Interim Report 2016

Reshaping African Banking

Contents

Financial highlights

Financial facts and figures

Loans and advances (US$)

$**1,421**m

June 2015: US$**1,174**m

Deposits (US$)

$**1,815**m

June 2015: US$**1,463**m

Total equity (US$)

$**577**m

June 2015: US$**639**m

Net book value per share (US$)

$**8.07**

June 2015: US$**9.13**

Total number of customers[2,3]

>**3.0**m

Total number of employees[2]

~**3,000**

Total number of ATMs[2,4]

>**1,000**

Total number of physical locations[2]

629

Total number of acquisitions since 2014

6

Total number of countries

7

Notes:
1. Unaudited/unreviewed.
2. Includes UBN (even though it is not consolidated).
3. Active customers.
4. 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).

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 business model for executing our strategy: **Buy** (executing acquisitions), **Protect** (safeguarding our assets and ensuring the platform is 'fit for growth'), **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 either 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').

"Notwithstanding the challenges that we faced, we are pleased to report that our business performance has been on an improving trend over the course of 2016."

John Vitalo
Chief Executive Officer

Overview

Atlas Mara faced a particularly difficult operating environment in the first half of 2016. The full impact of the decline in African currencies, a worse macroeconomic backdrop and market liquidity tightness across a number of our countries of operation have all presented particular challenges to profitability.

While we remain wholly focused on our long-term objective of building sub-Saharan Africa's premier financial institution, we are also working to ensure that company is well positioned to deliver adequate short-term results as we build towards our medium-term targets. We have placed more weight on growth plans within our execution priorities during the first half of this year during which we undertook the following steps to improve returns:

- First, we executed a bank-wide cost reduction effort to align our cost base with our current revenue environment. We expect to reduce headcount by 30%–35% across our Shared Services and Center and reduce non-staff central costs. This will ensure our cost base is more aligned with our current revenue environment. We expect this to lead to a decline in the run-rate of our operating expenses of $8 million on a full year basis from 2017 and we continue to look for further opportunities to reduce costs.
- Secondly, we have accelerated growth plans for certain digital initiatives and the build out of our markets/treasury businesses to help deliver the level of revenue growth our investors expect of us into 2017 and beyond.
- Finally, we are also focused on operational improvements across our existing network. As I indicated when we announced our first quarter results, we have clear plans to achieve incremental revenues and to reduce costs to bring our key operating subsidiaries back to an acceptable level of profitability. We anticipate tangible improvements to profitability from these initiatives in the second half of 2016.

Notwithstanding the challenges that we faced, we are pleased to report that our business has demonstrated an improving operational performance trend over the course of 2016 with the second quarter better than the first and with June representing our best month of the first half. July has continued this trend.

As our CFO, Arina McDonald, will discuss in more detail below, we reported net income of $1.2 million for the first six months of this year against $4.1 million last year. Within this, our weak operational performance in the first half was offset by certain accounting adjustments, as a result of the devaluation of the Naira in Nigeria at the end of the period.

Strategic update

In our 2015 Annual Report, we highlighted the components of our **Buy, Protect, Grow** business model for how we intend to build our business to be sub-Saharan Africa's premier financial institution and deliver our financial goals of a 20% RoE, 2% RoA and a 65% cost income ratio in the medium-term. Despite near-term headwinds, we remain cautiously optimistic of achieving these objectives, albeit that this is predicated on a supportive economic environment and having achieved scale from further acquisitions.

Acquisitions remain central to the Atlas Mara strategy and are essential if we are to achieve the scale we need to make our business model work but, over the course of 2016, we have deliberately sought to rebalance our priorities. While we remain focused on our pipeline of acquisitions, we are increasingly focused on the **Grow** aspect of our strategy. This is being implemented through increasing investment in digital initiatives, led by Chidi Okpala, our Chief Digital Officer who joined the group at the beginning of the year, and the build out of our onshore and offshore treasury and markets businesses by Mike Christelis, our Group Head of Global Markets and Treasury.

Execution

Benchmarking our progress so far in 2016 against our **Buy, Protect, Grow** business model can be summarized as follows:

Buy

We announced two acquisitions in 2015 and completed both in the first half of 2016. The acquisition of Banque Populaire du Rwanda was completed in early January and Finance Bank Zambia at the end of June.

We are now Zambia's second largest bank by branch numbers. We announced the appointment of Ben Dabrah as CEO for our new operations in Zambia. Ben joined us from Standard Chartered Bank and he also previously worked for Barclays Africa. Integration plans to combine Finance Bank Zambia with our existing operations in Zambia are under way. Although much remains to be done, we are very excited about the growth prospects for this business given the increased scale of our operations.

Protect

Within our Southern operations, we have been focused on a number of business improvement projects such as rolling out our Point of Sale (POS) card acquiring business, reducing operational costs and managing down non-performing loans and impairments.

The total first half impairment charge was $9.1 million after taking a $8.5 million charge in the first quarter. The lower second quarter charge reflected the improvement in recoveries we anticipated when we announced our first quarter results. Rwanda and Zimbabwe were particular contributors in this regard.

We continue to improve governance and compliance processes, such as automating Know Your Customer and transaction monitoring procedures, to mitigate our operational risk exposure to these areas.

The team in Rwanda has done an excellent job and completed the integration of BPR with our existing asset BRD Commercial in July, with the combined bank live on a common operational platform. All client and internal data was successfully transferred and our predecessor banks now operate as a single entity. We remain focused on growing revenues and delivering operational improvements to reduce the cost:income ratio of the combined business towards the level we target for the group.

Grow

As noted above, we have deliberately accelerated investment into specific growth initiatives in our digital finance and our treasury and global markets operations and we look forward to updating the market as we make progress here.

We have been particularly pleased with our ability to attract deposits at attractive pricing over the course of 2016 with growth here running ahead of our expectations. This has been a key area of focus for us. While growth in loans and advances has been somewhat slower, we have seen selective areas of expansion and, of course, remain vigilant on maintaining high levels of credit quality given the uncertain economic environment.

In terms of progress across individual businesses, I am pleased to highlight the following:

In Corporate Banking, we saw net interest growth of 30.8% year-on-year driven by reduction in cost of funds, a decline in credit impairments of 32.3% reflecting improved credit processes and a focus on NPL recovery. A new transactional banking platform will be fully implemented in the second half which will boost non-funded income and support customer retention.

Within Treasury and Markets, trade volumes are running at $1 billion year to date (31% higher than at the comparable period last year), sales revenue growth is up 51%, trading revenue is up 121% and we have implemented a funds transfer pricing mechanism across all our subsidiary banks to ensure that all products are priced appropriately.

Retail Banking has been steady. Recent developments include deployment of point of sale (POS) terminals in Zimbabwe which is yielding positive results and agency banking will be rolled out in Tanzania and Mozambique in the second half to deliver further customer and asset and liability growth.

Branding

We recognise that each of our banks possess certain unique brand equity in the markets in which they operate. Our research has also shown that there is also value from the Atlas Mara brand in enhancing the perception of the strength and standing of our local operations and that this translates into tangible business improvement through, for example, larger deposits at a lower cost than the businesses could have achieved on a standalone basis.

To combine the best of local and global capabilities, last year we launched a brand endorsement strategy across BancABC wherein "part of Atlas Mara" appears on all BancABC communications, from billboard signage to cheque books, and the Atlas Mara logo is combined with a refreshed BancABC logo. A similar rebranding exercise was undertaken at our Rwandan operations earlier this year following the merger of BPR and BRD Commercial. We are considering the brand proposition of our new operations in Zambia carefully given the need to dovetail this with our existing brand positioning in that country.

Valuation and shareholder returns

We are acutely conscious that, to date in 2016, it has again been a difficult year for investors in our stock. In particular:

– Although we do not take comfort from the fact, we do note that since both the beginning of 2015 and our IPO, the Atlas Mara stock price has performed broadly in line with the median of its African peers, in $ terms.
– We also recognize that the market capitalization of the company, at around $220 million, is below what we paid for our investment and subsequent capital injection into our principal operating entity BancABC or what we paid for our Associate interest in UBN.

In our view, our current market valuation does not reflect the economic value we expect to deliver to shareholders from our businesses over time. In particular, the market value of our stake in UBN at 30 June was around $95 million against a carrying value (post-devaluation) of $321.4 million. We believe this latter valuation provides a fairer reflection of its economic value. The fact that the stock is relatively illiquid and tightly owned means that the market valuation is not close to a level where control could be obtained nor is it representative of the value that we would expect a well-run Nigerian banking business to deliver to our shareholders over time.

We remain focused on improving our businesses and delivering our medium-term targets in the expectation that the valuation of the company will follow.

Macroeconomic perspectives

Atlas Mara has operations and/or investments in seven sub-Saharan African countries. Demographics coupled with low financial penetration make us confident that banking businesses in these markets are structurally positioned to enjoy high growth rates over time, but we recognize that some of these economies face cyclical short-term headwinds. We believe that there are benefits from our regional and trade bloc diversification as some markets continue to perform well (such as Botswana and Rwanda), while others face challenges (as is the case in Nigeria and Zimbabwe). A brief review of our markets is provided below:

Southern Africa

Subdued commodity prices weighed heavily on the Botswanan domestic economy last year with the economy contracting by an estimated 0.25% in 2015 after the growth of 3.2% recorded in 2014. Encouragingly, the economy delivered positive growth in the first quarter of 2016 at an annualized rate of 2.8%. While developments in the diamond and commodities markets will drive the speed at which the economy recovers, we note that NKC Economics expects that GDP growth will recover to an estimated 3.5% in 2016 and 4.6% in 2017, supported by a modest pickup in diamond demand, as the impact of government's Economic Stimulus Program (ESP) to boost the domestic economy begins to take effect.

Mozambican real GDP growth slowed in the first quarter of 2016 with preliminary data indicating that the economy expanded by 5.3% y-o-y in Q1 2016, compared to 6.1% year on year expansion recorded in Q4 2015. Drought within the agricultural sector is expected to continue to weigh on growth. NKC Economics forecasts growth of 4.9% in 2016 and 5.5% for 2017. The more important short term issue for the economy is debt sustainability as a need to restructure previously undisclosed loans to state-owned companies has led to a substantial increase in Government debt to GDP.

In Zambia, the first six months of this year have been overshadowed by heightened tensions during the build-up to elections earlier in August, which passed off relatively trouble-free. The overall economy has been under stress as a result of a commodity-induced cyclical slowdown from lower copper prices and this was aggravated by a drought-induced power crisis. NKC Economics expects that the real economy will expand by just 3.3% this year before recovering to c.4.5% per annum over the medium term driven by moderate improvement in copper prices. The second quarter of this year also saw weakness in the Kwacha exchange rate and continuing tight liquidity conditions which has contributed to pressure on margins in our local operations.

In Zimbabwe the economic challenges remain intense with weak levels of economic activity expected to continue throughout 2016. The appreciation of the USD (Zimbabwe adopted a multi-currency regime in 2009 with the USD being the predominant currency) against regional currencies has contributed to the erosion of the country's export competitiveness. Across the entire banking system, a lack of availability of physical cash also remains a constraint on economic activity. Although 2016 will continue to be a challenging year, we remain hopeful with respect to Zimbabwe's longer-term prospects.

East Africa

The Rwandan economy continued to perform well in the first quarter with growth at a real rate of 7.1%. This was broadly based with each of agriculture, services and industry each delivering a strong outcome. This makes the economy likely to achieve one of the highest growth rates in sub-Saharan Africa (and the world) in 2016 – with inflation expected to be in line with the Central Bank's 5% target.

While Tanzania has not released GDP growth figures for this year, growth is projected to remain at a level significantly higher than the sub-Saharan average. In July, the International Monetary Fund completed a review of Tanzania and concluded that macroeconomic performance has been strong with growth remaining close to 7% and inflation at moderate levels. They noted that the macroeconomic outlook is favourable, supported by the authorities' ambitious development agenda, although risks are tilted to the downside and that sustaining high growth and implementing the development agenda while preserving fiscal and external sustainability will require a range of policy reforms.

West Africa

In Nigeria, the policy environment has been dictated by the dearth of foreign exchange which led to the devaluation of the Naira in June. The consequent impact of this upon our financial statements is summarized in the CFO report below. The CBN reported that economic activities in Nigeria declined faster in June and confirmed that the nation's economy formally entered into recession in the second quarter, following a modest contraction of 0.4% in the first quarter. In terms of economic stimulus, the CBN is setting aside ₦500bn (c.$2.5bn) for loans to non-oil exporters. The facility is expected to address the decline in export credit and reposition the sector to increase its contribution to revenue generation and economic development, particularly in light of the slump in oil revenues (from lower prices and disruption in the Delta) and declining GDP. In addition, the federal government has planned a fresh ₦90bn bailout for state governments to provide financial relief.

Inflation has picked up (the rate of 15.6% in May represented an increase of 188bps from April) fuelled by an increase in food prices and imported inflation due to foreign exchange scarcity and a weaker Naira.

Outlook

We expect a better operational performance from our businesses during the second half of the year as the cost and revenue initiatives that we have implemented begin to deliver results. Notwithstanding this, our medium-term financial targets and strategic goals remain unchanged and we remain optimistic about our ability to achieve them but recognize that further acquisitions and a supportive economic environment are central to achieving this. As a result of the measures we are taking, we continue to strive to meet our goal of matching last year's net earnings of $11.3 million. However, we recognize that the combination of weaker currencies, restructuring costs associated with staff reductions, integration expenses associated with the two completed acquisitions, and the uncertain outlook provide challenging headwinds in this regard.

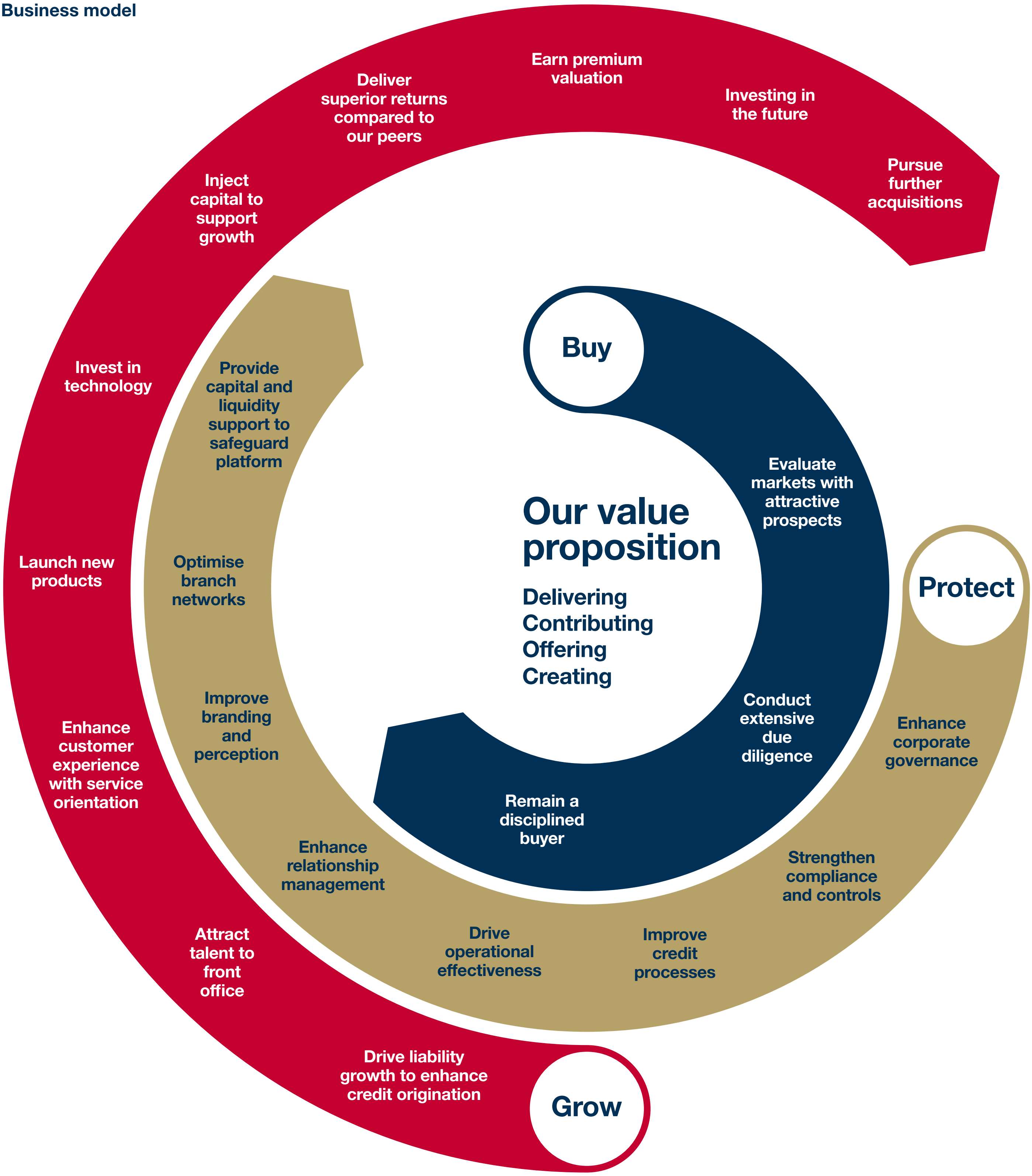
We believe that the execution of our strategy will, in time, be reflected in a higher share price but we understand the frustration of our investors with recent performance. The Board and Management remain focused on addressing investor concerns, enhancing communication and are considering ways to encourage more liquidity in our stock.

The remarkable progress that we have seen to date in building the operation that is Atlas Mara in what is still a relatively short time period would not have been possible without the commitment and dedication of our investors, customers, the co-founders, Atlas Mara Board, management and employees and support from the regulators in the countries in which we operate.

We are wholly focused on delivering our stated objectives and we welcome your continued engagement.

John Vitalo
Chief Executive Officer

Business model



For more information on our business model, value proposition and strategic priorities, please see pages 23 to 43 of our Annual Report 2015: atlasmara.com/media/1231/atlasmara-ar2015.pdf

“We are taking a number of steps to improve the performance of the business and we remain wholly focused on execution to deliver the returns our shareholders expect.”

Arina McDonald
Chief Financial Officer

Overview

As our CEO, John Vitalo, has already noted, Atlas Mara has faced a number of challenges so far in 2016. Africa has not been isolated from broad global macroeconomic trends and several factors have combined to provide headwinds in our operating markets this year. These include the impact of lower commodity prices, the lower 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 in the second half of last year, the full impact of which we are now experiencing on an annualised basis.

The net impact of the devaluation of the Naira towards the end of June had a positive impact on our P&L, largely due to further fair value adjustments of $15.4 million. However, there has been a negative impact on our reported equity of $83 million from unrealised translation losses, principally on our investment in UBN. This latter item was the principal reason for the decline in our equity since the end of December. At the end of June our book value was $8.07 per share (December 2015: $ 8.94) and our tangible book value was $6.07 per share (December 2015: $ 7.00). In the second half, the contribution from our Associate, UBN, can be expected to be somewhat lower when translated into our functional reporting currency, the US dollar, given the continued depreciation seen in the Naira.

We are taking a number of steps to improve the operational performance of the business and we remain wholly focused on execution to deliver the returns our shareholders expect. The consolidated reported profit after tax and non-controlling interest for the period to June 2016 was $1.2 million which compares with the prior year profit of $4.1 million. Excluding the impact of FX rate movements, our first half net profit would have been $3.5 million.

We also focus on operating earnings which exclude certain revenues and costs that are not part of the ongoing earnings base of the future. This reflects the fact that Atlas Mara is focused on targeting acquisitions whilst simultaneously protecting and integrating acquired businesses to put them in a position to deliver high-quality growth. Our operating earnings for the first half were $9.2 million versus the $17.0 million calculated on a similar basis for 2015.

Table 1: Adjusted operating profit and reconciliation to IFRS profit for six months to end June

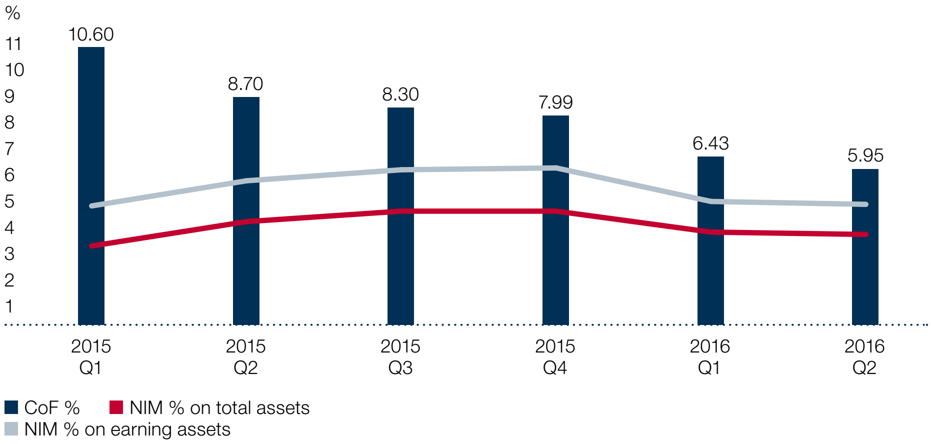
		2016	2015	Var	CC Var[1]
Total income	$ million	**113.5**	98.8	14.9%	34.5%
Impairment	$ million	**(9.1)**	(6.1)	49.2%	64.0%
Total expenses (excluding one-off)	$ million	**(104.1)**	(78.8)	32.1%	53.5%
Income from associates	$ million	**12.5**	10.5	19.0%	22.9%
Adjusted profit/(loss) before tax	$ million	**12.8**	24.4	(47.5%)	(39.7%)
Adjusted net profit/(loss)	**$ million**	**9.2**	17.0	(45.9%)	(38.4%)
M&A transaction expenses	$ million	**(7.8)**	(5.4)	44.4%	44.4%
Reorganising/restructuring costs	$ million	**(3.6)**	(9.9)	(63.6%)	(63.3%)
Reported profit/(loss) before tax	$ million	**1.4**	9.1	(84.6%)	(76.6%)
Reported net profit/(loss)	**$ million**	**1.2**	4.1	(70.7%)	(33.9%)
Reported cost to income ratio	%	**101.7**	95.2		
Adjusted cost to income ratio	%	**91.7**	79.8		
Reported return on equity	%	**0.4**	1.7		
Adjusted return on equity	%	**3.2**	6.9		
Return on assets	%	**0.1**	0.4		
Adjusted return on assets	%	**0.6**	1.7		
Reported EPS	$	**0.02**	0.05		
Credit loss ratio	%	**1.3**	1.0		
Book value per share	$	**8.07**	8.94		
Tangible book value per share	$	**6.07**	7.00		

Note:
1. Constant currency variance excludes the impact of depreciating currencies against the US dollar.

Table 2: Total income

	2016	2015	Var	CC Var
Net interest income	**$45.2 million**	$49.4 million	(8.5%)	4.2%
Non-interest income	**$68.3 million**	$49.4 million	(38.3%)	66.3%

Figure 1: Evolution of margins and cost of funds



Excluding one-off and transaction-related expenses, our cost to income ratio was 91.7% versus the comparable figure in 2015 of 79.8%. This ratio remains higher than we would like as a result of a challenging revenue environment coupled with planned investments to facilitate future growth. A further factor is the impact of having a significant component of US dollar linked costs while our revenues are in local African currencies which have depreciated over the last 12 months.

We remain very focused on managing costs and initiated a group-wide cost reduction plan at the beginning of the second half which will lower our Shared Services and Center costs on an annualised basis by c.$8 million. As for incremental budgeted expenditure, our priority in 2016 is on investment in building our digital businesses and capital markets/treasury operations, both of which will drive future revenues.

Income statement review

We reported growth in total income of 34.5% on a constant currency basis, largely attributable to momentum in Botswana and Rwanda with the former being a particular beneficiary of lower cost of funds and on optimising growth both organically and via acquisitions. We continue to build our capability in digital and mobile banking and expect less balance-sheet-intensive revenues from these sources to build over the course of 2016 and into 2017.

Net interest income

During the 6 months, there have been market-wide, liquidity shortages in a number of our countries of operation including Mozambique, Tanzania and Zambia. Despite this, the improvement in net interest income on a constant currency basis is largely due to a reduction in funding costs in other markets. The decline in cost of funds from 6.43% in the first quarter of 2016 to 5.95% for the second quarter of 2016 reflects the Group's focus on targeting cheaper transactional deposits and placing less reliance on interbank funding. Our partnership with a number of development finance institutions (DFI) has also contributed to achievement of this goal.

As we continue to focus on attracting low-cost retail deposits across the Group, we expect to see our retail business making a greater contribution to net interest income over time and this will, in turn, support an improvement in net interest margins. Notable headwinds to growth in the first half came from subdued growth in loans and advances across all countries due to liquidity challenges and delayed deal closure. We are taking steps to ensure a faster and smoother process from credit approval to drawdown to ensure that balance sheet growth is not compromised by unnecessary bottlenecks in the process.

Non-interest income

Non-interest income increased by 66.3% on a constant currency basis to $68.3 million in 2016 (2015: $49.4 million) with this figure boosted by further fair value gains of $15.4 million post devaluation of the Naira in June 2016 and a $1 million (provisional) bargain purchase gain on acquisition of Finance Bank Zambia.

There was a notable uplift in trading revenue to $17.8 million from $10.1 million a year ago reflecting our efforts to build out our onshore treasury capability.

Total expenses

Total costs amounted to $115.5 million, an increase of 39.1% in constant currency terms year on year with the acquisitions completed this year being a principal contributor to this.

Staff costs have been impacted by separation and hiring related costs as we continue to hire top talent to lead change in the businesses acquired.

Investment in centralised Group procurement has driven a better understanding of country cost drivers. As a consequence, we have prioritised key cost containment projects, including negotiating lower annual license fees and rates with IT related vendors. The benefits of this will be realised in the second half of 2016.

Loan impairment charges

The 2016 loan impairment charge of $9.1 million represents a significant increase on the prior year charge of $6.1 million but with the second quarter charge of $0.6 million considerably lower than the first quarter ($8.5 million). This is after gross recoveries of $2.7 million, which were weighted towards the second quarter and with Rwanda and Zimbabwe being particular contributors in this regard. Areas of particular focus are Mozambique where impairment model changes have driven higher credit costs and Zambia where we continue to monitor a number of specific exposures.

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 30 June 2016. The impact of intangible amortisation is also included. Given that, as of the date of release of these results, UBN had publicly disclosed its first half results to the market, their results have been included in this set of accounts without any change.

As noted above, the Nigerian macroeconomic environment has been challenging in 2016 culminating in devaluation in the Naira just before the period end. 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 Foreign Direct Investment. Against this backdrop, UBN performed creditably and gross earnings were up 7% on June 2015 with operating expenses in line with planned investments in technology and network infrastructure. Despite double digit inflation, the anticipated cost efficiencies from the last two years' transformation projects are becoming visible. Loans and advances were up 27% compared to June 2015, 12% of which is real business growth and the rest driven by the impact of the currency devaluation. Customer deposits grew by 11%. Improved service offerings continue to generate customer growth.

UBN's NPLs increased to 7.14% (December 2015: 6.99%), which reflects UBN's conservative and realistic perspective on the stresses expected in the local economy into 2016. UBN's CAR with the benefit of the first half profit was at 15.2% as at June 2016, modestly ahead of the Basel II 15% CAR requirement which became effective from 30 June 2016.

A foreign exchange loss of approximately $87 million arising from the translation of our foreign operations from Naira to US dollars was accounted for directly against equity upon the inclusion of UBN's results into the Atlas Mara Group.

Table 3: Loan impairment charges

	2016 $m	2015 $m	Var %	CC Var %
Loan impairment charges	**9.1**	6.1	(49.2%)	(64.0%)

Table 4: Share of profit of associates

	2016 $m	2015 $m	Var %	CC Var %
Share of profit of associates	**12.5**	10.5	19.0%	22.9%

Statement of financial position review

Customer loans and advances comprise c.48% of the Group's total asset base. Cash, short-term funds and marketable securities represent c.15% and investment in our associate bank, UBN, accounts for 11% of the asset base. Goodwill and intangible assets represents c.6% of assets with fixed assets and other assets making up the remainder. On a constant currency basis, total asset growth was 28.1% compared to 2015 with the acquisitions in Rwanda and Zambia the principal drivers of this.

Credit quality

In management's view, the customer loan book is adequately provided for. This is reflected in the provision adequacy ratio of 58.7% (December 2015: 42.8%), which represents a satisfactory coverage position given the uncertain economic outlook. Non-performing loans (NPLs) as a percentage of the loan book also declined to 13.2% (December 2015: 14.6%), reflecting evidence of our improved resourcing behind our credit origination and collection processes. Zambia is the economy of greatest concern where we are monitoring developments closely. Although impairment levels in Zambia are elevated and we have seen an increase in NPL ratio, our NPL coverage at June 2016 was in excess of 100% after taking into account the fair value of collateral.

We continue to focus on improving credit processes and embedding responsible lending practices across the group to drive continuous improvements in the quality of the loan portfolio as a key priority for management.

Capital position

As at 30 June 2016, all of Atlas Mara's operating banks complied with local minimum capital requirements relevant in that country, as summarised in the graph above right.

Customer loans and deposits

Our focus on deposit growth has delivered clear results with constant currency growth of 37.9% year-on-year in retail deposits supporting our aim of reducing the cost of funding for the Group. The contribution of interbank deposits has decreased gradually from 9.5% at end of 2015 to 8.9% at end of H1 2016. Interbank funding in Tanzania and Zambia remains high as a result of market-wide liquidity constraints. Risk-weighted asset growth, excluding acquisitions, was limited 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.

Figure 2: Capital adequacy ratio

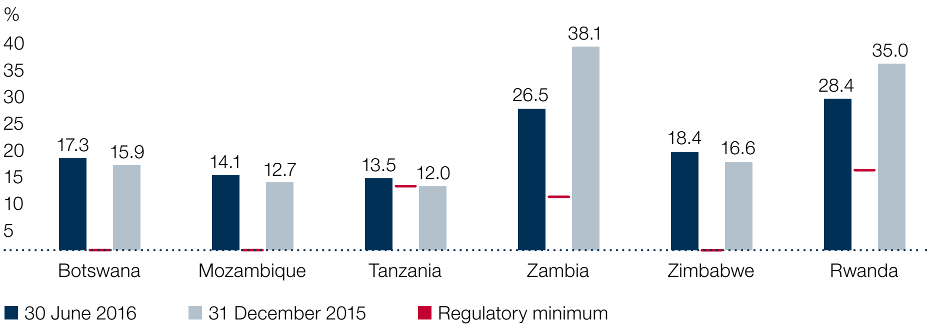


Table 5: Customer loans and deposits

	2016 $m	2015 $m	Var %	CC Var %
Total assets	**2,946.6**	2,506.6	17.6	28.1
Customer loans	**1,421.1**	1,173.9	21.1	33.2
Total deposits	**1,814.9**	1,462.9	24.1	37.9

Table 6: Composition of liabilities

	2016 $m	2015 $m	Var %	CC Var %
Deposits due to customers	**1,814.9**	1,462.9	24.1	37.9
Borrowed funds	**342.9**	284.7	20.4	55.0

Goodwill and intangibles

As a result of the acquisitions made during 2016 and in compliance with IFRS 3: Business Combinations, the statement of financial position incorporates a goodwill asset of $81.8 million (December 2015: $82.7 million) and intangible assets of $84.9 million (December 2015: $56.6 million). Intangible assets are amortised over a 10-year useful life period.

These assets represent a combined 6% of the Group's asset base, resulting in a tangible book value of $6.07 per share (December 2015: $7.00 per share) versus a book value per share of $8.07 (December 2015: $8.94).

Investment in associate: UBN

Our investment in UBN is equity-accounted for in the statement of financial position as an investment in an associate, with a closing balance of $321.4 million (2015: $395.9 million). The value of the equity-accounted earnings is as reported in UBN's 30 June 2016 unaudited financials.

We have reviewed the carrying value of the investment held in UBN from a valuation perspective. Stress-testing of future expected earnings has been considered, taking into account the impact of the devaluation in the Naira, as well as potential credit shocks in the Nigerian market from lower oil prices and market-wide shortages of US dollar liquidity. The carrying value was substantiated notwithstanding such potential stresses in the local market.

Liabilities

The reduction in equity largely reflects the translation impact from converting our foreign operations in our African subsidiaries into US dollars. The negative impact on equity (as an unrealised conversion loss) was $83 million – of which Nigeria was the largest contributor ($87 million).

Customer deposits comprise 76.6% of the liability base and represent 61.6% of the aggregate of liabilities and equity. The loan to deposit ratio for June 2016 is 78.3% (June 2015: 80.2%).

Segment information
The segmental results and statement of financial position information represents 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 specific focus on underlying business line performance. The seven countries of operation and investment are grouped 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. The scale of our operations in Zambia were significantly increased by the acquisition of Finance Bank Zambia at 30 June 2016. The integration process is underway and while Zambia faces some short-term economic headwinds, we remain positive about the long-term prospects for this market.

East Africa
Our East Africa segment consists of BancABC Tanzania and Banque Populaire du Rwanda following its merger with BRD Commercial Bank.

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 c.$250 million, loans of $164 million and deposits of c.$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 is complete and we are positive about the prospects for the merged entity in Rwanda.

West Africa
The contribution to earnings from West Africa comprises our associate investment in UBN, based on our 31.15% share of UBN's earnings attributable to equity holders as disclosed in their published results. Our investment in UBN resulted in associate income of $12.5 million in 2016 compared to $10.5 million for 2015.

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 weakening on the credit and capital positions. We see positive medium-term growth potential for UBN irrespective of the near-term challenges from the macroeconomic environment.

Other
Included in this segment are Atlas Mara Limited, the BVI incorporated holding company, and Atlas Mara's Dubai subsidiary and all other intermediate Group holding entities acquired in connection with acquisitions of ABCH and ADC in August 2014. The Shared Services and Center of Atlas Mara reported a net loss of $11.8 million for the first half of 2016 compared to a net loss of $11.9 million for 2015. We have initiated plans to reduce the Shared Services and Centre costs both through direct staff reduction and through the transfer of certain personnel to operating businesses. The increase in costs and expenses in 2016 reflect continued investment to build a best-in-class banking infrastructure.

Arina McDonald
Chief Financial Officer

Table 7: Other segmental results

	Banking Operations				Other	
June 2016	**Actual $m**	**Southern $m**	**East $m**	**West $m**	**Shared Services & Center $m**	**M&A, ADC & Consol $m**
Total Income	113.5	71.2	27.1	–	6.6	8.6
Loan impairment charge	(9.1)	(8.1)	(1.5)	–	–	0.5
Operating expenses	(115.5)	(61.0)	(24.6)	–	(18.4)	(11.5)
Share of profits of associate	12.5	–	–	12.5	–	–
Profit/(loss) before tax	1.4	2.1	1.0	12.5	(11.8)	(2.4)
Profit/(loss) after tax and NCI	1.2	2.1	1.1	12.5	(11.8)	(2.7)
		–	–			
Loans and advances	1,421.0	1,125.3	297.0	–	–	(1.3)
Total assets	2,946.7	1,979.3	504.2	321.4	722.4	(580.6)
Total equity	577.3	105.5	71.1	321.4	642.1	(562.8)
Total liabilities	2,369.4	1,873.8	434.1	–	76.3	(14.8)
Deposits	1,814.9	1,423.7	391.5	–	–	(0.3)
Net interest margin – total assets	3.1%	3.4%	7.9%	–	N/A	–
Net interest margin – earnings assets	4.1%	4.3%	9.3%	–	N/A	–
Cost to income ratio	101.7%	85.7%	90.9%	–	>100%	–
Statutory Credit loss ratio	1.3%	1.4%	1.0%	–	N/A	–
Return on equity	0.4%	3.9%	3.1%	–	(3.7%)	–
Return on assets	0.1%	0.2%	0.4%	–	(3.3%)	–
Loan to deposit ratio	78.3%	79.0%	75.9%	–	N/A	–

Table 7: Other segmental results continued

June 2015	Actual $m	Banking Operations Southern $m	East $m	West $m	Other Shared Services & Center $m	M&A, ADC & Consol $m
Total Income	98.8	91.4	6.7	–	(1.1)	1.8
Loan impairment charge	(6.1)	(6.3)	0.2	–	–	–
Operating expenses	(94.0)	(64.1)	(9.3)	–	(10.8)	(9.8)
Share of profits of associate	10.5	–	–	10.5	–	–
Profit/(loss) before tax	9.2	21.0	(2.4)	10.5	(11.9)	(8.0)
Profit/(loss) after tax and NCI	4.1	15.7	(2.1)	10.5	(11.9)	(8.1)
Loans and advances	1,173.9	1,059.1	125.1	–	–	(10.3)
Total assets[1]	2,506.6	1,698.3	246.4	382.2	340.5	(160.8)
Total equity[1]	639.4	70.2	34.1	382.2	298.5	(145.6)
Total liabilities	1,867.2	1,628.1	212.3	–	42.0	(15.2)
Deposits	1,462.9	1,279.2	183.7	–	–	–
Net interest margin – total assets	3.9%	5.7%	5.1%	–	N/A	–
Net interest margin – earnings assets	5.5%	6.3%	5.6%	–	N/A	–
Cost to income ratio	95.2%	70.1%	>100%	–	>100%	–
Statutory Credit loss ratio	1.0%	1.2%	(0.3%)	–	N/A	–
Return on equity	1.7%	44.7%	(12.3%)	–	(3.6%)	–
Return on assets	0.4%	1.8%	(1.7%)	–	(3.3%)	–
Loan to deposit ratio	80.2%	82.8%	68.1%	–	N/A	–

December 2015	Actual $m	Banking Operations Southern $m	East $m	West $m	Other Shared Services & Center $m	M&A, ADC & Consol $m
Total Income	205.1	181.2	14.1	–	11.4	(1.6)
Loan impairment charge	(12.0)	(12.4)	0.4	–	–	–
Operating expenses	(194.2)	(136.3)	(17.7)	–	(33.4)	(6.8)
Share of profits of associate	20.3	(0.1)	0.2	20.2	–	–
Profit/(loss) before tax	19.2	32.4	(3.0)	20.2	(22.0)	(8.4)
Profit/(loss) after tax and NCI	11.3	21.6	(1.9)	20.2	(22.0)	(6.6)
Loans and advances	1,229.4	1,100.3	129.8	–	–	(0.7)
Total assets[1]	2,452.1	1,643.0	241.6	395.9	354.7	(183.1)
Total equity[1]	625.5	101.1	32.1	395.9	278.7	(182.3)
Total liabilities	1,826.6	1,542.2	209.5	–	76.0	(1.1)
Deposits	1,436.1	1,248.5	187.6	–	–	–
Net interest margin – total assets	4.3%	6.6%	5.3%	–	N/A	–
Net interest margin – earnings assets	6.0%	7.2%	5.6%	–	N/A	–
Cost to income ratio	94.7%	75.2%	125.4%	–	>100%	–
Statutory Credit loss ratio	1.0%	3.8%	(10.1%)	–	N/A	–
Return on equity	1.7%	21.4%	(6.0%)	–	(3.3%)	–
Return on assets	0.4%	1.3%	(0.8%)	–	(3.0%)	–
Loan to deposit ratio	85.6%	88.1%	69.2%	–	N/A	–

Note:
1. The total assets for the West segment include the total carrying value of the UBN investment, historically reported in the Shared Services and Center segment.

Directors' responsibilities statement in respect of the interim report

We confirm that to the best of our knowledge:

- the condensed set of financial statements has been prepared in accordance with IAS 34 Interim Financial Reporting as adopted by the EU;
- the interim management report includes a fair review of the information required by:
  a) DTR 4.2.7R of the Disclosure and Transparency Rules, being an indication of important events that have occurred during the first six months of the financial year and their impact on the condensed set of financial statements; and a description of the principal risks and uncertainties for the remaining six months of the year; and
  b) DTR 4.2.8R of the Disclosure and Transparency Rules, being related party transactions that have taken place in the first six months of the current financial year and that have materially affected the financial position or performance of the entity during that period; and any changes in the related party transactions described in the last annual report that could do so.

By order of the Board

John F. Vitalo
Chief Executive Officer

Consolidated statement of financial position
at 30 June 2016

	Notes	30 June 2016 $'000	30 June 2015 $'000	31 December 2015 $'000
Assets				
Cash and short-term funds		**448,257**	374,150	320,682
Financial assets held for trading	15	**146,773**	198,009	190,231
Financial assets designated at fair value	16	**13,595**	11,740	13,343
Derivative financial assets		**5,121**	2	1,893
Loans and advances	10	**1,421,046**	1,173,860	1,229,438
Investment securities	17	**181,886**	37,710	21,580
Prepayments and other receivables		**111,650**	44,981	47,901
Current tax assets		**8,033**	27,391	4,618
Investment in associates	6	**324,269**	384,486	398,423
Property and equipment		**93,701**	76,103	64,518
Investment property		**16,150**	4,864	11,979
Other intangible assets	7	**84,980**	60,300	56,633
Deferred tax assets	20.3	**9,415**	9,348	8,130
Goodwill on acquisition	7	**81,785**	94,946	82,736
Non-current assets and disposal groups held for sale		**–**	8,737	–
Total assets		**2,946,661**	2,506,627	2,452,105
Equity and liabilities				
Deposits	3	**1,814,924**	1,462,947	1,436,148
Derivative financial liabilities		**10,530**	5,588	5,191
Creditors and accruals		**178,141**	68,217	64,824
Current tax liabilities		**4,056**	24,923	2,805
Deferred tax liability	20.3	**18,747**	20,845	15,396
Borrowed funds	2	**342,961**	284,717	302,215
Non-current liabilities and disposal groups held for sale		**–**	–	–
Total liabilities		**2,369,359**	1,867,237	1,826,579
Founder Preference Shares	1	**12,500**	12,500	12,500
Ordinary share capital	1	**772,204**	772,204	772,204
Capital reserves		**33,406**	(18,550)	18,098
Accumulated loss		**(54,113)**	(58,638)	(53,230)
Available-for-sale reserves		**1,040**	26	325
Foreign currency translation reserve		**(179,427)**	(41,833)	(94,125)
Treasury shares		**(27,787)**	(19,396)	(25,563)
Equity attributable to ordinary shareholders		**557,823**	646,313	630,209
Non-controlling interest		**19,479**	(6,923)	(4,683)
Total equity		**577,302**	639,390	625,526
Total equity and liabilities		**2,946,661**	2,506,627	2,452,105

Consolidated statement of profit or loss
for the half-year to 30 June 2016

	Notes	Half-year to 30 June 2016 $'000	Half-year to 30 June 2015 $'000	31 December 2015 $'000
Interest and similar income	14	**106,366**	123,801	245,356
Interest and similar expense	4	**(61,195)**	(74,384)	(138,951)
Net interest income		**45,171**	49,417	106,405
Loan impairment charges	11	**(9,093)**	(6,140)	(12,042)
Net interest income after loan impairment charges		**36,078**	43,277	94,363
Non-interest income	18	**68,303**	49,362	98,747
Share of profit of associates		**12,480**	10,487	20,282
Total operating income		**116,861**	103,126	213,392
Operating expenses	19	**(106,798)**	(88,600)	(184,896)
Transaction and integration expenses		**(8,655)**	(5,426)	(9,315)
Profit before tax		**1,408**	9,100	19,181
Income tax expense	20.1	**(367)**	(5,778)	(6,820)
Profit for the period		**1,041**	3,322	12,361
Attributable to:				
Ordinary shareholders		**1,178**	4,055	11,251
Non-controlling interests		**(137)**	(733)	1,110
		1,041	3,322	12,361
Basic earnings per share ($)	23	**0.02**	0.05	0.16
Diluted earnings per share ($)	23	**0.02**	0.05	0.16

Consolidated statement of other comprehensive income
for the half-year to 30 June 2016

	Half-year to 30 June 2016 $'000	Half-year to 30 June 2015 $'000	31 December 2015 $'000
Profit for the period	**1,041**	3,322	12,361
Other comprehensive income to be reclassified to profit/loss in subsequent periods	**(81,978)**	(37,885)	(77,599)
Exchange differences on translating foreign operations	**(83,010)**	(29,572)	(88,232)
Available-for-sale financial assets – net change in fair value	**715**	13	481
Equity-accounted investees	**317**	1,188	13,648
Net loss on hedge of the net investment in foreign operations	**–**	(9,514)	(3,496)
Other comprehensive income not to be reclassified to profit/loss in subsequent periods	**–**	–	3,397
Revaluation of land and buildings	**–**	–	3,397
Total comprehensive income for the period, net of tax	**(80,937)**	(34,563)	(61,841)
Total comprehensive income attributable to:			
Ordinary shareholders	**(83,169)**	(35,093)	(64,012)
Non-controlling interests	**2,232**	530	2,171
	(80,937)	(34,563)	(61,841)

Consolidated statement of changes in equity
for period ended 30 June 2016

	Founder Preference Shares $'000	Ordinary share capital $'000	Capital reserves[1] $'000
Opening balance as at 1 January 2015	**12,500**	**772,204**	**(12,211)**
Profit 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	–	–	–
Opening balance as at 1 January 2016	**12,500**	**772,204**	**18,098**
Profit 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	–	–	–
Movement in available-for-sale reserves	–	–	–
Equity-accounted investees	–	–	–
Total comprehensive income	–	–	
Transactions with owners	–	–	–
Employee share awards	–	–	724
Equity portion of convertible debt issued	–	–	3,409
Issue of ordinary shares to Directors	–	–	–
Non-controlling interests acquired	–	–	–
Shares to be issued on acquisition	–	–	8,874
Fair value of non-controlling interest settled	–	–	–
Movements in non-distributable reserves	–	–	2,301
Movements in treasury shares	–	–	–
Closing balance as at 30 June 2016	**12,500**	**772,204**	**33,406**

Notes:
1. 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.
2. 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
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
–	–	–	1,178	1,178	(137)	1,041
715	(85,302)	-	240	(84,347)	2,369	(81,978)
–	(85,302)	–	–	(85,302)	2,292	(83,010)
715	–	–	–	715	–	715
–	–	–	–	–	–	–
–	–	–	–	–	–	–
–	–	–	240	240	77	317
715	(85,302)	–	1,418	(83,169)	2,232	(80,937)
–	–	–	–	–	–	–
–	–	853	–	1,577	–	1,577
–	–	–	–	3,409	–	3,409
–	–	–	–	–	–	–
–	–	–	–	–	21,930	21,930
–	–	–	–	8,874	–	8,874
–	–	–	–	–	–	–
–	–	–	(2,301)	–	–	–
–	–	(3,077)	–	(3,077)	–	(3,077)
1,040	(179,427)	(27,787)	(54,113)	557,823	19,479	577,302

Consolidated statement of cash flows
for the half-year to 30 June 2016

	Notes	30 June 2016 $'000	30 June 2015 $'000	31 December 2015 $'000
Cash flows from operating activities		**108,951**	17,024	(88,311)
Profit/(loss) before tax		**1,408**	9,100	19,181
Adjusted for:				
Fair value adjustment		**1,915**	(7,570)	(20,151)
Foreign exchange losses		**(5,400)**	–	(14,564)
Loan impairment charges	11	**9,093**	6,140	12,042
Depreciation and amortisation		**7,337**	10,733	17,295
Net (gains)/losses on derivative financial instruments		**2,111**	–	(1,725)
Net (gains)/losses on financial instruments at fair value through profit/loss		**(22,255)**	(1,800)	(18,949)
Share of profit of associates	6	**(12,480)**	(10,467)	(20,282)
Re-measurement of investment property		**(616)**	–	(3,036)
Bargain purchase accounted for in the statement of profit/loss		**(2,000)**	–	–
Dividends received		**–**	–	53
Equity-settled share-based payment transactions		**1,575**	2,169	4,886
Tax paid		**(1,647)**	(6,832)	(6,996)
Net cash inflow from operating activities before changes in operating funds		**(20,959)**	1,473	(32,246)
Net decrease/(increase) in operating funds		**129,910**	15,551	(56,065)
(Increase)/decrease in operating assets		**(41,992)**	98,750	(218,902)
Increase/(decrease) in operating liabilities		**171,902**	(83,199)	162,837
Cash flow from investing activities		**(59,998)**	(13,170)	58,509
Purchase of property and equipment		**(18,859)**	–	(8,820)
Purchase of investment property			(2,168)	(2,167)
Purchase of intangible assets		**(10,185)**	–	(6,724)
Additions to associates	6	**–**	(8,822)	(8,823)
Financial assets designated at fair value		**1,782**		17,432
Financial assets held for trading		**43,459**		(65,251)
(Additions to)/disposals of investment securities		**(106,170)**		124,041
Proceeds from sales of disposal group held for sale		**–**	1,786	9,083
Proceeds on disposal of property and equipment		**–**	918	4,457
Net cash inflow/(outflow) resulting from acquisition of subsidiaries		**29,975**	(4,884)	(4,719)
Cash flows from financing activities		**67,314**	(7,137)	18,017
Increase/(decrease) in borrowed funds		**58,389**	(7,137)	18,017
Increase in equity reserves		**8,925**	–	–
Increase/(decrease) in cash and cash equivalents		**116,267**	(3,283)	(11,785)
Cash and cash equivalents at the beginning of the period		**320,682**	409,785	409,785
Exchange rate adjustment on opening balance		**11,308**	(32,352)	(77,318)
Cash and cash equivalents at the end of the period		**448,257**	374,150	320,682
Cash and short-term funds		**448,257**	374,150	320,682
Cash and cash equivalents		**319,322**	332,136	243,025
Statutory reserve balances		**128,935**	42,014	77,657

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 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:
- 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 standalone 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 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.

Segmental report continued
for the half-year to 30 June 2016

Inter-segment revenues are eliminated on consolidation.

Statement of profit or loss

	Half-year to 30 June 2016						
	Southern Africa[1]		East Africa[2]		West Africa[3]	Corporate[4]	
	Retail $'000	Wholesale $'000	Retail $'000	Wholesale $'000	Wholesale $'000	Wholesale $'000	Total $'000
Interest and similar income	**43,180**	**31,981**	**26,285**	**4,865**	**–**	**55**	**106,366**
Interest and similar expense	**(24,475)**	**(16,988)**	**(7,077)**	**(4,172)**	**–**	**(8,483)**	**(61,195)**
Net interest income	**18,705**	**14,993**	**19,208**	**693**	**–**	**(8,428)**	**45,171**
Loan impairment charges	**(7,685)**	**(377)**	**(876)**	**(656)**	**–**	**501**	**(9,093)**
Income/(loss) from lending activities	**11,020**	**14,616**	**18,332**	**37**	**–**	**(7,927)**	**36,078**
Non-interest income	**18,814**	**18,689**	**6,556**	**642**	**–**	**23,602**	**68,303**
Total operating income	**29,834**	**33,305**	**24,888**	**679**	**–**	**15,675**	**104,381**
Operating expenses	**(43,478)**	**(21,657)**	**(22,121)**	**(2,500)**	**–**	**(25,697)**	**(115,453)**
Net income from operations	**(13,644)**	**11,648**	**2,767**	**(1,821)**	**–**	**(10,022)**	**(11,072)**
Share of profit of associates	**–**	**–**	**–**	**–**	**12,480**	**–**	**12,480**
Profit/(loss) before tax	**(13,644)**	**11,648**	**2,767**	**(1,821)**	**12,480**	**(10,022)**	**1,408**
Income tax expense	**3,858**	**(3,874)**	**(173)**	**–**	**–**	**(178)**	**(367)**
Profit/(loss) for the year	**(9,786)**	**7,774**	**2,594**	**(1,821)**	**12,480**	**(10,200)**	**1,041**
Non-controlling interest	**–**	**–**	**(239)**	**560**	**–**	**(184)**	**137**
Profit/(loss) attributable to ordinary shareholders	**(9,786)**	**7,774**	**2,355**	**(1,261)**	**12,480**	**(10,384)**	**1,178**

	Half-year to 30 June 2015						
	Southern Africa[1]		East Africa[2]		West Africa[3]	Corporate[4]	
	Retail $'000	Wholesale $'000	Retail $'000	Wholesale $'000	Wholesale $'000	Wholesale $'000	Total $'000
Interest and similar income	61,843	46,031	10,476	5,437	–	14	123,801
Interest and similar expense	(29,504)	(29,534)	(4,361)	(5,297)	–	(5,688)	(74,384)
Net interest income	32,339	16,497	6,115	140	–	(5,674)	49,417
Loan impairment charges	(2,979)	(3,354)	202	(9)	–	–	(6,140)
Income from lending activities	29,360	13,143	6,317	131	–	(5,674)	43,277
Non-interest income	22,896	19,694	327	52	–	6,393	49,362
Share of profit of associates	–	–	–	–	10,467	20	10,487
Total operating income	52,256	32,837	6,644	183	10,467	739	103,126
Operating expenses	(37,596)	(26,485)	(6,169)	(3,140)	–	(20,636)	(94,026)
Net income from operations	14,660	6,352	475	(2,957)	10,467	(19,897)	9,100
Profit/(loss) before tax	14,660	6,352	475	(2,957)	10,467	(19,897)	9,100
Income tax expense	(3,458)	(1,814)	(311)	–	–	(195)	(5,778)
Profit/(loss) for the year	11,202	4,538	164	(2,957)	10,467	(20,092)	3,322

Statement of profit or loss continued

	31 December 2015						
	Southern Africa[1]		East Africa[2]		West Africa[3]	Corporate[4]	
	Retail $'000	Wholesale $'000	Retail $'000	Wholesale $'000	Wholesale $'000	Wholesale $'000	Total $'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

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 Shared Services and Center.

Segmental report continued
for the half-year to 30 June 2016

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

Statement of financial position

	30 June 2016						
	Southern Africa[1]		East Africa[2]		West Africa[3]	Corporate[4]	
	Retail $'000	Wholesale $'000	Retail $'000	Wholesale $'000	Wholesale $'000	Wholesale $'000	Total $'000
Loans and advances	**586,280**	**416,851**	**258,419**	**38,630**	**–**	**120,866**	**1,421,046**
Total assets	**640,986**	**1,083,505**	**382,866**	**121,333**	**321,434**	**396,537**	**2,946,661**
Deposits	**212,905**	**997,262**	**267,786**	**123,731**	**–**	**213,240**	**1,814,924**
Total liabilities	**595,554**	**1,024,736**	**324,413**	**109,651**	**–**	**315,005**	**2,369,359**

	30 June 2015						
	Southern Africa[1]		East Africa[2]		West Africa[3]	Corporate[4]	
	Retail $'000	Wholesale $'000	Retail $'000	Wholesale $'000	Wholesale $'000	Wholesale $'000	Total $'000
Loans and advances	585,858	473,276	88,821	36,306	–	(10,401)	1,173,860
Total assets	644,511	1,053,780	121,797	124,635	382,244	179,660	2,506,627
Deposits	211,499	1,067,714	52,429	131,305	–	–	1,462,947
Total liabilities	632,225	995,840	103,962	108,358	–	26,852	1,867,237

	31 December 2015						
	Southern Africa[1]		East Africa[2]		West Africa[3]	Corporate[4]	
	Retail $'000	Wholesale $'000	Retail $'000	Wholesale $'000	Wholesale $'000	Wholesale $'000	Total $'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	395,948	171,579	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

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 Shared Services and Center.

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').

In 2016, Atlas Mara acquired control of BPR and Finance Bank Zambia ('FBZ').

ii. Basis of preparation

The condensed consolidated interim financial statements are prepared in accordance with International Financial Reporting Standard 34 Interim Financial Reporting (IAS 34) and IFRS Interpretations Committee (IFRIC) interpretations as issued by the International Accounting Standards Board (IASB) and as endorsed by the European Union (EU).

The accounting policies applied in the preparation of these interim financial statements are in terms of IFRS and are consistent with those applied in the previous annual financial statements.

All entities within the group have applied the accounting policies in all material aspects.

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 30 June 2016, there were no unendorsed standards effective for the period ended 30 June 2016 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.

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.

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 ($), the presentation currency of the Group and Company, and rounded to the nearest thousands ($'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, and are unaudited and unreviewed.

iii. 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 2, 8 and 24);
- fair value of assets and liabilities acquired in business combinations (note 5);
- investment in associates (note 6);
- goodwill impairment (note 7); and
- loan impairment charges (note 11).

iv. 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 period.

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').

v. 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.

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. We continue to deliver on our strategy in line with our business model of **Buy, Protect, 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 included on pages 24 to 26.

Share capital
Founder Preference 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

	30 June 2016		30 June 2015		31 December 2015	
	No. of shares '000	**$'000**	No. of shares '000	$'000	No. of shares '000	$'000
Opening balance[1]	**72,459**	**772,204**	72,459	772,204	72,459	772,204
Closing balance	**72,459**	**772,204**	72,459	772,204	72,459	772,204
Founder Preference Shares	**1,250**	**12,500**	1,250	12,500	1,250	12,500
	73,709	**784,704**	73,709	784,704	73,709	784,704

Note:
1. Comprises ordinary shares and share warrants.

1.2. Issued and fully paid

	30 June 2016 $'000	30 June 2015 $'000	31 December 2015 $'000
Ordinary share capital and share warrants	**772,204**	772,204	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

	30 June 2016 $'000	30 June 2015 $'000	31 December 2015 $'000
Opening balance	**72,459**	72,459	72,459
Ordinary shares issued during the period	**–**	–	–
Shares issued to staff under staff share purchase scheme	**–**	–	–
Closing balance	**72,459**	72,459	72,459

1. Capital and reserves continued

Terms of the Founder Preference Shares

The Founder Preference Shares do not carry the same voting rights as are attached to the ordinary shares. The Founder Preference 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 Preference 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 Preference 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 30 June 2016 the warrants issued were all outstanding.

Subject to compliance with laws and regulations in relevant jurisdictions, no significant restrictions exist on transfer of funds and regulatory capital within the Group.

2. Borrowed funds

Refer to accounting policy pertaining to financial instruments included on pages 24 to 26.

	30 June 2016 $'000	30 June 2015 $'000	31 December 2015 $'000
Convertible bond (a)	**47,790**	–	37,920
Other borrowed funds (b)	**295,171**	284,717	264,295
	342,961	284,717	302,215

The following table illustrates the carrying value compared to the fair value of the borrowed funds:

	Carrying value			Fair value		
	30 June 2016 $'000	30 June 2015 $'000	31 December 2015 $'000	**30 June 2016 $'000**	30 June 2015 $'000	31 December 2015 $'000
Other	**37,011**	45,899	41,821	**36,574**	45,899	41,826
BIFM Capital Investment Fund One (Pty) Ltd ('BIFM')	**21,814**	25,992	23,667	**25,993**	29,086	28,790
NORSAD	**10,080**	11,355	10,672	**10,643**	12,968	11,471
Shelter Afrique	**4,595**	5,469	11,098	**3,623**	4,140	11,098
Kuhanha	**4,055**	6,574	5,451	**4,055**	6,574	5,451
Trafigura	**10,002**	20,123		**10,002**	20,123	
Afreximbank	**80,332**	79,516	89,689	**79,675**	81,596	89,812
Africa Agriculture and Trade Investment Fund S.A. ('AATIF')	**25,120**	24,773	24,869	**25,316**	27,096	25,382
Overseas Private Investment Corporation	**65,033**	–	–	**65,033**	–	–
Standard Chartered	**37,129**	65,016	57,028	**37,129**	65,016	57,028
Convertible bond (liability)	**47,790**	–	37,920	**47,790**	–	37,920
	342,961	284,717	302,215	**345,833**	292,498	308,778

a. Convertible bond

	30 June 2016 $'000	30 June 2015 $'000	31 December 2015 $'000
Opening balance	**37,920**	–	–
Issued during the year	**11,172**	–	37,920
Interest paid	**(1,602)**	–	–
	47,490	–	37,920

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.

2. Borrowed funds continued

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 $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 were 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 included in capital reserves.

b. Other borrowed funds

	30 June 2016 $'000	30 June 2015 $'000	31 December 2015 $'000
Borrowed funds – At fair value through profit/loss	**37,129**	71,185	57,029
Borrowed funds – Amortised cost	**258,042**	213,532	207,266
	295,171	284,717	264,295

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 30 June 2016, the total outstanding amount of all such borrowed funds was $295.2 million, compared to $284.7 million balance as at 30 June 2015.

BIFM Capital Investment Fund One (Pty) Ltd
The loan from BIFM ($21.8 million) is denominated in Botswana Pula, was granted on 20 December 2006 and 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 be extended 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, the new maturity thus 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. During the period ended 30 June 2016, $30 million was repaid.

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 matured on 21 December 2018 when the full principal amount is due for repayment in one instalment.

2. Borrowed funds continued

Standard Chartered

The loan from Standard Chartered is US dollar denominated $37 million (2015: $65 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.12 NGN per share.

Maturity analysis

The table presents the maturity analysis based on contractual cash flows.

	30 June 2016 $'000	30 June 2015 $'000	31 December 2015 $'000
On demand to one month	**19,796**	10,104	280
One to three months	**11,752**	15,984	1,457
Three months to one year	**68,154**	89,389	117,780
Over one year	**243,259**	169,240	182,698
Total	**342,961**	284,717	302,215

3. Deposits

Deposits represent deposits from customers and banks taken in the ordinary course of the Group's banking operations.

4. Interest and similar expense

Accounting for interest expense

Refer to accounting policy pertaining to financial instruments included on pages 24 to 26.

	Half-year to 30 June 2016 $'000	Half-year to 30 June 2015 $'000	31 December 2015 $'000
Deposits	**(40,224)**	(60,015)	(104,732)
Borrowed funds	**(20,873)**	(12,320)	(34,219)
Securities lent and repurchase agreements	**(98)**	(2,049)	–
Interest and similar expense	**(61,195)**	(74,384)	(138,951)

Buy in action

Since 2014 Atlas Mara has completed six acquisitions.

5. 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 2 business combinations during 2016.

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.

5. Business combinations continued

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 uncollectable 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. For the BancABC acquisition, 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 – BPR
As per the requirements of IFRS 3.45 the initial accounting as disclosed in the financial statements dated 25 April 2016 for the acquisition of BPR was 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 valuation of other material items of property and equipment, which as at the date of the 2015 Annual Report was in the process of being valued.
– 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 2016, additional work was performed in respect of the above listed items and the fair values revised.

As at 30 June 2016 the following items remain provisional:
– 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.

Incomplete initial accounting – FBZ
As per the requirements of IFRS 3.45 the fair values presented for FBZ 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 property and equipment.
– The valuation of certain intangible assets related to historical transactions between entities in the FBZ group.
– The valuation of acquisition related intangible assets. The valuation is subject to change following finalisation of the above mentioned items and the potential impact on working capital.

5. Business combinations continued

	BancABC	ADC	BRD	BPR	FBZ
Date of acquisition	August 2014	21 August 2014	1 October 2014	**7 January 2016**	**30 June 2016**
Percentage of voting equity instruments acquired (%)	100	100	100	**62.01**	**100**
Contribution to net profit/(loss) since acquisition ($'000)	15,243	15,333	746	**671**	**–**

Acquisition of BPR and subsequent merger

	BPR
Date of acquisition	**7 January 2016**
Percentage of voting equity instruments acquired (%)	**45.03%[1]**

Note:
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:

BRD/BPR	BPR carrying amount $'000	BPR fair value amount $'000	Change $'000
Cash and short-term funds	40,967	40,967	–
Loans and advances	160,539	160,539	–
Investment securities	25,965	27,757	1,792
Prepayments and other receivables	1,338	1,338	–
Current tax assets	1,660	1,660	–
Property and equipment	14,445	21,834	7,389
Intangible assets	3,404	6,076	2,672
Deposits	(181,447)	(181,447)	–
Amounts due to other banks	(14,446)	(14,446)	–
Creditors and accruals	(10,742)	(10,742)	–
Deferred tax liability	(74)	(760)	(686)
Borrowed funds	(4,882)	(4,882)	–
Net asset value	**36,727**	**47,894**	**11,167**
Less: Non-controlling interest		(26,327)	
Less Gain from bargain purchase		(1,000)	
Total purchase consideration		20,567	
Cost of acquisition			
Less: Non-cash consideration		–	
Cash consideration paid		**20,567**	
Less: Cash and cash equivalents in subsidiary acquired		(40,967)	
Cash inflow on acquisition		**(20,400)**	

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.

Acquisition of Finance Bank Zambia Limited

	FBZ
Date of acquisition	**30 June 2016**
Percentage of voting equity instruments acquired (%)	**100**

Note:
1. Percentage of voting equity instruments acquired are shown at the date that control was obtained.

5. Business combinations continued

The details of the fair value of the assets and liabilities acquired and goodwill arising are as follows:

FBZ	FBZ carrying amount $'000	FBZ fair value amount $'000	Change $'000
Cash and short-term funds	79,396	79,396	–
Amounts due from other banks	–	–	–
Loans and advances	119,938	119,938	–
Investment securities	53,421	53,421	–
Prepayments and other receivables	38,205	38,205	–
Current tax assets	153	153	–
Investment in associates	420	420	–
Property and equipment	16,134	16,134	–
Investment property	3,555	3,555	–
Intangible assets	17,641	17,641	–
Deferred tax assets	–	–	–
Deposits	(213,537)	(213,537)	–
Amounts due to other banks	–	–	–
Creditors and accruals	(27,874)	(27,874)	–
Current tax liabilities	(170)	(170)	–
Deferred tax liability	(4,155)	(4,155)	–
Borrowed funds	(5,648)	(5,648)	–
Net asset value	**77,479**	**77,479**	**–**
Less: Non-controlling interest	–	–	–
Adjustments at Atlas Mara level for FBZ opening balance			
Gain from bargain purchase		1,000	
Total purchase consideration		**78,479**	

Cost of acquisition	
Less: Non-cash consideration	(8,659)
Cash consideration paid	69,820
Less: Cash and cash equivalents in subsidiary acquired	(79,396)
Cash inflow on acquisition	9,576

On 30 June 2016, FBZ was acquired by Atlas Mara Limited.

6. 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:
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 associate's 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.

6. Investment in associate continued

Refer to page 38 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 six months. During 2015 Atlas Mara acquired an addition 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.

	30 June 2016 $'000	30 June 2015 $'000	31 December 2015 $'000
Opening balance	**398,423**	375,112	375,112
Acquired through business combinations at fair value	**–**	–	–
Share of profits	**12,480**	10,487	20,282
Share of OCI	**331**	1,188	13,648
Exchange rate adjustment	**(86,965)**	(11,124)	(19,442)
Tax associated	**–**	–	–
Additions during year	**–**	8,823	8,823
Investment in associates	**324,269**	384,486	398,423

The following table illustrates the summarised financial information of UBN.

	30 June 2016 $'000	30 June 2015 $'000	31 December 2015 $'000
Loans and advances	**1,688,276**	1,866,257	1,843,792
Total assets	**4,087,031**	5,405,225	5,263,541
Deposits	**2,410,936**	3,374,086	3,090,726
Total liabilities	**3,189,944**	4,257,906	4,037,160

6. Investment in associate continued

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 at 30 June 2016, following the devaluation of the Nigerian Naira and continued macroeconomic challenges, the impairment trigger was reassessed and the impairment test rolled forward for the six months then ended.

The test confirmed that there was no impairment at 30 June 2016.

The table below illustrates the VIU, carrying value and fair value of the Group's 31.15% (2015: 31.15%) in UBN.

	30 June 2016			30 June 2015			31 December 2015		
	VIU $'000	**Carrying amount $'000**	**Fair value $'000**	VIU $'000	Carrying amount $'000	Fair value $'000	VIU $'000	Carrying amount $'000	Fair value $'000
Union Bank of Nigeria	**324,900**	**321,434**	**224,569**	408,158	382,244	381,115	440,000	395,948	345,000

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 25.0%–26.0%. 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 5.1%, an equity market risk premium of 5.5%, country consumer price index of 10.9% and an entity specific risk of 2.5%. The VIU has been calculated using a rate of 25.2%.

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 $324.9 million.

6. Investment in associate continued

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% in 2015 in UBN through a purchase of 3,742,201,213 shares.

The investment in UBN is equity accounted using the interim financial statements of UBN for the period 1 January 2016 to 30 June 2016. The local currency of UBN is Nigerian Naira.

7. 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

7. Intangible assets and goodwill continued

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.

	30 June 2016 $'000	30 June 2015 $'000	31 December 2015 $'000
Goodwill	**81,785**	94,946	82,736
Acquisition related intangible assets	**63,838**	54,871	44,776
Software/Other intangible assets	**21,142**	5,429	11,857
	166,765	155,246	139,369

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.

7. Intangible assets and goodwill continued

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 6 for the details of the valuation performed to determine the value-in-use of the investment. As at 30 June 2016, the VIU of the investment of $324.9 million is more than the carrying value and therefore no impairment of the goodwill is required. This position will be closely monitored and will be re-assessed at 31 December 2016.

Other intangible assets

The other intangible assets have been assessed for indications of impairment and at 30 June 2016 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.

8. Financial instruments

Refer to accounting policy pertaining to financial instruments included on pages 24 to 26.

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:

	30 June 2016		30 June 2015		31 December 2015	
	Carrying amount $'000	**Fair value $'000**	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	**448,257**	**448,257**	374,150	374,150	320,682	320,682
Loan and advances	**1,421,046**	**1,421,046**	1,173,860	1,173,860	1,229,438	1,229,438
Held-to-maturity investments						
Treasury bills	**118,866**	**118,866**	–	–	–	–
Corporate bonds	**8,743**	**8,743**	–	–	–	–
Government bonds	**36,802**	**36,802**	5,573	5,573	5,012	5,012

	30 June 2016		30 June 2015		31 December 2015	
	Carrying amount $'000	**Fair value $'000**	Carrying amount $'000	Fair value $'000	Carrying amount $'000	Fair value $'000
Financial liabilities measured at amortised cost						
Deposits	**1,814,924**	**1,814,924**	1,462,947	1,462,947	1,436,148	1,436,148
Borrowed funds	**305,832**	**305,832**	296,020	296,020	245,187	251,750

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.

9. Market risk

Sensitivity analysis of market price

The Group holds, directly or through its associates, listed equities with a fair value of $1.1 million and unlisted equities of $13.2 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 $343 million and available-for-sale investments of $17.5 million and derivative financial instruments of $5.4 million (net liabilities).

The exposure to equity price risk is described below, with additional detail around the sensitivity included in note 24.

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 24.

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 30 June 2016.

9. Market risk continued

Foreign exchange risk

	Total											
30 June 2016	**USD $'000**	**EUR $'000**	**BWP $'000**	**ZAR $'000**	**TZS $'000**	**ZMW $'000**	**MZN $'000**	**JPY $'000**	**NGN $'000**	**RWF $'000**	**Other $'000**	**Total $'000**
Cash and short-term funds	141,808	27,189	45,596	4,096	17,306	152,541	15,876	5	–	37,560	6,280	448,257
Financial assets held for trading	12,165	–	72,103	–	28,920	19,832	13,753	–	–	–	–	146,773
Financial assets designated at fair value	10,729	–	–	–	2,866	–	–	–	–	–	–	13,595
Derivative financial assets	–	–	5,121	–	–	–	–	–	–	–	–	5,121
Loans and advances	360,993	2,227	520,759	14	59,493	181,378	82,259	–	–	213,923	–	1,421,046
Investment securities	60,888	146	5,030	–	456	67,372	118	–	–	47,876	–	181,886
Total assets	586,583	29,562	648,609	4,110	109,041	421,123	112,006	5	–	299,359	6,280	2,216,678
Shareholders' equity and liabilities												
Equity	252,849	–	80,476	1,088	12,201	142,535	28,749	–	–	59,404	–	577,302
Deposits	526,156	23,917	543,012	3,329	90,739	296,664	86,562	27	–	239,341	5,177	1,814,924
Derivative financial liabilities	4,954	328	5,121	127	–	–	–	–	–	–	–	10,530
Borrowed funds	251,161	–	370	–	–	79,236	10,485	–	–	398	1,311	342,961
Total equity and liabilities	1,035,120	24,245	628,979	4,544	102,940	518,435	125,796	27	–	299,143	6,488	2,745,717

	Total											
30 June 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	129,834	16,158	56,430	5,722	25,573	68,247	32,707	1,333	–	34,062	4,083	374,150
Financial assets held for trading	38,188	–	64,752	–	34,360	42,446	18,263	–	–	–	–	198,009
Financial assets designated at fair value	8,164	–	–	–	3,576	–	–	–	–	–	–	11,740
Derivative financial assets	2	–	–	–	–	–	–	–	–	–	–	2
Loans and advances	270,675	2,046	440,102	45	43,434	83,194	132,067	–	–	202,297	–	1,173,860
Investment securities	31,331	103	5,573	–	506	–	197	–	–	–	–	37,710
Total assets	478,194	18,307	566,857	5,767	107,450	193,887	183,233	1,333	–	236,359	4,083	1,795,470
Shareholders' equity and liabilities												
Equity	413,570	–	91,377	722	15,714	40,367	26,661	–	7,979	43,000	–	639,390
Deposits	512,665	20,382	483,747	3,926	87,607	114,653	192,268	1,231	–	33,262	13,206	1,462,947
Derivative financial liabilities	5,156	403	–	18	–	–	–	–	–	–	11	5,588
Borrowed funds	239,303	–	27,575	–	726	–	12,608	3,370	–	1,135	–	284,717
Total equity and liabilities	1,170,694	20,785	602,699	4,667	104,047	155,020	231,537	4,601	7,979	77,396	13,217	2,392,642

9. Market risk continued

31 December 2015	USD $'000	EUR $'000	BWP $'000	ZAR $'000	ZMK $'000	Total 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)	1,229,438
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

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	53	53
BWP	631	631
ZAR	7	7
ZMW	452	452
All other currencies	(2)	(2)
TZS	153	153
MZN	150	150
JPY	–	–
RWF	596	596
NGN	–	–

9. Market risk continued

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.

30 June 2016	Up to 1 month $'000	1–3 months $'000	3–12 months $'000	1–5 years $'000	Non-interest bearing $'000	Total $'000
Cash and short-term funds	116,365	4,294	13,225	121	314,252	448,257
Financial assets held for trading	32,887	87,684	19,857	6,345	–	146,773
Financial assets designated at fair value	–	–	–	–	13,595	13,595
Derivative financial assets	–	–	–	5,121	–	5,121
Loans and advances	732,974	69,642	190,110	359,908	68,412	1,421,046
Investment securities	24,653	29,490	88,396	38,507	840	181,886
Total assets	906,879	191,110	311,588	410,002	397,099	2,216,678
Shareholders' equity and liabilities						
Equity	–	–	–	9,456	567,846	577,302
Deposits	822,115	374,315	503,422	115,072	–	1,814,924
Derivative financial liabilities	962	–	–	5,121	4,447	10,530
Borrowed funds	93,642	1,862	18,189	228,470	798	342,961
Total equity and liabilities	916,719	376,177	521,611	358,119	573,091	2,745,717

30 June 2015	Up to 1 month $'000	1–3 months $'000	3–12 months $'000	1–5 years $'000	Non-interest bearing $'000	Total $'000
Cash and short-term funds	149,962	7,221	15,246	121	201,600	374,150
Financial assets held for trading	45,922	85,345	16,028	50,714	–	198,009
Financial assets designated at fair value	–	–	–	–	11,740	11,740
Derivative financial assets	–	–	–	–	2	2
Loans and advances	537,921	54,155	174,554	315,782	91,448	1,173,860
Investment securities	30,682	–	–	5,604	1,424	37,710
Total assets	764,487	146,724	205,828	372,221	306,214	1,795,471
Shareholders' equity and liabilities						
Equity	–	–	–	13,419	625,971	639,390
Deposits	917,212	223,380	233,334	89,021	–	1,462,947
Derivative financial liabilities	2,080	–	–	–	3,508	5,588
Borrowed funds	20,424	14,870	88,217	161,206	–	284,717
Total equity and liabilities	939,716	238,250	321,551	263,646	629,479	2,392,642

9. Market risk continued

31 December 2015	Up to 1 month $'000	1–3 months $'000	3–12 months $'000	1–5 years $'000	Non-interest bearing $'000	Total $'000
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

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	(1,270)	(990)	1,270	990
As a percentage of total shareholders' equity	(1.41%)	(1.10%)	1.41%	1.10%
BancABC Mozambique				
Change in net interest income	90	61	(90)	(61)
As a percentage of total shareholders' equity	0.1%	0.07%	(0.1%)	(0.07%)
BancABC Tanzania				
Change in net interest income	209	146	(209)	(146)
As a percentage of total shareholders' equity	0.23%	0.16%	(0.23%)	(0.16%)
BancABC Zambia				
Change in net interest income	179	116	(179)	(116)
As a percentage of total shareholders' equity	0.20%	0.13%	(0.20%)	(0.13%)
BancABC Zimbabwe				
Change in net interest income	741	550	(741)	(550)
As a percentage of total shareholders' equity	0.82%	0.61%	(0.82%)	(0.61%)
Rwanda				
Change in net interest income	537	376	(537)	(376)
As a percentage of total shareholders' equity	0.08%	0.06%	(0.08%)	(0.06%)

10. Loans and advances

Refer to accounting policy pertaining to financial instruments included on pages 24 to 26.

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.

	30 June 2016 $'000	30 June 2015 $'000	31 December 2015 $'000
Mortgage lending	**89,364**	62,839	69,655
Instalment finance	**59,072**	60,121	73,700
Corporate lending	**562,073**	502,404	521,806
Commercial and property finance	**40,976**	26,158	36,560
Consumer lending	**699,562**	536,496	547,778
	1,451,047	1,188,018	1,249,499
Less impairments (note 10.1)	**(30,001)**	(14,158)	(20,061)
Net loans and advances	**1,421,046**	1,173,860	1,229,438

10.1. Reconciliation of impairment allowance for loans and advances to customers by market segment

	30 June 2016					
	Mortgage lending $'000	**Instalment finance $'000**	**Corporate lending $'000**	**Commercial and property finance $'000**	**Consumer lending $'000**	**Gross loans and advances $'000**
1 January 2016						
Opening balance	**313**	**1,882**	**11,616**	**536**	**5,714**	**20,061**
Exchange rate adjustment	**17**	**49**	**318**	**107**	**355**	**846**
Credit impairment charges	**741**	**2,065**	**1,197**	**763**	**4,328**	**9,094**
30 June 2016						
Closing balances	**1,071**	**3,996**	**13,131**	**1,406**	**10,397**	**30,001**
Specific impairment	**447**	**3,230**	**11,655**	**1,321**	**10,312**	**26,965**
Gross non-performing loans	**4,548**	**8,813**	**73,122**	**11,201**	**31,560**	**129,244**

10. Loans and advances continued

	30 June 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	25	409	4,563	861	2,160	8,018
Exchange rate adjustment	2	(6)	(109)	(18)	(70)	(201)
Reclassification	–	–	(80)	–	–	(80)
Impairments created	295	807	20,915	171	126	22,314
Impairments released	–	–	(461)	–	–	(461)
Recoveries	–	–	(9,611)	–	–	(9,611)
Bad debts written-off	–	–	(5,856)	–	–	(5,856)
Suspended interest	–	–	35	–	–	35
30 June 2015						
Closing balances	322	1,210	9,396	1,014	2,216	14,158
Specific impairment	131	1,844	8,787	136	1,994	12,892
Gross non-performing loans	2,185	18,835	82,235	956	12,972	117,183

	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

10.2. 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:

	30 June 2016		
	Collective allowance for credit losses 30 June 2016 $'000	**Specific allowance for credit losses 30 June 2016 $'000**	**Total 30 June 2016 $'000**
Opening balance	**2,161**	**17,900**	**20,061**
Impairments created	**675**	**8,419**	**9,094**
Exchange rate adjustment	**200**	**646**	**846**
Balance as at 30 June 2016	**3,036**	**26,965**	**30,001**

10. Loans and advances continued

The specific allowance for credit losses of $27.0 million exclusively relates to loans and advances to customers.

	30 June 2015		
	Collective allowance for credit losses 30 June 2015 $'000	Specific allowance for credit losses 30 June 2015 $'000	Total 30 June 2015 $'000
Opening balance	–	8,018	8,018
Additions	1,296	21,018	22,314
Reversals	–	(15,973)	(15,973)
Exchange rate adjustment	–	(201)	(201)
Balance as at 30 June 2015	1,296	12,862	14,158

The specific allowance for credit losses of $12.9 million exclusively relates to loans and advances to customers.

	31 December 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.

10.3. Credit quality

Loans and advances individually impaired

	30 June 2016			30 June 2015			31 December 2015		
	Individually impaired $'000	**Fair value of collateral $'000**	**Under collateralisation[1] $'000**	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	**4,548**	**3,165**	**1,383**	2,185	2,800	(615)	3,934	3,934	–
Instalment finance	**8,813**	**4,474**	**4,339**	18,835	4,105	14,730	27,955	8,061	19,894
Corporate lending	**73,122**	**55,402**	**17,720**	82,235	50,889	31,346	41,287	41,287	–
Commercial and property finance	**11,201**	**12,181**	**(980)**	956	9,654	(8,698)	14,848	12,778	2,070
Consumer lending	**31,560**	**10,144**	**21,416**	12,972	8,300	4,672	10,434	2,550	7,884
	129,244	**85,366**	**43,878**	117,183	75,748	41,435	98,458	68,610	29,848

Note:
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.

10.4. 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.

10. Loans and advances continued

Renegotiated loans that would otherwise be past due are as follows:

	30 June 2016 $'000	30 June 2015 $'000	31 December 2015 $'000
Mortgage lending	**–**	147	1,566
Instalment finance	**224**	–	–
Corporate lending	**21,411**	7,561	46,889
Commercial and property finance	**2,699**	–	20,897
Consumer lending	**–**	–	3,067
	24,334	7,708	72,419
Continuing to be impaired after restructuring	**1,321**		44,226
Non-impaired after restructuring – would otherwise have been impaired	**8,905**		27,284
Non-impaired after restructuring – would otherwise not have been impaired	**14,108**	6,787	909
	24,334	6,787	72,419

10.5. Total loan impairments by loan class and type

a. Impairment by loan class

	30 June 2016 $'000	30 June 2015 $'000	31 December 2015 $'000
Mortgage lending	**1,070**	322	313
Instalment finance	**3,996**	1,210	1,882
Corporate lending	**13,369**	9,396	11,616
Commercial and property finance	**1,926**	1,014	536
Consumer lending	**9,640**	2,216	5,714
Total loan impairments	**30,001**	14,158	20,061

b. Impairment analysis

	30 June 2016 $'000	30 June 2015 $'000	31 December 2015 $'000
Collective impairments	**3,036**	1,296	2,161
Specific impairments	**26,965**	12,862	17,900
Total loan impairments	**30,001**	14,158	20,061

c. Credit quality supplement

	30 June 2016 $'000	30 June 2015 $'000	31 December 2015 $'000
Total gross loans	**1,451,047**	1,188,018	1,249,499
Collective impairments	**(3,036)**	(1,296)	(2,161)
Specific impairments	**(26,965)**	(12,862)	(17,900)
Net Loans	**1,421,046**	1,173,860	1,229,438
Non-performing loans	**129,244**	117,183	98,458
Impairments (profit/loss)	**(9,093)**	(6,140)	(12,042)
Impairments (allowance)	**(30,001)**	(14,158)	(20,061)
Percentage (%)			
Non-performing loans/gross loans	**8.9**	9.9	7.9
Total impairment allowance/Non-performing loans	**23.2**	12.1	20.4
Specific impairments/gross loans	**1.86**	1.1	1.4

10. Loans and advances continued

10.6. Repossessed collateral

During 2016, the Group obtained assets by taking possession of collateral held as security, as follows:

	30 June 2016 $'000	30 June 2015 $'000	31 December 2015 $'000
Property and equipment	**3,565**	6,318	8,027
Motor vehicles	**452**	116	4,527
	4,017	6,434	12,554

11. Loan impairment charges

Accounting for impairments of loans and advances
Refer to accounting policy pertaining to financial instruments included on pages 24 to 26.

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.

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 $2.27 million (2015: $1.2 million) impairment charge.

	30 June 2016 $'000	30 June 2015 $'000	31 December 2015 $'000
Specific impairments	**(11,152)**	(4,844)	(11,189)
Collective impairment	**(675)**	(1,296)	254
Recoveries for the period	**2,734**	–	(1,107)
Total impairment charge	**(9,093)**	(6,140)	(12,042)

12. Collateral

Liabilities for which collateral is pledged:

	30 June 2016 $'000	30 June 2015 $'000	31 December 2015 $'000
Deposits from banks	**62,269**	30,619	66,195
Deposits from customers	**162,755**	58,578	18,097
Borrowed funds	**1,995**	27,575	6,987
	227,019	116,772	91,279

Assets pledged to secure these liabilities are carried at amortised cost and are included under the following:

	30 June 2016 $'000	30 June 2015 $'000	31 December 2015 $'000
Advances (collateral)	**2,471**	24,718	8,665
Financial assets held for trading	**53,503**	73,288	38,179
Investment in subsidiary	**–**	–	–
Investment securities	**53,388**	5,573	44,578
Property and equipment	**2,814**	2,958	2,727
	112,176	106,537	94,149

These transactions are conducted under terms that are usual and customary to standard lending and borrowing activities.

13. Credit risk and liquidity risk

Maximum exposure to credit risk as at 30 June 2016

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.

		Fair value of collateral and credit enhancements held					
Type of collateral or credit enhancement	Maximum exposure to credit risk $'000	Cash $'000	Letters of credit/ guarantees $'000	Property[3] $'000	Other[1,3] $'000	Net collateral $'000	Net exposure $'000
Placement with other banks[2]	179,442	–	–	–	–	–	179,442
Loans and advances	1,421,046	17,788	–	323,007	58,451	399,246	1,021,800
Mortgage lending	88,293	–	–	52,010	–	52,010	36,283
Instalment finance	55,076	–	–	11,474	993	12,467	42,609
Corporate lending	548,942	16,665	–	152,182	56,222	225,069	323,873
Commercial and property finance	39,570	1,034	-	19,336	686	21,056	18,514
Consumer lending	689,165	89	–	88,005	550	88,644	600,521
Derivative financial instruments							
Currency swaps	5,121	–	–	–	–	–	5,121
Forward foreign exchange contracts		–	–	–	–	–	–
Financial assets held for trading	146,773	–	–	–	28,921	28,921	117,852
Government bonds	15,808	–	–	–	4,323	4,323	11,485
Promissory notes	675	–	–	–	–	–	675
Treasury bills	130,290	–	–	–	24,598	24,598	105,692
Financial assets designated at fair value through profit or loss	13,595	–	–	–	–	–	13,595
Listed equities	1,125	–	–	–	–	–	1,125
Unlisted equities	12,460	–	–	–	–	–	12,460
Property units	10	–	–	–	–	–	10
Financial investments – available-for-sale	17,475	–	–	–	–	–	17,475
Government bonds	2,026	–	–	–	–	–	2,026
Corporate bonds	11,925	–	–	–	–	–	11,925
Unlisted equities	722	–	–	–	–	–	722
Unlisted investment	2,802	–	–	–	–	–	2,802
Financial investments held-to-maturity	164,411	–	–	–	–	–	164,411
Treasury bills	118,866	–	–	–	–	–	118,866
Corporate bonds	8,743	–	–	–	–	–	8,743
Government bonds	36,802	–	–	–	–	–	36,802
	1,947,863	17,788	–	323,007	87,372	428,167	1,519,696
Credit exposures relating to off-balance sheet items are as follows							
Financial guarantees	50,892	–	–	308	2,103	2,411	48,481
Letters of credit for customers	7,311	–	–	–	–	–	7,311
Other commitments (including loan commitments)	24,926	–	–	–	–	–	24,926
	2,030,992	17,788	–	323,315	89,475	430,578	1,600,414

Notes:
1. Vehicles, machinery, other fixed assets, inventory and trade receivables.
2. Represents cash balances held with other banks. Included in $448.3 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.

13. Credit risk and liquidity risk continued

Maximum exposure to credit risk as at 30 June 2015

Type of collateral or credit enhancement	Maximum exposure to credit risk $'000	Fair value of collateral and credit enhancements held: Cash $'000	Letters of credit/ guarantees $'000	Property[3] $'000	Other[1,3] $'000	Net collateral $'000	Net exposure $'000
Placement with other banks[2]	309,424	85,115	–	–	–	85,115	224,309
Loans and advances	1,173,860	19,538	3,477	195,873	269,916	488,804	685,056
Mortgage lending	62,517	204	–	50,591	–	50,795	11,722
Instalment finance	58,911	479	–	4,461	40,186	45,126	13,785
Corporate lending	493,008	16,634	–	112,089	226,801	355,524	137,484
Commercial and property finance	25,144	–	–	10,514	–	10,514	14,630
Consumer lending	534,280	2,221	3,477	18,218	2,929	26,845	507,435
Cash collateral on securities borrowed and reverse repurchase agreements							
Derivative financial instruments	3,799	–	–	–	–	–	3,799
Forward foreign exchange contracts	3,799	–	–	–	–	–	3,799
Financial assets held for trading	198,009	42,389	–	–	–	42,389	155,620
Government bonds	27,508	–	–	–	–	–	27,508
Treasury bills and other open market instruments	163,690	42,389	–	–	–	42,389	121,301
Bankers' acceptance and commercial paper	6,811	–	–	–	–	–	6,811
Financial assets designated at fair value through profit or loss	11,740	–	–	–	–	–	11,740
Listed equities	1,330	–	–	–	–	–	1,330
Unlisted equities	10,410	–	–	–	–	–	10,410
Financial investments – available-for-sale	32,137	35	–	–	–	35	32,102
Listed equities	618	–	–	–	–	–	618
Unlisted equities	31,519	35	–	–	–	35	31,484
Financial investments held-to-maturity	5,573	–	–	–	–	–	5,573
Unlisted debentures	–	–	–	–	–	–	–
Promissory notes	5,573	–	–	–	–	–	5,573
	1,734,542	147,077	3,477	195,873	269,916	616,343	1,118,199
Credit exposures relating to off-balance sheet items are as follows	89,240	236	–	30,843	–	31,079	58,161
Financial guarantees	78,197	46	–	29,844	–	29,890	48,307
Letters of credit for customers	11,043	190	–	999	–	1,189	9,854
	1,823,782	147,313	3,477	226,716	269,916	647,422	1,176,360

Notes:
1. Vehicles, machinery, other fixed assets, inventory and trade receivables.
2. Represents cash balances held with other banks. Included in $374.2 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.

13. Credit risk and liquidity risk continued

Maximum exposure to credit risk as at 31 December 2015

		Fair value of collateral and credit enhancements held					
Type of collateral or credit enhancement	Maximum exposure to credit risk $'000	Cash $'000	Letters of credit/ guarantees $'000	Property[3] $'000	Other[1,3] $'000	Net collateral $'000	Net exposure $'000
Placement with other banks[2]	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
Derivative 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 $374.2 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.

13. Credit risk and liquidity risk continued

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 30 June 2016. For this table, the Group has allocated exposures to regions based on the country of domicile of its counterparties:

30 June 2016	Botswana $'000	Mozambique $'000	Tanzania $'000	Zambia $'000	Zimbabwe $'000	Other/ Rwanda $'000	Total $'000
Placements with other banks	628	26,970	18,293	117,121	9,232	7,198	179,442
Financial assets held for trading	72,103	13,753	28,920	31,997	–	–	146,773
Financial assets designated at fair value	–	–	12,460	–	1,135	–	13,595
Derivative financial assets	–	–	–	–	–	5,121	5,121
Loans and advances (net)	520,748	93,834	87,291	224,952	280,700	213,521	1,421,046
Investment securities	5,030	118	456	67,372	58,204	50,706	181,886
	598,509	134,675	147,420	441,442	349,271	276,546	1,947,863
Financial guarantees	3,516	15,009	12,430	13,240	1,370	5,327	50,892
Letters of credit for customers	283	1,274	3,205	2,457	92	–	7,311
Other commitments	21,230	–	–	1,636	–	2,060	24,926
	25,029	16,283	15,635	17,333	1,462	7,387	83,129

30 June 2015	Botswana $'000	Mozambique $'000	Tanzania $'000	Zambia $'000	Zimbabwe $'000	Other/ Rwanda $'000	Total $'000
Placements with other banks	49,697	7,693	32,910	91,112	75,522	52,490	309,424
Financial assets held for trading	64,752	17,902	34,376	42,389	38,590	–	198,009
Financial assets designated at fair value	–	–	10,410	–	1,330	–	11,740
Derivative financial assets	–	–	2	–	–	–	2
Loans and advances (net)	448,801	161,557	73,068	133,174	315,570	41,690	1,173,860
Investment securities	5,573	193	506	35	618	30,785	37,710
Current tax assets	370	546	1,614	23,419	1,442	–	27,391
Disposal groups	–	–	–	–	–	–	–
	569,193	187,891	152,886	290,129	433,072	124,965	1,758,136

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

13. Credit risk and liquidity risk 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 30 June 2016 of the counterparties:

30 June 2016	Agriculture $'000	Construc-tion $'000	Wholesale, retail and trade $'000	Public sector $'000	Manu-facturing $'000	Mining and energy $'000	Financial services $'000	Transport $'000	Individuals $'000	Tourism $'000	Other $'000	Total $'000
Placements with other banks	**–**	**–**	**–**	**–**	**–**	**–**	**179,442**	**–**	**–**	**–**	**–**	**179,442**
Financial assets held for trading	**–**	**–**	**–**	**28,920**	**–**	**–**	**117,853**	**–**	**–**	**–**	**–**	**146,773**
Financial assets designated at fair value	**11**	**28**	**87**	**–**	**437**	**9,692**	**3,340**	**–**	**–**	**–**	**–**	**13,595**
Derivative financial assets	**–**	**–**	**–**	**–**	**–**	**–**	**5,121**	**–**	**–**	**–**	**–**	**5,121**
Loans and advances (net)	**41,018**	**119,480**	**243,378**	**95,893**	**93,862**	**43,303**	**35,201**	**19,360**	**611,540**	**9,964**	**108,047**	**1,421,046**
Investment securities	**–**	**–**	**–**	**106,592**	**–**	**–**	**75,294**	**–**	**–**	**–**	**–**	**181,886**
	41,029	**119,508**	**243,465**	**231,405**	**94,299**	**52,995**	**416,251**	**19,360**	**611,540**	**9,964**	**108,047**	**1,947,863**
Financial guarantees	**–**	**12,200**	**15,597**	**5,326**	**1,295**	**390**	**11,945**	**–**	**26**	**87**	**4,026**	**50,892**
Letters of credit for customers	**176**	**–**	**4,479**	**–**	**–**	**92**	**2,280**	**–**	**–**	**–**	**284**	**7,311**
Other commitments	**2**	**–**	**–**	**2,061**	**–**	**–**	**1,634**	**–**	**–**	**–**	**21,229**	**24,926**
	178	**12,200**	**20,076**	**7,387**	**1,295**	**482**	**15,859**	**–**	**26**	**87**	**25,539**	**83,129**

30 June 2015	Agriculture $'000	Construc-tion $'000	Wholesale, retail and trade $'000	Public sector $'000	Manu-facturing $'000	Mining and energy $'000	Financial services $'000	Transport $'000	Individuals $'000	Tourism $'000	Other $'000	Total $'000
Placements with other banks	–	–	–	–	–	–	300,608	–	–	–	8,816	309,424
Financial assets held for trading	–	6,811	–	66,155	–	–	125,043	–	–	–	–	198,009
Financial assets designated at fair value	71	–	308	–	165	7,137	4,012	–	–	–	47	11,740
Investment in associates	–	–	–	–	–	–	384,486	–	–	–	–	384,486
Derivative financial assets	–	–	–	–	–	–	2	–	–	–	–	2
Loans and advances (net)	41,833	31,523	150,286	58,038	63,266	56,999	26,300	36,570	608,339	19,092	81,614	1,173,860
Investment securities	97	–	199	–	190	30	37,190	–	–	–	4	37,710
Current tax assets	–	–	–	1,988	–	–	23,476	–	–	–	1,927	27,391
Disposal groups	–	–	–	–	–	–	–	–	–	–	8,737	8,737
	42,001	38,334	150,793	126,181	63,621	64,166	901,117	36,570	608,339	19,092	101,145	2,151,359

13. Credit risk and liquidity risk continued

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 $'000	Other $'000	Total $'000
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**

13. Credit risk and liquidity risk continued

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.

	Neither past due nor impaired	Past due but not impaired				
30 June 2016	**Performing $'000**	**30 days $'000**	**31–60 days $'000**	**61–90 days $'000**	**Individually impaired $'000**	**31 December 2015 $'000**
Cash and cash equivalents	448,257	–	–	–	–	448,257
Derivative financial assets	5,121	–	–	–	–	5,121
Financial assets held for trading	146,773	–	–	–	–	146,773
Financial assets designated at fair value through profit/loss	13,595	–	–	–	–	13,595
Loans and advances to customers						
Mortgage lending	83,838	600	95	283	4,548	89,364
Instalment finance	33,169	12,859	3,327	903	8,813	59,071
Corporate lending	411,432	27,787	11,141	38,590	73,122	562,072
Commercial and property finance	29,686	1,346	253	(1,510)	11,201	40,976
Consumer lending	594,693	56,313	9,344	7,652	31,562	699,564
Gross loans and advances	1,152,818	98,905	24,160	45,918	129,246	1,451,047
Less: Allowance for impairment					(30,001)	(30,001)
Net loans and advances	1,152,818	98,905	24,160	45,918	99,245	1,421,046
Financial investments available-for-sale	17,475	–	–	–	–	17,475
Government bonds	2,026	–	–	–	–	2,026
Corporate bonds	11,925	–	–	–	–	11,925
Unlisted equities	722	–	–	–	–	722
Unlisted investment	2,802	–	–	–	–	2,802
Financial investments held to maturity	164,411	–	–	–	–	164,411
Treasury bills	118,866	–	–	–	–	118,866
Corporate bonds	8,743	–	–	–	–	8,743
Government bonds	36,802	–	–	–	–	36,802
Total	1,948,450	98,905	24,160	45,918	99,245	2,216,678

13. Credit risk and liquidity risk continued

30 June 2015	Neither past due nor impaired Performing $'000	Past due but not impaired 30 days $'000	 31–60 days $'000	 61–90 days $'000	Individually impaired $'000	30 June 2015 $'000
Cash and cash equivalents	374,150	–	–	–	–	374,150
Derivative financial assets	2	–	–	–	–	2
Financial assets held for trading	198,009	–	–	–	–	198,009
Financial assets designated at fair value through profit or loss	11,740	–	–	–	–	11,740
Loans and advances to customers						
Mortgage lending	52,086	8,493	75	–	2,185	62,839
Instalment finance	37,663	3,457	163	3	18,835	60,121
Corporate lending	350,806	52,025	6,435	10,903	82,235	502,404
Commercial and property finance	15,725	9,477	–	–	956	26,158
Consumer lending	508,513	7,378	7,281	352	12,972	536,496
Gross loans and advances	964,793	80,830	13,954	11,258	117,183	1,188,018
Less: Allowance for impairment	–	–	–	–	(14,158)	(14,158)
Net loans and advances	964,793	80,830	13,954	11,258	103,025	1,173,860
Financial investments available-for-sale	755	–	–	–	–	755
Quoted – Government debt securities	–	–	–	–	–	–
Quoted – Listed equities	652	–	–	–	–	652
Unquoted – Unlisted equities	103	–	–	–	–	103
Financial investments held to maturity	–	–	–	–	–	–
Unquoted – Debt securities	–	–	–	–	–	–
Total	1,549,449	80,830	13,954	11,258	103,025	1,758,516

13. Credit risk and liquidity risk continued

31 December 2015	Neither past due nor impaired Performing $'000	Past due but not impaired 30 days $'000	 31–60 days $'000	 61–90 days $'000	Individually impaired $'000	31 December 2015 $'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

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.

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.

13. Credit risk and liquidity risk continued

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:

30 June 2016	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
Deposits	**883,992**	**152,835**	**698,438**	**62,780**	**1,798,045**	**16,879**	**1,814,924**
Borrowed funds	**19,479**	**4,568**	**92,422**	**245,385**	**361,854**	**(18,893)**	**342,961**
Financial guarantee contracts	**4,021**	**4,791**	**8,451**	**–**	**17,263**	**–**	**17,263**
Total liabilities (contractual)	**907,492**	**162,194**	**799,311**	**308,165**	**2,177,162**	**(2,014)**	**2,175,148**

30 June 2015	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
Deposits	900,390	187,072	303,746	57,420	1,448,628	14,319	1,462,947
Borrowed funds	395	20,828	20,178	255,325	296,726	(12,009)	284,717
Loan commitments	–	–	–	–	–	–	–
Total liabilities (contractual)	900,785	207,900	323,924	312,745	1,745,354	2,310	1,747,664

13. Credit risk and liquidity risk continued

31 December 2015	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
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

14. Interest and similar income

Accounting for interest income
Refer to accounting policy pertaining to financial instruments included on pages 24 to 26.

	Half-year to 30 June 2016 $'000	Half-year to 30 June 2015 $'000	31 December 2015 $'000
Unwind of fair value adjustment to loans and advances acquired at fair value through business combination	**–**	9,607	18,530
Cash and short-term funds	**5,908**	4,832	5,152
Investment securities and dated financial instruments	**5,174**	3,280	10,751
Loans and advances at amortised cost	**91,522**	94,083	206,833
Other interest income	**–**	7,964	660
Financial investments – available-for-sale	**3,762**	4,035	2,449
Interest and similar income	**106,366**	123,801	244,375
Interest income on financial assets designated at fair value through profit/loss	**–**	–	981
Interest and similar income	**106,366**	123,801	245,356

15. Financial assets held for trading

Refer to accounting policy pertaining to financial instruments included on pages 24 to 26.

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.

	30 June 2016 $'000	30 June 2015 $'000	31 December 2015 $'000
Government bonds	**11,485**	5,044	36,342
Corporate bonds	**675**	331	5,907
Treasury bills	**91,937**	116,391	102,921
	104,097	121,766	145,170
Financials assets held for trading pledged as collateral			
Government bonds	**4,323**	22,464	–
Corporate bonds	**–**	6,811	–
Treasury bills and other open market instruments	**38,353**	46,968	45,061
	42,676	76,243	45,061
Financial assets held for trading	**146,773**	198,009	190,231

15. Financial assets held for trading continued

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 2016 and 2015. Refer to the fair value disclosure included in note 24 for detailed information of key assumptions.

16. Financial assets designated at fair value

Refer to accounting policy pertaining to financial instruments included on pages 24 to 26.

	30 June 2016 $'000	30 June 2015 $'000	31 December 2015 $'000
Listed equities	**1,125**	1,330	798
Unlisted equities	**12,460**	10,410	12,535
Property units	**10**	–	10
Financial assets designated at fair value	**13,595**	11,740	13,343

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 2016 and 2015. Refer to the fair value disclosure included in note 24 for detailed information of key assumptions.

17. Investment securities

Refer to accounting policy pertaining to financial instruments included on pages 24 to 26.

	30 June 2016 $'000	30 June 2015 $'000	31 December 2015 $'000
Balance consists of:			
Available-for-sale			
Government bonds	**2,026**	–	–
Listed equities	**–**	617	–
Unlisted equities	**722**	610	726
Unlisted investment	**2,802**	30,910	15,842
	5,550	32,137	16,568
Available for sale pledged as collateral			
Corporate bonds	**11,925**	–	–
Held-to-maturity			
Treasury bills	**99,200**	–	–
Corporate bonds	**4,943**	–	–
Government bonds	**11,910**	5,573	–
	116,053	5,573	–
Held-to-maturity pledged as collateral			–
Treasury bills	**19,666**	–	–
Corporate bonds	**3,800**	–	–
Government bonds	**24,892**	–	5,012
	48,358	–	5,012
Investment securities	**181,886**	37,710	21,580

The investments in unlisted equities are accounted for at fair value. Refer to note 24 for details.

17. Investment securities continued

Included in government bonds is $5.0 million that is partial security for the loan from BIFM (note 2). 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.

All financial assets held for trading are carried at fair value in 2016 and 2015. Refer to the fair value disclosure included in note 24 for detailed information of key assumptions.

18. 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.

	Half-year to 30 June 2016 $'000	Half-year to 30 June 2015 $'000	31 December 2015 $'000
Net gains/(losses) on financial instruments designated at fair value through profit or loss	**22,255**	3,053	18,949
Net fee and commission income	**21,125**	31,075	56,566
Net trading income and currency revaluation	**17,123**	10,398	16,810
Other income	**7,800**	4,836	6,422
Non-interest income	**68,303**	49,362	98,747

19. Operating expenses

Operating expenditure	**Half-year to 30 June 2016 $'000**	Half-year to 30 June 2015 $'000	31 December 2015 $'000
Administrative expenses	**(42,874)**	(47,964)	(78,989)
Property lease rentals	**(3,794)**	(8,043)	(5,076)
Staff costs	**(48,753)**	(23,770)	(75,191)
Auditor's remuneration	**(1,770)**	(1,073)	(2,493)
Depreciation	**(5,712)**	(5,303)	(8,121)
Amortisation charge	**(1,625)**	(1,714)	(9,175)
Directors' remuneration	**(2,270)**	(733)	(5,851)
	(106,798)	(88,600)	(184,896)

20. Tax

20.1. Income tax expense

	Half-year to 30 June 2016 $'000	Half-year to 30 June 2015 $'000	31 December 2015 $'000
Current tax expense			
Current year tax expense	**2,709**	5,793	8,661
Tax on share of profit or associates	**–**	–	–
Withholding tax	**1**	–	2
Bank levies	**1**	5	3
	2,711	5,798	8,666
Deferred tax			
Total deferred tax	**(3,078)**	(20)	(1,846)
Total tax expense per statement of profit/loss	**(367)**	(5,778)	(6,820)
Reconciliation of effective tax charge			
Profit/(loss) before tax	**1,408**	9,100	19,181
Current tax expense per statement of profit/(loss)	**(367)**	(5,778)	(6,820)
Effective tax rate (%)	**26**	64	36

20. Tax continued

20.2. Income tax effects relating to components of other comprehensive income

	30 June 2016			30 June 2015			31 December 2015		
	Before tax $'000	**Tax charge $'000**	**After tax $'000**	Before tax $'000	Tax charge $'000	After tax $'000	Before tax $'000	Tax charge $'000	After tax $'000
Exchange differences on translating foreign operations	**(83,010)**	**–**	**(83,010)**	(29,572)	–	(29,572)	(88,232)	–	(88,232)
Net investment hedge	**–**	**–**	**–**	(9,514)	–	(9,514)	(3,496)	–	(3,496)
Revaluation of property net of deferred tax	**–**	**–**	**–**				3,642	(245)	3,397
Share of reserves in associate	**317**	**–**	**317**	1,188	–	1,188	13,648	–	13,648
Movement in available-for-sale reserves	**715**	**–**	**715**	13	–	13	481	–	481
Other comprehensive income	**(81,978)**	**–**	**(81,978)**	(37,885)	–	(37,885)	(73,957)	(245)	(74,202)

20.3. Deferred tax

	30 June 2016 $'000	30 June 2015 $'000	31 December 2015 $'000
Balance at the beginning of the year	**(7,266)**	(13,326)	(13,326)
Acquired through business combinations	**(3,715)**	–	–
Exchange rate adjustment	**(1,245)**	1,849	4,459
Statement of profit or loss charge (note 19.1)	**3,078**	(20)	1,846
Deferred tax on amounts charged to equity	**(184)**	–	(245)
	(9,332)	(11,497)	(7,266)
Disclosed as follows:			
Deferred tax asset	**9,415**	9,348	8,130
Deferred tax liability	**(18,747)**	(20,845)	(15,396)
	(9,332)	(11,497)	(7,266)
Tax effects of temporary differences			
Accruals	**552**	(496)	1,554
Bond with warrant deferred tax	**958**	–	845
Impairment losses	**15,575**	(11,818)	11,917
Property and equipment	**(5,437)**	(2,902)	(3,521)
Investment property	**(987)**	–	72
Unrealised gains on investment	**(2,572)**	(357)	(2,173)
Revaluation surplus	**(252)**	(1,012)	(1,080)
Tax losses	**1,604**	2,370	1,923
At acquisition adjustments	**–**	–	(19,482)
Tax and fair value losses of prior years claimed	**(18,727)**	–	–
Other	**(46)**	2,718	2,679
	(9,332)	(11,497)	(7,266)

Amount for which no deferred tax assets are recognised:

	30 June 2016 $'000	30 June 2015 $'000	31 December 2015 $'000
Deductible temporary difference	**–**	–	–
Unused tax losses	**32,611**	–	31,297
Unused tax credits	**–**	4,424	–

20. Tax continued

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.

21. Offsetting financial assets and liabilities

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.

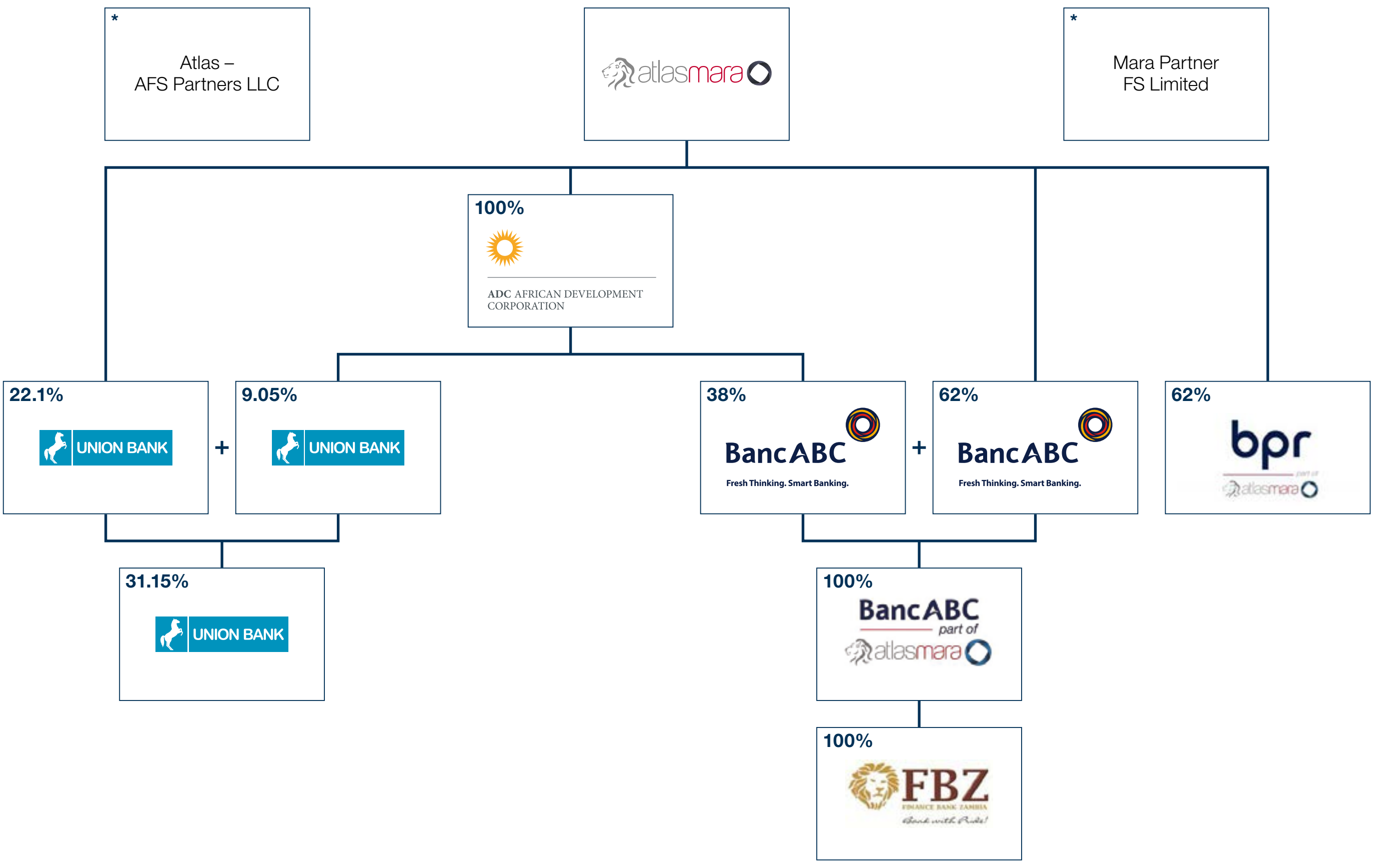
Effective for periods ending 30 June 2016 the offsetting requirements were clarified. In terms of the amendment it was confirmed that ‘legal enforceable right to set off’ is not contingent on a future event and enforceable both in the normal course of business and in the event of default, insolvency or bankruptcy of the entity and counterparties. The revised guidance did not affect the Group.

During the current year, there was no offsetting of financial assets and liabilities.

22. 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:



Note:

* These represent the founder shareholders’ affiliated group of companies.

22. Related parties continued

Related party transactions

Related party	Management fees $'000	Interest income/expense $'000	Others $'000	Total $'000
	30 June 2016			
Transactions between Atlas Mara and ABCH	3,818	23	1,677	5,518
Transactions between Atlas Mara and BancABC subsidiaries	1,753	–	–	1,753
Transactions between ABCH and BancABC subsidiaries	–	–	–	–
Transactions between Atlas Mara and ADC AG	–	(111)	–	(111)
Transactions between Atlas Mara and founder shareholders' affiliated companies	–	–	1,349	1,349
	5,571	(88)	3,026	8,509

Related party balances

Related party	Loans to Group companies $'000	Cash and cash equivalents $'000	Loans from Group companies $'000	Other $'000	Total $'000
	30 June 2016				
Balances between Atlas Mara and ABCH	55,023	–	–	11,668	66,691
Balances between Atlas Mara and BancABC subsidiaries	–	–	–	(25,039)	(25,039)
Balances between ABC Holdings and BancABC subsidiaries	30,243	25,490	(65,589)	–	(9,856)
Balances between Atlas Mara and BRD Commercial	–	–	(541)	–	(541)
Balances between Atlas Mara and Atlas Mara Financial Services Limited	–	–	(10,493)	–	(10,493)
Balances between Atlas Mara and founder shareholders' affiliated companies	–	–	–	119	119
	85,266	25,490	(76,623)	(13,252)	(20,881)

22. Related parties continued

Related party transactions

Related party	30 June 2015 Management fees paid $'000	Interest income/expense $'000	Others $'000	Total $'000
Transactions between Atlas Mara and ABCH	2,040	–	2,621	4,661
Transactions between ABCH and BancABC subsidiaries	1,687	(3,578)	–	(1,892)
Transactions between Atlas Mara and ADC	–	–	–	–
Transactions between Atlas Mara and founder shareholders' affiliated companies	–	–	1,350	1,350
	3,726	(3,578)	3,971	4,119

Related party balances

Related party	30 June 2015 Loans to Group companies $'000	Cash and cash equivalents $'000	Loans from Group companies $'000	Other $'000	Total $'000
Balances between Atlas Mara and ABCH	100,000	–	–	8,894	108,894
Balances between Atlas Mara and African Development Corporation AG	10,000	–	(4,389)	–	5,611
Balances between ABC Holdings and BancABC subsidiaries	34,527	21,381	(45,097)	(1,547)	9,264
Balances between Atlas Mara and founder shareholders' affiliated companies	–	–	–	1,950	1,950
	144,527	21,381	(49,486)	9,297	125,719

Related party transactions

Related party	31 December 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

Related party	31 December 2015 Loans to Group companies $'000	Cash and cash equivalents $'000	Loans from Group companies $'000	Other $'000	Total $'000
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

23. 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.

	30 June 2016 $'000	30 June 2015 $'000	31 December 2015 $'000
Earnings/(loss)			
Profit/(loss) for the period	**1,178**	3,322	11,251
Basic and diluted earnings	**1,178**	3,322	11,251
Weighted-average ordinary shares (number of shares)			
Recognised as treasury shares	**(2,203)**	(1,731)	(1,754)
Ordinary shares in issue during the period	**73,709**	72,459	73,709
Weighted-average ordinary shares (number of shares)	**71,506**	70,728	71,955
Diluted number of ordinary shares (number of shares)			
Diluted shares	**157**	25	66
Total diluted number of ordinary shares (number of shares)	**71,663**	70,753	72,021
Basic earnings/(loss) per share	**0.02**	0.05	0.16
Diluted earnings/(loss) per share	**0.02**	0.05	0.16

24. 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.

24. 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:

	30 June 2016			
	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				
Other financial assets held for trading	–	117,852	28,921	146,773
Government bonds	–	11,485	4,323	15,808
Treasury bills	–	105,692	24,598	130,290
Corporate bonds	–	675	–	675
Fair value option				
Designated at fair value	1,125	–	12,470	13,595
Listed equities	1,125	–	–	1,125
Unlisted equities	–	–	12,460	12,460
Property units	–	–	10	10
Derivative financial instruments	–	5,121	–	5,121
Cross-currency interest swaps	–	5,121	–	5,121
Forward foreign exchange contracts	–	–	–	–
Available-for-sale investments	–	16,935	540	17,475
Government bonds	–	2,026	–	2,026
Corporate bonds	–	11,925	–	11,925
Unlisted equities	–	182	540	722
Unlisted investment	–	2,802	–	2,802
Fair value hierarchy for financial assets	1,125	139,908	41,931	182,964
Liabilities measured at fair value				
Derivative financial instruments	–	6,083	4,447	10,530
Cross-currency interest swaps	–	5,121	–	5,121
Forward foreign exchange contracts	–	962	7	969
Equity derivatives	–	–	4,440	4,440
Borrowed funds	–	37,129	–	37,129
Liabilities for which fair values are disclosed				
Borrowed funds	–	305,832	–	305,832
Fair value hierarchy for financial liabilities	–	349,044	4,447	353,491

24. Fair value of financial assets and liabilities continued

	30 June 2015			
	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				
Other financial assets held for trading	–	198,009	–	198,009
Government bonds	–	27,508	–	27,508
Treasury bills	–	163,359	–	163,359
Corporate bonds	–	7,142	–	7,142
Fair value option	1,330	–	10,410	11,740
Listed equities	1,330	–	–	1,330
Unlisted equities	–	–	10,410	10,410
Derivative financial instruments				
Forward foreign exchange contracts	–	2	–	2
Available-for-sale investments	618	37,092	–	37,710
Unlisted equities	–	37,092	–	37,092
Listed equities	618	–	–	618
Financial investments held-to-maturity				
Unlisted equities	–	5,573	–	5,573
Fair value hierarchy for financial assets	1,948	240,676	10,410	253,034
Liabilities measured at fair value				
Derivative financial instruments	–	5,588	–	5,588
Equity derivatives	–	4,488	–	4,488
Cross-currency interest swaps used for hedging	–	1,100	–	1,100
Borrowed funds	–	71,185	–	71,185
Liabilities for which fair values are disclosed				
Borrowed funds	–	296,020	–	296,020
Fair value hierarchy for financial liabilities	–	372,793	–	372,793

24. Fair value of financial assets and liabilities continued

	31 December 2015			
	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				
Other financial assets held for trading	–	190,350	–	190,350
Government bonds	–	36,461	–	36,461
Treasury bills	–	147,982	–	147,982
Corporate bonds	–	5,907	–	5,907
Fair value option				
Designated at fair value	798	–	12,545	13,343
Listed equities	798	–	–	798
Unlisted equities	–	–	12,535	12,535
Property units	–	–	10	10
Derivative financial instruments	–	1,639	–	1,639
Cross-currency interest swaps	–	502	–	502
Forward foreign exchange contracts	–	1,137	–	1,137
Available-for-sale investments	–	16,484	84	16,568
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				
Derivative financial instruments	–	5,191	–	5,191
Cross-currency interest swaps	–	674	–	674
Forward foreign exchange contracts	–	62	–	62
Equity derivatives	–	4,455	–	4,455
Borrowed funds	–	–	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

There were no transfers between level 1 and 2 in the current period.

24. 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:

	30 June 2016					
	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	–	–	12,629	12,629	–	–
Total gains or losses						
– in profit/(loss)	–	–	61	61	–	–
Purchases	–	–	29,709	29,709	–	–
Issues	–	–	–	–	–	–
Settlements	–	–	–	–	4,454	4,454
Exchange rate adjustment	–	–	(468)	(468)	(6)	(6)
Closing balance	–	–	41,931	41,931	4,448	4,448

	30 June 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	–	–	391,869	391,869	2,777	2,777
Total gains or losses	–	–	–	–	–	–
– in profit/(loss)	–	–	51	51	–	–
– in other comprehensive income	–	–	–	–	–	–
Purchases	–	–	8,823	8,823	–	–
Issues	–	–	–	–	–	–
Settlements	–	–	(3,792)	(3,792)	(2,777)	(2,777)
Exchange rate adjustment	–	–	(2,055)	(2,055)	–	–
Transfer into level 3	–	–	–	–	–	–
Closing balance	–	–	394,896	394,896	–	–

	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	–	–

24. Fair value of financial assets and liabilities continued

Total gains or losses for the year in the above table are presented in the statement of comprehensive income as follows:

	30 June 2016					
	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	**61**	**–**	**110**	**171**	**–**	**–**
Total gains or losses recognised in other comprehensive income	**61**	**–**	**110**	**171**	**–**	**–**

	30 June 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						
Net trading income	–	–	–	–	–	–
Income from associates	–	–	2,161	2,161	–	–
Net income from other financial instruments carried at fair value	–	–	13	13	–	–
Total gains or losses recognised in other comprehensive income	–	–	2,174	2,174	–	–

	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	–	–

24. Fair value of financial assets and liabilities continued

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 period ended 30 June 2016. 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:

	30 June 2016			
	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)**

	30 June 2015			
	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)

24. Fair value of financial assets and liabilities continued

	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)

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.

	30 June 2016		30 June 2015		31 December 2015	
	Carrying amount $'000	**Effect of reasonably possible alternative assumptions $'000**	Carrying amount $'000	Effect of reasonably possible alternative assumptions $'000	Carrying amount $'000	Effect of reasonably possible alternative assumptions $'000
Financial assets						
Fair value option						
Unlisted equities	**12,460**	**–**	–	–	–	–
Available-for-sale investments						
Unlisted equities	**–**	**–**	10,916	1,092	83	–
Financial liabilities						
Derivative financial instruments						
Equity derivatives	**–**	**–**	–	–	–	–

25. Off-balance sheet items

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 period ended 30 June 2016 are summarised below:

	30 June 2016 $'000	30 June 2015 $'000	31 December 2015 $'000
Guarantees	**50,892**	78,197	52,271
Letters of credit	**7,311**	11,043	5,423
Forward contracts and currency swaps	**9,815**	73,858	10,434
Other contingent liabilities	**15,111**	17,799	37,557
	83,129	180,897	105,685
Maturity analysis of loan commitments			
Less than one year	**64,276**	133,189	91,039
Between one and five years	**18,853**	47,708	14,646
Over five years	**–**	–	–
	83,129	180,897	105,685

b. Capital commitments

	30 June 2016 $'000	30 June 2015 $'000	31 December 2015 $'000
Approved and contracted for	**15,861**	6,576	16,048
Approved but not contracted for	**2,948**	6,429	6,918
	18,809	13,005	22,966

Funds to meet these commitments will be provided from existing Group resources.

Glossary

AATIF	Africa Agriculture and Trade Investment Fund S.A
ABC	BancABC
ABCH	ABC Holdings Limited
AfDB	African Development Bank
ADC	ADC African Development Corporation
AED	United Arab Emirates Dirham
AGM	Annual General Meeting
ALCO	Assets and Liability Committee
BIFM	BIFM Capital Investment Fund One (Pty) Ltd
BPR	Banque Populaire du Rwanda Limited
BRD-C	Banque Rwandaise de Développement – Commercial/Development Bank of Rwanda – Commercial
BVI	British Virgin Islands
CEO	Chief Executive Officer
CFO	Chief Financial Officer
CGU	Cash-generating unit
CoE	Cost of equity
COMESA	Common Market for Eastern and Southern Africa
Corporate centre	Atlas Mara Dubai and Johannesburg based offices
DFI	Development finance institution
EAC	East African Community
EAD	Exposure at default
ECOWAS	Economic Community of West African States
EIR	Effective interest rate
EL	Expected loss
EPS	Earnings per share
ERM	Enterprise-wide Risk Management
EU	European Union
EXCO	Executive Committee
FDI	Foreign Direct Investment
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
KPI	Key performance indicator
KPMG	KPMG Inc.
LGD	Loss given default
NCI	Non-controlling interests
NPL	Non-performing loan
OCI	Other comprehensive income
OPIC	Overseas Private Investment Corporation
ORCO	Operational Risk Committee
Parent Company	Atlas Mara
PD	Probability of default
RoE	Return on equity
SADC	Southern African Development Community
Shared Services and Center	Shared services center, centres of excellence and previously referred to, corporate centre
SMEs	Small- and medium-sized enterprises
SSA	Sub-Saharan Africa

Translation reserve	Foreign currency translation reserve
UBN	Union Bank of Nigeria
UGPL	Union Global Partners Limited
VIU	Value in use
ZAMCO	Zimbabwean Asset Management Company

Additional information

Share information
Atlas Mara stock ticker: ATMA
(traded on the London Stock Exchange)

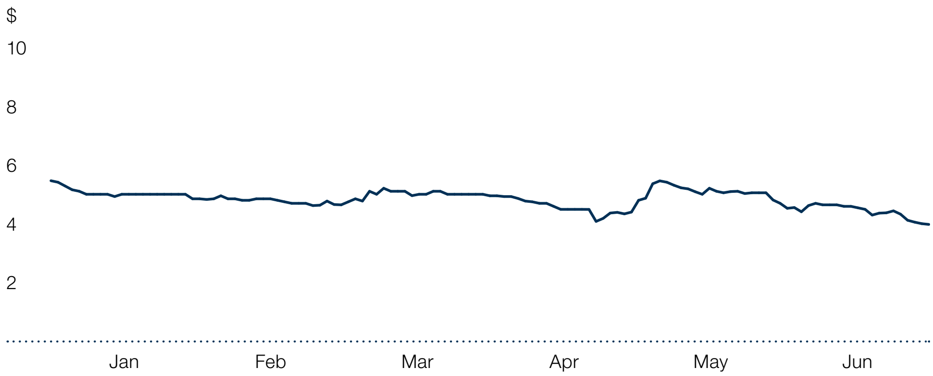
Atlas Mara Warrants: ATMW
(traded on the London Stock Exchange)

2016 share price performance
4 January 2016: $5.35
30 June 2016: $3.90

Total voting rights
73,460,867 shares as of 24 August 2016 (76,057,135 ordinary shares in issue of which 2,596,268 ordinary shares in issue are held in treasury)

Total outstanding warrants
32,529,500 warrants as of 30 June 2016

Atlas Mara 2016 share price



Professional advisers

Company auditor
KPMG Inc.
KPMG Crescent
85 Empire Road
Parktown
South Africa
2193

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

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, resigned effective 30 June 2016)
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

http://atlasmara.com