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**MEDIA STATEMENT: Land Bank responds to concerns regarding debt recovery and litigation.**

The Land and Agricultural Development Bank of South Africa (Land Bank) has noted recent public commentary and media reports concerning the Bank's debt recovery processes and ongoing litigation involving certain agricultural borrowers.

Land Bank recognises the concerns raised and the significant impact that financial distress can have on farmers, their employees, families and rural communities. As a development finance institution with a specific mandate to support South African agriculture, the Bank remains committed to engaging borrowers constructively and, wherever reasonably possible, pursuing solutions that support the sustainability of viable farming enterprises.

At the same time, Land Bank has a responsibility to safeguard public resources and to manage and recover monies advanced in accordance with applicable law, contractual arrangements and sound banking practice.

## Clarification regarding ongoing litigation

Some recent commentary relates to loans historically originated through agricultural businesses and cooperatives under service-level arrangements with Land Bank and subsequently transferred to the Bank.

Certain borrowers have challenged Land Bank's legal standing to enforce these debts, including the validity and enforceability of the underlying sale and cession arrangements. These issues are the subject of ongoing litigation and are therefore appropriately determined through the courts.

Contrary to some public commentary, no court has to date issued a final judgment declaring the relevant sale and cession agreements concluded by Land Bank to be invalid or unenforceable. Certain adverse court outcomes referenced publicly have related to procedural or evidentiary matters and should not be interpreted as blanket findings that the underlying debts do not exist or that borrowers have been released from their obligations.

Land Bank has also obtained favourable judicial outcomes in matters concerning its rights and continues to place the relevant evidence before the courts for determination on the merits.

Given that a number of these matters remain before the courts, the Bank will refrain from commenting on the detailed merits of individual cases and will respect the judicial process. The ligation matters are therefore *sub judice.*

## Land Bank's approach to distressed borrowers

Land Bank does not regard liquidation or the disposal of productive agricultural assets as its preferred approach to resolving borrower distress.

Where circumstances permit, the Bank seeks to engage clients to identify sustainable solutions, which may include restructuring, voluntary disposal of assets, repayment arrangements and other appropriate resolution mechanisms. Formal legal recovery processes are pursued where reasonable alternatives have been exhausted or where this is necessary to protect the Bank's legitimate interests. Land Bank recognises that not every proposal can be accommodated, as any agreed solution must be commercially sustainable while providing a reasonable and viable basis for addressing the outstanding indebtedness.

The Bank remains open to making greater use of mediation and other alternative dispute-resolution mechanisms where these may contribute to the fair, constructive and efficient resolution of longstanding disputes. To date, however, no formal engagement or proposal regarding alternative dispute resolution has been presented to the Land Bank for consideration.

Land Bank acknowledges that each borrower circumstance is different. We remain committed to ensuring that recovery decisions are considered responsibly, within the law and with due regard to both its developmental mandate and its fiduciary responsibility to safeguard public resources.

## Parliamentary oversight

Land Bank respects the constitutional oversight role of Parliament and notes the petition submitted to the National Council of Provinces concerning these matters.

Should the Bank be called upon to participate in any parliamentary process arising from the petition, it will cooperate fully and provide the relevant information required to assist Parliament in its consideration of the issues raised.

## Supporting a sustainable agricultural sector

Land Bank's mandate is to support the development, transformation and long-term sustainability of South African agriculture. The Bank, therefore, has no interest in unnecessarily displacing viable farmers or undermining productive agricultural enterprises.

At the same time, responsible development finance requires the Bank to balance support for its clients with prudent management of credit risk and the protection of public funds.

Land Bank remains committed to constructive engagement with affected borrowers and relevant stakeholders, while allowing the courts to determine matters that are currently subject to litigation.

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