THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR CAREFUL ATTENTION

Action required:

If you are in any doubt as to the action you should take in relation to this Information Memorandum please consult your stockbroker, banker, accountant, attorney or other professional advisor immediately.

BBS Limited Incorporated in Botswana on 26th April, 2018
Company Registration Number: CO2018/8208
ISIN: BW0000001965

INFORMATION MEMORANDUM

Relating to:

THE REGISTRATION by way of Introduction of up to 487 014 002 ordinary shares being all the issued shares of the Company on the Serala OTC Board of the BSE.

The stated capital of BBS Limited is BWP 487 014 002.00 which is divided into 487 014 002 ordinary shares of no par value.

This Information Memorandum is neither an invitation to the public to subscribe for, nor an offer to purchase ordinary shares in BBS. This Information Memorandum is issued in terms of the BSE Serala OTC Board Conditions for Registration for the purpose of providing information to the public in regard to the registration of the ordinary shares of BBS on the Serala OTC Board of the BSE.

This document contains forward-looking statements. All forward-looking statements involve risks and uncertainties and are based on current expectations regarding important factors. Statements contained herein are subject to known or unknown risks, uncertainties and contingencies, many of which are beyond the control of the Company, which may cause the actual results, financial condition, performance or achievements to differ materially from anticipated results, financial condition, performance or achievements expressed or implied by such forward-looking statements. Factors that might cause forward-looking statements to differ materially from actual results include, among other things, requirements imposed by regulatory authorities, unpredictable events or circumstances, competitive factors in the industry in which the Company operates. These forward-looking statements speak only as at the date of this document. Investors are urged to seek independent financial advice on these matters. Investment is not advised for any person or entity dependent upon a guaranteed fixed return.

The Directors, whose names are given in paragraph 1 on part III of this document 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 the Information Memorandum contains all information required by law. The directors confirm that the registration particulars include 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 registration particulars relate.

WARNING: BBS WILL BE REGISTERED ON THE BOTSWANA STOCK EXCHANGE SERALA OTC BOARD AND AS SUCH, THE SHARES SHOULD BE CONSIDERED AS SPECULATIVE

Date of issue: 28th August 2018

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REGISTRATION DETAILS

Particulars of the securities being registered

Class of security	Ordinary shares
Total number of securities to be registered	487 014 002

Details of registration

The BSE has granted BBS a registration of 487 014 002 ordinary shares on the OTC Serala Board of the BSE as follows:

Abbreviated name:	BBS
Share code:	BBS
ISIN:	BW0000001965

Sponsoring Brokers

IMARA
INVESTING
IN AFRICA

Securities

Imara Capital Securities
(Member of the Botswana Stock Exchange)

Reporting Accountants and Auditors

KPMG
cutting through complexity™

Legal Advisors

ARMSTRONGS
Attorneys, Notaries & Conveyancers

Transfer Secretaries

Corpserve
Botswana

Disclaimer

The contents of this Information Memorandum do not constitute and should not be construed as investment, tax, legal, accounting or other advice. For advice on these matters you should consult your own investment, tax, legal, accounting or other advisers about any material or information discussed in this Information Memorandum.

Prospective investors in the equity of BBS Limited should ensure that they fully understand the nature of the Company's operations, its valuation and the extent of their exposure to risks, and should carefully consider the suitability of the Company's Shares as an investment in light of their own circumstances and financial position.

The BSE's approval of the registration of BBS Limited on the Serala OTC Board should not be taken as an indication of the merits of the Company. The BSE has not verified the accuracy and truth of the contents of the documentation submitted to it and the BSE accepts no liability of whatever nature for any loss, liability, damage or expense resulting directly or indirectly from the investment in the equity of BBS Limited.

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CORPORATE INFORMATION AND ADVISORS TO THE COMPANY

Registered Office	:	**BBS** 4th Floor, BBS Head Office Plot 13108-12 Broadhurst Mall PO Box 40029 Gaborone, Botswana
Legal Advisors	:	**Armstrongs Attorneys** Acacia House, Plot 74538 Prime Plaza, New CBD P O Box 1368 Gaborone, Botswana
Reporting Accountants and Auditors	:	**KPMG Chartered Accountants (Botswana)** Plot 67977, Off Tlokweng Road Fairgrounds Office Park P O Box 1519 Gaborone, Botswana
Sponsoring Brokers		**Imara Capital Securities** 2nd Floor, Morojwa Mews, Unit 6, Plot 74770 Westerns Commercial Road, CBD, Gaborone, Botswana
Transfer Secretaries	:	**Corpserve Botswana** Unit 206, Second Floor, Plot 64516 Showgrounds Close, Fairgrounds P.O. Box 1583, AAD, Gaborone, Botswana

The Legal Advisors, Reporting Accountants and Auditors, Sponsoring Brokers and Transfer Secretaries of the Company whose names are included in this Information Memorandum, have given and have not, at the date of this Information Memorandum, withdrawn their written consents to the inclusion of their names in the capacities as stated.

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INTERPRETATION AND DEFINITIONS

In this Information Memorandum, unless otherwise stated or the context otherwise requires, the words in the first column have the meanings stated opposite them in the second column, words in the singular shall include the plural and vice versa and words importing natural persons shall include juristic persons, whether corporate or incorporate and vice versa:

"Act"	the Companies Act of Botswana, (Chapter 42:01), as amended;
"Application Form"	the Application Form in Appendix 3
"BBS Shareholders Trust"	a trust to be established to act as a custodian for the shares owned by the shareholders of BBS Limited, upon its registration on the Serala OTC Board, who are yet to create CSDB accounts in their names.
"Board" or "Directors"	the board of directors of BBS Limited;
"Botswana"	the Republic of Botswana
"BSE"	the Botswana Stock Exchange, as established by the Botswana Stock Exchange Act, (Chapter 56:08);
"Business Day"	Monday to Friday inclusive, but excluding any such day which is a public holiday in Botswana;
"BWP" or "P" or "Pula"	the legal tender of Botswana in which all monetary amounts in this Information Memorandum are expressed;
"the Company" or "BBS"	BBS Limited, a company registered in Botswana with company registration number CO2018/8208;
"Constitution"	the Constitution of BBS;
"Conversion Statement"	the conversion statement issued by the Company in accordance to the Building Society (Conversion) Regulations on the 7th August 2017;
"CSDB"	the Central Securities Depository Company of Botswana Limited;
"Document" or "Information Memorandum"	this Information Memorandum dated 28th August 2018, including the annexures hereto;
"Member(s)"	any person holding shares, whether fully or partly paid, in BBS, and which participate in profits whether or not such shares are held by BBS as security for advances
"Registration Date"	the date on which the Registration takes place, which is expected to be 3rd September 2018;
"Registration Requirements"	the registration requirements of the Serala OTC Board;
"Serala OTC Board"	the Botswana Stock Exchange Serala OTC Board, regulated by the Serala OTC Board Conditions for Registration

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FORWARD LOOKING STATEMENTS

Certain statements contained in this Information Memorandum, other than historical facts constitute forward-looking statements. Forward-looking statements are preceded by, followed by or include the words believe, expects, estimates, anticipates, may, should, could, intends, plans, seeks, or words of similar import. Such forward-looking statements involve risks, uncertainties, and other factors which may cause the actual results, performance or achievement of BBS or industry results, to be materially different from any future results, performance or achievements expressed or implied by such forward looking statements. Such risks, uncertainties and other factors, include among others, technical analysis, general economic and business conditions, industry trends, competition, changes in Government regulations, interest rate fluctuations, currency fluctuations, changes in business strategy and other risks. In making their considerations, Investors are advised to make their own independent assessments and, in this regard, to consult their own professional advisors. Requests for further information or clarification on this Information Memorandum should be addressed to the attention of the Legal Advisors.

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PART I - SALIENT INFORMATION ON THE REGISTRATION

The salient features presented below are a summary of this Information Memorandum. For full appreciation, this Information Memorandum should be read in its entirety.

1. Rationale of Registration

The Directors of the Company have decided to apply for a registration of BBS shares on the Serala OTC Board.

The rationale for the registration is:

- to raise the regional profile of BBS and its brand as a local Bank;
- to improve the liquidity of the shares of the Company;
- to accommodate future growth by having access to capital;
- to allow investors in the Company to have a basis to determine the market value of their investment on an ongoing basis and provide them with access to liquidity in the event that they wish to exit their investment.

2. BSE Approval

The BSE has agreed to register of all the shares of BBS on the Serala OTC Board under the abbreviated name BBS. It is anticipated the Registration will take place with effect from the commencement of trade on the 3rd September 2018.

3. Other Listings

BBS Limited shares are not currently listed or registered on any other stock exchange.

4. Opening of CSDB Accounts

All Shareholders will be required to complete the CSDB application form attached herein (Appendix 2) to enable them to open CSDB accounts. Shares in the Company will only be traded on the BSE through the CSDB. Shareholders who do not complete the CSDB application form will not be able to trade their shares. The shares of those Shareholders who not have CSDB accounts will be held by the BBS Share Trust as a custodian of those shares until such a time such Shareholders are able to complete the form and open a CSDB account, whereupon they will be transferred from the BBS Share Trust to their individual accounts.

5. Important Dates and Events

Attention is drawn to the important events and dates of occurrence stated below.

Event	Date (2018)
Submit formal application	Tuesday 21st August
Approval received from BSE	Monday 27th August
Shares allocated to CSDB	Monday 27th August
Press announcement publication	Monday 3rd September
Trading of BBS Shares on the BSE OTC	Monday 3rd September

The dates stated above are subject to change and any amendments will be published in the press.

6. Documents Available for Inspection

The following documents, or copies thereof, will be available for inspection at the registered Company's offices, during normal business hours, on weekdays, until Friday 28th September 2018:

- this Information Memorandum;
- the Constitution of BBS Limited;
- the Conversion Statement; and
- the written consents of the experts referred to in this Information Memorandum.

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PART II - THE COMPANY

1. Introduction

On the 24th August 2014 BBS Shareholders resolved to approve a demutualization process, which converted a building society into a public company incorporated in terms of the Companies Act. The details of the conversion are set out in the Conversion Statement.

On the 26th April 2018, Botswana Building Society was converted into a company limited by shares, under the name BBS Limited.

The Company intends to apply for a banking licence in terms of Section 6 of the Banking Act. If the licence is granted, the Company will be the first bank in Botswana to be majority owned and controlled by citizens of Botswana giving it a competitive advantage to be able to craft and create bespoke tailored products suitable to the unique needs and requirements of Botswana and Batswana. As a building society, the Company already had a strong business presence and the expansion of banking services offered will only increase its presence and market share in the economy.

2. Incorporation and History of BBS Limited

BBS, domiciled in Botswana, was established as a building society under the Building Society Act, during December 1976 primarily to be involved in property finance and the provision of services in connection therewith. Its philosophy is the provision of affordable property finance and attractive investment returns through the efficient utilisation of resources in the spirit of teamwork for the benefit of all stakeholders.

BBS's initial business commenced with an asset base of some P4 million comprised of P0,2 million Botswana Government stock, advances of P2,5 million and cash and investments amounting to some P1,3 million.

Advances comprised of 488 mortgages assumed by BBS from the then United Building Society of South Africa, which Society had until then operated as a branch. During the first three months of operation, only nine new home loans were advanced. Liabilities consisted of P2,6 million in capital, mostly subscribed to by the Botswana Government in shares, a statutory reserve of a mere P0,2 million, and retained earnings of P1,900. Savings and fixed deposits accounted for P1,39 million, with creditors and provisions making up the balance.

During its first ten years of operation, BBS was restricted by law to lend only against the security of immovable urban property. The Building Societies Act was amended in April 1986 to permit lending in rural areas. Since then, the number of mortgages in respect of rural properties has grown to 517, representing 5% of BBS's mortgage book, compared with 5,115 advances in urban areas, as at 31st March 2018.

Up until 1986, BBS restricted its lending only to residential properties, as a matter of policy. It was only during 1986 that BBS ventured into commercial lending for the first time. These represent 8.5% of BBS's mortgage book in terms of value.

The exceptional growth of BBS over the past 40 years can best be measured by the phenomenal increase in reserves from inception to the present P220 million in March 2017. The Statutory reserve alone increased from a mere P200 to almost P119 million over this period. BBS has consistently met its dividend obligations to its shareholders every year over the past 40 years of its existence, and occasionally, has paid bonus dividends.

Presently, BBS continues to operate in a niche market of mortgage lending in Botswana where it has a substantial presence. It has nine branches in Botswana, namely, three branches in Gaborone, and one in each of Lobatse, Serowe, Selibe-Phikwe, Francistown, Maun and Kasane.

3. Business Strategy and Execution

Being a building society, BBS has been restricted in terms of the products and services it can offer. The principal strategy is therefore to apply for a banking license and operate as a full-fledged mid-tier commercial retail bank. This will enable it to offer all the services and products of a commercial bank and will therefore be in an ideal position to respond effectively to competition as well as to the specific

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needs of the country.

While the banking sector is becoming increasingly competitive, new entrants have shown that it is possible (through product and service innovation and competitive pricing) to successfully challenge incumbents. The history of the Botswana banking sector over the past 25 shows that this has been integral to improving the competitiveness and efficiency of the banking sector. BBS intends to continue this process as a bank, building on its particular strengths including the following:

- An established customer base: An attractive range of pre-existing mortgage, savings and investment products that will be leveraged under the banking licence.

- Developing new products and services: BBS as a bank intends to build upon its existing product range to provide other products and services that are in demand from customers. These include personal loans, as well as payments products such as internet and mobile banking; debit and credit cards; transfers, payments, remittances etc. It will also cautiously develop low-value products for under-served and unbanked segments of society such as small, medium and microenterprises (SMMEs) and informal sector entrepreneurs.

- Building on its Botswana base: As the only bank with majority local ownership, BBS will leverage its detailed understanding of the Botswana market and respond to the needs of customers. Local ownership will also be an important marketing tool. BBS will further promote financial literacy in order to promote the financial well-being and creditworthiness of its customers.

One of the consequences of the demutualisation process is a widely dispersed shareholding of BBS Limited. Indeed, this is a specific requirement of the demutualisation legislation, which specifies a cap of 15% on the holdings of any single shareholder in the successor company. An advantage of this is that the majority of BBS's customers will also be shareholders, which will inculcate loyalty to the institution.

Upon achievement of a banking license, BBS Limited will apply stringent and concerted change, programmes and portfolio management to the roll-out and implementation of the required banking systems, processes and people changes to maintain stability in the business and market. The business and operating models of the BBS Limited have also been articulated in the strategy document of the company.

4. **Details of the Registration**

The Company will list a total number of 487 014 002 ordinary shares on the Serala OTC Board of the BSE. The total number of Shareholders is 25 862.

Material Shareholders

The following are the material shareholders in the Company;

ACCOUNT NAME	TOTAL	PERCENTAGE SHAREHOLDINGS
BOTSWANA PRIVATISATION ASSET HOLDING	72,325,018.00	14.86%
BOTSWANA POLICE SAVINGS AND LOANS GUARANTEE SCHEME	44,823,955.00	9.21%
DEREK BRINK	38,012,902.00	7.80%
MOTOR VEHICLE ACCIDENT FUND	36,793,455.00	7.56%
RITA BRINK	35,341,240.00	7.26%
SIMON HIRSCHFELD	13,191,188.00	2.71%
ESTATE OF LATE ABDUL JOSEPH	12,191,962.00	2.50%
BOTLHALE INVESTMENTS	11,966,922.00	2.46%
LERIE BRINK	11,037,346.00	2.27%
TSIETSI MOTSOELA	6,315,623.00	1.30%

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PART III - DIRECTORS AND MANAGEMENT

1. **Directors and Management of the Company**

The full names, ages, nationalities, occupations & career details, addresses, date of first appointment, Board Committee Membership, qualifications and and their other Directorships and interests in the Company are:

Taolelo Mosetlhi (63) – Botswana – Retired Banker
Plot 676, Lenganeng, Tlokweng
P O Box 3389
Gaborone

Date of First Appointment:	26th April 2018
Board Committees Membership:	Chairman
Professional/Academic Qualifications:	BCom Accounting & Economics BSc Education Dip. Education Dip. Banking Dip. SMME Management, Management Development Program
Other Directorships:	Isago Tours & Safaris (Pty) Ltd Bennington Investments (Pty) Ltd
Interest in Shares & options:	N/A

James M. Kamyuka (61) – Botswana – Retired (General Manager, Corporate Services (BDC)
Plot 39391, Block 6, Gaborone
P O Box 60035
Gaborone

Date of First Appointment:	25th October 2010
Board Committees Membership:	Finance & Audit Committee Tender Committee Demutualisation Committee
Professional/Academic Qualifications:	Chartered Institute of Management Accountants Bachelor of Commerce
Other Directorships:	Streamline Investment (Pty) Limited Alberton Enterprises Botswana NATFIN (Pty) Limited FMRE Botswana (Pty) Ltd
Interest in Shares & options:	N/A

Richard Molosiwa (48) – Botswana – Human Resources Practitioner
Plot 6195, Ntsu Close, Extention 19, Gaborone
P O Box 405745
Broadhurst
Gaborone

Date of First Appointment:	26th August 2016
Board Committees Membership:	Human Resources & Remuneration Committee Tender Committee Demutualisation Committee
Professional/Academic Qualifications:	BA Soc. Science

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	Master of Business Leadership Graduate Diploma in Company Direction
Other Directorships:	R & N Molosiwa Holdings (Pty) Ltd Pinotech Enterprises (Pty) Ltd Tebano Property Services (Pty) Ltd Valuable Waste (Pty) Ltd Sublime Heritage (Pty) Ltd
Interest in Shares & options:	N/A

Pius Komane Bashwa Molefe (55) – Botswana – Managing Director, BBS Limited
Plot 39944, Block 6, Gaborone
P O Box 40029
Gaborone

Date of First Appointment:	1st January 2004
Board Committees Membership:	Human Resources & Remunerations Committee Tender Committee Demutualisation Committee
Professional/Academic Qualifications:	Post Graduate Diploma (Economics) Bachelor of Arts (Economics)
Other Directorships:	BBS Limited Cresta Limited
Interest in Shares & options:	116,027.00 shares

Michael Mooketsi Tlhagwane (49) – Botswana – Chief Executive Officer, MVA Fund
Plot 55429, Segodi Park, Phakalane
Private Bag 00438
Gaborone

Date of First Appointment:	08th December 2016
Board Committees Membership:	Human Resources & Remuneration Committee Finance & Audit Committee Demutualisation Committee
Professional/Academic Qualifications:	Chartered Institute of Management Accountants Masters in Business Administration BComm (Accounting)
Other Directorships:	None
Interest in Shares & options:	N/A

Kgalalelo Nneiseng Monthe (57) – Botswana – Senior Partner, Monthe Marumo & Associates
Plot 21700, Phakalane
Gaborone

Date of First Appointment:	26th April 2018
Board Committees Membership:	Human Resources & Remuneration Committee Demutualisation Committee
Professional/Academic Qualifications:	Bachelor of Laws
Other Directorships:	Monthe Marumo & Associates Synopsis (Pty) Ltd

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Interest in Shares & options:	N/A

Pelani Daphne Siwawa-Ndai (54) – Botswana – Retired Central Banker (previously with the Bank of Botswana)
Plot 50781, Korwe Close, Phakalane
P O Box 552, ABG, Sebele Mall
Gaborone

Date of First Appointment:	26th April 2018
Board Committees Membership:	Finance & Audit Committee Tender Committee Demutualisation Committee
Professional/Academic Qualifications:	BA Economics MA Economics
Other Directorships:	Wawanda Group (Pty) Ltd Emergence Growth Botswana (Pty) Ltd
Interest in Shares & options:	N/A

2. **Term of Appointment**

In terms of the Constitution, the Board shall be appointed for a tenure of up to maximum three (3) years, renewable for another maximum period of two three (3) years periods. The rotation of Directors shall be limited to three terms. The number of terms of a director may however be extended beyond the 3 terms for an additional one three (3) year period where it is in the best interest of the company. Provided that this clause shall not apply to the CEO and the Finance Director.

3. **Board Remuneration**

BBS Board Limited fees are structured as follows:

Board Meeting fees

- Board Chairman- P12,000.00
- Other Directors- P7,500.00

Board Committee fees

- Committee Chairman- P7,000.00
- Other Directors- P6,000.00

Board Retainer*

- Board Chairman- P60,000.00 per annum
- Other Directors- P30,000.00 per annum

*The retainer fee is quarterly in advance.

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4. **Dividends Paid to Old and New Directors from 2014 to 2017**

Name	Type (Account)	March 2016	March 2017	March 2018
Mr Pius K Molefe	Subscription shares	655.57	2,625.28	5,457.24
	Fixed Period Shares	513.32	862.79	592.68
Mrs Mareledi Segotso	Fixed Period Shares	1,947.87	1,927.41	846.47
Mr Gerald N Thipe	Fixed Period Shares	1,313.14	1,106.97	924.42
	Subscription shares	37,191.78	32,095.88	27,428.09
Mr Kelebamang Motlhanka	Fixed Period Shares	17.26	14.56	12.14
Mr Simon Hirschfeld	Indefinite Period Shares	835,487.76	724,059.22	778,573.34

5. **Corporate Governance**

5.1. **Board of Directors**

The Company has a Board that comprises executive and non-executive Directors. All the Directors bring to the Board a wide range of expertise as well as significant professional and commercial experience.

The Board of Directors currently consists of [a non-executive chairman, one executive director and [5] non-executive directors]. The chairmen of the various committees are all non-executive directors. The board meets regularly to review results, dictate policy, formulate overall strategy and approve the budgets. They have introduced structures of corporate governance, certain functions and responsibilities have been delegated to the following committees. Their terms of reference and composition are regularly reviewed.

The BBS Limited Board also adopted additional structures to enhance the company's corporate governance processes. The Board has constituted committees to enable it to carry out its mandate. These are:

5.2. **Human Resources and Remuneration Committee**

The Committee was established to make recommendations on the compensation, incentives and performance targets of Executive Management as well as other BBS Limited staff members. In addition, the Committee reviews and recommends for approval by the Board, the structure and funding levels of any bonus and incentive schemes.

5.3. **Finance and Audit Committee**

The main function of this Committee is to ensure compliance with the requirements of the Companies Act and until commercialisation, some aspects of the Building Societies Act and the Constitution of BBS Limited, monitor accounting systems, financial controls, management of financial risk and other enterprise wide risks such as interest risk, market risk, liquidity risk, operational risk, information security risk, legal risk, compliance risk and credit risk. It liaises with Management on matters relating to the preparation of financial reports to shareholders. The Finance and Audit Committee meets BBS Limited's internal and external auditors to consider the level of risk assessment and management, review audit and accounting plans, corporate governance and compliance matters. BBS Limited maintains adequate segregation between the external and internal audit functions and the independence of both the internal and external auditors is not in any way compromised.

5.4. **Tender Committee**

The Tender committee is part of a governance body that seeks to ensure that tenders are awarded in fairness and in line with good practice. There are Tender Procurement Rules and Procedures

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which set out in clear terms, the rules and regulations to be applied to the purchasing of all goods and services and the sale of unserviceable supplies and property for BBS Limited and its operations.

5.5. **Demutualisation Committee**

To ensure its continued success into the future the Board established the Demutualisation Committee which is tasked with the strategic coordination of the commercialisation of BBS Limited. The Committee evaluates the BBS Limited's strategic outlook with a view of placing it in a stronger competitive position.

6. SENIOR MANAGEMENT

Below is an overview of the Company's Senior Management:

Pius K. Molefe – Managing Director, BBS Limited
Plot 39944, Block 6, Gaborone
P O Box 40029
Gaborone

Date of First Appointment:	03 April 2000
Professional/Academic Qualifications:	Post Graduate Diploma (Economics) Bachelor of Arts (Economics)
Board Memberships:	BBS Limited Cresta Limited
Interest in Shares & options:	116,027.00

Sipho H. Showa – Company Secretary & Head of Corporate Communications & Marketing, BBS Limited
Lot 60748, Bokololo Crescent, Peolwane, Gaborone
P O Box 40029
Gaborone

Date of First Appointment:	01 November 2011
Professional/Academic Qualifications:	Post Graduate Diploma (Education) Master of Business Administration Bachelor of Arts Bachelor of Laws Attorney of the Courts of Botswana, Notary & Conveyancer
Board Memberships:	Old Mutual Botswana Short Term Insurance (Pty) Ltd – Board Chairman Old Mutual Holdings Botswana (Pty) Ltd
Interest in Shares & options:	17,419.00

Thelma O'Reilly – Head of Banking, BBS Limited
Plot 23219, Phase 4, Gaborone
P O Box 40029
Gaborone

Date of First Appointment:	26 July 2004
Professional/Academic Qualifications:	Master of Science (Real Estate) Bachelor of Arts (Environmental Science) Diploma in Banking
Interest in Shares & options:	272,736.00

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Pearl C. Ramokate-Nkoane –Head of Finance, BBS Limited
Plot 60593, Block 7, Gaborone
P O Box 40029
Gaborone

Date of First Appointment:	22 August 1994
Professional/Academic Qualifications:	Chartered Institute of Management Accountants (CIMA) Bachelor of Commerce (Accounting) Associate Diploma in Banking
Interest in Shares & options:	135,951.00

Keona B. Mphetlhe –Head of Corporate Services & Legal Counsel, BBS Limited
Plot 5260, Village, Gaborone
P O Box 40029
Gaborone

Date of First Appointment:	15 November 2010
Professional/Academic Qualifications:	Masters of Business Administration Post Graduate Diploma (Compliance Risk Management) Bachelor of Laws
Board Memberships:	Botswana Retired Nurses Association
Interest in Shares & options:	42,650.00

Susan L. Ntsima –Head of Operations
Lot 32 B, Crocodile Way, Notwane
P O Box 40029
Gaborone

Date of First Appointment:	01 June 2009
Professional/Academic Qualifications:	Master of Science (Strategic Management) Bachelor of Technology (Information Technology) Associate Diploma Banking
Interest in Shares & options:	32,643.00

Freddie L. Rakwadi –Head of Information Technology, BBS Limited
Lot 1022, Mmokolodi 1
P O Box 40029
Gaborone

Date of First Appointment:	01 January 2015
Professional/Academic Qualifications:	Bachelor of Science (Information Technology)
Interest in Shares & options:	8,253.00

Punah G. Moyo –Head of Projects & Strategy, BBS Limited
Plot 55374, Phakalane
P O Box 40029
Gaborone

Date of First Appointment:	01 November 2010
Professional/Academic Qualifications:	Master of Science (Strategic Management)

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	Associate of Institute of Chartered Secretaries and Administrators (Accounting and Corporate Governance) Diploma in Accounting & Business Studies
Interest in Shares & options:	87,443.00

Julia S. Ntshole –Head of Risk, BBS Limited
Plot 34904, Block 8, Gaborone
P O Box 40029
Gaborone

Date of First Appointment:	07 June 2010
Professional/Academic Qualifications:	Associate of Chartered Certified Accountants (ACCA) Bachelor of Commerce (Accounting)
Interest in Shares & options:	146,782.00

Langa D.G. Phoi – Botswana – Human Resources & Training Manager, BBS Limited
Plot 70883, Phakalane
P O Box 40029
Gaborone

Date of First Appointment:	19 August 1998
Professional/Academic Qualifications:	Bachelor of Arts (Social Sciences) ICM Diploma (Human Resources Management)
Interest in Shares & options:	N/A

Palesa A. Semele – Botswana – Head of Internal Audit, BBS Limited
Plot 53202, Phakalane
P O Box 40029
Gaborone

Date of First Appointment:	27 August 2012
Professional/Academic Qualifications:	Association of Chartered Certified Accountants (ACCA) Association of Accounting Technician
Board Memberships:	Botswana Investment Trade Centre (BITC)
Interest in Shares & options:	102,584.00

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PART IV – RISK FACTORS

Before making an investment decision with respect to the subscription in BBS Limited Shares, prospective investors should carefully review the risk factors described below together with other information contained in this Information Memorandum. BBS Limited's financial condition and results of operations could be materially affected by the occurrence of one or more of the risks discussed below. The market value of the Shares could fall as a result of any of these risks, and investors may lose the value of their investment in whole or in part. The risks described below may, in retrospect, turn out to be incomplete and therefore may not be the only risks to which BBS Limited is exposed. Additional risks and uncertainties of which BBS Limited is not currently aware could have a material adverse effect on BBS Limited business and cash flows, financial condition, and results of operations. The order of presentation of the risk factors below does not indicate the likelihood of their occurrence or the magnitude or the significance of the individual risks. The risks specified below could occur individually or cumulatively.

1. **Risks Relating to the Operating and Regulatory Environment in which BBS Limited Operates**

Strategic Risk

Strategic risk is the risk of suffering potential losses due to decisions or radical changes in the business environment, improper implementation of decisions, lack of responsiveness to changes in the business environment, with negative impact on the risk profile and consequently on capital, earnings as well as the overall direction and scope of the Company in the long run.

The increase in share capital is one of the main measures of the Company's Strategic Initiatives. Accordingly, unless the Company can strengthen its capital buffers through additional Core capital, its ability to sustain further growth within the parameters of the new regulatory framework, may be significantly curtailed. Failure to improve the capital base would also have an adverse impact on the Company's ability to sustain its current dividend pay-out approach and would entail that the Company's ability to proceed with the payment of dividends to Shareholders would be curtailed, if not altogether prohibited, until the new capital requirements are met to the satisfaction of the Regulatory Authorities. This could have a significant impact on the Company's overall business, operational results and financial and capital condition. In such an event, the Company could also be subject to measures by the Regulatory Authorities involving its management including the imposition restrictions on assets and/or the sale of assets should this result in serious risks to the financial condition of the Company.

2. **Business Risk**

Business risk is defined as a measurement of the variance between unanticipated un-favourable changes in future profit margins of the Company and those forecasted. It can lead to serious losses and therefore impact the Company's capital.

3. **Capital management**

To monitor the adequacy of its capital, the Company uses ratios set by the Bank of Botswana. These ratios measure capital adequacy by comparing the Company's eligible capital with its reported assets and commitments at weighted amounts to reflect their relative risk. The regulator has advised all financial institutions to ensure capital requirements to be based on the Basel II framework.

For prudential supervisory purposes, Tier 1 capital consists of ordinary shares together with the general, statutory and retained earnings reserves. The Company's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain growth of the business. The objective is to strike a balance between the higher returns that might be possible with greater earnings and the advantages and security afforded by a sound capital position. The minimum capital adequacy ratio set by the Bank of Botswana is 15%.

4. **Risks related to the Distribution of Dividends**

The capacity of the Company to distribute dividends depends on the compliance of the minimum applicable capital requirements based on the regulations in force, specifically the overall capital requirements, where failure to comply involves the need to calculate the Maximum Distributable Amount. Therefore, albeit the Company may have distributable profits pursuant to its statutory financial statements, the Company would not be able to pay dividends in the case of failure to comply with these prudential regulatory provisions. The distribution of dividends could, also, in future, be excluded or

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limited by the need to comply with capital requirements laid down by legal and/or regulatory rules applicable.

5. **Credit Risk and Risk of Credit Quality Deterioration**

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the company's loans and advances to customers, balances with Companies and investments in debt securities. For risk management reporting purposes, the Company considers and consolidates all elements of credit risk exposure (such as individual obligator default risk and sector risk). For management of credit risk, the Company structures the level of credit risk it undertakes by placing limits on the amount of risk accepted in relation to one borrower. Such risks are monitored by the Credit Approvals Committee. The Board approves management's lending limits and monitors loans and advances that are not performing.

6. **Collateral**

The Company holds collateral against loans and advances to customers in the form of mortgage interests over property, cash and guarantees. Estimates of collateral fair values are assessed at the time of borrowing and are updated every three years or when a loan is individually assessed as impaired or when the customer requests further facilities against the same bond.

The activity, financial and capital strength and profitability of the Company also depend on the creditworthiness of its customers, among other things. In carrying out its credit activities, the Company is exposed to the risk that an unexpected change in the creditworthiness of a counter-party may generate a corresponding change in the value of the associated credit exposure and give rise to the partial or total write-down thereof.

7. **Concentration Risk**

Concentration risk arises due to a high level of exposure by the Company to individual companies or counterparties (single name concentration) or a group of connected clients or a high level of exposure within industry sectors and geographical regions (sectoral concentration). Given the size and nature of the domestic financial sector and the local economy, the Company is exposed to concentration risk in its credit business. The Company's investment portfolio may also be exposed to concentration risk derived from excessive reliance on the same country, counterparty, sector or currency. In addition, the deposit base of the Company primarily consists of customers located in Botswana. As a result, the Company is highly exposed to any economic trends affecting country specifically and the region generally, which if negative may have an adverse effect on the Company, its business and results of operations and financial condition.

8. **Operational Risk**

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the Company's processes, personnel, technology and infrastructure, and from external factors other than credit, market and liquidity risks such as those arising from legal and regulatory requirements and generally accepted standards of corporate behaviour. Operational risks arise from all of the Company's operations and are faced by all business entities. The Company's objective is to manage operational risk so as to balance the avoidance of financial losses and damage to the Company's reputation with overall cost effectiveness and to avoid control procedures that restricts initiative and creativity.

The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls, and monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions, products and services offered. The Company through its training and management procedures, aims to develop a disciplined and constructive control environment, in which all employees understand their roles and obligations.

The primary responsibility for the development and implementation of controls to address operational risk is assigned to Senior Management within each business unit. This responsibility is supported by the development of overall Company standards for the management of operational risk in the following areas:

1. Requirements from appropriate segregation of duties, including the independent authorisation of transactions.

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2. Requirements for the reconciliation and monitoring of transactions

3. Compliance with regulatory and other legal requirements

4. Documentation of controls and procedures

5. Requirements for the periodic assessment of operational risks faced, and the adequacy of controls and procedures to address the risks identified

6. Requirements for the reporting of operational losses and proposed remedial action

7. Development of contingency plans

8. Training and professional development

9. Ethical and business standards

10. Risk mitigation, including insurance where this is effective

Compliance with the Company's standards is supported by a programme of periodic reviews undertaken by Internal Audit. The results of Internal Audit reviews are discussed with Management of the respective business units to which these relate, and summaries are submitted to the Finance and Audit Committee and Executive Management of the Company

9. **Risks relating to Information Technology**

The Company depends on its information technology systems to process a large number of transactions on an accurate and timely basis, and to store and process substantially all of the Company's business and operating data. The Company's business activities would be materially disrupted if there were a partial or complete failure of any of these information technology systems or communication networks. In addition, any failure or delay in recording or processing the Company's transaction data could subject the Company to claims for losses and regulatory fines and penalties. Information Security Risk Loss or leakage of confidential information could have a material adverse effect on the operations and performance of the Company.

10. **Reputational Risk**

Reputational risk is the current or future risk of a loss or decline in profits or share value as a result of a negative perception of the Company's image by customers, counterparties, shareholders, investors or regulators. The Company believes that if any of these risks were to occur it could result in a material adverse effect on the operations and performance of the Company.

11. **Liquidity risk**

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations arising from its financial liabilities.

12. **Management of liquidity risk**

The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. The Company is exposed to daily calls on its available cash resources from deposits, maturing shares and loan draw downs. The Company does maintain cash to meet all these needs as experience shows that a minimum level of reinvestment of maturing funds can be predicted with a high degree of certainty.

The Company sets limits on the minimum proportion of maturing funds available to meet such calls and borrowing facilities that should be in place to cover withdrawals at unexpected levels of demand. The liquidity position of the Company is monitored on a daily basis. For regulatory purposes, the Company is required to maintain certain proportions of its liabilities in liquid assets. The Company also submits a monthly report to the Central Bank which includes the liquidity position.

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13. **Market Risk**

Market risk involves the risk that the Company's earnings or capital will be adversely affected by the volatility of market rates or prices such as interest rates, credit spreads and foreign exchange rates. In the event that any of the foregoing market risks were to occur, the Company may experience significant losses in the value of its investment portfolio, that would consequently have a significant adverse impact on the operations and financial performance of the Company as well as the value of its assets.

14. **Interest rate risk**

The principal risk to which non-trading portfolios are exposed is the risk of loss from fluctuations in the cash flows or fair values of financial instruments because of a change in market interest rates. Interest rates are managed principally through monitoring interest rate gaps and by having pre-approved limits for re-pricing bands. Asset & Liabilities Committee ("ALCO"), is a Management Committee which is the monitoring body for compliance with these limits and is assisted by Treasury in its day-to-day monitoring activities. The management of interest rate risk against interest rate gap limits is supplemented by monitoring the sensitivity of the Company's financial assets and liabilities to various standard interest rate scenarios. Interest rate movements affect reported equity as increases or decreases in net interest income and the fair value changes are reported in profit or loss.

Overall non-trading interest rate risk positions are managed by Treasury, which uses investment securities, advances to companies and deposits from companies to manage the overall position arising from non-trading activities.

A principal part of management of market risk is to monitor the sensitivity of projected net interest income under varying interest rate scenarios. The Company aims to mitigate the impact of prospective interest rate movements which could reduce future net interest income.

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STATEMENT OF FINANCIAL POSITION	Actual P'000 31-Mar-17	Actual P'000 31-Mar-16	Actual P'000 31-Mar-15
Cash and cash equivalents	70,308	130,027	66,714
Fixed deposits with banks	232,251	656,347	286,579
Other assets	19,529	20,308	19,006
Short term loans and advances to customers	81,600	79,385	76,528
Properties In possession	11,792	11,414	10,015
Long term loans and advances to customers	3,117,664	3,072,640	2,933,904
Intangible assets	9,282	7,766	7,694
Property and equipment	110,204	109,554	96,011
Total assets	**3,652,630**	**4,087,441**	**3,496,451**
LIABILITIES			
Customers' savings and fixed deposit accounts	1,130,984	1,305,842	1,026,451
Paid up and subscription shares	508,619	503,352	498,685
Withholding tax	3,140	3,546	3,649
Borrowings	846,915	1,109,574	855,312
Other liabilities	70,525	86,928	67,039
	2,560,183	3,009,242	2,451,136
SHAREHOLDERS' EQUITY			
Indefinite period shares	872,709	846,970	809,145
Retained earnings	36,270	52,549	62,981
Statutory reserve	119,468	114,680	109,189
General "market risk" reserve	64,000	64,000	64,000
Total shareholders' equity	1,092,447	1,078,199	1,045,315
Total equity and liabilities	**3,652,630**	**4,087,441**	**3,496,451**

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STATEMENT OF COMPREHENSIVE INCOME

	Actual P'000 31-Mar-17	Actual P'000 31-Mar-16	Actual P'000 31-Mar-15
Interest income	299,384	307,018	303,958
Interest Expense	(137,914)	(156,261)	(139,511)
Net Interest Income	161,470	150,757	164,447
Fee and Commission Income	22,465	25,099	25,989
Fee and Commission Expense	(1,117)	(1,116)	(1,050)
Net Fee and Commission Income	21,348	23,983	24,939
Other operating income	5,271	7,498	11,671
Reversal of impairment loss	-	3,293	-
Operating Income	**188,089**	**185,531**	**189,386**
Impairment loss on financial assets	11,460	11,083	4,818
Personnel Expenses	65,506	61,631	55,608
Depreciation and Amortisation	11,220	7,957	7,291
Operating Lease Expenses	2,548	2,612	2,843
Demutualisation expenses	1,118	671	9,001
Other Expenses	48,352	46,671	49,547
Total Expense	140,204	130,625	129,108
Profit for the year	47,885	54,906	71,949
Total comprehensive income for the year	47,885	54,906	71,949

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1. **Dividend Policy Principle**

The Company is focused on investing in income generating projects that will ensure that there is a regular level of dividends that are paid out to Shareholders. The Board, shall, annually, determine an appropriate level of dividends based on the Company's strategy and financial performance.

Accordingly based on the business plans and forecasts, BBS Limited intends paying dividends from year 3 of operating as a bank. Upon operating as a company and in preparation for being a commercial bank, there would be a need for BBS Limited to build capital and reserves to create a platform for future growth in its existing core business, as well as enable investment in the new products and services. Additionally, this will address prudential and regulatory requirements regarding capital adequacy as well as to manage the gearing ratio. Provided it reaches a healthy financial position in year three's post conversion to a company as anticipated, BBS Limited shall begin paying dividends annually in line with its constitution.

2. **Statement of Indebtedness**

2.1. **Borrowing Powers of the Company (excerpt from Constitution)**

73.1. Subject to any agreement in writing between the shareholders relating to funding of the Company as may have been entered into, the Board may borrow or raise money from time to time as follows:

73.1.1. borrow money on credit;

73.1.2. issue, reissue, sell, pledge or hypothecate debt obligations of the Company; and

73.1.3. give a guarantee on behalf of the Company to secure performance of an obligation of the Company;

73.2. subject to any laws governing the registration of mortgage bonds, notarial bonds, deeds of hypothecations, pledges and cessions; mortgage, hypothecate, pledge, cede or otherwise create a security interest in all or any property of the Company, owned or subsequently acquired, to secure any obligation of the Company;

73.3. subject to the provisions of the Companies Act, create and issue secured or unsecured debentures, which may be effected by means of a pledge, cession, mortgage bond, collateral mortgage bond, notarial bond, notarial surety bond, collateral notarial bond or any form of collateral security over incorporeal rights, movable and immovable property, issued in favour of one or more debenture-holders or to a trustee for debenture-holders, on the basis that:

73.3.1. any mortgage or notarial bond in pursuance of this clause shall be subject to the laws governing the registration of mortgage and notarial bonds, and be registered in the Deeds Registry;

73.3.2. debentures, debenture stock and other securities may be made assignable free from any equities between the Company and the person to whom the same may be issued; and

73.3.3. any debentures, debenture stock, bonds or other securities may be issued at par or at a discount or at a premium, and with any special privileges as to redemption, surrender and drawings, provided that no special privileges as to allotment of shares or stock, attending and voting at general meetings, appointment of Board or otherwise shall be given save with the sanction of the shareholders by special resolution.

73.4. The Board shall cause the Company to keep a proper register at the Office in accordance with the provisions of the Companies Act of all Charges affecting the property of the Company, giving in each case a short description of the property mortgaged or charged, and the names and addresses of the persons in whose favour any charge or has been

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delivered, and the amount of Charge so created

2.2. **Borrowings**

The Company currently has the following borrowings;

Name	Outstanding amount 31 Mar 2018	Interest rate	Interest type	Maturity Date
STANLIB	75 000 000,00	6,53%	Variable(linked to 91 day Bobc	11-Apr-19
STANLIB	75 000 000,00	6,53%	Variable(linked to 91 day Bobc	13-Mar-19
BancABC 2	115 593 333,14	5,50%	Variable (Linked to prime)	30-Nov-20
BancABC 3	102 590 465,31	6,50%	Variable (Linked to prime)	15-May-22
BancABC 4	59 142 694,74	5,50%	Variable (Linked to prime)	28-Feb-23
IFC LOAN	260 000 000,00	7,10%	Variable (Linked to bank rate)	15-Sep-24
BBS006	110 000 000,00	2,91%	Variable (linked to 91-day Bobc)	04-Aug-18
BBS004	75 000 000,00	11,10%	Fixed	26-Nov-19
BBS009	14 000 000,00	7,50%	Variable (Linked to bank rate)	03-Mar-22
BBS008	45 500 000,00	7,75%	Fixed	02-Oct-22
BBS005	150 000 000,00	11,20%	Fixed	03-Dec-23
BBS007	86 700 000,00	9,00%	Fixed	26-Aug-25

2.3. **Solvency, Liquidity and Working Capital Statement**

The Directors are of the opinion that, post the Registration Date, both the issued share capital and working capital of BBS will be adequate to finance operations on a sustainable basis going forward.

3. **Litigation Statement**

BBS is involved in the following litigation proceedings:

Southern African Furniture Company ("SAFCO") v BBS

SAFCO was a furniture manufacturing company that had been advanced a mortgage loan to purchase a warehouse in Phakalane in 2003. The company failed to service the loan and the legal recovery process ensued which culminated in the Society being given judgement and a writ of execution by the High Court in 2003. The debt was eventually repaid by SAFCO to BBS in 2015. SAFCO subsequently submitted a claim of P40,550,000.00 as replacement value of its movables and damages allegedly for wrongful sale of such property. BBS is defending the matter and the case is ongoing.

Other than the matter listed above the Directors confirm that BBS is not involved in any other material litigation, dispute, or arbitration proceedings which may have or have had in the past twelve months preceding the date of this Information Memorandum, a significant effect on the financial position of the Company, nor is BBS aware of such material litigation, dispute or arbitration proceedings pending or threatened.

4. **Material Changes**

Since the last date of historical published financial information being 31 March 2017 BBS has undergone major changes as a result of the demutualisation process. On the 26th April 2018 BBS was successfully registered as a company and this had a huge impact on the capital structure of the organisation. The change in capital structure meant that now the new company had proper ordinary shares which formed part of the organisations equity. Previously the equity was made up of Indefinite period paid up shares and reserves. Some funds which made part of the Indefinite period paid up shares were used to buy ordinary shares, some were invested in debentures while the remaining funds were converted to deposits. The Society also had other types of shares being Fixed periods paid up shares and Subscription shares. Holders of these shares also had voting rights just like holders of Indefinite period paid up shares. But because of their nature these shares did not qualify as equity, however qualifying members holding these types of shares were also given an opportunity to buy ordinary shares in the new entity. All remaining amounts were then converted to deposits.

5. **Significant or Material Contracts**

The Company does not have any other material contracts.

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6. **Related Party (ies) Transactions**

Other than Directors and Senior Management who are referred to under Paragraph 1 of Part III above, there are no other related parties on this registration.

7. **Directors' Responsibility Statement**

7.1. The Directors, whose names are given in Paragraph 1 of Part III of this Information Memorandum, 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 that the Information Memorandum contains all information required by law.

7.2. The Directors confirm that the Information Memorandum 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 Company and of the rights attaching to the securities to which the Information Memorandum relates.

Pius Komane Bashwa Molefe
MANAGING DIRECTOR
BBS LIMITED
(duly authorised)

APPENDIX 1: REPORT OF THE INDEPENDENT REPORTING ACCOUNTANTS

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KPMG, Chartered Accountants
Audit
Plot 67977, Off Tlokweng Road,
Fairgrounds Office Park
PO Box 1519, Gaborone, Botswana
Telephone +267 391 2400
Fax +267 397 5281
Web http://www.kpmg.com/bw

The Board of Directors
BBS Limited
BBS House
Broadhurst mall
PO Box 40029
Gaborone

Dear Sir/Madam

Reporting accountant's report on historical financial information for inclusion in the Information Memorandum to be issued in respect of the listing of BBS Limited ordinary shares on the Over The Counter (OTC) Serala Board of the Botswana Stock Exchange (BSE).

Introduction
At your request and for the purposes of the Information Memorandum to be issued in respect of the listing of BBS Limited ordinary shares on the Over The Counter (OTC) Serala Board of the Botswana Stock Exchange (BSE), we present our report on the historical financial information contained within the memorandum.

Responsibility
Director's responsibility
The directors are responsible for the preparation of the financial statements which give a true and fair view in accordance with International Financial Reporting Standards and in the manner required by the Building Societies Act (Cap 42:03) which the historical financial information included in the memorandum were extracted from. This responsibility includes such controls as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatements, whether due to fraud or error.

The compilation, contents and presentation of the memorandum are the responsibility of the directors of Botswana Building Society ("BBS"). Our responsibility is to express an opinion on the historical financial information included in the memorandum.

Scope of our procedures
We audited the financial statements of BBS for the years ended 31 March 2015 to 2017. We conducted our audits 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 about whether the financial

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Partners: AG Devlin* NP Dixon-Warren FJ Roos**
G Motsamai
*British **South African
VAT Number: P03623901112

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statements relating to the years ended 31 March 2015 to 2017 are free from material misstatements.

An audit involved 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 risk 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 opinions expressed in the referred financial statements.

The financial information contained in the memorandum is a summarised position. The complete financial position and results of BBS are disclosed in the financial statements.

Conclusion
The historical financial information included in the memorandum referred to in the first paragraph of this letter, for the years ended 31 March 2015 to 2017 is a true extract of the financial position at the date, and the financial performance for the years then ended in accordance with International Financial Reporting Standards and in the manner required by the Building Societies Act (Cap 42:03).

Consent
We consent to the inclusion of this report, which will form part of the memorandum and the reference to our opinion in the Information Memorandum, in the form and context in which it appears.

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KPMG
Certified Auditors
Practicing Member: Francois Roos 20010078:45

Gaborone
10 August 2018

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APPENDIX 2: CSDB APPLICATION FORM

Central Securities Depository Company of Botswana Limited

Securities Account Opening/Update Form (CSDB 1) - Individuals

To be completed in BLOCK LETTERS

Applicant

Title: Forenames*: Surname*:

Date of Birth*: Gender: National ID/Passport No*: Nationality*:

Postal Address Line1*: Postal Address Line2:

Physical Address Line3: Postal Code: Tax Code:

Village/Town/City*: Country*: Resident in*:

Telephone*: Fax: e-mail:

1st Joint Applicant

Title: Forenames*: Surname*:

Date of Birth*: Gender: National ID/Passport No*: Nationality*:

2nd Joint Applicant

Title: Forenames*: Surname*:

Date of Birth*: Gender: National ID/Passport No*: Nationality*:

N.B. * denotes required/mandatory fields. *Completed forms must be accompanied by certified copy of **ID document**.*

Dividend Disposal Instruction

☐ Cash or ☐ Bank

Bank Name: Branch: Account no.:

DECLARATION

i. I hereby request you to open and maintain a Securities Account in the CSDB in our name(s).

ii. I hereby represent and warrant that we have good title to such securities that may be held in our Securities Account from time to time.

iii. I affirm that the funds to be used for the purchase of Securities through my / our Securities Account will not be funds derived from any money laundering activity or funds generated from terrorist or any other illegal activity.

iv. I hereby confirm that the undersigned Participant has full authority to intermediate and or conduct business on with the Depository on our behalf in keeping with CSDB rules and procedures that may be in force from time to time.

v. I agree to be bound by the CSDB rules.

vi. I undertake to notify the under mentioned Participant of any change of particulars or information provided by me/us in this form.

Signature 1.....Date.....

For Participant use only

Declaration:

We, the undersigned undertake that we have checked the accuracy of the documents submitted with this application.

Checked and Verified by (Name in full):

Securities Account Number:

Accompanying certified copy

☐ National ID or ☐ Passport Details page

For CSDB use only

☐ Approved ☐ Declined

Signature:.....

White (original) – Client
Pink (Copy) – BSE

Blue (Copy) – Broker
Yellow (copy) - CSD

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Central Securities Depository Company of Botswana Limited

Securities Account Opening/Update Form (CSDB 2) - Institutions

To be completed in BLOCK LETTERS

Applicant Particulars

Name of Company / Organisation / Institution:

Addresses (Physical and Postal):

Village/Town/City: Country: Nationality:

Telephone: Fax: e-mail:

Date of Incorporation/Registration: Place of Incorporation/Registration:

Registration /Certificate No: TAX Code: Broker's Code:

Dividend Disposal Instruction

☐ Cash or ☐ Bank Bank Name:.....Account number:.....

DECLARATION

i. We hereby request you to open and maintain a Securities Account in the CSDB in our name(s).

ii. We hereby represent and warrant that we have good title to such securities that may be held in our Securities Account from time to time.

iii. We affirm that the funds to be used for the purchase of Securities through my / our Securities Account will not be funds derived from any money laundering activity or funds generated from terrorist or any other illegal activity.

iv. We hereby confirm that the undersigned Participant has full authority to intermediate and or conduct business on with the Depository on our behalf in keeping with CSDB rules and procedures that may be in force from time to time.

v. We agree to be bound by the CSDB rules.

vi. We undertake to notify the under mentioned Participant of any change of particulars or information provided by me/us in this form.

for and on behalf of the APPLICANT

Date..... .....

AUTHORISED SIGNATORY / SIGNATORIES

CERTIFICATE OF RESOLUTION

I .....hereby certify that the following resolution of the Board of Directors of

..... was passed at a duly convened meeting of the Board held on..... at which the quorum was present.

"It WAS RESOLVED that a Securities Account for the Company / Organisation / Institution be opened with the Central Securities Depository Botswana Limited., ("CSDB") and be operated in accordance with the Terms and Conditions of the Depository in force from time to time"

certified true extract of minutes

.....

DIRECTOR / SECRETARY

For Participant use only

Declaration:

We, the undersigned undertake that we have checked the accuracy of the documents submitted with this application.

Checked and Verified by (Name in full):

Securities Account Number:

For CSDB use only

☐ Approved ☐ Declined

Signature:.....

White (original) – Client
Pink (Copy) – BSE

Blue (Copy) – Broker
Yellow (copy) - CSD

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