

The Land and Agricultural Development Bank of South Africa

(JSE Code: BILB)

("Land Bank" or "the Issuer")

RELEASE OF GROUP ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

Overview

Land Bank has published its Audited Group Annual Financial Statements for the period ending 31 March 2020 which can be accessed on its website at www.landbank.co.za or through this link: <https://landbank.co.za/Pages/Investor-Relations>, under the "Annual Results and Investor Presentations" tab.

Preparation of the financial statements

The Group Annual Financial Statements have been prepared under the supervision of the Chief Financial Officer, Ms. Khensani Mukhari.

Basis of preparation

Accounting policies adopted and methods of computation are consistent with those applied to the Group Annual Financial Statements at 31 March 2019. The Group Annual Financial Statements are prepared on the historical cost basis except for the following assets and liabilities which are stated at their fair value: financial assets or financial liabilities held-for-trading, financial assets or financial liabilities designated at fair value through profit or loss, financial assets or financial liabilities designated at fair value through other comprehensive income, investment properties and post-retirement medical benefit which are measured at actuarial values.

The Group Annual Financial Statements have been prepared in accordance with the recognition, measurement and disclosure requirements of International Financial Reporting Standards ("IFRS"), Public Finance Management Act of South Africa ("PFMA"), Section 27 to 31 of the Companies Act of South Africa and the Land and Agricultural Development Bank Act, 2002.

The Preparation of Group Annual 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 comparatives for the 2020 Group Annual Financial statements have been restated. The restatements were due to errors identified in the current year relating to prior years. Details of the restatements are included in the notes to the annual financial statements, refer page 173.

Audit of the financial results

The Group Annual Financial Results of Land Bank for the year ended 31 March 2020 have been audited by the Auditor-General of South Africa. In her audit report, which is available

for inspection at the Company's Registered Office, the Auditor-General stated that her audit was conducted in accordance with International Standards on Auditing, and has expressed a Disclaimer of Opinion audit outcome for Land Bank's financial year ended 31 March 2020 Annual Financial Statements as reported in the SENS Announcement dated 31 December 2020. The Auditor General sighted her inability to provide an opinion on the going concern basis of preparation of the FY2020 Annual Financial Statements as well as the valuation of the loan book, owing to the Expected Credit Loss models not having been recalibrated since 2016 when they were developed and implemented, and the inability to validate inputs thereto, due to the weakened control environment, for concluding on a Disclaimer of Opinion audit outcome.

In addition to driving the restructuring process currently underway to take Land Bank out of its event of default and to ensure that Land Bank continues to operate as a going concern, the Board has approved a remediation plan, that is currently being implemented, to address deficiencies that led to the disclaimed audit opinion.

01 February 2021

Enquiries

Land and Agricultural Development Bank of South Africa

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Khensani Mukhari, Chief Financial Officer

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Debt Sponsor

The Standard Bank of South Africa Limited, acting through its Corporate and Investment Banking division (registration number: 1962/000738/06)

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