

Confidential

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RESPONSE ON: ALLEGATIONS OF DESPERATE COLLECTIONS MEASURES BY LAND BANK

The Bank has noted recent media reports in which incorrect claims are made that the Bank has resorted to desperate and illegal measures to call up loans for which it may not have the right to do so. In this regard the Bank wishes to provide the correct information.

Land Bank's right to institute legal action to recover debts owed to it in the ordinary cause of business

The Bank wishes to correct any wrongful impression that it may not have the right to call upon loans that were managed by its intermediary SLA partners prior to the termination of these SLA contracts. It is important to note that when Land Bank purchased loan assets from SLA partners and entered into agreements with them to manage these loans on the Bank's behalf the Bank procured these loans into its Balance Sheet, and had all the security and/or collateral that were linked to these loans transferred in favour of the Bank. Essentially, simultaneously with the sale by the intermediaries to Land Bank of the loan books, the intermediaries ceded and delegated to Land Bank all of its right, title and interest in and to the book debts that were sold to Land Bank.

Following the insourcing of the SLA portfolio a few of the Bank's clients sought to challenge the Bank's right or ability to bring legal actions to a court of law against clients who owe money to the Bank, and who are in default. In the few instances where clients have sought to challenge the Bank's right, the courts have ruled in the Bank's favour. Consequently, there is no doubt as to whether or not the Bank has a right to institute legal action against those who have defaulted, whether these clients were originated directly by the Bank or through its intermediaries.

Investigation into the allegation of unlawful and aggressive methods of recovery:

Following concerns raised in the media regarding the allegations or claims that the Bank is utilising unlawful and aggressive methods of recovering outstanding loan facilities from farmers who have defaulted on their loan repayment obligations under the facility agreements, the Bank issued a media statement in which it indicated that it is unaware of any wrongful conduct on its part.

The Bank did however, institute an investigation to determine whether there is any basis of such claims and if there may be unlawfulness; and/or any collusion and improper conduct by the Bank or its representatives who are involved in those matters. As the Bank previously stated, the investigation is limited to certain specific of the Bank's customers whose names the Bank will not disclose to third parties. This investigation commenced in May 2023 and is still ongoing.

The Bank's sale of written-off loan assets

The Bank has issued a tender notice for the sale of its written-off loan assets with the due date of 23 February for the submissions of expressions of interest. This sale relates to accounts where the Bank's

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Ms KH Mukhari (Chief Financial Officer) and Adv B Raseroka (Company Secretary)

reasonable prospects of recovery are low and where the Bank has consequently written off these amounts in line with the Bank's policies and applicable laws.

The disposal of already written off accounts is a standard practice within the financial services sector and there is nothing unique about the Bank's intention in this regard.

It should further be noted that when a debt is written off by the Bank, it does not mean that the Bank can no longer enforce its rights in respect of that particular debt. In addition, it does not mean forgiving the debt. The Bank continues to recover debt owed to it using the normal legal processes within the purview of the country's laws.

Conclusion

As stated previously 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, which includes various forbearance measures, is offered by the Bank before legal action is undertaken. A foreclosure of client facilities is always a last resort when all viable attempts are unable to restore the client's repayment ability. This is the approach the Bank has followed with all of its clients who have defaulted on their financial obligations towards the Bank.

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