

Sens Announcement

Land and Agricultural Development Bank of South Africa: Rating action follows the sovereign rating's review announcement

On 28 November 2017, Moody's Investors Service, ("Moody's") had placed on review for downgrade the Baa3 long-term and Prime-3 short-term foreign-currency issuer ratings of the Land and Agricultural Development Bank ("Land Bank"). The Land Bank's long-term national scale issuer ratings (NSRs) of Aa1.za was also placed on review for downgrade.

The rating action reflects South Africa's weak operating environment and the government's weakening capacity to support the Bank in case of need, as captured by Moody's recent decision to place South Africa's Baa3 government bond ratings on review for downgrade. For further information, refer to the sovereign press release "Moody's places South Africa's Baa3 ratings on review for downgrade" (https://www.moodys.com/research/--PR_375816).

During the review, the rating agency will assess its government support assumptions incorporated into Land Bank's ratings, in the context of the government's potentially weakening capacity to support the institution in case of need, as suggested by South Africa's current rating review for downgrade. Concurrently Moody's will examine Land Bank's stand-alone credit profile positioned at ba3, in the context of on-going economic headwinds and how these may affect its asset quality metrics, moderate capital buffers and its funding/ liquidity profile.

List of affected ratings

Placed on "Review for Downgrade":

- LT Issuer Rating (Local & Foreign Currency), currently Baa3, Outlook changed to "Rating under Review" from "Negative"
- ST Issuer Rating (Local & Foreign Currency), currently P-3
- NSR LT Issuer Rating, currently Aa1.za

Outlook Actions:

Outlook, changed to "Rating under Review" from "Negative"

Land Bank will provide its full cooperation to Moody's during its review and will communicate the outcome thereof once the review and been completed.

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Enquiries

Land and Agricultural Development Bank of South Africa

TP Nchocho, Chief Executive Officer

Bennie van Rooy, Chief Financial Officer

Tabby Tsengiwe – Tel: 012 686 0921