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LENDER COMMUNICATION UPDATE

Dear Land Bank Lenders,

BLENDED FINANCE SCHEME: FY2026/27 GRANT FUNDING POSITION AND TEMPORARY SUSPENSION OF NEW APPLICATIONS

Land Bank wishes to advise its lenders of a decision regarding the Blended Finance Scheme (BFS) in response to the exceptionally strong demand for the Scheme.

The BFS combines a repayable Land Bank loan with a non-repayable grant contribution funded by the Department of Agriculture (DoA). Under the current funding arrangement, the DoA provides an annual grant allocation of R325 million to Land Bank for the Scheme. Since its launch in FY2022/23, the BFS has supported approximately 540 clients/beneficiaries by the end of FY2025/26 and has contributed to expanding access to affordable agricultural finance and transformation within the sector.

Strong uptake of the BFS has resulted in demand for grant-supported financing exceeding the cumulative annual grant allocations available to the Scheme year to date. Accordingly, the remaining FY2026/27 grant funding will be prioritised towards meeting BFS facilities for which contractual commitments have already been concluded, to ensure these are honoured in accordance with the applicable terms and conditions.

In the interest of prudent management of the available grant resources, the Bank has decided to temporarily suspend the acceptance of new BFS applications for the remainder of FY2026/27, or until additional grant funding becomes available. This is intended to ensure that further grant-supported commitments are not made without certainty regarding the availability of grant funding. The next annual grant allocation of R325 million is expected for FY2027/28.

It's important to note that the temporary suspension relates specifically to new applications requiring grant support under the BFS and does not affect Land Bank's broader lending activities. Land Bank remains fully open for business and continues to originate and assess agricultural financing opportunities across its broader range of lending products.

BFS Applications already within the Bank's origination and credit pipeline for which grant funding has not been contractually committed are being reviewed according to their stage of progression, including consideration, where appropriate, of whether the underlying transaction can proceed on a 100% repayable loan basis without the BFS grant component.

Land Bank continues to engage with the DoA, National Treasury and other potential funding partners to explore opportunities to supplement the annual allocation and mobilise additional grant and concessional funding.

The current position relates to the availability of the DoA-funded BFS grant component and should not be interpreted as a constraint on Land Bank's own lending capacity or liquidity position.

Management is assessing the implications of lower BFS-supported disbursements for the Bank's origination plans and financial forecasts and is implementing appropriate mitigating measures, including an increased focus on viable non-BFS lending opportunities.

Land Bank considers it appropriate to advise its lenders proactively of this development as part of its commitment to transparent and constructive lender engagement. The Bank will continue to manage its funding, liquidity, lending activities and financial commitments in accordance with its approved plans and applicable obligations and will keep lenders informed of any material developments relating to the BFS grant funding position.

We thank you for your continued support.

Yours sincerely,

Jabu Mphambo

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Acting Chief Executive Officer
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