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| <br>South African Reserve Bank<br><br>Co-operative Banking Supervision Unit<br>Floor 04<br>370 Church Street<br>Pretoria<br>0002 | <br>CO-OPERATIVE BANKS DEVELOPMENT AGENCY<br><br>Floor 27<br>240 Vermeulen Street<br>Pretoria<br>0002 |
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**GUIDANCE NOTE 6/2011 ISSUED IN TERMS OF SECTION 45(e) OF THE  
CO-OPERATIVE BANKS ACT, 2007**

**BOARD AND STAFF RELATED LOANS RETURN  
(FORM-CBR4)**

## 1. INTRODUCTION

Guidelines are provided to assist with the completion of the board and staff-related loans return (FORM-CBR4). FORM-CBR4 is part of the Co-operative Banks Act Supervisors' Rules (the Rules) as published in *Government Gazette* No.32860 dated 12 January 2010. These guidelines should be read in conjunction with the Co-operatives Act, Act No.14 of 2005 (the Co-operatives Act), the Co-operative Banks Act, Act No.40 of 2007 (the Act), the regulations issued in terms of Section 86 of the Act (the Regulations) and the Rules.

## 2. PURPOSE

The purpose of this return is for the Supervisor to establish the extent of board and staff-related loans and whether the terms of such loans are in line with the lending policy of the co-operative bank and practice applied to the general members of the co-operative bank.

*"Board and staff related loans"* as defined in the Rules means:

"loans granted to employees, officials and directors of the co-operative bank or their direct family members or business associates as defined in its lending policy, whereas direct family member in relation to any person, means –

- (a) a spouse;
- (b) a child, stepchild, parent or step-parent; and
- (c) the spouse of any of the persons mentioned in (b)".

## 3. COMPLETION OF FORM-CBR4

The completed return should be submitted under cover of a signed FORM-CBR0 within twenty (20) business days immediately following the month end to which it relates. Both the managing director and the chief financial officer of the co-operative bank must sign the FORM-CBR0. In cases where the managing director is also the Chief Financial Officer, the chairperson of the board must co-sign the FORM CBR0 with the managing director. Every page of the attachments to the FORM-CBR0 must be initialled by the signatories.

Extracts from FORM-CBR4 are reflected in the shaded areas, followed by the guidance notes in the non-shaded areas. The headings of the various columns will be explained followed by typical examples. The loans granted to each borrower must be listed separately.

| FORM-CBR 4  |   |  |             |                       |                  |                 |         |
|---|---|--|-------------|-----------------------|------------------|-----------------|---------|
| Report on Board and Staff Related Loans   |   |  |             |                       |                  |                 |         |
| (add additional pages if necessary)   |   |  |             |                       |                  |                 |         |
| Name of borrower  | Name and Relationship (if applicable) (1) | Position in Co-op bank (if applicable) (2) | Date issued | Term of loan (Months) | Amount disbursed | Current balance | Arrears |
|   |   |  |             |                       | R                | R               | R       |
| (1) If direct family member or business associate: State the name of director, management or staff member the borrower is related to and the nature of the relationship (See definition of Board and Staff Related Loans) |   |  |             |                       |                  |                 |         |
| (2) State whether director, management or staff member of the co-operative bank   |   |  |             |                       |                  |                 |         |

### 3.1. Name of borrower

Reflect the name of the person to whom the loan was granted.

### 3.2. Name and Relationship

Reflect the name of the employee, official or director of the co-operative bank and the relationship with the borrower, i.e. spouse, child, stepchild, parent, step-parent or the spouse of child, stepchild, parent, stepparent or business associate. If the borrower is the employee, official or director of the co-operative bank, the word "self" must be reflected in this column.

### 3.3. Position in the co-operative bank

Reflect the position in the co-operative bank, i.e. employee, official or director or the co-operative bank

### 3.4. Examples

Example 1: Mr M has been granted a loan. Mr M is the Managing Director of the co-operative bank:

| Name of borrower | Name and Relationship (if applicable) (1) | Position in Co-op bank (if applicable) (2) |
|------------------|---|--|
| Mr M             | Self                                      | Managing Director                          |

Example 2: Ms Y has been granted a loan. Ms Y is the daughter of the Managing Director of the co-operative bank, Mr M:

| Name of borrower | Name and Relationship (if applicable) (1) | Position in Co-op bank (if applicable) (2) |
|------------------|---|--|
| Ms Y             | Mr M-Child                                | Managing Director                          |

Example 3: Mr W has been granted a loan. Mr W is the spouse of Ms Y. Ms Y is the daughter of the Managing Director of the co-operative bank Mr M:

| Name of borrower | Name and Relationship (if applicable) (1) | Position in Co-op bank (if applicable) (2) |
|------------------|---|--|
| <i>Mr W</i>      | <i>Mr M-spouse of Child</i>               | <i>Managing Director</i>                   |

Example 4: Ms Z is a teller at the co-operative bank

| Name of borrower | Name and Relationship (if applicable) (1) | Position in Co-op bank (if applicable) (2) |
|------------------|---|--|
| <i>Ms Z</i>      | <i>Self</i>                               | <i>Teller</i>                              |

Example 5: Business ABC Ltd is granted a loan. Business ABC Ltd is a business associate (as defined in the lending policy) of the Chief Financial Officer of the co-operative bank, Mr F:

| Name of borrower        | Name and Relationship (if applicable) (1) | Position in Co-op bank (if applicable) (2) |
|-------------------------|---|--|
| <i>Business ABC Ltd</i> | <i>Mr F-Business Associate.</i>           | <i>Chief Financial Officer</i>             |

### 3.5. Date issued

Reflect the date when the loan was granted to the borrower.

### 3.6. Term of the loan

Reflect the period (in months) in which the loan must be repaid. The interest rate (annualised) must also be reflected.

### 3.7. Amount disbursed

Reflect the full amount of the loan approved, irrespective of whether it has been availed of or not.

### 3.8. Current balance

Reflect the current balance of the amount due to the co-operative bank as at the date of the return.

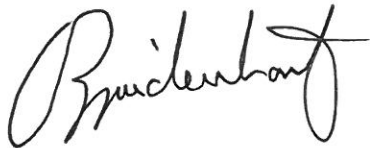
### 3.9. Arrears

Reflect the amount of repayments outstanding as at the date of the return.

Example in respect of paragraphs 3.5 to 3.9

| Date issued | Term of loan<br>(Months) | Amount disbursed | Current balance | Arrears |
|-------------|--------------------------|------------------|-----------------|---------|
| 2009-01-01  | 12 months<br>(14% p.a.)  | R10 000          | R 2000          | R Nil   |

FORM-CBR4 must be submitted under cover of FORM-CBR0 to the relevant Supervisor.



SARB Supervisor  
André Bezuidenhout



CBDA Supervisor  
David de Jong