

## Confidential

The Land and Agricultural Development Bank of South Africa  
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Registered credit provider: Reg. Number NCRCP18

11 April 2025

## Information undertakings in accordance with the LS5 Agreements.

Dear Lenders,

### 1. Cash Flow Projection:

As per 13.4.13 of the Placing Document issued September 2024, 17.4 (m) of the KfW Amendment Agreement No. 2 dated September 2024 and 18.7.13 of the Amendment and Restatement MIGA Supported Facility Agreement dated September 2024.

April 2025 to March 2028 as at 31 March 2025 (R'm)

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

Assumptions:

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

**Directors:** Ms R Nkosi (Chairperson), Prof JF Kirsten, Ms TN Mashanda, Ms NP Mbiko, Ms D Maithufi, Ms E Pillay, Dr MM Tom and Adv DW Van der Westhuizen, Ms KV Rantao, Mr TM Rikhotso (Chief Executive Officer), Ms KH Mukhari (Chief Financial Officer)

Adv B Raseroka (Company Secretary)

The Bank is aware of and prioritises the need to meet its obligations as they fall due. Work is in progress to source financing for the organisation. Details will be shared with lenders once these discussions have matured.

**2. Corporate Plan**

*As per 13.4.6 of the Placing Document issued September 2024, 17.4 (f) of the KfW Amendment Agreement No. 2 dated September 2024 and 18.7.6 of the Amendment and Restatement MIGA Supported Facility Agreement dated September 2024.*

Find attached the FY2026 corporate plan as tabled in parliament.

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Khensani Mukhari  
Chief Financial Officer

# CORPORATE PLAN

FY26 - FY28



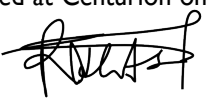

# Turnaround Plan to Stabilise, Consolidate and Grow Land Bank.

## OUR TURNAROUND PLAN





# I. OFFICIAL SIGN-OFF

Signed at Centurion on this the 14<sup>th</sup> day of February 2025.

Themba Rikhotsa  
  
14/02/2025 12:51:27(UTC+02:00) 

**Mr. THEMBA RIKHOTSO**  
**CHIEF EXECUTIVE OFFICER OF LAND BANK**

Nyane Nkosi  
  
14/02/2025 16:46:19(UTC+02:00) 

**Ms. THABINKOSI**  
**CHAIRPERSON OF LAND BANK**

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

**AS WITNESSES:**

1. \_\_\_\_\_

2. \_\_\_\_\_

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## 2. ABBREVIATIONS

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

### 3. PURPOSE OF THE CORPORATE PLAN

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

The purpose of this Corporate Plan is to reflect on progress to date in delivering on the Land Bank's stated priorities, to respond to emerging environmental factors affecting the future strategic direction of the Bank. It also seeks to support the achievement of the Land Bank Mandate Statement and the Shareholder Compact.

This Corporate Plan defines the broad outline of Land Bank's future approach to achieve its Strategic Focus Areas. It is influenced by, and should be read in conjunction with some critical documents and strategies which set out the Bank's broad approach to Stakeholder engagements, responsiveness to national and sectoral policies, and the fulfilment of the shareholder's expectations through the Shareholder Compact.

Among these are:

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

### 4. OUR HISTORY, MANDATE, AND PURPOSE

The Land and Agricultural Development Bank of South Africa, commonly referred to as the Land Bank, was established in 1912 with a core mission to support and develop South Africa's agricultural sector. It was founded by the South African government as a statutory body designed to provide financing solutions to farmers and agricultural enterprises, thereby promoting food security and rural development in South Africa.

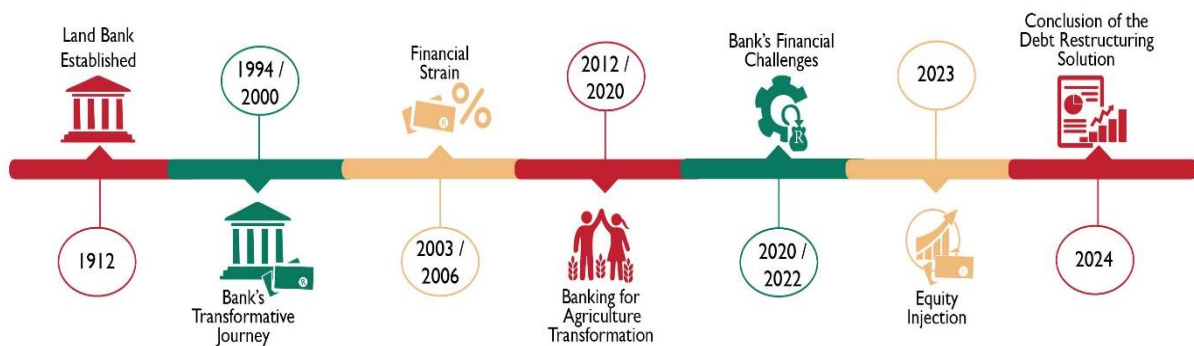
Land Bank Insurance Company (LBIC) and Land Bank Life Insurance Company (LBLIC) are wholly owned subsidiaries of Land Bank mandated to provide insurance and risk management solutions. LBIC offers

crop and asset insurance products to both Land Bank clients and other farmers. LBLIC has been offering credit life insurance products to the Land Bank’s client base since its inception in 1954.

Figure 1: Land Bank Group



Figure 2: History of the Bank



#### 4.1 THE BANK'S MANDATE

Land Bank’s purpose of existence and mandate is enunciated in the Land and Agricultural Development Bank Act, No. 15 of 2002 (the Land Bank Act),<sup>1</sup> and is summarised as follows: Land Bank’s purpose as a responsible Development Finance Institute (DFI) is focused on promotion, facilitation and support of:

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

<sup>1</sup> Government Gazette, 10 June 2002. Land Bank Act No. 15, 2002

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

There is a clear alignment between the objectives of the Land Bank Act and those of the Sustainable Development Goals (SDGs), Principle of Responsible Banking (PRB), the National Development Plan (NDP) 2030 and Agriculture and Agro-processing Masterplan (AAMP).

Table 1: Objectives Framework

The objects of the Land Bank Act are the promotion, facilitation, and support of:	National Development Plan	Linked Sustainable Development Goals	Agriculture and Agro- processing Master Plan
<ul style="list-style-type: none"> <li>• Equitable ownership of agricultural land, particularly increasing the ownership of agricultural land by historically disadvantaged persons.</li> <li>• Agrarian reform, land redistribution or development programmes aimed at historically disadvantaged persons for the development of farming enterprises and agricultural purposes.</li> <li>• Removal of the legacy of past racial, gender and generational discrimination in agriculture.</li> </ul>	<ul style="list-style-type: none"> <li>• Making land reform work to unlock the potential for a dynamic, growing and employment creating agricultural sector</li> </ul>	<ul style="list-style-type: none"> <li>5. Gender equality</li> <li>10. Reduced inequalities</li> </ul>	<ul style="list-style-type: none"> <li>• Pillar 1: Resolving policy ambiguities and creating investment friendly climate.</li> </ul>
<ul style="list-style-type: none"> <li>• Programmes that contribute to agricultural aspects of rural development and job creation.</li> <li>• Agricultural entrepreneurship.</li> <li>• Enhancement of productivity, profitability, investment, and innovation in the agricultural and rural financial systems.</li> </ul>	<ul style="list-style-type: none"> <li>• Support job creation in the upstream and downstream industries.</li> <li>• Develop strategies that give new entrants access to product value chains and support from better resourced players.</li> </ul>	<ul style="list-style-type: none"> <li>1. No poverty</li> <li>4. Quality education</li> <li>9. Industry innovation and infrastructure</li> </ul>	<ul style="list-style-type: none"> <li>• Pillar 2: Creating enabling infrastructure</li> <li>• Pillar 3: Providing comprehensive farmer support, development finance, R&amp;D and extension services.</li> </ul>
<ul style="list-style-type: none"> <li>• Commercial agriculture.</li> <li>• Land access for agricultural purposes.</li> <li>• Better use of land.</li> </ul>	<ul style="list-style-type: none"> <li>• Commercialise some underused land in communal areas and land reform projects.</li> <li>• Pick and support the commercial agriculture sector and regions that have the highest potential for growth and employment.</li> </ul>	<ul style="list-style-type: none"> <li>8. Decent work and economic growth</li> <li>11. Sustainable cities and communities</li> </ul>	<ul style="list-style-type: none"> <li>• Pillar 5: Enabling markets expansion, improving market access and trade facilitation</li> <li>• Pillar 6: Developing localized food, import replacement and expanded agro-processing exports.</li> </ul>

<ul style="list-style-type: none"> <li>• Food security.</li> </ul>	<ul style="list-style-type: none"> <li>• Everyone should, at all times, have access to sufficient, nutritious, and safe food.</li> </ul>	<ol style="list-style-type: none"> <li>2. Zero hunger</li> <li>3. Good health</li> </ol>	<ul style="list-style-type: none"> <li>• Pillar 4: Ensuring food security, expanded production and employment creation, decency and inclusivity.</li> </ul>
<ul style="list-style-type: none"> <li>• Promote and develop the environmental sustainability of land and related natural resources.</li> </ul>	<ul style="list-style-type: none"> <li>• Expand irrigated agriculture; find creative partnerships between opportunities.</li> </ul>	<ol style="list-style-type: none"> <li>6. Clean water and sanitation</li> <li>7. Affordable and clean energy</li> <li>12. Responsible consumption</li> <li>13. Climate action</li> <li>14. Life under water</li> <li>15. Life on land</li> <li>16. Peace and justice</li> <li>17. Partnerships for the goals</li> </ol>	

## 4.2 THE BANK'S PURPOSE

The Bank's Purpose and Mandate is depicted in Figure 3, below:

Figure 3: Mandate and Purpose Overview



## 4.3 ECONOMIC POLICY POSITION

Land Bank's Economic Policy Position reflects its commitment to fostering agricultural growth, rural development, and economic transformation within South Africa. This policy position aligns with national priorities, such as the National Development Plan (NDP), Agricultural and Agro-processing Master Plan, and land reform initiatives. Below is a summary of the core components of the Bank's economic policy position:

### I. Support for Economic Transformation and Inclusion

- **Objective:** Promote inclusive growth as well as the preservation and creation of jobs through the provision of finance to historically disadvantaged persons.
- **Policy Position:**
  - Focus on financing historically disadvantaged individuals (HDIs), including black-owned, women-owned, and youth-owned agricultural enterprises.

- Facilitate access to land and resources for emerging farmers, aiming to create a more equitable agricultural sector.
- Support skills development and provide mentorship programs to empower new entrants in the sector.

## 2. Commitment to Land Reform

- **Objective:** Support sustainable land reform to redress historical inequities in land ownership.
- **Policy Position:**
  - Enable financing for land reform beneficiaries and collaborate with government entities to support land redistribution initiatives.
  - Provide long-term financial products to enable sustainable agricultural practices on redistributed land.

## 3. Agricultural Development and Food Security

- **Objective:** Enhance agricultural productivity and improve national food security through strategic financing and sector support.
- **Policy Position:**
  - Invest in the agricultural value chain to increase production and food security, particularly by supporting primary production and agro-processing.
  - Focus on funding sectors essential to food security in line with the *Agriculture and Agro-Processing Master Plan*.
  - Promote efficient and climate-resilient agricultural practices to ensure stability in food production.

## 4. Rural Development and Poverty Alleviation

- **Objective:** Drive socio-economic development in rural areas by improving access to finance and supporting local agricultural economies.
- **Policy Position:**
  - Invest in rural areas to stimulate job creation, uplift livelihoods, and reduce poverty.
  - Support initiatives that enhance infrastructure, access to markets, and supply chains in rural communities.
  - Promote rural industrialisation by encouraging investments in agri-processing and related sectors to foster local economic growth.

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

- **Objective:** Promote environmentally sustainable practices to address the impacts of climate change on agriculture.
- **Policy Position:**
  - Embed climate resilience into lending criteria, encouraging sustainable land use, water conservation, and soil management practices.

- Align financing with South Africa's commitments to the *Paris Agreement*, *Sustainable Development Goals (SDGs)* and *Principles of Responsible Banking* to ensure sustainability.
- Provide financial products that support renewable energy use, waste management, and resource efficiency in agriculture.

## 6. Promoting Innovation and Technological Advancement

- **Objective:** Facilitate modernization in the agricultural sector by supporting technological adoption and innovation.
- **Policy Position:**
  - Support precision agriculture, mechanisation, and digital solutions to improve efficiency and productivity.
  - Encourage the adoption of technologies that optimise resources, reduce waste, and enhance yield quality.
  - Invest in research and development to promote advancements in agricultural practices, especially those tailored to local conditions and resource availability.

## 7. Financial Sustainability and Governance

- **Objective:** Balance developmental impact with financial sustainability to ensure Land Bank's long-term viability.
- **Policy Position:**
  - Maintain a robust risk management framework to ensure prudent lending, asset protection, and mitigation of financial risk.
  - Ensure sound governance practices that align with regulatory standards and enhance operational transparency.
  - Focus on operational efficiencies, preservation and growth of the commercial clients' portfolio, diversifying revenue sources, and improving loan recovery to stabilise financial performance.

## 8. Collaboration and Stakeholder Engagement

- **Objective:** Strengthen partnerships with public, private, and community stakeholders to enhance impact.
- **Policy Position:**
  - Collaborate with government departments, private sector entities, and development finance institutions (DFIs) to expand funding sources and access to additional expertise.
  - Engage with community-based organisations and NGOs to increase reach and tailor support to local needs.
  - Facilitate public-private partnerships to bridge funding gaps and enhance service delivery in the agricultural sector.

**Land Bank's Economic Policy Position** seeks to balance its dual mandate of fostering agricultural growth and achieving economic transformation. By aligning with national and international development

goals, Land Bank aims to make a meaningful impact on South Africa’s agricultural sector, contribute to rural development, and ensure sustainable and inclusive economic progress.

## 5. OUR STRATEGIC GOALS

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

Informed by the legislative and policy mandate, the Corporate Plan articulates Land Bank’s strategic focus, its vision, mission, organisational values, and strategic goals.

#### VISION

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

#### MISSION

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

#### VALUES

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

Table 2: Land Bank Values

Land Bank Ethical Culture and Values	
<b>Contribute meaningfully</b>	We seek to always add value in our engagements. Always.
<b>Empower</b>	We seek to empower ourselves and each other in the way we undertake our work.
<b>Build Organizational synergy</b>	We seek to create a sense of oneness. We will always integrate.
<b>Be Accountable</b>	We do what we say and follow through.
<b>Be Proactive</b>	We see opportunities to do things better and do all we can to make things happen.

The Leadership Charter acts as an extension of the values, with a specific focus on leadership behaviour. While it is true that the organisation’s culture is a reflection of employees’ behaviour, it is acknowledged that the culture is significantly influenced by the leadership of the Bank. The leadership charter therefore serves as a guideline for leaders, unpacking both enabling and constraining behaviours.

Table 3: Ethical Leadership Charter and Associated Behaviours

LAND BANK Ethical Leadership Behaviour Charter	
Enabling Behaviours	Constraining Behaviours
WE WILL .....	WE WILL NOT ...
1. Act with integrity and accountability	1. Tolerate mediocrity
2. Collaborate to achieve desired results	2. Shy away from appropriate cross-organization interventions to affect improvements
3. Empower and enable all (to contribute meaningfully)	3. Undermine people and governance prescripts
4. Be proactively solutions-oriented	4. Suppress conflict and diversity
5. Build capability through continuous learning	
6. Encourage open communication and feedback	

## OVERARCHING STRATEGIC OBJECTIVES

Land Bank has key strategic objectives aligned with its mandate to promote agricultural development, rural financing, and sustainable land reform. While the specific objectives of the Land Bank may evolve based on economic conditions, policy shifts, and sector challenges, the Bank’s strategic direction remains anchored in the following core objectives. These strategic objectives have taken account of the Shareholder’s expectations as prescribed by the Minister of Finance in the form of a mandate statement to Land Bank which was communicated to the Bank on the 27<sup>th</sup> of November 2024, and accordingly indicated and/or incorporated under the relevant Board-adopted Strategic Objectives:

### I. Development Effectiveness

- **Objective:** Ensure inclusivity in the agricultural sector by focusing on historically disadvantaged persons, while continuing to grow the commercial portfolio.
- **Actions:**
  - Increase funding for black-owned, women-owned, and youth-owned farming enterprises.
  - Foster rural development through financial products designed to uplift rural economies.
  - Develop affordable finance products to enhance the growth and competitiveness of commercial farmers.
  - Finance agricultural value chains and improve food security by supporting both commercial and developing/emerging farmers.
  - Encourage sustainable farming practices and climate resilience in agriculture.
  - Support growth of the agricultural sector and preserve its economic contribution through disaster relief programmes and provision of insurance against risks.

## 2. Financial Sustainability

- **Objective:** Ensure the financial stability and sustainability of the bank to continue fulfilling its mandate.
- **The Shareholder Mandate Statement for Land Bank includes the following areas of focus which are pertinent to this Strategic Objective:**
  - Successful implementation of the Liability Solution so that the Bank improves the quality of its loan book, operational efficiencies, development effectiveness, and scale up its developmental lending in a financially sustainable manner.
  - Implement corrective strategies to address the high cost structure. The current restructuring of the Bank should help in developing efficient and effective means of conducting the business of the Bank.
  - Adjust the Bank's "lending-only" Banking model to a model that will allow it to provide fee-generating services (diversify its revenue stream).
- **Actions:**
  - Strive to build and maintain an appropriate funding model.
  - Reduce cost of funding.
  - Grow the loan portfolio and diversify revenue streams.
  - Maintain the quality of the loan portfolio through appropriate structuring, risk monitoring, effective collections and debt recovery mechanisms.
  - Monitor adherence to Financial Covenants and Undertakings of Liability Solution.
  - Diversify revenue with the adoption of Land Management, Trade Finance and Escrow Account services.

## 3. Organisational Effectiveness

- **Objective:** Build an efficient, capable, and ethical organisation that is fit for purpose.
- **The Shareholder Mandate Statement for Land Bank includes the following areas of focus which are pertinent to this Strategic Objective:**
  - Strengthen organizational capacity to deliver on the Bank's mandate.
- **Actions:**
  - Continue to build on the Bank's agricultural and credit risk expertise.
  - Adopt a performance-obsessed culture.
  - Embed a sustainably effective and efficient Operating Model.
  - Define and implement a credible Employee Value Proposition.
  - Embed Process Reengineering capability in the organisation.
  - Adopt Client Centric model (Relationship Management) to address portfolio monitoring at the coal-face.

- Strengthen the Workout and Restructure unit to enable effective management of distressed clients to regain financial stability and minimise the Bank's losses.

#### 4. Partnerships and Ecosystem Coordination

- **Objective:** Leverage the value of Strategic Partnerships to achieve the Bank's mandate and objectives.
- **The Shareholder Mandate Statement for Land Bank includes the following areas of focus which are pertinent to this Strategic Objective:**
  - Create partnerships with other DFI's to provide enterprise expertise as well as to offer funding for farming enterprises that intend to expand across the agricultural value chain.
  - Improve relationship with the Department of Agriculture, and other role players in the agricultural sector, to create and foster partnerships that will enhance and support land reform and agricultural development for developing farmers with grant funding and technical expertise.
- **Actions:**
  - Assume and maintain the role of ecosystem coordination and a relevant instrument of transformation for the State and the Agricultural Sector.
  - Leverage Aggregation opportunities and Market Access.
  - Facilitate Pre and Post Finance Support Services.
  - Leverage alternative sources of funding.
  - Creation of Partnerships Development capability to work closely with DFI's to provide source of funding opportunities to clients and pre and post support.
  - Continue to maintain a good working relation with the Ministry and Department of Agriculture.

These strategic goals, together with the Shareholder's Mandate Statement for the Bank, will ensure the appropriate focus that is essential for Land Bank to fulfill its developmental role while ensuring financial sustainability and alignment with South Africa's broader economic and development objectives. These goals are key to transforming the agricultural sector, supporting land reform, and fostering inclusive growth.

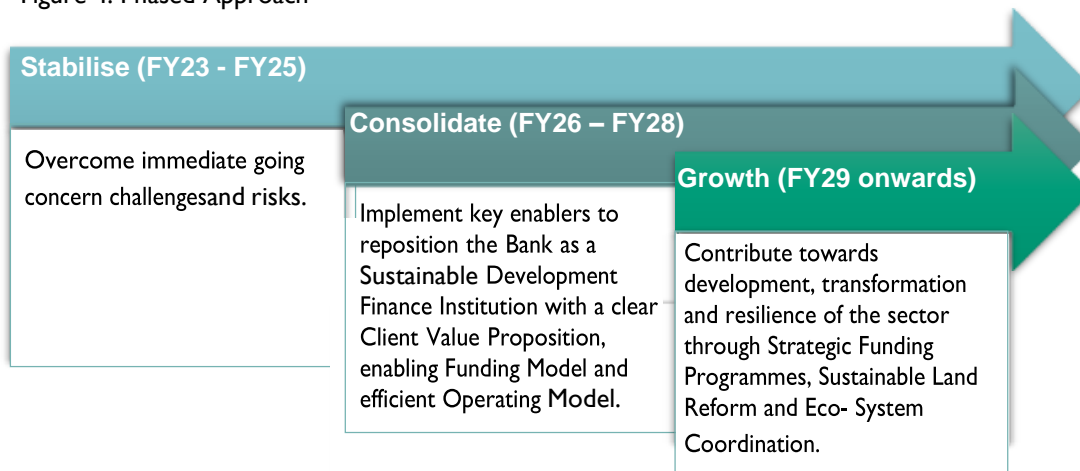
## 5.2 LAND BANK'S GROWTH JOURNEY

Land Bank is an agricultural Development Finance Institution that effectively balances financial sustainability and developmental outcomes to meaningfully contribute to the development and transformation of South African agriculture. The successful execution of this objective will enable the Bank to meet all elements of its mandate and enhance the entity's ability to source the future capital required for its growth and refinancing needs.

To realise its strategic objectives, the Bank is required to rethink the core elements of its business model which will include the client value proposition, as well as the funding and operating models. To enhance the sustainability and credibility of such a redesign, the Bank has adopted a phased approach. This will allow the Bank to prioritise strategic initiatives and make effective use of its resources while ensuring that changes are measurable and embedded in each phase.

The board approved a fit for purpose growth strategy for the bank. The Bank has set in place strategic objectives to drive the turnaround of the Bank's performance and set it on a path to financial sustainability and transformation of the sector. Recognising the state of the Bank post the debt default, there was an appreciation that the growth trajectory will require three phases to be realised:

Figure 4: Phased Approach



### Phase I - Stabilisation (FY23 – FY25):

The “**stabilisation**” phase of Land Bank's strategic turnaround focuses on the Bank's immediate priorities which are required to achieve stability. Initiatives undertaken in this phase will curb further deterioration in key identified areas and set a solid basis for enhanced mandate alignment and improved financial and operational performance.

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

The “**consolidation**” phase will focus on consolidating the gains that are made in the stabilisation phase, and to start as process to reposition the bank for the growth phase. The key focus areas of this phase include changes to the Bank’s operating model, and appropriate capability build and capacitation of the Bank, in support of the journey towards the desired state. Another important focus of the consolidation phase is increased expansion of the Bank’s reach through enhanced partnerships, diversified revenue streams, and a broader ecosystem focus to set the basis for the Bank’s growth phase.

## Phase 3 - Growth (FY29 onwards):

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

## 5.3 LAND BANK STRATEGIC PRIORITIES AND FOCUS AREAS

Figure 5: Strategy Execution Methodology



The Bank has significantly progressed on most of the objectives which fall within the stabilisation phase of the Bank’s turnaround journey. The Bank will therefore be embarking on initiatives contained in the consolidation phase in FY26, as set out in the Board approved strategy. The following strategic objectives have been prioritised by the Board, in line with the adopted phased approach:

Figure 6: Land Bank Strategic Priorities

Stabilisation/Consolidation [FY26]	Consolidation - part 2 [FY26-28]	Growth [FY29 - onwards]
1. Adherence to Liability Solution Covenants and Undertakings		
2. Improve Loan Book Quality		
3. Funding Model		
4. Pricing		
5. NPL Remediation		
6. Revenue Diversification and Growth		
7. Cost Management		
8. Organisational Effectiveness		
Embed Operating Model		
Operational Effectiveness		
9. Performance, Culture and EVP		
Adopt a Performance-Obsessed Culture	Maintain a Performance-Obsessed Culture	
Introduce Rewards and Incentives	Maintain Rewards and Incentives	
Implement robust skills Development Programme		
10. Embed Client Coverage Model		
Define and Implement Customer Value Proposition	Review and maintain customer value proposition	
Improve Client Experience		
11. Implementation of Key Strategy Partnership		
12. Land Reform		
Define and agree role of the Bank	Implement agreed role of the Bank	
13. Development Effectiveness		
Evidence Development Effectiveness and Impact		
Develop Sustainability Strategy	Implement Sustainability Strategy	
14. Governance and Compliance		
15. Debt Refinancing / Broader Funding		

Figure 6 shows the strategic priorities adopted by the Board for FY26. The priorities follow a rigorous assessment process undertaken by Board to evaluate the performance of the phased strategy implementation journey. Significant progress has been made on most of the objectives which were planned under the stabilisation phase of the Bank’s turnaround journey. The strategic objectives adopted by the Board for FY26 are informed by the progress made from stabilisation to consolidation phase, the curing of debt default status by the Bank, progress made on the on-going implementation of a new operating model, and a need to improve the Bank’s execution.

## **1. Adherence to Liability Solution Covenants and Undertakings**

The conclusion of the agreement with the Bank's lenders on the Liability Solution was finalised and the implementation of the Debt Restructure Agreement commenced during the latter part of quarter 2 of FY25. This means the Bank is officially out of debt default.

The focus of the Bank shift towards monitoring the adherence to covenants and undertakings that were agreed upon with lenders. A tracking tool will be developed by the Bank through the Treasury function to ensure continuous monitoring takes place and timeous reporting to Board and lenders is undertaken.

## **2. Improve Loan Book Quality**

The growth of the loan book through new quality assets is critical in the improvement of the Bank's current loan portfolio which is currently made up of a significant non-performing component. This growth will be built on the back of the preservation and growth of the existing performing portfolio encouraging the offering of short, medium term facilities for production and mechanization support. The Blended Finance Portfolio will be the primary focus of the Bank's transformation mandate and will focus on long-term loans to promote land acquisition in pursuit of transformation of land ownership patterns in the sector, as well as production facilities that are an essential requirement to enable productivity and increase the viability of servicing the clients' long term loan facilities.

The adopted relationship management approach which involves management of clients through a single relationship, from origination of the clients to the monitoring of their performance and adherence to repayment schedules is an essential element of preserving loan book quality.

The immediate interventions to grow the Bank's loan book include:

- A defined clear corporate and commercial lending strategy which consist of an improved pricing model, reviewed concentration limits, and a focus on secondary agriculture;
- Consolidation of the growth of the Blended Finance Portfolio through strategic partnerships and improved origination processes; and
- Purchasing of quality developmental loan assets.

## **3. Resolve Challenges with Funding Model**

Efforts to resolve the Bank's funding model is the most essential objective to enable the Bank to fulfil its mandate in a more sustainable manner. The Land Bank Act makes provision for a number of funding sources, including state funding, to fulfil this mandate.

The Bank was effectively funded since its establishment to support the sector with long-dated affordable loans, disaster relief and production finance. The last three decades, however, deviated from this approach. As a result of limited capital deployment from the state, more reliance was placed on funding from capital

markets. The consequence was that Land Bank with a high gearing ratio, funding miss-match, high cost of funding and low tolerance for Non-performing loans.

The Bank has made a submission to National Treasury for a capital funding allocation that is essential for building the appropriate funding mix for a sustainable Development Finance Institution, and will prioritise the raising of affordable funding through continuous consultations with investors focused on soft loans, philanthropic funds, grants and disaster relief, and sourcing of credit enhancement guarantees (non-state guarantees) to de-risk the loan portfolio.

Encouraging progress is being made to build a pipeline of credible funding opportunities for the Bank, with prospects for grant funding and borrowings at relatively lower cost of funds and longer tenures than has been experienced in the last decade.

#### **4. Review Pricing Strategy**

The Bank has adopted a pricing strategy which aims to optimise revenue generation while maintaining competitiveness within the market. The goal was to ensure that an appropriate pricing approach aligns with the Bank's unique mission, promotes sustainable growth, and enhances financial resilience. The adopted strategy involves the utilisation of the Weighted Cost of Funds for determining the appropriate client and portfolio margins required to sustain the financial sustainability of the loan book. This approach will ensure that the benefit of the zero cost of the state's equity allocation to the Bank improves the price competitiveness of the Bank's pricing.

#### **5. NPL Remediation**

The Board-approved NPL Strategy continues to be implemented, and the focus on close monitoring of the portfolio and curing of non-performing loans continues. Good progress is realised and will continue to be made on the reduction of the Rand value of stage 3 book through maximising rehabilitation of stage 2 to stage 1. The declining base of the loan book, however, keeps the NPL percentage relatively very high. Economic conditions and poor public service levels (high energy costs, roads infrastructure, railway channels, ports entries, water supply, etc.) are placing significant pressures on the sustainability of farming operations which poses a threat to the quality of the portfolio.

The Bank has also prioritised the restructuring of the low risk and solvent stage 3 clients, considerations of cash recoveries and write offs, to leverage secondary markets, assist clients to dispose farm properties and settle exposures. As part of the accelerated foreclosure strategy, collateral on good quality stage 3 legal will be seamlessly activated. The recovery process for the Bank is intended to be managed through placement of NPL clients on business rescue.

## **6. Revenue Diversification and Growth**

The Bank is addressing challenges related to its interest margins which are primarily caused by the high cost of funding and the makeup of the loan portfolio which is made up of largely long-term financing facilities whose contracted interest rates restricts the Bank from adjusting them in an effort to improve the negative margins. The Bank's relatively high cost of funds prevents the Bank from relying on client pricing to increase interest margins because an increase will make the Bank's pricing uncompetitive.

Consequently, the Bank's revenue growth will be focused on exploring several revenue diversification streams such as non-interest revenue on land management, trade finance, Escrow facilities for clients, and the offering of credit payment guarantees. The Bank also intends to leverage cross-selling opportunities by embracing Bancassurance to create avenues for cross-selling opportunities between the Bank and its Insurance subsidiaries.

## **7. Cost Management**

The effective management of the Bank's cost structure remains a priority. In the upcoming financial year, the Bank aims to improve operational efficiencies in order to justify its current cost base, and to prioritise costs associated with revenue generating initiatives.

The Bank is currently enjoying a low cost to income ratio, which is estimated to close at 47.8% for the current financial year of 2024/25. This is due to the improved net interest income as well as lower than budgeted operating expenses. The net interest income increased significantly in the current year as a result of the interest portion of R717m on equity funds that were held in the Bank's Escrow Account.

## **8. Organisational Effectiveness**

The revised Operating Model and Organisational Structure have been finalised and are being implemented. The optimum value of the new operating model will take time to materialize with the change management interventions being prioritized to embed the new way of work, and optimized processes.

An execution improvement plan has been adopted to address the Bank's execution capability with greater focus being directed on strengthening the Banking, Agricultural Economics and Advisory (AEA), and Risk Management functions.

The initiatives to achieve operational effectiveness will include an alignment of policies and governance structures to the new operating model, improved decision making process and delegations of authority, process reengineering to improve efficiency and speed of approvals and disbursement, and the optimisation of the banking IT system.

## **9. Performance, Culture and EVP**

The Bank's desire of becoming a competitive, effective and efficient organisation requires an adoption of a culture that is obsessed with high performance, implementation of ethical values, and a clear definition of employee value proposition in an effort to motivate and preserve highly skilled and experienced human capital. The availability of training and development opportunities for employees will form part of the robust implementation process of the skills development programme within the Bank.

## **10. Enhanced Client Coverage Model**

The Bank has identified an opportunity to strengthen its Client Coverage Model by developing a clearly defined Client Value Proposition (CVP) that aligns with its mandate and mission. This enhanced approach aims to deliver a tailored and high-quality client experience that addresses client needs comprehensively and practically. By refining its coverage model, the Bank will focus on structuring service delivery around its strengths, ensuring a cohesive and client-centered experience across divisions. The practical outcome of this work will be a clear set of commitments by the Bank on what clients will experience in doing business with the Bank.

## **11. Implementation of Key Strategic Partnerships**

The Bank will not successfully deliver on its mandate without leveraging on the overall agricultural value chain and ecosystem role players. In order to enhance the quality of its origination efforts and to address the risks associated with new entrants in the sector, the Bank is establishing key strategic partnerships which include pursuing of farmer aggregation opportunities to reduce the Bank's direct origination efforts and costs; creating access to market for the Bank's clients; providing pre and post finance support services to clients; as well as establishment of partnerships on alternative sources of funding.

## **12. Embedment of the Bank's role in land reform programmes**

The Bank is setting itself up as a partner of choice for the State and key agricultural stakeholders to deliver land reform and agricultural growth. The Bank will therefore emphasise efforts on defining its active role in the Land Reform programme which will go beyond its normal financing role in collaboration with key stakeholders, to include the management of agricultural land on behalf of the state and use its financing expertise to improve the productive use of agricultural land by the beneficiaries of the land reform programme.

## **13. Development Effectiveness Mandate**

Transformation is a critical part of Land Bank's mandate. The Bank is assigned with the responsibility of facilitating meaningful contribution to the development and transformation of South African agricultural sector by providing financing support to historically disadvantaged persons such as black women, youth,

and people with disability. The Bank will, however, continue to support the agricultural sector in general, by supporting its current and new corporate and commercial clients. The measure of the Bank's support will be assessed through its loan disbursements to the sector, both in terms of the value of disbursements and the number of enterprises supported.

Additionally, the Bank will focus on its role to contribute to the sustainability of the agricultural sector through the continued implementation of the Principles of Responsible Banking as prescribed by UNEP-FI by evidencing impact areas and initiatives adopted, and the development and implementation of the sustainability strategy, as well as programmes that will support the sector when it faces disasters and threats to its sustainability.

#### **14. Strengthen Governance and Compliance**

An effective Internal Audit function is an important assurance mechanism towards efficiency and effectiveness through the creation of an operative internal control environment which communicate and raises findings to improve the Bank's operations, and helps it to fulfil its compliance processes. The Bank is institutionalising solid internal control systems that best assist in the achievement of a clean audit outcome whilst creating efficiency, cost savings and the removal of inappropriate bureaucracy.

Entrenchment of Enterprise Risk Management across the Bank remains a critical basis for instilling a risk management and governance culture in the Bank. The implementation of the Enterprise Risk Management controls aims to achieve an acceptable Enterprise Risk Maturity Score.

The Bank has approved ethics management plan (EMP), ethics risk assessment (ERA) and ethics maturity strategy, which are aligned to the governance of ethics framework, as part of its continued efforts to institutionalise ethics in the organisation. The institutionalisation of ethics in the Bank will be monitored on a regular basis to ensure full implementation of the ethics management plan.

#### **15. Debt Refinancing / Broader Funding**

The Bank's financial performance is critical to ensure that it is able to fulfil its repayment obligations and to meet its covenants and undertaking under the LS5 debt restructure agreement. The Bank also needs to work on its fund raising initiatives to ensure that it is able to refinance the outstanding balance of its lender debt at the end of the tenure of the Liability Solution.

## 5.4 LAND BANK'S ROLE IN ENCOURAGING PRINCIPLES OF RESPONSIBLE BANKING FROM CLIENTS

The Bank works responsibly with its clients and customers to encourage sustainable practices and enable economic activities that create shared prosperity for current and future generations. To this end, Land Bank became a member of United Nations Environment Programme Finance Initiative (UNEP FI) in 2013 and in 2019, it became one of the 30 founding signatories to the 6 principles of responsible banking.

The Bank has established a Project Steering Committee comprising of a multi-disciplinary project team to facilitate and accelerate its responsibilities towards Principles of Responsible Banking. A phased approach for the implementation of the Project was adopted. The first phase of the implementation was the Awareness and Alignment Phase which was focused on understanding the expectation of UNEP FI for signatories. A major accomplishment during this phase was the creation of the appropriate governance structures to oversee the implementation of the PRB by Land Bank, and raising awareness among the Bank's staff.

Land Bank has adopted policies that support sustainable practices and enable economic activities that create shared prosperity for current and future generations. The Land Bank board has approved the **Climate Change policy** that encourages its employees, clients and customers to do business in an environmentally healthy and sustainable way.

The Bank has also updated its **Credit Decision** policy to reward clients who demonstrate adherence to the PRB sustainability goals in the application process. By providing clients, who qualify, with favourable interest rates during the application process, the Bank is encouraging clients to align with PRB goals and further enhances the Bank's commitment to PRB.

The Bank continues to implement the **Environmental and Social Risk Assessment (ESRA)** framework to all the new finance applications, and on reviews of facilities. This enables the Bank to direct clients towards responsible environmental and social practices and reduce these risks to the Bank.

Beside the policy framework, which ensures a directed approach to responsible banking practices, the Bank has implemented products to support its sustainability programme. The Bank's **Green Farming Facility**, is aimed at supporting clients who adhere to environmental friendly farming and production. The Bank has also established partnerships with third parties to deliver solutions for sustainable production and consumption beyond the Bank's current customers and client base.

The Bank, in partnership with the Department of Agriculture launched the Agro Energy Fund (AEF) in 2023. The AEF is aimed at providing funding support for the acquisition of alternative energy assets to alleviate the impact of power interruptions on farming operations and the agricultural sector. The

programme focuses on financing energy-intensive agricultural activities that include irrigation, intensive agricultural production systems and on-farm cold chain-related activities.

## 6. SITUATIONAL ANALYSIS

The Bank executes its mandate and seeks to achieve its strategic intent in a volatile environment, impacted by global, regional, and national events. In turn, the organisation requires alignment to the broader operating environment to enable delivery of its strategic intent.

### 6.1 MACROECONOMIC CONTEXT

#### Global Economic Growth

The latest International Monetary Fund (IMF) global economic outlook projects the global economy to grow by 3.3% in 2025 and 2026. This projection remains unchanged from October 2025 and below the historical average of 3.7% between 2000 and 2019. Economic growth in the United States is expected to reach 2.7% in 2025 supported by robust demand, favourable financial conditions and accommodative monetary policy stance. The Euro area is expected to grow by 1% in 2025, weighed down by negative sentiments as a result of geopolitical tensions. Nonetheless, growth in the Euro area is expected to grow by 1.4% in 2026 supported by strong domestic demand as financial conditions improve. In the emerging and developing economies growth will remain unchanged from 2024, at 4.1%. China is expected to growth by 4.6% and 4.5% in 2025 and 2026, respectively.

The IMF notes that the risk to the global economic growth outlook is the proliferation of protectionist policies such as new tariffs which could lead to trade wars. These protectionist policies are likely to lead to trade wars which will distort trade flows, disrupt global supply chains and lower investment. According to the IMF the protectionist environment is likely to affect global growth in the near and medium term.

The IMF January 2025 global economic outlook forecasts the global economy to grow by 3.2% in both 2025 and 2026 (see Table 4, below). The World Bank's January 2025 World Economic Prospects Report forecasts the global economy to grow by 2.7% in 2025 and 2026, respectively as outlined below.

Table 4: Global GDP Yearly Growth Forecasts (%)

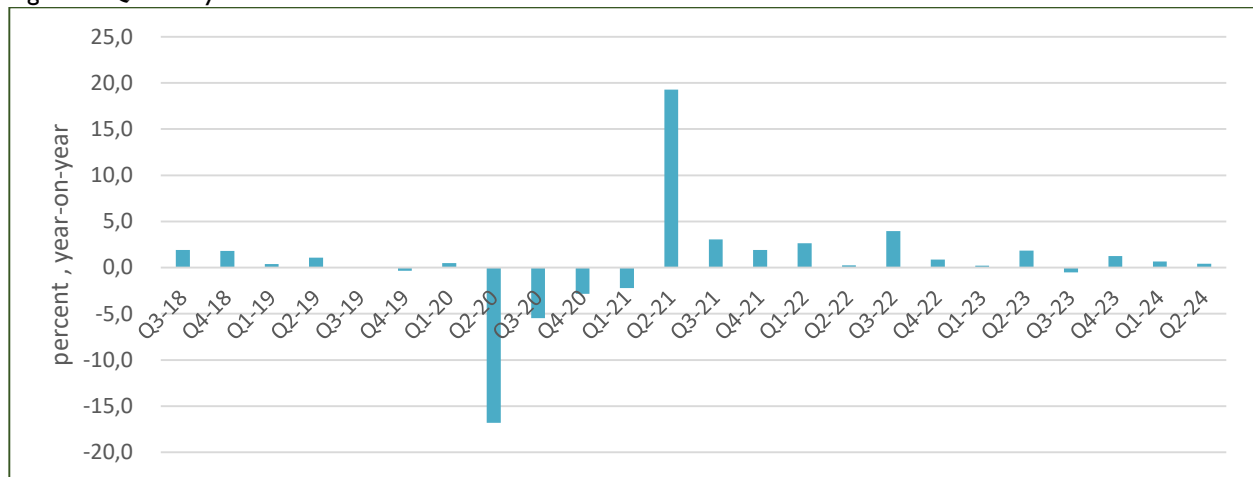
Agency	IMF			World Bank		
Year	2024	2025	2026	2024	2025	2026
<b>World</b>	3.2	3.3	3.3	2.7	2.7	2.7
<b>Advanced economies</b>	1.7	1.9	1.8	1.7	1.7	1.8
<b>Emerging market &amp; developing economies</b>	4.2	4.2	4.3	4.1	4.1	4.0

Source: IMF, World Bank Land Bank AEA.

## South Africa's Economic Growth

The South African economy grew by 0.4% (quarter-on-quarter, seasonally adjusted and annualised) in Q2 2024, after having contracted by 0.1% the previous quarter (Q1 2024). Seven out of ten sectors recorded some positive growth in Q2 2024. These included Electricity, gas & water (3.1%), Finance, real estate & business services (1.3%), Trade, catering & accommodation (1.2%), Manufacturing (1.1%), General government services (0.5%), Construction (0.5%) and Personal services (0.5%). Figure 5 below, shows the trends in quarterly GDP growth from Q3 2018 to Q2 2024.

Figure 7: Quarterly SA GDP Growth



Source: Stats SA, Land Bank AEA

The South African Reserve Bank (SARB) forecasts that the economy will grow by 2.7% in 2024. The growth in the South African economy will mostly be supported by improvements in electricity supply and logistics, which constrained most of the post-pandemic economic performance. The SARB expects the economy to grow by 3.0% and 3.1% in 2025 and 2026, respectively (see Table 5, below).

Table 5: GDP Quarterly Percentage Changes and Yearly Forecasts

Gross domestic product (Real)	Actual				Yearly forecast				
	Q1 2023	Q2 2023	Q3 2023	Q4 2023	Q1 2024	Q2 2024	2024	2025	2026
<b>Percentage changes</b>	0.2	1.9	-0.5	1.3	-0.1	0.4	2.7	3.0	3.1

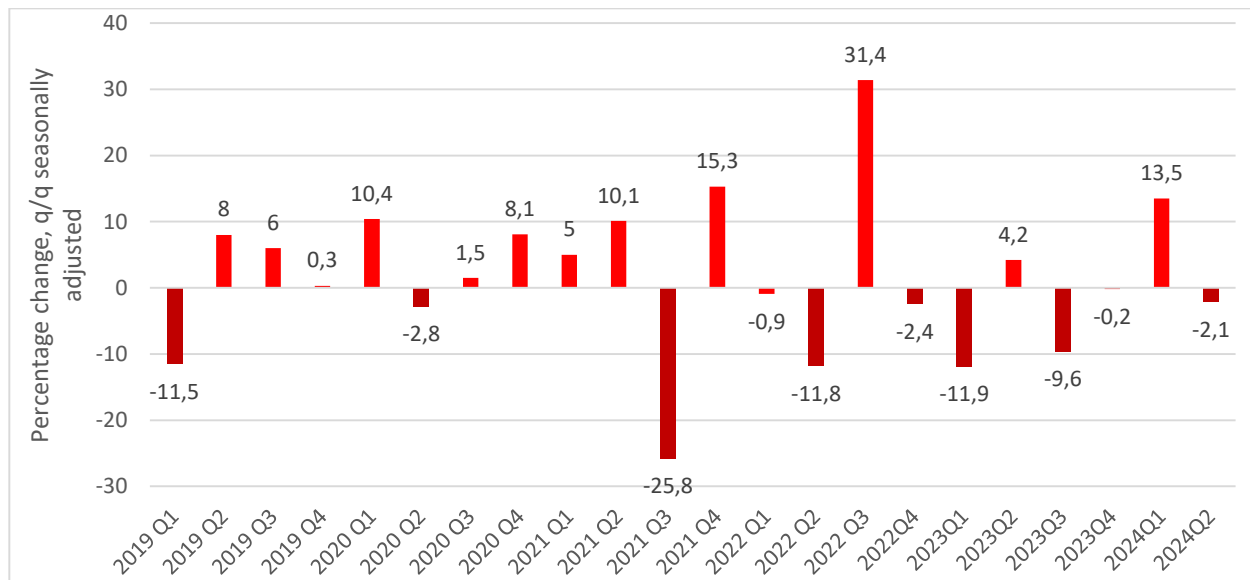
Source: SARB, Land Bank AEA.

## Agricultural GDP

Having grown by 13.5% (quarter-on-quarter, seasonally adjusted and annualised) in Q1 2024, the agricultural sector contracted by 2.1% (quarter-on-quarter, seasonally adjusted and annualised) in Q2 2024 (see Figure 6 below). The contraction in the agricultural sector was influenced by amongst other things lower than expected rainfall in some parts of the country which affected maize and soybean production, the production of sugarcane in KwaZulu-Natal and the foot and mouth disease that affected sheep and pork production.

Nonetheless, in the medium term, the forecasts indicate a rebound for the agricultural sector influenced by improvements in logistical constraints, improvements in power supply and the lower interest rate environment.

Figure 8: Real Growth Rate in Agriculture, Forestry and Fishing Industry

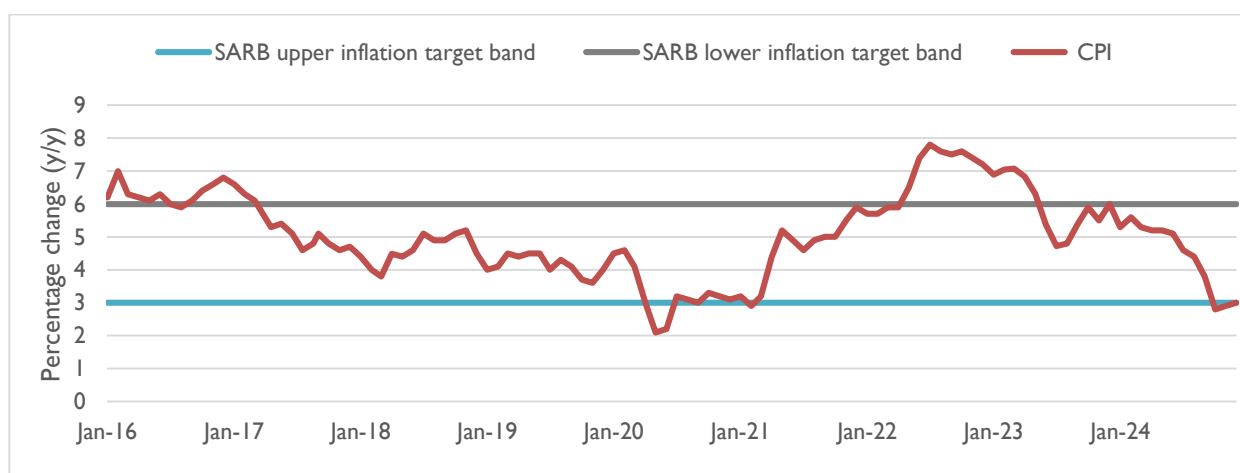


Source: Stats SA, Land Bank AEA.

## Inflation

The annual headline consumer price inflation (CPI) increased further to 3.0% year-on-year (y/y) in December 2025 from 2.9% y/y the previous month (see Figure 7, below). This increase was still lower than the 3.3% y/y predicted by most analysts. The average CPI for 2024 came in at 4.4%, compared to the 6.0% average registered in 2023. As expected, the rise in inflation in December was driven by rising fuel costs. For the second month, fuel prices were less deflationary at -10.2% y/y in December 2024 from -13.6% y/y in November 2024.

Figure 9: Consumer Inflation (%)



Source: Stats SA, Land Bank AEA.

The 2024 CPI average of 4.4% is almost in line with the South African Reserve Bank’s (SARB) forecast. In the last MPC meeting, held in November, the SARB forecast indicated that headline CPI would average 4.5% in 2024 and 4.0% for 2025, respectively (see Table 6, below). The Bureau of Economic Research (BER) forecast average CPI for 2024 was 4.7%. Table 6 below, shows the headline CPI forecasts from BER from 2024 to 2029, as of October 2024. Domestic inflation has bottomed out but the rebound has remained moderate. The risk to domestic inflation remains the latest increase in electricity tariffs by the National Energy Regulator of South Africa (NERSA) which are likely to feed into the CPI.

Table 6: CPI Forecasts

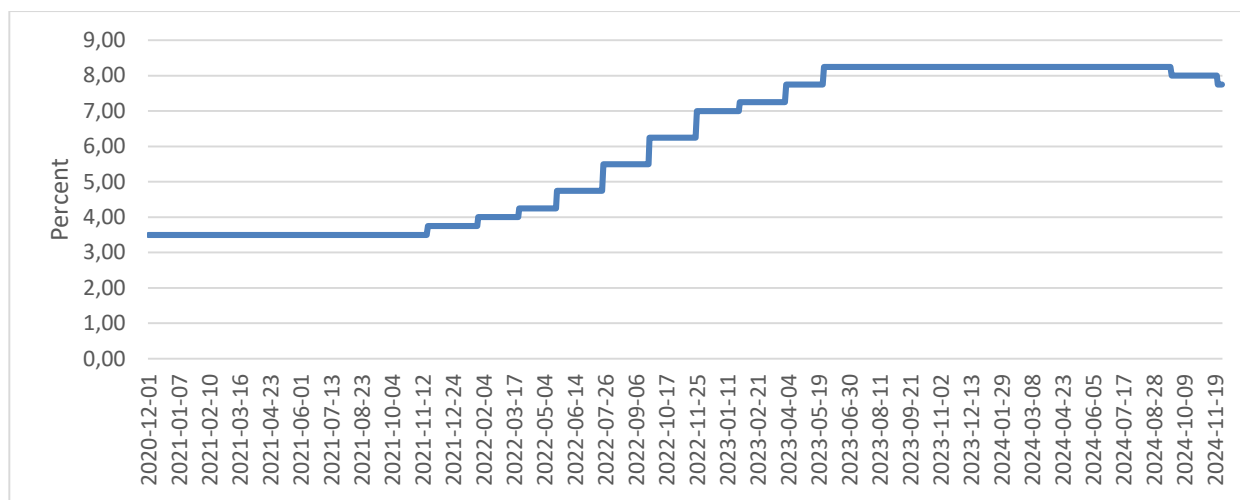
Year	2024	2025	2026	2027	2028	2029
<b>CPI forecast (%)</b>	4.8	4.6	4.5	4.4	4.4	4.4

Source: BER, Land Bank AEA.

### Interest Rates

On January 30, 2025, SARB’s MPC announced a 25-basis-point reduction in the repo rate, lowering it from 7.75% to 7.50% (see Figure 8, below). This decision was widely expected by market analysts given the low interest rate environment. Despite the rise of consumer price inflation (CPI) to 3.0% year-on-year (y/y) in December 2024 from 2.9% y/y the previous month, the CPI was still below the 4.5% midpoint. As noted in our last inflation commentary, the risk to domestic inflation remains electricity tariffs. The National Energy Regulator of South Africa (NERSA) announced electricity tariff hikes on 30 January 2025. NERSA approved increases as follows: 12.7% in 2025/26, 5.3% in 2026/27 and 6.19% for 2027/28. It is worth noting that ESKOM had requested tariff increases as follows: 36.15% in 2025/26, 11.0% in 2026/27 and 28.9% for 2027/28. In addition, the weak rand against major global currencies is likely to feed into domestic inflation.

Figure 10: Repo rate movements



Source: SARB, Land Bank AEA.

The agricultural sector has been experiencing weather related challenges induced by recent drought conditions. The recovery is already underway with the resumption of the rainfalls in the last two months. A lower interest rate environment is likely to aid in the recovery of the sector. A lower interest rate environment is expected to reduce financing costs, including borrowing for enterprise expansion and servicing existing debt. This is likely to reduce non-performing loans and increase the Bank’s profitability.

## 6.2 OPERATING ENVIRONMENT OVERVIEW

### CLIMATE OVERVIEW

The El Niño-Southern Oscillation (ENSO) is currently still in a Neutral state and is predicted to weaken further. Current predictions indicate the development of a weak La Niña state during the start of the summer season, however, there is still significant uncertainty in the predictions. It is advised to monitor the ENSO system during the start of the summer season, as it may change the rainfall outlook for the summer rainfall regions if and when the La Niña materializes, according to the Seasonal Climate Watch from November 2024 to March 2025 by the South African Weather Service (SAWS).

Current predictions indicate above-normal rainfall for most north-eastern summer rainfall regions during the entire summer period. These above-normal rainfall forecasts would likely have a positive impact on crop and livestock production in these areas. However, some interior regions however still indicate below-normal rainfall during the mid- and late-summer seasons and farmers will have to exercise caution in those regions.

## SECTOR PERFORMANCE

### Field Crops Industry

The 2024-25 winter crop is generally in good condition despite a challenging start to the season. The winter grain planting season had received abundant rain and in some parts stormy weather during July, the effects of which were damaging to certain parts of the Overberg region. The heavy rainfall was concentrated in the Southern part of the Western Cape and surrounding areas. At that stage, the canola crop had come under strain with the rain while the majority of the wheat crop still looked favourable.

On the 26th of September 2024, the Crop Estimates Committee (CEC) revised the 2024-25 winter crop forecast upwards by 2% from the previous month, totaling an estimated 2.72 million tons. Increases were noted in canola, wheat, and sweet lupines. This represents a slight decrease from the final 2023 winter crop production of 2.72 million tons. Current estimates provide some reassurance about the size of the supplies moving forward for the winter grains crop. However, the season ahead and weather conditions will determine if production continues tracking behind last year's output.

Moving over to summer grains, following four years of good rainfall and a plentiful summer crop, 2024 marked a shift to El Niño weather patterns, leading to extremely warm and dry conditions during mid-summer. During the latter part of February 2024 and through March, heat and dry conditions prevailed in the summer planting areas of South Africa. This change lowered yield levels for summer crops and oilseeds, especially in the Western production regions, which are crucial for South Africa's white maize production. As a result of these adverse conditions, there is a notable 23% reduction in summer crop production compared to the previous year. This has created concerns about domestic maize supply availability. As a result, South Africa has halted most deep-sea maize exports and estimates point to a need to import around 440,000 tons to address the supply shortfall. Meanwhile, white maize prices have increased substantially this season compared to yellow maize, with the price difference exceeding R1000 per ton. The large premium over yellow maize is driven by the tight supply situation. The average spot price for white maize in September 2024 was 41% higher than in September 2023, while yellow maize was up just 9%.

Looking ahead, the forecasted La Niña for the upcoming 2024/2025 planting season offers hope for more favourable agricultural conditions, with expectations of increased rainfall and cooler temperatures. This shift could potentially improve the challenges faced in the previous season, providing South African farmers with an opportunity to recover from the El Niño-induced difficulties. As the market adjusts, there is cautious optimism that the coming season will bring improved yields and stability to the agricultural sector.

The depiction of the RAG<sup>2</sup> colour classification is as follows:

- Green shows industries that are showing positive outlook despite current conditions.
- Red refers to those industries that are under pressure based on the assessments that are done during the review of the clients including the market reports; and
- Industries not reflected above will be assessed on a case-by-case basis.

Table 7: Field Crops Performance

Industry	Current Performance	Outlook	Challenges	Rating
<b>Maize</b>	Production declined 21% in FY24 due to drought conditions	Market expected to recover in FY25 with rainfall projected to improve, Irrigation scheduling and grain drying more consistent without disruptions. Reduces risks	Switched from net exporter to importer in FY25, Tighter supplies	
<b>Soya beans</b>	Production declined 35% in 2024 due to drought conditions	Market expected to continue expanding driven by experience, profitability, rotation benefits and technology	Weather variability, production declines	
<b>Sunflower</b>	FY24 production declined 12% to 635,750 tons due to drought	Anticipated La Nina can help production	Drought impact on yields from the mid-summer drought, yields could improve in the next year	
<b>Sorghum</b>	Production up 2% in 2024 forecast vs. 2023 final	Positive, supportive weather outlook	Quelea birds forcing farmers to plant bitter sorghum, VAT imposed on food products, low profit margins	
<b>Wheat</b>	Decent harvest, SA relies heavily on imports	Positive	Heavy rains in WC, main producer area	
<b>Barley</b>	Production up 6% in 2024 forecast vs. 2023 final	Prospects remain positive with 6% increase forecast for FY25	Managing quality with heavy rainfall	

<sup>2</sup> The risk grading provided is at a point in time and may change from one season to another

Industry	Current Performance	Outlook	Challenges	Rating
<b>Canola</b>	Production up 25% in 2024 forecast vs. 2023 final	Positive	Managing quality with heavy rainfall	
<b>Oats</b>	Production up 67% in 2024 forecast vs. 2023 final	Positive	Managing quality with heavy rainfall	
<b>Sugar</b>	The FY24 season's sugarcane crop size and quality were slightly higher than FY23 but below historic averages. The FY24 season brought a significant 36.7% increase in the sugarcane grower price.	La Nina forecast bringing expectations of increased rainfall	Flooding, insufficient milling capacity, and pest pressures impacted yields and quality in the FY24 season, Health Promotion Levy (sugar tax)	
<b>Cotton</b>	The 9th estimate is 87 018 lint Bales, indicating a crop higher than what was expected.	Strong competition from competing crops	Geopolitical tensions and economic uncertainties, Global cotton prices for FY25 are estimated to be at a five-year low due to the projected increase in global ending stocks, which are expected to rise to 19 million tonnes. The higher production relative to consumption exerts downward pressure on prices.	

## Livestock Industry

The livestock industry continues to be the biggest contributor to the GDP in Agriculture; however, animal diseases continue to be a significant challenge to sustainable livestock farming in South Africa. South Africa continues to battle open outbreak cases of Foot and Mouth Disease (FMD), Highly Pathogenic Avian Influenza (HPAI) and African Swine Fever (ASF).

After being devastated by avian influenza outbreaks in 2023, resulting in the culling of nearly 30% of South Africa's poultry flock, the industry is starting to rebuild and recover. The number of point-of-lay pullets entering farms is increasing, with current layer hen capacity estimated at around 20 million, up from 18-19 million earlier in 2024. Production is projected to reach 20 million layers by November 2024 to meet holiday demand, and return to normal levels of 27 million layers by mid-2025. This recovery of the breeding flock after the last outbreak in early 2024 is a positive sign for the industry. As pullet numbers rise, national egg production should also increase back toward normal levels, ensuring domestic consumer

demand can be fulfilled. The higher egg prices caused by reduced supply may also help farmers cover rising production costs and retain profits. Lower feed costs and improved electricity supply have further eased pressure on producers. Overall, the industry appears on track to rebound from the effects of avian influenza, despite ongoing challenges. This recovery will help stabilize egg supply and pricing after the fluctuations caused by the outbreaks.

In addition to avian influenza concerns, farmers continue to deal with Foot and Mouth Disease (FMD). FMD outbreaks have impacted South Africa over the past five years, with cases reported in seven provinces since January 2019 compromising the country's FMD-free status. Uncertainty remains around disease transmission, as auctions were previously deemed the primary source but spread now appears more widespread across the value chain. Ongoing FMD presence, especially recent outbreaks in the Eastern Cape dairy industry, prompts continued vigilance and adherence to movement restrictions, reporting procedures, quarantines, and biosecurity protocols. The persistence of FMD in affected regions despite control measures indicates challenges still exist in limiting spread. Nationwide, livestock farmers must restrict animal movements and engage in rigorous biosecurity to contain the disease.

This highlights the enduring biosecurity issues that have long been a concern for South Africa's livestock industry. The struggle to protect the nation's livestock from disease outbreaks is a continuous effort, requiring vigilant measures and strong biosecurity protocols to safeguard agricultural assets. The Land Bank continues to support its clients in the normal course of business through forbearance programs to assist the farmers when events of this nature would have occurred. Unless the Bank does so in all sectors when disasters occur, the basic food will become too expensive and unaffordable as the market responds to the demand and supply.

Moving away from animal diseases, several factors are currently adding pressure to the livestock market. Firstly, grazing conditions have deteriorated following a mid-summer drought coupled with harsh winter conditions, reducing the availability and quality of pasture. In response to these challenging conditions, farmers marketed their animals. Additionally, veld fires during the winter have further reduced grazing capacity, exacerbating the strain on available resources for healthy livestock maintenance. Meanwhile, consumer spending power is also under pressure, likely affecting demand for livestock products. These combined challenges can be deemed to add a bearish tone to the livestock complex. The next few months' rainfall is vital to improve the vegetation conditions.

The industry also saw an increasing footprint of South Africa's agricultural products in the international markets. In August 2023, the Minister of Agriculture, Land Reform, and Rural Development announced that it had secured new export markets for avocados, beef, and other animal products to countries such as Saudi Arabia and China. The Bank welcomes the pursuit of new export opportunities, as it aligns with the goals of growing a competitive, resilient, and export-oriented agriculture. It not only benefits individual

farmers and agribusinesses but also contributes significantly to the economic development and stability of the country.

Table 8: Livestock Performance

Industry	Current Performance	Outlook	Challenges	Rating
<b>Feedlot</b>	Beef market under pressure, high maize prices intensify the situation. Expected rainfall can assist with high maize prices in the next season	Export-driven growth as domestic demand remains weak	Electricity supply, biosecurity, Animal disease control	Red
<b>Beef cattle (extensive)</b>	Dry weather conditions and weak market prices, Drought conditions elevated pace of slaughter	Export opportunities	Biosecurity, FMD still ongoing, lack of affordability	
<b>Dairy</b>	South Africa was a net exporter of dairy products in 2023, the first time since 2014.	Export opportunities to grow further, Volumes under pressure given economic climate	Biosecurity, Recent outbreak of FMD in dairy farms	Red
<b>Lamb &amp; Mutton</b>	Dry weather conditions, expected favourable conditions in the 2025 season	Neutral	Biosecurity, FMD still ongoing, stock theft, lack of affordability (Increasing difficulty for consumers to purchase lamb and mutton due to rising prices)	Yellow
<b>Wool</b>	The Chinese will accept a compartmentalisation of the import of South African beef products. In the past, an outbreak of foot-and-mouth anywhere in the country would have led to a shutdown of the entire beef export market	Recovery phase, Export demand projected to grow	Foot and mouth disease, stock theft, biosecurity, Pressures from animal rights groups	
<b>Mohair</b>	Upward price trajectory in late 2023 benefited producers	Increasing awareness of natural fibre benefits supporting demand	Foot and mouth disease, biosecurity	Yellow
<b>Broilers</b>	Disease management, investment in alternative energy	Recovery	Electricity supply and costs HPAI	Red
<b>Eggs</b>	Prices remain high due to supply constraints from bird flu, Layer flock recovering, currently around 20 million	Prices expected to stabilize and gradually decline as layer flock recovers, industry must recover from HPAI, Flock projected to reach 27 million layers again by mid-2025	Rebuilding layer flock after bird flu outbreaks, Managing biosecurity protocols	
<b>Pigs</b>	Favourable pork prices in 2023, While pork prices in 2024 started the year lower than 2023 levels, prices have recovered in the last few months.	Dry conditions not supportive to feed costs, with improved electricity supplies, lower production costs benefit intensive operations. Cold chain consistency improves pork quality.	Lower consumer demand and/or purchasing power, load shedding, ongoing African swine fever (ASF) outbreak	

Industry	Current Performance	Outlook	Challenges	Rating
Ostrich	SA remains dominant producer globally with 70% market share	International demand recovery following Covid-19	Environmental sustainability concerns	

## Horticulture Industry

The South African fruit industry has seen steady growth and expansion in recent years. This is largely driven by increasing global demand for fruits, improved production technologies, and greater access to international markets through trade agreements. The South African horticulture industry however continued to face challenges ranging from among others cold chain interruptions as a result of rolling blackouts which impact quality and storage costs, pressures on consumers' disposable income, stricter market requirements implemented by the European Union on the citrus industry.

Over the past year, the Western Cape has faced multiple severe weather events that have compounded challenges for the agricultural sector, specifically horticulture. Early frosts, severe flooding in June and September 2023, and stormy conditions in April and July 2024 have all caused damage to infrastructure and crops. These erratic and extreme weather conditions have disrupted transport routes and delayed farming activities critical for producing and exporting crops. The increased frequency of adverse weather events poses mounting difficulties for Western Cape farmers to contend with on top of existing uncertainties. The volatility of conditions has made planning and managing operations more difficult. As climate change escalates, unfavourable weather is becoming more pronounced and disruptive for agriculture in the region.

The past two years have financially impacted growers significantly due to logistical challenges and inefficiency at the ports. Hortgro has acknowledged a potential improvement in the logistical issues, especially at the Port of Cape Town, yet anticipates another challenging season ahead, necessitating the continued use of alternative shipping methods to come in the immediate future and to alleviate pressure on the Container Terminal and ensure timely delivery and quality of fruit. It can however be said that the efficiency at the ports this year was significantly improved over what was seen in 2023, due to efforts from Transnet.

The horticultural industry remained resilient during the mid-summer drought, of 2024 due to the use of irrigation. Dependable energy supplies further boost production in this subsector. The suspension of load-shedding has enabled irrigation and thus increased the supply of vegetables. The consistent energy supply, marked by over 200 days without load-shedding, has further alleviated costs. Eskom's recently released summer outlook projects a continued absence of load-shedding from September 2024 through March 2025.

Table 9: Horticulture Performance

Industry	Current Performance	Outlook	Challenges	Rating
<b>Deciduous Fruit</b>	Expected increase in apple and pear exports, Opening of Thailand as a new market for apples, stone fruit to gain access to the Chinese market	Positive but not high growth	Ports problems, lower apple supply volumes, delays due to wind and fog, Western Cape floods and heavy rains, hail damage	
<b>Table Grapes</b>	The table grape sector is recovering, improved export volumes and prices, Cold temperatures experienced during the past winter season was a positive indicator for a good quality crop, continued increase in white seedless cultivars,	Positive	Heatwaves, seeded cultivars are declining. Challenging weather conditions, increased competition, and wetter La Niña cycle.	
<b>Wine Grapes</b>	Exceptional 2024 harvest,	Signs of bouncing back following Covid-19	Ports, frost and floods problems, unpredictable weather	
<b>Wine cellars &amp; Estates</b>	Consumer demand remains under pressure.	Signs of bouncing back following Covid-19, Prices starting to improve	Frost, floods, droughts, Challenging recent years with logistical disruptions, limited market access, rising input costs	
<b>Nuts (Pecans &amp; Macs)</b>	Macadamia nut prices have rebounded driven by strong demand and a smaller-than-anticipated crop resulting in early stock depletion and higher prices especially for kernels.	Recovery	Climate variability and global competition	
<b>Mangoes</b>	Introduction of four new mango cultivars tailored for South African conditions. Increased productivity, market diversification	Positive	Infrastructure challenges,	
<b>Avocados</b>	The 2024 export season to the European Union looks promising, potential opening of markets in China, Japan, and India, Expected increase in exports.	Positive	Climate variability, global competition, quality concerns and consumer education in India persist.	
<b>Litchis</b>	Suffered from the heat	Positive	Climate change caused by severe storms and heatwaves.	
<b>Pineapples</b>	Emergence of creative applications for pineapple, South Africa still exports more pineapples than it imports	Positive	Climate change	
<b>Bananas</b>	Banana industry occupies a unique niche within the broader agricultural landscape, South Africa's banana industry is largely focused on local consumption	Positive	Operational costs, pests, diseases, input costs and labour force, cold winters, frost	

Industry	Current Performance	Outlook	Challenges	Rating
<b>Blueberries</b>	Current fruit are obtaining very good prices, Frost caused up to 2,000 ton shortage in early Northern harvest	Increasing sustainability practices needed, Recovery phase	Frost damage, loss of early fruit	
<b>Potatoes</b>	Price increases, reduced potato production	High growth	Ban on South African Vegetable, agricultural water usage restrictions (limitations imposed on the amount of water that farmers can extract for irrigation purposes, especially during periods of drought or in regions facing water scarcity), ecological risks, economic hardship, severe black frost	
<b>Tomatoes</b>	Lower tomato volumes, concomitant rise in prices, high-quality class one tomatoes and niche tomatoes (mini plums and cherry tomatoes) are in short supply,	High growth	Ban on South African Vegetables (The government of Botswana has announced a phased lifting of restrictions on vegetable imports from South Africa. The lifting of Botswana's restrictions will occur in two phases. The first phase, effective immediately, allows imports of items such as turmeric, pumpkin, sweet potatoes, green peas, mushrooms, and eggplant. The second phase, slated for April 2025, will include staple items such as potatoes, onions, tomatoes, butternut, and watermelon), Unseasonal rain, excessive heat, burst fruit, unpredictable weather conditions	
<b>Other Vegetables</b>	Disparity in volume	Positive, high growth	Ban on South African Vegetables, Market diversity (A mix of premium, organic, and budget-friendly vegetable options in the market), price volatility	

Based on a sector review conducted by the Agricultural Economics and Advisory division, the above commodity overview provides a sense of performance, challenges and outlook per commodity.

In conclusion, the Bank will focus on originating transactions for commodities that:

- Create job opportunities (labour intensive);
- Are aligned to the Agricultural and Agro-processing Masterplan priority commodities, Poultry Masterplan and Sugar Masterplan;
- The bank, as part of its strategy, will be setting up appropriate mechanisms to also support the following industries: aquaculture, cannabis and wine, although the latter two do not fall within the food security objective but rather fulfil job-creating objective as they are labor-intensive;
- Furthermore, the bank is also managing the EU Wines and Spirit Fund which will require for some transactions a loan component to complement the total project costs which further necessitates the bank to reconsider its support for the industry.

## Summary

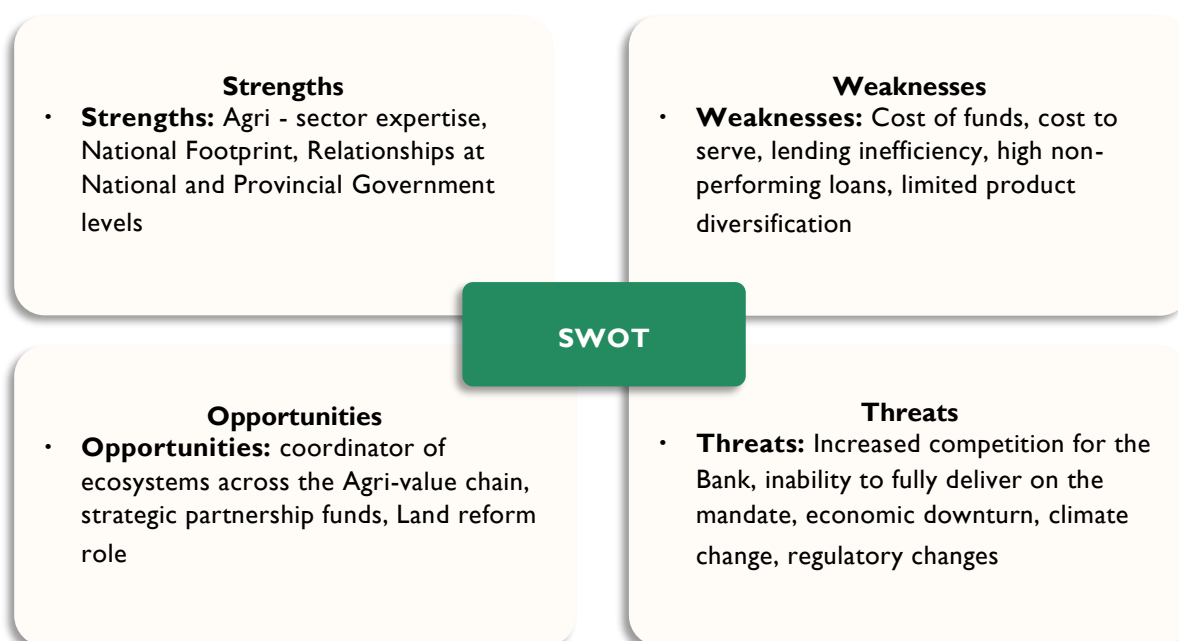
Following the Bank's default position in 2020, the bank has continued to build on investor confidence over the years, improving its relationships with its clients to improve customer experience. The Bank's efforts are also starting to have positive effects with commercial clients showing willingness to do business with the Bank once again. Land Bank remains focused on serving both the South African commercial and new generation segments by bringing specially designed financial services within the reach of farmers across the nation.

The primary factors of concern for the agriculture industry continue to be persistent disruptions to electricity supply, which has been a significant issue since December 2022, rising input costs, increasing protectionism in export markets, outbreaks of diseases like Foot-and-Mouth Disease (FMD), a higher interest rate environment, geopolitical tensions, and deteriorating infrastructure that hikes business costs. However, there has been a notable improvement in the energy sector, with over 300 days recorded without load-shedding as at end of January 2025, reducing some operational costs. Eskom's latest summer outlook anticipates a continued stable energy supply, projecting no load-shedding through to March 2025. This improvement in energy reliability provides a temporary reprieve from one of the many pressures facing the agriculture sector.

## 6.3 SWOT ANALYSIS

Looking at the Land Bank holistically, the Bank's strengths, weaknesses, opportunities and threats can be summarised as follows:

Figure 11: SWOT Analysis



## **Strengths:**

**Specialization in Agricultural Finance:** Land Bank's focused approach on agricultural finance positions it as a specialized institution, allowing for in-depth understanding and tailored financial solutions for the agricultural sector.

**Government Support:** Being a state-owned entity, Land Bank benefits from government backing, providing stability and access to resources.

**Extensive Network:** The bank's extensive network and presence across agricultural regions in South Africa enable it to effectively reach and serve a diverse range of clients.

**Expertise in Agricultural Research:** Land Bank's collaboration with other state owned entities enhances its knowledge base and allows it to stay informed about industry trends and challenges.

## **Weaknesses:**

**Exposure to undiversified Agricultural Sector risks:** Land Bank's sectoral focus in the agricultural sector makes it vulnerable to fluctuations in commodity prices, weather patterns, and other industry-specific risks.

**Financial Challenges:** The bank has faced financial challenges in the past, requiring government interventions, which might impact its financial independence and restricted ability to raise affordable funding in the debt markets.

**Limited Product Diversification:** A relatively narrow range of financial products may limit Land Bank's ability to cater to evolving needs in the agricultural sector. The Bank does not offer transactional banking services and is not a deposit taking institution. This limits the Bank's opportunities for diversified revenues and non-interest income.

## **Opportunities:**

**Technological Integration:** Embracing technological advancements in financial services can enhance operational efficiency, improve customer experience, and provide innovative financial products.

**Diversification of Services:** Exploring opportunities beyond traditional financing, such as advisory services, risk management, or sustainable agricultural practices, as well as strategic partnerships can broaden Land Bank's service offerings.

**Collaboration with Agri-Tech:** Partnering with agricultural technology companies can lead to the development of cutting-edge solutions, supporting both farmers and the bank's growth.

**Green Financing:** The increasing focus on sustainability opens avenues for Land Bank to engage in green financing, supporting eco-friendly agricultural practices.

## **Threats:**

**Economic Downturn:** Economic uncertainties and downturns can adversely impact the agricultural sector, leading to increased default risks and loan delinquencies.

**Climate Change:** The agriculture sector is highly susceptible to climate change, including unpredictable weather patterns, droughts, and floods, which can negatively affect crop yields and farmer income.

**Competition:** Intensified competition from other financial institutions in the agricultural finance space may challenge Land Bank's role in the sector and limit it from clawing back lost market share.

**Regulatory Changes:** Changes in government policies or regulations may impact Land Bank's operations and financial structure.

This SWOT analysis provides an overview of Land Bank's internal strengths and weaknesses as well as external opportunities and threats. It's crucial for the Bank to leverage its strengths, address weaknesses, capitalize on opportunities, and mitigate threats to ensure sustainable growth and resilience in a dynamic environment.

## **6.4 OPERATIONAL CHALLENGES FACING THE LAND BANK**

The strategy review process has revealed a combination of external and internal factors that converge to impact on the ability of the Bank to fulfil its developmental mandate. The following issues are currently shaping the Bank's operational environment:

### **1. Origination Optimisation**

- Less than satisfactorily optimised origination process resulting in slow Turnaround Time for the assessment of loan applications and disbursements.
- Pipeline needs to be supported and strengthened through strategic partnerships.
- Client pre and post support needs to be effectively embedded in the origination process.
- Systems integration is required to enhance client experience.

### **2. Capacitation and Performance Management**

- Capacity gaps in key areas of the business and support areas are impacting effectiveness.
- Performance levels and employee motivation need improvement.
- Staff morale needs to be built following the organisation restructure process.
- A Reward and Consequence Management programme needs to be implemented.
- Increased access to learner development is needed.
- Effective implementation of the template for improving provincial performance is required.

### 3. Client Centricity and Timeous Approvals of Facilities

- The Bank has previously not been able to address all its clients' seasonal financing needs – there is a need to improve the alignment of the Bank's banking activities to the various crop seasonality calendar.

### 4. Communications and Client Education Programme

- There are many client applications and enquiries that may be avoided if prospective clients had sufficient information on the requirements for successful applications.

### 5. Policy Optimisation

- Some policies may be prohibitive and needs optimisation.

### 6. Mitigations interventions for the above identified challenges:

A Business Improvement Plan has been developed which covers potential interventions that have been divided into five key parts.

- **Origination:** A new department for Process Reengineering and Business Optimisation has been created, with a new HOD appointed. The main responsibilities of the department are to review all the Bank's critical processes and policies in order to streamline them along with their supporting systems, and for these to respond to the market context and appropriate norms for risk assessment.
- **Capacity and Capability Gaps:** A new Operating Model and Organisational Structure has been developed, and is being implemented. Some of the new capabilities implemented are a new Partnership Development and Ecosystem Coordination function to develop a healthy pipeline of potential financing opportunities and pre and post-finance support for clients, the embedment of the Relationship Management model and filling of the roles to fulfil this important origination and monitoring role.
- **Client Centricity and Timely Approvals of Facilities:** Ensuring a customer-focused approach and prompt approval of client facilities, and disbursements thereof.
- **Communications and Client Education Programmes:** Enhancing communication strategies and implementing educational programmes for clients.
- **Policy Optimisation:** Reviewing and optimising existing policies (and norms) for better alignment with current needs and goals.

## 6.5 ENABLERS

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

1. **Strong Governance and Ethical Leadership:** to ensure transparency, accountability, and adherence to high ethical standards.
2. **Robust Risk Management and Compliance:** to safeguard the bank's financial health and minimize exposure to risk.
3. **Innovative Financial Products and Services:** to provide accessible, tailored financial solutions that meet the needs of diverse client segments.
4. **Client-Centric Service Model:** to put the needs of farmers and agricultural businesses at the center of the bank's service offerings.
5. **Digital Transformation and Technology Integration:** to enhance operational efficiency, service delivery, and client engagement through technology.
6. **Strategic Partnerships and Alliances:** to amplify impact and pool resources through collaboration with key stakeholders.
7. **Sustainable Funding Sources:** to ensure financial stability and resilience by diversifying funding sources.
8. **Talent Management and Capacity Building:** to cultivate a skilled, motivated, and knowledgeable workforce that can drive strategic goals.
9. **Environmental and Social Responsibility (ESR):** to promote sustainable and inclusive practices that align with global environmental and social standards.
10. **Data-Driven Decision Making:** to improve strategic planning and operational effectiveness through data insights.

## 7. LAND BANK TARGETS

To secure stable and consistent execution of Land Bank's strategic turnaround plan over the three-year planning horizon, transparency on performance across the organisation will be ensured. This will be done through a set of key performance indicators (KPIs) set out in the FY26 Shareholder's Compact.

Land Bank's performance at Corporate level will be evaluated primarily against the Shareholder Compact as a whole and the Minister will be provided with quarterly reports on progress towards achieving these targets. The achievement of set targets will be anchored through disciplined execution and by hard-wiring, and cascading these performance indicators and targets in employees' performance contracts.

While the Shareholder Compact, which will be agreed to between the Board and the Minister of Finance provides for 23 Key Performance Indicators for Land Bank at a Corporate Level, there is an appreciation

that in order to deliver on the Corporate KPIs the Bank needs to ensure that the second tier level of KPIs at functional and divisional level are appropriately determined, tracked and monitored. A second tier Scorecard has been developed to measure the functional and divisional performance against the Bank's Strategic Priorities for the year.

## 7.1 Land Bank Corporate Scorecard for FY26

Table 10: Land Bank Corporate Scorecard

KPA	WT	OBJECTIVE	WT	KPI	FY25 BASELINE <sup>3</sup>	ANNUAL TARGET	QUARTERLY TARGET	
Development Effectiveness	30%	Facilitate development and transformation of the agricultural sector	20%	Blended Finance Debt Disbursements (majority black owned entities, as per BFS eligibility criteria)	R523m	R700m	Cumulative Q1: R140m Q2: R280m Q3: R560m Q4: R700m	
			10%	Agro-Energy Fund Loan Disbursement	R28m	R355m	Cumulative Q1: R71m Q2: R142m Q3: R284m Q4: R355m	
		Financial support provided for development effectiveness	10%	Designated groups at participation ownership level: <ul style="list-style-type: none"> <li>Black female</li> <li>Black youth</li> <li>People with disability</li> </ul>	49	50	Cumulative Q1:12 Q2: 24 Q3:38 Q4: 50	
			10%	Percentage of approved clients provided with Pre and Post Finance Support	29%	40%	40%	
		Provide financial support to the agricultural sector	20%	Debt Disbursements to non-Blended Finance clients	R580m	R500m	Cumulative Q1: R100m Q2: R200m Q3: R400m Q4: R500m	
		Sustainability	10%	<ol style="list-style-type: none"> <li>ESRA</li> <li>Embed ESG commitments towards Principles for</li> </ol>	All category A and B risk Environmental and Social Risk Assessments (ESRA) rated disbursed transactions contain ESRA conditions.	100%	100% of all transactions	100% of all transactions per Quarter

<sup>3</sup> Baseline figures are forecasted year end amounts

		3. Responsible Banking (PRB) Ensure sector sustainability by coordinating Disaster relief	10%	Percentage achievement of Project Plan to evidence progress towards committed Social and Natural Capital initiatives (including the annual publication of PRB Report submitted to UNEP FI).	80%	80%	Cumulative Q1: 20% Q2: 40% Q3: 60% Q4: 80%	
			10%	The value of repayment forbearance undertaken in support of Clients impacted by Disasters	R1.8bn	R1.8bn	Cumulative Q1: R360m Q2: R720m Q3: R1.44bn Q4: R1.8bn	
<b>KPA</b>	<b>WT</b>	<b>OBJECTIVE</b>	<b>WT</b>	<b>KPI</b>	<b>FY25 BASELINE</b>	<b>ANNUAL TARGET</b>	<b>QUARTERLY TARGET</b>	
<b>Financial Sustainability</b>		Adherence to Liability Solution Undertakings	20%	Monitor adherence to Financial Covenants and Undertakings of Liability Solution(tracking tool)	Liability Solution Concluded – Debt Default Cured on 16 September 2024	100% Adherence to the Liability Solution Undertakings for the year.	100% Adherence to Undertakings due for the quarter.	
	30%	Improvement of Loan Book Quality	20%	NPL ratio	56.2%	46.3%	46.3%	
		Profitability		20%	Cost to Income ratio	41.1% <sup>4</sup>	73%	73%
				20%	Generate Non-interest income	R38.8m	R98m	Cumulative Q2: R28m Q3: R70m Q4: R98m
				20%	Net Interest Margin (excluding interest in suspense)	7.1%	7.4%	7.4%

<sup>4</sup> The baseline has been positively impacted by the once-off benefit resulting from the interest income generated through the equity funds held in the Escrow account

KPA	WT	OBJECTIVE	WT	KPI	FY25 BASELINE	ANNUAL TARGET	QUARTERLY TARGET
Stakeholder Management & Client Centricity	10%	Improve turnaround time to clients	40%	Turn-around times: <b>Initial Assessment to Credit Decision</b> (working days)	50 days based on <b>Due Diligence to Credit Decision</b>	90 days [The increase in targeted days results from changing the measure to cover the period from the time that the clients submit their applications to when the decision is made]	90 days
		Improve the Bank's reputation among Stakeholders	30%	Net Reputation Score, conducted by media monitoring company	15%	7%	7%
		Client retention	30%	Client attrition rate [by Rand Value Exposure]	14%	10%	10%
KPA	WT	OBJECTIVE	WT	KPI	FY25 BASELINE	ANNUAL TARGET	QUARTERLY TARGET
Organisational Effectiveness	10%	Permanent Critical roles filled	20%	Approved Critical positions filled (as at November 2024: 224 positions identified as critical.	66%	90%	Q1: 73% of critical positions filled (18 more positions filled). Q2: 81% of critical positions filled (17 more positions filled). Q3: 88% critical positions filled (16 more position filled). Q4: 90% critical positions filled (4 more positions filled).
		Learning and Development	20%	Launch of Farmers Academy	NA	Minimum of 15 Farmers completed the available on-line modules by 31 March 2026	Q1: Farmers Academy on-line platform ready for Go-live (including Modules developed by 31 March 2025). Q2: Awareness campaign and engagement with relevant industry partners. Q3: Minimum of 10 Farmers completed a module on the on-line Farmers Academy. Q4: Minimum of 15 Farmers completed a module on the on-line Farmers Academy.
		Capable Organisation	20%	Implementation of the Performance Management Framework as Approved by the Board	FY2025 Deliverables: • As-Is Performance Management process and system	Implementation of the Performance Management Framework as Approved by the Board	Q1: Line Managers upskilled on the approved performance management framework. Q2: 360 Degree Assessment tool

					<p>reviewed and recommendations on improvements made</p> <ul style="list-style-type: none"> <li>• Link Performance Management recommendations to Remuneration</li> </ul>		<p>approved and implemented for all Senior Manager and Executive Management.</p> <p>Q3: Performance progress reported on performance improvement plans implemented for identified individuals whose performance were lagging.</p> <p>Q4: Revised reward programme approved, aligned with approved Remuneration and Compensation Policy, as mechanism for acknowledging employee outperformance against set targets.</p>
			40%	Re-engineering of <b>critical business processes</b> (Loan Origination & Disbursement, Collateral Management Facility Reviews, Workout & Restructure, processes)	Board signed off “to be” end to end processes	Implementation of System(s) to support process re-engineering by 31 March 2026	In line with the project plan (FY26 project plan is dependent on finalisation of the “as is review” to be completed by 31 March 2025)
KPA	WT	OBJECTIVE	WT	KPI	FY25 BASELINE	ANNUAL TARGET	QUARTERLY TARGET
Governance	20%	Achieve clean Audit outcome	20%	Audit outcome as per the AGSA Audit Report	Unqualified Audit Outcome	Clean Audit Outcome	N/A
		Create an Effective control environment	20%	Classify 0.1% (R value) of expenses as irregular, fruitless and wasteful expenditure	<0.1%	<0.1%	<0.1%
		Entrench Enterprise Risk Management and Compliance	20%	Enterprise Risk Management controls effectively implemented to achieve an acceptable Enterprise Risk Maturity Score	ERM Score: 4	ERM Score: 3	Quarterly progress report
		Ethical behaviour	20%	Corrective measures implemented to address unethical behaviour	N/A	Disciplinary process is initiated on all allegations of unethical behaviour	Disciplinary process is initiated on all allegations of unethical behaviour
		Compliance with PFMA	20%	Compliance with the PFMA	N/A	100% compliance with the PFMA	100% compliance with the PFMA

## 8. LAND BANK INSURANCE

The Land Bank Insurance Company (LBIC) and Land Bank Life Insurance Company (LBLIC) hereby present the financial year 2025/26 Corporate Plan. The plan outlines a roadmap of key strategic initiatives, actions, and measurable goals that the insurance businesses intend to deliver over the 12-month period. The strategic outcomes established in the plan are anchored on the theme of business stability with a sharp focus on remaining agile to opportunities, customer needs and expectations, and responses to the risk environment in particular emerging climate change risk and market risk among others, and technological advances. Continually invest in the capacitation and retention of fit-for-purpose structure that maximises available resources, availability of appropriate modernised information technology systems support to facilitate intelligent product offerings, and generate value for a variety of stakeholders.

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

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

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

## 8.1 LBIC Corporate Performance Scorecard for FY26

Table 11: LBIC Corporate Performance Scorecard

KPA #	KPA	KPA Wgt.	Objective	KPI #	FY25 (Base)	KPI FY26	KPI Wgt.	FY26 Targets
1	LBIC Sustainable Growth	30%	Financial Sustainability	1	1%	Expense Ratio	10%	5,5% - 6,0% of the budgeted total revenue
				2	0%	LBIC projected Loss Ratio	15%	65% - ≤70% Targeted loss ratio range
				3	130%-170%	SCR Cover Ratio	10%	150% - 170% in any reporting period
			Sustainable Growth	4	R871m	Gross Written Premium (GWP) (Crop and Non-Crop incl. Index of R64m)	30%	R1,049m revenue for the full Financial Year
				5	Launched Index Insurance	Index Insurance Pilot	15%	Provide Index Insurance (PDII and AYII) cover to 2,500 South African Farmers (number of insurance policies written), mainly targeting a majority of Previously Disadvantaged Individuals (PDI) category of farmers (50% + 1 split)
				6	R4,4m	GWP Non-Crop excluding Index	20%	R50m revenue for Asset and Livestock
2	Scale-up Life Business (LBLIC)	10%	Optimise Distribution Capability and New Sales	7	R3,3m	Credit Life (New Business GWP)	60%	R4,5m New Credit Life Sales (New Business GWP)
			Financial Sustainability	8	150%-200%	SCR Cover Ratio	40%	150% - 200% in any reporting period
3	Built out Institutional Capabilities	10%	Efficient policy administration	9	Appointment of a System Service Provider	Insurance Products developed on the Insurance System	100%	Products successfully developed, transacting and accessible on the Insurance System that has been procured through the implementation of approved Supply Chain Management policies.
4	Customer Centricity	10%	Improved Customer Centricity	10	Reporting on tactical plans and Implementation of outcomes of the Customer Satisfaction survey	Enhanced Customer Centricity	100%	Customer Satisfaction Survey (Achieve minimum of 70% score)
5	Developmental Effectiveness	15%	Farmer Academy - Social Mandate: Provide Farming Support	11	Launch the academy and conduct farmer training support	Consumer Market Education on insurance products offering	60%	1,000 South African Farmers trained, mainly targeting a majority of Previously Disadvantaged Individuals (PDI) category of farmers (50% + 1 split)

KPA #	KPA	KPA Wgt.	Objective	KPI #	FY25 (Base)	KPI FY26	KPI Wgt.	FY26 Targets
			Corporate Social Investment	12	Training and accreditation of 22 Black Farmers for Grain Crop assessment	Black Assessor Programme on Fruit Crops assessment portfolio	40%	Roll-out of Damaged Crops Assessment Programme for Fruit crops portfolio to 10 black farmers
6	People and Culture (Organisational Effectiveness)	10%	Organisational culture that fosters a conducive work environment	13	N/A	Conduct a culture survey	50%	Complete culture survey and implement recommendations
			Retention of talent and improved levels of attrition	14	N/A	Retention of talent and critical skills	20%	Retain 80% of employees identified by EXCO to be in critical roles as at 01 April 2025
			Succession Management	15	Personal Development Plans implemented for successors as per the agreed PDP milestones	Succession Management (Learning and Development)	30%	Implement Board approved succession plan at all organisational levels
7	Risk, Compliance and Governance	15%	Create an Effective control environment	16	<0.1%	Classify <0.1% (R value) of expenses as irregular, fruitless and wasteful expenditure	20%	Less-than 0.1% (<0.1%)
			Achieve clean Audit outcome	17	Clean audit outcome	Audit outcome as per the Auditor General South Africa's (AGSA) Audit Report	20%	Clean audit outcome
			Continuous Improvement of Ethical Culture	18	Zero appetite	Ethical Compliance Investigation and Monitoring Rate	20%	Ensure 100% of reported ethical compliance issues are investigated, continually monitoring and outcomes are transparently reported to governance structures
			ESG – Environmental impact	19	Approved Climate change strategy and ongoing monitoring of related risks	Implementation of approved Environmental, Social and Governance (ESG) Framework – Year One (1).	20%	Successfully lay the groundwork for a comprehensive ESG framework and implement the climate risk assessment to enhance business sustainability
			Comply with Insurance Regulatory and Public Finance Management Act (PFMA)	20	Implement the FY2025 approved Compliance Cover Plan and Monitoring Plan	Implementation of the Compliance Cover Plan, Monitoring Plan and PFMA Act	20%	1. Implement the FY2026 Audit and Risk Committee (ARC) approved Compliance Coverage Plan (This includes ensuring that all insurance regulatory returns are timeously submitted.) 2. Implement 100% FY2026 ARC approved Monitoring Plan 3. 100% compliance with applicable sections of the PFMA regulatory requirements. (This includes ensuring that all PFMA prescribed returns/annual financial statements in

KPA #	KPA	KPA Wgt.	Objective	KPI #	FY25 (Base)	KPI FY26	KPI Wgt.	FY26 Targets
								terms of sections, 52, 54, and 55 (a); (b); (c); (d) are timeously submitted.)
<b>Total</b>	<b>7</b>	<b>100%</b>		<b>20</b>				

## ANNEXURES

### ANNEXURE A: CORPORATE PLAN COMPLIANCE CHECKLIST

No	Description	Reference	Status
1.	Strategy	Section 5 & 6	✓
2.	Balanced Scorecard	Section 7	✓
3.	Compliance check list	Annexure A	✓
4.	Capital Expenditure Plan (covering the next three years)	Annexure B	✓
5.	Financial Plan (covering the next three years) including: <ul style="list-style-type: none"> <li>• Projected income statement</li> <li>• Projected balance sheet</li> <li>• Projected cash flow statement</li> </ul>	Annexure B	✓
6.	Materiality and Significance Framework	Annexure C	✓
7.	LBIC and LBLIC Materiality and Significance Framework	Annexure D	✓
7.	Governance Structures <ul style="list-style-type: none"> <li>• Governance structures and roles/responsibilities</li> <li>• Structure of Board of Directors committees</li> <li>• Structure of Executive Management</li> </ul>	Annexure E	✓
8.	Employment Equity Plan	Annexure F	✓
9.	Fraud Prevention Plan	Annexure G	✓
10.	Funding Plan (covering the next three years)	Annexure H	✓
11.	Risk Management Plan <ul style="list-style-type: none"> <li>• Description of risk management process</li> <li>• Key operational risks</li> </ul>	Annexure I	✓
12.	LBIC Risk Management Plan	Annexure J	✓
12.	Business Continuity and Organisational Resilience	Annexure K	✓
13.	Other Supporting Plans Environmental Sustainability Framework	Annexure L	✓
14.	Description of SDG and NDP outcomes	Annexure M	✓

## ANNEXURE B: CAPITAL EXPENDITURE AND FINANCIAL PLAN

### I. FINANCIAL OVERVIEW

#### I.1 INTRODUCTION

The purpose of this section is to outline the Bank's expected financial performance for FY26.

Key assumptions included in the budget include:

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

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

## I.2 INCOME STATEMENT

Figure 12: Income statement

Statement of profit or loss and other comprehensive income	Consolidated		
	FY2026	FY2027	FY2028
	R'm	R'm	R'm
<b>Net interest income</b>	<b>1 343</b>	<b>1 341</b>	<b>1 368</b>
Interest income	2 213	1 971	1 889
Interest expense	(870)	(631)	(520)
<b>Net impairment release /(charges)</b>	<b>(49)</b>	<b>47</b>	<b>36</b>
Non interest Income /(expense)	<b>98</b>	<b>100</b>	<b>104</b>
<b>Operating income from banking activities</b>	<b>1 392</b>	<b>1 488</b>	<b>1 508</b>
Operating expenses	(1 027)	(1 068)	(1 118)
Other	(52)	(53)	(53)
<b>Net Operating Income</b>	<b>313</b>	<b>367</b>	<b>337</b>
Other Comprehensive Income	-	-	-
<b>Total YTD Comprehensive Income</b>	<b>313</b>	<b>367</b>	<b>337</b>

The Bank is expected to generate cumulative profits through the budget period. This will be mainly driven by the reduction of debt, blended finance loan book growth and expected results of the NPL strategy and the bedding down of the new operating model.

## I.3 BALANCE SHEET

Figure 13: balance sheet

Statement of Financial Position	Consolidated			
	FY2025	FY2026	FY2027	FY2028
	R'm	R'm	R'm	R'm
Cash and cash equivalents	7 226	3 409	1 845	158
Net loans and advances	11 760	13 611	13 498	14 570
Other*	1 891	1 978	2 010	2 033
<b>Total Assets</b>	<b>20 877</b>	<b>18 999</b>	<b>17 353</b>	<b>16 762</b>
Distributable Reserves	10 908	11 221	11 588	11 925
<b>Liabilities</b>	<b>9 970</b>	<b>7 778</b>	<b>5 765</b>	<b>4 837</b>
Funding liabilities	9 429	6 750	4 449	3 494
Other Liabilities	541	1 028	1 316	1 342
<b>Total equity and liabilities</b>	<b>20 877</b>	<b>18 999</b>	<b>17 353</b>	<b>16 762</b>

## I.4 KEY RATIOS

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

Figure 14: Ratios

	Consolidated				LS5
	FY 2026	FY 2027	FY 2028	LS5 Covenants	Targets Achieved
	Budget	Budget	Budget		Y/N?
<b>Cost to Income</b>	71,3%	74,1%	75,9%	<95%	Y
<b>NPL ratio</b>	45,6%	42,8%	36,7%	<52%	Y
<b>ECL Coverage Ratio</b>	22,0%	21,2%	19,1%	<26%	Y
<b>Credit Loss Ratio</b>	1,0%	0,4%	0,5%	<4%	Y
<b>Bank Gearing/Leverage Ratio</b>	65,6%	43,8%	34,6%	<100%	Y
<b>Net debt/Net Loan</b>	25%	19%	23%	< 50%	Y

## I.5 Capital Expenditure

Figure 15: Capital Expenditure

	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	Total
CAPEX: Operational	Budget	Budget	Budget	Budget	Budget	FY26-30
Information Technology (infrastructure and laptops)	32 125 000	16 770 000	1 770 000	1 770 000	750 000	53 185 000
Building maintenance	21 492 710	15 888 073	14 840 780	14 111 218	14 957 892	81 290 673
<b>Total business as usual Capex</b>	<b>53 617 710</b>	<b>32 658 073</b>	<b>16 610 780</b>	<b>15 881 218</b>	<b>15 707 892</b>	<b>134 475 673</b>

## ANNEXURE C: MATERIALITY AND SIGNIFICANCE FRAMEWORK

### I. Background

- **Nature of Business**

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

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

- **Key aspects**

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

Statement of Financial Position

- Loans and advances to customers
- Funding liabilities

Statement of Profit and Loss and Other Comprehensive Income

- Interest income from loans and advances
- Funding costs

Below are some key financial indicators from the FY24 Audited Financial Statements

Table 12: Statement of Financial Position (SOPF)

	FY24	FY23
	R'm	R'm
Loans and advances	13,332	14,765
Other assets	14,400	17,223
<b>Total Assets</b>	<b>27,732</b>	<b>31,988</b>
Funding liabilities	16,567	22,496
Other liabilities	6,611	5,584
Equity	4,554	3,908
<b>Total Equity &amp; Liabilities</b>	<b>27,732</b>	<b>31,988</b>

Table 13: Statement of Profit and Loss and Other Comprehensive Income (SPLOCI)

	FY24	FY23
	R'm	R'm
Interest income (Revenue)	2,581	2,757
Interest Expense	1,876	2,149
Operating Expenses	585	499
<b>Profit/Loss for the year from Continuing Operations</b>	<b>59,6</b>	<b>482</b>

- **General control environment**

The Bank received an “Unqualified Opinion” with findings audit outcome in FY24. This is constant from the prior year’s audit because of material misstatements identified on the commitments, and other disclosures on the financial statements. The material misstatements were corrected before the conclusion of the audit.

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

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

## 2. National Treasury’s guidelines

- **Legislative Framework**

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

### Section 28.3.1

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

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

- a) establishment or participation in the establishment of a company;
- b) participation in a significant partnership, trust, unincorporated joint venture or similar arrangement;
- c) acquisition or disposal of a significant shareholding in a company;
- d) acquisition or disposal of a significant asset;
- e) commencement or cessation of a significant business activity; and
- f) a significant change in the nature or extent of its interest in a significant partnership, trust, unincorporated joint venture or similar arrangement.

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

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

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

Table 14: Rand value of certain elements of the entities latest audited financial statements

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

The financial implications on the various elements indicated below are based on the FY23 Audited Financial Statements.

Table 15: The financial implications on the various elements

	Statement	Basis	Range	Elected %	Motivation	Value at 31/03/24	Equivalent R` limit
1.	SFP	Total Assets	1% - 2%	1%	Presently the control environment of the Land Bank is sound although there were material misstatements identified, these were isolated to those identified areas as evident in the audit report for the FY24 financial year. Notwithstanding the audit outcome, it is prudent to keep it at the lower range to allow for additional independent oversight over significant/material decisions as the Land Bank continues to entrench the key controls implemented as part of the remedial plan.	R27,732bn	R277,32m
2.	SPLOCI	Total Revenue	0.5%-1%	0.5%	Presently the control environment of the Land Bank is sound although there were material misstatements identified, these were isolated to those identified areas as evident in the audit report for the FY24 financial year. Notwithstanding the audit outcome, it is prudent to keep it at the lower range to allow for additional independent oversight over significant/material decisions as the Land Bank continues to entrench the key controls implemented as part of the remedial plan.	R2,581bn	R12,905m

3.	SPLOCI	Profit After tax	2%-5%	2%	Presently the control environment of the Land Bank is sound although there were material misstatements identified, these were isolated to those identified areas as evident in the audit report for the FY24 financial year. Notwithstanding the audit outcome, it is prudent to keep it at the lower range to allow for additional independent oversight over significant/material decisions as the Land Bank continues to entrench the key controls implemented as part of the remedial plan.	R59.6m	R1,192m
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In considering the elements, the Bank believes that “Total Assets” and “Total Revenue” are an appropriate measurement tool as “Loans and Advances” and “Interest Income” are a critical driver of the business from a SOFP and SPLOCI perspective respectively.

### 3. Materiality Framework

Table 16: Material Framework

	Statement	Basis	%	Motivation	Value at 31/03/24	Equivalent R` limit
1.	SOFP	Total Assets	1%	Presently the control environment of the Land Bank is sound although there were material misstatements identified, these were isolated to those identified areas as evident in the audit report for the FY2024 financial year. Notwithstanding the audit outcome, it is prudent to keep it at the lower range to	R27,732bn	R277,32m

	Statement	Basis	%	Motivation	Value at 31/03/24	Equivalent R` limit
				allow for additional independent oversight over significant/material decisions as the Land Bank continues to entrench the key controls implemented as part of the remedial plan.		
2.	SPLOCI	Total Revenue	0.5%	Presently the control environment of the Land Bank is sound although there were material misstatements identified, these were isolated to those identified areas as evident in the audit report for the FY2024 financial year. Notwithstanding the audit outcome, it is prudent to keep it at the lower range to allow for additional independent oversight over significant/material decisions as the Land Bank continues to entrench the key controls implemented as part of the remedial plan.	R2,581 bn	R 12,905m
3.	Irregular, Fruitless and Wasteful Expenditure. Net impact on the Income statement and Balance sheet	Total Revenue	0.5%	Presently the control environment of the Land Bank is sound although there were material misstatements identified, these were isolated to those identified areas as evident in the audit report for the FY2024 financial year. Notwithstanding the audit outcome, it is prudent to keep it at the lower range to allow for additional	R2,581 bn	R 12,905m

	Statement	Basis	%	Motivation	Value at 31/03/24	Equivalent R` limit
				independent oversight over significant/material decisions as the Land Bank continues to entrench the key controls implemented as part of the remedial plan. All instances of irregular, fruitless and wasteful expenditure are reported and due process followed in line with the requirements of the PFMA, regardless of amount.		
4.	Theft, fraud and corruption as well as irregular, fruitless and wasteful expenditure.	Net impact on the Income statement		<p>All instances are considered material regardless of amount.</p> <p>It is also important to note that in line with the PFMA S55(2b) The annual report and financial statements of Land Bank will</p> <p>(b) include particulars of—</p> <p>(i) any material losses through criminal conduct and any irregular expenditure and fruitless and wasteful expenditure that occurred during the financial year:</p> <p>(ii) any criminal or disciplinary steps taken as a consequence of such losses or irregular expenditure or fruitless and wasteful expenditure;</p> <p>(iii) any losses recovered or written off.</p>	None	All

#### **4. Conclusion**

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

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

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

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

Reference to the previously mentioned acquisition of equity shall not include preference shares, except where the subscription price exceeds R319,88 million (as indicated in section above) in which case the Land Bank must obtain prior written consent from the Minister of Finance. For convertible preference shares, if at the time of conversion, the Land Bank's shareholding exceeds or equals the 20% threshold, the Finance Minister's written consent must be sought.

## ANNEXURE D: LBIC AND LBLIC MATERIALITY AND SIGNIFICANCE FRAMEWORK

### LBIC MATERIALITY AND SIGNIFICANT FRAMEWORK

#### I. Background

- Nature of Business

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

- Key aspects

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

Balance Sheet - Total assets

Income Statement - Gross written premium (revenue)

Below are some key numbers from the FY24 Annual Financial Statements

Table 17: LBIC Balance Sheet:

	FY24	FY23
	R' 000	R' 000
Investment assets	327	280
Other assets	292	333
<b>Total Assets</b>	<b>619</b>	<b>613</b>
Other liabilities	192	114
Equity	427	499
<b>Total Equity &amp; Liabilities</b>	<b>619</b>	<b>613</b>

Table 18: LBIC Income Statement

	FY24	FY23
	R' 000	R' 000
Gross written premium (Revenue)	811	793
Investment returns	29	19
Insurance expenses	255	195
Operating Expenses	41	35
Profit / (Loss) after Tax	<b>(73.2)</b>	<b>(6.2)</b>

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

- **General control environment**

The LBIC received and “qualified Opinion” with findings audit outcome in FY2024. This is a regression from the prior year’s clean audit because of material misstatements identified on Trade and Payables as a result of accruals being understated. The implementation of IFRS 17, a new accounting standard, presented a lot of technical challenges which led to the regression. The material misstatements were corrected before the conclusion of the audit, however, FY2024 Financial Statements will be restated.

Management acknowledges the qualified audit opinion. The Board of Directors (“the Board”) instituted an IFRS 17 remediation plan to improve the internal control environment, including the appointment of an accounting firm and IFRS 17 technical specialist and this will continue being implemented to address any deficiencies that remain. The Audit and Risk Committee (“ARC”) of the Board and Management will monitor this plan to ensure there is continuous improvement regarding the controls around overall management of all aspects related to the correction and restatement of the FY2024 Financial Statements and prior years to ensure that these results are improved in the new year. The LBIC will continue to review its operational environment in order to address any potential risks that could arise as it pursues its mandate.

## **2. Materiality Framework**

- **Legislative Framework**

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

Section 28.3.1:

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

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

- a) Establishment or participation in the establishment of a company;
- b) Participation in a significant partnership, trust, unincorporated joint venture or similar arrangement;
- c) Acquisition or disposal of a significant shareholding in a company;

- d) A or disposal of a significant asset;
- e) Commencement or cessation of a significant business activity; and
- f) significant change in the nature or extent of its interest in a significant partnership, trust, unincorporated joint venture or similar arrangement.

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

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

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

Given the operating environment, the LBIC adopts the total assets for any transactions impacting the balance sheet and adopts total revenue for any transactions impacting the income statement. Where the transaction impacts both elements, these are considered jointly.

• **Guidance to be followed by subsidiaries**

- a) Where transactions envisaged under sections 54(2)(a) and 54(2)(c) occur, the guidelines under 3.1 and 3.3 should be followed.
- b) Regarding transactions envisaged under sections 54(2)(b)(d)(e) and (f), the top-most holding company should agree a significance framework with each of its subsidiaries, by applying the parameters provided in 3.7 above to determine the rand value of the significance limit applicable to that subsidiary.
  - For any such transaction that exceeds the significance limit of a subsidiary, an application to the Executive Authority must be made, which application must be accompanied by approval from the board of the top- most holding company.
  - The top-most holding company may make an application to the Executive Authority on behalf of its subsidiary, provided that this is supported by a resolution to that effect by the board of that subsidiary.
  - Subsidiaries of subsidiaries should follow the same guidelines above.

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

The financial implications on the various elements indicated below are based on the FY2024 Audited Financial Statements, using the minimum guide for prudence given regression in the latest financials.

Table 19: LBIC Materiality Framework

	Statement	Basis	%	Motivation	Value at 31/03/24 R' m	Equivalent R limit R' m
1.	Balance Sheet	Total Assets	1%	The control environment of the LBIC is sound. Although there were material misstatements identified, these were isolated to Trade and other payables as evident in the audit report for the FY24 financial year. Notwithstanding the audit outcome, measures have been put in place to enhance the overall control environment which will result in improved audit outcomes.	619	<b>6.2</b>
2.	Income Statement	Total Revenue	1%	Lowest possible threshold based on the total revenue. The control environment of the LBIC is sound. Although there were material misstatements identified, these were isolated to Trade and other payables as evident in the audit report for the FY24 financial year.	811	<b>8.1</b>
3.	Irregular and Fruitless and wasteful expenditure	Net impact on the income statement	0.5%	The control environment of the LBIC is sound although there were material misstatements identified, these were isolated to those identified areas as evident in the audit report for the FY24 financial year. Notwithstanding the audit outcome, it is prudent to keep it at the lower range to allow for additional independent oversight over significant/material decisions as the LBIC continues to entrench the key controls implemented as part of the remedial plan. All instances of irregular, fruitless and wasteful expenditure are reported and due process followed in line with the requirements of the PFMA, regardless of amount.	2.0	<b>0.01</b>

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

### 3. National Treasury`s guidelines

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

Table 20: LBIC National Treasury`s Guidelines

	Statement	Basis	Range	Elected %	Motivation	Value at 31/03/24 R' m	Equivalent R` limit R'm
1.	Balance Sheet	Total Assets	1% - 2%	1%	Measures have been put in place to enhance the overall control environment which will result in improved audit outcomes. The control environment of the LBIC is sound. Although there were material misstatements identified, these were isolated to Trade and other payables as evident in the audit report for the FY24 financial year. Notwithstanding the audit outcome, measures have been put in place to enhance the overall control environment which will result in improved audit outcomes.	619	<b>6.2</b>
2.	Income Statement	Total Revenue	0.5%-1%	0.5%	Measures have been put in place to enhance the overall control environment which will result in improved audit outcomes. The control environment of the LBIC is	811	<b>4.0</b>

					sound. Although there were material misstatements identified, these were isolated to Trade and other payables as evident in the audit report for the FY24 financial year. Notwithstanding the audit outcome, measures have been put in place to enhance the overall control environment which will result in improved audit outcomes.		
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#### 4. Conclusion

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

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

### LBLIC MATERIALITY AND SIGNIFICANT FRAMEWORK

#### I. Background

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

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

Balance Sheet - Total assets

Income Statement - Gross written premium (revenue)

Below are some key numbers from the 2023/24 Annual Financial Statements

Table 21: LBLIC Balance Sheet:

	FY24	FY23
	R'm	R' m
Investment assets	1 061	1 048
Other assets	297	247

<b>Total Assets</b>	<b>1 358</b>	<b>1 295</b>
Other liabilities	76	51
Equity	1 282	1 244
<b>Total Equity &amp; Liabilities</b>	<b>1 358</b>	<b>1 295</b>

Table 22: LBLIC Income Statement:

	<b>FY24</b>	<b>FY23</b>
	<b>R`m</b>	<b>R`m</b>
Gross written premium (Revenue)	4.3	4.7
Investment returns	81.0	99.7
Insurance expenses	0.758	0.813
Operating Expenses	20.0	16.0
<b>Profit After Tax</b>	<b>36.5</b>	<b>39.3</b>

- **Basis for electing Total assets**

As illustrated above, total assets are the most critical driver of the insurance business from a balance sheet perspective.

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

- **General control environment**

The LBLIC received an “Unqualified Opinion” with material findings audit outcome in FY24. This is a regression from the prior year’s audit because of material misstatements identified on the investments. The material misstatements were corrected before the conclusion of the audit.

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

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

## **2. Materiality Framework**

- **Legislative Framework**

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

### Section 28.3.1

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

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

- a) establishment or participation in the establishment of a company;
- b) participation in a significant partnership, trust, unincorporated joint venture or similar arrangement;
- c) acquisition or disposal of a significant shareholding in a company;
- d) acquisition or disposal of a significant asset;
- e) commencement or cessation of a significant business activity; and
- f) a significant change in the nature or extent of its interest in a significant partnership, trust, unincorporated joint venture or similar arrangement.

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

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

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

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

Given the operating environment, the LBLIC adopts the total assets for any transactions impacting the balance sheet and adopts total revenue for any transactions impacting the income statement. Where the transaction impacts both elements, these are considered jointly.

- **Guidance to be followed by subsidiaries**

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

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

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

The financial implications on the various elements indicated below are based on the FY24 Audited Financial Statements.

Table 23: LBLIC Materiality Framework

	Statement	Basis	%	Motivation	Value at 31/03/24 R'm	Equivalent R limit R'm
1.	Balance Sheet	Total assets	1%	The control environment of the LBLIC is sound. Although there were material misstatements identified, these were isolated to investments as evident in the audit report for the FY24 financial year.  Notwithstanding the audit outcome, measures have been put in place to enhance the overall control environment.	<b>1 358.0</b>	<b>13.6</b>
2.	Income Statement	Total Revenue	1%	Lowest possible threshold based on the total revenue.  The control environment of the LBLIC is sound. Although there were material misstatements identified, these were isolated to investments as evident in the audit report for the FY24 financial year.	<b>4.3</b>	<b>0.043</b>

3.	Irregular and Fruitless and wasteful expenditure	Net impact on the income statement	0.5%	<p>The control environment of the LBLIC is sound although there were material misstatements identified, these were isolated to those identified areas as evident in the audit report for the FY24 financial year. Notwithstanding the audit outcome, it is prudent to keep it at the lower range to allow for additional independent oversight over significant/material decisions as the LBLIC continues to entrench the key controls implemented as part of the remedial plan. All instances of irregular, fruitless and wasteful expenditure are reported and due process followed in line with the requirements of the PFMA, regardless of amount.</p>	1.6	0.008
4.	Theft, fraud and corruption	Net impact on the Income statement	0%	<p>All instances are considered material regardless of amount. It is also important to note that in line with the PFMA S55(2b) The annual report and financial statements of LBIC will (b) include particulars of—</p> <p>(i) any material losses through criminal conduct and any irregular expenditure and fruitless and wasteful expenditure that occurred during the financial year;</p> <p>(ii) any criminal or disciplinary steps taken as a consequence of such losses or irregular expenditure or fruitless and wasteful expenditure;</p> <p>(iii) any losses recovered or written off.</p>	0	All
6.	Material losses through criminal conduct	Net impact on the income statement	0%	All instances are considered material regardless of amount.	0	All

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

### 3. National Treasury’s guidelines

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

Table 24: LBLIC National Treasury’s Guidelines

	Statement	Basis	Range	Elected %	Motivation	Value at 31/03/20 R' 000	Equivalent R` limit R' 000
1.	Balance Sheet	Total Assets	1% - 2%	1%	Measures have been put in place to enhance the overall control environment which will result in improve audit outcomes.	1 358.0	13.6
2.	Income Statement	Total Revenue	0.5% - 1%	0.5%	Measures have been put in place to enhance the overall control environment which will result in improve audit outcomes.	4.3	0.0215

### 4. Conclusion

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

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

## ANNEXURE E: CORPORATE GOVERNANCE FRAMEWORK

### I. LAND BANK BOARD

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

The Board consists of no fewer than seven (7) and no more than twelve (12) persons, appointed for a period of no more than five (5) years. The CEO and CFO are members of the Board, the former by virtue of his or her office and the latter in terms of the power of the Minister to appoint any other employee of the Bank as a director. The Chief Executive officer is appointed by the Minister in consultation with and at the recommendation of the Board. The Minister designates one of the directors as chairperson and another as deputy chairperson to act as chairperson whenever the chairperson is unable to.

The Subsidiary Companies are managed by a Board appointed by the Land Bank as sole Shareholder, and it consists of persons who are, in equal proportion, Directors of the Land Bank and persons who are not members of the Board of Directors of the Land Bank. The non-executive directors are independent as contemplated in King IV and in the Governance Standards for Insurers (GOI). The Land Bank Board appoints one among its number as the chairperson of the Board of the Insurance Companies. The Managing Director of the Insurance Companies is appointed by the Board of Directors of the Land Bank in consultation with and at the recommendation of the Board of the Insurance Companies.

The relationship between the Bank and its Subsidiary Companies is governed by a Group Governance Framework which recognises the need for the Insurance Subsidiaries to align themselves with the vision and goals of the Bank, while at the same time acknowledging that such subsidiaries are juristic persons distinct from the Bank, and that the Directors of the Subsidiaries stand in a fiduciary relationship and owe a duty of care, skill and diligence not to the Land Bank, but to the Insurance Companies. The Boards of Directors of the Bank and the Insurance Companies are responsible for providing prescient and ethical leadership, strategic direction, policy approval, oversight and accountability over the entities so that the good governance outcomes of an ethical culture, good performance, effective control and legitimacy with stakeholders are achieved.

The chairpersons of the Boards of Directors are responsible for leading the Board in the objective and effective discharge of its governance role and responsibilities. The Chief Executive Officer of the Bank and the Managing Director of the Insurance Companies play a critical and strategic role in the operations and success of the Bank and the Insurance Companies. They are responsible for the day-to-

day management of the Bank and the Insurance Companies and consistently strive to achieve the financial and operating goals and objectives of the Bank and the Insurance Companies and to ensure that the day-to-day business of the Bank and the Insurance Companies is appropriately managed.

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

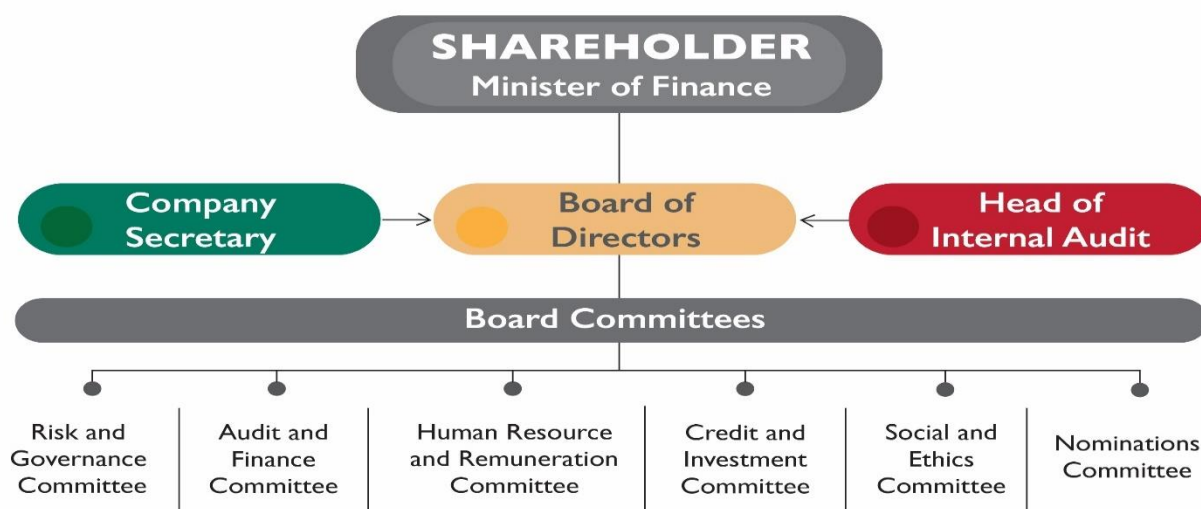
The Boards have delegated some of their responsibilities to Board Committees, individual Directors, other ad hoc structures and management in terms of approved delegations of powers frameworks. The Delegations of Power frameworks are founded on the law, on what is appropriate for the Bank and the Insurance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

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

## 2. GOVERNANCE STRUCTURE

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

Figure 16: Governance Structure of the Land Bank Board



### 3. LAND BANK BOARD



**MS RETHABILE NKOSI**

Board Chair  
Board Sub Committees: Chair Nominations Committee; Member: Human Resources and Remuneration Committee; and Joint Land Bank and Land Bank Insurance and Land Bank Life Insurance Social and Ethics Committee.  
Age: 40

Ms Nkosi is a seasoned director of companies, businesswoman and agricultural economist, boasting over 15 years of expertise in agricultural finance and business strategy. In addition to her role as the Chairman of the Board for the Land and Agricultural Development Bank of South Africa, spearheading the entity's strategic restructuring efforts, Ms Nkosi is a trustee of the National Empowerment Fund, chairing the entity's Board Investment Committee.

Ms Nkosi also chairs the Coca-Cola Mintirho Foundation and holds numerous other non-executive directorships across various entities in the food and agricultural industry.

Ms Nkosi has garnered substantial experience through executive and senior management positions in the private and public sectors. Her notable previous roles include Executive Director of Group Investments at AFGRI Group Holdings, Sector Investment Specialist for Agriculture at the Public Investment Corporation, Lead Economist at AgriSA, and Senior

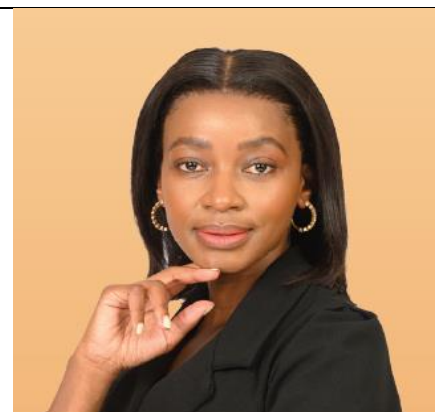


**PROF. JOHANN  
FREDERICK KIRSTEN**

Board Deputy Chair  
Sub Committees:  
Member: Credit and Investment Committee; Joint Land Bank and Land Bank Insurance and Land Bank Life Insurance Social and Ethics Committee and Nominations Committee.  
Age: 63

Prof Kirsten is a distinguished Professor of Agricultural Economics and the Director of the Bureau of Economic Research at Stellenbosch University. He has an extensive academic background, having published over 130 peer-reviewed articles and supervised 78 Master's and 31 PhD students in his 30-year career.

Prof. Kirsten has significant experience in academic leadership and national policy, holding prominent roles in various associations both domestically and internationally. He previously served as Professor and Head of the Department of Agricultural Economics, Extension, and Rural Development at the University of Pretoria (UP) for 20 years. He holds a BSc Honours degree in Agricultural Economics from Stellenbosch University and a Master's and PhD in Agricultural Economics from the University of Pretoria.



**MS DINEO MAITHUFI**

Board Member  
Sub Committees: Chair: Credit and Investment Committee;  
Member: Risk and Governance Committee.  
Age: 45

Ms Maithufi is a highly experienced Chartered Accountant and Credit Risk Management expert with over 19 years in the financial services sector. Since 2007, she has held various managerial roles in key banking and financial institutions in South Africa and is currently the Chief Executive of TRG-Mbuso Asset Management.

Ms Maithufi has significant board experience, having served as a non-executive director and Audit and Risk Committee Chairperson for several organisations, including Extract Group Limited, Gauteng Enterprise Propeller, and African Phoenix Investments. Her previous roles include Manager of Credit Risk Assurance at Absa Group and Senior Advisor in Financial Risk Management at KPMG South Africa, where she began her career as a trainee accountant.

She holds a Bachelor of Commerce (BCom) degree in accounting from the University of Johannesburg (2002) and a BCom honours degree in accounting from the University of KwaZulu-Natal (2003). Ms. Maithufi is committed to ethical leadership and social reform,

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Manager at the Auditor-General of South Africa.

focusing on education, women and youth empowerment, and mentorship.

Beyond her executive and non-executive responsibilities, Ms Nkosi is dedicated to mentoring youth and women in business and agriculture. Her impactful contributions have earned her recognition by the Mail & Guardian as one of South Africa's Women of Power in 2023.

Ms Nkosi holds an MBA and a Post-Graduate Diploma from the Gordon Institute of Business Science, as well as a BSc in Agricultural Economics from the University of Pretoria.



**MS THULISILE NJAPA  
MASHANDA**

Board Member  
Sub Committees:  
Member:  
Risk and Governance Committee;  
Audit and Finance Committee; and IT  
Steerco.  
Age: 57

Ms Mashanda CA(SA) RA is a Chartered Accountant with over 30 years of experience in audit and financial disciplines across various industry sectors. She specializes in financial reporting, taxation, supply chain management, auditing, and forensic accounting through her company, Njapa.

Ms Mashanda has established internal audit departments and consulted on auditing and fraud prevention. She has served on various boards since 2001 and worked at high-profile companies such as MTN Nigeria, Nkonki Sizwe Ntshaluba and Coopers & Lybrand. Known for her competence, decisiveness, and dedication, she excels in technical accounting, operations, analytics, and leadership. Ms Mashanda has also been appointed by the High Court as an Administrator and Curator Bonis on various matters and has served at SARS High Court. Ms Mashanda holds a Bachelor of Accounting (BA) Honours from the University of West London, is a certified Director from IoDSA, and has attended Harvard board training.



**DR. MONDE TOM**

Board Member  
Sub Committees:  
Chair: Human Resources and  
Remuneration Committee;  
Member: Nominations Committee.  
Age: 72

Dr Monde Mbomvu Tom is a seasoned public sector expert in South Africa, recognized for his extensive experience and contributions across various government levels. His expertise spans public treasury management, economic development, risk management, and sustainability.

Dr Tom has a proven track record of revitalizing struggling entities within South Africa's three spheres of government. Notably, he served as the first Superintendent-General of the Provincial Treasury in the Eastern Cape post-democracy, a turnaround specialist for dysfunctional local governments at the DBSA, and as the acting Director General of the Economic Development Department before its merger into the DTIC.

Dr Tom specialises in socio-economic development and advanced financial econometrics, focusing on modelling and prediction to evaluate the effectiveness and impacts of various outcomes. He is adept at applying systems thinking in VUCA (Volatile, Uncertain, Complex, and Ambiguous) contexts, addressing complex problems through innovative systemic approaches that



**MS N (MBIKO)  
MOTSHEGOA**

Board Member  
Sub Committees:  
Chair: Joint Land Bank and Land Bank  
Insurance and Land Bank Life  
Insurance Social and Ethics  
Committee.  
Age: 49

Ms Mbiko (Motshegoa) is a distinguished beef agripreneur, first EU Smart Agri Hub Gender Ambassador, 2022 Women of Stature in Agriculture South African Awards, recognised for her work in promoting women's active participation and sustainable practices in agribusiness and the biodiversity economy. Her passion for the "farm to fork" concept led her to develop supply chains for rough offal in Gauteng townships and Limpopo, benefiting a number of women street vendors. She later pioneered the introduction of "ready to cook" offal, processed it and deliver it to retail, filling stations and hospitality sectors.

Ms Mbiko (Motshegoa) has held significant roles in various private and public industry organisations, such as the Red Meat Industry Trust, Research and Development Meat Industry Trust, Red Meat Bursary Committee, United Nations Women Climate Smart Council, African Farmers Association of Southern Africa amongst others. She led and implemented various Agri initiatives like the Humanitarian Solidarity Fund house hold garden inputs which benefited more than 300 000 rural and township poor communities.

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consider social, economic, and environmental factors.

Dr Tom holds a PhD in Technology and Innovation Management from the Da Vinci Institute, an MSc in Financial Economics from SOAS, University of London, a post-graduate diploma in Economic Principles from SOAS, a BSc in Applied Mathematics from the University of Fort Hare, and a national diploma in Cost and Management Accounting from the Cape Peninsula University of Technology.

He is the founder and director of Triple Helix Technology, a company that addresses the complexities of socio-economic and environmental issues to support sustainable decision-making. Dr. Tom has also served on several boards, including the National Empowerment Fund, the Land and Agricultural Development Bank of South Africa, the University of Johannesburg, and the National Health Laboratory Service.

She currently serves on multiple private and public entities, including the Walter Sisulu Agri Advisory Council, Eastern Cape Rural Development Agency, Agri Trade Forum, Magwa Tea, Women Economic Assembly, and Agricultural Reserch Council Centre of Excellence.

Her contributions extend to national and continental policy frameworks, such as AAMP, AfCFTA, CAADP, Phakisa Land Reform, and the Presidential Land Reform panel. Ms. Mbiko (Motshegoa) is dedicated to leading initiatives that enhance women's participation in agribusiness globally.



**MS EGASHNEE PILLAY**



**ADV. DIMITRI WILHELM  
VAN DER WESTHUIZEN**



**MS KHETHA-OKUHLE  
RANTAO**

Board Member  
Sub Committees: Chair: Audit and Finance Committee;  
Member: Nominations Committee and Joint Land Bank and Land Bank Insurance and Land Bank Life Insurance Social and Ethics Committee;  
LBI Board Chair.  
Age: 46

Ms Pillay is a seasoned Chartered Accountant specializing in audits and assurance, with extensive experience in the public sector. Her expertise encompasses external and internal audits, corporate governance, risk management, financial reporting, and performance monitoring and reporting. She is a member of several Board committees, chairs multiple Audit, Finance, and Risk Management Committees, and holds a B. Com (H) in Accounting. Additionally, she has completed a business risk management course at UCT.

Board Member  
Sub Committees: Chair: Risk and Governance Committee;  
Member: Human Resources and Remuneration Committee.  
Age: 62

Advocate van der Westhuizen has extensive experience in Labour relations and is owner of a Consulting Company that specializes in Business Development, Commercial Negotiation and Contracting, Corporate Structuring focusing on BEE Structures, Skills Development and Employment Equity. He has headed various restructuring and business re-engineering initiatives in the Banking space and holds an LLB (PMB).

Board Member  
Sub Committees: Member: Audit and Finance Committee;  
Member: Credit and Investment Committee.  
Age: 42

Ms Rantao is an experienced Chartered Accountant with a strong background in investment banking and development finance. She has over 17 years of experience structuring and funding projects across infrastructure, energy, and public-private partnerships in sub-Saharan Africa. She currently serves as the Founder and Executive Director of Reagalnfra Holdings, a specialist project finance advisory and investment firm. She holds a Master of Philosophy in International Business and a Certificate of Specialization in Business in Society from Harvard Business School Online. Ms Rantao also contribute her expertise as a member of several investment and credit committees.



**MR THEMBA RIKHOTSO**

Chief Executive Officer  
Executive Board Member  
Age: 49

Mr Rikhotso has over 20 years' experience in the financial services sector, and extensive executive management experience offering solid retail and corporate banking skills, alongside experience in funding agricultural projects across the continent. He has held various leadership roles including Executive Head of Sales, Transaction Banking and Investment Banking at the Standard Bank Group and Head of Transactional Banking at CFC Stanbic Bank Kenya.

He holds a BCom degree and an MBL and has completed an International Executive Development Program with GIBS, as well as an Executive Development Program with Wharton.



**MS KHENSANI MUKHARI**

Chief Financial Officer  
Executive Board Member  
Age: 53

Ms Mukhari is a seasoned finance executive with experience in various sectors including Banking, Retail and Insurance. She has worked in both the private and public sector environment. Her experience covers financial strategy, risk management, financial management and reporting, analytics, financial modelling, policy and process formulation, stakeholder management, supply chain management, treasury and other.

She is a Chartered Accountant CA(SA), and holds a Master in Business Leadership degree.

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

Table 25: Demographics of the Board of Directors

Non-Executive Directors	M	F	B	I	C	W
Ms R Nkosi		✓	✓			
Prof JF Kirsten	✓					✓
Ms D Maithufi		✓	✓			
Ms TN Mashanda		✓	✓			
Ms N Mbiko (Motshegoa)		✓	✓			
Ms E Pillay		✓		✓		
Dr M Tom	✓		✓			
Adv. DW vd Westhuizen	✓					✓
Ms K Rantao		✓	✓			

Executive Directors	M	F	B	I	C	W
Mr T Rikhotso	✓		✓			
Ms K Mukhari		✓	✓			

#### 4. GOVERNANCE COMMITTEES

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

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

##### **Audit and Finance Committee**

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

### **Risk and Governance Committee**

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

### **Human Resources and Remuneration Committee**

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

### **Nominations Committee**

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

### **Social and Ethics Committee**

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

### **Credit Investment Committee**

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

## Land Bank Board Committee Composition

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

Table 26: Land Bank Board Committee Membership and Composition FY26

Land Bank Board and Committee Composition							
Land Bank Board of Directors: Committee Structure	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
<b>Non-executive directors</b>							
	Ms R Nkosi (Chair)	Ms E Pillay (Chair)	Ms D Maithufi (Chair)	Adv. DW vd Westhuizen (Chair)	Dr. M Tom (Chair)	Ms N (Mbiko) Motshegoa (Chair)	Ms R Nkosi (Chair)
	Prof. JF Kirsten (Deputy Chair)	Ms TN Mashanda	Prof. JF Kirsten (Deputy Chair)	Ms TN Mashanda	Ms R Nkosi	Ms E Pillay	Ms E Pillay
	Ms D Maithufi	Ms K Rantao*	Ms K Rantao*	Ms D Maithufi	Adv. DW vd Westhuizen	Ms R Nkosi	Dr. M Tom
	Dr. M Tom					Prof. JF Kirsten (Deputy Chair)	Prof. JF Kirsten (Deputy Chair)
	Ms N (Mbiko) Motshegoa						
	Adv. DW vd Westhuizen						
	Ms E Pillay						
	Ms TN Mashanda						
	Ms K Rantao*						
<b>Executive directors</b>							
	Mr T Rikhotso						
	Ms K Mukhari						

\* Appointed 1 November 2024

## 5. EXECUTIVE COMMITTEE

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MR THEMBA RIKHOTSO



MS KHENSANI MUKHARI



ADV. BERNICE RASEROKA

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### Chief Executive Officer

#### Qualifications

- Master of Business Leadership: Strategy, and Leadership
- Bachelor of Commerce: Accounting and Information Systems
- Executive Development Programme
- International Executive Development Programme

### Chief Financial Officer

#### Qualifications

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

### Company Secretary

#### Qualifications

- Advocate
- LLB & B Juries
- Compliance Post Graduate Certificate,
- Board Governance Post Graduate Certificate
- Money Laundering Control Post Graduate Certificate

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#### Personnel Area

Office of the Chief Executive

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#### Personnel Area

Finance and Treasury

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#### Personnel Area

Company Secretary



MR SYDNEY SOUNDY

**Chief Strategy Officer**

**Qualifications**

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

**Personnel Area**

Strategy and Communications



MR JABU MPHAMBO

**Chief Banking Officer**

**Qualifications**

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

**Personnel Area**

Commercial Banking and Transformation



MS ELIZABETH DLAMINI

**Chief People and Culture Officer**

**Qualifications**

- Bachelor of Arts (Social Science)
- Masters Diploma in Human Resources Management
- Advanced Diploma in Business Management
- Programme in Advanced Marketing Management
- Leadership Development Programme for Senior Managers (Land Bank)
- International Executive Development Programme

**Personnel Area**

Human Capital



**MR FARIDE STIGLINGH**

**Executive Manager:  
Collections, Workout and  
Restructuring**

**Qualifications**

- Executive Management Development Programme
- Senior Management Development Programme
- Senior Retail Development Programme
- Product Development Programme
- Corporate Governance Programme

**Personnel Area**  
Post Investment Management Service



**MR SAKHUMZI MAY**

**Chief Agricultural  
Economics Officer**

**Qualifications**

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

**Personnel Area**  
Agriculture Economics & Advisory



**MR SAKHUMZI DIZA**

**Chief Risk Officer**

**Qualifications**

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

**Personnel Area**  
Risk Management

## ANNEXURE F: EMPLOYMENT EQUITY PLAN

### I. EMPLOYMENT EQUITY

#### I.1 Development of previously disadvantaged individuals through the provision of skills training

Land Bank has incorporated the Sustainability Goal 4, Quality Education: Through learning and development initiatives, based on people, and organisational capability requirements, development of staff will be implemented and monitored. The Bank aims to provide learning and development interventions by developing employee's full potential through the development mechanisms such as Learnerships, Graduate Programme, Mentorship/Coaching, Skills Audits (Assessments) and Skills Planning, Career Management, and Succession Planning.

The majority of permanent development interventions were attended by previously disadvantaged employees whereby 88.56% were within the African Coloured Indian (ACI) (Black) category.

Table 27: Human Capital Development Spent

	Female ACI	Female ACI %	Male ACI	Male ACI %	Total ACI
<b>Permanent Development Interventions</b>	56	43,08%	58	44,62%	87,69%
Rand Value Spend (Total R456 960,28)	R194 286,61		R210 404,87		R404 691,48
					88,56%

#### I.2 Employment of previously disadvantaged individuals both in terms of race and gender

Land Bank endeavours to uphold the principles of transformation in the workplace and seeks to have a fair representation and diverse workforce. To drive transformation in the Land Bank environment, the Bank has an Employment Equity plan whereby management is conscious of the target set in the plan and that efforts are made during recruitment to meet the targets in the plan.

Land Bank has an Employment Equity and Skills Development committee "EE and SD committee" to work with management in driving and monitoring the plan that the Bank achieves the targets. In the spirit of transparency and to allow the EE & SD committee to perform their duties of monitoring on the Employment Equity plan, management meets with the committee to share progress against the plan. Land Bank makes concerted efforts to focus recruitment on achieving the targets as set out in the Employment Equity Plan.

In addition, Land Bank will monitor the Sustainable Development Goals of Gender Equality (number 4) and Reduced Inequalities (number 10) through the employment equity plan.

Land Bank has representation at 89.29% of previously disadvantaged individuals ACI (Black) category. The Land Bank further employed Learners as part of the Learner programme to provide opportunities for graduate to gain work experience to give their employability. The Learners represent 100% of ACI (Black) category, with the majority being females.

Table 28: ACI

	Female ACI	Female ACI %	Male ACI	Male ACI %	Total ACI %	White	White %
<b>Permanent Appointments</b>	19	33,93%	31	55,36%	89,29%	6	10,71%
Fixed Term Contractors	19	43,18%	15	34,09%	77,27%	10	22,73%
Learner	9	69,23%	4	30,77%	100,00%		0%
<b>Total - All appointments</b>	<b>47</b>	<b>41,59%</b>	<b>50</b>	<b>44,25%</b>	<b>85,84%</b>	16	14,16%

Land Bank's performance and operational excellence depend on a well-trained and motivated workforce with competent professional skills. It places a high value on the contributions made by employees to the past growth of the business and its future trajectory. The Organisational Restructure Phase 2 project was completed in FY24 to FY25. The project included implementation of the approved organisational structures and components such as the revisiting of the performance management methodology and processes, talent management, the employee value proposition and culture and change management.

The focus for FY25 to FY26 will be placed on the internal capability building. The full implementation of the Learner and Farmer Academy will be a key strategic objective providing for accredited Agriculture courses for both internal employees and external learners. The upskilling and/or reskilling of core competencies and skills is on the back of the organisational restructure implementation and aligns to the overall strategy of growing our skills and talent.

The Bank is committed to drive a high performance culture and the proposal made on the performance management methodology and processes will be implemented. To position the Land Bank as a preferred employer, the revision of the current grading system will be investigated to determine the best fit job grading methodology for the Bank. The implementation of proposals made on the employee value proposition will be implemented.

## ANNEXURE G: FRAUD PREVENTION PLAN

### **I. PURPOSE**

The Land and Agricultural Development Bank of South Africa (Land Bank) has adopted a Code of Ethics articulating the values and acceptable ethical standards to which all persons associated with the Land Bank are required to adhere. This notwithstanding, the Land Bank acknowledges that in today's business environment, fraud is prevalent and all business organizations are susceptible to the risk of fraud.

In this regard, the purpose of the Fraud Prevention Plan ("the plan") is to set out and reinforce the Land Bank's policy of zero tolerance towards fraud and corruption as well as management's commitment to combating all forms of fraud inherent in the Land Banks' operations.

This document outlines the Land Bank's plan for the prevention, deterrence, detection, reporting, investigation and handling of fraud and corporate crime. The Plan establishes a process for oversight of fraud risk by the Board, Risk and Governance Committee, Social and Ethics Committee and Audit and Finance Committee and spells out responsibilities and ownership with respect to assisting the Bank to minimize its fraud risk exposure.

### **2. BACKGROUND**

This Fraud Prevention Plan has been developed as a result of the expressed commitment of Government to fight fraud and corruption. It is also an important contribution to the National Anti-Corruption Strategy of the country and supplements both the Public Service Anti-Corruption Strategy and the Local Government Anti-Corruption Strategy.

An effective fraud prevention process can help increase the confidence of investors, regulators and the general public in the financial integrity of an organization in addition to attracting and retaining human and financial resources.

The King IV Report on Corporate Governance recommends that an organization assesses risks on an on-going basis and design effective internal controls to manage risks throughout the organization. Fraud is part of organizational operational risk.

The Public Finance Management Act, No. 1 of 1999 and Treasury Regulations, March 2005 enjoin the Board to adopt a risk management strategy that must include a formal Fraud Prevention Plan. The

Bank is also required to submit annually to National Treasury, a Corporate Plan together with the Fraud Prevention Plan,

The Prevention and Combating of Corrupt Activities Act, No. 12 of 2004 ("PRECCA") has strengthened measures against corruption and has created specific offences relating to corruption.

The Protected Disclosure Act, No. 26 of 2000 makes provisions for procedures in terms of which employees may disclose information regarding unlawful or irregular conduct by their employers or other employees. The Act also accords protection to employees for disclosures made in good faith, under defined circumstances and encourages organizations to adopt internal whistle blowing mechanisms.

### **3. PRINCIPLES**

The following reflects the main principles which form the basis of the Plan:

- It is the policy of the Land Bank that fraud, corruption, maladministration or any other dishonest activities of a similar nature will not be tolerated. Such activities will be investigated and actions instituted against those found responsible. Such actions may include the laying of criminal charges, civil and administrative actions and the institution of recoveries where applicable.
- Prevention, detection, response and investigative strategies will be designed and implemented. These will include any existing controls (system controls and manual internal controls) and those currently prescribed in existing policies, procedures and other relevant prescripts to the activities of the Land Bank.
- It is the responsibility of all employees to report all incidents of fraud and corruption that may come to his / her attention to his / her manager. Alternatively, such reports can be made by way of submitting a report through the prescribed whistle blowing mechanism as adopted and promoted by the Land Bank from time to time.
- All reports received will be treated with the requisite confidentiality and will not be disclosed or discussed with parties other than those charged with investigation into such reports.
- All employees are responsible for the detection, prevention and investigation of fraud and corruption, within their areas of responsibility.

### **4. OBJECTIVES**

The primary objectives of the Plan are to:

Provide guidelines in preventing, detecting and reporting fraudulent activities within the Landbank.

- Create a culture within Land Bank where all employees and stakeholders continuously behave ethically in their dealings with or on behalf of the Land Bank.

- Encourage all employees and stakeholders to strive towards the prevention and detection of fraud impacting or having the potential to impact on the Land Bank.
- Encourage all employees and stakeholders to report suspicions of fraudulent activities without fear of reprisals or recriminations.
- Provide a focus point for the allocation of accountability and authority.

## **5. LEGISLATIVE AND POLICY FRAMEWORK**

The following legislation has also been taken into consideration in the development of the Plan:

- Constitution of the Republic of South Africa, 1996
- Treasury Regulations Issued in terms of the Public Finance Management Act, 1999
- Public Finance Management Act, 1999 (Act No. 1 of 1999) (as amended by Act No. 29 of 1999)
- The Prevention and Combating of Corrupt Activities Act, 2004 (Act No. 12 of 2004).
- The Protected Disclosure Act, 2000 (Act No. 26 of 2000).
- Promotion of Access to Information Act, 2000 (Act No. 2 of 2000). - Promotion of Administrative Justice Act, 2000 (Act No. 3 of 2000).
- Protection of Personal Information Act, 2013 (Act No. 4 of 2013).
- Criminal Procedures Act, 1977 (Act No. 51 of 1977).
- Labour Relations Act, 1995 (Act No. 66 of 1995).
- Protected Disclosures Act 26 of 2000
- Public Finance Management Act, 1999 (Act No. 01 of 1999).
- Protection of Personal Information Act, 2013, (Act No. 04 of 2013).
- National Treasury Framework for Managing Irregular and Fruitless and Wasteful Expenditure

The following Policies has also been taken into consideration in the development of the Plan:

- Fraud and Corruption Prevention Policy
- Human Resources Policies
- Land Bank Code of Ethics and Business Conduct
- Enterprise Risk Management Policy
- Whistleblower Policy and SOP
- IT Policies
- Lifestyle Audit Methodology and Plan

## 6. DEFINITION OF FRAUD

Term	Meaning
Fraud	<p>Fraud is defined as "the unlawful and intentional making of a misrepresentation which causes actual and or potential prejudice to another". The term "fraud" is also used in a wider sense by the general public.</p> <p>In this regard, the term is used in this document in its widest possible meaning and is intended to include all aspects of economic crime and acts of dishonesty. In other words, fraud can be described as any conduct or behaviour of which a dishonest representation and/or appropriation forms an element.</p>

## 7. SCOPE

The Plan applies to all employees, stakeholders, contractors, vendors/suppliers and any other party/person doing business with Land Bank.

## 8. APPROACH TO DEVELOPMENT OF THE PLAN

The Plan is informed by the recent Fraud Risk Assessment concluded in February 2024. The risks of fraud addressed in this document should not be relied upon as the full spectrum of the risks facing the Land Bank, but rather as an indication of the type of risks, bearing in mind the transformation of the risks of fraud resulting from constant technological enhancements and changing business processes. This Plan was also benchmarked against several other public sector entities (DBSA, DHA, SENTECH, COJ).

The following top fraud risks were identified during a recent fraud risk assessment conducted internally.

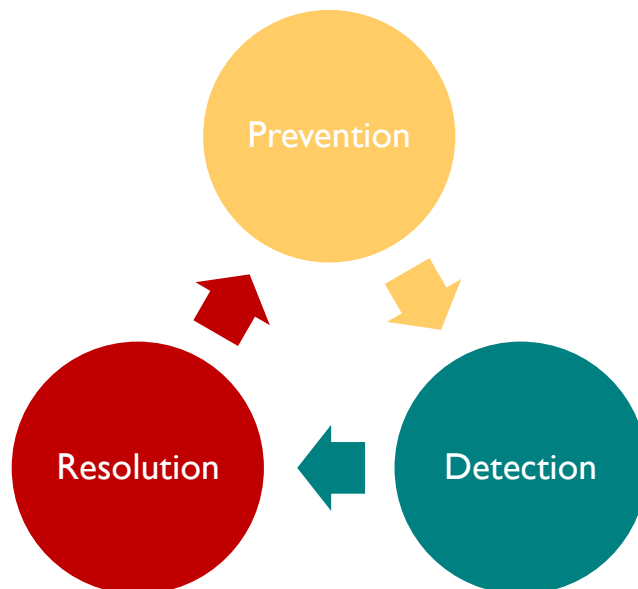
Risk	Rating
An employee intentionally accesses personal client information and shares it with an external party in lieu of an undue benefit	High
The intentional acceptance of and undue benefit i.e. by Land Bank employee to be influenced to	High

misrepresent information to ensure favourable outcome at application stage	
Deliberate reporting of inaccurate balances, ratios and financial information in the management reports resulting in key operational decisions being made based on inaccurate information	High
The intentional use of pool vehicles by employees under the pretence that it is used for business purposes whilst it is for private purposes and unduly benefit from it	High
Inadequate control over physical assets, resulting in theft of assets. Theft of new or old assets by IT personnel of mismanaged IT assets	High

Note: This only represents the residually high risks that were identified during the assessment.

## 9. COMPONENTS OF THE PLAN

Figure 17: BCM Components



The Plan is structured to address the prevention, detection, investigation as well as the resolution of fraudulent activities.

## **9.1 PREVENTION**

### **9.1.1. Ethical Culture**

It is critical to promote an organizational culture of ethical behaviour and integrity to prevent fraud and corporate crime by influencing employees' conduct and behavioral standards. Recognising the nexus between the organizational culture and employee behaviour, Management strives to ensure that organizational culture and corporate governance promote high ethical standards. The following corporate governance initiatives are in place at the Land Bank:

- The Audit and Finance Committee reporting to the Board has oversight responsibility over the Bank's systems of internal control;
- An independent Internal Audit function conducts reviews and tests the effectiveness of internal controls providing assurance through periodic reports to the Audit and Finance Committee;
- The Bank's Enterprise Risk Management function facilitates risk identification workshops to identify risks and advises line management on the relevant controls to be implemented.
- Ad hoc forensic audits/investigations are an integral part of the work of Internal Audit function;
- Written delegations of power(DOP) and documented financial control system.

As part of inculcating an ethical culture the Land Bank has formulated and adopted a Code of Ethics to regulate ethical behaviour. The Code has been communicated to all employees and forms an integral part of employee induction programme. The Code is reviewed annually.

The Code inter alia regulates the following:

- Corporate values;
- Compliance with laws and regulations;
- Conflict of Interest;
- Acceptance and offering of business gifts, courtesies and donations;
- Use of Land Bank resources;
- Protection of whistle blowers.

### **9.1.2. Training and Awareness**

#### **9.1.2.1. Training**

Training on the Land Bank Code of Conduct, workplace ethics at a strategic, systems and operational level as well as fraud and corruption related matters will be provided to all employees. Where necessary, specialist training may be provided to managers and those staff in key positions performing higher risk functions. Specific training will also be conducted on conflicts of interest, particularly to

those officials involved in recruitment and procurement processes.

#### **9.1.2.2. Awareness**

The Land Bank shall continue to raise awareness amongst employees, the public and stakeholders in order to facilitate a culture where all stakeholders strive to contribute towards making the Plan a success as well as for the sustaining of a positive, ethical culture within Land Bank. This shall increase the prospect of corruption being reported and improve Land Banks's prevention and detection ability. The Land Bank shall also raise awareness on the Code of Conduct to its employees with the objective to:

- Inform employees on an ongoing basis of what constitutes fraud and corruption and the standards of ethical conduct expected of them.
- Educate employees on fraud and corruption to enable an understanding of specific risks to which Land Bank may be exposed to, thus enhancing the prospect of detecting irregularities timeously.
- Sensitise employees about the importance of ethical decision making.
- Communicate the implications of unethical behaviour and its impact.
- Make employee aware of the current legislative framework as it relates to fraud and corruption and their obligations and rights should they blow the whistle.

The Land Bank will consider the following Communication strategies:

- Posters, newsletters, pamphlets and other publications to create awareness on the Code, Land Bank Fraud Prevention Plan.
- Screensavers on computers with appropriate anti-corruption and pro-ethics messages.
- Appropriate attachments to offers of employment and the inclusion of appropriate material during induction and training programmes.
- Ensuring continuous reporting on ethics and corruption to governance structures (Enterprise Risk Management, Social and Ethics and Audit and Finance Committees).
- Endorsements of correspondence directed at service providers and other stakeholders with anti-fraud and corruption messages.
- Publishing the Plan on the intranet and successes in its implementation in the annual report of Land Bank.

#### **9.1.3. Internal Controls**

While internal controls may not fully protect the Land Bank against fraud and corruption, they are essential elements in the prevention of fraud and corruption. Internal controls are the first line of defence against fraud and corruption.

Internal controls, however, are only effective if they are properly implemented and managers ensure that they are properly applied so that the risk is minimised. These controls should be regularly reviewed to ensure that they remain appropriate and effective.

Internal control systems that are effectively implemented can reduce the risk that fraud being committed or remaining undetected. Management is required to establish and maintain internal controls, not only aimed at increasing process efficiency and effectiveness, but also to prevent and detect fraud and corruption.

Internal controls that might limit, prevent and detect fraud and/or corruption if they are effectively implemented, not limited to policies, procedures and legislation are categorised as follows:

<b>Essential Internal Control Measures</b>	
<b>Preventative Controls</b>	
<b>Authorisation Controls</b>	Transactions should require authorisation or approval by an appropriate responsible person and the limits for these authorisations should be specified in the delegations of authority.
<b>Physical Controls</b>	Custody of assets should be specified and include procedures and security measures designed to ensure that access to assets is limited to authorised personnel.
<b>Adequate segregation of duties</b>	Duties and responsibilities in authorising, processing, recording and reviewing transactions and events should be separated among individuals and not left to one person.
<b>Detective Controls</b>	
<b>Arithmetic and accounting controls</b>	Basic controls within the recording function which ensure that transactions to be recorded and processed have been authorised, are complete, correctly recorded and accurately processed. Such controls include checking arithmetical accuracy of records, the maintenance and checking totals, reconciliations and accounting for documents
<b>Management and supervision</b>	Supervision by responsible officials of day-to-day transactions and the recording thereof – including assignment, review and approval of an employee’s work.

#### **9.1.4. Preventative Security**

##### **9.1.4.1. Physical Security**

The Land Bank recognises that adequate and effective security is one of the frontline defences against fraud and corruption and will continuously put measures in place to improve physical security to minimise or reduce fraudulent and corrupt activities.

#### **9.1.4.2. Information Security**

The Land Bank will continue to regularly sensitise employees about the risks of fraud associated with poor management of information. Access to software systems should be restricted to those who need system access for operational purposes.

User passwords are required to be changed regularly and should not be shared amongst individuals. Regular reviews of Information and Computer security will also be conducted and weaknesses identified will be addressed with the respective managers.

Raising awareness to employees on the content of IT related policies and procedures, with emphasis on Internet and e-mail usage and the implications of abusing these and other computer related facilities will be done on a regular basis.

#### **9.1.5. Personnel Security (Pre- Screening and Vetting)**

As prescribed by the Recruitment Policy, the Land Bank will ensure that thorough pre-screening procedures are applied to all employees, including applicants for employment within Land Bank, employees acting in specific positions, seconded employees, temporary and contract workers, consultants, third party employees, interns, students (research students) and business partners.

The following measures will be undertaken:

- Verification of personal data, educational, professional and qualifications, employment data and references.
- Verification of citizenship and finances.
- A Criminal Record Checks [CRC].

The Enterprise Risk Management division will conduct pre-screening of suppliers before they are appointed.

Verification of the following will take place:

- Central Supplier Database
- Supplier(s) registration with Companies and Intellectual Property Commission (CIPC).
- Tax certificate with South African Revenue Services (SARS).
- National Treasury database to determine if the supplier(s) was not blacklisted.
- BEE status.
- Requisite registration with all applicable regulatory agencies.
- Adverse media reports

During FY25 it is envisaged that lifestyle audits comprising both reviews and detailed investigations will be conducted on selected employees.

#### **9.1.6. Risk Assessment**

The Land Bank shall, as coordinated by the Internal Audit Function, conduct an annual fraud risk assessment to identify potential fraud and corruption risks.

This process will ensure the development of mitigating strategies to address the identified fraud and corruption such as:

- Prioritising areas for attention and subsequently developing appropriate controls to limit the material risks identified.
- Continually assess and update the risk profile (incorporating fraud and corruption risks) of the Land Bank.
- Allocate responsibility in terms of ensuring that internal controls to minimise occurrences of fraud and corruption are strengthened in all business units.
- The Land Bank Risk and Governance Committee will ensure oversight over the management of the identified risks.
- Regular process reviews will be conducted in order to identify possible vulnerabilities to fraud, corruption and security breaches within Land Bank business processes and systems. The outcomes of these reviews will be shared with Management in order to inform business planning and strategic initiatives of the Land Bank.

## **9.2. DETECTION**

In order to effectively manage fraud and corruption within the Land Bank, it is important to have early warning systems that will detect suspicious transactions and alert the relevant sections to investigate and address the incidents timeously. In this regard, the following measures will be put into effect:

### **9.2.1. Whistleblowing and Reporting Mechanisms**

Land Bank has adopted a whistleblowing policy which sets out the detailed procedure which must be followed in order to report any incidents of fraud and/or corruption, this includes:

- A standard process for dealing with reports.
- Details of the whistleblowers are kept confidential.
- Protection of whistleblowers from occupational detriment.
- Reporting line:
- The National Anti-Corruption Hotline (NACH) 0800 701 701 manned by the Public Service Commission.
- Via e-mail to report on [landbank@behonest.co.za](mailto:landbank@behonest.co.za).

- Ensuring ongoing awareness by promoting the hotline and other avenues for reporting corruption.

### **9.2.2. Analysis**

Analysis of data is critical in the identification of trends, loopholes, individuals and syndicates who are involved in fraudulent activities within the Land Bank. Data from various sources such as systems, documents and reports will be analysed in order to identify emerging trends, patterns and possible fraud and corruption risks. The Land Bank will also work with external partners to gather information when necessary.

### **9.2.3. Internal Audit**

The primary function of the Internal Audit Function is to assist the Land Bank in improving the adequacy, efficiency and effectiveness of operations, risk management, control and governance. This is further intended to promote good corporate governance (including promoting ethical conduct and the prevention, detection and reporting of fraud) within the Land Bank

Internal audit processes include testing access controls, reviewing separation of duties and various reconciliations and have the potential to detect fraudulent or corrupt conduct. Internal Audit Function is to provide independent, objective assurance and consulting services, within Land Bank, designed to add value and improve the organisation's operations. It helps the organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control, and governance processes.

### **9.2.4. Management Responsibility**

Management is responsible for the establishment and maintenance of effective systems of governance to:

- Establish and communicate organisational goals and values.
- Monitor the accomplishment of goals.
- Ensure accountability and values are preserved.

Management is further responsible for the establishment and maintenance of effective internal control systems which include activities designed to minimise fraud and corruption risks. The objectives of the systems of internal control are, inter alia, to provide senior management with reasonable, but not absolute, assurance that:

- Identify, assess and manage potential fraud and corruption risks in their area of work.
- Assets are safeguarded.
- Financial and operational information is reliable.
- Operations are effective and efficient.

- Laws, regulations, policies and contracts are complied with.
- Implement policies, strategies, processes and procedures to prevent possible fraud and corruption.
- Report suspicious activities within their areas of responsibility.

Ongoing financial disclosure: employees are obliged to complete financial disclosure forms, wherein specific personal assets and private business interest must be declared.

## **9.3 INVESTIGATIONS**

### **9.3.1. Internal Investigative Capacity**

Land Bank has established an internal investigative capacity supplemented by a co-sourced panel, which is mandated to investigate fraud and corruption perpetrated by employees. The investigations will be conducted without any bias or influence, without fear, favour or prejudice.

## **9.4 CORRECTIVE CONTROLS**

### **9.4.1. Disciplinary Proceedings**

All fraud and corruption cases investigated, and where evidence exists that acts of misconduct were committed, such cases shall be handled in accordance with the relevant legislative prescripts and Disciplinary Code and Procedures.

### **9.4.2. Referring to other Agencies and Criminal Prosecution:**

Appropriate mechanisms exist for the referral of cases to external law enforcement agencies. In cases where the Land Bank has evaluated and/or performed an investigation and discovered evidence of fraud or corruption, the case is reported to the SAPS for further investigation and possible prosecution. The Land Bank gives its full co-operation to any such law enforcement agency including the provision of reports compiled in respect of investigations conducted.

### **9.4.3. Civil and Asset Recovery**

The recovery process is initiated by the Legal Division after having been furnished with the investigation findings/report and recommendation for such recovery. Costs involved are determined to ensure that the cost of recovery is financially beneficial.

### **9.4.4. Review of Internal Controls**

Management will continue to be informed of the findings of investigations in order to review the internal control systems. Such reviews are documented and agreed upon with relevant Managers for

the implementation of corrective actions.

The Land Bank shall continue to address the problem of inadequacy of training, expertise and knowledge in systems, policies and procedures to improve internal controls.

## 10. IMPLEMENTATION OF THE PLAN

The Internal Audit Function is responsible for communicating the Plan and providing the necessary information/advice regarding the implementation thereof. All Management must ensure that the Plan is effectively implemented within their area of responsibility.

## 11. MONITORING AND REVIEW

The progress report on the implementation of this Plan and its review will be performed quarterly. This Plan will be reviewed on an annual basis.

Activity	Responsibility	Timeline
Continuous Implementation of Anti-Fraud Controls identified during the fraud risk assessment	All Executive Managers	On-Going
100% achievement of the Internal Audit Plan and Reports issued to Management and AFC	CAE	Quarterly
Strategic and Operational Risk Assessments	CRO	Annually
Fraud Awareness Publications	CAE	June 2025, October 2025, December 2025
Fraud Awareness Sessions	CAE	February 2025
Fraud Risk Assessment Update	CRO	February 2025

## 12. CONCLUSION

The IAF has a mission and set of values. The results of the situational analysis procedures conducted facilitated the identification of common root causes for which action plans have been developed. To assist the entity in achieving its objectives, the recommendations to address root causes together with the divisions KPI's require the support of the Board, its sub-committees, Executive and Senior Management.

## ANNEXURE H: FUNDING PLAN

### 1. PURPOSE

The Borrowing Programme outlines Land Bank's borrowings and is submitted to National Treasury in compliance with sections 52(a) and 66(7)(a) of the PFMA.

### 2. EXECUTIVE SUMMARY

Land Bank's default was cured on 16 September 2024 with all the lenders converting their different instruments into a 4 year note (facility for international lenders) that matures on 31 March 2028. When the Bank went into default in April 2020, it had debt worth R40.6 billion and this was reduced to R10,812 billion as at 30 September 2024.

The Liability Solution agreement makes provision for a limited capacity by the Bank to raise debt funding. Funding for FY26 will therefore be comprised of:

- The corporate and commercial portfolio's funding requirements will be supported by the Bank's cash flows from collections and settlements of the loan book and any additional funding raised as part of permitted indebtedness; and
- The development portfolio will be funded by equity capital and grants. This portfolio is dependent on sustainable flow of annual capital/equity allocations from the Shareholder, and grants.

In order for the Bank to effectively perform its development mandate of closing the market gap and providing affordable financing in the agricultural sector, the blended finance approach will become a crucial part of the Bank's future funding strategy for the development portfolio, whilst borrowings are being envisaged to support the corporate and commercial business in the form of funding sourced from the capital markets once the Bank is able to borrow.

### 3. EQUITY INJECTION

The shareholder recapitalized the Bank to the tune of R10bn in the past 4 years. R5,611 billion equity that was held in escrow from 1 April 2023, pending the conclusion of Liability Solution, was released on 13 September 2024. R4,328 billion of this amount is ring fenced for the Blended Finance Scheme.

#### 4. CASH FLOW PROJECTIONS FOR FY26 – FY30

The cash flow projection for FY26 to FY30 is included below.

Table 29: Cash Flow Projection

ZAR mil	FY2026	FY2027	FY2028	FY2029	FY2030
<b>Beginning liquidity</b>	7 226	3 409	1 845	158	(1 969)
Collections	1 631	3 371	1 673	1 582	1 549
Non Interest income	98	100	104	109	113
Other income(Int on cash+bad debts recovered+equity investment disposal+capex spend)	542	242	135	(115)	(255)
<b>Cash inflows</b>	<b>2 271</b>	<b>3 713</b>	<b>1 913</b>	<b>1 576</b>	<b>1 407</b>
Debt capital repayments	(2 679)	(2 301)	(954)	(1 177)	(1 177)
Debt interest repayments	(870)	(631)	(520)	(330)	(208)
Operational expenses	(985)	(1 020)	(1 076)	(1 123)	(1 156)
Disbursements	(1 555)	(1 325)	(1 049)	(1 074)	(1 098)
<b>Cash outflows</b>	<b>(6 089)</b>	<b>(5 277)</b>	<b>(3 600)</b>	<b>(3 703)</b>	<b>(3 640)</b>
<b>Funding Surplus/(shortfall)</b>	<b>3 409</b>	<b>1 845</b>	<b>158</b>	<b>(1 969)</b>	<b>(4 201)</b>

Given the above projections, there is a need for Bank to start raising new funding by FY27 in order to maintain a reasonable level of liquidity and to meet the debt capital repayments due during FY28 and to continue to carry out its mandate.

#### 5. POSSIBLE FUNDING SOURCES FOR FY26 TO FY30

The Bank is currently exploring the following funding sources (debt and grant), noting that discussions are still in progress:

- Source debt swap instruments in order to swap out the current expensive debt concluded as part of the LS5.
- Sourcing additional grants to assist the bank with its blended finance programs.
- Sourcing Long Term Concessionary Debt Funding from Debt Capital Markets and Multilateral Agencies.
- Sourcing Credit Guarantees and Credit Enhancements instruments.
- Sourcing of Partnership Funds to aid with Pre and Post Funding Support.

The Bank will continue to identify and explore possible funding sources in order to meet its cash flow requirements. The Treasury organisational structure of the Bank has been augmented to improve the capacity and skills required to get the Bank back in the market as it rebuilds.

#### 6. RISK MANAGEMENT

The Liability Solution implementation agreement left the Bank with limited options for risk

management. The Bank had a portfolio of swaps which were entered into over a number of years to manage the basis risk resulting from the mismatch in the interest earned on loan assets (Prime rate) and the rate paid on funding liabilities (jibar). This portfolio of swaps together with the contingent facility were closed and the settlement facility reduced as part of Liability Solution conclusion conditions. Entering into any new risk management agreements will require the lenders' approval and appetite for Land Bank credit risk from the commercial banks.

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

To manage the forecast risk inherent in the cash projections, the Bank does rolling forecasts throughout the year, making adjustments where necessary. In addition, the reported projections are reviewed as required.

## **7. GOVERNMENT GUARANTEES**

The Bank has no guaranteed debt. All the debt that was government guaranteed was repaid by National Treasury in September 2023 from the equity allocated to Land Bank.

## **8. FOREIGN CURRENCY BORROWING LIMIT**

Foreign Liabilities are part of the total R10.812bn outstanding debt of the Bank. Land Bank. These are existing liabilities that were incurred from 2016, and approval thereof was obtained from the National Treasury at the time they were incurred by the bank. The approval amounted to a total foreign borrowing limit of R7.2 billion.

As at 31 October 2024, the foreign currency limit utilisation stood at R 1.392 billion representing outstanding foreign currency deb. Land Bank will need to obtain approval from National Treasury for new foreign debt borrowing with the default now having been cured.

## **9. CREDIT RATINGS**

Land Bank currently has no listed notes or DMTN Programme that requires annual rating of the Bank or notes. A Rating Agency will be appointed should the need arise in future.

## ANNEXURE I: RISK REGISTER

### I. LAND BANK STRATEGIC RISKS

#### I.1 RISK MANAGEMENT AND GOVERNANCE

##### I.1.1 Risk Strategy and Philosophy

The Board continues to maintain a sound risk management and control environment, through its Enterprise Risk Management (ERM) approach and ERM framework which covers strategic, financial, credit, model, operational, regulatory compliance, governance and ethics risks. ERM in the Bank is also guided by the Land Bank Act, PFMA, Treasury Regulations, King IV Report on Corporate Governance, COSO Risk Management Model, ISO 31000 Risk Management Standards, and the Public-Sector Risk Management Framework. This approach to risk management has assisted the Bank in maintaining and improving its risk management and control environments on an ongoing basis. The current and future activities of ERM (Compliance and Operational Risk) is to improve risk maturity at the Bank has been rolled-out by the Board based on its risk maturity strategy. The strategy articulates a defined and disciplined approach for implementing, monitoring and maintaining good risk management practices to propel the Bank towards the achievement of the Bank's mandate and strategic objectives and becoming a risk intelligent organization.

Embedding of risk management principles and assessment, as part of strategy design, ensures that the Bank can, well in advance, become aware of the areas that may impact the achievement of its goals and apply controls and mitigations in line with its risk appetite and tolerance levels. This process enhances the overall control environment and governance in a more structured manner across all areas of business. This further enables the Bank to identify and exploit opportunities that would help achieve its objectives and deliver on its mandate.

##### I.1.2 Risk Governance Oversight

The Board is the ultimate Chief Risk Officer of the Bank and is accountable for the Bank's overall governance of risk in line with National Treasury' Public Sector Risk Management Framework. Its primary responsibility is to bring its specialist expertise to assist embed risk management and leverage on its benefits to enhance performance, including facilitation of risk assessments for material risks and ongoing evaluation of the strategy and managing the ERMF risks. The adoption of the risk governance architecture and the three of defence (LoD) model and combined assurance model underpins the Bank's sound governance and risk governance which promotes accountability.

### 1.1.3 Ethics Institutionalisation

The management of ethics risk is a critical requirement for corporate sustainability and success. The entrenchment of ethics is a continual activity, the following elements of the Bank's governance of ethics framework were implemented by the Ethics Office as headed by the CRO:

- leadership commitment,
- ethics governance structures,
- ethics management (approved ethics strategy, ethics risk assessment, code of ethics and other ethics related policies, institutionalisation, declaration of gifts, declaration of interests, ethics disclosures, establishment of Ethics Office, independent ethics hotline administrator and ethics risk appetite indicator and tolerance) and
- ongoing internal and external reporting according to the governance architecture.

Ethics institutionalisation is a prominent and vital step in the ethics management process and this responsibility lies with the Ethics Office (function) and other enabling internal partners like People and Culture, and Forensics. Institutionalisation or 'making ethics real and practical' is about implementing proactive and reactive interventions and systems which influences the employees' behaviour to act ethically in line with the bank's core values, policies and code of ethics and conduct.

In line with the approved FY25 ethics management plan (EMP), ethics risk assessment (ERA) and ethics maturity strategy which are aligned to the governance of ethics framework, the following proactive activities will be implemented throughout the financial year to institutionalise ethics, cultivate an ethical culture for both leadership and employees, and improve overall ethics performance:

- Regular bank-wide ethics awareness and training including on updated ethics policies, new employees' ethics induction, and annual global ethics day.
- Annual declaration of employees' business interests and outside employment.
- Land Bank subscription to The Ethics Institute (TEI) as a Supporter, pledging and demonstrating the bank's commitment to promoting ethics and building an ethically responsible society.
- The Land Bank core values were loaded on the intranet homepage to make them prominent and easily accessible to employees.
- Ongoing declaration of received gifts by employees – in line with the Gift policy and SOP.
- Administration of new and existing ethics disclosures/ incidents reported to the Ethics and Fraud Hotline according to the Ethics SOP.
- Other ethics interventions as outlined on the strategy.

### 1.1.4 Strategic Risks

Strategic risk occurs due to a possible source of loss that might arise from an unsuccessful business plan or inappropriate execution of the business plan. Sources of strategic risks include, but are not limited to: risks arising from making poor business decisions, substandard execution of decisions or failure to respond to changes in business environment. In addition to Business Strategic risks, other risks such as Information Technology, People risk, Credit risk, Financial risk and reputation are also managed through the strategy.

The above approach and philosophy have assisted the Bank in its process of identifying and preventing of key strategic risks and continue managing and treating them despite these difficult conditions. The strategic risks are summarised below and are considered likely to hinder the Bank's ability to achieve its mandate and strategic objectives. The mitigations proposed and action plans continue to reduce the likelihood and impact of these risks on the organization:

Table 30: Strategic Risks FY26

Risk Name	Risk Description
<b>1. FINANCIAL SUSTAINABILITY</b> (Risk linked to funding risk, liquidity and credit)	Solvency and liquidity positions, including the conclusion of the liability solution, event of default, and going concern status. Funding risk is also impacted by Bank's ability to maintain existing DARRLAD/ BFS funding stream while able to raise new future funding to support its Development Portfolio (and achieve Development Effectiveness) and commercial agriculture.
<b>Risk Response Plans:</b>	
<ul style="list-style-type: none"> <li>Revenue diversification initiatives and funding business case to address single revenue stream and liquidity risks. (Responsible: CBO/ CSO and CEO). (Status/ Target date: Q4 FY26).</li> <li>Balance sheet diversification to improve mis-matches in the B/S and manage solvency risks. (Target/ Status: In-progress, Implementation from Q3. Responsible: CFO and CEO)</li> <li>Ongoing monitoring of the covenants approved with liability solution - LS 5 at AFC/ CIC. (Status/ Target date: Ongoing).</li> <li>Banking and deal teams to increase lending per approved score card measured monthly by EXCO. (Target/ Status: Ongoing. Responsible: CBO and CEO/ Supported by CAE and CRO)</li> <li>Ongoing liquidity assessment and tracked by RGC and AFC (Responsible: CFO and CEO). (Status/ Target date: Ongoing).</li> </ul>	
<b>Risk Appetite Indicators:</b>	
Net interest income Margin Incl. Interest in Suspense. Liquidity Ratio. Gearing Ratio. Cost to income ratio.	
Risk Name	Risk Description
<b>2. FUNDING RISK</b>	Limited funding for transformational mandate, and limited ability to attract other funding sources.
<b>Risk Response Plans:</b>	
<ul style="list-style-type: none"> <li>Ongoing engagement with NT/Shareholder on future funding support for the Development portfolio. (Responsible: CEO, CFO and CSO). (Status/ Target date: FY26).</li> <li>Ongoing Strategic partnership with DALRRD in order to retain and secure future grant funding for Development portfolio. (Responsible: CFO and CEO). (Status/ Target date: FY26).</li> <li>Diversification of funding streams. (Responsible: CFO and CEO). (Status/ Target date: FY26/27).</li> <li>Alternative funding initiatives with other third party investors or strategic partners for diversified funding streams for identified specific projects, imports/exports, CSI, Pre/Post funding in line with approved business case and strategy (Responsible: CBO, CFO and CEO). (Status/ Target date: Q4 - FY26).</li> </ul>	
<b>Risk Appetite Indicators:</b>	
Net interest income Margin Incl. Interest in Suspense. Liquidity Ratio. Gearing Ratio. Cost to income ratio.	
Risk Name	Risk Description
<b>3. CREDIT AND INVESTMENT RISK</b>	The risk of inability of clients to honour debt obligations & non recovery of investments returns.
<b>Risk Response Plans:</b>	
<ul style="list-style-type: none"> <li>Implement revised NPL and preservation strategy. (Responsible: EM: Legal, EM Collection and CEO)</li> </ul>	

<ul style="list-style-type: none"> <li>• <b>Write-offs:</b> EXCO agreed to proceed with timeous write-offs as per policy. Execution on agreed strategy. Further focus on the selling of legal book that has already been written-off as post recovery. (Responsible: EM: Legal, EM Collections, CFO, W &amp; R and CEO). (Status/ Target date: Ongoing - FY26).</li> </ul>	
<ul style="list-style-type: none"> <li>• Implementation of approved Credit policies and SOPs (Responsible: (CAE, CRO and CEO). (Status/ Target date: Ongoing).</li> </ul>	
<ul style="list-style-type: none"> <li>• Ongoing update of current Forbearance mechanisms and restructures (Responsible: EM Collections, W &amp; R and CEO). (Status/ Target date: FY26).</li> </ul>	
<ul style="list-style-type: none"> <li>• Validation of existing collateral instruments as per policies (Responsible: EM: Legal, EM Collections, W &amp; R and CEO). (Status/ Target date: FY27).</li> </ul>	
<ul style="list-style-type: none"> <li>• Continue to implement legal collections within the approved processes and legal framework to ensure compliance. (Responsible: EM: Legal, EM Collections, W &amp; R and CEO). (Status/ Target date: FY26).</li> </ul>	
<b>Risk Appetite Indicators:</b>	
NPL Ratio. Pre Legal NPL Reduction. Equity Exposure (% of total Assets).	
<b>Risk Name</b>	<b>Risk Description</b>
<b>4. PEOPLE RISKS (Including Performance/ Execution Risks)</b>	Inadequate capacity and capability by staff to execute organisational strategy; staff attraction; retention strategy and poor performance.
<b>Risk Response Plans:</b>	
<ul style="list-style-type: none"> <li>• Organisational redesign implementation completed-to address fit for purpose structure and skills set, enable execution of Bank strategy. Conclude all placements for existing staff. [Target/ Status: In-Progress. Responsible: CPC/ P&amp;C and CEO]</li> </ul>	
<ul style="list-style-type: none"> <li>• Address outcomes of employee culture survey results to address issues on unfavorable work environment. [Target/ Status: In-Progress. Responsible: CPC/ P&amp;C and CEO]</li> </ul>	
<ul style="list-style-type: none"> <li>• Remuneration policy approved to deal with inconsistencies and pay discrepancies, and manage flight risk. [Target/ Status: In-Progress. Responsible: CPC/ P&amp;C and CEO]</li> </ul>	
<ul style="list-style-type: none"> <li>• Performance Management process to ensure a high performing organization through active performance management, setting of: Clear role specific KPI's aligned to Corporate Plan and align to individual deliverables. [Target/ Status: Ongoing. Responsible: CPC/ P&amp;C and CEO]</li> </ul>	
<ul style="list-style-type: none"> <li>• Ongoing monthly performance tracking of performance through Exco where all EM/Chiefs provide reports on divisional performance. [Target/ Status: Ongoing. Responsible: CPC/ P&amp;C and CEO]</li> </ul>	
<b>Risk Appetite Indicators:</b>	
Vacancy rate for all permanent roles. Employment equity >75% of ACI staff. Employment equity: black women in senior and executive management: >30%. Land Bank Performance KPI achieved at 80%.	
<b>Risk Name</b>	<b>Risk Description</b>
<b>5. INABILITY TO MAINTAIN STAKEHOLDER RELATIONS</b>	Managing of reputational risk, mapping and satisfying expectations of primary, secondary and tertiary stakeholders ( <i>Outcome of management of operational/ strategic risk and expectation of business mandate and organisational strategy</i> ).
<b>Risk Response Plans:</b>	
<ul style="list-style-type: none"> <li>• Ongoing implementation of the Reputation Management Strategy and Action Plan as approved by the Board to manage reputation (Responsible: CSO, Cossec and Board). (Status/ Target date: Ongoing/ F2026).</li> </ul>	
<ul style="list-style-type: none"> <li>• Development and implementation of the stakeholder management plan/ engagement plan that has a detailed stakeholder analysis, mapping and proactive engagement/ management plan. (Responsible: CSO and CEO). (Status/ Target date: Ongoing/ F2026).</li> </ul>	
<ul style="list-style-type: none"> <li>• Media monitoring services to manage negative press. (Status/ Target date: Ongoing (throughout F2026)).</li> </ul>	
<ul style="list-style-type: none"> <li>• Management's Strategy Execution Oversight Programme and reporting to improve limited &amp; proactive communication/ marketing. (Status/ Target date: Q1 - FY2026).</li> </ul>	
<ul style="list-style-type: none"> <li>• Clear communication strategy and capabilities (use of all available communication platforms) – social media accounts FB, LinkedIn and others to be introduced. (Responsible: CSO and CEO). (Status/ Target date: In-Progress ).</li> </ul>	
<b>Risk Appetite Indicators:</b>	
Net Reputation Scored (NRS).	
<b>Risk Name</b>	<b>Risk Description</b>
<b>6. DIMINISHING RELEVANCE OF THE BANK</b> (Relevance and Development impact)	Inadequate differentiation of the Bank's unique value proposition in the agricultural market in relation to Development effectiveness and thought leadership. <i>This risk is directly linked to "Maintaining Stakeholder relations" and as such has been partially merged with item 5 above, the two risks are related but account for different consequences, hence will continue to be tracked separately though linkages are made.</i>
<b>Risk Response Plans:</b>	
<ul style="list-style-type: none"> <li>• Build a capability to enable effective product development capacity of new products and services that will ensure the Bank remains relevant in the sector. To address limited product offerings and innovate (Responsible: CBO and CEO). (Status/ Target date: FY26).</li> </ul>	
<ul style="list-style-type: none"> <li>• Adopt a holistic innovation approach that will create an innovation culture within the Bank, efficiencies, digitalization, new technology, partnerships and new ways of working. (Responsible: CBO, CTOO and CEO). (Status/ Target date: Q1 - FY26).</li> </ul>	
<ul style="list-style-type: none"> <li>• The decentralized approach commenced on a hybrid approach and now to be fully deployed with the implementation of the new organization structure. (Responsible: CBO and CEO). (Status/ Target date: Q1 - FY26).</li> </ul>	
<ul style="list-style-type: none"> <li>• The new Operating Model, underpinned by the Relationship Management Model, is geared towards embedding the relationship management value proposition of the Bank. (Responsible: CBO and CEO). (Status/ Target date: Ongoing).</li> </ul>	

<b>Risk Appetite Indicators:</b>	
Disaster Relief Funds Target. Disbursement: Existing clients. Disbursement: Blended finance Grant only. Disbursement: Blended Finance Loans Only. Approvals of application designated groups(Black Female, Youth and Disabled).	
<b>Risk Name</b>	<b>Risk Description</b>
<b>7. GOVERNANCE RISK</b>	Compliance, risk management, control environment, oversight and accountability.
<b>Risk Response Plans:</b>	
<ul style="list-style-type: none"> <li>Risk allocated to each EM/ Chief in line with RACI matrix. Strategic risk register is standing item at ExCo overseen by CEO. Escalations to the CEO for non-compliance or non-responsiveness ongoing. [Target/ Status: In-Progress Responsible: CRO and CEO]</li> <li>Oversight by EXCO and RGC to manage enterprise risks, compliance and governance risks. [ongoing-Responsible: CRO and ComSec]</li> <li>Ongoing risk, compliance and annual regulatory training material updated and relaunched on e-learning management system. [Target/ Status: In-Progress. Responsible: CRO]</li> <li>DOP 1 and 2 under review to align with new org structure and limits. [Target/ Status: In-Progress. Responsible: CRO and ComSec]</li> <li>Ongoing review of all policies overseen. [Target/ Status: Q4. Ongoing. Responsible: CRO]</li> <li>Implementation of Risk, Compliance and Ethics Governance architecture, policies, framework, and committee charters. [Target/ Status: In-Progress. Responsible: CRO]</li> </ul>	
<b>Risk Appetite Indicators:</b>	
Fruitless and/ or wasteful expenditure. Findings on unethical behaviour by staff members. Enterprise Risk Management Entrenchment. Annual External Audit outcome. Fines for On-compliance or regulatory breaches.	
<b>Risk Name</b>	<b>Risk Description</b>
<b>8. INEFFECTIVENESS OF ORGANISATIONAL OPERATIONS</b>	Inadequate business systems and processes undermining the ability to execute the Bank's mandate and client centricity.
<b>Risk Response Plans:</b>	
<ul style="list-style-type: none"> <li>Accelerate process optimisation, automation and digitisation to enable/ improve service delivery through implementation of ICT Moderation Strategy: Ongoing E-services portal enhancements; Implementation of CRM enhancements; Implementation of Acceleries (Technical and Financial assessment tool). [Target/ Status: Dependent on ERP. Q4 FY2026. Responsible: CTOO, CRO and CEO]</li> <li>Develop Enterprise Resource Planning (ERP) Business case, and Design and implement the Business Re-Engineering Programme. (Responsible: CTOO and CEO). Status/ Target date: In-progress (Dependent on new ERP).</li> <li>Automate Third Party verification (including AM, ITC, CIPCL) to streamline processes and reduce inefficiencies (Target Dependent on ERP Solution, (Responsible: CTOO, CRO and CEO). Status/ Target date: FY2026 - Not yet started).</li> </ul>	
<b>Risk Appetite Indicators:</b>	
Turnaround Times (From Due diligence to approval).	
<b>Risk Name</b>	<b>Risk Description</b>
<b>9. EXTERNAL EVENTS</b>	External events affecting the operating environment of the Bank.
<b>Risk Response Plans:</b>	
<ul style="list-style-type: none"> <li>In order to address the lack of intelligence, limited alerts on sectoral issues, and lack of early warning signals in the Bank: Maintaining membership platforms like Agbiz, organized agriculture; farmer unions DALRRD, NAMC, ARC and management attending conferences, symposiums, webinars-to enable research work and updates. [Target/ Status: Ongoing. Responsible: Chief Agri. Econ and CEO]</li> <li>Agro-energy fund to the sector developed to mitigate for load-shedding and power failures. (Responsible: CHIEF AGRI ECO, CBO, CSO and CEO supported by CRO). Status/ Target date: Complete</li> <li>Introduce stress testing &amp; scenario planning to manage lack of scenario planning for downside risk including possible changes with land expropriation. (Responsible: CHIEF AGRI ECO, CBO, CSO and CEO). Status/ Target date: Complete - Ongoing (quarterly).</li> </ul>	
<b>Risk Appetite Indicators:</b>	
Embed ESG Framework. Internal and External Fraud. Number of Actual/reported IT breaches.	
<b>Risk Name</b>	<b>Risk Description</b>
<b>10. TECHNOLOGY AND INFRASTRUCTURE SUSTAINABILITY RISKS</b>	Unsustainable Technology and Infrastructure resulting in business operations failures, unavailability of critical systems and limitations in the IT governance controls.
<b>Risk Response Plans:</b>	
<ul style="list-style-type: none"> <li>The Bank approved a three year phased Data Centre Infrastructure Refresh Programme. [Responsible: CTOO and CEO; Complete].</li> <li>Review/ upgrade of the whole ERP and core banking system. [Target/ Status: In-progress. Responsible: CTOO and CEO]</li> <li>Ongoing implementation of approved IT Strategy; IT architecture blueprints to address legacy; non-agile ICT systems; Implement new org structure to elevate ICT at ExCo and Board level and processes not aligned to 4IR. [Target/ Status: In-progress. Responsible: CTOO and CEO].</li> <li>Building capabilities for Cyber Security and Resilience. (Responsible: CTOO and CEO). (Status/ Target date: Ongoing).</li> <li>Recruitment process to fill vacant critical roles in IT. (Responsible: CTOO and CEO). Status/ Target date: FY26 – Q1.</li> </ul>	

<b>Risk Appetite Indicators:</b>
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Number of Actual/reported IT breaches. System Availability.
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The methodology adopted provides a road map for Strategy execution and organisational effectiveness. These elements are integrated and therefore require a holistic design, driven by leadership buy-in and implemented through a coordinated programme.

## ANNEXURE J: LBIC RISK REGISTER

### I. Risk and Governance

The sustainability and growth of the LBI businesses and the ability to create long-term value for all LBI stakeholders are dependent on our effective risk management system and prudent financial management. This is particularly important because there are many challenges in the external environment and significant change and adaptation within the operating environment of our businesses.

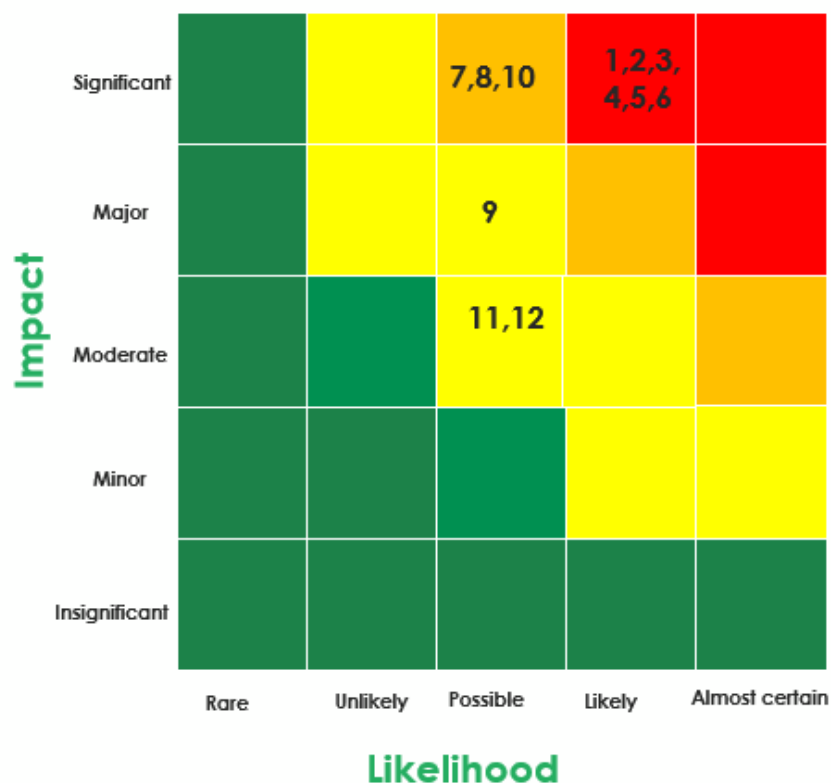
The LBI risk management process is designed to continuously monitor both the internal and external environment to identify any conditions or changes that require us to respond to mitigate the related risks and both stay within the approved risk appetite and also stay course to achieve the business plans and realise corporate strategic objectives.

Table 31: Roadmap: Risk and Governance

FY 2025-2026	Deliverables
<b>Create an Effective control environment</b>	Classify 0.1% (R value) of expenses as irregular, unauthorised and fruitless and wasteful expenditure
<b>Maintain External Audit outcome</b>	Audit outcome as per the AGSA Audit Report
<b>Ethical behaviour</b>	Zero appetite for unethical behaviour by a staff member
<b>ESG – Environmental impact</b>	Implementation of the Climate Change intervention as per the approved FY 2026 Climate project plan.
<b>Comply with Insurance Regulatory</b>	Regulatory Penalties
<b>Own Risk and Solvency Assessment (ORSA)</b>	Conduct an Own Risk Assessment exercise for FY2026 and have it approved by board and submitted to the Prudential Authority.

## 2. Top Risks

Top residual risks are identified based on their likelihood of materialising in a reasonably short timeframe, with a magnitude that materially impacts the business. Below is a possible threat to the FY 25 - 29 strategy. Key management actions in addressing these are outlined in different strategic pathways.



No.	Risks
1	Life Business Sustainability
2	Growth Risk - Growth stagnation of the asset portfolio
3	Capital Inadequacy Risk
4	LBIC – Liquidity Risk
5	Climate Risk ( results in high loss ratio)
6	Shareholder Contagion Risk (resulting in slow uptake of Bancassurance)
7	Crop Portfolio Concentrated on Single Partner
8	IFRS 17 – Implementation Risk
9	Business Resilience ( IT & Cyber Risk)
10	Lack of Reinsurance Support
11	Investment Risk
12	Human Capital

Table 32: LBIC Strategic Risks

No	Risks	Business Perspective	Key Management Actions
1	<ul style="list-style-type: none"> <li>Life business sustainability - The risk relating to the inability to generate enough revenue to support the life business cost structure</li> </ul>	<ul style="list-style-type: none"> <li>The life portfolio structure consists of Group life and Individual life. Over the years the growth of the credit life remained stagnant. To diversify the portfolio, the business has developed a new Whole of Life business product, which is pending regulatory approval.</li> </ul>	<ul style="list-style-type: none"> <li>Review and implement optimal expense allocation between LBLIC and LBIC</li> <li>Launch Whole of Life proposition</li> <li>Execute on Strategic partnership opportunities</li> <li>Implement a fit for purpose Re-insurance structure, or</li> <li>Determine and present to Board appropriate future for LBLIC</li> </ul>
2	<ul style="list-style-type: none"> <li>Growth Risk (Non-life) - The risk of being unable to achieve and maintain sustainable growth in the non-life business.</li> </ul>	<ul style="list-style-type: none"> <li>Growth remains stagnant on the Agri-asset portfolio, which has been developed as a diversification tool for the non-life business. With the exponential premium growth on the crop portfolio.</li> </ul>	<ul style="list-style-type: none"> <li>Enhance Product proposition by developing customer fit products i.e. crop life</li> <li>Embed pricing and underwriting mechanism</li> <li>Optimise data analysis for efficient business decisions</li> <li>Active portfolio management</li> </ul>
3	<ul style="list-style-type: none"> <li>Capital inadequacy Risk - the risk that the company is holding insufficient funds to cover material negative variations in actual future experience</li> </ul>	<ul style="list-style-type: none"> <li>The SCR coverage ratio has been reducing over the past four years and continues to reduce year after year. It was 5.75 in March 2021, 5.71 in March 2022 and 4.18 in March 2023. For March 2024 the SCR coverage ratio is has significantly dropped to 235% this is due to business not adequately allowing for the credit risk associated with credit to policyholder in the form of deferred premiums, which resulted in understating the regulatory SCR requirements.</li> </ul>	<ul style="list-style-type: none"> <li>Capital adequacy assessment – Regular assessment to ensure sufficient capital buffer are maintained.</li> <li>Reinsurance programs – Establish robust reinsurance arrangements transfer part of the risks</li> <li>Stringent underwriting guidelines – implement strict underwriting rules to assess risk accurately</li> <li>Solvency relief structures</li> </ul>
4	<ul style="list-style-type: none"> <li>LBIC – Liquidity Risk – refers to the risk an insurer faces due to the inability to meet its short-term financial obligations without</li> </ul>	<ul style="list-style-type: none"> <li>The risk is heightened due to seasonal cash flow, unpredictable claims (e.g. from weather events)</li> </ul>	<ul style="list-style-type: none"> <li>Cash flow forecast – Regular forecast to anticipate cash needs and surplus.</li> <li>Premium collection cycles – Design of premium collection that aligns with business cash flow needs</li> </ul>

No	Risks	Business Perspective	Key Management Actions
5	<ul style="list-style-type: none"> <li>Climate Risk - The risk that global warming, extreme weather events and the transition to a low-carbon economy will adversely impact economic growth and insurance profitability. These, in combination with increased costs of doing business, could threaten the resilience and sustainability of our business.</li> </ul>	<ul style="list-style-type: none"> <li>Increased frequency and intensity of severe weather events could cause business disruption, and adversely impact claims experience and pricing of insurance products, particularly the Crop business. The business operates within a highly volatile crop insurance environment affected by a wide range of adverse climatic conditions.</li> </ul>	<ul style="list-style-type: none"> <li>Develop a comprehensive ESG strategy</li> <li>Lunching of the Index insurance</li> <li>Incentivizing behaviours that reduce underwriting risk</li> <li>Mature Climate change reporting</li> </ul>
6	<ul style="list-style-type: none"> <li>Shareholder Contagion risk – the risk that financial difficulties at a bank spill over to our business</li> </ul>	<ul style="list-style-type: none"> <li>The current Land Bank organisational restructuring and liquidity issues have a systemic risk in the insurance entities and might have significant impact on the Bancassurance integration</li> </ul>	<ul style="list-style-type: none"> <li>Review and finalise the Outsource agreement with Land Bank.</li> <li>Bancassurance optimisation</li> </ul>
7	<ul style="list-style-type: none"> <li>Crop Portfolio Concentrated on single partner - The UMA performs main binder functions, which are entering into, varying, or renewing the policies, determining premiums, and settlement claims, determination of the policy wording and determination of the value of the policy benefits under the policies. These functions are key underwriting processes which pose a significant dependency risk to the business.</li> </ul>	<ul style="list-style-type: none"> <li>The crop portfolio business model is currently concentrated on one strategic partner, as results this arrangement expose business from.</li> <li>Lack of relationship with customers i.e. Brokers and farmers. Currently the relationship is managed by the UMA</li> <li>Lack of integrated insurance system and end to end process</li> <li>No expertise and skill in agri-technical skill.</li> </ul>	<ul style="list-style-type: none"> <li>Procure a crop insurance system and configure it to business requirements, product type and channel.</li> <li>Build our relevant end to end business processes</li> </ul>
8	<ul style="list-style-type: none"> <li>IFRS 17 – Implementation Risk</li> </ul>	<ul style="list-style-type: none"> <li>The complexity of transitioning to IFRS 17 lead to implementation challenges for the business. The main risk is regulatory and compliance risk arising from the delayed submission of the Annual Financial Statements(AFS) due to the improper implementation of IFRS 17.</li> </ul>	<ul style="list-style-type: none"> <li>Project Overhaul and Governance</li> <li>Internal Training and Knowledge Building</li> <li>Stakeholder Communication</li> </ul>

No	Risks	Business Perspective	Key Management Actions
9	<ul style="list-style-type: none"> <li>Business Resilience (IT &amp; Cyber risk) -- The risk posed by legacy information technology infrastructure on the ability to achieve targeted customer experience, operating efficiencies and responding to ongoing cyber threats. Ongoing cyber threats pose a challenge to business resilience and data security</li> </ul>	<ul style="list-style-type: none"> <li>Business has outsourced the IT services to the Land Bank. Land Bank's complex and ageing information technology infrastructure poses a threat to our targeted customer experience, as well as operating efficiencies.</li> </ul>	<ul style="list-style-type: none"> <li>Infrastructure refresh for modernising the technology.</li> <li>IT Security and Governance – Cybersecurity Resilience.</li> </ul>
10	<ul style="list-style-type: none"> <li>Reinsurance availability and cost – Changes in reinsurance terms can affect the business ability to manage risks</li> </ul>	<ul style="list-style-type: none"> <li>This portfolio performance is key concern that has demonstrated the FY2025 reinsurance renewal to be a tough renewal with the reinsurers. Swiss – Re the lead insurer has changed the commission terms from fixed to variable in order to align with the rest of the reinsurance market.</li> </ul>	<ul style="list-style-type: none"> <li>Improve the crop portfolio management and the UMA have agreed on mitigations around four strategic pillars i.e. pricing, underwriting, distribution and claim assessment.</li> <li></li> </ul>
11	<ul style="list-style-type: none"> <li>Investment Risk – The risk of losses due to changes in market prices, such as equities, bonds and other securities</li> </ul>	<ul style="list-style-type: none"> <li>Business rely on investment income to support its obligations, including claim pay-outs, effective management of investment risk is crucial.</li> </ul>	<ul style="list-style-type: none"> <li>Regular asset-liability management study</li> <li>Appointment of an investment advisor</li> <li>Regular market and economic update to stakeholders</li> <li>Appropriate investment, liquidity and ALM policies exist</li> <li>Appropriate investment management contracts, vetted by the appointed investment advisor and monitored closely</li> </ul>
12	<ul style="list-style-type: none"> <li>Human Capital – The risk arises from not attracting, developing and retaining the skill necessary (Agri-technical skill) to implement the strategy objectives and the depth and strength of succession planning required to achieve the business strategy and objectives</li> </ul>	<ul style="list-style-type: none"> <li>Specialist skills are required to deliver business strategic objectives, and increased remote working opportunities mean we are competing to retain and attract talent.</li> </ul>	<ul style="list-style-type: none"> <li>Appoint 5 Regional Managers with agricultural skill and expertise</li> <li>Skills gap analysis aligned to strategy</li> </ul>

## ANNEXURE K: BUSINESS CONTINUITY AND ORGANISATIONAL RESILIENCE

### I. INTRODUCTION

Business continuity management (BCM) is an integral part of Land Bank's Enterprise Risk Management framework. BCM is a process that enables Land Bank to proactively identify and plan to minimise the impact of the risk that could affect the Bank's objectives.

BCM enhances Land Bank's resilience by putting in place arrangements to ensure preparedness as well as to respond to, and recover from disruptive incidents effectively and efficiently. The processes identify potential threats that could result in operational disruption, crisis or disaster.

Business continuity planning (BCP) is the process aimed at creating a system of prevention and recovery from potential threats. As part of this system, it is important to ensure that all processes, assets and human resources are protected, and that the institution is able to resume its functions quickly following a disruption. BCP is a critical component of operational resilience, which is defined as the ability of organisations to prevent, respond, adapt, recover and learn from any type of disruptive event in order to continue serving their clients and meeting expectations even in an abnormally constrained environment. Operational resilience is the organizational capability to deal with the operational risk of business disruption, by implementing detective, preventive and post-incident impact containment controls.

The policy defines the framework for the implementation and maintenance of the business continuity programme within the bank, in order to minimise the impact of business continuity incidents. The business continuity policy forms part of the business day-to-day operations.

BCP, which includes disaster recovery (DR) planning, must form part of normal business processes and is not an add-on or supplementary process. Emergency management centres and emergency management teams must be established at the appropriate levels to enable effective decision-making and management during emergencies.

### 2 PURPOSE

The purpose of this policy is to formalise business continuity principles in Land Bank. This policy provides strategic direction to deal with the management of business continuity related risks through:

- Articulating the bank's business continuity management requirements;
- Setting the minimum BCM standards which divisions and business units should comply with;
- Resiliency of people, property, processes and providers as well as the availability and integrity of information;
- Protecting assets and business priorities in the event of a business disruption or disaster;

- Providing required seamless services to clients;
- Minimising potential financial loss, legally liability and damage to reputation and brand image; and
- Incorporating Business Continuity into the culture of Land Bank so it becomes an integral part of decision making.

The Benefits of BCM are:

- Reduce the bank's vulnerability to business disruptions;
- Protect critical functions within the bank;
- Protect Land Bank's intellectual assets;
- Protect more effectively the life and safety of the bank's staff;
- Ensure continued client service during and after disruption has occurred;
- Preserve the ability to meet stakeholder expectations in a wide range of circumstances;
- Capitalise on opportunities created by the disruptive events;
- Stabilise the effects of a disruptive event and return to normal operations and to a full recovery within reasonable timeframe'
- Provide for an orderly and expedited recovery after a disruptive event; and
- Maintain or gain competitive advantage due to a swift and effective response to a disaster.

### **3 SCOPE**

This BCM policy applies to all divisions and business units, and includes:

- All employees, fixed term contractors, independent contractors and any other individual organisation conducting work commissioned by the Land Bank at any of its locations.
- Office buildings and services, processes and operations provided by Land Bank.

### **4. POLICY STATEMENT**

The Land Bank's Executive management recognises the need for BCM and commits to effective BCM in order to achieve the Bank's goals and objectives as well as converting risks into opportunities that create value for its stakeholders. It is management's commitment to consider BCM in strategic and operational planning, day-to-day management and decision-making to treat or mitigate risks that will prevent the bank from achieving its core development mandate objectives, namely:

- Agricultural Transformation;
- Sector Growth;
- Employment;
- Food Security; and
- Sustainable Development.

## Management's commitment

- a) A commitment to implement and maintain Business Continuity Management:

The Bank is committed to managing and minimising risks by identifying, analysing, evaluating and treating exposures that may impact its ability to achieve objectives and/or the continued efficiency and effectiveness of its business operations. The Land Bank will incorporate BCM into its institutional planning and decision-making process. BCM must also be included as a consideration in operational planning as a delegated line management responsibility. Executive Management has a responsibility to implement BCM in accordance to relevant legislative requirements and appropriate BCM standards.

- b) A commitment to training and knowledge development in the area of Business Continuity Management:

The Bank is committed to ensuring that all staff, particularly those with management, advisory, recovery role and decision-making responsibilities, obtain a sound understanding of the principle of BCM and the necessary skills to implement BCM effectively.

- c) A commitment to monitor performance and review progress in Business Continuity Management:

The Bank will regularly monitor and review the progress being made in developing an appropriate culture of BCM and the effective implementation of Business Continuity Management strategies throughout the organisation as a basis for continuous improvement.

The Bank is committed to an ongoing Business Continuity Management awareness and training culture for continuous improvement of organisational processes and ensuring readiness for potential disruptions.

- d) A commitment for Business Continuity Management to build and promote bank-wide resilience:

The Bank is committed to ensure that business continuity management continues to build the necessary resilience within the bank and ensures that all critical processes in the bank are identified through the business impact analysis and appropriate recovery strategies are developed to ensure continuity of such processes in the case where "business-as-usual" is disrupted.

- e) A commitment for the business continuity management to promote ethical behaviour and Values of the Land Bank:

The Bank is committed to ensure that Business Continuity Management processes promote ethical behaviour during an event or crisis which might pose a threat to, people, assets, technology, information records, and suppliers. Communication shall be carried out as per the approved Group Crisis Management Plan (CMP).

## **BCM Risk Appetite Statement and Tolerance:**

In considering its operational resilience, Land Bank has assumed that disruptions will occur, and take into account its overall risk appetite and tolerance for disruption. In the context of operational resilience, tolerance for disruption is defined as the level of disruption from any type of operational risk the bank is willing to accept given a range of severe but plausible scenarios. The Bank acknowledges that business disruptions will occur from time to time and that it will have to tolerate disruptions, but to a minimum. The Bank therefore has a low tolerance for business disruptions.

An RTO focuses on the time it takes to get a process back up and running following a disruption and an impact tolerance goes a stage further with a service-based objective focused on preventing harm to customers and risk to the market in which it operates.

The bank shall respond to all BC incident by treating/tolerating: The Bank will manage its operations in such a way that business disruptions are kept to an absolute minimum and that it has sufficient fall-back facilities in place to ensure business as usual despite possible interruptions as far as possible.

## **5. BCM GOVERNANCE**

The Land Bank Board and Executive Management are responsible for managing business continuity effectively and for developing and endorsing appropriate policies to promote resilience to, and continuity in the event of operational disruptions.

## **6. BCM METHODOLOGY**

The BCM programme implementation and maintenance is aligned to leading global BCM standards and guidelines. Currently this includes the following:

- ISO 22390: Guidelines for exercises and testing;
- ISO 22301 Societal security - Business continuity management systems – Requirements;
- ISO 22313 Societal security - Business continuity management systems – Guidance; and
- The Business Continuity Institute (BCI) – Good Practice Guidelines: 2018 - Business Continuity Management;

## **7. ROLES AND RESPONSIBILITIES FOR THE BCMS**

The business continuity management system is managed through three lines of defence, which are the following:

- Line 1: The Board, Executive Management and Process owners - Have ownership, responsibility and accountability for directly assessing, controlling and mitigating BC risks;

- Line 2: Enterprise Risk (BCM) - Monitors and facilitates the implementation of effective risk management frameworks, practices, policies and processes by operational management and assists the risk owners in reporting adequate risk related information in the Bank; and
- Line 3: Internal Audit and other internal or external assurance providers - Provides independent assurance on the effectiveness of BC risk management in the Bank.

Roles and Responsibilities of key role players are set out in the business continuity standard operating procedure (SOP).

## 8. BUSINESS CONTINUITY MANAGEMENT SYSTEM

Effective business continuity management typically incorporates business impact analyses, recovery strategies and business continuity plans as well as testing programmes, training and awareness programmes, and as well as communication and crisis management programmes.

- A **business impact analysis** is the starting point – it is a dynamic process for identifying critical operations and services, key internal and external dependencies and appropriate resilience levels. It assesses the risks and potential impact of various disruption scenarios on an organisation's operations and reputation.

A risk, scenario and vulnerability assessment based on a range of likely but low probability scenarios should be conducted in terms of the Risk and Control Self-Assessment SOP to identify forward-looking disruption-related potential hazards, such as loss of premises, natural disasters/ earthquake, fire, floods, system downtime, power outage, water, telecommunication failure, cyber-attacks, terror attack, climate change, outbreak of communicable diseases, critical suppliers, etc. The risk assessment evaluates points of weakness that make assets more susceptible to disruptions, and assists in the development of mitigation strategies to reduce or prevent the probability and potential/likelihood of significant impact. Assets put at risk include people, property, supply chain, information technology, business reputation and contract obligations.

- A **recovery strategy** sets out recovery objectives and priorities that are based on the business impact analysis. Among other things, it establishes targets for the level of service the organisation would seek to deliver in the event of a disruption and the framework for ultimately resuming business operations.
- **Business continuity plans** provide detailed guidance for implementing the recovery strategy. They establish the roles and allocate responsibilities for managing operational disruptions and provide clear guidance regarding the succession of authority in the event of a disruption that disables key personnel. They also clearly set out the decision-making authority and define the triggers for invoking the organisation's business continuity plan. The safety of staff should be the paramount consideration of an organisation's business continuity plan.

### **8.1 Business Continuity Management Programme (BCMP):**

- Good corporate governance principle, good practice guidelines, regulatory and contractual requirements in respect of vendors, suppliers and outsourced agreements;
- The programme must comply to relevant regulations; and
- The programme must be managed on normal project management principles.

### **8.2 Business Impact Analysis (BIA)**

- The BIA to be executed as prescribed in the SOP and approved BIA template and captured on the CURA BCM System
- Divisions/ Business Units to determine mission critical processes and priorities for business continuity planning and recovery; and
- The business impact analysis to be reviewed on an annual basis or unless structural change has occurred.

### **8.3 Business Continuity SOP**

- The recovery strategies as prescribed in the standard operating procedure should be developed and implemented to enable the resumption of mission critical business operations within an acceptable timeframe.

### **8.4 Business Continuity Plans (BCPs)**

- Divisions/ Business units' Business continuity plans are to be reviewed on an annual basis and as prescribed in the SOP.

### **8.5 Business Continuity Test**

- Testing the ability to recover critical operations as intended is an essential component of effective business continuity management, this involves testing BCP, evaluate their effectiveness, and update the business continuity management, as appropriate.
- Testing is also essential for promoting awareness, familiarity and understanding among key staff of their roles and responsibilities in the event of a major operational disruption. It is important, therefore, that testing programmes should involve all staff who are likely to be involved in responding to major operational disruptions.
- Business continuity testing methodologies should be in line with good practice guidelines, corporate governance, and regulatory requirements; and
- Business is required to test resumption of processes at the disaster recovery site at least once a year.

## **9. EMERGENCY RESPONSE**

The crisis management plan (CMP) and procedures were developed and integrated into business processes. Emergency response procedures are to be followed to stabilise the situation during and after an incident or disastrous event has occurred. The objectives of the CMP are to:

- Remove any threat to life;
- Minimise disruption to processes;
- Minimise physical and financial damage to the Bank;
- Manage reputational damage;
- Ensure prompt open and honest communication with those affected and with the legitimate needs of the news media; and
- Reduce any recurrence of similar incidents.
- Improve future emergency response within the Land Bank.

## **10. DISASTER DECLARATION**

- The Disaster Declaration Authority resides with the CEO and the CRO or the relevant delegated authority in absence of both Executives.
- A disaster shall be declared when Land Bank's business operations are severely impacted and recovery of the business operations will take longer than the approved recovery time objective (RTO) and where fatalities have occurred.

## **11. CRISIS COMMUNICATION**

- Crisis Communication is of critical importance in the event of a major operational disruption. The principle specifically recognises that clear, regular communication during a major operational disruption is necessary to manage a crisis and maintain public confidence. Crisis communications will differ depending on the type and severity of the situation and must be tailored to and be appropriate for the intended audiences. These could include: Staff, Clients, Regulators or Media.
- Corporate Communications is part of the Crisis Management Team and are responsible for the development and implementation of all communications to all stakeholders regarding the details and impact of the business disruption.
- Land Bank's Corporate Communications Spokesperson shall be responsible to address all media enquiries.
- Stakeholder Relations Management shall communicate to all key stakeholders on a regular basis, keeping them informed at all times during a crisis.

## **12. EXECUTIVE TRAVEL**

The number of key employees who should be allowed to travel together should be limited to protect the continuity of management team. Travel planning should take the following detail into consideration:

- Functional responsibility of employees;
- Health condition; and
- Succession plans.

## **13. INVOCATION**

In the event of an exercise/ drill the GM: Enterprise Risk shall have full authority to invoke and activate business recovery plans.

## **14. REPORTING ON BCM BC INCIDENTS**

Reporting and escalation of business continuity threats, incidents/ events and risks will be as per the prescribed Enterprise Risk Management Framework. BCM standard reporting shall take place quarterly to the following committees respectively; Enterprise Risk Committee (ERCO); Executive Committee (EXCO); IT Steering Committee and the Risk and Governance Committee (RGC).

Any BC incident that may have an impact on the continuity of business under normal or adverse business conditions shall be assessed according to the operational risk incident/ event SOP and captured, CURA BCM system and reported to the above governance committees.

## **15. TECHNOLOGY**

CURA BCM system has been integrated into business continuity management processes. The system is used for business impact assessment, and business continuity planning and for the BCM reporting. Procedures are prescribed in the BCM SOP.

## **16. RELATED LEGISLATION, POLICIES AND SIMILAR DOCUMENTS**

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

- The Occupational Health and Safety Act (Act No. 85 of 1993) - (Emergency Preparedness and Response);
- Disaster Management Act 57 of 2002;
- Promotion of Access to Information Act, 2000 (Act No 2 of 2000); and
- King IV Code Report on Corporate Governance for South Africa, 2016.
- Crisis Management Plan (CMP);
- Business Continuity SOP;

- Risk Appetite Framework (RAF);
- Enterprise Risk Framework (ERMF); and
- Operational risk Management Policy and SOP.

## **17. APPROVAL AND REVIEW PROCESS**

The BCM policy shall be reviewed every three years or whenever the need arises due to a significant change/s within the organisation or strategic objectives.

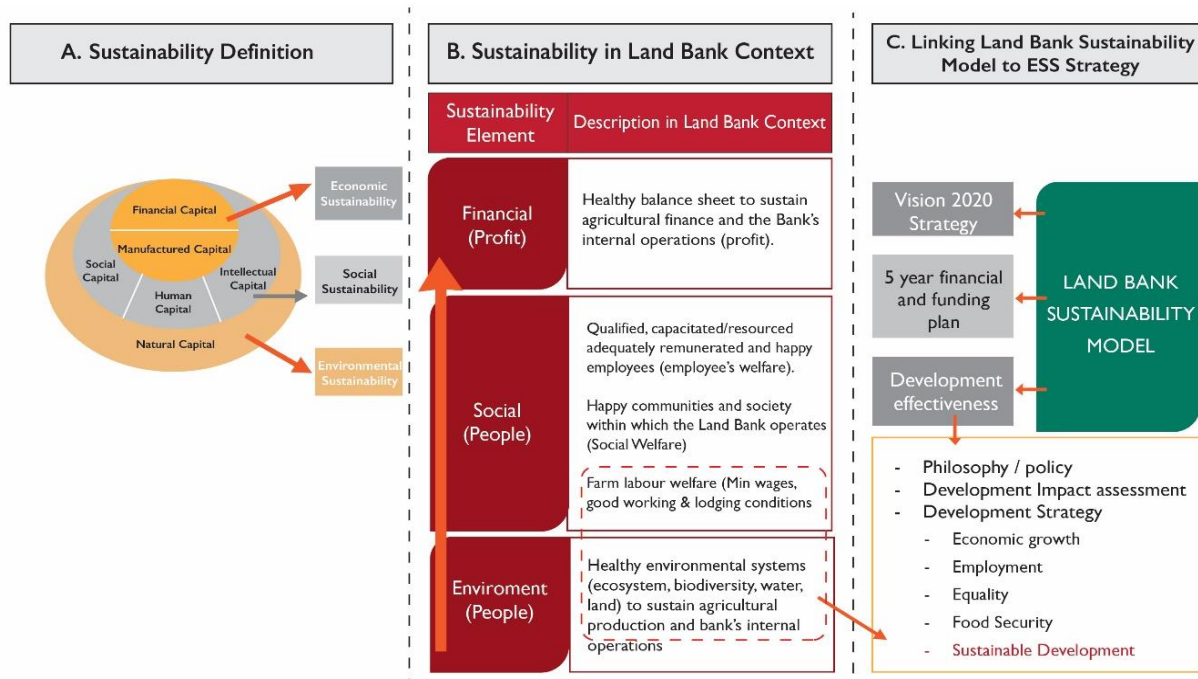
## ANNEXURE L: LAND BANK ENVIRONMENTAL AND SOCIAL SUSTAINABILITY FRAMEWORK

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

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

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

Figure 18: Sustainability in Land Bank



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

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

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

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

## **I. THE ESS POLICY DISPLAYS THE BANK'S COMMITMENTS**

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

## **2. THE CLIMATE CHANGE POLICY**

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

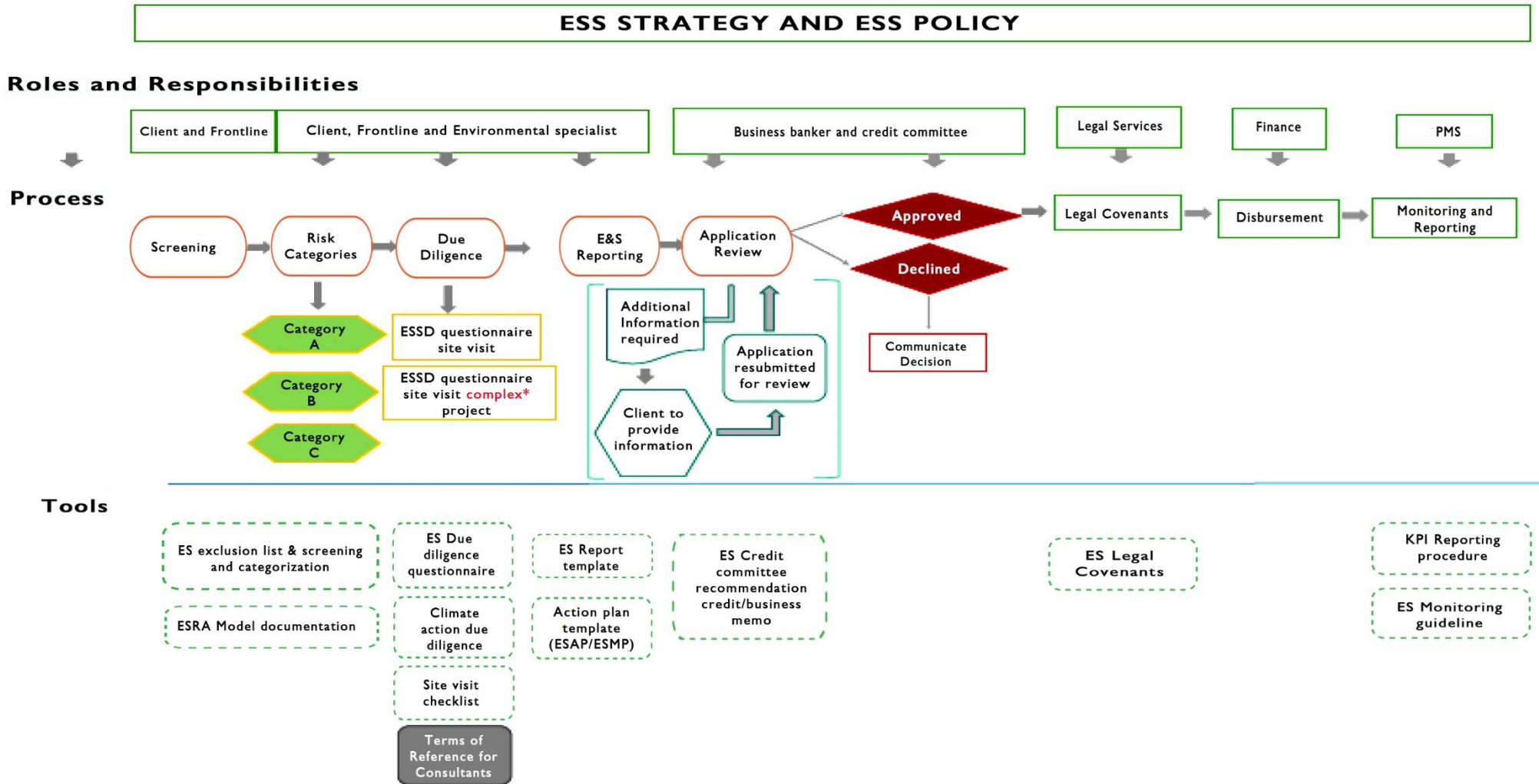
## **3. ENVIRONMENTAL AND SOCIAL RISK ASSESSMENT TOOLS AND SAFEGUARDS FOR DIRECT AND INDIRECT LENDING**

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

The ESRA assists the Land Bank to:

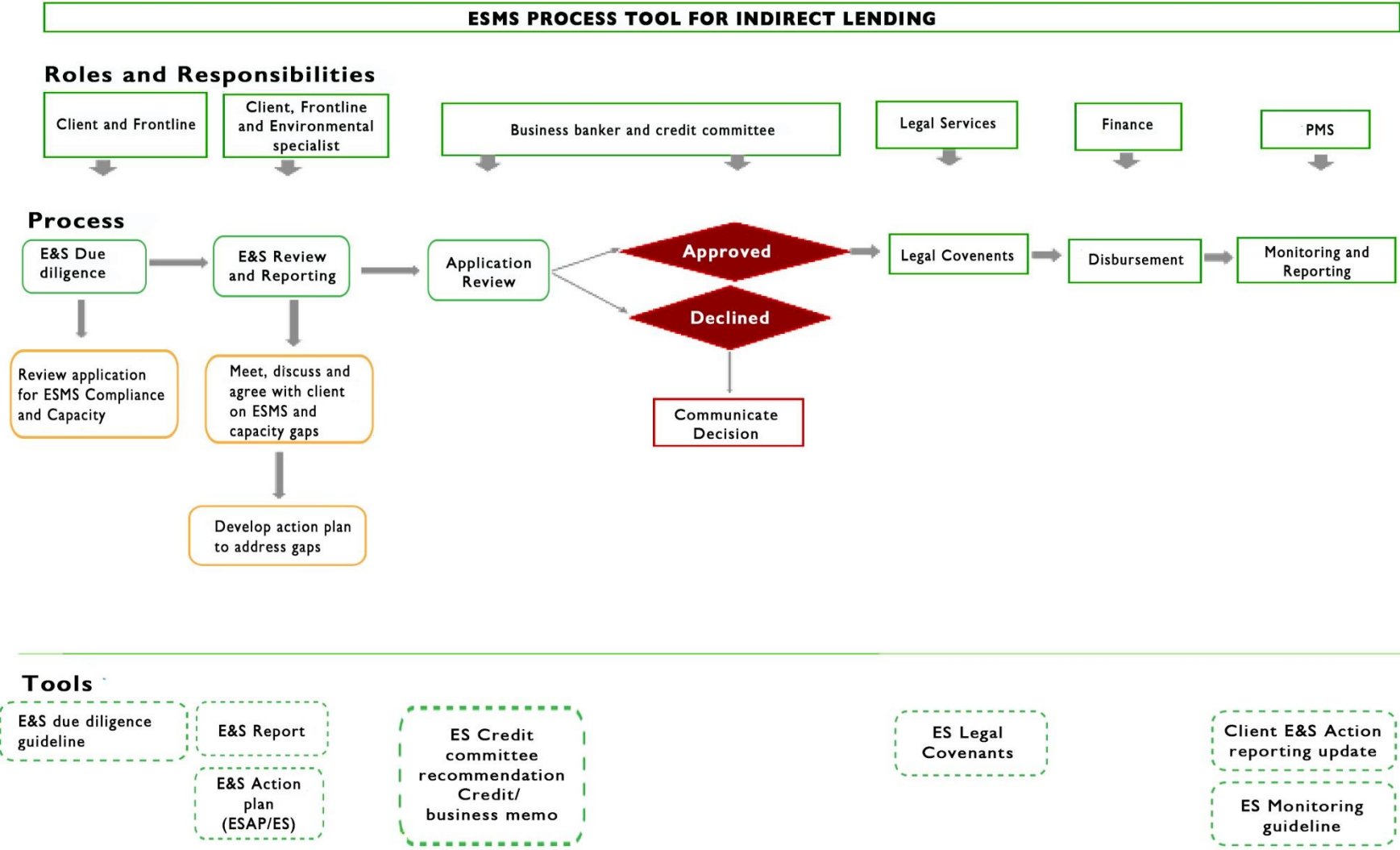
- Identify environmental and social risk associated with clients/projects;
  - Systematically assess and manage environmental and social risks;
  - Implement the necessary steps within its risk management system including documentation and record keeping;
  - Monitor client/projects compliance with national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

Figure 19: ESRA Process for direct lending



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

Figure 20: ESRA Process flow for Indirect lending



## ANNEXURE M: DESCRIPTION OF SDG AND NDP OUTCOMES

### I. SUSTAINABLE DEVELOPMENT GOALS

Figure 21: SDGs



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

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