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MEETING OF THE LIABILITY SOLUTION LENDERS

The Land and Agricultural Development Bank of South Africa

19 June 2025

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1. Agricultural Sector Performance

South African Agricultural Market Update

South African Agricultural Sector Update

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Robust Sector Performance

- Agriculture was a key driver of South Africa's economic growth in Q1 2025, expanding by **15.8%** and contributing **0.4** percentage points to national **GDP**.
- This growth was supported by favourable climatic conditions, with horticulture and livestock performing exceptionally well.
- Summer grains and oilseeds: **+16%** year-on-year (17.98 million tonnes).
- Sugar production: **+7%** (2.09 million tonnes).
- Wine grapes: **+11%** recovery (1.24 million tonnes).
- Table grapes: **+4%** increase (78.9 million cartons inspected).
- Citrus, apples, and vegetables also saw positive momentum.
- Primary agriculture accounts for approximately **18.8%** of South Africa's total **employment**, if agro-processing were to be included, the impact would be higher.

Export Momentum and Market Diversification

- Top global rankings in **citrus (2nd)**, table grapes, macadamia nuts, rooibos, and wine.
- **Diversified** export markets (EU, China, Middle East, Africa) reduce risk concentration.
- The **weak rand** boosts export margins, making SA produce attractive globally.
- Agricultural exports reached a record **US$13.7 billion** in 2024, with Q1 2025 alone generating $3.36 billion, up **10%** year-on-year.
- South Africa maintains a **net food trade surplus**, rare among African nations.
- **New market access** secured in Japan (avocados), Thailand (apples), and the Philippines (grapes).
- **Expansion** into BRICS and SADC-EU EPA markets is underway.
- US tariffs created uncertainty on **AGOA** renewal and market access, threatening export competitiveness, investment plans, and revenues.
- Potential increase in **stage 2** and **3** migrations in loans, however engaging clients on their mitigation strategies is key to minimise impact

South African Agricultural Sector Update (cont.)

High-Growth Investment Areas

- The Agbiz/IDC Confidence **Index rose to 70** in Q1 2025, the third consecutive quarterly improvement, reflecting stable policy support and positive price trends.
- **Development and transformation** of the sector for inclusive participation and growth.
- **Agri-processing**: value addition opportunities in fruit, nuts, poultry, and grains.
- **Agri-tech**: strong demand for platforms that digitize input supply, finance, and market access.
- **Organic and sustainable farming**: growing domestic and export markets – including regenerative agriculture
- **Expansion potential** in irrigated agriculture and underutilized arable land.
- Widespread adoption of **climate-smart farming**: drought-tolerant crops, no-till systems, water-efficient irrigation.
- **Youth** is entering the sector—not just as farmers but as tech innovators, data analysts, and agri-marketers.

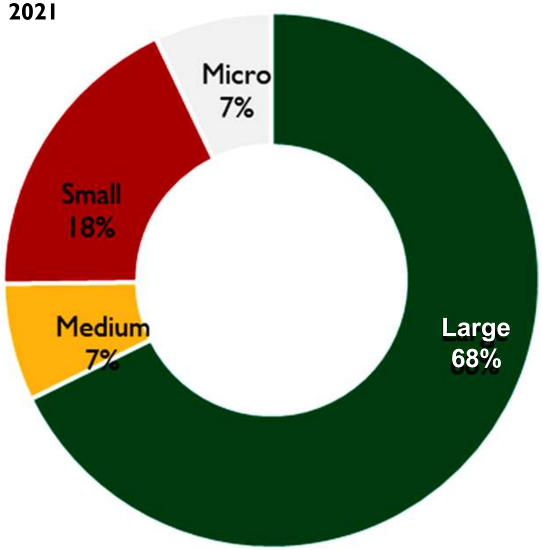
Resilience Through Biosecurity, Energy, Finance & PPP

- **No avian influenza cases** have been reported since 2023.
- Over 901,200 doses of vaccines valued at over **R70 million** have been ordered to vaccinate animals in prioritized areas, demonstrating a significant investment in animal health.
- Disease Management Areas (DMAs) for **EC and LP** will be lifted soon.
- The sector demonstrated rapid containment of the Karan Beef FMD outbreak, showcasing improved biosecurity readiness.
- Enhanced Eskom **generation performance** has reduced outages and operational risk.
- The investment in **renewables** supports producers, reducing diesel dependency and cost volatility.
- **Agricultural Index Insurance Model** is under pilot to protect producers from climate and biosecurity shocks.
- A **public-private partnership** has improved operations at Cape Town Container Terminal - ease bottlenecks and cold-chain logistics capacity.

South African Agricultural Sector Context

An analysis of performance data across segments of farmers highlights the significant disparity in performance and access to resources between large and small-scale farmers in South Africa's agricultural sector.

Farming income distribution by enterprise size, 2021



Source: Statistics South Africa. (2021)

- Stats SA estimated that nearly 70% of Gross income (R282.3 billion) of South African agriculture is concentrated among about 2800 large enterprises.
- Farmers with large turnovers produce more crops at a lower average cost compared to their counterparts and can secure larger loans or investments that facilitate expansion, innovation, and improvement of their operations.
- This advantage is further amplified by their ability to invest in technology and research & development (R&D), enhancing their competitiveness in the market.
- In contrast, small-scale farmers, with turnovers below R5 million, lack similar access to capital and opportunities. This disparity not only affects their immediate productivity and profitability but also limits their potential for growth and development in the sector.

Black Farmers (Historically Disadvantaged Persons) are not a significant contributor to the share of agricultural output by value.

Commodity	Black Farmer Share in Output
Maize	4.7%
Soybeans	3.1%
Wheat	1.3%
Cotton	2.4%
Citrus	12.8%
Deciduous fruit	10.2%
Viticulture	1.6%
Potato	1.0%
Tomato	8.6%
Wool	11.0%
Mohair	12.8%
Cattle	34.0%
Poultry	4.2%

Source: Sihlobo and Kirsten

Consequently, this situation underscores a broader issue of inequity within the agricultural sector, where resource allocation heavily favours larger enterprises, leaving smaller farmers at a considerable disadvantage. This imbalance has implications for the overall health and sustainability of the sector, as well as for efforts towards more inclusive and equitable economic growth within South Africa's agricultural industry.

2. Land Bank Strategic Priorities

A. Land Bank Strategic Priorities

B. Land Bank Performance Highlights against Strategic Priorities

Land Bank Strategic Priorities

FY26 Strategic Priorities

1. **Development Effectiveness**
2. **Adherence to Liability Solution Covenants and Undertakings**
3. **Funding Model**
4. **Debt Refinancing**
5. **Loan Book Quality**
   - Client Preservation, Acquisition, and Loan Book Growth
   - NPL Remediation
6. **Pricing**
7. **Revenue Diversification and Growth**
8. **Cost Management**
9. **Organisational Effectiveness**
10. **Performance, Culture and EVP**
11. **Enhanced Client Coverage Model**
12. **Implementation of Key Strategic Partnerships**
13. **Land Reform**
14. **Governance and Compliance**

Legend: Development Effectiveness | Financial Sustainability | Organisational Effectiveness | Stakeholder Mngt & Client Centricity | Governance

Land Bank Highlights

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Transforming Agriculture: Land Bank's key highlights since implementation of the new strategy

Land Bank Highlights

Development Loan Book:

Target:

50%

of Total Portfolio dedicated to development financing.

Progress:

49%

As at FY2025

Blended Finance Scheme (since inception):

Approved applications to

387+

Clients.

R3.1bn

(loans & grants) approved transactions as at 31 March 2025

96%

Clients supported, categorised as small, medium and Agri-enterprises.

Job Creation & Economic Growth:

3464

Est. Jobs (Permanent and Seasonal) based on approved transactions as at 31 March 2025

1118

Jobs (permanent and seasonal) have been created. (from clients that have submitted latest job figures as at 31 March 2025

Land Bank Net Reputation Score:

Target:

7%

Progress:

10%

Organisation Effectiveness:

Rolled out new Operating Model & Org Structure

Corporate Scorecard

Over 83% of KPI Achieved in FY2025

Embedding the New Client Coverage Model

Land Bank Strategic Priorities (1 of 4)

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Development Effectiveness

Transformation and Inclusivity

- Facilitate development and transformation in South Africa's agricultural sector.
- Provide targeted financing support to historically disadvantaged groups, including:
  - Black women
  - Youth
  - People with disabilities
- Maintain support for the broader agricultural sector, including corporate and commercial clients.

Measuring Support

- Assess impact through loan disbursement metrics:
  - Value of disbursements
  - Number of enterprises supported

Sustainability and Resilience

- Promote agricultural sustainability through:
  - Implementation of UNEP-FI Principles of Responsible Banking
  - Development and adoption of a sustainability strategy
- Support the sector in facing disasters and sustainability threats through targeted programs.

Blended Finance Scheme
R3,01 billion approved as at 31 March 2025

Blended Finance Scheme
R2,4 billion Disbursed as at 31 March 2025

Supported about 200,000 Hectares of Crop Production

Supported about 600,000 Hectares of Crop Production

392 Emerging Farmers Supported under BFS

34% of Total Farmers Supported are Female

20% of Total Farmers Supported are Youth

Annual Profit Sharing (to employees) on Blended Finance Clients as at 31 March 2025 was R2,3m

Land Bank Strategic Priorities (2 of 4)

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Financial Sustainability

2 Liability Solution

- Following the implementation of the Liability Solution the focus is on the monitoring compliance with covenants and undertakings.
- Fund raising initiatives to enable refinancing of the outstanding debt balance at the end of the tenure of the Liability Solution.

3 Funding Model

- Prioritise raising affordable funding via soft loans, grants, philanthropic funds, and non-state guarantees.
- Build a pipeline of lower-cost, longer-term funding opportunities.

5 Improve the Growth and Quality of the Loan Book

- Preserve and expand the current performing loans.
- Use relationship management for Improved loan quality.
- Implement growth strategies:
  - Refine corporate and commercial lending strategy.
  - Enhance growth of the Blended Finance through strategic partnerships.
  - Purchase quality developmental loan assets.

7 Revenue Growth and Diversification

- Explore non-interest revenue streams such as:
  - Trading opportunities and Trading Finance
  - Land Management
  - Credit payment guarantees.
- Leverage cross-selling opportunities by embracing Bancassurance.

Land Bank Debt Default Cured on 30 September 2024

Funding Model Review discussions continue between Land Bank & National Treasury

Loan Book Quality Improvement Continues, with NPL projected to end around 40% in FY2026

Land Bank Strategic Priorities (3 of 4)

Organisational Effectiveness

6 Embed the Operating Model

- Finalise the change management implementation to embed new processes and ways of working.
- Strengthen the Banking, Agricultural Economics and Advisory (AEA), and Risk Management functions.

7 Operational Effectiveness

- Align policies and governance structures with the new model.
- Enhance decision-making processes and delegations of authority.
- Streamline processes for faster approvals and disbursements.
- Optimise the banking IT system for greater efficiency.

8 Building a High-Performance, Ethical, and Skilled Workforce

- Prioritise high performance, ethical values, and a strong employee value proposition to retain top talent.
- Offer robust training and development opportunities as part of the skills development program.

New Operating Model Rolled out on 1 April 2024

New Organisational Structure Rolled out on 1 April 2024

Achieved over 83% of Corporate Scorecard KPI in FY2025

PWC Organisational Culture Framework Approved and Rolled Out in FY2026

Land Bank Strategic Priorities (4 of 4)

Stakeholder Management & Client Centricity

9 Customer Value Proposition

- Develop a clear Client Value Proposition (CVP).
- Deliver high-quality, client-focused services.
- Ensure cohesive and client-centered experience across divisions.

New Client Coverage Model Implemented on 1 April 2024

12 Strategic Partnerships

- Leveraging the agricultural value chain and ecosystem role players for effective mandate delivery
- Establish Strategic Partnerships:
  - Pursue farmer aggregation opportunities.
  - Facilitate market access.
  - Provide pre and post finance support.
  - Explore partnerships for alternative funding sources

Partnership Development & Ecosystem Coordination strategy gaining momentum

13 Land Reform

- Agree the Bank's role in the Land Reform programme.

Land Bank Strategic Priorities (4 of 4)

Governance

14 Strengthening Internal Audit and Control Systems

- Strengthen assurance mechanisms to improve operations and compliance.
- Create and maintain an effective internal control environment.
- Implement systems to achieve clean audit outcomes.
- Drive efficiency, reduce costs, and remove inappropriate bureaucracy.

14 Embedding Risk Management and Governance Culture

- Instil a risk management and governance culture across the Bank.
- Implement controls to achieve an acceptable Enterprise Risk Maturity Score.

14 Institutionalise Ethics Management

- Implement the Board approved ethics management plan (EMP), ethics risk assessments (ERA) and ethics maturity strategy.
- Regularly monitor the institutionalisation and full implementation of the ethics management plan.

Achieved Enterprise Risk Maturity (ERM) Score of 4

Ethics Management Plan (EMP) rolled-out Org-wide

3. Land Bank Strategy

A. *Land Bank Mandate and Value Proposition*

B. *Land Bank's Strategy Update*

C. *Sustainability & Climate Change*

Closing the Financing Market Gap

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The Land and Agricultural Development Bank (Land Bank) is mandated by the **Land Bank Act** to change agricultural land ownership patterns, promote participation in agriculture by Historically Disadvantaged persons, and increase their ownership of agricultural land.

SECTOR CHALLENGES

- Limited participation of historically disadvantaged individuals from land ownership and meaningful agricultural participation.
- Difficulty for emerging farmers to scale operations to profitable levels due to persistent structural barriers including high production costs, load shedding, and sector volatility.
- Systemic barriers impeding growth due to lack of comprehensive value chain interventions.
- Slow land reform and underutilization of land are in turn a hindrance to shared economic prosperity and sector transformation.

OPPORTUNITY FOR LAND BANK

To act as an ecosystem coordinator leveraging its resources as a dedicated agriculture development finance institution (DFI) providing

- Development capital / resources that are low-cost, patient and catalytic
- Land Reform Financing - Tailored affordable collateral financing
- Technical support - Pre- and post-finance support and Market access facilitation that integrating municipal governance, cooperative economy strategies

Critical Enablers

- Optimal cost of capital – balance sheet with a mix of funds that can drive development effectiveness
- Ecosystem coordinator role to address systemic barriers to inclusion across the value chain
- Clear strategic focus and execution capacity
- Entrenching impact via youth and gender focus

TARGETS

To increase participation for HDIs

- Increased access to land
- Increased access to affordable finance
- Increased access to comprehensive support
- Increased productive utilisation of land

INTERMEDIATE OUTCOMES

- Increased participation of HDIs in Agriculture
- Increase in domestic production
- Improved farmer productivity & profitability
- Adoption of Climate Smart Agricultural practices
- Import substitution
- Growth in exports

MEDIUM & LONG-TERM OUTCOMES

Alignment with AAMP

- Food security
- Sustainable sector transformation – economic participation and land ownership
- Decent & inclusive jobs
- Resilient sector and environmental stewardship
- Rural development
- Contribution to GDP

Land Bank's Mandate and Value Proposition

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.

Value Proposition

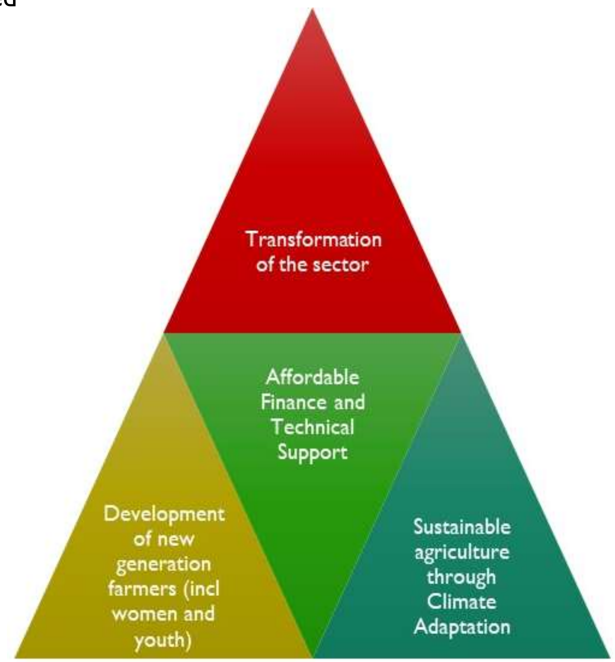
Land Bank utilises financial services and products to address a critical market gap in the economy for the development and transformation of agriculture, including agricultural land ownership and use, by promoting the inclusion of Historically Disadvantaged Persons in the agricultural economy. The Bank aims to provide amongst others:

- Affordable finance.
- Products to close the equity contributions and collateral gaps of clients.
- Facilitation of access to productive agricultural land, and production of high socio-economic impact commodities which will significantly contribute to the achievement of socio-economic outcomes.
- Facilitation of Pre- and Post-Finance Support programmes, including market access, to minimise the risk of entrepreneurial failures of new entrants in the market.

The Intended Outcomes of the Bank's Mandate:

- Inclusion of Historically Disadvantaged Persons.
- Contribution to the GDP.
- Job Creation and increase in the economically active population.
- Food Security.
- Environmental Stewardship.

Agriculture Sector Development:



Alignment to SA's Agriculture and Agro Processing Master Plan

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Land Bank's strategy has been informed by the objectives of the AAMP:

AAMP pillars	Alignment with the Land Bank Act
1. Resolving policy ambiguities & creating an investment-friendly environment	Equitable ownership of agricultural land; Agrarian reform, land redistribution or development programmes aimed at historically disadvantaged persons; and Removal of the legacy of past racial. gender and generational discrimination in agriculture.
2. Investing in, and maintaining enabling infrastructure	Enhancement of productivity. profitability, investment, and innovation in the agricultural and rural financial systems.
3. Providing comprehensive farmer support	Programmes that contribute to agricultural aspects of rural development and job creation. Agricultural entrepreneurship.
4. Improving food security, increasing production and employment and ensuring decency and inclusivity	Food security
5. Facilitating market expansion, improving market access and promoting trade	Commercial agriculture. Land access for agricultural purposes. Better use of land.
6. Improving localised food production, reducing imports and expanding agro-processing exports	Commercial agriculture. Land access for agricultural purposes. Better use of land.

Expected number of new farmers through the AAMP:

+R32bn increase in agricultural value added by 2030

+5,618 new black owned farming entities

99% of new land available to historically disadvantaged persons

In light of the constraints and risks associated with farming, the Land Bank is well-positioned to support the anticipated new cohort of farmers with patient capital and technical expertise required to become profitable and sustainable market participants.

Additional Notes:

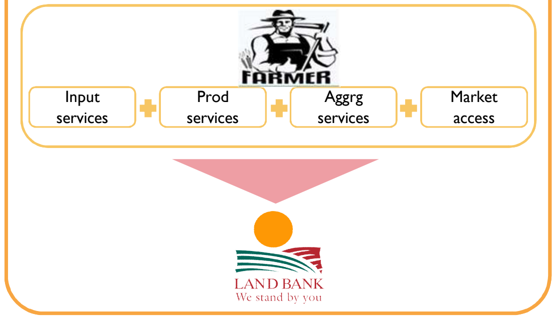
- The AAMP, released May 2022, aims to catalyse South Africa's agriculture sector growth, aligning with the National Development Plan and Sustainable Development Goals.
- Targets by 2030 include a R32 billion real growth in agricultural value added, a 24% increase from 2022 levels.
- The plan maintains over 1 million existing jobs and aims to create 72,000 new jobs in primary and secondary agriculture sectors.
- It intends to expand the commercial production area significantly, with an increase of 700,000ha of cropland, 19,550ha of irrigation, and 1.5 million ha of grazing land.
- The Proactive Land Acquisition Strategy supports financial growth and development of commercial farms.
- Projections suggest the creation of 5,618 new black-owned farming entities, contributing an additional 10% of new farmers by 2030, across various farming sectors..

Role of the Bank as an Ecosystem Catalyst

The Bank seeks to act as an ecosystem coordinator across the entire agriculture value chain, delivering catalytic capital, technical support, and value chain coordination. However, current financial constraints limit its effectiveness in this role.

Current Challenges

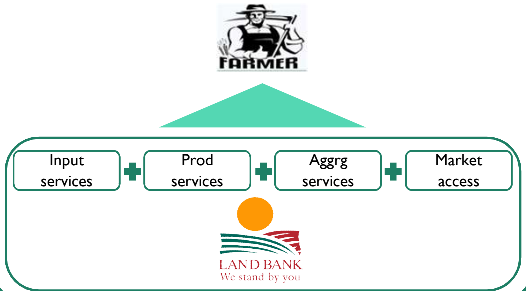
Current model to support developing commercial farmers



- Applicants (small and medium scale farmers) seek finance on a stand alone basis, and the onus is on the individual farmer to obtain viable off-take agreements.
- Each developing commercial farmer experiences unique challenges with land access, input and production services, market access, and limited bargaining power due to lack of scale.
- Developing commercial farmers require and utilise similar input and production services, support services, aggregation services, and market services, however all are non-coordinated.
- Lack of aggregation, facilitation and coordination of these various services makes it difficult for developing commercial farmers to succeed, and for Land Bank to support farmers sustainably.
- Although the Bank finances loans for the purchase of land, the farmers have to provide the equity for the purchase, which developing farmers often do not have access to.
- The Bank does not have any land under its management which can be made available to developing farmers.

New Opportunities

Partnership model to support developing commercial farmers



- With the adopted partnership and ecosystem orchestrator role, Land Bank adopts the roles of Orchestrator of Partnerships & Relationships between stakeholders in the Value Chain, The Coordinator of Various Services in the Value Chain, and the facilitator of all opportunities that exist within the value chain.
- Our primary focus remains the developing commercial farmer. The Bank will establish partnership agreements with off-takers in order to create market access to our farmers, develop or partner with aggregators, input and production services providers in order to remove frictions for our farmers.
- We will provide financing services to all opportunities we will aggregate across the ecosystem.
- The Bank will play a vital role in Land Reform by enabling access to land for developing black farmers.
- Private sector partners (e.g. mines seeking to rehabilitate land) can also be mobilised to provide under-utilised land to the Bank to manage and make available as agricultural land to its clients, thus increasing the total available farmland in South Africa.

Partnerships & Ecosystem Value Proposition

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Inputs & Services	Production	Aggregation	Processing	Marketing
Input Suppliers Land acquisition & preparation Seeds Pesticides and fertilizer Machinery and implements Extension services	Small Scale Farmers Medium Scale Farmers Commercial Farmers	Farm gate Buying Agents Cooperatives Actor linkage platforms	Small scale processing & manufacturing Medium scale processing Industrial processing	Wholesalers Exporters Retailers

- Farmers Require Input Services
- To be arranged within Commodity, Region, and Aggregator
- Opportunity for Scale

FARMER

Off-Take Agreement with Developing Aggregator Supplier & farmer

Multiple within Commodity

FARMER
Aggregator Supplier

- Large quantity supply contract
- Established Developing farmer, but need more quantities
- Need to build aggregation services

Supply Product

Supply Contract

PIONEER FOODS
REALISING POTENTIAL
Tiger Brands
Heineken
ABInBev

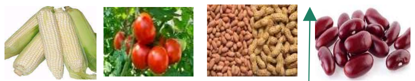
- Partnership Agreement to Develop Farmers
- Start with Import Substitution for: **Maize, Beans, Tomatoes, Ground Nuts, Wheat, and Sorghum**
- Import Substitution Purchases worth R90 billion per annum
- Opportunities exist also to support farmer for local produce

agriculture, land reform & rural development
Department: Agriculture, Land Reform and Rural Development
REPUBLIC OF SOUTH AFRICA

SERITI Green

Land Lease Service

Finance each farmer



Finance Aggregator

Partnership Agreement

Other Partners
Commodity Forums

Partner Technical Services

Farmer Support

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Developer Programs
- Multiple within Regions, and Partners
- Multiple within Commodity, and Regions

ESD Funds

Escrow Account

Sustainability & Climate Change

Sustainability is embedded in Land Bank's Strategy and Operations, with a focus on:

1. Environmental & Social Strategy

- Ensuring ESG principles guide investments and financing activities through the implementation of the Environmental and Social Sustainability system.
- Investing in renewable energy for agriculture (solar-powered irrigation, biofuels, etc.)
- Effective environmental and social management systems.
- Align with National agenda for disadvantaged communities.

2. Climate Change Policy

- Reduce GHG emissions (NDP, NDC, Paris Agreement).
- Adopt TCFD recommendations.
- Mobilising funds for climate-smart agriculture and resilience projects.

3. Principles for Responsible Banking (PRB)

- Align with Sustainable Development Goals and Paris Climate Agreement.
- Founding member and signatory to the UNEP-FI's PRB.
- Improve positive impacts, reduce negative impacts.
- Transparent governance and accountability.

4. Developing Sustainable Food Systems

- Regenerative Agriculture: Enhancing soil health through organic practices, crop rotation, and biodiversity.
- Sustainable Farming Ecosystem: Integrating eco-friendly techniques to optimise resource use and reduce environmental impact.
- Soil Restoration & Conservation: Implementing regenerative soil management to improve fertility, carbon sequestration, and water retention.

4. NPL Remediation Strategy

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A. Loan Book and NPL Overview

B. Loan Book contraction & NPL contributing factors

C. Loan Book Growth & NPL Remediation initiatives

D. NPL Challenges and Achievements

E. Key Future Focus

Loan Book contraction contributing factors

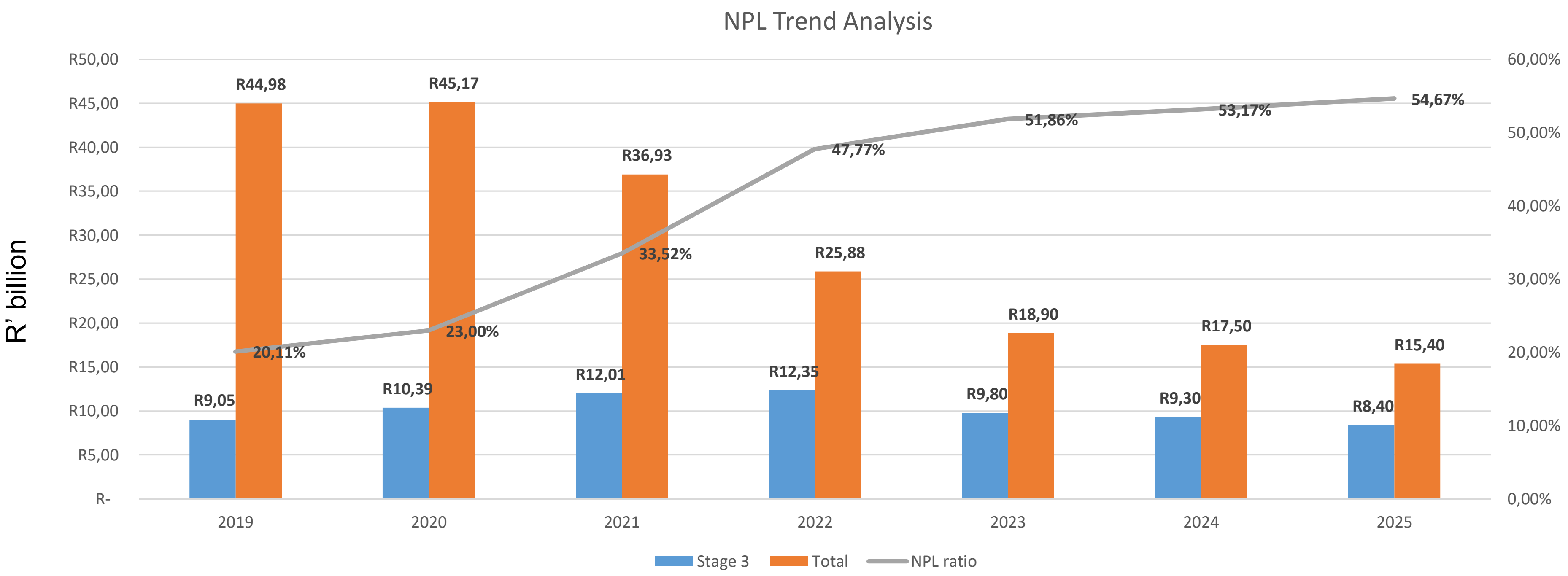
Looking back…

The following factors contributed to the Loan book contraction as well as NPL ratio deterioration:

- Land Bank Rating Agency Downgrade towards the end of 2019
- Land Bank defaults on its loan obligations early 2020
- Forced loan book attrition initiatives implemented to ensure payments to lenders leading to loan book contraction and exit of good quality clients resulting in a residual loan book consisting of high risk clients with a high propensity to default
- SLA portfolio loan book quality deterioration as are result of carry over debt and high risk lending and credit practises
- Increased NPL's consisting of increased pre-legal and legal exposures
- Increase in clients undergoing Debt Review and Business Rescue proceedings
- Increase in Insolvencies and Liquidations
- Sector and Market related Challenges, i.e. diseases, floods, drought, power failure, interest rate hikes , high inflation, etc.

Loan Book and NPL Overview

Looking back…



NPL Remediation Initiatives

Looking back…

The following initiatives were introduced in an attempt to reduce the Non Performing Loan portfolio

- Terminate & Insource SLA portfolios of approximately R25bn
- Limit attrition of performing clients & Initiate the Resumption of Lending Strategy
- Drive Loan Book growth and Implemented Blended Finance Strategy
- Deploy different NPL Remediation Strategies
- Restructuring of the Land Bank and Implementation the new Target Operating Model
- Restore Land Bank's Default & Implement LS5 solution
- Improve overall Bank wide Capacity and Capabilities across the Bank
- Improve Credit Policies, procedures and processes to streamline and optimise the turnaround times for decision making
- Enhance Collections Management and Workout & Restructure Strategies, Capabilities and Resources

NPL Challenges and Achievements

Looking back…

Month	Stage 1	Stage 2	Stage 3 (Pre-Legal)	Stage 3 (Legal)	Stage 3 (Total)	Total	NPL ratio
Mar'24	R 6 532.00	R1 675.00	R3 089.00	R 6 186.00	R 9 275.00	R17 482.00	53.05%
Mar'25	R 5 263.00	R1 733.00	R4 300.00	R 4 134.00	R 8 434.00	R15 430.00	54.66%
Variance	-R 1 269.00	R 58.00	R1 211.00	-R 2 052.00	-R 841.00	-R 2 052.00	1.6%
Ratio	**-19.43%**	**3.46%**	**39.20%**	**-33.17%**	**-9.07%**	**-11.74%**	**3.00%**

Noteworthy Challenges

- At the end of the financial year we observe that the overall loan book continues to contract with the loan book reducing from R17.4bn as at the end of March 2024 to R15.4bn as at the end of March 2025. The loan book contraction of approximately R2.0bn was mainly due to client attrition, write offs and accelerated collections.
- The reduction in the Stage 1 portfolio negatively impacted the NPL ratio with a movement from 53.05% as at the end of March 2024 to 54.66% as at the end of March 2025.

Noteworthy Achievements

- While NPL's remain high, exceptional efforts have been deployed to reduce NPL's with additional strategies being prepared to increase the reduction in Stage 3.
- Stage 3 reduced with approximately R894m from R9.3bn to R8.4bn as at the end of the financial year.
- Cures to the value of R710m to Stage 1 and R540m to Stage 2 contributed to this reduction.
- Write offs of more than R1.2bn were processed on the Legal portfolio during the financial year where post write off recovery are still underway.
- The NPL ratio of 54.66% was achieved as at the end of March compared to a target of 54.9% as per the Shareholder Compact and 56.00% LS5 covenants.

Challenges	R'm	NPL Ratio Impact
Stage 1 contraction	1 263	4.11%
Roll in to Stage 3 (Sector and Market Challenges)	1 117	9.99%
Interest accrued on Stage 3	1 006	6.03%

Achievements	Amount
Stage 3 Reduction	R894m
Cure to Stage 1	R710m
Cure to Stage 2	R540m
Write off of Legal accounts	R1.237bn

Key Future Focus

Looking ahead…

The NPL Remediation Strategy consists of a combination of individual strategies with assigned objectives, targets and financial impact.

It must be noted that, while each strategy has its individual objectives and target, the overall aim and impact of all strategies combined seeks to fundamentally:

- Change the loan book profile (i.e. increase performing loans while decreasing underperforming and non-performing loans);
- Continue stemming up to date clients from defaulting and substantially improve the rehabilitation and recovery of existing under and non-performing clients;
- Continue stemming attrition of performing clients; and
- Construct and lay the foundation with the requisite infrastructure, capability, capacity and enabling credit and collections policies and procedures to achieve the overall NPL reduction covenants contained in Liability Solution 5.

The following NPL strategies will be prominent during the next financial year:

1. Growth of the Performing portfolio through disbursements to new clients
2. Preservation of existing performing portfolio
3. Restructuring of underperforming and non performing portfolio
4. Reviewing facilities with Legal for possible restructures
5. Legal recoveries and post write off recoveries

5. Financial Performance

A. *Financial Performance and projections on future performance*

B. *Compliance with terms and conditions of the LS5 agreements*

Financial Overview

Unaudited Financial Statements
April 2025

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Banking Operations Balance Sheet R'm	Actual FY2024	Actual FY2025	Actual Apr-25
Cash and cash equivalents	12 601	7 381	7 497
Net loans and advances	13 332	11 587	11 564
Other*	1 798	1 877	1 877
Total Assets	**27 732**	**20 845**	**20 939**
Equity and reserves	4 554	10 712	10 723
Liabilities	23 178	10 133	10 216
Funding liabilities	16 567	9 579	9 669
Other**	6 610	554	547
Total equity and liabilities	**27 732**	**20 845**	**20 939**

Banking Operations Income Statement R'm	Actual FY2024	Actual FY2025	Actual Apr-25
Net interest income	**705**	**1 793**	**76**
Interest income	2 581	3 345	168
Interest expense	(1 876)	(1 553)	(93)
Net impairment release /(charges)	(114)	(865)	(20)
Non interest Income /(expense)	61	47	2
Net Income/(loss) for Banking Operations	**652**	**975**	**57**
Operating expenses	(585)	(725)	(46)
Other Net Income/(Loss)	81	351	7
Net Profit/(Loss) Banking Operations	**148**	**601**	**19**

- *Other Assets include: Trade and other receivables, Investments, PPE, Investment property, Right of use- Leases, Non-Current Assets Held for Sale*
- ***Other liabilities include: Trade payables, ,lease provisions, post retirement obligations and provisions*

Please note that some of the FY2025 numbers have changed from those in the distributed March 2025 credit pack. The credit pack was based on interim numbers while this report is based on final unaudited numbers.

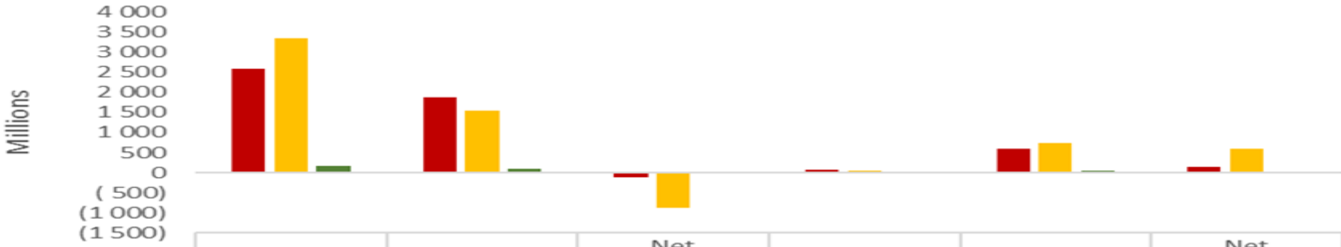
Unaudited Financial Statements(Continued) April 2025

Banking Operations Balance Sheet

	Cash and cash equivalents	Investments	Net loans and advances	Total Assets	Equity and reserves	Funding liabilities	Total Liabilities	Gross Loans
FY2024 Act	12 601	1 414	13 332	27 732	4 554	16 567	23 178	17 465
FY2025 Act	7 381	1 534	11 587	20 845	10 712	9 579	10 133	15 403
Apr 25 Act	7 497	1 541	11 564	20 939	10 723	9 669	10 216	15 416

FY2024 Act FY2025 Act Apr 25 Act

Banking Operations Income Statement



	Interest income	Interest expense	Net impairment release /(charges)	Non interest Income /(expense)	Operating expenses	Net Profit/(Loss) Banking Operations
FY2024 Act	2 581	1 876	(114)	61	585	148
FY2025 Act	3 345	1 553	(865)	47	725	601
Apr 25 Act	168	93	(20)	2	46	19

FY2024 Act FY2025 Act Apr 25 Act

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Financial Covenants

Financial Covenant	Undertaking FY2025	30 September 2024	31 March 2025	Undertaking FY2026	30 April 2025
1. Net Debt/Net Loan Ratio	<50%	22,41%	18,97%	<50%	18,78%
2. Leverage Ratio	<110%	100,81%	89,42%	<100%	90,17%
3. Cost to Income Ratio	<125%	38,07%	39,41%	<95%	58,58%
4. NPL Ratio	<56%	55,95%	54,69%	<52%	54,55%
5. Credit Loss Ratio	<4%	2,23%	5,21%	<4%	3,25%
6. ECL Coverage Ratio	<26%	25,93%	24,75%	<26%	24,99%

Comments:

- All financial covenant ratios except the Credit Loss Ratio (CLR) were within the required levels as at 31 March 2025, It has however improved in April 2025.
- NPL Ratio was above the threshold as at April 2025.

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Budget: FY2026 - FY2028

Balance Sheet & Income Statement: Budget FY2026 to FY2028

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Balance Sheet R'm	Budget FY2026	Budget FY2027	Budget FY2028
Cash and cash equivalents	3 409	1 845	158
Net loans and advances	13 611	13 498	14 570
Other*	1 978	2 010	2 033
Total Assets	**18 999**	**17 353**	**16 762**
Equity and reserves	11 221	11 588	11 925
Liabilities	7 778	5 765	4 837
Funding liabilities	6 750	4 449	3 494
Other**	1 028	1 316	1 342
Total equity and liabilities	**18 999**	**17 353**	**16 762**

Income Statement R'm	Budget FY2026	Budget FY2027	Budget FY2028
Net interest income	**1 343**	**1 341**	**1 368**
Interest income	2 213	1 971	1 889
Interest expense	(870)	(631)	(520)
Net impairment release /(charges)	(49)	47	36
Non interest Income /(expense)	98	100	104
Net Income/(loss) for Banking Operations	**1 392**	**1 488**	**1 508**
Operating expenses	(1 027)	(1 068)	(1 118)
Other Net Income/(Loss)	(52)	(53)	(53)
Net Profit/(Loss) Banking Operations	**313**	**367**	**337**

Key Line Items Trends - Balance Sheet & Income Statement: Budget FY2026 to FY2028

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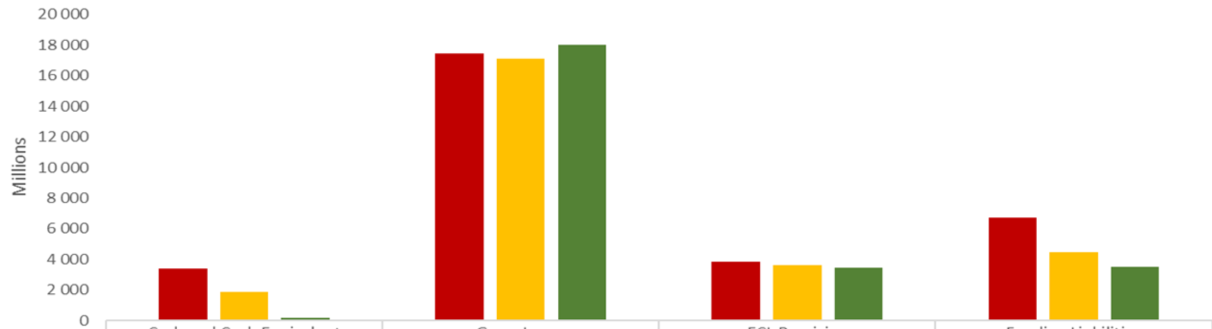
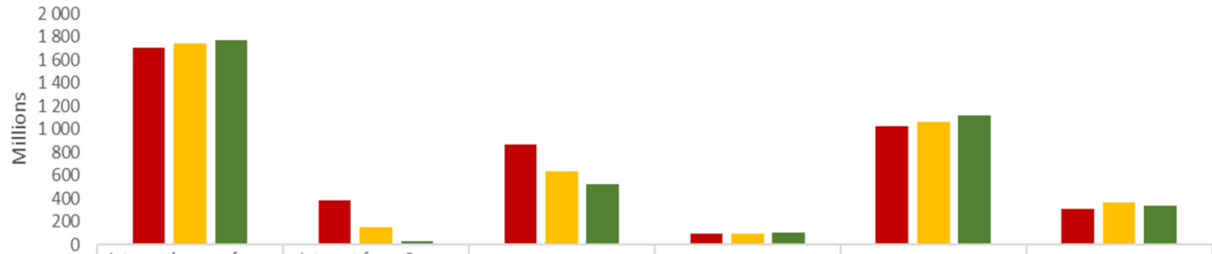
Material Balance Sheet Item



	Cash and Cash Equivalent	Gross Loans	ECL Provision	Funding Liabilities
FY2026	3 409	17 451	3 840	6 750
FY2027	1 845	17 140	3 642	4 449
FY2028	158	18 008	3 438	3 494

FY2026 FY2027 FY2028

Material Income Statement Items



	Interest income from Loans	Interest from Comm Banks	Interest expense	Non-interest income	Operating expenses	Net profit/(loss)
FY2026	1 705	386	870	98	1 027	313
FY2027	1 746	154	631	100	1 068	367
FY2028	1 770	31	520	104	1 118	337

FY2026 FY2027 FY2028

Budget against LS5 Covenants

The Bank is expected to meet its LS5 covenants

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		LS5 Covenants		
Targeted Ratios		**FY2026**	**FY2027**	**FY2028**
Net Debt-Net Loan	%	50%	40%	40%
Leverage	**%**	100%	80%	75%
Cost to Income	%	95%	90%	90%
NPL	**%**	52%	50%	45%
Credit Loss Ratio	***%***	4%	4%	4%
ECL Coverage	%	26%	26%	26%

		Budget		
Targeted Ratios		**FY2026**	**FY2027**	**FY2028**
Net Debt-Net Loan	%	25%	19%	23%
Leverage	**%**	66%	44%	35%
Cost to Income	%	71%	74%	76%
NPL	**%**	46%	43%	37%
Credit Loss Ratio	***%***	1%	0%	0%
ECL Coverage	%	22%	21%	19%

Cash Flow Projection

April 2025 to March 2028 as at 31 March 2025

	FY2026	FY2027	FY2028	Total
Opening cash flow	7 092	2 530	849	7 092
Cash inflow - Non Blended finance customer collections	1 406	1 428	1 126	3 960
Cash inflow - blended finance customer collections	114	346	369	829
Asset Solution	111	1 596	179	1 886
Other Income (including sale of non-core assets)	172	100	104	376
Investment Income	386	154	31	571
Opex	(1 027)	(1 068)	(1 118)	(3 213)
Opex Reserve	(600)	0	0	(600)
Interest Payments - SA Lenders	(775)	(533)	(355)	(1 662)
Capital Repayments to MIGA & KfW	(345)	(296)	(573)	(1 214)
Interest Payments to MIGA & KfW	(115)	(79)	(52)	(246)
Capital Repayment to SA Lenders	(2 334)	(2 005)	(3 876)	(8 214)
Disbursemenst to blended finance customers	(1 055)	(800)	(500)	(2 355)
Disbursement to non blended finance customers	(500)	(525)	(549)	(1 574)
Closing Bank Balance	2 530	849	(4 364)	(4 364)

Assumptions:

- The opening cash balance constitutes available cash including the funds ring-fenced for the Blended Finance scheme.
- The collections, asset solution, disbursements and operational expenses are as per the FY2026 approved budget. The projection will be updated with forecasts when available.
- The disposal of one of the Bank's significant client exposures is expected to be concluded during FY2027.
- Contractual repayments to lenders are as per the Liability Solution Agreements. FY 2028 deficit addressed by the funding plan with .

Compliance with terms and conditions of the LS5 agreements

Compliance with terms and conditions

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General Compliance

- A monitoring tool has been implemented to ensure compliance with the LS5 undertakings

Information undertakings

- We are in compliance and provided all the information we have committed in terms of the agreement
- The upcoming are on track: Quarterly cashflow by14 July, Credit pack end August.
- We are on track with the Audit process, once audit is concluded the Annual report will be sent as per agreement

Permitted Indebtedness

- No additional indebtedness has been incurred since the implementation of the liability Solution
- Any indebtedness that may be incurred by the bank, lenders will be advised before the conclusion of such.

Debt Servicing

- The Original debt on implantation of the liability solution has been reduced by 42% from R16,198bn to R9,429bn

6. Funding plan

Funding plan

Funding approach

1. Funding Business Case with National Treasury
   - Funding Business Case was finalised and submitted with application for funding to National Treasury
   - Land Bank is still awaiting a formal response from NT
2. Raising of new funding and approach
   - Capital raise align to prescription or LS5 conditions
   - Engagements to consider different funding instruments underway
     - Refinancing
     - Accreditations and Grant funding
     - Concessional facilities, and
     - Credit enhancement instrument
3. Appetite on the market
   - Expression of Interest demonstrate appetite from MDBs
   - Addressing the Gap in the cash flow

7. Land Bank Board Changes

Discussion

8. Questions and Answers

Q&A

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Thank you