

NATIONAL ASSEMBLY
QUESTION FOR WRITTEN REPLY

QUESTION NUMBER 398

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Mr N J J van R Koornhof (Cope) to ask the Minister of Finance:

Whether the Land and Agricultural Development Bank of SA (the Land Bank) has been able to maintain the necessary capital adequacy ratio within the necessary limits in order to build confidence and ensure that it attracts and retains potential investors; if not, why not; if so, what are the relevant details?

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REPLY

The Land and Agricultural Development Bank of South Africa has achieved a capital adequacy ratio well above the 20% level, which was agreed with government as one of the conditions attached to the R3.5 billion Letter of Comfort (guarantee). The Land Bank achieved capital adequacy ratios of 42% and 46% during the period 31 March 2010 - 31 December 2010.

The maintenance and increase of capital adequacy, supported by the application of prudent corporate governance and controls, has enhanced the credibility of Land Bank among investors. This has led to the retention of, and increased investor support, culminating into the issuance of a 3 year Bond of R1.2 billion on 20 October 2010 in the domestic capital markets for the first time in 10 years.