

Land Bank
Yearend: 31 March 2012
Corporate Plan KPIs – status report as at 29 February 2012

Key performance area	Key performance indicator ¹ by 31 March 2012	Actual at 29 February 2012 (unaudited)	Status indicator at 29 February 2012
Development			
Mainstream development into the operating model	R450 million – total disbursements	REM R132.5m RCB R122.4m BCB R578.5m Total R833.4m	Achieved
Financial sustainability and affordable funding			
Growth in the loan book	10% (Excluding LDFU)	Gross book: 40.5% Performing book: 47.4%	Achieved
Cost to income ratio	93.1% (continuing operations)	70%	Achieved
Capital adequacy ratio	20%	Including the government guarantee: 32% Excluding the government guarantee: 26.5%	Achieved
Diversification of income streams (year-on-year)	8% or R36.4 million cumulative for 2012 Revised target: R26.1m cumulative for 2012	R28 million cumulative for 2012	Achieved
Reduce non-performing loans	Reduce NPLs to 10.5% of total loan book	Incl. insolvencies: 6.6% Excl. Insolvencies: 5.2% Legal recoveries: R146.5 million Pre-legal recoveries: R54.6 million	Achieved
Liquidity	Maintain liquidity as per the liquidity model	The Asset and Liability Committee meet on a monthly basis to monitor the Bank's liquidity levels and recommend liquidity ranges. Surplus funds are invested at a positive spread to reduce the cost of holding cash.	Achieved
	Reduce the cost of holding cash by 5% - Target 2.625%	Monthly monitoring of the cost of funds is in place. March 2012: 2.98%	
	Reduce the cost of funds to prime minus 2.25%	Financial year average: Cost of funds 5.94% (NACM) Financial year average: Prime minus 2.98% (March 2012)	
	Secure 5% new investors	Investor road shows were held nationally after the release of the Land Bank financial results in August 2011. On the 20 th of March 2012, the Bank successfully issued a 3-yr Floating Rate Note to the value of R500 million @ 3m Jibar + 135bps=6.95%.. The Bank's investor base increased by 32% year-on year.	
Financial plan: Net profit	R136 million – excluding LBIC dividend R236 million including LBIC dividend of R100 million.	R124 million excluding the LBIC dividend R224 million including R100 million dividend from LBIC	On track
Financial plan: Gross interest margin	39%	45%	Achieved

¹ Source: FY 2012 target in 2011/2013 corporate plan

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Financial plan: Net interest margin	3.4% <i>Net interest income target (R659 million)</i>	3.8% R608.9 million	Achieved
Human Capital			
Build a sustainable supply of key talent	Retention strategy fully operational targeted at, containing staff turnover between 3% and 6%	Retention strategy operational incorporating: Personal Development Plans for 600 employees; Career Development plans for 45 critical positions; 42 mentees trained and 16 mentors trained thus a total of 58 trained against a target of 60; talent profiling for 31 leadership and 45 critical skills complete and Alumni programme operational. The staff turnover rate has however increased to a level marginally above the tolerance parameters and currently stands at 6.77%. Actions are underway to mitigate this increase.	Substantially achieved
	Employee value proposition in place	Employee Value Proposition is at an advanced stage of development for adoption in quarter 1 of FY 2013.	On track
	<i>Recruitment Turnaround Time: Managers – 45 days General Staff – 30 days</i>	Recruitment turnaround time only partially achieved due mainly to external appointment influences/releases.	Partially achieved
	<i>Succession Management</i>	Succession planning: Job shadowing and rotation strategy completed however implementation being postponed to FY 2013.	Substantially achieved
	<i>Generic Training and Product Knowledge</i>	3 Generic training courses delivered to head office and AFCs. Product Knowledge framework and strategy developed for implementation in FY 2013.	Achieved
	<i>Skills Competency</i>	Skills competency profiles developed and assessed for all personnel within the organisation. Provisional assessment of BBBEE score factor on Skills Development increased from 2.4 to 10.1.	Achieved
Improve leadership effectiveness	20% point increase on 2010 leadership effectiveness index baseline.	A 360 degree assessment and debrief for EXCO members completed and executive coaching for 4 members initiated. Senior and Middle management development programmes completed.	Achieved
		Improvement in the leadership index (20%) can only be finalised in August 2012 after the publication of the 2012 financial results.	On Track
Build organisational design and development capabilities	<i>Workforce Transitioning of all AFCs (Agri-Finance Centres)</i>	Workforce transitioning of 27 Agri-Finance Centres (branches) concluded and aligned to new naming convention and organisational structures.	Achieved
	Employee Wellness: 20% improvement in utilisation of employee engagement programme baseline	The 20% utilisation improvement target in respect of the employee wellness programme cannot be measured for the full year due to the appointment of a new service provider during quarter 3. The utilisation improvement measured at the point when the services of the previous service provider were terminated at the end of October 2011 was 23.6% which at the time represented a 20% improvement on the baseline.	Substantially achieved
Improve employee relations to create an attractive work environment	Preliminary participation in the Best Company to Work for Survey with baseline established	The Best Company to Work For survey (virtual participation) completed with an improvement on FY2011 baseline.	Achieved

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	<i>IR Awareness</i>	80% of staff given Industrial Relations awareness training.	Achieved
	<i>Grievance Resolution</i>	Grievances resolved within 27 days on average (target 30 days).	Achieved
	<i>Conclusion of Disciplinary matters</i>	Disciplinary matters resolved within 74.4 days on average (target 60 days).	Partially achieved
	<i>Finalisation of Recognition Agreement</i>	A recognition agreement signed by the Bank's main Union, SASBO.	Achieved
Create an environment that fosters and rewards high performance	Recognition and incentive scheme programme implemented with official function to recognise top 10 achievers.	Recognition programme "Hlanganani" introduced and official gala dinner event held where top performers were recognised.	Achieved
	<i>Introduce New Grading System</i>	Peromnes grading system was rolled out to business.	Achieved
	<i>Sales Short Term Incentive Scheme</i>	AFC (Branch) Short Term Incentive scheme implementation postponed.	Postponed to FY2013
	<i>DFI Remuneration Survey Collaboration</i>	A collaboration meeting with the DBSA was held for the purpose of developing a DFI remuneration survey. Concept is receiving further development and impetus to include other DFIs during FY2013.	Achieved
Employment equity			
Emphasis on employment equity	Transformation <i>3.35% improvement on ACI to 59.6%</i>	The target of 3.35% improvement to 59.6% on ACI was not achieved due to staff turnover being mainly ACI employees and the Executive Committee placing a moratorium on recruitment in the interests of improving the Bank's cost to income ratio. Current ACI = 57.26%	Not achieved
Information technology			
Enable management information systems	Customer relationship management system	The CRM strategy was completed and approved by the Land Bank Executive Committee. A CRM system was developed for LBIC.	Achieved
	Business intelligence reporting solution	The top 10 business reports have been identified for development. Four of the reports have been completed. The service provider appointed to provide assistance in the completion of the design and configuration of the remaining 6 reports was unable to meet the Bank's requirements. An alternative service provider is being procured. The project will be completed in 2013. In addition to the above, 90 existing SAP reports have been assessed for applicability and are available for use.	Partially achieved
Adequate IT infrastructure and capacity	Consolidation and virtualisation of appropriate systems	The following projects aimed at implementing key network security requirements were completed during the year: <ul style="list-style-type: none"> • Project Server Consolidation (D6) • Project C2 Patch management • Project C6 Implement DMZ for internet facing systems • Project C3 Security Tools and Reporting <p>The final system security project (Project B1 – SAP Role Matrix Reimplementation) is substantially complete and the roles have been moved into the Production environment.</p> <p>All 4 SAP infrastructure upgrade projects have been completed:</p> <ul style="list-style-type: none"> • Project B3 SAP Server Refresh • C4 Disaster Recovery Site Refresh • Back up infrastructure upgrade 	Achieved

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		<ul style="list-style-type: none"> D1 Network upgrade Phase 1 	
	Enterprise project office implementation (2012 to 2014)	The Enterprise project office implementation is currently being facilitated through the Fit For Future (FFF) programme.	Achieved
	IT organisational structure and capacity aligned to Bank requirements (2012 to 2014)	The IT organisational structure has been approved by the CEO and 2 of 6 vacant positions have been approved. The filling of critical vacancies in terms of the IT organisational structure will remain an area for focussed management attention.	On track
Research and Innovation			
Scanning of the environment	Regularise: <ul style="list-style-type: none"> Weekly economic insight Monthly industry insight Monthly environment scan Quarterly policy insight 	Respective insights were regularised. <ul style="list-style-type: none"> Macro-economic Insights published weekly to monitor drivers of interest rate movement Industry and commodity insights were produced regularly and on business demand Three policy insights published (with last two quarters combined) General sector environment scanned to guide strategy plan 	Achieved
Advice and advocacy	Research advisory panel established	A research advisory committee was established and met each quarter to assess the research agenda of the Bank.	Achieved
	Formalise four research partnerships	The framework for research partnership developed. Memorandums of understanding concluded with University of Limpopo, University of Venda, University of Fort Hare and University of North West.	
	Participate in four development forums	Participation and contribution in agriculture and development forums has improved and has been monitored quarterly. Public participation with DBSA, DAFF, AgriSA, AEASA, DFI Forum, SADC DFI Network. An assessment of external stakeholder feedback has been completed for incorporation in advice and advocacy planning for 2013.	
Service delivery improvement			
Streamline operations and credit business processes	30-day maximum loan application response time	A loan tracker tool to monitor turnaround times has been successfully implemented for RCB. Northern Hub average turnaround time – 11.6 days Southern Hub average turnaround time – 9.33 days	Achieved
		The tracking tool implemented for B&CB during quarter 4 requires further enhancement for full alignment to the B&CB business model. More work is required to formulate appropriate turnaround times for the B&CB business unit.	Partially achieved
Branch network operations	40% of Fit for Future recommendations implemented	<ul style="list-style-type: none"> Established a business unit focused on emerging farmers (REM). The RCB footprint has been optimised for maximum geographic coverage (23 full service agricultural finance centres (AFCs), 4 partial service AFCs and 5 points of presence. All the AFCs have been transitioned onto the new Fit for Future operating model. Optimised back office activities through technological means and process efficiency The Northern and Southern hubs have been established and are operational. Management tools and trackers installed and operational. The workforce transitioning of AFCs has 	Achieved

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		been completed	
Enhance product offerings	Introduce at least two new products	<ul style="list-style-type: none"> A lack of in-house capability prohibited the Bank to achieve the KPI The first phase of the product development process has kicked off through an assessment of the products currently offered by the Bank The Bank will focus on performing an "in-house" product need survey which will be taken into account in the design of a fully fledged product development process which will be prioritised for FY2013. 	Partially achieved
Partnerships and stakeholder engagement			
Stakeholder platforms and channels	<p>Develop a print publication for Bank stakeholders</p> <p>Publish and distribute the Social Report Package and AERIS research reports</p> <p>Quarterly internal newsletter</p>	<ul style="list-style-type: none"> The Emerging Farmers Report was printed for Stakeholders Three advice and advocacy stake holder reports have been finalised and submitted to business (Agri-Markets, Agribusiness & Commodity Insights). <p>The Research report was printed and distributed in the 2nd quarter of the financial period.</p> <p>Quarterly internal newsletters have been published and circulated to Bank employees.</p>	Achieved
Formalise service delivery partnerships	Partnerships in finance, development and agricultural sectors	<p>2 flagship Social Economic Development (SED) projects have been identified:</p> <p>The Molemole Indigenous Food Processing (agro processing of indigenous plants). Land Bank has performed an analysis of the peanut butter plant project and shared the results with University of Venda and beneficiaries. Rebranding of products as part of the project is currently underway.</p> <p>Kwa-Mthethwa Nguni Sheep Project - linked to University of Zululand. The bank has interacted with the University for financing to develop intellectual property in the form of a sheep dip which has been completed. Breeding objectives and commercialisation will be finalised with the University and beneficiary community farmers.</p>	Achieved
Public Information Centre	Launch multimedia centre for electronic and print communication	<p>The Launch of the Multimedia centre took place in the previous financial period. However, due to capacity constraints, the centre is not fully functional.</p> <p>Work done included the templates for the Centenary, Land Bank print media adverts and electronic newsletter for SAP.</p> <p>Resourcing solution is being reviewed to ensure complete achievement.</p>	Partially achieved
Governance, risk management and compliance			
Integrate enterprise-wide risk management	Risk management driven by business units	<p><u>Quarterly review and reporting of strategic risks</u></p> <ul style="list-style-type: none"> Improved quarterly reporting on strategic risks to Board Audit and Risk committees. The operational risk assessments of eight business units completed. 2 Operational Risk assessments have been completed and more is planned. 	Achieved
		<p><u>Enhance the skill set of Enterprise Risk Management</u></p> <p>The updating of the Enterprise Risk Management Framework and Policy is pending the appointment of an ERM service provider to facilitate the</p>	Not achieved

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		process and enhance the Land Bank's existing skill set. The appointment of a service provider has been prioritised for 2013.	
		<p><u>Improved risk reporting</u></p> <ul style="list-style-type: none"> The formalisation of improved risk reporting to stakeholders has been impacted by the delay in the appointment of a service provider to assist the Bank in the redesign and implementation of its Enterprise Risk Management Framework. Service level agreements to assign accountability and ownership of risks have been signed with all business units The responsibility of BU risk champions have been incorporated into a Risk Champion Charter 	Partially achieved
Ensure statutory and regulatory compliance	Sustainable compliance culture	<ul style="list-style-type: none"> Exclaim training has been rolled out to business units. FICA internal rules have been compiled and approved by the Land Bank Executive. FICA training was completed during quarter 4 Fruitless and Wasteful expenditure electronic awareness was circulated Electronic Ethics training has been completed 	Achieved
Identify and quantify relevant strategic and operational risks	Implement risk appetite framework	The risk appetite framework was approved by the Land Bank Board on 30 November 2011. The key risk indicators were re-aligned to the revised operating model and became operational during quarter 4. Reporting on the Bank's risk appetite framework to the Board sub committees will be part of the yearend close process.	Achieved
	Review of risk register (strategic risks)	<p>Business unit specific strategic risks have been agreed and signed off by business unit Chiefs. Chiefs are individually accountable for the management of the strategic risks in their respective registers.</p> <p>The FY12 Strategic Risk Register was presented to the Risk Committee in November 2011 and was updated and submitted for Land Bank Board review during quarter 4.</p> <p>The development of the FY13 Strategic Risk Register will commence in the new financial year in line with the strategic planning cycle for FY14.</p>	Achieved
	IT governance strategy design	A service provider assisted the Bank to develop an IT Governance (ITG) framework, ITG charter, ITG board report template, IT internal control framework, internal controls for information security and ITG role accountability matrix.	Achieved