Atlas Mara Limited

FY 2017 Results

April 24, 2018

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2017: Delivering Results and Expanding the Platform

• **Strong operating performance as we delivered on our promises**	*Target* / ***Actual*** *Cost Savings @ Centre* — *>$20m* — ***$27m*** *Net Profit* — *>$17m* — ***$45m***
• **Appointment of a CEO**	*John Staley: former Chief Officer – Finance and Innovation at Equity Bank*
• **Execution on Nigeria strategy**	*Ownership now 48%[1]*
• **Continued Banking improvements with improved portfolio and deposit mix**	*Higher NII and NIM on stable loan book*
• **Targeted growth in Markets & Treasury**	*Challenging rate environment; NIR up*
• **New partner – Fairfax investment and alignment**	*Led $200m round; aligned long-term vision*
• **Better positioned in 2018 than ever**	*Stronger operations, stronger positions, stronger governance*

Notes:
(1) Total direct + indirect shareholding

Business Line Performance Highlights

Retail & Commercial Banking

- ATMA subsidiaries posted Net Operating Income of $14.7m vs loss of $8.5m in FY 2016
- Focus on leaner structure, cost efficiency, building capacity locally, and balance sheet quality
- Relocated BancABC HQ to Botswana from South Africa
- Improved average CoF from 6.3% to 5.5% through digital channel expansion
- Stable loan book with improved quality; NPL ratio 11.8% (13.3% at FYE 2016)
- Stable deposits with improved mix: transactional deposits 50% of total (38% at FYE 2016)
- Market growth constrained but improved position to take share with stronger talent and franchise

Digital Initiatives

- Rolled out new products, expanded reach, and won new customers and deposits
- Expanded agency banking in Tanzania and Mozambique, adding hundreds of agents and thousands of customers
- Ramp up in deposit capture in Zimbabwe to $56m for FY 2017
- Deployed best in class internet banking in Rwanda
- Launched the government payments card scheme in Botswana

Markets & Treasury

- Targeted NIR growth in challenging environment, and added multiple new products
- Build out the offshore desk in Dubai to further diversify revenue and client base
- Non-interest revenue up 16% year over year and 27% CAGR since 2015
- Doubled client visits in 2017
- Continued strength in fixed income market making strategy
- 2018 focus on adding clients, deepening FX wallet share, and adding more new products

Partnership and Capital Raise

- Transformative partnership that included **$200m in new capital** from Fairfax Africa and existing investors

- Fairfax fit as strategic partner
  - Permanent capital
  - Commitment to financial services
  - Common long-term vision

- Strong statement of confidence in financial services in sub-Saharan Africa

Notes:
(1) Total direct + indirect shareholding

CEO Appointment

- **Appointment of John Staley as CEO**[1]

- Former Chief Officer – Finance and Innovation at Equity Bank; with Equity Group since 2002

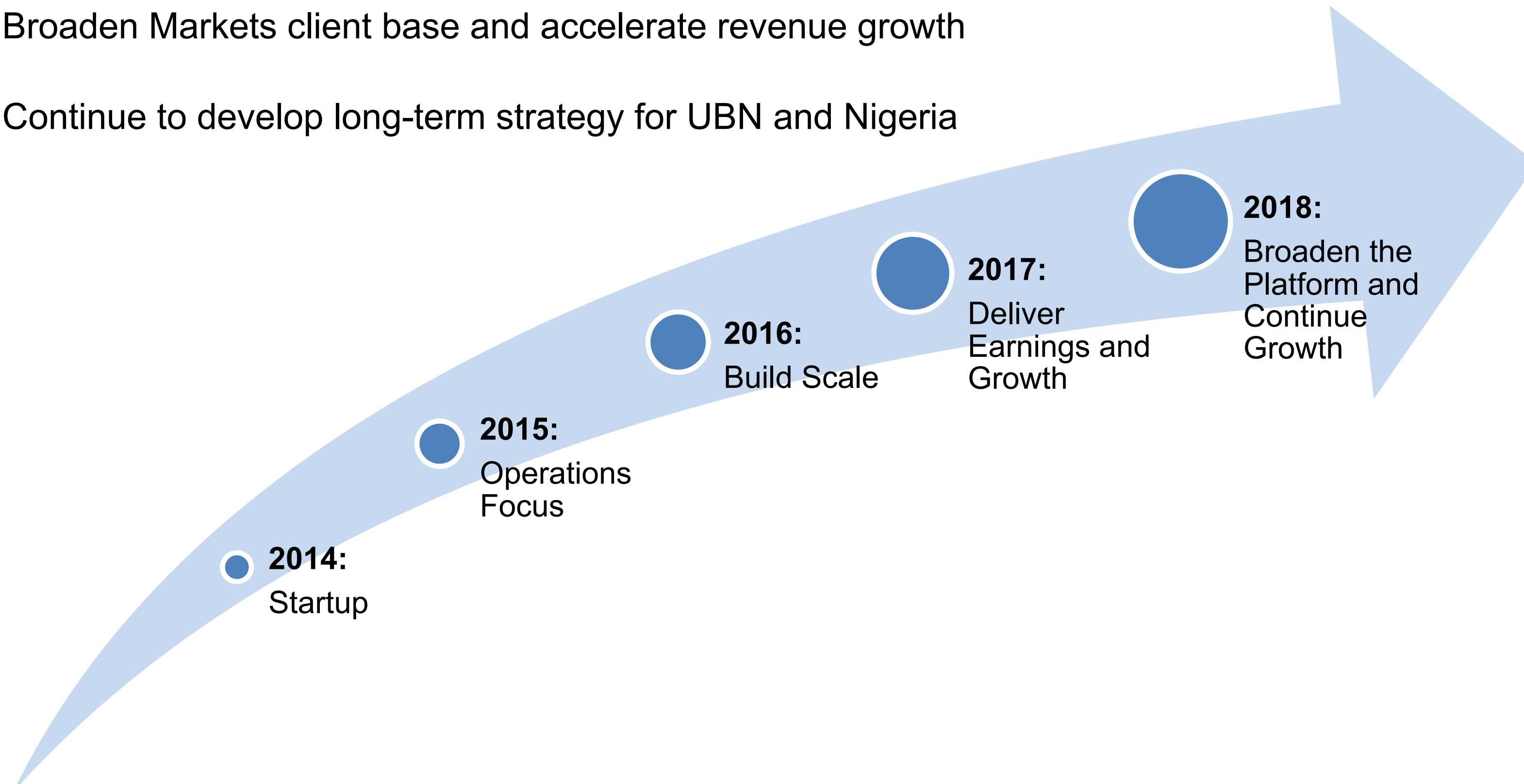
- Accelerate build out of strong and consistent IT infrastructure across the footprint

- Deepen commitment to digital channels, broader technology-enabled growth and efficiency

Notes:
(1) Effective 1 May 2018, subject to regulatory approvals

Focus in 2018

- Onboarding of CEO and implementation of action plan
- Drive the underlying performance of banking operations
- Intensify focus on digital strategy and initiatives
- Enhance IT and infrastructure
- Broaden Markets client base and accelerate revenue growth
- Continue to develop long-term strategy for UBN and Nigeria



Performance overview: 2017 vs 2016

Revenue	Loans and advances	Total Assets
USD 260.5m 2016 : USD 241.7m Total Var 7.8% CC Var 6.6%	**USD 1,330.0m** 2016: USD 1,334.8m Total Var (0.4%) CC Var (4.0%)	**USD 3,140.4m** 2016: USD 2,757.1m Total Var 13.9% CC Var 9.9%
Credit impairments **USD 22.3m** 2016 : USD 15.4m Total Var (44.8%) CC Var (42.0%)	**Deposits** **USD 1,877.5m** 2016: USD 1,799.4m Total Var 4.1% CC Var 0.7%	**ROE on Adjusted Profit** **4.5%** (2017) **vs 3.9%** (2016) On reported IFRS: 5.6% (2016) vs 1.6% (2016)
Adjusted Net Profit **USD 37.0m** 2016 : USD 20.8m	**Total equity** **USD 813.2m** 2016: USD 526.1m	**Total physical locations: 315** (1) (665 including UBN) **ATMs :355** (>1000 including UBN)
Net profit (reported) **USD 45.4m** 2016 : USD 8.4m Total Var >100% CC Var >100%	**Net book value per share** **USD 4.77** 2016: USD 7.29	**Countries of Operation: 7** (1) **Customers: 585k** (>4m including UBN)

(1) Including Atlas Mara's investment in Union Bank of Nigeria Plc ("UBN")

FY 2017 Preliminary ATMA Group Income Statement Summary

Quarterly				USD'million	Year to date			
Q1 2017	Q2 2017	Q3 2017	Q4 2017		2017	2016	Var %	CC Var %
37.1	41.5	39.3	27.4	Net interest income	145.3	127.2	14.2%	12.8%
21.3	22.3	27.4	44.2	Non-interest revenue	115.2	114.5	0.6%	(0.3%)
58.4	**63.8**	**66.7**	**71.6**	**Total income**	**260.5**	**241.7**	7.8%	6.6%
(3.0)	(7.0)	(9.4)	(2.9)	Credit impairment	(22.3)	(15.4)	(44.8%)	(42.0%)
55.4	**56.8**	**57.3**	**68.7**	**Operating income**	**238.2**	**226.3**	**5.3%**	**4.2%**
(50.0)	(54.1)	(56.2)	(63.2)	Total expenses	(223.5)	(234.8)	4.8%	5.8%
5.4	**2.7**	**1.1**	**5.5**	**Net operating income**	**14.7**	**(8.5)**	**>100%**	**>100%**
3.9	4.8	2.8	26.9	Income from associates	38.4	17.9	>100%	>100%
9.3	**7.5**	**3.9**	**32.4**	**Profit/(loss) before tax**	**53.1**	**9.4**	**>100%**	**>100%**
(4.3)	(1.0)	0.4	(2.8)	Taxation and minority interest	(7.7)	(1.0)	>(100%)	>(100%)
5.0	**6.5**	**4.3**	**29.6**	**Profit/(loss) after tax**	**45.4**	**8.4**	**>100%**	**>100%**
7.1%	7.4%	7.0%	4.9%	Net interest margin - Earning assets	6.8%	6.1%		
5.4%	8.5%	5.3%	3.5%	Net interest margin - Total assets	4.6%	4.6%		
0.9%	4.0%	2.9%	0.9%	Credit loss ratio	1.7%	1.2%		
85.6%	92.0%	84.3%	88.3%	Cost to income ratio	85.8%	97.0%		
0.7%	0.3%	0.6%	3.8%	Return on assets	1.4%	0.3%		
3.7%	1.1%	2.3%	14.7%	Return on equity	5.6%	1.6%		
0.1	0.2	0.2	0.4	Earnings per share - $	0.4	0.1		
0.1	0.2	0.2	0.3	Normalised earnings per share	0.3	0.1		
6.9	7.2	4.4	4.7	Book value per share - $	4.7	7.3		
5.3	5.3	3.6	3.8	Tangible book value per share - $	3.8	5.3		

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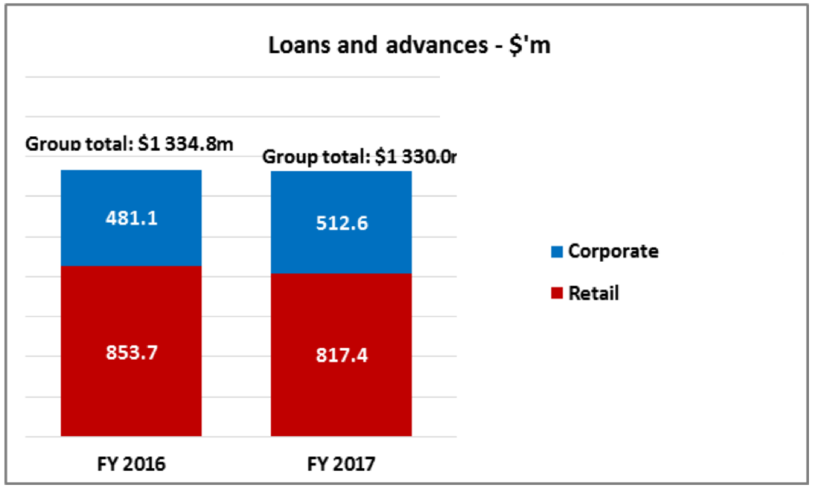
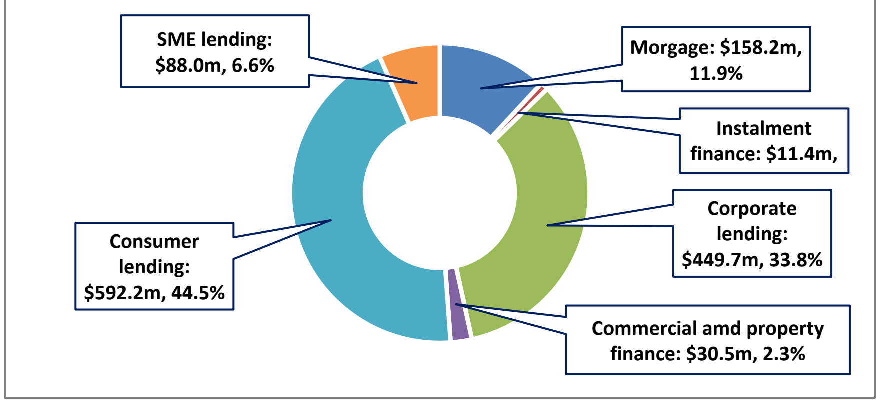
FY 2017 Preliminary ATMA Group Balance Sheet Summary

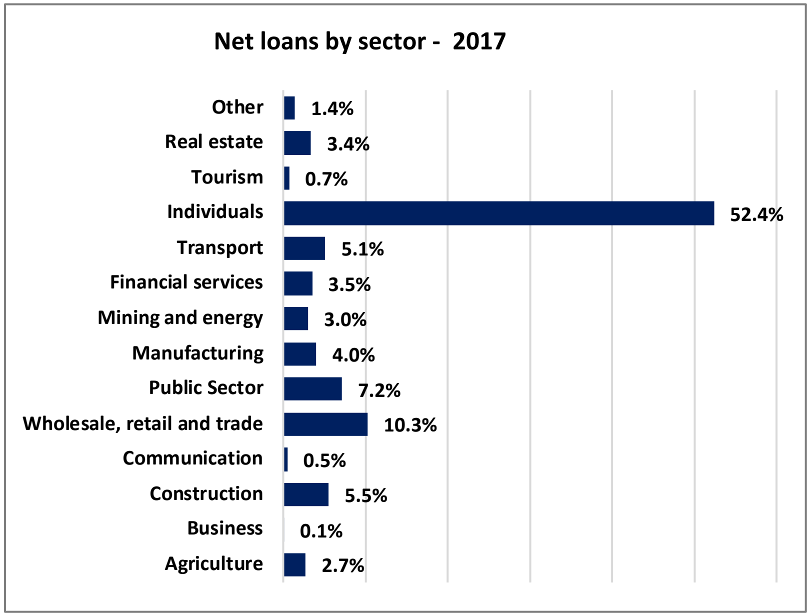
Quarterly			USD'million	Year to date			
Q1 2017	Q2 2017	Q3 2017		2017	2016	Var %	CC Var %
422.4	486.2	497.6	Cash and investments	457.0	406.3	12.5%	10.0%
180.6	91.4	99.1	Financial assets held for trading	95.9	115.6	(17.0%)	20.6%
1,304.0	1,329.9	1,303.2	Loans & advances to customers	1,330.0	1,334.8	(0.4%)	(4.0%)
187.2	323.5	330.9	Investments	355.0	237.2	49.7%	29.2%
295.8	302.6	306.1	Investment in associates	444.6	294.0	51.2%	51.2%
155.3	175.1	171.9	Intangible asset	174.6	168.2	3.8%	3.4%
226.1	204.7	245.5	Other assets	283.3	200.9	41.0%	44.7%
2,771.4	**2,913.4**	**2,954.3**	**Total assets**	**3,140.4**	**2,757.0**	**13.9%**	**9.9%**
1 753.8	1 892.7	1 799.3	Customer deposits	1,877.5	1,799.4	4.1%	0.7%
367.3	364.7	341.1	Borrowed funds	346.2	322.6	7.3%	8.2%
102.6	82.9	56.5	Other liabilities	103.5	109.0	(5.0%)	30.4%
547.7	573.1	757.5	Capital and Reserves	813.2	526.1	54.6%	51.0%
2,771.4	**2,913.4**	**2,954.3**	**Total equity and liabilities**	**3,140.4**	**2,757.0**	**13.9%**	**9.9%**
74.4%	70.3%	72.4%	Loan : Deposit ratio	70.8%	74.2%		

Breakdown of Loans and Advances

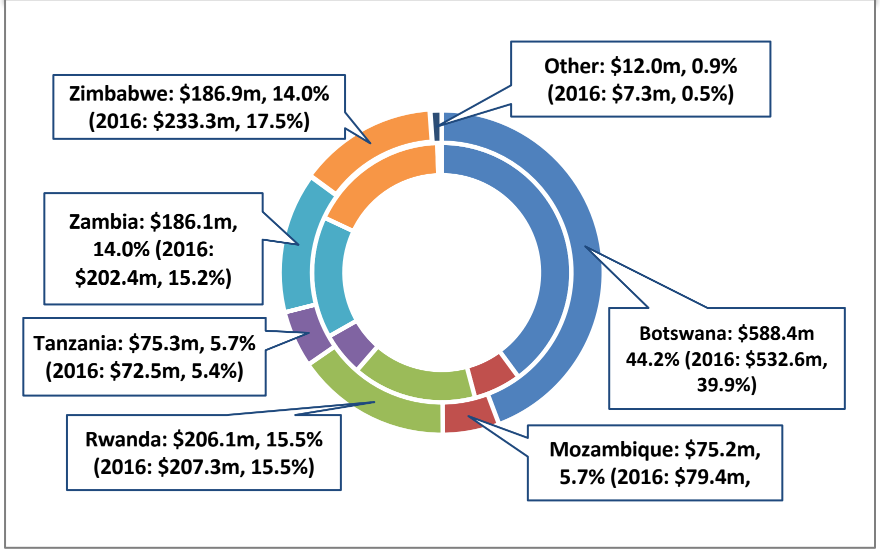


Net loans by product

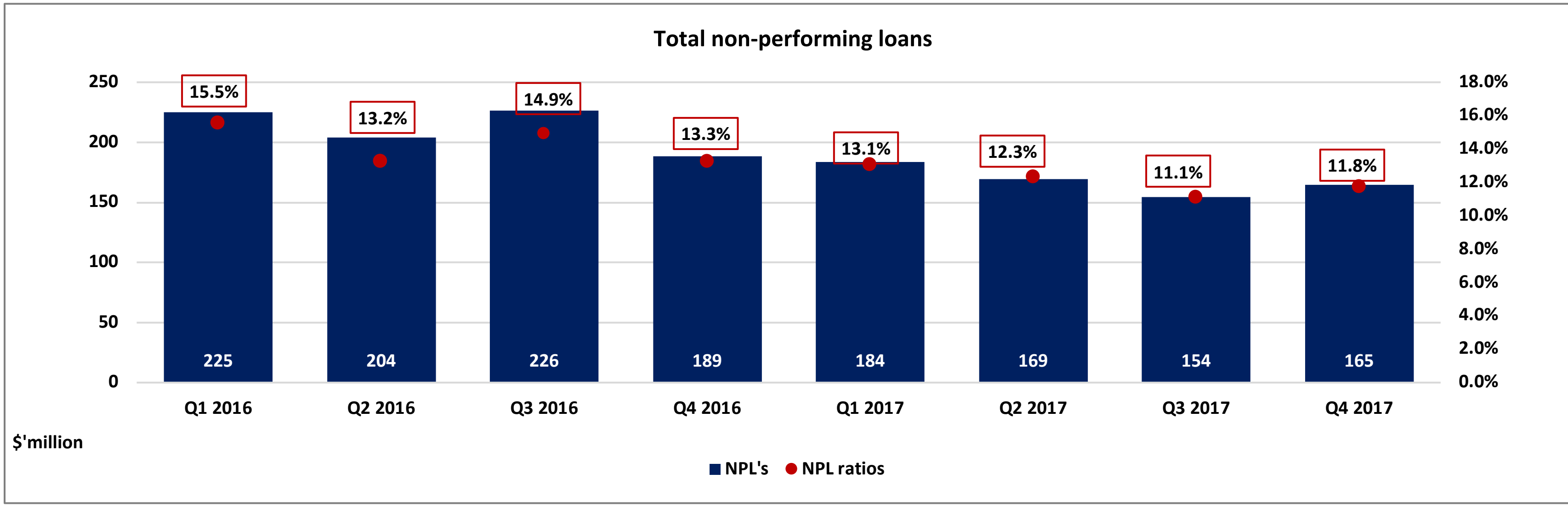


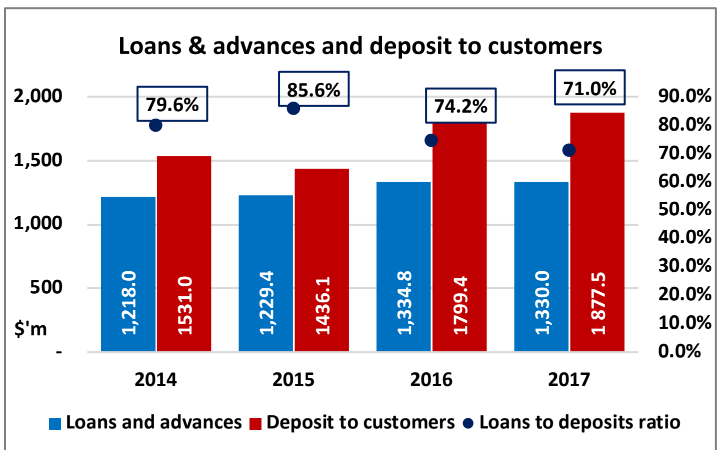


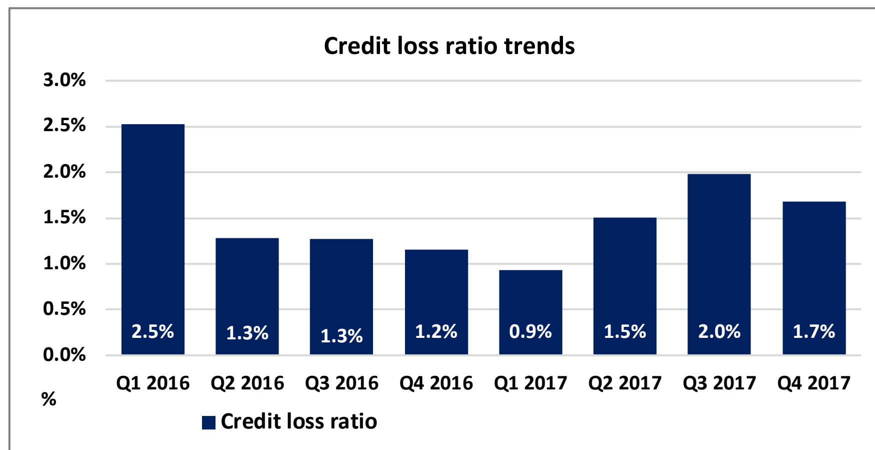
Net loans by country



Quality of Loans and Advances

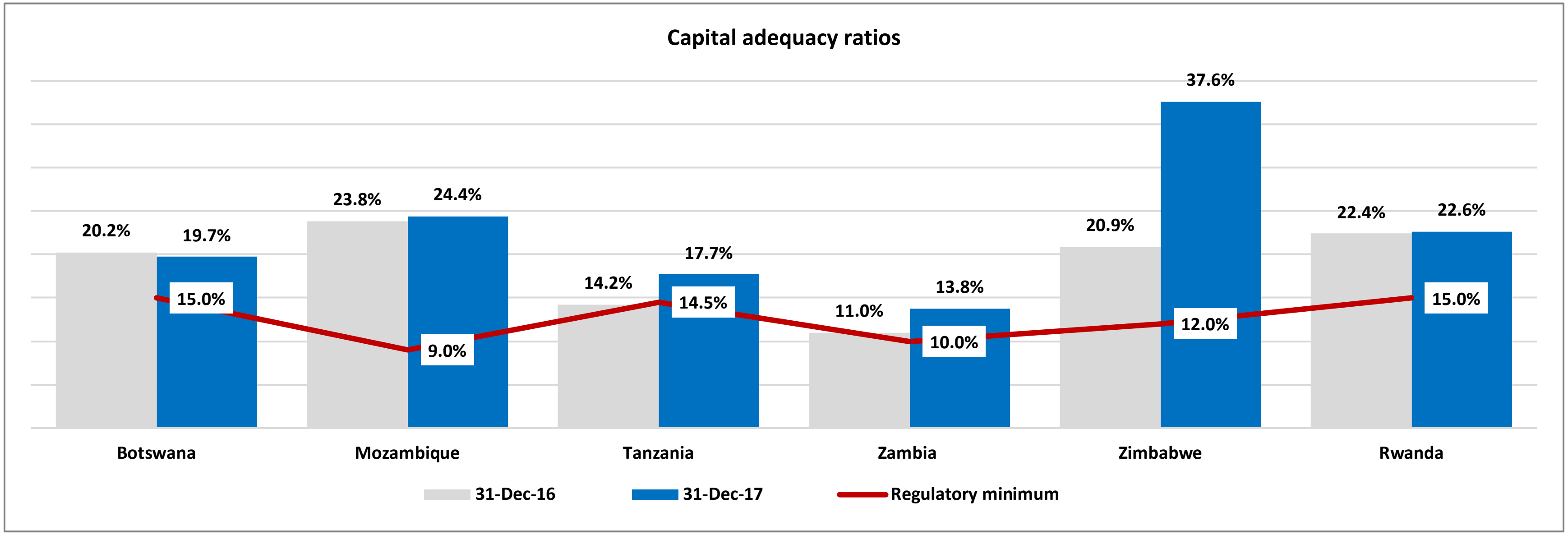






Capital Management

- All banking operations met minimum capital adequacy requirements



UBN Shareholding Update

- In Q4 2017, Atlas Mara closed on its acquisition of Clermont's 13.4% shareholding in Union Bank of Nigeria (UBN) following receipt of regulatory approvals.
- Subsequently, UBN successfully closed its N49.7 billion ($163 million) rights issue at subscription levels greater than 120%. Atlas Mara fully subscribed to rights related to its 44.5% stake UBN, and through a series of actions acquired an additional 3.5% shareholding in UBN. The total investment made by Atlas Mara in UBN in FY 2017 was $130 million

ATMA Shareholding in UBN	December 2016	December 2017	January 2018
Total	**31.1%**	**44.5%**	**48.0%**

UBN Rights Issue Use of Proceeds

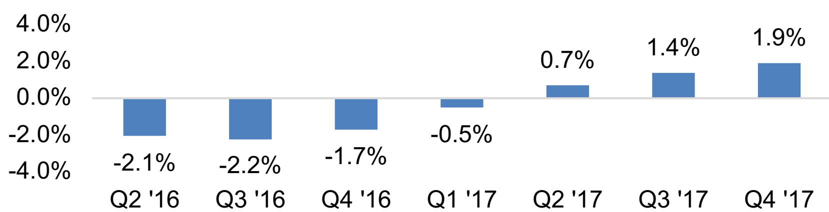
- Strengthen the Bank's regulatory capital position in order to take advantage of emerging opportunities in 2018 and beyond.
- Enhance technological platforms through strategic investments in technology and digitalization.
- Optimize customer experience and promote UBN image and perception with further investments in customer touch points.
- Promote and enhance access to local and foreign currency liquidity including furthering headroom for Tier II capital to support further risk asset creation.

Nigeria Macroeconomic Update

Economic Update

- After five consecutive quarters of contraction, Nigeria exited recession in Q2 2017 with a 0.6% GDP growth. Reported real GDP further grew 1.4% in Q3 2017 and 1.9% in Q4 2017 primarily due to increased oil production and diversification of the economy.

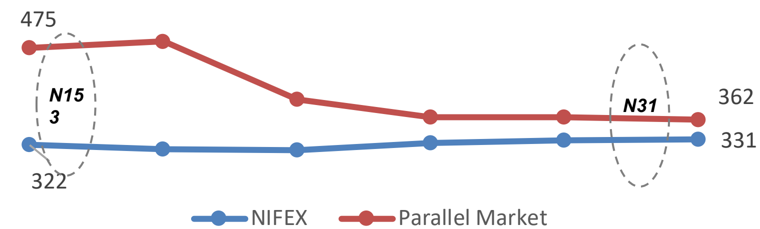
GDP Growth Rate



Exchange Rate Convergence

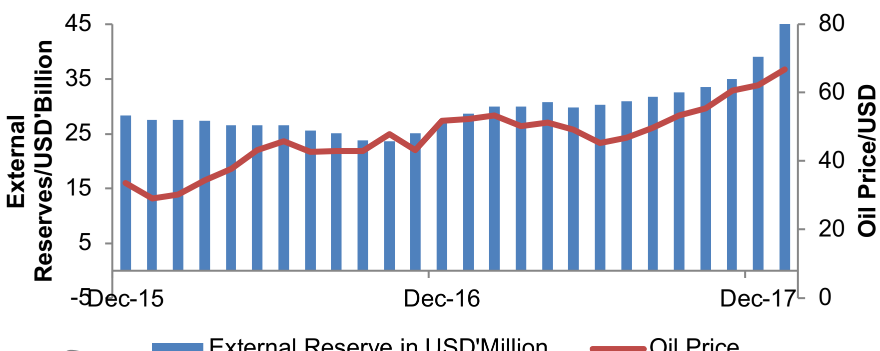
- The official exchange rate has been relatively stable since the beginning of 2017 while we have seen a gradual convergence of the parallel market rate towards the official rate.

USD Rate – NIFEX vs Parallel Market



Oil Price and FX Reserves

- According to the Central Bank, Nigeria's FX reserves reached $38.2bn in December 2017 representing a 48.6% increase from December 2016 FX reserves balance of $25.7bn.



Economic Outlook

- Despite macro headwinds faced by the country for most of 2015 and 2016, the economy returned to positive growth in 2017
- Reported headline inflation slowed throughout the year from 17.5% in Dec 2016 to 15.4% in Dec 2017

Sources : Central Bank of Nigeria, National Bureau of Statistics, World bank

Appendix – Financial Results

Segmental Financial Summary – 2017

USD'm	December 2017 Actual	Banking Operations			Other
		Southern	East	West	SS&C, M&A, ADC & Consol
Total Income	260.5	181.7	54.1	-	24.7
Loan impairment charge	(22.3)	(12.7)	(9.6)	-	-
Operating expenses	(223.5)	(156.8)	(41.3)	-	(25.4)
Share of profits of associate	38.4	-	-	38.4	-
Profit / (loss) before tax	53.1	12.2	3.2	38.4	(0.7)
Profit / (loss) after tax and NCI	**45.4**	**8.5**	**1.4**	**38.4**	**(2.9)**
Loans and advances	1 330.0	1 037.6	286.7	-	5.7
Total assets	3 140.4	2 000.1	503.0	442.7	194.6
Total liabilities	2 327.2	1 875.2	422.3	-	29.7
Deposits	1 877.5	1 505.1	372.4	-	-
Net interest margin - total assets	4.6%	5.6%	7.6%		
Net interest margin - earnings assets	6.8%	6.7%	9.0%		
Cost to income ratio	85.8%	86.3%	76.5%		
Statutory Credit loss ratio	1.7%	1.2%	3.3%		
Return on equity	5.6%	6.8%	1.8%		
Return on assets	1.4%	0.4%	0.3%		
Loan to deposit ratio	70.8%	68.9%	77.0%		

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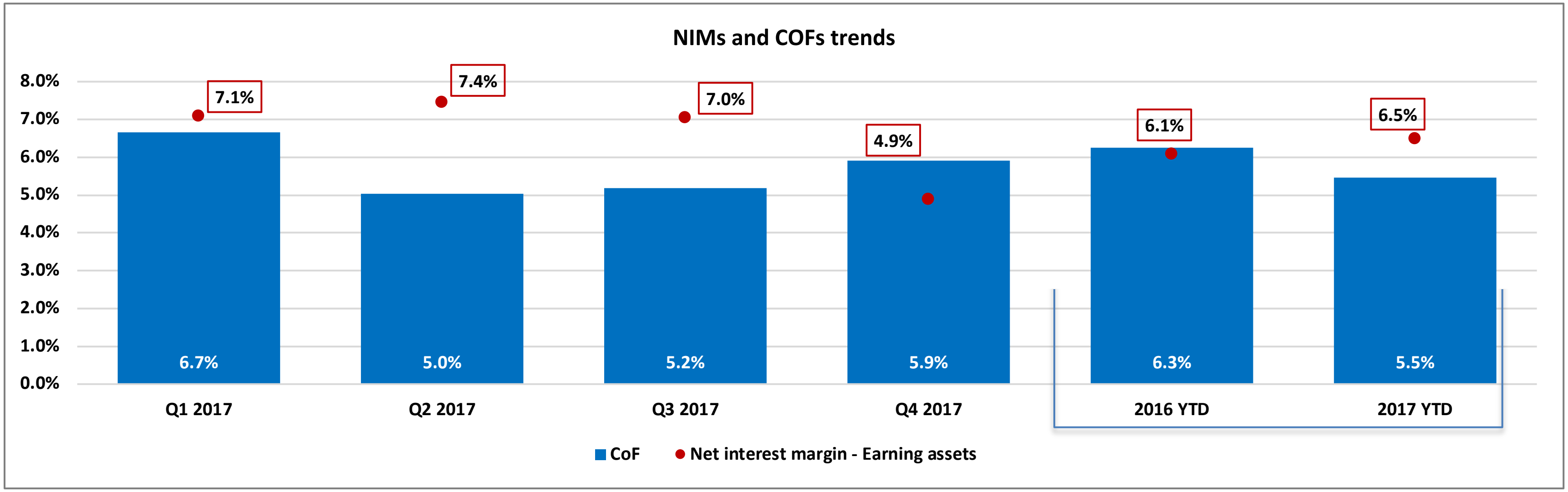
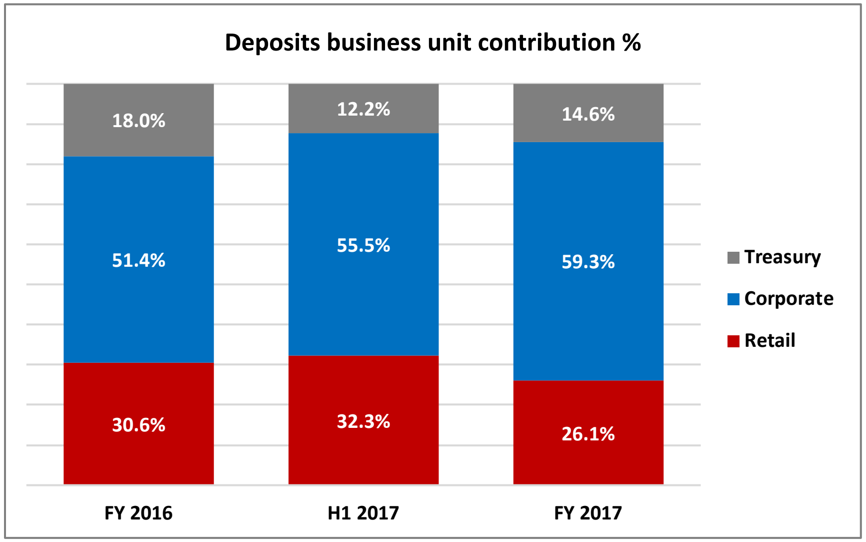
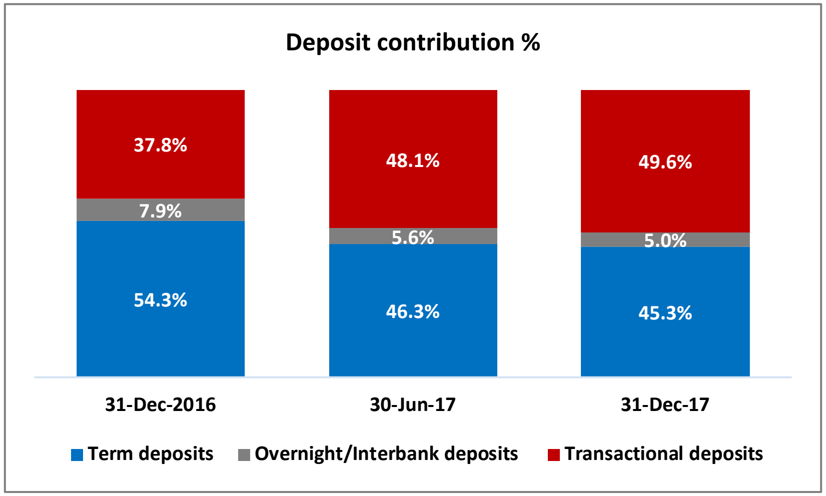
Segmental Financial Summary – 2016

$'m	December 2016 Actual	Banking Operations			Other	
		Southern	East	West	Shared Services & Center	M&A, AMFS & Consol
Total Income	241.7	165.3	57.3	-	13.3	5.8
Loan impairment charge	(15.4)	(11.5)	(3.9)	-	-	-
Operating expenses	(234.8)	(156.5)	(50.4)	-	(34.1)	6.2
Share of profits of associate	17.9	(0.2)	0.1	18.1	-	(0.1)
Profit / (loss) before tax	9.4	(2.9)	3.1	18.1	(20.8)	11.9
Profit / (loss) after tax and NCI	**8.4**	**(4.9)**	**3.3**	**18.1**	**(20.8)**	**12.7**
Loans and advances	1 334.8	1 046.0	287.1	-	-	1.7
Total assets	2 757.1	1 895.5	475.9	291.4	717.5	(623.2)
Total equity	526.1	96.0	71.0	291.4	652.1	(584.4)
Total liabilities	2 231.0	1 799.5	404.9	-	65.4	(38.8)
Deposits	1 799.4	1 431.6	367.9	-	-	(0.1)
Net interest margin - total assets	4.7%	5.0%	8.3%			
Net interest margin - earnings asset	6.3%	5.4%	9.1%			
Cost to income ratio	97.1%	94.7%	87.9%			
Statutory Credit loss ratio	1.2%	1.1%	1.4%			
Return on equity	1.6%	(5.1%)	4.6%			
Return on assets	0.3%	(0.3%)	0.7%			
Loan to deposit ratio	74.2%	73.1%	78.0%			

Deposits, NIM and Cost of Funds

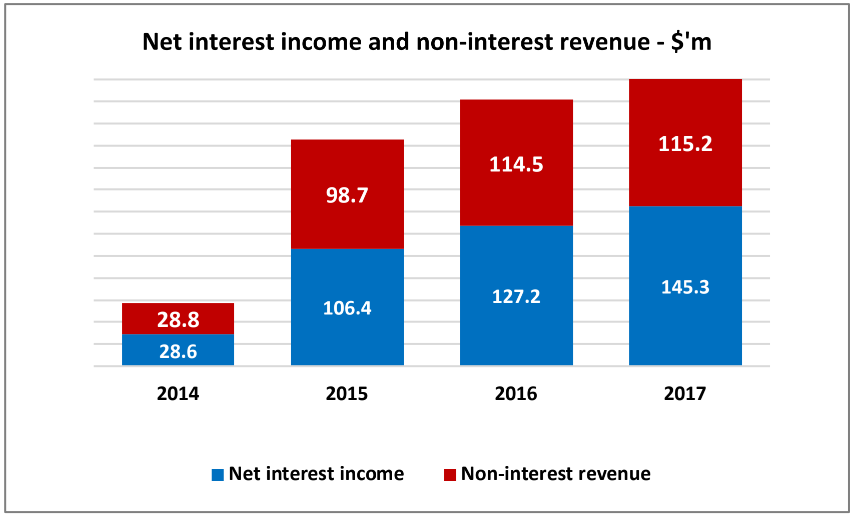


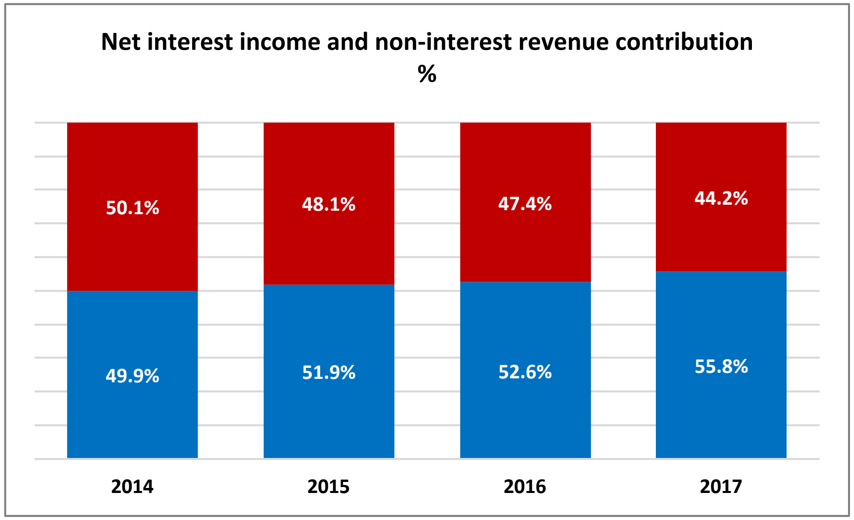


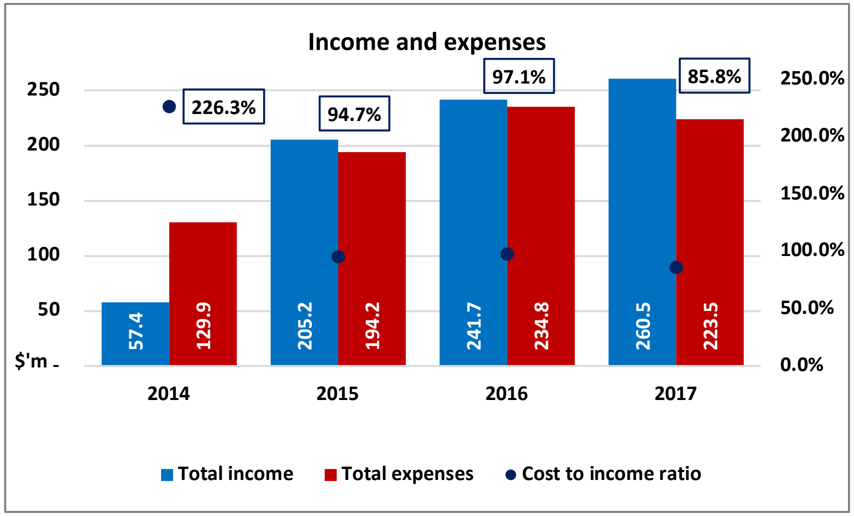


- Transactional deposits are made up of current and savings accounts
- Term deposits are deposits that are held for a fixed term.

Revenue Trends







Appendix – Retail & Commercial Banking

Retail & Commercial Banking 2017 Overview

Markets overview

- After decelerating to 1.4% in 2016, economic growth in the Sub-Saharan Africa (SSA) is anticipated to pick up from 2.8% in 2017 to 3.4% in 2018[1]. However, stronger growth will depend on the pace of commodity price recovery as well as political stability

Business overview

- ATMA subsidiaries posted a Net Operating income of $14.7M from a operating loss of $8.5M in 2016
- 2017 has been focussed on embedding the new leaner organisational structure, improving cost efficiencies, building capacity and empowering our countries into capturing the opportunities across our operations.
- As part of this re-organisation the ABCH head office was relocated from Johannesburg, South Africa to Gaborone, Botswana. The relocation has placed senior management and support roles closer to where execution of our strategies occurs. Together with various cost saving initiatives in our subsidiaries the cost to income ratio improved to 86% compared to 97% in 2016.
- In line with our "strong country" mantra we have continued to build capacity across our operations and have on boarded local talent to lead our operations. With our new leaner, decentralized organisation, our countries are more empowered to capture opportunities, respond quicker with innovative products/solutions and therefore better serve our customers.
- We have inculcated a culture of liability focus through Transactional and Digital banking leading to reduction in Cost of Funds in Tanzania, Zambia and Zimbabwe and generally improved liquidity in all countries. The average cost of funds improved to 5.5% from 6.3% in 2016 through leveraging our Digital channels.
- Work is ongoing to enhance our Digital value proposition across the Group through Cards revamp, Agency banking, POS Merchant acquiring, Mobile and Internet banking, Payments wallet and Cross border remittances. We shall be making further prudent investment to enhance our IT infrastructure and digital offerings
- The deposit book remained constant between 2016 and 2017 as the Group retired expensive term deposits. Transactional deposits now account for 50% of the deposits compared to 38% in 2016
- Prudent lending and a focus on recoveries has seen a reduction in the NPL ratio to 11.8% from 13.3% in 2016. notable reductions were in Botswana, Rwanda, Zambia and Zimbabwe.
- The loan book remained static at $1.33bn because of constrained credit growth in markets such as Botswana, Mozambique and Tanzania.
- We launched a Regional Client Coverage model to build and maintain relationships with our clients with operations across the African continent.
- Our banking franchise is well positioned for growth given our multi-country footprint, the talent we have leading our banks, and our new decentralised management structure.

1) IMF World Economic Outlook, April 2018

Retail & Commercial Banking 2017 Update (1/2)

Botswana

- Renewed leadership and implemented a new Target Operating Model to drive innovation and new revenue streams
- Established a market leading position with our Government pre-paid single and multicurrency card solution that has the potential, along with digital banking wallets to drive further client acquisition through cross-selling
- Successfully optimised the Botswana Life Reward Cards platform resulting in increased transactions through the card and increased usage
- Completed trade services deals worth $13m for the government and closed $6m deal with an investment vehicle of a local union for public sector employees
- Finalised a $40m Digital and Financial Inclusion Debt Facility with OPIC
- Total expenses closed the year below budget in line with the focus on cost containment
- NPL ratio closed the year at 3.8% from 4.2% in 2017 in line with the decreasing Credit risk

Mozambique

- Launched Agency banking to drive transactional banking and expand reach to remote areas – on-boarded over 40 agents and opened over 7,000 new accounts
- Expanded POS network resulting in over 300 POS terminals by the end of the year
- To bank the unbanked, the Bank partnered with Vodafone M-Pesa to provide Nano credit for cash out or onward usage within the wallet.
- Launched the SIMO debit card enabling customers to perform intra and interbank transfers, pay for services, buy recharges (mobile, electricity etc.), and bill payments
- The Bank's focus on growing the small and medium-sized enterprises portfolio has resulted over 400 new accounts
- Costs were kept in check and were 2% below prior year

Rwanda

- Returned a profit of $1.2M in 2017 from a loss of $0.8M in 2016
- Operating expenses were 25% lower than in 2016. Cost to Income ratio improved to 76% from 87% in 2016
- A focus on recoveries has seen a reduction in the NPL ratio from 12% in 2016 to 8% in 2017
- Closed DFI funding ($30 million) from FMO and PROPARCO, to support SMEs, corporates and digital banking
- Closed $7m structured financing deal with a solar provider to provide affordable, clean rural energy
- Provided financing for the largest public medical facility
- Raised RWF 4bn though rural deposit mobilisation campaign
- Drove transactional income by integrating with Irembo (Payments for Government services at our counters and other channels).
- Enhanced electronic channels – Mobile banking, internet banking and Key Mobile Payments Partnerships with MTN and Tigo (Account to e-wallet or vice-versa)
- Increased mobile users to 307k (from 273k in FY 2016)
- Won Best Bank in Rwanda at the Banker East Africa Awards in May

Retail & Commercial Banking 2017 Update (2/2)

Tanzania

- Recapitalized business to increase the Capital Adequacy Ratio to 13.4% to 18%
- Completed staff rationalization and restructuring business resulting in more focussed operations allowing more efficient and responsiveness to market changes. Costs were kept within budget despite the rationalisation exercise
- Launched Agency banking. 108 new agents were on-boarded.
- Drove deposit mobilisation – launched new “Tajirika” (Enrich yourself) campaign for savings accounts
- Deployed NIDA Biometric Identification – Simplified KYC requirement for onboarding clients through deployment of NIDA biometric Identification system
- Opened two new branches one in Dar es Salam and the other in Tegeta
- Won Best Emerging Bank at the Banker East Africa Awards in May

Zambia

- Recorded a profit of $0.4M compared to a loss of $7.2M in 2016
- Improved the Cost to income ration to 94% from 112% in 2016
- Significantly reduced the Cost of funds (from 16% in 2016 to 4% in 2017) through retiring expensive term deposits
- The bank continues to leverage its Digital platforms to raise transactional liabilities to further lower the Cost of funds. 200 POS terminals were deployed in the year
- Launched the new “Atlas Mara” brand in Zambia, making it the first country operation to bear the group brand. The new Atlas Mara brand replaced the FBZ and BancABC brands.
- Launched a Harmonized product set and tariff guide for both Retail and Corporate Banking
- Completed merger of 28 branches into 14 and moved into our own Head office building
- The Bank continues to be an active player in the bond trading market

Zimbabwe

- PAT was up more than 200% to $8.9M from $2.9M in 2016)
- ROE increase from 3.3% to 8.9%
- Tight cost control resulted in an improvement of Cost to Income ratio to 70% from 91% in 2016. Operating expenses were 16% lower than in 2016
- Re-introduction of mobile banking application with key billers (airtime and utilities), introduction of interbank instant transfers and upgrading of internet banking to handle instant interbank payments on Straight Through Processing (STP) basis
- Achieved significant NPL recoveries from legacy NPL portfolio ($45m vs $16M in 2016) resulting in decrease of non-performing loans ratio from 24.3% in 2016 to 14.8% (10.8% excluding the Retail Agriculture portfolio)
- As part of our capital markets activities we facilitated the placement of $50m of bonds for local road administration authority.
- Rolled out more than 1,000 POS terminals, and this continues to rapidly grow in an environment with cash shortages
- Launched partnership with NetOne for mobile device financing

Update on Zimbabwe

Current Environment

Recently improved investor sentiment as government has declared Zimbabwe "open for business"

Policy shift towards sound economic management; greater political will to improve operating environment
- Fiscal reforms; Public Enterprises restructuring
- Resuscitation of key industries (e.g. mining, steel)
- New investments in road and rail infrastructure
- Addressing legacy issues of former commercial farmers

Improvement of investor-unfriendly laws
- Relaxation of indigenisation laws
- Promise to honour BIPAS

Improving business environment
- Office of President leading work on Ease of Doing Business
- Fighting corruption; 90-day amnesty for externalized funds
- Ring-fence new investment to avoid co-mingling with local money; $1.5 bn Investment Guarantee from AFREXIMBANK

Drive towards international engagement
- Focus on clearing multilateral arrears ($1.75bn) by 2018-Sep under Lima Plan; President attended WEF in Davos
- Efforts towards readmission into the Commonwealth

Drive towards free & fair elections
- Government promoting peaceful election campaigns
- Increased election-related financial support
- Diverse election monitors invited – SADC; EU; UN, AU

Post election Outlook

Positive outlook premised on free & fair elections in Jul/Aug 2018

Comprehensive economic reforms for policy clarity and growth
- Greater IMF engagements

Foreign investments in key sectors
- Mining: investor friendly laws and improvement in international commodity prices; new mining cos; re-opening of old mines
- Strategic partnerships in Agriculture to fully utilise idle land
- General increase in economic activity, business volumes (e.g. Tourism, Energy, Sanitation)

Drive for infrastructure development
- International funded investments; improved PPP & BoT arrangements

2018 Key Themes for Retail & Commercial Banking (1/2)

1. **Drive ABCH financial transformation**
   - De-leverage ABCH and reduce costs
   - Increase parent equity support to enhance capital and funding structure
   - Prudent investment in IT infrastructure and digital capabilities to ensure growth is from robust, efficient, flexible, and customer-friendly platforms

2. **Diversify and grow revenues leveraging both deposit and asset growth and cross-sell**
   - Commercial: focus on the mid-market, tapping attractive sectors with special emphasis on public sector, agriculture, power/energy, telecoms, infrastructure and mining and trade finance.
   - Retail: concentrate on mass and upper segments, leveraging digital channels and enhancing customer experience by improved service and outcome quality
   - Markets & Treasury: continue building and maintaining relationships with diverse financial institutions across the African continent and beyond through the Regional Client Coverage model initiative.

3. **Reduce cost of funding**
   - Liability led strategy to capture transactional banking business
   - Balanced growth of Assets and Liabilities
   - Source DFI funding for special industry projects to reduce cost of funds
   - Re-price highly priced fixed deposits

4. **Accelerate digital banking**
   - Driving a two pronged approach to digitization – transformation and reinvention
   - Launch and drive innovative services/products include: Cards revamp, Agency banking, Merchant acquiring, Digital banking, Payments wallet and Cross border remittance

2018 Key Themes for Retail & Commercial Banking (2/2)

5. **Create cost effective operating platform**
   - Retain tighter costs controls (procurement and projects)
   - Retain streamlined operations (delayered management and double hatting) to reduce cost-to-income ratio and improve operating efficiencies
   - Reduce cost-income ratio by implementing sustainable lower cost operations / practices
   - Enhanced technology platforms

5. **Improve asset quality**
   - Reduce non-performing loans through improved NPL recovery/collections and structured solutions for NPL reduction through state controlled debt agencies
   - Selectively grow asset base through identification of quality assets and focusing on niche segments

7. **Robust governance and Compliance**
   - Strong operational risk and controls
   - Roll out automated compliance monitoring solution
   - End to credit risk management

8. **Right people in the right roles**
   - Recruit best talent to fill critical roles & exit underperformers
   - Hire subject matter experts across key segment/sectors
   - Align performance management system to the Bank's strategy
   - Create uniform structure across the countries, including role, levels and layer

Appendix – Digital and Partnerships

Digital 2017 Summary and Highlights

Tanzania

- Launched Indirect Agency Banking services:
  - in partnership with Maxcom
  - 108 agents approved by the Bank of Tanzania by end of December,2017
  - Cardless deposit in progress
- SMS alerts available for all types of transactions
- Companion cards for c.8m Vodafone mPesa customers under deployment **expected go live in Q3 2018**

Mozambique

- Launched Direct Agency Banking services. For FY 2017,
  - 38 agents onboarded in Maputo
  - over 7,000 customers onboarded
  - average no. of accounts of 329 opened per week
- Total no. of POS of 320 as of end of December 2017
  - total deposit inflow recorded for 2017 of MZN 0.9bn, of which MZN 0.347bn was recorded in Q4 2017
- Mobile Savings & Nano Loan products for 2.5m mPesa customers under deployment, with **expected go live in June 2018**

Zimbabwe

- No. of PoS merchants increased from 105 in January 2017 to 520 at the end of December 2017
- PoS deployed also increased from 269 to 1,150
- New deposits inflows during Q4 2017 was US$21.5m, up from US$18m in Q3 2017 closing the year at US$56m in total deposits inflows
- Continued growth of EcoCash partnership mainly focused around bank-to-wallet and wallet-to-bank transactions; generating an average monthly income of $120,000

Rwanda

- Secured Escrow account management mandate from Milicom (Tigo Cash)
- Deployed best in-class internet banking solution for corporate and retail clients

Zambia

- Launched Merchant payments services; over 200 Merchants deployed and US$2.4m in deposit flows

Botswana

- Launched the government payments card scheme; over $500m to be disbursed in 3 years

Appendix – Markets & Treasury

Markets & Treasury

2017 Highlights

- Non Interest Revenue (Sales and Trading) revenue increased significantly by 16% year on year despite challenges in some markets
- This income stream has produced a CAGR of 27% since 2015
- Net interest income declined year on year by 22%, driven by lower yields in all the markets
- Successful implementation of fixed income market making strategy continued to deliver good results and a significant contribution to the revenue of the business
- Launched Opics trading system in 2 countries
- Continued focus on building the client base as evidenced by doubling the number of client visits in 2017 versus 2016
- Further revenue diversification delivered by offshore trading desk in Dubai, contributing $3.8m since inception in April 2017

2018 initiatives

- Continued focus on growing client base and FX Wallet share
- Continued focus on income diversification through increasing the product range
- Complete the licensing process of the offshore business
- Build an offshore client base leading to increased flow to the onshore businesses
- Continue to grow the regional opportunities
- Launch a regional research initiative
- Continued focus on Global Markets training across the footprint

2017 Key Metrics

Gross Markets Revenue

USD 50.4m

2016: USD 53.5m

Non Interest Revenue

USD 26.7m

2016: USD 23.1m

Net Interest Revenue

USD 23.7m

2016: USD 30.4m

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