30 September 2019

Atlas Mara Limited Interim Results - Six Months Ended 30 June 2019

Atlas Mara Limited ("Atlas Mara" or the "Company" and, including its subsidiaries, the "Group"), the sub-Saharan African financial services group, today releases its reviewed results for the six months ended 30 June 2019.

Key highlights for the period:

- Adjusted profit after tax of $17.0 million for the six months ended June 2019 (H1 2018: $13.5 million) with adjusted earnings per share of $0.10 (H1 2018 $0.08).
- At 30 June 2019, book value per share was $2.96 (31 December 2018: $3.83) and tangible book value per share was $2.84 per share (31 December 2018: $3.00), primarily impacted by IFRS 5 adjustments as detailed below.
- On 6 February 2019, the Group announced that the Board was undertaking a review of strategic options to determine the key strategic priorities and actions for 2019 and beyond to drive shareholder value. The Company has since made substantial progress on the key strategic priorities identified, as follows:
    - The Group now holds a 49.9% combined share of Union Bank of Nigeria (“UBN”) compared to 49.0% at year-end 2018 and is positioned to obtain the necessary additional shares in UBN to reach a majority position, pending regulatory engagements. This reflects strong progress on our stated strategic goal of obtaining a majority shareholding in and consolidating UBN. On a pro forma basis (as at 30 June 2019), consolidation of UBN would have resulted in total assets of $7.2 billion, loans and advances of $2.4 billion and $3.4 billion in deposits. Book value per share would have increased to $3.07 and tangible book value would have decreased marginally to $2.82 per share.
    - Following the announcement of the proposed transaction with Equity Group Holdings (“EGH”) on 30 April 2019, the Group has made substantial progress to finalise definitive agreements for the share exchange strategic transaction involving Atlas Mara’s banks in Rwanda, Mozambique, Tanzania and Zambia. Confirmatory due diligence has been substantially concluded and the Group expects to announce the final terms of the transaction in due course.
    - Following completion of the strategic transaction with EGH, the Group will be reoriented as a streamlined holding company without significant centralised cost structures. Accordingly, the Group’s holding companies will continue to be reoriented to reduce costs and focus on targeted avenues for value creation in the operating banks.
- UBN has shown strong progress and is well positioned to create value for its shareholders. UBN continues to deliver improving results, as evidenced by first half return on equity at 10.3% (FY 2018:

6.4%), solid loan book expansion, and growth across all digital channels, with good business momentum continuing in the second half of the year.

- UBN contributed $18.7 million (H1 2018: $17.4 million) of net income to Atlas Mara's H1 2019 results. A notable improvement has been the positive reduction in the reported NPL ratio of the bank to 7.3% at 30 June 2019 from 8.1% at 31 December 2018 due to the ongoing efforts on loan recoveries and credit risk management.

- The Group's franchises in Zimbabwe and Botswana remain resilient. Management teams are focused on strategies to grow the banks and enhance shareholder value. With our strategic review well underway we will continue to explore ways to grow value while mitigating the macro economic challenges the banking sector faces on the ground in Zimbabwe.

Financial highlights during the period

- On an adjusted profit basis, which excludes the impact of the IFRS 5 remeasurement loss explained below and other transaction and restructuring related gains or losses, profit after tax for the period was $17 million, an increase of 25.9% year-on-year (H1 2018: $13.5 million).
- As a result of the announcement of the strategic transaction with EGH, IFRS 5 requires the Group to reclassify the four subsidiaries included in the transaction as discontinued operations or non-current assets held for sale, which triggered the remeasurement of these assets to the lower of cost or fair value less cost to sell, resulting in a loss of $125.6 million. This remeasurement is required by IFRS 5 even though completion of the transaction has yet to occur. Primarily as a result of this remeasurement, the Group reported a net loss after tax for the first half of 2019 of $126.4 million compared to $28.6 million profit for the prior year period. The write down is primarily related to goodwill and other intangible assets allocated to the four subsidiaries.
- Other highlights from continuing operations (Botswana and Zimbabwe):
    - Total expenses attributable to continuing operations declined by 15.9% demonstrating our focus on reducing costs and establishing a more efficient structure.
    - Non-interest income (NIR) increased by 36.0% demonstrating continued strong revenues from our Markets and Treasury business.
    - Total loans and advances were $604.6 million at 30 June 2019, a decrease of 17.8% from $735.9 million at 30 June 2018. This decline is primarily due to the currency devaluation in Zimbabwe.
    - Non-performing loans (NPLs) decreased to 9.6%, illustrating the improving credit quality of the loan book for these operations.
    - Deposits were $684.0 million, a decrease of 31.3% from $996.5 million also as a result of the currency devaluation in Zimbabwe.
- UBN's financial performance in H1 2019 improved across several key metrics compared to both the comparable period and FY 2018. Return on Equity was 10.3% for the first six months of 2019, supported by profit after tax growth and a substantial decline in NPLs.
- Equity attributable to shareholders as at June 2019 was $501.0 million (December 2018: $646.8

million), reflecting the net impact of the loss associated with IFRS 5 remeasurement of assets held for sale, and the negative FX translation impact from converting our investments from local currency into US dollars as reporting currency over H1 2019, which includes the significant devaluation of the Zimbabwe dollar since December 2018.

- Reflecting the above impacts, at 30 June 2019 our book value per share was $2.96 (31 December 2018: $3.83) and our tangible book value per share was $2.84 (31 December 2018: $ 3.00).

Key operational highlights during the period for continuing operations

- UBN:
  - Subsequent to period end, signed agreements for a $200 million ten-year senior debt facility from the Overseas Private Investment Corporation ("OPIC"), the development finance institution of the US government. This landmark financing will accelerate a number of UBN's key growth customer segments, including SMEs, women's banking, and its digital efforts.
  - Customer count increased by c. 400 thousand to 4.9 million customers.
  - Continued adoption of alternative service channels, with mobile banking customers growing to 1.7 million vs. 1.4 million as at December 2018 and online banking customers 616k (vs. 452k in December 2018), illustrating improved scalability and cost optimisation potential.
  - Risk management, a key focus among the bank's core competencies, continues to improve (evidenced by NPL ratio decreasing substantially from 8.1% at December 2018 to 7.3% at the end of the current period, and oil and gas sector loan book concentration decreasing from 38% to 34% since December 2018).
  - Management's share capital reconstruction exercise has concluded, putting the bank in a substantially improved position to pay shareholder dividends in the near-term (Capital Adequacy Ratio of 19.4% versus minimum regulatory requirement of 15%).

Botswana:

- Opened four new Sales and Service Centres to double footprint outside Gaborone. Performance better than expected.
- Hired a new, experienced leadership in Corporate & Investment Banking and in Operations to drive growth in Corporate & GMT divisions and to support the Bank's transformation agenda.
- Completed and launched new credit card product.
- Enhanced and reengineered legacy processes for improved efficiencies and reducing inherent operational risk.
- Signed five new lending schemes as part of the push to diversify the loan book.
- Launched state-of the art corporate banking platform BancOnline, with additional functionality which brings the bank's transactional banking at par with the most competitive in the market.
- Challenging conditions For Markets and Treasury in first quarter affected results.

Zimbabwe:

- Appointed a new CEO, Dr. Lance Mambondiani, with effect from July 1, following retirement of the prior CEO Joe Sibanda. Dr. Mambondiani, an experienced banker in the region, joins the bank with a successful track record in pioneering fintech solutions in Zimbabwe.
- Closed a US$15 million trade and commodity financing transaction with one of the biggest agri-processors, which will serve as a precedent for similar deals in the near term.
- Despite unprecedented economic circumstances, our Zimbabwe Markets and Treasury team continues to deliver strong revenues, demonstrated by an 88.4% increase in non-interest income on a US dollar basis, compared to H1 2018.
- Total bank assets doubled in the first half of 2019 driven by changes in functional currency and the revaluation of foreign denominated assets. Capital adequacy ratio increased to 57.6% as at 30 June 2019 from 35.1% at 31 December 2018,as a result of organic capital generation.
- We note that the conditions in Zimbabwe have continued to deteriorate over the course of the year with the country entering a period of hyperinflation. Management is focusing on value preservation strategies in the second half of the year.

Strategic Transaction

On 30 April 2019, the Company announced that it had signed term sheets with EGH for the exchange of certain banking assets of the Company in four countries for ordinary shares in EGH. The transaction contemplates that EGH will acquire, for shares in EGH, the Company's 62% shareholding in Banque Populaire du Rwanda (BPR) and, via the Company's subsidiary ABC Holdings Limited, the Company's indirect interests in African Banking Corporation Zambia (BancABC Zambia), African Banking Corporation Tanzania (BancABC Tanzania), and African Banking Corporation Mozambique (BancABC Mozambique). The Company and EGH have made substantial progress and continue to anticipate mergers, subject to regulatory approval, of their respective banks within each of Rwanda and Tanzania. Due diligence has been substantially completed and the parties are now in the process of finalising definitive legal agreements. The transaction also remains subject to final board approvals, regulatory approvals and other final conditions customary for transactions of this nature.

H1 Results Review - Investor Conference Call

Atlas Mara's senior management will today be holding a conference call for investors at 12:30pm EDT / 5:30pm BST.

A presentation will be available in the Investor Relations section of the Company's website, http://www.atlasmara.com.

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Atlas Mara Limited

Consolidated Summary Statement of Comprehensive Income

USD'million	**Six months ended 30 June**						
		Reviewed 2019			**Reviewed 2018**		**CC Var %**
	Continuing operations	**Discontinued operations**	**Total**	**Continuing operations**	**Discontinued operations**	**Total**	
Net interest income	8.8	35.7	44.5	22.2	46.0	68.3	(19.0%)
Non-interest income	29.7	21.3	51.0	21.8	22.1	43.9	46.4%
Total income	**38.5**	**57.0**	**95.5**	**44.1**	**68.1**	**112.2**	**(6.4%)**
Credit impairment	(0.7)	(2.0)	(2.7)	1.4	(5.6)	(4.3)	46.6%
Operating income	**37.8**	**55.0**	**92.8**	**45.5**	**62.5**	**108.0**	**9.5%)**
Operating expenses	(39.5)	(63.6)	(103.1)	(47.0)	(61.5)	(108.5)	(9.5%)
Net operating (loss)/income	**(1.8)**	**(8.5)**	**(10.3)**	**(1.5)**	**1.0**	**(0.5)**	**(9.2%)**
Income from associates	18.7	–	18.7	36.6	–	36.6	(49.0%)
Profit/(loss) before tax	**16.9**	**(8.5)**	**8.4**	**35.1**	**1.0**	**36.1**	**(69.2%)**
Taxation	(7.4)	(1.0)	(8.4)	(5.4)	(1.5)	(6.9)	(95.9%)
Profit/(loss) after tax	**9.5**	**(9.5)**	**0.0**	**29.7**	**(0.5)**	**29.2**	**(99.9%)**
Loss on remeasurement	–	(125.6)	(125.6)	–	–	–	0.0%
Profit/(loss) for the period	**9.5**	**(135.1)**	**(125.6)**	**29.7**	**(0.5)**	**29.2**	**(>100%)**
Minority interest	(0.6)	(0.3)	(0.9)	0.1	(0.7)	(0.6)	60.5%
Profit/(loss) attributable to equity holders	**8.9**	**(135.3)**	**(126.4)**	**29.8**	**(1.2)**	**28.6**	**(>100%)**
Net interest margin (earning assets)			10.5%			6.3%	
Net interest margin (total assets)			3.6%			4.4%	
Credit loss ratio			0.5%			0.7%	
Cost to income ratio			108.0%			96.7%	
Return on assets			(5.1%)			1.8%	
Return on equity			(25.4%)			7.6%	

Atlas Mara Limited

Consolidated Summary Statement of Financial Position

	USD million	Period ended 30 June 2019		
		Reviewed	Audited	
Q1 2019		H1 2019	FY 2018	CC Var %
404.3	Cash and short-term funds	124.6	382.0	(64.8%)
29.1	Financial assets held at fair value through profit or loss	23.9	24.9	2.6%
1,097.3	Loans & advances to customers	604.6	1,154.1	(44.3%)
318.5	Investments	120.9	369.8	(61.6%)
546.2	Investment in associates	559.1	532.2	5.1%
96.2	Property and equipment	34.1	78.4	(50.7%)
160.2	Intangible assets	74.3	159.0	(52.3%)
109.0	Other assets	39.8	104.2	(55.8%)
2,760.8		**1,581.4**	**2,804.7**	**(39.8%)**
–	Assets included in disposal groups classified as held for sale	915.2	–	0.0%
2,760.8	**Total assets**	**2,496.6**	**2,804.7**	**(4.9%)**
1,557.5	Customer deposits	684.0	1,631.8	(54.7%)
436.4	Borrowed funds	413.5	410.2	2.7%
71.9	Other liabilities	43.5	73.8	(19.9%)
2,065.8		**1,141.0**	**2,115.8**	(42.0%)
–	Liabilities included in disposal groups classified as held for sale	809.8	–	0.0%
2,065.8	**Total liabilities**	**1,950.8**	**2,115.8**	**(0.8%)**
695.0	Capital and reserves	545.8	688.9	(17.2%)
2,760.8	**Total equity and liabilities**	**2,496.6**	**2,804.7**	**(4.9%)**
11.5%	NPL ratio	9.6%	11.1%	
70.5%	Loans: deposits ratio	88.4%	70.7%	

Executive Chairman's Statement

On behalf of the Board of Directors, I am pleased to present the Company's results for the first half of 2019. I believe the Company has achieved a number of important milestones during this period even though our financial results were negatively impacted by the accounting effects of the strategic transaction announced with EGH. Further, our core operations achieved improving adjusted results over the first half of the year. Our focus for 2019 is driven by the ongoing strategic review announced in February, and as of today we have made substantial progress toward those stated goals.

Most notably, we increased our total shareholding in UBN to 49.9% as of today, and we expect to achieve a majority shareholding in UBN imminently, following ongoing regulatory engagements. As we stated in February, UBN and Nigeria remain central to our overall strategy. We continue to support UBN's management team on several fronts as they successfully execute on their growth plans, as evidenced by another strong interim period from the bank and the successful $200 million financing entered into with OPIC. Obtaining a controlling stake will result in consolidation of UBN and enable us to deepen our support of the bank.

On a more sombre note, we lament the passing of Cyril Odu, our dear friend, partner, and UBN's esteemed Chairman since 2015, and a board member since 2012. We extend our condolences to his family and loved ones.

We have also made substantial progress towards definitive agreements with EGH for the strategic transaction, in which we will exchange our interests in our banks in Zambia, Tanzania, Mozambique, and Rwanda for a meaningful shareholding in EGH (pending regulatory approval). This strategic transaction will provide us with an attractive equity position in one of the region's best banking groups and exposure to six new countries in Africa. This transaction will enable us to concentrate our efforts on markets where we have the scale necessary for long-term success or a clear path to achieving it. Although we are managing substantial macroeconomic and other external challenges in parts of the footprint, these franchises all remain strong and we expect they will continue to perform in the long-term.

We see incredible long-term potential in EGH's franchise and its growth strategy as a strong operator. Our two companies also see strong synergies in our existing capabilities and talented people. I am thrilled to say that our teams are already working on efforts that would add value to both sides, and the Board believes this partnership should only deepen over time.

Zimbabwe is currently undergoing severe economic and other challenges that are outside of our control, including but not limited to hyperinflation, a rapid currency devaluation, slow macroeconomic growth, and fiscal and foreign reserve crises at the national level. These factors have resulted in direct negative impacts to our business, including the impairment of capital as described in our year-end 2018 results. Notwithstanding these macro trends, our Zimbabwe franchise followed 2018 with another period of strong profits in the first half of 2019, which illustrates the potential of our operations at the necessary scale and focus. At the same time, we must caution that the market's challenges and the considerable uncertainty about the near-term future mean we cannot confidently predict what results will be in the second half of 2019 or in 2020. Our teams both in Zimbabwe and in the Group remain vigilant, pursuing growth while maintaining prudent management of our balance sheet. Our board and management continue to support our employees, their families and their communities as they face unprecedented and extremely difficult circumstances.

While our consolidated results showed a significant loss for the period, it is worth highlighting that this was largely driven by the discontinued operations that are part of the transaction with EGH. Our Adjusted Operating Profit improved over the comparable period, reflecting better interim performances from Zimbabwe and UBN. Our tangible book value per share was $2.84 at 30 June 2019, more than double the current market price of our ordinary shares.

For the remainder of 2019 we are focused on advancing the progress we have made on our stated strategic goals, including: the streamlining of the group as a narrowly focused holding company rather than a bank operating group; protecting our core in Botswana and Zimbabwe; and increasing our support of and involvement with UBN. Our priorities at UBN will include supporting management to drive organic growth through digital initiatives, improving efficiency, enhancing credit quality, establishing a sustainable dividend policy, all with the objective of generating shareholder value. We believe that our strategic review has put the Company on the path to long-term success, which will be proven out in the coming months as our core operations demonstrate strength in their markets, and our partnership with EGH deepens to our mutual benefit.

Michael Wilkerson
Executive Chairman

Omar Khan, Chief Financial Officer Overview

This year Atlas Mara is focused on executing the priorities which came out of the strategic review initiated in February 2019. These priorities include the planned sale of four subsidiaries to EGH in exchange for shares in EGH (pending regulatory approval), achieving consolidation of UBN following regulatory engagement, and executing on value creation for our stakeholders under the new asset composition. Our H1 results should be viewed as a work in progress, with tremendous potential as a narrower, focused, and more efficient platform.

Our adjusted operating profit for the period ended 30 June 2019 was $17.0 million compared to $13.5 million on a similar basis for the period ended 30 June 2018, representing an increase of 25.9%. Adjusted operating profit excludes non-recurring revenues and costs that are not part of the ongoing earnings base, to make us more comparable to other market peers by separately identifying and excluding one-off gains and charges, including all transaction related gains or losses as well as the remeasurement loss resulting from remeasuring the assets and liabilities of the disposal group of four banks held for sale as part of the transaction with EGH.

Our continuing operations that are not part of the transaction with EGH reported a profit to equity holders of $8.9 million during H1 2019, reflecting the strong operational performance in Zimbabwe and UBN.

UBN reported favourable results, enhanced in particular by improved recoveries and cost management, compared to the same period last year, our share of the income from UBN (accounted for as associate income) increased from $17.4 million for the period ended 30 June 2018 to $18.7 million in H1 2019, benefiting from a 3.4% growth in UBN profit (on a dollar basis) and Atlas Mara's increased shareholding.

H1 2019 showed higher profitability in Zimbabwe of $18.8 million, an increase of more than 100% on a constant currency basis. This performance is attributed to exceptional balance sheet management and improved treasury and client business under challenging conditions. Several initiatives are underway including focus on digital banking, loan growth, continued cost containment measures and more aggressive collections for non-performing loans, however, continued performance will be subject to stabilisation of the market.

Zimbabwe is currently undergoing severe currency and economic challenges. Following the launch of Zimbabwe's new currency in February 2019 at a rate of 2.5 to USD, the RTGS dollar depreciated to 6.6 at the end of June 2019. Annual inflation increased from 31% in October 2018 to 175.5% at June 2019. In his mid-term fiscal policy review, the Minister of Finance suspended the announcement of annual inflation until February 2020 citing lack of RTGS$ base prices for the period before the introduction of the RTGS$. Interest rates on the central bank's overnight window have increased from 15% to 50% per annum in line with inflation. Guidance on implementation of Hyper-Inflation Accounting for Zimbabwe is still pending from the country's Public Accountants and Auditors Board. Reviews of the accounting treatment being followed by other Foreign Holding Companies with Subsidiaries in the country are also ongoing.

Botswana's H1 2019 performance was weakened by high cost of funds, subdued loan growth, and a decline in trading income, although these trends improved towards the latter part of H1. We believe that our Botswana bank will continue its transformation journey, with the launch of Bank Online expected to increase transactional activity in Corporate Banking.

With the announcement on 30 April 2019 of the proposed strategic transaction involving four subsidiaries, the operations of the four subsidiaries have been classified as non-current assets and disposal groups held for sale. The remeasurement of these assets at lower of (i) the carrying amount and (ii) fair value less costs to sell, resulted in a loss of $125.6 million, which predominantly impacted the intangible part of the book value. In addition, the recycling of the foreign currency translation losses and NCI through the P&L will result in a further decrease in book value ($25.1 million as at 30 June 2019).

Excluding one-off and transaction-related expenses or gains, our cost to income ratio was 94.7% versus the comparable figure in June 2018 of 96.8%. Substantial cost reduction will be a key focus for management as we transition the Group to a more simplified structure following the completion of the strategic transaction with Equity Group.

Statement of comprehensive income review

Table 1: Total income

$'million	30 June 2019			30 June 2018			Var %	CC Var %
	Continuing	Discontinued	Total	Continuing	Discontinued	Total		
Net interest income	8.8	35.7	**44.5**	22.3	46.0	68.3	(34.9)	(19.0)
Non-interest revenue	29.7	21.3	**51.0**	21.8	22.1	43.9	16.1	46.4
Total income	**38.5**	**57.0**	**95.5**	**44.1**	**68.1**	**112.2**	**(14.9)**	**6.4**

Net interest income

Net interest income declined by 34.9% (19.0% on a constant currency basis), mainly driven by the decline in interest income on loans, as a result of contraction of the loan book, lower margins and higher cost of funds experienced in some of the subsidiaries.

Interest expense declined by 6.0% (0.9% on a constant currency basis) compared to the prior period as a result of a decline in deposits. The subsidiaries are focused on reducing cost of funds through attrition of expensive deposits and replacement with sticky deposits. In Zimbabwe, cost of funds increased from 2.0% in H1 2018 to 2.4% in H1 2019.

Non-interest income

Non-interest income increased during the period by 16.1% (46.4% on a constant currency basis) mainly as a result of higher trading income in Zimbabwe. In other countries, there has been lower fee and commission income, driven by the pressure on loan growth.

Total expenses

Total costs of $103.1 million ($90.4 million excluding one-offs), represented a decrease of 5.0% (increase of 9.5% on a constant currency basis).

Shared Services and Centre costs increased to $14.9 million from $12.3 million in H1 2018. Excluding the one-off costs related to restructuring of $1.7 million, the increase in costs are $0.9 million which translates into an increase of 7.5%, however, a portion of these costs are expected to be non-recurring. The Group continues to focus on driving these costs lower as the Group is transforms into a narrowly focused and more efficient platform.

Staff costs remained relatively constant at $47.3 million (30 June 2018: $48.4 million) for the period, but the contribution to total expenditure has increased to 45.9% from 44.6%. On an adjusted operating profit basis, Atlas Mara reported a cost to income ratio of 94.7% (30 June 2018: 96.8%), compared to 108.0% (30 June 2018: 96.7%) on an IFRS basis.

Loan impairment charges

Credit impairment charges reduced by 37.1% from $4.3 million in H1 2018 to $2.7 million in H1 2019 as a result of significant recovery efforts across the Group led by Mozambique, Zambia and Zimbabwe.

We continue to focus on restructuring and recovering further from the legacy NPL book and have made good progress on large single obligor exposures in Mozambique, Tanzania and Zimbabwe, resulting in increased profitability and reduction of our overall NPL ratios.

The NPL ratio across the Group was reduced from 11.1% at 31 December 2018 to 9.6% at 30 June 2019.

This reduction was achieved by significant collection effort across the portfolio including large corporate recoveries.

Share of profit of associates

This represents Atlas Mara's share of profit from the 49.75% stake in UBN at 30 June 2019 (30 September 2019: 49.9%), based on their published results for the first half of 2019. The impact of intangible amortisation is also included.

UBN's financial performance improved across several key metrics in H1 2019 as compared to both H1 2018 and FY 2018. Return on equity improved to 10.3% from 7.3% for the comparative period, supported by profit before tax growth of 4% over the same period last year. During the course of the first six months of 2019, UBN also focused on rebuilding the loan book, recording loan growth of 8% from the level as at Dec 2018, while driving recoveries of loans previously written off. Customer deposits also improved by 4%, demonstrating the success of on-going acquisition of low-cost deposits driven by strengthened brand affinity. UBN's aggressive focus on recoveries and improving asset quality resulted in the continued decline in NPL ratio, from 8.1% as at December 2018 to 7.3% at the end of the current period.

The cost optimisation programmed initiated by the bank also started to yield positive results as total expenses declined by 4%, from $128.4 million in H1 2018 to $122.3 million in H1 2019, also resulting in a decline in cost to income ratio from 77.1% to 76.3%. UBN remains well-capitalised, with its Capital Adequacy Ratio (CAR) sitting at 19.4% as at 30 June 2019, higher than the Nigeria regulatory minimum of 15.0%.

Statement of financial position review

Assets and liabilities in disposal group held for sale

During the period, the asset and liability balances of the entities classified as disposal groups in line with IFRS 5 were reclassified to assets and liabilities held for sale and presented as single line items on the face of the statement of financial position. The reclassification of these balances impacted all the other line items presented in the statement of financial position, resulting in a general decline in these other balances, as noted in the subsequent paragraphs.

Total assets (excluding assets included in disposal group held for sale)

Customer loans and advances comprise 38.2% of the Group's total assets. Cash, short-term funds and marketable securities represent c. 17.0%, other assets (made up of Property, plant and equipment, Investment property, prepayment and other receivables etc.) represent 4.7%, the investment in associate (UBN) accounts for 35.4% of the asset base with goodwill and intangible assets making up the remainder at c. 4.7% of total assets (excluding assets held for sale).

Total assets contracted by 11.0% (4.9% on a constant currency basis) reflecting the impact of the persistent currency devaluation in Zimbabwe.

Customer loans and deposits

Table 2: Customer loans and deposits

	June 2019 ($'m)	December 2018 ($'m)	Var (%)	CC Var (%)
Loans	604.6	1,154.1	(47.6)	(44.3)
Deposits	684.0	1,631.8	(58.1)	(54.7)

Loans and credit quality

As presented in Table 2 above, loans and advances decreased by $549.5 million to $604.6 million at 30 June 2019 from $1,154.1 million at 31 December 2018. The decline is mainly due to the reclassification of the balances totalling $491.3 million related to the disposal groups held for sale. Other factors impacting the contraction of the loan book include market liquidity constraints and a lower than anticipated demand for credit due to challenging economic environment in our countries of operations.

Loans in continued operations showed a marginal increase of 1.6% at constant currency basis for H1 2019 due to lower than expected growth in the loan book in Botswana and a marginal decline in Zimbabwe.

NPLs as a percentage of the loan book declined to 9.6% (31 December 2018: 11.1%), reflecting our focused efforts on credit monitoring and the collection processes. The year-on-year improvement was particularly supported by asset recoveries secured in Zimbabwe.

Deposits

There was a decline in total deposits compared to the prior year mainly as a result of reclassification of the total of $834.2 million, relating to disposal group held for sale. Loss of deposits in Tanzania and Botswana, and the continued devaluation of the currency in Zimbabwe also impacted the decline in total deposits.

Term deposits remained the highest percentage of deposits while in the decline in transactional deposits and overnight deposits reflect the tight liquidity situation experienced in most of our countries of operation especially Zimbabwe.

Customer deposits comprise c.59.9% of the liability base (excluding liabilities held for sale) and represent 27.4% of the aggregate of liabilities and equity (includes balances held for sale). The loan to deposit ratio for at 30 June 2019 was 88.4% (31 December 2018: 70.7%).

For continued operations, deposits declined by 7% (at constant currency basis) mainly due to reduction in expensive deposits in Botswana compensated to a large extent due to 40% growth (at constant currency basis) in deposits in Zimbabwe.

Capital position

As at 30 June 2019, all of Atlas Mara's operating banks complied with local minimum capital requirements relevant in that country, as summarised below.

Table 3: Capital adequacy ratios

Capital Ratios	June 2019	December 2018	June 2018	Regulatory Minimum
Botswana	18.4%	17.6%	19.1%	15.0%
Mozambique	22.4%	23.8%	25.8%	9.0%
Rwanda	23.4%	23.7%	21.3%	15.0%
Tanzania	13.1%	14.8%	17.0%	14.5%
Zambia	19.9%	15.9%	17.0%	10.0%
Zimbabwe	57.6%	39.0%	35.3%	12.0%

The Bank of Tanzania has announced that, with effect from July 2019, investment in capital software is no longer deductible against capital, and the abolishment of 1% general provision on loans categorised as unclassified. The announced changes will result in increase in Tanzania's capital by $3.8 million resulting in CAR of ca. 18%.

Investment in associate: UBN

Our total shareholding in Union Bank of Nigeria increased to c. 49.75% as at 30 June 2019 from c.49.0% at 31 December 2018. The investment is equity-accounted for in the statement of financial position as an investment in associate, with a closing balance of $557.5 million (31 December 2018: $530.6 million). The value of the asset increased due to the additional shareholding acquired during the period and the increased profits reported by UBN during the period.

Goodwill and intangibles

Due to the acquisitions made in the prior years and in compliance with IFRS 3: Business Combinations, the statement of financial position incorporates goodwill and intangible assets of $74.3 million at 30 June 2019 (31 December 2018: $159.0 million). The 53.3% decline in this balance is attributable to the reclassification of balances relating to the disposal groups held for sale. These assets represent 4.7% of the Group's asset base (excluding assets held for sale), resulting in a tangible book value of $2.84 per share (31 December 2018: $3.00 per share) and book value per share of $2.96 (31 December 2018: $3.83).

Segment information

The segmental results and statement of financial position information represent management's view of its underlying operations. In previous periods, management's view of the Group's operations was on a geographically grouped basis. However, following the announcement of the strategic transaction, the Group's activities were re-segmented based on countries of domicile of our operating banks. The countries of operation are as listed below:

Nigeria: Through our 49.9% stake in UBN as at 30 September 2019 and Board representation, Atlas Mara has a footprint in Africa's largest economy, Nigeria. Nigeria continues to represent a long-term destination for investment, particularly in financial services, and our stake in UBN is a key facet of our strategy for the region.

Atlas Mara, through its board seats, is working closely with UBN management to monitor the impact of oil price and currency changes 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.

Our share of profit from the 49.75% stake (as at 30 June 2019) in UBN is based on UBN's published unaudited H1 2019 results.

Botswana remains on track to execute its transformation for growth strategy. While the performance for H1 2019 was softer, there are several initiatives underway in the second half of the year that should drive better momentum, including building on the launch of the new Corporate online banking platform and the onboarding of several new lending scheme clients.

Our business in **Zimbabwe** reported strong results driven by effective balance sheet management, good trading income, and digital banking, among other factors, notwithstanding a very challenging environment.

Discontinued operations

With the ongoing strategic transaction as announced on 30 April 2019, our operations in the following countries were reclassified as discontinued operations: Mozambique, Tanzania, Zambia and Rwanda.

Prior to reclassification, these four countries contributed less than 2% of total Group net income while accounting for 40% of the Group's total assets.

Other

Included in this segment are Atlas Mara Limited, the BVI incorporated holding company, and Atlas Mara's Dubai subsidiary, as well as all other intermediate Group holding entities acquired through the acquisitions of ABCH and ADC in August 2014, also referred to as the Shared Services and Centre.

Segment report for the period ended 30 June 2019

	Group	Continuing operations				Discontinued operations
		Botswana	Zimbabwe	Nigeria	Corporate	
Total Income	95.5	22.9	33.0	–	(17.4)	57.0
Loan impairment charge	(2.7)	0.5	(0.3)	–	(0.9)	(2.0)
Operating expenses	(103.1)	(17.1)	(9.3)	–	(13.1)	(63.6)
Share of profits of associate	18.7	–	–	18.7	–	–
Profit / (loss) before tax	**8.4**	**6.2**	**23.5**	**18.7**	**(31.5)**	**(8.5)**
Loss on IFRS 5 remeasurement	(125.6)	–	–	–	–	(125.6)
Profit / (loss) after tax and NCI	**(126.4)**	**3.8**	**18.8**	**18.7**	**(32.4)**	**(135.3)**
Loans and advances	604.6	558.6	31.6	–	14.4	–
Total assets	2,496.6	800.1	165.4	557.5	58.4	915.2
Total liabilities	1,950.8	684.5	121.0	–	335.5	809.8
Deposits	684.0	603.7	80.3	–	–	–
Net interest margin - total assets	3.6%	4.5%	7.2%			
Net interest margin - earning assets	10.5%	5.1%	10.3%			
Cost to income ratio	108.0%	74.8%	28.1%			
Statutory credit loss ratio	0.5%	(0.2%)	1.7%			
Return on equity	(25.4%)	10.6%	84.5%			
Return on assets	(5.1%)	0.9%	22.7%			
Loan to deposit ratio	88.4%	92.5%	39.3%			

Segment report for the period ended 30 June 2018

	Group	Continuing operations				Discontinued operations
		Botswana	Zimbabwe	Nigeria	Corporate	
Total Income	112.2	29.6	23.7	–	(9.2)	68.1
Loan impairment charge	(4.3)	–	(0.6)	–	2.0	(5.6)
Operating expenses	(108.5)	(18.5)	(16.9)	–	(11.6)	(61.5)
Share of profits of associate	36.6	–	–	17.4	19.2	–
Profit / (loss) before tax	**36.1**	**11.1**	**(6.2)**	**17.4**	**0.4**	**1.0**
Profit / (loss) after tax and NCI	**28.6**	**8.5**	**4.9**	**17.4**	**(1.0)**	**(1.1)**
Loans and advances	1,280.9	550.6	185.3	–	16.1	528.9
Total assets	3,104.3	806.8	522.3	535.6	11.4	1,228.3
Total liabilities	2,328.1	715.0	431.9	–	117.9	1,063.4
Deposits	1,910.2	629.6	366.9	–	–	913.6
Net interest margin - total assets	16.1	5.5%	5.1%			
Net interest margin - earning assets	11.4	6.3%	5.8%			
Cost to income ratio	117.9	62.5%	71.3%			
Statutory credit loss ratio	16.1	0.0%	0.6%			
Return on equity	11.4	18.6%	10.8%			
Return on assets	117.9	2.1%	1.9%			
Loan to deposit ratio	16.1	87.5%	50.5%			

Principal Risks

The principal risks as listed and described on pages 28-29 of the 2018 Annual Report have been evaluated and individually considered by Management.

These risks are deemed to be still applicable and no material additional risks have been identified as at the period ended 30 June 2019.

Directors' Responsibilities Statement in Respect of the Interim Results

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

Michael Wilkerson

Chairman

30 September 2019

Forward Looking Statement and Disclaimers

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

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