

## Sens Announcement

### Land and Agricultural Development Bank of South Africa: Unaudited Interim results for the half year ended 30 September 2017

#### Preparation of this report

The Chief Financial Officer, Bennie van Rooy CA (SA) was responsible for the preparation of the unaudited interim results.

#### Basis of preparation

The condensed consolidated financial statements have been prepared, based on certain guidelines contained in International Financial Reporting Standards (IFRS) and the interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC), by applying the accrual basis of accounting, the going concern principle and using the historical cost basis except where specifically indicated otherwise in the accounting policies. Accounting policies adopted and methods of computation are consistent with those applied to the annual financial statements at 31 March 2017.

The preparation of interim financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

#### The key Group performance highlights are as follows:

	<b>FY2018H1 Unaudited</b>	<b>FY2017H1 Unaudited</b>
<b>Statement of Profit and Loss and Other Comprehensive Income</b>		
Profit before Other Comprehensive Income (R'000)	57 252	33 318
Net interest margin (%)	3.0%	3.0%
<b>Statement of Financial Position</b>		
Total Assets (R'000)	45 523 134	41 214 485
Gross Loans and Advances (R'000)	41 983 063	39 207 169
Non-performing Loans (%)	5.8%	8.7%
Total Capital Adequacy Ratio (%)	17.3*	17.9%
Liquidity Coverage Ratio (%)	339.6%*	65.9%
Net Stable Funding Ratio (%)	107.1%*	84.8%

\* Independently validated

#### Six months review

The Land and Agricultural Development Bank of South Africa ("Land Bank") has notwithstanding a difficult trading environment, exacerbated by continuous adverse weather conditions in certain parts of the country, generated strong financial results.

The Group generated profit before other comprehensive income of R57.3 million, a 71.8% increase from the profit reported at 30 September 2016. The increase is attributable largely to improved net interest income which at R632.2 million increased by R18.6 million or 3.0% from the comparative period, lower impairment charges- down by R35.5 million or 19.4%, and an increase in other income- mainly represented by investment income which increased by R23.5 million, or 46.5%.

The asset quality of the Bank's loan book continues to improve with non-performing loans down to 5.8% from 8.7% for the comparative period, and 7.1% as reported for FY2017. Funding initiatives have been very positive during FY2018H1 with strong Debt and Capital Market support received during the period under review. As of FY2018H1, the Land Bank's reliance on short-term funding with an effective time to maturity of less than 12 months, reduced to 49%, which is below its medium-term target of 50% set for 31 March 2018. Cash and liquidity levels remain healthy with access to cash of R2.57 billion and further liquidity through R2.15 billion committed and R0.5 billion uncommitted facilities.

The two Insurance subsidiaries, Land Bank Life Insurance and Land Bank Insurance, generated satisfactory results.

### Unaudited Results

The condensed interim financial results of the Land Bank for the six months ended 30 September 2017 are unaudited and have not been reviewed by an independent auditor.

### Outlook

The financial success for the year ending 31 March 2018 hinges on the Land Bank's ability to continue delivering on its mandate, within the uncertain economic environment and unpredictable weather conditions possibly impacting on the results.

### Condensed consolidated Statement of Profit and Loss and Other Comprehensive Income for the six months ended 30 September 2017

	<b>FY2018H1 R'000 Unaudited</b>	<b>FY2017H1 R'000 Unaudited</b>	<b>Var %</b>
<b>Net interest Income</b>	632 230	613 611	3.0%
<b>Operating income from Banking Activities</b>	<b>352 660</b>	<b>328 481</b>	<b>7.4%</b>
Net insurance (loss)/ income	(3 185)	5 779	(+100%)
<b>Total Operating Income</b>	<b>349 475</b>	<b>334 260</b>	<b>4.6%</b>
Operating Expenses	(307 185)	(289 978)	(5.9%)
Other Income	74 039	50 552	46.5%
<b>Net Profit before Other Comprehensive Income</b>	<b>57 252</b>	<b>33 318</b>	<b>71.8%</b>
Other Comprehensive Income	(4 531)	(9 368)	51.6%
<b>Net Profit after Other Comprehensive Income</b>	<b>52 721</b>	<b>23 950</b>	<b>+100%</b>

**Condensed consolidated Statement of Financial Position as at 30 September 2017**

	<b>FY2018H1 R'000 Unaudited</b>	<b>FY2017 R'000 Audited</b>	<b>Var %</b>
<b>Assets</b>			
Cash and cash equivalents	2 570 751	1 502 331	71.1%
Investments	2 408 659	1 860 074	29.5%
Net Loans and Advances	39 665 982	40 975 554	(3.2%)
Short-term Insurance Assets	82 218	178 527	(53.9%)
Long-term Insurance Assets	13 031	12 098	7.7%
Other Assets	782 493	913 252	(14.3%)
<b>Total Assets</b>	<b>45 523 134</b>	<b>45 441 836</b>	<b>0.2%</b>
<b>Equity and Liabilities</b>			
Equity	6 507 479	6 454 844	0.8%
Funding Liabilities	38 081 923	37 839 610	0.6%
Short-term Insurance Liabilities	147 098	260 264	(43.5%)
Long-term Insurance Liabilities	54 918	54 762	0.3%
Other liabilities	731 716	832 356	(12.1%)
<b>Total Equity and Liabilities</b>	<b>45 523 134</b>	<b>45 441 836</b>	<b>0.2%</b>

**Subsequent events**

With effect from 9 October 2017, the Land Bank appointed a new Company Secretary, Mr. Mashumi Mzaidume. Furthermore, as per our SENS announcement, dated 22 September 2017, Messrs. Willie Jacobs, Executive Manager: Agricultural Economics and Jerome Mthembu, Executive Manager Legal Services resigned with effect from 30 November and 31 December 2017 respectively.

From a funding perspective post 30 September 2017, the Land Bank issued a listed R805 million 7 year Fixed Rate note, while the remaining \$100 million under the Bank's MIGA backed loan becomes available no later than 06 December 2017.

**Changes to the Board**

As indicated in our Sens announcement, dated 15 August 2017, Mr Mohammad Karaan resigned as Board member with effect from 31 August 2017.

**27 November 2017**

Enquiries

Land and Agricultural Development Bank of South Africa

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