In the current period, the Group had a net tax charge of BWP198 million compared to a tax credit of BWP117 million in the prior year. The effective tax rate is 35% compared to 26% in prior year. The deferred tax discount is expected to reverse as Tanzanian tax rates. 

BancABC Mozambique

Attributable profit of BWP9 million was 49% lower than prior year. The growth in total impairment in the current year on the back of higher balances. Net interest income was marginally from 72% in prior year to 69% in the current year. The loan portfolio only increased by 10% to BWP3.8 billion, but the portfolio mix has improved by 55% from BWP252 million in 2012 to BWP391 million in the current year. The credit risk profile of most corporates. Lending in the corporate sector has as a consequence been significantly curtailed with most of the growth in the loan book emanating from retail banking. 

BancABC Zimbabwe

Attributable profit of BWP118 million was 14% higher than BWP103 million recorded in the prior year. The subsidiary's stellar performance on the income side was negated by an increase in non-interest income. The subsidiary's cost to income ratio declined closer to the Group short term target of 50% in 2014. 

Goverance

In December 2013, Mr Lakshmi Shyam Sunder, the IC representative resigned from the Board. In addition both Mr Jyrki Koskelo and Mr Mark Schneiders resigned from the Board. Further, Mr Andrew Cooper was reappointed as an independent non-executive director in January 2014. Further, Mr Heath-cooper ADC, consequently they stepped down from the ABCH Board. Mr Mark Schneiders resigned from the Board. 

Fund raising

In line with the Group policy, the Company received a preliminary new one-day public offering in December 2013. It is envisaged that the new listing on the London Stock Exchange will extend the Group's investor base, increase the liquidity of its shares and enhance its overall transparency and governance standards. 

Dividend

The Board declared a first interim dividend of 4.58 Pesos (0.031 US cents) in respect of the year ended 31 December 2013 to be paid on 2 May 2014 to shareholders on the register at the close of business on 13 April 2014.
**Consolidated income statement for the year ended 31 December 2013**

**USD’000s** (Convenience conversion) 2012 | 2013
---|---
**Assets**
Cash and cash equivalents | 4,087,526 | 3,186,282
Derivative financial assets | 3,913,557 | 4,050,378
Property, plant and equipment | 4,542,809 | 3,723,434
Goodwill | 2,301,623 | 2,096,134
Intangible assets | 216,473 | 190,216
**Total assets** | 11,387,232 | 9,355,261
**Liabilities**
Current liabilities | 6,085,696 | 5,119,097
Non-current liabilities | 2,633,105 | 2,500,851
**Total liabilities** | 8,718,801 | 7,619,948
**Equity**
Ordinary share capital | 2,668,431 | 2,735,313
Reserves and surplus | 564,007 | 654,763
**Total equity** | 3,232,438 | 3,389,076
**Total liabilities and equity** | 11,387,232 | 9,355,261

**Consolidated income statement for the year ended 31 December 2013**

**USD’000s** (Convenience conversion) 2012 | 2013
---|---
**Revenue**
Net operating income | 1,201,651 | 916,204
Interest income | 232,165 | 189,287
Interest expense and similar charges | (108,957) | (93,438)
Net interest income before impairment of advances | 1,184,869 | 829,844
Impairment losses on advances | (88,186) | (108,168)
Net interest income after impairment of advances | 1,096,683 | 721,676
**Total income** | 1,374,451 | 1,086,562
**Operating expenses**
Costs of sales | 406,784 | 330,791
Depreciation | 74,166 | 53,973
Amortisation of software | 40,010 | 30,232
Deposits | 1,391,836 | 1,373,887
Other expenses | 408,015 | 395,828
**Operating profit** | 591,492 | 432,904
**Non-operating income**
Deferred tax assets | 12,844 | 8,847
Finance costs | (7,624) | (10,406)
**Non-operating profit** | 4,219 | 2,432
**Profit before tax** | 595,711 | 435,336
**Tax** | (136,956) | (109,468)
**Profit after tax** | 458,755 | 325,868

**Notes**
1. **Statement of Remuneration**
   - The condensed consolidated financial information has been prepared in accordance with the International Financial Reporting Standards (IFRS). Significant accounting policies have been applied consistently from the prior year.

**2. Financial and performance statistics**
   - The financial statistics are presented in Botswana Pula (BWP), which is the company’s functional currency and presentation currency.
   - Except an income statement, financial information presented in BWP has been revalued to the nearest thousand.

**3. Non-interest income**
   - For the year ended 31 December 2013, the Group received BWP 76,204,391 in non-interest income, which is an increase of 5% compared with BWP 72,594,181 for the year ended 31 December 2012.

**4. Operating expenditure**
   - During the year, International Finance Corporation (IFC) exercised their option to convert a loan they had with the Group into equity. This increased stated capital by BWP 116 million and resulted in the number of issued shares increasing from 232,805,464 to 256,885,694.

**5. Borrowed funds**
   - The Group’s total borrowings amounted to BWP 5,732,286 as at 31 December 2013, of which BWP 1,114,204 was in the form of lease liabilities.

**6. Convertible bond**
   - During the year, the Group issued a US$ 13.5 million convertible loan to an emerging market country as a part of a $100 million syndicated loan. The loan will mature on 15 March 2013 and 15 September 2013 with a prepayment option at 5% per annum, payable semi-annually and convertible at IFC’s option as follows: BWP 15,051,000 at any time during the period from 13th May 2011 to 13th May 2012, BWP 5,262,500 at any time during the period from 13th May 2012 to 13th May 2013, and BWP 5,732,286 at any time during the period from 13th May 2013 to 15th September 2013.

**7. Capital increased by 18% from BWP13.4 billion to BWP15.8 billion**
   - The company’s capital increased to BWP 15.8 billion as at 31 December 2013, compared to BWP 13.4 billion as at 31 December 2012.

**8. Other borrowed funds**
   - On 25 April 2013, IFC converted the remaining balance of the loan into equity at an exercise price of BWP3.15 per share at any time during the period from 13th May 2011 to 12th May 2012; BWP3.24 per share on 15 March 2013 – BWP27,173,913, 15 September 2013 – BWP27,173,913.

**9. Financial statements of ABC Holdings Limited from which the summarised financial results were derived and the audit report thereon.**
   - The audit was conducted in accordance with International Standards on Auditing.
5. Borrowed funds continued

National Development Bank of Botswana Limited (NDB)
The loan from National Development Bank of Botswana is denominated in Botswana Pula and
attracts interest at 11.25% per annum, payable semi-annually.

BIFM Capital Investment Fund One (Pty) Ltd
The loan from BIFM Capital Investment Fund One (Pty) Ltd is denominated in Mozambican Metical
and attracts interest at 3.53% per annum, payable semi-annually.

African Bank Limited
The loan from African Bank Limited consists of US$60 million advanced to ABC Holdings
Afrexim Bank Limited
The loan from Afrexim Bank Limited is denominated in South African Rand
National Development Bank of Botswana Limited (NDB)

5. Other borrowings

The loan from ABC Holdings Limited in June 2014 and 2015.

The US$10 million loan advanced to BancABC Zambia and BancABC Zimbabwe are also denominated in

The loan from BancABC Botswana and BancABC Zimbabwe is denominated in Botswana Pula

The loan from Afrexim Bank Limited is denominated in US Dollars and attracts interest at 3 months LIBOR +5% and is repayable on 10 January 2014, but with a provision to extend it for a further, mutually agreeable period.

The US$60 million advanced to ABC Holdings Limited is denominated in United States Dollar

The loan from Afrexim Bank Limited is denominated in US Dollars and attracts interest at 6 months LIBOR +/-5.5% and is repayable on 29 December.

Between one and five years

BWP'000s

2013

2012

1,759,830 1,232,728

6. Guarantees and other credit commitments

BWP'000s

2013

2012

Guarantees

671,224  613,547

Letters of credit, loan commitments and similar contingent liabilities

88,922  163,952

535,289  2,326

Due in two years

21,020  41,369

Due in three years and one year

58,760  713,564

Due one year

1,048,369 496,344

7. Exchange rates

Closing

Average

Closing

Average

Closing

Average

United States Dollar

1.1950  1.1910  1.1870  1.1756

Ghana Cedi

158.285  159.500  161.800  159.260

Zimbabwean Dollar

0.8400  0.8530  0.8640  0.8591

Mozambican Metical

3.4276  3.5580  3.6370  3.7562

South African Rand

1.3206  1.2900  1.2800  1.2956

FOR THE YEAR ENDED 31 DECEMBER 2013

FOR THE YEAR ENDED 31 DECEMBER 2013

FOR THE YEAR ENDED 31 DECEMBER 2013

FOR THE YEAR ENDED 31 DECEMBER 2013

FOR THE YEAR ENDED 31 DECEMBER 2013