

A truly African bank



BancABC

AGENDA





BancABC

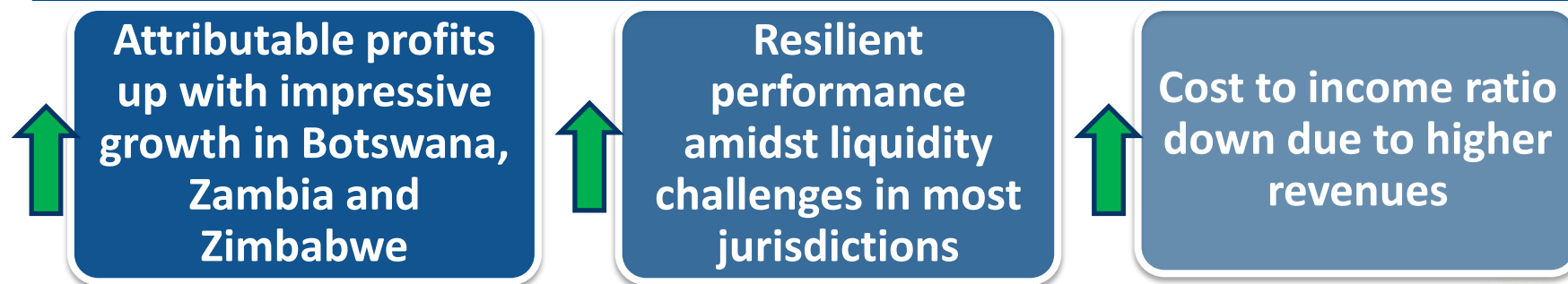
Highlights



ABCH Group CEO, Mr. Doug Munatsi

Financial Highlights

BWP' million	% Change	Dec-13	Dec-12
Attributable profits	↑ 49%	198	133
Profit after tax	↑ 29%	174	135
ROE	-	15.3%	15.3%
Cost to income	↓ 5%	66%	71%
EPS (thebe)	↑ 10%	79.6	72.1
Dividend per share (thebe)	↑ 16%	18.5	16
NAV per share (thebe)	↑ 16%	5.64	4.88



Financial highlights

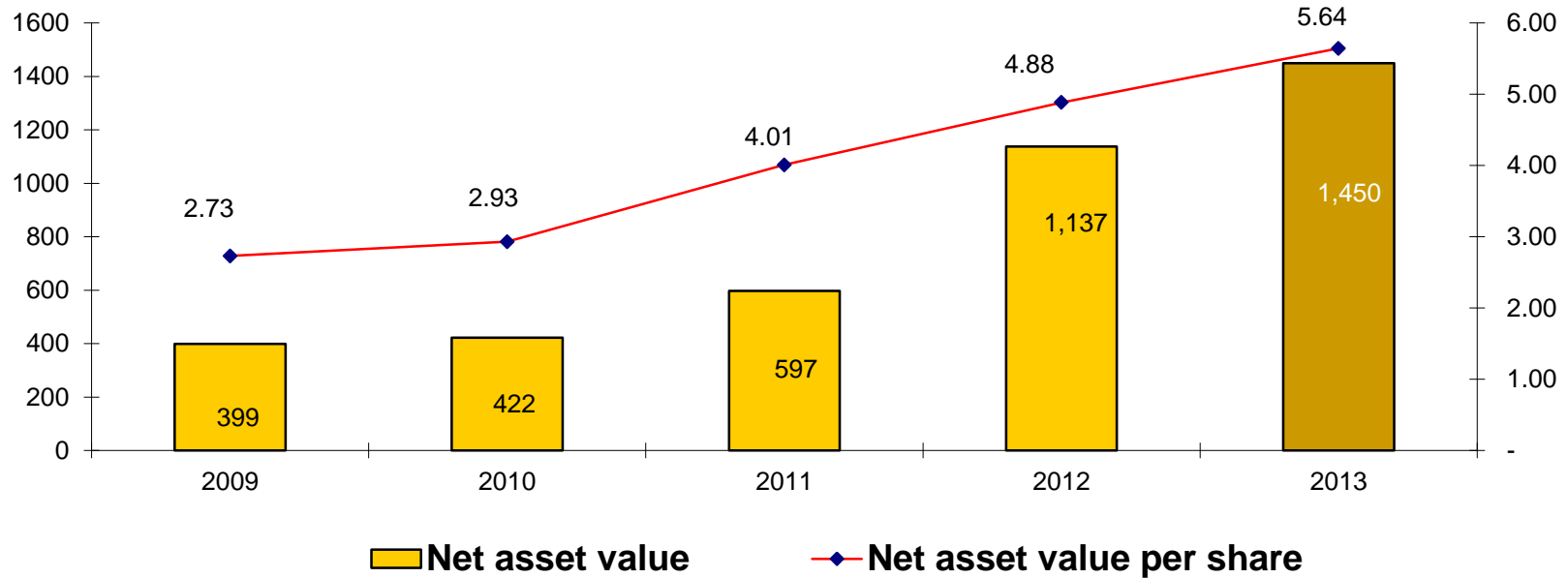
BWP	% Change	Dec-13	Dec-12
Total assets	↑ 18%	15,784	13,408
Loans and advances	↑ 15%	10,555	9,144
Deposits	↑ 14%	12,209	10,675
Total equity	↑ 27%	1,450	1,137

Measured growth in both loans and advances, driven by both retail banking and wholesale banking



Financial highlights

Net Asset Value (BWP m) and NAV per share (BWP)



Strong growth in NAV on the back of retained profits as well as conversion of IFC debt to equity in April 2013





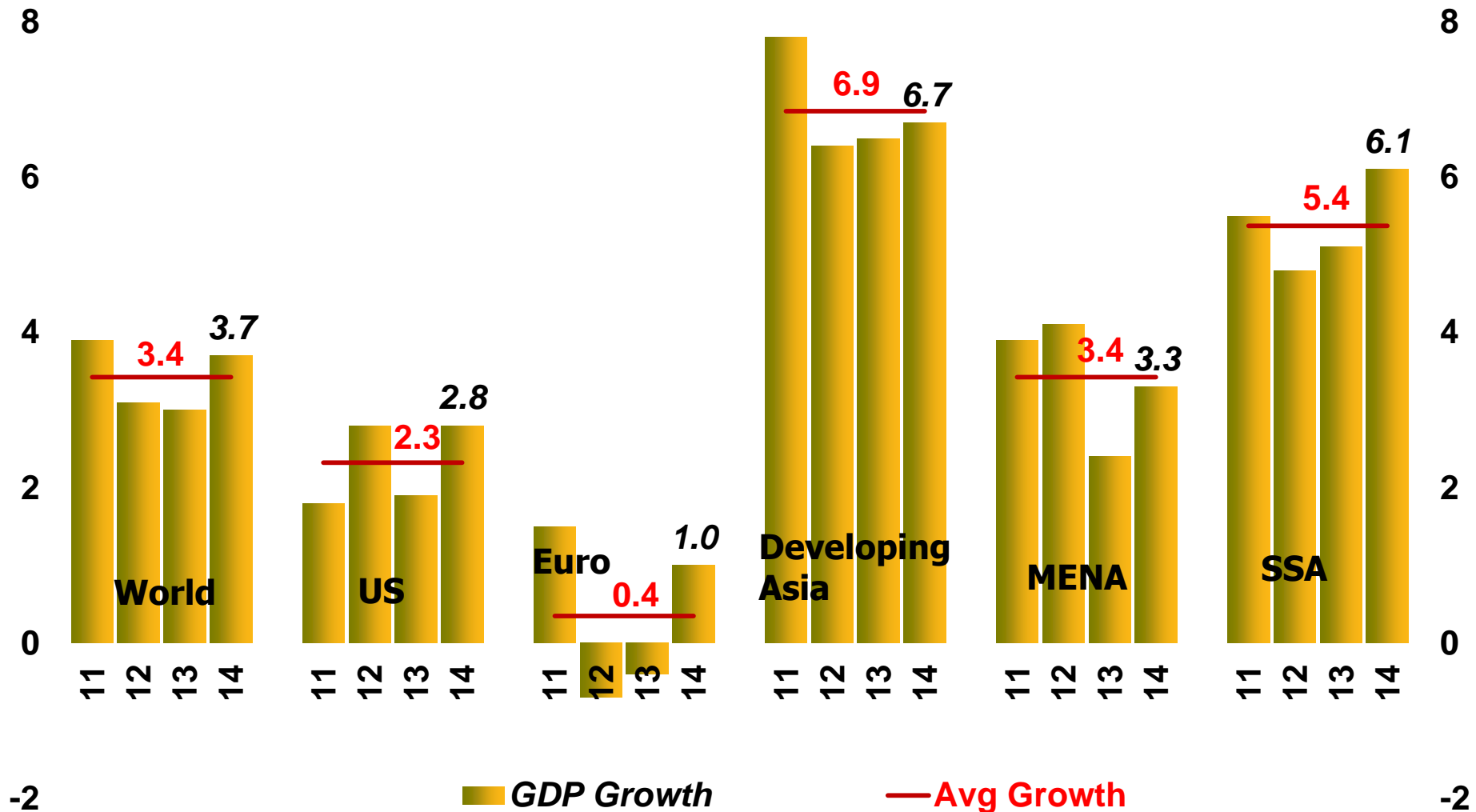
BancABC

Economic Review



ABCH Group CEO, Mr. Doug Munatsi

Economic Growth by Region



Economic Overview

Global

- Economic recovery continues to gather pace
- Mature Economies on a recovery path

Developed economies

- Euro zone to return to positive growth
- Uptick in US economy

Emerging countries

- Slow down in growth in China
- Negative impact on commodities
- Currency depreciations - impact of US QE

Sub-Saharan Africa

- Economic growth to remain strong
- Increased public infrastructure spending
- Euro bond Issuances



Economic Growth in ABC Markets

BancABC Botswana

- Elections in Oct-14
- Middle income with GDP per Capita of US\$7,200
- Relocation of diamond sorting to Botswana

BancABC Mozambique

- Elections in Oct-14
- Political disturbances with opposition
- Strong growth prospects & leading FDI recipient

BancABC Tanzania

- Elections in 2015
- Among fastest growing economies in Africa
- Low GDP per Capita US\$730

BancABC Zambia

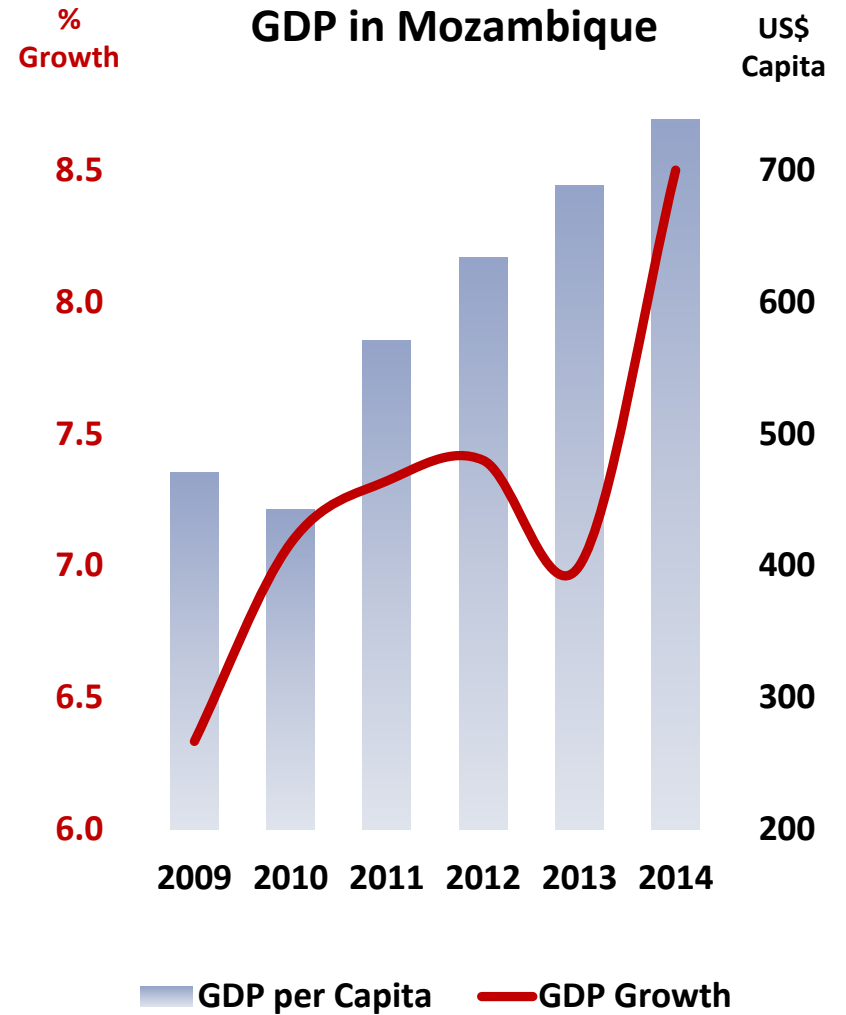
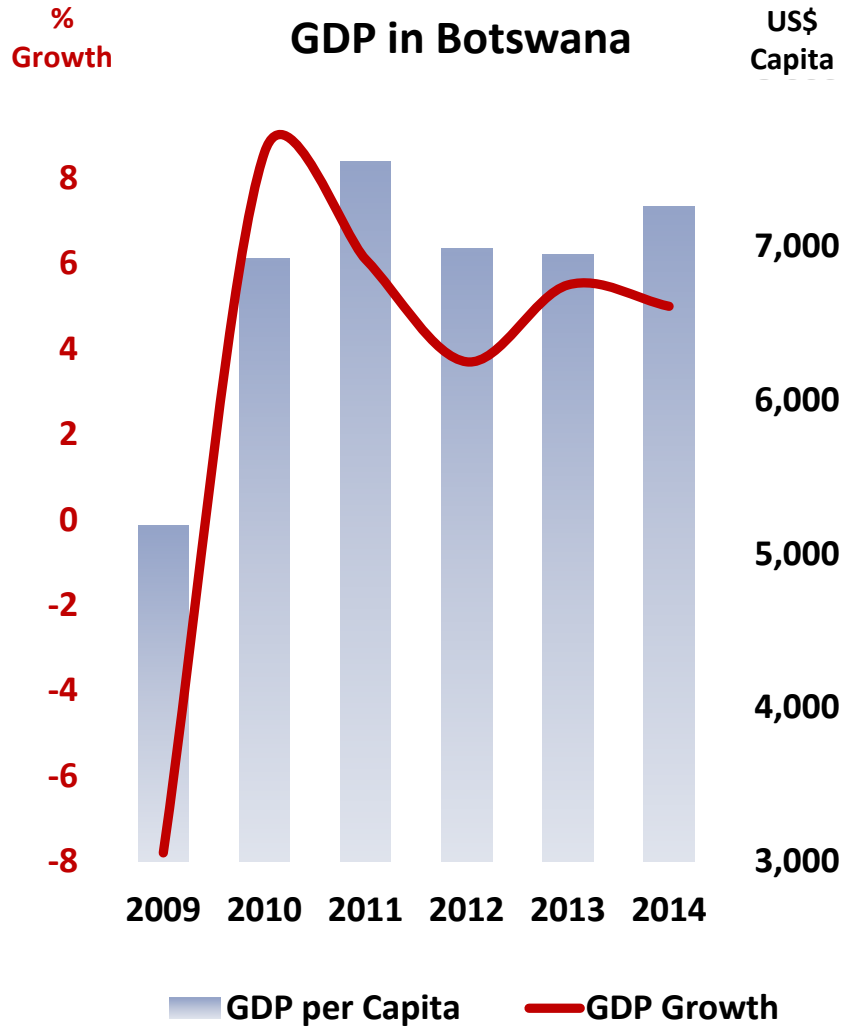
- Strong economic growth
- Trade Surpluses
- Rising GDP per Capita US\$1,650

BancABC Zimbabwe

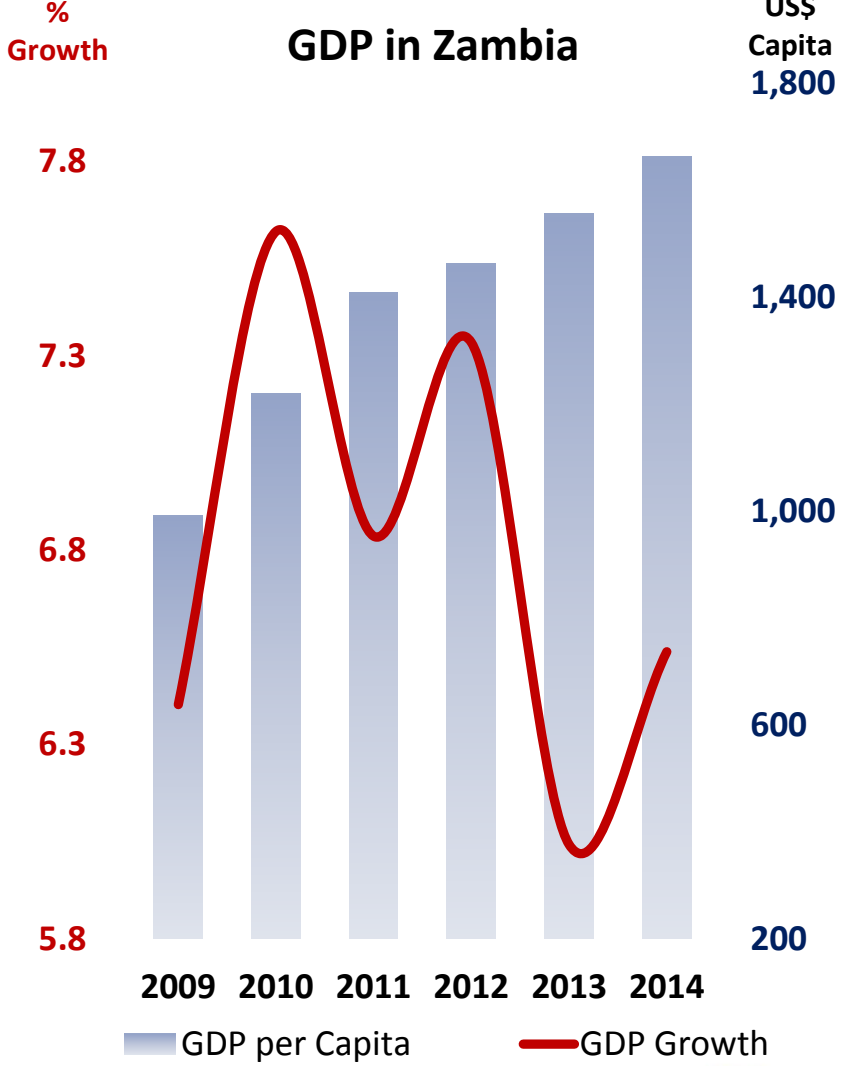
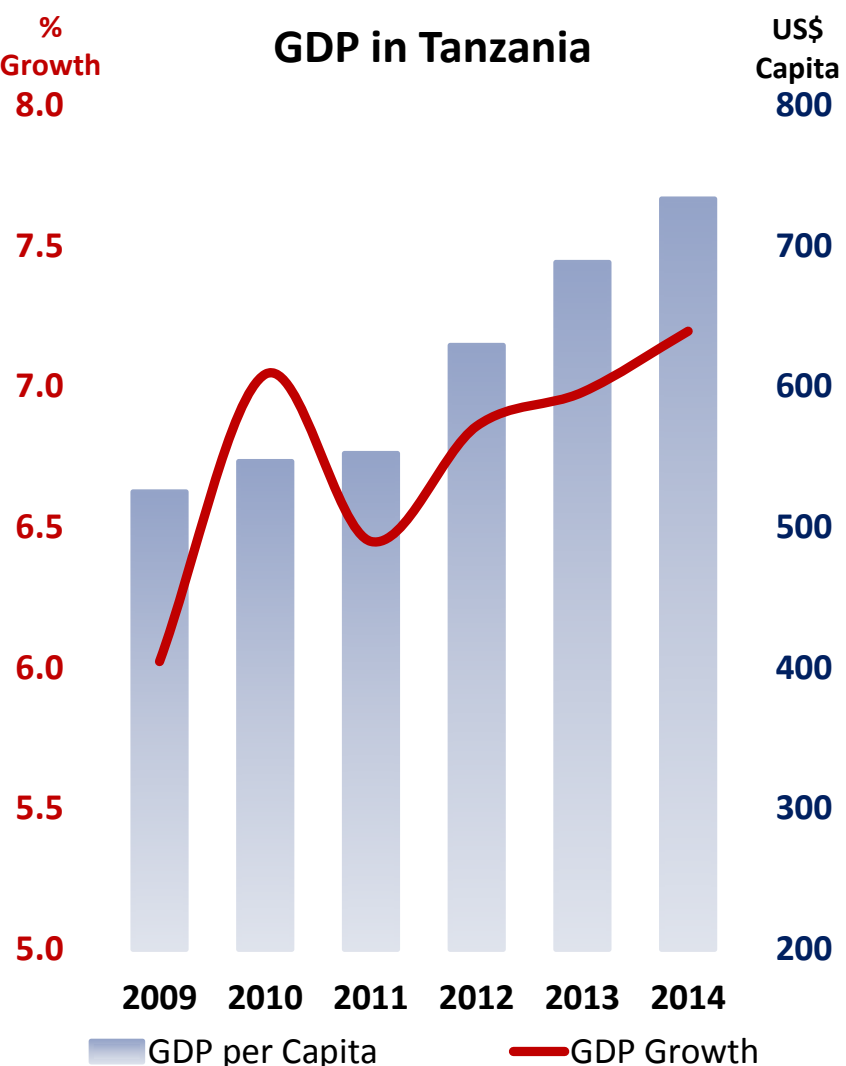
- Politically stable after elections
- Stuttering growth after double digit growth in 2010-12
- Huge liquidity challenges
- FDI to remain low



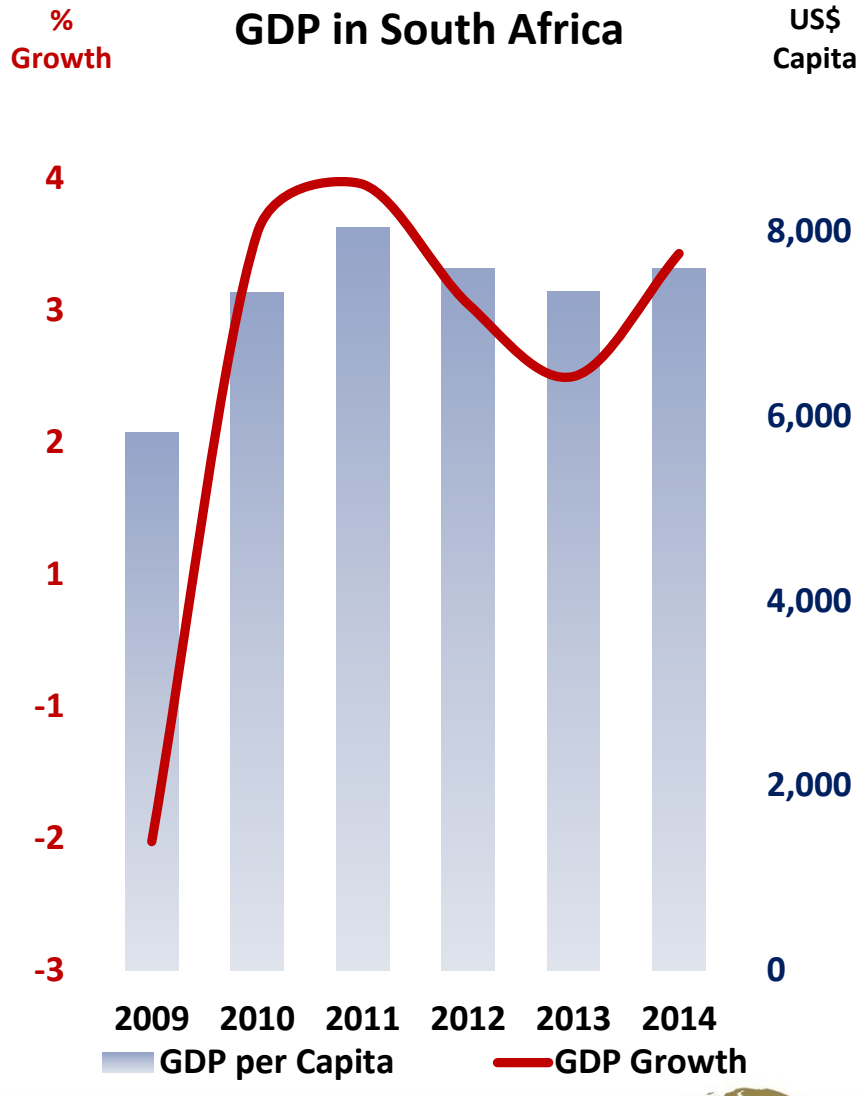
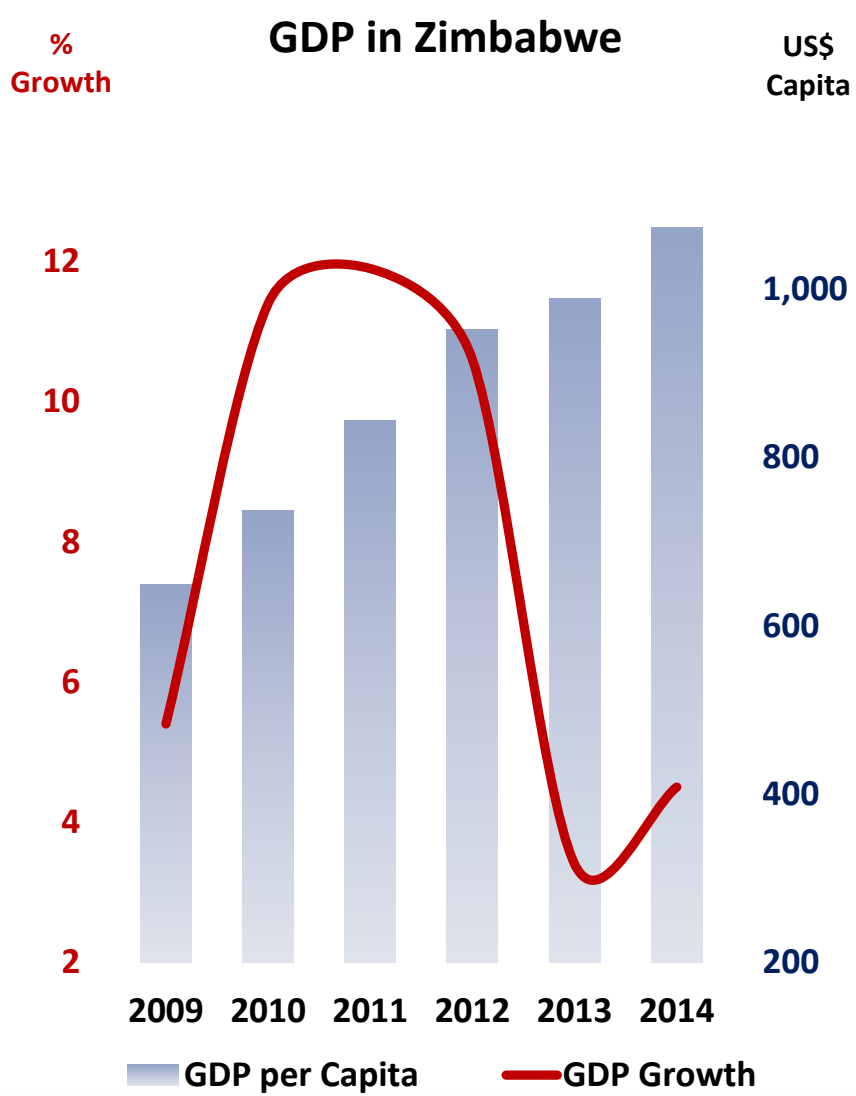
GDP Growth in ABC Markets



GDP Growth in ABC Markets (cont'd)

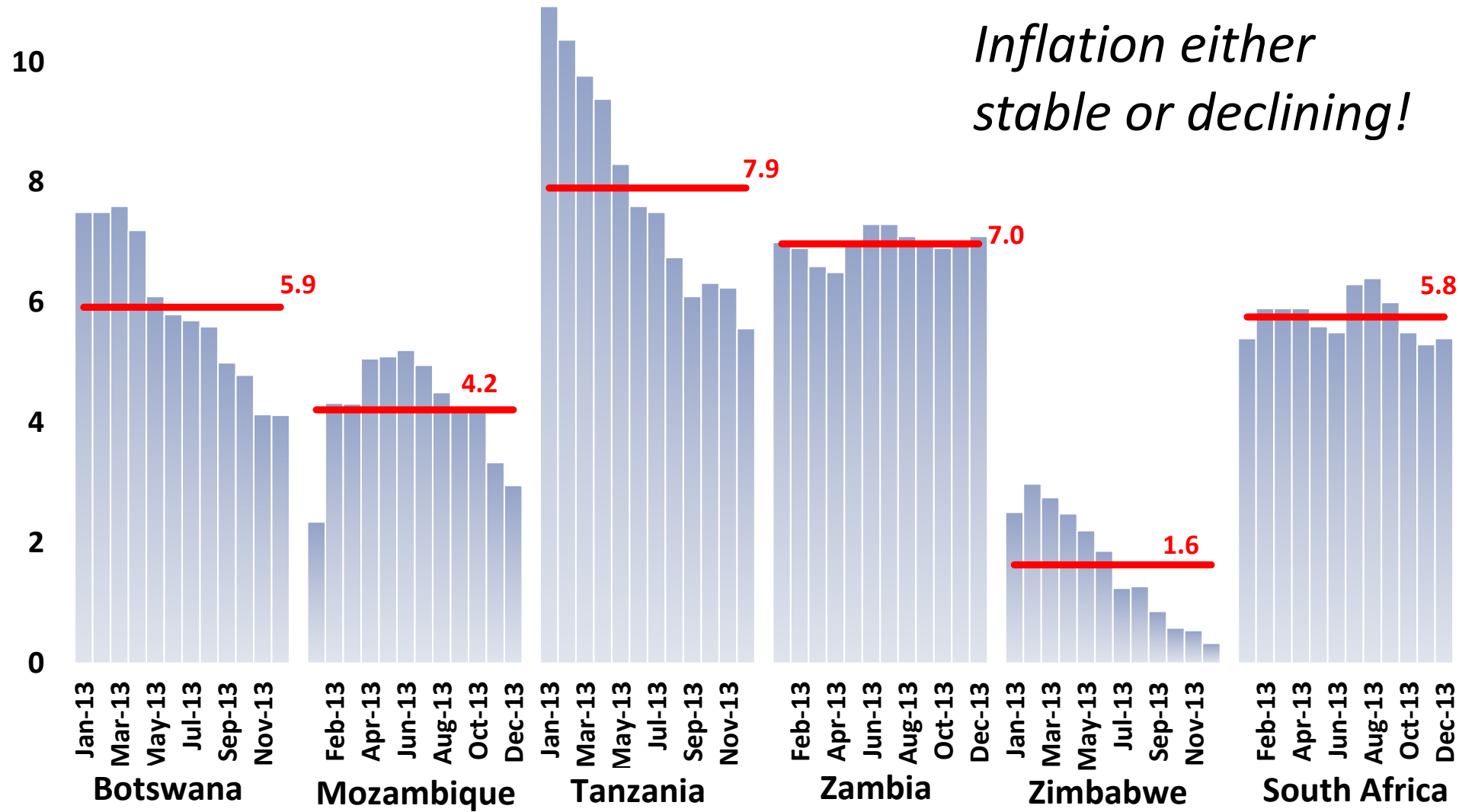


GDP Growth in ABC Markets (cont'd)



2013 Inflation Rates in ABC Markets (%)

Inflation either stable or declining!



Policy Interest Rates

Policy Rates	Dec-12 %	Dec-13 %	Change Since Dec-11	Comment
Botswana Bank Rate	9.5	7.5	(2.00)	Lower inflation allowed Bank of Botswana to reduce Bank rate (BR) BR lowered 4-times in 2013
Mozambique Standing Lending Facility	9.5	8.25	(1.25)	Loose monetary policy stance. The SLF lowered 3-times during the year
Tanzania 91-dy	11.89	13.61	1.72	Higher interest yields despite declining inflation
Zambia Policy Rate	9.25	9.75	0.50	Monetary policy tightening in response to rising inflation

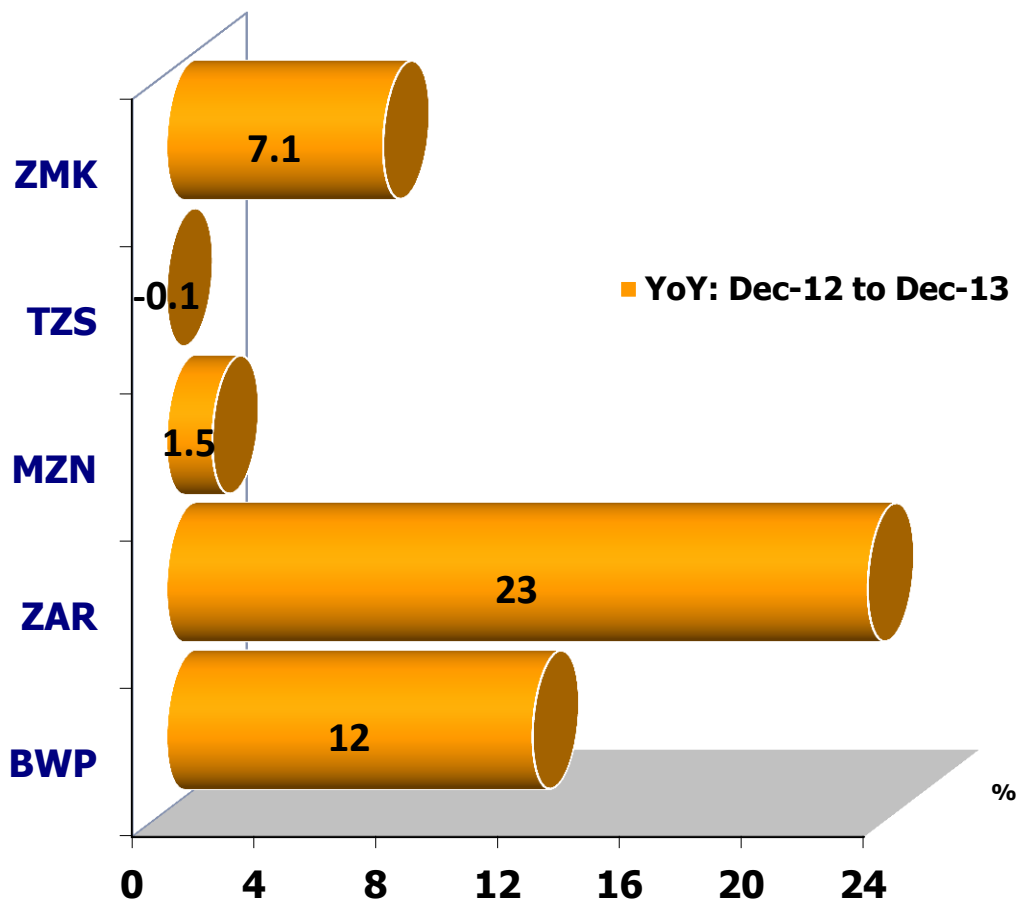


Lending & Deposit Interest Rates

Interest Rates	Average lending rate %	Average deposit rate %	Spread	Comment
Botswana	10.21	4.91	5.30	Monetary policy transmission is working Lending & deposit rates have both come down in line with falling Bank rate
Mozambique	20.09	9.68	10.41	Interest rates have not responded significantly despite the policy rate being aggressively reduced over the years
Tanzania	14.02	11.34	2.68	Narrowed Interest rate spread reflecting improved financial deepening
Zambia	16.3	6.3	10.0	There is pressure to reduce rates which remain stubbornly high
Zimbabwe	20.0	8.0	12.0	High interest spread still exists Liquidity squeeze keeping interest rates high



Exchange Rate Movement vs. USD



Depreciation vs. USD

The Following currencies depreciated vs USD:

- ZAR; 23%
- BWP; 12%

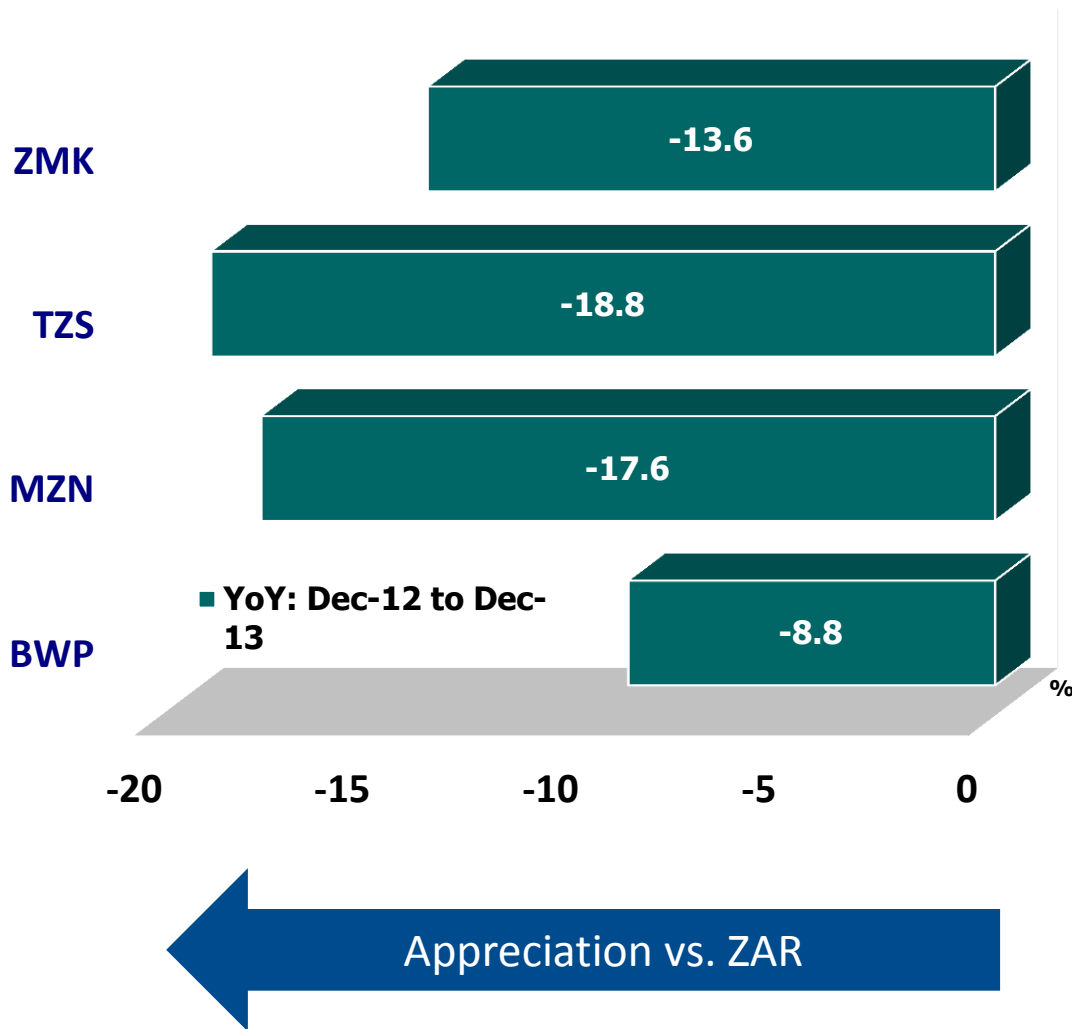
ZAR weighed down by:

- Labour unrests
- Widening current account deficit
- US Quantitative Easing

MZN Stable assisted by Central Bank Interventions



Exchange Rate Movement vs. ZAR



All currencies appreciated vs. ZAR:

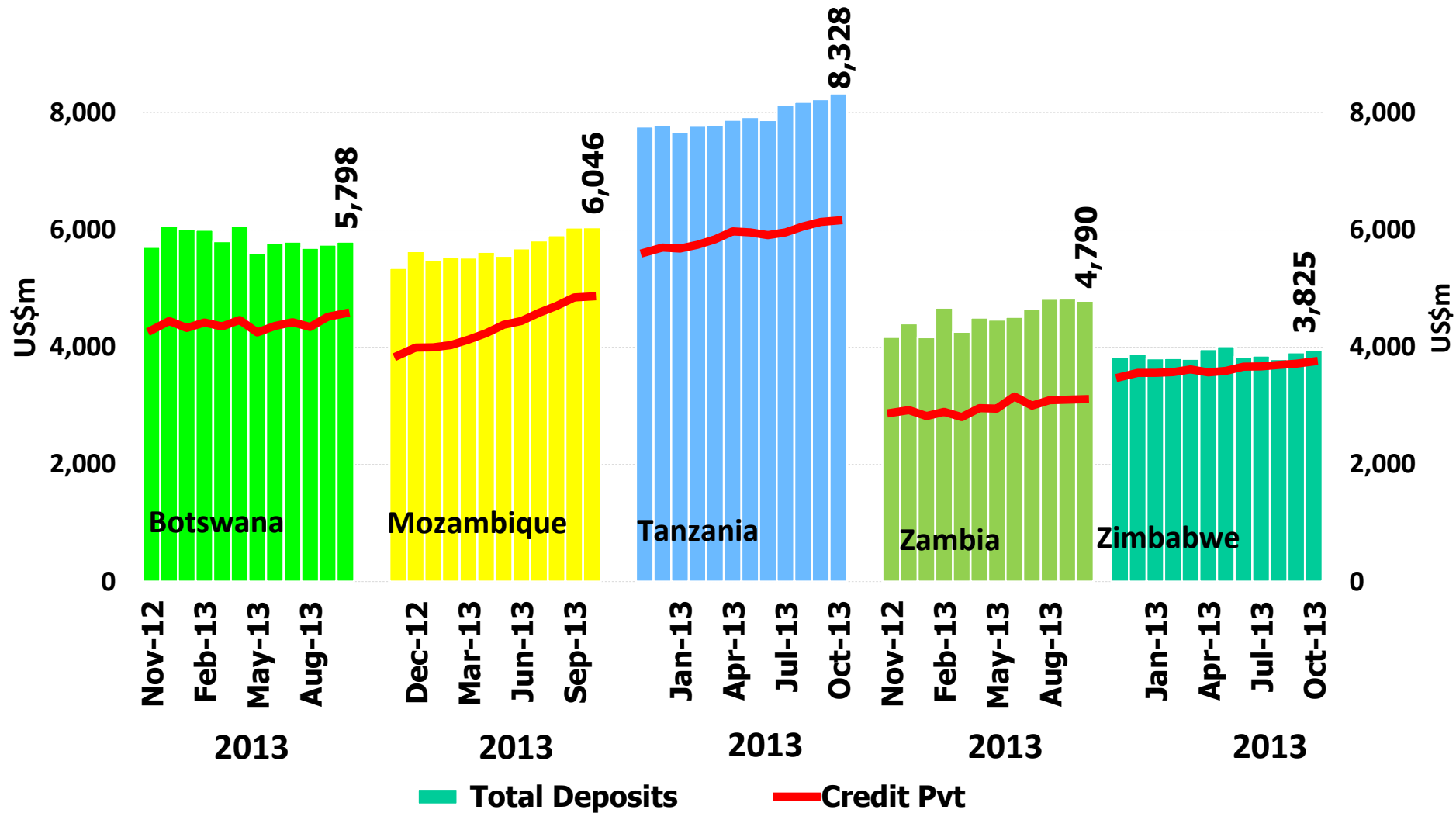
- TZS; 18.8%
- MZN; 17.6%
- ZMW; 13.6%
- BWP; 8.8%

Lower imported inflation from SA

- SA more prone to global shocks due to closer links with Euro

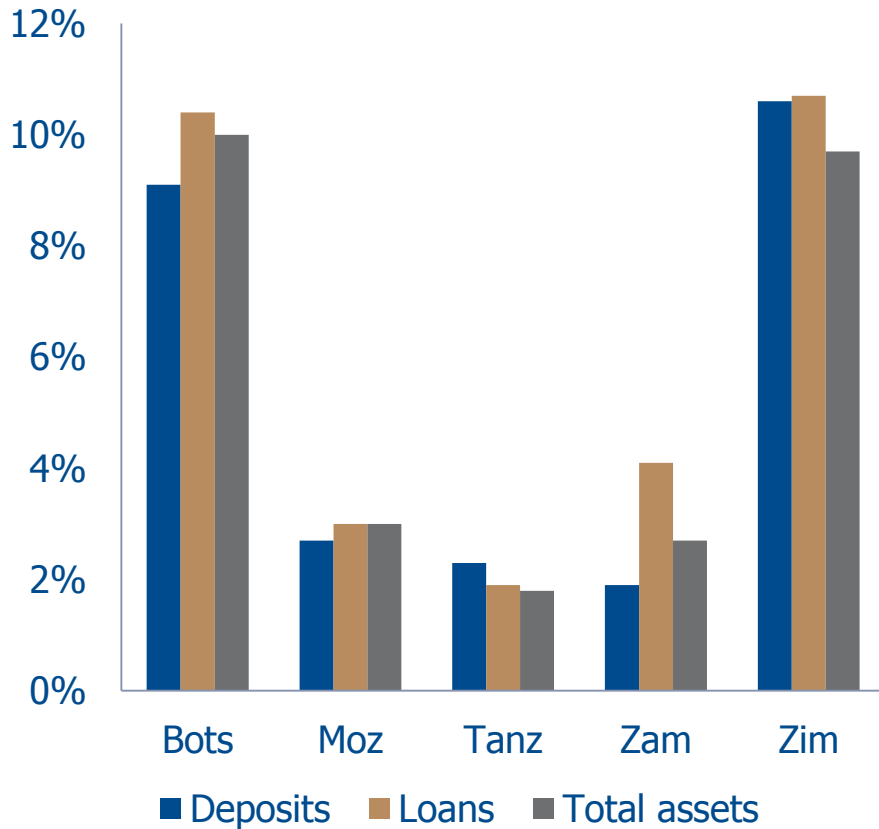


Sizes of Banking Systems in ABC Markets

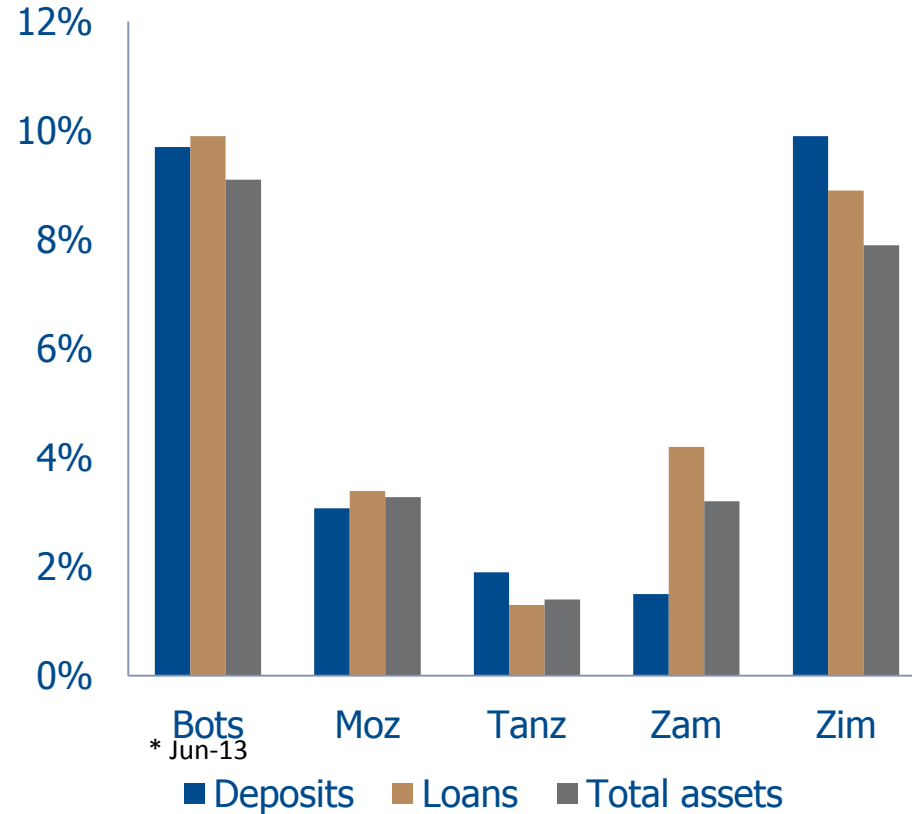


BancABC Market Share

2012 market share



2013 market share



Growing market share in Botswana & Zimbabwe

Need to grow critical mass in other markets





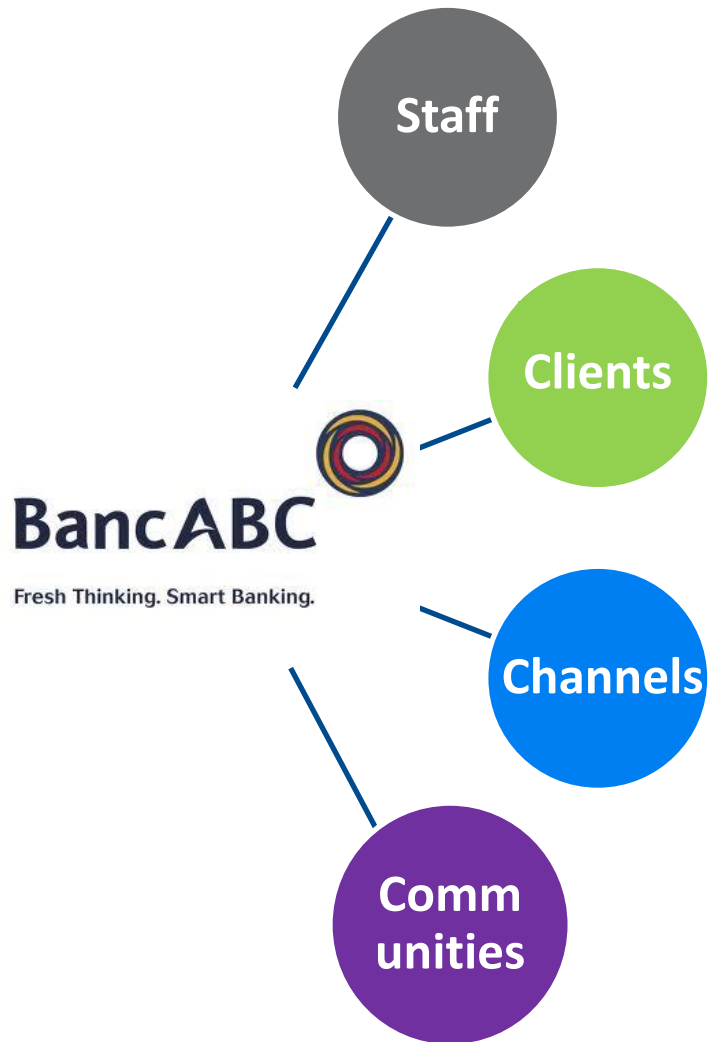
BancABC

Operational Overview



ABCH Group COO, Mr. Francis Dzanya

Group Highlights



The banking group created 191 jobs in all subsidiaries

Total client numbers up by 48% to 277,383

BWP10.5bn Total loans and BWP12.2bn Total deposits

Total branches up by 12 to 73
Total ATMs at 74

Increased community participation and sponsorships (Dynamos, Highlanders, Zebras, Green Buffaloes...)



Botswana Highlights

Statistics

- Staff complement at 284, up from 234
- Increased branches from 5 to 8
- Increased customer numbers from 28,735 to 42,421

Income statement

- PAT increased from BWP94m to BWP153m
- NII up 55% to BWP391m
- NIR up by 30% to BWP94m



Loans & deposits

- Loans increased from BWP3.4bn to BWP3.8bn
- Deposits increased from BWP4.3bn to BWP4.7bn
- Consumer loans make up 61% of total loans

Outlook

- Focus on deposit mobilization and diversification of the depositor book
- Grow non interest income



Mozambique Highlights

Statistics

- Staff complement at 205, up from 166
- Increased branches from 8 to 10
- Increased customer numbers from 6,448 to 11,168



Loans & deposits

- Loans increased from BWP876m to BWP1.4 bn
- Deposits increased from BWP1.4bn to BWP2.3bn
- Some in-roads made in retail loans and deposits

Income statement

- PAT dropped from BWP18m to BWP9m
- High impairment charge from BWP18m last year to BWP51m in 2013
- Fee income grew from BWP26m to BWP48m

Outlook

- Grow loans and deposits
- Expansion in number of branches
- Tight control of impairments



Tanzania Highlights

Statistics

- Staff complement at 212, up from 135
- Branches remained at 4, added 4 loan centers
- Increased customer numbers from 6,813 to 21,644

Income statement

- Disappointing set of results, losses at BWP20m
- Operating expenses increased faster than annuity income
- NIR increased from BWP 54m to BWP68m
- Combined impairments of BWP136m and loss of BWP94m



Loans & deposits

- Loans dropped from BWP747m to BWP575m
- Deposits increased from BWP1.2bn to BWP1.3bn
- Loans transferred to TDFL at BWP 282m book value

Outlook

- Focus on growing consumer loans
- Grow deposit base
- Control impairments
- Manage expenses



Zambia Highlights

Statistics

- Staff complement at 221, up from 211
- Branches increased to 22 from 21
- Increased customer numbers from 62,541 to 88,137

Income statement

- PAT increased from BWP36m to BWP50m
- Impressive growth in non interest revenue up from BWP110m to BWP158m
- NPLs well managed – recovered BWP7.8m
- Cost to income ratio at 62%



Loans & deposits

- Loans increased from BWP1bn to BWP1.4bn
- Deposits increased from BWP834m to BWP1.2bn
- Loans and deposits were boosted by increased capital which is now BWP825m

Outlook

- Bank met central bank capital regulations in Dec 2013
- Leverage additional capital and grow loans and deposits
- Management of costs key going forward



Zimbabwe Highlights

Statistics

- Staff complement at 514 from 507
- Increased branches from 21 to 25
- Increased customer numbers from 84,156 to 114,847

Income statement

- PAT increased from BWP103m to BWP118m
- NII up 78% to BWP404m
- Impairment charge doubled to BWP92m compared to 2012



Loans & deposits

- Loans increased from BWP3.0bn to BWP3.1bn
- Deposits dropped from BWP3.1m to BWP2.7bn but increased from half year position of BWP 2.3bn

Outlook

- Focus on growing retail and consumer lending
- Grow deposit base and sweat the retail investment
- Effective cost management
- Reduce NPLs





BancABC

Financial Review



ABCH Group CFO, Mr. Beki Moyo

Income statement- BWP

BWP' million	% Change	2013	2012
Net interest income	50	1,010	673
Impairments	(137)	(328)	(138)
NII after impairments	28	682	535
Non interest revenue	25	692	552
Operating expenses	(29)	(1,116)	(869)
Share of associate results	29	(4)	(6)
Profit before taxation	20	254	212
Taxation	(3)	(80)	(77)
Profit for the year	29	174	135
Attributable to			
-ordinary shareholders	49	198	133
-minority shareholders	(1108)	(24)	2

Solid performance hampered by significant rise in impairments of loans

Impressive growth in both NII and NIR



Income Statement- USD

USD` million	% Change	2013	2012
Net interest income	35	119	88
Impairments	(113)	(39)	(18)
NII after impairments	15	80	70
Non interest revenue	13	82	73
Operating expenses	(15)	(132)	(114)
Share of associate results	36	(0.5)	(0.7)
Profit before taxation	7	30	28
Taxation	7	(9)	(10)
Profit for the year	16	21	18
Attributable to			
-ordinary shareholders	34	24	18
-minority shareholders	(1005)	(3)	0.3

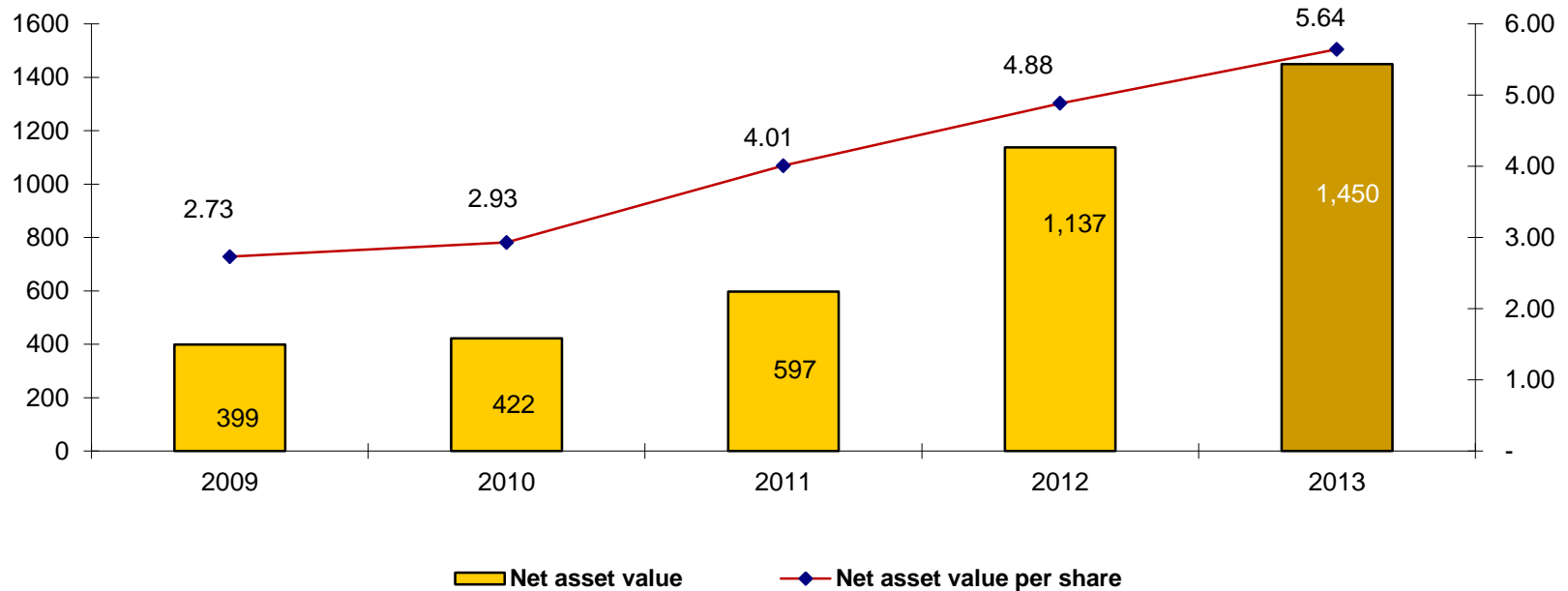
Solid performance hampered by significant rise in impairments of loans

Impressive growth in both NII and NIR



Positive trend in NAV

Net Asset Value (BWP m) and NAV per share (BWP)

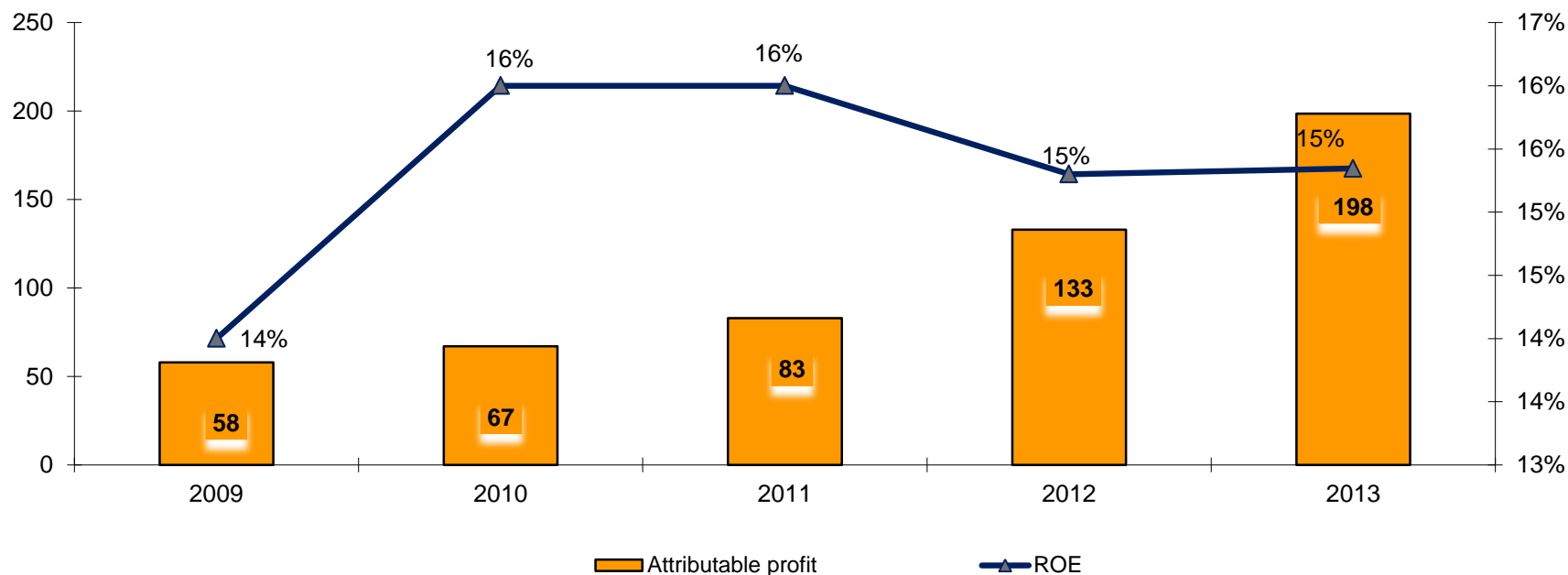


Continued growth in NAV on the back of retained profits as well as new shares issued



Strong performance

Profit (BWP m) and ROE (%)

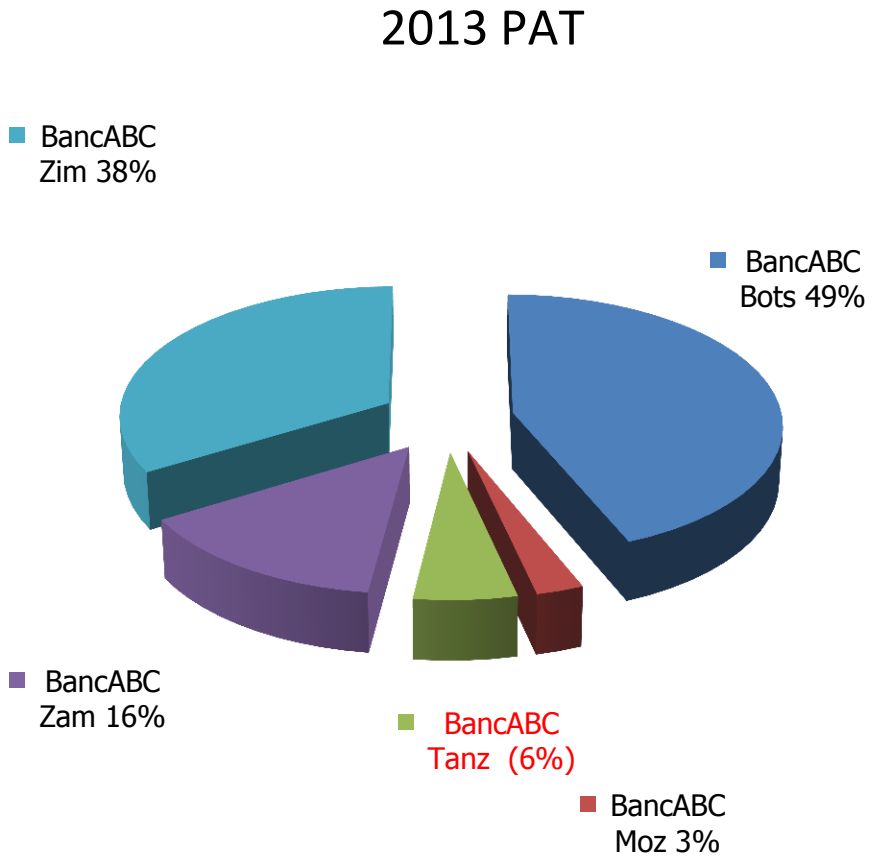
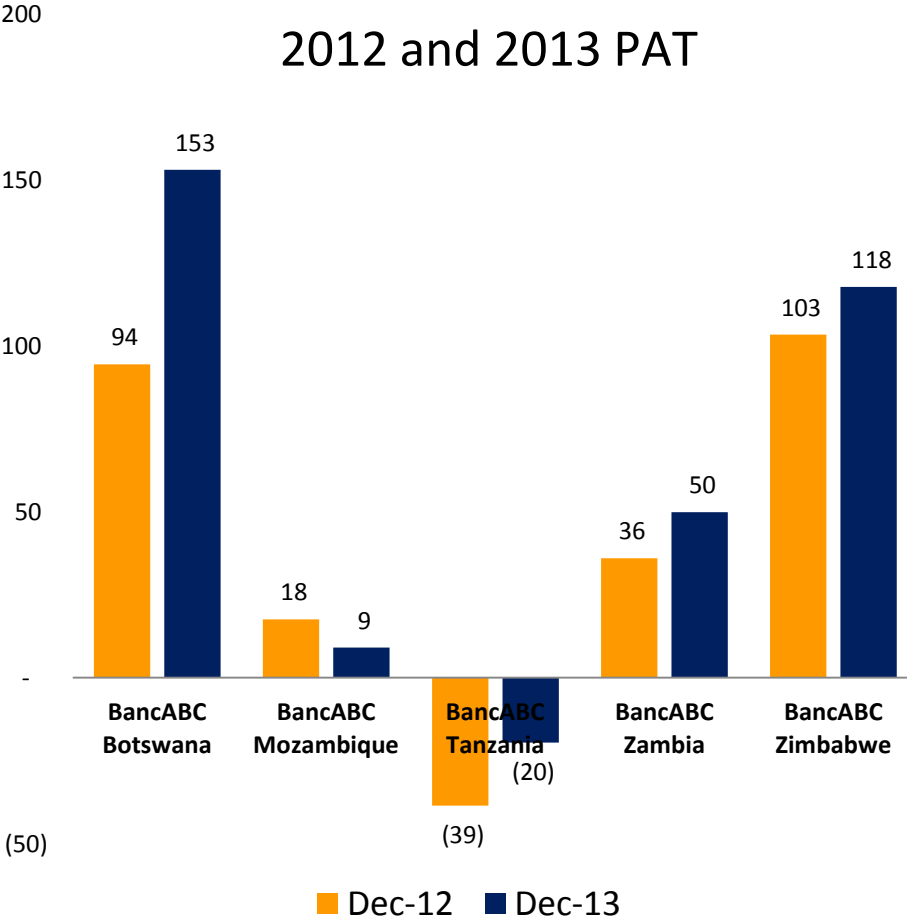


Impressive growth in attributable profits over the past 5 years

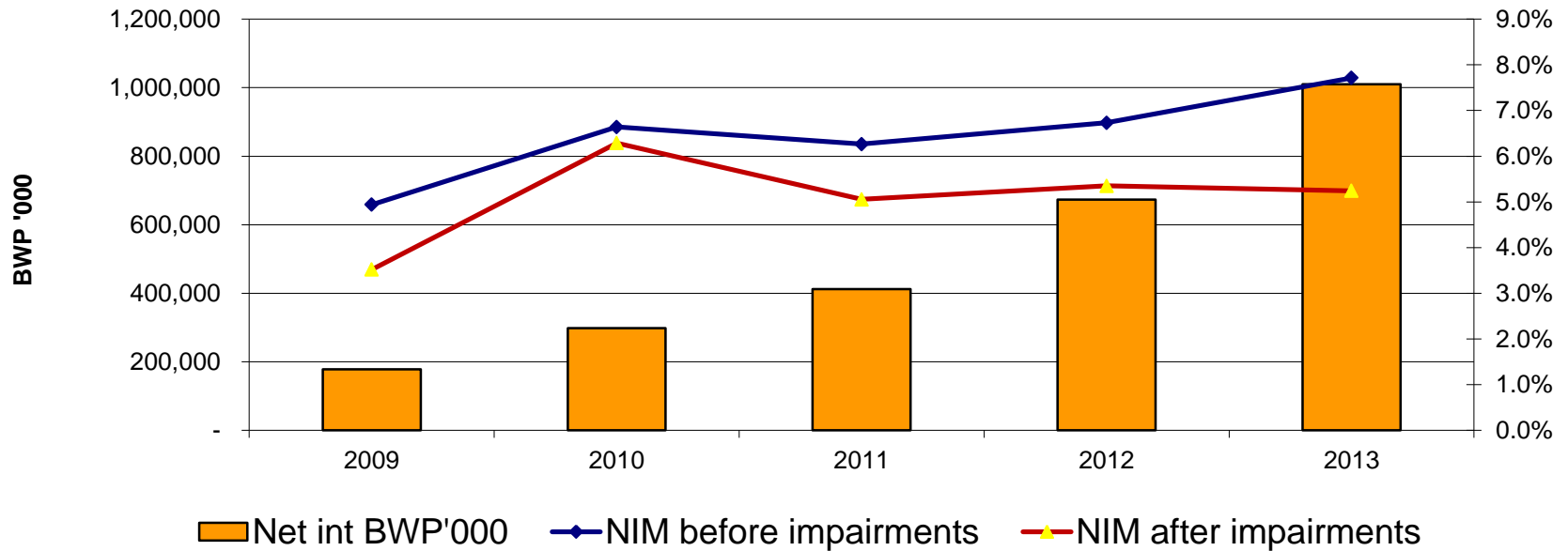
ROE flat due to increase in shareholder funds on the back of retention of profits coupled with share conversion by IFC in 1H-2013.



Attributable profits per entity



Net interest income

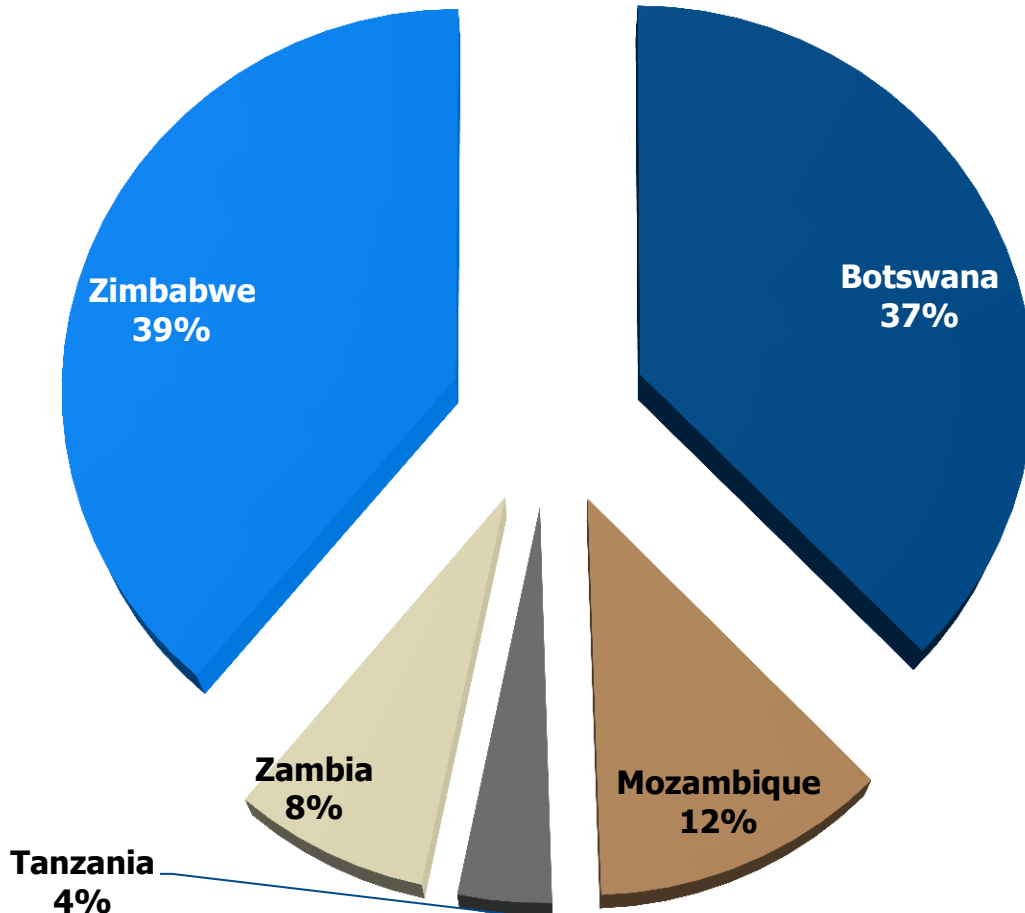


Phenomenal growth in net interest income – up by 50%

NIM before impairment increased to 7.7% but down to 5.2 % after factoring in impairments



Net interest income per entity



NII boosted by consumer lending in Botswana and Zimbabwe

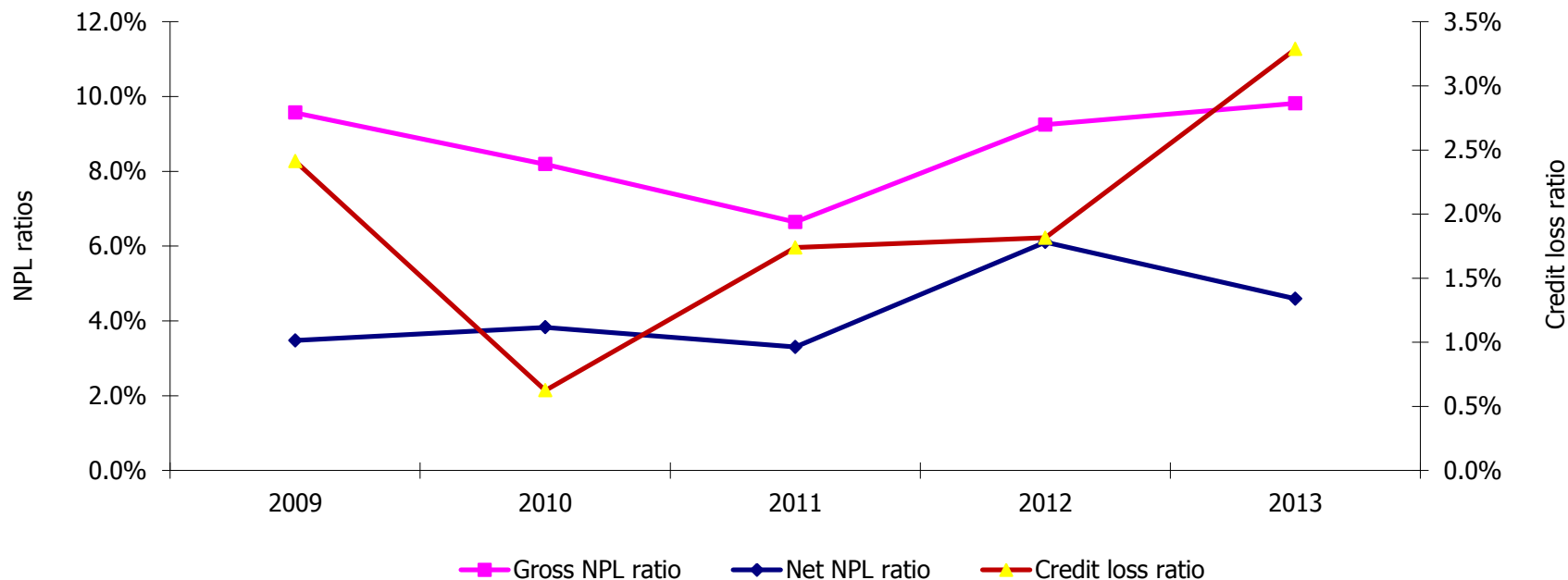
Zambia NII affected by capping of interest rates by the Government

Tanzania contribution low due to lower loan book



Credit loss ratios

NPL and credit loss ratios



Gross NPL increased marginally from 9.2% to 9.8% in 2013

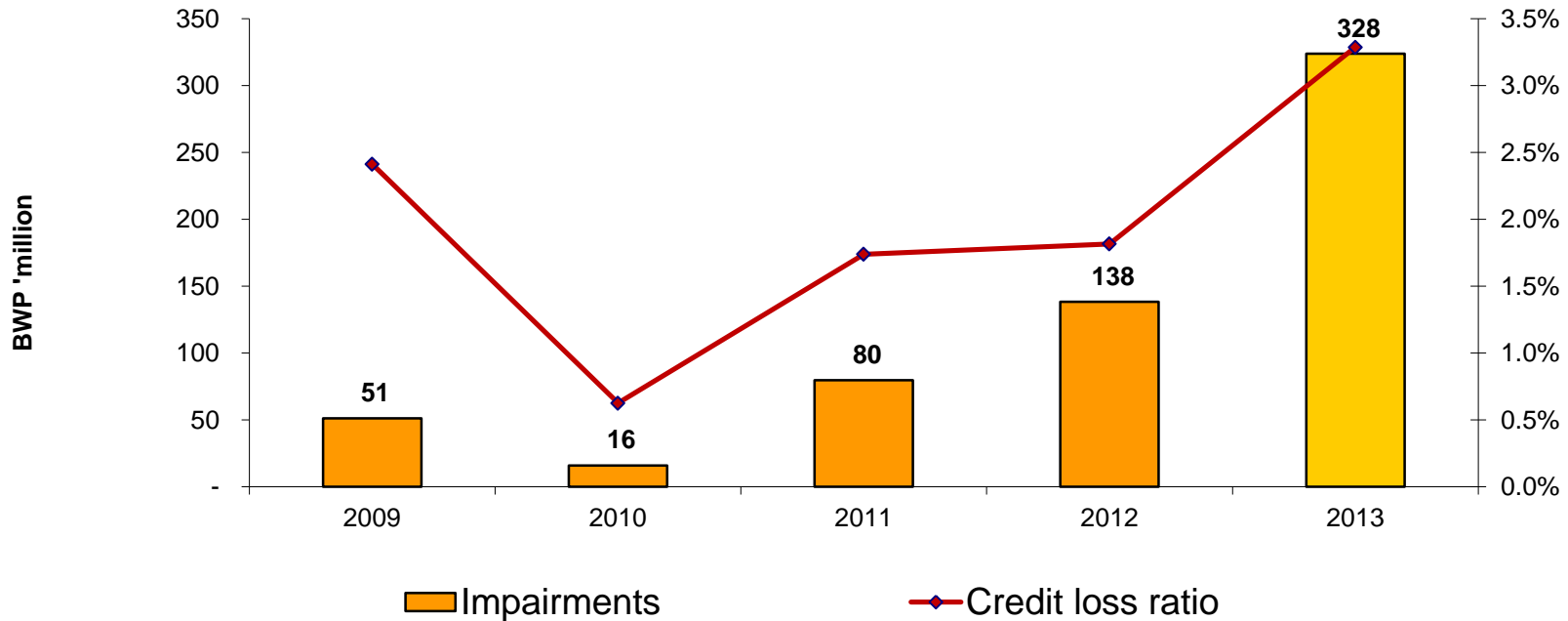
More aggressive provisioning saw credit loss ratio increase to an all time high of 3.3%

However, net NPLs down to 4.8% from 6.1% in 2012



Impairments and credit loss ratio

Impairments



Impairments high with increased non-performing loans

Significant provisions made in Tanzania, Zimbabwe and Mozambique



Asset quality and impairments

BWP' million	2013	2012	2011	2010	2009
Gross loans	11,166	9,460	6,295	3,217	2,130
Non-performing loans	1,118	875	418	268	204
Impairments	611	316	218	138	135
Portfolio impairments	94	78	45	17	13
Specific impairments	517	238	173	121	122
Impairment charge	324	138	80	16	51
NPL as a % of gross loans	9.8%	9.2%	6.6%	8.2%	9.6%
Credit loss ratio	3.3%	1.8%	1.7%	0.6%	2.4%
Implied loss given default	45%	27%	41%	45%	60%

NPL coverage ratio at 55% up from 36% in prior year



Asset quality per business class

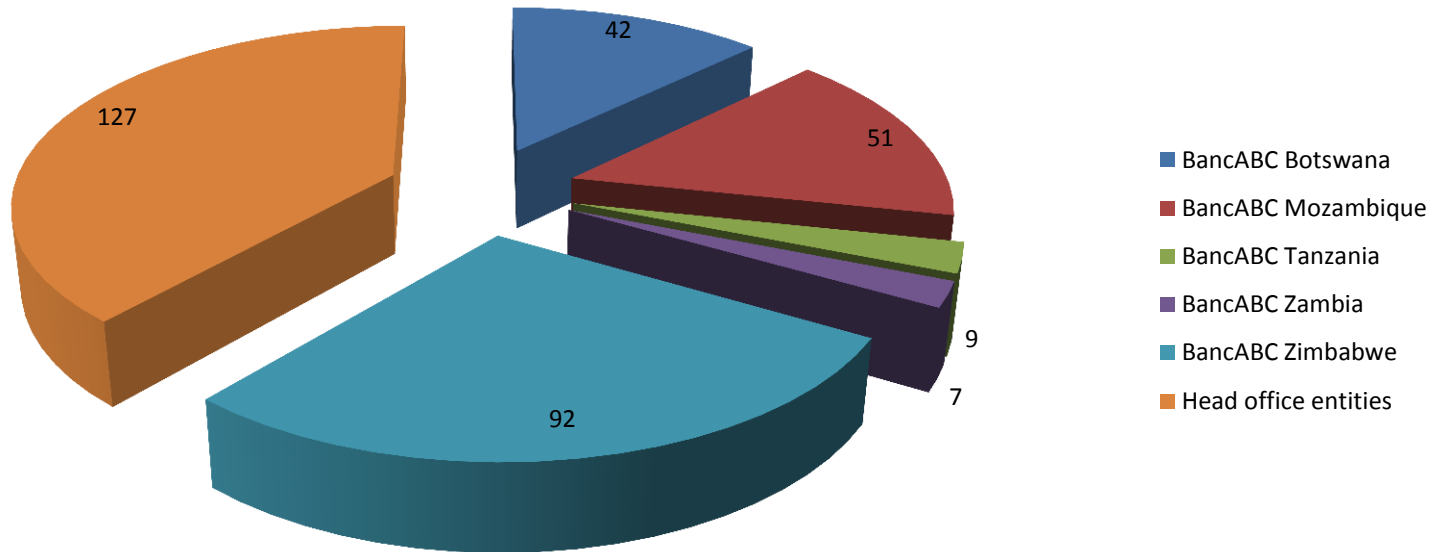
Per segment	Gross loans	NPL	NPL ratio
Corporate lending	5,382	923	17.1%
Consumer & retail lending	4,711	141	3.0%
Instalment finance	670	46	6.9%
Mortgage lending	349	7	2.1%
Commercial & property finance	54	1	1.0%
Total	11,166	1,118	10%

Substantial NPLs in Corporate Lending

Relatively good quality in Instalment Finance, Retail and Consumer Lending as well as Mortgage Lending



Impairment per entity



Significant impairments recorded in Zimbabwe, Mozambique and Tanzania

The 3 entities accounted for 82% of impairment for the year

5 customers account for 73% of the impairments



What we are doing to address impairments

Improving credit management from granting to collection

Reducing single obligor limits

Improving documentation

Increasing security so that loss given default is lower

More reliance on cash flows and less on security

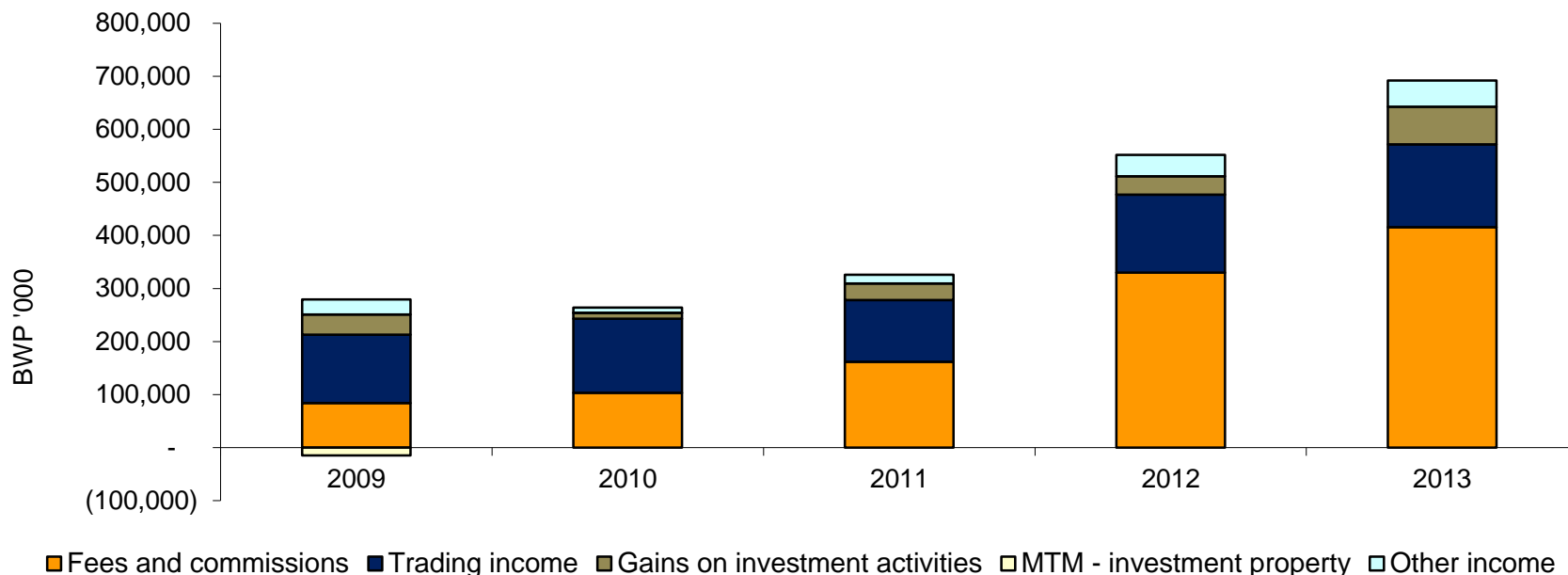
Regimented approach to credit management

Creation of special operations to manage delinquent accounts

Character, character, character



Non Interest Revenue



Good momentum in non interest revenue, with commissions and fees boosted by consumer banking activities

Resilient growth in trading income despite shrinking margins across subsidiaries



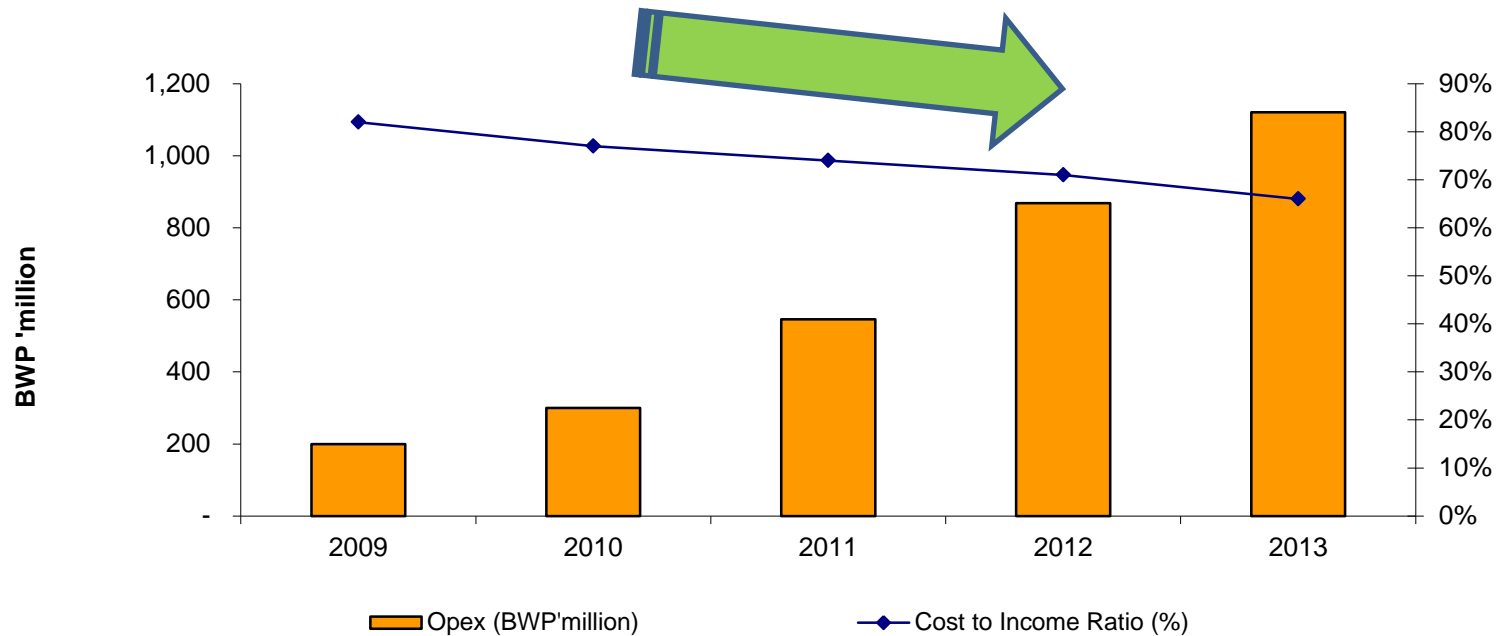
Non interest revenue per entity

BWP' million	% change	2013	2012
BancABC Botswana	30	94	72
BancABC Mozambique	32	89	67
BancABC Tanzania	27	68	54
BancABC Zambia	44	158	110
BancABC Zimbabwe	(7)	197	212
Banking operations	18	606	515
Head office entities	126	86	38
Non interest Revenue	25	692	553

With the exception of BancABC Zimbabwe, all entities recorded impressive growth in NIR



Operating costs and cost to income ratio

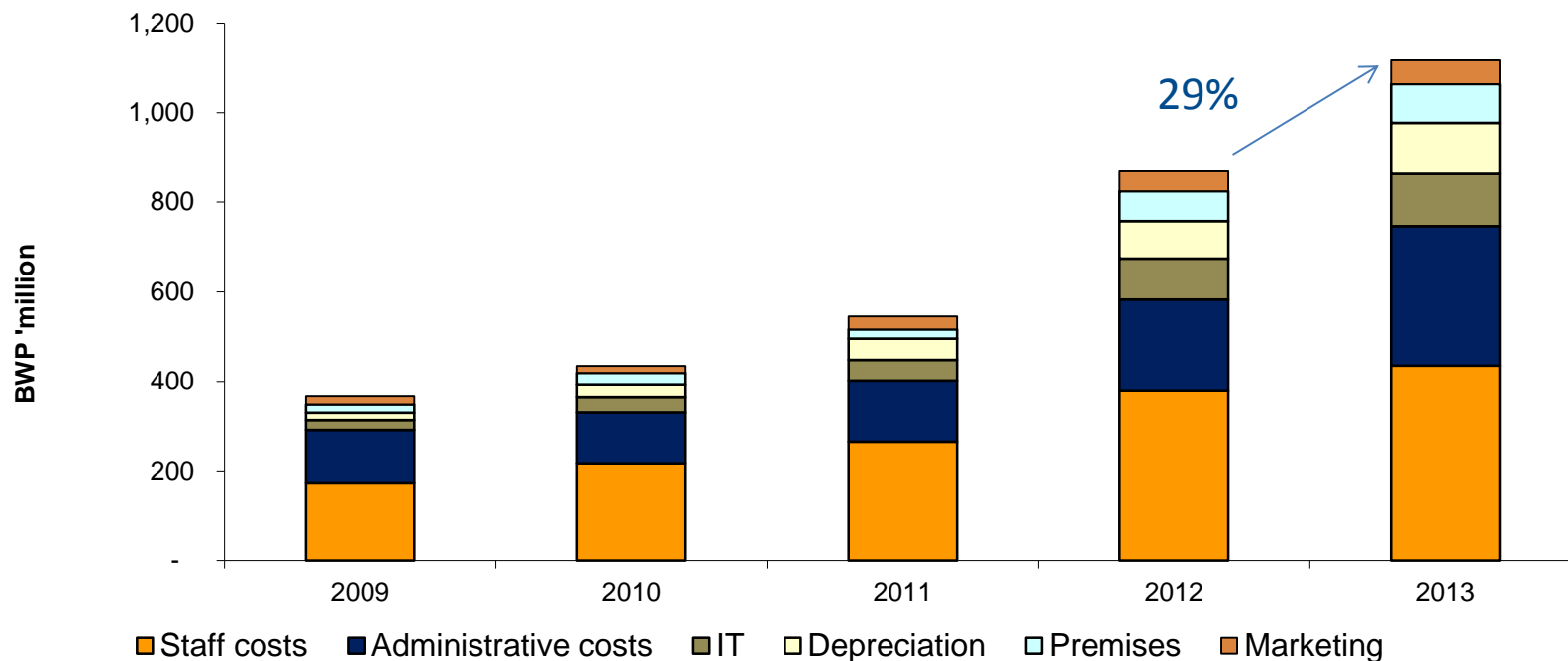


Cost to income ratio trending downwards on the back of increased income

Operating expenses higher due to increased number of staff and branches



Operating expenses per category

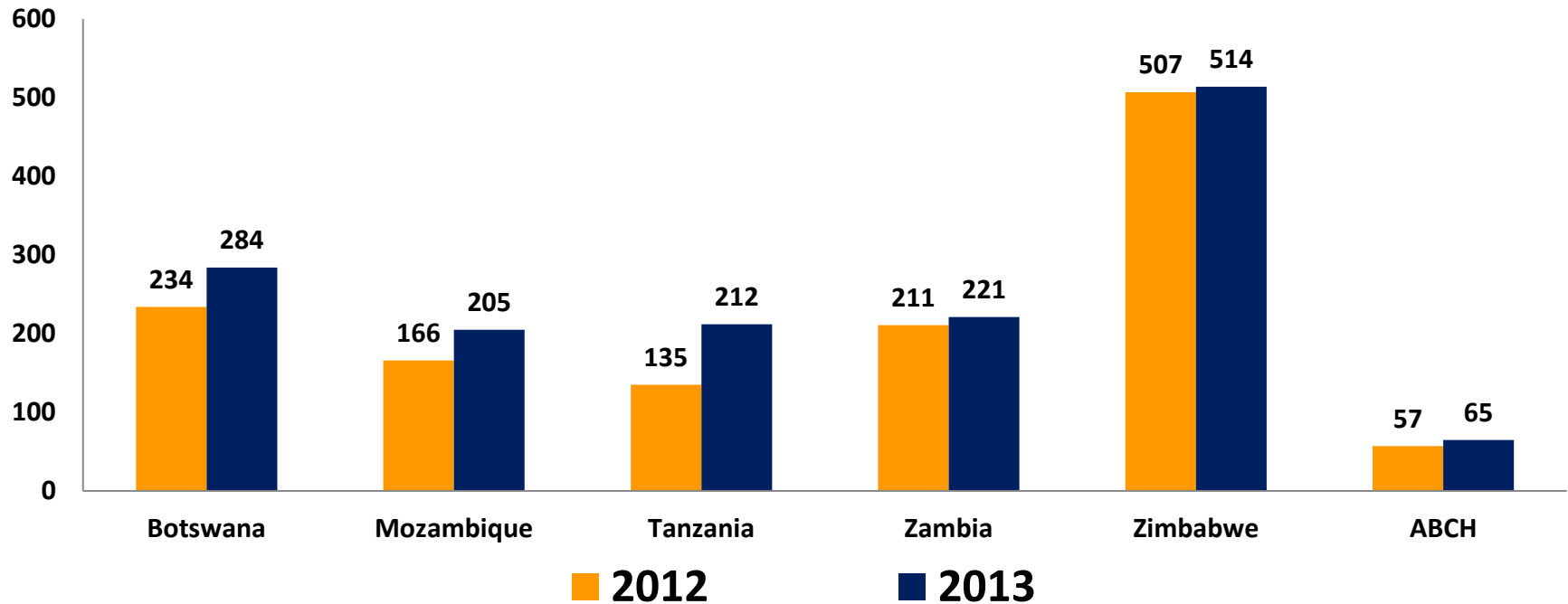


Staff costs constitute 39% of total operating expenses



Staff numbers by entity

Human Capital



Major contributor to costs, staff numbers up 15% from 1,310 in 2012 to 1,501 in 2013



Operating Expenses per Entity

BWP` million	% Change	2013	2012
BancABC Botswana	49	246	166
BancABC Mozambique	27	146	115
BancABC Tanzania	30	128	98
BancABC Zambia	18	148	126
BancABC Zimbabwe	30	350	270
Banking operations	31	1,018	775
Head office entities	3	98	94
Total Operating expenses	28	1,116	869

Increase across all entities due to increased activities as a result of additional branches and higher staff numbers



Balance Sheet- BWP

	% Change	Dec-13	Dec-12
Cash & cash equivalents	24	2,304	1,859
Financial assets	24	1,617	1,301
Loans & advances	15	10,555	9,144
Property & equipment	11	887	798
Other assets	38	421	306
Total assets	18	15,784	13,408
Deposits	14	12,209	10,675
Borrowed funds	45	1,759	1,213
Other liabilities	1	368	364
Ordinary shareholders equity	27	1,450	1,137
Minority interest	(110)	(2)	19
Total liabilities & equity	18	15,784	13,408

Continued to strengthen our balance sheet, growth of 18%

Progress on loans & advances

Deposit mobilization a key focus area

Increased cash and short term funds

Strong capital footing



Balance sheet- USD

	% Change	Dec-13	Dec-12
Cash & cash equivalents	10	263	239
Financial assets	10	184	168
Loans & advances	2	1,203	1,177
Property & equipment	(2)	101	103
Other assets	22	48	39
Total assets	4	1,799	1,726
Deposits	1	1,392	1,374
Borrowed funds	29	201	156
Other liabilities	(17)	41	48
Ordinary shareholders equity	13	165	146
Minority interest	(109)	(0.2)	2
Total liabilities & equity	4	1,799	1,726

Continued to strengthen our balance sheet, growth of 4%

Progress on loans & advances

Deposit a key focus area

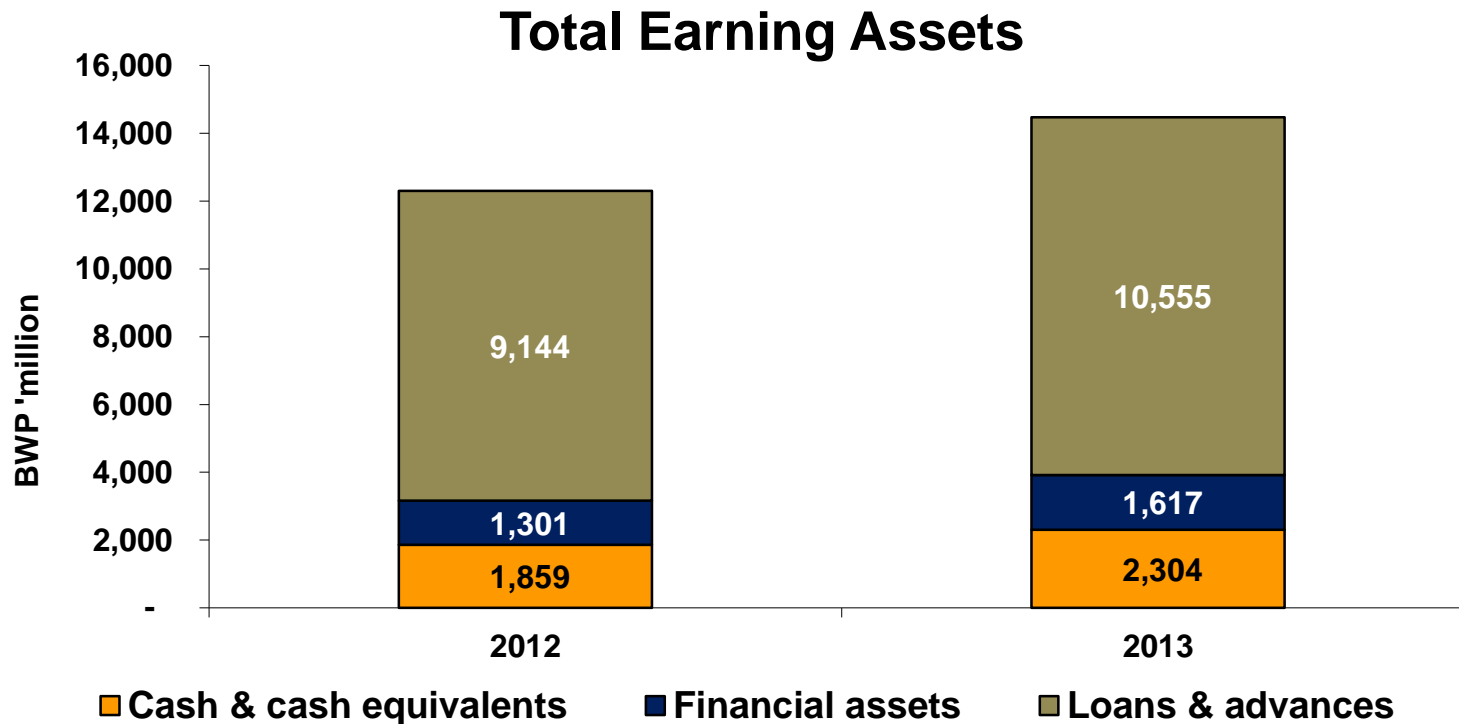
Increased cash and short term funds

Strong capital footing

Depreciation of BWP affected USD numbers



Balance sheet



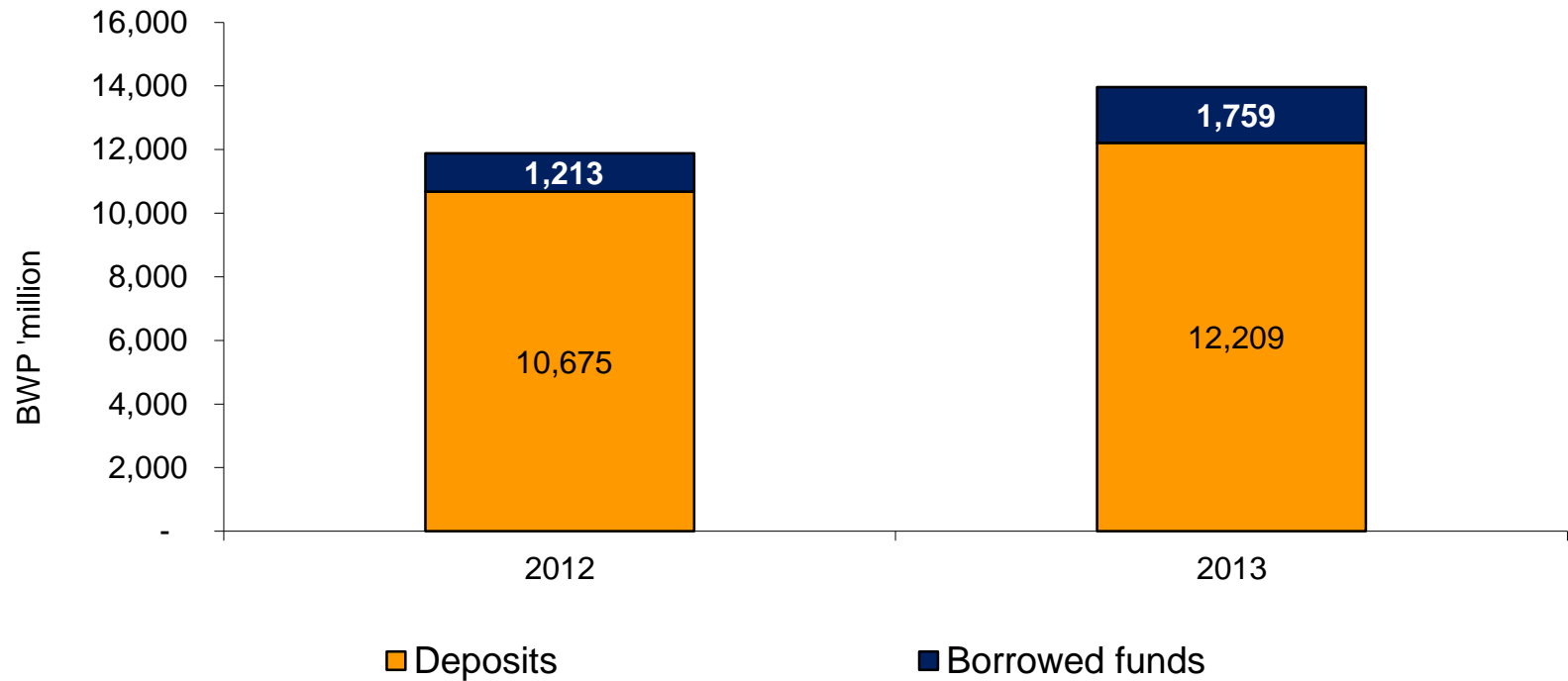
Growth recorded on all interest earning asset categories. Overall 18% up

Loans up by 15%, whilst cash and liquid assets grew by 24%



Balance sheet

Liabilities



18% increase in interest bearing liabilities (deposits, up 14% and 45% increase in borrowed funds)



Loans per entity

BWP' million	Dec-13	Dec-12	% change	5 yr CAGR
BancABC Botswana	3,750	3,411	10	57%
BancABC Mozambique	1,471	877	68	40%
BancABC Tanzania	575	747	(23)	4%
BancABC Zambia	1,390	1,034	34	47%
BancABC Zimbabwe	3,074	2,981	3	136%
Banking entities	10,260	9,050	13	53%
Head office entities	295	94	209	28%
Total loans	10,555	9,144	15%	52%

Significant growth registered in Mozambique and Zambia

Tanzania loan book regressed, after transfer of loans to TDFL accounted for in “Head office entities”



Loans and advances

BWP' million	Dec-13	Dec-12	% Change
Corporate lending	5,382	4,612	17
Consumer & retail lending	4,711	3,965	19
Instalment finance	670	561	19
Mortgage lending	349	268	30
Commercial & property finance	54	54	-
Gross loans & advances	11,166	9,460	18
Less: Credit impairments	(611)	(316)	93
Net loans & advances	10,555	9,144	15

Growth registered in Corporate lending as well as consumer lending

Corporate lending contributed 48% to total loans and advances

Consumer loans contribution at 42%, up from 41% in 2012



Deposits

BWP'million	Dec-13	Dec-12	% change	5 yr CAGR
BancABC Botswana	4,726	4,262	11	35%
BancABC Mozambique	2,321	1,355	71	30%
BancABC Tanzania	1,298	1,148	13	18%
BancABC Zambia	1,155	835	38	53%
BancABC Zimbabwe	2,709	3,075	(12)	81%
Total deposits	12,209	10,675	14	38%

With the exception of BancABC Zimbabwe strong growth registered across the board. Notably in BancABC Mozambique and BancABC Zambia

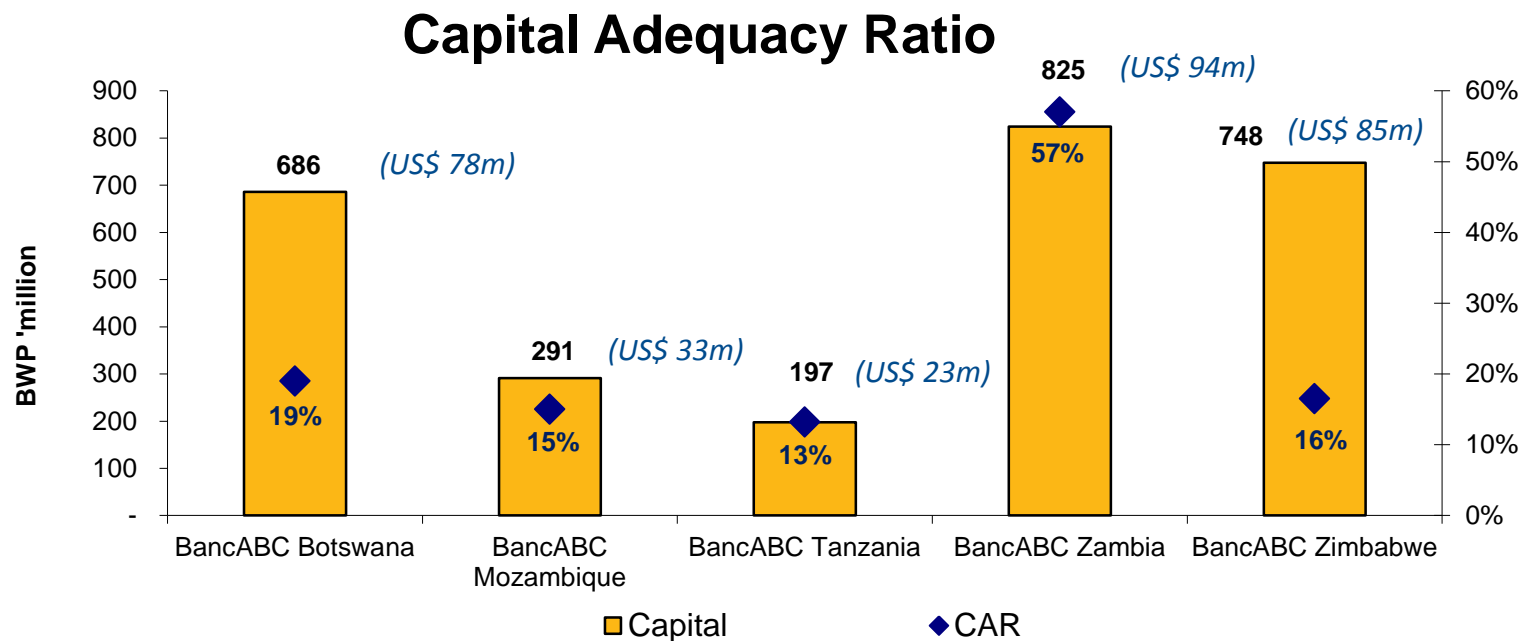
Zimbabwe decreased by 12%, but picked up after 1H-2013

Impressive growth in retail deposits with BancABC Botswana and BancABC Mozambique leading the way

Wholesale deposits at 88% continue to contribute significantly to total deposits



Well capitalized banking operations



BancABC Zambia and BancABC Zimbabwe met the stringent capital requirements;

BancABC Tanzania capitalized in July 2013 and CAR at 13.18% which is within regulatory threshold of 12%



BancABC

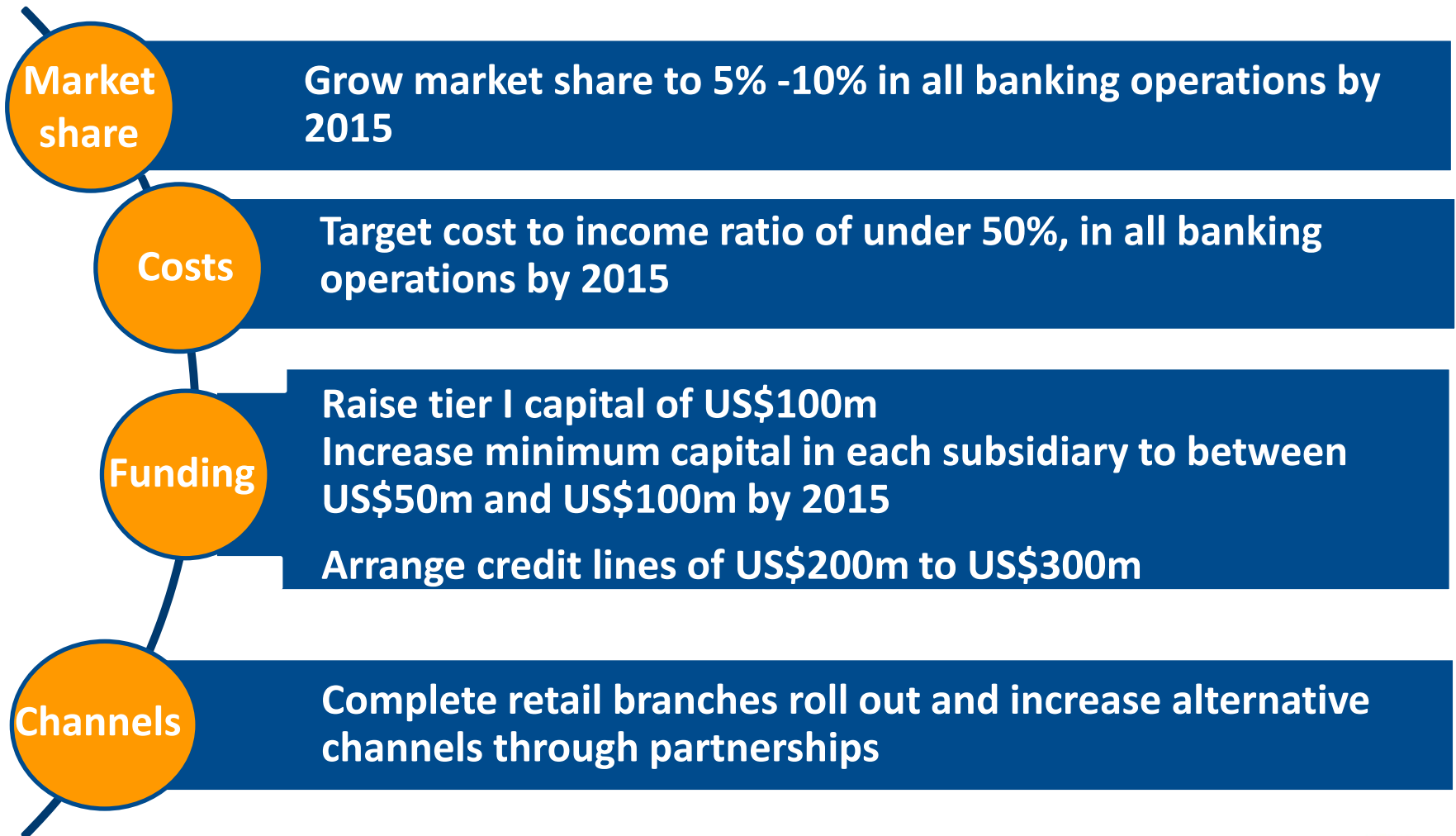


Strategy & Prospects



ABCH Group CEO, Mr. Doug Munatsi

Short to medium term objectives



Dividend Declaration

In accordance with Group Policy, a dividend of 4.5 thebe (0.5 US cent) to be paid on 2 May 2014 to shareholders on the register on 18 April 2014

Total dividend for the year will be 18.5 thebe (2012: 16 thebe) which is approximately 2.1 cents (2012: 2.1 US cents)

