

Reshaping African banking.

Financial highlights 2015

Revenue (US\$)

\$205m +62.7%

2015	\$205m
2014 CC¹	\$126m

Net profit (US\$)

\$11.3m +>100%

2015	\$11.3m
2014	\$(47.8m)

Operational earnings per share (US\$)

\$0.34 +>100%

2015	\$0.34
2014	\$(1.02)

Credit impairments (US\$)

\$12m -62.2%

2015	\$12.0m
2014 CC¹	\$32.7m

Note:
¹ CC represents constant currency variances, which exclude the impact of FX translation differences.

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<http://atlas Mara.com>

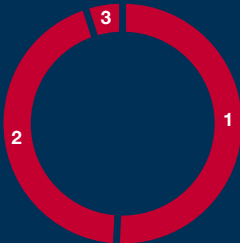


Financial facts and figures

Composition of loans and advances¹

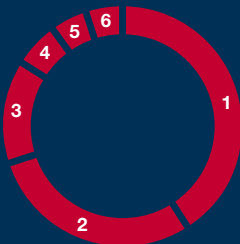
By business unit

1. Retail	51%
2. Wholesale	44%
3. SME	5%



By country

1. Botswana	41%
2. Zimbabwe	29%
3. Mozambique	14%
4. Zambia	6%
5. Rwanda	5%
6. Tanzania	5%



Loans and advances (US\$)

\$1,229_m

2014 CC: US\$1,010_m +14.4%

Deposits (US\$)

\$1,436_m

2014 CC: US\$1,276_m +9.7%

Total equity (US\$)

\$626_m

December 2014: US\$682_m

Net book value per share (US\$)

\$8.94

December 2014: US\$9.73

Operational facts and figures²

	Southern Africa	East Africa	West Africa
Employees	1,963	1,755	2,753
Customers ('000s)	410	435	1,800
ATMs	212	115	679
Number of physical locations	131	196	314
Cities/towns ³	39	12	39
Countries	4	2	1

Notes:

- 1. Includes operations in Southern segment (Botswana, Mozambique, Zambia and Zimbabwe) and East segment (Rwanda and Tanzania) only. Excludes BPR acquisition.
- 2. The Southern segment represents operations in Botswana, Mozambique, Zambia and Zimbabwe. The East segment represents operations in Rwanda and Tanzania (includes pro forma BPR operations). The West segment represents the investment in Union Bank of Nigeria Plc ('UBN'), accounted for through the equity method of accounting as an 'associate investment' with Atlas Mara's 31.15% shareholding in UBN.
- 3. Cities and towns with population greater than 50,000 people.

Total number of customers^{1,2}

>2.5_m

Total number of employees¹

~6,500

Total number of ATMs^{1,3}

>1,000

Total number of physical locations¹

641

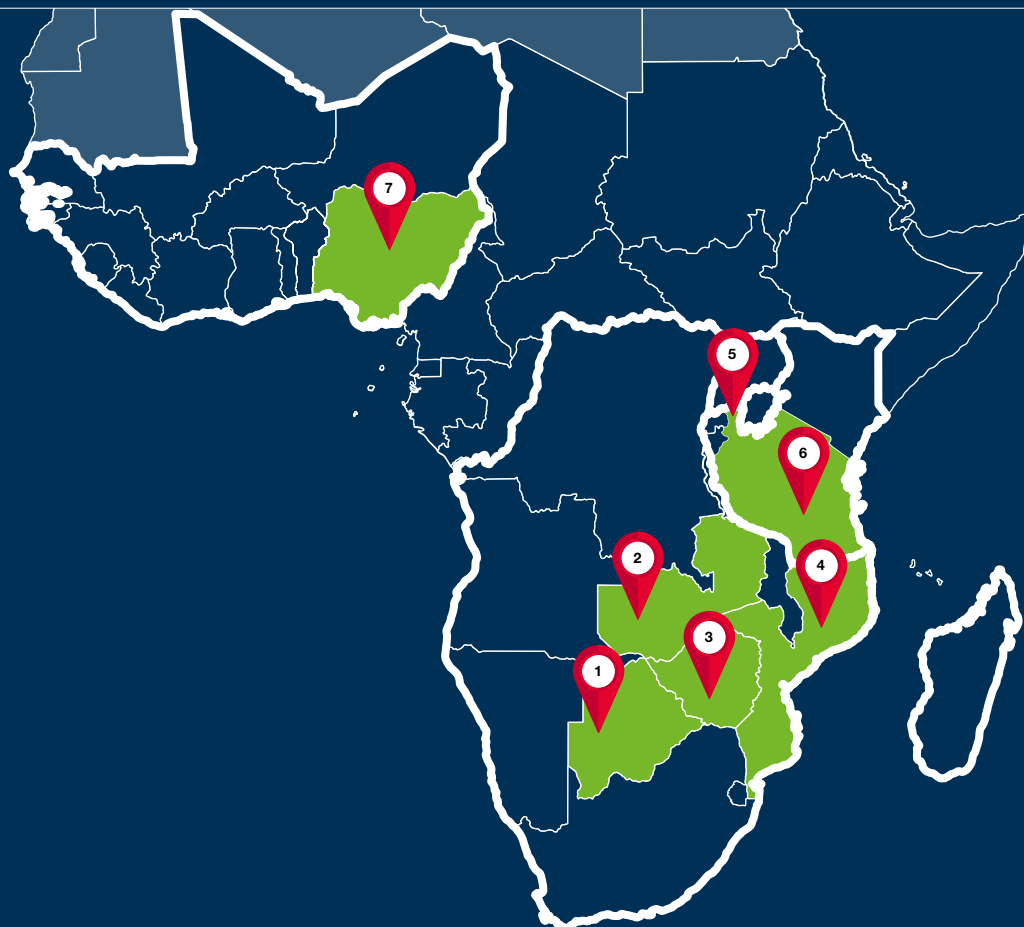
Total number of acquisitions since 2014

5

Notes:

- 1. Includes UBN (even though it is not consolidated).
- 2. Active customers.
- 3. Statistics include BPR and totality of UBN's operational footprint (Atlas Mara owns 31.15%, which is accounted for as an investment in associate shareholding in UBN).

Overview of our footprint in three trade blocs in Africa



	Southern African Development Community ('SADC')				East African Community ('EAC')		Economic Community of West African States ('ECOWAS')
	1	2	3	4	5	6	7
	Botswana	Zambia	Zimbabwe	Mozambique	Rwanda ¹	Tanzania ²	Nigeria ³
Number of cities/towns ⁴	5	13	14	7	10	2	39
Number of physical locations	9	26	23	10	192	4	314
Number of ATMs	10	21	33	11	108	7	679
Number of customers ('000s)	72	117	40	28	394	41	1,800
Number of employees	258	258	380	253	1,627	128	2,753
Loans and advances \$m ⁵	514	101	328	126	52	66	1,644
Customer deposits \$m ⁵	606	142	320	204	46	127	2,706
Position in market ⁶	5th	9th	3rd	14th	2nd	17th	12th

Notes:

1. Rwanda operational footprint parameters include BPR operations.
2. Branch footprint in Tanzania does not take into account agreement with the Tanzanian postal agency to set up agency banking in all of their post offices across the country, thus potentially increasing the BancABC Tanzania footprint from four branches to 199 outlets.
3. Nigeria operational footprint parameters represented by UBN total operations in country.
4. Cities and towns with population greater than 50,000 people.
5. Loans and advances. Customer deposits do not include BPR transactions.
6. Ranked by total assets (includes BPR in Rwanda).

Sources:

Atlas Mara, BPR Regulatory Submission documents, UBN management reports and annual reports, FY audited financials of BPR, Central Banks annual reports, Capital IQ.

Reshaping African banking. Driving change and creating opportunity.

Who we are

Atlas Mara is a London-listed financial services group focused entirely on sub-Saharan Africa. Our goal is to become sub-Saharan Africa's premier financial institution by building an innovative, customer-centric group that provides wholesale and retail finance services to corporations, small- and medium-sized enterprises ('SMEs') and individuals. We have raised more than \$900 million of equity and debt financing, have announced six acquisitions during the past 24 months and have hired a highly-talented team of passionate, motivated professionals with extensive experience in African banking.

We support economic growth and strengthen the financial systems in the countries in which we operate. We aim to be present in 10-15 countries with attractive fundamentals where we can be a scale participant. We are focused on creating value for our shareholders.

What we do

We have a three-phase model for executing our strategy: Buy (executing acquisitions), Protect (safeguarding our assets and ensuring the platform is 'fit for growth') and Grow (leveraging talent, technology and capital across our asset base). Atlas Mara maintains a high operational tempo – these phases run in parallel across our operating banks. We are continually focused on sharing best practices and driving synergies across the Group.

We concentrate on serving our customers' financial services needs and exceeding their expectations. We are focused on specific segments of the corporate and retail markets where we can offer differentiated products and services, particularly for 'national champions' and the retail 'mass' segment. We want to be a 'positively disruptive force' in the markets in which we operate by harnessing technology and our collective experience running first-tier financial institutions. We invest significant time, effort and capital in credit processes, compliance, and information technology to ensure that we grow our business in a responsible and sustainable manner.

Where we operate

We currently have operations or investments in seven sub-Saharan African countries (Botswana, Mozambique, Nigeria, Rwanda, Tanzania, Zambia and Zimbabwe) and in the three leading trading blocs (Southern African Development Community ('SADC'), Economic Community of West African States ('ECOWAS') and the East African Community ('EAC')).

Continuing to invest and build our business in Africa.

Without a doubt, Africa has faced several challenges during the past year. The slower pace of economic growth in China (reducing its demand for raw materials), the related fall in oil and other commodity prices, discouraging incidents of terrorism, selected areas of political instability and depreciating African currencies are all cause for concern. However, despite these near-term headwinds, we remain optimistic regarding Africa's prospects and we are investing and building for the long term.

We would note the resilience of numerous sub-Saharan African economies, particularly those that import oil; the historic presidential election in Nigeria last March that represented the first time an incumbent president had lost re-election and a peaceful transition of power; the ongoing emergence of talented, world-leading technology entrepreneurs emanating from the continent; continued discoveries and development of significant oil and gas reserves; as well as the ongoing recognition amongst democratically-elected African governments of the need to eradicate corruption and support growth and investment.

The significant opportunities for us as a financial services group remain unchanged. Given the fundamentals summarised below and discussed more fully on the following pages, as well as the ongoing low levels of financial inclusion in sub-Saharan Africa and the continued retrenchment of established multi-national financial institutions from the continent, there is significant untapped potential for growth for a group as nimble and focused as Atlas Mara.

Long-term fundamental growth drivers remain firmly intact across the continent. Africa:

- has a young, large and growing population which is rapidly urbanising;
- is home to some of the world's fastest growing economies;
- is witnessing improvements in governance and the 'ease of doing business', as governments vie to attract investment;
- has an increasingly technologically savvy population who are willing to leapfrog traditional channels to access services; and
- continues to integrate regionally, thus creating sustainable internal markets, as opposed to being beholden solely to export-driven models.

In last year's Annual Report, we highlighted the opportunity across the continent, as a whole. This year's Annual Report provides insight into Africa's increasingly integrated regional economic trading blocs and Atlas Mara's position within them.

We believe firmly in the adage that Africa's future should be based on 'trade, not aid' and, to this end, we believe that a trading bloc-focused strategy, such as ours, is consistent with our mantra of 'doing well and doing good'.



Bob Diamond
Founder Director



Ashish J. Thakkar
Founder Director

**In this section we
look in detail at:**

04 Africa. Still rising.

**10 Southern African
Development
Community.**

12 East African Community.

**14 Economic Community
of West African States.**

Africa. Still rising.

Home of several of the fastest growing economies in the world.

Sub-Saharan Africa ('SSA')

A continent of growth.

A number of African economies face headwinds in 2016. Lower oil prices and market concerns over currency depreciation have weighed on Nigeria in the West while the South, despite being a net oil importer, has been facing a period of extended drought. Lower commodity prices have also had a negative impact on certain economies such as Zambia and Angola. This has dimmed investor enthusiasm towards the 'Africa rising' theme, but we believe the long-term thesis for structural growth remains intact.

Growth rates across the continent are expected to continue to outstrip those of a number of developed and developing economies elsewhere. Of the 70 fastest growing economies across the globe, 20 of these are expected to be in Africa in the period to 2024. And of these 20 high-growth economies, Atlas Mara operates in five of them (currently).

We believe that the longer-term structural growth story is underpinned by:

Demographics

Africa is forecast to deliver over half the increase in global population expected by 2050. By 2100, Africa's population is anticipated to double and double again. At a time when much of the developed world is wrestling with ageing populations, rising post-retirement healthcare costs, the burden of unfunded pension commitments and workforces that are in structural decline, Africa's working population is expected to continue to expand.

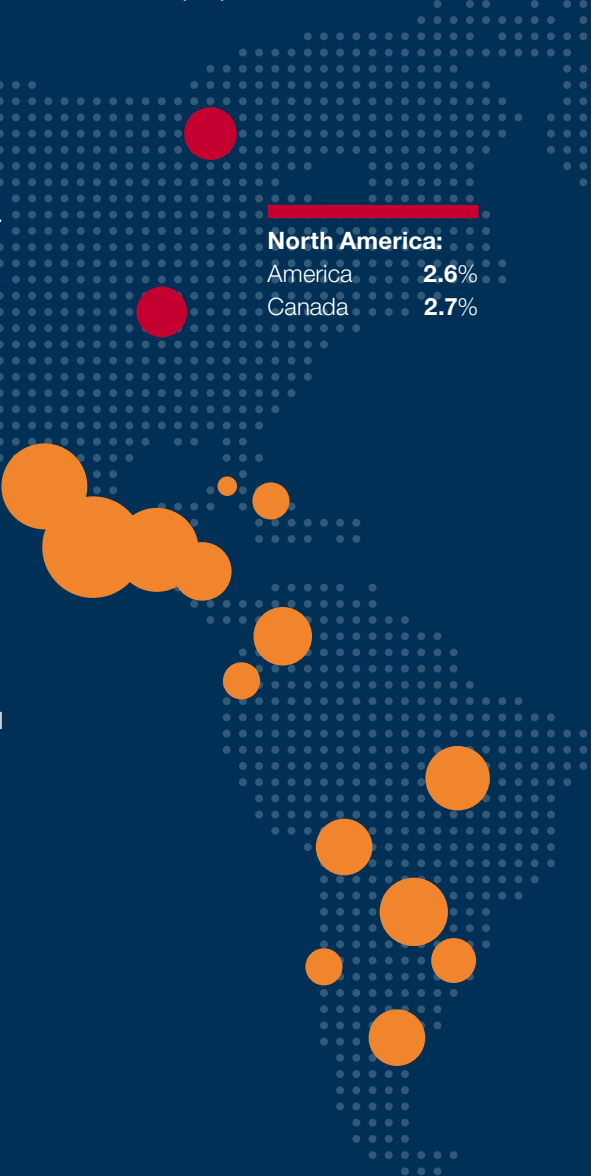
Growth in the middle class

Africa's urbanisation rate is comparable to China's and significantly ahead of India's. Globally, Africa is expected to be the fastest urbanising region between 2020 and 2050. This, in turn, should drive increased demand for financial services. The African Development Bank ('AfDB') considers around a third of the population across Africa as middle class with a daily spend of between \$4 and \$20. By 2060, the AfDB forecasts that the population meeting this criteria will have increased by an additional billion consumers.

Financial inclusion and technology driving structural change in financial services

Credit penetration remains low across sub-Saharan Africa. Only a third of the adult population currently enjoys access to a bank account. Digital technologies offer scope for a fundamental change in the way financial services are provided to consumers across Africa. For example, in 2011, only 42% of Kenyans had access to bank accounts but, by 2014, 85% of the population had used mobile money as a means of making transfers with payments of ca.\$23 billion (42% of GDP) undertaken via mobile during 2014. In Tanzania, Uganda and Zimbabwe, mobile money accounts are more prevalent than traditional bank accounts. Many African countries were able to avoid the need for fixed landline telecom infrastructure and moved straight to mobile phones. Technology will also allow Africa to leapfrog legacy high cost branch-based financial services through the adoption of digital financial services over the next few years.

Predicted economic growth rate annually to 2024 (%)



Latin America:

Argentina	2.9%	Guatemala	5.2%
Bolivia	2.9%	Honduras	4.3%
Brazil	3.3%	Jamaica	1.9%
Chile	1.9%	Mexico	4.4%
Columbia	3.0%	Nicaragua	3.0%
Cuba	1.0%	Paraguay	3.5%
Ecuador	1.9%	Uruguay	2.3%

Source: <http://atlas.cid.harvard.edu/rankings/growth-predictions-list/>

Europe:

Austria	1.7%	Greece	2.9%	Netherlands	2.6%	Spain	3.5%
Belgium	2.6%	Hungary	3.3%	Norway	1.7%	Sweden	2.7%
Denmark	2.5%	Ireland	3.1%	Poland	3.3%	Switzerland	3.1%
Finland	3.1%	Italy	1.8%	Portugal	3.1%	Turkey	4.7%
France	2.8%	Latvia	2.8%	Romania	3.5%	UK	3.2%
Germany	0.4%	Lithuania	3.0%	Russia	2.0%		

Middle East:

Israel	4.1%	Saudi Arabia	2.2%
Jordan	4.8%	UAE	2.2%
Lebanon	3.0%		

Africa:

Botswana

1.4%

Nigeria

3.1%

Mozambique

4.6%

Zimbabwe

4.9%

Zambia

5.6%

Tanzania

6.0%

Angola	2.4%	Libya	1.0%
Cameroon	4.4%	Madagascar	5.8%
Democratic Republic of the Congo	2.9%	Malawi	5.7%
Egypt	5.8%	Mali	4.7%
Ethiopia	4.4%	Morocco	3.1%
Ghana	3.8%	Senegal	5.8%
Guinea	4.5%	South Africa	3.7%
Kenya	6.0%	Tunisia	4.0%
		Uganda	6.0%

Asia:

China	4.3%
India	7.0%
Indonesia	4.8%
Japan	2.5%
Malaysia	4.9%
Pakistan	5.1%
Philippines	5.7%
South Korea	3.7%
Sri Lanka	3.6%
Thailand	4.7%
Vietnam	4.8%

Oceania:

Australia	1.1%
New Zealand	2.1%

Africa. Still rising. continued

Headwinds in the near term ↓

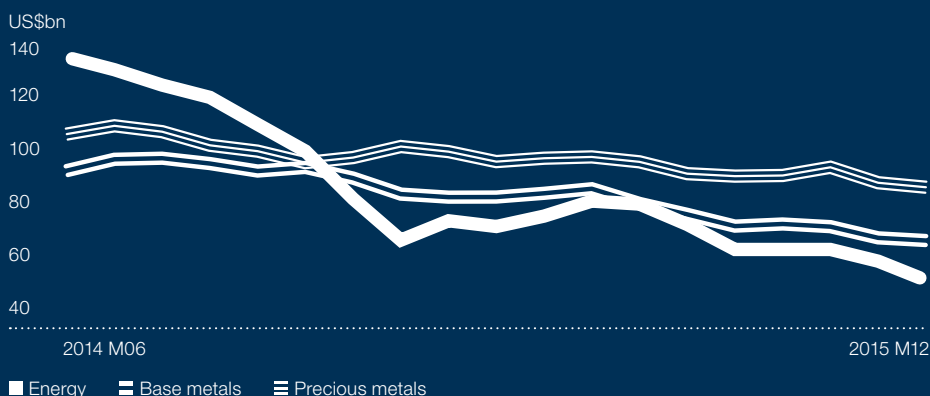
Sub-Saharan Africa is facing a challenging outlook in the near-term as some of the headwinds that emerged in 2015 are expected to continue to impact economic activity into 2016.

Variable impact across countries

The region's commodity exporters, especially oil producers (e.g. Angola, Equatorial Guinea, Nigeria, and the Republic of Congo) but also producers of minerals and metals (e.g. Botswana and Zambia), are seeing setbacks to growth. For example, the IMF's 2015 and 2016 real GDP projections for Nigeria and Zambia are 4.0% and 4.3% and 4.3% and 4.0%, respectively. While projections for Mozambique and Tanzania in 2015 and 2016 are 7.0% and 8.2% and 6.9% and 7.0%, respectively.

The end of the commodity super cycle

Commodity monthly indices based on nominated US\$, 2010=100.

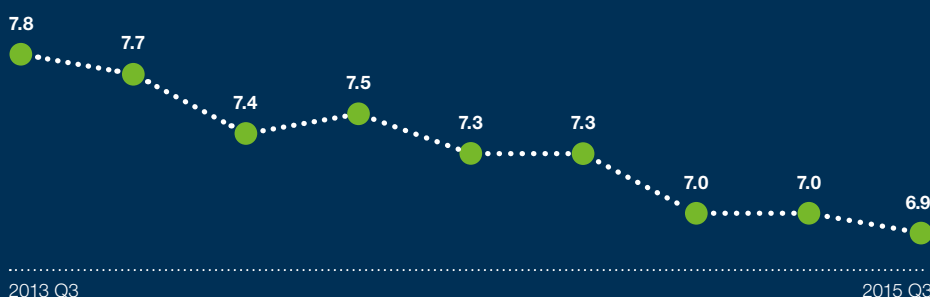


Source:

World Bank Commodity Price Data January 2016.

The slowdown of growth in China

China GDP YOY (%)

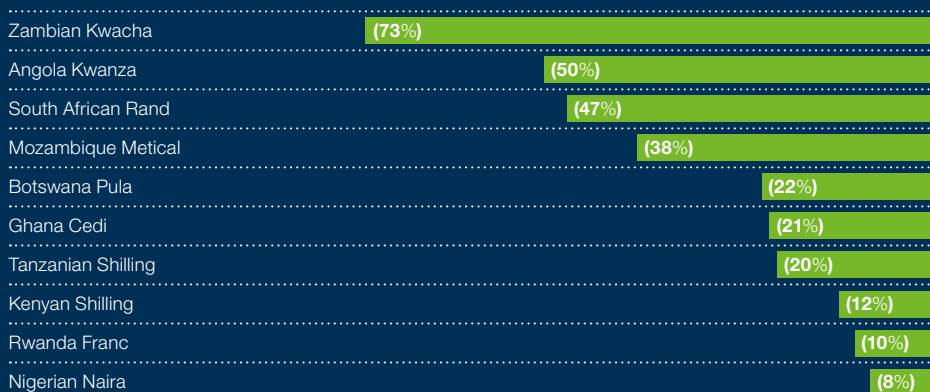


Source:

National Bureau of Statistics of China.

Pressure on local currencies

% change vs US\$ – last 12 months.



Source:

NKC Africa Economics January 2016 Weekly Report.

Fundamental growth drivers remain

The region is still home to seven of the ten fastest growing economies in the world and has a number of strong fundamentals in its favour.

Trends in demographics, urbanisation and the under-penetration of financial services across the continent are largely immune to the current macroeconomic headwinds.

Mobile subscriptions in 2015



One in three adults in East Africa are mobile money customers.

Countries using mobile money

36

Mobile money is currently in use in 36 of the 47 countries in SSA.

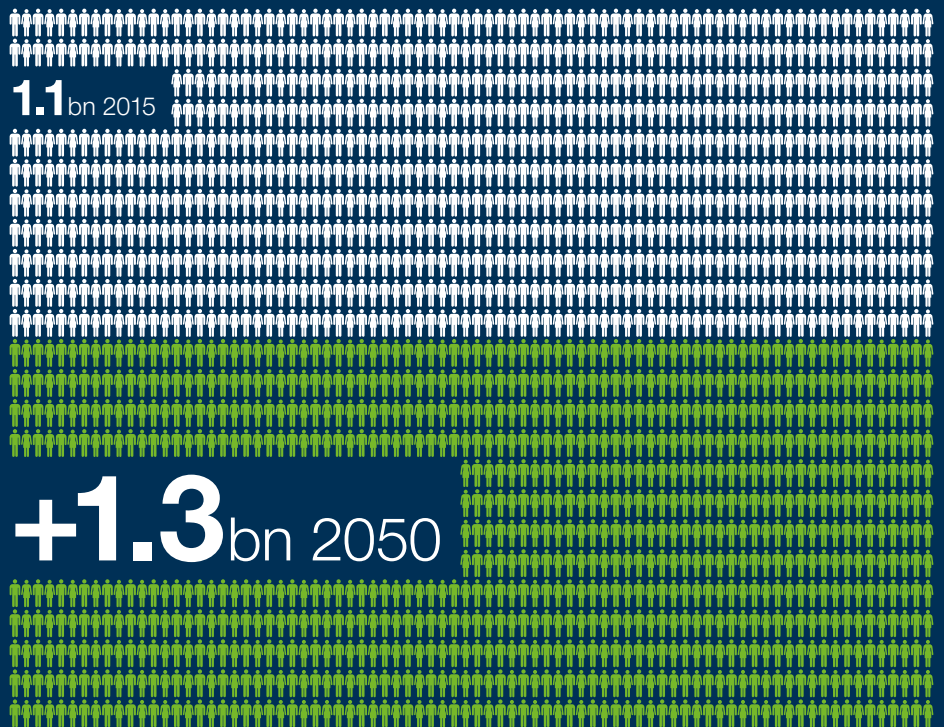
Financial inclusion



An additional 162 million people will be banked by 2020, representing 34% of the total population.

Population in 2050

Between 2015 and 2050, 1.3 billion will be added to the population in Africa.



Urban population in 2015



56%

More than half of Africa's population live in cities.



Workforce in 2050

900m

Working age population will double in the next 25 years.



Source:

IMF Outlook October 2015, EY's 2015 Africa attractiveness Survey, World Bank's Doing Business Study, International Bank for Reconstruction and Development Report.

Investment inflows in Africa set to continue

Foreign Direct Investment ('FDI')

Africa is the world's fastest-growing region for FDI, according to a 2015 report from fDi Intelligence. The service sector accounts for 45% of inward fDi (Source UNCTAD – World Investment Report 2015).

Despite recent slowdown in China's economy, during the China-Africa summit hosted in South Africa in December 2015, President Xi Jinping's pledge of \$60 billion in loans and investment signalled a renewed commitment to supporting African growth.

Private equity ('PE')

PE investment has risen sharply in Africa over the last decade with an average annual growth of 26%.

In 2015, Africa focused PE raised a record \$3.8 billion. In January 2016 US insurer Prudential Financial backed LeapFrog, an emerging markets private equity group, with \$350 million to invest in the fast-growing African insurance market.

Investors' perceptions

Africa's perceived attractiveness has risen dramatically over the last several years. According to EY's 2015 Africa attractiveness Survey, Africa is currently the world's fourth-most attractive destination for investment. 70% of respondents expect Africa to improve over the next three years.

Ease of doing business

While the perception of the ease of doing business in Africa has declined moderately in 2015 compared to 2014, the longer-term trend is still intact with the continent considerably better placed than it was in 2011 and previously. Indeed, focusing only on SSA, the World Bank's Doing Business research shows that 45 out of the 46 sub-Saharan economies they track have improved their regulatory environments for doing business since 2005.

In 2015, Africa focused PE raised a record

\$3.8bn

SSA inward FDI by sector

By business unit

- | | |
|-----------------------|-----|
| 1. Services | 45% |
| 2. Primary extractive | 35% |
| 3. Manufacturing | 20% |



Source:

World Investment Report 2015.

Foreign investments (direct and portfolio)

Largest source of capital flows to Africa.

US\$bn



Source:

African Development Bank, OECD and UNDP.

Intra African trade to grow

Africa has seen significant increases in both total trade (driven by commodities) and intra-regional trade. However, significant headroom for growth still exists, especially for intra-African trade which only accounts for 14% of Africa's total trade versus ca.52% in Asia and 72% in Europe.

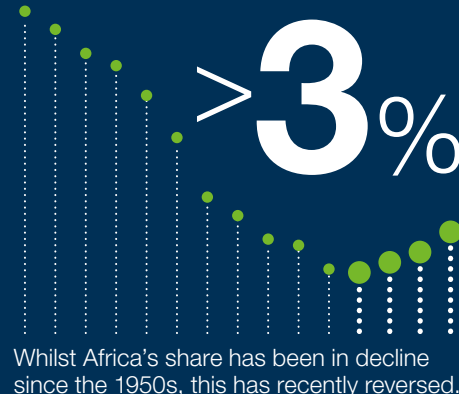
Africa's trading blocs have been an important factor in helping drive intra-African trade and, in turn, economic growth. The Tripartite Free Trade Agreement ('TFTA') agreed in June 2015 which effectively amalgamated three of Africa's main trading blocs: the Southern African Development Community ('SADC'), the East African Community ('EAC') and the Common Market for Eastern and Southern Africa ('COMESA') should provide a further step towards meaningful economic integration and increased trade. While the TFTA does not yet include Nigeria with negotiations needed to bring ECOWAS into the group ongoing, the inclusion of South Africa, Egypt, Angola and Kenya means that the zone accounts for about 60% of the continent's output.

Regional trade offers enormous opportunities for African countries to diversify their exports, pursue new opportunities for dynamic growth, increase investment, promote efficiency, and widen access to services in the domestic economy. Reducing cost, raising quality, and increasing access to key services, such as telecommunications, energy, financial, and business services, will have economy-wide impacts, as these services are often inputs into the most productive activities, including manufacturing.

Africa trade



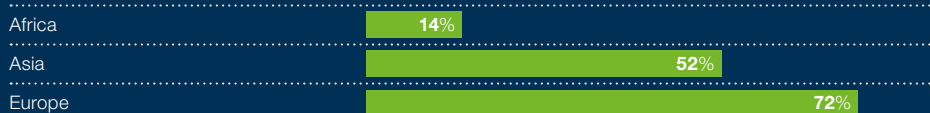
Share of global trade



Commodity share of the region's export (%)



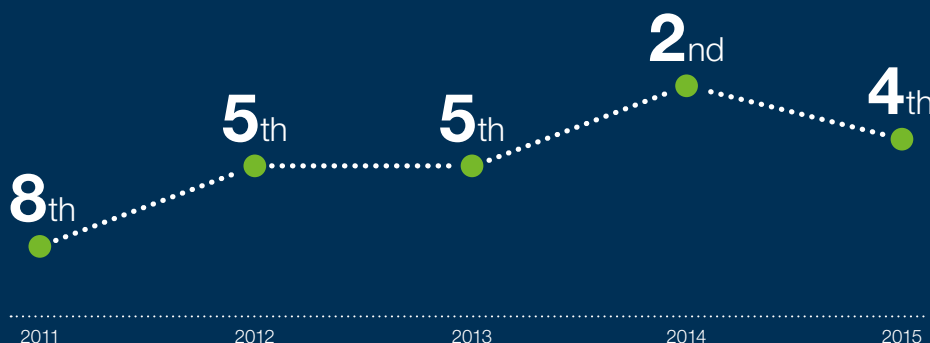
Intra region trade as a share of the region's total trade (%)



Source:

African Import Export Bank, WTO, World Bank.

Africa's relative attractiveness position



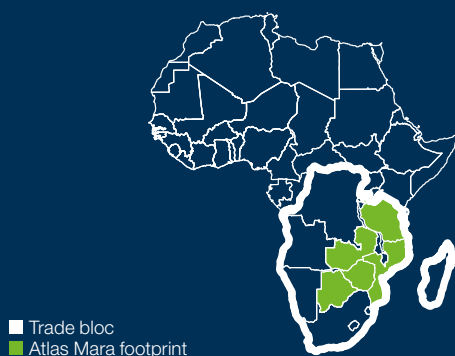
Source:

EY's 2015 Africa attractiveness survey (total respondents: 501).

Southern African Development Community ('SADC')

Markets continue to experience rapid growth.

Areas of operation



We operate in the following countries in SADC

Botswana
Zambia
Zimbabwe
Mozambique
Tanzania
(Tanzania is part of the SADC and EAC and is included in the EAC for management reporting purposes)

GDP 2015 (US\$)

\$615bn

Net profit by trade bloc US\$m

SADC	21.6
EAC	(1.9)
ECOWAS	20.1
Overall Group	11.3

Atlas Mara in SADC

Buy

The 2014 BancABC ('ABC') transaction provided Atlas Mara with a multi-country, multi-platform in Southern Africa. We currently operate in four of the 15 countries in SADC, one of which (Mozambique) is among the fastest growing countries in Africa.

Protect and Grow

Across our operations, we are running several initiatives to drive return on equity ('RoE') via operational optimisation. We launched a mobile banking platform, have undertaken a comprehensive audit process transformation project, have launched a number of innovative products and have launched the Atlas Mara brand endorsement strategy.

Trade

Since 2000, SADC has more than tripled trade. Yet regional trade has played a small role in this growth, particularly because non-tariff barriers persisted at the regional level. In a bid to redress this, in 2008, SADC launched a FTA (Free Trade Area) in which producers and consumers pay no import tariffs on an estimated 85% of all trade on goods between 11 countries. Eventually, SADC aims to form a customs union, with a view to later establish a common market, then a monetary union and eventually even introduce a single currency.

Banking in the bloc

The region's banking industry has experienced substantial growth over the last decade, particularly in less developed markets. There is a wide range of differing prospects for banking markets in the region, reflecting varying states of general economic development, political outlook and policy stances. Most markets will continue to experience rapid growth, with the possible exceptions of South Africa and Zimbabwe, though for different reasons.

For more, see the Our business model section on page 23.



General facts¹

Number of
countries

15

Population
2015

315_m

Land area

9.6
million km sq

Urban population

39%

GDP per capita

US\$ **1,952**

Working age
population

55%

GDP growth
2015-20

5.5%

Mobile
subscriptions

62
per 100 people

Financial sector²

Banking revenues 2014³ (US\$bn)

10.6

Total SSA revenue pools³ (%)

28.0

Growth in banking revenues 2014-18 (%)

17.0

Bank account (% age 15+)

27.0

Borrowed from a financial institution (% age 15+)

6.0

Credit card (% age 15+)

4.3

Mobile account (% age 15+)

13.0

Received domestic remittances in the past year (% age 15+)

37.0

Historically dominated by South Africa, future growth of the bloc is set to be driven by less developed markets such as Mozambique and Tanzania. The market is fragmented and is highly sought after by companies looking to develop into Pan-African institutions.

Share of SSA GDP in SADC

41%



Share of SSA population in SADC

34%



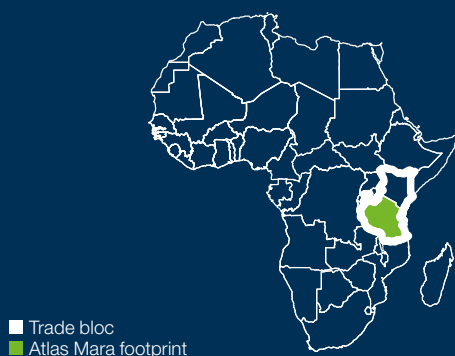
Sources:

1. IMF World Economic Outlook Report SSA – October 2015.
2. Findex Global Financial Inclusion Database.
3. Oliver Wyman.

East African Community ('EAC')

Mobile banking has leapfrogged conventional banking.

Areas of operation



We operate in the following countries in EAC

Rwanda
Tanzania
(Tanzania is a part of the SADC and EAC)

GDP 2015 (US\$)

\$146bn

Net profit by trade bloc US\$m

SADC	21.6
EAC	(1.9)
ECOWAS	20.1
Overall Group	11.3

Atlas Mara in EAC

Buy

We operate in two of the five countries in EAC, two of which (Tanzania and Rwanda) are among the fastest growing countries in Africa. The 2014 acquisition of BRD Commercial gave Atlas Mara a platform to develop operations in the EAC. This was followed by the announcement in 2015 of the acquisition of BPR which will make Atlas Mara the number two player in Rwanda. The acquisition was completed in January 2016. In Tanzania, we signed an agreement with the Tanzanian postal agency to set up agency banking in all of their post offices across the country, thus potentially increasing our footprint from four branches to 199 outlets.

Protect and Grow

While integrating Development Bank of Rwanda – Commercial ('BRD-C') into BPR, Atlas Mara is developing the retail segment by introducing new savings and lending products, revamping mortgages and introducing electronic banking. In the corporate segment, we are focused on value added corporate banking products for SMEs and opening up imports and exports and channel finance. Our base in Rwanda will be a platform for growth into the rest of the bloc.

Trade

The EAC is the most vibrant Regional Economic Community ('REC') in sub-Saharan Africa and is quickly advancing in its integration process. Significant progress has been made in the implementation of the Customs Union and Common Market; intra-EAC trade is increasing and the number of non-tariff barriers has been substantially reduced. Rwanda led the way on efforts to ease the free movement of persons and labour in the bloc by abolishing work permit fees for all EAC citizens.

Banking in the bloc

The region's banking industry accounts for 17% of SSA banking revenue pool and is set to grow at 15% p.a. to 2018. In East Africa, mobile banking has leapfrogged conventional banking. Since its launch in 2007, more than 18 million customers now use mobile phones to do banking transactions in Kenya and Tanzania. The speed of change has opened the door to a whole new generation of customers whose very first bank account is accessed purely through their phones.



General facts¹

Number of
countries

5

Population
2015

152m

Land area

1.7

million km sq

Urban population

22%

GDP per capita

US\$**956**

Working age
population

52%

GDP growth
2015-20

9.0%

Mobile
subscriptions

56

per 100 people

Financial sector²

Banking revenues 2014³ (US\$bn)

6.8

Total SSA revenue pools³ (%)

17.0

Growth in banking revenues 2014-18 (%)

15.0

Bank account (% age 15+)

33.0

Borrowed from a financial institution (% age 15+)

11.0

Credit card (% age 15+)

2.1

Mobile account (% age 15+)

38.0

Received domestic remittances in the past year (% age 15+)

51.0

The EAC brings together the economies of Burundi, Kenya, Rwanda, Tanzania and Uganda, creating a single market in terms of both intra-regional investment and being seen as a single investment destination.

With a combined GDP of \$146 billion and population of 152 million, the EAC economy is dominated by Kenya, which accounted for 41% of the bloc's GDP in 2015.

Share of SSA GDP in EAC

10%



Share of SSA population in EAC

17%



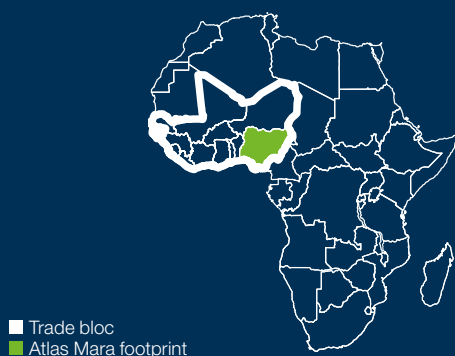
Sources:

1. IMF World Economic Outlook Report SSA – October 2015.
2. Findex Global Financial Inclusion Database.
3. Oliver Wyman.

Economic Community of West African States ('ECOWAS')

Long-term economic outlook remains strong.

Areas of operation



We operate in the following countries in ECOWAS

Nigeria

GDP 2015 (US\$)

\$634bn

Net profit by trade bloc US\$m

SADC	21.6
EAC	(1.9)
ECOWAS	20.1
Overall Group	11.3

Atlas Mara in ECOWAS

Buy

Through our 31.15% stake in UBN, Atlas Mara has a footprint in Africa's largest economy, Nigeria, and the broader ECOWAS region. Nigeria continues to represent a long-term attractive destination for investment, particularly in financial services, and our acquisition of our stake in UBN is a key facet of our strategy in the ECOWAS region.

Protect and Grow

Atlas Mara is well positioned as a banking operations-focused partner to assist in driving the growth strategy and transformation of UBN. UBN's transformation includes implementation of a redesigned focus on its retail, commercial and corporate business segments, optimisation of the branch network and implementation and migration to a new banking platform to provide a more stable operating environment to serve customers efficiently.

Trade

The total trade of ECOWAS is dominated by hydrocarbon exports. By excluding mineral exports, intra-regional trade rates increase, emphasising the degree to which minerals represent important exports and are largely bound for destinations outside the region. Intra-regional trade and ECOWAS integration has been limited by political instability, weakness of the national economies and an absence of reliable infrastructure. Nevertheless ECOWAS is the only bloc that has managed to ensure visa-free access to all its 15 member states.

Banking in the bloc

The West African banking industry is dominated by Nigerian banks which are some of the largest in the whole of Africa. McKinsey estimates that Nigeria accounts for 43% of total SSA (ex-South Africa) banking revenue pool and has forecast compound growth rates of 11% p.a. until 2018. While 2016 is expected to underperform this trajectory given the expected economic slow down (driven by low oil prices), the long-term economic outlook remains strong due to the region's sheer demographic profile.



General facts¹

Number of countries

15

Population 2015

341m

Land area

5

million km sq

Urban population

45%

GDP per capita

US\$ **1,856**

Working age population

53%

GDP growth 2015-20

5.2%

Mobile subscriptions

71

per 100 people

Financial sector²

Banking revenues 2014³ (US\$bn)

19.8

Total SSA revenue pools³ (%)

43.0

Growth in banking revenues 2014-18 (%)

11.0

Bank account (% age 15+)

31.0

Borrowed from a financial institution (% age 15+)

5.0

Credit card (% age 15+)

2.1

Mobile account (% age 15+)

6.0

Received domestic remittances in the past year (% age 15+)

40.0

ECOWAS is home to Africa's largest economy and most populous country: Nigeria. Nigeria has an economy that is over three times the size of that of the EAC trading block as a whole and has almost 20 million more people.

Share of SSA GDP in ECOWAS

42%



Share of SSA population in ECOWAS

37%



Sources:

1. IMF World Economic Outlook Report SSA – October 2015.
2. Findex Global Financial Inclusion Database.
3. Oliver Wyman.

I am confident that we have the right strategy and the right team to deliver it and build SSA's premier financial institution.



Arnold Ekpe
Chairman

As Chairman of Atlas Mara, I am pleased to introduce our second Annual Report. It has been another eventful year. The execution of our stated strategy to become sub-Saharan Africa's (or 'SSA's') premier financial institution remains firmly on-track and the drivers of long-term growth in African financial services remain intact, despite selected headwinds discussed below and our disappointing share price performance:

- In terms of expanding the platform, having made several acquisitions and/or investments in 2014 that established our footprint in seven sub-Saharan African countries across three regional economic trading blocs, Atlas Mara announced the acquisition of Banque Populaire du Rwanda Limited ('BPR') which subsequently completed in early 2016. As a result of these transactions our banks occupy top three-to-five market positions (by assets), in three of the six countries where we are the majority shareholder.
- In terms of operational enhancements, the Atlas Mara team invested significant time and effort in refining the Company's target operating model, recruiting additional senior management talent and establishing the systems and processes necessary to deliver, profitably, an expanded suite of differentiated products and services to our clients and earnings to our shareholders. John Vitalo, our Chief Executive Officer ('CEO'), will provide more colour on several of these important initiatives, such as the re-branding of BancABC, and Arina McDonald, our Chief Financial Officer ('CFO'), will elaborate upon their financial impact.
- With respect to financing our growth, Atlas Mara concluded agreements to raise \$200 million of debt financing from the Overseas Private Investment Corporation ('OPIC'), the US-based development finance institution ('DFI') (by way of its Southern African operations, BancABC), and placed a \$63.4 million convertible bond.

Strategically, the building blocks are falling into place and I fully expect that 2016 will demonstrate further progress towards the achievement of our ultimate goal.

Corporate governance

I highlighted last year that, for Atlas Mara, we view setting and maintaining a high standard of corporate governance not as a qualifier, but as a differentiator in terms of our ability to attract management, employees, customers and investors, as well as with respect to establishing and strengthening our relationships with regulators. We have assembled a senior team that compares favourably not only to the leadership of other African banks, but the leadership of financial institutions globally. Additionally, as I noted last year, I am fortunate to work with highly engaged and professional fellow Board members. As I elaborate upon later in this Annual Report, the Board of Directors has been working closely with Atlas Mara's management in ensuring that policies, procedures and standards commensurate with those of a top-tier multi-national financial institution are promulgated throughout the organisation. I am pleased with the progress that has been made to date.

Macroeconomic currents

Despite the strides Atlas Mara has made throughout 2015, the macroeconomic backdrop has not been favourable. The interplay between slowing growth in China, rising interest rates in the US, low oil prices, weak commodity prices and pressure on local currencies has tempered recent and expected growth in several of the countries in which Atlas Mara operates. Credit origination, credit quality and the translation of foreign currency earnings across several of our banks have been impacted, as a result, constraining consolidated reported margins and earnings.

As the International Monetary Fund's ('IMF's') January 2016 Regional Economic Outlook succinctly noted, 'most countries in sub-Saharan Africa will see a gradual pickup in growth, but, reflecting lower commodity prices, to rates that are lower than those seen over the past decade. This mainly reflects the continued adjustment to lower commodity prices and higher borrowing costs, which are weighing heavily on some of the region's largest economies (Angola, Nigeria and South Africa) as well as a number of smaller commodity exporters.'

However, it should be noted that there is significant variability in economic conditions across the continent. For example, while the IMF's 2015 and 2016 real GDP projections for Nigeria and Zambia are 4.0% and 4.2% and 4.3% and 4.0%, respectively, their projections for Mozambique and Tanzania in 2015 and 2016 are 7.0% and 8.2% and 6.9% and 7.0%, respectively. Atlas Mara's diversification is no doubt a benefit in this environment. I would also note that SSA's projected growth rates continue to

compare favourably with those of developed markets and that selected factors, such as low oil prices, provide useful catalysts for policy makers to effect the removal of distortive practices, such as subsidies, and take steps to diversify their economies, thus benefiting the region's long-term prospects.

SSA banking landscape

Given the macroeconomic environment, Atlas Mara intends to continue to take a prudent view with respect to credit, costs, capital and foreign currency exposure. Having worked in African financial services for more than three decades and having witnessed numerous economic and credit cycles, though, I believe that macroeconomic slowdowns, while requiring careful management, tend to create opportunities. As Atlas Mara seeks to continue to expand its platform, Atlas Mara should benefit from the following: the US dollar funding base will 'go further' in local currency terms when evaluating acquisition candidates, we anticipate a moderating of sellers' price expectations given near-term prospects and constraints (as well as generally modest competition for assets), and, as some banking groups re-evaluate their sub-Saharan African strategies, Atlas Mara should be able to proactively grow market share.

Financial results and dividends

During the year ended 31 December 2015, Atlas Mara reported a net profit of \$11.3 million, driven by significant declines in credit-related losses in our Southern African operations and ongoing improvements in operational performance in our West African operations (namely, our 31.15% stake in Union Bank of Nigeria plc ('UBN')). This represents a significant improvement from the \$63.1 million loss reported in 2014, which had reflected a number of non-recurring expenses associated with the Company's initial acquisitions.

Given our growth strategy and identified pipeline of opportunities, the Directors do not recommend the payment of a dividend in respect of the period ended 31 December 2015.

While we are pleased with our operational progress during the year, we are mindful that it was a difficult year for our shareholders given our stock price performance. Ensuring alignment between our leadership team and shareholders is a core principle at Atlas Mara. For this reason, our entire Executive Committee ('EXCO') reinvested a substantial part of their 2014 cash bonuses in stock, purchasing an aggregate 199,928 shares at a cost of ca.\$1.3 million.

For 2015, as Chairman, I have asked for my remuneration to be paid entirely in shares. All other Non-Executive Directors have agreed for their Directors' fees to be paid 50% in stock, 50% in cash and our CEO, John Vitalo, and CFO, Arina McDonald, have voluntarily agreed to forgo cash bonuses. As a consequence, their 2015 bonuses are down 50% on 2014 levels with their bonuses for 2015 taken entirely in stock.

Outlook

Irrespective of the near-term challenges, on a medium- to long-term basis, the fundamental drivers of growth in African financial services remain in place. Trends in demographics, urbanisation and the under-penetration of financial services across the continent are largely immune to the current macroeconomic headwinds. Access to financial services remains a critical means of addressing societal inequalities and the impetus for (and resulting opportunities associated with) supporting financial inclusion is unchanged.

I am confident that we have the right strategy and the right team to deliver it. As highlighted in the Operational and Financial Review later in this Annual Report, our outlook with respect to achieving, in the medium-term, top tier positions in the markets in which we operate, a 60-65% cost to income ratio, a 2% return on assets, and a 20% return on equity, amongst other measures, remain unchanged.

Acknowledgements

In closing, on behalf of the Board of Directors, I would like to thank our management and employees for all of their efforts during the past year, as well as our investors and the regulators in the markets in which we operate for their counsel and support as we continue to deliver on the promise of building sub-Saharan Africa's premier financial institution.

Arnold Ekpe
Chairman

We are building a new financial institution by acquiring businesses, attracting great talent and driving innovation in African financial services.



John F. Vitalo
Chief Executive Officer

We achieved several critical milestones on our way to building sub-Saharan Africa's premier financial institution during 2015. Although we have more work to do, the progress is exciting.

Our confidence in the thesis that existed at the time of Atlas Mara's founding is unshaken: the prospects for the growth of financial services in sub-Saharan Africa remain robust – there is scope for a newly-established financial institution with access to capital, liquidity and funding to rapidly build scale, attract talent, earn attractive returns and make a positive impact in the communities in which it operates, and in 2015 the significant steps we have made towards achieving our strategic objectives are notable.

As I highlighted in our Interim Report in August 2015, we have spent considerable time codifying the culture and values of the organisation, analysing our strategy (both in terms of our geographic and client focus), refining our operating model (the organisational structure required to manage our increasingly diverse operations), calibrating the sequencing of our main efforts, and further refining the key performance indicators against which we will measure our success. We highlight in the following sections of this Annual Report important components of our strategy, business model and target operating model with an emphasis on illustrating our 'strategy in action'.

Talent

As I highlighted in last year's Annual Report, as well as our Interim Report, to achieve our goals, it is critical that we have the right people in the right roles. The execution of our strategy requires great people and, to this end, we have proactively sought professionals with unique skill-sets who are passionate about Africa, building our business and are willing to 'run through walls' to deliver for our customers and achieve our broader corporate objectives.

Building on the recruitment successes of last year, during the course of 2015 we made several further notable hires. Michael Christelis joined us as Head of Treasury and Markets as of 1 August, having been at Barclays Africa for the previous seven years where he headed the Rest of Africa Markets. Eric Odhiambo joined us in October as Chief Risk Officer, having served in several senior risk management positions at Citibank across Africa and other emerging markets, including, most recently, as Chief Risk Officer for Turkey and 'non-presence' CIS.

More recently, in January 2016, three further senior members of the team began at Atlas Mara: Jonathan Muthige joined as Head of Human Resources, having previously been Group Human Resources Director at Pick n' Pay in South Africa and, prior to this, having served in senior human resources and operational roles at Standard Bank, Coca-Cola, Edcon and BP; John-Paul Crutchley joined as Head of Investor Relations, having been a leading sell-side analyst at various bulge-bracket investment banks for nearly two decades and, prior to that, a corporate banker at Barclays; and Chidi Okpala joined as our Chief Digital Officer, with an immediate focus on the implementation of our strategy in this key area, having previously been with Bharti Airtel, where he was, most recently, the CEO of Airtel Money across 17 African countries.

These hires are representative of the calibre of talent that we have been able to attract. We have audacious goals and are delighted that we have been able to identify and on-board like-minded individuals. Our senior management team at Atlas Mara is now effectively in place.

Execution

In addition to having the right strategy and the right people, to succeed in our mission, we need to do two things well:

- we need to buy the right banks at the right prices; and
- we need to integrate and run them well.

In this regard, our **Buy, Protect, Grow** business model, which we introduced in our Annual Report last year, provides a useful framework for highlighting our areas of focus during the past year.

For more, see the Our business model section on page 23.

Buy

As you are aware, in 2014, we made four acquisitions. We have since announced two more acquisitions. One is completed – the acquisition of a majority of Banque Populaire du Rwanda Limited ('BPR'), which we are merging with our existing Rwandan asset, BRD Commercial Ltd. ('BRD Commercial'), resulting in Rwanda's largest bank by branch locations and second largest bank by assets. We are working to close a second acquisition, Finance Bank of Zambia ('FBZ'), as soon as possible, consistent with conditions precedent being met or mitigated. FBZ will merge with our existing Zambian asset, BancABC Zambia. Upon combination, it will result in the creation of Zambia's largest bank by branch network and fifth largest bank by assets.

These transactions are consistent with our strategy of being a scale participant in the markets in which we operate. While there is significant integration work required, we remain excited by the prospects of the Rwandan market. Our evaluation of further acquisitions, both in our existing markets, as well as new geographies, remains ongoing – despite the well-recognised macroeconomic headwinds, we continue to see attractive opportunities across sub-Saharan Africa.

Protect

As I highlighted in our interim report, a core component of our business model is ensuring that, before we seek to accelerate the growth of our banks, the platform has to be fully prepared. We continue to be focused on sustainable growth, not just growth for growth's sake. To this end, we have undertaken a comprehensive series of initiatives across our Southern and East operations, particularly in the areas of credit origination, liability origination, recoveries, IT infrastructure and human resources management. We aim to inculcate a culture whereby everyone is focused on the holistic value of the customer and risk-adjusted returns on capital. To ensure that we have a competitive and differentiated product suite, lowering the cost of funds across the Group, and reducing expenses through effective process management and automation are the key levers for driving profitability upon which we are focused. As our CFO, Arina McDonald, will note in her Operating and Financial Review, we have made meaningful strides forward, particularly in relation to our banks' cost of funds and non-performing loan portfolios.

Grow

A host of growth-related initiatives have also been launched across the organisation. These have related to the execution of a series of identified cross-selling initiatives,

the development and roll-out of digital banking channels, and the identification of several agency banking opportunities that we continue to evaluate. We have included several case studies in this Annual Report to highlight recent programmes. We look forward to keeping you apprised of these and related projects, especially those that we view to be 'positively disruptive' in the markets in which we operate.

Branding

As announced in connection with our half-year results, we launched a brand endorsement strategy across BancABC wherein 'part of Atlas Mara' with the Atlas Mara logo now appears on all BancABC communications, from billboard signage to chequebooks. A similar endorsement strategy will be considered in connection with our other acquired operations. The preservation of our banks' existing brand equity combined with the benefits of being affiliated with the larger Atlas Mara Group is consistent with our stated objective to combine the best of local and global capabilities. Thus far, the results of our re-branding efforts have been very encouraging with tangible evidence of the impact as seen in the growth in deposits (in local currency terms).

Financing

Access to capital and funding underpins our strategy and business model. To this end, two initiatives are particularly notable. As referenced by Arnold, in August 2015, we announced that the Board of Directors of OPIC had approved \$200 million in funding for Zambia, Botswana and Mozambique. This funding will enable BancABC to scale up lending to SMEs, increase financial inclusion, launch enhanced mobile banking efforts and, importantly, provide scope for acquisition funding. This financing is a major milestone in the execution of our DFI engagement strategy and efforts to reduce the cost of funding across our operations. In October 2015, despite very difficult market conditions, we closed a \$63.4 million 8% Senior Secured Convertible Bond subscribed to by both existing ordinary shareholders and new investors, demonstrating ongoing confidence and interest in the Atlas Mara story. We recently followed this offering with a further placement of \$17.4 million of these bonds, to bring the total issue outstanding to approximately \$81 million.

Shareholder returns and management alignment

While we are pleased with the progress we have made towards building our operating platform in 2015, we recognise that this has yet to be translated into adequate returns for our shareholders. The sharp decline in our share price during 2015 has been disappointing.

From a macro perspective, global markets are clearly in a more challenging place than when we initially raised capital. We recognise that our results for 2015 have been negatively impacted by our investment in building the Group. We are acutely conscious of the need to manage the balance between making investments and delivering returns. 2015 saw Atlas Mara move from an embryonic stage towards having the capability and capacity to operate the scale of banking group to which we aspire.

Although the cost-to-income ratio for 2015 is higher than we would like to see, it has been lifted by investments in the talent and infrastructure required to deliver our medium-term objectives. In addition to being focused on costs, we remain confident that, as the business grows and our revenue base broadens, there will be a significant reduction in the cost-to-income ratio and a commensurate increase in returns.

Finally, while our share price performance over 2015 has been broadly in-line with African peers (when looked at in US dollar terms), we recognise shareholder frustrations. I would highlight the fundamental importance to me of ensuring that the senior management team's (including my) interests are aligned with our investors'. Not only has the senior management team continued to purchase Atlas Mara ordinary shares for its own account over the past year, but, in terms of annual remuneration, in collaboration and consultation with the Remuneration Committee and the broader Board, the proportion of share-based compensation has increased and the cash proportion has decreased. Additionally, it is important to note that a significant portion of the aggregate investment in Atlas Mara by the senior management team, including me, when we joined was undertaken at share prices at or close to the original IPO price.

We are very focused on improving earnings and returns in order to justify and deliver stronger share price performance.

Conclusion

We are working tirelessly to deliver on our stated goals. The progress that we have seen to date would not have been possible without the commitment and dedication of our management and employees, the support from the regulators in the countries in which we operate and our investors, and, importantly, the trust vested in us by our customers. I would also like to thank our Co-founders and the Board for their engagement and counsel.

We welcome your continued engagement.

John F. Vitalo

Chief Executive Officer

Our strategy is to create sub-Saharan Africa's premier financial institution and to become the partner of choice for customers, employees and investors.

Strategic priorities and progress

01.

Achieving a top five (or top tier) position in the markets in which we operate

What it means

This strategic objective is driven by a recognition that profit pools in sub-Saharan African banking are often dispersed, whereby larger institutions with scale and advantageous funding costs attract more creditworthy customers and are able to innovate dynamically, while smaller institutions with less competitive funding costs are forced to accept a higher risk tolerance to participate in the market. Recognising these market characteristics, we intend to consolidate our positions in markets where we are sub-scale. To the extent that if we cannot identify a credible path to obtaining a scale position in a given market, we will exit.

Progress

We completed a 'bolt-on' transaction with BPR in Rwanda. As a result, three of six of our majority-owned operations are in the top five in their markets. We have more work to do, but are pleased with the pace of progress.

02.

Delivering innovative products and services to our customers, including, in particular, the effective use of technology

What it means

While there have been significant innovations in the provision of financial services in sub-Saharan Africa, most notably in Kenya with the success of M-Pesa and mobile money transfer, we believe that there is a substantial opportunity to leverage technology further, migrating from mobile money transfer to mobile banking and the provision of other value-added services. Effective and efficient front- and back-office technology creates the ability to more efficiently service existing customers, as well as increase financial inclusion and serve customers for whom financial institutions have been previously uninterested or unable to serve. Given this recognition, we expect to invest (both in terms of financial and human capital) in technology and will seek partnerships and alliances in order to leverage complementary competencies.

Progress

We launched mobile banking in Botswana, Mozambique, Zambia and Zimbabwe. We implemented a mobile e-wallet in Tanzania, Zambia and Zimbabwe. We launched a fuel card in Zambia together with PUMA Energy. We installed the latest generation ATM functionality for cash deposits and multi-currency transactions in Zimbabwe and are currently rolling it out in other BancABC countries. We also introduced an automated school fees solution in Zambia and Zimbabwe whereby schools can recognise deposits immediately, thus mitigating issues with delays between the first day of school and when deposits are cleared. We also implemented automated bulk payment and salary uploads for corporates in Zimbabwe. Finally, we have hired Chidi Okpala as our Chief Digital Officer, to drive our strategy in this key area.

03.

Establishing comprehensive and effective risk management and corporate governance policies and procedures across our network

What it means

The effective pricing and management of risk is fundamental to sound banking. Given the markets in which we operate (or expect to operate) where there exist enhanced volatility combined with limitations on information availability, risk management and corporate governance are even more critical to sustainable growth. In addition to appropriate policies and procedures, we are focused on ensuring that there is a culture that ensures implementation and ongoing adherence.

Progress

We completed a comprehensive review of the credit lifecycle management process. We implemented a new credit system with enhanced credit scoring and collections capability in Botswana and have subsequently rolled it out to other BancABC countries in early 2016. We also established a special operations unit to focus on recoveries and substantial progress was made throughout the year. Notably, we hired Eric Odhiambo as our Chief Risk Officer.

For more, see the Key performance indicators section on page 48.

Strategic priorities and progress continued

04.

Maintaining constructive relationships with the regulators in the markets in which we operate

What it means

Sustainable growth in financial services sectors requires effective regulatory frameworks. Maintaining a transparent and candid dialogue with the regulators in the markets in which we operate is an important strategic objective whereby we aim to be both a model corporate citizen and a sounding board for supporting the evolution of regulatory frameworks for the future, particularly with respect to increasing regional integration and homogenisation of regulations across borders. We intend to continue to engage actively with the regulators in all the jurisdictions in which we operate.

Progress

We continue to invest significant time and effort in ensuring that our relations with regulators are open, transparent and constructive.

05.

Contributing positively to the communities in which we operate (most notably by strengthening financial systems and increasing financial inclusion)

What it means

In addition to leveraging technology to increase the number of people who have access to financial services, we intend to focus on supporting financial literacy and entrepreneurship programmes. On one end of the spectrum, we need to ensure that prospective customers, starting at a young age, have the right training to understand and manage their financial needs and become educated consumers of financial services products. On the other end, we intend to support burgeoning entrepreneurs in obtaining the training and tools they need to become the SME, national, regional and multi-national clients of the future.

Progress

We launched an e-voucher programme for farmers in Zambia, which should result in the more efficient procurement of supplies. We implemented a pensioners card in Zambia, which will increase security and reduce the costs of payments. We obtained \$200 million of financing from the US development finance institution, OPIC, a portion of which is allocated to SME lending and financial technology.

06.

Delivering differentiated, risk-adjusted returns to our investors

What it means

Our strategy is to generate sustainable growth in earnings and attractive returns on equity and assets. We intend to deliver on this objective by way of a combination of the strategic objectives noted above: (i) obtaining market share, driving acquisition synergies, and attracting customers through expanded products and services to generate above-market growth; (ii) leveraging technology to serve customers efficiently and reduce our cost to income ratios, and ensuring that systems are in place to manage and price risk and ensure the sustainability of our growth and margins; and (iii) conveying a sense of mission and establishment of values whereby our employees remain focused on building a positive legacy.

Progress

We have enhanced our market share in selected markets by way of our announced bolt-on acquisitions. We have invested in numerous technology initiatives from which we should derive meaningful leverage. We have been very focused on ensuring that, throughout the Atlas Mara Group, there is a clear understanding of our mission to create sub-Saharan Africa's premier financial institution and the promulgation of our values, namely to conduct business to the highest standards of ethics and compliance. As we continue to deliver, we are confident that our share price performance will reflect our progress and potential.

For more, see the Key performance indicators section on page 48.

How our business model works

It is important to note that all three facets of our business model run in parallel. For example, when we are buying a bank in Zambia, we are integrating our operations in Rwanda and launching new products and services in Botswana.

Our value proposition

Delivering differentiated products and services tailored to the needs of corporate clients and retail customers.

Contributing positively to the communities in which we operate by seeking to increase financial inclusion.

Offering unique opportunities to employees to participate in building a sub-Saharan Africa-focused financial services group.

Creating sustainable value for shareholders through an intense focus on innovation, operational efficiency, capital allocation and corporate governance.

Buy

Evaluate markets with attractive prospects

Through acquisition, Atlas Mara is now present in seven markets across sub-Saharan Africa and has identified between 10 and 15 markets which offer long-term growth prospects and the potential for attractive returns. Research from Oliver Wyman suggests that these markets will in aggregate contribute 85% of the expected growth in financial services revenues across SSA (excluding South Africa) between 2015 and 2019.

Conduct extensive due diligence

A core philosophy behind Atlas Mara is the desire to combine high standards of governance, compliance and business practice adopted in developed markets with the growth and innovation expected in sub-Saharan Africa. Ensuring that we can apply these standards is an essential component of our due diligence process. We also aim to anticipate fully the risks associated with the businesses we are buying.

Remain a disciplined buyer

As well as targeting markets with attractive growth prospects, we are very focused on the prices paid for assets and what this means for shareholders' returns in US dollar terms. Strict hurdle rates are applied to each potential transaction and these rates are a function of the local interest rates in the country of acquisition and factor in the potential for exchange rate depreciation relative to the US dollar, our functional currency.

For more, see the Buy in action section on page 24.

Protect

Fit for growth

Once acquired, we need to ensure businesses are 'fit for growth' in the long term. We are focused on delivering high-quality, sustainable, earnings growth rather than growth for growth's sake or unsustainable short-term growth.

Carefully planned integration

The first part of this process is implementing detailed short- and medium-term action plans to integrate the acquired business into Atlas Mara with a clear objective of generating value for our shareholders through operational improvements.

Delivering functional business improvement

Critical areas of focus include corporate governance, credit processes, client segmentation, an effective compliance and control framework, improved IT architecture, reduced funding costs through a focus on liability management and optimisation of the branch network.

For more, see the Protect in action section on page 28.

Grow

Multifaceted growth strategy

Once the platform has been strengthened, we focus on driving sustainable growth across the business. This involves launching new products and cross-selling initiatives in both the retail and corporate space. We are particularly focused on deposit accumulation to ensure that the balance sheet can support credit growth.

Digital opportunities

Digital banking channels and mobile money offer a means of delivering financial services to a broader population than has traditionally had access to bank accounts. It is also a relatively low-cost way of being a 'positive disruptive force' in certain markets where we currently have a minimal presence.

Delivering treasury products across the spectrum

From building a centralised dealing room to delivering local treasury operations on the ground, we see significant scope to increase revenues from selling treasury and risk management products to both local corporates and western multinationals operating in Africa.

Empowering employees to reinforce cultural change

Our focus is also on empowering management and employees to deliver for their clients. Through our mantra of 'Do well and do good', we aim to develop a culture where all employees are committed to building a bank that will stand the test of time and serve current and future generations of Africans well.

For more, see the Grow in action section on page 30.

Invest in technology

Launch new products

Enhance customer experience with service orientation



Acquiring good banks and making them great so Africa benefits.

We have an acquisition-led business model to create an innovative, customer-centric financial institution that provides wholesale and retail finance services to corporations, SMEs and individuals. By concentrating on their needs and operating sustainably and responsibly, we believe we can support economic growth and strengthen the financial systems in the countries in which we operate and create value for our shareholders.

We do this by using our distinctive strengths – in particular our collective experience in operating and growing first-class financial services operations, our extensive local knowledge and our commitment to Africa.

We want to meet our customers’ needs, exceed their expectations and help them succeed.

2nd

Second largest bank by branches in Nigeria

2nd

Second largest bank by assets in Rwanda

5

Five acquisitions closed since 2014

Buy in action:
Since 2014, Atlas Mara
has completed five
acquisitions. Consistent
with our strategy to be
a scale participant in
the markets in which
we operate, Atlas Mara
is a top 3-5 participant
in three of six countries
where it operates
majority-controlled banks.

Overview of acquisitions¹

	Summary	Countries	Rationale	% Own	Acq. \$ Value	Acq. P/B Value
	ABC Five-country full-service retail and commercial bank in Southern Africa	Botswana, Mozambique, Zambia, Zimbabwe, Tanzania	Strong multi-country platform in high-growth areas, with opportunities to add value	100%	\$210m	1.3x
	BRD-C Commercial bank carved out of combined commercial-development bank	Rwanda	Strong multi-country platform in high-growth areas, with opportunities to add value	100%	\$10m	1.0x
	UBN Commercial and retail bank with long history and strong corporate banking franchise	Nigeria	Strong multi-country platform in high-growth areas, with opportunities to add value	31.15%	\$365m ²	1.0x
	BPR Second largest bank by assets in country, with extensive branch network	Rwanda	Strong multi-country platform in high-growth areas, with opportunities to add value	62% ³	\$21m equity injection + merger with BRD-C	1.0x

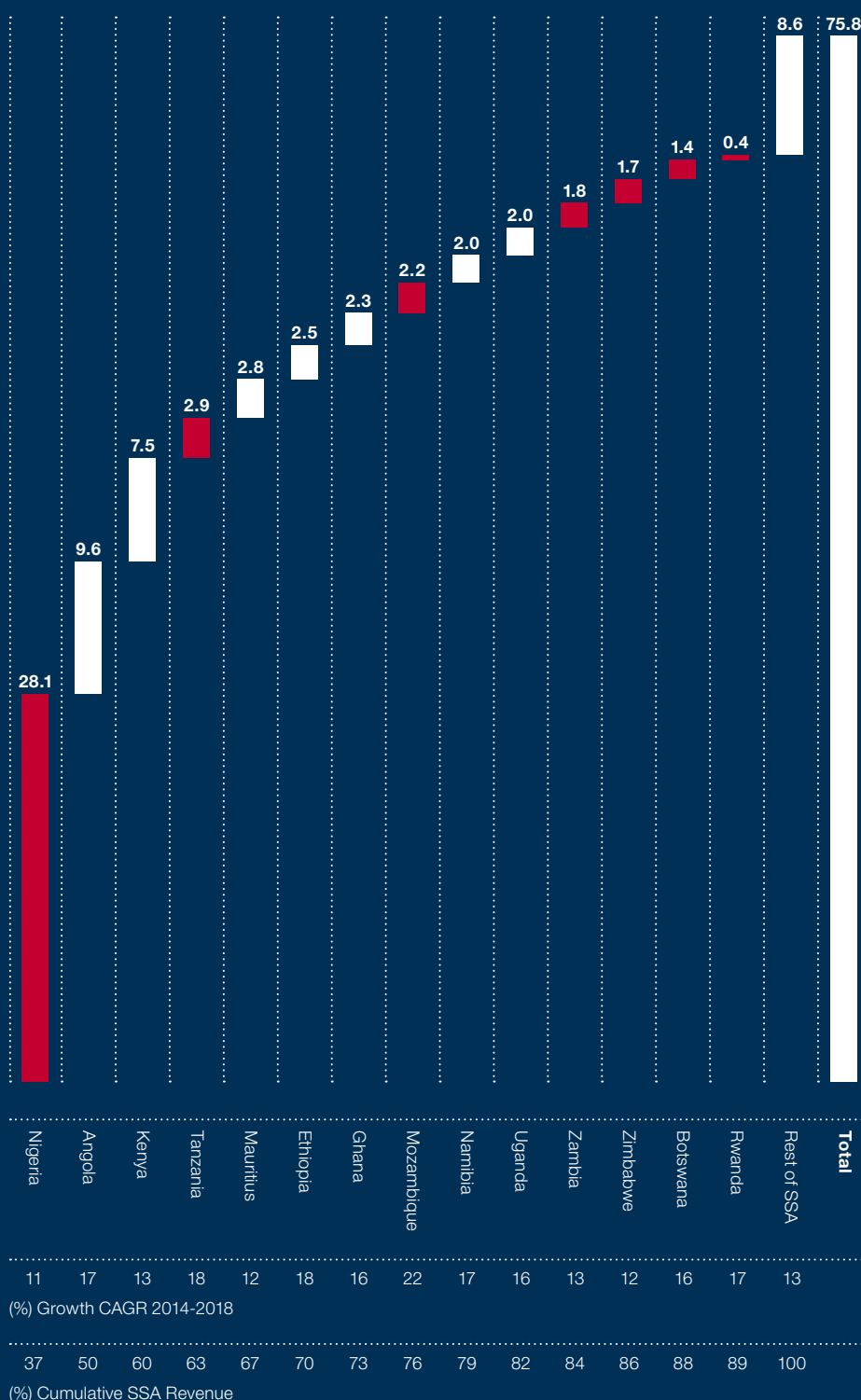
Notes:

1. Acquisition of ADC African Development Corporation AG ('ADC') not included, as it effectively consisted of a ca.38% stake in BancABC and a ca.10% indirect stake in UBN.
2. Purchase price for direct acquisition of 21% of UBN. ca.10% acquired indirectly through acquisition of ADC (which was also the major shareholder in BancABC).
3. Atlas Mara owned 100% of BRD-C. Following the acquisition of BPR and merger of BRD-C and BPR, it now owns 62% of the combined entity.

As a result of these transactions, Atlas Mara has established positions in several of the most attractive banking markets in sub-Saharan Africa outside of South Africa. These markets represent nearly 90% of projected 2018 banking revenues. Interestingly approximately 15 countries represent 90% of sub-Saharan African banking revenues (excluding South Africa).

Geographic focus

Prospective banking revenues (US\$): 2018E



■ Countries in which Atlas Mara is currently represented
 ■ Countries in which Atlas Mara is not currently represented

Source:
 Oliver Wyman.



Buy in action – Rwanda



Rwanda has consistently been ranked among the fastest growing economies in the world. It enjoys political stability and has a solid regulatory framework, which provides a supportive backdrop to acquiring and running a business. Establishing a presence in Rwanda also provides an initial presence in the East African Community, which is one of the most integrated of Africa's regional trading blocs enjoying attractive projected growth rates and access to a population of ca.150 million people.

Following our acquisition of BRD Commercial Bank last year, we identified BPR (established in 1975 as an amalgamation of cooperatives before converting into a licensed commercial bank in 2008) as an attractive merger partner. BPR's main lending focus has been in the retail segment with some select corporate clients whereas BRD Commercial Bank brought more of a corporate/SME focus.

The transaction was executed in two stages, resulting in Atlas Mara owning 62% in the merged entity:

First, Atlas Mara invested ca.\$21 million for a 45% stake in BPR, and secondly, BRD Commercial Bank ('BRD-C') and BPR merged into a single entity, which led to Atlas Mara obtaining an additional ca.17% stake in BPR in exchange for 100% of BRD Commercial shares. The transaction was completed in January 2016. The combined operation is ranked second in the market by assets with a comprehensive branch network and national presence. The business has a strong balance sheet with headroom to drive loan growth, especially in the corporate segment.

We have identified opportunities to leverage the combined entity's scale to drive more competitive cost of funds and operating efficiencies. Integration is well underway and further work done since closing confirms that there is potential to offer technology-enabled, innovative products introductions to the greatly expanded customer base.

Protect in action: During 2015, we undertook a number of initiatives to safeguard our platforms and ensure that our operations are 'fit for growth'.

Focus on business segmentation

We have refined our sector and industry strategy. In retail banking, we target the 'mass' segment representing a population of 45 million people and a revenue pool of more than \$5.0 billion across our identified focus markets. Across corporate banking, we focus on 'local champions', companies not well served by other banks. We estimate that together with SME customers, the opportunity is there to bank over 640,000 companies representing a revenue pool of over \$10.0 billion.

Focus on customers

We have transitioned from being a narrow product provider towards delivering a universal bank offering and have continued to improve our efficiency in customer onboarding.

Focus on efficiency improvements

We have undertaken a multi-faceted programme to streamline our operations to deliver positive operating leverage. This has included upgrading IT systems, control improvements to reduce revenue leakage and automating a number of processes that were previously undertaken manually.

Focus on human capital

We have strengthened our capabilities to execute the Atlas Mara strategy at pace and we maintain an unrelenting focus on building a high-performance collaborative culture across the Group.

Our capacity to acquire new businesses and effectively integrate them quickly is critical to our success. To do this we have recruited leaders with international and deep Africa experience. This provides the required bandwidth to effectively manage our diverse span of operations. These hires are at the Atlas Mara level as well as within our operating entities.

With the aim of building strong operational teams in-country that remain close to customers and clients, we have bolstered existing staff with new hires in corporate banking, treasury and markets and retail. A number of product specialists have also been brought on board.

In 2015, we have invested time and resources in role definition, performance management policy, remuneration strategy and revising our annual pay increase methodology, as well as driving consistency in the medical benefit provider space.

Focus on credit risk management

We have implemented a series of measures aimed at strengthening all stages of the credit cycle from underwriting through to monitoring and collection. This will lead to an improvement in sustainable profitability over time.

As part of this, we have also introduced risk-adjusted return on capital ('RAROC') Pricing models to enable risk-based pricing and have now facilitated a dynamic approach to liquidity management.

Focus on funding

Improving Group net interest margins through a reduction in funding costs is a key target and a critical component of the improvement in return on equity we expect to deliver in the years ahead. Progress has been achieved on this front during 2015 through an organisational focus on increasing deposits and raising funding from development finance institutions such as OPIC.

Protect in action – Transforming BancABC



Improved governance

We have assessed the composition of the Board and sub-committees across BancABC with a number of personnel changes having been made. New charters are being implemented across all territories. Atlas Mara representation on the parent and subsidiary boards, as well as functional management oversight through EXCO ensures that high standards are continually reinforced.

Enhancing credit risk management capability

We have driven the automation, scoring tools and streamlining of retail credit processes to deliver operational efficiencies, increased customer satisfaction and improved loan book quality.

New collection and recovery initiatives have led to an improvement in returns. A new special collections unit has contributed to a reduction in non-performing loans. A retail collections incentive scheme has also delivered a tangible reduction in charge-offs.

Operational process improvement

A cross-functional team has reviewed operational processes across the region. They identified a number of priority areas for immediate action. Examples of process and controls improvements include:

- Standardisation of Visa daily settlement processes through automated reconciliation mechanisms. This has had a significant reduction in process time from 37 man-days to 1.5 man-days per month.
- All payment processes across the region have been reviewed, mapped and processing times recorded. A plan to achieve levels commensurate with best practice has been created.
- An operations reconciliation procedure has been implemented to embed a model to ensure appropriate lines of responsibility and accountability.
- In Tanzania, processing payments for the government employee monthly loan repayments led to a reduction from 12 man-days to 0.5 man-days. This assists early identification of non-performing loans and allows corrective action to be undertaken more quickly.



Grow in action:
In 2015, our emphasis was on the Buy and Protect phases. However, we successfully delivered a number of growth initiatives, several of which we describe in detail in the following pages.

Growth initiatives in 2015:

- 32 Investing in the future.**
- 34 Banking on-the-go.**
- 36 Helping customers sow,
so they can reap.**
- 38 Fuelling innovation.**
- 40 Partnering for growth.**
- 42 Building brand equity.**



Investing in the future

Supporting tomorrow's leaders through the Rwanda Girls Initiative.

Rwanda Girls Initiative was created to educate and empower girls of Rwanda to reach their highest potential. By developing a unique and replicable model, it has built and runs the Gashora Girls Academy, an upper secondary boarding school, in order to increase educational opportunities for girls in Rwanda. In Rwanda, 97% of girls go to primary school, but less than 13% attend upper secondary school. Secondary school capacity is limited and tuition can be prohibitively expensive. However, the societal benefits of girls receiving educational opportunities are widespread: increased educational opportunities positively affect longer-term economic earnings and productivity and improved health (for both women and their children), among other positive outcomes. Higher education is a key component to ending the cycle of poverty.

Atlas Mara, by way of BRD Commercial, is delighted to have partnered with Rwanda Girls Initiative and the Development Bank of Rwanda to provide five-year loans at concessionary rates to graduates of Gashora Girls Academy who have been accepted to one of several pre-approved universities. This project is consistent with Atlas Mara's objective of 'doing well and doing good'.

Grow in action

Investing in the future

www.rwandagirlsinitiative.org



Boost to a girl's wages when she has an extra year in secondary school

25%

Share of Rwandan girls in secondary education

13%

Share of income women re-invest into their families

90%

Banking on-the-go

Launch of mobile and online banking at BancABC.

As has been well-reported, sub-Saharan Africa has a globally high rate of mobile penetration and a low rate of financial inclusion. Seeking to both drive convergence and enhance the experience of our customers, Atlas Mara's BancABC banks have launched mobile banking across its countries of operation under the moniker, BancABC Mobi.

The service allows BancABC customers to enjoy banking convenience on the go by transacting on their mobile phones at the touch of a button. BancABC Mobi comprises of a first-in-market self-registration application for smartphones and USSD dial string created specifically for phones that do not have smartphone capabilities. Some of the features offered on BancABC Mobi include the ability to make DSTv payments, loan application enquiries, purchase prepaid airtime, make balance enquiries, conduct inter-account and inter-bank transfers, amongst other functionalities.

As BancABC announced to the market, 'We understand that our customers want efficient and reliable products and services. Our customers want technological solutions that make their lives easier and BancABC Mobi is that solution.'

When it comes to offering innovative products and services to our customers, this is only the beginning.

Number of Mobi banking users

13,758

Grow in action

- Enhance customer experience with service orientation ✓
- Launch new products ✓
- Invest in technology ✓

www.bancabc.com





Helping customers sow, so they can reap

Launch of the Farmer Input Support Programme.

Over 1.1 million households in Zambia from a population of ca.14 million work in the agricultural sector. Agricultural production is currently unable to meet increasing demand from population growth. Recognising that the agriculture sector is the anchor of economic growth, the Government has launched various initiatives to drive investment into this part of the economy.

The Farmer Input Support Programme ('FISP') is a key component of the Government's poverty reduction strategy. The scheme provides fertiliser and seed at subsidised prices to small scale farmers to enable them to be productive and self-sustaining.

Eligibility for the FISP is limited to members of local cooperatives. Payments have traditionally been tracked manually with the lack of a database of beneficiaries and suppliers giving rise to risk of fraud to as well as logistical challenges from paper voucher reconciliation.

ABC launched a technological solution: a co-branded BancABC/Farmers Union Visa Prepaid Card which was officially launched by the President of The Republic of Zambia on 12 October 2015. The card uses a portable POS terminal which allows suppliers to visit cooperatives with transactions completed at the point of purchase. This also reduces the need for farmers to travel to obtain scheme approval.

The solution has addressed the challenge of inadequate supplies. As cards are preregistered, suppliers have enough information to project stock required. The card management system provides an excellent database of the beneficiaries, thereby providing Management Information to reduce risk of fraud.

At the end of 2015, 242,683 cards were distributed across 13 districts with the system recording a 91% success rate. The card's value is K2,100 of which the Government contributes K1,700 while the farmer contributes K400. An important success has been that the e-voucher system has exposed 20,000 'ghost' farmers and has helped save huge sums of Government funds. The FISP Card is an example of innovative product development using technology in a positive way to disrupt markets and drive growth.

Success rate of distributing 242,683 cards across 13 districts

91%

Grow in action

Enhance customer experience with service orientation	✓
Launch new products	✓
Invest in technology	✓



Fuelling innovation

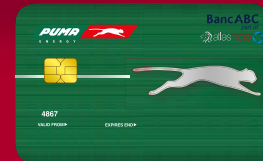
Simplifying how customers monitor fuel consumption.

Puma Energy Zambia, which operates 57 petrol stations in Zambia and is part of Puma Energy, a global midstream- and downstream-oriented energy company with operations across 45 countries, including 18 countries in Africa, had been looking for a partner to develop a fuel card solution for the Southern African region for some time. In 2015, BancABC came up with a technological solution anchored around a co-branded BancABC/Puma Energy chip and pin prepaid card.

The value proposition for the fuel card is built around convenience, safety and accountability. Business owners and fleet managers no longer have to draw cash and then sort through piles of receipts and expense claims to work out their optimal levels of fuel consumption. They have the convenience of loading up their fuel cards at the Puma filling station of their choice or through any BancABC branch. At the end of each month a fleet manager receives a full management report that can be used to monitor and track fuel consumption across their business.

To date, 1,550 Puma Fuel Cards have been distributed. Marketing campaigns to raise awareness are still ongoing and we anticipate a high uptake once the public is fully aware of the advantages of using the Puma Fuel Card.

The Puma Fuel Card is illustrative of Atlas Mara's solutions oriented and collaborative approach to servicing clients needs. We intend to work with Puma Energy to launch the cards in other markets.



BancABC Zambia Puma card

Puma service stations in Zambia in which ABC is the exclusive banking partner

Grow in action

Enhance customer experience with service orientation

Launch new products

Invest in technology



51%

African countries Puma operates in

18

www.pumaenergy.com/en/regions/africa/zambia



Partnering for growth

Partnering with OPIC to support growth in sub-Saharan Africa.

On 6 August 2015, Atlas Mara and the Overseas Private Investment Corporation ('OPIC') announced a partnership on a \$300 million project to support growth in sub-Saharan Africa. This consists of \$200 million in financing from OPIC to selected BancABC countries and \$100 million that had already been contributed to BancABC by Atlas Mara.

Of the \$200 million total, \$130 million of debt funding was made available to finance strategic acquisitions in key markets for BancABC and Atlas Mara. The remaining \$70 million of financing will enable BancABC to scale-up SME lending, increase lending for financial inclusion, and accelerate financial technology and mobile banking initiatives, at a reduced effective cost of funds.

This announcement marked an important milestone in Atlas Mara's ongoing development finance institution engagement strategy and is representative of Atlas Mara's differentiated ability to bring to bear access to capital, liquidity and funding for its operations.

Atlas Mara and OPIC partner with \$300 million to advance inclusive lending in Africa

OPIC

Grow in action

Inject capital to support growth

Deliver superior returns

Pursue further acquisitions



www.opic.gov

Building brand equity

Differentiating ourselves in our markets.

In August 2015, BancABC and Atlas Mara relaunched the BancABC brand, incorporating an endorsement strategy whereby 'part of Atlas Mara' now appears on all BancABC branding, from advertising billboards to personal cheques. The rebranding combines the familiarity and heritage of BancABC with the capabilities, experience and financial strength of Atlas Mara and is also consistent with our leveraging of the best of local and global.

The re-branding has already delivered tangible benefits, such as an increase in retail deposits and a decreased cost of funds across the Group. It has also provided opportunities to energise management and employees and to differentiate ourselves in the markets in which we operate.

Growth in deposits in constant currency terms

+11.5%

Grow in action

Deliver superior returns

Earn premium valuation

www.bancabc.com



Atlas Mara believes in the concept of Ubuntu: 'I am because we are'. Responsibly maintaining relationships with our customers, employees, shareholders, other financing providers and the communities and regulators in the markets in which we operate is critical to our success.



The following sections provide insights into how we work with our diverse set of stakeholders.

Customers

Our customers are the foundation of our business and their trust and respect is earned through our actions individually and as a Group. The personal relationships our management and employees have with our customers need to be, at all times, based on professionalism, unimpeachable ethics, a desire to solve problems with innovative and well-tailored solutions and a commitment to service.

We remain focused on enhancing our customers' experience and expanding our customer base. During the course of 2015, we re-focused the efforts and responsibilities of our relationship managers in order to more effectively serve our clients. On the corporate side, we refined our client segmentation and introduced a holistic approach to the provision of products and services to clients and their value chains that we refer to as 'ecosystem banking'. On the retail side, we tested and selectively launched a series of mobile- and internet-banking products in order to enhance the number of channels and ease by which our retail customers can interact with us. Pro forma for the completion of our follow-on acquisitions in Rwanda, we now have more than 394,000 customers, excluding our stake in UBN, which services approximately 1.8 million customers.

Our re-branding of BancABC to incorporate 'part of Atlas Mara' as an endorsement strategy provided an opportunity to highlight to our customers the various initiatives underway at BancABC, as well as to communicate BancABC's connection to a larger organisation focused on building sub-Saharan Africa's premier financial institution.

Employees

As a financial services firm, our people are our most important asset. Harnessing our collective creativity, energy and intellect on behalf of our customers, while ensuring the maintenance of the highest standards of conduct, remains, at all times, a priority.

We are keenly focused on building on the pool of talent we have acquired through our acquisitions and on attracting talented individuals at every level and in all areas of our business. We have been fortunate to have hired managers and employees across the Group who share our passion for the continent and the prospects for our rapidly growing banking enterprise. During 2015, we communicated a set of values to define us. We are, among other things: positively disruptive, innovative, embracing of diversity, forthright and truthful, not accepting of mediocrity, team-oriented and contributing members of society.

We are committed to training our employees and ensuring that there are opportunities for advancement. During 2015, we instituted the Atlas Mara Banking Academy within BancABC in order to provide ongoing professional development across products and banking disciplines. We intend to launch this across our operations in 2016.

As a result of our acquisition in Rwanda, we have, since year-end, significantly expanded our employee base to approximately 1,627 (excluding UBN employees) and look forward to working with these new members of the Atlas Mara team.

Employees¹

1,627

Note:

1. Excludes UBN employees.

Communities

Our success is intertwined with that of the communities in which we operate. Important facets of our strategy are (i) to provide innovative financial services to under-served markets, enabling individuals and families to manage their personal finances effectively with transparent products and services and (ii) to provide products and services to entrepreneurs, SMEs and larger firms appropriate to their objectives and requirements.

As our business matures and best practice is disseminated across all of our banking subsidiaries, the corporate social responsibility objectives of increasing financial literacy and supporting entrepreneurship will come to define our community engagement programmes, in addition to maintaining our support of many programmes meaningful to our subsidiaries and our employees.

ABC's and BRD Commercial's strong ties to the communities in which they operate continue to set a positive example of corporate citizenship in 2015. Several of the notable initiatives during the course of the year included the following:

Health, education and entrepreneurship

In Mozambique, BancABC supported SOS Children's Villages Mozambique (a non-governmental organisation affiliated with SOS Children's Villages International). SOS Children's Villages Mozambique supports orphans, children vulnerable to losing parental care, women, HIV sufferers, and families in extreme poverty. BancABC donated supplies, as well as provided 60 scholarships for 30 boys and 30 girls.

In connection with a literacy project, BancABC Mozambique donated books and painted public school libraries in several provinces, including Beira, Nampula, Tete, Nacala, and Chimoio. Similarly, BancABC Zambia partnered with a local philanthropic organisation to donate books to stock the library of the Chibolya Basic School, a Government-owned and run school outside of Lusaka.

In Botswana, BancABC, together with the National Blood Transfusion Services ('NBTS'), continued its partnership to sensitise the public on the importance of blood donation by way of an integrated public marketing campaign sponsored by the bank.

In Zimbabwe, BancABC continued to seek to address social imbalances within Zimbabwean society by providing aid towards self-sustaining projects. The bank donated funds towards inputs for the Albino Charity Organisation of Zimbabwe's sewing and peanut butter projects. The Albino Charity Organisation of Zimbabwe provides care and support to women and children with albinism given their increased healthcare needs and historical discrimination. The projects will create employment opportunities for the families in the community of Chitungwiza where the Association is located.

BancABC Zimbabwe also sponsored the Takashinga Support Group, a co-operative for women affected by HIV. Takashinga has various income-generating projects that they run to support their members and families. The bank made donations towards inputs for sheep rearing and mosquito net-making projects that will create employment opportunities for members of the Takashinga Support Group and the broader community.

In Rwanda, BRD Commercial entered into a partnership with the Development Bank of Rwanda and the Rwanda Girls Initiative in relation to financing higher education for Rwandan girls (see page 33).

Arts, sport, culture and heritage

In the arts, for the 15th consecutive year, BancABC Zimbabwe was a proud sponsor of the Harare International Festival of the Arts ('HIFA'). HIFA is an annual, eagerly anticipated, six-day arts festival that draws several thousand people – many from outside the country. The event showcases the works of local, regional and international artists. In Mozambique, BancABC sponsored the Moments of Jazz festival in Maputo, which promotes and nurtures Mozambique's growing jazz culture by bringing world-renowned jazz artists to Mozambique, as well as showcasing local talent.

In sport, BancABC Botswana has continued its sponsorship of Botswana's national football team, the Zebras. BancABC Zambia also continues to sponsor the Green Buffaloes Football Club ('GBFC'), which engages at-risk youth around the country through its leadership and mentoring platform. The club also offers community-based sporting programmes to young children. The soccer team uses sports in innovative ways to foster resilience and imbue leadership skills in youth through community-based initiatives, as well as competitive sporting events. Additionally, BancABC Zimbabwe has continued to sponsor two of the countries' most popular professional football clubs, the Dynamos and the Highlanders.

Corporate reputation

Protecting the Atlas Mara 'brand', as well as the brands of our subsidiaries, is critical to our business model. We value the reputation we have established and, given our profile and aspirations, are committed to undertaking business to the highest standards. We have a 'zero tolerance' approach in relation to breaches of corruption, anti-bribery, anti-money laundering, and related regulations and policies.

We will continue to seek opportunities to build our brand, as well as the brands of our subsidiaries, through a comprehensive corporate communications and branding strategy, which will continue to evolve during the course of the coming years as our platform grows. The re-branding of BancABC to 'BancABC part of Atlas Mara' is representative of this evolution.

Regulators

Maintaining constructive relationships with the regulators in the markets in which we operate remains key to our success, as our banking licenses are clearly critical to our ability to execute our business model. We continue to invest significant time and effort in ensuring that our communication with regulators is timely and candid. Additionally, recognising the ongoing evolution of consolidated supervision of multi-country financial institutions, we continue to evaluate the merits for Atlas Mara Limited to become a regulated entity in due course (recognising that all of our operating subsidiaries are regulated in their respective markets).



Shareholders and financing providers

Our shareholders, and our relationships with the public capital markets, more broadly, are critical to our success, particularly as we continue to raise capital, when required and appropriate, to execute our acquisition-oriented growth strategy. We have established a programme of regular shareholder and prospective investor engagement, and have recently hired a Head of Investor Relations. We will continue to increase the frequency with which we interact with the market.

Additionally, our relationships with financing providers, particularly development finance institutions, such as OPIC and the African Export Import Bank, are similarly important to the execution of our strategy. These relationships are symbiotic in nature: Atlas Mara benefits from longer-term, lower-cost funding and the DFIs benefit from the multiplier effect associated with the extension of credit by Atlas Mara to a broad set of constituents consistent with the DFIs' development-oriented mandates.

Priorities for 2016

During the course of 2015 and as noted above, we successfully communicated a common set of values and priorities and disseminated a series of common policies across Atlas Mara to ensure the effective maintenance and enhancement of the relationships and responsibilities critical to our business. We are focused on ensuring that these are embodied across the Group.

In 2016, in addition to initiatives noted above, we expect to complete the task of integrating our recently consummated acquisition and creating policies, standards and procedures across the Group to ensure that we are effectively harnessing our resources and maintaining the relationships necessary for delivering on our strategic objectives. Furthermore, having deferred this initiative in 2015, we intend to establish a centralised corporate social responsibility programme related to financial literacy and entrepreneurship.

Key performance indicators

Atlas Mara has adopted the following key performance indicators ('KPIs') framework consistent with our business model of:

KPIs

Buy

Executing acquisitions.

Market position (by assets/loans and/or deposits)

Profit pools are correlated to size in many of the markets in which Atlas Mara operates.

Create value through acquisitions

Acquisitions to be accretive within three years.

Protect

Safeguarding our assets and ensuring the platform is 'fit for growth'.

Cost-to-income ratio

Focused on creating efficient, scalable platforms.

NPL to total loans

Sound credit risk management practices are core to Atlas Mara's operating model.

Grow

Leveraging the talent, technology and capital across our asset base.

Increase in countries of operation, customers and employees

Atlas Mara continues to broaden its platform and geographic footprint to participate in, and contribute to, the growth of financial services across sub-Saharan Africa.

Loan and deposit growth relative to GDP growth and peers

In line with the strategy of delivering a top five position in our markets of operations, above-market growth in loans and deposits is targeted.

Return on average equity³

Measure of returns upon which Atlas Mara is highly focused.

Return on average assets⁴

Represents a measure of balance sheet efficiency which when combined with our RoE target provides a framework for maximum leverage.

Notes:

1. Cost to income ratio – calculated as a percentage of total costs/total income.
2. Calculated as non-performing loans/total loans.
3. Net profit attributable to shareholders as a percentage of average shareholders' equity.
4. Net profit attributable to shareholders as a percentage of average total assets.

For more, see the Our business model section on page 23.

Goal	2015	2014	Comments
Tier 1 position, normally among the top 3-5.	Yes in Zimbabwe, Botswana and Rwanda	Yes in Zimbabwe, Botswana	Improved market position in Rwanda.
Return on equity to exceed cost of equity.	In progress	In progress	2015 has been a year of 'Protect' for Atlas Mara but we have still delivered significant year-on-year improvement in RoE.
60-65% in the medium term.	94.7% ¹	126.8% ¹	More to be done, but significant year-on-year improvements as initial 'deal' related costs have fallen away.
NPLs less than 4% of loans.	10.8% ²	13.4% ²	Our continued focus on recoveries has driven meaningful year-on-year improvement.
Aim to deliver a medium-term presence in 10+ markets across sub-Saharan Africa.	7 markets in which we are currently present	7 markets in which we are currently present	Scale in Rwanda added to the business platform.
Growth >1.5x GDP growth.	Yes on a constant currency basis; Loans +15.2%, Deposits +11.5%, Average GDP growth +6%	N/A	Achieved in 2015 in constant currency terms.
ca.20% in the medium term.	3.8% (adjusted basis)	-7.0%	More to be done, but significant year-on-year improvement.
ca.2% in the medium term.	0.4%	-1.8%	More to be done, but significant year-on-year improvement.

Driving change. Delivering on promises.



Arina McDonald
Chief Financial Officer

Net profit/(loss)

\$11.3m

2014: (\$47.8m)

Return on equity (operational)

3.8%

2014: (1.4%)

Overview

2015 was an important year of consolidation and integration for the Atlas Mara Group. It was our first full year of operating as an integrated banking group. It was also a year in which we continued to deliver on our strategy in line with our business model of **Buy, Protect** and **Grow**. We acquired one additional business in Rwanda, brought improvements to the platforms in particular through tangible enhancements in governance and credit risk management and delivered growth in the business by rebounding from a reported loss of \$47.8 million in 2014 into a profit of \$11.3 million in 2015. Our income metrics also showed healthy growth when measured in constant currency terms, growing \$44.3 million (24.6%) compared to the Pro Forma 2014 results. Such Pro Forma 2014 results refer to the set of financial results, assuming all the acquisitions concluded during 2014 were effected on 1 January 2014, for comparative purposes.

The year-on-year financial improvement was achieved despite external headwinds. Africa is not isolated from broader global economic trends and there are several factors that combined to make 2015 a challenging year. Amongst these were the impact of lower commodity prices from weaker Chinese demand, the decline in the oil price and its effect on oil-exporting economies, such as Nigeria, and a significant weakening of a number of African currencies against the US dollar. This is our functional reporting currency and the currency in which a large part of our cost base is denominated.

Clearly, a number of these factors will roll into 2016, as well. However, as we discuss elsewhere in this report, there are good reasons to think that the current period is a pause rather than a plateau in the 'Africa Rising' story. We are comforted that the level of sino-Africa trade has been resilient in volume terms even if the US dollar value of those transactions is lower. The growth rate across the African continent in 2016 is still expected to outperform a number of developed and developing markets across the globe. Increasing Intra-African trade both within and between existing trade blocs as the Tripartite Free Trade Area contributes to a reduction in tariffs and costs of doing business over time is expected to be an important catalyst here.

Africa's economic growth is forecast to grow 4.4% during 2016, up from 3.7% in 2015. An improving business environment, increasing public expenditure, especially in infrastructure, are set to underpin higher growth rates from 2017 onwards as forecast by the UN, the OECD and AFDB.

The improving economic backdrop embedded in these forecasts underpins our confidence that the medium-term financial forecasts that we have set out in previous results announcements remain achievable, most notably expanding our asset and deposit base by 1.5x nominal GDP growth, with such balance sheet growth delivering a return on equity of around 20% and a return on assets of ca.2%.

2015 key highlights were:

As noted in table 1, our 2015 financial performance was achieved despite a challenging global macroeconomic environment. More specific to our operating markets, liquidity constraints and, more recently, the drought in Southern Africa have presented additional challenges for all companies operating in these geographies. The weakening of African currencies against the US dollar reduced our after tax profits by ca.\$2.3 million. On a constant currency performance basis, Atlas Mara's full year profit after tax would have been around \$13.5 million. However, at a time when many of our competitors have provided the market with negative surprises, we were pleased to move from a prior year loss into profit. This represents the first step along the journey to report results that deliver the returns our shareholders expect as we drive the operational performance of the businesses forward.

We reported growth in total income of \$44.3 million on a constant currency basis through adding new customers and broadening our product offerings. As part of our 'Protect' philosophy, we have brought a renewed focus to reducing levels of customer attrition and cross-selling. We have also reduced portfolio concentration risk by diversifying our client base and this is very much in line with a new Group risk appetite framework that we have implemented at the banks we have acquired. We continue to build our capability in digital and mobile banking and expect less balance sheet intensive revenues from this source to begin to contribute to 2016 revenue growth.

Another key focus for management is to deliver a reduction in funding costs to drive an improvement in margins and improve returns. Over the course of 2015, a number of our markets, notably Botswana in Q1 2015 and Tanzania and Zambia in the second half of the year, faced specific liquidity shortages. Despite this, we managed to reduce the cost of funds across our markets by between 1% and 3% through a focus on retail deposit gathering and targeting lower cost wholesale funding. We have partnered with a number of development finance institutions ('DFI') to achieve this goal. This has also allowed us to reduce the cost of borrowing for our customers while reporting an improvement in margins.

Our cost to income ratio fell by 32 percentage points over the course of the year despite inflationary cost pressures across our businesses and having the headwind from a significant component of our cost base being US dollar denominated, while our revenues are in local currencies of the country of operation which have generally depreciated over the course of the year. Our cost to income ratio will continue to fall further as the scale of our business increases. While we remain vigilant on costs and disciplined on investment spend, our priority in 2016 will be towards investment in FinTech to drive future revenues and ensure continuous improvement in controls and governance.

The reduction in the credit loss ratio provides evidence that our focus on credit process improvement is generating returns. Our Group risk appetite has also been tilted towards sectors that are being promoted as growth areas by respective governments. The NPL coverage ratio increased to 57.6% at December 2015 from 52.9% in the previous year.

Our focus on deposit growth has delivered demonstrable results with growth of 26% year-on-year in retail deposits with this, in turn, supporting our aim of reducing the cost of funding for the Group. Risk-weighted asset growth was contained to just 0.6% reflecting both the subdued demand for credit across our markets, but also our selective approach to credit risk as a result of refining our overall risk appetite.

Table 1: Financial results and ratios

		2015	2014 ¹	Var	CC Var ²	2014 Reported ³
Total income	\$ million	205.2	180.5	13.7%	24.6%	57.4
Net profit/(loss)	\$ million	11.3	(47.8)	>100%	>100%	(63.5)
Loans and advances	\$ million	1,229.4	1,236.5	(0.6%)	15.2%	1,218.0
Total assets	\$ million	2,452.1	2,637.9	(7.0%)	7.0%	2,621.4
Deposits	\$ million	1,436.1	1,531.0	(6.2%)	11.5%	1,531.0
Total liabilities	\$ million	1,826.6	1,955.5	(6.6%)	9.8%	1,939.0
Net interest margin	%	4.3	3.3	–	–	1.1
Cost to income ratio	%	94.7	126.8	–	–	226.3
Credit loss ratio	%	1.0	2.6	–	–	0.51
Return on equity	%	1.7	(7.0)	–	–	(9.30)
Return on assets	%	0.4	(1.8)	–	–	(2.42)
Basic earnings per share	\$	0.16	(1.35)	–	–	(1.35)
Book value per share	\$	8.94	9.73	–	–	9.73
Tangible book value per share	\$	7.00	7.54	–	–	7.54

Notes:

1. FY 2014 numbers are shown on a Pro Forma basis as if the acquisitions were made at the beginning of the financial year and are unaudited.
2. Constant currency variance excluding the impact of depreciating currencies against the US dollar.
3. The 2014 reported numbers represent the audited IFRS numbers.

In terms of the operating momentum of the businesses we have acquired, excluding our investment in Nigeria, we were pleased to add a net 14,000 customers year-on-year and our total number of touch-points across all territories now totals 254. Our business teams remain focused on driving operational performance and on delivering an improved customer service proposition that will ultimately drive improved financial results.

Reflecting the fact that Atlas Mara is at an early stage in its lifecycle, focused on targeting new purchases whilst simultaneously protecting and integrating acquired businesses to put them in a position to deliver high-quality growth, we also focus on operating earnings which exclude certain revenues and costs that are not part of the ongoing earnings base of the future. Our operating earnings for 2015, adjusted on this basis, was \$24.9 million versus the \$9.7 million calculated on a similar basis for 2014. On a constant currency basis, the improvement in our adjusted earnings would have been \$30.0 million. Over time, we expect the one-off transaction-related items to diminish with Atlas Mara maturing into a more comparable entity versus its peers.

Outlook

Notwithstanding our continuous optimism reflected in our medium-term forecast and our belief in the growth opportunities on the African continent, we expect 2016 to be a somewhat challenging year. While we remain focused on delivering operating momentum in constant currency terms, the full impact of the weakening of some African currencies against the strengthening US dollar, as our reporting currency, experienced over the course of H2 2015, will be felt fully in 2016.

We have also incurred costs relating to strategic initiatives where the commensurate revenues takes longer to follow through which will put pressure on our 2016 results. However, these will all support our medium-term delivery as these corporate actions are all critical in support of the execution of our strategy. Despite improved profitability at the operating country level (in both US dollar and constant currency terms), 2016 remain a year of interesting challenges to navigate through.

Adjusted operating profit

As our CEO, John Vitalo, noted on page 18, we have undertaken selected expenditures during 2015 to ensure that Atlas Mara is able to support the scale of the business we aim to build rather than the size of the business as it stands today. Excluding one-off and transaction-related expenses, our cost to income ratio was 85% versus the comparable figure in 2014 of 81%. This increase reflects investment in our IT platform and investment in digital product capabilities (mobile and online) in order to facilitate accelerated product rollout. In line with guidance to the market, M&A transaction costs of \$11.9 million were \$30 million below 2014 levels. Of the 2015 spend in this area, \$3.5 million related to staff expenditure while the remainder were deal related. Specific one-off costs related to performance-related 'exits', right-sizing acquired entities, business simplification costs, IT spend on business resilience (disaster recovery, etc.) and amortisation of intangible assets.

Table 2: Adjusted operating profit and reconciliation to IFRS profit

		2015	2014 ¹	Var	CC Var ²
Total income	\$ million	205.2	180.5	13.7%	24.6%
Total expenses (excluding one-off)	\$ million	(174.2)	(146.7)	(18.8%)	(20.3%)
Adjusted net profit/(loss)	\$ million	24.9	9.7	>100%	>100%
M&A transaction expenses (staff costs and operating expenses)	\$ million	(11.9)	(41.9)	71.6%	71.6%
One-off expenses and consolidation entries	\$ million	(7.6)	(22.3)	65.9%	65.9%
Reported net profit/(loss)	\$ million	11.3	(47.8)	>100%	>100%
Reported cost to income ratio	%	94.7	126.8	–	–
Adjusted cost to income ratio	%	85.2	81.3	–	–
Reported return on equity	%	1.7	(7.0)	–	–
Adjusted return on equity	%	3.8	1.4	–	–
Reported EPS	\$	0.16	(1.35)	–	–
Adjusted EPS	\$	0.34	(1.02)	–	–
Reported return on assets	%	0.4	(1.8)	–	–
Adjusted return on assets	%	1.0	0.4	–	–

Notes:

1. FY 2014 numbers are shown on a Pro Forma basis as if the acquisitions were made at the beginning of the financial year and are unaudited.
2. Constant currency variance excluding the impact of depreciating currencies against the US dollar.

Table 3: Total income

	2015	2014	Var	CC Var
Net interest income	\$106.4 million	\$87.9 million	21.0%	27.8%
Non-interest income	\$98.8 million	\$92.6 million	6.7%	21.4%

To improve our Group financial reporting systems, we have partnered with Oracle Financial Solutions (with Britehouse S.A. as implementation partner) to be the first African user of Oracle Cloud Solutions Services. Both companies have a large footprint across Africa and share Atlas Mara's vision of optimising business opportunities and growth in the African markets. The new management information system, which will be implemented during 2016, is another way that our Group will leverage technology to utilise data in a timely manner to support improved customer service.

The implementation of a lower-cost, agile and real-time reporting information system which allows seamless integration of future acquisitions is key to the scalability of our model. Lowering the cost of IT integration, reducing the cost of disaster recovery and an improved security platform are benefits from the new system we are implementing.

Income statement review

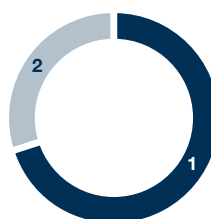
Net interest income

The improvement in net interest income is largely due to a reduction in the funding costs. This has been a targeted effort by management through a variety of measures including a focus on accessing lower-cost sources of liabilities, specifically retail deposits and longer tenor DFI loan facilities with improved pricing terms. The graphs in figure 1 reflect the split of net interest income between retail and wholesale providers for each of the different countries in the Group (Rwanda is reflected prior to the acquisition of Banque Populaire du Rwanda ('BPR'), that has a sizeable corporate client base). It is typical for African countries to be more wholesale-funded, given the relative lack of a savings culture. With the ongoing focus on attracting low-cost retail deposits across the Group, we expect to see the retail business making a greater contribution to net interest income over time and this will, in turn, support an improvement in net interest margins.

Figure 1: Geographical analysis of net interest income

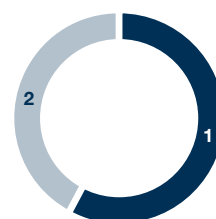
Botswana (ABC)

- 1. Retail **70%**
- 2. Wholesale **30%**



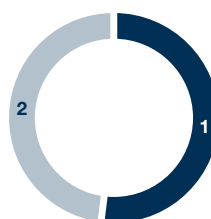
Mozambique (ABC)

- 1. Retail **58%**
- 2. Wholesale **42%**



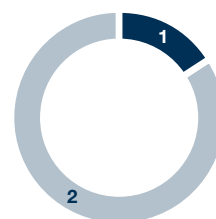
Rwanda (BRD)

- 1. Retail **52%**
- 2. Wholesale **48%**



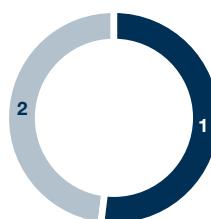
Zambia (ABC)

- 1. Retail **16%**
- 2. Wholesale **84%**



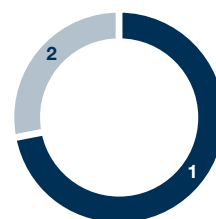
Zimbabwe (ABC)

- 1. Retail **52%**
- 2. Wholesale **48%**



Tanzania (ABC)

- 1. Retail **72%**
- 2. Wholesale **28%**



The chart in figure 2 illustrates the quarterly trend in the cost of funds and net interest margin over the course of 2015. During 2015, market-wide liquidity pressures in various countries in which the Group operates had an adverse impact on our ability to lower the cost of funding. Despite this, the margin trajectory remains positive. The focus to attract cheaper funding continues to be a management priority.

Non-interest income

Non-interest income increased by 6.7% to \$98.8 million in 2015 (2014: \$92.6 million). Non-funded income comprised 48.1% of total income during 2015 (2014: 51.3%).

Insurance income is included in non-interest income (mainly from the Botswana business) and broker revenues from businesses in Botswana, Zimbabwe and Zambia. Trading revenue (2015: \$12.8 million versus 2014: \$12.1 million on a constant currency basis) showed some increase in the first half of 2015 but was depressed during the second half with governments intervening in the local currency trading market (specifically in Zambia and Mozambique).

Total expenses

Staff costs amounted to \$75.2 million or 41% of the total expense base during 2015 (2014: 36%).

Within operating expenses, \$4 million was spent on projects supporting our 'Protect' goals, i.e. credit improvement, governance and controls remediation and some defensive IT improvements. 'Growth' related spend equated to ca.\$6.8 million mainly comprising of IT spend on product development and alternative channels such as agency banking. Transactional expenditure, supporting Atlas Mara's acquisition driven agenda, has decreased during 2015 with the focus on embedding the acquisitions made during 2014 and on executing the further acquisitions that we announced.

Figure 2: Evolution of margins and cost of funds

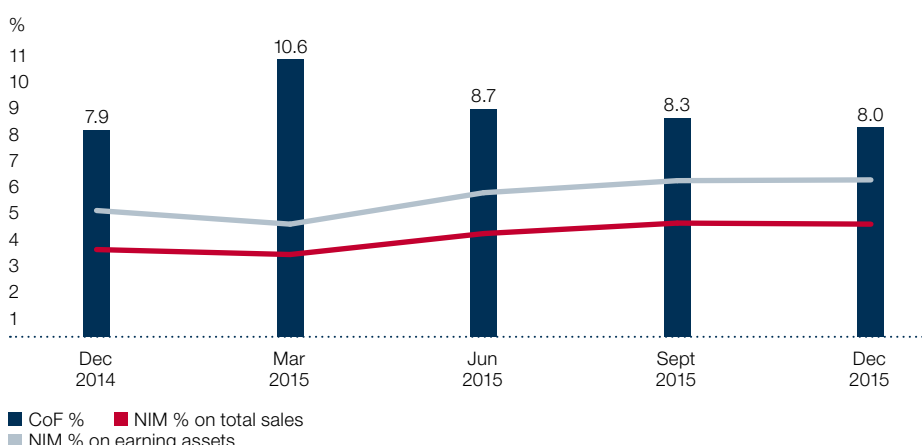


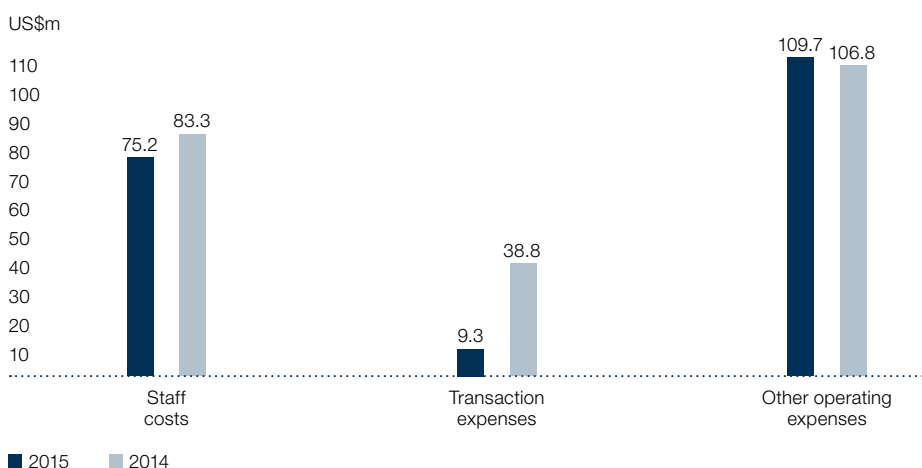
Table 4: Total expenses

	2015 \$m	2014 ¹ \$m	Var %	CC Var %
Staff costs	75.2	83.3	9.7%	(5.0%)
Transaction expenses	9.3	38.8	76.0%	>100.0%
Other operating expenses	109.7	106.8	(2.7%)	(10.6%)

Note:

1. FY 2014 numbers are shown on a Pro Forma basis as if the acquisitions were made at the beginning of the financial year and are unaudited.

Figure 3: Total expenses



Share of profit of associates

This represents Atlas Mara's share of profit from the 31.15% stake in Union Bank of Nigeria Plc ('UBN') based on their published results to 31 December 2015. The impact of goodwill and intangibles, as per IFRS 3 Business Combinations, are also included. Given that, as of the date of release of these results, UBN had publicly disclosed its 2015 results to the market, their results have been included in this set of accounts without any change or assumption.

The Nigerian macroeconomic environment has been challenging in 2015. The decline in commodity prices, especially in oil and gas, has led to a reduction in national income and slower growth, as well as a reduction in FDI. According to the UN report of March 2016¹, growth in West Africa decreased to 4.4% in 2015 from 6% in 2014, largely as a result of lower growth rate in Nigeria due to the weak oil sector and the uncertainty caused by the March 2015 elections. West Africa's growth is projected to increase to 5.2% in 2016 and then to 5.3% in 2017, driven mainly by the increasing strength of the non-oil sectors in Nigeria, which will underpin the performance of the broader economy.

During 2014, UBN benefited from several large, non-recurring items reflecting the disposal of non-core banking entities. Obviously the income from this disposal

was not repeated in 2015. The 2015 UBN reported results are thus of a higher quality of sustainable earnings than the comparable prior year period. Severe tightening in market liquidity post-CRR harmonisation by the Central Bank of Nigeria, and the Treasury Single Account ('TSA') implementation, has meant that lending has been slower across the banking sector. As well as a reduced credit demand, a lack of foreign currency availability has been evident across the Nigerian banking sector results for 2015.

During 2015, deposits grew by 12% while gross loans only grew by 3%. This was a deliberate strategy and is evidence of UBN's risk management strategy of only targeting selective credit growth in lower risk sectors. UBN grew private-sector deposits by 17% in 2015, which more than offset the liquidity challenges brought about by the TSA-induced decline in public sector accounts.

NPLs increased to 7.39% (2014: 5.03%), which reflects UBN's conservative and realistic perspective on the stresses expected in the local economy into 2016.

UBN's CAR was at 15.4% as at December 2015, with the Basel II 15% CAR requirement becoming effective from 30 June 2016.

A foreign exchange loss of approximately \$18.2 million arising from the translation of Naira into US dollars was accounted for directly against equity upon the consolidation of UBN's results into the Atlas Mara Group.

Loan impairment charges

The 2015 loan impairment charge of \$12.0 million represented a significant improvement year-on-year (2014: \$32.7 million). This is after recoveries of \$18.1 million, reflecting the success of the Special Operations Credit Recovery team in managing the restructuring, resolution and recovery of NPLs following the acquisition of BancABC. Additional credit costs of \$17 million were accounted for as an IFRS 3 adjustment as part of the fair value unwind of this non-performing book, as per IFRS 3 Business Combinations rules.

At a country level, the Group has benefited from the Reserve Bank of Zimbabwe's, formation of the Zimbabwean Asset Management Company ('ZAMCO') to buy out non-performing loans from banks, where their customers were of strategic importance to the Zimbabwean economy (\$13 million was recovered by way of ZAMCO debt repurchase agreements).

These steps taken to stabilise and improve the banking sector, as well as the broader Zimbabwean economy, have been a significant support to the successes achieved through asset recoveries.

As at December 2015, the credit loss ratio was 1.0% compared to 2.6% reported for during 2014.

Table 5: Share of profit of associates

	2015 \$m	2014 \$m	Var %	CC Var %
Share of profit of associates	20.3	36.0	(43.6%)	(25.9%)

Table 6: Loan impairment charges

	2015 \$m	2014 \$m	Var %	CC Var %
Loan impairment charges	12.0	32.7	63.3%	50.8%

Note:

1. http://www.uneca.org/sites/default/files/PublicationFiles/era2016_eng_rev30march.pdf

Statement of financial position review

Customer loans and advances comprise ca.50% of the Group's total asset base. Cash, short-term funds and marketable securities represent 13%, investment in government securities constitute a further 8% investment in our associate bank, UBN, accounts for 16% of the asset base. Goodwill and intangible assets represents 6% of assets with fixed assets and other assets making up the remaining 7%. On a constant currency basis, total assets growth was 6.8% compared to 2014.

Credit quality

In management's view, the customer loan book is adequately provided for. This is reflected in the pro forma provision adequacy ratio of 39.8% (2014: 32.4%), which demonstrates a satisfactory improved coverage position given the uncertain economic outlook. Non-performing loans ('NPLs') as a percentage of the loan book also declined to 10.6% (2014: 13.4%), reflecting evidence of our improved credit origination and collection processes.

Maintaining a focus on improving credit processes and ensuring responsible lending practices to drive continuous improvements in the quality of the loan portfolio remains a key priority for management.

Capital position

As at 31 December 2015, all of Atlas Mara's operating banks complied with local minimum capital requirements relevant in that country, as summarised in figure 6.

During 2015, we injected capital into both BancABC Tanzania (\$27 million) and BancABC Mozambique (\$17 million) to offset the impact of depreciating currencies and support risk asset growth, demonstrating Atlas Mara's commitment to full regulatory compliance and supporting business growth across our markets.

Table 7: Customer loans and deposits

	2015 \$m	2014 \$m	Var %	CC Var %
Total assets	2,452.1	2,637.9	(7.0%)	6.8%
Customer loans	1,229.4	1,236.5	(0.6%)	15.2%
Total deposits	1,436.1	1,531.0	(6.2%)	11.5%

Figure 4: Assets

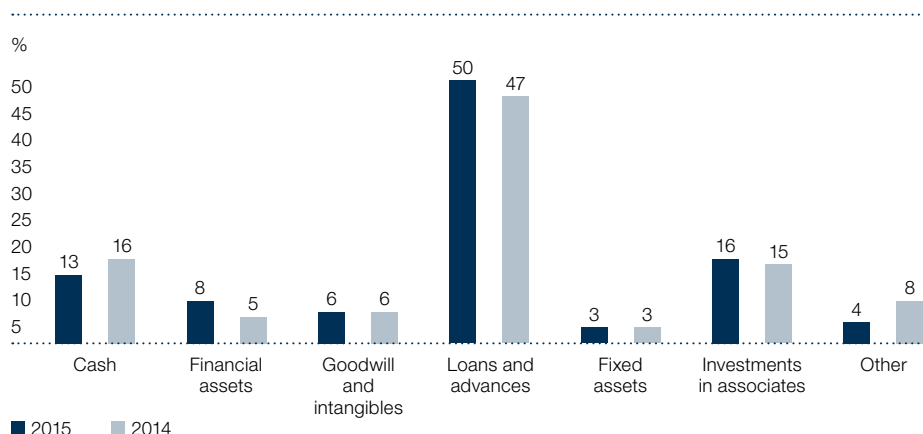


Figure 5: Non-performing loans

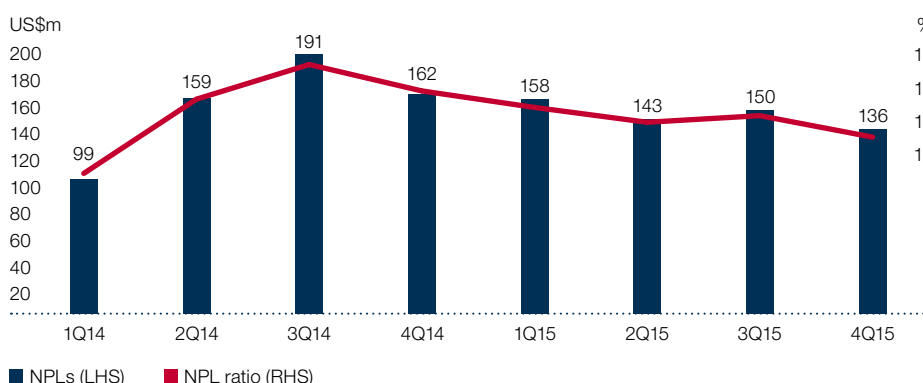
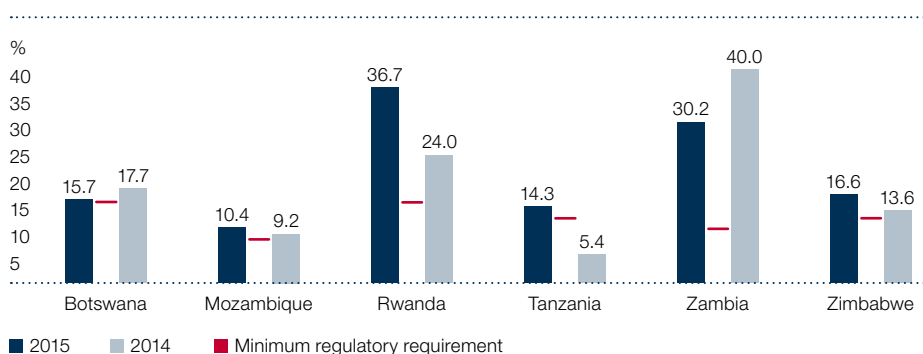


Figure 6: Capital adequacy by country



Goodwill and intangibles

As a result of the acquisitions made during 2014, and in compliance with IFRS 3: Business Combinations, the statement of financial position incorporates a goodwill asset of \$82.7 million (2014: \$87.5 million) and intangible assets of \$56.6 million (2014: \$74.8 million). Intangible assets are amortised over a 10-year useful life period, in accordance with IFRS. These assets represent a combined 6% of the Group's asset base, resulting in a tangible book value of \$7.00 per share (2014: \$7.54 per share) versus a book value per share of \$8.94 per share (2014: \$9.73 per share).

Investment in associate: UBN

Our investment in UBN is equity accounted for in the statement of financial position as an investment in associate, with a closing balance of \$395.5 million (2014: \$373 million). The value of the equity accounted earnings is as reported in UBN's 31 December 2015 audited financials. As a result of our detailed review of the financial results and the increased involvement as a result of holding 31.15% of the investment for the first full financial year and in line with the IFRS requirements to perform impairment testing, we have performed a detailed review of the carrying value of the investment held in UBN from a valuations perspective. Stress-testing of future expected earnings, together with the impact of a potential devaluation in the Naira, as well as potential credit shocks in the Nigerian market from continued lower oil prices and continued illiquidity of US dollar foreign currency were also considered. The carrying value was substantiated notwithstanding such potential stresses that might occur in the local market.

Liabilities

The reduction in equity largely reflects the translation impact from converting the equity investment in our African subsidiaries into US dollars as our reporting currency. The depreciation of many African currencies during 2015 has had a noticeable negative impact on equity (as an unrealised conversion loss) of \$92.6 million – of which Zambia, Botswana and Nigeria were the largest contributors, resulting in the decrease in the equity component of our balance sheet funding of 2% year-on-year on a constant currency basis.

Customer deposits comprise 79% of the liability base and represent 58% of the aggregate of liabilities and equity. The loan to deposit ratio for 2015 is 86% (2014: 80%).

Principal sources of funding for the Group are corporate depositors, government-backed institutions and inter-bank funding lines which together represent 79.2% of total deposit base. The retail deposit base makes up the residual 20.8%, with this showing positive improvement on the prior year position of 18.3%. Increasing this proportion further remains an area of focus as retail deposits are both relatively low cost and behaviourally longer term in nature than corporate deposits. We also remain focused on attracting longer-term, cost-effective DFI funding by leveraging existing strong relationships in this space.

Funding

As a newly established Group, the execution of our business model of Buy, Protect and Grow is dependent on our ability to continue to raise long-term funding. There is a strategic focus on the structure of the Group's capital as well as the cost of capital, in terms of finding an appropriate blend of debt and equity sources, to support the execution of our strategy.

Liquidity management is a focus at both the operating entity level, as well as at the parent company level, and management recognises the importance of liquidity in the day-to-day operations of our banking business. This activity is managed through a centralised treasury function that both directs and supports asset and liability management activities at country level and on a consolidated review level, including the optimal management of surplus cash across our banking network. Management further considers it critical to have a plan for addressing liquidity in times of illiquidity or shortages. The Group has a contingency funding plan in place which clearly defines Key Risk Indicators to monitor the market conditions and measure their impact on the Bank's liquidity position. Funding strategies are available to execute on such actions should that be required.

Figure 7: Composition of liabilities

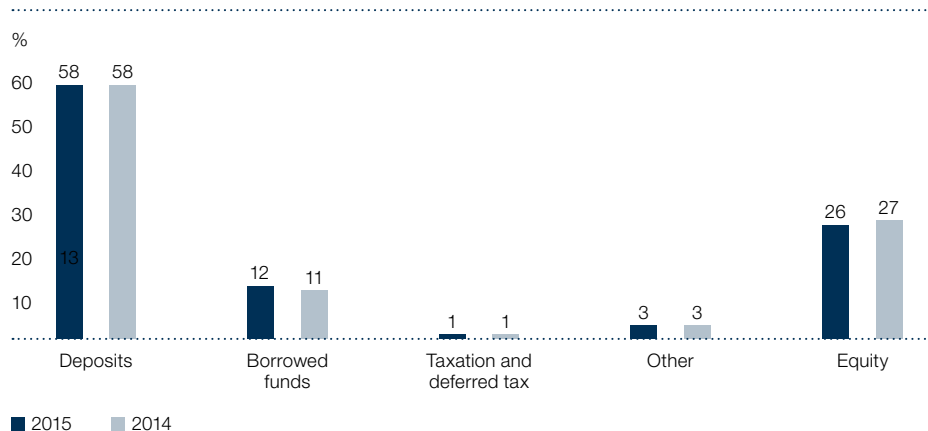


Table 8: Composition of liabilities

	2015 \$m	2014 \$m	Var %	CC Var %
Deposits due to customers	\$1,436.1	\$1,531.0	(6.2%)	11.5%
Borrowed funds	\$302.0	\$300.0	0.7%	12.9%

Segment information

The segmental results and statement of financial position information are representative of Atlas Mara's management's view of its underlying operations. The business is managed on a geographic basis consistent with the Group's emphasis on sub-Saharan Africa's key trading blocs with a key focus on underlying business line performance.

The seven countries of operation and investment have been divided as follows:

Southern Africa

Our Southern Africa segment includes the operations of BancABC, excluding Tanzania, i.e. Botswana, Mozambique, Zambia and Zimbabwe, as well as BancABC's holding company, ABCH, incorporated in Botswana, and various affiliated non-bank Group entities in those jurisdictions.

As the UN recently reported¹, Southern Africa's growth is forecast to increase to 3% in 2016 from 2.5% in 2015, and to 3.5% in 2017. The economic outlook for this region in particular, and Africa as a whole, has been impacted by weaker global growth and lower inward investment from China. Botswana remains highly reliant on diamond mining, although the government is seeking to roll out an economic stimulus programme to address the current low growth environment. Political risk remains

low, with Botswana remaining the continent's highest ranking country, improving its ranking by three positions to reach 28th according to the Transparency International 2015 Corruption Perceptions Index ('CPI') released in January 2016.

Mozambique achieved a real growth rate of 6.3% during 2015 which was relatively disappointing when contrasted with an average of 7.2% p.a. over the 2011-14 period, with this largely due to low external demand for Mozambique's commodities, adverse weather conditions, depressed prices for the country's primary exports, and a decrease in foreign investment inflows. Real GDP growth is projected to increase to 6.5% in 2016 and accelerate to over 7.2% p.a. during the 2017-19 period supported by extensive extractive industry investments, particularly from liquefied natural gas projects. With the business environment expected to improve, relatively low level of political risk, track record of strong economic growth and high levels of FDI inflows, we see meaningful growth opportunity in the country.

Zambia has suffered from the unfortunate combination of low copper prices, adverse weather conditions and electricity supply concerns. Although mining only makes up around 10% of GDP, this sector is responsible for 77% of Zambia's foreign currency earnings. The agriculture sector has received substantial investment, which has been helpful in reducing poverty

through the employment opportunities it creates. Atlas Mara has been a keen supporter of Government initiatives to farming cooperatives to expand the agricultural sector in Zambia, as well as across other African countries. It has often been observed that Africa possesses about half the uncultivated arable land surface in the world. Making this land more productive is not only economically desirable but will help satisfy obvious fundamental human needs.

Economic growth in Zimbabwe was subdued during 2015, the combination of drought devastating the country, a slump in commodity prices, as well as a shortage of electricity, which restricted mining output and suppressed the recovery of the manufacturing sector. The UN¹ predicted a slowdown in economic growth to 1.1% for 2015 before an expected increase to 1.9% during 2016. The country intends to increase gold production to support economic recovery. However, risks to economic growth remain to the downside given the weak outlook for commodity prices. The financial sector in Zimbabwe received an incrementally positive review from the International Monetary Fund². However, this still noted that risks remained and further reductions in non-performing loans were needed. As one of the current largest individual country balance sheets within Atlas Mara, we remain committed to building our operations and supporting the long-term success of the country.

Table 9: Southern Africa segmental results

	Banking operations			
	2015 \$m	2014 \$m	CC Var \$m	2014 (reported) \$m
Total income	181.2	162.4	36.2	48.8
Loan impairment charges	(12.4)	(32.4)	16.0	(4.5)
Staff costs	(49.2)	(57.0)	1.4	(24.8)
Other operating expenses	(87.1)	(79.2)	(17.2)	(28.3)
Share of profit of associates	(0.1)	–	(0.1)	(0.1)
Profit/(loss) before tax	32.4	(6.3)	36.3	(8.9)
Profit/(loss) after tax and non-controlling interest ('NCI')	21.6	(8.1)	27.5	(12.1)
Loans and advances	1,100.3	1,102.6	173.5	1,084.4
Total assets	1,643.0	1,679.0	256.9	1,547.0
Total equity	101.1	108.0	11.1	(28.1)
Total liabilities	1,542.2	1,571.1	246.2	1,575.1
Deposits	1,248.5	1,345.0	145.5	1,350.0
Net interest margin – total assets	6.6%	6.4%		2.0%
Net interest margin – earnings assets	7.2%	7.0%		–
Cost to income ratio	75.2%	83.9%		108.7%
Statutory credit loss ratio	3.8%	12.0%		–
Return on equity	21.4%	(7.5%)		43.0%
Return on assets	1.3%	(0.5%)		(0.8%)
Loan to deposit ratio	88.1%	82.0%		80.3%

East Africa

Our East Africa segment consists of BRD Commercial Bank and BancABC Tanzania. In Tanzania, the banking industry has been severely affected by a tightening liquidity position, which has resulted in increased interest rates on deposits and higher funding costs. Tanzania's economy has proven relatively resilient with economic growth remaining strong. While the country's growth outlook remains positive, with GDP expected to grow to 7.3% and 7.5% in 2016 and 2017 respectively (Standard Bank Group Equity Research: African Reviews: Dec 2015). Tanzania's growth has been driven by the construction, manufacturing and the wholesale and retail trade sectors. The country remains dependent on donor funding which appears erratic from time to time, impacting the government's planning towards the Tanzania Development Vision 2025. The new president's Magufuli demonstrable fight against corruption is likely to bode well for economic growth in the medium term. Tanzania's stable political environment, sizeable domestic consumer market, ample natural resources, strategic location, and strong economic growth performance have made the country a favoured foreign investment destination on the continent.

In the Transparency International 2015 Corruption Perceptions Index ('CPI') released in January, Rwanda has improved its ranking by a significant 11 positions to become Africa's second least corrupt country. Rwanda appears to continue its steady growth path despite some exogenous headwinds – estimated to be around 7% year-on-year for the following two years, with macroeconomic stability under President Kagame's continued presidential term. The overall environment in Rwanda is still safe, stable and good for business. Household consumption has been growing steady, with the upside in investment spending driven by construction activity in the main. Agriculture, wholesale and retail trade are other sectors posing for further growth, together with a focus from President Kagame to play a leadership role in furthering trade within the East African Community. Most other economic fundamentals remain strong, with considerable foreign investor interest, an adequate level of foreign currency reserves and a sustainable level of external liabilities.

In January 2016 Atlas Mara acquired a 45.03% stake in BPR. BPR was established in 1975 and is the second largest bank in Rwanda with total assets of ca.\$240 million, loans of \$164 million and deposits of ca.\$188 million as at 31 December 2015. BPR was merged with BRD Commercial Bank at the beginning of January 2016 resulting in Atlas Mara owning 62.06% of the merged entity, which is now the second largest bank in this key market. The integration process of both banks is going according to plan and we are positive about the prospects for the merged entity in Rwanda.

Notes:

1. http://www.uneca.org/sites/default/files/PublicationFiles/era2016_eng_rev30march.pdf
2. <http://www.imf.org/external/np/sec/pr/2016/pr1696.htm>

Table 10: East Africa segmental results

	Banking operations			
	2015 \$m	2014 \$m	CC Var \$m	2014 (reported) \$m
Total income	14.1	8.3	6.9	8.2
Loan impairment charges	0.4	(0.2)	0.6	(1.7)
Staff costs	(6.5)	(5.8)	(1.7)	(3.3)
Other operating expenses	(11.2)	(11.6)	(1.7)	(2.8)
Share of profit of associates	0.2	–	0.2	–
Profit/(loss) before tax	(3.0)	(9.4)	4.4	0.4
Profit/(loss) after tax and NCI	(1.9)	(10.1)	6.1	(1.7)
Loans and advances	129.8	135.5	13.3	133.6
Total assets	241.6	217.5	58.5	222.9
Total equity	32.1	2.0	29.4	(2.5)
Total liabilities	209.5	215.5	29.1	225.4
Deposits	187.6	180.9	36.0	181.1
Net interest margin – total assets	5.3%	1.5%		0.9%
Net interest margin – earnings assets	5.6%	1.5%		
Cost to income ratio	125.4%	>100%		74.2%
Statutory credit loss ratio	(10.1%)	20.4%		
Return on equity	(6.0%)	n.a.		65.0%
Return on assets	(0.8%)	(4.6%)		(0.7%)
Loan to deposit ratio	69.2%	74.9%		73.8%

West Africa

Our contribution to earnings from West Africa is represented by our associate investment in UBN, adjusted for attributable equity earnings based on UBN's published results. Our investment in UBN resulted in associate income of \$20.2 million in 2015 compared to \$36 million for 2014. On a constant currency basis an associate income of \$29.6 million would have been generated from UBN if we were to exclude the impact of the depreciating Naira.

UBN delivered a satisfactory set of results in a challenging macroeconomic environment. The fall in oil prices in 2015 led to a significant fall in the revenues of the Nigerian Government where oil and gas sales account for up to 70% of foreign exchange earnings. The second half of 2015 was also characterised by a scarcity of foreign currency in Nigeria with the Naira pegged at the official rate of 199 Naira to the dollar but a significant divergence to the parallel exchange rate of 300 Naira to the dollar and beyond. The fall in Government revenues and the resultant scarcity of foreign exchange has resulted in the slowing GDP growth and increasing inflation in the country. This has resulted

in higher operating costs for UBN and also an increase in the impairment charge to the statement of profit or loss as there has been a need to provide for a higher number of loans especially to companies in the oil and gas sector who have been affected by the lower price of oil.

Atlas Mara, through its three board seats on the UBN board, is working closely with UBN management to monitor the impact of the recent oil price declines and currency weakness on the credit position and capital position. We see positive medium growth potential for UBN irrespective of the near-term challenges from the macroeconomic environment.

Table 11: West Africa segmental results

	Banking operations			
	2015 \$m	2014 \$m	CC Var \$m	2014 (reported) \$m
Total income	–	–	–	–
Loan impairment charges	–	–	–	–
Staff costs	–	–	–	–
Other operating expenses	–	–	–	–
Share of profit of associates	20.2	36.0	(9.4)	14.4
Profit/(loss) before tax	20.2	36.0	(9.4)	14.4
Profit/(loss) after tax and NCI	20.2	36.0	(9.4)	14.4
Loans and advances	–	–	–	–
Total assets	395.9	373.4	3.6	373.4
Total liabilities	–	–	–	–
Deposits	–	–	–	–

Other

Included in this segment are Atlas Mara Limited, the BVI incorporated holding company, as well as Atlas Mara's Dubai subsidiary and all other intermediate Group holding entities acquired in connection with acquisitions of ABCH and ADC in August 2014. Non-core assets in the Group entity structure were disposed of in 2015 to streamline the Group structure with the objective of driving cost efficiencies. Accounting adjustments are also presented within the Other segment.

The corporate centre of Atlas Mara, depicted in table 12, reflects a net loss of \$22.0 million for 2015 compared to a net loss of \$25.3 million for 2014. The improvement in the net loss position of 2015 compared to 2014 is driven primarily by income in the form of management charges which have been generated by the corporate centre and which offset the increase in costs and expenses in 2015 as we continue to invest and build a best-in-class banking infrastructure.

Included in the column 'M&A, ADC and Consol' in table 12 are M&A-related expenses incurred in connection with Atlas Mara's acquisition driven strategy. These costs have reduced significantly in 2015 compared to 2014 as expected as the focus has moved from the initial 'Buy' phase into the combined 'Buy, Protect and Grow' phase.

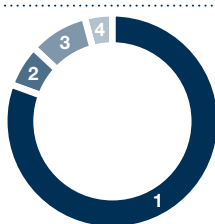
Arina McDonald
Chief Financial Officer

Table 12: Other segmental results

	Atlas Mara corporate centre			M&A, ADC and Consol			
	2015 \$m	2014 \$m	CC Var \$m	2015 \$m	2014 \$m	CC Var \$m	2014 (reported) \$m
Total income	11.4	(1.1)	12.5	(1.6)	11.0	(11.3)	0.4
Loan impairment charges	–	–	–	–	–	–	–
Staff costs	(19.9)	(14.2)	(5.7)	(4.1)	(6.2)	1.7	(12.1)
Other operating expenses	(13.5)	(9.9)	(3.6)	(2.6)	(44.9)	41.5	(58.6)
Share of profit of associates	–	–	–	–	–	–	6.4
Profit/(loss) before tax	(22.0)	(25.3)	3.3	(8.3)	(40.1)	32.0	(64.0)
Profit/(loss) after tax and NCI	(22.0)	(25.3)	3.3	(6.6)	(40.3)	33.9	(64.0)
Loans and advances	–	–	–	(0.6)	(1.6)	0.9	–
Total assets	744.0	733.7	10.3	(183.1)	(15.4)	(153.8)	224.6
Total equity	668.1	684.8	(16.7)	(182.3)	(135.4)	(41.6)	(86.2)
Total liabilities	75.9	48.9	27.0	1.1	120.0	(113.2)	138.4
Deposits	–	–	–	–	5.0	(5.0)	–

Figure 8: 2015 Total income \$225m

1. Southern **\$181m (79%)**
2. East **\$14m (6%)**
3. West¹ **\$20m (9%)**
4. ATMA² and other³ **\$9m (6%)**

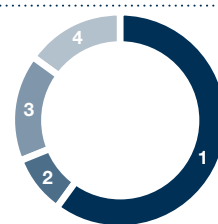


Notes:

1. Share of profit from associate representing 31.15% in UBN.
2. Atlas Mara corporate centre.
3. Includes other intermediate Group holding entities acquired as part of the acquisitions of ABCH and ADC, M&A expenditure as well as consolidation entries.

Figure 9: 2015 Total assets \$2.5bn

1. Southern **60%**
2. East **9%**
3. West¹ **16%**
4. ATMA² and other **15%**



Notes:

1. Share of profit from associate representing 31.15% in UBN.
2. Atlas Mara corporate centre.

Principal risks and uncertainties

At Atlas Mara (the Group), we recognise that effective risk management is fundamental to the sustainability of our business. A strong risk management culture within the Group ensures an appropriate balance between the diverse risks and rewards inherent in any transaction, and underpins sound decision-making. Accordingly, we continue to work towards implementing a comprehensive risk management process to evaluate, monitor and manage the

principal risks the Group assumes in conducting its activities. In the course of conducting its business, the Group is exposed to various risks inherent in providing financial services. Some of these risks are managed in accordance with established risk management policies and procedures, most of which are discussed in the Risk report section on page 86.

The principal risks faced by Atlas Mara, which could impact the Group's ability to meet its strategic objectives, are highlighted below, together with key mitigating actions.

Principal risks	Key mitigating actions	
Credit risk	The Group may be adversely impacted by an increase in its credit exposure related to lending, trading and other business activities. Credit risk stems from the possibility of losses arising from the failure of Group customers or counterparties to meet their financial obligations on a timely basis. Credit risk is the most significant risk type faced by the Group as explained in more detail further down in this report. Credit risk arises from lending and other financing activities comprising of the Group's core business.	<ul style="list-style-type: none">– Well-considered credit policies incorporating prudent lending criteria.– Well-defined authorities and governance structures with appropriate separation between origination and sanctioning.– Improvements to credit processes and controls, including proactive portfolio monitoring and effective remedial management.
Market risk	Atlas Mara may be adversely impacted by both global and local markets and economic conditions that can lead to fluctuations in interest and exchange rates, as well as equity and commodity prices. It may also be adversely impacted by significant holdings of financial assets, or significant loans or commitments to extend loans.	<ul style="list-style-type: none">– Vigilant monitoring of macroeconomic and geopolitical conditions.– Establishment and regular monitoring of trading limits and positions.– Rates hedging programs, both with respect to interest rates and foreign exchange.– Stress and scenario testing.
Funding and liquidity risk	The financial condition of Atlas Mara may be adversely impacted by an inability to raise capital, borrow funds or sell assets to meet its obligations. Cash is currently upstreamed to the parent company in the form of management fees.	<ul style="list-style-type: none">– Maintenance of prudent levels of liquid assets to meet cash and collateral outflows.– Appropriate 'emergency'/'contingency' liquidity plans.– Active dialogue with development finance institutions to provide funding at the subsidiary level.– Frequent stress and scenario testing.
Acquisition/integration risk	Atlas Mara may not be successful in its strategic objectives and specifically it may not be able to find enough acquisition opportunities to meet the Company's criteria and to enable it to achieve its strategy of building sub-Saharan Africa's premier financial institution.	<ul style="list-style-type: none">– Dedicated team focused on originating and evaluating opportunities.– Multiple prospective transactions under consideration with no reliance on one single transaction coming to fruition.– Atlas Mara is building a track record of successful acquisitions and integration and expects to continue this in 2016.

Principal risks	Key mitigating actions	
Operational risk	<p>Atlas Mara may incur losses due to lapses in controls, internal processes or systems, or as a result of external events which could also have negative repercussions across other risk dimensions. Information technology systems, in particular, represent an important focal point.</p> <p>Selected jurisdictions in which Atlas Mara operates (or may operate in the future) have higher levels of risk than more mature markets.</p> <p>Atlas Mara may not be able to deliver efficiencies, synergies or governance enhancements at its acquired operations leading to disappointing performance and/or control failures.</p>	<ul style="list-style-type: none"> – Appropriate skills training and elevation of employee awareness across the Group. – Ongoing review of IT systems architecture and systems resilience, including with respect to business continuity planning, and identification of areas for improvement. – Active focus from senior management on the execution of integration and performance enhancement programmes. – Enhancements to operational risk policies and processes for ensuring compliance with safe practice and a secure controls environment.
Legal risk	<p>Legal proceedings against Atlas Mara or insufficient legal protection could adversely affect its operating results for a particular period and impact its credit ratings.</p>	<ul style="list-style-type: none"> – Vigilant monitoring of pending and ongoing litigation. – Enhancements to staffing and training of the legal function across the Group.
Regulatory and legislative risks	<p>Many of Atlas Mara's businesses are highly regulated and are subject to, and could be adversely impacted by, regulatory and legislative initiatives.</p>	<ul style="list-style-type: none"> – Frequent interactions with regulators across the Group's countries of operations. – Active dialogues with relevant government officials and monitoring of events potentially impacting our business. – High level and senior attention given to all matters pertaining to regulatory standards and requirements.
Reputation risk	<p>Atlas Mara's strategy is to become sub-Saharan Africa's premier financial institution. Damage to Atlas Mara's brand arising from any association, action or inaction which is perceived by customers, regulators, shareholders or other stakeholders as inappropriate or unethical would impact the Company's ability to achieve its strategic goals.</p>	<ul style="list-style-type: none"> – Continuous emphasis on a culture of excellence and integrity across the entire Group in which the preservation and enhancement of our reputation is sacrosanct. – Sustaining a robust internal audit function to ensure compliance with standards, policies and procedures across the Group.

Principal uncertainties

The Group operates in an environment where taking considered business risks within the jurisdictions in which we operate are key to delivering on our strategy and to delivering value to shareholders. In executing our business strategy, it is important to navigate uncertainties deftly, to optimise growth opportunities and to ensure that attendant risks fall within the Group's risk appetite framework of whichever risk type, with appropriate risk mitigants in place.

This section provides an overview of the principal uncertainties we face.

Impact of macroeconomic conditions in countries of operation and emerging markets, more broadly

The impact of revised global GDP growth forecasts, of gradually increasing policy interest rates in the United States, as well as financial markets volatility amid concerns about emerging market growth prospects, have contributed to tighter external financial conditions than a year ago, with declining capital flows and currency depreciation observable in many emerging market economies.

The Group's strategy remains focused on banking and financial services growth opportunities across sub-Saharan Africa. Consistent with other emerging markets economics, our countries of operation have been affected by lower commodity prices, including lower oil prices, the slowdown in China's domestic growth, the strengthening of the dollar and several geopolitical risk factors. These headwinds could negatively impact the Group's access to liquidity and funding to continue executing on our acquisition-led strategy, in particular over the coming one-to-two years, and future financial performance. The impact of all such factors on the valuation of financial assets, specifically goodwill and intangible assets, is reviewed annually as part of a business and audit testing to ensure balance sheet integrity.

While these market uncertainties create execution risk for the Group, they also create investment opportunities, as selected international financial institutions de-emphasise or exit their African operations, competition for assets is limited and sellers' valuation expectations are declining. Additionally, the opportunity to offer innovative credit solutions and product offerings in a digital fashion, as opposed to more traditional cost- and infrastructure-heavy banking models, represents an exciting avenue of differentiation for the Group's operations.

To ensure that we proactively manage risk, we closely monitor and use predictive modelling around the fast-changing economic conditions, not only in our current markets, but across emerging markets and the global economy. The Group's risk management framework places a key role in ensuring we achieve an effective balance between risk and opportunity through the continuous review and management of our strategy and portfolio.

Political risks

We are subject to political and economic risks in the countries in which we operate, including the risk of government intervention. To mitigate this risk, we continuously assess the impact of the geopolitical outlook on our exposures and businesses to ensure we remain within our risk appetite.

Exchange rates

Changes in foreign currency exchange rates may affect not only our reported profitability through exposures to various currencies, but also may have an impact on the value of our assets and liabilities. As seen during the last 12 months, the volatility in emerging market currencies is expected to create risks to our business. We monitor this risk through detailed monthly exchange rate analysis. Where possible and/or appropriate, we look to minimise such exposures on a transactional basis with a hedging strategy; however, for capital employed, although a hedge policy is in place to manage such exposures, most of the invested capital is not specifically hedged given the high cost of such derivative projection measures and the lack of available counterparties for relevant tenors in these local markets.

Exposures are monitored and reported to ensure compliance with Group policies. We also perform detailed sensitivity analyses on the Group's investments with exposure to currency volatility and/or anticipated depreciation to better understand the impact of such foreign exchange movements on forecast earnings.

Funding

As a newly established Group, the execution of our strategy of Buy, Protect and Grow is dependent on our ability to continue to raise long-term funding. There is a strategic focus on the structure of the Group's capital as well as the cost of capital, in terms of finding an appropriate blend of debt and equity sources, to support the execution of our strategy.

Liquidity management is a focus at both the operating entity level, as well as at the parent company level and on a consolidated basis. This activity is managed through a centralised treasury function that both directs and supports asset and liability management activities at country level and on a consolidated review level, including the optimal management of surplus cash across our banking network.

Management is focused on building the platform, including sourcing talent and ensuring that the Group's systems and controls are commensurate with an institution of our intended size. Management equally places great emphasis on the alignment of costs that follows such a build out of the platform and leadership capacity with the ability to generate revenues. However, given that the Group continues to invest in its corporate centre, costs at this level are incurred, at present, before revenues are generated at a rate that would make this corporate centre self-sufficient. To this end, a detailed OECD-compliant transfer pricing policy has been established, as well as a centralised treasury function to support the optimisation of surplus Group liquidity, and costs are managed closely at both the corporate centre and subsidiary level. Forecast income through dividends and management charges, together with the establishment of an offshore trading business, is expected to exceed central costs from late 2017 onwards.

The timing difference between the benefits of the Group's acquisition and other organic growth opportunities and the investments required requires careful planning and management of competing priorities. To manage the Group's funding needs, the Group is exploring several initiatives to raise debt and equity funding with a number of potential investors, who share the Group's thesis regarding the long-term potential of African financial services.

Management provides monthly progress reports to the Board on its numerous financing initiatives, as well as liquidity positions, capital requirements and cost management matters, both at the corporate centre and subsidiary levels.

Additional investment in the Atlas Mara convertible bond

As disclosed in note 2, on 15 October 2015, Atlas Mara issued \$63.4 million 8.00% secured convertible bonds due 31 December 2020 and convertible into Atlas Mara ordinary shares at a price of \$11.00 per share to a combination of existing ordinary shareholders and new investors. Details of the convertible bond terms have been included on page 134.

Subsequent to the reporting date, on 22 April, following discussions with both existing and prospective investors, including reverse inquiries, and given remaining capacity under the bonds' structure, Atlas Mara placed a further \$17.4 million of its 8.00% senior secured convertible notes due 2020. The additional issuance was undertaken on identical terms to the October 2015 tranche, except that these bonds will be issued at a price of 84%, as opposed to 82.7% in October, to account for the intervening passage of time.

The instrument will continue to be treated as a compound financial instrument. The discount rate used to determine the fair value of the liability for the original convertible bond has been assessed as meeting the valuation requirements of IFRS 13 Fair Value.

For this issue, a discount rate of 17.7% was used to determine the fair value of the liability at \$11.2 million, resulting in the equity component being valued as \$3.4 million.

Extension of loan agreements

Further non-adjusting transactions with a positive impact on cash flow management and reflective of support from both investors and existing funders, but which concluded post year-end, but prior to release of these results, include the following:

- The African Export-Import Bank ('Afrexim') and African Banking Corporation of Botswana Limited ('BancABC Botswana') have agreed terms in relation to a \$60 million three-year loan facility, the proceeds of which will be used to refinance an existing \$60 million bridge finance facility between ABC Holdings Limited and Afrexim.
- Atlas Mara Limited and Trafigura Ventures V.B.V, a subsidiary of Trafigura Beheer BV, agreed to the extension of an existing \$10 million term loan facility until 30 June 2017. The other salient terms of this loan obligation remain largely unchanged.

Regulatory changes

The impact of changes in economic policies and laws and regulations is unpredictable and could have a material impact on the Group's ability to implement our strategy, specifically the impact on capital and liquidity requirements. The Group maintains appropriate buffers with respect to key regulatory capital and liquidity ratios, continuously monitors current and proposed regulatory policies, and maintains active dialogues with all of its regulators.

In making the assessment of the Group's ability to continue as a going concern the impact of the factors listed above have been considered.

Group risk management objectives

The Group risk management function, as mandated by the Board of Directors is to:

- coordinate risk management activities across the organisation, by ultimately becoming the custodian of Atlas Mara's risk management culture;
- analyse, monitor and manage all aspects of exposures across risk classes;
- ensure risk parameters and limits are set, approved and implemented and ensure that such risk parameters and limits are consistently adhered to; and
- facilitate various risk management committees as part of the Group's risk management process.

The Group's approach to risk management

The Group's approach to risk management involves a number of fundamental elements. The procedures and methodology is enshrined in the evolving Atlas Mara Enterprise-wide Risk Management ('ERM') Framework as shown in figure 10.

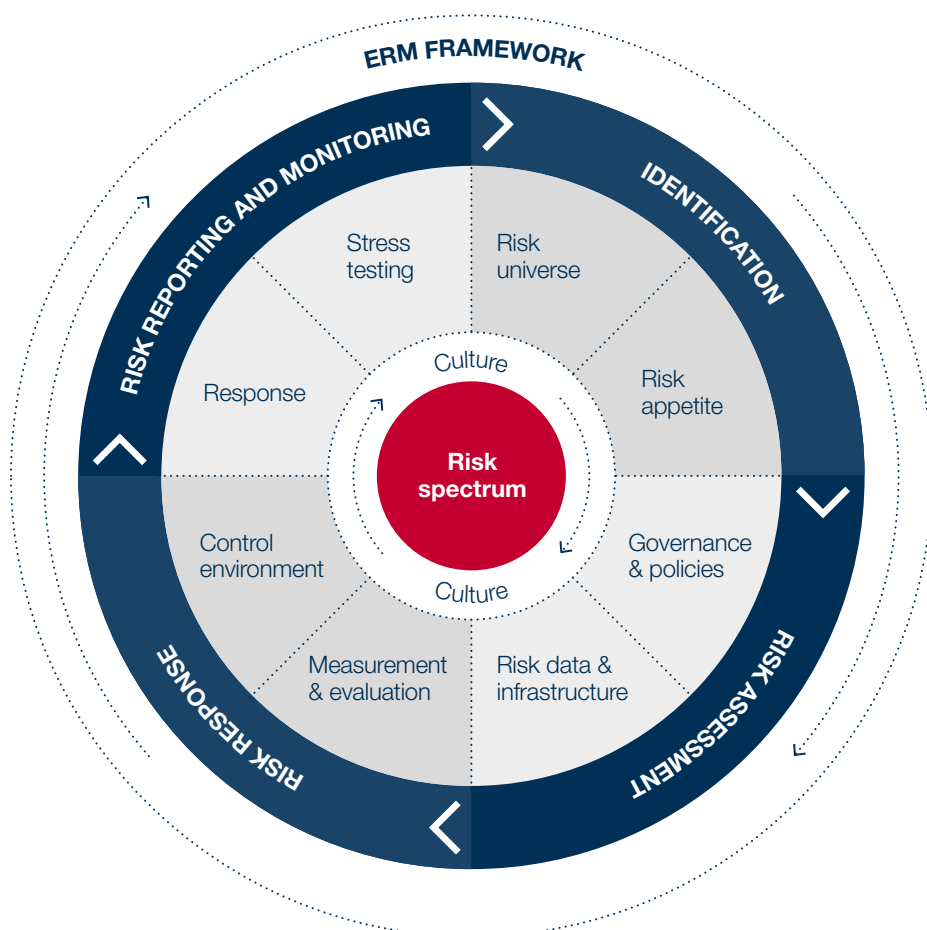
The Group's risk appetite sets out the level of risk that the Group is willing to take in pursuit of its business objectives. This risk appetite is calibrated against the Group's broad financial targets including profitability and impairment targets, dividend coverage and capital levels. The Group's risk methodologies include systems that enable the Group to measure, aggregate and report risk for internal and regulatory purposes in line with best practice.

ERM in business includes the methods and processes used by organisations to manage risks and identify opportunities related to the achievement of their objectives. ERM provides a framework for risk management, which typically involves identifying particular events or circumstances relevant to the organisation's objectives (risks and opportunities), assessing them in terms of likelihood and magnitude of impact, determining a response strategy, and monitoring progress.

The Group risk management framework defines the risk management Principles and Standards followed by the Group. These Principles and Standards ensure that risks are consistently managed throughout the Group through a set of internal controls. The Principles and Standards also ensure that risk awareness filters down through every level of the Group, and that every employee understands their responsibility in managing risk. At each operating subsidiary entity, the following sub-committees, comprising executives and senior management, are responsible for dealing with the risks facing the Group in a structured manner:

- Credit Committee ('CREDCO') – responsible for credit risk;
- Assets and Liability Committee ('ALCO') – responsible for interest rate, market, liquidity, counterparty, currency and capital adequacy risk; and
- Operational Risk Committee ('ORCO') – responsible for technology, compliance, legal, human resources, reputational, operational and regulatory risk.

Figure 10: Atlas Mara ERM framework



Atlas Mara has adopted the three lines of defence model ('the model'), as shown in figure 11, to address how specific duties related to risk and control can be assigned and coordinated within the various business units. The model's underlying premise is that, under the oversight and direction of senior management and the Board of Directors, three separate groups (or lines of defence) within Atlas Mara are necessary for effective management of risk and control.

The three lines of defence are:

- Business operations;
- Risk and control functions; and
- Internal audit.

Each of the three lines plays a distinct role within Atlas Mara's wider governance framework. When each performs its assigned role effectively, the prospects of Atlas Mara being successful in achieving its overall objectives are highly enhanced.

Role of Atlas Mara Group Risk Management

Atlas Mara Group Risk Management is responsible for maintaining a culture of risk awareness throughout the Group. While each business unit is primarily responsible for managing its own risks, Group Risk

Management independently monitors, manages and reports on all risks facing the Group, as mandated by the Board of Directors. It coordinates risk management activities across the Group to ensure that risk parameters are properly set and adhered to across all risk categories and in all Group companies. It also ensures that all risk exposures can be measured and monitored across the Group. Managing risk effectively is one of the key drivers of the Group's continuous investment in technology. Group Risk Management continually seeks new ways to enhance its risk management techniques.

It also updates the Group risk management framework on a regular basis to reflect new policies adopted by the Board of Directors. Group Risk Management regularly reports to the Atlas Mara Executive Committee and the Atlas Mara Risk and Audit Committee, to provide the Board with assurance that risks are being appropriately identified, managed and controlled. Group Risk Management is headed by an executive manager who reports to the CEO.

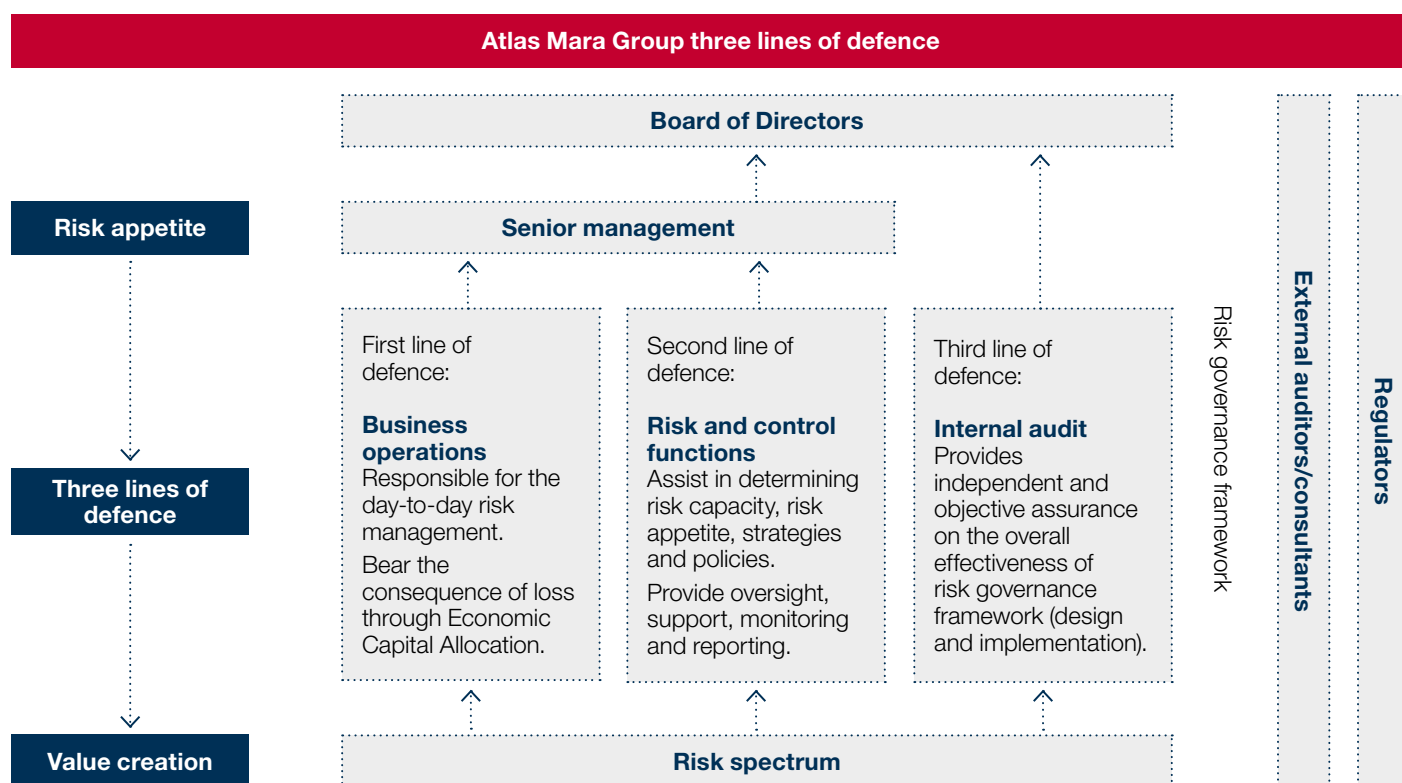
Approach to risk management

The Board recognises that it is ultimately responsible and accountable to shareholders for:

- the process of risk management and the systems of internal control;
- identifying, evaluating and managing the significant risks faced by the Group;
- ensuring that effective internal control systems are in place to mitigate significant risks faced;
- ensuring that a documented and tested process is in place to allow the Group to continue its critical business in the event of a severe incident impacting its activities; and
- reviewing the efficacy of the internal control system.

The Board has approved the Group risk management framework which applies to all Group companies and deals with enterprise-wide risk and governance protocol. Risk management in the Group is underpinned by governance structures as well as risk ownership, identification and evaluation. Ownership and management of risks begins in the business units of each subsidiary, who identify and evaluate risks particular to their function. Group Risk Management reviews actions taken by business units to mitigate identified risks.

Figure 11: Three lines of defence model



Good governance is the bedrock of our culture.



Arnold Ekpe

Chairman of the Board of Directors

I am pleased to present our Corporate Governance Report for the 2015 financial year. During the year, we remained focused on executing our strategy to create value for our shareholders and ensure the long-term success of the Company. Towards this end, we continued with our efforts to ensure excellence in corporate governance and to provide effective oversight. As stated earlier, we view corporate governance as a 'differentiator' and a hallmark for what Atlas Mara stands.

Since inception, we have continued to work towards compliance with the provisions of the UK Corporate Governance Code 2014 issued by the Financial Reporting Council (the 'Code'). Our progress in complying with the Code is detailed on page 74.

A key area of focus for the Directors in 2015 was ensuring our culture and values are firmly established across the Group. We committed significant resources to upgrading our systems, control environment and processes. Also, recognising that the tone starts at the top, we provided oversight for the recruitment of talent that espouse our values. We also assessed the Boards of each of our subsidiaries and provided oversight to ensure alignment with best practice standards, and ensured training for each subsidiary board. Atlas Mara continues to attract high-calibre talent to its senior management team.

The Executive Committee, which consists of John Vitalo, Arina McDonald, Beatrice Hamza Bassey and Bradford Gibbs, has expanded to include three additional members: Eric Odhiambo as Chief Risk Officer, Jonathan Muthige as Head of Human Capital, and Chidi Okpala as Head of Digital. The Chief Risk Officer, in particular will play a critical role in strengthening our risk management framework and overall ability to institute strong corporate governance procedures and processes.

Since Funke Opeke, Amadou Raimi and Eduardo Mondlane, Jr. joined the Board and its relevant Committees in January 2015, the Board has benefited tremendously from the broadening of perspectives. The balance of skills and breadth of African and financial services experience shared by the Board of Directors as a whole has supported its important role in steering the strategic and operational objectives of the Company. Highlights from our Boardroom discussions include the adoption of key policies, approval of major financing initiatives, continuous assessment of the Company's acquisition pipeline, and establishment of guiding principles to inform our operational priorities.

The Board convened for a full-day session in Maputo, Mozambique, during which we debated and refined the Company's strategic options and direction over the medium term. Following a robust discussion with the Executive Committee on the Company's competitive strengths, macroeconomic outlook and opportunities for growth, the Board approved key components of our strategy including our proposed geographic footprint and business focus.

We also maintained an active dialogue with our shareholders. I, along with Rachel Robbins, have met with some of our shareholders and have listened carefully to you. Our interactions helped to inform some of our activities in 2015. Further details are set out on page 81. I invite our shareholders to attend our next Annual General Meeting ('AGM'), which will be held in New York City at 375 Park Avenue (21st floor), New York, NY, 10152 on 9 June 2016. We hope to continue our engagement with our shareholders at that time, and also introduce the new members of the Atlas Mara team.

I continue to be impressed by the Directors' commitment and dedication in effectively discharging their duties. The Board and its Committees met a total of 29 times throughout 2015 to discuss and deliberate on a variety of matters. Attendance at each Board and Committee meeting has been high and the Board also dedicated time to attending training sessions to help the Board better discharge its responsibilities. In 2015, we chose to hold our quarterly in-person Board meetings in the countries in which we operate, and, in this regard, held meetings in Maputo, Mozambique and Lusaka, Zambia. This provided invaluable access to our operations, staff, customers and regulators, and allowed us to further deepen our knowledge of the Company.

In line with our commitment to Board development, the Directors undertook a Board training session in November 2015 that covered a variety of topics including key corporate governance matters for UK-listed companies. More recently, we revised the Board Committee terms of reference to promote best practice standards and further strengthen our corporate governance framework. The Board Committee Terms of Reference are summarised on page 78.

We are pleased with the Board's activities to date and the progress that is being made in terms of compliance with the principles of the Code. We will continue to review developments in corporate governance and apply them, as appropriate, to Atlas Mara.

Arnold Ekpe

Chairman of the Board of Directors

Combining the best of global institutional knowledge, with extensive local insights and experience.

Committee membership key:

A&R Audit and Risk Committee

N Nomination Committee

R Remuneration Committee

Full biographies can be found on pages 72 and 73



01. Arnold Ekpe
Chairman,
Non-Executive Director
Age 62

African experience:



Date appointed to Board:
3 December 2013

Tenure on Board:
2 years 4 months

Committee memberships:
A&R, N, R

Independent:
Yes, independent on appointment

02. John F. Vitalo
CEO,
Executive Director
Age 51

African experience:



Date appointed to Board:
21 August 2014

Tenure on Board:
1 year 8 months

Committee memberships:
n/a

Independent:
No

03. Robert E. Diamond, Jr.
Founder,
Non-Executive Director
Age 64

African experience:



Date appointed to Board:
3 December 2013

Tenure on Board:
2 year 4 months

Committee memberships:
R

Independent:
No

04. Ashish J. Thakkar
Founder,
Non-Executive Director
Age 34

African experience:



Date appointed to Board:
3 December 2013

Tenure on Board:
2 years 4 months

Committee memberships:
N

Independent:
No

05. Rachel F. Robbins
Senior Independent
Non-Executive Director
Age 65

African experience:



Date appointed to Board:
3 December 2013

Tenure on Board:
2 years 4 months

Committee memberships:
A&R, N

Independent:
Yes

06. Tonye Cole
Independent Non-Executive Director,
Chair of Nomination Committee
Age 39

African experience:



Date appointed to Board:
3 December 2013

Tenure on Board:
2 year 4 months

Committee memberships:
N, R

Independent:
Yes

07. Eduardo C. Mondlane, Jr.
Independent Non-Executive Director,
Chair of Remuneration Committee
Age 58

African experience:



Date appointed to Board:
21 January 2015

Tenure on Board:
1 year 3 months

Committee memberships:
A&R, R

Independent:
Yes

08. Funke Opeke
Independent
Non-Executive Director
Age 55

African experience:



Date appointed to Board:
21 January 2015

Tenure on Board:
1 year 3 months

Committee memberships:
N, R

Independent:
Yes

09. Amadou Raimi
Independent Non-Executive Director,
Chair of Audit Committee
Age 67

African experience:



Date appointed to Board:
21 January 2015

Tenure on Board:
1 year 3 months

Committee memberships:
A&R, R

Independent:
Yes

01. Arnold Ekpe

Chairman, Non-Executive Director

Relevant skills and experience:

- Over 30 years of African and international banking experience, including over 14 years of CEO experience with pan African banks.
- Well versed in M&A, financing and capital structure management.
- Broad financial technology and support systems experience including at Cellular Systems International (trading as Wari) and Process International SA.

External appointments:

- Non-Executive Directorships at SFRE (Luxembourg), where he is Chairman, Dangote Flour Mills Plc, Nigeria, and CAR4U Nigeria Limited. Also a trustee at Vision for a Nation, and an Honorary President at Business Council for Africa.

Past roles:

- Group CEO, Ecobank Transnational Incorporated.
- Group CEO, United Bank for Africa.
- Partner, Africa Capital Alliance.
- Vice President and Head of Corporate and Structured Trade, Citibank.
- Non-Executive Director, UAC Nigeria plc, ADC Africa Development Corporation, Dorman Long Engineering, Virgin Nigeria Airways, Nigeria Sovereign Investment Authority, Africa Strategic Impact Fund, Multiverse Plc, Africa Strategic Fund, and Cellular Systems International.

02. John F. Vitalo

CEO, Executive Director

Relevant skills and experience:

- Extensive African and international banking experience at leading global financial institutions.
- Over 20 years of international banking experience including M&A, structured finance and markets.
- Extensive emerging markets banking experience.
- Deep risk management knowledge and experience.

External appointments:

- Advisory Board, Georgetown University McDonough School of Business

Past roles:

- CEO, Barclays Middle East & North Africa.
- CEO, ABSA Capital (Barclays Africa).
- COO of Global Markets and COO of Emerging Markets for Barclays Capital.
- Director of e-commerce for Emerging Markets, Proprietary Trader for the Emerging Markets Group, Global Head of the Emerging Markets Structured Financing & Repo business and Head of the Emerging Markets Fixed Income Arbitrage Desk at Credit Suisse First Boston.

03. Robert E. Diamond, Jr.

Founder, Non-Executive Director

Relevant skills and experience:

- Founder and CEO of Atlas Merchant Capital and Founder of Atlas Mara.
- Over 30 years of global banking experience.
- Extensive knowledge of banking regulatory frameworks and relationships with regulators in US, UK, Europe, Asia and Africa.
- Deep experience growing and integrating banks in Africa.
- Extensive risk management expertise.

External appointments:

- Founder and CEO of Atlas Merchant Capital LLC.
- Director at Diamond Family Foundation.
- Life Member of Council on Foreign Relations.
- Member of Yale School of Management, Council of Global Advisors
- Chairman of Board of Trustees of Colby College.

Past roles:

- Chief Executive Officer of Barclays.
- President of Barclays and Chief Executive of Corporate & Investment Banking and Wealth Management.
- Trustee at Mayor's Fund for London

04. Ashish J. Thakkar

Founder, Non-Executive Director

Relevant skills and experience:

- Founder of Mara Group, Mara Foundation and Atlas Mara.
- 20 years of experience in Africa across multiple sectors, including technology, real estate, manufacturing, infrastructure, and finance.
- Extensive local knowledge of African business and geopolitical landscapes.
- Advisor to certain African Heads of State; broad and significant relationships with African governments and leading executives.

External appointments:

- Chairman of United Nations Foundation's Global Entrepreneurship Council.
- Young Global Leader, World Economic Forum. Sits on the World Economic Forum's Global Agenda Council on Africa.
- Current directorships: MG Investments Assets Limited; Mara Partners (Cayman) Limited; Mara Partners FS Limited; Atlas Mara Limited, Raps Middle East LLC; Mara Investment Partners Limited; MIC Investment Management Limited; Mara Investment Corporation SPC Limited; Mara Sokoni Holdings Limited; and the Museum of African Art Inc.

Past roles:

- Previous directorships: Azure Holdings Limited, Mara Africa Special Opportunities SPC Limited, Mara Agriculture Holdings Limited, Mara Agriculture EA Holdings Limited, Mara Capital Partners Limited, Mara Financial Institution Holdings Limited, Mara Ison Technologies Holdings Limited, MF Holdings Group Limited, MF Ventures Holdings Limited, Riley Packaging Limited, Red Line International, Mara JS Investment Holding Limited, Mara JS Ethanol Holdings Limited, Mara JS Ethanol East African Limited, Mara JS Sugar Holdings Limited, and Mara JS Sugar West Africa Limited

05. Rachel F. Robbins

Senior Independent Non-Executive Director

Relevant skills and experience:

- Three decades of global financial services institution experience as general counsel at the NYSE and JP Morgan and economic development experience at the International Finance Corporation (IFC).
- Extensive experience in corporate governance and compliance.
- Well versed in international banking and emerging markets, including sub-Saharan Africa.

External appointments:

- Non-Executive Directorships at FINCA Microfinance Holdings LLC and New York University School of Law.
- Member of the Council on Foreign Relations.

Past roles:

- Vice President and General Counsel of the IFC.
- Executive Vice President, General Counsel, and Secretary of the New York Stock Exchange and NYSE Euronext.
- Managing Director, General Counsel and Secretary, JP Morgan & Co.
- Managing Director and General Counsel, Citigroup International.

06. Tonye Cole**Independent Non-Executive Director,
Chair of Nomination Committee****Relevant skills and experience:**

- Co-founder and Group Executive Director of Sahara Group.
- Extensive management experience across Africa.
- Deep knowledge base of commodities sector, especially energy.
- Broad relationships with key stakeholders across Africa.

External appointments:

- Non-Executive Directorships at Eco Aviation Fuel Support Services Limited, Enageed Resource Ltd, Energy Resource Upstream Ventures Ltd, Jet Fuel Supplies And Logistics, Kepco Energy Resource Ltd, Logistics & Petroleum Storage Services Ltd, Mangrove Petroleum Supplies & Logistics, New Electricity Distribution Company Ltd, Petroleum Warehousing & Supplies Ltd, Sahara Bulk Storage Facilities Ltd, Sahara Charitable Foundation, Sahara Energy 284 Ltd, Sahara Energy Exploration & Production Ltd, Sahara Energy Field Ltd, Sahara Energy Resource (Nig.) Ltd, Sahara Gas Line Ltd, Sahara Group Ltd, Sahara Power Resource Ltd, Sahara Trade Nigeria Ltd, Sahara Trade West Africa Ltd, Sahara Upstream 274 Ltd, Self Exploration & Production Company Ltd, Semptra Sahara Liquefied Natural Gas Ltd, So Aviation Fuel Limited, So Energy Ltd, Att Aviation Limited, Energy Resource Limited, Hankuk Plant Service Company Limited, Ng Power – Hps Ltd, Olympia Hotel Management Company Limited, Petroleum Warehousing & Supplies Ltd, Sahara Energy Africa, Sahara Energy Field Ghana Limited, Sahara Energy, Field Holding UK Limited, Sahara Energy Fields Ltd, Sahara Energy Resource Ltd, Sahara Energy Resources DMCC, Sahara Gas Ltd, Sahara International Pte. Limited, So Energy Ltd, White Pearl Oil & Gas Ltd, Sahara International, Rheinoel Limited, Servant Leaders Foundation, Digital Jewels Ltd, Nehemiah Youth Empowerment Initiative, VolunteerCorps Ltd, Excel Charity Foundation, 234 Give Nigeria, Enactus Nigeria, Egbin Power Plc, Ikeja Electricity Distribution Company.

Past roles:

- Not applicable

07. Eduardo C. Mondlane, Jr.**Independent Non-Executive Director,
Chair of Remuneration Committee****Relevant skills and experience:**

- 30 years of commercial experience in Southern Africa across numerous sectors, including energy, infrastructure, aerospace and banking.
- Significant experience serving in governance roles in financial services in the Southern Africa region.
- Exceptionally well-developed knowledge base of operating in Lusophone Africa.

External appointments:

- Non-Executive Directorships at Project Materials Moçambique, Logistique Lda, Ilha Quilalea Lda, and Tutudesk Company.
- Senior Strategic Advisor at Anadarko Petroleum Corporation in Mozambique.
- Partner and Chairman of the General Assembly at The Atria Group in Mozambique.

Past roles:

- Non-Executive Directorships at ABSA Group and ABSA Bank Limited (Barclays Africa Group), ABSA Financial Services, Barclays Bank Mozambique and Banco Commercial Angolano SA.
- Managing Director at Shand Moçambique Lda, Pick n Pay Supermarket Group (Mozambique) and Sabacor UK Limited.

08. Funke Opeke**Independent Non-Executive Director****Relevant skills and experience:**

- Founder and CEO of Main One Cable Company.
- Extensive experience in technology and telecommunications in sub-Saharan Africa.
- Broad relationships with key stakeholders across West Africa.

External appointments:

- Non-Executive Directorships at Cameron Hotels Nigeria
- Executive Directorships at Main One Cable Company, Main Street Technologies, Main One Service Company, MainData, Main One Cable Company Ghana, Main One Cable Company Nigeria, and Main One Cable Company Portugal.

Past roles:

- Chief Operating Officer, Nitel in Nigeria.
- Chief Technology Officer, MTN Nigeria.
- Executive Director, Verizon Communications New York.

09. Amadou Raimi**Independent Non-Executive Director,
Chair of Audit Committee****Relevant skills and experience:**

- President of Croissance sud Conseils.
- Over 35 years of international accounting, audit and risk management experience across multiple sectors and regions including financial services and Africa respectively.
- Relationships with key stakeholders in Francophone Africa.

External appointments:

- Non-Executive Directorships at IMS – Entreprendre Pour Member La Cité and I&P Development ('IPDEV').

Past roles:

- Non-Executive Director at Citizen Capital.
- Non-Executive Director at BGFI Benin.
- Vice Chairman of the global Deloitte Board.
- Chairman of Deloitte France.
- Various senior management roles at Deloitte France.

Introduction

The Company places emphasis on a sound corporate governance framework through which our strategic objectives are set. Indeed, although the Company is not required to comply with the UK Corporate Governance Code (2014) (the Code) for as long as it has a standard listing, the Company has regard for the premium listing rules and continues to work towards achieving full compliance with the Code in order to achieve the highest standards of corporate governance. The purpose of the Code is to facilitate effective and prudent management that can contribute to the long-term success of the Company.

A copy of the Code can be found on the FRC's website <http://www.frc.org.uk>. As highlighted throughout this report, we are firmly committed to attaining the objectives set by the Code.

At the appropriate time, after due consideration of various factors, including the successful execution of the Company's current strategy, the Directors will consider whether the Company should seek to transfer from a standard listing to a premium listing or other appropriate listing venue.

In addition, the Company also applies the corporate governance regime applicable to the Company pursuant to the laws of the British Virgin Islands ('BVI'). The corporate governance standards outlined in the BVI Business Companies Act 2004 have been incorporated into the Company's memorandum of articles and association. The Board has also voluntarily adopted a share dealing code which incorporates the Model Code for Directors' Dealings contained in the Listing Rules of the UK Listing Authority. The Board is responsible for taking all proper and reasonable steps to ensure compliance with the Model Code by the Directors.

Compliance with the Code

Although Atlas Mara is a standard listed company on the London Stock Exchange, we have regard for the premium listing rules and continue to work towards achieving full compliance with the UK Corporate Governance Code's guidelines as a principal focus.

The table below sets out the areas of compliance as at 31 December 2015.

Application of the Main Principles of the Code

Set out below is the Board's assessment of the Company's application of the Main Principles of the Code:

Section of the Code	How we comply
A. Leadership	
A1. The role of the Board	<ul style="list-style-type: none">– The Board recognises its responsibility for the long-term success of the Company. The Board provides an effective and independent oversight of the Company's business for the benefit of all stakeholders.– The Board also delegates certain responsibilities to its Committees to assist in discharging its functions. During 2015, the Board held a strategy session during which it set the strategic goals of the Company in the medium term, as well as reaffirmed the Company's values and standards.– The Board met regularly to discharge its duties effectively. In 2015, the Board and Committees held an aggregate of 29 meetings that were well-attended by the Directors. The discussions were robust and supported by the management team.– As recommended by the Code, the Company arranged for insurance coverage for the Directors.
A2. Division of responsibilities	<ul style="list-style-type: none">– The division of responsibilities between the Chairman and the Chief Executive are clearly established and defined.– The Board delegates the operational management of the Group's business to the CEO.
A3. The Chairman	<ul style="list-style-type: none">– The Chairman sets the agenda for meetings and manages the calendar and timetable of meetings, leveraging the assistance of the Company Secretary.– The Chairman facilitates open and constructive dialogue during the meetings, actively inviting the views of the Non-Executive Directors.– In 2015, the Chairman and the Senior Independent Non-Executive Director met with major shareholders of the Company to promote effective dialogue with the shareholders.
A4. Non-Executive Directors	<ul style="list-style-type: none">– In 2015, the Chairman held meetings with the Non-Executive Directors without the Executive Director present.– The Senior Independent Director and the Independent Directors constructively and rigorously challenge management on matters important to all stakeholders.– The Senior Independent Director met with the other Non-Executive Directors without the Chairman present to appraise the Chairman's performance.

Section of the Code	How we comply
B. Effectiveness	
B1. The composition of the Board	<ul style="list-style-type: none"> – The Board is composed of nine Directors and is thus sufficiently sized to meet the requirements of the Company. – Directors are sufficiently independent to carry out the Board's activities effectively. Six of the nine Directors on the Board are independent. Further details on the Directors is available on page 71. – The Directors have the requisite background, knowledge and skills to provide effective oversight and challenge the senior management team. Details of background of the Board are disclosed on pages 72 and 73.
B2. Appointments to the Board	<ul style="list-style-type: none"> – With respect to the process for appointing the three Directors that joined the Board in January 2015, the Committee took into account a variety of factors including the skills and experience needed to enhance diversity on the Board. Individuals with sub-Saharan African, financial services and/or public company experience were specifically targeted. External recruitment consultants were engaged to assist in the search and each candidate was interviewed by the Chairman of the Board, the CEO, and the majority of the other Non-Executive Directors prior to appointment. – Further details of the work of the Nomination Committee and the approach to appointing Directors are disclosed on page 82.
B3. Commitment	<ul style="list-style-type: none"> – On appointment, Directors are notified of the time commitment expected from them. External directorships, which may impact on the existing time commitments of the Executive Directors, must be agreed with the Chairman. – The Directors allocate sufficient time to the Company to discharge their duties effectively. Meeting attendance by the Directors has been high for all meetings held in 2015, as further detailed on page 78. – External appointments held by the Chairman and all the Directors on the Board are disclosed on pages 72 and 73.
B4. Development	<ul style="list-style-type: none"> – During 2015 the new Directors appointed to the Board attended a full-day induction session at the Company's corporate headquarters to gain a good understanding of the business. – In 2015, the Directors attended a full-day Board training session which covered a variety of topics including: responsibilities of Directors of UK listed companies, transfer pricing, and changes in accounting provisions.
B5. Information and support	<ul style="list-style-type: none"> – Following appointment of our General Counsel as Company Secretary in 2015, all company secretarial services previously outsourced were internalised thereby allowing for more effective support to the Board.
B6. Evaluation	<ul style="list-style-type: none"> – Every year, the Board conducts a formal and rigorous annual evaluation of its own performance and that of its Committees and individual Directors after every full year of operation. – The Board is in the process of selecting an external facilitator to conduct an effectiveness evaluation.
B7. Re-election of the Directors	<ul style="list-style-type: none"> – At the first AGM held by the Company in May 2015, the Directors were submitted for re-election by the shareholders.

Section of the Code	How we comply
C. Accountability	
C1. Financial and business reporting	<ul style="list-style-type: none"> – The Board reports its financial statements on a quarterly basis. – A statement from the Directors on their assessment of the Annual Report and Accounts of the Company is set out in the Directors' Report on page 114. – Details on the Company's business model and how it generates value over the long term are provided on page 23. – A statement from the Directors on the going concern of the Company is set out in the Directors' Report on page 112.
C2. Risk management and internal control	<ul style="list-style-type: none"> – The Audit and Risk Committee considers updates on the Company's internal control systems at every meeting. – Since the new Chief Risk Officer ('CRO'), Eric Odhiambo came onboard in November 2015, the Board leverages the CRO to more effectively assess the Company's risk management systems. – The Corporate Governance Report provides additional details on the risk management and internal controls matters considered by the Directors in 2015.
C3. Audit Committee and Auditors	<ul style="list-style-type: none"> – All members of the Audit Committee are Independent Non-Executive Directors. – The Audit and Risk Committee regularly monitors and reviews the activities of the Company as well as its internal controls, work by its Internal Audit as well as external auditors. The Chairman of the Audit Committee provides updates to the Board following every Audit Committee. – During 2015, the Audit and Risk Committee developed a policy on the engagement of external auditors to supply non-audit services. – The main role and responsibilities of the Audit and Risk Committee are set out in the Committee's terms of reference. A summary of these are provided on page 78. – Further details on the work of the Audit and Risk Committee undertaken in 2015 are provided in the Committee Chairman's Report on page 83.
D. Remuneration	
D1. Levels and elements of remuneration	<ul style="list-style-type: none"> – During 2015, the Remuneration Committee devoted considerable time to fine tuning the Company's remuneration policy to better align it with long-term shareholder interests, by determining the appropriate balance between immediate and deferred remuneration for senior management of the Company. – The Remuneration Committee also approved a new performance management system with measurable performance indicators and feedback system. Details of the work of the Remuneration Committee and the approach to setting the remuneration policy can be found in the Directors' Remuneration Report on page 101.
D2. Development of remuneration policy and packages	<ul style="list-style-type: none"> – Five out of the six members of the Remuneration Committee are Independent Non-Executive Directors. – The CEO does not participate in Board discussions on his remuneration. The Remuneration Committee and the Board meet in an executive session when determining the compensation of the CEO. Details of the work of the Remuneration Committee and the approach to setting the remuneration policy can be found in the Directors' Remuneration Report on page 101.
E. Relations with shareholders	
E1. Shareholder engagement and dialogue	<ul style="list-style-type: none"> – During 2015, the Chairman of the Board and the Senior Independent Non-Executive Director met with some of the major shareholders of the Company to interact on various topics on the minds of the shareholders. Feedback from the sessions were shared with the Board and implemented in some of the Company's strategic decisions. – The Board regularly requests reports from management to ensure that the Non-Executive Directors have an understanding of the views of major shareholders and senior management regularly provide updates to the Board to ensure awareness of the issues and concerns of major shareholders. – The Company has appointed John Paul Crutchley as Head of Investor Relations to lead the Company's engagement with shareholders. The Board will leverage the Head of Investor Relations to keep abreast of shareholder feedback.
E2. Constructive use of the AGM	<ul style="list-style-type: none"> – The Chairman of the Board, and the Chairmen of the Committees were available to answer questions at the 2015 AGM. They will similarly be available to interact with shareholders and answer questions during the 2016 AGM scheduled for 9 June 2016.

Leadership

Overview of governance structure

The Board of Directors oversees the business of Atlas Mara on behalf of the Company's shareholders. The Board is accountable for the long-term success of the Company and delivery of sustainable value to shareholders. The Board provides leadership of the Company within a framework of prudent and effective controls to appropriately assess and manage risks. The Board has delegated certain responsibilities to Board Committees to assist it with discharging its duties. Additionally, the implementation of matters approved by the Board and oversight of the day-to-day operations of the Company is delegated to the Atlas Mara CEO, together with the Executive Committee ('EXCO'), which consists of senior management selected by the CEO with counsel from the Board.

Role of the Board

Specifically, the Board:

- oversees the corporate governance activities of the Company;
- reviews the strategy and risk appetite for the Company;
- approves capital and operating plans presented by management for the achievement of the strategic objectives it has set;
- selects and evaluates the CEO; the Board also approves selected senior hires;
- approves the remuneration of the CEO and EXCO members, as well as the remuneration of the Board;
- is responsible for the Company's preparedness to respond in the event of a crisis;
- reviews compliance with the Code and any other corporate governance code the Board considers appropriate from time to time and the disclosures on corporate governance made in the Annual Report and Accounts; and
- reviews annually the Board's terms of reference and its own effectiveness.

The Board is also responsible for ensuring compliance with the general secretarial functions required under the BVI Companies Act and for compliance with the Company's continuing obligations as a company listed on the Official List and trading on the main market of the London Stock Exchange. At the time of incorporation, the Board and the Company appointed International Administration Group (Guernsey) Limited (the 'Administrator') to provide company secretarial and other administrative services. In 2015 all company secretarial functions were transitioned in-house and are managed by the Company itself.

Matters reserved for the Board

The Board maintains and periodically reviews a formal schedule of matters that are reserved to, and can only be approved by, the Board. The full schedule is available on the Atlas Mara website at <http://atlasmara.com>.

This schedule covers areas including, inter alia:

- the overall direction and approval of the Group's strategy;
- changes relating to the Group's capital or corporate structures;
- major investments, acquisitions and divestments;
- risk appetite and oversight of risk and internal control;
- approval of contracts, loans, repayments, borrowings, acquisitions and disposals greater than the thresholds established in the Company's related Schedule of Authorisations; and
- authorising conflicts of interest where permitted by the Company's Articles of Association.

The matters that have not been expressly reserved to the Board are delegated by the Board to its Committees, as set out in their terms of reference, or to the CEO. The CEO is responsible to the Board for the management, development and performance of Atlas Mara and those matters for which he has been delegated authority from the Board.

Composition of the Board

The Board is comprised of nine members: the Chairman, one Executive Director (the CEO), the two Founders, and five Independent Non-Executive Directors. Further details on the Board of Directors are set out on page 70.

Meetings of the Board

The Board holds regularly scheduled meetings every month with four in-person meetings scheduled each quarter. However, during the year, special meetings were held in between scheduled meetings as often as necessary in order to enable the Board to fulfil its role or to consider and approve corporate activity of the Company. The Directors allocated sufficient time to the Company to perform their responsibilities effectively which includes time to prepare for Board meetings and review information packs circulated to the Board ahead of each meeting. During 2015, the Board and its Committees held 29 meetings in the aggregate. Board and Board Committee meetings are conducted in accordance with the articles of association of the Company.

The Board information packs include standing reports provided by the CEO, the CFO, the General Counsel and Chief Compliance Officer, and the Chief Risk Officer. The reports generally cover financial information, strategic initiatives of the Company, various key performance indicators, risk management and compliance related information and updates issues, as agreed and prepared by the EXCO. The EXCO makes available ad hoc information at the Board's request in a timely manner.

In the few instances where Directors are unable to attend meetings due to conflicts in their schedule, they receive papers in the normal manner and have the opportunity to relay their comments in advance of the meeting, as well as follow up with the Chairman if necessary. The same process applies in respect of the various Board Committees.

During 2015, the Board met 15 times. The tables on pages 78 and 79 sets out the attendance by Directors at Board and Committee meetings during that period.

Committees of the Board

The Board has delegated authority to its Committee to undertake various tasks on its behalf and to ensure compliance with regulatory requirements. This enables the Board to operate efficiently. A summary of the terms of reference for each Committee is set out below. The full terms of reference are available on our website <http://atlasmara.com>.

Committee	Role and terms of reference	Membership required under terms of reference	Minimum meetings per year	Committee Report on pages
Nomination	Leads the process for Board appointments and ensures that the Board and its Committees have an appropriate balance of skills, experience, availability, independence and knowledge of the Company to enable them to discharge their responsibilities effectively.	At least three members, the majority of whom shall be Independent Non-Executive Directors.	At least twice per year.	82
Audit and risk	Reviews and reports to the Board on the Group's financial reporting, internal controls and risk management systems, the Company's compliance with legal and regulatory requirements, internal audit and the independence and effectiveness of the external auditors.	A minimum of three members. All members of the Committee shall be Non-Executive Directors and at least two Independents. The Chairman of the Board may be a member of the Committee, provided he or she was independent on appointment as Chairman. The Chairman of the Board shall not chair the Committee.	At least four times a year at appropriate intervals in the financial reporting and audit cycle and otherwise as required.	83
Remuneration	Advises the Board on developing an overall remuneration policy that is aligned with the business strategy and objectives, risk appetite, values and long-term interests of the Company, recognising the interests of all stakeholders.	A minimum of three members and at least two of such members shall be Independent Non-Executive Directors.	At least twice per year.	101

Board and Committee meetings

The attendance of Directors at Board and Committee meetings during 2015 is set out below. It should be noted that the Nomination Committee did not meet in 2015.

Board meeting attendance		
Arnold Ekpe	●●●●●●●●●●●●●●●●○	14 (15)
Robert E. Diamond, Jr.	●●●●●●●●●●●●●●●●●	15 (15)
Ashish J. Thakkar	●●●●●●●●●●●●●●●●○○	13 (15)
Rachel F. Robbins	●●●●●●●●●●●●●●●●●	15 (15)
Tonye Cole	●●●●●●●●●●●●●●●●○	14 (15)
John F. Vitalo	●●●●●●●●●●●●●●●●●	15 (15)
Funke Opeke ¹	⊗●●●●●●●●●●●●●●○	13 (14)
Amadou Raimi ²	⊗●●●●●●●●●●●●●○○	12 (14)
Eduardo C. Mondlane, Jr. ³	⊗●●●●●●●●●●●●●●●	14 (14)

● In attendance ○ Absent ⊗ N/A

Notes:

- Funke Opeke was appointed to the Board on 21 January 2015.
- Amadou Raimi was appointed to the Board on 21 January 2015.
- Eduardo C. Mondlane, Jr. was appointed to the Board on 21 January 2015.

Audit and Risk Committee meeting attendance

Amadou Raimi	● ● ● ● ● ● ● ○	7 (8)
Arnold Ekpe	● ● ● ● ● ● ● ○	7 (8)
Rachel F. Robbins	● ● ● ● ● ● ● ●	8 (8)
Eduardo C. Mondlane, Jr.	● ● ● ● ● ● ● ●	8 (8)
Robert E. Diamond, Jr. ¹	● ● ● ⊗ ⊗ ⊗ ⊗ ⊗	3 (3)

● In attendance ○ Absent ⊗ N/A

Notes:

1. Robert E. Diamond, Jr. resigned from the Audit and Risk Committee in 2015.

Remuneration Committee meeting attendance

Eduardo C. Mondlane, Jr.	● ● ● ● ● ●	6 (6)
Arnold Ekpe	● ● ● ● ● ○	5 (6)
Funke Opeke	● ● ● ● ● ●	6 (6)
Amadou Raimi	● ● ● ● ● ○	5 (6)
Tonye Cole	● ● ● ● ● ○	5 (6)
Robert E. Diamond, Jr.	● ● ● ● ● ○	5 (6)

● In attendance ○ Absent

What the Board focused its time on in 2015

Strategy

- Debated and approved the strategic direction of the Company over the medium term covering the target operating model, clients, products, and geography.
- Considered and approved a growth strategy for specific subsidiary operations.
- Reviewed proposals to dissolve and merge non-operating entities to create efficiencies in the corporate organisational structure.
- Enforced strategic discipline in assessing management proposals.
- Considered and approved strategic financing initiatives including bond issuances and funding from development financing institutions.
- Debated and approved the implementation of a share buyback programme.
- Monitored execution of the Company's strategy.
- Discussed regulatory engagement and interactions.

Performance

- Assessed and monitored the financial performance of the Company and its operating subsidiaries.
- Assessed and approved the Company's consolidated results released every quarter.
- Considered and approved the 2016 annual budget of the Company and its operating subsidiaries.
- Assessed the liquidity and solvency of the Company.
- Considered and approved capital injections into subsidiaries where needed.

Mergers and acquisitions

- Assessed potential acquisitions in various countries and weighed them against strategic aims of the Company and associated transactional risks.
- Approved acquisitions in Rwanda and Zambia and received regular updates on progress with acquisitions in Rwanda and Zambia.
- Regularly received and reviewed transactions documents and reports to assess potential acquisitions in other key countries.

Risk and governance

- Considered and approved the Company's anti-money laundering policy, anti-bribery policy and diamond trade policy.
- Considered and approved a revised Code of Practice on Dealing in Securities and associated memorandum on inside information.
- Reviewed monthly compliance and legal reports for the Group.
- Reviewed reports on risk management from the Company's operating subsidiaries.
- Debated and agreed upon the appropriate delegation of authority to members of the Executive Committee.

Shareholders and investors

- Engaged with shareholders at the 2015 AGM.
- Engaged with shareholders directly to receive feedback on issues on the minds of shareholders.
- Discussed shareholders' views and concerns on a regular basis.
- Reviewed regular updates on investor roadshows held in the UK, US, Middle East and South Africa.
- Discussed share price performance and investor feedback.

People, culture and values

- Reflected upon and refined the Company's mission, vision, and values.
- Considered management's proposed People Plan for 2015 weighing human capital needs against hiring costs.
- Discussed integration and culture and recommended approaches to building a single culture across the Group.
- Reviewed and adopted a new Non-Executive Director Remuneration Plan.
- Considered and approved revised compensation packages for members of the Executive Committee.
- Held two overseas Board meetings in Zambia and Mozambique, which included engagements with staff and key stakeholders to enhance knowledge of operating subsidiaries.

Effectiveness

Independence

The Board considers each of the Independent Non-Executive Directors and the Chairman (on appointment, as recommended by the Code) to be independent in character and judgement and free from relationships or circumstances which are likely to affect or could appear to affect, their judgement. When determining the independence of Arnold Ekpe, Rachel F. Robbins and Tonye Cole, the Board had regard to their letters of appointment and option deeds, which were entered into at the time of the IPO, and the Board believes that the number of ordinary shares that each Independent Non-Executive Director elected to subscribe for pursuant to their letters of appointment and may obtain pursuant to their option deeds is not sufficient to have an impact on their independence. Mr Diamond and Mr Thakkar are affiliates of AFS Partners LLC and Mara Partners FS Limited (the 'Founding Entities') that hold the Founder Preferred Shares issued by the Company and are therefore not considered to be independent Directors.

As the Board consists of the Chairman, one Executive Director, five Independent Non-Executive Directors and two Non-Executive Directors who are not considered independent by virtue of their role in founding the Company, the Board complies with the recommendation of the Code that at least half of the Directors, excluding the Chairman, be Independent Non-Executive Directors.

Board evaluation and effectiveness

The Board has selected an external facilitator to conduct a Board assessment process to measure the Board's effectiveness.

In November 2015, the Board participated in a training session that contributed to the professional development of the Directors. The training session covered the following topics:

- responsibilities and obligations of Directors of UK listed companies;
- transfer pricings and management fee arrangements;
- new accounting provisioning standards.

Director election

The Code recommends that all Directors should be submitted for re-election by the shareholders at the first AGM after their appointment, and thereafter at intervals of no more than three years. At the Company's first AGM held in May 2015, each of the nine Directors were subject to re-election by the shareholders and all were approved for re-election by the shareholders.

Accountability

Risk management

The Board recognises its responsibility with respect to risk management with a particular focus on determining the nature and extent of significant risks it is willing to take in achieving its strategic objectives – our risk appetite. The Audit and Risk Committee takes responsibility for overseeing the effectiveness of sound risk management. The Board is very clear that risks and uncertainties are a necessary facet of the businesses in which we operate. Within this context, the Board trusts and empowers the Company's management and employees to manage risks, providing a framework designed to provide reasonable, but not absolute, assurance that our resources are safeguarded and that the risks and uncertainties facing the business are being properly assessed, managed and mitigated. Eric Odhiambo joined the Company as Chief Risk Officer in November 2015. The Chief Risk Officer will strengthen the Company's ability to institute effective risk and control processes and will provide further support to the Board in its ongoing assessment of the Company's risk management systems.

Internal controls

The Board acknowledges its responsibility for establishing and maintaining the Group's system of internal controls. The Board receives regular reports from management identifying, evaluating and managing the risks within the business. The system of internal controls is designed to manage, as opposed to eliminate, the risk of failure to achieve business objectives and can provide only reasonable and not absolute assurance against material losses or misstatements. The Audit and Risk Committee reviews the system of internal controls by way of reports from management, as well as internal and external auditors.

During 2015, a comprehensive internal controls upgrade programme was established and is being implemented across the Company's subsidiaries with close monitoring and review of progress being undertaken by the Audit and Risk Committee on a regular basis. Management is similarly focused on continual improvement and ensuring the resolution of issues that are brought to the attention of management and the Board.

The Board and the Audit and Risk Committee have carried out a review of the effectiveness of the system of internal controls during the year ended 31 December 2015 and for the period up to the date of approval of the consolidated financial statements contained in the Annual Report. The review covered all material controls, including financial, operational, and compliance controls, and risk management systems. The Board confirms that the actions it considers necessary have been, or are being, taken to remedy any significant weaknesses identified from its review of the system of internal control. This has involved considering the matters reported to it and developing plans and programmes that it considers are reasonable in the circumstances. The Board also confirms that it has not been advised of material weaknesses in the part of the internal control system that relates to financial reporting.

Relations with shareholders

The Board believes it is important to communicate with its shareholders to ensure that its strategy, business model and performance are clearly understood and that it remains accountable to shareholders. Responsibility for maintaining regular communications with shareholders rests with the CEO, the CFO and other members of the Executive team, as appropriate. Additionally, Atlas Mara has made available the Chairman of the Board and the Senior Non-Executive Director to investors reflecting our desire to promote shareholder access to the Company.

The Company sets itself the target of providing information that is timely, clear and concise. We have a programme of communication with shareholders based on our financial reporting calendar, including the Interim and Annual Report, AGM and the Investor Relations section of the corporate website at <http://atlasmara.com>.

Investor activity during the last financial year included:

- earnings calls for investors, analysts and stakeholders in conjunction with key financial announcements;
- attendance at various investment bank-sponsored institutional investor conferences;
- investor ‘roadshows’ held in the UK, US, Middle East and South Africa; and
- briefings and ad hoc meetings on request, where calendar and regulatory requirements allow.

To further support engagement with our shareholders, we actively engaged with sell-side research analysts who provide their recommendations to the market. During 2015, three sell-side analysts initiated coverage on Atlas Mara.

During 2015, we also scheduled selected investor meetings for the Chairman of the Board and the Senior Non-Executive Director so that the Board could engage shareholders directly and receive open feedback from stakeholders.

Lastly, our corporate website, <http://atlasmara.com>, played an important role in enhancing our engagement with investors and stakeholders alike. The revamped website and IR section now provides a clear and concise source for a wide range of information including: our strategy and objectives, financial and operating performance, as well as all Company presentations and announcements. The re-launch was undertaken in line with the overall objective of making it easier for shareholders to access information by:

- providing a central source of information on Atlas Mara;
- delivering clear messaging, with relevant and engaging content; and
- making the website more intuitive to navigate.



Tonye Cole

Chairman of the Nomination Committee

Dear Shareholders:

As Chairman of the Nomination Committee, it is my pleasure to present the Directors' Nomination Committee report for 2015.

Membership of the Nomination Committee

The Committee was formed on 13 August 2014 with an initial membership of four Directors. On 21 January 2015, the Committee welcomed Funke Opeke as a new member of the Committee, bringing its total membership to five Directors. Accordingly, the current members of the Committee include myself, Tonye Cole (Chairman), Arnold Ekpe, Rachel F. Robbins, Ashish J. Thakkar, and Funke Opeke. In accordance with the Code, which recommends that a majority of the members of the Nomination Committee be Independent Non-Executive Directors, four of the five Committee members are Independent Non-Executive Directors. By invitation, the meetings of the Nomination Committee may also be attended by the CEO, the CFO, the General Counsel, and other members of the Executive Committee, as deemed appropriate.

Role of the Nomination Committee

The Committee leads the process for Board appointments and ensures that the Board and its Committees have an appropriate balance of skills, experience, availability, independence and knowledge of the Company to enable them to discharge their respective responsibilities effectively. The Nomination Committee also reviews the structure, size and composition of the Board and makes recommendations to the Board with regard to any proposed changes. It is also responsible for ensuring that the Board appointment procedure is transparent, based on objective criteria, and gives due consideration to diversity. The full written terms of reference of the Committee covering the authority delegated to it by the Board are available on the Company's website: www.atlasmara.com.

Appointment of Directors

Following the expansion of the Board of Directors in January 2015 to include three additional Independent Non-Executive Directors, Funke Opeke, Amadou Raimi and Eduardo C. Mondlane, Jr., no further Board appointments have been made. With respect to the process for appointment of our new Board members, we began with the identification of the skills and experience needed to enhance the diversity of skills and experience on the Board. Sally Bott, formerly Group Human Resources Director at Barclays plc until late 2012 and who had worked with Robert E. Diamond, Jr. when he was CEO at Barclays plc, and recruitment consultants, Spencer Stuart, were engaged to assist in the search to identify potential Board nominees. The Committee took into account a variety of factors prior to recommending candidates to the Board. These included relevant skills to perform the role, experience and knowledge, as well as ethnicity and gender. Individuals with sub-Saharan African, financial services and/or public company experience were specifically targeted. As part of the recruitment process, the individuals each met the Chairman of the Board, the CEO, and the majority of the other Non-Executive Directors.

Diversity

Atlas Mara is committed to achieving appropriate diversity across the Company and concurs with the recommendations of the Lord Davies' review (Women on Boards, February 2011). We believe that Atlas Mara's Board and senior executive management should broadly reflect the gender and ethnicity of the customers we serve and share diverse perspectives. We currently have 22% women on the Board and 28% women on the Executive Committee. The current composition of our Board and Executive Committee with respect to gender is indicative of the right 'direction of travel'. The priority of the Committee has been and will continue to be ensuring that members of the Board collectively possess the range of skills, expertise, and geographic and industry-related knowledge and experience needed to provide effective oversight of the Group. One of the key objectives of the Committee in the coming year will be to establish and implement a formal diversity policy for the Company.

In summary, I am pleased with the work of the Committee to date and look forward to working with my fellow Committee members going forward. I will be available at the AGM to answer any questions on the work of the Committee.

On behalf of the Board

Tonye Cole

Chairman of the Nomination Committee

Audit and Risk Committee report



Amadou Raimi

Chairman of the Audit and Risk Committee

It is my pleasure in my second year as the Chairman of the Audit and Risk Committee to present this report. I have very much enjoyed in the last year working with my fellow colleagues on the Committee and providing updates and insights to our stakeholders on our work.

Membership of the Audit and Risk Committee

The members of the Committee include Arnold Ekpe, the Chairman of the Board, Rachel Robbins, Eduardo Mondlane, Jr. and myself. At the AGM of Atlas Mara held on 11 May 2015, Robert E. Diamond, Jr. stepped down as a member of this Committee post the recruitment of the other Non-Executive Directors who were subsequently approved as members of the Audit and Risk Committee. Although Atlas Mara is a standard listed company on the London Stock Exchange, we have regard for the premium listing rules and follow the UK Corporate Governance code's guidelines as a principal focus.

The Code recommends that the Audit and Risk Committee should comprise at least three members, all of whom should be independent Non-Executive Directors with at least one member having recent and relevant financial experience. I am satisfied that all members of this Committee have extensive experience in financial services and/or multi-country operations in Africa.

The Committee met eight times during 2015. I am pleased to confirm outstanding attendance and participation at all these meetings, fully utilising the extensive relevant experience available, to the benefit of the Atlas Mara Group. The Committee expects to meet at least six times during 2016.

I am further pleased to confirm the invitations to meetings of the Committee have been extended to, with full attendance by, the CEO, CFO, Chief Risk Officer, General Counsel, Head of Internal Audit, and various other senior members of the Finance or Executive team, as appropriate. The KPMG UK LLP ('KPMG') audit engagement partner and team were also invited to attend the four meetings where financial performance and disclosure to the market in particular were discussed, to ensure full communication on matters relating to the audit and review engagements in place.

Attendance at the Audit and Risk Committee meetings for 2015 was as shown in the table below.

As intended, regular, productive meetings were held with the internal and external auditors during 2015, ensuring regular communication at all levels with these important stakeholders.

Role of the Audit and Risk Committee

The Audit and Risk Committee provides oversight and review of financial reporting and financial statements, ensuring clarity, and disclosure.

By executing these duties and responsibilities in 2015, assurance is provided to stakeholders of the quality and effectiveness of reporting and controls relating to:

- financial, regulatory and compliance reporting;
- internal control, internal audit and financial crime control;
- risk management and information technology;
- legal, regulatory and compliance requirements; and
- the independence of the external auditors.

In March 2016, the Board approved the revision of the Committee terms of reference to further align the Committees' duties with best practice in corporate governance.

Main activities of the Audit and Risk Committee during 2015

During a Strategy review, held mid-year 2015, management agreed and revised the Atlas Mara Group's risk appetite framework, reviewing client segments and adopting a broader industry sector focus as the target market for Atlas Mara. Equal focus was put on Values, Ethics and Governance as well as developing the right risk culture and attracting the right talent to the Group. Underpinning the strategy for Atlas Mara is a focus on the operating model, and importantly, on innovation and the appropriate use of disruptive business models and technology. The conclusions of this strategy review were challenged and endorsed by the Committee and subsequently endorsed by the Board.

Audit and Risk Committee meeting attendance

Amadou Raimi	● ● ● ● ● ● ● ○	7 (8)
Arnold Ekpe	● ● ● ● ● ● ● ○	7 (8)
Rachel F. Robbins	● ● ● ● ● ● ● ●	8 (8)
Eduardo C. Mondlane, Jr.	● ● ● ● ● ● ● ●	8 (8)
Robert E. Diamond, Jr. ¹	● ● ● ⊗ ⊗ ⊗ ⊗ ⊗	3 (3)

● In attendance ○ Absent ⊗ N/A

Notes:

1. Robert E. Diamond, Jr. resigned from the Audit and Risk Committee in 2015.

Over the course of 2015, we are delighted to have appointed a Chief Risk Officer for the Atlas Mara Group with a deep experience of risk management across various jurisdictions in sub-Saharan Africa. This is a key milestone and critical in ensuring that risks across the Group are adequately managed.

Through regular reporting to the Committee, the Risk Oversight function provides assurance on the effective management of business risk, in context of the above mentioned strategy, through the coordination of continuous assurance activities and active oversight. The Committee actively reviews and challenges progress reports around the control environment, specifically with regard to operational, legal and compliance risk matters and also the financial control environment in the Group. This is followed up by detailed reviews and debate on particular credit and liquidity risk themes, and other risk matters such as information technology control, shared services engagements, etc.

The Committee also reviews tax risk management across the Group's entities, and follow through on discussions around the Group's compliance with domestic tax rules as well as its alignment to OECD guidelines as it pertains to international tax transfer pricing matters, especially post the implementation of a recharge methodology across the integrated banking group, as relevant.

The Audit and Risk Committee of Atlas Mara was also actively involved in the build out of the Atlas Mara Executive leadership team. The Committee, as recommended by the Corporate Governance Code, will continue to focus on, and oversee matters summarised below:

- the Company's accounting and financial reporting processes;
- the integrity and audits of the Company's financial statements and financial announcements;
- review of the risks faced by the Company and the continued effectiveness of existing controls;
- review of the internal controls, internal audit and financial crime control measures in place;
- the Company's compliance with legal and regulatory requirements; and
- the qualifications, performance and independence of the Company's independent auditors.

The Audit and Risk Committee reviewed and endorsed, prior to submission to the Board, the interim management statements released in November 2015, the interim financial results released in August 2015 and the full-year results announcement and financial statements.

The internal audit plan has been reviewed and approved by the Audit and Risk Committee and all reports arising from this work are continuously reviewed and assessed (including management's responses and actions to be taken in connection with the findings).

Significant accounting matters

The disclosure of Atlas Mara's strategy and financial performance in the Annual Report aims to provide a clear, balanced and reliable measure of the execution of the strategy and of day-to-day business. In order to provide clarity, the use of estimates and assumptions in preparing the consolidated Group financial statements in terms of IFRS is inevitable. The Audit and Risk Committee provides oversight, ensuring the balanced nature and reliability of such assumptions.

Management has made such judgements, estimates and assumptions that affect the application of the Group's accounting policies and the reported amounts in relation to assets, liabilities, income and expenses, with a key focus on the following areas:

- loan impairment charges;
- recognition of deferred tax assets;
- fair value of financial instruments;
- assessment of goodwill and intangible assets for impairment;
- assessment of the investment in associates for impairment;
- share-based payment valuations;
- transactions in Atlas Mara's own equity; and
- going concern assessment.

With appropriate guidance, insight and challenge from the external auditor, the Committee examined in detail the main judgements and assumptions listed above including the conclusions drawn from the available information and evidence. For each of the matters listed above the Committee fulfilled its responsibility with regard to these by performing the following:

- Scrutinised reports from management;
- Reviewed the methodologies used by management to determine the values assigned to each estimate;
- Reviewed the appropriateness of the accounting treatment; and
- Reviewed the basis of recognition and measurement of these items.

Significant risk matters

The Committee identified the following as the principal risks as outlined in the principal risk section of the Strategy report. The Committee has fulfilled its responsibility in respect of these risks by performing the following:

- review the detailed risk assessment report and findings from subsidiary risk committees;
- evaluated the potential impact on the organisation; and
- evaluated management's view of the potential impact, including potential exposures.

External auditor

The Committee is responsible for monitoring the performance, objectivity and independence of the external auditor, KPMG. In 2015 the main activities of the Committee in discharging that responsibility were as follows:

- assessed and agreed the scope of KPMG's Group Audit Plan including, but not limited to, the key audit risk areas, materiality and significant judgement areas;
- agreement of the terms of the audit engagement letter and approved, on behalf of the Board, the audit fees payable;
- assessed the competence with which KPMG handled the key accounting and audit judgements and how they were communicated to management and the Committee; and
- assessed the independence of the external auditor, including a review of the non-audit services provided.

The results of the assessment confirmed that KPMG and the audit process are effective and that a good working relationship was accompanied by an appropriate level of professional challenge and scepticism.

Following all the above, and in particular the process of evaluation, the Committee recommended to the Board and to shareholders that KPMG should be reappointed as the Group's auditors at the AGM in 2016.

It has been a busy year for the Audit and Risk Committee and I would like to use this opportunity to thank all the members of the Committee and the other individuals who accepted the invitation of the Committee for their contributions in 2015. We look forward to another productive year in 2016. I will be available at the AGM to answer any questions on the work of the Committee.

Amadou Raimi

Chairman of the Audit and Risk Committee

Risk report

Each subsidiary or business unit produces risk reports which, along with the detailed risk information provided by Group Risk Management, is discussed by the Board. The risk reports present a balanced assessment of significant risks and the effectiveness of risk management procedures, and management actions in mitigating those risks.

Credit

Credit risk management

Credit risk is by far the most significant risk type and accounts for more than 80% of the Group's Economic Capital requirement and 61% of Regulatory Capital.

Significant changes in the economy, or in the health of a particular industry segment that represents a concentration in the Group's portfolio, could result in losses that are different from those provided for at the reporting date. Country (or Sovereign) risk is part of overall credit risk and is managed as part of the credit risk management function as it has a major impact on individual counterparties' ability to perform. Management therefore carefully manages its exposure to credit risk.

Credit exposures arise principally in loans and advances, debt securities and other similar instruments. There is also credit risk in off-balance sheet financial arrangements such as loan commitments. The Group Risk team reviews subsidiary risk exposures regularly and reports to the Atlas Mara Board of Directors.

Credit risk management and strategy

Credit risk is managed across the Group in terms of its Board approved risk management framework, encompassing credit principles and standards, mandate limits and governance structures.

The governance structures mandated with accountability for loan approvals, monitoring and risk management include the following:

- In Country Management Committee
- Credit Committee (Manco Credit Committee) (including BancABC entities and BRD-C).
- In Country Board Credit Committee including (BancABC entities and BRD-C).
- ABCH Group Credit Committee.
- ABCH Board Credit Committee.
- ABCH Board Loans Review Committee.

Atlas Mara Group credit risk management objectives are to:

- enable sustainable asset growth in line with the Group Risk appetite;
- optimise credit governance and operational structures;
- create a robust control environment;
- invest in skills, training and appropriate experience;
- simplify risk management processes;
- implement and refine appropriate models for credit granting;
- improve early warning, problem recognition and remedial management capability; and
- improve credit policies and governance framework.

Approach to credit risk

Credit life cycle

The credit life cycle consists of target market identification and quantification, principles of credit evaluation and decisioning, post-sanctioning fulfilment, credit administration, portfolio monitoring, early warning triggers, problem recognition and remedial management. The business, risk and senior management are integrated into the end-to-end credit lifecycle. Atlas Mara Group uses a Risk Grading tool for corporate exposures to determine a minimum credit rating for acceptance for credit granting purposes.

The rating is the result of qualitative and quantitative criteria, based on statement of financial position and profit or loss inputs including critical ratios, industry benchmarking, management experience and capability. Risk ratings awarded to obligors are reviewed annually with the latest financial information and account conduct for corporate exposures.

The consumer and standardised SME (low turnover) obligors are assessed via a predetermined scorecard that is regularly reviewed.

Measuring credit risk

The Group's approach to measuring credit risk aims to align with international best practice and is, in all substantial aspects, aligned with the standard approach and methodology employed by international financial institutions. Credit risk is broken down into the common risk components of Probability of Default ('PD'), Exposure at Default ('EAD') and Loss Given Default ('LGD'), modelled at a client, facility and portfolio level. These risk components are used in the calculation of a number of aggregate risk measures such as Expected Loss ('EL'). The models used by the Group are compliant with regulatory requirements. Atlas Mara default probability table on the next page shows the mapping of the corporate rating to External Rating Agency S&P's grid to align credit risk appetite assessment and tolerance across the corporate businesses.

The Group has adopted standard impairment policies which at a minimum comply with the prudential guidelines of the respective countries' central banks. Impairments are determined monthly at subsidiary level and are subject to regular review by Group Risk.

The Group's default probabilities are considered to be in line with banking best practice. The definition of default and the use of PD is standard as prescribed by the Basel II framework and regulation.

Probability of default ('PD')

The PD measures the likelihood of a client defaulting on its obligations within the next 12 months and is a primary component of the internal risk rating calculated for all clients.

Risk rating table

Atlas Mara scale	Atlas Mara default rates	Standard & Poor's ratings	Grade quality and alignment to Atlas Mara loan book classification
A+	0.10%	AAA-AA	Investment Grade (performing)
A	0.25%	AA+	
A-	0.33%	AA	
B+	0.40%	AA-	
B	0.50%	A+	
B-	0.66%	A	
C+	0.80%	A-	
C	0.96%	BBB+	
C-	1.30%	BBB	
D+	1.80%	BBB-	
D	2.65%	BB+	Standard Grade (special mention, substandard and doubtful)
D-	3.80%	BB	
E+	7.85%	BB-	
E	12.90%	B+	
E-	16.88%	B	
F+	26.00%	B-	
F	38.67%	CCC+	
F-	45.00%	CCC	
G	Default	CCC-	Default (loss)

Exposure at default ('EAD')*

In general EAD can be defined as an estimation of the extent to which a bank may be exposed to a counterparty in the event of a counterparty's default within a one-year period. The Group calculates EAD estimates for each facility through models developed and based on internal and external default data as well as credit experts' experience with particular products or client groups. EAD estimates incorporate both on and off-balance sheet exposures resulting in a capital requirement which incorporates existing exposures, as well as exposures which are contingent on a counterparty's use of an available facility.

Loss given default ('LGD')*

The third major risk component measures the loss expected on a particular facility in the event of default and thus recognises any credit risk mitigants employed by the bank, such as collateral, third party guarantees, credit derivative protection or other credit hedges. LGD estimates are calculated based on Basel guidance.

Expected loss and capital requirements*

The three components, PD, EAD and LGD, are building blocks used in a variety of measures of risk across the entire portfolio. EL is the measurement of loss, which enables the application of consistent credit risk measurement across all retail and wholesale credit exposures. LGD, EAD and PD estimates are also used in a range of business applications, including pricing, customer and portfolio strategy and performance measurement. EL estimates can be compared directly to portfolio impairment figures within the regulatory capital calculation to ensure that the organisation's estimates of EL from doing business are sufficiently covered by the level of general impairments raised. Any situations in which general impairments are insufficient to cover total EL in totality have a direct bearing on the Group's capital requirement to ensure that these potential losses are absorbed.

Forbearance and restructuring*

Forbearance refers to obligors where the contractual terms of the facilities extended are modified or formalised into a new transaction. Atlas Mara Group Credit Principles and Standards documents the criteria to be applied in assessing clients that will qualify for restructure. Great emphasis is placed on sustainability of cash flows to repay the restructured instalments.

Restructuring activities include extended payment arrangements, approved external management plans, modification and deferral of payments. Following restructuring, a previously overdue customer account is reset to a normal status after satisfying the relevant curing period of instalments paid on time. Restructuring policies and practices are based on indicators or criteria which, in the judgement of local management, indicate that payment will most likely continue. These policies are kept under continuous review.

Credit transformation programme*

One of the major investments by Atlas Mara during 2015 has been to elevate its credit risk management capability.

Note:

* Audited.

The Group successfully launched a credit transformation programme ('CTP') covering the portfolios in five countries. The programme is a key enabler to support the bank's growth plans for 2016 and beyond focusing on reducing NPLs and improving customer experience. To date the programme has made significant progress in uplifting the credit capabilities at a Group and country level. The programme aims to establish five main building blocks as shown opposite.

Risk limit control and mitigation policies*

The Group manages, limits and controls concentrations of credit risk in respect of individual counterparties and groups, and to industries and countries. The Group structures the levels of credit risk it

undertakes by placing limits on the amount of risk accepted in relation to one borrower, or groups of borrowers, and to geographical and industry segments. Such risks are monitored on a revolving basis and subject to an annual or more frequent review, when considered necessary. Limits on the level of credit risk by product, industry sector and by country are approved by the Board of Directors (intermediate holding company) and relevant sub-committees, and reviewed regularly. Exposure to credit risk is also managed through regular analysis of the ability of borrowers and potential borrowers to meet interest and capital repayment obligations and by changing these lending limits where appropriate. Some other specific control and mitigation measures are outlined below.

a. Collateral*

The Group employs a range of policies and practices to mitigate credit risk. The most traditional of these is the taking of security for funds advanced, which is common practice.

The Group implements guidelines on the acceptability of specific classes of collateral for credit risk mitigation. The principal collateral types for loans and advances are:

- cash collateral;
- charges over assets financed;
- mortgages over residential and commercial properties;
- charges over business assets such as premises, inventory and accounts receivable; and
- charges over financial instruments such as debt securities and equities.

Atlas Mara's loan book classification criteria

Category	Descriptions
Performing	The credit appears satisfactory.
Special mention	The credit appears satisfactory but exhibits potential or inherent weaknesses which, if not attended to, may weaken the asset or prospects of collection in full, e.g. poor documentation or 30 days but less than 90 days in arrears.
Sub-standard	The credit has defined weaknesses that may jeopardise liquidation of the debt, e.g. the paying capacity of the borrower is doubtful or inadequate, or more than 90 days but less than 180 days in arrears.
Doubtful	Credit facilitates with above weaknesses and has deteriorated further to the extent that even with the existing security, full recovery will not be possible, or 180 days but less than 12 months in arrears.
Loss	Facilities considered impossible to collect with little or no realisable security, or more than 12 months in arrears.

Credit transformation programme



Note:

* Audited.

Loans and advances to corporates are generally secured. In addition, in order to minimise credit loss, the Group will seek additional collateral from the counterparty as soon as impairment indicators are noticed for the relevant individual loans and advances. Collateral held as security for financial assets other than loans and advances is determined by the nature of the instrument. Debt securities, treasury and other eligible bills are generally unsecured, with the exception of asset-backed securities and similar instruments, which are secured by portfolios of financial instruments.

b. Master netting arrangements*

The Group further restricts its exposure to credit losses by entering into master netting arrangements with counterparties with which it undertakes a significant volume of transactions. Master netting arrangements do not generally result in an offset of statement of financial position assets and liabilities, as transactions are usually settled on a gross basis. However, the credit risk associated with favourable contracts is reduced by a master netting arrangement to the extent that if a default occurs, all amounts with the counterparty are terminated and settled on a net basis. The Group's overall exposure to credit risk on derivative instruments subject to master netting arrangements can change substantially within a short period, as it is affected by each transaction subject to the arrangement.

c. Credit-related commitments*

The primary purpose of these instruments is to ensure that funds are available to a customer as required. Guarantees and standby letters of credit carry the same credit risk as loans. Documentary and commercial letters of credit – which are written undertakings by the Group on

behalf of a customer authorising a third party to draw drafts on the Group up to a stipulated amount under specific terms and conditions – are collateralised by the underlying shipments of goods to which they relate and therefore carry less risk than a direct loan.

Commitments to extend credit represent unused portions of authorisations to extend credit in the form of loans, guarantees or letters of credit. With respect to credit risk on commitments to extend credit, the Group is potentially exposed to loss in an amount equal to the total unused commitments. However, the likely amount of loss is less than the total unused commitments, as most commitments to extend credit are contingent upon customers maintaining specific credit standards. The Group monitors the term to maturity of credit commitments because longer-term commitments generally have a greater degree of credit risk than shorter-term commitments.

d. Derivatives*

The Group maintains strict control limits on net open derivative positions (that is, the difference between purchase and sale contracts) by both amount and term. The amount subject to credit risk is limited to expected future net cash inflows of instruments, which in relation to derivatives are only a fraction of the contract, or notional values used to express the volume of instruments outstanding. This credit risk exposure is managed as part of the overall lending limits with customers, together with potential exposures from market movements. Collateral or other security is not always obtained for credit risk exposures on these instruments, except where the Group requires margin deposits from counterparties.

Impairment policies*

The impairments shown in the statement of financial position at year-end are derived from each of the five internal classification grades, adjusted for the provision of IAS 39. Figure 1 shows the percentage of the Group's on- and off-balance sheet items relating to loans and advances and the associated impairment for each of the Group's internal rating categories.

Impairments are managed on an expected loss basis, and are recorded on an actual loss basis.

The internal rating tool assists management to determine whether objective evidence of impairment exists under IAS 39, based on the following criteria set out by the Group:

- delinquency in contractual payments of principal or interest;
- cash flow difficulties experienced by the borrower;
- breach of loan covenants or conditions;
- initiation of bankruptcy proceedings;
- deterioration of the borrower's competitive position;
- deterioration in the value of collateral; and
- downgrading below 'Performing' level.

Collectively assessed impairment allowances are provided for:

- portfolios of homogenous assets that are individually below materiality thresholds; and
- losses that have been incurred but have not yet been identified, by using the available historical experience, experienced judgement and statistical techniques.

Figure 1: Credit quality*

Category	2015		2014	
	Loans and advances	Impairments	Loans and advances	Impairments
Performing	84%	0%	74%	0%
Special mention	8%	3%	14%	3%
Sub-standard	4%	13%	6%	15%
Doubtful	4%	14%	3%	17%
Loss	0%	70%	3%	65%
	100%	100%	100%	100%

Note:

* Audited.

Year-on-year improvement in loan book quality:

6% reduction in Non-Performing Loans (2014: 16%; 2015: 15%)

53% reduction in the Special Mention Category (2014: 13%; 2015: 6%)

Maximum exposure to credit risk as at 31 December 2015*

The following table shows the maximum exposure to credit risk by class of financial asset. It also shows the total fair value of collateral, any surplus collateral (the extent to which the fair value of collateral held is greater than the exposure to which it relates), and the net exposure to credit risk.

Type of collateral or credit enhancement	Maximum exposure to credit risk \$'000	Fair value of collateral and credit enhancements held				Net collateral \$'000	Net exposure \$'000
		Cash \$'000	Letters of credit/ guarantees \$'000	Property ³ \$'000	Other ^{1,3} \$'000		
Placement with other banks²	248,751	–	–	–	–	–	248,751
Loans and advances	1,229,438	13,505	18,009	287,450	89,437	408,401	821,037
Mortgage lending	69,342	–	–	62,358	–	62,358	6,984
Instalment finance	71,818	573	147	23,131	6,581	30,432	41,386
Corporate lending	510,190	12,911	14,361	183,482	66,462	277,216	232,974
Commercial and property finance	36,024	–	3,501	12,961	12,231	28,693	7,331
Consumer lending	542,064	21	–	5,518	4,163	9,702	532,362
Derivate financial instruments	1,893	–	–	502	–	502	1,391
Currency swaps	502	–	–	502	–	502	–
Forward foreign exchange contracts	1,391	–	–	–	–	–	1,391
Financial assets held for trading	190,231	–	25,947	–	–	25,947	164,284
Government bonds	36,342	–	4,233	–	–	4,233	32,109
Promissory notes	913	–	–	–	–	–	913
Treasury bills	147,982	–	21,714	–	–	21,714	126,268
Bankers' acceptance and commercial paper	4,994	–	–	–	–	–	4,994
Financial assets designated at fair value through profit or loss	13,343	–	–	–	–	–	13,343
Listed equities	798	–	–	–	–	–	798
Unlisted equities	12,535	–	–	–	–	–	12,535
Property units	10	–	–	–	–	–	10
Financial investments – available-for-sale	16,568	–	–	–	–	–	16,568
Unlisted equities	726	–	–	–	–	–	726
Unlisted investment	15,842	–	–	–	–	–	15,842
Financial investments held-to-maturity	5,012	–	–	–	–	–	5,012
Government bonds	5,012	–	–	–	–	–	5,012
	1,705,236	13,505	43,956	287,952	89,437	434,850	1,270,386
Credit exposures relating to off-balance sheet items are as follows							
Financial guarantees	52,271	3,747	4,203	6,250	685	14,885	37,386
Letters of credit for customers	5,423	193	702	450	–	1,345	4,078
Other commitments (including loan commitments)	47,991	2,109	–	–	–	2,109	45,882
	1,810,921	19,554	48,861	294,652	90,122	453,189	1,357,732

Notes:

1. Vehicles, machinery, other fixed assets, inventory and trade receivables.

2. Represents cash balances held with other banks. Included in \$321 million cash per statement of financial position.

3. These collateral items are not readily convertible into cash as these items are sold in the market and are dependent on a buyer and seller.

* Audited.

Maximum exposure to credit risk as at 31 December 2014*

Type of collateral or credit enhancement	Maximum exposure to credit risk \$'000	Fair value of collateral and credit enhancements held				Net collateral \$'000	Net exposure \$'000
		Cash \$'000	Letters of credit/ guarantees \$'000	Property ³ \$'000	Other ^{1,3} \$'000		
Placement with other banks²	377,506	–	–	–	–	–	377,506
Loans and advances	1,218,018	26,226	12,798	466,603	208,000	713,627	504,391
Mortgage lending	66,242	24	–	56,209	–	56,233	10,009
Instalment finance	62,544	1,696	631	15,490	44,782	62,599	(55)
Corporate lending	474,960	23,013	11,028	333,225	158,510	525,776	(50,816)
Commercial and property finance	50,574	–	–	5,585	–	5,585	44,989
Consumer lending	563,698	1,493	1,139	56,094	4,708	63,434	500,264
Cash collateral on securities borrowed and reverse repurchase agreements							
Derivate financial instruments	62	–	–	–	–	–	62
Forward foreign exchange contracts	62	–	–	–	–	–	62
Financial assets held for trading	144,767	–	–	–	–	–	144,767
Government bonds	18,975	–	–	–	–	–	18,975
Treasury bills and other open market instruments	116,052	–	–	–	–	–	116,052
Bankers' acceptance and commercial paper	9,740	–	–	–	–	–	9,740
Financial assets designated at fair value through profit or loss	11,826	–	–	–	–	–	11,826
Listed equities	948	–	–	–	–	–	948
Unlisted equities	10,878	–	–	–	–	–	10,878
Financial investments – available-for-sale	140,375	–	–	–	–	–	140,375
Listed equities	644	–	–	–	–	–	644
Unlisted equities	139,731	–	–	–	–	–	139,731
Financial investments held-to-maturity	5,586	–	–	–	–	–	5,586
Unlisted debentures	5,586	–	–	–	–	–	5,586
	1,898,140	26,226	12,798	466,603	208,000	713,627	1,184,513
Credit exposures relating to off-balance sheet items are as follows							
Financial guarantees	39,758	13,830	15,142	19,640	4,976	53,588	(13,830)
Letters of credit for customers	761	–	276	46	439	761	–
	1,938,659	40,056	28,216	486,289	213,415	767,976	1,170,683

Notes:

1. Vehicles, machinery, other fixed assets, inventory and trade receivables.

2. Represents cash balances held with other banks. Included in \$409.8 million cash per statement of financial position.

3. These collateral items are not readily convertible into cash as these items are sold in the market and are dependent on a buyer and seller.

* Audited.

Concentration risk of financial assets with credit risk exposure*

a. Geographical sectors

The following table breaks down the Group's main credit exposure at their carrying amounts, as categorised by geographical region as of 31 December 2015. For this table, the Group has allocated exposures to regions based on the country of domicile of its counterparties:

31 December 2015

	Botswana \$'000	Mozambique \$'000	Tanzania \$'000	Zambia \$'000	Zimbabwe \$'000	Other/ Rwanda \$'000	Total \$'000
Placements with other banks	81,068	52,349	33,456	52,901	22,473	6,504	248,751
Financial assets held for trading	46,247	25,308	25,947	39,345	53,384	–	190,231
Financial assets designated at fair value	–	–	12,535	–	808	–	13,343
Derivative financial assets	36	1,355	–	502	–	–	1,893
Loans and advances (net)	502,298	137,780	84,115	101,066	378,478	25,701	1,229,438
Investment securities	5,012	160	463	–	–	15,945	21,580
	634,661	216,952	156,516	193,814	455,143	48,150	1,705,236
Financial guarantees	3,026	18,483	13,463	13,303	3,996	–	52,271
Letters of credit for customers	164	91	554	1,030	2,827	757	5,423
Other commitments	42,930	1,353	–	2,109	–	1,599	47,991
	46,120	19,927	14,017	16,442	6,823	2,356	105,685

31 December 2014

	Botswana \$'000	Mozambique \$'000	Tanzania \$'000	Zambia \$'000	Zimbabwe \$'000	Other/ Rwanda \$'000	Total \$'000
Placements with other banks	58,065	57,932	42,778	79,288	41,162	98,281	377,506
Financial assets held for trading	60,514	18,157	8,783	38,884	18,429	–	144,767
Financial assets designated at fair value	–	–	10,878	–	948	–	11,826
Derivative financial assets	35	27	–	–	–	–	62
Loans and advances (net)	400,893	183,608	77,735	142,231	374,321	39,230	1,218,018
Investment securities	5,586	607	574	41	756	138,487	146,051
Current tax assets	–	1,054	1,829	3,051	2,210	71	8,215
Disposal groups	–	–	–	–	8,702	2,663	11,365
	525,093	261,385	142,577	263,495	446,528	278,732	1,917,810

Note:

* Audited.

Risk report continued

Concentration risk of financial assets with credit risk exposure* (continued)

b. Industry sectors

The following table breaks down the Group's main credit exposure at their carrying amounts, as categorised by industry sectors as of 31 December 2015 of the counterparties:

31 December 2015

	Agriculture \$'000	Construction \$'000	Wholesale, retail and trade \$'000	Public sector \$'000	Manufacturing \$'000	Mining and energy \$'000	Financial services \$'000	Transport \$'000	Individuals \$'000	Tourism	Other	Total
Placements with other banks	–	–	–	–	–	–	244,603	–	–	–	4,148	248,751
Financial assets held for trading	–	–	–	79,331	–	–	110,900	–	–	–	–	190,231
Financial assets designated at fair value	6	–	829	–	460	9,755	2,293	–	–	–	–	13,343
Derivative financial assets	–	–	–	–	–	–	1,893	–	–	–	–	1,893
Loans and advances (net)	35,099	44,132	152,795	44,678	122,667	52,037	58,575	25,225	555,768	17,625	120,837	1,229,438
Investment securities	–	–	–	–	–	–	15,960	–	–	–	5,620	21,580
	35,105	44,132	153,624	124,009	123,127	61,792	434,224	25,225	555,768	17,625	130,605	1,705,236

Financial guarantees	1,758	27,466	13,989	944	904	1,092	661	735	33	1,104	3,585	52,271
Letters of credit for customers	–	–	994	–	270	2,775	–	–	–	–	1,384	5,423
Other commitments	–	–	8,961	–	–	–	27,963	2,109	6,045	–	2,913	47,991
	1,758	27,466	23,944	944	1,174	3,867	28,624	2,844	6,078	1,104	7,882	105,685

31 December 2014

	Agriculture \$'000	Construction \$'000	Wholesale, retail and trade \$'000	Public sector \$'000	Manufacturing \$'000	Mining and energy \$'000	Financial services \$'000	Transport \$'000	Individuals \$'000	Tourism	Other	Total
Placements with other banks	–	–	(6)	–	–	–	377,512	–	–	–	–	377,506
Financial assets held for trading	–	4,998	223	17,472	4,519	–	117,555	–	–	–	–	144,767
Financial assets designated at fair value	–	–	143	–	746	7,269	3,608	–	–	–	60	11,826
Investment in associates	–	–	–	–	–	–	375,112	–	–	–	–	375,112
Derivative financial assets	–	–	–	–	–	–	62	–	–	–	–	62
Loans and advances (net)	39,149	37,642	190,238	61,391	77,385	67,418	21,311	39,799	623,584	25,738	34,363	1,218,018
Investment securities	3	–	226	–	268	–	145,498	–	–	–	56	146,051
Current tax assets	–	–	–	8,187	–	–	–	–	–	–	28	8,215
Disposal groups	–	–	–	–	–	–	–	–	–	–	11,365	11,365
	39,152	42,640	190,824	87,050	82,918	74,687	1,040,658	39,799	623,584	25,738	45,872	2,292,922

Note:

* Audited.

Credit quality by class of financial assets*

The Bank manages the credit quality of financial assets using internal credit ratings. The table below shows the credit quality by class of asset for all financial assets exposed to credit risk, based on the Bank's internal credit rating system. The amounts presented are gross of impairment allowances.

31 December 2015

	Neither past due nor impaired	Past due but not impaired			Individually impaired \$'000	31 December 2015 \$'000
	Performing \$'000	30 days \$'000	31-60 days \$'000	61-90 days \$'000		
Cash and cash equivalents	320,682	–	–	–	–	320,682
Derivative financial assets	1,893	–	–	–	–	1,893
Financial assets held for trading	190,231	–	–	–	–	190,231
Financial assets designated at fair value through profit/loss	13,343	–	–	–	–	13,343
Loans and advances to customers						
Mortgage lending	56,175	7,022	1,367	1,157	3,934	69,655
Instalment finance	38,867	294	2,504	4,080	27,955	73,700
Corporate lending	413,005	21,835	24,811	20,868	41,287	521,806
Commercial and property finance	10,137	9,764	1,680	131	14,848	36,560
Consumer lending	529,370	314	2,882	4,778	10,434	547,778
Gross loans and advances	1,047,554	39,229	33,244	31,014	98,458	1,249,499
Less: Allowance for impairment	–	–	–	–	(20,061)	(20,061)
Net loans and advances	1,047,554	39,229	33,244	31,014	78,397	1,229,438
Financial investments available-for-sale	16,568	–	–	–	–	16,568
Unlisted equities	726	–	–	–	–	726
Unlisted investment	15,842	–	–	–	–	15,842
Financial investments held to maturity	5,012	–	–	–	–	5,012
Government bonds	5,012	–	–	–	–	5,012
Total	1,595,283	39,229	33,244	31,014	78,397	1,777,167

Note:

* Audited.

Credit quality by class of financial assets* (continued)

31 December 2014

	Neither past due nor impaired	Past due but not impaired			Individually impaired \$'000	31 December 2014 \$'000
	Performing \$'000	30 days \$'000	31-60 days \$'000	61-90 days \$'000		
Cash and cash equivalents	409,785	–	–	–	–	–
Derivative financial assets	62	–	–	–	–	–
Financial assets held for trading	144,767	–	–	–	–	–
Financial assets designated at fair value through profit or loss	11,826	–	–	–	–	–
Loans and advances to customers						
Mortgage lending	47,419	7,445	3,251	1,031	811	59,957
Instalment finance	43,318	10,429	1,355	48	7,803	62,953
Corporate lending	303,909	56,879	9,944	11,234	86,640	468,606
Commercial and property finance	25,777	33,291	–	691	8,570	68,329
Consumer lending	496,416	24,471	16,680	9,221	19,403	566,191
Gross loans and advances	916,839	132,515	31,230	22,225	123,227	1,226,036
Less: Allowance for impairment	–	–	–	–	(8,018)	(8,018)
Net loans and advances	916,839	132,515	31,230	22,225	115,209	1,218,018
Financial investments available-for-sale	140,465	–	–	–	–	140,465
Quoted – Government debt securities	138,397	–	–	–	–	138,397
Quoted – Listed equities	644	–	–	–	–	644
Unquoted – Unlisted equities	1,424	–	–	–	–	1,424
Financial investments held to maturity	5,586	–	–	–	–	5,586
Unquoted – Debt securities	5,586	–	–	–	–	5,586
Total	1,629,330	132,515	31,230	22,225	115,209	1,930,509

Liquidity risk*

Liquidity risk is the risk that the Group is unable to meet its obligations when they fall due as a result of customer deposits being withdrawn, cash requirements from contractual commitments, or other cash outflows, such as debt maturities or margin calls for derivatives. Such outflows would deplete available cash resources for client lending, trading activities and investments. In extreme circumstances, lack of liquidity could result in reductions in the consolidated statement of financial position and sales of assets, or potentially an inability to fulfil lending commitments. The risk that the Group will be unable to do so is inherent in all banking operations and can be affected by a range of institution-specific and market-wide events including, but not limited to, credit events, merger and acquisition activity, systemic shocks and natural disasters.

Capital and liquidity risk management*

ALCO reviews the capital status of the Group on a monthly basis. It also considers the activities of the treasury desk which operates in terms of an approved treasury management policy and in line with approved limits.

Liquidity is of critical importance to financial institutions. Our markets often face the challenge of under-developed secondary securities markets and at times illiquid government securities. As such, the bank has in place a comprehensive liquidity and funding policy to address both firm-specific and market-wide liquidity events. Our primary objective is to be able to fund the bank and to enable our core businesses to continue to operate and meet their obligations under adverse circumstances.

We have established liquidity guidelines that are intended to ensure that we have sufficient asset-based liquidity to withstand the potential impact of deposit attrition or diminished liquidity in the funding markets. Our guidelines include maintaining an adequate liquidity reserve to cover our potential funding requirements and diversified funding sources to avoid over-dependence on volatile, less reliable funding market sources.

Note:

* Audited.

We seek to manage liquidity risk according to the following principles:

- Excess liquidity – We seek to maintain excess liquidity to meet a broad and comprehensive range of potential cash outflows and collateral needs in a stressed environment.
- Asset-Liability Management – Through ALCO, we assess anticipated holding periods for our assets and their potential illiquidity in a stressed environment. We manage maturity mismatches and level of funding diversification across markets, products and counterparties and seek to maintain liabilities of appropriate tenor relative to our asset base.
- Contingency Funding Plan – We seek to maintain a contingency funding plan to provide a framework for analysing and responding to a liquidity crisis situation or periods of market stress. The framework sets the plan of action to fund normal business activity in emergency and stress situations.

The Group approaches liquidity cautiously and conservatively by managing the liquidity profile with a preference for long-term, fixed rate funding. As such, the Group is exposed to funding liquidity risk.

There has been a refinement of the capital management framework, incorporating all the best practices in risk management since the financial crisis. Implementation of the international accord on revised risk-based capital rules known as 'Basel II' continues to progress. Our capital management framework is for the most part guided by Basel II. In theory, Basel II attempted to accomplish this by setting up risk and capital management requirements designed to ensure that a bank has adequate capital for the risk the bank exposes itself to through its lending and investment practices. Generally speaking, these rules mean that the greater risk to which the bank is exposed, the greater the amount of capital the bank needs to hold to safeguard its solvency and overall economic stability.

Stress testing

As a part of our core risk management practices, we conduct enterprise-wide stress tests on a periodic basis to better understand earnings, capital and liquidity sensitivities to certain economic and business scenarios, including economic and market conditions that are more severe than anticipated.

These enterprise-wide stress tests provide an understanding of the potential impacts from our risk profile to earnings, capital and liquidity, and serve as a key component of our capital management practices. Scenarios are selected by senior management. Impacts to each line of business from each scenario are then determined and analysed, primarily leveraging the models and processes utilised in everyday management routines.

Impacts are assessed along with potential mitigating actions that may be taken. Analysis from such stress scenarios is compiled for and reviewed through our weekly Liquidity Risk Management Committee, Asset Liability Committee, Executive Management Committee and the Board's Risk and Audit Committee, and serves to inform and be incorporated, along with other core business processes, into decision-making by management and the Board. We have made substantial commitment through the development of tools and systems to establish stress testing capabilities as a core business process.

Analysis of liquidity risk*

Non-derivative financial liabilities' cash flow*

The table below presents the cash flows payable by the Group under non-derivative financial liabilities and assets held for managing liquidity risk by remaining contractual maturities at the reporting date of the consolidated statement of financial position. The amounts disclosed in the table are the contractual undiscounted cash flows, whereas the Group manages the inherent liquidity risk based on expected undiscounted cash inflows:

	Up to 1 month \$'000	1-3 months \$'000	3-12 months \$'000	Greater than 1 year \$'000	Total \$'000	Effect of discount/ financing rates \$'000	Total \$'000
31 December 2015							
Deposits	854,793	250,250	328,851	5,874	1,439,768	(3,620)	1,436,148
Creditors and accruals	34,405	19,470	3,725	7,486	65,086	(262)	64,824
Borrowed funds	48,217	5,341	111,035	143,575	308,168	(5,953)	302,215
Total liabilities (contractual)	937,415	275,061	443,611	156,935	1,813,022	(9,835)	1,803,187

	Up to 1 month \$'000	1-3 months \$'000	3-12 months \$'000	Greater than 1 year \$'000	Total \$'000	Effect of discount/ financing rates \$'000	Total \$'000
31 December 2014							
Deposits	847,959	371,173	294,296	31,036	1,544,464	(13,483)	1,530,981
Creditors and accruals	23,564	23,366	19,969	15,244	82,143	(24)	82,119
Current tax liabilities	407	500	4,118	–	5,025	(5)	5,020
Borrowed funds	3,712	3,752	124,080	212,589	344,133	(44,115)	300,018
Loan commitments	166	277	607	354	1,404	–	1,404
Non-current liabilities and disposal group held-for-sale	–	–	–	1,263	1,263	–	1,263
Total liabilities (contractual)	875,808	399,068	443,070	260,486	1,978,432	(57,627)	1,920,805

Note:

* Audited.

Operational risk management

Managing operational risk requires timely and reliable as well as a strong control culture. We seek to manage our operational risk through:

- active participation of all business units in identifying and mitigating key operational risks across the Group;
- the training and development of the bank's employees;
- independent control and support functions that monitor operational risk periodically; and
- a network of systems and tools throughout the bank to facilitate the collection of data used to analyse and assess our operational risk exposure.

Operational risk is overseen by senior management under the Operational Risk Committee Framework. Our operational risk framework is in part designed to comply with operational risk measurement and assessment rules under Basel II. The Group's operational risk management processes focus primarily on risk assessment, loss data collection and the tracking of key risk indicators. The results of these processes are used to raise awareness of operational risk management and to enhance the internal control environment, with the ultimate aim of reducing losses.

Analysis of market risk*

Sensitivity analysis of market price

The Group holds, directly or through its associates, listed equities with a fair value of \$0.7 million and unlisted equities of \$12.5 million.

The Group is therefore exposed to gains or losses related to the variability in the market prices of the equities held.

Market risk comprises three types of risk: interest rate risk, currency risk and other price risk, such as equity price risk and commodity risk.

Financial instruments affected by market risk include borrowed funds of \$314 million and available-for-sale investments of \$16.5 million and derivative financial instruments of \$3.4 million (net liabilities).

The exposure to equity price risk is described below, with additional detail around the sensitivity included in note 30.

Equity price risk

The Group's listed and unlisted equity securities are susceptible to market price risk arising from uncertainties about future values of the investment securities. The Group manages the equity price risk through diversification and by placing limits on individual and total equity instruments.

The Group's Board of Directors reviews and approves all equity investment decisions.

Further details on key assumptions in valuations, and sensitivity analysis of equity instruments and price risk are shown in note 30.

Foreign exchange risk

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Group's exposure to the risk of changes in foreign exchange rates relates primarily to the Group's operating activities and the Group's net investments in foreign subsidiaries.

The Group takes on exposure to the effects of fluctuations in the prevailing foreign currency exchange rates on its financial position and cash flows. Group Risk sets limits on the level of exposure by currency and in aggregate for both overnight and intra-day positions, which are monitored daily. The table below summarises the Group's exposure to foreign currency exchange rate risk at 31 December 2015.

Note:

* Audited.

Foreign exchange risk*

	Total											
31 December 2015	USD \$'000	EUR \$'000	BWP \$'000	ZAR \$'000	ZMK \$'000	TZS \$'000	MZN \$'000	JPY \$'000	NGN \$'000	RWF \$'000	Other \$'000	Total \$'000
Cash and short-term funds	177,682	15,046	57,466	8,857	815	17,530	26,575	1,921	–	11,698	3,092	320,682
Financial assets held for trading	92,730	–	46,247	–	–	25,947	25,307	–	–	–	–	190,231
Financial assets designated at fair value	10,435	–	–	–	–	2,908	–	–	–	–	–	13,343
Derivative financial assets	1,184	647	–	62	–	–	–	–	–	–	–	1,893
Loans and advances	414,260	2,226	495,176	32	84,621	57,244	122,786	–	–	53,126	(33)	1,229,439
Investment securities	15,682	179	5,012	–	–	463	160	–	–	84	–	21,580
Total assets	711,973	18,098	603,901	8,951	85,436	104,092	174,828	1,921	–	64,908	3,059	1,777,167

Shareholders' equity and liabilities

Equity	666,635	–	84,814	(526)	34,262	14,582	32,735	–	7,956	17,471	(232,403)	625,526
Deposits	496,725	21,362	526,297	5,088	107,998	80,032	151,801	1,347	–	42,422	3,076	1,436,148
Derivative financial liabilities	7,463	39	(3)	–	–	–	–	(2,310)	–	–	2	5,191
Creditors and accruals	41,395	57	5,650	1,176	4,418	2,220	1,598	–	–	2,444	5,866	64,824
Borrowed funds	289,967	–	(1,363)	–	–	665	10,253	2,310	–	383	–	302,215
Total equity and liabilities	1,502,185	21,458	615,395	5,738	146,678	97,499	196,387	1,347	7,956	62,720	(223,459)	2,433,904

	Total											
31 December 2014	USD \$'000	EUR \$'000	BWP \$'000	ZAR \$'000	ZMK \$'000	TZS \$'000	MZN \$'000	JPY \$'000	NGN \$'000	RWF \$'000	Other \$'000	Total \$'000
Cash and short-term funds	139,951	27,578	71,090	10,572	82,519	17,750	42,095	1,388	–	–	16,842	409,785
Financial assets held for trading	18,429	–	60,515	–	38,884	8,783	18,156	–	–	–	–	144,767
Financial assets designated at fair value	7,772	–	–	–	–	4,054	–	–	–	–	–	11,826
Derivative financial assets	–	–	34	–	–	–	28	–	–	–	–	62
Loans and advances	454,473	2,146	412,792	61	118,904	32,029	148,022	–	–	–	49,591	1,218,018
Investment securities	139,042	111	5,586	–	41	574	607	–	–	–	90	146,051
Total assets	759,667	29,835	550,017	10,633	240,348	63,190	208,908	1,388	–	–	66,523	1,930,509

Shareholders' equity and liabilities

Equity	55,561	(10,517)	73,392	9,099	120,675	(30,791)	19,968	7	402,886	(3,095)	45,241	682,426
Deposits	519,979	9,236	488,761	5,108	152,605	96,065	210,191	1,381	–	–	47,655	1,530,981
Derivative financial liabilities	10,108	63	–	–	–	660	–	(4,551)	–	–	–	6,280
Creditors and accruals	69,655	991	4,352	1,309	92	2,762	1,858	–	–	–	1,100	82,119
Borrowed funds	232,008	26,693	28,634	–	–	824	6,191	4,551	–	–	1,117	300,018
Total equity and liabilities	887,311	26,466	595,139	15,516	273,372	69,520	238,208	1,388	402,886	(3,095)	95,113	2,601,824

Note:

* Audited.

Sensitivity analysis*:

The impact of a 1% change in the value of the Group's major currency exposure versus the US dollar is presented below:

Currency	Effect on equity \$'000	Effect on profit or loss \$'000
EUR	–	(34)
BWP	875	641
ZAR	20	31
ZMK	166	(286)
All other currencies	1,278	(50)
TZS	37	271
MZN	49	121
JPY	–	6
NGN	184	–
RWF	3	208
	2,612	908

Pressure on local currencies

% change vs US\$ – last 12 months

Zambia Kwacha	(73%)
South African Rand	(47%)
Mozambique Metical	(38%)
Botswana Pula	(22%)
Tanzania Shilling	(20%)
Rwanda Franc	(10%)
Nigeria Naira	(8%)

Note:

* Audited.

Interest rate risk*

Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fair value interest rate risk is the risk that the value of a financial instrument will fluctuate because of changes in market interest rates. The Group takes on exposure to the effects of fluctuations in the prevailing levels of market interest rates on both its fair value and cash flow risks. Interest margins may increase as a result of such changes but may reduce losses in the event that unexpected movements arise. In order to reduce interest rate risk, the majority of the Group's lending is on a variable interest rate with a term of less than one year. This approach has been adopted as a result of the scarcity of term deposits in the region which limits the Group's ability to build a substantial, stable pool of fixed rate funding.

The table below summarises the Group's total exposure to interest rate risks on financial and non-financial instruments. It includes the Group's financial instruments at carrying amounts, categorised by the earlier of contractual re-pricing or maturity dates. Variable rate financial instruments are categorised in the 'Up to 1 month' column.

	Total					
	Up to 1 month \$'000	1-3 months \$'000	3-12 months \$'000	1-5 years \$'000	Non-interest bearing \$'000	Total \$'000
31 December 2015						
Cash and short-term funds	164,685	6,997	5,351	–	143,649	320,682
Financial assets held for trading	3,320	71,011	27,145	88,755	–	190,231
Financial assets designated at fair value	–	–	–	–	13,343	13,343
Derivative financial assets	1,391	502	–	–	–	1,893
Loans and advances	769,744	53,313	90,809	315,572	–	1,229,438
Investment securities	15,682	–	–	5,012	886	21,580
Total assets	954,822	131,823	123,305	409,339	157,878	1,777,167
Shareholders' equity and liabilities						
Equity	–	–	–	–	625,526	625,526
Deposits	848,818	239,921	317,009	1,329	29,071	1,436,148
Derivative financial liabilities	62	–	–	–	5,129	5,191
Creditors and accruals	6,059	–	–	–	58,765	64,824
Borrowed funds	1,539	1,420	85,629	213,627	–	302,215
Total equity and liabilities	856,478	241,341	402,638	214,956	718,491	2,433,904

	Total					
	Up to 1 month \$'000	1-3 months \$'000	3-12 months \$'000	1-5 years \$'000	Non-interest bearing \$'000	Total \$'000
31 December 2014						
Cash and short-term funds	186,009	19,187	19,255	–	185,334	409,785
Financial assets held for trading	60,394	34,425	39,444	10,504	–	144,767
Financial assets designated at fair value	–	–	–	–	11,826	11,826
Derivative financial assets	–	–	–	–	62	62
Loans and advances	721,032	48,831	142,498	305,657	–	1,218,018
Investment securities	138,397	–	–	5,586	2,068	146,051
Total assets	1,105,832	102,443	201,197	321,747	199,290	1,930,509
Shareholders' equity and liabilities						
Equity	–	–	–	–	682,426	682,426
Deposits	847,348	361,530	289,946	32,157	–	1,530,981
Derivative financial liabilities	–	–	–	–	6,280	6,280
Creditors and accruals	–	–	–	–	82,119	82,119
Borrowed funds	5,732	2,582	120,302	171,402	–	300,018
Total equity and liabilities	853,080	364,112	410,248	203,559	770,825	2,601,824

Note:

* Audited.

Interest rate sensitivity*

The table below illustrates the impact of interest rate movements for each banking subsidiary, on the subsidiary. Based on a review of the movements in interest rates as 100 basis points stress was deemed to be reflective of current interest rate movements.

	Increase of 50bp		Decrease of 50bp	
	Pre-tax \$'000	Post-tax \$'000	Pre-tax \$'000	Post-tax \$'000
BancABC Botswana				
Change in net interest income	(1,199)	(935)	1,199	935
As a percentage of total shareholders' equity	(1.78%)	(1.39%)	1.78%	1.39%
BancABC Mozambique				
Change in net interest income	585	398	(585)	(398)
As a percentage of total shareholders' equity	1.70%	1.16%	(1.70%)	(1.16%)
BancABC Tanzania				
Change in net interest income	478	335	(478)	(335)
As a percentage of total shareholders' equity	1.65%	1.16%	(1.65%)	(1.16%)
BancABC Zambia				
Change in net interest income	482	314	(482)	(314)
As a percentage of total shareholders' equity	1.26%	0.82%	(1.26%)	(0.82%)
BancABC Zimbabwe				
Change in net interest income	1,139	846	(1,139)	(846)
As a percentage of total shareholders' equity	1.35%	1.00%	(1.35%)	(1.00%)
Rwanda				
Change in net interest income	311	218	(311)	(218)
As a percentage of total shareholders' equity	1.78%	1.25%	(1.78%)	(1.25%)

Market risk management

This defines the risk that movements in market prices will adversely affect the value of on- or off-balance sheet positions. It encompasses risks arising from changes in investment market values or other features correlated with investment markets, in particular, changes in interest rates, foreign exchange rates, and equity and commodity prices. Market risk is often propagated by other forms of financial risk such as credit and market-liquidity risks.

Compliance risk management

Compliance risk is the risk of non-compliance with all relevant regulatory statutes, central bank supervisory requirements and industry codes of practice. The compliance function is an integral part of the overall Group Risk Management function. A decentralised compliance function has been implemented within business units and subsidiaries, and compliance officers have been appointed in each operating entity.

Compliance risk is effectively managed through developing and implementing compliance processes, developing effective policies and procedures affecting the respective regulatory frameworks, and providing advice and training on the constantly changing regulatory environment. A key role of compliance officers in the Group is to develop and maintain sound working relationships with its various regulators in the Group's operating countries.

Legal risk management

Group Chief Legal Counsel is responsible for ensuring that legal risk is adequately managed. This is achieved through standard approved legal documentation wherever possible; however, specialised external legal advisers are used when required for non-standard transactions. Group Chief Legal Counsel ensures that only approved legal advisers provide legal opinions or draw up specialised agreements for the Group.

Group Internal Audit

The primary function of Internal Audit is to give objective assurance to the Board that adequate management processes are in place to identify and monitor risks, and that effective internal controls are in place to

manage those risks. Group Internal Audit independently audits and evaluates the effectiveness of the Group's risk management, internal controls and governance processes.

Internal Audit operates under terms of reference approved by the Risk and Audit Committee. The terms of reference define the role and objectives, authority and responsibility of the audit function. The Group's reporting structures ensure that the Group internal auditor has unrestricted access to the Chairman of the Risk and Audit Committee and the CEO.

At the outset of each financial year, Group Internal Audit carries out a risk assessment for all business units and subsidiaries. A comprehensive audit plan for the year that identifies specific areas of focus is then derived from this assessment. The audit plan is reviewed regularly and any changes must be approved by the Risk and Audit Committee. The areas of focus are confirmed with executive management before being submitted to the Risk and Audit Committee for approval.

Note:

* Audited.

Introduction from the Chairman



Eduardo C. Mondlane, Jr.
Chairman of the Remuneration Committee

On behalf of the Remuneration Committee, I am pleased to present the Directors' Remuneration Report for the year ended 2015.

The Committee's main focus for the financial year ended 31 December 2015 has been to fine-tune the remuneration and recruitment policies adopted in 2014. In response to feedback from our shareholders during the year, the Committee further enhanced the remuneration policy to better align executive management reward with long-term interests of shareholders by increasing the equity component of management's compensation. The Committee also spent time on clarifying the Company's values with respect to executive compensation and implementation of a performance management system for senior management, including objective and measurable key performance indicators and a 360 degree feedback process for the CEO and other members of the Executive Committee. The Committee also devoted time to approving compensation arrangements for new members of the executive management teams and other key new hires, as well as compensation packages of Non-Executive Directors of our subsidiary banks. Additional details on the matters considered by the Committee in 2015 are provided in the Annual Report on Remuneration on pages 107 to 111.

As a company incorporated in the BVI, Atlas Mara is not subject to disclosure requirements related to Directors' remuneration. However, the Board believes it is important to be transparent about the remuneration of Directors and supports the principles of disclosure set out in the Code. Accordingly, we have chosen to report on the key elements of the Directors' Remuneration Policy and how they have been applied during 2015. Although not required to, we have also chosen to disclose the remuneration for members of the Executive Committee. We continue to refine and embed our policy and we are pleased to announce the recruitment of our new Head of Human Capital, Jonathan Muthige, who will play a critical role in driving and implementing the Company's remuneration policy.

Against this backdrop, the Directors' Remuneration Report is divided into two sections:

1. The Directors' Remuneration Report on pages 102 to 106 contains details of the Remuneration Policy, the Recruitment Policy and Policy on Payment for Loss of Office which the Company began implementing on 12 May 2015.
2. The Directors' Annual Report on Remuneration on pages 107 to 111 sets out the details on the implementation of the Remuneration Policy during 2015.

Our philosophy on remuneration is that any arrangements offered are considered to be in the best interests of the Company and shareholders, without paying more than is necessary. I will be available, together with my fellow Committee members and colleagues on the Board, at our 2016 AGM to answer any questions you may have and receive your feedback and views with regard to our policy on executive remuneration and the activities of the Committee more generally.

Eduardo C. Mondlane, Jr.
Chairman of the Remuneration Committee

Directors' Remuneration Policy

This part of the report sets out our Directors' Remuneration Policy (the 'Policy'). Since implementation of the Policy commenced on 12 May 2015, the Committee has kept the Policy under review to ensure that it continues to promote attraction, retention and motivation of the high-performing executive talent required to deliver the business strategy given the competitive global market for talent. In 2015, the Committee adopted a bonus deferral programme which came into effect on 1 January 2016. Under the bonus deferral programme, the bonus structure of members of the Executive Committee was amended from a 100% cash structure to a 50% cash and 50% equity structure. The 50% equity portion will take the form of three-year time-vesting restricted shares of the Company. This enhancement to the remuneration policy better aligns management with shareholders' interest.

Given the entirely discretionary nature of the bonus, the Committee believes that it is in the best position to evaluate all aspects of executive performance and reward, taking into account any prevailing factors which it considers appropriate and suitable at the time of payment, including longer-term financial sustainability. The Committee also believes that risks associated with payment of bonuses (in circumstances where annual financial results have been a major factor in the award) are substantially mitigated by the use of equity compensation with multi-year vesting requirements.

Remuneration Policy

The table below sets out key elements of the Remuneration Policy for both fixed and variable remuneration with respect to Executive Directors.

Fixed remuneration

Element	Purpose and link to strategy	Operation	Maximum opportunity	Performance measures
Salary	<p>To provide fixed remuneration which is balanced, taking into account the complexity of the role and the skills and experience of the individual.</p> <p>To attract and retain talent by being market competitive and rewarding ongoing contribution.</p>	<p>The Committee takes into account a number of factors when setting salaries, including:</p> <ul style="list-style-type: none"> – scope and complexity of the role; – the skills and experience of the individual; – salary levels for similar roles within the international industry; and – salary levels of comparable executives in the Company. 	<p>While there is no defined maximum opportunity, salary increases are made with reference to the average increase for the Company's wider employee population.</p> <p>The Committee retains discretion to make higher increases if circumstances warrant.</p>	<p>A performance management programme was adopted in 2015, which includes assessing performance against objective and measurable key performance indicators and implementing a 360 degree feedback process for the CEO and other members of the Executive Committee.</p>
Living allowance	<p>To offset the higher cost of living in the Executive Director's work location country compared to the cost of living in his/her home country.</p> <p>To provide a supplement to salary to ensure an overall package matching the role, skills and experience of the Executive Director and to maintain a competitive total remuneration package for retention of key talent.</p>	<p>The level of living allowance is based on factors such as local cost of living, family size and seniority.</p> <p>The cash supplement is not included in calculating bonus and long-term incentive quantum.</p>	<p>While there is no maximum opportunity, the highest living allowance is currently approximately 110% of base salary.</p> <p>The Committee keeps the level of living allowance under review.</p>	<p>Not applicable.</p>
Benefits	<p>The Executive Director participates in benefits programmes to provide an overall broadly market competitive package matching the role, skills and experience of the Executive Director.</p>	<p>To date, the Company has provided healthcare coverage, a term life policy and an accident policy.</p>	<p>There is no maximum opportunity although the competitiveness of the benefits package is kept under review.</p>	<p>Not applicable.</p>

Variable remuneration

Element	Purpose and link to strategy	Operation	Maximum opportunity	Performance measures
Annual bonus	To drive and reward the achievement of annual financial, operational and individual objectives which are key to the delivery of the Company's short-term strategy.	<p>Awards are based on objectives set by the Committee over a combination of financial, operational and individual goals measured over one financial year.</p> <p>Objectives are set annually to ensure that they remain targeted and focused on the delivery of the Company's short-term goals.</p> <p>The Committee sets targets which require appropriate levels of performance, taking into account internal and external expectations of performance.</p> <p>As soon as practicable after the year-end, the Committee meets to review performance against objectives and determines pay-out levels.</p> <p>In 2015, the Remuneration Committee adopted a bonus deferral programme, which came into effect on 1 January 2016. Under the bonus deferral programme, the bonus structure of members of the Executive Committee was amended from a 100% cash to a 50% cash and 50% equity structure. The 50% equity will take the form of three-year time-vesting restricted shares of the Company. It should be noted that notwithstanding the bonus deferral programme, during the first year of employment, each member of staff is entitled to a 100% cash bonus.</p> <p>If the Executive Director is dismissed for gross misconduct, no bonus is payable.</p>	<p>Annual bonuses are granted at the discretion of the Committee.</p> <p>The target range for bonus is currently 0% to 200% of a specified target and is based on achievement of mutually agreed performance goals. The Company keeps the bonus metrics for the Executive Director under review.</p> <p>The Committee retains the discretion to award bonuses greater than 200% of target.</p>	A performance management programme was adopted in 2015, which includes assessing performance against objective and measurable key performance indicators and implementing a 360 degree feedback process for the CEO and other members of the Executive Committee.
Share grant	<p>Incentivise and reward the creation of long-term shareholder value.</p> <p>Align the interests of the Executive Director with those of shareholders.</p>	<p>The Executive Director is considered for share grants annually.</p> <p>Although the Committee has the flexibility to grant restricted shares and/or performance shares, to date the Committee has felt that share options have been the most effective vehicle for aligning shareholder and executive interests.</p> <p>To date, restricted shares have only been granted exclusively to compensate new hires for long-term awards forfeited at their prior employer.</p>	No maximum opportunity.	Pursuant to the current approach, if employment terminates for any reason, the unvested portion of the share grant will be forfeited, save in the event of death, disability or the Company giving notice of termination. The Company reserves the right to cancel, rescind, withhold, claw-back or otherwise limit or restrict the share grant if the Executive is not in compliance with all applicable provisions of their employment contract, or breaches any agreement with the Company including agreements governing non-competition, non-solicitation or confidentiality.

Variable remuneration continued

Element	Purpose and link to strategy	Operation	Maximum opportunity	Performance measures
Share options	<p>Incentivise and reward the creation of long-term shareholder value.</p> <p>Align the interests of the Executive Director with those of shareholders.</p>	<p>Share options are the primary equity compensation vehicle for motivating and rewarding senior executives.</p> <p>With a few exceptions and consistent with market practice, share options have been granted primarily to the Executive Director.</p> <p>The exercise of share options are subject to the provisions of the Model Code contained in Chapter 9 of the UK Listing Rules which the Company has voluntarily adopted.</p>	<p>The Global Share Plan has been structured to comply with the provisions of the Investment Management Association ('IMA') Principles of Remuneration regarding dilution.</p> <p>Subject to the above, these are granted considering:</p> <ul style="list-style-type: none"> – market practice for comparative roles; – the Executive Director's total compensation; – time commitment and duties involved; – the requirement to attract and retain the quality and experience of individuals required to drive our strategy; and – the ability to align interests with that of shareholders. 	None.

Non-Executive Directors

Element	Purpose and link to strategy	Operation	Maximum opportunity	Performance measures
Non-Executive Director fees	To provide an appropriate award to attract and retain high-calibre individuals with the relevant skills, knowledge and experience.	<p>The fees for the Non-Executive Directors are normally reviewed annually but not necessarily increased.</p> <p>The remuneration of Non-Executive Directors is dealt with by the Chairman and the Executive Director.</p> <p>The Chairman of the Board has voluntarily opted to receive 100% of his annual remuneration in the form of ordinary shares of the Company. The five Independent Non-Executive Directors have voluntarily opted to receive 50% of their annual remuneration in cash and 50% in the form of ordinary shares of the Company.</p> <p>Although the Company does not currently pay such fees, the Company retains flexibility to pay additional fees where the Non-Executive Director agrees to serve on one or more Committees, or enters into collateral arrangements to undertake any special task or consultancy role.</p>	<p>Whilst there is no maximum fee level, fees are set considering:</p> <ul style="list-style-type: none"> – market practice for comparative roles; – time commitment and duties involved; and – the requirement to attract and retain the quality of individuals required. 	None.

Share options	<p>To incentivise and reward the creation of long-term shareholder value.</p> <p>To align the interests of the Non-Executive Directors with those of shareholders.</p>	<p>The exercise of share options are subject to the provisions of the Model Code contained in Chapter 9 of the UK Listing Rules which the Company has voluntarily adopted.</p> <p>There is a prescribed period during which the Non-Executives are able to exercise their options, as set out below under 'Equity interests awarded during the financial year'.</p>	<p>Non-Executive Directors are ordinarily not considered for the grant of share options although the Company retains the discretion to do so if it deems it appropriate in the circumstances.</p> <p>Factors taken into account would include:</p> <ul style="list-style-type: none"> – market practice for comparative roles; – time commitment and duties involved; – the requirement to attract and retain the quality and experience of individuals required; and – the ability to align interests with that of shareholders. 	None.
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Non-Executive Directors may receive professional advice in respect of their duties, to be paid for by the Company together with payment of expenses wholly incurred in the performance of their role. Non-Executive Directors are also covered by the Company's Directors and Officers Insurance policy.

John Vitalo, the current Executive Director on the Board, holds a number of Non-Executive Directorships with companies connected with Atlas Mara, namely ABCH, Atlas Mara Mauritius Limited, BRD Commercial, BPR, and Union Bank of Nigeria plc. He has also been proposed as a Non-Executive Director of Finance Bank of Zambia plc. John Vitalo does not retain any additional earnings by virtue of those appointments.

The policy regarding Executive Director compensation seeks to emphasise performance-based variable compensation, as demonstrated by long-term equity compensation that aims to align shareholder interests with those of the Executive Director. The Company's general remuneration policy is to pay market-competitive base salaries and to provide the opportunity to earn incentive awards consistent with market practice, based on factors which the Committee sees fit to take account of, including Company and individual performance.

Recruitment policy

In determining remuneration for new appointments to the Board, the Committee will consider all relevant factors including, but not limited to, the experience and skillset of the individual, their existing compensation package, the arrangements for the Company's current Directors and external market conditions such that any arrangements offered are considered to be in the best interests of the Company and shareholders, without paying more than is necessary.

The Company has developed a skills matrix to assist in the evaluation of prospective hires, which looks at factors such as the candidate's market and regulatory knowledge, management (including risk management) experience and financial services expertise.

Where the new appointment is replacing a previous Director, the total remuneration opportunity may be higher or lower than the previous Director. If the appointee is expected to develop into the role, the Committee may decide to appoint the new Director to the Board with a lower than standard package. Increases above those of comparable individuals may be awarded over time to move closer to market level as their experience and calibre develops.

Benefits will normally be limited to those outlined in the remuneration policy table above. However, additional benefits may be provided by the Company where the Committee considers it reasonable to do so in the circumstances, including where a Director is required to relocate to carry out their duties.

It is expected that the quantum and structure of the variable pay elements would reflect those set out in the policy table above. However, the Committee recognises that as a financial services company, it is competing for its talent with global firms. Consequently, the Committee considers it necessary that the recruitment policy has sufficient flexibility in order to attract the calibre of individual that the Company requires to grow a successful business. The Committee therefore reserves the right to exercise its discretion in awarding annual bonuses in excess of the 200% of target parameters and/or to set different performance metrics. Such awards would be an exception made for outstanding performance, contribution or similar circumstances and would only be used if the Committee believes such action is necessary to recruit and motivate a candidate from the global market.

Where an Executive Director is appointed from within the Group, the normal policy of the Company would be that any legacy arrangements are honoured in line with the original terms and conditions. The same would happen following an acquisition or merger with another company.

The Committee reserves the right to make appropriate remuneration decisions outside the standard policy to meet the individual circumstances necessary for recruitment when, for example, an interim appointment to fill an Executive Director role is made on a short-term basis.

During the first quarter of 2015, given that the Company was by then more established in the marketplace and making increased demands on time and resource, the Remuneration Committee agreed to increase the compensation packages for the Non-Executive Directors. In the event of the appointment of a new Chairman or Non-Executive Director, remuneration arrangements would usually be in line with these arrangements.

Service contracts

The key employment terms and conditions of John Vitalo, the current Executive Director, stated in his service contract, are set out below.

Provision	Policy
Notice period	Six months' written notice by either the Director or the Company.

Non-Executive Director letters of appointment

The Non-Executive Directors have letters of appointment which set out their duties and responsibilities and do not have service contracts with the Company.

Provision	Policy
Period	In accordance with the Code, the Non-Executive Directors are subject to annual re-election by shareholders at the AGM.
Termination	Non-Executive Directors or the Company can terminate the appointment by giving three months' notice.

Directors' service agreements are kept available for inspection at the Company's registered office.

Policy on payment for loss of office

In the event that an Executive Director's employment is terminated, any compensation payable will be determined in accordance with the terms of the service contract between the Company and the employee and applicable legal requirements or exposures. The Company considers a variety of factors when considering leaving arrangements for an Executive Director, including individual and business performance, the obligation for the Director to mitigate loss in seeking alternative employment and other relevant circumstances, including health.

If an Executive Director's employment is terminated by the Company for gross misconduct, as defined in the relevant service agreement or letter of appointment, the Director will not be eligible to receive any bonus.

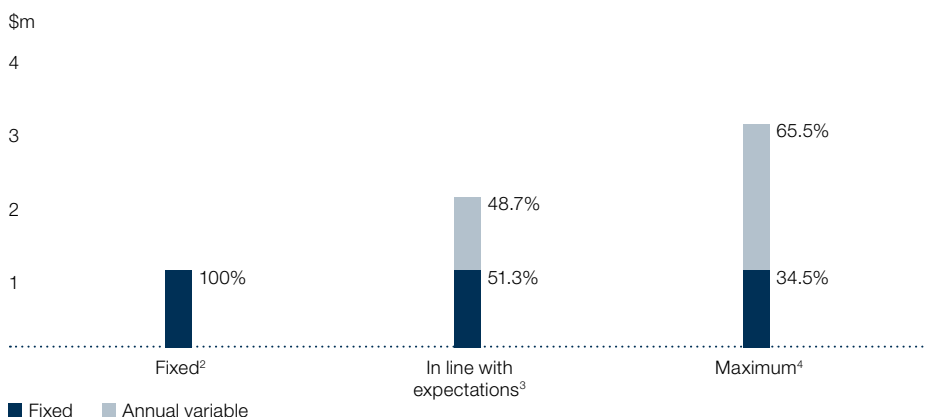
The Company would ordinarily not consider that Non-Executive Directors are eligible for payments for loss of office, but will again take account of all relevant factors before reaching a decision.

When setting Directors' notice periods, the Company takes into account such factors as market practice and the needs of both the Executive and the Company to have adequate notice of their exit from Atlas Mara.

The Committee does not directly consult with employees as part of the process in determining executive pay and there has been no consultation with the workforce regarding the content of the Remuneration Policy.

In determining executive pay, the Committee reviewed market data provided by several compensation consulting firms, including KPMG, Deloitte, Towers Watson and McLagan Partners. The information provides background and context for decision-making, but the Committee does not benchmark executive pay to match a particular market level.

Illustration of the Remuneration Policy Chief Executive Officer – John F. Vitalo¹



Notes:

1. In John Vitalo's service agreement, remuneration is given in both United Arab Emirates Dirham ('AED') and US dollars. The AED has been converted into US dollars throughout the Report using the exchange rate applicable on 1 July 2014 (when John Vitalo's employment commenced) of 1 US dollar = 3.666 AED.
2. 'Fixed' is salary and allowance. 'Fixed' is \$1,051,980, comprising salary and allowance. 'Fixed' income is stated to be AED 3,856,632 in John Vitalo's service agreement.
3. The 'in line with expectations' annual variable is taken to be John Vitalo achieving his target and qualifying for 100% of his bonus, namely \$1,000,000.
4. 'Maximum' annual variable is taken to be \$2,000,000 (although the Company retains the discretion to award more if circumstances merit this).

Consideration of shareholders

The Committee will be mindful of shareholder views when evaluating and setting ongoing remuneration strategy and commits to shareholder consultation prior to any significant changes to our remuneration policy. Shareholders' views were not sought when formulating this policy although it is the Company's intention to do so in future.

Annual Report on Remuneration

Single total figure of remuneration for each Director

	Salary and fees	Taxable benefits	Annual incentives	Long-term incentive awards	Pension	Other items in nature of remuneration	Total
Executive							
John Vitalo	\$500,943 (Salary) ¹ + \$551,037 (Allowance) ²	\$41,364 ³	\$500,000 ⁴	\$1,835,080 ⁵	n/a	n/a	\$3,428,424
Non-Executive							
Arnold Ekpe	\$150,000	n/a	n/a	n/a	n/a	n/a	\$150,000
Rachel F. Robbins	\$110,000	n/a	n/a	n/a	n/a	n/a	\$110,000
Tonye Cole	\$110,000	n/a	n/a	n/a	n/a	n/a	\$110,000
Amadou Raimi	\$125,000	n/a	n/a	n/a	n/a	n/a	\$125,000
Funke Opeke	\$110,000	n/a	n/a	n/a	n/a	n/a	\$110,000
Eduardo C. Mondlane, Jr.	\$110,000	n/a	n/a	n/a	n/a	n/a	\$110,000
Robert E. Diamond, Jr.	n/a ⁶	n/a	n/a	n/a	n/a	n/a	n/a
Ashish J. Thakkar	n/a ⁷	n/a	n/a	n/a	n/a	n/a	n/a

Notes:

- Salary converted from AED. John Vitalo's salary on an annual basis is AED 1,836,492.
- Allowance to be used for housing, car, education costs, utilities etc. is adjusted annually for local (Dubai) inflation (as determined by Atlas Mara) based on education, housing and utilities cost indices. Allowance is converted from AED. John Vitalo's allowance on an annual basis is AED 2,020,140.
- For 2015, John Vitalo participated in the CIGNA Global Platinum Medical Plan.
- John Vitalo has voluntarily agreed to forgo a cash bonus for 2015. As a result, his bonus for 2015 is \$500,000 and will be taken wholly in shares.
- This figure represents the total fair value of 500,000 share options awarded to John Vitalo on 31 March 2015, plus the value of restricted stock awarded to John Vitalo on 8 September 2014, which vested in 2015.
- Robert E. Diamond, Jr. is not entitled to fees for his services as a Non-Executive Director. The Company will reimburse all expenses reasonably incurred by Robert E. Diamond, Jr. (including travel, accommodation and telephone calls) in undertaking his duties as a Non-Executive Director, including attendance at Board meetings, subject to appropriate evidence of expenditure.
- Ashish J. Thakkar is not entitled to fees for his services as a Non-Executive Director. The Company will reimburse all expenses reasonably incurred by Ashish J. Thakkar (including travel, accommodation and telephone calls) in undertaking his duties as a Non-Executive Director, including attendance at Board meetings, subject to appropriate evidence of expenditure.

Total pension entitlements

Neither the Executive Director nor the Non-Executive Directors are entitled to pension allowance or benefit from the Company.

Scheme interests awarded

The tables below set out the scheme interests awarded to the Executive and Non-Executive Directors during 2014 and 2015.

Scheme interests awarded during 2014

Name	Type of interest awarded	Date of award	Number of shares	Performance conditions	Exercise price	Vesting
John Vitalo	Share options	11 September 2014	300,000 ordinary shares	The share options were conditional on the closing of the Company's first acquisition which had taken place by the time of grant.	\$11 per share	100,000 on 11 September 2014; 100,000 on the one-year anniversary of the grant date; 100,000 on the two-year anniversary of the grant date.

Scheme interests awarded during 2015

Name	Type of interest awarded	Date of award	Number of shares	Performance conditions	Exercise price	Vesting
John Vitalo	Share options	26 March 2015	500,000 ordinary shares	None	\$7.18 per share	One-third on the first anniversary of the grant date; one-third on the second anniversary of the grant date; one-third on the third anniversary of the grant date.

Directors' Remuneration report continued

Equity interests awarded

The tables below set out the equity interests awarded to the Executive and Non-Executive Directors during 2013, 2014 and 2015.

Equity interests awarded during 2013

Name	Type of interest awarded ¹	Date of award	Number of shares	Performance conditions	Exercise price	Vesting
Arnold Ekpe	Share options	17 December 2013	50,000 ordinary shares	The share options were conditional on the closing of the Company's first acquisition	\$11.50 per share (not exercised)	The share options can be exercised at any time before 21 August 2019, being the fifth anniversary of the Company's first acquisition
Tonye Cole	Share options	17 December 2013	37,500 ordinary shares	The share options were conditional on the closing of the Company's first acquisition	\$11.50 per share (not exercised)	The share options can be exercised at any time before 21 August 2019, being the fifth anniversary of the Company's first acquisition
Rachel F. Robbins	Share options	17 December 2013	37,500 ordinary shares	The share options were conditional on the closing of the Company's first acquisition	\$11.50 per share (not exercised)	The share options can be exercised at any time before 21 August 2019, being the fifth anniversary of the Company's first acquisition

Equity interests awarded during 2014

Name	Type of interest awarded	Date of award	Number of shares	Performance conditions	Exercise price	Vesting
John Vitalo	Share options	11 September 2014	300,482 ordinary shares	The share options were conditional on the closing of the Company's first acquisition	\$11.00 per share	Vesting between grant and 1 April 2017 ¹

Notes:

1. Together with a 'balancing' share grant of an additional 482 shares to reflect the change in share price and FX rate from the date of John Vitalo's employment agreement to the date of the grant; 102,765 shares vested on grant, 87,741 shares vested on 1 April 2015, 65,805 shares to vest on 1 April 2016 and 44,171 shares to vest on 1 April 2017. The unvested portion of the share grant will, subject to limited expectations, be forfeited if John Vitalo is deemed a bad leaver prior to the relevant vesting date. The Company reserves the right to cancel, rescind, withhold, claw-back or otherwise limit or restrict the share grant if John Vitalo is not in compliance with all applicable provisions of his employment contract, or if John Vitalo breaches any agreement with the Company including, but not limited to, any agreement with respect to non-competition, non-solicitation or confidentiality.

Equity interests awarded during 2015¹

Name	Type of interest awarded	Date of award	Number of shares	Performance conditions	Exercise price	Vesting
Arnold Ekpe	Share awards	23 December 2015	19,644 ordinary shares	The shares were issued as part of the Director's remuneration for 2015	n/a	n/a
Tonye Cole	Share awards	23 December 2015	7,203 ordinary shares	The shares were issued as part of the Director's remuneration for 2015	n/a	n/a
Rachel F. Robbins	Share awards	23 December 2015	7,203 ordinary shares	The shares were issued as part of the Director's remuneration for 2015	n/a	n/a
Amadou Raimi	Share awards	23 December 2015	7,203 ordinary shares	The shares were issued as part of the Director's remuneration for 2015	n/a	n/a
Funke Opeke	Share awards	23 December 2015	8,185 ordinary shares	The shares were issued as part of the Director's remuneration for 2015	n/a	n/a
Eduardo C. Mondlane, Jr.	Share awards	23 December 2015	7,203 ordinary shares	The shares were issued as part of the Director's remuneration for 2015	n/a	n/a

Notes:

1. All ordinary shares issued to the Independent Non-Executive Directors were awarded as part of their 2015 remuneration. The Chairman has opted to receive 100% of his annual fee in the form of the Atlas Mara ordinary shares. The remaining five Independent Non-Executive Directors have opted to receive 50% of their annual fee in the form of Atlas Mara ordinary shares.

Stock options

Arnold Ekpe, Tonye Cole and Rachel F. Robbins were granted share options in connection with the Company's admission to the Official List of the London Stock Exchange, as outlined in the IPO Prospectus published on 17 December 2013. These were not granted as part of the Global Share Plan. Shareholder approval was not sought in advance – the Board felt this was appropriate during the initial start-up phase of the Company and that such a grant did not affect their independence. The Global Share Plan (pursuant to which John Vitalo was granted share options, as outlined above) was approved by the Board and not by shareholders. This was felt to be appropriate given the need to act quickly and given the early stage in the Company's development. Throughout 2015, the Global Share Plan adhered to the recommended 5%/10% limits on the issue of ordinary share capital prescribed by the IMA Principles of Remuneration.

Payments for loss of office

In 2015, there were no payments to past Directors during the year.

In 2015, there were no payments to Directors for loss of office.

Statement of Directors' shareholding and share interests

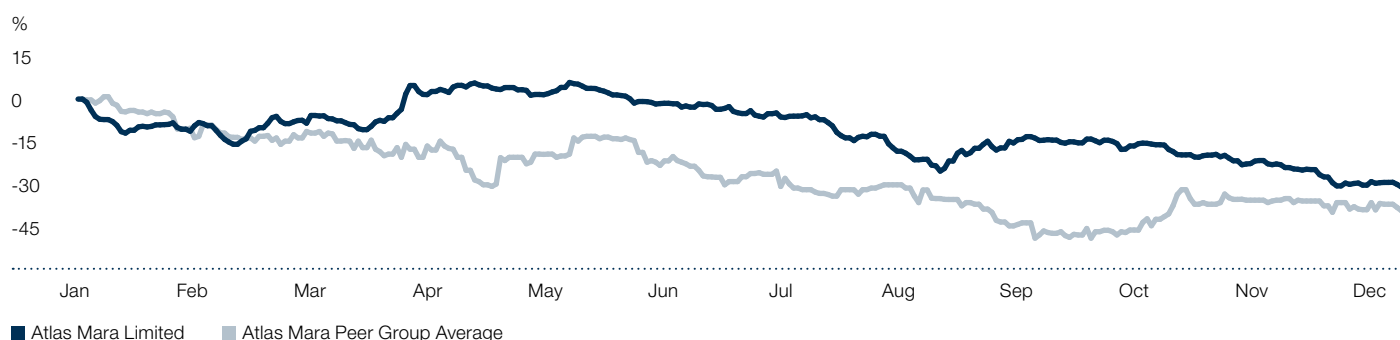
Name	John F. Vitalo	Arnold Ekpe	Tonye Cole	Rachel F. Robbins	Amadou Raimi	Funke Opeke	Eduardo C. Mondlane, Jr.
Share options with performance conditions	–	–	–	–	–	–	–
Share options without performance conditions	800,000	50,000	37,500	37,500	–	–	–
Share awards with performance conditions	–	–	–	–	–	–	–
Share awards without performance conditions	300,482	19,644	7,203	7,203	8,185	7,203	7,203
Scheme interests in shares							
Vested but unexercised share options	200,000	50,000	37,500	37,500	–	–	–
Shares beneficially owned (including connected persons)	–	–	–	–	–	–	–
Total interest in shares	1,100,482	69,644	44,703	44,703	8,185	7,203	7,203
Share options exercised during the year	–	–	–	–	–	–	–

Performance-related remuneration for Executive Directors consists of two components:

1. Annual cash bonus: Annual bonuses are established for Executive Directors, the awards for which are based on a number of factors including market competitive practice for their role and responsibilities. The actual award can generally vary from 0% to 200% of the target based on performance, although the Committee reserves the right to grant larger awards where appropriate based on its business judgement. It is intended that future bonus awards will be based on achievement of pre-determined performance metrics rather than being wholly discretionary.
2. Equity compensation: A material proportion of Executive Director compensation consists of share options – current grants are designed to vest in stages over three years. Since Atlas Mara is still in the early stages of its development, the Committee believes it would be premature to assign specific performance measures to the vesting schedule at this stage.

The Committee considers that the current approach strikes a balance between affording flexibility for the Company, which is important in its early years and without detailed knowledge of how its business will develop, and for the Executive Director in seeking to attract talent to a company without a developed trading history. In particular, the Company has not required Directors to hold shares for a minimum period after leaving and considers that vesting of share options in less than three years is appropriate and necessary in the circumstances.

2015 Atlas Mara Total Shareholder Return graph



Source:
Capital IQ.

Note:
The 'Average' index consists of a simple average-based total shareholder return of the following peers: Guarantee Trust Bank Plc, Zenith Bank Plc, United Bank of Africa Plc, Access Bank Plc, Diamond Bank Plc, Equity Group Holdings Ltd (formerly Equity Bank Ltd), Kenya Commercial Bank Group Ltd, Barclays Africa Group Ltd, Standard Bank Group Ltd, and Ecobank Transnational Incorporated.

Percentage change in the remuneration of the Chief Executive Officer

Year	CEO single figure of total remuneration	CEO annual bonus	CEO long-term incentive plan vesting
Remuneration in 2014	\$2,051,980 comprising \$1,051,980 (salary and allowance) and \$1,000,000 (bonus)	The 2014 annual bonus, paid in March 2015, is \$1,000,000	\$1,841,709
Remuneration in 2015	\$1,551,980 comprising \$1,051,980 (salary and allowance) and \$500,000 (bonus)	The 2015 annual bonus, to be paid in May 2016, is \$500,000	\$1,835,080
Percentage change in remuneration	-24%	-50%	-35%

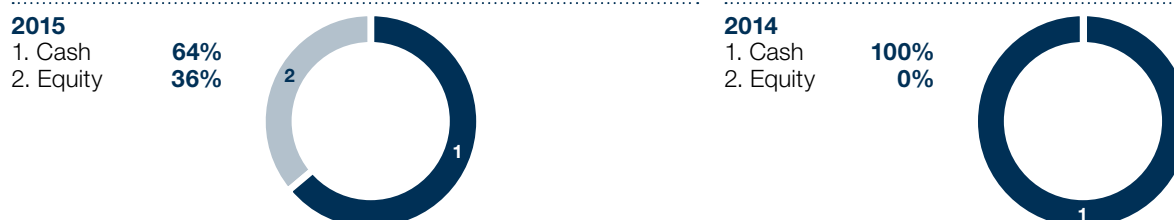
Additional remuneration disclosures

As a result of actions taken in February 2016, aggregate Executive Committee¹ compensation, relative to the prior year, was reduced and the compensation mix was shifted to a greater portion of equity and less cash.

For all five Executive Committee members employed as of 31 December 2015, Total Base Salaries increased \$75,000 from \$2,125,000 to \$2,200,000. For the four Executive Committee members who earned a bonus in 2014 and 2015, aggregate awards decreased \$1,175,000 from \$3,600,000 (all of which was cash) to \$2,425,000 (\$1,550,000 of which was cash). John Vitalo and Arina McDonald have voluntarily agreed to forgo a cash bonus for 2015. As a result their total bonuses have both been reduced by 50% year-on-year and will be paid wholly in stock. This group was granted 985,000 options in aggregate in March 2015 and 795,000 options in aggregate in March 2016.

In a stock purchase programme that began in April 2015, as of 31 December 2015, four Executive Committee members have voluntarily invested a total of \$1,299,355 of their annual 2014 bonuses to purchase 199,928 Atlas Mara shares in the open market.

Change in compensation mix



Notes:

1. Five Executive Committee members were employed in 2015: John Vitalo, Bradford Gibbs, Beatrice Hamza Bassey, Arina McDonald, Eric Odhiambo. Four Executive Committee members were eligible for bonus and options in both March 2015 and March 2016: John Vitalo, Bradford Gibbs, Beatrice Hamza Bassey, Arina McDonald.

Statement of implementation of the remuneration policy in the following financial year

The Company's remuneration practices are managed in accordance with the remuneration policy as set out above.

Consideration by the Directors of matters relating to Directors' remuneration

The Remuneration Committee initially consisted of three Independent Non-Executive Directors immediately following its formation on 13 August 2014, Tonye Cole, Chairman of the Remuneration Committee, Rachel F. Robbins and Arnold Ekpe. The Board felt that it was important to have the benefit of Robert E. Diamond, Jr.'s significant experience and informed views on the Remuneration Committee and he was therefore appointed to it on 8 December 2014, notwithstanding that he is not considered independent for the purposes of the UK Corporate Governance Code.

As at the date of this Report, the Remuneration Committee comprises Eduardo C. Mondlane, Jr. (Chairman), Funke Opeke, Amadou Raimi, Arnold Ekpe, Tonye Cole and Robert E. Diamond, Jr. Each member of the Remuneration Committee was appointed by the Board.

John Vitalo's compensation package was considered and set by the Board, prior to the establishment of the current Remuneration Committee. In 2015, the Remuneration Committee reviewed and confirmed the compensation packages of John Vitalo and other senior management staff. In making compensation decisions, the Committee receives written proposals from management that provides a narrative rationale and quantitative market data. While the Company utilised compensation consulting firms to obtain market data, the Committee relied on its own knowledge and business judgement to review management proposals and make compensation decisions.

The Remuneration Committee met six times in 2015. The work of the Remuneration Committee focused on the following matters:

- discussion of, and agreement on, the Company's culture and values as they relate to executive compensation;
- implementation of a performance management programme for senior management, which includes objective and measurable key performance indicators with objectives and a 360 degree feedback process for the CEO and other members of the Executive Committee;
- adoption of a fee structure for Non-Executive Directors for Atlas Mara and its subsidiaries;
- review and approval of compensation packages, including pay ranges, for members of the Executive Committee and other staff;
- recruitment and approval of compensation arrangements for key new hires across the Group;
- approval of a bonus deferral programme, effective 1 January 2016, that changes the bonus structure from 100% cash to 50% cash and 50% equity in the form of three-year time-vesting restricted shares; and
- discussion of long-term incentive plan options for the Company.

Statement of voting at general meeting

At the AGM held on 12 May 2015, there were no remuneration matters put up for voting by the shareholders nor were there any concerns raised in relation to, a report or policy.

Signed on behalf of the Board

Eduardo C. Mondlane, Jr.

Chairman of the Remuneration Committee

Directors' report

Corporate governance and incorporation by reference

DTR 7.2 requires that certain information be included in a corporate governance statement set out in the Directors' Report. The Corporate Governance Report on page 74 forms part of this Directors' Report, and is included in it by reference.

For the purposes of compliance with DTR 4.1.5R(2), DTR 4.1.8R and DTR4.1.11R, the required content of the 'Management Report' can be found in the Overview, Strategic report, Governance and risk and this Directors' report.

Results

The consolidated statement of profit or loss shows a reported profit of \$11.3 million.

Dividends

The Directors do not propose paying a dividend in respect of the year ended 31 December 2015.

Events after the reporting date

Please see pages 135 and 142 in the Financial statements, which are incorporated into this Report by reference.

Branches

Atlas Mara has subsidiaries and investments domiciled and/or operating in Botswana, Germany, Luxembourg, Mauritius, Mozambique, Nigeria, Rwanda, South Africa, Tanzania, United Arab Emirates, Zambia and Zimbabwe.

Financial risk management objectives and policies

Please see page 66 in the Strategic report. These are incorporated into this Report by reference.

Change of control

The Company is party to the following contracts that are subject to change of control provisions in the event of a takeover bid. In connection with the placement of senior secured convertible notes due 2020 (the 'Bonds') the Company is party to contracts that give Bondholders the right to require redemption of their Bonds upon a change of control. In addition, a change of control triggers a downward adjustment to the conversion applicable to the Bonds for a limited period of time following the change of control. There are no agreements between the Company and its Directors or employees providing compensation for loss of office or employment that occurs because of a takeover bid. However, with respect to options granted to senior executive officers, the vesting of issued options is accelerated in the case of a change of control.

Significant contracts

Details of related party transactions are set out on pages 175 and 176 and are incorporated into this Report by reference.

Going concern

The going concern of the Company is dependent on successfully funding the balance sheet of Atlas Mara and its subsidiaries ('the Group') and maintaining adequate levels of capital. In order to satisfy themselves that the Company has adequate resources to continue to operate for the foreseeable future, the Directors have considered a number of key dependencies relating to funding, liquidity and capital. Having considered these, the Directors consider that it is appropriate to adopt the going concern basis in preparing the accounts.

Directors

The names and biographical details of the Directors are included on pages 70 to 73. Particulars of their emoluments and interests in shares in the Company are provided on pages 107 to 113 and these pages are incorporated into this Report by reference. The composition of the Board and dates of appointment are shown in the table below:

Director	Date of appointment		
	3 December 2013	21 August 2014	21 January 2015
Arnold Ekpe	●		
Robert E. Diamond, Jr.	●		
Ashish J. Thakkar	●		
Tonye Cole	●		
Rachel F. Robbins	●		
John F. Vitalo		●	
Eduardo C. Mondlane, Jr.			●
Funke Opeke			●
Amadou Raimi			●

Directors' indemnities

As at the date of this Report, indemnities granted by the Company to the Directors are in force to the extent permitted under BVI law. The Company also maintains Directors' and Officers' liability insurance, the level of which is reviewed annually.

Rights to appoint and remove Directors

Subject to the BVI Companies Act and the Articles, the Directors shall have power at any time, and from time to time, without sanction of the members, to appoint any person to be a Director, either to fill a casual vacancy or as an additional Director. Subject to the BVI Companies Act and the Articles, the members may by a Resolution of Members appoint any person as a Director and remove any person from office as a Director.

For so long as an initial holder of Founder Preferred Shares (being a Founding Entity together with its affiliates) holds 20% or more of the Founder Preferred Shares in issue, such holder shall be entitled to nominate a person as a Director of the Company and the Directors shall appoint such person. In the event such holder notifies the Company to remove any Director nominated by him the other Directors shall remove such Director, and in the event of such a removal the relevant holder shall have the right to nominate a Director to fill such vacancy.

Powers of the Directors

Subject to the provisions of the BVI Companies Act and the Articles, the business and affairs of the Company shall be managed by, or under the direction or supervision of, the Directors. The Directors have all the powers necessary for managing, and for directing and supervising, the business and affairs of the Company. The Directors may exercise all the powers of the Company to borrow or raise money (including the power to borrow for the purpose of redeeming shares) and secure any debt or obligation of or binding on the Company in any manner including by the issue of debentures (perpetual or otherwise) and to secure the repayment of any money borrowed, raised or owing by mortgage charge pledge or lien upon the whole or any part of the Company's undertaking property or assets (whether present or future) and also by a similar mortgage charge pledge or lien to secure and guarantee the performance of any obligation or liability undertaken by the Company or any third party.

Substantial shareholders

As at 1 December 2015, the Company has been notified of the following significant holdings (being 5% or more of the voting rights in the Company) in the Company's ordinary share capital:

Shareholder	Number of ordinary shares ¹	% fully diluted interest ¹	Transaction date ¹
Wellington Management Company, LLP	7,205,801	12.11	22/10/15
Guggenheim Partners Investment Management	5,000,000	11.22	21/08/14
Janus Capital Management LLC	7,479,841	11.15	26/03/15
Owl Creek Asset Management, LP	2,500,000	7.99	17/12/13
Clough Capital Partners, LP	4,096,787	6.86	27/08/14
Trafigura Holding Limited	4,039,037	6.23	27/08/14

Notes:

1. Per public TR-1 filings with the Financial Conduct Authority.

Share capital

General:

As at 31 December 2015, the Company had in issue 72,458,524 ordinary shares of no par value, 1,250,000 Founder Preferred Shares of no par value and 32,529,500 warrants.

As at 25 April 2016 (the latest practicable date prior to the publication of this document) the Company had a total number of 72,458,524 ordinary shares in issue, of which 2,646,750 are held in treasury, and 32,529,500 warrants in issue.

Founder Preferred Shares:

Details of the Founder Preferred Shares can be found in note 1 on page 130 and are incorporated into this Report by reference.

The directors and executive committee beneficial shareholding as of 31 December 2015 is as follows:

- Bob Diamond, 1,752,827 shares representing 2.5%
- John F. Vitalo, 362,089 shares representing 0.5%
- Ashish J. Thakkar, 93,090 shares representing 0.1%
- The aggregate Executive Committee beneficial shareholding (excluding John F. Vitalo) is 444,486 shares, representing 0.6%.

Authority to Purchase Own Shares:

On 11 May 2015, the Board of Directors renewed the authority to repurchase up to 10% of the Company's issued share capital. During the period ended 31 December 2015, the Company repurchased 2,071,559 ordinary shares. Subsequent to the financial year end, the Company repurchased a total of 631,832 shares up to the date of this report.

Securities carrying special rights:

Save as disclosed above in relation to the Founder Preferred Shares, no person holds securities in the Company carrying special rights with regard to control of the Company.

Voting rights:

Holders of ordinary shares will have the right to receive notice of and to attend and vote at any meetings of members. Each holder of ordinary shares being present in person or by proxy at a meeting will, upon a show of hands, have one vote and upon a poll each such holder of ordinary shares present in person or by proxy will have one vote for each ordinary share held by him.

In the case of joint holders of a share, if two or more persons hold shares jointly each of them may be present in person or by proxy at a meeting of members and may speak as a member, if only one of the joint owners is present he may vote on behalf of all joint owners, and if two or more joint holders are present at a meeting of members, in person or by proxy, they must vote as one.

Restrictions on voting:

No member shall, if the Directors so determine, be entitled in respect of any share held by him to attend or vote (either personally or by proxy) at any meeting of members or separate class meeting of the Company or to exercise any other right conferred by membership in relation to any such meeting if he or any other person appearing to be interested in such shares has failed to comply with a notice requiring the disclosure of shareholder interests and given in accordance with the Articles within 14 calendar days, in a case where the shares in question represent at least 0.25% of their class, or within seven days, in any other case, from the date of such notice. These restrictions will continue until the information required by the notice is supplied to the Company or until the shares in question are transferred or sold in circumstances specified for this purpose in the Articles.

Transfer of shares:

Subject to the BVI Companies Act and the terms of the Articles, any member may transfer all or any of his certificated shares by an instrument of transfer in any usual form or in any other form which the Directors may approve. The Directors may accept such evidence of title of the transfer of shares (or interests in shares) held in uncertificated form (including in the form of depositary interests or similar interests, instruments or securities) as they shall in their discretion determine. The Directors may permit such shares or interests in shares held in uncertificated form to be transferred by means of a relevant system of holding and transferring shares (or interests in shares) in uncertificated form. No transfer of shares will be registered if, in the reasonable determination of the Directors, the transferee is or may be a Prohibited Person (as defined in the Articles), or is or may be holding such shares on behalf of a beneficial owner who is or may be a Prohibited Person. The Directors shall have power to implement and/or approve any arrangements they may, in their absolute discretion, think fit in relation to the evidencing of title to and transfer of interests in shares in the Company in uncertificated form (including in the form of depositary interests or similar interests, instruments or securities).

Independent auditor and audit information

Each person who is a Director at the date of approval of this report confirms that, so far as the Director is aware, there is no relevant audit information of which the Company's auditor is unaware and each Director has taken all the steps that he or she ought to have taken as a Director to make himself or herself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Annual General Meeting

The AGM of the Company will be held in New York City at 375 Park Avenue (21st floor), New York, NY, 10152 on 9 June 2016. All shareholders have the opportunity to attend and vote, in person or by proxy, at the AGM. The Notice of the AGM is being mailed out at the same time as this Report is being made available on the Company's website. The Notice of the AGM sets out the business of the meeting and explanatory notes on all resolutions. Separate resolutions will be proposed in respect of each substantive issue. The Chairman of the Board and the Chairpersons of each Board Committee will be present at the AGM and available to answer shareholders' questions.

Statement of Directors' responsibilities

The Directors of Atlas Mara have accepted responsibility for the preparation of these non-statutory consolidated accounts for the period ended 31 December 2015 which are intended by them to give a true and fair view of the state of affairs of the Group and of the profit for that period. The Directors have decided to prepare the non-statutory consolidated accounts in accordance with International Financial Reporting Standards ('IFRSs') as adopted by the European Union ('EU').

In preparing these non-statutory accounts, the Directors have:

- selected suitable accounting policies and applied them consistently;
- made judgements and estimates that are reasonable and prudent;
- stated whether they have been prepared in accordance with IFRSs as adopted by the EU; and
- prepared the non-statutory accounts on the going concern basis as they believe that the Group will continue in business.

The Directors have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

A copy of the financial statements is placed on our website <http://atlasmara.com>. The Directors are responsible for the maintenance and integrity of the Company's website.

Each of the current Directors, who are in office and whose names and functions are listed on pages 70 to 73 of this Annual Report, confirm that, to the best of his or her knowledge:

- the Group financial statements, which have been prepared in accordance with IFRSs as adopted by the European Union, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group; and
- the management report contained in the CFO review and the Directors' Report includes a fair review of the development and performance of the business and the position of the Group, together with a description of the principal risks and uncertainties that they face.

The Directors consider that the Annual Report, inclusive of the financial statements, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's performance, business model and strategy.

Signed on behalf of the Board

John F. Vitalo
Chief Executive Officer

Independent Auditor's report

We have audited the non-statutory consolidated accounts of Atlas Mara Limited for the year ended 31 December 2015 set out on pages 116 to 186 and marked as audited on pages 86 to 100. These non-statutory consolidated accounts have been prepared for the reasons set out in the note Basis of preparation on page 124 to the non-statutory consolidated accounts and on the basis of the financial reporting framework International Financial Reporting Standards (IFRSs) as adopted by the European Union (EU).

Our report has been prepared for the Company solely in connection with meeting the requirements of the Disclosure and Transparency Rules of the UK's Financial Conduct Authority. It has been released to the Company on the basis that our report shall not be copied, referred to or disclosed, in whole (save for the Company's own internal purposes) or in part, without our prior written consent.

Our report was designed to meet the agreed requirements of the Company determined by the Company's needs at the time. Our report should not therefore be regarded as suitable to be used or relied on by any party wishing to acquire rights against us other than the Company for any purpose or in any context. Any party other than the Company who obtains access to our report or a copy and chooses to rely on our report (or any part of it) will do so at its own risk. To the fullest extent permitted by law, KPMG LLP will accept no responsibility or liability in respect of our report to any other party.

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement set out on page 114, the directors are responsible for the preparation of these non-statutory consolidated accounts, which are intended by them to give a true and fair view. Our responsibility is to audit, and express an opinion on, these non-statutory consolidated accounts in accordance with the terms of our engagement letter dated 16 December 2015 and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the non-statutory accounts

An audit involves obtaining evidence about the amounts and disclosures in the non-statutory consolidated accounts sufficient to give reasonable assurance that the non-statutory consolidated accounts are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the group's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the non-statutory consolidated accounts.

In addition we read all the financial and non-financial information in the Annual report to identify material inconsistencies with the audited non-statutory consolidated accounts and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on non-statutory accounts

In our opinion the non-statutory consolidated accounts:

- give a true and fair view of the state of the Group's affairs as at 31 December 2015 and of its profit for the year then ended; and
- have been properly prepared in accordance with IFRSs as adopted by the EU.

KPMG LLP

Chartered Accountants
15 Canada Square
London
E14 5GL

25 April 2015

Consolidated statement of financial position

at 31 December 2015

	Notes	31 December 2015 \$'000	31 December 2014 \$'000
Assets			
Cash and short-term funds	24	320,682	409,785
Financial assets held for trading	16	190,231	144,767
Financial assets designated at fair value	17	13,343	11,826
Derivative financial assets	19	1,893	62
Loans and advances	12	1,229,438	1,218,018
Investment securities	18	21,580	146,051
Prepayments and other receivables		47,901	30,019
Current tax assets		4,618	8,215
Investment in associates	9	398,423	375,112
Property and equipment	28	64,518	82,709
Investment property	29	11,979	2,696
Other intangible assets	10	56,633	71,367
Deferred tax assets	25.3	8,130	–
Goodwill on acquisition	10	82,736	109,441
Non-current assets and disposal groups held for sale	34	–	11,365
Total assets		2,452,105	2,621,433
Equity and liabilities			
Deposits	4	1,436,148	1,530,981
Derivative financial liabilities	19	5,191	6,280
Creditors and accruals	22	64,824	82,119
Current tax liabilities		2,805	5,020
Deferred tax liability	25.3	15,396	13,326
Borrowed funds	3	302,215	300,018
Non-current liabilities and disposal groups held for sale	34	–	1,263
Total liabilities		1,826,579	1,939,007
Founder Preference Shares	1	12,500	12,500
Ordinary share capital	1	772,204	772,204
Capital reserves		18,098	(12,211)
Accumulated loss		(53,230)	(63,119)
Available-for-sale reserves		325	13
Foreign currency translation reserve		(94,125)	(1,483)
Treasury shares		(25,563)	(19,967)
Equity attributable to ordinary shareholders		630,209	687,937
Non-controlling interest		(4,683)	(5,511)
Total equity		625,526	682,426
Total equity and liabilities		2,452,105	2,621,433

Consolidated statement of profit or loss

for the year ended 31 December 2015

	Notes	31 December 2015 \$'000	28 November 2013 – 31 December 2014 \$'000
Interest and similar income	15	245,356	80,372
Interest and similar expense	5	(138,951)	(51,735)
Net interest income		106,405	28,637
Loan impairment charges	13	(12,042)	(6,288)
Net interest income after loan impairment charges		94,363	22,349
Non-interest income	20	98,747	28,774
Share of profit of associates		20,282	20,740
Total operating income		213,392	71,863
Operating expenses	21	(184,896)	(91,146)
Transaction and integration expenses	8	(9,315)	(38,761)
Profit/(loss) before tax		19,181	(58,044)
Income tax expense	25.1	(6,820)	(5,408)
Profit/(loss) for the period		12,361	(63,452)
Attributable to:			
Ordinary shareholders		11,251	(63,119)
Non-controlling interests		1,110	(333)
		12,361	(63,452)
Basic earnings per share (\$)	31	0.16	(1.35)
Diluted earnings per share (\$)	31	0.16	(1.35)

Consolidated statement of other comprehensive income

for the year ended 31 December 2015

	31 December 2015 \$'000	28 November 2013 – 31 December 2014 \$'000
Result for the period:	12,361	(63,452)
Other comprehensive income to be reclassified to profit/loss in subsequent periods:	(74,202)	(1,470)
Exchange differences on translating foreign operations	(88,232)	(1,483)
Available-for-sale financial assets – net change in fair value	481	13
Equity-accounted investees	13,648	–
Net loss on hedge of the net investment in foreign operations	(3,496)	–
Other comprehensive income not to be reclassified to profit/loss in subsequent periods:		
Revaluation of land and buildings	3,397	–
Total comprehensive income for the period, net of tax	(61,841)	(64,922)
Total comprehensive income attributable to:		
Ordinary shareholders	(64,012)	(64,589)
Non-controlling interests	2,171	(333)
	(61,841)	(64,922)

Consolidated statement of changes in equity

for the year ended 31 December 2015

	Founder Preference Shares \$'000	Ordinary share capital \$'000	Capital reserves ¹ \$'000
Opening balance as at 28 November 2013	-	-	-
Results for the period	-	-	-
Other comprehensive income:			
Exchange differences on translating foreign operations	-	-	-
Movement in available-for-sale reserves	-	-	-
Total comprehensive income	-	-	-
Transactions with owners			
Issue of Founder Preferred Shares	12,500	-	-
Ordinary shares issued during IPO	-	312,500	-
IPO share issue expenses	-	-	(10,134)
Issue of ordinary shares to Directors	-	295	-
Issue of ordinary shares on private placements	-	300,050	-
Issue of shares on business combinations	-	154,519	-
Employee share awards	-	4,840	1,295
Private Placement share issue expenses	-	-	(3,751)
Other movements in capital reserve	-	-	379
Shares bought back to treasury	-	-	-
Non-controlling interests attributable to business combination	-	-	-
Opening balance as at 1 January 2015	12,500	772,204	(12,211)
Results for the period	-	-	-
Other comprehensive income:			
Exchange differences on translating foreign operations	-	-	-
Net loss on hedge of net investment in foreign operations	-	-	-
Revaluation of property net of deferred tax	-	-	3,397
Movement in available-for-sale reserves	-	-	21
Equity-accounted investees	-	-	-
Total comprehensive income	-	-	3,418
Transactions with owners			
Employee share awards	-	-	2,946
Issue of ordinary shares to Directors	-	-	-
Equity portion of convertible debt issued	-	-	14,066
Non-controlling interests acquired	-	-	-
Fair value of non-controlling interest settled	-	-	(5,132)
Movements in non-distributable reserves	-	-	15,011
Movements in treasury shares	-	-	-
Closing balance as at 31 December 2015	12,500	772,204	18,098

Notes:

- Capital reserves consists of the following:
 - The credit risk reserve represents an appropriation from retained earnings to comply with the Countries Central Bank Regulations. The balance in the reserve represents the excess of impairment provisions determined in accordance with Central Bank regulations over the impairment provisions recognised in accordance with IFRSs. The reserve is not distributable.
 - Equity-settled share-based payment reserve.
 - The revaluation reserve represents the revaluation surplus on the revaluation of property for the year.
 - The equity portion of the convertible bond represents the equity component of the compound instrument. This has been measured as the residual amount which is the issued price less the fair value of the liability component.
- Treasury shares:

Treasury shares comprise the cost of the Company's own shares held by subsidiaries.

Available-for-sale reserves \$'000	Foreign currency translation reserve \$'000	Treasury shares ² \$'000	Accumulated loss \$'000	Equity attributable to ordinary shareholders \$'000	Non-controlling interests \$'000	Total equity \$'000
-	-	-	-	-	-	-
-	-	-	(63,119)	(63,119)	(333)	(63,452)
-	(1,483)	-	-	(1,483)	-	(1,483)
13	-	-	-	13	-	13
13	(1,483)	-	(63,119)	(64,589)	(333)	(64,922)
-	-	-	-	12,500	-	12,500
-	-	-	-	312,500	-	312,500
-	-	-	-	(10,134)	-	(10,134)
-	-	-	-	295	-	295
-	-	-	-	300,050	-	300,050
-	-	-	-	154,519	-	154,519
-	-	(2,528)	-	3,607	-	3,607
-	-	-	-	(3,751)	-	(3,751)
-	-	-	-	379	-	379
-	-	(17,439)	-	(17,439)	-	(17,439)
-	-	-	-	-	(5,178)	(5,178)
13	(1,483)	(19,967)	(63,119)	687,937	(5,511)	682,426
-	-	-	11,251	11,251	1,110	12,361
-	(89,146)	-	-	(89,146)	914	(88,232)
-	(3,496)	-	-	(3,496)	-	(3,496)
-	-	-	-	3,397	-	3,397
-	-	-	460	481	-	481
312	-	-	13,189	13,501	147	13,648
312	(92,642)	-	24,900	(64,012)	2,171	(61,841)
-	-	1,916	-	4,862	-	4,862
-	-	324	-	324	-	324
-	-	-	-	14,066	-	14,066
-	-	-	-	-	(6,475)	(6,475)
-	-	-	-	(5,132)	5,132	-
-	-	-	(15,011)	-	-	-
-	-	(7,836)	-	(7,836)	-	(7,836)
325	(94,125)	(25,563)	(53,230)	630,209	(4,683)	(625,526)

Consolidated statement of cash flows

for the year ended 31 December 2015

	Notes	2015 \$'000	2014 \$'000
Cash flows from operating activities		(88,381)	1,126
Cash generated from operating activities		(25,250)	(66,919)
Profit/(loss) before tax		19,181	(58,044)
Adjusted for:			
Fair value adjustment		(20,151)	–
Foreign exchange losses		(14,564)	–
Loan impairment charges	14	12,042	6,288
Depreciation and amortisation		17,295	6,551
Net (gains)/losses on derivative financial instruments		(1,725)	–
Net (gains)/losses on financial instruments at fair value through profit/loss		(18,949)	(1,037)
Share of profit of associates	9	(20,282)	(7,395)
Re-measurement of investment property	29	(3,036)	118
Gain on discontinued operations		–	(1,861)
Bargain purchase accounted for in the statement of profit/loss		–	(14,746)
Dividends received		53	(399)
Equity-settled share-based payment transactions	23	4,886	3,606
Tax paid		(6,996)	(508)
Net cash inflow from operating activities before changes in operating funds		(32,246)	(67,427)
Net decrease in operating funds		(56,065)	68,553
(Increase)/decrease in operating assets		(218,902)	61,820
Increase in operating liabilities		162,837	6,733
Cash flow from investing activities		58,509	(141,578)
Purchase of property and equipment	28	(8,820)	(3,119)
Purchase of investment property	29	(2,167)	(222)
Purchase of intangible assets	10	(6,724)	–
Additions to associates	9	(8,823)	(252,848)
Financial assets designated at fair value		17,432	–
Financial assets held for trading		(65,251)	–
Additions to investment securities		124,041	(138,839)
Proceeds from sales of disposal group held for sale		9,083	4,291
Proceeds on disposal of property and equipment		4,457	143
Net cash inflow/(outflow) resulting from acquisition of subsidiaries		(4,719)	249,016
Cash flows from financing activities		18,017	567,577
Proceeds from issue of shares		–	612,845
Founder preferred shares issued		–	12,500
Share issue expenses		–	(13,884)
Impact of non-cash event in equity		–	(17,439)
Increase/(decrease) in borrowed funds		18,017	(26,445)
Increase in cash and cash equivalents		(11,855)	427,125
Cash and cash equivalents at the beginning of the period		409,785	–
Exchange rate adjustment on opening balance		(77,248)	(17,340)
Cash and cash equivalents at the end of the period		320,682	409,785
Cash and short-term funds	24	320,682	409,785
Cash and cash equivalents		243,025	314,767
Statutory reserve balances		77,657	95,018

Segmental report

for the year ended 31 December 2015

Segment information

Segment results that are reported to the Group's Executive Committee (EXCO – being the chief operating decision maker) include items that are directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly of corporate assets (primarily the Group's headquarters), head office expenses and tax assets and liabilities.

For management purposes, the Group is organised into business units based on its products and services and has four reportable segments, as follows:

- Southern Africa
- East Africa
- West Africa
- Corporate

Atlas Mara identifies segments based on the geography of operating banks. All entities and/or consolidation adjustments not part of operating banks, are included as 'corporate'. Business unit segmentation (retail and wholesale) within geographies are determined by revenue drivers relating to client segmentation within each operating entity. Operating banks in each geography are aggregated. All consolidation entries are included in 'Corporate'.

Transfer prices between operating segments are on an arm's-length basis in a manner similar to transactions with third parties. During 2015, the Group designed and implemented a new transfer pricing policy that is in line with OECD requirements. The impact of this policy is that in addition to formalising the manner in which arm's-length is determined, it is also in line with both Group and country-level tax and regulatory best practice.

Revenue from external parties reported to the EXCO is measured in a manner consistent with that in the consolidated statement of profit or loss.

As the banking operations comprise of stand alone banks, each banking operation is funded with Tier I and II Capital from the holding and intermediate holding company.

Other material items of income or expense between the operating segments comprise of management fees and dividends.

The Group's management reporting is based on a measure of operating profit comprising net interest income, loan impairment charges, net fee and commission income, other income and non-interest expenses.

The CFO's review of financial performance describes the impact of non-recurring items of income and expense.

The information provided about each segment is based on the internal reports about segment profitability, assets and liabilities composition, and other information, which are regularly reviewed by the EXCO.

Main products include:

- Transactional accounts
- Business accounts
- Savings accounts
- Prepaid cards
- Overdrafts
- Term lending
- Mortgage loans
- Vehicle and asset finance
- Unsecured personal lending/payroll deduction lending
- Fixed term deposits
- Call deposits
- Forex, bond and fixed income trading

The Group operates on a universal product offering across countries, managed by a New Products Committee. Exceptions could occur when new products are tested in an individual country before being rolled out across the Group.

No one client contributes more than 10% of total Group revenue. However, some clients do make up more than 10% in individual countries:

- Tanzania Development Finance Limited (Tanzania)
- Puma Energy (Zambia)
- Botswana Meat Commission (Botswana)
- Zimbabwe Republic Police (Zimbabwe)

Segmental report continued
for the year ended 31 December 2015

Statement of profit or loss

	31 December 2015						
	Southern Africa ¹		East Africa ²		West Africa ³	Corporate ⁴	Total \$'000
	Retail \$'000	Wholesale \$'000	Retail \$'000	Wholesale \$'000	Wholesale \$'000	Wholesale \$'000	
Interest and similar income	114,305	98,220	20,999	11,802	–	30	245,356
Interest and similar expense	(53,821)	(52,459)	(8,204)	(11,857)	–	(12,610)	(138,951)
Net interest income	60,484	45,761	12,795	(55)	–	(12,580)	106,405
Loan impairment charges	(6,174)	(6,224)	354	2	–	–	(12,042)
Income/(loss) from lending activities	54,310	39,537	13,149	(53)	–	(12,580)	94,363
Non-interest income	43,299	31,696	381	1,028	–	22,343	98,747
Total operating income	97,609	71,233	13,530	975	–	9,763	193,110
Operating expenses	(83,170)	(53,151)	(11,878)	(5,870)	–	(40,142)	(194,211)
Net income from operations	14,439	18,082	1,652	(4,895)	–	(30,379)	(1,101)
Share of profit of associates	–	(99)	–	–	20,175	206	20,282
Profit/(loss) before tax	14,439	17,983	1,652	(4,895)	20,175	(30,173)	19,181
Income tax expense	(3,233)	(5,185)	(104)	(56)	–	1,758	(6,820)
Profit/(loss) for the year	11,206	12,798	1,548	(4,951)	20,175	(28,415)	12,361
Non-controlling interest	–	(2,389)	(20)	1,303	–	(4)	(1,110)
Profit/(loss) attributable to ordinary shareholders	11,206	10,409	1,528	(3,648)	20,175	(28,419)	11,251

	Period to 31 December 2014						
	Southern Africa ¹		East Africa ²		West Africa ³	Corporate ⁴	Total \$'000
	Retail \$'000	Wholesale \$'000	Retail \$'000	Wholesale \$'000	Wholesale \$'000	Wholesale \$'000	
Interest and similar income	58,971	11,977	5,474	3,793	–	157	80,372
Interest and similar expense	(33,277)	(6,816)	(3,787)	(3,376)	–	(4,479)	(51,735)
Net interest income	25,694	5,161	1,687	417	–	(4,322)	28,637
Loan impairment charges	(970)	(3,570)	(1,065)	(683)	–	–	(6,288)
Income from lending activities	24,724	1,591	622	(266)	–	(4,322)	22,349
Non-interest income	9,952	8,035	5,711	383	–	4,693	28,774
Share of profit of associates	–	(60)	–	–	14,414	6,386	20,740
Total operating income	34,676	9,566	6,333	117	14,414	6,757	71,863
Operating expenses	(34,264)	(18,832)	(3,271)	(2,815)	–	(70,725)	(129,907)
Net income from operations	412	(9,266)	3,062	(2,698)	14,414	(63,968)	(58,044)
Profit/(loss) before tax	412	(9,266)	3,062	(2,698)	14,414	(63,968)	(58,044)
Income tax expense	(11,976)	8,697	(114)	(1,907)	–	(108)	(5,408)
Profit/(loss) for the year	(11,564)	(569)	2,948	(4,605)	14,414	(64,076)	(63,452)

Notes:

1. Southern Africa segment includes South Africa, Zambia, Zimbabwe, Botswana and Mozambique.
2. East Africa segment includes Rwanda and Tanzania.
3. West Africa segment includes the investment in associate (UBN).
4. Corporate segment includes Dubai, Germany, BVI, Mauritius and all other regions.

Inter-segment revenues are eliminated on consolidation.

Segment assets and liabilities comprise the majority of items appearing in the consolidated statement of financial position.

Statement of financial position

	31 December 2015						
	Southern Africa ¹		East Africa ²		West Africa ³	Corporate ⁴	Total \$'000
	Retail \$'000	Wholesale \$'000	Retail \$'000	Wholesale \$'000	Wholesale \$'000	Wholesale \$'000	
Loans and advances	578,429	521,875	94,184	35,589	–	(639)	1,229,438
Total assets	632,828	1,010,154	126,724	114,872	24,763	542,764	2,452,105
Deposits	238,938	1,009,584	60,401	127,225	–	–	1,436,148
Total liabilities	602,410	939,830	107,489	102,035	–	74,815	1,826,579

	31 December 2014						
	Southern Africa ¹		East Africa ²		West Africa ³	Corporate ⁴	Total \$'000
	Retail \$'000	Wholesale \$'000	Retail \$'000	Wholesale \$'000	Wholesale \$'000	Wholesale \$'000	
Loans and advances	565,272	519,164	90,714	42,868	–	–	1,218,018
Total assets	536,818	1,010,145	119,709	103,174	252,848	598,739	2,621,433
Deposits	94,561	1,255,353	58,013	123,054	–	–	1,530,981
Total liabilities	373,145	1,202,002	111,236	114,197	–	138,427	1,939,007

Notes:

1. Southern Africa segment includes South Africa, Zambia, Zimbabwe, Botswana and Mozambique.
2. East Africa segment includes Rwanda and Tanzania.
3. West Africa segment includes the investment in associate (UBN).
4. Corporate segment includes Dubai, Germany, BVI, Mauritius and all other regions.

Significant accounting policies

for the year ended 31 December 2015

This section describes the Group's significant accounting policies and critical accounting estimates and judgements that relate to the financial statements and notes as a whole. If an accounting policy or a critical accounting estimate relates to a specific note, the applicable accounting policy and/or critical accounting estimate is contained within the relevant note.

i. Reporting entity

These financial statements have been prepared for Atlas Mara Limited (the 'Company'), a company domiciled in the BVI, and its subsidiaries (the 'Group').

The Group is a financial services provider, focused on becoming the premier financial services institution in sub-Saharan Africa and aims to support economic growth and strengthen financial systems in the countries in which it operates.

During the course of 2014, Atlas Mara acquired control of ABC Holdings Limited, which operates banking subsidiaries in Botswana, Mozambique, Tanzania, Zambia and Zimbabwe and conducts business under the BancABC brand in each country, ADC African Development Corporation AG ('ADC'), BRD Commercial Bank Limited ('BRD Commercial'), and a non-controlling holding, both direct and indirect, in Union Bank of Nigeria plc ('UBN').

ii. Compliance with IFRS

The consolidated financial statements of the Group (the 'financial statements') have been prepared in accordance with International Financial Reporting Standards ('IFRS') and IFRS Interpretations Committee ('IFRIC') interpretations as issued by the International Accounting Standards Board ('IASB') and as endorsed by the European Union ('EU').

The financial statements of all material subsidiaries and associates are prepared in accordance with IFRS as issued by the IASB and there are no material inconsistencies in the accounting policies applied.

IFRS as endorsed by the EU may differ from IFRSs as issued by the IASB if, at any point in time, new or amended IFRSs have not been endorsed by the EU.

As at 31 December 2015, there were no unendorsed standards effective for the year ended 31 December 2015 that affect these consolidated financial statements, and there was no difference between IFRSs endorsed by the EU and IFRSs issued by the IASB in terms of their application to the Group.

iii. Basis of preparation

The financial statements have been prepared on a historical cost basis except for financial assets held for trading, financial assets designated at fair value, derivative financial instruments, investment securities (available-for-sale instruments), property, investment property and a portion of borrowed funds which are measured at fair value.

Going concern

The Directors consider it appropriate to adopt the Going Concern basis of preparing the financial statements, as the Directors have a reasonable expectation that the Group will continue to have the necessary resources to continue in business for the foreseeable future.

When considering the Going Concern basis of the Group, the Directors have referenced the Financial Reporting Council's Guidance on the Going Concern Basis of Accounting and Reporting on Solvency and Liquidity Risks, published in April 2016. The assessment of the appropriateness of the Going Concern basis of accounting for the Group's Report and Accounts has been subject to a thorough process involving analysis and discussion by management, the Executive Committee, the Audit Committee and the Board.

The Directors' assessment of Going Concern was based on the Group's forecasts covering the period 2016-2018, which have been considered by the Group's Board of Directors, and included a particular focus on the 12-month period following the date of publication of the financial statements. The Group's forecasts are based on bottom-up financial forecasts for the existing Group, which have been approved by the boards of subsidiaries and associates and include separate scenarios for selected identified acquisitions.

The Directors considered the capital forecast, liquidity and funding position of individual banking entities within the Group, compared with minimum requirements set by banking regulators in each country as well as reasonable commercial headroom or buffers in line with the Group's risk appetite.

In addition, the Directors considered forecasts for the Parent company itself. Consistent with the current phase of the Group's strategy, the Parent is incurring costs in advance of the income it receives from subsidiaries and associates. The Parent has therefore undertaken several actions to raise and conserve cash to cover its working capital requirements until the point at which forecast income is expected to exceed costs, from late 2017. Funding actions are specifically referenced in the Funding section under the Principal Risk section – see pages 64 and 65. Additionally, the Group has adopted an OECD-compliant Group transfer pricing policy, such that in future the Parent will recover the majority of its expenses through management fee recharges to subsidiaries.

The Parent company forecasts include increased income as management fees increase during the next 12 months as further regulatory approvals are obtained and as dividends come on-stream from late 2017, as planned investee performance is realised.

The forecasts, which do not assume any further fundraising, indicate that the Parent company will be able to meet its liabilities as they fall due over the next 18 months. In the event that management fees or dividends are not received or delayed, the Parent may require further funding, however the Parent company also has access to surplus group resources of up to \$25 million that could be available to the Parent company should the need arise. The Parent company continues to seek additional financing to drive the Company's acquisition strategy and provide additional headroom at the Parent company level, and remain confident of their ability to achieve such funding.

The financial statements are prepared in US dollars (\$), the functional currency of the Group and Company, and rounded to the nearest thousands (\$'000s) unless otherwise stated.

These non-statutory accounts have been prepared by Atlas Mara Limited for the purposes of meeting the requirements of the Disclosure and Transparency Rules of the UK's Financial Conduct Authority.

iv. Use of estimates and judgements

In preparing these consolidated financial statements, management has made judgements, estimates and assumptions that affect the application of the Group's accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively.

The Group's estimates and assumptions are based on historical experience and expectation of future events and are reviewed periodically. Further information about key assumptions concerning the future, and other key sources of estimation uncertainty, are set out in the relevant disclosure notes for the following areas:

- fair value of financial instruments (notes 3, 11 and 32);
- fair value of assets and liabilities acquired in business combinations (notes 6 and 7);
- investment in associates (note 9);
- goodwill impairment (note 10);
- loan impairment charges (note 13); and
- share-based payments (note 23).

v. Foreign currency translation

Functional and presentation currency

The capital raised in the IPO was in US dollars and the intended dividends and distributions to be paid to shareholders are to be in US dollars. The Directors consider US dollars as the currency that represents the economic effects of the underlying transactions, events and conditions. The financial statements of the Company are presented in US dollars, which is also the Company's functional currency. The presentation currency of the Group is also US dollars.

Transactions and balances

Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated into the functional currency at the spot exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between the amortised cost in the functional currency at the beginning of the year, adjusted for effective interest and payments during the year, and the amortised cost in the foreign currency translated at the spot exchange rate at the end of the year.

Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the spot exchange rate at the date on which the fair value is determined. Non-monetary items that are measured based on historical cost in a foreign currency are translated using the spot exchange rate at the date of the transaction.

In the consolidated financial statements, the assets and liabilities of branches, subsidiaries, joint ventures and associates whose functional currency is not US dollars are translated into the Group's presentation currency at the rate of exchange at the statement of financial position date, while their results are translated into US dollars at the average rates of exchange for the reporting period.

Exchange differences arising from the retranslation of opening foreign currency net assets, and the retranslation of the results for the reporting period from the average rate to the exchange rate at the period end, are recognised in other comprehensive income ('OCI').

However, foreign currency differences arising from the translation of available-for-sale equity instruments are recognised in OCI.

Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated into US dollars at the spot exchange rates at the reporting date. The income and expenses of foreign operations are translated into US dollars at the spot exchange rates at the dates of the transactions.

Foreign currency differences are recognised in OCI, and accumulated in the foreign currency translation reserve ('FCTR'), except to the extent that the translation difference is allocated to non-controlling interest ('NCI').

vi. Financial assets and liabilities

Initial recognition, measurement and derecognition

Financial instruments are recognised initially when the Group becomes a party to the contractual provisions of the instruments.

The Group classifies financial instruments, or their component parts, on initial recognition as a financial asset, a financial liability or an equity instrument in accordance with the substance of the contractual arrangement.

Investments are recognised and derecognised on a trade date basis where the purchase or sale of an investment is under a contract whose terms require delivery of the investment within the timeframe established by the market concerned. These investments are measured initially and subsequently at fair value. Gains and losses arising from changes in fair value are recognised in profit or loss, until the instrument is disposed of or is determined to be impaired, at which time the gain or loss is included in the profit or loss for the period.

Significant accounting policies continued

for the year ended 31 December 2015

Financial assets are derecognised when rights to receive cash flows from the financial asset have expired or where the Group has transferred substantially all contractual risks and rewards of ownership. The Group derecognises financial liabilities when its contractual obligations are discharged, cancelled, or expire.

Financial instruments are measured initially at fair value. For financial instruments which are not at fair value through profit or loss, transaction costs are included in the initial measurement of the instrument. Transaction costs on financial instruments at fair value through profit or loss are immediately recognised in profit or loss.

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Group are recorded at the proceeds received, net of direct issue costs.

Subsequent to initial recognition, the Group measures financial instruments as follows:

Financial instruments designated at fair value

Financial instruments, other than those held for trading, are classified in this category if they meet one or more of the criteria set out below. These instruments are designated at inception and this designation is irrevocable. Instruments may be designated at fair value when the designation:

- eliminates or significantly reduces measurement or recognition mismatches that would otherwise arise from measuring financial instruments or recognising gains and losses on different bases from related positions. Designation at fair value of the financial assets and related liabilities allows the changes in fair values to be recorded in the statement of profit or loss and presented in the same line; and
- applies to groups of financial instruments that are managed, and their performance evaluated, on a fair value basis in accordance with a documented risk management strategy, and where information about the groups of financial instruments is reported to management on that basis.

Financial liabilities

Financial liabilities comprise creditors and accruals, deposits, derivative financial liabilities, borrowed funds and loans from Group companies.

Financial liabilities are classified as financial liabilities at fair value through profit or loss, or other financial liabilities.

Financial liabilities at fair value through profit or loss are classified as such where the financial liability is either held for trading (Derivative financial liabilities) or it is designated as at fair value through profit or loss (Borrowed funds).

The Group derecognises financial liabilities when its contractual obligations are discharged, expired or cancelled.

Other financial liabilities, comprising of creditors and accruals, deposits, borrowed funds and loans from Group companies, are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

Transaction costs are included in the initial measurement and accounted for in profit or loss as part of the effective interest.

Financial assets

Financial assets comprise cash and short-term funds, financial assets held for trading, financial assets designated at fair value, derivative financial assets, loans and other advances, investment securities and other receivables and loans to Group companies.

The Group classifies financial assets as loans and receivables, held-to-maturity and designated as at fair value through profit or loss.

Loans and receivables

Loans and receivables include loans and advances, prepayments and other receivables and loans to Group companies.

Loans and receivables are subsequently measured at amortised cost using the effective interest rate method, less impairment.

The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in profit or loss within loan impairment charges. When a trade receivable is uncollectable, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against loan impairment charges in profit or loss.

Cash and cash equivalents

Cash and cash equivalents comprise balances with less than three months maturity from date of acquisition including cash on hand and demand deposits and other highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. Cash and cash equivalents is measured at amortised cost and approximates fair value due to the short-term nature of these instruments.

Designated as at fair value through profit or loss, held for trading financial assets, held-to-maturity financial assets and available-for-sale financial assets

Other financial assets include investments classified as designated as at fair value through profit or loss, held for trading and held-to-maturity investments.

Designated as at fair value through profit or loss

Financial assets are designated as at fair value through profit or loss upon initial recognition to the extent it produces more relevant information because it forms part of a Group of assets which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally to management on that basis. Subsequent gains and losses arising from changes in fair value are recognised in profit or loss.

Held for trading financial assets

Financial assets are classified as held for trading if it has been acquired or incurred principally for the purpose of selling or repurchasing in the near term, or on initial recognition it is part of an identified portfolio of identifiable financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit taking.

Subsequent gains and losses arising from changes in fair value are recognised in profit or loss.

Held-to-maturity financial assets

If the Group has the positive intent and ability to hold debt securities to maturity, then such financial assets are classified as held-to-maturity. These financial assets are initially measured at fair value plus direct transaction costs.

Held-to-maturity investments are measured at amortised cost using the effective interest method, less any impairment.

Available-for-sale financial assets

Financial assets are available-for-sale financial assets if they are non-derivative and not classified as 'loans and receivables', 'held-to-maturity' or 'at fair value through profit or loss'.

Available-for-sale assets are measured at fair value with gains and losses arising from changes in fair value recognised in OCI. When an asset is derecognised or impaired, the cumulative gain or loss recognised in OCI is reclassified from equity to profit or loss.

Derivative financial assets and liabilities

A derivative is a financial instrument with the following characteristics:

- Its value changes in response to the change in a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, a credit rating or credit index or other variable;
- It requires no initial net investment, or an initial net investment that is smaller than would be required for other types of contracts that would be expected to have a similar response to changes in market factors; and
- It is settled at a future date.

Derivatives are normally recorded in the statement of financial position at fair value with any changes in value reported in profit or loss.

Effective interest method

Interest income and expense are recognised in profit or loss using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees on points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset, or, where appropriate, a shorter period. When calculating the effective interest rate, the Group estimates future cash flows considering all contractual terms of the financial instrument, excluding credit losses.

Compound instruments

Convertible Bonds entitle bondholders to convert their bonds into a fixed number of shares of the issuing company usually at the time of their maturity. Convertible bonds are compound financial instruments. This implies the instrument has the characteristics of both liability and equity.

On initial recognition the liability component of the instrument is measured at fair value (in terms of IFRS 13 Fair Value) and the equity component is the residual amount which is the issued price less the fair value of the liability component.

Subsequently, the liability will be accounted for at amortised cost using the effective interest method. The equity component will not be remeasured. On conversion of the instrument, the liability component is reclassified to equity. No gain or loss is recognised in profit or loss.

Funding:
As a newly established Group, the execution of our business model is dependent on our ability to continue to raise long-term funding. 2015 was a year in which we continued to deliver on our strategy in line with our business model of Buy, Protect and Grow.

Notes to the financial statements

The notes to the financial statements have been presented in a manner that links the financial reporting to the way the business is managed and in line with the business model.

1. Capital and reserves

Refer to accounting policy pertaining to financial instruments.

Share capital

Founder Preferred Shares and ordinary share capital are classified as equity. Incremental costs directly attributable to the issue of new ordinary shares are shown in equity as a deduction from the proceeds.

1.1. Authorised and issued share capital and share warrants

	Notes	31 December 2015		31 December 2014	
		No. of shares '000	\$'000	No. of shares '000	\$'000
Opening balance¹		72,459	772,204	–	–
Issued from IPO proceeds in December 2013		–	–	31,250	312,500
Issued to Directors in December 2013		–	–	30	295
Issued on acquisition of 95.17% of ADC in August 2014		–	–	11,263	128,394
Issued on acquisition of 58.09% of BancABC in August 2014		–	–	2,031	24,367
Issued from Private Placement proceeds in August 2014		–	–	27,277	300,050
Issued to Executive Directors in September 2014	23	–	–	300	3,305
Issued to Advisor proceeds in September 2014		–	–	112	1,349
Issued to Executive Directors in November 2014	23	–	–	162	1,535
Issued on mandatory offer of ABC in November 2014		–	–	34	409
Closing balance		72,459	772,204	72,459	772,204
Founder Preference Shares		1,250	12,500	1,250	12,500
		73,709	784,704	73,709	784,704

Notes:

1. Comprises ordinary shares and share warrants.

1.2. Issued and fully paid

	2015 \$'000	2014 \$'000
Ordinary share capital and share warrants	772,204	772,204
	772,204	772,204

The holders of ordinary shares are entitled to receive a dividend as declared from time to time and are entitled to one vote per share at the AGM of the Company.

1.3. Reconciliation of the number of shares in issue

	2015 No. of shares	2014 No. of shares
Opening balance	72,459	–
Ordinary shares issued during the period	–	71,997
Shares issued to staff under staff share purchase scheme	–	462
Closing balance	72,459	72,459

Terms of the Founder Preferred Shares

The Founder Preferred Shares do not carry the same voting rights as are attached to the ordinary shares. The Founder Preferred Shares do not carry any voting rights except in respect of any variation or abrogation of class rights or on any Resolution of Members required, pursuant to BVI law, to approve either an acquisition or, prior to an acquisition, a merger or consolidation.

Once the average price per ordinary share is at least \$11.50 for 10 consecutive trading days, the holders of Founder Preferred Shares will be entitled to receive an 'annual dividend amount', payable in ordinary shares, equal in value to 20% of the increase each year, if any, in the market price of the ordinary shares multiplied by the then outstanding number of ordinary shares. On the last day of the seventh full financial year following completion of the BancABC acquisition the Founder Preferred Shares will automatically convert to ordinary shares on a one-for-one basis.

The shares have a monetary value and the fair value is based on future performance of the share price. Given the limited market data available that would be required to measure the shares, it is impractical to assign a value to the shares. IFRS 2 allows for valuing the shares at the intrinsic value in circumstances where a fair value cannot be reliably determined. Given that no dividend has been paid as yet and the trigger has not been met, the intrinsic value of the optionality is deemed to be \$nil.

Share warrants

On 17 December 2013, the Company issued 32,529,500 warrants to its warrant subscribers, pursuant to a resolution of the Board passed on 16 December 2013. Each warrant entitles a warrant holder to subscribe for one-third of an ordinary share upon exercise. Warrant holders will have subscription rights to subscribe in cash for all or any whole number of ordinary shares at an exercise price of \$11.50 during the period commencing on 17 December 2013 and ending on the earlier to occur of (i) the third anniversary of the completion of the Company's initial acquisition and (ii) such earlier date as determined by the Warrant Instrument.

The share warrants have been recognised in accordance with IAS 32 (2d) as they are financial instruments issued by the entity that meet the definition of an equity instrument.

There is no statutory requirement to disclose this equity reserve separately and it has been disclosed under share capital.

As at 31 December 2015 the warrants issued were all outstanding.

2. Capital planning

For the purpose of the Group's capital management, capital includes issued share capital, convertible preference shares, share premium and all other equity reserves attributable to the equity holders of the Company.

The Group's principal objectives when managing capital are:

- to optimise business activities and ensure return on capital targets are achieved through efficient capital management and allocation;
- to ensure the Group and operating banks hold sufficient risk capital in compliance with regulatory requirements in relevant jurisdictions;
- to ensure that the Group's ability to operate as a going concern and to provide returns to shareholders is safeguarded; and
- to support the development of the Group's business by maintaining a strong and sustainable capital base.

These objectives are delivered through regular reviews of the capital position of operating banks both in-country and at Group. Group management closely monitors capital adequacy and the use of regulatory capital and is actively involved in country level discussions to ensure compliance with local supervisory requirements. An annual capital plan is prepared by each operating entity and submitted to Group for review and approval as part of the annual budget process. A buffer of 2% above regulatory minimum capital limit is generally set and monitored by country management and Group as part of the Asset and Liability Management Committee ('ALCO'). In addition operating entities carry out stress testing of capital position as part of the Internal Capital Adequacy Assessment Process ('ICAAP').

Subject to compliance with laws and regulations in relevant jurisdictions, no significant restrictions exist on transfer of funds and regulatory capital within the Group.

Capital adequacy computations

	31 December 2015					
	BancABC Botswana \$'000	BancABC Zimbabwe \$'000	BancABC Zambia \$'000	BancABC Tanzania \$'000	BancABC Mozambique \$'000	BRD-C Rwanda \$'000
Tier I Capital	–	–	–	–	–	–
Share capital and premium	19,828	49,989	31,385	45,479	29,494	17,479
Capital reserves and retained earnings/ accumulated (loss)	36,381	21,790	(7,997)	(23,508)	(10,574)	246
Intangible assets (software)/deferred charges	–	–	–	(1,401)	(1,541)	–
Deferred tax asset	–	–	–	(4,005)	–	–
Prepayments	–	–	–	(1,099)	–	–
Exposures to insiders	–	(3,892)	–	–	–	–
Less Tier III Capital	–	(8,773)	–	–	–	–
Total qualifying for Tier I Capital	56,209	59,114	23,388	15,466	17,379	17,725
Tier II Capital						
Shareholder's loan	12,788	–	23,688	–	1,952	–
General debt provision	1,989	4,439	–	592	20	–
Fair value revaluation/available-for-sale reserve	–	18	–	–	–	–
Revaluation reserves (limited to Tier I Capital)	302	4,638	–	–	(105)	–
Profit for the year	10,713	–	–	–	(2,152)	–
Total qualifying for Tier II Capital	25,792	9,095	23,688	592	(285)	–
Total qualifying for Tier III Capital	–	8,773	–	–	–	–
Total Capital	82,001	76,982	47,076	16,058	17,094	17,725
Risk weighted assets¹ (unaudited)						
Market risk	–	3,156	19,722	1,875	1,658	–
Operational risk	–	103,354	19,582	–	2,457	–
On balance sheet assets	521,062	349,303	106,208	94,616	154,355	48,275
Off balance sheet assets	1,455	6,969	9,481	15,781	6,548	–
Total risk weighted assets	522,517	462,782	154,993	112,272	165,018	48,275
Capital adequacy ratio (unaudited)	15.7%	16.6%	30.2%	14.3%	10.4%	36.7%
Minimum regulatory capital adequacy ratio	15%	12%	10%	12%	8%	15%

Notes:

1. Weighting of assets is based on the nature of the asset and the weighting as prescribed by the relevant regulatory authority.

2. Capital planning continued

	31 December 2014					
	BancABC Botswana \$'000	BancABC Zimbabwe \$'000	BancABC Zambia \$'000	BancABC Tanzania ² \$'000	BancABC Mozambique \$'000	BRD-C Rwanda \$'000
Tier I Capital						
Share capital and premium	23,362	41,788	38,745	28,613	8,539	18,762
Capital reserves and retained earnings/accumulated loss	42,862	27,957	2,315	(24,407)	10,914	265
Intangible assets (software)/deferred charges	–	–	–	(6,317)	(1,832)	–
Prepayments	–	–	–	(1,061)	–	–
Exposures to insiders	–	(4,396)	–	–	–	–
Total qualifying for Tier I Capital	66,224	65,349	41,060	(3,172)	17,621	19,027
Tier II Capital						
Shareholder's loan	13,242	–	49,336	19,973	8,019	–
General debt provision	1,906	5,186	–	–	615	335
Fair value revaluation/available-for-sale reserve	–	13	–	–	–	–
Other	207	4,116	–	–	–	–
Total qualifying for Tier II Capital	15,355	9,315	49,336	19,973	8,634	335
Total Capital	81,579	74,664	90,396	16,801	26,255	19,362
Risk weighted assets¹ (unaudited)						
On balance sheet assets	457,235	488,190	174,013	109,469	215,336	51,816
Off balance sheet assets	3,022	41,173	43,246	8,190	55,946	–
Total risk weighted assets	460,257	529,363	217,259	117,659	271,282	51,816
Capital adequacy ratio (unaudited)	18%	14%	42%	14%	10%	37%
Minimum regulatory capital adequacy ratio	15%	12%	10%	12%	8%	15%

Notes:

1. Weighting of assets is based on the nature of the asset and the weighting as prescribed by the relevant regulatory authority.
2. During the 2014 year, BancABC Tanzania's capital adequacy ratio fell below the required minimum of 12%. This position was regularised with the injection of Tier I equity into this banking entity by Atlas Mara.

3. Borrowed funds

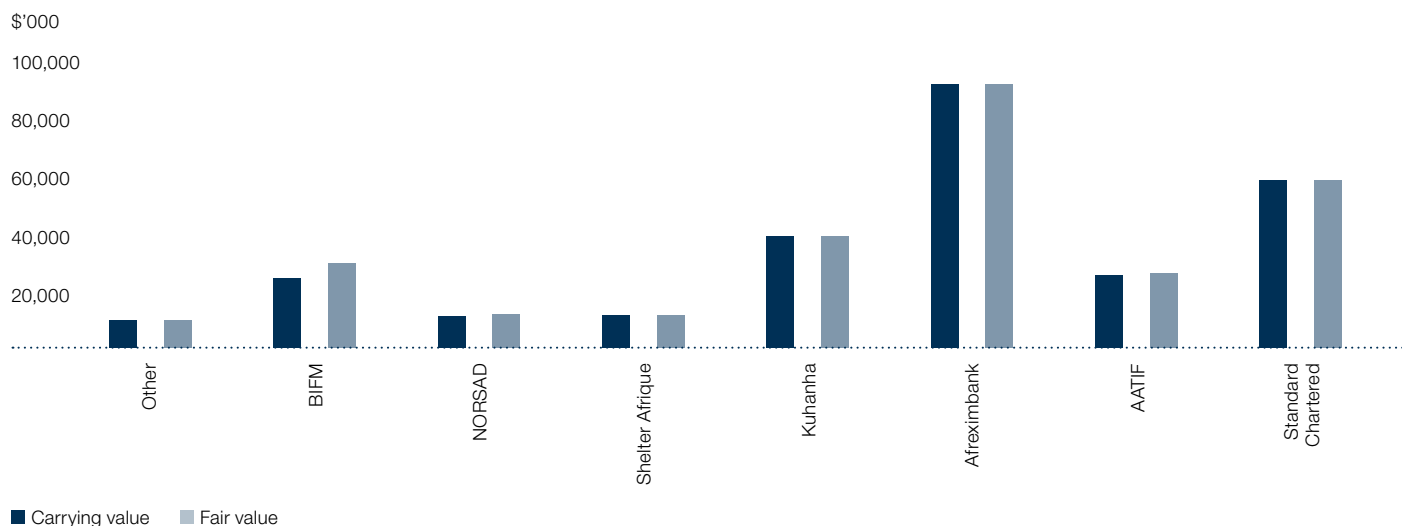
Refer to accounting policy pertaining to financial instruments included in significant accounting policies.

	2015 \$'000	2014 \$'000
Convertible bond (a)	37,920	–
Other borrowed funds (b)	264,295	300,018
	302,215	300,018

The following table illustrates the carrying value compared to the fair value of the borrowed funds:

	Carrying value		Fair value	
	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
Other	41,821	36,532	41,826	25,208
BIFM Capital Investment Fund One (Pty) Ltd ('BIFM')	23,667	29,014	28,790	33,581
NORSAD	10,672	12,046	11,471	13,856
Shelter Afrique	11,098	10,891	11,098	10,891
Kuhanha	5,451	14,324	5,451	14,324
Afreximbank	89,689	85,340	89,812	86,620
Africa Agriculture and Trade Investment Fund S.A. ('AATIF')	24,869	24,707	25,382	27,544
ADC AG Bond	–	26,694	–	30,678
Standard Chartered	57,028	60,470	57,028	60,470
Convertible bond (liability)	37,920	–	37,920	–
	302,215	300,018	308,778	303,172

2015 Carrying value and fair value



a. Convertible bond

	2015 \$'000	2014 \$'000
Issued during the year	37,920	–
	37,920	–

3. Borrowed funds continued

Convertible bond

On 1 October 2015 Atlas Mara placed \$63.4 million five-year senior secured convertible bonds with maturity date in 2020.

The bonds carry a coupon of 8.0% and were issued at an issue price of 82.7% of their principal amount, have a maturity date of 31 December 2020 and are convertible into the ordinary shares of Atlas Mara at a price of \$11.00 per share at the option of the bondholder. Atlas Mara will use the net proceeds of the issue of the bonds to fund near-term acquisition opportunities and for general corporate purposes. This instrument is a compound instrument.

The conversion period commences 60 days following the closing date and ends at the close of business on the 10th dealing day prior to the maturity date.

The fair value of the liability at inception was determined using a market-based rate of 17.7% calculated using the US five-year treasury rate adjusted for the average yield on similar instruments with similar risk exposure to discount the contractual cash flows.

The equity component was determined as the residual value after deducting the fair value of the liability component from the receipts of the issue of the bond. The equity portion of \$14 million is included in capital reserves.

b. Other borrowed funds

	2015 \$'000	2014 \$'000
Borrowed funds – At fair value through profit/loss:	57,029	60,471
Borrowed funds – Amortised cost	207,266	239,547
	264,295	300,018

Borrowed funds

The following represents a summary of significant Group borrowed funds, i.e. funding obtained to support business growth other than through banking products and customer accounts, rather third-party lenders supporting the liability side of the statement of financial position. As at 31 December 2015, the total outstanding amount of all such borrowed funds was \$302 million, compared to \$300 million balance as at 31 December 2014.

BIFM Capital Investment Fund One (Pty) Ltd

The loan from BIFM (\$22.3 million) is denominated in Botswana Pula and it was granted on 20 December 2006 attracts interest at 11.63% per annum, payable semi-annually. The redemption dates for the principal amount are as follows:

- 30 September 2017 – \$5.6 million;
- 30 September 2018 – \$5.6 million;
- 30 September 2019 – \$5.6 million; and
- 30 September 2020 – \$5.6 million.

Afrexim Bank Limited

The loans from Afrexim Bank Limited consist of \$60 million advanced to ABC Holdings Limited ('ABCH') on 26 July 2013 and \$40 million trade finance facility to ABC Zimbabwe Limited, granted during July to September 2015.

The \$60 million short-term credit facility was advanced to ABCH in July 2013. The loan attracts interest at three-month LIBOR +5% and matured on 30 June 2015, but with a provision to extend it for a further, mutually agreeable period. ABCH and Afrexim bank have entered into a term sheet agreement to refinance the \$60 million facility, for a period of a further three years, making the new maturity 2018.

The \$40 million trade finance facility was availed to ABC Zimbabwe by Afrexim Bank Limited from December 2013 to December 2016. It attracts interest at LIBOR +4.5% and it is repayable on the earlier of when the underlying customers funded repay their respective loans or in December 2016.

Norsad Finance Limited

The loans from Norsad Finance Limited were advanced to ABCH as well as BancABC Zimbabwe (\$714,000) on 7 October 2013.

The \$10 million loan advanced to ABCH is a subordinated loan and attracts interest at six-month LIBOR +7.5%. Interest is payable quarterly on 31 March, 30 June, 30 September and 31 December. The loan matures on 9 October 2020 when the full principal amount is due for repayment in one instalment.

The loan advanced to BancABC Zimbabwe is also denominated in US dollars and attracts a variable floating interest rate of LIBOR plus 11% per annum, subject to a maximum cap of 12%. The interest is calculated on the outstanding balance on the basis of a 360-day year, and actual days elapsed. The repayments of both principal and interest will be by way of quarterly instalments. The loan matures in June 2016.

Africa Agriculture and Trade Investment Fund S.A. ('AATIF')

The loan from AATIF is denominated in US dollars (\$25 million) and attracts interest at three-month LIBOR +6.25%. It was granted on 23 December 2013. Interest is payable quarterly on 31 March, 30 June, 30 September and 31 December. The loan matures on 21 December 2018 when the full principal amount is due for repayment in one instalment.

Standard Chartered

The loan from Standard Chartered is US dollar denominated \$57 million (2014: \$60.5 million) and secured by the UBN shares held by ADC Ventures and pledged as collateral for such loan. The loan was obtained to finance the loan from ADC to UGPL, on 19 July 2012, upon the acquisition of the referenced shares. The loan is a non-recourse loan and can be settled in full by the delivery of the UBN shares. The loan is repayable in December 2017 and could be further extended by another two-year period, to be mutually agreed upon. The loan is measured at fair value based on the determined fair value of the UBN shares at ca.13 NGN per share.

Maturity analysis

The table presents the maturity analysis based on contractual cash flows.

	2015 \$'000	2014 \$'000
On demand to one month	280	4,105
One to three months	1,457	8,454
Three months to one year	117,780	108,044
Over one year	182,698	179,415
Total	302,215	300,018

3.1. Other events after reporting date

Additional subsequent events to disclose

In line with IFRS and the Directors' focus on full and transparent disclosure, non-adjusting transactions that concluded after the reporting period, but prior to the date of authorisation of these results for issue, in support of the Group's cash flow management strategy, are discussed below:

Additional investment in the Atlas Mara convertible bond

As disclosed in note 2, on 15 October 2015, Atlas Mara issued US\$63.4 million of its 8.00% secured convertible bonds due 31 December 2020 and convertible into Atlas Mara ordinary shares at a price of \$11.00 per share to a combination of existing ordinary shareholders and new investors. Details of the convertible bond terms have been included on page 134.

Subsequent to the reporting date, on April 22, following discussions with both existing and prospective investors, including reverse inquiries, and given remaining capacity under the bonds' structure, Atlas Mara placed a further US\$17.4 million of its 8.00% senior secured convertible notes due 2020. The additional issuance was undertaken on identical terms to the October 2015 tranche, except that these bonds will be issued at a price of 84, as opposed to 82.7 in October, to account for the intervening passage of time.

The instrument will continue to be treated as a compound financial instrument. The discount rate used to determine the fair value of the liability for the original convertible bond has been assessed as meeting the valuation requirements of IFRS 13 Fair Value.

For this issue, a discount rate of 17.7% was used to determine the fair value of the liability at \$11.2 million, resulting in the equity component being valued as \$3.4 million.

Extension of loan agreements

Further non-adjusting transactions with a positive impact on cash flow management and reflective of support from both investors and existing funders, but which concluded post year-end, but prior to release of these results, include the following:

- The African Export-Import Bank ('Afrexim') and African Banking Corporation of Botswana Limited ('BancABC Botswana') have agreed terms in relation to a \$60 million three-year loan facility, the proceeds of which will be used to refinance an existing \$60 million bridge finance facility between ABC Holdings Limited and Afrexim.
- Atlas Mara Limited and Trafigura Ventures V.B.V, a subsidiary of Trafigura Beheer BV, agreed to the extension of an existing \$10 million term loan facility until 30 June 2017. The other salient terms of this loan obligation remain largely unchanged.

4. Deposits

Refer to accounting policy pertaining to financial instruments included on pages 125 to 127.

	2015 \$'000	2014 \$'000
Deposits from banks	130,585	206,465
Deposits from other customers	1,305,563	1,324,516
	1,436,148	1,530,981
Payable on demand		
Corporate customers	218,219	205,709
Public sector	51,456	24,349
Retail customers	171,305	146,533
Other financial institutions	39,616	25,164
Banks	13,360	10,287
	493,956	412,042
Term and savings deposits		
Corporate customers	318,400	318,768
Public sector	278,419	247,051
Retail customers	91,565	57,436
Other financial institutions	136,145	299,506
Banks	117,663	196,178
	942,192	1,118,939
Total	1,436,148	1,530,981

5. Interest and similar expense

Accounting for interest expense

Refer to accounting policy pertaining to financial instruments included on pages 125 to 127.

	2015 \$'000	2014 \$'000
Deposits	(104,732)	(39,876)
Borrowed funds	(34,219)	(11,853)
Securities lent and repurchase agreements	–	(6)
Interest and similar expense	(138,951)	(51,735)

**Buy in action:
Since 2014 Atlas Mara
has completed five
acquisitions.**

6. Business combinations

Accounting for business combinations

Business combinations are accounted for using the acquisition method when control is transferred to the Group. The consideration transferred in the acquisition is generally measured at fair value, as are the identifiable net assets acquired. Any goodwill that arises is tested annually for impairment. Any gain on a bargain purchase is recognised in profit or loss immediately.

Transaction costs are expensed as incurred, except if they are related to the issue of debt or equity securities.

There were no business combinations during 2015. Refer to note 7 for business. Combination effected as an event after the reporting period.

Non-controlling interests ('NCI')

NCI are measured at their proportionate share of the acquiree's identifiable net assets at the date of acquisition.

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

Subsidiaries

Subsidiaries are investees controlled by the Group. The Group 'controls' an investee if it is exposed to, or has rights to, variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. The Group reassesses whether it has control if there are changes to one or more of the elements of control.

The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date when control ceases.

Transactions eliminated on consolidation

Intra-Group balances and transactions, and any unrealised income and expenses (except for foreign currency transaction gains or losses) arising from intra-Group transactions, are eliminated in preparing the consolidated financial statements. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

Bargain purchase

Where the Group enters into a business combination where fair value of the net assets acquired exceeds the aggregate of the amounts specified consideration paid, resulting in a bargain purchase, this gain from bargain purchase is recognised as non-interest income in profit or loss on the acquisition date.

Common control transactions

A common control transaction is 'a business combination in which all of the combining entities/businesses are ultimately controlled by the Group both before and after the business combination, and that control is not transitory.'

The acquirer in a business combination under common control does not restate any assets and liabilities to their fair values. Instead, the acquirer incorporates the assets and liabilities at their pre-combination carrying amounts without fair value uplift. No goodwill is recorded. Any difference between the cost of investment and the carrying value of the net assets is recorded in equity, which could impact on distributable profits, depending on local legislation. This applies whether the consideration was for shares or cash. The acquirer's financial statements include the acquired entity's results from the date of the business combination.

Critical accounting estimates and judgements

Identifiable assets acquired and liabilities assumed are measured at their acquisition-date fair values (measured in terms of IFRS 13).

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date under current market conditions.

The fair value for non-financial assets is calculated by considering the highest and best use of the asset from the perspective of the market participants.

The following was applied when calculating the at-acquisition fair values of assets acquired and liabilities assumed:

Intangible assets:

Identifiable intangible assets may have to be recognised by the acquirer even though they are not recognised by the acquiree. These assets shall be measured at fair value at acquisition date.

An independent valuation is performed by an accounting and auditing firm where the Group enters into a business combination. The intangible assets are assessed to determine whether they are identifiable and, if so, the fair value of such assets.

Prepayments and other receivables:

IFRS 3 requires the acquirer to measure acquired receivables, including loans, at their acquisition-date fair values. The acquirer does not recognise a separate valuation allowance for the contractual cash flows that are deemed to be uncollectible at that date.

Deferred tax and income tax:

There were material deferred tax balances included in the carrying amounts of the assets of BancABC Group. In evaluating the assets and liabilities in the business combination, the Group re-assessed the probability of there being future taxable profits against which these could be utilised within the next five years. The most significant of these assets related to BancABC and ABC Tanzania and it was concluded that the full amount would not be recoverable in the five-year period.

Loans and advances

The fair value of loans and advances was determined with reference to the estimated future cash flows discounted back at the discount rate calculated for each banking subsidiary based on a market premium which included the risk-free rate, a small stock premium, country risk premium and the cost of equity ('CoE'). Where collateral is held, the value of collateral was compared to similar assets sold under typical 'forced sale' conditions. The expected future cash flows from collateral were also discounted at the discount rate calculated per subsidiary.

Deposits

The fair value of deposits was calculated based on the estimated contractual future cash flows and was discounted using the CoE determined per subsidiary.

Borrowed funds

Borrowed funds were separately valued and fair value adjustments made. The valuation methodology used was as follows:

- Floating rate loan: Future cash flows based on applicable variable interest forecasts and redemption were discounted at the risk-free rate, adjusted for an independent credit spread.
- Treasury bills: Future cash flows based on contractual fixed interest and redemption amount were discounted at the risk-free rate, adjusted for an independent credit spread.

Incomplete initial accounting

As per the requirements of IFRS 3.45 the initial accounting for the acquisition of BancABC was considered to be incomplete due to the following key factors as at 31 December 2015:

- The valuation of certain loans and advances have not been completed. This is due to the fact that management believes there may be facts and circumstances that existed at the acquisition date that have not been factored into the impairment calculations of these loans.
- The assessment of the recoverability of certain deferred tax assets that have been recognised in the Group.
- Existence of potential fines and penalties related to instances of non-compliance with key laws and regulations, that had been identified by both management and local regulators, the value of which was still to be determined.

During the six months ended 30 June 2015, the accounting was finalised and the following adjustments recognised:

- The fair value of loans and advances was reduced by \$18.5 million based on revised estimated probabilities of default and loss given default under an IFRS fair value model for the retail portfolio and a detailed review of the recoverable amount for the corporate portfolio. The values are most sensitive to changes in the funding rate, recovery costs and the average contractual rate.

	BancABC	ADC	BRD
Date of acquisition	August 2014	21 August 2014	1 October 2014
Percentage of voting equity instruments acquired (%)	100%	100%	100%
Contribution to net profit/(loss) since acquisition (\$'000)	15,243	15,333	746

6. Business combinations continued

The details of the fair value of the assets and liabilities acquired and goodwill arising are as follows:

	2014		
	Fair value \$'000	Carrying amount \$'000	Change \$'000
BancABC			
Cash and short-term funds	326,946	326,946	–
Financial assets held for trading	205,874	205,874	–
Financial assets designated at fair value	23,449	23,449	–
Derivative financial assets	1,071	1,071	–
Loans and advances	1,162,221	1,180,721	(18,500)
Investment securities	7,345	7,345	–
Prepayments and other receivables	24,070	24,070	–
Current tax assets	3,869	3,869	–
Investment in associates	1,496	1,496	–
Property and equipment	82,693	82,693	–
Investment property	2,692	2,692	–
Intangible assets	74,534	8,434	66,100
Deferred tax assets	(5,538)	20,736	(26,274)
Deposits	(1,538,589)	(1,538,589)	–
Derivative financial liabilities	(3,667)	(3,667)	–
Creditors and accruals	(25,855)	(25,180)	(675)
Current tax liabilities	(3,934)	184	(4,118)
Deferred tax liability	(1,995)	(1,995)	–
Borrowed funds	(208,203)	(206,103)	(2,100)
Net asset value	128,479	114,046	14,433
Less: Non-controlling interest	(4,719)		
Goodwill	80,279		
Total purchase consideration	204,039		
Cost of acquisition	204,039		
Less: Non-cash consideration	(100,693)		
Cash consideration paid	103,346		
Less: Cash and cash equivalents in subsidiary acquired	(326,946)		
Cash inflow on acquisition	(223,600)		

On 21 August 2014, the Group acquired 96.9% of the voting shares of BancABC, the parent company of a number of sub-Saharan Africa banks operating under the BancABC brand that offer a diverse range of financial services including personal, business and corporate banking as well as asset management, stockbroking and treasury services. BancABC has its primary listing on the Botswana Stock Exchange and a secondary listing on the Zimbabwe Stock Exchange. The Group acquired ABCH because it provides Atlas Mara with a multi-country, multi-product platform in high-growth markets in Southern Africa.

Atlas Mara obtained the 96.9% in ABCH through the following investments:

- via a direct investment of 95.2% into ABC Holdings; and
- via an indirect investment of 37.9% held by ADC.

During 2015 the Group acquired the remaining shares held by NCI, for cash, effectively increasing the percentage holding to 100%. This transaction has been accounted for as a transaction with NCI as set out in the accounting policy.

	2014		
	Fair value \$'000	Carrying amount \$'000	Change \$'000
ADC			
Cash and short-term funds	29,152	29,152	–
Prepayments and other receivables	1,197	1,197	–
Investment in associates	107,165	116,700	(9,535)
Property and equipment	16	16	–
Intangible assets	35	35	–
Deferred tax assets	(400)	–	(400)
Non-current assets and disposal groups held for sale	10,176	10,176	–
Creditors and accruals	(1,978)	(1,978)	–
Borrowed funds	(119,713)	(95,081)	(24,632)
Non-current liabilities and disposal groups held for sale	(1,361)	(1,361)	–
Net asset value	24,289	58,856	(34,567)
Less: Non-controlling interest	(1,174)		
Goodwill	29,361		
Total	52,477		
Cost of acquisition	52,477		
Less: Non-cash consideration	(52,477)		
	–		
Less: Cash and cash equivalents in subsidiary acquired	(29,152)		
Cash inflow on acquisition	(29,152)		

On 21 August 2014, the Group acquired 95.17% of the voting shares of ADC, a German open market listed holding company with investments in sub-Saharan Africa. ADC has a strong footprint in Southern Africa via BancABC.

The Group acquired ADC because it held a 37.87% investment in ABCH.

Atlas Mara obtained the 95.17% in ADC through the purchase of 95.17% of shares in ADC.

	2014	
	Fair value \$'000	Carrying amount \$'000
BRD Commercial		
Cash and short-term funds	13,728	13,728
Loans and advances	58,112	58,112
Other assets	91	91
Property and equipment	2,693	2,693
Deposits	(42,559)	(42,559)
Borrowed funds	(13,178)	(13,178)
Net asset value	18,887	18,887
Goodwill recognised on bargain purchase	(1,424)	
Total purchase consideration	17,463	
Cost of acquisition	17,463	
Less: Non-cash consideration	–	
Cash consideration paid	17,463	
Less: Cash and cash equivalents in subsidiary acquired	(13,728)	
Cash outflow on acquisition	3,735	

On 15 October 2014, the Group acquired 100% of the voting shares of Development Bank of Rwanda's ('BRD') Commercial Bank, which was formed after an internal reorganisation and subsequent transfer of its existing commercial banking assets and liabilities into a newly incorporated Commercial Bank, which is expected to receive a full commercial banking license.

The Group acquired BRD Commercial as an entry point into Rwanda and the EAC. Atlas Mara will focus on organically growing the statement of financial position, developing new products geared towards the under-served SME/retail market and deploying innovative technology to drive the business.

6. Business combinations continued

Atlas Mara obtained the 100% stake in BRD Commercial through the payment of assets taken over and a contribution to regulatory capital.

A gain from bargain purchase was recognised in other non-interest income for the BRD transaction. This gain is mostly due to the fact that BRD Commercial is a start-up organisation that was carved out from a government-owned bank.

7. Events after reporting period

7.1. Business combinations after reporting period

Acquisition of BPR and subsequent merger

	BPR
Date of acquisition	7 January 2016
Percentage of voting equity instruments acquired (%)	45.03% ¹

Notes:

1. Percentage of voting equity instruments acquired are shown at the date that control was obtained.

The details of the fair value of the assets and liabilities acquired and goodwill arising are as follows:

	BPR carrying amount \$'000	BPR fair value amount \$'000	Change \$'000
BRD/BPR			
Cash and short-term funds	40,967	40,967	–
Amounts due from other banks	2,639	2,639	–
Loans and advances	157,900	157,900	–
Investment securities	25,965	25,965	–
Prepayments and other receivables	1,338	1,338	–
Current tax assets	1,660	1,660	–
Investment in associates	–	–	–
Property and equipment	14,445	14,445	–
Investment property	–	–	–
Intangible assets	3,404	6,076	2,672
Deferred tax assets	–	–	–
Deposits	(181,447)	(181,447)	–
Amounts due to other banks	(14,446)	(14,446)	–
Creditors and accruals	(10,742)	(10,742)	–
Current tax liabilities	–	–	–
Deferred tax liability	(74)	(74)	–
Borrowed funds	(4,882)	(4,882)	–
Net asset value	36,727	39,399	2,672
Less: Non-controlling interest		(21,303)	
Adjustments at Atlas Mara level for BRD opening balance		(16)	
Goodwill		53	
Total purchase consideration		18,133	
Cost of acquisition			
Less: Non-cash consideration		18,133	
Cash consideration paid		–	
Less: Cash and cash equivalents in subsidiary acquired		(22,851)	
Cash inflow on acquisition		(4,718)	

On 7 January 2016, BPR was acquired by Atlas Mara Limited. As part of the acquisition Atlas Mara injected \$20 million as additional capital in exchange for 45% of the voting rights of BPR.

Prior to this transaction Atlas Mara also owned 100% of BRD-C in Rwanda after the completion of the transaction BPR acquired 100% of BRD-C. This transaction was achieved through a share for share swap effectively increasing the Group's share in the combined entity to 62%. The fair values have been provisionally determined. The two entities are intended to integrate to represent a combined position in Rwanda.

As per the requirements of IFRS 3 the fair values presented for BPR is considered to be incomplete due to the following key factors:

- The valuation of certain loans and advances have not been completed. This is due to the fact that management believes there may be facts and circumstances that existed at the acquisition date that have not been factored into the impairment calculations of these loans.
- The assessment of the recoverability of certain deferred tax assets that have been recognised in the Group.
- The valuation of the new BPR head office building. The building is not yet complete and the process of valuation is ongoing and as at the date of this report has not yet been completed.

The table below illustrates the provisional aggregated financial position for the combined entity.

	Combined ¹ \$'000
BRD/BPR	
Cash and short-term funds	65,210
Amounts due from other banks	2,639
Loans and advances	211,024
Investment securities	26,048
Prepayments and other receivables	2,206
Current tax assets	1,660
Investment in associates	–
Property and equipment	14,765
Investment property	–
Intangible assets	6,076
Deferred tax assets	365
Deposits	(229,971)
Amounts due to other banks	(14,446)
Creditors and accruals	(13,187)
Current tax liabilities	(66)
Deferred tax liability	(128)
Borrowed funds	(15,326)
Net asset value	56,870

Notes:

1. This information represents the combined entity position.

8. Transaction and integration expenses

	2015 \$'000	2014 \$'000
Professional fees (including legal and due diligence costs)	(7,747)	(16,209)
Transaction and integration expenses ¹	–	(21,848)
Others	(1,568)	(704)
	(9,315)	(38,761)

Notes:

1. Included in transaction costs in 2014 is an amount of \$14.5 million related to the put and call option agreements that were entered into with the exiting BancABC management team. The terms of these contracts were negotiated both as part of the initial agreements with BancABC management in connection with the acquisition of BancABC.

On 31 December 2015, Atlas Mara entered into a settlement arrangement in respect of the put and call option agreement.

Under this settlement, the Group entered into an arrangement to pay the option holders \$13.0 million as full and final settlement of the options within seven days of the signing of the contract.

The option carrying value as at the date of this transaction was \$15.6 million, resulting a net fair value gain on settlement of \$2.6 million. The fair value gain on the settlement is in non-interest income.

9. Investment in associate

Accounting for investment in associate

Associates are entities in which the Group has significant influence, but not control, over the operating and financial policies.

The Group's investments in associates and joint ventures are recognised using the equity method. These investments are initially recorded at cost and increased (or decreased) each year by the Group's share of the post-acquisition profit (or loss).

The Group ceases to recognise its share of the losses of equity accounted associates when its share of the net assets and amounts due from the entity have been written off in full, unless it has a contractual or constructive obligation to make good its share of the losses.

When the Group acquires an additional share in the investment, while still maintaining significant influence, the investment is accounted for at cost. The incremental fair value adjustments of the assets and liabilities of the investment is determined and included in the carrying amount of the investment.

Impairment losses

After application of the equity method, including recognising the associate's losses, the entity applies IAS 36 Impairment of Assets to determine whether it is necessary to recognise any additional impairment loss with respect to its net investment in the associate or joint venture.

The entity also applies IAS 36 to determine whether any additional impairment loss is recognised with respect to its interest in the associate or joint venture that does not constitute part of the net investment and the amount of that impairment loss.

Goodwill forms part of the carrying amount of an investment in an associate and is not separately recognised, it is therefore not tested for impairment separately by applying the requirements for impairment testing goodwill in IAS 36 Impairment of Assets. Instead, the entire carrying amount of the investment is tested for impairment in accordance with IAS 36 as a single asset, by comparing its recoverable amount (higher of value in use and fair value less costs to sell) with its carrying amount, whenever application of IAS 39 indicates that the investment may be impaired.

An impairment loss recognised in those circumstances is not allocated to any asset, including goodwill, that forms part of the carrying amount of the investment in the associate. Accordingly, any reversal of that impairment loss is recognised in accordance with IAS 36 to the extent that the recoverable amount of the investment subsequently increase.

In determining the value in use of the investment, an entity estimates:

- (a) its share of the present value of the estimated future cash flows expected to be generated by the associate, including the cash flows from the operations of the associate and the proceeds from the ultimate disposal of the investment.

The recoverable amount of an investment in an associate or a joint venture shall be assessed for each associate or joint venture, unless the associate or joint venture does not generate cash inflows from continuing use that are largely independent of those from other assets of the entity.

Assets of the associate

The investor should measure its interest in an associate's identifiable net assets at fair value at the date of acquisition of an associate. If the value that the investor attributes to the associate's net assets differs from the carrying value amounts in the associates' books, the investor should restate any impairment losses recognised by the associate.

Investment in the associate

As well as applying the equity method, IAS 28 requires an investor to apply the requirements of IAS 39 to determine whether any impairment loss should be recognised with regards to the investor's net investment in the associate. The amount of the impairment is determined in accordance with IAS 36.

Critical accounting estimates and judgements

Fair value of assets and liabilities of associate

In determining the value of the assets and liabilities of the associate, the Group applies judgement.

Included in the investment in associate is the valuation of intangible assets identified. The valuation is sensitive to the discount rate applied.

Intangible assets

Included in the fair value of UBN are intangible assets of \$16.4 million.

Impairment losses

The Group determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognises the loss as 'share of profit of an associate and a joint venture' in the statement of profit or loss. Refer to page 147 for the detailed sensitivity assessment and key assumptions that have been included in the impairment assessment.

The following assessments for impairment losses are required for an investment in associates:

- assets of the associate;
- investment in the associate; and
- other interests that are not part of the net investment in the associate.

Accounting for 9.05% stake in UBN held via UGPL

During the 2015 financial year, after holding the investment for a full financial year, management re-evaluated the appropriateness of the accounting treatment applied in respect of the investment held via UGPL. In 2014, based on the facts and circumstances management accounted for this investment as an investment held via another associate (UGPL) based on the view that UGPL had control over UBN. Following the appointment to the respective boards of UGPL and UBN management revised the judgement applied based on the change in circumstances and management's experience of the nature of UGPL. Management performed a detailed IFRS 10 assessment on UGPL and concluded that based on the current circumstances the UGPL board neither has the ability to exercise power of the relevant activities of UBN, nor does have exposure to variability of returns. Accordingly Atlas Mara has aligned the accounting treatment for this share of the investment held to the accounting treatment applied on the directly held stake, as set out above. There has been no impact on OCI as a result of this change.

The following table sets out the movements in the total investment in associates for the year. During 2015 Atlas Mara acquired an additional 0.93% stake via direct investment in UBN for \$8.82 million cash consideration. This has been accounted for as set out in the accounting policies, as an additional investment while still maintaining significant influence.

Included in the amount represented is an additional ca.\$873,270 of intangible assets.

	2015 \$'000	2014 \$'000
Opening balance	375,112	–
Acquired through business combinations at fair value	–	113,905
Share of profits	20,282	7,395
Share of OCI	13,648	218
Exchange rate adjustment	(19,442)	(12,601)
Tax associated	–	24
Additions during year	8,823	266,171
Investment in associates	398,423	375,112

The following table illustrates the summarised financial information of the Group's investment in UBN for the year ending 31 December 2015:

	2015 \$'000	2014 \$'000
Cash and cash equivalents	413,544	666,812
Loans and advances	1,843,792	1,710,208
Investment securities	1,081,661	1,078,18
Other assets	1,924,542	2,058,467
Total assets	5,263,541	5,513,673
Deposits	3,090,726	3,223,111
Borrowed funds	382,408	427,201
Other liabilities	564,026	652,165
Total liabilities	4,037,160	4,262,268
Group's share of equity (31.15%) (2014: 30.21%)	377,776	353,518
Intangible assets	18,402	19,873
Share of total identifiable net assets	395,314	373,391

9. Investment in associate continued

	2015 \$'000	2014 \$'000
Carrying value of the investment in associate Including intangible assets	395,314	373,391
Net interest income	337,281	315,311
Non-interest income	158,498	267,357
Loan impairment charges	(60,257)	(29,244)
Profit after tax	84,721	162,495
Group's share of profit for the year (31.15%) (2014: 30.16%)	13,927	7,478
Post-tax profit or loss from discontinued operations	480	(967)
Other comprehensive income	50,771	3,743
Total comprehensive income	135,493	11,745
Group's share of other comprehensive income (31.15%) (2014: 30.16%)	13,187	–

The risks directly associated with the investment are foreign exchange risk, equity pricing risk and the country risk. UBN is a banking entity in Nigeria and, accordingly, Atlas Mara is exposed to the key underlying risks of UBN, namely credit risk, liquidity risk, market risk and operational risk.

Impairment testing

At 31 December 2015, due to changes in the macroeconomic environment in Nigeria and the global economy, specifically the impact of the lowering oil price, in line with the requirements of IAS 39, an impairment trigger was identified in respect of this investment.

As a result, the Group performed an impairment test on the carrying amount of the investment in UBN. The test confirmed that there was no impairment at 31 December 2015.

The table below illustrates the VIU, carrying value and fair value of the Group's 31.15% (2014: 30.21%) in UBN.

	31 December 2015			31 December 2014		
	VIU \$'000	Carrying amount \$'000	Fair value \$'000	VIU \$'000	Carrying amount \$'000	Fair value \$'000
Union Bank of Nigeria	440,000	395,948	345,000	379,992	372,025	373,525

Basis of recoverable amount

The impairment test was performed by comparing the recoverable amount of UBN, determined by a value in use ('VIU') calculation, with its carrying amount. The VIU calculation uses discounted cash flow projections based on management's estimates of earnings. Detailed cash flow analysis was prepared for the first five years to take into account the focused turnaround strategy currently in the process of implementation in the bank. The forecast period was extended by five years (until 2025) to achieve a steady state after the significant forecast growth as a result of the turn-around programme currently in place. Extending the forecast to 2025 has allowed for the terminal year to be based on normalised growth and margins.

Forecast risk weighted assets have been calculated to ensure that the bank maintains the capital adequacy requirements in order to calculate the movement in regulatory reserve requirements. This movement has been deducted from forecast cash flows.

Key assumptions in VIU calculation

Long-term growth rate

Increasing growth rates are assumed for net interest income, interest income and non-interest income in line with the transformation plan. Over the extended forecast period these items have been forecast to grow at annually decreasing rates, reaching 8% in the terminal year, which is the long-term expected Nigerian forecast inflation rate.

Long-term asset growth rate

The average growth rate used up to 2020 was 20% and 15% thereafter. Over the extended forecast period these items have been forecast to grow at annually decreasing rates, reaching 8% in the terminal year, which is the long-term expected Nigerian forecast inflation rate.

Discount rate

The discount rate used was based on the CoE for UBN. This has been calculated by taking into account the following components to adjust for specific risks associated with the business and specifically the future strategy for turnaround. The discount rate used is within the range of 20.5%-23.1%. The rate is calculated using the yield on US treasury bills with 10-year maturity, maturing on 31 December 2025 as a starting point (2.3%), adjusted for a Nigerian country risk premium of 4.8%, an equity market risk premium of 5.5%, country consumer price index of 8% and an entity specific risk of 2.5%. The VIU has been calculated using a rate of 22.7%.

Sensitivity analyses were performed on each key assumption to ascertain the impact of reasonably possible changes in assumptions. The following change to each key assumption used on its own in the VIU calculation would reduce the headroom to nil.

Key assumption:	Changes to key assumption to reduce headroom to nil:
– Long-term growth rate	– Decrease of 1,190 basis points
– Discount rate	– Increase of 130 basis points
– Cost-income ratio	– Increase of 720 basis points

Based on the results of the testing, management estimates that the reasonably possible range of VIU is \$440 million.

Investment in Union Bank of Nigeria ('UBN')

On 19 December 2014, the Group acquired 21.16% of the voting shares of Union Bank of Nigeria ('UBN'), a company incorporated in 1917 and listed on the Nigerian Stock Exchange. UBN is a respected and recognised financial institution situated in Nigeria. UBN is a commercial and retail banking franchise with a stable customer deposit base.

The Group acquired its stake in UBN as it is consistent with Atlas Mara's entry strategy into Nigeria and the broader ECOWAS region and UBN provides Atlas Mara with a meaningful position in a major Nigerian banking platform.

In total Atlas Mara obtained the 22.10% (2014: 21.16%) in UBN through a purchase of 3,742,201,213 (2014: 3,584,312,182) shares.

The investment in UBN is equity accounted using the annual financial statements of UBN for the period 1 January 2015 to 31 December 2015. The local currency of UBN is Nigerian Naira.

10. Intangible assets and goodwill

Goodwill

Goodwill arises on the acquisition of subsidiaries and associates, and represents the excess of the fair value of the purchase consideration over the fair value of the Group's share of the assets acquired and the liabilities and contingent liabilities assumed on the date of the acquisition. Goodwill arising on the acquisition of subsidiaries is measured at cost less accumulated impairment losses.

An annual impairment evaluation is performed in respect of goodwill, or more frequently when there are indications that an impairment may be necessary. The evaluation involves comparing the carrying value of goodwill with the present value of the pre-tax cash flows, discounted at a rate of interest that reflects the inherent risks, of the cash-generating unit ('CGU') to which the goodwill relates, or the CGU's fair value if this is higher.

Intangibles

Intangible assets other than goodwill are accounted for in accordance with IAS 38 Intangible Assets.

Intangible assets include trade names, customer relationships, core deposits, core overdrafts, software, licences and other contracts. They are initially recognised when they are separable or arise from contractual or other legal rights, the cost can be measured reliably and, in the case of intangible assets not acquired in a business combination, where it is probable that future economic benefits attributable to the assets will flow from their use.

Intangible assets are stated at cost (which is, in the case of assets acquired in a business combination, the acquisition date fair value) less amortisation and provisions for impairment, if any, and are amortised over their useful lives in a manner that reflects the pattern to which they contribute to future cash flows, generally over 10 years.

Intangible assets are reviewed for impairment when there are indications that an impairment may be necessary.

Amortisation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognised in profit or loss as incurred.

The intangible assets have the following amortisation method and useful lives:

	Goodwill	Software	Other intangibles
Useful lives	n/a	From 3 to 5 years	10 years
Amortisation method	n/a	Straight-line	Straight-line

Critical accounting estimates and judgements

The Group assesses goodwill for impairment on an annual basis based on value in use calculations. Significant estimates and judgements are applied in projecting the future pre-tax cash flows, the appropriate growth and discount rates as set out below. An absolute movement of +/-1% on the discounted rates listed could result in a potential movement of \$21.8 million in the value of goodwill.

	2015 \$'000	2014 \$'000
Goodwill	82,736	109,441
Other intangible assets	56,633	71,367
	139,369	180,808

	31 December 2015			31 December 2014		
	Goodwill \$'000	Other intangible assets \$'000	Total \$'000	Goodwill \$'000	Other intangible assets \$'000	Total \$'000
Intangible assets and goodwill						
Balance acquired through business combinations	–	–	–	–	8,434	8,434
Opening balance	109,441	74,297	183,738	–	–	–
Exchange rate adjustment	(26,705)	(2,947)	(29,652)	(199)	(1,076)	(1,275)
Reclassifications	–	422	422	–	–	–
Additions during the year	–	6,724	6,724	109,640	66,939	176,579
Cost or valuation at period end	82,736	78,496	161,232	109,441	74,297	183,738
Impairment losses and amortisation						
Opening balance	–	(2,930)	(2,930)	–	–	–
Exchange rate adjustment	–	(9,758)	(9,758)	–	670	670
Impairment losses or amortisation during the period	–	(9,175)	(9,175)	–	(3,600)	(3,600)
Reclassifications	–	–	–	–	–	–
Accumulated impairment	–	(21,863)	(21,863)	–	(2,930)	(2,930)
Carrying value at period end	82,736	56,633	139,369	109,441	71,367	180,808

Goodwill

Effective 21 August 2014, Atlas Mara acquired a controlling stake in BancABC (through the acquisition of ADC and the direct acquisition of shares).

In terms of IFRS 3, at the date of the acquisition, the purchaser is required to measure all identifiable assets and liabilities separately at acquisition date fair value.

This could include assets that were not previously recognised by the acquiree in its financial statements.

In the case of the ADC and BancABC acquisition, these assets include certain intangible assets acquired, namely:

- trademarks;
- customer relationships (the valuation of the customer relationships was adjusted to take into account the risk and uncertainty of the future of the payroll deduction businesses included in the valuation);
- core deposits consists of fixed rate deposits to retail and wholesale customers which earn a net interest margin over a defined period; and
- core overdrafts consists of retail and wholesale overdrafts.

These assets are recognised only if they meet the asset recognition criteria, i.e. it is probable that the expected future economic benefits attributable to the asset will flow to the entity and the cost can be measured reliably. The intangible assets will only be recognised at Atlas Mara (consolidated) level and will be amortised over their useful lives.

Allocation of goodwill to CGUs

The goodwill that arose in the acquisition of BancABC and ADC has been allocated to the CGUs based on the following basis:

- The primary quantitative indicator used for the allocation of goodwill is based on the debt value of each underlying operating bank in the Group combined with management's view, based on judgement of current and future operating performance, asset quality and management's judgement on the probability of future synergies that will arise as a result of the business combination;
- The allocation of goodwill to non-core operating entities was limited; and
- Secondary allocation of goodwill to the lowest level of CGU presented per IFRS 8 was based on management's judgement of current and future operating performance and asset quality and current asset contribution.

As a result of the completion of the IFRS 3 measurement period and the impact of the adjustments (most notably on the fair value of loans and advances in Zimbabwe), the allocation of goodwill was revised.

Following the acquisition and upon performing detailed evaluation of the operations, nature of business and the ability of Atlas Mara to bring synergies that would significantly improve business growth it was concluded that as at the date of acquisition the business in Zimbabwe was unlikely to grow significantly given its 'top five ranking' in the market, as a result of the acquisition.

The Atlas Mara opportunity in this market is to ensure that the top five position is maintained and protected in future.

The envisaged synergies that arise as a result of the business combination are expected to significantly arise from Botswana, Mozambique and Zambia based on the growth potential in those markets.

The re-allocation is deemed to be a change to a critical estimate and judgement in 2015. The impact on the prior year statement of OCI arising from this change in estimate is \$0 million.

10. Intangible assets and goodwill continued

The table below illustrates the allocation of goodwill to the operating banks acquired, allocated based on management's revised assessment of future synergies that would occur as a result of the business combination. The judgement applied focuses on future cash flows from operations.

	2015			2014		
	\$ million	Allocation		\$ million	Allocation	
		Retail \$ million	Wholesale \$ million		Retail \$ million	Wholesale \$ million
Botswana	28.3	15.4	12.9	35.0	19.0	16.0
Zambia	15.1	6.0	9.1	25.8	10.3	15.5
Mozambique	12.4	2.1	10.3	19.3	3.3	16.0
West Africa	26.9	–	26.9	29.3	–	29.3
Total	82.7	23.5	59.2	109.4	32.6	76.8

Impairment testing

IFRS requires annual impairment testing of goodwill, or more frequently when there is an indication that the CGU may be impaired. Where there is no impairment trigger, there is no need for the two-step approach.

IAS 38 also requires that where an impairment trigger has been identified, intangible assets are required to be tested for impairment. The intangible assets allocated to Zimbabwe were tested for impairment.

While the standard is clear that the annual testing is mandatory and should be performed irrespective of whether a triggered impairment test was done, it states that the impairment tests can be performed at any time within the reporting period, provided that the test is performed at the same time. The assessment was performed between September 2015 and January 2016.

The annual impairment test was performed for goodwill that arose in the acquisition of BancABC and ADC. In respect of this goodwill, a comprehensive assessment of the underlying CGUs has taken place. This assessment included a review of the forecast financial information.

The review and testing of goodwill for impairment inherently requires significant management judgement as it requires management to derive the best estimates of the identified CGUs' future cash flows. The principal assumptions considered in determining an entity's values are:

Future cash flows – The forecast periods adopted reflect a set of cash flows that, based on management judgement and expected market conditions, could be sustainably generated over such a period. A forecast period of five years has been used. The cash flows from the final discrete cash flow period were extrapolated into perpetuity to reflect the long-term plans for the entity. It is common valuation methodology to avoid placing too high a proportion of the total value on the perpetuity value.

Discount rates – The CoE percentages were derived from an equity pricing model deemed appropriate based on the entities under review. The risk-free rate used to determine the CoE has been derived from the 10-year US treasury bonds as at 31 August 2014. The future cash flows are discounted using the CoE assigned to the appropriate CGUs and by nature can have a significant effect on their valuations.

The following table summarises the impairment test methodology applied and the key inputs used in testing the Group's goodwill collectively in respect of 31 December 2015 as well as the intangible assets in Zimbabwe:

	Botswana	Mozambique	Zambia	Zimbabwe	West Africa
Discount rate (%)	13.5	19.9	17.6	26.0	22.7
Terminal growth rate (%)	2.0	2.0	2.0	1.9	1.0
Forecast period (years)	5	5	5	5	5

The calculation is most sensitive to a change in the discount rate. An absolute movement of + or -1% on the discount rate would result in a potential movement of \$21.8 million in the value of the CGUs thereby reducing or increasing the headroom.

West Africa Segment Goodwill

A goodwill test was also performed in respect of the West Africa segment. This segment houses the investment in associate. Refer to Note 9 for the details of the valuation performed to determine the value-in-use of the investment. As at 31 December the carrying value of the investment of \$395 million and the goodwill of \$29 million is less than the VIU of \$440 million and therefore more impairment is required.

Other intangible assets

The other intangible assets have been assessed for indications of impairment and at 31 December 2015 there are no indications of impairment.

**Protect and Grow
in action:
We brought improvements
to the platforms through
tangible enhancements
in governance and credit
risk management, and
delivered growth in
the business.**

11. Financial instruments

Refer to accounting policy pertaining to financial instruments included on pages 125 to 127.

Comparison of carrying amounts and fair values for assets and liabilities not held at fair value:

The following tables show the breakdown of carrying amounts and fair values of financial assets and financial liabilities by class and category of financial instrument measured at amortised cost:

	31 December 2015		31 December 2014	
	Carrying amount \$'000	Fair value \$'000	Carrying amount \$'000	Fair value \$'000
Financial assets measured at amortised cost				
Loan and receivables				
Cash and short-term funds	320,682	320,682	390,960	390,960
Loan and advances	1,229,438	1,229,438	1,218,018	1,218,018
Held-to-maturity investments				
Government bonds	5,012	5,012	5,586	5,586

	31 December 2015		31 December 2014	
	Carrying amount \$'000	Fair value \$'000	Carrying amount \$'000	Fair value \$'000
Financial liabilities measured at amortised cost				
Deposits	1,436,148	1,436,148	1,530,981	1,530,981
Creditors and accruals	64,824	64,824	82,119	82,119
Borrowed funds	245,187	251,750	239,547	239,547

Financial instruments not measured at fair value, where the carrying value is estimated to approximate the fair value of these instruments, were as follows:

i. Cash and short-term funds

Placements with other banks include inter-bank placements and items in the course of collection. The fair value of floating rate placements and overnight deposits is their carrying amount. The estimated fair value of fixed interest-bearing deposits is based on discounted cash flows using prevailing money market interest rates for debts with similar credit risk and remaining maturity. All placements are floating rate placements.

ii. Loans and advances

The fair value of loans and advances is deemed to closely approximate the carrying value. This is due to most of the instruments included in this classification being variable rate instruments. The impact of fixed rate exposures has been assessed and is deemed to be immaterial. The value of variable rate instruments is determined with reference to the estimated future cash flows discounted back at the market rate prevailing for such instruments.

iii. Investment securities – Held-to-maturity

Investment securities include only interest-bearing assets held-to-maturity, and unlisted equities. Fair value for held-to-maturity assets is based on market prices or broker/dealer price quotations.

Where this information is not available, fair value is estimated using quoted market prices for securities with similar credit, maturity and yield characteristics.

iv. Deposits; borrowed funds and creditors and accruals

The estimated fair value of deposits, borrowed funds and creditors and accruals with no stated maturity, which includes non-interest bearing deposits, is the amount repayable on demand. The estimated fair value of fixed interest-bearing deposits and other borrowings not quoted in an active market is based on discounted cash flows using interest rates for new debts with similar remaining maturity. The majority of deposits and other borrowings are at floating rates, or when at fixed rates, fixed for less than three months.

12. Loans and advances

Refer to accounting policy pertaining to financial instruments included on pages 125 to 127.

Critical accounting estimates and judgements

The Group reviews its loan portfolios to assess impairment at least on a monthly basis. In determining whether an impairment loss should be recorded in the statement of profit or loss, the Group makes judgements as to whether there is any observable data indicating that there is a measurable decrease in the estimated future cash flows from a portfolio of loans before the decrease can be identified with an individual loan in that portfolio. This evidence may include observable data indicating that there has been an adverse change in the payment status of borrowers in a group, or national or local economic conditions that correlate with defaults on assets in the Group. Management uses estimates based on historical loss experience for assets with credit risk characteristics and objective evidence of impairment similar to those in the portfolio when scheduling its future cash flows. The methodology and assumptions used for estimating both the amount and timing of future cash flows are reviewed monthly to reduce any differences between loss estimates and actual loss experience.

	2015 \$'000	2014 \$'000
Mortgage lending	69,655	66,320
Instalment finance	73,700	62,953
Corporate lending	521,806	479,473
Commercial and property finance	36,560	51,434
Consumer lending	547,778	565,856
	1,249,499	1,226,036
Less impairments (note 12.1)	(20,061)	(8,018)
Net loans and advances	1,229,438	1,218,018

12.1. Reconciliation of impairment allowance for loans and advances to customers by market segment

	31 December 2015					
	Mortgage lending \$'000	Instalment finance \$'000	Corporate lending \$'000	Commercial and property finance \$'000	Consumer lending \$'000	Gross loans and advances \$'000
1 January 2015						
Opening balance	25	409	4,563	861	2,160	8,018
Exchange rate adjustment	(35)	37	(509)	(366)	(429)	(1,302)
Credit impairment charges	323	1,436	7,562	41	3,983	13,345
31 December 2015						
Closing balances	313	1,882	11,616	536	5,714	20,061
Specific impairment	237	3,221	8,007	(687)	7,122	17,900
Gross non-performing loans	3,934	27,955	41,287	14,848	10,434	98,458
	31 December 2014					
	Mortgage lending \$'000	Instalment finance \$'000	Corporate lending \$'000	Commercial and property finance \$'000	Consumer lending \$'000	Gross loans and advances \$'000
28 November 2013						
Exchange rate adjustment	14	247	1,308	–	161	1,730
Credit impairment charges	11	162	3,255	861	1,999	6,288
31 December 2014						
Closing balances	25	409	4,563	861	2,160	8,018
Specific impairment	25	409	4,563	861	2,160	8,018
Gross non-performing loans	811	7,803	86,640	8,570	19,403	123,227

12.2. Allowance for loan impairments

The changes in impairment losses included in the allowances for losses on loans and advances recognised under assets, shown by class of financial instrument, were as follows:

	2015		
	Collective allowance for credit losses 31 December 2015 \$'000	Specific allowance for credit losses 31 December 2015 \$'000	Total 31 December 2015 \$'000
Opening balance	–	8,018	8,018
Impairments created	2,161	11,184	13,345
Exchange rate adjustment	–	(1,302)	(1,302)
Balance as at 31 December 2015	2,161	17,900	20,061

The specific allowance for credit losses of \$17.9 million exclusively relates to loans and advances to customers.

	2014		
	Collective allowance for credit losses 31 December 2014 \$'000	Specific allowance for credit losses 31 December 2014 \$'000	Total 31 December 2014 \$'000
Opening balance	–	–	–
Additions	–	6,288	6,288
Reversals	–	–	–
Exchange rate adjustment	–	1,730	1,730
Balance as at 31 December 2014	–	8,018	8,018

The specific allowance for credit losses of \$8 million exclusively relates to loans and advances to customers.

12.3 Credit quality

Loans and advances individually impaired

	31 December 2015			31 December 2014		
	Individually impaired \$'000	Fair value of collateral \$'000	Under collateralisation ¹ \$'000	Individually impaired \$'000	Fair value of collateral \$'000	Under collateralisation ¹ \$'000
Mortgage lending	3,934	3,934	–	811	811	–
Instalment finance	27,955	8,061	19,894	7,803	7,803	–
Corporate lending	41,287	41,287	–	86,640	86,640	–
Commercial and property finance	14,848	12,778	2,070	8,570	8,570	–
Consumer lending	10,434	2,550	7,884	19,403	19,403	–
	98,458	68,610	29,848	123,227	123,227	–

Notes:

1. The under collateralisation amount if fully impaired.

Collateral taken for this category includes cash, mortgages over residential properties, charges over business assets such as premises, inventory and accounts receivable, and charges over financial instruments such as debt securities and equities.

12.4. Loans and advances renegotiated

Restructuring activities include extended payment arrangements, approved external management plans, modification and deferral of payments. Following restructuring, a previously overdue customer account is reset to a normal status, and managed together with other similar accounts. Restructuring policies and practices are based on indicators or criteria which, in the judgement of local management, indicate that payment will most likely continue. These policies are kept under continuous review.

Renegotiated loans that would otherwise be past due are as follows:

	2015 \$'000	2014 \$'000
Mortgage lending	1,566	32
Instalment finance	–	4,523
Corporate lending	46,889	71,346
Commercial and property finance	20,897	–
Consumer lending	3,067	761
	72,419	76,662
Continuing to be impaired after restructuring	44,226	–
Non-impaired after restructuring – would otherwise have been impaired	27,284	–
Non-impaired after restructuring – would otherwise not have been impaired	909	76,662
	72,419	76,662

12.5. Total loan impairments by loan class and type

a. Impairment by loan class

	31 December 2015 \$'000	31 December 2014 \$'000
Mortgage lending	313	76
Instalment finance	1,882	409
Corporate lending	11,616	4,513
Commercial and property finance	536	860
Consumer lending	5,714	2,160
Total loan impairments	20,061	8,018

b. Impairment analysis

	31 December 2015 \$'000	31 December 2014 \$'000
Collective impairments	2,161	–
Specific impairments	17,900	8,018
Total loan impairments	20,061	8,018

12.5. Total loan impairments by loan class and type continued

c. Credit quality supplement

	31 December 2015 \$'000	31 December 2014 \$'000
Total gross loans	1,249,499	1,226,036
Collective impairments	(2,161)	–
Specific impairments	(17,900)	(8,018)
Net Loans	1,229,438	1,218,018
Non-performing loans	98,458	123,227
Impairments (profit/loss)	(12,042)	(6,288)
Impairments (allowance)	(20,061)	(8,018)
Percentage (%)		
Non-performing loans/gross loans	7.9%	10.4%
Total impairment allowance/Non-performing loans	20.4%	6.2%
Specific impairments/gross loans	1.4%	0.6%

12.6. Repossessed collateral

During 2015, the Group obtained assets by taking possession of collateral held as security, as follows:

	2015 \$'000	2014 \$'000
Property and equipment	8,027	1,355
Motor vehicles	4,527	23,522
	12,554	24,877

13. Loan impairment charges

Accounting for impairments of loans and advances

Refer to accounting policy pertaining to financial instruments included on pages 125 to 127.

Critical accounting estimates and judgements

Credit risk is broken down into the common risk components of Probability of Default ('PD'), Exposure at Default ('EAD') and Loss Given Default ('LGD'), modelled at a client, facility and portfolio level. These risk components are used in the calculation of a number of aggregate risk measures such as Expected Loss ('EL'). The models used by the Group are aimed to be compliant with Basel II and regulatory requirements. These risk measures would be used as inputs to calculate the collective impairment amounts. Refer to page 85 in the risk reports for further detail.

Collective impairment is established for:

- groups of homogeneous loans that are not considered individually significant; and
- groups of assets that are individually significant but that were not found to be individually impaired (loss 'incurred but not reported' or IBNR).

Specific impairment applies to financial assets evaluated individually for impairment and is based on management's best estimate of the present value of the cash flows that are expected to be received. In estimating these cash flows, management makes judgements about a debtor's financial situation and the net realisable value of any underlying collateral. In most cases management will recommend a discounted value for the collateral based on the knowledge of the client. Each impaired asset is assessed on its merits, and the workout strategy and estimate of cash flows considered recoverable are independently approved by the Credit Risk function.

The calculation of the present value of the estimated future cash flows of a collateralised financial asset reflects the cash flows that may result from foreclosure less costs for obtaining and selling the collateral, whether or not foreclosure is probable.

Management applies judgement to ensure that the estimate of loss arrived at on the basis of historical information is appropriately adjusted to reflect the economic conditions and product mix at the reporting date.

The most significant input that could materially impact the calculation of the loan impairment charges is the valuation of collateral. A 10% decrease in the valuation of collateral would result in an additional \$2.8 million (2014: \$800,000) impairment charge.

	2015 \$'000	2014 \$'000
Specific impairments	(11,189)	(6,288)
Collective impairment	254	–
Recoveries for the period	(1,107)	–
Total impairment charge	(12,042)	(6,288)

As at 31 December 2014 there was no collective impairment charge in relation to the portfolio. The loans were acquired at fair value, taking into account any expected losses and subsequently measured at amortised cost, based on incurred losses. The impact of collective impairment on any new post-acquisition loans was deemed to be immaterial as at 31 December 2014.

14. Collateral

Liabilities for which collateral is pledged:

	2015 \$'000	2014 \$'000
Deposits from banks	66,195	12,232
Deposits from customers	18,097	69,981
Borrowed funds	6,987	51,434
	91,279	133,647

Assets pledged to secure these liabilities are carried at amortised cost and are included under the following:

	2015 \$'000	2014 \$'000
Advances (collateral)	8,665	30,934
Financial assets held for trading	38,179	39,171
Investment in subsidiary	–	32,056
Investment securities	44,578	5,586
Property and equipment	2,727	3,066
	94,149	110,813

These transactions are conducted under terms that are usual and customary to standard lending and borrowing activities.

The fair value of financial assets accepted as collateral that the Group is permitted to sell or re-pledged in the absence of default is:

	2015 \$'000	2014 \$'000
The fair value of financial assets accepted as collateral that have been sold or repledged is:	23,488	–
	23,488	–

15. Interest and similar income

Accounting for interest income

Refer to accounting policy pertaining to financial instruments included on pages 125 to 127.

	2015 \$'000	2014 \$'000
Unwind of fair value adjustment to loans and advances acquired at fair value through business combination	18,530	498
Cash and short-term funds	5,152	1,321
Investment securities and dated financial instruments	10,751	4,454
Loans and advances at amortised cost	206,833	73,995
Other interest income	660	94
Financial investments – available-for-sale	2,449	10
Interest and similar income	244,375	80,372
Interest income on financial assets designated at fair value through profit/loss	981	–
Interest and similar income	245,356	80,372

16. Financial assets held for trading

Refer to accounting policy pertaining to financial instruments included on pages 125 to 127.

Critical accounting estimates and judgements

Many of the Group's financial instruments are measured at fair value on the statement of financial position and it is usually possible to determine their fair values within a reasonable range of estimates. Fair value estimates are made at a specific point in time, based on market conditions and information about the financial instrument. These estimates are subjective in nature and involve uncertainties and matters of judgement (e.g. interest rates, volatility and estimated cash flows) and therefore cannot be determined with precision.

	2015 \$'000	2014 \$'000
Government bonds	36,342	18,975
Corporate bonds	5,907	9,740
Treasury bills	102,921	76,881
	145,170	105,596
Financials assets held for trading pledged as collateral		
Treasury bills and other open market instruments	45,061	39,171
Financial assets held for trading	190,231	144,767

Investment in government bonds and treasury bills by subsidiaries is partly for liquidity requirements as stipulated by local Central Banks and also as a source of diversification of the assets portfolio. There are no cross-border investments in government securities by any of the subsidiaries and the holding company. The Group also invests in tradable paper issued by large corporates in the respective markets.

All financial assets held for trading are carried at fair value in 2015 and 2014. Refer to the fair value disclosure included in note 32 for detailed information of key assumptions.

17. Financial assets designated at fair value

Refer to accounting policy pertaining to financial instruments included on pages 125 to 127.

	2015 \$'000	2014 \$'000
Listed equities	798	948
Unlisted equities	12,535	10,878
Property units	10	–
Financial assets designated at fair value	13,343	11,826

The listed equities comprise various counters listed on the Zimbabwe Stock Exchange that subsidiaries have invested in.

The balance comprises of a number of unlisted equity investments housed in an investment company in the Group (refer to the overview of valuation assumptions included in the financial risk management section of the financial statements).

All financial assets held for trading are carried at fair value in 2015 and 2014. Refer to the fair value disclosure included in note 32 for detailed information of key assumptions.

18. Investment securities

Refer to accounting policy pertaining to financial instruments included on pages 125 to 127.

	2015 \$'000	2014 \$'000
Balance at 31 December consists of:		
Available-for-sale		
Listed equities	–	644
Unlisted equities	726	89
Unlisted investment	15,842	139,732
	16,568	140,465
Held-to-maturity pledged as collateral		
Government bonds	5,012	5,586
Investment securities	21,580	146,051

The investments in unlisted equities are accounted for at fair value. Refer to note 32 for details.

Included in government bonds is \$5.0 million that are partial security for the loan from BIFM (note 32). The bonds earn a fixed interest at 3.85% and 4.6% p.a., and are redeemable on 12 September 2018 and 8 September 2020. Included in the security is a cash balance of \$948,000 which was used to buy further bonds subsequent to year-end.

All financial assets held for trading are carried at fair value in 2015 and 2014. Refer to the fair value disclosure included in note 32 for detailed information of key assumptions.

19. Derivative financial instruments

Refer to accounting policy pertaining to financial instruments included on pages 125 to 127.

Critical accounting estimates and judgements

The fair value of financial instruments that are not quoted in active markets is determined by using valuation techniques. Where valuation techniques (for example, models) are used to determine fair values, they are validated and periodically reviewed by qualified personnel independent of the area that created them. All models are certified before they are used, and models are calibrated to ensure that outputs reflect actual data and comparative market prices. To the extent practical, models use only observable data; however, areas such as credit risk (both own and counterparty), volatilities and correlations require management to make estimates. Changes in assumptions about these factors could affect reported fair value of financial instruments. Further details are noted in note 32.

The table below shows the fair values of derivative financial instruments recorded as assets or liabilities together with their notional amounts. The notional amount, recorded gross, is the amount of a derivative's underlying asset, reference rate or index and is the basis upon which changes in the value of derivatives are measured. The notional amounts indicate the volume of transactions outstanding at the year-end and are indicative of neither the market nor the credit risk.

	31 December 2015		
	Assets \$'000	Liabilities \$'000	Notional amount \$'000
Derivatives held for trading			
Forward foreign exchange contracts	1,391	62	31,023
Equity derivative	–	4,455	9,627
Derivatives designated at fair value through profit or loss			
Cross-currency interest rate swaps	502	674	13,033
	1,893	5,191	53,683

	31 December 2014		
	Assets \$'000	Liabilities \$'000	Notional amount \$'000
Derivatives held for trading			
Forward foreign exchange contracts	62	2,155	103,119
Derivatives designated at fair value through profit or loss			
Cross-currency interest rate swaps	–	1,348	5,902
Equity derivative	–	2,777	6,828
	62	6,280	115,849

Forward foreign exchange contracts

The notional amounts of outstanding forward foreign exchange contracts at 31 December 2015 were \$31 million (2014: \$103 million). These resulted in derivative financial assets of \$1.3 million (2014: \$62,000) and derivative financial liabilities of \$62,000 (2014: \$2.2 million).

Equity derivative

This comprises of an equity derivative on an unlisted energy company of \$4.5 million (2014: \$2.8 million).

Cross-currency interest rate swaps

The Group uses cross-currency rate swaps to manage its exposure to foreign currency and interest rate risk. These instruments are transacted for both hedging and non-hedging activities. These instruments result in an economic exchange of currencies and interest rates. An exchange of principal takes place for all cross-currency interest rate swaps. The Group's credit risk exposure represents the potential cost to replace swap contracts if counterparties fail to fulfil their obligation. To control the level of credit risk taken, the Group assesses counterparties using the same technique as for its lending activities.

The notional amounts of the financial instruments provide a basis of comparison with instruments recognised on the balance sheet but do not necessarily indicate the amounts of future cash flows or the current fair value of the instrument and, therefore, do not indicate the Group's exposure to credit or price risks.

The table below presents the cash flows payable by the Group for derivative financial liabilities by remaining contractual maturities at the date of the consolidated statement of financial position.

The amounts disclosed in the table are the contractual undiscounted nominal currency swap cash flows for the liability leg of such swaps, whereas the Group manages the inherent liquidity risk based on expected undiscounted cash inflows:

	Up to 1 month \$'000	1-3 months \$'000	3-12 months \$'000	Greater than 1 year \$'000	Total \$'000
31 December 2015					
Value on initial recognition					
Derivative financial liabilities	9,692	14,721	6,695	–	31,108
Equity derivative					
Derivative financial liabilities	–	–	–	4,455	4,455
Cross-currency interest rate swap					
	Up to 1 month \$'000	1-3 months \$'000	3-12 months \$'000	Greater than 1 year \$'000	Total \$'000
31 December 2014					
Value on initial recognition					
Derivative financial liabilities	44,976	28,026	30,117	–	103,119
Equity derivative					
Derivative financial liabilities	–	–	–	2,777	2,777
Cross-currency interest rate swap					
Derivative financial liabilities	–	–	–	1,348	1,348

With the exception of swaps where ongoing cash flows are settled on a gross basis, all derivative financial liabilities are settled on a net basis.

20. Non-interest income

Accounting for non-interest income

Fees and commission

Fees and commission income and expense that are integral to the effective interest rate on a financial asset or financial liability are included in the measurement of the effective interest rate.

Other fees and commission income – including account servicing fees, investment management fees, sales commission, placement fees and syndication fees – are recognised as the related services are performed. If a loan commitment is not expected to result in the draw-down of a loan, then the related loan commitment fees are recognised on a straight-line basis over the commitment period.

Other fees and commission expenses relate mainly to transaction and service fees, which are expensed as the services are received.

Net trading income

Net trading income comprises gains less losses related to trading assets and liabilities, and includes all realised and unrealised fair value changes, interest, dividends and foreign exchange differences.

20. Non-interest income continued

	2015 \$'000	2014 \$'000
Net fee and commission income:		
Fee and commission income		
Fee income on loans and advances	30,690	11,470
Fee income on held-to-maturity investments	(1,499)	–
Fee income from trust and fiduciary activities	1,314	1,963
Cash transaction fees	15,132	6,619
Fee income on off-balance sheet items	1,407	–
Other fee income	9,522	805
Net fee and commission income:	56,566	20,857
Net gains/(losses) on financial instruments designated at fair value through profit/loss		
Financial assets designated at fair value through profit/loss	1,611	(2,143)
Financial liabilities designated at fair value through profit/loss	17,338	3,180
Net gains/(losses) on financial instruments designated at fair value through profit/loss	18,949	1,037
Net trading income:		
Gains on derivatives	636	–
Gains on foreign exchange differences	14,564	132
Hedge ineffectiveness on fair value hedges	–	1
Other net trading income	1,610	1,565
Net trading income	16,810	1,698
Gains on held-to-maturity investments		
Debt securities – unquoted	1	–
Gains on held-to-maturity investments	1	–
Other non-interest income:		
Dividends received – listed shares – fair value through profit/loss	53	357
Dividends received – unlisted shares – fair value through profit/loss	–	42
Gains on disposal of property and equipment	–	118
Losses from sale of loans and receivables	(974)	–
Non-trading foreign exchange	204	(817)
Rental income	289	392
Rental income on investment property	723	–
Profit on discontinued operations	–	1,861
Other non-interest income	3,090	1,805
Gain from on bargain purchase	–	1,424
Gain on revaluation of investment property	3,036	–
Other non-interest income	6,421	5,182
Non-interest income	98,747	28,774

21. Operating expenses

	2015 \$'000	2014 \$'000
Operating expenditure		
Administrative expenses	(78,989)	(37,332)
Property lease rentals	(5,076)	(1,917)
Staff costs (note 21.1)	(75,191)	(40,245)
Auditor's remuneration	(2,493)	(1,302)
Depreciation (note 28)	(8,121)	(2,951)
Amortisation charge (note 10)	(9,175)	(3,600)
Directors' remuneration (note 21.2)	(5,851)	(3,799)
	(184,896)	(91,146)

21.1. Staff costs

Accounting for staff costs

The Group applies IAS 19 Employee Benefits in its accounting for most of the components of staff costs.

Short-term employee benefits – Short-term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

	2015 \$'000	2014 \$'000
Salaries	(45,231)	(28,752)
Employer contributions to post-retirement funds	(3,425)	(1,297)
Other staff costs ^{1,2}	(26,535)	(10,196)
	(75,191)	(40,245)

Notes:

1. Included in 2014 other staff costs is an amount of \$7.8 million related to the termination payments made to the exiting BancABC management team in line with the termination contracts concluded on 8 December 2014.
2. Total equity-settled share-based payments costs of \$4.8 million have been included in other staff costs. Other staff costs comprise incentive pay, medical aid contributions, staff training and other staff-related expenses.

21.2. Directors' remuneration

	2015 \$'000	2014 \$'000
Executive Directors		
Salary, performance-related remuneration and other	(4,428)	(3,367)
Non-Executive Directors	(1,423)	(432)
Fees as Director of holding company	(576)	(213)
Fees as Director of subsidiaries	(847)	(219)
Total Directors' remuneration	(5,851)	(3,799)

Details of other transactions and balances with related parties have been disclosed under note 27.

22. Creditors

Refer to accounting policy pertaining to financial instruments.

	2015 \$'000	2014 \$'000
Accruals	17,046	42,158
Other liability accounts	47,778	39,961
	64,824	82,119

Creditors and accruals are due and payable within 12 months.

23. Share-based payment transactions

Accounting for share-based payments

Employees (including senior executives) of the Group receive remuneration in the form of share-based payments, whereby employees render services as consideration for equity instruments (equity-settled transactions). Employees working in the business development group are granted share appreciation rights, which are settled in cash (cash-settled transactions).

Equity-settled transactions

The CoE-settled transactions is determined by the fair value at the date when the grant is made using an appropriate valuation model. That cost is recognised, together with a corresponding increase in other capital reserves in equity, over the period in which the performance and/or service conditions are fulfilled in employee benefits expense. The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The statement of profit or loss expense or credit for a period represents the movement in cumulative expense recognised as at the beginning and end of that period and is recognised in employee benefits expense.

No expense is recognised for awards that do not ultimately vest, except for equity-settled transactions for which vesting is conditional upon a market or non-vesting condition. These are treated as vesting irrespective of whether or not the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

When the terms of an equity-settled award are modified, the minimum expense recognised is the expense had the terms not been modified, if the original terms of the award are met. An additional expense is recognised for any modification that increases the total fair value of the share-based payment transaction, or is otherwise beneficial to the employee as measured at the date of modification.

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of diluted earnings per share and only presented if the result is a loss.

Cash-settled transactions

The cost of cash-settled transactions is measured initially at fair value at the grant date using a binomial model. This fair value is expensed over the period until the vesting date with recognition of a corresponding liability. The liability is remeasured to fair value at each reporting date up to and including the settlement date, with changes in fair value recognised in employee benefits expense.

Critical accounting estimates and judgements

Atlas Mara has entered into equity-settled share-based payment arrangements with its employees and Directors as compensation for services provided. The grant-date fair value of share-based payment awards – i.e. stock options – granted to employees is recognised as personnel expenses, with a corresponding increase in equity, over the period in which the employees become unconditionally entitled to the awards.

The amount recognised as an expense is adjusted to reflect the number of awards for which the related service and non-market performance conditions are expected to be met, such that the amount ultimately recognised as an expense is based on the number of awards that meet the related service and non-market performance conditions at the vesting date. For share-based payment awards with non-vesting conditions, the grant-date fair value of the share-based payment is measured to reflect such conditions and there is no true-up for differences between expected and actual outcomes.

Fair value is determined by using appropriate valuation models. Vesting conditions include service conditions. Vesting conditions are not taken into account in the initial estimate of the fair value at the grant date. They are taken into account by adjusting the number of equity instruments included in the measurement of the share-based payment transaction.

In determining the grant date fair value of the equity-settled share-based payments, the Group has made key assumptions in relation to inputs included in the valuation methodology, the most significant thereof, relating to the expected volatility of the Atlas Mara shares. In making these assumptions the following were taken into account to determine a proxy volatility:

- Volatility of the traded shares of the significant investments held by the Group.
- Volatilities of peer group companies in the same markets as the significant investments.

a. Description of share-based payment arrangements

During the financial year, Atlas Mara established three share-based remuneration arrangements for key management, Directors and employees. Currently these programmes are limited to Directors, key management and senior employees. The key terms and conditions related to these arrangements are listed below. All options/grants are settled by the physical delivery of shares. A number of options were granted to employees to buy Atlas Mara shares, as traded on the London Stock Exchange, in the future at a predetermined price (strike price).

Summary of Share Options Scheme operation

IPO options

The options were granted to Non-Executive Directors. The options vested on the grant date (17 December 2013). All vested options expire five years from the date of completion of the BancABC acquisition.

Employee/consultant options

These options were granted to employees and consultants of Atlas Mara. These options were granted under terms similar to the Atlas Mara Global Share plan. Under this plan the employee/consultant is required to remain employed or engaged with the Group during the vesting period. Requirements are subject to Board discretion. One-third of the options vests on the grant date (8 September 2014 and 15 November 2014 respectively), one-third of the options vests on the first anniversary of the grant date and the remaining third vests on the second anniversary of the grant date. All vested options expire seven years from the grant date. Management indicated that the employees are not entitled to dividends (if any) prior to the vesting date, nor will they receive the value of the dividends that they would have earned if they had been the owner of the shares from grant date.

Summary of Share Awards Scheme operation

Award A

The employee must remain in the employment of Atlas Mara for the duration of the vesting period in order to be eligible to receive the shares.

34.2% of the awards vests on the grant date, 8 September 2014, 29.2% of the awards vests on 1 April 2015, 21.9% of the awards vests on 1 April 2016, and the remaining 14.7% vests on 1 April 2017.

The employees are not entitled to dividends (if any) prior to the vesting date, nor will they receive the value of the dividends that they would have earned if they had been the owner of the shares from grant date.

Award B

The employee must remain in the employment of Atlas Mara for the duration of the vesting period in order to be eligible to receive the shares.

The awards vest on 17 November 2014, 31 October 2015 and 1 April 2016.

The employees are not entitled to dividends (if any) prior to the vesting date, nor will they receive the value of the dividends that they would have earned if they had been the owner of the shares from grant date.

Awards C-E

The employee must remain in the employment of the Group for the duration of the vesting period in order to be eligible to receive the shares.

The vesting of the shares occur on variable dates as summarised below.

The employees are not entitled to dividends (if any) prior to the vesting date, nor will they receive the value of the dividends that they would have earned if they had been the owner of the shares from grant date.

23. Share-based payment transactions continued

b. Measurement of fair values

The fair value of the IPO, employee and key management scheme and the key management share grants have been measured using the risk-neutral valuation principles. Service conditions attached to the transactions were not taken into account in the measurement of fair value. The inputs used in the measurement of the grant date fair value of the equity-settled arrangements are as follows:

	Share Options Scheme				
	IPO options	Employee options			
Grant date	17 December 2013	8 September 2014	15 November 2014	31 March 2015	19 November 2015
	17 December 2013	8 September 2014	15 November 2014	31 March 2015	19 November 2015
Vesting dates	–	8 September 2015	15 November 2015	31 March 2016	19 November 2016
	–	8 September 2016	15 November 2016	31 March 2017	19 November 2017
	–	8 September 2021	15 November 2021	–	–
Expiry date	21 August 2019			31 March 2022	19 November 2015

	Share Awards Scheme				
	Award A	Award B	Award C	Award D	Award E
Grant date	8 September 2014	15 November 2014	31 March 2015	19 November 2015	14 December 2015
	8 September 2014	17 November 2014	31 March 2015	1 March 2016	14 December 2015
Vesting dates	1 April 2015	31 October 2015	31 March 2016	1 March 2017	1 March 2017
	1 April 2016	1 April 2016	31 March 2017	1 March 2018	1 March 2018
	1 April 2017	–	–	–	–

Number of options and awards granted

The following tables contain the number of options and awards granted per grant date:

Share Options Scheme	
Grant date	Number of options granted
17 December 2013	125,000
8 September 2014	943,000
15 November 2014	145,000
31 March 2015	1,016,000
19 November 2015	123,333

Share Awards Scheme	
Grant date	Number of options granted
17 December 2013	161,527
8 September 2014	300,482
31 March 2015	69,659
19 November 2015	100,421
1 March 2015	96,845

Risk-free curve

The risk-free interest rate indicates the rate of interest that can be earned without assuming any risks over a specified time period. The US dollar swap curves as at the respective grant dates were independently sourced from Bloomberg.

Dividend yield

A dividend yield of 2% as an average over the period was used.

Volatility

Based on analysis of the above volatilities and industry experience, a volatility of 35% was applied in the valuation as at all the grant dates during 2014 and a volatility of 40% for 2015 grants.

Valuation results

Share Options Scheme

Based on the aforementioned inputs and assumptions, we obtained the following results. The tables below contain the amortisation schedules per grant made. Note that the value as at 31 December 2015 is the cumulative expense as at 31 December 2015.

Movements during the year

The following table illustrates the number and weighted average exercise prices ('WAEP') of, and movements in, share options during the year:

Granted during the year	1,284,333
Forfeited during the year	–
Exercised during the year	–
Expired during the year	–

The weighted average remaining contractual life for the share options outstanding as at 31 December 2015 was:

IPO options	3.96
Employee options	6.72
Award A	1.19
Award B	1.07
Award C	1.19
Award D	2.1
Award E	2.1

The range of exercise prices for options outstanding at the end of the year was 5.60-11.50.

The weighted average fair value of options granted during the year was 1,922,684.

Valuation models and key assumptions used

The following tables list the inputs to the models used for the year ended 31 December 2015:

Dividend yield (%)	2.00
Expected volatility (%)	40
Risk-free interest rate (%)	1.83
Expected life of share options (years)	2.5-4.5
Weighted average share price (\$)	10.11
Model used	Black Scholes

The expected life of the share options is based on historical data and current expectations and is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility over a period similar to the life of the options is indicative of future trends, which may not necessarily be the actual outcome.

Valuation report information

Spot prices

The following share prices per Atlas Mara share, as traded on the London Stock Exchange, as at the respective grant dates, were sourced from Bloomberg:

Grant date	Spot price (\$)
17 December 2013	10.90
8 September 2014	10.10
15 November 2014	9.50
17 November 2014	9.35
31 March 2015	7.00
19 November 2015	5.68

23. Share-based payment transactions continued

Strike prices

The following strike prices relating to the share options granted were provided by management:

Grant date	Strike price (\$)
17 December 2013	11.50
8 September 2014	11.00
15 November 2014	9.50
31 March 2015	7.18
19 November 2015	5.68

Fair values

		IPO options			
Grant date	Vesting date	Fair value per option (\$)	Number of options granted	December 2014 (\$)	Totals (\$)
17 December 2013	17 December 2013	2.00	41,667	83,495	83,495
17 December 2013	17 December 2013	2.19	41,667	91,176	91,176
17 December 2013	17 December 2013	2.35	41,667	97,949	97,949
		Totals	125,001	272,620	272,620

		Employee options					
Grant date	Vesting date	Fair value per option (\$)	Number of options granted	December 2014 (\$)	December 2015 (\$)	December 2016 (\$)	Totals (\$)
08 September 2014	08 September 2014	2.15	314,333	677,003	—	—	677,003
08 September 2014	08 September 2015	2.30	314,333	225,808	497,175	—	722,983
08 September 2014	08 September 2016	2.43	314,333	119,244	381,789	263,591	764,624
15 November 2014	15 November 2014	2.29	48,333	110,464	—	—	110,464
15 November 2014	15 November 2015	2.41	48,333	14,700	101,944	—	116,644
15 November 2014	15 November 2016	2.53	48,333	7,691	61,026	53,502	122,219
31 March 2015	31 March 2015	1.71	338,667	—	580,580	—	580,580
	31 March 2016	1.82	338,667	—	463,456	—	463,456
	31 March 2017	1.93	338,667	—	245,972	327,366	573,338
19 November 2015	19 November 2015	1.55	123,333	—	190,603	190,603	381,206
	19 November 2016	1.71	123,333	—	24,302	211,198	235,500
	19 November 2017	1.82	123,333	—	12,918	125,318	138,236
		Totals	2,473,998	1,154,910	2,559,765	1,171,578	4,886,253

Share awards scheme

		Award A						
Grant date	Vesting date	Fair value per award (\$)	Number of awards granted	December 2014 (\$)	December 2015 (\$)	December 2016 (\$)	December 2017 (\$)	Totals (\$)
08 September 2014	08 September 2014	10.10	102,765	1,037,925	–	–	–	1,037,925
08 September 2014	01 April 2015	9.99	87,741	487,299	388,984	–	–	876,283
08 September 2014	01 April 2016	9.79	65,806	128,607	411,768	103,788	–	644,163
08 September 2014	01 April 2017	9.60	44,171	51,619	165,272	165,725	41,205	423,821
		Totals	300,483	1,705,450	966,024	269,513	41,205	2,982,192

		Award B						
Grant date	Vesting date	Fair value per award (\$)	Number of awards granted	December 2014 (\$'000)	December 2015 (\$'000)	December 2016 (\$'000)		Totals (\$'000)
15 November 2014	17 November 2014	9.35	53,837	503,375	–	–		503,375
15 November 2014	31 October 2015	9.16	53,837	59,479	433,929	–		493,408
15 November 2014	1 April 2016	9.10	53,853	43,024	356,907	89,960		489,891
		Totals	161,527	605,878	790,836	89,960		1,486,674

		Award C						
Grant date	Vesting date	Fair value per award (\$)	Number of awards granted	December 2014 (\$'000)	December 2015 (\$'000)	December 2016 (\$'000)		Totals (\$'000)
31 March 2015	31 March 2015	7	338,667	–	162,538	–		162,538
31 March 2015	31 March 2016	6.86	338,667	–	40,045	39,610		79,655
31 March 2015	31 March 2017	6.73	338,667	–	19,653	19,439		39,092
		Totals	1,016,001	–	222,236	59,049		281,285

		Award D						
Grant date	Vesting date	Fair value per award (\$)	Number of awards granted	December 2014 (\$'000)	December 2015 (\$'000)	December 2016 (\$'000)		Totals (\$'000)
19 November 2015	1 March 2016	5.64	100,421	–	231,711	566,691		798,402
19 November 2015	1 March 2017	5.53	96,845	–	48,119	466,802		514,921
19 November 2015	1 March 2018	5.42	32,240	–	8,820	85,560		94,380
		Totals	229,506	–	288,650	1,119,053		1,407,703

		Award E						
Grant date	Vesting date	Fair value per award (\$)	Number of awards granted	December 2014 (\$)	December 2015 (\$)	December 2016 (\$)		Totals (\$)
14 December 2015	14 December 2015	5.6	1,191	–	6,670	6,670		13,340
14 December 2015	1 March 2017	5.47	1,191	–	250	5,626		5,876
14 December 2015	1 March 2018	5.36	1,190	–	134	3,020		3,154
		Totals	3,572	–	7,054	15,316		22,370

24. Cash and short-term funds

Cash and cash equivalents comprises of balances with banks that are short-term highly liquid investments with an original maturity of three months or less that are readily convertible into known amounts of cash.

Cash and cash equivalents are carried at amortised cost in the statement of financial position.

	2015 \$'000	2014 \$'000
Cash on hand	52,440	32,279
Balances with central banks	51,462	55,274
Balances with other banks	80,244	227,214
Other cash balances	981	–
Money market placements maturing within three months	57,898	–
Cash and cash equivalents	243,025	314,767
Statutory reserve balances	77,657	95,018
	320,682	409,785

Statutory reserve balances are restricted minimum statutory balances not available for the banking operations' daily operations. These balances do not accrue interest.

25. Tax

25.1. Income tax expense

	2015 \$'000	2014 \$'000
Current tax expense		
Current year tax expense	8,661	(3,796)
Tax on share of profit or associates	–	(36)
Withholding tax	2	208
Bank levies	3	7
	8,666	(3,617)
Deferred tax		
Accruals	(531)	9,206
Impairment losses	(1,273)	588
Property and equipment	(512)	329
Investment property	120	–
Gains/(losses) from investments	413	(1,098)
Utilisation of assessed losses	(1,466)	–
Impairment of deferred tax assets	75	–
Other	46	–
At acquisition adjustments	1,282	–
Total deferred tax	(1,846)	9,025
Total tax expense per statement of profit/loss	6,820	5,408
Reconciliation of effective tax charge:		
Profit/(loss) before tax	19,181	(58,044)
Income tax using corporate tax rates	3,672	1,902
Non-taxable income	2,706	1,727
Effect of share of loss of associates	–	(428)
Tax exempt revenues	26	–
Tax incentives	(1,030)	–
Bank levies	(3)	(1)
Tax on dividends received	–	209
Income tax at different rates	943	327
Unrecognised deferred tax	(627)	–
Rate differential	(1,782)	–
Minimum tax charge	40	–
Tax and fair value losses of prior years claimed	–	1,672
Other	2,875	–
Current tax expense per statement of profit/(loss)	6,820	5,408
Effective tax rate	36%	-9%

25.2. Income tax effects relating to components of other comprehensive income

	2015			2014		
	Before tax \$'000	Tax charge \$'000	After tax \$'000	Before tax \$'000	Tax charge \$'000	After tax \$'000
Exchange differences on translating foreign operations	(88,232)	–	(88,232)	(1,483)	–	(1,483)
Net investment hedge	(3,496)	–	(3,496)	–	–	–
Revaluation of property net of deferred tax	3,642	(245)	3,397	–	–	–
Share of reserves in associate	13,648	–	13,648	–	–	–
Movement in available-for-sale reserves	481	–	481	13	–	13
Other comprehensive income	(73,957)	(245)	(74,202)	(1,470)	–	(1,470)

25.3. Deferred tax

	2015 \$'000	2014 \$'000
Balance at the beginning of the year	(13,326)	–
Acquired through business combinations	–	(18,750)
Exchange rate adjustment	4,459	477
Statement of profit or loss charge (note 25.1)	1,846	4,947
Deferred tax on amounts charged to equity	(245)	–
	(7,266)	(13,326)
Disclosed as follows:		
Deferred tax asset	8,130	–
Deferred tax liability	(15,396)	(13,326)
	(7,266)	(13,326)

Tax effects of temporary differences:

Accruals	1,554	435
Bond with warrant deferred tax	845	106
Impairment losses	11,917	–
Property and equipment	(3,521)	1,826
Investment property	72	–
Unrealised gains on investment	(2,173)	1,881
Revaluation surplus	(1,080)	191
Tax losses	1,923	–
At acquisition adjustments	(19,482)	(17,765)
Other	2,679	–
	(7,266)	(13,326)

Amount for which no deferred tax assets are recognised:

	2015 \$'000	2014 \$'000
Deductible temporary difference	–	–
Unused tax losses	31,297	19,612
Unused tax credits	–	–

The unutilised deferred tax asset relates mainly to tax losses in ABCH (\$6.8 million), BancABC Tanzania (\$12.0 million) and Tanzania Development Finance Limited (\$15.2 million). Tax losses for ABCH will be utilised by charging management fees or interest on finance provided to subsidiaries. For BancABC Tanzania, new revenue streams will be applied to utilise the tax loss. The deferred tax assets for Tanzania Development Finance Limited which are largely due to timing differences on loan impairments, are expected to be utilised as the loan impairment cases are either resolved or amounts permanently written off.

26. Offsetting financial assets and liabilities

During the current year, there was no offsetting of financial assets and liability.

	Gross amounts of recognised financial liabilities \$'000	Gross amount of recognised financial assets offset in the financial position \$'000	Net amount of financial liabilities presented in the statement of financial position \$'000	Related amounts not offset in the statement of financial position		Net amount \$'000
				Financial instruments \$'000	Cash collateral pledged \$'000	
31 December 2014						
Types of financial liabilities						
Derivatives held for risk management	5,902	(4,551)	1,351	–	4,003	5,354
Total	5,902	(4,551)	1,351	–	4,003	5,354

The gross amounts of financial assets and financial liabilities and their net amounts as presented in the statement of financial position that are disclosed in the above tables are measured in the statement of financial position on the following basis:

- derivative assets and liabilities – fair value.
- loans and advances to customers – amortised cost.
- customer deposits – amortised cost.

The amounts in the tables that are offset in the statement of financial position are measured on the same basis.

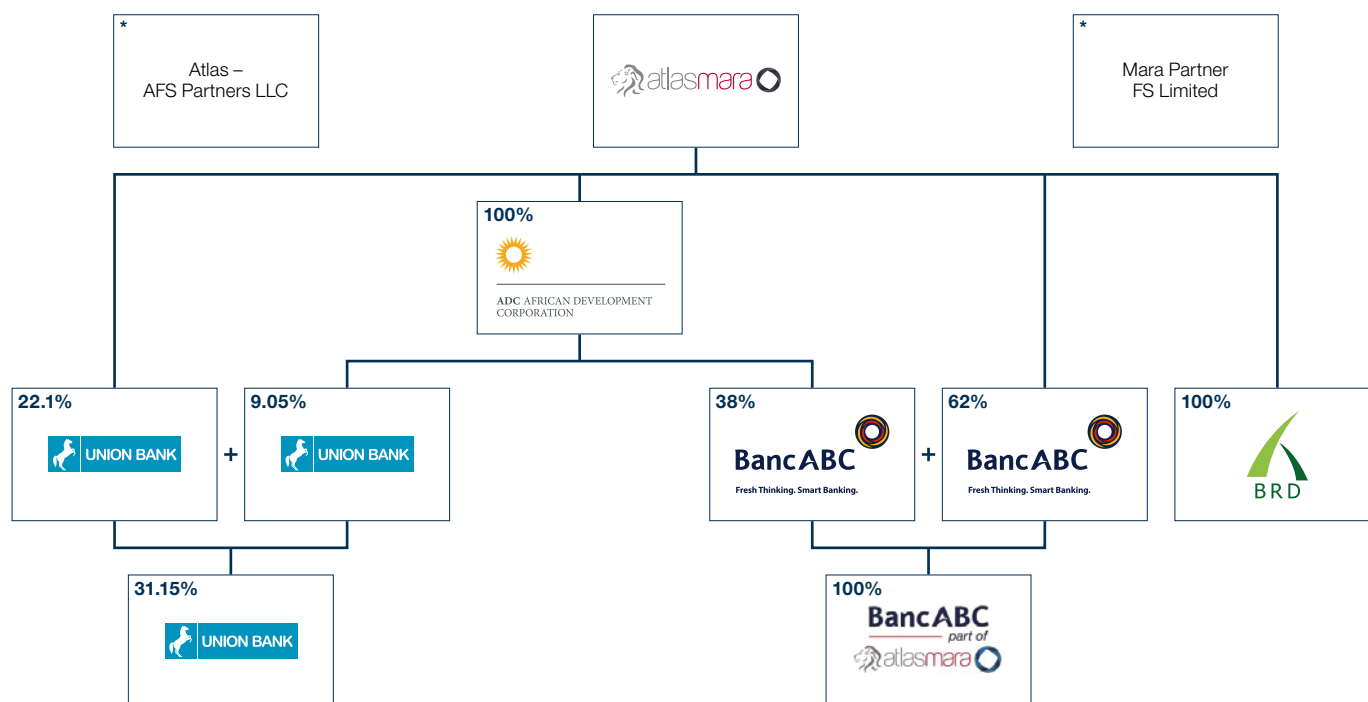
The table below reconciles the net amounts of financial assets and financial liabilities presented in the statement of financial position, as set out above, to the line items presented in the statement of financial position.

	Net amounts \$'000	Carrying amount in the statement of financial position \$'000	Financial liabilities not in scope of offsetting disclosures \$'000
31 December 2014			
Types of financial liabilities			
Derivatives held for risk management	1,351	6,280	518
Total	1,351	6,280	518

27. Related parties

Related party transactions are a normal feature of business and are disclosed in terms of IAS 24. Related party transactions may affect the assessment of operations, risk and opportunity facing the organisation.

Nature of related party relationships:



Notes:

* These represent the founder shareholders' affiliated group of companies.

Related party transactions:

Related party:	2015			
	Management fees \$'000	Interest income/expense \$'000	Others \$'000	Total \$'000
Transactions between Atlas Mara and ABCH	4,079	–	5,243	9,322
Transactions between Atlas Mara and BancABC subsidiaries	3,373	–	–	3,373
Transactions between ABCH and BancABC subsidiaries	11,781	(7,156)	–	4,625
Transactions between Atlas Mara and ADC AG	–	(83)	–	(83)
Transactions between Atlas Mara and founder shareholders' affiliated companies			2,699	2,699
	19,233	(7,239)	7,942	19,936

Related party balances:

	2015				
	Loans to Group companies \$'000	Cash and cash equivalents \$'000	Loans from Group companies \$'000	Other \$'000	Total \$'000
Related party:					
Balances between Atlas Mara and ABCH	50,000	–	–	13,341	63,341
Balances between Atlas Mara and BancABC subsidiaries	10,000	–	–	–	10,000
Balances between ABC Holdings and BancABC subsidiaries	51,790	32,072	(67,646)	(2,321)	13,895
Balances between Atlas Mara and BRD Commercial	–	–	(541)	–	(541)
Balances between Atlas Mara and Atlas Mara Financial Services Limited	–	–	(6,583)	–	(6,583)
Balances between Atlas Mara and founder shareholders' affiliated companies	–	–	–	1,950	1,950
	111,790	32,072	(74,770)	12,970	82,062

Related party transactions:

Related party:	2014			
	Management fees paid \$'000	Interest income/expense \$'000	Others \$'000	Total \$'000
Transactions between Atlas Mara and ABCH	–	–	–	–
Transactions between ABCH and BancABC subsidiaries	(6,077)	(2,048)	–	(8,125)
Transactions between Atlas Mara and ADC		22	–	22
Transactions between Atlas Mara and founder shareholders' affiliated companies	–	–	3,700	3,700
	(6,077)	(2,026)	3,700	(4,403)

27. Related parties continued

Related party balances:

Related party:	2014				Total \$'000
	Loans to Group companies \$'000	Cash and cash equivalents \$'000	Loans from Group companies \$'000	Other \$'000	
Balances between Atlas Mara and ABCH	20,000	–	–	–	20,000
Balances between Atlas Mara and African Development Corporation AG	7,427	–	–	–	7,427
Balances between ABC Holdings and BancABC subsidiaries	63,077	140	(7,861)	(1,202)	54,154
Balances between Atlas Mara and founder shareholders' affiliated companies	–	–	–	789	789
	90,504	140	(7,861)	(413)	82,370

Directors' emoluments

This is disclosed under note 21.2

28. Property and equipment

Motor vehicles, computer and office equipment and furniture and fittings

Motor vehicles, computer and office equipment and furniture and fittings has been measured at cost less accumulated depreciation and any accumulated impairment losses. Any gain or loss on disposal of these items is recognised within other income in profit or loss.

Property

The Group has applied the fair value model to land and buildings.

A revaluation surplus is recorded in OCI and credited to the asset revaluation surplus in equity. However, to the extent that it reverses a revaluation deficit of the same asset previously recognised in profit or loss, the increase is recognised in profit or loss. A revaluation deficit is recognised in the statement of profit or loss, except to the extent that it offsets an existing surplus on the same asset recognised in the asset revaluation reserve.

An annual transfer from the asset revaluation reserve to retained earnings is made for the difference between depreciation based on the revalued carrying amount of the asset and depreciation based on the asset's original cost. Additionally, accumulated depreciation as at the revaluation date is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. Upon disposal, any revaluation reserve relating to the particular asset being sold is transferred to retained earnings.

General

Subsequent expenditure is capitalised only when it is probable that the future economic benefits of the expenditure will flow to the Group. Ongoing repairs and maintenance are expensed as incurred.

Depreciation is calculated to write off the cost of items of property and equipment less their estimated residual values using the straight-line method over their estimated useful lives, and is generally recognised in profit or loss. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term.

Land is not depreciated.

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

The estimated useful lives of significant items of property and equipment are as follows:

- buildings 40 years;
- IT equipment 3-5 years; and
- fixtures and fittings 5-10 years.

The estimated useful lives are from the original purchase date.

31 December 2015	Land and buildings ¹ \$'000	Other ² \$'000	Total \$'000
Cost or valuation			
Opening balance	57,825	27,008	84,833
Exchange rate adjustment	(5,573)	12,811	7,238
Additions	915	7,905	8,820
Revaluations surplus (gross of deferred tax)	3,397	–	3,397
Reclassifications to investment property	(1,604)	–	(1,604)
Reclassifications from investment property	2,415	–	2,415
Disposals	(4,794)	(76)	(4,870)
Cost or valuation at 31 December 2015	52,581	47,648	100,229
Accumulated depreciation			
Opening balance	(736)	(1,388)	(2,124)
Exchange rate adjustment	(9,045)	(17,370)	(26,415)
Additions	–	–	–
Disposals	353	60	413
Released on revaluation	511	25	536
Charge for the year	(2,013)	(6,108)	(8,121)
Accumulated depreciation at 31 December 2015	(10,930)	(24,781)	(35,711)
Carrying amount at 31 December 2015	41,651	22,867	64,518

As at 31 December 2015, land and buildings with a carrying amount of \$2.7 million (2014: \$2.9 million) were subject to a registered debenture that forms security for loans from other financial institutions (see note 13).

31 December 2014	Land and buildings ¹ \$'000	Other ² \$'000	Total \$'000
Acquired through business combinations	58,988	26,414	85,402
Exchange rate adjustment	(2,019)	(1,655)	(3,674)
Additions	856	2,263	3,119
Disposals	–	(14)	(14)
Cost or valuation at 31 December 2014	57,825	27,008	84,833
Accumulated depreciation at 31 December 2014			
Exchange rate adjustment	177	638	815
Disposals	–	12	12
Charge for the year	(913)	(2,038)	(2,951)
Accumulated depreciation at 31 December 2014	(736)	(1,388)	(2,124)
Carrying amount at 31 December 2014	57,089	25,620	82,709

Notes:

1. Land and buildings are revalued by independent professional valuers, having appropriate recognised professional qualifications and recent experience in the location and category of property being valued, based on open market value every three years.
2. 'Other' consists of motor vehicles, computer and office equipment and furniture and fittings.

29. Investment property

Investment property is initially measured at cost and subsequently at fair value, with any change recognised in profit or loss within other income.

When the use of a property changes such that it is reclassified as property and equipment, its fair value at the date of reclassification becomes its cost for subsequent accounting.

Investment property is stated at fair value determined annually by an independent registered valuer under hyper-inflationary economies, otherwise at least once every three years.

	2015 \$'000	2014 \$'000
Acquired through business combinations	–	2,692
Opening balance	2,696	–
Exchange rate adjustment	4,891	(37)
Fair value gain/(loss)	3,036	(181)
Reclassification to property and equipment	(811)	–
Additions	2,167	222
Balance at end of the year	11,979	2,696
Rental income on investment property	289	–
Direct operating expenses recognised in the statement of comprehensive income	–	–
Indirect expenses relating to investment property that was unlet	115	–

Investment property comprises commercial properties that are leased to third parties. Investment properties are stated at fair value, which has been determined based on valuations performed by an accredited independent valuer, as at 31 December 2015, who is a specialist in valuing these types of investment properties.

The Group has no restrictions on the realisability of its investment properties and no contractual obligations to either purchase, construct or develop investment properties or for repairs, maintenance and enhancements.

30. Funds under management

	2015 \$'000	2014 \$'000
Funds under management	88,555	83,493

The Group provides asset management and unit trust activities to pension funds, individuals, trusts and other institutions, whereby it holds and manages assets.

The Group receives a management fee for providing these services. The Group is not exposed to any credit risk relating to such placements as these do not represent assets held by the Group.

31. Earnings per share

Accounting for earnings per share ('EPS')

The Group presents basic and diluted EPS data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss that is attributable to ordinary shareholders of the Group by the weighted-average number of ordinary shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss that is attributable to ordinary shareholders and the weighted-average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares, which comprise share options granted to employees.

	2015 \$'000	2014 \$'000
Earnings/(loss)		
Profit/(loss) for the period	11,251	(63,119)
		–
Basic and diluted earnings	11,251	(63,119)
Weighted-average ordinary shares (number of shares)		
Recognised as treasury shares	(1,754)	(134)
Ordinary shares issued during the period	73,709	47,041
Weighted-average ordinary shares (number of shares)	71,955	46,907
Diluted number of ordinary shares (number of shares)		
Diluted shares	66	–
Total diluted number of ordinary shares (number of shares)	72,021	46,907
Basic earnings/(loss) per share	0.16	(1.35)
Diluted earnings/(loss) per share	0.16	(1.35)

32. Fair value of financial assets and liabilities

Fair value determination

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at measurement date.

The fair values of quoted investments are based on current bid prices. If the market for a financial asset is not active (and for unlisted securities), the Group establishes fair value by using valuation techniques. These include the use of recent arm's-length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, and option pricing models making maximum use of market inputs and relying as little as possible on entity-specific inputs.

The Group classifies fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- quoted prices (unadjusted) in active markets for identical assets or liabilities (**level 1**);
- inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices) (**level 2**); and
- inputs for the asset or liability that are not based on observable market data (unobservable inputs) (**level 3**).

The level in the fair value hierarchy within which the fair value measurement is categorised in its entirety is determined on the basis of the lowest level input that is significant to the fair value measurement in its entirety. For this purpose, the significance of an input is assessed against the fair value measurement in its entirety. If a fair value measurement uses observable inputs that require significant adjustment based on unobservable inputs, that measurement is a level 3 measurement. Assessing the significance of a particular input to the fair value measurement in its entirety requires judgement, considering factors specific to the asset or liability.

Fair value determination as included in the measurement and disclosure requirements of IFRS 13 is applicable to all elements of the statement of financial position, and not only financial instruments.

32. Fair value of financial assets and liabilities continued

The following table shows the Group's assets and liabilities that are held at fair value disaggregated by fair value hierarchy:

	31 December 2015			Total at fair value \$'000
	Quoted prices Level 1 \$'000	Significant observable inputs Level 2 \$'000	Significant unobservable inputs Level 3 \$'000	
Assets measured at fair value:				
<i>Other financial assets held for trading</i>				
Government bonds	–	36,461	–	36,461
Treasury bills	–	147,982	–	147,982
Corporate bonds	–	5,907	–	5,907
<i>Fair value option</i>				
<i>Designated at fair value</i>				
Listed equities	798	–	–	798
Unlisted equities	–	–	12,535	12,535
Property units	–	–	10	10
<i>Derivative financial instruments</i>				
Cross-currency interest swaps	–	502	–	502
Forward foreign exchange contracts	–	1,137	–	1,137
<i>Available-for-sale investments</i>				
Unlisted equities	–	642	84	726
Unlisted investment	–	15,842	–	15,842
Fair value hierarchy for financial assets	798	208,473	12,629	221,900
Liabilities measured at fair value:				
<i>Derivative financial instruments</i>				
Cross-currency interest swaps	–	674	–	674
Forward foreign exchange contracts	–	62	–	62
Equity derivatives	–	4,455	–	4,455
<i>Borrowed funds</i>	–	–	57,028	57,028
Liabilities for which fair values are disclosed:				
Borrowed funds	–	251,750	–	251,750
Fair value hierarchy for financial liabilities	–	256,941	57,028	313,969

	31 December 2014			
	Quoted prices Level 1 \$'000	Significant observable inputs Level 2 \$'000	Significant unobservable inputs Level 3 \$'000	Total at fair value \$'000
Assets measured at fair value:				
<i>Other financial assets held for trading</i>				
Government bonds	–	18,975	–	18,975
Treasury bills	–	116,052	–	116,052
Corporate bonds	–	9,740	–	9,740
<i>Fair value option</i>				
Listed equities	948	–	–	948
Unlisted equities	–	–	10,878	10,878
<i>Derivative financial instruments</i>				
Forward foreign exchange contracts	–	62	–	62
<i>Available-for-sale investments</i>				
Unlisted equities	–	–	1,334	1,334
Listed equities	644	138,397	–	139,041
Assets for which fair values are disclosed				
Disposal Groups for sale	–	9,516	1,849	11,365
Financial investments held-to-maturity				
Unlisted equities	–	5,586	–	5,586
Fair value hierarchy for financial assets	1,592	298,328	14,061	313,981
Liabilities measured at fair value				
<i>Derivative financial instruments</i>				
Equity derivatives	–	–	2,777	2,777
Cross-currency interest swaps used for hedging	–	1,348	–	1,348
Borrowed funds	–	60,470	–	60,470
Deposits	–	1,530,981	–	1,530,981
Liabilities for which fair values are disclosed				
Borrowed funds	–	242,702	–	242,702
Fair value hierarchy for financial liabilities	–	1,835,501	2,777	1,838,278

There were no transfers between level 1 and 2 in the current period.

32. Fair value of financial assets and liabilities continued

Level 3 fair value movements

The following table shows a reconciliation from the beginning balances to the ending balances for fair value measurements in level 3 of the fair value hierarchy:

31 December 2015						
	Trading securities \$'000	Trading derivatives \$'000	Debt or equity investments \$'000	Total assets at fair value \$'000	Derivative financial liabilities \$'000	Total liabilities at fair value \$'000
Opening balance	–	–	12,867	12,867	2,777	2,777
Total gains or losses	–	–	–	–	–	–
– in profit/(loss)	–	–	2,364	2,364	–	–
Purchases	–	–	76	76	–	–
Issues	–	–	(4,592)	(4,592)	–	–
Settlements	–	–	–	–	(2,777)	(2,777)
Exchange rate adjustment	–	–	1,914	1,914	–	–
Closing balance	–	–	12,629	12,629	–	–

31 December 2014						
	Trading securities \$'000	Trading derivatives \$'000	Debt or equity investments \$'000	Total assets at fair value \$'000	Derivative financial liabilities \$'000	Total liabilities at fair value \$'000
Opening balance	–	–	15,392	15,392	2,705	2,705
Total gains or losses	–	–	–	–	–	–
– in profit/(loss)	–	–	6,671	6,671	–	–
– in other comprehensive income	–	–	701	701	–	–
Purchases	–	–	–	–	288	288
Exchange rate adjustment	–	–	(11,263)	(11,263)	(216)	(216)
Transfer into level 3	–	–	1,366	1,366	–	–
Closing balance	–	–	12,867	12,867	2,777	2,777

Total gains or losses for the year in the above table are presented in the statement of comprehensive income as follows:

31 December 2015						
	Trading securities \$'000	Trading derivatives \$'000	Debt or equity investments \$'000	Total assets at fair value \$'000	Derivative financial liabilities \$'000	Total liabilities at fair value \$'000
Total gains or losses in profit/loss for the year:	–	–	–	–	–	–
Rental income	158	–	–	158	–	–
Total gains or losses recognised in other comprehensive income	158	–	–	158	–	–

31 December 2014						
	Trading securities \$'000	Trading derivatives \$'000	Debt or equity investments \$'000	Total assets at fair value \$'000	Derivative financial liabilities \$'000	Total liabilities at fair value \$'000
Total gains or losses in profit/loss for the year:	–	–	–	–	–	–
Net income from other financial instruments carried at fair value	–	–	(748)	(748)	434	434
Total gains or losses recognised in other comprehensive income	–	–	(748)	(748)	434	434

Description of significant unobservable inputs to valuation

The table below sets out information about significant unobservable inputs used at year end in measuring financial instruments categorised as level 2 and 3 in the fair value hierarchy.

Type of financial instrument	Valuation technique	Significant unobservable input	Range of estimates (weighted average) for unobservable input
Government debt	This includes government bonds and treasury bills. Liquid government bonds that are actively traded through an exchange or clearing house are marked-to-market. Less liquid bonds are valued using observable market prices which are sourced from broker quotes, inter-dealer prices or other reliable pricing services. Where there are no observable market prices, a proxy curve is constructed by using the US interest rate swap yield curve and adding a spread indicative of the inherent risk relating to credit, liquidity and for the sovereign risk of the government debt.	Discount rate where no traded market exists.	12-22%
Corporate debt	This includes corporate bonds which are valued using observable market prices which are sourced from broker quotes, inter-dealer prices or other reliable pricing services. Where there are no observable market prices, a proxy curve is constructed by using the US interest rate swap yield curve and adding a spread indicative of the inherent risk relating to credit, liquidity and for the sovereign risk of the corporate debt.	Discount rate where no traded market exists.	12-18%
Unlisted equities and investments	Market comparison technique: The valuation model is based on market multiples derived from quoted prices of companies comparable to the investee on actual EBITDA for the year ended 31 December 2015. The estimate is adjusted for the effect of the non-marketability of the equity securities.	Adjusted price to book ratio Adjusted EV/EBITDA	12-25%

Sensitivity analysis

For the fair values of unlisted equities – designated at fair value through profit or loss, reasonably possible changes at the reporting date to one of the significant unobservable inputs, holding other inputs constant, would have the following effects:

	31 December 2015			
	Profit or loss		Equity	
	Increase \$'000	Decrease \$'000	Increase \$'000	Decrease \$'000
Average price to book ratio (5% movement)	132	(132)	9	(9)
Book value (2% movement)	20	(20)	14	(14)
Adjusted EV/EBITDA (5% movement)	9	(9)	9	(9)
EBITDA (2% movement)	462	(462)	4	(4)

	31 December 2014			
	Profit or loss		Equity	
	Increase \$'000	Decrease \$'000	Increase \$'000	Decrease \$'000
Average price to book ratio (5% movement)	164	(164)	115	(115)
Book value (2% movement)	66	(66)	46	(46)
Adjusted EV/EBITDA (5% movement)	896	(896)	627	(627)
EBITDA (2% movement)	358	(358)	251	(251)

32. Fair value of financial assets and liabilities continued

Impact on fair value of level 3 financial instruments measured at fair value of changes to key assumptions:

The following table shows the impact on the fair value of level 3 financial instruments of using reasonably possible alternative assumptions by class of instrument. The positive and negative effects are approximately the same.

	31 December 2015		31 December 2014	
	Carrying amount \$'000	Effect of reasonably possible alternative assumptions \$'000	Carrying amount \$'000	Effect of reasonably possible alternative assumptions \$'000
Financial assets				
<i>Fair value option</i>				
Unlisted equities	–	–	12,726	1,483
<i>Available-for-sale investments</i>				
Unlisted equities	83	–	139,821	13,982
Financial liabilities				
<i>Derivative financial instruments</i>				
Equity derivatives	–	–	2,777	994

33. Off-balance sheet items

Offsetting financial instruments

Financial assets and liabilities are offset and the net amount is reported in the statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the asset and settle the liability simultaneously. Deferred loan income reduces the outstanding loans and advances balance on the basis that the revenue will be recognised over the terms of the loans.

Effective for periods ending 31 December 2015 the offsetting requirements were clarified. In terms of the amendment it was confirmed that 'legal enforceable right to set off' is not contingent on a future event and enforceable both in the normal course of business and in the event of default, insolvency or bankruptcy of the entity and counterparties. The revised guidance did not affect the Group.

The amendments further introduced additional disclosures. Where applicable, the Group has implemented these disclosures.

a. Loan commitments and other financial facilities

The timing profile of the contractual amounts of the Group's off-balance sheet financial instruments that commit it to extend credit to customers and other facilities for the year ended 31 December 2015 are summarised below:

	2015 \$'000	2014 \$'000
Guarantees	52,271	81,892
Letters of credit	5,423	49,553
Forward contracts and currency swaps	10,434	103,119
Other contingent liabilities	37,557	–
	105,685	234,564

Maturity analysis of loan commitments

Less than one year	91,039	122,089
Between one and five years	14,646	9,356
Over five years	–	–
	105,685	131,445

b. Capital commitments

Approved and contracted for	16,048	–
Approved but not contracted for	6,918	3,508
	22,966	3,508

Funds to meet these commitments will be provided from existing Group resources.

34. Non-current assets and liabilities held-for-sale

Non-current assets held-for-sale

The Group classifies non-current assets and disposal groups as held for distribution to equity holders of the parent if their carrying amounts will be recovered principally through a distribution rather than through continuing use. Such non-current assets and disposal groups classified as held for distribution are measured at the lower of their carrying amount and fair value less costs to sell or to distribute. Costs to distribute are the incremental costs directly attributable to the distribution, excluding the interest expense and income tax expense.

The criteria for held for distribution classification is regarded as met only when the sale or distribution is highly probable and the asset or disposal group is available for immediate distribution in its present condition. Actions required to complete the distribution should indicate that it is unlikely that significant changes to the distribution will be made or that the distribution will be withdrawn. Management must be committed to the distribution expected within one year from the date of the classification.

Property and equipment and intangible assets are not depreciated or amortised once classified as held for distribution.

Assets and liabilities classified as held for distribution are presented separately as current items in the statement of financial position.

A disposal group qualifies as discontinued operation if it is a component of an entity that either has been disposed of, or is classified as held-for-sale, and:

- represents a separate major line of business or geographical area of operations;
- is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations; or
- is a subsidiary acquired exclusively with a view to resale.

Discontinued operations are excluded from the results of continuing operations and are presented as a single amount as profit or loss after tax from discontinued operations in the statement of profit or loss.

All other notes to the financial statements include amounts for continuing operations, unless otherwise mentioned.

As part of the acquisition of African Development Corporation ('ADC'), non-current assets held-for-sale were acquired and non-current liabilities held-for-sale were assumed.

The major classes of assets and liabilities of Atlas Mara classified as held for distribution to equity holders of the parent as at 31 December 2014 are as follows:

	2014 \$'000
Assets	
Non-current assets and disposal groups held-for-sale	11,365
Liabilities:	
Non-current liabilities and disposal groups held-for-sale	1,263
Net assets directly associated with non-current assets and liabilities classified as held-for-sale	10,102

There were no assets/liabilities classified as held-for-sale as at 31 December 2015.

Annexure A – Standards and interpretations

Standards and interpretations issued and not yet applicable or adopted

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning on or after 1 January 2016, and have not been applied in preparing these consolidated financial statements. Those which may be relevant to the Group are set out below. The Group does not plan to adopt these standards early. These will be adopted in the period that they become mandatory unless otherwise indicated:

Effective for the financial year commencing 1 January 2016

- **Equity Method in Separate Financial Statements (Amendments to IAS 27)** – The amendments allow an entity to apply the equity method in its separate financial statements to account for its investments in subsidiaries, associates and joint ventures.

The amendments apply retrospectively for annual periods beginning on or after 1 January 2016 and early adoption is permitted.

- **Disclosure Initiative (Amendments to IAS 1)** – The amendments provide additional guidance on the application of materiality and aggregation when preparing financial statements. The amendments also clarify presentation principles applicable to the order of notes, OCI of equity accounted investees and subtotals presented in the statement of financial position and statement of profit or loss and other comprehensive income.

The amendments apply for annual periods beginning on or after 1 January 2016 and early application is permitted.

Effective for the financial year commencing 1 January 2018

- **IFRS 15 Revenue from Contracts with Customers** – This standard replaces IAS 11 Construction Contracts, IAS 18 Revenue, IFRIC 13 Customer Loyalty Programmes, IFRIC 15 Agreements for the Construction of Real Estate, IFRIC 18 Transfer of Assets from Customers and SIC-31 Revenue – Barter of Transactions Involving Advertising Services.

The standard contains a single model that applies to contracts with customers and two approaches to recognising revenue: at a point in time or over time. The model features a contract-based five-step analysis of transactions to determine whether, how much and when revenue is recognised.

This new standard will most likely have a significant impact on the Group, which will include a possible change in the timing of when revenue is recognised and the amount of revenue recognised. The Group is currently in the process of performing a more detailed assessment of the impact of this standard on the Group and will provide more information in the year ending 31 December 2016 financial statements.

The standard is effective for annual periods beginning on or after 1 January 2018, with early adoption permitted.

- **IFRS 9 Financial Instruments** – On 24 July 2014, the IASB issued the final IFRS 9 Financial Instruments Standard, which replaces earlier versions of IFRS 9 and completes the IASB's project to replace IAS 39 Financial Instruments: Recognition and Measurement.

This standard will have a significant impact on the Group, which will include changes in the measurement bases of the Group's financial assets to amortised cost, fair value through other comprehensive income or fair value through profit or loss. Even though these measurement categories are similar to IAS 39, the criteria for classification into these categories are significantly different. In addition, the IFRS 9 impairment model has been changed from an 'incurred loss' model from IAS 39 to an 'expected credit loss' model, which is expected to increase the loan impairment charges recognised in the Group.

The standard is effective for annual periods beginning on or after 1 January 2018 with retrospective application, early adoption is permitted. The Group is assessing the potential impact on the financial statements resulting from the application of IFRS 9.

Effective for the financial year commencing 1 January 2019

- **IFRS 16 Leases** – IFRS 16 was published in January 2016. It sets out the principles for the recognition, measurement, presentation and disclosure of leases for both parties to a contract, i.e. the customer ('lessee') and the supplier ('lessor'). IFRS 16 replaces the previous leases Standard, IAS 17 Leases, and related Interpretations. IFRS 16 has one model for lessees which will result in almost all leases being included on the statement of financial position. No significant changes have been included for lessors.

The standard is effective for annual periods beginning on or after 1 January 2019, with early adoption permitted only if the entity also adopts IFRS 15. The transitional requirements are different for lessees and lessors. The Group is assessing the potential impact on the financial statements resulting from the application of IFRS 16.

AATIF	Africa Agriculture and Trade Investment Fund S.A	KPMG	KPMG UK LLP
ABC	BancABC	LGD	Loss given default
ABCH	ABC Holdings Limited	NBTS	National Blood Transfusion Services
AfDB	African Development Bank	NCI	Non-controlling interests
ADC	ADC African Development Corporation	NPL	Non-performing loan
AED	United Arab Emirates Dirham	OCI	Other comprehensive income
AGM	Annual General Meeting	OPIC	Overseas Private Investment Corporation
ALCO	Assets and Liability Committee	ORCO	Operational Risk Committee
BIFM	BIFM Capital Investment Fund One (Pty) Ltd	Parent Company	Atlas Mara
BPR	Banque Populaire du Rwanda Limited	PD	Probability of default
BRD-C	Banque Rwandaise de Développement – Commercial/Development Bank of Rwanda – Commercial	PE	Private equity
BVI	British Virgin Islands	RAROC	Risk adjusted return on capital
CEO	Chief Executive Officer	REC	Regional Economic Community
CFO	Chief Financial Officer	REMCO	Remuneration Committee
CGU	Cash-generating unit	RoE	Return on equity
CoE	Cost of equity	SADC	Southern African Development Community
COMESA	Common Market for Eastern and Southern Africa	SMEs	Small- and medium-sized enterprises
Corporate centre	Atlas Mara Dubai and Johannesburg based offices	SSA	Sub-Saharan Africa
CPI	Corruption Perceptions Index	TFTA	Tripartite Free Trade Agreement
CREDCO	Credit Committee	The Model	Three lines of defence model
CRO	Chief Risk Officer	Translation reserve	Foreign currency translation reserve
CTP	Credit transformation programme	TSA	Treasury Single Account
DFI	Development finance institution	UBN	Union Bank of Nigeria
EAC	East African Community	UGPL	Union Global Partners Limited
EAD	Exposure at default	VIU	Value in use
ECOWAS	Economic Community of West African States	WAEP	Weighted-average exercise price
EIR	Effective interest rate	ZAMCO	Zimbabwean Asset Management Company
EL	Expected loss		
EPS	Earnings per share		
ERM	Enterprise-wide Risk Management		
EU	European Union		
EXCO	Executive Committee		
FDI	Foreign Direct Investment		
FISP	Farmer Input Support Programme		
GBFC	Green Buffaloes Football Club		
HIFA	Harare International Festival of the Arts		
IASB	International Accounting Standards Board		
ICAAP	Internal Capital Adequacy Assessment Process		
IFC	International Finance Corporation		
IFRS	International Financial Reporting Standards		
IFRSIC	International Financial Reporting Standards Interpretation		
IMA	Investment Management Association		
IMF	International Monetary Fund		
IPDEV	I&P Development		
KPI	Key performance indicator		

Share information

Share information

Atlas Mara stock ticker: ATMA
(traded on the London Stock Exchange)

Atlas Mara Warrants: ATMW
(traded on the London Stock Exchange)

2015 share price performance

2 January 2015: \$8.80
31 December 2015: \$5.25
52-week high to date: \$8.88
52-week low to date: \$4.50

2015 share price performance by quarter

	Average price	Average volume
Q1	\$7.87	12,269 shares
Q2	\$6.99	18,066 shares
Q3	\$5.70	35,885 shares
Q4	\$5.36	19,199 shares

Atlas Mara 2015 share price



Professional advisers

Company auditor

KPMG LLP
15 Canada Square
London E14 5GL

Corporate brokers

Citigroup Global Markets Limited
Citigroup Centre
33 Canada Square
London E14 5LB

Renaissance Capital Limited
50 Bank Street
London E14 5NT

Registrar

Computershare Investor Services
(BVI Limited)
c/o The Pavillions, Bridgwater Road
Bristol BS99 6ZY

Other contacts

Group Investor Relations
Email: ir@atlasmara.com

Group Media Relations
Email: media@atlasmara.com

Annual General Meeting

1:00pm (EST)/6:00pm (BST)
9 June 2016
375 Park Avenue
21st floor
New York, NY, 10152
USA

Board of Directors

Non-Executive Directors
Arnold O. Ekpe (Chairman)
Bob Diamond (Co-Founder)
Ashish J. Thakkar (Co-Founder)
Rachel F. Robbins (Senior Independent Director)
Tonye Patrick Cole
Eduardo C. Mondlane, Jr.
Funke Opeke
Amadou Raimi

Executive Director

John F. Vitalo (Chief Executive Officer)

Executive Committee

John F. Vitalo (Chief Executive Officer)
Arina McDonald (Chief Financial Officer)
Bradford Gibbs (Member of the Executive Committee)
Beatrice Hamza Bassey (General Counsel)
Eric Odhiambo (Chief Risk Officer)
Jonathan Muthige (Head of Human Capital)
Chidi Okpala (Chief Digital Officer)

Registered office

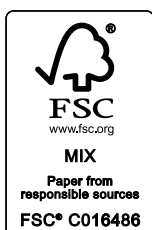
Nemours Chambers
Road Town
Tortola
British Virgin Islands

Registration number

1800950

Website address

<http://atlasmara.com>



The paper and board used for this Report are manufactured from fibre approved by the Forest Stewardship Council and are fully recyclable and biodegradable. The printer and paper mill are certified to the environmental management system ISO 14001. The printer is also carbon neutral.

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