1. INTRODUCTION

1.1. ABCH announces (“the Firm Intention Announcement”) that it has received written notice of a firm intention to make an offer from ADC Financial Services & Corporate Development Limited (“ADC Mauritius”), a wholly-owned subsidiary of ADC, a public company incorporated in accordance with the laws of Frankfurt am Main-Germany (“Offeror”), to acquire subject to the applicable terms and conditions referred to in this Firm Intention Announcement all the issued ordinary shares in the capital of ABCH, save for the shares already owned by ADC Mauritius.

1.2. This Firm Intention Announcement is made pursuant to the Botswana Stock Exchange Listing Requirements.

2. BACKGROUND

2.1. On 16 May 2012, ABCH announced its intention to raise equity capital of up to BWP507 million by way of a renounceable rights offer of 83,333,333 new ordinary shares at an issue price of BWP4.28 per ordinary share in the ratio of 1 rights offer share for every 1.79 ABCH shares held (“the Offer Shares”).

2.2. Pursuant to the rights offer, ADC Mauritius undertook, in terms of a written agreement, to underwrite the subscription of the Offer Shares. Prior to the announcement of the rights offer, ADC did not have a controlling shareholder. It was contemplated that, pursuant to the rights offer and on the assumption that all ABCH ordinary shareholders did not follow their rights under the rights offer, the voting rights of ADC Mauritius, bearing in mind the rights attaching to its existing shareholding and the shares acquired by it in the underwriting, could exceed the prescribed percentage of 35% following its rights and, triggering a mandatory offer in accordance with Botswana Stock Exchange Listing Requirements as read with Section 323 of the Companies Act of Botswana. The implementation of the offer subject was to receive a dispensation from the Botswana Stock Exchange (“BSE”) from the obligation of making a mandatory offer, at the rights offer price of BWP4.28. Such a dispensation was subject to approval by a majority of ABCH ordinary shareholders excluding ADC Mauritius (“the independent shareholders”).

2.3. In terms of the circular posted to ordinary shareholders of ABCH on 16 May 2012, the obligation of ADC Mauritius to subscribe for the Offer Shares was conditional on, among other factors, the following:

- a waiver by resolution of 51% of the independent shareholders of ADC of the potential obligation of ADC Mauritius to make an offer to minority shareholders of ABCH in the event that the total shareholding, following its rights and acquiring any unsold Offer Shares pursuant to the underwriting, exceeded 36% of the total voting rights of ABCH, and
- a waiver from the BSE of the potential obligation of ADC Mauritius to make an offer to minority shareholders in ABCH in the event that the total shareholding of ADC Mauritius, following its rights and acquiring any unsold Offer Shares Exceeded such percentage of voting rights.

2.4. At a general meeting of ABCH ordinary shareholders held on 30 May 2012, the ordinary resolution relating to the waiver referred to in 2.3, was passed by the requisite majority of ABCH ordinary shareholders present or represented by proxy.

2.5. The BSE subsequently ruled that the waiver application was subject to the condition that ADC Mauritius would either have to:

- dispose of sufficient ABCH shares to reduce its shareholding in the Company to below 35%; or
- should it become apparent that ADC Mauritius is acting as an investor, make a mandatory offer.

2.6. Subsequent to the rights offer, ADC Mauritius held 120,921,651 ABCH shares out of 233,805,464 constituting 51.9% of ABCH’s issued shares. That shareholding was diluted to 41.1% in May 2013 due to a conversion by the International Finance Corporation (“IFC”) of a convertible loan granted to ABCH. The conversion resulted in 24,080,252 new shares being issued by ABCH to IFC.

2.7. ADC Mauritius has issued call options to certain ABCH executives in respect of 23,950,728 of the ABCH shares that it owns, as part of a management incentive scheme. The option price is variable and ranges from USD3.83 exercised now and USD1.04 if exercised after May 2014. The options expire in May 2015.

3. THE MANDATORY OFFER

Pursuant to the foregoing, ADC Mauritius proposes to make a mandatory offer (“Mandatory Offer”), to acquire all of the shares in ABCH not currently held by ADC Mauritius on the terms and conditions set out herein.

4. OFFER CONSIDERATION

The Mandatory Offer is made at a price of USD0.60 per share to the ABCH shareholders listed on the Company’s Zimbabwe register and at the exchange rate equivalent on 21 May 2013 of BWP5.05 per share for ABCH shareholders other than ADC Mauritius listed on the Botswana register.

5. INFORMATION REGARDING ADC

ADC was incorporated on 10 October 2005 in Frankfurt am Main, Germany and is listed on the Frankfurt Stock Exchange as an African banking group with a focus on sub-Saharan Africa’s banking markets, as well as proprietary investments in selected frontier markets.

ADC Mauritius is a wholly-owned subsidiary of ADC, incorporated in Mauritius. ADC Mauritius is the investment holding entity for the ADC Group, holdings its investments in ABCH, Union Bank of Nigeria Plc as well as its portfolio of proprietary investments.

6. FUNDING AND CASH CONFIRMATION

Trafigura Bank B.V (“Trafigura”), ADC’s largest shareholder, has undertaken to provide ADC Mauritius with a loan to acquire any of the ABCH shares accepted by offerors in terms of the Mandatory Offer. Subsequent to the closing date, ADC Mauritius will repay the loan by transferring to Trafigura the ABCH shares acquired in terms of the Mandatory Offer. Pursuant to the Mandatory Offer, Trafigura will therefore have a direct shareholding in ABCH and will enter into a voting agreement with ABCH in respect of the ABCH shares that the parties respectively hold.

ADC Mauritius minority shareholders, holding 106,020,038 ABCH shares, have provided irrevocable undertakings that they will not accept the Mandatory Offer. These undertakings reduce the potential consideration payable in terms of the Mandatory Offer to BWP151,426,950 (Botswana register) and USD17,759,877 (Zimbabwe register) respectively ("the Reduced Purchase Consideration").

Standard Chartered Bank Botswana has provided irrevocable, unconditional guarantees to the BSE and the Zimbabwe Stock Exchange, guaranteeing the obligations of ADC Mauritius to discharge the Reduced Purchase Consideration in respect of those shareholders who will accept the Mandatory Offer.

7. POOLING AGREEMENTS

On the 22nd of May 2013, ADC Mauritius entered into pooling agreements with Trafigura and Brainworks Capital Management (Private) Limited ("Brainworks") in terms of which ADC Mauritius, Trafigura and Brainworks (collectively, "the Parties") established a voting pool in respect of the ABCH shares held by each of the Parties. The Parties currently hold among them 55.1% of the issued share capital of ABCH, with ADC Mauritius holding 97,280,445 shares and Trafigura holding 92,748 shares. In terms of the pooling agreements, the Parties undertake at all times to cooperate with each other in good faith and to do all such reasonable things as may be necessary to put into effect the terms and conditions of the pooling agreements.

Henceforth, the Parties will therefore be acting in concert.

8. CIRCULAR

ADC and ABCH will issue a combined circular in respect of the Mandatory Offer to shareholders of ABCH, setting out the terms of the Mandatory Offer (“the Circular”). The Circular is expected to be posted to ABCH shareholders on or about 18 December 2013. The salient dates in relation to the Mandatory Offer will be published prior to the posting of the Circular and will be contained in the Circular.

9. RECOMMENDATION AND FAIRNESS OPINION

9.1. An independent panel of the Board of directors of ABCH has requested an opinion on the fairness and reasonableness of the Mandatory Offer from an independent expert, Imara Brainworks Limited.

9.2. The substance of the opinion and the views of the independent panel of the Board of Directors are that the terms and conditions of the Mandatory Offer are fair, but not reasonable to ABCH shareholders and, consequently it is not recommended that ABCH shareholders accept the Mandatory Offer.

10. WITHDRAWAL OF CAUTIONARY ANNOUNCEMENT

Following the release of this Firm Intention Announcement, the cautionary announcement originally published by ABCH on 30th May 2013 is hereby withdrawn and caution is no longer required to be exercised by ABCH shareholders when dealing in their ABCH shares.

11. RESPONSIBILITY STATEMENT

The ABC Board and ADC accept responsibility for the information contained in this Firm Intention Announcement. To the best of their respective knowledge and belief, the information contained in the Firm Intention Announcement is true and nothing has been omitted which is likely to affect the import of the information contained herein.

13 December 2013

Financial advisor to ADC

Legal advisor to ADC

Independent expert

Sponsoring Broker