

## Confidential

The Land and Agricultural Development Bank of South Africa  
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CENTURION



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Registered credit provider: Reg number NCRCP18

## LAND BANK'S DOWNGRADE BY MOODY'S INVESTOR SERVICE

**21 January 2020.** The Land and Agricultural Development Bank of South Africa (Land Bank) has noted the downgrade to its issuer rating by Moody's to Ba1 from Baa3.

In its media release Moody's refers to its decision to downgrade the Bank as being informed by its assessment that ongoing fiscal challenges suggest that the South African government will be selective in dispersing financial support to state-owned enterprises, hence in the rating agency limits its government support uplift to three notches from four previously.

The negative outlook on Land Bank primarily reflects the increasing risk of a weakening capacity of the South African government to support Land Bank in case of need, as captured by the negative outlook on the sovereign rating.

Land Bank continues to engage the shareholder to explore the potential levels of support possible in the current fiscal conditions in order to ensure that it continues to play its critical role in supporting the country's economic imperatives.

The Bank has also taken note of the observation of the rating agency regarding the challenging operating conditions that are largely occasioned by environmental risks from climate change and sustained drought, which have put strain on the financial performance of the Bank. The Bank's business and operational fundamentals remain strong, fully committed to the agricultural economy with a significant customer base and a significant market share in the agricultural sector, currently around 28% of agricultural debt. The Bank's lending and investment programme remains prudent and informed by its specialist expertise in the sector. In addition, the Bank continues to focus on strengthening and maintaining a robust corporate governance framework, and to improve business efficiencies.

The Board has prioritised the filling of key leadership vacancies. The appointment of the Chief Financial Officer has been completed, with a start date of 3 February 2020, and the recruitment of the Chief Executive Officer is at an advanced stage. This should provide leadership stability going forward.

**-Ends-**

### Enquiries

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**Directors:** Mr MA Moloto (Chairperson), Ms DR Hlatshwayo (Deputy Chairperson), Mr SCE Soundy (Acting Chief Executive Officer), Ms SA Lund, Ms TT Ngcobo, Ms DN Motau, Adv. SJH Coetzee, Ms ME Makgatho, Dr ST Cornelius; and Mr MS Makgoba.

Mr RC Engle (Acting Chief Financial Officer) and Mr MK Mzaidume (Company Secretary)