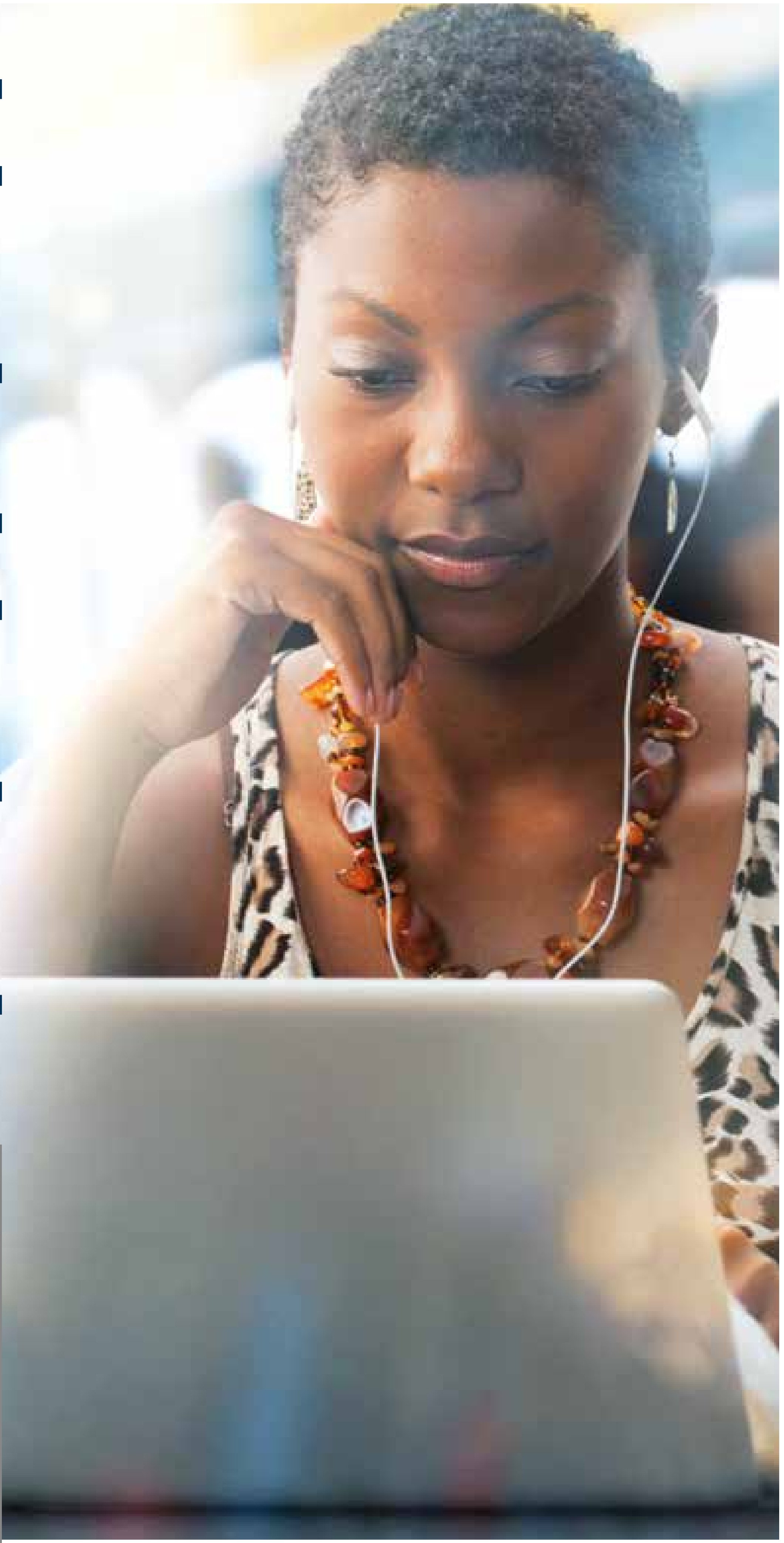
Reshaping African banking.

Annual Report 2014 of Atlas Mara Limited

Contents



For more information about Atlas Mara go to http://atlasmara.com

Our success is linked to Africa's success.

Atlas Mara Limited ("Atlas Mara" or "the Company" and, together with its subsidiaries, "the Group") is a rapidly growing sub-Saharan African (or "SSA") financial services group listed on the London Stock Exchange. Since its founding by Bob Diamond and Ashish J. Thakkar in late 2013, we have acquired, by way of four transactions[1], control of (or significant stakes in) banking operations in seven sub-Saharan African countries, including Botswana, Zimbabwe, Zambia, Tanzania, Mozambique, Rwanda and Nigeria, several of which rank amongst the fastest growing countries in the world.

We believe in sub-Saharan Africa's potential. We believe that the multi-faceted drivers of Africa's growth will support a bright, sustainable future. We believe that access to financial services and competitive banking sectors can improve people's lives. We believe that we can be a positive disruptive force in the markets in which we operate. We believe that we can create meaningful value for our stakeholders.

Atlas Mara's strategy is to create sub-Saharan Africa's premier financial institution. We recognise that this is an audacious goal. We intend to achieve this by:
– combining our global institutional knowledge with our extensive local insights and experience;
– harnessing our access to capital, liquidity and funding to both support growth and enhance the competitiveness of our existing operations;
– leveraging technology to provide innovative and differentiated product offerings and excellent customer service; and
– continuing to attract and retain top talent – people who share our passion for Africa and our mission to effect change.

1. ABC Holdings Limited ("BancABC"), ADC African Development Corporation AG ("ADC"), BRD Commercial Bank Ltd ("BRD Commercial") and Union Bank of Nigeria plc ("UBN") (30% direct and indirect stake)

What will help us succeed?

Leadership.

Operating, not just investing

We are operators. We have built businesses. We have run large, multi-national, financial services groups. We have operated extensively across sub-Saharan Africa.

We understand the complexities, challenges and opportunities associated with the markets in which we have operations and investments.

What will help us succeed?

Capital. Liquidity. Funding.

Growing while others are retreating

Operating with permanent capital

Building strong ties with development financial institutions

Opportunities for growth across sub-Saharan Africa abound. However, constraints on capital, liquidity and funding have served as a brake on economic expansion. There are few, if any, SSA-based financial institutions that would not benefit from enhanced access to all three levers for growth.

At the same time, due to the introduction of Basel III and issues in their domestic markets, many international financial groups are retreating from the continent, creating a vacuum that Atlas Mara is seeking to fill.

We have raised significant equity capital, executed multiple transactions and are evaluating several more. We have a London share listing providing access to the equity capital markets.

Additionally, we have a network of deep relationships with development financial institutions ("DFIs") for whom the provision of funding to financial services companies is consistent with their development mandates.

What will help us succeed?

Leveraging leap-frogging technologies

There is a technological revolution underway across sub-Saharan Africa. African innovations are being exported and copied around the world. The lack of legacy systems in the region has created unique opportunities to create new solutions to historical problems.

We intend to harness technology to ensure the soundness and efficiency of our infrastructure, enhance access, product availability and service to our existing customers and leverage applications to increase financial inclusion and bank the under- and un-banked.

Migrating from mobile money transfer to mobile banking is an example of the step-changes in the provision of technology-enabled financial services that we are actively evaluating.

Technology.

What will help us succeed?

Buy. Protect. Grow.

Buying, protecting and growing assets

We have a three-pillar model for growing the Company.

Buy
We have a robust pipeline of prospective merger and acquisition candidates and are evaluating and negotiating potential acquisitions and partnerships.

Protect
We are actively involved in enhancing the operations of operating subsidiaries across the Group. We have numerous initiatives underway that are expected to directly translate into bottom line results.

Grow
We are focused on extracting synergies and deploying capital to drive growth.

Case study: BancABC
Since closing the acquisition of BancABC in late August 2014, we have been working closely with the bank in:

- improving credit processes;
- identifying a number of "quick wins";
- successfully supporting BancABC's obtaining $125 million of DFI funding; and
- injecting $100 million of funds to support the business and its growth aspirations.

BancABC
www.bancabc.com

What will help us succeed?

Talent.

Attracting high-calibre talent

We are focused on attracting and retaining the best talent in the industry. Since our founding, we have been able to identify high-calibre, experienced, like-minded people who share our passion and vision to create sub-Saharan Africa's premier financial institution.

What will help us succeed?

Setting high standards

We view strong corporate governance as a "differentiator" not just a "qualifier". While early in our journey, we are well on our way to establishing the systems and processes to ensure our compliance with the highest standards of governance.

Governance.

What will help us succeed?

Delivery.

Becoming the partner of choice

Our strategy to create sub-Saharan Africa's premier financial institution involves becoming the "partner of choice" for customers, employees, merger partners and shareholders.

We will do this by offering high levels of service and innovative products to our customers, empowering employees to grow and effect change while ensuring accountability, earning the trust of transaction counter-parties through transparent and fair dealing, and delivering on promises to shareholders.

Our business in numbers:

$625m
of equity capital raised

1,600+
employees

4
acquisitions completed in 2014

Operations and investments in 7 countries

$2.6bn
in assets

Why Africa?

An overview of our vision and the trends and opportunities that we see in sub-Saharan Africa.

In this section:

Bob Diamond
Founder Director

Ashish J. Thakkar
Founder Director

01. What is our vision?

To fulfil its potential, Africa needs:

- **investment in infrastructure to support inter- and intra-regional trade;**
- **good governance; and**
- **customer-centric, innovative, inclusive financial services.**

Although sub-Saharan Africa is seeing broad-based economic growth and locally-driven innovation on the one hand, there is a retreat of multi-national banking groups and a lack of access to capital, liquidity and funding by local and regional banks on the other.

To us, this provides a clear opportunity to create a financial services group to participate in industry consolidation and serve as a catalyst for stimulating and accelerating economic growth. It involves leap-frogging outdated business models through effectively harnessing technology, offering enhanced products and services to both retail and corporate customers, as well as ensuring strong governance, risk management, processes and systems.

Atlas Mara is the embodiment of our vision. We plan to be a positive disruptive force in sub-Saharan African financial services.

Before focusing on Atlas Mara and the achievements of the past 16 months, as well as the road ahead, we would like to outline the reasons for our optimism about sub-Saharan Africa. In particular, we describe the promising prospects for growth and diversity that mark it out from other developing economies.

Bob Diamond
Founder Director

Ashish J. Thakkar
Founder Director

SSA countries
48

SSA population size
937m

Total GDP of Africa
$1.6tr

Source: World Bank Indicators.

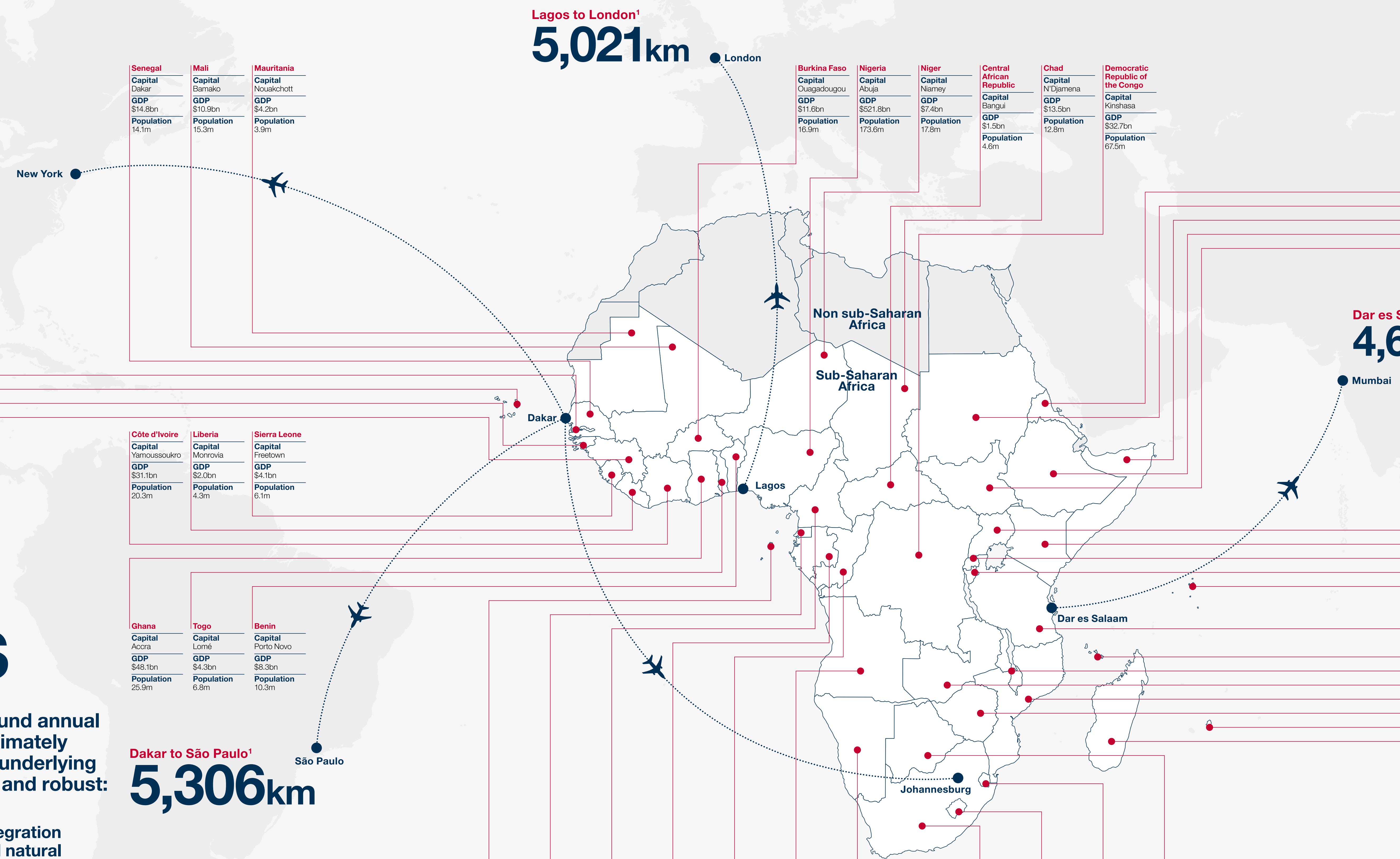
More online
http://atlasmara.com

02. Africa in numbers

Sub-Saharan Africa recorded a compound annual growth rate ("CAGR") in GDP of approximately 5% for the period from 2008-2014. The underlying drivers of this growth are broad-based and robust:

- **Favourable demographics**
- **Increasing rates of urbanisation**
- **Relative political stability**
- **Increased foreign direct investment**
- **Regional integration**
- **Unparalleled natural resources**
- **Technological innovation and early adoption**

The perception gap with respect of the realisable potential of sub-Saharan Africa is narrowing as people increasingly recognise the pace of change across the continent. Although negatives such as Ebola, terrorism and corruption continue to define some attitudes towards Africa, the governments and citizenry of the 48 countries that constitute sub-Saharan Africa continue to make impressive forward strides. We aim to "change the conversation" when it comes to the expectations and opportunities that define Africa in the 21st century.



	Capital	GDP	Population
Guinea	Conakry	$6.1bn	11.7m
Guinea-Bissau	Bissau	$1.0bn	1.7m
Cape Verde	Praia	$1.9bn	0.5m
The Gambia	Banjul	$0.9bn	1.8m
Senegal	Dakar	$14.8bn	14.1m
Mali	Bamako	$10.9bn	15.3m
Mauritania	Nouakchott	$4.2bn	3.9m
Côte d'Ivoire	Yamoussoukro	$31.1bn	20.3m
Liberia	Monrovia	$2.0bn	4.3m
Sierra Leone	Freetown	$4.1bn	6.1m
Ghana	Accra	$48.1bn	25.9m
Togo	Lomé	$4.3bn	6.8m
Benin	Porto Novo	$8.3bn	10.3m
Burkina Faso	Ouagadougou	$11.6bn	16.9m
Nigeria	Abuja	$521.8bn	173.6m
Niger	Niamey	$7.4bn	17.8m
Central African Republic	Bangui	$1.5bn	4.6m
Chad	N'Djamena	$13.5bn	12.8m
Democratic Republic of the Congo	Kinshasa	$32.7bn	67.5m
Eritrea	Asmara	$3.4bn	6.3m
Sudan	Khartoum	$66.6bn	38.0m
Somalia	Mogadishu	$1.3bn[2]	10.5m
Ethiopia	Addis Ababa	$47.5bn	94.1m
South Sudan	Juba	$11.8bn	11.3m
Seychelles	Victoria	$1.4bn	0.1m
Tanzania	Dodoma	$33.2bn	49.3m
Uganda	Kampala	$21.5bn	37.6m
Kenya	Nairobi	$55.2bn	44.4m
Rwanda	Kigali	$7.5bn	11.8m
Burundi	Bujumbura	$2.7bn	10.2m
São Tomé and Príncipe	São Tomé	$0.3bn	0.2m
Equatorial Guinea	Malabo	$15.6bn	0.8m
Cameroon	Yaoundé	$29.6bn	22.3m
Gabon	Libreville	$19.3bn	1.7m
Republic of Congo	Brazzaville	$14.1bn	4.4m
Angola	Luanda	$124.2bn	21.5m
Namibia	Windhoek	$13.1bn	2.3m
South Africa	Capitals: Pretoria, Cape Town, Bloemfontein	$350.6bn	53.0m
Lesotho	Maseru	$2.3bn	2.1m
Swaziland	Capitals: Lobamba, Mbabane	$3.8bn	1.2m
Botswana	Gaborone	$14.8bn	2.0m
Madagascar	Antananarivo	$10.6bn	22.9m
Mauritius	Port Louis	$11.9bn	1.3m
Zimbabwe	Harare	$13.5bn	14.1m
Mozambique	Maputo	$15.6bn	25.8m
Zambia	Lusaka	$26.8bn	14.5m
Malawi	Lilongwe	$3.7bn	16.4m
Comoros	Moroni	$0.6bn	0.7m

GDP and Population Source: World Bank, World Development Indicators Database.
1. Source: http://distance.to.
2. Somalia GDP as at 2012. Source: http://data.un.org.

Modern Africa snapshot:

51.6m
Facebook users

16%
Internet penetration

50%
of urban residents are online

67m
Smartphones

Source: McKinsey Global Institute, Lions go digital, November 2013.

03. Too big to ignore

It seems almost impertinent to talk about Africa as a "market".

This is the world's second largest – and second most populous – continent: one into which the USA[2], China, India, Brazil and the UK taken together, could be comfortably accommodated. It is hugely diverse and richly textured.

The continent as a whole comprises 54 countries, and more than a billion people who speak up to 3,000 languages.

Distances and links can be surprising. For example, Dakar in Senegal is closer to New York City than it is to Johannesburg – and even closer to São Paulo. Abuja in Nigeria is as close to London as the Tanzanian capital Dar es Salaam is to Mumbai.

The population of sub-Saharan Africa has been estimated at more than 900 million. There has been a population increase of approximately 270 million during the past 13 years alone (a 2.7% compound annual growth rate). Young people constitute a high proportion of this number. In 2012, for example, 45% of the population of Tanzania was under 15 years of age. Spain, which has a similar population to Tanzania, has a mere 15% of its population under the age of 15. The United Nations has projected that Africa, in aggregate, will represent 40% of global population growth to 2030 and McKinsey & Co. expects the working age population of Africa to surpass that of China by 2040. The "dependency ratio" (number of working age people to the number of dependents) is expected to decline dramatically, thus supporting increases in GDP per capita.

Top 24 languages spoken in SSA

Hausa, Afrikaans, Yoruba, Arabic, Kongo, Lingala, Shona, Fulani, Xhosa, Somali, Swahili, Malagasy, Tshiluba, Oromo, French, Portuguese, Chichewa, Kinyarwanda, Zulu, English, Igbo, Shilha, Akan, Amharic

Population of African continent
1bn+

Population of SSA[1]
382m in 1980
937m in 2013

Population increase in SSA since 1994
371m

Africa, as a continent, will surpass China, in terms of working age population by 2040.

Young population
45%
population of Tanzania under 15 years old.

Distances and links can be surprising. For example, Dakar in Senegal is closer to New York City than it is to Johannesburg – and even closer to São Paulo.

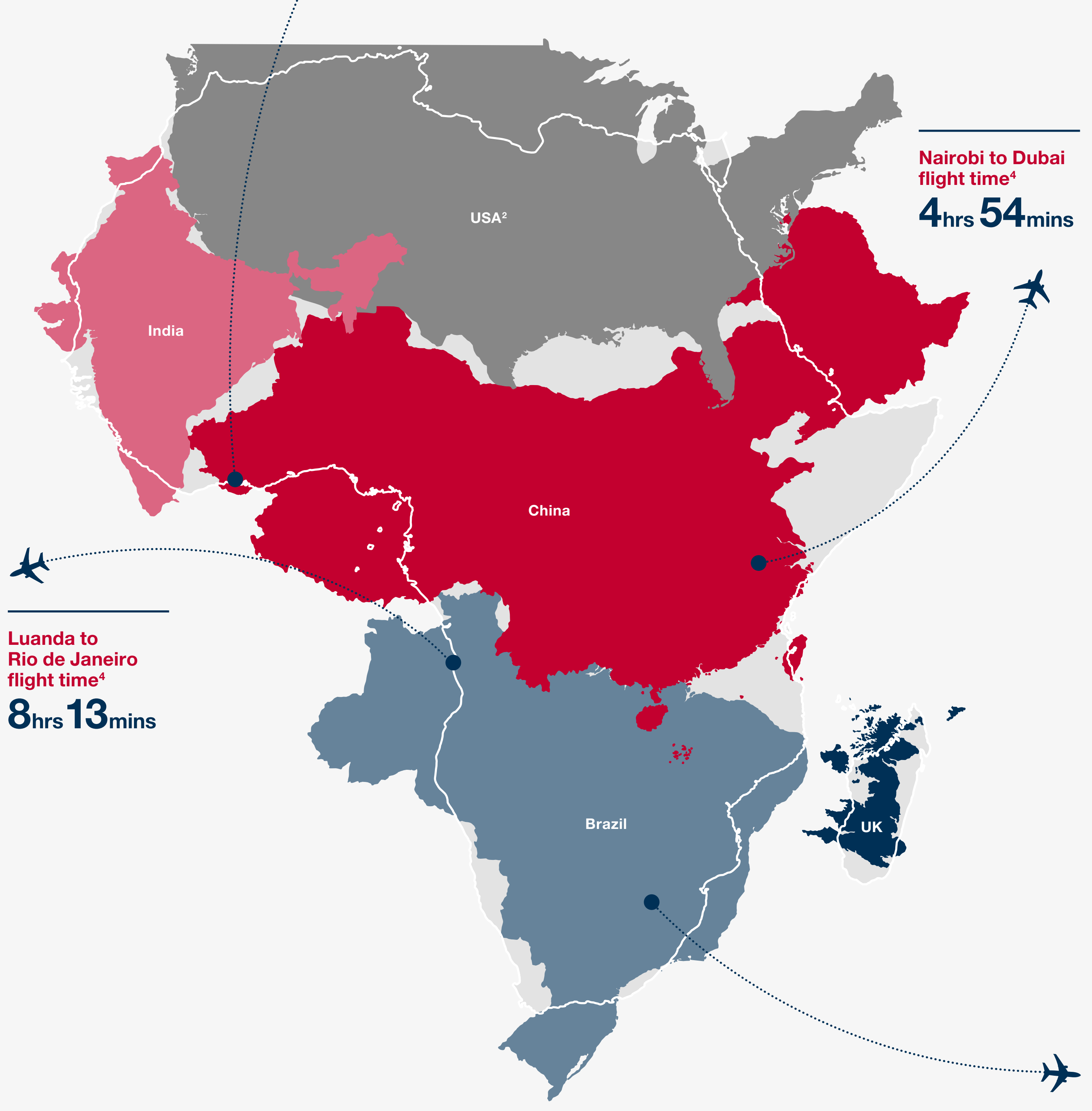
Languages spoken (approximately)
3,000

This is the world's second largest – and second most populous – continent: one into which the USA[2], China, India, Brazil and the UK taken together, could be comfortably accommodated. It is hugely diverse.

Abidjan to Paris flight time[4]
6hrs 33mins

Land mass[1]
(sq. km)

China	9,388,211
Brazil	8,358,140
USA[2]	8,080,464
India	2,973,190
United Kingdom	241,930
Total	**29,041,935**
Africa[3]	**29,379,216**



Nairobi to Dubai flight time[4]
4hrs 54mins

Luanda to Rio de Janeiro flight time[4]
8hrs 13mins

Johannesburg to Perth flight time[4]
10hrs 51mins

Above map is for visualisation purposes only.
1. Source: World Bank, World Development Database.
2. Contiguous US (excluding Alaska, Hawaii). Source: http://en.wikipedia.org/wiki/Contiguous_United_States.
3. Excludes Western Sahara.
4. Source: www.travelmath.com.

04. The rise and rise of cities

The African continent is expected to have the world's fastest rate of urbanisation from 2020 to 2050. With more than 40% of the population already living in cities, the continent is more urbanised than India (30%) and closer to Chinese levels (45%). Some 56% of Africa's population is projected to be living in urban areas by 2050.

There are currently 52 cities in Africa with a population of more than 1 million people of which 46 are in sub-Saharan Africa. Of Africa's three mega-cities (populations greater than 10 million), two are in sub-Saharan Africa: Lagos (Nigeria) and Kinshasa (Democratic Republic of Congo). By 2030, sub-Saharan Africa is expected to have a further three mega-cities: Dar es Salaam (Tanzania), Johannesburg (South Africa) and Luanda (Angola). The number of cities with populations of between 5 million and 10 million is also expected to increase, from three in 2014 to 12 in 2030.

Increasing urbanisation is a widely recognised measure of economic growth and increasing GDP per capita, largely owing to the efficiencies that stem from the opportunities and services that cities can provide to their residents. These include the ability to accelerate financial inclusion.

Infrastructure – making things possible
Adequate and reliable social and economic infrastructure, such as power plants, access to water, roads, railways, ports and housing have long been identified as major pre-requisites for the attainment of sustainable growth and development of African economies. In 2006, for example, it was estimated that trade within the West African Economic and Monetary Union (WAEMU) could increase threefold if all intra-state roads linking the countries of the Union were paved.

Progress in infrastructure so far this century in sub-Saharan Africa has been driven by unprecedented expansion in information/communications technology. Mobile phone subscriptions have grown at a rate of 40% a year during the past decade, and about half of countries have moved from under one phone per 100 people in 2000 to more than 50 a decade later.

By contrast, electricity generation has stagnated, and transport development has been limited. The 48 sub-Saharan African countries, with a population of more than 900 million, generate roughly the same power as Spain with a population of 47 million, and only about 32% of the population of sub-Saharan Africa has access to electricity.

This will not be resolved quickly. However, in the view of the International Monetary Fund, modest improvement in infrastructure is not solely a matter of financial constraints, but a matter of countries making the most of new financing instruments, removing regulatory barriers, while simultaneously controlling fiscal risks and maintaining debt sustainability.

This creates a tremendous opportunity for financial institutions to connect African markets to broader international capital markets with an emphasis on facilitating trade finance and making large infrastructure projects happen.

Cities in Africa with a population over 1 million[1]

52

46 of which are in SSA.

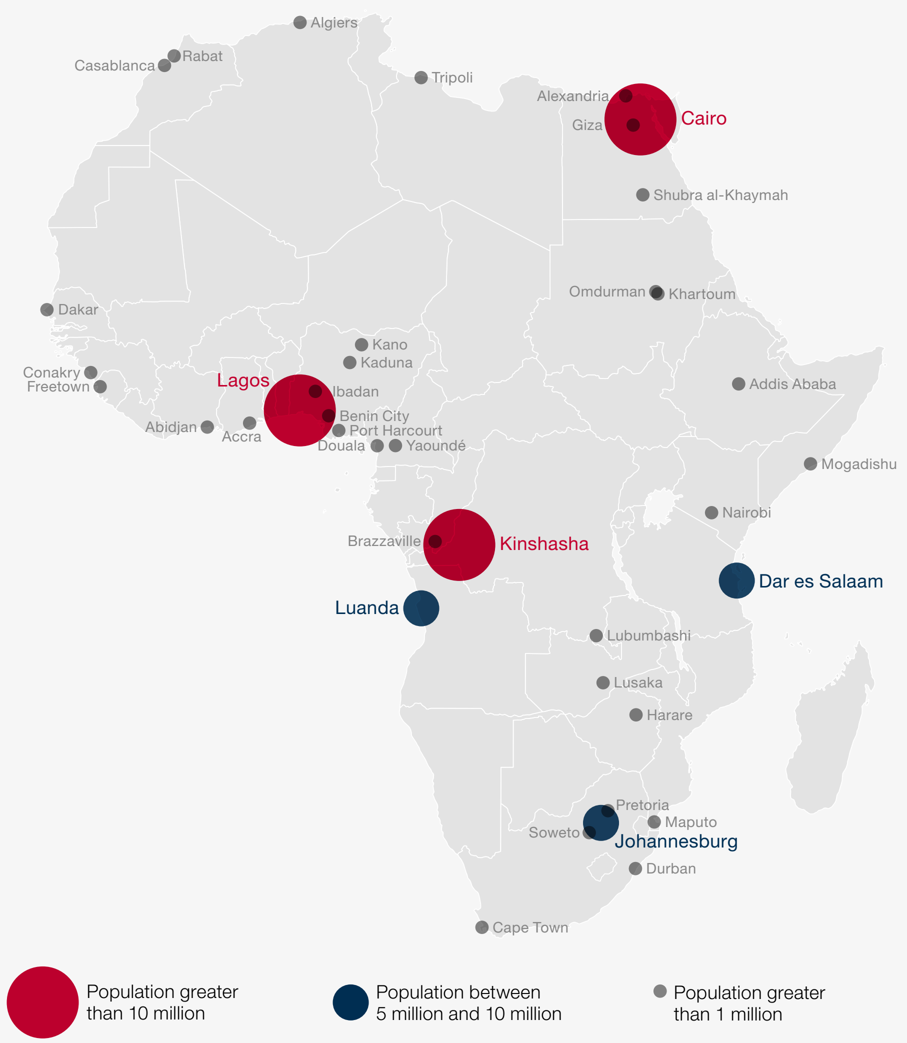
The number of cities with populations between 5 million and 10 million is expected to increase, from three in 2014 to 12 in 2030.

2014 **3**

2030 **12**

Africa is expected to be the fastest urbanising part of the world from 2020 to 2050.

City trends across Africa



05. Governance and the rule of law

Creating a positive legacy
While conflicts persist across the region, sub-Saharan Africa has experienced a degree of relative political stability not seen since the end of the colonial period. Ashish has first-hand experience of the devastation that can be wrought by conflict, and we believe that there is a conscious drive across the region to create institutional structures to ensure that the past is not repeated. The ranks of ministries across sub-Saharan Africa are filled by young, well-educated, ambitious people who have spent time in the world's capitals and leading businesses, and have decided to return home to make a difference.

Nonetheless, there remains reason for scepticism. One of the world's most prestigious prizes – on par, in our view, with the Nobel prizes – is funded by the Sudanese billionaire Mo Ibrahim to reward excellence in African leadership and comes with a monetary award of $5 million. However, it has only been awarded three times since its inception in 2007. The recipients were the former presidents of Mozambique, Botswana and Cape Verde. While this reflects well on the credibility of the prize, it does not necessarily put African governance in a good light. The parallel Ibrahim Index of African Governance has shown little change in terms of which countries lead the league tables and which trail them.

Is doing business in every jurisdiction easy? No. However, the "direction of travel" in our view is both positive and clear. For example, in the World Bank's "Ease of Doing Business" rankings, Rwanda (#46), Ghana (#70) and Botswana (#74), compare favourably to selected other developing economies. In addition, in the last 30 years, sub-Saharan Africa has realised a steady increase from -5 to +2 in one of the world's leading indicators for political authority, the Polity IV Index. This supports the strong belief that there is increasing transparency and stability in the political landscape which benefits businesses and local communities alike.

The ranks of ministries across sub-Saharan Africa are staffed by young, well-educated, ambitious people who have spent time in the world's capitals and leading businesses and have decided to return home to make a difference.

In terms of banking regulations, as the IMF has noted, we believe that multi-country African banks can contribute positively to the economies in which they operate by:
- increasing competition and efficiency;
- increasing financial inclusion and product innovation;
- contributing to financial stability through diversification; and
- driving significant convergence through the adoption of IFRS, implementation of Basel II, and asset classification.

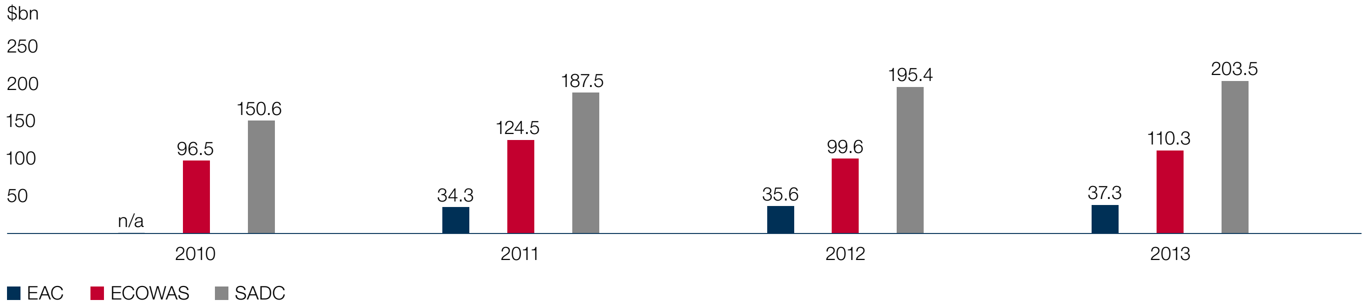
While the IMF has recently highlighted that more work needs to be done in order to appropriately regulate the continued emergence of multi-country African banking groups, we have seen, first-hand, a concerted effort on the part of sub-Saharan African central banks to coordinate their activities and align their approaches to supervision.

World Bank's "Ease of Doing Business" rankings[2]
(selected countries)

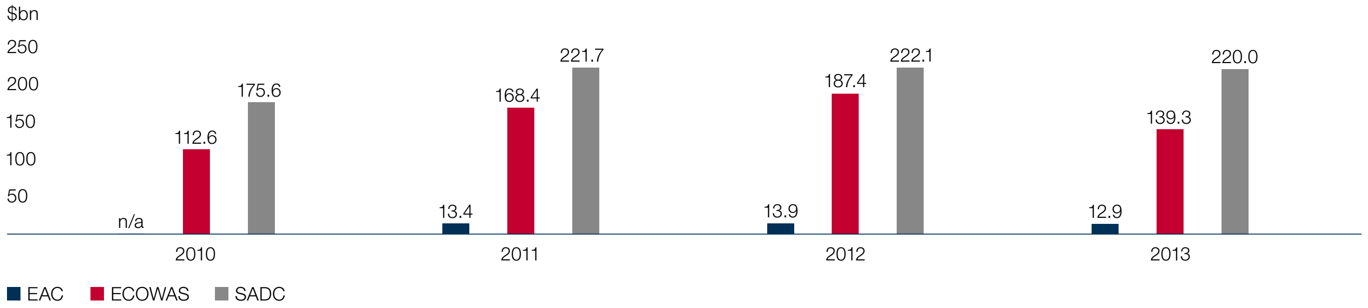
#7	United States
#46	Rwanda
#62	Russia
#70	Ghana
#74	Botswana
#90	China
#111	Zambia
#120	Brazil
#136	Kenya
#142	India

1. Source: The African Economist, December 2012.
2. Source: World Bank's "Ease of Doing Business" report 2015. www.doingbusiness.org.

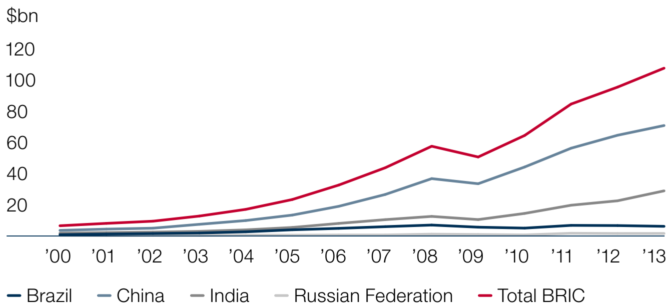
Imports in EAC, ECOWAS and SADC[1]



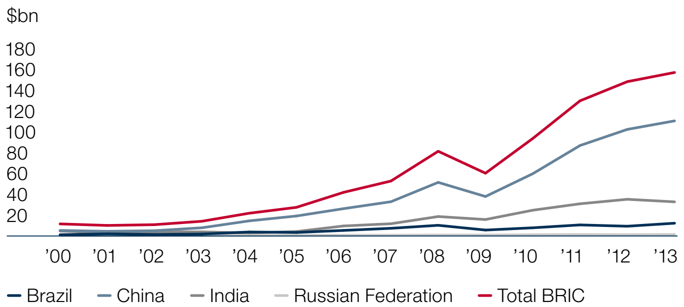
Exports in EAC, ECOWAS and SADC[1]



BRICs exports to SSA[2]



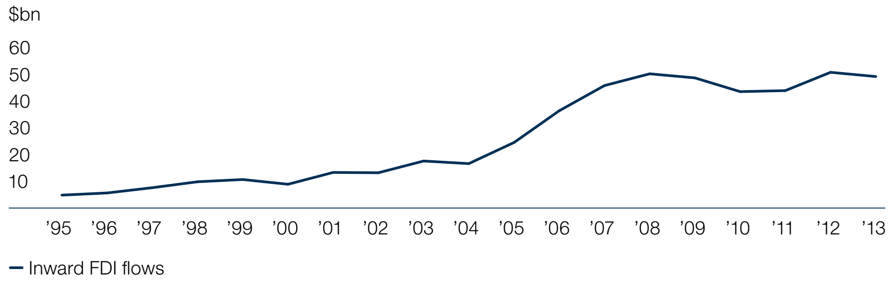
BRICs imports from SSA[2]



06. Trade and investment

Since the late 1990s, investment in sub-Saharan Africa has blossomed. The size of foreign direct investment ("FDI") inflows into the continent, as a whole, increased at a CAGR of around 13% between 2000 and 2013.

Capital inflows in SSA[2] (excluding SA)



Announced value of FDI greenfield projects[2] (cumulative 2009-2013)

(Manufacturing and services)

Host region	Total value $ billion	Share of investment from Africa %
ECOWAS	58	37
EAC	31	36
ECCAS	23	18
SADC	83	17
COMESA	106	15
UMA	43	1
Africa	**281**	**17**

Value of bank-intermediated trade finance in Africa

$330-350bn

This is roughly equal to one-third of total African trade.[3]

Value of unmet demand for bank-intermediated trade finance[3]

$110-120bn

Open for business

In addition to the trends in FDI, the trends in inter- and intra-regional trade amongst Africa's regional economic trading blocs are equally positive. The chart opposite shows that, since the early 2000s, inter-regional trade between sub-Saharan Africa and the BRIC countries has been increasing dramatically. In our view, this is one of the key answers to the question we are sometimes asked along the lines of "Why is investing in Africa different this time?".

As opposed to previous periods of expansion, sub-Saharan Africa's current growth is broader-based and not nearly as reliant upon traditional trading relationships as it has been in the past.

In our view, inter- and intra-regional trade is critical to the sustainability of the continent's ongoing development. It is heartening to see the closer economic ties being forged by way of the institutionalisation of Africa's regional trading blocs. In particular, we see the Southern African Development Community ("SADC"), East Africa Community ("EAC") and Economic Community of West African States ("ECOWAS") as examples of the impact that policy-makers focused on achieving common goals can have on economic development. Further regional integration will meaningfully decrease historical "friction costs" arising due to different regulations in different countries or economic zones.

Expanding regional trade provides African countries with an opportunity to address a major constraint to export competitiveness imposed by the small size of their national economies. In particular, it will enable African enterprises to enhance competitiveness through exploiting economies of scale associated with having a larger market.

This is a first step towards building capacity and competitiveness for exporting globally. Geography provides another rationale for boosting intra-African trade. Many African countries, for example those in southern Africa, are a long way from the large consumer markets in Europe, North America and Asia. Enhanced regional trade will enable these countries to overcome the burden associated with exporting to distant markets.

There is also a marked shift towards the services sector as a driver of growth in a number of African economies. This trend, which is supported by local and international development agencies, reflects growing demand from Africa's burgeoning middle class and the impact of urbanisation, as well as the need for the continent to diversify its trade and economies away from commodities.

EAC – East Africa Community
ECOWAS – Economic Community of West African States
SADC – Southern African Development Community
SSA – Sub-Saharan Africa
BRIC – Brazil, Russia, India, China
ECCAS – Economic Community of Central African States
COMESA – Common Market for Eastern and Southern Africa
UMA – Union du Maghreb Arabe

1. Source: Trade Map (http://www.trademap.org/Country_SelProduct_TS.aspx); For some years, not all countries in each trade block have reported import/export data. Values in these years are shown as "n/a".
2. Source: http://unctadstat.unctad.org/EN
3. Source: African Development Bank, "Trade in Africa", December 2014.

07. Natural resources

Investing in sub-Saharan Africa is about much more than commodities. However, the abundance of sub-Saharan Africa's natural resources is difficult to overstate.

Beyond exports
Investing in sub-Saharan Africa is about much more than commodities. Nonetheless, the natural resource wealth of the region cannot be overstated. Close to 90% of the world's production of platinum group metals (PGMs) comes from mines in South Africa, Zimbabwe and Russia. A recent United States Geological Survey put South Africa's gold reserves at about 6,000 tons – more than 10% of the world's recoverable resources. Ghana has a further 1,400 tons of reserves.

The continent has globally significant quantities of oil and copper, uranium and diamonds, and is believed to be sitting on some of the world's biggest untapped coal reserves including 30 billion tons in South Africa and 23 billion tons in Mozambique.

Between 2011 and 2013, more hydrocarbons were discovered in East Africa than anywhere else in the world. Several countries are in the process of securing funding to build oil refineries over the next 5-10 years to meet the growing energy demand in the region.

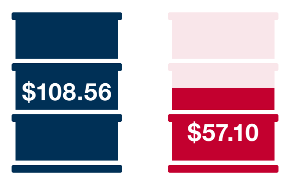
Of particular importance, however, is that commodity value addition is increasingly happening within sub-Saharan Africa itself rather than abroad. Sub-Saharan Africa value-added on manufactured products increased by a CAGR of 8.3% from 2000 to 2011 (CAGR of 10.5% ex-SA).

Furthermore, internal markets are developing such that there is a beneficial multiplier effect from African resources being put to use by Africans for Africans. In terms of oil, we are following the price movements closely. While falling prices will certainly impact the economies and government budgets of oil exporting countries, oil importing nations are likely to benefit as can be seen in the following two charts which express the amount that net importers will spend on oil, or the revenue that net oil exporters will receive, expressed as a share of the country's GDP assuming different oil prices.

Costs and benefits

Oil-dependent economies are hurting because of sinking oil prices, but in the short term, cheaper oil is a boon for new producers still importing most of their energy.

Brent crude, price per barrel



50-day average in June 2014	1 April 2015
$108.56	$57.10

Spending by importers[1]

	At $108.56	At $57.10
Tanzania	6.3%	3.7%
Mozambique	6.2%	3.7%
Kenya	6.0%	3.6%
South Africa	4.8%	2.8%

Revenue for exporters[1]

	At $108.56	At $57.10
Ghana	2.7%	1.6%
Nigeria	15.7%	9.3%
Angola	56.0%	33.1%

Brent crude, price per barrel
At $108.56 (50-day average in June 2014) At $57.10 (on 1 April 2015)

Sources: Rhodium Group; US Energy Information Administration; International Monetary Fund.
1. The amount that net importers will spend on oil, or the revenue that net oil exporters will reap, expressed as a share of the country's GDP.

Mapping Africa's mineral wealth[1]

Percentage of world's production

Ghana, Tanzania, Mali, Guinea and Burkina Faso
9% – Gold

Guinea
8% – Bauxite

Democratic Republic of Congo
53% – Cobalt
21% – Industrial Diamonds

Namibia and Niger
16% – Uranium

Botswana
22% – Diamonds

South Africa
77% – Platinum
46% – Chromite
21% – Manganese

$ Average annual revenue from new projects[2]

Ghana ($, constant 2011 dollars)
8.5bn
Per cent 2011 GDP: 2.3% – Jubilee Oil Fields

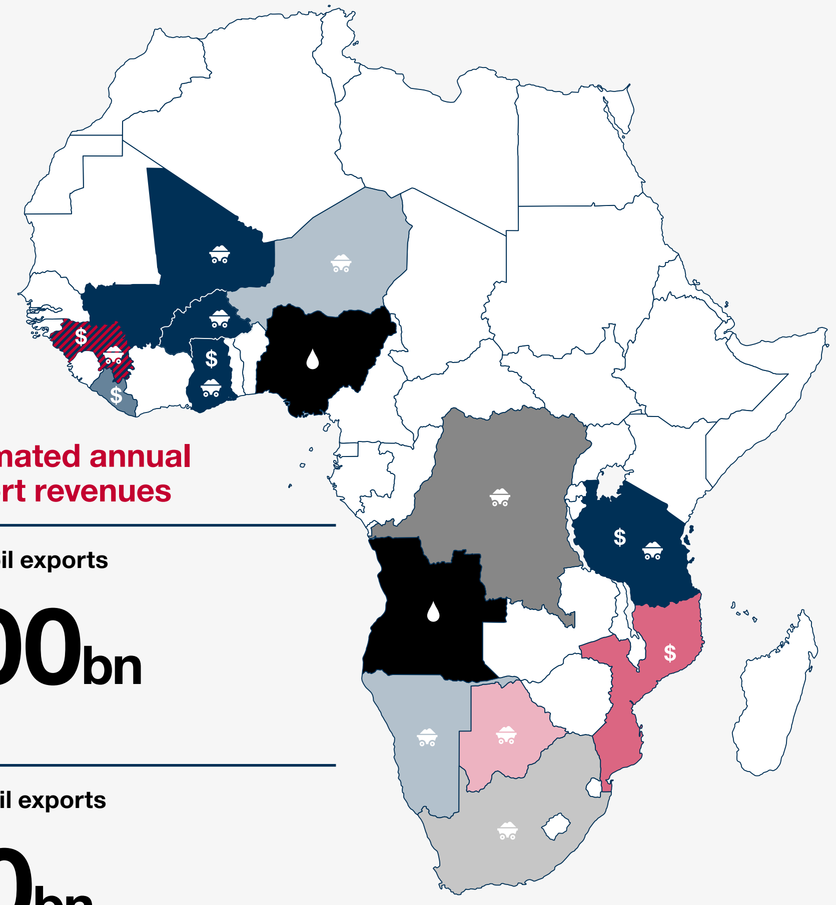
Liberia ($, constant 2011 dollars)
1.7bn
Per cent 2011 GDP: 147.8% – Iron Ore and Petroleum

Guinea ($, constant 2011 dollars)
1.6bn
Per cent 2011 GDP: 30.7% – Iron Ore

Tanzania[3] ($, constant 2011 dollars)
3.5bn
Per cent 2011 GDP: 15.0% – Gas, Gold and Nickel

Mozambique ($, constant 2011 dollars)
3.5bn
Per cent 2011 GDP: 27.3% – Gas and Coal

1. Sources: Raw Materials Data, IntierraRMG, 2013, World Bank, Africa Pulse October 2012, Volume 6, IMF, Fiscal Regimes for Extractive Industries: Design and Implementation, 2012, US Geological Survey, Mineral commodity summaries 2013.
2. Estimates are intended to show order of magnitude. Revenue projections are highly sensitive to assumptions about prices, phasing of production, and underlying production and capital costs.
3. Data represents annual revenue at peak production.



Estimated annual export revenues

Nigeria oil exports
$100bn

Angola oil exports
$70bn

08. Technology

It is Atlas Mara's intention to be at the forefront of innovation and technology.

Mobile penetration in sub-Saharan Africa has been growing by 36% a year, on average, since 2000, outperforming the 19% annual growth recorded in the East Asia Pacific region. Sub-Saharan African mobile subscriptions stood at just 11 million in 2000 and reached 618 million in 2013.

The leapfrog continues

The number of internet users in sub-Saharan Africa also grew at a 23% CAGR between 2000 and 2013, and is forecast to reach 600 million by 2025 from 167 million in 2012.

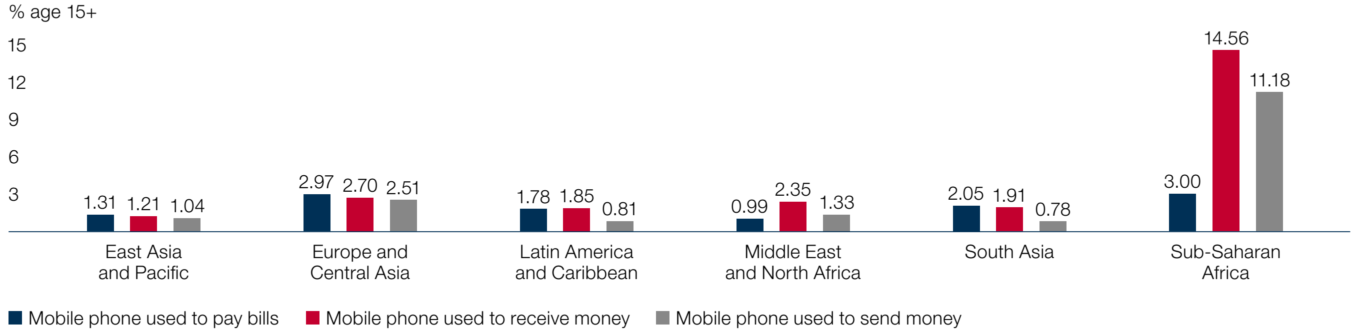
As a result of not having to maintain legacy business models and systems, the adoption of technology in the region is revolutionising the way companies, particularly banks, operate. What is especially exciting is the home-grown nature of many of the technologies and applications that are being developed.

A growing demographic of technologically-literate young people is creating a wave of innovative solutions that are not just Africa-specific, but can be exported to many other markets. Beyond M-Pesa (which was developed in Kenya) there is a host of other initiatives that will positively disrupt "business as usual". In our view, with 70% mobile penetration but only 20% formal financial inclusion, there is an arbitrage opportunity generated where creative solutions can achieve the goal of "doing well, while doing good."

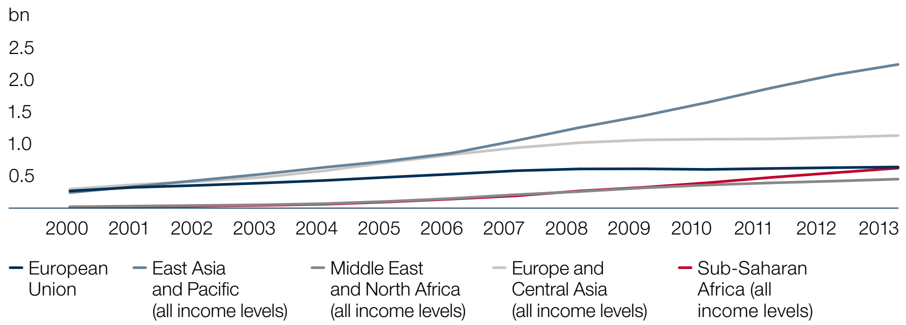
Technology is an area in which Atlas Mara is spending significant time and effort. As McKinsey & Co. recently noted, "Revenues and profits will migrate at scale toward banks that successfully use digital technologies to automate processes, create new products, improve regulatory compliance, transform the experiences of their customers and disrupt key components of the value chain."

Sub-Saharan Africa is creating world-leading technologies, particularly in credit analysis, payments and mobile money transfer.

Mobile technology use[1]

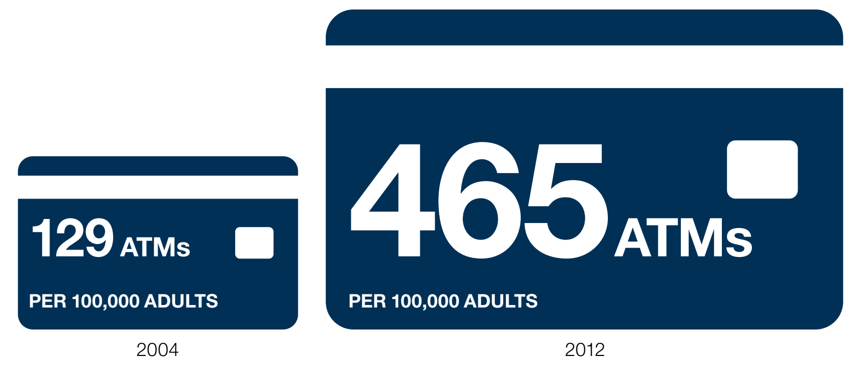


Mobile subscriptions[1]

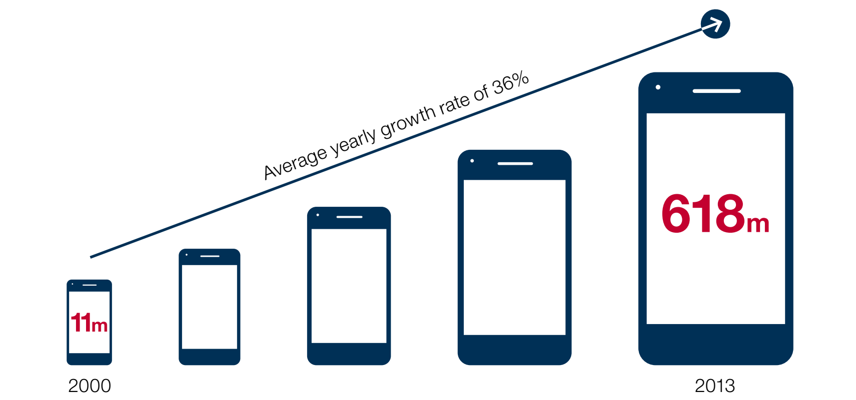


	Mobile subscription (m)		Mobile subscription as % of total population		
	2000	2013	2000	2013	CAGR
East Asia Pacific	235	2,237	11.5	99.5	19%
Sub-Saharan Africa	11	618	1.7	65.9	36%

Automated teller machines (ATMs) in SSA[1]

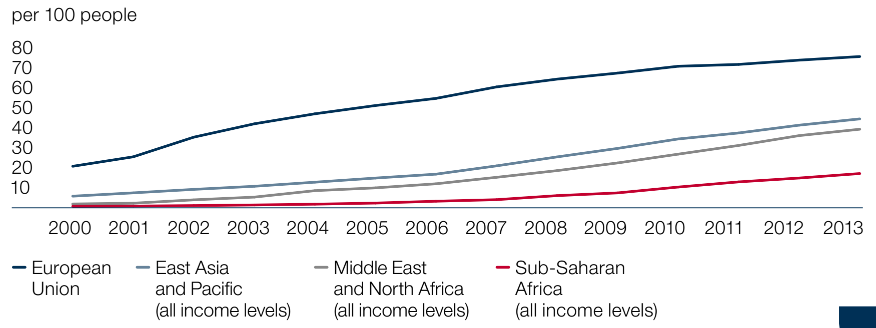


Mobile phone penetration in SSA[1]

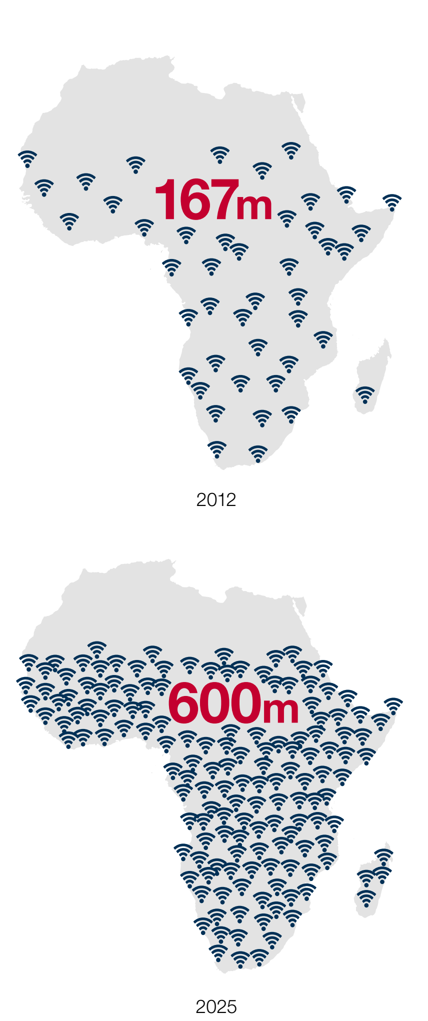


Growth in the number of internet users in SSA[1]

Internet users worldwide[1]



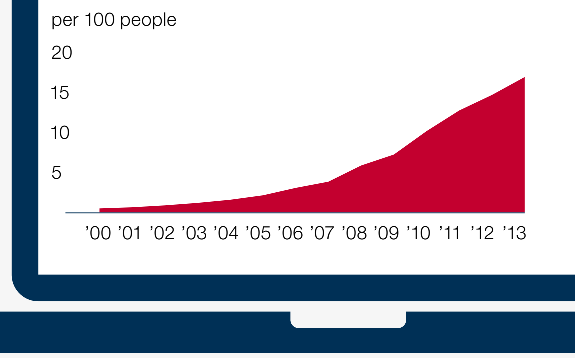
Forecast growth of internet users in SSA[2]



Technology is an area in which Atlas Mara is spending significant time and effort.

1. Source: World Bank, World Development Indicators Database.
2. Source: McKinsey & Co., Lions go digital, November 2013.

Internet usage in SSA[1]



09.
The Atlas Mara opportunity

Sub-Saharan Africa's financial sectors present tremendous opportunities. The combination of strong projected GDP growth and low rates of financial inclusion (the African Development Bank estimates that SSA has the lowest deposit institution in the world, standing at 16.6%, on average) underpin projections of robust, sustainable growth in banking revenues, which is highlighted by the charts below.

Additionally, the snapshot of the current countries of operation of Atlas Mara illustrating the recent GDP growth, loan-to-deposit ratios, net interest margins and returns on equity recorded in these countries are likely to be the envy of any mature-market-based banker. However, despite these statistics, it is interesting to note that sub-Saharan African banks' average cost to income ratios rank among the highest in the world – which represents a substantial opportunity.

Despite these fundamentals, sub-Saharan Africa is not being inundated with expansionary capital from well-established, multi-national financial institutions. On the contrary, we are seeing the reverse. Lacklustre growth in many mature markets is requiring an enhanced focus on domestic operations. The constraints associated with the implementation of Basel III and rapidly increasing costs of regulatory compliance are leading to a retrenchment by, particularly, European players.

Given the information provided above, we hope you can appreciate why we believe so firmly in sub-Saharan Africa's promise. There are fundamental drivers of growth that are practically impossible to reverse. The macroeconomic prospects remain robust, despite challenges in selected markets.

There is an opportunity to deploy existing and emerging technologies and to effect positive change on the continent by accelerating the pace of financial inclusion.

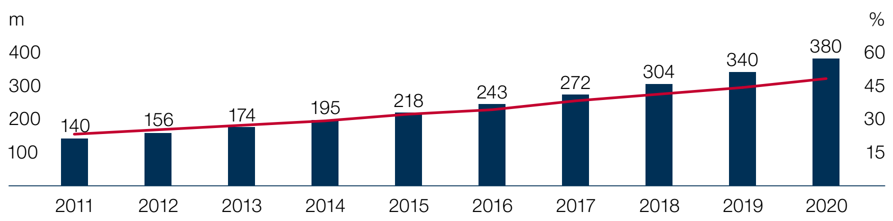
At a time when many international financial institutions are retreating from sub-Saharan Africa, Atlas Mara is investing. We are investing in attractive markets. We are investing to create market leaders. And we are investing in talent.

We believe that as economies grow, trade expands, and a vibrant middle class emerges, an innovation-driven, customer-focused, well-managed and well-governed, multi-country financial institution like Atlas Mara will be able to reward its shareholders with attractive returns while contributing meaningfully to the communities in which it operates.

The Atlas Mara team has accomplished a tremendous amount during the past 16 months. We have no doubt that 2015 will be equally eventful as we continue to build sub-Saharan Africa's premier financial services group.

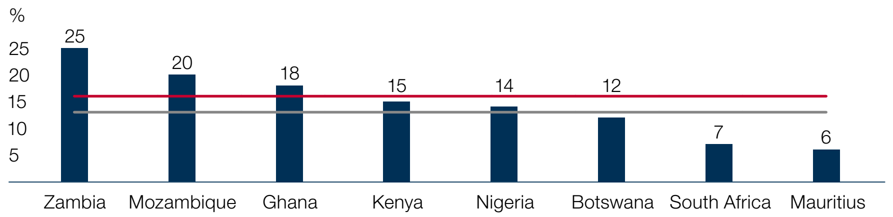
Thank you for joining us on this journey.

Forecast formally banked population in SSA



Source: Finscope; EFinA; World Bank Findex; US Census Bureau International Program

SSA banking revenue CAGR (%) 2013A-2016E
(selected countries)



Source: Annual financial statements, Morgan Stanley, BankScope

Macro review of current Atlas Mara countries

	Population (m)[1]	GDP ($bn)	GDP growth (%)	Household expenditure ($)	Loan to GDP ratio (%)[2]	Total banking assets ($bn)[3]	Loan to deposit (%)[3]	Return on equity (%)[4]	Net interest margin (%)[3]
Botswana	2.0	14.8	5.8	3,988	32.7	7.3	81.4	30.4	7.2
Mozambique	25.8	15.6	7.4	309.7	33.8	8.9	82.6	19.8	6.2
Nigeria	173.6	521.8	5.4	698.7	13.8	154.6	82.4	17.6	7.8
Rwanda	11.8	7.5	4.7	316.5	n/a	n/a	n/a	18.8	10.4
Tanzania	49.3	33.2	7.0	312.0	20.2	13.5	77.3	19.5	8.9
Zambia	14.5	26.8	6.7	n/a	13.7	7.5	74.4	21.1	8.9
Zimbabwe	14.2	13.5	4.5	634.6	27.5	6.0	78.3	21.1	8.9

1. Source: World Bank, World Development Indicators Database.
2. Source: BMI Research, http://store.businessmonitor.com/africa.
3. Source: Ibid.
4. Source: Bankscope, Bureau van Dijk Electronic Publishing GmbH, 2013 data.

Strategy

To invest in Africa, invest in Atlas Mara.

Arnold Ekpe
Chairman

As Chairman of Atlas Mara, I am pleased to introduce our first Annual Report.

Our first 16 months have been remarkable. We have raised $625 million of equity capital and successfully completed four transactions. As a result, we have established a company with operations or investments in seven sub-Saharan African countries, and effected the transition of Atlas Mara from a concept into a fully-fledged operating company. At the same time, we have successfully recruited a team of talented professionals and Board members, who share our belief in the opportunity to create sub-Saharan Africa's premier financial institution and have the passion, experience and drive to execute our strategy.

As a number of multi-national financial institutions have been scaling back their operations in sub-Saharan Africa, we have seen an increase in cross-border M&A activity among financial institutions in the region, as well as in-market consolidation. We believe we have played a role in catalysing these trends and that we will also benefit from them, as we continue to build an extensive pipeline of attractive opportunities.

Banking on Africa

In October 2014, before the marked decline in oil prices, the International Monetary Fund ("IMF") wrote: "The region's economy is expected to continue growing at a fast clip, expanding by about 5% in 2014 and 5.75% in 2015". The IMF also said that the lion's share of the region's economies continue to experience solid growth driven by infrastructure investment, buoyant service sectors and strong agricultural production. It also noted that recent national accounts data depict economies that are significantly more diversified than previously thought, with a larger role played by the services sector. This is particularly the case in Nigeria, where the service sector almost doubled its share of the economy, following a rebasing of the GDP.

While Atlas Mara shares the IMF's optimism, we have no doubt that current oil price levels will have a negative impact on the oil-exporting economies of sub-Saharan Africa, most notably Nigeria, which has recently trimmed its 2014 GDP growth estimate from 6.4% to 5.5%. However, while oil revenues for Nigeria could decline, on an annualised basis, from approximately 15% of GDP to approximately 9% (holding all other variables constant), oil importing countries stand to benefit. The cost of oil imports in countries such as Tanzania and Mozambique could fall from approximately 6% of GDP to less than 4% (once again, holding all other variables constant).

We are also closely watching global and regional geopolitical events, such as the impact of the expected normalisation of monetary policy in the United States and the growth prospects of China and India with the related impact on commodity prices in each of the markets in which we operate.

While selected headwinds exist, we are confident that average growth across our asset base – not to mention the countries that we are evaluating for expansion – will meaningfully exceed that in mature markets and will continue to provide a supportive backdrop for financial services.

Banking in Africa

The fundamental drivers underpinning various countries' growth – demographics, urbanisation, an expanding middle class, technology-driven leap-frogging – have ensured that banking markets in sub-Saharan Africa have continued to experience a period of robust growth. This is particularly true in West Africa (notably Ghana and Nigeria), East Africa and selected southern African markets, such as Mozambique. The combination of strong GDP growth, low rates of financial inclusion, high rates of mobile phone penetration and innovation in mobile banking services, mean that financial services in sub-Saharan Africa remain an attractive investment.

Focus on corporate governance

Achieving Atlas Mara's vision in sub-Saharan Africa requires that we attract and retain the best management talent in the industry and establish effective corporate governance frameworks, which can serve as a model in the region. Our CEO, John Vitalo, will touch on the significant progress we have made during the past several months in expanding our executive team.

I am fortunate to work with a committed and highly professional Board of Directors. We have an exceptionally well-qualified and engaged Board, with members having experience at the highest levels of banking and industry, in Africa and beyond. The Board's ranks were increased in January 2015 to include Funke Opeke, Amadou Raimi and Eduardo Mondlane, Jr. as Independent Non-Executive Directors. Funke's knowledge of technology and telecoms will be invaluable, given our focus on providing innovative solutions to IT and retail mobile banking in Africa. Amadou's audit experience will ensure that we maintain strong systems and controls and the Board and Company will benefit from Eduardo's extensive experience advising companies on successfully growing and operating throughout sub-Saharan Africa, particularly in financial services.

Although our Company is only 16 months old, the evolution and cementing of our corporate governance principles have been rapid. For Atlas Mara, corporate governance is not a qualifier, but a differentiator. I refer further to where we stand, and where we are heading, in the Governance section of this report on pages 60 to 89.

Financial results and dividends

During the period from incorporation until 31 December 2014, the Company incurred a loss of $63.1 million due to a combination of factors. These included the consolidation of our acquisitions, costs associated with our establishment and early operations, and unusually high levels of impairments in our southern African operations, most notably Zimbabwe. On an adjusted pro forma basis, excluding various non-recurring items and including our acquisitions on a full year basis, we reported a profit of $7.2 million. However, these results are not representative of the potential of our existing, or intended, asset base.

As a result of both the loss referenced above and our well-elaborated growth strategy, the Directors do not recommend the payment of a dividend in respect of the period ended 31 December 2014.

Acknowledgements

I would like to thank our shareholders for their support, encouragement and candour during the past 16 months; and our co-founders, Bob and Ashish, my other fellow Board members and the Atlas Mara management team for the significant strides that they have made in executing our vision.

I would also like to thank the boards of directors, management teams and employees of our subsidiary banks, as well as our customers, for trusting us as stewards and providers of capital and financial services.

Finally, I would like to acknowledge the regulators in the markets in which we operate with whom we look forward to constructive relationships. It is our intention to be a model corporate citizen.

Outlook

I believe firmly in the Company's strategy of being a "positive disruptive force" in sub-Saharan African financial services, and am excited by our prospects. I have been working for more than three decades in African banking and rarely have I seen an environment as we have now. I believe that Atlas Mara's strategy is the right one to make the most of it. I remain confident in the outlook for the Company, given the solid platform being established following the acquisitions undertaken to date, the high-quality leadership team that we have been able to attract, and the business model that has been established to drive the Company's audacious goals.

Arnold Ekpe
Chairman

Since our incorporation in late November 2013, we have been actively building the Company.

2013

December

$325m

In December 2013, we listed on the main market of the London Stock Exchange raising $325 million.

2014

May

$300m

In May 2014, we launched a $300 million Private Placement which was completed in August when we re-listed.

August

98.7%

In August 2014, we acquired 95.8% of BancABC and subsequently increased our stake by way of mandatory offers in Botswana and Zimbabwe.

October

100%

In October 2014, we acquired BRD Commercial.

December

21%

In December we acquired 21% of Union Bank of Nigeria plc increasing our combined direct and indirect stake to approximately 30%.

These acquisitions and capital raisings have created an attractive platform upon which Atlas Mara intends to build, both organically and through further acquisitions.

To help deliver our strategy, we have attracted the right people.

John F. Vitalo
Chief Executive Officer

I joined as Atlas Mara's CEO in July 2014. During my relatively short tenure, I have enjoyed an extraordinary nine months leading a business that has set a number of bold goals and is pursuing a strategy of "positive disruption".

We have achieved a number of important milestones since our IPO in December 2013. We have closed several of – what I refer to as – our "establishing acquisitions"; we have made substantial progress in hiring a talented executive team; we have immersed ourselves in enhancing our operations; and we have identified a number of additional acquisition opportunities. It has been a strong start and the way forward is clear.

Our over-arching goal is to become sub-Saharan Africa's premier financial services institution. For Atlas Mara, "premier" does not mean the biggest.

It means being recognised as the best at what we do. It means being a top five player in the markets in which we choose to operate. It means being a model corporate citizen, maintaining strong and transparent relationships with the regulators in the markets in which we operate, and contributing to the communities in which we work.

It means being a "partner of choice" for institutions seeking a strategic acquirer/partner, for shareholders seeking to invest in the growth in sub-Saharan financial services and, critically, for our customers – the domestic and regional corporate "champions", small- and medium-sized entities (SMEs) and retail customers who require, and deserve, access to innovative banking services and excellent customer service. And finally, it means delivering financial performance superior to our peers.

Achieving our goals should deliver attractive returns to all of our stakeholders.

Our business model is straightforward. It can be summarised in three words: buy, protect and grow. It is an approach that involves the acquisition and nurturing of assets so that the whole becomes greater than the sum of the parts. What this means in practice is described elsewhere in the report, but I want to emphasise that we are not waiting for one phase to end before the next begins. Each facet of our business model is being implemented simultaneously across the Group to ensure that we achieve our objectives.

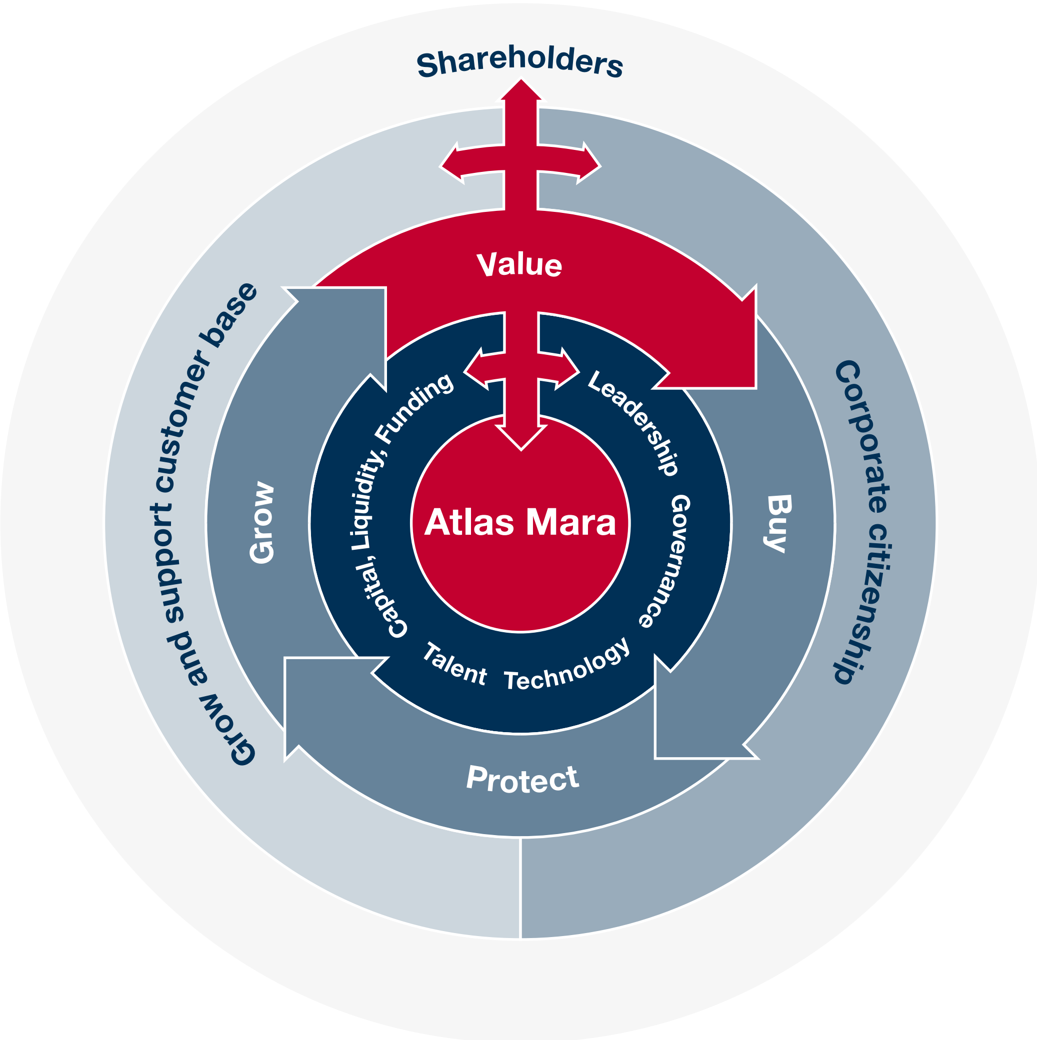
To execute our strategy, we have to have the right people, and I am delighted to report that our ability to attract talent has exceeded my high expectations. In addition to Arina McDonald, our CFO (formerly at Standard Bank), and Richard Muller, our Head of Integration (previously with Barclays), we announced in January 2015, the hiring of Beatrice Hamza Bassey as our General Counsel. She was formerly head of the Africa practice at Hughes Hubbard in New York and is a specialist in compliance. Even more recently, we have brought on board Tarek Rouchdy as our Internal Auditor. Tarek was previously Auditor General at the African Development Bank. While selected roles still remain to be filled, the establishment of a high-calibre executive team is substantially complete.

In terms of our financial performance, 2014 was a transition year. Due to the fact that our major operating acquisition to date, BancABC, closed in late August 2014, our consolidated financial results for the period ending 31 December 2014 reflect only four months of underlying business operations, but 13 months of operating expenses, as well as one-off start-up and transaction costs. In this report, we have provided pro forma information in order to establish a base-line for future comparison and to establish the reporting framework and key performance indicators by which we intend to manage our growing base of operations – and to be measured. As we continue to execute our strategy, we are focused on delivering improved financial performance across the Group, with candid reporting.

In closing, I would like to thank the co-founders, the other members of the Atlas Mara Board and executive team, the management and employees of our subsidiary banks, and, critically, the regulators in the markets in which we operate, customers and shareholders. I look forward to reporting on the next steps in our journey.

John F. Vitalo
Chief Executive Officer

Building sub-Saharan Africa's premier financial institution.



Atlas Mara is a financial services group focused entirely on sub-Saharan Africa. We have an acquisition-led business model to create an innovative, customer-centric financial institution that provides wholesale and retail finance services to corporations, small- and medium-sized businesses (SMEs) and individuals. By concentrating on their needs and operating sustainably and responsibly, we believe we can support economic growth and strengthen the financial systems in the countries in which we operate and create value for our shareholders.

We do this by using our distinctive strengths – in particular our collective experience in operating and growing first-class financial services operations, our extensive local knowledge, and our commitment to Africa. We want to meet our customers' needs, exceed their expectations and help them succeed.

Buy (executing acquisitions), **Protect** (safeguarding our assets and ensuring the platform is "fit for growth") and **Grow** (leveraging the effective development of talent, technology and capital across our asset base) are our three strategic pillars that run in parallel across the asset base. We are continually seeking to optimise our resources across the Group, particularly the allocation of human and financial capital. While our corporate and M&A team is pursuing an acquisition, our integration team is ensuring that an operation is "fit for growth" and other members of our team are supporting the execution of an agreed growth strategy in yet another.

The financial services market in sub-Saharan Africa represents a substantial opportunity to create value for all of our stakeholders. We believe that this business model will drive differentiated, sustainable growth, both acquisitive and then organic, and deliver strong and sustainable returns for our shareholders.

Strategic pillar

Buy

Establishing ourselves through acquisition

Description

We are continually evaluating expansion through the acquisition of selected sub-Saharan African financial services assets. These will range in scale from multi-national operations to smaller "bolt-on" purchases. This is intended to secure a more extensive geographic footprint to drive growth, bring benefits of scale, provide synergies and enable diversification of risk. We are, however, disciplined buyers, so we are not conducting a "flag planting" exercise.

We act like owners (because that's what we are) and deliberately target "good" institutions with whom we can work to make them "great" by enhancing their inherent value.

We do this by bringing to bear a combination of:
- our global banking expertise;
- our local insights and networks;
- fresh thinking about the needs of corporate and retail customers – and leveraging technology; and
- access to liquidity, capital and funding.

When screening opportunities, we are looking for:
- countries exhibiting relative political stability, the rule of law and institutional frameworks in which we can operate to our standards of ethics and governance;
- markets with strong prospects for sustainable growth;
- fragmented markets that could benefit from consolidation;
- institutions where we believe we can add value;
- potential synergies and the cost savings from achieving them; and
- consistency with our overall strategy.

Our transactions need to add shareholder value and deliver returns in excess of our cost of capital.

Strategic pillar

Protect

Creating the path for sustainable growth

Description

Our acquired businesses need to be "fit for growth". The first part of this process is implementing a detailed action plan with a view to generating value in the short- to medium-term for our shareholders through operational improvements. Then, before deploying "growth" capital, we:
- enhance corporate governance and compliance;
- improve credit processes;
- drive operational efficiencies;
- identify and strengthen key relationships with customers, partners and the regulators in the markets in which we operate;
- revitalise and optimise branch networks; and
- provide liquidity and capital support to safeguard the platform.

Strategic pillar

Grow

Delivering long-term value

Description

Once the platform has been strengthened, we focus on driving growth.

This includes:
- encouraging innovation across the value chain – most notably with respect to enhancing the customer experience at the point of contact and driving efficiencies/enhancing automation in the back-office;
- extracting identified synergies and efficiencies;
- seeking opportunities to enhance liquidity and funding costs by leveraging relationships with DFIs;
- Injecting capital to support growth; and
- executing "bolt-on" acquisitions to enhance market penetration or diversify product offerings.

Our strategy

Our strategy is to create sub-Saharan Africa's premier financial institution and to become the partner of choice for customers, employees and investors. This entails:

01.

Achieving a top five position in the markets in which we operate through both organic and acquisition-led growth

This strategic objective is driven by a recognition that profit pools in sub-Saharan African banking are often dispersed, whereby larger institutions with scale and advantageous funding costs attract more creditworthy customers and are able to innovate dynamically, while smaller institutions with less competitive funding costs are forced to accept a higher risk tolerance to participate in the market. Recognising these market characteristics, we intend to consolidate our positions in markets where we are sub-scale. To the extent that we cannot identify a credible path to obtaining a scale position in a given market, we will exit.

02.

Delivering innovative products and services to our customers, including, in particular, the effective use of technology

While there have been significant innovations in the provision of financial services in sub-Saharan Africa, most notably in Kenya with the success of M-Pesa and mobile money transfer, we believe that there is a substantial opportunity to leverage technology further, migrating from mobile money transfer to mobile banking and the provision of other value-added services. Effective and efficient front- and back-office technology creates the ability to more efficiently service existing customers, as well as increase financial inclusion and serve customers for whom financial institutions have been previously uninterested or unable to serve. Given this recognition, we expect to invest (both in terms of financial and human capital) in technology and will seek partnerships and alliances to order to leverage complementary competencies.

03.

Establishing comprehensive and effective risk management and corporate governance policies and procedures across our network

The effective pricing and management of risk is fundamental to sound banking. Given the markets in which we operate (or expect to operate) where there exist enhanced volatility combined with limitations on information availability, risk management and corporate governance are even more critical to sustainable growth. In addition to appropriate policies and procedures, we are focused on ensuring that there is a culture that ensures implementation and ongoing adherence.

04.

Maintaining constructive relationships with the regulators in the markets in which we operate

Sustainable growth in financial services sectors requires effective regulatory frameworks. Maintaining a transparent and candid dialogue with the regulators in the markets in which we operate is an important strategic objective whereby we aim to be both a model corporate citizen and a sounding board for supporting the evolution of regulatory frameworks for the future, particularly with respect to increasing regional integration and homogenisation of regulations across borders. We intend to continue to engage actively with the regulators in all the jurisdictions in which we operate.

05.

Contributing positively to the communities in which we operate (most notably by strengthening financial systems and increasing financial inclusion)

In addition to leveraging technology to increase the number of people who have access to financial services, we intend to focus on supporting financial literacy and entrepreneurship programmes. On one end of the spectrum, we need to ensure that prospective customers, starting at a young age, have the right training to understand and manage their financial needs and become educated consumers of financial services products. On the other end, we intend to support burgeoning entrepreneurs in obtaining the training and tools they need to become the SME, national, regional and multi-national clients of the future.

06.

Delivering differentiated, risk-adjusted returns to our investors

Our strategy is to generate sustainable growth in earnings and attractive returns on equity and assets. We intend to deliver on this objective by way of a combination of the strategic objectives noted above: (i) obtaining market share, driving acquisition synergies, and attracting customers through expanded products and services to generate above-market growth; (ii) leveraging technology to serve customers efficiently and reduce our cost to income ratios, and ensuring that systems are in place to manage and price risk and ensure the sustainability of our growth and margins; and (iii) conveying a sense of mission and establishment of values whereby our employees remain focused on building a positive legacy.

Key performance indicators

Our key performance indicators ("KPIs") are expected to evolve over time in order to reflect and measure performance appropriate to the development of our Company at the relevant point in its life cycle. Atlas Mara has adopted the following KPI framework consistent with our business model of Buy (executing acquisitions), Protect (safeguarding our assets and ensuring the platform is "fit for growth") and Grow (leveraging the talent, technology and capital across our asset base). Our KPIs include both financial and non-financial measures.

Strategic pillar

Buy

Establishing ourselves through acquisition

Strategic priorities

01.

Achieving a top five position in the markets in which we operate through both organic and acquisition-led growth

04.

Maintaining constructive relationships with the regulators in the markets in which we operate

06.

Delivering differentiated, risk-adjusted returns to our investors

Key performance indicators

	Why is it important	Target
Market position by assets, loans and/or deposits	We believe that profit pools are bifurcated in many of the markets in which we operate – a strong market position enables more competitive costs of funding and thus, competitive pricing of risk.	Top five.
Execution of identified synergies	Our transactions need to make sense strategically and be accretive to shareholders and we need to demonstrate successful integration.	Realised synergies to equal identified synergies.
Return on capital employed	We are prudent stewards of shareholder capital. We expect to earn a return in excess of cost of our capital.	Return on capital deployed to exceed the cost of capital.
Book value per share and earnings per share	We recognise that there will likely be an integration/enhancement period, but are focused on generating tangible value for shareholders.	Acquisitions should be accretive within three years.

Strategic pillar

Protect

Creating the path for sustainable growth

Strategic priorities

03.
Establishing comprehensive and effective risk management and corporate governance policies and procedures across our network

04.
Maintaining constructive relationships with the regulators in the markets in which we operate

05.
Contributing positively to the communities in which we operate (most notably by strengthening financial systems and increasing financial inclusion)

Key performance indicators

	Why is it important	Target
Cost to income ratio	We are focused on creating efficient, scalable platforms.	60-65% in the medium term.
Non-performing loans ("NPLs") to total loans	We are focused on creating efficient, scalable platforms.	Less than 4% across the platform.
Capital adequacy ratios across the Group	Compliance with regulatory frameworks and appropriate capital buffers to absorb shocks are fundamental aspects of ensuring sustainable growth.	Compliance with relevant capital hurdles with appropriate margins.

Strategic pillar

Grow

Delivering long-term value

Strategic priorities

02.
Delivering innovative products and services to our customers, including, in particular, the effective use of technology

04.
Maintaining constructive relationships with the regulators in the markets in which we operate

05.
Contributing positively to the communities in which we operate (most notably by strengthening financial systems and increasing financial inclusion)

06.
Delivering differentiated, risk-adjusted returns to our investors

Key performance indicators

	Why is it important	Target
Non-financial measures:		
Increase in countries of operation, customers and employees	We intend to continue broadening our platform and, while not engaging in "flag planting", are focused on enhancing our geographic footprint to participate and contribute to the growth of financial services across sub-Saharan Africa.	We expect to be in 10+ countries in the medium term.
Financial measures:		
Loan and deposit growth relative to GDP and peers	In connection with our strategy of achieving a top five position in the markets in which we operate, above-market loan and deposit growth will be required.	Loan and deposit growth greater than 1.5x GDP growth.
Return on average equity	This represents a measure of capital efficiency upon which we are highly focused.	Ca.20% in the medium term.
Return on average assets	This represents a measure of balance sheet efficiency and, when analysing return on equity in parallel, the impact of leverage on earnings.	Ca.2% in the medium term.

Atlas Mara has a range of resources and relationships that underpin its business and support its strategy. As a company founded by individuals with deeply held commitments to social responsibility, a corporate strategy to increase penetration of financial services in underserved markets and to grow through further acquisitions, our sense of responsibility to our customers, employees, shareholders, the communities in which we operate, and the regulators in the markets in which we operate is critical to our success.

Customers: Our customers are the foundation of our business and their trust and respect is earned through our actions individually and as a company

We recognise that they are an integral part of the fabric of the communities in which we, collectively, operate and the personal relationships our management and employees have with our customers need to be, at all times, based on professionalism, unimpeachable ethics, a desire to solve problems with innovative and well-tailored solutions and a commitment to service. We remain focused on enhancing our customers' experience and expanding our customer base.

ca.300,000
customers

Employees: As a financial services firm, our people are our most important asset

We have no factories, mines or resources other than our combined intellect, ethics and shared objective to build sub-Saharan Africa's premier financial institution.

It is our intention to build on the pool of talent we have acquired through our acquisitions and to continue to attract talented individuals at every level and in all areas of our business.

We seek to empower employees with a shared sense of ownership as we grow and integrate banks across various regions of the African continent. We are also committed to training our employees and ensuring that there are opportunities for advancement.

Furthermore, we are focused on communicating with our people face-to-face and through various internal channels so that we maintain open channels of communication and a shared sense of mission and values.

1,600+
employees

Communities:
Our success is intertwined with that of the communities in which we operate

Important facets of our strategy are (i) to provide innovative financial services to under-served markets, enabling individuals and families to manage their personal finances effectively with transparent products and services and (ii) to provide products and services to entrepreneurs, SMEs and larger firms appropriate to their objectives and requirements. As our business matures and best practice is disseminated across all of our banking subsidiaries, the corporate social responsibility objectives of increasing financial literacy and supporting entrepreneurship will come to define our community engagement programmes, in addition to maintaining our support of many programmes meaningful to our subsidiaries and our employees.

BancABC's strong ties to the communities in which it operates set a positive example of corporate citizenship in 2014. Several of the notable initiatives supported by BancABC during the course of the year were:

Mass market financial literacy

BancABC Mozambique partnered with the Central Bank of Mozambique and the German Development Bank to support a financial literacy programme, which aired on national TV and reached 75,000 students in Maputo. The programme used a variety of entertaining, interactive and educational activities to build awareness around the importance of basic principles of money management such as budgeting and saving.

Youth sport, leadership development and mentoring

BancABC Zambia sponsored the Green Buffaloes Football Club (GBFC), which engages at-risk youth around the country through its leadership and mentoring platform. The club also offers community-based sporting programmes to young children. The soccer team uses sports in innovative ways to foster resilience and imbue leadership skills in the youth through community-based initiatives as well as competitive sporting events.

Youth sport

BancABC Zimbabwe sponsored ZScore, an organisation whose motivation is to empower underprivileged children to creatively leverage opportunities in order to achieve their dreams. The programme's main goal is to increase self-esteem by empowering the children to reach their full potential through the sport discipline.

Arts, culture and heritage

For the 14th consecutive year, BancABC Zimbabwe was a proud sponsor of the Harare International Festival of the Arts (HIFA). HIFA is an annual, eagerly anticipated, six-day arts festival that draws several thousands of people – many from outside the country. The event showcases the works of local, regional and international artists. As is now traditional, BancABC sponsored the opening night of the festival which showcased and promoted Zimbabwe talent.

Corporate reputation

Atlas Mara has attracted significant media attention as a result of our audacious strategy and the profile of our founders and management team. We value the reputation we have established and benefit from the brand equity we have created as we continue to attract customers, employees, investors, strategic partners, and further acquisition opportunities. We will continue to seek opportunities to build our brand, as well as the brands of our subsidiaries, through a comprehensive corporate communications and branding strategy, which will continue to evolve during the course of the coming years as our platform grows. Protecting the Atlas Mara "brand", as well as the brands of our subsidiaries, is critical to our business model and thus Atlas Mara is committed to undertaking business to the highest standards and we have a "zero tolerance" approach in relation to breaches of corruption, anti-bribery, anti-money laundering, and related regulations and policies.

Regulators

We also have a duty to maintain constructive relationships with the regulators in the markets in which we operate, as our banking licenses are clearly critical to our ability to execute our business model. The financial services regulatory landscape is rapidly evolving. In sub-Saharan Africa, as many countries adopt Basel II and plan for the adoption of Basel III, the complexities of both regulating and being regulated are only increasing. As a result, Atlas Mara appreciates that the candour and timeliness with which we communicate with the regulators in the markets in which we operate needs to increase correspondingly. Furthermore, we recognise the merits of the current debate on enhancing the supervision of multi-country sub-Saharan African financial services platforms. We intend to participate proactively and constructively in the discussion with the goal of ensuring increased, long-term financial system stability.

Shareholders

Our shareholders, and our relationships with the public capital markets, more broadly, are critical to our success, particularly as we expect to raise capital, when required and appropriate, to execute our acquisition-oriented growth strategy. We have established a programme of regular shareholder and prospective investor engagement and will be increasing the pace at which we interact with the market now that we have completed the transition to a fully-fledged operating company.

Priorities for 2015

In addition to several of the initiatives noted above, during the course of 2015, we intend to codify various policies across the Atlas Mara Group to ensure the effective maintenance and enhancement of the relationships and responsibilities critical to our business. Areas of focus include personal conduct, business responsibility, and corporate social responsibility programmes related to financial literacy and entrepreneurship. Ensuring that the objectives, culture, and the immovable nature of our "moral compass" are understood, adopted and respected throughout the Atlas Mara Group is intertwined with our long-term success.

Principal risks

Managing risk effectively is critical to the success of any financial institution and fundamental to our strategy. Our approach to risk is focused on creating an effective control framework and a strong risk management culture, which will guide employee decision-making and ensure accountability.

Given the recent completion of our acquisitions of BancABC and BRD Commercial and ongoing evaluation of further transactions to establish our initial platform, Atlas Mara's risk management framework is currently predominantly based on the established policies and procedures at BancABC. We expect our policies across Atlas Mara to evolve during the course of 2015.

The most significant risks faced by Atlas Mara which could impact Atlas Mara's ability to meet its strategic objectives are highlighted below, together with key mitigating actions.

Principal risks	Key mitigating actions
Market risk Atlas Mara may be adversely impacted by global markets and economic conditions (as well as regional or local conditions, particularly political instability) that can lead to fluctuations in interest and exchange rates, as well as equity and commodity prices. It may also be adversely impacted by significant holdings of financial assets, or significant loans or commitments to extend loans.	– Vigilant monitoring of macroeconomic and geopolitical conditions – Rates hedging programmes, both with respect to interest rates and foreign exchange – Stress and scenario testing
Credit risk Atlas Mara may be adversely impacted by an increase in its credit exposure related to trading, lending and other business activities. Potential credit-related losses can result from an individual, counterparty or issuer being unable or unwilling to honour their contractual obligations.	– Well-considered credit policies incorporating prudent lending criteria – Well-defined authorities with appropriate separation between origination and sanctioning – Improvements to credit processes and controls, including credit monitoring and collections activities, identified and being implemented
Funding and liquidity risk The financial condition of Atlas Mara may be adversely impacted by an inability to raise capital, borrow funds or sell assets to meet its obligations. Additionally, at this juncture in its evolution, the parent company does not generate cash flow, due to the fact that the underlying operations and investments are not paying dividends to Atlas Mara.	– Maintenance of prudent levels of liquid assets to meet cash and collateral outflows – Appropriate "emergency" liquidity plans – Active dialogues with development finance institutions to provide funding at the subsidiary level – Frequent stress and scenario testing
Acquisition risk Atlas Mara may not be successful in its strategic objectives and specifically may not be able to find enough acquisition opportunities meeting the Company's criteria to achieve its strategy of building sub-Saharan Africa's premier financial institution.	– Dedicated team focused on originating and evaluating opportunities – Multiple prospective transactions under consideration with no reliance on one single transaction coming to fruition
Capital risk Atlas Mara is dependent upon access to the debt and equity capital markets to support its expansion and the capitalisation of its operating subsidiaries, in particular in the face of increasing regulatory capital requirements in many of the countries in which Atlas Mara operates.	– Close monitoring of current and projected capital needs and appropriate stress-testing – Ongoing development of relationships with capital providers across the capital structure, including, notably, our ordinary shareholders

Principal risks	Key mitigating actions
Operational risk Atlas Mara may incur losses due to the failure of its people, internal processes or systems, or as a result of external events. Information technology systems, in particular, represent an important focal point. Selected jurisdictions in which Atlas Mara operates (or may operate in the future) have higher levels of corruption than more mature markets. Atlas Mara may incur losses due to the failure of its people, internal processes or systems, which would also have negative repercussions across other risk dimensions. Atlas Mara may not be able to deliver efficiencies, synergies or governance enhancements at its acquired operations leading to disappointing performance and or control failures.	– Appropriate skills training across the Group – Ongoing review of IT systems architecture and systems resilience, including with respect to business continuity planning, and identification of areas for improvement – Active focus from senior management on the execution of integration and performance enhancement programmes – Enhancements to policies and processes for ensuring compliance with anti-money laundering, "know your client", and anti-bribery regulations – Monitoring of staffing levels and appropriate competencies
Legal risk Legal proceedings against Atlas Mara or insufficient legal protection could adversely affect its operating results and impact its credit rating.	– Vigilant monitoring of pending and ongoing litigation – Enhancements to staffing and training of the legal function across the Group
Regulatory and legislative risks Many of Atlas Mara's businesses are highly regulated and are subject to, and could be adversely impacted by, regulatory and legislative initiatives.	– Frequent interactions with regulators across the Group's countries of operations – Active dialogues with relevant government officials and monitoring of events potentially impacting our business
Reputation risk Atlas Mara's strategy is to become sub-Saharan Africa's premier financial institution. Damage to Atlas Mara's brand arising from any association, action or inaction which is perceived by customers, regulators, shareholders or other stakeholders as inappropriate or unethical would impact the Company's ability to achieve its strategic goals.	– Creation of a culture of excellence and integrity in which the preservation and enhancement of our reputation is sacrosanct – Creation of a robust internal audit function to ensure compliance with standards, policies and procedures across the Group

Performance

Arina McDonald
Chief Financial Officer

The 2014 financial year represents an important foundation period for Atlas Mara.

$2,621m
Total assets

$682m
Total equity

$9.73
Book value per share

Overview

While positive momentum is evident following the completion of the various acquisitions announced to date and the related investments made towards building a platform for sustainable growth, there are three sets of factors that negatively impacted the 2014 results described below: macroeconomic headwinds with specific liquidity constraints in selected countries of operation, increased credit impairments taken at the subsidiary level as part of the fair value adjustments made upon acquisition, and various non-recurring expenses, many of which represent an investment in the future.

The consolidated reported loss after tax and non-controlling interests was $63.1 million. Pro forma results, reflecting the inclusion of the acquisitions made during the year as if they had been consummated on 1 January 2014, presents a loss of $47.8 million. The difference is made up mostly by impairment adjustments and the write-off of deferred tax balances in BancABC totalling $39.7 million (before tax and non-controlling interests). These fair value adjustments are aligned to what was highlighted to the market in both July via the ADC offer document released by Atlas Mara and in November 2014 in our Interim Management Statement.

As referenced earlier, Atlas Mara incurred a number of costs associated with its first 13 months of operation, which, in aggregate, equated to approximately $55.0 million. Non-recurring IPO, transaction and other expenses totalled approximately $18.1 million. Termination payments to the former BancABC and ADC executive teams (including accounting for options that were granted as part of the settlement agreements) totalled around $25.0 million. Higher costs of funding due to one-off swap transactions amounted to approximately $10.0 million. Foreign exchange adjustments totalled approximately $2.0 million.

Post adjusting for these non-recurring items, and including the pro forma adjustments referenced above, profit after taxation for the period ended 31 December 2014 would have been $7.2 million.

In our view the investments made in 2014 have a number of long-term benefits: we have established a platform of operations and investments in attractive SSA markets, we have attracted a strong management team and have established an asset book and balance sheet fit for growth, with normalised levels of impairments expected going forward.

Following our initial acquisitions and given various identified opportunities for growth and expansion, we are confident in our ability to achieve the targets highlighted earlier, most notably a return on equity of ca. 20% and return on assets of ca. 2%, both in the medium term.

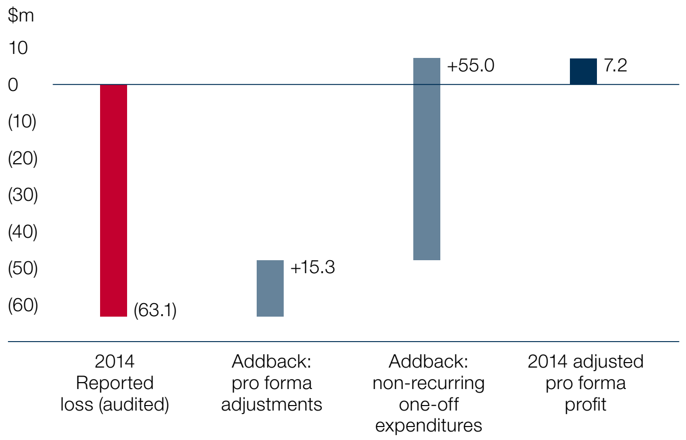
Summary financial position – as at 31 December 2014

Statement of income	$'m
Total income	57.4
Provisions for credit losses	(6.3)
Operating expenses	(129.9)
Net income from associate investment	20.7
Results before tax	(58.0)
Loss attributable to ordinary shareholders	**(63.1)**

Balance sheet	$'m
Loans and advances	1,236.5
Total assets	**2,621.4**
Deposits	1,530.0
Total liabilities	**1,939.0**
Total equity	**682.4**

The following chart and table provide further details on the adjusted pro forma results for the first 13 months of operations.

Adjusted pro forma profit reconciliation

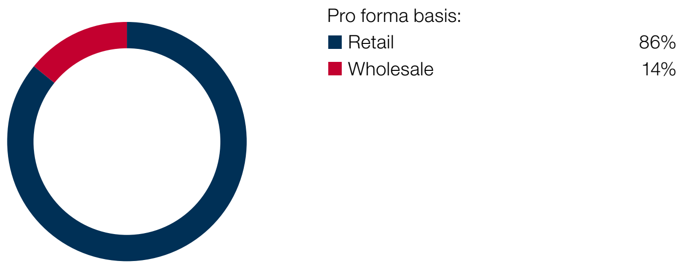


Atlas Mara Limited consolidated results reconciliation	Audited 31.12.14 $'m	Pro forma 31.12.14 $'m	Adjusted pro forma 31.12.14 $'m
Group reported loss after tax and minorities	**(63.1)**		
Acquisitions on a full year basis		(16.6)	
Balance sheet adjustments (on a net basis) – additional impairments, fair value adjustments		31.9	
Pro forma loss after tax and minority interests		**(47.8)**	
Adjusting for one-off items:			
IPO, non-recurring transaction expenses			18.1
Contractual termination payments, options			25.0
Swap close-outs			10.0
Foreign exchange translation loss			2.0
Adjusted pro forma profit, after tax and non-controlling interests			**7.2**

Income statement review

Net interest income

As reported:	$28.6 million
Pro forma:	$87.9 million



Net interest income reflects declining margins, particularly in selected countries, mainly due to higher costs of funding experienced in 2014. Liquidity pressures in some of the SSA countries in which the Group operates have resulted in subsidiaries sourcing the majority of their funding from interbank lines and more expensive wholesale lenders, leading to downwards pressure on margin income. The capping of interest rates and fees by local regulators have also changed the competitive landscape for banks in selected markets. Key remediating actions being taken across the Group include a focus on accessing cheaper sources of liabilities, specifically retail deposits, and longer tenor DFI loan facilities with improved pricing terms. Net interest income constitutes 49% of total income for the Group on both the reported and pro forma basis.

Operating expenses

As reported:	$129.9 million
Pro forma:	$228.9 million

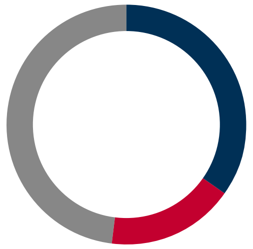
As with all start-up businesses, costs tend to precede earnings recognition. In Atlas Mara's case, there is a further timing mismatch with respect to recognising income from new acquisitions on a pro rata basis versus the full year of expenses incurred.

Included in 2014 total operating expenses are 13 months of Atlas Mara's corporate centre totalling $27.3 million. This amount includes $2.5 million of executive share rewards for the buy-out of senior hires' existing share awards, as well as a further $1.2 million of share options relating to the recruitment of experienced executive staff to deliver on the Atlas Mara strategy (i.e., a non-cash expenditure, fair valued in the income statement).

Total transaction and integration expenses of $25.0 million relate to the IPO, private placement and acquisitions of BancABC, ADC, BRD Commercial, as well as the UBN stake. While some level of transaction and integration expenses is expected in the future as Atlas Mara expands its footprint, it will not be to the extent incurred during 2014. If the further $14.5 million non-recurring fair value charge representing termination payments (contractual share options settlement agreements) entered into with the previous BancABC and ADC executive management is taken into account, total transaction-related expenditure for 2014 totalled $38.8 million. At the subsidiary level, the gross cash settlement agreements with the previous BancABC management team amounted to $7.8 million – again, a non-recurring expense that increased the normalised cost run rate for the Group during 2014.

Staff costs amounted to $43.6 million (including Executive Director's remuneration of $3.4 million), representing 33.6% of total expenditure for the Group on an as reported accounting basis and $80.0 million or 35.1% of total operating expenses on a pro forma basis.

Technology spend and related expenses were $5.3 million on an as reported basis and $11.3 million on a pro forma basis, and are expected to increase in the short term as future acquisitions are integrated into the Group. Additional investments in technology are also required to retain and attract customers and enhance back office systems.



Pro forma basis:	
Staff costs	$80 million
Transaction expenses	$39 million
Operating expenses	$110 million

Income from associates

As reported:	$20.7 million
Pro forma:	$36.0 million

Income from associates represents the equity accounting of the 30.2% stake in UBN estimated based on 30 September 2014 annualised published results. The impact of goodwill and associated intangibles as per IFRS 3: Business Combinations are also included in this line item. Given that, as of the date of the release of these results, UBN had not publicly disclosed its 2014 results, the annualised September 2014 UBN results accounts were used as a reference in computing the income attributable to Atlas Mara from this associate investment. Any changes following completion of the UBN financials for the 2014 full year are not expected to be material to our results. Upon accounting for UBN's results, the translation of Naira into US dollar for reporting purposes resulted in a foreign exchange loss which was accounted for directly against equity, namely a charge of approximately $13.3 million.

Credit impairments

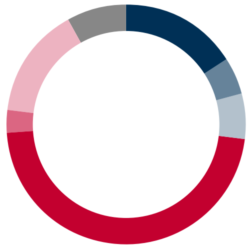
As reported:	$6.3 million
Pro forma:	$32.7 million

The reported credit impairment charge of $6.3 million largely reflects the expense for the fourth quarter of 2014 only, following the effective date of the BancABC acquisition. The quarterly charge is more reflective of an expected annual normalised credit impairment level. The increased impairments mostly relate to corporate clients and are reflective of the more challenging economic environment, particularly in Zimbabwe, where the majority of such impairments were reported. On a pro forma basis, the credit impairment charge would have been $32.7 million. The pro forma credit loss ratio of 2.64% is within expected medium-term targets and in line with similar peer banks in the countries of operation. Pro forma provision adequacy would stand at 32.4% (net of collateral and other security held against corporate loan assets), with total impairments as a percentage of gross loans and advances at 4.3%, broadly in line with industry averages and reflecting adequate provisioning for non-performing loan assets in the balance sheet.

The Group expects credit quality ratios to improve during 2015 as enhancements to the credit origination and monitoring processes are put in place and the arrears book reduced through ongoing recovery processes.

Balance sheet review

	As reported	Pro forma
Total assets:	$2,621 million	$2,637 million
Customer loans:	$1,236 million	$1,236 million
Total deposits:	$1,530 million	$1,530 million



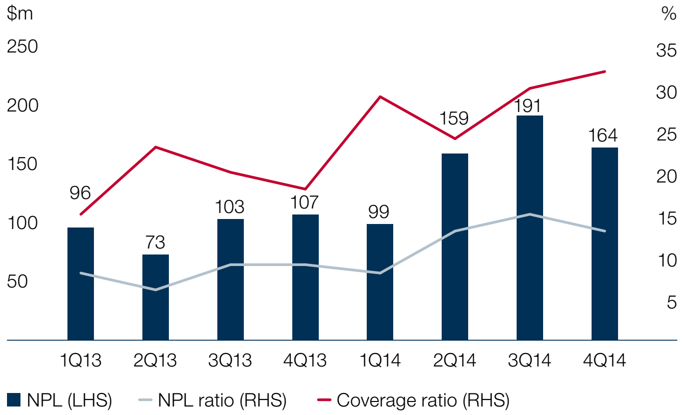
Pro forma basis:	
Cash	16%
Financial assets	5%
Goodwill and intangibles	6%
Loans and advances	47%
Fixed assets	3%
Investment in associates	15%
Other	8%

Customer loans and advances make up around 47% of the total asset base, with cash, short-term funds and marketable securities at 16%. Investments held in government securities constitutes 5% of the total asset base. The investment in associate (UBN) represents, in turn, 15% of the current asset base, and, post the business combinations concluded during the period under review, goodwill and intangible assets represents 6% of the Group's asset base. Property and fixed assets/other assets makes up the remaining 11%.

Credit quality

In management's view, the customer loan book is adequately provided for, as reflected in the pro forma provision adequacy ratio of 32.4% (net of collateral and further security held against the corporate credit book). Non-performing loans ("NPLs") as a percentage of the loan book of 13.4% is above-market, but in-line with management's expectation following the due diligence process undertaken and as communicated previously. The Group's pro forma credit loss ratio of 2.64% represents a somewhat more normalised level of impairments, with good headway being made in improving the credit monitoring, restructuring and recovery activities across the Group to continue lowering the cost of credit, while focusing on recovering NPLs, not written off.

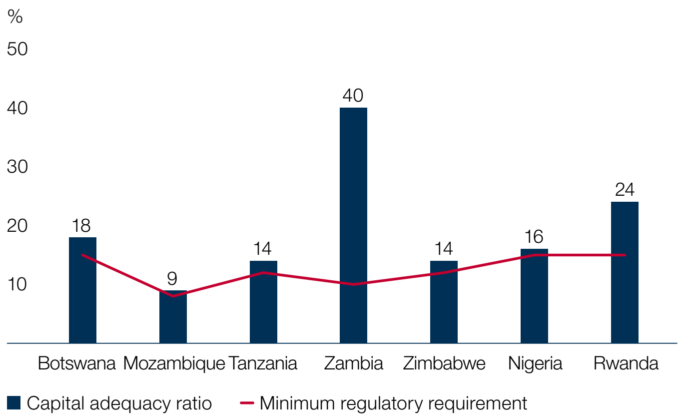
Asset quality



Capital position

Atlas Mara Limited is not a regulated entity itself at present. However, the operating banks in the countries of operation are regulated entities in their local markets. As at December year-end, all of these banking entities complied with local minimum capital requirements as depicted in the graph below.

Capital adequacy



Goodwill and intangibles

Post the acquisitions made during 2014, and in compliance with IFRS 3: Business Combinations, the balance sheet reflects a goodwill asset of $90.9 million and an intangible asset of $71.4 million. The intangible assets will be amortised over a 10-year useful life, in accordance with IFRS. Combined, these assets represents 6% of the Group's asset base, resulting in a tangible book value of $7.54 per share.

Investment in Associate: UBN

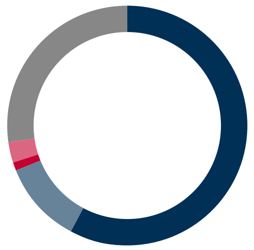
The investment in UBN is equity accounted for in the balance sheet as an Investment in Associate, with a closing balance of $375.1 million. The value of the equity accounted earnings is an estimate based on UBN's annualised results for the nine months ending 30 September 2014, pending the finalisation and approval of the UBN audited results by the Central Bank of Nigeria. Any differences between the final UBN financial results and the estimated position are not expected to constitute a material change to Atlas Mara's financial results.

Well-publicised macroeconomic headwinds and regulatory changes in Nigeria might put pressure on deposit raising activities for the bank, which in turn might lower expectations of asset growth. Access to lower cost deposits remains a priority for UBN to ensure that the costs of funds are at acceptable levels enabling improved margins.

The devaluation of the Naira against the US dollar further negatively impacted the capital position of the banking sector in Nigeria. Recently, the Central Bank of Nigeria has delayed the implementation of Basel II, which had been putting pressure on the Nigerian banking sector to raise additional capital to meet higher capital adequacy target ratios. The one-year extension will enable banks to better prepare for the increased capital requirements.

Liabilities

Deposits due to customers:	$1,530 million
Borrowed funds:	$300 million



Pro forma basis:	
Deposits	58%
Borrowed funds	11%
Taxation and deferred tax	1%
Other	3%
Equity	27%

Customer deposits comprise 79% of the liability base and 58% of liabilities and equity, with the loan to deposit ratio at 80% on average across both results sets.

Assets are being funded mainly through corporate depositors, government-backed institutions and interbank funding lines (82% of total deposit base). The lower-priced retail liability base of only 18% of total deposits reflects the basis for the increased focus on diversifying the funding mix so as to support healthier margins in the longer term. The drive to attract lower-cost retail liabilities is coupled with an emphasis on accessing lower-cost DFI funding, as well.

Segment information

The segmental results and balance sheet information are representative of Atlas Mara's management of its underlying operations – consistent with the Group's emphasis on alignment 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 going forward.

The seven countries of operation and investment have been divided as follows:

Southern Africa

- Botswana
- Mozambique
- Zambia
- Zimbabwe

Southern Africa includes the operations of BancABC, excluding Tanzania, i.e. Botswana, Mozambique, Zambia and Zimbabwe, as well as BancABC's holding company, ABC Holdings Limited, incorporated in Botswana, and various affiliated non-bank Group entities. Current economic conditions in Botswana and Zimbabwe, which represent the main revenue generating countries of BancABC, are experiencing liquidity pressures in their markets leading to higher costs of funds driven by reliance on expensive institutional and corporate investor deposits. Access to lower cost retail deposits is limited due to market competition. In this regard, the Southern African entities will benefit significantly from DFI funding going forward. The retail loan book in the Southern Africa markets consists mainly of high-yielding unsecured personal lending products through various payroll deduction schemes with government agencies and unions, a common practice in these markets. The corporate loan book consists of a sectorally diverse number of local and regional credits.

East Africa

- Rwanda
- Tanzania

East Africa consists of BRD Commercial and BancABC Tanzania. BRD Commercial, having been recently carved out of BRD, Rwanda's development bank, is in the process of ramping up its operations. BancABC Tanzania was recapitalised subsequent to the 2014 year-end and a new management team has been put in place to deliver the revised Tanzania business strategy to capitalise on the GDP growth forecast for Tanzania of 7%.

West Africa

- Nigeria

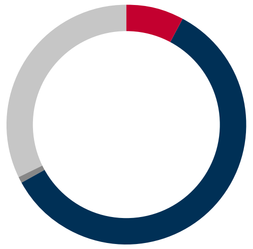
West Africa represents the investment made in UBN, adjusted for attributable equity earnings (annualised based on UBN's September 2014 published results). Atlas Mara remains a committed long-term investor in Nigeria as the largest economy in sub-Saharan Africa.

Corporate centre and other entities

Corporate includes Atlas Mara Limited, the BVI holding company, and all other intermediate holding entities. The legal entity structure will be reviewed during 2015 with the aim of simplifying the corporate layers acquired as part of the ADC acquisition, together with the objective to drive cost efficiencies.

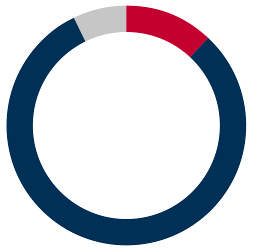
- British Virgin Islands (BVI)
- United Arab Emirates
- Germany
- Mauritius
- and others

Assets by geography



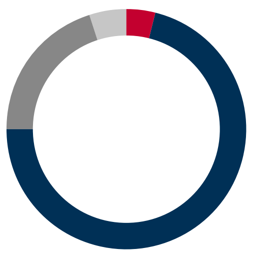
East Africa	$222.5 million (8%)
Southern Africa	$1,546.7 million (59%)
West Africa	$23.0 million (1%)
Corporate	$844.8 million (32%)

Liabilities by geography



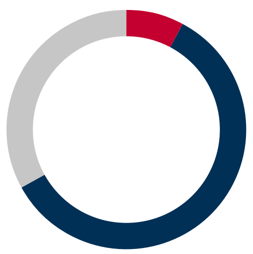
East Africa	$222.4 million (12%)
Southern Africa	$1,575.1 million (81%)
West Africa	–
Corporate	$141.5 million (7%)

Income by geography



East Africa	$8 million (4%)
Southern Africa	$130 million (71%)
West Africa	$36 million (20%)
Corporate	$10 million (5%)

Expenses by geography



East Africa	$17 million (8%)
Southern Africa	$136 million (59%)
West Africa	–
Corporate	$75 million (33%)

Segmental results are presented below (on a pro forma basis):

Atlas Mara Limited pro forma segmental financial statements	Pro forma 31.12.14 $'m	West 31.12.14 $'m	East 31.12.14 $'m	Southern 31.12.14 $'m	Corporate 31.12.14 $'m
Net interest income	87.9	–	3.2	96.6	(11.9)
Non-interest revenue	92.6	–	5.1	65.7	21.8
Total income	180.5	–	8.3	162.3	9.9
Impairments	(32.7)	–	(0.3)	(32.4)	–
Net income from associates	36.0	36.0	–	–	–
Total operating income	183.8	36.0	8.0	129.9	9.9
Operating expenses	(190.1)	–	(17.4)	(136.2)	(36.5)
Transaction and integration expenses	(38.8)	–	–	–	(38.8)
Profit/(loss) before taxation	(45.1)	36.0	(9.4)	(6.3)	(65.4)
Taxation	(3.3)	–	(1.1)	(2.0)	(0.2)
Profit/(loss) after taxation	(48.4)	36.0	(10.5)	(8.4)	(65.6)
Ordinary shareholders	(47.8)	36.0	(10.1)	(8.1)	(65.7)
Non-controlling interests	(0.6)	–	(0.4)	(0.3)	0.1
Assets	2 637.0	23.0	222.5	1 546.7	844.8
Cash and short-term funds	409.8	–	63.1	295.5	51.2
Trading and other financial assets	144.8	–	19.7	125.1	–
Derivative financial instruments	0.1	–	(0.7)	0.8	–
Loans and advances	1 236.5	–	135.5	1 101.0	–
Intangible assets and goodwill	162.3	–	(16.1)	(72.5)	250.9
Investment in associates	397.1	23.0	–	1.6	372.3
Other assets	286.6	–	20.9	95.3	170.3
Liabilities	1 939.0	–	222.4	1 575.1	141.5
Deposits	1 530.0	–	181.0	1 350.0	–
Borrowed funds	300.0	–	17.2	195.6	87.2
Disposal groups held-for-sale	1.3	–	–	–	1.3
Derivative liabilities	6.3	–	2.8	3.5	–
Other liabilities	100.4	–	21.5	25.9	53.9
Total equity	698.0	23.0	0.6	(18.4)	693.4
Performance measures					
Net interest margin	3.3	–	1.4	6.1	–
Net interest income as % of total income	48.7	–	38.9	59.5	–
Credit loss ratio	2.6	–	0.2	2.9	–
Loan to deposit ratio	80.8	–	74.9	81.6	–
Provision adequacy ratio	32.4	–	54.3	26.3	–
Impairments as % of gross loans and advances	4.3	–	13.1	3.1	–

Arina McDonald
Chief Financial Officer

Governance

Effective, transparent corporate governance is a core component of our culture.

Arnold Ekpe
Chairman

On 17 December 2013, Atlas Mara achieved an important milestone in its short history with its listing on the London Stock Exchange by way of an initial public offering. I would therefore like to welcome you to our first Corporate Governance Statement as a publicly-listed company.

Effective, transparent corporate governance is a core component of our culture. We recognise that it is absolutely critical to our business and that sound structures and processes will support our business objectives and benefit all of our stakeholders. We are seeking to achieve excellence in corporate governance as we view it as not just a "qualifier" but a "differentiator" and a hallmark for what Atlas Mara stands.

Since inception, we have stated our intention to voluntarily comply with the UK Corporate Governance Code (the "Code") issued by the Financial Reporting Council ("FRC") in September 2012 and continue to make progress in this respect such that we will voluntarily comply in the future. At the time of our initial public offering, I was appointed as Chairman, together with my fellow Non-Executive Directors, Rachel F. Robbins and Tonye Cole, alongside the Founders, Robert E. Diamond, Jr. and Ashish J. Thakkar, and a detailed Financial Policies and Procedures Memorandum was adopted codifying the roles and responsibilities of the Board.

Following our IPO, a comprehensive selection process was undertaken to identify our senior management team. We were delighted to have identified John Vitalo early in our process and he joined Atlas Mara as our CEO on 4 July 2014. In connection with our re-admission in August 2014 (following completion of our acquisitions of ADC and BancABC), we revised our Financial Position and Prospects Procedures Memorandum to incorporate the evolution of Atlas Mara from a special purpose acquisition company to an increasingly full-fledged operating company. At this time, we established selected Board Committees, including the Nomination Committee, Remuneration Committee, and Audit and Risk Committee, and approved their terms of reference (which are available on our website – http://atlasmara.com).

More recently, following an extensive review process during which we sought to recruit additional Board members with the breadth of African and/or financial services experience to assist in guiding Atlas Mara through the next phase of its development, we have been pleased that Funke Opeke, Amadou Raimi and Eduardo Mondlane, Jr. have joined the Board and its relevant committees.

Additionally, the recruitment of Arina McDonald as CFO, Beatrice Hamza Bassey as General Counsel and Tarek Rouchdy as Internal Auditor have further strengthened our ability to institute strong corporate governance procedures and processes.

We are committed to maintaining an active dialogue with our shareholders. Further details are set out on page 74. I would like to encourage our shareholders to attend our Annual General Meeting ("AGM"), which will be held on 12 May 2015 at 9:00am EST/2:00pm BST at 375 Park Avenue, 21st Floor, New York, New York, USA. It will provide an excellent opportunity to meet the Executive and Non-Executive Directors and other members of the Atlas Mara team.

Atlas Mara is committed to high standards of corporate governance. The Board and its committees have been conducting their duties thoroughly and with rigour. In particular, the Independent Non-Executive Directors have provided critical challenge and support since the Company's inception. Shareholders should note, though, that, as a very recently established and listed company, it has not been possible to comply with all of the provisions of the Code during this reporting period, had we voluntarily adopted the Code at this point, and a discussion of the areas of non-compliance is included on page 68. We will continue to address these points as a matter of priority.

Overall, I am pleased with the Board's activities to date and the progress that is being made in terms of compliance with the principles of the Code. We will continue to review developments in corporate governance and apply them, as appropriate, to Atlas Mara.

Arnold Ekpe
Chairman

Board of Directors

Combining the best of global institutional knowledge, with extensive local insights and experience.

Committee membership key:
A&R Audit and Risk Committee
N Nomination Committee
R Remuneration Committee

Full biographies can be found on pages 66 and 67

01. Arnold Ekpe
Chairman, Non-Executive Director
Age 61

African experience:

Date appointed to Board:
3 December 2013

Tenure on Board:
1 year 4 months

Committee memberships:
A&R, N, R

Independent:
Yes, independent on appointment

02. John F. Vitalo
CEO, Executive Director
Age 50

African experience:

Date appointed to Board:
21 August 2014

Tenure on Board:
8 months

Committee memberships:
n/a

Independent:
No

03. Robert E. Diamond, Jr.
Founder, Non-Executive Director
Age 63

African experience:

Date appointed to Board:
3 December 2013

Tenure on Board:
1 year 4 months

Committee memberships:
A&R, R

Independent:
No

04. Ashish J. Thakkar
Founder, Non-Executive Director
Age 33

African experience:

Date appointed to Board:
3 December 2013

Tenure on Board:
1 year 4 months

Committee memberships:
N

Independent:
No

05. Rachel F. Robbins
Senior Independent Non-Executive Director
Age 64

African experience:

Date appointed to Board:
3 December 2013

Tenure on Board:
1 year 4 months

Committee memberships:
A&R, N

Independent:
Yes

06. Tonye Cole
Independent Non-Executive Director, Chair of Nomination Committee
Age 38

African experience:

Date appointed to Board:
3 December 2013

Tenure on Board:
1 year 4 months

Committee memberships:
N, R

Independent:
Yes

07. Eduardo C. Mondlane, Jr.
Independent Non-Executive Director, Chair of Remuneration Committee
Age 57

African experience:

Date appointed to Board:
21 January 2015

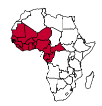
Tenure on Board:
3 months

Committee memberships:
A&R, R

Independent:
Yes

08. Funke Opeke
Independent Non-Executive Director
Age 54

African experience:



Date appointed to Board:
21 January 2015

Tenure on Board:
3 months

Committee memberships:
N, R

Independent:
Yes

09. Amadou Raimi
Independent Non-Executive Director, Chair of Audit Committee
Age 66

African experience:

Date appointed to Board:
21 January 2015

Tenure on Board:
3 months

Committee memberships:
A&R, R

Independent:
Yes

01. Arnold Ekpe
Chairman, Non-Executive Director

Relevant skills and experience:
- 30 years of African and international banking experience, including over 12 years of CEO experience with pan African banks.
- Well versed in M&A, financing and capital structure management.
- Broad financial technology and support systems experience including at Cellular Systems International (trading as Wari).

External appointments:
- Non-Executive Directorships at the Nigeria Sovereign Investment Authority where he is Chairman of the Risk Committee, Cellular Systems International where he is Chairman, Africa Strategic Impact Fund where he is Chairman, Dangote Flour Mills plc and Multiverse Plc.

Past roles:
- Group CEO, Ecobank Transnational Incorporated.
- CEO, United Bank for Africa.
- Partner, Africa Capital Alliance.
- Vice President and Head of Corporate and Structured Trade, Citibank.
- Non-Executive Director, UAC Nigeria plc, ADC Africa Development Corporation, Dorman Long Engineering and Virgin Nigeria Airways.

There have been no significant changes to the Chairman's commitments since the IPO.

02. John F. Vitalo
CEO, Executive Director

Relevant skills and experience:
- Extensive African and international banking experience at leading global financial institutions.
- Over 20 years of international banking experience including M&A, structured finance and markets.
- Extensive emerging markets banking experience.
- Deep risk management knowledge and experience.

External appointments:
- Not applicable

Past roles:
- CEO, Barclays Middle East & North Africa.
- CEO, ABSA Capital (Barclays Africa).
- COO of Global Markets and COO of Emerging Markets for Barclays Capital.
- Director of e-commerce for Emerging Markets, Proprietary Trader for the Emerging Markets Group, Global Head of the Emerging Markets Structured Financing & Repo business and Head of the Emerging Markets Fixed Income Arbitrage Desk at Credit Suisse First Boston.

03. Robert E. Diamond, Jr.
Founder, Non-Executive Director

Relevant skills and experience:
- Founder and Chief Executive Officer ("CEO") of Atlas Merchant Capital and founder of Atlas Mara.
- Over 30 years of global banking experience.
- Extensive knowledge of banking regulatory frameworks and relationships with regulators in US, UK, Europe, Asia and Africa.
- Deep experience growing and integrating banks in Africa.
- Extensive risk management expertise.

External appointments:
- Founder and CEO Atlas Merchant Capital LLC.
- Diamond Family Foundation and Mayor's Fund for London (Trustee).
- Chairman, Board of Trustees of Colby College.

Past roles:
- Chief Executive Officer of Barclays.
- President of Barclays and Chief Executive of Corporate & Investment Banking and Wealth Management.
- Executive Directorships at Barclays Plc and Barclays Capital, Barclays Global Investors.

04. Ashish J. Thakkar
Founder, Non-Executive Director

Relevant skills and experience:
- Founder of Mara Group, Mara Foundation and Atlas Mara.
- 18 years of experience in Africa across multiple sectors, including IT services, real estate, manufacturing, agriculture, and finance.
- Extensive local knowledge of African business and geopolitical landscapes.
- Advisor to certain African Heads of State; broad and significant relationships with African governments and leading executives.

External appointments:
- Young Global Leader, World Economic Forum, sits on the World Economic Forum's Global Agenda Council on Africa.
- Appointed to Dell's Global Advisory Board, part of the Dell Center for Entrepreneurs.
- Non-Executive Directorships at Mara Investment Partners Limited; MIC Investment Management Limited; Mara Investment Corporation SPC Limited; MG Investment Assets Limited; Mara Partners (Cayman) Limited; Mara Partners FS Limited; Raps Middle East LLC; Mara JS Investment Holdings Limited; Mara JS Ethanol Holdings Limited; Mara JS Ethanol East Africa Limited; Mara JS Sugar Holdings Limited; Mara JS Sugar West Africa Limited.

Past roles:
- Directorships at Azure Holdings Limited, Mara Africa Special Opportunities SPC Limited, Mara Agriculture Holdings Limited, Mara Agriculture EA Holdings Limited, Mara Capital Partners Limited, Mara Financial Institution Holdings Limited, Mara Ison Technologies Holdings Limited, MF Holdings Group Limited, MF Ventures Holdings Limited, Riley Packaging Limited, Red Line International Inc.

05. Rachel F. Robbins
Senior Independent Non-Executive Director

Relevant skills and experience:
- Three decades of global financial services institution experience as general counsel at the NYSE and JP Morgan and economic development experience at the International Finance Corporation (IFC).
- Extensive experience in corporate governance and compliance.
- Well versed in international banking and emerging markets, including sub-Saharan Africa.

External appointments:
- Non-Executive Directorships at FINCA Microfinance Holdings LLC and New York University School of Law.
- Member of the Council on Foreign Relations.

Past roles:
- Vice President and General Counsel of the IFC.
- Executive Vice President, General Counsel, and Secretary of the New York Stock Exchange and NYSE Euronext.
- Managing Director, General Counsel and Secretary, JP Morgan & Co.
- Managing Director and General Counsel, Citigroup International.

06. Tonye Cole
Independent Non-Executive Director, Chair of Nomination Committee

Relevant skills and experience:
- Co-founder and Group Executive Director of Sahara Group.
- Extensive management experience across Africa.
- Deep knowledge base of commodities sector, especially energy.
- Broad relationships with key stakeholders across Africa.

External appointments:
- Non-Executive Directorships at Eco Aviation Fuel Support Services Limited, Enageed Resource Ltd, Energy Resource Upstream Ventures Ltd, Jet Fuel Supplies And Logistics, Kepco Energy Resource Ltd, Logistics & Petroleum Storage Services Ltd, Mangrove Petroleum Supplies & Logistics, New Electricity Distribution Company Ltd, Petroleum Warehousing & Supplies Ltd, Sahara Bulk Storage Facilities Ltd, Sahara Charitable Foundation, Sahara Energy 284 Ltd, Sahara Energy Exploration & Production Ltd, Sahara Energy Field Ltd, Sahara Energy Resource (Nig.) Ltd, Sahara Gas Line Ltd, Sahara Group Ltd, Sahara Power Resource Ltd, Sahara Trade Nigeria Ltd, Sahara Trade West Africa Ltd, Sahara Upstream 274 Ltd, Self Exploration & Production Company Ltd, Sempra Sahara Liquefied Natural Gas Ltd, So Aviation Fuel Limited, So Energy Ltd, Att Aviation Limited, Energy Resource Limited, Hankuk Plant Service Company Limited, Ng Power – Hps Ltd, Olympia Hotel Management Company Limited, Petroleum Warehousing & Supplies Ltd, Sahara Energy Africa, Sahara Energy Field Ghana Limited, Sahara Energy, Field Holding UK Limited, Sahara Energy Fields Ltd, Sahara Energy Resource Ltd, Sahara Energy Resources DMCC, Sahara Gas Ltd, Sahara International Pte. Limited, So Energy Ltd, White Pearl Oil & Gas Ltd, Sahara International, Rheinoel Limited, Servant Leaders Foundation, Digital Jewels Ltd, Nehemiah Youth Empowerment Initiative, VolunteerCorps Ltd, Excel Charity Foundation, 234 Give Nigeria, Enactus Nigeria, Egbin Power Plc, Ikeja Electricity Distribution Company.

Past roles:
- Not applicable

07. Eduardo C. Mondlane, Jr.
Independent Non-Executive Director, Chair of Remuneration Committee

Relevant skills and experience:
- 30 years of commercial experience in southern Africa across numerous sectors, including energy, infrastructure, aerospace and banking.
- Significant experience serving in governance roles in financial services in the southern Africa region.
- Exceptionally well-developed knowledge base of operating in Lusophone Africa.

External appointments:
- Non-Executive Directorships at Signature, Project Materials Moçambique, Logistique Lda, I.M. Trading/MCM Investimentos, Mincor Mozambique Lda, Signature Grupo Imboliara Lda/Signature Property Group Lda, Ilha Quilalea Lda, Tutudesk Company.
- Senior strategic advisor to Anadarko Petroleum Corporation in Mozambique.

Past roles:
- Non-Executive Directorships at ABSA Group and ABSA Bank Limited (Barclays Africa Group), ABSA Financial Services, Barclays Bank Mozambique and Banco Commercial Angolano SA.
- Non-Executive Directorships at Ninham Shand Moçambique Lda, Pick n Pay Supermarket Group (Mozambique) and Sabacor UK Limited.
- Strategic advisor to Boeing, Siemens, Sinohydro and Essar Global.

08. Funke Opeke
Independent Non-Executive Director

Relevant skills and experience:
- Founder and CEO of Main One Cable Company.
- Extensive experience in technology and telecommunications in sub-Saharan Africa.
- Broad relationships with key stakeholders across West Africa.

External appointments:
- Non-Executive Directorships at Main One Cable Company, Main Street Technologies, Main One Service Company, MainData, Main One Cable Company Ghana, Main One Cable Company Nigeria, Main One Cable Company Portugal.

Past roles:
- Chief Operating Officer, Nitel in Nigeria.
- Chief Technology Officer, MTN Nigeria.
- Executive Director, Verizon Communications New York.

09. Amadou Raimi
Independent Non-Executive Director, Chair of Audit Committee

Relevant skills and experience:
- President of Croissance sud Conseils.
- Over 35 years of international accounting, audit and risk management experience across multiple sectors and regions including financial services and Africa respectively.
- Relationships with key stakeholders in Francophone Africa.

External appointments:
- Non-Executive Directorships at Citizen Capital, IMS – Entreprendre Pour Member La Cité, I&P Development (IPDEV) and BGFI Benin.

Past roles:
- Vice Chairman of the global Deloitte Board.
- Chairman of Deloitte France.
- Various senior management roles at Deloitte France.

Introduction
Atlas Mara is a British Virgin Islands registered company with a standard listing on the London Stock Exchange. Whilst the Company is not required to comply or explain non-compliance with the Code for as long as it has a standard listing, the Company is firmly committed to high standards of corporate governance and maintaining a sound framework through which the strategy and objectives of the Company are set and the means of attaining these objectives and monitoring performance are determined. The Company complies with the corporate governance regime applicable to the Company pursuant to the laws of the British Virgin Islands.

The Directors may in due course decide to seek to transfer from a standard listing to either a premium listing or other appropriate listing venue, based on a three-year historical financial track record, and subject to fulfilling the relevant eligibility criteria at the time. The ability to qualify for a premium listing will depend on, among other things, the successful execution of the Company's current strategy, which includes potential follow-on acquisitions. Prior to seeking a premium listing, the Directors will ensure that the Company has adequate controls and procedures in place in relation to the enlarged Group, so that the Company will be fully compliant with the eligibility criteria for a premium listing.

Compliance
As referenced in the Chairman's letter above, the Board is committed to managing Atlas Mara's operations in accordance with its intention to adopt the Code on a voluntary basis. A full version of the Code can be found on the FRC's website http://www.frc.org.uk. In the period between incorporation and the end of the financial year, the Company was in compliance with the Code, had it been voluntarily adopted, with the exception of the following, although certain of these instances of non-compliance have subsequently been rectified:

– Given the wholly non-executive composition of the Board on IPO, certain provisions of the Code (in particular the provisions relating to the division of responsibilities between the Chairman and chief executive), were considered by the Board to be inapplicable to the Company. In addition, the Company did not comply with the requirement to have a Senior Independent Director. Following the appointment of John F. Vitalo in July 2014, the division of responsibilities was established with the Chairman being responsible for the leadership and effectiveness of the Board and the CEO being responsible for leading the day-to-day management of the Company. Rachel F. Robbins was also appointed as the Senior Independent Director of the Company in August 2014.
– The Code also recommends the submission of all Directors for re-election at annual intervals. No Director was required to submit for re-election until the first Annual General Meeting of the Company following the acquisition of BancABC. Each Director is therefore submitting themselves for re-election at the Company's first AGM in May 2015 and will continue to do so at annual intervals going forward.
– Prior to the acquisition of BancABC, the Company did not have Audit and Risk, Nomination or Remuneration Committees. Instead, the Board, as a whole, reviewed its size, structure and composition, the scale and structure of the Directors' fees (taking into account the interests of shareholders and the performance of the Company), took responsibility for the appointment of auditors and payment of their fees, monitored and reviewed the integrity of the Company's financial statements and took responsibility for any formal announcements on the Company's financial performance. On completion of the acquisition of BancABC in August 2014, the Company established three committees to aid its effectiveness: Audit and Risk, Remuneration and Nomination. The membership of the Audit and Risk Committee and the Remuneration Committee have not been in compliance with the Code throughout the period under review. Further details of the membership of these committees is set out below.
– The Code recommends that at least half the Board, excluding the Chairman, should comprise Non-Executive Directors determined by the Board to be independent. On the appointment of John F. Vitalo, the Company was not in compliance with this recommendation. Following the appointment of three new Independent Non-Executive Directors in February 2015 the Company is now in compliance with this requirement.
– The Code recommends that the Audit Committee should comprise at least three Independent Non-Executive Directors. At inception, the Audit and Risk Committee comprised two Independent Non-Executive Directors, Rachel F. Robbins and Tonye Cole, and, on an interim basis, our Chairman, Arnold Ekpe, who also chaired the Committee. In December 2014, Robert E. Diamond, Jr. was also appointed to the Committee and following the appointment of the three new Independent Non-Executive Directors in January 2015, the membership of the Committee was further reviewed and amended such that it is now chaired by Amadou Raimi with each of Arnold Ekpe, Rachel F. Robbins, Eduardo C. Mondlane, Jr. and Robert E. Diamond, Jr. as members. Although the Committee is formed with a majority of Independent Non-Executive Directors, the membership of the Committee is not in full compliance with the Code as Robert E. Diamond, Jr. is not considered to be independent for the purposes of the Code. However, the Board determined that the expertise and experience that he could bring to bear offset the issue of non-compliance.
– The Code recommends that the Remuneration Committee should comprise at least three Independent Non-Executive Directors and that the Chairman may also be a member of the Committee if he was considered independent on appointment as Chairman. The Remuneration Committee initially comprised two Independent Non-Executive Directors and the Chairman, who was considered by the Board to be independent upon his appointment as Chairman. The Committee was initially chaired by Tonye Cole. In December 2014, Robert E. Diamond, Jr. was also appointed to the Committee and following the appointment of the three new Independent Non-Executive Directors in January 2015 the membership of the Committee was further reviewed and amended such that it is now chaired by Eduardo C. Mondlane, Jr. with each of Arnold Ekpe, Amadou Raimi, Funke Opeke, Tonye Cole and Robert E. Diamond, Jr. as members. As with the Audit and Risk Committee, although the Committee is formed with a majority of Independent Non-Executive Directors, the membership of the Committee is not in full compliance with the Code as Robert E. Diamond, Jr. is not considered to be independent for the purposes of the Code, however, the Board determined that the expertise and experience that he could bring to bear offset the issue of non-compliance.

The Board has also voluntarily adopted a share dealing code which incorporates the Model Code for Directors' dealings contained in the Listing Rules of the UK Listing Authority. The Board is responsible for taking all proper and reasonable steps to ensure compliance with the Model Code by the Directors.

Application of the Main Principles of the Code
Set out below is the Board's assessment of the Company's application of the Main Principles of the Code:

Section of the Code	Atlas Mara construct
A. Leadership	
A1. The role of the Board	The Company is headed by the Board, which is responsible for the success of the Company and provides a framework of oversight and control within which the executive management of the Company operates. This relationship is supportive, cooperative and open.
A2. Division of responsibilities	The Chairman is responsible for the leadership and effectiveness of the Board. The Chief Executive is responsible for leading the day-to-day management of the Company.
A3. The Chairman	The Chairman sets the agendas for meetings, manages the meeting timetable (in conjunction with the company secretary) and facilitates open and constructive dialogue during the meetings.
A4. Non-Executive Directors	The Chairman promotes an open and constructive environment in the boardroom and actively invites the Non-Executive Directors' views. The Non-Executive Directors provide objective, rigorous and constructive challenge to management and meet in the absence of the Executive Directors. Rachel F. Robbins is the Company's Senior Independent Director.
B. Effectiveness	
B1. The composition of the Board	The Nomination Committee is responsible for regularly reviewing the composition of the Board. In making appointments to the Board, the Nomination Committee considers the wide range of skills, knowledge and experience required in order to maintain an effective Board.
B2. Appointments to the Board	The appointment of new Directors to the Board is led by the Nomination Committee. Further details of the activities of the Nomination Committee can be found on page 74.
B3. Commitment	On appointment, Directors are notified of the time commitment expected from them. External directorships, which may impact on the existing time commitments of the Executive Directors, must be agreed with the Chairman.

Section of the Code	Atlas Mara construct
B4. Development	All Directors receive an induction on joining the Board and, going forward, as part of the annual effectiveness evaluation, the training and development needs of each Director will be assessed.
B5. Information and support	The Chairman, in conjunction with the Company Secretary, ensures that all Board members receive accurate and timely information.
B6. Evaluation	The Board will conduct a formal and rigorous annual evaluation of its own performance and that of its Committees and individual Directors after a full year of operation.
B7. Re-election of the Directors	All Directors are subject to shareholder annual re-election. This will be the case at the 2015 Annual General Meeting.
C. Accountability	
C1. Financial and business reporting	Pages 33 to 59 (inclusive) provide information about the performance of Atlas Mara, the business model, strategy and the risks and uncertainties relating to Atlas Mara's future prospects.
C2. Risk management and internal control	The Board sets out Atlas Mara's risk appetite and annually reviews the effectiveness of Atlas Mara's risk management and internal control systems. The activities of the Audit and Risk Committee, which assists the Board with its responsibilities in relation to the management of risk, are summarised on pages 75 and 76.
C3. Audit Committee and Auditors	The Board has delegated a number of responsibilities to the Audit and Risk Committee, which is responsible for overseeing Atlas Mara's financial reporting processes, internal controls and the work undertaken by the external auditor. The chairman of the Audit and Risk Committee provides regular updates to the Board.

Section of the Code	Atlas Mara construct
D. Remuneration	
D1. Levels and elements of remuneration	The Remuneration Committee sets levels of remuneration appropriately so as to attract, retain and motivate the Board and management, but also structures remuneration so as to link it to both corporate and individual performance, thereby aligning management's interests with those of shareholders.
D2. Development of remuneration policy and packages	Details of the work of the Remuneration Committee and the approach to setting the remuneration policy can be found in the Directors' Remuneration Report on pages 77 to 85 (inclusive).
E. Relations with shareholders	
E1. Shareholder engagement and dialogue	The Board will take an active role in engaging with shareholders. The Board particularly values opportunities to meet with shareholders and the Chairman will ensure that the Board is kept informed of shareholder views. Our plan is to ensure that the Senior Independent Director and other Non-Executive Directors have a dialogue with shareholders in the future.
E2. Constructive use of the Annual General Meeting	The AGM provides the Board with an important opportunity to meet with shareholders.

Leadership

Overview of governance structure

Overview

Atlas Mara is controlled by its Board of Directors on behalf of the Company's shareholders. The Board provides leadership of the Company within a framework of prudent and effective controls, which enables risks to be assessed and managed. The Board is collectively responsible for the long-term success of the Company and delivery of sustainable value to shareholders. The Board has delegated certain responsibilities to Board Committees to assist it with discharging its duties. Additionally, the implementation of matters approved by the Board and oversight of the day-to-day operations of the Company is delegated to the Chief Executive Officer ("CEO"), together with the Executive Committee ("ExCo"), which consists of senior management selected by the CEO with counsel from the Board.

Role of the Board

Specifically, the Board's role consists of the following:

- reviews the strategy and risk appetite for the Company;
- approves capital and operating plans presented by management for the achievement of the strategic objectives it has set;
- selects and evaluates the CEO; the Board also approves selected senior hires;
- approves the remuneration of the CEO, ExCo members, as well as remuneration of the Board;
- is responsible for being prepared to respond in the event of a crisis;
- oversees the corporate governance activities of the Company;
- reviews compliance with the Code and any other corporate governance code the Board considers appropriate from time to time and the disclosures on corporate governance made in the Annual Report and Accounts; and
- reviews annually the Board's terms of reference and its own effectiveness.

The Board is also responsible for ensuring compliance with the general secretarial functions required under the BVI Companies Act and for compliance with the Company's continuing obligations as a company listed on the Official List and trading on the main market of the London Stock Exchange. The Board and the Company appointed International Administration Group (Guernsey) Limited (the "Administrator") to provide company secretarial and other administrative services. The Administrator provides such corporate secretarial and administration services to listed and unlisted companies and other structures under licences from the Guernsey Financial Services Commission in accordance with The Protection of Investors (Bailiwick of Guernsey) Law, 1987 and The Regulation of Fiduciaries, Administration Businesses and Company Directors, etc. (Bailiwick of Guernsey) Law, 2000. The Company expects to engage the Administrator until it has established a more mature finance infrastructure. To the extent the Board determines necessary, the Company may use the services of other third party service providers in respect of certain support and operating services.

Matters reserved for the Board

The Board maintains and periodically reviews a formal schedule of matters that are reserved to, and can only be approved by, the Board. The full schedule is available on the Atlas Mara website at http://atlasmara.com.

This schedule covers areas including, inter alia, the overall direction and approval of the Group's strategy; changes relating to the Group's capital or corporate structures; major investments, acquisitions and divestments; risk appetite and oversight of risk and internal control; approval of contracts, loans, repayments, borrowings, acquisitions and disposals greater than the thresholds established in the Company's related Schedule of Authorisations; authorising conflicts of interest where permitted by the Company's Articles of Association.

The matters that have not been expressly reserved to the Board are delegated by the Board to its Committees, as set out in their terms of reference, or to the CEO. The CEO is responsible to the Board for the management, development and performance of Atlas Mara and those matters for which he has been delegated authority from the Board.

Composition of the Board

At the time of the IPO, the Board consisted of five members, the two Founders and three Non-Executive Directors. In July 2014, John F. Vitalo, CEO, joined the Company and joined the Board as an Executive Director in August 2014. In January 2015, the Board was further expanded by three members. As at the date of this Annual Report, the Board is comprised of nine members: the Chairman, one Executive Director (the CEO), the two Founders, and five Independent Non-Executive Directors.

Director	Position	Date of appointment
Arnold Ekpe	Chairman Non-Executive Director	3 December 2013
John F. Vitalo	CEO Executive Director	21 August 2014
Robert E. Diamond, Jr.	Founder Non-Executive Director	3 December 2013
Ashish J. Thakkar	Founder Non-Executive Director	3 December 2013
Rachel F. Robbins	Senior Independent Director Independent Non-Executive Director	21 August 2014 3 December 2013
Tonye Cole	Independent Non-Executive Director	3 December 2013
Eduardo C. Mondlane, Jr.	Independent Non-Executive Director	21 January 2015
Funke Opeke	Independent Non-Executive Director	21 January 2015
Amadou Raimi	Independent Non-Executive Director	21 January 2015

Meetings of the Board

The Board intends to schedule at least 4 meetings each year and meets as often as necessary in order to fulfil its role. The Directors are required to allocate sufficient time to the Company to perform their responsibilities effectively which includes adequate time to prepare for Board meetings. Board and Board committee meetings are conducted in accordance with the articles of association of the Company. Directors are encouraged to attend all regular quarterly Board meetings in person where possible.

In addition to the quarterly Board information packs, in order to remain abreast of the development of the Company, the Board is provided with monthly reports incorporating summary financial information, various key performance indicators, risk management related information prepared by the Chief Financial Officer ("CFO") and updates on initiatives and issues, as agreed and prepared by the ExCo. The ExCo makes available ad hoc information at the Board's request in a timely manner.

In the event that directors are unable to attend meetings due to conflicts in their schedule, they receive papers in the normal manner and have the opportunity to relay their comments in advance of the meeting, as well as follow up with the Chairman if necessary. The same process applies in respect of the various Board committees.

Between incorporation and the end of the financial year, the Board met 18 times. The table on page 72 sets out the attendance by Directors at Board meetings during that period.

Committees of the Board

The Board has delegated authority to its Committees to undertake various tasks on its behalf and to ensure compliance with regulatory requirements. This enables the Board to operate efficiently. A summary of the terms of reference for each Committee is set out below. The full terms of reference are available on our website http://atlasmara.com.

Committee	Role and terms of reference	Membership required under terms of reference	Minimum meetings per year	Committee Report on pages
Audit and Risk	Reviews and reports to the Board on the Group's financial reporting, internal controls and risk management systems, the Company's compliance with legal and regulatory requirements, internal audit and the independence and effectiveness of the external auditors.	A minimum of three members. All members of the Committee shall be Non-Executive Directors and at least two Independents. The Chairman of the Board may be a member of the Committee, provided he or she was independent on appointment as Chairman. The Chairman of the Board shall not chair the Committee.	At least four times a year at appropriate intervals in the financial reporting and audit cycle and otherwise as required.	75 and 76
Remuneration	Advises the Board on developing an overall remuneration policy that is aligned with the business strategy and objectives, risk appetite, values and long-term interests of the Company, recognising the interests of all stakeholders.	A minimum of three members and at least two of such members shall be Independent Non-Executive Directors.	At least twice per year.	77 to 85
Nomination	Leads the process for Board appointments and ensures that the Board and its Committees have an appropriate balance of skills, experience, availability, independence and knowledge of the Company to enable them to discharge their responsibilities effectively.	At least three members, the majority of whom shall be Independent Non-Executive Directors.	At least twice per year.	74

Board and Committee meetings

The attendance of Directors at Board and Committee meetings of which they were members since December 2013 until the end of the financial year is set out below:

	Board	Audit and Risk	Remuneration	Nomination
Arnold Ekpe	15 (18)	2 (2)	2 (2)	1 (1)
Robert E. Diamond, Jr.[1]	17 (18)	0 (0)	0 (0)	n/a
Ashish J. Thakkar[1]	16 (18)	n/a	n/a	0 (0)
Rachel F. Robbins	18 (18)	2 (2)	2 (2)	1 (1)
Tonye Cole	15 (18)	2 (2)	2 (2)	1 (1)
John F. Vitalo[2]	9 (10)	n/a	n/a	n/a

1. Robert E. Diamond, Jr. joined the Audit and Risk Committee and Remuneration Committee and Ashish J. Thakkar joined the Nomination Committee subsequent to meetings having been held.
2. John F. Vitalo was appointed to the Board on 21 August 2014.

Effectiveness

Independence

The Board considers each of the Independent Non-Executive Directors and the Chairman (on appointment, as recommended by the Code) to be independent in character and judgement and free from relationships or circumstances which are likely to affect or could appear to affect, their judgement. When determining the independence of Arnold Ekpe, Rachel F. Robbins and Tonye Cole, the Board had regard to their letters of appointment and option deeds, which were entered into at the time of the IPO, and the Board believes that the number of ordinary shares that each Independent Non-Executive Director elected to subscribe for pursuant to their letters of appointment and may obtain pursuant to their option deeds is not sufficient to have an impact on their independence. Mr. Diamond and Mr. Thakkar are affiliates of AFS Partners LLC and Mara Partners FS Limited (the "Founding Entities") that hold the Founder Preferred Shares issued by the Company and are therefore not considered to be independent Directors.

As the Board consists of the Chairman, one Executive Director, five Independent Non-Executive Directors and two Non-Executive Directors who are not considered independent by virtue of their role in founding the Company, the Board complies with the recommendation of the Code that at least half of the Directors, excluding the Chairman, are Independent Non-Executive Directors.

Board evaluation and effectiveness

An annual Board assessment process with external facilitation will be undertaken to measure the Board's effectiveness and demonstrated commitment to their roles. All Board members will be interviewed in confidence. No evaluation has been undertaken yet as the Board and its Committees have not completed a 12-month cycle of activity.

Director election

The Code recommends that all Directors should be submitted for re-election at regular intervals, subject to continued satisfactory performance. All Directors will be submitting themselves for re-election at our first Annual General Meeting in May 2015.

Accountability

Risk management

The Board recognises its responsibility with respect to risk management with a particular focus on determining the nature and extent of significant risks it is willing to take in achieving its strategic objectives – our risk appetite. The Audit and Risk Committee takes responsibility for overseeing the effectiveness of sound risk management. The Board is very clear that risks and uncertainties are a necessary facet of the businesses in which we operate. Within this context, the Board trusts and empowers the Company's management and employees to manage risks, providing a framework designed to provide reasonable, but not absolute, assurance that our resources are safeguarded and that the risks and uncertainties facing the business are being properly assessed, managed and mitigated. Given Atlas Mara's nascency, the development of complete and appropriate risk management frameworks across the growing Group continues to evolve.

Internal controls

The Board acknowledges its responsibility for establishing and maintaining the Group's system of internal controls. The Board receives regular reports from management identifying, evaluating and managing the risks within the business. The system of internal controls is designed to manage, as opposed to eliminate, the risk of failure to achieve business objectives and can provide only reasonable and not absolute assurance against material losses or misstatements. The Audit and Risk Committee reviews the system of internal controls by way of reports from management, as well as internal and external auditors.

Given the Company's limited period of existence, management continues to refine the Company's internal controls frameworks and is focused on ensuring that they are embedded across the Company's operations. Management is similarly focused on continual improvement and ensuring the resolution of issues that are brought to the attention of management and the Board.

The Board and the Audit and Risk Committee have carried out a review of the effectiveness of the system of internal controls during the 13 months ended 31 December 2014 and for the period up to the date of approval of the consolidated financial statements contained in the Annual Report. The review covered all material controls, including financial, operational, and compliance controls, and risk management systems. The Board confirms that the actions it considers necessary have been, or are being, taken to remedy any significant failings or weaknesses identified from its review of the system of internal control. This has involved considering the matters reported to it and developing plans and programmes that it considers are reasonable in the circumstances. The Board also confirms that it has not been advised of material weaknesses in the part of the internal control system that relates to financial reporting.

Relations with shareholders

Atlas Mara recognises the importance of communicating with its shareholders to ensure that its strategy, business model and performance are understood and that it remains accountable to shareholders. Responsibility for maintaining regular communications with shareholders rests with the Chief Executive Officer (CEO), the Chief Financial Officer (CFO) and other members of the Executive Committee, as appropriate.

The Company sets itself the target of providing information that is timely, clear and concise. We have a programme of communication with shareholders based on our financial reporting calendar, including the interim and annual reports, AGM and the Investor Relations section of the corporate website at http://atlasmara.com.

Investor activity during the last financial year included:
– telephone briefings for analysts and investors in conjunction with key financial announcements;
– attendance at various investment bank-sponsored institutional investor conferences;
– investor "roadshows" held in the UK and the US; and
– briefings and ad hoc meetings on request, where calendar and regulatory requirements allow.

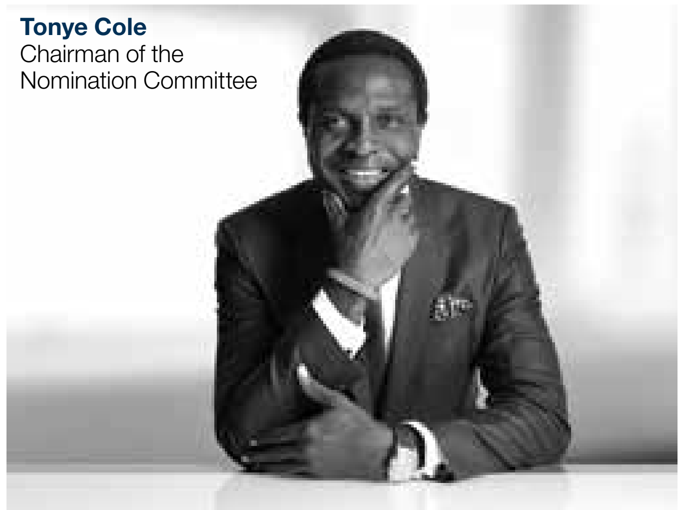
Going forward, the Company intends to enhance its shareholder communications programme by:
– launching an enhanced website with increased functionality related to investor relations; and
– organising "investor days" in order to provide an opportunity to visit Atlas Mara's operations on-the-ground and interact more extensively with senior management.

The Board as a whole is informed on a regular basis about the views of key shareholders, including their concerns, through regular briefings by the CEO and selected members of the ExCo. Our Senior Independent Director, Rachel F. Robbins, is available to meet key investors if they have concerns that cannot be raised through normal channels.

Going forward, Non-Executive Directors will be offered the opportunity to attend scheduled meetings with major shareholders and are expected to attend meetings if requested by major shareholders. Additionally, the Senior Independent Director will attend sufficient meetings with a range of major shareholders to listen to their views in order to help develop a balanced understanding of their issues and concerns.

Nomination Committee Report

Tonye Cole
Chairman of the
Nomination Committee



I am pleased to introduce the report of the Nomination Committee for 2014.

Membership of the Nomination Committee

The Committee was formed on 13 August 2014. At inception, the members of the Committee were myself, Tonye Cole (Chairman), Arnold Ekpe and Rachel F. Robbins. On 8 December 2014, Ashish J. Thakkar joined the Committee and, with the expansion of the Board of Directors, the Committee was further reconfigured in January 2015 and now consists of myself, Tonye Cole, serving as Chairman, Arnold Ekpe, Funke Opeke, Rachel F. Robbins and Ashish J. Thakkar. By invitation, the meetings of the Nomination Committee may be attended by the Chief Executive Officer, Chief Financial Officer and other members of the Executive Committee, as deemed appropriate.

Role of the Nomination Committee

The Committee is delegated the responsibility to lead the process for Board appointments and to ensure that the Board and its committees have an appropriate balance of skills, experience, availability, independence and knowledge of the Company to enable them to discharge their respective responsibilities effectively.

Appointment of Directors

Particularly, in considering the skills required for the three additional Independent Non-Executive Directors, individuals with sub-Saharan African, financial services and/or public company experience were specifically targeted and Sally Bott, formerly Group Human Resources Director at Barclays plc until late 2012 and who had worked with Robert E. Diamond, Jr. when he was Chief Executive Officer at Barclays plc, and recruitment consultants, Spencer Stuart, were engaged to assist in the search. The Committee also took into account a variety of factors prior to recommending candidates to the Board. These included relevant skills to perform the role, experience and knowledge, as well as ethnicity and gender. As part of the recruitment process, the individuals each met the Chairman of the Board, the Chief Executive Officer, and the majority of the other Non-Executive Directors. The process outlined above in connection with the identification of the additional three Non-Executive Board members will be followed in the future. An identical process had been undertaken in connection with the identification, vetting and appointment of John F. Vitalo as CEO, although it should be noted that the process was undertaken by the Board, as opposed to the Committee, as the Committee had not been established at the time.

Diversity

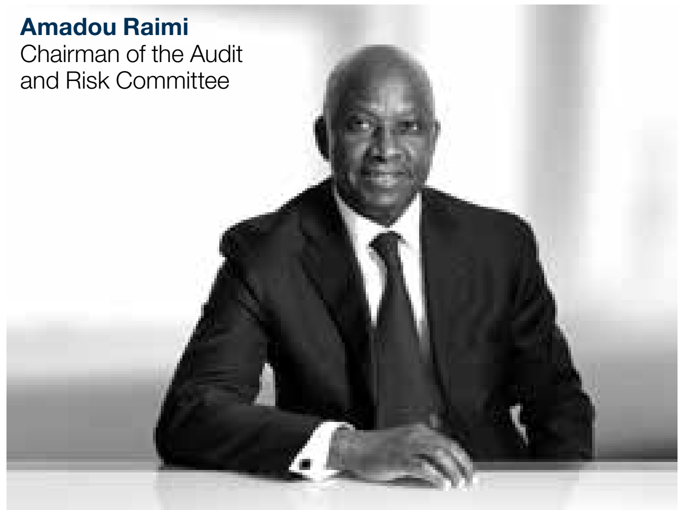
Although a formal diversity policy has not yet been established, Atlas Mara endeavours to achieve appropriate diversity across the Company and concurs with the recommendations of the Lord Davies' review (Women on Boards, February 2011). We believe that Atlas Mara's Board and executive team should broadly reflect the gender and ethnicity of the customers we serve. The current composition of our Board and Executive Committee is indicative of the "direction of travel", but it should be noted that the priority of the Committee has been and will continue to be ensuring that members of the Board collectively possess the range of skills, expertise, and geographic and industry-related knowledge and experience to provide the necessary oversight of the Group.

In summary, I am pleased with the work of the Committee to date and look forward to working with my fellow Committee members going forward. I will be available at the AGM to answer any questions on the work of the Committee.

Tonye Cole
Chairman

Audit and Risk Committee Report

Amadou Raimi
Chairman of the Audit
and Risk Committee



I am pleased to have been appointed as Chairman of the Audit and Risk Committee of Atlas Mara at this exciting time in its corporate development phase. I look forward to working with my fellow colleagues on the Committee and providing updates and insights to our stakeholders on the work of the Committee.

Membership of the Audit and Risk Committee

The members of the Committee include myself, Amadou Raimi, Arnold Ekpe, the Chairman of the Board, Rachel F. Robbins, Eduardo C. Mondlane, Jr. and Robert E. Diamond, Jr. Upon its formation in August 2014, the Committee comprised of Arnold Ekpe (as acting Chairman), Rachel F. Robbins and Tonye Cole. On 8 December, Robert E. Diamond, Jr. joined the Committee, which was then reconstituted in January 2015 to its current membership, following the appointment to the Board of the three new Independent Non-Executive Directors. The Committee met twice in 2014 since its constitution on 8 August 2014. Details of attendance at these meetings are set out in the table on page 72. The Committee expects to meet at least four times during 2015.

The Code recommends that the Audit and Risk Committee should comprise at least three members, all of whom should be Independent Non-Executive Directors with at least one member having recent and relevant financial experience. At its inception, Atlas Mara's Chairman, Arnold Ekpe, served as Interim Chairman of the Committee pending the expansion of the Board of Directors. Subsequent to my appointment to the Board, Arnold Ekpe stepped down from the Chairmanship and I assumed the role. As per the biographies on pages 66 and 67, I am pleased to confirm that all members have had extensive experience in financial services and/or multi-country operations in Africa.

Invitations to meetings of the Committee may be extended to the Chief Executive Officer, Chief Financial Officer, Head of Internal Audit and other senior members of the Finance team, as appropriate. The KPMG UK LLP ("KPMG") audit engagement partner and team are also invited to attend Committee meetings on matters relating to the audit. Additionally, going forward, as Chairman of the Committee, I intend to regularly meet separately with the internal and external auditors as well.

Role of the Audit and Risk Committee

The matters to be handled by the Committee, as recommended by the Code, are summarised below and include:

- reviewing the risks faced by the Company and the continued effectiveness of the controls in place;
- the Company's accounting and financial reporting processes;
- the integrity and audits of the Company's financial statements and financial announcements;
- the Company's compliance with legal and regulatory requirements; and
- the qualifications, performance and independence of the Company's independent auditors.

During the period since readmission until the date of this report, the Audit and Risk Committee reviewed and endorsed, prior to submission to the Board, the interim financial results released in August 2014, the interim management statements released in November 2014, and the full-year 2014 results announcement in March 2015, together with the financial statements in this publication.

We took into account various risk management updates, the agreed external audit plan and approved the review of accounting policies. Due to the only recent on-Boarding of our Head of Internal Audit, the Audit and Risk Committee did not have the benefit of internal audit reports, but, going forward, the internal audit plan will be reviewed and approved by the Audit and Risk Committee and all reports arising from his work will be reviewed and assessed (including management's responses and actions to be taken in connection with the findings).

Significant accounting matters

The use of estimates and assumptions in preparing the consolidated Group financial statements in terms of IFRS is inevitable.

Management has made such judgements, estimates and assumptions that affect the application of the Group's accounting policies and the reported amounts in relation to assets, liabilities, income and expenses, with a key focus on the following areas:

- provision for credit losses;
- recognition of deferred tax assets;
- fair value of financial instruments;
- goodwill impairment;
- share-based payments and other compensation arrangements with current and former executives;
- transactions in Atlas Mara's own equity;
- business combinations;
- investment in associates; and
- going concern.

With appropriate guidance, insight and challenge from the external auditor, the Committee examined in detail the main judgements and assumptions listed above including the conclusions drawn from the available information and evidence.

For each of the matters listed above, the Committee fulfilled its responsibility with regard to these by performing the following:

- scrutiny of the reports from management;
- review of the methodologies used by management to determine the values assigned to each estimate;
- review of the appropriateness of the accounting treatment; and
- review of the basis of recognition and measurement of these items.

Significant risk matters

The Committee identified the risks as have been outlined in the Principal risks section of the Strategy report on pages 50 and 51.

The Committee has fulfilled its responsibility in respect of these risks by having performed the following:

- review of the detailed risk assessment report and findings from subsidiary risk committees;
- evaluation of the potential impact on the organisation; and
- evaluation of the management's view of the potential impact, including potential exposures.

External auditor

Effectiveness, selection and appointment, provision of non-audit services

The Committee is responsible for monitoring the performance, objectivity and independence of the external auditor, KPMG. In 2014, the main activities of the Committee in discharging that responsibility were as follows:

- assessment and approval of the scope of KPMG's Group Audit Plan, including, but not limited to, the key audit risk areas, materiality and significant judgement areas;
- agreement of the terms of the audit engagement letter and approval, on behalf of the Board, of the audit fees;
- assessment of the competence with which KPMG handled the key accounting and audit judgements and how they were communicated to management and the Committee; and
- assessment of the independence of the external auditor, including a review of the non-audit services provided.

The results of the assessment confirmed that KPMG and the audit process are effective with an appropriate level of challenge and scepticism.

While recognising that it is early in its lifespan, I am pleased with the work of the Committee to date and look forward to working with my fellow Committee members on supporting the business in executing its strategy, aiming to voluntarily adopt and be fully compliant with the Code over the medium term.

I will be available at the AGM to answer any questions on the work of the Committee should that be required.

Amadou Raimi
Chairman of the Audit and Risk Committee

Directors' Remuneration Report

Introduction from the Chairman

Eduardo C. Mondlane, Jr.
Chairman of the
Remuneration Committee

On behalf of the Remuneration Committee, I am pleased to present the Directors' Remuneration Report for the year ended 2014.

As a British Virgin Islands registered company with a standard listing on the London Stock Exchange, there is no legal requirement for us to prepare our report in accordance with UK legislation on the disclosure of executive remuneration. However, it is the policy of Atlas Mara to seek to comply where possible with the highest standards of corporate governance.

This year was largely a start-up year for Atlas Mara with the main focus on raising capital, completing acquisitions, forming a fully-fledged operating company and hiring a management team. In that context, the main decisions made by the Remuneration Committee were:

- establishing an overall approach to compensation and approving a compensation structure (including pay ranges) for professional staff including Executive and Non-Executive Directors;
- adopting a Stock Incentive Plan and granting stock options to key executives;
- approving the compensation arrangements for key new hires including the CEO, CFO and other senior members of the management team; and
- recruiting key personnel.

This report is in two sections:

1. The Directors' Remuneration Policy Report (pages 78 to 82). This contains details of the remuneration policy which we will apply from the date of the 2015 AGM.
2. The Directors' Annual Report on Remuneration (pages 82 to 85) which sets out the details of remuneration policy during 2014.

I will be available, together with my fellow Committee members and colleagues on the Board, at our 2015 AGM to answer any questions you may have with regard to our policy towards executive remuneration and the activities of the Committee more generally.

On behalf of the Committee, I welcome any feedback that you may have.

Eduardo C. Mondlane, Jr.
Chairman of the Remuneration Committee

Directors' Remuneration Policy

This part of the report sets out our Directors' Remuneration Policy (the "Policy"). This Policy will apply from the date of our 2015 AGM.

The Committee will keep the Policy under review to ensure that it continues to promote the attraction, retention and motivation of the high-performing executive talent required to deliver the business strategy.

Risk management is important to the Committee and it commits to review regularly the results of performance metrics which may be implemented and taken into account and any potential risks associated with using them. Given the entirely discretionary nature of the bonus, the Committee believes that it is in the best position to evaluate all aspects of executive performance and reward accordingly, taking into account any prevailing factors which it considers appropriate and suitable at the time of payment, including longer-term financial sustainability. The Committee also believes that risks associated with payment of bonuses (in circumstances where annual financial results have been a major factor in the award) are substantially mitigated by the use of equity compensation with multi-year vesting requirements.

Remuneration Policy table
Fixed remuneration

Element	Purpose and link to strategy	Operation	Maximum opportunity	Performance measures
Salary	To provide fixed remuneration which is balanced, taking into account the complexity of the role and the skills and experience of the individual. To attract and retain talent by being market competitive and rewarding ongoing contribution.	The Committee takes into account a number of factors when setting salaries, including: – scope and complexity of the role; – the skills and experience of the individual; – salary levels for similar roles within the international industry; and – salary levels of comparable executives in the Company.	While there is no defined maximum opportunity, salary increases are made with reference to the average increase for the Company's wider employee population. The Committee retains discretion to make higher increases if circumstances warrant.	To be developed.
Living allowance	To offset the higher cost of living in the Executive Director's work location country compared to the cost of living in his/her home country. To provide a supplement to salary to ensure an overall package matching the role, skills and experience of the Executive Director and to maintain a competitive total remuneration package for retention of key talent.	The level of living allowance is based on factors such as local cost of living, family size and seniority. The cash supplement is not included in calculating bonus and long-term incentive quantum.	While there is no maximum opportunity, the highest living allowance is currently approximately 110% of base salary. The Committee keeps the level of living allowance under review.	To be developed.
Benefits	The Executive Director participates in benefits programmes to provide an overall broadly market competitive package matching the role, skills and experience of the Executive Director.	To date, the Company has provided healthcare coverage, a term life policy and an accident policy.	There is no maximum opportunity although the competitiveness of the benefits package is kept under review.	To be developed.

Variable remuneration

Element	Purpose and link to strategy	Operation	Maximum opportunity	Performance measures
Annual bonus	To drive and reward the achievement of annual financial, operational and individual objectives which are key to the delivery of the Company's short-term strategy.	Awards are based on objectives set by the Committee over a combination of financial, operational and individual goals measured over one financial year. Objectives are set annually to ensure that they remain targeted and focused on the delivery of the Company's short-term goals. The Committee sets targets which require appropriate levels of performance, taking into account internal and external expectations of performance. As soon as practicable after the year-end, the Committee meets to review performance against objectives and determines pay-out levels. Bonus payments are made in cash, although there is the flexibility to pay in shares. No part of the bonus is currently subject to deferral, although the Committee retains the flexibility to apply deferral to all or part of the bonus (in cash or shares) in the future should it be considered appropriate. If the Executive Director is dismissed for gross misconduct, no bonus is payable.	Annual bonuses are granted at the discretion of the Committee. The target range for bonus is currently 0% to 200% of a specified target and is based on achievement of mutually agreed performance goals. The Company keeps the bonus metrics for the Executive Director under review. The Committee retains the discretion to award bonuses greater than 200% of target.	None expressly specified, although the Committee retains the discretion to take into account such metrics and factors as it sees fit in making any award. The Committee believes this flexible approach is best suited to the initial start-up phase of the Company.
Share grant	Incentivise and reward the creation of long-term shareholder value. Align the interests of the Executive Director with those of shareholders.	The Executive Director is considered for share grants annually. Although the Committee has the flexibility to grant restricted shares and/or performance shares, to date the Committee has felt that share options have been the most effective vehicle for aligning shareholder and executive interests. To date, restricted shares have only been granted exclusively to compensate new hires for long-term awards forfeited at their prior employer.	No maximum opportunity.	Pursuant to the current approach, if employment terminates for any reason, the unvested portion of the share grant will be forfeited, save in the event of death, disability or the Company giving notice of termination. The Company reserves the right to cancel, rescind, withhold, claw-back or otherwise limit or restrict the share grant if the Executive is not in compliance with all applicable provisions of their employment contract, or breaches any agreement with the Company including agreements governing non-competition, non-solicitation or confidentiality.

Variable remuneration continued

Element	Purpose and link to strategy	Operation	Maximum opportunity	Performance measures
Share options	Incentivise and reward the creation of long-term shareholder value. Align the interests of the Executive Director with those of shareholders.	Share options are the primary equity compensation vehicle for motivating and rewarding senior executives. With a few exceptions and consistent with market practice, share options have been granted primarily to the Executive Director. The exercise of share options are subject to the provisions of the Model Code contained in Chapter 9 of the UK Listing Rules which the Company has voluntarily adopted.	The Global Share Plan has been structured to comply with the provisions of the Investment Management Association ("IMA") Principles of Remuneration regarding dilution. The IMA Rules state that grants must not exceed 10% of the issued ordinary share capital and that commitments to issue new shares under executive schemes should not exceed 5% of the issued ordinary share capital of the Company, in both situations in any rolling 10-year period. Subject to the above, these are granted considering: – market practice for comparative roles; – the Executive Director's total compensation; – time commitment and duties involved; – the requirement to attract and retain the quality and experience of individuals required; and – the ability to align interests with that of shareholders.	None.

Non-Executive Directors

Element	Purpose and link to strategy	Operation	Maximum opportunity	Performance measures
Non-Executive Director fees	To provide an appropriate award to attract and retain high-calibre individuals with the relevant skills, knowledge and experience.	The fees for the Non-Executive Directors are normally reviewed annually but not necessarily increased. The remuneration of Non-Executive Directors is dealt with by the Chairman and the Executive Director. Although the Company does not currently pay such fees, the Company retains flexibility to pay additional fees where the Non-Executive Director agrees to serve on one or more committees, or enters into collateral arrangements to undertake any special task or consultancy role.	Whilst there is no maximum fee level, fees are set considering: – market practice for comparative roles; – time commitment and duties involved; and – the requirement to attract and retain the quality of individuals required.	None.
Share options	To incentivise and reward the creation of long-term shareholder value. To align the interests of the Non-Executive Directors with those of shareholders.	The exercise of share options are subject to the provisions of the Model Code contained in Chapter 9 of the UK Listing Rules which the Company has voluntarily adopted. There is a prescribed period during which the Non-Executives are able to exercise their options, as set out below under "Equity interests awarded during the financial year".	Non-Executive Directors are ordinarily not considered for the grant of share options although the Company retains the discretion to do so if it deems it appropriate in the circumstances. Factors taken into account would include: – market practice for comparative roles; – time commitment and duties involved; – the requirement to attract and retain the quality and experience of individuals required; and – the ability to align interests with that of shareholders.	None.

Non-Executive Directors may receive professional advice in respect of their duties, to be paid for by the Company together with payment of expenses wholly incurred in the performance of their role. Non-Executive Directors will also be covered by the Company's Directors and Officers Insurance policy.

John F. Vitalo holds a number of Non-Executive Directorships with companies connected with Atlas Mara, namely ABC Holdings Limited, Atlas Mara Beteiligungs AG and BRD Commercial. He has also been proposed as a Non-Executive Director of Union Bank of Nigeria plc. John F. Vitalo does not retain any additional earnings by virtue of those appointments.

The policy regarding Executive Director compensation seeks to emphasise performance-based variable compensation, as demonstrated by long-term equity compensation that aims to align shareholder interests with those of the Executive Director. The Company's general remuneration policy is to pay market-competitive base salaries and to provide the opportunity to earn incentive awards consistent with market practice, based on factors which the Committee sees fit to take account of, including Company and individual performance.

Recruitment policy

In determining remuneration for new appointments to the Board, the Committee will consider all relevant factors including, but not limited to, the experience and skillset of the individual, their existing compensation package, the arrangements for the Company's current Directors and external market conditions such that any arrangements offered are considered to be in the best interests of the Company and shareholders, without paying more than is necessary.

The Company has developed a skills matrix to assist in the evaluation of prospective hires, which looks at factors such as the candidate's market and regulatory knowledge, management (including risk management) experience and financial services expertise.

Where the new appointment is replacing a previous director, the total remuneration opportunity may be higher or lower than the previous Director. If the appointee is expected to develop into the role, the Committee may decide to appoint the new Director to the Board with a lower than standard package. Increases above those of comparable individuals may be awarded over time to move closer to market level as their experience and calibre develops.

Benefits will normally be limited to those outlined in the remuneration policy table above. However, additional benefits may be provided by the Company where the Committee considers it reasonable to do so in the circumstances, including where a Director is required to relocate to carry out their duties.

It is expected that the quantum and structure of the variable pay elements would reflect those set out in the policy table above. However, the Committee recognises that as a financial services company, it is competing for its talent with global firms. Consequently, the Committee considers it necessary that the recruitment policy has sufficient flexibility in order to attract the calibre of individual that the Company requires to grow a successful business. The Committee therefore reserves the right to exercise its discretion in awarding annual bonuses in excess of the 200% of target parameters and/or to set different performance metrics. Such awards would be an exception made for outstanding performance, contribution or similar circumstances and would only be used if the Committee believes such action is necessary to recruit and motivate a candidate from the global market.

Where an Executive Director is appointed from within the Group, the normal policy of the Company would be that any legacy arrangements are honoured in line with the original terms and conditions. The same would happen following an acquisition or merger with another company.

The Committee reserves the right to make appropriate remuneration decisions outside the standard policy to meet the individual circumstances necessary for recruitment, when (for example) an interim appointment to fill an Executive Director role is made on a short-term basis.

Note that during the first quarter of 2015, and given that the Company was by then more established in the marketplace and making increased demands on time and resource, a decision was taken to increase the compensation packages for the Non-Executive Directors. In the event of the appointment of a new Chairman or Non-Executive Director, remuneration arrangements would usually be in line with these arrangements.

Service contracts

The key employment terms and conditions of John F. Vitalo, the current Executive Director, stated in his service contact, are set out below.

Provision	Policy
Notice period	Six months' written notice by either the Director or the Company.

Non-Executive Director letters of appointment

The Non-Executive Directors have letters of appointment which set out their duties and responsibilities and do not have service contracts with the Company.

Provision	Policy
Period	In accordance with the Code, the Non-Executive Directors are subject to annual re-election by shareholders at the AGM.
Termination	Non-Executive Directors or the Company can terminate the appointment by giving three months' notice.

Directors' service agreements are kept available for inspection at the Company's registered office.

Policy on payment for loss of office

In the event that an Executive Director's employment is terminated, any compensation payable will be determined in accordance with the terms of the service contract between the Company and the employee and applicable legal requirements or exposures. The Company considers a variety of factors when considering leaving arrangements for an Executive Director, including individual and business performance, the obligation for the Director to mitigate loss in seeking alternative employment and other relevant circumstances (including health).

If an Executive Director's employment is terminated by the Company for gross misconduct (as defined in his service agreement), the Director will not be eligible to receive any bonus.

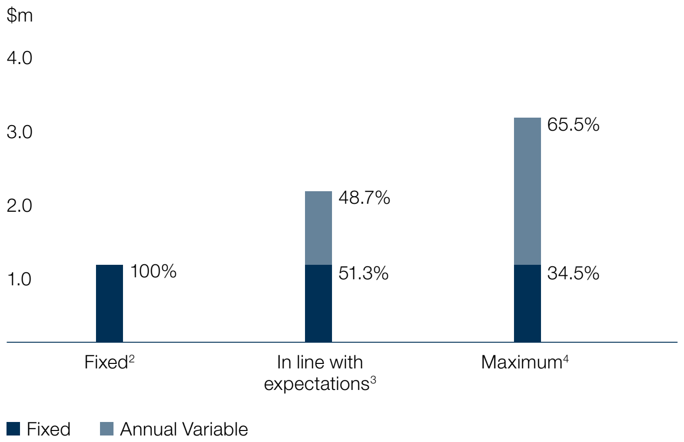
The Company would ordinarily not consider that Non-Executive Directors are eligible for payments for loss of office, but will again take account of all relevant factors before reaching a decision.

When setting Directors' notice periods, the Company takes into account such factors as market practice and the needs of both the Executive and the Company to have adequate notice of their exit from Atlas Mara.

The Committee does not directly consult with employees as part of the process in determining executive pay and there has been no consultation with the workforce regarding the content of the Remuneration Policy.

In determining executive pay, the Committee reviewed market data provided by several compensation consulting firms, including KPMG, Deloitte, Towers Watson and McLagan Partners. The information provides background and context for decision-making, but the Committee does not benchmark executive pay to match a particular market level.

Illustration of the Remuneration Policy
Chief Executive Officer – John F. Vitalo[1]



1. In John F. Vitalo's service agreement, remuneration is given in both AED and US$. The AED has been converted into US$ throughout the Report using the exchange rate applicable on 1 July 2014 (when John F. Vitalo's employment commenced) of 1AED = $0.2722.
2. "Fixed" is salary and allowance. "Fixed" is $1,051,980, comprising salary and allowance. "Fixed" income is stated to be AED 3,856,632 in John F. Vitalo's service agreement.
3. The "in line with expectations" annual variable is taken to be John F. Vitalo achieving his target and qualifying for 100% of his bonus, namely $1,000,000.
4. "Maximum" annual variable is taken to be $2,000,000 (although the Company retains the discretion to award more if circumstances merit this).

Consideration of shareholders

The Committee will be mindful of shareholder views when evaluating and setting ongoing remuneration strategy and commits to shareholder consultation prior to any significant changes to our remuneration policy. Shareholders' views were not sought when formulating this policy although it is the Company's intention to do so in future.

Annual Report on Remuneration

Single total figure of remuneration for each Director

	Salary and fees	Taxable benefits	Annual incentives	Long-term incentive awards	Pension	Other items in nature of remuneration	Total
Executive							
John F. Vitalo	$250,454[1] + $275,000[2]	n/a although from 1 January 2016, John F. Vitalo, his spouse and children (up to age of 24) are all eligible to participate in the Company's Group medical scheme.	$1,000,000[3]	$1,841,709	n/a	n/a	$525,454 (salary and allowance) $1,000,000 (bonus) $1,841,709 (long-term incentive awards)

	Salary and fees	Taxable benefits	Annual incentives	Long-term incentive awards	Pension	Other items in nature of remuneration	Total
Non-Executive							
Arnold Ekpe	$125,000	n/a	n/a	n/a	n/a	n/a	$125,000
Rachel F. Robbins	$85,000	n/a	n/a	n/a	n/a	n/a	$85,000
Tonye Cole	$85,000	n/a	n/a	n/a	n/a	n/a	$85,000
Robert E. Diamond, Jr.	n/a[4]	n/a	n/a	n/a	n/a	n/a	n/a
Ashish J. Thakkar	n/a[5]	n/a	n/a	n/a	n/a	n/a	n/a

1. Salary converted from AED. AED 1,836,492 on an annual basis. Figures shown here are pro rata from 4 July 2014 commencement date.
2. Allowance to be used for housing, car, education costs, utilities etc. which will be adjusted annually for local (Dubai) inflation (as determined by Atlas Mara) based on education, housing and utilities cost indices. Converted from AED. AED 2,020,140 on an annual basis. Figures shown here are pro rata from 4 July 2014 commencement date.
3. For 2014, John F. Vitalo is eligible to be paid an annual bonus of not less than $1,000,000 to be paid on or prior to 15 March 2015. For 2015 onwards, John F. Vitalo may be paid a yearly bonus of an amount to be determined at the discretion of the Company, paid towards the end of each year of service. The range for such a bonus is 0%-200% of the target $1,000,000 although the Company retains the flexibility to award more than 200% if circumstances require this.
4. Robert E. Diamond, Jr. is not entitled to fees for his services as a Non-Executive Director. The Company will reimburse all expenses reasonably incurred by Robert E. Diamond, Jr. (including travel, accommodation and telephone calls) in undertaking his duties as a Non-Executive Director, including attendance at Board meetings, subject to appropriate evidence of expenditure.
5. Ashish J. Thakkar is not entitled to fees for his services as a Non-Executive Director. The Company will reimburse all expenses reasonably incurred by Ashish J. Thakkar (including travel, accommodation and telephone calls) in undertaking his duties as a Non-Executive Director, including attendance at Board meetings, subject to appropriate evidence of expenditure.

Prior to the appointment of John F. Vitalo in July 2014, the Company did not have a CEO during this phase of its development and executive functions were discharged at the time by the Board as a whole.

Total pension entitlements

Neither the Executive Director nor the Non-Executive Directors are entitled to pension allowance or benefit from the Company.

Scheme interests awarded during the financial year

Name	Type of interest awarded	Date of award	Number of shares	Performance conditions	Exercise price	Vesting
John F. Vitalo	Share options	11 September 2014	300,000 ordinary shares	The share options were conditional on the closing of the Company's first acquisition which had taken place by the time of grant.	$11 per share	100,000 on 11 September 2014; 100,000 on the one-year anniversary of the grant date; 100,000 on the two-year anniversary of the grant date.

Equity interests awarded during the financial year

Name	Type of interest awarded	Date of award	Number of shares	Performance conditions	Exercise price	Vesting
John F. Vitalo	Share grants	11 September 2014	300,482 ordinary shares	As above	$11.00 per share	Vesting between grant and 1 April 2017[1]
Arnold Ekpe	Share options	17 December 2013	50,000 ordinary shares	The share options were conditional on the closing of the Company's first acquisition	$11.50 per share (not exercised)	The share options can be exercised at any time before 21 August 2019, being the fifth anniversary of the Company's first acquisition
Tonye Cole	Share options	17 December 2013	37,500 ordinary shares	The share options were conditional on the closing of the Company's first acquisition	$11.50 per share (not exercised)	The share options can be exercised at any time before 21 August 2019, being the fifth anniversary of the Company's first acquisition
Rachel F. Robbins	Share options	17 December 2013	37,500 ordinary shares	The share options were conditional on the closing of the Company's first acquisition	$11.50 per share (not exercised)	The share options can be exercised at any time before 21 August 2019, being the fifth anniversary of the Company's first acquisition

1. Together with a "balancing" share grant of an additional 482 shares to reflect the change in share price and FX rate from the date of John F. Vitalo's employment agreement to the date of the grant); 102,765 shares vested on grant, 87,741 shares vested on 1 April 2015, 65,805 shares to vest on 1 April 2016 and 44,171 shares to vest on 1 April 2017. The unvested portion of the share grant will, subject to limited expectations, be forfeited if John F. Vitalo is deemed a bad leaver prior to the relevant vesting date. The Company reserves the right to cancel, rescind, withhold, claw-back or otherwise limit or restrict the share grant if John F. Vitalo is not in compliance with all applicable provisions of his employment contract, or if John F. Vitalo breaches any agreement with the Company including, but not limited to any agreement with respect to non-competition, non-solicitation or confidentiality.

Stock options

– Arnold Ekpe, Tonye Cole and Rachel F. Robbins were granted share options in connection with the Company's admission to the Official List of the London Stock Exchange, as outlined in the IPO Prospectus published on 17 December 2013. These were not granted as part of the Global Share Plan. Shareholder approval was not sought in advance – the Board felt this was appropriate during the initial start-up phase of the Company and that such a grant did not affect their independence. The Global Share Plan (pursuant to which John F. Vitalo was granted share options, as outlined above) was approved by the Board and not by shareholders. This was felt to be appropriate given the need to act quickly and given the early stage in the Company's development. The Global Share Plan nevertheless adheres to the recommended 5%/10% limits on the issue of ordinary share capital prescribed by the IMA Principles of Remuneration.

Payments for loss of office

In 2014, there were no payments to past Directors during the year.

In 2014, there were no payments to Directors for loss of office.

Statement of Directors' shareholding and share interests

Name	Mr Vitalo	Mr Ekpe	Mr Cole	Ms Robbins
Share options with performance conditions	–	–	–	–
Share options without performance conditions	300,000	50,000	37,500	37,500
Share awards with performance conditions	–	–	–	–
Share awards without performance conditions	300,482	–	–	–
Scheme interests in shares				
Vested but unexercised share options	100,000	–	–	–
Shares beneficially owned (including connected persons)	–	–	–	–
Total interest in shares	600,482	50,000	37,500	37,500
Share options exercised during the year	–	–	–	–

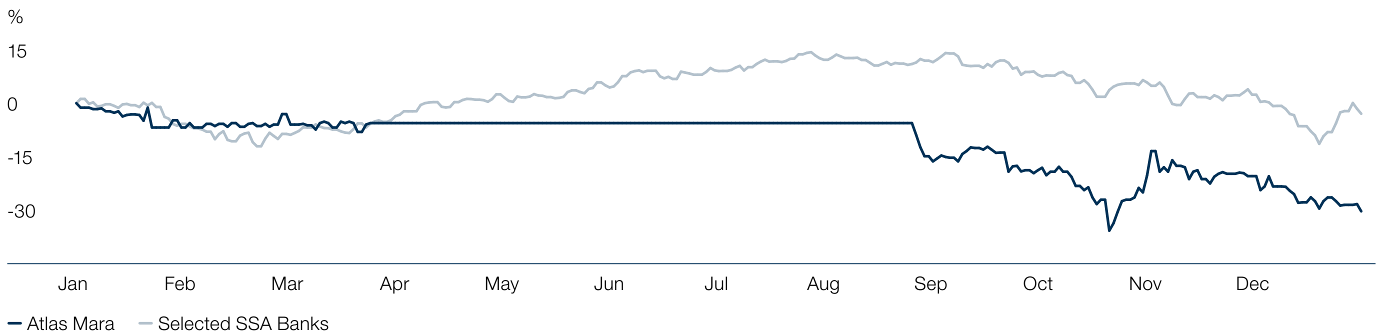
Performance-related remuneration for Executive Directors consists of two components:

1. Annual Cash Bonus: Annual bonuses are established for Executive Directors, the awards for which are based on a number of factors including market competitive practice for their role and responsibilities. The actual award can generally vary from 0% to 200% of the target based on performance, although the Committee reserves the right to grant larger awards where appropriate based on its business judgement. It is intended that future bonus awards will be based on achievement of pre-determined performance metrics rather than being wholly discretionary.
2. Equity Compensation: A material proportion of Executive Director compensation consists of share options – current grants are designed to vest in stages over three years. Because Atlas Mara is still in the early stages of its development, the Committee believes it would be premature to assign specific performance measures to the vesting schedule at this stage.

The Committee considers that the current approach strikes a balance between affording flexibility for the Company, which is important in its early years and without detailed knowledge of how its business will develop, and for the Executive Director in seeking to attract talent to a company without a developed trading history. In particular, the Company has not required Directors to hold shares for a minimum period after leaving and considers that vesting of share options in less than three years is appropriate and necessary in the circumstances.

John F. Vitalo was Atlas Mara's first employee, appointed in July 2014, the first financial year of the Company. Accordingly, the Company has not (within the context of this Report) included comparative data between 2013 and 2014.

2014 Atlas Mara Total Shareholder Return graph



Source: Capital IQ.
Note: The "Average" index consists of a simple average-based total shareholder return of the following peers: Guarantee Trust Bank Plc, Zenith Bank Plc, United Bank of Africa Plc, Access Bank Plc, Diamond Bank Plc, Equity Group Holdings Ltd (formerly Equity Bank Ltd), Kenya Commercial Bank Group Ltd, Barclays Africa Group Ltd, Standard Bank Group Ltd, and Ecobank Transnational Incorporated.

Percentage change in the remuneration of the Chief Executive Officer

Year	CEO single figure of total remuneration	CEO annual bonus (as percentage of maximum opportunity)	CEO long-term incentive plan vesting (as percentage of maximum opportunity)
2014	$2,051,980 comprising $1,051,980 (salary and allowance) and $1,000,000 (bonus)	The 2014 Annual Bonus (paid in March 2015) is $1,000,000	The shares and options are all time vesting (vesting is not contingent on performance). Therefore, 100% of what could have vested in 2014 did vest in 2014

Statement of implementation of the remuneration policy in the following financial year

The Company's remuneration practices are managed in accordance with the remuneration policy as set out above.

Consideration by the Directors of matters relating to Directors' remuneration

The Remuneration Committee consisted of three Non-Executive Directors immediately following its formation on 13 August 2014, comprising two Independent Non-Executive Directors (Tonye Cole, Chairman of the Remuneration Committee, and Rachel F. Robbins) and Arnold Ekpe who was independent on appointment as Chairman. The Board felt that it was important to have the benefit of Robert E. Diamond, Jr.'s significant experience and informed views on the Remuneration Committee and he was therefore appointed to it on 8 December 2014, notwithstanding that he is not considered independent for the purposes of the UK Corporate Governance Code. The Remuneration Committee (as at the date of this Report) comprises Eduardo C. Mondlane, Jr. (Chairman of the Remuneration Committee), Funke Opeke, Amadou Raimi, Arnold Ekpe, Tonye Cole and Robert E. Diamond, Jr. Each member of the Remuneration Committee was appointed by the Board. John F. Vitalo's compensation package was considered and set by the Board, prior to the establishment of the Remuneration Committee.

The Committee utilised compensation consulting firms to obtain market data and relied on its own knowledge and business judgement to make compensation decisions.

The Remuneration Committee met twice in 2014.

The work of the Remuneration Committee focused on the following matters in 2014:

– the review and approval of a compensation structure (including pay ranges) for professional staff including Executive and Non-Executive Directors;
– review and discussion of information regarding the competitive market in which Atlas Mara was operating, to provide background and context for decision-making;
– discussion of, and agreement on, an overall philosophy and approach to executive compensation;
– review and approval of compensation arrangements for key new hires including the CFO and other senior members of the management team; and
– granting of stock options to key executives.

Statement of voting at general meeting

This is the first Company meeting in which Atlas Mara has prepared a remuneration report and policy. Accordingly, there is no historic data available regarding votes against, or concerns raised in relation to, a report or policy.

Signed on behalf of the Board

Eduardo C. Mondlane, Jr.
Chairman of the Remuneration Committee

Directors' Report

Corporate governance and incorporation by reference
DTR 7.2 requires that certain information be included in a corporate governance statement set out in the Directors' Report. The Corporate Governance Report on pages 68 to 76 forms part of this Directors' Report, and is included in it by reference.

For the purposes of compliance with DTR 4.1.5R(2), DTR 4.1.8R and DTR4.1.11R, the required content of the "Management Report" can be found in the Overview, Why Africa?, Strategy, Performance and Governance sections and this Directors' Report.

Results
The consolidated income statement shows a reported loss after tax for the year ended 31 December 2014 of $63.1 million.

Dividends
The Directors do not propose paying a dividend in respect of the year ended 31 December 2014.

Post balance sheet events
Please see page 169 in the Financial statements, which are incorporated into this Report by reference.

Branches
Atlas Mara has subsidiaries and investments domiciled and/or operating in Botswana, Germany, Luxembourg, Mauritius, Mozambique, Nigeria, Rwanda, South Africa, Tanzania, United Arab Emirates, Zambia and Zimbabwe.

Financial risk management objectives and policies
Please see pages 33 to 51 in the Strategy section and note 32 in the Financial statements section. These are incorporated into this Report by reference.

Change of control
The Company is not party to any significant contracts that are subject to change of control provisions in the event of a takeover bid. There are no agreements between the Company and its Directors or employees providing compensation for loss of office or employment that occurs because of a takeover bid. However, with respect to options granted to senior executive officers, the vesting of issued options is accelerated in the case of a change of control.

Significant contracts
Details of related party transactions are set out in note 25 on pages 132 and 133 and are incorporated into this Report by reference.

Going concern
The going concern of the Company is dependent on successfully funding the balance sheet of Atlas Mara and its subsidiaries ("the Group") and maintaining adequate levels of capital. In order to satisfy themselves that the Company has adequate resources to continue to operate for the foreseeable future, the Directors have considered a number of key dependencies relating to funding, liquidity and capital. Having considered these, the Directors consider that it is appropriate to adopt the going concern basis in preparing the accounts.

Directors
The names and biographical details of the Directors are included on pages 64 to 67. Particulars of their emoluments and interests in shares in the Company are provided on pages 83 to 85 and these pages are incorporated into this Report by reference. Changes to the composition of the Board are shown in the table below:

Director	Joined on 3 December 2013	Joined on 21 August 2014	Joined on 21 January 2015
Arnold Ekpe	X		
Robert E. Diamond, Jr.	X		
Ashish J. Thakkar	X		
Tonye Cole	X		
Rachel F. Robbins	X		
John F. Vitalo		X	
Eduardo C. Mondlane, Jr.			X
Funke Opeke			X
Amadou Raimi			X

Directors' indemnities
As at the date of this Report, indemnities granted by the Company to the Directors are in force to the extent permitted under BVI law. The Company also maintains Directors' and Officers' liability insurance, the level of which is reviewed annually.

Rights to appoint and remove Directors
Subject to the BVI Companies Act and the Articles, the Directors shall have power at any time, and from time to time, without sanction of the members, to appoint any person to be a Director, either to fill a casual vacancy or as an additional Director. Subject to the BVI Companies Act and the Articles, the members may by a Resolution of Members appoint any person as a Director and remove any person from office as a Director.

For so long as an initial holder of Founder Preferred Shares (being a Founding Entity together with its affiliates) holds 20% or more of the Founder Preferred Shares in issue, such holder shall be entitled to nominate a person as a Director of the Company and the Directors shall appoint such person. In the event such holder notifies the Company to remove any Director nominated by him the other Directors shall remove such Director, and in the event of such a removal the relevant holder shall have the right to nominate a Director to fill such vacancy.

Powers of the Directors
Subject to the provisions of the BVI Companies Act and the Articles, the business and affairs of the Company shall be managed by, or under the direction or supervision of, the Directors. The Directors have all the powers necessary for managing, and for directing and supervising, the business and affairs of the Company. The Directors may exercise all the powers of the Company to borrow or raise money (including the power to borrow for the purpose of redeeming shares) and secure any debt or obligation of or binding on the Company in any manner including by the issue of debentures (perpetual or otherwise) and to secure the repayment of any money borrowed raised or owing by mortgage charge pledge or lien upon the whole or any part of the Company's undertaking property or assets (whether present or future) and also by a similar mortgage charge pledge or lien to secure and guarantee the performance of any obligation or liability undertaken by the Company or any third party.

Substantial shareholders
As at 13 April 2015 (the latest practicable date prior to the publication of this Report), the Company has been notified of the following significant holdings (being 5% or more of the voting rights in the Company) in the Company's ordinary share capital:

Shareholder	Number of ordinary shares[1]	% fully diluted interest[1]	Transaction date[1]
Guggenheim Partners Investment Management	5,000,000	11.22	21/08/14
Janus Capital Management LLC	7,479,841	11.15	26/03/15
Wellington Management Company, LLP	6,587,256	10.04	04/02/15
Owl Creek Asset Management, LP	2,500,000	7.99	17/12/13
Clough Capital Partners, LP	4,096,787	6.86	27/08/14
Trafigura Holding Limited	4,039,037	6.23	27/08/14

1. Per public TR-1 filings with the Financial Conduct Authority.

Share capital
General:
As at 31 December 2014, the Company had in issue 72,458,524 ordinary shares of no par value, 1,250,000 Founder Preferred Shares of no par value and 32,529,500 warrants.

During the period ended 31 December 2014, the Company did not buy back any ordinary shares. Subsequent to the financial year end, the Company repurchased 1,329,433 ordinary shares on 22 January 2015 and a further 414,455 ordinary shares on 2 February 2015. As at 10 April 2015 (the latest practicable date prior to the publication of this document) the Company had a total number of 72,458,524 ordinary shares in issue, of which 1,668,261 are held in treasury, and 32,529,500 warrants in issue.

Founder Preferred Shares:
Details of the Founder Preferred Shares can be found in notes 22 and 25 on page 131 and pages 132 and 133, respectively, and are incorporated into this Report by reference.

Securities carrying special rights:
Save as disclosed above in relation to the Founder Preferred Shares, no person holds securities in the Company carrying special rights with regard to control of the Company.

Voting rights:
Holders of ordinary shares will have the right to receive notice of and to attend and vote at any meetings of members. Each holder of ordinary shares being present in person or by proxy at a meeting will, upon a show of hands, have one vote and upon a poll each such holder of ordinary shares present in person or by proxy will have one vote for each ordinary share held by him.

In the case of joint holders of a share, if two or more persons hold shares jointly each of them may be present in person or by proxy at a meeting of members and may speak as a member, if only one of the joint owners is present he may vote on behalf of all joint owners, and if two or more joint holders are present at a meeting of members, in person or by proxy, they must vote as one.

Restrictions on voting:
No member shall, if the Directors so determine, be entitled in respect of any share held by him to attend or vote (either personally or by proxy) at any meeting of members or separate class meeting of the Company or to exercise any other right conferred by membership in relation to any such meeting if he or any other person appearing to be interested in such shares has failed to comply with a notice requiring the disclosure of shareholder interests and given in accordance with the Articles within 14 calendar days, in a case where the shares in question represent at least 0.25% of their class, or within seven days, in any other case, from the date of such notice. These restrictions will continue until the information required by the notice is supplied to the Company or until the shares in question are transferred or sold in circumstances specified for this purpose in the Articles.

Transfer of shares:
Subject to the BVI Companies Act and the terms of the Articles, any member may transfer all or any of his certificated shares by an instrument of transfer in any usual form or in any other form which the Directors may approve. The Directors may accept such evidence of title of the transfer of shares (or interests in shares) held in uncertificated form (including in the form of depositary interests or similar interests, instruments or securities) as they shall in their discretion determine. The Directors may permit such shares or interests in shares held in uncertificated form to be transferred by means of a relevant system of holding and transferring shares (or interests in shares) in uncertificated form. No transfer of shares will be registered if, in the reasonable determination of the Directors, the transferee is or may be a Prohibited Person (as defined in the Articles), or is or may be holding such shares on behalf of a beneficial owner who is or may be a Prohibited Person. The Directors shall have power to implement and/or approve any arrangements they may, in their absolute discretion, think fit in relation to the evidencing of title to and transfer of interests in shares in the Company in uncertificated form (including in the form of depositary interests or similar interests, instruments or securities).

Statement of Directors' responsibilities
The Directors of Atlas Mara have accepted responsibility for the preparation of these non-statutory consolidated accounts for the period ended 31 December 2014 which are intended by them to give a true and fair view of the state of affairs of the Group and of the loss for that period. The Directors have decided to prepare the non-statutory consolidated accounts in accordance with International Financial Reporting Standards ("IFRSs") as adopted by the European Union ("EU").

In preparing these non-statutory accounts, the Directors have:
- selected suitable accounting policies and applied them consistently;
- made judgements and estimates that are reasonable and prudent;
- stated whether they have been prepared in accordance with IFRSs as adopted by the EU; and
- prepared the non-statutory accounts on the going concern basis as they believe that the Group will continue in business.

The Directors have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

A copy of the financial statements is placed on our website http://atlasmara.com. The Directors are responsible for the maintenance and integrity of the Company's website.

Each of the current Directors, who are in office and whose names and functions are listed on pages 64 and 65 of this Annual Report, confirm that, to the best of his or her knowledge:
- the Group financial statements, which have been prepared in accordance with IFRSs as adopted by the European Union, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group; and
- the management report contained in the Overview, Why Africa?, Strategy, Performance and Governance sections and the Directors' Report includes a fair review of the development and performance of the business and the position of the Group, together with a description of the principal risks and uncertainties that they face.

The Directors consider that the Annual Report, inclusive of the financial statements, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's performance, business model and strategy.

Independent auditor and audit information
Each person who is a Director at the date of approval of this report confirms that, so far as the Director is aware, there is no relevant audit information of which the Company's auditor is unaware and each Director has taken all the steps that he or she ought to have taken as a Director to make himself or herself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Annual General Meeting
The Annual General Meeting of the Company will take place on 12 May 2015 at 9:00am EST/2:00pm BST at 375 Park Avenue, 21st Floor, New York, New York, 10152, USA. All shareholders have the opportunity to attend and vote, in person or by proxy, at the AGM. The Notice of the AGM is being mailed out at the same time as this Report is being made available on the Company's website. The Notice of the AGM sets out the business of the meeting and explanatory notes on all resolutions. Separate resolutions will be proposed in respect of each substantive issue. The Chairman of the Board and the Chairpersons of each Board Committee will be present at the AGM and available to answer shareholders' questions.

Signed on behalf of the Board

John F. Vitalo
Chief Executive Officer

Independent Auditor's Report

We have audited the consolidated accounts of Atlas Mara Limited for the period ended 31 December 2014 set out on pages 91 to 169. These consolidated accounts, which are non-statutory, have been prepared for the reasons set out in the basis of preparation statement on page 97 to the consolidated accounts and on the basis of the financial reporting framework of International Financial Reporting Standards ("IFRSs") as adopted by the European Union ("EU").

Our report has been prepared for the Company solely in connection with meeting the requirements of the Disclosure and Transparency Rules of the UK's Financial Conduct Authority. It has been released to the Company on the basis that our report shall not be copied, referred to or disclosed, in whole (save for the Company's own internal purposes) or in part, without our prior written consent.

Our report was designed to meet the agreed requirements of the Company determined by the Company's needs at the time. Our report should not therefore be regarded as suitable to be used or relied on by any party wishing to acquire rights against us other than the Company for any purpose or in any context. Any party other than the Company who obtains access to our report or a copy and chooses to rely on our report (or any part of it) will do so at its own risk. To the fullest extent permitted by law, KPMG LLP will accept no responsibility or liability in respect of our report to any other party.

Respective responsibilities of Directors and auditor
As explained more fully in the Directors' responsibilities statement set out on page 88, the Directors are responsible for the preparation of the consolidated accounts, which are intended by them to give a true and fair view. Our responsibility is to audit, and express an opinion on, the consolidated accounts in accordance with the terms of our engagement letter dated 15 November 2014 and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the non-statutory accounts
An audit involves obtaining evidence about the amounts and disclosures in the accounts sufficient to give reasonable assurance that the accounts are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Group's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Directors; and the overall presentation of the consolidated accounts.

In addition we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited consolidated accounts and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on non-statutory accounts
In our opinion the non-statutory accounts:
- give a true and fair view of the state of the Group's affairs as at 31 December 2014 and of its loss for the period then ended; and
- have been properly prepared in accordance with IFRSs as adopted by the EU.

KPMG LLP
Statutory Auditor
Chartered Accountants
15 Canada Square
London
E14 5GL

14 April 2015

Financial statements

Consolidated statement of financial position
at 31 December 2014

	Notes	31 December 2014 $'000
Assets		
Cash and short-term funds	7	**409,785**
Financial assets held-for-trading	8	**144,767**
Financial assets designated at fair value	9	**11,826**
Derivative financial assets	21	**62**
Loans and advances	10	**1,236,518**
Investment securities	12	**146,051**
Prepayments and other receivables	11	**30,019**
Current tax assets		**8,215**
Investment in associates	13	**375,112**
Property and equipment	15	**82,709**
Investment property	14	**2,696**
Intangible assets	17	**71,367**
Goodwill on acquisition	17	**90,941**
Non-current assets and disposal groups held-for-sale	28	**11,365**
Total assets		**2,621,433**
Equity and liabilities		
Deposits	18	**1,530,981**
Derivative financial liabilities	21	**6,280**
Creditors and accruals	20	**82,119**
Current tax liabilities		**5,020**
Deferred tax liability	16	**13,326**
Borrowed funds	19	**300,018**
Non-current liabilities and disposal groups held-for-sale	28	**1,263**
Total liabilities		**1,939,007**
Founder Preferred Shares	22	**12,500**
Shareholders' equity	22	**772,204**
Capital reserves		**(12,211)**
Retained earnings		**(63,119)**
Available-for-sale reserves		**13**
Foreign currency translation reserve		**(1,483)**
Treasury shares		**(19,967)**
Equity attributable to ordinary shareholders		**687,937**
Non-controlling interest		**(5,511)**
Total equity		**682,426**
Total equity and liabilities		**2,621,433**

Arnold Ekpe
Chairman

John F. Vitalo
Chief Executive Officer

Consolidated statement of loss
for the 13 months ended 31 December 2014

	Notes	28 November 2013 – 31 December 2014 $'000
Interest and similar income	1	**80,372**
Interest and similar expense	1	**(51,735)**
Net interest income		**28,637**
Provision for credit losses	2	**(6,288)**
Net interest income after provision for credit losses		**22,349**
Non-interest income	3	**28,774**
Net income from associate		**20,740**
Total operating income		**71,863**
Operating expenses	4	**(91,146)**
Transaction and integration expenses	4.3	**(38,761)**
Result before tax		**(58,044)**
Income tax expense	5	**(5,408)**
Result for the period		**(63,452)**
Attributable to:		
Ordinary shareholders		**(63,119)**
Non-controlling interests		**(333)**
		(63,452)
Basic earnings per share ($)	6	**(1.35)**
Diluted earnings per share ($)	6	**(1.35)**

Consolidated statement of other comprehensive income
for the 13 months ended 31 December 2014

	28 November 2013 – 31 December 2014 $'000
Result for the period	**(63,452)**
Other comprehensive loss, net of tax	**(1,470)**
Other comprehensive income to be reclassified to profit or loss in subsequent periods	**(1,470)**
Exchange differences on translating foreign operations	**(1,483)**
Available-for-sale financial assets – net change in fair value	**13**
Total comprehensive loss for the period, net of tax	**(64,922)**
Total comprehensive loss attributable to:	
Ordinary shareholders	**(64,589)**
Non-controlling interests	**(333)**
	(64,922)

Consolidated statement of changes in equity

for the 13 months ended 31 December 2014

	Notes	Founder Preferred Shares $'000	Shareholders' equity $'000	Capital reserves $'000	Available-for-sale reserves $'000	Foreign currency translation reserve $'000	Treasury shares $'000	Distributable reserves $'000	Equity attributable to ordinary shareholders $'000	Total Non-controlling interest $'000	Total equity $'000
Opening balance as at 28 November 2013									–	–	–
Results for the period		–	–	–	–	–	–	(63,119)	(63,119)	(333)	(63,452)
Other comprehensive income:											
Exchange differences on translating foreign operations		–	–	–	–	(1,483)	–	–	(1,483)	–	(1,483)
Movement in available-for-sale reserves		–	–	–	13	–	–	–	13	–	13
Total comprehensive income		–	–	–	13	(1,483)	–	–	(1,470)	–	(1,470)
Transaction with owners											
Issue of Founder Preferred Shares	22	12,500							12,500	–	12,500
Ordinary shares issued during IPO	22		312,500						312,500	–	312,500
IPO share issue expenses				(10,134)					(10,134)	–	(10,134)
Issue of ordinary shares to Directors			295						295	–	295
Issue of ordinary shares on private placements	22		300,050						300,050	–	300,050
Issue of shares on business combinations	22		154,519	–					154,519	–	154,519
Employee share awards			4,840	1,295			(2,528)		3,607	–	3,607
Private Placement share issue expenses			–	(3,751)					(3,751)	–	(3,751)
Other movements in capital reserves				379					379	–	379
Shares bought back to treasury							(17,439)		(17,439)	–	(17,439)
Non-controlling interests attributable to business combination									–	(5,178)	(5,178)
Closing balance as at 31 December 2014		12,500	772,204	(12,211)	13	(1,483)	(19,967)	(63,119)	687,937	(5,511)	682,426

Consolidated statement of cash flows
for the 13 months ended 31 December 2014

	Note	28 November 2013 – 31 December 2014 $'000
Loss before tax		**(58,044)**
Adjusted for:		
Impairment of loans and advances	2	**6,288**
Deprecation and amortisation		**6,551**
Fair value gains on investment properties	3	**118**
Net (gains)/losses on financial instruments at fair value through profit or loss		**(1,037)**
Gain on discontinued operations	3	**(1,861)**
Income from associates		**(7,395)**
Bargain purchase accounted in the income statement		**(14,746)**
Dividends received		**(399)**
Equity-settled share-based payment transactions		**3,606**
		(66,919)
Changes operating assets and liabilities		
Decrease in operating assets		**61,820**
Increase in operating liabilities		**6,733**
		68,553
Tax paid		**(508)**
		(508)
Cash flows from operating activities		**1,126**
Proceeds on disposal of discontinued operations		**4,291**
Purchase of property, plant and equipment		**(3,119)**
Proceeds on disposal of property and equipment		**143**
Additions to investment property		**(222)**
Additions to investment securities		**(138,839)**
Additions to associates		**(252,848)**
Net cash inflow resulting from acquisition of subsidiaries	29	**249,016**
Cash flows from investing activities		**(141,578)**
Proceeds from issue of shares	22	**612,845**
Founder Preferred Shares issued	22	**12,500**
Share issue expenses	22	**(13,884)**
Impact of non-cash event in equity		**(17,439)**
Decrease in borrowed funds		**(26,445)**
Cash flows from financing activities		**567,577**
Increase in cash and cash equivalents		**427,125**
Exchange adjustment on balances acquired		**(17,340)**
Cash and cash equivalents at the end of the period	7	**409,785**
Cash and cash equivalents		**314,767**
Statutory reserve balances		**95,018**
Cash and cash equivalents at the end of the period		**409,785**

Organisation and significant accounting policies

This section describes Atlas Mara's significant accounting policies and critical accounting estimates that relate to the financial statements and notes as a whole. If an accounting policy or a critical accounting estimate relates to a specific note, the applicable accounting policy and/or critical accounting estimate is contained within the relevant note.

i. Reporting entity
These financial statements have been prepared for Atlas Mara Limited (the "Company"), a company domiciled in the British Virgin Islands, and its subsidiaries (the "Group").

The Group is a financial services provider, focused on becoming the premier financial services institution in sub-Saharan Africa and aims to support economic growth and strengthen financial systems in the countries in which it operates.

During the course of 2014, Atlas Mara acquired control of ABC Holdings Limited ("BancABC"), which operates banking subsidiaries in Botswana, Mozambique, Tanzania, Zambia and Zimbabwe and conducts business under the BancABC brand in each country, ADC African Development Corporation AG ("ADC"), BRD Commercial Bank Limited ("BRD Commercial"), and a non-controlling holding, both direct and indirect, in Union Bank of Nigeria plc ("UBN").

ii. Compliance with IFRS
The consolidated financial statements of the Group and the separate financial statements of the Company (the "financial statements") have been prepared in accordance with International Financial Reporting Standards ("IFRSs") and IFRS Interpretations Committee ("IFRIC") interpretations as issued by the International Accounting Standards Board ("IASB") and as endorsed by the European Union ("EU").

IFRS as endorsed by the EU may differ from IFRSs as issued by the IASB if, at any point in time, new or amended IFRSs have not been endorsed by the EU.

As at 31 December 2014, there were no unendorsed standards effective for the year ended 31 December 2014 that affect these consolidated and separate financial statements, and there was no difference between IFRSs endorsed by the EU and IFRSs issued by the IASB in terms of their application to Atlas Mara.

iii. Basis of preparation
The financial statements have been prepared on a historical cost basis except for derivatives and investment securities held at fair value.

The financial statements are prepared on a going concern basis, as the Directors are satisfied that the Group and parent company have the resources to continue in business for the foreseeable future.

In making this assessment, the Directors have considered a wide range of information relating to present and future conditions, including future projections of profitability, cash flows and capital resources. More detail has been included in note 36.

The financial statements are prepared in United States dollars ($), the functional currency of the Group and Company, and rounded to the nearest thousands ($'000s) unless otherwise stated.

These non-statutory accounts have been prepared by Atlas Mara Limited for the purposes of meeting the requirements of the Disclosure and Transparency Rules of the UK's Financial Conduct Authority. These accounts are described as non-statutory as they have not been prepared under the requirements of the UK Companies Act 2006.

iv. Use of estimates and judgements
In preparing these consolidated financial statements, management has made judgements, estimates and assumptions that affect the application of the Group's accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively.

The Group's estimates and assumptions are based on historical experience and expectation of future events and are reviewed periodically. Further information about key assumptions concerning the future, and other key sources of estimation uncertainty, are set out in the relevant disclosure notes for the following areas:
- provision for credit impairment losses (note 2);
- fair value of financial instruments (note 8);
- goodwill impairment (note 17);
- share-based payments (note 4);
- fair value of assets and liabilities acquired in business combinations (note 29); and
- investment in associates (note 13).

a. Basis of consolidation

Business combinations

Business combinations are accounted for using the acquisition method when control is transferred to the Group. The consideration transferred in the acquisition is generally measured at fair value, as are the identifiable net assets acquired. Any goodwill that arises is tested annually for impairment. Any gain on a bargain purchase is recognised in profit or loss immediately.

Transaction costs are expensed as incurred, except if they are related to the issue of debt or equity securities.

Non-controlling interests ("NCI")

NCI are measured at their proportionate share of the acquiree's identifiable net assets at the date of acquisition.

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

Subsidiaries

Subsidiaries are investees controlled by the Group. The Group "controls" an investee if it is exposed to, or has rights to, variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. The Group reassesses whether it has control if there are changes to one or more of the elements of control.

The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date when control ceases.

Transactions eliminated on consolidation

Intra-Group balances and transactions, and any unrealised income and expenses (except for foreign currency transaction gains or losses) arising from intra-Group transactions, are eliminated in preparing the consolidated financial statements. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

b. Foreign currency translation

Functional and presentation currency

The Company is listed on the London Stock Exchange, the capital raised in the IPO was in United States dollars and the intended dividends and distributions to be paid to shareholders are to be in United States dollars. The Directors consider United States dollars as the currency that represents the economic effects of the underlying transactions, events and conditions. The financial statements of the Company are presented in United States dollars, which is also the Company's functional currency.

Transactions and balances

Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated into the functional currency at the spot exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between the amortised cost in the functional currency at the beginning of the year, adjusted for effective interest and payments during the year, and the amortised cost in the foreign currency translated at the spot exchange rate at the end of the year.

Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the spot exchange rate at the date on which the fair value is determined. Non-monetary items that are measured based on historical cost in a foreign currency are translated using the spot exchange rate at the date of the transaction.

Foreign currency differences arising on translation are generally recognised in profit or loss.

However, foreign currency differences arising from the translation of available-for-sale equity instruments are recognised in other comprehensive income ("OCI").

Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated into United States dollars at the spot exchange rates at the reporting date. The income and expenses of foreign operations are translated into United States dollars at the spot exchange rates at the dates of the transactions.

Foreign currency differences are recognised in OCI, and accumulated in the foreign currency translation reserve ("translation reserve"), except to the extent that the translation difference is allocated to NCI.

c. Leases

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognised as an integral part of the total lease expense, over the term of the lease.

d. Trading assets and liabilities

Trading assets and liabilities are those assets and liabilities that the Group acquires or incurs principally for the purpose of selling or repurchasing in the near term, or holds as part of a portfolio that is managed together for short-term profit or position taking.

Trading assets and liabilities are initially recognised and subsequently measured at fair value in the statement of financial position, with transaction costs recognised in profit or loss. All changes in fair value are recognised as part of net trading income in profit or loss. Trading assets and liabilities are not reclassified subsequent to their initial recognition, except that non-derivative trading assets, other than those designated at fair value through profit or loss on initial recognition, may be reclassified out of the fair value through profit or loss – i.e. trading – category if they are no longer held for the purpose of being sold or repurchased in the near term and the following conditions are met:

- If the financial asset would have met the definition of loans and receivables (if the financial asset had not been required to be classified as held-for-trading on initial recognition), then it may be reclassified if the Group has the intention and ability to hold the financial asset for the foreseeable future or until maturity.
- If the financial asset would not have met the definition of loans and receivables, then it may be reclassified out of the trading category only in rare circumstances.

e. Impairment of non-financial assets

At each reporting date, the Group reviews the carrying amounts of its non-financial assets (other than investment properties and deferred tax assets) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. Goodwill is tested annually for impairment.

f. Provisions

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

g. Financial guarantees

Financial guarantees are contracts that require the Group to make specified payments to reimburse the holder for a loss that it incurs because a specified debtor fails to make payment when it is due in accordance with the terms of a debt instrument.

Liabilities arising from financial guarantees are initially measured at fair value and the initial fair value is amortised over the life of the guarantee or the commitment. The liability is subsequently carried at the higher of this amortised amount and the present value of any expected payment to settle the liability when a payment under the contract has become probable. Financial guarantees are included in other liabilities.

h. Derecognition of financial assets and liabilities

Financial assets are derecognised when the contractual rights to receive cash flows from the financial assets have expired, or where the Group has transferred its contractual rights to receive cash flows on the financial asset such that it has transferred substantially all the risks and rewards of ownership of the financial asset. Any interest in transferred financial assets that is created or retained by the Group is recognised as a separate asset or liability. Financial liabilities are derecognised when they are extinguished, that is when the obligation is discharged, cancelled or expires. The Group enters into transactions whereby it transfers assets recognised on its balance sheet, but retains either all risks and rewards of the transferred assets or a portion of them. If all or substantially all risks and rewards are retained, then the transferred assets are not derecognised from the balance sheet. Transfers of assets with retention of all or substantially all risks and rewards include securities lending and repurchase agreements. When assets are sold to a third party with a concurrent total rate of return swap on the transferred assets, the transaction is accounted for as a secured financing transaction similar to repurchase transactions. In transactions where the Group neither retains nor transfers substantially all the risks and rewards of ownership of a financial asset, it derecognises the asset if control over the asset is lost. The rights and obligations retained in the transfer are recognised separately as assets and liabilities as appropriate. In transfers where control over the asset is retained, the Group continues to recognise the asset to the extent of its continuing involvement, determined by the extent to which it is exposed to changes in the value of the transferred asset.

Standards and interpretations issued and not yet applicable or adopted

A number of new standards and amendments to standards are effective for annual periods beginning after 1 January 2015; however, the Group has not applied the following new or amended standards in preparing these consolidated financial statements.

Equity Method in Separate Financial Statements (Amendments to IAS 27)
The amendments allow the use of the equity method in separate financial statements, and apply to the accounting not only for associates and joint ventures, but also for subsidiaries.

The adoption of this standard is not expected to have a significant impact on the financial statements.

The effective date is 1 January 2016.

Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28)
The amendments require the full gain to be recognised when the assets transferred meet the definition of a "business" under IFRS 3 Business Combinations.

The effective date is 1 January 2016.

The adoption of this standard is not expected to have a significant impact on the financial statements.

Annual Improvements to IFRSs 2012–2014 Cycle – various standards
- IFRS 5 – Non-Current Assets Held-for-Sale and Discontinued Operations
- IFRS 7 – Financial Instruments: Disclosures
- IAS 19 – Employee Benefits
- IAS 34 – Interim Financial Reporting

IFRS 15 Revenue from Contracts with Customers
IFRS 15 Revenue from Contracts with Customers replaces IAS 11 Construction Contracts, IAS 18 Revenue and related interpretations. IFRS 15 specifies the accounting treatment for all revenue arising from contracts with customers. It applies to all entities that enter into contracts to provide goods or services to their customers, unless the contracts are in the scope of other IFRSs, such as IAS 17 Leases. The standard also provides a model for the measurement and recognition of gains and losses on the sale of certain non-financial assets, such as property or equipment. Extensive disclosures will be required, including disaggregation of total revenue; information about performance obligations; changes in contract asset and liability account balances between periods and key judgements and estimates. The effective date is 1 January 2017.

The adoption of this standard is not expected to have a significant impact on the financial statements.

IFRS 9 Financial Instruments
IFRS 9, as issued, reflects the first phase of the IASB's work on the replacement of IAS 39 and applies to the classification and measurement of financial assets and financial liabilities, as well as hedge accounting.

IFRS 9 does not yet have a mandatory effective date, but early adoption is allowed. A mandatory effective date will be set when the IASB completes the impairment phase of the project. At its February 2014 meeting, the IASB tentatively decided that the mandatory effective date of IFRS 9 will be for annual periods beginning on or after 1 January 2018.

The adoption of this Standard will have material impact on the financial statements specifically the valuation of loans and advances and the related impairments.

1. Net interest income

Accounting for interest income and interest expense
Interest income and expense are recognised in profit or loss using the effective interest method.

The effective interest rate is the rate that exactly discounts the estimated future cash payments and receipts through the expected life of the financial asset or financial liability (or, where appropriate, a shorter period) to the carrying amount of the financial asset or financial liability. When calculating the effective interest rate, the Group estimates future cash flows considering all contractual terms of the financial instrument, excluding credit losses.

The calculation of the effective interest rate includes transaction costs and fees and points paid or received that are an integral part of the effective interest rate. Transaction costs include incremental costs that are directly attributable to the acquisition or issue of a financial asset or financial liability.

Interest income and expense presented in the statement of profit or loss and OCI include:
- interest on financial assets and financial liabilities measured at amortised cost calculated on an effective interest basis.

	2014 $'000
Interest and similar income	
Unwind of fair value adjustment to loans and advances acquired at fair value through business combination	498
Cash and short-term funds	1,321
Investment securities and dated financial instruments	4,454
Loans and advances at amortised cost	73,995
Other interest income	94
Financial investments – available-for-sale	10
Interest and similar income	80,372
Interest and similar expense	
Deposits	(39,876)
Borrowed funds	(11,853)
Securities lent and repurchase agreements	(6)
Interest and similar expense	(51,735)
Net interest income	28,637

2. Provision for impairment losses

Accounting for impairments of loans and advances

At each reporting date, the Group assesses whether there is objective evidence that financial assets not carried at fair value through profit or loss are impaired. A financial asset or a group of financial assets is "impaired" when objective evidence demonstrates that a loss event has occurred after the initial recognition of the asset(s) and that the loss event has an impact on the future cash flows of the asset(s) that can be estimated reliably.

Objective evidence that financial assets are impaired includes:
- significant financial difficulty of the borrower or issuer;
- cash flow difficulties experienced by the borrower (for example, equity ratio, net income percentage of sales);
- default or delinquency by a borrower;
- breach of loan covenants or conditions;
- initiation of bankruptcy proceedings;
- deterioration of the borrower's competitive position;
- deterioration in the value of collateral; and
- downgrading below investment grade level;
- the disappearance of an active market for a security; or
- observable data relating to a group of assets such as adverse changes in the payment status of borrowers or issuers in the group, or economic conditions that correlate with defaults in the group.

The Group considers evidence of impairment for loans and advances and held-to-maturity investment securities at both a specific asset and a collective level. All individually significant loans and advances and held-to-maturity investment securities are assessed for specific impairment. Those found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified. Loans and advances and held-to-maturity investment securities that are not individually significant are collectively assessed for impairment by grouping together loans and advances and held-to-maturity investment securities with similar risk characteristics.

In assessing collective provision for credit losses, the Group uses historical trends of the probability of default, the timing of recoveries and the amount of loss incurred, and makes an adjustment if current economic and credit conditions are such that the actual losses are likely to be greater or lesser than is suggested by historical trends.

Provision for credit losses on assets measured at amortised cost are calculated as the difference between the carrying amount and the present value of estimated future cash flows discounted at the asset's original effective interest rate.

If the terms of a financial asset are renegotiated or modified or an existing financial asset is replaced with a new one due to financial difficulties of the borrower, then an assessment is made of whether the financial asset should be derecognised. If the cash flows of the renegotiated asset are substantially different, then the contractual rights to cash flows from the original financial asset are deemed to have expired. In this case, the original financial asset is derecognised and the new financial asset is recognised at fair value.
The impairment loss before an expected restructuring is measured as follows:
- If the expected restructuring will not result in derecognition of the existing asset, then the estimated cash flows arising from the modified financial asset are included in the measurement of the existing asset based on their expected timing and amounts discounted at the original effective interest rate of the existing financial asset.
- If the expected restructuring will result in derecognition of the existing asset, then the expected fair value of the new asset is treated as the final cash flow from the existing financial asset at the time of its derecognition. This amount is discounted from the expected date of derecognition to the reporting date using the original effective interest rate of the existing financial asset.

Provision for credit losses is recognised in profit or loss and reflected in an allowance account against loans and receivables or held-to-maturity investment securities. Interest on the impaired assets continues to be recognised through the unwinding of the discount. If an event occurring after the impairment was recognised causes the amount of impairment loss to decrease, then the decrease in impairment loss is reversed through profit or loss.

Impairment losses on available-for-sale investment securities are recognised by reclassifying the losses accumulated in the fair value reserve in equity to profit or loss. The cumulative loss that is reclassified from equity to profit or loss is the difference between the acquisition cost, net of any principal repayment and amortisation, and the current fair value, less any impairment loss previously recognised in profit or loss. Changes in impairment attributable to application of the effective interest method are reflected as a component of interest income.

If, in a subsequent period, the fair value of an impaired available-for-sale debt security increases and the increase can be related objectively to an event occurring after the impairment loss was recognised, then the impairment loss is reversed through profit or loss; otherwise, any increase in fair value is recognised through OCI. Any subsequent recovery in the fair value of an impaired available-for-sale equity security is always recognised in OCI.

The Group writes off a loan or an investment debt security, either partially or in full, and any related allowance for impairment losses, when Group Credit determines that there is no realistic prospect of recovery.

Critical accounting estimates and judgements

Credit risk is broken down into the common risk components of probability of default ("PD"), exposure at default ("EAD") and loss given default ("LGD"), modelled at a client, facility and portfolio level. These risk components are used in the calculation of a number of aggregate risk measures such as expected loss ("EL"). The models used by the Group are aimed to be compliant with Basel II and regulatory requirements. These risk measures would be used as inputs to calculate the collective impairment amounts.

The Group reviews its loan portfolios to assess impairment on a regular basis. In determining whether an impairment loss should be recorded in the Income Statement, the Group makes judgements as to whether there are any observable data indicating that there is a measurable decrease in the estimated future cash flows from a portfolio of loans before the decrease can be identified with an individual loan in that portfolio. This evidence may include observable data indicating that there has been an adverse change in the payment status of borrowers in a group, or national or local economic conditions that correlate with defaults on assets in the Group. Management uses estimates based on historical loss experience for assets with credit risk characteristics and objective evidence of impairment similar to those in the portfolio when scheduling its future cash flows. The methodology and assumptions used for estimating both the amount and timing of future cash flows are reviewed monthly to reduce any differences between loss estimates and actual loss experience.

BancABC default probabilities for each rating bucket are more conservative, i.e. for the same rating BancABC implies a higher likelihood of defaults than the corresponding Standard & Poor's. The definition of default and the use of PD is standard as prescribed by the Basel II framework and regulation.

The PD measures the likelihood of a client defaulting on its obligations within the next 12 months and is a primary component of the internal risk rating calculated for all clients.

The Group calculates EAD estimates for each facility through models developed and based on internal and external default data as well as credit experts' experience with particular products or client groups. EAD estimates incorporate both on- and off-balance sheet exposures resulting in a capital requirement which incorporates existing exposures, as well as exposures which are contingent on a counterparty's use of an available facility.

LGD estimates are calculated through internally developed models, as well as a broad base of expert judgement from credit representatives and the results are primarily driven by the type and amount of collateral held.

Portfolio impairment is established for:
- groups of homogeneous loans that are not considered individually significant; and
- groups of assets that are individually significant but that were not found to be individually impaired (loss "incurred but not reported" or "IBNR").

Specific impairment applies to financial assets evaluated individually for impairment and is based on management's best estimate of the present value of the cash flows that are expected to be received. In estimating these cash flows, management makes judgements about a debtor's financial situation and the net realisable value of any underlying collateral. In most cases management will recommend a discounted value for the collateral based on the knowledge of the client. Each impaired asset is assessed on its merits, and the workout strategy and estimate of cash flows considered recoverable are independently approved by the Credit Risk function.

The calculation of the present value of the estimated future cash flows of a collateralised financial asset reflect the cash flows that may result from foreclosure less costs for obtaining and selling the collateral, whether or not foreclosure is probable.

Management applies judgement to ensure that the estimate of loss arrived at on the basis of historical information is appropriately adjusted to reflect the economic conditions and product mix at the reporting date.

The most significant input that could materially impact the calculation of the provision for credit impairment losses is the valuation of collateral. A 10% decrease in the valuation of collateral would result in an additional $800,000 impairment charge.

As at 31 December 2014 there is no collective impairment charge in relation to the portfolio. The loans were acquired at fair value, taking into account any expected losses and subsequently measured at amortised cost, based on incurred losses. The impact of collective impairment on any new post-acquisition loans is deemed to be immaterial as at 31 December.

	2014 $'000
Specific impairments	**6,288**
Total impairment charge	**6,288**

3. Non-interest income

Accounting for non-interest income
Fees and commission
Fees and commission income and expense that are integral to the effective interest rate on a financial asset or financial liability are included in the measurement of the effective interest rate.

Other fees and commission income – including account servicing fees, investment management fees, sales commission, placement fees and syndication fees – are recognised as the related services are performed. If a loan commitment is not expected to result in the draw-down of a loan, then the related loan commitment fees are recognised on a straight-line basis over the commitment period. Other fees and commission expenses relate mainly to transaction and service fees, which are expensed as the services are received.

Net trading income
Net trading income comprises gains less losses related to trading assets and liabilities, and includes all realised and unrealised fair value changes, interest, dividends and foreign exchange differences.

	2014 $'000
Net fee and commission income:	
Fee and commission income	
Fee income on loans and advances	11,470
Fee income from trust and fiduciary activities	1,963
Cash transaction fees	6,619
Other fee income	805
Net fee and commission income	20,857
Net gains (losses) on financial instruments designated at fair value through profit or loss:	
Financial assets designated at fair value through profit/loss	(2,143)
Financial liabilities designated at fair value through profit/loss	3,180
Net gains (losses) on financial instruments designated at fair value through profit or loss	1,037
Net trading income:	
Gains/losses on foreign exchange differences	132
Hedge ineffectiveness on fair value hedges	1
Other net trading income	1,565
Net trading income	1,698
Other non-interest income:	
Dividends received – listed shares – fair value through profit/loss	357
Dividends received – unlisted shares – fair value through profit/loss	42
Gains/losses on disposal of property, plant and equipment	118
Non-trading foreign exchange	(817)
Rental income	392
Profit on discontinued operations	1,861
Other non-interest income	1,805
Negative goodwill on bargain purchase	1,424
Other non-interest income	5,182
Non-interest income	28,774

4. Expenditure

Accounting for staff costs
The Group applies IAS 19 Employee Benefits in its accounting for most of the components of staff costs.

Short-term employee benefits – salaries, accrued performance and other short-term benefit costs are recognised over the period in which the employees provide the services to which the payments relate.

Performance costs – recognised to the extent that the Group has a present obligation to its employees that can be measured reliably and are recognised over the period of service that employees are required to work to qualify for the services.

Operating expenditure

	2014 $'000
Administrative expenses	37,332
Property lease rentals	1,917
Staff costs (note 4.1)	40,245
Auditor's remuneration	1,302
Depreciation (note 15)	2,951
Amortisation charge (note 17)	3,600
Directors remuneration (note 4.2)	4,115
	91,462

4.1 Staff costs

	2014 $'000
Salaries	28,752
Employer contributions to post retirement funds	1,297
Other staff costs[1,2]	10,196
	40,245

1. Included in other staff costs is an amount of $7.8 million related to the termination payments made to the exiting BancABC management team in line with the termination contracts concluded on 8 December 2014.
2. Total equity-settled share-based payments costs of $3.7 million have been included in other staff costs.

Other staff costs comprise incentive pay, medical aid contributions, staff training and other staff-related expenses.

4.2 Directors' remuneration

	2014 $'000
Executive Directors	
Salary, performance-related remuneration and other benefits	3,367
Non-Executive Directors	
Fees as Director of holding company	213
Fees as Director of subsidiaries	219
Non-Executive Directors' fees	432
Total Directors' remuneration	3,799

Details of other transactions and balances with related parties have been disclosed under note 25.

4.3 Transaction and integration expenditure

	2014 $'000
Professional fees (including legal and due diligence costs)	16,209
Transaction and integration expenses[1]	21,848
Others	704
	38,761

1. Included in transaction costs is an amount of $14.5 million related to the put and call option agreements that were entered into with the exiting BancABC management team. The terms of these contracts were originally negotiated as part of the initial agreements with BancABC management in connection with the acquisition of BancABC.

4.4 Share-based payment transactions

Accounting for share-based payments

Employees (including senior executives) of the Group receive remuneration in the form of share-based payments, whereby employees render services as consideration for equity instruments ("equity-settled transactions"). Employees working in the business development group are granted share appreciation rights, which are settled in cash ("cash-settled transactions").

Equity-settled transactions

The cost of equity-settled transactions is determined by the fair value at the date when the grant is made using an appropriate valuation model. That cost is recognised, together with a corresponding increase in other capital reserves in equity, over the period in which the performance and/or service conditions are fulfilled in employee benefits expense. The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The statement of profit or loss expense or credit for a period represents the movement in cumulative expense recognised as at the beginning and end of that period and is recognised in employee benefits expense.

No expense is recognised for awards that do not ultimately vest, except for equity-settled transactions for which vesting is conditional upon a market or non-vesting condition. These are treated as vesting irrespective of whether or not the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

When the terms of an equity-settled award are modified, the minimum expense recognised is the expense had the terms had not been modified, if the original terms of the award are met. An additional expense is recognised for any modification that increases the total fair value of the share-based payment transaction, or is otherwise beneficial to the employee as measured at the date of modification.

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of diluted earnings per share, and is only presented if the result is a loss.

Critical accounting estimates and judgements

Atlas Mara has entered into equity-settled share-based payment arrangements with its employees and Directors as compensation for services provided. The grant-date fair value of share-based payment awards – i.e. stock options – granted to employees is recognised as personnel expenses, with a corresponding increase in equity, over the period in which the employees become unconditionally entitled to the awards.

The amount recognised as an expense is adjusted to reflect the number of awards for which the related service and non-market performance conditions are expected to be met, such that the amount ultimately recognised as an expense is based on the number of awards that meet the related service and non-market performance conditions at the vesting date. For share-based payment awards with non-vesting conditions, the grant-date fair value of the share-based payment is measured to reflect such conditions and there is no true-up for differences between expected and actual outcomes.

Fair value is determined by using appropriate valuation models. Vesting conditions include service conditions. Vesting conditions are not taken into account in the initial estimate of the fair value at the grant date. They are taken into account by adjusting the number of equity instruments included in the measurement of the share-based payment transaction.

In determining the grant date fair value of the equity-settled share-based payments, the Group has made key assumptions in relation the inputs included in the valuation methodology, the most significant thereof, relating to the expected volatility of the Atlas Mara shares. In making these assumptions the following were taken into account to determine a proxy volatility:
– Volatility of the traded shares of the significant investments held by the Group.
– Volatilities of peer group companies in the same markets as the significant investments.
– Dividend yield.

The most significant sensitivity in the calculation is the divided yield. An increase of 4-6% would decrease the total income statement charge by $1,500,000.

a. Description of share-based payment arrangements

During the financial year, Atlas Mara established three share-based remuneration arrangements for key management, Directors and employees. Currently these programmes are limited to Directors, key management and senior employees.

The key terms and conditions related to these arrangements are listed below. All options/grants are settled by the physical delivery of shares.

A number of options were granted to employees to buy Atlas Mara shares, as traded on the London Stock Exchange, in the future at a predetermined price ("strike price").

Summary of Share Options Scheme operation

IPO options

The options were granted to Non-Executive Directors.

All options vested on the grant date 17 December 2013.

All vested options expire five years from the date of completion of BancABC acquisition.

Management indicated that the employees are not entitled to dividends (if any) prior to the vesting date, nor will they receive the value of the dividends that they would have earned if they had been the owner of the shares from grant date.

Employee/consultant options

These options were granted to employees and consultants of Atlas Mara. These options were granted under terms similar to the Atlas Mara Global Share plan. Under this plan the employee/consultant is required to remain employed or engaged with the Group during the vesting period. Requirements are subject to Board discretion.

One-third of the options vests on the grant date (8 September 2014 and 15 November 2014 respectively), one-third of the options vests on the first anniversary of the grant date and the remaining third vests on the second anniversary of the grant date.

All vested options expire seven years from the grant date.

Management indicated that the employees are not entitled to dividends (if any) prior to the vesting date, nor will they receive the value of the dividends that they would have earned if they had been the owner of the shares from grant date.

Summary of Share Awards Scheme operation

Award A

The employee must remain in the employment of Atlas Mara for the duration of the vesting period in order to be eligible to receive the shares.

34.2% of the awards vests on the grant date, 8 September 2014, 29.2% of the awards vests on 1 April 2015, 21.9% of the awards vests on 1 April 2016, and the remaining 14.7% vests on 1 April 2017.

The employees are not entitled to dividends (if any) prior to the vesting date, nor will they receive the value of the dividends that they would have earned if they had been the owner of the shares from grant date.

Award B

The employee must remain in the employment of Atlas Mara for the duration of the vesting period in order to be eligible to receive the shares.

One-third of the awards vests on the grant date, 15 November 2015, one-third of the awards vests on the first anniversary of the grant date, 15 November 2015, and the remaining third vests on 1 April 2016.

The employees are not entitled to dividends (if any) prior to the vesting date, nor will they receive the value of the dividends that they would have earned if they had been the owner of the shares from grant date.

4.4 Share-based payment transactions continued

b. Measurement of fair values

The fair value of the IPO, employee and key management scheme and the key management share grants have been measured using the risk-neutral valuation principles.

Service conditions attached to the transactions were not taken into account in the measurement of fair value.

The inputs used in the measurement of the grant date fair value of the equity-settled arrangements are as follows:

	Share Options Scheme		
	IPO options	Employee/consultant options	
Grant date	17 December 2013	8 September 2014	15 November 2014
Vesting dates	17 December 2013	8 September 2014	15 November 2014
	17 December 2014	8 September 2015	15 November 2015
	17 December 2015	8 September 2016	15 November 2016
Expiry date	21 August 2019	8 September 2021	15 November 2021

	Share Awards Scheme	
	Award A	Award B
Grant date	8 September 2014	15 November 2014
Vesting dates	8 September 2014	15 November 2014
	1 April 2015	15 November 2015
	1 April 2016	1 April 2016
	1 April 2017	

Number of options and awards granted

The following tables contain the number of options and awards granted per grant date:

Share Options Scheme	
Grant date	Number of options granted
17 December 2013	125,000
8 September 2014	953,000
15 November 2014	145,000

Share Awards Scheme	
Grant date	Number of options granted
15 November 2014	161,527
8 September 2014	300,482

Risk-free curve

The risk-free interest rate indicates the rate of interest that can be earned without assuming any risks over a specified time period. The US dollar swap curves as at the respective grant dates were independently sourced from Bloomberg.

Dividend yield

A dividend yield of 2% as an average over the period was used.

Volatility

Based on analysis of the above volatilities and industry experience, a volatility of 35% was applied in the valuation as at all the grant dates.

Valuation results

Share Options Scheme

Based on the aforementioned inputs and assumptions, we obtained the following results. The tables below contain the amortisation schedules per grant made. Note that the value as at 31 December 2014 is the cumulative expense as at 31 December 2014.

Movements during the year

The following table illustrates the number and weighted average exercise prices ("WAEP") of, and movements in, share options during the year:

Granted during the year	1,223,000
Forfeited during the year	10,000
Exercised during the year	–
Expired during the year	–
Outstanding at 31 December	1,213,000

The weighted average remaining contractual life for the share options outstanding as at 31 December 2014 was:

IPO options	3.96
Employee options	6.72
Award A	1.07
Award B	1.19

The range of exercise prices for options outstanding at the end of the year was 9.50–11.50.

The weighted average fair value of options granted during the year was 1,922,684.

Valuation models and key assumptions used

The following tables list the inputs to the models used for the year ended 31 December 2014:

Dividend yield (%)	2.00
Expected volatility (%)	35
Risk-free interest rate (%)	1.91
Expected life of share options (years)	2.5-4.5
Weighted average share price ($)	10.11
Model used	Black Scholes

The expected life of the share options is based on historical data and current expectations and is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility over a period similar to the life of the options is indicative of future trends, which may not necessarily be the actual outcome.

Valuation report information

Spot prices

The following share prices per Atlas Mara share, as traded on the London Stock Exchange, as at the respective grant dates, were sourced from Bloomberg:

Grant date	Spot price ($)
17 December 2013	10.90
8 September 2014	10.10
15 November 2014	9.50
17 November 2014	9.35

4.4 Share-based payment transactions continued

Strike prices

The following strike prices relating to the share options granted were provided by management:

Grant date	Spot price ($)
17 December 2013	11.50
8 September 2014	11.00
15 November 2014	9.50

Fair values

		IPO options			
Grant date	Vesting date	Fair value per option ($)	Number of options granted	December 2014 ($)	Totals ($)
17 December 2013	17 December 2013	2.00	41,667	83,495	83,495
17 December 2013	17 December 2014	2.19	41,667	91,176	91,176
17 December 2013	17 December 2013	2.35	41,667	97,949	97,949
		Total	**125,001**	**272,620**	**272,620**

		Employee options					
Grant date	Vesting date	Fair value per option ($)	Number of options granted	December 2014 ($)	December 2015 ($)	December 2016 ($)	Totals ($)
8 September 2014	8 September 2014	2.15	314,333	677,003	–	–	677,003
8 September 2014	8 September 2015	2.30	314,333	225,808	497,175	–	722,983
8 September 2014	8 September 2016	2.43	314,333	119,244	381,789	263,591	764,624
15 November 2014	15 November 2014	2.29	48,333	110,464	–	–	110,464
15 November 2014	15 November 2015	2.41	48,333	14,700	101,944	–	116,644
15 November 2014	15 November 2016	2.53	48,333	7,691	61,026	53,502	122,219
		Total	**1,087,998**	**1,154,910**	**1,041,934**	**317,093**	**2,513,937**

Share Awards Scheme

			Award A					
Grant date	Vesting date	Fair value per award ($)	Number of awards granted	December 2014 ($)	December 2015 ($)	December 2016 ($)	December 2017 ($)	Totals ($)
8 September 2014	8 September 2014	10.10	102,765	1,037,925	–	–	–	1,037,925
8 September 2014	1 April 2015	9.99	87,741	487,299	388,984	–	–	876,283
8 September 2014	1 April 2016	9.79	65,806	128,607	411,768	103,788	–	644,163
8 September 2014	1 April 2017	9.60	44,171	51,619	165,272	165,725	41,205	423,821
		Total	**300,483**	**1,705,450**	**966,024**	**269,513**	**41,205**	**2,982,192**

		Award B					
Grant date	Vesting date	Fair value per award ($)	Number of awards granted	December 2014 ($)	December 2015 ($)	December 2016 ($)	Totals ($)
15 November 2014	15 November 2014	9.35	53,837	503,375	–	–	503,375
15 November 2014	15 November 2015	9.16	53,837	59,479	433,929	–	493,408
15 November 2014	1 April 2016	9.10	53,853	43,024	356,907	89,960	489,891
		Total	**161,527**	**605,878**	**790,836**	**89,960**	**1,486,674**

5. Tax

Accounting for income taxes

Income tax expense comprises current and deferred tax. It is recognised in profit or loss except to the extent that it relates to items recognised directly in equity or in OCI.

Current tax

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. It is measured using tax rates enacted or substantively enacted at the reporting date.

Deferred tax

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax is not recognised for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;
- temporary differences related to investments in subsidiaries to the extent that it is probable that they will not reverse in the foreseeable future; and
- taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Unrecognised deferred tax assets are reassessed at each reporting date and recognised to the extent that it has become probable that future taxable profits will be available against which they can be used.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

The measurement of deferred tax reflects the tax consequences that would follow the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Tax exposures

In determining the amount of current and deferred tax, the Group considers the impact of tax exposures, including whether additional taxes and interest may be due. This assessment relies on estimates and assumptions and may involve a series of judgements about future events. New information may become available that causes the Group to change its judgement regarding the adequacy of existing tax liabilities; such changes to tax liabilities would impact tax expense in the period in which such a determination is made.

5. Tax continued

Deferred tax assets were not recognised unless, based on the Group's assessment, it is probable that future taxable profits will be available against which the Group could utilise the benefits.

	2014 $'000
Current tax expense	
Current year	(3,796)
Tax on income from associate	(36)
Withholding tax	208
Bank levies	7
	(3,617)
Deferred tax	
Accruals	9,206
Impairment losses in subsidiaries	588
Property and equipment	328
Gains/(losses) and investments	(1,098)
	9,025
Total tax expense per income statement	5,408
Reconciliation of effective tax charge:	
Loss before tax[1]	(58,044)
Income tax using corporate tax rates[1]	1,902
Non-deductible expenses	1,727
Effect of share of loss of associates	(428)
Bank levies	(1)
Tax on dividends received	209
Income tax at different rates	327
Tax and fair value losses of prior years claimed	1,672
Tax expense per income statement	5,408
Effective tax rate	(9.32)%

1. Loss before tax is net of inter-Group dividends. Income tax using corporate tax rates is calculated prior to this elimination by applying the corporate tax rates of the respective subsidiaries.

5.1 Income tax effects relating to components of other comprehensive income

	2014		
	Before tax $'000	Tax (charge)/ credit $'000	After tax $'000
Exchange differences on translating foreign operations	(1,483)	–	(1,483)
Movement in available-for-sale reserves	13	–	13
Other comprehensive income	(1,470)	–	(1,470)

6. Loss per share

The Group presents basic and diluted EPS data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss that is attributable to ordinary shareholders of the Bank by the weighted-average number of ordinary shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss that is attributable to ordinary shareholders and the weighted-average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares, which comprise share options granted to employees.

	2014 000
Weighted average ordinary shares	
Recognised as treasury shares	(134)
Ordinary shares issued during the period	47,041
Weighted average ordinary shares	46,907
Total diluted number of ordinary shares	
Diluted shares	–
Total diluted number of ordinary shares	46,907
Diluted earnings	
Loss for the period	$(63,452)
Basic loss per share for continuing operations	$(1.35)
Diluted loss per share	$(1.35)

At 31 December 2014, 1,213,000 options were excluded from the diluted weighted average number of ordinary shares calculation because their effect would have been anti-dilutive.

7. Cash and short-term funds

Cash and cash equivalents
Cash and cash equivalents comprises of balances with banks that are short-term highly liquid investments with an original maturity of three months or less that are readily convertible into known amounts of cash.

Cash and cash equivalents are carried at amortised cost in the statement of financial position.

	2014 $'000
Cash on hand	32,279
Balances with central banks	55,274
Balances with other banks	227,214
Cash and cash equivalents	314,767
Statutory reserve balances	95,018
	409,785

Statutory reserve balances are restricted minimum statutory balances not available for the banking operations' daily operations.

These balances do not accrue interest.

8. Financial assets held-for-trading

Accounting for financial assets held-for-trading
Financial assets at fair value through profit or loss include financial assets held-for-trading and financial assets designated upon initial recognition at fair value through profit or loss. Financial assets are classified as held-for-trading if they are acquired for the purpose of selling or repurchasing in the near term.

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value presented as finance costs ("negative net changes in fair value") or finance income ("positive net changes in fair value") in the statement of profit or loss.

Critical accounting estimates and judgements

Many of the Group's financial instruments are measured at fair value on the balance sheet and it is usually possible to determine their fair values within a reasonable range of estimates. Fair value estimates are made at a specific point in time, based on market conditions and information about the financial instrument. These estimates are subjective in nature and involve uncertainties and matters of judgement (e.g. interest rates, volatility and estimated cash flows) and therefore cannot be determined with precision.

Refer to note 33 for further details of the estimate.

	2014 $'000
Government bonds	18,975
Corporate bonds	9,740
Treasury bills and other open market instruments	76,881
	105,596
Financial assets held-for-trading pledged as collateral	
Treasury bills and other open market instruments	39,171
	39,171
Financial assets held-for-trading	144,767

Investment in government bonds and treasury bills by subsidiaries is partly for liquidity requirements as stipulated by local central banks and also as a source of diversification of the assets portfolio. There are no cross-border investments in government securities by any of the subsidiaries and the holding company. The Group also invests in tradable paper issued by large corporates in the respective markets.

All financial assets held-for-trading are carried at fair value in 2014.

9. Financial assets designated at fair value

Accounting to financial assets at fair value through profit or loss
Refer to note 8.

	2014 $'000
Listed equities	948
Unlisted equities	10,878
Financial assets designated at fair value	11,826

The listed equities comprise various companies listed on the Zimbabwe Stock Exchange that subsidiaries have invested in.

The unlisted equities comprise a number of unlisted equity investments housed in an investment company in the Group (refer to the overview of valuation assumptions included in the financial risk management section of the financial statements).

10. Loans and advances to customers

Accounting to loans and advances
Loans and advances are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and that the Group does not intend to sell immediately or in the near term.

Loans and advances to customers include those classified as loans and receivables.

Loans and advances are initially measured at fair value plus incremental direct transaction costs, and subsequently measured at their amortised cost using the effective interest method. When the Group chooses to designate the loans and advances as measured at fair value through profit or loss, they are measured at fair value with face value changes recognised immediately in profit or loss.

Critical accounting estimates and judgements

The Group reviews its loan portfolios to assess impairment at least on a monthly basis. In determining whether an impairment loss should be recorded in the income statement, the Group makes judgements as to whether there is any observable data indicating that there is a measurable decrease in the estimated future cash flows from a portfolio of loans before the decrease can be identified with an individual loan in that portfolio. This evidence may include observable data indicating that there has been an adverse change in the payment status of borrowers in a group, or national or local economic conditions that correlate with defaults on assets in the Group. Management uses estimates based on historical loss experience for assets with credit risk characteristics and objective evidence of impairment similar to those in the portfolio when scheduling its future cash flows. The methodology and assumptions used for estimating both the amount and timing of future cash flows are reviewed monthly to reduce any differences between loss estimates and actual loss experience.

Refer to note 2 for the detailed description of the estimate.

	2014 $'000
Mortgage lending	66,320
Instalment finance	62,953
Corporate lending	493,073
Commercial and property finance	51,434
Consumer lending	570,756
	1,244,536
Less impairments (note 10.1)	(8,018)
Net loans and advances	1,236,518

10.1 Reconciliation of impairment allowance for loans and advances to customers by market segment is as follows:

		31 December 2014						
		Mortgage lending $'000	Instalment finance $'000	Corporate lending $'000	Commercial and property finance $'000	Consumer lending $'000	Other loans and advances $'000	Gross loans and advances $'000
28 November 2013	Exchange rate adjustment	14	247	1,308	–	161	–	1,730
	Impairments created	11	162	3,255	861	1,999	–	6,288
31 December 2014	**Closing balances**	25	409	4,563	861	2,160	–	8,018
	Individual impairment	25	409	4,563	861	2,160	–	8,018
Gross amount of loans individually determined to be impaired, before conducting the individually assessed impairment allowance		17,333	7,804	93,438	9,054	75,923	458	204,010

Overview
Why Africa?
Strategy
Performance
Governance
Financial statements
Additional information

10.2 Allowance for credit losses

The changes in impairment losses included in the allowances for losses on loans and advances recognised under assets, shown by class of financial instrument, were as follows:

		Specific allowance for credit losses	Total
		31 December 2014 $'000	31 December 2014 $'000
Additions	28 November 2013 to 31 December 2014	6,288	6,288
Exchange rate adjustment	28 November 2013 to 31 December 2014	1,730	1,730
Balance as at 31 December 2014		**8,018**	**8,018**

The specific allowance for credit losses of $8 million exclusively relates to loans and advances to customers.

11. Prepayments and other receivables

Accounting for advances for investments and prepayments
Advances for investments and prepayments are costs paid for subsequent periods in advance and are measured at cost. It includes amounts attributable to an equity transaction in process. Such costs will be transferred to equity as and when the equity transaction is recognised or recognised in the statement of income if the transaction is not expected to complete.

	2014 $'000
Accounts receivable and prepayments	23,720
Security deposits	327
Other amounts due	5,972
Prepayments and other receivables	**30,019**

All prepayments and other receivables are classified as current.

12. Investment securities

Investment securities – available-for-sale
Investment securities available-for-sale represent amounts placed in money market funds and invested in US Treasury Bills rated at least AA or better at the time of purchase or deposit. Available-for-sale investments are initially measured at cost, including transaction costs, and subsequently re-measured to fair value. Unrealised gains and losses arising from changes in the fair values of available-for-sale investments are recognised in a fair value reserve as a separate component of equity. In the event of sale, disposal, collection or impairment, the related cumulative gains and losses recognised in equity are transferred to the income statement of that year. There have been no transfers of available-for-sale securities to loans and advances during the period.

Held-to-maturity investments
Non-derivative financial assets with fixed or determinable payments and fixed maturities are classified as held-to-maturity when the Group has the positive intention and ability to hold them to maturity. After initial measurement, held-to-maturity investments are measured at amortised cost using the EIR, less impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance income in the statement of profit or loss. The losses arising from impairment are recognised in the statement of profit or loss as finance costs.

The Group follows the IAS 39 guidance on classifying non-derivative financial assets with fixed or determinable payments and fixed maturity, as held-to-maturity. This classification requires significant judgement. In making this judgement, the Group evaluates its intention and ability to hold such investments to maturity. If the Group fails to keep these investments to maturity other than for the specific circumstances – for example, selling an insignificant amount close to maturity – it will be required to reclassify the entire category as available-for-sale. The investments would therefore be measured at fair value, not amortised cost.

	2014 $'000
Acquired through business combinations	7,345
Additions during the period	133,120
	140,465
Balance at 31 December 2014 consists of:	
Available-for-sale	
Listed equities	644
Unlisted equities	89
Unlisted investments	139,732
	140,465
Held-to-maturity pledged as collateral	5,586
Promissory notes (held-to-maturity)	5,586
Investment securities	**146,051**

The investments in unlisted equities are accounted for at fair value. Refer to fair value note under financial risk management for details.

The promissory notes are partial security for the loan from BIFM (note 19). The promissory notes earn a fixed interest of 10.25% p.a., and are redeemable on 31 March 2015.

The fair value of the promissory notes has not been determined as the promissory notes are specifically conditional to the terms of the BIFM loan referred to in note 19.

13. Investments in associates

Investments in associates
The Group applies IAS 28 Investments in Associates and IFRS 11 Joint Arrangements. Associates are entities in which the Group has significant influence, but not control, over the operating and financial policies. Generally, the Group holds more than 20%, but less than 50%, of their voting shares.

The Group's investments in associates and joint ventures are initially recorded at cost and increased (or decreased) each year by the Group's share of the post-acquisition profit (or loss).

The Group ceases to recognise its share of the losses of equity accounted associates when its share of the net assets and amounts due from the entity have been written off in full, unless it has a contractual or constructive obligation to make good its share of the losses.

Impairment losses
After application of the equity method, including recognising the associate's losses, the entity applies IAS 39 Financial Instruments: Recognition and Measurement to determine whether it is necessary to recognise any additional impairment loss with respect to its net investment in the associate or joint venture.

The entity also applies IAS 39 to determine whether any additional impairment loss is recognised with respect to its interest in the associate or joint venture that does not constitute part of the net investment and the amount of that impairment loss.

Because goodwill that forms part of the carrying amount of an investment in an associate is not separately recognised, it is not tested for impairment separately by applying the requirements for impairment testing goodwill in IAS 36 Impairment of Assets. Instead, the entire carrying amount of the investment is tested for impairment in accordance with IAS 36 as a single asset, by comparing its recoverable amount (higher of value in use and fair value less costs to sell) with its carrying amount, whenever application of IAS 39 indicates that the investment may be impaired.

An impairment loss recognised in those circumstances is not allocated to any asset, including goodwill, that forms part of the carrying amount of the investment in the associate. Accordingly, any reversal of that impairment loss is recognised in accordance with IAS 36 to the extent that the recoverable amount of the investment subsequently increases. In determining the value in use of the investment, an entity estimates:
(a) its share of the present value of the estimated future cash flows expected to be generated by the associate, including the cash flows from the operations of the associate and the proceeds from the ultimate disposal of the investment; or
(b) the present value of the estimated future cash flows expected to arise from dividends to be received from the investment and from its ultimate disposal.

13. Investments in associates continued

Using appropriate assumptions, both methods give the same result.

The recoverable amount of an investment in an associate or a joint venture shall be assessed for each associate or joint venture, unless the associate or joint venture does not generate cash inflows from continuing use that are largely independent of those from other assets of the entity.

Critical accounting estimates and judgements

Management applies its judgement to determine whether the control indicators indicate that the Group controls an entity. In making this assessment the following will be evaluated:
– The Group's ability to have power over the activities of the investment, including any potential voting rights and Board representation.
– The Group's exposure to variability of returns from the investment and the ability to have an impact on this.

The assessment indicated that the Group does not have control, but has significant influence by means of:
– The % voting rights held.
– Appointments to the Board of the investment.

Fair value of assets and liabilities of associate
In determining the value of the assets and liabilities of the associate, the Group applies judgement.

Included in the investment in associate is the valuation of intangible assets identified. The valuation is sensitive to the discount rate applied.

Intangible assets
Included in the fair value of UBN are intangible assets of $93.9 million. This amount represents 50% of the identified amount. A 50% reduction in value was assumed based on the limited available information included in the assumptions of the calculation.

Impairment losses
The Group determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognises the loss as "Share of profit of an associate and a joint venture" in the statement of profit or loss.

The following assessments for impairment losses are required for an investment in associates:
– Assets of the associate.
– Investment in the associate.
– Other interests that are not part of the net investment in the associate.

Assets of the associate
The investor should measure its interest in an associate's identifiable net assets at fair value at the date of acquisition of an associate. If the value that the investor attributes to the associate's net assets differs from the carrying value amounts in the associate's books, the investor should restate any impairment losses recognised by the associate.

Investment in the associate
As well as applying the equity method, IAS 28 requires an investor to apply the requirements of IAS 39 to determine whether any impairment loss should be recognised with regards to the investor's net investment in the associate. The amount of the impairment is determined in accordance with IAS 36.

Other interests that are not part of the net investment in the associate
The investor must also apply IAS 39 to determine whether it is necessary to recognise any additional impairment loss relating to that part of the investor's interest in the associate that does not comprise its net investment in the associate.

	2014 $'000
Acquired through business combinations	113,905
Share of profits	7,395
Share of OCI	218
Exchange rate adjustment	(12,601)
Tax associated	24
Additions during year	266,171
Investment in associates	**375,112**

Purchase of UBN

On 19 December 2014, the Group acquired 21.16% of the voting shares of UBN, a company incorporated in 1917 and listed on the Nigerian Stock Exchange. UBN is a respected and recognised financial institution situated in Nigeria. UBN is a robust commercial and retail banking franchise with a stable customer deposit base.

The Group acquired the stake in UBN as it is consistent with Atlas Mara's entry strategy into Nigeria and the broader ECOWAS region and provides Atlas Mara with a meaningful position in a major Nigerian banking platform.

Atlas Mara obtained the 21.16% in UBN through a cash purchase of 3,584,312,182 shares.

The investment in UBN is equity accounted using the annualised financial information of UBN for the period 1 January 2014 to 30 September 2014.

The local currency of UBN is Nigerian Naira.

The following table illustrates the summarised financial information of the Group's investment in UBN for the nine months ending 30 September 2014. The financial year end of UBN is 31 December.

	2014 $'000
Current assets	2,602,401
Non-current assets	2,704,520
Total assets	5,306,921
Current liabilities	3,005,192
Non-current liabilities	1,203,230
Total liabilities	4,208,422
Group's share of equity (21.16%)	232,442
Carrying value of the investment in associate	266,171
Revenue	408,206
Profit from continuing operations	48,091
Group's share of profit for the period (21.16%)	362
Post-tax profit or loss from discontinued operations	(3,958)
Other comprehensive income	3,538
Total comprehensive income	3,538
Group's share of other comprehensive income (21.16%)	27

The risks directly associated with the investment are foreign exchange risk, equity pricing risk and country risk. UBN is a banking entity in Nigeria and, accordingly, Atlas Mara is exposed to the key underlying risks of UBN (namely credit risk, liquidity risk, market risk and operational risk).

Although the current carrying value exceeds the share of equity, the investment is not impaired. This view is supported by the market value of the shares which amounts to $249 million combined with the significant influence Atlas Mara holds as a result of its 21.16% share.

Union Global Partners Limited ("UGPL")

The Group acquired 14.74% of the voting shares of Union Global Partners Limited ("UGPL") through the acquisition of ADC on 21 August 2014, a company whose country of incorporation is Mauritius, in order to acquire shares in Union Bank of Nigeria.

Atlas Mara indirectly controls 14.74% of UGPL.

13. Investment in associates continued

The investment in UGPL is equity accounted using the audited annual financial statements of UGPL (prepared in accordance with IFRS) as at 31 December 2014 ("Period end").

The local currency of UGPL is US dollars.

The following table illustrates the summarised financial information of the Group's investment in UGPL:

	$
Dividends received from associate	–
Current assets	1,775
Non-current assets	481,722
Total assets	**483,497**
Current liabilities	508
Non-current liabilities	–
Total liabilities	508
Group's share of equity (14.74%)	71,193
Carrying value of the investment in associate	71,193
Revenue	(142,858)
Loss from continuing operations	(142,882)
Group's share of loss for the year (14.74%)	(21,061)
Post-tax profit or loss from discontinued operations	–
Other comprehensive income	–
Total comprehensive income	(142,882)
Group's share of other comprehensive income (14.74%)	–

This is an indirect investment into UBN and therefore exposes the Group to the risks listed above.

14. Investment property

Investment property
Investment property is initially measured at cost and subsequently at fair value, with any change therein recognised in profit or loss within other income.

When the use of a property changes such that it is reclassified as property and equipment, its fair value at the date of reclassification becomes its cost for subsequent accounting.

Investment property is stated at fair value determined annually by an independent registered valuer under hyper-inflationary economies, otherwise at least once every three years.

	2014 $'000
Acquired through business combinations	2,692
Exchange rate adjustment	(37)
Remeasurement loss	(181)
Additions	222
Balance at end of the year	**2,696**

Investment property comprises commercial properties that are leased to third parties. Investment properties are stated at fair value, which has been determined based on valuations performed by an accredited independent valuer, as at 31 December 2014 who is a specialist in valuing these types of investment properties.

The Group has no restrictions on the realisability of its investment properties and no contractual obligations to either purchase, construct or develop investment properties or for repairs, maintenance and enhancements.

15. Property, plant and equipment

Property, plant and equipment
Items of property and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses.

If significant parts of an item of property or equipment have different useful lives, then they are accounted for as separate items ("major components") of property and equipment.

Any gain or loss on disposal of an item of property and equipment is recognised within other income in profit or loss.

Subsequent expenditure is capitalised only when it is probable that the future economic benefits of the expenditure will flow to the Group. Ongoing repairs and maintenance are expensed as incurred.

Depreciation is calculated to write-off the cost of items of property and equipment less their estimated residual values using the straight-line method over their estimated useful lives, and is generally recognised in profit or loss. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term.

Land is not depreciated.

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

The estimated useful lives of significant items of property, plant and equipment are as follows:
– buildings 40 years;
– IT equipment 3–5 years; and
– fixtures and fittings 5–10 years.

The estimated useful lives are from the original purchase date and not from the date of acquisition.

A revaluation surplus is recorded in OCI and credited to the asset revaluation surplus in equity. However, to the extent that it reverses a revaluation deficit of the same asset previously recognised in profit or loss, the increase is recognised in profit and loss. A revaluation deficit is recognised in the statement of profit or loss, except to the extent that it offsets an existing surplus on the same asset recognised in the asset revaluation reserve.

An annual transfer from the asset revaluation reserve to retained earnings is made for the difference between depreciation based on the revalued carrying amount of the asset and depreciation based on the asset's original cost. Additionally, accumulated depreciation as at the revaluation date is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. Upon disposal, any revaluation reserve relating to the particular asset being sold is transferred to retained earnings.

	Land and buildings[1] $'000	Motor vehicles $'000	Computer and office equipment $'000	Furniture and fittings $'000	Total $'000
Acquired through business combinations	58,988	1,782	12,278	12,354	85,402
Exchange adjustment	(2,019)	(61)	(978)	(616)	(3,674)
Additions	856	119	1,060	1,084	3,119
Disposals	–	–	(14)	–	(14)
Cost or valuation at 31 December 2014	57,825	1,840	12,346	12,822	84,833
Accumulated depreciation at 31 December 2014					
Exchange adjustment	177	(140)	543	235	815
Disposals	–	–	12	–	12
Charge for the year	(913)	(187)	(1,260)	(591)	(2,951)
Accumulated depreciation at 31 December 2014	(736)	(327)	(705)	(356)	(2,124)
Carrying amount at 31 December 2014	**57,089**	**1,513**	**11,641**	**12,466**	**82,709**

1. Land and buildings are revalued by independent professional valuers, having appropriate recognised professional qualifications and recent experience in the location and category of property being valued, based on open market value every three years.

As at 31 December 2014, land and buildings with a carrying amount of $2.9 million were subject to a registered debenture that forms security for loans from other financial institutions (see note 26).

16. Deferred tax

	2014 $'000
Acquired through business combination	**(18,750)**
Exchange rate adjustment	**477**
Income statement charge	**4,947**
Balance at the end of the period 31 December 2014	**(13,326)**
Disclosed as follows:	
Deferred tax liability	**(13,326)**
	(13,326)
Tax effects of temporary differences	
Accruals deferred tax	**435**
Bond with warrant deferred tax	**106**
Intangibles loss deferred tax	**(17,765)**
Property, plant and equipment deferred tax	**1,826**
Unrealised gain on investments	**1,881**
Revaluation surplus deferred tax	**191**
	(13,326)

Amount for which no deferred tax assets are recognised

	2014 $'000
Deductible temporary difference	**–**
Unused tax losses	**19,612**
Unused tax credits	**–**
	19,612

17. Intangible assets and goodwill

Goodwill
The carrying value of goodwill is determined in accordance with IFRS 3 Business Combinations and IAS 36 Impairment of Assets.

Goodwill arises on the acquisition of subsidiaries and associates, and represents the excess of the fair value of the purchase consideration over the fair value of the Group's share of the assets acquired and the liabilities and contingent liabilities assumed on the date of the acquisition.

An annual impairment evaluation is performed in respect of goodwill, or more frequently when there are indications that impairment may have occurred. The evaluation involves comparing the carrying value of goodwill with the present value of the pre-tax cash flows, discounted at a rate of interest that reflects the inherent risks, of the cash-generating unit ("CGU") to which the goodwill relates, or the CGU's fair value if this is higher.

Intangibles
Intangible assets other than goodwill are accounted for in accordance with IAS 38 Intangible Assets.

Intangible assets include trade names, customer relationships, core deposits, core overdrafts, software, licences and other contracts. They are initially recognised when they are separable or arise from contractual or other legal rights, the cost can be measured reliably and, in the case of intangible assets not acquired in a business combination, where it is probable that future economic benefits attributable to the assets will flow from their use.

Intangible assets are stated at cost (which is, in the case of assets acquired in a business combination, the acquisition date fair value) less amortisation and provisions for impairment, if any, and are amortised over their useful lives in a manner that reflects the pattern to which they contribute to future cash flows, generally over 10 years.

Intangible assets are reviewed for impairment when there are indications that impairment may have occurred.

Amortisation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

The intangible assets have the following amortisation method and useful lives:

	Goodwill	Software	Intangibles
Useful lives	n/a	From 3 to 5 years	10 years
Amortisation method	n/a	Straight-line	Straight-line

Critical accounting estimates and judgements

The Group assesses goodwill for impairment on an annual basis based on value in use calculations. Significant estimates and judgements are applied in projecting the future pre-tax cash flows, the appropriate growth and discount rates as set out below. An absolute movement of +/- 1% on the discount rates listed could result in a potential movement of $30.25 million in the value of goodwill.

	2014 $'000
Goodwill	**90,941**
Software	**7,470**
Intangible assets on acquisition	**63,897**
	162,308

	Goodwill $'000	Software $'000	Intangibles $'000	Total $'000
Intangible assets and goodwill				
Net balance acquired through business combinations	**–**	**8,434**	**–**	**8,434**
Exchange rate adjustment	**(199)**	**(1,076)**	**–**	**(1,275)**
Additions during year	**91,140**	**839**	**66,100**	**158,079**
Cost or valuation at period end	**90,941**	**8,197**	**66,100**	**165,238**
Impairment losses				
Exchange rate adjustment	**–**	**670**	**–**	**670**
Impairment and amortisation	**–**	**(1,397)**	**(2,203)**	**(3,600)**
Accumulated impairment	**–**	**(727)**	**(2,203)**	**(2,930)**
Carrying value at period end	**90,941**	**7,470**	**63,897**	**162,308**

Goodwill
Effective 21 August 2014, Atlas Mara acquired a controlling stake in BancABC (through the acquisition of ADC) and the direct acquisition of shares.

In terms of IFRS 3, at the date of the acquisition, the purchaser is required to measure all identifiable assets and liabilities separately at acquisition date fair value.

This could include assets that were not previously recognised by the acquiree in its financial statements. In the case of the ADC and BancABC acquisition, these assets include certain intangible assets acquired, namely:
- trademark;
- customer relationships (the valuation of the customer relationships was adjusted to take into account the risk and uncertainty of the future of the payroll deduction businesses included in the valuation);
- core deposits consists of fixed rate deposits to retail and wholesale customers; and
- core overdrafts consists of retail and wholesale overdrafts.

These assets are recognised only if they meet the asset recognition criteria, i.e. it is probable that the expected future economic benefits attributable to the asset will flow to the entity and the cost can be measured reliably. The intangible assets will only be recognised at Atlas Mara (consolidated) level and will be amortised over their useful lives.

17. Intangible assets and goodwill continued

Allocation of goodwill to CGUs

The goodwill that arose in the acquisition of BancABC and ADC has been allocated to the cash-generating units based on the following basis:

- The primary allocation of goodwill was based on the debt value of each underlying operating bank in the Group combined with management's view, based on judgement of current and future operating performance and asset quality.
- The allocation of goodwill to non-core operating entities was limited.
- Secondary allocation of goodwill to the lowest level of CGU presented per IFRS 8 was based on management's judgement of current and future operating performance and asset quality and current asset contribution.

The table below illustrates the allocation of goodwill to the operating banks acquired.

	Weighted by	Allocation	
$million	debt value	Retail	Wholesale
Botswana	22.6	12.3	10.3
Zimbabwe	20.0	0.4	19.6
Zambia	7.7	3.1	4.6
Mozambique	11.3	1.9	9.4
West Africa	29.3	–	29.3
Total	**90.9**	**17.7**	**73.2**

Impairment testing

IFRS requires annual impairment testing of goodwill. Where there is no impairment trigger, there is no need for the two-step approach.

While the standard is clear that the annual testing is mandatory and should be performed irrespective of whether a triggered impairment test was done, it states that the impairment tests can be performed at any time within the reporting period, provided that the test is performed at the same time. The assessment was performed between September 2014 and January 2015.

The annual impairment test was performed for goodwill other than goodwill that arose in the acquisition of BancABC and ADC. In respect of this goodwill, a comprehensive assessment of the underlying cash-generating units has taken place. This assessment included a review of the forecast financial information. At the time of the completion and finalisation of this document a review was performed on the forecasts of these CGUs and confirmed that there had been no material changes to the business that would negatively impact on the valuation.

The review and testing of goodwill for impairment inherently requires significant management judgement as it requires management to derive the best estimates of the identified CGUs' future cash flows. The principal assumptions considered in determining an entity's values are:

Future cash flows – the forecast periods adopted reflect a set of cash flows that, based on management judgement and expected market conditions, could be sustainably generated over such a period. A forecast period of five years has been used. The cash flows from the final discrete cash flow period were extrapolated into perpetuity to reflect the long-term plans for the entity. It is common valuation methodology to avoid placing too high a proportion of the total value on the perpetuity value.

Discount rates – the cost of equity ("CoE") percentages were derived from an equity pricing model deemed appropriate based on the entities under review. The risk-free rate used to determine the CoE has been derived from the 10-year US treasury bonds as at 31 August 2014. The future cash flows are discounted using the CoE assigned to the appropriate CGUs and by nature can have a significant effect on their valuations.

The following table summarises the impairment test methodology applied and the key inputs used in testing the Group's goodwill.

	Botswana	Mozambique	Zambia	Zimbabwe	West Africa
Discount rate (%)	13.9	17.4	16.7	20.7	24.2
Terminal growth rate (%)	1.9	1.9	1.9	1.9	1.9
Forecast period (years)	5	5	5	5	5

The calculation is most sensitive to a change in the discount rate.

Other intangible assets

Software and other intangible assets have a useful life as disclosed above. These intangible assets are amortised over those periods.

The other intangible assets have been assessed for indications of impairment and at 31 December 2014 there are no indications of impairment.

18. Deposits

Deposits and subordinated liabilities

Deposits and subordinated liabilities are initially measured at fair value minus incremental direct transaction costs, and subsequently measured at their amortised cost using the effective interest method, except where the Group designates liabilities at fair value through profit or loss.

When the Group sells a financial asset and simultaneously enters into an agreement to repurchase the asset (or a similar asset) at a fixed price on a future date ("sale and repurchase agreement"), the arrangement is accounted for as a deposit, and the underlying asset continues to be recognised in the Group's financial statements.

The Group classifies capital instruments as financial liabilities or equity instruments in accordance with the substance of the contractual terms of the instruments. The Group's redeemable preference shares bear non-discretionary coupons and are redeemable by the holder, and are therefore included within subordinated liabilities.

Deposits and subordinated liabilities are initially measured at fair value minus incremental direct transaction costs, and subsequently measured at their amortised cost using the effective interest method, except where the Group designates liabilities at fair value through profit or loss.

	2014 $'000
Deposits from banks	**206,465**
Deposits from other customers	**1,324,516**
	1,530,981
Payable on demand	
Corporate customers	**205,709**
Public sector	**24,349**
Retail customers	**146,533**
Other financial institutions	**25,164**
Banks	**10,287**
	412,042
Term and savings deposits	
Corporate customers	**318,768**
Public sector	**247,051**
Retail customers	**57,436**
Other financial institutions	**299,506**
Banks	**196,178**
	1,118,939
	1,530,981

19. Borrowed funds

Borrowed funds
Financial liabilities
Initial recognition and measurement
Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts, financial guarantee contracts and derivative financial instruments.

Subsequent measurement
The measurement of financial liabilities depends on their classification, as described below:
– Financial liabilities at fair value through profit or loss.
– Financial liabilities at fair value through profit or loss including financial liabilities held-for-trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held-for-trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by IAS 39. Separated embedded derivatives are also classified as held-for-trading unless they are designated as effective hedging instruments.

Gains or losses on liabilities held-for-trading are recognised in the statement of profit or loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in IAS 39 are satisfied.

Management has designated the loan from Standard Chartered financial liability at fair value through profit/loss.

Loans and borrowings
This is the category most relevant to the Group. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit or loss. This category generally applies to interest-bearing loans and borrowings.

This loan has been designated at fair value through profit or loss because it is closely related to the investment in UGPL that is measured at fair value thereby reducing the accounting mismatch.

The calculation is sensitive to a change in the fair value of the underlying shares. A 10% increase in value would increase the liability by 10%. Refer to note 33 for a more detailed evaluation of the estimate associated with the loan.

	2014 $'000
Other borrowed funds	**300,018**
	300,018
Other borrowed funds	
Borrowed funds – at fair value through profit/loss	**60,471**
Borrowed funds – amortised cost	**239,547**
	300,018
Carrying value	
Other	**36,532**
BIFM Capital Investment Fund One (Pty) Ltd	**29,014**
Norsad Finance Limited	**12,046**
Shelter Afrique	**10,891**
Kuhanha	**14,324**
Afrexim Bank	**85,340**
Deutsche Bank	**24,707**
ADC AG Bond	**26,694**
Standard Chartered	**60,470**
	300,018

	2014 $'000
Fair value	
Other	**25,208**
BIFM Capital Investment Fund One (Pty) Ltd	**33,581**
Norsad Finance Limited	**13,856**
Shelter Afrique	**10,891**
Kuhanha	**14,324**
Afrexim Bank	**86,620**
Deutsche Bank	**27,544**
ADC AG Bond	**30,678**
Standard Chartered	**60,470**
	303,172

National Development Bank of Botswana Limited ("NDB")
The loan from National Development Bank of Botswana is denominated in Japanese Yen and attracts interest at 3.53% per annum.

Principal and interest is payable semi-annually on 15 June and 15 December. The loan matures on 15 December 2016.

BIFM Capital Investment Fund One (Pty) Ltd
The loan from BIFM Capital Investment Fund One (Pty) Ltd is denominated in Botswana Pula and attracts interest at 11.63% per annum, payable semi-annually. The redemption dates for the principal amount are as follows:

30 September 2017 – $6.5 million	30 September 2018 – $6.5 million
30 September 2019 – $6.5 million	30 September 2020 – $6.5 million

19. Borrowed funds continued

Afrexim Bank Limited
The loans from Afrexim Bank Limited consist of $60 million advanced to BancABC, at the holding company level, and $40 million advanced to ABC Zimbabwe Limited. The loan attracts interest at three months LIBOR + 5%. The loan was renegotiated and extended until 30 June 2015.

The $40 million trade finance facility availed to ABC Zimbabwe is on a one-year renewable basis by Afrexim Bank Limited. It attracts interest at LIBOR + 4% and it is repayable on the earlier of when the underlying customers funded repay their respective loans or within one year, but with a provision to extend it for a further one-year period.

Africa Agriculture and Trade Investment Fund S.A. (AATIF)
The loan from AATIF is denominated in US dollars and attracts interest at three months LIBOR + 6.25%. Interest is payable quarterly on 31 March, 30 June, 30 September and 31 December. The loan matures on 21 December 2018 when the full principal amount is due for repayment in one instalment.

Norsad Finance Limited
The loans from Norsad Finance Limited were advanced to BancABC, at the holding company level, as well as BancABC Zambia and BancABC Zimbabwe. The $10 million loan advanced to BancABC is a subordinated loan denominated and attracts interest at six months LIBOR + 7.5%. Interest is payable semi-annually on 30 June and 31 December. The loan matures on 9 October 2020 when the full principal amount is due for repayment in one instalment. The loans advanced to BancABC Zambia and BancABC Zimbabwe are also denominated in US dollars and attract interest of between 7% and 12% per annum and they mature between 2014 and 2015.

Other borrowings
Other borrowings relate to medium- to long-term funding from international financial institutions for onward lending to BancABC clients. Fair value is equivalent to carrying amounts as these borrowings have variable interest rates.

Maturity analysis

	2014 $'000
On demand to one month	4,105
One to three months	8,454
Three months to one year	108,044
Over one year	179,415
	300,018

20. Creditors and accruals

	2014
Accruals	42,158
Other liability accounts	34,855
Investment commitments	5,106
	82,119

Creditors and accruals are due and payable within 12 months.

21. Derivative financial instruments

Financial assets at fair value through profit or loss
Financial assets at fair value through profit or loss include financial assets held-for-trading and financial assets designated upon initial recognition at fair value through profit or loss. Financial assets are classified as held-for-trading if they are acquired for the purpose of selling or repurchasing in the near term.

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value presented as finance costs (negative net changes in fair value) or finance income (positive net changes in fair value) in the statement of profit or loss.

Critical accounting estimates and judgements
The fair value of financial instruments that are not quoted in active markets is determined by using valuation techniques. Where valuation techniques (for example, models) are used to determine fair values, they are validated and periodically reviewed by qualified personnel independent of the area that created them. All models are certified before they are used, and models are calibrated to ensure that outputs reflect actual data and comparative market prices. To the extent practical, models use only observable data; however, areas such as credit risk (both own and counterparty), volatilities and correlations require management to make estimates. Changes in assumptions about these factors could affect reported fair value of financial instruments.
Further details are included in note 33.

The table below shows the fair values of derivative financial instruments recorded as assets or liabilities together with their notional amounts. The notional amount, recorded gross, is the amount of a derivative's underlying asset, reference rate or index and is the basis upon which changes in the value of derivatives are measured. The notional amounts indicate that the volume of transactions outstanding at the year-end are indicative of neither the market nor the credit risk.

	31 December 2014		
	Assets	Liabilities	Notional amount
Derivatives held-for-trading			
Forward foreign exchange contracts – held-for-trading	62	2,155	103,119
Derivatives designated at fair value through profit or loss			
Cross-currency interest rate swaps	–	1,348	5,902
Equity derivative	–	2,777	6,828
	62	6,280	115,849

Forward foreign exchange contracts
The notional amounts of outstanding forward foreign exchange contracts at 31 December 2014 were $103 million.

These resulted in derivative financial assets of $62,000 and derivative financial liabilities of $6.3 million.

Equity derivative
This comprises of an equity derivative on an unlisted energy company of $2.8 million.

Cross-currency interest rate swaps
The Group uses cross-currency interest rate swaps to manage its exposure to foreign currency and interest rate risk. These instruments are transacted for both hedging and non-hedging activities. These instruments result in an economic exchange of currencies and interest rates. An exchange of principal takes place for all cross-currency interest rate swaps. The Group's credit risk exposure represents the potential cost to replace swap contracts if counterparties fail to fulfil their obligation. To control the level of credit risk taken, the Group assesses counterparties using the same technique as for its lending activities. The notional amounts of the financial instruments provide a basis of comparison with instruments recognised on the balance sheet but do not necessarily indicate the amounts of future cash flows or the current fair value of the instruments and, therefore, do not indicate the Group's exposure to credit or price risks.

21. Derivative financial instruments continued

Derivative financial liabilities cash flows
The table below presents the cash flows payable by the Group for derivative financial liabilities by remaining contractual maturities at the date of the consolidated statement of financial position.

The amounts disclosed in the table are the contractual undiscounted nominal currency swap cash flows for the liability leg of such swaps, whereas the Group manages the inherent liquidity risk based on expected undiscounted cash inflows:

	Up to 1 month	1-3 months	3-12 months	Greater than 1 year	Total
Forward foreign exchange contracts					
Derivative financial liabilities (held-for-trading)	44,976	28,026	30,117	–	103,119
Equity derivative					
Derivative financial liabilities	–	–	–	2,777	2,777
Cross-currency interest rate swap					
Derivative financial liabilities	–	–	–	1,348	1,348

With the exception of swaps where ongoing cash flows are settled on a gross basis, all derivative financial liabilities are settled on a net basis.

22. Stated capital

Share capital
Founder Preferred Shares and ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new ordinary shares are shown in equity as a deduction from the proceeds.

22.1 Authorised

Authorised and issued share capital

	2014 No. of shares	2014 $'000
Shareholders' equity[1]	72,458,524	
Issued from IPO proceeds in December 2013	31,250,000	312,795
Issued to Directors in December 2013	29,500	128,394
Issued on acquisition of 95.17% of ADC in August 2014	11,262,662	24,367
Issued on acquisition of 58.09% of BancABC in August 2014	2,030,577	300,050
Issued from Private Placement proceeds in August 2014	27,277,274	3,305
Issued to Executive Directors in September 2014	300,482	1,349
Issued to Advisors proceeds in September 2014	112,426	1,535
Issued to Executive Directors in November 2014	161,527	409
Issued on mandatory offer of ABC in November 2014	34,076	772,204
Founder Preferred Shares	1,250,000	12,500
		784,704

1. Comprises ordinary shares and Share Warrants.

22.2 Issued and fully paid

	2014 $'000
Ordinary share capital	772,204
	772,204

The holders of ordinary shares are entitled to receive a dividend as declared from time to time and are entitled to one vote per share at the Annual General Meeting of the Company.

Treasury shares comprise the cost of the Company's own shares held by subsidiaries.

Included in equity is 1,250,000 Founder Preferred Shares, in aggregate, to the Founding Entities.

Terms of the Founder Preferred Shares
The Founder Preferred Shares do not carry the same voting rights as are attached to the ordinary shares. The Founder Preferred Shares do not carry any voting rights except in respect of any variation or abrogation of class rights or on any Resolution of Members required, pursuant to BVI law, to approve either an acquisition or, prior to an acquisition, a merger or consolidation.

Once the average price per ordinary share is at least $11.50 for 10 consecutive trading days, the holders of Founder Preferred Shares will be entitled to receive an "annual dividend amount", payable in ordinary shares, equal in value to 20% of the increase each year, if any, in the market price of the ordinary shares multiplied by the then outstanding number of ordinary shares. On the last day of the seventh full financial year following completion of the acquisition the Founder Preferred Shares will automatically convert to ordinary shares on a one-for-one basis.

The shares have a monetary value and the fair value is based on future performance of the share price. Given the limited market data available that would be required to measure the shares, it is impractical to assign a value to the shares. IFRS 2 allows for valuing the shares at the intrinsic value in circumstances where a fair value cannot be reliably determined. Given that no dividend has been paid as yet, the trigger has not been met as yet, then the intrinsic value is deemed to be $nil.

Share Warrants
On 17 December 2013, the Company issued 32,529,500 Warrants to its Warrant subscribers, pursuant to a resolution of the Board passed on 16 December 2013. Each Warrant entitles a Warrant holder to subscribe for one-third of an ordinary share upon exercise. Warrant holders will have subscription rights to subscribe in cash for all or any whole number of ordinary shares at an exercise price of $11.50 during the period commencing on 17 December 2013 and ending on the earlier to occur of (i) the third anniversary of the completion of the Company's initial acquisition and (ii) such earlier date as determined by the Warrant Instrument. For more information regarding the Warrants, please see the IPO prospectus dated 17 December 2013.

23. Funds under management

	2014 $'000
Funds under management	83,493

The Group provides asset management and unit trusts activities to pension funds, individuals, trusts and other institutions, whereby it holds and manages assets.

The Group receives a management fee for providing these services. The Group is not exposed to any credit risk relating to such placements as these do not represent assets held by the Group.

24. Employee benefits

The Group uses a combination of externally administered defined contribution schemes and, where there is a mandatory requirement, state social security schemes. Both the employee and employer contribute to these schemes. The Group does not operate any defined benefit scheme.

Amounts recognised in expenses have been disclosed in note 4.1.

25. Related party transactions

Related party transactions are a normal feature of business and are disclosed in terms of IAS 24. Related party transactions may affect the assessment of operations, risk and opportunity facing the organisation.

Subsidiary companies and associates
BancABC and its subsidiaries entered into various financial services contracts with fellow subsidiaries and associates during the year.

These transactions are entered into in the normal course of business. Loans to associates as at 31 December 2014 amounted to $0.6 million which represents 0.53% of shareholders' funds, and 0.04% of gross loans.

ABC Consulting and Management Services Limited have entered into management services agreements with Group companies.

During the year, Atlas Mara lent the ABC Group a $20 million interest-free loan due on 31 March 2015 at no interest charge. The funds were placed in BancABC Tanzania awaiting possible conversion into equity. In 2012 BancABC invested $10.3 million in ADC Enterprises Limited which is a 100% subsidiary of African Development Corporation (ADC) which is also ultimately owned by Atlas Mara. ADCE in turn is invested in a syndicated SPE which, with the funds of other investors, in a foreign bank. ADC is a significant shareholder of the Group. The investment balance as at 31 December 2014 was $10 million and has been classified as financial assets designated at fair value.

During the period, operations of the Company were largely conducted by people employed by affiliates of the Company's founders, Robert E. Diamond, Jr. and Ashish J. Thakkar as set out below.

Operational expenses incurred by these related parties were reimbursed by the Company on an actual basis. The terms of these expenses reimbursed were at arm's length and in the ordinary course of business. There was no income or expense generated on account of these transactions.

These reimbursements were made only after the review and approval by the authorised representatives of the Company. The total expenses reimbursed to related parties during the period amounted to $3.7 million.

Directors and officers
Emoluments to Directors have been disclosed in note 4.2.

Founder shareholders
Included in equity is 1,250,000 Founder Preferred Shares, in aggregate, to the Founding Entities.

Terms of the Founder Preferred Shares
The Founder Preferred Shares do not carry the same voting rights as are attached to the ordinary shares. The Founder Preferred Shares do not carry any voting rights except in respect of any variation or abrogation of class rights or on any Resolution of Members required, pursuant to BVI law, to approve either an acquisition or, prior to an acquisition, a merger or consolidation.

At incorporation, the Company issued two Founder Preferred Shares of $10 each to each of its Founding Entities. On 17 December 2013, the Company's founders contributed $12,500,000 and were issued 1,250,000 Founder Preferred Shares with no par value. These shares confer upon the holder:
– a dividend based on the future appreciation of the market value of the ordinary shares; and
– a right to nominate a person as a Director of the Company, as long as a Founding Entity holds more than 20% of the Founder Preferred Shares.

The Founder Preferred Shares are intended to have the effect of incentivising the founders to achieve the Company's objectives. They are structured to provide a dividend based on the future appreciation of the market value of the ordinary shares thus aligning the interests of the founders with those of the investors on a long-term basis. Dividends paid to holders of the Founder Preferred Shares will be in ordinary shares and will be dilutive to existing holders of ordinary shares.

The Founder Preferred Shares have been valued at intrinsic value, which is equivalent to the cash proceeds, given that neither pre-requisite event entitling holders of Founder Preferred Shares has occurred, as described below. It is expected that, in the future, the Founder Preferred Shares will be valued at intrinsic value.

Following the Company's initial acquisition, and only once the average price per ordinary share is at least $11.50 for 10 consecutive trading days, the holders of Founder Preferred Shares will be entitled to receive an ''annual dividend amount'', payable in ordinary shares. In the first year in which such dividend becomes payable, such dividend will be equal in value to 20% of the increase in the market value of one ordinary share, being the difference between $10.00 and the dividend price, multiplied by the number of ordinary shares outstanding as at the last trading day of the relevant dividend determination period.

Thereafter, the annual dividend amount will only become payable if the dividend price during any subsequent year is greater than the highest dividend price in any preceding year in which a dividend was paid in respect of the Founder Preferred Shares. Such annual dividend amount will be equal in value to 20% of the increase in the dividend price over the highest dividend price in any preceding dividend year multiplied by the number of ordinary shares outstanding as at the last trading day of the relevant dividend determination period.

For the purposes of determining the annual dividend amount, the ''dividend price'' is the highest amount calculated by adding together the average price per ordinary share for any period of 10 consecutive trading days in the relevant dividend year (the "dividend determination period") and dividing by 10. In each case the number of ordinary shares issued to holders of Founder Preferred Shares in connection with such dividend will be determined by the dividend price of such year, even though such share price may be lower than the market value of the ordinary shares at the end of any relevant dividend year.

The amounts used for the purposes of calculating an annual dividend amount and the relevant numbers of ordinary shares are subject to such adjustments for stock splits, stock dividends and certain other recapitalisation events as the Directors in their absolute discretion determine to be fair and reasonable in the event of a consolidation or sub-division of the ordinary shares in issue after the date of admission to trading or otherwise as determined in accordance with the Articles of Association.

For so long as an initial holder of Founder Preferred Shares (being a Founding Entity together with its affiliates) holds 20% or more of the Founder Preferred Shares in issue, such holder shall be entitled to nominate a person as a Director of the Company and the Directors shall appoint such person.

26. Collateral

26.1 Liabilities for which collateral is pledged

	2014 $'000
Deposits from banks	12,232
Deposits from customers	69,981
Borrowed funds	51,434
	133,647

Assets pledged to secure these liabilities are carried at amortised cost and are included under the following:

	2014 $'000
Advances (collateral)	30,934
Financial assets held-for-trading	39,171
Investment in subsidiary	32,056
Investment securities	5,586
Property, plant and equipment	3,066
	110,813

These transactions are conducted under terms that are usual and customary to standard lending and borrowing activities.

26.2 Fair value of collateral accepted as security for assets

	2014 $'000
Deposits from customers	44,918
Mortgage, bonds, inventory, property, plant and equipment	349,877
	394,795

27. Off-balance sheet items

A) Loan commitments and other financial facilities
The timing profile of the contractual amounts of the Group's off-balance sheet financial instruments that commit it to extend credit to customers and other facilities as at December 2014 are summarised below:

	2014 $'000
Guarantees	81,892
Letters of credit	49,553
	131,445
Forward contracts and currency swaps	103,119
Other contingent liabilities	
	234,564

Maturity analysis of loan commitments

	2014 $'000
Less than one year	122,089
Between one and five years	9,356
	131,445

Maturity analysis of loan commitments

	2014 $'000
Approved but not contracted for	3,508
	3,508

Funds to meet these commitments will be provided from existing Group resources.

28. Non-current assets and liabilities held-for-sale

Non-current assets held-for-sale
The Group classifies non-current assets and disposal groups as held for distribution to equity holders of the parent if their carrying amounts will be recovered principally through a distribution rather than through continuing use. Such non-current assets and disposal groups classified as held for distribution are measured at the lower of their carrying amount and fair value less costs to sell or to distribute. Costs to distribute are the incremental costs directly attributable to the distribution, excluding the finance costs and income tax expense.

The criteria for held for distribution classification is regarded as met only when the sale or distribution is highly probable and the asset or disposal group is available for immediate distribution in its present condition. Actions required to complete the distribution should indicate that it is unlikely that significant changes to the distribution will be made or that the distribution will be withdrawn. Management must be committed to the distribution expected within one year from the date of the classification.

Property, plant and equipment and intangible assets are not depreciated or amortised once classified as held for distribution.

Assets and liabilities classified as held for distribution are presented separately as current items in the statement of financial position.

A disposal group qualifies as discontinued operation if it is a component of an entity that either has been disposed of, or is classified as held-for-sale, and:
- represents a separate major line of business or geographical area of operations;
- is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations; or
- is a subsidiary acquired exclusively with a view to resale.

Discontinued operations are excluded from the results of continuing operations and are presented as a single amount as profit or loss after tax from discontinued operations in the statement of profit or loss.

All other notes to the financial statements include amounts for continuing operations, unless otherwise mentioned.

As part of the acquisition of African Development Corporation (ADC), non-current assets held-for-sale were acquired and non-current liabilities held-for-sale were assumed.

The major classes of assets and liabilities of Atlas Mara classified as held for distribution to equity holders of the parent as at 31 December 2014 are as follows:

	2014 $'000
Assets:	
Non-current assets and disposal groups held-for-sale	11,365
Liabilities:	
Non-current liabilities and disposal groups held-for-sale	1,263
Net assets directly associated with non-current assets and liabilities classified as held-for-sale	10,102

29. Business combinations

Accounting for business combinations
Business combinations are accounted for using the acquisition method when control is transferred to the Group. The consideration transferred in the acquisition is generally measured at fair value, as are the identifiable net assets acquired. Any goodwill that arises is tested annually for impairment. Any gain on a bargain purchase is recognised in profit or loss immediately.

Transaction costs are expensed as incurred, except if they are related to the issue of debt or equity securities.

Non-controlling interests (NCI)
NCI are measured at their proportionate share of the acquiree's identifiable net assets at the date of acquisition.

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

Subsidiaries
Subsidiaries are investees controlled by the Group. The Group "controls" an investee if it is exposed to, or has rights to, variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. The Group reassesses whether it has control if there are changes to one or more of the elements of control.

The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date when control ceases.

Transactions eliminated on consolidation
Intra-Group balances and transactions, and any unrealised income and expenses (except for foreign currency transaction gains or losses) arising from intra-Group transactions, are eliminated in preparing the consolidated financial statements. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

Bargain purchase
Where the Group enters into a business combination where fair value of the net assets acquired exceeds the aggregate of the amounts specified consideration paid, resulting in a bargain purchase, this gain from bargain purchase is recognised as non-interest income in profit or loss on the acquisition date.

29. Business combinations continued

Critical accounting estimates and judgements

Identifiable assets acquired and liabilities assumed are measured at their acquisition-date fair values (measured in terms of IFRS 13). Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date under current market conditions.

The fair value for non-financial assets is calculated by considering the highest and best use of the asset from the perspective of the market participants.

The following was applied when calculating the at-acquisition fair values of assets acquired and liabilities assumed:

Intangible assets:
Identifiable intangible assets may have to be recognised by the acquirer even though they are not recognised by the acquiree. These assets shall be measured at fair value at acquisition date.

An independent valuation was performed by an accounting and auditing firm for the business combinations that took place in the current year. The intangible assets were assessed to determine whether they are identifiable and, if so, the fair value of such assets. The value used to measure intangible assets was assessed to be reasonable based on the report from the independent valuer.

Prepayments and other receivables:
IFRS 3 requires the acquirer to measure acquired receivables, including loans, at their acquisition-date fair values. The acquirer does not recognise a separate valuation allowance for the contractual cash flows that are deemed to be uncollectible at that date.

Deferred tax and income tax:
There were material deferred tax balances included in the carrying amounts of the assets of BancABC group. In evaluating the assets and liabilities in the business combination, the Group re-assessed the probability of there being future taxable profits against which these could be utilised within the next five years. The most significant of these assets related to BancABC and ABC Tanzania and it was concluded that the full amount would not be recoverable in the five-year period.

Loans and advances
The fair value of loans and advances was determined with reference to the estimated future cash flows discounted back at the discount rate calculated for each banking subsidiary based on a market premium which included the risk free rate, a small stock premium, country risk premium and the cost of equity. Where collateral is held, the value of collateral was compared to similar assets sold under typical "forced sale" conditions. The expected future cash flows from collateral were also discounted at the discount rate calculated per subsidiary.

Deposits
The fair value of deposits was calculated based on the estimated contractual future cash flows were discounted using the cost of equity determined per subsidiary.

Borrowed funds
Borrowed funds were separately valued and fair value adjustments made. The valuation methodology used was as follows:
- Floating rate loan: Future cash flows based on applicable variable interest forecasts and redemption were discounted at the risk-free rate, adjusted for an independent credit spread.
- Treasury bills: Future cash flows based on contractual fixed interest and redemption amount were discounted at the risk-free rate, adjusted for an independent credit spread.

Incomplete initial accounting
As per the requirements of IFRS 3.45 the initial accounting for the acquisition of BancABC is considered to be incomplete due to the following key factors:
- The valuation of certain loans and advances have not been completed. This is due to the fact that management believes there may be facts and circumstances that existed at the acquisition date that have not been factored into the impairment calculations of these loans.
- The assessment of the recoverability of certain deferred tax assets that have been recognised in the Group.
- Existence of potential fines and penalties related to instances of non-compliance with key laws and regulations, that had been identified by both management and local regulators, the value of which was still to be determined.

During the current financial year, the following adjustments, amounting to $13 million were recognised:
- Write-off of deferred tax assets in respect of BancABC (both at the holding company level and at BancABC Tanzania).
- Recognition of accrual for penalties and fines in respect of instances of non-compliance.

	BancABC	ADC	BRD
Date of acquisition	**21 August 2014**	**21 August 2014**	**1 October 2014**
Percentage of voting equity instruments acquired (%)[1]	**96.87%**	**95.17%**	**100.00%**
Contribution to net profit/(loss) since acquisition ($'000)	**(15,478)**	**3,154**	**265**

1. Percentage of voting equity instruments acquired are shown at effective completion date.

The details of the fair value of the assets and liabilities acquired and goodwill arising are as follows:

BancABC	Fair value	Carrying amount	Change
Cash and short-term funds	**326,946**	**326,946**	**–**
Financial assets held-for-trading	**205,874**	**205,874**	**–**
Financial assets designated at fair value	**23,449**	**23,449**	**–**
Derivative financial assets	**1,071**	**1,071**	**–**
Loans and advances	**1,180,721**	**1,180,721**	**–**
Investment securities	**7,345**	**7,345**	**–**
Prepayments and other receivables	**24,070**	**24,070**	**–**
Current tax assets	**3,869**	**3,869**	**–**
Investment in associates	**1,496**	**1,496**	**–**
Property and equipment	**82,693**	**82,693**	**–**
Investment property	**2,692**	**2,692**	**–**
Intangible assets	**74,534**	**8,434**	**66,100**
Deferred tax assets	**(5,538)**	**20,736**	**(26,274)**
Deposits	**(1,538,589)**	**(1,538,589)**	**–**
Derivative financial liabilities	**(3,667)**	**(3,667)**	
Creditors and accruals	**(25,855)**	**(25,180)**	**(675)**
Current tax liabilities	**(3,934)**	**184**	**(4,118)**
Deferred tax liability	**(1,995)**	**(1,995)**	**–**
Borrowed funds	**(208,203)**	**(206,103)**	**(2,100)**
Net asset value	**146,979**	**114,045**	
Less: Minority interest	**(4,719)**		
Goodwill	**61,779**		
Total purchase consideration	**204,039**		
Cost of acquisition	**204,039**		
Less: Non-cash consideration	**(100,693)**		
Cash consideration paid	**103,346**		
Less: Cash and cash equivalents in subsidiary acquired	**(326,946)**		
Cash inflow on acquisition	**(223,600)**		

On 21 August 2014, the Group acquired 96.87% of the voting shares of BancABC, the parent company of a number of sub-Saharan Africa banks operating under the BancABC brand that offer a diverse range of financial services including personal, business and corporate banking as well as asset management, stockbroking and treasury services. BancABC has its primary listing on the Botswana Stock Exchange and a secondary listing on the Zimbabwe Stock Exchange. The Group acquired ABC Holdings Limited because it provides Atlas Mara with a multi-country, multi-product platform in high-growth markets in Southern Africa.

Atlas Mara obtained the 96.87% in ABC Holdings Limited through the following investments:
Investment by Atlas Mara into ADC – 95.17%
Investment by ADC into BancABC – 37.87%
Total of which is therefore an investment by Atlas Mara into BancABC of 36.04% (see-through investment)

Investment by Atlas Mara into BancABC – 58.09%
Investment by Atlas Mara into BancABC Mandatory Offer – 2.74%
Total investment is therefore 96.87%

29. Business combinations continued

ADC African Development Corporation	Fair value	Carrying amount	Change
Cash and short-term funds	29,152	29,152	–
Prepayments and other receivables	1,197	1,197	–
Investment in associates	107,165	116,700	(9,535)
Property and equipment	16	16	–
Intangible assets	35	35	–
Deferred tax assets	(400)	–	(400)
Non-current assets and disposal groups held-for-sale	10,176	10,176	–
Creditors and accruals	(1,978)	(1,978)	–
Borrowed funds	(119,713)	(95,081)	(24,632)
Non-current liabilities and disposal groups held-for-sale	(1,361)	(1,361)	–
Net asset value	24,290	58,587	
Less: Minority interest	(1,174)		
Goodwill	29,361		
Total purchase consideration	52,477		
Cost of acquisition	52,477		
Less: Non-cash consideration	(52,477)		
Cash consideration paid	–		
Less: Cash and cash equivalents in subsidiary acquired	(29,152)		
Cash inflow on acquisition	(29,152)		

On 21 August 2014, the Group acquired 95.17% of the voting shares of ADC, a German open market listed holding company with investments in sub-Saharan Africa. ADC has a strong footprint in Southern Africa via BancABC.

The Group acquired ADC because it held a 37.87% investment in ABC Holdings Limited.

Atlas Mara obtained the 95.17% in ADC through the purchase of 95.17% of shares in ADC.

BRD Commercial	Fair value	Carrying amount
Cash and short-term funds	13,728	13,728
Loans and advances	58,112	58,112
Other assets	91	91
Property and equipment	2,693	2,693
Deposits	(42,559)	(42,559)
Borrowed funds	(13,178)	(13,178)
Net asset value	18,887	18,887
Goodwill recognised on bargain purchase	(1,424)	
Total purchase consideration	17,463	
Cost of acquisition	17,463	
Cash consideration paid	17,463	
Less: Cash and cash equivalents in subsidiary acquired	(13,728)	
Cash outflow on acquisition	3,735	

On 15 October 2014, the Group acquired 100% of the voting shares of Development Bank of Rwanda's (BRD) Commercial Bank, which was formed after an internal reorganisation and subsequent transfer of its existing commercial banking assets and liabilities into a newly incorporated Commercial Bank, which is expected to receive a full commercial banking license.

The Group acquired BRD Commercial as an entry point into Rwanda and the East African community. Atlas Mara will focus on organically growing the balance sheet, developing new products geared towards the under-served SME/retail market and deploying innovative technology to drive the business.

Atlas Mara obtained the 100% in BRD Commercial through the payment of assets taken over and a contribution to regulatory capital.

A gain from bargain purchase was recognised in other non-interest income for the BRD transaction. This gain is mostly due to the fact that BRD Commercial is a start-up organisation that was carved out from a government-owned bank.

30. Principal subsidiaries

Atlas Mara and all of its subsidiaries apply IFRS 10 Consolidated Financial Statements. The consolidated financial statements combine the financial statements of Altas Mara and all of its subsidiaries. Subsidiaries are entities over which the Group has control. Under IFRS 10, this is when the Group is exposed or has rights to variable returns from its involvement in the entity and has the ability to affect those returns through its power over the entity.

The Group reassesses whether it controls an entity if facts and circumstances indicate that there have been changes to its power, its rights to variable returns or its ability to use its power to affect the amount of its returns. Intra-Group transactions and balances are eliminated on consolidation and consistent accounting policies are used throughout the Group for the purposes of the consolidation. Changes in ownership interests in subsidiaries are accounted for as equity transactions if they occur after control has been obtained and they do not result in loss of control.

Company name	Principal place of business or incorporation	Nature of business	Percentage of voting rights held %	NCI %
African Development Corporation AG	Germany	Investment Holding Company	95.2	4.8
ABC Holdings Limited	Botswana	Banking	96.9	3.1
BRD Commercial Bank Ltd	Rwanda	Banking	100.0	0.0

31. Segmental reporting

Segment information
Segment results that are reported to the ExCo (being the chief operating decision maker) include items that are directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly corporate assets (primarily the Bank's headquarters), head office expenses and tax assets and liabilities.

For management purposes, the Group is organised into business units based on its products and services and has four reportable segments, as follows:
- South
- East
- West
- Corporate

Transfer prices between operating segments are on an arm's-length basis in a manner similar to transactions with third parties.

Revenue from external parties reported to the ExCo is measured in a manner consistent with that in the consolidated income statement.

31. Segmental reporting continued

As the banking operations comprise of stand-alone banks, each banking operation is funded with Tier I and II Capital from BancABC at the holding company level. Interest is charged at rates disclosed in the BancABC company stand-alone financial statements.

Other material items of income or expense between the operating segments comprise of management fees and dividends.

The Group's management reporting is based on a measure of operating profit comprising net interest income, loan impairment charges, net fee and commission income, other income and non-interest expenses.

The effects of non-recurring items of income or expense is described in the report on the Group financial performance.

The information provided about each segment is based on the internal reports about segment profitability, assets and liabilities composition, and other information, which are regularly reviewed by the ExCo.

	South (South Africa, Zambia, Zimbabwe, Botswana, Mozambique)		East (Rwanda, Tanzania)		West (Investment in Associate)	Corporate (Dubai, Germany, BVI, Mauritius and all other countries)	
Income Statement	Retail	Wholesale	Retail	Wholesale		Wholesale	Total
Interest and similar income	58,971	11,977	5,474	3,793	–	157	80,372
Interest expense and similar charges	(33,277)	(6,816)	(3,787)	(3,376)	–	(4,479)	(51,735)
Net interest income	25,694	5,161	1,687	417	–	(4,322)	28,637
Impairment of loans and advances	(970)	(3,570)	(1,065)	(683)	–	–	(6,288)
Income from lending activities	24,724	1,591	622	(266)	–	(4,322)	22,349
Non-interest income	9,952	8,035	5,711	383	–	4,693	28,774
Share of profits of associates	–	(60)	–	–	14,414	6,386	20,740
Total operating income	34,676	9,566	6,333	117	14,414	6,757	71,863
Operating and transaction related expenditure	(34,264)	(18,832)	(3,271)	(2,815)	–	(70,725)	(129,907)
Net income from operations	412	(9,266)	3,062	(2,698)	14,414	(63,968)	(58,044)
Profit before tax	412	(9,266)	3,062	(2,698)	14,414	(63,968)	(58,044)
Tax	(11,976)	8,697	(114)	(1,907)	–	(108)	(5,408)
Profit for the year	(11,564)	(569)	2,948	(4,605)	14,414	(64,076)	(63,452)

Inter-segment revenues are eliminated on consolidation.

Segment assets and liabilities comprise the majority of items appearing on the consolidated statement of financial position.

	South (South Africa, Zambia, Zimbabwe, Botswana, Mozambique)		East (Rwanda, Tanzania)		West (Investment in Associate)	Corporate (Dubai, Germany, BVI, Mauritius and all other countries)	Total
Balance Sheet	Retail	Wholesale	Retail	Wholesale	Wholesale	Wholesale	
Loans and advances	569,424	532,060	90,866	44,168	–	–	1,236,518
Total assets	536,818	1,010,145	119,709	103,174	252,848	598,739	2,621,433
Deposits	94,561	1,255,353	58,013	123,054	–	–	1,530,981
Total liabilities	373,145	1,202,002	111,236	114,197	–	138,427	1,939,007

32. Financial risk management

The Group's activities expose it to a variety of financial risks and those activities involve the analysis, evaluation, acceptance and management of some degree of risk or a combination of risks. Taking risk is core to the financial business, and the operational risks are an inevitable consequence of being in business.

The Group's aim is therefore to achieve an appropriate balance between risk and return and minimise potential adverse effects on the Group's financial performance.

The BancABC Group's risk management policies are designed to identify and analyse these risks, to set appropriate risk limits and controls, and to monitor the risks and adherence to limits by means of reliable and up-to-date information systems.

The BancABC Group regularly reviews its risk management policies and systems to reflect changes in markets, products and emerging best practice.

Risk management is carried out by BancABC Group Risk, under policies approved by the BancABC Board of Directors. The BancABC Board approves principles for overall risk management as well as policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments. In addition, BancABC Internal Audit is responsible for the independent review of risk management and the control environment. The most important types of risk are credit risk, liquidity risk, market risk and operational risk.

Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: interest rate risk, currency risk and other price risk, such as equity price risk and commodity risk. Financial instruments affected by market risk include loans and borrowings, deposits, available-for-sale investments and derivative financial instruments.

Interest rate risk

Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fair value interest rate risk is the risk that the value of a financial instrument will fluctuate because of changes in market interest rates. The BancABC Group takes on exposure to the effects of fluctuations in the prevailing levels of market interest rates on both its fair value and cash flow risks. Interest margins may increase as a result of such changes but may reduce losses in the event that unexpected movements arise. In order to reduce interest rate risk, the majority of the BancABC Group's lending is on a variable interest rate with a term of less than one year. This approach has been adopted as a result of the scarcity of term deposits in the region which limits the BancABC Group's ability to build a substantial, stable pool of fixed rate funding.

32. Financial risk management continued

The table below summarises the Group's total exposure to interest rate risks on financial and non-financial instruments. It includes the Group's financial instruments at carrying amounts, categorised by the earlier of contractual re-pricing or maturity dates. Variable rate financial instruments are categorised in the "Up to 1 month" column.

	Up to 1 month	1-3 months	3-12 months	1-5 years	Non-interest bearing	Total
Cash and short-term funds	186,009	19,187	19,255	–	185,334	409,785
Financial assets held-for-trading	60,394	34,425	39,444	10,504	–	144,767
Financial assets designated at fair value	–	–	–	–	11,826	11,826
Derivative financial assets	–	–	–	–	62	62
Loans and advances	721,032	48,831	142,498	324,157	–	1,236,518
Investment securities	138,397	–	–	5,586	2,068	146,051
Prepayments and other receivables	–	–	–	–	30,019	30,019
Current tax asset	–	–	–	–	8,215	8,215
Investments in associates	–	–	–	–	375,112	375,112
Property and equipment	–	–	–	–	82,709	82,709
Investment property	–	–	–	–	2,696	2,696
Other Intangible assets	–	–	–	–	71,367	71,367
Goodwill on acquisition					90,941	90,941
Disposal groups held-for-sale	–	–	–	–	11,365	11,365
Total assets	1,105,832	102,443	201,197	340,247	871,714	2,621,433
Shareholders' equity and liabilities						
Equity	–	–	–	–	682,426	682,426
Deposits	847,348	361,530	289,946	32,157	–	1,530,981
Derivative financial liabilities	–	–	–	–	6,280	6,280
Creditors and accruals	–	–	–	–	82,119	82,119
Current tax liabilities	–	–	–	–	5,020	5,020
Deferred tax liabilities	–	–	–	–	13,326	13,326
Borrowed funds	5,732	2,582	120,302	171,402	–	300,018
Non-current liabilities and disposal groups held-for-sale	–	–	–	–	1,263	1,263
Total equity and liabilities	853,080	364,112	410,248	203,559	790,434	2,621,433
Total interest repricing gap	252,752	(261,669)	(209,051)	136,688	81,280	–

Interest rate sensitivity

The table below illustrates the impact of a possible 50 basis points interest rate movement for each banking subsidiary, on the subsidiary:

	1 September 2014 – 31 December 2014 Pre-tax $'000	Post-tax $'000
BancABC Botswana		
ABC Botswana constituted 31% of the Group's total assets		
Change in net interest income (+50 basis points)	587	48
As a percentage of total shareholders' equity	0.88%	0.69%
Change in net interest income (-50 basis points)	(62)	(5)
As a percentage of total shareholders' equity	(0.88)%	(0.69)%
BancABC Zambia		
ABC Zambia constituted 13% of the Group's total assets		
Change in net interest income (+50 basis points)	(223)	(145)
As a percentage of total shareholders' equity	(0.54)%	(0.35)%
Change in net interest income (-50 basis points)	23	15
As a percentage of total shareholders' equity	0.54%	0.35%
BancABC Mozambique		
ABC Mozambique constituted 15% of the Group's total assets		
Change in net interest income (+50 basis points)	(169)	(12)
As a percentage of total shareholders' equity	(0.87)%	(0.59)%
Change in net interest income (-50 basis points)	18	1
As a percentage of total shareholders' equity	0.87%	0.59%
BancABC Tanzania		
ABC Tanzania constituted 7% of the Group's total assets		
Change in net interest income (+50 basis points)	(366)	(256)
As a percentage of total shareholders' equity	(5.18)%	(3.63)%
Change in net interest income (-50 basis points)	38	27
As a percentage of total shareholders' equity	5.18%	3.63%
BancABC Zimbabwe		
ABC Zimbabwe constituted 29% of the Group's total assets		
Change in net interest income (+50 basis points)	(349)	(27)
As a percentage of total shareholders' equity	(0.43)%	(0.32)%
Change in net interest income (-50 basis points)	37	3
As a percentage of total shareholders' equity	0.43%	0.32%
BRD Commercial Bank		
BRD Commercial Bank constituted 5% of the Group's total assets		
Change in net interest income (+50 basis points)	(8)	(6)
As a percentage of total shareholders' equity	0.40%	0.28%
Change in net interest income (-50 basis points)	8	6
As a percentage of total shareholders' equity	0.40%	0.28%

The interest rate sensitivity analyses set out in the table above are illustrative only and are based on simplified scenarios over a period of one year.

32. Financial risk management continued

Sensitivity analysis of market price

The Group holds, directly or through its associates, listed equities with a fair value of $4 million.

The Group is therefore exposed to gains or losses related to the variability in the market prices of the equities held.

Market risk comprises three types of risk: interest rate risk, currency risk and other price risk, such as equity price risk and commodity risk.

Financial instruments affected by market risk include loans and borrowings, deposits, available-for-sale investments and derivative financial instruments.

The exposure to equity price risk is described below, with additional detail around the sensitivity included in note 33.

Equity price risk

The Group's listed and unlisted equity securities are susceptible to market price risk arising from uncertainties about future values of the investment securities. The Group manages the equity price risk through diversification and by placing limits on individual and total equity instruments.

The Group's Board of Directors reviews and approves all equity investment decisions.

Further details on key assumptions in valuations of equity instruments are shown in note 33.

Foreign exchange risk

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Group's exposure to the risk of changes in foreign exchange rates relates primarily to the Group's operating activities and the Group's net investments in foreign subsidiaries.

The Group takes on exposure to the effects of fluctuations in the prevailing foreign currency exchange rates on its financial position and cash flows. Group Risk sets limits on the level of exposure by currency and in aggregate for both overnight and intra-day positions, which are monitored daily. The table below summarises the Group's exposure to foreign currency exchange rate risk at 31 December 2014.

Included in the table are the Group's assets and liabilities at carrying amounts, categorised by currency:

31 December 2014	USD	EUR	BWP	ZAR	ZWD	TZS	ZMK	MZN	JPY	NGN	Other	Total
Cash and short-term funds	139,951	27,578	71,090	10,572	–	17,750	82,519	42,095	1,388	–	16,842	409,785
Financial assets held-for-trading	18,429	–	60,515	–	–	8,783	38,884	18,156	–	–	–	144,767
Financial assets designated at fair value	7,772	–	–	–	–	4,054	–	–	–	–	–	11,826
Loans and advances	454,473	2,146	412,792	61	–	32,029	118,904	148,022	–	–	68,091	1,236,518
Investment securities	139,042	111	5,586	–	–	574	41	607	–	–	90	146,051
Prepayments and other receivables	23,285	296	858	255	–	1,649	2,595	1,012	–	–	69	30,019
Derivative financial assets	–	–	34	–	–	–	–	28	–	–	–	62
Current tax assets	2,210	28	–	43	–	1,829	3,051	1,054	–	–	–	8,215
Investment in associates	625	–	–	–	–	962	–	–	–	373,525	–	375,112
Property and equipment	50,329	12	8,282	2,736	–	3,542	5,280	9,864	–	–	2,664	82,709
Investment property	2,696	–	–	–	–	–	–	–	–	–	–	2,696
Total Intangible assets	44,070	–	40,870	–	–	–	23,167	17,370	–	29,361	7,470	162,308
Disposal groups held-for-sale	9,516	–	–	1,849	–	–	–	–	–	–	–	11,365
Total assets	**892,398**	**30,171**	**600,027**	**15,516**	**–**	**71,172**	**274,441**	**238,208**	**1,388**	**402,886**	**95,226**	**2,621,433**
Deposits	519,979	9,236	488,761	5,108	–	96,065	152,605	210,191	1,381	–	47,655	1,530,981
Derivative financial liabilities	10,108	63	–	–	–	660	–	–	(4,551)	–	–	6,280
Creditors and accruals	69,655	991	4,352	1,309	–	2,762	92	1,858	–	–	1,100	82,119
Current tax liabilities	–	–	4,751	–	–	–	50	–	–	–	219	5,020
Deferred tax liability	3,824	3,705	137	–	3,095	1,652	1,019	–	–	–	(106)	13,326
Borrowed funds	232,008	26,693	28,634	–	–	824	–	6,191	4,551	–	1,117	300,018
Non-current liabilities and disposal groups held-for-sale	1,263	–	–	–	–	–	–	–	–	–	–	1,263
Total liabilities	**836,837**	**40,688**	**526,635**	**6,417**	**3,095**	**101,963**	**153,766**	**218,240**	**1,381**	**–**	**49,985**	**1,939,007**
Net on-balance sheet position	**55,561**	**(10,517)**	**73,392**	**9,099**	**(3,095)**	**(30,791)**	**120,675**	**19,968**	**7**	**402,886**	**45,241**	**682,426**

32. Financial risk management continued

The impact of a 1% change in the value of the Group's major currency exposure is presented below.

Sensitivity analysis:

Currency	Change in currency rate in %	Effect on equity	Effect on profit before tax
EUR	1%	189	1
BWP	1%	993	605
ZAR	1%	91	–
All other currencies	1%	378	–
TZS	1%	(416)	122
ZMK	1%	592	389
MZN	1%	(138)	182
JPY	1%	(45)	46
NGN	1%	4,000	–

Credit risk

BancABC takes on exposure to credit risk, which is the risk that a counterparty will cause a financial loss for the Group by failing to discharge an obligation.

Significant changes in the economy, or in the health of a particular industry segment that represents a concentration in the Group's portfolio, could result in losses that are different from those provided for at the reporting date. Country (or Sovereign) risk is part of overall credit risk and is managed as part of the credit risk management function as it has a major impact on individual counterparties' ability to perform. Management therefore carefully manages its exposure to credit risk.

Credit exposures arise principally in loans and advances, debt securities and other bills. There is also credit risk in off-balance sheet financial arrangements such as loan commitments. The BancABC Group Risk team reviews subsidiary risk exposures regularly, and reports to the BancABC Board of Directors.

The BancABC Board has defined and documented a credit policy which forms the basis of credit decisions. This policy includes a framework of limits and delegation of credit approval authority which are strictly adhered to. No one individual has the power to authorise credit exposures.

Each BancABC subsidiary has a Credit Committee which operates within the defined limits set by the BancABC Board. These committees are responsible for the management of credit risk within their country including credit decisions, processes, legal and documentation risk and compliance with impairment policies. The BancABC Risk Department regularly reviews each subsidiary's adherence to required standards. The BancABC Executive Committee reports to the BancABC Board and is responsible for approval of credit decisions that are above country limits, recommendations on exposure limits and impairment policies. There is also a BancABC Board Credit Committee that approves any loans above the BancABC Executive Committee limit.

The Group has adopted standard impairment policies which at a minimum comply with the prudential guidelines of the respective countries' central banks. Impairments are determined monthly at subsidiary level and are subject to regular review by Group Risk.

Maximum exposure – credit risk

The following table shows the maximum exposure to credit risk by class of financial asset. It also shows the total fair value of collateral, any surplus collateral (the extent to which the fair value of collateral held is greater than the exposure to which it relates), and the net exposure to credit risk.

Type of collateral or credit enhancement

		Fair value of collateral and credit enhancements held					
31 December 2014	Maximum exposure to credit risk	Cash	Letters of credit/ guarantees	Property	Other[1]	Net collateral	Net exposure
Placement with other banks[2]	377,506	–	–	–	–	–	377,506
Loans and advances							
Mortgage lending	66,244	24	–	56,209	–	56,233	10,011
Instalment finance	62,544	1,696	631	15,490	44,782	62,599	(55)
Corporate lending	488,560	23,013	11,028	333,225	158,510	525,776	(37,216)
Commercial and property finance	50,574	–	–	5,585	–	5,585	44,989
Consumer lending	568,596	1,493	1,139	56,094	4,708	63,434	505,162
	1,236,518	26,226	12,798	466,603	208,000	713,627	522,891
Cash collateral on securities borrowed and reverse repurchase agreements							
Derivative financial instruments							
Forward foreign exchange contracts	62	–	–	–	–	–	62
	62	–	–	–	–	–	62
Financial assets held-for-trading							
Government bonds	18,975	–	–	–	–	–	18,975
Treasury bills and other open market instruments	116,052	–	–	–	–	–	116,052
Bankers' acceptance and commercial paper	9,740	–	–	–	–	–	9,740
	144,767	–	–	–	–	–	144,767
Financial assets designated at fair value through profit or loss							
Listed equities	948	–	–	–	–	–	948
Unlisted equities	10,878	–	–	–	–	–	10,878
	11,826	–	–	–	–	–	11,826
Financial investments available-for-sale							
Listed equities	644	–	–	–	–	–	644
Unlisted equities	139,731	–	–	–	–	–	139,731
	140,375	–	–	–	–	–	140,375
Financial investments held-to-maturity							
Listed equities	–	–	–	–	–	–	–
Unlisted equities	–	–	–	–	–	–	–
Listed debentures	–	–	–	–	–	–	–
Unlisted debentures	5,586	–	–	–	–	–	5,586
	5,586	–	–	–	–	–	5,586
	1,916,640	26,226	12,798	466,603	208,000	713,627	1,203,013
Credit exposures relating to off-balance sheet items are as follows							
Financial guarantees	39,758	13,830	15,142	19,640	4,976	53,588	(13,830)
Letters of credit for customers	761	–	276	46	439	761	–
	1,957,159	40,056	28,216	486,289	213,415	767,976	1,189,183

1. Vehicles, machinery, other fixed assets, inventory and trade receivables.
2. Represents cash balances held with other banks. Included in $409.8 million cash per statement of financial position.

32. Financial risk management continued

Credit risk management
Loans and advances
In measuring credit risk of loans and advances to customers and to banks at a counterparty level, the BancABC Group considers three components: the probability of default by the client or counterparty on its contractual obligations; the current exposures to the counterparty and its likely future development; and the likely recovery on the defaulted obligations.

The BancABC Group assesses the probability of default of individual counterparties using internal rating tools tailored to the various categories of counterparties.

They have been developed internally and combine statistical analysis for certain categories, as well as credit officer judgement. Clients of the BancABC Group are segmented into five rating classes. The BancABC Group's rating scale, which is shown below, reflects the range of default probabilities defined for each rating class.

This means that, in principle, exposures migrate between classes as the assessment of their probability of default changes. The rating tools are kept under review and upgraded as necessary. The BancABC Group regularly validates the performance of the rating and their predictive power with regard to default events.

Group's internal rating scale

Category	Description
Performing	The credit appears satisfactory
Special mention	The credit appears satisfactory but exhibits potential or inherent weaknesses which, if not attended to, may weaken the asset or prospects of collection in full, e.g. poor documentation or 30 days but less than 90 days in arrears
Sub-standard	The credit has defined weaknesses that may jeopardise liquidation of the debt, i.e. the paying capacity of the borrower is doubtful or inadequate, or more than 90 days but less than 180 days in arrears
Doubtful	Credit facilities with above weaknesses and has deteriorated further to the extent that even with the existing security, full recovery will not be possible, or 180 days but less than 12 months in arrears
Loss	Facilities considered impossible to collect with little or no realisable security, or more than 12 months in arrears

Risk limit control and mitigation policies
The BancABC Group manages, limits and controls concentrations of credit risk in respect of individual counterparties and groups, and to industries and countries. The BancABC Group structures the levels of credit risk it undertakes by placing limits on the amount of risk accepted in relation to one borrower, or groups of borrowers, and to geographical and industry segments. Such risks are monitored on a revolving basis and subject to an annual or more frequent review, when considered necessary. Limits on the level of credit risk by product, industry sector and by country are approved by the relevant Board of Directors, and reviewed regularly. Exposure to credit risk is also managed through regular analysis of the ability of borrowers and potential borrowers to meet interest and capital repayment obligations and by changing these lending limits where appropriate. Some other specific control and mitigation measures are outlined below.

(a) Collateral
The BancABC Group employs a range of policies and practices to mitigate credit risk. The most traditional of these is the taking of security for funds advanced, which is common practice.

The BancABC Group implements guidelines on the acceptability of specific classes of collateral for credit risk mitigation. The principal collateral types for loans and advances are:
– cash collateral;
– charges over assets financed;
– mortgages over residential and commercial properties;
– charges over business assets such as premises, inventory and accounts receivable; and
– charges over financial instruments such as debt securities and equities.

Loans and advances to corporates are generally secured. In addition, in order to minimise credit loss, the Group will seek additional collateral from the counterparty as soon as impairment indicators are noticed for the relevant individual loans and advances. Collateral held as security for financial assets other than loans and advances is determined by the nature of the instrument. Debt securities, treasury and other eligible bills are generally unsecured, with the exception of asset-backed securities and similar instruments, which are secured by portfolios of financial instruments.

(b) Master netting arrangements
The Group further restricts its exposure to credit losses by entering into master netting arrangements with counterparties with which it undertakes a significant volume of transactions. Master netting arrangements do not generally result in an offset of balance sheet assets and liabilities, as transactions are usually settled on a gross basis. However, the credit risk associated with favourable contracts is reduced by a master netting arrangement to the extent that if a default occurs, all amounts with the counterparty are terminated and settled on a net basis. The Group's overall exposure to credit risk on derivative instruments subject to master netting arrangements can change substantially within a short period, as it is affected by each transaction subject to the arrangement.

(c) Credit-related commitments
The primary purpose of these instruments is to ensure that funds are available to a customer as required. Guarantees and standby letters of credit carry the same credit risk as loans. Documentary and commercial letters of credit – which are written undertakings by the Group on behalf of a customer authorising a third party to draw drafts on the Group up to a stipulated amount under specific terms and conditions – are collateralised by the underlying shipments of goods to which they relate and therefore carry less risk than a direct loan.

Commitments to extend credit represent unused portions of authorisations to extend credit in the form of loans, guarantees or letters of credit. With respect to credit risk on commitments to extend credit, the Group is potentially exposed to loss in an amount equal to the total unused commitments. However, the likely amount of loss is less than the total unused commitments, as most commitments to extend credit are contingent upon customers maintaining specific credit standards. The Group monitors the term to maturity of credit commitments because longer-term commitments generally have a greater degree of credit risk than shorter-term commitments.

(d) Derivatives
The Group maintains strict control limits on net open derivative positions (that is, the difference between purchase and sale contracts) by both amount and term. The amount subject to credit risk is limited to expected future net cash inflows of instruments, which in relation to derivatives are only a fraction of the contract, or notional values used to express the volume of instruments outstanding. This credit risk exposure is managed as part of the overall lending limits with customers, together with potential exposures from market movements. Collateral or other security is not always obtained for credit risk exposures on these instruments, except where the Group requires margin deposits from counterparties.

Impairment policies
The impairments shown in the balance sheet at year-end are derived from each of the five internal rating grades, adjusted for the provision of IAS 39. The table below shows the percentage of the Group's on- and off-balance sheet items relating to loans and advances and the associated impairment for each of the Group's internal rating categories.

Impairments classification

	1 September 2014 – 31 December 2014	
Category	Loans and advances (%)	Impairments (%)
Performing	74	0
Special mention	14	3
Sub-standard	6	15
Doubtful	3	17
Loss	3	65
	100%	100%

Impairments are managed on an expected loss basis, and are recorded on an actual loss basis.

32. Financial risk management continued

The internal rating tool assists management to determine whether objective evidence of impairment exists under IAS 39, based on the following criteria set out by the Group:

- delinquency in contractual payments of principal or interest;
- cash flow difficulties experienced by the borrower;
- breach of loan covenants or conditions;
- initiation of bankruptcy proceedings;
- deterioration of the borrower's competitive position;
- deterioration in the value of collateral; and
- downgrading below "Performing" level.

The Group's policy requires the review of individual financial assets at least once a month, or more regularly when individual circumstances require. Impairment allowances on individually assessed accounts are determined by an evaluation of the incurred loss at balance sheet date on a case-by-case basis, and are applied to all individually significant accounts. The assessment normally encompasses collateral held (including re-confirmation of its enforceability) and the anticipated receipts for that individual account.
Collectively assessed impairment allowances are provided for:
(i) portfolios of homogenous assets that are individually below materiality thresholds; and
(ii) losses that have been incurred but have not yet been identified, by using the available historical experience, experienced judgement and statistical techniques.

Credit quality

	31 December 2014 $'000
Distribution of loans and advances by credit quality:	
Neither past due nor impaired	922,339
Past due but not impaired	192,170
Individually impaired	130,027
Gross loans and advances	1,244,536
Less: Allowance for impairment	(8,018)
Net loans and advances	1,236,518

The total impairment of loans and advances is $8 million.

Further information on the impairment allowance for loans and advances to customers is provided in notes 2 and 10.

(a) Distribution of loans and advances neither past due nor impaired

The credit quality of the portfolio of loans and advances that were neither past due nor impaired can be assessed by reference to the internal rating system adopted by the Group below:

	31 December 2014 $'000
Mortgage lending	47,419
Instalment finance	43,318
Corporate lending	309,409
Commercial and property finance	25,777
Consumer lending	496,416
	922,339

(b) Loans and advances individually impaired

The individually impaired loans and advances is $130 million.

	31 December 2014		
	Individually impaired $'000	Fair value of collateral $'000	Under collateralisation[1] $'000
Mortgage lending	811	811	–
Instalment finance	7,804	7,804	–
Corporate lending	93,552	93,552	–
Commercial and property finance	8,570	8,570	–
Consumer lending	19,289	19,289	–
	130,026	130,026	–

1. The under collateralisation amount is fully impaired.

Collateral taken for this category includes cash, mortgages over residential properties, charges over business assets such as premises, inventory and accounts receivable, and charges over financial instruments such as debt securities and equities.

(c) Loans and advances renegotiated

Restructuring activities include extended payment arrangements, approved external management plans, modification and deferral of payments. Following restructuring, a previously overdue customer account is reset to a normal status, and managed together with other similar accounts. Restructuring policies and practices are based on indicators or criteria which, in the judgement of local management, indicate that payment will most likely continue. These policies are kept under continuous review.

Renegotiated loans that would otherwise be past due are as follows:

	2014
Mortgage lending	32
Instalment finance	4,523
Corporate lending	71,346
Consumer lending	761
	76,662

	2014
Non-impaired after restructuring – would otherwise not have been impaired	76,662
	76,662

32. Financial risk management continued

Credit quality by class of financial assets

The Bank manages the credit quality of financial assets using internal credit ratings. The table below shows the credit quality by class of asset for all financial assets exposed to credit risk, based on the Bank's internal credit rating system. The amounts presented are gross of impairment allowances.

	Neither past due nor impaired		Past due but not impaired				
31 December 2014	**Performing**		**30 days**	**31-60 days**	**61-90 days**	**Individually impaired**	**31 December 2014**
Cash and cash equivalents	409,785	–	–	–	–	–	409,785
Derivative financial assets	62	–	–	–	–	–	62
Financial assets held-for-trading	144,767	–	–	–	–	–	144,767
Financial assets designated at fair value through profit or loss	11,826	–	–	–	–	–	11,826
Loans and advances to customers	911,472		149,584	31,230	22,225	130,025	1,244,536
Mortgage lending	53,782	–	7,445	3,251	1,031	811	66,320
Instalment finance	43,318	–	10,429	1,355	48	7,803	62,953
Corporate lending	309,409	–	69,048	9,944	11,234	93,438	493,073
Commercial and property finance	3,982	–	38,191	–	691	8,570	51,434
Consumer lending	500,981	–	24,471	16,680	9,221	19,403	570,756
	1,477,912	–	149,584	31,230	22,225	130,025	1,810,976
Financial investments available-for-sale							
Quoted – Government debt securities	138,397	–	–	–	–	–	138,397
Quoted – Listed equities	644	–	–	–	–	–	644
Unquoted – Unlisted equities	1,334	90	–	–	–	–	1,424
	140,375	90	–	–	–	–	140,465
Quoted – Other debt securities	–	–	–	–	–	–	–
Unquoted – Debt securities	5,586	–	–	–	–	–	5,586
	5,586	–	–	–	–	–	5,586
Other current assets							
Prepayments and other current assets	30,019	–	–	–	–	–	30,019
Total	**1,653,892**	**90**	**149,584**	**31,230**	**22,225**	**130,025**	**1,987,046**

Total loan impairments by loan class and type:

(a) Impairment by loan class

	2014 $'000
Mortgage lending	76
Instalment finance	409
Corporate lending	4,513
Commercial and property finance	860
Consumer lending	2,160
Other loans and advances	–
Total loan impairments	**8,018**

(b) Impairment analysis

	2014 $'000
Specific impairments	8,018
Total loan impairments	**8,018**

Credit quality supplement

	2014 $'000
Total gross loans	1,244,536
Specific impairments	(8,018)
Net loans	**1,236,518**
Non-performing loans	130,026
Impairments (profit and loss)	8,018
Percentage (%)	
Non-performing loans/gross loans	10.4%
Total impairments balance sheet/non-performing loans	6.2%
Specific impairments/gross loans	0.6%

Repossessed collateral

During 2014, the Group obtained assets by taking possession of collateral held as security, as follows:

	2014 $'000
Property, plant and equipment	1,355
Motor vehicles	23,522
	24,877

32. Financial risk management continued

Liquidity risk

Liquidity risk is the risk that the Group is unable to meet its obligations when they fall due as a result of customer deposits being withdrawn, cash requirements from contractual commitments, or other cash outflows, such as debt maturities or margin calls for derivatives. Such outflows would deplete available cash resources for client lending, trading activities and investments. In extreme circumstances, lack of liquidity could result in reductions in the consolidated statement of financial position and sales of assets, or potentially an inability to fulfil lending commitments. The risk that the Group will be unable to do so is inherent in all banking operations and can be affected by a range of institution-specific and market-wide events including, but not limited to, credit events, merger and acquisition activity, systemic shocks and natural disasters.

Monitoring and reporting take the form of cash flow measurement and projections for the next day, week and month respectively, as these are key periods for liquidity management. The starting point for those projections is an analysis of the contractual maturity of the financial liabilities and the expected collection date of the financial assets. BancABC Group Treasury also monitors unmatched medium-term assets, the level and type of undrawn lending commitments, the usage of overdraft facilities and the impact of contingent liabilities such as standby letter of credit and guarantees.

The Group's maturity analysis (on a discounted cash flow basis) of all assets, liabilities and equity as at 31 December 2014 was as follows:

31 December 2014 ($'000)	Up to 1 month	1-3 months	3-12 months	Greater than 1 year	Undated	Total
Cash and short-term funds	380,671	29,114	–	–	–	409,785
Financial assets held-for-trading	60,810	24,498	39,444	20,015	–	144,767
Financial assets designated at fair value	–	66	883	10,877	–	11,826
Derivative financial assets	62	–	–	–	–	62
Loans and advances	189,045	76,721	173,624	797,128	–	1,236,518
Investment securities	139,490	–	757	5,804	–	146,051
Prepayments and other receivables	4,895	1,793	23,331	–	–	30,019
Current tax asset	–	2,210	6,005	–	–	8,215
Investments in associates	–	–	–	–	375,112	375,112
Property and equipment	–	–	–	–	82,709	82,709
Investment property	–	–	–	–	2,696	2,696
Intangible assets and goodwill	–	–	–	–	162,308	162,308
Disposal groups held-for-sale	–	–	10,551	814		11,365
Total assets	774,973	134,402	254,595	834,638	622,825	2,621,433
Shareholders' equity and liabilities						
Equity	–	–	–	–	682,426	682,426
	–	–	–	–	–	
Deposits	847,348	361,530	289,946	32,157	–	1,530,981
Derivative financial liabilities	933	561	–	4,786	–	6,280
Creditors and accruals	23,564	24,383	19,146	15,026	–	82,119
Current tax liabilities	2,138	–	2,882	–	–	5,020
Deferred tax liabilities	–	–	–	–	13,326	13,326
Borrowed funds	4,063	1,894	42,491	251,570	–	300,018
Non-current liabilities and disposal group held-for-sale	–	–	–	1,263	–	1,263
Total equity and liabilities	878,046	388,368	354,465	304,802	695,752	2,621,433
Net maturity gap	(103,074)	(253,966)	(99,870)	529,836	(72,927)	–

Refer to note 26 for collateral.

Non-derivative financial liabilities' cash flow

The table below presents the cash flows payable by the Group under non-derivative financial liabilities and assets held for managing liquidity risk by remaining contractual maturities at the date of the consolidated statement of financial position. The amounts disclosed in the table are the contractual undiscounted cash flows, whereas the Group manages the inherent liquidity risk based on expected undiscounted cash inflows:

31 December 2014 ($'000)	Up to 1 month	1-3 months	3-12 months	Greater than 1 year	Total	Effect of discount/ financing rates	Total
Deposits	847,959	371,173	294,296	31,036	1,544,464	(13,483)	1,530,981
Creditors and accruals	23,564	23,366	19,969	15,244	82,143	(24)	82,118
Current tax liabilities	407	500	4,118	–	5,025	(5)	5,020
Borrowed funds	3,712	3,752	124,080	212,589	344,133	(44,115)	300,018
Loan commitments	166	277	607	354	1,404	–	1,404
Non-current liabilities and disposal group held-for-sale	–	–	–	1,263	1,263	–	1,263
Total liabilities (contractual)	875,808	399,068	443,070	260,486	1,978,432	(57,627)	1,920,805

Concentration risk of financial assets with credit risk exposure

(a) Geographical sectors

The following table breaks down the Group's main credit exposure at their carrying amounts, as categorised by geographical region as of December 2014. For this table, the Group has allocated exposures to regions based on the country of domicile of its counterparties:

December 2014	Botswana	Mozambique	Tanzania	Zambia	Zimbabwe	Other/ Rwanda	Total
Placements with other banks	58,065	57,932	42,778	79,288	41,162	98,281	377,506
Financial assets held-for-trading	60,514	18,157	8,783	38,884	18,429	–	144,767
Financial assets designated at fair value	–	–	10,878	–	948	–	11,826
Derivative financial assets	35	27	–	–	–	–	62
Loans and advances (net)	400,893	183,608	77,735	142,231	374,321	57,730	1,236,518
Investment securities	5,586	607	574	41	756	138,487	146,051
Prepayments and other receivables	1,048	1,883	1,670	2,556	20,090	2,772	30,019
Current tax assets	–	1,054	1,829	3,051	2,210	71	8,215
Disposal groups	–	–	–	–	8,702	2,663	11,365
	526,141	263,268	144,247	266,051	466,618	300,005	1,966,329

32. Financial risk management continued

(b) Industry sectors

The following table breaks down the Group's main credit exposure at their carrying amounts, as categorised by industry sectors as of December 2014 of the counterparties:

31 December 2014	Agri-culture	Con-struction	Wholesale, retail and trade	Public sector	Manu-facturing	Mining and energy	Financial services	Transport	Individuals	Tourism	Other	Total
Placements with other banks	–	–	(6)	–	–	–	377,512	–	–	–	–	377,506
Financial assets held-for-trading	–	4,998	223	17,472	4,519	–	117,555	–	–	–	–	144,767
Financial assets designated at fair value	–	–	143	–	746	7,269	3,608	–	–	–	60	11,826
Investment in associates	–	–	–	–	–	–	375,112	–	–	–	–	375,112
Derivative financial assets	–	–	–	–	–	–	62	–	–	–	–	62
Loans and advances (net)	39,149	37,642	190,238	61,391	77,385	67,418	21,311	39,799	623,584	25,738	52,863	1,236,518
Investment securities	3	–	226	–	268	–	145,498	–	–	–	56	146,051
Prepayments and other receivables	–	–	28	–	–	8,457	18,934	–	8	36	2,556	30,019
Current tax assets	–	–	–	8,187	–	–	–	–	–	–	28	8,215
Disposal groups	–	–	–	–	–	–	–	–	–	–	11,365	11,365
Total	39,152	42,640	190,852	87,050	82,918	83,144	1,059,592	39,799	623,592	25,774	66,928	2,341,441

Capital management

For the purpose of the Group's capital management, capital includes issued capital, convertible preference shares, share premium and all other equity reserves attributable to the equity holders of the parent. The primary objective of the Group's capital management is to maximise the shareholder value.

The Group manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the financial covenants. To maintain or adjust the capital structure, the Group may return capital to shareholders or issue new shares.

Capital adequacy computations

31 December 2014	Botswana	Zimbabwe	Zambia	Tanzania[2]	Mozambique	Rwanda	BancABC and other	Total
Tier I Capital								
Share capital and premium	23,362	41,788	38,745	28,613	8,539	18,762	82,015	241,824
Capital reserves and retained earnings	42,862	27,957	2,315	(24,407)	10,914	265	(38,444)	21,462
Intangible assets (software)/deferred charges	–	–	–	(6,317)	(1,832)	–	–	(8,149)
Prepayments	–	–	–	(1,061)	–	–	–	(1,061)
Exposures to insiders	–	(4,396)	–	–	–	–	–	(4,396)
Total qualifying for Tier I Capital	66,224	65,349	41,060	(3,172)	17,621	19,027	43,571	249,680
Tier II Capital								
Shareholder's loan	13,242	–	49,336	19,973	8,019	–	–	90,570
General debt provision	1,906	5,186	–	–	615	335	–	8,042
Fair value revaluation/ available-for-sale reserve	–	13	–	–	–	–	–	13
Revaluation reserves (limited to Tier I Capital)	207	4,116	–	–	–	–	–	4,323
Total qualifying for Tier II Capital	15,355	9,315	49,336	19,973	8,634	335	–	102,948
Total Capital	81,579	74,664	90,396	16,801[2]	26,255	19,362	43,571	352,628[3]
Risk weighted assets[1]								
On-balance sheet assets	457,235	488,190	174,013	109,469	215,336	51,816	–	1,496,059
Off-balance sheet assets	3,022	41,173	43,246	8,190	55,946		–	151,577
Total risk weighted assets	460,257	529,363	217,259	117,659	271,282	51,816	–	1,647,636
Capital adequacy ratio	18%	14%	42%	14%	10%	37%	n/a	n/a
Minimum regulatory capital adequacy ratio	15%	12%	10%	12%	8%	15%	n/a	n/a

1. Weighting of assets is based on the nature of the asset and the weighting as prescribed by the relevant regulatory authority.
2. As at financial year end, all operating banks were sufficiently capitalised in line with local regulatory requirements. During the 2014 year, BancABC Tanzania's capital adequacy ratio fell below the required minimum of 12%. This position was regularised with the injection of Tier I equity into this banking entity by Atlas Mara.
3. This represents the capital of the regulated entities subject to mandatory capital adequacy requirements. The remaining capital balance of the Group relates to the non-regulated entities not subject to regulatory imposed capital requirements.

33. Financial instruments

Financial assets and financial liabilities
A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial assets

Initial recognition and measurement
Financial assets are classified, at initial recognition, as financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, available-for-sale financial assets, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset.

Purchases or sales of financial assets are recognised on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

Subsequent measurement
The Group classifies its financial assets into one of the following categories:
- loans and receivables;
- held to maturity;
- available-for-sale; and
- at fair value through profit or loss, and within this category as:
  - held-for-trading; or
  - designated at fair value through profit or loss.

Loans and receivables
Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method, less impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance income in the statement of profit or loss. The losses arising from impairment are recognised in the statement of profit or loss in finance costs for loans and in cost of sales or other operating expenses for receivables.

Held to maturity
Non-derivative financial assets with fixed or determinable payments and fixed maturities are classified as held to maturity when the Group has the positive intention and ability to hold them to maturity. After initial measurement, held-to-maturity investments are measured at amortised cost using the EIR, less impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance income in the statement of profit or loss. The losses arising from impairment are recognised in the statement of profit or loss as finance costs.

Available-for-sale (AFS)
AFS financial assets include equity investments and debt securities. Equity investments classified as AFS are those that are neither classified as held-for-trading nor designated at fair value through profit or loss. Debt securities in this category are those that are intended to be held for an indefinite period of time and that may be sold in response to needs for liquidity or in response to changes in the market conditions.

After initial measurement, AFS financial assets are subsequently measured at fair value with unrealised gains or losses recognised in OCI and credited in the AFS reserve until the investment is derecognised, at which time the cumulative gain or loss is recognised in other operating income, or the investment is determined to be impaired, when the cumulative loss is reclassified from the AFS reserve to the statement of profit or loss in finance costs. Interest earned whilst holding AFS financial assets is reported as interest income using the EIR method.

For a financial asset reclassified from the AFS category, the fair value carrying amount at the date of reclassification becomes its new amortised cost and any previous gain or loss on the asset that has been recognised in equity is amortised to profit or loss over the remaining life of the investment using the EIR. Any difference between the new amortised cost and the maturity amount is also amortised over the remaining life of the asset using the EIR. If the asset is subsequently determined to be impaired, then the amount recorded in equity is reclassified to the statement of profit or loss.

Derecognition
The Group derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

Impairment of financial assets
The Group assesses, at each reporting date, whether there is objective evidence that a financial asset or a group of financial assets is impaired. An impairment exists if one or more events that has occurred since the initial recognition of the asset (an incurred loss event), has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated.

Objective evidence that financial assets are impaired includes:
- significant financial difficulty of the borrower or issuer;
- default or delinquency by a borrower;
- indications that a borrower or issuer will enter bankruptcy;
- the disappearance of an active market for a security; or
- observable data relating to a group of assets such as adverse changes in the payment status of borrowers or issuers in the group, or economic conditions that correlate with defaults in the group.

Financial assets carried at amortised cost
For financial assets carried at amortised cost, the Group first assesses whether impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Group determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognised are not included in a collective assessment of impairment.

The amount of any impairment loss identified is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not yet been incurred). The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate.

The carrying amount of the asset is reduced through the use of an allowance account and the loss is recognised in the statement of profit or loss. If, in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. If a write-off is later recovered, the recovery is credited to finance costs in the statement of profit or loss.

AFS financial assets
For AFS financial assets, the Group assesses at each reporting date whether there is objective evidence that an investment or a group of investments is impaired.

In the case of equity investments classified as AFS, objective evidence would include a significant or prolonged decline in the fair value of the investment below its cost. When there is evidence of impairment, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that investment previously recognised in the statement of profit or loss – is removed from OCI and recognised in the statement of profit or loss. Impairment losses on equity investments are not reversed through profit or loss; increases in their fair value after impairment are recognised in OCI.

In the case of debt instruments classified as AFS, the impairment is assessed based on the same criteria as financial assets carried at amortised cost. However, the amount recorded for impairment is the cumulative loss measured as the difference between the amortised cost and the current fair value, less any impairment loss on that investment previously recognised in the statement of profit or loss.

Future interest income continues to be accrued based on the reduced carrying amount of the asset, using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. The interest income is recorded as part of finance income. If, in a subsequent year, the fair value of a debt instrument increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in the statement of profit or loss, the impairment loss is reversed through the statement of profit or loss.

33. Financial instruments continued

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

Subsequent measurement

The Group classifies its financial liabilities into one of the following categories:
- financial liabilities at fair value through profit or loss; or
- loans and borrowings.

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held-for-trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held-for-trading if they are incurred for the purpose of repurchasing in the near term.

Gains or losses on liabilities held-for-trading are recognised in the statement of profit or loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in IAS 39 are satisfied.

Loans and borrowings

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit or loss. This category generally applies to interest-bearing loans and borrowings.

Derecognition

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

Classes and categories of financial instruments

The following tables show the breakdown of carrying amounts and fair values of financial assets and financial liabilities by class and category of financial instrument:

	2014	
	Carrying amount $'000	Fair value $'000
Financial assets measured at fair value		
Other financial assets held-for-trading		
Government bonds	18,975	18,975
Treasury bills	116,052	116,052
Corporate bonds	9,740	9,740
Fair value option		
Listed equities	1,593	1,593
Unlisted equities	10,878	10,878
Investment in associates – listed equities	375,112	375,112
Derivative financial instruments		
Forward foreign exchange contracts	62	62
Available-for-sale investments		
Investment securities – unlisted equities	139,732	139,732
Investment securities – listed equities	644	644
Financial assets measured at amortised cost		
Loans and receivables		
Cash and short-term funds	390,960	390,960
Loans and advances	1,178,842	1,178,842
Other current assets	29,243	29,243
Held-to-maturity investments		
Investment securities – promissory notes	5,586	5,586
Financial liabilities measured at fair value		
Derivative financial instruments		
Forward foreign exchange contracts	2,155	2,155
Equity derivatives	2,777	2,777
Cross-currency interest swaps used for hedging	1,348	1,348
Contingent consideration		
Fair value option		
Borrowed funds – fair value option	60,471	60,471
Financial liabilities measured at amortised cost		
Deposits	1,530,981	1,530,981
Creditors and accruals	82,119	4,695
Borrowed funds	239,547	242,702

33. Financial instruments continued

Financial instruments not measured at fair value:

Type	Valuation technique	Significant unobservable inputs
Cash and short-term funds	Discounted cash flows	Not applicable
Loans and advances	Discounted cash flows	Future credit losses, movement in interest rates
Other current assets	Discounted cash flows	Yield and net asset values
Deposits	Discounted cash flows	Movement in interest rates
Creditors and accruals	Discounted cash flows	Interest rates and yield
Borrowed funds	Discounted cash flows	Interest rates and yield

The following financial instruments are not measured at fair value. The carrying value is estimated to approximate the fair value of these instruments.

(i) Placements with other banks
Placements with other banks includes inter-bank placements and items in the course of collection. The fair value of floating rate placements and overnight deposits is their carrying amount. The estimated fair value of fixed interest bearing deposits is based on discounted cash flows using prevailing money-market interest rates for debts with similar credit risk and remaining maturity. All placements are floating rate placements.

(ii) Loans and advances
The fair value of loans and advances was determined with reference to the estimated future cash flows discounted back at the discount rate calculated for each banking subsidiary based on a market premium which included the risk free rate, a small stock premium, country risk premium and the cost of equity. Where collateral is held, the value of collateral was compared to similar assets sold under typical “forced sale” conditions. The expected future cash flows from collateral were also discounted at the discount rate calculated per subsidiary.

(iii) Investment securities
Investment securities include only interest-bearing assets held to maturity, and unlisted equities; assets classified as available-for-sale are measured at fair value. Fair value for held-to-maturity assets is based on market prices or broker/dealer price quotations. Where this information is not available, fair value is estimated using quoted market prices for securities with similar credit, maturity and yield characteristics.

(iv) Deposits
The estimated fair value of deposits with no stated maturity, which includes non-interest-bearing deposits, is the amount repayable on demand. The estimated fair value of fixed interest-bearing deposits and other borrowings not quoted in an active market is based on discounted cash flows using interest rates for new debts with similar remaining maturity. The majority of deposits are at floating rates, or when at fixed rates, fixed for less than three months.

Fair value measurement
Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:
- in the principal market for the asset or liability; or
- in the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant’s ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:
- Level 1 – Quoted (unadjusted) market prices in active markets for identical assets or liabilities.
- Level 2 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
- Level 3 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

Fair value
Quantitative disclosures fair value measurement hierarchy for assets and liabilities:
Fair value measurements are disclosed by level. The fair value hierarchy is as follows:
- quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1);
- inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is as prices) or indirectly (that is, derived from prices) (level 2); or
- inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

The following table presents the Group’s assets and liabilities that are measured at fair value at reporting date:

	31 December 2014			
	Quoted prices Level 1 $'000	Significant observable inputs Level 2 $'000	Significant unobservable inputs Level 3 $'000	Total at fair value $'000
Assets measured at fair value				
Other financial assets held-for-trading				
Government bonds	–	18,975	–	18,975
Treasury bills	–	116,052	–	116,052
Corporate bonds	–	9,740	–	9,740
Fair value option				
Listed equities	948	–	–	948
Unlisted equities	–	–	10,878	10,878
Investment in associates – listed equities	–	–	373,525	373,525
Investment in associates – unlisted equities	–	–	1,587	1,587
Derivative financial instruments				
Forward foreign exchange contracts	–	62	–	62
Available-for-sale investments				
Investment securities – unlisted equities	–	–	1,334	1,334
Investment securities – listed equities	644	138,397	–	139,041
Assets for which fair values are disclosed				
Disposal groups for sale	–	9,516	1,849	11,365
Financial investments held-to-maturity	–	–	–	–
Unlisted equities	–	5,586	–	5,586
Fair value hierarchy for financial assets	**1,592**	**298,328**	**389,173**	**689,093**

33. Financial instruments continued

	31 December 2014			
	Quoted prices Level 1 $'000	Significant observable inputs Level 2 $'000	Significant unobservable inputs Level 3 $'000	Total at fair value $'000
Liabilities measured at fair value				
Derivative financial instruments				
Equity derivatives	–	–	2,777	2,777
Cross-currency interest swaps used for hedging	–	1,348	–	1,348
Borrowed funds		60,470		60,470
Deposits	–	1,530,981	–	1,530,981
Liabilities for which fair values are disclosed				
Borrowed funds	–	242,702	–	242,702
Fair value hierarchy for financial liabilities	–	1,835,501	2,777	1,838,278

The fair value of financial instruments traded in active markets is based on quoted market prices at the balance sheet date. A market is regarded as active if quoted prices are readily available from an exchange, dealer, broker, industry group, pricing service or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's-length basis. The quoted price used for financial assets held by the Group is the current bid price. These instruments are included in level 1. Instruments included in level 1 comprise primarily quoted equity investments classified as trading securities or available-for-sale.

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2. Financial assets held-for-trading and derivatives under level 2 have been valued using market interest and exchange rates.

If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. Specific valuation techniques used to value financial instruments include:
- quoted market prices or dealer quotes for similar instruments;
- the fair value of interest rate swaps is calculated as the present value of the estimated future cash flows based on observable yield curves;
- the fair value of foreign exchange contracts is determined using forward exchange rates at the balance sheet date, with the resulting value discounted back to present value; and
- other techniques, such as discounted cash flow analysis, are used to determine fair value for the remaining financial instruments.

Level 3 input
Included in level 3 are the Group investments in unlisted equity instruments including investments in associates and loans measured at fair value with reference to unlisted equities.

The unlisted equities were valued by an independent external valuer who used the market approach to value the instruments. A combination of multiples of book value for comparable businesses as well as multiples of EBITDA as adjusted for low marketability of the investments were used to estimate the eventual fair values used. The fair value movement of a 7.7% investment in an energy utility included in these investments and carried at $6 million is shared equally with a specified funder, with such fair value of $2.8 million being included in derivative financial liabilities (note 21.4). A 10% increase in the fair value of this investment will result in an increase in profit before tax of $0.6 million. A 10% decrease in the fair value of this investment will have an equal but opposite effect on profit before tax.

The investment securities comprise of unlisted equities. The unlisted equities have been valued based on the value of recent trades.

Investment securities comprise of shareholdings smaller than 20% in a number of private companies.

The movement in instruments included in the level 3 analysis is as follows:

Transfers between level 1 and 2
There were no transfers between level 1 and 2 in the current period.

Level 3 fair value movements
The movement in instruments included in the level 3 analysis is as follows:

The following table shows a reconciliation from the beginning balances to the ending balances for fair value measurements in level 3 of the fair value hierarchy:

	2014					
	Trading securities $'000	Trading derivatives $'000	Debt or equity investments $'000	Total assets at fair value $'000	Derivative financial liabilities $'000	Total liabilities at fair value $'000
Acquired through business combinations	–	–	127,935	127,935	2,705	2,705
Total gains or losses	–	–	–	–	–	–
– in profit and loss	–	–	6,671	6,671	–	–
– in other comprehensive income	–	–	701	701	–	–
Purchases	–	–	266,459	266,459	288	288
Issues	–	–	–	–	–	–
Settlements	–	–	–	–	–	–
Exchange rate adjustment	–	–	(11,263)	(11,263)	(216)	(216)
Transfer into level 3	–	–	1,366	1,366	–	–
Transfer out of level 3	–	–	–	–	–	–
Closing balance	–	–	391,869	391,869	2,777	2,777

Transfers into level 3 shall be disclosed and discussed separately from transfers out of level 3.

Total gains or losses for the year in the above table are presented in the statement of comprehensive income as follows:

	2014					
	Trading securities $'000	Trading derivatives $'000	Debt or equity investments $'000	Total assets at fair value $'000	Derivative financial liabilities $'000	Total liabilities at fair value $'000
Total gains or losses in profit or loss for the year:				–		–
Net trading income				–		–
Income from associates			20,740	20,740		–
Net income from other financial instruments carried at fair value			(748)	(748)	434	434
Total gains or losses recognised in other comprehensive income			19,992	19,992	434	434

33. Financial instruments continued

Description of significant unobservable inputs to valuation

The table below sets out information about significant unobservable inputs used at year end in measuring financial instruments categorised as level 3 in the fair value hierarchy.

Type of financial instrument	Valuation technique	Significant unobservable input	Range of estimates (weighted average) for unobservable input	Fair value measurement sensitivity to unobservable inputs
Equity derivative	Quoted prices as adjusted for intermediaries retained earnings: The fair values are based on quoted prices of the underlying equity investment which is quoted on the Nigerian Stock Exchange as adjusted for the retained earnings of the investment vehicles excluding the fair value gains from the investment.	Future cash flows Credit spread	15–20%	Significant increases in any of these inputs in isolation would result in lower fair values.
Unlisted equities	Market comparison technique: The valuation model is based on market multiples derived from quoted prices of companies comparable to the investee on actual EBITDA for the year ended 31 December 2012 or book value of the investee as at 30 September 2013. The estimate is adjusted for the effect of the non-marketability of the equity securities.	– Adjusted price to book ratio (2013: 1.28–1.43) – Adjusted EV/EBITDA (2013: 3.9–4.8)	12–25%	Significant increases in any of these inputs in isolation would result in lower fair values.
Investment in associates	Market comparison technique: The valuation model is based on market multiples derived from quoted prices of the investee. The estimate is adjusted for the effect of the lack liquidity in the share, based on comparison of the free float and of bit-offer spread of similar entities on the Nigerian stock exchange.	Liquidity premium	12–25%	Significant increases in any of these inputs in isolation would result in lower fair values.

Impact on fair value of level 3 financial instruments measured at fair value of changes to key assumptions

The following table shows the impact on the fair value of level 3 financial instruments of using reasonably possible alternative assumptions by class of instrument.

	2014	
	Carrying amount $'000	Effect of reasonably possible alternative assumptions $'000
Financial assets		
Fair value option		
Unlisted equities	12,726	1,483
Available-for-sale investments		
Investment securities – unlisted equities	139,821	13,982
Investment in associate	373,525	2,228
Financial liabilities		
Derivative financial instruments		
Equity derivatives	2,777	994

Sensitivity analysis

For the fair values of unlisted equities – designated at fair value through profit or loss, reasonably possible changes at the reporting date to one of the significant unobservable inputs, holding other inputs constant, would have the following effects:

	Profit or loss		Equity	
31 December 2014	Increase	Decrease	Increase	Decrease
Average price to book ratio (5% movement)	164	(164)	115	(115)
Book value (2% movement)	66	(66)	46	(46)
Adjusted EV/EBITDA (5% movement)	896	(896)	627	(627)
EBITDA (2% movement)	358	(358)	251	(251)

34. Offsetting financial assets and liabilities

Financial liabilities subject to offsetting, enforceable master netting arrangements and similar agreements

31 December 2014	Gross amounts of recognised financial liabilities	Gross amount of recognised financial assets offset in the financial position	Net amount of financial liabilities presented in the statement of financial position	Related amounts not offset in the statement of financial position: Financial instruments	Related amounts not offset in the statement of financial position: Cash collateral pledged	Net amount
Types of financial liabilities						
Derivatives held for risk management	5,902	(4,551)	1,351	–	4,003	5,354
Total	5,902	(4,551)	1,351	–	4,003	5,354

The gross amounts of financial assets and financial liabilities and their net amounts as presented in the statement of financial position that are disclosed in the above tables are measured in the statement of financial position on the following basis:
- derivative assets and liabilities – fair value;
- assets and liabilities resulting from sale and repurchase agreements, reverse sale and repurchase agreements and securities lending and borrowing – amortised cost;
- loans and advances to customers – amortised cost; and
- customer deposits – amortised cost.

The amounts in the tables that are offset in the statement of financial position are measured on the same basis.

The tables below reconcile the net amounts of financial assets and financial liabilities presented in the statement of financial position, as set out above, to the line items presented in the statement of financial position.

31 December 2014	Net amounts	Carrying amount in the statement of financial position	Financial liabilities not in scope of offsetting disclosures
Types of financial liabilities			
Derivatives held for risk management	1,351	6,280	518

35. Events after the reporting date

If the Group receives information after the reporting period, but prior to the date of authorisation for issue, about conditions that existed at the end of the reporting period, the Group will assess if the information affects the amounts that it recognises in the Group's consolidated financial statements. The Group will adjust the amounts recognised in its financial statements to reflect any adjusting events after the reporting period and update the disclosures that relate to those conditions in the light of the new information.
For non-adjusting events after the reporting period, the Group will not change the amounts recognised in its consolidated financial statements but will disclose the nature of the non-adjusting event and an estimate of its financial effect, or a statement that such an estimate cannot be made, if applicable. None of the events listed below were adjusting subsequent events.

The following events have occurred between the year-end date and the date of this report.

BancABC Tanzania
Subsequent to year-end, a $27 million loan granted to BancABC by Atlas Mara was converted into Tier I Capital in BancABC Tanzania's books.

Settlement of share buy-back from exiting BancABC management
The share buy-back transaction entered into with the BancABC exiting management team was settled subsequent to year-end. In terms of this agreement 1,743,888 Atlas Mara shares at $10 per share would be bought back. The net impact of this transaction is the settlement of the liability of $17.8 million.

ADC squeeze out
At the ADC extraordinary general meeting held on 29 January 2015 it was resolved that, in line with the announcements on 17 December 2014 and 28 January 2015, Atlas Mara Beteiligungs AG (a wholly-owned subsidiary of Atlas Mara Luxemburg Holding S.a.r.l., which in turn is a wholly-owned subsidiary of Atlas Mara Limited) would proceed with the minority squeeze-out pursuant to section 327a of the German Stock Corporation Act (AktG). The cash compensation to be paid to minorities was confirmed as EUR 9.72 per ordinary share of ADC on 28 January 2015, an increase of EUR 0.36 from the initial announcement.

36. Going concern

The financial statements are prepared on a going concern basis, as the Directors are satisfied that the Group and parent company have the resources to continue in business for the foreseeable future.

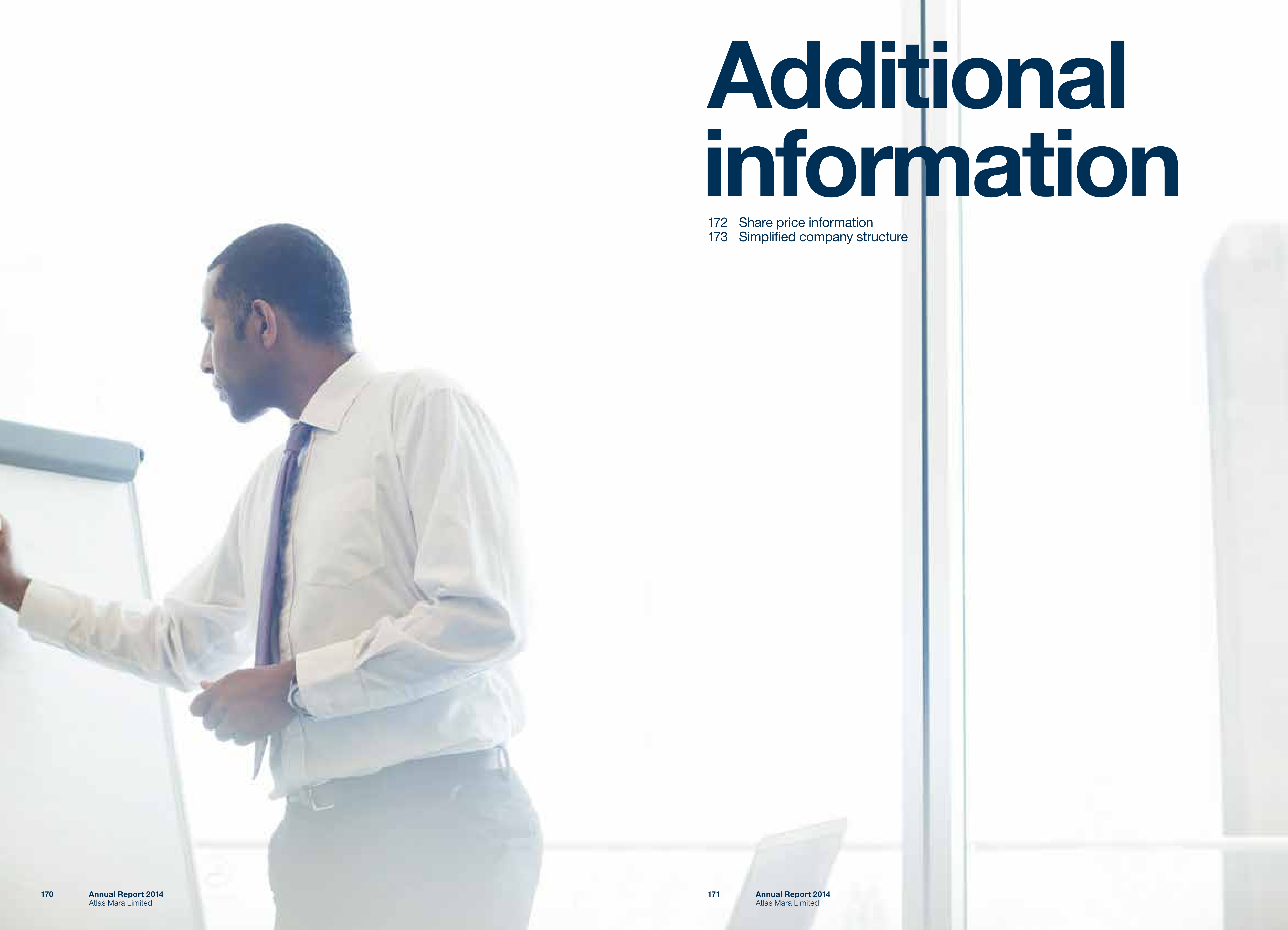
As part of the Directors' assessment of the Group's intention and ability to continue operating into the foreseeable future, the Directors performed the following:
- made appropriate enquiries of management teams of the Group;
- performed detailed assessments and stress testing of the principal risks facing the Group;
- interrogated the budgeted forecasts position and stress testing; and
- reviewed and confirmed the future funding pipeline and newly approved credit and facilities.

In making this assessment, the Directors review focused on a wide range of information relating to present and future conditions, including future projections of profitability, cash flows and capital resources.

The Group's business model, strategy, key performance indicators, relationships and resources and principal risks are included in the Strategy report.

The financial review includes a review of the consolidated income statement and consolidated balance sheet, as provided.

The risk report and financial risk management disclosures in the financial statements provide an overview of the principal risks for the Group and key mitigation actions to manage these risks (please refer to note 32 and 33). The risk report also contains a summary of the capital risk and the process the Group has in place.



Additional information

Additional information

Share information
Atlas Mara Stock Ticker: ATMA
(traded on the London Stock Exchange)

Atlas Mara Warrants Ticker: ATMW
(traded on the London Stock Exchange)

2014 share price performance
2 January 2014: $12.08
31 December 2014: $8.41
52-week high: $11.97
52-week low: $7.40

2014 share price performance by quarter

	Average price	Average volume
Q1	$11.46	6,322 shares
Q2[1]	$11.40	0 shares
Q3[1]	$10.95	39,686 shares
Q4	$9.25	22,354 shares

1. Following the announcement on 31 March 2014 of the acquisitions of ADC and BancABC until the closing and re-listing on 27 August 2014, Atlas Mara shares were suspended from trading.

Atlas Mara 2014 share price

Total ordinary shares
70,790,263 ordinary shares as of 13 April 2015
(72,458,524 ordinary shares in issue of which 1,668,261 ordinary shares in issue are held in treasury)

Total outstanding warrants
32,529,500 warrants as of 13 April 2015

Company auditor
KPMG LLP
15 Canada Square
London E14 5GL

Corporate brokers
Citigroup Global Markets Limited
Citigroup Centre
33 Canada Square
London E14 5LB

Renaissance Capital Limited
50 Bank Street
London E14 5NT

Registrar
Computershare Investor Services (BVI Limited)
c/o The Pavillions, Bridgwater Road
Bristol BS99 6ZY

Other contacts
Group Investor Relations
Email: ir@atlasmara.com

Group Media Relations
Email: media@atlasmara.com

Annual General Meeting
9:00am EST/2:00pm BST
12 May 2015
375 Park Avenue, 21st Floor
New York, New York

Board of Directors
Non-Executive Directors
Arnold O. Ekpe (Chairman)
Bob Diamond (Co-Founder)
Ashish J. Thakkar (Co-Founder)
Rachel F. Robbins (Senior Independent Director)
Tonye Patrick Cole
Eduardo C. Mondlane, Jr.
Funke Opeke
Amadou Raimi

Executive Director
John F. Vitalo (Chief Executive Officer)

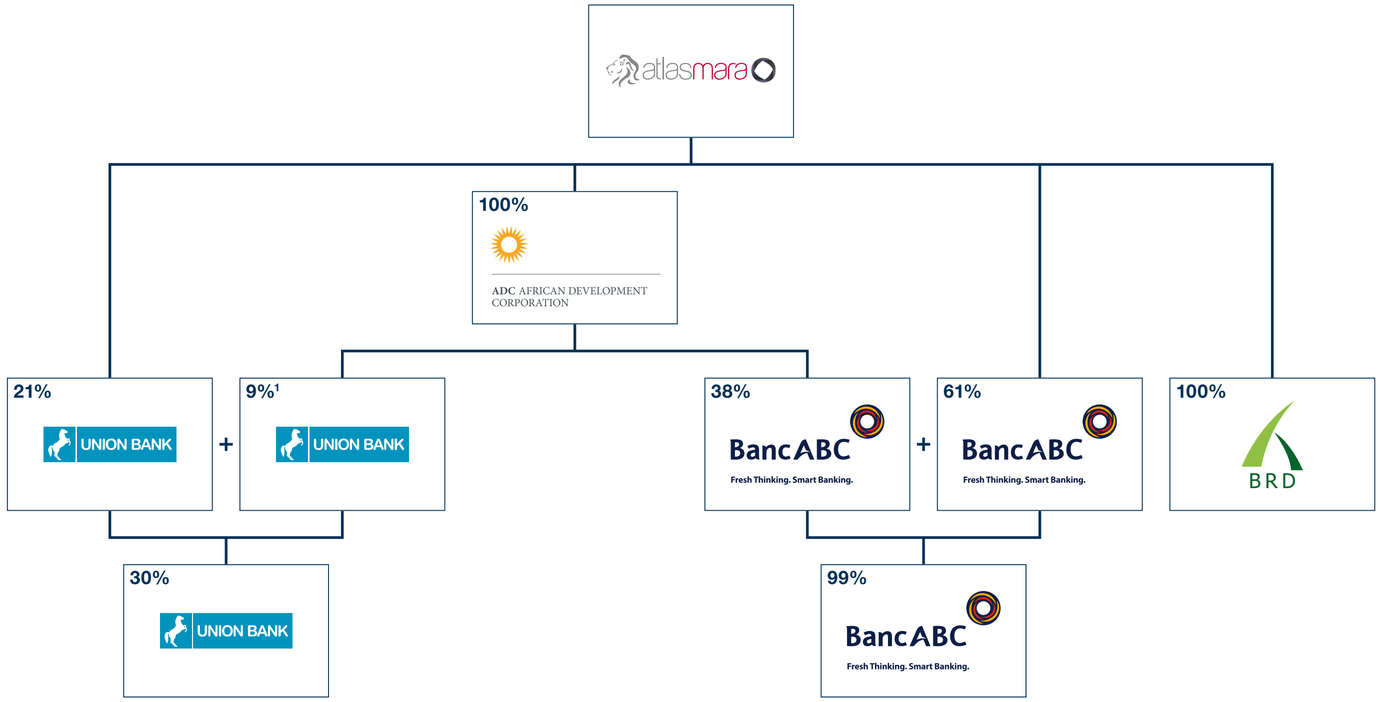
Executive Committee
John F. Vitalo (Chief Executive Officer)
Arina McDonald (Chief Financial Officer)
Bradford Gibbs (Member of Executive Committee)
Beatrice Hamza Bassey (General Counsel)

Registered office
Nemours Chambers
Road Town
Tortola
British Virgin Islands

Registration number
1800950

Website address
http://atlasmara.com

Simplified company structure



Notes: The structure excludes various intermediate holding companies.
1. Indirect stake held through interest in Union Global Partners Limited.

FSC www.fsc.org MIX Paper from responsible sources FSC® C016486

The paper and board used for this Report are manufactured from fibre approved by the Forest Stewardship Council and are fully recyclable and biodegradable. The printer and paper mill are certified to the environmental management system ISO 14001. The printer is also carbon neutral.

Designed and produced by Gather
www.gather.london

Printed by CPI Colour

http://atlasmara.com