

# Atlas Mara Limited

## H1 2018 Results



5 September 2018

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# H1 2018 Summary

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- Profitable half year in challenging environment
- Stable balance sheet and expenses
- Onboarding of new CEO
- Increased UBN stake to 49%<sup>1</sup>
- Strong H1 performance from UBN
- **Focused on protecting the balance sheet and increasing profitability**

# H1 2018 Key Highlights



## INCOME STATEMENT

<b>Gross earnings</b> 2018: USD 112.2m 2017: USD 122.2m	<b>Net interest income</b> 2018: USD 68.3m 2017: USD 78.6m	<b>Credit impairments</b> 2018: USD 4.3m 2017: USD 10.0m	<b>Total expenses</b> 2018: USD 108.5m 2017: USD 104.1m	<b>Net profit</b> 2018: USD 28.6m 2017: USD 11.4m
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## STATEMENT OF FINANCIAL POSITION

<b>Loans and advances</b> 2018: USD 1,280.9m 2017: USD 1,329.9m	<b>Deposits</b> 2018: USD 1,910.2m 2017: USD 1,892.7m	<b>Total equity</b> 2018: USD 776.2m 2017: USD 573.1m	<b>Total Assets</b> 2018: USD 3,104.3m 2017: USD 2,913.4m	<b>ROE</b> 2018: 7.6% 2017: 4.0%
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## OTHERS

<b>Net book value per share</b> 2018: USD 4.48 2017: USD 7.18	<b>Total physical locations:</b> (1) 280 (630 including UBN) ATMs :350 (>1000 including UBN)	<b>Countries of Operation:</b> (1) 7 Customers: c.800k (>4m including UBN)
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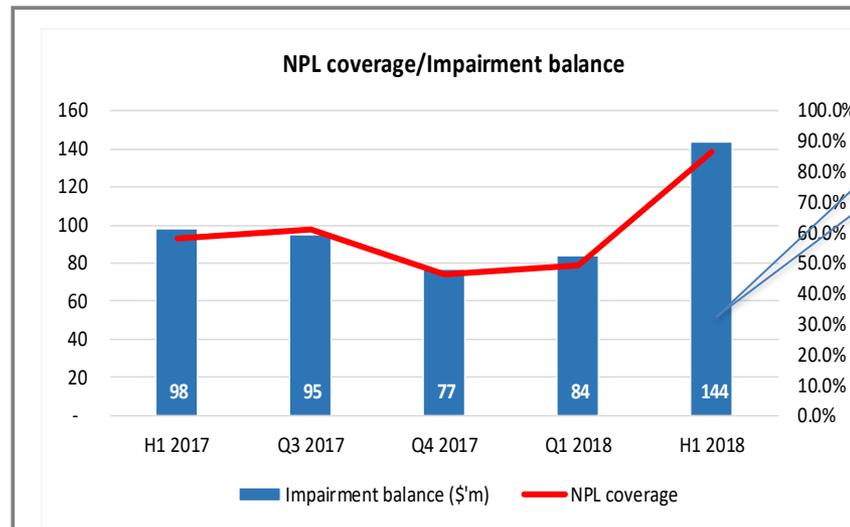
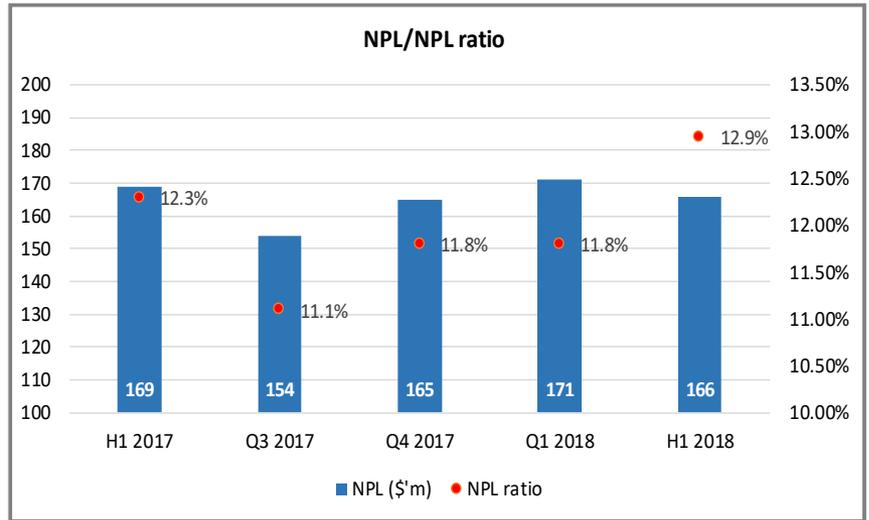
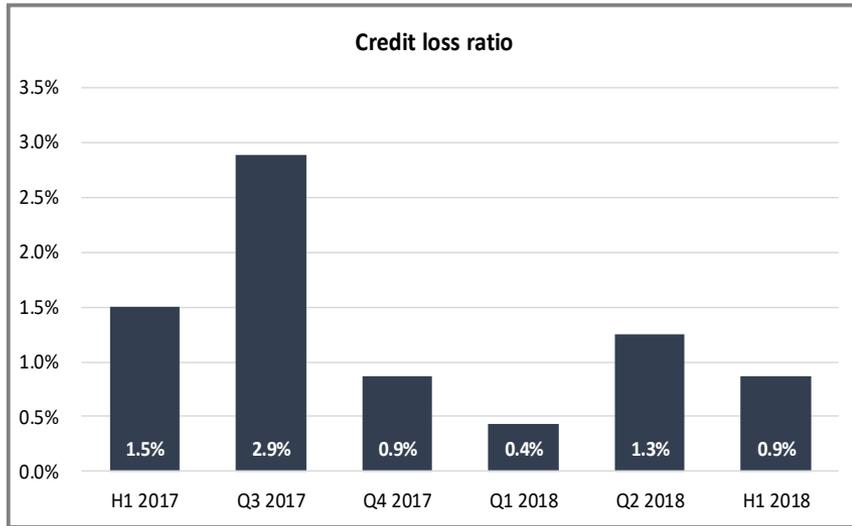
# H1 2018 ATMA Group Income Statement Summary

Quarterly				\$'million	Year to date			
Q3 2017	Q4 2017	Q1 2018	Q2 2018		H1 2018	H1 2017	Var %	CC Var %
39.3	27.4	35.7	32.6	Net interest income	68.3	78.6	(13.1%)	(14.2%)
27.5	44.2	17.8	26.2	Non-interest revenue	44.0	43.6	0.8%	1.1%
<b>66.8</b>	<b>71.6</b>	<b>53.5</b>	<b>58.8</b>	<b>Total income</b>	<b>112.3</b>	<b>122.2</b>	(8.1%)	(8.7%)
(9.4)	(2.9)	(1.5)	(2.8)	Credit impairment	(4.3)	(10.0)	57.5%	57.8%
<b>57.4</b>	<b>68.7</b>	<b>52.0</b>	<b>56.0</b>	<b>Operating income</b>	<b>108.0</b>	<b>112.2</b>	<b>(3.8%)</b>	<b>(4.4%)</b>
(56.2)	(63.2)	(52.3)	(56.2)	Total expenses	(108.5)	(104.1)	(4.2%)	(3.3%)
<b>1.2</b>	<b>5.5</b>	<b>(0.3)</b>	<b>(0.2)</b>	<b>Net operating income</b>	<b>(0.5)</b>	<b>8.1</b>	<b>(34.7%)</b>	<b>&gt;100%</b>
2.8	26.9	26.3	10.3	Income from associates	36.6	8.7	>100%	>100%
<b>4.0</b>	<b>32.4</b>	<b>26.0</b>	<b>10.1</b>	<b>Profit before tax</b>	<b>36.1</b>	<b>16.8</b>	<b>&gt;100%</b>	<b>&gt;100%</b>
0.3	(2.8)	(2.0)	(5.5)	Income tax and non-controlling interest	(7.5)	(5.3)	(40.9%)	(34.7%)
<b>4.3</b>	<b>29.6</b>	<b>24.0</b>	<b>4.6</b>	<b>Profit after tax</b>	<b>28.6</b>	<b>11.5</b>	<b>&gt;100%</b>	<b>&gt;100%</b>
7.0%	4.9%	6.5%	6.0%	Net interest margin - Earning assets	6.3%	7.0%		
5.3%	3.5%	4.6%	4.2%	Net interest margin - Total assets	4.4%	5.4%		
2.9%	0.9%	0.4%	0.9%	Credit loss ratio	0.7%	1.5%		
84.1%	88.3%	97.8%	95.5%	Cost to income ratio	96.6%	85.2%		
0.6%	3.8%	3.1%	0.6%	Return on assets	1.8%	0.8%		
2.3%	14.7%	11.9%	14.7%	Return on equity	7.6%	4.0%		

# H1 2018 ATMA Group Balance Sheet Summary

Year end	\$'million	Year to date			
FY 2017		H1 2018	H1 2017	Var %	CC Var %
457.0	Cash and investments	339.6	486.2	(30.2%)	(27.5%)
95.9	Financial assets held for trading	25.3	91.4	(72.3%)	(71.6%)
1,330.0	Loans & advances to customers	1,280.9	1,329.9	(3.7%)	(1.2%)
355.0	Investments	509.6	323.5	57.5%	61.2%
444.6	Investment in associates	537.5	302.6	77.6%	77.7%
174.6	Intangible assets	169.4	175.1	(3.3%)	(1.5%)
283.3	Other assets	242.0	204.7	18.2%	23.3%
<b>3,140.4</b>	<b>Total assets</b>	<b>3,104.3</b>	<b>2,913.4</b>	<b>6.6%</b>	<b>9.3%</b>
1,877.5	Deposits	1,910.1	1,892.7	0.9%	3.9%
346.2	Borrowed funds	358.1	364.7	(1.8%)	0.2%
103.5	Other liabilities	59.9	82.9	(27.8%)	(28.3%)
813.2	Capital and Reserves	776.2	573.1	35.4%	38.3%
<b>3,140.4</b>	<b>Total equity and liabilities</b>	<b>3,104.3</b>	<b>2,913.4</b>	<b>6.6%</b>	<b>9.3%</b>
70.8%	Loan : Deposit ratio	67.1%	70.3%		
11.8%	NPL ratio	12.9%	12.0%		

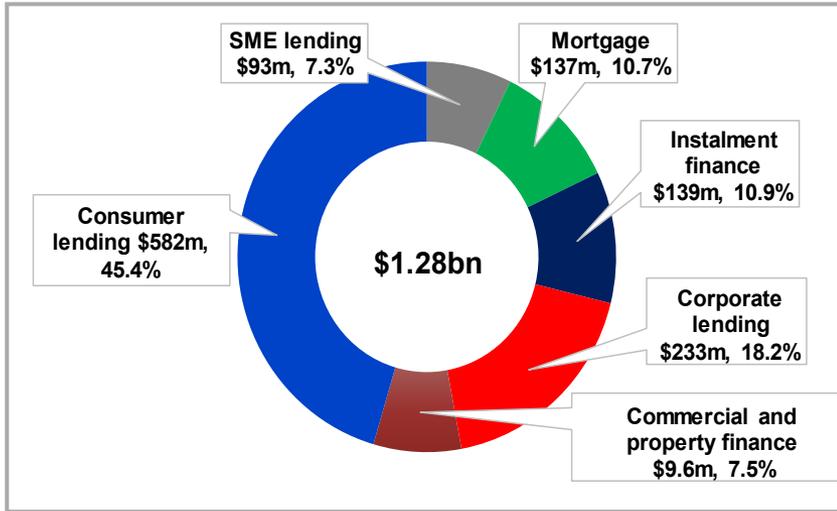
# Credit Impairments



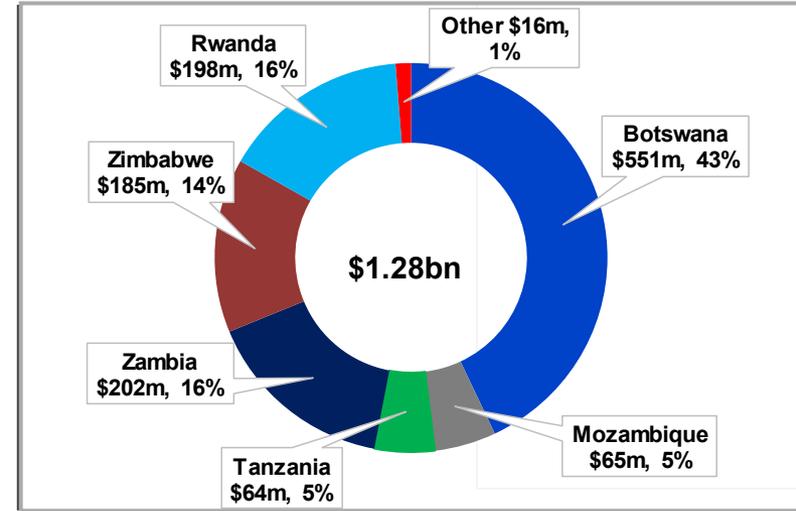
Includes IFRS 9 day 1 impact of \$84.7m

# Loans and Advances

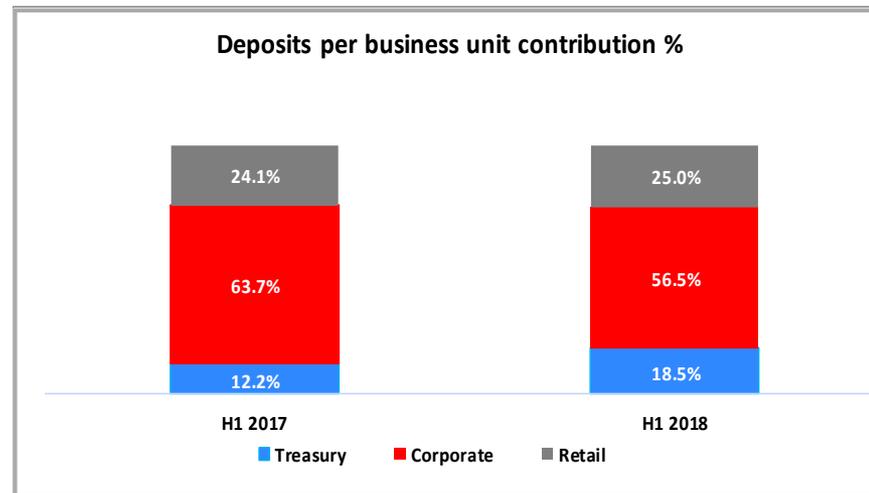
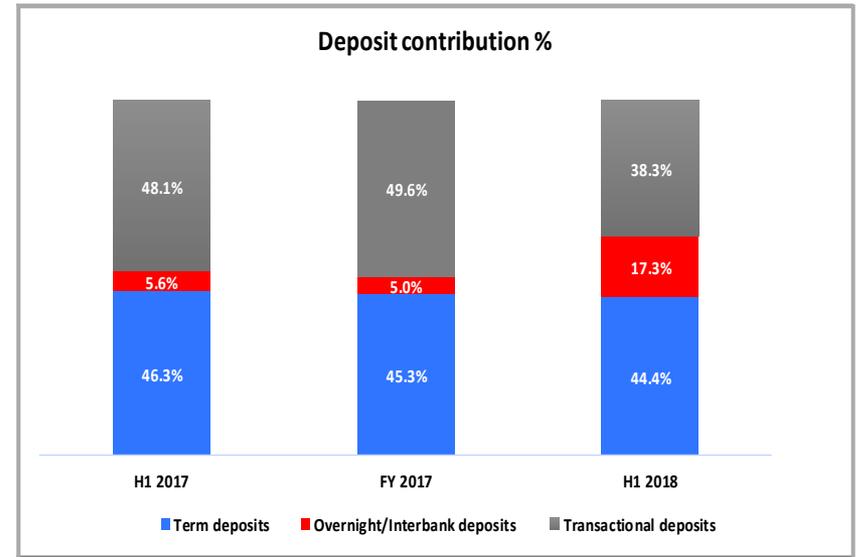
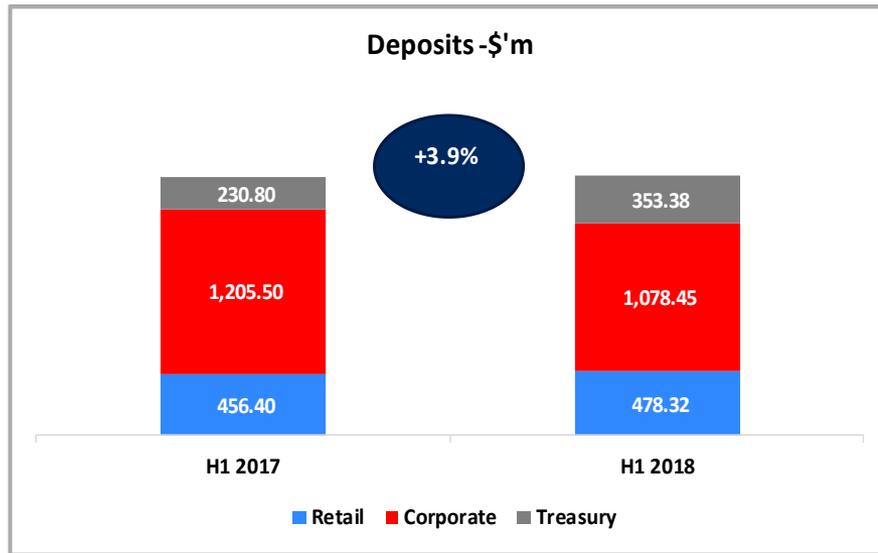
## Loans by product



## Loans by country

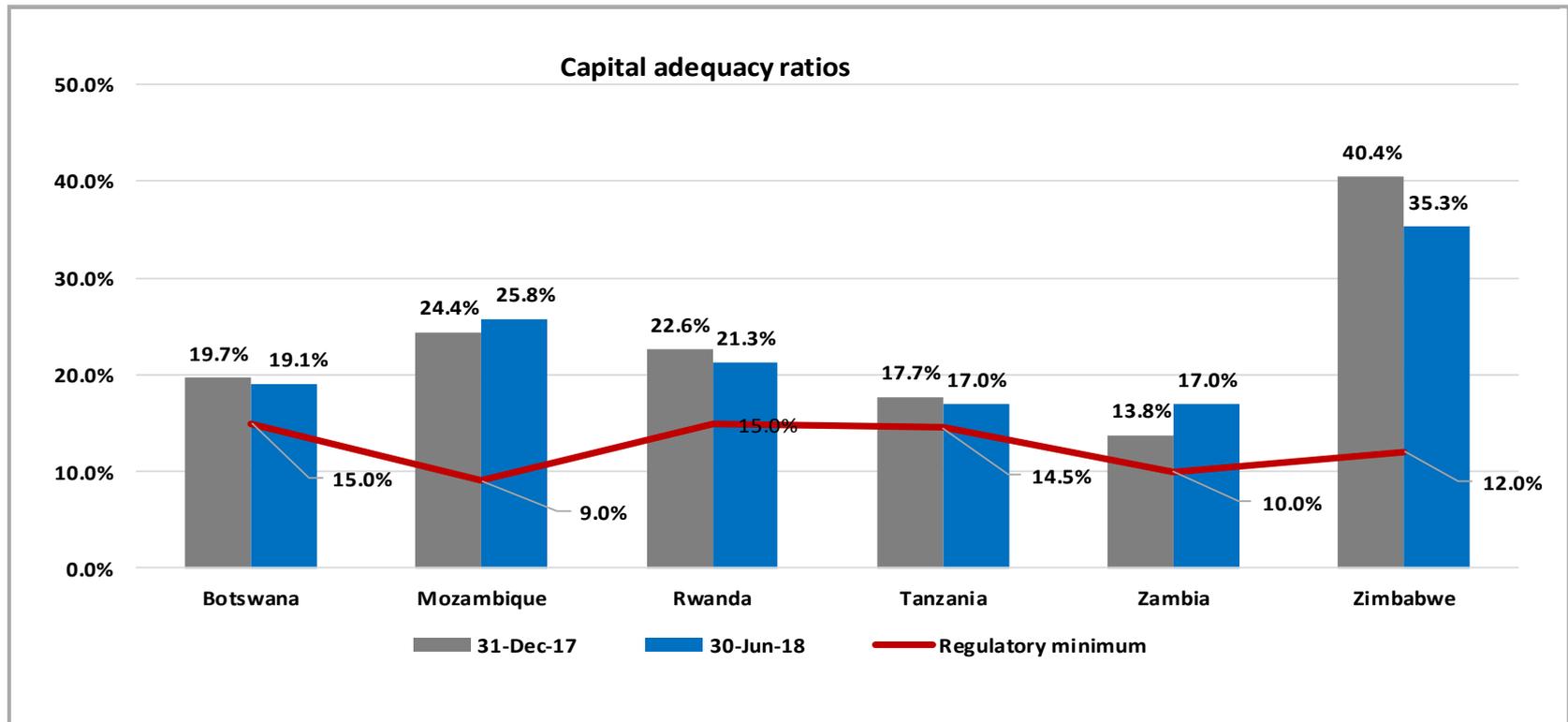


# Deposit Trends



# Capital Management

- All banking operations met minimum capital adequacy requirements



# UBN H1 2018 Performance Summary

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## Income Statement

- Gross earnings rose by 16% to N83.3 billion from N72 billion in H1 2017, underpinned by improved Net Interest Margins (NIM), robust treasury trading income, recoveries and alternate channel revenues, on the back of increased customer adoption. .
- Net interest income (before impairment) went up by 14% driven by an improvement in net interest margins from 7.9% to 8.2% on the back of lower cost of funds.
- Non interest income increased by 37% to N21.1billion driven by enhanced treasury trading, recoveries and 311% growth in alternate channel revenues.
- Operating expenses increased by 21% to ~~N~~39.2bn (~~N~~32.4bn in H1 2017); largely due to a 25% increase in regulatory levies paid to NDIC and AMCON as well as some one-off items.

## Balance Sheet:

- Loans and advances to customers decreased by 16% year on year in LCY terms due to successful recovery/collection efforts and the write-off of some fully provisioned non-performing loans.
- Customer deposits went up by 3% reflecting 66% increase in foreign currency deposits and the optimization of the bank's LCY deposit book towards low-cost deposits. Low-cost deposits currently account for 70% of total deposits, up from 67% as at December 2017.
- For the first time since 2012, the Group's retained earnings moved from a negative to a positive position.

# UBN H1 2018 Group Financial Summary

Income statement snapshot						
	USD'm			NGN'm		
	H1 2018	H1 2017	Change	H1 2018	H1 2017	Change
<b>Gross earnings</b>	<b>273</b>	<b>236</b>	<b>16%</b>	<b>83,333</b>	<b>72,062</b>	<b>16%</b>
Net interest income	113	99	14%	34,346	30,098	14%
Non-interest revenue	69	51	37%	21,131	15,431	37%
Total income	182	149	22%	55,477	45,529	22%
Credit impairment	(15)	(12)	(23%)	(4,625)	(3,757)	(23%)
Total expenses	(128)	(106)	(21%)	(39,208)	(32,414)	(21%)
Profit before tax	38.2	31	23%	11,664	9,460	23%
<b>Profit after tax</b>	<b>37.5</b>	<b>30</b>	<b>25%</b>	<b>11,458</b>	<b>9,200</b>	<b>25%</b>

Snapshot of statement of financial position						
	USD'm			NGN'm		
	H1 2018	H1 2017	Change	H1 2018	FY 2017	Change
Loans and advances to customers	1,539	1,835	(16%)	470,122	560,651	(16%)
<b>Total Assets</b>	<b>4,816</b>	<b>4,765</b>	<b>1%</b>	<b>1,471,152</b>	<b>1,455,540</b>	<b>1%</b>
<b>Total Equity</b>	<b>951</b>	<b>1,132</b>	<b>(16%)</b>	<b>290,351</b>	<b>345,741</b>	<b>(16%)</b>
Deposits due to customers	2,707	2,627	3%	826,722	802,384	3%
<b>Total Liabilities</b>	<b>3,866</b>	<b>3,633</b>	<b>6%</b>	<b>1,180,801</b>	<b>1,109,799</b>	<b>6%</b>
Net interest margin	8.2%	7.9%		8.2%	7.9%	
Credit loss ratio	(1.0%)	(0.7%)		(1.0%)	(0.7%)	
Cost to income ratio	70.7%	71.2%		70.7%	71.2%	
Return on equity	7.3%	6.6%		7.3%	6.6%	
Return on assets	1.6%	1.5%		1.6%	1.5%	
Loan to deposit ratio	61.5%	69.9%		61.5%	69.9%	
Non-performing loans ratio	10.8%	19.8%		10.8%	19.8%	

# Focus for 2018-2019

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## 1. Sustainable growth in Retail and Commercial Banking

- Grow revenues
- Reduce operating costs
- Deleverage subsidiaries

## 2. Improve asset quality

- Continue to focus on NPL resolution

## 3. Digital Finance growth through improved technology

- Emphasis on technology as competitive advantage in market
- Create transactional platform
- Continue to use technology to reduce cost of funds

## 4. Grow Markets client and product bases as well as revenue

- Continue building relationships with diverse onshore and offshore financial institutions

## 5. Execute on UBN/Nigeria long-term strategy

- Continue to support UBN management's growth strategy

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# Appendix



# Operational Highlights

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## Group Level

- Hired key resources at centre and in subsidiaries strengthen capacity
- Launched deposit drive across Retail, Corporate and Institutional segments to lower cost of funds and generate liquidity for balance sheet growth
- Initiated Regional Corporate client coverage model to focus and grow footprint, and capture investment and trade flows by fully leveraging our regional presence
- Continue to focus on income diversification in Markets & Treasury

## Subsidiary Level

- **Botswana**
  - Renegotiated 3yr savings and loans scheme with largest employee unions
  - Signed contract to provide prepaid cards to Public employees
- **Mozambique**
  - Launched online cash management solution for SME and Corporate
  - Agency banking now biggest contributor to customer acquisition
  - Signs of recovery in Markets & Treasury as volumes slowly picking up
- **Rwanda**
  - Increased presence in Corporate
  - \$5 million guarantee agreement with USAID for Health and Energy
- **Zambia**
  - Offered \$25M new loans to Public sector; looking at increasing exposure
  - YTD lending to Private and Public sector enterprises at \$50 million
- **Zimbabwe**
  - New products to enhance Corporate and SME value proposition
  - New Agricultural Unit based on sector growth and strategic importance
  - Raised \$40 million for Public sector entity for infrastructure development