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GENERAL NOTICE

NOTICE 1493 OF 2002

REPORT

OF THE

AUDITOR-GENERAL

ON THE

**GROUP AND STAND ALONE FINANCIAL STATEMENTS OF THE
LAND AND AGRICULTURAL BANK OF SOUTH AFRICA**

FOR

THE YEAR ENDED 31 DECEMBER 2001

PUBLISHED BY AUTHORITY

TABLE OF CONTENTS**1. AUDIT ASSIGNMENT****2. NATURE AND SCOPE**

2.1 AUDIT OF FINANCIAL STATEMENTS

2.2 AUDIT OF PERFORMANCE INFORMATION

3. AUDIT OPINION

3.1 AUDIT OF FINANCIAL STATEMENTS

3.2 AUDIT OF PERFORMANCE INFORMATION

4. EMPHASIS OF MATTER

4.1 MATTERS NOT AFFECTING THE FINANCIAL STATEMENTS

4.1.1 Accounts Receivable Reconciliation

4.1.2 PeopleSoft Computer System

4.1.3 Section 34 Loans

5. APPRECIATION**FINANCIAL STATEMENTS**

DIRECTOR'S REPORT

STATEMENT OF ASSETS AND LIABILITIES

PROFIT AND LOSS ACCOUNT

CASH FLOW STATEMENT

STATEMENT OF CHANGES IN EQUITY

SCHEDULE A: NOTES TO THE FINANCIAL STATEMENTS

ANNEXURE B: NOTES TO THE FINANCIAL STATEMENTS CONTINUED

REPORT OF THE AUDITOR-GENERAL TO THE MINISTER OF AGRICULTURE ON THE GROUP AND STAND-ALONE FINANCIAL STATEMENTS OF THE LAND BANK OF SOUTH AFRICA FOR THE YEAR ENDED 31 DECEMBER 2001

1. AUDIT ASSIGNMENT

The group and stand-alone financial statements as set out on pages to for the year ended 31 December 2001, have been audited in terms of section 188 of the Constitution of the Republic of South Africa, 1996 (Act No. 108 of 1996), read with sections 3 and 5 of the Auditor-General Act, 1995 (Act No. 12 of 1995) and section 68 of the Land Bank Act, 1944 (Act No. 13 of 1944). These financial statements, the maintenance of effective control measures and compliance with relevant laws and regulations are the responsibility of the Board of Directors. My responsibility is to express an opinion on these financial statements, based on the audit.

The performance information contained in the Directors' report for the year ended 31 December 2001 set out on pages to is the responsibility of the accounting authority. My responsibility is to provide an assessment of the fairness and consistency of the Land Bank's performance information. My role is not to evaluate or comment on the Land Bank's actual performance.

2. NATURE AND SCOPE

2.1 Audit of financial statements

The audit was conducted in accordance with Statements of South African Auditing Standards. Those standards require that I plan and perform the audit to obtain reasonable assurance that the financial statements are free of material misstatement.

An audit includes:

- examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements;
- assessing the accounting principles used and significant estimates made by management; and
- evaluating the overall financial statement presentation.

Furthermore, an audit includes an examination, on a test basis, of evidence supporting compliance in all material respects with the relevant laws and regulations which came to my attention and are applicable to financial matters.

I believe that the audit provides a reasonable basis for my opinion.

2.2 Audit of performance information

The audit of the performance information embraced the standard for assurance engagements issued by the Auditing Standards Board.

I assessed the performance information against the criteria of fair and consistent performance information.

I believe that the audit provides a reasonable basis for my opinion.

3. AUDIT OPINION

3.1 Audit of financial statements

In my opinion, the financial statements fairly present, in all material respects, the financial position of the Land Bank at 31 December 2001 and the results of its operations and cash flows for the year then ended in accordance with prescribed accounting practice and in the manner required by the relevant acts.

3.2 Audit of performance information

In my opinion, the performance information furnished in terms of section 55(2)(a) of the Public Finance Management Act, 1999 (Act No. 1 of 1999) fairly presents, in all material respects, the performance of the Land Bank for the year ended 31 December 2001 against predetermined objectives on a basis consistent with that of the preceding year.

4. EMPHASIS OF MATTER

Without qualifying the audit opinion expressed above, attention is drawn to the following matters:

4.1 Matters not affecting the financial statements

4.1.1 Accounts Receivable Reconciliation

An unreconciled difference of R4.8 million between the Accounts Receivable sub-system and the accounts receivable account as per the general ledger has increased from R100 000 in the previous financial year.

Reconciling items reflected on the reconciliation between the Accounts Receivable sub-system and the Accounts Receivable account per the General Ledger cannot be matched and removed from the reconciliation once they have been addressed. As a result, the reconciling items are not cleared from the reconciliation and the number and amount of reconciling items are increasing even though the reconciling items have already been resolved. No comprehensive list of reconciling items, which reflects the current discrepancies, is available to substantiate and manage the difference.

4.1.2 PeopleSoft computer system

The implementation of the PeopleSoft system is an ongoing process and the following significant risks and shortcomings remain:

- The system and process documentation is either outdated or incomplete.
- The transfer of skills and system knowledge from ISIS to Land Bank staff has not been fully achieved and the Land Bank is still dependent on the services of ISIS.
- There are inherent logical deficiencies in the PeopleSoft banking loan module and a lack of mitigating controls (either of a logical or manual nature).

Due to the magnitude of transactions processed and the Land Bank's dependence on the PeopleSoft system, a review on the PeopleSoft loan application controls is required to be performed as part of my audit. During the 2001 financial year I have endeavoured to perform an application controls review on the PeopleSoft application. The inherent logical deficiencies of the system and the lack of either manual or logical mitigating controls have prevented me from completing this review. Even though my procedures were sufficient to mitigate the risks, I want to emphasise that the preferred approach for testing such a pervasive system is the performance of a successful application controls review.

Programmers have focused on refining and improving the system on an ad hoc basis. There is, however, no formal users and technical information on the PeopleSoft system. This would have been issued in June 2000, but to date this has not been issued by ISIS. Management has indicated that legal steps have been taken against ISIS in this regard.

Management is re-assessing a new banking solution to replace the current banking loan module due to its lack of functionalities. This will result in possible fruitless and wasteful expenditure which management is currently investigating.

4.1.3 Section 34 Loans

Section 34 loans continue to be under secured. The grace period on Section 34 loans will expire in June 2002. Out of a sample of R57 927 162, R10 849 167 was found to be unsecured. Management indicated that the Land Bank has implemented certain procedures to obtain alternative forms of security or renew securities. I reiterate the importance of securing these loans.

Section 34 of the Land Bank Act states that the Land Bank can, without recourse to a court of law, attach and sell movable assets of the defaulting debtor at a public auction to liquidate the amount owing to the Land Bank. If after the sale of all movable assets an amount is still owing to the Land Bank, the Land Bank can, without recourse to a court of law, attach and sell immovable property to address the shortfall.

Section 55 of the Land Bank Act states that the Land Bank can attach any security or land without recourse to a court of law. The attached property could be sold by public auction at the discretion of the Board of Directors to liquidate the amount owing to the Land Bank.

Section 34 loans comprise R128 997 016 of the total list of insolvent loans amounting to R616 014 556. The court ruled the Land Bank's rights to sell assets without access to a court of law unconstitutional. Management has received a legal opinion in this regard and will attempt to exercise the Land Bank's rights as a secured creditor on a number of test cases with proper access to a court of law. No cases have been finalised to support the legal opinion.

5. APPRECIATION

The assistance rendered by the staff of the Land Bank during the audit is sincerely appreciated.

A handwritten signature in black ink, appearing to read 'Witthöft', with a long horizontal flourish extending to the left.

GR Witthöft

for **AUDITOR-GENERAL**

PRETORIA

31/05/2002

REPORT OF THE DIRECTORS

INTRODUCTION

The Board of Directors has pleasure in presenting their report and the group annual financial statements for the year ended 31 December 2001.

This report, in terms of the Public Finance Management Act, addresses the performance of the Land Bank and its subsidiary and provides relevant statutory information requirements.

The Directors are responsible for the preparation, objectivity and integrity of financial statements, which fairly present the financial position of the Land Bank and the results of its operations and cash flows for the year ended 31 December 2001.

In preparing the financial statements the Land Bank complied with the requirements of the following prescripts:

- The Land Bank Act No 13 of 1944 (as amended).
- The Public Finance Management Act No 1 of 1999.
- South African Statements of Generally Accepted Accounting Practice.

To enable the Directors to meet their financial reporting responsibilities

- Systems of internal control which provide reasonable assurance as to the integrity and reliability of the financial statements, and to safeguard recording of liabilities and the assets of the Bank have been maintained.
- Accounting policies applied are appropriate and consistently applied, and are supported by prudent and reasonable estimates.
- The Audit Committee and internal auditors review the financial and internal control systems, policies and disclosure.

Based on the information received from management, and internal auditors, nothing has come to the attention of the Directors to indicate a material breakdown in the systems of internal control during the year under review.

The directors have a reasonable expectation that the Bank is supported by adequate resources to continue its operations in the foreseeable future, and have adopted the going concern basis in preparing the financial statements.

FUNCTION AND OBJECTIVES OF THE LAND BANK

The Land Bank operates as a development finance institution within the agricultural and agri-business sectors, regulated by the Land Bank Act, 1944 (Act No. 13 of 1994). As such, the Land Bank provides a range of financing products to a broad spectrum of clients within the agricultural industry, including wholesale and retail financing to the commercial and developing farmers, co-operatives and other agriculture-related businesses.

The objectives of the Land Bank are defined within its mandate, which requires that the Land Bank should achieve:

1. Growth in the Commercial Market
2. Growth in the Development Market

3. Business Efficiency
 - ◆ Service Delivery
 - ◆ Resource Management
4. Sustainability

Strategies to achieve these objectives were set out in a Business Plan and Budget approved in 2000, giving the strategic direction of the business as well as Key Results objectives. These Key Result objectives have been communicated throughout the organisation, and are embedded in Departmental and individual objectives, which are periodically measured.

OVERVIEW OF PERFORMANCE FOR THE YEAR

SECTOR OVERVIEW

The total agricultural debt increased in 2001 by 3% (2001: R30 824 m – 2000: R29 826 m). During the same period, the total loan book of the Land Bank increased by 10% (2001: R16 168m – 2000: R 14 730m). The 2001-year has generally been positive for agriculture in South Africa. The estimated volume of agricultural production in 2001 was 10% lower than in 2000, mostly on account of a decline in the production of field crops. However, the prices of the grain products increased sharply during the second half of the year as the rand slumped in the foreign currency markets and a shortage of maize in Southern Africa started to assert itself. Gross farm income as a consequence still managed to increase by 13%

The macro-economic conditions for the first three-quarters reflected subdued growth, but this accelerated in the fourth quarter. The real growth in Gross Domestic Product for 2001 being 2%. The international recessionary trends which emerged in the second half of 2001, and reinforced by the attack on the World Trade Centre on September 11, had a negative impact on South Africa's export performance – although domestic agricultural commodity prices in general tended to firm fairly sharply.

Conditions for banking were less favourable. The declining phase of the interest rate cycle, reduced the yield on Bank reserves and created pressure on interest rate spreads, both of which contributed to reduced profitability and lower returns on assets. In South African context, this has been exacerbated by adverse trends in asset quality, particularly manifest in the micro-lending industry where cases of high growth in assets have resulted in over-exposure, which necessitated high levels of provisioning, with further declines in profits. These developments created funding problems for smaller banking institutions.

Against this backdrop, the Land Bank Group has delivered positive profit results, although reduced from the previous year. Net interest and premium income compared to prior year, increased by 2% (2001: R766, 510m – 2000: R749, 545m). The average cost of resources deployed was 9% (2001: R306, 112m – 2000: R 280, 847m) higher than the previous year. The impact of the impaired recoverability of certain loans resulted in an increase in the provisions by 55% (2001: R213, 474 m –2000: R138, 038m). Net profit for the year thus declined by 16% (2001: R343, 994m – 2000: R408, 911m).

An overview of the performance of the Land Bank against its specified objectives is set out in the table below:

OBJECTIVES	KEY PERFORMANCE INDICATORS	TARGETS	PERFORMANCE RESULTS
1. Growth in the Commercial Market.	Commercial Loan Book Value.	Growth of 10% on previous year balance.	Growth of 10% on previous year balance. Target achieved.
2. Growth in the Development Market.	Development Loans – Number of Loans disbursed.	Growth of 50% on previous year.	Number of Loans increased by 35% Value of Loans increased by R33m. Target not achieved.
3. Business Efficiency, and Effective Resource Management.	Ratio of Expense to Income.	Ratio below 40%.	Ratio of Expense to Income was 35%. Target Achieved as a result of effective and efficient management of Branch Network and Head Office costs and income.
4. Loan Quality Performance.	Arrears of less than 5%.		Arrears rate of 15%. Target not achieved.

The objectives are discussed in more detail below:

I. GROWTH IN COMMERCIAL MARKETS

I.1 MARKETING CHANNELS

The Bank offers loan products to the agricultural industry for the financing of fixed property, equipment, livestock, standing crops and orchards, and farming input costs. The loan products which meet the spectrum of financing needs of individual farmers are distributed through the network of 28 retail branches situated in agricultural centres throughout the country, and 42 satellite branches set up to meet the needs of local farming communities. The specialist Corporate Finance Unit situated in Pretoria and Cape Town distributes the products, which are designed to meet the financing needs of agricultural co-operatives and agri-business.

1.2 LOAN PORTFOLIO PERFORMANCE

The value of the commercial loan book increased by 10% (2001: R16, 186bn – 2000: R14, 730bn) compared to prior year. This growth resulted from advances to co-operatives, which grew by 37% (2001: R7, 110bn – 2000: R5, 200bn), as higher levels of grain and crop inventories were financed. The retail loans balance reduced by 5% (2001: R9, 076bn – R2000: R9, 530bn), due to competitive pressures in the market.

2. GROWTH IN THE DEVELOPMENT MARKET

2.1 DISTRIBUTION CHANNELS TO DEVELOPMENT MARKETS

The needs of the emerging farmers are addressed at retail level through the sale of Step-Up micro-finance, Bronze, Silver and Special Mortgage product ranges, at project level by specifically tailored project financing arrangements and at wholesale level by specific agreements with agricultural co-operatives and companies. These ranges are designed to provide access to finance for the pre-commercial historically disadvantaged farmer client, who is an aspirant or current farmer, characterised by a lack of collateral, little previous farming experience, with or without previous credit record. The product ranges are designed in the context of a higher risk appetite to provide structured and graduated access to finance for the commercially unbankable farmer. Such a facility poses special requirements on the institution to ensure that investor returns are responsibly managed, and therefore the funding for the exposure to these products is from a separate fund created within the reserves of the Bank, and is isolated from the commercial portfolio. Delivery of these products to the customer is via the Bank's retail network, appointed agents and intermediaries, agricultural co-operatives, and the Development Project unit of the Bank. Uptake of these products has increased during the year, but has not met expectations, and is constrained by agricultural and economic realities such as the access to markets, rural infrastructure, and access to arable land. These constraints are being addressed by the Rural Development strategies of Government.

2.2 DEVELOPMENT LOANS PERFORMANCE

The number of loans advanced to Development clients increased by 35% during the year from 66 846 to 90 155. During the year 4 116 loan applications amounting to R192m for the Silver and Bronze products and 28 loans amounting to R328m in respect of development projects were approved. The total value of loans extended to Development clients compared to prior year increased by 8% (2001: R446m – 2000 R413m).

The introduction of the Land Redistribution for Agricultural Development grant from Government during 2001 provided an opportunity for future financing of land acquisition by previously disadvantaged individuals. The Land Bank has been appointed by the National Department of Agriculture to administer this grant, and will provide additional loans for land acquisition and input costs to qualifying beneficiaries.

3. BUSINESS EFFICIENCY

The Land Bank seeks to deliver on its mandate by *deploying resources in a way, which is effective, efficient and economical*. During 2001, the cost to net income ratio achieved was 35%, which compares favourably with the target set of 40%.

The Corporate Finance Unit extends financing to co-operatives and agri-business companies. There have been certain instances where the financial viability of specific long-standing clients has been impaired, and provision has been taken in previous years, against any losses, which may be suffered. During the year under review, one client became insolvent, and the financial position of others deteriorated. Full provision was made for the potential losses, which are associated with irrecoverable debts arising as a result of such deterioration.

The Retail lending business generally operated within improving agricultural conditions and was adversely affected by the performance of the deciduous fruit industry, where lower than normal production and very subdued export demand for produce posed severe challenges for the industry. Provision was made for anticipated losses resulting from this.

The insurance business segment of the Land Bank Group enjoyed a successful year. Mindful of affordability of premiums charged to clients, an underwriting profit was achieved, and the underlying investment portfolio generated an increase in value of 23%.

Service Delivery improvement has been a focus area for the Land Bank during 2001, and foundations have been laid for the achievement of Batho Pele Programme during 2002. Interaction standards with clients and stakeholders have been monitored using the Mystery Shopper and Stakeholder dialogue workshops, and strategies implemented to favourably impact on the gaps identified.

A comprehensive Performance Management System to align individual achievements with entity objectives has been commissioned in 2001, and will be fully implemented by June 2002. High in priority of Key Performance Areas within this system are customer service improvement programme.

Management is re - assessing a new Banking Solution to replace the current PeopleSoft Banking Loan Module, which was developed in-house. The in-house developed PeopleSoft Loan Module has significant shortcomings. The Land Bank has issued a request for proposal for the replacement of the Banking Loan Module.

4. SUSTAINABILITY

The sustainability of the Land Bank is assured by continuing prudent risk management. The interest rate and liquidity mismatch risk components are managed by an Assets and Liability Committee comprising of Senior Management of the Bank. The Bank has also commissioned an information technology-supported Assets and Liability model to further augment the effectiveness of the risk management function.

The Development Loan Portfolio, having a perceived higher risk profile, is funded from a specific fund created for the purpose, from reserves built up by imputed notional tax and dividends on income. At year-end, this development fund value cover ratio of 1.48: 1

(R661, 0m: R447, 1m) to the value of the development loans portfolio, which is adequate.

Net Income for the Year of R343, 9million has been earned, strengthening the capital base and providing the platform for both growths in the loan book value and delivery of the mandate in future.

The Land Bank Act contains provisions that provided a mechanism of recovery from defaulting clients. These recovery mechanisms were challenged, and were held by the courts to be unconstitutional. This has resulted in an increase in insolvency and liquidation, which has also required a higher provision against possible losses.

POST-BALANCE SHEET EVENT

In January 2002, Fitch, the rating agency engaged by the Land Bank, issued a report adjusting the long-term rating from AA to AA minus. Support rating and short-term ratings remained constant at 2 and F1+ respectively.

This downward adjustment was made on the basis of the declining earnings trend from 1999 to 2000, and increased levels of provisioning and charge-off of irrecoverable debts. The Directors are satisfied that the internal capital generation of the Bank is adequate to sustain its mandate, and that adequate provision has been taken to cover any losses resulting from irrecoverable debts.

5. INCIDENTS OF FRAUD

The Land Bank systems of internal controls are implemented to provide all reasonable measures to prevent the occurrence of fraud and financial irregularity, and, should such cases occur, to detect and reveal the incidents for appropriate investigation. During the year, three cases of alleged fraud were discovered and investigated and appropriate actions were taken. These resulted in dismissals all necessary notifications took places as per The Public Finance Management Act.

6. CORPORATE GOVERNANCE

A Board of Directors comprising seven non-executive and executive directors governs the Land Bank. During 2001 financial year Mrs K. Moloto and Mrs T. Memela - Khambule resigned from the Board of Directors in February 2001 and September 2001 respectively. Board committees, each chaired by a non-executive Director to ensure that the requirements of the King recommendations on Corporate Governance are fulfilled, are the following:

Audit	Mr C van Veijeren (Chair) Mr J. Modise Mr M Mbongwa, Mr M. Fandesio
Finance and Credit Committee	Mr M. Mbongwa (Chair), Mr J. Modise, Mr S. Mkhabela, Mr S. Nkosi, Mr C. van Veijeren
Chairperson's Committee	Mr. S. Mkhabela (Chair), Mr S. February,

Mr M. Mbongwa, Mr. S. Nkosi, Mr M. M Fandesó

Human Resources and
Remuneration Committee

Mr. S. Mkhabela (Chair), Ms S. February,
Mr S. Nkosi, MR. M. Fandesó

Land Bank Act Committee

Mr S. Nkosi (Chair), Mr S. Mkhabela,
Mr M. Mbongwa, Mr. M. Fandesó.

Committee meetings are attended by the relevant Senior Managers.

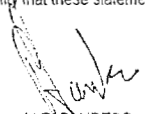
STATEMENT 1

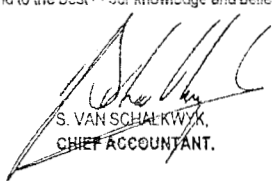
Land Bank

STATEMENT OF ASSETS AND LIABILITIES AS AT 31 DECEMBER 2001

	Notes	Land Bank Group		Land Bank	
		2001 R'000	2000 R'000	2001 R'000	2000 R'000
ASSETS					
Non-current assets		9,348,760	9,443,171	8,760,873	8,966,321
Property and equipment	2	63,980	78,633	63,980	78,633
Loans to farmers	4	7,552,300	7,904,338	7,552,300	7,904,338
Loans to co-operatives	5	448,389	440,777	448,389	440,777
Loans to statutory agricultural institutions	6	350,586	319,733	350,586	319,733
Loans to agri-related companies	7	58,604	50,734	58,604	50,734
Instalment sale medium-term loans	8	43,295	5,038	43,295	5,038
Emergency flood relief	9	23,544	3,068	23,544	3,068
Investments	10	708,209	595,410	120,322	118,560
Other Assets	12	99,853	45,440	99,853	45,440
Current assets		9,003,569	7,156,646	9,003,931	7,156,626
Loans to farmers	4	1,331,792	1,496,235	1,331,792	1,496,235
Loans to co-operatives	5	6,311,808	4,439,704	6,311,806	4,439,704
Loans to agri-related companies	7	46,390	70,524	46,390	70,524
Emergency flood relief	9	840	427	840	427
Sundry debtors	11	116,027	238,932	116,392	238,932
Repurchase agreements		577,471	407,571	577,471	407,571
Other assets	12	59,865	12,465	59,865	12,465
Bank balance	13	559,378	490,788	559,375	490,788
Total assets		18,352,329	16,599,817	17,764,804	16,122,947
Equity and liabilities					
Reserves		3,973,828	3,622,552	3,363,523	3,125,608
Capital fund	14	200,955	200,955	200,955	200,955
Reserves	15	3,772,873	3,421,597	3,162,568	2,924,653
Non-current liabilities		6,691,256	5,920,548	6,691,256	5,920,548
Long-term funding	16	3,413,527	3,044,164	3,413,627	3,044,164
Medium-term funding	17	3,277,629	2,876,384	3,277,629	2,876,384
Current liabilities		7,687,245	7,056,717	7,710,025	7,076,791
Promissory notes	18	5,186,083	3,968,187	5,186,083	3,968,187
Bills payable	18	1,112,000	2,029,500	1,112,000	2,029,500
Call bonds	18	635,000	454,000	635,000	454,000
Deposits	19	507,404	301,413	514,541	306,309
Sundry creditors	20	72,206	193,794	87,849	208,972
Repurchase agreements		47,606	-	47,606	-
Provisions	21	126,946	109,823	126,946	109,823
Total equity and liabilities		18,352,329	16,599,817	17,764,804	16,122,947

We hereby certify that these statements have been compiled from the books of the bank and to the best of our knowledge and belief are correct.

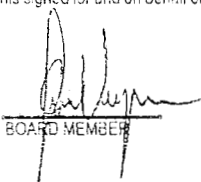

M.P. FANDES
MANAGING DIRECTOR.


S. VAN SCHALKWYK,
CHIEF ACCOUNTANT.

Pretoria, 2 May 2002

The Land and Agricultural Bank of South Africa, established in terms of Section 3, of the Land Bank Act, 13 of 1944 (as amended) operating under the style of 'Land Bank'.

Financial statements signed for and on behalf of the Land Bank Board at Pretoria by:


BOARD MEMBER


BOARD MEMBER

STATEMENT 2

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2001

	Notes	Land Bank Group		Land Bank	
		2001 R'000	2000 R'000	2001 R'000	2000 R'000
Interest income	22	2,116,739	2,303,952	2,118,081	2,312,874
Premium income	23	23,211	34,055	-	-
Interest expense	24	(1,353,640)	(1,564,223)	(1,355,097)	(1,565,946)
Claims paid	25	(19,800)	(24,239)	-	-
Net interest and premium income		766,510	749,545	762,984	746,928
Other operating income	26	119,276	61,707	7,420	3,620
Operating income		885,786	811,252	770,404	750,548
Operating expenses					
- Land Bank	27	(295,720)	(247,813)	(295,712)	(247,813)
- SAVVEM	27	(2,013)	(24,408)	-	-
Depreciation	2	(8,379)	(8,626)	(8,379)	(8,626)
Movement in provisions	28	(235,680)	(121,494)	(235,680)	(121,494)
Net profit for the period		343,994	408,911	230,633	372,615

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2001

	NOTES	Land Bank Group		Land Bank	
		2001 R'000	2000 R'000	2001 R'000	2000 R'000
<i>Cash flows from operating activities</i>					
Cash received from clients		2,212,230	2,520,471	2,078,141	2,445,877
Cash paid to employees and suppliers		(2,055,005)	(3,174,206)	(2,034,177)	(3,082,706)
Increase in income earning assets		(1,436,968)	(33,228)	(1,436,968)	(33,228)
Net cash outflow from operating activities	31.2	<u>(1,279,743)</u>	<u>(686,965)</u>	<u>(1,393,004)</u>	<u>(670,057)</u>
<i>Cash flows from investing activities</i>					
Proceeds on disposal of property and equipment	31.3	1,204	895	1,204	895
Additions to property & equipment	31.4	(4,966)	(3,971)	(4,966)	(3,971)
New additions		-	-	-	-
Replacement additions		(4,966)	(3,971)	(4,966)	(3,971)
Increase in investments	31.5	(106,000)	(43,959)	5,037	(62,656)
Net cash outflow from investing activities		<u>(109,762)</u>	<u>(47,035)</u>	<u>1,275</u>	<u>(65,732)</u>
<i>Cash flows from financing activities</i>					
Increase in long-term funding	31.6	369,463	513,826	369,463	513,826
Increase/(Decrease) in short-term funding	31.7	687,387	(1,017,308)	689,628	(1,015,511)
Increase in medium-term funding	31.8	401,245	1,014,975	401,245	1,014,975
Net cash inflow from financing activities		<u>1,458,095</u>	<u>511,493</u>	<u>1,460,336</u>	<u>513,290</u>
Net increase/(decrease) in cash and cash equivalents		68,590	(222,507)	68,607	(222,499)
Cash and cash equivalents at beginning of year		490,788	713,295	490,768	713,267
Cash and cash equivalents at end of year	31.1	<u>559,378</u>	<u>490,788</u>	<u>559,375</u>	<u>490,768</u>

STATEMENT 4

**STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD
ENDED 31 DECEMBER 2001**

1. Land Bank Group

	BALANCE 31/12/1999 R'000	MOVEMENTS R'000	BALANCE 31/12/2000 R'000	MOVEMENTS R'000	BALANCE 31/12/2001 R'000
CAPITAL	200,955	-	200,955	-	200,955
DISTRIBUTABLE					
<i>General</i>	2,035,758	220,073	2,255,831	127,424	2,383,255
Balance previously reported	2,038,542	221,600	2,260,142		
Change in accounting policy - SAVVEM consolidation	(2,784)	-	(? 784)		
Change in accounting policy - Depreciation *	-	(1,527)	(1,527)		
Interest equalisation fund	100,000	-	100,000	-	100,000
Building/Capital expenditure	22,450	(22,450)	-	-	-
Development fund	126,347	123,157	249,504	32,966	282,470
Balance previously reported	126,347	124,393	250,740		
Change in accounting policy - Depreciation *	-	(1,236)	(1,236)		
Silver and bronze development fund	264,699	43,589	308,288	70,243	378,531
<i>Insurance fund</i>	463,432	44,542	507,974	113,361	621,335
Previously reported	349,153				
Change in accounting policy					
SAVVEM consolidation	15,128				
Fair value of SAVVEM investments	99,151				
	3,213,641	408,911	3,622,552	343,994	3,966,546
NON DISTRIBUTABLE					
Revaluation of property	-	-	-	7,282	7,282
	3,213,641	408,911	3,622,552	351,276	3,973,828

2. Land Bank

	BALANCE 31/12/1999 R'000	MOVEMENTS R'000	BALANCE 31/12/2000 R'000	MOVEMENTS R'000	BALANCE 31/12/2001 R'000
CAPITAL	200,955	-	200,955	-	200,955
DISTRIBUTABLE					
<i>General</i>	2,038,542	228,319	2,266,861	127,424	2,394,285
Balance previously reported	2,038,542	229,846	2,268,388		
Change in accounting policy - Depreciation *	-	(1,527)	(1,527)		
Interest equalisation fund	100,000	-	100,000	-	100,000
Building/Capital expenditure	22,450	(22,450)	-	-	-
Development fund	126,347	123,157	249,504	32,966	282,470
Balance previously reported	126,347	124,393	250,740		
Change in accounting policy - Depreciation *	-	(1,236)	(1,236)		
Silver and bronze development fund	264,699	43,589	308,288	70,243	378,531
	2,752,993	372,615	3,125,608	230,633	3,356,241
NON DISTRIBUTABLE					
Revaluation of property	-	-	-	7,282	7,282
	2,752,993	372,615	3,125,608	237,915	3,363,523

* Refer to note 33

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

SCHEDULE A

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The policies on which the annual financial statements are based conform with South African Statements of generally accepted accounting practice.

The most important policy directives which are set out below, are consistent with those of the previous years, except where otherwise disclosed.

1.1 Consolidation

The consolidated financial statements incorporate the financial position of the Land Bank and its subsidiary, The South African Mortgage Insurance Company Limited (SAVVEM) up to 31 December 2001.

The Land Bank is since 15/07/1964 the sole shareholder of this unlisted company which undertakes the insurance of Land Bank mortgage and charge loans to natural persons on a group basis. Although the Land Bank guarantees the solvency of SAVVEM, the company's actuarial value of the surplus as at 31 December 2001 amounted to R196 million (30 June 1999 – R97 million).

The results of SAVVEM were consolidated for the first time in 2000 due to changes in related generally accepted accounting statements and standards. SAVVEM's year-end was 30 June which was not in line with that of the Land Bank's and had to be changed to 31 December.

As a result, restated audited financial statements for SAVVEM for 1999 and 2000 were compiled so that it is in line with that of the Land Bank. These amounts were applied in the consolidation and restatement of the 1999 and 2000 results.

Inter-company balances and transactions between the Group entities are eliminated in full on consolidation.

1.2 Financial assets and liabilities

All purchases and sales of securities are recognised at the settlement date. Investments in financial assets are initially recognised when the group becomes party to the contractual terms of the instruments, and are measured at cost which is the fair value of the consideration given. Subsequently, financial assets including fixed maturity investments such as loans to clients, are measured at fair value. Financial liabilities are recognised at the original debt less principal repayments and amortisations, while instruments held for trading are re-measured at fair value. The recognition of a financial instrument on the balance sheet ceases when the contractual relationship between the Land Bank group and the counterparty ends. The result is that the financial instrument no longer represents a financial asset to the enterprise and a financial liability or equity of the counterparty.

A distinction is made between interest earnings, which is the group's main source of income and income from other sources such as insurance premiums and dividends received. All securities held for trading purposes are revalued at balance sheet date and the gains or losses are accounted for in the income statement. Gains or losses on the realisation of hedging instruments are accounted for in the income statement for the period.

1.3 Liquidity and Interest Rate Risk**1.3.1 Liquidity Risk**

To manage the liquidity risk the Bank arranges standby facilities at other financial institutions and maintains a portfolio of sufficient liquid assets to meet its commitments on time. Regarding SAVVEM, funds are available from the portfolio manager's cash component on 30 days notice.

1.3.2 Interest Rate Risk

The interest rate risk is managed by using various funding sources and a number of long, medium and short-term financial instruments with a variety of maturity dates.

SCHEDULE A (continued)

(Liquidity and Interest Rate Risk continued)

Although almost all loans are granted at floating interest rates and the interest rates in respect of short-term credit instruments can also be regarded as floating rates, the rates applicable to debenture loans and medium-term promissory notes are fixed for several years. An interest equalisation fund was specifically created for this purpose.

During periods of declining interest rates there might be an exposure to interest rate risks if lending rates are reduced while long and medium-term funding rates are fixed at higher levels. In times of market instability the exposure to interest rate risks is managed by means of financial derivatives in order to convert fixed interest rates into floating interest rates or vice versa. Furthermore, as a result of the falling interest rates during the year, the bank refrained from issuing longer-term credit instruments with fixed interest rates but instead issued longer-term floating rate notes and other structured funding instruments with floating interest rates in order to address interest rate risk and liquidity risk simultaneously.

(Full details of the maturity dates of the financial instruments are provided in Annexure B).

Although investment income forms a substantial part of SAVVEM's income, only a small portion is from time to time needed to meet the company's current liabilities. Under normal circumstances the premium income is sufficient to cover all expenses.

1.4 Credit Risk Management

Funding

The bank limits its counter parties exposures from its money market operations by only dealing with well-established financial institutions of high quality credit standing. The credit exposure to any one counter party is managed by setting transaction/exposure limits, which are reviewed regularly.

The bank is also exposed to credit-related losses in the event of non-performance by counter parties to hedging instruments. The counter parties to these contracts are major financial institutions. The bank continually monitors its positions and the credit ratings of its counter parties and limits the amount of contracts it enters into with any one party.

In assessing credit risk, the impact of master netting agreements is taken into account on an aggregated basis, while the value of collateral is not taken into account.

Due to the fact that SAVVEM is fully funded through its retained reserves, this risk is not applicable.

Lending

The loan book comprise a large number of customers, dispersed across different geographical areas in South Africa. Ongoing credit evaluations are performed on the financial position of these debtors. At year-end there was no significant concentration of risk for which adequate provision has not been made.

Insurance cover

Although the insurance cover is geographically well spread over the various provinces the fact that all SAVVEM's business is agri-related, increases the credit risk. In addition to this, more than 55% of the cover provided, relates to policy holders in the age group 40 years and older.

In order to safeguard SAVVEM against this risk exposure a more conservative approach is followed by the actuaries during the periodic valuation. This approach ensures that sufficient reserves are available so that the company will also be able to accommodate any extraordinary increase in claims.

1.5 REVENUE

The group's revenue consists mainly of interest, premium income and realised capital and interest on investments.

SCHEDULE A (continued)

1.5.1 Interest

Interest due to the bank for the period is accounted for in the income statement.

Interest regarded as irrecoverable is excluded from interest received.

1.5.2 Premiums

Insurance premiums as well as accrued premiums for the period are accounted for in the income statement at face value.

1.5.3 Realised capital and interest on investments

This represents SAVVEM's investment income in the form of interest received and gains on the realisation of investments.

1.6 Fair value of financial instruments

At year-end the carrying amounts of cash and short-term deposits, accounts receivable, accounts payable, accrued expenses and short-term borrowings approximated their fair values due to short-term maturities of these assets and liabilities.

The carrying value of long-term receivables approximate their fair value due to the market-related interest rates applicable to these assets.

The following methods and assumptions were used by the group in establishing fair values.

Financial instruments traded in an organised financial market:

The amounts disclosed in respect of instruments held for trading, are stated at fair value. Fair value calculations are based on the assumption that the Land Bank is a going concern without any intention or need to liquidate or materially curtail the scale of its operations. The fair value of these financial instruments represents the positive or negative cash flows which would have occurred if the rights and obligations arising from that instruments were closed out in an orderly market transaction at year-end. Quoted market prices are available for government and semi-government bonds, debentures and options.

Financial instruments not traded in an organised financial market:

The carrying amounts of creditors, accruals and provisions reported in the balance sheet approximates their fair value. The fair value in respect of debtors represents the carrying value less provision for doubtful debt. An estimate of doubtful debt is made based on a review of all outstanding amounts at balance sheet date.

Regarding SAVVEM, the marketable securities traded by the portfolio managers, are reflected at fair value.

1.7 Land Bank Debentures*Primary issues*

Land Bank debentures which are unsecured, are stated at cost. Discounts and premiums arising on the issue of stock are amortised over the period of the debt, using the yield-to-maturity basis. Those discounts and premiums are recognised in interest paid.

1.8 Hedging

Investments held in other stock for hedging purposes are stated at cost and is treated on the same basis as the hedged liability. Discounts and premiums are amortised over the life time of the stock using the yield-to-maturity method. Profits and losses together with coupon interest are disclosed as interest paid.

SCHEDULE A (continued)

1.9 Secondary market transactions in Land Bank debentures and other institutional stock

Debentures and other institutional stock repurchased are valued at fair value as at the financial year-end. Profits and losses are accounted for on revaluation. Any surpluses as well as shortfalls arising from market making activities are set off against interest paid.

1.10 Repurchase agreements

Where financial instruments are sold from the hedging or market making portfolio and the Land Bank agrees to repurchase these at future dates, and the risk of ownership remains with the bank, the consideration received is treated as a loan secured by the underlying instrument and included under sundry creditors.

Conversely where financial instruments are purchased subject to commitments to resell these at future dates, and the risk of ownership does not pass to the bank the consideration paid is treated as an advance secured by the underlying instrument as part of other debtors.

1.11 Derivative instruments

The bank is making use of derivative instruments for both funding and hedging purposes. In previous years, premiums received or paid in respect of options earmarked for funding and hedging, were amortised over the life time of the bond options. This policy has now been changed and all bond options are stated at fair value using option valuation methodologies, based on interest rates quoted in the financial markets on the reporting date.

Profits and losses on these derivatives are included in interest paid. These instruments are exposed to interest rate risk.

Interest rate swaps are stated at accrued interest payable or receivable, taking into consideration the difference between the fixed and the floating interest rates of the particular swap.

1.12 Interest rate swaps

Interest rate swaps are used to convert a percentage of the fixed/floating interest rate borrowed funds to floating/fixed interest rates. This derivative instrument is therefore used as a hedging tool against the risk which exists between fixed/floating interest rate borrowed funds and floating lending rates. The profit and/or loss realised by these transactions is regarded as an increase/decrease in the cost of funding and does therefore form part of interest paid in the income statement.

1.13 Property and equipment

Bank buildings held for administrative purposes are stated at revaluation less accumulated depreciation. Bank premises are independently valued at least every 5 years on the basis of open market value with current use. The current carrying value is based on the valuation as at 31 December 2001. Unrealised revaluation surpluses and deficits are transferred to a revaluation of property reserve. Valuation surpluses realised on sale are transferred from the revaluation of property reserve to the income statement. Any deficit arising from the professional valuation of property is charged directly against the revaluation of property reserve. Where a permanent diminution in value is identified, the deficit is eliminated against the revaluation of property reserve, with any excess being charged to the income statement.

Furniture, office and computer equipment, as well as vehicles are stated at historical cost less accumulated depreciation, while bank buildings are disclosed at revaluation less accumulated depreciation.

Depreciation is charged to write-off the cost or valuation of assets, over their estimated useful lives, at the following rates:

Bank buildings	2.00%
Furniture and fittings	16.70% to 20.00%
Computer equipment	33.00%
Motor vehicles	20.00%
Bank Premises	2.00%

SCHEDULE A (continued)

1.14 Farm property bought in and resold in terms of section 72 of the Land Bank Act, (Act No. 13 of 1944)

These properties are disclosed at the amount of the outstanding debt on date of purchase of the underlying property. In view of adverse agricultural conditions in the past, it was decided to make provision for irrecoverable debt against which realised shortfalls can be written off. All surpluses and shortfalls on the resale of property bought in as well as shortfalls recovered are accounted for against the provision for irrecoverable debt. The provision is accounted for against the asset disclosed in note 12. Also refer to note 28.1.

1.15 Provision for bad debt

Although specific provisions are made against identified doubtful debt, general provisions are maintained to cover potential losses which, although not specifically identified, may be present on any portfolio of advances. Accrual of interest on advances is suspended when the recoverability of the advance becomes uncertain. Advances are written off once the probability of recovering any significant amounts becomes remote.

Refer to note 28.1.

1.16 Post-employment benefits

1.16.1 Contributions to medical aid fund

The Land Bank provides a post-retirement medical aid benefit to all pensioners.

It is the bank's policy to pay the medical fund subscription fees on behalf of all pensioners, in full.

It is the Land Bank's policy to fund the obligation in full when it arises. Actuarial valuations of the bank's liability are conducted on an annual basis. (Refer note 28.3).

According to the latest valuation which was done on 30 November 2001, the total liability for current and future pensioners amounted to R103,5 million (2000 - R86,4 million) of which the full amount was provided for at 31 December 2001.

Assumptions	2001	2000
	% a year	% a year
Discount rate	11.0%	12.5%
Consumer price inflation	6.0%	8.5%
Expected return on fund assets for next year	11.0%	12.5%
Rate of compensation increase	7.5%	10.0%
Membership Data		
Number	768	750
Pensioners:		
Number	305	292
Health care cost inflation	9,0% p.a.	10,5% p.a.
Average retirement age	60 years	60 years
Continuation of membership at retirement	100%	100%

The amount already provided for is currently invested in a separate fund.

SCHEDULE A (continued)

1.16.2 Land Bank retirement fund

The Land Bank retirement fund which functions as a defined contribution fund, and which is subject to the provisions of the Pension Fund Act, 1956 (Act No. 24 of 1956) came into operation on 1 November 1994. Membership of the fund is compulsory for all permanent staff members. Statutory actuarial valuations of the fund's commitments are conducted on a triennial basis whilst interim valuations are carried out in other years.

Payments made to the defined contribution fund are charged as an expense when they fall due.

According to the valuation as at 31 December 2000, the fund was in a healthy financial position but steps should be taken to address the increased cost of risk benefits. According to the fund rules, the Land Bank as employer must increase the rate of employer contributions to fund a deficit on the Risk Reserve. The total shortfall in respect of risk benefits amounted to R4,0 million. Preliminary calculations made by the Actuary, estimated that the total shortfall increased to R9,0 million as at 31 December 2001 (refer note 28.4).

The fund does also not have sufficient assets to establish a satisfactory investment reserve and therefore members and pensioners are vulnerable to fluctuations in market values. At 31 December 2001 the deficit in the Pensioner Account, that has to be funded by the Land Bank, was R2.5 Million, which forms part of the total shortfall of R9,0 million.

On 31 December 2000 the actuarially calculated current value in respect of future benefits amount to R84,3 million. On 31 December 2000, 887 employees were members of the Land Bank retirement fund. The Land Bank's contribution to the retirement fund is expensed as incurred.

All deficits in the Pensioner Account and Risk Reserve is accounted for in the net profit and loss as they arise.

The most important valuation assumptions can be summarised as follows:

- SA56 – 62 mortality rates.
- Morbidity rate at a particular age will be equal to 75% of the mortality rate applicable at the same age.

Pensioners:

- Pensions payable were valued at a 6% interest rate.
- Regarding mortality, the unisex table, derived from a (55) male and a (55) female tables, was employed with a weighting of 67% a (55) male and 33% a (55) female rates.

1.17 Associated company

An associated company is a company which is not a subsidiary and in which the bank holds an investment and exercises significant influence over its financial and operating activities. The results of the associated company is accounted for according to the equity method. The investment in an associated company is written down when there is considered to be an impairment in value.

1.18 Investment Property

Investment property which is property held to earn rental, is stated at its fair value at the balance sheet date. Gains or losses arising from changes in the fair value of investment property are included in net profit or loss for the period in which they arise.

Where fixed properties (other than bought in properties) are rented in full, the asset is disclosed as investment property (refer to note 10.5)

SCHEDULE A (continued)

1.19 Director's emoluments

The director's emoluments in respect of the Land Bank are disclosed in note 27 to the financial statements. The earnings and benefits of the executive and non-executive directors were as follows:

<u>Land Bank</u> <u>Directors' emoluments</u>	Executive Directors		Non-executive Directors	
	2001 R'000	2000 R'000	2001 R'000	2000 R'000
Salaries	2,432	1,469	454	212
Contributions	409	221	-	-
Allowances	373	578	-	-
Bonuses	-	150	-	-
Expense allowance	-	40	-	-
Restraint of trade	610	-	-	-
	<u>3,824</u>	<u>2,458</u>	<u>454</u>	<u>212</u>
Loans to directors	-	-	-	-
 <u>SAVVEM</u>				
Salaries, allowances and contribution to funds	-	-	8	-
	<u>3,824</u>	<u>2,458</u>	<u>462</u>	<u>212</u>

1.20 Limitations on disclosure

As result of either the sensitivity or the impracticality thereof, detail information regarding the following aspects are not provided:

- Strike rates of all options
- Interest rates applicable to swaps
- Effective interest rate on zero coupon swaps
- Information regarding terms of swap contracts

1.21 Tax and dividend

In terms of the provisions of section 10 (1) (A) of the Income Tax Act, 1997 (Act 28/1997) the Land Bank as well as SAVVEM are exempted from income tax.

The board of the bank however decided to implement an imputed tax deduction of 35% on net profit for the purpose of development funding.

In the same token it was also decided to calculate an imputed dividend of 15% on "after tax" profits, as no dividends are paid to government which is the bank's sole shareholder. A total amount of R104,8 million was allocated to the development reserves as at 31 December 2001 (2000 - R168 million).

The gross income from the above-mentioned sources will in future be allocated to the Development Fund Reserve on an annual basis, for funding of the development loan book.

Regarding SAVVEM, it is the shareholders policy to declare a dividend from time to time of not more than 50% of the actuarial surplus. On 31 December 2001 the surplus amounted to R196 million.

SCHEDULE A (continued)

1.22 Impairment of assets

To eliminate the possibility of impairment losses, provision is made in various ways depending on the type of asset involvement and can be summarised as follows:

- Loans
- Farm property bought in
- Property and equipment
- Investments
- Provision for irrecoverable debt as per notes 1.15 and 28.1
- Revaluation of all properties. Refer to notes 1.14 and 28.1
- Revaluation of property. Refer to notes 1.13 and 2
- Depreciation of other fixed assets as per notes 1.13 and 2
- Market value of medical fund as per note 10.1
- Director's valuation of shares in Rutac. Refer to note 10.4

1.23 General reserve

In terms of section 67(1) of the Land Bank Act, 1944 (Act No. 13 of 1944) the surplus, after allocating to specific reserves, is credited to the general reserve.

1.24 Provisions

Provisions are recognised when the Group has a present or constructive obligation as a result of a past event, and when it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate of the amount of the obligation can be made.

1.25 Interest expense

All borrowing costs are expensed in the period in which they are incurred. Discounts and premiums on borrowings are deferred and amortised over the term of the particular borrowing.

1.26 Grants

During the current financial year, the bank entered into a joint venture with Government by which the bank will, inter alia, administer the Land Redistribution and Development (LRAD) grants on behalf of Government. At 31 December 2001 the total grants, including interest capitalised on the un-applied portion, amounted to R10 324 087 of which R2 712 355 has been applied either as a planning grant (R1 689 400) to assist potential farmers in compiling a business plan or as a normal grant (R1 022 955) which is allocated to the client's account once a loan has been granted by the bank. The unapplied portion amounted to R7 611 732.

	Land Bank Group		Land Bank	
	2001	2000	2001	2000
2. PROPERTY AND EQUIPMENT	R'000	R'000	R'000	R'000
2.1 Bank premises				
Carrying value (opening balance)	67,935	70,250	67,935	70,250
Building projects completed	-	448	-	448
Transfer to Investment Property	(9,335)	-	(9,335)	-
Disposals	(700)	-	(700)	-
Revaluation of property reserve	7,282	-	7,282	-
Revaluation loss on property	(8,325)	-	(8,325)	-
Depreciation	(2,607)	(2,763)	(2,607)	(2,763)
Carrying value (closing balance)	54,250	67,935	54,250	67,935
Cost price	54,250	70,698	54,250	70,698
Accumulated depreciation	-	(2,763)	-	(2,763)
Carrying value	54,250	67,935	54,250	67,935

SCHEDULE A (continued)

(Property and equipment continued)	Land Bank Group		Land Bank	
	2001 R'000	2000 R'000	2001 R'000	2000 R'000
Bank premises were independently valued at 31 December 2001 by Landdata Valuations (Pty) Ltd at open market value with current use as basis.				
One of the buildings is fully rented and is therefore disclosed under investments, Note 10.6.				
2.2 Furniture and fittings				
Carrying value (opening balance)	4,689	4,105	4,689	4,105
Additions	2,193	2,457	2,193	2,457
Disposals (carrying value)	(108)	(398)	(108)	(398)
Depreciation -	(1,687)	(1,475)	(1,687)	(1,475)
Carrying value (closing balance)	<u>5,087</u>	<u>4,689</u>	<u>5,087</u>	<u>4,689</u>
Cost price	13,313	11,656	13,313	11,656
Accumulated depreciation	(8,226)	(6,967)	(8,226)	(6,967)
Carrying value	<u>5,087</u>	<u>4,689</u>	<u>5,087</u>	<u>4,689</u>
2.3 Computer equipment				
Carrying value (opening balance)	4,266	6,685	4,266	6,685
Additions	2,022	917	2,022	917
Disposals (carrying value)	(8)	(121)	(8)	(121)
Depreciation	(3,222)	(3,215)	(3,222)	(3,215)
Carrying value (closing balance)	<u>3,058</u>	<u>4,266</u>	<u>3,058</u>	<u>4,266</u>
Cost price	15,447	13,654	15,447	13,654
Accumulated depreciation	(12,389)	(9,388)	(12,389)	(9,388)
Carrying value	<u>3,058</u>	<u>4,266</u>	<u>3,058</u>	<u>4,266</u>
2.4 Motor vehicles				
Carrying value (opening balance)	1,743	2,909	1,743	2,909
Additions	751	149	751	149
Disposals (carrying value)	(46)	(142)	(46)	(142)
Depreciation	(863)	(1,173)	(863)	(1,173)
Carrying value (closing balance)	<u>1,585</u>	<u>1,743</u>	<u>1,585</u>	<u>1,743</u>
Cost price	5,521	6,036	5,521	6,036
Accumulated depreciation	(3,936)	(4,293)	(3,936)	(4,293)
Carrying value	<u>1,585</u>	<u>1,743</u>	<u>1,585</u>	<u>1,743</u>
Total property and equipment (carrying value)	<u>63,980</u>	<u>78,633</u>	<u>63,980</u>	<u>78,633</u>
Total depreciation	<u>8,379</u>	<u>8,626</u>	<u>8,379</u>	<u>8,626</u>
3. GOODWILL				
Goodwill on the acquisition of SAVVEM on 1 July 1964 to the value of R171 000 has been fully amortised.				

SCHEDULE A (continued)

	Land Bank Group		Land Bank	
	2001 R'000	2000 R'000	2001 R'000	2000 R'000
4. LOANS TO FARMERS				
4.1 Long and medium-term loans (refer to Annexure A for funding details)				
Long-term mortgage loans	5,896,492	6,174,726	5,896,492	6,174,726
Gold range	5,861,034	6,145,718	5,861,034	6,145,718
Less: Provision for bad debt	5,909,113	6,224,216	5,909,113	6,224,216
	48,079	78,498	48,079	78,498
Silver range	35,458	29,008	35,458	29,008
Less: Provision for bad debt	38,359	29,885	38,359	29,885
	2,901	877	2,901	877
4.2 Section 34 medium-term loans (refer to Annexure A for funding details)				
Gold range	1,655,808	1,729,612	1,655,808	1,729,612
Less: Provision for bad debt	1,465,269	1,545,484	1,465,269	1,545,484
	1,544,002	1,588,568	1,544,002	1,588,568
	78,733	43,084	78,733	43,084
Silver and bronze range	190,539	184,128	190,539	184,128
Less: Provision for bad debt	217,483	201,411	217,483	201,411
	26,944	17,283	26,944	17,283
Total long and medium-term loans	7,552,300	7,904,338	7,552,300	7,904,338
4.3 Short-term loans (refer to Annexure A for funding details)				
Gold range	1,331,792	1,496,235	1,331,792	1,496,235
Less: Provision for bad debt	1,268,532	1,448,577	1,268,532	1,448,577
	1,370,522	1,472,195	1,370,522	1,472,195
	101,990	23,618	101,990	23,618
Silver and bronze range	63,260	47,658	63,260	47,658
Less: Provision for bad debt	73,720	52,645	73,720	52,645
	10,460	4,987	10,460	4,987
Section 34 medium-term loans are mainly granted for the purchase of livestock and implements while section 34 short-term loans are used for production credit. (Refer to Annexure B for maturity details)				
5. LOANS TO CO-OPERATIVES	6,760,195	4,880,481	6,760,195	4,880,481
Long-term mortgage loans	448,389	440,777	448,389	440,777
	448,389	440,777	448,389	440,777
Short-term cash credit	6,311,806	4,439,704	6,311,806	4,439,704
Less: Provision for bad debt	6,760,595	4,747,692	6,760,595	4,747,692
	448,789	307,988	448,789	307,988

SCHEDULE A (continued)

	Land Bank Group		Land Bank	
	2001 R'000	2000 R'000	2001 R'000	2000 R'000
6. LOANS TO STATUTORY AGRICULTURAL INSTITUTIONS				
Long-term mortgage loans	350,586	319,733	350,586	319,733
	<u>350,586</u>	<u>319,733</u>	<u>350,586</u>	<u>319,733</u>
7. LOANS TO AGRI-RELATED COMPANIES				
7.1 Long-term loans				
	32,906	39,145	32,906	39,145
Gold range	32,936	39,710	32,936	39,710
Less: Provision for bad debt	30	565	30	565
	<u>32,906</u>	<u>39,145</u>	<u>32,906</u>	<u>39,145</u>
7.2 Medium-term loans	25,698	11,589	25,698	11,589
	16,384	11,589	16,384	11,589
Gold range	16,418	11,679	16,418	11,679
Less: Provision for bad debt	34	90	34	90
	<u>16,384</u>	<u>11,589</u>	<u>16,384</u>	<u>11,589</u>
	9,314	-	9,314	-
Silver range	9,314	-	9,314	-
Less: Provision for bad debt	-	-	-	-
	<u>9,314</u>	<u>-</u>	<u>9,314</u>	<u>-</u>
Total long and medium-term loans	<u>58,604</u>	<u>50,734</u>	<u>58,604</u>	<u>50,734</u>
7.3 Short-term cash credit	16,782	52,271	16,782	52,271
	15,926	50,544	15,926	50,544
Gold range	18,607	53,376	18,607	53,376
Less: Provision for bad debt	2,681	2,832	2,681	2,832
	<u>856</u>	<u>1,727</u>	<u>856</u>	<u>1,727</u>
Silver and bronze range	856	1,727	856	1,727
	<u>856</u>	<u>1,727</u>	<u>856</u>	<u>1,727</u>
	29,608	18,253	29,608	18,253
Step up loans	37,010	21,841	37,010	21,841
Less: Provision for bad debt	7,402	3,588	7,402	3,588
Total short-term loans	<u>46,390</u>	<u>70,524</u>	<u>46,390</u>	<u>70,524</u>
8. INSTALMENT SALE MEDIUM-TERM LOANS	43,295	5,038	43,295	5,038
	41,867	4,563	41,867	4,563
Gold range	42,183	4,633	42,183	4,633
Less: Provision for bad debt	316	70	316	70
	<u>1,428</u>	<u>475</u>	<u>1,428</u>	<u>475</u>
Silver and bronze range	1,544	485	1,544	485
Less: Provision for bad debt	116	10	116	10
	<u>1,544</u>	<u>485</u>	<u>1,544</u>	<u>485</u>

SCHEDULE A (continued)

	Land Bank Group		Land Bank	
	2001 R'000	2000 R'000	2001 R'000	2000 R'000
9. EMERGENCY FLOOD RELIEF				
9.1 Long-term loans				
Gold range	8,765	-	8,765	-
Less: Provision for bad debt	8,831	-	8,831	-
	66	-	66	-
9.2 Medium-term loans	14,779	3,068	14,779	3,068
Gold range	14,679	3,005	14,679	3,005
Less: Provision for bad debt	14,790	3,085	14,790	3,085
	111	80	111	80
Silver and bronze range	100	63	100	63
Less: Provision for bad debt	108	66	108	66
	8	3	8	3
Total long- and medium-term loans	23,544	3,068	23,544	3,068
9.3 Short-term loans	840	427	840	427
Gold range	747	389	747	389
Less: Provision for bad debt	753	399	753	399
	6	10	6	10
Silver and bronze range	93	38	93	38
Less: Provision for bad debt	100	40	100	40
	7	2	7	2
10. INVESTMENTS				
10.1 Medical aid fund (managed portfolio)				
Opening balance	114,538	96,764	114,538	96,764
Yield on investment	24,717	6,796	24,717	6,796
Additional (withdrawal)/contribution	(29,500)	10,978	(29,500)	10,978
Closing balance	109,755	114,538	109,755	114,538
Directors' valuation - R109,8 million (2000 : R114,5 million)				

SCHEDULE A (continued)

(Investments continued)

	Land Bank Group		Land Bank	
	2001	2000	2001	2000
	R'000	R'000	R'000	R'000

The amounts transferred to the medical aid fund provision since 31 December 1995, were entrusted to a portfolio manager. In previous years the net yield/(loss) on this unlisted investment for the relevant year was credited to the provision account and did therefore not form part of the bank's income. This policy has now been changed so that all profits/losses are reflected in the income statement. The prior year's figures have been restated. The investment is stated at market value and does not include any unlisted shares. This investment is exposed to interest rate and market risk.

10.2 SAVVEM (Unlisted)

MARKET VALUE

RMB Asset Management (Pty) Ltd.

Market value on 31 December

Equities

Bonds

Cash

Property

International investments

Coronation Asset Management (Pty) Ltd.

Market value on 31 December

Equities

Bonds

Cash

Property

International investments

Investec Asset Management (Pty) Ltd.

Market value on 31 December

Equities

Bonds

Cash

Property

International investments

587,917

476,880

194,138

160,952

120,651

97,405

18,237

16,347

11,252

15,482

-

-

43,998

31,718

205,311

163,593

105,080

83,552

33,139

37,409

17,686

11,746

389

-

49,017

30,886

188,468

152,335

106,088

86,567

34,994

32,768

12,861

9,563

1,234

-

33,291

23,437

Shares in SAVVEM

30

30

10.3 Associated Company

Unlisted:

Rulec (Pty) Ltd

Opening balance

Additional contribution

Carrying value

Loan account

Provision for impairment

3,463

2,615

3,463

2,615

-

1,400

-

1,400

3,463

4,015

3,463

4,015

238

187

238

187

3,701

4,202

3,701

4,202

(3,701)

(552)

(3,701)

(552)

-

3650

-

3,650

SCHEDULE A (continued)

(Investments continued)	Land Bank Group		Land Bank	
	2001 R'000	2000 R'000	2001 R'000	2000 R'000
The main business of Rutec (Pty) Ltd, of which the bank is holding 35% of the shares, is to provide agricultural training courses and to sell general merchandise.				
Although the company's financial year end is 28 February the latest available (unaudited) figures are those of 31 January 2001.				
As it is not the bank's intention to continue its involvement in the company in the long-term it was decided to regard it as an investment for disclosure purposes.				
Due to the company's current financial position, it was decided to regard the realisable value as zero.				
Directors' valuation - zero (2000 - R3,6 million)				
10.4 SU Management services (service account)	37	342	37	342
10.5 Investment Property				
Opening balance	-	-	-	-
Transfer from bank premises at revaluation	9,335	-	9,335	-
Increase in fair value during the year	1,165	-	1,165	-
	<u>10,500</u>	<u>-</u>	<u>10,500</u>	<u>-</u>
The fair value of the Group's investment property at 31 December 2001 has been arrived at on the basis of a valuation performed by Landdata Valuations (Pty) Ltd at open market value with current use as basis.				
The property rental earned by the Group from its investment property, leased out under an operating lease, amounted to R1,3 million for the year.				
Total Group investment	708,209	595,410	120,322	118,560
Total Land Bank investment				
11. SUNDRY DEBTORS				
Government grant	147	-	147	-
SAVVEM (claims payable)	-	-	364	-
Accrued interest (receivable)	7,397	38,749	7,397	38,749
Interest pre-paid	76,142	151,116	76,142	151,116
Housing and vehicle loans to employees	10,702	16,548	10,702	16,548
Sundry amounts receivable	18,547	27,825	18,547	27,825
Other	3,092	4,694	3,093	4,694
	<u>116,027</u>	<u>238,932</u>	<u>116,392</u>	<u>238,932</u>

SCHEDULE A (continued)

	Land Bank Group		Land Bank	
	2001 R'000	2000 R'000	2001 R'000	2000 R'000
12. OTHER ASSETS				
12.1 Non-current assets				
Interest receivable on swaps that reset after one year	<u>99,853</u>	<u>45,440</u>	<u>99,853</u>	<u>45,440</u>
12.2 Current assets				
Interest receivable on swaps that reset within one year	17,401	-	17,401	-
Bought in Properties	66,108	16,992	66,108	16,992
Properties sold - being transferred	4,578	2,700	4,578	2,700
Unsold properties on hand	61,530	14,292	61,530	14,292
Less: Provision - irrecoverable debt	(29,387)	(7,139)	(29,387)	(7,139)
	<u>54,122</u>	<u>9,853</u>	<u>54,122</u>	<u>9,853</u>
Section 34 shortfalls	5,743	2,612	5,743	2,612
	<u>59,865</u>	<u>12,465</u>	<u>59,865</u>	<u>12,465</u>
13. BANK BALANCES				
Debits				
Land Bank	559,375	490,768	559,375	490,768
SAVVEM	3	20	-	-
	<u>559,378</u>	<u>490,788</u>	<u>559,375</u>	<u>490,768</u>
Credits				
Land Bank	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
14. CAPITAL FUND	<u>200,955</u>	<u>200,955</u>	<u>200,955</u>	<u>200,955</u>

The capital fund consists of appropriations by the state to the Land Bank from 1936 up to 1979 when they were discontinued. Interest thereon, at rates which vary between 3.5% and 4.75% per annum, is payable biannually on 31 March and 30 September. The average effective interest rate amounts to 4.7% for both financial years.

SCHEDULE A (continued)

15. RESERVES	Land Bank Group		Land Bank	
	2001 R'000	2000 R'000	2001 R'000	2000 R'000
Distributable				
General reserve	2,383,255	2,255,831	2,394,285	2,266,861
Interest equalisation fund	100,000	100,000	100,000	100,000
Silver and bronze development fund	378,531	308,288	378,531	308,288
Insurance fund	621,335	507,974	-	-
Development fund	282,470	249,504	282,470	249,504
	<u>3,765,591</u>	<u>3,421,597</u>	<u>3,155,286</u>	<u>2,924,653</u>
Non-Distributable				
Revaluation of property	7,282	-	7,282	-
Total reserves (see note 29)	<u>3,772,873</u>	<u>3,421,597</u>	<u>3,162,568</u>	<u>2,924,653</u>

Silver and bronze development fund

In order to separate the funding of poor resourced farmers (silver and bronze range) from the commercial loan book (gold range) an amount of R70,2 million from the 2001 surplus was allocated to the silver and bronze development fund while R34,6 million was transferred to the reserves earmarked for future development funding.

Interest equalisation fund

During a period of declining interest rates the bank's long-term funding costs may exceed interest earnings on long and medium-term loan portfolio's.

SCHEDULE A (continued)

	Land Bank Group		Land Bank	
	2001 R'000	2000 R'000	2001 R'000	2000 R'000
16. LONG-TERM FUNDING				
16.1 Debentures				
Funding portfolio (capital)	3,247,033	3,344,650	3,247,033	3,344,650
Discount	164,021	114,806	164,021	114,806
Funding portfolio (at amortised cost)	3,411,054	3,459,456	3,411,054	3,459,456
Hedging portfolio (at amortised cost)	(42,429)	(407,720)	(42,429)	(407,720)
Hedging portfolio (capital)	(42,469)	(396,770)	(42,469)	(396,770)
Premium/(Discount)	40	(10,950)	40	(10,950)
	3,368,625	3,051,736	3,368,625	3,051,736
Options (at amortised cost)		11,230		11,230
Purchased		(45)		(45)
Sold		11,275		11,275
Options (net at fair value)	629		629	
Purchased	(34)		(34)	
Sold	663		663	
	3,369,254	3,062,966	3,369,254	3,062,966
Market making portfolio (net at fair value)	19,692	(18,802)	19,692	(18,802)
16.2 Long-term loan	24,681	-	24,681	-
(Refer to note 32)				
	3,413,627	3,044,164	3,413,627	3,044,164
Net profit on market making activities	51,604	43,324	51,604	43,324
16.3 Derivative financial instruments				
	Notional principal	Fair value assets	Fair value liabilities	Net fair value
2001				
Options	70,000	-	629	629
Swaps	2,481,915	193,532	24,985	167,289
Total	2,551,915	193,532	25,614	167,918
2000				
Options	615,000	214	(10,050)	(9,836)
Swaps	1,250,262	91,650	-	91,650
Total	1,865,262	91,864	(10,050)	81,814

SCHEDULE A (continued)

	Land Bank Group		Land Bank	
	2001 R'000	2000 R'000	2001 R'000	2000 R'000
17. MEDIUM-TERM FUNDING				
17.1 Medium-term promissory notes				
Nominal value 2001 - R 1 125 million 2000 - R 867,9 million	834,306	430,991	834,306	430,991
17.2 Zero coupon structured notes	288,297	245,440	288,297	245,440
17.3 Floating rate promissory notes	2,155,026	2,199,953	2,155,026	2,199,953
	<u>3,277,629</u>	<u>2,876,384</u>	<u>3,277,629</u>	<u>2,876,384</u>
The average annual rate of interest on net financial market instruments amounted to	10.59%	11,87%	10.59%	11,87%
18. PROMISSORY NOTES, BILLS AND CALL BONDS				
18.1 Promissory notes (unsecured) at nominal value				
Balance at year-end	<u>5,186,083</u>	<u>3,968,187</u>	<u>5,186,083</u>	<u>3,968,187</u>
Average effective interest rate	<u>9,34%</u>	<u>10,64%</u>	<u>9,34%</u>	<u>10,64%</u>
18.2 Bills (unsecured) at nominal value				
Balance at year-end	<u>1,112,000</u>	<u>2,029,500</u>	<u>1,112,000</u>	<u>2,029,500</u>
Average effective interest rate	<u>8,94%</u>	<u>10,36%</u>	<u>8,94%</u>	<u>10,36%</u>
18.3 Call bonds (unsecured) at nominal value				
Balance at year-end	<u>635,000</u>	<u>454,000</u>	<u>635,000</u>	<u>454,000</u>
Average effective interest rate (refer to Annexure B for maturity dates)	<u>9,21%</u>	<u>10,07%</u>	<u>9,21%</u>	<u>10,07%</u>
19. DEPOSITS				
Development trust	163,979	36,008	163,979	36,008
Co-operatives	113,899	48,026	113,899	48,026
Small institutional deposits	17,493	13,933	24,630	18,829
Forced stock sales	208,283	199,355	208,283	199,355
Retirement fund	98	136	98	136
Conditional payments	3,652	3,955	3,652	3,955
	<u>507,404</u>	<u>301,413</u>	<u>514,541</u>	<u>306,309</u>
Average effective interest rate	<u>8,72%</u>	<u>9,83%</u>	<u>8,72%</u>	<u>9,83%</u>

SCHEDULE A (continued)

	Land Bank Group		Land Bank	
	2001 R'000	2000 R'000	2001 R'000	2000 R'000
20. SUNDRY CREDITORS				
Government grants	7,759	-	7,759	-
Interest payable on debentures	-	124,095	-	124,095
Accrued expenses	51,278	43,738	51,278	43,738
interest received in advance	1,598	3,778	1,598	3,778
Finance leases	209	187	209	187
SAVVEM (accounts payable)	547	1,858	-	-
SAVVEM (premiums outstanding)	-	-	15,855	16,536
Other	10,815	20,138	11,150	20,638
	<u>72,206</u>	<u>193,794</u>	<u>87,849</u>	<u>208,972</u>
Refer to note 34 for detailed disclosure of finance leases.				
21. PROVISIONS				
Refer to note 28				
On time bonus	3,700	8,878	3,700	8,878
Accrued leave	10,776	10,525	10,776	10,525
Medical fund	103,470	86,392	103,470	86,392
Retrenchment packages	-	28	-	28
Retirement fund shortfall	9,000	4,000	9,000	4,000
	<u>126,946</u>	<u>109,823</u>	<u>126,946</u>	<u>109,823</u>
22. INTEREST INCOME				
Per loan type				
Mortgage loans	825,593	912,147	825,593	912,147
Section 34 medium-term loans	280,435	323,826	280,435	323,826
Section 34 seasonal loans	241,153	244,161	241,153	244,161
Wholesale	670,177	580,591	670,177	580,591
Other	99,381	243,227	100,723	252,149
	<u>2,116,739</u>	<u>2,303,952</u>	<u>2,118,081</u>	<u>2,312,874</u>
23. PREMIUM INCOME				
Premiums receivable	7,356	17,519		
Premiums accrued	15,855	16,536		
	<u>23,211</u>	<u>34,055</u>		

SCHEDULE A (continued)

	Land Bank Group		Land Bank	
	2001 R'000	2000 R'000	2001 R'000	2000 R'000
24. INTEREST EXPENSE				
Capital fund	8,981	8,999	8,981	8,999
Debentures	310,760	446,268	310,760	446,268
Medium-term promissory notes	74,070	121,173	74,070	121,173
Floating rate promissory notes	223,250	140,767	223,250	140,767
Bills	180,259	259,229	180,259	259,229
Promissory notes	442,631	460,962	442,631	460,962
Call bonds	69,044	80,308	69,044	80,308
Deposits and credit balances	43,763	23,596	45,220	25,319
Commercial banks	882	22,921	882	22,921
	<u>1,353,640</u>	<u>1,564,223</u>	<u>1,355,097</u>	<u>1,565,946</u>
25. CLAIMS PAID				
Claims payable to Land Bank	19,800	24,239		
	<u>19,800</u>	<u>24,239</u>		
26. OTHER OPERATING INCOME				
26.1 Land Bank	6,361	2,573	6,361	2,573
Fees and commission income	1,180	888	1,180	888
Application and valuator's fees	813	614	813	614
Bond fees	243	175	243	175
Commission earned	124	99	124	99
Other operating income	5,181	1,685	5,181	1,685
Rent received				
- Investment Property	1,338	-	1,338	-
- Other	147	1,449	147	1,449
Unclaimed interest on debentures	-	1	-	1
Revaluation of investment property	1,165	-	1,165	-
Surplus on sale of property and equipment	342	234	342	234
Planning grant received	1,689	-	1,689	-
Other	500	1	500	1
26.2 SAVVEM				
Other operating income	112,915	59,134	1,059	1,047
Realised capital and interest on portfolios	112,915	59,134	-	-
Administration costs	-	-	1,059	1,047
	<u>119,276</u>	<u>61,707</u>	<u>7,420</u>	<u>3,620</u>

SCHEDULE A (continued)

	Land Bank Group		Land Bank	
	2001 R'000	2000 R'000	2001 R'000	2000 R'000
27. OPERATING EXPENSES				
27.1 Land Bank				
Audit fees (external)	1,403	452	1,403	452
For audit	990	451	990	451
Under provisioning prior year	413	-	413	-
Expenses	-	1	-	1
Audit fees (internal)	800	978	800	978
Commission paid	1,189	861	1,189	861
Directors' emoluments (refer note 1.19)	4,286	2,670	4,278	2,670
Services as directors	454	212	454	212
Other services	3,824	2,458	3,824	2,458
Paid by subsidiary company	8	-	-	-
Impairment of value of investment	3,701	552	3,701	552
Legal Fees	2,420	1,931	2,420	1,931
Licence	4,547	1,404	4,547	1,404
Maintenance and transport	5,711	8,295	5,711	8,295
Marketing	6,797	2,465	6,797	2,465
On time bonus	-	6,333	-	6,333
Operating leases	7,049	4,943	7,049	4,943
Office premises	2,470	1,437	2,470	1,437
Vehicles & Equipment	4,579	3,506	4,579	3,506
Personnel costs*	172,732	161,496	172,732	161,496
Contributions to Land Bank				
Retirement Fund	15,037	14,217	15,037	14,217
Contributions to medical aid fund	12,357	13,429	12,357	13,429
Salaries	145,338	133,850	145,338	133,850
Printing	2,153	761	2,153	761
Professional fees	26,513	21,944	26,513	21,944
Rates and taxes	11,160	7,608	11,160	7,608
Repairs and maintenance	10,735	7,995	10,735	7,995
Revaluation of property	8,325	-	8,325	-
Restructuring	2,000	-	2,000	-
Section 47 grants	2,927	-	2,927	-
Security	1,688	2,334	1,688	2,334
Stationery	3,516	2,484	3,516	2,484
Planning grant applied	1,689	-	1,689	-
Postage, telephone etc.	10,624	9,172	10,624	9,172
Other	3,755	3,135	3,755	3,135
Total administration costs	295,720	247,813	295,712	247,813
27.2 SAVVEM	2,013	24,408		
Audit fees (for audit)	60	27		
Portfolio management costs	1,883	1,763		
Reduction in value of investment portfolio	-	22,067		
Other	70	531		
Total operating expenses	297,733	272,221	295,712	247,813

* An amount of R7m was paid during 2000 against the Provision Account.

SCHEDULE A (continued)

	Land Bank Group		Land Bank	
	2001 R'000	2000 R'000	2001 R'000	2000 R'000
28. MOVEMENT IN PROVISIONS				
Refer to note 21				
28.1 Irrecoverable debt				
Opening balance	490,724	256,000	490,724	256,000
Net shortfalls written off (note 30)	(62,988)	(7,719)	(62,988)	(7,719)
Transfer from provision for risk fund	-	11,417	-	11,417
Transfer from irrecoverable interest	116,850	92,988	116,850	92,988
Transfer from profit and loss account	213,474	138,038	213,474	138,038
	<u>758,060</u>	<u>490,724</u>	<u>758,060</u>	<u>490,724</u>
28.2 Accrued leave				
Opening balance	10,525	8,765	10,525	8,765
Paid out	(4,988)	(6,850)	(4,988)	(6,850)
	<u>5,537</u>	<u>1,915</u>	<u>5,537</u>	<u>1,915</u>
Transfer from profit and loss account	5,239	8,610	5,239	8,610
	<u>10,776</u>	<u>10,525</u>	<u>10,776</u>	<u>10,525</u>
28.3 Medical fund provision				
Provision at beginning of year	86,392	106,764	86,392	106,764
Transfer (to)/from profit and loss account	17,078	(20,372)	17,078	(20,372)
	<u>103,470</u>	<u>86,392</u>	<u>103,470</u>	<u>86,392</u>
28.4 Retirement fund shortfall				
Opening balance	4,000	2,700	4,000	2,700
Transfer from profit and loss account (refer to note 1.16.2)	5,000	1,300	5,000	1,300
	<u>9,000</u>	<u>4,000</u>	<u>9,000</u>	<u>4,000</u>
28.5 Retrenchment packages				
Opening balance	28	24,934	28	24,934
Paid out	(95)	(22,495)	(95)	(22,495)
	<u>(67)</u>	<u>2,439</u>	<u>(67)</u>	<u>2,439</u>
Transfer (to)/from profit and loss account	67	(2,411)	67	(2,411)
	<u>-</u>	<u>28</u>	<u>-</u>	<u>28</u>
28.6 Section 47 Grants				
Opening balance	-	10,681	-	10,681
Contributions	-	(7,010)	-	(7,010)
	<u>-</u>	<u>3,671</u>	<u>-</u>	<u>3,671</u>
Transfer (to) profit and loss account	-	(3,671)	-	(3,671)
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

SCHEDULE A (continued)

(Movement in provisions continued)		Land Bank Group		Land Bank	
		2001	2000	2000	2000
		R'000	R'000	R'000	R'000
28.7	Risk Fund				
	Opening balance	-	3,196	-	3,196
	Contributions	-	8,221	-	8,221
		-	11,417	-	11,417
	Transfer to irrecoverable debt	-	(11,417)	-	(11,417)
		-	-	-	-
28.8	Upgrading of computer systems				
	Opening balance	-	9,588	-	9,588
	Paid out	-	(9,588)	-	(9,588)
		-	-	-	-
	Transfer from profit and loss account	-	-	-	-
		-	-	-	-
28.9	On time bonus				
	Opening balance	8,878	8,878	8,878	8,878
	Paid out	-	-	-	-
		8,878	8,878	8,878	8,878
	Transfer (to) profit and loss account	(5,178)	-	(5,178)	-
		3,700	8,878	3,700	8,878
	Total movement in provisions	235,680	121,494	235,680	121,494
29.	TRANSFERS TO/(FROM) RESERVES				
	Opening balance (excluding restatements)	3,421,597	3,012,686	2,924,653	2,552,038
	Current years transfers to reserves	351,276	408,911	237,915	372,615
	Capital expenditure	-	(22,450)	-	(22,450)
	Revaluation of property	7,282	-	7,282	-
	Silver and bronze development fund	70,243	43,589	70,243	43,589
	Development fund	32,966	123,157	32,966	123,157
	Insurance fund	113,361	44,542	-	-
	General reserve	127,424	220,073	127,424	228,319
	Closing balance (see note 15)	3,772,873	3,421,597	3,162,568	2,924,653

SCHEDULE A (continued)

	Land Bank Group		Land Bank	
	2001 R'000	2000 R'000	2001 R'000	2000 R'000
30. SHORTFALLS WRITTEN OFF				
Landed property account	62	4,752	62	4,752
Mortgage loans	19,270	734	19,270	734
Section 34 loans	44,229	2,400	44,229	2,400
	<u>63,561</u>	<u>7,886</u>	<u>63,561</u>	<u>7,886</u>
	(573)	(167)	(573)	(167)
Surplusses realised	(282)	(143)	(282)	(143)
Shortfalls recovered	(41)	(24)	(41)	(24)
Sundries	(250)	-	(250)	-
	<u>62,988</u>	<u>7,719</u>	<u>62,988</u>	<u>7,719</u>
Set off against provision - irrecoverable debt (refer note 28.1)	<u>(62,988)</u>	<u>(7,719)</u>	<u>(62,988)</u>	<u>(7,719)</u>
	-	-	-	-
31. NOTES TO THE CASH FLOW STATEMENT				
31.1 Cash and cash equivalents				
Cash and cash equivalents consist of cash on hand, demand deposits and high liquid investments that are readily convertible to known amounts of cash and are subject to an insignificant risk in changes in value.				
Bank balances	559,378	490,788	559,375	490,768
Bank overdraft	-	-	-	-
	<u>559,378</u>	<u>490,788</u>	<u>559,375</u>	<u>490,768</u>
31.2 Net Cash outflow from operating activities				
Net profit for the period	343,994	408,911	230,633	372,615
Adjusted for:				
Write down of investment to net realisable value	3,701	552	3,701	552
Depreciation	8,379	8,626	8,379	8,626
Surplus on sale of property and equipment	(342)	(234)	(342)	(234)
Revaluation loss on property	7,160	-	7,160	-
	<u>362,892</u>	<u>417,855</u>	<u>249,531</u>	<u>381,559</u>

SCHEDULE A (continued)

(Notes to cash flow statement continued)	Land Bank Group		Land Bank	
	2001 R'000	2000 R'000	2001 R'000	2000 R'000
Movement in loans	(1,436,968)	(33,228)	(1,436,968)	(33,228)
Decrease/(Increase) in section 34 short-term loans	164,443	(22,761)	164,443	(22,761)
(Increase)/Decrease in loans to co-operatives	(1,872,102)	110,937	(1,872,102)	110,937
Decrease/(Increase) in loans to agri-related companies	23,721	(40,533)	23,721	(40,533)
Decrease in loans to farmers	352,038	279,435	352,038	279,435
(Increase) in loans to co-operatives	(7,612)	(333,253)	(7,612)	(333,253)
(Increase) in instalment sales & flood relief	(58,733)	(8,533)	(58,733)	(8,533)
(Increase) in loans to agri-related companies	(7,870)	-	(7,870)	-
(Increase) in loans to statutory agricultural institutions	(30,853)	(18,520)	(30,853)	(18,520)
Movement in working capital	(205,667)	(1,071,592)	(205,667)	(1,018,388)
Decrease (Increase) in sundry debtors	122,905	(39,252)	122,540	(30,626)
(Increase)/Decrease in repurchase agreements	(169,900)	167,783	(169,900)	167,783
(Increase)/Decrease in other assets	(101,813)	1,702	(101,813)	41,702
(Decrease)/Increase in sundry creditors	(121,588)	2,553	(121,123)	7,131
Increase/(Decrease) in repurchase agreements	47,606	(1,150,769)	47,606	(1,150,769)
Increase/(Decrease) in provisions	17,123	(53,609)	17,123	(53,609)
	<u>(1,279,743)</u>	<u>(686,965)</u>	<u>(1,393,004)</u>	<u>(670,057)</u>
31.3 Proceeds on disposal of property and equipment	1,204	895	1,204	895
31.4 Additions to property and equipment	(4,966)	(3,971)	(4,966)	(3,971)
Bank premises	-	448	-	448
Furniture and fittings, computer equipment and motor vehicles	4,966	3,523	4,966	3,523
31.5 Increase in investments	(106,000)	(43,959)	5,037	(62,656)
Medical aid fund	4,783	(17,774)	4,783	(17,774)
SU management services account	305	(321)	305	(321)
Associated company	(51)	(1,587)	(51)	(1,587)
Standard Corporate Merchant Bank	(111,037)	(42,974)	-	(42,974)
Listed investments	-	18,697	-	-
31.6 Increase in long-term funding				
Debentures	369,463	513,826	369,463	513,826

SCHEDULE A (continued)

(Notes to cash flow statement continued)		Land Bank Group		Land Bank	
		2001 R'000	2000 R'000	2001 R'000	2000 R'000
31.7	Increase in short-term funding	687,387	(1,017,308)	689,628	(1,015,511)
	Increase in promissory notes	1,217,896	740,141	1,217,896	740,141
	(Decrease) in bills payable	(917,500)	(751,500)	(917,500)	(751,500)
	Increase/(Decrease) in call bonds	181,000	(761,401)	181,000	(761,401)
	Increase/(Decrease) in deposits	205,991	(244,548)	208,232	(242,751)
31.8	Increase in medium-term funding	401,245	1,014,975	401,245	1,014,975
	Increase/(Decrease) in medium-term promissory notes	403,315	(565,810)	403,315	(565,810)
	(Decrease)/Increase in floating rate promissory notes	(44,927)	1,537,811	(44,927)	1,537,811
	Increase in zero coupon structured notes	42,857	42,974	42,857	42,974

32. LONG-TERM LOAN

Loan of R24,6 million obtained from the Industrial Development Corporation of SA for assistance in the bank's emerging flood relief programme, on the following conditions:

- Repayable in 60 instalments over a period of 5 years, starting on 1 June 2005, at an interest rate of 7,0%. During the first 4 years interest only is payable.

33. CHANGES IN ACCOUNTING POLICIES

In order to comply with the requirements of generally accepted accounting practice the following changes were made in respect of the prior year:

Change in Income

Interest Income			
Original balance		2,305,100	2,305,100
Realised income on medical fund investment reserve		7,774	7,774
		<u>2,312,874</u>	<u>2,312,874</u>
Provisions			
Original balance		113,720	113,720
Reversed income on medical fund investment reserve		7,774	7,774
		<u>121,494</u>	<u>121,494</u>

SCHEDULE A (continued)

(Changes in accounting policies continued)

Land Bank Group		Land Bank	
2001	2000	2001	2000
R'000	R'000	R'000	R'000

During the year the bank decided to account for investment properties at fair value to comply with generally accepted accounting practice. This resulted in a change in accounting policy regarding owner occupied property. To comply with generally accepted accounting practice depreciation is now also provided for on owner occupied property. The effect of the change is summarised below:

Reduction in profit due to an increase in depreciation	2,772		2,772	
Restatement of reserves		2,763		2,763
General		1,527		1,527
Development Fund		1,236		1,236

34. FINANCE LEASES

Minimum lease payments	392	463	392	463
Payable within 1 year	136	99	136	99
2 - 5 years	256	364	256	364
Less: Interest	183	276	183	276
Payable within 1 year	56	83	56	83
2 - 5 years	127	193	127	193
	<u>209</u>	<u>187</u>	<u>209</u>	<u>187</u>
Present value of lease liability	209	187	209	187
Payable within 1 year	80	16	80	16
2 - 5 years	129	171	129	171

Finance leases are secured over equipment with a book value of R 445 791.
(2000: R351 725)

The effective interest rate of the monthly instalments of R11 471 are on average, 1,45% per month. At 31/12/2001 38 (2000: 54) instalments were still outstanding.

35. COMMITMENTS AND CONTINGENT LIABILITIES

35.1 Loans granted but not yet paid out

Individual farmers	551,227	274,240	551,227	274,240
Co-operatives	87,206	75,950	87,206	75,950
	<u>638,433</u>	<u>350,190</u>	<u>638,433</u>	<u>350,190</u>

Although these figures represent the real amount payable, the payment date is not known.

SCHEDULE A (continued)

(Commitments and contingent liabilities continued)	Land Bank Group		Land Bank	
	2001 R'000	2000 R'000	2001 R'000	2000 R'000
35.2 Guarantees in respect of co-operatives	<u>84,659</u>	<u>76,147</u>	<u>84,659</u>	<u>76,147</u>
These are amounts guaranteed in respect of co-operatives but it is unknown when the guarantees will be presented for payment.				
35.3 Secondary market				
Commitments in respect of transactions effected during December 2001, with a settlement date no later than 10 January 2002.				
35.3.1 Debentures/Stock purchased				
Land Bank debentures				
Nominal value 2001 - R 542 million	537,811		537,811	
2000 - R -				
Other institutional stock				
Nominal value 2001 - R56 million	59,693		59,693	
2000 - R10 million		10,414		10,414
	<u>597,504</u>	<u>10,414</u>	<u>597,504</u>	<u>10,414</u>
35.3.2 Debentures/Stock sold				
Land Bank debentures				
Nominal value 2001 - R1 152 million	1,120,863		1,120,863	
2000 - R423,5 million		411,533		411,533
Other institutional stock				
Nominal value 2001 - R32 million	33,603		33,603	
2000 - R -				
	<u>1,154,466</u>	<u>411,533</u>	<u>1,154,466</u>	<u>411,533</u>
The unrealised loss on unsettled trades at 31 December 2001 amount to R240 014 (2000: R9 593)				
35.4 Interest rate swaps				
The Land Bank entered into various interest rate swaps where either the fixed or the floating interest rate is payable by the Land Bank on a predetermined date.				
Amounts reflected are payable or receivable within 3 months. Due to the nature of interest rate swaps, the future floating interest rates cannot be reasonably confirmed to calculate and disclose future interest receivable or payable.				

SCHEDULE A (continued)

(Commitments and contingent liabilities continued)	Land Bank Group		Land Bank	
	2001 R'000	2000 R'000	2001 R'000	2000 R'000
35.4.1 Interest payable				
Fixed				
Nominal value 2001 - R million	-	-	-	-
2000 - R 49 million				
Floating				
Nominal value 2001 - R758 million	17,833		17,833	
2000 - R 49 million		1,400		1,400
	<u>17,833</u>	<u>1,400</u>	<u>17,833</u>	<u>1,400</u>
Floating				
Nominal value 2001 - R200 million	4,877	-	4,877	-
2000 - R200 million	-	5,544	-	5,544
	<u>4,877</u>	<u>5,544</u>	<u>4,877</u>	<u>5,544</u>
35.4.2 Interest receivable				
Fixed				
Nominal value 2001 - R1 594 million	(54,886)	(31,356)	(54,886)	(31,356)
2000 - R1 201,2 million				
Receivable	(54,886)	(38,088)	(54,886)	(38,088)
Payable	-	6,732	-	6,732
Floating				
Nominal value 2001 - R1 594 million	40,834	21,971	40,834	21,971
2000 - R1 201,2 million				
Receivable	40,834	(7,168)	40,834	(7,168)
Payable	-	29,139	-	29,139
	<u>(14,052)</u>	<u>(9,385)</u>	<u>(14,052)</u>	<u>(9,385)</u>
35.5 Capital projects				
Improvements to head office building	-	1,585	-	1,585
	<u>-</u>	<u>1,585</u>	<u>-</u>	<u>1,585</u>
35.6 Operating leases and commitments				
Payable within 1 year	1,811	1,028	1,811	1,028
2 - 5 years	7,245	4,114	7,245	4,114
	<u>9,056</u>	<u>5,142</u>	<u>9,056</u>	<u>5,142</u>
36. Medical Aid Fund				
Post retirement medical aid liability				
Valuation results				
Defined benefit obligation	103,470,000	86,392,000	103,470,000	86,392,000
Funded status	(103,470,000)	(86,392,000)	(103,470,000)	(86,392,000)
Liability recognised in balance sheet	103,470,000	86,392,000	103,470,000	86,392,000
Unrecoverable surplus through reduced contributions or refunds	(103,470,000)	-	(103,470,000)	-
Recoverable surplus	-	(86,392,000)	-	(86,392,000)
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

SCHEDULE A (continued)

(Medical aid fund continued)	Land Bank Group		Land Bank	
	2001 R'000	2000 R'000	2001 R'000	2000 R'000
Reconciliation of benefit obligations				
Defined benefit obligation at beginning of the year	86,392,000		86,392,000	
Service costs	2,648,250		2,648,250	
Interest cost	9,695,583		9,695,583	
Benefits paid	(3,552,000)		(3,552,000)	
Actuarial loss	8,286,167		8,286,167	
Defined benefit obligation at the end of the year	<u>103,470,000</u>		<u>103,470,000</u>	
Reconciliation of fund assets				
Fair value at beginning of the year	-		-	
Employer contributions	3,552,000		3,552,000	
Benefits paid	(3,552,000)		(3,552,000)	
	<u>-</u>		<u>-</u>	
Components of net periodic benefit cost				
Current service cost	(2,648,250)		(2,648,250)	
Interest cost	(9,695,583)		(9,695,583)	
Recognised actuarial gain/(loss)	(8,286,167)		(8,286,167)	
	<u>(20,630,000)</u>		<u>(20,630,000)</u>	

These costs are included in the movement in provisions and operating expenses in the income statement for the year.

37. Related parties

All related party transactions, balances and trading terms are clearly depicted in these financial statements.

ANNEXURE A

	Land Bank Group		Land Bank	
	2001	2000	2001	2000
	R'000	R'000	R'000	R'000
FUNDING OF THE LOAN BOOKS				
In accordance with the Strauss commission report development financing is separated from other financing activities. Although all the bank's financing activities are disclosed in one set of financial statements the following information is provided to indicate how the two loan books are funded. As the undermentioned figures represent only the various loan books and not all the group's assets, the amounts indicated in respect of the financial instruments will not necessarily correlate with the figures provided in the financial statements.				
Total loan book	<u>16,896,256</u>	<u>15,214,163</u>	<u>16,896,256</u>	<u>15,214,350</u>
1. GOLD RANGE				
Loan book	<u>16,517,725</u>	<u>14,906,062</u>	<u>16,517,725</u>	<u>14,906,062</u>
Funded by:				
Reserves	2,672,742	2,427,138	2,672,742	2,427,138
Capital fund	200,955	200,955	200,955	200,955
Debentures	3,389,230	3,044,165	3,389,230	3,044,165
Medium-term promissory notes	834,306	430,991	834,306	430,991
Floating rate promissory notes	2,155,026	2,199,953	2,155,026	2,199,953
Bills	1,112,000	2,029,500	1,112,000	2,029,500
Promissory notes	5,186,083	3,968,187	5,186,083	3,968,187
Call bonds	635,000	454,000	635,000	454,000
Deposits and credit balances	332,383	151,173	332,383	151,173
	<u>16,517,725</u>	<u>14,906,062</u>	<u>16,517,725</u>	<u>14,906,062</u>
2. SILVER AND BRONZE RANGE				
Loans to farmers	366,572	305,441	366,572	305,441
Loans to agri-related companies	10,170	1,727	10,170	1,914
Instalment sale finance	1,544	485	1,544	485
Emergency flood relief	208	106	208	106
Commercial bank (stop up Deposit)	37	342	37	342
	<u>378,531</u>	<u>308,101</u>	<u>378,531</u>	<u>308,288</u>
Funded by reserves	<u>378,531</u>	<u>308,101</u>	<u>378,531</u>	<u>308,288</u>

		ANNEXURE B			
		Land Bank Group		Land Bank	
		2001	2000	2001	2000
		R'000	R'000	R'000	R'000
1.	FUNDING PORTFOLIO				
	MATURITY AND PORTFOLIO ANALYSIS				
1.1	DEBENTURES				
	(Nominal value)				
	From 1 year to 3 years				
	LB 06 12,50% 15/05/2002	1,986,685	2,007,085	1,986,685	2,007,085
	More than 3 years				
	LB01 11,50% 30/06/2010	2,188,185	1,810,393	2,188,185	1,810,393
1.2	HEDGING PORTFOLIO				
	(Nominal value)				
	From 1 year to 3 years				
	Transnet stock	-	75,000	-	75,000
		-	75,000	-	75,000
	More than 3 years				
	Development bank stock	-	139,000	-	139,000
	Government stock	41,000	212,000	41,000	212,000
		41,000	351,000	41,000	351,000
1.3	OPTIONS				
	(Nominal value)				
	Within 6 months				
	Total calls bought	25,000	25,000	25,000	25,000
	Total calls written	-	95,000	-	95,000
	Total puts written	20,000	-	20,000	-
	From 6 months to 18 months				
	Total calls written	25,000	-	25,000	-
	Total puts written	-	495,000	-	495,000
1.4	MEDIUM-TERM PROMISSORY NOTES				
	(Nominal value)				
	Within 1 year	504,457	43,347	504,457	43,347
	From 1 year to 3 years	61,068	332,604	61,068	332,604
	More than 3 years	559,284	292,034	559,284	292,034
		1,124,809	667,985	1,124,809	667,985
1.5	PROMISSORY NOTES				
	(Nominal value)				
	Within 3 months	4,348,736	2,912,017	4,348,736	2,912,017
	From 3 to 12 months	882,607	1,056,170	882,607	1,056,170
		5,231,343	3,968,187	5,231,343	3,968,187

ANNEXURE B (continued)

(Funding portfolio continued)		Land Bank Group		Land Bank	
		2001 R'000	2000 R'000	2001 R'000	2000 R'000
1.6	BILLS (Nominal value) Within 91 days	<u>1,112,000</u>	<u>2,029,500</u>	<u>1,112,000</u>	<u>2,029,500</u>
1.7	CALL BONDS (Nominal value) At call	<u>635,000</u>	<u>454,000</u>	<u>635,000</u>	<u>454,000</u>
1.8	FLOATING RATE PROMISSORY NOTES (Nominal value) <i>Within 3 months</i> From 1 year to 3 years More than 3 years	<u>1,395,000</u> <u>640,000</u> <u>100,000</u> <u>2,135,000</u>	<u>1,661,335</u> <u>440,000</u> <u>100,000</u> <u>2,201,335</u>	<u>1,395,000</u> <u>640,000</u> <u>100,000</u> <u>2,135,000</u>	<u>1,661,335</u> <u>440,000</u> <u>100,000</u> <u>2,201,335</u>
1.9	ZERO COUPON STRUCTURED NOTES (Nominal value) More than 3 years	<u>500,000</u>	<u>500,000</u>	<u>500,000</u>	<u>500,000</u>
1.10	SWAPS (Notional value) Within 1 year From 1 year to 3 years More than 3 years	<u>663,650</u> <u>700,000</u> <u>1,188,265</u> <u>2,551,915</u>	<u>107,209</u> <u>-</u> <u>1,343,053</u> <u>1,450,262</u>	<u>663,650</u> <u>700,000</u> <u>1,188,265</u> <u>2,551,915</u>	<u>107,209</u> <u>-</u> <u>1,343,053</u> <u>1,450,262</u>
2.	LOAN PORTFOLIO				
2.1	LOANS TO FARMERS				
2.1.1	SECTORIAL ANALYSIS				
	Details of the total loan book are not available but information regarding loans granted during the respective years is provided				
	Long-term (Gold range)				
	Purchase of land	435,272	154,673	435,272	154,673
	Repayment of bonds	181,363	173,212	181,363	173,212
	Settlement of debts	108,818	15,639	108,818	15,639
	Purchase of stock	6,246	10,200	6,246	10,200
	Purchase of equipment	769	3,614	769	3,614
	Improvements	961	25,357	961	25,357
	Working capital	3,200	345	3,200	345
		<u>736,629</u>	<u>383,040</u>	<u>736,629</u>	<u>383,040</u>

ANNEXURE B (continued)

(Loan portfolio continued)	Land Bank Group		Land Bank	
	2001 R'000	2000 R'000	2001 R'000	2000 R'000
(Silver range)				
Purchase of land and equipment	<u>35,321</u>	<u>4,254</u>	<u>35,321</u>	<u>4,254</u>
Section 34 medium-term loans (Gold range)				
Purchase of livestock	102,922	27,699	102,922	27,699
Purchase of implements	<u>86,008</u>	<u>20,309</u>	<u>86,008</u>	<u>20,309</u>
	<u>188,930</u>	<u>48,008</u>	<u>188,930</u>	<u>48,008</u>
Section 34 medium-term loans (Silver and bronze range)				
Purchase of livestock	10,485	9,337	10,485	9,337
Purchase of implements	<u>70,731</u>	-	<u>70,731</u>	-
	<u>81,216</u>	<u>9,337</u>	<u>81,216</u>	<u>9,337</u>
Section 34 short-term loans (Gold range)				
Sector				
Wine	22,806	170,769	22,806	170,769
Deciduous fruit	52,774	164,056	52,774	164,056
Sugar cane	48,804	13,282	48,804	13,282
Citrus	12,003	10,968	12,003	10,968
Nuts	22,000	663	22,000	663
Wood	6,890	315	6,890	315
Battening	2,780	6,298	2,780	6,298
Tropical fruit	35,846	6,646	35,846	6,646
Ostriches	-	417	-	417
Poultry	160	971	160	971
Green houses	4,832	11,846	4,832	11,846
Grain	123,486	66,822	123,486	66,822
Vegetables	25,424	24,237	25,424	24,237
Other	28,019	4,435	28,019	4,435
	<u>385,824</u>	<u>481,725</u>	<u>385,824</u>	<u>481,725</u>
Section 34 short-term loans (Silver and bronze range)				
Production credit	31,760	6,802	31,760	6,802
Establishment	<u>1,485</u>	<u>144</u>	<u>1,485</u>	<u>144</u>
	<u>33,245</u>	<u>6,946</u>	<u>33,245</u>	<u>6,946</u>
Step up loans				
Micro financing	<u>37,010</u>	<u>21,842</u>	<u>37,010</u>	<u>21,842</u>
	<u>37,010</u>	<u>21,842</u>	<u>37,010</u>	<u>21,842</u>

ANNEXURE B (continued)

(Loan portfolio continued)	Land Bank Group		Land Bank	
	2001 R'000	2000 R'000	2001 R'000	2000 R'000
2.1.2 MATURITY ANALYSIS				
Long-term loans				
(Gold range)				
Within 5 years	283,922	257,710	283,922	257,710
From 5 years to 10 years	959,437	907,414	959,437	907,414
From 10 years to 15 years	999,666	1,121,114	999,666	1,121,114
From 15 years to 20 years	2,006,470	2,146,431	2,006,470	2,146,431
More than 20 years	1,659,618	1,791,547	1,659,618	1,791,547
	<u>5,909,113</u>	<u>6,224,216</u>	<u>5,909,113</u>	<u>6,224,216</u>
(Silver range)				
Within 5 years	6	-	6	-
From 5 years to 10 years	605	-	605	-
From 10 years to 15 years	9,604	-	9,604	-
More than 20 years	28,144	29,885	28,144	29,885
	<u>38,359</u>	<u>29,885</u>	<u>38,359</u>	<u>29,885</u>
Section 34 medium-term loans				
(Gold range)				
Within 1 year	55,673	29,984	55,673	29,984
From 1 year to 5 years	528,303	451,856	528,303	451,856
From 5 years to 10 years	789,007	1,000,446	789,007	1,000,446
More than 10 years	171,019	106,282	171,019	106,282
	<u>1,544,002</u>	<u>1,588,568</u>	<u>1,544,002</u>	<u>1,588,568</u>
Section 34 medium-term loans				
(Silver and bronze range)				
From 1 year to 5 years	989	38,604	989	38,604
From 5 years to 10 years	215,147	153,118	215,147	153,118
More than 10 years	1,347	9,689	1,347	9,689
	<u>217,483</u>	<u>201,411</u>	<u>217,483</u>	<u>201,411</u>
Section 34 short-term loans				
(Gold range)				
Within 1 year	885,982	947,454	885,982	947,454
From 1 year to 5 years	305,750		305,750	
From 5 years to 10 years	160,151		160,151	
More than 10 years	18,639	524,741	18,639	524,741
	<u>1,370,522</u>	<u>1,472,195</u>	<u>1,370,522</u>	<u>1,472,195</u>
Section 34 short-term loans				
(Silver and bronze range)				
Within 1 year	48,974	33,087	48,974	33,087
From 1 year to 5 years	20,899		20,899	
From 5 years to 10 years	3,837		3,837	
More than 10 years	10	19,558	10	19,558
	<u>73,720</u>	<u>52,645</u>	<u>73,720</u>	<u>52,645</u>

ANNEXURE B (continued)

(Loan portfolio continued)

	Land Bank Group		Land Bank	
	2001 R'000	2000 R'000	2001 R'000	2000 R'000

The maturity analysis is based on the remaining period from year-end to contractual maturity.

2.1.3 GEOGRAPHICAL ANALYSIS

Long-term loans

(Gold range)

Province

Eastern Cape	840,649	871,220	840,649	871,220
Free State	868,191	917,175	868,191	917,175
Gauteng	228,940	225,685	228,940	225,685
Kwa-Zulu Natal	684,032	722,399	684,032	722,399
Mpumalanga	484,606	467,916	484,606	467,916
Northern Cape	477,991	450,118	477,991	450,118
Northern Province	513,997	449,377	513,997	449,377
North West	899,807	881,879	899,807	881,879
Western Cape	910,900	1,238,447	910,900	1,238,447
	<u>5,909,113</u>	<u>6,224,216</u>	<u>5,909,113</u>	<u>6,224,216</u>

(Silver range)

Province

Eastern Cape	3,252	1,836	3,252	1,836
Free State	2,281	485	2,281	485
Gauteng	3,658	1,515	3,658	1,515
Kwa-Zulu Natal	7,609	6,476	7,609	6,476
Mpumalanga	4,716	693	4,716	693
Northern Cape	1,700	654	1,700	654
Northern Province	4,357	8,003	4,357	8,003
North West	2,578	1,336	2,578	1,336
Western Cape	8,208	8,887	8,208	8,887
	<u>38,359</u>	<u>29,885</u>	<u>38,359</u>	<u>29,885</u>

Section 34 medium-term loans

(Gold range)

Province

Eastern Cape	132,933	136,213	132,933	136,213
Free State	295,469	314,415	295,469	314,415
Gauteng	125,086	107,520	125,086	107,520
Kwa-Zulu Natal	110,285	107,775	110,285	107,775
Mpumalanga	148,043	146,732	148,043	146,732
Northern Cape	84,334	75,376	84,334	75,376
Northern Province	207,689	199,197	207,689	199,197
North West	332,566	347,462	332,566	347,462
Western Cape	107,597	153,878	107,597	153,878
	<u>1,544,002</u>	<u>1,588,568</u>	<u>1,544,002</u>	<u>1,588,568</u>

ANNEXURE B (continued)

(Loan portfolio continued)	Land Bank Group		Land Bank	
	2001 R'000	2000 R'000	2001 R'000	2000 R'000
Section 34 medium-term loans (Silver and bronze range)				
Province				
Eastern Cape	29,607	27,697	29,607	27,697
Free State	13,347	14,039	13,347	14,039
Gauteng	5,075	4,379	5,075	4,379
Kwa-Zulu Natal	5,713	5,550	5,713	5,550
Mpumalanga	9,297	7,880	9,297	7,880
Northern Cape	9,485	7,317	9,485	7,317
Northern Province	47,781	42,001	47,781	42,001
North West	94,148	88,607	94,148	88,607
Western Cape	3,030	3,941	3,030	3,941
	<u>217,483</u>	<u>201,411</u>	<u>217,483</u>	<u>201,411</u>
Section 34 short-term loans (Gold range)				
Province				
Eastern Cape	88,972	74,397	88,972	74,397
Free State	135,164	105,056	135,164	105,056
Gauteng	40,819	28,327	40,819	28,327
Kwa-Zulu Natal	115,515	130,274	115,515	130,274
Mpumalanga	182,077	158,656	182,077	158,656
Northern Cape	181,097	171,396	181,097	171,396
Northern Province	128,834	97,644	128,834	97,644
North West	175,638	162,708	175,638	162,708
Western Cape	322,406	543,737	322,406	543,737
	<u>1,370,522</u>	<u>1,472,195</u>	<u>1,370,522</u>	<u>1,472,195</u>
(Silver and bronze range)				
Province				
Eastern Cape	3,943	1,314	3,943	1,314
Free State	1,146	1,230	1,146	1,230
Gauteng	4,866	2,967	4,866	2,967
Kwa-Zulu Natal	17,051	15,097	17,051	15,097
Mpumalanga	6,059	3,729	6,059	3,729
Northern Cape	1,199	724	1,199	724
Northern Province	21,244	16,719	21,244	16,719
North West	17,863	10,046	17,863	10,046
Western Cape	349	819	349	819
	<u>73,720</u>	<u>52,645</u>	<u>73,720</u>	<u>52,645</u>

(Loan portfolio continued)		ANNEXURE B (continued)			
		Land Bank Group		Land Bank	
		2001	2000	2001	2000
		R'000	R'000	R'000	R'000
2.2	LOANS TO CO-OPERATIVES AND STATUTORY AGRICULTURAL INSTITUTIONS				
2.2.1	SECTORIAL ANALYSIS				
	Including loans to:				
	Co-operatives (note 5)	7,208,984	5,188,469	7,208,984	5,188,469
	Statutory agricultural institutions (note 6)	350,586	319,733	350,586	319,733
		<u>7,559,570</u>	<u>5,508,202</u>	<u>7,559,570</u>	<u>5,508,202</u>
	Sector				
	Citrus	99,756	136,013	99,756	136,013
	Dairy	86,681	76,925	86,681	76,925
	Fruit	621,343	323,988	621,343	323,988
	Grain	3,748,464	3,155,767	3,748,464	3,155,767
	Irrigation boards	350,586	319,733	350,586	319,733
	Manufacture	52,117	53,867	52,117	53,867
	Meat	337,596	303,595	337,596	303,595
	Pineapple	46,770	-	46,770	-
	Ostriches	91,528	52,595	91,528	52,595
	Tobacco	320,548	122,879	320,548	122,879
	Trade	1,136,595	318,607	1,136,595	318,607
	Wine	380,031	337,509	380,031	337,509
	Sundries	287,555	306,724	287,555	306,724
		<u>7,559,570</u>	<u>5,508,202</u>	<u>7,559,570</u>	<u>5,508,202</u>
2.2.2	MATURITY ANALYSIS				
	Long-term mortgage loans				
	Within 5 years	106,903	82,497	106,903	82,497
	From 5 years to 10 years	297,531	300,828	297,531	300,828
	More than 10 years	393,231	377,185	393,231	377,185
		<u>797,665</u>	<u>760,510</u>	<u>797,665</u>	<u>760,510</u>
	Short-term cash credits				
	Within 1 year	6,734,213	4,606,392	6,734,213	4,606,392
	More than 1 year	27,692	141,300	27,692	141,300
		<u>6,761,905</u>	<u>4,747,692</u>	<u>6,761,905</u>	<u>4,747,692</u>
2.2.3	GEOGRAPHICAL ANALYSIS				
	Province				
	Eastern Cape	375,362	327,366	375,362	327,366
	Free State	158,969	98,916	158,969	98,916
	Gauteng	371,005	353,775	371,005	353,775
	Kwa-Zulu Natal	589,637	508,745	589,637	508,745
	Mpumalanga	1,000,115	198,107	1,000,115	198,107
	Northern Cape	716,779	1,217,165	716,779	1,217,165
	Northern Province	569,728	864,488	569,728	864,488
	North West	2,018,933	437,762	2,018,933	437,762
	Western Cape	1,759,042	1,501,878	1,759,042	1,501,878
		<u>7,559,570</u>	<u>5,508,202</u>	<u>7,559,570</u>	<u>5,508,202</u>

ANNEXURE B (continued)

(Loan portfolio continued)		Land Bank Group		Land Bank	
		2001	2000	2001	2000
		R'000	R'000	R'000	R'000
2.3	LOANS TO AGRI-RELATED COMPANIES				
2.3.1	SECTORIAL ANALYSIS				
	Long-term (Gold range)				
	Purchase of land	3,901	-	3,901	-
	Repayment of bonds	9,711	7,719	9,711	7,719
	Purchase of equipment	3,617	2,888	3,617	2,888
	Improvements	13,127	4,844	13,127	4,844
	Working capital	5,533	6,248	5,533	6,248
		<u>35,889</u>	<u>21,699</u>	<u>35,889</u>	<u>21,699</u>
	Section 34 medium-term loans (Gold range)				
	Purchase of equipment	19,781	323	19,781	323
	Improvements	1,931	10,620	1,931	10,620
		<u>21,712</u>	<u>10,943</u>	<u>21,712</u>	<u>10,943</u>
	Section 34 short-term loans (Gold range)				
	Processing	773	736	773	736
	Spices	3,787	8,224	3,787	8,224
	Dairy	1,151	61	1,151	61
	Animal feeds	4,058	3,516	4,058	3,516
	Transport	417	420	417	420
	Fish	411	-	411	-
		<u>10,597</u>	<u>12,957</u>	<u>10,597</u>	<u>12,957</u>
	(Silver and Bronze range Working Capital)	<u>856</u>	<u>-</u>	<u>856</u>	<u>-</u>
2.3.2	MATURITY ANALYSIS				
	Long-term loans (Gold range)				
	From 5 years to 10 years	13,010	12,346	13,010	12,346
	From 10 years to 15 years	13,235	5,777	13,235	5,777
	From 15 years to 20 years	6,691	21,587	6,691	21,587
		<u>32,936</u>	<u>39,710</u>	<u>32,936</u>	<u>39,710</u>

ANNEXURE B (continued)

(Loan portfolio continued)	Land Bank Group		Land Bank	
	2001 R'000	2000 R'000	2001 R'000	2000 R'000
Section 34 medium-term loans				
(Gold range)				
From 1 year to 5 years	8,567	11,679	8,567	11,679
From 5 years to 10 years	7,851	-	7,851	-
	<u>16,418</u>	<u>11,679</u>	<u>16,418</u>	<u>11,679</u>
(Silver and Bronze range)				
From 1 year to 5 years	<u>9,314</u>	<u>-</u>	<u>9,314</u>	<u>-</u>
Section 34 short-term loans				
(Gold range)				
Within 1 year	13,359	49,440	13,359	49,440
More than 1 year	5,248	3,936	5,248	3,936
	<u>18,607</u>	<u>53,376</u>	<u>18,607</u>	<u>53,376</u>
(Silver and bronze range)				
Within 1 year	-	1,727	-	1,727
More than 1 year	856	-	856	-
	<u>856</u>	<u>1,727</u>	<u>856</u>	<u>1,727</u>
The maturity analysis is based on the remaining period from year end to contractual maturity				
2.3.3 GEOGRAPHICAL ANALYSIS				
Long-term loans				
(Gold range)				
Province				
Eastern Cape	1,553	-	1,553	-
Gauteng	30,043	20,512	30,043	20,512
Kwa-Zulu Natal	1,340	1,000	1,340	1,000
Northern Province	-	18,198	-	18,198
	<u>32,936</u>	<u>39,710</u>	<u>32,936</u>	<u>39,710</u>
Section 34 medium-term loans				
(Gold range)				
Province				
Eastern Cape	534	-	534	-
Kwa-Zulu Natal	425	121	425	121
Mpumalanga	6,675	-	6,675	-
Northern Province	4,667	-	4,667	-
North West	2,186	202	2,186	202
Western Cape	1,931	11,356	1,931	11,356
	<u>16,418</u>	<u>11,679</u>	<u>16,418</u>	<u>11,679</u>
(Silver and Bronze range)				
Kwa-Zulu Natal	<u>9,314</u>	<u>-</u>	<u>9,314</u>	<u>-</u>

ANNEXURE B (continued)

(Loan portfolio continued)	Land Bank Group		Land Bank	
	2001 R'000	2000 R'000	2001 R'000	2000 R'000
Section 34 short-term loans				
(Gold range)				
Province				
Eastern Cape	7,501	24,361	7,501	24,361
Gauteng	3,821	61	3,821	61
Kwa-Zulu Natal	417	420	417	420
Northern Province	6,457	28,534	6,457	28,534
North West	411	-	411	-
	<u>18,607</u>	<u>53,376</u>	<u>18,607</u>	<u>53,376</u>
(Silver and bronze range)				
Province				
Kwa-Zulu Natal	856	-	856	-
Northern Province	-	1,727	-	1,727
	<u>856</u>	<u>1,727</u>	<u>856</u>	<u>1,727</u>
Step-up loans				
Province				
Eastern Cape	5,477	3,552	5,477	3,552
Free State	4,531	2,452	4,531	2,452
Gauteng	6,765	3,398	6,765	3,398
Kwa-Zulu Natal	3,536	2,077	3,536	2,077
Mpumalanga	3,459	2,164	3,459	2,164
Northern Cape	2,027	1,621	2,027	1,621
Northern Province	3,712	2,598	3,712	2,598
North West	3,194	2,028	3,194	2,028
Western Cape	4,309	1,951	4,309	1,951
	<u>37,010</u>	<u>21,841</u>	<u>37,010</u>	<u>21,841</u>
2.4 INSTALMENT SALE MEDIUM-TERM LOANS				
2.4.1 SECTORIAL ANALYSIS				
Section 34 medium-term loans				
(Gold range)				
Purchase of livestock	3,919	-	3,919	-
Purchase of implements	84,999	4,632	84,999	4,632
	<u>88,918</u>	<u>4,632</u>	<u>88,918</u>	<u>4,632</u>
Section 34 medium-term loans				
(Silver and bronze range)				
Purchase of implements	68,865	485	68,865	485
	<u>68,865</u>	<u>485</u>	<u>68,865</u>	<u>485</u>

(Loan portfolio continued)		ANNEXURE B (continued)			
		Land Bank Group		Land Bank	
		2001	2000	2001	2000
		R'000	R'000	R'000	R'000
2.4.2	MATURITY ANALYSIS				
	Section 34 medium-term loans (Gold range)				
	From 1 year to 5 years	26,375	3,220	26,375	3,220
	From 5 years to 10 years	15,608	1,412	15,608	1,412
		<u>42,183</u>	<u>4,632</u>	<u>42,183</u>	<u>4,632</u>
	Section 34 medium-term loans (Silver and bronze range)				
	From 1 year to 5 years	1,336	320	1,336	320
	From 5 years to 10 years	208	165	208	165
		<u>1,544</u>	<u>485</u>	<u>1,544</u>	<u>485</u>
	The maturity analysis is based on the remaining period from year end to contractual maturity				
2.4.3	GEOGRAPHICAL ANALYSIS				
	Section 34 medium-term loans (Gold range)				
	Province				
	Eastern Cape	8,980	97	8,980	97
	Free State	6,751	1,496	6,751	1,496
	Gauteng	5,897	830	5,897	830
	Kwa-Zulu Natal	884	248	884	248
	Mpumalanga	6,784	187	6,784	187
	Northern Cape	1,263	319	1,263	319
	Northern Province	2,409	96	2,409	96
	North West	6,085	281	6,085	281
	Western Cape	3,130	1,078	3,130	1,078
		<u>42,183</u>	<u>4,632</u>	<u>42,183</u>	<u>4,632</u>
	(Silver and bronze range)				
	Province				
	Eastern Cape	286	266	286	266
	Gauteng	152	-	152	-
	Kwa-Zulu Natal	150	-	150	-
	Mpumalanga	306	-	306	-
	Northern Province	433	127	433	127
	North West	217	92	217	92
		<u>1,544</u>	<u>485</u>	<u>1,544</u>	<u>485</u>

ANNEXURE B (continued)

(Loan portfolio continued)	Land Bank Group		Land Bank	
	2001 R'000	2000 R'000	2000 R'000	2000 R'000
2.5 EMERGENCY FLOOD RELIEF				
2.5.1 SECTORIAL ANALYSIS				
Long-term (Gold range)				
Flood damage	-	2,469	-	2,469
Purchase of implements	-	616	-	616
	<u>-</u>	<u>3,085</u>	<u>-</u>	<u>3,085</u>
Medium-term loans (Gold range)				
Flood damage	15,763	38	15,763	38
Purchase of implements	4,569	28	4,569	28
	<u>20,332</u>	<u>66</u>	<u>20,332</u>	<u>66</u>
(Silver and bronze range)	<u>191</u>	<u>-</u>	<u>191</u>	<u>-</u>
Short-term loans (Gold range)				
Flood damage	1,914	313	1,914	313
Purchase of implements	478	86	478	86
	<u>2,392</u>	<u>399</u>	<u>2,392</u>	<u>399</u>
Short-term loans (Silver and bronze range)				
Flood damage	-	40	-	40
	<u>-</u>	<u>40</u>	<u>-</u>	<u>40</u>
2.5.2 MATURITY ANALYSIS				
Long-term (Gold range)				
From 1 year to 5 years	52	-	52	-
From 5 years to 10 years	2,788	-	2,788	-
From 10 years to 15 years	5,991	-	5,991	-
	<u>8,831</u>	<u>-</u>	<u>8,831</u>	<u>-</u>
Medium-term loans (Gold range)				
From 1 year to 5 years	2,023	808	2,023	808
From 5 years to 10 years	12,767	2,277	12,767	2,277
	<u>14,790</u>	<u>3,085</u>	<u>14,790</u>	<u>3,085</u>

ANNEXURE B (continued)

(Loan portfolio continued)	Land Bank Group		Land Bank	
	2001 R'000	2000 R'000	2001 R'000	2000 R'000
Medium-term loans (Silver and bronze range)				
From 1 year to 5 years	91	59	91	59
From 5 years to 10 years	17	7	17	7
	<u>108</u>	<u>66</u>	<u>108</u>	<u>66</u>
Short-term loans (Gold range)				
Within 1 year	98	139	98	139
From 1 year to 5 years	133	187	133	187
From 5 years to 10 years	522	73	522	73
	<u>753</u>	<u>399</u>	<u>753</u>	<u>399</u>
Short-term loans (Silver and bronze range)				
From 1 year to 5 years	100	40	100	40
	<u>100</u>	<u>40</u>	<u>100</u>	<u>40</u>
The maturity analysis is based on the remaining period from year end to contractual maturity				
2.5.3 GEOGRAPHICAL ANALYSIS				
Long-term (Gold range)				
Gauteng	334	-	334	-
Mpumalanga	1,390	-	1,390	-
Northern Cape	610	-	610	-
Northern Province	6,043	-	6,043	-
Western Cape	454	-	454	-
	<u>8,831</u>	<u>-</u>	<u>8,831</u>	<u>-</u>
Medium-term loans (Gold range)				
Province				
Gauteng	292	238	292	238
Mpumalanga	205	146	205	146
Northern Province	13,655	2,179	13,655	2,179
North West	638	522	638	522
	<u>14,790</u>	<u>3,085</u>	<u>14,790</u>	<u>3,085</u>
(Silver and bronze range)				
Province				
Mpumalanga	23	25	23	25
Northern Province	85	41	85	41
	<u>108</u>	<u>66</u>	<u>108</u>	<u>66</u>

ANNEXURE B (continued)

(Loan portfolio continued)	Land Bank Group		Land Bank	
	2001 R'000	2000 R'000	2001 R'000	2000 R'000
Short-term loans				
(Gold range)				
Province				
Gauteng	82	74	82	74
Mpumalanga	-	73	-	73
Northern Province	671	252	671	252
	<u>753</u>	<u>399</u>	<u>753</u>	<u>399</u>
(Silver and bronze range)				
Province				
Mpumalanga	7		7	
Northern Province	93	40	93	40
	<u>100</u>	<u>40</u>	<u>100</u>	<u>40</u>