

LAND BANK BRIEFING ON DROUGHT RELIEF

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Chief Executive Officer



▶ **INSPIRING GROWTH AND INCLUSIVITY** | in Agriculture

PORTFOLIO COMMITTEE ON AGRICULTURE, FORESTRY AND FISHERIES

8 March 2016



Outline



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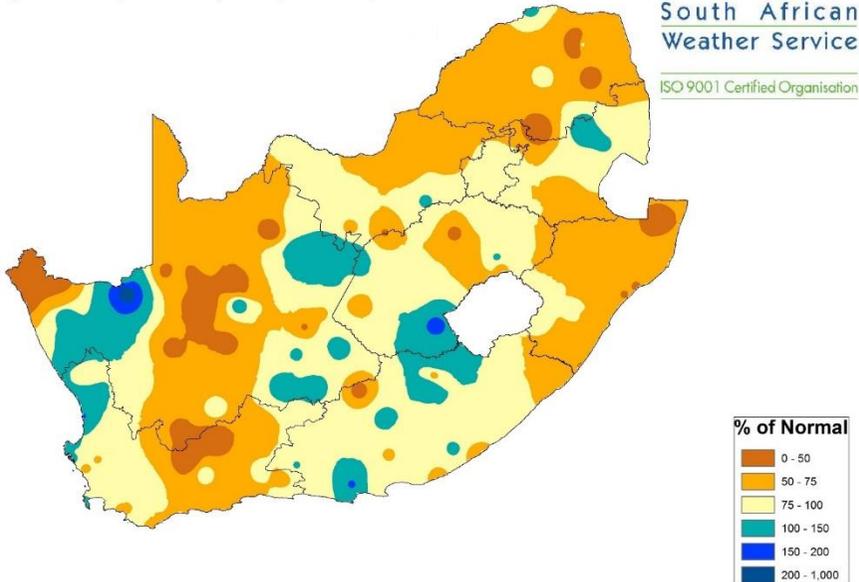
CLIMATIC CONDITIONS IN SOUTH AFRICA

Rainfall Patterns

2014/15 production season

Percentage of normal rainfall for season July 2014 - February 2015

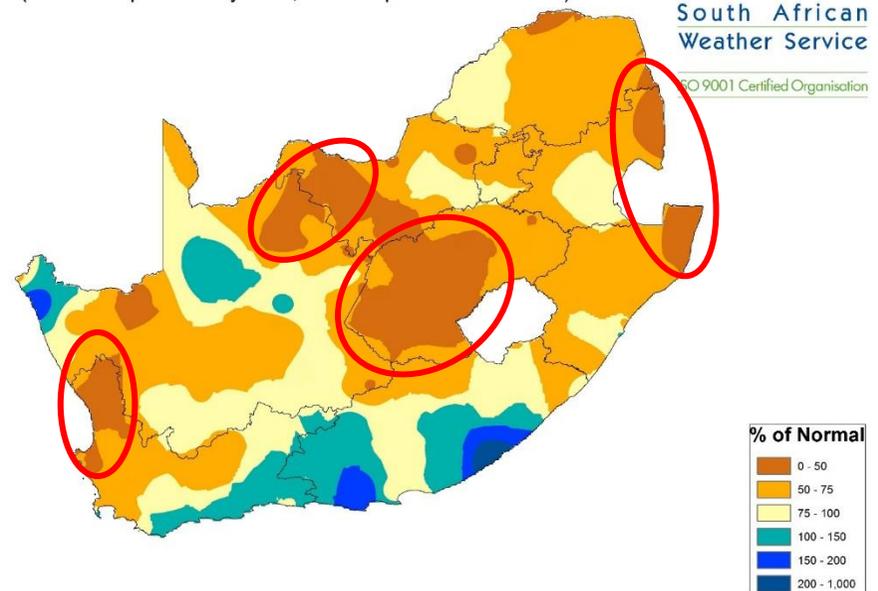
(Based on preliminary data, Normal period 1981-2010)



2015/16 production season

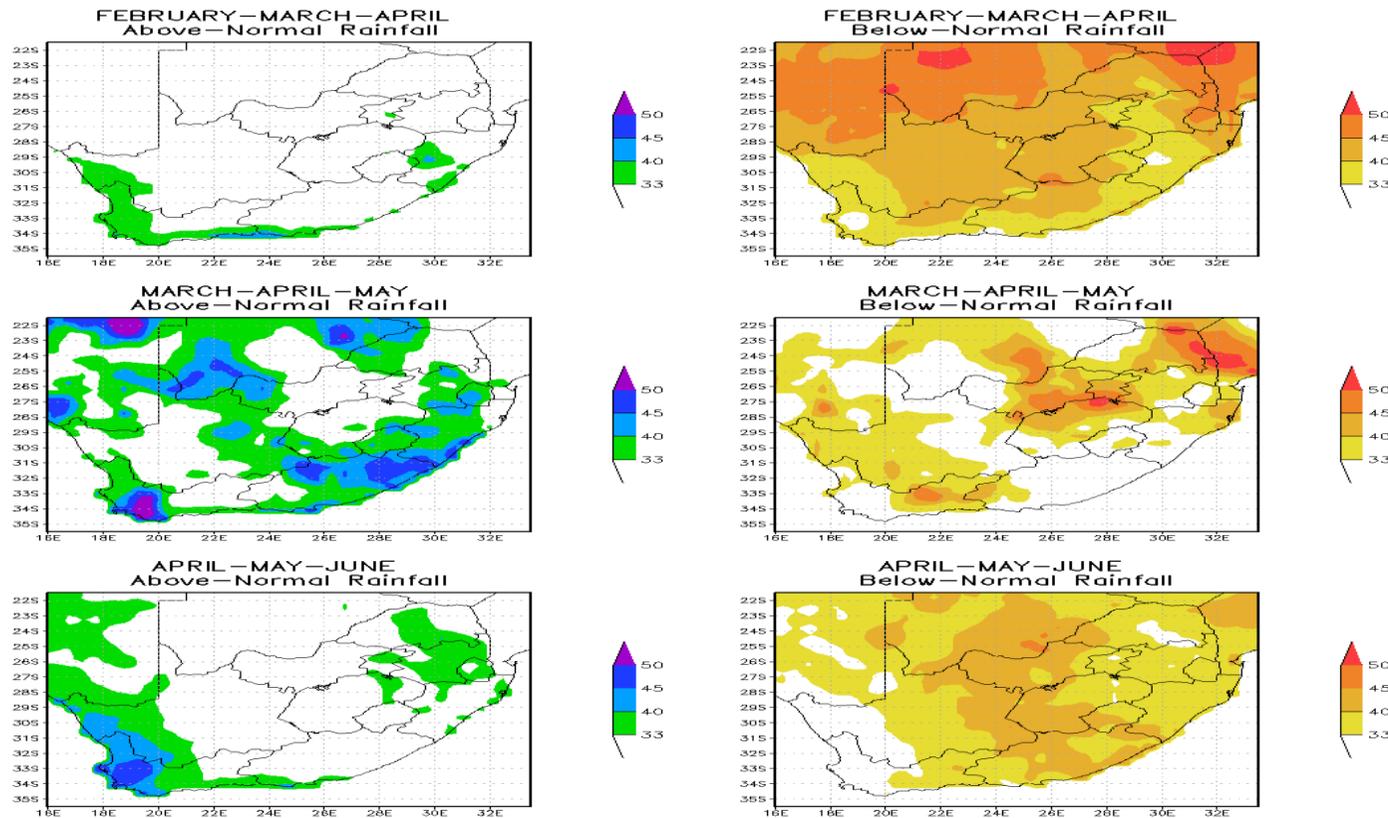
Percentage of normal rainfall for season July 2015 - February 2016

(Based on preliminary data, Normal period 1981-2010)



- The two maps reflect rainfall patterns over the past and current production seasons.
- The 2015/16 production season has experienced below normal rainfall leading to more drought conditions.
- The 4 areas marked in red are severely affected by drought compared to other areas nationally and will not have reasonable soil moisture content for the next season.
- According to experts, due to the severity of the drought experienced it will take 3 to 5 years to normalise the drought affected areas.
- According to Johan van Berg (Santam Agriculture), the El Nino system is weakening slower than expected as it still prevailed in February 2016, but 20% lower than in November 2015.

Rainfall Forecast (Feb 2016 - Jun 2016)



Source: South African Weather Services

- The forecasting system favours a tendency of below-normal rainfall for the late-summer season countrywide as per top right map (yellow & orange - lesser rain)
- Autumn indicates some chances for above-normal rainfall for some parts of the country's eastern half, despite the confidence of the forecasting system is low as per middle left map (green & blue - above normal rainfall)
- Towards winter the western part of the country reflect an above normal rainfall scenario which is a winter rainfall area, as per left bottom map (green & blue - above normal rainfall)

Dam Levels in SA

Average Dam Levels per Province as at 29 February 2016

PROVINCE	FULL STORAGE CAPACITY (m ³)	% OF CAPACITY 22 FEBRUARY 2016	% OF CAPACITY LAST YEAR SAME WEEK	YOY % CHANGE IN CAPACITY	% OF CAPACITY 25 MAY 2015	% OF CAPACITY 26 OCTOBER 2015
Eastern Cape	1 826.3	73%	77%	-5.2%	79%	78%
Free State	15 971.2	54%	84%	-35.7%	82%	68%
Gauteng	114.8	83%	99%	-16.2%	95%	84%
KwaZulu Natal	4 668.7	52%	73%	-28.8%	70%	58%
Limpopo	1 507.8	59%	90%	-34.4%	85%	72%
Mpumalanga	2 520.4	60%	92%	-34.8%	86%	71%
North West	801.7	44%	65%	-32.3%	65%	54%
Northern Cape	145.5	64%	88%	-27.3%	77%	77%
Western Cape	1 853.1	38%	58%	-34.5%	41%	70%
TOTAL	29 409.5	54%	80%	-32.5%	77%	67%

Source: Department of Water and Sanitation

- The level of dam water available is an important consideration when assessing the impact of drought, although it is not an indicator on its own.
- The water stored in dams is available for all uses, including agriculture, manufacturing and household uses.
- The level of water stored in dams is affected by the rainfall pattern, as well as the level of usage.
- Farmers that are dependent on irrigation are particularly affected by dam levels, however, they are also a strong indicator of the extent of rainfall availability which is applicable to dry farmers as well.
- **All provinces except for EC and GP** have dam levels that are below 70%, which is very concerning, and some of these areas have been officially declared as Drought Disaster Areas.

ONGOING RISK ASSESSMENT

1. National and Provincial Disaster Declarations

- Land Bank Management continues to participate in various MINMEC meetings chaired by the Minister of Agriculture to discuss what government and SOE's are doing to mitigate the impact drought.
- All provinces are affected by drought even though not all have been declared nationally as disaster areas

2. AgriSA / AgriBiz Task Team

- On 5 February 2016 the Land Bank participated in a discussion with various stakeholders from Organised Agriculture (Commercial & Emerging), Organised Agribusiness, the banking sector and government institutions.
- 3 categories of farmers were considered for relief:
 - ❑ commercial farmers whose balance sheets are not strong;
 - ❑ emerging farmers; and
 - ❑ small scale farmers (excluded from DAFF but to be escalated to the Department of Social Services).
- The following considerations were proposed: a guarantee to funders, guarantee to funders for unsecured lending for emerging farmers, insurance product, UIF or subsidy for farm workers in the high drought areas, grain deposit scheme with Land Bank and food safety reserve.
- A smaller team had to refine the proposed budget figures so as to advise the Minister of DAFF by the 9th February and Land Bank was proposed as the vehicle to channel the funds.

Monitoring

- The Bank monitors on a regular basis dams levels, rainfall patterns, weather forecast, crop estimates and media to determine the drought impact.
- The branch network provides regular updates on area developments on drought or other disasters, e.g. hail, fires, to ascertain impact to the Bank's client and financial support required.
- The Bank's insurance subsidiary LBIC provides monthly reports on the drought impact, as this is an indication of potential increase in the claims ratio.
- EXCO is provided with bi-weekly reports on drought applications and extension requests to monitor progress made.
- The movement in arrears and non-performing loans is monitored on a monthly basis to evaluate the impact of drought to the total loan book.
- The financial support provided by the Bank's intermediaries to affected farmers is monitored on a monthly basis.

DROUGHT IMPACT TO THE SECTOR & LAND BANK

Crop Estimates

CROP	Area planted 2015 HA	Area planted 2016 HA	Change in planted area	Final estimate 2015 Tons	1 st Forecast 2016 Tons	2 nd Forecast 2016 Tons	Change in production 2015 vs 2 nd Forecast	Change in production 1 st vs 2 nd Forecast
White Maize	1 448 050	1 020 750	-29.5% ↓	4 735 000	3 267 000	3 195 800	-32.5% ↓	-2.2% ↓
Yellow Maize	1 204 800	945 000	-21.6% ↓	5 220 000	4 171 250	4 059 950	-22.2% ↓	-2.7% ↓
TOTAL MAIZE	2 652 850	1 965 750	-25.9% ↓	9 955 000	7 438 250	7 255 750	-27.1% ↓	-2.5% ↓
Sunflower Seed	576 000	687 500	+19.4% ↑	663 000	622 000	687 150	+3.6% ↑	10.5% ↑
Soya Beans	687 300	519 800	-24.4% ↓	1 070 000	768 560	724 600	-32.3% ↓	-5.7% ↓
Groundnuts	58 000	23 100	-60.2% ↓	62 300	29 600	34 120	-45.2% ↓	15.3% ↑
Sorghum	70 500	48 500	-31.2% ↓	120 500	119 400	93 400	-22.5% ↓	-21.8% ↓
Dry Beans	64 000	36 400	-43.1% ↓	73 390	35 150	44 095	-39.9% ↓	25.4% ↑
GRAND TOTAL	4 108 650	3 281 050	-20.1% ↓	11 944 190	9 012 960	8 839 115	-26.0% ↓	-1.9% ↓

- The Crop Estimates Committee (CEC) published recently (25 February 2016) shows that the area planted to summer crops decreased by 26,0%. The maize area planted decreased by 27,1% and the decline is more on white maize area.
- The second crop estimates revised production slightly downward at 2,5% for maize, 5,7% for soya beans and 21,8% for sorghum. Sunflower, ground nuts and dry beans increased by 10,5%; 15,3% and 25,4% respectively as farmers moved from maize to these crops due to planting window period and delayed rains.

Total Maize Supply and Demand Forecast



	2014/15	2015/16*	2016/17 (4.53)
Opening stocks	589 000	2 074 000	1 366 000
Commercial Deliveries	13 828 000	9 420 000	↓ 6 916 000
Imports	65 000	970 000	↑ 3 800 000
Total supply	14 508 000	12 464 000	12 082 000
RSA consumption	10 278 000	10 288 000	10 396 000
Exports	1 957 000	630 000	630 000
Total demand	12 434 000	11 098 000	11 206 000
Carry-out <small>(30 Apr)</small>	2 074 000	1 366 000	876 000
Surplus above pipeline	839 000	126 000	- 378 000

Source: Grain SA

Area planted (x1 000 ha)	2 653	1 995
Yield (ton/ha)	3.75	4.53

Free State Crop Status - 23 February 2016



Free State & North West Crop Status - 23 February 2016



Commodity Impact Analysis

Analysis Assumptions

- Management attended a Drought Task Team meeting wherein a snapshot of commodity status was provided with following colours denoting:
 -  severe impact by drought;
 -  moderate impact by drought; and
 -  minimal impact by drought.
- For the purpose of this report, the same status was assumed to a large extent to illustrate the **drought impact** to each commodity financed by the Land Bank.
- Expert knowledge within the Bank was used to assume the **level of risk** for each commodity, whether it's high, medium or low, using BFAP policy brief and industry reports as the base.
- The following commodities were excluded from the analysis tobacco, hops, table grapes, flowers, piggery and aqua culture due to very minimal or no exposure for the Bank.

Findings

- If commodities are grouped according to **drought impact**, the following results were observed, red = 6, amber = 13 and green = 4 commodities.
- If commodities are grouped according to the **level of risk**, the following results were observed, high = 1, medium = 15 and low 7= commodities.
- This is after taking into account mitigating controls in place for each commodity, the benefit from price increases and the weaker rand.
- Depending on climatic conditions during March and April, no certainty exist on yield for the crop on planted.

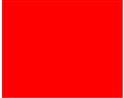
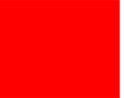
Field Crops

Commodity	Drought Impact	Bureau for Food and Agricultural Policy and Industry Reports	Risk for Land Bank
<i>Wheat</i>		<ul style="list-style-type: none"> Wheat plantings for the coming season are at risk due to the lack of certainty regarding winter rainfall later in the season. Some of the areas in Free State not planted for maize, wheat may be expanded with the risk of dryland conditions. High prices will induce some plantings. 	High
<i>Maize</i>		<ul style="list-style-type: none"> The drought was severe during November and December which is the optimal planting window for maize for the western part (60% production). However the higher prices will compensate for lower yields. 7,4 million tons crop may not be realised. 	Medium High prices compensate for lower yields which mitigates the risk
<i>Sugarcane</i>		<ul style="list-style-type: none"> Sugarcane has been experiencing severe drought conditions for more than 2 seasons. Production estimates are lower compared to the previous season, however prices have increased. 	Medium High prices compensate for lower yields which mitigates the risk
<i>Soya beans</i>		<ul style="list-style-type: none"> The planted area for soya beans is lower compared to the previous season due to severe drought conditions during November and December which is the optimal planting window. 	Medium
<i>Ground nuts</i>		<ul style="list-style-type: none"> The planted area for ground nuts is lower compared to the previous season due to severe drought conditions during November and December which is the optimal planting window. 	Medium
Grain & oil seeds:		<ul style="list-style-type: none"> Although there is uncertainty about the yield for grain and oil seeds, the clients/farmers will benefit from the higher prices which will reduce the risk of increase of distressed accounts. This stands only if the good follow up rains are received for the season. 	Medium
<i>Sunflower</i>		<ul style="list-style-type: none"> The planted area for sunflower still remains very uncertain since the planting window was not fully over by CEC meeting at the back of late rains in January and accelerated plantings. Although the area planted might be higher, yields are expected to be lower. 	Medium
Fodder crops		<ul style="list-style-type: none"> Fodder is predominantly produced in the Southern Cape. Due to the high demand producers have benefited by increasing prices and supplies are becoming a challenge as well. 	Low

Horticulture

Commodity	Drought Impact	Bureau for Food and Agricultural Policy and Industry Reports	Risk for Land Bank
Deciduous fruit		<ul style="list-style-type: none"> Lower yield and smaller fruit size are available. Later maturing varieties will be affected by sunburn. 	Medium
Wine		<ul style="list-style-type: none"> Lower yield are expected compared to the previous season. Lower quality expected due to the impact on sugar: acid ratio. 	Low
Citrus		<ul style="list-style-type: none"> The yields and quality are expected to be lower for the coming season due to issues related to sunburn. 	Medium
Cash crops		<ul style="list-style-type: none"> The planted area for sunflower still remains very uncertain since the planting window was not fully over by CEC meeting at the back of late rains in January and accelerated plantings. Although the area planted might be higher, yields are expected to be lower. 	Medium
Rooibos tea		<ul style="list-style-type: none"> The yield is lower compared to the previous season but higher prices will compensate for low yields. Prices increased by R10/kg to R49,50/kg. 	Low
Subtropical fruit		<ul style="list-style-type: none"> Lower yield and smaller fruit size are available. 	Medium
Nuts		<ul style="list-style-type: none"> There is limited impact on the industry in the short term, replacement plans will be affected which will impact maturing age of trees. 	Low
Plantations		<ul style="list-style-type: none"> There is limited impact on the industry in the short term, replacement plans will be affected which will impact maturing age of trees. 	Low

Animal Husbandry

Commodity	Drought Impact	Bureau for Food and Agricultural Policy and Industry Reports	Risk for Land Bank
Sheep		<ul style="list-style-type: none"> ▪ Drought is a threat as farmers need additional feed for stock, despite the higher meat and wool prices. ▪ Some areas in the country are experiencing over supply. ▪ Lambing for the next season will be negatively affected. 	Medium Risk is mitigated by underlying bonds, tangible security or forced stock sale deposit
Cattle		<ul style="list-style-type: none"> ▪ Extensive cattle farming is affected by the poor grazing condition and high feed costs, this has led to producers culling their herds of cattle. ▪ Commercial beef slaughter has increased by 8% year on year in 2015. ▪ Calving for the next season will be negatively affected. 	Medium Risk is mitigated by underlying bonds, tangible security or forced stock sale deposit
Goats		<ul style="list-style-type: none"> ▪ Drought is a threat as farmers need additional feed for stock, despite the higher mohair prices also getting support from the weaker rand. 	Medium Risk is mitigated by underlying bonds, tangible security or forced stock sale deposit
Poultry		<ul style="list-style-type: none"> ▪ Poultry and pork industries are net importers locally and have found support from the weaker rand for prices but the feed price increase is much greater than the increase in meat prices impacting negatively on profit margins. 	Medium
Dairy		<ul style="list-style-type: none"> ▪ Milk production is expected to drop due to the impact of high temperatures on productivity, as well as reduced feed use in flexible production systems arising from high feed costs. 	Medium
Game		<ul style="list-style-type: none"> ▪ With the recent rainfall the grazing and bush has managed to recover in most parts of the country, but might not be sufficient to see them through winter. ▪ Some areas still have to provide feed to maintain the game due to below normal rainfall and high heat condition. 	Medium
Feedlot		<ul style="list-style-type: none"> ▪ Increase in export demand has influenced feedlot expansion, which is driven by the combination of firm world prices and weaker rand preventing a decline in prices. ▪ Scarcity of weaners in future will be a challenge the industry will be faced with. 	Low
Ostrich		<ul style="list-style-type: none"> ▪ Normal rainfall was received in the relevant production areas of the Cape. 	Low

Financial Impact Analysis



Gross Loan Book Performance as at 31 January 2016 (excluding Insolvencies)

	Gross Loan Book R'm	NPL R'm	NPL %	Impairment R'm	Impairment %
Commercial Development Banking	6 243	513	8.2	488	7.8
Corporate Banking	31 986	1 423	4.4	982	3.0
Total Land Bank Book	38 229	1 936	5.1	1 470	3.8

- The NPL ratio including insolvencies amounts to 5.5%
- Over the past 3 months since the closure of the past season, NPL have increased moderately to current levels and subsequently the impairments/provisions.
- The Bank has restructured over R600 million distress accounts of commercial farmers through the intermediaries and developments loans amounting to over R14 million were restructured for the past season.
- Some farmers are still holding to grain in silos to benefit from increase in prices, leading arrear arrangements with intermediaries for settlement of production credit accounts.
- There is potential that non performing loans might increase looking at the prevailing agricultural and economic conditions and has been provided for in the Bank's FY2017 budget.

Gross Loan Book Performance as at 31 March 2015 (excluding Insolvencies)

	Gross Loan Book R'm	NPL R'm	NPL %	Impairment R'm	Impairment %
Commercial Development Banking	6 136	537	8.7	474	7.7
Corporate Banking	31 283	497	1.6	244	0.8
Total Land Bank Book	37 419	1 034	2.8	718	1.9

LAND BANK DROUGHT INTERVENTIONS

Financial Support Interventions for Clients/Farmers

1. Drought Relief Assistance

- Carryover debt facility for production credit
- Restructure and capitalise arrears/instalment due
- Granting capital repayment holiday up to 2 years depending on cash flow projections
- Interim relaxation of security cover ratios
- Extend repayment term for the remaining term of the existing loan
- Some clients fall within NCA, reckless lending and over-indebtedness is a legal risk for the bank
- A meeting was convened with the NCR to sought their opinion and they supported the advancement of emergency drought relief funds offered to clients
- Non-Land Bank clients will be assisted within the existing credit criteria

2. Concessionary Disaster Relief Fund

- Land Bank has signed a loan agreement with the IDC for R400 million for
 - Production rehabilitation
 - Working capital and Operational Expenses required minimizing further losses to current farming operations
 - Re-stocking of livestock
 - Preparing for future seasons necessary to continue the farmers' normal sustainable farming operations
 - Enabling Carry-Over debt and Consolidation of debt
- The loans will be granted at **Prime less 3% (P-3%)** for all qualifying customers
- The Term of the loan will range between one (1) to ten (10) years depending on the purpose of the loan and the income streams of the customers
- Customers may be granted up to two (2) year capital holiday, depending on the income streams and circumstances of the customer
- The Concessionary Loans will be limited per customer or related entities, to a maximum of:
 - R20m for a single borrower
 - R5m per end customer/borrower in a Wholesale Finance Facility
- Started on 7 March 2016
- An estimated loss of approximately R15 million per year is expected for the Land Bank

Financial Support Interventions for Clients/Farmers



3. Forced Stock Sale Deposit

- This is a program that grants farmers in disaster declared areas exemption from income tax for livestock sold as a result of the drought disasters.
- If a farmer has to sell livestock due to the drought, the proceeds from the sale can be deposited at the Land Bank for a minimum period of six months.
- The farmer is required to declare such a deposit to SARS when filing tax returns.
- The onus of determining whether a farmer qualifies for tax incentive rests with SARS.
- The Land Bank on its part notifies SARS when the client receives interest or withdraws the capital portion.
- The Land Bank accepts these deposits against payment of interest determined by the Bank for a minimum period of six months to six years after which period the funds are readily available.
- No notice period is required and no charges apply to withdrawals.
- There is no limit on the deposit amounts.
- The balance as at 31 January 2016 amounts to **R375 million**.

BACKGROUND

- Oligopolistic Market (3 players)
- 2nd Biggest with a Gross Written Premium of R500m
- Extensive barriers to entry
- Extremely volatile claims experience (where drought is the biggest systemic risk)

INSURANCE COVERAGE PROVIDED

Multi-Peril Crop Insurance

- Most comprehensive type of cover (against yield losses)
- It is a systemic risk (Low frequency and extremely high severity)
- Historical losses have reached 400% - 500%
- **Hail Crop Insurance**
- Mechanical damage type of insurance (covers the mechanical structure of the insured crops)
- It is an idiosyncratic risk (high frequency and low severity)
- Historical losses have been lower than 100% on average.

LBIC CROP INSURANCE EXPERIENCE

El Nino effect on current underwriting year

- We have experienced a lower +- 50% participation in the insurance take up this season and anticipated increased claims volume due to the following factors:
 - Severe drought mostly in the central and western regions which has been amplified by the previous season's drought which hadn't yet broken
 - Most farmers could not plant due to the inadequate level of moisture in the soil
 - The planted areas are inevitably going to experience a lower yield due to the extreme heat and dry wind, which have negatively impacted on the initial growth stages and this will evidently result in high claims pay-out.

Client and policy analysis

- 4 552 farmers insured
- 631 852 hectors (minimum of 23ha and a maximum of 4 000ha)
- R11bn total risk exposure (minimum R140 000 and a maximum of R46m with a premium income of +- R500m).
- More than 90% are commercialised farmers
- Less than 10% are emerging farmers
- Crop insurance is a very complex insurance offering with intensive administrative costs and that makes the premium unaffordable for the farmer (emerging farmers to be precise).

Public-Private Partnership

Most developing markets' governments subsidize the farmer-paid premiums to reduce the cost to farmers. In addition, this subsidy provides reimbursement to the insurance companies to offset operating and administrative costs that would otherwise be paid by farmers as part of their premium.

These Public-Private Partnerships have proven to be a success by combining the regulatory authority and financial support of the government with the efficiencies of the insurance companies; the crop insurance programs have succeeded in meeting and even surpassing the goals initially envisaged.

Drought Loan Applications

Loan Applications

SUMMARY OF DROUGHT RELIEF APPLICATIONS as on 31/01/2016

Decision	Number of Applications	Monetary Value of loans processed	Percentage	Average Exposure
Total	42	R 50 961 438	100.00%	1 213 368
Approved	32	R 34 924 446	76.19%	1 091 389
Declined	7	R 9 077 708	16.67%	1 296 815
Refer Back	3	R 6 959 284	7.14%	2 319 761

- Approvals were to emerging black farmers.
- Declines were due to negative repayment ability and distress account was not due to drought.
- Refer backs were due to insufficient information or clarification in order to make an informed decision.
- No new applications for drought were received during the month of February 2016 since the planting window has closed.
- Volumes were very low which could be ascribed to the market related pricing which is not ideal for disaster affected farmers.
- Commercial farmers finance production credit through cooperatives and agribusinesses which some are our intermediaries.
- Intermediaries of Land Bank have restructured carryover debt of more than R600m for the 2014/15 production season.

Disbursement Conditions

- An addendum to the existing loan (to extend the repayment period);
- A new production loan for the Emergency Drought Relief Loan;
- Legal will ensure that the new Emergency Drought Relief Loan Agreement contain the necessary clauses to ensure that it falls within the ambit of “emergency loans” as set out in the National Credit Act. (Note that Section 78 of the NCA states that provisions of reckless credit does not apply to “emergency loans”).
- Applicant shall submit bi-annual management statements to the Bank for review.
- Applicant must farm under the supervision of the REM programme’s support services. If applicant fails to do so the finance from the Land Bank will be suspended.
- Applicant must furnish the Bank with the cession(s) as required by the Bank with regard to the production of grain and the income from the proceeds has to be paid to Land Bank directly by the buyer/co-operative.

Challenges and Solutions

Issue	Challenge	Solutions
Interest Rate	<ul style="list-style-type: none"> ▪ Market related interest rate is not beneficial for a farmer who is under distress due to a disaster 	<ul style="list-style-type: none"> ▪ Negotiated concessionary interest rate with IDC and Land Bank also for going a margin leading to a blended interest rate of prime less 3%
Land Bank financial contribution to drought	<ul style="list-style-type: none"> ▪ The Land Bank gets it's funding from the open market which makes it difficult to price below the cost of funds 	<ul style="list-style-type: none"> ▪ Of the R400 million concessionary funding, R250 million is priced at prime and the Bank has decided to price it at prime less 3% as it's financial contribution to drought
Planting using Land Bank finance	<ul style="list-style-type: none"> • Assisted farmers could plant outside the crop planting window leading to a crop failure 	<ul style="list-style-type: none"> • Technical support was provided to farmers in the North West as such Rustenburg farmers were advised not to plant and only farmers in certain areas of Lichtenburg were allowed to plant
Low volumes	<ul style="list-style-type: none"> ▪ The current season is in progress and there is no certainty at this stage about farmers requiring assistance 	<ul style="list-style-type: none"> ▪ The Bank will be marketing the available assistance in partnership with IDC aggressively ▪ The forced stock sale deposit customer base will be used to contact farmers to ascertain the need for assistance
Summer planting season	<ul style="list-style-type: none"> ▪ The trend is that summer season rains have shifted from normal time frames to later which poses a high risk to farmers ▪ Low utilization of facilities by clients which is not in line with budgets 	<ul style="list-style-type: none"> ▪ Technical support provided to emerging black farmers ▪ Insurance product provided by LBIC ▪ Regular cash flow forecasting by the Bank to ensure availability of facilities to clients

FORWARD LOOKING SCENARIO

3 Year Projection

Funding Initiatives for the Bank

- The Bank has budgeted R5 billion per annum over the next 3 financial years to assist farmers in recovery and recapitalisation under normal lending criteria
- The Bank has raised funding from the PIC to the amount of R5 billion earmarked for emerging farmers and black entrepreneurs within the agricultural value chain
- The Bank is currently in discussion with World Bank (R1.5bn) and African Development Bank (R1bn) to raise further funding earmarked for the entire sector, particularly for long dated funding

Agriculture Development Financing - Forward Outlook

Loan Book Forecast	FY2017	FY2018	FY2019
Total Loan book (R billion)	44.0	49.6	54.5
Emerging Farmers Loan Book (R billion)	2.8	4.7	5.5
Financial Sustainability			
Cost-to-income ratio (excluding organisational review costs)	≤50	≤48	≤45
Capital Adequacy Ration	≥15	≥15	≥15
Non Performing Loans (based on IFRS 9 definition)	≤12	≤10	≤10
Liquidity Coverage Ratio	60	60	60
Net Stable Funding Ratio	80	90	100

Land Bank Strategy

1 Sector Growth support
Accelerate high-potential regions and crops



2 Supply chain development
Focus on agro-processing



3 Production expansion and intensification
Support next-generation farming



4 Agri - Innovation
Spur Agri - innovation



Target end customers

Emerging commercial farmers

- New farm development
- Expansion projects
- Strategic growth acquisitions

Agro-processors

- Enterprises that require capital expansion
- Commercial farmers moving up the value chain

Established commercial farmers

- Commercial farmers with potential for expansion or yield improvement

Ag innovation start-ups

- Enterprises with evolutionary agri. technology or products

Approach taken

- 4 high potential provinces and 5 value chains prioritised
- Convene stakeholders to originate opportunities
- Pursue 4 financing gaps: land acquisition, farm expansion, insurance and production loans

- 11 high potential commodities selected
- Strong syndication with other institutions e.g., IDC, DBSA
- Pursue 3 financing gaps: greenfield project financing, contract farming, and value chain financing

- Focus on capital projects with high potential to expand output or increase yields
- Provide
 - Tailored production finance
 - Specialised asset finance

- Invest in the commercialization of high potential Agri. innovation companies either directly or via VC funds



EXECUTIVE MANAGEMENT



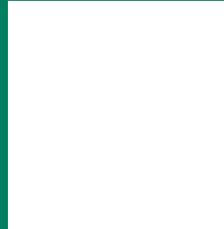
Mr TP Nchocho
Chief Executive Officer

Mr Bennie van Rooy
Chief Financial Officer

Mr Mpumi Tyikwe
MD: Land Bank Insurance Company

Mr Willie Jacobs
EM: Corporate Banking

Ms Kone Gugushe
EM: Risk Management



Ms Mpule Dlamini
EM: Human Resources

Ms Loyiso Ndlovu
EM: Strategy, Comm's & Policy

Vacant
EM: Portfolio Management Services

Mr Gary Conway
EM: Organisation Integration & Tech

Mr Jerome Mthembu
EM: Legal Services

Mr Sydney Soundy
EM: Commercial Development Banking

THANK YOU



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