FIRST NATIONAL BANK OF BOTSWANA LIMITED
(Incorporated in the Republic of Botswana with limited liability under Registration Number 1119)

BWP1,000,000,000
MEDIUM TERM NOTE PROGRAMME

SUPPLEMENTARY PROGRAMME MEMORANDUM
DATED 4 DECEMBER 2017

This Supplementary Programme (“the Supplement”) supplements the Programme Memorandum of 1 December 2011, the Supplementary Programme Memorandums of 15 July 2015 and 4 November 2016, (together “the Programme Memorandum”) in respect of the BWP 1,000,000,000 Medium Term Note Programme (“the Programme”).

Save as amended by this Supplement, the information and terms and conditions contained in the Programme continue to be relevant and applicable, as of date of this Supplement.

This Supplement stands to be read in conjunction with the Programme.
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INTERPRETATION

All terms designated by a capital letter at the commencement of each word thereof, not defined herein, but which are defined in the Programme Memorandum, shall bear the meaning ascribed to them in the Programme Memorandum.

DOCUMENTS INCORPORATED BY REFERENCE

In respect of the Notes issued following the date of this Supplement, the published annual reports, incorporating the audited annual financial statements, the notes thereto and the risk and capital management reports of the Issuer which are part thereof for the years ended 30 June 2015, 2016 and 2017 are deemed incorporated in this Supplement and are available on the Issuer’s website www.finbhots.wana.co.bw .

DISCLAIMER

Prospective investors in the Notes should ensure that they fully understand the nature of the Issuer’s operations, its valuation and the extent of their exposure to risk, and that they consider the suitability of investment in the Notes in light of their own circumstances and financial position. If the Notes are quoted and listed on the Botswana Stock Exchange with approval of the Botswana Stock Exchange, the approval by the Botswana Stock Exchange of the listing of the Notes should not be taken in any way as an indication of the merits of the Issuer. The Botswana Stock Exchange will not verify the accuracy and truth of the contents of the documentation submitted to it and accepts no liability of whatever nature for any loss, liability, damage or expense resulting directly from the investment in the Notes.
RISK FACTORS

Words used in this section entitled “Risk Factors” shall bear the same meanings as used in the Terms and Conditions, except to the extent that they are separately defined in this section or such meaning is clearly inappropriate from the context.

The Issuer believes that the factors described below, which are not set out in any particular order, represent key risks inherent in investing in the Notes, but the inability of the Issuer to pay interest, principal or other amounts on or in connection with any Notes may occur for other reasons which may not be considered significant risks by the Issuer based on information currently available to it, or which it may not currently be able to anticipate. Some risks are not yet known and some that are not currently deemed material could later turn out to be material. Accordingly, the Issuer does not represent or warrant that the statements below regarding the risks of holding of any Notes are exhaustive.

All of these risks could materially affect the Issuer and, its reputation, business, results of its operations and overall financial condition.

The information set out below is therefore not intended as advice and does not purport to describe all of the considerations that may be relevant to a prospective investor.

Investors contemplating making an investment in the Notes should determine their own investment objectives, and all factors which may be relevant to them in connection with such investment, and apply same when considering investment in the Notes. An investor who is in any doubt as to whether or not make such investment should consult his own professional advisors.

FACTORS THAT MAY AFFECT THE ISSUER'S ABILITY TO FULFIL ITS OBLIGATIONS UNDER NOTES ISSUED UNDER THE PROGRAMME

1. RISKS RELATING TO THE ISSUER

1.1 The investments, business, profitability and results of operations of the Issuer may be adversely affected as a result of volatility in the economy and financial markets or a deterioration in the conditions thereof.

The Issuer's businesses are inherently subject to the risk of economic and market fluctuations as well as the effects of these. In particular, the Issuer's activities are subject to interest rate risks and may in some cases also be subject to foreign exchange, bond and equity price risks. Changes in interest rate levels, yield curves and spreads may affect the interest rate margin realised between lending and borrowing costs. The performance of financial markets may cause changes in the value of the Issuer's investment and trading portfolios. The Issuer has implemented risk management methods to mitigate and control these and other market risks to which the Issuer is exposed. However, it is difficult to predict with accuracy changes in economic or market conditions and to anticipate the effects that such changes could have on the Issuer's financial performance. Should market circumstances deteriorate, this could lead to a decline in credit quality, decreases in asset prices, increases in defaults and non-performing debt and/or a worsening of general economic conditions in the markets in which the Issuer operates, all of which may materially adversely affect the Issuer's business, profitability and results of operations.

Furthermore it is not possible to predict what structural and/or regulatory changes may result from market conditions or whether such changes may be materially adverse to the Issuer and its prospects.

Although there have been periods where market conditions have generally improved, the legacy of the 2008 financial crisis remains one of significant macroeconomic
uncertainty. The global financial markets, in particular, continue to experience significant volatility.

The large sovereign debts and/or fiscal deficits of a number of European countries and the United States have raised concerns regarding the financial condition of financial institutions that have direct or indirect exposure to those countries and/or whose counterparties, custodians, customers, service providers or sources of funding have direct or indirect exposure to these countries. A restructuring of sovereign debt issued by one or more Eurozone Member States or a significant decline in the credit rating of one or more sovereigns or financial institutions could cause severe stress in the financial system generally and could adversely affect the financial markets in which the Issuer operates.

The Botswana economy is not immune to global developments. A significant decline in the economic growth of any of Botswana’s major trading partners, could have a material adverse impact on Botswana’s balance of trade and adversely affect the Country’s economic growth. A decline in demand for imports from the European Union could have a material adverse effect on Botswana exports and its economic growth. The Issuer’s business is significantly focused on Botswana and therefore adverse changes affecting the Botswana economy are likely to have an adverse impact on the Issuer’s financial condition and results of its operations.

If Botswana experiences large current account deficit, the Country would be constrained to depend on foreign capital inflows to fund growth. Such a dependence may make Botswana economy vulnerable to adverse global or domestic economic developments that could affect foreign capital inflows, increasing the risk to growth.

No assurance can be given that a further economic downturn or financial crisis will not occur, or that the Issuer would be able to sustain its current performance levels if such events or circumstances affecting Botswana economy were to occur.

1.2 Risk management

The Issuer, in common with other issuers in Botswana and elsewhere, is exposed to commercial and market risks in its ordinary course of business, the most significant of which are credit risk, market risk, liquidity risk, interest rate risk, operational risk and foreign exchange risk. Credit risk is the risk of loss due to non-performance of a counterparty in respect of any financial or performance obligation due to deterioration in the financial status of the counterparty. Market risk is the risk of loss on trading instruments and portfolios due to changes in market prices and rates. Liquidity risk is the inability to discharge funding or trading obligations which fall due at market related prices. Interest rate risk is defined as the sensitivity of the balance sheet and income statement to unexpected, adverse movements of interest rates. Operational risk is the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events. Foreign exchange risk is the risk of losses occurring or a foreign investment’s value changing from movement in foreign exchange rates.

In addition, the Issuer is also exposed to counterparty credit risk, equity investment risk, strategic risk, business risk, volume and margin risk, reputational risk, macroeconomic risk and environmental, social and governance risk. Counterparty credit risk is the risk of a counterparty to a bilateral contract, transaction or agreement defaulting prior to the final settlement of the transaction’s cash flows. Equity investment risk is the risk of an adverse change in the fair value of an investment in a company, fund or any other financial instrument, whether listed, unlisted or bespoke. Strategic risk is the risk to current or prospective earnings arising from adverse business decisions or the improper implementation of such decisions. Business risk is the risk to earnings and capital from potential changes in the business environment, client behaviour and technological progress. Volume and margin risk is the risk that
the capital base is negatively impacted by a downturn in revenue due to market factors (for example, margin compression), combined with the risk that the cost base is inflexible. Reputational risk is the risk of reputational damage due to compliance failures, pending litigation or bad press reports. Macroeconomic risk is the risk to the business due to changes in macroeconomic conditions, global economic conditions or credit shocks. Environmental, social and governance risks focus on the environmental, social and governance issues which may impact the Issuer's ability to successfully and sustainably implement business strategy.

Any failure to control these risks adequately or unexpected developments in the future economic environment could have an adverse effect on the financial condition and reputation of the Issuer (see the subparagraph titled “Risk Management” in the section titled “Description of FNBB”).

1.3 Concentration Risk
The Issuer's business is significantly focused on the Botswana market and therefore faces a geographic concentration risk. Any adverse changes affecting the Botswana economy are likely to have an adverse impact on the Issuer's loan portfolio and, as a result, on its financial condition and results of its operations.

The normalisation of monetary policy in the United States of America could also result in a slowdown in capital flows to Southern Africa, which may result in more currency weakness, higher inflation and lower economic growth. Other factors may also affect the Botswana economy, including power blackouts, water shortages, an economic slump in China and/or a renewed deterioration in the prospects of the United States of America, the United Kingdom (post Brexit) and the Eurozone.

1.4 Liquidity Risk

*Structural characteristics impacting the funding profile of Botswana banks*

The banking sector in Botswana is characterised by certain structural features, such as a low discretionary savings rate and a higher degree of contractual savings that are captured by institutions such as pension funds, provident funds and providers of asset management services. A portion of these contractual savings translate into institutional funding (comprising wholesale funding from financial institutions across a range of deposits, loans and financial instruments) for banks, which has a higher liquidity risk than retail deposits.

As retail funding represents only 23% of the banking sector's funding base, this means that short-term, expensive institutional deposits are utilised to fund longer-dated assets such as mortgages. Liquidity risk in the Botswana banking system is therefore structurally higher than in most other markets.

However, this risk is to some extent mitigated by the following factors:

- the system, whereby all Pula transactions (whether physical or derivative) have to be cleared and settled in Botswana through a registered bank and clearing institutions domiciled in Botswana. The Issuer is one of the major clearing/settlement banks;
- the institutional funding base is fairly stable as it comprises, in effect, recycled contractual retail savings; and
- Botswana banks have a low dependence on foreign currency funding (i.e. low roll-over risk).

Although the Issuer believes that its level of access to domestic and international inter-bank and capital markets and its liquidity risk management policy allow and will continue to allow the Issuer to meet its short-term and long-term liquidity needs,
any maturity mismatches may have a material adverse effect on its financial condition and the results of operations. Furthermore, there can be no assurance that the Issuer will be successful in obtaining additional sources of funds on acceptable terms or at all.

1.5 Changing regulatory environment

The Issuer is subject to applicable laws, regulations, administrative actions and policies of Botswana, and the Issuer’s activities may be constrained by such regulations. Changes in supervision and regulation, in Botswana, could materially affect the Issuer's business, the products or services offered, the value of its assets and its financial condition. Although the Issuer works closely with its regulators and continually monitors the situation, future changes in regulation, fiscal or other policies cannot be predicted and are beyond the control of the Issuer.

In addition, the global banking sector is experiencing increased political and regulatory pressures, and some of these pressures will materialise in Botswana. On 16 December 2010 and 13 January 2011, the Basel Committee on Banking Supervision (the "Basel Committee") published its final guidance in relation to new capital and liquidity requirements intended to reinforce capital standards and to establish minimum liquidity standards for credit institutions in two accords ("Basel II/III"). Basel III prescribes two (two) minimum liquidity standards for funding liquidity, namely a liquidity coverage ratio ("LCR"), which aims to ensure that banks maintain an adequate level of high-quality liquid assets to meet liquidity needs for a 30 (thirty) calendar day period under a severe stress scenario, and a net stable funding ratio ("NSFR"), which aims to promote medium and long-term funding of banks’ assets and activities.

The Basel Committee has formalised processes in order to ensure the consistent implementation of Basel III across jurisdictions. Both the LCR and the NSFR requirements are subject to an observation period and include a review clause to address any unintended consequences.

Botswana, as a Basel Committee member country, through its Central Bank, Bank of Botswana (BOB), commenced with the phasing-in of the Basel II/III framework, with expected implementation in 2019.

Given the structural funding profile of Botswana’s financial sector and the limited availability of high-quality liquid assets (as defined in Basel III) in Botswana, the Botswana banking sector (including the Issuer) will, based on its current funding profiles, experience difficulty in complying with the Basel III, LCR and NSFR requirements. These issues have been recognised by the Botswana regulatory authorities, and the banking industry Banking Committee, Bankers Association and various International Monetary Fund (IMF) missions,

The Banking Supervision Department of the Bank of Botswana commenced with the phasing in of Basel II/III from 2014 through the Revised Capital Measurement and Capital Standards for Botswana, which talk to Basel II with incorporation of elements of Base III in capital adequacy calculations, and what are aimed at giving effect to the principles contained in the document entitled “Basel III: A global regulatory framework for more resilient banks and banking systems”, finalised by the Basel Committee in June 2011, and will continue with the implementation process up to 2018. The Revised Capital Measurement and Capital Standards for Botswana provide a broad framework for the phasing in of Basel II/III, and specific detail regarding
implementation (including the domestic application of elements of Basel II/III where regulators are entitled to exercise national discretion) is periodically provided the Bank of Botswana, (after engaging with the role-players in the banking industry) in the form of guidance notes, circulars and directives. The consultation process is ongoing and the Issuer is not able to predict precisely whether future regulatory reforms and the subsequent implementation in Botswana of Basel III minimum standards for funding liquidity will have a material impact on the Issuer’s financial condition, business or results of operations.

1.6 The Issuer’s risk management policies and procedures may not have identified or anticipated all potential risk exposures

The Issuer has devoted significant resources to developing its risk management policies and procedures, particularly in connection with credit concentration and liquidity risks, and expects to continue to do so in the future. Nonetheless, its risk management techniques may not be fully effective in mitigating its risk exposure in all market environments or against all types of risk, including risks that are unidentified or unanticipated. Some of the Issuer’s methods of managing risk are based upon its use of observed historical market behaviour. As a result, these methods may not predict future risk exposures, which could be greater than historical measures indicate. Other risk management methods depend upon evaluation of information regarding the markets in which the Issuer operates, its clients or other matters that are publicly available or otherwise accessible by the Issuer. This information may not be accurate in all cases, complete, up-to-date or properly evaluated. Any failure arising out of the Issuer’s risk management techniques may have an adverse effect on the results of its operations and/or its financial condition.

1.7 Cyber-crime could have a negative impact on the Issuer’s operations

The Issuer’s operations are dependent on its own information technology systems and those of its third party service providers. The Issuer could be negatively impacted by cyber attacks on any of these. As the Issuer moves banking to the digital and mobile world, the risk of cyber-crime increases, especially as infiltrating technology is becoming increasingly sophisticated, and there can be no assurance that the Issuer will be able to prevent all threats.

1.8 The Issuer may not be able to detect money laundering and other illegal or improper activities fully or on a timely basis, which could expose it to additional liability and have a material adverse effect on it

The Issuer is required to comply with applicable anti-money laundering laws and regulations in Botswana. These laws and regulations require the Issuer, among other things, to adopt and enforce "know your customer" policies and procedures and to report suspicious and large transactions to the applicable regulatory authorities. While the Issuer has adopted policies and procedures aimed at detecting and preventing the use of its banking network for money laundering activities by terrorists and terrorist-related organisations and individuals generally, such policies and procedures may not completely eliminate instances in which the Issuer may be used by other parties to engage in money laundering or other illegal or improper activities. To the extent the Issuer may fail to fully comply with applicable laws and regulations, the relevant government agencies to which it reports have the power and authority to impose fines and other penalties on the Issuer. In addition, the Issuer's business and reputation could suffer if customers use it for money laundering or illegal or improper purposes.

1.9 Downgrade Credit Rating of Botswana could have an adverse effect on the Issuer’s liquidity sources and funding costs

The Issuer is currently not rated by any credit rating agency.

Standard and Poor’s (S&P) Rating Services has retained the ‘A-’ investment grade for long term bonds and ‘A-2’ for short term bonds in domestic and foreign currency denominated borrowing in Botswana. The outlook remains negative.
A downgrade or potential downgrade of Botswana’s Rating or a change in Rating Agency methodologies relating to systemic support provided by Botswana could also negatively affect the perception of Botswana’s economy and hence of banks in Botswana, of which the Issuer is one.

1.10 **Competitive Landscape**

The Issuer is subject to significant competition from other major banks operating in Botswana, including competitors that may have greater financial and other resources, and, in certain markets, from international banks. Many of these banks operating in the Issuer's markets compete for substantially the same customers as the Issuer. Competition may increase in some or all of the Issuer's principal markets and may have an adverse effect on its financial condition and results of operations.

1.11 **The Issuer is subject to capital requirements that could limit its operations**

The Issuer is subject to capital adequacy guidelines adopted by Bank of Botswana, which provide for a minimum target ratio of capital to risk-weighted assets. Any failure by the Issuer to maintain its ratios may result in sanctions against the Issuer, which may in turn impact on its ability to fulfil its obligations under the Notes.

The phasing in of the Basel III framework by Bank of Botswana is aimed at raising the quality and quantity of the regulatory capital base and enhancing risk coverage in line with the framework. Bank of Botswana continues to assess the impact of the Basel framework and engage with market participants, and it is possible that the regulations relating to banks may undergo further changes.

1.12 **Political, social and economic risks in Botswana or regionally may have an adverse effect on the Issuer's operations**

Operations of the Issuer in Botswana market are subject to various risks which need to be assessed in comparison to jurisdictions elsewhere. These include political, social and economic risks such as general economic volatility, recession, inflationary pressure, exchange rate risks, crime and diseases (including, for example, HIV/AIDS), all of which could affect an investment in the Notes. The existence of such factors may have a negative impact on Botswana and international economic conditions generally, and more specifically on the business and results of the Issuer in ways that cannot be predicted.

2. **RISKS RELATING TO THE NOTES**

2.1 **There is no active trading market for the Notes**

The Notes to be issued after issue of the Supplement, and under the Programme will be new securities which may not be widely distributed and for which there is currently no active trading market (unless in the case of any particular Tranche, such Tranche is to be consolidated with and form a single series with a Tranche of Notes which is already issued). If the Notes are traded after their initial issuance, they may trade at a discount to their initial offering price, depending upon prevailing interest rates, the market for similar securities, general economic conditions and the financial condition of the Issuer. Although applications may be made for the Notes to be traded on the Botswana Stock Exchange or on such other Financial Exchange(s) as may be determined by the Issuer, there is no assurance that such applications will be accepted, that any particular Tranche of Notes will be so listed or that an active trading market will develop. Accordingly, there is no assurance as to the development or liquidity of any trading market for any particular Tranche of Notes.

2.2 **The Notes may be redeemed prior to maturity**

Unless in the case of any particular Tranche of Notes the relevant Applicable Pricing Supplement specifies otherwise, in the event that the Issuer would be obliged to increase the amounts payable in respect of any Notes due to any withholding or
deduction for or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or on behalf of Botswana or any authority therein or thereof having power to tax, the Issuer may redeem all outstanding Notes in accordance with the Terms and Conditions.

In addition, if in the case of any particular Tranche of Notes the relevant Applicable Pricing Supplement specifies that the Notes are redeemable at the Issuer's option in certain other circumstances, the Issuer may choose to redeem the Notes at times when prevailing interest rates may be relatively low. In such circumstances an investor may not be able to reinvest the redemption proceeds in a comparable security at an effective interest rate as high as that of the relevant Notes.

2.3 Dematerialisation

Because (i) Notes which are listed on the Botswana Stock Exchange Act are now to be held in dematerialized form and a register kept on the electronic system of the CSDB at the CSDB, and (ii) the Companies Act for Botswana stipulates that a company issuing a note shall issue an instrument or certificate in respect thereof and that title of the note is evidenced by the name of the person being reflected on the instrument or certificate, and that a register of notes is to be kept at the registered office of the Issuer, the Issuer expressly undertakes to recognize ownership and title to a Note in that person whose name is recorded as holder and owner of the Note on the register on the electronic book entry system of the CSDB, and will cause the Transfer Secretary to keep a separate register of holders of Notes at the registered office of the Issuer, which separate register shall be reconciled with the register at the CSDB on a quarterly basis.

Notes held in the CSDB will be issued, cleared and settled in accordance with the Applicable Procedures through the electronic settlement system of the CSDB. The CSDB will maintain records of the Notes. Investors will be able to trade Notes only through the CSDB and in accordance with the Applicable Procedures.

Payments of principal and/or interest in respect of the Notes will be made to the order of the Paying Agent, and the Issuer will discharge its payment obligations under the Notes by making payments to, or to the order of, the Paying Agent. A Noteholder must rely on the Paying Agent to receive payments under the Notes. Each Noteholder shown in the records of the CSDB and/or the Participants, as the case may be, shall look solely to the Paying Agent, as the case may be, for payment. The Paying Agent will distribute payments due under a Note to the Noteholder.

Holders of Notes will not have a direct right to enforce rights in respect of Notes. Instead, such holders will be permitted to act only through the offices of the Trustee appointed in terms of Deed of Trust.

2.4 Credit Rating

Tranches of Notes issued under the Programme may be rated or unrated. If a Rating is assigned to any issue of Notes, the Rating may not reflect the potential impact of all risks related to structure, market, additional factors discussed herein, and other factors that may affect the value of the Notes. A credit Rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning Rating Agency. Any adverse change in an applicable credit Rating could adversely affect the trading price for the Notes issued under the Programme.

2.5 U.S. Foreign Account Tax Compliance Withholding
Whilst the Notes are issued in Botswana and listed in the BSE only, in all but the most remote circumstances, it is not expected that the Foreign Account Tax Compliance Act of the United States of America ("FATCA") will affect the amount of any payment to be made under a Note. However, FATCA may affect payments made to custodians or intermediaries in the subsequent payment chain leading to the ultimate investor if any such custodian or intermediary generally is unable to receive payments free of withholding under FATCA. It also may affect payment to any ultimate investor that is a financial institution that is not entitled to receive payments free of withholding under FATCA, or an ultimate investor that fails to provide its broker (or other custodian or intermediary from which it receives payment) with any information, forms, other documentation or consents that may be necessary for the payments to be made free of withholding under FATCA. Investors should choose their custodians or intermediaries with care (to ensure each is compliant with FATCA or other laws or agreements related to FATCA), provide each custodian or intermediary with any information, forms, other documentation or consents that may be necessary for such custodian or intermediary to make a payment free of withholding under FATCA. Investors should consult their own tax advisor to obtain a more detailed explanation of FATCA and how FATCA may affect them. The Issuer's obligations under the Notes are discharged once it has paid the common depositary for the clearing systems (as bearer of the Notes) and the Issuer has therefore no responsibility for any amount thereafter transmitted through hands of the clearing systems and custodians or intermediaries.

2.6 Notes subject to optional redemption by the Issuer

An optional redemption feature is likely to limit the market value of the Notes. During any period when the Issuer may elect to redeem the Notes, the market value of those Notes generally will not rise substantially above the price at which they can be redeemed. This also may be true prior to any redemption period. The Issuer may be expected to redeem Notes when its cost of borrowing is lower than the interest rate on the Notes. At those times, an investor generally would not be able to re-invest the redemption proceeds at an effective interest rate as high as the interest rate on the Notes being redeemed and may only be able to do so at a significantly lower rate. Potential investors should consider reinvestment risk in light of other investments available at that time.

2.7 Notes issued at a substantial discount or premium

The market values of securities issued at a substantial discount or premium from their principal amount tend to fluctuate more in relation to general changes in interest rates than do prices for conventional interest-bearing securities. Generally, the longer the remaining term of the securities, the greater the price volatility as compared to conventional interest-bearing securities with comparable maturities.

2.8 Modification

The Terms and Conditions contain provisions for calling meetings of Noteholders to consider matters affecting their interests generally. These provisions permit defined majorities to bind all Noteholders including Noteholders who did not attend and vote at the relevant meeting and Noteholders who voted in a manner contrary to the majority.

2.9 Change of law

The Notes, and any non-contractual obligations arising out of or in connection with them, are governed by, and shall be construed in accordance with Botswana law. No assurance can be given as to the impact of any possible judicial decision or change to Botswana law or the law of any other jurisdiction or administrative practice after the date of this Supplement.

3. RISKS RELATING TO BOTSWANA

3.1 Risks relating to emerging markets
Botswana is generally considered by international investors to be an emerging market. Investors in emerging markets such as Botswana should be aware that these markets have historically been subject to greater risk than more developed markets. These risks include economic and financial market instability as well as, in some cases, significant legal and political risks.

Economic and financial market instability in Botswana has been caused by many different factors, including:

- high interest rates;
- changes in currency values;
- high levels of inflation;
- commodity price fluctuations;
- the slowdown in the economic activity of its trading partners;
- wage and price controls;
- the imposition of trade barriers.

Any of these factors, amongst others, as well as volatility in the markets for securities similar to the Notes, may adversely affect the value or liquidity of the Notes.

Accordingly, investors should exercise particular care in evaluating the risks involved and must decide for themselves whether, in light of those risks, their investment is appropriate. Generally, investment in emerging markets is only suitable for sophisticated investors who fully appreciate the significance of the risks involved, and prospective investors are urged to consult with their own legal and financial advisors before making an investment in the Notes.

Investors should also note that developing markets, such as Botswana, are subject to rapid change and that the information set out in the Programme as supplemented by this Supplement may become outdated relatively quickly.

3.2. Regulatory environment

The Issuer is subject to government regulation in Botswana. Regulatory agencies have broad jurisdiction over many aspects of the Issuer's business, which may include capital adequacy, premium or interest rates, marketing and selling practices, advertising, licensing agents, policy forms, terms of business and permitted investments.

Changes in government policy, legislation or regulatory interpretation applying to the financial services industry in the markets in which the Issuer operates in Botswana may adversely affect the Issuer's product range, distribution channels, capital requirements, environmental and social obligations and, consequently, reported results and financing requirements.

The most pertinent legislation and regulation which applies to the Issuer is:

- Bank of Botswana Act;
- Banking Act;
- Companies Act;
- Financial Intelligence Agency Act;
- the Securities Act;
- the Financial Reporting Act; and
- Hire Purchase Act
4. **THE NOTES MAY NOT BE A SUITABLE INVESTMENT FOR ALL INVESTORS**

Each potential investor in any Notes must determine the suitability of that investment in light of its own circumstances. In particular, each potential investor should:

- have sufficient knowledge and experience to make a meaningful evaluation of the Notes, the merits and risks of investing in the Notes and the information contained or incorporated by reference in this Programme and Supplement;
- have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Notes and the impact such an investment will have on its overall investment portfolio;
- have sufficient financial resources and liquidity to bear all of the risks of an investment in the Notes, including Notes with principal or interest payable in one or more currencies, or where the currency for principal or interest payments is different from the potential investor’s currency;
- understand thoroughly the terms of the Notes and be familiar with the behavior of any relevant indices and financial markets; and
- be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

**Complex Financial Instruments**

Some Notes are complex financial instruments. Sophisticated institutional investors generally do not purchase complex financial instruments as stand-alone investments. They purchase complex financial instruments as a way to reduce risk or enhance yield with an understood, measured and appropriate addition of risk to their overall portfolios. A potential investor should not invest in Notes which are complex financial instruments unless it has the expertise (either alone or with a financial adviser) to evaluate how the Notes will perform under changing conditions, the resulting effects on the value of the Notes and the impact this investment will have on the potential investor’s overall investment portfolio.

A wide range of Notes may be issued under the Programme. A number of these Notes may have features which contain particular risks for potential investors. Set out below is a description of certain such features:

**Index-Linked and Dual Currency Notes**

The Issuer may issue Notes the terms of which provide for interest or principal payable in respect of such Note to be determined by reference to an index or formula, to changes in the prices of securities or commodities, to movements in currency exchange rates or other factors (each, a “Relevant Factor”) or with principal or interest payable in one or more currencies which may be different from the currency in which the Notes are denominated. Potential investors should be aware that:

- the market price of such Notes may be volatile;
- no interest may be payable on such Notes;
- payments of principal or interest on such Notes may occur at a different time or in a different currency than expected;
• a Relevant Factor may be subject to significant fluctuations that may not correlate with changes in interest rates, currencies or other indices;

• if a Relevant Factor is applied to Notes in conjunction with a multiplier greater than one or contains some other leverage factor, the effect of changes in the Relevant Factor on principal or interest payable likely will be magnified; and

• the timing of changes in a Relevant Factor may affect the actual yield to investors, even if the average level is consistent with their expectations. In general, the earlier the change in the Relevant Factor, the greater the effect on yield.

Partly-paid Notes

The Issuer may issue Notes where the issue price is payable in more than one instalment. Failure to pay any subsequent instalment could result in an investor losing all of its investment.

5. LEGAL INVESTMENT CONSIDERATIONS MAY RESTRICT CERTAIN INVESTMENTS

The investment activities of certain investors are subject to legal investment laws and regulations, or review or regulation by certain authorities. Each potential investor should consult its legal advisors to determine whether and to what extent (i) Notes are legal investments for it, (ii) Notes can be used as collateral for various types of borrowing and (iii) other restrictions apply to the purchase or pledge by it of any Notes. Financial institutions should consult their legal advisors and/or the appropriate regulators to determine the appropriate treatment of Notes under any applicable risk-based capital or similar rules.

6. FINANCIAL MARKETS

A prospective investor of the Notes should be aware of the prevailing and widely reported global credit market conditions (which continue at the date hereof), whereby there is a general lack of liquidity in the secondary markets for instruments similar to the Notes. The Issuer cannot predict if and when these circumstances will change, and if and when they do, whether conditions of general market illiquidity for the Notes and instruments similar to the Notes will return in future.
DESCRIPTION OF THE NOTES

In anticipation of the directive of the Non-Bank Financial Institutions Regulatory Authority that securities listed on the BSE be issued in dematerialized form and trades recorded in the accounts of the electronic platform of the CSDB, and in the light of the requirement of the Companies Act for Botswana, that Notes be issued under an instrument or a certificate, the Issuer established the Programme under which a Global Certificate/Note would be issued in respect of a Tranche of Notes, held and immobilised at the CSDB and Beneficial Interests in that Certificate/Note offered for subscription, and registered at the CSDB.

At the advent of the dematerialisation, this structure was not followed, and certificates in respect of Notes then in issue replaced by an entry of record thereof in the CSDB. The Issuer notwithstanding the provisions in the Companies Act, undertakes to recognise the person whose name is recorded in the Register at the CSDB as owner of a Note as having ownership and title to the rights under that Note.

It is appropriate to set out herein a description of the Notes and provisions relating to the same.

Notes listed or to be listed on the BSE are now in and will be issued in dematerialized form.

Investors will be able to trade such Notes only through the CSDB.

The Issuer will discharge its payment obligations under such Notes by making payments to or to the order of a Paying Agent for distribution to Noteholders reflected as such in the accounts of the CSDB.

A holder of a Note must rely on the Paying Agent to receive payments under a Note.

Noteholders will not have a direct right to take enforcement action against the Issuer. In the event of a default under a Note. The Holder will have to rely for enforcement of its rights upon and the Trustee appointed in terms of the Deed of Trust.

The Notes have been accepted for clearance through the CSDB, which forms part of the BSE clearing system that is managed by Central Securities Depository Botswana (Pty) Ltd and may be accepted for clearance through Settlement Agents which as at the date of this Supplementary Programme are the Issuer, Barclays Bank of Botswana, Standard Chartered Bank Limited and Stanbic Bank Botswana Limited, the brokers which are registered members of the BSE.

In relation to any Tranche of Notes, listed for quotation and trade and the CSDB shall maintain a register and the Transfer Secretary, or such other person specified in the Applicable Pricing Supplement as the Transfer Secretary shall maintain a mirror register at the Issuer’s registered office. The Registers shall be reconciled quarterly.

Notes listed on the BSE in terms of existing law and practice shall be transferred through the CSDB by way of book entry in the securities accounts of holders in the CSDB by the Settlement Agents, who are approved by the BSE to act as settlement agents and therefore perform electronic settlement of both funds and scrip on behalf of market participants. A certificate or other document issued by a Settlement Agent as to the principal amount of Notes standing to the account of any person shall be prima facie proof of title to the Notes.

As at date hereof, the Issuer has issued a total of BWP$503 110 000 (Five Hundred and Three Million One Hundred and Ten Thousand Pula) worth of Notes as split in the table below:

<table>
<thead>
<tr>
<th>Instrument</th>
<th>Actual Amount Issued (BWP’ million)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tier II Notes</td>
<td>179.40</td>
</tr>
<tr>
<td>Zero Coupon Notes</td>
<td>86.00</td>
</tr>
<tr>
<td>Senior Unsecured Notes</td>
<td>237.71</td>
</tr>
<tr>
<td>Instrument</td>
<td>Total (BWP' million)</td>
</tr>
<tr>
<td>----------------</td>
<td>----------------------</td>
</tr>
<tr>
<td>TOTAL</td>
<td>503.11</td>
</tr>
<tr>
<td>BALANCE</td>
<td>496.89</td>
</tr>
</tbody>
</table>

The Issuer intends issuing the following additional Notes:

<table>
<thead>
<tr>
<th>Instrument</th>
<th>Total (BWP' million)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Senior Debt</td>
<td>2.00</td>
</tr>
</tbody>
</table>

As a result the Issuer will have an aggregate Nominal Amount of Notes of BWP703,110,000 outstanding.
TERMS AND CONDITIONS OF THE NOTES

For the same reason advanced in the preceding Section, it is appropriate to set out the Terms and Conditions of the Notes, in the Programme which are amended and the amendments thereto. Save as amended herein, and by the terms of any Applicable Pricing Supplement, the Terms and Conditions set out in the Programme Memorandum continue to apply.

The following definitions appearing in the Programme Memorandum are amended:

"Applicable Procedures" means the rules and operating procedures for the time being of the CSDB and the BSE, and in respect of a Note not listed on the BSE, the operating procedures determined by the Issuer and Transfer Secretary as the case may be;

"Series" means in respect of a Note listed on the BSE, a Tranche of Notes together with any further Tranche or Tranches of Notes which are:

(a) expressed to be consolidated and form a single series;
(b) identical in all respects (including as to listing) except for their respective Issue Dates, Interest Commencement Dates and/or Issue Prices;

"Tranche" means, in relation to any particular Series, all Notes which are identical in all respects (including as to listing);

"Transfer Form" means the written form for the transfer of a Note approved by the CSDB and signed by the transferor and transferee;

"Title" in respect of Notes listed on the BSE, means ownership of and entitlement to all the rights arising under a Note, which ownership and rights are evidenced by entry into the Register held by the CSDB (in which regard any certificate or other document issued by a Settlement Agent, as to the nominal amount of such Notes standing to the account of any person named in the Register shall be prima face proof of such ownership and entitlement), and the person whose name is recorded in such Register treated by the Issuer as the Noteholder of the Nominal Amount of such Notes for all purposes.

"Payments" Payments of interest in respect of Notes will be made to the Paying Agent/or the Noteholder, as shown in the Register on the Last Date to Register; and the Issuer will be discharged by proper payment to Paying Agent for the Noteholder in respect of each amount so paid. Each Noteholder shown in the Register and records of the CSDB shall look solely to the Paying Agent for his share of each payment so made by the Issuer to the Paying Agent.

"Certificates" for so long as Notes are listed on the BSE, Notes will not be represented by an Individual Certificate.

A Noteholder will be entitled to a receipt evidencing the interest held by or transferred to that holder, from the CSDB, if the holder of the interest is a Participant or from the Participant if the holder of the interest is a person other than a Participant, within 7 days after registration of that transfer in accordance with Condition 14.

"Register" the register shall be constituted in the book entry system of the CSDB and shall:-

(a) contain the names, addresses and bank account numbers of the Participants or holders of Notes;
(b) show the total Nominal Amount of the Notes;
(c) show the dates upon which each of the Noteholders and/or Participants as the case may be, was registered as such;
(d) show the serial numbers of the Notes and the dates of issue thereof;
(e) be open for inspection at all reasonable times during business hours on Business Days by an Participant or Noteholder or any person authorised in writing by a Noteholder;
(f) be closed during the Books Closed Period.
The CSDB shall alter the Register in respect of any change of name address or account number of any Participants or Noteholder.

**Transfer of Notes**

Notes may be transferred in accordance with the Applicable Procedures.

Before any transfer is registered all relevant transfer taxes (if any) must have been paid and such evidence must be furnished as the CSDB or Transfer Secretary reasonably requires as to the identity and title of the transferor and the transferee.

No transfer will be registered whilst the Register is closed.

**Definition of General Creditors**

The attention of potential Investors in the Notes is drawn to the substitution made in July 2015 of the definition of paragraph 1.95 of paragraph 1 “Interpretation” of the Programme Memorandum with the following definition:

“General Creditors” means creditors of the Issuer, not being Depositors (as defined in paragraph 1.21 above) who are trade creditors, with unsecured concurrent claims against the Issuer which claims are not subordinated in any way to claims of the Holders of Notes.”
DESCRIPTION OF THE ISSUER, FIRST NATIONAL BANK OF BOTSWANA LIMITED
("the Bank" or "FNBB").

1. OVERVIEW

The Bank offers a diverse range of financial products and services to retail, consumer, commercial, wholesale and public sector segments. With a total of 1255 employees, FNBB’s services include transactional banking and deposit-taking, card acquiring, credit facilities and FNBB distribution channels (namely branch network, ATMs, cell phone and internet facilities). FNBB’s range of products & solutions include the following:

- Vehicle & asset finance products;
- Treasury solutions;
- Commercial & residential property finance solutions;
- International Trade Services products;
- Electronic banking and online banking products;
- Credit card & debit card solutions;
- Micro lending (through First Funding);
- Insurance solutions;
- Cell phone banking products and solutions;
- Savings and investment products;
- Mining and public sector financing;
- Student banking facilities;
- Agricultural sector solutions; and
- Islamic finance (Shari’ah approved) products.

2. History and Background:

In addition to the History and Background already provided in the Programme Memorandum the following recent history and background is pertinent

- 2017: As at June 2017, FNBB is the largest company on the domestic equities main board of the Botswana Stock Exchange by capitalisation. FNBB has the largest balance sheet of all banks in Botswana totalling BWP 24 billion and the largest advances book of all banks in Botswana with over BWP 15 billion.

FNBB embarked on its insurance business, which commenced operations in September 2016. This follows the issuance of an insurance broker license to FNB Insurance Broker (FNBIB), a wholly owned subsidiary of FNB Holdings Botswana, in July 2016. The Insurance Brokerage business is the principal broker for the First National Bank Insurance Agency (a wholly owned insurance agency of First National Bank of Botswana Limited). FNBIB has two businesses that of the provision of; (a) the wealth management and fiduciary services and (b) the insurance broker, that provides both life and credit insurance services.

2017: The Group is currently represented as follows:
Simplified legal structure

Strategy of the Group is set at holding company level,
The structure of the Issuer’s immediate group is currently:

3. Strategic Direction and Expansion

FNBB’s core strategy is to diversify into the retail segment and increase its market share in the consumer segment. With a reinvigorated emphasis on customer centricity, the Bank has implemented a new strategy aimed at increasing its customer base tenfold by 2025. The Retail segment strategic focus has been on the upper Gold to affluent customer base. There has also been focus on the insurance and investment business with strong focus on offshore investment (Ashburton). This strategy started in 2008 with the expansion of FNBB’s branch and ATM footprint. As part of FNBB’s strategy to grow its business, FNBB streamlined its organizational structure into a Segment/Product House/Support model. This limits silo business unit management and enhances cross-selling opportunities. The Consumer, Wholesale, and Public Sector segments focus on customer relations and developing a unique customer value proposition. The Product Houses focus on delivering product offerings to the segments through the available distribution channel networks. The Bank will continue to invest in infrastructure, notably branches as well as other channels such as ATM with deposit and Point of Sale machines to make the customer experience better, simpler and more efficient.

FNBB continuously strives to develop and support its staff, and become and remain the employer of choice. The current staff complement as at June 2017 was 1269.

In 2016/2017 FNBB continued with its efforts aimed at improving customer satisfaction and increasing the customer base, by augmenting its rewards programmes with a number of tailored made value propositions in furtherance of the Bank’s customer centricity ideals. The rewards programmes include (i) eBucks (a Rewards Programme providing qualifying customers with the opportunity to get reward when purchasing prepaid airtime or prepaid electricity through FNBB’s electronic channels and to earn up to 1.5% back in eBucks on qualifying credit card swipes, (ii) eWallet Bulk Send, a payment solution that allows business account holders to pay single or multiple eWallets at a go through online banking enterprise platform (the solution supports business to perform multiple eWallets payments to an unlimited number of recipients amongst others). Other products introduced in 2016/2017 include but are not limited to: (i) 105% mortgage financing which helps customers to finance up to 100% of the purchase price of their home of choice, plus provide an additional 5% to help cover their legal fees; (ii)
an investment solution for premium clients who want to diversify into investing offshore; (iii) lifestyle discount rewards (where customers can receive up to 35% off the purchase of products and services at participating merchant partners when using their FNBB card). These developments and new product offerings have resulted in an increase in the Bank’s customer base from 428,561 in June 2016 to 436,937 in June 2017.

4. Management

FNBB’s board of directors is responsible for reviewing and guiding corporate strategy, major action plans, risk policy, annual budgets and business plans, monitoring corporate performance and overseeing major capital expenditures. The Board consists of 9 members, 8 of which are non-executive directors, 6 of whom are independent.

Non-executive directors:
J.K. Macaskill (Chairman)
J.R. Khethi
D.A. Kgosietsile
M Masire-Mwamba
S. Thupelo (Deputy Chairman)
M.W. Ward
N Mokgethi
Doreen Neube

Executive directors:
S. Bogatsu (Chief Executive Officer)

5. Corporate Governance

The Issuer retains a strong focus on risk management and corporate governance.

There are five Board subcommittees: the Directors Affairs and Governance Committee, Audit Committee, Remuneration Committee, Risk, Capital Management and Compliance Committee and the Credit Risk Committee.

Both the Main Risk Committee and the Ethics Committee report directly to the Board Risk, Capital Management and Compliance Committee (BRCMCC). The BRCMCC additionally has oversight authority over the Asset and Liabilities and Capital Committee, (“ALCCO”) the Operational Risk Committee, the IT Committee as well as the Operational Credit Risk Committee whilst the Combined Assurance Forum reports to the Audit Committee.

Each Committee has a clearly defined set of responsibilities set out in a committee charter.

The Board has put in place appropriate risk management processes, practices, policies and procedures to mitigate against exposure to foreseeable risks. The Bank has aligned its risk management structure in line with the Group’s Business Performance and Risk Management Framework with the objective of ensuring a single view of risk across the Bank. The organisational structure of risk management includes roles and specific responsibilities assigned to the following: The Board of Directors, the Board Risk and Compliance Committee, the Main Committee (which reports to the Board Risk and Compliance Committee) and the Chief Risk Officer who is the management personnel responsible for the overall risk management leadership and execution. It is important to note, however, that in line with Group practice, the responsibility for risk management resides with management at all levels (i.e. from Members of the Board right through to individual Bank employees).

FNBB Internal Audit is supported by Internal Audit of the First Rand Group.

A Compliance Function monitors high risk legislation and management of this risk, using a compliance framework and manual to address and monitor material and emerging regulatory risks.
The Board and ALCCO monitor compliance with minimum capital adequacy requirements and solvency, through an Internal Capital Adequacy Assessment Process.

The Bank has adopted the Code of Ethics of the First Rand Group and an effective whistle blowing facility for employees, managed by an independent firm is in place.

FNBB is subject to regulatory capital requirements in terms of the Banking Act and regulations promulgated pursuant thereto, and directives issued by the Bank of Botswana from time to time.

FNBB as a subsidiary of First Rand EMA Holdings South Africa is subject to scrutiny by the Financial Services Board of South Africa as ultimate regulatory authority and hence also the South African Banks Act, Act No. 94 of 1990.
AMENDMENT TO THE PROGRAMME MEMORANDUM

This Supplementary Programme Memorandum amends the Programme Memorandum as follows:

1. The definition of “Form of Notes” appearing on page 14 is deleted in its entirety and replaced with:

   “Notes will be issued in the form of registered Notes, or Order Notes as described in the section entitled “Form of Notes”. In the case of registered Notes which are listed on the BSE, each Tranche of Notes shall (i) be evidenced by an entry of details thereof on the register on the electronic system of the CSDB and entry into a securities account of the Noteholder with the CSDB and will not be exchangeable for Individual Certificates except in the circumstances described in this Programme Memorandum. Notes not listed on the BSE may be evidenced by Individual Certificates”.

2. The insertion of an additional definition on page 16 of the Programme Memorandum:

   “Register” in relation to Notes listed on the BSE, the register maintained in the electronic system of the CSDB as duplicated by the Transfer Secretary, and reconciled on a quarterly basis, and, in relation to Notes not listed on the BSE, the register maintained by the Transfer Secretary at the registered office of the Issuer.

3. The definition of “Settlement Agents” appearing in page 16 is deleted in its entirety and replaced with:

   “certain banks in Botswana which as at date hereof are the Issuer, Barclays Bank of Botswana Limited, Standard Chartered Bank Botswana Limited and Stanbic Bank Botswana Limited, and brokers which are registered members of the BSE who are approved by the BSE and CSDB to perform electronic settlement of both funds and sign on behalf of Noteholders or Participants”.

4. The definition of “Transfer Secretary” appearing in page 17 is deleted in its entirety and replaced with:

   “In relation to any Tranche of Notes, which is listed on the BSE, the CSDB or, in respect of Notes evidenced by Individual Certificates and/or recorded in a register other than that of the CSDB, the Transfer Secretary appointed in terms of a written agreement, or such other person specified in the Applicable Pricing Supplement as the transfer secretary to act as “Transfer Secretary” in respect of a Tranche of Notes and who will maintain such Register.

5. The section “Form of the Notes” appearing on page 18 of the Programme Memorandum is deleted in its entirety and replaced with:

FORM OF THE NOTES

Words used in this section entitled “Form of the Notes” shall bear the same meanings as used in the Terms and Conditions, except to the extent that they are separately defined in this section or this is clearly inappropriate from the context.

Notes may be issued in registered or order form, as specified in the Applicable Pricing Supplement.

The Notes may be listed on the BSE and/or a successor exchange to the BSE or such other or further exchange or exchanges as the Issuer may select in relation to an issue. Each Tranche of Notes listed on the BSE will be issued in accordance with the Terms and Conditions set out below in this Programme Memorandum.

Notes listed on the BSE shall be issued in uncertificated form in which event, no Certificates shall be issued in respect thereof.
All Notes not listed on the BSE may be issued in definitive form as an Individual Certificate or Ownership of Notes represented by Individual Certificates shall be recorded in the Register maintained by the Transfer Secretary. Notes represented by Individual Certificates may only be transferred by entry in the Register maintained by the Transfer Secretary in accordance with the provisions of [Condition 14 of the Ordinary Conditions].

Listed Registered Notes

Notes which are listed on the BSE shall, in terms of existing law and practice, be transferred through the CSDB by way of book entry in the securities accounts of the Noteholders or Participants in the CSDB by Settlement Agents. A certificate or other document issued by a Settlement Agent as to the principal amount of Notes standing to the account of any person shall be prima facie proof of title to the Note.

The Issuer shall regard the Register as the conclusive record of title such the Notes and shall regard the persons whose names appear on the Register as the owner of title in the Notes.

Unlisted Registered Notes

Unlisted Registered Notes may be transferred on presentation of a transfer form, signed by the transferor and transferee, to the Transfer Secretary who shall note the transfer on the Register and cancel the Certificate in the name of the transferor and issue a Certificate in the name of the transferee.

Order Notes

Order Notes issued in order form and which are interest bearing shall, if indicated in the Applicable Pricing Supplement, have interest Coupon for further Coupons attached to the Certificate on issue. Notes repayable in instalments shall have Receipts for the payment of the instalments of principal (other than the final instalment) attached on issue.

Title to Order Notes and/or any Receipts and Coupons attached on issue to the Certificate evidencing such Order Note, will pass by way of endorsement and delivery of such Certificate, Receipt, Coupon or Talon (as the case may be)."

6. The definition of “Beneficial Interest” appearing at clause 9.1 of page 25 of the Programme Memorandum is deleted.

7. The definition of “Global Certificate” appearing at clause 1.38 of page 28 of the Programme Memorandum is deleted.

8. The definition of “Noteholder” appearing at clause 1.69 of page 30 of the Programme Memorandum is deleted and replaced with

“Noteholder in respect of Notes listed on the BSE the persons recorded in the Register of the CSDB as the holders of such Notes, and in respect of Notes not listed on the BSE the person whose name appears on the Certificate or instrument evidencing the Note.

9. The definition of “Notes” at clause 1.71 on page 30 of the Programme Memorandum is deleted in its entirety and replaced with:

“means the notes issued or to be issued by the Issuer under the Programme and together with Receipts and/or Coupons (if any) or uncertificated Notes”.

10. The definition of “Order Note” at clause 1.73 on page 30 of the Programme Memorandum is deleted in its entirety and replaced with:

“means a Note payable to the Payee thereon, transferable by way of Endorsement and delivery in accordance with Condition 14.2 and the term “Order Note” shall include the rights to interest or principal represented by a Coupon or Receipt (if any) attached to the Certificate of the Note on the issue thereof”.

11. The definition of “Participants” at clause 1.75 on page 31 of the Programme Memorandum is deleted in its entirety and replaced with:
"means institutions accepted by the CSDB as participants on the CSDB which as at the date hereof are the Issuer, Barclays Bank of Botswana Limited, Standard Chartered Bank Botswana Limited and Stanbic Bank Botswana Limited and brokers which are registered members of the BSE."

12. The definition of “Relevant Date” at clause 1.89 on page 32 of the Programme Memorandum is deleted in its entirety and replaced with:

"means in respect of any payment relating to the Notes, the date on which such payment first becomes due, except that, in relation to monies payable to Noteholders in accordance with these Terms and Conditions, it means the first date on which (i) the full amount of such monies have been received by the Paying Agent, (ii) such monies are available for payment to the Noteholders and (iii) notice to that effect has been duly given to Noteholders in accordance with the Applicable Procedures."

13. The definition of “Representative” at clause 1.92 on page 32 of the Programme Memorandum is deleted in its entirety and replaced with:

"means a person duly authorised to act on behalf of a Noteholder, or the Transfer Secretary the Calculation Agent or the Paying Agent, who may be regarded by the Issuer (acting in good faith) as being duly authorised based upon the tacit or express representation thereof by such Representative, in the absence of express notice to the contrary from such Noteholder or Secretary or Agent"

14. The definition of “Transfer Secretary” at clause 1.92 on page 32 of the Programme Memorandum is deleted in its entirety and replaced with:

"means in respect of Notes listed on the BSE, the CSDB, or in the case of Notes not listed on the BSE and represented by Individual Certificates, Pricewaterhouse Coopers (Pty) Limited unless the Issuer elects to appoint another entity as transfer secretary in accordance with a written agreement, in which event that other entity be specified in the Applicable Pricing Supplement and shall act as an transfer secretary in respect of the Notes represented by Individual Certificates the subject of that Pricing Supplement."

15. The definition of “Transfer Form” at clause 1.104 on page 33 of the Programme Memorandum is deleted in its entirety and replaced with:

"means in respect of a Note listed on the BSE, the written form for the transfer of a Note, approved by the CSDB, and in respect of a Note not listed on the BSE the written form approved by Transfer Secretary, signed by the transferor and transferee"

16. The text of Clause 3.1 on page 33 of the Programme Memorandum is deleted in its entirety and replaced with:

"Notes other than Order Notes may be issued in uncertificated dematerialised form, or certificated form. All Notes listed on the BSE shall be issued in uncertificated dematerialised form. All Notes shall be registered on a Register which shall record details thereof."

17. The text of Clause 4.1 on page 34 of the Programme Memorandum is deleted in its entirety and replaced with:

"Notes other than Order Notes
The Issuer shall deem and treat the person reflected in the Register as the holder of any Note as the absolute owner of the Note."

18. The text of Clause 8.6 on page 40 of the Programme Memorandum is deleted in its entirety and replaced with:

"Each Note (or in the case of the redemption of part only of a Note, that part only of such Note) will cease to bear interest (if any) from the date of its redemption unless, upon due presentation thereof, payment of principal is improperly withheld or refused. In such event, interest will continue to accrue at the Default Rate specified in the Applicable Pricing Supplement until the date on which the full amount of the moneys payable has been received by the Paying Agent and notice to that effect has been given to Noteholders in accordance with Condition 18."
19. The text of Clause 9.1 on page 41 of the Programme Memorandum is deleted in its entirety and replaced with:

"Notes

Payments of interest on a Note shall be made to the Paying Agent for payment to the registered Noteholder, as set forth in the Register on the close of business on the Last Date to Register (as specified in the Applicable Pricing Supplement). In the case of a final redemption payment, the holder of an Individual Certificate shall be required, on or before the Last Date to Register prior to the Maturity Date, to surrender such Individual Certificate at the offices of the Transfer Secretary.

Noteholders shall look solely to the Paying Agent, as the case may be, for payment so made by the Issuer to the Paying Agent".

20. The deletion in clause 9.3 on page 42 of the word “Registered” wherever it appears of the Programme Memorandum is deleted in its entirety.

21. The deletion in the first paragraphs of clause 10.4 of the Programme Memorandum of the words “represented by Individual Certificates” and in the third paragraph of clause 10.4 the words ‘represented by a Global Certificate’ shall be deleted and replaced with the words ‘Listed on the BSE’.

22. The deletion of clauses 12.1 to 12.10, inclusive on page 46 and 47 of the Programme Memorandum in their entirety and replacement with:

"12.1 Notes listed on the BSE will be exchangeable for an Individual Certificate if (i) a written request for Notes in definitive form is submitted by the holder to the relevant Participant within 14 days of the date of delisting of such Notes from the BSE (ii) the Applicable Procedures for obtaining such a Certificate from the Transfer Secretary are followed.

12.2 A Noteholder shall be entitled to receive a Certificate evidencing the Notes transferred to that Noteholder within 7 days after registration of that transfer in accordance with Condition 14 (and which will apply mutatis mutandis to such Certificate).

12.3 Joint Noteholders will be entitled to receive only one Certificate in respect of that joint holding, and the delivery to one of those Noteholders shall be delivery to all of them.

12.4 If a Certificate, Receipt or Coupon is worn out or defaced then, within 14 days of its presentation to the CSDB or Participant or Transfer Secretary, the Transfer Secretary shall cancel that Certificate, Receipt or Coupon and issue a new Certificate, Receipt or Coupon in its place.

12.5 If a Certificate, Receipt or Coupon is lost or destroyed then upon proof thereof to the satisfaction of Transfer Secretary, a new Certificate, Receipt or Coupon in lieu thereof may be issued to the person entitled to that lost or destroyed Certificate, Receipt or Coupon, provided that the Noteholder shall provide the Transfer Secretary and the Issuer with an indemnity and pay any out-of-pocket expenses incurred in connection with the indemnity. The person providing the indemnity and the form of the indemnity shall be to the satisfaction of the Issuer. The new Certificate, Receipt or Coupon shall be issued within 14 days from the date that the conditions for issuing such Certificate Receipt or Coupon have been fulfilled.

12.6 An entry as to the issue of a new Certificate, Receipt or Coupon and indemnity (if any) shall be made in the Register (in respect of Registered Notes) upon the date of issue of the new Certificate, Receipt or Coupon.

12.7 Certificates, Receipts and Coupons to be provided by the Issuer to Noteholders shall be collected by the Noteholders from the Transfer Secretary."
23. Clauses 13.1 to 13.5 on page 47 in Programme Memorandum are deleted in their entirety and
their replaced with:

"13.1 The Register of Noteholders shall:

13.1.1 in the case of Notes listed on the BSE be kept in respect of Noteholders or
Participants at the CSDB by the CSDB and at the registered office of the Issuer,
by the Transfer Secretary,

13.1.2 in the case of Notes not listed on the BSE be kept at the registered office of the
Issuer by the Transfer Secretary or such other person as may be appointed for
the time being by the Issuer to maintain the Register in respect thereof;

13.1.3 contain the names, addresses and bank account numbers of the Noteholders;

13.1.4 show the total Nominal Amount of the Notes held by Noteholders;

13.1.5 show the dates upon which each of the Noteholders was registered as such;

13.1.6 show whether the Notes are Order Notes;

13.1.7 show the serial numbers of the Notes and the dates of issue thereof;

13.1.8 be open for inspection at all reasonable times during business hours on
Business Days by any Noteholder or any person authorised in writing by a
Noteholder;

13.1.9 be closed during the Books Closed Period.

13.2 The CSDB and the Transfer Secretary shall alter the Register in respect of any
change of name address or account number of any Noteholders, of which it is
notified.

13.3 in respect of Notes listed on the BSE the Issuer will only recognise per person whose
names appears in the Register as the owner of the Notes registered in that
Noteholder’s name as at the Register;

13.4 Except as provided for in these Terms and Conditions or as required by law, the
Issuer shall not be bound to enter any trust in the Register or to take notice of or to
accede to the execution of any trust (express, implied or constructive) to which any
Certificate may be subject”.

Save as amended herein, or by the terms of any Applicable Supplement, the provisions of the
Programme Memorandum continue to apply.
FINANCIAL INFORMATION

The audited financial statements of the Issuer, for the year ending 30 June 2017, are attached as annexure 1.

The letter of comfort of the Auditor to the Issuer is attached as annexure 2.
AMENDMENT TO TERMS AND CONDITIONS

In July 2015 pursuant to the Supplementary Programme Memorandum issued on 15 July 2015, the definition appearing at paragraph 1.95 of paragraph 1 “Interpretation” of the Terms and Conditions of the Programme was amended by deletion of the existing definition, replacing it with a new definition

“‘General Creditors’ means creditors of the Issuer, not being Depositors (as defined in paragraph 1.21 above) who are trade creditors with unsecured concurrent claims against the Issuer which claims are not subordinated in any way to claims of the Holders of Notes”
GENERAL INFORMATION

Words used in this section entitled “General Information” shall bear the same meanings as used in the Terms and Conditions, except to the extent that they are separately defined in this section or this is clearly inappropriate from the context.

Authorisation

All consents, approvals, authorisations or other orders of all regulatory authorities required by the Issuer under the laws of the Republic of Botswana have been given for the extension of the maximum aggregate Nominal Amount of the Programme and the issue of Notes under the extended Programme and for the Issuer to undertake and perform its obligations under the Notes.

Listing

The Programme has been approved by the BSE. Application in respect of the Notes to be issued under the extended Programme and which in terms of the Applicable Pricing Supplement are to be listed on the BSE or its successor or such other or further exchanges as may be agreed between the Issuer and the relevant Dealer(s), will be made to the BSE or such successor or other exchange as indicated in the Applicable Pricing Supplement.

Documents Available

So long as Notes are capable of being issued under the Programme, copies of the following documents will, when published, be available from the registered office of the Issuer and from the office of the Transfer Agent for the time being, in Gaborone:

(a) the most recently published annual report of the Issuer, incorporating the audited annual financial statements, and notes thereto;

(b) a copy of the Programme and this Supplement;

(c) any future prospectuses, programme memoranda, supplementary listing particulars, information memoranda and supplements (including the Pricing Supplements in respect of Notes) to this Supplement and any other documents incorporated herein or therein by reference.

Clearing Systems

Notes to be listed and listed on the BSE will be accepted for clearance through the CSDB, which forms part of the BSE clearing system that is managed by the CSDB and may be accepted for clearance through any additional clearing system as may be agreed between BSE and the Issuer.

Settlement Agents

As at the date of this Supplement, the BSE-recognised Settlement Agents are the Issuer, Standard Chartered Bank Limited, Barclays Bank of Botswana Limited, Stanbic Bank Botswana Limited and the brokers which are registered members of the BSE.

Settlement, Transfer and Clearing

Notes will be issued, cleared and transferred in accordance with the procedures and rules made of force and effect and applied from time to time by the BSE and the CSDB. Such Notes will be settled through the Settlement Agents who will comply with the electronic settlement procedures. The CSDB will maintain securities accounts for the Noteholders and Participants who, in turn, will maintain securities accounts for investors in the Notes. The Settlement Agents will be responsible for the settlement of scrip and payment transfers through the CSDB. Transfer of Notes shall be undertaken in accordance with the rules of the CSDB as well as the Terms and Conditions.

The Settlement Agents and the Transfer Agent shall not be required to recognise any notice of any trust nor recognise the right of any other person other than the registered holder of Notes.

No transfer of Notes will be made in the Register unless the prescribed documentation has been properly lodged with the Transfer Agent.

Material Change

Save as disclosed in this Supplement, there has been no material adverse change in the financial or
trading position of the Issuer and no material adverse change in the prospects of the Issuer since the
date of the Issuer’s latest audited financial statements.

**Litigation**

The Issuer is not (whether as defendant or otherwise) engaged in any legal, arbitration, administration
or other proceedings, the results of which might have or have had a material effect on the financial
position or the operations of the Issuer, nor is it aware of any such proceedings being threatened or
pending.

**Auditors**

Deloitte have acted as the auditors of the financial statements of FNBB for the financial years ended 30
June 2014, 30 June 2015, 30 June 2016 and 30 June 2017 and, in respect of these years, issued
unqualified audit reports which reports are contained in the Audited Financial Statements.

**Directors’ Responsibility Statement**

The Directors, whose names are given in page 23 of this Supplement, collectively and individually
accept full responsibility for the accuracy of the information given herein 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 that the
Supplement contains all information required by law.

The Directors confirm that the Supplement read with the Programme includes all such information
within their knowledge (or which it would be reasonable for them to obtain by making enquiries) as
investors in the Notes 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 the Issuer and of the rights attaching to the Notes to which
the Supplement relates.

Dated this 4th day of December 2017

[Signature]

[Name]

[Position]

for and on behalf of the Board of the Issuer
duly authorised
CORPORATE INFORMATION

ISSUER
First National Bank of Botswana Limited
(Registration Number 1119)
First Place
Plot 54362, Gaborone West CBD
Gaborone
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Contact: Ms Lolo Molosi

ARRANGER and DEALER
FirstRand Bank Limited,
acting through its Rand Merchant Bank division
(Registration Number 1929/001225/06)
16th Floor
1 Merchant Place
Cnr Fredman Drive and Rivonia Road
Sandton, 2196
South Africa
Contact: Mrs L. Cunningham-Scott

DEALER, PAYING AGENT and CALCULATION AGENT
First National Bank of Botswana Limited
(Registration Number 1119)
First Place
Plot 54362, Gaborone West CBD
Gaborone
Botswana
Contact: Ms Lolo Molosi

TRANSFER AGENT
PricewaterhouseCoopers (Pty) Ltd
Plot 50371
Fairground Office Park
Gaborone
Botswana
Contact: Mr S. Sinha

LEGAL ADVISOR TO THE ISSUER
Collins Newman & Co
Dinatla Court
Plot 4863
Gaborone
Botswana
Contact: Mr. N.W. Armstrong

AUDITORS TO ISSUER
Gaborone
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Deloitte House
Plot 64518 Fairgrounds
Gaborone
Botswana
Contact: Mrs C. Ramailapeng

TRUSTEE
John Yendall Stevens
c/o Stevens Fricker and Associates T/A
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