

eNL MUTUAL BANK INVESTMENT MEMO

OWN THE BANK SHARE SCHEME

Capital Raising via QALO YA AFRIKA

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1. Founder

Ms. Nthabeleng Likotsi is the founder and Chief Executive Officer of eNL Mutual Bank. A graduate of Harvard Business School, Nthabeleng championed the establishment of a Mutual Bank license.

She had the vision and tenacity to pursue this groundbreaking endeavour, which is not only historic but also unusual. She joins the ranks of women pioneers who dare to strive to achieve excellence in their field and contribute positively to economic freedom in South Africa.

Ever an advocate and staunch believer in Diversity, Equity and Inclusion, Nthabeleng deliberately sought out black South Africans who were passionate for inclusive economic freedom and shared the vision to establish a majority black women-owned Mutual Bank. January 2024 saw Nthabeleng's sheer tenacity, dynamism, and determination to establish a majority black women-owned Mutual Bank become a reality when the eNL application for a Mutual Bank license was approved, thus ushering a ray of hope for those who have historically and intentionally been excluded from economic opportunities.

Founder

Ms. Nthabeleng Likotsi



2. QUICK FACTS

you need to know about Own the Bank Share Scheme

1. The eNL Mutual Bank Share Scheme allows all members of the public (individuals, stokvels, private groups, companies, trusts, etc.), especially Historically Disadvantaged Individuals and Groupings, to have a stake in a bank of their own **through the 20251209 Primary Co-operative**.
2. 20251209 Primary Co-operative registration number is 2025/005182/24
3. A digital bank with no branches, eNL is available on Internet banking and App.
4. To participate, you need to become a member of the 20251209 Primary Co-operative that will hold your shares as part of a community buying shares in eNL Mutual Bank, by;
 - a. Subscribing to QALO YA AFRIKA (FSP 53364) via the website www.qaloyaafrica.co.za to have access to the share scheme;
 - b. Paying a non-refundable administrative fee of R200;
 - c. Opening eNL Mutual Bank account ;
 - d. Load your eNL bank account with your purchase amount;
 - e. Make an EFT payment from your eNL Bank account to the 20251209 Primary Co-operative bank account already loaded as a beneficiary on your payment options;
 - f. You are now a member of the 20251209 Primary Co-operative.
 - g. You have completed the purchase process.
 - h. Await further communication from the Qalo ya Afrika team.

5. Investment amounts

- a. Investors can purchase a minimum of 100 (one hundred) shares at a nominal value of R10.00 (ten rand) each for a total of R1000.00 (one thousand rand).
 - b. Investors can purchase up to a maximum of 200 000 (two hundred thousand shares at a nominal value of R10.00 (ten rand) each for a total of R2 000 000 (two million rand) worth of shares.
 - c. The total number of shares available on offer is 8,163,265 (Eight Million, One Hundred And Sixty-Three Thousand, Two Hundred And Sixty-Five)
6. Your investment amount will be stored in the 20251209 Primary Co-operative until the Prudential Authority has approved/declined the 20251209 Primary Co-operative application.
 7. The 20251209 Primary Co-operative will call the inaugural general meeting to adopt the constitution and take a resolution to buy shares in eNL Mutual Bank.
 8. 20251209 Primary Co-operative contracts with eNL Mutual Bank.
 9. eNL Mutual Bank submits the request to offer the Class A permanent Interest Bearing Shares.
 10. This investment is subject to the South African Reserve Bank's Prudential Authority approvals.
 11. In the event that the South African Reserve Bank's Prudential Authority approves the request to offer Class A shares to 20251209 Primary Co-operative
 - a. 20251209 Primary Co-operative and eNL Mutual Bank ratify the shareholders' agreement.
 - b. 20251209 Primary Co-operative transfers the shares amount to eNL Mutual Bank
 - c. 20251209 Primary Co-operative to issue share certificates to all its members
 - d. Qalo ya Afrika to communicate with members every step of the way.
 12. In the event that the South African Reserve Bank's Prudential Authority rejects the request to offer Class A shares to 20251209 Primary Co-operative
 - a. A member's meeting will be called
 - b. Members to decide on the way forward
 - c. Qalo ya Afrika to communicate with members every step of the way.

13. The scheme's closing date is 31 January 2026

2.1. What information must I have handy when I lodge my application?

Individuals:

- SA ID document
- Proof of Address (depending on the account you're opening)

Non-South African Nationals in South Africa with permits

- Valid passport
- Valid permit
- Proof of address (depending on the account you're opening)

South African Minors

- Unabridged birth certificate

Non-South African Nationals in South Africa without permits

- Valid passport
- Proof of address

Non-South African Minors

- Minor's birth certificate
- Proof of address (depending on the account you're opening)

Groups (Stokvels, Companies, Trusts):

- CIPC registration documents (If applicable)
- Power of Attorney (if more than 1 director)
- SA ID document of appointed power of attorney
- UBO appointed
- Proof of address

3. Benefits

of acquiring equity in the eNL Mutual Bank

The benefits are numerous and include the following:

- Small Micro and Medium Enterprises will be funded
- Jobs will be created
- Low income earners will be able to own houses
- Inclusive healthcare (Medical doctors, traditional healers, Prophets, Mlamuleli, etc.) will be supported in townships
- Student accommodation made affordable and owned by new set of entrepreneurs
- Farming and agriculture made competitive and inclusive
- Building manufacturing companies to supply not just south Africa but the world



4. Call to Action

eNL invites individuals, groups, organisations, and communities to become founding investors. By participating:

- You help build a new chapter in South African financial inclusion.
- You secure your seat at the table of a bank you co-own.
- You contribute to a transformative, people-driven financial institution.

"Invest today. Own the bank. Empower the community."

5. History

The story of eNL Mutual Bank is rooted in a long, determined journey that began as Co-operative Financial Institution (CFI). What started as a small, community-driven financial initiative has evolved into one of the most promising Mutual-Bank projects in South Africa. The transition from CFI to mutual bank was neither accidental nor rushed, it was the result of years of disciplined growth, regulatory compliance, operational strengthening, and a clear vision to build a member-owned financial institution capable of serving communities at scale.

5.1 CFI Performance History

During the past 10 years, YWBN CFI was able to grow from a minimum of 200 members to over 600 members, with only 30% members withdrawal rate over the period. It is imperative to highlight the following about the CFI:

- Debt-free operations Over R30 million collected in deposits
- R250 000 averaged revenue per month
- 100% clean audits
- Never missed monthly board meetings and AGM

5.2 Team Celebrating the License

A defining moment in the institution's history came when the PA granted the Mutual Bank license. This milestone represented the culmination of years of extensive engagement with regulators, submission of documentation, and demonstrations of operational readiness. When the license was finally awarded, the leadership team gathered to commemorate the moment, captured in a symbolic photo of celebration.

This image reflects more than just a successful application. It embodies the sacrifices, regulatory rigour, planning sessions, system demonstrations, and the countless hours spent preparing for this transition.

The history of eNL is therefore not simply a timeline; it is a narrative of growth, endurance, community trust, and regulatory achievement. It is the story of how a vision became a licensed financial institution ready to scale nationally.

5.3 Purpose of the Proposed Investment in eNL (WHY)

The purpose of the proposed capital investment in eNL Mutual Bank is rooted in the need to build a strong, sustainable, and community-owned financial institution that meets regulatory expectations while delivering meaningful value to its members.

The proposed investment ensures that thousands of South Africans, especially ordinary individuals who have historically been excluded from ownership of financial institutions, can participate directly in the growth and governance of the bank. It fosters collective responsibility, shared prosperity, and genuine empowerment.



The image of the team together marks a historic moment of transformation and collective achievement.

6. eNL Mutual Bank License Conditions (Class A – Permanent Interest Bearing Shares)

The issuance of Class A shares is subject to strict regulatory conditions designed to maintain the integrity, independence, and stability of the mutual bank. One of the most important conditions is that the eNL Mutual Bank must seek the PA's approval before offering the Class A Permanent Interest Bearing Shares hence, this investment is subject to the PA's approval.

7. eNL Due Diligence on Potential Investors

As a licensed mutual bank, eNL is required to maintain the highest standards of integrity, risk management, and regulatory compliance. This includes conducting due diligence on every individual or entity seeking to acquire Class A shares.

When a prospective investor expresses interest in participating in the Own-the-Bank Share Scheme, eNL must first verify their identity and ensure full compliance with Know-Your-Customer (KYC) requirements. This involves the collection of identification documents, proof of address, and other personal or company-related information. In addition, the bank must conduct Anti-Money-Laundering (AML) and Counter-Terrorism Financing (CTF) checks to ensure that the funds used for purchasing shares come from legitimate, transparent sources.

Only after all due diligence checks have been completed, and results verified, can eNL prepare the investor's documentation for submission to the Prudential Authority to request approval.

8. Submission to the Prudential Authority for Approval

After eNL submits the 20251209 Primary Co-operative request to the PA for approval, the PA will undertake its own due diligence process. We urge all the prospective investors to exercise patience as the PA due diligence process is extensive and thus take long.

9. eNL Mutual Bank (WHAT)

9.1 About

eNL Mutual Bank is a modern mutual bank built for a new digital era—offering inclusive, affordable, and accessible financial services designed to empower individuals, small businesses, and communities. Rooted in the principles of mutuality, we place people before profit, delivering cutting-edge digital banking solutions that make everyday money management simple, transparent, and convenient. Ours is to ensure that quality banking is available to everyone, especially those traditionally underserved by the financial sector. With innovative technology, low-cost products, and a strong commitment to financial inclusion, eNL Mutual Bank is redefining what it means to bank—creating a future where every person has the tools and support needed to participate fully in the economy.

9.2 Vision

To be a leading African women-led Mutual Bank that understands and services the needs of those who have historically and intentionally been excluded from economic opportunities.

9.3 Mission

To realise financial and economic inclusion of the unbanked, underserved and historically disadvantaged.

9.4 What does eNL stand for

To honour Nthabeleng's valiant effort, members of YWBN CFI voted unanimously to have the Mutual Bank named after Nthabeleng Likotsi (NL). Honouring Ms. Likotsi this way serves to recognise not only her heroic effort, but also South Africa and Africa's pioneering young women in general. Also, it is in recognition of the need to highlight the fact that young black women have the skills and capacity to create and promote economic freedom, build generational wealth and ultimately, shared prosperity amongst the marginalised in the economy, and therefore deserves to be given equal and more opportunity to drive change.

The NL stands for Nthabeleng Likotsi

The "e" prefix serves to denote digital convenience use of cutting edge digital platform to provide hassle free banking and the means for consumers not only to manage their finances anytime, anywhere, without the need for physical visits, but also pave the way for seamless, cost effective banking experience.

eNL Mutual Bank

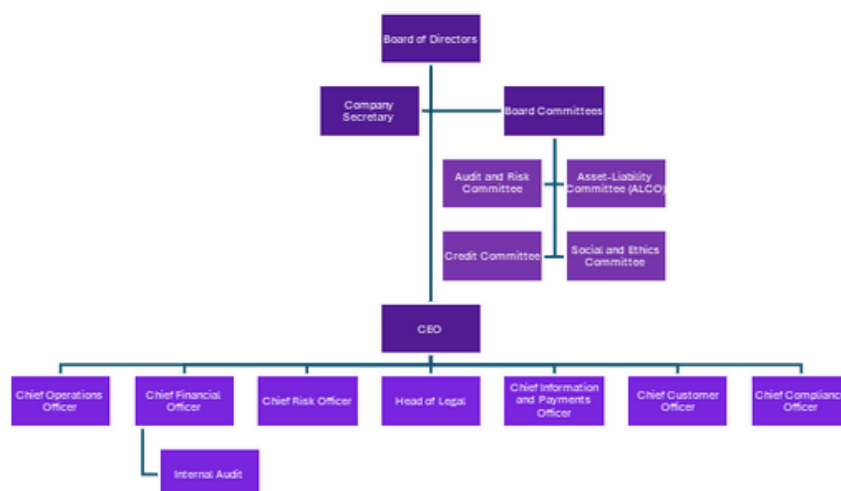
9.5 eNL Shareholding structure

The following shows the proposed eNL Shareholding structure.

YWBN Investments (Pty) Ltd	41.00%
Own The Bank share scheme	5.00%
Institutional Investors	31.00%
YWBN Group	23.00%
Total	100.00%

9.6 Operational Structures

To be a leading African women-led Mutual Bank that understands and services the needs of those who have historically and intentionally been excluded from economic opportunities.



eNL is built on robust governance and operational architecture, including:

- **Internal Audit:** Independent assurance and improvement of internal controls.
- **Operations:** Credit, deposits, IT, finance, cybersecurity, customer operations, HR, and support functions.
- **Digital Banking Infrastructure:** Core banking system, payments integration, mobile/online platforms.

This structure ensures eNL can safely and efficiently serve its growing membership.

10. Products

eNL Mutual Bank has developed a suite of financial products that align with its mission to serve the public fairly, responsibly, and sustainably. Each product has been designed with the needs of ordinary South Africans, organised groups, professionals, and small businesses in mind. The product range reflects a commitment to accessibility, affordability, and long-term financial empowerment. Below is a detailed description of each product offering.

10.1 Transactional Accounts

e-Wallet – BHECHA ACCOUNT

BHECHA account one does not need proof of address. Unlike other wallets, one can transfer funds in and out of the account electronically and can withdraw cash using a voucher in most retail stores.

ZAGA ACCOUNT

ZAGA is the transactional account used to receive salaries, make EFT payments, transfer funds, and use debit cards for everyday transactions.

10.2 Savings Accounts – GCWALA ACCOUNT

GCWALA is a savings account that offers competitive interest rates and secure digital access.

BUSINESS ACCOUNTS

10.3.1 PHUSHA ACCOUNT

PHUSHA is the transactional account used by entrepreneurs/sole proprietor not registered with the CIPC to receive money make EFT payments, transfer funds, and use debit cards for everyday transactions.

10.3.2 OWNER ACCOUNT

OWNER is the transactional account used by entrepreneurs registered with the CIPC to receive money make EFT payments, transfer funds, and use debit cards for everyday transactions.

10.4 SME Loans

Quick Loan

- 2 months repayable period
- Working capital for SMMs, that is, stock and/or operating overheads
- This loan is secured by immovable property

Short Term Loan

- 6 months repayable period
- Working capital for SMMs, that is, stock and/or operating overheads
- This loan is secured by immovable property

Long Term Loan

- 12 months repayable period
- Working capital for SMMs, that is, stock and/or operating overheads
- This loan is secured by immovable property

11. Financial Projections

The projections assume that eNL will operate as a digital mutual bank with a lean cost structure, a strong compliance framework, and a loan book that grows progressively through SME credit offerings. The bank's financial model is built around three pillars: sustainable loan-book growth, steady deposit mobilisation, and operational efficiency.

a. Capital Raise and Deployment Strategy

Capital deployment is expected to focus on the following priority areas:

- Regulatory capital buffers to satisfy Prudential Authority requirements and maintain an adequate capital adequacy ratio.
- Core banking and digital infrastructure, including system licensing, cybersecurity, payments integration, and digital onboarding tools.
- Risk, compliance, and audit functions, ensuring the bank maintains robust governance from inception.
- Loan capital allocation for the loans.
- Operational readiness, including personnel, regulatory reporting, and customer-support capacity.

b. Revenue Model

The bank will generate income primarily from lending activity, with supplementary income from transactional services and value added services.

c. Cost Structure and Operational Efficiency

eNL's financial model is intentionally lean. As a digital-first mutual bank with no large branch infrastructure, operating costs are significantly lower than those of traditional banks.

Break-Even Outlook

Based on conservative assumptions, eNL is projected to reach operational break-even between Year 3 and Year 5.

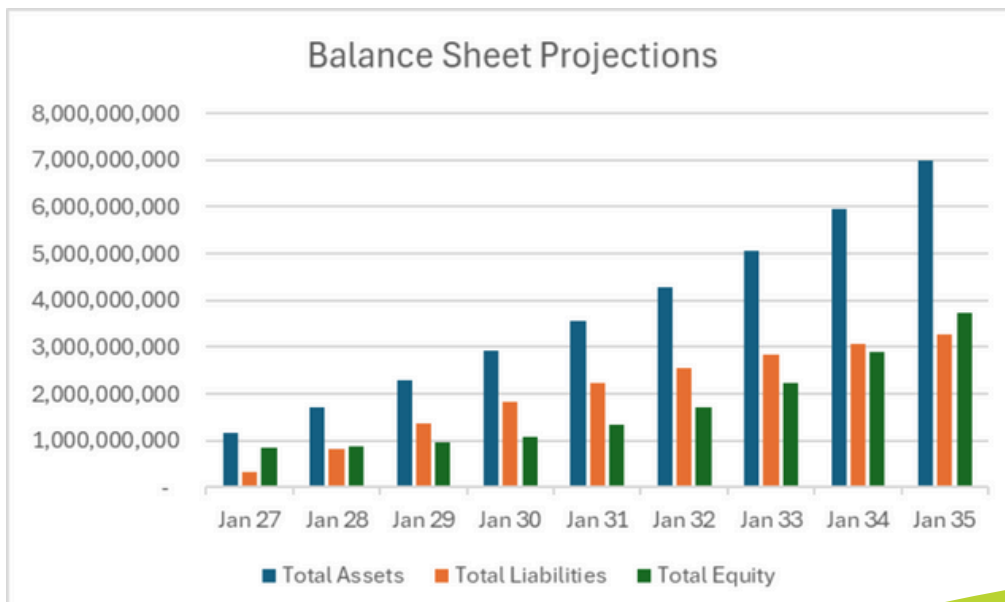
Long-Term Financial Stability

The long-term sustainability of eNL is supported by:

- A stable loan book with diversified SME borrowers
- A growing deposit base anchored in strong community trust
- Recurring non-interest revenues from transactional use
- Retained earnings continuously strengthening capital buffers
- A disciplined credit culture, prioritising quality over volume

d. Projections

Balance Sheet Projections

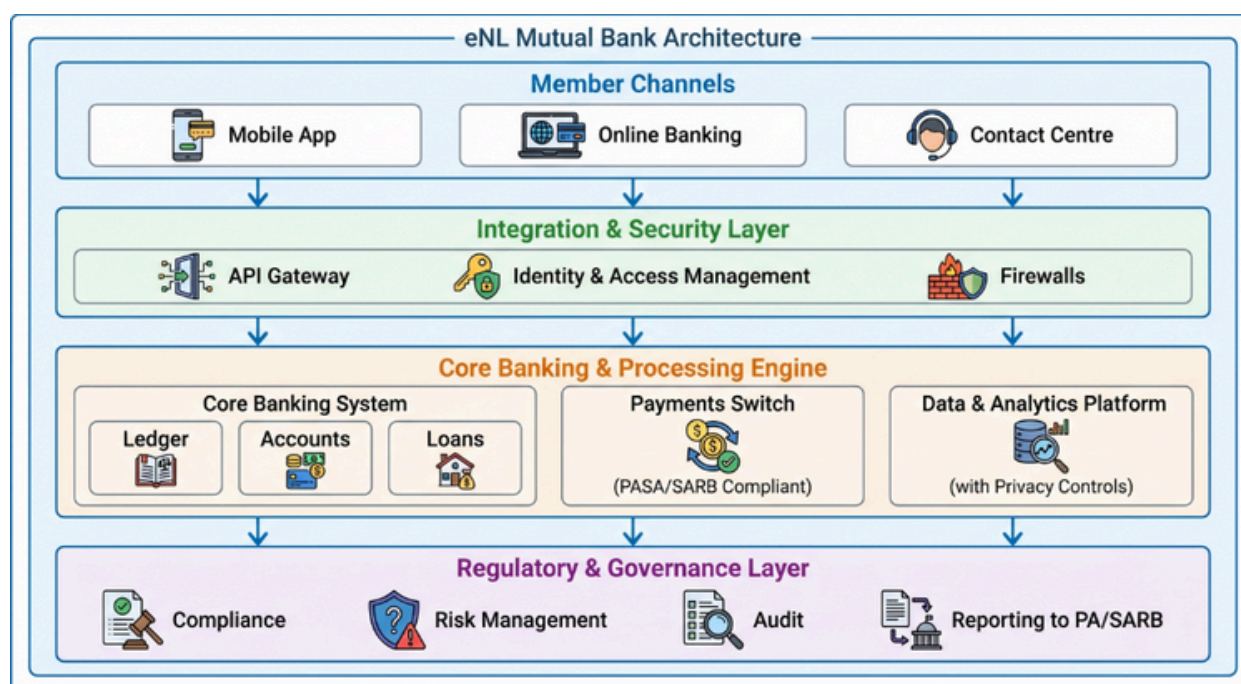


Long-Term Financial Stability

Date	Feb 27	Feb 28	Feb 29	Feb 34	Feb 35
Net Interest Income	140,209,448	229,428,429	328,994,476	1,515,145,727	1,916,289,047
Total Non-Interest Revenue	15,250,896	28,511,611	41,804,645	107,939,740	120,957,911
Total Income	155,460,344	257,940,040	370,799,121	1,623,085,468	2,037,246,958
Expenses					
Total Expenses	216,490,427	201,740,929	224,633,340	345,492,848	386,018,513
Earnings before Tax	-61,030,083	56,199,111	146,165,781	1,277,592,620	1,651,228,445
Tax	-	15,800,601	40,451,017	347,118,179	448,104,861
Earnings after Tax	(61,030,083)	40,398,510	105,714,764	930,474,440	1,203,123,584
Dividends @ 30.0%	-	12,307,605	32,010,306	279,792,784	361,619,029
Earnings after Dividend Distribution	(61,030,083)	28,090,905	73,704,458	650,681,656	841,504,554

12. eNL Mutual Bank's use of technology

eNL Mutual Bank embraces the use of technology for a managed customer experience and secure access to the bank through multiple service delivery channels.



The NL Mutual Bank will be accessible in all nine provinces for self-service through online and mobile platforms, which leverage various methods for customer registration and onboarding, transactional banking, loan applications and savings

12.1 Strategic Technology Capabilities

Our technology stack enables three critical value propositions:

- **Secure Member Empowerment:** Providing 24/7 access via intuitive digital channels (mobile app, online banking) for transactions, savings, and loan applications, fostering financial inclusion.
- **Trust and Risk Management:** Embedding regulatory compliance and security into every process and data transaction to protect the bank and its members.
- **Operational Efficiency & Scalability:** Automating core processes (onboarding, lending decisions, payments) with a modern, cloud-based architecture to ensure lean operations and scalable growth.

13. OWN THE BANK SHARE SCHEME

b. Process of Investing Through QALO YA AFRIKA

Qalo ya Afrika is the mechanism powering the Own the Bank Share Scheme campaign. Please refer to point 2 above 'QUICK FACTS'

14. Types of Shares

eNL Mutual Bank will issue Permanent Interest-Bearing Shares, which shall be paid in full on application, subject to section 57 of the Mutual Banks Act.

a. Allocation of Shares

Shares will be allocated after the Prudential Authority approval. A share certificate will be issued by 20251209 Primary Co-operative to its members after 90 days from the day of allocation.

b. Redemption of Shares

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 granted by the Mutual Bank.

c. Transferability of Shares

Shares may be transferred, with the NL Mutual Bank board's 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.

d. Period of Investment

Shares, which shall be paid for in full on application, shall be issued for a fixed period of 6 years/72 months.

15. Return on Investment

In the first few years, eNL Mutual Bank will be in a building phase; therefore, the investment should be viewed as a very long-term investment. During the first 6 (six) years, eNL Mutual Bank will seek to preserve the capital invested. The real return and benefit will be realised as the bank expands and through the products offered by eNL Mutual Bank.

16. Exiting the Scheme

The participants will be able to exit based on the value of their shares as per the Mutual Banks Act. Ideally, value is generated over time and positive company results, which eNL Mutual Bank anticipates having generated in the 6-year locked-in duration. Otherwise, the share scheme is perpetual, and investors can choose to remain invested indefinitely. Investors are therefore encouraged to invest for generational wealth and legacy for their children and families, and not for short-term gain.

17. Dividend Policy

eNL Mutual Bank board of directors will decide on dividend payout only if there is enough money left over after all operating and expansion expenses are met. This will be very important, especially in the first 6 (six) years when the company is expanding, incurring funding through loans, as other methods can prove to be expensive for eNL Mutual Bank.

18. In case of Death

The executors or administrators of the deceased Shareholder's estate shall be the only persons recognised by eNL 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.

19. Enterprise Risks

Risk Type	Definition / Investor Exposure	eNL Mutual Bank Mitigations
Credit Risk	Borrowers or counterparties may fail to meet obligations or delay repayment. High exposure due to lending to underserved and underbanked markets with limited historical data.	Robust credit analysis before loan approval.
		Use of machine learning and AI-driven credit scoring to assess true creditworthiness.
		Prevents unfair exclusion of self-employed, freelancers, and SMMEs.
Business Risk	The bank may fail to generate sufficient profit due to high credit losses or low customer acquisition.	Strategy focused on underserved and informal-sector SMMEs.
		Targeting a segment contributing 5-18% of GDP (R208bn–R720bn).
Operational Risk	Losses from failed processes, systems, people, or external events (including cyber-risk and fraud).	Automation of workflows to reduce human error.
		Investment in world-class fintech software and secure mobile apps.
		Strong data-protection and cybersecurity framework.
Liquidity Risk	Bank may fail to meet its obligations to depositors or raise funding if assets are illiquid or if the bank is perceived as risky.	Strict adherence to Prudential Authority liquidity regulations.
		Maintaining minimum liquidity buffers to avoid shortfalls.

Market Risk	Loss of value in investments such as bonds or equities held by the bank.	Restricted to low-risk short-term instruments (interbank money markets and Treasury Bills) as prescribed by PA.
Compliance Risk	Failure to follow regulatory standards may result in penalties or legal exposure.	All decisions are aligned with the PA conditions and the Mutual Bank Act.
		Dedicated Compliance Officer managing regulatory reporting and oversight.
Reputational Risk	Loss of customer trust due to operational failures, security breaches, or poor service. Can result in negative public perception.	Strong cybersecurity and operational efficiency to ensure service reliability.
		No unfair practices; commitment to customer satisfaction.
		AI/ML systems for fast processing, monitoring, internal control strengthening, and real-time reporting.

20. Why It Matters to Invest in eNL (Impact)

Investing in eNL Mutual Bank is far more than a financial decision, it is an act of participating in a transformational shift in South Africa's financial landscape. The importance of this investment extends beyond the bank's business model or product offering. It touches on issues of economic justice, community empowerment, and the creation of long-term, generational value within communities that have historically been excluded from meaningful ownership in the financial sector.

The impact of investing in eNL is felt immediately at community level. When communities own a bank, the benefits stay within those communities.

21. Competing with Commercial Banks

At its core, eNL is not being built to compete with large commercial banks. It is not designed to chase market share, compete on fees, maximise profit at the expense of customers, or replicate the practices of traditional institutions. Instead, eNL exists to serve its shareholders and communities through a model that prioritises people over profit, access over exclusivity, and impact over competition.

22. Conclusion

The Own-the-Bank Share Scheme provides a unique opportunity to participate in the formation of a regulated mutual bank built on principles of transparency, inclusion, and community empowerment. With a solid regulatory foundation, strong leadership, and a clear mission, eNL Mutual Bank is positioned to become one of South Africa's most meaningful financial institutions. Your investment strengthens the bank, empowers the community, and creates a legacy of shared prosperity.



OWN THE BANK SHARE SCHEME

Investment Memo