economy, society and natural environment within which the institutions operate.

## Credit Investment Committee

The purpose of the Committee is to assist the Board of Directors to discharge its responsibilities regarding the funding of the Bank, the provision of credit by the Bank, and investing by the Bank. The Committee ensures that the investment goals of the Bank are met; that the quality of the Bank's credit portfolio and the trends affecting that portfolio are continually reviewed; and that credit-related policies are effective and properly administered.

## Land Bank Board Committee Composition

Composition of Land Bank Board and Board Committee sessions is as follows:

Table 17: Land Bank Board Committee Membership and Composition FY26

| BOARD COMPOSITION 2025/2026 | | | | | | | |
|---|---|---|---|---|---|---|---|
| Land Bank Board of Directors | Board of Directors | Audit and Finance Committee | Credit and Investment Committee | Risk and Governance Committee | Human Resources and remuneration Committee | Social and Ethics Committee | Nominations Committee |
| Committee Structure | Mr M Skwatsha* (Chairperson) | Ms E Pillay* (Chairperson) | Prof JF Kirsten* (Chairperson) | Ms PH Maseko* (Chairperson) | Mr MA Moloto* (Chairperson) | Ms KV Rantao*** (Chairperson) | Mr M Skwatsha* (Chairperson) |
| | Ms KV Rantao*** (Deputy Chairperson) | Ms KV Rantao*** | Mr MA Moloto* | Prof JF Kirsten* | Mr M Skwatsha* | Mr M Skwatsha* | Mr MA Moloto* |
| | Ms S Dlungwane** | Ms PH Maseko* | Ms E Pillay* | Ms TF Matlala* | Ms S Ford* | Ms S Ford* | Ms KV Rantao*** |
| | Ms S Ford* | Ms TF Matlala* | Mr J Mphambo | Mr J Mphambo | Mr J Mphambo | Mr J Mphambo | Mr J Mphambo |
| | Prof JF Kirsten* | Mr J Mphambo | Ms K Mukhari | Ms K Mukhari | Ms K Mukhari | Ms K Mukhari | |
| | Mr MA Moloto* | Ms K Mukhari | | | | | |
| | Mr BM Maseko** | | | | | | |
| | Ms PH Maseko* | | | | | | |
| | Ms TF Matlala* | | | | | | |
| | Ms E Pillay* | | | | | | |
| | Mr J Mphambo**** | | | | | | |
| | Ms K Mukhari | | | | | | |
| * Appointed 3 September 2025 | | | | | | | |
| ** Appointed 12 November 2025 | | | | | | | |
| *** Appointed 1 November 2024 | | | | | | | |
| **** Appointed Acting CEO from 16 February 2026 | | | | | | | |

## 27. EXECUTIVE COMMITTEE

MR JABU MPHAMBO

### Acting Chief Executive Officer

Qualifications

- Chartered Accountant CA(SA)
- Chartered Financial Accountant (CFA)
- Master of Business Administration
- Bachelor of Business Science Honours
- Postgraduate Diploma in Accounting

Personnel Area

Office of the Chief Executive

Race: African
Age: 39
Years of Service to the Bank: 1 year, 4 months
Other Board(s) Served: None

MS KHENSANI MUKHARI

### Chief Financial Officer

Qualifications

- Chartered Accountant CA(SA)
- Master of Business Leadership

Personnel Area

Finance and Treasury

Race: African
Age: 53
Years of Service to the Bank: 6 years
Other Board(s) Served: None

MS ROZAAN SWANEPOEL

### Acting Company Secretary

Qualifications

- Master of Business Administration
- Bachelor of Commerce: Marketing and Business Management
- Effective Risk Management Certificate
- Total Quality Management Certificate
- Integrated Risk Management Certificate
- Strategy Facilitation Certificate
- Strategy Excellence Masterclass
- Advance BBBEE Certificate – ICT Codes

Personnel Area

Company Secretary

Race: White
Age: 58
Years of Service to the Bank: 6 years
Other Board(s) Served: None

MR SYDNEY SOUNDY

MR VONANI MABUNDA

MS KAREN SWART

### Chief Strategy Officer

Qualifications

- Master of Business Administration
- Bachelor of Administration Honours in Industrial Psychology
- Graduate Diploma in Marketing Management
- Global Executive Development Programme

Personnel Area
Strategy

Race: African
Age: 61
Years of Service to the Bank: 10 years
Other Board(s) Served: None

### Acting Chief Banking Officer

Qualifications

- Bsc (Engineering)
- Master of Business Administration (MBA)

Personnel Area
Banking

Race: African
Age: 48
Years of Service to the Bank: 6 months
Other Board(s) Served: None

### Acting Chief People and Culture Officer

Qualifications

- Masters in Technology Business Administration
- Bachelor of Technology Business Administration
- Management Development Programme
- Bachelor of Technology Human Resources Management
- Personal Development Programme for Managers

Personnel Area
People and Culture

Race: White
Age: 51
Years of Service to the Bank: 9 years
Other Board(s) Served: None

MS THERESA FOURIE

**Acting Chief Audit Executive**

Qualifications

- Chartered Accountant CA(SA)
- Bachelor of Commerce (Honours) in Accounting

Personnel Area

Internal Audit

Race: White

Age: 43

Years of Service to the Bank: 10 years

Other Board(s) Served: None

MR SAKHUMZI MAY

**Chief Agricultural Economics Officer**

Qualifications

- MPHIL in Development Finance
- International Executive Development Programme
- Bachelor of Science Honours in Agricultural Economics
- Bachelor of Science in Agricultural Economics

Personnel Area

Agriculture Economics & Advisory

Race: African

Age: 56

Years of Service to the Bank: 16 years

Other Board(s) Served: None

MR SAKHUMZI DIZA

**Chief Risk Officer**

Qualifications

- Bachelor of Science in Agricultural Economics
- Bachelor of Science Honours in Agricultural Economics
- Master of Science in Agricultural Economics

Personnel Area

Risk Management

Race: African

Age: 47

Years of Service to the Bank: 8 years

Other Board(s) Served: None

MS FAITH BURN

**Chief Technology and Operations Officer**

Qualifications

- MSc in Mathematics
- Master of Business Leadership
- Certified Internal Auditor

Personnel Area

IT and Operations

Race: African

Age: 57

Years of Service to the Bank: Less than 1 year

Other Board(s) Served: South African National Blood Services (SANBS)

# ANNEXURE F: EMPLOYMENT EQUITY PLAN

## 1. EMPLOYMENT EQUITY

### 1.1 Development of previously disadvantaged individuals through the provision of skills training

Land Bank has aligned its human capital initiatives with Sustainability Goal 4: Quality Education. The Bank is committed to developing its people and enhancing organisational capability through targeted learning and development initiatives. These include Learnerships, the Graduate Programme, Mentorship and Coaching, Skills Audits and Planning, Career Management, and Succession Planning—all aimed at enabling employees to reach their full potential.

During the current financial year to date, 96.4% of participants in permanent development interventions were previously disadvantaged employees, reflecting the Bank's commitment to transformation and inclusive growth.

### 1.2 Employment of previously disadvantaged individuals both in terms of race and gender

Land Bank remains committed to advancing transformation and ensuring fair representation across its workforce. The Bank's Employment Equity (EE) Plan serves as the key mechanism through which management drives and monitors progress towards diversity and inclusion targets. Recruitment and talent development efforts are consciously aligned with these targets to ensure meaningful transformation.

The Employment Equity and Skills Development (EE & SD) Committee plays a central role in overseeing implementation of the EE Plan. Regular engagements between management and the Committee ensure transparency, continuous monitoring, and accountability in achieving the Bank's transformation objectives.

In alignment with the Sustainable Development Goals (SDGs), specifically Goal 5: Gender Equality and Goal 10: Reduced Inequalities, the Bank tracks and reports on progress through its EE Plan.

As at the latest reporting period, 84% of the Bank's workforce is represented by previously disadvantaged individuals (ACI category). In addition, the Learner Programme continues to provide work-readiness opportunities for graduates, supporting youth employability.

Table 18: Numerical Goals and 5-year Sector Targets for all Employees, including Employees with Disabilities

| Occupational Levels | Male | | | | Female | | | | Foreign Nationals | | Total |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | A | C | I | W | A | C | I | W | Male | Female | |
| Top management | 40% | 6.7% | 6.7% | 0% | 40% | 0% | 0% | 6.7% | 0% | 0% | 100% |
| Senior management | 44.1% | 4.4% | 0% | 7.4% | 35.3% | 4.4% | 0% | 4.4% | 0% | 0% | 100% |
| Professionally qualified and experienced specialists and mid-management | 38.5% | 4% | 1.3% | 13% | 33.4% | 3.7% | 1% | 5% | 0% | 0% | 100% |
| Skilled technical and academically qualified workers, junior management, supervisors, foremen, and superintendents | 38.6% | 2.9% | 1.4% | 7.1% | 40% | 4.3% | 0% | 5.7% | 0% | 0% | 100% |
| Semi-skilled and discretionary decision making | 33.3% | 2% | 0% | 2% | 51% | 5.9% | 0% | 5.9% | 0% | 0% | 100% |
| Unskilled and defined decision making | 47.8% | 4.3% | 0% | 4.3% | 39.1% | 4.3% | 0% | 0% | 0% | 0% | 100% |
| **GRAND TOTAL** | **39.2%** | **3.8%** | **1.1%** | **9.7%** | **36.7%** | **4%** | **0.6%** | **4.9%** | **0%** | **0%** | **100%** |

### 1.3 Human Capital Development and Organisational Excellence

Land Bank's operational performance and sustainability rely on a skilled, motivated, and high-performing workforce. The Bank recognises the vital role employees have played in its past successes and in shaping its future trajectory.

In FY25, the Bank concluded Phase 2 of its Organisational Restructure Project that included the implementation of the approved organisational structure.

During FY26, the focus has shifted towards strengthening internal capabilities by embedding a high-performance culture. This was evidenced by fully implementing the revised performance management methodology, processes and system enhancements. The full implementation of the Farmer Academy is a key roriorieiic priority, offering accredited agricultural training to both employees and farmers. This initiative supports the Bank's broader goal of upskilling and reskilling its workforce in alignment with the new organisational structure.

## ANNEXURE G: COMPLIANCE MANAGEMENT AND FRAUD PREVENTION PLAN

### 1. OVERVIEW

In terms of the Public Finance Management Act (PFMA), 1999, a compliance plan is essential for any public entity, including Land Bank. Section 51(1)(a)(i) mandates Land Bank to maintain effective internal controls. A compliance plan ensures that there are structured controls, policies, and procedures to monitor and manage compliance effectively. The National Treasury Regulations, issued under the PFMA, provide detailed requirements for compliance, risk management, and internal controls. A compliance plan helps ensure adherence to these regulations.

### 2. Annual Risk Management Plan (01 April 2026 – 31 March 2027)

| # | Key Performance Indicators: | Deliverable/ Activities: | Timeline | | |
|---|---|---|---|---|---|
| | | | Start Date | End Date | Status * |
| 1 | **Automation** | 1.1 Automation of Compliance Processes. Resubmit to IT the request for support to automate key compliance processes. | 01.06.2026 | 31.03.2027 | Use the 2025 requests to re-table the IT support needed |
| 2 | **Farmers Academy** | 2.1 Work with Farmers Academy to get the Land Bank Clients and Suppliers to be compliance/paper ready in terms of on boarding screening requirements.<br>2.2 Deliver Ethics and Fraud training through Farmers Academy to Clients and suppliers.<br>2.3 PAIA training for correct process to request to information. | 01.04.2026 | 31.03.2027 | Submit request to Farmers Academy, Deliver by end of Financial year |
| 3 | **Maturity Assessments** | 3.1 Get independent provider to confirm maturity assessment level of the Anti-Money Laundering program and or full Compliance Program.<br>3.2 Potential maturity assessment update for Ethics through the Ethics Risk Assessment Process.<br>3.3 Records and Information management maturity assessment will be found on the IT Governance Compliance section of this plan | 01.10.2026 | 31.03.2027 | Get the tender / RFQ process activated early within financial year |

| | | | | | |
|---|---|---|---|---|---|
| 4 | **Regulatory training** | Mandatory regulatory training to be delivered by key area of Compliance focus.<br>4.1 Mandated to be annual training as per Regulation: NCA, FICA, PAIA.<br>4.2 Alternate year mandatory training as per compliance risk focus POPIA, ABC, Fraud, Ethics, Land Bank Act. | 01.04.2026 | 31.03.2027 | Two per quarter will be launched, fourth quarter to be used as consolidation and follow up month |
| **Polices, Governance and Regulatory Compliance** | | | | | |
| 1. | **Regulatory Universe and Risk Profile** | 1.1 Regulatory universe and Risk profile review (Annual review legislations applicable to the LB).<br>1.2 Facilitate a workshop with relevant business owners to categorise and assess the applicable regulatory requirements in order to prioritise the risks in terms of high, medium or low. | 02.01.2027 | 31.03.2027 | Regulatory Universe and Risk Profile FY27 will be completed by Q4 |
| | | 1.3 Monitor and assess regulatory risk.<br>1.4 Advise business on the regulatory changes as when it happens.<br>1.5 Provide periodic refresher courses and updates on regulatory changes. | Ongoing | Ongoing | |
| 2. | **Compliance Risk Management Plans (CRMP's)** | 2.1. Development or review of the CRMPs for core regulatory items such as FICA, NCA, PFMA and PAIA guided by the compliance universe and risk profile.<br>2.2. Facilitate a workshop with relevant business owners on the review and development of CRMPs within CURA and Excel. | 01.04.2026 | 30.12.2027 | |
| | | 2.3. Development or review of the CRMPs for top secondary regulatory items guided by the compliance universe and risk profile. | 01.04.2026 | 30.12.2027 | |
| 3 | **Compliance Monitoring** | 3.1. Monitor compliance with applicable regulatory requirements relevant to the bank and its products and / or services guided by the compliance monitoring methodology. Suggested ACTs to focus on for FY2027 is Procurement Act and PFMA. | 01.05.2026 | 31.03.2027 | Alternate between core legislation |

| | | | | | |
|---|---|---|---|---|---|
| **4** | **Compliance Policies & Procedures development/ Review** | 4.1 Review and maintain policies to ensure alignment with regulatory requirements and organisational needs.<br><br>4.2. Coordinate annual review of Delegation of Power – Sections 2 and 3.<br><br>4.3. Encourage consolidation of policies within departments, which are related and similar with the purpose of reducing.<br><br>4.4. Manage policy repository and drive a project that all policies must be saved on the shared drive following approval by the approving authority. | 01.04.2026 | 31.03.2027 | Continue to work with the office of the CEO to reduce number of policies within the Bank |
| | **Anti-Money Laundering and Terrorist Financing Compliance** | | | | |
| **1** | **New AML system implementation drive** | 1.1 Parallel Run of Dow Jones and New system<br>1.2 Drive the use of Hannis (Home Affairs System) as part of this system delivery across business.<br>1.3 Focus on managing and reducing false alerts.<br>1.4 Automate the High-Risk registers and create a review plan.<br>1.5 Manage the full contract lifecycle of client from an AML perspective.<br>1.6 Create a remediation plan of all clients.<br>1.7 Introduce analytics dashboards for alerts. | 01.04.2026 | 31.03.2027 | Will be going out on tender end of Quarter three FY2026 |
| **2** | **Directive 8 Screening, Employee, Client and Supplier Screening** | 2.1 Screening of employees as per Directive 8.<br><br>2.2 Including Employee PEP, possibly Head of Departments and employees in high risk rated areas as per Code.<br><br>2.3 Confirmation of 100 percent screening retrospectively and ongoing. Sampling and checking of supporting documents after bulk screening has been completed within FY26.<br><br>2.4 Annual review of all identified High Risk employees. | 01.05. 2026 | 31.03.2027 | If budget allows will bring this a level down in terms of risk |

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|---|---|---|---|---|---|
| 3 | **RMCP Yearly update** | 3.1 Update and get Board approval of updated RMCP as per FIC's latest guidance notes, directives, PCC's and regulatory update. | 01. 06.2026 | 31. 10.2026 | As per FIC directives and updates |
| 4 | **Transaction Monitoring & Reporting** | 4.1 Improve detection and reporting of suspicious activity.<br><br>4.2 Review and calibrate transaction monitoring rules.<br><br>4.3 Implement system tuning and false-positive reduction.<br><br>4.4 Ensure timely STR/SAR submissions. | 01.04.2026 | 31.03.2027 | As per FIC directives and updates |
| 5 | **Independent AML Maturity Assessment** | 5.1 Get a service provider to confirm the maturity level of the Bank's AML Program.<br><br>5.2 Create a remediation plan on the new gaps identified and close them. | 01.07.2026 | 31.03.2027 | Key to assess progress made so far |
| 6 | **Risk Assessment Review** | 6.1 Update Customer Due Diligence (CDD) and Enhanced Due Diligence (EDD) procedures.<br><br>6.2 Refresh AML risk appetite statement and maintain updated enterprise-wide ML/TF risk assessment.<br><br>6.3 Conduct comprehensive risk assessment.<br><br>6.4 Identify new products/clients/geographies with high risk and document mitigation strategies. | 01.07.2026 | 31.03.2027 | As per FIC directives and updates |
| **Fraud and Ethics Compliance** | | | | | |
| 1 | **Ethics Risk Assessment** | 1.1. Ethics Risk assessment to include Fraud themes.<br>1.2 Inclusion of Ethics maturity assessment update. | 01.04.2026 | 31. March 2027 | Last one was conducted in 2021. This assessment will include Fraud themes |

| | | | | | |
|---|---|---|---|---|---|
| 2 | **Ethics Institutionalisation** | 2.1. Ethics, Whistleblowing and Fraud training and awareness.<br>2.2. Incorporate ABC in fraud and Ethics Training programme.<br>2.3. Assessment of past whistle blowing cases to be used as themes for training.<br>2.4. Communication of industry fraud themes quarterly. | 01.04.2026 | 31. March 2027 | Further embed Ethics into Land Bank |
| 3 | **Conflict of Interest Drive** | 3.1. Streamline Conflict declaration in one platform.<br>3.2. Employee Conflict of Interest drive: target 100% compliance. | 01.04.2026 | 31. March 2027 | Centralised conflict management |
| 4 | **Maintenance of Fraud Risk Registers** | 4.1 Review and update of fraud risk registers across the business. | 01.04.2026 | 31. March 2027 | Facilitate sessions for identifying the Bank's vulnerability to the risk of fraud |
| 5 | **Fraud Prevention, Detection and Response Plans** | 5.1. Employee and client education.<br><br>5.2 Sample positive pay attributes within the bank (working with policy and governance).<br><br>5.3 Work with AML team on new AML system to do transaction monitoring.<br><br>5. 4 Encourage whist blowing to report suspicious activities. | 01.04.2026 | 31. March 2027 | |
| **IT Governance and Compliance** | | | | | |
| **1.** | **IT Governance and Compliance Monitoring** | 1.1 Collaborate with key stakeholders in the development and implementation of AI policy.<br><br>✓ Drafting of the AI policy with inputs from key stakeholders. | 01.04.2026 | 30.09.2026 | |

| | | | | |
|---|---|---|---|---|
| | ✓ Approval of the AI policy by relevant governance committees.<br>✓ Implementation of the AI policy including socialising across the Bank. | | | |
| | 1.2 Review IT policies that are due for review to ensure alignment with compliance and regulatory requirements.<br><br>✓ Reviewing of IT policies, related SOPS and ensuring alignment with applicable regulations/ standards. | Ongoing | Ongoing | |
| | 1.3 Monitoring, Auditing & Reporting on key IT controls (Change Management processes, Vulnerability, and Patch Management Process).<br><br>✓ Perform IT compliance reviews in line with the agreed scope with IT and Internal audit team (Combined assurance).<br>✓ Report findings to Exco, IT Steering Committee and RGC. | 01.04.2026 | 31.03.2027 | |
| **2. Data/ Information Governance:** | 2.1 Implementation of data quality management controls across the Bank.<br><br>✓ Collaborate with IT governance and risk team in ensuring that data quality management process is defined, embedded in business processes and data stewards trained on data quality management. | 01.07.2026 | 30.03.2027 | |
| | a. Data Classification<br><br>✓ Compliance to collaborate with RIM, IT governance and risk team and business in ensuring that business data is classified in line with RIM policy across the Bank. | 01.07.2026 | 30.03.2027 | |

| | | | | |
|---|---|---|---|---|
| | Definite timelines dependent on the project incitation and budget for a tool that is going to enable data classification process. | | | |
| | b. Monitor the Shared Drive Records and Information clean-up project.<br><br>✓ Provide oversight on the shared drive records and information clean-up project to ensure all records that are required to be stored in the enterprise documents management systems (Onbase) uploaded onto Onbase.<br>✓ Records that have reached its retention scheduled are securely deleted from the drives.<br>✓ Ensure that all folders that contain personal information is restricted to authorised users.<br>✓ Definite timelines will be determined upon project initiation by the RIM team. | TBC | TBC | |
| | c. Monitor the finalisation of National Archives and Records Services of South Africa (NARSSA) files plans.<br><br>✓ Definite timelines will be determined upon the appointment of a service provider in the new financial year.<br>✓ The monitoring will ensure the file plans are finalised to enable Land Bank to obtain approval from NARSSA on disposal of records that have reached its retention period. | 01.04.2026 | 31.03.2027 | |
| **3. Data Privacy Management** | 3.1 Embed privacy by design in business processes by conducting privacy impact assessment.<br><br>✓ Conduct privacy impact assessment for project, new processes and IT systems to ensure privacy by design is embedded. | 01.04.2026 | 30.03.2027 | |

| | | | | |
|---|---|---|---|---|
| | 3.2 Review and Update PAIA CRMP<br><br>✓ Update the PAIA CRMP to ensure alignment with updated PAIA manual and internal policies and processes. | 02.05.2026 | 30.06.2026 | |
| | 3.3 Annual PAIA Review<br>✓ Conduct annual PAIA manual review in line with the review cycle. | 01.06.2026 | 30.06.2026 | |
| | 3.4 PAIA Request Compliance Monitoring<br>✓ Conduct PAIA request monitoring to ensure compliance when handling the request by the Legal team. | 01.04.2026 | 30.03.2027 | |
| | 3.5 Annual Submission of Section 32 of PAIA report to Information Regulator | 02.05.2026 | 30.06.2026 | |
| | 3.6 Privacy Policy Review<br>✓ Review and update privacy policy to align with POPIA regulations and policy review cycle. | 01.10.2026 | 30.03.2027 | |
| | 3.7 Review privacy notices<br><br>✓ Review and update privacy notices to incorporate trade finance and supply chain finance cross border activities. | 04.01.2027 | 31.03.2027 | |
| **4. Information Security Risk Management** | 4.1 Vulnerability and Patch Management<br><br>Monitor and ensure regular vulnerability assessment are performed to identify vulnerabilities and track remedial actions to address the gaps. | Quarterly | Quarterly | |
| | 4.2 Monitor Information Security Awareness and reporting<br><br>✓ Monitor and ensure security awareness training programme is adequately implemented and awareness trainings are conducted. | Quarterly | Quarterly | |
| | 4.3 Phishing simulation is conducted. | Quarterly | Quarterly | |

| | | | | |
|---|---|---|---|---|
| | ✓ Interactive simulation of a cyber-security breach (phishing) | | | |
| | 4.4 Cyber resilience simulation<br><br>✓ To ensure the Bank can maintain business continuity and recover quickly from cyberattacks | 01.03.2027 | 31.03.2027 | |
| **5. Third- Party Information and Privacy Risk Management** | 5.1 Review vendor completed information and privacy assessment<br><br>✓ Review information security and privacy assessment conducted for new vendors that will be processing LB information. | 01.04.2026 | 30.03.2027 | |
| | 5.2 Maintain register of service providers processing data<br><br>✓ Develop and maintain a register of service providers that are processing Land Bank Data. | 01.04.2026 | 30.03.2027 | |
| | 5.3 Ensure Data Processing Agreements (DPAs) are signed.<br><br>✓ Identify vendors that are processing LB data and ensure data processing agreement signed by the vendors. | 01.04.2026 | 30.03.2027 | |
| **6. Reporting** | 6.1 Compile accurate, timely and comprehensive IT and information Governance Risk Profile report to various Governance Committees.<br>✓ Reporting to Exco, IT Steering Committee and RGC. | Quarterly | Quarterly | |
| **7. Training and Awareness** | 7.1 Annual online POPIA General Training (LMS)<br>✓ Annual POPIA awareness to ensure that all employees understand their POPIA requirements. | 01.04.2026 | 30.06.2026 | |

| | | | | |
|---|---|---|---|---|
| | 7.2 International Day for Universal Access to Information (PAIA) awareness<br>✓ Commemorate and raise awareness of the fundamental right to access information. | 28.09.2026 | 28.09.2026 | |
| | 7.3 Data Breach-Practical Application & Scenario Awareness<br>✓ To ensure employees understand the process for handling data privacy incidents. | 04.01.2027 | 30.03.2027 | |
| | 7.4 PAIA overview<br>✓ To ensure employees understand the overview of PAIA and key content in the PAIA manual. | 01.09.2026 | 31.12.2026 | |
| **8. Advisory Services** | 8.1 SCM Evaluation Committees<br>✓ Participate in BID evaluation committees. | 01.04.2026 | 30.03.2027 | |
| | 8.2 Innovation Forum<br>✓ Provide compliance and risk inputs for all innovation logged with innovation office to enable the innovation committee to assess the risk and compliance impact of the ideas submitted for consideration. | 01.04.2026 | 30.03.2027 | |

# ANNEXURE H: FUNDING PLAN

## 1. PURPOSE

The Borrowing Programme outlines Land Bank's borrowings and is submitted to National Treasury in compliance with sections 52(a) and 66(7) of the PFMA. For completeness Land Bank is hereby submitting its funding plan for FY2027.

## 2. EXECUTIVE SUMMARY

Land Bank's default was cured on 16 September 2024 with all the lenders converting their Land Bank debt instruments into a 4-year note (facility for international lenders) that matures on 31 March 2028. The balance outstanding on conclusion on the debt restructure was R8.1bn, after Land Bank had repaid more than at 80% (32.5) of the R40.6bn debt at default. The outstanding debt at the end of FY2026 is expected to be ~R6.8bn. Curing of the default paved way for the equity injection (R5.6bn) that was sitting in an escrow account to be released to the Bank, thereby strengthening the Bank's balance sheet somewhat.

For FY2027 the Bank's funding strategy is looking to address the following challenges, which were exacerbated by the restructured debt:

- High cost of funding that makes it impossible to execute on the development mandate.
- Tenor mismatch between assets and liabilities. This has a huge impact on the liquidity of the Bank as funding debt is paid quicker than collections from customers.
- The challenging liquidity position of the Bank that shows the Bank will run out of cash during FY2028.
- In addition, the Bank needs to solve for inadequate Blended Finance grants, looking at FY2025 blended finance disbursements relative to the annual commitment secured by Land Bank.

The Funding strategy is multi-faceted to ensure the right mix of funding is sourced in order to support the execution of the Bank's strategy in fulfilling its mandate. Tenor and cost for the types of funding sourced by the Bank are key considerations to be able to provide affordable and patient funding, especially to emerging farmers. Blended finance solutions will continue to be a crucial part of the Funding strategy to lower the cost of funding.

Market engagements have begun with potential funders with expression of interest received, mainly from international government agencies, climate funds and International Development Finance Institutions (DFIs).

## 3. EXISTING DEBT

Land Bank currently has the following existing debt in the form of the restructured note / facility, in the summary below table:

Table 19: Existing Debt

| Funding Liabilities 31 December 2025 | | |
|---|---|---|
| **Book** | **Amount** | **% of total debt** |
| SA Lenders including Client Deposits (BCA) | 7 263 309 591.49 | 90% |
| BCA | - 215 841 913.48 | -3% |
| **SA Lenders excluding BCA** | **7 047 467 678.01** | **87%** |
| | | |
| KfW | 181 231 576.69 | 2% |
| MIGA lenders | 860 515 365.13 | 11% |
| **International Lenders** | **1 041 746 941.82** | **13%** |
| | | |
| **Total Funding Liabilities** | **8 089 214 619.83** | **100%** |

As of 31 December 2025, the foreign currency limit utilisation stood at R 1.042 billion representing outstanding foreign currency debt. Land Bank will need to obtain new approval from National Treasury for a new foreign borrowing limit to cater for the fundraising underway.

## PRE-FUNDING CASH FLOW PROJECTIONS FOR FY26 TO FY28

There are sufficient cash reserves to meet the short-term operational and debt obligations. However, the three-year forecast in Table 20 below suggests that supplementary funding is required to address longer-term commitments.

### Cash Flow Projection – Pre Funding

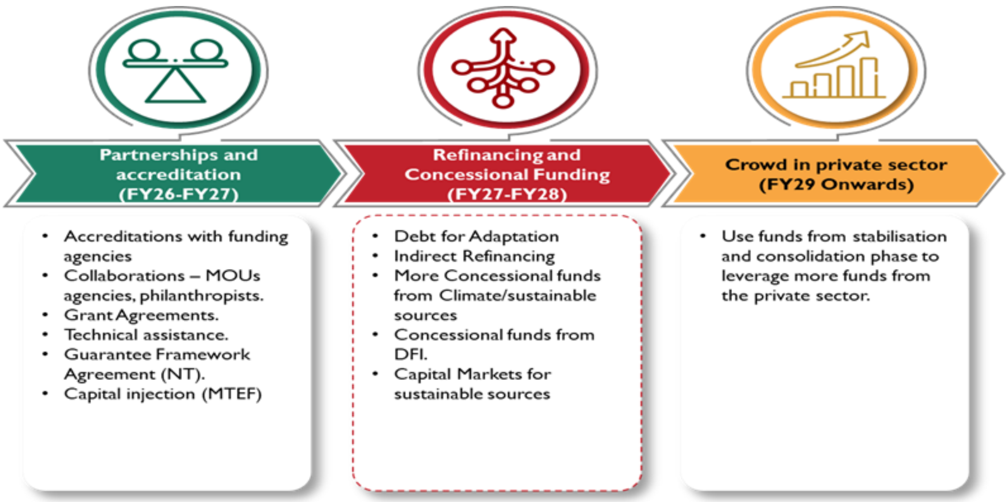
Table 20: Land and Agricultural Bank of South Africa: Cash Flow Projection – Pre Funding

| | | FY2026 | FY2027 | FY2028 | Total |
|---|---|---|---|---|---|
| ***Opening cash flow*** | ***R'm*** | **6 005** | **3 859** | **(252)** | **6 005** |
| *Cash inflow - Non Blended finance customer collections* | | 455 | 1 942 | 1 795 | **4 192** |
| *Cash inflow - blended finance customer collections* | | 80 | 398 | 826 | **1 304** |
| *Asset Solution* | | 27 | 272 | 122 | **421** |
| *Other Income (including sale of non-core assets)* | | 49 | 192 | 222 | **463** |
| *Investment Income* | | 125 | 281 | 205 | **611** |
| *Opex* | | (291) | (1 567) | (1 197) | **(3 055)** |
| *Opex Reserve* | | (600) | 0 | 0 | **(600)** |
| *Interest Payments - SA Lenders* | | (171) | (533) | (355) | **(1 059)** |
| *Capital Repayments to MIGA & KfW* | | (173) | (296) | (573) | **(1 042)** |
| *Interest Payments to MIGA & KfW* | | (25) | (79) | (52) | **(156)** |
| *Capital Repayment to SA Lenders* | | (1 167) | (2 005) | (3 876) | **(7 047)** |
| *Disbursemenst to blended finance customers* | | (297) | (1 263) | (1 385) | **(2 945)** |
| *Disbursement to non blended finance customers* | | (158) | (1 453) | (1 593) | **(3 204)** |
| ***Closing Bank Balance*** | ***R'm*** | **3 859** | **(252)** | **(6 112)** | **(6 112)** |

## 4. FUNDING STRATEGY

The Bank has adopted a phased funding strategy as depicted in figure 1, to support financial sustainability, enhance concessional finance access with longer tenors, and crowd in private capital at a later stage as and when needed. It has prioritised the refinancing of the current expensive debt using cheaper sources. One of the priorities is to accredit the bank with green and sustainable sources to access wider sources of funding that are concessional, with longer tenures. Additionally, to access more grant funding, a multi-pronged approach spanning debt instruments, grants, accreditations, and credit enhancements is being pursued to address funding gaps and reinforce institutional commitments.

Figure 21: Funding Approach




### Post Funding Cash Flow Projections for FY27 – FY31

The post funding picture shows a positive cash flow. The impact of the funding strategy described above is reflected in Table 21 below.

Table 21: Land and Agricultural Bank of South Africa: The Cash Flow Projection for FY27 to FY31- Post Funding

| ZAR mil | FY2027 | FY2028 | FY2029 | FY2030 | FY2031 |
|---|---|---|---|---|---|
| **Beginning liquidity** | 3 859 | 2 293 | 2 561 | 2 952 | 3 502 |
| | | | | | |
| Collections | 2 612 | 2 743 | 2 943 | 3 394 | 3 388 |
| Interest on cash | 281 | 205 | 214 | 231 | 272 |
| Funding | 7 000 | 2 000 | 2 000 | 3 000 | 4 000 |
| Other income | 192 | 223 | 337 | 404 | 528 |
| **Cash inflows** | 10 085 | 5 171 | 5 494 | 7 029 | 8 188 |
| | | | | | |
| Debt capital repayments | (6 750) | - | - | (820) | (820) |
| Debt interest repayments | (618) | (728) | (839) | (1 053) | (1 281) |
| Operational expenses | (1 567) | (1 197) | (1 001) | (1 035) | (1 071) |
| Disbursements | (2 716) | (2 978) | (3 263) | (3 571) | (3 904) |
| **Cash outflows** | (11 651) | (4 903) | (5 103) | (6 479) | (7 076) |
| | | | | | |
| **Funding Surplus/(shortfall)** | **2 293** | **2 561** | **2 952** | **3 502** | **4 614** |

## 5. POSSIBLE NEW FUNDING SOURCES FOR FY27 TO FY31

The Bank is currently exploring the following funding sources in executing its funding strategy.

| | Type of funding | Indicative amount | Indicative Pricing | Term | Description | Status |
|---|---|---|---|---|---|---|
| 1. | Loan | $1bn | 3m jibar175bp (3 years grace) | Up to 25 years | Partly Refinancing Sovereign Loan | Concept note stage |
| 2. | TA/Loan | R18bn | Price by credit assessment | Up to 15 years | Loan, grant, Partly refinancing | Financial analysis completed |
| 3. | RTA / Sovereign Loan | RTA = $150 000- $2m; /$1b loan | Price by credit assessment | Up to 35 years | RTA, Sovereign backed loan, refinancing | RTA negotiation stage. Sovereign loan, document exchange |
| 4. | Credit guarantee | R500m | 2%-2.5% | 5 years | Credit enhancement products | Due Diligence Stage |

The bank has received expression of interest from various lenders for a variety of instruments including refinancing the current expensive debt with cheaper sources, sovereign loan, recoverable technical assistance and grant funding. Accreditation with climate agencies is underway in order to access wider-cheaper sources with the support of the Department of Forestry, Fisheries and Environment. Further reinforcing this commitment to access sustainable sources, the Land Bank has also been formally admitted into the Sustainability Standards and Certification Initiative (SSCI), which will assist to accelerate the sustainable finance journey.

The funding proposals are at various stages, with some at financial analysis, conception note, due diligence; and some moving to the formal negotiation stage. The credit enhancement instruments application process has commenced, with the due diligence being finalized thereby positioning the Bank for future guarantee-backed funding. The Bank requires both the guarantees and capital injection support.

a. *Government Guarantee Framework:*

   Securing a sovereign guarantee remains a key dependency for fundraising given the status of the Bank. The Bank has submitted a Guarantee Framework Application (GFA) to the Finance Ministry, National Treasury for consideration.

b. *Capital Injection*

   The Bank's capital structure and financial analysis by lenders shows that the Bank still requires further capital injection and it still poses a limitation to the achievement of the Bank's mandated development and transformation objectives. As a result, a re-submission of the MTEF budget, following a submission of the Bank's Funding Model and Business Case to the Minister of Finance and National Treasury ahead of the submission of the Bank's fiscal support request in the FY25 MTEF budget process, has taken place. This re-submission provided the rationale for further capital injection while noting the awareness of fiscal constraints and competing priorities, following an unsuccessful application.

All the grant funding for the Bank is currently fiscal and as part of the funding strategy, the Bank is sourcing non-fiscal grant funding to augment the fiscal grant such as the Blended Finance portion from the Department of Agriculture. A few DFIs have expressed interest in grant funding including the climate agencies with accreditations underway; however, work is underway to attempt to increase the current fiscal pool. The separation of the Department of Agriculture from the Department of Rural Development, creates an opportunity to approach Rural Development to set up a "Land Acquisition Blended Finance Scheme" that will support transactions where land is being purchased - this can also include infrastructure development on-farm and off-farm. The current Blended Finance Scheme with the Department of Agriculture can then focus on financing production inputs and equipment, this way grant funding from both Departments can be obtained whilst supporting both their mandates.

## 6. RISK MANAGEMENT

Focuses on identifying, assessing, and mitigating potential threats such as interest rate fluctuations, currency volatility, and liquidity challenges. By ensuring regulatory compliance and supporting informed decision-making, effective risk management safeguards assets, optimises cash flow, and strengthens resilience.

***Risk Management Framework Strategy:***

### 1. Asset–Liability Mismatch

- In addition to being expensive, the Liability Solution implementation agreement also shortened the tenure of the funding liabilities thereby extending the mismatch of assets and liabilities tenors. **Risk:** Short-tenor liabilities against longer-term assets created mismatches in cash flows and maturities.
- **Management:**
    - Transition to medium and long-term funding aligned with the loan book.
    - Review and enhancement of the FTP Curve that supports / enhances the current pricing model.

### 2. Refinancing & Liquidity Risk

The effective management of liquidity risk is critical to ensuring timely disbursement of approved loans and maintaining stakeholder confidence.

- **Risk:** Short-term debt maturities reliance exposed the bank to rollover failure and liquidity shortfalls.
- **Management:**
    - Extend liability tenor to match loan book maturities.
    - Introduce longer-term facilities to stabilize cash flow.

Outcome: By strengthening liquidity controls and diversifying funding sources, Treasury ensures that loan disbursements remain uninterrupted, thereby safeguarding operational efficiency and supporting the broader objectives of blended finance initiatives.

### 3. Currency Risk

- **Risk:** New funding sources may introduce currency fluctuation risk.
- **Management:**
    - Outright hedging at loan negotiation stage to lock in exchange rates.

- Limiting exposure uncertainty by ensuring international debt remains hedged at source.

Outcome: Debt issued by international lenders was hedged at source as a result, the Bank has no direct currency exposure. The only possible currency risk will result from early debt repayments in the form of hedge costs.

## 4. Zaronia Transition

On 3 December 2025, the South African Reserve Bank (SARB) announced the permanent discontinuation of the Johannesburg Interbank Average Rate (JIBAR) following its final publication on 31 December 2026; effective 1 January 2027, JIBAR will cease to exist. The Bank has initiated work to ensure a smooth transition from JIBAR to Zaronia. As the project progresses engagements will be undertaken with Lenders on the conversion of the JIBAR linked contracts to Zaronia with implementation to take place before the end of December 2026.

# ANNEXURE I: RISK MANAGEMENT PLAN

## 1. INTRODUCTION

This Risk Management Plan outlines the approach, processes, and responsibilities for identifying, assessing, and controlling risks throughout the lifecycle of the project/organization. The goal is to minimize the impact of potential threats and maximize opportunities.

## 2. PURPOSE

The primary objective of risk management implementation plan is to facilitate the execution of risk management. It is prepared to give effect to the implementation of the risk management policy and strategy and sets out all risk management activities planned for the 2026-2027 financial year. It aims to assist the organization in improving its risk management strategy to achieve a desired risk management maturity level, as per best practice.

Risk Management Assessment Model

| Risk maturity assessment model | | | | |
|---|---|---|---|---|
| 1: Unaware/ Initial (20%) | 2: Fragmented/ Repeatable (40%) | 3: Top Down/ Defined (60%) | 4: Systematic/ Managed (80%) | 5: Risk intelligent/ Optimised (100%) |

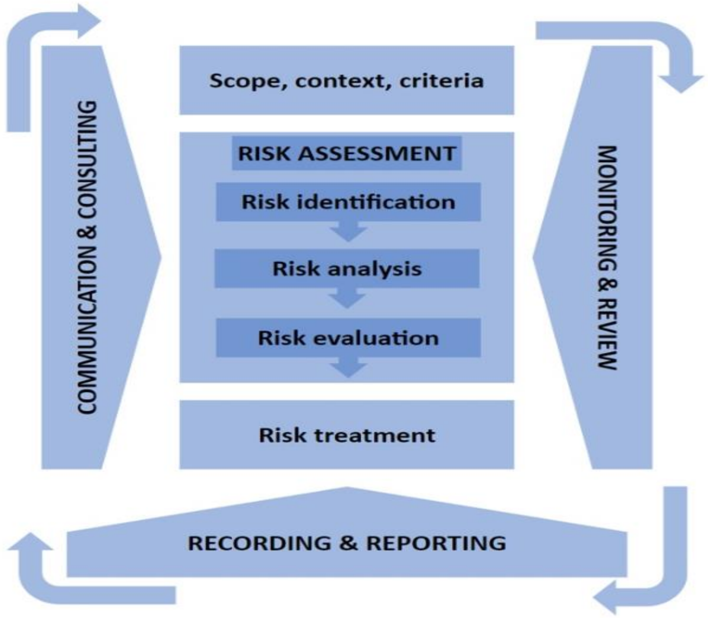
The desired aim is to achieve a level 5 risk maturity assessment level that would indicate that risk management is at an optimised level and is fully embedded in the organisation.

## 3. APPROACH

The development of the risk management implementation plan has taken into consideration:

a) The Risk Management Policy;
b) The Risk Management Strategy;
c) FY2025 Capability Maturity Assessment Results;
d) Internal Audit Reports
e) External Audit Reports.

## 4. RISK MANAGEMENT PROCESS




*Visualization of risk management process by ISO 31000*

### a) Establish the context

Understand the organization's objectives, stakeholders, and the external and internal factors that can influence the risk management process.

### b) Risk identification

Identify risks that could impact the achievement of objectives. This involves systematically identifying potential risks across the organization.

### c) Risk analysis

Assess the identified risks by analyzing their likelihood of occurrence, potential impact, and any existing controls. This step helps in understanding the nature and characteristics of each risk.

### d) Risk evaluation

Evaluate the assessed risks against predefined criteria to determine their significance. This process involves comparing risks to determine their priority for further action.

### e) Risk treatment

Develop and implement risk treatment plans. This step involves selecting and implementing appropriate risk response options, such as avoiding, reducing, transferring, or accepting risks.

### f) Monitoring and review

Continuously monitor and review the effectiveness of the risk management process. This includes monitoring the outcomes of risk treatment actions, reviewing the risk landscape, and making necessary adjustments.

## 5. BENEFITS OF IMPLEMENTING AN EFFECTIVE RISK MANAGEMENT PLAN

The main benefits that can realised include the following:

a) **Increasing the range of opportunities:** By considering all possibilities—both positive and negative aspects of risk— management can identify new opportunities and unique challenges associated with current opportunities.

b) **Identifying and managing risk organisation-wide**: Every entity faces myriad risks that can affect many parts of the organization. Sometimes a risk can originate in one part of the entity but impact a different part. Consequently, management identifies and manages these entity-wide risks to sustain and improve performance.

c) **Increasing positive outcomes and taking advantage of opportunities** while reducing negative surprises: Enterprise risk management allows entities to improve their ability to identify risks and establish appropriate responses, reducing surprises and related costs or losses, while profiting from advantageous developments.

d) **Reducing performance variability:** For some, the challenge is less with surprises and losses and more with variability in performance. Performing ahead of schedule or beyond expectations may cause as much concern as performing short of scheduling and expectations. Enterprise risk management allows organizations to anticipate the risks that would affect performance and enable them to put in place the actions needed to minimize disruption and maximize opportunity.

e) **Improving resource deployment**: Every risk could be considered a request for resources. Obtaining robust information on risk allows management, in the face of finite resources, to assess overall resource needs, prioritize resource deployment and enhance resource allocation.

f) **Enhancing enterprise resilience:** An entity's medium- and long-term viability depends on its ability to anticipate and respond to change, not only to survive but also to evolve and thrive.

## 6. ENTERPRISE RISK MANAGEMENT IMPLEMENTATION PLAN

| Key Performance Indicators: | Deliverables/ Activities: | Timelines | | | |
|---|---|---|---|---|---|
| | | Quarter1 | Quarter 2 | Quarter 3 | Quarter 4 |
| **1. Operational Risk Assessment (Risk identification by Business Units):** | 1.1 Facilitate risk assessment for Divisions and business units: identify risks, triggers, controls, mitigations, Craft action plans, and Implement the mitigating action if any risk materializes. | ✓ | ✓ | ✓ | ✓ |
| | 1.2 Develop and report on operational risk losses as part of the quarterly report. | ✓ | ✓ | ✓ | ✓ |
| | 1.3 Top operational risks profile reporting. | ✓ | ✓ | ✓ | ✓ |
| | 1.4 Reporting of Incidents on the CURA system. | ✓ | ✓ | ✓ | ✓ |
| **2. Board Strategic Risk Assessment:** | 2.1 Strategic risk assessments for the Board on an annual basis. | | | | ✓ |
| | 2.2 EXCO to include strategic risk discussion in EXCO's annual strategic workshop.. | | ✓ | | |
| | 2.3 Monitoring and reporting of strategic risks and mitigations against the risk appetite. | ✓ | ✓ | ✓ | ✓ |
| | 2.4 Capture strategic risks register on CURA risk system. | ✓ | ✓ | ✓ | ✓ |
| **3. ERM Policy Framework Revision:** | 3.1 Updating the Operational Risk Management Plan for FY27. | | | | ✓ |

| Key Performance Indicators: | Deliverables/ Activities: | Timelines | | | |
|---|---|---|---|---|---|
| | | Quarter1 | Quarter 2 | Quarter 3 | Quarter 4 |
| | 3.2 Updating the enterprise risk framework. | | | ✓ | |
| **4. Risk Reporting and Risk Disclosure.** | 4.1 Drafting, Quality assurance, and Presentation of risk reports to EXCO, Management Committee (ERCO), and Board Committee. | ✓ | ✓ | ✓ | ✓ |
| | 4.2 Quarterly and Year-end risk management report for disclosure in the annual report. | ✓ | ✓ | ✓ | ✓ |
| | 4.3 Coordinate quarterly Enterprise Risk Committee (ERCO). | ✓ | ✓ | ✓ | ✓ |
| **6. Resourcing and supporting RM initiatives:** | 6.1 Support by pronouncing the importance of the risk management culture/ practice in the organization by the Board, Risk Committee, CEO, and EXCO ("Tone at the Top"). | ✓ | ✓ | ✓ | ✓ |
| | 6.2 Participation of risk management staff in risk management professional bodies, including risk management membership/ subscription* | ✓ | ✓ | ✓ | ✓ |
| | 6.3 Adequately resourcing the Enterprise risk management function. | ✓ | ✓ | ✓ | ✓ |
| **7. Adequacy and effectiveness of the** | 7.1 Adequacy and effectiveness assessment by an external assurance provider (consulting firm) improves the chance of AG relying on risk management work | | | | ✓ |

| Key Performance Indicators: | Deliverables/ Activities: | Timelines | | | |
|---|---|---|---|---|---|
| | | Quarter1 | Quarter 2 | Quarter 3 | Quarter 4 |
| **risk management function:** | performed, thus possibly reducing audit fees of the Auditor General. | | | | |
| **8. Risk Consulting/ Advisory to Business Units:** | 8.1 Better understanding of the operations. | ✓ | ✓ | ✓ | ✓ |
| | 8.2 Relationship building. | ✓ | ✓ | ✓ | ✓ |
| | 8.3 One-on-one consultation with CEO, Chairpersons of Audit (AFC), and Risk Committees (RGC). | ✓ | ✓ | ✓ | ✓ |
| | 8.4 Pre-consulting (as and when required). | ✓ | ✓ | ✓ | ✓ |
| | 8.5 Proactive identification of risks and mitigation of risks. | ✓ | ✓ | ✓ | ✓ |
| | 8.6 Risk Advisory Services to business on strategic projects. | ✓ | ✓ | ✓ | ✓ |
| **9. Weighting and quantification of risks:** | 9.1 Key control register/ map - weighting of key controls. | ✓ | ✓ | ✓ | ✓ |
| | 9.2 Quantification of materialized, emerged, avoided, and accepted risks, controls, and tasks (Total Cost of the actual Risk). | ✓ | ✓ | ✓ | ✓ |
| | 9.3 Risk and Controls consolidation and aggregation (cross-functional risks). | ✓ | ✓ | ✓ | ✓ |
| | 10.1 Quantification of loss/ loss events. | ✓ | ✓ | ✓ | ✓ |

| Key Performance Indicators: | Deliverables/ Activities: | Timelines | | | |
|---|---|---|---|---|---|
| | | Quarter1 | Quarter 2 | Quarter 3 | Quarter 4 |
| **10. Data Analytics/ Key Risk Indicators/ Risk Survey:** | 10.2 Reliable set of data for reporting to governance structures. | ✓ | ✓ | ✓ | ✓ |
| | 10.3 RM staff training/ skills. | ✓ | ✓ | ✓ | ✓ |
| | 10.4 Develop a survey to gauge the level of risk awareness in the lower structures of the organization. | | | | ✓ |
| | 10.5 Improved RM processes based on the outcome of the survey. | | | | ✓ |
| **11. Project Risk Assessment (Operational and Strategic Projects – resource dependent).** | 13.1 Risk register for each project to track the risks and issues identified. | ✓ | ✓ | ✓ | ✓ |
| | 13.2 Bank-wide Project risk assessments for all strategic and operational projects (effectiveness and oversight). | ✓ | ✓ | ✓ | ✓ |
| **12. Enterprise Risk System: CURA** | 6.1 Utilise CURA, Train Risk Champions. | ✓ | ✓ | ✓ | ✓ |
| | 6.2 Enhance systems functionality and report format. | ✓ | ✓ | ✓ | ✓ |
| **13. Enterprise Risk Audit** | 8.1 Ensure all Enterprise Risk audit findings and recommendations are closed or resolved before due dates. | ✓ | ✓ | ✓ | ✓ |

## 7. Conclusion

The implementation of the Risk Management plan will assist in improving the risk management maturity level of the Land bank from a Systematic/ Managed (level 4) to a desired state of Risk Intelligent /Optimised (level 5).

# ANNEXURE J: LBI RISK REGISTER

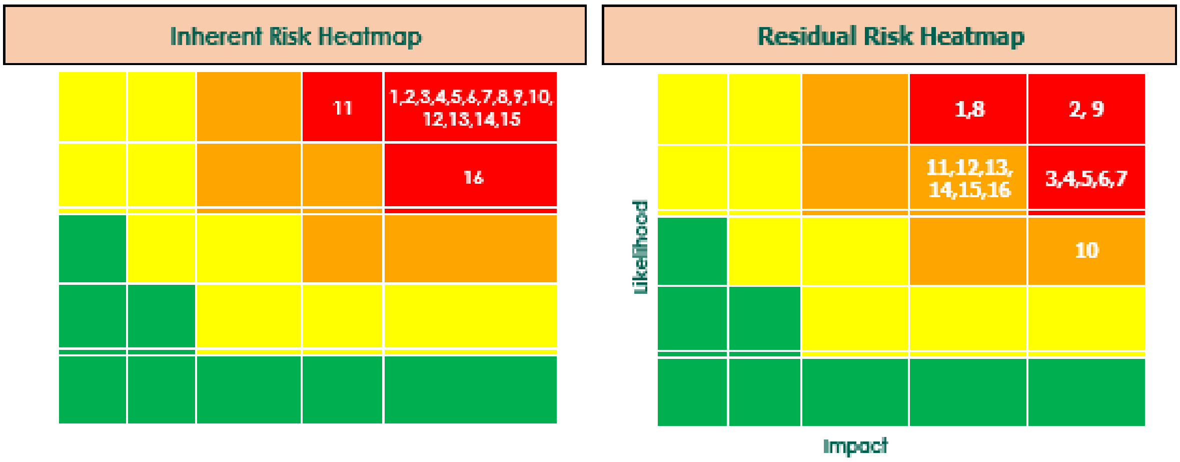
## 1. Risk Management Process

An effective risk management system supports the sustainability and growth of our business and the ability to create long-term value for all our stakeholders. The Land Bank Insurance's Risk Management Process is designed to continuously monitor the internal and external environment for the purpose of identifying any conditions or changes that may require us to mitigate the related risks. This ensures that we remain within our risk appetite, achieve our corporate plans and realise our strategic objectives.

## 2. Top Material Risk and Emerging Risks

Top residual risks are identified based on their likelihood of materializing in a reasonably short timeframe, with a magnitude that materially impacts the business. Below are possible threats to the FY 2026 -2031 strategy. Key management actions in addressing these are outlined in different strategic pathways.

Figure 22: Top Material Risks and Emerging Risks

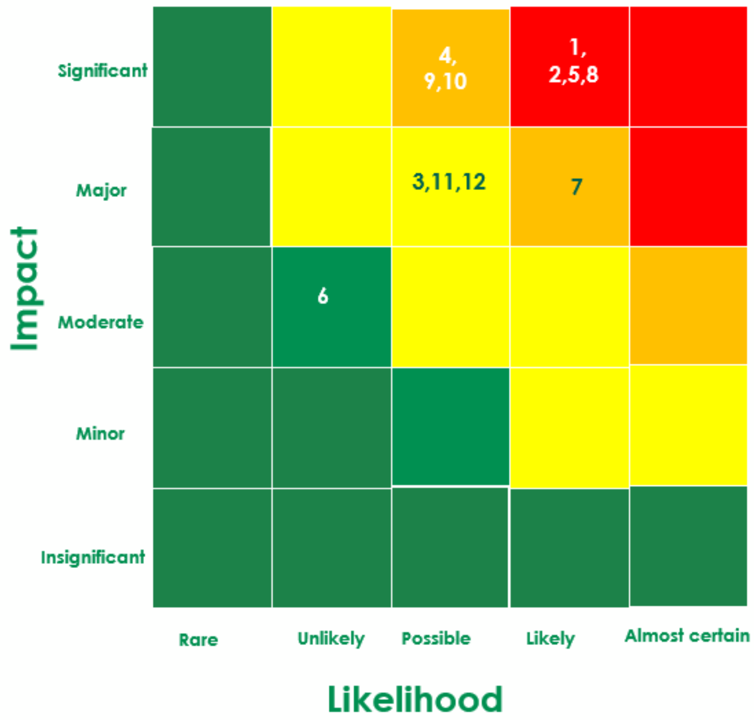



| Top 16 Inherent Risks | |
|---|---|
| **Risk Name** | **Risk Rating** |
| 1. Non-Crop - Growth Risk (Diversification) | High Risk |
| 2. Climate Risk | High Risk |
| 3. UMA dependency | High Risk |
| 4. Life Business Sustainability | High Risk |
| 5. Increasing Management Expense Ratio | High Risk |
| 6. Capital Inadequacy Risk | High Risk |
| 7. Non-Life - Liquidity Risk | High Risk |
| 8. Board Succession and Knowledge Loss Risk | High Risk |
| 9. Cybersecurity Risk | High Risk |
| 10. People Risk | High Risk |
| 11. IFRS 17 Implementation Risk | High Risk |
| 12. Technology/ Systems Risk | High Risk |
| 13. Lack of Reinsurance Support | High Risk |
| 14. Strategic Execution Risk | High Risk |
| 15. Regulatory Risk | High Risk |
| 16. Operational backlog in underwriting back office. | High Risk |

| Top 16 Residual Risks | |
|---|---|
| **Risk Name** | **Risk Rating** |
| 1. Non-Crop - Growth Risk (Diversification) | High Risk |
| 2. Climate Risk | High Risk |
| 3. UMA dependency | High Risk |
| 4. Life Business Sustainability | High Risk |
| 5. People Risk | High Risk |
| 6. Technology/ Systems Risk | High Risk |
| 7. Lack of Reinsurance Support | High Risk |
| 8. Operational backlog in underwriting back office. | High Risk |
| 9. Cybersecurity Risk | High Risk |
| 10. Increasing Management Expense Ratio | Moderate Risk |
| 11. Capital Inadequacy Risk | Moderate Risk |
| 12. Non-Life - Liquidity Risk | Moderate Risk |
| 13. IFRS 17 Implementation Risk | Moderate Risk |
| 14. Strategic Execution Risk | Moderate Risk |
| 15. Regulatory Risk | Moderate Risk |
| 16. Board Succession and Knowledge Loss Risk | Moderate Risk |

Legends: Inherent/Residual Risk Rating — Low Risk — Medium Risk — Moderate Risk — High Risk

Figure 23: Top Material Risks and Emerging Risks




| No. | Risks |
|---|---|
| 1 | Life Business Sustainability resulting to business dissolution |
| 2 | Growth Risk (Non-Crop) |
| 3 | Profitability Risk (Non-life |
| 4 | Liquidity Risk (Non-Life) |
| 5 | Increasing and Unsustainable Management Expense |
| 6 | Market Risk (Investment) |
| 7 | Lack of Reinsurance support (non-crop portfolio) |
| 8 | UMA Dependency (including risk of contract renewal) |
| 9 | People Risk (Skills shortage, including attracting and retaining top talent) |
| 10 | Climate Risk (adverse weather patterns results in high loss ratio) |
| 11 | Regulatory Risk |
| 12 | Operational Risk (IT Risk, Execution Risk, Weak Control environment, IFRS, Back Office Support) |

Table 22: LBIC Strategic Risks

| No | Risks | Controls Details | Residual Risk Rating & Outlook | Key Management Actions | Target Dates |
|---|---|---|---|---|---|
| | | | **Underwriting Risk** | | |
| 1 | **Life business sustainability -** The risk relating to the inability to generate enough revenue to support the life business cost structure. | • Bancassurance strategy - A board approved Bancassurance strategy is in place to enable business growth by giving LBLIC the best possible change to close new business through integrated group processes.<br>• Sales and Distribution function has been capacitated with 5 newly appointed Regional Managers. | ↑ | • While awaiting final strategic direction of the Life Sustainability, Business aim to:<br>o Focus on the implementation of the Life-scale up strategy.<br>• Life Business Dissolution Plan discussions are pending Shareholder and NT approval.<br>• Progress to date –<br>○ The focus for sustainability is to increase LBI's client base on Land Bank deals and increased focus on securing Group credit life schemes.<br>○ Both the Underwriting Risk Capital Requirement as % of the Net Earned Premium and the Net Value of New Business (VNB) Margin have breached the maximum. Due to very low business volumes, low premium income, high per. | 31/03/2027 |
| 2 | **Growth Risk (Non-Crop portfolio) -** The risk of being unable to achieve and maintain sustainable growth in the non-life business. | • o Training and accreditation of brokers to market and distribute the products in order to diversify the non-life book.<br>• 5 Memorandum of Agreement (MoA) have been signed with new strategic partners.<br>• Asset UMA –One Vap has been appointed. The UMA will provide only 3 binder functions i.e. entering into varying, or renewing the policies, determination of premiums and settlement of claims.<br>• Exco Marketing Plan is in place, reviewed on annual basis.<br>• Continuous educational campaigns to raise awareness about the importance and benefits of asset insurance.<br>• o Ensure that LBIC and LB Bancassurance targets are aligned (both GWP and policy | ↑ | • Bancassurance – Grow the internal channel.<br>• Strengthen relationship with insurance brokers by providing training, resources and incentives to promote asset insurance actively.<br>• Utilise existing customer database to cross-sell asset insurance products to clients who have purchased other types of insurance i.e. crop insurance.<br>• **Progress to date:**<br>○ After further consultation with the OneVap (UMA partner) and consideration of critical elements that need to be included i.e. revised policy wording and ratings, the revised go live date is now 1 February 2026. As at Q3 the GWP for asset is significantly behind target of R50M YTD. | 31/03/2027 |

| No | Risks | Controls Details | Residual Risk Rating & Outlook | Key Management Actions | Target Dates |
|---|---|---|---|---|---|
| | | count) and ensure adequate cascade to provincial managers. | | | |
| **Capital and Liquidity Risk** | | | | | |
| 3 | **Capital Inadequacy Risk -** LBIC is facing a possible critical risk related to a lack of profitability, which is likely to lead to capital inadequacy in future. These risks driven by a persistently high loss ratio are undermining the company's financial soundness and pose a risk of regulatory non-compliance through a breach of Solvency Capital Requirements (SCR) thresholds. | • Board approved Liquidity and Capital policy in place.<br>• Board approved Investment policy - Prudent investment policy in place to manage risk and ensure adequate returns.<br>• ORSA - Annually stress testing scenario analysis is conducted and approved by Board.<br>• KRI - Monitoring of SCR on a regular basis.<br>• Board oversight - Governance structures are in place for monitoring and reviewing capital management activities.<br>• Capital Plan - A capital management strategy, capital plan and recovery plan were approved by the Board in February 2025.<br>• Diversification- Diversify to new products with lower loss ratio such as agri-asset and index insurance.<br>• o Crop reinsurance treaty is in place. | → | • Recapitalisation is contingent on shareholder approval to the extent that it is feasible.<br>• Claim Management: Implement stringent claims assessment and fraud detection to minimise unjust claims.<br>• Expense Reduction: Evaluate and cut non-essential expenses across operations to improve the bottom lines. | 30/04/2026 |
| 4 | **Liquidity Risk (Non-life) -** The risk an insurer faces due to the inability to meet its short-term financial obligations. | • Board approved Liquidity policy.<br>• Annually conducting Own Risk and Solvency Assessment.<br>• Market liquidity risk is managed through the new investment strategy which has been implemented with the appointment of new asset managers. | ↑ | • Cash flow forecast – Regular forecast to anticipate cash needs and surplus.<br>• Premium collection cycles – Design of premium collection that aligns with business cash flow needs.<br>• Reinsurance call accounts where claims are above >R5m | 31/03/2027 |
| **Business Risk** | | | | | |
| 5 | **Increasing and Unsustainable Management Expense ratio -** Expense ratios that grow at a faster rate than the growth in premium erodes LBIC's net | • Halt recruitment for non-essential management roles. Re-evaluated each vacant position for its necessity and impact on operations.<br>• Active cost-cutting and close expense monitoring. | ↑ | • Ensure revenue growth rate is higher than the growth in operating expenses.<br>• Rationalising expenses and limit expense increase to inflation.<br>• Recapitalisation to the extent that this is plausible from the shareholder.<br>• Implement a comprehensive budgeting process that includes accurate future expense projections. | 31/03/2027 |

| No | Risks | Controls Details | Residual Risk Rating & Outlook | Key Management Actions | Target Dates |
|---|---|---|---|---|---|
| | underwriting margin. A sustainable business model relies on cost containment | • o Rationalising expenses and limit expense increase to inflationary. | | • Conduct monthly reviews of financial performance, comparing actual expenses to the budgeted amounts.<br><br>**Progress to date**:<br>○ A revised expense allocation starting from FY2027, changing the split between non-life and life entities from 80/20 to a balanced 57/43. | |
| | | | **Market Risk** | | |
| **6** | **Market risk (Investment Risk)** encompasses the potential for financial loss due to fluctuations in market factors such as interest rates, currency values, and asset prices. | • Policies and mandates - The investment policy, asset-liability management policy, liquidity policy, credit risk policy and asset manager's mandates.<br>• The investment strategy has been reviewed and approved by Board.<br>• Investment performance reporting - Investment performance is reported to management monthly and are reported quarterly to Exco and IAC for oversight purposes.<br>• Appointment of the investment consultant to assist with ALM process and investment advice.<br>• Asset liability modelling - Regular asset liability modelling every three years or earlier if there are material business changes.<br>• Performance monitoring - Month to month asset manager performance monitoring.<br>• Review of processes and policies - Independent annual review of the ALM process, investment policy and ALM policy by the appointed Head of Actuarial Control Function.<br>• Due diligence and review of asset manager performance by the investment consultant.<br>• Regularly Monitor the Regulatory and Compliance requirements to mitigate disruptions during volatile markets. | → | • Appointment of an investment consultant to advise on investment strategy and investment policy statement and regular market risk reporting and ALM studies regularly.<br><br>• **Progress to date:**<br><br>• The transition was completed as of early July. The new asset managers have since started to report on the new assets since end of July.<br>• The latest investment reports continue to be presented and monitored on a monthly basis by EXCO and reported to the IAC through our investment consultant, along with economic report presented. This is ongoing and business-as-usual. | 30/04/2027 |

| No | Risks | Controls Details | Residual Risk Rating & Outlook | Key Management Actions | Target Dates |
|---|---|---|---|---|---|
| | | • o Regular communication and reporting to the Board to ensure transparency regarding market risk exposure and the effectiveness of mitigation strategies. | | | |
| **Counterparty Risk** | | | | | |
| 7 | **Lack of Reinsurance Support -** The inability to obtain reinsurance from the primary lead reinsurer at the right time and at an appropriate cost. | • Reinsurance structure - The current reinsurance structure consists of 12 reinsurers participating on the crop programme, all are A-rated with the exception of only 1, which is GIC. This ensures that there are adequate capacity and alternatives to replace the lead should they exit.<br>• Actively increasing the participation of other reinsurers in the programme to diversify risk exposure, improve financial stability, and ensure comprehensive coverage, thereby strengthening the overall effectiveness and reliability of the reinsurance programme.<br>• The lead may not hold more that 50% participation, this reduces the risk of over-reliance on a single participant.<br>• The reinsurance policy was updated and approved by Board to increase the quota share from 70% to 75%.<br>• Capital l Management Strategy has been developed and approved by Board.<br>• o The reinsurance renewal process for crop treaties has been successfully concluded. LBIC secured favourable terms and conditions from the reinsurance market, aimed at strengthening the company's solvency position. As part of the revised arrangement, the quota share (QS) treaty cession has been increased from 70% to 80%, thereby enhancing capital efficiency and risk transfer. | → | • Reduce the lead's participation as part of the overall reinsurance strategy in two ways: (1) Increasing LBIC's retention and (2) increasing participation of other reinsurers in the programme.<br>• Claim Management: Continuing with the Implementation stringent claims assessment and fraud detection to minimise unjust claims<br>• Consideration of solvency relief structures.<br>• Recapitalisation is contingent on shareholder approval to the extent that it is feasible.<br><br>**Progress to date:**<br>○ Business to date has commenced with the drafting of the reinsurance specification in preparation for going out on tender on or before end of December. Reinsurance will begin as soon as product is fully developed. | 31/08/2026 |
| **Strategic Risk** | | | | | |

| No | Risks | Controls Details | Residual Risk Rating & Outlook | Key Management Actions | Target Dates |
|---|---|---|---|---|---|
| 8 | **UMA Dependency - crop** business's heavy reliance on a single Underwriting Management Agency (UMA). | • The UMA Binder agreement between LBIC and UMA has been concluded; both parties have signed a three-year contract.<br>• A formal structure has been developed to oversee the relationship with UMAs, ensuring compliance with internal policies and industry regulations. This structure consists of claims and underwriting committee, which provide monthly updated to the LBIC/AgriSeker Management Committee.<br>• Service level agreement is in place to ensure adequate oversight over the UMA.<br>• Periodic audits to identify operational deficiencies.<br>• Periodic data transfer to retain client information.<br>• Conducting strategic broker engagement with all key brokers.<br>• Sales and Distribution function has been capacitated with 5 newly appointed Regional Managers.<br>• o Key underwriting and operations processes have been developed. | → | **Operational Effectiveness**<br>• Implement systems to improve underwriting and claims efficiency (JMR system)<br>• Enhance decision-making process and delegation of authority.<br>• Develop end-to-end processes to ensure efficiencies, consistency and accountability.<br>• Bolster the structure of Operations and Underwriting Function by appointing Managers in P6 level.<br>• Strengthen direct relationships with brokers and clients.<br>• Possible early UMA contract extension to align with the revised partnership business model strategy.<br><br>**Progress to date**:<br>○ AgriSeker - Discussions with the UMA will begin in Q4 of the FY2025/26<br>○ Cloud Cover System Update: **Crop** - Crop System configuration continues, supported by the AgriSeker data file received earlier. The reporting requirements workshop, and broker on boarding process has been concluded during Q3.<br>○ **Livestock** - Livestock sprint execution is underway. Configuration activities are progressing. Dependencies on data extracts and document templates remain, but the stream is tracking towards UAT in February 2026.<br>○ **Asset** - Asset configuration has not yet started, as final policy wording and rating are still outstanding. JMR has prepared a skeleton setup to accelerate once inputs are confirmed. Workshops were completed earlier, and timelines remain conditional, with sprint execution scheduled to begin of February 2026. | 31/03/2027 |
| 9 | **People Risk -** This risk arises from not attracting, developing and retaining the skills necessary to implement our strategic | • Board approved Human Resource policies are in place.<br>• Board approved Remuneration policy is in place. | ↑ | • Developing talent pipelines within the business and externally.<br>• Invest in programmes that introduces learners and graduates into the business.<br>• Strengthen succession plan.<br>• EVP review underway to support talent retention. | 31/03/2027 |

| No | Risks | Controls Details | Residual Risk Rating & Outlook | Key Management Actions | Target Dates |
|---|---|---|---|---|---|
| | objectives, and delay in the recruitment process which results in burnout among key employees. | • Fit-for-Purpose Macro and Microstructure – Board approved org structure.<br>• Succession plans -Approved Succession management plan.<br>• Critical roles identified based on the current structure.<br>• Recruitment of critical skill through specialised recruitment agencies.<br>• A Long-Term incentive model has been approved<br>• Employee Value Proposition analysis and framework.<br>• A Skill Gap Analysis was completed to identify existing capability gaps across the key business functions. and subsequently approved by the Exco for implementation.<br>• Biennial culture and engagement survey is conducted.<br>• o Incentives model - The long-term incentives model has been approved by Board. | | • **Progress to date**:<br>o Retention of staff in critical roles - There has been no attrition on permanent filled critical positions for the year-to-date and the quarter. The retention in permanent employees in critical roles is 100%.<br>o Vacancy rate: The permanent active headcount is at 31 against the permanent headcount for FY2025-20206 of 37. | |
| | | | **External Risk** | | |
| 10 | **Climate Risk -** The risk that global warming, extreme weather events and the transition to a low-carbon economy will adversely impact economic growth and insurance profitability. These, in combination with increased costs of doing business, could threaten the resilience and sustainability of our business. | • Board approved climate change policy is in place.<br>• Climate change strategy is in place.<br>• Structured proportional re-insurance to allow business to write business at a particular level, in addition to this a stop loss is in place to ensure that business losses are kept at an acceptable level and LBIC protects its whole account.<br>• Underwriting and pricing interventions - A number of key underwriting and pricing interventions are in place.<br>• Integrate climate risk into the ERM Framework to enhance resilience, align with regulatory | ➔ | • Define climate-related risk management framework and policies.<br>• Assessing the impact of climate-related risks and opportunities on our businesses, strategy, financial outcomes, and develop response plans.<br>• Develop climate scenario and financial impact assessment.<br>• Continue with the extensive portfolio review focusing on multi claimants, new clients, high value crops and structure of policy excesses.<br>• Offer Geographic Information System reports to farmers.<br>• Continue to offer climate resilient insurance products which are backed up by government subsidy i.e. Index insurance.<br>• **Progress to date:** | Climate Change Project Plan. |

| No | Risks | Controls Details | Residual Risk Rating & Outlook | Key Management Actions | Target Dates |
| --- | --- | --- | --- | --- | --- |
| | | requirements, and safeguard long-term business sustainability.<br>• Climate risk related stress and scenario is performed on an annual basis (ORSA).<br>• Crop diversification strategy to diversify geographically, product selection.<br>• Extensive portfolio management review focusing on multi claimants, new clients, high value crops and structure of policy excesses.<br>• Continuous engagement with the relevant stakeholder in the sector i.e. SAIA and National Treasury on the climate risk management initiatives and interventions. | | ○ Sustainability - Climate Risk project has commenced and Project plan with all key deliverables to be achieved for FY2026 has been finalised.<br>○ Phase 0 – Training with Management (completed) and Board (initial date postponed, COMSEC to schedule new date in 2026).<br>○ Phase 1 – Diagnostic and Regulatory gap analysis review (Report completed).<br>○ Phase 2 – Qualitative risk assessment of top 20 risks (in-progress).<br>○ Phase 3 – Green-house-gas emissions report (Not yet signed-off). | |
| 11 | **Regulatory Risk -** The risk of not meeting legislative and regulatory obligations, which could negatively impact LBI reputation as a result of sanctions and other regulatory actions, or that, may impact the future growth and/or profitability of the business**.** | Maintain a well-established Legislative and Regulatory Compliance Framework which includes the following:<br>• Regulatory change management:<br>• Compliance monitoring:<br>• Regulatory training. | ➔ | Maintain a well-established Legislative and Regulatory Compliance Framework which includes the following:<br>• Regulatory change management:<br>• Compliance monitoring:<br>• Regulatory training.<br><br>• **Progress to date:**<br>○ Regulatory change management: Regulatory subscriptions maintained in order to keep abreast with regulatory changes and guide business to implement obligations.<br>○ Compliance monitoring: Approved regulatory annual training plan. Initiatives conducted Q3: Induction for new joiner, online annual FICA training and awareness, Key Persons training on GOI 2 and 3, and Info Session on 2025-2027 RMCP for Sales and Operations departments.<br>○ Regulatory training: 3-year compliance monitoring plan- execution in process. Q3 monitoring activities in-progress. | Ongoing |
| 12 | **Board Succession and Knowledge Loss Risk -** This risk arises as the tenure of some Board | • Nominations Committee regularly review of the composition of knowledge, expert skills and experience of Board. | | • Actively recruiting potential Board candidates with insurance expertise. | TBC |

| No | Risks | Controls Details | Residual Risk Rating & Outlook | Key Management Actions | Target Dates |
|---|---|---|---|---|---|
| | members concludes. In the absence of an effective succession plan, there is a significant risk of losing vital institutional knowledge and insurance expertise. | • Succession plan | | • Provide governance of insurers and orientation session for new Board members to ensure they understand the operational and regulatory requirements of the insurance sector.<br>• Create incentive for seasoned members to stay on longer or serve in advisory roles even after their terms end. | |
| | | | | **Operational Risk** | |
| 13 | **Technology/Systems Risk** The risk posed by legacy information technology infrastructure on the ability to achieve targeted customer experience, operating efficiencies and responding to ongoing cyber threats. | • Business Continuity Management Policy.<br>• Business continuity strategies (BCP and Crisis plan) are in place – Ensure that our business continuity strategies (considering the BIA) outline how to operate should the server disruption occur.<br>• Training - Mandatory cyber risk training awareness programs.<br>• Oversight - Risk and Compliance oversight over our outsourced partners.<br>• Control improvement programmes - Implementing control improvement programmes in areas of our business with less mature control environments (i.e. Procurement and IT functions).<br>• Develop a threat risk assessment and crisis management plan. | → | • Develop a tailored LBI IT Strategy<br>• Infrastructure refresh for modernising the technology.<br>• IT Security and Governance – Cybersecurity Resilience.<br>• Integrated Insurance Solution – Review build, buy or lease.<br>• Multi-line policy administration system to centralise and have greater control over customer data.<br>• Optimise customer relationship management system for seamless lead generation.<br><br>• **Progress to date:**<br>  ○ A number of IT infrastructural operational issues were prioritised for resolution; these include the laptop refresh, the infrastructure refresh and the network response improvement.<br>  ○ The upgrade of the Disaster Recovery site's infrastructure has been completed.<br>  ○ Planned Activities: The next upgrade is the Production storage and the network switches that support the Branches connectivity.<br>  ○ The JMR project kick-off took place in July, and data/information collection has since commenced. Implementation is progressing well and remains on track.<br>  ○ The Brolink system is now live automating the premium collection. A three-year extension for Brolink has been approved by the PC, effective 1 December 2025. | 31/03/2027 |
| 14 | **Cybersecurity Risk** - As digital transformation | | ↑ | • Security Optimization. | 31/03/2027 |

| No | Risks | Controls Details | Residual Risk Rating & Outlook | Key Management Actions | Target Dates |
|---|---|---|---|---|---|
| | accelerates, insurers are increasing vulnerable to cyberattacks, which lead to data breaches and financial losses. | | | • Retain Cyber Insurance.<br>• Ongoing Monitoring of controls. | |
| 15 | **Operational back logs in underwriting back office -** The underwriting back office is experiencing significant backlogs due to the absence of dedicated asset management systems. This lack leads to processing delays, increased error rates, and diminished customer satisfaction, which can ultimately affect the business's financial and operational performance. | • Processes were documented into Standard Operating Procedures in the non-life and life space for life (Valuations, Credit Life, Sanctions Screening, Loan Book) and non-life (Sasria, Agri-Asset, Commissions, Reinsurance, Crop Underwriting & Assessment). | ↑ | • Fast tracking the onboarding of the Cloud Cover and Underwriting systems.<br>• Refining Asset wordings, underwriting guidelines and rates<br>• Secure Reinsurance for Asset business and Life.<br><br>• **Progress to date**:<br>  ○ An Asset underwriter was appointed on contract effective 1 August 2025 to support operations. This appointment is expected to alleviate back-office backlogs. | 30/06/2026 |
| 16 | **Strategic Execution Risk -** The risk of falling to effectively deliver on our material programmes in a timely manner to achieve our strategic objectives. | Developed a comprehensive Project Plan - Created detailed project plan that include timelines, resource, budget and risk assessment.<br>Established Governance Structure - Created governance structure that outline roles, responsibilities and decision-making processes to maintain oversight and accountability.<br>Allocated Resource Wisely - Adequate resources are allocated based on project priorities and needs and adjust allocation in response to changes.<br>Foster Team Collaboration - Encourage collaboration among team members to leverage diverse skills and perspective, enhance problem-solving and innovation. | → | • Implement systems to improve underwriting and claims efficiency (Cloud Cover system).<br>• Enhance decision-making process and delegation of authority.<br>• Develop end-to-end processes to ensure efficiencies, consistency and accountability.<br><br>• **Progress to date**:<br>• The following key strategic project are underway Cloud Cover ESG and Index. Management have developed a comprehensive project plan for each of these projects and continue to put a close monitoring on the plans and resource overlap. The JMR project is now one month behind, primarily due to delayed workshops for Asset and Livestock products, which were put on hold pending product changes. This has affected configuration, testing, and downstream activities. The revised plan reflects the delay, but further slippage may affect the overall timeline. | 31/03/2027 |

| No | Risks | Controls Details | Residual Risk Rating & Outlook | Key Management Actions | Target Dates |
|---|---|---|---|---|---|
| 17 | **Weak Control Environment -** Weak Control Environment due to non-compliance in supply chain management. | • A formal supply chain management policy is in place, outlining compliance requirements. Regular communication of this policy to all relevant staff is conducted to ensure understanding.<br>• Period internal audits are conducted to evaluate compliance with supply chain processes. Audit findings are documented and reviewed to identify areas needing improvement.<br>• A confidential reporting mechanism is available for employees to report suspected non-compliance or ethical breaches, foster accountability and transparency with the business. | ➔ | • o Conduct Regular Training – Implement regular training for staff on SCM policies and compliance requirements.<br><br>• Progress to date:<br>• SCM training of LBI conducted (23 June 2025) bank-wide training on deviations conducted (27 Aug 2025). | Ongoing |
| 18. | **IRFS 17 Implementation Risk -** The complexity of transitioning to IFRS 17 lead to implementation challenges for the business. The main risk is regulatory and compliance risk arising from the delayed submission of the Annual Financial Statements (AFS) due to the improper implementation of IFRS 17. | • IFRS System is in place (Risk Integrity).<br>• IFRS specialist has been appointed on FTC basis.<br>• E&Y appointed as a service provider to assist with the implementation of the IFRS 17 for FY2025 Annual Financial Reporting. | ➔ | • Finance function team capacitation.<br>• SAP/ Finnivo system integration<br>• Automate the financial statements process.<br>• Internal training and knowledge building.<br>• Stakeholder communication.<br><br>• **Progress to date**<br>• IFRS Implementation Plan Progress to date: The implementation of management accounts based on the IFRS 17 framework was presented to the ARC and the Board during the October cycle, using the August month-end results. Management accounts on an IFRS 17 basis will be reported monthly going forward.<br>• o The IFRS 17-aligned budget will be finalised by end of Q3.<br><br>• **People - Finance Function Capacitation:**<br>• o The Finance Manager has resigned. A Fixed Term Contract has been appointed - started 1 December 2025.<br>• o Business has appointed FTC to support internal team with IFRS 17 AFS preparation. Contract for the FTC has been extended. | 31/07/2026 |

| No | Risks | Controls Details | Residual Risk Rating & Outlook | Key Management Actions | Target Dates |
|---|---|---|---|---|---|
| | | | | • Service Provider Support: The appointment of single source for EY has been approved by the PC and MD. Contracting in progress.<br>• System - Automate the financial statements process: The integration of SAP to Finnivo has commenced. Infinitus reporting has been reappointed, and the project is continuing to integrate the SAP to Finnivo. | |
| **19.** | **Economic Instability (Emerging Risk) -** Fluctuation in commodity prices, inflation and currency values can compress farm margins and impair the ability to pay premiums or service debts. | • Use dynamic pricing/underwriting tied to macro and commodity indicators.<br>• Offer flexible premium payment terms during shocks. | → | • Use dynamic pricing/underwriting tied to macro and commodity indicators.<br>• Offer flexible premium payment terms during shocks. | Ongoing |
| **20.** | **Political and Geopolitical Risk (Emerging Risk) -** Political instability, trade tensions, and changes in government policies may create uncertainties and affect market conditions. | • Close monitoring of geopolitical developments.<br>• Regular engagement with strategic partners i.e. LB and NT. | → | • Close monitoring of geopolitical developments.<br>• Regular engagement with strategic partners i.e. LB and NT. | Ongoing |

## ANNEXURE K: BUSINESS CONTITUITY AND ORGANISATIONAL RESILIENCE

### 1. INTRODUCTION

a) In line with ISO22301, BCM is formally defined as a holistic management process that identifies potential threats to an organisation and the impacts to business operations. BCM provides a framework for building organisational resilience with the capability for an effective response that safeguards the interests of its key stakeholders, reputation, brand and value-creating activities, if any of the identified threats do materialise;

b) In other words, BCM is the development, implementation and maintenance of policies, business strategies, business processes and activities to assist Land Bank to manage the business disruption events, as well as building Land Bank's business resilience (i.e. tested and rehearsed business processes and activities, in the event of a disruption). It is the capability/resilience that assists in preventing, preparing for, responding to, managing and recovering from the impacts of a business disruption event;

c) Information Communication Technology Service Continuity Management (ITSCM) is a process of how to effectively and efficiently resume business critical processes that rely on IT infrastructure. It forms an integral part of the Business Continuity Management (BCM) programme; however, it only focuses on Information Technology (IT) and Information systems. The IT disaster recovery policy and plans will guide on how IT disruptions will be responded to as guided by the policy and plans. IT disaster recovery policy and plan are very much part of Business Continuity Management (BCM) programme.

### 2. PURPOSE

a) The BCM implementation plan document is intended to outline the key BCM programmes and activities that will be undertaken by Land Bank in order to embed the BCM culture and improve the business resilience;

b) The objective of Business Continuity Management (BCM) is to ensure the timely resumption and delivery of critical business activities in the event of a major disruption by maintaining the key business resources required to support delivery of those activities. The primary output of the BCM Process is a Business Continuity Plan (BCP), which is a plan for mitigating some of the organisation's risks;

c) The Business Continuity Plan is invoked when a risk event occurs that has a business interruption consequence. The business interruptions that are of concern from a continuity viewpoint are referred to as 'outages. These events will cause a significant disruption to or loss of key business activities over a prolonged period of time. It follows that such events will have a high impact on and severe consequence for the Bank;

d) The BCM Incidents need to be distinguished from other day to day operational problems such as system glitches, brief loss of communications links and processing errors that arise from time to time in the normal course of carrying out business activities.

## 3. SCOPE

a) This implementation plan applies to all departments, employees, contractors, systems, and facilities that are critical to the organization's operations.

## 4. LEGISLATIVE REQUIREMENTS AND BEST PRACTICES

a) The following legislation, standards and guidance have been taken into consideration in the development of this policy document:

(i) Disaster Management Act 57 of 2002

(ii) ISO 22313:2012 Societal security - Business continuity management systems – Guidance;

(iii) The Occupational Health and Safety Act (Act No. 85 of 1993);

(iv) Promotion of Access to Information Act, 2000 (Act No 2 of 2000);

(v) Good Practice Guidelines: 2018, Business Continuity Management; and

(vi) King V Code Report on Corporate Governance for South Africa, 2016.

## 5. BCM PROCESS


(a) The key pillars of the BCM Process are explained below:

(i) **Policy and Programme Management** – this pillar entails development of the BCM Policy and BCM SoP as management processes;

(ii) **Understanding of the organisation** - this pillar concerns itself with understanding and reviewing the mission, vision, strategic objectives, business processes, internal and external business environment (i.e. business impact Analysis, risk vulnerability assessment and business consequence analysis);

(iii) **Determining the BCM Strategy** – this pillar is all about defining the maximum acceptable outage (MAO), recovery time objective (RTO), recovery point objective (RPO) and dependencies based on the information from the business impact analysis, risk vulnerability assessment and business consequence analysis in order to protect its people, assets, data, technology and reputation;

(iv) **Development and Implementation of the BCM Response** – this pillar advocates for development and maintenance of BCM plans, communication strategy/plan, disaster recovery plan, crisis management plan, emergency management plan as well as responses to the potential disruption-related risks; and

(v) **Validation** - this pillar outlines about (a) education, training and awareness; (b) testing and rehearsing BCM plans, communication strategy/plan, disaster recovery plan, crisis management plan, emergency management, (c) quality assurance of the BCM Programmes and (d) activation and deployment of the BCM Plan procedures by senior management.

## 6. BENEFITS OF AN EFFECTIVE BCM PLAN

(a) The benefits of the BCM programme are:

(i) To ensure services and business processes that are critical to Land Bank's strategic objectives continue despite the occurrence of any potential disasters, crises and emergencies;

(ii) To stabilise the effects of disruptive events and resume to normal operations and a full recovery as quickly as possible;

(iii) To capitalise on opportunities created by the disruptive event; including opportunities for improvement;

(iv) To have an adaptive BCM capability that can build a high-level resilience;

(v) To minimise financial effects and effects on service delivery targets (i.e. APP targets);

(vi) To provide a tested and rehearsed business capabilities/processes to minimize the negative impact on Land Bank's brand, its reputation, its contracts, its employees, its assets and enhancement of stakeholder confidence; and

(vii) To strengthen relationships with emergency response partners.

## 7. BUSINESS CONTINUITY MANAGEMENT PLAN

| | Division Name | Dept. Name | Business Continuity | | Timelines | | | | Simulation test | Comments |
|---|---|---|---|---|---|---|---|---|---|---|
| | | | BIA & BCP Review | | Q1 | Q2 | Q3 | Q4 | | |
| 1 | Office of the CEO (Chief Executive Officer) | Restructuring & Business Optimisation | BIA | BCP | √ | √ | √ | √ | Testing planned for Q4 | |
| | | Data, Insights Management & Governance | | | | | | | | |
| | | In-house Legal Advisory | | | | | | | | |
| | | Paralegal | | | | | | | | |
| 2 | Internal Audit (Chief Audit Executive) | Internal Audit | BIA | BCP | √ | √ | √ | √ | Testing planned for Q4 | |
| | | Forensics | | | | | | | | |
| 3 | Risk Management (Chief Risk Officer) | Credit Risk - Northern Region | BIA | BCP | √ | √ | √ | √ | Testing planned for Q4 | |
| | | Credit Risk - Central Region | | | | | | | | |
| | | Credit Risk - Cape Region | | | | | | | | |
| | | Operational Risk | BIA | | | | | | | |
| | | Compliance and Governance | | | | | | | | |
| | | Risk Monitoring | BIA | | | | | | | |
| | | Model Validation | BIA | | | | | | | |
| | | Collections Management | BIA | BCP | √ | √ | √ | √ | Testing planned for Q4 | |
| | | Workouts & Restructuring | | | | | | | | |
| 4 | **Banking** | Commercial Banking & Transformation: Cape | BIA | BCP | √ | √ | √ | √ | Testing planned | |

| | Division Name | Dept. Name | Business Continuity | | Timelines | | | | Simulation test | Comments |
|---|---|---|---|---|---|---|---|---|---|---|
| | | | BIA & BCP Review | | Q1 | Q2 | Q3 | Q4 | | |
| | **(Chief Banking Officer)** | Region | | | | | | | for Q4 | |
| | | Commercial Banking & Transformation: Central Region | | | | | | | | |
| | | Commercial Banking & Transformation: Northern Region | | | | | | | | |
| | | Corporate Banking & Structured Investments | BIA | BCP | √ | √ | √ | √ | Testing planned for Q4 | |
| | | Product, Pricing, Channel and Revenue Diversification | | | | | | | | |
| | | CRM, Client Experience & Insights | | | | | | | | |
| | | Client Agreements & Advisory | BIA | BCP | √ | √ | √ | √ | Testing planned for Q4 | |
| 5 | **Technology & Operations (Chief Technology & Operations Officer)** | Enterprise Architecture | BIA | BCP | √ | √ | √ | √ | Testing planned for Q4 | |
| | | IT Risk & Governance and Compliance | | | | | | | | |
| | | IT Infrastructure | | | | | | | | |
| | | Application Development | | | | | | | | |
| | | IT Support & Delivery | | | | | | | | |
| | | Collateral Management and Valuations | BIA | BCP | √ | √ | √ | √ | | |
| | | Customer Data & Query Management | BIA | BCP | √ | √ | √ | √ | | |
| | | Project Management Office | BIA | BCP | √ | √ | √ | √ | | |
| | | Property, Security and Fleet Management | BIA | BCP | √ | √ | √ | √ | | |

| | Division Name | Dept. Name | Business Continuity | | Timelines | | | | Simulation test | Comments |
|---|---|---|---|---|---|---|---|---|---|---|
| | | | BIA & BCP Review | | Q1 | Q2 | Q3 | Q4 | | |
| 6 | **Agricultural Economics (Chief Agricultural Economics Officer)** | Cape Region: Agricultural Banking & Monitoring Support | BIA | BCP | √ | √ | √ | √ | Testing planned for Q4 | |
| | | Central Region: Agricultural Banking & Monitoring Support | | | | | | | | |
| | | Northern Region: Agricultural Banking & Monitoring Support | | | | | | | | |
| | | Agricultural Advisory & Research | | | | | | | | |
| | | Agricultural Technical Support | | | | | | | | |
| | | Agriculture Model Development | | | | | | | | |
| | | Agricultural Economics | | | | | | | | |
| | | Macro Economics | | | | | | | | |
| 7 | **Strategy (Chief Strategy Officer)** | Partnership Development & Ecosystem Co-ordination | BIA | BCP | √ | √ | √ | √ | Testing planned for Q4 | |
| | | Grower Programmes, Pre & Post Support | | | | | | | | |
| | | Sustainability | | | | | | | | |
| | | Public Sector Policy, CSI & Stakeholder Relations | | | | | | | | |
| | | Strategy & Innovation | | | | | | | | |
| | | Marketing & Communications | | | | | | | | |
| 8 | **Finance** | Bank Funding | BIA | BCP | √ | √ | √ | √ | Testing planned | |

| | Division Name | Dept. Name | Business Continuity | | Timelines | | | | Simulation test | Comments |
|---|---|---|---|---|---|---|---|---|---|---|
| | | | BIA & BCP Review | | Q1 | Q2 | Q3 | Q4 | | |
| | (Chief Financial Officer) | Asset & Liabilities Management | | | | | | | for Q4 | |
| | | Treasury Back Office | | | | | | | | |
| | | Third Party Fund Administration | | | | | | | | |
| | | Business Performance | BIA | BCP | √ | √ | √ | √ | Testing planned for Q4 | |
| | | Financial Reporting | BIA | BCP | √ | √ | √ | √ | Testing planned for Q4 | |
| | | Financial Operations: Travel Payables/ Receivables | BIA | BCP | √ | √ | √ | √ | Testing planned for Q4 | |
| | | Finance, Strategy & Planning | BIA | BCP | √ | √ | √ | √ | Testing planned for Q4 | |
| | | Supply Chain Management | BIA | BCP | √ | √ | √ | √ | Testing planned for Q4 | |
| 9 | People and Culture (Chief People & Culture Officer) | Remuneration & Benefits | BIA | BCP | √ | √ | √ | √ | Testing planned for Q2 | |
| | | Learning & Development | | | | | | | | |
| | | People & Culture Administration and Operations | | | | | | | | |
| | | People & Culture Business Partner | | | | | | | | |
| 10 | Company Secretary | Company Secretary | BIA | BCP | √ | √ | √ | √ | Testing planned for Q4 | |

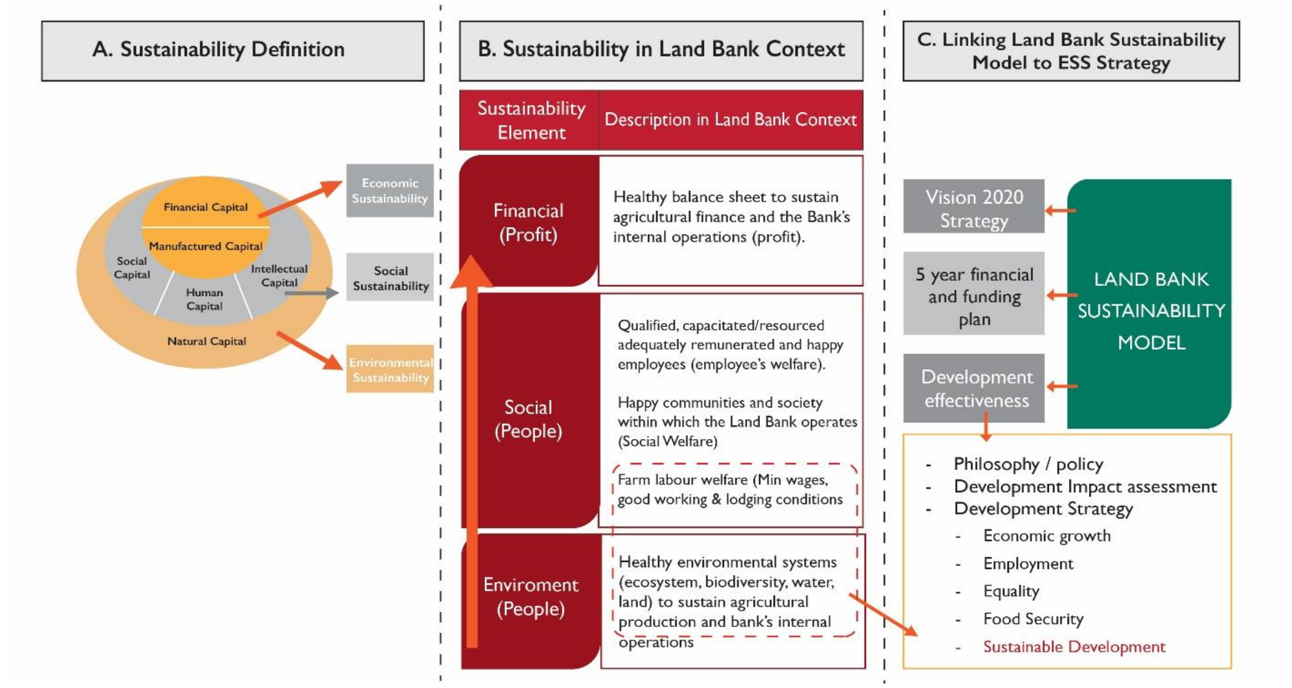
# ANNEXURE L: LAND BANK ENVIRONMENTAL AND SOCIAL SUSTAINABILITY FRAMEWORK

The Land Bank Environmental and Social Sustainability Framework is aimed at aligning the Bank's sustainable development objective contained in the Development Impact Strategy. The Land Bank regards sustainability as a fundamental aspect of sound business practice and recognises the need to align environmental and social sustainability with the sustainable development objective which directly addresses Objective 8 of the Land Bank Objectives as stated in the Land Bank Act (No. 15 of 2002). This objective aims at ensuring Environmental sustainability of land and related natural resources while further recognising the need for the Bank to play an important role in promoting environmental stewardship, protection of natural resources and the communities that are impacted by its activities and the society at large.

The bank contextualises sustainability as the ability for the bank to use three forms of capital, namely economic, social, and environmental capital in a manner that will sustain the Bank's agricultural finance ability for current and future generations.

The Land Bank's mandate is clearly set out in the Land Bank Act and is aligned with government policies and the country's socio-economic needs. The Land Bank is expected to play a pivotal role in advancing agriculture and rural development, as such Land Stewardship is core to its mandate. The nature of business that the Land Bank is involved in requires and is solely dependent on availability of, and access to land, that is suitable and supports agriculture and its overall mandate. The Land Bank is a member of the United Nations Environment Programme Finance Initiative (UNEP FI) since 2013. As such, it has to uphold and adhere to sustainable finance principles to which it is a signatory and has committed itself to ensuring management of environmental and social impacts.

Figure 24: Sustainability in Land Bank




In order to achieve this objective, the Bank aims to:

- To develop, integrate and implement an effective environmental and social management system as well as associated programmes, to identify, mitigate and manage negative environmental and social impacts, and enhance positive impacts/opportunities, which may result from activities associated with Bank.
- To ensure that the Bank's investment programme aligns to the national agenda by assisting previously disadvantaged communities and individuals in alleviating poverty and addressing socio-economic challenges through the management of environmental and social risks.
- To incorporate sustainable land management measures into business strategies, practices and policies.
- To promote and uphold fundamental human rights within the Bank's sphere of influence.
- To promote sustainable agricultural practices through the Bank's lending activities.
- To work towards being a responsible investor in line with UNEP FI Principles Responsible Banking.

The Bank has developed a ESG and sustainability policies, frameworks and tools that outline its' approach to environmental and social sustainability considerations. These considerations are outlined in the following policies and tools that take cognisance of the evolving ESG landscape:

- Environmental and Social Sustainability (ESS) policy
- Climate Change Policy
- Agro-Energy Fund
- Environmental and Social Risk Assessment (ESRA) tool

## 1. THE ESS POLICY DISPLAYS THE BANK'S COMMITMENTS

- Engage in responsible banking activities through the implementation of sound environmental and social practices across the entire operation by:
  - Identifying E&S risks/impacts from all activities associated with the Bank;
  - Taking measures to mitigate and manage negative environmental and social impacts identified (including current climate change issues);
  - Proactively managing E&S risks through enhancing positive impacts/opportunities and climate change adaptation and mitigation;
  - Working with and supporting the Bank's clients in the management of E&S risks;
  - Continuous monitoring of the implementation and effectiveness of risk management measures;
  - Management and monitoring of the Bank's material consumption and carbon emissions; and
  - Continuous improvement in terms of environmental and social performance at the Bank.

## 2. THE CLIMATE CHANGE POLICY

The Land Bank board has approved the Climate Change policy that encourages its employees, clients and clients to do business in an environmentally healthy and sustainable way.

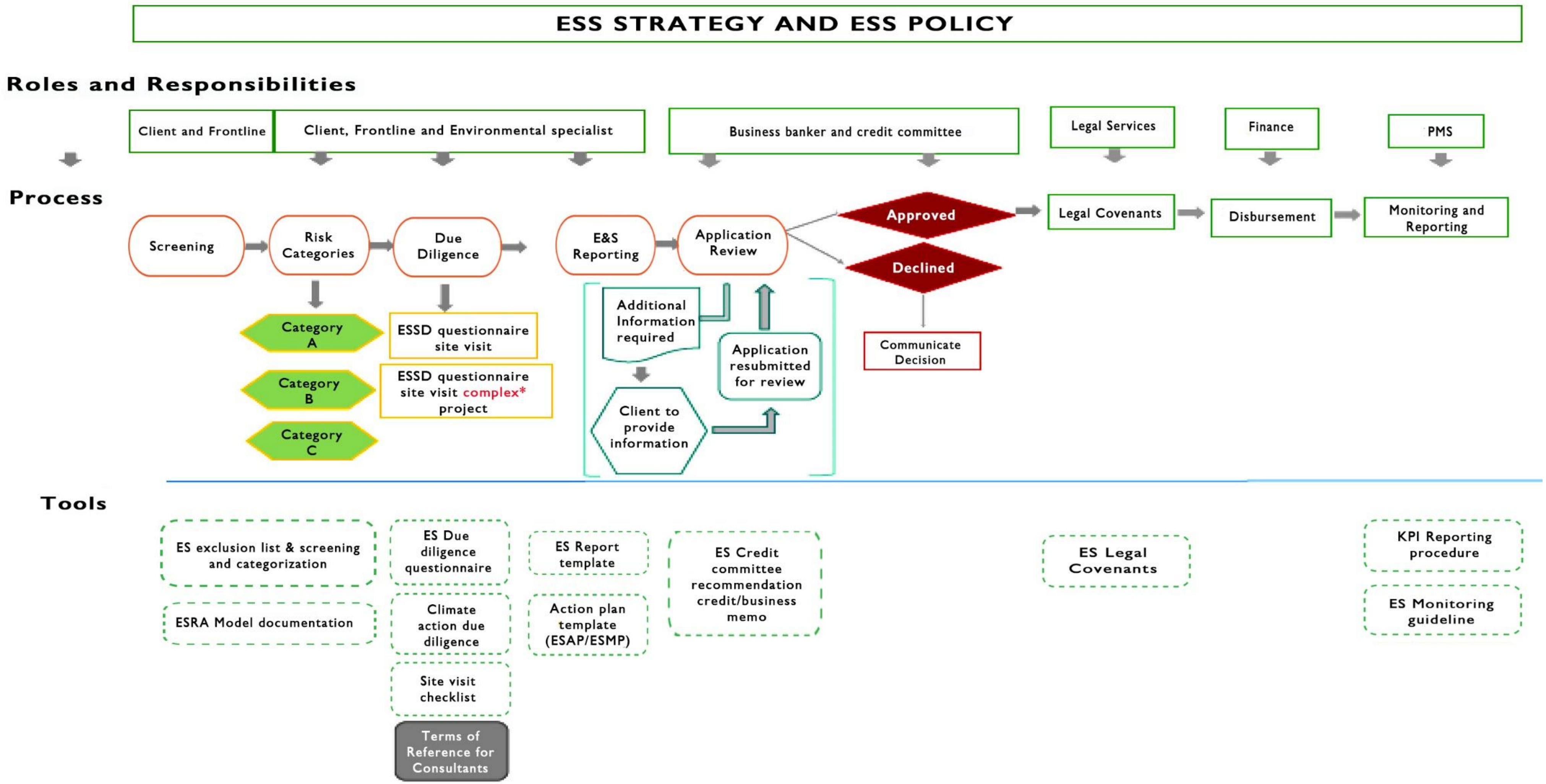
## 3. ENVIRONMENTAL AND SOCIAL RISK ASSESSMENT TOOLS AND SAFEGUARDS FOR DIRECT AND INDIRECT LENDING

The Environmental and Social Risk Assessment (ESRA) process is an element of the Environmental and Social Management System. All transactions are subjected to environmental and social assessment.

The ESRA assists the Land Bank to:

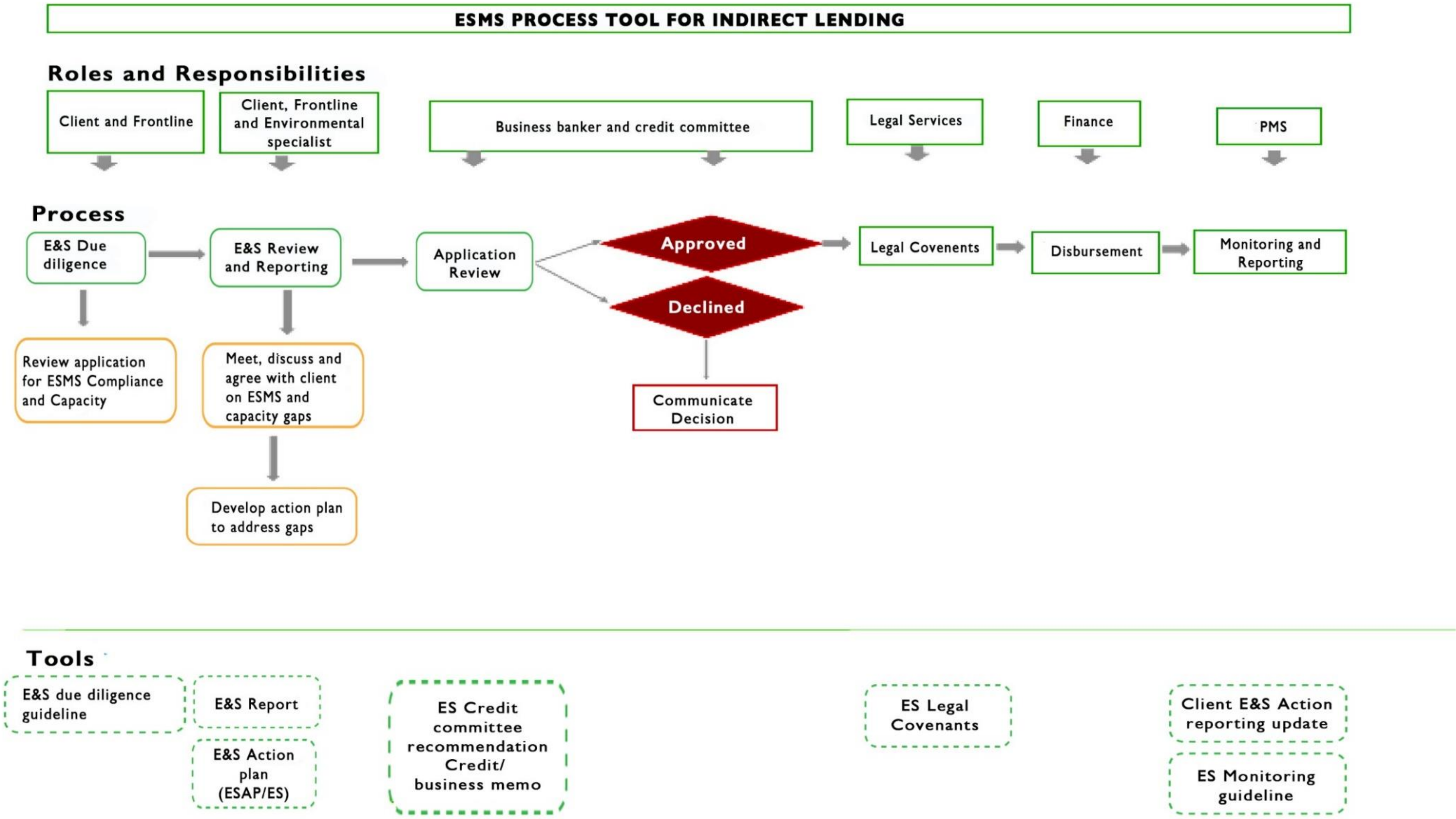
- Identify environmental and social risk associated with clients/projects;
- Systematically assess and manage environmental and social risks;
- Implement the necessary steps within its risk management system including documentation and record keeping;
- Monitor client/projects compliance with national environmental and social regulations and international best practices and standards; Require clients/projects to implement mitigation risk; and Develop a good reputation among clients, investors and other relevant parties in the financial market.

Figure 25: ESRA Process for Direct Lending




*Complex projects are projects that involve high social and environmental risk like resettlements or relocation of sensitive species or stuff of cultural or heritage significance.

Figure 26: ESRA Process Flow for Indirect Lending



## ANNEXURE M: DESCRIPTION OF SDG AND NDP OUTCOMES

### 1. SUSTAINABLE DEVELOPMENT GOALS

Figure 27: SDGs


### 2. SOUTH AFRICAN NATIONAL DEVELOPMENT PLAN VISION 2030

- Priority 3 - Economy and Employment
- Priority 4 - Economic infrastructure
- Priority 5 - Environmental sustainability and resilience
- Priority 6 - Inclusive rural economy
- Priority 7 - South Africa in the region and the world
- Priority 8 - Transforming Human Settlements
- Priority 9 - Improving education, training and innovation
- Priority 10 - Health care for all
- Priority 11 - Social protection
- Priority 12 - Building Safer Communities
- Priority 13 - Building a capable and developmental State
- Priority 14 - Fighting corruption
- Priority 15 - Nation building and social cohesion