

Confidential

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Registered credit provider: Reg. Number NCRCP18

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Media Statement

Land Bank statement regarding ongoing investigations and engagement with clients in distress

Land Bank has noted recent media reports pertaining to certain investigations instituted by the Bank regarding the Bank's debt collection and historical loan management processes.

The Bank would like to address these matters by providing clarity on the purpose of the investigations, and to reiterate its approach to its debt collections and recovery processes. In addition, the Bank would also like to provide clarity in respect of the engagements with clients in distress.

The following two investigations have been instituted by the Bank:

a. Forensic investigation:

In various previous reports, including reports to Parliament and the Annual Report pertaining to the 2021/22 financial year, the Board indicated that it had prioritised the resolution of outstanding instances of confirmed or potential misconduct that may have contributed to the Bank's current position. It was further communicated, that in line with this prioritisation, the Board had appointed a task team consisting of non-executive directors of the Board to assess the status of ongoing investigations, gather data and prioritise matters with the intention of making specific recommendations to the Board and the National Treasury.

The Board had further indicated that while the deterioration of the Bank's loan book may be partially attributed to commercial circumstances, the Board is of the view that the manner in which the Service Level Agreements entered into with organisations who managed some of its client portfolios on its behalf had been concluded, managed and monitored may also have contributed to the Bank's challenges. As such, the Board has requested that the National Treasury's Specialised Audit Services Unit conduct a forensic investigation looking into a number of areas in relation to loans that were granted and managed by the Bank's SLA partners on its behalf. This investigation commenced in April 2023 and is still ongoing.

b. Investigation into the allegation of certain inappropriate and/or unlawful and aggressive methods of recovery:

Following the concerns raised in the market regarding the allegations or claims that the Bank, through some of its contracted attorneys, was utilising unlawful and aggressive methods of recovering outstanding debts from farmers who had defaulted on their loan repayment obligations under the loan facility agreements, the Bank initiated an investigation currently being undertaken by an independent law firm to establish the veracity of these allegations. The Bank will not disclose the names of the involved customers to third parties. This investigation commenced in May 2023 and is still ongoing.

Directors: Ms R Nkosi (Chairperson), Mr AL Makenete (Deputy Chairperson), Mr TM Rikhotso (Chief Executive Officer), Ms ME Makgatho, Prof JF Kirsten, Ms TN Mashanda, Ms NP Motshegoa, Ms D Maithufi, Ms E Pillay, Dr MM Tom and Mr DW Van der Westhuizen

Ms KH Mukhari (Chief Financial Officer) and Mr Mashumi K Mzaidume (Company Secretary)

Our debt recovery approach:

Land Bank's approach to the collections and recoveries of loans that are due to it, as well as the rectification of defaults has always been centred on finding long term viable solutions instead of an eagerness to foreclose on its clients. A robust workout and restructuring service is offered by the Bank before legal action is undertaken. The Bank may re-advance further facilities to clients who may be assisted out of their distress through financial support. In this regard the Bank makes funds available, in the normal course of its lending business, to be advanced to qualifying clients in terms of its workout and restructuring assessment standards and based on the viability and merit of each individual case.

The Bank's approach has always been to institute legal actions against clients who had defaulted on their loan repayment obligations towards the Bank as a last resort when all viable attempts have been considered to restore the client's repayment ability. We have had no evidence to suggest that the Bank has acted hastily or made any mistake in instituting any legal action against our clients.

Engagements with farmer organisations:

In order to allay concerns that the Bank may be aggressively undertaking legal action against clients who had defaulted, the Bank has widely communicated its approach to debt collection and recovery processes, including through engagement with almost all national farmer organisations to encourage their members to proactively approach the Bank when they encounter difficulties in fulfilling their repayment obligations as well as to directly raise their complaints with the Bank where they may have experienced potential inappropriate conduct by the Bank and/or its appointed representatives when undertaking collections and recoveries, including the institution of legal processes to recover the Bank's outstanding debts.

The Bank has not given any organisation's members preferred treatment over others and will continue to engage with all of its affected clients with due diligence and care, and in compliance with the applicable laws for the best interest of both the clients and the Bank.

The Bank's CEO has expressed his gratitude to all clients who have diligently honoured their repayment commitments and those who have proactively reached out to the Bank as they experience debt repayment challenges.

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Enquiries

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