

**NATIONAL ASSEMBLY**

**QUESTION FOR WRITTEN REPLY**

**QUESTION NUMBER: 542 [NW624E]**

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**542. Dr P J Groenewald (FF Plus) to ask the Minister of Finance:†**

What criteria are applied by the Land Bank prior to a loan being granted to any person?

NW624E

**REPLY:**

Criteria applied by the Land Bank for lending purposes are guided by:

**1. *Applicable legislation and regulations Criteria.***

The following are examples but are not limited to:-

- a. The Land and Agricultural Development Bank Act
- b. National Credit Act;
- c. Insolvency Act;
- d. Companies Act;
- e. Land Conservation Act;
- f. FICA;
- g. FAIS, etc.

**2. *Business Plan Criteria***

- a. Viable
- b. Realistic
- c. Sustainable

**3. *Solvency***

Applicant must be solvent therefore liabilities should not exceed assets.

**4. *Affordability/profitability***

Applicant has to illustrate the necessary repayment ability to service and settle debt within agreed tenure.

**5. *Gearing***

Acceptable debt levels to total assets and equity as per industry norms would be applicable. (Land Bank Commercial clients maximum 55% and development clients 70%).

**6. *Security/collateral***

Loans are to be fully secured at all times.

**7. *Management***

Management should illustrate and demonstrate in the business plan the necessary competencies and experience to operate the business successfully.