

**Announcement of Periodic Review: Moody's announces completion of a periodic review of ratings of Land and Agricultural Development Bank**

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10 Sep 2019

Limassol, September 10, 2019 -- Moody's Investors Service ("Moody's") has completed a periodic review of the ratings of Land and Agricultural Development Bank and other ratings that are associated with the same analytical unit. The review was conducted through a portfolio review in which Moody's reassessed the appropriateness of the ratings in the context of the relevant principal methodology(ies), recent developments, and a comparison of the financial and operating profile to similarly rated peers. The review did not involve a rating committee. Since 1 January 2019, Moody's practice has been to issue a press release following each periodic review to announce its completion.

This publication does not announce a credit rating action and is not an indication of whether or not a credit rating action is likely in the near future. Credit ratings and outlook/review status cannot be changed in a portfolio review and hence are not impacted by this announcement. For any credit ratings referenced in this publication, please see the ratings tab on the issuer/entity page on [www.moodys.com](http://www.moodys.com) for the most updated credit rating action information and rating history.

Key rating considerations are summarized below.

Land and Agricultural Development Bank's (Land Bank) Baa3 issuer rating is driven by the entity's ba3 Baseline Credit Assessment (BCA) and three notches of government support uplift. Moody's assumes a high probability of support from the government of South Africa, reflecting Land Bank's full government ownership, developmental mandate and evidence of past capital and funding support.

Land Bank's ba3 BCA primarily reflects the challenging operating environment, including developments around South Africa's Land Reforms; the high asset risks and credit concentrations; and moderate capital buffers, which provide a modest cushion to the level required by lending covenants, but compare well with global peers. The ratings also reflect improvements in Land Bank's funding structure, with extending maturities and diversifying funding sources, but also the challenges that the entity will face in growing its balance sheet, in an environment where both the macro-economic conditions and the debt capital markets remain volatile.

This document summarizes Moody's view as of the publication date and will not be updated until the next periodic review announcement, which will incorporate material changes in credit circumstances (if any) during the intervening period.

The principal methodologies used for this review were Finance Companies published in December 2018 and Government-Related Issuers published in June 2018. Please see the Rating Methodologies page on [www.moodys.com](http://www.moodys.com) for a copy of these methodologies.

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