

Atlas Mara Limited

Q1 2016 Update

Focused on Execution



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BPR Rebranding World Economic Forum, Kigali



Financial Results



Summary Overview: March 2016 YTD

Revenue

USD 51.9m

2015 CC: up 30.3%

Loans and advances

USD 1,339m

2015 CC: up 18.6%

Countries of operation

7

(1)

Credit impairments

USD 8.5m

2015 CC: up 72.5%

Deposits

USD 1,628m

2015 CC: up 19.8%

Total physical locations

641

Net profit (Operating)

USD (2.0m)

2015 CC: USD 9.0m

Total equity

USD 644.6m

Dec 2015: USD 625.5m

ATMs

>1000

Net profit

USD (6.7m)

2015: USD 0.5m

Net book value per share

USD 9.01

Dec 2015: USD 8.94

Customers

>2.5m

Summary Results: March 2016 YTD

USD'm	2016	2015	Variance	
	Actual	Actual	USD'm	CC %
Total Income	51.9	44.3	7.5	30.3%
Provision for credit losses	(8.5)	(5.1)	(3.4)	72.5%
Total expenses	(51.7)	(30.7)	(21.0)	47.4%
Income from associates	6.9	5.2	1.8	60.9%
Adjusted operating profit before tax	(1.4)	13.8	(15.1)	>100%
Adjusted net operating profit	(2.0)	9.0	-11.0	>100%
M&A transaction expenses (staff costs and oper.	(6.0)	(10.4)	4.4	
One-off expenses and consolidation entries	0.1	(1.7)	1.9	
Reported profit before tax	(7.2)	1.6	(8.8)	
Reported ATMA net profit / (loss) after tax	(6.7)	0.5	-6.5	
Reported cost to income ratio	110.9%	96.6%		
Adjusted cost to income ratio	99.7%	69.2%		
Reported return on equity	(4.1%)	0.3%		
Adjusted return on equity	(0.3%)	1.4%		
Reported return on assets	(1.0%)	0.1%		
Adjusted return on assets	(0.1%)	0.3%		

□ What drove our underperformance?

- Full impact from FX translation due to weakness of African currencies versus a stronger US Dollar in the second half of 2015
- Credit provisions taken in Zimbabwe against specific corporate loans
- M&A and one-off costs where the benefit from spend follows later

Reversing Q1 underperformance



Six focus areas:

We have detailed execution plans to implement the following:

- ❑ **Deliver revenue projects**
 - Build out transactional banking, point of sales, agency banking and other projects

- ❑ **Reduce costs**
 - Target a meaningful cost reduction in each country in Southern/Eastern regions

- ❑ **Manage Impairments**
 - Enhance end to end credit risk management across all operations
 - Target a reduction in the credit loss ratio
 - Improve NPL recovery and collections (teams, incentives, management)

- ❑ **Deliver key governance projects**

- ❑ **Continued expansion of digital initiatives**

- ❑ **Reduce Cost of Funds**
 - Reduce cost of funds through liability campaign, source incremental DFI and non-institutional funding

2016 – Continuing to Build for the Future

□ Our Focus:

- We are building a high-performance **results-focused culture across all of the operating banks**
- We are looking to **deliver growth in a controlled fashion**, being mindful of economic uncertainties
- We continue to **improve risk management and governance** processes and controls
- We are focused on quality of service as a differentiating factor to **build brand equity** across our markets, with “part of Atlas Mara” being rolled out across our acquired platforms
- We will continue to execute our **funding strategy to support our growth** and to reduce the cost of funds to the bank
- We are investing to deliver improved **technology platforms and a differentiated digital strategy** through innovative and disruptive market share growth strategies
- **Focused cost management** initiatives being implemented, while also investing for growth

□ Outlook for 2016:

- Our **medium-term guidance remains unchanged**, with all of the previously communicated targets still in place
- We expect our 2016 full-year results to exceed the reported profit of \$11.3 million for 2015* but we recognize that weaker African currencies and a more challenging economic backdrop provide meaningful headwinds to this outcome

* Excluding any revaluation of intangible assets or goodwill

Appendix – UBN Q1 Results



Summary Overview: UBN (Bank) March 2016 YTD

	USD'm		NGN'm		
	2016	2015	Q1 2016	Q1 2015*	Var %
Gross earnings	134	137	26,600	26,597	0.0%
Net interest income	73	63	14,433	12,168	18.6%
Non-interest revenue	28	46	5,579	8,972	-37.8%
Total income	101	109	20,012	21,140	-5.3%
Credit impairments	(6)	(12)	(1,131)	(2,430)	-53.5%
Operating expenses	(72)	(71)	(14,225)	(13,774)	3.3%
Profit before tax	23	13	4,656	2,515	85.1%
Profit after tax	23	13	4,610	2,486	85.4%
Loans and advances to customers (Gross)	1,931	1,888	383,596	375,588	2.1%
Total assets	5,101	4,809	1,013,387	956,754	5.9%
Equity	1,156	1,063	229,622	211,587	8.5%
Deposits due to customers	2,956	2,711	587,236	539,433	8.9%
Total Liabilities	3,945	3,745	783,765	745,167	5.2%
Net interest margin	9.4%	8.7%	9.4%	8.7%	
Credit loss ratio	0.3%	0.6%	0.3%	0.6%	
Cost to income ratio	71%	77%	71%	77%	
Return on equity	8.1%	4.8%	8.1%	4.8%	
Return on assets	1.9%	1.8%	1.9%	1.8%	
Loan to deposit ratio	65%	70%	65%	70%	
Non performing loans ratio	6.9%	6.0%	6.9%	6.0%	
Capital adequacy ratio	15.4%	15.2%	15.4%	15.2%	
Liquidity ratio	45%	37%	45%	37%	

* Excludes one-time gain on sale of subsidiaries: Q1' 16 - Nil; Q1 '15 - ₦2.4bn

- As communicated by UBN to the market on 25 April 2016, the Bank reported an increase in year-on-year profits for the three months ended 31 March 2016 by 85.4% in Naira terms (excluding gains on subsidiary disposals).
- Net interest income reflect improved yield on earning assets and lower cost of funds.
- Operating expenses show an expected increase of 3% due to impact of budgeted investments in technology and network infrastructure.
- In the face of continued macroeconomic uncertainty, the Bank maintains a cautious approach to customer loan growth in targeted sectors of the economy.
- Deposit growth reflects growing customer confidence in the re-energised brand of UBN.
- NPL ratio of 6.9% reflects the impact of the persistent difficult economic conditions on customers. The Bank expects reduction in NPLs with reduced levels of impairment losses as a result of improved recovery and credit monitoring processes.
- Management's expectation for the full year 2016 is positive with continued focus on execution, growth, innovation and positioning.

Reshaping African Banking.

