

## **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: Moody's downgrades Land Bank's ratings to Ba1; outlook negative**

**21 January 2020**

On 21 January 2020, Moody's Investors Service, ("Moody's") downgraded Land and Agricultural Development Bank's (Land Bank) issuer rating to Ba1 from Baa3/P-3 and its long term national scale issuer rating (NSR) to Aa3.za from Aa1.za. Moody's confirmed the Land Bank's b1 Baseline Credit Assessment (BCA) and assigned a Corporate Family Rating (CFR) of Ba1.

The ratings downgrade reflects Moody's assessment that increased fiscal challenges suggest that the South African government will be more selective in dispersing financial support to state-owned enterprises, including Land Bank. The decision to downgrade Land Bank's issuer ratings is driven by a reduction in government support to uplift to three notches from four previously.

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

The rating agency also acknowledges initiatives taken by Land Bank to strengthen governance in light of generally heightened attention to South African state-owned enterprises. For Land Bank, corporate governance remains key.

The Bank has noted Moody's downgrade and continues to address the key areas mentioned in the report.

The Rating Announcement is available on its website, [www.moody's.com](http://www.moody's.com).

## **Enquiries**

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