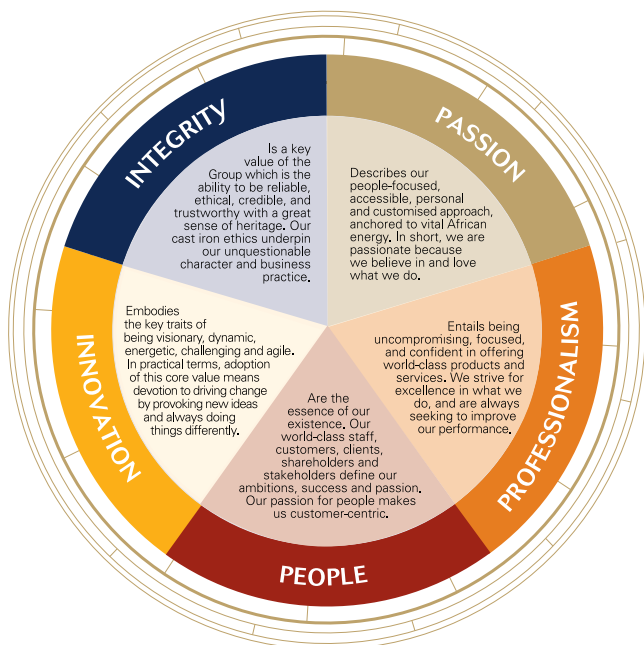




**ABC HOLDINGS LIMITED
REVIEWED INTERIM GROUP RESULTS
FOR THE SIX MONTHS ENDED**

30 JUNE 2013



OUR VALUES

Our core values centre on five distinct areas. They remain the guiding principles by which we operate and form the basis of our corporate personality.

ABOUT BancABC


ABC Holdings Limited is the parent company of a number of banks operating under the BancABC brand in Sub-Saharan Africa, with operations in Botswana, Mozambique, Tanzania, Zambia and Zimbabwe. A group services office is located in South Africa.

Our vision is to be Africa's preferred banking partner by offering world class financial solutions. We will realise this by building profitable, lifelong customer relationships through the provision of a wide range of innovative financial products and services – to the benefit of all our stakeholders.

The Group offers a diverse range of services including but not limited to the following: Corporate Banking, treasury services, Retail & SME Banking, asset management and stockbroking. ABC Holdings Limited is registered in Botswana. Its primary listing is on the Botswana Stock Exchange, with a secondary listing on the Zimbabwe Stock Exchange.





highlights

 Total income up by 47% from BWP476 million to **BWP701 million**


 Operating expenses up 40% from BWP379 million to **BWP529 million** due to expansion in retail banking

 Cost to income ratio decreased considerably to **62%** (H112: 75%)


 Net operating income up 77% from BWP97 million to **BWP172 million**

 Pre-tax profit up 77% from BWP96 million to **BWP169 million**

 Attributable profit to shareholders of **BWP143 million** up 157% from BWP56 million


 Basic EPS of **59.1 thebe** (H112: 37.2 thebe)

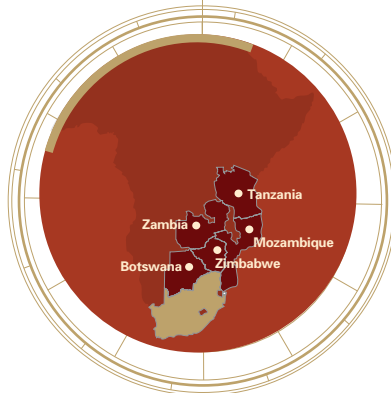
 Shareholders' funds increased by 25% since December 2012 to **BWP1.4 billion**

 NAV per share increased by 14% since December 2012 to **BWP5.54** and by 27% since June 2012

 Deposits increased by 2% since December 2012 and 25% from June 2012, to **BWP10.9 billion**

 Loans and advances increased by 8% since December 2012 and 26% from June 2012, to **BWP9.9 billion**

 Average return on equity at **22%** (H112: 18%)



ANNOUNCEMENT TO SHAREHOLDERS



ABC Holdings Limited is pleased to present the half year results for the period ended 30 June 2013. The results have been reviewed but not audited by KPMG, the Group's independent external auditors. Their unqualified review report is available for inspection at the Group's registered office.

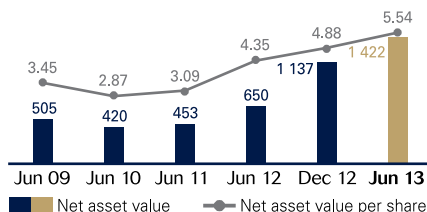
The year started remarkably well and the Group posted a phenomenal set of results for the half year ended 30 June 2013. Retail banking segment was the major driver for the growth experienced during the period under review. This business has now achieved critical mass in BancABC Botswana, BancABC Zambia and BancABC Zimbabwe. As a result the three subsidiaries posted very strong sets of results. BancABC Mozambique is profitable but current period performance was hampered by costs of expansion into the retail space which will only start contributing to revenue in the coming periods. BancABC Tanzania continues to be a challenge for the Group. However, substantial progress has been made in cleaning up the balance sheet and the business has recently been recapitalised. It is our hope that the Bank should at least break even in the second half and should be profitable going forward.

Group pre-tax profit at BWP169 million is 77% up on BWP96 million achieved in the prior year. Attributable profit to shareholders

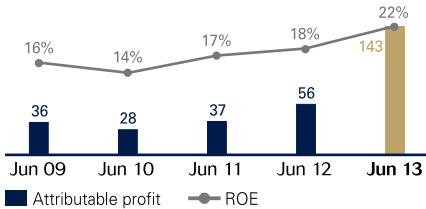
at BWP143 million is 157% ahead of BWP56 million posted for the comparative period last year. Attributable profit is ahead of BWP133 million achieved for the full year in 2012. Total assets at BWP13.7 billion are 2% ahead of the December 2012 position of BWP13.4 billion. Balance sheet growth was muted largely due to a deliberate policy to slow down on lending and manage the Group's liquidity position more conservatively. It was also necessary to manage the balance sheet more efficiently. When compared to June 2012, total assets increased by 27%. The Group has expanded its branch network to 64 branches compared to 55 in the prior year and 61 as at end of December 2012.

Overview

Net asset value (BWP m) and NAV per share (BWP)



Attributable profit (BWP) and ROE (%)



Financial performance

Net interest income

Net interest income of BWP476 million was 74% ahead of BWP274 million achieved in prior year. This was largely due to an increase in business volumes with significant growth recorded in the retail banking segment which has higher margins. BancABC Botswana and BancABC Zimbabwe which had pronounced growth in consumer lending were the major contributors to growth in net interest income. All the other banking subsidiaries also achieved growth on the back of an increase in the balance sheet size as well as improved margins.

Impairment losses on loans and advances

Net impairments of BWP146 million were 351% up on BWP32 million charged in the prior year. BWP129 million of this charge was in respect of three clients, with one in each of Zimbabwe, Tanzania and Mozambique. The balance of BWP17 million was largely from portfolio impairments driven by the growth in the loan book. The existence of a contingent liability in respect of a legal case in Zimbabwe was well disclosed in the 2012 annual report. Despite all assurances from a number of legal advisors that the Bank’s case was extremely strong, regrettably judgement actually went against the Bank. Consequently, it was considered prudent to provide for a substantial amount in respect of this debt. A significant

portion of this amount is not in dispute and the ability of the client to repay is generally not in doubt. However, the willingness to repay in line with the terms of the facility is clearly questionable. In view thereof, any legal means available to ensure that the debt is repaid will be pursued. The Bank views that its rights for a fair hearing by the Zimbabwe courts on this matter, as enshrined in the Constitution, were undoubtedly infringed. The Bank has, as a consequence, lodged an appeal with the Constitutional Court. It should be noted that the judgement was awarded to a company that has absolutely no relationship with the Group. We are confident that over time a significant amount of this provision will be recouped. The foregoing notwithstanding, the quality of the book is relatively stable with the gross non-performing loans decreasing from 9.2% as at 31 December 2012 to 8.7% as at 30 June 2013. Non-performing loans as at 30 June 2012 were 5.1%.

Non-interest income

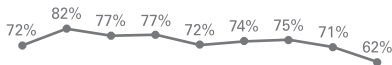
Non-interest income of BWP371 million was 58% ahead of BWP235 million achieved in 2012. Growth in non-interest income was underpinned by an increase in transaction volumes across all subsidiaries. BancABC Zambia had the largest growth on the back of an increase in customer numbers in consumer lending as well as increased bond trading income. Fees and commissions were higher on account of an increase in business volumes in both BancABC Botswana and BancABC Zimbabwe. This income line was also boosted by a BWP54 million mark-to-market gain in equity investments during the period.

Operating expenditure

Operating expenses of BWP529 million were 40% higher than BWP379 million recorded in prior year. The Group continued to expand its Retail banking footprint thereby resulting in higher costs. The total number of branches now stands at 64 compared to 55 as at 30 June 2012. However, revenues are now growing faster than costs as a result, the cost

to income ratio declined to 62% from 75% in the prior year. The Group's medium term target is to achieve cost to income ratio of 50%. In this regard, BancABC Botswana has already achieved this with cost to income ratio of 49% for the period under review.

Cost to income ratio



Period	Jun 09	Dec 09	Jun 10	Dec 10	Jun 11	Dec 11	Jun 12	Dec 12	Jun 13
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Taxation

The Group's tax charge remained constant at BWP40 million despite the improved profitability. In the prior year, the Group had not taken into account some deferred tax assets in loss making non-banking subsidiaries and head office. Owing to the above the effective tax rate reduced from 42% in prior year to 24% during the period under review.

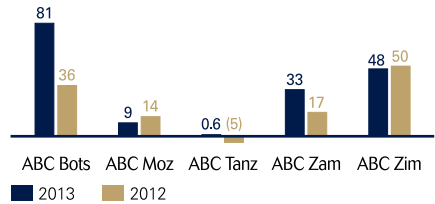
Balance sheet

The balance sheet increased to BWP13.7 billion (US\$1.6 billion) compared to BWP10.8 billion (US\$1.4 billion) as at 30 June 2012 and BWP13.4 billion (US\$1.7 billion) as at 31 December 2012. Loans and advances increased by BWP710 million to BWP9.9 billion from BWP9.1 billion as at 31 December 2012 and by 26% from BWP7.8 billion as at 30 June 2012. All entities had some growth in loans and advances during the period with the exception of BancABC Tanzania which had a reduction largely due to the restructuring of the non-performing loan portfolio in this subsidiary. Deposits increased to BWP10.9 billion from BWP10.7 billion in December 2012 (2%) and BWP8.8 billion (25%) as at 30 June 2012.

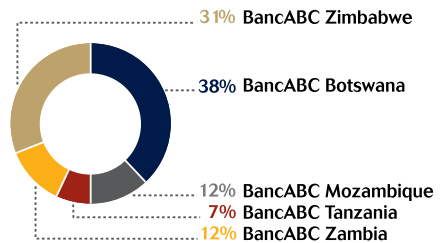
Attributable Profit

Attributable profit from banking operations was BWP172 million which was a 55% growth from the BWP111 million achieved in prior year. BancABC Botswana, BancABC Zambia and BancABC Tanzania posted attributable profits that were materially better than prior year. However, BancABC Zimbabwe and BancABC Mozambique had marginal declines due to a combination of high impairments and increased operating expenses as a result of business expansion in retail banking.

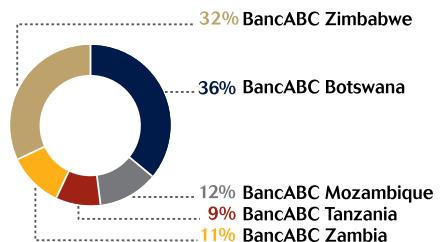
Attributable profit (BWP m)



Total assets by entity – June 2013



Total assets by entity – June 2012





Operational performance

Botswana

BancABC Botswana had exceptional performance during the period under review. Attributable profit increased by 127% from BWP36 million earned in the prior year to BWP81 million in the current period. Total income increased by 98% from BWP109 million in the prior year to BWP216 million in the current year. This was mainly driven by an increase in net interest income and commissions relating to consumer lending and group loan schemes in the retail segment. Net interest income increased by 111% from BWP90 million for the six months to 30 June 2012 to BWP191 million in the current year. This was on the back of an increase in loans and advances which grew from BWP2.8 billion in June 2012 to BWP3.8 billion in June 2013. Loans and advances were BWP3.4 billion in December 2012. Impairment charges of BWP11 million in the current period compared favourably with BWP15 million charged in prior year. Gross non-performing loans were 1.8% which was the same ratio as in June 2012. Deposits increased from BWP3.5 billion in June 2012 to BWP4.8 billion as at 30 June 2013 and they were at BWP4.3 billion in December 2012.

Non-interest income increased by 8% from BWP34 million in the prior year to BWP36 million in the current period. This was driven by the increased customer base and increased commissions on loan insurance for the consumer loan book which had grown when compared to June 2012.

Operating expenses increased by 77% to BWP112 million, due to increased business activity from the expansion the subsidiary has been undertaking as well as from increased performance related pay. However, despite the increase in costs, the cost to income ratio declined from 57% in the prior year to 49% in the current year, which is below the Group's short term target of 50%.

Mozambique

BancABC Mozambique's profitability decreased by 32% from BWP14 million to BWP9 million in the current period. This was mainly due to an increase in impairments and operating expenses during the current year. Impairments increased by 86% from BWP10 million in 2012 to BWP18 million in 2013. Impairments in the current period were driven by a BWP10 million charge on one large borrowing customer. Gross non-performing loans also worsened in the current period from 7.4% in June 2012 to 12.8% in the current period.

Operating expenses increased by 29% to BWP66 million in the current period. This was largely due to increased number of staff and increased branch-related expenses from the expansion the subsidiary has been embarking on. The new branches are yet to start contributing significantly to revenue and this had a negative impact on profitability during the period. We anticipate that in the next six to twelve months, these branches will attain profitability and start contributing positively to the subsidiary's overall performance. Cost to income ratio marginally increased from 64% in the prior year to 67% in the current period.



On the other hand, net interest income increased by 24% from BWP46 million in prior year to BWP57 million in the current period. This was largely driven by growth in the balance sheet as well as improved margins as market rates decreased and the Bank could fund its assets at cheaper rates. Loans and advances increased by 24% to BWP1 billion compared to BWP827 million in June 2012. Loans and advances were BWP877 million in December 2012. Deposits increased by 26% from BWP1.3 billion in June 2012 to BWP1.6 billion in June 2012. They were BWP1.4 billion in December 2012.

Non-interest income increased by 14% to BWP40 million. Trade finance fees were the largest contributor to this growth.

Tanzania

BancABC Tanzania posted an attributable profit of BWP0.6 million which is an improvement from the attributable loss of BWP5 million recorded in prior year. Income is on an upward trajectory and impairments reduced from a charge of BWP10 million in prior year to a recovery of BWP2 million in the current period. Net interest income grew by 12% to BWP17 million on the back of an increase in

money market placements during the period. The growth in deposits was mostly placed in the interbank market as the subsidiary was not lending for much of the period under review due to a low capital adequacy ratio. Deposits increased by 21% from BWP975 million in June 2012 to BWP1,181 million in June 2013. Deposits were BWP1,148 million in December 2012.

In a bid to strengthen the balance sheet of the Bank, the loan portfolio was split into a “good bank” and a “bad bank” and all the non-performing loans were transferred to a non-banking subsidiary TDFL. Additional provisions of BWP64 million were processed in respect of this portfolio. Consequently, the combined business for our operations in Tanzania posted a loss of BWP44 million. As alluded to above we are cautiously optimistic that the combined business in Tanzania will break even in the second half of the year and should be profitable going forward.

Non-interest income of BWP39 million was ahead of prior year by 38%. This was due to higher bond trading volumes during the current period. Operating expenses increased by 41% to BWP58 million as a result of the expansion of the business. The newly created branches

are still to start contributing to profitability and hence the cost to income ratio increased from 94% in prior year to 102% in the current period.

Zambia

BancABC Zambia had an exceptional six months and profitability grew by 94% from BWP17 million in the prior year to BWP33 million in the current period. Business volumes have increased across the board and both net interest income and non-interest income recorded significant growth during the period under review.

Net interest income increased by 24% from BWP34 million in 2012 to BWP42 million in the current period. This was driven by growth in the balance sheet with loans and advances increasing by 100% from BWP564 million in June 2012 to BWP1.1 billion in June 2013. Loans and advances were BWP1 billion in December 2012. Deposits also increased by 90% from BWP549 million in June 2012 to BWP1 billion in June 2013. They were BWP834 million in December 2012.

The quality of the loan book was stable with gross non-performing loans reducing marginally from 4.3% in June 2012 to 4.3% in June 2013. The growth in the loan book in the current period was minimal and hence portfolio impairments were insignificant whereas a recovery of a previously provided loan led to a net recovery of BWP2 million for the period.

Non-interest income increased by 83% from BWP43 million in the six months to June 2012 to BWP79 million in the current period. The increased loan book had a similar impact on loan management fees. Trade finance income has also been growing and so were the trading profits on bond trading from increased volumes transacted.

Operating expenses increased by 30% from BWP55 million in the prior year to BWP72 million in the current period. The increase is mainly from the business expansion embarked on in 2012 which now has full period impact.

However, the cost to income ratio declined sharply from 72% in the prior year to 59% in the period under review as income grew faster than costs despite a slight expansion in the branch network.

Zimbabwe

BancABC Zimbabwe's attributable profit of BWP48 million was 3% lower than BWP50 million achieved in the prior year. This was largely due to a BWP55 million impairment in respect of one customer. However, net interest income increased by 91% from BWP95 million in 2012 to BWP182 million in the current period. This was mostly from the growth in the higher yielding consumer loan book. The loan book increased by 30% from BWP2.4 billion in June 2012 to BWP3.2 billion in June 2013. The loan book was BWP3 billion in December 2012. Deposits, however, declined by 7% from BWP2.4 billion in June 2012 to BWP2.3 billion in June 2012 – the deposits were BWP3.1 billion in December 2012. This reflects the liquidity crunch the Zimbabwean financial market has been experiencing over the last few years which has worsened with time.

Gross non-performing loans increased from 5.2% in June 2012 to 9.1% in June 2013. However, due to low growth in the loan book in the current period and recoveries from previously impaired loans, the charge net of the BWP55 million on the one client is minimal. The subsidiary had impairment charges of BWP57 million compared to BWP1 million in the prior year comparative period.

Non-interest income grew by 2% from BWP97 million in the prior year to BWP99 million in the current period. Growth was subdued largely due to reduction in charges in conformity with the memorandum of understanding signed amongst banks in Zimbabwe seeking to eliminate bank charges for low income earners in the market. Loan growth was minimal and this adversely impacted loan arrangement fees in the current period.

Operating expenses increased by 34% from BWP124 million in prior year to BWP166 million

NEED NEW PICS



in the current year. Growth in operating expenses has largely been driven by the rapid geographical expansion the Bank has been undertaking in the last three years. This has had a positive impact as cost to income ratio improved from 65% to 59% in the current period.

Retail and SME banking

The Group continued its rollout of the branch network which now stands at 64 branches compared to 55 in June 2012. Profitable retail products have been rolled out in Botswana, Zambia and Zimbabwe and the plan is to continue increasing the cross-sell ratio until we are a preferred retail bank for our target market. The Group has payroll deduction codes in all the markets except in Mozambique. Most of the consumer loans are therefore either payroll deduction loans or group scheme loans for staff of large corporates or respective governments in each of our markets. BancABC Mozambique and BancABC Tanzania are still working on penetrating the Retail & SME Banking market segment in order to reach critical mass.

Dividend

At the Board meeting held on 30 July 2013, the Directors proposed an interim gross dividend of 14 thebe per share. This will be paid on 13 September 2013 to shareholders on the company's register on 30 August 2013.

Offer to minorities

In line with the Botswana Stock Exchange (BSE) regulations, on 28 May 2013, African Development Corporation (ADC), the controlling shareholder of the Group, announced their intention to make an offer to the minorities. This process is yet to be finalised owing to some outstanding regulatory approvals. ADC intends to close this issue in the coming weeks. Therefore, shareholders are advised to exercise caution when dealing with the Company's securities until a further announcement is made.

Outlook

The world economy is not out of the woods yet. However economies in presence countries continue to grow at a reasonable pace. The elections in Zimbabwe have come and gone peacefully. At the time of writing it was still

unclear as to what impact this will have on the business. Notwithstanding the above, we are confident that overall growth prospects for the Group are still very positive. Liquidity and management of the quality of the loan book will remain the key focus areas for management in order to ensure that the Group achieves its ambitious growth plan in a sustainable manner in the short to medium term. To this end we continue to strengthen our credit management teams in all countries and our various fund raising efforts continue to bear fruit as evidenced by the recently concluded transactions in excess of US\$70 million. Other initiatives are at an advanced stage and shareholders will be updated on a continuing basis as progress unfolds.

The Group is confident of a stronger second half of 2013 which should produce record full year results.

Acknowledgment

We would like to thank the Board, Management and staff in achieving an excellent set of results.



H J Buttery
Group Chairman



D T Munatsi
Chief Executive Officer

13 August 2013

ABC Holdings Limited company registration number: CO.99/4865

CONSOLIDATED INCOME STATEMENT

for the six months period ended 30 June 2013

BWP'000s – (Presentation currency)	Notes	Reviewed 30 Jun 2013 6 months	Unaudited 30 Jun 2012 6 months	Audited 31 Dec 2012 12 months
Interest and similar income		993,559	662,229	1,383,015
Interest expense and similar charges		(517,070)	(388,558)	(709,981)
Net interest income before impairment of advances		476,489	273,671	673,034
Impairment losses on loans advances		(146,055)	(32,409)	(138,172)
Net interest income after impairment of advances		330,434	241,262	534,862
Non-interest income	3	370,892	234,947	551,700
Total income		701,326	476,209	1,086,562
Operating expenditure	4	(529,377)	(379,016)	(868,659)
Net income from operations		171,949	97,193	217,903
Share of results of associates		(2,826)	(1,472)	(5,630)
Profit before tax		169,123	95,721	212,273
Tax		(40,555)	(40,441)	(77,108)
Profit for the period		128,568	55,280	135,165
Attributable to:				
Ordinary shareholders		142,878	55,579	132,774
Non-controlling interest		(14,310)	(299)	2,391
Profit for the period		128,568	55,280	135,165
Earnings per share (thebe)		59.1	37.2	72.1
Diluted earnings per share (thebe)		57.3	31.1	66.5
Dividend per share (thebe)		8.0	8.0	16.0
Weighted average number of shares (000's)		241,635	149,472	184,194

CONSOLIDATED INCOME STATEMENT

for the six months period ended 30 June 2013

USD'000s – (Convenience conversion)	30 Jun 2013 6 months	30 Jun 2012 6 months	31 Dec 2012 12 months
Interest and similar income	119,850	89,312	182,004
Interest expense and similar charges	(62,372)	(52,403)	(93,433)
Net interest income before impairment of advances	57,478	36,909	88,571
Impairment losses on loans advances	(17,619)	(4,371)	(18,183)
Net interest income after impairment of advances	39,859	32,538	70,388
Non-interest income	44,739	31,686	72,604
Total income	84,598	64,224	142,992
Operating expenditure	(63,857)	(51,116)	(114,316)
Net income from operations	20,741	13,108	28,676
Share of results of associates	(340)	(198)	(741)
Profit before tax	20,401	12,910	27,935
Tax	(4,892)	(5,454)	(10,147)
Profit for the period	15,509	7,456	17,788
Attributable to:			
Ordinary shareholders	17,236	7,497	17,473
Non-controlling interest	(1,727)	(41)	315
Profit for the period	15,509	7,456	17,788
Earnings per share (cents)	7.1	5.0	9.5
Diluted earnings per share (cents)	6.7	4.2	9.5
Dividend per share (cents)	1.0	1.0	2.1
Weighted average number of shares (000's)	241,635	149,472	184,194

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the period ended 30 June 2013

BWP'000s – (Presentation currency)	Reviewed 30 Jun 2013	Unaudited 30 Jun 2012	Audited 31 Dec 2012
Profit for the period	128,568	55,280	135,165
Other comprehensive income	88,471	14,301	51,753
Exchange differences on translating foreign operations	88,295	14,301	6,127
Revaluation of property	–	–	51,705
Share of reserves in associate companies	–	–	456
Movement in available for sale reserves	176	–	2,410
Income tax relating to components of other comprehensive income	–	–	(8,945)
Total comprehensive income for the period	217,039	69,581	186,918
Total comprehensive income attributable to:			
Ordinary shareholders	230,482	69,382	183,634
Non-controlling interest	(13,443)	199	3,284
	217,039	69,581	186,918

USD'000s – (Convenience conversion)	30 Jun 2013	30 Jun 2012	31 Dec 2012
Profit for the period	15,509	7,456	17,788
Other comprehensive income	10,672	1,929	6,811
Exchange differences on translating foreign operations	10,651	1,929	806
Revaluation of property	–	–	6,805
Share of reserves in associate companies	–	–	60
Movement in available for sale reserves	21	–	317
Income tax relating to components of other comprehensive income	–	–	(1,177)
Total comprehensive income for the period	26,181	9,385	24,599
Total comprehensive income attributable to:			
Ordinary shareholders	27,802	9,357	24,166
Non-controlling interest	(1,621)	28	433
	26,181	9,385	24,599

CONSOLIDATED BALANCE SHEET

as at 30 June 2013

BWP'000s – (Presentation currency)	Notes	Reviewed 30 Jun 2013	Unaudited 30 Jun 2012	Audited 31 Dec 2012
ASSETS				
Cash and short term funds		1,478,562	988,788	1,859,269
Financial assets held for trading		861,034	544,474	1,022,864
Financial assets designated at fair value		250,394	90,053	189,698
Derivative financial assets		18,889	38,979	33,769
Loans and advances		9,854,372	7,817,545	9,144,042
Investment securities		63,173	294,540	54,500
Prepayments and other receivables		235,509	248,510	194,042
Current tax assets		17,863	–	31,657
Investment in associates		14,440	14,354	11,201
Property and equipment		712,342	576,491	658,838
Investment properties		–	4,132	–
Intangible assets		141,818	133,472	139,145
Deferred tax assets		89,595	71,209	68,740
TOTAL ASSETS		13,737,991	10,822,547	13,407,765
EQUITY AND LIABILITIES				
Liabilities				
Deposits		10,939,638	8,781,462	10,675,111
Derivative financial liabilities		5,554	52,531	22,621
Creditors and accruals		287,507	162,133	303,365
Current tax liabilities		28,140	6,812	20,183
Deferred tax liabilities		9,573	22,807	17,670
Borrowed funds	5	1,039,565	1,130,944	1,212,731
Total liabilities		12,309,977	10,156,689	12,251,681
Equity				
Stated capital		781,025	316,592	663,401
Foreign currency translation reserve		(153,384)	(232,243)	(240,812)
Non-distributable reserves		269,090	182,593	337,691
Distributable reserves		525,686	382,961	376,764
Equity attributable to ordinary shareholders		1,422,417	649,903	1,137,044
Non-controlling interest		5,597	15,955	19,040
Total equity		1,428,014	665,858	1,156,084
TOTAL EQUITY AND LIABILITIES		13,737,991	10,822,547	13,407,765
Guarantees and other credit commitments	6	939,171	733,997	796,599

CONSOLIDATED BALANCE SHEET

as at 30 June 2013

USD'000s – (Convenience conversion)	30 Jun 2013	30 Jun 2012	31 Dec 2012
ASSETS			
Cash and short term funds	171,735	129,185	239,288
Financial assets held for trading	100,009	71,136	131,643
Financial assets designated at fair value	29,083	11,765	24,414
Derivative financial assets	2,194	5,093	4,346
Loans and advances	1,144,585	1,021,362	1,176,838
Investment securities	7,338	38,482	7,014
Prepayments and other receivables	27,355	32,468	24,973
Current tax	2,075	–	4,074
Investment in associates	1,677	1,875	1,442
Property and equipment	82,739	75,319	84,792
Investment properties	–	540	–
Intangible assets	16,472	17,438	17,908
Deferred tax assets	10,406	9,303	8,847
TOTAL ASSETS	1,595,668	1,413,966	1,725,579
EQUITY AND LIABILITIES			
Liabilities			
Deposits	1,270,639	1,147,298	1,373,887
Derivative financial liabilities	645	6,863	2,911
Creditors and accruals	33,395	21,183	39,043
Current tax liabilities	3,268	890	2,597
Deferred tax liabilities	1,112	2,979	2,274
Borrowed funds	120,745	147,758	156,079
Total liabilities	1,429,804	1,326,971	1,576,791
Equity attributable to ordinary shareholders	165,214	84,910	146,338
Non-controlling interest	650	2,085	2,450
Total equity	165,864	86,995	148,788
TOTAL EQUITY AND LIABILITIES	1,595,668	1,413,966	1,725,579
Guarantees and other credit commitments	109,085	95,897	102,522

CONSOLIDATED CASH FLOW STATEMENT

for the six months period ended 30 June 2013

BWP'000s	Reviewed 30 Jun 2013 6 months	Unaudited 30 Jun 2012 6 months	Audited 31 Dec 2012 12 months
CASH FLOWS FROM OPERATING ACTIVITIES	(396,042)	(263,431)	56,562
Cash generated from operating activities	327,591	163,654	452,273
Net profit before tax	169,123	95,721	212,273
Adjusted for:			
Impairment of loans and advances	146,055	32,409	138,172
Depreciation and amortisation	53,669	32,363	84,205
Net losses on derivative financial instruments	12,238	2,034	11,875
Fair value gains on equity investments	(55,960)	–	–
Fair value gains on investment properties	–	(524)	–
Profit on disposal of investment properties	–	–	176
Loss from associates	2,826	1,472	5,630
(Profit)/loss on disposal of property and equipment	(360)	179	(58)
Tax paid	(61,935)	(48,084)	(116,004)
Net cash inflow from operating activities before changes in operating funds	265,656	115,570	336,269
Net decrease/(increase) in operating funds	(661,698)	(379,001)	(279,707)
Increase in operating assets	(192,152)	(1,822,929)	(3,863,473)
(Decrease)/increase in operating liabilities	(469,546)	1,443,928	3,583,766
CASH FLOWS FROM INVESTING ACTIVITIES	(73,892)	(103,910)	(169,054)
Purchase of property and equipment	(34,835)	(86,935)	(138,110)
Purchase of intangible assets	(34,904)	(16,434)	(34,537)
Additions to investment property	(0)	(1,587)	–
Additions to associates	(4,849)	–	–
Proceeds on disposal of property and equipment	696	1,046	1,748
Proceeds on disposal of investment property	–	–	1,845
CASH FLOWS FROM FINANCING ACTIVITIES	(150,850)	132,866	552,590
(Decrease)/increase in borrowed funds	(132,226)	149,156	240,100
Dividend paid	(18,624)	(16,290)	(34,319)
Proceeds from issue of shares	–	–	364,253
Share issue expenses	–	–	(17,444)
(Decrease)/increase in cash and cash equivalents	(620,784)	(234,475)	440,098
Cash and cash equivalents at the beginning of the period	1,314,895	864,734	864,734
Exchange adjustment on opening balance	103,307	19,362	10,063
Cash and cash equivalents at the end of the period	797,418	649,621	1,314,895
Cash and cash equivalents	797,418	649,621	1,314,895
Statutory reserves	681,144	339,167	544,374
Cash and short term funds	1,478,562	988,788	1,859,269

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

for the period ended 30 June 2013

BWP'000s	ATTRIBUTABLE TO OWNERS OF THE PARENT			
	Stated capital	Foreign currency translation reserve	Regulatory general credit risk reserve	Property revaluation reserve
Balance as at 1 January 2012	316,592	(246,046)	13,891	118,283
Comprehensive income:				
Profit for the period	–	–	–	–
Other comprehensive income:	–	13,803	–	–
Foreign currency translation differences	–	13,803	–	–
TOTAL COMPREHENSIVE INCOME	–	13,803	–	–
Transactions with owners				
Dividends paid	–	–	–	–
Total transactions with owners	–	–	–	–
Balance as at 30 June 2012	316,592	(232,243)	13,891	118,283
Profit for the period	–	–	–	–
Other comprehensive income:	–	(8,569)	24,668	42,931
Foreign currency translation differences	–	(8,569)	–	–
Revaluation of property net of deferred tax	–	–	–	42,760
Movement in general credit risk reserve	–	–	24,668	–
Share of reserves in associate companies	–	–	–	171
Movement in statutory reserves	–	–	–	–
Movement in available for sale reserves:	–	–	–	–
– Arising in current period	–	–	–	–
– Realised through profit and loss	–	–	–	–
TOTAL COMPREHENSIVE INCOME	–	(8,569)	24,668	42,931
Transactions with owners				
Dividends paid	–	–	–	–
Convertible bond – equity component	–	–	–	–
Proceeds from shares issued	346,809	–	–	–
Total transactions with owners	346,809	–	–	–
Balance as at 1 January 2013	663,401	(240,812)	38,559	161,214
Comprehensive income:				
Profit for the period	–	–	–	–
Other comprehensive income:	–	87,428	(24,668)	–
Foreign currency translation differences	–	87,428	–	–
Movement in general credit risk reserve	–	–	(24,668)	–
Movement in available for sale reserves:	–	–	–	–
– Arising in current period	–	–	–	–
TOTAL COMPREHENSIVE INCOME	–	87,428	(24,668)	–
Transactions with owners				
Dividends paid	–	–	–	–
Shares issued during the period	117,624	–	–	–
Total transactions with owners	117,624	–	–	–
Balance as at 30 June 2013	781,025	(153,384)	13,891	161,214

ATTRIBUTABLE TO OWNERS OF THE PARENT

Available for sale reserve	Statutory reserve	Con-vertible bond	Distri-butable reserves	Total	Non-controlling interest	Total equity
620	49,799	–	343,672	596,811	15,756	612,567
–	–	–	55,579	55,579	(299)	55,280
–	–	–	–	13,803	498	14,301
–	–	–	–	13,803	498	14,301
–	–	–	55,579	69,382	199	69,581
–	–	–	(16,290)	(16,290)	–	(16,290)
–	–	–	(16,290)	(16,290)	–	(16,290)
620	49,799	–	382,961	649,903	15,955	665,858
–	–	–	77,195	77,195	2,690	79,885
2,410	40,980	–	(65,363)	37,057	395	37,452
–	–	–	–	(8,569)	395	(8,174)
–	–	–	–	42,760	–	42,760
–	–	–	(24,668)	–	–	–
–	285	–	–	456	–	456
–	40,695	–	(40,695)	–	–	–
2,410	–	–	–	2,410	–	2,410
2,285	–	–	–	2,285	–	2,285
125	–	–	–	125	–	125
2,410	40,980	–	11,832	114,252	3,085	117,337
–	–	–	(18,029)	(18,029)	–	(18,029)
–	–	44,109	–	44,109	–	44,109
–	–	–	–	346,809	–	346,809
–	–	44,109	(18,029)	372,889	–	372,889
3,030	90,779	44,109	376,764	1,137,044	19,040	1,156,084
–	–	–	142,878	142,878	(14,310)	128,568
176	–	–	24,668	87,604	867	88,471
–	–	–	–	87,428	867	88,295
–	–	–	24,668	–	–	–
176	–	–	–	176	–	176
176	–	–	–	176	–	176
176	–	–	167,546	230,482	(13,443)	217,039
–	–	–	(18,624)	(18,624)	–	(18,624)
–	–	(44,109)	–	73,515	–	73,515
–	–	(44,109)	(18,624)	54,891	–	54,891
3,206	90,779	–	525,686	1,422,417	5,597	1,428,014

NOTES TO THE INCOME STATEMENT AND BALANCE SHEET

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 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

During the period under review, International Finance Corporation (IFC) exercised their option to convert a loan they had with the Group into equity. This increased stated capital by BWP116 million and increased the number of issued shares from 232,805,464 to 256,885,694.

3. Non-interest income

BWP'000s	30 Jun 2013 6 months	30 Jun 2012 6 months	31 Dec 2012 12 months
Gains less losses from trading activities	24,623	9,243	39,349
Gains/(losses) on investment activities designated at fair value	55,960	(2,175)	(11,875)
Dividends received	13	765	6,598
Fees and commission income	186,695	142,548	330,119
Forex trading income and currency revaluation	87,595	71,034	147,046
Fair value gains on investment properties	–	524	58
Net losses on derivative financial instruments	(12,238)	(2,034)	(176)
Loss on disposal of property and equipment	360	(179)	–
Rental and other income	27,884	15,221	40,581
	370,892	234,947	551,700

4. Operating expenditure

BWP'000s	30 Jun 2013 6 months	30 Jun 2012 6 months	31 Dec 2012 12 months
Administrative expenses	226,853	136,064	348,169
Property lease rentals	17,926	12,115	29,553
Staff costs	210,924	185,158	377,605
Auditors' remuneration	6,224	4,177	8,938
Depreciation and amortisation	53,669	32,363	84,205
Directors remuneration	13,781	9,139	20,189
	529,377	379,016	868,659

5. Borrowed funds

BWP'000s	30 Jun 2013	30 Jun 2012	31 Dec 2012
Convertible bond	–	91,410	97,950
Other borrowed funds	1,039,565	1,039,534	1,114,781
	1,039,565	1,130,944	1,212,731
(a) Convertible bond			
Balance b/fwd	97,950	84,619	84,619
Interest expense	5,140	6,927	15,368
Principal repayment	(27,175)	–	–
Interest paid	(2,399)	(2,124)	(5,414)
Conversion into equity	(73,516)	–	–
Exchange rate movement	–	1,988	3,377
	–	91,410	97,950
During the current period, International Finance Corporation (IFC) exercised its option to convert the balance of the convertible loan as at 25 April 2013 into equity.			
(b) Other borrowed funds			
National Development Bank of Botswana Limited	80,827	113,022	94,785
BIFM Capital Investment Fund One (Pty) Ltd	256,169	257,249	256,067
Afrexim Bank	361,732	222,030	314,029
Standard Chartered Bank Botswana Limited	–	–	116,814
Other	340,836	447,233	333,086
	1,039,564	1,039,534	1,114,781

National Development Bank of Botswana Limited (NDB)

The loan from National Development Bank of Botswana 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 for the principal amount are as follows:

30 September 2017 – BWP62 500 000

30 September 2018 – BWP62 500 000

30 September 2019 – BWP62 500 000

30 September 2020 – BWP62 500 000

Afrexim Bank Limited

This is a US\$40 million trade finance facility availed to BancABC Zimbabwe on a one year renewable basis by Afrexim Bank Limited from October 2012. It attracts interest at LIBOR + 4.5% and it is repayable on the earlier of when the underlying customers funded repay their respective loans or within one year, but with a provision to extend it for another one year period.

Other borrowings

Other borrowings relate to medium to long term funding from international financial institutions for onward lending to BancABC clients. Fair value is equivalent to carrying amounts as these borrowings have variable interest rates.

BWP'000s	30 Jun 2013	30 Jun 2012	31 Dec 2012
Maturity analysis			
On demand to one month	437,670	204,436	2,324
One to three months	24,192	338,956	41,089
Three months to one year	110,112	137,398	713,524
Over one year	467,591	450,154	455,794
	1,039,565	1,130,944	1,212,731

6. Contingent liabilities

BWP'000s	30 Jun 2013	30 Jun 2012	31 Dec 2012
Guarantees	771,371	706,563	613,547
Letters of credit and other contingent liabilities	167,800	27,434	183,052
	939,171	733,997	796,599
Maturity analysis			
Less than one year	915,065	668,487	729,207
Between one and five years	24,106	65,510	67,392
	939,171	733,997	796,599

7. Exchange rates

The exchange rate to BWP1 were as follows:

	Closing 30 Jun 2013	Average 30 Jun 2013	Closing 30 Jun 2012	Average 30 Jun 2012	Closing 31 Dec 2012	Average 31 Dec 2012
United States Dollar	0.1162	0.1206	0.1307	0.1349	0.1287	0.1316
Tanzanian Shilling	188.7445	195.8898	205.6439	214.0995	203.9110	208.5917
Zambian Kwacha	0.6371	0.6486	674.8088	705.7631	668.3383	680.8011
Mozambican Metical	3.4810	3.6453	3.6765	3.7472	3.8273	3.7542
South African Rand	1.1625	1.1309	1.0692	1.0638	1.0897	1.0758

SEGMENTAL ANALYSIS

for the 6 months ended 30 June 2013:

BWP'000s	Total income	Contribution to banking operations	Attributable profit	Contribution to banking operations	Total assets	Contribution to banking operations
BancABC Botswana	216,308	31%	81,107	47%	4,851,402	38%
BancABC Mozambique	80,064	12%	9,444	6%	1,507,902	12%
BancABC Tanzania	58,581	8%	555	0%	926,168	7%
BancABC Zambia	122,099	17%	32,892	19%	1,583,826	12%
BancABC Zimbabwe	223,665	32%	48,350	28%	3,959,444	31%
Banking operations	700,717	100%	172,348	100%	12,828,742	100%
Head office and other non-banking operations	609		(29,470)		909,249	
Total*	701,326		142,878		13,737,991	

for the 6 months ended 30 June 2012:

BWP'000s	Total income	Contribution to banking operations	Attributable profit	Contribution to banking operations	Total assets	Contribution to banking operations
BancABC Botswana	109,330	22%	35,727	32%	3,604,828	36%
BancABC Mozambique	70,343	15%	13,816	12%	1,238,285	12%
BancABC Tanzania	33,643	7%	(4,860)	(4%)	896,072	9%
BancABC Zambia	80,329	17%	16,991	15%	1,086,524	11%
BancABC Zimbabwe	190,361	39%	49,809	45%	3,237,342	32%
Banking operations	484,006	100%	111,483	100%	10,063,051	100%
Head office and other non-banking operations	(7,797)		(55,904)		759,496	
Total*	476,209		55,579		10,822,547	

for the 12 months ended 31 December 2012:

BWP'000s	Total income	Contribution to banking operations	Attributable profit	Contribution to banking operations	Total assets	Contribution to banking operations
BancABC Botswana	286,611	27%	94,434	44%	4,795,247	37%
BancABC Mozambique	141,385	14%	17,562	8%	1,323,679	10%
BancABC Tanzania	44,802	4%	(38,579)	(18%)	1,101,274	9%
BancABC Zambia	181,314	17%	36,004	17%	1,401,377	11%
BancABC Zimbabwe	397,678	38%	103,351	49%	4,236,710	33%
Banking operations	1,051,790	100%	212,772	100%	12,858,287	100%
Head office and other non-banking operations**	34,772		(79,998)		549,478	
Total*	1,086,562		132,774		13,407,765	

* Prior to eliminations.

** Reflects non-banking operations in various geographical sectors

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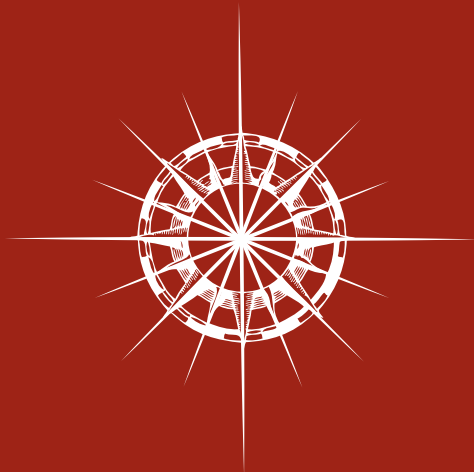
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