

Annual report 2001



*Now you can*

# Annual report '01

## Now you can

*By creating an enabling  
financial services environment,  
through providing  
appropriate products and  
superior service,  
clients can raise their  
quality of life.*



Peoples Bank Limited\*  
(formerly FBC Fidelity Bank Limited)  
Registration number 1994/000929/06

*\* Peoples Bank is a subsidiary of Nedcor Bank Limited  
("Nedcor Bank"), which is a wholly owned subsidiary  
of Nedcor Limited ("Nedcor"), the controlling  
company of the Nedcor Group.*

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# *A serious bank where your money is secure*

These are some of the reasons why

- *We are the first “empowerment” bank with critical mass*
- *We have a demographically representative staff profile*
- *Our business model is underpinned by a diverse and credible set of partners*
- *We have a strong Nedcor presence, enhancing performance standards, our value-driven culture and our financial stability*
- *We have the critical mass to service our chosen markets effectively at both individual and business levels*



## *This is who we are & what we are all about*

*Peoples Bank was established in 1995 when parent Nedcor Bank split the long-standing and familiar Perm (South African Permanent Building Society) brand into Permanent Bank and Peoples Bank.*

In 2000, the asset and client base of Peoples Bank was strengthened with the incorporation of the business of FBC Fidelity Bank and NedEnterprise. This gave Peoples Bank its own banking licence, ideally positioning it to capitalise on opportunities in a massive and mostly under-served market.

A proactive and young bank with strong foundations, Peoples Bank, among the top ten banks in South Africa by assets, focuses on offering affordable and understandable products to the emerging market and small and medium enterprises. These include mortgage credit, short-term micro loans, deposits and transactional banking services, as well as instalment finance, current accounts and electronic banking through the business arm.

Through its shareholding structure and unique strategic alliances, Peoples Bank has the critical mass, infrastructure and value-driven culture to serve its chosen markets efficiently. These alliances also help us to provide additional products, such as assurance, and to reach more clients than otherwise possible.

“Respect”



## *Our mission*

*We aim to proactively & profitably meet the banking & financial needs of our individual, social club & business clients by providing appropriate, understandable products & quality services*

*Driven by respect, integrity, passion and innovation*

- Strong support of controlling shareholder, Nedcor Bank
- Strong empowerment shareholders
- Reflection of our country's demographic profile by our people
- Underpinning of our business model by diverse and credible alliances – JD Group, Old Mutual Group Schemes and US-based Capital One
- Strong shared Nedcor infrastructure, performance standards, culture, stability and effective people management
- The critical mass to deliver efficient service to individuals and business
- Appropriate and extensive distribution channels



# Together with our partners, we create value for our stakeholders

These are some of our partners

*The shareholding structure of Peoples Bank positions it as the first, largest and truly empowered South African bank with critical mass.*



- Nedcor Bank is part of the listed Nedcor Group, one of South Africa's leading financial services groups.



- Brimstone is a leading empowerment group in South Africa. Since its beginnings as a listed investment trust in 1998 with a diversified investment mandate, Brimstone has become a focused financial services company.



- The Progressive African Investments Group (Pty) Limited (PAI) comprises Progressive Youth Investment Company (Pty) Limited, Africa Milestone Investments Limited and Black Management Forum Investment Company.

*Through new alliances and technologies, Peoples Bank enjoys an unrivalled ability to increase market share.*



- Capital One is based in the United States. It started as a credit card company and has grown into an international company that markets motor vehicle loans, instalment loans, deposit accounts as well as various consumer financial products and wireless phone services. Profits from cross-selling have tripled from 1998.



- Old Mutual Group Schemes, a division of London-listed Old Mutual plc, has been serving its market segment for 24 years. It approaches employer bodies rather than individuals, so that a single relationship brings many clients on to its books. It currently operates through 75 branches and 1 000 advisors focus on providing financial education and reliable services.



- JD Group is South Africa's leading durable goods retailer, offering credit and financial services through 645 stores to a client base of approximately two million South Africans, of which one million are active clients. Peoples Bank points of presence in JD stores enjoy high visibility and a captive client base.

# Hard work & intelligent thinking contribute to our success

These are some of those successes

## Strategic

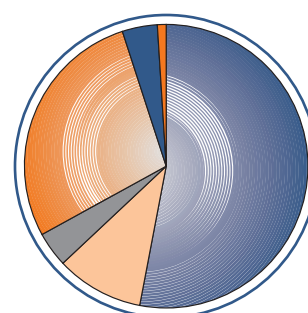
- We have built a business model around our primary stakeholders:
  - Nedcor T&O for technology and processing
  - Nedcor treasury for funding
  - Nedcor executive management for strategic and managerial support
  - Black economic empowerment shareholders for access to a greater client base
  - Alliance partners for best-of-breed expertise and an expanded footprint
- We have repositioned the brand and enhanced our social responsibility campaign
- We have completed the acquisition of FBC Fidelity Bank
- We have now increased empowerment shareholding to 30%

## Financial

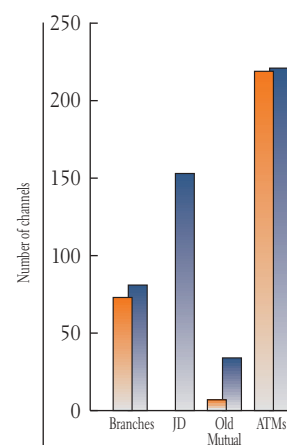
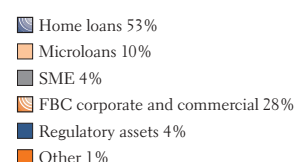
- Assets – R7,2 billion
- Profits after tax attributable to current shareholders – R337 million
- Capital adequacy before introduction of fresh capital – 21,8%
- Growth in retail microlending via alliances – 105% to R742 million
- Housing loans up 5,8% to R4,1 billion

## Operational

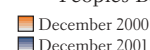
- Established working relationships with Nedcor Bank and alliance partners
- Set up separate governance structures to be truly autonomous, while optimising on relationships with Nedcor
- Established a management structure to meet the needs of all stakeholders
- Management team is truly representative of South African society
- Opened an extra 180 points of presence via alliances with JD Group and Old Mutual



Assets



Peoples Bank channels



*Our leadership is strong, diverse & representative to suit all stakeholders*



*Richard Laubscher*  
Chairman



*Lot Ndlovu*  
Chief Executive Officer



*Campbell Bomela*



*Mustaq Brey*



*Chris Liebenberg*



*JB Magwaza*



*Vincent Maphai*



*Stuart Morris*



# “Integrity”



*Nolitha Fakude*



*Jakes Gerwel*



*Tony Kgobe*



*Terry Lamont  
Smith*



*Alan Mukoki*



*Derek Muller*



*Tim Thahane<sup>1</sup>*



*Alan Wolfson<sup>2</sup>*

\* *Executive director*  
• *Non-executive director*  
1 *Mosutu*  
2 *Canadian*

# To our stakeholders & other partners



*Richard Laubscher*  
Chairman

"Through our shareholding structure and unique strategic alliances, Peoples Bank has the infrastructure and value-driven culture to efficiently serve its selected markets."



The year to 31 December 2001 was a watershed period for Peoples Bank, one in which the bank attained the critical mass to compete more effectively in its chosen markets.

Against difficult trading conditions in the domestic economy generally, and in the financial services sector in particular, the performance of Peoples Bank in the review period was most pleasing. Results are not comparable to the previous period, given the amount of corporate activity that has taken place. However, we believe these results underpin the bank's business model and the considerable potential for sustainable further growth.

In 2000 the asset and client base of Peoples Bank was strengthened with the incorporation of the business of FBC Fidelity Bank and NedEnterprise. This gave Peoples Bank its own banking licence, ideally positioning it to capitalise on opportunities in a massive and mostly under-served market. During the review period, all integration processes were smoothly completed and final agreement was reached with the former shareholders and the South African Reserve Bank.

The Peoples Bank empowerment transaction, whereby 30% of Peoples Bank has been sold to empowerment groupings for R569 million with effect from

# “Passion”



2 January 2002, is set to broaden the sphere of operating activities. Commercial agreements are in place to optimise the value our partners can bring to the bank.

Through the merger and the empowerment transaction, we have created a proactive and young bank with strong foundations, one of the top ten in South Africa by assets, and the first, largest and truly empowered bank in the country. Marketing activities, including high-profile sponsorships, are already bearing fruit as reflected in Peoples Bank being rated fifth in terms of ‘top of mind’ awareness in a recent independent survey.

Through our shareholding structure and unique strategic alliances, Peoples Bank has the infrastructure and value-driven culture to serve its selected markets efficiently. These alliances also help us to provide additional products, such as assurance, and to reach more clients than otherwise possible.

To date Peoples Bank has formed alliances with US-based Capital One, a leading financial services group, Old Mutual Group Schemes, a division of London-listed Old Mutual plc, and JD Group, South Africa’s leading durable goods retailer and financial services provider.

Based on the concept of ‘shared experience, pooled knowledge’, our new alliances and the technologies they bring give Peoples Bank an unrivalled ability to increase market share. In addition, service agreements with our major shareholder, Nedcor Bank, will harness the proven efficiencies and expertise for the benefit of Peoples Bank.

We understand that traditional banking delivery systems have no place in the 21st century. Accordingly, dynamic partnerships, sophisticated technology and a proactive approach

ensure that our bank continues to deliver products that meet market needs, at the most competitive prices.

## Thanks

I thank my fellow board members for their counsel and contribution. I also thank the bank’s management team for their enthusiasm and commitment. Their combined skills are an essential element in our success.

## Prospects

Peoples Bank is a new-generation South African bank, a unique entity that offers all stakeholders the considerable opportunity to share in its success, particularly clients in the previously under-banked segment and those affected by the recent demise of a number of financial services groups.

The bank’s culture of innovation is underpinned by a disciplined approach to managing risk, stringent corporate governance and comprehensive operational controls. This powerful combination will form the cornerstone of Peoples Bank as it expands its financial services offering and captures market share in an increasingly competitive sector.

*Richard Laubscher*

Chairman

# *The Peoples Bank story*

## *past, present & future*



*Lot Ndlovu*  
Chief Executive Officer

“Our business strategy is to grow our earnings sustainably in the low- to middle-income retail market and SME segment.”



### **Operational overview**

The year to 31 December 2001 saw the launch of an aggressive marketing thrust into the entrepreneurial and emerging mass market. With assets of R7,2 billion, Peoples Bank is now the eighth-largest South African-owned bank serving the retail market in South Africa.

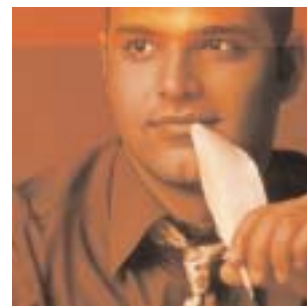
This has been complemented by finalising the largest empowerment transaction in the banking sector. The total empowerment stake in Peoples Bank now stands at 30%. Details of our empowerment shareholders appear on page 4.

Our business strategy is to grow, on a sustainable basis, the earnings of Peoples Bank in the low- to middle-income retail market and in the SME segment through the use of our own staff, alliances and the economic empowerment shareholders, accessing their databases and networks while drawing on the extensive resources of the Nedcor Group in certain key areas.

Our critical success factors for achieving this strategy are:

- Repositioning the brand
- Developing appropriate and extensive channels of distribution

# “Innovation”



- Managing commercial relationships, for mutual benefit, with empowerment shareholders, alliance partners and corporates for our group schemes business
- Living our values of respect, integrity, passion and innovation
- Effective people management

## Repositioning the brand

The effectiveness of our repositioning campaign during the year was highlighted when Peoples Bank was recently ranked second only to the major banks in an independent brand awareness survey.

## Social responsibilities

The year saw us supporting numerous initiatives and sponsorships further to strengthen our commitment to and relationship with the community. Among the bank's sponsorships is the Peoples Bank Soccer Challenge, which brings premier league teams to play in mini-tournaments accessible to all. Among our community projects, the Peoples Bank Family Centre (which provides advice and guidance on family law) and the Gift of Warmth campaign are our flagship projects.

## Channels

Our channel strategy is to establish cost-effective, extensive and relevant points of presence. Although the number of conventional branches was increased from 75 in the beginning of the year to 81, there has been a shift from full-service branches to instore or on-store and electronic service centres (limited service) channels. Our alliance with the JD Group and Old Mutual Group Schemes has delivered an extra 180 points of presence.

## Alliance management

We have signed commercial agreements with each of our economic empowerment shareholders. These outline terms of reference for remuneration structures for all business introduced.

The bank continues to work closely with Nedcor's Technology and Operations division and has established good working relationships through dedicated account managers. The technology and process projects, such as the "weekly-paid debit order" project, completed in October 2001, and others still in progress have allowed Peoples Bank to penetrate the market further. We also continued to enjoy group-wide assistance via various relationship contact points, notably the group finance, retail, treasury and management services divisions.

## People management

Performance management training courses were conducted for most staff members. A new recognition process has been aligned with the performance focus. The requirements of employment equity were exceeded in terms of race, however, there is more to do for gender and disability equity targets. Values were adopted, namely respect, integrity, passion and innovation, and entrenched in the performance culture, where recognition was given for reflecting these values.

## Outlook

Looking ahead, we aim to become the dominant financial service provider to our chosen market, the lower- to middle-income group and previously under-banked. In particular, we anticipate continued growth in affordable home loans, giving us an increased share of that market. We aim to achieve this by:

- Expanding our reach and footprint through our alliances and agreements with JD Group, Old Mutual Group Schemes and the empowerment shareholders. This will enable the bank to have access to nearly five million potential new clients via instore, onstore and electronic service channels in approximately 700 additional outlets across South Africa
- Capitalising on the information-based strategy of our lending division to grow our microlending book responsibly

## Chief executive's report – continued

*Chris Mamabolo, Jimmy Manyi,  
Dumisani Neala and Lindiwe Zikhali*



- Introducing a transformed banking experience for our clients through our performance-linked values
- Effective credit assessment and a focus on efficiencies
- Strong product-specific and mass client-pull campaigns
- Re-branding NedEnterprise as Peoples Bank Business, and refocusing that unit with renewed energy at its target market

We have set ourselves ambitious growth targets for the next three years, while being guided by prudent parameters in all risk areas. Given the powerful combination of financial discipline, effective distribution channels and leading-edge technology, we are confident of achieving these targets, and in the process, delivering the banking services our chosen markets demand.

### Ministerial approval

I am pleased to report that since approving the financial statements as recorded on page 19, the bank has received approval from the

Minister of Finance for the acquisition of the Peoples Bank and NedEnterprise divisions from Nedcor Bank. This means that the final outstanding regulatory requirement for the creation of this new Peoples Bank has been met, the name has been provisionally changed to Peoples Bank Limited and we can proceed unimpeded into the future.

*Lot Ndlovu*  
Chief Executive Officer

## Corporate governance

### Governance principles

#### General

Peoples Bank is committed to an open and transparent governance process which gives its shareowners and other stakeholders the assurance that in adding value to and protecting the bank's financial and human investment, the bank is being managed ethically, in compliance with best international practices and all applicable legislation and predetermined risk parameters. The directors subscribe fully to the principles embodied in appropriate international corporate governance codes, including compliance with sound accounting practices. They believe these principles have been adhered to in discharging their duties.

#### Policies, objectives and performance measurement

The philosophy, policies, values and objectives of the bank, as set out in the annual report, are determined by the board which, in turn, receives input and guidance from management. The board sets the bank's strategic objectives and determines investment and performance criteria. Management is charged with the detailed planning and implementation of that policy, in line with appropriate risk parameters. The achievement of objectives and compliance with policies by management is monitored by the board through a comprehensive system of reporting to mandated board committees.

#### Risk management

The bank has developed comprehensive systems and risk management processes to control and monitor all activities. While direct responsibility for managing risk in the bank is held by management or is outsourced to Nedcor Bank, it is closely monitored by board subcommittees, and ultimate accountability lies with the board.

#### Ethics

The bank subscribes to the Code of Banking Practice endorsed by the Banking Council of South Africa. This code governs the bank's conduct regarding relationships with authorities, clients, competitors, employees, shareholders, suppliers and the community. The bank has appropriate procedures and mechanisms in place to ensure all elements of this code are met.

In addition, the bank has a charter of employment that commits management and employees to high standards of ethical behaviour in their dealings with each other and the group's stakeholders. Failure to maintain ethical standards may result in disciplinary action. Employees of outsourced functions must also comply with the principles of this charter.

### Employee equity and empowerment

Development of all employees is a critical component of the bank's broader approach to corporate governance. The bank has an affirmative action programme to achieve and create employment equity in the workplace through training, monitoring and development of all staff. This programme meets all legislated requirements, and is an important contributor to the enhancing of business competitiveness.

#### Internal control

Responsibility for the systems of internal financial and operational control rests with the board. The foundations for internal control processes are in the bank's governance principles, which incorporate ethical behaviour, legislative compliance and sound accounting practice.

Control systems include clearly-defined lines of accountability and delegation of authority, and provide for full reporting and analysis against approved budgets. Executive directors are responsible for determining the adequacy, extent and operation of these systems.

#### Compliance

Peoples Bank has an independent compliance department, which reports to the chief executive officer and has unrestricted access to the audit committee. It is a part of the bank's risk management framework, and its purpose is to ensure that the bank continuously manages its regulatory risk, that is, the risk that the bank does not comply with applicable laws and regulations or supervisory requirements. This department has been formed to meet Banks Act requirements and has adopted a risk-based approach to compliance monitoring.

#### Reporting

Peoples Bank is committed to transparent reporting and disclosure. Information provided to all stakeholders, including financial results and the annual report, are presented in a meaningful and relevant manner to enable users to gain a proper and objective perspective of the bank.

### Governance structures

#### Directorate

The board of directors is chaired by the chief executive of the Nedcor Group. He is supported by ten non-executive directors and five executive directors, of whom three are directly involved in Peoples Bank. The board meets regularly and is responsible for the proper management, control, compliance and ethical behaviour of the

## Corporate governance – continued

business. With due regard for the recommendations of management, the board determines and monitors matters relating to the implementation and/or modification of policies and strategic plans, investments and disposals, major capital expenditure, and operational and financial budgets.

### Board committees

All committees of the board have formal written terms of reference that are reviewed regularly, and updated as necessary, to take account of developments and any specific requirements of the board.

The board has established three principal committees, namely corporate governance, remuneration and audit, with a number of other committees important to the effective operation of the board reporting through the audit committee.

### Corporate governance committee

The Banks Act imposes additional responsibilities and further obligations of a corporate governance nature on the boards of banks in discharging these responsibilities. The corporate governance committee, comprising a majority of non-executive directors, ensures that the board at all times complies with these requirements.

### Remuneration committee

This committee is chaired by a non-executive director, and includes two other non-executive directors, the chairman and the chief executive.

The committee's primary objective is to ensure that the right calibre of management is recruited and retained by the bank. The committee reviews the overall remuneration strategy of the bank to ensure that directors and senior executives are appropriately remunerated for their contribution to the bank's operating and financial performance.

### Audit committee

The audit committee has a minimum of five members, of which non-executive directors must be the majority. The committee is chaired by a non-executive director.

The committee's primary objective is to provide the board with additional assurance regarding the quality and reliability of the financial information used by directors and to assist them in the discharge of their duties. The committee must satisfy the board that adequate and appropriate financial and operating controls are in place; that significant business, financial and other risks have been identified and managed; that accounting policies and financial information issued to shareholders and the public are appropriate; and that appropriate standards of governance, reporting and compliance are in operation.

Issues relating to accounting, auditing, internal control and financial reporting matters are discussed with the external auditors at periodic meetings. Both internal and external auditors are afforded unrestricted access to the group audit committee.

The bank's internal audit functions are performed principally by the Nedcor internal audit unit, which reports to the audit committee. Major responsibilities allocated to the internal auditors include the examination and evaluation of the effectiveness of operational activities, together with attendant business risks and systems of operational and financial control. Material deficiencies, development needs and instances of non-compliance are reported to the audit committee, the external auditors and operational management for resolution.

The audit committee is assisted by regular reports from the credit risk monitoring committee, financial and other risk monitoring committee and the operational risk committee.

### Credit risk monitoring committee

This committee comprises both executive and non-executive directors, and is chaired by any one of its members from time to time.

Its primary purpose is to establish the broad credit risk policies of the bank and carry out high-level monitoring of credit risk in the bank.

### Operational risk monitoring committee

This committee comprises both executive and non-executive directors, and is chaired by any one of its members from time to time.

Its primary purpose is to review the bank's compliance with the Banks Act, with particular reference to annual reporting, internal financial controls and going concern. Based on its processes and management assurances, it is required to satisfy itself that there has been no material malfunction in the bank's financial internal controls, procedures and systems. It carries out high-level monitoring of solvency, internal control (operating), legal, regulatory and compliance risks in the bank.

### Financial and other risk monitoring committee

This committee comprises both executive and non-executive directors, and is chaired by any one of its members from time to time.

Its primary purpose is to establish the asset/liability risk management framework of the bank, and to evaluate the appropriateness, adequacy and efficiency of accounting policies and procedures. It carries out high-level monitoring of liquidity, interest, market and trading, and technology risks in the bank.



## Risk monitoring

Following is a review of the risk management function over the reporting period:

### Solvency risk – capital adequacy

It is essential that the bank is adequately capitalised to absorb potential losses in its activities, to maintain the confidence of those with whom it does business and to fund the future growth of its operations.

The South African Reserve Bank has, in accordance with international standards issued by the Bank of International Settlements (BIS), established minimum standards for capitalisation of banks, taking into account the particular risks to which each bank may be exposed.

Peoples Bank has set itself ambitious growth targets in the emerging retail market in South Africa, which makes it necessary to maintain capital in excess of the requirements of the authorities. The bank's capital adequacy ratio at the end of December 2001 was 21,8% compared to the regulatory requirement of 10,0%.

<b>Capital adequacy</b>	<b>R million</b>
<b>Primary capital</b>	
Ordinary share capital	27
Share premium	1 463
Accumulated losses	(748)
<b>Total primary capital</b>	<b>742</b>
<b>Secondary capital</b>	
Subordinated compulsorily convertible loans	230
General risk provision	41
Impairments	(40)
<b>Total secondary capital</b>	<b>231</b>
<b>Total capital</b>	<b>973</b>
<b>Total risk-weighted assets</b>	<b>4 472</b>
<b>Capital adequacy ratio (%)</b>	<b>21,8</b>

### Operational and technology risks

Operational risk is the potential for loss caused by a breakdown in information, communication, transaction processing and settlement systems and procedures. It is critically important that the bank maintains comprehensive systems of internal controls, and sound policies and practices in the areas of information technology, human resources, physical security and insurance. Enforcing and monitoring compliance with such policies and standards of practice are vital components of operational risk management.

Human resources risk is managed by the Peoples Bank human resources department, while technology, physical security and insurance risk are managed by the appropriate Nedcor Bank unit.

Peoples Bank technology and process department manages the Nedcor Bank service delivery, through written service level agreements.

### Legal and compliance risk

Legal risk is the risk that transactions or agreements with third parties may not be legally enforceable or do not reflect the deal as approved by the credit committee. Compliance or regulatory risk is the risk of non-compliance with statutory requirements imposed by the South African Reserve Bank, the Micro-Finance Regulatory Council or the Financial Services Board.

The bank uses Nedcor Bank's legal department and its own compliance function to ensure compliance with all applicable statutory and regulatory requirements.

### Asset and liability management

The effective management of risk is addressed by the Nedcor Bank asset and liability management committee (ALCO), which ensures that acceptable levels of financial risk – excluding credit, operational and control, and compliance risk – are identified, understood and effectively managed, while achieving the strategic and financial objectives of the bank.

## Risk monitoring – continued

### Interest rate risk management

Nedcor Bank has assumed responsibility for the management of Peoples Bank interest rate risk. It assesses interest rate risk exposure through the use of traditional gap analysis and earnings-at-risk modelling techniques. Gap analysis measures the volumes of assets and liabilities subject to repricing within a given period, according to their contractual repricing characteristics. Stress testing and net interest income simulations for a variety of possible interest rate scenarios measure the financial impact of interest rate movements. The risk concentrations and possible financial implications are dynamically measured, identified and managed, generally through the use of on-balance sheet activities.

### Liquidity risk management

Liquidity risk management is carried out on our behalf by Nedcor Bank and is actively implemented through:

- cash-flow forecasting models and strategic planning – including Peoples Bank projections
- maintaining an adequate pool of high-quality marketable assets
- liability diversification – taking account of Peoples Bank depositors

### Trading risk management

Peoples Bank has specifically excluded trading activities from its strategic business plan.

### Credit risk management and monitoring

#### Structure and policy

Credit risk is the risk that a counterparty fails to meet its commitments to the bank, thereby causing a loss. This includes losses arising through both on- and off-balance sheet lending decisions.

Lending by the bank is governed by credit policy guidelines set by the credit risk monitoring committee. All facilities in excess of 10% of the bank's capital and reserves are approved by this committee. It also reviews other large exposures, risk profiles, levels of provisions, risk parameters and compliance with prudential criteria. It further evaluates the findings of internal and external auditors as these relate to credit risk and provides information on credit risk to the audit committee.

Each division has its own credit policy, which conforms to bank policy and deals with matters specific to its business, such as mandates, authority limits, write-offs, provisions and lending procedures.

Credit risk is managed and monitored daily according to various criteria, such as concentrations of risk, arrears, excesses and aggregate exposure, and is monitored at least quarterly by the credit risk monitoring committee. Credit risk is also frequently and independently reviewed by the Nedcor Bank internal auditors through their specialised credit auditors, using international best-practice audit methodologies.

### Non-performing loans

Non-performing loans are loans on which no income is earned, either because interest has been suspended or because interest is being reserved. The appropriate capital and interest provisions are raised against these advances, after taking account of the value of any expected recoveries. Non-performing loans are also reviewed by the credit risk monitoring committee.

### Provisions for loan losses

The bank has established procedures for making specific provisions against loan losses and for writing off loans in line with bank policy. Specific provisions are raised immediately when the amount of a portion of a loan considered irrecoverable is known. Interest not serviced has to be reserved and written off when it is considered irrecoverable. In addition, the bank maintains a general provision to cover the inherent risk of losses in the book not yet specifically identified as doubtful.

### Country risks

Peoples Bank is limiting itself to exposures within South Africa.

### Retail credit risk

Peoples Bank carries retail credit risk in two areas:

- Home loans
- Microloans, whether secured or not

### Peoples Bank home loans

Credit risk management follows a three-pronged approach, ie assessment and credit granting, client credit management and legal recoveries.

#### *Assessment and credit granting*

Assessment deals with the process of evaluating loan applications to determine the relative risk involved for Peoples Bank. Granting a credit facility is based on the outcome of the assessment, ensuring that the all-important balance between risk and reward is maintained and that lending quality and asset growth targets are achieved. The relationship between sales volume and risk pricing is assessed and managed.

Although justification for granting a facility could be found in security, the general policy is to find primary justification for making a loan in a borrower's credit standing and ability to service loan repayments.

#### *Client credit management*

Client credit management is primarily responsible for monitoring credit quality and assisting clients who are experiencing financial difficulties in repaying loans. The rehabilitation of a client involves negotiating a repayment plan that will reinstate the client as a normal, active borrower.

The objective is to maintain a positive client relationship with Peoples Bank at all times. In regularising clients, we will consider all innovative ways of assisting clients within the context of their financial position and the bank's appetite for further risk.

#### *Legal recoveries*

Legal recoveries is concerned with foreclosure, realisation of non-liquid security, property in possession and attachment of moveable goods after all attempts at rehabilitating a client have failed. This process generally involves litigation.

The management of home loans reports monthly to a credit risk committee, which in turn reports quarterly to the board credit risk management committee.

### Microloans

The management of credit risk taken in Peoples Bank's microloans business is the responsibility of our alliance partner, Capital One.

Using its extensive experience in quantitative methods and its "information-based strategy", it has set about quantifying risks taken to improve our penetration of this market.

There is an alliance credit risk management committee which meets monthly, and reports to the alliance governing board and the board credit monitoring committee.

### Peoples Bank Business

The management of credit risk in Peoples Bank Business is carried out by a team of credit managers, who use various practices to lower risks and manage exposures. Security in the form of credit guarantee insurance is used to enhance creditworthiness where balance sheets or track record would mitigate against any exposure.

### Nedcor divisions

Assets originating from the FBC Fidelity Bank portfolio acquired, not falling within Peoples Bank target market, are managed by the Nedcor Bank division most suited to the type of asset. Each division reports monthly to the Peoples Bank director of risk on the status of the portfolio, who in turn reports to the board credit monitoring committee.

# *Now you can*

## *Peoples Bank financial statements*

For the year ended 31 December 2001

Annual financial statements of Peoples Bank Limited  
(formerly FBC Fidelity Bank Limited)  
Registration number 1994/000929/06  
31 December 2001

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## Directors' responsibility and approval

The directors are responsible for the integrity of the financial statements and the related information included in this annual report.

For the board to discharge its responsibilities, management has developed and continues to maintain a system of internal financial control. The board has ultimate responsibility for this system of internal control and reviews the effectiveness of its operation, primarily through the audit committee and other risk monitoring committees and functions.

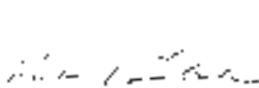
The internal financial controls include risk-based systems of accounting and administrative controls designed to provide reasonable, but not absolute, assurance that assets are safeguarded and that transactions are executed and recorded in accordance with generally accepted business practices and the company's written policies and procedures. These controls are implemented by trained, skilled staff with clearly defined lines of accountability and appropriate segregation of duties. The controls are monitored by management and include a comprehensive budgeting and reporting system operating within strict deadlines and an appropriate framework.

As part of the system of internal controls, the Nedcor internal audit function conducts operational, financial and specific audits and coordinates audit coverage with the external auditors. The external auditors are responsible for reporting on the financial statements.

The financial statements are prepared in accordance with Generally Accepted Accounting Practice in South Africa and incorporate responsible disclosures in line with the accounting philosophy of the bank. The financial statements are based on appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

The directors believe that the bank will be a going concern in the year ahead. For this reason, they continue to adopt the going-concern basis in preparing the financial statements.

These financial statements have been approved by the board of directors and are signed on its behalf by:



*R C M Laubscher*  
Executive Chairman



*L M Ndlovu*  
Chief Executive Officer

Johannesburg  
8 February 2002

## Certificate from the company secretary

In terms of section 268G(d) of the Companies Act, 61 of 1973, as amended, I certify that, to the best of my knowledge and belief, the bank has lodged with the Registrar of Companies for the year ended 31 December 2001 all such returns as are required of a public company in terms of the Companies Act and that all such returns are true, correct and up to date.



*M W Vena*  
Company Secretary

Johannesburg  
8 February 2002

# Report of the independent auditors

To the members of Peoples Bank Limited

We have audited the financial statements of Peoples Bank Limited set out on pages 21 to 42 for the year ended 31 December 2001. These financial statements are the responsibility of the bank's directors. Our responsibility is to express an opinion on these financial statements based on our audit.

## SCOPE

We conducted our audit in accordance with statements of South African Auditing Standards issued by the South African Institute of Chartered Accountants. Those standards require that we plan and perform the audit to obtain reasonable assurance that the financial statements are free of material misstatements. Our 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.

We believe that our audit provides a reasonable basis for our opinion.

## AUDIT OPINION

In our opinion, the financial statements fairly present, in all material respects, the financial position of the bank at 31 December 2001 and the results of its operations and cash flows for the year then ended,

in accordance with statements of South African Generally Accepted Accounting Practice, and in the manner required by the South African Companies Act.



*Nkonki Sizwe Ntsaluba Inc.*  
Chartered Accountants (SA)  
Registered Accountants and Auditors



*KPMG Inc.*  
Chartered Accountants (SA)  
Registered Accountants and Auditors

Johannesburg  
8 February 2002

# Directors' report

## PRINCIPAL ACTIVITIES

The company operates as a registered bank. It is primarily focused on the lower- to middle-income retail sector and small to medium enterprises.

## OPERATING RESULTS AND BASIS OF PREPARATION

The operating results of the bank are set out in the annual financial statements that follow. As part of the acquisition of the bank by Nedcor Bank, it was agreed by all parties that certain businesses run by Nedcor Bank, being the Peoples Bank and NedEnterprise divisions, would be sold to FBC Fidelity Bank Limited from the effective date of the transaction. This acquisition required the consent of the Minister of Finance to be of full force and effect in terms of the Banks Act. In view of the fact that all parties to the agreement, including the South African Reserve Bank, agreed that this acquisition was an integral part of the total arrangement, these accounts have been drawn up as though the acquisition did take place at the effective date. Accordingly, the results of these divisions for the five months and year ended December 2000 and 2001 respectively, and the assets and liabilities of these divisions at those dates, have been incorporated in these annual financial statements, in accordance with the consent of the Minister which has been granted subsequently.

## YEAR-END AND COMPARATIVE FIGURES

The year-end of the bank was changed from 31 March to 31 December, following the acquisition of the bank by Nedcor Bank. Accordingly, the comparative figures are for the nine months ended 31 December 2000.

## SHARE CAPITAL AND SHARE PREMIUM

Details of the share capital and share premium are set out in the statement of changes in equity, and in note 15 of the accounts. Share issues during the year and last year have been occasioned by:

- the requirements of the agreement in terms of which Nedcor Bank acquired the bank (including a capital injection required to replenish capital adequacy following the final determination of the final net asset value (NAV) at the effective date);
- the conversion into special preference shares of the shareholdings of the previous shareholders and back again into ordinary shares after determination of the final NAV;
- the settlement of the consideration agreed for the acquisition of the Peoples Bank and NedEnterprise divisions from Nedcor Bank; and
- the conversion of certain subordinated compulsorily convertible loans into ordinary shares in accordance with the loan agreements. New shares were issued to Nedcor Bank, having acquired these loans as part of the acquisition of the bank.

## DIRECTORATE

With effect from the lifting of curatorship on 10 October 2000, Nedcor as the controlling shareholder appointed a board to act until such

time as the final NAV determination and consummation of an empowerment transaction in terms of which empowerment shareholders were to be issued shares in the bank. This board comprised:

R C M Laubscher (Chairman), M L Ndlovu (CEO), C F Liebenberg\*, D G S Muller, S G Morris, R F Wooddisse, J B Magwaza\*, A T Mukoki and T P Lamont Smith (\* non-executive).

During the year, as the empowerment transaction evolved, the following were invited to accept appointments as non-executive directors with effect from the completion of the empowerment share issue, ie 2 January 2002:

G J Gerwel, M A Brey, T D Kgoe, C Bomela and V Maphai.

The following individuals have been invited to accept, and have accepted, appointment as non-executive directors:

A D Wolfson, T T Thahane and N V Fakude (Ms).

All appointments will take effect as soon as regulatory requirements are satisfied.

R F Wooddisse resigned with effect from 1 October 2001.

M L Ndlovu and A T Mukoki have an interest in one of the consortia acquiring shares, giving them an effective interest of 0,48% and 0,36% respectively in the bank.

## EVENTS SUBSEQUENT TO BALANCE SHEET DATE AND CURRENT STATUS OF THE BANK

On 2 January 2002, a transaction in terms of which shares have been issued to two consortia of empowerment partners was completed, such that they acquire an effective 30% of the equity in the bank. Shares in issue prior to this issue were 2 658 126 870 ordinary 1 cent shares. After issuing 1 357 461 304 shares to the new shareholders, total shares issued will be 4 015 588 174. This new share issue was done at an effective price of 41,93760 cents per share, introducing R569 million in fresh capital. On 28 February 2002, 238 449 506 shares were issued to Nedcor Bank at an effective price of 41,93760 cents per share, the proceeds of which were used to repay the R100 million subordinated compulsory convertible loans (SCCL) maturing on that date. On 31 March 2003 a further 270 833 333 shares will be issued at a price of 48 cents per share, to repay the SCCL of R130 million maturing on that date.

## HOLDING COMPANY

Nedcor Bank is the holding company of the bank, holding 70% of the shares following the issue of shares referred to above (2001 and 2000: 100%).

## SECRETARY

Ms M W Vena is the secretary to the company. Her addresses are on the notice of the annual general meeting.

## Income statement

	Notes	12 months ended 31 December 2001 R'000	9 months ended 31 December 2000 R'000
Interest income		1 201 355	809 369
Interest expense		(623 715)	(586 575)
Net interest income		577 640	222 794
Non-interest revenue	3.1	233 816	130 929
Total operating income		811 456	353 723
Specific and general provisions	10.4	544 585	354 263
Net income/(loss)		266 871	(540)
Operating expenses	3.2	436 591	168 054
Restructuring costs	3.3	185 547	41 549
Net loss before taxation		(355 267)	(210 143)
Taxation	4	92 158	(63 745)
<b>BALANCE OF RETAINED LOSS</b>		<b>(447 425)</b>	<b>(146 398)</b>
<b>HEADLINE EARNINGS PER SHARE</b> (cents per share)	5	<b>12,9</b>	21,5
<b>DILUTED HEADLINE EARNINGS PER SHARE</b> (cents per share)	5	<b>12,6</b>	19,9



## Balance sheet

	Notes	31 December 2001 R'000	31 December 2000 R'000
Cash and short-term funds	6	96 042	558 020
Other short-term securities	7	199 773	263 189
Government and public sector securities	8	92	391
Advances and other accounts	9	6 786 939	7 438 299
Other investments	11	29 634	52 344
Fixed property	12.1	1 615	11 639
Equipment	12.2	48 060	53 874
Intangible assets	12.3	176	18 245
Subsidiary companies	14	–	–
<b>TOTAL ASSETS</b>		<b>7 162 331</b>	<b>8 396 001</b>
Share capital	15.2	26 581	24 476
Share premium	15.3	1 463 321	938 945
Reserves		(748 628)	(301 203)
Shareholders' funds		741 274	662 218
Long-term debt	16	230 000	344 083
Loans from holding company	17	3 232 217	899 524
Deposit, current and other accounts	18	2 958 840	6 490 176
<b>CAPITAL, RESERVES AND LIABILITIES</b>		<b>7 162 331</b>	<b>8 396 001</b>
Guarantees on behalf of customers (excluded from assets)	19	35 809	136 614

## Statement of changes in ordinary shareholders' interest

	Notes	Attributable to shareholders prior to 31 July 2001 R'000	Attributable to shareholders after 31 July 2001 R'000	Total R'000
<b>12 MONTHS ENDED 31 DECEMBER 2001</b>				
<b>Share capital</b>				
	15.2	–	26 581	26 581
Balance at beginning of year		19 777	4 699	24 476
Compulsorily convertible non-participating preference shares converted to ordinary shares		(19 777)	19 777	–
Ordinary shares issued during the year		–	2 105	2 105
<b>Share premium</b>				
	15.3	–	1 463 321	1 463 321
Balance at beginning of year		202 857	736 088	938 945
Compulsorily convertible non-participating preference shares converted to ordinary shares		(202 857)	202 857	–
Issue of shares		–	524 376	524 376
<b>Distributable reserves</b>				
Deficit at beginning of year		(535 668)	234 465	(301 203)
Balance of retained loss		(784 596)	337 171	(447 425)
<b>Shareholders' interest</b>		<b>(1 320 264)</b>	<b>2 061 538</b>	<b>741 274</b>
<b>9 MONTHS ENDED 31 DECEMBER 2000</b>				
<b>Share capital</b>				
	15.2	19 777	4 699	24 476
Balance at beginning of period		19 777	–	19 777
Ordinary shares converted to compulsorily convertible non-participating preference shares		(19 777)	–	(19 777)
Issued during the period		–	4 699	4 699
– Ordinary shares		–	–	–
– Compulsorily convertible non-participating preference shares		19 777	–	19 777
<b>Share premium</b>				
	15.3	202 857	736 088	938 945
Balance at beginning of period		202 857	–	202 857
Issue of shares		–	736 088	736 088
<b>Distributable reserves</b>				
Deficit at beginning of period		(154 805)	–	(154 805)
Balance of retained loss		(380 863)	234 465	(146 398)
<b>Shareholders' interest</b>		<b>(313 034)</b>	<b>975 252</b>	<b>662 218</b>

## Cash flow statement

	Notes	12 months ended 31 December 2001 R'000	9 months ended 31 December 2000 R'000
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>			
Cash received from clients	21.1	1 413 968	918 910
Cash paid to clients, staff and suppliers	21.2	(1 199 732)	(773 175)
Dividends received	3.1	22 167	17 410
Recoveries on loans previously written off	10.2	1 520	1 729
Cash inflow from operating activities	21.8	237 923	164 874
Change in working funds		(2 955 975)	(1 184 010)
Decrease/(increase) in operating assets	21.3	120 068	(167 079)
Decrease in operating liabilities	21.4	(3 076 043)	(1 016 931)
<b>CASH UTILISED BY OPERATING ACTIVITIES</b>		(2 718 052)	(1 019 136)
<b>TAXATION PAID</b>	21.5	(20 158)	(7 513)
<b>CASH UTILISED BY OPERATING ACTIVITIES AFTER TAX</b>		(2 738 210)	(1 026 649)
<b>CASH FLOW FROM INVESTMENT ACTIVITIES</b>			
Investment in fixed property and equipment		(25 995)	(19 322)
Proceeds on sale of fixed property and equipment		13 829	4 437
Proceeds on sale of other investments		6 752	–
Acquisition of other investments		(4 945)	(6 413)
Net acquisition of banking activities	21.6	–	(197 709)
<b>NET CASH UTILISED IN INVESTMENT ACTIVITIES</b>		(10 359)	(219 007)
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>			
Proceeds of ordinary shares issued		412 398	740 787
Loan from holding company	21.7	1 874 193	899 524
<b>NET CASH PROVIDED BY FINANCING ACTIVITIES</b>		2 286 591	1 640 311
<b>NET CASH (UTILISED)/GENERATED</b>		(461 978)	394 655
<b>CASH AND SHORT-TERM FUNDS AT BEGINNING OF YEAR</b>		558 020	163 365
<b>AT END OF YEAR</b>	6	96 042	558 020

# Notes to the annual financial statements

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## 1. ACCOUNTING POLICIES

The following are the principal accounting policies adopted which are consistent in all material respects, unless otherwise indicated, with those of the previous period.

Except for the adjustments in terms of the agreement, as described in note 1.15 below, these financial statements have been prepared on the historical cost basis modified by the revaluation of certain assets and liabilities to fair value, in conformity with Statements of Generally Accepted Accounting Practice.

### 1.1 Securities and other investments

Financial assets held for trading purposes are stated at fair value based on quoted market prices or discounted cash flow models. All realised and unrealised gains and losses from trading in securities are reported in net trading income. Financial assets held for investment purposes having a fixed redemption value are stated at cost. The cost is adjusted for the difference between cost and redemption value, which is brought to account over the period to redemption date.

### 1.2 Derivative financial instruments

Trading positions in derivative instruments such as futures, option contracts, interest rate and credit derivative instruments are stated at fair value and the resultant profits and losses, both realised and unrealised, are accounted for in the income statement as incurred. All derivatives are carried at their fair value in assets when favourable and in liabilities when unfavourable to the bank. Gains or losses on derivative instruments used for hedging purposes are deferred and recognised as income or expense on the same basis as the corresponding expense or income on the hedged position.

### 1.3 Financial instruments

Financial instruments carried on the balance sheet include bank and cash balances, investments, securities, receivables, deposits and payables. The particular recognition methods adopted are disclosed in the individual policy statements associated with each item.

### 1.4 Repurchase and resale agreements

Financial assets sold subject to repurchase agreements are recorded as assets. Obligations for the repurchase of these assets are included under deposits and other accounts. Financial assets subject to repurchase agreements are valued in terms of the accounting policy for that class of asset. Conversely, financial assets purchased under an agreement to resell those assets at a future date are treated as advances and reflected on the balance sheet as such.

### 1.5 Other investments

Other investments are stated at cost, except where, in the opinion of the directors, an adjustment is required for a permanent decline in their market value.

### 1.6 Instalment credit agreements

Instalment credit agreements are regarded as financing transactions and the total rentals and instalments receivable thereunder, less unearned finance charges, are included in advances and other accounts. Finance charges on lease and instalment credit agreements are credited to revenue in proportion to capital balances outstanding.

### 1.7 Properties in possession

Properties in possession are included under advances and other accounts, and valued at the lower of cost or net realisable value. Cost includes the outstanding balance on repossession, which may or may not include capitalised interest incurred by the client, together with other charges relating to the repossession.

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## 1. ACCOUNTING POLICIES continued

### 1.8 Specific and general provisions for loan impairment

Specific provisions for loan impairments are established against identified doubtful advances, including amounts in respect of interest that is not serviced, and are deducted from advances. In addition, a general provision against loan impairments is maintained to cover potential losses that, although not specifically identified, may be present in any bank's portfolio of advances. Specific and general provisions made during the period, less amounts released and recoveries of advances previously written off, are charged to the income statement.

### 1.9 Deferred taxation

Deferred tax liabilities are recognised for all taxable temporary differences. A deferred tax asset is recognised to the extent that it is probable that future taxable income will be available against which the unutilised tax losses and deductible temporary differences can be used. Deferred tax assets are reduced to the extent that it is no longer probable that the tax benefit will be realised in the near future.

### 1.10 Depreciation of fixed assets

Freehold land and buildings are considered to be investment properties, reflected at cost, and are not depreciated. Other assets are stated at cost less accumulated depreciation and are depreciated on the straight-line basis at rates appropriate to their estimated useful lives.

### 1.11 Retirement funds

The bank provides defined contribution provident plans for employees. The funds are registered and governed by the Pension Funds Act, Act No 24 of 1956, and undergo an annual financial review. The bank currently accounts for certain retirement benefits on a pay-as-you-go basis, whereby the expense is recognised in the income statement as incurred, and has no obligation other than the contributions.

### 1.12 Post-retirement benefits

The bank provides post-retirement healthcare benefits to its retirees. The entitlement to these benefits is based on the employee remaining in service up to retirement age and the completion of a minimum service period. The bank currently accounts for these benefits on a pay-as-you-go basis. However, a provision for probable future commitments was created in previous years and set off against distributable reserves (refer note 22).

### 1.13 Turnover

The bank's turnover is derived substantially from the business of banking and comprises net interest income, fees and commission income, and trade and other income. These revenues are shown in the income statement and accompanying notes, and represent the most appropriate equivalent of turnover for other forms of business enterprise.

### 1.14 Cash and cash equivalents

Cash and cash equivalents consist of cash on hand and balances with banks.

### 1.15 Adjustments in terms of the agreement

The agreement provided that, at Nedcor Bank's instance, certain provisions were to be raised in order to facilitate the scheme of arrangement proposed by Nedcor Bank and the integration of the bank into the Nedcor Group. These provisions have been raised and are reflected as amounts attributable to previous shareholders in the income statement as well as in the statement of changes in equity.

### 1.16 Comparative figures

Figures for the previous accounting period, being the nine months ended 31 December 2000, have been changed where necessary to reflect a more meaningful comparison with the figures in these financial statements.

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## Notes to the annual financial statements – continued

	12 months ended 31 December 2001 R'000	9 months ended December 2000 R'000
<b>2. RELATED-PARTY INFORMATION</b>		
<b>2.1 Parent company</b> The holding company of Peoples Bank is Nedcor Bank, incorporated in the Republic of South Africa, which holds 100% of its ordinary shares.		
<b>2.2 Identity of related parties with whom material transactions have occurred</b> Nedcor Bank is a related party with whom the bank had material transactions.		
<b>2.3 Material related-party transactions</b> Nedcor Bank provided funding, managerial, operational and data processing services to the bank based on terms comparable with those arranged for other subsidiaries or divisions of Nedcor Bank.		
<b>3. INCOME AND EXPENSES</b>		
<b>3.1 Non-interest revenue</b>		
Commission and fees	212 131	88 621
Dividends received	22 167	17 410
(Loss)/profit on sale of fixed assets	(2 331)	51
Other income	1 849	24 847
	<b>233 816</b>	<b>130 929</b>
<b>3.2 Operating expenses</b>		
Auditors' remuneration		
– audit fees	1 391	1 524
– other services	29	67
Curator fees	–	5 775
Depreciation	15 010	15 791
– fixed property	106	431
– equipment	15 090	11 540
– intangible assets	(214)	3 588
– vehicles	28	232
Staff costs	149 006	96 742
Operating lease charges	10 276	7 177
– fixed property	9 171	6 396
– computer equipment	35	475
– furniture and other equipment	1 070	306
Other expenses	260 879	40 978
	<b>436 591</b>	<b>168 054</b>

	12 months ended 31 December 2001 R'000	9 months ended 31 December 2000 R'000
<b>3. INCOME AND EXPENSES continued</b>		
<b>3.3 Restructuring costs</b>		
Curator's costs	(10)	2 704
Receiver's fees	4 298	48
Contract cancellation costs	66 742	10 874
Audit costs	1 285	15
Retrenchment costs	18 292	16 159
Branch closing expenses	5 851	50
Integration of products, processes and computer systems	22 562	7 779
Fixed assets written off	28 732	3 841
– fixed property	9 415	3 841
– equipment	12 066	–
– intangible assets	7 251	–
Other restructuring costs	36 444	51
Extra credit collection costs	2 000	–
Further provisions required following due diligence	(649)	28
	185 547	41 549
<b>3.4 Directors' emoluments</b>		
For services as non-executive directors	–	135
For services as executive directors	3 195	724
– Salaries	3 195	441
– Retrenchment package (included in restructuring costs)	–	283
	3 195	859
<b>4. TAXATION</b>		
<b>4.1 Charge for the year</b>		
<b>Taxation on income</b>		
South African normal taxation		
– deferred	72 000	(71 172)
<b>TOTAL TAXATION ON INCOME</b>	72 000	(71 172)
<b>Transaction and other taxation</b>		
Value-added tax charged in respect of current expenditure, net of input credits	16 581	6 147
Regional Services Council levies	2 298	1 185
Stamp duty	1 279	95
<b>TOTAL TRANSACTION AND OTHER TAXATION</b>	20 158	7 427
<b>TOTAL TAXATION</b>	92 158	(63 745)

## Notes to the annual financial statements – continued

	12 months ended 31 December 2001 R'000	9 months ended 31 December 2000 R'000
<b>4. TAXATION continued</b>		
4.2 The effective rate of taxation is influenced by the utilisation of and increase in the estimated taxable loss over the period. There is an estimated tax loss of R829 million (2000: R1,136 million).		
<b>5. EARNINGS PER SHARE</b>		
Headline earnings attributable to current shareholder	337 171	234 465
Headline earnings attributable to current shareholder annualised	337 171	562 716
Diluted headline earnings attributable to current shareholder annualised	395 419	622 510
Weighted average ordinary shares in issues	2 615 744 200	2 612 493 600
Diluted weighted average ordinary shares in issue	3 128 410 863	3 128 410 863
Headline earnings per share – cents	12,9	21,5
Diluted headline earnings per share – cents	12,6	19,9
Headline earnings per share have been calculated only in respect of the revised shareholdings, and based only on earnings attributable to shareholders since 31 July 2000, assuming that the shares in issue after completion of the agreement had been in issue from that date. Diluted headline earnings per share is calculated on a similar basis after considering the effect of the conversion of the subordinated compulsorily convertible loans into ordinary shares.		
<b>Headline earnings reconciliation</b>		
Loss attributable to shareholders	(447 425)	(146 398)
Less: non-headline-earnings items		
Loss attributable to shareholders prior to 31 July 2000	784 596	380 863
<b>HEADLINE EARNINGS ATTRIBUTABLE TO CURRENT SHAREHOLDER</b>	<b>337 171</b>	<b>234 465</b>
	31 December 2001	31 December 2000
<b>6. CASH AND SHORT-TERM FUNDS</b>		
Coins and bank notes	28 511	30 318
Money at call and short notice	6	402 098
Deposits with central bank	67 525	125 604
	96 042	558 020



	31 December 2001 R'000	31 December 2000 R'000
<b>7. OTHER SHORT-TERM SECURITIES</b>		
Treasury bills	199 773	263 189
	199 773	263 189
<b>8. GOVERNMENT AND PUBLIC SECTOR SECURITIES</b>		
<b>8.1 Book value</b>		
Government and government guaranteed	92	391
	92	391
<b>8.2 Maturity structure</b>		
Within one year	92	299
More than one year but within three years	–	92
	92	391
<b>8.3 Valuation</b>		
Unlisted securities		
– Book value	92	391
– Directors' valuation	92	391
Redemption value	100	400
<b>9. ADVANCES AND OTHER ACCOUNTS</b>		
<b>9.1 Category analysis</b>		
Mortgage loans	6 371 498	5 939 272
Properties in possession	312 037	303 709
Trade, other bills and bankers' acceptances	21 908	19 020
Remittances in transit	22	–
Leases and instalment debtors	674 940	936 980
Less: unearned finance charges on lease and instalment debtors	(95 641)	(122 596)
Preference shares and debentures	126 509	185 250
Other loans and overdrafts	695 978	985 866
Deferred tax asset	–	71 172
Sundry debtors and accrued interest	35 895	165 183
	8 143 146	8 483 856
Specific and general provisions (note 10.1)	1 356 207	1 045 557
	6 786 939	7 438 299

## Notes to the annual financial statements – continued

	31 December 2001 R'000	31 December 2000 R'000
<b>9. ADVANCES AND OTHER ACCOUNTS continued</b>		
<b>9.2 Sectoral analysis</b>		
Retail mortgage finance	4 229 778	3 989 246
Microloans	1 013 968	667 385
Commercial property finance	1 439 788	1 732 863
SME and franchise finance	484 968	452 735
Commercial asset-based finance	137 361	516 530
Local authority lending	219 339	230 707
Trade and commodity finance	25 592	59 770
Corporate loans	429 925	484 276
Preference shares	126 509	185 250
Other assets and deferred tax	35 918	165 094
	<b>8 143 146</b>	<b>8 483 856</b>
<b>9.3 Maturity structure</b>		
Repayable on demand or at short notice	159 674	208 758
Three months or less but not repayable on demand or at short notice	198 478	52 273
One year or less but over three months	245 982	634 027
Five years or less but over one year	1 987 202	2 294 402
More than five years	5 551 810	5 294 396
	<b>8 143 146</b>	<b>8 483 856</b>

	Outstanding balance R'000	Security R'000	Provision raised R'000
<b>9 ADVANCES AND OTHER ACCOUNTS continued</b>			
<b>9.4 Non-performing advances</b>			
Sectoral analysis			
<b>31 December 2001</b>			
Retail mortgage finance	358 341	192 624	165 717
Microloans	15 072	4 163	10 909
Commercial property finance	663 272	144 609	518 663
SME and franchise finance	266 853	63 874	202 979
Commercial asset-based finance	87 053	2 351	84 702
Trade and commodity finance	25 592	1 215	24 377
Corporate loans	167 609	10 682	156 927
Preference shares	79 071	52 114	26 957
	<b>1 662 863</b>	<b>471 632</b>	<b>1 191 231</b>
Application of South African Reserve Bank provision requirements to under-performing advances			123 969
	<b>1 662 863</b>	<b>471 632</b>	<b>1 315 200</b>
<b>31 December 2000</b>			
Retail mortgage finance	410 202	282 046	128 156
Microloans	6 759	5 117	1 642
Commercial property finance	604 349	230 676	373 673
SME and franchise finance	191 555	75 341	116 214
Commercial asset-based finance	239 748	57 439	182 309
Trade and commodity finance	22 240	12 447	9 793
Corporate loans	130 619	36 450	94 169
Preference shares	–	–	–
	<b>1 605 472</b>	<b>699 516</b>	<b>905 956</b>
Application of South African Reserve Bank provision requirements to under-performing advances			98 199
	<b>1 605 472</b>	<b>699 516</b>	<b>1 004 155</b>

## Notes to the annual financial statements – continued

	31 December 2001 R'000	31 December 2000 R'000
<b>10. SPECIFIC AND GENERAL PROVISIONS</b>		
<b>10.1 Analysis of provisions</b>		
Specific provisions for bad and doubtful debts	1 315 200	1 004 155
General provision	41 007	41 402
Provisions at end of year (note 9.1)	1 356 207	1 045 557
<b>10.2 Specific provision for bad and doubtful debts</b>		
Balance at beginning of year	1 004 155	562 244
Acquired on purchase of assets	–	47 099
Debts written off	(303 425)	(41 067)
Transfer from interest provision	95 230	79 739
Debts recovered	1 520	1 729
Provision re-allocated	(27 260)	–
Income statement charge (note 10.4)	544 980	354 411
Provision at end of year	1 315 200	1 004 155
<b>10.3 General provision</b>		
Balance at beginning of year	41 402	25 143
Acquired on purchase of assets	–	16 407
Income statement release (note 10.4)	(395)	(148)
Provision at end of year	41 007	41 402
<b>10.4 Specific and general provisions – income statement charge</b>		
Specific provisions for bad and doubtful debts (note 10.2)	544 980	354 411
– Application of provisioning policy	519 210	354 411
– Application of South African Reserve Bank provision requirements	25 770	–
General provision (note 10.3)	(395)	(148)
<b>INCOME STATEMENT CHARGE FOR THE YEAR</b>	<b>544 585</b>	<b>354 263</b>

	31 December 2001 R'000	31 December 2000 R'000
<b>11. OTHER INVESTMENTS</b>		
<b>11.1 At cost, less amounts written off</b>		
Listed	–	2 596
Unlisted	29 634	49 748
<b>OTHER INVESTMENTS, AT BOOK VALUE</b>	<b>29 634</b>	<b>52 344</b>
<b>11.2 Valuation</b>		
Listed at market value	–	2 558
Unlisted at directors' valuation	29 634	49 748
<b>OTHER INVESTMENTS, AT VALUATION</b>	<b>29 634</b>	<b>52 306</b>
<b>11.3 Analysis of other investments</b>		
Book value at beginning of year	52 344	44 665
Net (sales)/purchases	(1 807)	6 414
Revaluations net of writedowns	(11 671)	1 265
Specific provision for bad and doubtful debts	(15 975)	–
Reclassifications – debtors	6 743	–
	<b>29 634</b>	<b>52 344</b>

## Notes to the annual financial statements – continued

	31 December 2001			31 December 2000		
	Cost or valuation	Accumulated depreciation	Book value	Cost or valuation	Accumulated depreciation	Book value
	R'000	R'000	R'000	R'000	R'000	R'000
<b>12. FIXED ASSETS</b>						
<b>12.1 Fixed property</b>						
Freehold land and buildings	1 615	–	1 615	10 917	–	10 917
Leasehold premises	–	–	–	1 113	391	722
Total	1 615	–	1 615	12 030	391	11 639
<b>12.2 Equipment</b>						
Computer equipment	15 428	7 615	7 813	67 086	45 849	21 237
Furniture and other equipment	66 020	25 818	40 202	66 408	34 134	32 274
Vehicles	76	31	45	800	437	363
Total	81 524	33 464	48 060	134 294	80 420	53 874
<b>12.3 Intangible assets</b>						
Computer software	242	66	176	27 361	9 116	18 245
	242	66	176	27 361	9 116	18 245

Registers giving the details required by the Companies Act, 1973, are available for inspection at the registered offices of the bank.

The portfolio of all head office and related buildings has been reviewed as to the most appropriate use of the buildings. Changes in business needs and future occupancy of these buildings have necessitated a review of their future values. Freehold land and buildings were valued at R1 615 million at June 2001 by Nedcor Bank.

Certain equipment held by the bank under lease agreements is included in the above and does not exceed R1 million in value.

For purposes of calculating depreciation, the useful lives of fixed assets are considered to be two to five years for computer and other equipment, five years for vehicles, four to ten years for furniture and equipment and five to ten years for improvements to fixed property.

	31 December 2000		Disposals – net book value				31 December 2001	
	Book value R'000	Additions R'000	Proceeds R'000	Profit/(loss) R'000	Assets scrapped R'000	Depreciation charge R'000	Book value R'000	
<b>13. MOVEMENTS IN FIXED PROPERTY AND EQUIPMENT</b>								
<b>Fixed property</b>								
Freehold land and buildings	10 917	27	(530)	–	(8 799)	–	1 615	
Leasehold premises	722	–	–	–	(616)	(106)	–	
<b>Total fixed property</b>	<b>11 639</b>	<b>27</b>	<b>(530)</b>	<b>–</b>	<b>(9 415)</b>	<b>(106)</b>	<b>1 615</b>	
<b>Equipment</b>								
Computer equipment	21 237	5 170	(944)	(1 579)	(9 005)	(7 066)	7 813	
Furniture and other equipment	32 274	20 557	(770)	(774)	(3 061)	(8 024)	40 202	
Vehicles	363	16	(328)	22	–	(28)	45	
<b>Total equipment</b>	<b>53 874</b>	<b>25 743</b>	<b>(2 042)</b>	<b>(2 331)</b>	<b>(12 066)</b>	<b>(15 118)</b>	<b>48 060</b>	
<b>Intangible assets</b>								
Computer software	18 245	225	(11 257)	–	(7 251)	214	176	
<b>Total December 2001</b>	<b>83 758</b>	<b>25 995</b>	<b>(13 829)</b>	<b>(2 331)</b>	<b>(28 732)</b>	<b>(15 010)</b>	<b>49 851</b>	
<b>Total December 2000</b>	<b>53 601</b>	<b>54 175</b>	<b>(4 437)</b>	<b>51</b>	<b>(3 841)</b>	<b>(15 791)</b>	<b>83 758</b>	

	31 December 2001 R'000	31 December 2000 R'000
<b>14. SUBSIDIARY COMPANIES</b>		
Investment in subsidiaries at cost	13	13
Owing to the bank	(13)	(13)
	–	–

	Nature of business	Issued share capital	Percentage held
Subsidiary companies as at 31 December 2001			
Fidelity Nominees Limited	Participation bond nominee company	1	100%
Fidelity Property Brokers (Proprietary) Limited	Dormant	6	100%
Unisyn (Proprietary) Limited	Dormant	6	100%
		13	

## Notes to the annual financial statements – continued

	31 December 2001 R'000	31 December 2000 R'000
<b>15. SHARE CAPITAL</b>		
<b>15.1 Authorised</b>		
10 000 000 000 (December 2000: 10 000 000 000) ordinary shares of 1 cent each	100 000	100 000
Nil (December 2000: 1 977 653 600) compulsorily convertible non-participating preference shares of 1 cent each	–	19 777
	100 000	119 777
<b>15.2 Issued</b>		
2 658 126 870 (December 2000: 469 880 600) fully paid ordinary shares of 1 cent each	26 581	4 699
Nil (December 2000: 1 977 653 600) compulsorily convertible non-participating preference shares of 1 cent each	–	19 777
	26 581	24 476
<b>15.3 Share premium</b>		
Balance at beginning of year	938 945	202 857
Arising from share issues during year	524 376	736 088
Balance at end of year	1 463 321	938 945
<b>15.4 Share movements during year (number of shares)</b>		
Share capital at beginning of year	469 880 600	1 977 653 600
Shares converted to compulsorily convertible non-participating preference shares of 1 cent each	–	(1 977 653 600)
Compulsorily convertible non-participating preference shares converted to ordinary shares of 1 cent each	1 977 653 600	
Capital injection from Nedcor Bank at 250 cents per share	164 959 400	200 000 000
Shares issued to Nedcor Bank at 89,3 cents per share	–	269 880 600
Subordinated compulsorily convertible loans converted to ordinary shares at 250 cents per share on maturity	45 633 270	–
Balance at end of year	2 658 126 870	469 880 600
<b>16. LONG-TERM DEBT</b>		
Subordinated compulsorily convertible loans	Interest rate	
Convertible on 5 December 2001	17,6% pa	–
Convertible on 5 December 2001	17,6% pa	70 205
Convertible on 28 February 2002	17,5% pa	–
Convertible on 31 March 2003	17,0% pa	43 878
	100 000	100 000
	130 000	130 000
	230 000	344 083

The fixed rate subordinated compulsorily convertible loans are convertible into shares of Peoples Bank Limited on maturity.



	31 December 2001 R'000	31 December 2000 R'000
<b>17. LOANS FROM HOLDING COMPANY</b>		
Ceded to Nedcor Bank in terms of the agreement:		
– Subordinated loans from previous shareholders	33 500	–
– Retained deposits from South African Reserve Bank and Fedsure	425 000	–
Funding provided by Nedcor Bank	2 773 717	899 524
	3 232 217	899 524
Nedcor Bank has agreed to retain in the bank, the loans ceded to it in terms of the agreement, free of interest and with repayment being subject to mutual agreement. The funding from Nedcor Bank is unsecured, bears interest at a linked variable rate, which averaged 6% for the year (December 2000: 10,5%) and has no fixed repayment conditions.		
<b>18. DEPOSIT, CURRENT AND OTHER ACCOUNTS</b>		
<b>18.1 Analysis</b>		
Current accounts	87 548	55 190
Savings accounts	1 054 790	567 853
Deposits and loans retained in terms of the agreement	–	458 500
Deposits in terms of scheme of arrangement:	–	3 499 073
– Fixed deposit elections – matured 31 July 2001	–	1 228 271
– Cash elections – matured monthly up to March 2001	–	2 270 802
Other deposits and loan accounts	1 625 617	1 825 666
Creditors and other accounts	190 885	83 894
	2 958 840	6 490 176
<b>18.2 Sectoral analysis</b>		
Banks	4 753	858 314
Government and public sector	74 653	932 018
Individuals	2 528 793	2 032 558
Business sector	350 641	2 667 286
	2 958 840	6 490 176
<b>18.3 Maturity structure</b>		
Repayable on demand	1 224 371	656 250
Three months or less but not repayable on demand	799 667	2 985 477
One year or less but over three months	726 681	2 813 632
Five years or less but over one year	154 653	34 606
More than five years	53 468	211
	2 958 840	6 490 176

## Notes to the annual financial statements – continued

	31 December 2001 R'000	31 December 2000 R'000
<b>19. CONTINGENT LIABILITIES</b>		
Confirmed letters of credit and discounting transactions	–	7 328
Liabilities under guarantees	25 215	84 919
Other	10 594	44 367
	35 809	136 614
<b>20. COMMITMENTS</b>		
<b>20.1 Capital expenditure approved by directors</b>		
Not yet contracted	–	26 900
	–	26 900
<b>20.2 Operating leases</b>		
The bank has existing leases over fixed property and equipment for varying periods at an aggregate charge of R10,3 million for the year. (December 2000: R7,2 million). This charge will vary in future in line with negotiated terminations, renewals, expansions and escalations.		
<b>21. CASH FLOW INFORMATION</b>		
<b>21.1 Cash received from clients</b>		
Interest income and dividends from finance facilities	1 199 988	808 103
Commission and fees	212 131	81 540
Other income	1 849	29 267
	1 413 968	918 910
<b>21.2 Cash paid to clients, staff and suppliers</b>		
Interest expense	(623 715)	(586 574)
Staff costs	(146 627)	(95 456)
Other payments	(429 390)	(91 145)
	(1 199 732)	(773 175)
<b>21.3 Decrease/(increase) in operating assets</b>		
Other short-term securities	63 416	(263 189)
Government and public sector securities	299	239
Advances and other accounts	56 353	95 871
	120 068	(167 079)

	31 December 2001 R'000	31 December 2000 R'000
<b>21. CASH FLOW INFORMATION</b> continued		
<b>21.4 Decrease in operating liabilities</b>		
Current and savings accounts	519 295	(710 498)
Other deposit, loan and foreign currency liabilities	(3 699 122)	(544 943)
Negotiable certificates of deposit	–	(243 814)
Deposits retained in respect of acquisition agreement	–	458 500
Creditors and other liabilities	103 784	23 824
	(3 076 043)	(1 016 931)
<b>21.5 Taxation paid</b>		
Amounts unpaid at beginning of year	–	(86)
Income statement charge	(20 158)	(7 427)
Amounts unpaid at end of year	–	–
	(20 158)	(7 513)
<b>21.6 Net acquisition of banking activities</b>		
Operating assets	–	2 450 636
Cash and cash equivalents	–	20 739
Fixed assets	–	34 853
Operating liabilities	–	(2 287 780)
Consideration paid	–	218 448
Less: cash and cash equivalents acquired	–	(20 739)
Net consideration paid	–	197 709
<b>21.7 Loans from holding company</b>		
Amount unpaid at beginning of year	899 524	–
Ceded loans to Nedcor Bank	(458 500)	–
Amount unpaid at end of year	3 232 217	899 524
	1 874 193	899 524
<b>21.8 Cash inflow from operating activities – reconciliation</b>		
Net income before taxation	(355 267)	(210 143)
Add: depreciation and assets scrapped	43 742	19 632
leave pay provision raised	2 379	710
loss/(profit) on sale of fixed assets	2 331	(51)
provision for bad and doubtful debts	546 105	355 992
Less: valuation on policy	(1 367)	(1 266)
	237 923	164 874

## Notes to the annual financial statements – continued

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### 22. RETIREMENT BENEFIT INFORMATION

After all obligations to previous employees have been met, the Fidelity Bank Provident Fund (a defined contribution fund) and the FutureBank defined contribution funds (a pension fund and provident fund) will be wound up.

Following the acquisition of the bank by Nedcor Bank, employees who were kept on in Nedcor Bank were accommodated in the Nedcor Pension and Provident Fund structures.

In terms of this accommodation, the bank's employees have access to a number of funds providing either defined benefits or accumulated benefits (defined contribution) for employees and their dependants on retirement or death. All eligible employees are members of trustee administered or underwritten pension schemes within the bank, financed by bank and employee contributions. All plans are governed by the Pension Funds Act, 1956. Contributions to the defined benefit funds, which are charged against operating income, are based upon actuarial advice following periodic valuations of the funds at intervals not exceeding three years, using a projected-benefit method. Any deficits are funded to ensure the ongoing financial soundness of the funds.

The benefits provided by the defined benefit schemes are based on years of membership and/or salary levels. These benefits are provided from contributions by employees and the bank, and income from the assets of the schemes. The benefits provided by the accumulated benefits (defined contribution) schemes are determined by the accumulated contributions and investment earnings. The benefits are provided from contributions by employees and the bank, and income from the assets of these schemes. At the dates of the last valuations the bank pension funds were in a sound financial position in terms of section 16 of the Pension Funds Act. During 1998 active members in the Nedcor (defined benefit) Pension Fund were granted a further option to transfer to one of the defined contribution funds. Subsequent to this, at 30 September 2000, the date of the latest actuarial valuation, the Nedcor Pension Fund had assets totalling R2 043 million at market value, resulting in an actuarial surplus of R252 million and a market surplus of R556 million.

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## Notice of annual general meeting

Notice is hereby given that the annual general meeting of members of Peoples Bank Limited ("the bank") will be held in the Auditorium, 6th Floor, 100 Main Street, Johannesburg, on Friday, 19 April 2002, at 17:00 to transact the following business:

1. To receive and consider the annual financial statements for the year ended 31 December 2001, together with the reports of the directors and auditors.
2. To elect directors by a single resolution.
3. To elect directors of the bank. All directors elected since the lifting of curatorship, retire by rotation in terms of the bank's articles of association. All retiring directors are eligible and offer themselves for re-election.
4. To approve the remuneration of the directors.
5. To reappoint KPMG Inc and Nkonki Sizwe Ntsaluba Inc as joint auditors.
6. To authorise the directors to determine the remuneration of the bank's auditors.
7. To renew the general authority granted to the directors in placing the authorised but unissued ordinary shares in the capital of the bank under the control of the directors, who are authorised to allot these shares on such terms and conditions and at such times as they deem fit, subject to the provisions of the Companies Act, 61 of 1973 (as amended), and the Banks Act, 94 of 1990 (as amended).

Members attending the annual general meeting will be afforded the opportunity of putting questions to the directors and management.

A member entitled to attend and vote at the meeting may appoint a proxy or proxies to attend and speak and, on a poll, vote in his/her stead. A proxy need not be a member of the bank. Completed proxy forms should be received at the registered office of the bank not less than 24 hours before the time appointed for the holding of the meeting.

By order of the board



*M W Vena*  
Company Secretary

8 February 2002

**REGISTERED OFFICE**

100 Main Street  
Johannesburg  
2001

**POSTAL ADDRESS**

PO Box 1144  
Johannesburg  
2000

**REGISTRATION NUMBER**

1994/000929/06

# Administration

## DIRECTORATE

R C M Laubscher, aged 49 (appointed 2000), BCom (Hons), AMP (Harvard), FIBSA. CEO – Nedcor

M L Ndlovu, aged 50 (appointed 2000), Dip LR (Unisa), MAP (Wits), EDP (North Western USA), AMP (Harvard). Director – Nedcor and Nedcor Bank

He is non-executive chairman of Africa Milestone Investments, Nest Life Assurance Corporation and Nest Life Funeral Administrators

He is the vice-chairman of the Council of the Technikon Witwatersrand and patron (2001 – 2002) of both the Milpark Business School and the Midrand Graduate Institute. He is a director (non-executive) of Nampak and The South African National Roads Agency and a member/trustee of The Business Trust (Job Creation), the He'Atid Leadership Programme, the National Engagement for Ethics Development, St Anthony's Adult Education Centre and the Multicultural Development Programme (Deloitte & Touche). He is a member of the advisory boards of the Otis Elevator Company and the University of the Witwatersrand Business School and is advisor to the Programme for the Industrialisation of the Nation. CEO – Peoples Bank

C Bomela, aged 52 (appointed 2002), BComm (Fort Hare), MBA (Wits). CE – Black Management Forum Investment Company

M A Brey, aged 47 (appointed 2002), BCompt, BCompt (Hons), CA(SA). CE – Brimstone Investment Corporation

N V Fakude, aged 37 (appointed 2002), BA, BA (Hons). CE – Black Management Forum

G J Gerwel, aged 56 (appointed 2002), BA (UWC), BA (Hons) (UWC), Licentiate in Germanic Philosophy (Brussels), DLit et Phil (magna cum laude) (Brussels), Doctor of Humanities (honoris causa) (Clark College, Atlanta), Doctor of Humane Letters (honoris causa) (University of New York), DLit (honoris causa) (Cape Town), LLD (honoris causa) (Rhodes). Chairman – Brimstone Investment Corporation

T D Kgobe, aged 39 (appointed 2002), CEO – NUMSA Investment Company

T P Lamont Smith, aged 53 (appointed 2000), CA(SA), BComm (Wits), MBEEd (Colorado). Executive Director, Head of Finance and Risk – Peoples Bank

C F Liebenberg, aged 67 (appointed 2000), CAIB (SA), FIBSA, AMP (Harvard), DCom (honoris causa). Chairman – Nedcor

J B Magwaza, aged 58 (appointed 2000), BA, MA (Warwick, UK). Director – Tongaat-Hulett Group

T V Maphai, aged 50 (appointed 2002), PhD (Natal), BA Honours (Unisa), MA (Leuven). Director Corporate Affairs – SA Breweries, Chairman – SABC

S G Morris, aged 56 (appointed 2000), BCom, CA(SA). Group Financial Director – Nedcor

A T Mukoki, aged 41 (appointed 2000), CAIB (SA), Post-graduate Diploma in Company Direction (GIMT), Senior Executive Programme (Wits), Senior Executive Programme (Harvard). Executive Director, Head of Operations – Peoples Bank

D G S Muller, aged 49 (appointed 2000), BCom CA(SA), AMP (Harvard). Managing Director of the business divisions – Nedcor Bank

T T Thahane, aged 61 (appointed 2001), BA (Hons) (Canada), BComm (Canada), MA (Toronto), LLD (Hons) (Canada). Non-executive Chairman – Nedbank, Lesotho, Director – Commercial Bank of Namibia

A D Wolfson, aged 55 (appointed 2001), PhD (Econ) (Harvard). Managing Director International – Capital One

## EXECUTIVE MANAGEMENT

M C Mamabolo, aged 51 (appointed 2000), Systems Engineering Institute, Management Development Programme, Executive Management Programme. Head of Technology and Process

M J Manyi, aged 38 (appointed 2000), National Diploma (Economic Geology), National Higher Diploma (Economic Geology), DDP, Senior Executive Programme (Harvard), FSM, Chartered Marketer (SA). Head of Business Development and Marketing

D E Ncala, aged 52 (appointed 2000), BA (SocSci), PMP, MAP, CIPR, Senior Executive Programme. Head of Human Resources

L V Zikhali, aged 32 (appointed 2001), LLB (Glasgow), Diploma in Advanced Banking (RAU), SAFEX Compliance – South African Futures Exchange, Certificate in Money Laundering Control (RAU). Chief Compliance Officer





*Head office*

100 Main Street, Johannesburg, 2001

PO Box 1144, Johannesburg, 2000

Telephone: (011) 630-7111