

12 May 2015

Atlas Mara Limited 1st Quarter Results – Three Months Ended 31 March 2015

Atlas Mara Limited ("Atlas Mara" or the "Company" and, including its subsidiaries, the "Group"), the sub-Saharan African financial services group, today releases unaudited summary results for the first quarter ended 31 March 2015.

Key highlights during the quarter

- Reported profit after tax for the first quarter of 2015 was \$0.5 million.
 - The Southern Africa segment, represented by ABC Holdings Limited ("BancABC") excluding BancABC Tanzania, reported a net profit of \$4.7 million during the first quarter.
 - The East Africa segment, consisting of BRD Commercial Bank Ltd. ("BRD Commercial") and BancABC Tanzania, reported a loss of \$2.1 million.
 - The West Africa segment, represented by Atlas Mara's 31% stake in Union Bank of Nigeria plc ("UBN"), contributed a net profit of \$5.2 million.
- This performance represents the early stages in the Company's execution of its business model to "Buy, Protect and Grow" its assets and develop a strong foundation upon which to continue to build.
 - The Southern Africa segment's results demonstrate the success of the efforts being made to structurally enhance our profit potential from this region.
 - The West Africa segment's performance demonstrates the positive momentum resulting from UBN's comprehensive transformation program.
- Reported loans and advances were \$1,243.1 million, deposits were \$1,518.1 million and equity attributable to ordinary shareholders was \$658.7 million (implying a book value per share of \$9.31). On a constant currency basis, loan and deposit growth increased by 13% and 26% and equity decreased by 2%, respectively, versus the same period last year. Compared to year-end 2014, loan growth was muted, as a result of both US Dollar strength versus African currencies and management's focus on the implementation of various operational initiatives related to both improvements in the credit lifecycle management and deposit mobilisation, particularly in the Southern and East Africa regions, which will benefit the group going forward.
- Atlas Mara completed the injection of the remaining \$80 million of the \$100 million commitment made to invest in BancABC in connection with Atlas Mara's 2014 acquisition of BancABC. These funds have been deployed to support the operating banks' capital and liquidity positions and to execute various strategic growth objectives.
- BancABC shares were de-listed from both the Zimbabwe and Botswana stock exchanges in February 2015.
- The squeeze-out resolution passed at the Extraordinary General Meeting of ADC African Development Corporation AG ("ADC") on 29 January 2015 was registered in the commercial register on 25 March 2015 and ADC shares were de-listed.

Events since quarter-end

- Following the announcement of year-end financial results on 25 March 2015, the Company published its 2014 Annual Report on 14 April 2015 (available on our website (<http://atlasmara.com>)).
- 160,000 ordinary Atlas Mara shares were purchased on the open market by selected members of the Executive Committee and Board of Directors, for their individual accounts, in transactions announced on 16 April 2015 and 12 May 2015.
- The Company announced on 27 April 2015 that it is in exclusive discussions to invest approximately \$22.5 million in Banque Populaire du Rwanda ("BPR") and merge BPR with the Company's 100% owned subsidiary, BRD Commercial, which would lead to Atlas Mara owning more than 70% of Rwanda's second largest bank (by assets).
- On 11 May 2015, the Board of Directors renewed the granting of authority to repurchase up to 10% of the Company's issued share capital. Management is engaging in discussions with advisors in relation to the establishment of its share repurchase program. Further details will be disclosed as and when appropriate.

Market Update - Investor Conference Call

Atlas Mara's senior management will today be holding a market update for investors at 11am EST / 4pm BST following its Annual General Meeting. There will be a presentation available in the Investor Relations section of the Company's website, <http://atlasmara.com>.

The Company will not be disclosing any new material information.

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About Atlas Mara

Atlas Mara was formed by Bob Diamond, CEO and Founder of Atlas Merchant Capital LLC and Ashish J. Thakkar, Founder of Mara Group Holdings Limited. Atlas Mara's vision is to create sub-Saharan Africa's premier financial services institution through a combination of its experience, expertise and access to capital, liquidity and funding. The goals are to combine the best of global institutional knowledge with extensive local insights and to support economic growth and financial inclusion in the countries in which the Company operates.

Summary of Results (Unaudited, unless otherwise noted)

Atlas Mara Limited	Reported Results 31.03.15 \$'m	Pro-Forma Comparative 31.03.14 \$'m	Constant Currency* Variance %	Audited Year End 31.12.14 \$'m	Constant Currency* Variance %
Statement of Income					
Total income	44.3	46.8	2%	57.4	-
Impairments	(5.1)	(6.5)	15%	(6.3)	-
Operating expenses	(42.8)	(41.0)	(10%)	(129.9)	-
Income from associates	5.2	7.8	(18%)	20.7	-
Profit / (loss) before taxation	1.6	7.1	(52%)	(58.1)	-
Profit / (loss) attributable to ordinary shareholders	0.5	4.1	(52%)	(63.1)	-
Balance Sheet					
Loans and advances	1 243.1	1 196.2	13%	1 236.5	9%
Total Assets	2 568.7	2 334.6	17%	2 621.4	5%
Total Equity	653.9	677.7	(2%)	682.4	(2%)
Total Liabilities	1 914.8	1 656.9	25%	1 939.0	7%
Total Deposits	1 518.1	1 316.5	26%	1 531.0	9%
Number of Shares Outstanding	70 790 263			70 714 636	
Key Performance measures					
Net interest margin	3.1%	4.6%		1.1%	
Credit loss ratio	1.6%	2.2%		-	
Cost to income ratio	98.2%	87.7%		-	
Return on equity	0.3%	2.4%		-	
Return on assets	0.1%	0.7%		-	
Loan to deposit ratio	81.9%	90.9%		80.8%	
Book value per Share	9.31			9.73	

* Constant currency variances reflect the operational variance (either positive or (negative)) quarter-on-quarter excluding foreign currency translation impact due to the US Dollar strengthening against all of the relevant African currencies. By way of example: Total Income for Q1 2015 would have reflected positive growth of 2% compared to the prior period had it not been for the impact of foreign exchange translation.

Basis of Presentation

Overview

The term “Atlas Mara”, “the Company” or “Group” refers to Atlas Mara Limited and its subsidiaries and associates. This release covers the unaudited results for the Group for the first quarter ended 31 March 2015.

Unless otherwise stated, the financial information for the period ended 31 March 2015 is set out in this release on a basis consistent with International Financial Reporting Standards, as adopted by the EU (IFRS), with results from subsidiaries and investments included from the effective date of acquisition

Pro Forma Comparative Basis

No meaningful reported comparative information is available, as 2014 was the first year of operation for Atlas Mara and acquisitions were only effective in the third and fourth quarters of 2014.

In order to provide a reference to prior period results, the Q1 2014 financial results are presented on a Pro Forma basis. The key assumption undertaken for the Pro Forma results is an implied date of acquisition and consolidation of the acquisitions made during 2014 as at 1 January 2014, as opposed to the actual dates of completion. It should be noted, however, that, as BRD Commercial was only formed as an independent entity in late 2014, the comparative Q1 2014 Pro Forma results contained in this release do not include any contribution from BRD Commercial.

Segmental Information

Atlas Mara analyses its business operations across sub-Saharan Africa on a segmental basis as described below. This is in-line with the execution of the Group’s strategic focus of both supporting and benefitting from the strengths of three of the leading economic trade blocs in Africa: the South African Development Community (“SADC”), the East Africa Community (“EAC”) and the Economic Community of West African States (“ECOWAS”).

Comparative segmental results are presented, per geography, on a Pro Forma basis. The Group is also focused on managing its operations through business lines centered on its clients and associated products and services, namely Retail and Wholesale (Corporate).

Discussion of the Unaudited Results for the Quarter Ended 31 March 2015

Group Income Statement

Atlas Mara's reported consolidated results for the Group reflect a profit of ca. \$0.5 million after taxation for the period under review. Cost of funds remains high and, going forward, represents a key lever to improve the current pressure on net interest income and margins across all products. In particular, slower than anticipated loan book growth combined with a 100bps reduction in lending rates in Botswana, (i.e. the reference rate at which banks lend to customers), further negatively impacted the funded income for the Group during Q1, resulting in pressure on average net interest margins reported as 3.1%.

Non-interest income was in line with management's expectations with encouraging trends in fee and commission revenue and increasing foreign exchange trading income, as management continues to focus on cross-selling initiatives and a revised transactional banking strategy across all of the Southern businesses and BancABC Tanzania. It should be noted that the strengthening of the US Dollar versus African currencies during the quarter resulted in a ca. 7.3% negative impact on the Group's US Dollar consolidated reported total revenues.

Asset book quality and credit impairment trends remain a key focus, especially in Zimbabwe where macro-economic headwinds are putting further pressure on loan repayments. Notable improvements in the credit processes in the other Southern region countries are starting to yield positive results. The provision coverage ratio for the Group has increased from 32% in December 2014 to 40% as at 31 March 2015, with further fair value adjustments of ca. \$3 million made in accordance with IRFS3. The credit loss ratio improved from 2.6% as of December to an annualized 1.6% as at Q1 2015. The loan book in Rwanda is largely retail- and SME-based, but with some corporate exposure, as well. All segments reported impairment provisions in line with management's expectations.

The Group's cost to income ratio of 98%, albeit improved as compared to the negative figure reported for the full year 2014, remains high and there is a strong emphasis across the group on driving operational efficiencies.

Income from associates of \$5.2 million represents the current 31% investment in UBN at an average Naira/US\$ exchange rate during the period of 194.5.

Group Balance Sheet

Balance sheet growth was muted in Q1 with reported total assets of \$2,568.7 million at 31 March 2015 compared to \$2,621.4 million at 31 December 2014. This is mainly due to an unrealized 8.5% negative impact on the asset balance relating to currency translation effects (the strengthening of the US Dollar, the Group's reporting currency, against local African currencies), as well as lower than expected asset demand across most of the Southern region markets. Stronger balance sheet growth is expected during the remainder of the year, given new product and technology developments under way, as well as a transactional banking strategy currently in the early stages of being implemented.

The consumer loan product offering continues to perform well with an increased focus on cross-selling to the existing customer base whilst, at the same time, executing on both a product and segmental diversification strategy.

As at 31 March 2015, the Group reported total equity including non-controlling interests of \$653.9 million versus \$682.4 million as at 31 December 2014, driven by currency effects in the revaluation of goodwill and intangible assets accounted for through equity. Based on shares outstanding of 70,790,263 and equity attributable to ordinary shareholders of \$658.7 million, book value per share at 31 March 2015 was \$9.31. This compares to the reported book value per share at 31 December 2014 of \$9.73 based on shares outstanding of 70,714,636 and equity attributable to ordinary shareholders of \$687.9 million.

Capital and Liquidity

All operating banks are within prescribed local regulatory requirements for both liquidity ratios and capital adequacy. Atlas Mara remains vigilant in our focus on optimizing for financial stability and attractive, sustainable returns on equity.

Segmental Results*Southern Segment*

The Southern region consists of BancABC's operations in Botswana, Mozambique, Zambia and Zimbabwe. The first quarter of 2015 saw a turnaround from reported losses in Q4 2014 mainly due to lower impairments and the non-recurrence of one-off expenditures relating to the departure of the previous BancABC executive management.

Although recording a profit, performance was hampered by continued pressure on the cost of funds across most of the operating banks, mainly due to ongoing macro-economic headwinds. The first quarter saw continued pressure on market liquidity as local currencies continued to weaken against the US Dollar, mainly due to pressure on commodity prices resulting in lower foreign exchange income for these countries.

As noted above, a 100bps reduction in the lending rates in Botswana, the reference rate at which banks lend to customers, a key market for the BancABC Group, put further pressure on margins, resulting in lower than expected net interest income. However, encouraging trends were witnessed towards the end of the first quarter in non-interest income as the Southern region continues to re-focus its strategy on offering improved transactional banking products to clients and increasing non-funded or less capital intensive revenue lines. Expenses were in-line with budgeted expectations with an unrelenting focus on achieving further operational efficiencies.

The focus on using technology as a key differentiator in delivering banking products and services to the markets in which the Company operates is intensifying. A portal for online banking to clients as an enhanced product offering is currently being tested in the Southern region, with another foreign exchange transactional portal in the pilot phase. Both are earmarked to "go live" early in the second half of 2015.

West Segment

The West segment consists of Atlas Mara's current 31% stake in UBN. In line with IFRS, the effective 9% investment in UBN held thru ADC was accounted for on a fair value accounting method. The directly held 22% shareholding has been accounted for on an equity method basis. UBN's net revenue has increased by 20% compared to the first quarter of 2014, despite increasing cash reserve requirements and broad market liquidity pressures.

Reported expenses in Q1 2015 at UBN remained relatively flat compared with the prior year as a result of rigorous expense management. During the period ending 31 March 2015, UBN reported improved trading results against a well-managed currency exposure position. The ongoing regulation of Nigerian banks' open foreign exchange positions and the temporary moratorium on foreign exchange forward transactions imposed by the Central Bank of Nigeria are expected to impact negatively on trading income during Q2.

During the period, UBN's total assets increased by 4% to approximately \$4.8bn, mostly due to positive growth in net loans and advances of 16% since December 2014 to approximately \$1.8 billion as at March 2015. Customer deposits also showed a positive growth trajectory to \$2.7 billion or 6% since year-end. However, liquidity pressures in the market resulted in an increase in the cost of funds with the increase in the deposit balance not as visible in the net margins as projected. Similar to the Southern segment, UBN is focused on repositioning its balance sheet and lowering its cost of funding.

East Segment

The East segment consists of BRD Commercial and BancABC Tanzania. During the course of the first quarter of 2015, BRD Commercial made solid progress with the execution of its strategic plan and commencement of its operations. Although the business, having been carved out of BRD, the Development Bank of Rwanda, is still early in its maturity, progress is positive and the operations performed in-line with budgeted expectations. The cost of funds remain a key lever to improve net profitability for the bank. Non-performing loan trends remain below industry averages. Significantly, on 27 April 2015, Atlas Mara announced that it is in exclusive discussions to invest approximately \$22.5 million in Banque Populaire du Rwanda ("BPR"), which, if successfully concluded, will result in Atlas Mara owning 45% of BPR. Following this transaction, Atlas Mara intends to merge BPR with BRD Commercial. Atlas Mara also intends to purchase applicable secondary shares from local shareholders, which would result in the Company having a controlling stake of over 70% in the combined entity. The combined institution would, subject to completion of the proposed transactions, be Rwanda's largest bank by branch locations and second largest bank by assets, with combined assets of approximately \$305 million.

BancABC Tanzania reported a loss during the first quarter of 2015, but, following the equity injection made by Atlas Mara at the end of last year and execution by the new BancABC Tanzania management team of a refined business strategy, the operations are beginning to demonstrate positive traction.

Corporate / Consolidation

At the Atlas Mara corporate center, a reduction in operating expenses versus the comparative Pro Forma period is mainly due to a reduction in transaction-related expenses (i.e., various merger and acquisition-related expenses) and the non-recurrence of the Company's start-up expenditures. Costs at the corporate center during Q1 2015 include ca. \$4.7 million of operational expenses at the Atlas Mara Limited level, ca. \$1.9 million of transaction-related expenses, ca. \$1.4 million of foreign exchange losses and ca. \$1.0 million of expenses at ADC. The Company remains vigilant regarding corporate center costs and the relative scale of these costs versus the overall organization.

Q1 2015 Segmental Results – 31 March 2015 (Unaudited)

Statement of Income /(Loss)	Geographic / Regional focus				
	Reported Results	West	East	Southern	Corporate/ Consolidation
	31.03.15 \$'m	31.03.15 \$'m	31.03.15 \$'m	31.03.15 \$'m	31.03.15 \$'m
Net interest income	20.1	-	2.1	20.7	(2.7)
Non-interest revenue	24.2	-	0.4	19.3	4.5
Total income	44.3	-	2.5	40.0	1.8
Impairments	(5.1)	-	(0.3)	(4.8)	-
Net income from associates	5.2	5.2	-	-	-
Total operating income	44.4	5.2	2.2	35.2	1.8
Operating expenses	(42.8)	-	(4.7)	(28.8)	(9.3)
Profit / (Loss) Before Tax	1.6	5.2	(2.5)	6.5	(7.5)
Taxation	(1.3)	-	(0.1)	(1.8)	0.5
Profit / (Loss) Loss After Tax	0.3	5.2	(2.6)	4.7	(7.0)
Non-controlling interests	0.2	-	0.5	-	(0.3)
Ordinary shareholders	0.5	5.2	(2.1)	4.7	(7.3)

Financial Position	Reported Results	West	East	Southern	Corporate/ Consolidation
Assets	2 568.7	8.3	259.3	1 693.3	607.8
Cash and short term funds	431.5	-	58.5	327.6	45.4
Trading and other financial assets	200.7	-	48.9	138.4	13.3
Loans and advances	1 243.1	-	135.1	1 096.4	11.4
Intangible assets and goodwill	147.8	-	1.0	9.4	137.4
Investment in associates	381.5	8.3	-	0.7	372.5
Other assets	164.1	-	15.8	120.8	27.5
Liabilities	1 914.8	-	222.4	1 590.1	102.3
Deposits	1 518.1	-	209.3	1 292.1	16.7
Borrowed funds	295.6	-	17.6	208.4	69.6
Disposal groups held for sale	1.1	-	-	-	1.1
Derivative liabilities	6.3	-	2.6	3.2	0.5
Other liabilities	93.7	-	(7.1)	86.4	14.4
Total equity	653.9	8.3	36.9	103.2	505.5

Performance measures

Net interest margin	3.1	-	3.3	5.2	-
NII as % of total income	45.4	-	85.3	51.8	-
Credit loss ratio	1.6	-	0.9	1.7	-
Loan to deposit ratio	81.9	-	64.6	84.9	-
Provision adequacy ratio (NPL)	40.0	-	42.1	39.3	-
Impairment as % of gross loans and advances	4.9	-	4.2	10.5	-

Share Repurchase Program

At a Board of Directors meeting on 11 May 2015, the Board approved the renewal of the Company's authority to repurchase up to 10% of its issued share capital. Atlas Mara is engaging with advisors in connection with the execution of a share repurchase program and will inform the market as and when appropriate.

Outlook

Atlas Mara remains confident that the 2015 full-year results will exceed the adjusted Pro Forma profit of \$7.2 million for 2014 as reported on 25 March 2015. Additionally, the Company's medium-term guidance, as presented in its 2014 year-end results and Annual Report, remains unchanged, particularly with respect to the intention to achieve loan and deposit growth greater than 1.5x GDP, a 60-65% cost to income ratio, ca. 20% return on equity and ca. 2% return on assets.

In-line with its stated strategy, Atlas Mara continues to evaluate acquisition opportunities in order to build scale and expand its geographic presence. In connection with its prospective pipeline, the Company also continues to evaluate external financing opportunities.

The bridge analysis below provides more granular, albeit highly indicative, detail with respect to the expected contributors to Atlas Mara's financial performance going forward.

Return on Equity as at Q1 2015 **0.3%**

2015-2018 Return on Equity – Illustrative Drivers of Expansion

Organic Growth

Protect:

Enhanced Credit Lifecycle Management	3%
Operational Efficiencies	3%
Reduction in Funding Costs	4%

Grow:

Identified Cross-Selling Initiatives	2%
Customer and Product Expansion	1%
Growth in Risk Assets	2%

Sub-Total **14%**

Acquisitions

Bolt-ons in existing markets (including synergistic benefits)	4%
New Markets	2%
Sub-Total	6%
 Illustrative Return on Equity (2018E)	 20%

Forward Looking Statement and Disclaimers

This announcement does not constitute or form part of any offer or invitation to purchase, otherwise acquire, issue, subscribe for, sell or otherwise dispose of any securities, nor any solicitation of any offer to purchase, otherwise acquire, issue, subscribe for, sell, or otherwise dispose of any securities.

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