

Sens Announcement

The Land and Agricultural Development Bank of South Africa

(JSE Code: BILB)

("the Land Bank")

Land and Agricultural Development Bank of South Africa: Rating action – Moody's affirms Baa3 rating; changes outlook to negative from stable

On 28 February 2019, Moody's Investors Service, ("Moody's") affirmed the Land and Agricultural Development Bank of South Africa's ("Land Bank") issuer ratings at Baa3/Prime-3 and its national-scale issuer ratings (NSR) at Aa1.za/P-1.za, and changed the issuer level outlook to negative from stable.

The affirmation of Land Bank's ratings primarily reflects its government ownership and Moody's assumptions of a high probability of government support in case of need. The decision to change the outlook to negative is predominantly driven by pressures on Land Bank's standalone assessment, stemming from (1) declining capital buffers that will challenge its ability to meet some loan covenants while fulfilling its developmental mandate and related loan growth targets; and (2) downside risks regarding the impact of the upcoming Land Reforms.

The full credit opinion is available on its website, www.moody.com.

List of affected ratings

Affirmations:

- LT Issuer Ratings (Local & Foreign Currency), affirmed Baa3, previously Stable debt level outlook withdrawn
- ST Issuer Rating (Local & Foreign Currency), affirmed P-3
- NSR LT Issuer Rating, affirmed Aa1.za
- NSR ST Issuer Rating, affirmed P-1.za

Outlook Action:

Outlook, changed to Negative from Stable

28 February 2019

Enquiries

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