



ABC HOLDINGS LIMITED

UNAUDITED INTERIM GROUP RESULTS
FOR THE SIX MONTHS ENDED 30 JUNE 2009



BancABC

Fresh Thinking. Smart Banking.

ABC Holdings Limited is a full service wholesale bank with operations in Botswana, Mozambique, Tanzania, Zambia and Zimbabwe and a group services office in South Africa. With a heritage dating back to 1956, ABC Holdings' long standing success in wholesale banking prompted the Group's recent expansion into retail banking with the rebranding of the Group's banking operations to BancABC.

With its first branch already opened in Harare, Zimbabwe, BancABC's retail operations will expand across the remaining territories in 2009 and 2010.

ABC Holdings Limited is registered in Botswana and listed on the Botswana Stock Exchange with a secondary listing on the Zimbabwe Stock Exchange.



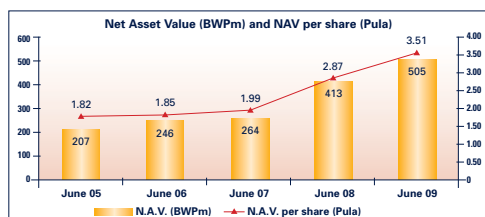
UNAUDITED INTERIM GROUP RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2009

The first six months of 2009 saw the banking sector continue to experience similar economic challenges to those experienced in the second half of 2008. The relatively low levels of consumer indebtedness in sub-Saharan Africa limited the impact of the credit crunch initially experienced in the global economy. However the regional economy is highly exposed to commodity prices, whose ensuing volatility has had significant impact on business growth and customers' ability to service debt. Despite these challenges, the Group remained profitable with after tax profit of BWP 36.9 million.

Highlights:

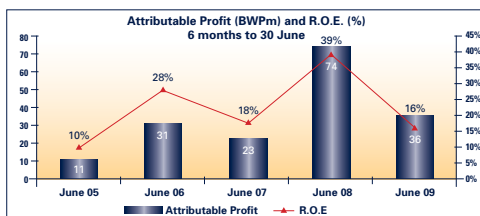
- African Banking Corporation successfully rebranded to BancABC across all operating territories;
- Total income is 9% up to BWP 235 million (H108: BWP 215 million);
- Attributable profit to shareholders at BWP 36.5 million (H108: BWP 73.6 million);
- Basic EPS 25.4 thebe (H108: 51.2 thebe);
- Deposits increased by 4% from December 2008 and 26% from June 2008, to BWP 2.9 billion;
- Average return on equity remains positive at 16% (H108: 39%);
- NAV per share increased by 15% from December 2008 and 22% from June 2008, to 3.51 thebe per share;
- Cost to income ratio increased to 72% (H108: 50%) largely due to the retail banking development and the dollarisation of the Zimbabwe economy;
- Strong operational and financial performance in Mozambique entrenches BancABC's positioning in that environment;
- Retail banking development progressing well and branch network to be rolled out in latter half of 2009.

Overview



Africa has not been spared the recent global economic turmoil and the countries in which the Group operates continue to be affected to varying degrees. However there are positive signs that the bottom of the cycle is close.

Botswana and Zambia, both highly dependent on the



resource sector, were the hardest hit by the slump in commodity prices. Owing to the resulting depressed economies and the attendant risks, the Group took a deliberate policy to curtail lending and only deal with customers that are considered to be of minimal credit risk. It should be noted however, that the rebound in commodity prices in the last few months is already positively impacting the broader economies in most of the countries that the Group operates. Copper, nickel, chrome and platinum have recovered some lost ground and are currently trading at prices that are believed to be sustainable.

Total Group income before impairments increased by 9% to BWP 235 million, while net interest income increased by 11% to BWP 78.7 million. This was negated by the increase in costs, particularly in Zimbabwe as the economy dollarised, and the significant investment in the retail banking project, which is now expected to be rolled out in the second half of the year.

Group earnings were adversely affected by high levels of impairments which at BWP 41 million, are 215% higher than BWP 13 million recorded in the comparative period. Zambia was the most affected and contributed BWP 22 million, constituting 54% of the total impairments. As a result, the Zambian operations posted a disappointing loss of BWP 12.7 million on a combined basis. In an effort to rationalise the Zambian operations, BancABC Zambia and Microfin Africa were merged during the period. Synergies exist between the two businesses and significant future cost savings are expected.

Total costs for the Zimbabwe operations were BWP 25 million against BWP 6 million for the same period last year. In February 2009, the Government of Zimbabwe effectively discontinued the use of the Zimbabwe Dollar and introduced multiple international currencies, with the Botswana Pula, South African Rand, British Pound and the US Dollar being the anchor currencies. All trades are now conducted in these currencies. Consequently, the Zimbabwe operations have adopted the US Dollar as the functional and reporting currency; eliminating the need to prepare inflation adjusted accounts. While this is a very positive move, it has resulted in a significant increase in the costs of doing business in Zimbabwe. Revenues are however lagging behind, as the economic output is coming off a very low base. Fair value gains on investment properties in Zimbabwe also declined

from BWP 33 million in June 2008, to a loss of BWP 12 million in June 2009. As a result BancABC Zimbabwe's total profit went down from BWP 28 million to BWP 2.1 million for the period under review.

BancABC Mozambique posted a most satisfactory result, with profit after tax up 140% to BWP 17.5 million, underpinned by strong net interest and non-interest income earned, and relatively low levels of impairments recorded.

BancABC Botswana's profit after tax of BWP 5.9 million was in line with prior year of BWP 6 million.

BancABC Tanzania posted an attributable profit of BWP 1.7 million, against BWP 2.7 million achieved in prior year. Impairments were higher at BWP 5.6 million, compared to BWP 1 million in 2008.

Costs expensed in respect of retail banking for the first six months were some BWP 22 million. It is anticipated that retail banking will be profitable within 18 to 24 months.

Attributable profit to ordinary shareholders at BWP 36.5 million, is 50% lower than BWP 73.6 million reported in prior year. This is largely due to the loss incurred in Zambia, and a decline in investment property values in Zimbabwe.

Net asset value increased by 22% from BWP 413 million in June 2008, to BWP 505 million. The currency stability experienced in Zimbabwe ensured that a larger proportion of earnings in the Zimbabwe operations were not eroded by inflation through the foreign currency translation reserve, which was previously the case as the country was operating in a hyper-inflation environment.

Financial performance

Net interest income

Net interest income went up 11% from the comparative period, to BWP 78.7 million. While BancABC Mozambique recorded exceptional growth in net interest income, the current difficult lending environment has resulted in the other operations experiencing a decline in net interest income, particularly in Zambia and Tanzania where liquidity challenges were experienced in the first four months of the year.

BancABC Tanzania recorded a modest growth in net interest income, while BancABC Botswana, BancABC Zambia and BancABC Zimbabwe recorded a decline. Prime lending rate in Botswana has come down by 4 percentage points since December 2008 and this has had an adverse impact on net interest, as the majority of the loans are repriced immediately, whereas term deposits only reprice upon maturity. Owing to the above, interest spread declined from 1.3% to 1.0% for BancABC Botswana.

The Group took a deliberate policy decision to curtail new lending, as customers were beginning to show signs of stress as market conditions continued to deteriorate. This will continue to restrict interest income earned for the remainder of the year, but should reduce the level of non-performing loans going forward.

Net interest income to total income remained stable at around 33%.

Impairment of loans and advances

Impairment charge increased by 215% from BWP 13 million in 2008 to BWP 41 million. Zambia and Tanzania were the most affected, with impairments increasing by 340% and 460% respectively. Notwithstanding the difficult market conditions, BancABC Botswana and BancABC Mozambique recorded minor changes in impairments compared with prior year, which is commendable.

The Group continues to strengthen its credit management through appropriate staffing and training; this should result in a reduction in the future levels of impairments.

Non interest income

Non interest income increased by 8% to BWP 157 million in 2009. BancABC Mozambique recorded a remarkable 162% increase in non interest income, while BancABC Botswana and BancABC Tanzania both recorded growth in excess of 30%. Growth was driven by a combination of increased business volumes and higher margins on foreign currency trading, with Group foreign currency trading income increasing by 159% to BWP 44 million. Zambia and Zimbabwe recorded lower volumes as a result of tight liquidity in both markets. As a result both operations saw a decline in their non interest income.

The Group invested in non interest earning assets as part of its successful capital preservation strategy employed during the hyper inflation era in Zimbabwe. However recent economic and political changes in Zimbabwe have necessitated that the business be repositioned. Consequently a decision has been taken to liquidate all non core assets in Zimbabwe, the proceeds of which will be used to capitalise its banking operations.

Operating expenditure

Operating expenses at BWP 169 million were 57% higher than last year. Zimbabwe's contribution to expenses increased from 5% to 14% in 2009, following the dollarisation of the economy, which effectively removed the "positive" impact of hyper-inflation.

The Group incurred BWP 22 million in retail related expenses, as the drive to expand into this segment of the market continued.

The Group has also had to improve its support structures in line with the increased span of activities. Management continues to seek ways to actively manage costs through better utilisation of technology and shared resources, to improve productivity.

Tax

The Group had a positive tax charge for the period due to a reversal of prior year deferred tax provision. Capital gains tax in respect of Zimbabwe properties acquired before February 2009 has been reduced to 5% and proceeds on disposal of marketable securities will now attract a tax rate of 1%, compared to the prior year effective rate of 20%.

Balance sheet

The Group balance sheet size increased marginally from BWP 4.0 billion as at 31 December 2008, to BWP 4.1 billion. The Group balance sheet growth was 24% year on year to June 2009.

The deterioration in market conditions in Botswana, Tanzania and Zambia in 2009, coupled with liquidity challenges experienced in Tanzania and Zambia, resulted in the Group loan book declining by 4% to BWP 2.16 billion since December 2008.

Overall Group deposits grew by 26% from June 2008 and 22% from December 2008 to BWP 2.9 billion, which is pleasing. The notable exception was Zambia which recorded a decline in deposits.

Capitalisation

Due to the continued instability in global and local economies, ABC Holdings Limited (ABCH) and CVCI Africa Investments Limited (CVCIAIL), a wholly owned subsidiary of Citigroup Venture Capital International Africa Fund, L.P., have agreed not to effect the draw down of the proposed US\$25 million investment in ABCH concluded between the parties last year.

Instead the Board of ABCH has decided that the portfolio of equity and real estate assets originally acquired for capital preservation purposes, be selectively and orderly liquidated to fund the Group's growth requirements. The proceeds of the sale are expected to meet the Group's funding needs. Consequently, the planned rights issue has now been postponed. Further announcements will be made as the need arises.

The International Finance Corporation (IFC) has agreed to disburse at least 50% of the convertible loan of US\$13.5 million immediately, subject to the amendment of the original agreement. The balance is to be drawn down over the next 12 months on condition that all covenants are fully complied with.

Retail banking

A significant investment has been made in the establishment of a retail banking operation, predominantly in systems and human capital. Most of the systems are now in place and we anticipate that an additional 9 branches will be operational by the end of the current year. In line with the retail banking thrust, the Group changed the trading name of its banking subsidiaries to BancABC, with the successful brand relaunch in the middle of the year. Costs in respect of this business are expected to continue to increase as further investments are made. We expect retail banking to contribute meaningfully in the second half of 2010.

Dividend

Given the continued uncertainty in the global markets and the Group's requirement for capital preservation, the Directors have recommended that no interim dividend be proposed.

Outlook

Economies across the region are beginning to show signs of improvement. Strengthening commodity prices, most critically that of copper, nickel and diamonds, are expected to positively impact sub-Saharan economies in the near term, and accordingly reduce the incidence of bad debts. This reduction, coupled with the merger of our Zambian businesses, the synergistic cost savings arising therefrom and changes to management, should result in the business turning to profitability by mid 2010.

While dollarisation of the economy in Zimbabwe has its challenges, particularly with regards to liquidity, the resulting stabilisation of the economy presents huge opportunities. Management is working hard to ensure that the bank capitalises on these opportunities.

Overall the Group's performance over the period was satisfactory across most territories. With the exception of Zambia, the Group's core wholesale banking businesses remain sound and able to sustain the additional costs of the retail expansion.

The second half of the year is expected to see increased revenues and a gradual strengthening of the loan book and overall balance sheet. The Board and the Executive remain positive on the longer term growth prospects for the region.

O M Chidawo

Chairman

D T Munatsi

Chief Executive Officer

24 August 2009

ABC Holdings Limited

Company registration number: CO.99/4865

Consolidated income statement for the six months period ended 30 June 2009
Botswana Pula - (Presentation currency)

BWP'000s	Notes	Unaudited 30-Jun-09 6 months	Reviewed 30-Jun-08 6 months	Audited 31-Dec-08 12 months
Interest and similar income		235,066	200,228	456,474
Interest expense and similar charges		(156,382)	(129,947)	(272,079)
Net interest income before impairment of advances		78,684	70,281	184,395
Impairment of loans and advances		(40,969)	(12,639)	(44,365)
Net interest income after impairment of advances		37,715	57,642	140,030
Non interest income	3	156,542	144,821	216,126
Total income		194,257	202,463	356,156
Operating expenditure	4	(169,211)	(107,162)	(236,941)
Gains on net monetary position		-	7,917	58
Net income from operations		25,046	103,218	119,273
Share of profits of associates		(913)	1,983	2,300
Profit before tax		24,133	105,201	121,573
Tax		12,757	(30,430)	(33,642)
Profit for the period		36,890	74,771	87,931
Attributable to:				
Ordinary shareholders		36,494	73,638	85,818
Minorities		396	1,133	2,113
Profit for the period		36,890	74,771	87,931
Earnings per share (thebe)		25.4	51.2	60.3
Dividend per share (thebe)		-	8.0	8.0
Weighted average number of shares		143,845,891	143,794,892	142,425,193

Consolidated income statement for the six months period ended 30 June 2009
US Dollar - (Convenience conversion)

USD'000s	Notes	30-Jun-09 6 months	30-Jun-08 6 months	31-Dec-08 12 months
Interest and similar income		31,976	31,014	66,813
Interest expense and similar charges		(21,273)	(20,128)	(39,824)
Net interest income before impairment of advances		10,703	10,886	26,989
Impairment of loans and advances		(5,573)	(1,958)	(6,494)
Net interest income after impairment of advances		5,130	8,928	20,495
Non interest income		21,294	22,432	31,634
Total income		26,424	31,360	52,129
Operating expenditure		(23,018)	(16,598)	(34,681)
Gains on net monetary position		-	1,226	8
Net income from operations		3,406	15,988	17,456
Share of profits of associates		(124)	307	337
Profit before tax		3,282	16,295	17,793
Tax		1,735	(4,713)	(4,924)
Profit for the period		5,017	11,582	12,869
Attributable to:				
Ordinary shareholders		4,964	11,407	12,560
Minorities		53	175	309
Profit for the period		5,017	11,582	12,869
Earnings per share (cents)		3.5	7.9	8.8
Dividend per share (cents)		-	1.2	1.2
Weighted average number of shares		143,845,891	143,794,892	142,425,193

Botswana Pula - (Presentation currency)

BWP'000s	Notes	Unaudited 30-Jun-09	Reviewed 30-Jun-08	Audited 31-Dec-08
ASSETS				
Cash and short term funds		615,471	599,663	513,050
Financial assets held for trading		748,819	649,770	659,587
Financial assets designated at fair value		72,033	62,862	26,100
Derivative financial assets		30,561	-	44,411
Loans and advances		2,163,487	1,620,746	2,249,903
Investment securities		46,488	77,210	67,761
Prepayments and other receivables		89,981	43,171	47,283
Current tax assets		3,556	5,731	5,496
Investment in associates		46,111	31,196	41,259
Property and equipment		185,245	162,829	216,942
Investment properties		26,977	38,614	47,632
Intangible assets		42,434	36,327	42,619
Deferred tax assets		11,918	10,522	5,895
TOTAL ASSETS		4,083,081	3,338,641	3,967,938
EQUITY AND LIABILITIES				
Liabilities				
Deposits		2,924,733	2,280,575	2,822,352
Derivative financial liabilities		3,235	3,604	2,217
Creditors and accruals		62,216	51,296	37,854
Current tax liabilities		10,997	8,086	6,031
Deferred tax liabilities		6,009	40,908	43,162
Borrowed funds	5	553,789	528,422	599,814
Total liabilities		3,560,979	2,912,891	3,511,430
Equity				
Stated capital		307,586	307,586	307,586
Foreign currency translation reserve		(63,489)	(206,992)	(223,083)
Functional currency change reserve		118,472	-	-
Non distributable reserves		29,663	114,242	162,258
Distributable reserves		113,049	198,016	190,893
Equity attributable to ordinary shareholders		505,281	412,852	437,654
Minority interest		16,821	12,898	18,854
Total equity		522,102	425,750	456,508
TOTAL EQUITY AND LIABILITIES		4,083,081	3,338,641	3,967,938
Contingent liabilities	6	507,766	321,794	494,675

US Dollar - (Convenience conversion)

USD'000s	30-Jun-09	30-Jun-08	31-Dec-08
ASSETS			
Cash and short term funds	91,028	91,898	68,056
Financial assets held for trading	110,750	99,577	87,494
Financial assets designated at fair value	10,654	9,634	3,462
Derivative financial assets	4,520	1,687	5,891
Loans and advances	319,980	248,379	298,450
Investment securities	6,876	11,832	8,988
Prepayments and other receivables	13,308	6,616	6,272
Current tax	526	878	729
Investment in associates	6,820	4,781	5,473
Property and equipment	27,398	24,953	28,777
Investment properties	3,990	5,918	6,318
Intangible assets	6,276	5,567	5,653
Deferred tax assets	1,763	1,613	782
TOTAL ASSETS	603,889	513,333	526,345
EQUITY AND LIABILITIES			
Liabilities			
Deposits	432,568	349,498	374,385
Derivative financial liabilities	479	2,239	294
Creditors and accruals	9,203	7,861	5,021
Current tax liabilities	1,626	1,239	800
Deferred tax liabilities	889	6,269	5,724
Borrowed funds	81,905	80,981	79,565
Total liabilities	526,670	448,087	465,789
Equity attributable to ordinary shareholders	74,731	63,269	58,055
Minority interest	2,488	1,977	2,501
Total equity	77,219	65,246	60,556
TOTAL EQUITY AND LIABILITIES	603,889	513,333	526,345
Contingent liabilities	75,099	49,315	65,619

Consolidated cash flow statement for the six months period ended 30 June 2009

Botswana Pula - (Presentation currency)

BWP'000s

	Unaudited 30-Jun-09 6 months	Reviewed 30-Jun-08 6 months	Audited 31-Dec-08 12 months
CASH FLOWS FROM OPERATING ACTIVITIES	74,393	141,472	57,267
Cash generated from operating activities	78,796	87,213	92,178
Net profit before tax	24,133	105,201	121,573
Adjusted for:			
Impairment of loans and advances	40,969	12,639	44,365
Depreciation and amortisation	6,359	4,073	10,741
Hedging reserve	4,687	(7,788)	(13)
Net (gains)/losses on derivative financial instruments	(9,762)	5,986	(38,585)
Fair value (losses)/gains on investment properties	12,478	(32,901)	(45,861)
(Profit)/loss on sale of property and equipment	(68)	3	(42)
Tax paid	(18,453)	(15,603)	(5,422)
Net cash inflow from operating activities before changes in operating funds	60,343	71,610	86,756
Net increase/(decrease) in operating funds	14,050	69,862	(29,489)
Increase in operating assets	(655,023)	(245,872)	(894,981)
Increase in operating liabilities	669,073	315,734	865,492
CASH FLOWS FROM INVESTING ACTIVITIES	(27,764)	(21,772)	(62,583)
Purchase of property and equipment	(27,832)	(21,809)	(63,103)
Proceeds on disposal of property and equipment	68	37	520
CASH FLOWS FROM FINANCING ACTIVITIES	46,025	(40,822)	36,137
Proceeds from issue of shares	-	37,397	37,397
Purchase of treasury shares	-	300	-
Decrease/(increase) in borrowed funds	46,025	(64,151)	28,967
Dividends paid	-	(14,368)	(30,227)
Increase in cash and cash equivalents	92,654	78,878	30,821
Cash and cash equivalents at the beginning of the period	420,508	446,256	446,256
Exchange adjustment on opening balance	(3,773)	(41,430)	(56,569)
Cash and cash equivalents at the end of the period*	509,389	483,704	420,508
*Cash and cash equivalents excludes statutory reserves			
Cash and cash equivalents	509,389	483,704	420,508
Statutory reserves	106,082	115,959	92,542
Cash and short term funds	615,471	599,663	513,050

Consolidated statements of changes in equity for the six months period ended 30 June 2009

Botswana Pula - (Presentation currency)

BWP'000s	Stated capital	Foreign currency translation reserve	Functional currency change reserve	Regulatory general credit risk reserve	Property revaluation reserve
Balance as at 1 January 2008	270,189	(119,842)	-	289	28,750
Profit for the period	-	-	-	-	-
Shares issued	37,397	-	-	-	-
Foreign currency translation differences	-	(87,150)	-	-	-
Revaluation of property net of deferred tax	-	-	-	-	73,404
Net investment hedging reserve	-	-	-	-	-
Share of reserves in associate companies	-	-	-	-	-
Treasury share reserve	-	-	-	-	-
Dividend	-	-	-	-	-
Movement in available for sale reserves:					
- Arising in current year	-	-	-	-	-
Balance as at 30 June 2008	307,586	(206,992)	-	289	102,154
Profit for the year	-	-	-	-	-
Foreign currency translation differences	-	(16,091)	-	-	-
Revaluation of property net of deferred tax	-	-	-	-	36,614
Movement in general credit risk reserve	-	-	-	4,536	-
Net investment hedging reserve	-	-	-	-	-
Share of reserve in associate companies	-	-	-	-	-
Purchase of shares from minorities	-	-	-	-	-
Movement in statutory reserves	-	-	-	-	-
Disposal of treasury shares	-	-	-	-	-
Dividend	-	-	-	-	-
Movement in available for sale reserves:					
- Arising in current period	-	-	-	-	-
Balance as at 31 December 2008	307,586	(223,083)	-	4,825	138,768
Profit for the period	-	-	-	-	-
Foreign currency translation differences	-	(108,676)	-	-	-
Net investment hedging reserve	-	-	-	-	-
Effects of functional currency change	-	268,270	118,472	(1,300)	(126,608)
Balance as at 30 June 2009	307,586	(63,489)	118,472	3,525	12,160

Available for sale reserve	Statutory reserve	Hedging reserve	Treasury shares reserve	Distributable reserves	Minority interest	Total equity
1,584	21,966	(2,889)	(2,933)	138,746	12,386	348,246
-	-	-	-	73,638	1,133	74,771
-	-	-	-	-	-	37,397
-	-	-	-	-	(621)	(87,771)
-	-	-	-	-	-	73,404
-	-	(7,788)	-	-	-	(7,788)
-	219	-	-	-	-	219
-	-	-	300	-	-	300
-	-	-	-	(14,368)	-	(14,368)
1,340	-	-	-	-	-	1,340
2,924	22,185	(10,677)	(2,633)	198,016	12,898	425,750
-	-	-	-	12,180	980	13,160
-	-	-	-	-	6,689	(9,402)
-	-	-	-	-	-	36,614
-	-	-	-	(4,536)	-	-
-	-	7,775	-	-	-	7,775
-	(219)	-	-	-	-	(219)
-	-	-	-	1,713	(1,713)	-
-	2,498	-	-	(2,498)	-	-
-	-	-	59	-	-	59
-	-	-	-	(15,859)	-	(15,859)
(3,247)	-	-	-	1,877	-	(1,370)
(323)	24,464	(2,902)	(2,574)	190,893	18,854	456,508
-	-	-	-	36,494	396	36,890
-	-	-	-	-	(2,429)	(111,105)
-	-	(4,687)	-	-	-	(4,687)
-	-	-	-	(114,338)	-	144,496
(323)	24,464	(7,589)	(2,574)	113,049	16,821	522,102

1 Basis of Presentation**1.1 Statement of compliance**

This condensed consolidated financial information has been prepared in accordance with International Financial Reporting Standards ("IFRS"), and the requirements of the Botswana Companies Act (Chapter 42:01). Significant accounting policies have been applied consistently from the prior year.

1.2 Change of functional currency of the Zimbabwe operations

In February 2009, the Government of Zimbabwe effectively discontinued the use of the Zimbabwe Dollar, and introduced multiple international currencies, with the Botswana Pula, South African Rand and US Dollar being the anchor currencies. ABC Holdings Limited's Zimbabwe operations have adopted the US Dollar as the functional and reporting currency from 1 February 2009. Consequently, the Zimbabwe operations have discontinued the preparation of financial statements in accordance with IAS 29 'Financial Reporting in Hyperinflationary Economies' from that date. The inflation adjusted comparatives for the Zimbabwe operations have been used as a basis for the carrying amounts of the current reporting period.

1.3 Functional and presentation currency

The financial statements are presented in Botswana Pula (BWP), which is the company's functional currency and the Group's presentation currency. Except as indicated, financial information presented in BWP has been rounded off to the nearest thousand.

2 Stated capital

There has been no changes in the authorised or issued share capital of ABC Holdings Limited during the six months to 30 June 2009.

3 Non interest income

BWP'000s	30-June-09 6 months	30-June-08 6 months	31-Dec-08 12 months
Gains less losses from investment activities	71,569	59,040	25,827
Dividends received	21	1,444	3,342
Fees and commission income	37,033	26,982	69,831
Forex trading income and currency revaluation	44,046	17,015	29,448
Fair value gains on investment properties	(12,478)	32,901	45,861
Fair value adjustment on derivative financial instruments	9,762	(4,254)	38,585
Rental and other income	6,589	11,693	3,232
	156,542	144,821	216,126

4 Operating expenditure

BWP'000s	30-June-09 6 months	30-June-08 6 months	31-Dec-08 12 months
Administrative expenses	68,198	54,193	102,940
Staff costs	91,784	47,214	119,005
Depreciation and amortisation	6,655	4,073	10,741
Auditors' remuneration	2,574	1,682	4,255
	169,211	107,162	236,941

5 Borrowed funds

BWP'000s	30-June-09	30-June-08	31-Dec-08
National Development Bank of Botswana Limited (NDB)	130,165	127,702	163,810
BIFM Capital Investment Fund One (Pty) Ltd	257,249	257,249	257,329
Other borrowings	166,375	143,471	178,675
	553,789	528,422	599,814
Maturity analyses			
On demand to one month	3,546	5,221	5
One month to three months	9,163	7,296	27,394
Three months to one year	115,491	79,620	75,544
Over one year	425,589	436,285	496,871
	553,789	528,422	599,814

National Development Bank of Botswana Limited (NDB)

The loan from NDB is denominated in Japanese Yen and attracts interest at 3.53%. Principal and interest is payable semi-annually on 15 June and 15 December. The loan matures on 15 December 2016.

BIFM Capital Investment Fund One (Pty) Ltd

The loan from BIFM Capital Investment Fund One (Pty) Ltd is denominated in Botswana Pula and attracts interest at 11.63% per annum, payable semi annually. The redemption dates are as follows:

30 September 2017 - BWP 62 500 000

30 September 2018 - BWP 62 500 000

30 September 2019 - BWP 62 500 000

30 September 2020 - BWP 62 500 000

Other borrowings

Other borrowings relate to medium to long term funding from international financial institutions for onward lending to ABC clients.

6 Contingent liabilities

BWP'000s	30-June-09	30-June-08	31-Dec-08
Guarantees	254,323	207,277	233,190
Letters of credit and other contingent liabilities	253,443	114,517	261,485
	507,766	321,794	494,675
Maturity analyses			
Less than one year	375,543	304,722	358,201
Between one and five years	132,223	17,072	136,474
	507,766	321,794	494,675

7 Exchange rates

The exchange rate to BWP1 were as follows:	Closing 30-Jun-09	Average 30-Jun-09	Closing 30-Jun-08	Average 30-Jun-08	Closing 31-Dec-08	Average 31-Dec-08
United States Dollar	0.1479	0.1342	0.1533	0.1549	0.1327	0.1464
Zimbabwe Dollar (million)*	-	-	24,921,697,542	24,921,697,542	85,280,859,539,474	85,280,859,539,474
Tanzanian Shilling	192.6403	177.3203	179.6875	184.4311	174.4380	177.3201
Zambian Kwacha	764.6470	720.7175	494.2515	549.4305	636.0633	554.7651
Mozambican Metical	3.9504	3.5991	3.9633	4.0058	3.3826	3.5727
South African Rand	1.1388	1.2008	1.1989	1.1939	1.2452	1.2049

* Old Mutual implied exchange rate in millions. The Zimbabwe economy was officially dollarised in February 2009.

Segmental Analysis

BWP'000s For the 6 months ended 30 June 2009	Net interest income	Contri- bution	Attribut- able profit	Contribution to banking operations	Contri- bution to total	Total assets	Contri- bution	Total equity**	Contri- bution
BancABC Botswana	16,871	22%	5,939	41%	16%	1,431,587	35%	87,974	17%
BancABC Mozambique	21,475	27%	17,475	120%	48%	837,388	20%	122,617	23%
BancABC Tanzania	14,189	18%	1,678	11%	5%	684,047	17%	95,979	18%
BancABC Zambia	32,377	41%	(12,669)	-87%	-35%	489,870	12%	24,255	5%
BancABC Zimbabwe	2,630	3%	2,133	15%	6%	238,598	6%	92,922	18%
Total banking operations*	87,542	111%	14,556	100%	40%	3,681,490	90%	423,747	81%
Head office and other	(8,858)	-11%	21,938		60%	401,591	10%	98,355	19%
Total*	78,684	100%	36,494		100%	4,083,081	100%	522,102	100%

For the 6 months ended 30 June 2008

BancABC Botswana	18,188	26%	5,968	12%	8%	1,120,787	33%	74,810	18%
BancABC Mozambique	13,668	19%	7,340	15%	10%	531,803	16%	82,417	19%
BancABC Tanzania	11,614	17%	2,666	7%	5%	572,691	17%	11,945	3%
BancABC Zambia***	33,553	48%	4,710	10%	6%	496,346	15%	88,297	21%
BancABC Zimbabwe	8,646	12%	27,613	56%	37%	259,187	8%	106,443	25%
Total banking operations*	85,669	122%	48,297	100%	66%	2,980,814	89%	363,912	86%
Head office and other	(15,388)	-22%	25,341		34%	368,830	11%	61,838	14%
Total*	70,281	100%	73,638		100%	3,349,644	100%	425,750	100%

For the 12 months ended 31 December 2008

BancABC Botswana	41,389	22%	13,193	23%	15%	1,309,517	33%	82,035	18%
BancABC Mozambique	34,295	19%	16,644	29%	19%	648,736	16%	117,191	26%
BancABC Tanzania	30,941	17%	10,096	17%	12%	796,476	20%	104,165	23%
BancABC Zambia***	73,560	40%	(7,223)	-13%	-8%	581,508	15%	56,595	12%
BancABC Zimbabwe	63	0%	25,338	44%	30%	238,627	6%	121,305	26%
Total banking operations*	180,248	98%	58,048	100%	68%	3,574,864	90%	481,291	105%
Head office and other	4,147	2%	27,770		32%	393,074	10%	(24,783)	-5%
Total*	184,395	100%	85,818		100%	3,967,938	100%	456,508	100%

* Prior to eliminations

** Excluding Tier II capital

*** Including Microfin Africa Limited

BOTSWANA

BancABC Botswana
ABC House, Tholo Office Park, Plot 50669,
Fairground Office Park, Gaborone, Botswana
Tel: +267 3905455
abcbw@africanbankingcorp.com

MOZAMBIQUE

BancABC (Mozambique) SA
999 Avenida Julius Nyerere,
Polana Cimento, Maputo, Mozambique
Tel: +258 21 482100
abcmoz@africanbankingcorp.com

SOUTH AFRICA

ABC Holdings Limited
205 Rivonia Road, Morningside, 2196,
Johannesburg, South Africa
Tel: +27 11 722 5300
abcsa@africanbankingcorp.com

TANZANIA

BancABC Tanzania
1st Floor Barclays House, Ohio Street
Dar Es Salaam, Tanzania
Tel: +255 22 2111990
abctz@africanbankingcorp.com

ZAMBIA

BancABC Zambia
ABC Pyramid Plaza Building
Plot 746B, Corner Nasser and Church Road
Ridgeway, Lusaka
Tel: +260 211 257970 - 76
abczm@africanbankingcorp.com

ZIMBABWE

BancABC Zimbabwe
Endeavour Crescent, Mount Pleasant Business Park
Mount Pleasant, Harare, Zimbabwe
Tel: +263 4 369260/99
+263 4 369700/16
abczw@africanbankingcorp.com

ABC House, Tholo Office Park, Plot 50669, Fairground Office Park, Gaborone, Botswana
Tel: +267 3905455, Fax: +267 3902131

DIRECTORS: O.M. Chidawu - Chairman, D.T. Munatsi - Group Chief Executive Officer, H. Buttery, D. Khama, N. Kudenga,
T. S. Mothibatsela, J. Wasmus



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