7 June 2018

Atlas Mara Limited Unaudited First Quarter Results – Three Months Ended 31 March 2018

Atlas Mara Limited ("Atlas Mara" or the "Company" including its subsidiaries, the "Group"), the sub-Sahara African financial services group, today releases its unaudited summary first quarter results for the three months ended 31 March 2018.

Key financial highlights during the period

- Reported profit after tax for the three months ended 31 March 2018 was $24.0 million (2017: $5.0 million). Profits in the quarter benefitted from the inclusion of a one-off gain of $19.2 million related to the acquisition of additional shares in Union Bank of Nigeria ("UBN"). This gain arose as a result of the fair value recognition of the shares acquired – which increased Atlas Mara's shareholding from c. 45% to c. 48% – exceeding the purchase consideration paid.
- On an adjusted profit after-tax basis (excluding one-off items accounted for in the first quarter of 2018, and with no M&A transaction expenses incurred), Atlas Mara generated $5.5 million for the period (2017: $5.2 million).
- UBN performance showed continued improvement compared to Q1 2017, as shown in the Q1 2018 earnings statement released by UBN on 10 May 2018. Associate income of $26.3 million for the period (2017: $3.9 million) reflects Atlas Mara's 48% shareholding in UBN on an equity accounted basis. This includes the impact of the $19.2 million gain related to the acquisition of additional shares during the quarter. Excluding this gain, the contribution from UBN is $7.2 million, representing an 82.1% increase in the share of profits, which accounts for both a 20% growth in the earnings from UBN (on a USD basis) and the increased shareholding.
- Expenses increased by 4.5% year-on-year and 1.9% on a constant currency basis, mainly due to inflation related increases across all markets. This, coupled with the reduced growth in total income, led to an increase in the cost to income ratio to 97.8%. Whilst we have remained focused on growing revenue and reducing costs and have achieved this in most markets and the shared services centre, Zambia has seen an increase in expenses as the final stages of integration are still being concluded, while the underlying business is still growing to scale, resulting in an increase in the cost to income ratio. Management has dedicated resources to drive growth and limit expenses for Zambia.
- Despite the higher cost to income ratio, the expenses of the Group for the quarter are still below the average quarterly expenses run rate recorded in 2017. The Group continues to focus on initiatives to sustainably manage costs and sensibly grow revenues.
- Group deposits excluding UBN increased by 5.7%, or 1.5% on a constant currency basis, year-on-year, Cost of funds continued to decrease in the period to 5.3%, from 5.9% reported at full year 2017 and 6.7% for Q1 2017, reflecting our ongoing focus on acquiring longer-term and better priced deposits.
- Excluding the impact of IFRS 9, loans and advances increased by 4.9% or 0.3% on a constant currency basis year-on-year. The growth has been somewhat muted by of the impact of domestic market liquidity constraints and slower than anticipated economic recovery.
- This quarter represents the first time the Group is reporting results based on IFRS 9 Financial Instruments. The Standard became effective for all IFRS reports on 1 January 2018. The adoption of IFRS 9 has reduced the Group's net assets at 1 January 2018 by an estimated $70 million. As permitted by the transitional requirements of IFRS 9 and in line with market practice, comparative periods have not been restated. This estimated impact is based on accounting policies, assumptions, judgements and estimation

techniques that remain subject to change until the Group finalises its financial statements for the year ending 31 December 2018.

- The non-performing loan ratio for the period stood at 11.6% (Q4 2017: 11.8%; Q1 2017: 13.1%). Management is committed to following this modest improvement with further reductions in 2018.
- Total income excluding the income from associates decreased by 8.4% (10.7% on a constant currency basis) year-on-year, primarily driven by a 16.5% decrease in non-interest income, as both fee and commission income and trading income growth have been negatively impacted by a slower than expected economic recovery in some markets, and by low foreign exchange trading volumes across all markets.
- Reported equity at period end, and after the impact of IFRS 9, was $756.3 million, a decrease of $56.9 million from 31 December 2017, reflecting the profit for the first quarter, and the impact of the estimated $70 million decrease from IFRS 9. Book value per share is $4.42 at 31 March 2018 (compared to $4.77 at 31 December 2017). Tangible book value per share is $3.54 at 31 March 2018 ($3.87 at 31 December 2017).

Key ATMA operational highlights during the period

- In our Markets and Treasury business, revenue has decreased year-on-year mainly due to a slowdown in client fixed income activity in Zambia, due to lower yields, and Zimbabwe, due to the introduction of alternative savings products.
- Despite Mozambique FX revenues continuing to contract due to shrinking margins and the overall economic environment, client foreign exchange revenue was marginally higher with a 3% year-on-year growth.
- Key hires in Finance, IT, Risk management, Credit and Recovery Management, Operations and Digital have been made at Group, Zambia, Zimbabwe, Botswana levels as we continues to strengthen capacity in all functions.
- We received strong positive feedback from regional clients on the pan-African approach and centralized coordination. The regional initiative aims to leverage Atlas Mara's regional presence to offer value added services to corporates who have trans-regional operations.

Commenting on the results, Bob Diamond, Chairman, said:

"We are pleased to report another profitable quarter, which affirms our unrelenting focus on executing in our business lines. As in the recent quarterly performance, we also see the increasing impact of UBN on the Group's performance, thus validating our Nigeria strategy. "Since the end of the period, we have appointed John Staley to the position of Chief Executive Officer, effective 1 May 2018. John was previously Chief Operating Officer, Finance and Innovation, with Equity Group Holdings, the parent company of Equity Bank, until 2017. He brings with him strong experience in banking in Africa and particularly valuable expertise in technology and infrastructure. He joins us at an important stage of our growth."

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About Atlas Mara

Atlas Mara was listed on the London Stock Exchange in December 2013. Atlas Mara's vision is to create sub-Saharan Africa's premier financial services institution through a combination of its experience, expertise and access to capital, liquidity and funding. Its goals are to combine the best of global institutional knowledge with extensive local insights and to support economic growth and financial inclusion in the countries in which the Company operates.

Summary of Results (Unaudited, unless otherwise noted)

Atlas Mara Limited	Reported Results 31.03.18 $'m	Reported Comparative 31.03.17 $'m	Constant Currency[1] Variance %	Audited Year End 31.12.17 $'m
Adjusted operating profit and reconciliation to IFRS profit				
Total income	53.5	58.4	(10.7)	260.5
Loan impairment charge	(1.5)	(3.0)	53.1	(22.3)
Operating expenses	(52.3)	(49.8)	(1.9)	(213.5)
Share of profit of associates	7.1	3.9	>100	17.8
Adjusted profit before tax	6.8	9.5	>100	42.5
Adjusted profit attributable to ordinary shareholders	**5.5**	**5.2**	-	**37.0**
M&A transaction costs	19.2	-	>100	20.6
Reorganisation/Restructuring costs	-	(0.2)	>100	(10.0)
Reported profit before tax	26.0	9.3	>100	53.1
Reported profit attributable to ordinary shareholders	**24.0**	**5.0**	>100	**45.4**
Statement of financial position (excluding the impact of IFRS 9)				
Loans and advances	1 367.7	1 304.0	0.3	1 330.0
Total Assets	3 101.6	2 771.4	8.6	3 140.4
Total Equity	826.3	547.7	47.7	813.2
Total Liabilities	2 275.4	2 223.7	12.3	2 327.2
Total Deposits	1 853.8	1 753.8	1.5	1 877.5
Number of Shares Outstanding	172 258 735	83 092 069		172 258 735
Key Performance measures				
Net interest margin – earning assets	6.5%	7.1%		6.8%
Credit loss ratio	0.4%	0.9%		1.7%
Adjusted cost to income ratio	97.7%	84.8%		82.0%
Reported cost to income ratio	97.7%	85.6%		85.8%
Adjusted return on equity	2.7%	3.8%		4.5%
Reported return on equity	11.9%	3.7%		5.6%
Adjusted return on assets	0.7%	0.8%		1.2%
Reported return on assets	3.1%	0.7%		1.4%

Loan to deposit ratio	73.8%	74.4%	70.8%
Book value per Share ($) (pre IFRS 9)	4.84	6.89	4.77

(1) Constant currency variances reflect the operational variance (either positive or (negative)) period-on-period excluding the impact of foreign currency translation, due to the U.S. Dollar strengthening against all of the relevant African currencies.

Atlas Mara Limited

Consolidated summary statement of financial position (excluding the impact of IFRS 9)

FY 2017	USD million	Q1 2018	Q1 2017	CC Var %
457.0	Cash and short term funds	302.9	422.4	(31.0)
95.9	Financial assets held for trading	82.0	180.6	(56.4)
1,330.0	Loans & advances to customers	1,367.7	1 304.0	0.3
355.0	Investments	429..5	187.2	>100
444.6	Investment in associates	515.6	295.8	76.2
174.6	Intangible assets	177.1	155.3	13.3
283.3	Other assets	226.8	226.1	2.0
3,140.4	**Total assets**	**3 101.6**	**2 771.4**	**8.6**
1,877.5	Customer deposits	1,853.9	1 753.8	1.5
346.2	Borrowed funds	350.5	367.3	(6.5)
103.5	Other liabilities	70.9	102.6	(24.2)
813.2	Capital and reserves	826.3	547.7	47.7
3,140.4	**Total equity and liabilities**	**3,101.6**	**2 771.4**	**8.6**
70.8%	Loan: Deposit ratio	73.8%	74.4%	

Basis of Presentation

Overview

The term “Atlas Mara”, the “Company” or the “Group” refers to Atlas Mara Limited and its subsidiaries and associates. This release covers the unaudited consolidated results for the Group for the three months ended 31 March 2018.

Unless otherwise stated, the financial information for the three-month period ended 31 March 2018 is set out in this release on a basis consistent with International Financial Reporting Standards, as adopted by the EU (IFRS) and consistent with the group accounting policies as disclosed in the 2017 annual report.

Unaudited results for the three months ended 31 March 2018

Review of statement of comprehensive income

Net interest income

Q1 2018:	$35.7 million
Q1 2017:	$37.1 million

Net interest income decreased by 6.7% on a constant currency basis. This decrease follows due to slower results from growth initiatives, a delay in the benefits from the macroeconomic turnaround being seen and some liquidity pressures being experienced across certain key markets. This specifically impacted the higher yield retail portfolios across the network.

Net interest margin on earning assets was approximately 6.5% for Q1 2018, a decrease from 7.1% for the comparative period on the same basis.

Although this has not translated to a growth in income, the average reported cost of funds for Q1 2018 of 5.3% represents a decrease from the 6.7% reported in Q1 2017 and 5.5% reported at year-end. This continues to demonstrate management’s focus on replacing more expensive term deposits with transactional deposits.

Non-interest income

Q1 2018:	$17.8 million
Q1 2017:	$21.3 million

NIR declined by 17.8% on a constant currency basis due in part to a decline in fees and commissions in most countries due to lower transaction volumes in the retail banking business, a forex gain related to the USD liabilities in Zambia not recurring in 2018 and lower forex trading revenue.

Although the forex trading income remains lower due to reduced demand across most subsidiaries, we have seen an increase in the trading income in Zambia.

Operating expenses

Q1 2018:	$52.3 million
Q1 2017:	$50.0 million

Expenses increased by 4.5% year-on-year. On a constant currency basis, operating expenses increased by 1.9%. While marginal and mostly driven inflation related increases in most markets, the Group continues to focus on the cost containment initiatives rolled out during the latter part of the 2016 and 2017.

Total M&A transaction expenses continued to decrease. This decline is consistent with previously communicated expectations that these expenses will decrease over time.

Income from associates

Q1 2018:	$26.3 million
Q1 2017:	$3.9 million

Income from associates of $26.3 million represents the Group's share of UBN's earnings for the three months ended 31 March 2018 as disclosed in the results published by UBN on 10 May 2018. This amount also includes the impact of the one off gain of $19.2 million associated with the acquisition of the additional share acquired in UBN during the quarter.

Loan impairment charge

Q1 2018:	$1.5 million
Q1 2017:	$3.0 million

The three month 2018 loan impairment charge was $1.5 million and represents the Group's first reporting period under IFRS 9. With the estimated full impact of IFRS 9 remaining provisional until the completion of the Groups financial statements for the 2018 financial year-end. The impairment charge includes the positive impact additional asset recoveries in Tanzania during the quarter.

Review of statement of financial position

Total assets:	$3 101.6 million
Customer loans:	$1 367.7 million
Total deposits:	$1 853.8 million

Customer loans and advances comprise c.44.1% of the Group's total asset base. Cash, short-term funds and marketable securities represent c.26.3%, other assets represents 7.3%, the investment in associate UBN accounts for 16.6% of the asset base, with goodwill and intangible assets making up the remainder at c.5.7% of total assets. Total asset growth was 11.9% (8.6% constant currency) compared to Q1 2017, with the acquisition of additional shares in UBN being the principal driver of this growth consistent with our strategic focus to materially increase our shareholding in UBN.

Credit Quality

In management's view, the customer loan book is adequately provisioned. NPLs as a percentage of the loan book at 11.6% (Q1 2017: 13.1%) have been steadily improving. The Group remains focused on recovering as much as possible of the legacy or acquired non-performing loan book over the next few years, demonstrated by the positive impact of additional recoveries included in the Q1 2018 results, most notably in Tanzania.

Goodwill and Intangibles

Following the acquisitions made during prior periods and in compliance with IFRS 3: Business Combinations, the statement of financial position reflected a goodwill asset of $88.7 million and an intangible asset of $88.4 million. Intangible assets are amortized over a 10-year useful life. In aggregate these assets represented 5.7% of the Group's asset base at 31 March 2018, resulting in a tangible book value of $3.54 per share (after the impact of IFRS 9).

Investment in associate: UBN

The investment in UBN is equity accounted for in the statement of financial position as an investment in associate, with a closing balance of $513.8 million. This includes the impact of the share of results for Q1 as reported by UBN on 10 May 2018, the additional share acquired during the quarter and the impact of the gain on acquisition of $19.2 million.

Liabilities

Deposits due to customers: $1 853.8 million
Borrowed funds: $350.5 million

Assets are funded mainly through corporate depositors, government-backed institutions and interbank funding lines (73.2% of total deposit base). The retail liability base of 26.8% of total deposits represents an improvement from 26.1% as at FY 2017 and is indicative of efforts to diversify the funding mix to support healthier margins in the longer term.

Deposits grew marginally by 1.5% on a constant currency basis most notably in Zimbabwe.

The continued focus on attracting retail deposits remains coupled with an emphasis on accessing better priced development finance institution ("DFI") funding through strong partnerships.

Capital and Liquidity

All operating banks are within prescribed local regulatory requirements for both liquidity ratios and capital adequacy. Atlas Mara remains vigilant in its focus on optimizing financial stability and attractive, sustainable returns on equity.

Capital Ratios	Q1 2018	FY 2017	Regulatory Minimum
Botswana	18.6%	19.7%	15.0%
Mozambique	23.6%	24.4%	9.0%
Rwanda	23.1%	22.6%	15.0%
Tanzania	16.8%	17.7%	12.0%
Zambia	15.2%	13.8%	10.0%
Zimbabwe	35.5%	37.6%	12.0%

Segmental Information

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

Segmental Results

Southern Segment

Southern Africa includes the operations of BancABC in Botswana, Mozambique, Zambia and Zimbabwe and BancABC's holding company, ABC Holdings Limited (incorporated in Botswana), and various affiliated non-bank group entities. The financial performance of the Southern region in the first quarter was impacted by lower asset recoveries compared to the comparative period.

East Africa

East Africa consists of Rwanda and Tanzania.

The contribution from these geographies remained modest in the quarter, however, is improving on the back of asset recoveries reported in Tanzania and the improved profitably reported for Rwanda as the fully integrated bank moves towards the Growth focus.

West Segment

West Africa represents the investment made in UBN, adjusted for attributable equity earnings. Our investment in UBN is continuing to perform in line with expectations. Atlas Mara has reflected its associate income of $26.3 million in its first quarter 2018 results (2017: $3.9 million).

Corporate

SSC includes Atlas Mara Limited, the BVI incorporated holding company, operating through its Dubai management office, and all other intermediate group holding entities acquired in connection with acquisitions of ABCH and ADC in August 2014. The legal entity structure is in the process of being streamlined with the objective of driving further cost efficiencies.

		BANKING OPERATIONS			**OTHER**
Atlas Mara Limited Segmental Financial statements	**Reported**	**West**	**East**	**Southern**	**Corporate**
Statement of comprehensive income	**31.03.18**	**31.03.18**	**31.03.18**	**31.03.18**	**31.03.18**
	$'m	**$'m**	**$'m**	**$'m**	**$'m**
Total income	53.5	-	12.9	43.9	(3.3)
Impairments	(1.5)	-	(0.9)	(0.6)	-
Net income from associates	26.3	26.3	-	-	-
Total operating income	**78.3**	**26.3**	**12.0**	**43.3**	**(3.3)**
Operating expenses	(52.3)	-	(11.0)	(40.2)	(1.1)
Profit/(loss) before taxation	**26.0**	**26.3**	**1.0**	**3.1**	**(4.4)**
Profit/(loss) after taxation and NCI	**24.0**	**26.3**	**0.7**	**0.3**	**(3.3)**
Statement of financial position					
Loans and advances	1,367.7	-	282.3	1,061.1	24.3
Total assets	3,101.6	513.8	451.8	1,952.2	183.8
Total liabilities	2,275.4	-	364.4	1,606.4	304.6
Deposits	1,853.9	-	370.5	1,469.1	14.3
Net interest margin – earning assets	6.5%		9.0%	6.3%	
Credit loss ratio	0.4%		1.3%	1.0%	
Loan to deposit ratio	73.8%		76.2%	72.2%	

		BANKING OPERATIONS			OTHER
Atlas Mara Limited Segmental Financial statements	**Reported**	**West**	**East**	**Southern**	**Corporate**
Statement of comprehensive income	**31.03.17**	**31.03.17**	**31.03.17**	**31.03.17**	**31.03.17**
	$'m	**$'m**	**$'m**	**$'m**	**$'m**
Total income	58.4	-	12.5	46.9	(1.0)
Impairments	(3.0)	-	(1.0)	(2.0)	-
Net income from associates	3.9	3.9	-	-	-
Total operating income	**59.3**	**3.9**	**11.5**	**44.9**	**(1.0)**
Operating expenses	(50.0)	-	(11.3)	(37.8)	(0.9)
Profit/(loss) before taxation	**9.3**	**3.9**	**0.2**	**7.1**	**(1.9)**
Profit/(loss) after taxation and NCI	**5.0**	**3.9**	**(0.2)**	**3.8**	**(1.9)**
Statement of financial position					
Loans and advances	1 304.0	-	278.7	1 022.1	3.2
Total assets	2 771.4	293.7	478.5	1 861.7	137.5
Total liabilities	2 223.8	-	413.5	1 762.6	47.7
Deposits	1 753.8	-	375.9	1 377.9	-
Net interest margin – earning assets	7.1%		8.5%	7.2%	
Credit loss ratio	0.9%		0.3%	0.2%	
Loan to deposit ratio	74.4%		74.1%	74.2%	

Forward Looking Statement and Disclaimers

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Given these risks and uncertainties, prospective investors are cautioned not to place undue reliance on forward-looking statements and the actual events or consequences may differ materially from those contained in or expressed by such forward-looking statements. Forward-looking statements speak only as of the date of such statements and, except as required by applicable law or regulation, Atlas Mara expressly disclaims any obligation or undertaking to update or revise publicly any forward-looking statements, whether as a result of new information, future events or otherwise.