

# Land Bank credit information as at 30 September 2024 Results



IN RESPECT OF THE FINANCIAL PERFORMANCE OF THE LAND AND AGRICULTURAL DEVELOPMENT BANK OF SOUTH AFRICA

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# Contents

## Item

## Page

Executive Summary

5 - 6

Financial Overview

7 - 9

Gross Loan Book

10 - 20

Top Customers by Division

21 - 32

NPL Book Overview

33 - 41

Top Non Performing Customers

42 - 47

Legal Book Overview

48 - 54

Blended Finance

55 - 68



# Executive Summary



## Gross Loan Book:

- ❑ Overall the Loan Book has decreased from ~ **R17,5bn** in March 24 to ~**R16,6bn** at the end of September 24 representing a decline of ~**R867m**, which was driven mainly by client settlements and collections.
- ❑ Total Blended Finance disbursements from inception of the scheme in FY2023 amounts to R1,158bn comprised of R580m in loans and R578m in grants.
- ❑ The Bank has insourced most of the previously SLA-managed loan book, only 0,6% of the Bank's loan book remain under SLA management.

## Loan Book Quality:

- ❑ The decrease and/or increase across various stages of the loan book was driven by the following:
  - Stage 1-R5,8bn(R6,5bn Mar 24): Settlements of R484m (this is a combination of clients refinancing their facilities & clients reducing their debt through asset disposals and harvest proceeds) and collections of R799m, Stage 2 & 3 roll outs of R136m & R266m respectively , R245m of loans was disbursed.
  - Stage 2-R1,5bn(R1,6bn Mar 24) :Recoveries of R102m, cures of R107m, roll outs into NPL of R172m offset by roll ins of R141m(migration from stage 1 to stage 2).
  - Stage 3-R9,285bn(R9,291bn Mar 24): Recoveries and collections of R176m , cures of R136m offset by roll ins of R307m
- ❑ The decrease in the overall loan book has resulted in an increase in NPL ratio from 53,2% in March 24 to 55,9% as at September 24, this is despite the slight decrease experienced in the NPL loan book year YTD.
- ❑ The high NPL Book is mainly attributed to the following:
  - Since the Bank's default status in FY2020 there has been significant attrition of good quality clients, resulting in high concentration to higher risk clients.
  - The Bank's limited ability to support existing clients, especially in the period following the default. The Bank has since resumed lending which continues to gain momentum with R580m in loans disbursed on the blended finance book since inception.
  - The legal book makes up a major component of the NPL book and due to protracted legal proceedings most matters are long dated(refer to slide 39)
  - Macro environment and sector specific challenges such as natural disasters owing mainly to climate change, animal diseases, increase in production costs, reduction in commodity prices and Energy crisis/Load shedding, amongst other, which have an impact on clients. In response to these client challenges the Bank has developed risk mitigation interventions for climate change triggered disasters including forbearances for affected clients as well as development of climate smart products and policy. Strategies to manage other sector related disasters are also in place.

## Impairment Provisions and Coverage:

- ❑ The ECL provisions have increased from R4,1bn in Mar 24 to R4,3bn as at end of September 2024 due to more NPLs being in arrears for longer periods requiring the Bank to hold higher provisions.
- ❑ The ECL coverage ratio has increased to 25,9% in September 24 from 23,7% in March 24.

## Collateral

- ❑ Overall Gross Loan Book collateral coverage ratio has decreased to 102% as at end September 24 down from 106% in March 24, which is attributable to the clean up and validation process of client collateral undertaken by the Bank. Despite the decrease in collateral coverage, the Bank still has good recoverability prospects.

# Executive Summary Continued



## Loan Book Quality-challenges expected to persist :

- Accounts remaining in the NPL book for relatively longer periods. Whilst the Bank has implemented remediation strategies which have been bearing fruits, there were still clients who migrated into NPL.
- The Legal book has increased from R6,2bn in March 24 to R6,4bn in September 24, while the Pre legal book decreased to R2,89bn from R3,1bn in March 24.
- Whereas the Bank has successfully rehabilitated and cured a component of the NPL book, the overall roll ins into NPL have offset the cures resulting in a marginal decrease in the NPL book.
- The Bank continued to see a decrease in both Stage 1 and 2 of the loan book driven by client settlements and migrations across various stages of the book. This has contributed to the NPL ratio increasing to 55,9% in September 24, from 53,2% in March 24 which continues to increase the Bank's concentration to higher risk clients
- Continuous loan book contraction mainly driven by client attrition and collections.
- Due to the high risk nature of the loan book profile clients are still expected to default on their payment obligations.
- The Bank continues to experience corporate clients placing themselves in business rescue due to market conditions – as at March 24 there was around R1,3bn corporate client exposures that are under debt review and business rescue.

## Land Bank's response to the above challenges:

- The client relationship model is being matured to meet production and harvest requirements to mitigate settlement of good quality clients
- The continued contraction of the book remains a concern for the Bank and focused efforts have been initiated to ensure that loan book growth and client preservation is a key focus area, which includes placing focus on Stage 2 clients to ensure initiatives are put in place to timely prevent roll ins into Stage 3
- Accelerate disbursements to qualifying NPL clients to assist them to cure and continue with operations
- Interventions are underway to strengthen the resources in the Workout & Restructuring area which includes expediting the appointment of additional specialized headcount to assist in restructuring high value exposures within work out and structure as well as qualifying exposures within the Legal department. This process is 80% complete with regards to regional capacitation, the remaining 20% is on going.
- Growing good quality clients through Blended Finance by providing necessary pre and post finance support and meeting of disbursement targets-this will address the loan book contraction
- Enhanced NPL remediation strategies to achieve the overall NPL reduction targets through the new operating model and organizational structure with a more improved capacitation and focus.
- The Bank has identified key focus clients for the current year which span across the various NPL remediation strategies as outlined on slide 36. The Bank has done a lot of work to understand the challenges faced by these clients, and is optimistic on its ability to successfully execute.
- The Bank continues to implement its revamped NPL remediation strategy as outlined in slide 36-38
- In addition to the above, the following strategies are being deployed in the current year:
  - Improved business turn around and restructure strategies to help clients before and within the business rescue process.
  - Aggressive curing strategies to cure +/-50% of clients in Work Out & Restructure.



## Financial Overview



# Abridged Statement of Financial Position September 2024



	Sep-24 Actual Rm	Mar-24 Actual Rm	Var Rm	Var %	Mar-23 Actual Rm
Cash and cash equivalents	8 172	12 601	(4 429)	(35,1%)	15 355
Net loans and advances	12 294	13 332	(1 038)	(7,8%)	14 765
Other*	1 839	1 798	40	2,2%	1 868
<b>Total Assets</b>	<b>22 305</b>	<b>27 732</b>	<b>(5 427)</b>	<b>(19,6%)</b>	<b>31 988</b>
Distributable Reserves	10 840	4 554	6 286	-138,0%	3 908
Liabilities	11 465	23 178	(11 713)	50,5%	28 080
Funding liabilities	10 927	16 567	(5 640)	34,0%	22 496
Other Liabilities	538	6 610	-6 072	92%	5 585
<b>Total equity and liabilities</b>	<b>22 305</b>	<b>27 732</b>	<b>(5 427)</b>	<b>19,6%</b>	<b>31 988</b>

- The decrease in Net Loans and advances is driven by client settlements, collections and an increase in ECL due to higher number of days in arrears of the NPL book which has resulted in higher LGD's.
- The Bank's Funding liabilities decreased following capital and interest payments



# Abridged Statement of P&L and OCI September 2024



	Sep-24	Mar-24			Mar-23
	YTD	FY	Var	Var	FY
	Actual	Actual			Actual
	Rm	Rm	Rm	%	Rm
<b>Net interest income</b>	<b>1 018</b>	<b>705</b>	<b>313</b>	<b>44,4%</b>	<b>607</b>
Interest income	1 921	2 581	(660)	(25,6%)	2 757
Interest expense	(903)	(1 876)	973	51,9%	(2 150)
<b>Net impairment release /(charges)</b>	<b>(6)</b>	<b>(114)</b>	<b>108</b>	<b>(+100%)</b>	<b>368</b>
Non interest Income /(expense)	23	61	(38)	+100%	11
<b>Operating income from banking activities</b>	<b>1 035</b>	<b>652</b>	<b>383</b>	<b>58,8%</b>	<b>986</b>
Operating expenses	(396)	(585)	189	32,3%	(499)
Other	14	(7)	21	293,0%	(5)
<b>Net Operating Income</b>	<b>653</b>	<b>60</b>	<b>593</b>	<b>(+100%)</b>	<b>482</b>
Other Comprehensive Income	22	89	(66)	+100%	(9)
<b>Total YTD Comprehensive Income</b>	<b>675</b>	<b>148</b>	<b>527</b>	<b>(+100%)</b>	<b>473</b>
<b>YTD ECL (charge)/ Release Composition</b>	<b>Sep-24</b>	<b>Mar-24</b>			<b>Mar-23</b>
	<b>YTD</b>	<b>FY</b>	<b>Var</b>	<b>Var</b>	<b>FY</b>
	<b>Actual</b>	<b>Actual</b>	<b></b>	<b></b>	<b>Actual</b>
	<b>Rm</b>	<b>Rm</b>	<b>Rm</b>	<b>%</b>	<b>Rm</b>
<b>Net impairment (charge) / recoveries</b>	<b>(6)</b>	<b>(114)</b>	<b>108</b>	<b>(95,0%)</b>	<b>368</b>
Impairment (charges) / releases	(13)	254	(267)	+100%	1 362
Impairment (charge) / releases relating to bad debt written	(2)	(152)	150	+100%	50
Bad debts written off	(6)	(245)	239	+100%	(1 084)
Bad debts recovered	15	29	(14)	47,1%	41

- Details of the ECL movements are included in slide 12

	Sep-24 YTD Actual	FY25 Target	Target Achieved Y/N?
<b>LS5 Covenants</b>			
<b>Leverage</b>	100,8%	<110%	<b>Y</b>
<b>Credit Loss Ratio</b>	2,2%	<4%	<b>Y</b>
<b>NPL ratio</b>	55,9%	<56%	<b>Y</b>
<b>Cost to Income</b>	38,1%	<125%	<b>Y</b>
<b>Net Debt to Net loan book</b>	22,4%	<50%	<b>Y</b>
<b>ECL Coverage Ratio</b>	25,9%	<26%	<b>Y</b>

- *The Bank currently meets all its LS5 covenants*
- *The lower cost to income ratio is due to interest on funds that was in escrow that was released on conclusion of the liability solution which amounted to R717m*

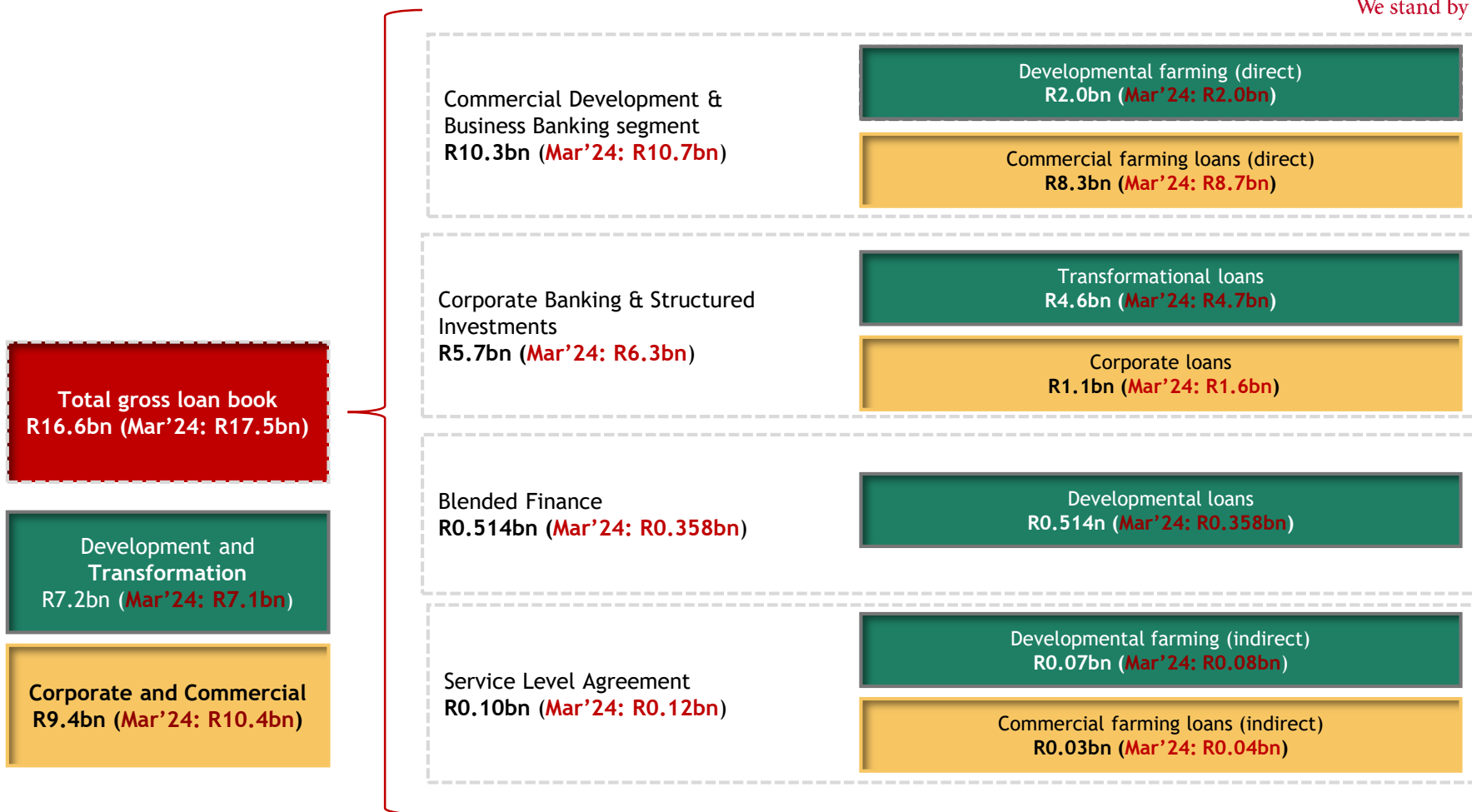


# Gross Loan Book



# Gross Loan book overview

## 30 September 2024



Gross loans and advances decreased to R16.6bn from R17.5bn reported as at 31 March 2024 mainly due to Customer settlements, collections , legal recoveries and scheduled/contracted repayments.

The Blended Finance loan book which is currently included in the development book, has increased from R358m in March 2024 to R514m as at 30 September 2024

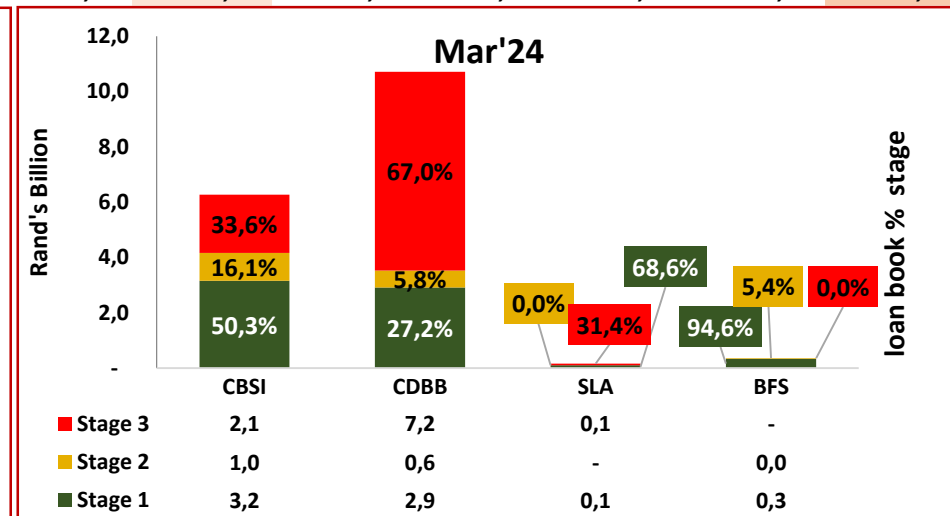
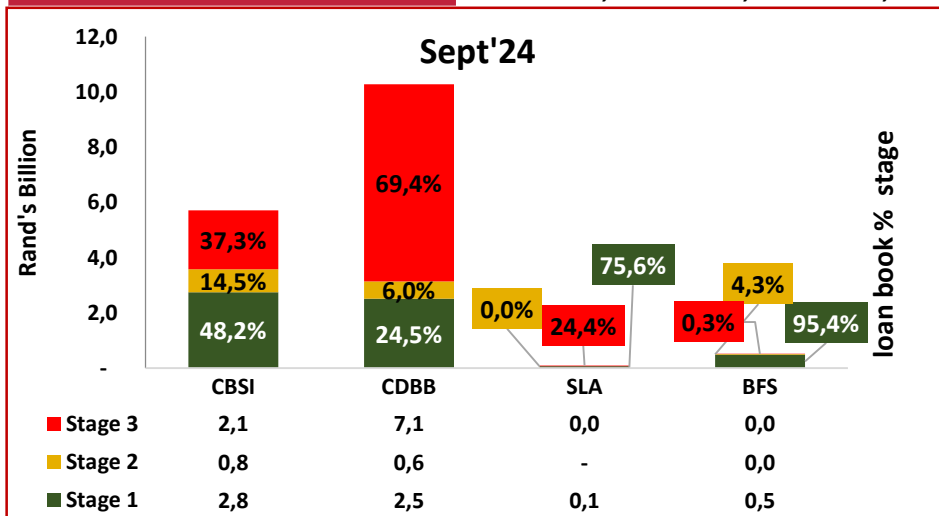
# Loan Book Staging



Gross Loan Book		Sep-24					Mar-24				
		CB&SI	CDBB	SLA	BFS	Total	CB&SI	CDBB	SLA	BFS	Total
Gross Loans	R'm	5 712	10 274	97	514	16 597	6 278	10 711	118	358	17 465
Impairment	R'm	(1 438)	(2 854)	(0)	(11)	(4 303)	(1 337)	(2 789)	(0)	(7)	(4 133)
<b>Total</b>	<b>R'm</b>	<b>4 274</b>	<b>7 420</b>	<b>97</b>	<b>504</b>	<b>12 294</b>	<b>4 941</b>	<b>7 922</b>	<b>118</b>	<b>352</b>	<b>13 332</b>

## Risk Classification

Stage 1	R'm	2 752	2 522	73	490	5 837	3 157	2 916	113	339	6 526
Stage 2	R'm	831	621	-	22	1 475	1 008	620	-	19	1 648
Stage 3	R'm	2 128	7 132	24	2	9 285	2 112	7 174	5		9 291
<b>NPL</b>	<b>R'm</b>	<b>37,3%</b>	<b>69,4%</b>	<b>24,4%</b>	<b>0,3%</b>	<b>55,9%</b>	<b>33,6%</b>	<b>67,0%</b>	<b>4,4%</b>	<b>0,0%</b>	<b>53,2%</b>



\* The Direct book(CBSI & CDBB) includes the insured SLA book

Total Impairments to Non-performing loans : 46% (Mar'24: 44%)

Stage 1: Performance loans. These exposures are up to date with repayments / instalments

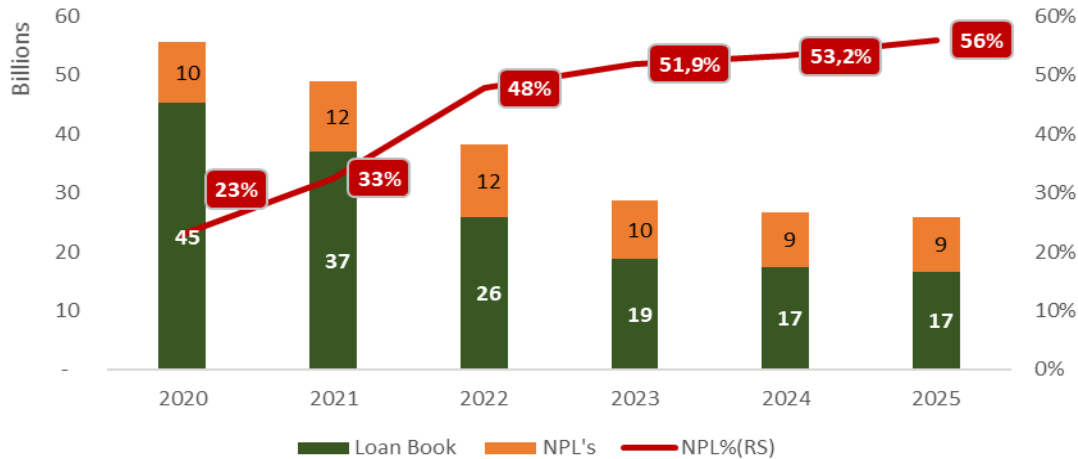
Stage 2: Underperforming loans. These exposures are in arrears 30 - 90 days

Stage 3: Non-performing loans (NPL). These exposures are > 90 days in arrears or in liquidation

# Overall Loan Book Analysis



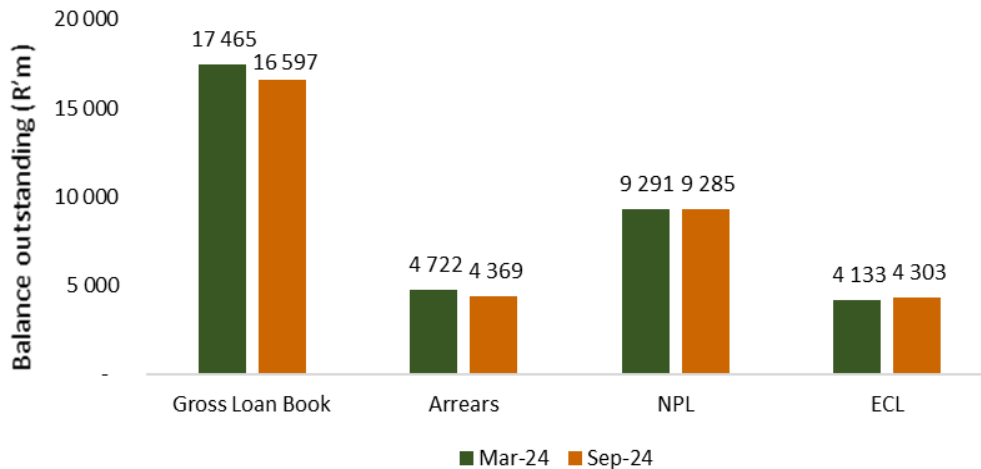
### NPL Trend Analysis



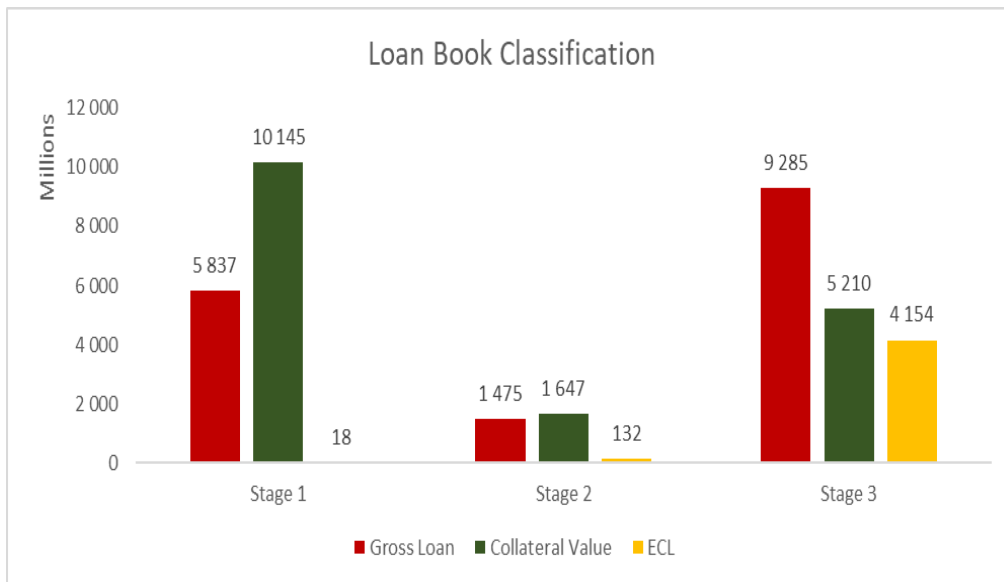
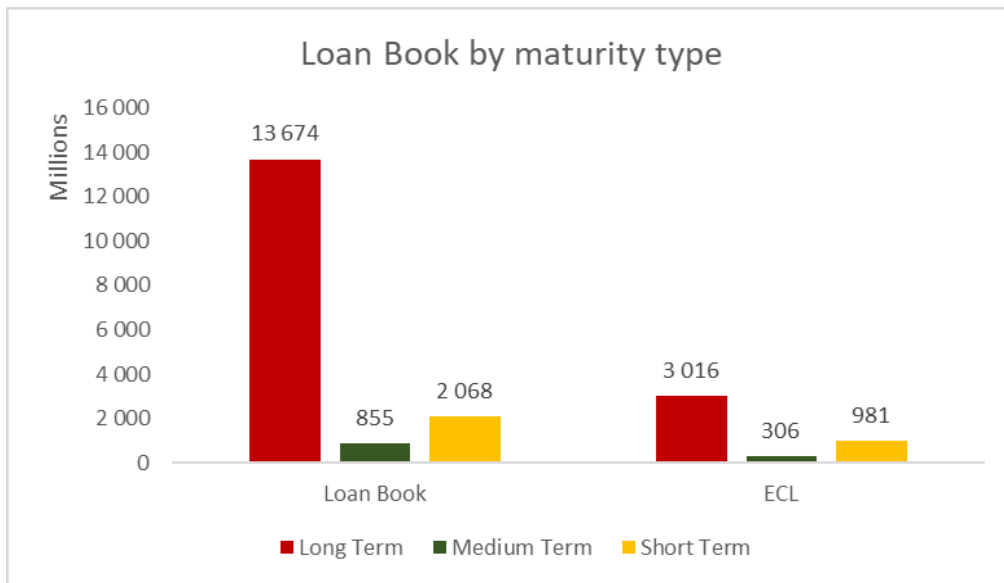
### Comments:

- The overall Loan book reduced from R45bn in FY2020 to R16,6bn in September 2024. The NPL ratio remains high due to faster decrease in Stage 1-2 loan book and continued roll ins into NPL. The decrease in the gross loan book has been driven largely by clients settling up to date and arrear facilities with the Bank.
- As the preservation and loan book growth imperatives begin to bear fruit it is expected that the overall NPL ratio will start declining.
- The Bank's resumption of lending which has gained momentum since the launch of the Blended Finance Scheme, and targeted efforts directed at preserving good quality clients seeks to arrest and reverse further loan book decline through continued support, financial and otherwise.
- Number of accounts in arrears decreased marginally by 6,4% from 4,7k in Mar'24 to 4,4k as at September 24.
- The major driver of the high arrears is mainly defaults related to the sector and market challenges resulting in constrained debt serviceability and increased defaults

### Loan Book (Rm)



# Loan Book by Maturity type & Classification- September 24



#### Comments:

- The profile of the loan book has significant implications on the bank's liquidity and is currently mainly long term.
- The long term book makes up 82% of the total loan book while medium and short term are 5% and 12% respectively.
- In order to rebalance the loan book portfolio, the bank is driving the financing of production loans.
- Stage 1- 2 of the Loan book is well collateralized, while the NPL book is less collateralized. The latter (less collateralized NPL book) is mainly driven by a sizeable number of cases having been in NPL for a protracted period.

# Loan Book Quality Commentary



## Gross Loan Book

- The Gross loan book has decreased by R867m to R16,6bn from R17,5bn in March 2024, this decrease has been driven by settlements of up to date facilities, under and non-performing facilities and write-off's.

## ECL Increase

- ECL increased from R4,1bn in March 24 to R4,3bn. This is mainly due to the increasing number of days in arrears of existing NPLs resulting in the Bank holding higher ECL provisions
- As the number of days in arrears increases beyond a year, the LGD applied increases as modelling shows that the longer clients stay in arrears- the lower the recovery.
- Roll into NPL of R358m also further contributed to the charge.
- The remaining ECL charge related to changes in collateral and exposures.

## Stage 1 Movements(R5,8bn:R6,5bn Mar 24)

- Stage 1 decreased by R688m from March 2024.
- Rolls outs were R136m into stage 2 and R266m to stage 3.
- Settlements of R484m
- New accounts(disbursements) of R245m
- Interest raised of R317m

## Stage 2 Movement(R1,47bn: R1,65bn Mar 24)

- Stage 2 decreased by R173m from March 2024.
- Roll ins were R141m
- Rolls outs were R107m into stage 1 and R172m into stage 3.
- Settlements of R102m
- New accounts(disbursements) of R15m
- Interest raised of R38m

## Stage 3 Movement(R9,285bn: R9,291bn Mar 24)

- NPL's decreased by R6m from Mar'24.
- Roll ins were R307m
- Cures of R136m and settlements of R176m.
- Interest raised of R414m



# Summary of Gross Loan Book: March'24

R'm



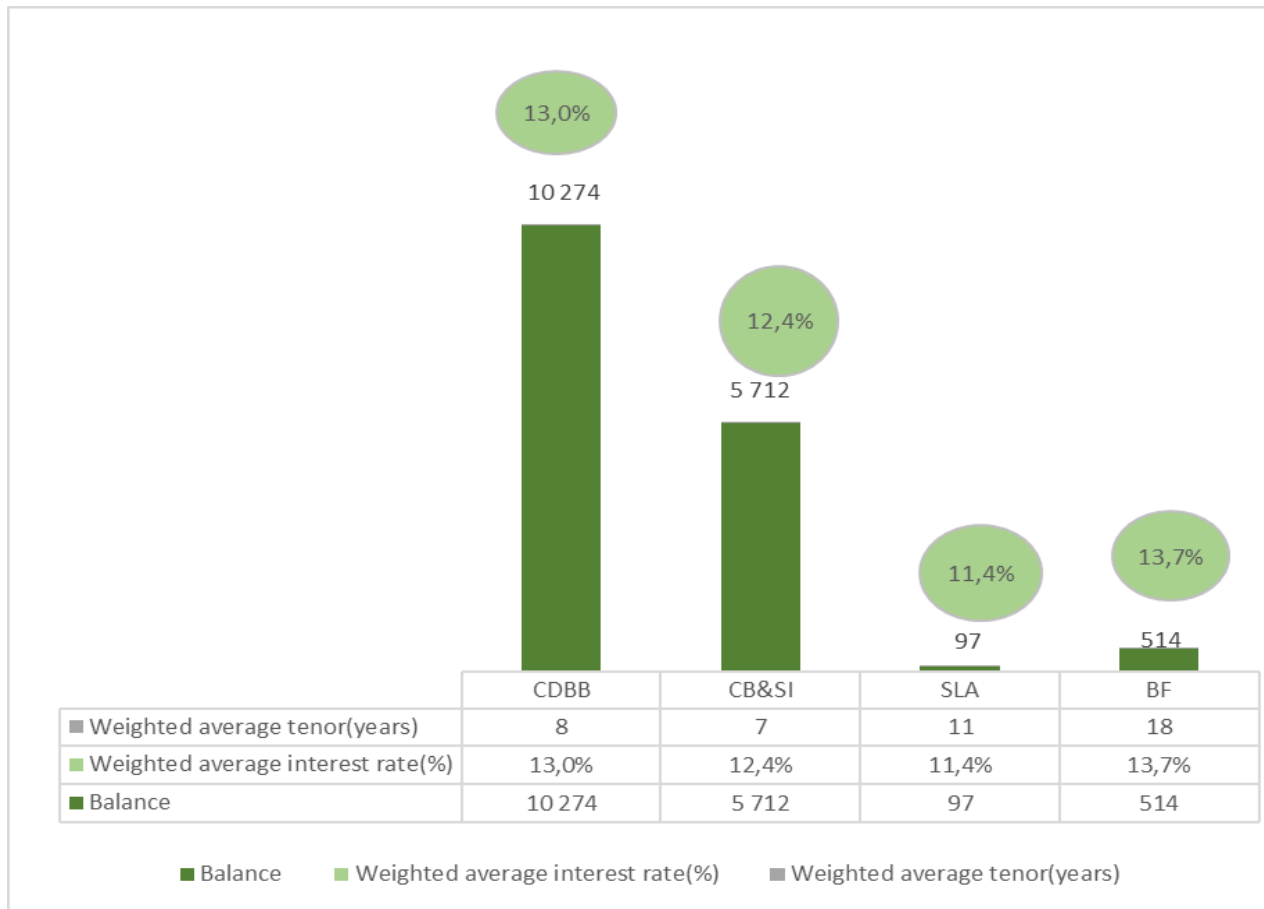
- The SLA book is made up of 1 SLA Partner - the rest have been insured.




Weighted average interest rate (%)

# Summary of Gross Loan Book: Sept'24

R'm



- The SLA book is made up o 1 SLA Partner - the rest have been insured.

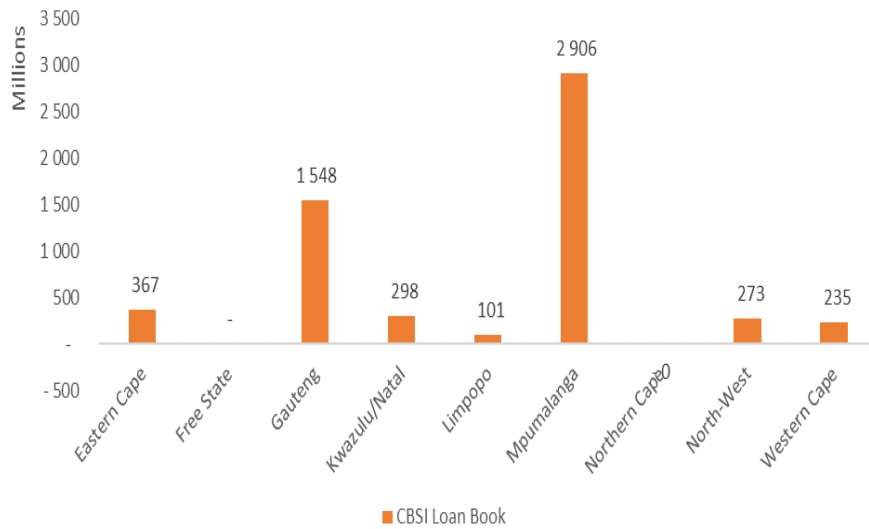
 Weighted average interest rate (%)

# CBSI Gross Book by Province



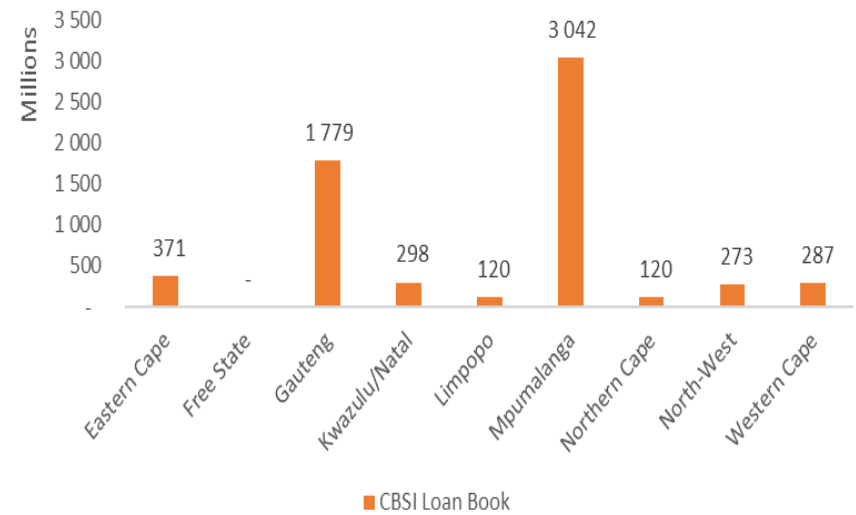
## Gross Loan Book: Sept'24

CBSI Loan Book



## Gross Loan Book: Mar'24

CBSI Loan Book

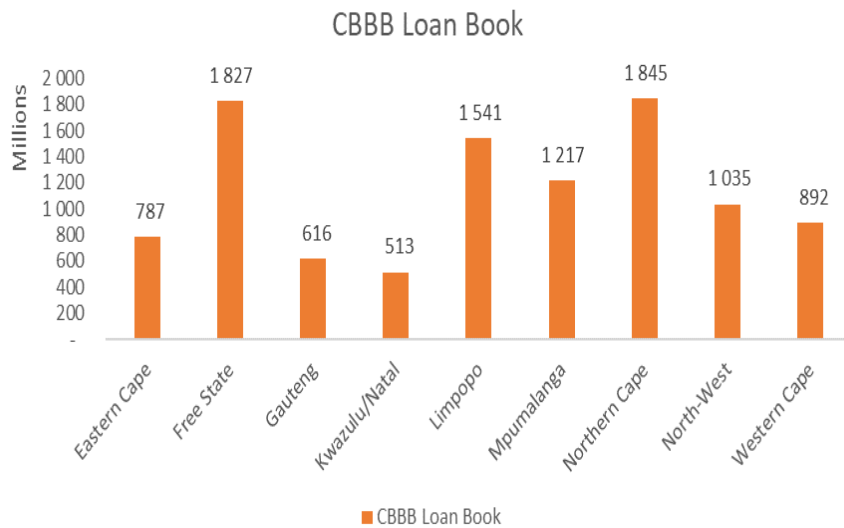


\* The Gauteng geographical view is predominantly an indication of our corporate client's head office/s and are not a reflection of the location of their provincial economic activities

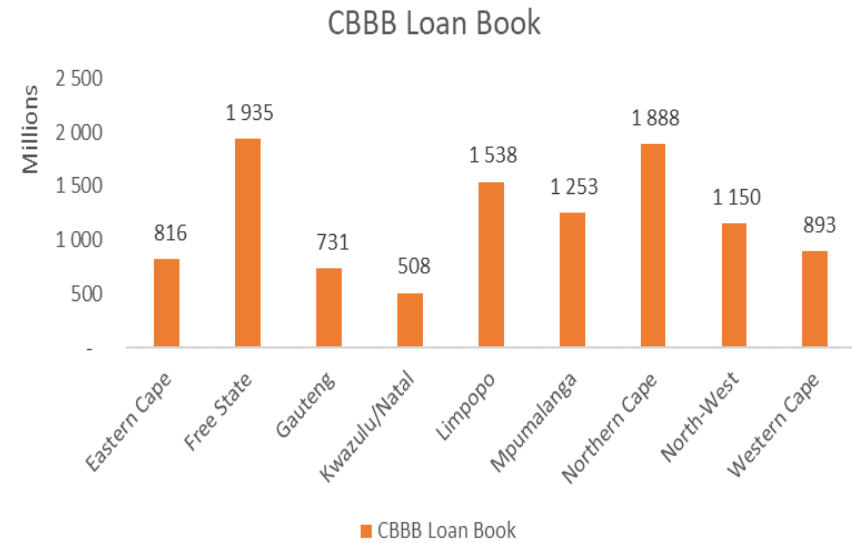
# CDBB Gross Book by Province



## Gross Loan Book: Sept'24



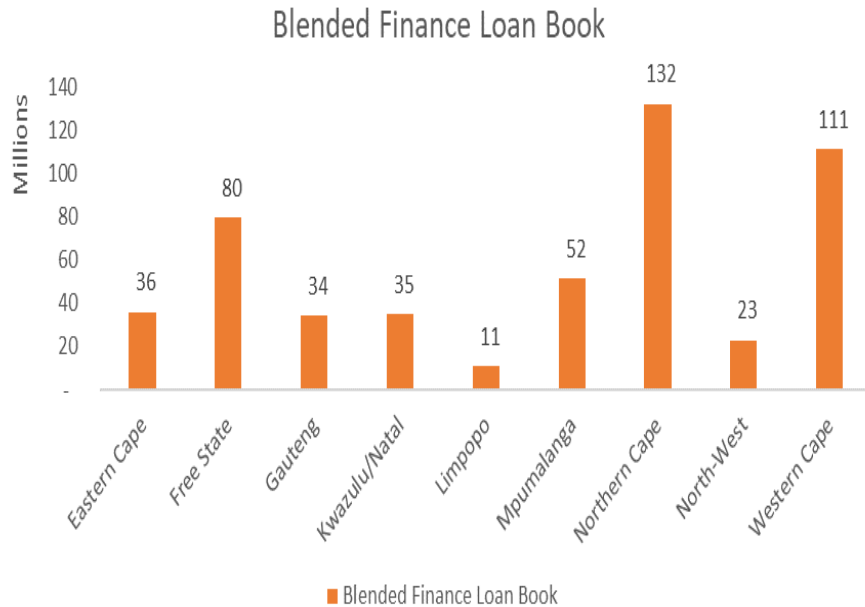
## Gross Loan Book: Mar'24



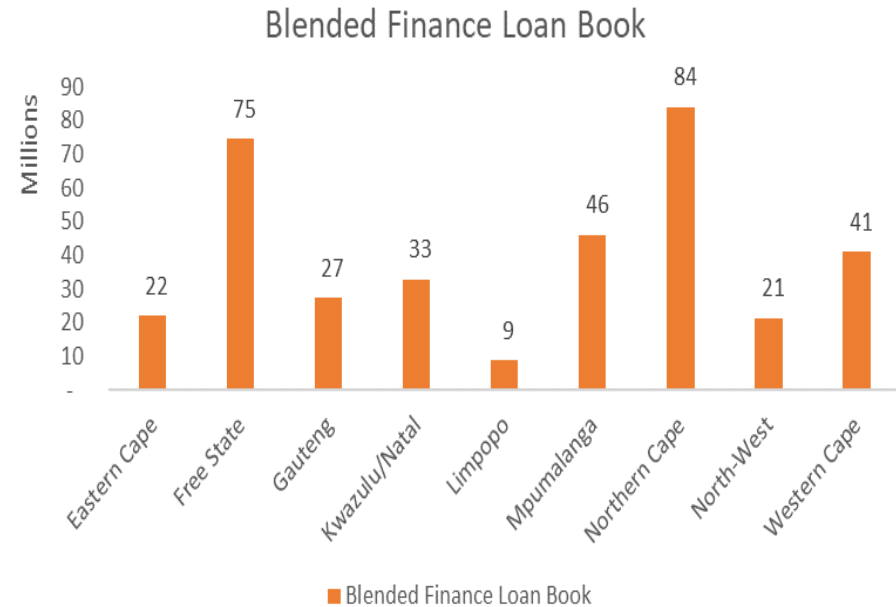
# Blended Finance Gross Book by Province



## Gross Loan Book: Sept'24



## Gross Loan Book: Mar'24





## Top Customers by Divisions

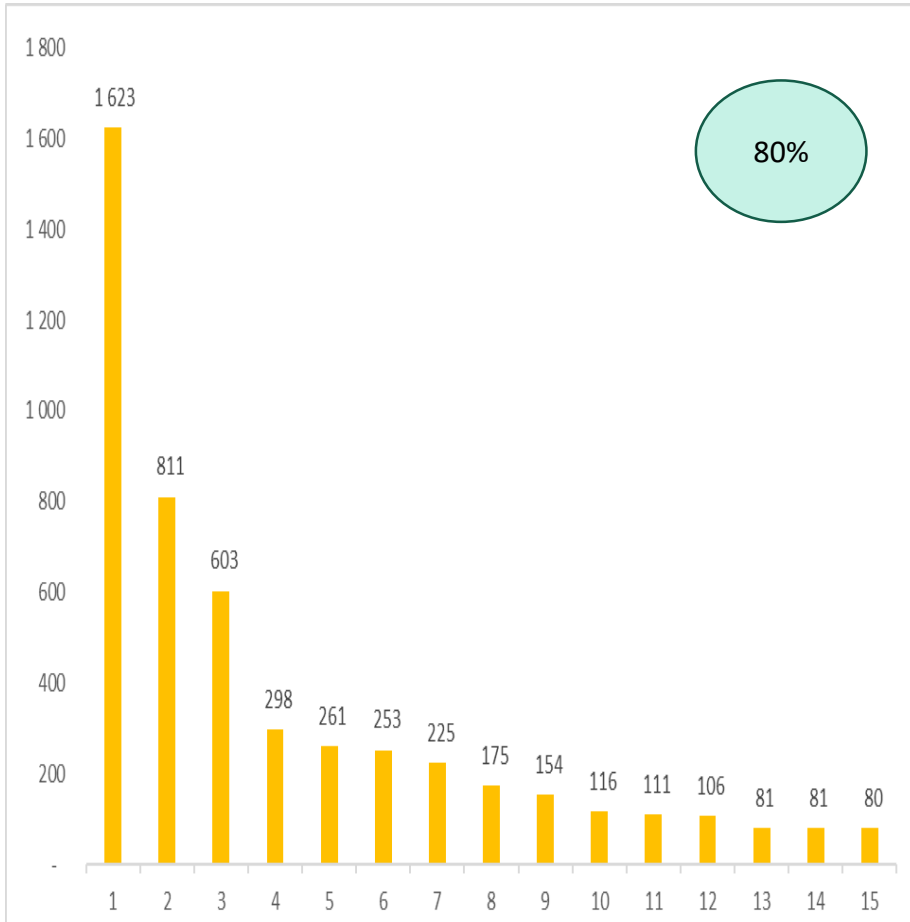


# Top 15 Customer Exposure: CBSI



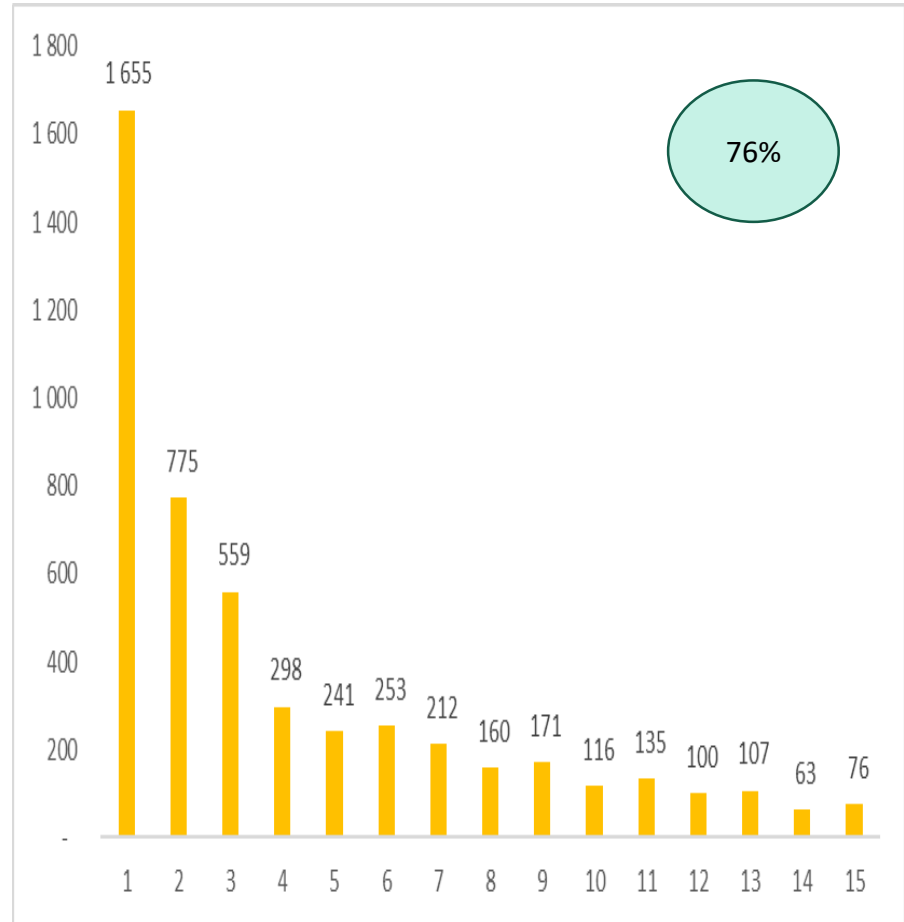
## Customer Exposure: Sept 24

R'm



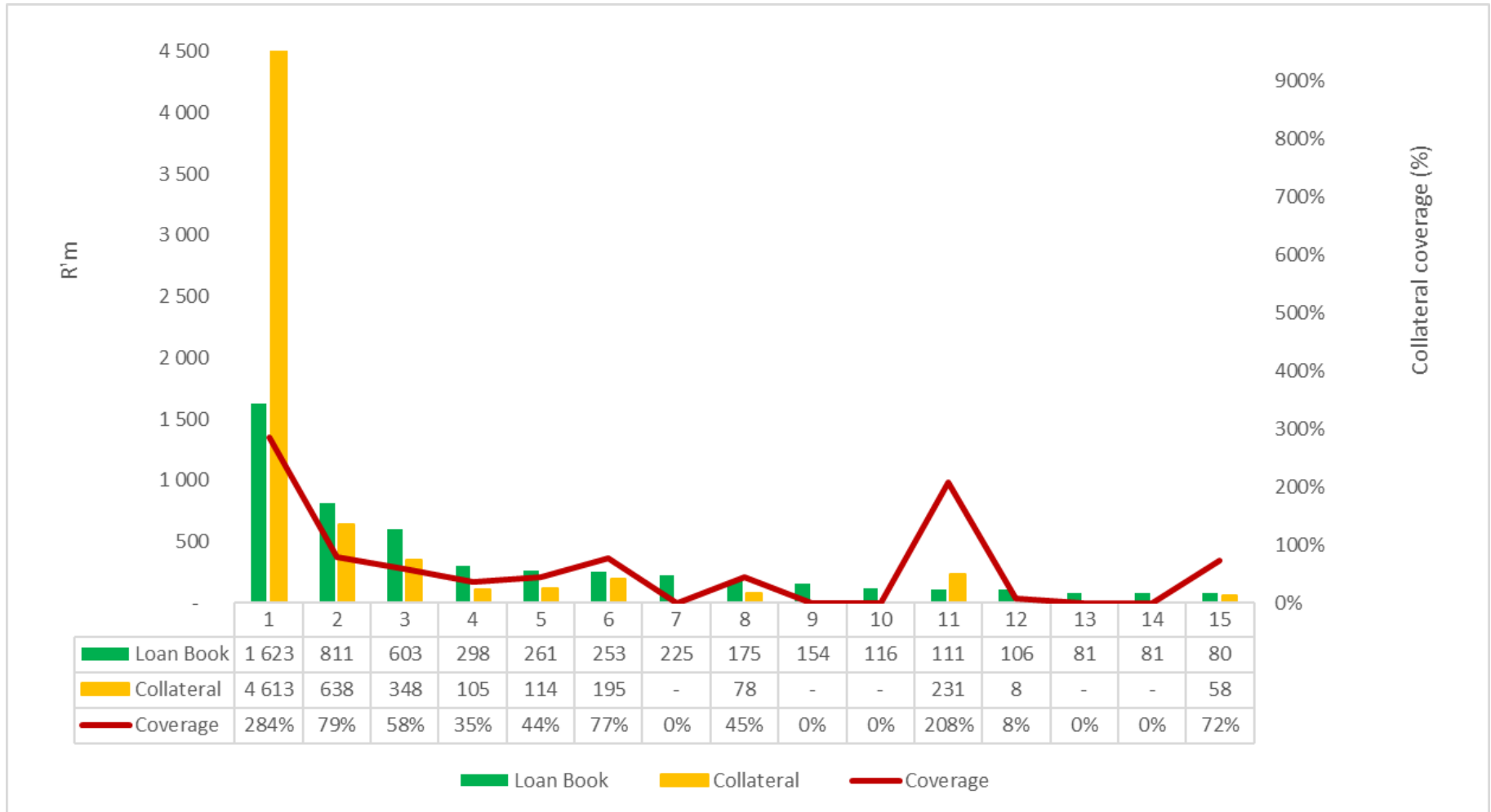
## Customer Exposure: Mar'24

R'm



% coverage of total Gross Loans for respective books

# Top 15 Customer Exposures & Collateral: CBSI Sept 24





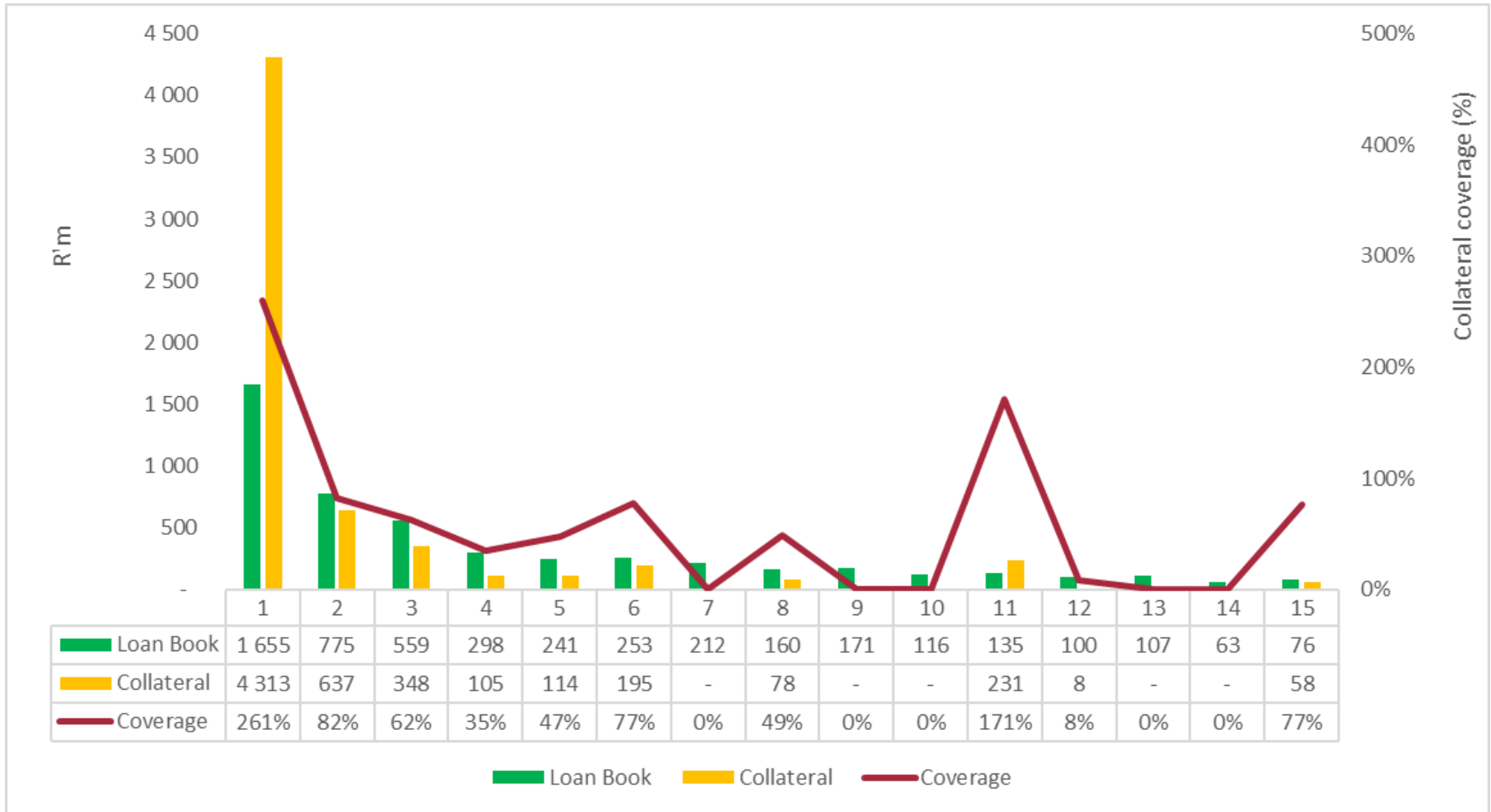
- Customer 1: Performing** - Up to date with quarterly sculpted repayments. Collateral increase due to registration of additional bonds
- Customer 2: Performing** - BEE loan repaid from investee dividends. Reduced loan in the prior year from sale of other investments.
- Customer 3: BR(business rescue)** - Shareholders applied to put Business in Business Rescue due to various reasons – First Meeting of creditors held. Meeting held with the BRP's and internal Land Bank stakeholders on 6 September 2024, Business Rescue Plan Referred Back. Cash Flow Model to be revised and align to historical financials. Publication of the BR plan extended to 29 November 2024.
- Customer 4: BR/ Exit** - BR plan adopted by creditors. Land Bank's proportionate share of sale proceeds of R85m out of lender proceeds of R1,5bn received. Land Bank will receive in total approx. R190,6 million. As a result, the Bank to write-off of approx. R201m (R79m accrued interest and R110m capital) - Approved and suspension of interest implemented.
- Customer 5: BR** – Previous offers of R90m and R130m rejected. Perfection of order of GNBs took place 20 March 24. Customer opposed the perfection. W&R nominated two senior BRPs and instructed Attorneys to apply to place client in BR to consider various options. All 4 operating entities have now been formally placed in BR after having been opposed by the client including the perfection of security. Perfection of GNBs granted by the courts on 19 September 24. BRP's have requested an extension for publication of the BR Plan to 31 October 2024.
- Customer 6: Performing** - Interest paid monthly and capital in one bullet Sep-2025. Pre-payment pending.
- Customer 7: Exit** – New proposal that former SLA partner assist with collections pending approval from relevant governance structures.
- Customer 8: BR/ Exit** - Land Bank accepted several offers on immovable properties of which proceeds received while awaiting finalization of transfers for the other remaining accepted offers as well as offers on other properties.
- Customer 9: Restructured** - Restructured working capital to amortizing term loan. Up to date with monthly instalments. Proposal for early settlement and debt forgiveness pending by relevant governance structures.
- Customer 10: Performing** - Up to date. Interest paid monthly and capital in one bullet Aug-2026.
- Customer 11: Performing** - Amortizing term loan with final due date Nov-2027. Paid in advance with ca. R39m
- Customer 12: Performing - Business Rescue / Exit** – Winding down the business in line with discussions with BRP and thereafter place in provisional liquidation. The official shut down took place on the 30 August 2024. Staff members were released off work and retrenchment packages paid out. The perfection order of the GNB has been granted. Land Bank is required to give effect to the perfection order before liquidation application can be filed. Matter is ongoing – bi - Monthly meetings to the site by Bank officials.

**Customer 13: Restructure** - Client not generating any income as yet - will not be able to meet its debt obligations. A new settlement proposal received January 2024 of R65m (R30m received during May 2024) and the balance - R35m to be restructured over a period of 6 years will be considered as per discussions with client. Collating information. Expected date of finalisation November / December 2024

**Customer 14: Restructure** – Community project. Secured grant to facilitate project restructure.

**Customer 15: Restructure** - Since payment of R30m has been received from Customer 14 restructure to be initiated. Client performance and turnaround has stabilised. Account to be restructured together with Customer 14 once settlement discussions are finalised. Expected date of finalisation date of November / December 2024.

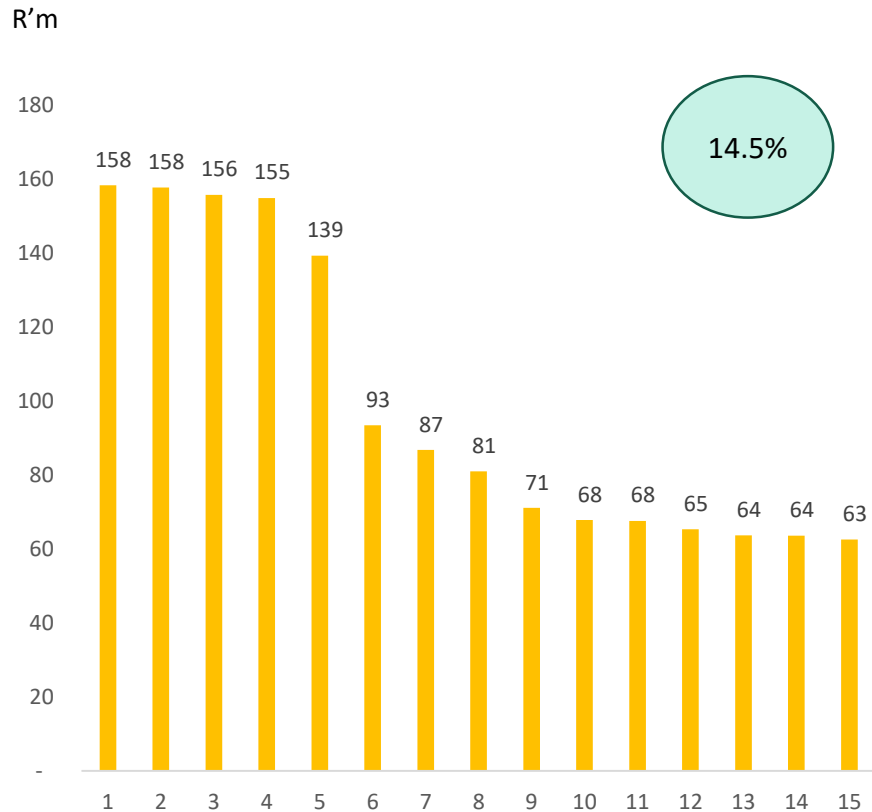
# Top 15 Customer Exposures & Collateral : CBSI March 24



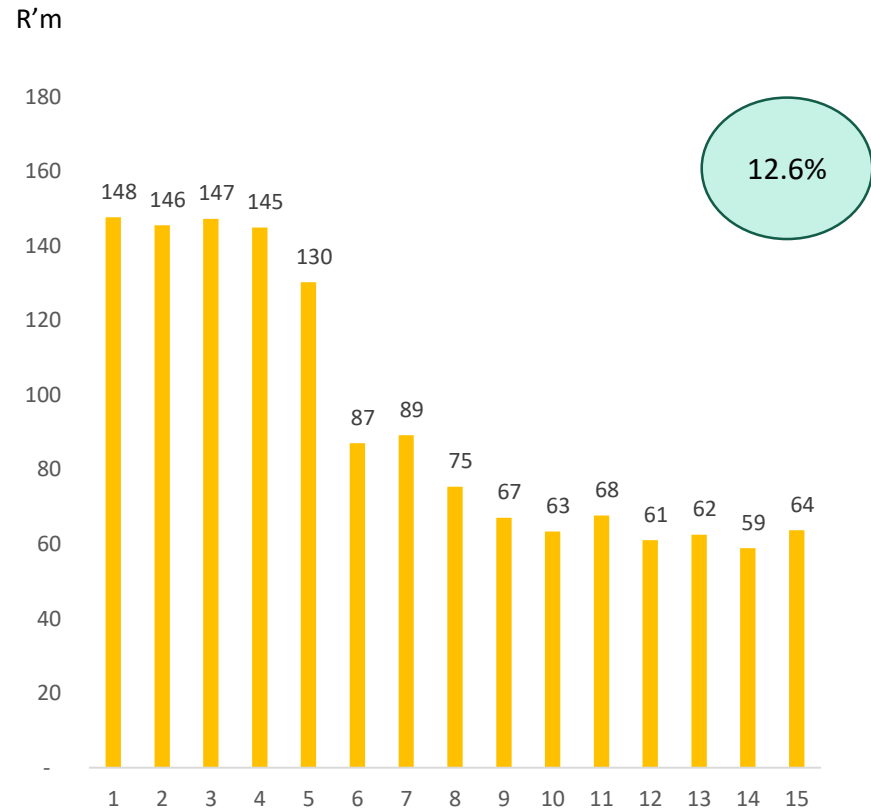
# Top 15 Customer: Exposure CDBB



## Customer Exposure: Sept'24



## Customer Exposure: Mar'24

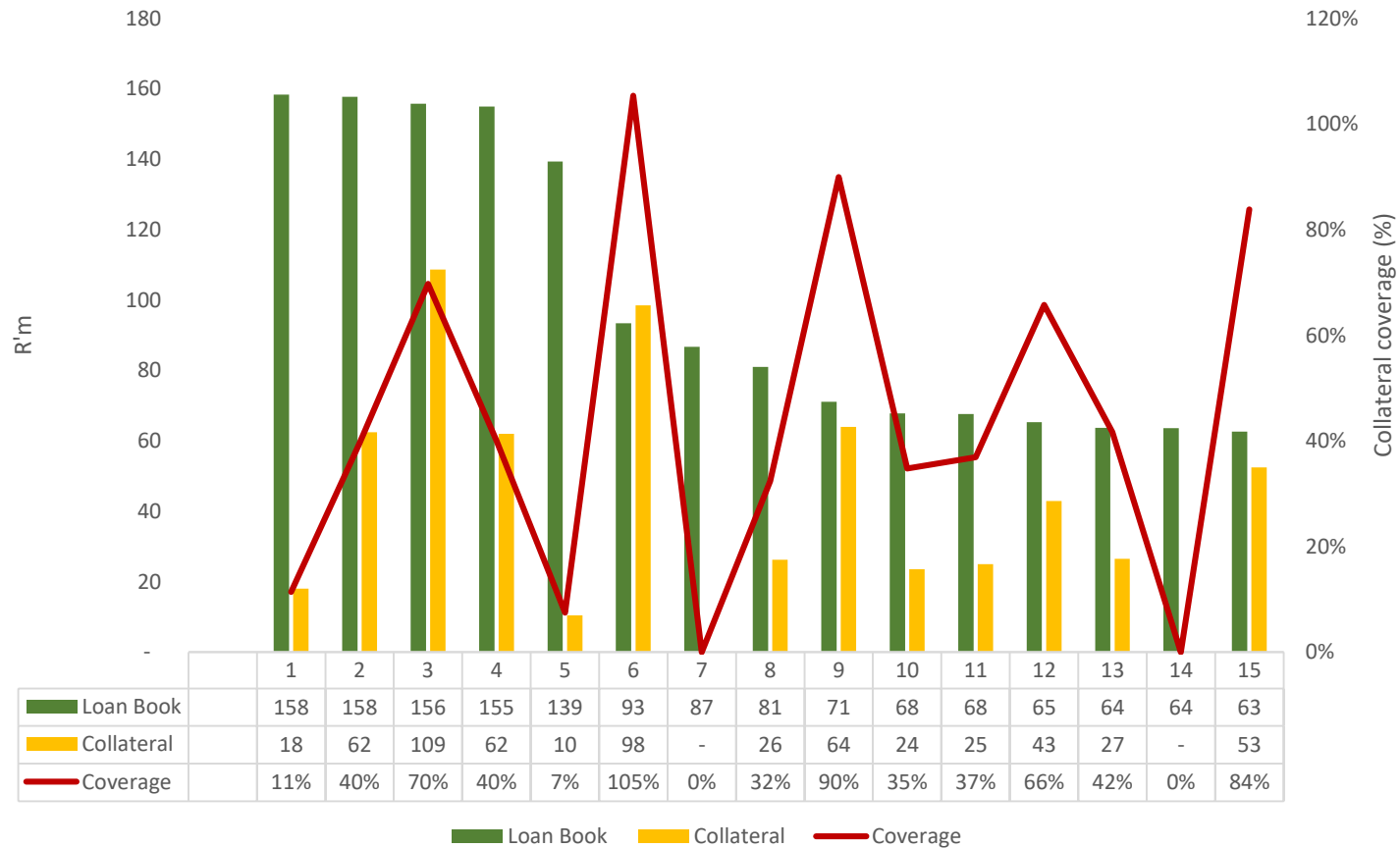


\* Now includes insourced SLA customers.



% coverage of total Gross Loans for respective books

# Top 15 Customer Exposures & Collateral: CDBB Sept'24

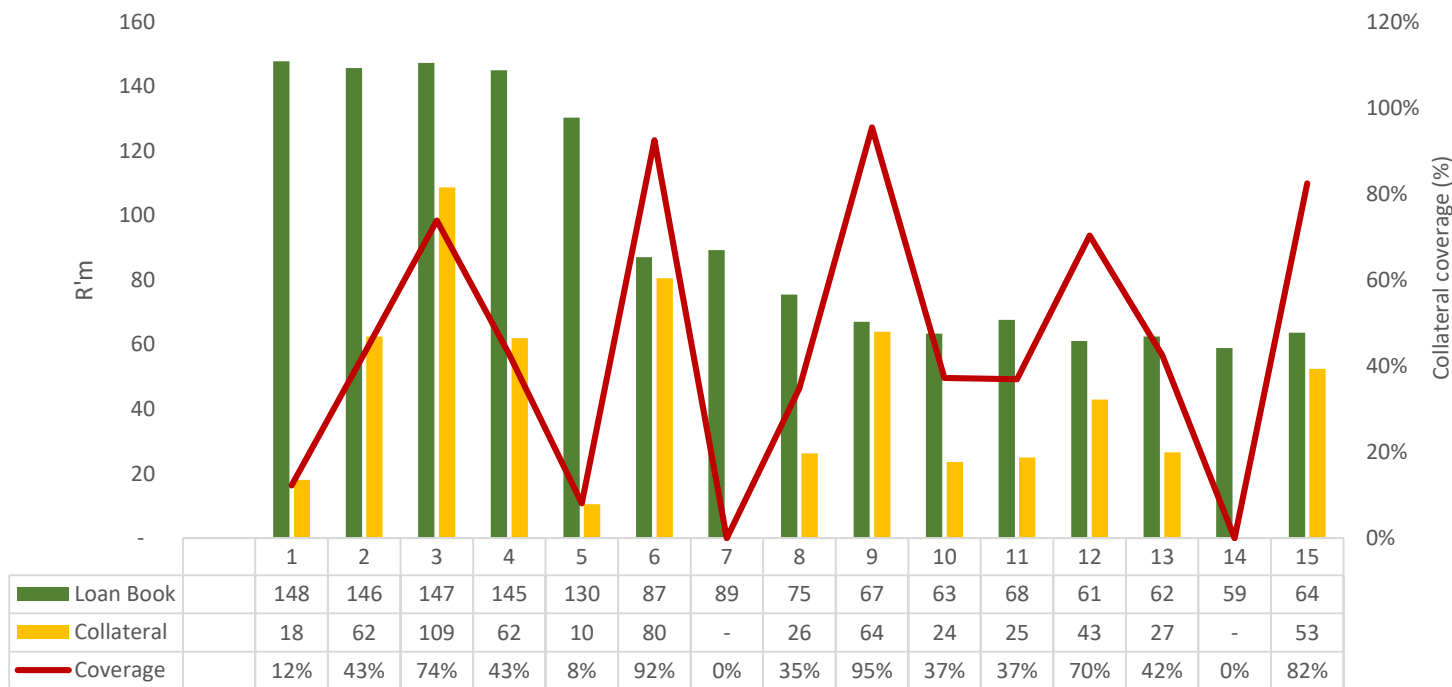


# Top 15 Customer Exposures & Collateral: CDBB Sept '24



- Customer 1: Collateral reflect the FSV , excluding GNB's and suretyships. No movement as per collateral report of Land Bank. Provisional Liquidation by external creditor. Waiting for final order on return date.
- Customer 2: Collateral reflects the FSV , excluding GNB's and suretyships. No movement as per collateral report of Land Bank. Final Liquidation Order was granted. Liquidator is proceeding with the administration of estate.
- Customer 3: Collateral reflects the FSV , excluding GNB's and suretyships. No movement as per collateral report. Application for liquidation was filed by external creditor. Client Oppose the application. Waiting for Court date.
- Customer 4: Collateral reflects the FSV, excluding GNB's and suretyship. No movement as per collateral report. Is in Business rescue. Plan makes provision for the BRP to sell the properties via public auction. Auctioneer has been appointed. Auction scheduled for 28 November 2024
- Customer 5: Collateral reflects the FSV, excluding GNB's and suretyships. No movement as per collateral report. Client in Business Rescue. Plan to be submitted by end Oct'24.
- Customer 6: Prior March 2024 , Bond were not ceded , currently the bonds are ceded to Land Bank and collateral value has increased. Funds have been taken to reduce arrears and account normal.
- Customer 7:Has been sequestrated, the properties have been sold and waiting for the Final Liquidation and Distribution account before the dividends can be paid out.
- Customer 8: Collateral reflect the FSV , excluding GNB's and suretyships. No movement. Surety sequestrated. Application for the Trust postpone to 2024 for witnesses
- Customer 9: Collateral reflects the FSV , excluding the GNB and suretyships. Collateral with R3million under valued due to new loan facility, Client in process selling 2 Plots valued at R27million Land Bank will receive full proceeds, Collateral and arrears will be inline
- Customer 10: Collateral reflects the FSV, excluding the GNB and suretyships. No movement on collateral . Judgement obtained against the client. Auctioneer appointed to sell security in execution. Awaiting confirmation of the sale in execution
- Customer 11: Collateral reflects the FSV , excluding the GNB and suretyships. No movement on collateral report. Has been sequestrated. Properties sold and transfer. Waiting for Liquidation and distribution account
- Customer 12: Collateral reflects the FSV, excluding the GNB and suretyships. No movement on collateral report. No collateral movement. Settlement Agreement signed and made an order of Court. Client defaulted. R30 million expected end November 2024 from the proceeds of magnesium to be delivered in China.
- Customer 13: Collateral reflects the FSV, excluding the GNB and suretyships. No movement on collateral. The collateral was shared between two clients which have been closed. Sureties applied for voluntary liquidation and provisional liquidator has been instructed to conduct public auction to sell the security. The grazing land value was adjusted to R7000/ha.
- Customer 14: No movement. Insolvent matter. All assets have been sold by the Trustee of the insolvent estate. Written off - Bulk W/O Memo approved 27/09/2024.
- Customer 15: Collateral reflects the FSV , excluding the GNB and suretyships. Client to sell a property, proceeds R15m to repay the arrears. Remaining balance to be restructured.

# Top 15 Customer Exposures & Collateral : CDBB Mar'24

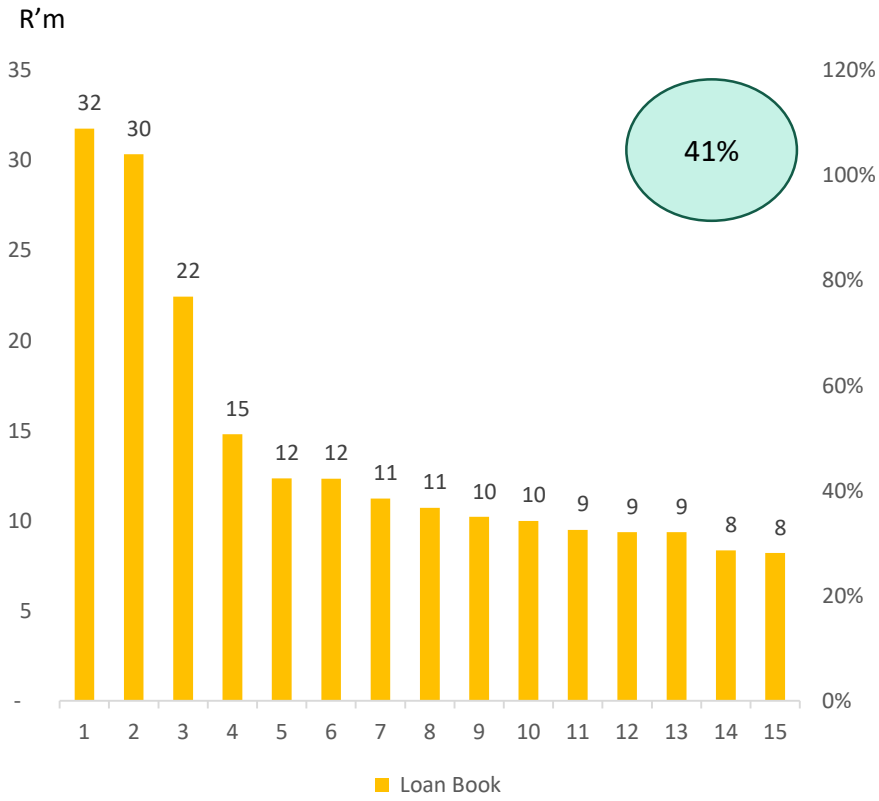


■ Loan Book   
 ■ Collateral   
 — Coverage

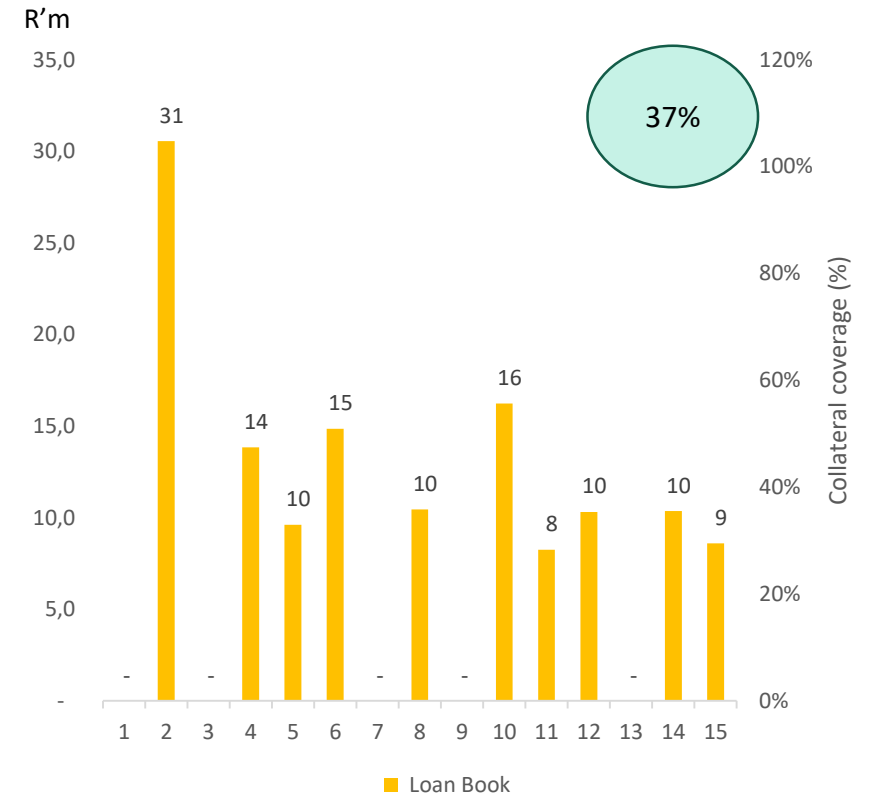
# Top 15 Customer Loan Exposure: Blended Finance Sept'24



## Customer Exposure: Sept'24



## Customer Exposure: Mar'24



- Blended Finance Book consist of 129 customers with a total value of R514m as at September 24, of which the top 15 clients represent R211m which makes up 41% of total exposure.
- Clients with zero balances in March 24 are newly disbursed

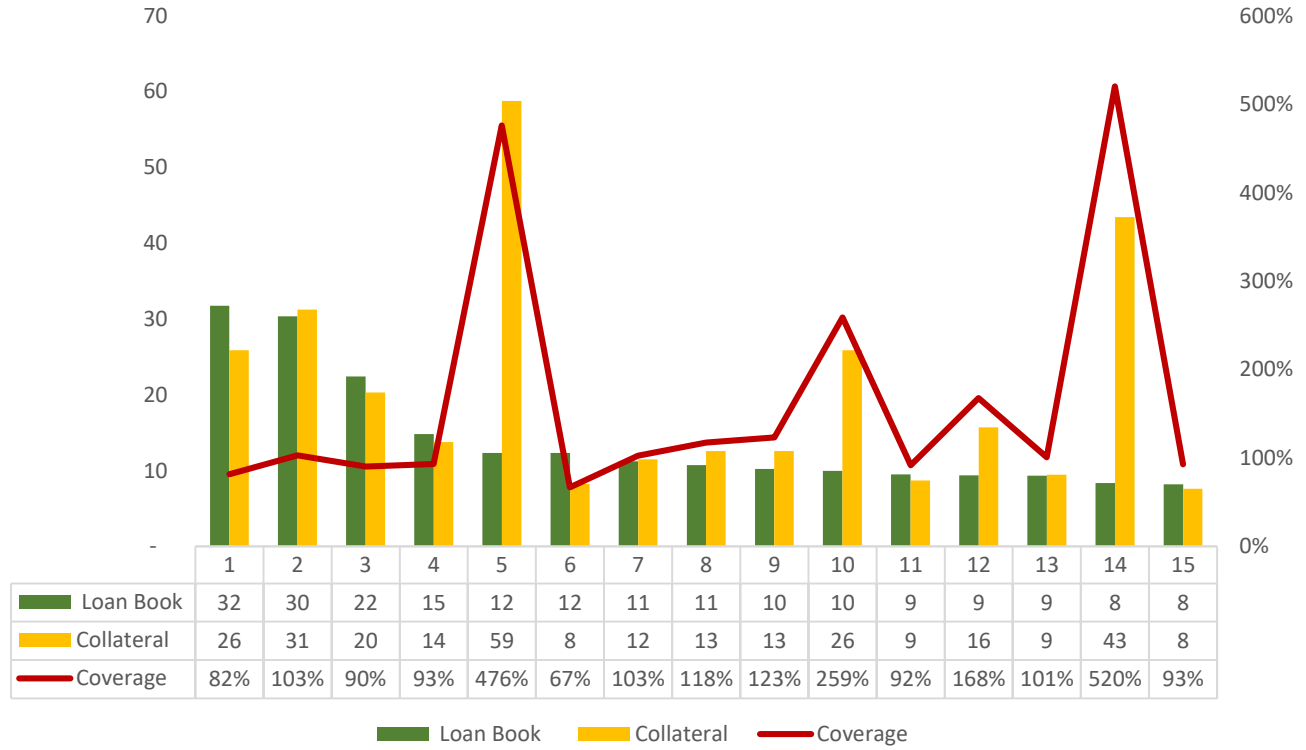
○ % coverage of total Gross Loans for respective books



# Top 15 Customer Exposures & Collateral: Blended Finance Sept'24



R'm



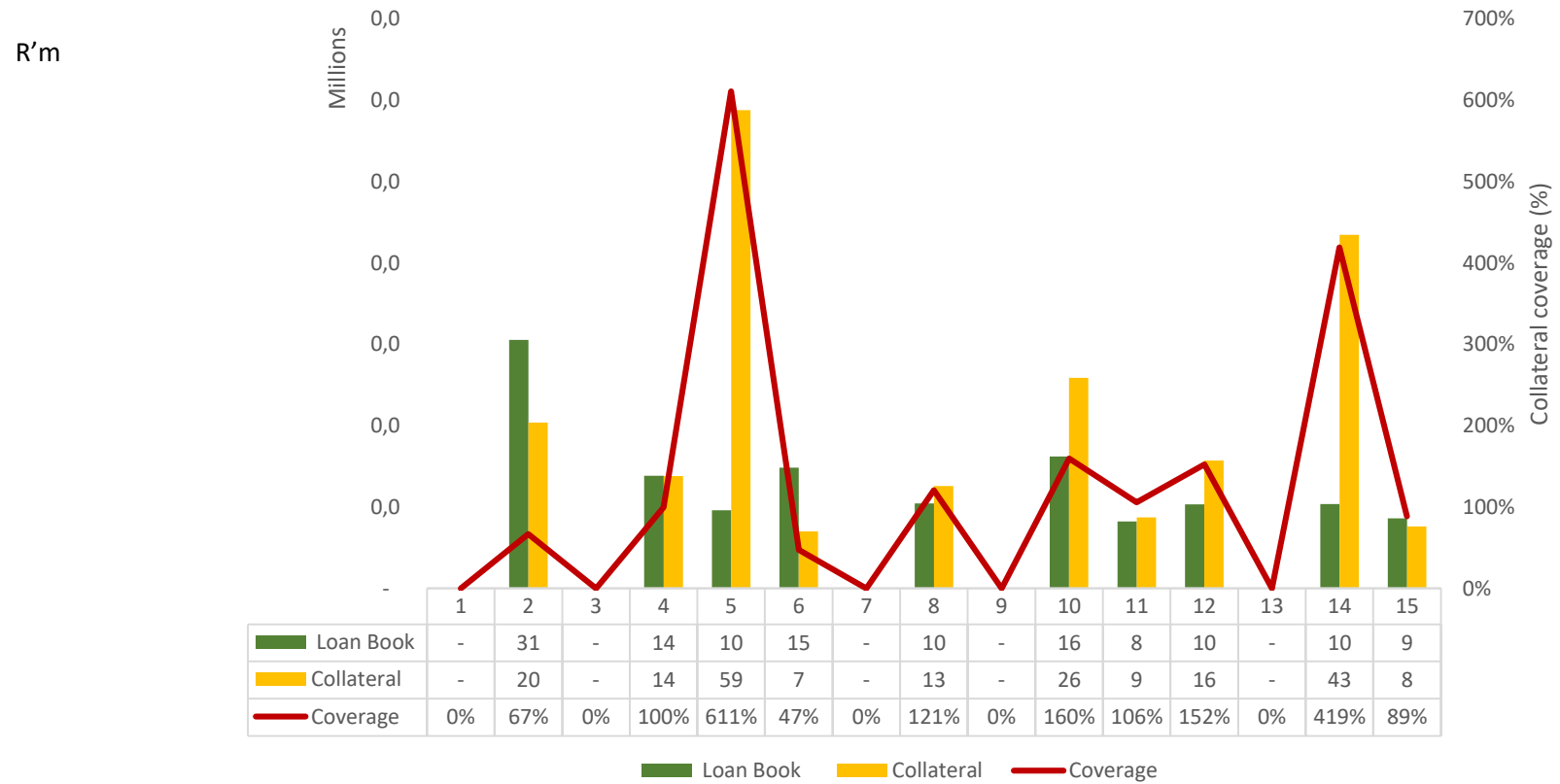
\* Blended Finance Book consist of 129 customers with a total value of R514m as at September 24, of which the top 15 clients represent R211m which makes up 41% of total exposure.

# Top 15 Customer Exposures & Collateral: Blended Finance Sept'24



- Customer 1: Collateral reflect FSV excluding GNB and Suretyship .New BFS facility drawdown in June 2024 , no facilities drawdown prior March 2024
- Customer 2: Increase in collateral due to new BFS facility, no arrears
- Customer 3: Collateral reflect FSV excluding GNB and Suretyship .New BFS facility drawdown in June 2024 , no facilities drawdown prior March 2024
- Customer 4: Collateral reflects FSV excluding GNB and Suretyships, no change in collateral values. arrears less than 30 days.
- Customer 5: Collateral reflects FSV ,excluding GNB and suretyships, no arrears & no change in collateral value.
- Customer 6: Collateral reflects FSV , excluding GNB and suretyships, collateral increase due to new facilities , arrears less than 30 days
- Customer 7:Collateral reflects FSV, excluding GNB and suretyship, new drawdown facilities after March 2024
- Customer 8: No collateral movement, FSV excluding GNB and suretyships
- Customer 9: Collateral reflects FSV excluding GNB and suretyships, new drawdown facilities after March 2024
- Customer 10: No movement in collateral, reflect FSV , excluding GNB and suretyships
- Customer 11: No movement in collateral, reflect FSV , excluding GNB and suretyships
- Customer 12: No movement in collateral, reflect FSV , excluding GNB and suretyships.
- Customer 13: Collateral reflect FSV , excluding GNB and suretyships, new BFS facility drawdown after March 2024 , no facilities drawdown prior March 2024
- Customer 14: No collateral movement, FSV excluding GNB and suretyships.
- Customer 15: Collateral reflect less than outstanding balance, due to FSV , excluding GNB and suretyships

# Top 15 Customer Exposures & Collateral: Blended Finance March'24





## NPL Book Overview



# ADOPTED NPL REMEDIAL SOLUTIONS



The NPL Remediation Strategies adopted in the previous years have been reviewed and where necessary redundant strategies have been removed and remaining strategies augmented with the new strategies. The FY2025 NPL Remediation Strategies have been approved by the Credit Investment Committee in July 2024.

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

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

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

# OVERALL PROGRESS TO DATE FY2025



Strategy	Description	Responsible Division	Target Amount	Actual to date (Sept 24)
Growth Strategy: Commercial	Disbursements to new and existing clients	Banking (CDBB & CBSI)	R 430 000 000	R 23 169 294
Growth Strategy: BFS Loans	Disbursements to new and existing clients	Banking (CDBB & CBSI)	R 700 000 000	R 221 936 286
Growth Strategy: Agro Energy fund	Disbursements to new and existing clients	Banking (CDBB & CBSI)	R 355 000 000	R 10 697 264
Preservation Strategy: Stage 1	Reduce roll ins from Stage 1 to Stage 2	Banking (CDBB & CBSI)	Less than 2%	1%
Preservation Strategy: Stage 2	Reduce roll ins from Stage 2 to Stage 3	Collections	Less than 4.5%	2,5%
Preservation Strategy: Stage 3	Reduce roll ins from Stage 3 Pre-Legal to Stage 3 Legal	Collections & Workout and Restructuring	Less than 2.5%	0,4%
Rehabilitation / Forbearance Strategy: Collections: Stage 2	Restructure low risk and solvent Stage 2 clients	Collections	R 150 000 000	R 223 039 708
Rehabilitation / Forbearance Strategy: Collections: Stage 3	Restructure low risk and solvent Stage 3 clients	Collections	R 300 000 000	R265 610 231
Rehabilitation / Forbearance Strategy: WRD	Restructure low risk and solvent Stage 3 clients	Workout & Restructuring	R 660 000 000	R 483 823 966
Legal Cash Recoveries	Maximise legal recoveries	Legal	R 610 000 000	R353 150 345
Normalise legal reduction	Cured Legal accounts	Legal	R20 000 000	R1 861 518
Legal write offs	Write off identified legal accounts	Legal	R 300 000 000	R 6 602 331

## Strengthening the Bank's Operational and Execution Capability

The following initiatives have been deployed to bolster the Bank's overall capability to, not only ensure successful execution of the NPL strategies but to ensure the effective and efficient management of the overall loan portfolio:

- Assessing and understanding the full context of the operating environment, including internal and external capabilities to effectively manage the loan portfolio, maximise collections and recoveries.
- Implementing operational plans, including any necessary changes in the organisational structures for effective execution and achievement of strategic and tactical objectives.
- Improved operational efficiency and effectiveness through better and more timeous monitoring and identification of high risk accounts, targeted and increased farm inspections, improved loan condition adherence and deployment of effective risk and arrear management strategies and solutions.
- Provide additional capacity and capability to provide the requisite technical and specialised support and services to the overall farmer loan portfolio and to improve the management of NPL's in an efficient and effective manner.
- Provide a regular review of the loan book performance and reporting such performance through the appropriate Governance and Compliance structures of the Bank.
- Remediate all the findings by the AGSA directed at improving overall loan book quality management, controls and improve financial ECL provisions and performance reporting.

# Non-Performing Loans Age Analysis



## Non-performing loans age analysis breakdown

NPL Aging Analysis	Legal	Pre-Legal	Grand Total
a. <= 1 year	1 156 411 358	787 271 180	1 943 682 538
b. 1 to 2 years	451 039 962	528 566 949	979 606 911
c. 2 to 3 years	901 553 801	965 225 077	1 866 778 878
d. 3 to 4 years	1 182 430 828	321 120 197	1 503 551 025
e. 4 to 5 years	620 860 206	196 951 091	817 811 297
f. > 5 years	2 068 026 392	105 783 301	2 173 809 693
<b>Grand Total</b>	<b>6 380 322 546</b>	<b>2 904 917 796</b>	<b>9 285 240 342</b>

- Pre-Legal NPL's represent 31% of total NPL's, with the majority of the NPL's residing within Legal. Pre-Legal NPL's have reduced from R2,98bn to R2,89bn since the last quarter reporting period, representing a reduction of 3%, indicative of the intensified efforts by the Bank to address the NPL's.
- The majority of the Pre-Legal NPL's reside within the Workout and Restructuring Department (WRD), representing 80% of the pre-legal NPL's. WRD continue to deploy strategies to address the pre-legal NPL's, which include but are not limited to restructures and forbearance programs, where full or partial settlements cannot be negotiated. Due to the complexity of the matters within the Workout and Restructuring Department, more involved turnaround interventions are required which will inevitably involve a longer turnaround time, and consequent increased aging. W&R is also reviewing its policies in order to enable the team to reduce turnaround times and improve response time to distressed farmers.
- The contributors and sector challenges that have impacted roll ins and the quantum of Pre-legal NPL's, include but are not limited to the following:
  - The pre-legal quantum was much higher and has been reduced through settlements of arrears, intensified collection actions, and where necessary transfers to Legal Department.
  - The legacy effects of the drought conditions within the three Cape Provinces still lingers as it takes a few years for farmers to fully recover. As a result the effected clients will take longer to remediate, which will result in increased aging.
  - The change in weather patterns from the La Nina weather phenomenon to the drier El Nino has become evident through the dry months experienced in the last quarter
  - Although the prime lending rate has reduced to 11,50% since September 2024, the cost of debt still remains high. This has certainly placed pressure on clients that have been and still remain reliant on high debt levels to fund costs of production which could lead to potential loan defaults.
  - Livestock prices have also been under pressure in the last quarter, partially driven by farmers disposing of livestock before winter due to poor grazing caused by the drier conditions.
- Most of the matters that are in legal for a period between 3-4 years, 4-5 years and above 5 years as depicted in the table above are currently in the "Judgment", "Insolvency", "Execution" and "Moratorium" stages as set out in the Legal Recovery Milestones". (Refer to slide 50 - 52).
- There is a portion of the emerging/development farmers book where the Bank entered into moratorium agreements with government departments as they sought alternative approaches that would not regress the Bank/national transformative and developmental agenda – this portfolio is however secured with the ring-fenced cash resources from the department.



## NPL split between Pre-Legal and Legal Book

NPLs		Sep-24				Mar-24			
		CB&SI	CDBB	SLA	Total	CB&SI	CDBB	SLA	Total
Pre-legal	R'm	1 631	1 259	16	2 905	1 649	1 456	-	3 105
Legal	R'm	498	5 874	8	6 380	464	5 717	5	6 186
<b>Total</b>	<b>R'm</b>	<b>2 128</b>	<b>7 133</b>	<b>24</b>	<b>9 285</b>	<b>2 112</b>	<b>7 174</b>	<b>5</b>	<b>9 291</b>

## ECL split between legal and pre-legal and the respective coverage ratios

ECL Legal & Pre-Legal		Sep-24				Mar-24			
		CB&SI	CDBB	SLA	Total	CB&SI	CDBB	SLA	Total
Pre-legal	R'm	969	412	0	1 382	919	372	-	1 291
Legal	R'm	349	2 423	0	2 772	309	2 400	0	2 709
<b>Total</b>	<b>R'm</b>	<b>1 318</b>	<b>2 835</b>	<b>0</b>	<b>4 154</b>	<b>1 228</b>	<b>2 772</b>	<b>0</b>	<b>4 000</b>

ECL Coverage Ratio		Sep-24				Mar-24			
		CB&SI	CDBB	SLA	Total	CB&SI	CDBB	SLA	Total
Pre-legal	R'm	59%	33%	0%	48%	56%	26%	0%	42%
Legal	R'm	70%	41%	1%	43%	67%	42%	1%	44%
<b>Total</b>	<b>R'm</b>	<b>62%</b>	<b>40%</b>	<b>1%</b>	<b>45%</b>	<b>58%</b>	<b>39%</b>	<b>1%</b>	<b>43%</b>

- Coverage ratio for the Legal and Pre-Legal book is considered adequate in line with collateral levels. Clients in pre-legal generally have greater collateralization.
- The Blended Finance book is currently in Stage 1, hence no NPL split is included here for that book

# NPL Collateral summary - Pre-Legal & Legal



Below a summary of the Collateral at Forced Sale Value (FSV):

NPLs Legal & Pre-Legal		Sep-24				Mar-24			
		CB&SI	CDBB	SLA	Total	CB&SI	CDBB	SLA	Total
Pre-legal	R'm	1 631	1 259	16	2 905	1 649	1 456	-	3 105
Legal	R'm	498	5 874	8	6 380	464	5 717	5	6 186
<b>Total</b>	<b>R'm</b>	<b>2 128</b>	<b>7 133</b>	<b>24</b>	<b>9 285</b>	<b>2 112</b>	<b>7 174</b>	<b>5</b>	<b>9 291</b>

NPLs Collateral Split (FSV)		Sep-24				Mar-24			
		CB&SI	CDBB	SLA	Total	CB&SI	CDBB	SLA	Total
Pre-legal	R'm	633	1 040	28	1 701	776	1 547	-	2 323
Legal	R'm	108	3 389	12	3 509	79	3 058	7	3 144
<b>Total</b>	<b>R'm</b>	<b>741</b>	<b>4 429</b>	<b>40</b>	<b>5 210</b>	<b>855</b>	<b>4 605</b>	<b>7</b>	<b>5 467</b>

NPLs Collateral Coverage Ratio		Sep-24				Mar-24			
		CB&SI	CDBB	SLA	Total	CB&SI	CDBB	SLA	Total
Pre-legal	R'm	39%	83%	0%	59%	47%	106%		75%
Legal	R'm	22%	58%	143%	55%	17%	53%	123%	51%
<b>Total</b>	<b>R'm</b>	<b>35%</b>	<b>62%</b>	<b>168%</b>	<b>56%</b>	<b>40%</b>	<b>64%</b>	<b>123%</b>	<b>59%</b>

# Insourced SLA NPL analysis as at 30 September 2024



## SLA INSOURCED CLIENTS NPL REVIEW SEPTEMBER 24

	a	b	c=b/a	
	Total Exposure	NPL	NPL Ratio	% Contribution to total NPLs
	R'm	R'm	%	%
Insourced SLA 1	2 151	1 760	82%	19%
Insourced SLA 2	2 004	1 602	80%	17%
Insourced SLA 3	1 260	1 172	93%	13%
Insourced SLA 4	294	285	97%	3%
Insourced SLA 5	67	67	100%	1%
Outsourced SLA 6	97	24	24%	0%
<b>Total SLA Book</b>	<b>5 874</b>	<b>4 910</b>	<b>84%</b>	<b>53%</b>
<b>Direct Book</b>	<b>10 723</b>	<b>4 375</b>	<b>41%</b>	<b>47%</b>
<b>Total Loan Book</b>	<b>16 597</b>	<b>9 285</b>	<b>56%</b>	<b>100%</b>

## SLA INSOURCED CLIENTS NPL REVIEW MARCH 24

	a	b	c=b/a	
	Total Exposure	NPL	NPL Ratio	% Contribution to total NPLs
	R'm	R'm	%	%
Insourced SLA 1	2 630	1 986	76%	21%
Insourced SLA 2	2 150	1 574	73%	17%
Insourced SLA 3	1 313	1 158	88%	12%
Insourced SLA 4	356	346	97%	4%
Insourced SLA 5	62	62	100%	1%
Outsourced SLA 6	118	5	4%	0%
<b>Total SLA Book</b>	<b>6 629</b>	<b>5 132</b>	<b>77%</b>	<b>55%</b>
<b>Direct Book</b>	<b>10 835</b>	<b>4 160</b>	<b>38%</b>	<b>45%</b>
<b>Total Loan Book</b>	<b>17 465</b>	<b>9 291</b>	<b>53%</b>	<b>100%</b>

- All our remediation strategies, forbearance solutions and legal action taken are applied consistently across all defaulted loans. As such, the intensity and accelerated action and treatment of each loan is assessed on its merits irrespective of whether the client was originated by the SLA's or directly by the Bank.
- It should be noted that in instances where we detect that loans originated by the SLA's which subsequently defaulted and became NPL's as a result of non-compliance to the Banks approved credit policies and SLA agreements, such loans have been referred to Legal to ensure that the SLA partners are held accountable for the remediation of such exposures
- The main driver of the high NPL ratio is the rapid overall decline in the SLA portfolio driven mainly by client settlements
- The high NPLs are a combination of factors including inherently poor quality of loans that were insourced, constrained debt serviceability related to historical and current sector and market challenge.



# Top Non Performing Customers



# Top 15 Non performing Customers & Collateral - CBSI

## Collateral coverage on NPLs: Sept'24

	Exposure	Arrears	stage 3	Total Impairment	Sept'24 Collateral	Collateral cover %
Customer 1	603	273	603	304	348	58%
Customer 2	298	298	298	192	105	35%
Customer 3	261	232	261	180	114	44%
Customer 4	225	164	225	207	-	0%
Customer 5	175	163	175	94	78	45%
Customer 6	88	34	88	59	-	0%
Customer 7	81	3	81	55	-	0%
Customer 8	81	39	81	35	58	72%
Customer 9	106	48	106	94	8	8%
Customer 10	77	57	77	39	30	39%
Customer 11	20	20	20	8	12	59%
Customer 12	1	-	1	0	8	1311%
Customer 13	-	-	-	-	-	0%
Customer 14						
Customer 15						

**Total CB&SI**      **2 017**      **1 331**      **2 017**      **1 268**      **761**      **38%**

## Collateral coverage on NPLs: March 24

	Exposure	Arrears	stage 3	Total Impairment	Mar'24 Collateral	Collateral cover %
	559	225	559	275	348	62%
	298	-	298	193	105	35%
	241	165	241	157	114	47%
	212	154	212	173	-	0%
	160	149	160	97	78	49%
	107	48	107	58	-	0%
	75	0	75	45	-	0%
	76	31	76	19	58	77%
	100	38	100	83	8	8%
	71	50	71	34	30	42%
	20	20	20	20	12	59%
	1	-	1	0	8	1311%
	-	-	-	-	-	0%

**1 919**      **879**      **1 919**      **1 155**      **761**      **40%**

Table compares same clients between both periods

# Top 15 Non performing Customers & Collateral - CBSI



**Customer 1: BR(business rescue)** Shareholders applied to put Business in Business Rescue due to various reasons – First Meeting of creditors held. Meeting held with the BRP's and internal Land Bank stakeholders on 6 September 2024, Business Rescue Plan Referred Back. Cash Flow Model to be revised and align to historical financials. Publication of the BR plan extended to 29 November 2024.

**Customer 2: BR/ Exit** - BR plan adopted by creditors. Land Bank's proportionate share of sale proceeds of R85m out of lender proceeds of R1,5bn received. Land Bank will receive in total approx. R190,6 million. As a result, the Bank to write-off of approx. R201m (R79m accrued interest and R110m capital) - Approved and suspension of interest implemented.

**Customer 3: BR** – Previous offers of R90m and R130m rejected. Perfection of order of GNBs took place 20 March 24. Customer opposed the perfection. W&R nominated two senior BRPs and instructed Attorneys to apply to place client in BR to consider various options. All 4 operating entities have now been formally placed in BR after having been opposed by the client including the perfection of security. Perfection of GNBs granted by the courts on 19 September 24. BRP's have requested an extension for publication of the BR Plan to 31 October 2024.

**Customer 4: Exit** – New proposal that former SLA partner assist with collections drive pending by relevant governance structures.

**Customer 5: Business Rescue/Exit** - Land Bank accepted several offers on immovable properties of which proceeds received while awaiting finalization of transfers for the other remaining accepted offers as well as offers on other properties.

**Customer 6: Restructure** - Client not generating any income as yet - will not be able to meet its debt obligations. A new settlement proposal received January 2024 of R65m (R30m received during May 2024) and the balance - R35m to be restructured over a period of 6 years will be considered as per discussions with client. Collating information. Expected date of finalisation November / December 2024.

**Customer 7: Restructure** - Community project. Secured grant to facilitate project restructure.

**Customer 8: Restructure** - Since payment of R30m has been received from Customer 14 restructure to be initiated. Client performance and turnaround has stabilised. Account to be restructured together with Customer 14 once settlement discussions are finalised. Expected date of finalisation date of November / December 2024.

**Customer 9: Performing - Business Rescue / Exit** – Winding down the business in line with discussions with BRP and thereafter place in provisional liquidation. The official shut down took place on the 30 August 2024. Staff members were released off work and retrenchment packages paid out. The perfection order of the GNB has been granted. Land Bank is required to give effect to the perfection order before liquidation application can be filed. Matter is ongoing – bi - Monthly meetings to the site by Bank officials.

# Top 15 Non performing Customers & Collateral - CBSI



**Customer 10: Restructure** - Process to appoint an independent specialist to conduct an IBR (Independent Business Review) was delayed. It is now being expedited to enable the Bank to consider its options.

**Customer 12: Exit** - Client made a full and final settlement proposal in the amount of R11 750 000 which are being considered by the Bank.

**Customer 13: Exit** - Waiting for registration of transfer of the last two properties before the insolvent estate can be finalised. Bank received dividend advance of R7,9m on registered transfers during Jan 24.

# Top 15 Non performing Customers & Collateral - CDBB



## Collateral coverage on NPLs: Sept'24

Sep-24	Exposure	Arrears	stage 3	Total Impairment	Collateral	Collateral cover %
Customer1	158	92	158	127	18	11%
Customer2	158	116	158	98	62	40%
Customer3	156	39	156	62	109	70%
Customer4	155	114	155	96	62	40%
Customer5	139	123	139	108	10	7%
Customer6	87	-	87	38	-	0%
Customer7	81	67	81	55	26	32%
Customer8	68	25	68	45	24	35%
Customer9	68	-	68	20	25	37%
Customer10	65	43	65	30	43	66%
Customer11	64	-	64	16	27	42%
Customer12	64	64	64	55	-	0%
Customer13	63	18	63	15	53	84%
Customer14	62	41	62	40	17	28%
Customer15	62	-	62	43	-	0%
<b>Total CDBB</b>	<b>1 449</b>	<b>741</b>	<b>1 449</b>	<b>848</b>	<b>476</b>	<b>33%</b>

## Collateral coverage on NPLs: Mar'24

Mar-24	Exposure	Arrears	stage 3	Total Impairment	Collateral	Collateral cover %
Customer1	148	86	148	87	18	12%
Customer2	146	106	146	46	62	43%
Customer3	147	37	147	46	109	74%
Customer4	145	107	145	56	62	43%
Customer5	130	114	130	62	10	8%
Customer6	89	-	89	70	-	0%
Customer7	75	60	75	31	26	35%
Customer8	63	14	63	24	24	37%
Customer9	68	-	68	30	25	37%
Customer10	61	35	61	10	43	70%
Customer11	62	46	62	14	27	42%
Customer12	59	59	59	47	-	0%
Customer13	64	11	64	7	53	82%
Customer14	58	32	58	33	17	30%
Customer15	62	-	62	44	-	0%
<b>Total CDBB</b>	<b>1 378</b>	<b>707</b>	<b>1 378</b>	<b>608</b>	<b>476</b>	<b>35%</b>

Table compares same clients between both periods



# Top 15 Non performing Customers & Collateral - CDBB



- Customer 1: Collateral reflect FSV , excluding GNB's and suretyships. No movement in collateral since March 2024 until Sept 2024.Provisional Liquidation by external creditor. Waiting for final order on return date.
- Customer 2:Collateral reflects FSV, excluding GNB and suretyships. No movement in collateral since March 2024 until September 2024.Final Liquidation Order was granted. Liquidator is proceeding with the administration of estate.
- Customer 3: No movement in collateral. Application for liquidation was filed by external creditor. Client Oppose the application. Waiting for Court date
- Customer 4: No movement in collateral, reflect the FSV excluding GNB's and suretyships .Is in Business rescue. Plan makes provision for the BRP to sell the properties via public auction. Auctioneer has been appointed. Auction scheduled for 28 November 2024.
- Customer 5: Collateral reflects FSV , excluding GNB's and suretyships. Client in Business Rescue. Plan to be submitted by end Oct'24
- Customer 6: Has been sequestrated, the properties have been sold and waiting for the Final Liquidation and Distribution account before the dividends can be paid out.
- Customer 7: Collateral reflects FSV, excluding GNB's and suretyships. Surety sequestrated. The Notarial bond was perfected and the assets were sold. The proceeds were paid to former SLA partner. We are waiting for a Court date that will be sometime in 2025.
- Customer 8: No movement on collateral. Collateral reflect the FSV , excluding GNB's and suretyships. Judgement obtained against the client .Auctioneer appointed to sell security in execution. Awaiting confirmation of sale in execution.
- Customer 9: Collateral reflect the FSV excluding GNB's and suretyships. No movement .Has been sequestrated. Properties sold and transfer. Waiting for Liquidation and distribution account
- Customer 10: No collateral movement it reflects the FSV , excluding GNB's and suretyships. Settlement Agreement signed and made an order of Court. Client defaulted. R30 million expected end November 2024 from the proceeds of magnesium to be delivered in China.
- Customer 11: No movement on collateral. It reflects the FSV excluding GNB's and suretyships. The collateral was share between two clients which been closed. Sureties applied for voluntary liquidation and provisional liquidator has been instructed to conduct public auction to sell the security. The grazing land value was adjusted to R7000/ha
- Customer 12: No movement. Insolvent matter. All assets have been sold by the Trustee of the insolvent estate. Written off - Bulk W/O Memo approved 27/09/2024.
- Customer 13: No movement, collateral reflects the FSV, excluding GNB's and suretyships. Client to sell a property, proceeds R15m to repay the arrears. Remaining balance to be restructured
- Customer 14: No movement, collateral reflects the FSV , excluding GNB's and suretyships. Client to be handed over to legal due to non compliance. Various attempts have been made to contact client but the Bank is being ignored.
- Customer 15: Has been sequestrated. Properties sold and transfer. Waiting on confirmation of 1st & final Liquidation and distribution account. Amount awarded R17 928 444.



## Legal Book Overview



# Legal Book Overview



*Year on Year comparison – increase of legal book*

Legal Book	FY23/FY24 (March'24)	FY24/25 (June '24)	FY24/25 (Sept '24)
Direct Book	R1,86bn	R1,91bn	R1,93bn
SLA Partner 1	R1,12bn	R1,15bn	R1,17bn
SLA Partner 2	R0,25bn	R0,22bn	R0,22bn
SLA Partner 3	R1,22bn	R1,25bn	R1,28bn
SLA Partner 4	R1,67bn	R1,71bn	R1,71bn
SLA Partner 5	R0,06bn	R0,06bn	R0,06bn
<b>Total Legal Book</b>	<b>R6,18bn</b>	<b>R6,30bn</b>	<b>R6,37bn</b>

FY24/25 the book opened at R6.18bn. The total inflows to legal from 01 April 2024 to 30 September 2024 was caR143m which accounts for approximately 2,25% of the total legal book at 30 September 2024.

The client portfolios of the above SLA Partners 1 – 5 have already been insourced and are shown here for reporting purposes.

# Legal Book Milestones



Legal book classification – as at 30 September 2024	R'value	Perc. %
<b>Demand /Instruction</b> – Notices and demand letters have been sent to clients. The legal process is at the initial stages.	R1,17bn	18%
<b>Summons / Motion application</b> – Summons have been issued by Attorneys or Notice of application for monitory judgment issued. No judgment obtained yet.	R1,11bn	17%
<b>Insolvency matters</b> – clients have either been placed under sequestration or liquidation process. Control and management of the debtor’s estate in the hands of the Trustees or Liquidators. Business Rescue matter on legal clients would also fall within this milestone. – Land Bank has lodged claims for debt owed against insolvent estates.	R1,46bn	23%
<b>Deceased Estates</b> – client passed away and estate reported to the Master of the High Court. On other matters the Executor has been appointed and Land Bank has lodged a claim and awaiting finalisation of the estate. On others Land Bank is awaiting appointment of an Executor whereafter a claim will be lodged.	R0,18bn	3%
<b>Judgment/Settlements</b> – Land Bank has obtained judgment against clients in its favour waiting execution orders to be issued. On others, settlement agreements have been entered into and payments are being monitored.	R1,85bn	29%
<b>Execution / Registration</b> – Writs of Executions have been granted by court and Attorneys instructed to proceed with sales in execution. In other instances where the Bank would have approved offers of sale of properties, delays might be experienced in awaiting the guarantees to be issued or municipal clearance certificates. The process would be finalised by the registration of the transfers once the guarantees have been received by the Bank.	R0,23bn	4%

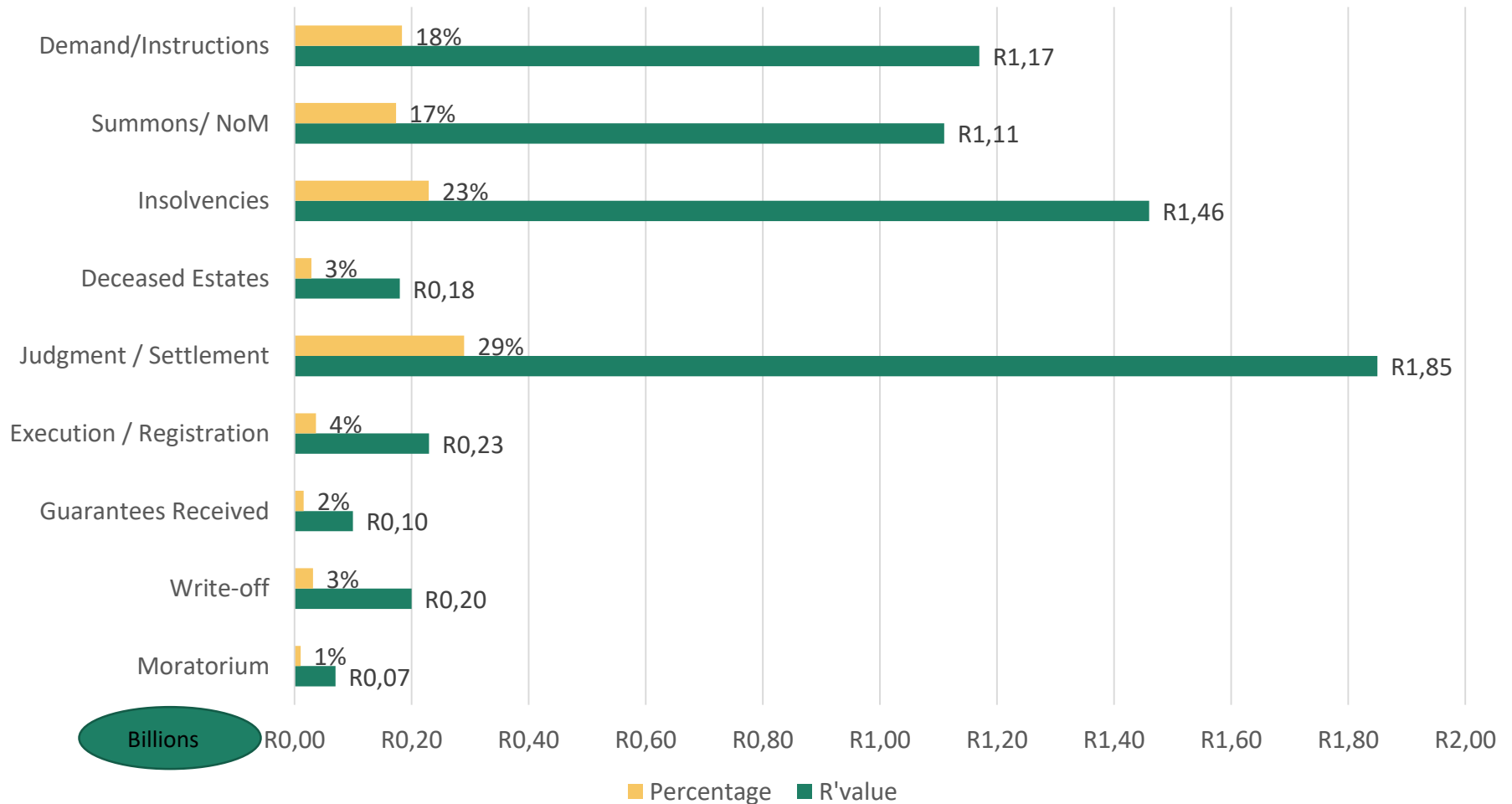
# Legal Book Milestones - Continued



Legal book classification	R'value	Perc. %
<b>Guarantees</b> – This relates to matters wherein offers have been accepted or clients have obtained new financing. Land Bank has received guarantees for the full outstanding balance. Funds will be received with the simultaneous registration and cancellation of bonds.	R0,10bn	2%
<b>Write – off</b> – Matters wherein the legal recovery proceedings have been excused. No further recovery process can be pursued.	R0,20bn	3%
<b>Moratorium</b> – This relates to matters where Land Bank and the government department have agreed on a moratorium in terms of which Land Bank will not pursue legal action on the identified emerging /development clients on assurance that the department will settle the outstanding balances due by the clients.	R0,07bn	1%
<b>Total</b>	<b>R6,37bn</b>	<b>100%</b>

# Legal book overview

Legal book in milestone (Percentage and R'value of R6,37bn) at 30 September 2024



# Legal Book Recoveries as at 30 September 2024



LEGAL TARGETS vs RECOVERIES	Targets FY24/25	Recoveries YTD September 2024	Perc. %
Total Cash Reduction	610 000 000	R353 150 345	57,89%
Total Normalise reduction	20 000 000	R1 861 518	9,31%
Total Write-off's	300 000 000	R6 602 331	2,20%
<b>Total Reduction</b>	<b>930 000 000</b>	<b>R361 614 194</b>	<b>38,88%</b>

\*Total Normalised Reduction are accounts that have been cured and transferred back to the relevant Branches for further administration.

- FY2023 – Total Reduction of legal book was R2.37bn against the opening balance of R6.19bn as at beginning of FY23. The book closed FY23 at R6.16bn. A total write off of R902m was processed as at 31 March 2023. This write off is part of the clean-up of the legal book that is mainly older than 4 years.
- FY2024 – The total reduction from 1 April 2023 to 31 March 2024 is R1.32bn (comprising of R903m cash recoveries, R188m cured accounts and R227m write offs) against the opening balance of R6.16bn.
- FY2025 – The total reduction from 1 April 2024 to 30 September 2024 is R361m (comprising of R353m cash recoveries, R1,8m cured accounts and R6m write offs) against the opening balance of 6,18bn.





## Blended Finance Scheme

- 1 Purpose of the Blended Finance Scheme (BFS) Fund
- 2 Qualifying Criteria
- 3 Progress and Performance Update



# I. Purpose of the BFS Fund



- The **Purpose** of the Blended Finance Scheme is to:
  - Support sustainable commercialization of black producer's farming enterprises in meeting food security and wealth creation.
  - Support enhancement of production and agro-processing by Black Producers through deliberate, targeted and well defined interventions.
  - Accelerate land redistribution and make land reform successful.
  - Grow the economy, create sustainable employment and eradicate poverty.
  - Transform the sector
- The **blended finance instrument deploys grants which leverages private funding** in order to increase access to affordable finance for black producers.
  - The grant will always be utilised to blend with loans, and treated as equity contribution on behalf of black producers.
- **Scope of funding:**
  - The acquisition of primary agricultural land parcels and/or commercially viable agricultural sector value chain operating entities (agri-businesses).
  - Support existing operations for expansion in production on privately owned or land reform farms
  - Support start-up operations (Brownfields and Greenfields operations);
  - The purchasing of capital equipment and infrastructure ("CAPEX").
  - Working capital and/or production loan ("Production Facility").
  - Insurance pool provision for subsidisation of insurance cover for the applicable farmers (capped at 6% (six percent) of each total Grant Funding Facility amount).

## 2. BFS Qualifying Criteria (1 / 2)



### Qualifying Criteria:

- South African citizens with a valid identity document.
- Black owned and managed farming enterprises that are commercially viable in commodities prioritised in the AAMP, Aquaculture and Forestry [N/A to Land Bank].
- In the case of Joint Ventures, the non-black partner should have 40% but not less than 26% ownership in the enterprise.
- Enterprises with 10% farm worker profit sharing.
- Youth, women, People with Disability and military veterans.
- Qualifying applicants 60 years and above but demonstrate evidence of a successor.

### Exclusions:

- Politicians in public office (12 months cooling period).
- Employees of government & SOEs (24 months cooling period).
- Fund administrators.
- Special advisors for agricultural programmes.
- Foreign nationals, dual citizenship and illegal immigrants
- Part time producers.
- Politically Exposed Persons posing a reputational risk as identified through the credit provider's lending policies, including but not limited to Anti-Money laundering risk management and compliance policies.
- Distressed producers where the grant is required to settle the debt of distressed producers.
- Joint Ventures with farm workers where farm workers are not involved in the management of the operation.
- Applicants with no provision for farm worker profit sharing.

## 2. BFS Qualifying Criteria (2 / 2)

Applicants will need to meet a minimum of 20 points in the **Economic Benefits Criteria** which is a DALRRD scorecard that looks at:

- Ownership and Transformation
- Own contribution through financial or non-financial means
- Employment creation
- Contribution to food security
- Sustainable development
- Localisation and markets.

The below selected commodities by DALRRD are in-line with the **Agriculture and Agro-processing Master Plan (AAMP)**:

Poultry – Layer and Broiler production	Vegetables
Red Meat – Beef, sheep and goat	Citrus
Piggery	Fruit (Sub-tropical, deciduous, table grapes, pome, etc...)
Grains and Oil seeds	Aquaculture
Sugarcane	Nuts
Cotton	Hemp and Cannabis
Dairy	Wool and Mohair



## Blended Finance Scheme

### I Transaction Pipeline, Approvals and Disbursements

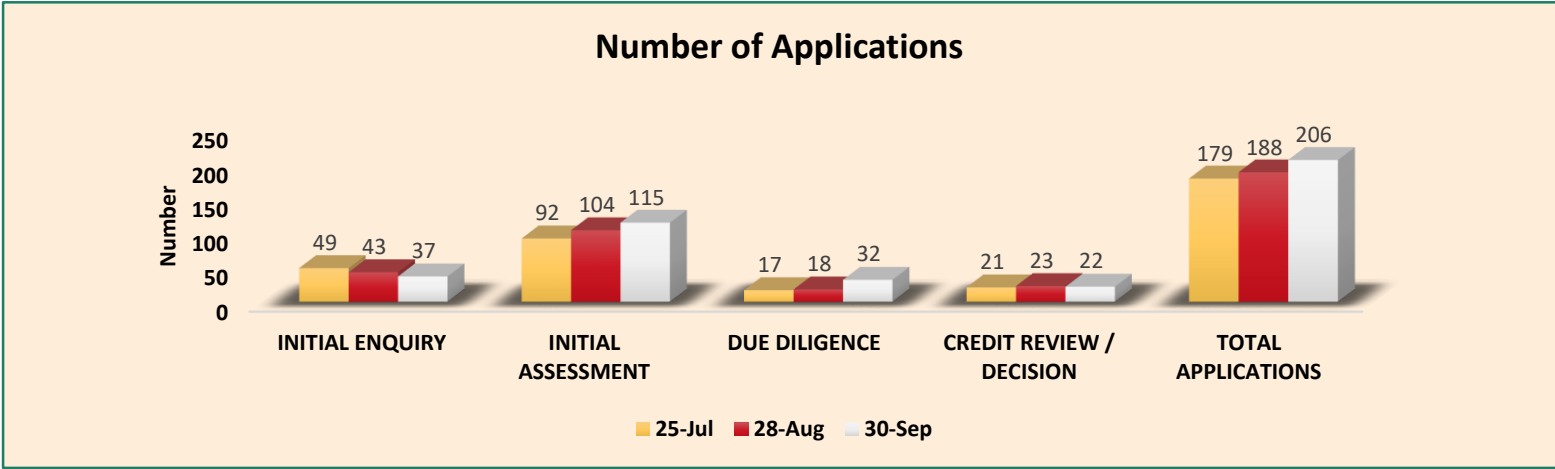
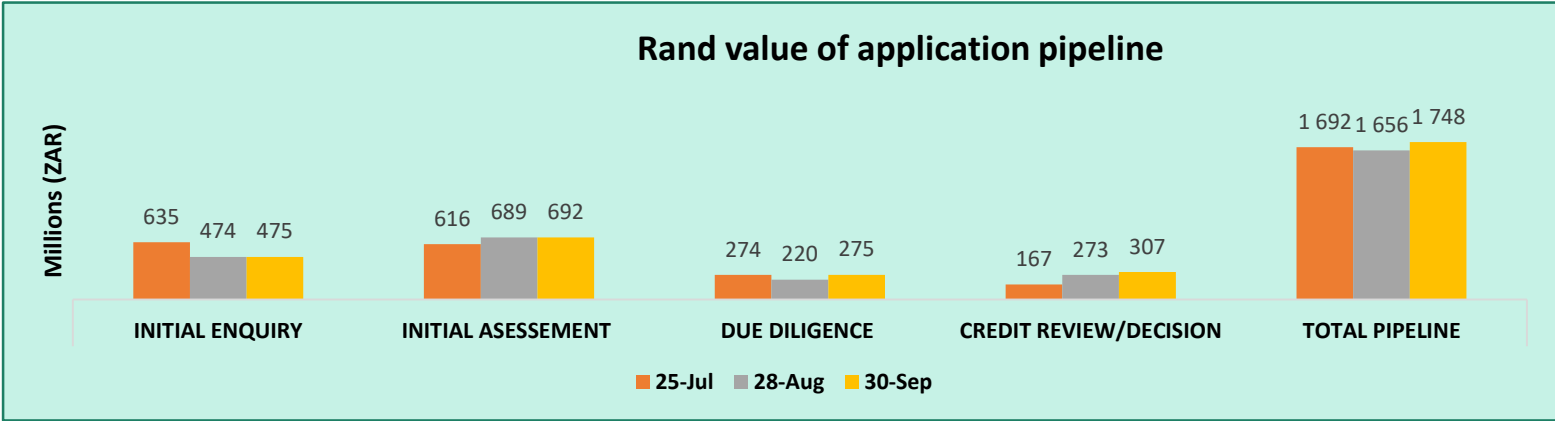


# Divisional Pipeline

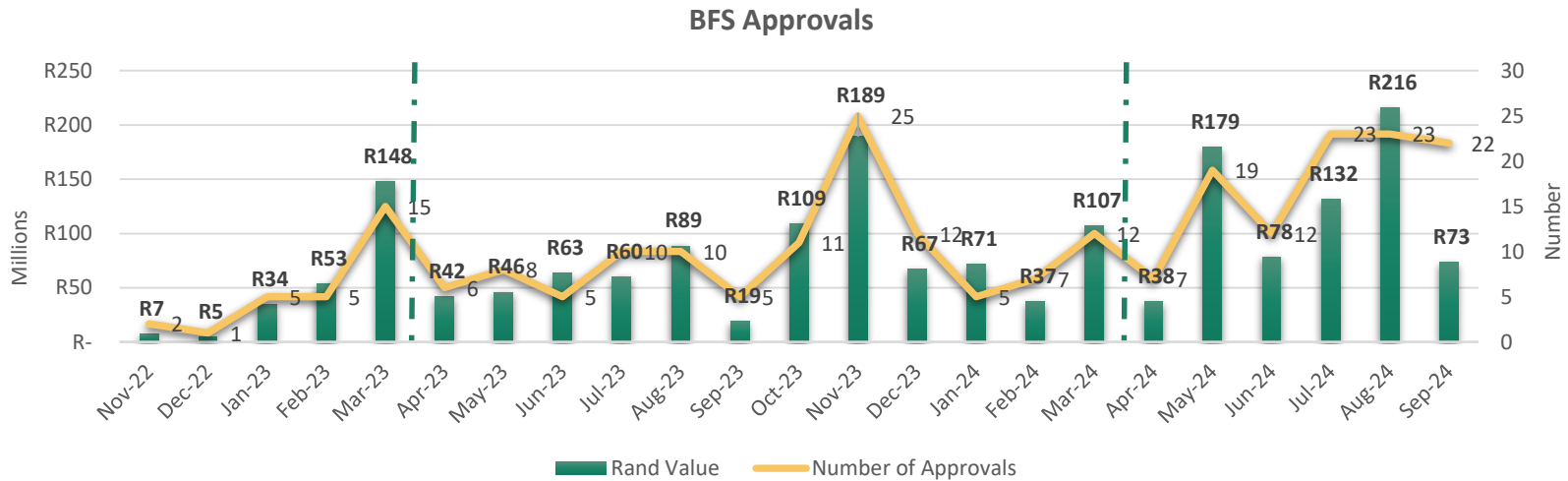
## [As at 30 September 2024]



Focus is being placed on closer tracking and monitoring of the ageing of applications in the different stages of the pipeline to increase the pace of disbursements.



# Approvals since the implementation of BFS [As at 30 September 2024]



**A steady trend in monthly approvals is still being realised. The highest monthly approvals since the inception of Blended Finance was recorded in November 2023 and August being the highest in 2024.**

## Approvals for FY'25:

- 106 Approvals by Q2 (April – Sept): R715.7m (R343.3m loans and R372.4m grants)

## Since the commencement of Blended Finance:

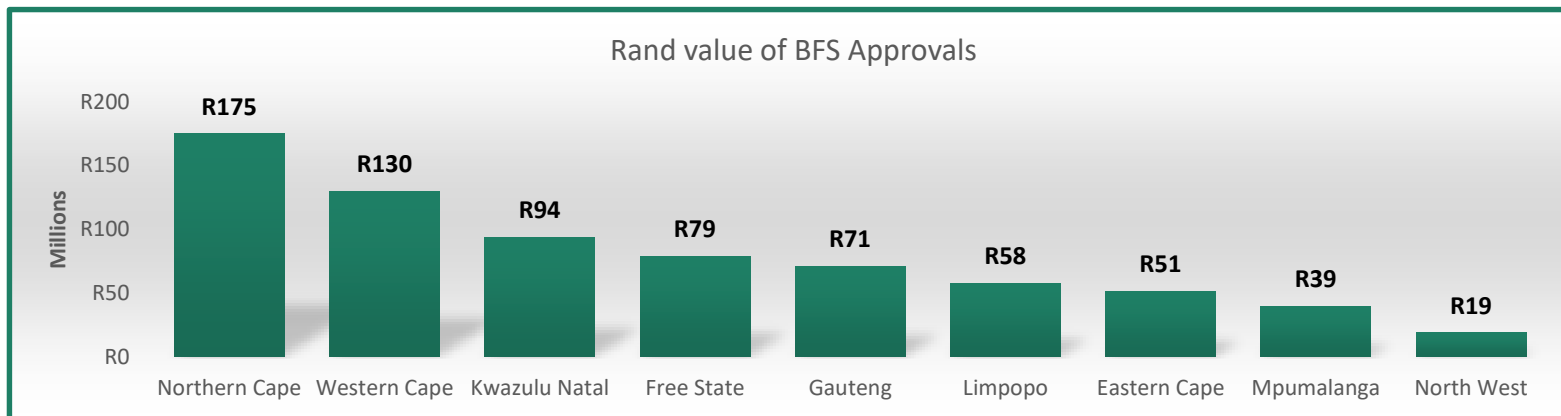
- 250 applications approved to date for a total amount of R1.864bn made up of R898m in loans and R966m in grants

# FY25 Approvals – End of Q2

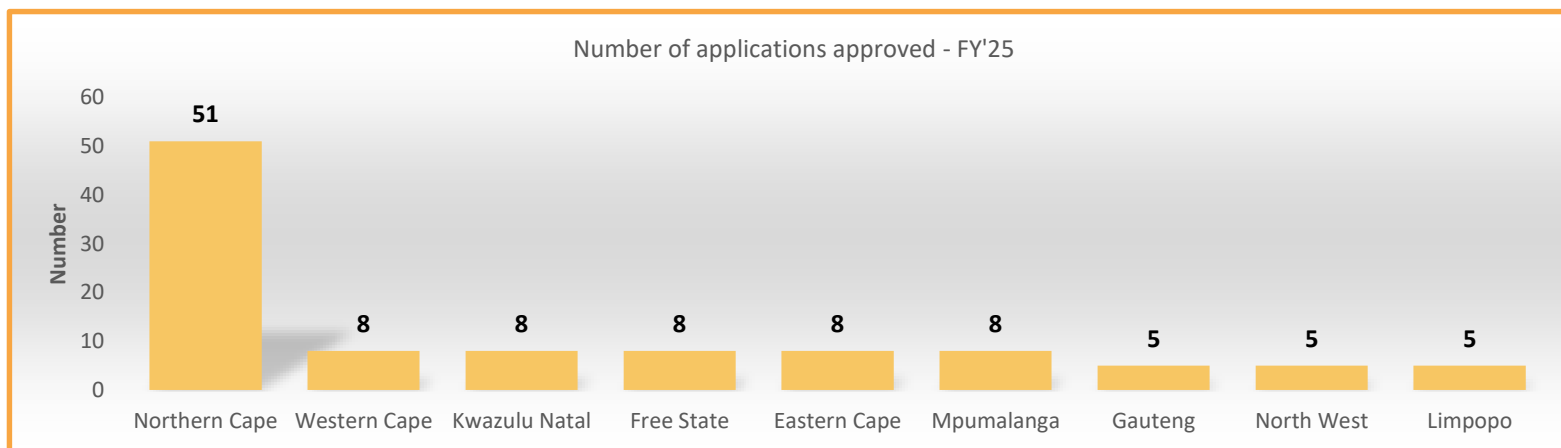
## [1<sup>st</sup> April to 30<sup>th</sup> September 2024]



### Approvals: R715.7m



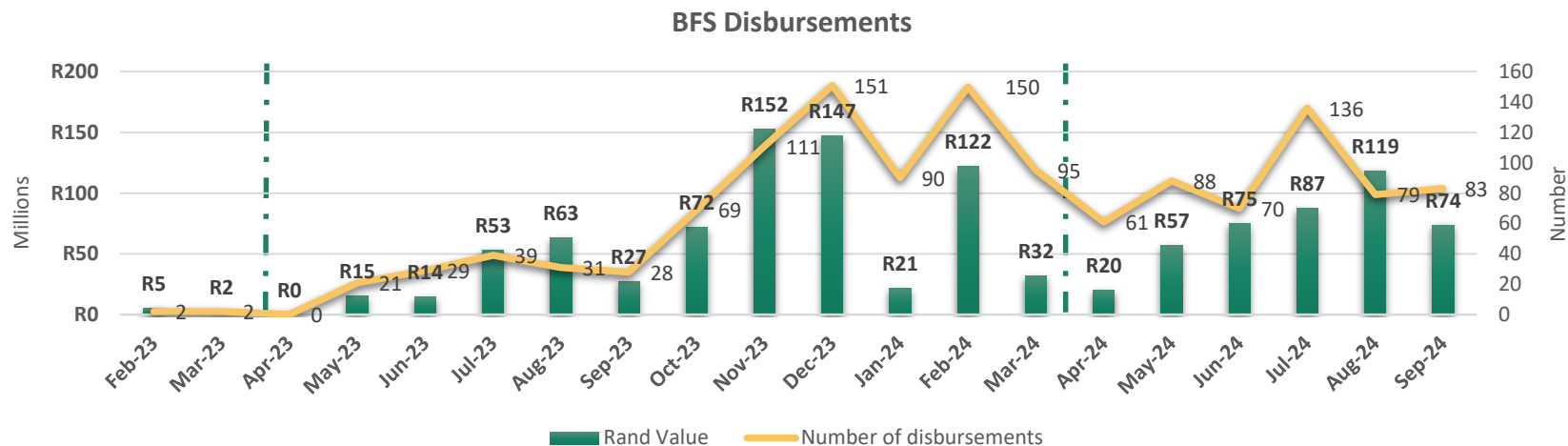
### Number of Approvals: 106



Data Source: SAP



# FY25 Disbursements since implementation of BFS [As at 30 September 2024]



*A positive trend (increase) of monthly disbursements is being realised, with a record value of monthly disbursements achieved in November 2023, with a downturn in March and April 2024 largely due to conveyancer constraints.*

**Disbursement for FY'25:**

- Total disbursements April - Sept: R431.7m (R222.1m loans and R209.5m grants)

**Since the commencement of Blended Finance:**

- A total of R1.158bn made up of R580m in loans and R578m in grants has been disbursed to 140 new clients.

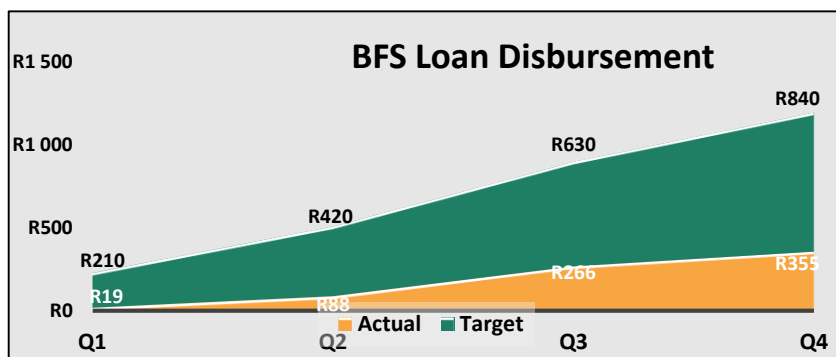
# FY25 Q2 BFS Loan Disbursements Against Target [1<sup>st</sup> April to 30<sup>th</sup> September 2024]



*There is evident improvement in disbursements in FY25 compared to the same period in FY24.*

## Actual Loan Disbursements Against Target: FY2024

- In FY'24 the Bank disbursed R355m against an annual target of R840m, representing 42% of the target.

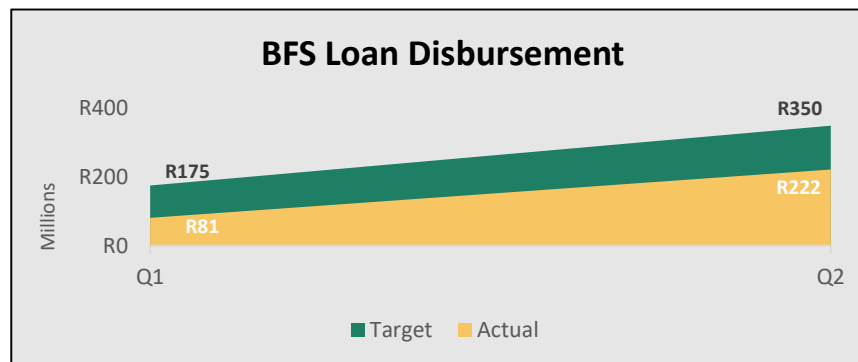


### FY'24

- R18.6m** of loans disbursed against a target of R210m by Q1 (**9% of Q1 YTD target**).
- R87.6m** of loans disbursed against a target of R420m by Q2 (**21% of Q2 YTD target**).
- R266.4m** of loans disbursed against a target of R630m by Q3 (**42% of Q3 YTD target**).
- R355m** of loans disbursed against a target of R840m by 31 March (**42% of Q4 YTD target**).

## Actual Loan Disbursements Against Target: FY2025

- In FY'25 the Bank has disbursed R222.1m of loans representing 63% of the cumulative quarter 2 target, and 31.7% of the annual target of R700m.



### FY'25

- R222.1m** disbursed to date:
  - R80.8m** disbursed in Q1 (**46% of the Q1 YTD target**).
  - R222.1m** YTD disbursed by 30 Sept - Q2 (**63% of the Q2 YTD target, and 31.7% of the annual target**).
- There is a **Cash Commitment amount of R606m (R272m loans and R334m grants)** that should translate into disbursements.
- Work in the pipeline (all pre-approval stages): **R1.748bn (206 clients)** made up of **R895m loans and R853m of grants**.



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