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 adviser or other professional adviser immediately. This Circular incorporates listing particulars and is issued in compliance with the Listing Requirements of the Botswana Stock Exchange, for the purpose of giving information to the public with regard to the Shareholders of Standard Chartered Bank Botswana Limited.

If you have disposed of all your shares in Standard Chartered Bank Botswana Limited, this Circular should be sent to the agent through whom you have disposed of such shares, for onward delivery to the purchaser of those shares.

Standard Chartered Bank Botswana Limited
Share Code: STANCHART ISIN: 000 000 0165
(“SCBB” or “the Company”)
Incorporated in the Republic of Botswana: 28 February 1975
(Registration number CO/1724)

CIRCULAR TO SHAREHOLDERS

Relating to the acquisition of the Custody and Trustee Services Business in Botswana from Barclays Bank PLC.

Date of issue of Circular: 24 September 2010

Lead Advisors and Attorneys

Sponsoring Broker

[Logos]

[Logos]
SECTION 1

CORPORATE INFORMATION

Board of Directors
Washington Matsaira  
David D Cutting  
Ebenezer Essoka  
Bojosi Othogile  
Reginald Motswaiso  
Sery Leburu

Registered Office
Standard Chartered Bank Botswana Limited  
Standard Chartered Bank House  
The Main Mall, Plot 1124-30, Queens Road  
P.O. Box 496  
Gaborone

Company Secretary
Thato Mmiles  
Standard Chartered Bank Botswana Limited  
Standard Chartered Bank House  
The Main Mall, Plot 1124-30, Queens Road  
P.O. Box 496  
Gaborone

Legal Advisor
Armstrongs Attorneys  
5th Floor, Barclays House  
Khama Crescent  
P.O. Box 1368  
Gaborone

Sponsoring Brokers
Motswedi Securities (Pty) Ltd  
Plot 113 Unit 30 Kgale Mews  
Private Bag 0023  
Gaborone

Reporting Accountants
KPMG  
Plot 61918  
Fairground Office Park  
P.O. Box 1519  
Gaborone

Independent Reporting Accountants
PricewaterhouseCoopers  
Plot 50371, Fairground Office Park  
P.O. Box 294  
Gaborone
SECTION 2
INTERPRETATIONS AND DEFINITIONS

This Circular is issued in compliance with section 9.25 of the BSE Listing Requirement which imposes upon SCBB an obligation to despatch a circular to Shareholders in the event of entering into a Category 2 transaction as defined by the BSE Listing Requirements.

CIRCULAR RELATING TO THE ACQUISITION TRANSACTION

1. INTRODUCTION

On 28 April 2010, your Board announced that Standard Chartered Bank has entered into an agreement (the "Agreement") to acquire Barclays Bank PLC’s ("BB") custody business in Africa. The sale by BB includes the sale of the assets and operations of Barclays Bank of Botswana Limited’s ("BBB") custody and trustee business to SCBB (the "Botswana Transaction"). The purpose of this Circular, which is issued in compliance with Section 9.25 of the BSE Listing Requirements, is to explain the Botswana Transaction to you.

2. BACKGROUND TO THE BOTSWANA TRANSACTION

BB’s African custody business is a pan-African securities and custody business covering 16 markets from operations in eight countries. It employs 66 people. As at 31 December 2009, the business had assets under custody ("AUC") totaling GBP 3,862 million.

Following its exit from the global custody business outside of Africa in 1998, BB initiated a process of exploring the sale of its remaining custody business in Africa in mid-2009. The process commenced with the identification of potential acquirers targeting global financial institutions with an African presence who would view the business as complementary to their existing operations. Standard Chartered Bank made a preliminary bid for these assets based on a detailed Information Memorandum submitted to it and its bid was subsequently determined by BB to be the most favourable.

3. DETAILS OF THE BOTSWANA TRANSACTION

The Botswana Transaction contemplates the sale to SCBB of all the custody and trustee assets and associated operations of BBB, as a going concern. The business that the Company will be acquiring will form part of Standard Chartered’s build up of its Africa custody business as a whole. SCBB’s acquisition of BBB’s custody and trustee business will give the Company new products that it can offer to clients domestically, sustainable annuity income from the clients that transfer from BBB, a new source of deposit liquidity and the opportunity to build relationships with regional and international investors who invest in Botswana.
The Africa custody business as a whole will form a key part of the custodian services that Standard Chartered Bank and its group offers internationally, and will complement the Standard Chartered Bank group’s existing capability in Asia and the Middle East. As well as adding direct custody capabilities in the eight African markets where the business has operations it will add indirect capabilities in a further eight markets (Egypt, Cote d’Ivoire, Malawi, Morocco, Namibia, Nigeria, Tunisia and South Africa) provided through a network of third party sub-custodians via an operations hub in Mauritius. The acquisition will strengthen Standard Chartered Bank group’s regional product offering which should bring benefits to the Company to the extent that these customers choose to invest in Botswana and use the custody and trustee services that will be provided by the Company.

The sale and purchase of the business relating to the Botswana Transaction is conditional upon certain regulatory approvals and other customary conditions precedent including:

1. approval of the Botswana Transaction by the Non Bank Financial Institutions Regulatory Authority (“NBFIRA”);
2. the grant of a licence by NBFIRA to SCBB to conduct the business relating to the Botswana Transaction in Botswana;
3. the approval of the Botswana Stock Exchange to the Botswana Transaction;
4. notification of the Botswana Transaction to the Bank of Botswana; and
5. the satisfaction of certain other conditions, including regulatory approvals in other countries which BB’s Africa custody business operates.

Appropriate applications and notifications in respect of the conditions precedent have been made.

The total consideration payable in respect of the Botswana Transaction (which may be subject to certain adjustments under the terms of the Agreement) is GBP 9,871,198 which as at 27 April 2010 equated (at a rate of exchange BWP 10.4932 to GBP 1.00) to BWP 103,580,454. The total consideration has been determined based on a Discounted Cash Flow (DCF) valuation of the future streams of income expected to be generated by the business on the assumption of a conservative average AUC growth rate of 17% per annum.

Assuming no adjustment, the consideration is to be satisfied by payment of GBP 2,672,402 by Standard Chartered Bank to BB and the balance of GBP 7,198,796 (payable, as specified in the Agreement, with a local currency amount of BWP 75,538,406) by the Company to BBB, on a date to be agreed, which is not expected to be later than November 2010.

The value of the net assets of the business relating to the Botswana Transaction (the “Botswana Business”) at 31 December 2009 was BWP 36,565 and represents 0.010% of value of the total net assets of SCBB as at 31 December 2009.

The total value of the assets under custody of the Botswana business as at 31 December 2009 was BWP 10,485,408.00. The pre-tax profits generated by the Botswana Business (and the related Deposit Business) which are the subject of the transaction as at 31 December 2009 were BWP 18,825,000 which represents 6.91% of the total pre-tax profit of Standard Chartered Bank Botswana Limited as at that date.

The excess of total consideration to be paid over the net assets value of the business (BWP 103,543,889) relates to the value of identified intangible assets represented by customer relationships acquired/ developed by the business over time, which are expected to provide future economic benefits to SCBB. SCBB’s accounting policy, which is in line with IFRS 3, is to capitalize acquired intangibles on acquisition and amortize them through the profit and loss account over their expected useful life (usually between 4-16 years). At each balance sheet date, these assets are assessed for indication of impairment. In the event that an asset’s carrying value is determined to be greater than its recoverable amount, the asset is written down immediately.

Proforma financial information relating to the Botswana Business is set out in Appendix II.
4. THE BOTSWANA BUSINESS VERIFICATIONS

4.1 Litigation

This Botswana Business has not been involved in any legal proceedings during the twelve months preceding the date of this Circular which may have or have had a material effect on its financial position nor, so far as the Directors are aware, are any such proceedings pending or threatened against the entity.

4.2 Accountant's Report

The Botswana Business Accountant’s Reports have been provided by PricewaterhouseCoopers; they are attached herein as Appendices III and IV.

4.3 Vendor

4.3.1 Barclays Bank of Botswana Limited (company number 1732), located at Barclays House Khama Crescent, P.O. Box 478, Gaborone. The total consideration payable (which may be subject to certain adjustments under the terms of the Agreement) is GBP 9,871,198 which as at 27 April 2010 equated (at a rate of exchange BWP 10.4932 to GBP 1.00) to BWP 103,580,454. The value of the net assets of the business relating to the Botswana Business as at 31 December 2009 was BWP 36,565.

4.3.2 BB has retained and indemnified SCB and SCBB against all pre-sale obligations and liabilities of the Botswana Business, including tax liabilities, and customary warranties and indemnities have been given by BB to SCB for itself and on behalf of SCBB.

4.3.3 In order to preserve the value of the Botswana Business being sold to SCBB, the Agreement precludes BB and its group, including BBB, from carrying on business similar to the Botswana Business for a limited time.

4.3.4 The securities of Barclays Botswana Nominees (Pty) Ltd (“BBN”) are being purchased at nominal value on the basis that BBN does not beneficially hold assets in its name.

4.3.5 No director has any beneficial interest direct or indirect in the negotiation of the Botswana Transaction.

4.3.6 There was no promoter involved in the sale and purchase of the Botswana Business.

4.3.7 The Botswana Business and assets have not yet been transferred to SCB, pending fulfillment of the conditions precedent (see Section 3 above).

5. FINANCIAL EFFECTS OF THE TRANSACTION

The information below details the expected change to the net assets (per share) of the Company after completion of the Botswana Transaction. This information has been extracted from the Company’s audited financial results for the year ended 31 December 2009. A full copy of these audited results is available for inspection at the Company’s Registered Office.
<table>
<thead>
<tr>
<th></th>
<th>SCB* 31/12/2009 (Before Acquisition) BWP</th>
<th>SCB (After Acquisition) BWP</th>
<th>SCB 31/12/2009 (Before Acquisition) BWP</th>
<th>SCB 31/12/2009 (Before Acquisition) BWP</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net Assets value</td>
<td>354,474</td>
<td>382,516</td>
<td>37</td>
<td>28,005</td>
</tr>
<tr>
<td>Net asset per share (BWP)***</td>
<td>1.23</td>
<td>1.33</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

* Based on the audited financial statements of Standard Chartered Bank Botswana Limited as at 31 December, 2009
** Please see Accountant's Report in Appendix III
*** Based on 288,062,570 ordinary shares of no par value in issue as at 31 December 2009

As already stated above, the total value of the assets under custody as at 31 December 2009 was BWP 10,485,408.00. The pre-tax profits relating to the net assets of the Botswana Business which are the subject of the transaction as at 31 December 2009 were BWP 18,825,000 which represents 6.91% of the total pre-tax profit of Standard Chartered Bank Botswana Limited as at that date. Had the Botswana Business been acquired at the beginning of 2009, its contribution would have improved the net profit per share of SCBB for the year ended 31 December, 2009 by 6.28%, from 78.0 thebe to 82.9 thebe.

6. PRO-FORMA NET ASSET STATEMENT

Below is the audited financial statement reflecting the pro-forma net asset statement.

**PRO-FORMA BALANCE SHEET - POST ACQUISITION**

<table>
<thead>
<tr>
<th>Figures in Pula THOUSANDS</th>
<th>SCB 31/12/2009* Before Acquisition</th>
<th>Change***</th>
<th>SCB (Post Acquisition)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Assets</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Loans and Advances to customers (net)</td>
<td>3,487,961</td>
<td>3,487,961</td>
<td></td>
</tr>
<tr>
<td>BoB Certificates and loans to banks</td>
<td>4,023,840</td>
<td>4,023,840</td>
<td></td>
</tr>
<tr>
<td>Investment in subsidiary</td>
<td>-</td>
<td>37</td>
<td>37</td>
</tr>
<tr>
<td>Acquired intangible assets(net)</td>
<td>-</td>
<td>103,544</td>
<td>103,533</td>
</tr>
<tr>
<td>Cash Equivalents and Other Assets</td>
<td>814,139</td>
<td>37</td>
<td>(75,575)</td>
</tr>
<tr>
<td>Total assets</td>
<td>8,325,940</td>
<td>37</td>
<td>28,005</td>
</tr>
<tr>
<td>Liabilities</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Customer Deposits</td>
<td>7,276,538</td>
<td>7,276,538</td>
<td></td>
</tr>
<tr>
<td>Other Liabilities</td>
<td>694,928</td>
<td>694,928</td>
<td></td>
</tr>
<tr>
<td>Capital &amp; Reserves</td>
<td>354,474</td>
<td>37</td>
<td>28,005</td>
</tr>
<tr>
<td>Total Liabilities</td>
<td>8,325,940</td>
<td>37</td>
<td>28,005</td>
</tr>
</tbody>
</table>

* Based on the audited financial statements of Standard Chartered Bank Botswana Limited as at 31 December, 2009
** Please see Accountant's Report in Appendix III
*** We have not taken into consideration any of the financing options mentioned in this circular in preparing this proforma change in balance sheet. Any indication of a possible option or combination of options, resulting from the format and presentation of this statement does not necessarily reflect the final decision of the Board of Directors
7. WORKING CAPITAL STATEMENT

The Directors of SCBB are of the opinion that, after the completion of the Botswana Transaction, the working capital of SCBB will be adequate for the Company's foreseeable future requirements.

8. DIRECTORS' OPINION AND RECOMMENDATIONS

The Directors of SCBB are of the opinion that the terms and conditions of the Botswana Transaction are fair and reasonable and will be to the long-term benefit of SCBB and its Shareholders.

9. DIRECTORS INTERESTS' IN TRANSACTIONS

None of the Directors have any interest in the Botswana Transaction.

10. MAJOR INTERESTS IN SHARES

<table>
<thead>
<tr>
<th>Name</th>
<th>Interest</th>
<th>Percentage interest</th>
</tr>
</thead>
<tbody>
<tr>
<td>Standard Chartered Holdings (Africa) BV</td>
<td>216,036,830</td>
<td>75</td>
</tr>
<tr>
<td>Botswana Insurance Fund Managers</td>
<td>19,775,157</td>
<td>6.8</td>
</tr>
</tbody>
</table>

11. DIRECTORS' INTEREST IN SHARES

None of the Directors hold an interest in excess of 1% of the share capital of SCBB.

12. GROUPS' PROSPECTS

The Directors of SCBB are confident that SCBB is well positioned for growth given that SCBB continues to have a very solid consumer and wholesale banking business, both of which showed good momentum in 2009. SCBB continues to make advances in key areas such as delivery service channels, robust risk management framework while continuing to emphasise the need for robust cost management.

13. MATERIAL CHANGES

There have been no material changes in the financial or trading position of SCBB which have occurred since the end of the last financial period for which annual financial statements or interim financial reports have been published.

14. DIRECTORS' SERVICE CONTRACTS

Directors are entitled to remuneration as determined by our remuneration committee and approved by our shareholders in general meeting. The Directors are entitled to be reimbursed for expenses that they incur in executing their duties, including attendance at meetings of the board or committees and general meetings.

As at 31 December 2009 Directors of SCBB received in aggregate the following:

<table>
<thead>
<tr>
<th>Directorship</th>
<th>Remuneration (BWP)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Executive directors</td>
<td>2,324,738</td>
</tr>
<tr>
<td>Non-executive directors</td>
<td>240,000</td>
</tr>
</tbody>
</table>
15. DIRECTOR’S RESPONSIBILITY STATEMENT

The Directors, whose names are given in Section 1 (entitled Corporate Information in 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 the law.

The Directors confirm that the 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 the issuer and of the rights attaching to the securities to which the Circular relates.

OTHER INFORMATION

15.1 Significant contracts other than in the ordinary course of business

There have been no significant contracts entered into by SCBB otherwise than in the ordinary course of the business carried on within the two years prior to the date of this Circular.

15.2 Experts consents

The expert consent will be available for inspection from the 24 September 2010 to 22 October 2010.

15.3 Accountant’s Report

The Accountant’s Report has been provided by KPMG in their capacity as Reporting Accountants for this transaction; it is attached herein as Appendix V.

15.4 Litigation

SCBB has not been involved in any legal proceedings during the twelve months preceding the date of this Circular which may have or have had a material effect on the financial position of the Company nor, so far as the Directors are aware, are any such proceedings pending or threatened against the Company.

15.4 Documents to be available for inspection

The following documents are available for inspection at the Registered Office of the Company during working hours from the 24 September 2010 to the 22 October 2010:

- the Constitution of SCBB;
- the Agreements for the Botswana Transaction referred to in this Circular; and
- Expert Consents.

Signed by the Managing Director for and on behalf of the Board of Directors of the Company on 13 September 2010

BY ORDER OF THE BOARD
# APPENDICES TO THE CIRCULAR

**Appendix I**  
Copy of Press Announcement published 25 and 26 of July 2010.

**Appendix II**  
Proforma financial information of the Botswana Business.

**Appendix III**  
Accountant’s Report relating to carve-out historical financial information on the Botswana Business provided by PricewaterhouseCoopers dated 13 September 2010.

**Appendix IV**  
Accountant’s Report relating to historical financial information on the deposit business associated with the Botswana Business provided by PricewaterhouseCoopers dated 13 September 2010.

**Appendix V**  
Accountant’s Report provided by KPMG Certified Public Accountants dated 20 August 2010
APPENDIX I

COPY OF PRESS ANNOUNCEMENT PUBLISHED 25 AND 26 OF JULY 2010.

STANDARD CHARTERED BANK BOTSWANA LIMITED
Incorporated in the Republic of Botswana the 28th day of February 1975 Company Number 1724

ANNOUNCEMENT IN TERMS OF RULE 9.25 OF THE LISTING REQUIREMENTS OF THE BOTSWANA STOCK EXCHANGE

Standard Chartered Bank Botswana Limited announces that on 27th April 2010 Standard Chartered Bank ("SCB") and Barclays Bank PLC ("BB") entered into a Sale of Business Agreement ("the Agreement") under which SCB would acquire the custody and trustee services business conducted by BB and its subsidiaries or branches in Africa ("the Africa Custody Business").

The Africa Custody Business includes the custody and trustee business conducted by Barclays Bank of Botswana Limited in Botswana and Barclays Botswana Nominees (Proprietary) Limited, a company incorporated under the laws of Botswana ("the Botswana Business").

The Agreement contemplates the sale to Standard Chartered Bank Botswana Limited of all the custody and trustee assets and associated operations of Barclays Bank of Botswana Limited as a going concern.

The sale and purchase of the Botswana Business is conditional upon the receipt of required regulatory approvals and the fulfilment of certain other conditions precedent including:

- Approval of the transaction by the Non Bank Financial Institutions Regulatory Authority ("NBIRA");
- The grant of a licence by NBIRA to Standard Chartered Bank Botswana Limited to conduct the Botswana Business;
- The approval of the Botswana Stock Exchange to the disposal and acquisition of the Botswana Business; and
- Notification of the disposal and acquisition of the Botswana Business to the Bank of Botswana. Appropriated applications and notifications in respect of the conditions precedent have been made.

The satisfaction of certain other conditions, including regulatory approvals in other countries which the Africa Custody Business operates. Appropriate applications and notifications which are necessary for the fulfilment of the conditions precedent have been made.

The total consideration payable in respect of the Botswana Business (which may be subject to certain adjustments under the terms of the Agreement) is GBP 9,871,198 which as at 27 April 2010 equated (at a rate of exchange BWP 10.4832 to GBP 1.00) to BWP 103,580,454.

Assuming no adjustment the consideration is to be satisfied by payment by SCB of GBP 2,672,402 to BB and the balance of GBP 7,198,796 by Standard Chartered Bank Botswana Limited to Barclays Bank of Botswana Limited. The contemplated transaction comprises of both the sale of the Africa Custody Business by BB to SCB and the sale of the Botswana Business by Barclays Bank of Botswana Limited to Standard Chartered Bank Botswana Limited.

Standard Chartered Bank Botswana Limited is currently considering the following options to fund the transaction:

1. Utilization of internally generated funds
2. Issuance of new ordinary shares
3. Raising of debt capital

The value of the net assets of the Botswana Business, the subject of the transaction, as at 31 December 2009 the date of the latest audited financial statements of Barclays Bank of Botswana Limited ("the Latest Accounts Date") was BWP 36,566 and represents 0.010% of value of the total net assets of Standard Chartered Bank Botswana Limited as at the Latest Accounts Date.

Also as at the Latest Accounts Date, the Botswana Business recorded income of BWP 21,796, 000.

The total value of the assets under custody as at the latest accounts date was BWP10,485,408,000. The pre-tax profits relating to the net assets of the Botswana Business which is the subject of the transaction as at the Latest Accounts Date are BWP 18,825,000 which represents 6.914% of the total pre-tax profit of Standard Chartered Bank Botswana Limited as at that date.

The purchase consideration of BWP 103,580,454 represents 2.109% of the market capitalisation of Standard Chartered Bank Botswana Limited of BWP 4,911,474,150 as at 27 April 2010. The said purchase consideration represents 29.221% of the book value of Standard Chartered Bank Botswana Limited of BWP 354, 474, 000 as at the Latest Accounts Date.

The benefits which are expected to accrue to Standard Chartered Bank Botswana Limited as a result of the transaction are:

- Ongoing Standard Chartered Bank Botswana Limited earnings will now include the additional contribution from the custody business (pre-tax profits of BWP 18,825,000 as at the Latest Accounts Date); and
- Liquidity of Standard Chartered Bank Botswana Limited is expected to increase due to the transfer from Barclays Bank of Botswana Limited to Standard Chartered Bank Botswana Limited of liability / cash balances associated with the transaction.

A shareholder circular will be issued giving full details of the agreement within 28 days of the date of this announcement.

Dated at Gaborone this 23rd Day of July 2010.

By order of the Board

Company Secretary
### Statement of Income and Expenses

**Pro forma Custody Business**

<table>
<thead>
<tr>
<th>Period</th>
<th>Net Profit Before Income Tax</th>
<th>Trading Income</th>
<th>Net Interest Income</th>
<th>Interest Income</th>
</tr>
</thead>
<tbody>
<tr>
<td>6.930</td>
<td>9.884</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>8.030</td>
<td>16.135</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1.077</td>
<td>32</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1.003</td>
<td>15.573</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3.170</td>
<td>15.163</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>4.066</td>
<td>45.004</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Deposit Business**

<table>
<thead>
<tr>
<th>Period</th>
<th>Net Profit Before Income Tax</th>
<th>Operating Expenses</th>
<th>Depreciation of Property, Plant and Equipment</th>
<th>Administration and General Expenses</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.259</td>
<td>13.350</td>
<td>12.857</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2.925</td>
<td>2.145</td>
<td>1.77</td>
<td></td>
<td></td>
</tr>
<tr>
<td>4.205</td>
<td>2.973</td>
<td>1.18</td>
<td></td>
<td></td>
</tr>
<tr>
<td>4.332</td>
<td>9.419</td>
<td>1.536</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1.110</td>
<td>1.010</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Historical Financial Information**

### Custody Business Carve-Out Historical Financial Information

In thousands of pula.

**Pro forma Financial Information of the Botswana Business**

**Appendix II**
## APPENDIX II

PROFORMA FINANCIAL INFORMATION OF THE BOTSWANA BUSINESS

### PROFORMA STATEMENT OF NET ASSETS

*in thousands of pula*

<table>
<thead>
<tr>
<th></th>
<th>At 31 December 2009</th>
<th>At 31 December 2008</th>
<th>At 31 December 2007</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>CUSTODY BUSINESS CARVE-OUT HISTORICAL FINANCIAL INFORMATION</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Property, plant and equipment</td>
<td>18</td>
<td>29</td>
<td>24</td>
</tr>
<tr>
<td>Receivables</td>
<td>19</td>
<td>368</td>
<td>61</td>
</tr>
<tr>
<td><strong>Net assets</strong></td>
<td>37</td>
<td>397</td>
<td>85</td>
</tr>
<tr>
<td><strong>DEPOSIT BUSINESS HISTORICAL FINANCIAL INFORMATION</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Statutory reserve</td>
<td>22,709</td>
<td>30,990</td>
<td>15,830</td>
</tr>
<tr>
<td>Available for sale investments</td>
<td>431,465</td>
<td>588,812</td>
<td>300,761</td>
</tr>
<tr>
<td>Deposits by customers</td>
<td>-454,174</td>
<td>-619,802</td>
<td>-316,591</td>
</tr>
<tr>
<td><strong>Net assets</strong></td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td><strong>Proforma total net assets</strong></td>
<td>37</td>
<td>397</td>
<td>85</td>
</tr>
</tbody>
</table>

### Important Notes:

1. The Custody Business Carve-Out Historical Financial Information is covered in the Accountant’s Report in Appendix III.
2. The Deposit Historical Financial Information is covered in the Accountant’s Report in Appendix IV.
3. The Botswana Business was not operated as a separate company within the Barclays group. The above proforma statement of net assets is unaudited and prepared to illustrate the operations of the Botswana Business as if it were a standalone entity and has been prepared by aggregating the relevant financial information detailed in the Accountant's Reports set out in Appendices III and IV. The unaudited proforma financial information is illustrative only.
APPENDIX III

ACCOUNTANT’S REPORT RELATING TO CARVE-OUT HISTORICAL FINANCIAL INFORMATION ON THE BOTSWANA BUSINESS PROVIDED BY PRICEWATERHOUSECOOPERS DATED 13 SEPTEMBER 2010.

BARCLAYS BANK OF BOTSWANA LIMITED
CUSTODY BUSINESS
CARVE-OUT HISTORICAL FINANCIAL INFORMATION

For the years ended 31 December 2007, 2008 and 2009
<table>
<thead>
<tr>
<th>Section</th>
<th>Pages</th>
</tr>
</thead>
<tbody>
<tr>
<td>Directors' approval of the carve-out historical financial information</td>
<td>1</td>
</tr>
<tr>
<td>Independent auditors' report on the historical carve-out financial information</td>
<td>2-3</td>
</tr>
<tr>
<td>Statement of income and expenses</td>
<td>4</td>
</tr>
<tr>
<td>Statement of net assets</td>
<td>5</td>
</tr>
<tr>
<td>Notes to the historical financial information</td>
<td>6-9</td>
</tr>
</tbody>
</table>
The directors of Barclays Bank of Botswana Limited ("the Bank") are responsible for this carve-out historical financial information. Their responsibility includes the maintenance of financial records and the preparation of this carve-out historical financial information on the basis of preparation described in note 2, which forms part of the carve-out historical financial information.

The directors are also responsible to ensure that the basis of preparation described in note 2 is consistent with the accounting policies of the Barclays Bank of Botswana Limited, which comply with International Financial Reporting Standards ("IFRS") and its historical financial records.

Our external auditors conducted an examination of the carve-out financial information in conformity with International Standards on Auditing, having regard to the requirements of the Botswana Stock Exchange Listing Rules Section 8 (Financial Information).

The Board of Directors has reviewed and approved the accompanying carve-out historical financial information, set out on pages 4 to 9, for issue on 13 September 2010.

Director

Director
BARCLAYS BANK OF BOTSWANA LIMITED
CUSTODY BUSINESS
CARVE-OUT HISTORICAL FINANCIAL INFORMATION
STATEMENT OF INCOME AND EXPENSES

in thousands of pula

<table>
<thead>
<tr>
<th>Notes</th>
<th>Year ended 31 December</th>
<th>Year ended 31 December</th>
<th>Year ended 31 December</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2009</td>
<td>2008</td>
<td>2007</td>
</tr>
<tr>
<td>Fee and commission income</td>
<td>3</td>
<td>12,857</td>
<td>13,350</td>
</tr>
<tr>
<td>Staff costs</td>
<td>4</td>
<td>(1,536)</td>
<td>(1,101)</td>
</tr>
<tr>
<td>Administration and general expenses</td>
<td>5</td>
<td>(1,419)</td>
<td>(1,022)</td>
</tr>
<tr>
<td>Depreciation of property, plant and equipment</td>
<td>6</td>
<td>(18)</td>
<td>(22)</td>
</tr>
<tr>
<td>Operating expenses</td>
<td></td>
<td>(2,973)</td>
<td>(2,145)</td>
</tr>
<tr>
<td>Net income before income tax</td>
<td></td>
<td>9,884</td>
<td>11,205</td>
</tr>
<tr>
<td>Income tax</td>
<td>7</td>
<td>(2,471)</td>
<td>(2,801)</td>
</tr>
<tr>
<td>Net income for the year</td>
<td></td>
<td>7,413</td>
<td>8,404</td>
</tr>
</tbody>
</table>
BARCLAYS BANK OF BOTSWANA LIMITED
CUSTODY BUSINESS
CARVE-OUT HISTORICAL FINANCIAL INFORMATION
STATEMENT OF NET ASSETS

in thousands of pula

<table>
<thead>
<tr>
<th>Notes</th>
<th>At 31 December 2009</th>
<th>At 31 December 2008</th>
<th>At 31 December 2007</th>
</tr>
</thead>
<tbody>
<tr>
<td>Property, plant and equipment</td>
<td>6</td>
<td>18</td>
<td>29</td>
</tr>
<tr>
<td>Receivables</td>
<td>8</td>
<td>19</td>
<td>368</td>
</tr>
<tr>
<td></td>
<td>37</td>
<td>397</td>
<td>85</td>
</tr>
<tr>
<td>Total net assets</td>
<td>37</td>
<td>397</td>
<td>85</td>
</tr>
</tbody>
</table>
1. Background

Barclays Bank of Botswana Limited ("BBB")/ the "Bank"), through its holding company Bank Barclays Bank PLC, entered into an agreement in April 2010 (the "sale agreement") in accordance with which it will transfer its customer custody and trust business (the "custody business") to Standard Chartered Bank Botswana Limited ("SCB") (the "transaction").

In accordance with the sale agreement, BBB and SCB are obliged to obtain regulatory approval for the transaction from the Botswana Stock Exchange (the "BSE"). As part of this regulatory approval process, BBB and SCB have provided the BSE with statements of net assets of the custody business as at 31 December 2007, 2008 and 2009, and related statements of income and expenditure for the years then ended, and the basis of compilation used to compile these statements (the "carve-out financial information").

2. Basis of preparation

This carve-out historical financial information has been prepared to present the operations of the Custody Business of Barclays Bank of Botswana Limited ("the Bank") as a single economic entity for the benefit of stakeholders following the signing of the sale agreement. This carve-out historical financial statements do not comply with International Financial Reporting Standards.

The historical financial performance and position have been extracted from the financial and accounting records of the Bank based on historical records for the custody business unit. These amounts and balances had previously been included in the consolidated financial statements of the Bank as a whole.

Taxes

The custody business is not a tax paying entity but income tax has been provided as set out in Note 7. Accordingly, this charge does not present an actual liability of the custody business but rather represents the projected additional tax burden placed on the proprietor of the business.

The Custody Business has not operated as a separate entity. The carve-out historical financial information is, therefore, not necessarily indicative of results that would have occurred if the Custody Business had been a separate stand-alone entity during the years presented of the Custody Business.
1. **Background**

Barclays Bank of Botswana Limited ("BBB"/ the "Bank"), through its holding company Bank Barclays Bank PLC, entered into an agreement in April 2010 (the “sale agreement”) in accordance with which it will transfer its customer custody and trust business (the "custody business") to Standard Chartered Bank Botswana Limited ("SCB") (the “transaction”).

In accordance with the sale agreement, BBB and SCB are obliged to obtain regulatory approval for the transaction from the Botswana Stock Exchange (the “BSE”). As part of this regulatory approval process, BBB and SCB have provided the BSE with statements of net assets of the custody business as at 31 December 2007, 2008 and 2009, and related statements of income and expenditure for the years then ended, and the basis of compilation used to compile these statements (the “carve-out financial information”).

2. **Basis of preparation**

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The historical financial performance and position have been extracted from the financial and accounting records of the Bank based on historical records for the custody business unit. These amounts and balances had previously been included in the consolidated financial statements of the Bank as a whole.

**Taxes**

The custody business is not a tax paying entity but income tax has been provided as set out in Note 7. Accordingly, this charge does not present an actual liability of the custody business but rather represents the projected additional tax burden placed on the proprietor of the business.

The Custody Business has not operated as a separate entity. The carve-out historical financial information is, therefore, not necessarily indicative of results that would have occurred if the Custody Business had been a separate stand-alone entity during the years presented of the Custody Business.
BARCLAYS BANK OF BOTSWANA LIMITED
CUSTODY BUSINESS
NOTES TO THE CARVE-OUT HISTORICAL FINANCIAL INFORMATION

Year ended 31 December Year ended 31 December Year ended 31 December

<table>
<thead>
<tr>
<th></th>
<th>2009</th>
<th>2008</th>
<th>2007</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fees and commission income</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Transaction fees for the year</td>
<td>432</td>
<td>409</td>
<td>263</td>
</tr>
<tr>
<td>Custody fees for the year</td>
<td>12,425</td>
<td>12,941</td>
<td>10,766</td>
</tr>
<tr>
<td>Total</td>
<td>12,857</td>
<td>13,350</td>
<td>11,029</td>
</tr>
</tbody>
</table>

Fees and commissions are recognised on an accruals basis as the service is provided. Service fees, such as custody fees are recognised based on the applicable service contracts.

4. Staff cost

<table>
<thead>
<tr>
<th></th>
<th>2009</th>
<th>2008</th>
<th>2007</th>
</tr>
</thead>
<tbody>
<tr>
<td>Salaries and accrued incentive payments</td>
<td>1,267</td>
<td>988</td>
<td>755</td>
</tr>
<tr>
<td>Allowances</td>
<td>269</td>
<td>113</td>
<td>109</td>
</tr>
<tr>
<td>Total</td>
<td>1,536</td>
<td>1,101</td>
<td>864</td>
</tr>
</tbody>
</table>

Staff costs comprise of salaries and short-term employee benefits of staff who are part of the custody business.

5. Administration and general expenses

<table>
<thead>
<tr>
<th></th>
<th>2009</th>
<th>2008</th>
<th>2007</th>
</tr>
</thead>
<tbody>
<tr>
<td>IT support cost</td>
<td>1,023</td>
<td>856</td>
<td>656</td>
</tr>
<tr>
<td>Other operating expenses</td>
<td>396</td>
<td>166</td>
<td>199</td>
</tr>
<tr>
<td>Total</td>
<td>1,419</td>
<td>1,022</td>
<td>855</td>
</tr>
</tbody>
</table>

Administration and general expenses comprise of costs which are directly attributable to the custody division.

6. Property, plant and equipment

<table>
<thead>
<tr>
<th></th>
<th>Computer equipment</th>
<th>Furniture and fittings</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>2009</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net book value at beginning of year</td>
<td>29</td>
<td>-</td>
<td>29</td>
</tr>
<tr>
<td>Additions during the year</td>
<td>7</td>
<td>-</td>
<td>7</td>
</tr>
<tr>
<td>Depreciation for the year</td>
<td>(18)</td>
<td>-</td>
<td>(18)</td>
</tr>
<tr>
<td>Net book value at end of year</td>
<td>18</td>
<td>-</td>
<td>18</td>
</tr>
<tr>
<td>Cost</td>
<td>66</td>
<td>22</td>
<td>88</td>
</tr>
<tr>
<td>Accumulated depreciation</td>
<td>(48)</td>
<td>(22)</td>
<td>(70)</td>
</tr>
<tr>
<td>Net book value at end of year</td>
<td>18</td>
<td>-</td>
<td>18</td>
</tr>
</tbody>
</table>
### Property, plant and equipment (cont.)

<table>
<thead>
<tr>
<th>Year</th>
<th>Computer equipment</th>
<th>Furniture and fittings</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>2008</td>
<td>18</td>
<td>5</td>
<td>23</td>
</tr>
<tr>
<td></td>
<td>28</td>
<td></td>
<td>28</td>
</tr>
<tr>
<td></td>
<td>(17)</td>
<td>(5)</td>
<td>(22)</td>
</tr>
<tr>
<td></td>
<td>29</td>
<td></td>
<td>29</td>
</tr>
<tr>
<td></td>
<td>59</td>
<td>22</td>
<td>81</td>
</tr>
<tr>
<td></td>
<td>(30)</td>
<td>(22)</td>
<td>(52)</td>
</tr>
<tr>
<td></td>
<td>29</td>
<td></td>
<td>29</td>
</tr>
<tr>
<td>2007</td>
<td>27</td>
<td>12</td>
<td>39</td>
</tr>
<tr>
<td></td>
<td>2</td>
<td></td>
<td>2</td>
</tr>
<tr>
<td></td>
<td>(10)</td>
<td>(7)</td>
<td>(17)</td>
</tr>
<tr>
<td></td>
<td>19</td>
<td>5</td>
<td>24</td>
</tr>
<tr>
<td>2007</td>
<td>31</td>
<td>22</td>
<td>53</td>
</tr>
<tr>
<td></td>
<td>(12)</td>
<td>(17)</td>
<td>(29)</td>
</tr>
<tr>
<td></td>
<td>19</td>
<td>5</td>
<td>24</td>
</tr>
</tbody>
</table>

Property, plant and equipment consists of equipment identified for transfer as a part of the sale of the custody business.

Property, plant and equipment are stated in the statement of net assets at historical cost less accumulated depreciation. Depreciation is provided on the depreciable amount of items of property and equipment on a straight-line basis over their estimated useful lives. The depreciable amount is the gross carrying amount, less the estimated residual value at the end of its economic life.

The estimated useful lives for the current and comparative periods are as follows:
- Computer equipment - 3 - 7 years
- Furniture and fittings - 5 years
7. Income tax expense

<table>
<thead>
<tr>
<th></th>
<th>Year ended 31 December</th>
<th>Year ended 31 December</th>
<th>Year ended 31 December</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2009</td>
<td>2008</td>
<td>2007</td>
</tr>
<tr>
<td>Profit before tax</td>
<td>9,884</td>
<td>11,205</td>
<td>9,293</td>
</tr>
<tr>
<td>Income tax calculated at currently enacted rate of 25%</td>
<td>2,471</td>
<td>2,801</td>
<td>2,323</td>
</tr>
</tbody>
</table>

8. Receivables

<table>
<thead>
<tr>
<th></th>
<th>2009</th>
<th>2008</th>
<th>2007</th>
</tr>
</thead>
<tbody>
<tr>
<td>Trade receivables</td>
<td>18</td>
<td>367</td>
<td>60</td>
</tr>
<tr>
<td>Other receivables</td>
<td>1</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td></td>
<td>19</td>
<td>368</td>
<td>61</td>
</tr>
</tbody>
</table>

Trade receivables consists of balance due from customers on account of fees and commission billed but not received at the year end date. No impairment has been recognised against these balances at the reporting date.

9. Investments held in trust for investors

<table>
<thead>
<tr>
<th></th>
<th>2009</th>
<th>2008</th>
<th>2007</th>
</tr>
</thead>
<tbody>
<tr>
<td>Average value of investments held in trust for institutional investors by the Custodial Services Department</td>
<td>10,489,837</td>
<td>10,174,545</td>
<td>8,991,261</td>
</tr>
</tbody>
</table>

The Bank commonly acts as trustee and in other fiduciary capacities that result in the holding or placing of assets on behalf of individuals, trusts, retirement benefit plans and other institutions. These assets and income arising thereon are excluded from carve-out statement of net assets, as they are not assets of the Bank.
INDEPENDENT AUDITOR’S REPORT ON CARVE-OUT FINANCIAL INFORMATION
TO THE BOARD OF DIRECTORS OF STANDARD CHARTERED BANK BOTSWANA LIMITED

We have audited the accompanying carve-out financial information which comprise the carve-out
statements of net assets of the Custody Business of Barclays Bank of Botswana Limited as
described in Note 2, as of 31 December 2009, 31 December 2008 and 31 December 2007, and
the related carve-out statements of income and expenses for the years then ended and a summary
of significant accounting policies and other explanatory notes (Carve-out Historical Financial
Information).

Management’s Responsibility for the Carve-out Historical Financial Information
Management of Barclays Bank of Botswana is responsible for the preparation and presentation
of the Carve-out Historical Financial Information in accordance with the basis of preparation set
out in note 2 to the Carve-out Historical Financial Information. This responsibility includes: designing,
implementing and maintaining internal control relevant to the preparation and presentation of
Carve-out Historical Financial Information that are free from material misstatement, whether due
to fraud or error; selecting and applying appropriate accounting policies; and making accounting
estimates that are reasonable in the circumstances.

Auditor’s Responsibility
Our responsibility is to express an opinion on the Carve-Out Historical Financial Information based
on our audit. We conducted our audit in accordance with International Standards on Auditing.
International Standards on Auditing require that we comply with ethical requirements and plan and
perform the audit to obtain reasonable assurance whether the Carve-Out Historical Financial
Information is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures
in the Carve-Out Historical Financial Information. The procedures selected depend on the auditor’s
judgment, including the assessment of the risks of material misstatement of the Carve-Out Historical
Financial Information, whether due to fraud or error. In making those risk assessments, the auditor
considers internal control relevant to the entity’s preparation and presentation of the Carve-Out
Historical Financial Information in order to design audit procedures that are appropriate in the
circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity’s
internal control. An audit also includes evaluating the appropriateness of accounting policies used
and the reasonableness of accounting estimates, if any, made by management, as well as evaluating
the overall presentation of the Carve-Out Historical Financial Information.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a
basis for our audit opinion.
Opinion
In our opinion, the accompanying Carve-Out Historical Financial Information of the Custody Business of Barclays bank of Botswana Limited have been prepared in all material respects, in accordance with the basis of preparation set out in note 2 to the Carve-out Historical Financial Information.

Emphasis of Matter
Without qualifying our opinion, we draw attention to the fact that, as described in note 2 to the Carve-out Historical Financial Information, the Custody Business has not operated as a separate entity. The Carve-out Historical Financial Information is, therefore, not necessarily indicative of results that would have occurred if the Custody Business had been a separate stand-alone entity during the years presented or of future results of the Custody Business.

Certified Public Accountants

13 September 2010
Gaborone
APPENDIX IV

ACCOUNTANT’S REPORT RELATING TO HISTORICAL FINANCIAL INFORMATION ON THE DEPOSIT BUSINESS ASSOCIATED WITH THE BOTSWANA BUSINESS PROVIDED BY PRICEWATERHOUSECOOPERS DATED 13 SEPTEMBER 2010.

BARCLAYS BANK OF BOTSWANA LIMITED
DEPOSIT BUSINESS
HISTORICAL FINANCIAL INFORMATION

For the years ended 31 December 2007, 2008 and 2009
<table>
<thead>
<tr>
<th>Section</th>
<th>Pages</th>
</tr>
</thead>
<tbody>
<tr>
<td>Directors' approval of the historical financial information</td>
<td>1</td>
</tr>
<tr>
<td>Independent assurance report on the historical financial information</td>
<td>2-3</td>
</tr>
<tr>
<td>Statement of income and expenses</td>
<td>4</td>
</tr>
<tr>
<td>Statement of net assets</td>
<td>5</td>
</tr>
<tr>
<td>Basis of preparation</td>
<td>6-9</td>
</tr>
</tbody>
</table>
The directors of Barclays Bank of Botswana Limited ("the Bank") are responsible for this historical financial information. Their responsibility includes the maintenance of financial records and the preparation of this historical financial information on the basis of preparation as described in note 2, which forms part of the historical financial information.

The directors are also responsible to ensure that the basis of preparation as described in note 2 is consistent with the accounting policies of the Barclays Bank of Botswana Limited, which comply with International Financial Reporting Standards ("IFRS"), its historical financial records and the management adjustments as set out in the basis of preparation.

Our external auditors conducted an examination of the historical financial information in conformity with International Standards on Assurance Engagements 3000 - Assurance Engagements Other than Audits or Reviews of Historical Information, having regard to the requirements of the Botswana Stock Exchange Listing Rules Section 8 (Financial Information).

The Board of Directors has reviewed and approved the accompanying historical financial information, set out on pages 4 to 9, for issue on 13 September 2010.
### BARCLAYS BANK OF BOTSWANA LIMITED
#### DEPOSIT BUSINESS
#### HISTORICAL FINANCIAL INFORMATION
#### STATEMENT OF INCOME AND EXPENSES

*in thousands of pula*

<table>
<thead>
<tr>
<th>Notes</th>
<th>Year ended 31 December 2009</th>
<th>Year ended 31 December 2008</th>
<th>Year ended 31 December 2007</th>
</tr>
</thead>
<tbody>
<tr>
<td>Interest income</td>
<td>3</td>
<td>45,004</td>
<td>60,666</td>
</tr>
<tr>
<td>Interest expense</td>
<td>4</td>
<td>(36,485)</td>
<td>(45,163)</td>
</tr>
<tr>
<td>Net interest income</td>
<td></td>
<td>8,519</td>
<td>15,503</td>
</tr>
<tr>
<td>Trading income</td>
<td>5</td>
<td>423</td>
<td>632</td>
</tr>
<tr>
<td>Net income before income tax</td>
<td></td>
<td>8,942</td>
<td>16,135</td>
</tr>
<tr>
<td>Tax</td>
<td>6</td>
<td>(2,235)</td>
<td>(4,034)</td>
</tr>
<tr>
<td>Net income after income tax</td>
<td></td>
<td>6,706</td>
<td>12,101</td>
</tr>
</tbody>
</table>
### Historical Financial Information

**Statement of Net Assets**

*In thousands of pula*

<table>
<thead>
<tr>
<th>Notes</th>
<th>At 31 December 2009</th>
<th>At 31 December 2008</th>
<th>At 31 December 2007</th>
</tr>
</thead>
<tbody>
<tr>
<td>Statutory Reserve</td>
<td>7</td>
<td>22,709</td>
<td>30,990</td>
</tr>
<tr>
<td>Available for sale investments</td>
<td>8</td>
<td>431,465</td>
<td>588,812</td>
</tr>
<tr>
<td>Deposits by customers</td>
<td>8</td>
<td>(454,174)</td>
<td>(619,802)</td>
</tr>
</tbody>
</table>

- - -
1. **Background**

Barclays Bank of Botswana Limited ("BBB"/ the "Bank"), through its holding company Bank Barclays Bank PLC, entered into an agreement in April 2010 (the "sale agreement") in accordance with which it will transfer its customer custody and trust business (the "custody business") to Standard Chartered Bank Botswana Limited ("SCB") (the "transaction").

This historical financial information is presented for the benefit of stakeholders only, following the signing of the sale agreement. This historical financial information do not comply with International Financial Reporting Standards, are unaudited and are not necessarily indicative of the effects of the proposed transactions on the financial results and position of the Bank.

2. **Basis of preparation**

The historical financial information represents the Deposit Business relating to the customers of the Custody Business, which has not been sold as part of the proposed sale transaction but which management anticipates will move to Standard Chartered Bank Botswana Limited.

The historical financial information reflects the impact of anticipated movements in deposit balances and related investments subsequent to conclusion of the proposed transfer of the Bank's custody business to Standard Chartered Bank Botswana Limited.

**Interest income, interest expense, deposits and investments**

Customers of the custody division maintain deposits with the Bank to finance their investing activities.

The Bank has no legal obligation to transfer these balances upon completion of the proposed sale transaction with Standard Chartered Bank.

However, the directors expect that it is likely that the customers would withdraw these deposits and place them with Standard Chartered Bank following the sale transaction as the shares held in trust for investors will be taken over by Standard Chartered Bank.

Accordingly, these deposits, together with that portion of the Bank's investments in Bank of Botswana Certificates deemed to have been financed from these deposits have been included in the historical financial information.

Deposit balances and interest expense thereon have been based on actual historical amounts and balances as stated in Notes 4 and 8.

Investment balances, interest income thereon have been estimated as set out in Notes 3 and 8.

Foreign exchange gains and forex trading commission income earned on transactions entered into by customers of the custody division have been estimated as set out in Note 5.
2. Basis of preparation (cont.)

**Operational costs**

No operational costs have been included in the statement of income and expenses as incremental operational costs incurred by the Bank as a result of this part of its commercial division cannot be determined with sufficient certainty.

**Tax**

The custody business is not a tax paying entity but income tax has been provided as set out in Note 6. Accordingly, this charge does not present an actual liability of the custody business but rather represents the projected additional tax burden placed on the proprietor of the business.

<table>
<thead>
<tr>
<th>Year ended 31 December</th>
<th>Year ended 31 December</th>
<th>Year ended 31 December</th>
</tr>
</thead>
<tbody>
<tr>
<td>2009</td>
<td>2008</td>
<td>2007</td>
</tr>
<tr>
<td>45,004</td>
<td>60,666</td>
<td>40,173</td>
</tr>
</tbody>
</table>

3. **Interest income**

Interest income for the year 45,004 60,666 40,173

Interest income is estimated based on the investment of 95% of the average deposit balances maintained by customers of the custody division in Bank of Botswana Certificates at historical investment rates for the corresponding months. Interest is calculated on the amortised cost basis and is recognised using the effective interest method.

The effective interest rate method is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period. In arriving at this adjustment, the Bank has used the monthly 14 day Bank of Botswana Certificate rate which prevailed during the period as the effective interest rate.

4. **Interest expense**

Interest expense for the year 36,485 45,163 33,170

Interest expense represents the actual interest cost incurred by the Bank on the deposits maintained by customers of the custody division. This is measured on the monthly deposit balances at amortised cost and is recognised using the effective interest method.
4. Interest expense (cont.)

The effective interest rate method is a method of calculating the amortised cost of a financial liability and of allocating the interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial liability. When calculating the effective interest rate, the Bank estimates cash flows considering all contractual terms of the financial instrument, but does not consider future credit losses. The calculation includes all fees paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums or discounts.

5. Trading income

Trading income for the year

<table>
<thead>
<tr>
<th>Year ended 31 December</th>
<th>2009</th>
<th>2008</th>
<th>2007</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>423</td>
<td>632</td>
<td>1,027</td>
</tr>
</tbody>
</table>

This comprises of foreign exchange gains and losses arising on billings made to customers of the custody business in foreign currency and foreign exchange commission estimated to have been earned on transactions carried out by customers of the custody division.

Items included in the historical statement of income and expenses are measured using the currency of the primary economic environment in which the entity operates (“the functional currency”). This proforma financial information is presented in Pula, which is the Bank’s functional and presentation currency.

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the proforma statement of income and expenses as part of trading income.

6. Income tax expense

<table>
<thead>
<tr>
<th>Profit before tax</th>
<th>8,942</th>
<th>16,135</th>
<th>8,030</th>
</tr>
</thead>
<tbody>
<tr>
<td>Income tax</td>
<td>2,235</td>
<td>4,034</td>
<td>2,008</td>
</tr>
</tbody>
</table>

Income tax expense comprises of current tax. Income tax expense is recognised in the historical statement of income and expenses using tax rates enacted at the reporting sheet date. For the purpose of this financial adjustment, the Bank has calculated income tax on the accounting profit using the currently enacted rate of 25%.
7. Statutory reserve

The statutory reserve with the Bank of Botswana is calculated at 5% of the average local currency customer deposits. The statutory reserve is not available for use in the day-to-day operations of the Bank and is non-interest bearing.

8. Deposits and available for sale investments

<table>
<thead>
<tr>
<th>Deposits held by customers of custody business as at 31 December</th>
<th>Year ended 31 December</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2009</td>
</tr>
<tr>
<td></td>
<td>454,174</td>
</tr>
</tbody>
</table>

Balance available for investments from deposits held net of statutory reserve as at 31 December, deemed to have been invested in Bank of Botswana Certificates

|                                                               | Year ended 31 December |
|                                                               | 2009  | 2008  | 2007  |
|                                                               | 431,465 | 588,812 | 300,761 |

Available-for-sale investments are initially recognised at fair value including direct and incremental transaction costs. They are subsequently held at fair value, given the short term maturity of Bank of Botswana Certificates, the carrying value is estimated to approximate its fair value. The investments are derecognised when the rights to receive cash flows have expired or the Bank has transferred substantially all the risks and rewards of ownership.
INDEPENDENT ASSURANCE REPORT
TO THE DIRECTORS OF STANDARD CHARTERED BANK BOTSWANA LIMITED

We have examined the accompanying Historical Financial Information, comprising the statements
of net assets of the deposit business attributable to the customers of the custody division of
Barclays Bank of Botswana Limited as described in note 2 as at 31 December 2009, 31 December
2008 and 31 December 2007, and the related statements of income and expenses for the years
then ended ("the Historical Financial Information"), which has been prepared on the basis described
in note 2 to the Historical Financial Information.

Management of Barclays Bank of Botswana Limited is responsible for the preparation and
presentation of the Historical Financial Information, including the basis of preparation. The Historical
Financial Information has been prepared at the request of the Botswana Stock Exchange in
connection with the proposed sale transaction of Barclays Bank of Botswana Limited’s custody
business to Standard Chartered Bank Botswana Limited.

It is our responsibility to provide the Accountants’ Report as required by the Botswana Stock
Exchange. We are not responsible for expressing any other opinion or conclusion on the Historical
Financial Information or on any of its constituent elements.

We conducted our examination in accordance with International Standard on Assurance Engagements
3000, Assurance Engagements Other than Audits or Reviews of Historical Information, having
regard to the requirements of the Botswana Stock Exchange Listing Rules Section 8 (Financial
Information).

Our work consisted primarily of comparing the Historical Financial Information with the source data
and other supporting documents, and of discussing the Historical Financial Information with
management.

Based on our examination, in our opinion:

a) The Historical Financial Information has been properly compiled on the basis stated in note
   2 to the Historical Financial Information.

b) Such basis is consistent with the accounting policies of the Barclays Bank of Botswana
   Limited.
Without qualifying our opinion, we draw attention to the fact that, as outlined in note 2 to the Historical Financial Information, the Historical Financial Information has been prepared using management’s assumptions and adjustments. Moreover, the accompanying Historical Financial Information is not intended to, and does not provide all the information and disclosures necessary to present a true and fair view in accordance with IFRS.

Certified Public Accountants

13 September 2010
Gaborone
APPENDIX V

INDEPENDENT ACCOUNTANTS REPORT ON THE PROFIT FORECAST

KPMG Certified Public Accountants
Audit
Plot 67977, Off Tlkweng Road,
Fairground Park
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Telephone +267 391 2400
Telefax +267 397 5281
Internet http://www.kpmg.com

The Directors
Standard Chartered Bank Botswana Limited
Standard Chartered House
P O Box 596
Main Mall
Gaborone

20 August 2010

Dear Sirs

Independent reporting accountants’ report on the historical financial information

Introduction

At your request and for the purposes of the circular to Standard Chartered Bank Botswana Limited (“the Bank”) shareholders, to be dated on or about 24 September 2010, we present our report on the historical financial information contained within the circular, relating to the acquisition of the Custody and Trustee Services Business in Botswana from Barclays Bank PLC. It has been prepared in terms of the Companies Act (No. 32 of 2004), 2003 of Botswana and Section 8 of the Botswana Stock Exchange Listings Requirements. The Bank was incorporated in Botswana on 28 February 1975; company registration number Co 1724. The Bank has two wholly owned subsidiaries, Standard Chartered Bank Insurance Agency and Standard Chartered Investment Services (Pty) Limited.

Responsibility

Directors’ responsibility for the circular
The compilation, contents and presentation of the circular are the responsibility of the directors of the Bank. Our responsibility is to express an opinion on the historical financial information included in this circular.

Directors’ Responsibility for the Financial Statements

The company’s directors are responsible for the preparation and fair presentation of the financial statements from which this accountant’s report has been prepared in accordance with International Financial Reporting Standards and in the manner required by the Companies Act of Botswana. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.
Scope

We audited the financial information of Standard Chartered Bank Botswana Limited for the year ended 31 December 2009.

Basis for opinion

Audit opinion

We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements relating to the year ended 31 December 2009 are free from material misstatements.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor’s judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity’s preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity’s internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we obtained is sufficient and appropriate to provide a basis for our audit opinion.

Audit opinion

In our opinion, the historical financial information of Standard Chartered Bank Botswana Limited for the year ended 31 December 2009 fairly presents, in all material respects, the financial position at that date, and the results of the operations and cash flows for the year then ended in accordance with International Financial Reporting Standards and in the manner required by the Companies Act of Botswana.

Consent

We consent to the inclusion of this report, which will form part of the circular to shareholders of Standard Chartered Bank Botswana Limited, to be issued on or about 24 September 2010, and the reference to our opinion in the circular, in the form and context in which it appears.

KPMG

KPMG, a partnership domiciled in Botswana and a member firm of the KPMG network of independent member firms affiliated with KPMG International, a Swiss cooperative.

AG Devlin* NP Dixon-Warren FJ Roos**
*British **South Africa
VAT Number: P003623901112