

# CIRCULAR TO SHAREHOLDERS

## IN RESPECT OF SPECIAL BUSINESS PROPOSED FOR THE ANNUAL GENERAL MEETING OF 2 NOVEMBER 2017

### Incorporating

- An explanation and motivation for the proposed ordinary resolution and the implications thereof to enable Shareholders to make an informed decision on whether or not they should vote in favour of the requisite resolution necessary to give effect to the repurchase.
- The proposed resolution.

### The Repurchase

#### Background

On the 6<sup>th</sup> April 2000, First National Bank of Botswana Ltd (“**the Company**”) entered into a Deed of Trust with certain individuals as Trustees, creating the FNBB Employee Share Participation Scheme Trust (“**the Trust**”) to implement an employee share purchase scheme (“**the Scheme**”) and attached to the Deed of Trust, the Rules of the Scheme as these then existed.

The Trust was established to own shares in the Company to grant options to employees of the Company and subsidiaries in respect of such shares, and hold the shares pending exercise by the employees who had been granted options, all as envisaged in the Scheme.

Pursuant to the Scheme, the Trust acquired shares in the Company, as and when required. The Trust obtained an interest-bearing loan, from the Company, to pay for the acquired shares. The Trust received dividends from the Company in respect of such shares. The Trust has repaid that loan and interest in full to the Company.

The rights which accrued to employees under the Scheme which were to be honoured by the Trust, have been properly honoured, with the result that as of the date hereof, no employees of the Company or any of its subsidiaries have any claims against the Trust or for shares in the Company.

There will be no further awards under the Scheme, and hence no further obligations for the Trust.

The Trust has therefore served its purpose.

The Deed of Trust may be terminated by agreement of the directors of the Company. The directors have resolved to terminate the Trust. The Scheme may be terminated by the directors of the Company.

The Scheme has been replaced by a FirstRand Group Conditional Incentive scheme. The directors have accordingly resolved to terminate the Scheme.

The Trustees are currently: Mr H.C.L Hermans; Mr M.P Phumaphi; and Ms D.A Kgosietsile. The Trustees agree to the termination of the Trust.



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### Terms and conditions precedent

The Trust currently holds 20 000 000 shares in the Company (“the Shares”) representing 0.78% of the issued share capital.

These Shares, which are no longer required for the purposes of the Scheme and the Trust, will be repurchased by the Company.

The Company proposes to repurchase the Shares at a price per Share that equates to the volume weighted average price of a share in the Company on the Botswana Stock Exchange for the 30 days up to and including the date of approval of the ordinary shareholder resolution number 6. Upon repurchase by the Company, the Shares will be cancelled.

The repurchase will be funded from internal resources of the Company. The capital adequacy of the Company will not be affected by the repurchase.

The Trustees have agreed to the repurchase by the Company of the Shares.

The objects of the Trust have ceased to exist. There are no longer any potential or future beneficiaries of the Trust; there are no persons who currently have any claims against the Trust. The Trust has no liabilities. The price paid by the Company for the Shares is to be properly distributed to the Settlor of the Trust which is the Company, in order to allow for the winding up of the Trust following resolution for its termination. The Trustees have agreed to the distribution.

The following are required to approve the repurchase:

- resolution to terminate the Trust
- a board resolution to repurchase the Shares
- adoption of the ordinary resolution number 6 described in the Notice of General meeting
- Board certification that immediately after such acquisition the Company shall satisfy the Solvency Test as set out in Section 4 of the Companies Act
- Approval by the BSE

The financial effects to the Company and the impact on earnings per share and NAV per share are expected to be minimal. The impact on the stated capital of the Company is that the ordinary shares will be reduced by 20 000 000. The shares will be cancelled and the Company will not hold any treasury shares after the transaction.

### Taxation

The Company as purchaser of the Shares is not subject to income tax on the purchase. The Trust which disposes of the Shares is not subject to tax on the proceeds of the sale, as the Shares are shares in a public company all the shares of which are listed for trade on the Botswana Stock Exchange and the Trust has held the Shares for a period in excess of twelve months.

### Proposed Resolution

The directors propose and recommend the passing at the Annual General Meeting of the Company scheduled for 2 November 2017 of the following ordinary resolution, with or without any amendment as shareholders may see fit:-

“The repurchase and cancellation by the Company of 20 000 000 shares from the FNBB Employee Share Participation Scheme Trust, at a price per Share that equates to the volume weighted average price of a share in the Company on the Botswana Stock Exchange for the 30 days up to and including the date of approval of this ordinary resolution”