

LAND BANK
We stand by you

INTEGRATED ANNUAL REPORT 2026



FY2026 AT A **GLANCE**

PERFORMANCE OVERVIEW:

1

90%

increase in **Grant Disbursements**

FY2026: R1.16bn
FY2025: R612m

2

71%

increase in **Total Blended Finance Scheme Debt Disbursements**

FY2026: R1.001bn
FY2025: R585.5m

3

203%

increase in **Non-Blended Finance Debt Disbursements**

FY2026: R685.5m
FY2025: R226.1m

4

R149m

in **Funding** approved for Development Farmers through **Strategic Partnerships**

FY2025: R20.4m

5

Implementation of
Re-engineering Project

to enhance the Bank's origination business processes and strengthen digital capabilities for improved operational efficiency and future innovation

6

16

Farmers trained through
Farmers Academy

following soft launch in FY2026

7

12.8%

decrease in **Total Group Assets**

FY2026: R19.7bn
FY2025: R22.6bn

8

24.6%

decrease in **Net Group Profits**

FY2026: R353.5m
FY2025: R468.9m

9

20%

reduction in **NPL** rand value on the new book

FY2026: R225m
FY2025: R281.5m

10

29%

reduction in **LS5 Debt**

FY2026: R6.7bn
FY2025: R9.4bn

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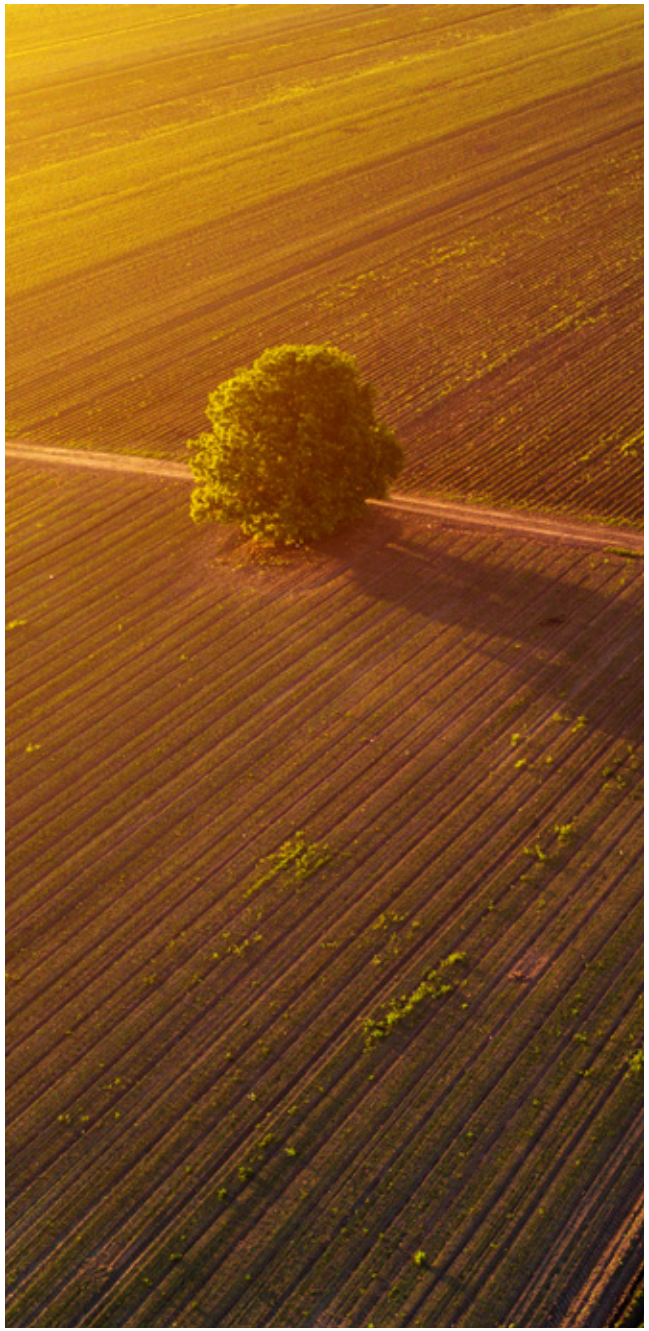
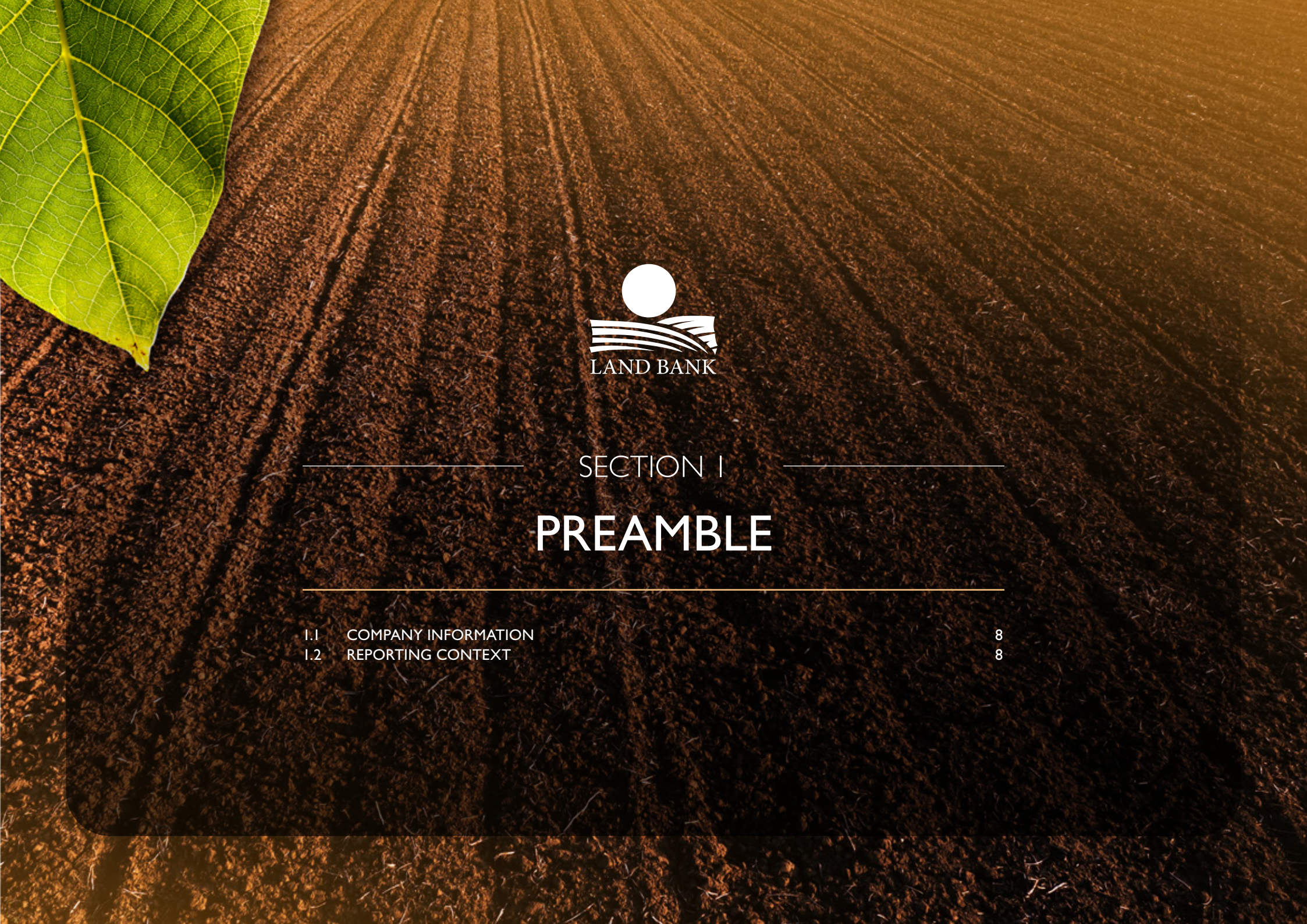


ACRONYMS AND ABBREVIATIONS

AEA	Agricultural Economics and Advisory
AEF	Agro-Energy Fund
AGOA	African Growth and Opportunity Act
AGSA	Auditor-General of South Africa
ASF	African Swine Fever
B-BBEE	Broad-Based Black Economic Empowerment
BFS	Blended Finance Scheme
C&C	Corporate and Commercial
CFA	Chartered Financial Analyst
CIPC	Companies and Intellectual Property Commission
CSI	Corporate Social Investment
CTI	Cost-to-Income Ratio
DALRRD	Department of Agriculture, Land Reform and Rural Development
DBSA	Development Bank of Southern Africa
DFI	Development Finance Institution
DoA	Department of Agriculture
ECL	Expected Credit Loss
EOSD	European Organisation for Sustainable Development (EOSD)
ESG	Environmental, Social and Governance
ESRA	Environmental and Social Risk Assessment
EVP	Employee Value Proposition
EXCO	Executive Committee
FMD	Foot-and-Mouth Disease
FY	Financial Year
GDP	Gross Domestic Product
GIS	Geographic Information System
GRI	Global Reporting Initiative
HPAI	Highly Pathogenic Avian Influenza
IFRS	International Financial Reporting Standards
IMF	International Monetary Fund
JSE	Johannesburg Stock Exchange
KPI	Key Performance Indicator
LBIC	Land Bank Insurance Company
LBLIC	Land Bank Life Insurance Company
MoA	Memorandum of Agreement
MoU	Memorandum of Understanding
NIM	Net Interest Margin
NPL	Non-Performing Loan
NRS	Net Reputation Score
PA	Prudential Authority
PEP	Politically Exposed Persons
PFMA	Public Finance Management Act
PRB	Principles for Responsible Banking
RTG	Rubber Tyred Gantry
SA	South Africa
SOC	State-Owned Company
SSCI	Sustainability Standards Certification Initiative
TCFD	Task Force on Climate-related Financial Disclosures
UNEP FI	United Nations Environment Programme Finance Initiative





LAND BANK

SECTION 1

PREAMBLE

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1.1 COMPANY INFORMATION

Acting Group Company Secretary:

Rozaan Swanepoel (Acting)

Bankers:

First National Bank Limited, a division of First Rand Limited
ABSA Limited
Nedbank Limited
The Standard Bank of South Africa Limited

Auditors:

Auditor-General of South Africa

Business Address:

148 Kelvin Drive,
Magnolia Building,
Woodmead,
Sandton, Johannesburg

Postal Address:

Land and Agricultural Development Bank of South Africa,
P.O. BOX 375,
Tshwane, 0001

Contact Details:

Switch Board - 012 686 0500
Toll Free - 0800 00 52 59
Website - www.landbank.co.za

1.2 REPORTING CONTEXT

This Integrated Annual Report outlines how Land Bank's strategy, operations, and resource application work together to deliver long-term value. It reflects the Bank's financial performance, operational context, and sustainability practices while addressing matters material to our stakeholders. The report aligns with the principles of the King IV Code™, the Integrated Reporting (IR) Framework, and the Global Reporting Initiative (GRI) standards.

The Board, with support from the Audit and Finance Committee, assumes ultimate responsibility for the integrity of this report. Combined assurance processes, including internal audit and management oversight, safeguard the accuracy and reliability of both quantitative and qualitative disclosures.

Basis of Preparation

This report is grounded in integrated thinking and highlights issues that significantly affect the Bank's ability to create and sustain value. The content is sourced from internal submissions, including quarterly reports to the National Treasury, and covers strategic performance, operational risks, mitigation strategies, stakeholder engagement, and emerging opportunities. Inputs from Executive Management are evaluated by governance committees before final Board approval.

The aim is to provide a balanced, transparent, and accountable overview of the Bank's performance and outlook.

Determining Materiality

Material matters are identified through frameworks approved by the Board, including the Delegation of Powers, the Materiality Framework, and the Risk Appetite Framework. In line with Section 54(2) of the Public Finance Management Act (PFMA) and Treasury Regulation 28.3, materiality is assessed based on the strategic relevance of the event, its potential impact, magnitude, and overall implications for the Bank and its stakeholders.

Assurance

The FY2026 Integrated Annual Report is prepared in accordance with relevant legislation, governance codes, and ethical principles. The Board affirms that the content has undergone rigorous internal and external assurance processes. The Annual Financial Statements have been independently audited by the Auditor-General of South Africa (AGSA).

Statement of Responsibility

External Reporting Suite	Applicable Legislation / Regulation/ Framework/ Standard	Assurance Applied to Validate the Integrity of Reporting	Outcome
2026 Integrated Annual Report	• International Integrated Reporting Council's Integrated Reporting Framework • The Johannesburg Stock Exchange (JSE) Debt Listing Requirements	• Land Bank Board • Land Bank Insurance Board • Audit and Finance Committee • Risk and Governance Committee • Executive Committee • Combined Assurance: application of Land Bank's three lines of defence, including risk-based internal audit	Directors' approval
Annual Financial Statements for the year ended 31 March 2026	• PFMA 1999 • Companies Regulations 2011 • International Financial Reporting Standards (IFRS)	• Auditor-General • Land Bank Board • Audit and Finance Committee • Executive Committee • Combined Assurance: application of Land Bank's three lines of defence, including risk-based internal audit	Directors' approval
2025 King IV Disclosures	• Land and Agricultural Development Bank Act, 2002 • Public Finance Management Act, 1999 • Insurance Act, 2017 • Prudential Standards of the Prudential Authority: Governance and Operational Standards • King IV Report™ on Corporate Governance for South Africa 2016 (King IV) • JSE Debt Listing Requirements	• Land Bank Board • Audit and Finance Committee • Risk and Governance Committee • Executive Committee	Directors' approval

The Board confirms that this report addresses all material matters and reflects the Bank's integrated performance, strategic direction, and objectives for long-term value creation. It has been prepared in accordance with applicable governance and reporting frameworks.

Board Approval

This report was approved by the Land Bank and Land Bank Insurance Board of Directors, respectively on DATE, following a comprehensive review process.

The Audit and Finance Committee recommended that the Board approve the full report. The Risk and Governance Committee separately reviewed and recommended the King IV disclosures. The Board assessed the completeness, relevance, and reliability of the information presented, confirming that all material matters have been appropriately addressed and that the disclosures are consistent with the audited Annual Financial Statements for the year ended 31 March 2026.

The Board is confident that this report accurately represents the Bank's performance, risks, opportunities, and long-term value creation model.





LAND BANK

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MINISTER'S FOREWORD

Agriculture remains one of South Africa's most strategic economic sectors. Beyond its essential role in food production, the sector sustains rural livelihoods, supports employment, contributes meaningfully to exports and underpins the resilience of many local economies. As South Africa pursues more inclusive, sustainable and employment-creating growth, a competitive, transformed and climate-resilient agricultural sector will remain central to our national development objectives.

The 2025/26 financial year again demonstrated both the opportunities and vulnerabilities facing agriculture. Global geopolitical tensions, shifting trade dynamics, climate variability and continued commodity market volatility created uncertainty across international agricultural value chains. Domestically, producers continued to contend with infrastructure constraints, logistics inefficiencies, rising input costs and more frequent climate-related events. Notwithstanding these pressures, South African agriculture once again demonstrated resilience. Strong production across several commodity sectors, continued export performance and sustained private sector investment reaffirmed the sector's importance as a driver of economic growth, food security and rural development.

Against this backdrop, the role of Development Finance Institutions has become increasingly significant. Across the world, governments rely on these institutions to address market failures, mobilise long-term investment and catalyse development in sectors that are essential to national prosperity. In South Africa, Land Bank occupies a unique position within this development finance architecture as the country's only specialist agricultural development finance institution. Its mandate extends beyond the provision of finance: it exists to expand access to opportunity, strengthen agricultural competitiveness, facilitate transformation, advance inclusivity in the sector, improve food security and contribute to the sustainable development of rural economies.

As Government continues to pursue inclusive economic growth and meaningful transformation, Land Bank remains one of our most important strategic instruments for advancing these objectives. Through its financing activities, Blended Finance programmes and strategic partnerships, the Bank plays an increasingly important developmental role in enabling historically disadvantaged farmers and agribusinesses to participate more fully in the mainstream agricultural economy. Equally, the institution continues to support established commercial agriculture, recognising that a competitive agricultural sector requires both successful commercial enterprises and a growing pipeline of sustainable new entrants.

Government also recognises that the future of agricultural development requires deeper collaboration across the public and private sectors. Sustainable transformation cannot be achieved through finance alone. It requires coordinated development support, improved market access, effective technical assistance, stronger partnerships and the productive utilisation of agricultural assets. Land Bank is therefore increasingly positioned not only as a provider of development finance, but also as a strategic catalyst capable of mobilising partnerships, coordinating complementary interventions and strengthening the broader agricultural development ecosystem. This evolving role will become increasingly important as South Africa seeks to unlock greater economic value from agriculture while accelerating land reform and rural development.

The 2025/26 financial year marked an important milestone in the Bank's turnaround journey. Following the financial challenges associated with its debt default, Land Bank continued to make encouraging progress in restoring financial stability, strengthening governance and rebuilding the confidence of lenders, clients, development partners and other stakeholders. The transition from the stabilisation phase of the turnaround strategy into the consolidation phase reflects the progress achieved and demonstrates the collective commitment of the Board, management and employees to restoring the institution's long-term sustainability.

During the recovery period, the Bank achieved significant developmental outcomes, surpassing its annual Development Finance disbursement targets, with commendable disbursements under the Blended Finance Scheme. This highlights the alignment between financial and developmental impact. The Bank's support for black farmers, women, youth, and other historically disadvantaged groups reflects Government's commitment to advancing the sector. Additionally, as the Bank rebuilds its balance sheet, a growing share of its lending focuses on development and transformation objectives, aligning with its mandate and the aim of promoting economic inclusion within the agricultural sector.

The Bank achieved approximately 76% of its key performance indicators, demonstrating progress in institutional capability despite a complex operating environment. This reflects improved resilience, governance, and operational discipline. While challenges remain, these achievements instill confidence in the Bank's long-term ability to fulfill its mandate.

Recognising the strategic importance of Land Bank to South Africa's agricultural sector and broader development agenda, Government has remained steadfast in its commitment to restoring the institution's long-term sustainability. Accordingly, I have approved a R10 billion sovereign guarantee framework to support the Bank's future fundraising programme. This intervention will strengthen the Bank's ability to diversify its funding sources, improve access to long-term capital and enhance its capacity to deliver on its developmental mandate while maintaining financial sustainability. It also reflects Government's continued confidence in the Bank's recovery and its future contribution to inclusive agricultural growth, food security and rural development.

I welcome the Bank's commitment to embedding sustainability within its strategy and operations. Climate change, environmental stewardship and responsible finance are increasingly important determinants of long-term agricultural competitiveness and financial resilience. The Bank's continued implementation of the United Nations Environment Programme Finance Initiative's Principles for Responsible Banking, together with the commencement of implementation of the Sustainability Standards Certification Initiative during the next financial year, demonstrates its commitment to responsible banking practices, improved institutional capability and alignment with emerging international standards. These initiatives will enhance the Bank's ability to support sustainable agricultural development while improving its readiness to access future development-oriented funding opportunities.

During the year, Government strengthened the governance of the institution through the appointment of a new Board of Directors under the leadership of Mr Mcebisi Skwatsha. The Board assumes responsibility at an important stage in the Bank's evolution as it advances the consolidation phase of its turnaround strategy. I have every confidence that the Board will provide the strategic leadership, oversight and governance necessary to strengthen the institution's long-term sustainability while ensuring that it remains firmly focused on delivering its developmental mandate.

The progress achieved during the year reflects the collective efforts of many stakeholders. I extend my sincere appreciation to the Board, management, employees, lenders, development partners, clients and all those who have contributed to restoring confidence in this important national institution. Their commitment demonstrates what can be achieved through collaboration, disciplined execution and a shared commitment to South Africa's development.

Government remains firmly committed to a financially sustainable, well-governed and developmentally impactful Land Bank. As the institution continues its journey of renewal, it will play an increasingly important role in mobilising investment, supporting agricultural transformation, strengthening climate resilience, promoting food security and contributing to inclusive economic growth. I am confident that Land Bank will continue to evolve into a stronger development finance institution that not only finances agriculture, but also mobilises partnerships, catalyses investment and helps shape a more resilient, inclusive and sustainable agricultural economy for generations to come.



Mr Enoch Godongwana
Minister of Finance



FOREWORD BY THE BOARD CHAIRPERSON

The 2026 financial year marked a defining transition in Land Bank's turnaround journey. Having navigated the immediate challenges of stabilisation, the Bank entered the first full year of the consolidation phase of its turnaround strategy. For the Board, this represented a deliberate shift in emphasis: from restoring financial and operational stability to positioning the institution for long-term resilience, sustainable growth and greater developmental impact.

It was my privilege to be appointed by the Minister of Finance as Chairman of the Land Bank Board in September 2025. Together with a newly appointed Board of Directors, I assumed this responsibility at a pivotal moment in the Bank's evolution. While significant progress had already been made in stabilising the institution, the next phase required sustained focus on strengthening financial sustainability, rebuilding stakeholder confidence, improving organisational capability and ensuring that Land Bank is positioned to fulfil its mandate as South Africa's specialist agricultural Development Finance Institution.

Throughout the year, the Board remained firmly focused on providing strategic oversight while maintaining an appropriate balance between financial sustainability and developmental impact. As custodians of this important national institution, we recognised that our responsibility extended beyond overseeing the implementation of the turnaround strategy. We also had to ensure that Land Bank emerges from this period stronger, more resilient and better equipped to support South Africa's long-term agricultural development ambitions.

Strengthening Financial Sustainability

The successful implementation of the Liability Solution in September 2024 established the foundation for the next phase of the Bank's recovery. During the 2026 financial year, the Board maintained close oversight of compliance with the related undertakings and financial covenants, recognising that disciplined covenant management was essential to preserving lender confidence and rebuilding the institution's credibility within domestic and international capital markets. The Board also maintained close oversight of the implementation of the Bank's Funding Strategy. While the Liability Solution addressed immediate financial sustainability risks, it also underscored the importance of establishing a more diversified, resilient and sustainable long-term funding model. During the year, Management commenced implementation of the Bank's fund-raising strategy by pursuing alternative funding sources, strengthening relationships with existing and prospective lenders, exploring development-oriented funding opportunities and seeking strategic accreditations that will enhance future access to concessional and catalytic sources of capital.

We were particularly encouraged by the Minister of Finance's approval of a R10 billion sovereign guarantee framework to support the Bank's fund-raising programme. This important intervention reflects Government's confidence in the institution's recovery and materially strengthens the Bank's ability to diversify its funding base, improve access to long-term capital and continue fulfilling its developmental mandate. The Board views this as a critical enabler of long-term financial sustainability and an important platform from which to rebuild the scale and reach of the Bank's developmental impact.

Strengthening Institutional Resilience

While financial sustainability remains fundamental, the Board recognises that the Bank's long-term success depends equally on institutional resilience, organisational capability, operational discipline and a culture of accountability.

Throughout the year, the Board monitored the continued implementation of the Bank's revised operating model, organisational structure and performance management framework. These initiatives are strengthening organisational effectiveness, improving client service, enhancing accountability and positioning the institution to respond more effectively to the evolving needs of South Africa's agricultural sector.

An important demonstration of institutional resilience was the Bank's response to the cyber incident experienced in January 2026. The Board maintained close oversight of Management's response, including business continuity arrangements, stakeholder engagement, system restoration and the strengthening of cyber resilience across the organisation. While the incident presented significant operational challenges, it reinforced the importance of technology governance, operational resilience and continuous improvement in safeguarding the Bank's critical operations. The lessons from this experience are being embedded into broader initiatives aimed at strengthening institutional preparedness and resilience.

Preserving and Improving Loan Book Quality

The Board continued to devote significant attention to the quality of the Bank's loan portfolio. Although the value of non-performing loans has reduced materially since the debt default, the legacy portfolio continues to require disciplined management, active oversight and focused remediation.

The Board therefore remained focused on preserving the performing loan book, strengthening credit risk management, supporting appropriate remediation strategies and ensuring that new lending contributes to the long-term quality and sustainability of the Bank's portfolio. We recognise that a financially sustainable Development Finance Institution must continue to balance developmental ambition with prudent risk management.

Positioning Land Bank for the Future

One of the Board's most important responsibilities is ensuring that the institution remains relevant, responsive and impactful within a rapidly changing development landscape. Agricultural development is becoming increasingly complex. It requires stronger collaboration between Government, the private sector, commodity organisations, organised agriculture, Development Finance Institutions, financial institutions, development partners and farming communities. Sustainable agricultural transformation can no longer be achieved through finance alone; it requires coordinated support across the agricultural value chain.

The Board therefore supports the continued evolution of Land Bank beyond its traditional role as a provider of agricultural finance towards becoming a more integrated agricultural development partner. This means an institution that mobilises finance, coordinates strategic partnerships, facilitates technical support, strengthens market access, contributes to the productive utilisation of agricultural assets and helps orchestrate a more connected agricultural development ecosystem. This approach aligns closely with the Bank's developmental mandate and will enable Land Bank to create greater long-term value for farmers, rural communities and the South African economy.

Sustainability as a Strategic Enabler

The Board regards sustainability not as a standalone programme, but as an integral strategic enabler of the Bank's long-term relevance, resilience and development effectiveness.

The continued implementation of the Principles for Responsible Banking, together with the commencement of the Sustainability Standards Certification Initiative implementation programme, represents an important step in strengthening governance, risk management, climate resilience and development effectiveness. These initiatives will improve governance and disclosure practices, deepen climate resilience, strengthen institutional capability and enhance the Bank's ability to access future sustainability-linked and development-oriented funding opportunities.

Leadership and Governance

The year also marked an important leadership transition. In February 2026, the Bank announced the resignation of Chief Executive Officer, Mr Themba Rikhotso. Mr Rikhotso led the institution during one of the most challenging periods in its history and played a significant role in stabilising the organisation and guiding the successful implementation of key components of the turnaround strategy. On behalf of the Board, I extend our sincere appreciation for his leadership and dedicated service to the institution.

To ensure continuity and maintain strategic momentum, the Board appointed Mr Jabu Mphambo as Acting Chief Executive Officer. Having previously served as Chief Banking Officer, Mr Mphambo brings considerable banking, development finance and agricultural sector experience to the role. The Board is confident that his leadership will support continuity and execution during this important transition, while the process to appoint a permanent Chief Executive Officer progresses.

Appreciation

The progress achieved during the 2026 financial year reflects the collective efforts of many stakeholders. On behalf of the Board, I extend my sincere appreciation to the Minister of Finance, National Treasury, our lenders, development partners, clients, Management and every employee whose commitment, professionalism and resilience have contributed to restoring confidence in this important institution.

Conclusion

While our turnaround journey is not yet complete, the Board is encouraged by the progress achieved during the year. The strategic foundations established during the stabilisation phase are now being strengthened through disciplined governance, sound financial management, improved institutional capability and continued transformation.

The Board remains confident that Land Bank is increasingly well positioned to fulfil its mandate as South Africa's specialist agricultural Development Finance Institution. By strengthening financial sustainability, expanding developmental impact, mobilising strategic partnerships and building institutional resilience, the Bank is laying the foundations for its next phase of growth, relevance and contribution within South Africa's development finance landscape.

Our ambition extends beyond restoring a successful institution. We are positioning Land Bank to become an increasingly influential catalyst for agricultural development: mobilising finance, enabling partnerships, supporting sustainable land reform, strengthening food security and helping unlock the full economic potential of South Africa's agricultural sector. The Board remains committed to ensuring that Land Bank continues to evolve into a modern, trusted and sustainable Development Finance Institution that creates enduring value for current and future generations of South Africans.



Mr Mcebisi Skwatsha
Land Bank Board Chairperson





LETTER FROM THE CEO

The 2026 financial year marked the first full year of the consolidation phase of Land Bank's turnaround strategy. Throughout the year, management focused on strengthening the institution's operational foundations, improving financial performance and expanding development impact while maintaining prudent risk management. While I assumed the role of Acting Chief Executive Officer in February 2026, towards the end of the financial year, I have had the opportunity to engage closely with the Board and management team, and I am encouraged by the progress achieved in advancing Land Bank's recovery.

Development Effectiveness

A key achievement during the year was continued progress in delivering development finance. Blended Finance Scheme debt disbursements exceeded target, reaching R1.001 billion against a target of R700 million up by 71% from the prior year. Non-Blended Finance loan disbursements reached R685.5 million against a target of R500 million, up by 203% from the prior year. The Bank also continued to support designated groups through targeted financing initiatives, surpassing annual targets. These interventions contribute to stronger business sustainability, improved market participation and better development outcomes for the Bank.

The Bank's progress during the year was achieved against a backdrop of continued financial and operational challenges. Funding sustainability remains a key strategic priority as Land Bank continues to operate within a constrained funding environment following the debt restructuring process. While important progress has been made in rebuilding confidence among lenders and stakeholders, access to diversified, long-term and cost-effective funding remains essential to supporting the Bank's growth ambitions and developmental mandate. Management therefore continued to implement the Funding Strategy, pursue new funding opportunities and engage development finance partners to strengthen the Bank's long-term funding position.

Progress Against Strategic Priorities

The Bank's capital position also remains constrained relative to the scale of demand for agricultural development finance. As a development finance institution, maintaining an appropriate balance between developmental impact, financial sustainability and prudent capital management remains critical. Management continues to work closely with the Shareholder, lenders and other stakeholders to identify opportunities that will support the Bank's capital sustainability and enhance its ability to deliver on its mandate over the long term.

Loan book quality remained a key area of focus. The total non-performing loan portfolio continued to improve from levels recorded at the start of the turnaround programme, although significant work remains. As at year-end, Stage 3 exposures amounted to R7 billion, representing 51% of the total gross loan book of R13.7 billion. Elevated non-performing loan levels continue to place pressure on profitability, capital utilisation and balance sheet flexibility. Management remains committed to preserving the performing portfolio and reducing non-performing exposures through focused remediation strategies, enhanced collections and recoveries processes, and disciplined credit risk management practices.

Operational effectiveness also improved during the year. Implementation of the revised operating model contributed to improved disbursement performance, faster turnaround times and stronger client engagement. The Bank also completed the first phase of its digitisation programme through the Minimum Viable Product initiative, which focused on digitising elements of the loan origination process and established a foundation for further digitisation initiatives.

Cyber Security Incident

In January 2026, the Bank experienced a cyber incident that disrupted aspects of its operations and required an immediate and coordinated response. Protecting client information, restoring critical services and maintaining operational continuity were key priorities. Through the collective efforts of employees, management and specialist service providers, critical systems were progressively restored, and additional measures were implemented to strengthen cyber security controls and operational resilience. While the incident presented significant challenges, it also reinforced the importance of continued investment in cyber resilience, technology governance and business continuity capabilities as part of building a stronger and more resilient institution.

Sustainability

Sustainability considerations became increasingly integrated into the Bank's strategic and operational activities. Progress continued under the Principles for Responsible Banking, while participation in the Sustainability Standards Certification Initiative reflected the institution's commitment to strengthening sustainability practices and disclosure over time. The Bank also continued initiatives aimed at supporting climate resilience, including environmental risk assessments, farmer support interventions and insurance-related risk mitigation programmes.

Operating Context

The 2026 financial year demonstrated the agricultural sector's resilience and steady progress, underpinned by one of South Africa's strongest summer grain and oilseed harvests on record, robust citrus export performance, and continued improvements in port and logistics efficiency. Greater energy supply reliability and strengthened industry collaboration supported production continuity, market stability and export competitiveness. Although producers continued to face rising input costs, biosecurity challenges and climate-related risks, the sector delivered tangible socio-economic value through improved food security, sustained foreign-exchange earnings and meaningful contributions to rural livelihoods. This performance reinforces Land Bank's commitment to enabling a stable, sustainable and inclusive agricultural value chain.

Financial Performance

The Land Bank Group received an unqualified audit opinion from the Auditor-General of South Africa (AGSA) for the financial year 2026. The Group's insurance subsidiaries also received an unqualified audit opinion. This outcome reflects the continued strengthening of governance, financial management and internal controls across the Group. We remain committed to further enhancing these practices as we strive towards achieving a clean audit outcome in future reporting periods.

The Bank submitted its Integrated Annual Report to the AGSA on 17 August 2026 for a consistency assessment as part of the annual reporting process.

The Bank reported group profit of R354 million for FY2026, a decrease of R115 million compared to FY2025's group profit of R469 million. In the prior year, the Bank earned interest on escrow funds and a dividend from the insurance subsidiary.

- Net interest income declined to R1.4 billion (FY2025: R1.8 billion), with interest expense declining from R1.5 billion in FY2025 to R947 million. This was mainly due to debt capital repayments of R2.6 billion in FY2026 and no interest earned from escrow account relative to the prior year.
- Operating expenses increased to R877 million, largely due to insurance service expenses and re-capacitation of the Bank.

Looking ahead

As we enter the next phase of the turnaround journey, management remains focused on strengthening financial sustainability, improving asset quality, enhancing operational resilience and deepening development impact. While challenges remain, the progress achieved during the year demonstrates that Land Bank is steadily rebuilding its capacity to serve South Africa's agricultural sector while creating long-term value for all stakeholders.

Appreciation

I would like to thank our Board, Shareholder, employees, clients, lenders and partners for their continued support and commitment throughout the year. Their dedication and collaboration remain fundamental to the Bank's success and to our shared objective of building a stronger, more sustainable Land Bank that contributes meaningfully to food security, agricultural development, economic growth and rural livelihoods.

I would also like to express my appreciation to Mr Themba Rikhotso for his exemplary leadership, commitment, and service during his tenure at the Land Bank. His contributions have played an important role in advancing the Bank's mandate and strengthening its position as a key partner in South Africa's agricultural sector.



Jabu Mphambo
Chief Executive Officer (Acting)







LAND BANK

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WHO WE ARE

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3.1 MANDATE, VISION, MISSION, VALUES

The Bank's Purpose

Land Bank, as a specialist Development Finance Institution (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 sustainability outcomes that reflect meaningful social and environmental impact, ensuring that our financial model remains both resilient and transformative.

The Bank's Mandate

As a specialist agricultural DFI, Land Bank leverages financial services and products to address a critical market failure in the economy, enabling the development and transformation of the agricultural sector. To this end, the Bank aims to provide:

- Affordable finance;
- Products that bridge the equity contribution and collateral gaps of clients;
- Facilitation of access to productive agricultural land and high socio-economic impact commodities, contributing meaningfully to inclusive growth; and
- Facilitation of pre- and post-financing support programme, including market access, to minimise the risk of entrepreneurial failure among new market entrants.

The Bank's mandate is ultimately directed toward achieving the following outcomes:

- Inclusion of Historically Disadvantaged Individuals (HDIs);
- Increased contribution to Gross Domestic Product (GDP);
- Job creation and a more economically active population;
- Enhanced national food security; and
- Strengthened environmental stewardship.

Land Bank continues to strive to fulfil its mandate to pursue financial sustainability by expanding its development loan book, making it the dominant portfolio within the overall loan book.

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

- **Meaningful Contribution** – We continuously seek to add value in all our engagements.
- **Empowerment** – We seek to empower ourselves and each other in the way we undertake our work.
- **Organisational Synergy** – We seek to create a sense of oneness and integration.
- **Accountability** – We do what we say and follow through on our promises.
- **Pro-active** – We seek opportunities to improve performance at all levels, taking all conceivable measures to create new opportunities.

The Leadership Charter extends the Land Bank values, focusing on leadership behaviour and serving as a guideline for unpacking both enabling and constraining behaviours.

Value Proposition

Land Bank utilises financial services and products to address a critical market gap by facilitating the development and transformation of the agriculture sector, including agricultural land ownership and use, by promoting growth and the inclusion of HDIs in commercial agriculture.

3.2 CORPORATE STRUCTURE

Land Bank is a specialist DFI established in 1912 to promote inclusive agricultural and rural development in South Africa. It is wholly owned by the South African Government and operates under the Land and Agricultural Development Bank Act, No. 15 of 2002. The Bank is also subject to the Public Finance Management Act, No. 1 of 1999 (PFMA), and is overseen by the National Treasury, which serves as its Executive Authority.

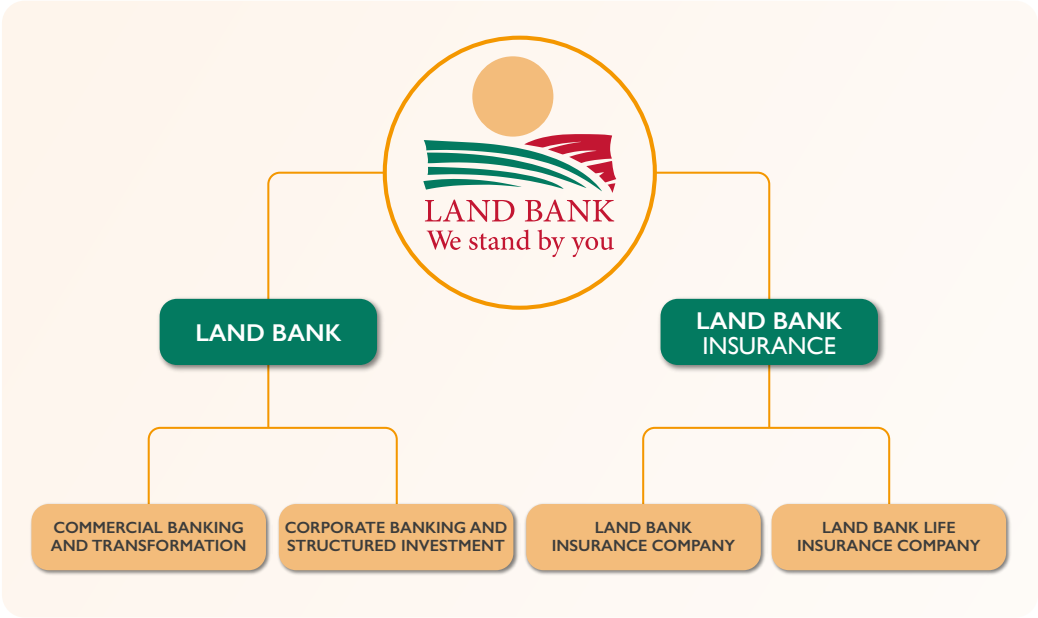
As a non-deposit-taking institution, Land Bank offers tailored financial solutions that facilitate land reform, sector transformation, and sustainable economic growth. The Bank plays a strategic role in enabling access to finance for both commercial and developing farmers, particularly those who have historically been disadvantaged.

The Bank's financial services are complemented by its two insurance subsidiaries – Land Bank Insurance Company (LBIC) and Land Bank Life Insurance Company (LBLIC) – both of which are State-Owned Companies (SOCs). These subsidiaries provide risk management and insurance products tailored to the agricultural sector, thereby supporting the Bank's broader development objectives.

Land Bank's operations encompass the primary agriculture

and agribusiness sectors, guided by the principles of financial sustainability, developmental impact, and good governance.

Land Bank Organisational Overview



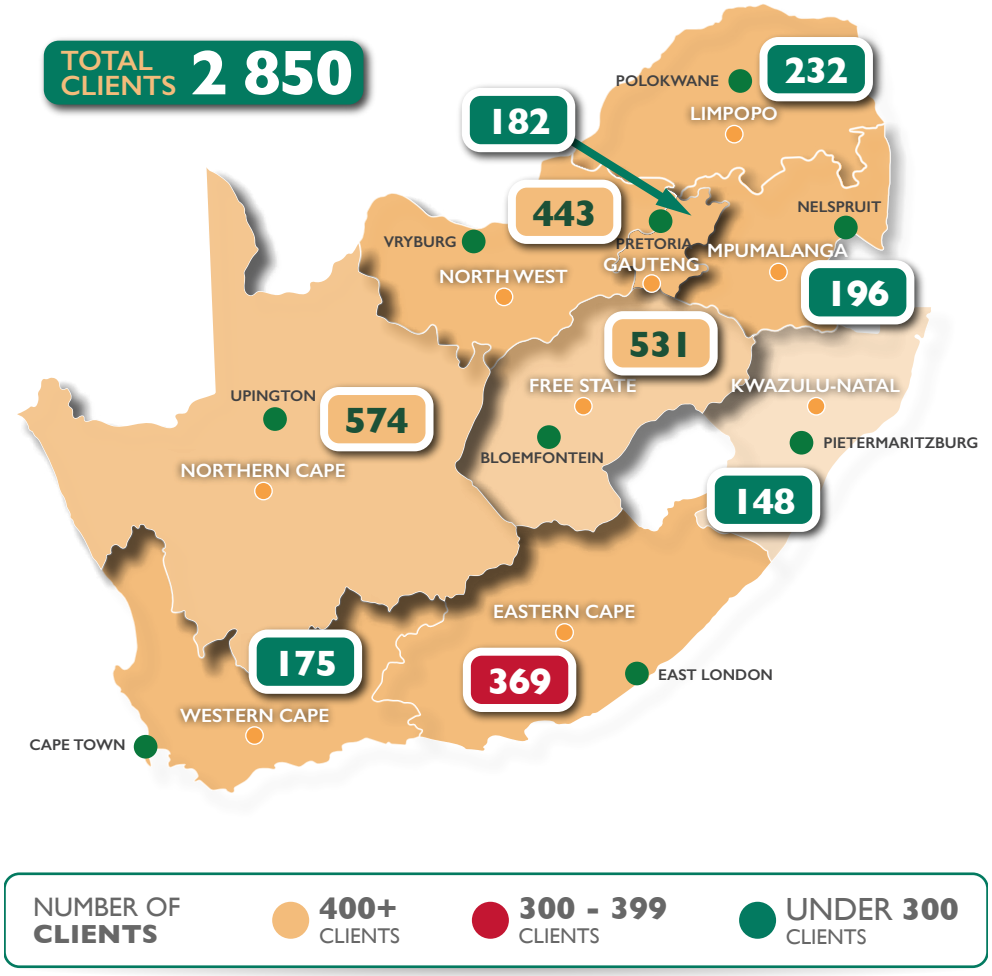
3.3 LAND BANK'S FOOTPRINT

Land Bank operates from a Head Office in Woodmead, Gauteng. While its operating model is centralised, the Bank delivers services across all nine provinces through a network of provincial offices, delivery partners and stakeholders.

This national footprint enables the Bank to provide agricultural financing solutions across South Africa, ensuring access to both well-established and underserved regions. The Bank continues to deepen its presence to support inclusive growth, transformation and resilience in the agricultural sector.

As of 31 March 2026, Land Bank had a total of 2,850 active clients, distributed across provinces as follows:

Land Bank's Footprint



3.4 LEADERSHIP

3.4.1 Land Bank Board

The Board is appointed by the Minister of Finance and is responsible for providing strategic direction, oversight and governance in support of the Bank's mandate and transformation objectives. Its collective experience enables effective oversight of the Bank's turnaround strategy, funding model, risk profile and long-term sustainability objectives.

In September 2025, the Minister of Finance appointed a new Board of Directors in terms of Sections 9(1) and 9(2) of the Land and Agricultural Development Bank Act. The appointments included the reappointment of two non-executive directors, Professor Johann Frederick Kirsten and Ms Egashnee Pillay. In addition, Mr Mcebisi Skwatsha, Ms Phumzile Hazel Maseko, Ms Simthandile Ford, Ms Tumelo Matlala, Mr Mabotha Arthur Moloto, Mr Basil Maseko and Siphumelele Dlungwane were appointed as non-executive directors.

These appointments were intended to strengthen the Bank's governance, enhance strategic leadership and provide the skills, experience and oversight required to support the next phase of Land Bank's turnaround strategy and long-term sustainability.

As of 31 March 2026, Land Bank Board of Directors (the Board) comprised 10 non-executive members and two Executive Directors with expertise spanning development finance, agriculture, economics, law, governance, risk management and financial services. The Board is supported by various committees, each contributing specialised insight and supporting the execution of the Board's fiduciary responsibilities.

Board Members and Profiles



MR MCEBISI SKWATSHA

Mr Mcebisi Skwatsha – Chairperson of the Board
Committee Memberships: Chairperson of the Nominations Committee; Member of the Human Resources and Remuneration Committee; Member of the Joint Land Bank, Land Bank Insurance and Land Bank Life Insurance Social and Ethics Committee.

Mr Skwatsha has extensive experience in public leadership, agriculture, land reform and governance. He previously served as Deputy Minister responsible for agriculture, land reform and rural development and brings valuable policy and stakeholder engagement experience to the Board.



MS KHETHA-OKUHLE RANTAO

Ms Khetha-Okuhle Rantao – Deputy Chairperson of the Board
Committee Memberships: Chairperson of the Joint Land Bank, Land Bank Insurance and Land Bank Life Insurance Social and Ethics Committee; Member of the Credit and Investment Committee; Member of the Nominations Committee.

Ms Rantao is a Chartered Accountant with extensive experience in project finance, investment banking and development finance. She has worked across infrastructure, energy and public-private partnership projects in sub-Saharan Africa.



MS SIPHUMELELE DLUNGWANE

Ms Siphumelele Dlungwane – Board Member
Committee Memberships: Member of the Audit and Finance Committee; Member of the Risk and Governance Committee.

Ms Dlungwane is a Chartered Accountant with experience in auditing, financial management and development finance. She brings strong expertise in governance, financial reporting and risk oversight.



MS SIMTHANDILE FORD

Ms Simthandile Ford – Board Member
Committee Memberships: Member of the Joint Land Bank, Land Bank Insurance and Land Bank Life Insurance Social and Ethics Committee; Member of the Human Resources and Remuneration Committee.

Ms Ford has experience in journalism, communications and stakeholder engagement, and has held several senior communications positions within government.



PROF JOHANN KIRSTEN

Prof Johann Kirsten – Board Member
Committee Memberships: Chairperson of the Credit and Investment Committee; Member of the Human Resources and Remuneration Committee.

Prof Kirsten is an agricultural economist and Director of the Bureau for Economic Research at Stellenbosch University. He brings significant expertise in agricultural economics, rural development and economic research.



MR BASIL MASEKO

Mr Basil Maseko – Board Member (Resigned 20 April 2026)
Committee Memberships: Chairperson of the Risk and Governance Committee; Member of the Credit and Investment Committee.

Mr Maseko is an economist with experience in economic policy, infrastructure finance and public finance. His experience includes economic research and policy-related work in both government and development finance institutions.



MS PHUMZILE MASEKO

Ms Phumzile Maseko – Board Member
Committee Memberships: Member of the Audit and Finance Committee; Member of the Land Bank Social and Ethics Committee.

Ms Maseko is a treasury and finance executive with experience across the public and private sectors. Her expertise includes financial markets, treasury management, corporate governance and ethics.



MS TUMELO MATLALA

Ms Tumelo Matlala – Board Member
Committee Memberships: Member of the Risk and Governance Committee; Member of the Audit and Finance Committee.

Ms Matlala is a data science and analytics specialist with expertise in data governance, information management and analytical decision-making.



MR MABOTHA MOLOTO

Mr Mabotha Moloto – Board Member

Committee Memberships: Chairperson of the Human Resources and Remuneration Committee; Member of the Credit and Investment Committee; Member of the Nominations Committee.

Mr Moloto is an experienced non-executive director with expertise in corporate governance, infrastructure and agricultural finance, pension administration and property development.



MR JABU MPHAMBO

Mr Jabu Mphambo – Executive Board Member

Mr Mphambo is a Chartered Accountant (SA), MBA and a CFA charter holder with extensive executive experience in banking and financial services. His expertise spans corporate and investment banking, strategy, operations and investment management.



MS EGASHNEE PILLAY

Ms Egashnee Pillay – Board Member

Committee Memberships: Chairperson of the Audit and Finance Committee; Member of the Risk and Governance Committee.

Ms Pillay is a Chartered Accountant with extensive experience in auditing, assurance, financial reporting, governance and risk management, particularly within the public sector.



MS KHENSANI MUKHARI

Ms Khensani Mukhari – Executive Board Member

Ms Mukhari is a Chartered Accountant with senior finance leadership experience across the banking, retail and insurance sectors. Her expertise includes financial strategy, risk management, treasury, financial reporting and stakeholder management.

BOARD DEMOGRAPHICS

The Board demonstrates a strong commitment to diversity, with representation across gender and racial groups. Of the 12 directors (10 Non-Executive Directors and 2 Executive Directors), 6 are male and 6 are female, reflecting an equal gender split. In terms of race, 11 directors are Black and 1 director is White, indicating a predominantly Black board. There is also representation from other population groups, with one director identifying as Indian.

The composition of the Board therefore reflects strong transformation and gender diversity, with balanced male and female representation and significant Black representation across both executive and non-executive positions.

3.4.2 Executive Committee

As of 31 March 2026, the Land Bank Executive Committee (EXCO) comprised senior executives responsible for implementing the Bank's strategy and overseeing its operations. The collective expertise of EXCO spans banking, finance, risk management, agriculture, technology, governance, strategy and people management.

Executive Committee Members and Profiles



MR JABU MPHAMBO

Mr Jabu Mphambo – Chief Executive Officer (Acting)

Mr Mphambo is a Chartered Accountant (SA), MBA and a CFA charter holder with extensive executive experience in banking and financial services. He leads the Bank's strategic direction, performance and stakeholder engagement.



MS KHENSANI MUKHARI

Ms Khensani Mukhari – Chief Financial Officer

Ms Mukhari is a Chartered Accountant (SA) with extensive experience in financial management and leadership across multiple sectors. She oversees the Bank's financial strategy, treasury and financial management functions.



MS FAITH BURN

Ms Faith Burn – Chief Technology and Operations Officer

Ms Burn is an experienced technology and operations executive. She leads IT infrastructure, information and cyber security, applications support, enterprise IT architecture and oversees the Operations function which includes client service delivery and facilities and property management, and project management office.



MR SAKHUMZI DIZA

Mr Sakhumzi Diza – Chief Risk Officer

Mr Diza is an agricultural economist and risk management executive. He provides strategic leadership and oversight of the Bank's enterprise risk management framework, credit risk, model risk and strengthening governance and compliance, promoting a risk culture, and ensuring that risk considerations are embedded in decision-making across the organisation.



MS THERESA FOURIE

Ms Theresa Fourie – Chief Audit Executive (Acting)

Ms Fourie is a Chartered Accountant (SA) with extensive audit and assurance experience. She leads the Bank's Internal Audit function to provide independent assurance to the Board and Executive Management on governance, risk management and internal controls.



MR VONANI MABUNDA

Mr Vonani Mabunda – Chief Banking Officer (Acting)

Mr Mabunda has extensive banking and business leadership experience. He leads the Bank's business origination client relationships and revenue diversification functions.



MR SAKHUMZI MAY

Mr Sakhumzi May – Chief Agricultural Economist

Mr May is an agricultural economist with expertise in development finance and agricultural sector analysis. He provides technical and economic insights in support of the Bank's agricultural finance mandate.



MR SYDNEY SOUNDY

Mr Sydney Soundy – Chief Strategy Officer

Mr Soundy has extensive experience in strategy development, stakeholder engagement and organisational planning. He leads the Bank's strategic planning, partnerships, communications and stakeholder engagement functions.



MS KAREN SWART

Ms Karen Swart – Chief People and Culture Officer (Acting)

Ms Swart has extensive experience in human resources and organisational development. She leads the Bank's people and culture function.



MS ROZAAN SWANEPOEL

Ms Rozaan Swanepoel – Company Secretary (Acting)

Ms Swanepoel is an experienced governance professional who provides governance advisory services to the Board and supports compliance with applicable legislative and regulatory requirements.



3.5 ORGANISATIONAL STRUCTURE

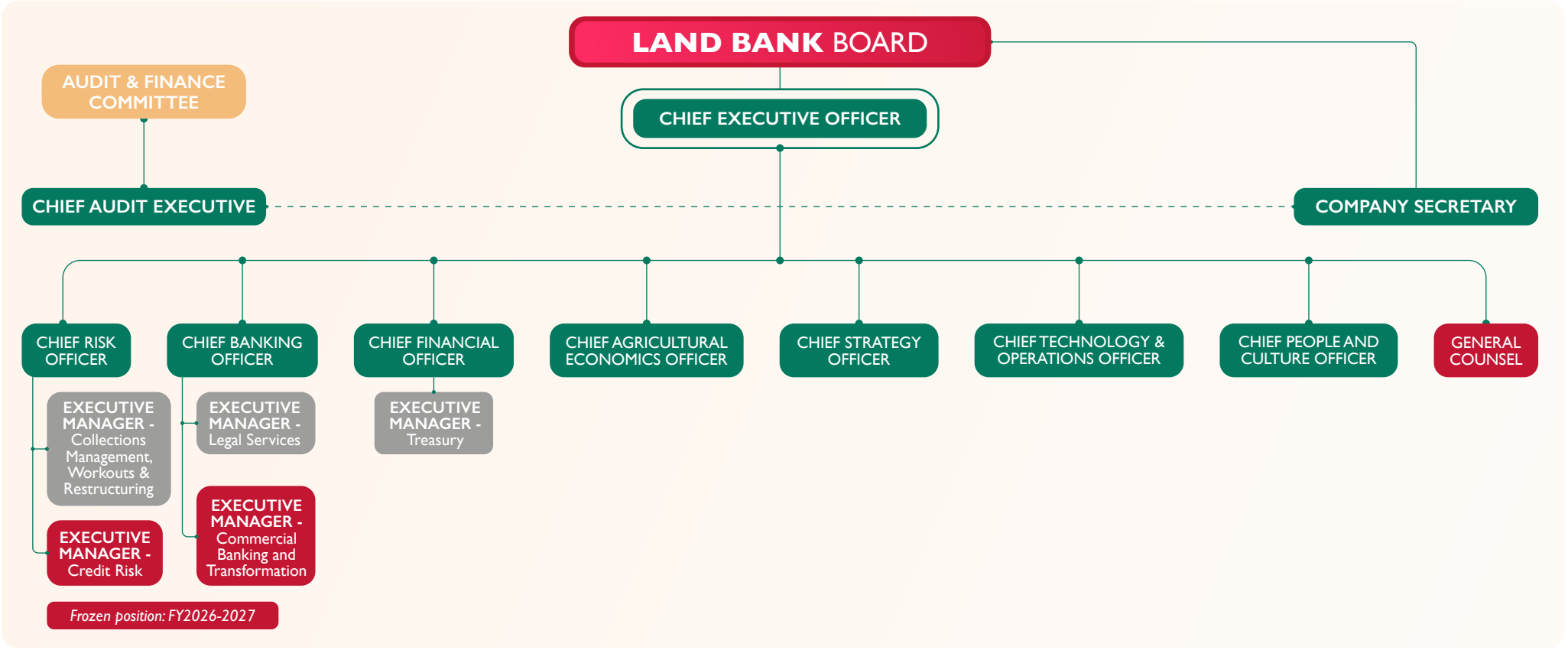
Organisational Structure – As of 31 March 2026

In FY2024, Land Bank advanced its transition to a new organisational structure to enhance efficiency, effectiveness, and alignment with its Turnaround Strategy. The Bank's revised Operating Model and Macro Structure were approved by the Board, and the Chief Executive Officer was authorised to finalise the related micro-structures and oversee their phased implementation. The organisational structure implementation continued during FY2026, during which key positions were filled, and front-line areas were well-capacitated.

The next phase of the Turnaround Strategy will prioritise the People and Culture components of the model, including embedding performance management, succession planning, talent management, and refining the employee value proposition. These elements commenced during FY2026.

The diagram below illustrates the Bank's new organisational structure, effective from 1 April 2024.

Organisational Structure from 1 April 2024



3.6 VALUE CREATION MODEL

Land Bank's value creation model reflects how the institution delivers on its dual mandate of advancing agricultural and rural development while maintaining financial sustainability. The model illustrates the interconnected steps through which the Bank creates value for its stakeholders by providing targeted financial services, driving developmental impact, and contributing to long-term systemic transformation in the agricultural sector.

The diagram below presents the Bank's value creation approach in seven interlinked steps, encompassing financing, access, risk, partnerships, and innovation:

Value Creation Model









LAND BANK

SECTION 4

STRATEGY & OPERATING ENVIRONMENT

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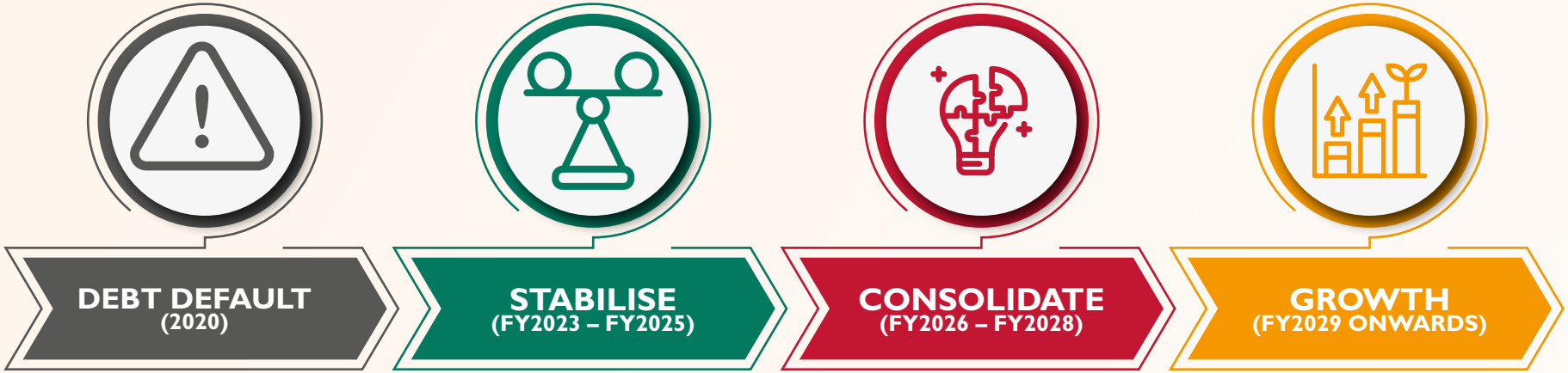
4.1 LAND BANK'S STRATEGIC PRIORITIES

Land Bank is a DFI mandated to support transformation and inclusive growth in the agricultural sector while maintaining long-term financial sustainability. Following the debt default, the Bank adopted a Board-approved fit-for-purpose growth strategy to guide its turnaround and position the institution for sustainable growth.

4.1.1 Land Bank's Phased Strategy

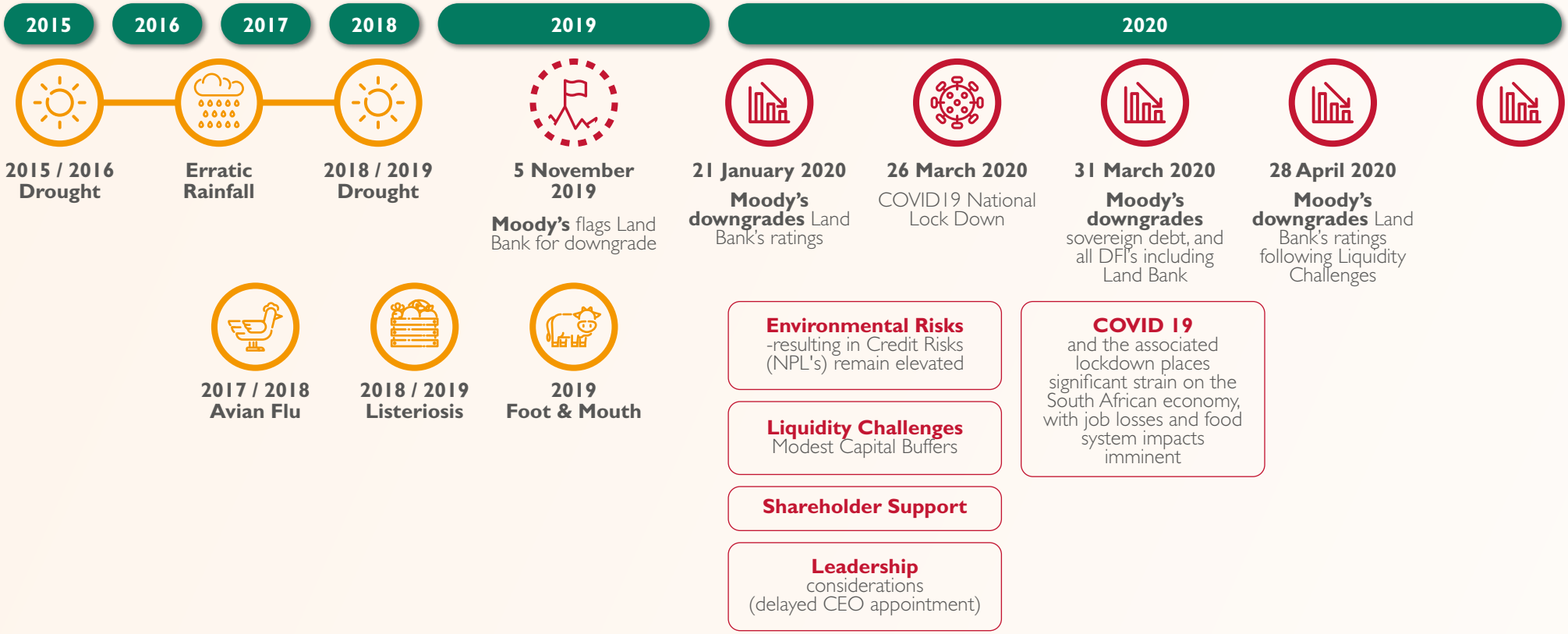
The strategy is being implemented through three phases that guide the Bank's progression from stabilisation to sustainable growth.



Debt Default: A Period of Crisis

The debt default of April 2020 marked a defining moment in the Bank's history. While the default was triggered by an immediate liquidity crisis following the Moody's credit downgrade and withdrawal of funding support, its origins lay in years of mounting pressure on both the agricultural sector and the institution itself.

Debt Default Journey



Successive droughts, disease outbreaks, elevated credit impairments, constrained capital reserves and growing funding pressures gradually weakened the Bank's ability to absorb external shocks. The downgrade in January 2020 accelerated these vulnerabilities, resulting in reduced lender confidence, the withdrawal of short-term funding facilities, and the redemption of significant credit facilities. The onset of the COVID-19 pandemic further intensified these challenges. Unable to meet its debt obligations, the Land Bank entered default.

The default highlighted the need for fundamental reform across the Bank's funding model, operating model, governance structures and institutional capabilities. Restoring the Bank would require more than addressing liquidity constraints; it would require rebuilding confidence, credibility and long-term sustainability.

Stabilisation Phase: Restoring Stability and Confidence

The first phase of the turnaround strategy focused on stabilisation and rebuilding the foundations of the institution. The most significant achievement of this phase was the successful cure of the debt default in September 2024, formally bringing an end to a period of uncertainty and restoring Land Bank's standing with its creditors. Central to this achievement was the implementation of Liability Solution 5 (LS5), which restructured the Bank's debt obligations, reduced overall liabilities, and established a more sustainable funding platform.

The success of LS5 demonstrated the Bank's ability to navigate a highly complex restructuring process while honouring its commitments to stakeholders. There were no payment defaults on LS5 instalments. The Bank has rebuilt confidence among funders, shareholders and development partners, creating the foundation upon which future growth can be built.

Additionally, during the stabilisation phase, the Bank strengthened governance and oversight structures, stabilised its balance sheet, and launched significant organisational reforms. The Re-engineering Project established the foundation for a more efficient and responsive operating model, while initiatives such as the Farmers Academy signalled renewed momentum in delivering developmental impact. By the end of the stabilisation phase, Land Bank successfully moved from crisis management to institutional recovery.

Consolidation Phase: Building a Stronger Institution

With the debt default cured and institutional stability restored, the Bank has entered the consolidation phase of the strategy. The focus now shifts from recovery to capability building, ensuring that the gains achieved during stabilisation become embedded and sustainable. Key priorities include strengthening the operating model, enhancing organisational capability, expanding strategic partnerships and accreditations, diversifying revenue streams and broadening the Bank's development impact.

Growth Phase: A Sustainable Development Finance Institution

The growth phase represents the culmination of the turnaround journey. By FY2029 and beyond, Land Bank aims to operate as a financially sustainable, operationally efficient and developmentally impactful institution. Success will be characterised by a diversified funding base, strong institutional capabilities, modern digital platforms, strategic partnerships and access to broader pools of development capital. Ultimately, success will not be defined by growth alone. It will be reflected in Land Bank's ability to balance commercial viability with developmental impact while remaining financially strong and fulfilling its mandate.



4.1.2 Strategic Priorities

Having substantially completed the stabilisation phase of its turnaround strategy, the Bank's FY2026 strategic priorities are aligned to the consolidation phase and focus on strengthening financial sustainability, operational effectiveness and development impact.

Development Impact	
Development Effectiveness Mandate	The Bank remains committed to supporting transformation and development in the agricultural sector through targeted financing for historically disadvantaged persons, including black women, youth, and persons with disabilities. During the year, Blended Finance Scheme disbursements reached R1.001 billion against a target of R700 million, while Non-Blended Finance disbursements reached R685.5 million against a target of R500 million.
Key Strategic Partnerships	Strategic partnerships remain important in expanding market access, capacity building and financing opportunities for development farmers. Pre- and post-finance support programmes have been integrated into the Bank's offering to improve client sustainability and support the growth of commercially viable farming enterprises.
Financial Sustainability	
Liability Solution	The Bank successfully implemented the debt restructuring agreement with lenders on 16 September 2024. Focus remains on maintaining compliance with all Liability Solution covenants and information undertakings.
Loan Book Quality	The gross loan book declined from R15.4 billion in March 2025 to R13.7 billion in March 2026 due to equity conversions, settlements and non-performing loan (NPL) write-offs. While the loan book is expected to decline marginally, planned disbursements of close to R2 billion in FY2027 are expected to partially offset this trend. Focus remains on preserving and expanding the performing book, particularly in short- and medium-term lending. The NPL portfolio is expected to reduce from R7.0 billion in FY2026 to R5.5 billion in FY2027.
Funding Model	The Bank continues to implement its Funding Strategy to address structural funding challenges following the default event. Engagements are underway to secure alternative funding sources with longer tenors and concessional terms, while accreditation opportunities are being explored to broaden access to funding. A key focus is building a sustainable development finance funding model comprising a long-term liability solution, refinancing initiatives, concessional funding, guarantee mechanisms, participation in the developmental funding ecosystem, and access to ESG-linked funding opportunities. The Bank will continue to work with National Treasury to identify suitable funding solutions.
Pricing Strategy	The pricing strategy balances financial sustainability with market competitiveness and supports the Bank's developmental mandate. Pricing is based on the Weighted Cost of Funds, while the zero-cost state equity allocation enhances the Bank's ability to offer competitive funding solutions.
NPL Remediation	The NPL portfolio improved from R12.4 billion in March 2022 to R7.0 billion in March 2026. The Bank will continue to implement recovery, restructuring and write-off strategies, supported by preventative interventions aimed at preserving performing exposures. Oversight remains with the Board's Remedial Credit and Investment Committee.
Revenue Diversification and Growth	The Bank is pursuing additional revenue streams to strengthen financial resilience and support long-term growth. Opportunities under consideration include trade finance, land management services and other non-interest income activities.
Cost Management	The Bank maintained a cost-to-income ratio of 60.3%, reflecting continued cost containment despite lower net interest income. The prior-year ratio of 44% benefited from R717 million in interest earned on escrow funds.
Operational Effectiveness	
Organisational Effectiveness	The operating model and organisational structure implemented in FY2025 contributed to improved loan and grant disbursements, faster turnaround times and an improved reputation score during FY2026. The Bank also completed the first phase of its digitisation programme, with additional phases planned for FY2027.
Performance, Culture and EVP	The Bank implemented a new Performance Management Framework to strengthen accountability, reinforce ethical behaviour and support a clear employee value proposition aimed at attracting, motivating and retaining talent.
Stakeholder Management & Client Centricity	
Client Coverage Model	The Bank is refining its Client Coverage Model and developing a Client Value Proposition aligned to its mandate. The objective is to improve service delivery and strengthen alignment between client needs and the Bank's offerings.
Land and Land Reform	The Bank continues to engage with the Department of Agriculture and the Department of Land Reform and Rural Development regarding its potential role in supporting the national land reform programme. Work with strategic partners also continues to strengthen development client pipelines and support services.
Governance & Risk	
Strengthen Governance and Compliance	The Bank remains committed to achieving a clean audit outcome and maintaining compliance with applicable legislation. Enterprise risk management frameworks continue to be embedded across the organisation and are supported by the implementation of the Ethics Management Plan. Together, these priorities support Land Bank's efforts to restore financial sustainability, strengthen institutional capability and advance its developmental mandate.

4.1.3 South Africa's Policy Environment

South Africa's economic growth remained modest in 2025, improving from the low base recorded in 2024 but remaining below the level required to materially shift employment, investment and household income outcomes. Structural reforms under Operation Vulindlela continued to focus on improving the efficiency of electricity, water, freight rail, ports and logistics systems. If implemented effectively and at scale, these reforms should reduce transaction costs, improve competitiveness and support stronger private-sector participation across the economy, including agriculture and agro-processing.

After contracting in 2023 and 2024, the agricultural sector rebounded strongly in 2025, supported by improved field-crop and horticultural output, which helped offset ongoing biosecurity pressures in the livestock sector. This recovery underscores agriculture's ability to rebound from climatic and market shocks, while also highlighting the importance of climate resilience, biosecurity systems, value-chain integration and infrastructure investment to sustain growth and maximise the sector's contribution to economic transformation.

From a trade perspective, uncertainty around South Africa's continued access to the African Growth and Opportunity Act (AGOA), together with changing United States tariff measures, remained a key risk for export-oriented agricultural industries. Although the extension of AGOA to 31 December 2026 provides temporary relief, higher tariff exposure continues to affect competitiveness for certain products and reinforces the need to diversify export markets. Agricultural exports nevertheless remained resilient, supported by stronger demand from the African continent, the Middle East and selected Asian markets. China's zero-tariff offer to African countries could provide additional opportunities over the short to medium term; however, geopolitical tensions, particularly in the Middle East, remain a downside risk to trade flows and input costs in 2026.

4.2 OPERATING ENVIRONMENT

4.2.1 Our Operations in a Global and National Context

In 2025 and into 2026, the global economy was shaped by heightened uncertainty, including shifts in United States trade policy, renewed protectionist measures and geopolitical tensions that affected energy markets and supply chains. The International Monetary Fund (IMF) expects global growth to remain below the pre-pandemic average, reflecting subdued trade, persistent inflation risks and tighter financial conditions in several markets. These developments have direct implications for South African agriculture, particularly export-oriented value chains exposed to global demand, shipping costs, exchange-rate volatility and input-price pressures.

These global trends increase forward-looking credit risk, particularly for agricultural clients reliant on export markets and imported production inputs. In this context, Land Bank remains focused on strengthening financial resilience, supporting producers through periods of stress, and maintaining responsiveness to international shocks, including pandemics, animal disease outbreaks, trade disruptions and climate-related events.

4.2.2 Managing Economic Risk

South Africa's agricultural landscape is exposed to multidimensional economic, climatic, biosecurity and market risks. Land Bank's risk-management approach is structured, preventative and embedded in early-warning, client-monitoring and mitigation processes. The key risk categories and related mitigation strategies are summarised below:

Economic Risk and Management Strategies

Risk type	Brief Description	Mitigation Strategies
Global Macroeconomic environment	Global growth remains vulnerable to geopolitical tensions, protectionist trade policies and energy-market disruptions. These factors may raise fuel, fertiliser and logistics costs, increase inflationary pressures and affect global interest-rate expectations.	Management applies stress testing and scenario analysis to assess potential market shocks during due diligence and portfolio monitoring. Forbearance programme deployed where required for distressed clients. Management overlay has been considered as part of the ECL calculation.
Domestic Economic Environment	Domestic growth remains constrained by infrastructure bottlenecks, weak household demand, elevated administered costs and external shocks, including higher fuel prices arising from geopolitical instability.	Management applies stress testing and affordability assessments to account for domestic market uncertainty when evaluating transactions and monitoring client exposures. Forbearance programme deployed where required for distressed clients. Management overlay has been considered as part of the ECL calculation.

Source: Land Bank Agricultural Economics & Advisory (AEA)

4.2.3 Overview of the Agricultural Sector

South Africa's agricultural sector sustained positive momentum in 2026, supported by strong summer-crop performance, exceptional citrus export volumes and gradual improvements in port logistics. The 2025/26 summer grain and oilseed harvest is expected to exceed 20 million tonnes, placing it among the strongest harvests on record and supporting domestic food security, price stability and export availability. Improvements in port equipment, reefer capacity and operational coordination have contributed to a better export environment, while improved electricity supply reliability supported production continuity across several subsectors.

However, the sector continues to contend with rising input costs, particularly fuel, fertiliser and electricity, as well as biosecurity risks such as Foot-and-Mouth Disease (FMD), Highly Pathogenic Avian Influenza (HPAI) and African Swine Fever (ASF). These risks affect producer margins, livestock movement, market access and the resilience of affected value chains.

Looking ahead, potential El Niño conditions, geopolitical uncertainty and persistent trade-policy shifts may create headwinds in 2026/27. Nonetheless, high dam levels in several regions, expanded export opportunities beyond traditional markets and strengthened biosecurity responses provide a basis for cautious optimism and continued sector stability.

Agricultural Risk and Management Strategies

Risk Theme	Brief Description	Mitigation Strategies
Logistics & Export Constraints	New port equipment in Cape Town and Durban, including rubber-tyred gantries and ship-to-shore cranes, together with additional reefer plug points in Durban, supports a gradual recovery in export logistics. However, wind delays, operational teething issues and capacity constraints during peak export periods continue to affect fruit exporters.	Maintain close coordination with Transnet and industry bodies, support investment in export infrastructure, and finance client-level energy and technology solutions where commercially viable.
Climate & Weather Risks	Drought and veld fires, floods and uneven rainfall patterns can disrupt production, reduce yields, damage infrastructure and affect water availability in vulnerable regions.	Climate-resilient production practices in severely affected regions. Activating crop insurance and securing additional working capital where needed. Maintaining firebreaks and suppression readiness.
Animal Disease Outbreaks (FMD, HPAI, ASF)	Livestock and poultry disease outbreaks restrict animal movement, disrupt exports and place pressure on meat, dairy, pork and poultry value chains. FMD remains a significant risk, with outbreaks concentrated in key livestock-producing provinces.	Support government-led vaccination, quarantine and inspection programmes, while encouraging clients to strengthen farm-level biosecurity protocols and movement-control compliance. Dairy Industry prioritised within the FMD vaccination strategy. Poultry vaccination is planned, and growers are encouraged to follow stricter biosecurity protocols.
Market & Trade Pressures	Large grain supplies may place downward pressure on prices, while trade disruptions, tariff uncertainty and geopolitical tensions could affect export demand, logistics costs and producer confidence.	Promote price risk management tools, market diversification and closer monitoring of export markets.
Input Cost & Financial Strain	Fuel, fertiliser, electricity and logistics cost increases continue to erode margins, particularly during peak harvesting and planting periods. Higher borrowing costs may further constrain producers with tight cash-flow positions.	Provide appropriately structured working-capital finance, support investment in efficiency-enhancing and climate-smart technologies and strengthen affordability assessments.





LAND BANK

SECTION 5

PERFORMANCE AND IMPACT

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5.1 SUMMARY OF RESULTS

5.1.1 Highlights – FY2026

Financial support provided to clients: The Bank recorded strong performance in Blended Finance Scheme (BFS) and Non-Blended Finance (Non-BFS) disbursements as of the end of March 2026, with BFS reaching R1.001 billion against a target of R700 million and Non-BFS achieving R685.5 million against a target of R500 million.

Development support integration: 43% of approved clients received pre- and post-financial support services, exceeding the annual target of 40%. This highlights the Bank's focus on supporting clients beyond just funding to improve their long-term sustainability.

Targeted financial support (at ownership level): Land Bank supported 57 clients from designated groups, including Black women, Black youth and Black persons with disabilities, exceeding the annual target of 50. This achievement underscores the Bank's role in driving transformation within the agricultural sector.

Empowering farmers through Digital Skills Development: The Land Bank Farmers Academy officially launched its live platform on 16 March 2026, marking an important milestone in expanding farmer capacity-building initiatives. As part of the pilot rollout, 16 farmers successfully completed the five-module Payment and Cash Management course, exceeding the target of 15 participants. This achievement demonstrates strong early adoption of the platform and reflects the Bank's commitment to equipping farmers with practical financial management skills to strengthen their farming enterprises.

Advancing Sustainable Finance Leadership: The Bank achieved 90% of project milestones under the UNEP-FI Principles for Responsible Banking, exceeding both the 80% target and meeting the 90% stretch target. This performance, together with the Bank's recognition through a Certificate of Merit at the 2025 Karlsruhe Sustainable Finance Awards and acceptance into the European Organisation for Sustainable Development's Sustainability Standards and Certification Initiative (SSCI), reinforces its alignment with global sustainable finance best practice and its growing impact in advancing inclusive agricultural growth in South Africa.

Process Reengineering and Systems Integration: The Re-engineering project successfully achieved its key FY2026 objectives, marking significant progress in modernising the Bank's operational and client service capabilities. Major milestones include critical system integrations with the Companies and Intellectual Properties Commission (CIPC), screening for Politically Exposed Persons (PEP), and Home Affairs ID verification processes, strengthening automation, compliance and client onboarding capabilities.

These advancements position the Bank to enhance operational efficiency, improve turnaround times and create a more consistent and seamless client experience, laying a strong digital foundation to support future innovation.

5.1.2 Challenges – FY2026

Agro-Energy Disbursements: The Bank disbursed R44 million under AEF facilities, tracking significantly below the cumulative year-end target of R355 million. This substantial variance indicates material challenges in the fund uptake and execution. Management will promote the offerings through farmer union engagements and targeted cross-selling to existing clients to mitigate rising energy costs.

Rising Funding and Operating Costs: Operating costs increased from R819 million in 2025 to R844 million in 2026 (3% YoY growth) due to the implementation of the revised organisational structure, while revenue declined significantly from R1.8 billion to R1.36 billion (24.6% YoY decline). This sharp divergence reduced profitability from R487 million to R283 million, highlighting increasing pressure on cost sustainability and earnings.

Credit Risk: As at March 2026, the Bank's NPL ratio remained elevated at 51.2%, above the target of 46.3%, with Stage 3 exposures totalling R7 billion of the R13.7 billion loan book. Management continues to deploy exceptional efforts to reduce NPLs, with additional strategies to reduce roll-ins to Stage 3.

Access to Concessionary Funding: The Bank continues to face constraints in accessing stable, lower-cost concessionary funding, resulting in a higher cost of funds and ongoing pressure on lending margins. Management is actively focused on diversifying funding sources and strengthening strategic partnerships to support the Bank's developmental mandate.

5.2 ACHIEVEMENT AGAINST KEY PERFORMANCE INDICATORS

Land Bank's performance for the 2026 financial year was assessed against a set of predetermined objectives, aligned to its approved Strategic Plan and Annual Performance Plan. These indicators reflect the Bank's dual focus on delivering developmental impact and maintaining financial sustainability.

The performance results presented in the scorecard below provide a comprehensive view of the Bank's achievements, highlighting progress made in key focus areas, including loan disbursements, developmental support, financial viability, and institutional strengthening. The results demonstrate continued momentum in the implementation of the Turnaround Strategy and the Bank's ability to respond to both internal priorities and stakeholder expectations.

FY2026 Land Bank Performance Scorecard

KEY PERFORMANCE INDICATORS	FY2025 ACTUAL	FY2026 TARGET	FY2026 ACTUAL	MANAGEMENT COMMENTS
KPA: Development Effectiveness [30%]				
Blended finance debt disbursements (majority black-owned entities, as per BFS eligibility criteria)	R585.5m	R700m	R1.001bn	**Target Achieved.** Management exceeded the annual target for Blended Finance disbursements to black clients and majority black-owned entities, achieving disbursements of R1.001 billion against a target of R700 million. This represents an overachievement of 43% against target and a 71% increase compared to the R585 million disbursed in FY2025.
Agro-Energy Fund (Loans)	R31.5m	R355m	R44m	**Target Not Achieved.** Agro-Energy loan disbursements amounted to R44 million against an annual target of R355 million, reflecting slower-than-anticipated uptake of the facility. Management has reviewed the product offering and identified opportunities to strengthen its value proposition, improve market positioning, and address certain eligibility and structural requirements that may have constrained demand.
Designated groups at participation ownership level: • Black female • Black youth • Black disabled	62	50	57	**Target Achieved.** At year-end, the Bank had provided financial support to 29 black female beneficiaries and 28 black youth beneficiaries, contributing to the advancement of transformation and financial inclusion within the agricultural sector. While no financial support was provided to black persons with disabilities during the reporting period, management will continue to strengthen outreach and pipeline development initiatives to improve participation by underrepresented beneficiary groups.
Percentage of approved clients provided with pre- and post-finance support	65%	40%	43%	**Target Achieved.** The Bank provided pre- and post-finance support to 104 of the 242 approved development clients during FY2026, resulting in 43% of approved clients receiving support against an annual target of 40%.
Debt disbursements to Non-Blended Finance clients	R226.1m	R500m	R685.5m	**Target Achieved.** Management intensified efforts to accelerate Non-Blended Finance loan disbursements, achieving R685.5 million against an annual target of R500 million, exceeding the target by 37%. This performance reflects the Bank's continued progress in re-establishing its presence within the corporate and commercial agricultural banking market, while diversifying lending activities beyond the Blended Finance Programme.

KEY PERFORMANCE INDICATORS	FY2025 ACTUAL	FY2026 TARGET	FY2026 ACTUAL	MANAGEMENT COMMENTS
All high-risk (Category A and B) Environmental and Social Risk Assessments (ESRAs) rated disbursed transactions contain ESRAs conditions	100%	100% of all transactions	100%	**Target Achieved.** No High-Risk (Category A) ESRA reports were generated during the financial year. In addition, 100% of Category B and Category C clients for whom disbursements were made had appropriate ESRA-related conditions incorporated into their financing agreements, in accordance with the National Environmental Management Act, 1998 (Act No. 107 of 1998) and applicable Specific Environmental Management Acts.
Percentage achievement of the Project Plan to evidence progress towards committed Social and Natural Capital initiatives (including the annual publication of PRB Report submitted to UNEP FI)	93%	80%	90%	**Target Achieved.** The Bank continued to make significant progress in the third year of implementing its commitments under the United Nations Environment Programme Finance Initiative (UNEP FI) Principles for Responsible Banking (PRB), achieving 90% of planned project milestones against an annual target of 80%. Key achievements during the year included enhanced stakeholder engagement, the strengthening of environmental performance metrics, increased alignment of financing activities with green finance principles, and the completion of financed emissions research.
Disaster Relief: value of repayment forbearance	N/A (A different measure was used)	R1.8bn	R2.26bn	**Target Achieved.** During FY2026, the Bank extended cumulative forbearance measures amounting to R2.26 billion to clients adversely affected by natural disasters and agricultural risks, including floods, drought and animal disease outbreaks. Support was provided through appropriately structured payment deferrals and other relief measures, informed by thorough risk assessments and client affordability considerations.
KPA: Financial Sustainability [30%]				
Monitor adherence to Financial Covenants and Undertakings of Liability Solution (tracking tool)	N/A (Debt default was cured in FY2025)	100%	100%	**Target Achieved.** All capital and interest payment obligations due to lenders were met within the agreed timelines, and all covenant ratios remained within the prescribed thresholds throughout the reporting period. In relation to the Information Undertakings, the Credit Information Pack for the quarter ended 31 December 2025 were not distributed within the prescribed timeframe due to operational disruption arising from the January 2026 cyber incident. Prior to the reporting due date, however, the Bank proactively engaged all lenders, formally advising them of the circumstances and requesting their forbearance in respect of the anticipated delay.
Non-performing Loans (NPL) ratio	54.7%	46.3%	51.2%	**Target Not Achieved.** The Non-Performing Loan (NPL) ratio exceeded the FY2026 target of 46.3%, closing the year at 51.2%. Management continues to implement targeted recovery, remediation and portfolio management interventions aimed at improving loan performance, strengthening asset quality and reducing the NPL ratio over time.
Cost to Income Ratio	44%	73%	60.3%	**Target Achieved.** At the end of the financial year, the Cost-to-Income (CTI) ratio was 60.3%, significantly outperforming the target threshold of 73%. This performance reflects the Bank's continued focus on cost discipline, operational efficiency and prudent financial management, while maintaining investment in strategic and operational priorities. Management continues to drive cost optimisation initiatives, improve operational effectiveness and exercise disciplined expense management to ensure the CTI ratio remains within target levels and supports the Bank's long-term financial sustainability.

KEY PERFORMANCE INDICATORS	FY2025 ACTUAL	FY2026 TARGET	FY2026 ACTUAL	MANAGEMENT COMMENTS
Net Interest Margin (NIM): excluding interest in suspense	6.7%	7.4%	5.5%	**Target Not Achieved.** The Net Interest Margin (NIM) closed at 5.5% for FY2026, below the target of 7.4%. The underperformance was primarily attributable to continued margin compression arising from the Bank's funding and portfolio mix, together with relatively lower interest earned on cash resources during the year. Improving NIM remains a key management priority for FY2027.
Generate Non-interest income	R47.3m	R98m	R45.8m	**Target Not Achieved.** New Non-Interest Income generated during FY2026 amounted to R45.8 million against an annual target of R98 million. The underperformance was primarily attributable to delays in the implementation and commercialisation of key revenue diversification initiatives, resulting in lower-than-anticipated income generation during the year. Management remains focused on accelerating the execution of identified non-interest income opportunities, strengthening product and service offerings, and expanding alternative revenue streams to support earnings diversification and long-term financial sustainability.
KPA: Stakeholder Management and Client Centricity [10%]				
Turn-around times: Initial Assessment to Credit Decision (working days)	49 days	90 days	63 days	**Target Achieved.** As at the end of FY2026, the Bank achieved an average turnaround time of 63 working days, significantly better than the 90-day threshold. In addition, 80% of transactions were completed within the 90-day benchmark, while 64% were finalised in less than 60 working days. This performance reflects continued improvements in operational efficiency and service delivery.
Net Reputation Score, conducted by a media monitoring company	14%	7%	17%	**Target Achieved.** The annualised year-to-date Net Reputation Score (NRS) increased to 17%, significantly exceeding the annual target of 7%. The positive performance was driven by favourable stakeholder sentiment regarding the Bank's continued turnaround progress, the developmental impact of the Blended Finance Programme, and its growing support for emerging, youth and historically disadvantaged farmers. The result reflects increased stakeholder confidence in the Bank's strategic direction, developmental mandate and contribution to advancing inclusive growth and transformation within the agricultural sector.
Client attrition rate	9.8%	10%	3.21%	**Target Achieved.** The client attrition rate at the end of FY2026 was 3.21%, significantly outperforming the annual target of 10%. This result demonstrates the effectiveness of the Bank's client relationship management efforts and its ability to maintain and strengthen relationships across its client base.
KPA: Organisational Effectiveness [10%]				
Approved Critical positions filled (as at November 2024: 224 positions identified as critical).	N/A	90%	92%	**Target Achieved.** As at the end of FY2026, 205 of the Bank's 224 approved permanent positions had been filled, resulting in a fill rate of 92%, exceeding the annual target of 90%. This achievement reflects continued progress in strengthening critical organisational capacity and ensuring that key functions are appropriately resourced.
Launch of the Farmers Academy	N/A	15 Farmers completed a module on the on-line Farmers Academy	16	**Target Achieved.** A total of 16 farmers successfully completed the five-module Payment and Cash Management course in the first live online learning environment on 24 March 2026, exceeding the annual target of 15 participants. This achievement marks an important milestone in strengthening farmer financial management capabilities and advancing the Bank's capacity-building and development objectives.

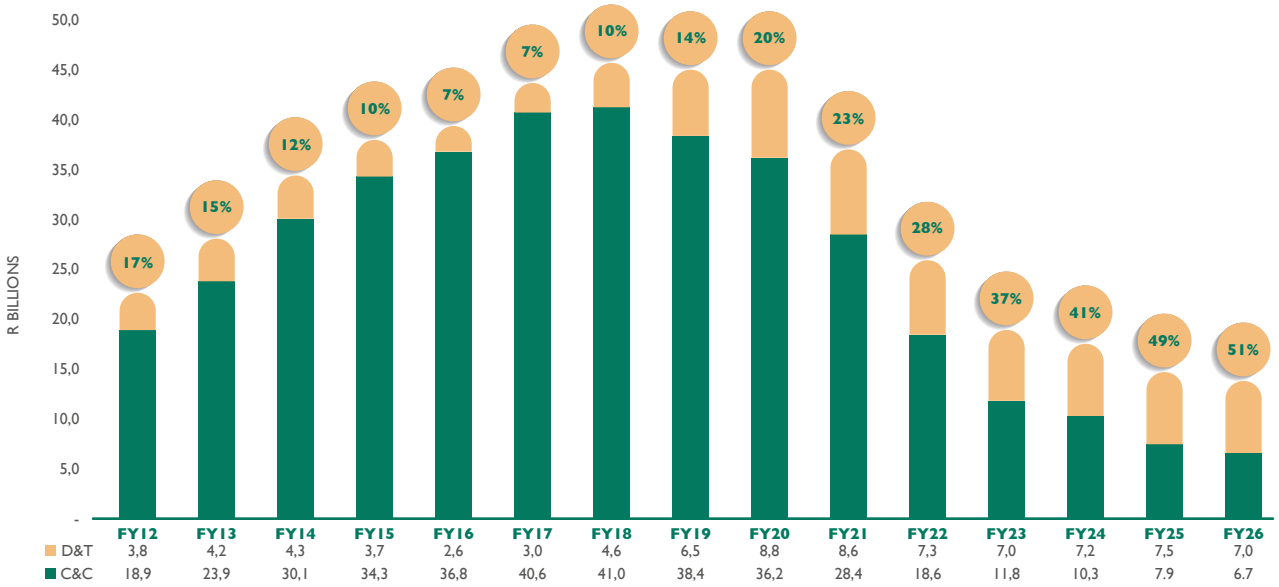
KEY PERFORMANCE INDICATORS	FY2025 ACTUAL	FY2026 TARGET	FY2026 ACTUAL	MANAGEMENT COMMENTS
Performance Management Framework	In line with Project Plan	Line Managers upskilled on approved performance management framework	Achieved	**Target Achieved.** All line managers received training on the approved Performance Management Framework, supported by an organisation-wide engagement session conducted on 9 May 2025. In addition, the SAP Performance Management System was successfully configured to incorporate key elements of the framework, including Moderation and 360-Degree Assessments.
Re-engineering of critical business processes: • Loan Origination & Disbursement • Collateral Management Facility Reviews • Workout & Restructure Processes	In line with Project Plan	In line with the project plan	Achieved	**Target Achieved.** The re-engineering project achieved its key deliverables during FY2026. Despite broader organisational challenges, the project teams successfully implemented critical system configurations and integrations, including CIPC verification, PEP screening, and Department of Home Affairs identity verification. These enhancements strengthen the Bank's digital capabilities and provide a solid foundation for improved operational efficiency and future innovation.
KPA: Governance [20%]				
Audit outcome as per the AGSA Audit Report	Unqualified Audit Outcome	Clean Audit Outcome	Unqualified Audit Outcome	**Target Not Achieved.** The Bank did not achieve the targeted Clean Audit, receiving an Unqualified Audit Opinion with findings. Improvement actions have been implemented to address the Auditor-General's findings and further strengthen governance, compliance and performance reporting processes to support the achievement of a Clean Audit in future. For purposes of executive performance management, the Bank's performance was assessed in accordance with the approved Performance Standard Operating Procedures, which distinguish between an Unqualified Audit Opinion (rated as "Achieved") and a Clean Audit (rated as "Over-Achieved"). Accordingly, while the Bank did not attain a Clean Audit, the approved performance methodology recognises the Unqualified Audit Opinion as meeting the contracted performance level for this KPI.
Classify 0.1% (R value) of expenses as irregular, unauthorised and fruitless and wasteful expenditure	0.04%	<0.1%	0.02%	**Target Achieved.** As at the end of the FY2026 financial year, the Bank remains well within the threshold of <0.1%
Enterprise Risk Management controls effectively implemented: • Enterprise risk maturity level	4	ERM Score: 4	Achieved	**Target Achieved.** At the end of the financial year, Land Bank's Risk Management Capability Maturity was assessed at Level 4 on the 5-level maturity scale. This outcome reflects that risk management practices are well-established, consistently applied, and integrated into business processes across the organisation.
Corrective measures implemented to address unethical behaviour	N/A	Disciplinary process initiated on all validated allegations of unethical behaviour	Achieved	**Target Achieved.** During FY2026, disciplinary processes were initiated for all validated allegations of unethical conduct, reflecting full compliance with the Bank's governance and ethics management requirements. This demonstrates the Bank's continued commitment to accountability, ethical leadership and organisational integrity.
Compliance with the PFMA.	N/A	100% PFMA compliance	Not Achieved	**Target Not Achieved.** The FY2026 third-quarter report to National Treasury was not submitted within the approved extension period, resulting in non-compliance with the applicable PFMA reporting requirements. The delay was attributable to operational disruptions arising from the January 2026 cyber incident.

5.3 DEVELOPMENT EFFECTIVENESS

Transformation remains central to Land Bank's mandate. The Bank supports inclusive participation in the agricultural sector by providing financial support to Historically Disadvantaged Persons (HDPs), including black women, youth and persons with disabilities, while continuing to serve established commercial and corporate clients.

The Bank manages its loan book through two segments: Corporate and Commercial (C&C) and Development and Transformation (D&T). Over the past 10 years, the proportion of D&T clients within the total loan portfolio increased from 7% in FY2016 to 51% in FY2026. This reflects the Bank's continued focus on inclusive participation and transformation within agriculture. The growth of the D&T book has been supported in part by the Blended Finance facility, which has helped to de-risk lending and improve affordability for clients who may otherwise not meet conventional credit requirements.

Land Bank Historical Loan Book Composition by Client Segments



The continuous increase in the D&T book as a percentage of the total loan book has coincided with a contraction in the C&C portfolio, which declined by approximately R1.2 billion from the previous reporting year (FY2025), while the D&T portfolio has decreased by a smaller amount of R450 million over the same period. This divergence highlights the need for targeted portfolio rebalancing interventions to stabilise and rebuild the C&C segment while maintaining momentum in developmental lending.

Supporting and enabling Small and Medium Enterprise (SME) clients

Despite numerous government policies aimed at transforming the agricultural sector, it remains one of the least transformed sectors in South Africa. Key challenges include historical structural issues and prejudices within the commercial financial sector that act as barriers for farmers. Emerging farmers, particularly in rural areas, often struggle to access financing due to insufficient capital, a lack of collateral, and limited awareness of available financial instruments.

In response to the challenges faced by emerging farmers, Land Bank provides a comprehensive range of financing solutions tailored to small and medium enterprises. These include products such as Equipment Finance, Production Loans, Establishment Loans, Special Mortgage, and medium-term loans for both general-purpose and livestock purposes. These financial products are designed to strengthen cash flow and business resilience, and to unlock opportunities for medium- and long-term growth in the agricultural sector, supporting the growth and investment needs of enterprises.

The following table provides a breakdown of clients receiving financial support by producer segments. Overall, over R1.4 billion was provided to all development clients across all producer segments for FY2026. While the distribution of disbursements across producer segments for FY2026 still reflects a strong bias towards the medium-scale producers (R553.7 million) and large-scale producers (R545 million), the Banks' efforts to support smallholder emerging producers (annual turnover of less than R1 million) are encouraging. Financial support has been provided to approximately 104 emerging farmers, totalling approximately R151.8 million, ensuring that smallholder producers continue to support pipeline development for future scale.

Portfolio Distribution by Producer Segments

Producer Category	No. of Clients	Loan Disbursement	% of Total Disbursement by Producer Segment
Smallholder Producers	104	R151 847 458.53	10%
Medium Scale Producers	157	R553 688 492.29	38%
Large Scale Producers	24	R545 064 120.77	38%
High Value or Export-Oriented Development Projects	7	R197 492 923.46	14%
Total Disbursements	**292**	**R1 448 092 995.05**	**100%**

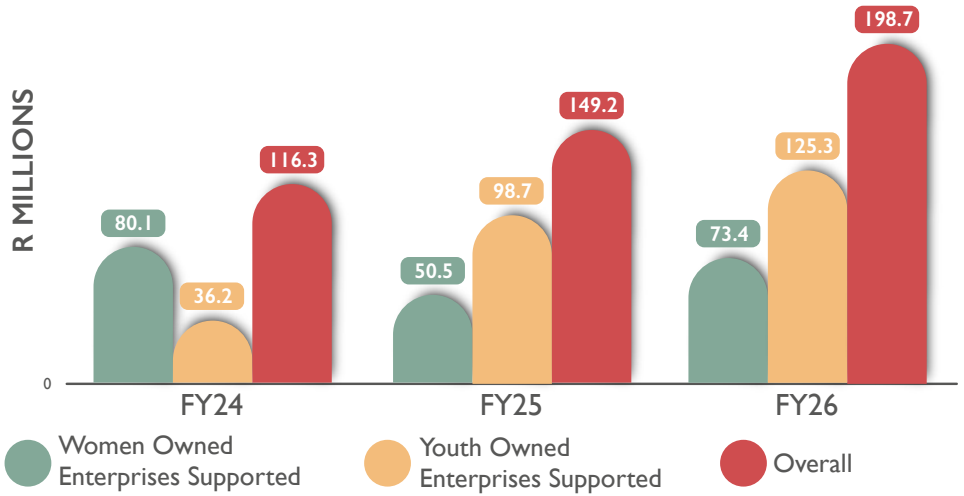
The dominance of medium-scale producers (38%) is particularly notable, reflecting successful progression beyond subsistence and smallholder levels towards commercially viable operations.

Proportion of Development and Transformation Disbursements amongst HDI Clients

As part of its development effectiveness drive, the Bank prioritised disbursements to HDIs in FY2026, particularly enterprises owned by women and youth. As depicted in the figure below, a total of 29 women-owned enterprises received financial support of approximately R73.4 million in FY2026 (an increase of 45% from FY2025), while approximately R125.3 million was disbursed to 28 youth-owned enterprises (an increase of 27% from FY2025).

These efforts demonstrate Land Bank's role as an enabler of inclusive participation in the agricultural value chain and affirm the Bank's strategic repositioning as a development-focused financial institution, increasing access to finance for HDIs and qualifying entities (≥50% Black-owned or B-BBEE levels 1–4), while supporting productive and sustainable agricultural activity.

Disbursements by HDI Group





5.4 SUCCESS STORIES

Through its development finance programmes and pre- and post-finance support initiatives, Land Bank assists emerging farmers across South Africa in establishing and growing viable farming enterprises. Support is delivered through the Bank's internal teams and, where relevant, in partnership with commodity organisations and provincial departments of agriculture.

The following examples illustrate the impact of Land Bank's development finance interventions.



Fepa Sechaba Milling – Free State

Fepa Sechaba Milling is a 100% female-owned farming enterprise owned by seasoned farmer and sole director, Ms Mponeng Lentoro. The enterprise operates a 1,065-hectare grain farm in Bainsvlei, Bloemfontein. Land Bank supported the business with an R37.8 million loan to acquire two additional farms in Dewetsdorp, comprising 1,403 hectares across nine portions, together with pre- and post-finance assistance. This enabled the enterprise to expand from a government property lessee to a first-time farm owner, while contributing to employment opportunities and supporting higher education institutions through hosting and related initiatives.



Bokopanelo Projects CC – Northern Cape

Mrs Crisp is the sole member of Bokopanelo Projects, a Close Corporation started from the proceeds of a catering business which enabled the purchase of livestock to farm on her late husband's property. The livestock farming became a success, prompting the leasing of Government property to enable expansion. In 2024, Mrs Crisp joined the Land Bank's Blended Finance Scheme and purchased an irrigation property in the Vaalharts Scheme near Hartswater, with 68 hectare listed water rights. Upon resolving some challenges that contributed to the loss of her first harvesting season, Bokopanelo Projects managed to plant cotton in October 2025 for harvesting in June 2026. Mrs Crisp's journey is evidence that good planning, the correct advice and financial support are key in helping farmers succeed.



Otukile And Sons (Pty) Ltd – North West

Ben Otukile is the sole director of Otukile and Sons (Pty) Ltd, a farm focused on livestock and grain production across 1 387ha of farming properties in the North West.

His relationship with the Land Bank began in 2024 when he received a R 2 million production loan for grain production, R 2.5 million to purchase a new tractor and R644,000 for 2 trailers. In 2025, the relationship was further cemented when the production loan increased to R3 million.

Mr Otukile manages his operations together with three permanent employees and contributes towards food security through annual production sales and weaner auctions.



Katshi Malala Agricultural Trading and Projects (Pty) Ltd – Limpopo

Katshi Malala Agricultural Trading and Projects (Pty) Ltd was established in 2017 by Ms Lusani Alicia Mamuliki, a young black female entrepreneur and qualified agricultural professional with a B.Tech in Agriculture: Crop Production from Tshwane University of Technology.

The company operates a 10-hectare tomato farm in Maangani Village, Makhado Local Municipality, within Limpopo's Vhembe District Municipality. Since its establishment, the business has continued to grow and contribute to local economic development and food production.

The company benefited from the Blended Finance Scheme, which enabled access to production inputs, the construction of a reservoir and improvements to electricity infrastructure. Through Land Bank's strategic partnership initiative with aggregator MPR South Africa, trading as Phiphidi Market, the business also secured a formal off-take agreement. This provides a stable market, strengthens commercial viability and supports future expansion within the agricultural value chain.





LAND BANK

SECTION 6

HOW WE CREATE VALUE

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6.1 ALIGNMENT WITH THE 6 CAPITALS FRAMEWORK

Land Bank creates value by applying and managing a combination of financial, manufactured, intellectual, human, social and relationship, and natural capital in support of its dual mandate of agricultural development and financial sustainability.

The six capitals framework provides an integrated view of the resources, relationships and capabilities that enable the Bank to deliver development outcomes while maintaining a sustainable institution. The capitals are interdependent and are utilised through the Bank's lending activities, partnerships, risk management processes, operational capabilities and stakeholder relationships.

During FY2026, the Bank continued its transition from the stabilisation phase of its turnaround strategy into the consolidation phase, focusing on strengthening institutional capability, improving operational effectiveness, maintaining financial resilience and enhancing development impact. These efforts supported value creation for clients, funders, government, employees, partners and the broader agricultural sector.

The sections that follow outline the Bank's approach to managing each capital and its contribution to long-term value creation.

6.2 INTELLECTUAL CAPITAL

The Bank continued to strengthen its technology and digital capabilities during FY2026 to improve operational efficiency, service delivery, resilience and data-driven decision-making. The Bank's technology modernisation programme focuses on enhancing core systems, strengthening cybersecurity, improving data management, and increasing process digitisation to support its operational and strategic objectives.

During the year, the Bank advanced a focused portfolio of technology initiatives to strengthen operational effectiveness, service delivery and digital enablement. Through the phased Business Process Re-engineering programme, new capabilities were introduced to improve client engagement, opportunity management, workflow efficiency and compliance controls.

Infrastructure and service delivery improvements remained a priority. Key initiatives included the rollout of cloud-based Backup as a Service to strengthen data retention and recovery capabilities, network enhancements to improve stability and uptime across Head Office and regional operations, and the laptop refresh programme, which replaced obsolete devices and improved the reliability of technology and the user experience.

Collectively, these initiatives contributed to a more secure, efficient and resilient operating environment while supporting the Bank's ongoing digital transformation journey.

Cyber Security Incident

In January 2026, an unforeseen third-party ransomware attack disrupted the Land Bank's systems and services. The Bank proactively isolated the impacted systems to mitigate against further exposure, and to ensure compliance with information security and risk management standards. As part of resumption activities, the Bank further enhanced security controls within the technical environment. Services have since been restored and it is worth noting that the financial and core banking systems were not affected.

To ensure sustainable and improved cyber resilience following the incident, the Bank has undertaken an additional Security Self-assessment and prioritised an Accelerated Cyber Security Roadmap. The Cyber Security Roadmap is informed by suggested controls from best practices. This will ensure further alignment of the Bank's security controls to recognised good practice and regulatory expectations, focused on improving resilience and protecting critical services. The goals are listed below:

Goal	Description
Control Baseline and Gap Closure	Security measures were assessed against the Centre for Internet Security (CIS) Critical Security Controls to identify priority gaps and define an improvement plan.
Framework Alignment	The approach is aligned to the NIST Cybersecurity Framework (CSF) to provide a structured method for strengthening capabilities.
Regulatory Resilience	The programme supports improved alignment to the South African Reserve Bank (SARB) Joint Standard for Cyber Security and Cyber Resilience.
FY2027 Interventions	A set of prioritised controls and safeguards is being implemented to strengthen attack surface management, data protection, and incident readiness.

6.3 SOCIAL AND RELATIONSHIP CAPITAL

6.3.1 Key Stakeholder Engagements

During FY2026, Land Bank continued to strengthen strategic stakeholder relationships in support of its developmental mandate, sector transformation objectives and long-term sustainability. Guided by the Stakeholder Management Framework, the Bank engaged government departments, development finance institutions, organised agriculture, lenders, clients, academic institutions and development partners to support collaboration, policy alignment and sector impact.

Stakeholder	Related engagements and activities
Development Finance	
National Government	Land Bank continued to engage various National Government Departments i.e. Department of Agriculture, Department of Employment and Labour and National Treasury on the implementation of strategic funding programmes, funding mechanisms, treasury policy compliance, blended finance opportunities, as well as sector employment targets.
Development Finance Institutions (DFIs)	Partnerships with DFIs, such as the Development Bank of Southern Africa (DBSA) and Agri-Bank Namibia, supported benchmarking, knowledge sharing, collaboration within the development finance ecosystem and the identification of future partnership opportunities.
Lenders & Investors	Land Bank successfully concluded agreements with all lenders and investors to implement the liability solution, thereby curing its debt default status. This milestone strengthened the Bank's financial stability and stakeholder confidence.
Sustainability	
National Government	Land Bank maintained active engagements with National Government Departments, i.e. Department of Land Reform & Rural Development (DLRRD), Department of Agricultura (DoA) and Department of Basic Education (DBE), on reporting & oversight processes, land reform support, implementation of existing agreements, improvement of the delivery of the programme and support for food security as well as youth development initiatives.
Sector Institutions	Collaboration with the Agricultural Research Council (ARC), the National Agricultural Marketing Council (NAMC), and the National Wool Growers' Association (NWGA) supported agricultural development, food security and industry collaboration.
Market Access	
Organised Agriculture and Industry Organisations	Engagements with organised agriculture and industry bodies, including the African Farmers Association of South Africa (AFASA), AgriSA and Grain SA, focused on transformation, market access, farmer support, agricultural development and responsible banking practices.
Sector Institutions	The Bank participated in NAMC-led Livestock Value Chain Roundtables under the Agriculture and Agro-Processing Master Plan (AAMP).
Technical Support	
Provincial Departments	Engagements through stakeholder forums, site visits and partnership meetings with Provincial Departments of Agriculture in Gauteng, KwaZulu-Natal, Eastern Cape, Limpopo and the Western Cape focused on strengthening collaboration, improving stakeholder coordination and expanding support for farmers.
Academic Institutions	Practical agricultural training and experiential learning programmes were delivered in partnership with the Tshwane University of Technology (TUT) Faculty of Agriculture. During the reporting period, one agricultural graduate participated in the crop production programme, contributing to skills development, community sensitisation and food garden initiatives at nearby schools.
Organised Agriculture and Industry Organisations	Partnerships with organisations such as UVU, NEEMA, WARD, Khula App, Lui-Agri supported youth, women, persons with disabilities (PWDs), military veterans, emerging farmers and agri-businesses through technical support and financial inclusion programmes.
International Collaboration	
Intergovernmental Working Group	Land Bank participated in strategic sector engagements, including G20 Food Security Task Force consultations, to support collaboration and policy alignment across the sector.

Partnerships and Ecosystem Coordination

Land Bank's Partnership and Ecosystem Coordination approach supports inclusive agricultural transformation by strengthening collaboration across the agricultural value chain and improving support to development farmers.

Through partnerships with government departments, commodity organisations, development agencies, public benefit organisations, and private-sector partners, the Bank facilitates market access, business development support, technical assistance, compliance support, and access to finance. These interventions support the development of sustainable and commercially viable farming enterprises while contributing to the growth of the Bank's development finance pipeline.

During the reporting period, the Bank concluded and formalised 16 strategic partnerships across these different stakeholder groups.

Strategic Partnerships Formalised in FY2026

Development Agencies	-South African Agricultural Development Agency (AGDA) -Black Renaissance Consolidated
Public Benefit Organisations	-SA PALS – SA Partners in Agri Land Solutions (NPC) -Northern Cape Agricultural Incubator
Commodity Bodies	-Black Agricultural Commodities Federation (BACF) -South African Cultivar and Technology Agency (SACTA) -SA Poultry Association -Phahama Grain Phakama (PGP) NPC, linked to Grain SA -Red Meat Industry Services
Public Sector	-Gauteng Infrastructure Financing Agency (GIFA) -Mpumalanga Market (linked to Mpumalanga DoA)
Private Sector	-Enterprise Inclusive Justice Institute (ELJI), linked to Woolworths -Kgodiso Development Fund, linked to Pepsi Co -Farmsol Africa, linked to South African Breweries (SAB) -Soufflet Malt South Africa, linked to Heineken -Tiger Brands

Through these partnerships, the Bank achieved the following outcomes during FY2026:

BLENDED FINANCE

R149M

in funding facilitated, benefiting **30 farmers**

ADDITIONAL FUNDING

LEVERAGED

grant funding from provincial departments of agriculture to supplement BFS

INSURANCE BUSINESS

GENERATED

through strategic partners supporting development farmers

SUPPORT SERVICES UPTAKE

43%

pre- and post-finance support uptake, exceeding the **40% target**

STRUCTURED FARMER SUPPORT

104

development farmers received structured pre- and post-finance support

WOMEN-OWNED ENTERPRISES

22

trained on market readiness and market positioning

YOUTH PARTICIPANTS

35

trained on agricultural funding readiness with the National Youth Development Agency

In FY2027, the Bank will prioritise deeper collaboration with provincial departments of agriculture, private sector partners and commodity organisations to strengthen farmer support programmes, expand market access opportunities and enhance the sustainability and bankability of development farming enterprises.

6.3.2 Relationships to Advance Sustainability

Land Bank's participation in international and regional sustainability frameworks is integral to its mandate. As a Development Finance Institution (DFI) operating in one of the world's most climate-exposed sectors, the Bank's credibility with international capital providers, development partners and green finance investors depends in part on its demonstrated alignment with globally recognised sustainability standards and its active contribution to the platforms that are shaping responsible development finance. The relationships described below represent Land Bank's institutional anchors in the global and regional sustainable finance ecosystem, each providing a distinct dimension of accountability, capability and peer collaboration.

United Nations Environment Programme Finance Initiative (UNEP-FI)

Land Bank is a founding signatory to the Principles for Responsible Banking (PRB), a framework developed by the UNEP FI to align banking activities with the Sustainable Development Goals and the Paris Climate Agreement. During FY2026, implementation progressed into Year 3, with 90% of planned milestones achieved. Oversight is provided through a dedicated Project Steering Committee, with quarterly reporting to the Executive Committee and the Social and Ethics Sub-Committee. Further information on PRB implementation is provided in Section 9.4 of this report.

European Organisation for Sustainable Development (EOSD)

The EOSD administers the Sustainability Standards Certification Initiative (SSCI), the leading international sustainability and governance certificate framework designed specifically for development finance institutions. The SSCI evaluates institutions across eight modules spanning governance, strategy, environmental and social management, climate risk and reporting, providing an independent, structured basis for assessing sustainability maturity against global sustainability standards.

Land Bank is the first South African financial institution to be accepted into the SSCI process. This positions the Bank at the frontier of sustainability governance among South African DFIs and signals to international funders, development partners and green capital markets that Land Bank is committed to meeting institutional sustainability standards that are recognised globally. The SSCI is not only a certification exercise but an institutional framework through which the Bank is systematically strengthening its sustainability governance, embedding accountability for sustainability performance across executive and operational levels and building the evidence base needed to access sustainability-linked and concessional funding over the medium term. Land Bank commenced implementation activities during FY2026, with certification-related workstreams expected to continue over the next two years.

Southern Africa Development Community Development Finance Institutions (SADC DFI) Network

Land Bank maintains an active membership of the SADC DFI Network and participates in its governance structures, sector working groups and capacity-building initiatives.

As an agricultural DFI, the Bank contributes expertise on agricultural value chains, agro-processing, food systems and rural development. During February 2026, the CEO and Chief Strategy Officer attended the SADC DFI Network Forum in Angola. Land Bank is scheduled to co-host the September 2026 Forum, providing an opportunity to further strengthen its profile within the region.

Association of African Development Finance Institutions (AADFI)

During FY2026, Land Bank became a member of the AADFI, the continent's principal network for cooperation and collaboration among DFIs.

AADFI brings together more than 80 member institutions across Africa and promotes knowledge sharing, capacity building, sustainable finance, and cooperation to support economic and social development. Membership positions Land Bank within a continental peer network and creates opportunities for collaboration, joint advocacy and knowledge exchange on sustainable agricultural finance and broader development finance priorities across Africa.

Looking Ahead

In FY2027, Land Bank will focus on progressing its SSCI implementation workstreams to build towards certification, progressing Year 4 implementation of the Principles for Responsible Banking, strengthening participation in regional and national development finance forums and leveraging strategic partnerships to enhance sustainable agricultural finance and sustainability reporting capabilities.

6.3.3 Partnership Funds

Funds under Administration

Land Bank has developed the capability to administer strategic funding programmes on behalf of the DoA. During the reporting period, the Bank continued administering the following funds:

Blended Finance Scheme

Since inception, the DoA has allocated a total of R2.647 billion to the Blended Finance Scheme. This includes R1.3 billion under the MoA concluded in October 2022 and

R1.347 billion under the original MoA concluded in 2018. Of this amount, R800 million was transferred to the Industrial Development Corporation (IDC) on the instructions of the DoA. The most recent allocation of R500 million was received in December 2024.

An addendum to the MoA was concluded during the year to formalise annual allocations for the remaining contract period and provide greater clarity on key provisions.

As at 31 March 2026, the scheme had supported 610 approved transactions under the current MoA, representing a combined investment value of approximately R5.077 billion through loans and grants.

Kat River Farmers Fund

Established in 2021, the Kat River Farmers Fund supports citrus farmers in the Eastern Cape Kat River region. Through an MoU with the DoA, funding was provided for a R15 million debt settlement write-off and R35 million in operational support through the Emerging Farmers Support Facility.

Since inception, R33.5 million has been approved and disbursed to beneficiaries.

Discussions are underway with the Citrus Growers' Association to identify farmers who may qualify for support through the Blended Finance Scheme and to address challenges relating to water-use rights and outstanding historical debt.

AgriBEE Fund

Land Bank has served as implementing agent and fund administrator of the AgriBEE Fund since its establishment in 2006. During the reporting period, the MoA between Land Bank and the DoA was renewed for a further five years.

As of 31 March 2026, 14 applications were in the due diligence stage. Of these, 7 applications have been approved by DoA while two applications have been referred back. One application is on hold pending finalisation with the DoA and one application has been declined.

The Bank is exploring opportunities to provide loan funding to bridge the own-contribution gap experienced by some applicants.

Land Bank is also engaging with the Council for Scientific and Industrial Research (CSIR) to support clients developing new products and facilitate commercialisation opportunities through the Fund.

Wines and Spirits Fund

The Wines and Spirits Fund is a €10 million partnership between the European Union and the Government of South Africa. Land Bank acts as the implementing agent on behalf of the DoA.

The Fund provides grant financing of between R500,000 and R10 million to support participants across the wines and spirits value chain, including equity acquisition transactions.

Funding Instruments

Type	Purpose	Amount
Grant	To assist with funding business requirements	R500,000 to R3.5 million
Equity contributor	To leverage debt financing from financial institutions	R3.5 million to R10 million

The Fund was launched on 19 June 2025, and Land Bank has since worked with industry stakeholders to develop a pipeline of potential applications.

To support uptake, several engagement sessions were conducted with potential beneficiaries, including a dedicated session with the Graca Machel Foundation's Women in the Wine Industry initiative.

As of 31 March 2026, multiple applications were being processed across various provinces, with transactions at different stages of approval. The pipeline reflects potential investments with an aggregate funding requirement of approximately R127.8 million.

6.3.4 Corporate Social Investment (CSI)

Land Bank advanced its commitment to rural development, food security, skills transfer, and inclusive economic participation through targeted CSI initiatives focused on agricultural education, community food security, disability inclusion and employee volunteerism.



Advancing Agricultural Education and Food Security

During the year, agricultural development initiatives were implemented at Motjedi Secondary School and Bachana Mokwena Primary School, benefiting vulnerable communities and contributing to food security, agricultural education and local economic participation.



Motjedi Secondary School

At Motjedi Secondary School in Tafelkop Village, Sekhukhune South Education District, Land Bank supported the establishment of a fully operational agricultural garden benefiting 1,117 learners. The intervention included agricultural infrastructure, irrigation systems, water storage, production inputs and practical training for learners and educators in sustainable farming practices.

The project has delivered several notable outcomes. The school secured a produce supply agreement with Boxer Superstores, creating an income stream to support ongoing operations. Agricultural Science and Management was introduced as a formal subject offering, while the school achieved second place in the Youth Entrepreneur Awards, receiving prize funding of R20 000. The school also recorded a Grade 12 Agricultural Science pass rate of more than 90%, with the garden now serving as a practical training hub for learners and the surrounding community.



Bachana Mokwena Primary School

At Bachana Mokwena Primary School in Ga-Rankuwa View, Gauteng, Land Bank supported the rehabilitation of an existing agricultural garden linked to an after-school feeding programme serving orphaned and vulnerable learners. The school serves 963 learners in a community affected by high unemployment and socio-economic hardship.

The intervention included rehabilitation of agricultural infrastructure, provision of farming inputs and training for learners, educators and community volunteers. The project has strengthened household and school-level food security, generated approximately R7,692 in income to support the feeding programme and provided practical agricultural skills development opportunities. An outdoor learning facility was also established to support agricultural training, workshops and community engagement.



Supporting Household Food Security

Land Bank extended its support to Tsitsing Backyard Farming through the Thutobogosi Farming Project, a household agricultural initiative in Rustenburg led by Mr Richard Mfulwane. The project faced challenges relating to water availability, limited capital and weather-related crop losses.

Through the CSI programme, Land Bank provided infrastructure and production support, including water storage, irrigation equipment, fertiliser, crop protection equipment and shade-net infrastructure. The intervention has strengthened the sustainability of the enterprise and enhanced its capacity to contribute to household food production and local food security.

6.4 HUMAN CAPITAL

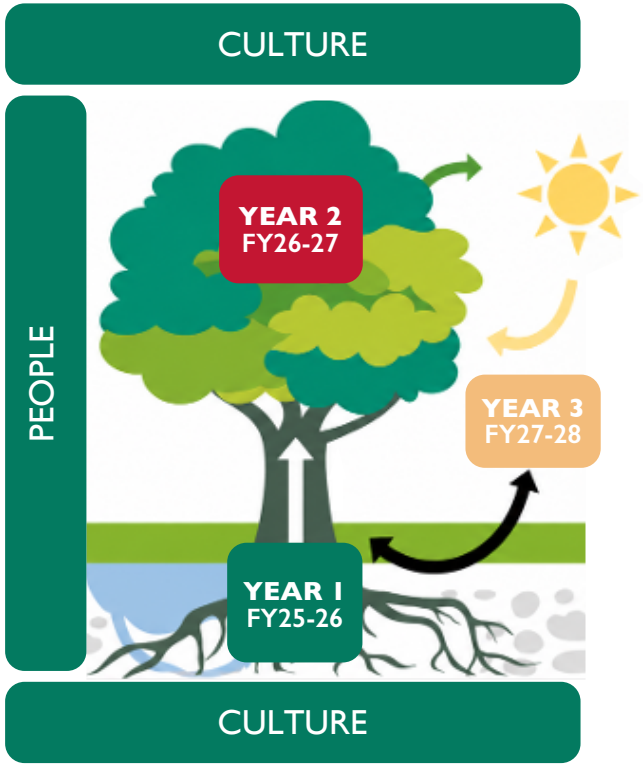
The Year in Review

During FY2026, People & Culture implemented the first year of its three-year strategy, aligned to the Bank's Corporate Plan, organisational redesign outcomes and strategic priorities. The strategy focuses on an integrated talent management approach encompassing performance management, talent development, employee engagement, recognition and organisational capability.

Year 1	Year 2	Year 3
Grow the Roots Integration of Talent / Performance and Remuneration	**Growing Sub-stance** Assessing the value added, effectiveness and outcomes of redefined and implemented elements and tweaking to facilitate optimal people management processes	**Evaluate Growth Success** The third year will focus on actualisation, results, review and re-evaluation whilst continuing to ensure continuous implementation

In FY2026, Land Bank focused on implementing Year 1 of the People & Culture Strategy, aligned to the Corporate Plan and Secondary Tier Scorecard. Year One focus areas included implementation of the culture survey remedial plan, strengthening performance management, skills development, employee recognition and the establishment of the Farmers Academy.

People and Culture Strategy



1 YEAR 1: GROW THE ROOTS

Build the foundation.

- Culture implementation: build, engage, scale
- Performance I Talent: reskill, upskill, deliver, succession
- Career Pathing: build competency framework
- People Value Proposition: refine, raise awareness
- Learning Academy: leadership pilot, upskilling, farmer academy
- People process: reduce operational obstacles
- Recognition Programme: launch
- Performance Management: new way of doing and managing performance

2 YEAR 2: GROW THE SUCCESS

Assess impact and strengthen what works.

- Talent: succession for P4-P7 and measure results
- Performance: drive improvement
- Recognition: increase motivation
- Career Pathing: implement framework and report on career moves
- Continue culture implementation

3 YEAR 3: EVALUATE GROWTH SUCCESS

Review, act, and sustain.

- Actualise results
- Review and re-evaluate
- Culture Survey: assess improvement vs. previous survey

Alignment to the Principles of Responsible Banking

The People & Culture Strategy supports the Principles for Responsible Banking and contributes to Sustainable Development Goals (SDGs) 3, 4, 5, 8 and 10, as shown below.

PEOPLE & CULTURE
AREA OF FOCUS

SDG 3
Good Health and Well-being
Implementation and monitoring of employee wellness programmes, which include health assessments and counselling services.

SDG 4
Quality Education
Talent Management: Through Learning and Development initiatives, aligned with people and organisational capability requirements, staff development will be implemented and monitored.

SDG 5
Gender Equality
Transformation: Monitor transformation through the Employment Equity plan. The Employment Equity and Skills Development Committee will serve as a monitoring mechanism.

SDG 8
Decent Work and Economic Growth
Organisational Capacitation: Career progression, attraction of talent and skills, and the provision of employment through vacant positions.

SDG 10
Reduced Inequalities
Future focus: Remuneration analysis of the ratio of basic salary and remuneration of women to men.

Organisational Capacitation: Grow Capacity and Career Progression

At the end of the financial year, Land Bank employed 449 permanent employees, 12 fixed-term contractors and 14 learners. Permanent capacity stood at 91.08%, representing a 21.35% increase compared to the previous financial year.

Career progression remains an important component of the Bank's talent management approach. During the year, 12 employees were appointed to positions at a higher grade than their previous roles.

Land Bank Employees by Category and Gender

Land Bank Headcount 31 March 2026: Employee Category and Gender	Male	Female	Total
Permanent Employees	243	206	449
Fixed-Term Contractors	7	5	12
Learners	8	6	14
Total	**258**	**217**	**475**

The following table shows the workforce by age and employment category, with the majority of permanent employees falling between the ages of 41-54.

The Workforce by Age and Employment Category

Employees by Age and Employment Category: 31 March 2026	Age 24-40	Age 41-54	Age 55-65
Permanent Employees	156	222	71
Fixed-Term Contractors	6	3	3
Learners	14	-	-
Total	**176**	**225**	**74**

The table below shows a workforce profile that reflects recent organisational capacitation and recruitment activity, with most permanent employees having less than five years' service.

Land Bank Employees by Tenure and Employment Category

Employees by Tenure and Employment Category: 31 March 2026	<5 years	6 to 10 years	11 to 39 years	> 40 years
Permanent Employees	234	75	137	3
Fixed-Term Contractors	12	-	-	-
Learners	14	-	-	-
Total	**260**	**75**	**137**	**3**

Transformation remains a strategic priority. African, Coloured and Indian (ACI) representation increased to 84.84% of the workforce, compared to 81.27% in the previous financial year.

Transformation by Employment Position

Permanent & Fixed Term Contractors & Learners	Female					Total Female	Female ACI	Male					Total Male	Male ACI	Totals
	A	C	I	W	FN			A	C	I	W	FN			
Top Management	2	1				3		5	1				6		9
Senior Management	18	1	1	6		26		25	3	5	5		38		64
Professionally Qualified & Experienced Specialists and Mid-management	81	6	6	14	1	108		100	24	4	35	2	165		273
Skilled & Qualified Workers, Junior Management, Supervisors, Foremen, Superintendents	28	4		3		35	**40,42%**	23	1		5		29	**44,42%**	64
Semi-skilled and Discretionary Decision Making	30	5	2	1		38		9					9		47
Unskilled and Defined Decision Making	7					7		11					11		18
Total	**166**	**17**	**9**	**24**	**1**	**217**		**173**	**29**	**9**	**45**	**2**	**258**		**475**
Total ACI	**84,84%**														

Integrated Talent Management: Performance Management and Talent Development

Land Bank promotes a high-performance culture by aligning individual key performance indicators with the Bank's strategic objectives and Shareholder Compact targets, while supporting employee engagement, development and accountability.

During the financial year, a revised Performance Management Policy was implemented, including streamlined performance contracting processes, a 360-Degree Assessment process and a moderation framework. The revised approach aims to strengthen performance excellence, promote a results-oriented culture, support regular performance discussions and feedback, recognise high performance, address performance gaps and enhance integration with talent management, employee development, succession planning and recognition programmes.

The Bank remains committed to developing employee capability through continuous learning and career development. Investment in learning and development supports both individual growth and organisational capability, ensuring that employees are equipped with the skills and knowledge required to meet current and future business needs.

A total of R 3 260 723,24 was invested in people development during the year, representing an increase in training spend compared to the previous financial year.

Generic and Technical training, Leadership development, Learnership development, conferences, and workshops amounted to R1 884 959,79, and a total of 25 employees benefited from the payment for tertiary qualifications (staff studies), amounting to R1 375 763.45.

Staff Studies Training Spend by Employee Demographic

Permanent Employees Staff Studies	ACI – No. of Employees	ACI - Rand Value
Top Management (P1-P3)		
Senior Management (P4-P5)	4	R331 520.00
Professionally Qualified and Experienced Specialists and Middle Management (P6-P7)	15	R854 233.45
Skilled and Qualified Workers, Junior Management, Supervisors, Foremen, Superintendents (P8-P9)	4	R143 000.00
Semi-skilled and Discretionary Decision Making (P10-P12)	2	R47 010.00
Unskilled and Defined Decision Making (P13-P14)		
Total	**25**	**R1 375 763.45**

Development Opportunity Investment by Employee Demographic

Generic Training, Leadership Development, Technical Training, Workshops and Conferences	ACI – No. of Interventions	ACI - Rand Value
Top Management (P1-P3)	21	R438 127.57
Senior Management (P4-P5)	197	R192 909.54
Professionally Qualified and Experienced Specialists and Middle Management (P6-P7)	1143	R535 432.51
Skilled and Qualified Workers, Junior Management, Supervisors, Foremen, Superintendents (P8-P9)	307	R280 956.47
Semi-skilled and Discretionary Decision Making (P10-P12)	294	R159 743.03
Unskilled and Defined Decision Making (P13-P14) and Learners	85	R200 607.31
Non-ACI	398	R77 183.36
Total	**2445**	**R1 884 959.79**

The Bank's commitment to knowledge transfer also extended beyond the organisation through the Farmers Academy online platform, which was launched in a pilot phase during March 2026. A total of 16 farmers successfully completed the online Payment and Cash Management course, exceeding the corporate target of 15 farmers. Additional courses will be introduced during FY2027.

Attrition

Land Bank operates in a competitive environment where specialist banking and agricultural skills remain in high demand. Despite these market pressures, voluntary attrition remained relatively low at 4.90%.

Attrition by Employee Level

Attrition in FY2026	FY2026
1. Total Attrition: Permanent, Voluntary and Involuntary – All	26
2. Total Attrition: Permanent - Voluntary	22
3. Attrition Rate: Permanent Voluntary Only	4.90%

Permanent Voluntary Attrition by Demographics

Occupational level: Voluntary attrition: Resignation / Early Retirement / Dismissal / Mutual Separations	Female	Total Female	Male				Total Male	Totals
	African		African	Coloured	Indian	White		
Top Management	1	1	1		1		2	3
Senior Management	1	1		1			1	2
Professional qualified & experienced specialists and mid-management	7	7	2		1	2	5	12
Skilled & qualified workers, junior management, supervisors, etc			2			3	5	5
Totals	**9**	**9**	**5**	**1**	**2**	**5**	**13**	**22**

Remuneration Methodology and Policy

Land Bank's remuneration strategy is informed by the State-Owned Entities Remuneration and Incentives Guidelines (2018) and is aligned with the Bank's talent management, performance management and organisational objectives.

The Bank follows a Total Rewards approach comprising guaranteed pay and variable pay. Remuneration is supported by the Peromnes grading system, approved job descriptions, annual benchmarking exercises and a structured governance process to promote fairness, consistency and market competitiveness.

The Minister of Finance approved the Remuneration and Compensation Policy in September 2023.

Permanent employees participate in a range of employee benefits, including Bankmed medical aid, retirement funding and risk benefit cover.

Remuneration and Compensation Metrics for FY2026

Total remuneration of the highest-paid employee: CEO	R5 191 620.00
Total remuneration of the lowest-paid employee: Messenger	R229 372.44
Average total remuneration of all employees	R1 024 307.06
Median total remuneration of all employees	R934 150.20

The ratio of the remuneration of the highest-paid 5% of employees to that of the lowest-paid 5% was 9.21.

Remuneration: Annual Salary Increase

Following the required governance processes and approvals, a 5.00% cost-of-living increase was implemented across the Bank, including Executive Management, during FY2026. The CEO received a 5.00% increase following approval by the Minister of Finance.

Remuneration: Variable Pay (Short-term incentives)

The short-term incentive framework links organisational and individual performance outcomes to remuneration. During FY2026, the Bank paid R65.53 million in short-term incentives to qualifying employees following achievement of the required performance thresholds, including a performance rating above 3.00 and achievement of at least 80% of Shareholder Compact key performance indicators.

Governance

People management is governed through a suite of policies and procedures that are reviewed on a three-year cycle or when required by legislative or operational changes. Progress on people-related matters is monitored through quarterly reporting to EXCO and the Human Resources and Remuneration Committee (HRRC).

Remuneration Governance Process

Executive remuneration matters, including salary increases and short-term incentives (STIs), are considered by the HRRC and approved through the Bank's governance structures. Remuneration decisions take into account organisational and individual performance, including sustainability-related performance measures where applicable. Recommendations relating to the CEO are subject to approval by the Minister of Finance.

Forward-Looking Commitments

As Land Bank advances its Sustainability Standards Certification Initiative (SSCI) journey and develops high-impact sustainability goals through the certification process, these objectives are expected to play an increasing role in sustainability-linked performance measures and remuneration considerations in future reporting periods. This approach supports alignment with emerging sustainability reporting requirements, including IFRS S1, which emphasises the integration of sustainability-related risks and opportunities into governance, performance management and executive accountability frameworks.

Consequence Management

Consequence management is applied in accordance with applicable labour legislation and the Bank's policies and procedures.

During FY2026, five matters were processed through the consequence management process. Four were concluded during the year, resulting in one dismissal and one mutual separation.



Culture

The Bank maintained focus on strengthening organisational culture and employee engagement during FY2026. A culture remedial plan was implemented in response to the FY2025 culture survey results, supported by quarterly employee engagement sessions and regular communication on organisational performance and people-related matters.

Nine of the 11 planned initiatives were completed during the year, representing 81.82% achievement against a target of 70%. The remaining initiatives will be implemented during FY2027.

Culture Remedial plan themes and initiatives implemented

Theme	Initiatives
Enhance the employee experience through improved engagement and communication	1. Leadership visibility: Regular check-ins, team engagements, performance reviews and monitoring of performance post the Mid-Year Performance reviews. 2. Organisational Performance Feedback: Regular engagement sessions with staff have been implemented, including staff engagement in March 2026. Bi-weekly performance progress on Shareholder Compact is made available to staff. 3. New Employees: The revised On-Boarding and Induction programme was implemented and ensures that new employees are integrated into the Land Bank and introduced to the organisation through an interactive, engaging approach.
Be intentional about new ways of working to bring about organisational change	4. Utilise the organisational change champions to lead some of the initiatives/campaigns together with the Land Bank Change Management team. Change makers assist with various initiatives, including support on the Performance Mid-Year review process.
Invest in staff development	5. Prioritise the skills required through the approved Capability Plan for FY2025-2026. The capability interventions target (10) has been met.
Focus on implementation/ execution/ deliverables	6. Deadlines and timeframes were incorporated into KPI measurement during the performance contracting phase, contributing towards driving execution and performance.
Improve processes to optimise efficiency, improve work/life balance and enable employees to carry out meaningful work	7. Review of the current business processes (in a phased approach) commenced to support the ease of conducting business effectively and efficiently, while maintaining governance and ensuring controls are in place.
Compensation and benefits	8. Recognition and Celebrations: The employee recognition programme was developed and approved by EXCO for implementation to commence on 01 April 2026
Be intentional about improving organisational culture	9. Bring the organisational values to life: 360-Degree assessment link to behaviours and living the values has been configured on SAP Performance Management and was implemented during the Mid-Year reviews. The assessment will form part of the FY2025-2026 Performance Year-End Reviews.

6.5 NATURAL CAPITAL

Land Bank manages its natural capital obligations through a structured Environmental and Social Management System (ESMS), which provides the institutional framework for identifying, assessing, and managing environmental and social risks across the Bank's lending portfolio and internal operations.

At the core of the ESMS is the Environmental and Social Risk Assessment (ESRA) process. All new transactions undergo an ESRA before disbursement, ensuring that potential environmental and social risks are systematically evaluated, documented, and mitigated prior to financing. The tool assesses environmental compliance (including Environmental Impact Authorisations, water use licences, biodiversity and heritage considerations), social impacts, and a climate action screen, with reference to the IFC Performance Standards and applicable South African environmental legislation.

ESRA Performance

During the year under review, a total of 327 ESRA reports were completed, all processed through the Acceleris system following the Bank's full migration from Excel-based reporting in FY2025.

ESRA Category / Activity	FY2025	FY2026
High risk (Category A)	0	0
Medium risk (Category B)	3	7
Low risk (Category C)	309	309
Amendments	9	8
Monitoring	6	3
Queries	3	0
Total reports	**330**	**327**

Full compliance was maintained with respect to Environmental Authorisation, Water Use Licences, and Water Rights Certificates across all assessed transactions.

Advancing the ESMS

During FY2026, the Agri Economics and Advisory team extended the reach and capability of the ESMS through several initiatives. ESRA training was delivered to Agricultural Specialists across the Bank, strengthening first-line risk identification at the origination stage. The team also began integrating reporting elements of the recently signed Preservation and Development of Agricultural Land Act (PDALA) into the ESRA process, enabling GIS-based assessment of client exposure to sensitive agricultural land classifications.

In Q3, the Agri Economics and Advisory team collaborated with the Sustainability function to conduct cross-divisional interviews to identify strategic green business opportunities across the Land Bank's portfolio, work that will directly inform the development of the Bank's green product eligibility framework.

Supporting Climate Resilience

The Agro Energy Fund (AEF) is a blended finance programme established in partnership with the DALRRD and the Land Bank to finance renewable energy projects for high-energy-intensity farming operations. The Fund aims to improve energy security, reduce reliance on carbon-intensive grid electricity, and mitigate risks associated with electricity tariff increases and energy supply disruptions, in support of sustainable agriculture productivity and competitiveness.

The Fund is governed by the approved Agreement between DALRRD and the Land Bank, the AEF Standard Operating Procedure, EXCO approval (March 2026), and the AEF Concept Document, which collectively provide the institutional and operational framework for implementation. All applications are subject to ESRA review to ensure that environmental and social risk considerations are incorporated into funding decisions.

Sustainability Progress in FY2026

Beyond environmental risk management and climate resilience financing, Land Bank advanced its broader sustainability programme during the year. The Bank achieved 90% of its Year 3 Principles for Responsible Banking implementation milestones, strengthening impact measurement across the Financial Inclusion and Climate Stability priority areas and delivering two internal PRB awareness sessions. Findings from internal research into green financing opportunities will inform future product development, the development of the Bank's green product eligibility framework, and future alignment with the South African Green Finance Taxonomy. A Group Sustainability function was established during FY2026 and reached full operational capacity in the first quarter of FY2027, providing the institutional capability to coordinate and report on sustainability initiatives under the oversight of the Board's Social and Ethics Subcommittee.

6.6 MANUFACTURED CAPITAL

Following the adoption of a hybrid working model in 2021, the Bank reduced its office footprint as employees increasingly worked remotely.

As part of its ongoing transformation and modernisation programme, Land Bank has identified the Magnolia Building in Woodmead as its new Head Office, with relocation planned for FY2027. The move will provide fit-for-purpose accommodation that supports increased in-office collaboration, operational requirements and the Bank's evolving workplace model.

The relocation forms part of a broader property portfolio optimisation initiative, which includes the disposal of non-strategic assets. This approach aims to align the Bank's infrastructure with its operational needs, enhance the workplace and client experience, strengthen corporate identity, and partially fund the modernisation programme through disposal proceeds.

6.7 FINANCIAL CAPITAL



FOREWORD BY THE CHIEF FINANCIAL OFFICER

The Land Bank Group received an unqualified audit opinion from the Auditor-General of South Africa (AGSA) on its FY2026 Annual Financial Statements including both Land Bank Insurance companies. The Group remains committed to strive to achieve a clean audit going forward.

The Group's performance is as outlined below:

Indicator	FY2026	FY2025 (Restated)
Net Profit	R354 million	R469 million
Operating Expenses	R877 million	R845 million
Cash Flows from Operations	R106 million	R1.2 billion
Group Assets	R20 billion	R23 billion
Cost-to-Income Ratio	60.3%	44%
NPL Ratio	51.2%	54.7%
Solvency Ratio	241%	201%

Details on group financial performance are outlined in Section 10.

Key Developments:

Banking Operations

Having successfully cured the event of default in the 2025 financial year, the main focus for the Bank during the current year was on ensuring compliance with the financial and other undertakings that arose from the debt restructuring agreement; raising the much-needed funding to augment the Bank's reducing cash resources and support its operations in fulfilling its mandate to ensure a sound liquidity position into the future and ensuring financial sustainability of the organisation.

The Bank has at the end of the financial year in question repaid 83% of the R41bn debt at default and serviced all interest payments as they fell due. Fund raising initiatives are taking shape through engagement with potential funders. The Shareholder has further supported the Bank through the approval of a 25-year, R10bn government guarantee, which bodes well for the Bank's fund-raising initiatives. We are grateful for the continued support of the Shareholder. The Bank continues to support the agricultural sector, anchored largely by the Blended Finance scheme with disbursements of over R2.1 billion for the year under review, comprised of over R1 billion loans and R1.1 billion in grants. Implementation of the Bank's revenue diversification strategy has continued during the year.

Despite the macroeconomic headwinds faced by the agricultural sector, the Non-Performing Loan (NPL) book nominal reduction of 16% year on year bears testimony to the effectiveness of the NPL remediation strategy that the Bank continues to implement. Focus on reducing the NPL ratio is ongoing.

Looking ahead, the Bank remains focused on driving execution on its strategy to ensure long-term financial sustainability while delivering on its mandate. Priority areas include continued support of the sector through the provision of affordable finance, pre and post finance support, management of and compliance to the LS5 covenants and undertakings, continued implementation of the revenue diversification strategy, raising funding for the Bank timeously, driving cost efficiencies as well as continued management of the loan book. Audit remediation will also continue as the Bank strives for a clean audit going forward.

Land Bank Insurance

IFRS 17 adoption was successfully remediated in the current financial year by Land Bank Insurance Companies. For details on the Land Bank Insurance business, including the key financial indicators refer to Section 8.

In conclusion, Land Bank Group continues to demonstrate resilience and remains steadfast in executing its developmental mandate while ensuring its financial sustainability. The continued support of our Shareholder and all stakeholders is invaluable to the Bank.



Khensani Mukhari
Chief Financial Officer

6.7.1 Group Financial Performance

The Land Bank Group achieved an overall profit for FY2026.

- The Group reported a net profit of R354 million, down from a profit of R469 million in FY2025.
- Net interest income declined to R1.4 billion (FY2025: R1.8 billion), with interest expense declining from R1.5 billion in FY2025 to R947 million, following debt capital repayments of R2.6 billion.
- Operating expenses increased to R877 million, largely due to insurance service expenses and re-capacitation of the Bank.

Assets

Group assets decreased from R23 billion in FY2025 to R20 billion in FY2026. The Key drivers of this decline include:

- Implementation of the IFRS 17 insurance accounting standard by subsidiaries.
- Net loan book reduction of R1.7 billion.
- Decrease in restated cash equivalents by R2.9 billion.

Banking Operations

The Bank's net profit of R283 million was attributed to the following:

- Net interest income decreased to R1.4 billion (FY2025: R1.8 billion including interest from capital injection funds in escrow), driven by decreasing funding costs (nominal value), cash balances and repo rates, partially offset by the shrinking loan book.
- Net impairments for the year amounted to R299 million, including write-offs and recoveries, compared to a R878 million net charges in the previous year.
- Operating expenses increased to R844 million (FY2025: R819 million), with major contributors including personnel costs (from filling critical vacancies), professional fees, and travel expenses as the bank implements its mandate.

Investment Income

- Total investment income for the period under review amounted to R22 million, a substantial decrease from the R275 million recorded in FY2025. This decline was largely driven by dividends received from the Bank's subsidiaries in the prior year that were not declared in 2026.

Cash and Cash Equivalents

As at 31 March 2026, cash and cash equivalents declined by R2.5 billion to R4.8 billion (FY2025: restated R7.4 billion). The decrease is primarily attributable to:

- Disbursements: R1.7 billion
- Operating and other costs: R844 million
- Debt Capital and interest repayments: R3.5 billion

These outflows were partially offset by R3.1 billion in collections and settlements from clients.

Investments

The Bank's R2 billion investment portfolio is comprised of R520 million in Post Retirement Medical Aid Fund (PRMAF) assets, R650 million invested in the Insurance Subsidiaries, and equity investments in other entities.

The investment associated with the PRMAF portfolio was established to hedge against the Bank's post-retirement medical aid liability (a defined contribution fund), which amounted to R328 million. The investment is managed by an independent fund manager on behalf of the Bank, while independent actuaries evaluate the liability annually.

Other entities investments are made up of:

IDEAFRUIT
R84 MILLION
(FY2025: R63 million)

RHODES FOOD GROUP (now Premier Group)
R193 MILLION
(FY2025 R144 million)

ACORN AGRI
R151 MILLION
(FY2025: R129 million)

AFGRI SILOCO
R41 MILLION
(FY2025: R86 million)

AFGRI GROUP HOLDINGS
R655 MILLION (NEW)

Total investments increased from R1.5 billion as of 31 March 2025 to R2.2 billion, due to the conversion of a loan into equity, and fair value gains on some of the other remaining investments. The Bank continues its strategy of disposing of non-core investments to bolster liquidity reserves where it is commercially sensible.

Net Loans and Advances

Net loans and advances decreased to R10.8 billion (FY2025: R11.6 billion), driven by client settlements and attrition.

Gross loans decreased by R1.7 billion to R13.7 billion (FY2025: R15.4 billion), primarily as a result of customer settlements.

Non-Performing Loans

NPLs decreased by R1.4 billion (11%) to R7.0 billion for the year under review, down from R8.4 billion on 31 March 2025 and primarily due to write-offs, client settlements, cures and these were offset by roll-ins. The NPL ratio declined from 54.7% reported as of 31 March 2025 to 51.2%, driven by the effective implementation of the NPL remediation strategy. The Bank continues to implement and enhance strategies to manage the NPL loan book size focused on NPL remediation, Loan book management, as well as origination and disbursements. This is supported by updated policies and strengthened credit practices.



Irregular, Fruitless, and Wasteful Expenditure

Description	Group			Company		
	FY2026	FY2025	FY2024	FY2026	FY2025	FY2024
	R'000	R'000	R'000	R'000	R'000	R'000
Irregular expenditure:						
Opening balance	**986 443**	**983 868**	**981 461**	**973 517**	**973 060**	**973 788**
Prior Period Errors		2 377	311		458	311
As Restated						
Add: Irregular expenditure confirmed	5 660	199	3 403		-	268
Less: Irregular expenditure condoned	-		(1 308)	-		(1 308)
Less: Irregular expenditure not condoned and removed						
Less: Irregular expenditure recoverable		-			-	
Less: Irregular expenditure not recovered and written off						
Closing balance	**992 103**	**986 443**	**983 868**	**973 517**	**973 517**	**973 060**
Fruitless and wasteful expenditure:						
Opening balance	**53 990**	**53 957**	**69 627**	**53 669**	**53 643**	**69 354**
Prior Period Errors	-	27	-		27	-
As Restated						
Add: Fruitless and wasteful expenditure confirmed	45	6	1 308	67		816
Less: Fruitless and wasteful expenditure recoverable	(27)		(16 978)	(27)		(16 528)
Less: Fruitless and wasteful expenditure not recovered and written off	-	-	-	-	-	-
Closing balance	**54 007**	**53 990**	**53 957**	**53 710**	**53 669**	**53 643**

a) Reconciling notes to the annual financial statement disclosure:

Description	FY2026	FY2025
	R'000	R'000
Irregular expenditure:		
Irregular expenditure that was under assessment in 2022/23	-	-
Irregular expenditure that relates to 2023/24 and identified in 2024/25	-	311
Irregular expenditure that relates to 2024/25 and identified in 2025/26	2 377	
Irregular expenditure for the current year	-	-
Total	**2 377**	**311**

Fruitless and wasteful expenditure:		
Fruitless and wasteful expenditure that was under assessment in 2022/23	-	-
Fruitless and wasteful expenditure that relates to 2024/25 and identified in 2025/26	-	27
Fruitless and wasteful expenditure for the current year	45	-
Total	**45**	**27**

b) Details of current and previous year irregular, fruitless and wasteful expenditure (under assessment, determination, and investigation)

Description	**FY2026**	**FY2025**
	R'000	**R'000**
Irregular expenditure:		
Irregular expenditure under assessment	5 414	4 469
Irregular expenditure under determination	-	-
Irregular expenditure under investigation	-	-
Total	**5 414**	**4 469**

Treasury Report

In September 2024, the Bank successfully cured its default by converting all local debt into a four-year note and amending foreign loans to mature in March 2028. Since the default event in April 2020, total liabilities have been reduced by 83.3%, from R40.4 billion to R6.75 billion.

As of 31 March 2026:

- **Nominal debt:** R6.75 billion
- **Cash reserves:** R4.58 billion

Cash is strategically invested in capital-preserving instruments such as call accounts and deposit notes issued by reputable banks and asset managers, ensuring prudent stewardship of available funds.

Initiatives to raise much needed funding by the Bank are underway and supported by the approved 25 years, R10 billion government guarantee. The Bank has also submitted a request for support in the form of additional capital injection during the FY2027 MTEF period. The Bank expects to close on one of the funding engagements and access the cash by 31 March 2027.

Monitoring of compliance with LS5 covenants and undertakings continue thereby enabling proactive engagement by the Bank with lenders where necessary.





LAND BANK

SECTION 7

RISKS AND OPPORTUNITIES

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7.1 RISK MANAGEMENT STRATEGY

Land Bank recognises that effective Enterprise Risk Management (ERM) is essential to delivering on its developmental mandate while maintaining financial sustainability. The Bank applies an integrated approach to risk management that supports strategic decision-making, safeguards value and strengthens organisational resilience in a challenging and changing operating environment.

The ERM framework is aligned with the PFMA, Treasury Regulations, King IV principles, ISO 31000:2018, the COSO ERM Framework and the Public Sector Risk Management Framework. Risk management is embedded across the organisation and forms part of planning, performance management and governance processes.

Land Bank Risk Maturity Model



The Bank manages a broad range of risks, including strategic, credit and investment, financial, operational, compliance, technology, business continuity, fraud and ethics risks. Environmental, social and governance considerations, including climate-related risks affecting the agricultural sector, are increasingly being incorporated into risk identification and assessment processes.

Risk responses are implemented through avoidance, mitigation, transfer or acceptance strategies, supported by internal controls, monitoring activities and regular reporting. The effectiveness of the framework is regularly assessed to strengthen risk maturity, support the achievement of strategic objectives and improve the Bank's ability to respond to emerging risks and opportunities.

The Board remains committed to fostering a strong risk culture and ensuring that risk management remains an integral part of governance, decision-making and long-term value creation.

7.2 RISK GOVERNANCE OVERSIGHT

The Board retains ultimate responsibility for risk governance and oversees the effectiveness of the Bank's risk management framework, risk appetite and system of internal control. Risk governance is supported by the Risk and Governance Committee, management structures and assurance providers across the organisation.

The Bank applies the Three Lines of Defence model to ensure clear accountability for risk management. Business units and management constitute the first line of defence and are responsible for identifying, assessing and managing risks within their areas of responsibility. Risk champions embedded across business units support risk awareness and escalation processes.

The second line of defence comprises enterprise risk management, compliance, ethics, fraud prevention, credit risk oversight, sustainability, business continuity management, and information and data governance functions. These functions provide oversight, guidance, monitoring and challenge to ensure risks are managed within approved risk appetite levels.

The third line of defence is provided through independent assurance functions, including Internal Audit and the AGSA, which evaluate the effectiveness of governance, risk management and internal controls.

This governance structure supports informed decision-making, strengthens organisational resilience and enables effective risk oversight.

7.3 ENTERPRISE RISK MANAGEMENT

The Bank's Enterprise Risk Management framework provides a structured approach for identifying, assessing, managing, monitoring and reporting risks that may affect the achievement of strategic and operational objectives.

The framework considers risks arising from the Bank's operating environment. It covers strategic, credit and investment, financial, operational, compliance, fraud and ethics, project, business continuity, technology and climate-related risk categories. Risk assessments are conducted regularly to identify emerging risks, evaluate potential impacts and ensure appropriate mitigation measures are implemented.

ERM enables management and the Board to make informed decisions, allocate resources effectively and maintain risk exposures within approved appetite levels. Through continuous monitoring and reporting, the framework supports organisational resilience and strengthens the Bank's ability to respond to changing market, regulatory and environmental conditions.

7.4 BUSINESS CONTINUITY MANAGEMENT

The Board and Executive Management are committed to a robust Business Continuity Management (BCM) Programme that effectively manages business continuity risk. This includes identifying, analysing, evaluating, and treating exposures that could affect the Bank's ability to maintain efficient and effective operations.

Executive Management oversees BCM implementation in line with the Disaster Management Act, 57 of 2002, and ISO 22301, which is regarded as best practice.

Key controls include approved Business Continuity Plans, Business Impact Assessments, crisis management structures, incident escalation protocols, disaster recovery arrangements, and BCM awareness initiatives. These controls are periodically reviewed and tested to assess readiness, identify areas for improvement, and strengthen organisational resilience.

The Bank ensures that all staff understand BCM principles, their specific roles during disruptions, and the skills to implement the programme effectively. Progress is regularly monitored to foster a strong BCM culture and support continuous improvement across the organisation.

7.5 CREDIT AND INVESTMENT RISK MANAGEMENT

Credit risk arises from the possibility that a borrower or counterparty may fail to meet its contractual obligations, resulting in financial loss to the Bank. Credit risk management is embedded throughout the credit value chain and forms an integral part of the Bank's strategy, governance and decision-making processes. The objective is to identify, assess, manage, monitor and report credit risk within approved risk appetite levels while supporting sustainable value creation and preservation.

The Bank applies a structured credit risk management approach that enables the regular identification, measurement, monitoring and reporting of credit risk exposures. This supports the protection of the Bank's balance sheet, earnings and long-term financial sustainability. All credit applications are considered through approved governance structures and delegated authorities.

During the year, the Bank continued to implement its decentralised lending model, bringing the Credit, Agricultural Specialist, Banking, and Legal functions closer to regional operations and clients. This approach supports improved turnaround times, enhanced understanding of client operations, earlier identification of risk exposures and strengthened monitoring capabilities.

Given the Bank's focus on the agricultural sector, credit risk management also considers sector-specific risk drivers, including commodity price volatility, climatic conditions, environmental factors and other external developments that may affect borrower performance and repayment capacity.

The Board Credit and Investment Committee provides oversight of credit and investment risk management, supported by the broader risk governance framework and management oversight structures.

7.6 MODEL RISK MANAGEMENT

Model risk remains an important component of the Bank's overall risk management framework given its reliance on quantitative models to support credit assessment, provisioning, pricing and capital management decisions.

Model risk refers to the risk of financial loss, inappropriate business decisions or inaccurate reporting arising from deficiencies in model design, development, implementation, assumptions or use. To mitigate this risk, the Bank maintains a comprehensive Model Governance Framework supported by model governance policies, standards and guidance.

During FY2026, the Bank strengthened its model governance environment through enhanced validation practices, updates to model risk policies and independent reviews of critical models. These measures support the integrity, reliability and appropriateness of models used across the organisation.

The framework encompasses models used for IFRS 9 expected credit loss calculations, provisioning and credit risk measurement. It also governs key credit-risk rating methodologies used to assess borrower risk and to support lending decisions.

Through ongoing model monitoring, validation and governance oversight, the Bank seeks to maintain robust risk measurement practices and support sound financial and risk management decision-making.

7.7 FINANCIAL RISK MANAGEMENT

The Bank adopts a prudent and conservative approach to managing market and liquidity risks and maintains a low tolerance for undue financial exposures.

The Treasury Division, under the oversight of the Asset and Liability Committee (ALCO), is responsible for preserving the Bank's financial sustainability through effective asset and liability management, liquidity oversight and funding management. This includes monitoring liquidity risk, funding requirements, balance sheet exposures, and compliance with covenants under the Debt Restructuring Agreement, while aligning funding strategies with both operational requirements and the Bank's developmental mandate.

Key focus areas during the year included:

- Ongoing compliance with Debt Restructuring Agreement covenants.
- Active monitoring of liquidity positions and funding gaps.
- Alignment with the Bank's approved risk appetite framework.

In response to balance sheet constraints and elevated funding costs, the Bank continued implementing its strategic funding plan, with particular emphasis on securing concessional and medium- to long-term funding aligned with its mandate. These initiatives are expected to support improved funding diversification, reduced refinancing risk, a more appropriate liability maturity profile and, over time, a lower overall cost of funding.

Financial risk mitigation will further be supported through:

- Pricing and funds transfer pricing mechanisms being developed and implemented to optimise net interest margins.
- Active monitoring and remediation of non-performing loans in line with Board-approved strategies.
- Ongoing engagement with strategic funding partners and blended finance stakeholders across a range of funding initiatives.

The Bank's approach to financial risk management supports financial resilience, prudent governance and sustainable lending capacity in support of its developmental objectives.

7.8 COMPLIANCE GOVERNANCE

The Board is committed to maintaining a strong culture of compliance, ethical conduct and accountability across the organisation. To support this commitment, Land Bank maintains a comprehensive Compliance Management Framework and supporting policies that promote adherence to applicable laws, regulations and governance requirements.

The compliance function applies a risk-based approach to identifying, assessing and monitoring regulatory obligations and emerging compliance risks. Through ongoing regulatory horizon scanning, the Bank evaluates legislative developments and strengthens controls to ensure that its compliance management framework remains relevant and effective.

Land Bank maintains a regulatory universe that categorises compliance obligations according to core, secondary and topical requirements. This assessment is reviewed annually and updated in response to regulatory developments. Key regulatory frameworks applicable to the Bank include the Land and Agricultural Development Bank Act, the PFMA, the National Credit Act and the Financial Intelligence Centre Act.

The compliance function supports the Bank's governance framework through anti-money laundering oversight, including the appointment of a registered Money Laundering Reporting Officer (MLRO) and a Money Laundering Compliance Officer (MLCO), fit-and-proper assessments, compliance monitoring, regulatory reporting, technology governance compliance, and stakeholder awareness initiatives. Compliance performance and regulatory risk exposures are reported quarterly to the Risk and Governance Committee and the Social and Ethics Committee, providing oversight of the Bank's compliance environment and regulatory obligations.

The Bank also expects third parties and service providers to uphold high standards of governance, ethical conduct and information management. Supplier compliance is assessed through onboarding and ongoing monitoring processes, including the responsible management of personal information and the mitigation of reputational risks.

During FY2026, the Land Bank was recognised by the Information Regulator as one of the most improved public bodies in terms of compliance with the Promotion of Access to Information Act (PAIA), reflecting ongoing efforts to strengthen governance, transparency and regulatory compliance.

7.9 OUR TOP STRATEGIC RISKS

The Board reviews strategic risks and opportunities as part of its oversight of strategy execution, organisational resilience, sustainability and long-term value creation. Strategic risks are assessed based on their residual risk exposure and potential impact on the achievement of the Bank's objectives.

Proactive, targeted interventions are implemented to tackle root causes, while management tracks the performance of mitigation actions and provides the Board with quarterly updates. The Board also rigorously upholds the Risk Appetite and Tolerance Framework to protect value while encouraging responsible risk-taking.

Concurrently, the Bank proactively scans its internal and external environment for emerging opportunities that can accelerate sustainable growth, reinforce institutional resilience, and achieve its developmental mandate.

STRATEGIC RISK	OPPORTUNITY
1. Financial Sustainability Risk	Continued profitability through revenue generation, cost discipline, value-chain financing, funding and improved asset quality. Optimising capital allocation to grow the loan book sustainably.
2. Funding and Liquidity Risk	The Bank is diversifying its funding sources to reduce reliance on concentrated funding lines, using concessional blended and development finance to improve funding costs and expand lending capacity. The Bank continues to build strategic partnerships with DFIs to improve funding opportunities. Alignment with the South African Green Finance Taxonomy and the development of sustainability-linked lending mechanisms to create a pathway to preferential capital for climate-resilient lending, attracting concessional and development finance at scale.
3. Credit and Investment Risk	Ongoing improvements on portfolio quality by using economic and sectoral data points & insights with early-warning triggers. Growing quality assets by targeting viable clients, resilient value chains and bankable agricultural counterparties. Management of the nonperforming loan book through approved remedial strategy through restructuring and curing the identified accounts to reduce its impact on the balance sheet and income statement.
4. Compliance, Governance and Ethics Risk	Continue to apply existing governance frameworks and improve our stakeholder confidence and reducing regulatory exposure. Opportunities to adopt technological platforms automating compliance environment and reporting. The efforts in maintaining good governance through ongoing assurance provided by both our internal and external auditors are ongoing.
5. Technology, Infrastructure and Cybersecurity Risk	Ongoing modernisation of our systems improve service delivery, system availability and digital client experience. Automating farmer onboarding processes and increasing cyber resilience to improve operational efficiency, decision-making and business continuity.

STRATEGIC RISK	OPPORTUNITY
6. Macroeconomic Shocks Risk	Convert macroeconomic and sector intelligence into better pricing, credit decisions and portfolio actions. Identify resilient sectors, regions and value chains where the Bank can lend more safely and strategically.
7. Development Impact Risk	Demonstrate measurable impact on transformation, food security, rural development and sector growth. Use better impact measurement to attract shareholder support, partnerships and blended finance opportunities.
8. Climate, Social and Environmental Risk	Leverage the Bank's green finance pipeline by prioritising renewable energy funding through the Agro-Energy Fund and embedding advisory support into financing programmes. Over the medium term, a regenerative agriculture financing platform could strengthen climate resilience, soil health and food security.
9. People and Culture Risk	Continue building and retaining critical skills in the core areas of our business. Improve productivity and execution by strengthening accountability, leadership depth and employee engagement.
10. Reputational Risk	Strengthen the Bank's credibility as a trusted agricultural development finance institution. Use proactive communication and stakeholder engagement to rebuild confidence and support mandate delivery.
11. Ineffective Operational Processes, Systems and Policies Risk	Improve turnaround times, reduce duplication and enhance client service delivery. Use process optimisation and automation to lower operating costs, improve customer experience and accelerate strategic execution.

7.10 EMERGING RISKS

EMERGING RISK	POTENTIAL IMPACT
Geopolitical and trade fragmentation risk	Global tensions, trade restrictions, commodity disruptions and exchange rate volatility may affect fertiliser prices, fuel costs, export markets, input availability and client affordability.
Regulatory intensity and conduct risk	Increasing regulatory scrutiny across prudential, financial crime, data protection, sustainability, conduct, and consumer protection matters may increase compliance pressures and reporting expectations.
Biosecurity threat risk	Increasing Foot-and-Mouth Disease, avian influenza, and other biosecurity threats may disrupt livestock movement, export activity, agricultural production, farmers' cash flows, repayments, and overall loan book quality. Potential spread of the Hanta virus as flagged by the WHO.
Cyber and hybrid threat escalation risk	Increasing cyber sophistication, ransomware, social engineering, misinformation and digital disruption may affect systems, data, operations, stakeholder trust and regulatory confidence.

7.11 ETHICS MATTERS

Ethical leadership and organisational integrity remain fundamental to Land Bank's governance framework. Consistent with King principles, the Bank promotes an ethical culture that guides decision-making, employee conduct and stakeholder relationships. Through its Ethics Management Plan, ongoing ethics risk assessments and governance oversight structures, the Bank seeks to strengthen accountability, transparency and responsible conduct across the organisation.

The Bank continues to embed ethics within its policies, processes, and organisational values through a range of initiatives that promote ethical behaviour and maintain stakeholder trust. Key focus areas during FY2026 included:

- Strengthening the Ethics Office through the appointment of an Ethics Manager.
- Ongoing implementation of ethics awareness, training and communication initiatives.
- Management of conflicts of interest through declarations and governance processes.
- Promotion of a Speak-Up culture and protection of whistle-blowers.
- Investigation of ethics-related allegations and appropriate accountability measures.
- Implementation of Ethics Risk Assessment (ERA) recommendations and ethics maturity initiatives.
- Regular monitoring and reporting to EXCO and the Social and Ethics Committee.

Notable developments during FY2026 included the introduction of integrated fit-and-proper assessments that incorporate conflict-of-interest and anti-money-laundering considerations, the launch of an employee and Board ethics pledge, and the commemoration of Global Ethics Day, led by the Chair of the Social and Ethics Committee. The Bank also continued to raise awareness of key ethics risks, including fraud, corruption, conflicts of interest and anti-bribery practices.







LAND BANK

SECTION 8

LAND BANK INSURANCE

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8.1 LETTER FROM THE MANAGING DIRECTOR

It is with gratitude that I reflect on the progress achieved during the 2026 financial year. The year was characterised by both complexity and opportunity as the organisation continued to advance its transformation agenda and strategic repositioning within a challenging operating environment.

Throughout the year, Land Bank Insurance navigated a range of macroeconomic challenges. Globally, conflict in the Middle East and persistent trade and tariff uncertainty continued to disrupt supply chains and contribute to volatile input costs. Locally, however, the agricultural sector demonstrated remarkable resilience, emerging as one of the strongest-performing sectors of the economy, supported by favourable rainfall, improved crop production, and strong growth in horticulture and field crops. Against this backdrop, Land Bank Insurance remained focused on managing emerging risks while capitalising on opportunities to support the sector and deliver value to our clients and stakeholders.

Non-Life Portfolio Performance

The Non-Life portfolio (Land Bank Insurance Company) demonstrated resilience during the reporting period despite persistent climatic volatility and challenging agricultural market conditions. The Crop Insurance portfolio recorded Gross Written Premiums (GWP) of R815 million, representing a 1.3% year-on-year increase from R804 million in the previous financial year. Summer crops accounted for 80% of GWP at R655 million, while fruit and winter crops contributed R67 million and R93 million respectively, reflecting continued portfolio diversity.

The FY2026 summer season was characterised by average-to-above-average rainfall across most grain-producing regions, resulting in elevated hail-related claims and higher loss ratios.

Our Asset Insurance business started from a low base and ended the year on R3.7 million in annual premiums, establishing a platform for future growth. We remain encouraged by the pipeline of policies linked to Land Bank disbursements and expect stronger conversion rates in the coming year. The implementation of the Cloud Cover policy administration system further supports our objective of scaling the asset insurance portfolio and expanding regional reach.

The Index Insurance Pilot, which offers smallholder farmers access to parametric insurance products, entered its second and final phase during the year, ending on 30 September 2026. The project successfully launched both the Area Yield Index Insurance (AYII) and Pasture Drought Index Insurance (PDII) products. In addition, 23 Index Broker FSPs were retained during the financial year.

Policy uptake was lower than anticipated, primarily due to the limited timeframe for educating the target market and affordability constraints stemming from the absence of

premium subsidies in South Africa. Nevertheless, the pilot achieved important milestones in product and systems readiness. Engagements with government regarding index insurance subsidies progressed during the year, while management commenced a strategic review to determine the future sustainability and direction of the initiative beyond the pilot phase.

LBIC reported an insurance service loss of R88.7 million in FY2026 compared to an insurance service profit of R18.2 million in FY2025, primarily due to elevated hail-related claims during the reporting period.

Life Portfolio Performance

The Individual Credit Life business delivered improved operational performance during the reporting period, achieving an 88% conversion rate from quotations to issued policies, while new business volumes increased by 10% year-on-year despite operational disruptions in quarter four resulting from a cyber incident. The individual portfolio generated R1.3 million in Gross Written Premiums and approximately R316 million in sum insured, reflecting growth in higher-value, individually underwritten business. Under IFRS 17 reporting, insurance revenue declined marginally by 4% to R12.9 million compared to R13.4 million in the previous reporting period, primarily due to lower earned premiums recognised during the year.

Group schemes contributed R5.0 million in Gross Written Premiums and R266 million in exposure. While policy holders and number of policies declined in line with loan repayments and the portfolio's natural run-off profile, total premium collections across the broader portfolio increased by 16% to R6.5 million. Although the portfolio experienced an elevated loss ratio due to several high-value claims, overall claims activity remained relatively low, and the business continues to demonstrate growth prospects supported by continued Bancassurance momentum and ongoing diversification initiatives.

Solvency and Capital Positions

LBIC maintained a strong solvency position during the reporting period, reporting a Solvency Capital Requirement (SCR) cover ratio of 184% as at March 2026 compared to 212% in March 2025. The SCR cover ratio remains comfortably above the minimum target level of 150% and exceeds the approved risk appetite threshold of 130%. The reduction was primarily driven by lower own funds resulting from higher crop loss ratios, as well as increased non-life underwriting risk capital associated with higher net earned premiums. This was partially offset by increased crop reinsurance cession levels, moving from a 70% quota-share arrangement to an 80% quota-share structure.

LBLIC reported a significantly higher SCR cover ratio of 630% in March 2026, up from 415% in March 2025. The improvement was primarily attributable to the implementation of a revised investment strategy and the appointment of new asset managers, which reduced equity exposure and, in turn, the corresponding market risk capital requirements. The solvency position, therefore, remains substantially above both approved capital targets and risk appetite levels, reflecting continued financial resilience and prudent capital management across the insurance businesses.

Institutional Capability Build-Out

Internally, our institutional capability build-out progressed steadily, with the number of permanent employees increasing from 28 to 31 during the period under review. Succession planning frameworks were also implemented to support business continuity and organisational resilience.

Our transformation agenda was further reinforced through the Land Bank Insurance programmes on Consumer Financial Education and Black Assessor. Through the Farmer Academy, manually signed attendance registers indicated that 1018 farmers participated in the Consumer Market Education on Insurance Products Offering training programme and exceeded the annual target of 1,000 farmers, representing an achievement rate of 102%. Based on the participants PDI classifications recorded, 1018 participation exceeded the 50% + 1 PDI split target at 100%. The Black Assessor Programme reached a cumulative total of 37 trained and certified Black Assessors comprising 22 Grain Crop Assessors onboarded during FY2025 and 15 Fruit Crop Assessors onboarded in FY2026. Through this initiative, LBI identified and supported black farmers, with a particular focus on women and youth, to participate as crop damage assessors alongside their primary farming activities. This creates an additional income stream while supporting skills development, capacity building and broader industry participation.

The FY2026 Corporate Scorecard comprised 20 Key Performance Indicators (KPIs) across the organisation's Key Performance Areas (KPAs). Of these, 11 KPIs (55%) were achieved, while nine (45%) were not achieved. The overall performance reflects delivery below the organisation's expectations and highlights execution challenges across certain strategic and operational priorities. Management has identified the areas of underperformance and is implementing targeted interventions to strengthen execution, reinforce accountability and improve delivery against strategic commitments in the next reporting period.

The foundation laid during FY2026 has positioned LBI for sustainable growth and long-term impact. We remain committed to delivering accessible, relevant and affordable insurance solutions to South Africa's agricultural sector by supporting livelihoods, enhancing resilience and enabling transformation.

Appreciation

I extend my sincere appreciation to the Board of Directors, our shareholders, the Land and Agricultural Development Bank of South Africa, our strategic business partners and employees for their continued support and commitment. I also thank our customers for their loyalty and continued trust in the LBI brand. Your dedication, collaboration and trust have been instrumental to Land Bank Insurance's continued success and to our shared ambition of building a resilient and profitable business. Together, we remain committed to delivering meaningful agricultural risk mitigation solutions that support food security, advance agricultural development, stimulate economic growth, and help improve the sector.

In addition, I would like to express my sincere appreciation to Mr Pascal Siphugu for his exemplary leadership, commitment and service during his tenure at Land Bank Insurance. His contribution has played an important role in advancing the insurance business's mandate and strengthening its position as a key partner in South Africa's agricultural insurance sector.



Tammy Tisane
Managing Director (Acting)



8.2 LEADERSHIP AND TEAM

8.2.1 Land Bank Insurance Board

As of 31 March 2026, the Board of Land Bank Insurance SOC Ltd (LBI) comprised three Independent Non-Executive Directors following the expiry of the terms of the Land Bank-nominated directors on 7 June 2025.

The Land Bank Chief Executive Officer was appointed as a Land Bank-nominated director with effect from 1 July 2025 and served until his resignation on 3 February 2026. Ms Khetha Rantao was approved by the Prudential Authority in September 2025 and subsequently appointed as Chairperson of the LBI Board, while Ms Deshni Subbiah resigned from the Board on 9 January 2026.

At year-end, the appointment of two Land Bank-nominated directors and one Independent Non-Executive Director remained subject to Prudential Authority approval.

Despite these transitional changes, the Board continued to provide effective oversight of the Land Bank Insurance companies, drawing on expertise across legal, actuarial, financial, agricultural economics and governance disciplines. The Board remains committed to maintaining an appropriate balance of skills, experience and independence through the finalisation of the outstanding appointments.

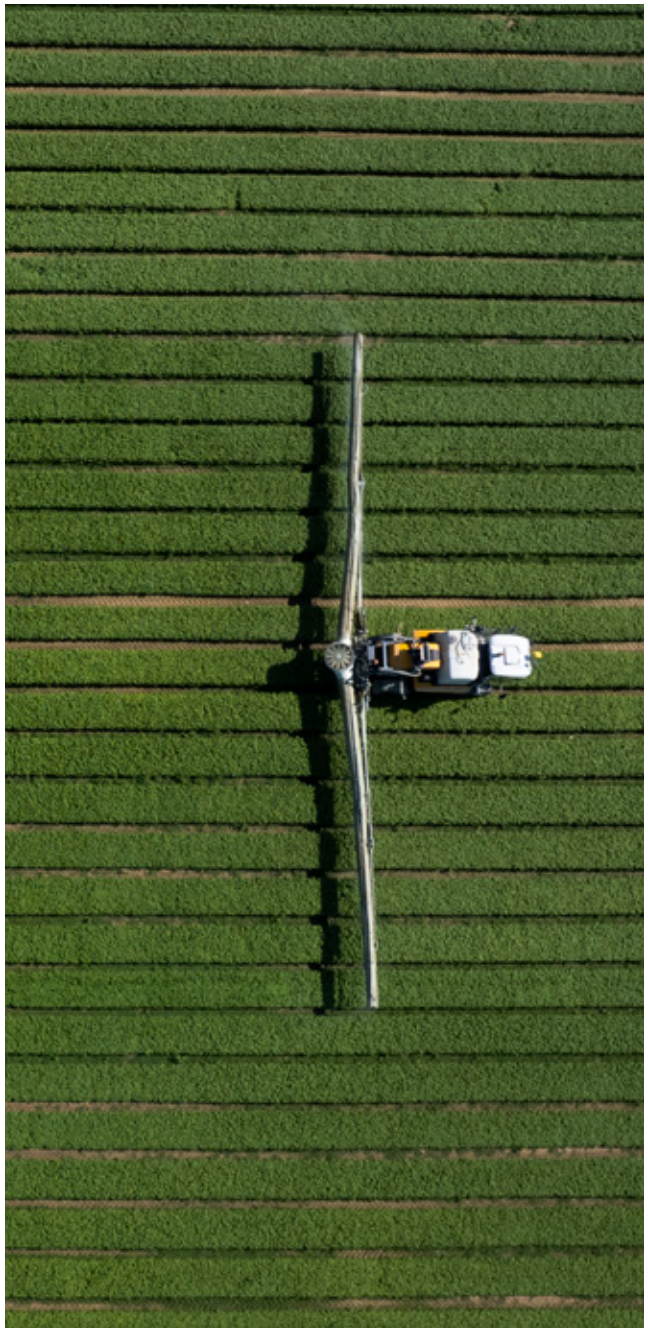
Board Members and Profiles



MS EGASHNEE PILLAY

Ms Egashnee Pillay – Chairperson of the Board until 7 June 2025 (Reappointment as member confirmed by Prudential Authority from 22 May 2026)
Committee Memberships: Chairperson of the Nominations Committee and Member of the Joint Land Bank and LBI Social and Ethics Committee until 7 June 2025.

Ms Pillay is a Chartered Accountant with extensive experience in auditing, financial governance, and public-sector assurance. She also serves on the Land Bank Board, where she chairs the Audit and Finance Committee.





MS KHETHA-OKUHLE RANTAO

Ms Khetha-Okuhle Rantao – Board Member and Chairperson from September 2025

Committee Memberships: Chairperson of the Nominations Committee; Member of the Audit and Risk Committee; Member of the Investment and Actuarial Committee; and Member of the Joint Land Bank and LBI Social and Ethics Committee.

Ms Rantao is a Chartered Accountant with extensive experience in project finance, infrastructure development and investment banking across sub-Saharan Africa. She is the founder of ReagaInfra Holdings and brings significant expertise in development finance and infrastructure investment.



PROF JOHANN KIRSTEN

Prof Johann Kirsten – Board Member until 7 June 2025 (Reappointment as member confirmed by Prudential Authority from 22 May 2026)

Committee Memberships: Member of the Investment and Actuarial Committee and Member of the Nominations Committee.

Prof Kirsten is an agricultural economist and Director of the Bureau for Economic Research at Stellenbosch University. He brings significant expertise in agricultural economics, rural development and economic research.



MS DESHNI SUBBIAH

Ms Deshni Subbiah – Board Member until 9 January 2026

Committee Memberships: Chairperson of the Audit and Risk Committee; Chairperson of the Investment and Actuarial Committee; and Member of the Human Resources and Remuneration Committee until 9 January 2026.

Ms Subbiah is a qualified actuary with extensive experience in risk management, actuarial modelling and governance within the insurance and financial services sectors.



MS MELANIE BOSMAN

Ms Melanie Bosman – Board Member (Term extended to 31 May 2026)

Committee Memberships: Chairperson of the Audit and Risk Committee; Member of the Investment and Actuarial Committee; and Chairperson of the Human Resources and Remuneration Committee from June 2025.

Ms Bosman is a Chartered Accountant (SA) with extensive experience in financial management, governance and internal controls across the public and private sectors.



MR SAKHILE MASUKU

Mr Sakhile Masuku – Board Member

Committee Memberships: Chairperson of the Board from June to September 2025; Member of the Audit and Risk Committee; Chairperson of the Investment and Actuarial Committee from January 2026; Member of the Nominations Committee; and Member of the Human Resources and Remuneration Committee.

Mr Masuku is a Chartered Accountant with extensive experience in financial management, governance and strategic oversight. He currently chairs the Joint IT Steering Committee for Land Bank and its subsidiaries.



ADV. DIMITRI WILHELM VAN DER WESTHUIZEN

Adv. Dimitri Wilhelm van der Westhuizen – Board Member until 7 June 2025

Committee Memberships: Chairperson of the Human Resources and Remuneration Committee and Member of the Nominations Committee.

Advocate van der Westhuizen is an advocate of the High Court of South Africa with extensive experience in labour law, corporate governance and business strategy.

8.2.2 Land Bank Insurance Board Committees

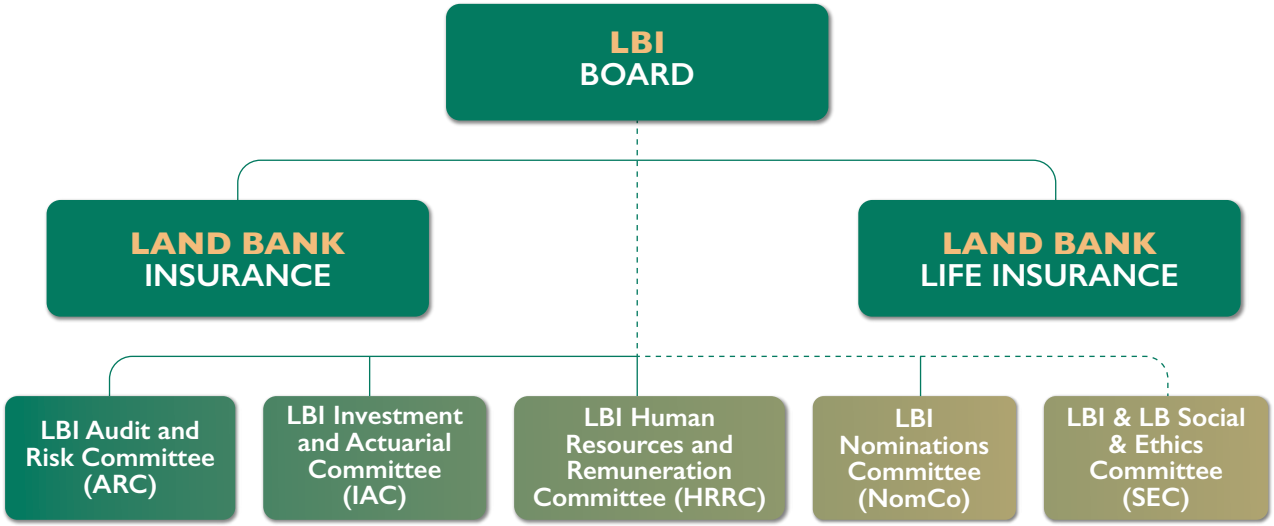
The LBI Board is supported by five standing committees:

- Audit and Risk Committee (ARC)
- Investment and Actuarial Committee (IAC)
- Human Resource and Remuneration Committee (HRRC)
- Nominations Committee (NomCo)
- Joint Social and Ethics Committee (SEC) – shared with Land Bank

These committees are established in accordance with relevant legal and regulatory frameworks, including the PFMA, the Companies Act, the Land Bank Act, the Insurance Act, and the Prudential Standards on Governance of Insurers. They are governed by charters that outline their respective mandates and responsibilities. Occasionally, the Board also establishes temporary structures, such as ad hoc committees, project teams, and task forces, to address specific time-bound issues.

The LBIC Organisational Chart, which includes Committees, is summarised below, illustrating the relationship between the LBI Board, LBI, LBLIC, and the Committees associated with these entities.

LBI's Summary Organisational Chart as of 31 March 2026



Audit and Risk Committee

The primary role of the Committee is to provide oversight of the financial reporting process, the audit process, the insurance companies' system of internal control, enterprise-wide risk, and the financial position of the insurance companies. Its responsibilities, among others, include:

- Determining the fees payable to the Auditor General and the terms of engagement for the Auditor General.
- Establishing the nature and extent of any non-audit services that the Auditor General may provide to LBIC and LBLIC, or that the Auditor General must refrain from providing to LBIC and LBLIC or a related company.
- Pre-approving any proposed agreement with the Auditor General for the provision of non-audit services to LBIC and LBLIC.
- Monitoring the implementation and performance against the Corporate Plan, including financial and non-financial reporting requirements.
- Assisting the Board in developing its risk management framework, strategy, and policies for LBIC and LBLIC.
- Advising the Board on the implementation and adequacy of the risk management frameworks, policies, controls, records, and reporting for LBIC and LBLIC.
- Reviewing and advising the Board on the core policies of LBIC and LBLIC.
- Assisting the Board in evaluating the adequacy and effectiveness of the risk management system and ensuring that enterprise-wide risk assessments are performed annually.

The committee reviews the effectiveness of the outsourced internal audit function, which includes:

- The review and approval of its audit plan, and the internal audit charter; ensuring that internal audit function is independent and objective;

- Approval of the internal audit fee hours and budget; consideration of the periodic reports from the internal auditors;
- Ensuring that internal audit issues are attended to and cleared timeously; and promoted the gradual adoption of the combined assurance model
- The directors are responsible for ensuring that the LBIC and LBLIC maintains adequate records, which disclose, with reasonable accuracy, its financial performance and position.

The committee reviewed the effectiveness of the outsourced IT function, which includes:

- Ensuring that IT risks are identified, assessed, and appropriately managed as part of the broader enterprise risk management framework.
- Reviewing management's mitigation plans for cybersecurity, data privacy, business continuity, disaster recovery, and systems availability.
- Monitoring incidents of IT breaches or outages that may impact financial reporting or business operations.
- Ensuring that IT systems used for financial reporting, data processing, actuarial modelling, and IFRS 17 compliance are appropriately governed and secured.

The Committee discharged all its responsibilities during the year under review. A key area of focus remained the successful transition to IFRS 17, the new accounting standard for insurance contracts, including oversight of implementation readiness, financial reporting impacts, and related governance processes.

In addition, the Committee placed significant emphasis on the Information and Technology environment within the Insurance Companies, particularly in light of the cyber security breach experienced during the reporting period. This included enhanced oversight of cyber security controls, information security governance, incident response and remediation initiatives, and measures aimed at strengthening the overall IT control environment and resilience of the organisation. The Committee further focused on the review and strengthening of internal controls and the resolution of adverse audit findings to support sound governance and risk management practices.

Investment and Actuarial Committee

The primary responsibility of the Committee is compliance with actuarial guidance, ensuring capital adequacy and considering the results of actuarial investigations, including but not limited to policyholder liability valuations and related earnings. The responsibilities include, among others:

- Regularly reviewing and recommending to the Board for approval an Actuarial Mandate.
- Regularly reviewing and recommending to the Board for approval an Underwriting Policy, a Reinsurance and Other Forms of Risk Transfer Policy, a Capital Management Policy, the ORSA Policy, the ORSA Scenario and Planning Framework, the Credit Risk Policy, and the Liquidity Risk Policy.
- Ensuring that sound actuarial governance principles and best practices are adhered to and consistently applied.
- Evaluating the adequacy and completeness of the annual quantitative regulatory returns to the Prudential Authority in terms of applicable laws and regulations.
- Reviewing the reports of the Head of Actuarial Function (HAF) on the results of actuarial investigations, including the validation of actuarial models.
- Reviewing reports on compliance with actuarial guidance in the preparation of financial statements.
- Evaluating the capital adequacy and solvency of the Insurance Companies, including the stresses and scenarios to be used for the Own Risk and Solvency Assessment (ORSA) process of the Insurance Companies and recommending these to the Board for approval.
- Overseeing the management of the investment portfolio of the Insurance Companies and ensuring compliance by management and/or independent investment advisers, if applicable, with investment codes and regulations, and with the investment policies and guidelines of the Insurance Companies.
- Reviewing and making recommendations to the Board on the Asset-Liability Management, Liquidity Risk, Credit Risk, and Investment Policies in terms of prudential standards at least annually.
- Considering significant actuarial and financial risks and assessing the appropriateness and effectiveness of their management.
- Making recommendations to the Board regarding the appointment and dismissal of the HAF and actuarial fees, where applicable.

The Committee fulfilled all its responsibilities during the year under review and continued to focus on strengthening the actuarial and investment governance framework of the Insurance Companies. Following the appointment of the Heads of Actuarial Function (HAFs) at the end of March 2025, the Committee oversaw the embedding and implementation of the actuarial control functions within the business to enhance actuarial oversight and support ongoing compliance with regulatory and governance requirements.

The Committee further oversaw investment management activities, including the monitoring of investment performance, asset allocation, liquidity management, and compliance with approved investment mandates and risk appetite parameters. Continued attention was also given to the adequacy of actuarial models, assumptions, reserving methodologies, and capital management practices to support the financial soundness and sustainability of the Insurance Companies.

Human Resource and Remuneration Committee

The role and responsibilities of the Committee are, mutatis mutandis, no different from those of the Land Bank Human Resources and Remuneration Committee. The focus was on the Remuneration Policy ensuring it remains competitive and provided oversight of Talent Management, Leadership development, Succession Planning and Employee Engagement initiatives.

Nominations Committee

The role and responsibilities of the Committee are, mutatis mutandis, aligned to those of the Land Bank Nominations Committee. During the year under review, the Committee's primary focus was on matters relating to Board composition, succession planning, and maintaining compliance with governance and regulatory requirements. Although a Board training and development plan was in place, implementation thereof was limited during the reporting period due to the challenges relating to Board composition and the reduced number of serving directors.

Particular attention was given to maintaining an appropriately constituted and quorate Board following the expiry of the terms of the Land Bank-nominated directors on 7 June 2025. In light of the reduced number of serving directors during the reporting period, the Committee actively monitored Board composition and governance requirements to ensure the continued effective functioning of the Board and its Committees pending the confirmation and appointment of additional directors by the Prudential Authority.

Land Bank Insurances Board Membership and Committee Meeting Attendance

LBI Committee Membership for FY2026

BOARD STRUCTURE						
Land Bank Board of Directors	**Board of Directors**	**Audit and Risk Committee**	**Investment and Actuarial Committee**	**Social and Ethics Committee**	**Human Resources and Remuneration Committee**	**Nominations Committee**
Committee Structure as at 31 March 2026	***Non executive directors***					
	Ms E Pillay[1 8]	Ms M Bosman[5]	Ms D Subbiah[4]	Ms E Pillay[1 8]	Ady Dvd Westhuizen[1]	Ms E Pillay[1 8]
	Mr S Masuku	Mr S Masuku	Ms M Bosman[5]	Ms K Rantao[3]	Ms M Bosman[5]	Mr S Masuku
	Ms M Bosman[5]	Ms D Subbiah[4]	Mr S Masuku		Ms D Subbiah[4]	Ady D vd Westhuizen[1]
	Ms D Subbiah[4]	Ms K Rantao[3]	Prof J Kirsten[1]		Mr S Masuku	Prof J Kirsten[1]
	Prof J Kirsten[1]		Ms K Rantao[3]			Ms K Rantao[3]
	Ady D vd Westhuizen[1]					
	Mr T Rikhotso[2]					
	Ms K Rantao[3]					
	Executive directors					
	Ms T. Tisane[7]					
	Mr P Siphugu[6]					

1. Term ended 7 June 25

2. Approved by PA from 1 July 2025, resigned 3 February 2026

3. Approved by PA from 25 September 2025

4. Resigned 9 January 2026

5. Term ends 31 May 2026

6. Resigned 11 July 2026

7. Appointed Acting Managing Director on 12 July 2026

8. Reappointed 22 May 2026

LBI Board and Committee Meeting Attendance FY2026

	Board	Audit and Risk Committee	Investment and Actuarial Committee	Human Resources Remuneration Committee	Social and Ethics Committee	Nominations Committee	Strategy Sessions	AGM
	17 meetings	9 meetings	7 meetings	6 meetings	3 meetings	2 meetings	1 meetings	1 meetings
Non-executive directors								
Ms E Pillay[1 8]	3				1	1		
Mr S Masuku	17	9	7	5		2	1	1
Ms M Bosman[5]	17	9	7	6		2	1	1
Ms D Subbiah[4]	12	9	7	5		2	1	1
Prof J Kirsten[1]	3					1		
Adv. D vd Westhuizen[1]	3			1				
Mr T Rikhotso[2]	10						1	1
Ms K Rantao[3]	9			1	2	1	1	1
Executive directors								
Mr P Siphugu[6]	17	9	7	6	2	1	1	1

1. Term ended 7 June 25

2. Approved by PA from 1 July 2025, resigned 3 February 2026

3. Approved by PA from 25 September 2025

4. Resigned 9 January 2026

5. Term ends 31 May 2026

6. Resigned 11 July 2026

8.2.3 Executive Leadership

Land Bank Insurance is led by an experienced executive management team with technical expertise across insurance, actuarial services, finance, risk, legal, and compliance. The leadership team guides strategic implementation and business execution while maintaining a strong emphasis on operational performance, regulatory compliance, and transformation.



***Mr Pascal Siphugu**
Managing Director (Executive Director)

Qualifications

- BA Degree
- BA Honours Degree,
- Masters in Business Administration (MBA)
- Post Graduate Diploma in Management Practice



Ms Botlhale Mpete
Head: Finance Insurance

Qualifications

- B Com Honours Accounting Sciences
- B Com Accounting Sciences
- Qualified CA(SA)



Mr Langa Mnyandu
Head: Legal and Compliance

Qualifications

- B-Proc Degree
- Post Graduate Diploma in Drafting and Interpretation of Contracts
- Admitted Attorney of the High Court of South Africa



****Mr Lefa Ndlovu**
Executive Manager: Sales

Qualifications

- B-Com Business Management
- B-Com Hons Degree in Business Management
- Management Development Programme
- Higher Diploma in Integrated Marketing Communication.
- National Diploma in Marketing



Ms Tammy Tisane
(Acting Managing Director -12 July 2026)
Head: Risk & Strategy

Qualifications

- B-Tech Degree in Internal Auditing
- Risk Management Certificate
- Post-Graduation in Business Administration
- Masters in Business Administration (MBA)



Mr Kwanda Ngwenduna
Chief Actuarial Officer

Qualifications

- BSc Degree in Actuarial Science
- BSc Honours Degree in Mathematical Statistics
- BSc. Honours Degree in Actuarial Science
- MSc e-Science
- Associate Member of the Actuarial Society of South Africa (AMASSA)



Mr Andries Thingoa Mahlase
Executive Manager: Underwriting & Operations

Qualifications

- B. Agric Degree
- Masters in Business Leadership (MBL)
- Management Development Programme
- Advanced Certificate in Insurance

*Resigned 11 April 2026 with last working day 11 July 2026
**Resigned 21 April 2026 with last working day 30 June 2026

8.2.4 People and Culture

Land Bank Insurance's People and Culture function is a critical enabler of its strategic pillar, Built-Out Institutional Capacity. In FY2026, the organisation continued to drive initiatives to develop a high-performance culture underpinned by transformation, continuous learning, and employee wellness. The focus remained on building agricultural-technical and insurance skills while fostering an environment characterised by trust, collaboration, innovation, accountability, and inclusion.

Cultural Transformation and Workplace Values

The organisation is committed to providing meaningful, impactful, and stimulating work that aligns with its leadership vision and desired organisational culture. A strong emphasis is placed on maintaining a work environment free from discrimination, harassment, and bullying. Clear policies and procedures are in place to support this, including confidential channels for raising concerns.

Land Bank Insurance continued its cultural transformation journey through performance-driven practices and engagement-enhancing programmes, placing employee health and wellness at the centre of its people strategy. Wellness services, including external consultations and value-add programmes, were made accessible to all employees via an outsourced wellness partner. A culture and engagement survey was conducted during the financial year to facilitate continuous efforts to build and maintain a culture of engagement. The culture and engagement survey results were shared with the LBI employees and the Human Resources and Remuneration Committee. A conducive working environment plan was developed, under which key initiatives will be implemented next year.

Organisational Capacity

In FY2026, efforts to strengthen organisational capacity were reflected in a headcount of 38 positions. The year ended with 31 permanent employees, compared with 28 in the previous financial year. The total headcount at the end of the financial year in review comprised 31 permanent staff members, 3 fixed-term contractors, and 4 learners.

Land Bank Insurance Employees by Category and Gender

Land Bank Insurance Head-count 31 March 2026: Employee Category and Gender	Male	Female	Total
Permanent Employees	16	15	31
Fixed-Term Contractors	1	2	3
Learners	2	2	4
Total	**19**	**19**	**38**

The table below presents the workforce by age and employment category. Most permanent employees are between 25 and 40 years old.

Land Bank Insurance Employees by Age and Employment Category

Employees by Age and Employ-ment Category: 31 March 2026	Age 25-40	Age 41-54	Age 55-65
Permanent Employees	17	10	4
Fixed-Term Contractors	-	2	1
Learners	4	-	-
Total	**21**	**12**	**5**

The table below presents Land Bank Insurance employees by tenure and employment category. The majority of permanent staff have been with LBI for less than five years. Land Bank Insurance recognises tenure through its Long Service Award Policy.

Land Bank Insurance Employees by Tenure and Employment Category

Employees by Tenure and Employment Category: 31 March 2026	<5 years	6 to 10 years	11 to 39 years	> 40 years
Permanent Employees	25	4	2	-
Fixed-Term Contractors	3	-	-	-
Learners	4	-	-	-
Totals	**32**	**4**	**2**	**0**
	38			

Employment Equity and Diversity

Transformation remains a cornerstone of the organisation's talent acquisition and development strategy. In line with the one-year Employment Equity Plan, African, Coloured, and Indian (ACI) employees made up 92.11% of the workforce in FY2026. Employment equity representation across all occupational categories was closely monitored and remains a key consideration in external recruitment and internal development.

Employment Equity Representation by Occupational Categories

Occupational Category	Female			Female ACI	Male				Male ACI	Foreign National	Totals
	African	White	Female Total		African	Coloured	White	Male Total			
Professional qualified and experienced specialists and mid-management	8	1	9	44,74%	9	1	1	11	47,37%		20
Semi-skilled and discretionary decision making	1		1								1
Senior Management (includes EXCO members)	2		2		4			4		1	7
Skilled & qualified workers, junior management, supervisors, etc	4		4		1			1			5
Top Management					1			1			1
Unskilled and defined decision-making	2		2		2			2			4
Totals	**17**	**1**	**18**		**17**	**1**	**1**	**19**		**1**	**38**
Total ACI Male and Female	**92,11%**										

Integrated Talent Management

Talent development, succession planning, and career growth formed the foundation of LBI's integrated talent management approach:

- **Succession Planning:** Development interventions were implemented following the prior year's successor identification process.
- **Performance Management:** Performance contracting and continuous performance monitoring enabled the identification and reward of high-performing individuals and the proactive management of underperformance.
- **Induction and On-Boarding:** The On-Boarding and Induction programme was reviewed and implemented with the focus on new employees' engagement from their commencement of employment. The revised programme takes a phased approach over three months, including the initial induction programme and further onboarding within the business function.
- **Learning Development:** The total investment in learning development increased when compared to the previous financial year, demonstrating the commitment to deepening internal skills and knowledge. A total of R 409,183.64 was invested in training and staff development during FY2026 (compared to R273,006.14 in the previous year), covering academic qualifications, leadership development, technical training, and workshops.
- **Tertiary Qualifications:** A total of two (2) permanent female employees received benefits from the payment for tertiary qualifications (staff studies) amounting to R258,196.00 (compared to R147,461.00 in the previous year). The fields of study include a Master's in Business Administration and Compliance Management Certified Programme.

Staff Training Spend by Employee Demographic

Permanent Employees Staff Studies	ACI – No. of Employees	ACI - Rand Value
Professionally qualified and experienced specialists and middle management (P6-P7)	1	R237 196.00
Skilled and qualified workers, junior management, supervisors, foremen, superintendents (P8-P9)	1	R21 000.00
Total	**2**	**R258 196.00**

Generic Training, Leadership Development, Technical Training, Workshops and Conferences

Generic Training, Leadership Development, Technical Training, Workshops and Conferences; Learnership	ACI – No. of Interventions	ACI - Rand Value
Top Management (P1-P3)	2	R7 062.50
Senior Management (P4-P5) *inclusion of EXCO members	25	R28 628.26
Professionally qualified and experienced specialists and middle management (P6-P7)	100	R44 785.45
Skilled and qualified workers, junior management, supervisors, foremen, superintendents (P8-P9)	38	R10 298.66
Semi-skilled and discretionary decision making (P10-P12)	5	-
Unskilled and defined decision making (P13-P14)	-	-
Learners	31	R54 987.77
Total	**201**	**R145 762.64**

Employee Turnover and Retention

Permanent Voluntary Attrition decreased in FY2026 to 6.45% (from 25% the previous year). The organisation remains challenged by talent competition within the broader insurance sector, where similar technical skill sets are in demand.

Attrition by Employee Level

Attrition in FY2026	FY2026
1. Total Attrition: Permanent, Voluntary and Involuntary	2
2. Total Attrition Rate: Permanent - Voluntary	2
3. Attrition Rate: Permanent Voluntary only (2 from 31)	6.45%

Permanent Attrition by Employee Level and Demographics

Reason and Occupational Category	Female	Male	Totals	Total ACI
	African	Coloured		
Resigned	1	1	2	100%
Professional qualified and experienced specialists and mid-management		1	1	
Skilled and qualified workers, junior management, supervisors, foremen, superintendents	1		1	
Totals	**2**	**2**	**4**	

Employee Value Proposition (EVP)

Land Bank Insurance adopts the broader Land Bank EVP framework, which is designed to attract and retain high-performing individuals aligned with the institution's long-term strategy. In the coming year, awareness campaigns will be launched to enhance understanding and uptake of EVP benefits, thereby supporting stronger employee engagement and retention outcomes.

Remuneration and Benefits

The organisation's remuneration strategy is based on the State-Owned Entities Remuneration and Incentives Guidelines (2018) and is fully aligned with its performance and talent management processes. Key principles include:

- **Equity and Fairness:** All roles are evaluated using Peromnes Grading, with job profiles linked to performance outputs and required qualifications.
- **Benchmarking:** Pay scales are benchmarked annually to ensure market competitiveness.
- **Guaranteed Package (AGP):** Permanent employees receive a total guaranteed package that includes participation in Bankmed (medical aid), retirement funding, and a comprehensive suite of risk benefits (life, disability, dread disease, and funeral cover).

Remuneration and Compensation Metric

Details	Amount
Total remuneration of the highest-paid employee: Managing Director	R3 597 018.00
Total remuneration of the lowest-paid employee: Administrative Assistant	R351 663.84
Average total remuneration of all employees	R1 213 267.03
Median total remuneration of all employees	R934 145.76

A 5.00% cost-of-living salary adjustment was granted to non-executive staff, while performance-based increases ranging from 3.9% to 4.1% were awarded to executives. The Managing Director received a 3.9% increase based on individual performance.

Flexible and Remote Working

LBI functions on a hybrid working model that combines remote and office-based engagement. Regular in-office interactions promote collaboration and employee connectedness while sustaining operational agility.

People Governance

People management is governed by a suite of policies and procedures that are reviewed on a three-year cycle or in response to changes in legislation or the operating environment. Oversight is ensured through quarterly reporting to the Executive Committee and the Human Resources and Remuneration Committee.

Labour Relations and Consequence Management

Labour relations are co-managed by the People & Culture team and the Legal & Compliance unit to ensure alignment with all relevant labour legislation. Management measures were taken in four cases during the reporting year, none of which resulted in dismissal.

8.3 PURPOSE AND STRATEGY

Land Bank Insurance (LBI) refers to the joint insurance businesses, namely Land Bank Insurance Company SOC Ltd (LBIC) and Land Bank Life Insurance Company SOC Ltd (LBLIC). These entities play a critical role in advancing the Bank's broader mandate of promoting inclusive growth, financial inclusion, and sustainability in South Africa's agricultural sector by strengthening agricultural resilience through Risk Management.

LBIC is a licensed non-life insurance company, registered with both the Financial Sector Conduct Authority (FSCA) and the Prudential Authority (PA) in accordance with the Insurance Act 18 of 2017. As a niche crop insurer, LBIC provides tailored cover for risks such as hail, fire and allied perils that result in yield and financial losses to farmers caused by adverse weather events. In addition, LBIC offers insurance solutions for agricultural assets commonly used in farming operations, thereby enhancing primary producers' resilience to operational disruptions.

LBLIC, a licensed life insurer, has been operating since 1954 and provides credit, life, and disability insurance products to Land Bank clients and, more broadly, farmers in South Africa. Its product offering includes both individual and group schemes (credit provider policies) that provide critical collateral security in the event of disability or death.

Both insurance companies provide robust risk management frameworks that complement the Bank's financing solutions. By mitigating agricultural and personal risks, LBI supports farmer sustainability and enhances access to credit, thereby reinforcing the stability and transformation of South Africa's agricultural economy.

Mandate

Mandate	Aspirational Strategic Positions	Mandated Products
To support an inclusive agricultural sector by promoting greater participation of previously disadvantaged persons (transform the industry) and at the same time providing innovative risk mitigating solutions to commercial farming enterprises in South Africa.	• Bancassurer of choice to the agricultural sector • Key driver to develop small holder integrated financial solutions • Bespoke risk mitigation solutions to support the sustainability of commercial farmers • Transformation of the insurance value chain	• Assets Insurance • Crop Insurance • Livestock Insurance • Index solutions • Credit Life Insurance

The mandate reinforces Land Bank's broader mission of advancing sustainable agriculture through risk management, financial inclusion, and long-term value creation for South Africa's farming communities.

Vision

To be a sustainable specialist insurer of agricultural risks in support of the objectives in the Agricultural Sector.

Mission

LBIC and LBLIC exist to fulfil the objectives of the Land Bank, as envisaged in the Land Bank Act, tasked to provide insurance and risk management solutions to the Agricultural Sector.

Strategy and Value Creation

In FY2026, Land Bank Insurance (LBI) undertook significant strategic initiatives to deepen its development impact, improve financial resilience, embed environmental, social and governance (ESG) practices, and reposition itself for long-term value creation. This section outlines key developments in the external environment, regulatory and accounting reforms, the strategic priorities underpinning the five-year plan to FY2029, and LBI's performance against agreed key performance indicators.

8.3.1 Key Market Developments: Climate-Related Risk

Although weather conditions were generally favourable in 2025/26, climate-related risks continued to affect South Africa's agricultural sector. The 2025 season was characterised by significant weather variability, including drought conditions in the Northern Cape, unseasonal heatwaves in the Western and Eastern Cape, and severe flooding in parts of KwaZulu-Natal and the Eastern Cape.

These events affected farming communities and reinforced the need for more adaptive risk-management solutions across the agricultural value chain. In response, Land Bank Insurance Company (LBIC) continued to strengthen the integration of ESG considerations, particularly climate risk, into its business strategy and risk management framework.

8.3.2 Strategy and Strategic Priorities

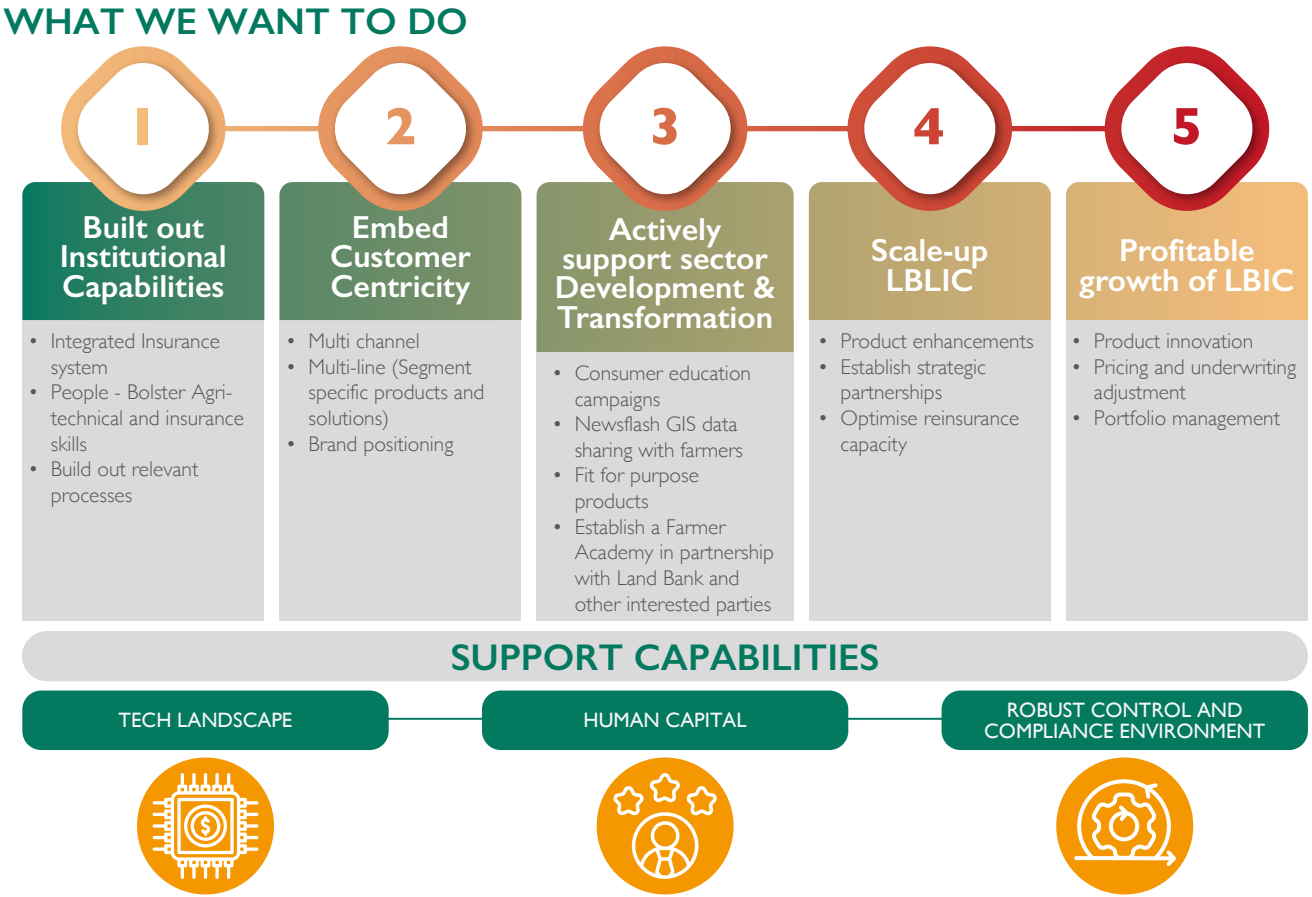
LBI's five-year strategy for the FY2025 to FY2029 period is built around the theme of STAGILITY, reflecting the organisation's focus on maintaining stability while pursuing profitable growth. The strategy is supported by five strategic pathways that guide performance, investment and operational priorities.

For FY2027, strategic priorities include growing the life insurance business, strengthening institutional capability, advancing transformation and developmental objectives, improving organisational effectiveness, and maintaining strong governance, risk and compliance practices through the Corporate Scorecard and Shareholder Compact framework.

During FY2026, management reviewed progress against the strategy and assessed emerging market, regulatory and operational developments. The review confirmed the strategic direction of the business while identifying opportunities to strengthen execution, improve operational efficiency and support future growth.



LBI's 5 Strategic Pathways



Strategic Priority 1: Built Out Institutional Capabilities

Progress to Date and FY2027 Strategic Priorities:

Five-year strategic roadmap setting milestones to systematically provide a path towards meaningful achievement of set goals.

To date, the pathway has focused on and achieved the following priorities:

- Approved fit-for-purpose organisational structure implemented.
- CloudCover Insurance System service provider appointed through the SCM process.
- Actuarial system capabilities (complemented through the acquisition of Psicle and Basys actuarial software).
- Core processes developed.

Going forward, the pathway would focus on various programmes and activities including improvement of the Bancassurance channel and introduction of the refreshed Bancassurance strategy. LBI will also seek to launch new products and implement strategies for growth and customer retention.

Strategic Priority 2: Embed Customer Centricity

Progress to Date and FY2027 Strategic Priorities:

To date, the PATHWAY has focused on and achieved the following priorities:

- Launch of the Farmer Academy and over 900 emerging farmers trained.
- Concluded customer satisfaction survey and remedial actions implemented.
- Retained 64 Black Brokers, which includes 23 Index Broker FSPs.
- Completed development of new products, i.e., Index, Crop Lite, Livestock and Asset Insurance.

Going forward, the pathway would focus on various programmes and activities regarding further development of the Farmer Academy, recruitment and support for Black Brokers and the promotion of new products.

Strategic Priority 3: Actively Support Sector Development and Transformation

Progress to Date and FY2027 Strategic Priorities:

- Black Brokers and Black Assessors flagship programmes implementation.

- Concluded 8 Strategic Partnership agreements to support development & transformation.
- Sourced Grants and subsidies from Global Parametric, CelsiusPro and IFC.
- Launched Index Insurance.

Going forward, the pathway would focus on various programmes and activities including re-setting and implementing the revised strategy for Index Insurance, exploring premium finance solutions, and implementing the B-BBEE plan.

Strategic Priority 4: LBIC Sustainable Growth

Progress to Date and FY2027 Strategic Priorities:

- Optimisation of the Bancassurance model and leads the automation process.

Going forward, the pathway would focus on various programmes and activities including continued optimisation of the Bancassurance model.

Strategic Priority 5: Scale up LBLIC

Progress to Date and FY2027 Strategic Priorities:

- Maintained a credible reinsurance panel with improved terms.
- Implementation of the crop profitability remedial interventions and notable improvement in Underwriting Margin.
- Implemented and concluded the investment transition and new strategy.

Going forward, the pathway would focus on various programmes and activities regarding implementation of the Crop Remediation Plan, executing the Revised Distribution Strategy, and implementing Capital Cost optimisation.

8.3.3 Maintaining Financial Sustainability

During the reporting period, LBI remained focused on initiatives that would support both immediate growth and long-term financial sustainability. The strategic priority was to strengthen the business across all three product lines – Crop, Credit Life, and Asset Insurance – through targeted premium growth and channel expansion efforts.

In the Crop Insurance portfolio, premium levels remained relatively stable year-on-year. However, late rainfall impacted planting cycles for summer crops, limiting opportunities for significant premium growth. Despite this constraint, the portfolio continued to contribute as the core revenue driver within LBIC.

The **Credit Life portfolio** showed marked improvement in policy count from the previous financial year. This performance was largely attributable to increased lending activity from the Land Bank. These developments contributed to a more stable book, helping to offset declines from maturing credit life policies in run-off.

LBI also made considerable progress in strengthening its business sustainability by implementing a multi-channel distribution strategy. This strategy was built around three core pillars: Internal Channels, Intermediaries, and Strategic Partnerships.

- **Internal Channels:** Four out of five provincial managers were appointed to provide on-the-ground support to intermediaries and partners. These managers were assigned to key geographic regions, helping to localise engagement, improve responsiveness, and support channel performance.
- **Optimising Systems and Processes:** A second internal initiative focused on optimising systems and processes to grow the Bancassurance relationship with the Land Bank. This relationship has been instrumental in the growth of all our products. Ongoing system enhancements were prioritised to improve efficiency and scale this channel.
- **Intermediaries:** Efforts were made to deepen relationships with existing brokers and intermediaries to stimulate growth in the asset portfolio. Dedicated support from provincial managers aimed to improve the productivity of these partners.
- **Strategic Partnerships:** The third channel pillar focused on forming alliances with Development Finance Institutions (DFIs), farmer groups, cooperatives, aggregators, and organisations supporting emerging farmer development. These partnerships are viewed as critical enablers of future growth, particularly in underserved segments of the agricultural market.

All three pillars of the distribution strategy were revitalised during the reporting period, placing the business in a strong position to deliver improved performance and sustainable growth into FY2027.

8.3.4 Contribution to Development and Transformation

LBI continues its endeavours and programmes to achieve greater transformation and development in the agricultural sector by instigating change in the value chain and the delivery of insurance services. We remain committed to transforming the insurance sector and supporting the development of key value chain participants, namely Brokers and Assessors, from the PDI category. In this regard, we have two key initiatives: the Black Broker Development Programme (BBDP) and the Agricultural Insurance Black Assessor Programme (AIAP).

Black Broker Development Programme (BBDP)

The agricultural sector has historically been dominated by white brokers. The BBDP programme seeks to address this imbalance by creating opportunities for black brokers to access and benefit from the growing agricultural insurance market, while simultaneously improving access to insurance services for emerging farmers. By supporting the development of brokers who are geographically closer to farming communities and able to engage clients in their preferred languages, the programme aims to strengthen inclusion, accessibility and transformation across the agricultural value chain. LBI currently works with approximately 64 Black Brokers, which includes 23 Index Brokers who contribute to its premium income base.

LBI works with and continues to recruit Black Brokers who contribute to its premium income base for crop and asset portfolios. The Black Brokers are provided with relevant training and structured onboarding. Further to this, participating brokers are mandated to underwrite Crop and Asset Insurance business and supported through Bancassurance Blended Finance Scheme-approved loans. Brokers are then provided with leads to contact these farmers and introduce a conversation about insurance.

In the 2026 financial year, 64 active and retained Black Brokers were directly involved in LBI business activities. Looking ahead, LBI will focus on providing black brokers with Land Bank farmers to generate business leads and income.

Agricultural Insurance Black Assessor Programme (AIAP)

When insured farmers suffer losses, and an insurance claim is reported, insurers will typically appoint an assessor to investigate and report on a claim. Claims are the largest cost item for insurers, so involvement in claims assessments creates a significant income opportunity for assessors.

Through this initiative LBI targeted and identified black farmers, with a particular focus on women and youth, to participate as crop damage assessors alongside their primary farming activities, thereby creating an additional income stream.

The programme entails the recruitment, training, assessment, validation, and certification of black farmers to perform the role of crop damage assessors within the crop insurance value chain.

In the 2026 financial year, 15 Black Assessors were recruited, trained and certified as Fruit Crop Trainee Assessor, of which 11 were women. Looking ahead LBI will prioritise assessor allocation opportunities for the trained cohort and provide ongoing skills development interventions to build assessor capacity and strengthen industry participation.

8.3.5 Parametric Insurance for Smallholder and Emerging Farmers

To continually enhance financial inclusion and improve resilience to climate-related risks within the agricultural sector, LBIC continued to advance its Index Insurance portfolio during FY2026 by implementing the Area-Yield Index Insurance (AYII) product for crops and the Pasture Drought Index Insurance (PDII) product for livestock. These innovative insurance solutions are designed to improve access to inclusive and affordable agricultural insurance for smallholder and emerging farmers.

The Prudential Authority granted LBIC regulatory approval, in terms of Section 5(4) of the Insurance Act 18 of 2017, to conduct a pilot project for both the AYII and PDII products from 07 August 2024 until 30 September 2026. Following the pilot launch during the 2024/25 summer season, two farmers were insured through the PDII scheme in the 2025/26 financial year. A further total of 314 farmers and 17 brokers across the five participating provinces were trained on Index Insurance concepts and product implementation, after which the broader pilot programme rollout was successfully undertaken during FY2026.

8.4 PERFORMANCE IN FY2026

LBI's strategic execution and organisational performance are closely monitored and assessed through the approved Shareholder Compact, which serves as a key governance and accountability instrument between the shareholder and the organisation. The Shareholder Compact provides the framework for measuring progress against strategic objectives, Key Performance Areas (KPAs), and Key Performance Indicators (KPIs), while ensuring alignment with the organisation's mandate, regulatory obligations, financial sustainability objectives, and broader developmental priorities. Through structured performance planning, monitoring, and reporting processes, the Compact further enables ongoing oversight of operational delivery, risk management, governance compliance, and strategic outcomes by Management, the Board, and relevant stakeholder structures.

8.4.1 Performance Against Key Indicators

The table below presents the Land Bank Insurance Performance Scorecard for FY2026.

LBI Performance Scorecard (FY2026)

Key Performance Indicators	FY2025 Actual	FY2026 Targets	FY2026 Actual	Management Comments
KPA 01: LBIC Sustainable Growth [30%]				
1. Manage Expense Ratio	9.5%	5,5% - < 6,0% of the budgeted total revenue	9.5%	Target Not Achieved Recorded 9.5% expense ratio against target of 5.5% - 6% as of 31 March 2026. The underperformance was primarily attributable to the GWP growth remaining below budget, resulting in a smaller revenue base over which operating costs were absorbed.
2. Improve LBIC Loss Ratio	85%	65% - < 70% in any reporting period	85%	Target Not Achieved Reported loss ratio of 85% as of 31 March 2026. The underperformance was primarily attributable to an exceptionally high frequency and severity of weather-related claims, particularly excessive rainfall, flooding, and hail events affecting the summer crop portfolio. These resulted in elevated claims costs.
3. SCR Cover Ratio	211%	150% - 170% in any reporting period	184%	Target Achieved The SCR cover ratio is 184% as of 31 March 2026. The ratio is above the minimum target of 150% and higher than the risk appetite of 130%. The achievement was primarily attributable to prudent capital management, effective solvency monitoring, robust reinsurance arrangements, and continued maintenance of sufficient eligible own funds to support regulatory capital requirements despite the elevated claims experience during the reporting period.
4. Gross Written Premium (GWP) (Crop and Non-Crop including Index of R64 million)	R803m	R1,049 million revenue for the full Financial Year	GWP of R818,7 million	Target Not Achieved GWP of R818,7 million written as of 31 March 2026, comprising: • Crop at R815m (Includes R241 thousand Index). • Asset and Livestock (excluding Index) at R3,7 million.
5. Index Insurance Pilot	N/A	Provide Index Insurance (PDII and AYII) cover to 2,500 South African Farmers (number of insurance policies written), targeting a majority of Previously Disadvantaged Individuals (PDIs)	Provided Index Insurance cover to a total of 4 South African Farmers representing 100% Previously Disadvantaged Individuals (PDI)	Target Not Achieved Qualitative feedback from the pilot thus far indicates that premium affordability is the main reason for lower quote conversions.

Key Performance Indicators	FY2025 Actual	FY2026 Targets	FY2026 Actual	Management Comments
6. GWP Non-Crop excluding Index	Launched Livestock Insurance Product.	R50m revenue for Asset and Livestock	Attained a GWP of R3,7 million as of 31 March 2026 for non-crop portfolios (Asset and Livestock GWP)	Target Not Achieved As at 31 March 2026, the book comprised 78 active policies, with R3,7 million (Asset GWP of R2,9 million + Livestock GWP of R800 thousand) in annual GWP and R1.6 billion in sum insured. Although claims experience remains within acceptable loss ratio of approximately 20%, there are cancellations, largely due to unpaid premiums. The challenge is being actively addressed in collaboration with the Bank.
KPA 02: Scale-up Life Business (LBLIC) [5%]				
7. Credit Life (New Business GWP)	Generated 161 new individual credit life policies and 1 group scheme with 154 members.	R4,5m New Credit Life Sales (New Business GWP)	Attained a GWP of R1,5 million as of 31 March 2026 for New Credit Life Sales portion of the Credit Life Portfolio,	Target Not Achieved Membership and GWP declined in line with the nature of agricultural lending, as underlying loans are repaid. Despite reduced group scheme volumes, the overall Credit Life portfolio continues to demonstrate positive growth relative to the prior financial year, driven by sustained momentum in the Bancassurance channel.
8. SCR Cover Ratio	432%	150% - 200% in any reporting period	The SCR cover ratio is 630% as of 31 March 2026.	Target Achieved The ratio remains well in excess of capital target and risk appetite.
KPA 03: Built out Institutional Capabilities [10%]				
9. Insurance Products developed on the Insurance System	Appointed the Insurance Management System Provider	Products successfully developed, transacting and accessible on the Insurance System, procured through the implementation of approved Supply Chain Management policies.	Successful implementation of the Cloud Cover Insurance System	Target Achieved The Cloud Cover Insurance System has been successfully implemented, going live in March 2026. Crop and Crop Lite products successfully developed, transacting and accessible on the Insurance System
KPA 04: Customer Centricity [10%]				
10. Enhanced Customer Centricity	Customer Satisfaction Survey done and approved by EXCO. Results analysed and recommendations proposed accordingly.	Customer Satisfaction Survey (achieve minimum of 70% score)	83% achieved as of 31st March 2026.	Target Achieved The customer satisfaction survey was carried out successfully during the financial period, and the survey outcome report approved. The achievement is well above the 70% minimum target.
KPA 05: Developmental and Transformation [15%]				
11. Consumer Market Education on insurance products offering	272 Webinar Online. 1,992 face-to-face.	1000 South African Farmers trained, mainly targeting a majority of Previously Disadvantaged Individuals (PDIs)	A total of 1018 farmers representing 100% PDI farmers successfully trained on insurance products offering as at 31 March 2026. The actual reach exceeding the annual target of 1000 participants resulting in a 102% achievement rate.	Target Achieved This achievement marks an important milestone in strengthening LBI insurance products awareness and market penetration, as well as support for PDI Framers. The KPI was not validated by AGSA due to limitation and inconsistency of evidence provided by management

Key Performance Indicators	FY2025 Actual	FY2026 Targets	FY2026 Actual	Management Comments
12. Black Assessor Programme on Fruit Crops Assessment Portfolio	22 Grain Crop Black Assessors.	Roll-out of Damaged Crops Assessment Programme for Fruit Crops Portfolio to 10 black farmers	15 Black Farmer Assessors benefited from the Damaged Crops Assessment Programme for Fruit Crops as rolled-out during the FY2026 reporting period.	Target Achieved Completed the roll-out of the Damaged Crops Assessment Programme for the Fruit Crops Portfolio as at 31 March 2026. A total of 15 Black Farmer Assessors benefited from the programme during the reporting period, exceeding the annual target of 10 participants by five (5), resulting in 150% performance against the approved target.
KPA 6: People and Culture (Organisational Effectiveness) [10%]				
13. Conduct a culture survey	Capability Building Plan approved	Complete culture survey and implement recommendations	Culture survey conducted successfully and the results, together with a conducive work environment plan approved by EXCO.	Target Achieved Culture survey conducted successfully and the results, together with a conducive work environment plan approved by management.
14. Retention of talent and critical skills	LTI was approved as part of Employee Value Proposition (EVP).	Retain 80% of employees identified by EXCO to be in critical roles as of 01 April 2025	Achieved 100% retention of approved critical roles for FY2026.	Target Achieved 100% retention of approved critical roles for FY2026. This result demonstrates the effectiveness of LBI's employee value proposition plan.
15. Succession Management (Learning and Development)	PDP training of two (2) successors completed	Implement Board approved succession plan at all organisational levels	Identified interventions not successfully completed as of 31 March 2026.	Target Not Achieved The identified interventions were not fully implemented due to the learning and development programme not being successfully completed. A service provider has been appointed for the development of a holistic Integrated Talent Management Framework, entailing; Competency Framework, Critical Roles identification, Career Pathing, Succession Management, Job Grading, and Remuneration Structures.
KPA 07: Risk, Compliance and Governance [20%]				
16. Classify <0.1% (R value) of expenses as irregular, fruitless and wasteful expenditure	Possible Fruitless and Wasteful expenditure as a result of delayed SARS VAT processing	Less-than 0.1% (<0.1%)	As at the end of the FY2026 financial year, the incurred incidents rated at 5.6% of total expenses, which is above the threshold of <0.1%	Target Not Achieved 4 incidents of Irregular, Fruitless & Wasteful expenditure incurred during the Financial Year at 5.6% of the total expenses. Total Expenses of (LBLIC R24.6m + LBIC R76.7m) = R101.3 million Total IF&W Expenditure of (LBLIC R2.5m + LBIC R3.2m) = R5.7 million (5.6%)

Key Performance Indicators	FY2025 Actual	FY2026 Targets	FY2026 Actual	Management Comments
17. Audit outcome as per the Auditor General South Africa's (AGSA) Audit Report	Unqualified Audit Outcome	Clean audit outcome	Unqualified Audit Outcome	Target Not Achieved. Land Bank Insurance did not achieve the targeted Clean Audit, receiving an Unqualified Audit Opinion with findings. Improvement actions have been implemented to address the Auditor-General's findings and further strengthen governance, compliance and performance reporting processes to support the achievement of a Clean Audit in future. For purposes of executive performance management, Land Bank Insurance's performance was assessed in accordance with the approved Performance Standard Operating Procedures, which distinguish between an Unqualified Audit Opinion (rated as "Achieved") and a Clean Audit (rated as "Over-Achieved"). Accordingly, while Land Bank Insurance did not attain a Clean Audit, the approved performance methodology recognises the Unqualified Audit Opinion as meeting the contracted performance level for this KPI.
18. Ethical Compliance Investigation and Monitoring Rate	All ethics related matters reported have been investigated accordingly with no unethical behaviour findings as at the end of March 2025.	Ensure 100% of reported ethical compliance issues are investigated, continually monitored and outcomes are transparently reported to governance structures	No matters were noted as of 31 March 2026	Target Achieved No findings on unethical behaviour matters against staff members. This demonstrates LBI's continued commitment to accountability, ethical leadership and organisational integrity.
19. Implementation of approved Environmental, Social and Governance (ESG) Framework – Year One (1)	Climate change strategy completed and approved by EXCO.	Successfully lay the groundwork for a comprehensive ESG framework and implement the climate risk assessment	100% achievement of Year 1 project deliverables	Target Achieved ESG Year 1 project deliverables allocated across Phases 1–3 for FY2026 were completed, resulting in 100% achievement of targets.
20. Implementation of the Compliance Cover Plan, Monitoring Plan and PFMA Act	The Compliance (Coverage and Monitoring Plans were approved and 100% implementation as at 31 March 2025.	1. Implement the FY2026 Audit and Risk Committee (ARC) approved Compliance Coverage Plan 2. Implement 100% FY2026 ARC-approved Monitoring Plan 3. 100% compliance with applicable sections of the PFMA	Implementation of the Compliance Cover Plan, Monitoring Plan and PFMA Act achieved as at 31 March 2026	Target Achieved Compliance Coverage Plan: Successfully implemented 98% of the FY2026 Compliance Coverage Plan approved by the Audit and Risk Committee (ARC) as at 31 March 2026. The outstanding 2% relates to the partial completion of one (1) of the 55 compliance requirements, namely the finalisation of the Outsourcing Agreement with the Land Bank. Compliance Monitoring Plan: Achieved 100% implementation of the FY2026 Compliance Monitoring Plan approved by the Audit and Risk Committee (ARC) as at 31 March 2026. PFMA Compliance: Maintained 100% compliance with applicable Public Finance Management Act (PFMA) requirements, including the timely submission of all prescribed returns and Annual Financial Statements in terms of sections 52, 54 and 55, as well as quarterly reports to the Land Bank as Shareholder.

*All achievements as of 31 March 2026 unless otherwise indicated.

The FY2026 Corporate Scorecard comprised 20 Key Performance Indicators (KPIs) across the organisation's Key Performance Areas (KPAs). Of these, 11 KPIs (55%) were achieved, while nine (45%) were not achieved. The overall performance reflects delivery below the organisation's expectations and highlights execution challenges across certain strategic and operational priorities. Management has identified the areas of underperformance and is implementing targeted interventions to strengthen execution, reinforce accountability and improve delivery against strategic commitments in the next reporting period.

For the year under review, LBI received an unqualified audit opinion with findings, reaffirming the credibility of the financial statements while identifying areas requiring improvement in governance, internal controls and performance information management. Management will continue to prioritise focused remedial interventions to address the findings raised by the Auditor-General of South Africa's (AGSA), strengthen accountability mechanisms, enhance continuous monitoring processes, and improve execution discipline across all business areas. Emphasis will further be placed on proactive performance management, timely escalation of risks and constraints, and embedding lessons learned to improve consistency in overall organisational performance and governance outcomes in future financial periods.

8.5 RISK MANAGEMENT STRATEGY AND PROCESS

An effective risk management system supports the business's sustainability, growth and its ability to create long-term value for all stakeholders. In line with the Prudential Standards for Governance and Operations of Insurers ("GOI"), LBI maintains an effective and integrated risk management system comprising strategies, policies, procedures, and governance processes for the identification, assessment, monitoring, management, and reporting of all material risks. Our risk management process is designed to continuously monitor the internal and external environment to identify any conditions or changes that may require us to mitigate related risks and capitalise on opportunities. This ensures that we remain within our risk appetite, achieve our business plans and realise our strategic objectives.

The Board is mindful of the importance of risk management as it is intrinsically linked to the organisation's strategy, performance and sustainability. It sets the risk appetite and tolerance levels annually as part of its review of the risk management strategy. It oversees the LBI risk management system and activities through the Audit and Risk Committee (ARC). The ARC is responsible for reviewing and recommending the risk strategy and risk policy suite for the LBI Board approval.

8.5.1 Our Risk Strategy Approach

Our approach to risk and strategy aligns with our vision of being a sustainable specialist insurer for agricultural risks, supporting an inclusive agricultural sector. We establish a clear risk appetite that informs our overall business strategy, facilitating a disciplined and balanced approach to risk-based decision-making and enabling control over the risks to which our earnings and capital are exposed.



When assessing risk within our strategic planning, we apply a top-down approach to guide risk-taking activities. Our risk management framework is underpinned by a documented risk preference for each key risk category, supported by clearly defined risk appetite metrics for financial soundness, earnings at risk, and liquidity. These measures determine the level of risk we are willing to accept in pursuit of our objectives and inform the type and extent of growth that can be pursued.

We use stress and scenario testing to evaluate the resilience of our earnings and balance sheet under adverse conditions, while target ranges for earnings at risk and statutory capital requirements help ensure compliance with Prudential Financial Soundness Standards. Together, these metrics are calibrated to maintain adequate financial resources and enable the organisation to withstand severe downside scenarios without regulatory intervention.

Our Risk Management Process ensures we proactively monitor changes in the operating environment and implement mitigating measures where needed. Risks are systematically identified, assessed, and prioritised using a structured methodology that evaluates their likelihood, impact, and potential effect on operations or corporate strategies. This enables us to remain within our defined risk appetite while delivering on corporate and strategic objectives.

8.5.2 Combined Assurance and Governance

Our Combined Assurance Framework and annual plan, approved by the ARC, coordinates assurance across the three lines of defence. It ensures appropriate coverage of all key risks aligned to our risk categorisation model. It translates the framework into an integrated programme of activities that strengthens LBI's risk and control culture.

The following table defines LBI's three lines of assurance:

Table 27: LBI's Three Lines of Assurance

LINE 1 – Management-	LINE 2 – Risk & Assurance-Based Providers	LINE 3 – Independent Audit-Based Assurance Providers
Management is responsible for implementing an effective system of internal control, risk identification, and risk management daily across the business. This line of defence also includes specialist functions such as legal, information security and quality assurance.	Internal assurance providers are responsible for assuring the appropriateness and effectiveness of the risk management system, ensuring that policies and procedures are followed, and that reporting is accurate and complete. This line of defence includes the Risk, Compliance and Actuarial control functions.	Independent assurance providers are responsible for providing independent assurance on the effectiveness of governance, line one and two functions, and the system of internal control. This line of defence includes internal and external audit functions.

8.5.2.1 Top Residual Risks

We determine our top risks based on their likelihood of occurring within a reasonably short timeframe and their material impact on the insurance business. We assess and review these top risks at least quarterly. In our 2026 assessments, regulatory risk remains a top concern, driven by increased regulatory scrutiny, a global focus on anti-money laundering, and new and updated regulatory changes.

Board Focus: Risk Governance

The Board is responsible for ensuring that the Group effectively monitors and manages risks while maintaining robust risk management and internal control systems.
To this end, the Board has:

- Steered the LBI's response to the evolving macroeconomic environment, aligning financial and operational decisions with economic trends.
- Continually assessed the business technology strategy, focusing on enhancing information security, improving operational resilience, and ensuring business continuity in a rapidly changing digital landscape.
- Monitored the risks to ensure that our risk management frameworks remain robust and adaptable to changes in market conditions and regulatory requirements.
- Continued to monitor the impacts and necessary actions to proactively address climate and ESG.

8.5.2.2 Emerging Risks

Emerging risks are new or previously known threats or challenges that arise under new or unfamiliar conditions. An emerging risk becomes a risk exposure once LBI has a clear understanding of its nature and potential impact. After this understanding is established, an action plan is created to reduce the risk.

To identify emerging risks, we examine our external environment and evaluate them based on their potential effects on the business, the expected timeline for their occurrence, and how quickly they may develop.

As part of our annual strategy and business planning for 2026, we had identified the following top ten emerging risks. We provide regular updates on these risks to the Audit and Risk Committee.

- Cost of living and Economic uncertainty
- Political and Geopolitical Risk
- Climate-related threats

Land Bank Insurance Emerging Risks

No.	Risk Name	Risk Description
1.	**Life Business Sustainability (Growth Risk)**	The risk relating to the inability to generate enough revenue to support the life business cost structure.
2.	**Non- Crop Growth Risk (Lack of Diversification)**	The risk of being unable to achieve and maintain sustainable growth in the non-life business.
3.	**Capital Inadequacy Risk**	LBIC faces profitability risks that are likely to lead to capital inadequacy in the future. These risks undermine the company's financial soundness and pose a risk of regulatory non-compliance through a breach of Solvency Capital Requirements (SCR) thresholds
4.	**Liquidity Risk (Non-life)**	The risk an insurer faces due to the inability to meet its short-term financial obligations.
5.	**Unsustainable Management Expense ratio**	Rapid growth in expense ratios relative to premium growth can reduce LBIC's underwriting profitability.
6.	**Market risk (Investment Risk)**	The risk encompasses the potential for financial loss due to fluctuations in market factors such as interest rates, currency values, and asset prices
7.	**Lack of Reinsurance Support**	The inability to obtain reinsurance from the primary lead reinsurer at the right time and at an appropriate cost.
8.	**Underwriting Management Agency (UMA) Dependency**	Crop business's heavy reliance on a single UMA.
9.	**People Risk**	This risk arises from not attracting, developing, and retaining the skills necessary to implement our strategic objectives, and delay in the recruitment process, which results in burnout among key employees.
10.	**Climate Risk**	Climate related risks may 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

8.5.3 Managing Climate–Related Risks and Opportunities

Climate change poses significant financial risks and opportunities for the global economy and the agricultural insurance business. In FY2026, Land Bank Insurance began designing and embedding a climate risk framework aligned with Task Force on Climate-related Financial Disclosures (TCFD) pillars, which are now integrated into IFRS S1 and IFRS S2. Progress achieved over the reporting period is presented below.

Deloitte conducted a comprehensive diagnostic and regulatory assessment of IFRS S2 to evaluate LBI's compliance with its requirements across the TCFD pillars and to identify gaps to inform targeted interventions. LBI remains committed to realising these improvements. LBI's climate risk governance and ESG management are being integrated into Land Bank Group's broader SSCI certification programme, specifically across the Governance, Climate Risk and ESG Reporting modules, ensuring that LBI's ESG journey is embedded within the Group's overarching sustainability architecture.

8.5.4 Maturing Our Response to Extreme Weather and Climate Change

During the 2026 financial year, our organisation conducted comprehensive climate scenario analyses to develop a robust response plan for LBI's climate change strategy. We have also integrated climate risks into LBI's enterprise risk management framework.

GOVERNANCE
mostly compliant

Governance

Areas of improvement
- Adv. Analytics
- Board Charter
- Board Evaluations
- Board Skills Matrix
- Board Succession Plan
- Data Quality Assurance
- Operational Resilience
- Succession Planning

Progress in 2026
- Adv. Analytics
- Board Charter
- Board Evaluations
- Operational Resilience
- Succession Planning

STRATEGY
mostly compliant

Strategy

Areas of improvement
- Adv. Analytics
- Business Continuity Plan
- Client Interaction
- Customer Experience
- Information Security
- IT Architecture
- Third-Party Risk Management

Progress in 2026
- Adv. Analytics
- Business Continuity Plan
- Client Interaction
- Customer Experience
- Information Security
- IT Architecture
- Third-Party Risk Management

RISK MANAGEMENT
mostly compliant

Risk Management

Areas of improvement
- Model Governance
- Operational Resilience
- Risk Data Aggregation

Progress in 2026
- Operational Resilience
- Risk Data Aggregation

Qualitative Risk Assessment -
Within Risk Appetite across all categories

METRICS & TARGETS
I&SU compliant

Areas of improvement
- Adv. Analytics
- Data Quality Assurance
- IT Architecture

Progress in 2026
- Adv. Analytics
- Data Quality Assurance
- IT Architecture

GIG readiness calculations
(insurer's outcome)

A thorough qualitative Environmental, Social, and Governance (ESG) risk assessment was conducted to identify and prioritise the most critical risks affecting LBIC, its operating environment, and relevant stakeholders. These risks were evaluated for likelihood, financial impact, and environmental and societal consequences, resulting in a prioritised list of material risks.

Land Bank Insurance ESG Risk Assessment

Physical Risk	Transition Risks	Social Risk
Increased severity of extreme weather events, i.e., hail, floods, drought and wildfire	Increase in climate-related regulation	Not attracting, developing, and retaining the skills necessary to implement LBI's strategic objectives
Changes in the suitability of crop planting times	Hardening of the market for risk: significant increases in reinsurance prices and risk transfer mechanisms due to climate risks	Small-scale/development farmers vulnerable to extreme weather but lack access to affordable, tailored insurance products
Changes in precipitation patterns and extreme variability in weather patterns	Difficulty in measuring and pricing long-term	Changing client expectations and demand for an "everyday adviser" model raises pressure for proactive personalised services
Increased occurrence of pest and disease outbreaks	Modelling risk due to inadequate data quality hindering risk modelling for sustainable agriculture	Inability to measure and report ESG impacts undermines stakeholder trust and may result in loss of market access
Opportunities		
Develop new products and services tailored to mitigate climate impact.		

8.5.5 Forward-looking

In FY27, LBI will deepen its climate risk programme across several priority areas. Phase 2 of the IFRS S2 and Prudential Authority diagnostic will advance quantitative climate scenario analysis, covering 1.5°C and 2°C warming pathways, and will inform the development of a formal climate transition plan.

The Scope 1 and 2 GHG baseline established in FY26 will be used to set reduction targets, and a Scope 3 Category 15 materiality screening will be conducted. LBI remains committed to closing the gaps identified in the Metrics and Targets pillar as the most urgent priority and to progressively aligning its disclosure with the requirements of IFRS S2 and the Prudential Authority's climate risk framework.









LAND BANK

SECTION 9

GOVERNANCE REPORT

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9.1 GOVERNANCE FRAMEWORK AND PHILOSOPHY

The governance framework of Land Bank is designed to ensure ethical leadership, effective oversight, strategic alignment, and operational accountability. The Bank is managed by a Board of Directors appointed by and accountable to the Minister, who also determines the composition of the Board in accordance with legislative prescripts.

The Board comprises a majority of non-executive directors and must comprise no fewer than seven and no more than 12 members. Directors are appointed for a term not exceeding five years. The Chief Executive Officer (CEO) serves on the Board by virtue of office, while the Chief Financial Officer (CFO) may also be appointed by the Minister as a director. The Minister further designates a Chairperson and Deputy Chairperson from among the directors, with the Deputy acting in the Chairperson's absence. The appointment of the CEO is made by the Minister, in consultation with, and on the recommendation of, the Board.

Land Bank's subsidiary insurance companies are governed by their own Boards, appointed by the Bank as the sole shareholder. These Boards comprise an equal mix of Land Bank directors and individuals who are not part of the Bank's Board, in alignment with the requirements of the King IV and V Reports and the Governance Standards for Insurers (GOI). The Chairperson of the insurance subsidiary Boards is appointed by the Land Bank Board, while the Managing Director of the insurance subsidiaries is appointed in consultation with and on the recommendation of the respective subsidiary Board.

The relationship between the Bank and its subsidiaries is guided by a Group Governance Framework, which ensures alignment with Land Bank's vision and objectives, while also recognising the legal autonomy of each subsidiary. Importantly, the fiduciary duties of subsidiary directors are owed to their respective companies, not to the Bank, reinforcing independent and accountable governance.

Both the Bank and its subsidiaries are committed to achieving the four governance outcomes recommended by King IV: an ethical culture, good performance, effective control, and legitimacy. Their Boards are responsible for providing strategic direction, approving policies, overseeing performance and risk, and ensuring robust oversight and accountability.

Board effectiveness is reinforced through adopted Charters, Codes of Ethics and Business Conduct, Conflict of Interest Policies, and Board Manuals that guide the behaviour and decision-making of all directors. These instruments apply uniformly to all members, fostering consistency and transparency.

The Boards have delegated specific responsibilities to committees, individual directors, management, and other structures through formal Delegations of Authority frameworks. These frameworks are both legally compliant and operationally tailored to meet the needs and strategic priorities of the Bank and its subsidiaries.

During the year under review, the Board operated within a dynamic and transitional governance environment. The previous Board's term concluded in June 2025, and a newly constituted Board was not appointed until September 2025. As a result, several strategic focus areas initiated by the previous Board could not be fully progressed during the transition period. The governance focus during the year, therefore, centred on maintaining institutional stability, ensuring continuity of oversight, and supporting the Bank through a period of leadership and operational transition.

The previous Board had prioritised strengthening organisational capacity by implementing the new Operating Model and Organisational Structure to improve operational efficiency, enhance accountability, and embed a performance-driven culture. While progress was made, implementation remained ongoing during the reporting period, with certain anticipated benefits expected to materialise over the medium to long term.

Progress on diversifying the Bank's revenue streams and developing fee-generating services was slower than anticipated due to delays in building capacity in specialist business areas. Notwithstanding these delays, the Bank continued exploring opportunities within the agricultural value chain to support future revenue diversification and developmental impact.

During the period under review, the newly appointed Board placed significant focus on funding and liquidity matters to support the Bank's sustainability and mandate delivery. This included engagement with lenders, stakeholders, and strategic partners to strengthen funding capacity and reinforce market confidence in the institution.

The governance environment was further impacted by the resignation of the CEO during the reporting period, introducing an additional leadership transition dimension that required focused oversight by the Board. The Board prioritised leadership continuity, governance stability, and the implementation of appropriate interim arrangements to ensure the continued execution of the Bank's strategic and operational objectives.

The Bank continued to strengthen relationships with key stakeholders, including the DoA, other government stakeholders, DFIs and strategic funding partners. These engagements remained critical in advancing agricultural development, supporting land reform initiatives, and positioning the Bank to access future development and sustainability funding opportunities.

9.2 BOARD AND COMMITTEES

The Board is supported by five standing committees: the Audit and Finance Committee, the Human Resources and Remuneration Committee, the Nominations Committee, the Risk and Governance Committee, and the Credit and Investment Committee. Additionally, the Board shares a Social and Ethics Committee with the Board of the Insurance Companies. The Board may also establish temporary structures, such as ad hoc committees, project teams, and task forces, to address specific time-bound matters.

The Committees of the Board and the Board's ad hoc structures are governed by Charters or terms of reference approved by the Board. These documents define each structure's purpose, authority, responsibilities, composition, meeting procedures, decision-making processes, record-keeping requirements, and reporting responsibilities to the Board.

The Board utilises its committee structures to support effective oversight of strategy execution, risk management, financial and non-financial performance, stakeholder matters, and long-term value creation across the Group.

During the reporting period, the governance environment was impacted by the conclusion of the previous Board's term of office on 7 June 2025 and the appointment of the new Board on 3 September 2025. As a result, formal committee activities fully resumed only in October 2025, following the constitution of the Board Committees and the approval of Committee memberships and annual work plans. While the core mandates and responsibilities of the Committees remained unchanged, the transition period necessitated a strong focus on governance continuity, institutional stability, urgent funding and liquidity matters, and the re-establishment of governance momentum under the newly constituted Board.

The resignation of the CEO required enhanced oversight of leadership continuity, interim governance arrangements, and an emphasis on organisational stability.

Audit and Finance Committee

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

- Review and provide recommendations to the Board regarding financial risk management within the parameters of the risk appetite approved by the Board, aiming to maximise investment returns and earnings for given levels of risk.
- Review and provide recommendations to the Board regarding effective liquidity risk management to ensure that the Bank can fund increases in assets and meet its cash flow obligations as they become due, without incurring unacceptable losses.
- Review and provide recommendations to the Board regarding the capital adequacy of the Bank to ensure it can pay its debts as they fall due and increase its assets through additional lending.
- Direct and control the system of internal audit that complies with and operates in accordance with Regulations and Instructions prescribed under sections 76 and 77 of the PFMA.
- Oversee the external Audit function.
- Oversee the system of internal controls.
- Oversee the financial and non-financial reporting processes.
- Oversee the quarterly and integrated reporting processes.
- Manage the relationship with the AG and other external assurance providers.
- Facilitate combined assurance by supervising the integration of external audit, internal audit, compliance, and risk management functions.
- Advise the Board on the strategic alignment of information and technology with the business of Land Bank.
- Evaluate and advise the Board on the value gained by the Bank through significant investments in technology and information, including the assessment of projects throughout their life cycles.

In parallel, the Committee maintained oversight of significant audit findings, critical Information and Technology matters, and the strengthening of the Bank's control environment, notwithstanding the governance transition period and the delayed commencement of full Committee activities following the appointment of the new Board. During the reporting period, the Bank experienced a cybersecurity incident which adversely impacted operations, including the ability to convene meetings and execute certain governance processes effectively. In response, the Committee monitored management's remediation efforts, business continuity measures, and initiatives aimed at strengthening the Bank's cybersecurity resilience and infrastructure environment.

The appointment of the Chief Technology and Operations Officer (CTOO) during the year further enhanced oversight and execution of critical technology and infrastructure projects, including the infrastructure refresh programme and the procurement processes relating to a new ERP system. The Committee also continued to oversee improvements in internal audit effectiveness, including enhancements to audit methodologies aligned with global standards, the implementation of combined assurance initiatives, and ongoing efforts to strengthen the overall internal control environment.

The Joint Land Bank and Land Bank Insurance Information Technology Steering Committee (IT SteerCo) is a subcommittee established by the Audit and Finance Committee (AFC) to assist the Committee in the discharge of its delegated responsibilities relating to the oversight of technology and information. The Joint IT SteerCo provides oversight of the role of technology and information in supporting the execution of the Bank's and its subsidiaries' business strategy, including oversight of major information and technology investments, information and technology strategies and policies, operational performance, information and technology risks and opportunities, including cyber security, and emerging technology and information trends relevant to the business.

Risk and Governance Committee

The primary role of the Committee is to advise the Board of Directors of Land Bank on enterprise-wide risk management and sound corporate governance practices. The Committee is responsible for the following, among other duties:

- Setting the tone and developing a risk culture within the enterprise, promoting open discussions regarding risk, integrating risk management into the organisation's goals and compensation structures, and fostering a corporate culture where individuals at all levels manage risks rather than reflexively avoiding or recklessly embracing them.
- Overseeing risk governance concerning opportunities and the associated risks that must be considered when formulating organisational strategy, alongside the potential positive and negative impacts of these risks and opportunities on achieving the organisational strategy.
- Coordinating the development, implementation, and annual review of a Risk Management Policy and Risk Management Plan that promote value creation and are integral to organisational processes.
- Continuously monitoring risks and risk management capabilities, including fraud risk management, within the Bank, as well as communication about escalating risks and crisis preparedness and recovery plans.
- Securing reasonable assurance from management that all known and emerging risks have been identified and either mitigated or managed.
- Coordinating the development, implementation, monitoring, evaluation, and annual review of the Bank's corporate governance instruments, and making appropriate recommendations to the Board regarding these instruments.
- Monitoring and advising the Board on the Bank's reputation.
- Monitoring, reporting on, and making recommendations to the Board concerning all matters of compliance with legislation, regulations, codes of best practice, Board policy, and Board directives.

The Committee ensured the effective implementation and monitoring of the Risk Appetite Framework, Risk Management Policies, and Combined Assurance Framework. Governance oversight also included the review and enhancement of governance frameworks, corporate governance instruments, and monitoring compliance with legislation, regulatory requirements, and governance best practices. Information Technology risk management remained a key area of focus, particularly regarding infrastructure resilience, disaster recovery capabilities, and cybersecurity preparedness. These interventions collectively strengthened the Bank's governance maturity and risk resilience in support of sustainable operations.

Human Resources and Remuneration Committee

The primary role of the Committee is to assist the Board in overseeing the establishment of appropriate human resources policies, remuneration frameworks, and people strategies that support the Bank's strategic objectives. Its responsibilities include:

- Overseeing the overall human capital management strategy linked to the Bank's business strategy and recommending an appropriate structure to the Board for approval.
- Developing, implementing, monitoring, evaluating, and annually reviewing all human capital management policies and guidelines of the Bank, designed to support and facilitate the overall business strategy and the Bank's human capital management strategy.
- Advising the Board on attracting, recruiting, developing employees to optimal capability, retaining, and terminating staff to ensure a market-competitive approach in sourcing and retaining necessary talent levels.
- Overseeing the development of workforce skills and capabilities so that employees can effectively perform their duties, reach their potential, and meet required standards.
- Creating a culture and environment that enhances employee morale and the retention of scarce skills.
- Ensuring that Management has effective systems and has made adequate provisions for the overall mental, physical, emotional, and economic health of employees.
- Making certain that the Bank's values, as defined by the Board, are communicated to all employees, understood, embedded within the Bank's culture, and that any deviations are properly addressed.
- Overseeing Management's efforts to ensure that employees feel a sense of purpose, belonging, commitment to the Bank, and the drive to fulfil that purpose or commitment.

- Overseeing the development and implementation of efficient systems and practices to ensure the health and safety of all employees and invitees, as well as compliance with all relevant laws, regulations, and best practices.
- Overseeing the development of a high-performance culture that drives and recognises success, and regularly reviewing reports, assessing, and if necessary, making recommendations to the Board on the value generated by employees within defined parameters.
- Ensuring that diversity remains a key component of the Land Bank's human resources strategy.
- Overseeing programmes for the induction and ongoing leadership and capability development of executives and key senior management.
- Overseeing the development of succession plans for executives and key senior management to maintain a suitable balance of skills, experience, and expertise for the ongoing effective management of the Land Bank.
- Reviewing and recommending to the Board for approval a remuneration framework, philosophy, and policy for all staff members of the Land Bank, including fixed and variable remuneration components.
- Ensuring compliance with all governance, accounting, legal, approval, and disclosure requirements related to remuneration.
- Reviewing and, if deemed appropriate, recommending to the Board the terms and conditions of employment contracts for all staff members of the Land Bank.

The Committee discharged all its responsibilities during the reporting period, focusing primarily on organisational restructuring, staff attrition, employee remuneration, and the implementation of the approved Operating Model and Organisational Structure. Additionally, the committee focused on the development of a revised Remuneration Policy, establishing clear career pathing frameworks, fostering a high-performance culture, and developing an enhanced Employee Value Proposition to attract, retain, and motivate top talent.

Nominations Committee

The Committee's primary responsibility is to oversee the appointment, placement, development, performance management, rotation, suspension, and removal of members of the Board of Directors of the Land Bank. The Committee's responsibilities include:

- Regularly reviewing the structure, size, and composition (including the skills, knowledge, experience, independence, and diversity) required of the Board compared to its current position and making recommendations to the Board regarding any changes;
- Succession planning for directors and other senior executives, taking into account the challenges and opportunities facing the Bank, as well as the skills and expertise needed on the Board in the future;
- Ensuring that appropriate succession plans are established, formalised, and implemented at the Board level, as well as at the executive and management levels;
- Staying up to date and fully informed about strategic issues and commercial changes affecting the Bank and its subsidiaries, and the markets in which they operate;
- Overseeing the process for nominating, electing, and appointing Board members, including conducting independent reference, qualification, criminal, and other background checks; and requesting confirmation from candidates of any other professional commitments or directorships held, considering whether they have sufficient time available to fulfil the responsibilities required by the Board;
- Overseeing the induction, training, and continuing development of directors (including regular briefings on legal and corporate governance developments, risks, and changes in the external environment of the Bank and its subsidiaries);
- Ensuring that inexperienced directors are developed through training or mentorship where necessary;
- Identifying, developing, and nominating for recommendation to the Minister by the Board, candidates to fill Board vacancies as they arise;
- Keeping under review the leadership needs of the organisation, both executive and non-executive, with a view to ensuring the organisation's continued ability to deliver on its mandate and to compete effectively in the marketplace;
- Ensuring that each non-executive director receives a formal letter of appointment clearly outlining expectations regarding time commitment, committee service, and involvement outside Board meetings;
- Keeping under review all legislative, regulatory, and corporate governance developments that may affect the Bank's operations, striving to ensure that the Bank remains at the forefront of best practices;
- Ensuring that the standards and disclosures required by the King Report on Corporate Governance for South Africa (2016) are upheld and reflected in disclosures made in the Integrated Report;
- Overseeing the annual performance assessment of the Board, Board Committees, and individual non-executive members, and making recommendations to the Board based on the results of these assessments;
- Making recommendations to the Board concerning:
- Succession plans for both executive and non-executive directors, including for the key roles of Chairman and Chief Executive Officer;
- Suitable candidates for the role of Senior Independent Director as required;
- Membership of Board Committees in consultation with the chairpersons of those committees;
- The re-appointment by the Shareholder of any director, considering their performance and ability to continue contributing to the Board in light of the knowledge, skills, and experience required, alongside the need for progressive refreshing of the Board (particularly regarding directors being re-elected for a term beyond six years);

- Any matters relating to the continuation in office of any director at any time, including the suspension or termination of service of an executive director as an employee of the Bank, subject to the provisions of the law and the executive director's contract of employment; the remuneration of Board members; and
- The appointment of any employee of the Land Bank as an executive director.

During the reporting period, the Committee's activities were impacted by the transition between the outgoing and newly appointed Board. Following the appointment of the new Board in September 2025 and the formal constitution of Committees in October 2025, the Committee prioritised the reconstitution of Board Committees, governance induction processes for newly appointed Directors, and the review of Board composition to ensure alignment with the skills, experience, diversity, and governance requirements of the institution. Following the resignation of the Chief Executive Officer during the reporting period, the Committee also provided oversight regarding interim leadership arrangements, succession planning considerations, and executive stability to support governance continuity.

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 related to social and ethical policies and strategies, among other things. It also assists the Boards in creating value in a sustainable manner, taking into account the triple context of the economy, society, and the natural environment in which the institutions operate. The responsibilities of the Committee include:

- Reviewing and recommending to the Boards on policies, strategies, and structures to manage social and ethics issues within the Land Bank and the Insurance Companies;
- Monitoring the activities of the Land Bank and the Insurance Companies concerning social and economic development as dictated by legislation or established best practice codes;
- Assessing the standing of the Land Bank and the Insurance Companies in relation to the aims and objectives of the ten principles outlined in the United Nations Global Compact Principles, the OECD recommendations on corruption, the Employment Equity Act, and the Broad-Based Black Economic Empowerment Act;
- Overseeing the activities of the Land Bank and the Insurance Companies regarding good corporate citizenship, which includes;
- Promoting equality, preventing unfair discrimination, reducing corruption, developing the communities in which they operate, engaging in sponsorships, donations, and charitable giving; and
- Supporting sustainable development, enhancing stakeholder relations, preventing fraud, ensuring responsible and transparent tax practices, providing fair remuneration, addressing climate change, managing pollution, waste disposal, and protecting biodiversity;
- Monitoring the impact of the activities and products of the Land Bank and the Insurance Companies on the environment, health, and public safety;
- Observing the relationships of the Land Bank and the Insurance Companies with consumers, their compliance with consumer protection laws, as well as the nature of their advertising and public relations efforts;
- Overseeing the practices of the Land Bank and the Insurance Companies with respect to labour and employment;
- Monitoring the status of the Land Bank and the Insurance Companies in relation to the International Labour Organisation Protocol on decent work and working conditions;
- Determining for approval by the Boards, and periodically reviewing, clearly articulated ethical standards (Code of Ethics) to ensure that the Land Bank and the Insurance Companies take measures to adhere to these standards in all aspects of business, thereby fostering a sustainable ethical corporate culture within both institutions;
- Reviewing and making recommendations to the Boards on policies, strategies, and structures to manage the reputation of the Land Bank and the Insurance Companies, assessing reputational risks faced by both entities, and ensuring that such risks are addressed as part of the Land Bank and the Insurance Companies' risk management programme;
- Annually obtaining external assurance of the ethics performance of the Land Bank and the Insurance Companies, and facilitating the inclusion in the Integrated Report of an assurance statement related to their ethics performance; and
- Ensuring that the organisation's ethics are managed in a manner that supports the establishment of an ethical culture.

The Committee fulfilled all its responsibilities during the reporting period while concentrating on matters affecting the fair treatment of clients, safeguarding the reputation of the Bank and its subsidiaries, and overseeing whistleblowing processes to ensure accessibility, confidentiality, and alignment with governance best practices.

All whistleblowing matters received during the reporting period were appropriately addressed, with the Committee continuing to monitor trends and oversee process improvements aimed at strengthening ethical conduct, transparency, accountability, and stakeholder trust across the organisation.

During the reporting period, the Group reviewed its governance structures in light of the amendments to the Companies Act, 2008, relating to the governance and oversight responsibilities of subsidiary companies. Following this review, it was resolved that, effective from the commencement of the new financial year, the subsidiary companies will operate with their own dedicated Social and Ethics governance oversight structures and company secretarial support to ensure enhanced governance focus, regulatory alignment, and appropriate oversight within each entity.

Credit and Investment Committee

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

- Recommending credit frameworks, strategies, policies, and practices, including prudential credit limits and guidelines to the Board;
- Making recommendations to the Board for revising the Credit Model methodology and the pricing model;
- Ensuring that the quality and management of the credit portfolio align with the Bank's Credit Policies and Risk Philosophy;
- Ensuring adequate controls and risk management for credit risk;
- Approving requests to extend credit facilities within delegated limits;
- Approving requests for restructuring credit facilities within delegated limits;
- Making recommendations to the Board on all requests for extending credit facilities beyond its delegated limits;
- Making recommendations to the Board regarding the restructuring of all credit facilities that exceed its delegated limits;
- Approving new loans, credit facilities, and credit limits or credit risk exposures within its delegated limits, while recommending to the Board for the granting of new loans, credit facilities, and credit limits that exceed its delegated limits;
- Approving the write-off of loans within its delegated limits and recommending to the Board the write-off of loans beyond those limits;
- Regularly reviewing the quality and performance of the Bank's credit portfolio;
- Regularly reviewing credit risk management and stress testing reports, and making recommendations to the Board when deemed necessary;
- Conducting biannual reviews of all credit decisions of the Bank;
- Overseeing the implementation of the approved model governance framework, including the formulation, implementation, and monitoring of credit models, along with reviewing the framework when necessary;
- Monitoring all credit decisions made by Management under delegated authority;
- Recommending to the Board the investment frameworks, strategies, policies, and practices, including prudential investment limits and guidelines;
- Overseeing the management of the Bank's investment portfolio, including developing short- or long-term strategies for acquiring and disposing of holdings to meet the Bank's specific investment objectives, and making recommendations to the Board in this regard;
- Reviewing trends in asset and portfolio composition, quality and growth, NPLs, concentration risk prudential limits, Watch List (including workout and restructuring exposures), large exposures, and any emerging risks, directing Management action where deemed necessary;
- Monitoring all investment decisions made by Management under delegated authority;
- Regularly reviewing the quality and performance of the Bank's investment portfolio;
- Ensuring that the quality and management of the investment portfolio align with the Bank's Investment Policy and Philosophy;
- Conducting biannual reviews of all investment decisions of the Bank (valuations), taking necessary actions, or making recommendations to the Board and Management as considered necessary.

The Committee fulfilled all its responsibilities during the reporting period, with a primary focus on the remediation and management of Non-Performing Loans (NPLs), strengthening portfolio quality, and supporting the Bank's financial sustainability objectives. The Committee exercised rigorous oversight over loan origination, portfolio management, restructuring initiatives, and credit risk management to ensure prudent lending practices and appropriate risk mitigation measures.

Land Bank Board Composition and Committee Meeting Attendance

Composition and attendance at the Land Bank Board and Board Committee sessions were as follows during the year under review:

Board Committee Composition FY2026

BOARD COMPOSITION MARCH 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)*	Mr BM Maseko**# *(Chairperson)*	Mr MA Moloto* *(Chairperson)*	Ms KV Rantao*** *(Chairperson)*	Mr M Skwatsha* *(Chairperson)*
	Ms KV Rantao*** *(Deputy Chairperson)*	Ms S Dlungwane**	Mr MA Moloto*	Ms S Dlungwane**	Mr M Skwatsha*	Mr M Skwatsha*	Mr MA Moloto*
	Ms S Dlungwane**	Ms PH Maseko*	Mr BM Maseko**#	Ms TF Matlala*	Ms S Ford*	Ms S Ford*	Ms KV Rantao***
	Ms S Ford*	Ms TF Matlala*	Ms KV Rantao	Ms E Pillay*	Prof J Kirsten*	Ms PH Maseko*	Mr J Mphambo
	Prof JF Kirsten*	Mr J Mphambo	Mr J Mphambo	Mr J Mphambo	Mr J Mphambo	Mr J Mphambo	
	Mr MA Moloto*	Ms K Mukhari	Ms K Mukhari	Ms K Mukhari	Ms K Mukhari	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*

***# Resigned on 20 April 26 - last day 19 May 2026*

Board Committee Meeting Attendance FY2026

LAND BANK BOARD ATTENDANCE FY25/26									
	Board	AGM	Board Workshops & Strategy Sessions	Risk and Governance	Audit and Finance	Credit and Investment Committee	Land Bank Human Resources Remuneration Committee	Social and Ethics Committee	Nominations Committee
	11 meetings	1 meetings	1 meetings	2 meetings	8 meetings	7 meetings	5 meetings	4 meetings	3 meetings
Non-executive directors									
Ms R Nkosi*	2	-	-	-	-	-	2	1	1
Ms D Maithufi*	2	-	-	1	-	3	-	-	-
Dr M Tom*	2	-	-	-	-	-	2	-	1
Ms N Motshegoa*	2	-	-	-	-	-	-	1	-
Adv D vd Westhuizen*	2	-	-	1	-	-	2	-	1
Ms T Mashanda*	2	-	-	1	2	-	-	-	-
Ms E Pillay**#	9	1	1	-	8	6	-	1	-
Prof J Kirsten**#	11	1	1	1	-	7	-	1	1
Mr M Skwatsha** *(Chairperson)*	8	1	1	-	-	-	3	2	2
Ms KV Rantao**# *(Deputy Chairperson)*	9	1	1	-	8	4	-	2	2
Ms S Dlungwane***	8	1	0	-	-	-	-	-	-
Ms S Ford**	9	1	1	-	-	-	3	2	-
Mr MA Moloto**	8	-	1	-	-	4	3	-	2
Mr BM Maseko**#	8	1	1	1	6	-	-	-	-
Ms PH Maseko**	9	1	1	-	-	-	-	-	-
Ms TF Matlala**	9	1	1	1	4	-	-	-	-
Executive directors									
Mr T Rikhotso	11	1	1	2	6	6	5	3	3
Mr J Mphambo	2	-	1	-	2	1	-	-	-
Ms K Mukhari	11	1	1	2	8	7	4	3	2

**Term ended 7 June 2025*

***Appointed 3 September 2025*

**# Re-appointed after term ended 7 June 2025 on 3 September 2025*

*** Appointed 12 November 2025*

***#Resigned 20 April 2026*

**** Appointed Acting CEO from 16 February 2026*

9.3 ALIGNMENT TO THE KING IV PRINCIPLES

The Land Bank Board remains committed to the governance principles and outcomes contained in the King IV Report on Corporate Governance™ for South Africa, 2016 ("King IV"). During the reporting period, the governance environment was affected by the expiry of the previous Board's term on 7 June 2025, the appointment of the newly constituted Board on 3 September 2025, a significant cybersecurity incident in January 2026, and the resignation of the CEO in February 2026. Despite these challenges, the Bank maintained its governance structures, delegated oversight mechanisms, and governance continuity processes to support institutional stability, ethical leadership, accountability, and effective oversight.

The Board also commenced consideration of emerging governance developments and evolving best practices anticipated to inform future governance frameworks, with particular focus on organisational resilience, cybersecurity governance, stakeholder transparency, and the integration of sustainability considerations into governance and risk oversight. The Bank has initiated an impact assessment of the King V Report on Corporate Governance™, with full implementation expected to take place in FY2027.

King IV Principle	Land Bank's Alignment
1. Ethical and Effective Leadership	During the governance transition period and subsequent leadership changes, the Board and Committees continued to promote accountability, ethical conduct, and transparent decision-making to maintain institutional stability and stakeholder confidence. The Boards delegate ethical oversight to the Joint Social and Ethics Committee (SEC). Members uphold a shared commitment to ethical leadership and hold one another accountable through instruments such as the Board Charter, Code of Ethics, Conflict of Interest Policy, and Board Manual. Annual and ad hoc Declarations of Interest as well as Fit and Proper declarations ensure transparency. The Board has signed the Ethics Pledge and employee engagements reflect the Board's ethical tone.
2. Governance of Ethics	Codes of Ethics and Business Conduct have been adopted for both the Land Bank Board and the Insurance Companies Board, as well as for all employees. The Joint Social and Ethics Committee enforces these Codes, with support from the Ethics Office, which oversees the implementation of ethics programmes and related reporting. Ethics performance is monitored quarterly by the Joint Social and Ethics Committee and the Risk and Governance Committee.
3. Responsible Corporate Citizenship	Board supports responsible citizenship through policies such as the Environmental and Social Sustainability (ESS) Policy and the Bank's commitment to the UN Principles for Responsible Banking. These frameworks guide environmental and social risk management, responsible lending practices, human rights considerations, and broader sustainability objectives.
4. Value Creation and Strategy Integration	During the reporting period, strategic focus areas included financial sustainability, funding and liquidity management, organisational resilience, and operational recovery following the cybersecurity incident. Strategic planning aligns with the National Treasury Framework and the National Development Plan. The strategy focuses on empowerment, emerging farmers, sustainable commercial agriculture, and food security. The Board ensures that strategy, risk, and performance are integrated to support sustainable value creation and the delivery of the Bank's developmental and financial objectives.
5. Reporting and Disclosure	Reporting follows the Land Bank Act, PFMA, and National Treasury regulations. Committees validate and review all external reports for completeness and accuracy. Where applicable, internal and external assurance providers are engaged prior to the Board and Committees approval. The Board continued to prioritise transparent reporting and stakeholder communication during periods of governance transition, leadership changes, and operational disruption.
6. Primary Governance Role	The Board has ultimate responsibility for governance and the affairs of the Bank and its subsidiaries. A robust suite of governance tools is in place, including a Board Charter, supported by King IV and relevant laws and regulations.

King IV Principle	Land Bank's Alignment
7. Board Composition	During the reporting period, the term of the previous Board concluded on 7 June 2025, with the newly appointed Board assuming office on 5 September 2025. Board Committees were formally constituted during October 2025. The Board composition process continued to support diversity of skills, race, gender, experience, and independence. A Board skills matrix is utilised to identify competency gaps and support succession planning for the newly appointed board to ensure Committee composition, and future Board appointments.
8. Delegation of Authority	The Land Bank Board is supported in the execution of its governance responsibilities by six committees, while the LBI Board is supported by five committees. One of these committees, the Social and Ethics Committee, serves both Boards. All committees operate in terms of reviewed and approved Charters, and delegate powers through formally approved Delegations of Authority frameworks. This structure enables the committees to exercise independent judgment and contributes to a balanced and effective governance framework. During the period in which no Board was in place, governance continuity and operational oversight were maintained through approved management delegations, existing governance frameworks, and statutory obligations. In support of governance stability and decision-making continuity, the CEO was designated by the Ministry as the Accounting Authority pending the appointment and constitution of the new Board and its Committees. This arrangement assisted in ensuring continued oversight, regulatory compliance, and operational continuity during the transitional period.
9. Performance Evaluations	An external Board evaluation was conducted during the year, and the implementation of its recommendations is underway. The outcomes of the evaluation are utilised to address identified gaps, strengthen governance practices, and enhance overall Board effectiveness. This process supports continuous performance improvement, succession planning, and the ongoing development of Board capacity.
10. Role Clarity in Delegation to Management	Delegated powers to the CEO of the Bank and Insurance Companies MD are clear and governed by formal instruments, with built-in checks and balances to avoid power concentration and promote effective management accountability. Following the resignation of the Chief Executive Officer in February 2026, the Board oversaw interim leadership arrangements to ensure continuity of operations, governance stability, and continued execution of strategic priorities.
11. Risk Governance	Risk oversight is a key Board function. EXCO-led risk assessments are submitted quarterly to the Joint Social and Ethics Committee and Risk and Governance Committee and ultimately approved by the Board. Risks are clearly defined and appropriately escalated. Particular focus during the latter part of the reporting period was placed on funding, liquidity, cybersecurity, operational resilience, and emerging strategic risks arising from the governance transition and cyber incident.
12. Information and Technology Governance	The Board governs IT through the Land Bank Audit and Finance and the Insurances Companies Audit and Risk Committees. Information and Technology Governance remained a significant focus area during the reporting period especially following a major cybersecurity incident experienced in January 2026, which impacted normal business operations and governance processes. The Board and Committees oversaw remediation initiatives, infrastructure resilience improvements, disaster recovery measures, cybersecurity enhancements, and the strengthening of technology governance practices. The appointment of the Chief Technology and Operations Officer (CTOO) in August 2025 further enhanced oversight and execution of critical technology and operational initiatives.
13. Compliance Governance	Compliance risk is closely monitored, given the regulated environment. Oversight resides with the Land Bank Risk and Governance and the Insurance Companies Audit and Risk Committees, which ensure integration into operations and promotion of ethical compliance behaviour. Combined assurance activities also included oversight of remediation initiatives arising from the cybersecurity incident, internal control enhancements, and the strengthening of governance and operational resilience processes.
14. Remuneration Governance	The Human Resources and Remuneration Committees oversees remuneration strategies and practices. These align with King IV, the Companies Act, and the PFMA. Board-approved remuneration strategies aim for fairness and transparency. All executive remuneration contracts and the Remuneration Report are overseen and disclosed appropriately.

King IV Principle	Land Bank's Alignment
15. Assurance Governance	The Boards implements a Combined Assurance Model using three lines of defence: operations, compliance, and internal audit. The Combined Assurance Model is aligned to key risks, with independent review and reporting to the Land Bank Audit and Finance and Insurance Companies Audit and Risk Committees. Combined assurance plans are continuously updated and approved by Committees.
16. Stakeholder Inclusivity	Stakeholder engagement is governed by a Communication Policy and overseen by the Joint Social and Ethics Committee. Reports covering labour, communications, stakeholder management, social impact, and CSI are reviewed quarterly. The Bank Governance Framework supports clear roles between the Bank and its subsidiaries. Stakeholder engagement remained a priority during the governance transition, cyber incident, and leadership changes to maintain transparency, institutional confidence, and effective communication with key stakeholders, lenders, regulators, and employees.
17. Responsible Investment and Lending	The Bank ensures that its asset and investment managers subscribe to responsible investment practices. This supports governance and long-term value creation through ethical and sustainable investment practices. The Bank follows BASIL 4 rules to ensure responsible lending and practices. In this process, the Bank assess the business case of the Client following a 10 step criteria. This criterion covers the assessment of affordability, knowing the customer (KYC and Due Diligence), aligning the Loan to the purpose, treating the customer fairly and maintaining a strong credit governance.



9.4 PRB GOVERNANCE DISCLOSURES

Signatory Commitment

Land Bank has been a signatory to the United Nations Environment Programme Finance Initiative's Principles for Responsible Banking (PRB) since the framework's inception in September 2019. As a specialist agricultural development finance institution, Land Bank's mandate aligns with the PRB's core intent: to align banking strategy and operations with society's goals as expressed in the Sustainable Development Goals, the Paris Climate Agreement, and South Africa's National Development Plan (NDP).

The PRB provides Land Bank with a structured, internationally recognised accountability framework for managing the environmental, social, and governance impacts of its lending activities and for driving measurable contributions to sustainable agricultural development. In the year under review, Land Bank concluded its third year of PRB implementation, achieving 90% of planned Year 3 workplan milestones, a strong result.

Land Banks' PRB Journey

Land Bank's PRB commitment spans six years of progressive institutional development. Key milestones in this journey include:

Year	Milestone
2019	Land Bank becomes a founding PRB signatory
2020	Environmental and Social Sustainability Policy operationalised; Social and Ethics Committee oversight includes PRB alignment
2022	Blended Finance Scheme launched; Climate Change Policy approved; Development Indicator Framework established
2023	Agro-Energy Fund launched; PRB Project Steering Committee established
2025	Group Sustainability function established; SSCI certification journey launched
2026	90% Year 3 milestone achievement; PRB Commemoration held; Green Opportunities research completed

This progression reflects a deliberate move from the initial Foundation phase (focused on governance, policy, and transparency) toward the Integration phase, where sustainability considerations are being embedded into lending, risk management, and operational decision-making. The Bank is directionally progressing toward the Impact phase, where responsible banking delivers measurable development and sustainability outcomes at portfolio and sector level.

Priority Impact Areas

Through application of the UNEP-FI Portfolio Impact Analysis Tool, Land Bank has confirmed two priority impact areas that reflect the most significant environmental, social, and economic impacts of its lending portfolio:

- **Financial Inclusion:** expanding access to finance for historically disadvantaged individuals, emerging farmers, women, and youth in the agricultural sector; and
- **Climate Stability:** supporting the transition to climate-resilient and resource-efficient agricultural systems, with a focus on renewable energy adoption, emissions baseline development, and climate-smart farming practices.

These impact areas anchor the Bank's target-setting programme and inform both the design of new products and the measurement of development outcomes.

FY2026 Targets and Performance

Financial Inclusion

Metric	Target	FY2026 Performance
Blended Finance Scheme disbursements	R700 million	R1.001 billion (exceeded)
Disaster relief disbursements	R1.8 billion	R2.26 billion (exceeded)
Designated group applications approved	50	57 (exceeded)
Development Effectiveness Scorecard	Board-approved	Board-approved

Climate Stability

Metric	Target	FY2026 Performance
Agro-Energy Fund disbursements	R355 million	R32 million (12%)
Emission finance baseline	Methodology established	Research initiated; methodology identified; carried forward to FY2027
Climate Risk Management Framework	Developed	Initiated; carried forward to FY2027

The Blended Finance Scheme and disaster relief disbursements both exceeded their annual targets, demonstrating strong financial inclusion delivery. The Agro-Energy Fund (AEF) disbursement rate reflects the early-stage nature of the Fund's origination pipeline and the complexity of blended finance applications. Accelerated commercialisation efforts, including a virtual roadshow to provincial heads and sustained engagement with technical partners, were implemented during the year to strengthen pipeline conversion. The emission finance baseline methodology is progressing, informed by engagements with PCAF and will be finalised in FY2027.

Supporting Clients Toward Sustainability

A significant area of FY2026 progress was deepening engagement with clients and farmers on sustainable agricultural practices:

- **1 838 farmers** trained on insurance as a climate risk mitigation tool (target: 1 000; exceeded), of whom 90% were previously disadvantaged individuals.
- **276 GIS and environmental risk reports** generated for farmers, providing detailed insights into land conditions, climate exposure, and regulatory compliance to support adaptive farm management.
- A **Climate Change Brochure**, Understanding Climate Change: A Guide for Farmers, was developed and submitted for approval, providing accessible guidance on the practical impacts of climate change on crops, livestock, soil, and water resources and outlining Land Bank's available support through the Agro-Energy Fund.
- **Nine strategic partnerships** formalised through MoUs and MoAs with private sector, public sector and farmer organisations, supporting ecosystem development and broadening access to capacity-building and market linkages.
- Mentorship programmes rolled out across multiple provinces, with two formal agreements concluded in the Northern Cape and KwaZulu-Natal and seven further projects in the pipeline.

Green Opportunities Research

During FY2026, Land Bank conducted internal research to identify and assess strategic green opportunities aligned with its mandate. The research was undertaken across selected internal functions and engaged an external development partner, the World Climate Foundation. Findings were shared with the Strategy team to inform future corporate planning and product development priorities.

The research identified several near-term priorities, including the integration of sustainability-linked lending into mainstream credit processes, expanded blended finance for climate adaptation and water security investments, and the revitalisation of renewable energy financing through the AEF. Over the medium term, the establishment of a regenerative agriculture financing platform was identified as a transformative opportunity for long-term soil health, climate resilience, and food security. These findings are being incorporated into Land Bank's green product eligibility framework and will inform the Bank's sustainability strategy in FY2027 and beyond.

Governance and Internal Capability

PRB implementation is governed by a dedicated Project Steering Committee, which convenes regularly to monitor delivery against the workplan and resolve implementation challenges. Progress is reported quarterly to the Executive Committee, and submissions are also made to the Board's Social and Ethics Sub-Committee to fulfil the Committee's oversight mandate for PRB. During FY2026, stakeholder partnership frameworks were tabled with the Policy and Process Review Committee and recommended for EXCO ratification, and MoU and MoA structures for stakeholder collaboration were developed and submitted for approval.

Internal capability building progressed significantly during the year. Two PRB awareness sessions were delivered to internal staff (in November 2025 and March 2026) covering responsible banking principles, climate change, and sustainability obligations.

On 6 March 2026, Land Bank hosted its first PRB Commemoration, a virtual internal engagement session attended by 291 participants, including the Acting CEO, executive leadership and employees across all divisions. The event featured reflections from the Acting CEO and Chief Strategy Officer on responsible banking as a strategic direction, a presentation on Land Bank's PRB journey and maturity pathway, and an interactive employee engagement session using live polling and word cloud exercises. The commemoration reinforced that responsible banking is an organisation-wide responsibility requiring participation across lending, risk, operations, finance and support functions, and strengthened internal alignment with the Bank's sustainability commitments.

Way Forward

In FY2027, Land Bank enters Year 4 of its PRB implementation programme. The primary focus will be on deepening the climate work initiated in FY2026, specifically developing measurable targets aligned with the Climate Stability impact area and establishing GHG Scope 1 and 2 baselines for the Group. The impact assessment analysis report will be submitted to EXCO for formal adoption, and the Sustainability Impact Framework and its indicators will be finalised to provide a coherent structure for tracking and reporting development outcomes.

On the disclosure front, the Bank will complete the UNEP-FI self-assessment and public reporting template. It will begin exploring the feasibility of limited assurance over PRB disclosures as implementation matures. Progress on the Sustainability Standards Certification Initiative (SSCI) process will continue in parallel, reinforcing Land Bank's positioning as a sustainability-credible development finance institution in the African context.

Underpinning all of this is a commitment to ensuring that responsible banking moves further from policy into practice, embedded in credit origination, client engagement and the everyday decisions of employees across the organisation.







LAND BANK

SECTION 10

FINANCIAL PERFORMANCE

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GENERAL INFORMATION

Shareholder	National Treasury, Government Department
Public entity	Governed by the Land and Agricultural Development Bank Act, 2002 (Act No. 15 of 2002) and is a schedule 2 Public Entity in terms of the Public Finance Management Act (PFMA).
Country of incorporation and domicile	The Republic of South Africa
Nature of business and principal activities	The Land Bank provides retail and wholesale finance to emerging, commercial farmers and Agri-Businesses. In addition to its banking operations, the Land Bank extends its services to the insurance sector through its subsidiaries.
Head office physical address	148 Kelvin Drive, Magnolia Building, Woodmead, Sandton, Johannesburg
Postal address	P. O. Box 375 Tshwane 0001
Bankers	First National Bank Limited, a division of First Rand Limited ABSA Limited, Nedbank Limited, The Standard Bank of South Africa Limited
Auditors	The Auditor-General of South Africa
Company secretary (Acting)	Ms R Swanepoel
Land bank subsidiaries	Land Bank Life Insurance Company (SOC) Limited (LBLIC) 1954/003095/06 Land Bank Insurance Company (SOC) Limited (LBIC) 2012/115426/30 All of the above entities are incorporated in the Republic of South Africa
Holding company	Land and Agricultural Development Bank of South Africa (the Land Bank or the Bank)
Nature of business and principal activities	Land Bank Life Insurance Company (LBLIC) and Land Bank Insurance Company (LBIC) operate in the insurance sector. LBLIC offers credit life insurance products and LBIC offers primarily crop insurance products to the wider agricultural sector. LBLIC and LBIC are incorporated in terms of the Companies Act of South Africa, 2008 (Act No. 71 of 2008) and are schedule 2 Public Entities in terms of the PFMA.
Bankers	LBLIC: ABSA Limited LBIC: First National Bank Limited, a division of First Rand Limited

DIRECTORS' RESPONSIBILITY FOR FINANCIAL REPORTING

The Directors are required by the South African Companies Act to maintain adequate accounting records and are responsible for the content and integrity of the consolidated and separate annual financial statements and related financial information included in this report. It is the responsibility of the board to ensure that the consolidated and separate annual financial statements satisfy the financial reporting standards as to form and content and present fairly the consolidated and separate statement of financial position, results of operations and business of the Group, and explain the transactions and financial position of the business of the Group at the end of the financial year. The consolidated and separate annual financial statements are based upon appropriate accounting policies consistently applied throughout the Group and supported by reasonable and prudent judgements and estimates.

The Directors acknowledge that they are ultimately responsible for the system of internal financial control established by the Group and place considerable importance on maintaining a robust control environment. To enable fulfilment of these responsibilities, standards for internal control aimed at reducing the risk of error or loss in a cost-effective manner were set by the existing Board. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the Group and all employees are required to maintain the highest ethical standards in ensuring the Group's business is conducted in a manner that is above reproach in all reasonable circumstances.

The focus of risk management in the Group is on identifying, assessing, managing and monitoring all known forms of risk across the Group. While operating risk cannot be fully eliminated, the Group endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

In order for the Board to discharge its responsibilities, management has developed and continues to maintain a system of internal control. The Board has ultimate responsibility for the system of internal control and reviews its operation, primarily through the Audit and Finance Committee and various other risk-monitoring committees. Management enables the Directors to meet these responsibilities.

The consolidated financial statements have been prepared in accordance with the requirements of the International Financial Reporting Standards (IFRS) (with consent from the Accounting Standards Board per Directive 12 of 2015) and the interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC), applying the accrual basis of accounting, the going-concern principle, and using the historical-cost basis, except where specifically indicated otherwise in the accounting policies.

The consolidated annual financial statements were prepared under the supervision of the Bank's Chief Financial Officer.

The financial statements set out on page 127 to 330, which have been prepared on the going-concern basis, were approved by the Board on 31 July 2026:



Mr. Mcebisi Skwatsha
Chairman of the Board
14 August 2026



Mr. Jabu Mphambo
Acting Chief Executive Officer
14 August 2026

DIRECTORS' REPORT

The Directors have the pleasure of presenting this report on the Annual Financial Statements of the Land and Agricultural Bank of South Africa for the year ended 31 March 2026.

During the financial year under review, the Bank continued to execute on the consolidation phase of its turnaround strategy following the successful implementation of the Liability Solution concluded in September 2024. The Board remained focused on strengthening the Bank's financial sustainability, enhancing operational resilience, improving loan book quality, supporting developmental impact, and positioning the institution for long-term growth and stability within a challenging operating environment.

The directors have considered the feasibility and effectiveness of the action plans to mitigate material going concern uncertainties owing to liquidity challenges and are confident of the ability of the Bank to raise the requisite amount of cash to fund its operations into the future. It is on this basis and despite the forecast of low cash resources that the directors have reasonable belief that the Bank will have adequate resources to continue as a going concern for the foreseeable future.

The year was characterised by heightened global and domestic uncertainty, including geopolitical tensions in the Middle East, continued global trade disruptions, elevated volatility in fuel and agricultural input costs, and significant biosecurity risks affecting the South African agricultural sector. Of particular concern was the worsening outbreak of Foot and Mouth Disease (FMD), which was declared a National Disaster in February 2026, resulting in livestock movement restrictions, export market disruptions, and increased pressure on segments of the Bank's loan portfolio. The broader domestic economic environment also remained constrained by weak economic growth, persistent infrastructure challenges, elevated unemployment levels, and continued pressure on public finances, all of which contributed to a challenging operating environment for both the agricultural sector and development finance institutions.

Despite these external pressures, the Bank delivered several notable strategic, financial, developmental, and operational achievements during the year under review.

The Bank achieved a significant majority of its measurable Corporate Scorecard targets for FY2026, reflecting continued progress in stabilising institutional performance and strengthening execution capability. Total disbursements exceeded expectations, with Blended Finance disbursements reaching approximately R1.0 billion against a target of R700 million, while Non-Blended Finance disbursements reached approximately R685.5 million against a target of R500 million. This resulted in total disbursements of approximately R1.891 billion against a target of R1.2 billion. This performance provides credible evidence of the Bank's support for the inclusion and commercialisation of historically disadvantaged persons in the mainstream of the agricultural sector.

The Bank also continued to strengthen strategic partnerships across both the public and private sectors in support of its developmental and transformation mandate. These partnerships enabled targeted support to designated groups, including black women and youth farmers, while enhancing the provision of pre- and post-finance support interventions. These included initiatives aimed at improving market access, technical support, capacity building, and expanding developmental reach across the agricultural value chain. Progress was also achieved in embedding sustainability and responsible banking principles across the institution, including continued implementation of the UNEP FI Principles for Responsible Banking (PRB) framework and broader ESG integration initiatives. The acceptance of the Bank into the Sustainability Standards Certification Initiative under the guidance of the European Organisation for Sustainable Development (EOSD) provides a strong foundation for the Bank's enhanced sustainability programme and supports its journey to institutionalise sustainability as a core capability across the organisation in the next financial year. In addition, the Bank continued to strengthen its alignment with broader national and global developmental priorities, including food security, climate resilience, inclusive growth, and sustainable agricultural development.

Operationally, the Bank recorded improvements in turnaround times, client retention, enterprise risk management maturity, and the filling of critical positions. The launch of the Farmers Academy digital platform to a select group of farmers represented an important milestone in strengthening farmer development and financial capability support, with a broader public rollout planned for the next financial year. In addition, the Bank progressed a number of strategic operational modernisation initiatives, including the re-engineering of critical business processes, enhancements to digital integration capabilities, and continued investment in governance, risk management, and control environments to support institutional resilience and long-term operational sustainability.

From a financial performance perspective, the Bank reported a profit of R283 million for FY2026, representing a sustained profitability position from the prior financial year profit of R486 million. This performance was primarily supported by lower impairment charges, continued cost containment measures, and reduced funding costs following

the implementation of the Liability Solution (reduced capital base, albeit high interest rate). The Bank's Cost-to-Income ratio at 60.3% is lower than the approved target. The Board further notes that the Bank continued to maintain compliance with the key financial covenant requirements of the Liability Solution during the reporting period, reflecting continued financial discipline in the organization.

Notwithstanding the progress achieved, the Board recognises that a number of material challenges and risks continue to require focused management attention.

The Bank experienced a cybersecurity incident during January 2026 involving unauthorised activity on parts of its IT environment, which necessitated the temporary shutdown and isolation of certain systems and impacted aspects of operational and reporting capability. While containment and recovery measures were implemented, the incident affected the timing of certain regulatory and lender reporting submissions and contributed to negative media sentiment during the fourth quarter. The Board oversaw extensive remediation, recovery, stakeholder engagement, and governance processes in response to the incident, including engagements with regulators, security agencies, lenders, and other stakeholders. The incident further highlighted the increasing importance of cybersecurity resilience and digital risk management within the financial services sector, resulting in accelerated focus on strengthening the Bank's cybersecurity capabilities.

The Bank also continued to experience pressure relating to asset quality and profitability metrics. The Non-Performing Loan (NPL) ratio remained elevated at 51.2%, although still within the parameters of the Liability Solution covenant framework. Net Interest Margin performance remained below target, reflecting the effects of loan book contraction, elevated NPL levels, and high funding costs. In addition, the Bank underperformed against its Agro-Energy Fund disbursement targets and experienced slower-than-anticipated progress in diversifying non-interest income streams. The Board remains cognisant of the ongoing pressures associated with the constrained funding environment, elevated sovereign and sector risk perceptions, and the need to secure long-term, affordable funding and capital solutions to support the Bank's developmental mandate and future growth aspirations.

The Board remains encouraged by the progress achieved during the year under review and acknowledges the commitment demonstrated by management and employees under difficult operating conditions. The Board further recognises the continued support and constructive engagement of the Shareholder, lenders, clients, regulators, development partners, and broader stakeholders.

Looking ahead, the Bank remains focused on strengthening its capital and funding position including mobilising affordable development funding, improving operational resilience, rehabilitating asset quality, and continuing to deliver meaningful developmental impact in support of South Africa's agricultural sector and food security objectives. The Board is confident that the strategic foundations established through the turnaround and consolidation phases position the Bank to progressively transition toward a sustainable growth trajectory, while continuing to play its critical role in advancing agricultural development, transformation, economic inclusion, and food security in South Africa.

Despite the gains made in a number of key areas, the operating environment remained challenging. The following macro factors significantly influenced the Bank's performance in the year under review:

MACROECONOMIC OVERVIEW

South Africa's economic growth remained subdued in 2025, constrained by persistent structural inefficiencies in rail and port infrastructure, weak domestic investment, geopolitical tensions, and uncertainty surrounding United States trade policy. Real GDP growth improved marginally to 1.1% in 2025 from 0.5% in 2024, but remained below 2%, notwithstanding ongoing structural reforms under Operation Vulindlela. These reforms, which focus on improving efficiencies in transport, electricity, water and logistics, are expected over time to reduce the cost of doing business and enhance the country's competitiveness.

The external environment remained volatile, particularly due to the increasingly protectionist stance of the United States. The effective withdrawal of South Africa's eligibility under the African Growth and Opportunity Act (AGOA), coupled with the imposition of a 30% tariff, adversely impacted exports to the United States. Key agricultural products affected include wine, citrus, nuts and other horticultural products, resulting in a 3.8% decline in agricultural exports to that market in 2025.

Despite these headwinds, total agricultural exports demonstrated resilience, increasing by 10.3% to R276.8 billion in 2025, supported by diversification into alternative markets, particularly the Middle East and the African continent.

Renewed geopolitical tensions in the Middle East since late February 2026 have introduced additional uncertainty into the global economic outlook. Disruptions to energy markets have heightened inflationary risks and may result in elevated global interest rates, with potential implications for global growth.

From an agricultural perspective, higher fuel and fertiliser prices are expected to increase production costs, while elevated interest rates may raise the cost of capital and dampen investment. In addition, exports to the Middle East an important market accounting for approximately 17% of South Africa's agricultural export value in the fourth quarter of 2025 may be adversely affected. Key exports to the region include red meat, deciduous fruit, citrus, nuts and wine, with the United Arab Emirates and Saudi Arabia representing significant destinations.

The Bank continues to assess these evolving risks through its stress testing models and the application of management overlays to quantify potential impacts on the portfolio.

AGRICULTURAL SECTOR OVERVIEW

Port Logistics

Operational improvements at key ports, including the introduction of new equipment in Cape Town such as Rubber-Tyred Gantry (RTG) cranes and Ship-to-Shore (STS) cranes and the addition of 600 reefer plug points in Durban have supported a gradual recovery in logistics performance. Industry collaboration initiatives, including a pilot generator (genset) project at the Port of Cape Town, have provided temporary capacity relief. However, challenges persist, including wind-related delays, capacity constraints during peak periods, slow vessel turnaround times and equipment reliability issues, which continue to pose risks to the efficiency and competitiveness of the fruit export sector.

Agricultural Sector Performance and Outlook

The agricultural sector experienced multiple disruptions during FY2026, including animal disease outbreaks, adverse weather conditions, pest infestations and market-related shocks. Collectively, these factors placed pressure on production, trade flows and overall sector stability.

Following a drought-affected 2023/24 season, the 2024/25 summer crop season recorded a 31% recovery in grains and oilseeds production, supported by favourable weather conditions. However, there were quality concerns in white maize which has moderated price gains. For the 2025/26 season, above-average rainfall and increased plantings have supported production prospects, with the second production estimate at 20.3 million tonnes, marginally (0.7%) below the prior season. Maize production is estimated at 16.5 million tonnes, exceeding annual domestic demand of approximately 12 million tonnes, despite challenges including delayed planting, disease pressures and subdued prices.

The winter grains sector faced constraints due to below-average rainfall during the planting period in August 2025, particularly in the Western Cape, which negatively impacted yields. In addition, low global wheat prices have limited revenue recovery, resulting in an estimated year-on-year decline of approximately 1.5% in winter grain production for the 2025/26 season.

The Bank continues to assess these evolving risks through its stress testing and Expected Credit Loss models to quantify potential impact on the portfolio.

Market Pressures from Middle East Conflict

The escalation of conflict in the Middle East has introduced additional risks to agricultural markets. Disruptions to export routes have affected livestock exports, particularly in the sheep market, potentially increasing domestic supply and exerting downward pressure on prices. Export-oriented industries with exposure to the region may experience further financial strain should these disruptions persist. Concurrently, rising input costs, particularly for fuel and fertiliser, are increasing operational expenses and placing additional pressure on farmer cash flows during key production periods.

Livestock and Biosecurity Risks

Biosecurity remains a critical concern, with the Foot-and-Mouth Disease (FMD) outbreak intensifying, with reported cases exceeding 1,300 as at April 2026 and affecting all provinces. The outbreak has extended to multiple livestock categories, compounding existing concerns around African Swine Fever. Government has declared a National Disaster and initiated vaccination programmes, alongside efforts to strengthen local vaccine production capacity, with a long-term objective of disease eradication.

DIRECTORS' REPORT

Export restrictions on livestock and related products, including suspensions by key trading partners, continue to constrain market access and place additional pressure on the sector. While the poultry industry is recovering from previous avian influenza outbreaks, supported by lower feed costs and increased demand for poultry products, disease management and biosecurity remain ongoing priorities.

Flood Impact: Limpopo and Mpumalanga

Severe flooding in January 2026, following above-normal rainfall in Limpopo and Mpumalanga, resulted in significant agricultural and infrastructure damage. Waterlogging affected crop production, while damage to roads, bridges and storage facilities disrupted logistics and market access. Although conditions improved towards the end of the month, the events underscored the sector's vulnerability to extreme weather and the need for enhanced resilience and recovery mechanisms.

Energy

The national power system has shown improved stability, with an extended period without load shedding, reflecting enhanced generation performance and system management. While this development supports economic activity, rising electricity tariffs of 8.76% for Eskom direct customers effective April 2026 and 9.01% for municipal customers from July 2026 continue to increase operating costs for agricultural producers.

To address energy challenges, the Land Bank continued with the Agro Energy Fund (AEF), offering financing for renewable energy projects. Eligible technologies include solar PV, biomass, and biogas (anaerobic digester) energy solutions aimed at reducing electricity costs and supporting sustainable farming. The Bank continues monitoring borrower financials and stress testing of income and costs at the due diligence stage as well as providing an increase in facilities for existing clients. Take up on this fund is dependent on the stability of electricity supply by Eskom.

Internal Controls and Audit Outcome

During the year under review Land Bank obtained an unqualified audit opinion. The continued implementation of the audit remediation plan which focussed largely on addressing challenges experienced with the adoption of IFRS 17 in prior years, with oversight of the Audit and Finance sub-committee of the Board has led to this sustained audit outcome. Any identified residual control deficiencies will continue being addressed. This will ensure the Bank sustains this outcome going forward.

It is on this basis as well as information and explanations received from management that the Board is confident that the system of internal control provides reasonable assurance that the financial records are reliable for the preparation of the annual financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or loss.

Financial Results

The financial results of the group are fully disclosed on pages 127 to 330. The key financial indicators are as outlined below. The performance of the bank was largely driven by the following factors:

The Gross Loan Book decreased by 11% year-on-year resulting mainly from customer settlements and write-offs. Customer settlements assisted the cash position of the bank, as well as enabled debt reduction. Performance improvement initiatives, such as, the NPL remediation strategy, undertaken by the Bank during the year resulted in profits realized this year.

The Bank has also continued to implement focused efforts in reducing overall operating expenditure to ensure sustained profitability and financial stability.

DIRECTORS' REPORT

The financial indicators are:

- Expected credit losses on financial assets at amortised cost decreased to R2.8 billion (31 March 2025: R3,8 billion);
- NPL ratio decreased to 51.2% (31 March 2025: 54,7%); nominally the NPL book has decreased by 11% year-on-year;
- ECL Coverage Ratio improved to 20.8% (31 March 2025: 24,7%);
- Cash flows generated from operations decreased to R128 million (31 March 2025: R1.0 billion), and total cash equivalents reduced to R4.8 billion (31 March 2025: R7.3 billion).
- Net interest income reduced to R1.3 billion (31 March 2025: R1.7 billion);
- Net profit of R283 million (31 March 2025: R486.6 million profit);
- Cost to income ratio for the bank increased to 60.3% (31 March 2025: 44%);
- Leverage Ratio improved to 63.1% (31 March 2025: 93.3%);

The Land Bank board and its management remain committed to seeing the Land Bank cross over onto the new dawn as it rebuilds itself and strengthens its control environment towards a sustainable development bank.



Mr. Mcebisi Skwatsha
Chairman of the Board
14 August 2026



Mr. Jabu Mphambo
Acting Chief Executive Officer
14 August 2026

GROUP SECRETARY'S CERTIFICATION

In terms of section 88(2)(e) of the Companies Act 71 of 2008, hereafter referred to as the Companies Act, I declare that to the best of my knowledge, for the year ended 31 March 2026 the Land and Agricultural Development Bank of South Africa has lodged with the Registrar of Companies all such returns as are required of a State Owned Company in terms of the Act and that such returns are true, correct and up to date.

RSwanepoel

Ms. Rozaan Swanepoel
Acting Company Secretary
14 August 2026



AUDIT & FINANCE COMMITTEE REPORT

I herewith present the report of the Land Bank Audit and Finance Committee (the Committee) for the financial year ended 31 March 2026. The Committee acts in consultation with other committees of the entity in particular the Risk and Governance Committee.

THE COMMITTEE IS RESPONSIBLE FOR OVERSEEING:

- Quality and integrity of the entity's integrated planning and reporting, including its financial statements and sustainability reporting;
- Appointment, remuneration, independence and performance of the external auditor and the integrity of the audit process, including the approval of non-audit services;
- The adequate resourcing and capacitation, independence and performance of the internal audit function;
- Effectiveness of the entity's governance, in particular the adequacy and effectiveness of the system of internal controls;
- The entity's information and technology (IT) functions. In this regard, the Committee reviews management's IT reports, IT Governance, and IT systems controls, working with the IT Steering Committee which reports to the Committee; and
- Review and make recommendations to board about the entity's financial risk, liquidity risk, and capital risk management practices.

The Committee, acting in consultation with the Risk and Governance Committee of the Bank, provided significant oversight and monitoring of the following key areas:

- The volatile macro-economic environment and management's responses thereto;
- Internal controls, risk management and compliance processes, delegations of authority, combined assurance and business continuity; and
- Controls to prevent irregular, fruitless and wasteful expenditure.

Statutory duties

- The Committee is constituted as a statutory committee of the Land Bank in line with the Principles of King IV, the Companies Act 71 of 2008 and the Public Finance Management Act no.1 of 1999, and is accountable in this regard, to both the Board and the Land Bank representative shareholder, the Ministry of Finance.
- It is a committee of the Board regarding all the duties that the Board assigns to it and has been delegated extensive powers to perform its functions per the Companies Act, and the National Treasury Regulations issued in terms of the Public Finance Management Act.
- The Committee has adopted appropriate formal terms of reference in our charter, in line with the requirements of section 51(1)(a) of the PFMA and Treasury Regulation 27.1. We further report that we have conducted our affairs in compliance with this charter. which is reviewed annually and approved by the Board.
- The functions of the Committee are outlined in its charter, which is available on the Land Bank website.

The Audit and Finance Committee has continued to include in its audit plan oversight and monitoring of the Board approved remediation plan intended to ensure integrity of the Annual Financial Statements and that the Bank improves the unqualified with findings audit obtained in the FY2025 financial year. Accordingly, this remained one of the key focus areas for the committee with regular meetings held with management to track and assess progress on implementation of the remediation plan to ensure adequate resolution of any residual risks remaining or that arise during the year, and to ensure embedding of processes of internal controls to avoid a regression in future.

Composition

The Land Bank Audit and Finance Committee comprises of independent non-executive directors who are elected annually at the company's Annual General Meeting (AGM).

The members are Ms E Pillay (reappointed 03 September 2025) (Chairperson), Ms KV Rantao (until 31 March 2026), Ms Tumelo Matlala (from 10 September 2025), Ms PH Maseko (from 10 September 2025 to 29 March 2026), and Ms S Dlungwane (from 29 March 2026), all are independent non-executive directors of Land Bank. The qualifications of the members of the Committee are listed in the Land Bank Governance Report. These members collectively possess the experience and expertise needed to execute their duties in relation to the Committee's mandate.

Executive directors comprising of the Chief Executive Officer (CEO) and the Chief Financial Officer (CFO) are invitees to the Committee meetings, but are excluded from the Committee's private sessions with the Auditor-General and the Chief Audit Executive.

The Committee has met all legal and regulatory requirements in respect of independence and corporate governance experience.

AUDIT & FINANCE COMMITTEE REPORT

ANNUAL CONFIRMATION OF KEY FUNCTIONS FOR THE YEAR

Financial control, financial reporting and the Integrated Report

The Committee reviews the Annual Financial Statements, and Integrated Report, and recommends these to the Board for approval. This role includes an assessment of the accounting policies and key assumptions applied in the preparation of the financial statements, as well as dealing with technical reporting matters. In doing so, the Committee also confirmed compliance of the Annual Financial Statements with International Financial Reporting Standards (IFRS).

The Committee confirms that it has assessed and confirms the appropriateness of the going concern basis for the preparation of the Annual Financial Statements. Since the event of default that occurred during April 2020, Land Bank has relied on own funds and the capital injection to sustain itself. After curing the event of default during September 2024, the Bank returned to market to raise funding, a process which is currently underway. This is to augment the Bank's reducing cash resources. As the Bank rebuilds itself, engagements are underway with the shareholder for support. The expectation is for the Bank to have secured new funding by end of the 2027 financial year.

The Committee presided over the Board instituted audit remediation plan over the past five financial years. The remedial plan was instituted to address deficiencies identified on the loan book management through the audit process. The Committee together with the Credit and Investment Committee (CIC) through oversight on the work conducted by management has seen continuous improvement in the internal control environment pertaining to the management of the loan book and this is evidenced by the unqualified audit outcome for the previous financial year.

The Committee considered the maturity of combined assurance in the Group and the specific attestations from Internal Audit, External Audit and Risk in regard to the adequacy and effectiveness of the internal controls within the Group. We are comfortable that these controls are adequately in place, but there is room for improvement to strengthen the control environment and to realise the full benefits of combined assurance.

Land Bank experienced a cyber incident during January 2026. The Committee oversaw the management of this process as well as recovery of IT Systems and information that was impacted by the cyber incident to ensure a return of the organisation's operational capabilities.

External audit

The Auditor General of South Africa (AGSA) is the external auditor for Land Bank. The Committee nominates the external auditor to the Board for appointment by the shareholder, and the Committee approves the terms of engagement and remuneration for the external audit services. The Committee has assessed the external auditor's independence and has obtained the assurance that the auditor's independence is not impaired.

Internal audit

The Chief Audit Executive reports to the chairman of the Committee and the Committee is responsible for the review and approval of the internal audit charter, the internal audit plan as well as the resources of the internal audit department. The Committee evaluated the internal audit function's independence and is satisfied with its independence. The Chief Audit Executive resigned from Land Bank with effect from 01 January 2026. An acting arrangement was put in place while the Bank recruits a replacement. A candidate has been identified and is expected to start in the role on 01 September 2026.

Expertise and experience of the finance function and the Group Chief Financial Officer

The Committee has considered the expertise and experience of the Chief Financial Officer and has concluded that the appropriate requirements have been met.

The Bank's new operating model that was implemented beginning of FY2025 has now been embedded in the organisation. This has ensured a fit-for-purpose structure aimed at advancing the Bank's developmental mandate. A new Executive Manager: Treasury has been appointed effective 01 July 2026 as the previous incumbent resigned during May 2025. Most critical roles in the Finance & Treasury function have been filled. This will further strengthen the control environment in the organisation ensuring adequate skills and focus is given to support and enable the organisation.

AUDIT & FINANCE COMMITTEE REPORT

EXTERNAL AUDIT REPORT

External Audit Opinion

Land Bank received an unqualified audit outcome from the Auditor General of South Africa for the FY2026. This is a sustained audit outcome to the prior year's audit. However, the AGSA observed that an overall improvement in the quality of the submitted financial statements, as the misstatements identified were primarily disclosure-related and mainly consisted of accuracy differences. These misstatements resulted in both overstatements and understatements of reported amounts and were attributable largely to deficiencies in the preparation and review of financial statement disclosures rather than underlying accounting treatment. The board instituted remediation plan shall continue being implemented to address any specific residual deficiencies that remain. The committee will continue to monitor progress regarding those matters.

In conclusion

The Committee is pleased with the audit outcome and the evident successful results of the work covered by the remedial plan. The Committee will continue to ensure there is continuous improvement regarding the controls around overall management of the loan book to ensure that these results are sustained towards helping the Land Bank achieve its mandate.

The Committee is satisfied it has fulfilled its responsibilities in terms of its charter during the year under review and believes that it complied with its legal, regulatory and governance responsibilities as set out in the Companies Act and Public Finance Management Act.

Pillay

Ms Michelle Pillay

Chairman Audit and Finance Committee

14 August 2026



REPORT OF THE AUDITOR-GENERAL TO PARLIAMENT ON THE LAND AND AGRICULTURAL DEVELOPMENT BANK OF SOUTH AFRICA

Report on the audit of the consolidated and separate financial statements

Opinion

1. I have audited the consolidated and separate financial statements of the Land and Agricultural Development Bank of South Africa and its subsidiaries (the group and public entity) set out on pages 127 to 330, which comprise the consolidated and separate statements of financial position as at 31 March 2026, consolidated and separate statements of profit or loss and other comprehensive income, consolidated and separate statements of changes in equity, consolidated and separate statements of cash flows for the year then ended, as well as notes to the consolidated and separate financial statements, including material accounting policy information.
2. In my opinion, the consolidated and separate financial statements present fairly, in all material respects, the consolidated and separate financial position of the Land and Agricultural Development Bank of South Africa and its subsidiaries as at 31 March 2026 and its consolidated and separate financial performance and consolidated and separate cash flows for the year then ended in accordance with IFRS Accounting Standards issued by the International Accounting Standards Board and the requirements of the Public Finance Management Act 1 of 1999 (PFMA), and Companies Act section 27-31.

Basis for opinion

3. I conducted my audit in accordance with the International Standards on Auditing (ISAs). My responsibilities under those standards are further described in the responsibilities of the auditor-general for the audit of the consolidated and separate financial statements section of my report.
4. I am independent of the group in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA code) as applicable to audits of financial statements of public interest entities as well as other ethical requirements that are relevant to my audit in South Africa. I have fulfilled my other ethical responsibilities in accordance with these requirements and the IESBA code.
5. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Emphasis of matter – Restatement of corresponding figures

6. As disclosed in notes 37 to 41 to the consolidated and separate financial statements, the corresponding figures for 31 March 2024 and 31 March 2025 were restated as a result of a change in accounting policy, changes in accounting estimate and correction of prior period errors of the public entity for the year ended 31 March 2026.
7. My opinion is not modified in respect of this matter.

Responsibilities of the accounting authority for the consolidated financial statements and separate financial statements

8. The accounting authority is responsible for the preparation and fair presentation of the consolidated and separate financial statements in accordance with the IFRS Accounting Standards issued by the International Accounting Standards Board and the requirements of the Public Finance Management Act 1 of 1999 (PFMA) and Companies Act section 27-31; and for such internal control as the accounting authority determines is necessary to enable the preparation of consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.
9. In preparing the consolidated and separate financial statements, the accounting authority is responsible for assessing the group's ability to continue as a going concern; disclosing, as applicable, matters relating to going concern; and using the going concern basis of accounting unless the appropriate governance structure either intends to liquidate the group or to cease operations, or has no realistic alternative but to do so.

Responsibilities of the auditor-general for the audit of the consolidated and separate financial statements

10. My objectives are to obtain reasonable assurance about whether the consolidated and separate financial statements as a whole are free from material misstatement, whether due to fraud or error; and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with the ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or

AUDITORS REPORT

error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated and separate financial statements.

11. A further description of my responsibilities for the audit of the consolidated and separate financial statements is included in the annexure to this auditor's report. This description, which is located on page 141, forms part of my auditor's report.

Report on the audit of the annual performance report

12. In accordance with the Public Audit Act 25 of 2004 (PAA) and the general notice issued in terms thereof, I must audit and report on the usefulness and reliability of the reported performance against predetermined objectives for the selected objectives presented in the annual performance report. The accounting authority is responsible for the preparation of the annual performance report.
13. I selected the following objectives presented in the annual performance report for the year ended 31 March 2026. I selected objectives that measure the public entity's performance on its primary mandated functions and that are of significant national, community or public interest.

Objective	Page numbers	Purpose
Development effectiveness	43 - 44	To ensure inclusivity in the agricultural sector by focusing on historically disadvantaged persons, while continuing to grow the commercial portfolio.
Financial sustainability	44 - 45	To ensure the financial stability and sustainability of the bank to continue fulfilling its mandate.

14. I evaluated the reported performance information for the selected objectives against the criteria developed from the performance management and reporting framework, as defined in the general notice. When an annual performance report is prepared using these criteria, it provides useful and reliable information and insights to users on the public entity's planning and delivery on its mandate and objectives.
15. I performed procedures to test whether:
    - the indicators used for planning and reporting on performance can be linked directly to the public entity's mandate and the achievement of its planned objectives
    - all the indicators relevant for measuring the public entity's performance against its primary mandated and prioritised functions and planned objectives are included
    - the indicators are well defined to ensure that they are easy to understand and can be applied consistently, as well as verifiable so that I can confirm the methods and processes to be used for measuring achievements
    - the targets can be linked directly to the achievement of the indicators and are specific, time bound and measurable to ensure that it is easy to understand what should be delivered and by when, the required level of performance as well as how performance will be evaluated
    - the indicators and targets reported on in the annual performance report are the same as those committed to in the approved initial or revised planning documents
    - the reported performance information is presented in the annual performance report
    - there is adequate supporting evidence for the achievements reported.
16. I performed the procedures for the purpose of reporting material findings only; and not to express an assurance opinion or conclusion.
17. I did not identify any material findings on the reported performance information for the selected objectives.

Other matters

18. I draw attention to the matters below.

Achievement of planned targets

19. The annual performance report includes information on reported achievements against planned targets.
20. The tables that follow provide information on the achievement of planned targets and list the key indicators that were not achieved as reported in the annual performance report.

Development effectiveness

Targets achieved: 88%		
Key indicator not achieved	**Planned target**	**Reported achievement**
Agro-energy fund loan disbursement	R355 m	R44 m

Financial Sustainability

Targets achieved: 40%		
Key indicator not achieved	**Planned target**	**Reported achievement**
Net interest margin (excluding interest in suspense)	7,4%	5,5%
Generate Non-Interest Income	R98 m	R45,8 m
NPL ratio	46,3%	51,2%

Material misstatements

21. I identified a preventable material misstatement in the annual performance report submitted for auditing. The material misstatement was in the reported performance information for Financial Sustainability. Management subsequently corrected the misstatement, and I did not include any material findings in this report.

Report on compliance with legislation

22. In accordance with the PAA and the general notice issued in terms thereof, I must audit and report on compliance with applicable legislation relating to financial matters, financial management and other related matters. The accounting authority is responsible for the Public Entity's compliance with legislation.
23. I performed procedures to test compliance with selected requirements in key legislation in accordance with the findings engagement methodology of the Auditor-General of South Africa (AGSA). This engagement is not an assurance engagement. Accordingly, I do not express an assurance opinion or conclusion.
24. Through an established AGSA process, I selected requirements in key legislation for compliance testing that are relevant to the financial and performance management of the Public Entity, clear to allow consistent measurement and evaluation, while also sufficiently detailed and readily available to report in an understandable manner. The selected legislative requirements are included in the annexure to this auditor's report.
25. The material finding on compliance with the selected legislative requirements, presented per compliance theme, is as follows:

AUDITORS REPORT

Annual financial statements, performance report and annual reports

26. The financial statements submitted for auditing were not fully prepared in accordance with IFRS Accounting Standards, as required by section 55(1)(b) of the PFMA. Material misstatements of disclosure notes relating to investments, loans and advances (collateral), funding liabilities, financial instruments and risk management identified by the auditors in the submitted financial statements were corrected, resulting in the financial statements receiving an unqualified audit opinion.

Other information in the annual report

27. The accounting authority is responsible for the other information included in the annual report. The other information does not include the consolidated and separate financial statements, the auditor's report and those selected objectives presented in the annual performance report that have been specifically reported on in this auditor's report.
28. My opinion on the consolidated and separate financial statements, and my reports on the audit of the annual performance report and compliance with legislation do not cover the other information included in the annual report and I do not express an audit opinion or any form of assurance conclusion on it.
29. My responsibility is to read this other information and, in doing so, consider whether it is materially inconsistent with the consolidated and separate financial statements and the selected objectives presented in the annual performance report or my knowledge obtained in the audit, or otherwise appears to be materially misstated.
30. I did not receive the other information prior to the date of this auditor's report. When I do receive and read this information, if I conclude that there is a material misstatement therein, I am required to communicate the matter to those charged with governance and request that the other information be corrected. If the other information is not corrected, I may have to retract this auditor's report and re-issue an amended report as appropriate. However, if it is corrected, this will not be necessary.

Internal control deficiencies

31. I considered internal control relevant to my audit of the consolidated and separate financial statements, annual performance report and compliance with applicable legislation; however, my objective was not to express any form of assurance on it.
32. The matter reported below is limited to the significant internal control deficiency that resulted in the material finding on compliance with legislation included in this report.
33. Management did not implement adequate quality assurance processes over the preparation and review of the financial statements before submission for audit.

Other reports

34. I draw attention to the following engagements conducted by various parties. These reports did not form part of my opinion on the consolidated and separate financial statements or my findings on the reported performance information or compliance with legislation.
35. As requested by the Land Bank, a limited assurance engagement in respect of compliance with the National Credit Act 34 of 2005 was conducted for the twelve months ended 31 March 2025. The report was issued on 30 September 2025.



Pretoria
15 August 2026

AUDITOR-GENERAL
SOUTH AFRICA

Auditing to build public confidence

ANNEXURE TO THE AUDITOR'S REPORT

The annexure includes the following:

- The auditor-general's responsibility for the audit
- The selected legislative requirements for compliance testing

Auditor-general's responsibility for the audit

Professional judgement and professional scepticism

As part of an audit in accordance with the ISAs, I exercise professional judgement and maintain professional scepticism throughout my audit of the consolidated and separate financial statements and the procedures performed on reported performance information for selected objectives development priorities and on the group's compliance with selected requirements in key legislation.

Consolidated and separate financial statements

In addition to my responsibility for the audit of the consolidated and separate financial statements as described in this auditor's report, I also:

- identify and assess the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error; design and perform audit procedures responsive to those risks; and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the group's internal control
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made
- conclude on the appropriateness of the use of the going concern basis of accounting in the preparation of the consolidated and separate financial statements. I also conclude, based on the audit evidence obtained, whether a material uncertainty exists relating to events or conditions that may cast significant doubt on the ability of the group and public entity and public entity to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the consolidated and separate financial statements about the material uncertainty or, if such disclosures are inadequate, to modify my opinion on the consolidated and separate financial statements. My conclusions are based on the information available to me at the date of this auditor's report. However, future events or conditions may cause the group and public entity to cease operating as a going concern
- evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and determine whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation
- plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the consolidated financial statements. I am responsible for the direction, supervision and review of audit work performed for purposes of the group audit. I remain solely responsible for my audit opinion.

Communication with those charged with governance

I communicate with the accounting authority regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit. I also provide the accounting authority with a statement that I have complied with relevant ethical requirements regarding independence and communicate with them all relationships and other matters that may reasonably be thought to bear on my independence and, where applicable, actions taken to eliminate threats or safeguards applied.

AUDITORS REPORT

Compliance with legislation – selected legislative requirements

The selected legislative requirements are as follows:

Legislation	Sections or regulations
Public Finance Management Act 1 of 1999	Section 49(1); 50(3)(a); 50(3)(b); 51(1)(a)(ii); 51(1)(a)(iii); 51(1)(b)(i); 51(1)(b)(ii); 52(b); 54(2)(c); 54(2)(d); 55(1)(a); 55(1)(b); 55(1)(c)(i); 56; 57(b); 57(d); 66(3)(a)
Treasury Regulations, 2005	Regulation 29.1.1; 29.1.1(a); 29.1.1(c); 29.2.1; 29.2.2; 29.3.1; 31.2.5; 31.2.7; 33.1.1; 33.1.3
Companies Act 71 of 2008	Section 27; 28; 29; 30; 31
Construction Industry Development Board Regulations, 2004	Regulation 17; 25(7A); 25(9)(a); 25(10)
National Treasury SCM Instruction No.03 of 2021/22	Paragraph 4.2
Preferential Procurement Policy Framework Act 5 of 2000	Section 1; 2(1)(a); 2(1)(b); 2.1(f)
Preferential Procurement Regulations, 2022	Paragraph 4.1; 4.2; 4.3; 4.4; 5.1; 5.2; 5.3; 5.4
Prevention and Combating of Corrupt Activities Act 12 of 2004	Section 34(1)

STATEMENT OF FINANCIAL POSITION

	Notes	Group			Company		
		2026	2025	2024	2026	2025	2024
		R'000	R'000	R'000	R'000	R'000	R'000
Assets							
Cash and cash equivalents	4	4,933,781	7,785,967	13,013,316	4,821,836	7,388,971	12,584,693
Trade and other receivables	5	133,123	190,379	223,820	58,234	150,405	183,901
Insurance contract asset - non-life	6	131,068	316,266	41,378	-	-	-
Reinsurance contract asset - non-life	6	48,988	5,051	99,531	-	-	-
Reinsurance contract asset -Life	6	2,089	2,089	2,741	-	-	-
Investments	7	3,206,373	2,136,860	2,152,792	2,294,397	1,534,045	1,414,202
Derivatives	8	185,417	361,811	677,672	185,417	361,811	677,671
Loans and advances	9	10,812,116	11,574,194	13,331,936	10,812,116	11,574,194	13,331,936
Non-current assets held-for-sale and assets of disposal groups	10	18,778	5,058	9,208	18,778	5,058	9,208
Investment property	11	148,900	141,200	106,000	148,900	141,200	106,000
Property, plant and equipment	12	49,515	51,187	59,614	49,504	51,173	59,593
Right of use assets	13.1	55,779	19,828	23,752	55,779	19,828	23,753
Intangible assets	14	11,478	760	1,062	11,478	760	1,062
Total assets		**19,737,406**	**22,590,652**	**29,742,822**	**18,456,440**	**21,227,446**	**28,392,020**
Equity and liabilities							
Equity							
Accumulated loss	15	(1,883,613)	(2,186,962)	(2,640,506)	(3,023,285)	(3,257,611)	(3,727,443)
Capital Fund	15	14,397,655	14,397,655	8,784,325	14,397,655	14,397,655	8,784,325
Revaluation reserve	15	146,437	144,937	145,258	146,437	144,937	145,258
Fair Value Through Other Comprehensive Income (FVTOCI)	15	(725,772)	(611,595)	(661,962)	(725,772)	(611,595)	(661,962)
Total equity		**11,934,707**	**11,744,035**	**5,627,115**	**10,795,034**	**10,673,385**	**4,540,178**
Liabilities							
Trade and other payables	16	244,899	194,138	184,033	191,649	158,997	149,848
Other financial liabilities	16.1	-	-	6,068,979	-	-	6,068,979
Insurance contract liability - non-life	6	2,996	-	129,387	-	-	-
Reinsurance contract liability - non-life	6	10,476	193,950	16,030	-	-	-

STATEMENT OF FINANCIAL POSITION

	Notes	Group			Company		
		2026	2025	2024	2026	2025	2024
		R'000	R'000	R'000	R'000	R'000	R'000
Insurance contract liability - Life	6	59,447	55,241	76,486	-	-	-
Reinsurance contract liability -Life	6	2,248	2,248	2,267	-	-	-
Funding liabilities	17	6,950,364	9,931,867	17,258,090	6,950,364	9,931,867	17,258,090
Lease liabilities	13.2	57,799	21,549	25,064	57,799	21,549	25,064
Provisions	18	145,798	143,459	73,053	132,923	137,482	67,543
Post-retirement obligation	19	328,672	304,164	282,317	328,672	304,164	282,317
Total Liabilities		**7,802,698**	**10,846,617**	**24,115,703**	**7,661,130**	**10,554,059**	**23,851,838**
Total equity and liabilities		**19,737,4061**	**22,590,652**	**29,742,822**	**18,456,440**	**21,227,440**	**28,392,020**

*The Bank corrected prior year presentation of funds under administration and the cash flow statement due to the change in accounting policy for Funds under Administration. Refer to note 37 for details. The Bank previously included in cash equivalents and other financial liabilities, R1.6 billion held on behalf of the Department of Agriculture. These funds are not available for use to the group. They are funds administered by the Bank on behalf of the department governed by a memorandum of administration. Refer to note 30 for the relevant details.
1Immaterial rounding difference carried.

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Notes	Group		Company	
		2026	2025	2026	2025
		R'000	R'000	R'000	R'000
Net interest income		**1,381,508**	**1,806,018**	**1,356,358**	**1,799,591**
Interest income	20	2,328,771	3,351,686	2,303,622	3,345,259
Interest expense	21	(947,263)	(1,545,668)	(947,263)	(1,545,668)
Net impairment charges, release, claims, write-offs and recoveries	9	(298,836)	(878,005)	(298,836)	(878,005)
Total income from lending activities		**1,082,672**	**928,013**	**1,057,522**	**921,586**
Non -interest expense	22	(1,352)	(1,572)	(1,352)	(1,572)
Non -interest income	23	26,945	31,769	26,945	31,769
Operating income from banking activities		**1,108,265**	**958,211**	**1,083,115**	**951,784**
Other income	23	19,099	16,426	19,094	17,157
Insurance revenue	6	831,327	841,354	-	-
Insurance service expense	6	(936,985)	(489,456)	-	-
Net expense from reinsurance contracts held	6	(8,447)	(314,644)	-	-
Net finance income/expense from insurance contracts issued	6	(6,145)	(9,306)	-	-
Investment income and fees	24	127,553	104,072	22,058	275,130
Interest on post-retirement obligation	19	(33,451)	(32,595)	(33,451)	(32,595)
Interest on lease liabilities	13	(1,156)	(927)	(1,156)	(927)
(Losses) on financial instruments	25.1	(5,118)	(11,952)	(5,118)	(11,952)
Fair value gains	25.1	128,169	215,672	35,219	70,308
Operating income		**1,223,111**	**1,276,856**	**1,119,762**	**1,268,905**
Operating expenses	26	(877,427)	(845,137)	(844,289)	(819,445)
Net operating income		**345,684**	**431,719**	**275,473**	**449,460**
Non-trading and capital items	27	7,865	37,174	7,865	37,174
Income for the year		**353,549**	**468,893**	**283,338**	**486,634**

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Notes	Group		Company	
		2026	2025	2026	2025
		R'000	R'000	R'000	R'000
Other comprehensive income					
Items that will not be reclassified into profit or loss					
Revaluation gains of land and buildings	12 & 25.2	1,500	(321)	1,500	(321)
Actuarial losses on the post-retirement obligation	19 & 25.2	(14,683)	(13,020)	(14,683)	(13,020)
Total items that will not be reclassified to profit or loss		**(13,183)**	**(13,341)**	**(13,183)**	**(13,341)**
Items that may be reclassified to profit or loss:					
Net losses on financial assets designated at fair value through other comprehensive income	25.2	(99,496)	63,388	(99,496)	63,388
Total Items that may be reclassified to profit or (loss):		**(99,496)**	**63,388**	**(99,496)**	**63,388**
Total comprehensive income for the year		**240,870**	**518,940**	**170,659**	**536,381**

STATEMENTS OF CHANGES IN EQUITY

	Notes	Capital fund	Revaluation reserve	Fair Value through Other Comprehensive	Accumulated loss	Total Equity
		R'000	R'000	R'000	R'000	R'000
Group						
Restated Opening Balance at 01 April 2024		**8,784,325**	**145,258**	**(661,961)**	**(2,640,506)**	**5,627,116**
Shareholder Equity Injection	16.1	5,613,330	-	-	-	5,613,330
Profit for the year					468,893	468,893
Prior periods adjustments					(15,347)	(15,347)
Other comprehensive income/loss) for the year		-	(321)	50,368		50,047
		14,397,655	144,938	(611,595)	(2,186,961)	11,744,037
Prior periods adjustments					(50,201)	(50,201)
Restated Opening Balance at 01 April 2025		**14,397,655**	**144,938**	**(611,595)**	**(2,237,162)**	**11,693,836**
Profit for the year		-	-	-	353,549	353,549
Other comprehensive income for the year		-	1,500	(114,179)	-	(112,679)
Balance at 31 March 2026		**14,397,655**	**146,437**	**(725,771)**	**(1,883,613)**	**11,934,706**
Company						
Restated Opening Balance at 01 April 2024		**8,784,325**	**145,258**	**(661,961)**	**(3,744,245)**	**4,523,377**
Shareholder Equity Injection	16.1	5,613,330	-	-	-	5,613,330
Profit for the year		-	-	-	486,634	486,634
Other comprehensive income/loss) for the year		-	(321)	50,368	-	50,047
Opening Balance at 01 April 2025		**14,397,655**	**144,937**	**(611,593)**	**(3,257,611)**	**10,673,387**
Shareholder Equity Injection		-	-	-	-	-
Correction of prior period errors		-	-	-	(49,012)	(49,012)
Profit for the year		-	-	-	283,338	283,338
Other comprehensive income for the year		-	1,500	(114,179)	-	(112,679)
Balance at 31 March 2026		**14,397,655**	**146,437**	**(725,771)**	**(3,023,285)**	**10,795,034**

[2] Opening retained earnings adjusted by R44m (loss) on settlement of the long outstanding matter with a former SLA partner who administered a portion of the loan book for the bank.
[3] Immaterial rounding differences carried.

STATEMENTS OF CASH FLOWS

	Notes	Group		Company	
		2026	2025	2026	2025
Income/ (Loss) for the year		**351 712**	**468 894**	**283 338**	**486 634**
Adjustments for non - cash and non - operating items:		**(1 320 108)**	**(1 101 903)**	**(1 111 823)**	**(1 117 739)**
Interest expense	21	947 263	1 545 668	947 263	1 545 668
Interest income	20	(2 427 160)	(3 412 491)	(2 303 622)	(3 345 259)
Insurance Service result		-	(9 720)	-	-
Net impairments raised/ released	9	298 836	956 615	298 836	956 615
Non - interest income	23	(26 945)	(23 211)	(26 945)	(23 211)
Other income	23	(17 257)	(1 602)	(19 094)	(3 054)
Non-investment income and fees - Dividends received	23	(27 223)	(40 173)	(20 117)	(273 443)
Non-investment income and fees - Other		(1 942)	(1 687)	(1 942)	(1 687)
Interest on lease liabilities		1 156	927	1 156	927
(Losses)/Gains on Financial Instruments		(6 982)	11 952	5 118	11 952
Fair value movement (Financial Instruments)		(116 070)	(215 672)	(35 219)	(70 308)
Depreciation and amortisation	26	20 023	18 719	20 020	18 699
Fair value adjustments on properties	27	(7 700)	(35 200)	(7 700)	(35 200)
Profit and loss on properties		(164)	(1 971)	(164)	(1 971)
Movement in post-retirement medical aid liability	19	33 451	32 688	33 451	32 595
Interest on service cost - post retirement		1 402	-	1 402	-
Loss on foreign exchange		-	-	-	-
Movement in provisions		2 630	69 564	(4 268)	69 938
Management fees		6 572	3 691	-	-
				-	

STATEMENTS OF CASH FLOWS

	Notes	Group		Company	
		2026	2025	2026	2025
Changes in working capital		**683 382**	**1 810 844**	**700 187**	**1 811 398**
(Increase)/decrease in Trade and other receivables	5	55 419	33 441	92 171	33 496
(Decrease)/Increase in Trade and other payables	16	52 599	8 650	32 652	9 149
(Increase)/Decrease in Loans and advances1		575 364	1 768 753	575 364	1 768 753
		-			
Cash generated from operations		**(285 015)**	**1 177 835**	**(128 299)**	**1 180 293**
				-	
Cash flows from operations		**427 693**	**201 865**	**401 470**	**196 102**
Interest expense paid		(899 920)	(1 721 078)	(899 920)	(1 721 078)
Interest income received[1]		1 327 613	1 922 943	1 301 390	1 917 180
Change in insurance/reinsurance contract asset/liabilities		**(36 198)**	**(134 917)**	**-**	**-**
Cash movement insurance contract asset and liability		191 213	(73 670)	-	-
Cash movement reinsurance contract asset and liability		(227 411)	(61 247)	-	-
Cash flows from operating activities		**106 480**	**1 244 783**	**273 171**	**1 376 395**
		-		-	
Cash flow from investing activities		**(124 380)**	**371 423**	**(6 018)**	**271 437**
Purchase of property and equipment and intangibles		(18 170)	(1 820)	(18 170)	(1 806)
Proceeds from sale of property and vehicles		190	6 121	190	6 121
Dividends received		11 962	17 122	11 962	267 122
Purchase of investments		(1 324 354)		-	
Proceeds from disinvestment		1 205 992	350 000	-	-
		-			
Cash flow from financing activities		**(2 834 288)**	**(6 843 555)**	**(2 834 288)**	**(6 843 555)**
Repayment of funding liabilities		(2 825 081)	(6 835 615)	(2 825 081)	(6 835 615)
Dividend paid		-	-	-	-
New funding		-		-	
Lease liability repaid		(9 207)	(7 940)	(9 207)	(7 940)
		-			

STATEMENTS OF CASH FLOWS

	Notes	Group		Company	
		2026	2025	2026	2025
Net (decrease) / increase in cash and cash equivalents		(2 852 187)	(5 227 349)	(2 567 135)	(5 195 722)
Cash and cash equivalents at beginning of year[2]		7 785 968	[2]13 013 316	7 388 971	[2]12 584 693
Cash and cash equivalents at end of year	4	4 933 781	[2]7 785 967	4 821 836	[2]7 388 971

[1]Formula in determining cash flows from loans and advances and interest income enhanced for more accuracy, comparative figure restated.
Immaterial difference below a R1 million carried and rounding differences.

[2]The Bank also corrected prior year presentation of funds under administration and the cash flow statement. Refer to notes 37-40 for details. The Bank previously included in cash equivalents and other financial liabilities, R1.6 billion held on behalf of the Department of Agriculture. These funds are not available for use to the group. They are funds administered by the Bank on behalf of the department governed by a memorandum of administration. Refer to note 30 on the details of these funds as at 31 March 2026.
Reference notes included for when amounts can be easily traceable to the notes without additional workings.

ACCOUNTING POLICIES

1. STATEMENT OF COMPLIANCE

The Annual Financial Statements have been prepared in accordance and comply with International Financial Reporting Standards (IFRS Accounting Standards), as issued by the International Accounting Standards Board (IASB), the requirements of the PFMA and sections 27 to 31 of the Companies Act, being the relevant and corresponding sections of those specified in the Land Bank Act, National Treasury Regulations. These Annual Financial Statements cover the Bank and its subsidiaries.

The Land Bank is not subject to the Banks Act. The Bank is a PFMA schedule 2 entity.

2. BASIS OF PREPARATION

The consolidated and separate financial statements have been prepared by applying the accrual basis of accounting, the going-concern principle, and using the historical cost basis, except where specifically indicated otherwise in the accounting policies.

A summary of significant accounting policies is set out in note 3.

The preparation of financial statements in accordance with IFRS Accounting Standards requires the use of certain critical accounting estimates and assumptions. It also requires management to exercise its judgement in applying the Group's accounting policies. Accordingly, the notes to the financial statements set out areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated group and bank financial statements. These policies have been consistently applied to all the years presented, unless otherwise stated.

Full disclosure relating to the directors' going concern assessment can be found in Note 3.2.

The Annual Financial Statements have been prepared on the historical cost basis, except for the following items, which were measured at fair value:

- Financial instruments held at fair value through profit or loss;
- Financial instruments designated at fair value through profit or loss;
- Derivative financial instruments;
- Equity investments;
- Land and buildings;
- Post-retirement medical aid benefit investment; and
- Funeral benefit and post-retirement medical aid liability.

The methods used to measure fair values are detailed in specific notes.

2.1 Functional and presentation currency

The consolidated and separate financial statements are presented in South African Rand, the Group's functional currency. All financial information presented in Rand are rounded to the nearest thousand (R'000), unless otherwise stated.

2.2 Distinction between current and non-current

The Group presents the assets and liabilities in decreasing order of liquidity as it provides information that is more reliable and relevant than a current/non-current presentation because the Group does not supply goods or services within a clearly identifiable operating cycle. In addition, other similar financial institutions also provide the information in this manner, and hence it is more comparable.

3. SUMMARY OF MATERIAL ACCOUNTING POLICIES

The Group has not applied the following new, revised or amended pronouncements that have been issued by the International Accounting Standard Board (IASB) as they are not yet effective for the financial year beginning 1 April 2025. The Board anticipates that the new standards, amendments and interpretations will be adopted in the Group's consolidated financial statements when they become effective. The Group has assessed, where practicable, the potential impact of all these new standards, amendments and interpretations that will be effective in future periods.

3.1 New standards and interpretations

The Group has assessed, where practicable, the potential impact of all these new standards, amendments and interpretations that will be effective in future periods.

IFRS 18 Presentation and Disclosures in Financial Statements Entities shall apply this amended for periods beginning on or after 1 January 2027. IFRS 18, "Presentation and Disclosure in Financial Statements," focuses on improving the

communication of financial performance, particularly in the statement of profit or loss. It replaces IAS 1 and introduces new presentation requirements, including categories for income and expenses (operating, investing, financing, income taxes, and discontinued operations) and required subtotals. The standard also emphasizes the importance of structured summaries in the primary financial statements, with more detail provided in the notes. This standard will have qualitatively material implications for the Land Bank's presentation and disclosure. However, the estimate cannot be made currently as it might be more qualitative than quantitative.

Adoption of new and revised Standards
The group has applied the following new and amendments to IFRSs issued by the IASB for the first time in the current year:

Changes to presentation and disclosure
For presentation in the statement of financial position, the group aggregates insurance contracts issued and reinsurance contracts held, respectively and presents separately:

- Portfolios of insurance and reinsurance contracts issued that are assets
- Portfolios of insurance and reinsurance contracts issued that are liabilities
- Portfolios of reinsurance contracts held that are assets
- Portfolios of reinsurance contracts held that are liabilities

The portfolios referred to above are those established at initial recognition in accordance with the IFRS 17 requirements.

Portfolios of insurance contracts issued include any assets for insurance acquisition cash flows.

The line item descriptions in the statement of profit or loss and other comprehensive income have been changed significantly compared with last year. Previously, the Company reported the following line items:

- Gross written premiums
- Net written premiums
- Changes in premium reserves
- Gross insurance claims
- Net insurance claims

Instead, IFRS 17 requires separate presentation of:

- Insurance revenue
- Insurance service expenses
- Insurance finance income or expenses
- Income or expenses from reinsurance contracts held

The group provides disaggregated qualitative and quantitative information about:

- Amounts recognised in its financial statements from insurance contracts
- Significant judgements, and changes in those judgements, when applying the standard

3.2 Going Concern

In determining the appropriate basis of preparation of the financial statements, the directors are required to consider whether the Group can continue in operational existence for the foreseeable future. The going concern basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

Since the event of default in 2020, the Bank has relied on own funds and capital injection to sustain itself, and hasn't raised any new funding. The event of default was cured during the 2025 financial year. As part of rebuilding itself, the Bank has returned to the market to raise funding, a process which is currently underway. The Bank is also engaging the Shareholder for support. This will augment the Bank's reducing cash resources. The Bank expects to have secured new funding by the end of the 2027 financial year.

It is on this basis and in light of the forecast of healthy cash resources, that the directors have reasonable belief that the Bank has adequate resources to continue as a going concern for the foreseeable future.

The Bank recorded a net profit of R283 million during the current year, compared to R486.6 million for the year ended 31 March 2026, mainly driven by the reducing financial costs paid to lenders.

Despite the challenges of the past, the Bank's business and operational fundamentals remain strong, and further measures have been adopted to manage the Bank's financial sustainability and credit worthiness. In the last financial year since curing the default the Bank has achieved the following:

- Critical vacancies are being prioritised through the new organisational structure currently being implemented.
- The Bank collected over R3.2 billion from own customers

- At 31 March 2026 Land Bank had a cash balance of R4.8 billion (note 4), compared to R7.3 billion at 31 March 2026, this excludes the funds under administration held on behalf of related parties.
- Implementation of the Board approved strategy of the Bank Operating model as well as the new organisational structure continues.
- Improved liquidity position, through collections and settlements with balance at ~R4.8 billion at 31 March 2026. The bank continues to successfully make all scheduled payments per the terms of the new LS5 note.
- The NPL remediation strategy yielding results with the nominal number of the NPL reducing by R1.4 billion YoY.
- Lending continues, anchored largely by the Blended finance scheme which managed to disburse over R581.2 million loans and R594.2 million in grants, bringing total disbursements to R1.17 billion for the year under review to the agricultural sector. Continued origination will enable the Bank to rebuild its core business post the attrition experienced by the Bank on the back of the default over the past few years.
- Continued close monitoring of capex and opex spend as well as timing thereof to manage liquidity.
- Appointment of critical senior management roles to strengthen the internal control environment where gaps were identified and to ensure continued operations of the Bank and delivery of services.
- With the implementation of the new organisational structure all vacant roles are being filled, with 97.81% of active permanent employees successfully placed.
- The Shareholder has continued to reiterate its support for the Bank and continues to work with the Bank to advance its mandate including various consultations on the proposed funding model of the Bank.
- Lenders remain supportive and actively engaged with the Bank following the successful conclusion of LS5, with ongoing engagements focused on ensuring the successful implementation of LS5, addressing any risks identified and supporting the pursuit of new funding opportunities.

The directors are of the view that the initiatives reflected above will ensure Land Bank meets the going concern requirement in the foreseeable future, being 12 months from the approval of these annual financial statements. Given already received and expected capital injections from National Treasury as well as current cash sources available, Land Bank is expected to have a surplus of available cash resources to be able to meet its liquidity requirements.

3.3 Consolidation process

Subsidiaries are all entities (including structured entities) over which the Bank has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

Consolidated financial statements comprise the financial statements of the Land Bank and its subsidiaries, LBLIC and LBIC as at 31 March 2026 Intra-group transactions are eliminated upon consolidation.

Investments in subsidiaries are measured at cost at acquisition and subsequent measurement on each reporting date.
The financial statements of LBLIC and LBIC are prepared using consistent accounting policies to the Land Bank. Furthermore, the annual financial statements have been prepared in accordance with the requirements of both the Insurance Act 18 of 2017.

3.4 Critical accounting judgements and key sources of estimation uncertainty

The most significant judgements and estimates are summarised below:

1) Impairment losses on loans and advances
At each reporting date, the Group assesses whether there has been a significant increase in credit risk for financial assets since initial recognition by comparing the credit risk of default occurring over the expected life between the reporting and initial recognition. In determining whether credit risk has increased significantly since initial recognition, the Group uses its internal credit risk grading system, external risk ratings and forecast information to assess deterioration in the credit quality of a financial asset. Please refer to note 36 for more details.

2) Fair value of financial instruments
The fair value of financial instruments that are not quoted in active markets are determined by using valuation techniques. Where valuation techniques are used to determine fair values, the valuation models are validated and periodically reviewed by qualified personnel independent of the area that created them. All models are calibrated to ensure that outputs reflect actual data and comparative market prices.

To the extent practical, models use only observable data, however, areas such as credit risk (both own and counterparty), volatilities and correlations require

management to make estimates. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

Valuation guidelines. Various valuation techniques are used to arrive at the fair value of investments, including:

- Price of recent investment;
- Earnings multiple;
- Net assets;
- Discounted cash flows;
- Industry benchmarks; and
- Available market prices.

Post-employment medical benefits

The cost of defined benefit post-employment medical benefits as well as the present value of the post-retirement medical aid obligation is determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, expected rates of return of assets, future salary increases, mortality rates and medical cost trends. All assumptions are reviewed at each reporting date.

Management expense provisions

At each statement of financial position date, the Group might be exposed to various liabilities of uncertain timing or amount. Such liabilities are provided for if a present obligation has arisen, payment is probable and the amount can be reliably estimated. Management uses its discretion to estimate the expenditure required to settle the present obligation as at year-end, i.e. the amount that the Group would rationally pay to settle the obligation.

Insurance contracts

The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are highlighted below with more detail provided in the specific notes to which they relate:

Insurance contracts – note 3.17:

- Unit of account
- Premium allocation approach eligibility
- Liability for incurred claims
- Discount rates
- Confidence Levels
- Risk adjustment for non-financial risk

3.5 Revenue recognition

Interest income

In terms of IFRS 9 interest income is recognised in profit or loss using the effective-interest method taking into account the expected timing and amount of cash flows. The effective-interest method is a method of calculating the amortised cost of a financial asset (or group of financial assets) and of allocating the interest income over the relevant period. Interest income include the amortization of any discount or premium or other differences between the initial carrying amount of an interest-bearing financial instrument and its amount at maturity calculated on an effective-interest-rate basis.

IFRS 15 Revenue from Contracts with Customers.

The group is able to identify the contract when both the client and the group have accepted the terms of the agreement. The contract will also identify all the services (performance obligations) the group will render to the client. Based on this, the transaction price is allocated to each identified performance obligation. The group recognises the revenue once the performance obligation is satisfied, which may occur over time or at a point in time.

(i) Fee and commission income

Fees and other income which are integral to the effective interest rate on a financial asset are included in the measurement of the effective interest rate.

Other fee income, including account servicing fees, investment management fees, sales commission, placement fees and syndication fees, is recognised as the related services are performed. When a loan commitment is not expected to result in the drawdown of a loan, loan commitment fees are recognised on a straight-line basis over the commitment period.

(ii) Dividend Income

Dividends are recognised in the period when the shareholders' right to receive payment is established.
Dividend income from financial assets classified at fair value through profit or loss is recognised on the last date to register.

(iii) Investment surpluses
Investment surpluses consist of net realised gains and losses on the sale of investments and net unrealised fair value gains and losses on the valuation of investments at fair value, excluding dividend and interest income. These surpluses are recognised in the statement of profit or loss and other comprehensive income on the date of sale or upon valuation to fair value.

(iv) Rental income
Rental income arising from operating leases on investment properties is accounted for on a straight-line basis over the lease term and is recorded in the statement of profit or loss and other comprehensive income in 'Non-interest income Revenue recognition (continued).

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(v) Realised gains and losses
The realised gain or loss on disposal of an investment is the difference between the proceeds received, net of transaction costs, and its original cost or amortised cost as appropriate and is recorded in the statement of profit or loss and other comprehensive income.

(vi) Unrealised gains and losses
Unrealised gains or losses represent the difference between the carrying value at the year end and the carrying value at the previous year end or purchase value during the year, less the reversal of previously recognised unrealised gains and losses in respect of disposals during the year and is recognised in the statement of profit or loss and other comprehensive income.

3.6 Fruitless and wasteful and irregular expenditure

Items of expenditure which meet the requirements of the Public Finance Management Act (PFMA) for fruitless and wasteful as well as irregular expenditure are separately disclosed in the notes to the financial statements. "Fruitless and wasteful expenditure" means expenditure which was made in vain and would have been avoided had reasonable care been exercised. "Irregular expenditure" means expenditure, other than unauthorised expenditure, incurred in contravention of or that is not in accordance with a requirement of any applicable legislation or internal policy.

When discovered, irregular expenditure is recognised as an asset in the statement of financial position until such time as the expenditure is either condoned by the relevant authority, recovered from the responsible person or written off as irrecoverable in the statement of profit or loss and other comprehensive income.

3.7 Property, plant and equipment

Items of property and equipment are initially recognised at cost if it is probable that any future economic benefits associated with the items will flow to the group and they have a cost that can be measured reliably.

Land and buildings comprise owner occupied property. Land and buildings are shown at fair value, based on valuations by external independent valuators, less subsequent depreciation for buildings. Valuations are performed with sufficient regularity to ensure that the fair value of a revalued asset does not differ materially from its carrying amount. Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset, and the net amount is restated to the revalued amount of the asset. All other property and equipment is stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the statement of comprehensive income during the financial period in which they are incurred.

Increases in the carrying amount arising on revaluation of land and buildings are credited to other comprehensive income and shown as Revaluation Reserves in the Statement of Changes in Equity. Decreases that offset previous increases of the same asset are charged in other comprehensive income and debited against Revaluation Reserves directly in equity; to the extent that decreases exceed the Revaluation reserve the decreases are charged to the statement of comprehensive income. Each year the difference between depreciation based on the revalued carrying amount of the asset charged to the statement of comprehensive income, and depreciation based on the asset's original cost is transferred from other reserves to retained earnings.

Reversals of impairment loss on a revalued asset is recognised in other comprehensive income and increases the revaluation surplus of the asset. However, to the extent that an impairment loss on that asset was recognised directly in profit and loss, that reversal shall be to profit and loss. The assets' residual values, useful lives and methods of depreciation are reviewed, and adjusted if appropriate, at each financial year-end.

Depreciation is provided on the straight-line basis, which, it is estimated, will reduce the carrying amount of the property and equipment to their residual values at the end of their useful lives. Items of property and equipment are depreciated from the date that they are installed and available for use. Land is not depreciated as it is deemed to have an indefinite life. Where an item of property and equipment comprises major components with different useful lives, the components are accounted for as separate items of property and equipment.

The major categories of property and equipment are depreciated at the following rates:

Building	2.5% per annum
Motor vehicles	20% per annum
Computer equipment	33.3% per annum
Leasehold improvements	Equal months in relation to lease period
Furniture and fittings	20% per annum

Items of property and equipment are derecognised on disposal or when no future economic benefits are expected from their use or disposal. The gain or loss on derecognition is recognised in profit or loss and is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item. On derecognition any surplus in the revaluation reserve in equity is reclassified to profit and loss. Land and Buildings are revalued annually at balance sheet date.

3.8 Investment property

Investment properties (properties that are not owner-occupied), are properties which are held to earn rental income and/ or for capital appreciation. Investment properties are measured initially at cost, including transaction costs. The carrying amount includes the cost of replacing part of an existing investment property at the time that cost is incurred if the recognition criteria are met and excludes the costs of day-to-day servicing of an investment property. Subsequent to initial recognition, investment properties are stated at fair value, which reflects market conditions at the reporting date.

Gains or losses arising from changes in the fair values of investment properties are recognised in the statement of profit or loss in the period in which they arise.

Investment properties are derecognised either when they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognised in the statement of profit or loss and other comprehensive income in the period of derecognition.

Transfers are made to or from investment property only when there is a change in use. For a transfer from investment property to owner occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. If owner occupied property becomes an investment property, the Group accounts for such property in accordance with the policy stated under property and equipment up to the date of change in use. Owner occupied property is classified as investment property when the owner occupies less than an insignificant portion of the property (less than 50%).

This threshold was set due to the Group's intention to let out any excess office space, which exists at the Group's properties.

3.9 Intangible assets

An intangible asset is recognised if it is probable that the expected future economic benefits that are attributable to the asset will flow to the Group and the cost of the asset can be measured reliably.

Intangible assets that are acquired and have finite useful lives are initially recognised at cost with subsequent measurement at cost less any accumulated amortisation and any impairment losses.

Intangible assets are derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the profit or loss in the year the asset is derecognised.

(i) Computer software

Costs associated with maintaining computer software programmes are recognised as an expense as incurred. Computer software license fees are paid for in advance, recognised as a prepayment and expensed to the statement of profit or loss and other comprehensive income over the period of the license agreement. Should the license agreement extend beyond 12 months, the software license would be capitalised as an intangible asset and amortised on a straight-line basis over the period of the license agreement.

1. Amortisation

Intangible assets are amortised on a straight-line basis in profit or loss over their estimated useful lives, from the date that they are available for use. The estimated useful lives for the current and comparative years are as follows:

Tier 1 asset - Software relating to core business applications for which any change to a different application suite would require a significant investment in resources and time.

Tier 2 asset - Software that is directly integrated with the core financial systems and additional developments and modules may have be added. Other - Commodity software.

Amortisation methods, useful lives and residual values are reviewed at each financial year end and adjusted if appropriate.

Item	Depreciation Method	Average useful life
Tier 1 asset	Straight line	10 years
Tier 2 asset	Straight line	5 years
Other	Straight line	3 years

Impairment of non-financial assets

Intangible and tangible assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are largely independent cash inflows (cash-generating units).

Prior impairments of non- financial assets (other than goodwill) are reviewed for possible reversal at each reporting date.

In assessing value in use, the expected future cash flows from the asset are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is recognised whenever the carrying amount of an asset exceeds its recoverable amount.

A previously recognised impairment loss is reversed if the recoverable amount increases as a result of a change in the estimates used to determine the recoverable amount, but not to an amount higher than the carrying amount that would have been determined (net of depreciation) had no impairment loss been recognised in prior years.

3.10 Financial instruments

Classification and measurement

Financial assets and financial liabilities are recognised when the entity becomes a party to the contractual terms of the instrument.

At initial recognition, the group measures a financial asset or financial liability at its fair value plus or minus, in the case of a financial asset or financial liability not at fair value through profit or loss (FVTPL), transaction costs that are incremental and directly attributable to the acquisition or issue of the financial asset or financial liability, such as fees and commissions.

Transaction costs of financial assets or financial liabilities carried at FVTPL are expensed in profit or loss. Immediately after initial recognition, an expected credit loss (ECL) is recognised for financial assets measured at amortised cost and investments in debt instruments measured at fair value through other comprehensive income (FVOCI), which results in an accounting lossbeing recognised in profit or loss when an asset is newly originated.

(i) Amortised cost and effective-interest rate

The amortised cost of a financial instrument is the amount at which the financial instrument is measured on initial recognition minus principal repayments, plus or minus the cumulative amortisation using the effective-interest method of any difference between the initial contractual amount and the maturity amount, less any cumulative impairment losses.

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The effective-interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial asset or financial liability to the gross carrying amount of a financial asset (i.e. its amortised cost before any impairment allowance) or to the amortised cost of a financial liability. The calculation does not consider ECLs and includes transaction costs, premiums or discounts, fees and points paid or received that are integral to the effective interest rate, such as origination fees.

When the group revises the estimates of future cash flows, the carrying amount of the respective financial asset or financial liability is adjusted to reflect the new estimate, discounted using the original effective interest rate. Any changes are recognised in profit or loss.

Fair value

The fair value of a financial instrument is the amount that would be received to sell the asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.
The fair value of instruments that are quoted in an active market is determined using quoted prices where they represent those at which regularly and recently occurring transactions take place.
The group uses valuation techniques to establish the fair value of instruments where quoted prices in active markets are not available.

For a detailed discussion of the fair value of financial instruments, refer to note 36.

Modification

The group modifies the terms of the loans provided to its clients due to commercial renegotiations or in cases of distressed loans, with the aim of maximising recovery. Such restructuring activities include changes in payment frequency, payment date, term, interest rate or consolidation of borrower's loan agreements into a single agreement to mitigate credit risk.

The modified asset is assessed to determine whether it constitutes a substantial or non-substantial modification by considering both quantitative and qualitative features. For example, if the present value of the new contractual cash flows discounted using the original effective interest rate, differs by 10% when compared to the original contractual cash flows, the Land Bank deems the modification to be substantial and results in the de-recognition of the original asset. If the present value is below 10% and the qualitative assessment performed does not deem it so, the Land Bank deems the modification to be non-substantial and does not result in de- recognition of the original asset. The modification gain/loss will then be determined.

The gain/loss shall be derived by comparing the present value of the restructured loan (discounted using the original effective interest rate) to the carrying value at time of modification. derecognition.

Financial assets

Debt instruments are measured at amortised cost where they have:

- contractual terms that give rise to cash flows on specified dates, that represent solely payments of principal and interest on the principal amount outstanding; and
- are held within a business model whose objective is achieved by holding to collect contractual cash flows.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fee or costs that are an integral part of the effective interest rate (EIR). The EIR amortization is included in "Net interest income" in the statement of profit or loss and other comprehensive income. The losses arising from impairment are recognised in the statement of profit or loss and other comprehensive income.

Receivables arising from insurance contracts are also classified in this category and are reviewed for impairment as part of the impairment review of loans and receivables.

Investments in equity instruments

For equity investments that are held neither for trading nor for contingent consideration the group may irrevocably elect to present subsequent changes in the fair value of these equity investments in OCI. The cumulative gain or loss previously recognised in OCI is not reclassified from equity to profit or loss. However, it is reclassified into equity.

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Financial liabilities

Financial liabilities are classified as subsequently measured at amortised cost, except for:

- Financial liabilities at FVTPL: This classification is applied to derivative financial liabilities, financial liabilities held for trading and other financial liabilities designated as such at initial recognition.
- Financial guarantee contracts and loan commitments.

The funds under

Derivative financial instruments, strategic trading assets and hedge accounting

The Group elected an accounting policy choice under IFRS 9 "Financial Instruments" to apply the hedge accounting requirements under IFRS 9 "Financial Instruments: Recognition and Measurement".

As part of the requirements to apply hedge accounting, the Group documents, at the inception of the hedge relationship, the relationship between hedging instruments and hedged items, the risk being hedged, the Group's risk management objective and strategy for undertaking hedge transactions, and how effectiveness will be measured throughout the life of the hedge relationship.

All derivatives are recognised in the statement of financial position at fair value and are classified as trading except where they are designated as part of an effective hedge relationship and classified as hedging derivatives. The carrying value of a derivative is measured at fair value throughout the life of the contract. Derivatives are disclosed as assets when the fair value is positive and as liabilities when the fair value is negative.

The derivative assets and derivative liabilities are offset, and the net position is presented in the statement of financial position as the Group has a legal right to offset the amounts and intends to settle on a net basis. Each swap has the same counterparty, and the "net asset/ liability" is as a result of movements in FVTOCI.

All strategic trading asset and repurchase agreements are recognised in the statement of financial position at fair value and are classified as trading. The carrying value of an asset is measured at fair value and are disclosed as assets when the fair value is positive and as liabilities when the fair value is negative.

Cash held under investments

The "Cash" held under investments is held with the Asset Managers (external party) to invest on the Group's behalf. At various stages as the markets move, the Asset Managers may buy and sell shares and bonds, and would invariably have cash on hand at certain points in time. This cash is held in the possession of the Asset Managers and is intended to be used for the purpose of purchasing new financial instruments. The cash is not necessarily available to be used as working capital by the Group and therefore is not disclosed as "Cash and cash equivalents". Please refer to note 4.

Derecognition of financial asset

Upon derecognition of equity instruments designated at fair value through other comprehensive income, the cumulative fair value gains/ (losses) recognised in other comprehensive income is not subsequently recycled to profit or loss.

Financial assets

A financial asset is derecognised when:

- The rights to receive cash flows from the asset have expired.
- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either:
- The Group has transferred substantially all the risks and rewards of the asset, or
- The Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Group's involvement in the asset. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

ACCOUNTING POLICIES

Financial liabilities

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

Impairment of financial instruments Impairment of financial assets

At each reporting date, the Group assesses whether there has been a significant increase in credit risk for financial assets since initial recognition by comparing the credit risk of default occurring over the expected life between the reporting date and the initial recognition. In determining whether credit risk has increased significantly since initial recognition, the Group uses its internal credit risk grading system, external risk ratings and forecast information to assess deterioration in the credit quality of a financial asset.

The amount of Expected Credit Loss (ECL) is measured as the probability-weighted present value of all cash shortfalls over the expected life of the financial asset discounted at its original effective interest rate. The cash shortfall is the difference between all contractual cash flows that are due to the group and all the cash flows that the group expects to receive. The amount of the loss is recognised using a provision for "Expected Credit Loss account".

Financial instruments

Key principles of the group's accounting policy for impairment of financial assets are listed below. The Group assesses at initial recognition of financial assets whether to use a 12-month expected loss approach or a lifetime expected loss approach in order to calculate its impairment provision.

A 12-month expected loss approach is used for the following instruments:

Purchased or newly originated financial assets that are not credit impaired. A lifetime expected loss approach is used for the following instruments: Purchased or newly originated credit impaired financial assets. Although some financial assets within the Bank's portfolio might meet the definition of low credit risk, the Bank opted not to apply this in application of its ECL methodology as given the nature of the Bank's business it is deemed not to be prudent not to consider whether a significant increase in credit risk exits.

For subsequent measurement, the group applies a three-stage approach to measuring expected credit loss (ECL) on debt instruments accounted for at amortised cost. Assets migrate through the following three stages based on the change in credit quality since initial recognition:

Stage 1: 12months ECL
For exposures where there has not been a significant increase in credit risk since initial recognition and that are not credit impaired upon origination, the portion of the lifetime ECL associate with the probability of default events occurring within the next 12 months is recognised.

Stage 2: Lifetime ECL - not credit impaired
For credit exposures where there has been a significant increase in credit risk since initial recognition but that are not credit impaired, a lifetime ECL is recognised.

Stage 3: Lifetime ECL - credit impaired
If the loan's credit risk increases to the point where it is considered credit-impaired, interest revenue is calculated based on the loan's amortised cost (that is, the gross carrying amount less the loss allowance). Lifetime ECLs are recognised, as in Stage 2.

The group assesses whether the credit risk on a financial asset has increased significantly on an individual or collective basis. For the purposes of a collective evaluation of impairment, financial assets are grouped on the basis of shared credit risk characteristics, taking into account instrument type, credit risk ratings, date of initial recognition, remaining term to maturity, industry, geographical location of the borrower and other relevant factors.

The amount of ECL is measured as the probability-weighted present value of all cash shortfalls over the expected life of the financial asset discounted at its original effective interest rate. The cash shortfall is the difference between all contractual cash flows that are due to the Group and all the cash flows that the group expects to receive. The amount of the loss is recognised using a provision for "Expected Credit Loss account".

The group considers its historical loss experience and adjusts this for current observable data. In additional, the group uses reasonable and supportable forecasts of future economic conditions including experienced judgement to estimate the amount of an expected impairment loss. IFRS 9 introduces

the use of macro-economic factors that which include but are not limited to the World Food Index as well as the Volume of Imports of Goods and Services, and requires an evaluation of both the current and forecast direction of the economic cycle. Incorporating forward-looking information increases the level of judgement as to how changes in these macro-economic factors will affect ECL. The methodology, assumptions and macro-indices, including any forecasts of future economic conditions are reviewed regularly.

If, in a subsequent period, credit quality improves and reverses the previously assessed significant increase in credit risk since origination, then the ECL reverts from lifetime ECL to 12-months ECL.

Day 1 profit

Where the transaction price in a non-active market is different from other observable current market transactions in the same instrument or based on a valuation technique whose variables include data from observable markets, the group immediately recognises the difference between the transaction price and fair value (a 'Day 1' profit) in the statement of profit or loss and other comprehensive income under fair value gains and losses. In cases where use is made of data, which is not observable, the difference between the transaction price and model value is only recognised in the statement of profit or loss and other comprehensive income when the inputs become observable, or when the instrument is derecognised.

Collateral

Collateral refers to an asset bonded or pledged under a security document to the Bank by a borrower or surety in support of a loan granted. In the event of a default by a client or surety, collateral is a secondary source of repayment.

All collateral items ceded to the Land Bank shall be valued or revalued within the frequency timelines, failing which will be regarded as stale and in non-compliance to the Collateral Management policy.

Market values for properties (and ultimately fair value) must be conducted in line with industry standards as determined by the South African Council for the Property Valuers Profession (SACPVP), as amended from time to time. This involves the use of comparable sales of similar properties (for Land Bank it's 3 recent comparable sales).

Fair value is determined by limiting collateral reporting to the lower of registered bond/ cession amount or forced sale value (FSV).

The collateral valuation must take into account the forced sale margins (or liquidation cost provision) based on historical recovery and liquidation costs incurred by Land Bank to determine security value and/or forced sale value. These liquidations cost margins must be re-assessed annually.

Cash and cash equivalents

Cash comprises cash on hand and at bank and demand deposits. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Cash and cash equivalents are stated at carrying amount which is deemed fair value.

Funds administered on behalf of related parties

The Group manages funds on behalf of related parties. These funds are held as cash with a corresponding financial obligation to remit these funds on demand to the related parties. The funds are restricted cash and are not available to the group The funds are held using agency accounts on behalf of the related parties. These are not cash and cash equivalents and corresponding financial liabilitiy has been set-off.

Trade and other receivables

For trade and other receivables only, the Bank applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognised from the initial recognition of the receivables if there is no significant financing component. Under this approach the tracking of changes in credit risk is not required, instead lifetime expected credit losses are recognised. ECLs are recognised in profit or loss. The provision matrix will be used to calculate the impairment for credit losses. The Bank will use the historically observed default rates (actual write-off) over the expected life of the trade and other receivables adjusted as necessary to reflect current conditions to calculate the default rate in the provision matrix. Adjustments will be made for forward-looking information based on economic conditions. The default rate calculated in the provision matrix will be adjusted for economic conditions. The total book debt is segregated into different categories of trade and other receivables and the default percentage is applied on the balance per category to calculate the ECL allowance.

ACCOUNTING POLICIES

Trade and other payables

Trade and other payables, including accruals, are recognised when the Group has a present obligation arising from past events, the settlement of which is expected to result in an outflow of economic benefits from the Group.

Funding Liabilities

The carrying values of all funding liabilities are measured at amortised cost in alignment with IFRS 9 requirements.

The arranging fees that are paid upon acquisition of the liability are deferred to the Statement of Other Comprehensive Income over the term of the loan facility and included in the interest expense line as these arranging fees form part of the "Effective Interest Rate" of funding instruments. The prepaid arranging fee is carried as part of the funding liabilities.

3.11 Tax

Income tax

The Land Bank is exempt from income tax in terms of sections 10(1) (cA) (ii) of the Income Tax Act, 58 of 1962. The direct subsidiaries of the Land Bank are also exempt from income tax in terms of sections 10(1) (cA) (ii) of the Income Tax Act, 58 of 1962.

As part of the restructuring of the operations, the tax status of the Land Bank Insurance Company (SOC) Limited and Land Bank Life Insurance Company (SOC) Limited are currently under review with South African Revenue Service (SARS). Please refer to the notes of the annual financial statements for additional disclosure regarding the probabilities/possibilities of contingent liability raised in this regard.

3.12 Leases

Lessee accounting policies

The standard provides a single lessee accounting model, requiring lessees to recognize assets and liabilities for all major leases. At inception of a contract, the Group assesses whether a contract is, or contains a lease based on whether the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. The Group has elected to apply the practical expedient method to account for each lease component and any non-lease components as a single lease component.

The Group recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured based on the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The assets are depreciated to the earlier of the end of the useful life of the right-of-use asset or the lease term using the straight-line method as this most closely reflects the expected pattern of consumption of the future economic benefits.

The lease term includes periods covered by an option to extend if the Group is reasonably certain to exercise that option. Lease terms range from 2 to 5 years for offices and vehicles. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain re-measurements of the lease liability.

The group applies the cost model subsequent to the initial measurement of the right of use assets.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate. The interest component of the lease liability payment is presented as part of operating activities on the cash flow statement.

The lease liability is measured at amortized cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or if the Group changes its assessment of whether it will exercise a purchase, extension or termination option.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right of- use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Group has elected to apply the practical expedient not to recognize right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less. The lease payments associated with these leases is recognized as an expense on a straight-line basis over the lease term.

Lessor accounting policies

Leases where the Group is the lessor and retains substantially all the risk and benefits of ownership of the asset are classified as operating leases. The Bank leases out its investment properties as operating leases, thus generating rental income. The rental income is recognised as income on a straight-line basis over the lease term. Initial direct costs incurred in negotiating operating leases are added to the carrying amount of the leased asset and recognised over the lease term of the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

3.13 Related parties

The Group operates in an economic environment currently dominated by entities directly or indirectly owned by the South African government. As a result of the constitutional independence of all three spheres of government (national, provincial and local) in South Africa, only parties within the national sphere of government will be considered to be related parties.

Key management is defined as being individuals with the authority and responsibility for planning, directing and controlling activities of the Group. All individuals from Executive Management up to the Board of Directors are key management individuals in their dealings with the Group.

Close family members of key management personnel are considered to be those family members who may be expected to influence or be influenced by key management individuals in their dealings with the Group.

Other related party transactions are also disclosed in terms of the requirements of IAS 24. The objective of IAS 24 and the financial statements is to provide relevant and reliable information and therefore, materiality is considered in the disclosure of these transactions.

3.14 Foreign currency transactions

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured.

Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency spot rate of exchange ruling at the statement of financial position date. Foreign exchange differences arising on the settlement of monetary items or translating monetary items at rates different from those at which they were translated on initial recognition during the period or in the previous financial statements are recorded in profit and loss in the period in which they arise.

Non-monetary items that are measured in terms of historical-cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

3.15 Non-current assets (disposal groups) held for sale (NCAHFS) or distribution to owners

In the statement of profit or loss and other comprehensive income of the reporting period, and of the comparable period, income and expenses from discontinued operations are reported separate from normal income and expenses down to the level of profit/ (loss) after taxes. Property and equipment and intangible assets once classified as held-for-sale are not depreciated/ amortised.

Properties in possession

Unsold properties in possession are recognised once ownership has been legally transferred to the Group and the underlying debtor is then derecognised. These properties are included under non-current assets held-for-sale at the outstanding loan balance, which are then valued at the lower of the carrying amount and the fair value less costs to sell. The fair value is determined using a market-based valuation performed by a sworn appraiser at the statement of financial position date. Realisable value is determined using market-based valuations performed by a sworn appraiser at the statement of financial position date. Maintenance costs are expensed in the period incurred. The intention of the Group is to sell these properties to recover the outstanding payments on the defaulted loans.

Disposal of properties in possession

It is the Group's policy to dispose of repossessed properties in an orderly fashion on a willing buyer and willing seller basis. The property to be sold is advertised in the market. Upon receipt of offers to purchase, the offers are evaluated and an offer that makes the most economic sense is accepted.

The Group has satisfied the following IFRS 5 conditions to classify the properties as NCAHFS:

The appropriate level of management must be committed to a plan to sell the asset; and An active programme to locate a buyer and complete the sale must have been initiated.
The asset must be actively marketed for sale at a price that is reasonable in relation to its current fair value.
The sale should be expected to qualify for recognition as a completed sale within one year from the date of classification, except where events and circumstances may extend the period to complete the sale beyond one year.
Actions required to complete the plan should indicate that it is unlikely that significant changes to the plan will be made or that the plan will be withdrawn.

Employee benefits

Post-employment benefit plans

The Group provides post-employment benefits through various defined contribution and defined benefit plans.

Defined contribution plans.

The Group pays fixed contributions into independent entities in relation to several state plans and insurance for individual employees. The Group has no legal or constructive obligations to pay contributions in addition to its fixed contributions, which are recognised as an expense in the period that relevant employee services are received.

Retirement fund

The Land Bank Retirement Fund which functions as a defined contribution plan and which is subject to the provisions of the Pension Fund Act, 1956 (Act No.24 of 1956) came into operation on 1 November 1994. Defined obligations such as disability and death in service were completely phased out during the 2007 financial year. The Fund is now accounted for as a defined contribution plan as it no longer has any obligation towards members for defined benefits. Contributions are recognised as an expense and as a liability to the extent that they are unpaid.

The Land Bank Retirement Fund ("LBRF") in an umbrella fund within the Alexander Forbes Retirement Fund (AFRF).

Defined benefit plans.

Under the Group's defined benefit plans, the amount of pension benefit that an employee will receive on retirement is defined by reference to the employee's length of service and final salary. The legal obligation for any benefits remains with the Group, even if plan assets for funding the defined benefit plan have been set aside. Plan assets may include assets specifically designated to a long-term benefit fund as well as qualifying insurance policies. The liability recognised in the statement of financial position for defined benefit plans is the present value of the defined benefit obligation (DBO) at the reporting date less the fair value of plan assets. Management estimates the DBO annually with the assistance of independent actuaries. This is based on standard rates of inflation, salary growth and mortality. Discount rates are determined by reference to market yields at the end of the reporting periods on government bonds that have terms to maturity approximating to the terms of the related pension liability. Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised directly in other comprehensive income. They are included as a separate component of equity in the statement of financial position and in the statement of changes in equity. Service cost on the net defined benefit liability is included in employee benefits expense. Net interest expense on the net defined benefit liability is included in finance costs.

Medical aid fund

The Bank provides a post-retirement medical aid benefit to all employees who were either employees or pensioners of the Bank at 1 December 2005. The fund functions as a defined benefit scheme. The entitlement to these benefits is usually conditional on the employee remaining in service up to retirement age. It is the Group's policy to pay the medical fund subscription fees on behalf of all pensioners in full and to fund the total obligation as and when it arises actuarial valuations of the Bank's liability are conducted on an annual basis by an independent qualified actuary on the projected unit credit method. The liability recognised in the statement of financial position in respect of defined benefit medical plan is the present value of the defined benefit obligation at the statement of financial position date. The benefit obligation at the statement of financial position date is not reflected net of assets since these assets are not held in a legally separate entity that is not available to the Bank's

own creditors. The past service costs and interest costs are accounted for in the statement of profit or loss. Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to other comprehensive income in the statement of profit or loss and other comprehensive income in full.

Short-term employee benefits

The cost of all short-term employee benefits is recognised during the period in which the employee renders the related service on an undiscounted basis. Accruals for employee entitlement to annual leave represents the present obligation, which the Group has to pay as a result of employees' services, provided to the reporting date. The accruals have been calculated at undiscounted amounts based on current salary rates.

A liability is recognised for the amount expected to be paid under short-term bonuses in the Group as the Group has a present legal constructive obligation to pay the amount as a result of past service provided by the employee, and the obligation can be estimated reliably. A present legal constructive obligation to pay the amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

Termination benefits

Termination benefits are payable when employment is terminated by the Group before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits at the earlier of the following dates: (a) when the Group can no longer withdraw the offer of those benefits; and (b) when the entity recognises costs for a restructuring that is within the scope of IAS 37 and involves the payment of termination benefits. In the case of an offer made to encourage voluntary redundancy, the termination benefits are measured based on the number of employees expected to accept the offer. Benefits falling due more than 12 months after the end of the reporting period are discounted to their present value.

3.16 Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Where the Group expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the statement of profit or loss and other comprehensive income net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.
Provision is made for onerous contracts when the expected benefits to be derived from a contract are less than the unavoidable costs of meeting the obligations under the contract. Provisions are reviewed at the end of each financial year and are adjusted to reflect current best estimates.

3.17 Insurance Contracts LBLIC

LBLIC's insurance products, including all product features, meet the insurance risk transfer requirements and thus fall within the scope of IFRS 17 to be accounted for as insurance contracts. Likewise, all reinsurance agreements are treated as reinsurance contracts held under the same IFRS standard.

In preparation of annual financial statements, LBLIC applies judgement, estimates and assumptions that affect the reported amounts of assets, liabilities, income and expenses. The most significant areas of judgment and estimation uncertainty relate to the measurement and classification of insurance contracts under IFRS 17.

Estimates and judgements are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Although estimates are based on management's best knowledge, experience, insight and judgement of current facts at the statement of financial position date, the actual outcome may deviate from these estimates, possibly significantly.

LBLIC applied judgment in the following areas:

3.17 Insurance contract issued – Profitability bracket

There are no legal or insurance regulations that prevent LBLIC from having the practical ability to set a different price or level of benefits for policyholders with different characteristics. As such the minimum level of aggregation

required, after allocating contracts to portfolios and ensuring that issues dates are not more than one year apart, is to assign each insurance contract based on the profitability expectations at initial recognition to a profitability bucket:

a. No significant possibility of becoming onerous
b. Onerous
c. Remaining

In order to divide the current profitable insurance contracts into those with no significant possibility of becoming onerous and those with a possibility of becoming onerous, the volatility of prior claim experience was analysed on a per product basis. If, in any of these years, a contract was loss making, the product is automatically assumed to not have a NSPBO profitability bucket. Only two profitability buckets are therefore established (i.e. Remaining and Onerous).

3.17.1 Insurance contracts issued Premium allocation approach

Under the premium allocation approach, no contracts are assumed to be onerous at initial recognition unless facts and circumstances indicate otherwise. For LBLIC, these facts and circumstances are informed by the process to set policy premium rates or from business-as-usual profitability monitoring and internal reporting processes.

3.17.2 Insurance contracts issued – General Measurement Model

For the general measurement model, an actuarial projection is carried out on a per contract basis. For all new insurance contracts written in the reporting period, the prior year IFRS 17 assumptions are used to value the present value of expected cash flows and the risk adjustment for non-financial risk at the date of initial recognition. Where this amount is positive (i.e. expected outflows are greater than expected inflows), the contract is assigned to an onerous group. Where the amount is negative, an additional step is required to assign the profitable contract in either the "remaining" bucket or the "NSPBO" bucket. For each product, a profit threshold is set such that expected profitability above the threshold is assigned to the NSPBO and the rest is assigned to the remaining bucket. The profitability metric as defined by management is:

$$\text{Profitability metric} = \frac{\text{present value of risk – adjusted cash flows}}{\text{Present value of premiums}}$$

Where the present value of risk-adjusted cash flows is the present value of future cash flows plus the risk adjustment for non- financial risk. The threshold percentage is set by management at a 95th percentile which is determined using the same technique used to determine the confidence level for the risk adjustment for non-financial risk.

3.17.3 Discount Rates

LBLIC has adopted a bottom-up approach for its discount rate methodology under IFRS 17. This involves the use of the JSE's monthly risk-free yield curve that takes the term structure of the underlying government bonds into account. To this curve, a liquidity risk premium adjustment is applied based on the liquidity characteristics of the insurance contract. Four product liquidity characteristic buckets have been defined, namely: Fully Liquid, Partially Liquid, Moderately liquid and Fully liquid.

For all new insurance contracts written during the reporting period, the discount rate at initial recognition, prior to the addition of the liquidity risk premium, is set equal to the prior financial year's closing discount rate. No adjustments have been made to the curve in respect of credit risk.

3.17.4 Risk adjustment for non-financial risk methodology and the application of this methodology

The IFRS 17 carrying amount includes an explicit component called the risk adjustment ("RA") for non-financial risk that allows for the compensation required for being exposed to the insurance, lapse and expense risks contained within the LBLIC's products. Operational risk specific to the fulfilment of contractual obligations with policyholders is excluded.

For the Level Term Assurance and Decreasing Term Assurance products, a Margins for Adverse Deviation Technique is used to determine the Liability for Remaining Coverage risk adjustment. A Value at risk ("VaR") approach is used for the Credit Provider Policy Liability for Remaining Coverage risk adjustment.

For PAA business, the RA is based on the confidence interval approach. The best estimate loss ratios are determined and assumed to represent a 99.5% confidence interval. Assuming that the loss ratios are normally distributed, the corresponding loss ratio at a 75% confidence interval is calculated for all portfolios. The RA is then set to the difference between the best estimate loss ratio and the ratio at a 75% confidence level.

The risk adjustment for the Liability for Incurred claims is determined through the VaR approach. The risk adjustment is calculated at a confidence level of 75%.

Using the VaR approach, a "target: VaR is derived. The SAM stresses are used as a reference point, assuming that they correspond to a 99.5% confidence interval. It is further assumed that risks are normally distributed where the best estimate liabilities reflect a 50% confidence interval (i.e. 50% chance of being insufficient). Based on these assumptions, a 75% VaR is derived using the 99.5% VaR from the SAM calibrations. This is then disaggregated by IFRS 17 portfolio level and risk type whilst still accounting for any diversification benefits.

The following risks have been included in the derivation of the RA: mortality risk, longevity risk, expense risk and disability risk. Mass Lapse and Catastrophe Risks were excluded from the calculation. This was deemed reasonable given that the RA has been calibrated for a 1-in-10-year event (90% confidence interval). Operational Risk has been excluded based on the assessment that the Operational Risk LBLIC is exposed to is not directly attributable to any contract under IFRS 17, but rather entirely general operational risk.

3.17.5 Coverage Units

The IFRS 17 liability for expected future profits, called the contractual service margin, is held in respect of LBLIC's insurance products and reinsurance agreements where these are measured under the general measurement model. The contractual service component is released over the coverage period for each group of insurance contracts as the insurance contract services are provided in respect of these contracts. The metric (termed a coverage unit) used to determine the amount of service provided in each period is the total sum assured or total sum reinsured in respect of that period.

The impact of the time value of money on the contractual service margin is material for LBLIC and has therefore chosen to discount the coverage units used to spread the contractual service margin over the coverage term. The discount rate applied to products measured under the general measurement model approach is the rate applicable at the initial recognition of each group of insurance contracts.

iii) Loss Component

LBLIC has decided to hold one profitability cohort for its group business annual cohorts. Due to the high expense assumption all business has been classified as onerous. Once the expense assumption normalizes, LBLIC will assess the book's combined ratio to test whether the group is onerous. The assessment will be carried out as follows:

Onerous Assessment = *(Combines ratio > 100%; Onerous, Combines ratio < 100%; Possibly Onerous)*

The LC is then determined as follows:

LC = *(Combined ratio – 1) x Premium*

The LC at subsequent measurement is determined as the difference between LRC and the net fulfilment cash flows expected from the contract. The LC is therefore released based on the passage of time or the expected release of risk. This should be similar to the recognition pattern selected for LRC.

iv) Liability for Incurred Claims

For the liability for incurred claims, which aren't assumed to be settled within the month the claim us incurred, historic experience was used to derive the balance of claims still to be settled and the settlement pattern.

The claims reserves (incurred but not reported ("IBNR") and outstanding claim reserve ("OCR") were subjected to the settlement pattern to come up with the projected claim payment cash flows.

LBLIC holds an IBNR reserve with respect to all business. Incurred claims data is preferred over paid claims data for the purpose of quantifying the IBNR reserve due to the quicker settlement pattern informed by claims incurred. To determine the IBNR claims reserve as at 31 March 2026, ultimate claims for each loss month were projected using the Bornheutter- Ferguson method.

The OCR used in the valuation was obtained from LBLIC's claims register.

3.17.6 Scope and Separation

LBLIC's insurance products, including all product features, meet the insurance risk transfer requirements and thus fall within the scope of IFRS 17 to be accounted for as insurance contracts. Likewise, all reinsurance agreements are treated as reinsurance contracts held under the same IFRS standard. There is no reinsurance active in the current or prior year.

3.17.7 Contractual Assessment – Direct Business:

LBLIC underwrites the following products:

- Level Individual Term Assurance
- Decreasing Individual Term Assurance
- Credit Provider Policy

Each product's contractual terms are assessed to establish whether the products meet the requirements to be considered insurance contracts which require one party (the issuer) to accept significant insurance risk from another party (the policyholder) by agreeing to compensate the policyholder if a specified uncertain future event (the insured event) adversely affects the policyholder. In particular, in accordance with the application guidance IFRS 17, the contractual terms are assessed to establish whether:

All products meet the above-listed requirements and hence qualify as insurance contracts.

3.17.8 Contractual Assessment - Reinsurance Agreements:

LBLIC does not hold reinsurance contracts. The company is presently evaluating potential reinsurance agreements. Should a reinsurance contract arrangement be entered into, the contractual terms will be assessed in accordance with IFRS 17 to determine whether the arrangement qualifies as a reinsurance Contract held.

3.17.9 Scope and Separation

An insurance contract may contain one or more components that would be within the scope of another Standard if they were separate contracts. In particular, this relates to:

- Distinct investment components,
- Embedded derivatives not closely related to host insurance contract, and
- Distinct goods and services.

LBLIC does not have exposure to investment components, embedded derivatives and distinct goods and services within any of its insurance contracts or reinsurance contracts held and has no plans to offer this product feature in the foreseeable future.

3.17.10 Level of Aggregation

LBLIC's insurance contracts are aggregated into separate groups for the purpose of determining the IFRS 17 profit recognition in respect of each financial reporting period. A group is defined to include contracts issued or renewed in a particular financial year that use the same measurement approach and have a similar level of expected profitability split at a product type level. Each reinsurance treaty, further splits each underlying product type assigned to a group of its own. A contract is assigned to a group at initial recognition and this is not reassessed until the contract boundary has been reached. Where the premium allocation approach is applied, due to similar expected profitability, each portfolio cohort year's contracts are assigned to a group as a whole and not on a contract-by-contract basis.

Judgement is required to split profitable insurance contracts between those with no significant possibility of becoming onerous from those with a possibility of becoming onerous. For insurance contracts measured under the premium allocation approach and where an insurance contract issued for a particular product has been loss-making in the past, the profitability bucket for insurance contracts with no significant possibility of becoming onerous is not used. Where there is no historic data and where the present value of net cash flows calibrated to a 95th percentile is still profitable, then contracts are assigned to the no significant possibility of becoming onerous.

A 3-step process is followed to assign an insurance contract issued to a group:

Step 1: Allocate the contract to a portfolio
Step 2: Assign the contract to a group such that the issues dates are not more than a year apart
Step 3: Assign the contract to a profitability bucket, which at a minimum, subject to certain conditions, must be "Onerous", "No significant possibility of becoming onerous" ("NSPBO") of Remaining Insurance Contracts that have similar risks and are managed together need to be grouped together in what is defined as a portfolio under IFRS 17.

Based on the above, the portfolios are:

- Individual Credit Life (Level)
- Individual Credit Life (Decreasing)
- Credit Provider Policy

Cohort Period

IFRS17 requires portfolios of contracts to be divided into buckets, referred to as cohorts. For LBLIC's groups business, overall scheme performance is measured on a financial year basis (i.e. 1 April – 31 March). All cohorts are thus aligned with the financial year.

3.17.11 Contract Recognition and Derecognition

LBLIC's insurance contracts are mostly recognized from their commencement or renewal date, except where the first premium is due earlier than in which case, this date is used. Contracts expected to be onerous are recognised from the commencement date as this date is closely aligned to the date when LBLIC accepts the risk contained under such contracts.
The Standard requires that contracts be recognised from the earlier of one of three dates:

1. the contract start date,
2. the premium due date, or
3. the date of acceptance of risk if the contract is onerous.

In absence of a contractual due date, the first payment from a policyholder is deemed to be due when it is received.

The Standard requires a contract to be derecognised when LBLIC is no longer at risk and is therefore no longer required to transfer any economic resources to satisfy the insurance contract. The practical application of contract derecognition within LBLIC is specific to the liability component in question. The general principles are as follows:

For contracts measured under the liability for remaining coverage,

a. When the contract's coverage period has come to an end,
b. The policy has been cancelled, or
c. The policy has contractually terminated due to a claim, and all premium debtors or commission creditors directly related to that contract have been settled (or written off), the contract is derecognised from the liability for remaining coverage and not included in the calculations for any IFRS 17 group.

Under the liability for incurred claims, any liability in respect of the contract is derecognised when:

a. Where a claim has been reported and this claim is fully settled or repudiated, or
b. Where the full coverage period up until the renewal or expiry date has passed and the claim notification period for reporting claims has passed.

The requirement to derecognise a contract from a group due to a contract modification is not necessary for LBLIC as there were no contract modifications identified that would result in a change in the allocation of the IFRS 17 group.

3.17.12 Contractual Service Margin (CSM) Methodology

The CSM is a component of the carrying amount of the asset or liability for a group of insurance contracts issued which represents the unearned profit that LBLIC expects to recognise as it provides insurance contract service.

At initial recognition, the CSM has been determined at an individual contract level based on the profitability of the contract (i.e. fulfilment cash flows allocated to the contract and all cash flows arising from the contract are net inflows at initial recognition) or onerousness of the contract (i.e. fulfilment cash flows allocated to the contract and all cash flows arising from the contract are net outflows at initial recognition).

For contracts regarded as profitable at initial recognition (i.e. BEL + RA < 0), the CSM is set equal to - (BEL + RA) to ensure the entity does not recognise the expected profit under the contract at inception. For contracts regarded as onerous at initial recognition (i.e. BEL + RA > 0), a Loss Component for the LRC is set-up equal to the (BEL + RA) thereby recognising the loss immediately at initial recognition in accordance with paragraph 49 of the Standard.

The determination of either the CSM or loss components on initial recognition is identical for all contracts regardless of the measurement approach used.

3.17.13 Contractual Service Margin (CSM) Methodology

i) Insurance Revenue and LRC Under GMM

LBLIC has used actuarial software to produce the IFRS 17 expected cash flows – best estimate cash flows and the RA whilst the IFRS 17 whole account was produced using an externally sourced IFRS 17 software. LBLIC undertook an assessment of its experience to develop the expense assumption that were utilised in the cash flow projection.

LRC is determined as the sum of Best Estimate Liability ("BEL"), RA, and the CSM/Loss Component ("LC"). To determine its LRC, the cash flows generated were discounted at the appropriate discount rate to generate the BEL and RA at the valuation date.

For the CSM/LC computation, the CSM/LC was recognised at contract recognition as the difference between the CSM at initial recognition (i.e. BEL+RA).

The CSM amortisation was based on the coverage units for the various lines business. The coverage units were adjusted for decrements and for the time value of money.

- Insurance revenue is determined as the sum of:
- Expected claims;
- Expenses;
- Amount of deferred acquisition expenses amortised over the period;
- The release of RA over the period; and,
- The amount of CSM amortised for profitable businesses.

ii) PAA Insurance Revenue Recognition

The pattern applied to recognise revenue over time for Credit Provider Policy is set to take into account past claims incidence and severity based on the outstanding loan amount. These patterns are determined by the actuarial team. Premium debtors are adjusted to allow for the probability of being written off.

The premium allocation approach ("PAA") whether applied to groups of insurance contracts issues or groups of reinsurance contracts held requires the expected premium receipts to be recognised over time in accordance with the expected insurance service expenses provided over the period.

The application of PAA methodology in calculating the IFRS 17 LRC implies that the provision comprises the IFRS 4 Unearned Premium Reserve ("UPR") (as calculated on the 365ths method), with a deduction of gross Deferred Acquisition Cost ("DAC") and premiums receivable in the cast of gross LRC. A LC is added for loss making IFRS 17 groups. LBLIC has opted to expense its insurance acquisition cash flows as incurred and will not set up a DAC asset. LBLIC uses the PAA for all reinsurance contracts held.

3.17.14 Expense allocation

General Expense Attribution

LBLIC assesses the operating expenses to determine whether the costs are directly attributable to insurance contracts in accordance with IFRS 17.

Expenses are assessed at general ledger account and invoice level, where applicable to evaluate the nature of the underlying activity and whether the costs relate to insurance acquisition activities, insurance fulfillment activities, or represent non-attributable operating expenses. Directly attributable expense are identified using the nature of the expense, supporting operational information, divisional responsibilities and other relevant management information.

Employee-related expenses are attributed using divisional attribution percentages determined based on the operational responsibilities and activities performed by each division. Shared operational costs and overheads are allocated using a systematic approach and rational allocation methodologies that reflect the nature of the underlying insurance activities and portfolios.

Attribution percentages are determined at general ledger account level based on the outcome of the expense attribution assessment and are applied consistently to the related cost base.

Directly attributable acquisition costs are included in determining insurance acquisition cash flows relating to future service and are included in the measurement of the Liability For Remaining Coverage (LRC). Such costs are recognized in insurance service expenses over the coverage period as insurance services are provided. Directly attributable costs relating to the maintenance of the insurance contracts are expensed as incurred in the insurance service expenses and recognized in the Liability for Incurred Claims (LIC). Costs that are not directly attributable to insurance contract are recognized in profit or loss as incurred and are excluded from acquisition insurance cash flows, fulfilment cash flows and insurance contract liabilities.

LBLIC reviews attribution methodologies, divisional attribution percentages and allocation assumptions periodically to ensure that allocations remain appropriate, supportable and reflective of the underlying insurance contract liabilities.

3.17.15 Measurement and approach principles

The contract boundary is the policy term for the Individual Decreasing Term Assurance and Individual Level Term Assurance products, while it is one year for the Credit Provider Policy. The contract boundary for the aggregated reinsurance agreements is 1 year.

The GMM is used for the Individual Decreasing Term Assurance and Individual Level Term Assurance products due to their long duration, while the PAA is applied to the Credit Provider Policy and Quota Share reinsurance agreements due to their coverage period not exceeding a year (12 months).

The default measurement approach specified by the IFRS 17 Standard is the general measurement model ("GMM"). This applies to insurance contracts issued as well as reinsurance contracts issued and held.

Where the contract boundary is one year or less, an entity has the unrestricted option to choose whether to apply the simplified approach called the Premium Allocation Approach which is referred to as "PAA". Contracts with a contract boundary of one year or less do not automatically qualify for the PAA but, where LBLIC does not expect significant variability in the fulfilment cash flows that would affect the measurement of the liability for remaining coverage during the period before a claim is incurred, the PAA may be applied in accordance with IFRS 17.

Contract Boundary of Insurance Contracts Issued

When determining the contract boundary of a contract, LBLIC reviews the contractual terms of a contract. The contract boundary assessed for each product is listed below:

Product	Contract boundary
Individual decreasing term assurance	Full policy term (determined at policy level)
Individual level term assurance	Full policy term (determined at policy level)
Credit Provider Policy	1 year (determined at policy level)

3.17.16 Measurement and approach principles

Contract Boundary of Reinsurance Contracts Held

The contract boundary considerations are similar to those applied to insurance contracts issued with some differences.

Non-proportional agreements, such as excess of loss, catastrophe and stop loss agreements, have a defined coverage period and no ability to terminate the agreement prior to the end of the coverage period. The contract boundary is thus the end of the coverage period in all cases.

For proportional reinsurance contracts held, which include surplus and quota share agreements, there are two contract boundaries to consider. For annual agreements, there are typically no early termination clauses or the ability for the reinsurance to amend premium rates. The reinsurer in each agreement is obliged to provide cover for all insurance contracts issued that fall within the scope of the agreement and are issued over the coverage period of the reinsurance agreement.
Once ceded, each insurance contract remains reinsured until the end of its coverage term.

PAA eligibility testing

IFRS17.53 requires that the PAA must produce a measurement of the liability for remaining coverage for the group that would not differ materially from that produced under the GMM.

LBLIC management applies an assessment hierarchy to test whether a group of insurance or reinsurance contracts is eligible to being estimated using the PAA using four levels.

i. Assess whether the key criterion of a maximum of 12-month coverage period (paragraph IFRS17.53b) is met for all contracts within the group of contracts. If not,
ii. Perform a qualitative assessment to identify and assess potential critical features to assess whether there may be a risk of a substantial mis-estimation by the PAA. If the test fails, then
iii. Perform a quantitative assessment to validate the hypothesis that the measurement models do not substantially differ. If this test fails, then vi. Determine the materiality of the potential misstatement for LBLIC. The sequential steps are only carried out until the test is successful. If, after step iii, the test has still failed, the general measurement model ("GM") is applied unless the product itself is not material. LBLIC will only use the PAA where it believes future annual testing of eligibility will produce a similar successful result.

Following the above assessments, the following measurement approaches are applied:

Product	Contract boundary
Individual decreasing term assurance	General measurement model
Individual level term assurance	General measurement model
Credit Provider Policy	Premium allocation approach
Quota share agreement	Premium allocation approach

LBLIC applies the GMM approach for the long duration contracts (Individual Decreasing Term Assurance and Individual Level Term Assurance) to maximise the use of existing actuarial valuation methodology. These products were thus not assessed for PAA eligibility.

As the Credit Provider Policy length of coverage is a year, it is eligible for the PAA approach, and no further eligibility testing is required. Similarly, the aggregated reinsurance agreement has a contract boundary of a year, and thus the PAA is applied without further need for eligibility assessment.

3.18 Insurance Contracts LBIC

Determining the present value of future cash flows

3.18.1 Critical judgements in applying accounting policies

The preparation of financial statements in accordance with IFRS requires that management make use of estimates, assumptions and judgements that affect the application of the accounting principles and reported amounts of assets and liabilities at the statement of financial position date as well as the reported income and expenses for the year.

Estimates and judgements are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Although estimates are based on management's best knowledge, experience, insight and judgement of current facts at the statement of financial position date, the actual outcome may deviate from these estimates, possibly significantly.

3.18.2 Determining the probability-weighted mean

An entity is required to estimate the probability-weighted mean of the full range of possible outcomes when determining the present value of future cash flows. LBIC has adopted Premium Allocation Approach (PAA).

3.18.3 Process to determine significant assumptions

Insurance risks are unpredictable and the company recognises that it is not always possible to forecast, with absolute precision, future claims payable under existing insurance contracts. Using historical data, the LBIC aims to establish provisions that have an above average likelihood of being adequate to settle all contractual insurance obligations.

3.18.4 Insurance Liabilities

The uncertainty inherent in insurance is inevitably reflected in the financial statements of the company, principally in respect of the insurance liabilities of the company.

The present value of future cash flows of these insurance liabilities is required under the liability for remaining coverage ("LRC") and the liability for incurred claims ("LIC"). Where the premium allocation approach is applied to a group of insurance contracts, the requirement to determine the present value of future cash flows under the LRC is only needed if the contract is onerous or in some cases to demonstrate the eligibility of approach to the group.

For the LIC, which aren't assumed to be settled within the month the claim is incurred, historic experience is used to derive the balance of claims still to be settled and the settlement pattern. Where data is insufficient, a point estimate of the ultimate claim ratio is used often in combination with the historic data.

The calculation of insurance liabilities is an inherently uncertain process. The Company seeks to provide adequate levels of insurance provisions by taking into account all known facts and experience from a variety of sources as well as statutory requirements.

Where significant past events have resulted in experience in that year differing from the "norm", this experience is separated out for analysis purposes and assessed separately for inclusion in the projection assumptions at an appropriate level given the likelihood of this experience repeating itself in the future. Large claims are also analysed separately from the main body of claims due to the different pattern of claim development from the date the claim incurred.

Estimation of expected claim and claim-related expense cash flows

The LIC is the notified outstanding claims provision i.e., claims pending plus the incurred but not reported claim reserve ("IBNR") and the incurred but not enough reported ("IBNER") reserve. The latter is set using an average cost of claims approach for claims that occurred and are currently being assessed (i.e. where number is known but not the severity). Claims-related expenses are also calculated and added to the LIC.

3.18.5 Liability for incurred claims

The best estimate provision for LIC relates to claim events that have occurred before or at the reporting date - whether the claims arising from these events have been reported or not (incurred but not reported - IBNR). The best estimate liability also includes directly attributable claims management expenditures to account for the cost of managing the final run-off of the claims provisions. The claims expected to be paid during the reporting period in respect of the prior year's closing LIC are estimated using an analysis of historic settlement patterns.

3.18.6 Claims incurred but not reported (IBNR)

The IBNR Claims Provision is held in respect of those claims that have occurred but are yet to be reported by the measurement date. The number of IBNR claims are determined with reference to claim reporting delays patterns as per recent claims experience, to which the severity of the claims is applied to arrive at the IBNR Claims Provision. A separate calculation is carried out to calculate the reinsurance portion of the IBNR reserve. A joint bootstrap simulation of the number of IBNR claims and the inflated cost of claims is performed to determine the IBNR Claims Provision at a 75% sufficiency level, to derive the risk adjustment.

The IBNR for LBIC's crop business is not large as claims are required to be reported within seven days. IBNR claims therefore hardly exist for periods longer than three months and the IBNR is not expected to be large, except possibly in the month of calculation. Due to limited asset insurance historical data, an asset IBNR is held by calculating loss ratio over the past five years and applying that loss ratio to gross written premium of the past three months.

3.18.7 Notified Outstanding Claims Provision

Notified Outstanding Claims Provisions ("NOCP") within LBIC include estimates for Pending Claims and Incurred but Not Enough Reported ("IBNER').

Outstanding Claims provisions are determined based upon previous claims experience, knowledge of events, the terms and conditions of the relevant policies and on interpretation of circumstances. Each notified claim is assessed on a case-by-case basis with due regard to the specific circumstances, information available from the insured and/or assessor and past experience with similar cases. The company's estimates for outstanding claims are continually reviewed and updated as future developments take place, and better information becomes available regarding the current circumstances. The ultimate cost of the claim may therefore vary from this initial estimate. Adjustments resulting through this process are reflected in the statement of comprehensive income as and when identified.

The assessed claims are the "Pending Claims" part of the NOCP. Where a claim has been adequately assessed, it is unlikely that there is further variation to the claim estimate. As the claims are assessed by suitable qualified, trained and competent assessors, there are hardly significant differences between the case estimates and what is eventually paid. The pending claims as reported are taken as they are and no further actuarial assessment is conducted. The provision for outstanding claims is estimated at a gross level. A separate calculation is carried out to estimate reinsurance recoveries.

In instances where a notified claim is pending assessment and/or has a nil claim provision, it is considered as IBNER. Where there are nil claims provisions, LBIC's actuarial team estimates the IBNER by applying the average cost per claim to the number of IBNER claims using inflated historical claims.

For the claims that remained unassessed, the sufficiency of the IBNER claims provision is tested by applying the average claim cost to the number of IBNER claims. A bootstrap simulation of the claim amounts is done to test the IBNER at a 75% sufficiency level, to determine the risk adjustment.

3.18.8 Claims-related expenses

These are expressed as percentage of claims incurred in the applicable financial year, in line with the underwriting reports. No allowance is made for policy maintenance expenses that are not related to claims as these are provided for by the fee to the UMA. LBIC expenses, if any, are insignificant in this regard.

Allocated Loss Adjustment Expenses ("ALAEs") are claims handling expenses attributed to the processing of a specific insurance claim. These are claim assessment fees paid to claim assessors but could also include legal fees if applicable. The ALAE is added on top of the IBNR and IBNER since pending claims are already assessed. A separate calculation is carried out to estimate reinsurance recoveries.

Unallocated Loss Adjustment Expenses ("ULAEs") are claim handling expenses that cannot be attributed to specific claims, such as the cost of the general time management spends on claims related matters, overheads, salaries and investigations. These expenses are more of a general nature and not directly related to claims.

In LBIC's case, ULAE are largely incurred in respect of claims that have already been assessed, and therefore it is reasonable to estimate these based on claims paid in a period. No reinsurance applies on the ULAE and thus no reinsurance recoveries are calculated on the ULAE. The same risk adjustment for the outstanding claims applies for the ALAE and ULAE.

3.18.9 Liability for remaining coverage

3.18.9.1 Unearned Premium Provision

The company raises provisions for unearned premiums on a basis that reflects the underlying risk profile of its insurance contracts. The estimate for unearned premium provision ("UPP") is the portion of written premiums that corresponds to the unexpired portion of the insurance coverage at the March each year. The UPP is created at the commencement of each insurance contract and is released as the risk covered by the contract expires according to the remaining days method for the assets policies.

The non-uniform nature in which crop exposure is earned (by calendar year or policy duration) is analysed in relation to the historic frequency and timing of the perils and the severity of the resulting claims, and a functional relationship established using the Premium Earnings Curve. The unearned premium for crop policies is calculated according to the claims occurring patterns based on a recent historic claims analysis of claims incurred.

The unearned premium for the Agri-asset ("asset") portfolio is calculated assuming a straight-line earnings pattern, spreading the premiums evenly throughout the contractual term. No UPP is held for monthly policies as the term is short and premiums earned as they are written, with the business expected to be profitable.
The earnings curve assumption is not entirely critical on its own since an assessment for the need to set-up the additional unexpired risk provision is more important in ensuring sufficiency of reserves than the earning of written premiums. At each statement of financial position date an assessment is made of whether the provisions for unearned premium are adequate. If the premium level is deemed to be insufficient based on information available at the statement of financial position date, to cover the anticipated claims and operating expenses, a separate provision of loss component (LC") is made for any estimated future underwriting losses relating to unexpired risks. This assessment includes estimates of future claims frequency and claims severity and other factors affecting the need for a provision for unexpired risk and performed annually. Simulations of aggregate claims are done by simulating both the number of claims that may arise from a Poisson distribution as well as the claim amounts thereto (historical bootstrapping), utilizing the inflated claims data. The average of the simulated aggregate claims is the best estimate unexpired risk provision, and a risk adjustment is held at a 75% confidence interval.

The provision for unearned premiums is first determined on a gross level and thereafter the reinsurance impact is recognized based on the relevant reinsurance contract. The UPP is calculated gross of DAC using the Premium Earnings Curve. The final UPP net of DAC is then calculated by netting the acquisition costs for brokers and the Underwriting Manager Agency (UMA) fee (where applicable).

3.18.9.2 Deferred Acquisition Cost

The deferred acquisition cost ("DAC") can be thought of as the amount of commission recoverable from intermediaries if the company had to refund premiums to all its policyholders. LBIC calculates the DAC based on the Premium Earnings Curve in a similar manner as the UPP calculation, using the percentage of premium payable to UMAs and to brokers. DACs are amortized at incidence of risk basis and are deferred over the period in which the related premiums are earned.

3.18.9.3 Loss Component

The UPP and the loss component raised are utilised together with the written premium, and bad debts to obtain earned premium or revenue under the PAA approach. This is obtained through the IFRS 17 implementation tool.

Where the PAA is used as the measurement approach, onerosity is established through the presence of facts and circumstances that indicate this to be the case. Only then are calculations performed (again, either at initial recognition or subsequently). As per the aggregation policy facts and circumstances would include the process to set premium rates or from business-as-usual profitability monitoring and internal reporting processes.

From the time that a group of insurance contracts is considered to be onerous until the end of coverage period (as determined by the IFRS 17 contract boundary), all future valuations of the group will include the determination of the LC.

The loss component ("LC") at initial recognition and subsequently is determined using the formula:

LC, = PV_CF, +RA, -LRC_PAA, where

PV_CFt and RA! are the present value of future cash flows and risk adjustment for non-financial risk measured at time t respectively measured as per the GMM requirements; and

LRC_PAAt is equal to the measurement of liability for remaining coverage.

PV_CFt would include the balance of any premium debtors and commission creditors that were included in the calculation of LRC_PAAt. The cash flows for PV_CFt and RAt are produced in the cash flow projection model off IFRS 17 implementation tool.

The assumptions underpinning the LC feed into the IFRS 17 implementation tool are the incurred loss ratio, ALAE, ULAE and the Risk Adjustment for summer crops (no loss component was raised for winter crops and fruit and asset portfolios).

The LRC is a forward-looking reserve and therefore includes more uncertainty relating to non-financial risk than retrospective reserves held for events that have already occurred and for which experienced has emerged. The liability for remaining coverage is then determined as follows:

LRC=UPP-Premium Receivables+Premium Payable-DAC+Commission Payable+Binder Fee Payable-Commission Receivables

All claims incurred are paid or received in one year or less from the date the claims are incurred. Thus, LBIC's claim settlement pattern is under one year and LBIC applies no discounting. The amount of earned premium or payments due after one-year are immaterial to LBIC.

3.18.9.4 Incorporation of premium and commission debtors and creditors

Under IFRS 17, premium and commission debtors and creditors are no longer separately held on the statement of financial position. Any provision for bad debts in respect of premiums is also no longer held separately.

All other things being equal, under the PAA, if premium due is earned prior to it being received, the LRC will be in a negative, asset position. Thus, a premium debtor is only held on the statement of financial position to the extent that it has been earned.

In light of this, commission creditors are thus treated in the same way for premium debtors under IFRS 17. Only commission creditors related to amounts already amortised are held in the LRC and hence on the statement of financial position. For the amount still to be amortised, both the amounts already paid as well as the amounts still outstanding are taken into account.

3.18.10 Insurance and reinsurance contracts

LBIC contracts are assessed individually. LBIC's insurance products, including all product features, meet the insurance risk transfer requirements and thus fall within the scope of IFRS 17 to be accounted for as insurance contracts. Likewise, all reinsurance agreements are treated as reinsurance contracts held under the same IFRS standard.

Scope
Contractual Assessment - Direct Business
LBIC's insurance products, including all product features, meet the insurance risk transfer requirements and thus fall within the scope of IFRS 17 to be accounted for as insurance contracts. Likewise, all reinsurance agreements are treated as reinsurance contracts held under the same IFRS standard.

LBIC underwrites the following products:

- Extended Hail Insurance Policy Fruit and Nuts
- Extended Hail Winter Crop Insurance Policy
- Extended Hail Summer Crop Insurance Policy
- Asset All-risks Policy
- Index insurance Policy

Each product's contractual terms were assessed to establish whether the products meet the requirements to be considered insurance contracts which require one party (the issuer) to accept significant insurance risk from another party (the policyholder) by agreeing to compensate the policyholder if a specified uncertain future event (the insured event) adversely affects the policyholder.

All LBIC products qualify as insurance contracts.

Contractual Assessment - Reinsurance Agreements

The following reinsurance agreements were in place:

- Crop Quota Share Agreement
- Fruit Quota Share
- Aggregate Stop Loss Arrangement
- Asset Facultative reinsurance
- Index Quota share

The contractual terms for reinsurance agreements were assessed using the same list of requirements used for the assessment of the direct business products. Of particular importance was the establishment whether the insurance risk transferred to the reinsurer was first transferred to LBIC from the policyholder. If this test was to fail, the agreement would not fall within the scope of an insurance contracts and be accounted for in accordance with the applicable IFRS standard. All reinsurance agreements qualify as reinsurance contracts held.

Separation of insurance components.

LBIC does not have exposure to investment components within any of its insurance contracts or reinsurance contracts held and has no plans to offer this product feature in the foreseeable future.

3.18.11 Level of Aggregation of insurance contracts

LBIC's insurance contracts are aggregated into separate groups for the purpose of determining the IFRS 17 profit recognition in respect of each financial reporting period. A group is defined to include contracts issued or renewed in a particular financial year that use the same measurement approach and have a similar level of expected profitability split at a product type level. Each reinsurance treaty is assigned to a group of its own. A contract is assigned to a group at initial recognition, and this is not reassessed until the contract boundary has been reached. Where the premium allocation approach is applied, due to similar expected profitability, each portfolio cohort year's contracts are assigned to a group as a whole and not on a contract-by-contract basis.

Judgement is required to split profitable contracts between those with no significant possibility of becoming onerous and those with. For contracts measured under the premium allocation approach and where a contract group issued for a particular product has been loss-making in the past, the profitability bucket for contracts with no significant possibility of becoming onerous is not used. Where there is no historic data and where the combined ratio calibrated to a 95th percentile is still profitable, then contracts are assigned to the no significant possibility of becoming onerous.

A 3-step process is followed to assign an insurance contract issued to a group:

Step 1: Allocate the contract to a portfolio
Step 2: Assign the contract to a group such that the issue dates are not more than a year apart
Step 3: Assign the contract to a profitability bucket, which at a minimum, subject to certain conditions, must be "Onerous", "no significant possibility of becoming onerous" ("NSPBO") or "Remaining".

Insurance contracts that have similar risks and are managed together need to be grouped together in what is defined as a portfolio under IFRS 17.

For LBIC, five products are written, namely: Winter Crop Insurance, Summer Crop Insurance, Fruit and Nut Insurance, Index (AYII and PDII) as well as Asset All Risks Insurance (inclusive of livestock). Each of the crop three products have their own seasonal variation and varying risk patterns. Thus, LBIC separates these products into their own groups. In addition, the Asset All Risks Insurance product exhibits its own risk pattern and is therefore also treated as its own group.

Reinsurance

For each year, the reinsurance treaties held (where LBIC is the protected party) are unique from each other in respect of their structure, the risks covered and the cash flows expected as a result of these risks. Each treaty is also managed separately.

Reinsurance treaties are a mix of annual and multi-year policies and are renewed based on updated reinsurance terms (and reinsurance participants where there is more than one reinsurer sharing the risk under the agreement). LBIC combines the grouping of the annual and multi-year treaties where these are of a similar structure together in a portfolio, where the eligibility tests indicate that the Premium Allocation Approach ("PAA") may be used for multi-year treaties.

The portfolios are:

- Crop Quota Share
- Fruit Quota Share
- Index Quota Share
- Aggregate Stop Loss
- Asset Facultative Non-Proportional

IFRS 17 requires portfolios of contracts to be divided into time buckets, referred to as cohorts.
The cohorts will be based on the season for the underlying contracts. For the reinsurance contracts the cohorts will be based on the underwriting year per the treaties.

Profitability Buckets

Under the premium allocation approach, no contracts are assumed to be onerous at initial recognition unless facts and circumstances indicate otherwise. For LBIC, these facts and circumstances are informed by the process to set policy premium rates or from business-as-usual profitability monitoring and internal reporting processes.

3.18.12 Contract Recognition and Derecognition

LBIC's insurance contracts are mostly recognised from their commencement or renewal date, except where the first premium is due earlier than this in which case, this date is used. Contracts expected to be onerous are usually recognised from the commencement date as this date is closely aligned to the date when LBIC accepts the risk contained under such contracts.

The Standard requires that contracts be recognised from the earlier of one of three dates:

i) the contract start date,
ii) the premium due date, or
iii) the date of acceptance of risk if the contract is onerous.

For all product types, the contract terms and conditions were assessed to determine the recommended contract recognition dates.

The outcome is summarised in the table below:

Product Type	IFRS 17 contract recognition date
Winter Crop Insurance	Beginning of coverage period
Summer Crop Insurance	Beginning of coverage period
Fruit and Nut Insurance	Beginning of coverage period
Asset All Risks Insurance	Beginning of coverage period
Index Insurance	Beginning of coverage period
Crop Quota Share	Initial recognition of any underlying contract

Product Type	IFRS 17 contract recognition date
Fruit Crop Quota Share	Initial recognition of any underlying contract
Stop Loss	Beginning of coverage period
Asset Facultative Non-Proportional Reinsurance	Initial recognition of any underlying contract
Index Quota Share	Initial recognition of underlying contract

Contract derecognition for all contracts issued or held

The Standard requires a contract to be derecognised when LBIC is no longer at risk and is therefore no longer required to transfer any economic resources to satisfy the insurance contract. The practical application of contract derecognition within LBIC is specific to the liability component in question. This level of granularity is dealt with fully under the Measurement Approach Application policy. The general principles are as follows:

i) For contracts measured under the liability for remaining coverage,

- when the contract's coverage period has come to an end,
- the policy has been cancelled, or
- the policy has contractually terminated due to a claim, and all premium debtors or commission creditors directly related to that contract have been settled (or written off), the contract is derecognised from the liability for remaining coverage and not included in the calculations for any IFRS 17 group.

ii) Under the liability for incurred claims, any liability in respect of the contract is derecognised when all of the following are true:

- Where a claim has been reported and this claim is fully settled or repudiated and,
- Where the full coverage period up until the renewal or expiry date has passed and the claim notification period for reporting claims has passed.

3.18.13 Expense allocation

General Expense Attribution

LBLIC assesses the operating expenses to determine whether the costs are directly attributable to insurance contracts in accordance with IFRS 17.

Expenses are assessed at general ledger account and invoice level, where applicable to evaluate the nature of the underlying activity and whether the costs relate to insurance acquisition activities, insurance fulfillment activities, or represent non-attributable operating expenses.

Directly attributable expense is identified using the nature of the expense, supporting operational information, divisional responsibilities and other relevant management information.

Employee- related expenses are attributed using divisional attribution percentages determined based on the operational responsibilities and activities performed by each division. Shared operational costs and overheads are allocated using a systematic approach and rational allocation methodologies that reflect the nature of the underlying insurance activities and portfolios.

Attribution percentages are determined at general ledger account level based on the outcome of the expense attribution assessment and are applied consistently to the related cost base.

Directly attributable fulfilment expenses are included in determining fulfilment cash flows used in the measurement of insurance contract liability for LRC and Liability for Incurred Claims (LIC), as applicable.

3.18.14 Measurement Approach Methodology

The contract boundary is the coverage period for all insurance contracts and reinsurance treaties. This is less than a year for both direct business, and for reinsurance agreements.

The approach applied to direct business is the PAA, as the coverage periods for each are less than a year. For the reinsurance treaties, a quantitative assessment indicates that the estimation error of the carrying amounts does not exceed the materiality limit on either the best estimate assumptions or under sensitivities. Thus, the PAA is also applied for these treaties.

The choice of which measurement approach to apply requires the determination of the contract boundary, classification of the contract as either a contract with or without direct participation features and whether the contract qualifies to be measured using the simplified approach. The latter is referred to in this policy as PAA eligibility testing.

As a general rule, LBIC wishes to maximise the use of the PAA given that the majority of contracts have a short coverage period. LBIC defines the contract boundary for insurance contracts issued, using the principles laid out in Standard IFRS 17.

The contract boundary assessed for each product is listed below:

Product	Contract boundary
Summer Crop	Coverage period (Less than or equal to one year)
Winter Crop	Coverage period (Less than or equal to one year)
Fruit & Nut	Coverage period (Less than or equal to one year)
Assets All Risks	Coverage period (1 month)
Index (AYII and PDII)	Coverage period (Less than or equal to one year)

The contract boundary assessed for each reinsurance agreement is listed below:

Reinsurance Agreement	Contract boundary
Crop Quota Share	Coverage period (1 year)
Fruit & Nut Quota Share	Coverage period (1 year)
Index Quota Share	Coverage period (1 year)
Stop Loss	Coverage period (1 year)
Assets Facultative Non-Proportional Reinsurance	Coverage period (1 year)

3.18.15 Measurement Approach Methodology (continued)

Measurement approached applied by LBIC:

Product/ Reinsurance Agreement	Measurement approach
Summer Crop	Premium Allocation Approach
Winter Crop	Premium Allocation Approach
Fruit & Nut	Premium Allocation Approach
Asset risk	Premium Allocation Approach
Index (AYII and PDII)	Premium Allocation Approach
Crop Quota Share	Premium Allocation Approach
Fruit & Nut Quota Share	Premium Allocation Approach
Index Quota Share	Premium Allocation Approach
Stop Loss	Premium Allocation Approach
Assets Facultative Non-Proportional Reinsurance	Premium Allocation Approach

3.18.16 Measurement Approach Application

LBIC does not include discounting within either its liabilities held for remaining coverage or claims incurred. The application of IFRS17 to LBIC is relatively straightforward.

3.18.17 Risk adjustment for non-financial risk methodology and the application of this methodology

Risk adjustment for non-financial risk is the compensation an entity requires for bearing the uncertainty about the amount and timing of the cash flows that arises from non-financial risk as the entity fulfils insurance contracts.

The IFRS 17 carrying amount includes an explicit component called the risk adjustment for non-financial risk that allows for the compensation required for being exposed to the insurance, lapse and expense risks contained within LBIC's products. Operational risk specific to the fulfilment of contractual obligations with policyholders is excluded.

For the Winter, Summer and Fruit and Nut and Asset products, the risk adjustment for non-financial risk is applied using a Value at Risk technique, where the percentile on a reserve distribution is determined to derive the risk adjustment. The Crop quota share, Fruit quota share, and Stop-Loss structures are applied to these reserve distributions to determine the reinsurance risk adjustments.

The risk adjustment is determined at a 75% confidence level based on LBIC's risk appetite and historical experience.

3.18.18 Reinsurance risk of non-performance

IFRS 17 requires the estimates of the present value of the future cash flows for the group of reinsurance contracts held to be adjusted for the effect of any risk of non-performance by the issuer of the reinsurance contract, including the effects of collateral and losses from disputes.

LBIC has not applied this as it is immaterial.

ACCOUNTING POLICIES

3.18.19 PAA Insurance Revenue recognition

The pattern applied to recognise revenue over time for each insurance group is set to take into account past claims incidence and severity for the Summer Crop Insurance, Winter Crop Insurance and Fruit and Nut Insurance. These patterns are determined by the actuarial team, based on past experience. Asset All Risk Insurance uses a 365ths approach, given the uniform nature of the business. Premiums debtors are adjusted to allow for the probability of default.

3.18.20 Disaggregation of Insurance Finance Income and Expenses

The impact of the time value of money on the net carrying amount of insurance contracts is presented under insurance finance income and expenses. This impact is not disaggregated between the statement of profit or loss and other comprehensive income but instead shown in full through the profit or loss statement.

Given the short-term nature (i.e. less than 12 months) of LBIC insurance contracts, no discount is applied, resulting in no finance income and expenses to be recognised.

3.18.21 Presentation of Reinsurance Income and Expenses

LBIC has chosen to present its reinsurance income and expenses on net basis in the statement of financial performance. Amounts contingent on claim experience are presented within reinsurance income, whilst amounts not contingent on claim experience are presented as a reduction of premiums which is a reinsurance expense.



4. CASH AND CASH EQUIVALENTS

	Group		Company	
	2026	2025	2026	2025
	R'000	R'000	R'000	R'000
Bank balances*	455,634	430,367	316,856	334,686
Short term deposits**	4,478,148	7,355,601	4,504,980	7,054,285
	4,933,781	**7,785,967**	**4,821,836**	**7,388,971**

*Cash at banks are primarily held to mitigate the Bank's refinancing/liquidity risk. Refer to note 31. for the credit risk ratings of the counterparties where bank accounts are held. Short-term investments are made for one day periods, depending on the immediate cash requirements of the Group, and earn interest at the respective short-term investment rates. The average rate earned on invested cash in FY2026 is 8.020% (FY2025: 8.580%). Due to the short-term nature of cash and cash equivalents, their carrying amount is considered to be the same as their fair value.

**Previously Included in Bank Balances was an amount of R1.6 bn, which is funds under administration from related parties. The R1.6bn is ring-fenced in different bank accounts for the relevant funds administered and is not available for use by the Group. Refer to note 37 for the change in accounting policy.

Included in cash and cash equivalents is an amount of R3 million reserved in a cash guarantee for the Head Office rental building. These funds are not available for use by the Bank until maturity of the lease agreement on 31 May 2031.

5. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2026	2025	2026	2025
	R'000	R'000	R'000	R'000
Trade receivables	50,013	89,600	34,070	70,419
Accrued income[1]	34,070	70,419	34,070	70,419
Reinsurance receivable[2]	15,942	19,181	-	-
Other receivables[3]	82,835	100,777	23,888	79,986
	132,847	**190,379**	**57,958**	**150,405**

[1]Accrued income comprises of accrued interest on short-term investments and accrued fees from funds under admin. The accrued interest on the hedging derivatives are offset and the net position is presented as the Group has a legal right to offset the amounts and intends to settle on a net basis.

[2]The reinsurance and premium receivables have a low probability of default as the recovery is close to 100% year-on-year. The comparative amount for the reinsurance receivable was removed from other receivables in the current year and thus restated, the restatement is not material.
[3]Other receivables consists of prepaid expenses, staff loans, recovery second loss and sundry debtors. Due to the short-term nature of these assets and historical experience, these assets are regarded as having a low probability of default; therefore, ECL is insignificant on these balances, because recoverability is close to 100%, staff loans are collected from staff salaries month-on-month, second loss recovery is recovered from the SLA partners' month-on-month.

Classification of trade and other receivables

	Group		Company	
	2026	2025	2026	2025
	R'000	R'000	R'000	R'000
Prepaid expenses	1,963	8,594	1,754	8,594
Accrued income	34,070	70,419	34,070	70,419
Accrued interest – hedging	-	-	-	-
Trade and other receivables net of non-financial instruments	**96,814**	**111,367**	**22,134**	**71,393**

6. INSURANCE CONTRACTS

6.1 Life Insurance Revenue

	Insurance			
	Individual decreasing term	Individual level term	Group life	Total
31 March 2026	R'000	R'000	R'000	R'000
Contracts not measured Under the PAA				
CSM recognized for services provided	2,072	202	-	2,274
Change in risk adjustment for non-financial risk for risk expired	141	56	-	198
Expected insurance service expenses incurred:	**5,035**	**1,667**	**-**	**6,702**
Claims	612	497	-	1,109
Expenses	4,423	1,170	-	5,593
Recovery of insurance acquisition cash flows	3	1	-	4
Experience adjustments not related to future services	269	(1,202)	-	(932)
Restatement and Other Changes	-	-	-	-
Total Revenue from contracts not measured under PAA	**7,521**	**724**	**-**	**8,245**

NOTES TO THE FINANCIAL STATEMENTS

	Insurance			
	Individual decreasing term	Individual level term	Group life	Total
31 March 2026	R'000	R'000	R'000	R'000
Contracts Measured Under the PAA				
Expected premium receipts allocation under the PAA	-	-	4,668	4,668
Experience adjustments not related to future service	-	-	-	-
Total Revenue from contracts measured under PAA	**-**	**-**	**4,668**	**4,668**
Total Revenue from contracts not measured under PAA	**7,521**	**724**	**4,668**	**12,913**

	Insurance			
	Individual decreasing term	Individual level term	Group life	Total
31 March 2025	R'000	R'000	R'000	R'000
Contracts not measured Under the PAA				
CSM recognized for services provided	1,275	157	-	1,432
Change in risk adjustment for non-financial risk for risk expired	198	51	-	249
Expected insurance service expenses incurred:	**7,115**	**1,477**	**-**	**8,592**
Claims	497	315	-	812
Expenses	6,618	1,162	-	7,780
Recovery of insurance acquisition cash flows	1	7	-	8
Experience adjustments not related to future services	(166)	(850)	-	(1,016)
Restatement and Other Changes	-	-	-	-
Total Revenue from contracts not measured under PAA	**8,423**	**842**	**-**	**9,265**
Contracts Measured Under the PAA				
Expected premium receipts allocation under the PAA	-	-	4,128	4,128
Experience adjustments not related to future service	-	-	-	-
Total Revenue from contracts measured under PAA	**-**	**-**	**4,128**	**4,128**
Total Revenue from contracts not measured under PAA	**8,423**	**842**	**4,128**	**13,393**

6.2.1 Life Insurance Service Expenses

	Insurance			
	Individual decreasing term	Individual level term	Group life	Total
31 March 2026	R'000	R'000	R'000	R'000
Incurred insurance service expenses:	**(7,449)**	**(3,025)**	**(16,946)**	**(27,420)**
Claims	(2)	1,125	(12,139)	(11,016)
Expenses	(7,479)	(4,150)	(4,807)	(16,436)
Other movements related to current service	32	-	-	32
Amortisation of insurance acquisition cash flows	(3)	(1)	(1,881)	(1,885)
Impairment Loss on Assets for Insurance Acquisition Cash Flow	-	-	-	-
Changes that relate to past service:	**(303)**	**915**	**820**	**1,432**
Experience adjustments in claims and other insurance service expenses in LIC	333	940	883	2,156
Changes in estimates in LIC fulfilment cash flows	(636)	(25)	(63)	(724)
Changes that relate to future service:	**(5,993)**	**2,331**	**(6,811)**	**(10,473)**
Losses for the net outflow recognized on initial recognition	(9,506)	(13,139)	(1,345)	(23,990)
Losses and reversal of losses on onerous contracts – subsequent measurement	3,513	15,470	(5,466)	13,517
Total Insurance service expenses	**(13,748)**	**221**	**(24,817)**	**(38,344)**

6.2.2 Life Insurance Finance Income or Expenses

	Insurance			
	Individual decreasing term	Individual level term	Group life	Total
31 March 2026	R'000	R'000	R'000	R'000
The effect of time value of money and changes in the time value of money, based on the locked in interest rates:	(2,239)	(3,913)	7	(6,145)
Interest accreted on the carrying amount of the CSM	(2,239)	(3,913)	7	(6,145)
Interest accreted on present value cash flows	-	-	-	-
Interest accreted on risk adjustment	-	-	-	-
Interest accreted on LRC for contracts measured under the PAA	-	-	-	-
The effect of financial risk and changes in financial risk	-	-	-	-
Effect of measuring changes in estimates at current rates and adjusting the CSM at rates on initial recognition	-	-	-	-
Total insurance finance income or expenses	**(2,239)**	**(3,913)**	**7**	**(6,145)**

	Insurance			
	Individual decreasing term	Individual level term	Group life	Total
31 March 2025	R'000	R'000	R'000	R'000
Incurred insurance service expenses:	**(1,320)**	**1,368**	**1,831**	**1,879**
Claims	(580)	365	4,420	4,205
Expenses	(740)	1,003	(2,589)	(2,326)
Other movements related to current service	-	-	-	-
Amortisation of insurance acquisition cash flows	(1)	(6)	(660)	(667)
Impairment Loss on Assets for Insurance Acquisition Cash Flow	-	-	-	-
Changes that relate to past service:	**498**	**218**	**904**	**1,620**
Experience adjustments in claims and other insurance service expenses in LIC	476	211	767	1,454
Changes in estimates in LIC fulfilment cash flows	22	6	137	165
Changes that relate to future service:	**17,446**	**(6,998)**	**(7,773)**	**2,675**
Losses for the net outflow recognized on initial recognition	(2,711)	(37,399)	(10,035)	(50,145)
Losses and reversal of losses on onerous contracts – subsequent measurement	20,157	30,401	2,262	52,820
Total Insurance service expenses	**17,612**	**(5,263)**	**(6,686)**	**5,663**

NOTES TO THE FINANCIAL STATEMENTS

	Insurance			
	Individual decreasing term	Individual level term	Group life	Total
31 March 2025	R'000	R'000	R'000	R'000
The effect of time value of money and changes in the time value of money, based on the locked in interest rates:	**(3,486)**	**(3,968)**	**0**	**(7,454)**
Interest accreted on the carrying amount of the CSM	(0)	0	0	0
Interest accreted on present value cash flows	(3,389)	(3,840)	-	(7,229)
Interest accreted on risk adjustment	(97)	(128)	-	(225)
Interest accreted on LRC for contracts measured under the PAA	-	-	-	-
The effect of financial risk and changes in financial risk	(1,234)	(2,446)	4,176	496
Effect of measuring changes in estimates at current rates and adjusting the CSM at rates on initial recognition	(1,681)	(667)	-	(2,348)
Total insurance finance income or expenses	**(6,401)**	**(7,081)**	**4,176**	**(9,306)**

6.2.3 Life Insurance Income or Expense from reinsurance contracts held

31 March 2026	Reinsurance		
	Individual Life	Group Life	Total
	R'000	R'000	R'000
Income or expense from reinsurance contracts held	**(0)**	**-**	**(0)**
Allocation of the premiums paid	(0)	-	(0)
Amounts recovered from reinsurance	-	-	-
Incurred insurance service expenses:	**-**	**-**	**-**

31 March 2025	Reinsurance		
	Individual Life	Group Life	Total
	R'000	R'000	R'000
Income or expense from reinsurance contracts held	**(118)**	**88**	**(30)**
Allocation of the premiums paid	0	0	0
Amounts recovered from reinsurance	(118)	88	(30)
Incurred insurance service expenses:	**-**	**-**	**-**
Claims	-	-	-
Expenses	-	-	-
Other movements related to current service	-	-	-
Changes that relate to past service (changes in fulfilment cash flows re LIC):	**(118)**	**88**	**(30)**
Experience adjustments in claims and other insurance service expenses in LIC	(118)	(2,143)	(2,261)
Changes in estimates in LIC fulfilment cash flows	-	2,231	2,231

6.3.1 Life Insurance – Movement in Carrying Amounts – By LRC and LIC – Direct - PAA

	Liabilities for Remaining Coverage		Liabilities for Incurred claims		
	Excluding Loss Component	Loss Component	Estimates of Present Value of Future Cash Flows	Risk Adjustment for Non-financial risk	Total
31 March 2026	R'000	R'000	R'000	R'000	R'000
Opening Insurance contract assets	-	-	-	-	-
Opening Insurance contract liabilities	(1,477)	636	858	33	50
Net closing balance	**(1,477)**	**636**	**858**	**33**	**50**
Prior period error	71				71
Balance 1 April 2025	**(1,406)**	**636**	**858**	**33**	**121**
Insurance Revenue					
Post transition	(4,729)	-	-	-	(4,729)
Total Insurance Revenue	**(4,729)**	**-**	**-**	**-**	**(4,729)**
Insurance Service Expenses					
Incurred insurance service expenses:	-	245	16,723	29	16,996
Claims	-	245	11,916	(21)	12,139
Expenses	-	-	4,807	-	4,807
Other movements related to current service	-	-	-	50	50
Amortisation of insurance acquisition cash flows	1,881	-	-	-	1,881
Changes that relate to past service (changes in fulfilment cash flows re LIC)	-	-	(797)	(31)	(828)
Changes that relate to future service	**-**	**6,812**	**-**	**-**	**6,812**
Losses for the net outflow recognized on initial recognition	-	1,345	-	-	1,345
Losses and reversal of losses on onerous contracts - subsequent measurement	-	5,466	-	-	5,466
Total Insurance Service Expenses	**1,881**	**7,056**	**15,926**	**(3)**	**24,860**
Total Insurance Service result	**(2,848)**	**7,056**	**15,926**	**(3)**	**20,131**
Insurance Finance Income or Expense	**-**	**-**	**-**	**-**	**-**

NOTES TO THE FINANCIAL STATEMENTS

	Liabilities for Remaining Coverage		Liabilities for Incurred claims		
	Excluding Loss Component	Loss Component	Estimates of Present Value of Future Cash Flows	Risk Adjustment for Non-financial risk	Total
31 March 2026	R'000	R'000	R'000	R'000	R'000
The effect of and changes in time value of money and financial risk	-	(7)	-	-	(7)
Total Insurance Finance Income or Expense	**-**	**(7)**	**-**	**-**	**(7)**
Total Changes in the Statement of Financial Performance	**(2,848)**	**7,049**	**15,926**	**(3)**	**20,124**
Cash flows (Actual cashflows in the period)	**-**	**-**	**-**	**-**	**-**
Premiums and premium tax received	3,512	-	-	-	3,512
Claims and other insurance service expenses paid, including investment components	-	-	(14,728)	-	(14,728)
Insurance acquisition cash flows	(1,881)	-	-	-	(1,881)
Total Cash flows	**1,631**	**-**	**(14,728)**	**-**	**(13,097)**
Net Closing balance	**(2,694)**	**7,756**	**2,055**	**31**	**7,147**
Closing Insurance contract liabilities	(2,694)	7,756	2,055	31	7,147
Net Closing balance	**(2,694)**	**7,756**	**2,055**	**31**	**7,147**

NOTES TO THE FINANCIAL STATEMENTS

	Liabilities for Remaining Coverage		Liabilities for Incurred claims		
	Excluding Loss Component	Loss Component	Estimates of Present Value of Future Cash Flows	Risk Adjustment for Non-financial risk	Total
31 March 2025	R'000	R'000	R'000	R'000	R'000
Opening Insurance contract assets	-	-	-	-	-
Opening Insurance contract liabilities	(248)	2,487	462	305	3,006
Net Opening balance	**(248)**	**2,487**	**462**	**305**	**3,006**
Insurance Revenue					
Fully Retrospective approach	(1,229)	-	-	-	(1,229)
Post transition	(2,899)	-	-	-	(2,899)
Total Insurance Service Expenses	**(4,128)**	**-**	**-**	**-**	**(4,128)**
Insurance Service Expenses					
Incurred insurance service expenses:	**-**	**(5,448)**	**3,578**	**39**	**(1,831)**
Claims	-	(5,448)	989	39	(4,420)
Expenses	-	-	2,589	-	2,589
Other movements related to current service	-	-	-	-	-
Amortisation of insurance acquisition cash flows	660	-	-	-	660
Changes that relate to past service (changes in fulfilment cash flows re LIC)	**-**	**-**	**(593)**	**(311)**	**(904)**
Changes that relate to future service	**-**	**7,773**	**-**	**-**	**7,773**
Losses for the net outflow recognized on initial recognition	-	10,035	-	-	10,035
Losses and reversal of losses on onerous contracts - subsequent measurement	-	(2,262)	-	-	(2,262)
Total Insurance Service Expenses	**660**	**2,325**	**2,985**	**(272)**	**5,698**
Total Insurance Service result	**(3,468)**	**2,325**	**2,985**	**(272)**	**1,570**
Insurance Finance Income or Expense	**-**	**-**	**-**	**-**	**-**
The effect of and changes in time value of money and financial risk	-	(4,176)	-	-	(4,176)
Total Insurance Finance Income or Expense	**-**	**(4,176)**	**-**	**-**	**(4,176)**
Total Changes in the Statement of Financial Performance	**(3,468)**	**(1,851)**	**2,985**	**(272)**	**(2,606)**

	Liabilities for Remaining Coverage		Liabilities for Incurred claims		
	Excluding Loss Component	Loss Component	Estimates of Present Value of Future Cash Flows	Risk Adjustment for Non-financial risk	Total
31 March 2025	R'000	R'000	R'000	R'000	R'000
Cash flows (Actual cash flows in the period)	**-**	**-**	**-**	**-**	**-**
Premiums and premium tax received	2,899	-	-	-	2,899
Claims and other insurance service expenses paid, including investment components	-	-	(2,589)	-	(2,589)
Insurance acquisition cash flows	(660)	-	-	-	(660)
Total Cash flows	**2,239**	**-**	**(2,589)**	**-**	**(350)**
Net Closing balance	**(5,955)**	**636**	**6,036**	**33**	**750**
Closing Insurance contract liabilities	(1,477)	636	858	33	50
Net Closing balance	**(1,477)**	**636**	**858**	**33**	**50**

6.4.1 Life Insurance – Movement in Carrying Amounts – By Component – Direct - GMM

	CSM						
	Estimates of Present Value of Future Cash Flows	Risk Adjustment for Non-financial risk	Full Retrospective	Modified Retrospective	Fair Value	Post Transition	Total
31 March 2026			Approach	Approach	Approach		
Opening Insurance contract assets	-	-	-	-	-	-	-
Opening Insurance contract liabilities	51,135	1,858	-	-	3,314	-	56,308
Net Opening balance	**51,135**	**1,858**	**-**	**-**	**3,314**	**-**	**56,308**
Changes that relate to current services	**4,937**	**(420)**	**-**	**-**	**(2,273)**	**-**	**2,244**
CSM recognized for services provided	-	-	-	-	(2,273)	-	(2,273)
Change in risk adjustment for non-financial risk for risk expired	-	(420)	-	-	-	-	(420)
Experience adjustments not related to future service	4,937	-	-	-	-	-	4,937
Restatement and other changes	-	-	-	-	-	-	-
Changes that relate to future services	**(671)**	**138**	**-**	**-**	**4,195**	**-**	**3,662**

NOTES TO THE FINANCIAL STATEMENTS

	CSM						
	Estimates of Present Value of Future Cash Flows	Risk Adjustment for Non-financial risk	Full Retrospective Approach	Modified Retrospective Approach	Fair Value Approach	Post Transition	Total
31 March 2026							
Contracts initially recognised in the year	21,876	768	-	-	-	-	22,644
Changes in estimates that adjust the CSM	(4,103)	(91)	-	-	4,195	-	-
Changes in estimates that relate to losses and reversal of losses on onerous contracts	(18,444)	(539)	-	-	-	-	(18,983)
Changes that relate to past services	**(560)**	**(45)**	**-**	**-**	**-**	**-**	**(605)**
Changes in estimates in LIC fulfilment cash flows	659	2	-	-	-	-	661
Experience adjustments in claims and other insurance service expenses in LIC	(1,219)	(47)	-	-	-	-	(1,266)
Total Insurance Service Expenses	**3,706**	**(327)**	**-**	**-**	**1,921**	**-**	**5,300**
Insurance Finance Income or Expense							
The effect of and changes in time value of money and financial risk	5,578	235	-	-	339	-	6,152
Foreign exchange differences on changes in the carrying amount of groups of insurance contracts	-	-	-	-	-	-	-
Total Insurance Finance Income or Expense	**5,578**	**235**	**-**	**-**	**339**	**-**	**6,152**
Total Changes in the Statement of Financial Performance	**9,284**	**(92)**	**-**	**-**	**2,260**	**-**	**11,452**
Cash flows (Actual cashflows in the period)							
Premiums and premium tax received	1,725	-	-	-	-	-	1,725
Claims and other insurance service expenses paid	(16,844)	-	-	-	-	-	(16,844)
Insurance acquisition cash flows	(340)	-	-	-	-	-	(340)
Total Cash flows	**(15,460)**	**-**	**-**	**-**	**-**	**-**	**(15,460)**
Net Closing balance	**44,959**	**1,766**	**-**	**-**	**5,574**	**-**	**52,300**
Closing Insurance contact assets	-	-	-	-	-	-	-
Closing Insurance contract liabilities	44,959	1,766	-	-	5,574	-	52,300
Net Closing balance	**44,959**	**1,766**	**-**	**-**	**5,574**	**-**	**52,300**

NOTES TO THE FINANCIAL STATEMENTS

	CSM						
	Estimates of Present Value of Future Cash Flows	Risk Adjustment for Non -financial Risk	Full Retrospective Approach	Modified Retrospective Approach	Fair Value Approach	Post Transition	Total
31 March 2026	R'000	R'000	R'000	R'000	R'000	R'000	R'000
Opening Insurance contract assets	-	-	-	-	-	-	-
Opening Insurance contract liabilities	49,284	1,822	-	-	4,085	-	55,191
Net closing balance	**49,284**	**1,822**	**-**	**-**	**4,085**	**-**	**55,191**
Prior period error	1,850	36			(770)		1,116
Balance 1 April 2025	**51,134**	**1,858**	**-**	**-**	**3,314**	**-**	**56,307**
Changes that relate to current services	**4,937**	**(420)**	**-**	**-**	**(2,273)**	**-**	**2,244**
CSM recognized for services provided	-	-	-	-	(2,273)	-	(2,273)
Change in risk adjustment for non-financial risk for risk expired	-	(420)	-	-	-	-	(420)
Experience adjustments not related to future service	4,937	-	-	-	-	-	4,937
Restatement and other changes	-	-	-	-	-	-	-
Changes that relate to future services	**(671)**	**138**	**-**	**-**	**4,195**	**-**	**3,662**
Contracts initially recognised in the year	21,876	768	-	-	-	-	22,644
Changes in estimates that adjust the CSM	(4,103)	(91)	-	-	4,195	-	-
Changes in estimates that relate to losses and reversal of losses on onerous contracts	(18,444)	(539)	-	-	-	-	(18,983)
Changes that relate to past services	**(560)**	**(45)**	**-**	**-**	**-**	**-**	**(605)**
Changes in estimates in LIC fulfilment cash flows	659	2	-	-	-	-	661
Experience adjustments in claims and other insurance service expenses in LIC	(1,219)	(47)	-	-	-	-	(1,266)
Total Insurance Service Expenses	**3,706**	**(327)**	**-**	**-**	**1,921**	**-**	**5,300**
Insurance Finance Income or Expense							
The effect of and changes in time value of money and financial risk	5,578	235	-	-	339	-	6,152
Total Insurance Finance Income or Expense	**5,578**	**235**	**-**	**-**	**339**	**-**	**6,152**
Total Changes in the Statement of Financial Performance	**9,284**	**(92)**	**-**	**-**	**2,260**	**-**	**11,452**

6.5.1 Life Insurance – Movement in Carrying Amounts – By LRC and LIC – Reinsurance

	Remaining Coverage Component		Incurred Claims Component		
	Excluding Loss Component	Loss Component	Estimates of Present Value of Future Cash Flows	Risk Adjustment for Non-financial risk	Total
31 March 2026	2026	2026	2026	2026	2026
Opening reinsurance contact assets	(142)	-	2,231	-	2,089
Opening reinsurance contact liabilities	(2,248)	-	-	-	(2,248)
Net opening balance	**(2,391)**	**-**	**2,231**	**-**	**(160)**
Allocation of the premiums paid:					
Post transition	-	-	-	-	-
Total Allocation of premiums paid	**-**	**-**	**-**	**-**	**-**
Amounts recovered from reinsurance					
Recoveries of incurred claims and other insurance service expense	-	-	-	-	-
Changes related to past service (changes related to incurred claims component)	-	-	-	-	-
Changes that relate to future service:	-	-	-	-	-
Recoveries and reversals of recoveries of losses on onerous underlying contracts - subsequent measurement	-	-	-	-	-
Total Amounts Recovered from Reinsurance	**-**	**-**	**-**	**-**	**-**
Investment Components	-	-	-	-	-
Total Net Expenses from Reinsurance	**-**	**-**	**-**	**-**	**-**
Total Changes in the Statement of Financial Performance	**-**	**-**	**-**	**-**	**-**
Cash flows (Actual cashflows in the period)					
Premiums and premium tax paid	-	-	-	-	-
Amounts recovered	-	-	-	-	-
Total cash flows	**-**	**-**	**-**	**-**	**-**

NOTES TO THE FINANCIAL STATEMENTS

	Remaining Coverage Component		Incurred Claims Component		
	Excluding Loss Component	Loss Component	Estimates of Present Value of Future Cash Flows	Risk Adjustment for Non-financial risk	Total
31 March 2026	2026	2026	2026	2026	2026
Net Closing balance	**(2,391)**	**-**	**2,231**	**-**	**(160)**
Closing reinsurance contact assets	(142)	-	2,231	-	2,089
Closing reinsurance contact liabilities	(2,248)	-	-	-	(2,248)
Net Closing balance	**(2,391)**	**-**	**2,231**	**-**	**(160)**

	Remaining Coverage Component		Incurred Claims Component		
	Excluding Loss Component	Loss Component	Estimates of Present Value of Future Cash Flows	Risk Adjustment for Non-financial risk	Total
31 March 2025	2025	2025	2025	2025	2025
Opening reinsurance contact assets	(151)	-	2,829	63	2,741
Opening reinsurance contact liabilities	(2,385)	-	118	-	(2,267)
Net opening balance	(2,536)	-	2,947	63	474
Allocation of the premiums paid:					
Post transition	-	-	-	-	-
Total Allocation of premiums paid	**-**	**-**	**-**	**-**	**-**
Amounts recovered from reinsurance					
Recoveries of incurred claims and other insurance service expense	-	-	-	-	-
Changes related to past service (changes related to incurred claims component)	-	-	33	(63)	(30)
Changes that relate to future service:	-	-	-	-	-
Recoveries and reversals of recoveries of losses on onerous underlying contracts - subsequent measurement	-	-	-	-	-
Total Amounts Recovered from Reinsurance	**-**	**-**	**33**	**(63)**	**(30)**

NOTES TO THE FINANCIAL STATEMENTS

	Remaining Coverage Component		Incurred Claims Component		
	Excluding Loss Component	Loss Component	Estimates of Present Value of Future Cash Flows	Risk Adjustment for Non-financial risk	Total
31 March 2025	2025	2025	2025	2025	2025
Investment Components	-	-	-	-	-
Total Net Expenses from Reinsurance	**-**	**-**	**33**	**(63)**	**(30)**
Total Changes in the Statement of Financial Performance	**-**	**-**	**33**	**(63)**	**(30)**
Cash flows (Actual cashflows in the period)					
Premiums and premium tax paid	145	-	-	-	145
Amounts recovered	-	-	(750)	-	(750)
Total cash flows	**145**	**-**	**(750)**	**-**	**(605)**
Net Closing balance	**(2,391)**	**-**	**2,231**	**-**	**(160)**
Closing reinsurance contact assets	(142)	-	2,231	-	2,089
Closing reinsurance contact liabilities	(2,249)	-	-	-	(2,249)
Net Closing balance	**(2,391)**	**-**	**2,231**	**-**	**(160)**

6.6.1 Recognition of the Contractual Service Margin

31 March 2026

	All years	Less than 1 year	1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 years	5 to 10 years	10 to 20 years	More than 20 years
Insurance contracts issued	5,574	1 591	1 133	797	564	418	952	119	-
Reinsurance contracts held									
TOTAL	**5,574**	**1 591**	**1 133**	**797**	**564**	**418**	**952**	**119**	**-**

31 March 2025

	All years	Less than 1 year	1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 years	5 to 10 years	10 to 20 years	More than 20 years
Insurance contracts issued	4,084	1,098	810	596	430	308	712	132	0
Reinsurance contracts held									
TOTAL	**4,084**	**1,098**	**810**	**596**	**430**	**308**	**712**	**132**	**0**

This note is presented for the first time in the current financial year to provide information about the expected timing of future cash flows relating to insurance contracts issued. The maturity analysis is based on management's estimates and assumptions regarding the expected settlement pattern of insurance contract liabilities at the reporting date. Comparative information for the prior year has been included for comparative purposes.

6.6.2 Effect of Contracts Initially Recognised in the Period for Insurance

31 March 2026

	Onerous Groups of Contracts	
	Other contracts	Total
Insurance Contracts Issued Initially Recognised in the Period		
Estimates of the present value of future cash outflows:	**25 989**	**25 989**
Insurance acquisition cash flows	1 543	1 543
Claims and other cash outflows	24 446	24 446
Estimates of the present value of future cash inflows	(4 113)	(4 113)
Risk adjustment for non-financial risk	768	768
Contractual service margin	-	-
Losses for the net outflow recognized on initial recognition	**22 644**	**22 644**

NOTES TO THE FINANCIAL STATEMENTS

31 March 2025

	Onerous Groups of Contracts	
	Other contracts	**Total**
Insurance Contracts Issued Initially Recognised in the Period		
Estimates of the present value of future cash outflows:	**44 395**	**44 395**
Insurance acquisition cash flows	2 971	2971
Claims and other cash outflows	41 423	41423
Estimates of the present value of future cash inflows	-5 597	-5 597
Risk adjustment for non-financial risk	1 312	1 312
Contractual service margin		
Losses for the net outflow recognized on initial recognition	**40 109**	**40 109**

This disclosure has been presented for the first time in the current financial year to provide additional information regarding insurance contracts initially recognised during the reporting period. Comparative information has not been presented as the disclosure was not included in the prior year and management has elected to apply the disclosure prospectively.

6.6.3 Movement in carrying amounts- by LRC and LIC- direct- GMM

	CSM						
	Estimates of Present Value of Future Cash Flows	Risk Adjustment for Non -financial Risk	Full Retrospective Approach	Modified Retrospective Approach	Fair Value Approach	Post Transition	Total
31 March 2026	R'000	R'000	R'000	R'000	R'000	R'000	R'000
Cash flows (Actual cashflows in the period)							
Premiums and premium tax received	1,725	-	-	-	-	-	1,725
Claims and other insurance service expenses paid	(16,844)	-	-	-	-	-	(16,844)
Insurance acquisition cash flows	(340)	-	-	-	-	-	(340)
Total Cash flows	**(15,460)**	**-**	**-**	**-**	**-**	**-**	**(15,460)**
Net Closing balance	**44,959**	**1,766**	**-**	**-**	**5,574**	**-**	**52,300**
Closing Insurance Contract assets	-	-	-	-	-	-	-
Closing Insurance contract liabilities	44,959	1,766	-	-	5,574	-	52,300
Net Closing balance	**44,959**	**1,766**	**-**	**-**	**5,574**	**-**	**52,300**

6.6.4 Movement in Carrying Amounts - By Component - Direct - GMM

31 March 2025	CSM						
	Estimates of Present Value of Future Cash Flows	Risk Adjustment for Non -financial Risk	Full Retrospective Approach	Modified Retrospective Approach	Fair Value Approach	Post Transition	Total
	R'000	R'000	R'000	R'000	R'000	R'000	R'000
Opening Insurance contract assets	-	-	-	-	-	-	-
Opening Insurance contract liabilities	71,417	2,063	-	-	-	-	73,480
Net Opening balance	**71,417**	**2,063**	**-**	**-**	**-**	**-**	**73,480**
Changes that relate to current services	**(7,223)**	**(650)**	**(70)**	**-**	**(1,363)**	**-**	**(9,306)**
CSM recognized for services provided	-	-	(70)	-	(1,363)	-	(1,433)
Change in risk adjustment for non-financial risk for risk expired	-	(650)	-	-	-	-	(650)
Experience adjustments not related to future service	(7,223)	-	-	-	-	-	(7,223)
Restatement and other changes	-	-	-	-	-	-	-
Changes that relate to future services	**(15,945)**	**(20)**	**70**	**-**	**5,448**	**-**	**(10,448)**
Contracts initially recognised in the year	38,798	1,312	-	-	-	-	40,109
Changes in estimates that adjust the CSM	(5,390)	(127)	70	-	5,448	-	-
Changes in estimates that relate to losses and reversal of losses on onerous contracts	(49,352)	(1,205)	-	-	-	-	(50,557)

NOTES TO THE FINANCIAL STATEMENTS

31 March 2025	CSM						
	Estimates of Present Value of Future Cash Flows	Risk Adjustment for Non -financial Risk	Full Retrospective Approach	Modified Retrospective Approach	Fair Value Approach	Post Transition	Total
	R'000	R'000	R'000	R'000	R'000	R'000	R'000
Changes that relate to past services	**(864)**	**(8)**	**-**	**-**	**-**	**-**	**(872)**
Changes in estimates in LIC fulfilment cash flows	(176)	(8)	-	-	-	-	(184)
Experience adjustments in claims and other insurance service expenses in LIC	(687)	-	-	-	-	-	(687)
Total Insurance Service Expenses	**(24,031)**	**(678)**	**-**	**-**	**4,085**	**-**	**(20,625)**
Insurance Finance Income or Expense							
The effect of and changes in time value of money and financial risk	13,044	438	-	-	-	-	13,482
Foreign exchange differences on changes in the carrying amount of groups of insurance contracts	-	-	-	-	-	-	-
Total Insurance Finance Income or Expense	**13,044**	**438**	**-**	**-**	**-**	**-**	**13,482**
Total Changes in the Statement of Financial Performance	**(10,987)**	**(240)**	**-**	**-**	**4,085**	**-**	**(7,143)**
Cash flows (Actual cashflows in the period)							
Premiums and premium tax received	1,790	-	-	-	-	-	1,790
Claims and other insurance service expenses paid	(11,667)	-	-	-	-	-	(11,667)
Insurance acquisition cash flows	(1,268)	-	-	-	-	-	(1,268)
Total Cash flows	**(11,146)**	**-**	**-**	**-**	**-**	**-**	**(11,146)**
Net Closing balance	**49,284**	**1,822**	**-**	**-**	**4,085**	**-**	**55,191**
Closing Insurance Contract assets	-	-	-	-	-	-	-
Closing Insurance contract liabilities	49,284	1,822	-	-	4,085	-	55,191
Net Closing balance	**49,284**	**1,822**	**-**	**-**	**4,085**	**-**	**55,191**

6.6.5 Non-Life - Insurance Revenue

31 March 2026	Insurance					
	Assets	Fruit and Nut	Summer Crop	Winter Crop	Index	Total
	R'000	R'000	R'000	R'000	R'000	R'000
Insurance revenue						
Contracts Measured Under the PAA						
Expected premium receipts allocation under the PAA	3,635	92,290	655,573	66,705	210	818,414
Total Revenue from Contracts Measured Under PAA	**3,635**	**92,290**	**655,573**	**66,705**	**210**	**818,414**
Total Revenue from Insurance Contracts	**3,635**	**92,290**	**655,573**	**66,705**	**210**	**818,414**

31 March 2025	Insurance					
	Assets	Fruit and Nut	Summer Crop	Winter Crop	Index	Total
	R'000	R'000	R'000	R'000	R'000	R'000
Insurance revenue						
Contracts Measured Under the PAA						
Expected premium receipts allocation under the PAA	7,757	78,941	681,745	59,518	-	827,961
Total Revenue from Contracts Measured Under PAA	**7,757**	**78,941**	**681,745**	**59,518**	**-**	**827,961**
Total Revenue from Insurance Contracts	**7,757**	**78,941**	**681,745**	**59,518**	**-**	**827,961**

6.6.6 Non-Life - Insurance Service Expenses

31 March 2026	Insurance					
	Assets	Fruit and Nut	Summer Crop	Winter Crop	Index	Total
	R'000	R'000	R'000	R'000	R'000	R'000
Incurred insurance service expenses:	**(1,267)**	**(68,609)**	**(678,402)**	**(40,717)**	**(12)**	**(789,007)**
Claims	(967)	(56,138)	(591,754)	(32,457)	-	(681,316)
Expenses	(246)	(11,907)	(84,268)	(8,260)	(12)	(104,693)
Other movements related to current service	-	-	-	-	-	-
Risk Adjustment for non-financial risk	(54)	(564)	(2,380)	-	-	(2,998)
Amortisation of insurance acquisition cash flows	(709)	(14,761)	(107,212)	(10,839)	(21)	(133,542)
Changes that relate to past service:	**798**	**4,637**	**18,474**	**-**	**-**	**23,909**
Experience adjustments in claims and other insurance service expenses in LIC	798	4,637	18,474	-	-	23,909
Changes that relate to future service:	**-**	**-**	**(0)**	**0**	**-**	**(0)**
Total Insurance service expenses	**(1,178)**	**(78,733)**	**(767,140)**	**(51,556)**	**(33)**	**(898,640)**

31 March 2025	Insurance					
	Assets	Fruit and Nut	Summer Crop	Winter Crop	Index	Total
	R'000	R'000	R'000	R'000	R'000	R'000
Incurred insurance service expenses:	**(1,656)**	**(31,740)**	**(306,396)**	**(38,496)**	**-**	**(378,288)**
Claims	(1,735)	(23,787)	(227,619)	(34,753)	-	(287,894)
Expenses	(68)	(8,490)	(72,189)	(6,344)	-	(87,091)
Other movements related to current service	147	537	1,046	2,601	-	4,331
Risk Adjustment for non-financial risk	-	-	(7,634)	-	-	(7,634)
Amortisation of insurance acquisition cash flows	**(730)**	**(13,000)**	**(113,275)**	**(9,789)**		**(136,794)**
Amortisation of insurance acquisition cash flows	(730)	(13,000)	(113,275)	(9,789)	-	(136,794)
Changes that relate to past service:	**1,016**	**6,076**	**12,871**	**0**	**-**	**19,663**
Experience adjustments in claims and other insurance service expenses in LIC	1,016	2,995	12,871	0	-	19,663
						-
Total Insurance service expenses	**(1,370)**	**(38,665)**	**(406,797)**	**(42,285)**	**-**	**(495,119)**

6.6.7 Non-Life – Income or (Expense) from Reinsurance Contracts Held

31 March 2026	Reinsurance					
	Assets FAC	Fruit QS	Winter and Summer QS	Index QS	Stop Loss	Total
	R'000	R'000	R'000	R'000	R'000	R'000
Income or expense from reinsurance contracts held	**2,438**	**(15,846)**	**24,202**	**(126)**	**(19,115)**	**(8,447)**
Allocation of the premiums paid	2,438	(54,707)	(442,550)	(126)	(19,115)	(514,060)
Amounts recovered from reinsurance	-	38,861	466,752	-	-	505,613
Incurred insurance service expenses:	**-**	**74,672**	**584,411**	**-**	**-**	**659,083**
Claims	-	73,379	574,615	-	-	740,619
Expenses	-	857	7,972	-	-	8,829
Other movements related to current service	-	436	1,824	-	-	2,260
Changes that relate to past service (changes in fulfilment cash flows re LIC):	**-**	**(35,811)**	**(117,659)**	**-**	**-**	**(153,470)**
Experience adjustments in claims and other insurance service expenses in LIC	-	(35,811)	(117,659)	-	-	(153,470)

31 March 2025	Reinsurance					
	Assets FAC	Fruit QS	Winter and Summer QS	Index QS	Stop Loss	Total
	R'000	R'000	R'000	R'000	R'000	R'000
Income or expense from reinsurance contracts held	**(5,892)**	**(29,896)**	**(250,950)**	**-**	**(27,876)**	**(314,614)**
Allocation of the premiums paid	(5,892)	(42,499)	(403,877)*	-	(27,876)	(480,144)
Amounts recovered from reinsurance	-	12,603	152,927	-	-	165,530
Incurred insurance service expenses:	**-**	**46,652**	**304,214**	**-**	**-**	**350,866**
Claims	-	45,624	291,952*	-	-	337,576
Expenses	-	1,411	9,333	-	-	10,744
Other movements related to current service	-	(383)	2,929	-	-	2,546
Changes that relate to past service (changes in fulfilment cash flows re LIC):	**-**	**(34,049)**	**(151,287)**	**-**	**-**	**(185,336)**
Experience adjustments in claims and other insurance service expenses in LIC	-	(34,049)	(151,287)	-	-	(185,336)

*During the year ended 31 March 2026, the LBIC identified errors in the IFRS 17 Insurance Contracts disclosure. These errors related to the commission of the non-distinct investment component (NDIC) on reinsurance sliding scale commission. Under IFRI7, a sliding scale commission contains NDIC because commission rate adjusts based on loss experience, but a guaranteed minimum commission is payable even if no insured claims occur. As a result, there was adjustment of reinsurance revenue and reinsurance service expenses, of R13,5m in the presentation of the notes to the annual financial statements for the year ended 31 March 2025. The net impact of the adjustment is nil.

6.7.1 Non-Life Insurance – Movement in Carrying Amounts – By LRC and LIC – Direct - PAA

Insurance contracts premium allocation approach

31 March 2026	Liabilities for Remaining Coverage		Liabilities for Incurred claims		
	Excluding Loss Component	Loss Component	Estimates of Present Value of Future Cash Flows	Risk Adjustment for Non-financial risk	Total
	R'000	R'000	R'000	R'000	R'000
Opening Insurance contract assets	(526,184)	-	202,285	7,634	(316,266)
Opening Insurance contract liabilities	-	-	-	-	-
Net Opening balance	**(526,184)**	**-**	**202,285**	**7,634**	**(316,266)**
Insurance Revenue	-	-	-	-	-
Earned premium under PAA	(818,414)	-	-	-	(818,414)
Total Insurance revenue	**(818,414)**	**-**	**-**	**-**	**(818,414)**
Insurance Service Expenses	**-**	**-**	**-**	**-**	**-**
Claims	-	-	681,316	-	681,316
Expenses	-	-	104,693	-	104,693
Other movements related to current service	-	-	-	-	-
Risk adjustment for non-financial risk	-	-	-	2,998	2,998
Amortisation of insurance acquisition cash flows	133,542	-	-	-	133,542
Changes that relate to past service (changes in fulfilment cash flows re LIC)	-	-	(16,275)	(7,634)	(23,909)
Changes that relate to future service	-	-	-	-	-
Total Insurance Service Expenses	**133,542**	**-**	**769,734**	**(4,636)**	**898,640**
Total Insurance Service result	**(684,872)**	**-**	**769,734**	**(4,636)**	**80,226**
Total Changes in the Statement of Financial Performance	**(684,872)**	**-**	**769,734**	**(4,636)**	**80,226**
Cash flows (Actual cashflows in the period)	-	-	-	-	-
Premiums and premium tax received	857,630	-	-	-	857,630

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31 March 2026	Liabilities for Remaining Coverage		Liabilities for Incurred claims		
	Excluding Loss Component	Loss Component	Estimates of Present Value of Future Cash Flows	Risk Adjustment for Non-financial risk	Total
	R'000	R'000	R'000	R'000	R'000
Claims and other insurance service expenses paid, including investment components	-	-	(611,021)	-	(611,021)
Insurance acquisition cash flows	(138,641)	-	-	-	(138,641)
Total Cash flows	**718,989**	**-**	**(611,021)**	**-**	**107,968**
Net Closing balance	**(492,067)**	**-**	**360,997**	**2,998**	**(128,072)**
Closing Insurance contract assets	(494,682)	-	360,616	2,998	(131,068)
Closing Insurance contract liabilities	2,615	-	381	0	2,996
Net Closing balance	**(492,067)**	**-**	**360,997**	**2,998**	**(128,072)**

Insurance contracts premium allocation approach

31 March 2025	Liabilities for Remaining Coverage		Liabilities for Incurred claims		
	Excluding Loss Component	Loss Component	Estimates of Present Value of Future Cash Flows	Risk Adjustment for Non-financial risk	Total
	R'000	R'000	R'000	R'000	R'000
Opening Insurance contract assets	(55,336)	-	11,910	2,047	(41,379)
Opening Insurance contract liabilities	(438,038)	24,780	540,980	1,666	129,387
Net Opening balance	**(493,374)**	**24,780**	**552,890**	**3,713**	**88,009**
Insurance Revenue	-	-	-	-	-
Earned premium under PAA	(827,961)	-	-	-	(827,961)
Total Insurance revenue – All Transition Methods	**(827,961)**	**-**	**-**	**-**	**(827,961)**
Insurance Service Expenses	-	-	-	-	-
Incurred insurance service expenses:	-	-	-	-	-
Claims	-	(19,668)	307,562	0	287,894
Expenses	-	(780)	87,871	(0)	87,091
Other movements related to current service	-	(4,332)	-	0	(4,332)

NOTES TO THE FINANCIAL STATEMENTS

31 March 2025	Liabilities for Remaining Coverage		Liabilities for Incurred claims		
	Excluding Loss Component	Loss Component	Estimates of Present Value of Future Cash Flows	Risk Adjustment for Non-financial risk	Total
	R'000	R'000	R'000	R'000	R'000
Risk adjustment for non-financial risk				7,634	7,634
Amortisation of insurance acquisition cash flows	136,795	-	-	-	136,795
Changes that relate to past service (changes in fulfilment cash flows re LIC)	-	-	(16,250)	(3,713)	(19,963)
Changes that relate to future service	-	-	-	-	-
Total Insurance Service Expenses	**136,795**	**(24,780)**	**379,183**	**3,921**	**495,119**
Total Insurance Service result	**(691,166)**	**(24,780)**	**379,183**	**3,921**	**(332,842)**
Total Changes in the Statement of Financial Performance	**(691,166)**	**(24,780)**	**379,183**	**3,921**	**(332,842)**
Cash flows (Actual cashflows in the period)	-	-	-	-	-
Premiums and premium tax received	793,921	-	-	-	793,921
Claims and other insurance service expenses paid, including investment components	-	-	(729,789)	-	(729,789)
Insurance acquisition cash flows	(135,565)	-	-	-	(135,565)
Total Cash flows	**658,356**	**-**	**(729,789)**	**-**	**(71,433)**
Net Closing balance	**(526,184)**	**-**	**202,285**	**7,634**	**(316,266)**
Closing Insurance contract assets	(526,184)	-	202,284	7,634	(316,266)
Closing Insurance contract liabilities	-	-	-	-	-
Net Closing balance	**(526,184)**	**-**	**202,284**	**7,634**	**(316,266)**

6.8 Movement in Carrying Amounts – By LRC and LIC – Reinsurance – PAA

31 March 2026	Remaining Coverage Component		Incurred Claims Component		
	Excluding Loss Component	Loss Component	Estimates of Present Value of Future Cash Flows	Risk Adjustment for Non-financial risk	Total
	R'000	R'000	R'000	R'000	R'000
Opening reinsurance contract assets	(41,933)	-	45,255	1,729	5,051
Opening reinsurance contract liabilities	(492,052)	0	294,715	3,387	(193,950)
Net opening balance	**(533,985)**	**0**	**339,970**	**5,116**	**(188,899)**
Allocation of the premiums paid:					
Earned premium under PAA	(514,060)	-	-	-	(514,060)
Total Allocation of premiums paid	**(514,060)**	**-**	**-**	**-**	**(514,060)**
Amounts recovered from reinsurance					
Recoveries of incurred claims and other insurance service expense	-	(0)	656,823	2,260	659,083
Changes related to past service (changes related to incurred claims component)	-	-	(148,354)	(5,116)	(153,470)
Total Amounts Recovered from Reinsurance	**-**	**(0)**	**508,469**	**(2,856)**	**505,613**
Investment components	**(18,843)**	**-**	**18,843**	**-**	**-**
Total Net Expenses from Reinsurance	**(532,903)**	**0**	**527,312**	**(2,856)**	**(8,447)**
Total Changes in the Statement of Financial Performance	**(532,903)**	**0**	**527,312**	**(2,856)**	**(8,447)**

NOTES TO THE FINANCIAL STATEMENTS

31 March 2026	Remaining Coverage Component		Incurred Claims Component		
	Excluding Loss Component	Loss Component	Estimates of Present Value of Future Cash Flows	Risk Adjustment for Non-financial risk	Total
	R'000	R'000	R'000	R'000	R'000
Cash flows (Actual cashflows in the period)					
Premiums and premium tax paid	446,598	-	-	-	446,598
Amounts recovered	-	-	(210,740)	-	(210,740)
Total cash flows	**446,598**	**-**	**(210,740)**	**-**	**235,859**
Net Closing balance	**(620,290)**	**-**	**656,542**	**2,260**	**38,512**
Closing reinsurance contract assets	(609,814)	-	656,542	2,260	48,988
Closing reinsurance contract liabilities	(10,476)	-	-	-	(10,476)
Net Closing balance	**(620,290)**	**-**	**656,542**	**2,260**	**38,512**

31 March 2025	Remaining Coverage Component		Incurred Claims Component		
	Excluding Loss Component	Loss Component	Estimates of Present Value of Future Cash Flows	Risk Adjustment for Non-financial risk	Total
	R'000	R'000	R'000	R'000	R'000
Opening reinsurance contract assets	(530,337)	17,346	610,000	2,523	99,531
Opening reinsurance contract liabilities	(16,030)	-	-	-	(16,030)
Net opening balance	**(546,367)**	**17,346**	**-**	**2,523**	**83,502**
Allocation of the premiums paid:	**-**	**-**	**-**	**-**	**-**
Earned premium under PAA	(480,144)	-	-	-	(480,144)
Total Allocation of premiums paid	**(480,144)**	**-**	**-**	**-**	**(480,144)**
Amounts recovered from reinsurance					
Recoveries of incurred claims and other insurance service expense	-	(17,346)	363,095*	5,116	350,865
Changes related to past service (changes related to incurred claims component)	-	-	(182,813) *	(2,523)	(185,336)
Total Amounts Recovered from Reinsurance	**-**	**(17,346)**	**180,282**	**2,593**	**165,529**

NOTES TO THE FINANCIAL STATEMENTS

31 March 2025	Remaining Coverage Component		Incurred Claims Component		
	Excluding Loss Component	Loss Component	Estimates of Present Value of Future Cash Flows	Risk Adjustment for Non-financial risk	Total
	R'000	R'000	R'000	R'000	R'000
Investment components	**(13,503)***	**-**	**13,503***	**-**	**-**
Total Net Expenses from Reinsurance	**(493,647)**	**(17,346)**	**193,785**	**2,593**	**(314,615)**
Total Changes in the Statement of Financial Performance	**(493,647)**	**(17,346)**	**193,785**	**2,593**	**(314,615)**
Cash flows (Actual cashflows in the period)					
Premiums and premium tax paid	506,029	-	-	-	506,029
Amounts recovered	-	-	(463,816)	-	(463,816)
Total cash flows	**506,029**	**-**	**(463,816)**	**-**	**42,213**
Net Closing balance	**(533,985)**	**0**	**339,970**	**5,116**	**(188,899)**
Closing reinsurance contract assets	(41,933)	-	45,254	1,730	5,051
Closing reinsurance contract liabilities	(492,053)	0	294,715	3,387	(193,950)
Net Closing balance	**(533,985)**	**0**	**339,970**	**5,116**	**(188,899)**

6.9 Non-Life Insurance - Movement in Carrying Amount of Assets for Insurance Acquisition Cash Flows

	2026	2025
	R'000	R'000
Opening balance for Assets for Insurance Acquisition Cash Flows	(85,870)	(84,640)
Amount incurred during the year	(133,542)	(136,795)
Amount de-recognised and included in the measurement of insurance contracts	138,641	135,565
Closing balance for Assets for Insurance Acquisition Cash Flows	**(80,771)**	**(80,771)**

*During the year ended 31 March 2026, the LBIC identified errors in the IFRS 17 Insurance Contracts disclosure. These errors related to the reinsurance sliding scale commission which is a non-distinct investment component (NDIC). Under IFRS17, a sliding scale commission contains NDIC because commission rate adjusts based on loss experience, but a guaranteed minimum commission is payable even if no insured claims occur. As a result, there was adjustment of reinsurance revenue and reinsurance service expenses, of R13,5m in the presentation of the notes to the annual financial statements for the year ended 31 March 2025. The net impact of the adjustment is nil.

6.10 Insurance Movement in Carrying Amount of Expected Credit Loss

	2026	2025
	R'000	R'000
Opening balance	(10,378)	(10,990)
Amount incurred during the year	(809)	-
Amount de-recognised and included in the measurement of insurance contracts	-	612
Closing balance	**(11,187)**	**(10,378)**

7. INVESTMENTS

	Group		Company	
	2026	2025	2026	2025
	R'000	R'000	R'000	R'000
Investment in LBLIC	-	-	30	30
Investment in LBIC	-	-	650,000	650,000
Unlisted investments	931,300	278,800	931,300	278,800
Investment held with Coronation (Medical Fund)	519,849	460,841	519,849	460,841
Investment in listed shares	193,219	144,374	193,219	144,374
Investments held by LBLIC	1,356,712	984,853	-	-
Investments held by LBIC	205,294	267,991	-	-
	3,206,373	**2,136,860**	**2,294,397**	**1,534,045**

Investment - Medical Fund

These are investments held with Coronation Asset Managers.

Listed investments	**431,249**	**333,737**	**431,249**	**333,737**
Local equity	187,369	181,485	187,369	181,485
Local bonds	56,062	46,121	56,062	46,121
Foreign equity	187,817	106,131	187,817	106,131
Other	**70,548**	**117,251**	**70,548**	**117,251**
Commodities	36,773	17,611	36,773	17,611
Local Hedge Funds	9,504	8,577	9,504	8,577
Foreign unit trusts	24,270	91,064	24,270	91,064
Cash	**18,052**	**9,852**	**18,052**	**9,852**
Local	14,646	8,914	14,646	8,914
Foreign	3,406	939	3,406	939
	519,849	**460,841**	**519,849**	**460,841**

NOTES TO THE FINANCIAL STATEMENTS

The funds are entrusted to portfolio managers for investment purposes. The funds are earmarked to fund the future medical aid contributions of retired employees. The investments are classified at fair value through profit or loss and are measured and disclosed at fair value, except for cash which is measured at amortised cost. These investments are exposed to interest rate risk, equity price risk and foreign exchange risk. Refer to note 31 for more information on the related risks and mitigation strategies.

Investments held with Coronation are invested as follows:

Local equities

Local equities	**0%**	0%	**0%**	0%
Local real estate	**7%**	6%	**7%**	6%
Local hedge	**2%**	2%	**2%**	2%
Local bonds	**11%**	10%	**11%**	10%
Local cash	**3%**	1%	**3%**	1%
Foreign equities	**36%**	35%	**36%**	35%
Foreign Bonds	**5%**	8%	**5%**	8%
Foreign Cash	**1%**	0%	**1%**	0%

Refer to note 19. for the post-retirement obligation disclosure.

The below equity investments constitute neither control, nor significant influence. Land Bank elected to apply its irrevocable right to designate these equity instruments at fair value through other comprehensive income.

Unlisted Investments

	Group		Company	
	2026	**2025**	**2026**	**2025**
	R'000	**R'000**	**R'000**	**R'000**
Fair value				
Ordinary shares in Acorn Agri (Pty) Ltd	150,800	129,200	150,800	129,200
Ordinary shares in Ideafruit (Pty) Ltd	83,800	63,100	83,800	63,100
Ordinary shares in Afgri Grain Silo Company Pty Ltd	40,700	86,500	40,700	86,500
Equity in AGH Group (Izitsalo)	656,000	-	656,000	-
	931,300	**278,800**	**931,300**	**278,800**

NOTES TO THE FINANCIAL STATEMENTS

Acorn Agri & Food Ltd

Land Bank holds 4.96% interest in Acorn Agri & Food Ltd. Acorn Agri & Food Ltd investment was valued as at 31 March 2026. The valuation was based on the market related Net Asset Value (NAV) of the company, resulting in an investment value of R150.8 million (FY2025 R129.2 million) for the Bank.

Ideafruit (Pty) Ltd

Land Bank holds 19.9% interest in Ideafruit (Pty) Ltd and the investment was valued as at 31 March 2026. The valuation was based on the DCF valuations, resulting in an investment value of R83.8 million (FY2025: R63.1 million) for the Bank.

Afgri Grain Silo Company Pty Ltd

Land Bank holds 19.9% interest in Afgri Grain Silo Company (Pty) Ltd and the investment was valued as at 31 March 2026. The valuation was based on the DCF and current asset valuations, resulting in an investment value of R40.7 million (FY2025: R86.5 million) for the Bank.

Afgri Group Holdings Pty Ltd (AGH)

Land Bank holds 19.9% interest in AGH and the investment was valued as at 31 March 2026. The valuation was based on DCF and current asset valuation, resulting in an investment value of R655.0 million for the Bank.

Listed investment

Rhodes Food Group Holdings Limited was valued in March 2026 based on the listed share price. The listed share price of Rhodes Food Group Holdings Limited as at 31 March 2026, was R174.00 per share (FY25:R18.60), resulting in an investment value of R193.2 million (FY25: R144.3) for the Bank. The shares are traded daily hence the share price is regarded as a fair share price.

Investments held by LBLIC

	2026	2025
	R'000	R'000
Equities - designated at fair value through profit and loss	145,031	316,844
Commodities	1,544	17,653
Investment in interest bearing assets	743,199	520,451
Collective investment schemes	305,131	129,905
Money Market Instruments	161,180	-
	1,356,712	**984,853**

Equities

Equities - Designated at fair value through profit and loss	145,030	316,844

NOTES TO THE FINANCIAL STATEMENTS

	2026	2025
	R'000	R'000
Commodities		
Commodities and derivatives (designated at FVTPL)	1,544	17,653
Collective investment schemes ("CIS") Designated at FVTPL		
Equity - domestic	852	93,809
Equity - foreign	854	36,096
Property	62,915	
Bonds - domestic	1,788	
Cash and Cash - domestic	5,527	
Cash and cash - foreign	56,878	
Money market instruments - local	3,582	
Money market instruments foreign	172,735	
	305,131	**129,905**

	Group		Company	
	2026	2025	2026	2025
	R'000	R'000	R'000	R'000
Investments in interest bearing assets – Bonds	743,200	520,451		
Corporate	131,829	108,103		
Government	588,440	395,781		
Parastatal	22,930	16,567		
Designated as at fair value through profit or loss				

Investment income reinvested and not paid out in cash

Financial assets at amortised cost

	2026	2025
	R'000	R'000
Money market instruments	161,807	-
Money market instruments - local	110,708	-
Money market instruments - foreign	3	-
Other cash and cash equivalents are classified as investments	**22,930**	**-**

8. DERIVATIVE ASSETS

Derivatives are measured at fair value through profit and loss.

The table below sets out derivative assets and liabilities by the type of hedge relationship in which they are measured at fair value

	Group		Company	
	2026	2025	2026	2025
	R'000	R'000	R'000	R'000
Hedging derivatives				
Cross currency and interest rate swaps*	185,417	361,811	185,417	361,811

9. LOANS AND ADVANCES

Group and Company

Gross loans per business segment	Gross loans	Expected Credit Loss (ECL)	Net loans
	R'000	R'000	R'000
2026			
Corporate Banking and Structured Investments (CB&SI)	4,106,177	(1,712,219)	2,393,958
Commercial Development and Business Banking (CDBB)	9,624,209	(1,118,194)	8,506,015
Loan commitments and guarantees	-	(16,780)	(16,780)
Loan Modifications CB&SI4	(35,210)	-	(35,210)
Loan Modifications CDBB4	(35,868)	-	(35,868)
	13,659,309	**(2,847,193)**	**10,812,116**

2025			
Corporate Banking and Structured Investments	5,242,936	(1,349,190)	3,893,746
Commercial Development and Business Banking	10,207,873	(2,450,151)	7,757,722
Loan commitments and guarantees	-	(11,711)	(11,711)
Loan Modifications CB&SI4	(35,210)	-	(35,210)
Loan Modifications CDBB4	(30,353)	-	(30,353)
	15,385,247	**(3,811,052)**	**11,574,194**

Loans and advances are measured at amortised cost.

Loan type	Nature of interest rate	Average term of repayment	Average interest rate 2026	Average interest rate 2025
Short term loans	Variable	1 year	10.01%	12.07%
Medium term loans	Variable	1 to 5 years	10.36%	10.71%
Long term loans	Variable/ Fixed	> 5 years	7.81%	10.41%

Loans by maturity profile

Refer to note 32 for details about maturity analysis

Loans by credit quality

2026	Performing loans [1] R'000	Under performing loans [2] R'000	Non-performing loans [3] R'000	Total R'000
Corporate Banking and Structured Investments	2,385,840	235,135	1,485,348	4,106,323
Commercial Development and Business Banking	2,354,834	1,740,429	5,528,802	9,624,064
Loan Modifications CB&SI4	(22,416)	(14,320)	-	(36,736)
Loan Modifications CDBB4	(16,733)	(10,920)	(6,689)	(34,341)
Gross loans and advances	**4,701,525**	**1,950,323**	**7,007,461**	**13,659,309**
Expected Credit Loss (ECL)	(181,631)	(197,740)	(2,451,041)	(2,830,412)
Net loans and advances	**4,519,894**	**1,752,583**	**4,556,420**	**10,828,897**
Guarantees				-
Loan commitments5				202,011
Gross loan commitments and guarantees				**202,011**
Expected Credit Loss (ECL)				(16,780)
Net loan commitments and guarantees				**185,231**

NOTES TO THE FINANCIAL STATEMENTS

	Performing loans [1]	Under performing loans [2]	Non-performing loans [3]	Total
	R'000	R'000	R'000	R'000
2025				
Corporate Banking and Structured Investments	2,081,594	1,123,929	1,937,248	5,142,771
Commercial Development and Business Banking	3,189,897	616,027	6,497,185	10,303,109
Loan Modifications CB&SI[4]	(21,485)	(13,725)	-	(35,210)
Loan Modifications CDBB[4]	(12,619)	(7,941)	(4,864)	(25,424)
Gross loans and advances	5,237,387	1,718,290	8,429,569	15,385,246
Expected Credit Loss (ECL)	(152,561)	(177,164)	(3,469,616)	(3,799,341)
Net loans and advances	**5,084,826**	**1,541,126**	**4,959,953**	**11,585,905**

Guarantees	-
Loan commitments[5]	133,394
Gross loan commitments and guarantees	133,394
Expected Credit Loss (ECL)	(11,711)
Net loan commitments and guarantees	**121,683**

[1]Performing loans: A significant increase in credit risk could not be recorded. These loans are of acceptable credit quality. Repayment is expected in compliance with the credit agreement.
[2]Under performing loans: Loans are exposed to a significant increase in credit risk as identified based on probability of defaults (PDs) and warning signals that materialises between origination and reporting. As a minimum, loans that are in arrears for 30 days and more are classified as under performing loans.
[3]Non-performing loans: Loans that have failed to meet the terms and conditions of the credit agreement and there are further indicators of the unlikeliness to repay the loan. Loans that are as a minimum of 90 days in arrears, are classified as non-performing.
[4]Refer to note 31 for modification disclosure.
[5]The loan commitments are undrawn balances.

NOTES TO THE FINANCIAL STATEMENTS

Expected Credit Loss provision: reconciliation of movement per business unit

Group and Company	Corporate Banking and Structured Investments R'000	Commercial Development and Business Banking R'000	Loan commitments and guarantees R'000	Total R'000
2026				
Balance at the beginning of the year[1]	**588,898**	**956,975**	**11,711**	**1,557,584**
Movement for the year				
Credit losses written off:	(4,158)	(243,326)	-	(247,484)
- Statement of financial position write off (utilisation)	402,251	465,778	-	868,029
- Statement of comprehensive income write off	(406,409)	(709,104)	-	(1,115,513)
Second loss sharing				
Net impairment raised to the statement of comprehensive income	(41,972)	350,032	5,069	313,129
Balance at the end of the year[1]	**542,767**	**1,063,681**	**16,780**	**1,623,228**
2025				
Balance at the beginning of the year[1]	1,216,474	1,600,726	6,271	2,823,472
Movement for the year				
Credit losses written off:	(800,949)	(1,412,638)	-	(2,213,587)
- Statement of financial position write off (utilisation)	(398,512)	(520,478)	-	(918,990)
- Statement of comprehensive income write off	(402,437)	(892,159)	-	(1,294,596)
Second loss sharing				
Net impairment raised/ (released) to the statement of comprehensive income	173,372	768,886	5,440	947,698
Balance at the end of the year [1]	**588,898**	**956,975**	**11,711**	**1,557,584**

[1]The balances exclude suspended interest of R1.173 billion (FY2026: R1.334 million).
*Second loss sharing is a recovery of losses incurred on loans acquired through the SLA partners.

NOTES TO THE FINANCIAL STATEMENTS

Impairment releases/ (charges), claims and recoveries

Group and Company	Corporate Banking and Structured Investments R'000	Commercial Development and Business Banking R'000	Loan commitments and guarantees R'000	Total R'000
2026				
Net impairments raised to the statement of comprehensive income	(41,972)	350,032	5,069	313,129
Recoveries in respect of amounts previously written off1	-	(14,289)	-	(14,289)
Second loss sharing	-	-	-	-
	(41,972)	**335,742**	**5,069**	**298,839**
2025				
Net impairments raised/ (released) to the statement of comprehensive income	173,372	768,886	5,440	947,698
Recoveries in respect of amounts previously written off[1]	(7,241)	(82,310)	-	(89,551)
Second loss sharing[2]	-	19,857	-	19,857
	166,131	**706,434**	**5,440**	**878,005**

[2]Second loss sharing is a recovery of losses incurred on loans acquired through the SLA partners.
[1]Off balance sheet debt collection amounting to R14 million (2025: R21.8 million) that was previously written off is still subject to legal action.

Forward-looking information incorporated in the ECL models

The Group uses forward-looking models (part of PD models e.g. seasonality model, macro model, PD transition model) and these models are used to calculate the final ECL that is reported as the Group is required to calculate lifetime PDs for stage 2 accounts.

Collateral held as security

The Group holds collateral which it is entitled to sell in the case of default by the owner of the collateral. The amount and type of collateral held for the exposure depends on an assessment of the credit risk of the counterparty. Guidelines have been implemented regarding the acceptability of the types of collateral. The value of the collateral is determined with reference to the realisable value (recoverable amount) of security under forced-sale conditions.

Collateral held as security and other credit enhancements relating to credit impaired financial assets.

Refer to note 32 for details about the maximum exposure to credit risk for each class of financial instrument exposed to credit risk as at 31 March 2026.

At the end of the financial year ended 31 March 2026, loans where collateral held covered the carrying amount in full amounted to R49.08 million (2025: R63.07 million).

Collateral held as security and other credit enhancements relating to credit impaired financial assets.

	Gross Exposure	Impairment Allowance	Carrying Amount	Realisable value of collateral held
	R'000	R'000	R'000	R'000
2026				
Loans and advances	7,007,461	(2,451,041)	4,556,420	4,100,538
2025				
Loans and advances	8,429,569	(3,469,616)	4,959,953	4,799,394

Concentration of credit risk

Land Bank's business is exposed to credit concentration risk in the agricultural sector, as well as to certain counterparties / group of counterparties. During the year under review the Land Bank has continued to apply existing lending limits for all credit committees in the Bank. Seeing that the Bank's strategy has remained unchanged, the lending approach and related limits enabling support to development and commercial farmers also remained unchanged in the current year. The Board oversees the Bank's credit risk management processes on an ongoing basis. During the year under review the credit concentration limits applied continue to be R73 million single obligors for new lending activities with full Board oversight.

10. NON-CURRENT ASSETS HELD-FOR-SALE

	Group		Company	
	2026	2025	2026	2025
	R'000	R'000	R'000	R'000
Properties in possession	18,778	5,058	18,778	5,058
	18,778	**5,058**	**18,778**	**5,058**
Reconciliation of movement				
Opening balance	**5,058**	**9,208**	**5,058**	**9,208**
Plus: Additions	13,720	-	13,720	-
Less: Disposals	-	(4,150)	-	(4,150)
Re-measurement recognised	-	-	-	-
Reclassification from Investment Properties*	-	-	-	-
Closing balance	**18,778**	**5,058**	**18,778**	**5,058**

Properties in possession

These represent the properties brought in by the Group due to clients defaulting on their loan payments. The intention of the Group is to sell these properties to recover the outstanding payments on the defaulted loans. The Group exclusively hold these properties with a view to dispose of them. These properties in possession are farm holdings and the Group has no intention to occupy them. Some of these properties have been on sale for more than 12 months, and this is beyond the control of the Bank, as the Group remains committed to sell these properties and continue to actively advertise them for sale. In view of the current volatile market conditions, the properties in possession will only be disposed of, as and when conditions render it economically viable.

BP 1938 located in Pietermaritzburg
BP 2102 located in East London
BP 2116 located in Theunissen
BP 2118 located in Theunissen
BP 2123 located in Fauresmith
BP2125 located in Senekal
BP 2126 located in Barkly West

11. INVESTMENT PROPERTY

Group
2026

	Cost or Revaluation	Transfers *	Fair value adjustments	Carrying value
Investment property	**141,200**	**-**	**7,700**	**148,900**

2025

	Cost or Revaluation	Transfers	Fair value adjustments	Carrying value
Investment property	106,000	-	35,200	141,200

Company
2026

	Cost or Revaluation	Transfers *	Fair value adjustments	Carrying value
Investment property	**141,200**	**-**	**7,700**	**148,900**

2025

	Cost or Revaluation	Transfers	Fair value adjustments	Carrying value
Investment property	106,000	-	35,200	141,200

11.1 Reconciliation of Movement

	Group		Company	
	2026	**2025**	**2026**	**2025**
	R'000	**R'000**	**R'000**	**R'000**
Opening Balance	141,200	106,000	141,200	106,000
Transfers	-	-	-	-
Fair value adjustments	7,700	35,200	7,700	35,200
Closing Balance	**148,900**	**141,200**	**148,900**	**141,200**

The investment properties were valued by independent property valuators at year end. The fair value of investment property was determined by using the net income capitalisation method. This is a combination of capitalisation and discounting. The inputs used are gross market rentals, operating costs, the perpetual vacancy and market capitalisation rate. Refer to note 32.

The Bank derived income to the value of R15.8 million in rental income for the current financial year from the following investment properties:

- Bethlehem
- Calvinia
- Polokwane
- Rustenburg
- Upington
- Vryheid

There are no restrictions on the realisability of investment properties.
The Bank is responsible for repairs and maintenance of its investment properties per each contractual agreement with its tenants.

12. PROPERTY, PLANT AND EQUIPMENT

Group	2026			2025		
	Cost/Revaluation	Accumulated depreciation	Carrying value	Cost/Revaluation	Accumulated depreciation	Carrying value
	R'000	R'000	R'000	R'000	R'000	R'000
Land	5,240	-	5,240	5,104	-	5,104
Buildings	20,960	(1,178)	19,782	21,075	(1,479)	19,595
Furniture, fittings and equipment	17,994	(16,136)	1,891	18,025	(16,079)	1,946
Motor vehicles	24,155	(8,170)	15,985	24,436	(4,533)	19,903
IT equipment	54,440	(47,998)	6,442	47,863	(43,516)	4,348
Leasehold improvements	1,313	(1,139)	174	1,313	(1,032)	281
Total	**124,103**	**(74,291)**	**49,515**	**117,489**	**(66,301)**	**51,187**

NOTES TO THE FINANCIAL STATEMENTS

Company	2026			2025		
	Cost/Revaluation	Accumulated depreciation	Carrying value	Cost/Revaluation	Accumulated depreciation	Carrying value
	R'000	R'000	R'000	R'000	R'000	R'000
Land	5,240	-	5,240	5,104	-	5,104
Buildings	20,960	(1,178)	19,782	21,075	(1,479)	19,595
Furniture, fittings and office equipment	18,010	(16,129)	1,881	18,010	(16,066)	1,944
Motor vehicles	24,155	(8,170)	15,985	24,436	(4,533)	19,903
IT equipment	54,114	(47,672)	6,442	47,537	(43,191)	4,346
Leasehold improvements	1,313	(1,139)	174	1,313	(1,032)	281
Total	**123,791**	**(74,288)**	**49,504**	**117,474**	**(66,301)**	**51,173**

Reconciliation of property, plant and equipment - Group - 2026

	Opening balance	Additions	Disposals	Revaluations/ devaluations	Depreciation	Total
	R'000	R'000	R'000	R'000	R'000	R'000
Land	5,104	-	-	136	-	5,240
Buildings	19,596	-	-	1,364	(1,178)	19,782
Furniture, fittings and office equipment	1,946	-	-	-	(52)	1,881
Motor vehicles	19,939	-	(281)	-	(3,637)	15,985
IT equipment	4,358	6,596	(19)	-	(4,481)	6,442
Leasehold improvements	281	-	-	-	(107)	175
Total	**51,187**	**6,596**	**(300)**	**1,500**	**(9,691)**	**49,515**

NOTES TO THE FINANCIAL STATEMENTS

Reconciliation of property, plant and equipment - Group - 2025

	Opening balance	Additions	Disposals	Revaluations/ devaluations	Depreciation	Total
	R'000	R'000	R'000	R'000	R'000	R'000
Land	5,499	-	-	(394)	-	5,104
Buildings	21,001	-	-	74	(1,479)	19,595
6Furniture, fittings and office equipment	2,025	30	(19)	-	(89)	1,946
Motor vehicles	23,765	-	(1)	-	(3,861)	19,903
IT equipment	6,965	1,776	(372)	-	(4,011)	4,358
Leasehold improvements	388	-	(1)-	-	(107)	281
Total	**59,642**	**1,805**	**(390)**	**(321)**	**(9,548)**	**51,187**

Reconciliation of property, plant and equipment - Company - 2026

	Opening balance	Additions	Disposals	Transfers*	Revaluations/ devaluations	Depreciation	Total
	R'000	R'000	R'000	R'000	R'000	R'000	R'000
Land	5,104	-	-	-	136	-	5,240
Buildings	19,596	-	-	-	1,364	(1,178)	19,782
Furniture, fittings and office equipment	1,946	-	-	-	-	(63)	1,881
Motor vehicles	19,939	-	(281)	-	-	(3,861)	15,986
IT equipment	4,310	6,596	(19)	-	-	(4,481)	6,443
Leasehold improvements	281	-	-	-	-	(107)	174
Total	**51,174**	**6,596**	**(300)**	**-**	**1,500**	**(9,691)**	**49,504**

Reconciliation of property, plant and equipment - Company - 2025

	Opening balance	Additions	Disposals	Transfers*	Revaluations/ devaluations	Depreciation	Total
	R'000	R'000	R'000	R'000	R'000	R'000	R'000
Land	5,499	-	-	-	(394)	-	5,104
Buildings	21,001	-	-	-	74	(1,478)	19,595
Furniture, fittings and office equipment	2,025	30	(19)	-	-	(89)	1,946
Motor vehicles	23,765	-	-	-	-	(3,826)	19,939
IT equipment	6,917	1,776	(372)	-	-	(4,011)	4,310
Leasehold improvements	388	-	-	-	-	(108)	280
Total	**59,594**	**1,805**	**(390)**	**-**	**(321)**	**(9,514)**	**51,174**

There are no restrictions on the title of the property and no property has been pledged as security. The Group does not have any contractual commitments for the acquisition of property.

IFRS requires that the carrying values of land and buildings if they had to be carried using the historical cost method should be disclosed. As a result of the buildings being purchased many years ago, the latest being 1998, it is not possible for the Bank to determine and disclose the carrying values of each property and in addition to this the values at which the properties were purchased are negligible in comparison to the current carrying values disclosed using the revaluation method.

The land and buildings were valued by independent property valuators as at year end. The methods used for the valuations are based on market rentals, as obtained from independent companies who operate in the area, and the capitalisation rate for the areas, as obtained from the valuator's report. Please refer to note 33 for the fair values applied on the valuations.

13. LEASES

13.1 Right of use of assets (ROU)

Group

2026	Buildings*	Motor vehicles	Printers	Total
	R'000	R'000	R'000	R'000
At 1 April 2025	**19,486**	**-**	**343**	**19,828**
Additions	45,425	-	-	45,425
ROU derecognised	-	-	-	-
Depreciation	(9,131)	-	(343)	-9,473
At 31 March 2026	**55,779**	**-**	**-**	**55,779**

NOTES TO THE FINANCIAL STATEMENTS

2025	Buildings*	Motor vehicles	Printers	Total
	R'000	R'000	R'000	R'000
At 1 April 2024	**23,068**	**-**	**685**	**23,753**
Additions	4,928	-	-	4,928
ROU derecognised	-	-	-	-
Depreciation	(8,510)	-	(343)	-8,853
At 31 March 2025	**19,486**	**-**	**343**	**19,828**

Company

2026	Buildings*	Motor vehicles	Printers	Total
	R'000	R'000	R'000	R'000
At 1 April 2025	**19,486**	**-**	**343**	**19,828**
Additions	45,425	-	-	45,425
ROU derecognised	-	-	-	-
Depreciation	(9,131)	-	(343)	-9,473
At 31 March 2026	**55,779**	**-**	**-**	**55,779**

2025	Buildings*	Motor vehicles	Printers	Total
	R'000	R'000	R'000	R'000
At 1 April 2024	**23,068**	**-**	**685**	**23,753**
Additions	4,928	-	-	4,928
ROU derecognised	-	-	-	-
Depreciation	(8,510)	-	(343)	-8,853
At 31 March 2025	**19,486**	**-**	**343**	**19,828**

13.2 Lease Liabilities

Group

2026	Buildings*	Motor vehicles	Printers	Total
	R'000	R'000	R'000	R'000
At 1 April 2025	**21,155**	**-**	**394**	**21,549**
Additions	45,425	-	-	45,425
Interest expense	1,142	-	14	1,156
Lease liability derecognised	(1,124)	-	(406)	-1,531
Lease payments	(8,801)	-	-	-8,801
At 31 March 2026	**57,796**	**-**	**2**	**57,799**

2025	Buildings*	Motor vehicles	Printers	Total
	R'000	R'000	R'000	R'000
At 1 April 2024	**24,378**	**-**	**686**	**25,064**
Additions	4,928	-	-	4,928
Interest expense	876	-	50	927
Lease liability derecognised	(1,429)	-	-	-1,429
Lease payments	(7,598)	-	(342)	-7,940
At 31 March 2025	**21,155**	**-**	**394**	**21,549**

Company

2026	Buildings*	Motor vehicles	Printers	Total
	R'000	R'000	R'000	R'000
At 1 April 2025	**21,155**	**-**	**394**	**21,549**
Additions	45,425	-	-	45,425
Interest expense	1,142	-	14	1,156
Lease liability derecognised	(1,124)	-	(406)	-1,531
Lease payments	(8,801)	-	-	-8,801
At 31 March 2026	**57,796**	**-**	**2**	**57,799**

2025	Buildings*	Motor vehicles	Printers	Total
	R'000	R'000	R'000	R'000
At 1 April 2024	**24,378**	**-**	**686**	**25,064**
Additions	4,928	-	-	4,928
Interest expense	876	-	50	927
Lease liability derecognised	(1,429)	-	-	-1,429
Lease payments	(7,598)	-	(342)	-7,940
At 31 March 2025	**21,155**	**-**	**394**	**21,549**

Refer to note 32 for details about maturity analysis for Land Bank as a Lessee.
*In the current year under review the Bank renewed two existing provincial offices and took a new lease for the Head Office. Refer to note 32 for the lease maturity for Land Bank as Lessee

Maturity Analysis for Land Bank as Lessor (IFRS 16.97)

	Less than 1 year	1 - 5 years	> 5 years	Total
	R'000	R'000	R'000	R'000
2026				
Receivable rental income	3,894	5,268	-	9,162
2025				
Receivable rental income	972	1,023	-	1,996

14. INTANGIBLE ASSETS

Group	2026			2025		
	Cost	Accumulated depreciation	Carrying value	Cost	Accumulated depreciation	Carrying value
	R'000	R'000	R'000	R'000	R'000	R'000
Computer software	94,606	(83,128)	11,478	83,032	(82,272)	760

Company	2026			2025		
	Cost	Accumulated depreciation	Carrying value	Cost	Accumulated depreciation	Carrying value
	R'000	R'000	R'000	R'000	R'000	R'000
Computer software	94,606	(83,128)	11,478	83,032	(82,272)	760

NOTES TO THE FINANCIAL STATEMENTS

Reconciliation of Intangible assets Group - 2026

Group	Opening balance	Additions	Depreciation	Total
	R'000	R'000	R'000	R'000
Computer software	760	11,574	(856)	11,478

Reconciliation of Intangible assets Group - 2025

Group	Opening balance	Additions	Depreciation	Total
	R'000	R'000	R'000	R'000
Computer software	1,062	-	(302)	760

Reconciliation of Intangible assets Company - 2026

Company	Opening balance	Additions	Depreciation	Total
	R'000	R'000	R'000	R'000
Computer software	760	11,574	(856)	11,478

Reconciliation of Intangible assets Company - 2025

Company	Opening balance	Additions	Depreciation	Total
	R'000	R'000	R'000	R'000
Computer software	1,062	-	(302)	760

The Group reassessed the useful lives of all the intangible assets at the beginning of the FY2026 financial year together in order to reflect the most correct estimated useful lives of all intangible assets.

15. DISTRIBUTABLE AND OTHER RESERVES

	Group		Company	
	2026	2025	2026	2025
	R'000	R'000	R'000	R'000
Distributable reserves from continuing operations				
Capital fund	14,397,655	14,397,655	14,397,655	14,397,655
Accumulated loss	(1,883,613)	(2,186,963)	(3,023,285)	(3,257,611)
Total distributable reserves	12,514,042	12,210,692	11,374,370	11,140,043
FVTOCI	(725,772)	(611,595)	(725,772)	(611,595)
Revaluation reserve	146,437	144,937	146,437	144,937
	11,934,707	**11,744,034**	**10,795,035**	**10,673,385**

Accumulated loss

Comprises of accumulated retained loss.

Capital fund

The Capital fund consists of an initial loan by government, which was converted to equity in 2006 as part of the government commitment to support the Bank as well as further capital injections from the National Treasury in FY2015, FY2021, FY2023 and FY2024 respectively.

FVTOCI

The reserve relates to the fair value adjustment on the unlisted and listed investments held by the Bank and actuarial gain on the post-retirement obligation.

Revaluation reserve

The revaluation reserve represents the net surplus arising on the revaluation of owner-occupied properties. The revaluation surplus on a property is transferred to the profit and loss only once that property is disposed of.

16. TRADE AND OTHER PAYABLES

	Group		Company	
	2026	2025	2026	2025
	R'000	R'000	R'000	R'000
Accrued expenses	104,090	83,918	90,564	71,363
Premiums received in advance	-	(6)	-	-
Amounts due to reinsurers (including intermediaries)		14,300		
Trade payables	21,994	8,306	18,331	8,095
Loan costs and fees received in advance	38,540	32,961	38,540	32,961
Other [1]	35,734	12,581	8,978	9,504
Breakage penalty fee payable	21,435	21,435	21,435	21,435
Amounts due to SASRIA	9,292	5,004	-	-
Client deposits for approved loans	13,800	15,640	13,800	15,640
	244,899	**194,138**	**191,649**	**158,997**

[1] Included in the other payables are surplus amounts on client accounts.

16.1 Other financial liability

Previously Included in Other financial liabilities is the R1.6 billion funds under administration on behalf of the Department of Agriculture "(DOA) with conditions attached to them governed through a memorandum of understanding. These funds are not available for use to the Group. The R1.6 billion is sitting in ring-fenced agency profile bank accounts solely used for these funds. Refer to note 28 for further details on the funds under administration. Refer to note 37. for the change in accounting policy.

17. FUNDING LIABILITIES

	Group		Company	
	2026	2025	2026	2025
	R'000	R'000	R'000	R'000
At amortised cost*	6,950,364	9,931,867	6,950,364	9,931,867

Analysis of funding

2026

Commercial Funding	Opening Balance	Amortised Cost re-alignment	New Issues/ Utilisation	Repayment/ Settlements	Accrued Interest	Forex translation	Effective Interest Rate Adjustment	Prepaid Arranging Fees	Closing Balance
	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000
Commercial Paper	**(1)**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(1)**
Bills	-	-	-	-	-	-	-	-	-
Call bonds	1	-	-	-	-	-	-	-	1
Floating rate notes - 1 year	1	-	-	-	-	-	-	-	1
Floating rate notes - 2 to 5 years	(1)	-	-	-	-	-	-	-	(1)
Promissory notes	(2)	-	-	-	-	-	-	-	(2)
"Deposits"	**251,431**	**-**	**-**	**(145,829)**	**-**	**-**	**-**	**-**	**105,603**
Agri-related business deposits	150,411	-	-	(117,285)	-	-	-	-	33,126
Forced stock sale deposits	100,510	-	-	(28,553)	-	-	-	-	71,957
Small institutional deposits	67	-	-	3	-	-	-	-	69
Rent deposits	443	-	-	7	-	-	-	-	450
Facilities	**(1)**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(1)**
Committed	(1)	-	-	-	-	-	-	-	(1)
Uncommitted	-	-	-	-	-	-	-	-	-
DMTN Issuances	**2**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**2**

NOTES TO THE FINANCIAL STATEMENTS

Commercial Funding	Opening Balance	Amortised Cost re-alignment	New Issues/ Utilisation	Repayment/ Settlements	Accrued Interest	Forex translation	Effective Interest Rate Adjustment	Prepaid Arranging Fees	Closing Balance
	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000
Floating rate notes	-	-	-	-	-	-	-	-	-
- LBK22	(1)	-	-	-	-	-	-	-	(1)
- LBK23	(1)	-	-	-	-	-	-	-	(1)
- LBK27	1	-	-	-	-	-	-	-	1
- LBK31	1	-	-	-	-	-	-	-	1
- LBK33	(1)	-	-	-	-	-	-	-	(1)
- LBK37	1	-	-	-	-	-	-	-	1
Fixed rate notes	2	-	-	-	-	-	-	-	2
- LBK20	-	-	-	-	-	-	-	-	-
- LBK24	1	-	-	-	-	-	-	-	1
- LBK29	1	-	-	-	-	-	-	-	1
Notes - Amortising									
-LKB4U	**8,192,819**	**21,755**	**-**	**(2,334,213)**	**1,586**	**-**	**25,276**	**(21,659)**	**5,885,563**

NOTES TO THE FINANCIAL STATEMENTS

	Opening Balance	Amortised Cost re-alignment	New Issues/ Utilisation	Repayment/ Settlements	Accrued Interest	Forex translation	Effective Interest Rate Adjustment	Prepaid Arranging Fees	Closing Balance
	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000
Term Loans - Amortising	**1,279,306**	**(276,283)**	**-**	**(285,014)**	**194**	**190,204**	**(26,332)**	**(72,136)**	**809,939**
10 year syndicated loan (MIGA supported)	1,279,306	(276,283)	-	(285,014)	194	190,204	(26,332)	(72,136)	809,939
Step Rate Notes	**1**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**1**
Step Rate Notes	1	-	-	-	-	-	-	-	1
Total Commercial Funding	**9,723,559**	**(254,528)**	**-**	**(2,765,056)**	**1,780**	**190,204**	**(1,056)**	**(93,795)**	**6,801,106**
Multilateral and Development Funding									
Term Loans - Amortising	**208,309**	**2,936**	**-**	**(60,025)**	**41**	**-**	**288**	**(2,291)**	**149,257**
10 year term loan - KFW	208,309	2,936	-	(60,025)	41	-	288	(2,291)	149,257
25 year term loan - World Bank	-	-	-	-	-	-	-	-	-
Total Multilateral and Development Funding	**208,309**	**2,936**	**-**	**(60,025)**	**41**	**-**	**288**	**(2,291)**	**149,257**
Disaster Relief Funding									
Drought Relief	**(1)**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(1)**
10 year term loan - IDC	(1)	-	-	-	-	-	-	-	(1)
Total Disaster Relief	**(1)**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(1)**
Total Funding Liabilities	**9,931,867**	**(251,592)**	**-**	**(2,825,081)**	**1,821**	**190,204**	**(768)**	**(96,086)**	**6,950,364**

NOTES TO THE FINANCIAL STATEMENTS

2025

Commercial Funding	Opening Balance	Amortised Cost re-alignment	New Issues/ Utilisation	Repayment/ Settlements	Accrued Interest	Forex translation	Effective Interest Rate Adjustment	Prepaid Arranging Fees	Closing Balance
	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000
Commercial Paper	**6,359,824**	**(58,961)**	**-**	**(6,300,864)**	**-**	**-**	**-**	**-**	**(1)**
Bills	618,025	(6,108)	-	(611,918)	-	-	-	-	-
Call bonds	15,578	(109)	-	(15,468)	-	-	-	-	1
Floating rate notes - 1 year	800,955	(3,609)	-	(797,345)	-	-	-	-	1
Floating rate notes - 2 to 5 years	39,224	(856)	-	(38,368)	-	-	-	-	(1)
Promissory notes	4,886,042	(48,278)	-	(4,837,765)	-	-	-	-	(2)
"Deposits"	**317,879**	**-**	**-**	**(66,448)**	**-**	**-**	**-**	**-**	**251,431**
Agri-related business deposits	219,214	-	-	(68,803)	-	-	-	-	150,411
Forced stock sale deposits	98,175	-	-	2,335	-	-	-	-	100,510
Small institutional deposits	61	-	-	6	-	-	-	-	67
Rent deposits	429	-	-	14	-	-	-	-	443
Facilities	**540,520**	**(4,642)**	**-**	**(535,879)**	**-**	**-**	**-**	**-**	**(1)**
Committed	540,520	(4,642)	-	(535,879)	-	-	-	-	(1)
Uncommitted	-	-	-	-	-	-	-	-	-
DMTN Issuances	**6,346,975**	**(63,712)**	**-**	**(6,283,259)**	**-**	**-**	**-**	**-**	**4**
Floating rate notes	4,901,366	(29,586)	-	(4,871,779)	-	-	-	-	2
- LBK15	594,954	(3,635)	-	(591,319)	-	-	-	-	-
- LBK18	316,745	(1,935)	-	(314,809)	-	-	-	-	-
- LBK22	244,999	(1,497)	-	(243,503)	-	-	-	-	(1)
- LBK23	263,569	(1,610)	-	(261,960)	-	-	-	-	(1)
- LBK26	105,678	(646)	-	(105,032)	-	-	-	-	-
- LBK27	871,306	(5,323)	-	(865,982)	-	-	-	-	1
- LBK30	132,166	(807)	-	(131,359)	-	-	-	-	-
- LBK31	396,902	(2,425)	-	(394,477)	-	-	-	-	1
- LBK32	215,669	(1,318)	-	(214,352)	-	-	-	-	-

NOTES TO THE FINANCIAL STATEMENTS

Commercial Funding	Opening Balance	Amortised Cost re-alignment	New Issues/ Utilisation	Repayment/ Settlements	Accrued Interest	Forex translation	Effective Interest Rate Adjustment	Prepaid Arranging Fees	Closing Balance
	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000
- LBK33	325,276	(3,165)	-	(322,112)	-	-	-	-	(1)
- LBK35	431,339	(2,635)	-	(428,703)	-	-	-	-	-
- LBK36	86,268	(527)	-	(85,741)	-	-	-	-	-
- LBK37	343,526	(563)	-	(342,962)	-	-	-	-	1
- LBK38	221,428	(1,353)	-	(220,075)	-	-	-	-	-
- LBK39U	-	-	-	-	-	-	-	-	-
- LBK40U	-	-	-	-	-	-	-	-	-
- LBK41U	351,541	(2,148)	-	(349,393)	-	-	-	-	-
Fixed rate notes	**1,445,609**	**(34,126)**	**-**	**(1,411,480)**	**-**	**-**	**-**	**-**	**2**
- LBK20	343,737	(2,100)	-	(341,637)	-	-	-	-	-
- LBK24	361,844	(16,509)	-	(345,335)	-	-	-	-	1
- LBK28	410,052	(13,502)	-	(396,550)	-	-	-	-	-
- LBK29	329,975	(2,016)	-	(327,958)	-	-	-	-	1
Notes - Amortising									
-LKB4U	**-**	**-**	**14,111,993**	**(5,897,419)**	**2,399**	**-**	**8,334**	**(32,489)**	**8,192,819**

NOTES TO THE FINANCIAL STATEMENTS

2025

	Opening Balance	Amortised Cost re-alignment	New Issues/ Utilisation	Repayment/ Settlements	Accrued Interest	Forex translation	Effective Interest Rate Adjustment	Prepaid Arranging Fees	Closing Balance
	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000
Term Loans - Amortising	**2,333,270**	**80,471**	**-**	**(720,091)**	**293**	**(337,721)**	**60,525**	**(137,439)**	**1,279,306**
7-year syndicated loan (Government guaranteed)	-	-	-	-	-	-	-	-	-
10-year syndicated loan (MIGA supported)	2,333,270	80,471	-	(720,091)	293	(337,721)	60,525	(137,439)	1,279,306
Term Loans - Bullet Term	**430,900**	**(2,197)**	**-**	**(428,703)**	**-**	**-**	**-**	**-**	**-**
3-year term facility	430,900	(2,197)	-	(428,703)	-	-	-	-	-
6-year syndicated loan (Government guaranteed)	-	-	-	-	-	-	-	-	-
Step Rate Notes	**444,842**	**(4,883)**	**-**	**(439,959)**	**-**	**-**	**-**	**-**	**1**
Step Rate Notes	444,842	(4,883)	-	(439,959)	-	-	-	-	1
Total Commercial Funding	**16,774,210**	**(53,924)**	**14,111,993**	**(20,672,622)**	**2,692**	**(337,721)**	**68,859**	**(169,928)**	**9,723,559**
Multilateral and Development Funding									
Term Loans - Amortising	**359,464**	**3,438**	**-**	**(151,657)**	**62**	**-**	**440**	**(3,437)**	**208,309**
10-year term loan - KFW	359,464	3,439	-	(151,657)	62	-	440	(3,437)	208,309
15-year term loan - AFDB	-	-	-	-	-	-	-	-	-
25-year term loan - World Bank	-	-	-	-	-	-	-	-	-
Total Multilateral and Development Funding	**359,464**	**3,438**	**-**	**(151,657)**	**62**	**-**	**440**	**(3,437)**	**208,309**
Disaster Relief Funding									
Drought Relief	**124,415**	**(1,087)**	**-**	**(123,329)**	**-**	**-**	**-**	**-**	**(1)**
10 year term loan - IDC	124,415	(1,087)	-	(123,329)	-	-	-	-	(1)
Total Disaster Relief	**124,415**	**(1,087)**	**-**	**(123,329)**	**-**	**-**	**-**	**-**	**(1)**
Total Funding Liabilities	**17,258,088**	**(51,572)**	**14,111,993**	**(20,947,608)**	**2,753**	**(337,721)**	**69,299**	**(173,365)**	**9,931,866**

NOTES TO THE FINANCIAL STATEMENTS

Reconciliation of notes in issue 1

	2026 R'000	2025 R'000
Opening balance	**-**	**6,283,259**
LBK29 Capital Reduction		
LBK22 Capital Reduction	-	(243,503)
LBK36 Capital Reduction	-	(85,741)
LBK15 Capital Reduction	-	(591,319)
LBK18 Capital Reduction	-	(314,809)
LBK33 Capital Reduction	-	(322,112)
LBK23 Capital Reduction	-	(261,960)
LBK26 Capital Reduction	-	(105,032)
LBK27 Capital Reduction	-	(865,982)
LBK30 Capital Reduction	-	(131,359)
LB41U Capital Reduction	-	(349,393)
LBK28 Capital Reduction	-	(396,550)
LBK31 Capital Reduction	-	(394,477)
LBK29 Capital Reduction	-	(327,958)
LBK32 Capital Reduction	-	(214,352)
LBK20 Capital Reduction	-	(341,637)
LBK39U Capital Reduction	-	-
LBK40U Capital Reduction	-	-
LBK24 Capital Reduction	-	(345,335)
LBK35 Capital Reduction	-	(428,703)
LBK37 Capital Reduction	-	(342,962)
LBK38 Capital Reduction	-	(220,075)
Closing balance	**-**	**-**

Note: The conclusion of the Liability Solution resulted in all unredeemed debt exchanged for a portion of the new note - LBK42U. Since the implementation of the Liability Solution the only note in issue is the amortising note LBK42U.

NOTES TO THE FINANCIAL STATEMENTS

Step rate notes

Reconciliation of notes in issue [1]					
Opening balance				14,111,993	439,959
Notes redeemed:					
SRN 4, capital reduction	11 May 2017	16 September 2025	-		(439,595)
Notes issued:					
LBK42U	16 September 2024	31 March 2028		-	14,111,993
				-	-
Closing balance				**14,111,993**	**14,111,993**

Weighted average interest cost of commercial funding (NACM)

	2026	2025
	* Spread to 3 month Jibar	* Spread to 3 month Jibar
Short-term: ≤ 1 year	0.00%	2.40%
Medium-term: > 1 year ≤ 5 years	3.48%	3.42%
Long-term: > 5 years	0.00%	0.00%
Total Cost of Funding	3.48%	2.93%
Weighted average interest cost of development and multilateral funding (NACM)		
Long-term: > 5 years **	3.48%	2.69%
Weighted average interest cost of natural disaster relief funding (NACM)		
Long-term: > 5 years	0.00%	3.91%

[1] Excludes accrued interest, discount, premium and prepaid arranging fees

NOTES TO THE FINANCIAL STATEMENTS

Development and multilateral funding

Land Bank's development funds are made up as follows:

- R899 million funding line with KfW Development Bank. This facility was earmarked to finance small-sized and medium sized agricultural enterprises. The facility has been fully drawn and disbursed to qualifying projects. As at 31 March 2026 the loan balance is R151 million.
Key Financial Covenants on all the current funding liabilities:

During September 2024, Land Bank and its lenders concluded an agreement on the debt restructuring process, resulting in the collapsing of the existing note to three different notes with the same terms and conditions. Included in the agreement are the following key financial covenants:

Financial Covenants:	Implications:
The Borrower shall ensure that the	
Net Debt/ Net Loan Ratio	shall not be greater than: 50% from the Measurement Period expiring on 30 September 2024 to the Measurement Period expiring on 31 March 2026; and40% from 30 September 2026 to 31 March 2028.
Leverage Ratio	shall not be greater than: - 110% from the Measurement Period expiring on 30 September 2024 to the Measurement Period expiring on 31 March 2025; - 100% from the Measurement Period expiring on 30 September 2025 to the Measurement Period expiring on 31 March 2026; - 80% from the Measurement Period expiring on 30 September 2026 to the Measurement Period expiring on 31 March 2027; and - 75% from the Measurement Period expiring on 30 September 2027 to the Measurement Period expiring on 31 March 2028.
Cost to Income Ratio	shall not be greater than: - 125% from the Measurement Period expiring on 30 September 2024 to the Measurement Period expiring on 31 March 2025;95 - % from the Measurement Period expiring on 30 September 2025 to the Measurement Period expiring on 31 March 2026; and - 90% from the Measurement Period expiring on 30 September 2026 to the Measurement Period expiring on 31 March 2028;
NPL Ratio	shall not be greater than: 56% from the Measurement Period expiring on 30 September 2024 to the Measurement Period expiring on 31 March 2025; 52% from the Measurement Period expiring on 30 September 2025 to the Measurement Period expiring on 31 March 2026; 50% from the Measurement Period expiring on 30 September 2026 to the Measurement Period expiring on 31 March 2027; and 45% from the Measurement Period expiring on 30 September 2027 to the Measurement Period expiring on 31 March 2028.
Credit Loss Ratio	shall not be greater than 4% in any Measurement Period.
ECL Coverage Ratio	shall not be greater than 26% in any Measurement Period.

The Bank has met all LS5 covenants at year end. The Bank continues to focus on remediating the loan book including disbursements.

18. PROVISIONS

Reconciliation of provisions - Group - 2026

	Opening balance	Additions	Utilised during the year	Reversed during the year	Total
	R'000	R'000	R'000	R'000	R'000
Staff Incentives[1]	69,502	85,104	(69,504)	-	85,102
Leave pay[2]	41,957	102,458	(91,094)	-	53,321
Litigation and claims	-	-	-	(290)	(290)
Other	32,000	-	(24,335)	-	7,665
	143,460	**187,562**	**(184,932)**	**(290)**	**145,798**

Reconciliation of provisions - Group - 2025

	Opening balance	Additions	Utilised during the year	Reversed during the year	Total
	R'000	R'000	R'000	R'000	R'000
Staff Incentives	3,138	66,364	-	-	69,502
Leave pay	37,915	32,820	(28,778)	-	41,957
Other	32,000	-	-	-	32,000
	73,053	**99,184**	**(28,778)**	**-**	**143,460**

Reconciliation of provisions - Company - 2026

	Opening balance	Additions	Utilised during the year	Reversed during the year	Total
	R'000	R'000	R'000	R'000	R'000
Staff Incentives	66,364	77,000	(66,364)	-	77,000
Leave pay	39,117	97,686	(88,255)	-	48,548
Litigation and claims	-	-	-	(290)	(290)
Other	32,000	-	(24,335)	-	7,665
	137,481	**174,686**	**(178,954)**	**(290)**	**132,923**

Reconciliation of provisions - Company - 2025

	Opening balance	Additions	Utilised during the year	Reversed during the year	Total
	R'000	R'000	R'000	R'000	R'000
Staff Incentives	-	66,364	-	-	66,364
Leave pay	35,543	32,351	(28,778)	-	39,117
Other	32,000	-	-	-	32,000
	67,543	**98,716**	**(28,778)**	**-**	**137,481**

[1]Staff incentives the provision for discretionary performance bonuses is payable to employees and is determined by taking into account both the performance of the Bank as well as the performance of individual employees.
[2]Leave pay Accumulated leave is payable to employees upon termination of services. Provision for leave pay is calculated on the leave days outstanding at the end of the year multiplied by the cost to company of the employees in terms of employment contracts.
[3]Other - relates to a probable obligation for VAT for using an incorrect apportionment ratio.

19. POST-RETIREMENT OBLIGATION

Medical benefit plan

The defined benefit obligation plan is unfunded. The estimated medical aid contributions for the next year effective 1 April 2025 amounts to R2 million (FY2026: R21.7 million). The time value of money has not been taken into account as it is believed that the difference will be insignificant.

	Group		Company	
	2026	2025	2026	2025
	R'000	R'000	R'000	R'000
Medical benefit plan				
Movement in the present value of the:				
Defined benefit obligation 1 April	304,164	282,317	304,164	282,317
Service cost - PRMA	1,402	1,232	1,402	1,232
Interest cost - PRMA	33,451	32,595	33,451	32,595
Actuarial (losses) and gains on post retirement obligation	14,683	13,020	14,683	13,020
Benefits paid	(25,028)	(25,000)	(25,028)	(25,000)
Defined benefit obligation 31 March 2026	**328,672**	**304,164**	**328,672**	**304,164**

	Group		Company	
	2026	2025	2026	2025
	R'000	R'000	R'000	R'000
Total expenses resulting from the Group's defined benefit plans charged to income statement can be analysed as follows:				
Components of net periodic medical benefit cost:				
Service cost - PRMA	(1,402)	(1,232)	(1,402)	(1,232)
Interest cost - PRMA	(33,451)	(32,595)	(33,451)	(32,595)
Total included in interest and staff costs	**(34,853)**	**(33,827)**	**(34,853)**	**(33,827)**
Total expenses recognised in profit or loss	**(34,853)**	**(33,827)**	**(34,853)**	**(33,827)**
Actuarial (losses) recognised in other comprehensive income	**(14,683)**	**(13,020)**	**(14,683)**	**(13,020)**

Total expenses resulting from the Group's defined benefit plans charged to income statement can be analysed as follows:

19.1 Maturity Profile of Members

2026	Membership Profile			
Employee status	Number	Average age (years)	Average past service (years)	Average number of dependents
Active	61	54	30	1.00
Pensioners	3,255	72	-	-
	3,316	**126**	**30**	**1**

2025	Membership Profile			
Employee status	Number	Average age (years)	Average past service (years)	Average number of dependents
Active	67	54	29	1.33
Pensioners	240	72	-	0.25
	307	**126**	**29**	**2**

The actuarial valuation report complies with the requirements of Advisory Practice Note (APN) 301 of the Actuarial Society of South Africa in all respects that are deemed to be in the context of the exercise undertaken. The valuation is based on the Projected Unit Credit valuation method, as prescribed by IAS19. The actuarial assumptions are unbiased and mutually compatible, as required. The results of the valuation depend on the assumptions used.

19.2 Actuarial Key Assumptions used:

Medical inflation
Contribution rates on the benchmark medical option, Bankmed Comprehensive, have increased by 7.5% over the period. This is lower than the medical inflation assumptions of 9.4% made at the time of the last valuation it being lower than the inflation rate of 9.4% assumed for in-service members. This resulted in a net decrease in liability of some R 0.224 million, an actuarial gain. Change in medical aid plans resulted inacturial gain of some R1.147millio due to the liability reducing for these members.

Economic basis
The net discount rate over the period has increased by 0.60% for active members. The average net discount rate has decreased by 0.1%. This has caused a decrease in liability of approximately R6.532 million.

Mortality
The liability increased by approximately R3.964 million and an actuarial loss due to pensioner mortality being lower than expected over the period.

Withdrawals
There were higher withdrawals than expected during the valuation year. This has resulted in an actuarial gain of some R0.349 million.

Members retiring
Membersretiring ledto an increase in the value of the liability of some R1.896 million and an actuarial loss.

Miscellaneous
Other items not fully analysed have resulted in a negligible impact.

19.3 Sensitivity Analysis

In-Service and Continuation Members	Accrued Service Liabilities as at 31 March 2026	% Increase	Accrued Service Liabilities as at 31 March 2025	% Increase
	R'000		R'000	
Assumptions as above				
Discount rate – increases by 1% p.a.	301,058,000	-8%	304,165,000	0%
Discount rate – reduces by 1% p.a.	361,142,000	10%	279,007,000	-8%
Medical inflation – increases by 1% p.a.	360,439,000	10%	333,623,000	10%
Medical inflation – reduces by 1% p.a.	300,688,000	-9%	331,191,000	9%
Retirement age – 64	332,862,000	1%	279,489,000	-8%
Retirement age – 66	324,728,000	-1%	308,084,000	1%

20. INTEREST INCOME

	Group		Company	
	2026	2025	2026	2025
	R'000	R'000	R'000	R'000
Measured at amortised cost				
Interest from loans and advances1	1,765,451	1,924,721	1,765,451	1,924,721
Interest on short-term deposits2	516,177	673,811	516,177	673,811
Interest from banks2	46,865	752,377	21,994	746,727
Interest on premiums written3	278	777	-	-
Interest on trade receivables4	-	-	-	-
	2,328,771	**3,351,686**	**2,303,622**	**3,345,259**

[1]Included in the interest income is a charge of interest in suspense of R161.1m (FY2025: charge of R25.1m).
[2]Interest income derived from deposits held with commercial banks. For FY25 it also includes interest earned on the equity injection previously held in ESCROW.
[3]Interest premiums is derived from outstanding premiums earned from the insurance companies. The comparative figure of this interest was reclassified to interest on Bank (R5.6million). This was not a material restatement.
[4]Interest on receivables is interest earned on short-term outstanding deposits. The comparative figure was reclassified to interest on premiums (R0.777million). This is not a material restatement.

21. INTEREST EXPENSE

	Group		Company	
	2026	2025	2026	2025
	R'000	R'000	R'000	R'000
Commercial funding	(66,628)	(855,093)	(66,628)	(855,093)
Development and multilateral funding	(20,143)	(31,435)	(20,143)	(31,435)
Interest on swaps & debentures	-	(1,951)	-	(1,951)
Other[2]	(860,492)	(657,189)	(860,492)	(657,189)
Total interest expense	**(947,263)**	**(1,545,668)**	**(947,263)**	**(1,545,668)**

*These arranging fees form part of the "Effective Interest Rate" of funding instruments. They increased due to the conclusion of the new notes on Liability Solution 5.
[2]Other consists of interest paid on Drought Relief funding, Government guarantee fee paid.

22. NON-INTEREST EXPENSE

	Group		Company	
	2026	2025	2026	2025
	R'000	R'000	R'000	R'000
Account administration & Net Interest Margin fee expense[1]	(1,352)	(1,572)	(1,352)	(1,572)

23. NON-INTEREST INCOME AND OTHER INCOME

	Group		Company	
	2026	2025	2026	2025
	R'000	R'000	R'000	R'000
Fee and commission income	**26,945**	**31,769**	**26,945**	**31,769**
Account administration fee income	14,829	23,612	14,829	23,612
Fund administration fees	12,116	8,157	12,116	8,157
Other Income	**19,099**	**16,426**	**19,094**	**17,157**
Administration fee from LBLIC	-	-	1,837	1,452
Investment property rentals	15,817	14,972	15,817	14,972
Sundry income*	3,281	-	1,440	733

24. INVESTMENT INCOME AND FEES

	Group		Company	
	2026	2025	2026	2025
	R'000	R'000	R'000	R'000
An analysis of revenue is as follows:				
Investment income from financial assets classified as at fair value through profit or loss:	131,108	106,985	25,613	278,042
Dividend income - other investments	27,223	40,172	20,117	273,443
Interest income1	103,885	66,813	5,496	4,600
Investment management and performance fees	(3,555)	(2,913)	(3,555)	(2,913)
	127,553	**104,072**	**22,058**	**275,130**

25. FINANCIAL INSTRUMENTS

25.1 Gains and Losses on Financial Instruments

	Group		Company	
	2026	2025	2026	2025
	R'000	R'000	R'000	R'000
Losses on financial assets measured at amortised cost[1]	(5,118)	(11,952)	(5,118)	(11,952)
Fair value (losses) gains				
Measured at fair value through profit or (loss)	**(13,692)**	**21,861**	**(13,692)**	**21,861**
Interest rate swap[2]	-	-	-	-
Foreign exchange rate swap	(13,692)	21,861	(13,692)	21,861
Designated at fair value through profit or loss				
Investment income	141,861	193,812	48,911	48,447
Realised gains	319,081	96,199	42,956	20,422
Unrealised fair value gains (losses)	(177,220)	97,613	5,955	28,025
	128,169	**215,673**	**35,219**	**70,308**

25.2 Measured at Fair Value through OCI

Revaluation gains/(losses) of land and buildings	1,500	(321)	1,500	(321)
Actuarial Gain on the post-retirement obligation	(14,683)	(13,020)	(14,683)	(13,020)
Net (loss)/gain on financial assets designated at fair value through other comprehensive income	(99,496)	63,388	(99,496)	63,388
	(112,679)	**50,047**	**(112,679)**	**50,047**

[1]These are assets invested with asset management companies.
[2]These are settled on a net basis per the contractual agreement with the asset managers
[3]These are modifications gains/(losses) on loans and advances

26. OPERATING EXPENSES

	Group		Company	
	2026	2025	2026	2025
	R'000	R'000	R'000	R'000
Depreciation - Owned assets (Note12)	9,691	9,545	9,691	9,545
Depreciation - Leased assets (Note 13)	9,473	8,853	9,473	8,853
Amortisation - computer software (Note 14)	856	302	856	302
Auditors' remuneration - External auditors	17,524	28,937	15,163	25,977
Directors' and officers' emoluments	20,437	19,479	17,363	16,434
- Executive	12,268	8,808	12,268	8,808
- Non-executive	8,169	10,671	5,095	7,626
Management fees	6,573	3,691	-	-
Professional fees	41,989	34,078	38,488	30,432
Staff costs	562,439	455,546	554,554	450,893
- Salaries and contributions	470,106	374,391	463,787	369,761
- Staff related provisions and other	90,945	81,155	90,768	81,132
Other operating expenses	208,445	219,971	198,700	212,729
- Computer and data costs	60,830	38,629	53,838	37,153
- Repairs and maintenance	2,338	2,430	2,338	2,430
- Rates and taxes	7,198	9,063	7,198	9,063
- Travel and accommodation	9,057	8,063	8,456	6,896
- Corporate social investment	17,692	4,960	17,692	4,960
- Litigation and claims	30,324	37,211	29,685	36,636
- Other [1]	81,006	188,041	79,493	179,872
	877,427	**845,137**	**844,289**	**819,445**

[1]Other operating expenses include sundry operating expenses such as security, short-term lease, cleaning and marketing amongst others.

27. NON-TRADING AND CAPITAL ITEMS

	Group		Company	
	2026	2025	2026	2025
	R'000	R'000	R'000	R'000
Fair value gain/loss) on investment properties	7,700	35,200	7,700	35,200
Foreign exchange gain / (loss)	1	-	1	-
Profit /Loss on disposal of Non-Current Asset held for Sale	-	1,971	-	1,971
Profits on disposal of property and equipment	164	2	164	2
	7,865	**37,174**	**7,865**	**37,174**

*Transactions that are either annually or not periodic/frequent in nature.

28. FUNDS UNDER ADMINISTRATION

	Group		Company	
	2026	2025	2026	2025
	R'000	R'000	R'000	R'000
Asset				
	1,011,453	1,626,909	1,011,453	1,626,909
Liabilities				
DOA	1,011,453	1,626,908	1,011,453	1,626,908
	1,011,453	1,626,908	1,011,453	1,626,908
Funds administered on behalf of DOA				
Agri-BEE	458,630	480,810	458,630	480,810
MAFISA Fund	23,195	18,861	23,195	18,861
Covid 19	(0)	(0)	(0)	(0)
Job Fund	14,722	14,728	14,722	14,728
Emerging Farmers' Support Facility & CGA Primary Project	132,441	150,238	132,441	150,238

NOTES TO THE FINANCIAL STATEMENTS

	Group		Company	
	2026	2025	2026	2025
	R'000	R'000	R'000	R'000
Blended Finance	81,625	653,898	81,625	653,898
Kat River Farmers	3,143	2,935	3,143	2,935
Amajingqi Crop	26,872	25,066	26,872	25,066
EU Wines	43,430	40,505	43,430	40,505
Agro Energy Fund	227,395	239,867	227,395	239,867
	1,011,453	**1,626,908**	**1,011,453**	**1,626,908**

Reconciliation of movement in funds under administration

Agri-BEE				
Balance at the beginning of the year	**480,810**	**435,824**	**480,810**	**435,824**
Receipts	16,840	19,598	16,840	19,598
Accrued interest	32,237	36,859	32,237	36,859
Disbursements	(71,257)	(11,471)	(71,257)	(11,471)
Balance at the end of the year	**458,630**	**480,810**	**458,630**	**480,810**
MAFISA fund				
Balance at the beginning of the year	**18,861**	**17,382**	**18,861**	**17,382**
Accrued interest	1,400	1,429	1,400	1,429
Receipts	2,942	50	2,942	50
Bank charges	(8)	-	(8)	-
Transfer from/(to) the fund	-	-	-	-
Balance at the end of the year	**23,195**	**18,861**	**23,195**	**18,861**
Job fund				
Balance at the beginning of the year	**14,728**	**12,656**	**14,728**	**12,656**
Accrued interest	980	1,085	980	1,085
Receipts	1,345	1,120	1,345	1,120

NOTES TO THE FINANCIAL STATEMENTS

	Group		Company	
	2026	2025	2026	2025
	R'000	R'000	R'000	R'000
Bank charges	(5)	(3)	(5)	(3)
Disbursements	(2,326)	(130)	(2,326)	(130)
Transfer from/(to) the fund	-	-	-	-
Balance at the end of the year	**14,722**	**14,728**	**14,722**	**14,728**
Blended Finance				
Balance at the beginning of the year	**653,898**	**863,739**	**653,898**	**863,739**
Accrued interest	29,329	60,977	29,329	60,977
Disbursements	(1,133,102)	(650,229)	(1,133,102)	(650,229)
Receipts	546,292	1,473	546,292	1,473
Bank charges	(1,300)	(3)	(1,300)	(3)
Transfer from/(to) the fund	(13,492)	377,941	(13,492)	377,941
Balance at the end of the year	**81,625**	**653,898**	**81,625**	**653,898**

NOTES TO THE FINANCIAL STATEMENTS

	Group		Company	
	2026	2025	2026	2025
	R'000	R'000	R'000	R'000
Kat River Farmers				
Balance at the beginning of the year	**2,935**	**4,513**	**2,935**	**4,513**
Accrued interest	211	320	211	320
Receipts	-	-	-	-
Disbursements	(2)	(1,898)	(2)	(1,898)
Transfer from/(to) the fund	-	-	-	-
Balance at the end of the year	**3,143**	**2,935**	**3,143**	**2,935**
Amajingqi Crop				
Balance at the beginning of the year	**25,066**	**24,999**	**25,066**	**24,999**
Accrued interest	1,811	119	1,811	119
Receipts	-	-	-	-
Bank charges	(5)	(5)	(5)	(5)
Disbursements	-	(47)	-	(47)
Transfer from/(to) the fund	-	-	-	-
Balance at the end of the year	**26,872**	**25,066**	**26,872**	**25,066**
EU Wines				
Balance at the beginning of the year	**40,505**	**40,314**	**40,505**	**40,314**
Accrued interest	2,927	191	2,927	191
Receipts	-	-	-	-
Bank charges	(2)	-	(2)	-
Disbursements	-	-	-	-
Transfer from/(to) the fund	-	-	-	-
Balance at the end of the year	43,430	40,505	43,430	40,505
Agro Energy Fund				
Balance at the beginning of the year	**239,867**	**256,768**	**239,867**	**256,768**
Accrued interest	16,441	1,150	16,441	1,150

NOTES TO THE FINANCIAL STATEMENTS

	Group		Company	
	2026	2025	2026	2025
	R'000	R'000	R'000	R'000
Receipts	-	-	-	-
Bank charges	(5)	(5)	(5)	(5)
Disbursements	(28,908)	(18,046)	(28,908)	(18,046)
Transfer from/(to) the fund	-	-	-	-
Balance at the end of the year	**227,395**	**239,867**	**227,395**	**239,867**
CGA Primary Project Facility				
Asset				
Cash balance held for the support facilities	150,238	150,238	150,238	150,238
Liabilities				
Emerging farmers support facility	150,238	150,238	150,238	150,238
CGA Primary Project Facility	-	-	-	-
	150,238	**150,238**	**150,238**	**150,238**
Emerging farmers support facility				
Balance at the beginning of the year	**150,238**	**138,792**	**150,238**	**138,792**
Accrued interest	10,173	11,446	10,173	11,446
Receipts	287	-	287	-
Bank charges	(2)	-	(2)	-
Disbursements	(28,255)	-	(28,255)	-
Transfer from/(to) the fund	-	-	-	-
Balance at the end of the year	**132,441**	**150,238**	**132,441**	**150,238**

29. COMMITMENTS

Loan commitments and guarantees

	Group		Company	
	2026	2025	2026	2025
	R'000	R'000	R'000	R'000
Loan commitments[1]	202,011	133,394	202,011	133,394
	202,011	**133,394**	**202,011**	**133,394**

[1]Loan commitments relates to facilities that are undrawn for clients approved facilities

30. RELATED PARTY TRANSACTIONS

	Ownership interest	
	2026	2025
	R'000	R'000
Land Bank Life Insurance Company (SOC) Limited (LBLIC)	100%	100%
Land Bank Insurance Company (SOC) Limited (LBIC)	100%	100%

NOTES TO THE FINANCIAL STATEMENTS

Transactions with related parties other than key management personnel

Amounts received from related parties during the year

	2026	2025
	R'000	R'000
i) Land Bank Life Insurance Company (SOC) Limited - Subsidiary*		
Policy administration fees received by Land Bank	367	290
Amounts paid to the Land Bank - Dividends Paid	-	250,000
Gross written premiums - Group credit life insurance provided to Land Bank Clients	1,279	1,767
	1,646	**252,057**
ii) Land Bank Insurance Company (SOC) Limited - Subsidiary*		
Policy administration fees received by Land Bank	1,470	1,162
	1,470	**1,162**

iv) Other related parties

The Bank obtains funding from institutions, of which the most significant nominal values are disclosed below:

Funding received**		
Corporation for Public Deposits	236,248	330,027
Industrial Development Corporation	104,981	146,654
National Housing Finance	21,436	29,946
Petro SA	171,022	238,909
Post Bank	185,050	258,506
Public Investment Corporation	1,341,567	1,874,102
Trans-Caledon Tunnel Authority	18,198	25,422
	2,078,503	**2,903,566**

NOTES TO THE FINANCIAL STATEMENTS

Amounts owed by/(to) related parties

	2026	2025
	R'000	R'000
Funds under administration		
DOA	875,869	1,473,734
Micro-Agricultural Finance Institution	23,195	18,860
Agricultural Broad Based Black Economic Empowerment	458,630	480,811
Blended Finance	81,625	653,900
Job Fund	14,722	14,728
Covid 19	-	-
Amajingqi Crop	26,872	25,065
EU Wines	43,430	40,503
Agro Energy Fund	227,395	239,867
CGA Primary Project Facility	132,441	150,239
Kat River Farmers	3,143	2,936
	1,011,453	**1,626,909**
i) Agricultural Broad Based Black Economic Empowerment (Agri-BEE)		
Bank balances of the Agri-BEE	458,630	480,811
Agri-BEE fund balance	458,630	480,811
ii) Micro-Agricultural Finance Institution (MAFISA)		
Bank balances of the MAFISA fund	23,195	18,860
MAFISA fund balance	**23,195**	**18,860**
iii) CGA Primary Project Facility		

NOTES TO THE FINANCIAL STATEMENTS

	2026	2025
	R'000	R'000
Bank balances of the CGA Primary Project Facility	132,441	150,239
CGA Primary Project Facility fund balance	**132,441**	**150,239**
vi) Blended Finance Facility		
Bank balances of the Blended Finance Facility	81,625	653,900
Cash balance held for the support facilities	**81,625**	**653,900**
vii) Amajingqi Crop		
Bank balances of the Amajingqi Crop Facility	26,872	25,065
Cash balance held for the support facilities	**26,872**	**25,065**
viii) EU Wines		
Bank balances of the EU Wines Facility	43,430	40,503
Cash balance held for the support facilities	**43,430**	**40,503**
ix) Agro Energy Fund		
Bank balances of the Agro Energy Fund Facility	227,395	239,867
Cash balance held for the support facilities	**227,395**	**239,867**
x) Other bank balances		
Job Fund	14,722	14,728
Kat River Farmers	3,143	2,936
Total amount owed to related parties	**17,865**	**17,664**
Total amount owed to related parties	**1,011,453**	**1,626,909**

Services paid/ (received) to related parties

NOTES TO THE FINANCIAL STATEMENTS

	2026	2025
	R'000	R'000
LBLIC - Salaries	45,094	30,989
LBIC - Salaries	(45,094)	(30,989)
Remuneration recharge to LBIC	**-**	**-**
Transactions with key management personnel**		
Short-term employee benefits	761	1,263
	761	**1,263**

[1]Transactions with subsidiaries are made in the ordinary course of business and on substantially the same terms, as those prevailing at the time for comparable transactions with other third parties. These transactions also did not involve more than the normal risk of collectability or present other unfavorable features. There was no ECL at the statement of financial position date and no bad debt expense in the year (FY2026: Rnil) relating to this intercompany transaction.

[3]The intercompany account is held as a trading account between LBIC, LBLIC and its holding company, Land Bank. In terms of the shareholders' agreement the loan is unsecured and has been sub-ordinated by Land Bank. Settlement will take place in cash. A decision was taken by the executive of the holding company that no interest would be charged on the outstanding loan balance during the current and prior financial periods under review.

[4]Key management personnel comprises of the Group's executive management (including executive directors) and non-executive directors.

31. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT OF THE GROUP

Financial risk management Credit risk

Credit risk refers to a loss suffered by a party whereby the counterparty fails to meet its financial obligations to the party under the contract. Credit risk may also arise if there is an increasing risk of default by the counterparty throughout the duration of the contract.

The definition of credit risk includes:

a) Credit evaluation risk: Risk related to the decreased credit worthiness (based on recent financial performance) of a counterparty to a transaction. A creditor may subsequently charge the downgraded entity a higher lending rate to compensate for the increased risk. For a creditor, downgrade risk may eventually lead to default risk.
b) Credit concentration risk: Risk related to any single exposure or group of exposures large enough to cause credit losses which threaten the Bank's capital adequacy or ability to maintain its core operations. It is the risk that a common factor within a risk type or across risk types fails or an event occurs which causes credit losses.
c) Credit default risk: Risk related to the non-payment of interest and/ or capital on a loan by the borrower to the lender. This translates into a loss to the institution as a result of failure by a counterparty to meet its financial and/or contractual obligations.
d) Counterparty risk: Counterparty risk is the risk to each party of a contract that the counterparty will not live up to its contractual obligations. Counterparty risk is a risk to both parties and should be considered when evaluating a contract. In most financial contracts, counterparty risk is also known as default risk.

As an important partner in the execution of the Bank's development mandate, the bank however needs to comply with statutory and regulatory requirements to ensure that the Bank's activities do not lead over indebtedness in this market segment.

Policy and responsibility

The key components of the current general credit policy are the following:

- The primary role of the Bank is to provide finance to the agricultural sector;
- In its mandate, the Bank seeks to satisfy the needs of its customer base while maintaining a sound credit portfolio;
- The Bank insists on a thorough assessment of the client's financial position and repayment ability during the loan decision process, resulting in better quality credit decisions which result in timeous loan repayments and reduced losses in the event of a default;
- For the vast majority of the products, credit is granted on the basis of insight into the customer's circumstances and of specific assessments that provide a context for such credits;
- The facilities should match the customer's credit worthiness, capital position or assets, and the customer should be able to substantiate his or her repayment ability, and
- The Group may assume risks only within the limits of applicable legislation and other rules, including the rules of good practice for financial enterprises.

Credit risk management process

The credit risk management process has four stages. The stage can be summarised as follows:

- Credit origination entails gathering of application information, pre-screening for viability and mandate fit, client assessment and validation of business case through a due diligence.
- Credit assessment entails validation of submitted documentation from origination, risk rating and pricing, viability and affordability assessment, risk mitigation and determining appropriate
- terms and conditions within the Bank's risk appetite.
- Negotiating and contracting entails drafting and signing of legal documentation, ensuring all conditions precedence have been met in order effect disbursement of the loan.
- Portfolio Monitoring entails ongoing monitoring and evaluation, including base line studies, to ensure social impact and financial expectations have been met, board representation, business development support by designated teams (agricultural, financial etc.).

Risk classification

The Bank monitors the repayment record of its customers on an ongoing basis to ensure that any deterioration in repayment records is detected as early as possible. As part of the collection process, customers are classified according to risk, and the classification is updated on receipt of new information about the customer.

The main objectives of risk classification are to rank the Bank's customer base according to risk so as to estimate the probability of default (PD) of each customer. The risk classifications used in the day-to-day credit process are based on point-in-time estimates. This means that the Bank uses a customer's present general and financial situation as a starting point. A change in the customer's situation or financial position therefore results in an upgrade or downgrade of that customer. The Bank adheres to the principle that all classifications should reflect the customer's current situation to the greatest extent possible.
The maximum exposure to credit risk is presented in the table below

	2026			2025		
	Gross carrying amount	Credit loss allowance	Amortised cost / fair value	Gross carrying amount	Credit loss allowance	Amortised cost / fair value
	R'000	R'000	R'000	R'000	R'000	R'000
Asset class with asset credit risk exposure *	22,264,114	(2,847,192)	19,416,922	26,104,657	(3,811,052)	22,293,605
Loans and advances	13,659,309	(2,847,192)	10,812,116	15,385,247	(3,811,052)	11,574,195
Cash at bank	4,933,781	-	4,933,781	7,785,967	-	7,785,967
Trade and other receivables (excluding prepaid expenses)	97,089	-	97,089	111,366	-	111,366
Insurance contract assets	131,068	-	131,068	316,266	-	316,266
Reinsurance contract assets	51,077	-	51,077	7,140	-	7,140
Hedging derivatives	185,417	-	185,417	361,811	-	361,811
Investments **	3,206,373	-	3,206,373	2,136,860	-	2,136,860
Total assets per statement of financial position	**22,264,114**	**(2,847,192)**	**19,416,922**	**26,104,657**	**(3,811,052)**	**22,293,605**
Add off balance sheet items exposed to credit risk						
Guarantees issued	-	-	-	-	-	-
Loan commitments	202,011	-	202,011	133,394	-	133,394
Operating lease commitments - group as lessor	9,162	-	9,162	-	-	-
Maximum credit exposure - selected items	22,475,287	(2,847,192)	19,628,095	26,238,051	(3,811,052)	22,426,999

Credit exposure is calculated on the basis of selected items on and off the balance sheet (loan commitments).
* This amount excludes the impact of any collateral held or credit enhancements. Refer to note 9 for collateral held against the loans and advances

NOTES TO THE FINANCIAL STATEMENTS

2026

Agricultural Sector	Corporate Banking and Structured Investments		Commercial Development and Business Banking				Classification by loan performance		
	Direct	Total	Direct	Indirect	Total	Total Book	Stage 1: Performing	Stage 2: Under-performing	Stage 3: Non-performing
	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000
Agri-Business	91,749	91,749	273,267	-	273,267	365,016	451	7,674	356,891
Citrus	311,399	311,399	247,758	-	247,758	559,157	184,549	175,385	199,223
Cotton	-	-	27,146	-	27,146	27,146	(270)	97	27,320
Dairy	-	-	180,554	-	180,554	180,554	33,211	28,276	119,068
Deciduous fruit	364,485	364,485	188,198	4,892	193,090	557,575	105,531	35,380	416,665
Feedlot	610	610	27,585	-	27,585	28,195	1,282	7,888	19,026
Financial Services	4,373	4,373	334,129	-	334,129	338,502	186,168	85,231	67,103
Flowers	-	-	3,634	-	3,634	3,634	1,163	699	1,772
Fodder	-	-	249,323	-	249,323	249,323	66,297	21,866	161,160
Game	-	-	103,883	-	103,883	103,883	18,118	10,979	74,786
Grain	2,104,785	2,104,785	2,558,386	2,763	2,561,148	4,665,933	2,736,460	370,991	1,558,482
Livestock	21,282	21,282	2,578,356	-	2,578,356	2,599,638	678,803	766,894	1,153,941
Nuts	82,491	82,491	350,773	-	350,773	433,264	71,148	54,650	307,466
Ostriches	-	-	31,311	-	31,311	31,311	13,858	3,958	13,495
Other	763,343	763,343	93,582	-	93,582	856,925	(15,267)	301	871,890
Pork	-	-	19,338	-	19,338	19,338	-	3,481	15,857
Poultry	153,913	153,913	147,984	102	148,086	301,999	57,246	12,139	232,614
Subtropical Fruit	44,438	44,438	53,520	-	53,520	97,957	24,416	35,161	38,380
Sugarcane	-	-	348,396	-	348,396	348,396	131,517	181,037	35,842
Table grapes	-	-	357,944	40,769	398,713	398,713	140,617	-	258,097
Tea	-	-	15,123	-	15,123	15,123	403	13,327	1,392
Timber	-	-	40,478	-	40,478	40,478	21,094	-	19,384
Tobacco	-	-	166,974	-	166,974	166,974	-	3,123	163,852
Vegetables	84,860	84,860	969,255	-	969,255	1,054,115	128,681	92,094	833,340
Wine	-	-	200,358	15,801	216,159	216,159	116,051	39,693	60,415
Total	**4,027,726**	**4,027,726**	**9,567,255**	**64,327**	**9,631,582**	**13,659,309**	**4,701,525**	**1,950,323**	**7,007,461**

NOTES TO THE FINANCIAL STATEMENTS

2025

Agricultural Sector	Corporate Banking and Structured Investments		Commercial Development and Business Banking				Classification by loan performance		
	Direct	Total	Direct	Indirect	Total	Total Book	Stage 1: Performing	Stage 2: Under-performing	Stage 3: Non-performing
	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000
Agri-Business	106,559	106,559	334,007	-	334,007	440,566	6,575	11,502	422,489
Citrus	-	-	244,151	-	244,151	244,151	58,674	5,441	180,036
Cotton	-	-	33,809	-	33,809	33,809	5,292	-	28,517
Dairy	159,966	159,966	224,939	-	224,939	384,905	70,752	13,705	300,449
Deciduous fruit	309,020	309,020	172,832	-	172,832	481,852	100,055	105,262	276,532
Feedlot	1,834	1,834	27,871	-	27,871	29,705	11,929	-	16,552
Financial Services	8,655	8,655	355,334	-	355,334	363,989	197,601	71,500	94,889
Flowers	-	-	4,125	-	4,125	4,125	2,188	-	1,937
Fodder	-	-	261,059	-	261,059	261,059	53,334	2,050	205,675
Game	-	-	159,855	-	159,855	159,855	34,370	6,691	118,794
Grain	2,971,384	2,971,384	2,782,163	2,196	2,784,359	5,755,744	2,895,642	1,068,671	1,869,631
Livestock	309,707	309,707	2,590,184	-	2,590,184	2,899,891	990,188	255,847	1,650,855
Nuts	82,491	82,491	391,207	-	391,207	473,698	117,185	4,633	351,880
Ostriches	-	-	50,824	-	50,824	50,824	15,332	-	35,492
Other	628,805	639,894	405,462	44,087	449,548	1,1078,353	56,242	-	1,022,111
Pork	-	-	32,961	-	32,961	32,961	3,475	33	29,454
Poultry	238,692	238,673	113,509	3,811	117,320	356,012	34,411	127,269	194,332
Subtropical Fruit	-	-	27,290	-	27,290	27,290	3,303	-	23,988
Sugarcane	105,000	105,000	269,616	-	269,616	374,616	188,370	6,939	179,307
Table grapes	(3)	(3)	440,664	44,868	485,532	485,529	103,227	-	337,438
Tea	-	-	18,966	-	18,966	18,966	6,582	9,713	2,671
Timber	-	-	75,766	-	75,766	75,766	21,571	55	54,140
Tobacco	-	-	152,109	-	152,109	152,109	3,420	-	148,689
Vegetables	174,962	174,962	819,593	-	819,593	994,556	142,550	13,875	838,130
Wine	-	37	203,052	6,088	209,140	209,140	115,119	15,105	78,916
Total	**5,092,847**	**5,092,847**	**10,191,350**	**101,049**	**10,292,399**	**15,385,247**	**5,237,387**	**1,718,290**	**8,429,569**

NOTES TO THE FINANCIAL STATEMENTS

Credit exposure by geographic/regional distribution

2026	Loan Performance						
	Corporate Banking and Structured Investments	Commercial Development and Business Banking	Total	Total	Stage 1: Preforming	Stage 2: Under-performing	Stage 3: Non-performing
	R'000	R'000	R'000	%	R'000	R'000	R'000
Province							
Eastern Cape	288,222	806,308	1,094,530	8%	579,203	107,479	407,849
Free State	59,169	1,653,660	1,712,830	13%	442,018	350,252	920,577
Gauteng	251,641	343,991	595,632	4%	79,628	92,175	465,451
KwaZulu-Natal	-	526,262	526,262	4%	91,933	156,764	281,423
Limpopo	1,033,051	1,379,506	2,412,557	18%	61,574	313,489	2,037,494
Mpumalanga	2,045,615	1,243,966	3,289,581	24%	2,388,440	357,603	543,538
Northen Cape	3,966	1,813,418	1,817,384	13%	619,827	226,490	971,066
North West	747	760,338	761,085	6%	53,419	207,012	501,020
Western Cape	345,315	1,104,133	1,449,448	11%	431,347	139,059	879,062
Total	**4,027,726**	**9,631,582**	**13,659,309**	**100%**	**4,701,525**	**1,950,323**	**7,007,461**

2025	Loan Performance						
	Corporate Banking and Structured Investments	Commercial Development and Business Banking	Total	Total	Stage 1: Preforming	Stage 2: Under-performing	Stage 3: Non-performing
	R'000	R'000	R'000	%	R'000	R'000	R'000
Province							
Eastern Cape	379,754	855,633	1,235,387	9%	387,828	135,565	711,994
Free State	55,096	1,714,339	1,769,436	13%	533,371	122,844	1,113,221
Gauteng	610,789	529,083	1,139,871	8%	158,029	119,709	862,134
KwaZulu-Natal	105,000	594,391	699,391	5%	173,946	49,151	476,294
Mpumalanga	786,101	1,482,950	2,269,052	17%	214,792	158,380	1,895,880
Northern Cape	2,905,479	1,195,169	4,100,648	30%	2,448,188	920,050	732,368
Limpopo	20,076	816,574	836,651	6%	670,874	80,200	1,199,070
North West	3,966	1,946,179	1,950,144	14%	214,843	18,688	603,119
Western Cape	267,932	1,116,735	1,384,668	10%	470,863	113,798	800,007
Total	**5,134,193**	**10,251,053**	**15,385,247**	**113%**	**5,237,387**	**1,718,290**	**8,429,569**

NOTES TO THE FINANCIAL STATEMENTS

Credit risk concentration by credit rating (rated externally)

The table below provides an analysis of the ratings attached to the group's exposure to instruments subject to credit risk:

	Bonds	Commodities and derivatives	Collective Investment Schemes	Money market	Cash deposits and similar securities	Net working capital assets	Total
	R'000	R'000	R'000	R'000	R'000	R'000	R'000
2026							
AAA	436 516	1 544	107 802	4 033	127 047	-	676 942
AA+	87 996	-	4 456	7 117	13 111	-	112 680
AA	280 267	-	41 291	8 402	45 311	-	375 271
AA-	5 297	-	1 376	-	-	-	6 673
A+	-	-	720	-	-	-	720
A	21 648	-	11	2 838	373	-	24 870
BB	114 797	-	-	-	102	-	114 899
BB-	-	-	85	-	4 855 337	-	4 855 422
B-	177	-	-	-	-	-	177
Other 1	-	-	-	-	13 659 309	-	13 659 309
Not rated	5 259	-	10 278	1 806	2 050 816	76 726	2 144 885
Total	**951 957**	**1 544**	**166 019**	**24 196**	**20 776 257**	**76 726**	**21 996 700**

	Bonds	Cash, deposits and similar securities	Collective Investment Schemes	Net working capital assets	Total
	R'000	R'000	R'000	R'000	R'000
2025					
AAA	322,271	145,173	-	-	467,444
AA+	4,592	28,907	-	-	33,499
AA	32,960	17,658	-	-	50,618
AA-	294,122	1,779	-	44,723	340,624
A+	5,061	-	-	-	5,061
A	150	3,069	-	-	3,219
A-	469	-	-	-	469
BBB+	393	-	-	-	393

NOTES TO THE FINANCIAL STATEMENTS

	Bonds	Cash, deposits and similar securities	Collective Investment Schemes	Net working capital assets	Total
	R'000	R'000	R'000	R'000	R'000
BBB-	3,660	-	-	-	3,660
BBB	1,718	-	-	-	1,718
BB+	1,005	-	-	-	1,005
BB-	7,076	7,388,723	-	-	7,395,809
Other *	-	15,385,247	-	-	15,385,247
Not rated **	107,123	1,220,567	129,905	-	1,457,595
Total	**780,610**	**24,191,123**	**129,905**	**44,723**	**25,146,361**

[1]This includes clients that are not rated externally. The Bank has its own credit rating system for these clients. The Bank performs a credit assessment by verifying security provision, cash flow forecasts the level of financial leverage which determines the level of financial risk and indicates the extent that debt is covered by assets. Please refer to note 9 and note 4.
** These assets do not have a formal rating and mainly relate to premium debtors.

Credit exposure by line of business - loan book

Gross loan book

	2026	2025		
	R'000	% Total	R'000	% Total
Corporate Banking and Structured Investments	4,106,177	30%	5,242,936	34%
Commercial Development and Business Banking	9,624,209	70%	10,207,873	66%
Loan Modification	(71,077)		(65,563)	
Total gross loan book from continuing operations	13,659,309		15,385,247	
Less: Expected Credit Loss (ECL)	(2,847,192)		(3,811,052)	
Carrying amount of loans from continuing operations	10,812,116		11,574,194	
Balance per annual financial statement - total carrying amount	10,812,116	100%	11,574,194	100%

Balance as per the following notes

The Bank's Commercial Development and Business Banking division, which provides loans to agricultural cooperatives and agribusiness companies, continues to account for the bulk of the Bank's overall credit exposure.

Credit risk management practices in relation to the recognition and measurement of expected credit losses

Methods used to determine	Method	Inputs	Assumptions	Estimation Techniques
12-month and lifetime expected credit losses	Expected loss methods based on probability at default (PD), loss given default (LGD) and exposure at default (EAD); expected credit losses are discounted to the reporting date using the effective interest rate.	PD, LGD and EAD over the lifetime of the loan.	Current PDs are the output of the calibrated rating model; PDs in subsequent years are determined based on migration, seasoning and cyclicality effects.	PDs: migration matrices for multi-year migration effects, term structure analysis for seasoning effect, macro-economic overlay for cyclicality. LGD: LGD model calibrated with own data history. EAD: credit conversion factor (CCF) modelling with own data, inclusion of repayment schedules.
			The current LGD is the output of the LGD model; analyses showed that the subsequent LGDs are The same as the first year's LGD.	
			Lifetime is the Contractual tenor of the loan; No prepayments assumed	
Whether a credit Risk has Increased significantly since initial recognition	1.According to the Stage 2 definition; different Land Bank specific identifiers including the minimum 30 days past due criteria have been selected for the identification of SICR.	Information on single loan Level, such as Loans management risk indicators, arrears information etc.	While each loan is Firstly considered on its own, the final classification Is performed on a client-level i.e. the worst stage of all loans is assumed to be the correct stage for all loans of the same client.	Stage classification is fact based using current flags and information Available in the Land Bank's data base.
	Early Warning Indicators (a combination of macroeconomic factors (SA Maize Volatility Index - SAVI, Agricultural GDP, International Food Index ,and business rules) have been implemented for the monitoring and classification of SICR.			1.Maximum stage across all loans per client rule applies.
Whether a financial asset is a credit-impaired financial asset	According to default definition; in general, unlikeliness to pay as well as >90 days past due are the criteria considered; these criteria are interpreted in terms of Land Bank's identifier e.g. for specific cases of unlikeliness to pay.	Information on single loan level, such as Loans management risk indicators, arrears information, etc.	While each loan is firstly considered on its own, the final classification is performed on a client-level, i.e. if one loan is considered to be credit-impaired (stage 3) then all loans of the same clients are considered to be so as well.	Stage classification is fact based using current flags and information Available in the Land Bank's data base. Maximum stage across all loans per client rule applies.

Macro-economic factors

IFRS 9 introduced the use of macro-economic factors when calculating ECL. The Group has used macro-economic factors in the ECL methodology. Such factors include but are not limited to the World Food Index as well as the Volume of Imports of Goods and Services, and requires an evaluation of both the current and forecast direction of the economic cycle. Incorporating forward-looking information increases the level of judgement as to how changes in these macro-economic factors will affect ECL. The methodology, assumptions and macro-indices, including any forecasts of future economic conditions are reviewed regularly.

For information on financial assets' credit risk exposure, including significant credit risk concentrations please see note 33.

Write off policy

The Group defines bad debt as an irrecoverable debt or uncollectible debt, where all the recovery processes and or steps are exhausted and the client or counter parties do not have any means whatsoever to repay the debt that is due and payable and there are no reasonable prospects of success.

As a development bank, the Land Bank will endeavor to ensure continuity of agricultural production, and the Group shall only write off bad debt when all reasonable steps have been taken to recover the debt.

Land Bank considers the following indicators when determining whether there is no reasonable expectation of recovery:

- Recovery of the debt is not economically justified;
- Trace of the client is unsuccessful where efforts and channels to trace the client have been fully exhausted; or
- It is to the advantage of Land Bank to effect settlement of its claims or to waive the claim; or
- The sheriff has issued a nulla bona return to the effect that there are no further assets available to liquidate; or
- The loan security and/or security documents are defective and no other basis for a claim exists; or
- A shortfall emanating from the agreed settlement discount offered by Land Bank and/or a compromise has been reached between the client and Land Bank and a condition of such compromise is that Land Bank must write off a portion of the outstanding debt; or
- The loan is secured by property where the asset has been "bought-in" following an auction or abandonment process; or
- No security exists at the date of insolvency/liquidation/ or business rescue and/or existing security has been sold and the proceeds thereof received by Land Bank leaves a shortfall; or
- A deceased estate where there are no assets and there is no security or spouse married in community of property from which the outstanding balance may be claimed; or
- A deceased estate where there are no assets however:
  - i) The estate is insolvent and will be administered in accordance with Section 34 of the Administration of Estates Act 66 of 1965; or
  - ii) If there are insufficient dividends for the estate and the assets within the estate are of minimal value and / or are not dispensable to the debtor's dependents; or
- The debt has prescribed as defined by the Prescription Act (68 of 1969) as amended; or
- Any amount exceeding in-duplum inclusive of interest and costs; or
- All avenues of recovery, including the realisation of security and sureties, have been exhausted and a shortfall exists; or
- Any circumstance which in the opinion of the Chief Executive Office, Chief Financial Officer and/or Executive Manager Legal Services prohibits the recovery of the debt (authorisation in line with the DOP); or
- Any circumstance which is in the public interest or may be required because of amendments or enactments of legislation.

From time to time the Group has financial assets that are written off but may still be subject to enforcement activity. Such financial assets are written off when the aforementioned criteria have been met. Any recoveries due to enforcement activities are treated as bad debt recoveries in the year which such recoveries are made. This amounted to R69.9 million (FY2025: R40.5 million) refer to note 9.

Modification

The gross carrying amount of loans modified and the related gains/losses) recognised where no derecognition took place

2026	Gross loans modified	Gain/loss) on modification	Change in expected credit loss due to modification
	R'000	R'000	R'000
Stage 1	8,890	394	(112)
Stage 2	59,797	1,162	(2,924)
Stage 3	15,509	2,622	72
Total	**84,194**	**4,178**	**(2,964)**

Loss allowance: expected credit losses

2025	Gross loans modified	Gain/loss) on modification	Change in expected credit loss due to modification
	R'000	R'000	R'000
Stage 1	34,104	24	15
Stage 2	21,666	4	11
Stage 3	4,864	(4,957)	667
Total	**60,634**	**(4,929)**	**692**

NOTES TO THE FINANCIAL STATEMENTS

Stage migration (Gross loans and related credit losses)

	Note	Stage 1 [1] R'000	Stage 2 [2] R'000	Stage 3 [2] R'000	Total R'000
Gross loans as reported for 2026	**9**	**4,701,525**	**1,950,323**	**7,007,461**	**13,659,309**
Stage migration - improvements		818,967	(417,253)	(401,714)	
-Stage 2 to 1		673,018	(673,018)	-	
-Stage 3 to 1		145,949	-	(145,949)	
-Stage 3 to 2		-	255,765	(255,765)	
Stage migration - deterioration		(172,731)	(148,609)	321,340	
-Stage 1 to 2		(121,069)	121,069	-	
-Stage 1 to 3		(51,662)	-	51,662	
-Stage 2 to 3		-	(269,678)	269,678	
Net stage migration		**646,236**	**(565,862)**	**(80,374)**	
Expected credit losses as reported for 2026	9	198,411	197,740	2,451,041	2,847,192
Stage migration - improvements		45,362	396	(45,758)	
-Stage 2 to 1		-	-	-	
-Stage 3 to 1		25,216	20,542	(45,758)	
-Stage 3 to 2		20,146	(20,146)	-	
Stage migration - deterioration		(16,428)	(11,645)	28,074	
-Stage 1 to 3		(10,481)	(17,592)	28,074	
-Stage 2 to 3		(5,947)	5,947	-	
Net stage migration		**28,934**	**(11,249)**	**(17,684)**	

NOTES TO THE FINANCIAL STATEMENTS

	Stage 1 [1]	Stage 2 [2]	Stage 3 [2]	Total
	R'000	R'000	R'000	R'000
Gross loans as reported for 2025	5,237,387	1,718,290	8,429,569	15,385,246
Stage migration - improvements	372,347	(140,259)	(232,088)	
-Stage 2 to 1	227,601	(227,601)	-	
-Stage 3 to 1	144,746	-	(144,746)	
-Stage 3 to 2	-	87,342	(87,342)	
Stage migration - deterioration	(88,669)	(12,429)	101,098	
-Stage 1 to 2	(42,981)	42,981	-	
-Stage 1 to 3	(45,688)	-	45,688	
-Stage 2 to 3	-	(55,410)	55,410	
Net stage migration	**283,678**	**(152,688)**	**(130,990)**	
Expected credit losses as reported for 2025	156,400	185,036	3,469,616	3,811,052
Stage migration - improvements	2,096	2,096	(4,546)	
-Stage 2 to 1	-	-	-	
-Stage 3 to 1	1,413	1,413	(4,546)	
-Stage 3 to 2	683	683	-	
Stage migration - deterioration	(4,162)	(9,439)	13,601	
-Stage 1 to 3	(2,732)	(10,869)	13,601	
-Stage 2 to 3	(1,430)	1,430	-	
Net stage migration	**(2,066)**	**(7,343)**	**9,055**	

[1] 12 month expected credit losses
[2] Life time expected credit losses

Liquidity risk

Liquidity risk relates to the Bank's possible inability to meet its payment obligations when they fall due. This may be caused by the Bank's possible inability to liquidate assets and/or to obtain funding to meet its liquidity needs.

The Group is exposed to liquidity risk via its:

- Ability to borrow from the market, at market related interest rates;
- Ability to attract wholesale funders at favourable interest rates;
- Liquid assets ratios are not adequate for prudential requirements;
- Ability to raise long term funding to match long term assets;
- Lack of standby lines of credit.

To manage liquidity risk, the Bank has a treasury policy that considers limits to manage its liquidity.

Control and management

Liquidity risk is managed by matching the liabilities with assets that have similar maturity profiles. The company invested its surplus cash in a portfolio of short-term interest-bearing assets in the current reporting period. The board decided to adopt a conservative investment strategy for the company considering the volatility of crop business.

Cash at bank

The pool of liquid assets (in cash) is invested with reputable financial institutions as informed by the treasury policy.

Trade and other receivables

Past trends indicate that payment has been received timeously and that the fair values post year-end fairly reflect the amounts received.

Repurchase agreements, derivative assets, strategic trading assets and investments

The amounts are receivable from reputable institutions and funds invested are managed by reputable asset managers. Past trends indicate that payment has been received timeously and that the fair values post year-end fairly reflect the amounts received.

NOTES TO THE FINANCIAL STATEMENTS

Maturity analysis is presented on undiscounted cash flows as per IFRS 7.42E.

Company - 2026	Notes	Less than 1 year R'000	1 - 5 years R'000	> 5 years R'000	Total R'000
Financial Liabilities					
Trade and other payables	16	191,649	-	-	191,649
Funding liabilities	18	1,150,538	5,599,049	-	6,749,587
Lease liabilities	13	3,894	5,268	-	9,162
Total Financial Liabilities		**1,346,081**	**5,604,317**	**-**	**6,950,398**

Company - 2025	Notes	Less than 1 year R'000	1 - 5 years R'000	> 5 years R'000	Total R'000
Financial Liabilities					
Trade and other payables	16	106,619	18,039	32,499	157,157
Funding liabilities	18	-	9,428,841	-	9,428,841
Lease liabilities	13	8,487	14,404	-	22,890
Total Financial Liabilities		**115,106**	**9,461,284**	**32,499**	**9,608,888**

[1]The comparative figure has been restated, refer to note 37 for the change in accounting policy.

Interest rate risk monitoring

The Asset and Liability Management Committee (ALCO) consist of the Bank's executive management and it monitors among other things, the implementation of the Bank's interest rate risk policy. ALCO considers and formulates interest rate views as the official forecast of interest rates. Sensitivity analysis is performed by the Risk Management department where the interest rate risk mismatch limit (fixed vs floating) is set.

Interest rate risk policy

The Bank reviews its interest rate risk policy in line with market practices on an annual basis.

Sensitivity analysis

Annually an interest rate risk sensitive analysis is performed as part of the Risk Management input to the Annual Financial Statements. The purpose of the analysis is
to indicate the Land Bank's income sensitivity to interest rate changes.

Calculations were performed to determine the Bank's projected net interest income. An interest rate sensitivity analysis was carried out by applying a parallel shift of 100 basis points up and down on interest rates to anticipate the projected impact on the Bank's profitability. The
expected prime interest rate used in the calculations was 9% as per budget assumptions.

The calculation includes assumptions that will have a positive or negative impact on the net interest income for Land Bank during the 2025/2026 financial year.

Interest rate risk policy

The Bank reviews its interest rate risk policy in line with market practices on an annual basis.

Sensitivity analysis

Sensitivity analysis has been determined based on the exposure to interest rates for derivatives and other financial liabilities and assets at the statement of financial position date. A 100-basis point increase or decrease is used when reporting interest rate risk and represents management's assessment of a reasonably possible change in interest rates on the Group's net interest income.

The effect of a reasonable possible change in interest rates, as explained above, and all other variables held constant, the Bank's profit would be as follows using data as at 31 March 2026:

Net Interest Income	April 2026/2027	Variance
Nil with expected view	**886,573**	
100 basis points rate shock up	**988,301**	101,728
100 basis points rate shock down	**784,845**	-101,728

An interest rate sensitivity analysis was performed by applying a parallel shift of 100 basis points up and down on interest rates to anticipate the projected impact on the Bank's profitability. The expected prime interest rate used in the calculations was an average of 9.% as per budget assumptions.

The table above is that the expected impact of a 100-basis points up and down shock in interest rates is around R101.73m (R111m for FY2025).

Currency risk

The group is exposed to the risk of fluctuations in foreign currencies, as a result of future transactions and investments in foreign companies. The group makes use of forward exchange contracts to manage this risk.

Capital Management

The primary source of capital used by the group is shareholder's equity funds. The amount of capital required is directly linked to risks arising from insurance business underwritten, as well as the group's credit and operational risk. Accordingly, risk management is an important component of effective capital management.

Capital management objectives and approach

The group has established the following capital management objectives and approach to managing the risks that affect its capital position:

- To allocate capital efficiently and support the development of business by ensuring that returns on capital employed meet the requirements of its capital providers and of its shareholder;
- To align the profile of assets and liabilities taking account of risks inherent in the business;
- To maintain financial strength to support new business growth and to satisfy the requirements of the policyholders and stakeholder;
- To maintain healthy capital ratios in order to support its business objectives; and
- To support the credit rating of the Bank.
- To maintain healthy capital adequacy ratios in order to support its business objectives.

- To comply with the requirements set by the regulator of the insurance markets where the company operates.

The Group's capital management policy for its insurance and non-insurance business is to hold sufficient capital to cover statutory requirements.

The following main strategies were applied to achieve capital management objectives:

- Effective management of credit risk;
- Effective management of underwriting risk,
- Effective management of operational risk - a sound internal control framework reduces operational risk, which in turn has a positive effect in the calculation of required capital; and
- Routine forecasts of capital requirements, assessment against both available capital as well as the expected internal rate of return - including risk and sensitivity analyses.

The purpose of the Group's capital management is to ensure an efficient use of capital in relation to risk appetite and business development. The Group does not have to comply with any regulatory capital requirements.

Risk Management Strategies of the insurance business

The Life insurance business

As an Insurance entity, LBLIC is exposed to various insurance and financial risks. These risks cause uncertainty and therefore the challenge for management is to determine what level of uncertainty is acceptable for its business as it strives to enhance stakeholder value. LBLIC has adopted an enterprise risk management (ERM) approach and framework that enables management to effectively deal with uncertainty and thus enhance the capacity to build value by efficiently and effectively deploying resources in pursuit of achieving the corporate objectives. The ERM process adopted is considered appropriate to the nature, scale and complexity of the business. The LBLIC approach is aligned with the principles of the King Report on Corporate Governance for South Africa, 2016 (King IV), ISO 31000, Prudential Authority Standard – GOI 3, Solvency Assessment and Management (SAM) requirements. LBIC's ERM framework and process is designed to assist the board in ensuring that management continually monitors risk and reports back to the Audit and Risk Committee (ARC) on the status of these risks. We utilise ISO 31000 as a guideline to foster a structured and practical approach to risk management across the business. While LBLIC's Enterprise Risk Management (ERM) process is clearly defined, it is the responsibility of the business to integrate ERM into its operations. This approach is designed to add value by aligning with our business strategy and objectives.

Risk assessment process

A key component of the ERM framework is the risk assessment process. LBLIC's risk assessment process consists of risk identification, risk analysis, risk evaluation and risk treatment/management of those risks that are relevant to the corporate strategic objectives. Risks are identified from a top down (strategic) and bottom up (operational) perspective to create and maintain an integrated view of material risk exposures. The top down approach is undertaken at an executive and senior management level and considers strategic risks affecting LBIC in the medium to long term. In parallel, the bottom up approach is undertaken by enterprise risk management (ERM) at a business unit level to assess all categories of risks from their perspectives with specific focus on operational, underwriting, reinsurance and financial risks. The risk identification process is used to build an aggregated view of all significant risks faced by the organisation. Risk analysis provides an input to risk evaluation and informs decisions on how the risks need to be treated. Risk analysis involves consideration of the causes and sources of risk, their positive and negative consequences and the likelihood that those consequences may occur. LBLIC analyses quantifiable risks by using capital requirement and ORSA models which are developed based on the prudential standard's standard formula. The models cover the following risk categories:

- insurance risk (consisting of underwriting and reinsurance risk)
- liquidity risk
- market risk
- operational risk

A number of risks faced by LBLIC are not modelled, namely: strategic, conduct, regulatory, and outsourcing risks. These risks are analysed individually by management and appropriate measures are implemented to monitor and mitigate these risks. These risks are addressed in the annual ORSA process. Once the relevant risks are better understood, the risk strategy governs how the risks should be managed within the business. LBLIC has formulated a risk management strategy which guides risk-taking activities and ensures that we sustainably deliver on our strategic objectives.

Capital management

The Company seeks to optimise the structure and sources of capital to ensure that it consistently maximises returns to the Shareholder and Policyholders. The Company's approach to managing capital involves managing assets, liabilities and risks in a coordinated way, assessing shortfalls between reported and required capital levels on a regular basis and taking appropriate actions to influence the capital position of the Company in light of changes in economic conditions and risk characteristics. An important aspect of the Company's overall capital management process is the setting of target risk adjusted rates of return, which are aligned to performance objectives and ensure that the Company is focused on creation of value to the Shareholder.

The solvency capital requirements (SCR) is the primary solvency capital requirements for South African insurers. The company has a Capital Management Policy which is reviewed regularly, including the Capital Management Strategy and Capital Management Plan reviewed annually.

Solvency Capital Requirements (SCR)

Capital adequacy risk is the risk that the LBLIC is holding insufficient funds to cover material negative variations in actual future experience. The LBLIC must maintain a capital balance that will be at least sufficient to meet obligations in the event of substantial deviations from the main risk assumptions affecting the LBLIC's business. The LBLIC aims to maintain its solvency levels within the target range of 150% – 200%. The target range has been set with reference to the requirements of relevant stakeholders and seeks to ensure we maintain sufficient, but not excessive, financial strength to support stakeholder requirements and retain financial flexibility through the maintenance of sufficient liquidity.

The Prudential Standards prescribed under the Insurance Act seek to improve policyholder protection and contribute to financial stability through aligning insurers' regulatory capital requirements with underlying risks. It also strengthens the regulatory requirements in respect of governance, risk management and internal controls for insurers and aligns with international standards. In accordance with the Prudential Standards, each insurance company must maintain own funds to cover at a minimum their capital requirements. In practice, companies will hold a buffer above this minimum requirement. The solvency capital requirements (SCR) are the primary solvency capital requirement for South African insurers. The SCR is calibrated to correspond to the amount of own funds that an insurer needs to hold at a confidence level of 99.5% over a one-year period. The SCR can be calculated either using the Standard Formula or an Internal Model.

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The table below provides the SCR coverage ratio (unaudited) as of 31 March 2026 is 630% (FY2025: 415%). The SCR has decreased by 31% mainly due to a full transition to a new investment strategy and new asset managers, changing the previous overallocation to equity exposure towards majority fixed-instruments, thereby decreasing market risk capital requirement. Own Funds increased by 26%, driven mostly by an increase in total assets relative to total liabilities. The SCR cover ratio remain above internal capital targets.

As at 31 March	Optimal target range	2026	2025	% Change
		R'000	R'000	
Eligible Own Funds		1,273	1,120	25.8%
Solvency Capital Requirement (SCR)		202	270	-31.4%
SCR Cover Ratio (%)	**150%-200%**	**630%**	**415%**	**83.4%**

The following assets and liabilities are disclosed in classes based on their similar characteristics.

Categorisation of financial assets and liabilities

2026	Financial assets at fair value through profit and loss (mandatory)	Financial assets at fair value through profit and loss (discretionary)	Financial assets at amortised cost	Financial liabilities at amortised cost	Non- financial assets and liabilities	Total
	R'000	R'000	R'000	R'000	R'000	R'000
Assets						
Cash and cash equivalents	-	-	95,924	-	-	95,924
Investments	338,602	788,533	196,327	-	-	1,323,462
Insurance contract assets	-	-	-	-	-	-
Reinsurance contract assets	-	-	-	-	2,089	2,089
Trade and other receivables	-	-	4,016	-	209	4,225
Total Assets	**338,602**	**788,533**	**296,267**	**-**	**2,298**	**1,425,700**
Insurance contract liabilities	-	-	-	-	59,448	59,448
Reinsurance contract liabilities	-	-	-	-	2,248	2,248
Trade and other payables	-	-	-	5,721	210	5,931
Employee benefits liability	-	-	-	-	2,575	2,575
Total Liabilities	**-**	**-**	**-**	**5,721**	**64,481**	**70,202**

NOTES TO THE FINANCIAL STATEMENTS

2025	Financial assets at fair value through profit and loss (mandatory)	Financial assets at fair value through profit and loss (discretionary)	Financial assets at amortised cost	Financial liabilities at amortised cost	Non- financial assets and liabilities	Total
	R'000	R'000	R'000	R'000	R'000	R'000
Assets						
Cash and cash equivalents	-	-	293,996	-	-	293,996
Investments	464,402	520,451	-	-	-	984,853
Insurance contract assets	-	-	-	-	-	-
Reinsurance contract assets	-	-	-	-	2,089	2,089
Trade and other receivables	-	-	1,921	-	-	1,921
Total Assets	**464,402**	**520,451**	**295,917**	**-**	**2,089**	**1,282,859**
Insurance contract liabilities	-	-	-	-	55,241	55,241
Reinsurance contract liabilities	-	-	-	-	2,248	2,248
Trade and other payables	-	-	-	4,322	-	4,322
Employee benefits liability	-	-	-	-	1,195	1,195

During the preparation of the annual financial statements for the year ended 31 March 2026, management identified an error in the presentation of the financial instruments' disclosure note for the prior year comparative information.

The error related to the aggregation and presentation of the total financial assets in the financial instruments' classification table. The comparative figures have been corrected to reflect the appropriate totals. In addition, management identified an error in the comparative financial instruments disclosure note. The comparative balance for Financial Assets at Fair Value Through Profit or Loss (Discretionary) was incorrectly disclosed as R530 451 000. The correct amount is R520 million.

The company is exposed to the following main general risks:

a) Operational Risk

Operational risk is the risk of direct or indirect losses resulting from human factors, external events and inadequate or failed internal processes and systems. Operational risks are inherent in the LBI's operations. Major sources of operational risk can include operational process reliability, information security, outsourcing of operations, dependence on key partners, implementation of strategic and operational change, fraud, human error such as not placing the necessary facultative reinsurance, client service quality, inadequacy of business continuity arrangements, recruitment, training and retention of employees, and social and environmental impact.

The LBI manage operational risk through a detailed system of internal controls. From a risk governance perspective, the three lines of defence approach is used to identify the various levels of controls, oversight and assurance, while ensuring role-player independence. Risk management processes for oversight include using a range of tools to identify, monitor and mitigate its operational risk in accordance with the Board approved Risk Strategy (which entail risk appetite statements and Risk Limits). These tools include Risk and Control Self-Assessments (RCSA), key risk indicators, scenario analyses and loss reporting. In addition, the LBI have developed a number of contingency plans including incident management and business continuity plans. Quantitative analysis of operational risk exposures material to the LBI are used to inform decisions on controls and the overall amount of capital held for potential risk exposures.

b) Strategic Risk

The Company submits its three-year corporate plan to its Holding company, which is included in the shareholder's compact to National Treasury, as required by the PFMA, at the beginning of each financial year. One of the components of strategic risk is the risk of not achieving budgeted targets, both in forecast growth of revenue and quality of new business

c) Legal and Compliance

The LBLIC has an effective legal and compliance function that oversees and monitors that the company meets it's legal and regulatory obligations, and further, promotes and sustains a sound compliance culture. The compliance function has a risk-based compliance monitoring plan to:

- monitor compliance with related internal controls, as well as legal and regulatory obligations; and
- identify, assess and report on key legal and regulatory risks

The compliance function also assesses the appropriateness of policies, processes, and controls in respect of key areas of legal, regulatory obligations and the effective monitoring thereof by the LBLIC. As part of the control functions, the legal & compliance function submits reports to the LBLIC Audit and Risk Committee on legal and compliance matters on a quarterly basis.

The Monitoring and Compliance Coverage Plans are approved by the Audit and Risk Committee as part of the governance process.

d) Market risk

Market risk is the most significant risk that the Company is exposed to. Market risk is the risk that the fair value or future cash flows of financial instruments will fluctuate from changes in market variables, such as interest rates. The risk is that capital is not preserved and that investment returns earned are below expectations. Assets backing policyholders' liabilities, the risk to the Company is that the investment returns earned are below the desired benchmark. For Shareholder's assets, the risk is that capital is not preserved and that investment returns earned are below expectations.

The Company makes use of several sensitivity or stress-test based risk management tools to understand the impact of the above risks on earnings and capital in both normal and stressed conditions. These scenario tests and stress tests combine deterministic shocks, analysis of historical scenarios and stochastic modelling using the internal market risk tools and capital models to inform the Company's business planning process and risk management. The Board delegates the responsibility of Investment risk management oversight and assurance to the Investment and Actuarial Committee ("IAC"). Day-to-day management of the Company's investments are managed by appointed Investment Managers. The Company also outsources the monitoring of the investment managers' day-to-day management of the investments to an Investment Consultant. The Investment Managers (outsourced) are mandated by the Company to managing assets in terms of their investment mandate. The Investment Consultant (outsourced) is responsible for providing advice to the Company and liaising with investment managers and reported to the IAC and Board regularly.

The Company conducts its asset-liability modelling exercises every three years or earlier if there are material changes to the business or economic conditions. The latest ALM and investment strategy were approved by the Board in 2024 for the appointment of new asset managers in 2024. The Investment Policy was updated and approved by the Board in January 2025.

To manage the risk of deviation from the benchmark asset allocation, a tactical asset allocation range is set for each asset class to allow some deviation from the strategic asset allocation. This will also allow managers to add value by making asset allocation decisions. Investment managers are allowed to deviate outside the tactical limits. In such an event the reasons for this will be communicated to the Investment Consultant and IAC.

Investment portfolio concentration risk

Investment manager performance, portfolio and manager allocations are monitored and reported to the Company management and Investment and Actuarial committee on a regular basis by the Company's investment consultants. Upper and lower bounds are assigned to each asset class and are reviewed every three years, in line with the investment policy and asset-liability management policy.

Price risk

The Company is subject to market price risk resulting from daily changes in the fair value of market prices of the instruments within its investment portfolios. The Company's objective is to earn competitive returns for the shareholder by investing in a diverse portfolio of high quality, liquid securities.

Price risk sensitivity analysis: equities

	2026	2025	2026	2025
	R'000	R'000	R'000	R'000
Excluding the impact of derivatives				
10% decrease	-	(31,862)	-	(31,684)
5% decrease	-	(15,931)	-	(15,842)
10% increase	31,862	-	31,684	-
5% increase	15,931	-	15,842	-
Including the impact of derivatives				
10% decrease	-	(33,775)	-	(46,440)
5% decrease	-	(16,887)	-	(23,220)
10% increase	33,775	-	46,440	-
5% increase	16,887	-	23,220	-

32. FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

e) Interest rate risk

LBLIC is subject to interest rate risk resulting in the fluctuation of the fair value of future cash flows of interest bearing assets because of the change in interest rates. Interest rate risk arises primarily from investments in long-term fixed income securities, although the short-term money market instruments are also effected, albeit to a lesser extent. The Company holds a variety of government and corporate bonds with varying maturities, which carry fixed and floating interest rates. Exposure to interest rate risk is monitored through various methods including scenario and stress testing which calculates the market exposure based on interest rate movements.

Sensitivity analysis on interest bearing assets

The market exposure that was calculated at 31 March 2026 was as follows:

	Impact on profit/loss	
	31 March 2026	31 March 2025
Incremental change in yield	**R'000**	**R'000**
250 Basis Points increase	(5091)	(676)
150 Basis Points increase	(3067)	(417)
250 Basis Points decrease	5193	782
150 Basis Points decrease	3103	455

A portion of the assets backing Policyholders' liabilities are held in bonds and the balance is held in cash and cash equivalents

Currency risk

LBLIC is exposed to currency risk resulting in the fluctuation in the value of foreign financial instruments because of the change in foreign exchange rates. The Company's exposure to currency risk is in respect of foreign investments made in alignment with the investment strategy, approved by the Board, for seeking desirable international diversification of investments. The fund managers make use of currency derivatives to limit the currency exposure of instruments in the pooled funds to United Stated Dollars. The following rand value of assets denominated in foreign currencies are included in the statement of financial position:

	United States Dollar	South African Rand
	USD	ZAR
31 March 2026	$'000	R'000
Equities - unit trusts (USD base currency)	10,316	172,73
Balanced fund	-	-
Foreign cash	544	9,112
Foreign currency exposure	**10,860**	**181,847**
Exchange rates (ZAR)		
Closing rate	17.09	0.06
Average rate	16.74	0.06
Equities - unit trusts (USD base currency)	**-**	**-**

	United States Dollar	South African Rand
	USD	ZAR
31 March 2025	$'000	R'000
Equities - unit trusts (USD base currency)	**-**	**-**
Balanced fund	7,724	141,383
Foreign cash	362	6,624
Foreign currency exposure	**8,086**	**148,007**
Exchange rates (ZAR)		
Closing rate	18.39	0.05
Average rate	18.30	0.05

Sensitivity analysis of currency risk

The foreign currency exposure that was calculated at 31 March was as follows:

	Impact on the Statement of Comprehensive Income	
	31 March 2026	31 March 2025
	R'000	R'000
10% decrease	(18,185)	(14,801)
5% decrease	(9,092)	(7,400)
10% increase	18,185	14,801
5% increase	9,092	7,400

f) Liquidity Risk

Liquidity risk is primarily managed by matching the liabilities with assets that have similar maturity profiles. Expected cash flows are considered when reviewing the investment strategy annually for the allocation of financial instruments. Most of LBLIC's assets are shareholders' assets, which are largely held in highly liquid, open ended instruments. The investment strategy, furthermore, allocates assets backing Policyholders' liabilities to short term liquid instruments in the form of cash and bonds in equal proportions.

The Company is exposed to regular calls on its available cash resources from claims and expenses. Liquidity risk is the risk that cash may not be available to pay obligations when due at a reasonable cost. The Company actively manages its cash resources split between short and long-term requirements to ensure that sufficient cash is at hand to settle insurance liabilities and operating expense obligations based on cash flow projections. The Company has sufficient cash resources to cover all its obligations.

All policyholder liabilities are presented in the discounted basis in the table below. The table below reflects the maturity profile of the financial assets and liabilities of the Company.

31 March 2026	< 3 months	3 - 6 months	6-9 months	9-12 months	1 -5 years	>5 years	Open ended	Total
	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000
Insurance contract liabilities	151	14,351	3,687	2,868	11,653	26,737	-	59,447
Reinsurance contract liabilities	-	-	2,248	-	-	-	-	2,248
Employee benefit liability	-	-	-	2,575	-	-	-	2,575
Insurance liabilities at FSV	**151**	**14,351**	**5,935**	**5,443**	**11,653**	**26,737**	**-**	**64,270**
Trade and other payables	5,931	-	-	-	-	-	-	5,931
Financial liabilities at amortised cost	**5,931**	**-**	**-**	**-**	**-**	**-**	**-**	**5,931**
Total financial liabilities at FSV and amortised cost	**6,082**	**14,351**	**5,935**	**5,443**	**11,653**	**26,737**	**-**	**70,201**

31 March 2026	< 3 months	3 - 6 months	6-9 months	9-12 months	1 -5 years	>5 years	Open ended	Total
	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000
Insurance contract assets	-	-	-	-	-	-	-	-
Reinsurance contract assets	-	-	2,089	-	-	-	-	2,089

NOTES TO THE FINANCIAL STATEMENTS

Insurance contract assets	**-**	**-**	**2,089**	**-**	**-**	**-**	**-**	**2,089**
Equities	-		-	-	-	-	145,030	145,030
Commodities and derivatives	-	1,783	-	-	-	(239)	-	1,544
Collective investment schemes	38,449	20,304	4,161	-	-	-	174,441	237,355
Direct property	-	-	-	-	-	-	-	-
Bonds	52,808	89,296	8,242	3,926	212,972	375,954	-	743,199
Cash and cash equivalents	78,648						17,276	95,924
Cash and Money markets (Classified as financial asset at amortised cost)		74,719	58,859	26,951	19,179	16,619		196,327
Trade and other receivables	-	4,225	-	-	-	-	-	4,225
Financial assets	**169,905**	**190,327**	**71,262**	**30,877**	**232,151**	**392,334**	**336,747**	**1,423,604**
Total financial assets at FSV and amortised cost	**169,905**	**190,327**	**71,262**	**30,877**	**232,151**	**392,334**	**336,747**	**1,423,604**

31 March 2025	**< 3 months**	**3 – 6 months**	**6-9 months**	**9-12 months**	**1 -5 years**	**>5 years**	**Open ended**	**Total**
	R'000	**R'000**	**R'000**	**R'000**	**R'000**	**R'000**	**R'000**	**R'000**
Insurance contract liabilities	148	1,951	3,394	434	5,133	44,181	-	55,240
Reinsurance contract liabilities	-	-	2,248	-	-	-	-	2,248
Employee benefit liability	-	-	-	1,195	-	-	-	1,195
Insurance liabilities at FSV	**148**	**1,951**	**5,642**	**1,629**	**5,133**	**44,181**	**-**	**58,684**
Trade and other payables	4,322	-	-	-	-	-	-	4,322
Financial liabilities at amortised cost	**4,322**	**-**	**-**	**-**	**-**	**-**	**-**	**4,322**
Total financial liabilities at FSV and amortised cost	**4,470**	**1,951**	**5,642**	**1,629**	**5,133**	**44,181**	**-**	**63,006**

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31 March 2025	< 3 months	3 - 6 months	6-9 months	9-12 months	1 -5 years	>5 years	Open ended	Total
	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000
Insurance contract assets	-	-	-	-	-	-	-	-
Reinsurance contract assets	-	-	2,089	-	-	-	-	2,089
Insurance contract assets at FSV	**-**	**-**	**2,089**	**-**	**-**	**-**	**-**	**2,089**
Equities	-	-	-	-	-	-	316,844	316,844
Commodities and derivatives	-	-	-	-	-	-	17,653	17,653
Collective investment schemes	-	-	-	-	-	-	129,905	129,905
Direct property	-	-	-	-	-	-	-	-
Bonds	520,451	-	-	-	-	-	-	520,451
Cash and cash equivalents	293,996	-	-	-	-	-	-	293,996
Investment policy	-	-	-	-	-	-	-	-
Trade and other receivables	-	1,921	-	-	-	-	-	1,921
Financial assets at amortised cost	**814,447**	**1,921**	**-**	**-**	**-**	**-**	**464,402**	**1,280,770**
Total financial assets at FSV and amortised cost	**814,447**	**1,921**	**2,089**	**-**	**-**	**-**	**464,402**	**1,282,859**

g) Credit risk

The LBLIC is exposed to credit risk through its investment portfolios. To counteract this risk, investment portfolios are managed in terms of investment mandates that are aligned to the Company's investment strategy. Investment mandates provide guidelines in terms of the average credit quality of financial instruments in the portfolio as well as limits on concentration risk. The Company is also exposed to credit risk in respect of its working capital assets. The following are some of the main credit risk management actions in this regard

- In terms of life insurance policies issued before August 2006, the Land Bank guarantees the payment of the premium;
- For life insurance policies issued after August 2006, policyholders' debtors' outstanding for more than 60 days are not accounted for in premiums. If premium is not paid within 60 days, the policy lapses unless the client approves to the premium being added to the loan facility; and
- For group credit life business generated from 1 July 2016, the intermediary pays the premium net of brokerage and administration fees after 45 days.

Credit risk concentration by national scale credit rating (rated externally)

	Bonds and derivatives	Cash and cash equivalents	Collective Investment Scheme IBAs	working capital assets	Total
31 March 2026	**R'000**	**R'000**	**R'000**	**R'000**	**R'000**
AAA	307,337	109,183	86,394	-	502,914
AA+	80,414	9,077	203	-	89,694
AA	271,160	49,171	33,074	-	353,405
AA-	3,485	1	1,376	-	4,862
A+	-		720	-	720
A-	-	-	-	-	-
A	18,141	373	11	-	18,525
B	-	-	-	-	-
B-	177	-	-	-	177
BB	59,826	96	-	-	59,922
BB-	-	33,732	85	-	33,817
Unrated	4,204	5,566	8,827	4,225	22,822
Sub Total	**744,744**	**207,199**	**130,690**	**4,225**	**1,086,858**
Investment Policy	-	-	-	-	-
Total	**744,744**	**207,199**	**130,690**	**4,225**	**1,086,858**

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Credit risk

Credit risk concentration by national scale credit rating (rated externally)	Bonds	Cash and cash equivalents	Collective Investment Scheme IBAs	Net working capital assets	Total
31 March 2025	**R'000**	**R'000**	**R'000**	**R'000**	**R'000**
AAA	64 339	108 459	-	-	172 798
AA+	3 791	28 907	-	-	32 698
AA	32 960	29 759	-	-	62 719
A+	4 760	2 904	-	-	7 664
AA-	283 425	1 779	-	-	285 204
A-	469	-	-	-	469
A	150	3 069	-	-	3 219
B	7 360	-	-	-	7 360
BB	2 068	-	-	-	2 068
BB-	7 086	3 218	-	-	10 304
BB+	-	-	-	-	-
BBB	1 718	31	-	-	1 749
BBB-	1 328	-	-	-	1 328
BBB+	393	-	-	-	393
CCC	397	-	-	-	397
D	3 084	-	-	-	3 084
Unrated	107 123	115 780	129 905	-	352 808
Sub Total	**520 451**	**293,966**	**129 905**	**-**	**944,352**
Investment Policy	-	-	-	-	-
Total	**520 451**	**293,966**	**129 905**	**-**	**944,352**

Insurance Risk

1. Mortality risk

Mortality risk is the risk to the Company that mortality experience in future is worse than provided for in premium rates. Higher than expected mortality will give rise to losses and will necessitate an increase in valuation assumptions.
This risk is mitigated by the following factors:

- Adequate reinsurance arrangements to limit exposure per individual and manage concentration of risks;
- Adequate pricing and reserving;
- Specific testing for HIV/ AIDS is carried out in cases where applications for risk cover exceed a set limit;
- Annual reviews of mortality and morbidity experience are conducted by the actuaries to ensure that corrective action is taken where necessary.

2. Persistency risk

Persistency risk (lapse risk) relates to polices being terminated before their final due dates as a result of an increased number of mortgage loans that are paid up before their final settlement dates and an increasing number of farmers transferring loans to trusts, close corporations and companies which result in the cancellation of policies.

The Company's reserving policy is based on actual experience and is adjusted for changes in future expectations to ensure that adequate provision is made for lapses.

3. Expense risk

Before expenses are incurred, they are checked for budget availability. For any exceptional expenses, the Company has a certain approval process. This is monitored in monthly reporting by comparing actual and budgeted expenses.

4. Reinsurance risk

LBLIC makes use of reinsurance cover to reduce risks proportionally, as well as to limit exposure per risk in order to limit the claims volatility and stabilize the underwriting result.

Reinsurance is the preferred risk transfer mechanism that is placed on a proportional reinsurance share. The structure is such that a significant portion of the risk is ceded to reinsurers relative to what is retained; and
Furthermore, additional layers of cover that limits the Life insurance company's retention are in place to manage catastrophe risk.
The Board approves the reinsurance renewal process on an annual basis with reinsurers with a minimum credit rating of AA-.

LBLIC makes use of reinsurance to:

- Access underwriting expertise;
- Enable it to underwrite risks greater than its own risk appetite and
- Protect its underwriting book against catastrophes.

The use of reinsurance exposes the Company to credit risk. The counterparty risks of reinsurers are managed through formal contractual agreements which have been set up between the Company and Reinsurers.

These agreements include terms and conditions which regulate the relationship between the Company and Reinsurers. Credit risk in respect of reinsurance is further managed by placing the Company's reinsurance only with companies that have high credit ratings.

5. Claims risk

The risk that the Company may pay out fraudulent claims is mitigated by trained client service staff to ensure that fraudulent claims are identified and investigated thoroughly. The legitimacy of claims is verified by internal, financial and operating controls that are designed to contain and monitor claims risks.

It is also the risk that a change in value caused by the ultimate costs for full contractual obligations varies from those assumed when these obligations were estimated. Estimated claims are monitored periodically and updated based on the latest information if needed. Furthermore, an actuarial valuation is done by an independent actuary annually.

Reserves are maintained at levels that are aligned to statutory requirements. As at 31 March 2025, the LBLIC believes that its IBNR liability for claims is adequate, as well as its outstanding claims reserve.

6. Sensitivity analysis

The objective of the sensitivity analysis is to demonstrate the effect on the policyholders' liability of changes in key assumptions underlying the valuation of liabilities.

The sensitivity analysis illustrates the effect of a change in a particular assumption on the value of the policyholders' liability as at 31 March 2026, but this cannot generally be used to determine how future earnings or profitability will be affected. The percentage change in the assumptions chosen for the sensitivity analysis is to illustrate the change in value given the change in assumption and does not represent the possible range of worst or best case experience expected.

For a given change in one assumption, all other assumptions are left unchanged. No allowance has been made for any possible management action in response to a particular change. Lapse experience is not included in the analysis as lapses have not been modelled explicitly (the actuarial reserve for any policy that had a negative reserve was increased to zero, and there are no surrender values under any policies. Lapses and other terminations will therefore result in an actuarial surplus at each future valuation).

31 March 2026		Value	Change	
Policyholders' liability - individual life		R'000	R'000	%
Base value		**52,819**		
Investment return	-1%	55,408	2,589	4.90%
Mortality	+10%	54,320	1,502	2.84%
Expenses	+10%	56,262	4,144	7.85%
Inflation	+1%	54,878	2,059	3.90%

31 March 2026		Value	Change	
Policyholders' liability – credit provider policy		R'000	R'000	%
Base value		**9,841**		
Investment return	-1%	9,844	2	0.02%
Mortality	+10%	10,342	500	5.08%
Expenses	+10%	10,519	677	6.88%
Inflation	+1%	9,856	18	0.18%

NOTES TO THE FINANCIAL STATEMENTS

31 March 2025		Value	Change	
Policyholders' liability - individual life		R'000	R'000	%
Base value		55,184		
Investment return	-1%	57,616	2,431	4.41%
Mortality	+10%	55,506	321	0.58%
Expenses	+10%	59,530	4,346	7.88%
Inflation	+1%	57,140	1,955	3.54%

31 March 2025		Value	Change	
Policyholders' liability – credit provider policy		R'000	R'000	%
Base value		**1,533**		
Investment return	-1%	1,533	-	0.00%
Mortality	+10%	1,707	173	11.30%
Expenses	+10%	1,683	149	9.70%
Inflation	+1%	1,525	2	0.20%

7. Concentration Risk

The life insurance portfolio is based on credit life insurance. Although the Company does not consider any aggregate concentration for catastrophic risks, the Company does, however, consider the age bands of the client base for reinsurance rating purposes.

Long-term insurance average sum insured per policy by age bands

	2026			2025		
		Value	Average		Value	Average
Age	Number	R'000	R'000	Number	R'000	R'000
20-29	40	51,693	1,292	42	72,962	1,737
30-39	108	185,631	1,719	85	138,559	1,630
40-49	128	159,683	1,248	135	193,494	1,433
50-59	165	164,960	1,000	159	121,356	763
60-69	152	91,643	603	169	119,761	709
70+	45	16,830	374	60	10,023	167
Total	**638**	**670,440**	**6,236**	**650**	**656,155**	**6,439**

As an insurance entity, LBIC is exposed to various insurance and financial risks. These risks cause uncertainty and therefore the challenge for management is to determine what level of uncertainty is acceptable for its business as it strives to enhance stakeholder value. LBIC has adopted an enterprise risk management (ERM) approach and framework that enables management to effectively deal with uncertainty and thus enhance the capacity to build value by efficiently and effectively deploying resources in pursuit of achieving corporate objectives. The ERM process adopted is considered appropriate to the nature, scale and complexity of the business. The LBIC approach is aligned with the principles of the King Report on Corporate Governance for South Africa, 2016 (King IV), ISO 31000, Prudential Authority Standard – GOI 3, Solvency Assessment and Management (SAM) requirements. LBIC's ERM framework and process is designed to assist the board in ensuring that management continually monitors risk and reports back to the Audit and Risk Committee (ARC) on the status of these risks.

We utilize ISO 31000 as a guideline to foster a structured and practical approach to risk management across the business. While LBIC's Enterprise Risk Management (ERM) process is clearly defined, it is the responsibility of the business to integrate ERM into its operations. This approach is designed to add value by aligning with our business strategy and objectives.

Risk assessment process

A key component of the ERM framework is the risk assessment process. LBIC's risk assessment process consists of risk identification, risk analysis, risk evaluation and risk treatment/management of those risks that are relevant to the corporate strategic objectives. Risks are identified from a top down (strategic) and bottom up (operational) perspective to create and maintain an integrated view of material risk exposures. The top-down approach is undertaken at an executive and senior management level and considers strategic risks affecting LBIC in the medium-to-date long term. In parallel, the bottom-up approach is undertaken by enterprise risk management (ERM) at a business unit level to assess all categories of risks from their perspectives with specific focus on operational, underwriting, reinsurance and financial risks. The risk identification process is used to build an aggregated view of all significant risks faced by the organisation. Risk analysis provides an input to risk evaluation and informs decisions on how the risks need to be treated. Risk analysis involves consideration of the causes and sources of risk, their positive and negative consequences and the likelihood that those consequences may occur. LBIC analyses quantifiable risks by using capital requirement and ORSA models which are developed based on the prudential standard's standard formula. The models cover the following risk categories:

- insurance risk (consisting of underwriting and reinsurance risk)
- liquidity risk
- market risk
- operational risk

A number of risks faced by LBIC are not modelled, namely: strategic, conduct, regulatory, and outsourcing risks. These risks are analysed individually by management and appropriate measures are implemented to monitor and mitigate these risks. These risks are addressed in the annual ORSA process. Once the relevant risks are better understood, the risk strategy governs how the risks should be managed within the business. LBIC has formulated a risk management strategy which guides risk-taking activities and ensures that we sustainably deliver on our strategic objectives.

Capital Management

The Company seeks to optimise the structure and sources of capital to ensure that it consistently maximises returns to the Shareholder. The Company's approach to managing capital involves managing assets, liabilities and risks in a coordinated way, assessing shortfalls between reported and required capital levels on a regular basis and taking appropriate actions to influence the capital position of the Company in light of changes in economic conditions and risk characteristics. An important aspect of the Company's overall capital management process is the setting of target risk adjusted rates of return, which are aligned to performance objectives and ensure that the Company is focused on creation of value to the Shareholder.

The Prudential Standards prescribed under the Insurance Act seek to improve policyholder protection and contribute to financial stability through aligning insurers' regulatory capital requirements with underlying risks. It also strengthens the regulatory requirements in respect of governance, risk management and internal controls for insurers and aligns with international standards. In accordance with the Prudential Standards, each insurance company must maintain own funds to cover at a minimum their capital requirements. In practice, companies will hold a buffer above this minimum requirement. The solvency capital requirements (SCR) is the primary solvency capital requirement for South African insurers. The SCR is calibrated to correspond to the amount of own funds that an insurer needs to hold at a confidence level of 99.5% over a one-year period, calculated either using the Standard Formula or an Internal Model. The company has a Capital Management Policy which is reviewed regularly, including the Capital Management Strategy and Capital Management Plan reviewed annually.

The LBIC uses the standard formula to calculate its SCR coverage ratio (with capital target 150%-170%) as a measure of capital adequacy to meet its strategic business plan and objectives and to comply with regulatory requirements. The company's own funds as at 31 March 2026 amount to R452m (unaudited) (FY2025: R514m). The SCR cover ratio amounts as at 31 March 2026 to 184% (unaudited) (FY2025: 212%).

Operational risk

Operational risk is the risk of direct or indirect losses resulting from human factors, external events and inadequate or failed internal processes and systems. Operational risks are inherent in the LBI's operations. Major sources of operational risk can include operational process reliability, information security, outsourcing of operations, dependence on key partners, implementation of strategic and operational change, fraud, human error such as not placing the necessary facultative reinsurance, client service quality, inadequacy of business continuity arrangements, recruitment, training and retention of employees, and social and environmental impact.

The LBI manage operational risk through a detailed system of internal controls. From a risk governance perspective, the three lines of defense approach is used to identify the various levels of controls, oversight and assurance, while ensuring role-player independence. Risk management processes for oversight include using a range of tools to identify, monitor and mitigate its operational risk in accordance with the Board approved Risk Strategy (which entail risk appetite statements and Risk Limits). These tools include Risk and Control Self-Assessments (RCSA), key risk indicators, scenario analyses and loss reporting. In addition, the LBI have developed a number of contingency plans including incident management and business continuity plans. Quantitative analysis of operational risk exposures material to the LBI are used to inform decisions on controls and the overall amount of capital held for potential risk exposures.

Strategic Risk

The Company submits its three-year corporate plan to its Holding company, which is included in the shareholder's compact to National Treasury, as required by the PFMA, at the beginning of each financial year. One of the components of strategic risk is the risk of not achieving budgeted targets, both in forecast growth of revenue and quality of new business

Legal and Compliance

The LBIC has an effective legal and compliance function that oversees and monitors that the company meets it's legal and regulatory obligations, and further, promotes and sustains a sound compliance culture. The compliance function has a risk-based compliance monitoring plan to:

- monitor compliance with related internal controls, as well as legal and regulatory obligations; and
- identify, assess and report on key legal and regulatory risks

The compliance function also assesses the appropriateness of policies, processes, and controls in respect of key areas of legal, regulatory obligations and the effective monitoring thereof by the LBIC. As part of the control functions, the legal & compliance function submits reports to the LBIC Audit and Risk Committee on legal and compliance matters on a quarterly basis.

The Monitoring and Compliance Coverage Plans are approved by the Audit and Risk Committee as part of the governance process

Market risk

Market risk is the risk that the fair value or future cash flows of financial instruments will fluctuate from changes in market variables, such as interest rates. The risk is that capital is not preserved and that investment returns earned are below expectations. Assets backing policyholders' liabilities, the risk to the Company is that the investment returns earned are below the desired benchmark. For Shareholder's assets, the risk is that capital is not preserved and that investment returns earned are below expectations.

The Company makes use of several sensitivity or stress-test based risk management tools to understand the impact of the above risks on earnings and capital in both normal and stressed conditions. These scenario tests and stress tests combine deterministic shocks, analysis of historical scenarios and stochastic modelling using the internal market risk tools and capital models to inform the Company's business planning process and risk management. The Board delegates the responsibility of Investment risk management oversight and assurance to the Investment and Actuarial Committee ("IAC"). Day-to-day management of the Company's investments are managed by appointed Investment Managers. The Company also outsources the monitoring of the investment managers' day-to-day management of the investments to an Investment Consultant. The Investment Managers (outsourced) are mandated by the Company to managing assets in terms of their investment mandate. The Investment Consultant (outsourced) is responsible for providing advice to the Company and liaising with investment managers and reported to the IAC and Board regularly.

The Company conducts its asset-liability modelling exercises every three years or earlier if there are material changes to the business or economic conditions. The latest ALM and investment strategy were approved by the Board in FY2025 for the appointment of new asset managers in FY2026. The Investment Policy was updated and approved by the Board in January 2025. To manage the risk of deviation from the benchmark asset allocation, a tactical asset allocation range is set for each asset class to allow some deviation from the strategic asset allocation. This will also allow managers to add value by making asset allocation decisions. In such an event the reasons for this will be communicated to the Investment Consultant and IAC..

NOTES TO THE FINANCIAL STATEMENTS

The following assets and liabilities are disclosed in classes based on their similar characteristics:

2026	Financial assets at fair value through profit or loss	Financial assets at amortised cost	Financial liabilities at amortised cost	Non-financial assets and liabilities	Total
	R'000	R'000	R'000	R'000	R'000
Financial assets through profit or loss	170,003	-	-	-	170,003
Financial assets at amortised cost	-	28,889	-	-	28,889
Property and equipment	-	-	-	-	-
Insurance contract assets	-	-	-	131,068	131,068
Reinsurance contract assets	-	-	-	48,988	48,988
Trade and other receivables	-	27,091	-	45,410	72,501
Cash and cash equivalents	-	55,673	-	-	55,673
Total Assets	**170,003**	**111,653**	**-**	**225,466**	**507,122**
Insurance contract liabilities	-	-	-	2,996	2,996
Reinsurance contract liabilities	-	-	-	10,476	10,476
Trade and other payables	-	-	49,157	-	49,157
Employee benefit obligation	-	-		10,300	10,300
Employee benefits liability	-	-	49,157	23,772	72,929

NOTES TO THE FINANCIAL STATEMENTS

2025	Financial assets at fair value through profit or loss	Financial assets at amortised cost	Financial liabilities at amortised cost	Non-financial assets and liabilities	Total
	R'000	R'000	R'000	R'000	R'000
Financial assets through profit or loss	267,992	-	-	-	267,992
Property and equipment	-	-	-	1	1
Insurance contract assets	-	-	-	316,266	316,266
Reinsurance contract assets	-	-	-	5,051	5,051
Trade and other receivables	-	29,799	-	8,254	38,053
Cash and cash equivalents	-	103,001	-	-	103,001
Total Assets	**267,992**	**132,800**	**-**	**329,572**	**730,364**
Insurance contract liabilities	-	-	-	0	0
Reinsurance contract liabilities	-	-	-	193,950	193,950
Trade and other payables	-	-	30,819	-	30,819
Employee benefits liability	-	-	-	4,782	4,782
Total liabilities	**-**	**-**	**30,819**	**198,732**	**229,551**

Interest Rate Risk

LBIC is subject to interest rate risk resulting in the fluctuation of the fair value of future cash flows of interest-bearing assets because of the change in interest rates. Its investments are mainly in short-dated non-convertible debentures (NCD's) and bonds, with a few longer-dated corporate bonds. Most of the bonds have floating interest rates, with some carrying fixed interest rates. Exposure to interest rate risk is monitored through various methods including scenario and stress testing which calculates the market exposure based on interest rate movements. The Company has due regard to the nature of the liabilities. Generally, the interest rate risk of such liabilities is managed by investing in fixed interest assets of similar duration.

Sensitivity analysis on interest bearing assets

The market exposure that was calculated at 31 March was as follows:

	Impact on profit and loss	
	31 March 2026	31 March 2025
Incremental change in yield	R'000	R'000
250 Basis Points increase	(3,871)	(4,265)
150 Basis Points increase	(2,414)	(2,645)
250 Basis Points decrease	4,631	4,981
150 Basis Points decrease	2,687	2,902

Concentration risk

Investment portfolio concentration risk

Investment manager performance, portfolio and manager allocations are monitored and reported to the Company management and Investment and Actuarial committee on a regular basis by the Company's investment consultants. Upper and lower bounds are assigned to each asset class and are reviewed annually, with the investment policy.

The allocation of investment portfolio as at 31 March 2026 was as follows:

	2026		2025	
Asset classes	R'000	%	R'000	%
Bonds - Local	170,003	100%	267,992	100%
Fixed Interest	68,933	41%	42,855	16%
Floating Rate	99,611	59%	204,335	76%
Inflation Linked	1,459	1%	20,802	8%

Liquidity risk

Liquidity risk is primarily managed by matching the liabilities with assets that have similar maturity profiles. Expected cash flows are considered when reviewing the investment strategy annually for the allocation of financial instruments. Most of LBLIC's assets are shareholder's assets, which are largely held in highly liquid, open-ended instruments. The investment strategy, furthermore, allocates assets backing Policyholders' liabilities to short term liquid instruments in the form of cash and bonds in equal proportions.

NOTES TO THE FINANCIAL STATEMENTS

The Company is exposed to regular calls on its available cash resources from claims and expenses. Liquidity risk is the risk that cash may not be available to pay obligations when due at a reasonable cost. The Company actively manages its cash resources split between short and long-term requirements to ensure that sufficient cash is at hand to settle insurance liabilities and operating expense obligations based on cash flow projections. The Company has sufficient cash resources to cover all its obligations.

The liquidity table below reflects the maturity profile of the financial and insurance assets and liabilities of the company. Insurance and reinsurance contract liabilities are presented on a discounted basis:

31 March 2026	< 3 months	3 - 6 months	6 - 9 months	9 - 12 months	1 - 5 years	> 5 years	Open ended *	Total
	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000
Liabilities								
Insurance contract liabilities	2,996	-	-	-	-	-	-	2,996
Reinsurance contract liabilities	10,476	-	-	-	-	-	-	10,476
Employee benefit obligation	-	-	10,300	-	-	-	-	10,300
Other liabilities	**13,472**	**-**	**10,300**	**-**	**-**	**-**	**-**	**23,772**
Trade and other payables	-	49,157	-	-	-	-	-	49,157
Financial liabilities	**-**	**49,157**	**-**	**-**	**-**	**-**	**-**	**49,157**
Total liabilities	**13,472**	**49,157**	**10,300**	**-**	**-**	**-**	**-**	**72,929**
Assets								
Insurance contract assets	131,068	-	-	-	-	-	-	131,068
Reinsurance contract assets	48,988	-	-	-	-	-	-	48,988
Other assets	**180,056**	**-**	**-**	**-**	**-**	**-**	**-**	**180,056**
Financial assets at fair value through profit or loss	21,544	19,255	9,617	2,044	55,899	61,644	-	170,003
Cash and cash equivalents	30,822						24,851	55,673
Financial assets at amortised cost		2,696	11,003	-	8,683	6,507		28,889
Trade and other receivables	-	72,501	-	-	-	-	-	72,501
Financial assets	**52,366**	**94,452**	**20,620**	**2,044**	**64,582**	**68,151**	**24,851**	**327,066**
Total assets	**232,422**	**94,452**	**20,620**	**2,044**	**64,582**	**68,151**	**24,851**	**507,122**

*Open ended refers to cash available immediately in the company's bank accounts as at 31 March 2026.

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The table below reflects the maturity profile of the financial and insurance assets and liabilities of the company:

31 March 2025	< 3 months	3 - 6 months	6 - 9 months	9 - 12 months	1 - 5 years	> 5 years	Open ended *	Total
	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000
Liabilities								
Reinsurance contract liabilities	193,950	-	-	-	-	-	-	193,950
Employee benefit obligation	-	-	4,782	-	-	-	-	4,782
Other liabilities	**193,950**	**-**	**4,782**	**-**	**-**	**-**	**-**	**198,732**
Trade and other payables	-	30,819	-	-	-	-	-	30,819
Financial liabilities	**-**	**30,819**	**-**	**-**	**-**	**-**	**-**	**30,819**
Total liabilities	**193,950**	**30,819**	**4,782**	**-**	**-**	**-**	**-**	**229,551**
Assets								
Insurance contract assets	316,266	-	-	-	-	-	-	316,266
Reinsurance contract assets	5,051	-	-	-	-	-	-	5,051
Property and equipment	-	-	-	-	1	-	-	1
Other assets	**321,317**	**-**	**-**	**-**	**1**	**-**	**-**	**321,318**
Financial assets at fair value through profit/loss	23,787	-	-	-	220,929	23,276	-	267,992
Cash, deposits and similar securities	8,625	19,512	-	-	-	-	74,864	103,001
Trade and other receivables	-	38,053	-	-	-	-	-	38,053
Financial assets	**32,412**	**57,565**	**-**	**-**	**220,929**	**23,276**	**74,864**	**409,046**
Total assets	**353,729**	**57,565**	**-**	**-**	**220,930**	**23,276**	**74,864**	**730,364**

*Open ended refers to immediately cash available in the company's bank accounts as at 31 March 2026.

Credit risk

Credit risk reflects the financial impact of the default of one or more of the LBIC's counterparties. The LBIC is exposed to financial risks caused by a loss in the value of financial assets due to counterparties failing to meet all or part of their obligations. Key areas where the LBIC is exposed to credit default risk are:

- Failure of an asset counterparty to meet their financial obligations
- Reinsurer default on presentation of a large claim
- Reinsurers default on their share of the LBIC's insurance liabilities
- Default on amounts due from insurance contract.

The LBIC determines the credit quality for each of its counterparties by reference to ratings from independent rating agencies such as Standard & Poor's (S&P). The table below provides an analysis of the ratings attached to the company's exposure to instruments subject to credit risk: company and reinsurers. These agreements include terms and conditions which regulate the relationship between LBIC and the reinsurers. Credit risk in respect of reinsurance is further managed by placing the LBIC's reinsurance only with companies that have high credit ratings. The LBIC has quota share and stop loss reinsurance treaties on the crop business with international reinsurance companies who at least hold an AA- credit rating. The maximum exposure to credit risk is represented by the carrying value of the financial instruments in the statement of financial position. The LBIC does not expect any counterparty to fail to meet its obligations, and this has not happened in the past.

Credit risk concentration by national scale credit rating (rated externally)	Bonds	Collective investment scheme bonds	Money market	Cash and cash and cash equivalents	Working capital assets	Total
31 March 2026	R'000	R'000	R'000	R'000	R'000	R'000
AAA	83,012	11,903	4,033	17.864	-	116,812
AA+	1,809	1,450	9,920	4,034	-	17,213
AA	9.107	155	10,492	2,111	-	21,865
AA-	1,812			-	-	1,812
A+	-			-	-	-
A	3,507		2,838	-	-	6,345
BBB-	-			-	-	-
BB+	-			24,851	-	24,851
BB	54,971			-	-	54,971
BB-	-			-	-	-
Unrated	1,055	1,222	1,606	6,813	72,501	83.197
Total	**155,273**	**14,730**	**28,889**	**55,673**	**72,501**	**327,066**

NOTES TO THE FINANCIAL STATEMENTS

Credit risk concentration by national scale credit rating (rated externally)	Bonds		Money market	Cash and cash equivalents	Working capital assets	Total
31 March 2025	R'000		R'000	R'000	R'000	R'000
AAA	216,465		-	28,137	-	244,602
AA+	14,280		-	74,864	-	89,144
AA	22,304		-	-	-	22,304
AA-	10,697		-	-	-	10,697
A+	301		-	-	-	301
A	-		-	-	-	-
A-	-		-	-	-	-
BBB	-		-	-	-	-
BBB-	2,332		-	-	-	2,332
BB+	1,005		-	-	-	1,005
BB	608		-	-	-	608
BB-	-		-	-	-	-
B-	-		-	-	-	-
Unrated	-		-	-	38,503	38,503
Total	**267,992**		**-**	**103,001**	**38,503**	**409,496**

The LBIC has an Investment Consultant as well as the Investment and Actuarial Committee that reviews the credit risk on all the financial instruments and measures are put in place to minimise the credit risk. The risk on our investments is further minimised through limiting the dependency of the LBIC on any one investment manager and through requiring depth and breadth of resources and financial stability in respect of any investment manager appointed by the LBIC.

Credit risk

The LBIC monitors its exposure to its counterparties for regulatory reporting and policy adherence purposes. The credit risks are further monitored to ensure that there are no risk appetite breaches. Reporting is provided to the Executive Committee monthly and the Management Risk Committee and Audit and Risk Committee on a quarterly basis.

Credit risk on reinsurance contracts

The LBIC makes use of reinsurance to:

- Access underwriting expertise;
- Enable it to underwrite risks greater than its own risk appetite and
- Protect its risk book against catastrophes."

Reinsurance risk arises due to uncertainty regarding the timing and amount of future cash flows from reinsurance contracts. This could be due to the financial standing of the reinsurer, or due to changes in the appropriateness of cover in the future.

The use of reinsurance exposes the company to credit risk. The counterparty risks of reinsurers are managed through formal contractual agreements which have been set up between the company and reinsurers. These agreements include terms and conditions which regulate the relationship between LBIC and the reinsurers. Credit risk in respect of reinsurance is further managed by placing the LBIC's reinsurance only with companies that have high credit ratings.

The LBIC has a quota share and stop loss reinsurance treaty on the crop business with international reinsurance companies who at least hold a AA- credit rating. The maximum exposure to credit risk is represented by the carrying value of the financial instruments in the statement of financial position. The LBIC does not expect any counterparty to fail to meet its obligations and this has not happened in the past.

Published independent credit ratings of all existing and prospective reinsurers are monitored prior to entering into reinsurance transactions. The credit ratings of all existing reinsurers are also monitored on an ongoing basis throughout the year and remedial action taken if required. In addition, reinsurance contracts make allowance to replace reinsurers in the case of a downgrade of the reinsurers rating, below an acceptable level.

NOTES TO THE FINANCIAL STATEMENTS

Reinsurer 2026	% Cover Ceded	Credit Rating
Swiss Re	30.00%	AA-
Allianz	18.50%	AA
Axis Re	5.00%	A+
GIC Re	2.00%	BBB-
Mapfre	4.34%	A+
MS Amlin	3.00%	AA-
Hannover Re	4.00%	AA-
Canopius	3.33%	A+
Hiscox	2.00%	A+
Helvetia	1.00%	A+
Munich Re	2.94%	AA
Africa Re	1.89%	A
Scor Se	1.00%	A+
Odyssey Re	1.00%	AA-

Reinsurer 2025	% Cover Ceded	Credit Rating
Swiss Re	30.00%	AA-
Allianz	15.40%	AA
Axis Re	5.00%	A+
GIC Re	4.42%	BB+
Mapfre	4.28%	A+
MS Amlin	3.00%	AA-
Hannover Re	3.00%	AA-
Canopius	2.41%	AA-
Hiscox	1.50%	AA-
Helvetia	1.00%	A+

Insurance risk

The LBIC provides indemnity for crops, assets as well as liability policies during the year, against hail, drought, fire and excessive rainfall. Cover ceases as soon as harvesting has taken place, or when certain date limits have been reached.

The company manages insurance risks through its underwriting strategy and reinsurance arrangements. Insurance risk arises from:

- Fluctuations in the timing,
- frequency and severity of claims and claim settlements relative to expectations;
- Unexpected claims arising from a single source;
- Inaccurate pricing of risks when underwritten;
- Inadequate reinsurance protection;
- Inadequate reserving; and
- Fraudulent claims.

The risks under any one insurance contract are the frequency with which the insured event occurs and the uncertainty of the amount of the resulting claims. The principal risks LBIC faces are that the actual claims and benefit payments exceed the premiums charged for the risks assumed and that the reserves set aside for policyholders' liabilities, whether they are known or still to be reported, prove to be insufficient. Premium provision tables based on historical claims data are reviewed annually by external actuarial consultants.

External assessors assist with quantifying the value of claims reported. By the very nature of an insurance contract, this risk is random and therefore unpredictable, changing risk parameters and unforeseen factors, such as patterns of economic and geographical circumstances as well as climate change, may result in unexpected large claims. Insured events are random and the actual number of claims and benefits will vary from year to year from the estimate established.

Pricing risk

The net claims ratio for the company, which is important in monitoring insurance risk is summarized in the table below:

	2026	2025
Loss history	%	%
Net insurance claims expressed as a % of net earned premiums	93%	31%

One of the factors that contribute to an increase in insurance risk include, a lack of risk diversification in terms of geographical location. A stop loss reinsurance treaty mitigates the risk arising from this by capping the crop loss ratio to 105% for the season.

Sensitivity analysis

The objective of the sensitivity analysis is to demonstrate the effect on the underwriting result of changes in key assumptions.

The sensitivity analysis illustrates the effect of change in a particular assumption on the underwriting result but cannot be used to determine how future earnings or profits will be affected. The percentage change in an assumption for the sensitivity analysis is to illustrate the change in value given the change in assumption but does not represent the possible range of best or worse case experience expected.

For a given change in one assumption, all other assumptions are left unchanged. No allowance has been made for possible management action in response to a particular change.

2026		Incurred Net Loss Ratio	Gross Value	Change	Impact on profit/equity
Insurance service result			R'000	R'000	%
Reported result		93%	(88 674)		
Premium	+10%	79%	(72 204)	16 470	(19%)
	-10%	115%	(105 144)	(16 470)	19%
Claims	+5%	95%	(91 106)	(2 432)	3%
	-5%	91%	(77 798)	10 876	(12%)
Expenses	+15%	93%	(105 243)	(16 569)	19%
	-15%	93%	(72,105)	16 569	(19%)

2025		Incurred Net Loss Ratio	Gross Value	Change	
Insurance service result			R'000	R'000	%
Reported result		31%	18,228	-	0%
Premium	+10%	28%	39,247	21,020	115%
	-10%	34%	(2,792)	(21,020)	-115%
Claims	+5%	32%	13,090	(5,137)	-28%
	-5%	29%	23,365	5,137	28%
Expenses	+15%	30%	5,294	(12,933)	-71%
	-15%	30%	31,161	12,933	71%

Concentration risk

Within the insurance business, concentrations of risk may arise where a particular event or series of events could impact heavily upon the company's resources.

The company operates in both crop and agri-asset insurance business.

	2026	2025
Portfolio	R'000	R'000
Insurance (crop)	814,748	804,246
Insurance (assets)	3,719	4,308
Insurance (index)	210	-
Total	**818,677**	**808,554**

NOTES TO THE FINANCIAL STATEMENTS

Gross written premium by geographical segment (Crop)

	2026	2025
Portfolio	R'000	R'000
Mpumalanga	140,647	171,168
Gauteng	20,668	17,962
Natal	105,474	100,284
Eastern Cape	36,606	40,068
East	303,595	329,482
Free State	321,109	305,826
Limpopo	34,616	23,150
Northwest	64,202	41,605
Northern Cape	75,494	93,444
Western Cape	15,732	10,739
West	511,153	474,764
Total	**814,748**	**804,246[1]**

[1] The comparative amount casting has been corrected. The prior year amount was incorrect. This is not a material restatement.

Claims risk

The risk that the company may pay out fraudulent claims is mitigated by trained client service staff to ensure that fraudulent claims are identified and investigated thoroughly. The legitimacy of claims is verified by internal, financial and operating controls that are designed to contain and monitor claims risks. It is also the risk that a change in value caused by the ultimate costs for full contractual obligations which varies from those assumed when these obligations were estimated. Estimated claims are monitored periodically and updated based on the latest information if needed. The company utilizes assessors who appraise and confirm claims as well as quantification by the Underwriting Manager channel. As at 31 March 2026, the company believes that its liabilities for claims are adequate.

Fair value hierarchy of financial instruments

Determination of fair value and fair value hierarchy

The group's financial instruments that are both carried at fair value and for which fair value is disclosed are categorised by the level of fair value hierarchy. The different levels are based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement:

Level 1: fair value measured using quoted prices (unadjusted) in active markets for identical financial assets or liabilities; majority are recurring transactions with limited non-recurring

Level 2: fair value measured using inputs other than quoted prices included within Level 1 that are observable for the financial asset or liability, either directly or indirectly; and majority are recurring transactions with limited non-recurring

Level 3: fair value measured using inputs for the financial asset or liability that are not based on observable market data. During the year, the Group had no significant transfers between instruments in Level 1, Level 2 or Level 3.

NOTES TO THE FINANCIAL STATEMENTS

Financial assets	Group		Company	
Levels of fair value measurements Level 1*	**2026**	**2025**	**2026**	**2025**
Bonds	787 596	822 230	56 063	46 121
Local Equities	332 223	492 729	187 369	181 485
Foreign equities	187 817	106 131	187 817	106 131
Collective investment schemes	-	13 862	-	-
Commodities	38 556	35 450	36 773	17 611
Cash	7 886	63 749	-	-
Listed Shares	193 219	144 374	193 219	144 374
Total financial assets	**1 547 297**	**1 678 525**	**661 241**	**495 722**
Level 2 *				
Financial assets				
Cash and cash equivalents	4 891 495	7 722 219	4 821 836	7 388 971
Derivatives	185 417	361 811	185 417	361 811
Bonds	166 940	12 334	-	-
Local equities	156	4 391	-	-
Direct property	-	1 208		-
Cash deposits and similar securities	196 329	9 852	18 052	9 852
Collective investment schemes	330 956	116 043		-
Commodities	(239)	(186)		-
Total financial assets	**5 771 054**	**8 227 672**	**5 025 305**	**7 760 634**
Level 3				
Recurring fair value measurements				
Assets*				
Financial assets				
Loans and advances	10 812 116	11 574 194	10 812 116	11 574 194
Unlisted shares	931 300	278 800	931 300	278 800
Equities	21		-	-
Direct property	-		-	-
Trade and other receivables	58 234	190 379	58 234	150 246
Insurance assets			-	-

NOTES TO THE FINANCIAL STATEMENTS

Financial assets	Group		Company	
Levels of fair value measurements Level 1*	2026	2025	2026	2025
Total financial assets	**11 801 671**	**12 043 373**	**11 801 650**	**12 003 240**
Liabilities				
Financial liabilities				
Trade and other payables	244 899	194 138	191 649	158 997
Other financial liabilities	-	-	-	-
Insurance Liabilities	75 168	251 439	-	-
Funding Liabilities	6 950 364	9 931 865	6 950 364	9 931 865
Lease Liabilities	57 799	21 549	57 799	21 549
Total financial liabilities	**7 328 230**	**10 398 991**	**7 199 812**	**10 112 411**

Reconciliation of assets measured at level 3

Group - 2026	Opening balance	Fair value adjustment for recognised in the statement of profit or loss	Re-measurement recognised in OCI	Purchases	Disposals	Reclassification on (to)/from other category of property	Closing balance
	R'000	R'000	R'000	R'000	R'000	R'000	R'000
Assets							
Investment property							
Investment property	141,200	7,700	-	-	-	-	148,900
Property, plant and equipment							
Property, plant and equipment	59,593	-	1,500	6,596	(200)	-	67,489
Non-current assets held-for sale							
Non-current assets held-for sale	5,058	-	-	13,720	-	-	18,778
Equity investments at fair value through other comprehensive income							
Unlisted shares	278,800	-	652,500	-	-	-	931,300
Total	**484,651**	**7,700**	**654,000**	**23,316**	**(200)**	**-**	**1,153,275**

NOTES TO THE FINANCIAL STATEMENTS

Group - 2025	Opening balance	Fair value adjustment for recognised in the statement of profit or loss	Re-measurement recognised in OCI	Purchases	Disposals	Reclassification on (to)/from other category of property	Closing balance
	R'000	R'000	R'000	R'000	R'000	R'000	R'000
Assets							
Investment property							
Investment property	106,000	35,200	-	-	-	-	141,200
Property, plant and equipment							
Property, plant and equipment	59,593	-	-	-	-	-	59,593
Non-current assets held-for sale							
Non-current assets held-for sale	9,208	-	-	-	(4,150)	-	5,058
Equity investments at fair value through other comprehensive income							
Unlisted shares	254,300	-	24,500	-	-	-	278,800
Total	**429,101**	**35,200**	**24,500**	**-**	**(4,150)**	**-**	**484,651**

Valuation techniques used to derive level 2 fair values

Level 2: investments are valued using a valuation technique based on assumptions that are supported by prices from observable current market transactions:

- Cash deposits and similar securities: Value of cash deposited
- Commodities: Foreign component at the market value of the investment determined by the asset manager.
- Collective investment schemes (other than unlisted equities) (CIS) and Investment policies: Consists of unit trust that consist of underlying investments in Level 1 investments. The value of the CIS is the aggregate of the underlying value of each Level 1 instrument at its quoted market price.
- Unlisted equity: Previously listed shares that have been delisted, based on the fair value determined by the respective Asset Managers.
- Money market instruments: The face value of the investment made.

Description of significant unobservable inputs to level 3 valuations

2026

Unquoted equity	Valuation technique	Significant unobservable inputs	Sensitivity of the input to the fair value
Ideafruit (Pty) Ltd	The implied Price-to book valuation of ACORN AGRI was calculated using the latest OTC share price information. In addition, similar agricultural companies that also trade OTCP/BV was compared to that of ACORN AGRI. The reasons we have chosen this approach as primary valuation method is due to the fact that ACORN AGRI is an investment holding company and its shares are traded Over-The-Counter ("OTC") as share transactions are negotiated directly and bilaterally between willing buyer and sellers of shares. Sensitivity analysis of discount rate are not applicable. As at 28 February 2026, the fair value of the 19.9% is estimated to be R 83.8m after taking the discounts (marketability and minority) into account.		
Afgri Grain Silo Company Pty Ltd	DCF. Operating entity, value derived from operating activities of the business (IS approach).	BDCF valuation: Discount rates range between 12.5% and 12.7%	Discount rate: -0.2%: R51 100 000 +0.2%:R39 223 000
Acorn Agri (Pty) Ltd	Net asset value utilised	Net Asset Value valuation: Discount range us 0.63x to 0.64x	Discount rate: 0.64x: R1 951 017 0.63x..R1 926 619
AGH	DCF operating entity, value derived from operating activities of the business (IS approach)	BDCF valuation: Discount rates range between 13.3% and 13.7%	Discount rate: -0.40%: R693 100 000 +0.40%:R645 223 000

Asset	Valuation technique	Significant unobservable inputs	Sensitivity of the input to the fair value	
Property and equipment	Net income capitalisation method	Vacancy rate range: Income/expense ratio range: Capitalisation rates range:	5% - 11.2% 17.6% - 32.2% 11% - 12%	Capitalisation rate: +1%: R23 788 332 '-1%: R28 308 175
Investment property	Net income capitalisation method	Vacancy rate range: Income/expense ratio range: Capitalisation rates range:	3% - 12.5% 20.5% - 50.2% 10.5% - 12.8%	Capitalisation rate: +1%: R99 517 036 -1%: R117 777 61
Properties in possession	Comparable sales method	Natural grazing land per ha.: Irrigated pasture land per ha.: Farm yard land per ha.: Wasteland per ha.: Crop Land Drylands Industrial land per ha.: Construction price for dwellings per m2: Construction other	R4 200 - R7 800 R7 000 - R30 000 R0 R2500 – R90 000 R0 R19 000 R5 R6 500 R2 250	Market value per ha. of land: + R1000 p/ha.: R19 334 497 - R1000 p/ha.: R13 918 509

NOTES TO THE FINANCIAL STATEMENTS

Unquoted equity	Valuation technique	Significant unobservable inputs	Sensitivity of the input to the fair value
Ideafruit (Pty) Ltd	The implied Price-to book valuationn of ACORN AGRI was calculated using the latest OTC share price information. In addition, similar agricultural companies that also trade OTCP/BV was compared to that of ACORN AGRI. The reasons we have chosen this approach as primary valuation method is due to the fact that ACORN AGRI is an investment holding company and its shares are traded Over-The-Counter ("OTC") as share transactions are negotiated directly and bilaterally between willing buyer and sellers of shares. Sensitivity analysis of discount rate are not applicable. Based on the calculations, an indicative fair value of 100% of Ideafruit as at 29 February 2025 is R 2.57bn. As at 29 February 2025, the fair value of the 19.9% is estimated to be R 63.1m after taking the discounts (marketability and minority) into account.		
Afgri Grain Silo Company Pty Ltd	Afgri Grain Silo Company Pty LtdDCF. Operating entity, value derived from operating activities of the business (IS approach).	DCF valuation: Discount rates range between 13.9% and 14.4%	Discount rate: -1%: R90 982 000 +1%:R63 361 000
Acorn Agri (Pty) Ltd	Net asset value utilised	Net asset valuation Discount range 0.60x to 0.62x	Discount rate: -0.60x: R1 549 908 +0.62x: R1 579 240

Asset	Valuation technique	Significant unobservable inputs		Sensitivity of the input to the fair value
Property and equipment	Net income capitalisation method	Vacancy rate range:	5% - 11.2%	Capitalisation rate:
		Income/expense ratio range:	17.6% - 32.2%	+1%:R23 778 332
		Capitalisation rates range:	11.0% - 12%	-1%:R28 308 175
Investment property	Net income capitalisation method	Vacancy rate range:	3% - 12.5%	Capitalisation rate:
		Income/expense ratio range:	20.5% - 50.2%	+1% R99 517 036
		Capitalisation rates range:	10.5% - 12.8%	-1%: R117 777 619
Properties in possession	Comparable sales method	Natural grazing land per ha.: Irrigated pasture land per ha.: Farm yard land per ha.: Wasteland per ha.: Crop Land Industrial land per ha.: Construction price for dwellings per m2:	R4 200 - R7800 R7 000 - R30 000 R0 R2500 - R90 000 R19 000 - R25 000 R6500 - R8800 R2 250- R5 650	Market value per ha. of land: + R1000 p/ha.: R19 334 497 - R1000 p/ha.: R13 918 509

33. IRREGULAR EXPENDITURE AND FRUITLESS AND WASTEFUL EXPENDITURE (F&WE)

	Group		Company	
	2026	2025	2026	2025
	R'000	R'000	R'000	R'000
Description				
Irregular expenditure	5 660	2 576	-	458
Fruitless and wasteful expenditure	45	27	41	27
Closing balance	**5 705**	**2 602**	**41**	**484**

Additional narratives	2026	2025
Incident description	R'000	R'000
Irregular expenditure incurred on multi-banking services. The contracts have since been regularised, and procurement finalised.	-	458
Total	(22)	458
-		
(2) Criminal or disciplinary steps taken as a result of losses, irregular and fruitless and wasteful expenditure		
Incident description	R'000	R'000
Total	**-**	**-**

34. EVENTS AFTER THE REPORTING PERIOD

'During the month of May 2026, a series of intense cold fronts caused widespread flooding across key agricultural regions, including the Hex River Valley, Grabouw/Elgin, and the Ceres and Worcester areas. Vineyards, orchards, and crop land have been severely damaged, with some farmers reporting complete harvest losses, such as apple crops in Grabouw. Beyond crop losses, farms have sustained significant infrastructure damage, including irrigation systems, roads, and bridges, while power disruptions have impacted storage and packhouse operations. Some farms have been cut off entirely due to flooded rivers and damaged transport routes.'The Bank continuously monitors and manages all aspects that has a potential to affect recoverability of its loans.

The higher electricity and water tariffs are likely to erode farm profitability by raising costs for irrigation, refrigeration, processing, and machinery operations. These rising costs reduce export competitiveness and contribute to food price inflation, thereby threatening food security. The Bank continues to monitor borrower financials and stress testing of income and costs are at the due diligence stage as well as providing an increase in facilities for existing clients.

The above matters are non-adjusting as they were not indicative of conditions present as year end. They all arose post year end.

35. GROUP REMUNERATION

In accordance with the Land Bank Act, the Minister of Finance determines the remuneration, allowances and associated benefits of all non-executive Board Members and the Chief Executive Officer. The remuneration for Executives and Bank employees is determined through market benchmarking and best practice under the guidance of the Group Human Resources and Remuneration Committee

	Board	AGM	Audit & Finance	Risk & Governance	Credit & Investment	HR	SEC	Audit & Risk	Investment & Actuarial	Nominations Committee	Strategic Workshop	Ad hoc Meetings	Guaranteed Package	Performance Bonuses	Other Benefits, Fees & Expenses	2026 Total
	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000
Non-Executive Directors																
Ms NR Nkosi*	189				18	18	18			18		53				127
Ms D Maithufi*	72			18	62							11				163
Ms TN Mashanda*	72		92	18								55				181
Prof JF Kirsten**	236	11			149		18				32				4	523
NP Motshegoa*	72			18			26									97
EM Pillay**	258	11	173		74						11	43				569
Dr Tom*	72					26						11				107
Prof van der Westhuizen*	72			26		18					11					125
Mr M Skwatsha***	569	11				37	37			19	11	32				714
Ms S Ford***	209	11	228	-		37	37	-	-		11	32	-	-	-	336
Mr MA Moloto**	165				74	56				19	11	32				357
Ms TF Matlala***	230	11	73	18	-		-	-	-	-	-	32	-	-	-	354
Ms S Dlungwane****	125	11										21				146
Mr B Maseko****	118	11										11				139
Ms K Rantao**	328	-	129	18	37		56	-	-	19	42	11	-	-	-	650
Ms PH Maseko***	209	11	55	20								21				316
Executive Directors	**2,804**	**85**	**522**	**137**	**414**	**192**	**192**	**-**	**-**	**75**	**127**	**354**	**-**	**-**	**4**	**5,095**

NOTES TO THE FINANCIAL STATEMENTS

	Board	AGM	Audit & Finance	Risk & Governance	Credit & Investment	HR	SEC	Audit & Risk	Investment & Actuarial	Nominations Committee	Strategic Workshop	Ad hoc Meetings	Guaranteed Package	Performance Bonuses	Other Benefits, Fees & Expenses	2026 Total
	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000
Chief Executive Officer	-	-	-	-	-	-	-	-	-	-	-	-	5,192	1,730	99	7,021
Chief Financial Officer	-	-	-	-	-	-	-	-	-	-	-	-	4,057	1,159	31	5,247
Total Land Bank	**2,804**	**85**	**522**	**137**	**414**	**192**	**192**	**-**	**-**	**75**	**127**	**354**	**9,249**	**2,889**	**137**	**17,363**

* Term ended 7 June 2025

** Re-appointments

*** New appointment from 3 September 2025

**** New appointment from 12 November 2025

NOTES TO THE FINANCIAL STATEMENTS

Remuneration of Land Bank non-executive directors and executive directors for 2025

	Board	AGM	Audit & Finance	Risk & Governance	Credit & Investment	HR	SEC	Audit & Risk	Investment & Actuarial	Nominations Commitee	Strategic Workshop	Ad hoc Meetings	Guaranteed Package	Performance Bonuses	Other Benefits, Fees & Expenses	2025 Total
	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000
Non-Executive Directors	**4,337**	**-**	**549**	**303**	**963**	**432**	**320**	**-**	**-**	**108**	**62**	**544**	**-**	**-**	**8**	**7,626**
NR Nkosi	1,085	-	-	-	160	107	53	-	-	36	11	113	-	-	-	1,564
K Rantao	142	-	18	-	55	-	-	-	-	-	11	-	-	-	-	226
D Maithufi	426	-	-	89	304	18	-	-	-	-	-	113	-	-	-	950
TN Mashanda	448	-	177	89	-	-	-	-	-	-	10	101	-	-	-	825
JF Kirsten	448	-	106	-	249	-	-	-	-	-	10	11	-	-	8	832
NP Motshegoa	465	-	-	-	89	-	144	-	-	-	-	93	-	-	-	791
EM Pillay	427	-	248	-	53	18	-	-	-	36	10	31	-	-	-	824
M Tom	448	-	-	-	-	163	124	-	-	36	-	61	-	-	-	832
D Van Der Westhuizen	448	-	-	126	53	125	-	-	-	-	10	21	-	-	-	784
Executive Directors																
Chief Executive Officer	-	-	-	-	-	-	-	-	-	-	-	-	4,944	-	117	5,061
Chief Financial Officer	-	-	-	-	-	-	-	-	-	-	-	-	3,864	-	30	3,894
Total Land Bank	**4,337**	**-**	**550**	**303**	**963**	**432**	**320**	**-**	**-**	**108**	**62**	**544**	**8,808**	**-**	**155**	**16,581**

NOTES TO THE FINANCIAL STATEMENTS

Remuneration of Land Bank Insurance non-executive directors and executive directors for 2026

31 March 2026	Fees R'000	Other R'000	Total R'000
Independent non-executive directors			
Ms E Pillay	158	-	158
Mr S Masuku	802	-	802
Ms M Bosman	874	-	874
Ms D Subbiah	570	-	570
Prof J Kirsten	73	-	73
Adv D van der Westhuizen	75	-	75
Ms K Rantao	521	-	521
Mr T Rikhotso*	-	7,021	7,021
	3,073	**7,021**	**10,094**

*The remuneration was paid by Land Bank

Remuneration of Land Bank Insurance non-executive directors and executive directors for 2025

31 March 2025	Fees R'000	Other R'000	Total R'000
Independent non-executive directors			
Ms E Pillay	732	-	732
Mr S Masuku	444	-	444
Mr K Sukdev	389	-	389
Ms M Bosman	519	-	519
Ms D Subbiah	442	-	442
Prof J Kirsten	251	-	251
Adv D van der Westhuizen	265	-	265
	3 042	**-**	**3 042**

NOTES TO THE FINANCIAL STATEMENTS

Remuneration - Land Bank executive officers in 2026

Title	Guaranteed Package	Bonus	Cell phone Allowance	Other Benefits	Retention Payment	Total 2026
	R'000	R'000	R'000	R'000		R'000
SCE Soundy (Chief Strategy and Communications)	3,484	1,051	24	7		4,566
F Stiglingh (Acting Chief Technology and Operations Officer)	3,467	991	24	7		4,489
S Diza (Chief Risk Officer)	3,641	790	24	-		4,455
S May (Chief Agricultural Economist)	2,940	840	24	-		3,804
Y Haffejee (Chief Audit Executive)	1,635	639	18	-		2,292
J Mphambo (Chief Banking Officer)	3,806	-	27	-	381	4,214
M Mashiane (Executive Manager: Legal Service)	2,024	-	20	-		2,044
F Burn (Chief Technology & Operations)	2,727	-	16	3		2,746
V Potloane (Executive Manager: Treasury)	420	-	4	-		424
Total	**24,144**	**4,311**	**181**	**17**	**381**	**29,034**

Remuneration - Land Bank executive officers in 2025

Title	Guaranteed Package	Bonus	Cell phone Allowance	Other Benefits	Total 2025
	R'000	R'000	R'000	R'000	R'000
ETM Dlamini (Chief People and Culture Officerl)	2,432	-	18	4	2,454
SCE Soundy (Chief Strategy and Communications)	3,318	-	24	6	3,348
F Stiglingh (Acting Chief Technology and Operations Officer)	3,302	-	24	6	3,332
SN Sebueng (Executive Manager: Legal)	2,180	-	20	-	2,200
S Diza - Chief Risk Officer	2,800	-	24	-	2,824
Sakhumzi May (Chief Agricultural Economist)	2,911	-	24	-	2,935
Yaasir Haffejee (Chief Audit Executive))	1,635	-	10	-	1,645
Jabu Mphambo (Chief Banking Officer)	1,511	-	10	-	1,521
Vincent Potloane (Executive Manager: Treasury)	511	-	6	-	517
Total	**20,600**	**-**	**160**	**16**	**20,776**

Insurance Executive Officers:

31 March 2026	Interim Accounting Authority Fees	Guaranteed Package	Other Benefits, Fees and Expenses	Performance Bonus	Total
	R'000	R'000	R'000	R'000	R'000
Executive Director					
Mr TP Siguphu	-	3 570	24	698	4 292
	-	3,570	24	698	4,292

31 March 2025	Interim Accounting Authority Fees	Guaranteed Package	Other Benefits, Fees and Expenses	Performance Bonus	Total
	R'000	R'000	R'000	R'000	R'000
Executive Director					
Mr TP Siguphu	-	3,150	24	-	3,174
	-	3,150	24	-	3,174

36. CONTINGENCIES

Default Interest

The Land Bank underwent a process in addressing specific interpretation issues of the National Credit Act (NCA) on the portfolio that was previously administered by a Service Level Partners (SLA) of the Land Bank, following the insourcing of this portfolio. The Bank has since concluded and closed this process on the insourced accounts as such all being managed and monitored in line with Bank's internal financial reporting requirements post insourcing of accounts in FY2021.

Loans and advances

There is a matter that is currently pending where some customers of the Bank previously managed through a Service Level Agreement are disputing their obligation to the Bank. The matter was still under litigation at year-end.

People and culture

There are currently two matters pending before the Labour Court on charges of unfair dismissal against the Bank. The matters have not been concluded as at year-end and a reliable estimate cannot be made.

37. CHANGE IN ACCOUNTING POLICY - FUNDS UNDER ADMINISTRATION

Nature of the error

The funds under administration were previously included as part of cash and cash equivalents, these funds are not available for use to the group, they are managed on behalf of related parties. During the past financial year the funds were transferred into Agency Bank Accounts that legally separates the accounts from the Land Bank. Refer to the following notes 4, 16.1 and note 29. Therefore the funds are now set-off against the recognised liability as the group has an obligation to remit these funds on demand to the related parties. The funds are governed on a contractual basis with a memorandum of agreement that sets the terms by which the bank should manage the funds.

The accounting policy will be implemented retrospectively as if it was always in place.

The affected financial statement line items are the following:

Cash and cash equivalents

Other financial liabilities

Line item affected	FY2026	FY2025	FY2024
	R'000	R'000	R'000
Cash and cash equivalents	-	R1 626 908	R1 811 496
Other financial liability	-	R1 626 908	R1 811 496

The net impact on equity is zero, as this results in an increase in assets and a decrease in liabilities.

38. PRIOR PERIOD ERROR – CASH FLOWS FROM LOANS AND ADVANCES (BANK)

Nature of error

The determination of the cash received from customers did not include all line items which affect gross loans such as effects of interest income, bad debts written off, and modifications. This exclusion also caused interest received from customers to be double counted and included twice in the cash received from customers under the changes in working capital and also in the interest income account. This error has been corrected on the corresponding figure.

The impact is solely on the determination of cash from operating activities on the cash flow statement and did not affect the cash and cash equivalents on hand.

The errors have been corrected as follows:

Cash received from customers	
Cash flows from customers restated[1]	2 739 842
Interest income solely from customers	971 088
Cash flows from customers excluding interest income - restated	**1 768 753**

Cash flows from customers as reported in prior year:	
(Increase)/decrease in loans and advances	2 071 407
Net movement[1]	302 654
(Increase)/decrease in loans and advances – restated	**1 768 753**

1 The net movement considers the effect of the previously excluded financial statement line items such as capitalized interest income, gains and losses on modifications etc. in the determination of cash flows from customers

39. PRIOR PERIOD ERROR – INSURANCE CONTRACT LIABILITIES

During the year ended 31 March 2026, LBLIC identified a misstatement of FY2025 insurance contract liabilities. This was driven by three factors: updates to the LTA sum assured which were incorrectly recorded on some policies following a recent data clean- up exercise; the inclusion of 10 policies that were previously excluded from the valuation; and an overstatement of PAA interest accretion, which occurred because the FY2025 closing run incorrectly included assumption changes instead of processing them through the non-financial assumption update run. The error was corrected retrospectively through the opening retained earnings balance in the current year.

Impact of rectifying the error:

	Previously Reported	Correction of Error	Restated
	R'000	R'000	R'000
As at 31 Mar 2026			
Statement of Financial Position			
Insurance contract Liabilities	-	-	-
Statement of Profit or Loss and Other Comprehensive Income			
Insurance revenue	-	-	-
Insurance service expense	-	-	-
Insurance finance income/(expense) from insurance contracts issued	-	-	-
Statement of Changes in Equity			
Retained Earnings	1,219,836	(1,187)	1,218,649

40. PRIOR PERIOD ERROR – PRESENTATION AND DISCLOSURE OF FINANCIAL STATEMENTS (INSURANCES)

Financial Assets at Fair Value Through Profit or Loss

During the preparation of the annual financial statements for the year ended 31 March 2026, management identified an error in the presentation of the financial instrument's disclosure note for the prior year comparative information. The error related to the aggregation and presentation of the total financial assets and total financial liabilities in the financial instruments' classification table. The comparative figures have been corrected to reflect the appropriate totals. These had no impact on the Statement of financial position, Statements of Comprehensive Income and Statement of Cash flows. The opening balances have been restated accordingly.

In addition, management identified an error in the comparative financial instruments disclosure note. The comparative balance for Financial Assets at Fair Value Through Profit or Loss (Discretionary) was incorrectly disclosed as R530 451 000. The correct amount is R520 451 000. The error was limited to the disclosure note and did not impact on the Statement of Financial Position, Statement of Profit or Loss and Other Comprehensive Income, Statement of Changes in Equity, Cash Flow Statement, or the Company's net assets.

Management Fees

During the preparation of the Annual Financial Statements for the year ended 31 March 2026, Land Bank Life Insurance SOC Limited identified a prior period presentation error in the comparative financial statements for the year ended 31 March 2025.

The comparative financial statements presented Investment Income after offsetting management fee expenses of R2.915 million against the related investment income. IAS 1 Presentation of Financial Statements requires material classes of income and expenses to be presented separately and prohibits the offsetting of income and expenses unless such offsetting is required or permitted by an IFRS.

Accordingly, the comparative information has been retrospectively restated to present the investment income separately from the related management fee expense.

The correction affects presentation only and has no impact on the amounts recognised in the Statement of Financial Position, the Statement of Profit or Loss and Other Comprehensive Income, the Statement of Changes in Equity or the Statement of Cash Flows. Accordingly, there is no impact on total assets, total liabilities, total equity, profit for the year, total comprehensive income or net cash flows.

Effect of the correction

The effect of the correction on the comparative Statement of Profit or Loss and Other Comprehensive Income is as follows:

Statement of Profit or Loss and Comprehensive Income	Previously reported	Correction	Restated
	R'000	R'000	R'000
Investment income	186,003	2,915	188,918
Management fee expense	6,974	2,915	9,889
Profit for the year	-	-	-

The effect of the correction on the related notes to the Annual financial Statements is as follows:

Notes	Previously reported	Correction	Restated
	R'000	R'000	R'000
Note 10 Investment Income	186,003	2,915	188,918
Note 19.1 Operating expense	6,974	2,915	9,889

PRIOR PERIOD ERROR

Prior period error - Change in accounting estimates (insurances)

Nature and reason for the change in estimate

During the preparation of the annual financial statements for the year ended 31 March 2026, management reassessed the methodology used to allocate expenses directly attributable to fulfilling insurance contracts. Previously, LBLIC allocated these expenses to portfolios (individual and Group Life) of insurance contracts utilising a policy counted-based approach.

Following an operational review of the expense allocation framework, management changed the basis of allocation to a premium-based approach. This revised methodology was adopted because it better reflects updated expectations regarding the pattern of consumption of expenses and provides more accurate representation of expenses and liability per portfolio, thereby improving the accuracy of future liability reserving.

In accordance with IAS 8, this revision represents a change in accounting estimate as it results from new information and revised assumptions regarding the estimation process. Consequently, the change has been applied prospectively, with no restatement of prior period comparative figures.

15.2 Financial impact on the current period (Year ended 31 March 2026)

The change in the expense allocation methodology resulted in a net nil impact on the total insurance service expenses and overall profit recognized by LBLIC. However, the change resulted in reallocation of R 10.34m in total expenses (comprising of R 1.13m in acquisition costs and R 9.22m in fulfillment expenses) from individual credit portfolio to the Group credit portfolio. Consequently, the recognized profit for the year increased by R 10.34m for the individual credit portfolio, with an equal offsetting decrease in profit for the Group Credit portfolio.

Impact Statement of Profit or Loss and Comprehensive Income

Portfolio	Previous Methodology (Policy-count based)		Revised Methodology (Premium-based)		Impact on current year profit	
	Acquisition Cost	Fulfilment expense	Acquisition Cost	Fulfilment expense	Acquisition Cost	Fulfilment expense
	R'000	R'000	R'000	R'000	R'000	R'000
Individual Credit provider policy	1,468	17,032	340	7,815	-1,127	-9,217
Group Credit provider policy	390	4,528	1,517	13,745	1,127	9,217
Total	**1,858**	**21,560**	**1,858**	**21,560**	**-**	**-**

The change in the expense allocation methodology directly impacted the measurement of the Best estimate liability (BEL) component of the insurance contract liabilities. For the year ended 31 March 2026, the revised premium-based approach resulted in a net decrease in the total gross BEL of R 35.96m (approximately 36%), reducing the liability from R 98.62 m to R62.66m. This decrease indicates that the revised methodology leads to lower overall attributed expenses within the valuation models and, consequently, lower fulfilment cash flows, providing a more stable and representative basis for liability measurement.

Impact on Statement of Financial Position

Insurance contract liabilities

	Previous Methodology	Revised Methodology	Change	Change %
	R'000	R'000	R'000	R'000
Individual Credit provider policy	R21,062	R15,547	-R5,515	-26%
Individual Credit provider policy IBNR	R267	R267	R0	0%
Revised Credit provider policy	R70,876	R35,907	-R34,969	-49%
Revised Credit provider policy IBNR	R487	R487	R0	0%
Group Credit provider policy	R3,234	R7,756	R4,522	140%
Group Credit provider policy IBNR	R813	R813	R0	0%
Outstanding Claims Reserve (OCR)	R1,879	R1,879	R0	0%
BEL Gross	**R98,618**	**R62,656**	**-R35,962**	**-36%**
Reinsurance Liabilities	R0	R0	R0	0%
BEL Net	**R98,618**	**R62,656**	**-R35,962**	**-36%**

Prior period error - non-distinct investment component

Nature of error" in bold beneath

During the year ended 31 March 2026, the LBIC identified errors in the IFRS 17 Insurance Contracts disclosures. These errors related to omission of the non-distinct investment component (NDIC) on reinsurance sliding scale commission. Under IFR17 a sliding scale commission contains NDIC because commission rate adjusts based on loss experience, but a guaranteed minimum commission is payable even if no insured claims occur. As a result, insurance revenue, insurance service expenses, were misstated in the financial statements for the years ended 31 March 2025.

The errors have been corrected by retrospectively restating the comparative figures in accordance with IAS 8 – Accounting Policies, Changes in Accounting Estimates and Errors. The effect on the Statement of profit or loss and Other Comprehensive and Statement of Changes in Equity, Statement of Financial Position and Statement of Cash Flow is nil.

NOTES TO THE FINANCIAL STATEMENTS

Prior Period Errors

Statement of Profit or Loss and Other Comprehensive Income for the year ended 31 March 2025	Previously Disclosed R'000	Correction of Error R'000	Restated R'000
Expense/income from reinsurance contracts held			
Allocation of premiums paid	(493,647)	13,503	(480,144)
Incurred insurance service expenses	364,369	(13,503)	350,866
Statement of Statement of Financial Position			
Movement in carrying amounts of assets - Reinsurance			
Investment component – Remaining coverage component	-	(13,503)	(13,503)
Investment component- Incurred claims component	-	13,503	13,503

Nature of prior period error – SASRIA Commission

During the financial years ended 31 March 2022, 31 March 2023, 31 March 2024, and 31 March 2025, SASRIA commission was incorrectly presented under insurance contract assets instead of trade and other payables.

This presentation error was corrected in the year ended 31 March 2026 by reclassifying the SASRIA commission balance from insurance contract assets to trade and other payables.
The adjustment is a presentation reclassification only and has no impact on the overall Statement of Financial Position, as the decrease in insurance contract assets is offset by an equivalent increase in trade and other payables. Accordingly, the net effect on total assets, total liabilities, and equity is nil and therefore the Statement of Financial Position for the year ended 31 March 2025 has not been restated.

Statement of Financial Position

Insurance contract assets	3,800		
Trade and other payables - Sasria	(3,800)		
	-		-

41. PRIOR PERIOD ERROR

Change in accounting estimates

Financial impact on future periods

The revised premium-based expense allocation methodology will be reviewed in subsequent reporting periods, which will affect the future measurement of the insurance contract liabilities across LBLIC's portfolios. Under this premium-based approach, it is expected that that the individual and revised Credit provider policy portfolios will generally continue to reflect the lower expense and lower fulfilment cash flows compared to the previous methodology, while the group Credit provider policy portfolio will absorb a correspondingly higher proportion of attributed expenses. However, it is impractical to estimate the exact quantitative effect of this change on future periods, as the impact is inherently dependent on future variables, including the volume of new business written, future premium income, and the actual composition of the insurance portfolio in those subsequent years.

Prior-period error – non-distinct investment component of the reinsurance sliding scale commission

Nature of error

During the year ended 31 March 2026, Land Bank Insurance Company SOC Ltd (LBIC) identified an error in the comparative disclosures relating to the application of IFRS 17 *Insurance Contracts* for reinsurance contracts held.

The error relates to the omission of the non-distinct investment component (NDIC) of R13 503 000 associated with sliding scale commission arrangements under certain reinsurance contracts. Under these arrangements, the reinsurer pays a guaranteed minimum commission irrespective of whether insured events occur, while any additional commission is contingent on the claims experience of the underlying insurance contracts. Accordingly, a portion of the commission represents a non-distinct investment component and should be presented separately from the insurance service component in accordance with IFRS 17.

In the prior year's financial statements, the investment component was not separately identified within the relevant IFRS 17 disclosure reconciliations. Consequently, the entire amount was presented within the insurance service component instead of being allocated between the insurance service component and the investment component.

The error has been corrected retrospectively in accordance with IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors* by restating the comparative information for the year ended 31 March 2025.

The correction resulted in the reclassification of amounts within the Statement of Profit or Loss and Other Comprehensive Income and the related IFRS 17 note disclosures. Specifically, the correction affected the presentation of:

- Allocation of premiums paid (net of reinsurance commission); and
- Reinsurance service expenses – Claims.

In addition, the comparative IFRS 17 reconciliations for the movement in carrying amounts of reinsurance contracts held were restated to separately present the investment component within the Liability for Remaining Coverage (LRC) and Liability for Incurred Claims (LIC).

The correction did not affect the Statement of Financial Position, the Statement of Changes in Equity, the Statement of Cash Flows;

The effect of the correction on the comparative disclosures for the year ended 31 March 2025 is as follows:

NOTES TO THE FINANCIAL STATEMENTS

Prior Period Errors	Previously Disclosed	Correction of Error	Restated
	R'000	R'000	R'000
Expense/income from reinsurance contracts held and portfolio notes			
Disclosure line			
Allocation of premiums paid (net of reinsurance commission)	(493,647)	13,503	(480,144)
Reinsurance service expenses – Claims	351,079	(13,503)	337,576
Total	**(142,568)**	**-**	**(142,568)**
Movement in carrying amounts by LRC and LIC – Reinsurance PAA			
Disclosure line			
LRC – Earned premiums under PAA	(493,647)	13,503	(480,144)
LRC – Investment component	-	(13,503)	(13,503)
LIC - Recoveries of incurred claims and other insurance service expense	364,368	(13,503)	350,865
LIC – Investment component		13,503	13,503
Total	**(129,279)**	**-**	**(129,279)**

Prior period disclosure error – insurance service expenses

Nature of error

During the current year, it was identified that certain claims arising from insured events that occurred between 1 April 2024 and 30 June 2024 were incorrectly presented within the comparative analysis of insurance service expenses as past service. These claims related to insurance coverage provided during the previous reporting period and should therefore have been presented as current service in the presentation of the prior year's Annual financial statements.

This reclassification affects only the presentation of the comparative disclosure and has nil impact on the Statement of Comprehensive Income, profit or loss, total comprehensive income, the Statement of Financial Position, statement of changes in equity, or statements of cash flows and it is a classification of Claims current service and Experience adjustments in claims and other insurance service expenses within the Portfolio.

The effect of the correction on the comparative disclosures for the year ended 31 March 2025 is as follows

	Previously disclosed	Correction of error	Restated
Portfolio and insurance service expense notes			
Disclosure line			
Claims (current service)	(238,360)	(49,264)	(287,894)
Experience adjustments in claims and other insurance service expenses	(29,300)	49,264	19,963
Total	**-**	**-**	**-**

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