THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION
If you are in doubt as to the action you should take in relation to this document, please consult your stockbroker, banker, legal advisor or other professional advisor immediately. This document is issued in compliance with the Listing Requirements of the Botswana Stock Exchange to the shareholders of Standard Chartered Bank Botswana Limited ("SCBB"), for the purpose of explaining an intended raising of capital by way of an issuance of capital securities.

ACTION REQUIRED:

1  If you have disposed of all of your SCBB shares, this circular should be sent to the agent Stockbroker or other advisor through whom you have disposed of such SCBB shares, for onward delivery to the purchaser of those SCBB shares.

2  The notice convening an Extraordinary General Meeting of SCBB shareholders ("EGM"), to be held at 16:00 on Tuesday, 28 August 2018 at the Lansmore Hotel, Masa Square, New CBD, Corner Khamia Crescent & Western Avenue, Gaborone, Botswana and the relevant form of proxy is attached to this Circular which Shareholders who are unable to attend the EGM should complete the attached form of proxy and return it to the Company Secretary, 5th Floor, Standard House, Queens Road, Main Mall, Gaborone so as to be received by no later than 16h00 on Monday 27 August 2018. Submission of a form of proxy will not preclude shareholders from attending and voting in person at the AGM, should they so desire.

Standard Chartered

Standard Chartered Bank Botswana Limited
(Incorporated under the Companies Act in the Republic of Botswana)
Registration number CO 1724;
BSE Ordinary Share Code: Stanchart
("SCBB" or "the Company")

CIRCULAR TO SHAREHOLDERS

- Relating to the raising of capital by way of an issuance of the BWP 400 million Undated Unsecured Non-Cumulative Subordinated Capital Securities (hereinafter referred to as "the Capital Securities") by SCBB to Standard Chartered Bank ("SCB") - a related party and approval thereof by special resolution of shareholders of SCBB; and
- Incorporating a Notice for the EGM of shareholders and
- Incorporating a Form of Proxy.
CORPORATE INFORMATION

Board of Directors:
Professor. Bojosi Othogile (Chairman)
Mpho Masupe
Richard Etemesi
Ish Handa
Kweku Bedu-Addo
John Stevens
Nathan Kgabi

Independent Advisors:
DELOITTE CONSULTING (PTY) LTD
Deloitte & Touche House
Plot 65418, Fairgrounds Office Park
Gaborone, Botswana
P O Box 778
Gaborone

Company Secretary and Registered Office:
Chazha Kgalemang
Standard House
5th Floor, Queens Road
Main Mall
Gaborone

Legal Advisor:
COLLINS NEWMAN & CO.
Dinatla Court Plot 4863
P O Box 4863, Gaborone
Botswana

Sponsoring Brokers:
MOTSWEDI SECURITIES
Plot 113, Unit 30,
Kgale Mews,
Gaborone P/Bag 00223,
Gaborone, Botswana
1 INTRODUCTION

An Extraordinary General Meeting of SCBB shareholders will be held at 16:00 on Tuesday, 28 August 2018 at the Lansmore Hotel, Masa Square, New CBD, Corner Khama Crescent & Western Avenue, Gaborone, Botswana. At the meeting, the SCBB shareholders will be requested as special business to consider and, if thought fit, to pass the resolutions in relation to the issuance of Undated Unsecured Non-Cumulative Subordinated Capital Securities in the amount of BWP400 million (the “Capital Securities”) to Standard Chartered Bank (“SCB”), a company incorporated in England by Royal Charter (with reference number ZC18), which company, at the last practicable date (being 31 January 2018) held 0.831% of the issued ordinary shares of SCBB and is a holding company of Standard Chartered Holdings (Africa) BV which as at the last practicable date (being 31 January 2018) held 74.156% of the issued ordinary shares of SCBB, and therefore a related party. The Capital Securities Debt will be documented by way of a subordinated loan agreement between SCBB and SCB.

2 REGULATORY SUMMARY

Under the current regulations of the Bank of Botswana (“BOB”), banks in Botswana are required to meet the minimum regulatory capital requirements set out in Basel II. Banks are therefore required to maintain a minimum amount of capital, as defined, as a percentage of its total Risk Weighted Assets. Under Basel II, the minimum Total capital adequacy ratio (“CAR”) is required to be 15%, with a minimum Tier 1 capital ratio of 7.5%. Of which a minimum of 4.5% must be met by Common Equity Tier 1 (“CET1”) Capital and up to 3% may be met by Additional Tier 1 (“AT1”) Capital. The remainder of the total capital requirement (7.5%) may be met through issuance of Tier 2 Capital instruments.

3 ADDITIONAL TIER 1 CAPITAL (AT1)

AT1 consists of capital instruments that are continuous and do not have a fixed maturity. These instruments provide no incentive to the issuer to redeem them. They provide for a readily available source of income for the issuer in times of
crises. In the event of insolvency, claims of the holders of these instruments are subordinated to depositors, general creditors and the debt of the issuer.

AT1 instruments are not secured nor covered by a guarantee of the issuer. Upon the occurrence of a trigger point, these instruments absorb loss through either converting to common shares or are written down to reduce the claim of the instrument in liquidation, to reduce the amount re-paid when a call is exercised and partially or fully reduce coupon or dividend payments on the instrument. The issuer has full discretion to cancel distributions or payments and to use such distributions or payments to meet obligations as they fall due.

Due to the nature of these instruments, they would appear not to be favourable to the normal market lender.

4 CAPITAL ADEQUACY

In 2017 SCBB was constrained to book significant impairment losses, the major of which resulted from exposures to a client in the diamond manufacturing industry which is winding up operations in Botswana, and the winding up of BCL Limited.

The adoption and implementation of IFRS 9 in January 2018, has had an effect on the capital adequacy of SCBB.

As a result SCBB, although currently fully compliant with capital adequacy requirements, operates with capital ratios marginally above regulatory limits, leaving an insufficient buffer to cushion against unforeseen shocks which may occur in a difficult business environment.

5 PROPOSAL

The Issuance of the Capital Securities

As at the last practicable date, the 31 January 2018, SCBB had (i) BWP 247.26 million of Tier 2 Capital in issue in the form of subordinated notes issued under the Company’s P500 million Debt Issuance Programme, and (ii) Subordinated Debt in the total amount of BWP389 million owing to SCB, which is documented in the form
of a subordinated loan agreement, the terms of which were agreed to between SCBB and SCB and approved by shareholders.

In order to meet the requirements of the Bank of Botswana set out in Paragraph 3 above SCBB intends to issue the Capital Securities in the total amount of BWP 400million to SCB and utilise part of that capital to retire the BWP 247.26 million of Tier 2 Capital by way of exercise of SCBB's right of redemption.

The pricing shall be the distribution rate which shall be the bench mark rate plus the spread. The benchmark rate means the rate in percentage per annum, notified by the Issuer to the security holder, equal to the yield on the Government of Botswana bonds, having a maturity of five years as set forth in the Bank of Botswana PULF Reuters page that is published daily by the Bank of Botswana at 15:00.

The spread shall be 3.75% per annum.

The transaction does not involve any assets. It is a capital injection which results in the creation of an asset in the form of cash and a liability of the same amount with a zero net impact. The effect on the net asset per share is nil.

A summary of the salient terms of the Capital Securities now to be issued is attached as Appendix A.

The transaction will benefit SCBB by ensuring an adequate capital position for the bank and provide it with the ability to support asset growth in line with its strategic agenda. This will assist SCBB to carry out its normal business activities affectively and without possible impediments, which will enhance the performance and soundness of the organisation for the future benefit of its shareholders.

As SCB is the ultimate owner of 74.99% of the issued shares of SCBB, it is a related party as defined in the Botswana Stock Exchange Listing Requirements (Section 10) and shareholder approval of the issuance of the Capital Securities is therefore required.
SCB and those through which SCB holds shares and its affiliates which hold shares in SCBB shall not vote on the resolution proposed in respect of the Capital Securities.

6 PRO FORMA STATEMENT OF FINANCIAL POSITION

The financial analysis set out below is the responsibility of SCBB’s Directors and is presented for illustrative purposes only, to provide information about how the issue of the Capital Securities will impact the capital position of SCBB. Due to the pro-forma nature of the financial analysis, it may not give a realistic picture of SCBB’s financial position after the issuance of the Capital Securities.

<table>
<thead>
<tr>
<th>Pro-forma capital position under Basel II</th>
<th>As at 31 January 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Without issuance of the Capital Securities and without redemption of Subordinated Debt</td>
<td>With issuance of the Capital Securities and with recall of part of the Subordinated Debt</td>
</tr>
<tr>
<td>CET1</td>
<td>597</td>
</tr>
<tr>
<td>Tier 1 Capital</td>
<td>597</td>
</tr>
<tr>
<td>Tier 2 Capital</td>
<td>650</td>
</tr>
<tr>
<td>Total Capital</td>
<td>1247</td>
</tr>
</tbody>
</table>

7 WORKING CAPITAL STATEMENT

The Directors of SCBB are of the opinion that, after the issuance of the Capital Securities, taking into account available cash resources and facilities available, the working capital of SCBB will be adequate for the Company’s foreseeable future requirements.
8 **STATED CAPITAL AND ISSUED SHARES OF SCBB**

There has been no change in the stated capital and ordinary shares from that reflected in the Audited Financial Statements as at 31st December 2017.

9 **LITIGATION**

SCBB, together with Banc ABC Botswana, Banc ABC Zambia and SCBB Johannesburg Branch ("the other defendants") are defendants to a dispute before the Gauteng High Court, which matter was instituted by Mapula Solutions (Pty) Ltd ("Mapula Solutions") The matter arose out of a Debt Restructuring Agreement, wherein Mapula Solutions is claiming an alleged breach of contract and damages in the sum of ZAR 163, 000, 000 (One Hundred and Sixty Three Million Rand). Default judgement was initially granted against SCBB and the other defendants, but which was later overturned. The matter is set down for trial in October 2018.

No provision has been made for the claim of Mapula Solutions as SCBB and the four banks are of the opinion that the claim is baseless.

Save for the aforementioned matter, in the 12 months preceding the last practicable date (31 January 2018) SCBB has not been involved, whether as plaintiff / claimant or defendant / respondent in litigation or arbitration proceedings which may have a material effect on SCBB financial condition.

The Directors are not aware of any circumstances which may give rise to such litigation or arbitration, or any such litigation or arbitration which is threatened or pending.

10 **MATERIAL CHANGES**

The Directors are not aware of any material change in the trading or financial conditions of SCBB since publication of its results for the period ended 31 December 2017.
MAJOR SHAREHOLDERS

In so far as it is known to the Directors of SCBB, the following shareholders held the highest percentages of the issued shares of SCBB, as at the last practicable date (31 January 2018):

<table>
<thead>
<tr>
<th>Name</th>
<th>Number of Shares</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Standard Chartered Holdings (Africa) BV</td>
<td>221,246,286</td>
<td>74.16</td>
</tr>
<tr>
<td>Motor Vehicle Accident Fund</td>
<td>10,027,700</td>
<td>3.36</td>
</tr>
<tr>
<td>FNB Nominees RE: AA BPPOPF</td>
<td>9,882,794</td>
<td>3.31</td>
</tr>
<tr>
<td>BOTSWANA PUBLIC OFFICERS PENSION FUND/ KGORI CAPITAL</td>
<td>8,861,045</td>
<td>2.97</td>
</tr>
<tr>
<td>FNB BW NOMS (PTY) LTD RE: IAM BPPOPF</td>
<td>7,127,199</td>
<td>2.30</td>
</tr>
</tbody>
</table>

SCB and its associates will not be taken into account in determining a quorum of shareholders' meeting and their votes will not be taken into account in determining the results of the voting at such meeting in relation to any resolution in connection with the Capital Securities.

DIRECTORS' INTERESTS IN THE ISSUANCE OF THE CAPITAL SECURITIES

None of the Directors have any financial interest directly or indirectly in the issuance of the Capital Securities. Directors Richard Elemesi and Kwekwu Bedo-Adoo are employed in the SCB Group, which does not give rise to a personal interest in the transaction.

DIRECTORS' INTERESTS IN THE COMPANY

As at 31 January, the last practicable date, the following Directors held the following interests in the shares of SCBB:
<table>
<thead>
<tr>
<th>Director</th>
<th>Direct</th>
<th></th>
<th>Indirect</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Beneficial</td>
<td>Non-Beneficial</td>
<td>Beneficial</td>
<td>Non-Beneficial</td>
</tr>
<tr>
<td>M Masupe</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>B Otthogile</td>
<td>4,500</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>I Handa</td>
<td>599,659</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Nathan Kgabi</td>
<td>12,000</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>J Stevens</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>R Etemesi</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>K Bedu-Addo</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
</tbody>
</table>

14 **INDEPENDENT REVIEW**

The Directors appointed Deloitte Consulting (Pty) Limited ("Deloitte") as Independent Advisor to confirm whether or not the terms of the Capital Securities are fair and reasonable. Deloitte has confirmed that the Capital Securities is fair and reasonable instrument, as it is in line with market pricing of similar facilities or debts. A copy of the Deloitte report dated 11 July 2018 is attached hereto as Appendix B.

15 **BANK OF BOTSWANA**

Bank of Botswana has approved the terms of the Capital Securities and the issue thereof. Bank of Botswana has approved the redemption by SCBB of BWP 247.26 million of Tier 2 Capital Notes.

16 **OPINIONS AND RECOMMENDATIONS**

The Directors of SCBB are of the opinion that the terms and conditions of the Capital Securities are fair and reasonable and will be to the long-term benefit of SCBB and its shareholders.

Accordingly, the Directors recommend that shareholders vote in favour of the issue of the Capital Securities and pass the resolutions necessary to approve and implement issue of the Capital Securities.
17  DIRECTORS' RESPONSIBILITY

The Directors, whose names are given on page 2 of this Circular collectively and individually accept full responsibility for the accuracy of the information given and certify that to the best of their knowledge and belief there are no other facts the omission of which would make any statement false or misleading, that they have made all reasonable enquiries to ascertain such facts and (if applicable) that this Circular contains all information required by law.

The Directors confirm that this Circular includes all such information within their knowledge (or which it would be reasonable for them to obtain by making enquiries) as investors and their professional advisers would reasonably require and reasonably expect to find for the purpose of making an informed assessment of the assets and liabilities, financial position, profits and losses and prospects of SCBB pursuant to issue of the Capital Securities.

18  BORROWING POWERS

In terms of SCBB’s Articles of Association (Constitution), the Directors may raise or borrow, for the purposes of the Company’s business, such sum or sums of money, in aggregate at any time, which do not exceed twice the value of shareholders funds or such other sum as the Company may, by ordinary resolution, in general meeting, determine. The Directors may secure the repayment of or raise any such sum or sums as aforesaid by mortgage or charge upon the whole or any part of the property and assets of the Company, present and future, or by the issue, at such price as they may think fit, of debentures either charged upon the whole or part of the property or assets of SCBB, or if not so charged, or in such other way as the Directors may think expedient.

The issuance of the Capital Securities is within the borrowing powers of the Directors.

19  SIGNIFICANT CONTRACTS
SCBB has not entered into any material contracts outside the ordinary course of business within the two years prior to this circular.

20 DIRECTORS REMUNERATION

The directors remuneration is detailed in the audited financial statements for the year ended 31 December 2017, a copy of which may be inspected at the place stipulated in clause 25 below.

21 DISCLOSURE ON NET ASSETS

There are no assets which are the subject of the transaction. The issuance of the Capital Securities is purely a capital injection which results in the creation of an asset in the form of cash a liability of the same amount with a zero net impact. The effect on the net asset per share is nil.

22 OTHER TRANSACTIONS BETWEEN SCBB AND SCB

All other transactions entered into between SCB and SCBB have been approved and/or ratified by the shareholders of SCBB.

23 EXPERTS AND ADVISORS CONSENTS

The Sponsoring Broker, the Independent Advisor (Deloitte), and the Legal Advisor, have each consented in writing to act in the capacities stated and to their names being stated in this Circular and had not withdrawn their consent prior to the publication of this Circular.

24 DOCUMENTATION AVAILABLE FOR INSPECTION

Copies of the documents listed below will be available for inspection during normal business hours on business days from 14:30 on Wednesday, 8 August 2018 until 14:30 on Monday, 27 August 2018 at the principal offices of SCBB 5th Floor, Standard Chartered House, Queens Road, The Main Mall, Gaborone, Botswana:

1. the Loan Agreement, proposed to be executed between SCBB and SCB;
2. the Independent Advisor’s report;
3. the audited financial statements of SCBB for the preceding 3 financial years;

4. the approvals of Bank of Botswana to the terms of the Capital Securities;

5. Constitution of SCBB; and

6. Advisors consents.

25 EXPENSES OF THE ISSUANCE OF THE CAPITAL SECURITIES

The expenses incurred or to be incurred by SCBB in the issuance of the Capital Securities are estimated at BWP payable as follows:

<table>
<thead>
<tr>
<th>Estimated expense (excl. VAT)</th>
<th>Amount (P) (excluding VAT)</th>
</tr>
</thead>
<tbody>
<tr>
<td>BSE documentation fee</td>
<td>10 000.00</td>
</tr>
<tr>
<td>Publication, printing, advertising and related expenses</td>
<td>50 000.00</td>
</tr>
<tr>
<td>Advisory</td>
<td>140 000.00</td>
</tr>
<tr>
<td>Sponsoring brokers fees</td>
<td>21 000.00</td>
</tr>
<tr>
<td>Legal fees</td>
<td>195 000.00</td>
</tr>
<tr>
<td>Other expenses and costs</td>
<td>4 000.00</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>350 000.00</strong></td>
</tr>
</tbody>
</table>

DATED THIS 31st DAY OF JULY 2018.

[Signature]

MPHO MASUPE

For and on behalf of the Board of Directors of Standard Chartered Bank Botswana Limited.
ANNEXURE A

TERMS AND CONDITIONS OF THE ADDITIONAL TIER 1 CAPITAL SECURITIES

<table>
<thead>
<tr>
<th>Issuer</th>
<th>Standard Chartered Bank (Botswana) Limited (the “Bank”)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Securities</td>
<td>Undated Non-Cumulative Subordinated Capital Securities (the “Capital Securities”) that qualify as Additional Tier 1 Capital of the Bank under the Capital Regulations</td>
</tr>
<tr>
<td>“Capital Regulations”</td>
<td>means the capital regulations applicable to the regulatory capital of authorized institutions incorporated in Botswana as published by the Regulatory Authority.</td>
</tr>
<tr>
<td>“Regulatory Authority”</td>
<td>means the Bank of Botswana.</td>
</tr>
<tr>
<td>Currency</td>
<td>BWP</td>
</tr>
<tr>
<td>Issue Size</td>
<td>BWP400m</td>
</tr>
<tr>
<td>Minimum Subscription</td>
<td>BWP100 000</td>
</tr>
<tr>
<td>Securityholder</td>
<td>Standard Chartered Bank</td>
</tr>
<tr>
<td>Issue Date</td>
<td>31 August 2018</td>
</tr>
<tr>
<td>Settlement Date</td>
<td>31 August 2018</td>
</tr>
<tr>
<td>Maturity Date</td>
<td>The Capital Securities are perpetual securities and have no fixed maturity date</td>
</tr>
<tr>
<td>First Call Date</td>
<td>(the 5th anniversary of the Issue Date)</td>
</tr>
<tr>
<td>Distribution Rate</td>
<td>The rate of distribution (the “Distribution Rate”) applicable to the Capital Securities shall be:</td>
</tr>
<tr>
<td></td>
<td>(a) in respect of the period from, and including, the Issue Date to, but excluding the First Call Date, (x) per cent. per annum, being a rate per annum equal to the aggregate of (i) the Reference/Benchmark Rate as at the Issue Date, and (ii) the Spread; and</td>
</tr>
<tr>
<td></td>
<td>(b) in respect of a Reset Distribution Period, a rate per annum equal to the aggregate of (i) the then prevailing 5 year Government of Botswana bond yield and (ii) the Spread.</td>
</tr>
</tbody>
</table>

There is no step-up in the Distribution Rate.
Each period beginning on (and including) the Issue Date or any Distribution Payment Date and ending on (but excluding) the next Distribution Payment Date is herein called the "Distribution Period".

Any Distribution may only be paid out of Distributable Reserves.

"Calculation Business Day" means any day, excluding a Saturday, a Sunday and a public holiday, on which banks are open for general business (including dealings in foreign currencies) in Botswana.

"Calculation Date" means, in relation to a Reset Distribution Period, the Calculation Business Day immediately preceding the Distribution Reset Date on which such Reset Distribution Period commences.

"Comparable Treasury Issue" means the local benchmark rate selected by the Issuer as having a maturity of five years that would be utilised, at the time of selection and in accordance with customary financial practice, in pricing new issues of corporate debt securities with a maturity of five years.

"Comparable Treasury Price" means, with respect to any Calculation Date, the average of the Reference Treasury Dealer Quotations for such Calculation Date.

"Distribution Determination Date" means the day falling two Calculation Business Days prior to a Distribution Payment Date.

"Distributable Reserves" means the amount for the time being available to the Issuer for distribution as a distribution in compliance with section 58 of the Companies Act (Cap. 42) of Botswana, as amended or modified from time to time, as at the date of the Issuer’s audited balance sheet last preceding the relevant Distribution Payment Date, and subject to the Regulatory Authority’s then current capital conservation requirements as applicable to the Issuer on the relevant Distribution Payment Date (the "Available Amount"); provided that if the Issuer reasonably determines that the Available Amount as at any Distribution Determination Date is lower than the Available Amount as at the date of the Issuer’s audited balance sheet last preceding the relevant Distribution Payment Date and is insufficient to pay the Distributions and any payments due on Parity
Obligations on the relevant Distribution Payment Date, then on certification by an Authorised Signatory of the Issuer and the Auditors of such revised amount to be provided to the Securityholder, the Distributable Reserves shall for the purposes of Distributions mean the Available Amount as set forth in such certificate.

“Distribution Reset Date” means the First Call Date and each anniversary falling five years thereafter.

“Reference Treasury Dealer” means a “Primary Dealer” as appointed by Bank of Botswana, and bound by and comply with the terms and rules of a primary dealer in respect of debt instruments issued by the Government of the Republic of Botswana.

“Reference Treasury Dealer Quotations” means any calculation submitted a Reference Treasury Dealer via their respective Reuters pages, the average determined by the Bank of Botswana as published on the Bank of Botswana PULE Reuters page, expressed in bid and ask prices and published at 1500hrs.

“Reset Distribution Period” means the period from, and including, a Distribution Reset Date to, but excluding, the immediately following Distribution Reset Date.

“Spread” means 3.75 per cent per annum.”

“Reference/Benchmark Rate” means the rate in percentage per annum, notified by the Issuer to the Security Holder, equal to the yield on the Government of Botswana bonds, having a maturity of five years as set forth in the Bank of Botswana PULF Reuters page, that is published daily by the Bank of Botswana at 1500hrs.

Distribution Payment Dates Semi-annually in arrears, commencing on the First Distribution Payment Date.

First Distribution Payment Date At the expiry of six months after the Settlement Date.

Non-Cumulative Distribution Distributions will not be cumulative and Distributions which are not paid in accordance with these conditions will not accumulate or compound and Securityholders will have no right to receive such Distributions at any time, even if subsequent Distributions are paid in the future, or be entitled to any claim in respect thereof against the
Issuer. Unless otherwise provided in these conditions, each Capital Security will cease to confer the right to receive any Distribution from the due date for redemption; unless, upon surrender of the Certificate representing such Capital Security, payment of principal is improperly withheld or refused. In such event, Distribution shall continue to accrue at such rate (both before and after judgment) until the date on which all amounts due in respect of such Capital Security have been paid.

No Securityholder shall have any claim in respect of any Distribution or part thereof cancelled and/or not due or payable pursuant to an Optional Distribution Cancellation Event (as defined below) or a Mandatory Distribution Cancellation Event (as defined below). Accordingly, such Distribution shall not accumulate for the benefit of the Securityholders or entitle the Securityholders to any claim in respect thereof against the Issuer.

Optional Distribution Cancellation Event

Unless a Distribution has already been cancelled in full pursuant to a Mandatory Distribution Cancellation Event, prior to any Distribution Payment Date the Issuer may, at its sole discretion, elect to cancel any payment of a Distribution, in whole or in part, by giving a notice to the Securityholders signed by an authorised signatory of the Issuer (a “Distribution Cancellation Notice”) at least 10 business days prior to the relevant Distribution Payment Date (an “Optional Distribution Cancellation Event”). The Issuer shall have no obligation to pay any Distribution on any Distribution Payment Date if it validly elects not to do so by giving a Distribution Cancellation Notice, and any failure to pay such Distribution shall not constitute a Default (as defined below). Distributions are non-cumulative and any Distribution that is cancelled shall therefore not be payable at any time thereafter, whether in a Winding Up or otherwise.

Mandatory Distribution Cancellation Event

Notwithstanding that a Distribution Cancellation Notice may not have been given, the Issuer shall not be obliged to pay, and shall not pay, any Distribution on the applicable Distribution Payment Date, in whole or in part, as applicable, if and to the extent that:

(a) the Distribution scheduled to be paid together with
any dividends, distributions or other payments scheduled to be paid or made during the Issuer’s then current fiscal year on any Parity Obligations or any instruments which rank or are expressed to rank pari passu with any Parity Obligations shall exceed Distributable Reserves as at such Distribution Determination Date; or

(b) the Regulatory Authority directs the Issuer to cancel such Distribution (in whole or in part) or applicable Botswana banking regulations or other requirements of the local authority prevent the payment in full of dividends or other distributions when due on Parity Obligations (a “Mandatory Distribution Cancellation Event”).

The Issuer shall have no obligation to pay a Distribution on any Distribution Payment Date if such non-payment is in accordance with the requirements of a Mandatory Distribution Cancellation Event, and any failure to pay such Distribution shall not constitute a Default. Distributions are non-cumulative and any Distribution which is cancelled shall not be payable at any time thereafter, whether in a Winding Up or otherwise.

If, on any Distribution Payment Date, payment of Distribution scheduled to be paid is not made in full by reason of an Optional Distribution Cancellation Event or a Mandatory Distribution Cancellation Event, the Issuer shall not:

(a) declare or pay in cash any distribution or dividend or make any other payment in cash on, and will procure that no distribution or dividend in cash or other payment in cash is made on, any Shares; or

(b) purchase, cancel or otherwise acquire any Shares or permit any of its Subsidiaries to do so,

in each case, unless or until the earlier of: (x) the Distribution scheduled to be paid on any subsequent Distribution Payment Date (which, for the avoidance of doubt, shall exclude any Distribution that has been cancelled in accordance with these conditions prior to such subsequent Distribution Payment Date in respect of a Distribution Payment Date preceding such subsequent
Distribution Payment Date) has been paid in full (1) to Securityholders or (2) irrevocably to a designated third party trust account for the benefit of the Securityholders, or (y) the redemption or purchase and cancellation of the Capital Securities in full, or reduction of the principal amount of the Capital Securities to zero in accordance with these conditions, or (z) the Issuer is permitted to do so by [written approval of all] of the Securityholders.

The Capital Securities will constitute direct, subordinated and unsecured obligations of the Issuer and will rank pari passu without any preference among themselves.

In the event of a Winding Up (as defined below) of the Issuer, the rights of the holder(s) of the Capital Securities to payment of principal of and Distribution on the Capital Securities and any other obligations in respect of the Capital Securities shall rank (a) subordinate and junior in right of payment to, and of all claims of (i) all unsubordinated general creditors of the Issuer (including its depositors), (ii) creditors in respect of Tier 2 Capital Securities of the Issuer, and (iii) all other Subordinated Creditors of the Issuer whose claims are stated to rank senior to the Capital Securities or rank senior to the Capital Securities by operation of law or contract; (b) pari passu in right of payment to and of all claims of the holders of Parity Obligations; and (c) senior in right of payment to and of all claims of the holders of Junior Obligations, in each case, present and future.

In the event of a Winding Up that requires the Securityholders to provide evidence of their claim to principal or Distribution under the Capital Securities, such claims of the Securityholders will only be satisfied after all senior ranking obligations of the Issuer have been satisfied in whole. No amount may be claimed in respect of any Distribution that has been cancelled pursuant to a Mandatory Distribution Cancellation Event or an Optional Distribution Cancellation Event.

“Junior Obligation” means the Shares, and any other class of issued shares of the Issuer’s stated capital and any instrument or other obligation (including without
limitation any preference shares) issued or guaranteed by the Issuer that ranks or is expressed to rank junior to the Capital Securities by operation of law or contract.

"Parity Obligation" means any instrument or other obligation issued or entered into by the Issuer that constitutes or qualifies as Additional Tier 1 Capital (or its equivalent) under applicable Capital Regulations or any instrument or other obligation issued, entered into, or guaranteed by the Issuer that ranks or is expressed to rank pari passu with the Capital Securities by operation of law or contract, which for the avoidance of doubt, excludes any Junior Obligations of the Issuer.

"Shares" means the issued ordinary share in the stated capital of the Issuer.

"Subordinated Creditors" means all creditors the indebtedness of which is subordinated, in the event of the Winding Up of the Issuer, in right of payment to the claims of depositors and other unsubordinated creditors of the Issuer other than those whose claims rank or is expressed to rank by operation of law or contract pari passu with, or junior to, the claims of the Securityholders. For this purpose, indebtedness shall include all liabilities, whether actual or contingent.

"Tier 2 Capital Securities" means instruments categorised as Tier 2 capital pursuant to the Capital Regulations that rank or are expressed to rank senior to the Capital Securities by operation of law or contract.

"Winding Up" means a final and effective order or resolution for the bankruptcy, winding up, liquidation, receivership, or similar proceedings in respect of the Issuer.

Redemption at the option of the Issuer

Provided that the prior approval of the Regulatory Authority has been obtained and subject to the Redemption Conditions (as defined below) being satisfied, the Issuer may, on giving not less than 15 days' notice (which notice shall be irrevocable) to the Securityholder, elect to redeem all, but not some only, of the Capital Securities on (i) the First Call Date specified herein; or (ii) any Distribution Payment Date following such First Call Date, at their outstanding principal amount
together (if appropriate) with Distribution accrued but unpaid (if any) to (but excluding) the date fixed for redemption.

"Redemption Conditions" means, if required pursuant to the Capital Regulations at the relevant time, either (i) the Issuer replaces the Capital Securities with capital of the same or better quality and the replacement of the capital is effected on conditions that are sustainable for the income capacity of the Issuer; or (ii) the Issuer demonstrates that its capital position is well above the minimum capital requirements applicable to it, and will remain to be well above those requirements after the redemption option is exercised.

If a Non-Viability Event (as defined below) occurs and is continuing, the Issuer shall, upon the provision of a Non-Viability Event Notice (as defined below), irrevocably (without the need for the consent of the Securityholders) reduce the then principal amount of, and cancel any accrued but unpaid Distribution in respect of, each Capital Security (in each case in whole or in part) by an amount equal to the Non-Viability Event Write-off Amount (as defined below) per Capital Security (such reduction and cancellation being referred to herein as the "Write-off", and "Written-off" shall be construed accordingly).

For the avoidance of doubt, any Write-off will not constitute a Default under the Capital Securities.

Any Capital Security may be subject to one or more Write-offs in part (as the case may be), except where such Capital Security has been Written-off in its entirety. Any references in herein to principal in respect of the Capital Securities shall thereafter refer to the principal amount of the Capital Securities reduced by any applicable Write-off(s).

"Non-Viability Event" means

the Regulatory Authority notifying the Issuer in writing that the Regulatory Authority is of the opinion that a Write-off or conversion is necessary, without which the Issuer would become non-viable;

Non-Viability Event

Non-Viability Loss Absorption
Upon the occurrence of a Non-Viability Event, the Issuer is required to give notice to the Security Holder within two business days of the date on which such Non-Viability Event occurred, which notice will state that a Non-Viability Event has occurred and a Write-off will take place on the Write-off date specified therein ("Non-Viability Event Notice").

**Non-Viability Event Write-off Amount**

means the amount of Distribution and/or principal to be Written-off as the Issuer shall (in consultation with the Regulatory Authority) determine to be necessary to satisfy the Regulatory Authority that the Non-Viability Event will cease to continue.

**Consequence of Non-Viability Loss Absorption**

Once the principal amount of, and any accrued but unpaid Distribution under, the Capital Securities has been Written-off, the relevant amount(s) Written-off will not be restored in any circumstances including where the relevant Non-Viability Event ceases to continue. No holder of the Capital Securities may exercise, claim or plead any right to any amount that has been Written-off, and each holder of the Capital Securities and the acceptance of these Terms and Conditions waives and abandons shall, by virtue of its holding of any Capital Securities, irrevocably and unconditionally all such rights to such amount that has been Written-off.

**Botswana Resolution Authority Power**

Notwithstanding any other term of the Capital Securities, or any other agreement or arrangement, each holder of the Capital Securities shall be subject, and shall be deemed to agree, be bound by and acknowledge that they are each subject, to having the Capital Securities being written off, cancelled, converted or modified, or to having the form of the Capital Securities changed, in the exercise of any Botswana Resolution Authority Power (as defined below) by the relevant Botswana Resolution Authority (as defined below) without prior notice and which may include (without limitation) and result in any of the following or some combination thereof:

(c) the reduction or cancellation of all or a part of the principal amount of, or Distribution on, the Capital Securities;
(d) the conversion of all or a part of the principal amount of, or Distribution on, the Capital Securities into shares or other securities or other obligations of the Issuer or another person (and the issue to or conferral on the holder of such shares, securities or obligations), including by means of an amendment, modification or variation of the terms of the Capital Securities; and

(e) the amendment or alteration of the amount of Distribution payable on the Capital Securities, or the date on which the Distributions become payable, including by suspending payment for a temporary period, or any other amendment or alteration of these conditions.

With respect to (a), (b) and (c) above, references to principal and Distribution shall include payments of principal and Distribution that have become due and payable, but which have not been paid, prior to the exercise of any Botswana Resolution Authority Power. The rights of the holder(s) of the Capital Securities under the Capital Securities and these conditions are subject to, and will be amended and varied, if necessary, solely to give effect to, the exercise of any Botswana Resolution Authority Power by the relevant Botswana Resolution Authority.

No repayment of the principal amount of the Capital Securities or payment of Distribution on the Capital Securities shall become due and payable or be paid after the exercise of any Botswana Resolution Authority Power by the relevant Botswana Resolution Authority unless, at the time that such repayment or payment, respectively, is scheduled to become due, such repayment or payment would be permitted to be made by the Issuer under the laws and regulations applicable to the Issuer and the Group.

Upon the exercise of any Botswana Resolution Authority Power by the relevant Botswana Resolution Authority with respect to the Capital Securities, the Issuer shall provide a written notice not more than two Botswana business days after the occurrence of such exercise.
regarding such exercise of the Botswana Resolution Authority Power to the holder(s) of the Capital Securities. Neither the reduction or cancellation, in part or in full, of the principal amount of, or Distributions on the Capital Securities, the conversion thereof into another security or obligation of the Issuer or another person, or any other amendment or alteration of these conditions as a result of the exercise of any Botswana Resolution Authority Power by the relevant Botswana Resolution Authority with respect to the Issuer nor the exercise of the Botswana Resolution Authority Power by the relevant Botswana Resolution Authority with respect to the Capital Securities shall constitute a Default.

“Botswana Resolution Authority Power” means any power which may exist from time to time under any law regulation rule or directive made under or pursuant to such law applicable in Botswana relating to the resolution of financial institutions, including licensed banks, deposit-taking companies, restricted licence banks, banking group companies, insurance companies and/or investment firms incorporated in or authorised, designated, recognised or licensed to conduct regulated financial activities in Botswana in effect and applicable in Botswana to the Issuer or other members of the Group (as defined below) or any other laws, regulations, rules or requirements relating thereto, as the same may be amended from time to time (whether pursuant to applicable law or otherwise), and pursuant to which, to the extent permitted by Botswana law, obligations of a licensed bank, deposit-taking company, restricted licence bank, banking group company, insurance company or investment firm or any of its affiliates can be reduced, cancelled, transferred, modified and/or converted into shares or other securities or obligations of the obligor or any other person.

“Group” means the Issuer and its Subsidiaries (as defined below) taken as a whole.

“Botswana Resolution Authority” means any authority with the ability to exercise a Botswana Resolution Authority Power in relation to the Issuer from time to time.
"Subsidiary", with respect to the Issuer, means any company (i) of which the Issuer controls more than half of its voting rights, (ii) of which the Issuer has the power to appoint or remove all, or a majority of its directors without any other person’s consent or (iii) of which the Issuer holds more than half of its issued share capital, and includes any company which is a Subsidiary of a Subsidiary of the Issuer.

For so long as prior approval of Local authority is required, provided that such approval is obtained, and subject to the Redemption Conditions being satisfied, following the occurrence of a Regulatory Event (as defined below), the Capital Securities may be redeemed at anytime in whole, but not in part, at the option of the Issuer on giving not less than 30 nor more than 60 days’ notice to the holder(s) of the Capital Securities (which notice shall be irrevocable) at their outstanding principal amount together (if appropriate) with Distribution accrued but unpaid (if any) to (but excluding) the date fixed for redemption.

A "Regulatory Event" is deemed to have occurred if (a) the Capital Securities, after having qualified as such, will no longer qualify (in whole or in part) as Additional Tier 1 capital (or equivalent) of the Issuer and/or (b) the Capital Securities cease to be included in the calculation of the Issuer's capital adequacy ratio, as a result of a change or amendment in (or any change in the application or official interpretation of) the relevant provisions of the Banking Act (Cap.46:04) of Botswana, the Banking (Capital) Rules (Cap.155L) of Botswana, or any successor legislation or regulations made thereunder, or any supervisory guidance issued by the Local authority in relation thereto and such change or amendment was not foreseeable at the time of the issuance of the Capital Securities.

Withholding Taxes

All payments in respect of the Capital Securities by or on behalf of the Issuer shall be made without withholding or deduction for, or on account of, any present or future taxes, duties, assessments or government charges of whatever nature imposed, levied, collected, withheld or assessed by or within any relevant jurisdiction, unless the
withholding or deduction of the taxes is required by law or under the withholding regime relating to the United States Foreign Account Tax Compliance Act.

In terms of the current Botswana Income Tax Act distributions paid out of distributable reserves may be deemed payment of a dividend, and as such subject to withholding tax at 7.5% which is a fiscal tax on the distribution. The rate of withholding tax may be reduced under the terms of a Double Taxation Avoidance Agreement between Botswana and the country of tax residence of the recipient.

Within thirty days after paying any sum from which it is required by law to make any deduction or withholding, the Issuer shall deliver to the holders of the Capital Securities satisfactory evidence of such deduction, withholding or payment and of the remittance thereof to the Tax Authority.

**Default and Enforcement**

“Default”, means (except as expressly provided below, whatever the reason for such Default and whether or not it shall be voluntary or involuntary or be effected by the operation of law or pursuant to any judgment, decree or order of any court or any order, rule or regulation of any administrative or governmental body) the failure to pay principal of or Distribution on any Capital Security (which default in the case of principal continues for seven business days and in the case of Distribution continues for fourteen business days) after the due date for such payment.

If a Default occurs in relation to the Capital Securities and is continuing, the holder(s) of the Capital Securities may institute proceedings in Botswana (but not elsewhere) for the Winding Up of the Issuer. The holder(s) of the Capital Securities shall have no right to enforce payment under or accelerate payment of any Capital Security in the case of such Default in payment on such Capital Security or a default in the performance of any other covenant of the Issuer in such Capital Security.

For the avoidance of doubt, the following events shall not constitute Default and shall not entitle the holder(s) of the Capital Securities to petition for the insolvency or
Winding Up of the Issuer: (a) a Write-off that is duly
effectuated pursuant to a Non-Viability Event or (b) the
reduction or cancellation, in part or in full, of the principal
amount of, or Distribution on the Capital Securities, the
conversion thereof into another security or obligation of
the Issuer or another person, or any other amendment or
alteration of these conditions as a result of the exercise
of any Botswana Resolution Authority Power by the
relevant Botswana Resolution Authority with respect to
the Issuer or to the Capital Securities.

Set-off and Payment Void

Subject to applicable law, no holder of the Capital
Securities may exercise, claim or plead any right of set-
off, counter-claim or retention in respect of any amount
owed to it by the Issuer arising under or in connection
with the Capital Securities and each holder of the Capital
Securities shall, by virtue of being a holder of the Capital
Securities, be deemed to have waived all such rights of
such set-off, counter-claim or retention.

In the event that any Securityholder nevertheless
receives (whether by set-off or otherwise) directly in a
Winding-Up Proceeding in respect of the Issuer any
payment by, or distribution of assets of, the Issuer of any
kind or character, whether in cash, property or securities,
in respect of any amount owing to it by the Issuer arising
under or in connection with the Capital Securities, other
than in accordance with this section, such Securityholder
shall, subject to applicable law, immediately pay an
amount equal to the amount of such payment or
discharge to the liquidator for the time being in the
winding up of the Issuer for distribution and each
Securityholder, by virtue of becoming a Securityholder or
any Capital Security, shall be deemed to have so agreed
and undertaken with and to the Issuer and all depositors
and other unsubordinated creditors of the Issuer for good
consideration.

Denominations

The Capital Securities will be in registered form in
denominations of BWP 100 000.

Governing Law

The Capital Securities will be governed by and construed
in accordance with Botswana law.
11 July 2018

The Listings Committee
Botswana Stock Exchange
Plot 70667
Fairscape Precinct
4th Floor, Fairgrounds
Gaborone

Dear Sirs

INDEPENDENT FAIRNESS OPINION IN RESPECT TO THE ISSUANCE OF AN ADDITIONAL TIER 1 CAPITAL INSTRUMENT BY STANDARD CHARTERED BANK BOTSWANA LIMITED

INTRODUCTION AND BACKGROUND

Standard Chartered Bank Botswana Limited ("SCBB" or the "Bank" or the "Issuer") is required to raise additional equity capital in the form of Additional Tier 1 Capital, to boost its capital adequacy ratios to ensure compliance with the requirements of Bank of Botswana ("BoB"), being the regulatory authority. Accordingly, SCBB intends to issue Capital Securities amounting to BWP 400m ("the Capital Instrument").

SCBB has arranged with Standard Chartered Bank Plc ("SCB Plc" or the "Investor"), to subscribe for these Undated, Non-Cumulative, Subordinated, Perpetual Capital Securities amounting to BWP400m, that qualify as additional Tier 1 Capital for the Bank in terms of the Capital Regulations of BOB (the "Transaction").

As the Transaction falls under the classification of a Related Party transaction as per Section 10 of the Botswana Stock Exchange ("BSE") Listings Requirements, Deloitte has been mandated to review the fairness and reasonableness of the Transaction in accordance with the BSE Listings Requirements.

The procedure was performed to evaluate the fairness and reasonableness to ensure that the transaction is fair and reasonable to the existing shareholders of SCBB. According to Section 10.6(a) of the BSE Listings Requirements, in a related party transaction "the listed company prior to completing the transaction must provide the Committee with written confirmation from an independent professional expert acceptable to the Committee, that the terms of the proposed transaction with the related party are fair and reasonable as far as the shareholders of the listed company are concerned".

Deloitte was provided with the following information by SCBB:-

- Terms of the Transaction and the Capital Instrument;
- Approval of the issue granted by BOB, dated 3 May 2018;
- Legal opinion provided by the Bank’s lawyers, dated 17 April 2018.
Since this is not an assurance engagement, we are not required to verify the accuracy or completeness of the information provided to us. Accordingly, we do not express an audit opinion on the information. This letter and opinion is provided solely for the benefit of the BSE and the Shareholders of SCBB in connection with and for the purposes of their consideration of the Transaction. There is no relationship between Deloitte and any other parties involved in this transaction.

We performed the relevant procedures and consulted with market participants to ascertain if the terms and conditions of the Capital Instrument are fair and reasonable and our opinion is stated below.

REVIEW OF THE TRANSACTION AND TERMS OF THE CAPITAL INSTRUMENT

Legal Implications and BoB Approval:

We note that the Term Sheet was drafted by the internal legal counsel of SCB Plc and then reviewed by Collins Newman & Co, a reputable legal firm in Botswana. We consulted with the lawyer in Botswana who reviewed the term sheet and received confirmation that the Transaction complies with all the local regulations, mainly the International Convergence of Capital Measurement and Capital Standards for Botswana (Basel II), imposed by Bank of Botswana. We were also provided with a legal opinion issued by Collins, Newman & Company to SCBB, dated 17 April 2018, on the terms and conditions on the Term Sheet. SCBB has received written approval from BoB for the issue of the Capital Instrument dated 3 May 2018, and confirmation that the Capital Instrument was assessed against the criteria set out in the Guidelines on the Revised International Convergence of Capital Measurement and Capital Standards for Botswana.

It must be noted that there are restrictions imposed on the Issuer that can affect the Investor that are not typical in a Senior Unsecured Note Issue. The Investor and Shareholders of SCBB must take note of the additional risks associated with the Terms of the Capital Instrument, in respect of the following:

- Non-cumulative Distribution;
- Optional Distribution Cancellation Event;
- No step-up in the Distribution Rate;
- Non-Viability event;
- Mandatory Distribution Cancellation Event; and
- Dividend Stopper.

Distributions are not cumulative and Distributions which are not paid in any particular period, will not accumulate or compound, and the Investor will have no right to receive such distributions in subsequent periods. This poses a risk to SCB Plc, and this risk should be adequately covered in the distribution rate.

The Shareholders of SCBB must note that, the Dividend Stopper Clause will trigger in the event that a Distribution Payment is not paid in full, and in terms thereof:

- SCBB will not declare or pay any distribution or dividend to any Shareholder of SCBB; and
- SCBB will not purchase, cancel or otherwise acquire any Shares or permit any Subsidiary to do so.

On review of the Guidelines on the Revised International Convergence of Capital Measurement and Capital Standards for Botswana, we note that the above clauses and restrictions are as prescribed for the issue of Additional Tier 1 Capital by a Bank, as per Sections 4.8 and 4.9 of the Guidelines.
Pricing Implications:

As per the Term sheet, the indicative Distribution Rate is based on the percentage rate per annum, notified by the Issuer to the Security Holder, equal to the yield on Government of Botswana Bonds, having a maturity of five years as set forth in the Bank of Botswana PULF Reuters page, published daily by the Bank of Botswana at 1500hrs (Reference Rate) plus the Spread. The Spread over and above the Reference rate as is 3.75% per annum.

The current Yield to Maturity on a 5 year Government Bond is 3.90%. Hence, the Distribution Rate on the Capital Instrument as per the current Reference Rate and Spread will be 7.65%.

There is no other similar Tier I Capital Instrument issued in the market, and we were only able to compare pricing with a recent issue of Subordinated Tier II Bonds by Stanbic Bank Botswana Limited in June 2017, which had a fixed coupon rate of 7.80%. The Tier I Capital Instrument being deeply subordinated compared to a Tier II Capital instrument should provide for higher spread for the default risk.

The instrument has no legal maturity and is perpetual in nature akin to equity. The Capital Instrument has a "First Call Date" on the 5th anniversary of the Issue Date, being the date where the Issuer has the right, given certain requirements, to call the note. As per the BoB Guidelines, there must be no expectation from the Issuer that this note will in fact be called on the First Call Date. Considering that there is an element of risk that this note may not be called on the First Call Date by the Issuer, the indicative all-in "Distribution Rate" or interest payment is pricing to a 5 year maturity only.

We consulted with asset managers active in the local market, to get their view on the pricing for similar instruments on a no-name basis. The credit risk component was not verified. We appreciate that there will be a difference in the interest rate credit risk between the banks, however, we have assumed that all banks in Botswana are regulated and hold sufficient capital, hence, we expect the inherent credit risk of default to be low, and the credit spread expected by local investors to be similar. The local asset managers expressed the view that a rate higher than 8.0% would be more appropriate to an instrument of this nature, given the risks profile of the Capital Instrument.

The Additional Tier I Capital Instrument is deeply subordinated and carries additional risks as mentioned above, and in addition, the call for redemption may not take place on the First Call date, therefore, the pricing should reflect the additional risk associated with the instrument.

OPINION

We note that the two parties in the transaction are related and hence, the price range can be based on the negotiation between both parties. We believe that a market related pricing should be higher than an existing Tier II Capital Instrument, taking the additional risks into consideration. We would consider that an additional 50 to 75 basis points would be reasonable compensation for the additional risks associated with the Additional Tier I Capital Instrument. The lack of adequate credit spread will not disadvantage the Shareholders of SCBB.

Given the above, we are of the opinion that the Transaction would be considered fair and reasonable.

Yours faithfully,

Freddle Eats
Director
NOTICE OF EXTRAORDINARY GENERAL MEETING

Notice is hereby given of an Extraordinary General Meeting of Shareholders of the Company to be held at the Lansmore Hotel, Masa Square, New CBD, Corner Khama Crescent & Western Avenue, Gaborone, Botswana on Tuesday, 28 August 2018 at 16:00 hrs for the following business.

Agenda

1. To read the notice convening the meeting

2. Special Business

2.1 To consider and if thought fit, approve with or without amendment, by vote of simple majority of votes of shareholders present in person or by proxy, excluding the related party Standard Chartered Bank and its associates, the proposed issuance of the Capital Securities of BWP400 Million the subject of the Circular to shareholders dated 31 July 2018 ("the Circular") to Standard Chartered Bank on the terms set out in Appendix A to the Circular.

2.2 To resolve that the directors be and hereby authorised to take such steps and sign all such other documents as are necessary to give effect to the resolution passed at this meeting.
A shareholder entitled to attend and vote may appoint a proxy to attend and vote for him/her on his/her behalf, and such proxy need not also be a shareholder of the Company. The instrument appointing such a proxy must be deposited with the Company Secretary at the registered office of the Company, 5th Floor Standard House, Queens Road, Main Mall, not less than 24 hours before the meeting.

By Order of the Board

Standard Chartered Bank Botswana Limited
Queens Road, Standard Chartered House, 5th Floor
Gaborone
Botswana
FORM OF PROXY

For the Extraordinary General Meeting Shareholders to be held at 16:00 on Tuesday, 28 August 2018 at the Lansmore Hotel, Masa Square, New CBD, Corner Khama Crescent & Western Avenue, Gaborone, Botswana

I/WE .................................................. of .................................................. holding [___ ___] shares in the Company, a member / members of the above named Company do hereby appoint ................................................................. of .................................................. or failing that person the Chairman of the meeting as my/our proxy to vote for me / us on my / our behalf at the Annual General Meeting of the Company to be held at 16:00 on Tuesday, 28 August 2018 at the Lansmore Hotel, Masa Square, New CBD, Corner Khama Crescent & Western Avenue, Gaborone, Botswana.

Special Business

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| shareholders present in person or by proxy, excluding the related Standard Chartered Bank and its associates the proposed issuance of BWP 400 million of the Capital Securities to Standard Chartered Bank. |
|---|---|
| 2. The directors be and hereby authorised to take such steps and sign all such other documents as are necessary to give effect to the aforesaid resolution passed at this meeting. | |

Signed this...............................day of.................................................2018

Unless otherwise instructed, the proxy will vote as he / she deems fit.

Name:

Company:

A member entitled to attend and vote may appoint a proxy to attend and vote for him / her on his / her, behalf and such proxy need not also be a shareholder of the Company. The instrument appointing such a proxy must be deposited with the Company Secretary at registered office of the Company, 5th Floor Standard House, Queens Road, Main Mall Gaborone not less than 24 hours before meeting, i.e. before 16:00 on Monday, 27 August 2018.