

26 May 2016

### **Atlas Mara Limited 1<sup>st</sup> Quarter IMS – Three Months Ended 31 March 2016**

Atlas Mara Limited ("Atlas Mara" or the "Company" and, including its subsidiaries, the "Group"), the sub-Saharan African financial services group, today releases its IMS for the first quarter ended 31 March 2016.

#### **Key highlights during the period**

- On 26 April, at the time the Group released its full year 2015 results, the Group informed the market that it expected to report a loss for the first quarter of 2016. For comparative purposes, given the non-recurring nature of selected expenses related to the Company's formative period, Atlas Mara provides adjusted figures, excluding one-off items and M&A transaction expenses. On this basis, Atlas Mara reported a loss of \$2.0 million for the period (2015: \$9.0 million profit). Excluding these adjustments, the loss after tax reported for the first quarter of 2016 was \$6.7 million (2015: profit of \$0.5 million).
- The main factors contributing to this outcome for Q1 2016 were:
  - Impact from FX translation due to weakness of African currencies versus a stronger US Dollar in the second half of 2015;
  - Credit provisions taken in Zimbabwe against specific corporate loans due to economic headwinds experienced in that market;
  - M&A and one-off costs where the benefit from spend follows later, i.e. there is a timing mismatch of costs incurred in a transaction versus revenue recognition.

Both assets and liabilities have grown both year on year and relative to the prior quarter in constant currency terms and, given the Company's resolute focus on credit recoveries and collections, management believe that some of the additional provisions may be reversed towards the end of 2016.

- A brief segmental overview of Q1 2016's results is as follows:
  - The Southern Africa segment reported a net loss of \$6.3 million (2015: profit of \$4.7 million) during the first quarter. A deliberate policy of managing down lower quality, higher risk revenues coupled with additional credit provisions taken in Zimbabwe, with no recoveries from the non-performing loan portfolio in the quarter, were the principal drivers behind the loss. Management believe however that most of these new provisions will be reversed over the remainder of the year, with good progress being made in the continued efforts to monetize some of the non-performing loans soon. Improving the operating performance of these businesses is a key priority for management and will be achieved through already identified focused revenue growth plans and cost reduction initiatives.
  - The East Africa segment reported a profit of \$0.7 million (2015: loss \$2.1 million). This reflects the strength of our now scaled up Rwandan banking franchise, and we remain excited about its growth prospects.
  - The West Africa segment, represented by Atlas Mara's 31.15% stake in Union Bank of Nigeria Plc ("UBN"), contributed a net profit of \$6.9 million (2015: \$5.2 million). We are confident of UBN management's ability to navigate the uncertainties that the current macroeconomic environment presents in Nigeria.
  - The ongoing exchange rate depreciation that led to a \$1.1 million negative impact on our results is a trend observed across local African currencies since H1 2015.

- Reported loans and advances were \$1,339.4 million (2015: \$1,243.1 million), deposits were \$1,628.8 million (2015: \$1,518.1 million) with the increase in loan balances since end 2015 largely due to the acquisition of Banque Populaire du Rwanda (consolidated into the group's results from 7 January 2016).
- Following the announcement of a share repurchase program of up to \$10 million at the time of the third quarter results, the Company purchased 631,832 shares at a cost of \$3.07 million in the first quarter taking the aggregate purchases to 1.03 million shares in the open market for an aggregate consideration of \$5.3 million (through 15<sup>th</sup> March 2016).

#### **Acquisition of Finance Bank of Zambia Plc**

- On 29 October 2015, Atlas Mara announced that it had executed definitive agreements with respect to the acquisition of 100% of Finance Bank of Zambia Plc ("FBZ"), currently Zambia's 6th largest bank, subject to regulatory approvals and certain conditions precedent. Subject to completion of these, Atlas Mara aims to close the transaction by the end of the second quarter. Once completed, we expect to merge FBZ with Atlas Mara's Zambian subsidiary, African Banking Corporation Zambia Limited ("BancABC Zambia"). This will result in the creation of Zambia's largest bank by branch network with combined assets of approximately \$418 million. The enlarged group will be well-positioned to contribute meaningfully to the development of financial services in Zambia and will be consistent with Atlas Mara's over-arching strategic objective of being a scale participant in its countries of operation.

#### **Events since quarter-end**

- Following the announcement of year-end financial results on 26 April 2016, the Company published its 2015 Annual Report on 3 May 2016 (available on our website (<http://atlasmara.com>)).
- Our brand endorsement strategy has been rolled out in Rwanda where the Banque Populaire du Rwanda ("BPR") brand has been relaunched as "bpr, part of Atlas Mara" – with the Atlas Mara endorsement an integral part of the new design. This event coincided with the 2016 World Economic Forum for Africa being held in Kigali, where we also launched two of our new innovative product offerings in relation to electronic payments and remittances.
- On 22 April, the Company completed a tap issue of \$17.4 million 8% senior secured convertible bonds due in 2020. The bonds are convertible into the ordinary shares of Atlas Mara at a price of \$11.00 per share.

#### **Outlook**

Atlas Mara continues to target for 2016 full-year results, to exceed the reported profit of \$11.3 million for 2015 (excluding any revaluation of intangible assets or goodwill) but recognizes that weaker African currencies and a more challenging economic backdrop provide meaningful headwinds to this outcome.

Commenting on the first quarter results, John F. Vitalo, CEO, said:

"The result for the first quarter were broadly in line with our expectations and accorded with the indications we gave to the market at our 2015 full year earnings release. However, this level of performance is clearly below where we want to be, notwithstanding the challenges of a more difficult economic backdrop and the full impact of weaker exchange rates across our markets.

We have clear cost reduction plans and revenue initiatives to ensure that the group is positioned to tackle current headwinds. We remain committed to delivering increased profitability for 2016 relative to 2015, although we expect the year to be one of uneven quarterly performance with improving profitability over the course of the year as we execute on our focused initiatives."

## Market Update - Investor Conference Call

Atlas Mara's senior management will today be holding a conference call for investors at 9am EST / 2pm BST. There will be a presentation available in the Investor Relations section of the Company's website, <http://atlasmara.com>.

The Company will not be disclosing any new material information.

Dial-in details are as follows:

- Conference ID: 19507645
- US: +1 866 926 5708/ +1 631 621 5256
- UK: +44 (0) 1452 560304 / 08000738965

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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.

## Basis of Presentation

The term "Atlas Mara", "the Company" or "Group" refers to Atlas Mara Limited and its subsidiaries and associates. This release covers the unaudited results for the Group for the first quarter ended 31 March 2016.

Unless otherwise stated, the financial information for the period ended 31 March 2016 is set out in this release on a basis consistent with International Financial Reporting Standards, as adopted by the EU (IFRS), with results from subsidiaries and investments included from the effective date of acquisition.

## Comparative information

The comparative information disclosed during 2015 was based on a Pro-Forma basis. This was due to Atlas Mara's establishing acquisitions only being concluded during Q3 and Q4 of 2014, no meaningful comparative financial information was available. Given that 2015 was however, a full year of operation, there is no need for the Pro-Forma results in respect of these quarterly results and accordingly the actual 2015 quarterly results are included below.

## Summary of Unaudited Results

Atlas Mara Limited	Reported	Comparatives	*Constant	Audited
	results		currency	Year End
	31.03.2016	31.03.2015	Variance	31.12.2015
	\$'million	\$'million	%	\$'million
<b>Statement of profit or (loss)</b>				
Total income	51.9	44.3	30.3	205.2
Loan impairment charge	(8.5)	(5.1)	72.5	(12.0)
Operating expenses	(51.7)	(30.7)	47.4	(174.2)
Share of profit of associate	6.9	5.2	60.9	20.3
Adjusted profit before tax	(1.4)	13.8	>100	38.8
<b>Adjusted attributable profit/(loss)</b>	<b>(2.0)</b>	<b>9.0</b>	<b>&gt;100</b>	24.9
M&A related expenses	(6.0)	(10.4)		(11.9)
One-off expenses and other	0.1	(1.7)		(7.6)
Reported profit/(loss) before tax	(7.2)	1.6	>100	19.2
<b>Reported net profit/(loss) after tax</b>	<b>(6.7)</b>	<b>0.5</b>	<b>&gt;100</b>	11.3
<b>Key figures</b>				
Loans and advances	1,339.4	1,243.1	18.6	1,229.4
Total assets	2,657.2	2,568.7	12.8	2,452.1
Total equity	644.6	653.9	3.7	625.5
Total liabilities	2,012.6	1,914.8	16.4	1,826.6
Deposits	1,628.8	1,518.1	19.8	1,436.1
Number of shares outstanding	69,811,774	70,790,263		
<b>Key performance measures</b>				
Net interest margin	3.6%	3.1%		4.3%
Credit loss ratio	2.5%	1.6%		1.0%
Cost to income ratio **	99.7%	69.2%		94.7%
Return on equity **	(0.3%)	1.4%		1.7%
Return on assets **	(0.1%)	0.3%		0.4%
Loan to deposit ratio	82.2%	81.9%		85.6%
Book value per share	9.01	9.31		8.94
(Loss)/earnings per share	(0.09)	0.01		0.16

\* Constant currency variances reflect the operational variance (either positive or (negative)) quarter-on-quarter excluding foreign currency translation impact due to the US Dollar strengthening against all of the relevant African currencies. By way of example: Total Income for Q1 2016 would have reflected positive growth of 30.3% compared to the prior period had it not been for the impact of foreign exchange translation.

\*\* Calculated on an underlying basis, i.e. excluding one-off and M&A/transactional costs

## **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.

The release, publication or distribution of this announcement in certain jurisdictions may be restricted by law and therefore persons in such jurisdictions into which this announcement is released, published or distributed should inform themselves about and observe such restrictions.

Certain statements in this announcement are forward-looking statements which are based on Atlas Mara's expectations, intentions and projections regarding its future performance, anticipated events or trends and other matters that are not historical facts, including expectations regarding (i) the future operating and financial performance of the Company; (ii) the potential acquisition of FBZ (the "Potential Transaction"); and (iii) the combination of BPR and BRD Commercial. These statements are not guarantees of future performance and are subject to known and unknown risks, uncertainties and other factors that could cause actual results to differ materially from those expressed or implied by such forward-looking statements, including (i) economic conditions, competition and other risks that may affect the Company's future performance; (ii) the ability and willingness of the parties to agree definitive documents in respect of the Potential Transaction (the "Transaction Agreements"); (iii) the ability and willingness of the parties to the Transaction Agreements, if entered into, to meet the closing conditions therein; (iv) the occurrence of any event, change or other circumstances that could give rise to the termination of the Transaction Agreements, if entered into; (v) unexpected liabilities incurred or arising from the acquisition of the acquired business which are not adequately mitigated in the Transaction Agreements, if entered into; (vi) the risk that securities markets will react negatively to the Potential Transaction or other actions by Atlas Mara; (vii) the risk that the Potential Transaction disrupts current plans and operations as a result of the announcement and consummation of the transactions described herein; (viii) the ability to recognise the anticipated benefits of the combination of BPR and BRD Commercial or the Potential Transaction and otherwise to take advantage of strategic opportunities; (ix) changes in applicable laws or regulations; and (x) the other risks and uncertainties.

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.