

Terms and Conditions

1. Rationale

Pursuant to the grant of the section 11(1) authorisation of the Mutual Banks Act by the Prudential Authority and the conditions thereto, YWBN has decided on *inter alia*:

- 1.1 the YWBN's capital raising endeavours for purposes of capitalising the Nthabeleng Likotsi Mutual Bank so as to comply with the Mutual Bank's Act and the conditions stipulated by the PA per the Authorisation;
- 1.2 putting in place an efficient corporate structure in light of the aforesaid capital raising exercise and in order to ensure orderly corporate governance processes which entails establishing specific corporate vehicles to house and subscribe for shares in the Nthabeleng Likotsi Mutual Bank for and on behalf of the members;

2. Nthabeleng Likotsi Mutual Bank

During the YWBN CFI Special Annual General Meeting held on the 17th of April 2021, a resolution was taken by YWBN CFI members to change the name of the Mutual Bank from YWBN Mutual Bank to Nthabeleng Likotsi Mutual Bank. Accordingly, the Mutual Bank will be named Nthabeleng Likotsi Mutual Bank.

3. Membership

- 3.1 The YWBN Own the Bank scheme is available to all the members of public including but not limited to individuals, minors, stokvels, private groups, companies, trusts, Non-South Africans, etc. Ideally, the plan is to give opportunity for HDIGs to own part of the Mutual Bank.
- 3.2 Members of the public need to first join YWBN to have access to the share scheme by paying a once-off non-refundable membership fee of R100.
- 3.3 Membership shall be limited to persons who qualify to meet the following criteria as listed below:
 - 3.3.1 Have common objectives with other members of YWBN
 - 3.3.2 Any individual may apply for membership in YWBN provided that he/she qualifies within the common bond
 - 3.3.3 No discrimination will be allowed along the lines of race, political affiliation, gender or religion.
 - 3.3.4 Every applicant for Membership shall complete the prescribed "Application for Membership" form.
 - 3.3.5 Every member shall be registered on YWBN database, whose details will include the name, surname, ID/passport number or registration number, physical address and date joined
 - 3.3.6 YWBN, shall at all times, keep an updated register of all its members.
 - 3.3.7 All Members of YWBN shall have unrestricted access to the terms and conditions.

4. Mutual Group

- 4.1 The YWBN CFI be and is hereby authorised to procure the establishment of a ring-fenced special purpose vehicles in the form of a private/public (SPV) company.
- 4.2 The YWBN Own the Bank Share Scheme investment will be housed under the SPV at incorporation.
- 4.3 The Articles of Association of the Mutual Group shall be discussed, negotiated and approved by the members of the Mutual Group who have duly paid in full and share certificates conferred.

4.4 The SPV will own 19% (Nineteen percent) direct stake in the NL Mutual Bank on behalf of the Mutual Group.

5. Required information

- 5.1.1 The following documentation will be required for all South African citizens over the age of 18 years:
- i. Copy of SA ID document
 - ii. Proof of address
 - iii. Proof of banking details
- 5.1.2 The following documentation will be required for all South African citizens under the age of 18 years:
- i. Copy of SA ID document of parent or legal guardian
 - ii. Copy of Birth Certificate of minor
 - iii. Proof of address of parent or legal guardian
 - iv. Proof of banking details of parent or legal guardian
- 5.1.3 The following documentation will be required for all Non-South Africans:
- i. Copy of valid passport
 - ii. Necessary permit
 - iii. Proof of address
 - iv. Proof of banking details
- 5.1.4 The following documentation will be required for all Groups (Stokvels, Companies, Trusts):
- i. Copy of CIPC registration documents
 - ii. Power of Attorney (if more than 1 director)
 - iii. Copy of SA ID document of appointed power of attorney
 - iv. Proof of address
 - v. Proof of banking details

6. YWBN Own the Bank Share Scheme

- 6.1 A minimum of 100 (one hundred) shares at a nominal value of R10.00 (ten rand) each, or R1 000.00 (one thousand rand) is fully payable by any individual, stokvel, private groups, company, trust, etc. wanting to participate in the Own the Bank share scheme.
- 6.2 Participants shall be entitled to acquire any number of shares in the Mutual Group provided that he/she does not hold more than 200 000 (two hundred thousand) shares at a nominal value of R10.00 (ten rand) each, or R2 000 000.00 (two million rand) of total worth of shares.
- 6.3 Shares will be allocated after they have been purchased and paid for. A share certificate will be issued after 90 days from day of allocation. YWBN reserves the right to approve share application.
- 6.4 The Bank will issue Permanent Interest-Bearing Shares which shall be paid in full on application, subject to section 57 of the Mutual Banks Act. Permanent Interest-Bearing Shares shall not be redeemable but may be transferable after 72 months, and may not be encumbered by serving as security against any loan.
- 6.5 The Shareholder shall not be entitled to demand redemption of the shares. At the end of the minimum 6-year term, the shareholder can sell their stake or reinvest.
- 6.6 Shares may be transferred, with the Mutual Bank board approval, from one member to another. A shareholder may only transfer his/her shares to another person or a recognised non-natural person. Every application for transfer shall be accompanied by the original share certificate, or other form of record and such duly completed transfer form and evidence of the ownership of

the shares as the Board may require. The transferee shall sign an application form in respect of the shares to be transferred.

- 6.7 The Mutual Bank's board of directors will decide on dividend payout only if there is enough money left over after all operating and expansion expenses are met.

7. Payments

- 7.1 Payments for the shares purchased should be paid via EFT to YWBN bank account.
- 7.2 Cash deposits are not advisable, but should you wish to pay in cash please note that the bank charges incurred will be at the depositor's expense which will affect your investment amount negatively.
- 7.3 YWBN Banking details are as follows:
- | | |
|-----------------|---------------------------------------|
| Bank Name: | First National Bank |
| Account Holder: | YWBN |
| Account Number: | 62898777960 |
| Ref: | (reference received from YWBN portal) |

8. Period of Investment

- 8.1 Investors can participate in the share scheme from 01 to 30 June 2021.
- 8.2 Shares, which shall be paid for in full on application, shall be issued for a fixed period of 6 years/72 months after section 14 of the Mutual Banks Act (Authorisation to operate the Mutual Bank) has been granted by the Prudential Authority.
- 8.3 The participants will be able to exit based on the value of their shares on exit – on a willing buyer/ willing seller basis. Ideally, value is generated over time and positive company results, which the Mutual Bank anticipates to have generated in the 6-year locked in duration. Otherwise, the share scheme is perpetual and investors can choose to remain invested indefinitely.
- 8.4 In the case of death, the executors or administrators of the deceased Shareholders estate shall be the only persons recognized by the Mutual Bank as having any title to the shares registered in the name of such deceased Shareholder. The executors may be registered as a shareholder in his/her representative capacity.

9. Products

- 9.1 Members from the Mutual Group will not form part of any other YWBN related investments, companies, activities, etc. other than the NL Mutual Bank.

10. Interest Income, Expenses and Debt

- 10.1 Interest income generated from the capital raised prior to the PA granting section 14 will not be transferred to the NL Mutual Bank.
- 10.2 Expenses incurred by YWBN, other than those stipulated in 5.4 below, will not be transferred to the NL Mutual Bank.
- 10.3 Debt incurred by YWBN will not be transferred to the NL Mutual Bank.
- 10.4 The sum raised from the share scheme will be transferable to the NL Mutual Bank at incorporation.
- 10.5 Only the expenses incurred for the purposes of establishing the NL Mutual Bank as per section 13 will be payable by the shareholders of the NL Mutual Bank.

11. Assets and Liability Management

- 11.1 YWBN shall ensure that the funds of the Mutual Group are held safe and secure

12. Use of Funds

- 12.1 Funds raised from the share scheme will be used to establish the NL Mutual Bank in terms of section 13 of the Mutual Banks Act and in the mainly for the development of different financial products to serve the needs of SMMEs and private individual customers.
- 12.2 Also, the funds will go towards purchasing of assets for the Mutual Bank, shoring up liquidity for lending, licensing, regulatory capital, human resources and marketing.
- 12.3 Further, the investment will go towards acquiring and developing proprietary technologies to increase the efficiency of the NL Mutual Bank, i.e. data analysis technology that combines machine-learning and artificial intelligence to process large volumes of customer requests/applications much faster than traditional players including creation of up-to-date monitoring and information system, strengthening internal controls, housekeeping and reporting functions.

13. Indemnity

YWBN shall be liable hereunder only for its own gross negligence, wilful misconduct or bad faith. You agree to indemnify YWBN and save it harmless against any and all liabilities, for anything done or omitted by YWBN in the execution of this agreement, except as a result of the YWBN's gross negligence, wilful misconduct or bad faith.

14. The Prudential Authority

The Nthabeleng Likotsi Mutual Bank will only be licensed once an application is received and approved by the Prudential Authority in terms of Section 13 of the Mutual Banks Act.