7 September 2017

Atlas Mara Limited Interim Results - Six Months Ended 30 June 2017

Atlas Mara Limited ("Atlas Mara" or the "Company" and, including its subsidiaries, the "Group"), the sub-Saharan African financial services group, today releases its reviewed results for the six months ended 30 June 2017.

Key highlights for the period:

- Continued earnings progress in Q2 with reported year to date earnings of $11.5 million as at 30 June 2017 (2016: $1.2 million).
- Cost efficiencies through restructuring and reducing the Shared Services & Centers' cost base, on track to deliver $20m savings target in 2017.
- Revenue growth from the Markets business and a noticeable increase in deployment and profitable use of Digital channels, now extended to all of our presence countries.
- Since period end, successfully completed a $200m strategic financing (comprising a Mandatory Convertible Bond and a Firm Placing and Open Offer) to fund an increased interest in UBN and further investments in Markets and Treasury and Fintech business lines.

Financial highlights during the period

- Reported net profit after tax for the first half of 2017 was $11.5 million compared to a profit of $1.2 million reported for the prior year period, reflecting early successes in repositioning of business lines and cost reduction initiatives, implemented in late 2016 /early 2017. Q2 results of $6.4m is the strongest over the past four consecutive quarters.
- Net interest income (NII) increased by 79.0% year on year on a constant currency (ccy) basis mainly supported by the inclusion of the FBZ acquisition completed at the end of June 2016. On a pro forma basis, including FBZ on a like-for-like basis, NII would have still reflected an increase of 32.2% year on year. Our businesses benefitted from increased yields and further progress in the reduction of funding costs, following our continuous focus on raising less expensive transactional deposits.
- Non-interest income (NIR) declined by 35.2% on a ccy basis, largely driven by a one off fair value gain of $15.4 million reported in H1 2016, which resulted from the depreciation of the Nigerian Naira in June 2016. This currency deprecation positively impacted the carrying value of our liabilities measured at fair value. Although we saw positive growth in the Markets and Treasury business, the growth for this period was lower than the comparative period growth as a result of lower trading volumes in Mozambique and Botswana, due to lower customer activity following the slow rate of recovery in those markets from macro headwinds experienced in 2016.
- Notwithstanding such headwinds, the Markets business reported a 33% year on year revenue growth, reflecting the accelerated business focus to increase both volume and value of transaction flows in this business across all our operating banks.
- Loan impairment charges of $10.0 million were broadly stable on the prior year net charge of $9.1 million with the NPL ratio decreasing year on year from 13.2% to 12.0%. The credit loss ratio of 1.5%

at June 2017 (2016: 1.3%) was supported by improved credit processes and specific NPL recoveries, notably in Zambia and Zimbabwe totaling $10.8 million for the first half of 2017, versus $2.7 million of NPL asset recoveries recorded in the comparative prior period. This was somewhat offset by additional specific impairments in Zimbabwe and Rwanda taken on the corporate loan book of $6.3 million year to date.

- Cost savings in the Shared Services & Centre, after staff rationalisation programs and the closure of the Johannesburg office in March 2017, further contributed to the noteworthy cost reduction visible in the more than 15% lower cost to income ratio reported year on year, now at 85.2%. The Centre reported a $8 million lower cost base recorded for the first half of 2017 compared to the Centre cost base reported as at June 2016.
- Union Bank of Nigeria Plc (UBN) continued to demonstrate ongoing business improvements and contributed $8.7 million of net income to Atlas Mara's results. While this was 30.4% lower than in the comparable period, this was largely due to the year on year decline in the Naira with the contribution increasing by 7.5% in ccy terms.
- Loans and advances were $1.33 billion at 30 June 2017. The loan book declined by 8.0% in ccy terms year on year reflecting a cautious risk appetite in certain markets coupled with a slower recovery of economic conditions prevalent in 2016, constraining demand for credit.
- Deposits were $1.89 billion at 30 June 2017, this represented growth of 2.7% on a ccy basis since June 2016.
- Equity as at June 2017 totals $573.1 million (December 2016: $ 526.1 million), reflecting the positive net impact of the profit contribution for the half year, the modest equity placing undertaken in February 2017 of $13.5 million, and the positive FX translation impact of $ 17.8 million from converting our African operations into US dollars as reporting currency over H1 2017, as some currencies have strengthened against a weaker dollar since year-end.
- At the end of June 2017 our book value was $7.18 per share (December 2016: $ 7.29) and our tangible book value was $ 5.31 per share (December 2016: $ 5.27).

Key operational highlights during the period

- The build-out of our onshore Markets and Treasury business continues to make excellent progress with an uplift in Markets revenues to $27.4 million from $20.6 million a year ago. This 33.0% increase year on year was achieved despite lower market volatility in some Markets especially in Mozambique and Botswana where the former enjoyed exceptionally strong revenues a year before. This reflects the improved scale of our markets business, with increased client numbers and business volumes supporting the diversification of our revenue streams. Fixed income and FX trading were particularly strong in Zambia and Zimbabwe. We remain focused on building out the offshore trading capability in Dubai.
- Atlas Mara has been implementing a cost reduction program in its Shared Services & Centre operations with the intention of delivering net cost savings of $20 million for FY 2017. Progress towards this goal remains on track with a continued cost conscious mindset, amidst continued investment in our core businesses for longer term sustainable asset and income growth.
- We continue to make good progress in the roll-out of our Fintech initiatives. Agency Banking services have gone live in Mozambique and Tanzania with 136 outlets already approved by the Bank of Tanzania. Rwanda's Agency Banking platform is expected to be live by the end of Q4. Since the launch of our Merchant Acquiring initiative in Q4 2016, we have increased the number of terminals

deployed from 700 in the first quarter to 1000 by the end of Q2 2017. Zimbabwe, Mozambique and Zambia are operational with over 500 merchants using our service while Tanzania and Botswana will go live by end of Q4, mobilising over $23million in new low cost deposits and $0.4 million in transactional revenue during the period. We also have an agreement with Blue Marble Microinsurance (a consortium of eight international insurance companies collaborating as a for-profit social enterprise) to provide socially impactful, commercially viable insurance protection to the underserved in Sub Saharan Africa.

- Collaboration with Fintech partners is a key driver for our Digital Reinvention Initiatives, and we are pleased to announce new partnerships that will deepen our activities in this area. Following approval by Banco de Mozambique, we executed an agreement with Vodacom Mozambique for the introduction of Mobile Savings and Micro Loans to over 1 million mPesa Mobile Money customers in Mozambique. We also executed an agreement with NetOne Zimbabwe for management of their Mobile Money Settlement Account and Sponsorship of companion cards for their over 500,000 customers.

Key events since period end

- We have successfully completed a $200 million strategic financing that was announced to the market on June 21, 2017. This will be used to fund an increase in investment in our Nigerian associate investment, UBN, and subscribe to our share of the rights issue proposed by UBN which we expect will be completed later this year. The proceeds will also support further expansion of our Markets and Treasury and Fintech business lines.

Commenting on these results, Bob Diamond, Atlas Mara's Chairman, said:

“We are pleased to report our highest half-year net profit since inception of the company. Despite ongoing economic challenges across our markets, in the first half of 2017 we have begun to demonstrate the potential earnings power that Atlas Mara can deliver. We remain on track with our stated profit and cost savings goals announced earlier this year. With this performance momentum, and the support shown by both our existing and new investors, we can accelerate delivery on our strategy."

H1 Results Review - Investor Conference Call

Atlas Mara's senior Management will today be holding a conference call for investors at 10am EST / 3pm BST. There will be a presentation available in the Investor Relations section of the Company's website, http://atlasmara.com.

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Atlas Mara Limited

Consolidated Summary Statement of Comprehensive Income

Quarterly		USD' million	Six Months Ended 30 June		
Reviewed	Reviewed		Reviewed	Unreviewed	
Q1 2017	Q2 2017		2017	2016	CC Var %
37.1	41.5	Net interest income	78.6	45.2	79.0%
21.3	22.3	Non-interest income	43.6	68.3	(35.2%)
58.4	**63.8**	**Total income**	**122.2**	**113.5**	9.9%
(3.0)	(7.0)	Credit impairment	(10.0)	(9.1)	(9.9%)
55.4	**56.8**	**Operating income**	**112.2**	**104.4**	**9.9%**
(50.0)	(54.1)	Operating expenses	(104.1)	(115.5)	6.6%
5.4	**2.7**	**Net operating income**	**8.1**	**(11.1)**	**>(100%)**
3.9	4.8	Income from associates	8.7	12.5	7.5%
9.3	**7.5**	**Profit/(loss) before tax**	**16.8**	**1.4**	**>100%**
(4.3)	(1.0)	Taxation and minority interest	(5.3)	(0.2)	>100%
5.0	**6.5**	**Profit/(loss) after tax**	**11.5**	**1.2**	**>100%**
7.1%	7.4%	Net interest margin (earning assets)	7.0%	4.1%	
5.4%	5.7%	Net interest margin (total assets)	5.4%	3.1%	
0.9%	2.1%	Credit loss ratio	1.5%	1.3%	
85.6%	84.8%	Cost to income ratio	85.2%	101.7%	
0.7%	0.9%	Return on assets	0.8%	0.1%	
3.7%	4.5%	Return on equity	4.0%	0.4%	

Atlas Mara Limited

Consolidated Summary Statement of Financial Position

Quarterly Results | Period Ended 30 June

Audited	Reviewed	USD' million	Reviewed	Unreviewed	CC Var %
Q4 2016	Q1 2017		2017	2016	
406.3	422.4	Cash and investments	486.2	448.3	6.4%
115.6	180.6	Financial assets*	91.4	160.4	(47.8%)
1,334.8	1,304	Loans & advances to customers	1,329.9	1,421.0	(8.0%)
237.2	187.2	Investments	323.5	181.9	78.0%
294.0	295.8	Investment in associates	302.6	324.3	(7.6%)
168.2	155.3	Intangible asset	175.1	166.8	4.9%
200.9	226.1	Other assets	204.7	244.0	16.3%
2757.1	**2771.4**	**Total assets**	**2913.4**	**2,946.7**	**(2.6%)**
1,799.4	1,753.8	Customer deposits	1,892.7	1,814.9	2.7%
322.6	367.3	Borrowed funds	364.7	343.0	5.2%
109.0	102.6	Other liabilities	82.9	211.5	(61.2%)
526.1	547.7	Capital and Reserves	573.1	577.3	(2.2%)
2,757.1	**2,771.4**	**Total equity and liabilities**	**2,913.4**	**2,946.7**	**(2.6%)**
74.2%	74.4%	Loan : Deposit ratio	70.3%	78.3%	

*Includes financial assets held for trading and those designated at fair value

Bob Diamond, Chairman

Overview

I am pleased to report that in H1 Atlas Mara recorded its highest half-year net profit since inception. We are delivering on the cost reductions we promised, and we remain focused on improving credit quality to enable smart, sustainable growth. We also continued to grow our deposit base, benefiting our cost of funds and thus our margins.

Our newer business lines, Fintech and Markets & Treasury, are developing well. Fintech's mobile banking, internet banking, and point-of-sale segments are reporting increased revenues. Markets & Treasury's first half profit was a nearly 50% increase from the comparable period a year ago.

The committed cost reductions have supported earnings for this strong first half. Headcount has been reduced by 30-35% across the Shared Service and Centre, and non-staff costs at the Centre have reduced substantially as well.

The first half of the year was not without its challenges. While some macroeconomic conditions improved, in some markets core factors such as growth, currency values, and market liquidity still constrained our ability to grow loans and revenue. These negatively affected our half-year results, albeit offset by improvements driven by cost reductions and growth in other areas.

Our first half net profit of $11.5 million is a significant improvement over the $1.2 million in the comparable period last year and builds on the $8.4 million profit reported for the full 2016 year.

Our long-term goal remains to build sub-Saharan Africa's premier financial institution. In the short-term, we remain on course to deliver on the commitments we made during the first quarter of 2017, namely: further cost reductions, and a full year net profit of more than double that of 2016.

Strategic Update

In our 2016 Annual Report, we highlighted the components of our "Buy, Protect, Grow" business model. We continue to execute using this framework as we pursue our steady-state performance targets of 20% return on equity and 2% return on assets.

Acquisitions remain a core tenet of the Atlas Mara strategy, in order to attain optimal scale. As we recently announced, we expect to complete later this year the acquisition of an additional 13.4% ownership stake in UBN, which is fundamental to our growth strategy in Africa's biggest economy.

Since completing bolt-on acquisitions in Rwanda and Zambia last year – which took us to scale positions in those countries – we have increasingly focused on organic growth. Most notably, we have accelerated investments for growth in our Markets & Treasury and Fintech business lines. Commercial and Retail Banking also saw progress in the first half, and with our new Group MD for that business line in place, we expect further improvements.

Some key highlights within our business lines include:

In Commercial Banking, we saw net interest income growth of 10.0% year on year through margin improvement, and strong growth in non-interest income supported by certain one-off gains, partially offset by higher impairments from Rwanda and Zambia. Loan book growth remains a challenge due to

liquidity constraints and lower demand stemming from the challenging macroeconomic conditions in some countries. Overall profitability was improved year on year.

Retail Banking has seen significant improvement driven by growth in total income (+ 29.4% on a ccy basis) with limited growth in impairments (+2.5% ccy). A reported loss in H1 2016 has been reduced in 2017 with the business moving in the right direction.

Our focused efforts around credit quality continue to bear fruit. Total NPL ratio declined for the third straight quarter, and credit impairments decreased year on year.

In Markets & Treasury the growth trend has continued, with Markets revenue up more than 30% year on year. Although costs increased with our Dubai Offshore business coming onstream in May, net profit was higher, and we expect the Offshore business to grow in the future.

Fintech has successfully established multiple partnerships that will drive digital revenue in our existing footprint and on a standalone basis. As our newest business line, its income remains low relative to the overall Group, but growth is accelerating. We expect Fintech to contribute meaningfully to net profit in 2018.

Strategic Transaction with Fairfax Africa Holdings

We recently completed a $200 million strategic investment (including a convertible bond and an equity placement) through which a new investor, Fairfax Africa, and existing shareholders subscribed for new ordinary shares in the Company. This investment, underwritten by Fairfax Africa, will enable us to accelerate our growth plans across the business. In addition to increasing our stake in UBN, we are deploying capital to expedite the rollout of some of our Fintech initiatives, and to drive greater Markets & Treasury revenue.

We are very pleased to have a new partner in Fairfax Africa. They share our vision for building the premier sub-Saharan Africa financial services group. Like us, they are permanent capital, enabling a truly long-term view. Fairfax has a track record as a supportive investor, and we believe this strategic partnership will enable greater value for all our shareholders.

UBN Investment

In conjunction with the strategic investment, we executed an agreement to acquire an additional 13.4% stake in UBN. This will bring our total (direct and indirect) ownership in UBN to 44.5%, strengthening our position as we continue to work with other UBN shareholders to drive value creation at UBN.

We have consistently stated our view that UBN is one of the most promising banks in Nigeria, and we are thrilled to be able to increase our investment in the bank. With UBN's rights issue launching imminently, we intend to take up our maximum rights in that transaction, and believe that UBN's improved capitalization will put it in a very strong competitive position amongst Nigerian banks going into 2018.

Outlook

We expect the second half to reflect further improved operational performance, with continued momentum from the cost reductions and growth initiatives that we have implemented this year. Our medium-term financial targets and strategic goals remain unchanged.

Bob Diamond
Chairman

Arina McDonald, Chief Financial Officer

Overview

As our Chairman, Bob Diamond, has noted, slow recovery from the 2016 challenging macroeconomic headwinds have not all proven supportive to our objective of growing our balance sheets in line with our longer-term guidance. However, we were pleased with the focused Management actions across all our operating banks to support continued earnings growth during the first half of 2017.

The consolidated profit after tax for the period to June 2017 was $11.5 million which compares to the comparable prior year profit of $1.2 million, and the full year 2016 profit of $8.4 million. Excluding the impact of exchange rate movements, our first half net profit would have been $15.4 million. We continue to report quarterly growth in earnings for the past consecutive 4 quarters, reflecting a positive growth trajectory in line with our internal forecasts.

The improvement in our performance this year is mainly due to targeted and specific management actions, focusing on improving the credit quality of our loan book, visible through reducing the operational non-performing loan (NPL) ratio from 13.3% from December 2016 to 12.0% at June 2017 and IFRS ratio from 9.6% to 9.0%, including the recovery of pre-acquisition NPLs in accordance with IFRS 3 rules. The NPL book reduced by $7.6 million over the same period. We have also achieved success in NPL recoveries especially in Zimbabwe and Zambia of around $24 million pre-taxation during the first six months of 2017, that has supported earnings growth and offsetting additional impairments in Zimbabwe and Rwanda taken on the corporate loan book of $6.3 million (pre-tax) in total.

Improvement in margin on earning assets of 2.9% year on year is more a result of continuous reduction in cost of funding than volume growth, with the teams focusing on restructuring the balance sheet and funding it with lower cost deposits. Current accounts, by way of example, have increased by $156.3 million or 26.9% year on year. We have also focused on growing the non-balance sheet intensive transactional products, as well as the digital business and alternative channels such as mobile and internet banking, point of sale device usage, and agency banking across most of our markets. These initiatives have seen increased revenue generation and double-digit volume growth in transactions year on year, albeit off a low base. We believe this positive traction will continue to grow as the teams are focused on further customer acquisition and increasing the Fintech offering.

The Markets business has continued to perform well, with a year on year increase of 18.4% in this business, against a backdrop of lower volume and value activity in Mozambique and Botswana given the slower economic activity year on year. Our other businesses have in turn showed good momentum, resulting in the positive year on year growth for the Markets & Treasury business of 33%.

We have also taken several steps to improve the operational efficiency in our business, resulting in lower cost growth year on year with a cost to income ratio of 85.2% - a notable improvement considering the H1 results for 2017 include the cost base of FBZ that was not included in the prior period results. We have also recorded a saving of $8 million in the Shared Services & Centre year to date cost base compared to actual costs incurred in H1 of 2016.

While we were pleased with the 15% reduction in year on year cost to income ratio, the ratio remains higher than where we would like it to be and we are focusing on further reducing this efficiency ratio closer to peer levels.

The lower Shared Services & Centre cost base, as was communicated to the market in February this year of around $20 million for 2017 will support this objective in particular, whilst we are continuing to invest in some Fintech initiatives and new products to offer to the Corporate and Retail customer, as we are investing for sustainable future growth.

We remain focused on execution to deliver improved returns to shareholders for the full year 2017 of more than double the consolidated reported profit after tax reported for 2016 of $ 8.4 million.

Table 1: Adjusted operating profit and reconciliation to IFRS profit for six months to end June

		2017	2016	Var	CC Var[1]
Total income	$ million	122.2	113.5	7.7%	9.9%
Impairment	$ million	(10.0)	(9.1)	(9.9%)	(9.9%)
Total expenses (excluding one-off)	$ million	(103.5)	(104.1)	0.6%	(3.4%)
Share of profit of associate	$ million	8.7	12.5	(30.4%)	7.5%
Adjusted profit/(loss) before tax	$ million	17.4	12.8	35.9%	74%
Adjusted net profit/(loss)	**$ million**	**12.2**	**9.2**	**32.6%**	60.5%
M&A transaction expenses	$ million	(0.4)	(7.8)	>100	>100
Reorganising/restructuring costs	$ million	(0.2)	(3.6)	83.3%	83.3%
Reported profit/(loss) before tax	$ million	16.8	1.4	>100	>100
Reported net profit/(loss)	**$ million**	**11.5**	**1.2**	>100	>100
Reported cost to income ratio	%	85.2	101.7		
Adjusted cost to income ratio	%	84.7	91.7		
Reported return on equity	%	4.0	0.4		
Adjusted return on equity	%	4.3	3.2		
Return on assets	%	0.8	0.1		
Adjusted return on assets	%	1.7	0.6		
Reported EPS	$	0.15	0.02		

Table 1: Adjusted operating profit and reconciliation to IFRS profit for six months to end June

		2017	2016	Var	CC Var[1]
Credit loss ratio	%	1.5	1.3		
Book value per share	$	7.18	8.07		
Tangible book value per share	$	5.31	6.07		

Notes: 1. Constant currency variance excludes the impact of depreciating currencies against the dollar.

Income statement review

Table 2: Total income

We reported growth in total income of 9.9% on a constant currency basis, largely attributable to increased margins year on year particularly in Mozambique (6.4%), Tanzania (2.3%) and Zambia (2.1%). This was mainly due to increasing yields and customer acquisition, although partly as a result of reducing the cost of funding, notable in Tanzania (80bps) and Botswana (20bps).

We continue to build our capability in the Digital offering through mobile and internet banking, agency banking and focusing on corporate transactional business growth having improved our payments offering to clients. Such lower balance sheet intensive revenues from these products and services will further accelerate return on capital, as a core objective of delivering on our strategy to shareholders.

	2017	2016	Var	CC Var
	$m	$m	%	%
Net interest income	**78.6 m**	45.2 m	73.9%	79.0%
Non-interest income	**43.6 m**	68.3 m	(36.2%)	(35.2%)

Net interest income

Reported NII growth of 79.0% on a constant currency basis mainly due to acquisition of FBZ where the acquisition was completed at the end of the comparable period on 30 June 2016. On a pro forma basis, with FBZ included in the comparative numbers, NII grew by 22.3% mainly due to growth in Mozambique, Zambia and Zimbabwe.

Growth in Mozambique was driven largely by higher yields on interest earning assets due to an increase in interest rates in the market. In addition to the contribution from FBZ, we saw positive traction in the underlying growth in Zambia as the contribution in the prior period was depressed due to higher cost of funds and the regulatory interest rate caps on the consumer loan book that reduced the ability on price adjustments.

Zimbabwe reported positive growth in NII amongst others, from treasury bills received from the Zimbabwe Asset Management Company (ZAMCO), following prior year NPL asset sales to ZAMCO, together with a reduction in cost of funds due to the bank's deposit repricing efforts.

Non-interest income

NIR declined by 35.2% on a constant currency basis mainly due to the one-off fair value gain resulting from the sharp depreciation of the Nigerian Naira in June 2016. This contributed around $15.4 million in the consolidation journals and the comparative numbers also included a bargain purchase gain of $1 million on the acquisition of FBZ. Notwithstanding the overall growth in the Markets and Treasury revenue, we saw declines in the volume of transactions in particularly Botswana and Mozambique as a result of lower market FX volatility and reduced client activity. As a result, NIR performance in Botswana and Mozambique was hampered by a decline in trading revenue (decline by 41.5% and 57.6% respectively year on year), whilst other of our banking operations have in turn seen some growth in this business.

Total expenses

Total costs amounted to $104.1 million versus $115.5 million in the prior period, a decrease of 6.6% in constant currency terms year on year. This was despite the inclusion of nearly $22 million of costs in respect of FBZ in Zambia this year, which were not included in the comparable prior period figures. Including FBZ on a pro forma basis, total Group costs would have reduced by 23.3% on constant currency terms year on year. Expenses also decreased in Rwanda following the staff restructuring programme in the latter part of the prior year, as part of the integration activities, together with a reduction in marketing expenses year on year in Rwanda, post-merger.

Cost savings in the Shared Services & Centre, after staff rationalisation programs and the closure of the Johannesburg office in March 2017, have further contributed to the above noteworthy cost reduction totalling $8 million year to date, compared to prior period. This includes savings in staff costs following staff redundancies, other operational expense savings and non-recurring M&A costs incurred in H1 2016.

We continue to have a Group-wide focus on cost containment to support positive JAWS. However, we remain focused to invest in some core new product and system development to ensure the sustainability of improved quality and more diverse sources of income in the future.

Loan impairment charges

The loan impairment charge of $10 million (2016: $ 9.1 million) is broadly constant year on year but with a positive trajectory on improved NPL ratio, reflecting an improved overall quality of risk assets. The credit loss ratio, which has been trending downwards since Q1 2016 driven by improved credit processes and NPL recoveries in Botswana, Mozambique and Zimbabwe, increased modestly in Q2 2017 from 1.3%

in H1 2016 to 1.5% as at H1 2017. The increase in credit loss ratio is largely due to some impairments in the corporate loan book in Zambia and Rwanda of $6.3 million (pre-tax), offset by recoveries in Zambia and Zimbabwe.

Table 3: Loan impairment charges

	2017	2016	Var	CC Var
	$m	$m	%	%
Loan impairment charges	**10.0**	9.1	(9.9%)	(9.9%)

Share of profit of associates

This represents Atlas Mara's share of profit from the 31.15% stake in Union Bank of Nigeria Plc ('UBN') based on their published results to 30 June 2017. The impact of intangible amortisation is also included. Given that, as of the date of release of these results, UBN had publicly disclosed its first half results to the market, their results have been included in this set of accounts without any change.

The challenges seen in the Nigerian macroeconomic environment in 2016 have continued this year. The decline in commodity prices, especially in oil and gas, has led to a reduction in national income and slower growth, as well as a reduction in Foreign Direct Investment. Against this backdrop, UBN performed credibly with profit after tax up 7.5% on June 2016 in constant currency terms.

In constant currency terms, net interest income before impairments improved 2.5% year on year and the credit impairment charge in the income statement reduced notably following lower specific impairments compared to the prior period, and somewhat muted loan book growth, thus not resulting in a much higher portfolio provision.

Net interest margins however tightened from 9.1% to 7.1%, given the continued market liquidity tightness. Non-interest revenue was down 14.6% on a constant currency basis year on year due to lower trade volumes adversely impacted by scarcity of foreign currency. However, the sharp increase in portfolio inflows over the past few months (ca. $1.3 billion in May to roughly $ 1.9 billion in July) is ascribed to the Nigerian Central Bank's more liberal stance on the Naira exchange rate. The launch of the Investors' and Exporters' forex window played a significant role in this regard, and should support more FDI (US dollar) inflows and thus improved market liquidity, and also support a downturn in inflation and thus improve economic growth – an environment that bodes well for the future growth plans of UBN.

Growth in expenses was due to increased investments in the brand with the celebration of its 100th Year of doing business, the continued investment in technology and other CAPEX with a higher inflationary environment and a weaker Naira, noting that most of this IT and capex spend is USD-linked expenditure.

Table 4: Share of profit of associates

	2017	2016	Var	CC Var
	$m	$m	%	%
Share of profit of associates	**8.7**	12.5	(30.4%)	7.5%

Statement of financial position review

Customer loans and advances comprise ca. 46% of the Group's total asset base. Balance sheet growth is relatively stagnant in most of the countries due to market liquidity constraints and a lower than anticipated demand for credit due to challenging economic environment and rising inflation in many markets. On a constant currency basis, total assets declined by 2.6% compared to 2016.

Credit quality

The operational NPL coverage ratio has remained relatively stable year on year at 58.1% (2016: 58.7%). Given the nature of the loan book and relatively diverse sector exposure, Management is of the view that this represents an adequate provision level for the Group. Non-performing loans (NPLs) as a percentage of the loan book declined to 11.7% (June 2016: 13.2%), with the NPL ratio also decreasing year on year from 13.2% to 12.0%. Including the accounting treatment of IFRS 3 Business Combinations at-acquisitions NPL recoveries, this ratio in fact decreased from 9.6% to 9.0% reflecting a more extensive perspective of total NPLs including those recorded and discounted upon Atlas Mara's acquisition of its various subsidiaries.

We continue to focus on improving credit processes and embedding responsible lending practices across the Group to drive improvements in the quality of the loan portfolio – all being a key priority for Management. This focus is evidenced by the reduction in the NPL book from $204 million in June 2016 to $169 million as at June 2017.

Capital position

As at 30 June 2017, all of Atlas Mara's operating banks complied with local minimum capital ratios relevant in each of our operating countries, as summarised in the table below.

Capital ratios	June 2017	December 2016	Regulatory minimum
Botswana	19.1%	20.2%	15.0%
Mozambique	26.1%	24.0%	8.0%
Rwanda	23.1%	23.0%	15.0%
Tanzania	14.1%	14.2%	12.0%
Zambia (ABC) *	N/A	30.6%	10.0%
Zambia (FBZ)*	N/A	31.1%	10.0%
Zambia	14.2%	N/A	10.0%
Zimbabwe	22.5%	20.9%	12.0%

- Effective 1 April 2017, BancABC Zambia and FBZ merged in to a single entity. The ratio presented above for June 2017 represents the merged entity capital adequacy

Table 5: Customer loans and deposits

	2017	2016	Var	CC Var
	$m	$m	%	%
Total assets	2,913.4	2,946.7	(1.1%)	(2.6%)
Customer loans	1,329.9	1,421.0	(6.4%)	(8.0%)
Total deposits	1,892.7	1,814.9	4.3%	2.7%

Deposits in Zimbabwe grew by $77.6 million as compared to prior year reflecting a net cash inflow from selected corporate accounts.

Across the Group, the contribution of transactional deposits continued an upward trajectory compared to prior year (increase of current accounts of $156 million year on year), whilst the Group's reliance on term and interbank deposits has been gradually declining (by $67 million year on year) which will support the Group-wide focus to reduce cost of funding.

Goodwill and intangibles

As a result of the acquisitions made during 2016 and in compliance with IFRS 3: Business Combinations, the statement of financial position incorporates a goodwill asset of $88.8 million (December 2016: $83.8 million) and intangible assets of $86.3 million (December 2016: $84.4 million). Intangible assets are amortised over an average seven-year useful life period and include investment in new product development, specifically focused on the Group's Fintech strategy and product development to support the Corporate customer book's further sector diversification objective.

This asset class represents a combined 6% of the Group's total assets, resulting in a tangible book value of $5.31 per share (December 2016: $5.27 per share) versus a book value per share of $7.18 (December 2016: $7.29).

Investment in associate: UBN

Our investment in UBN is equity-accounted for in the statement of financial position as an investment in an associate, with a closing balance of $300.6 million (June 2016: $321.4 million). The value of the equity-accounted earnings is as reported in UBN's 30 June 2017 unaudited financials.

We have reviewed the carrying value of the investment held in UBN from a valuation perspective. Stress-testing of future expected earnings has been considered, taking into account the impact of the depreciation of the Naira (through the FX window rate versus official rate), as well as potential credit shocks in the Nigerian market from lower oil prices and market-wide shortages of US dollar liquidity. The carrying value was substantiated notwithstanding such potential stress scenarios. Following on from the recently closed $200 million strategic investment, post period end, where the investment in UBN is expected to increase to at least 44.5% given the purchase of additional 13.35% shares and Atlas Mara following its rights in UBN's rights offer, this investment valuation is set to further increase towards December year-end.

Equity and Liabilities

Equity was broadly stable over the period at $573.1 million (December 2016: $526.1 million) reflecting the positive net impact of the profit contribution for the half year, the modest capital raising undertaken in February 2017 of $13.5 million, and the positive FX translation impact of $17.8 million from converting our African operations into US dollars as reporting currency over H1 2017. Customer deposits comprise 81% of the liability base and represent 65% of the aggregate of liabilities and equity. The loan to deposit ratio for June 2017 is 70.3% (June 2016: 78.3%).

Table 6: Composition of liabilities

	2017	2016	Var	CC Var
	$m	$m	%	%
Deposits due to customers	**1,892.7**	1,814.9	4.3%	2.7%
Borrowed funds	**364.7**	342.9	6.4%	5.2%

Segment information

The segmental results and statement of financial position information represent Management's view of its underlying operations. The business is managed on a geographic basis consistent with the Group's emphasis on sub-Saharan Africa's key trading blocs with a specific focus on underlying business line and to actively support intra-Africa trade opportunities.

The seven countries of operation and investment are grouped as follows:

Southern Africa

Our Southern Africa segment includes the operations of the BancABC Group excluding Tanzania, i.e. Botswana, Mozambique, Zambia and Zimbabwe, as well as its holding company, ABCH, incorporated in Botswana. The scale of our operations in Zambia was increased with a net asset value of $64.6 million following the acquisition of Finance Bank Zambia at 30 June 2016. The integration process has largely been completed and we remain positive on the medium- to long-term growth opportunities for this market, post reaching scale in that market as a credible competitor bank.

East Africa

Our East Africa segment consists of BancABC Tanzania and Banque Populaire du Rwanda.

In January 2016 Atlas Mara acquired a 45.03% stake in BPR. BPR was merged with Atlas Mara's wholly-owned bank, BRD-Commercial Bank at the beginning of January 2016 with BPR as the surviving entity, and Atlas Mara owning 62.06% of the merged entity, which is now the second largest bank in this key East African growth market. The integration process saw savings materialise following a restructure process during Q3 and Q4 2016, reducing its year on year cost to income ratio from 86.3% to 72.6% and reported a total asset base of $337 million (BPR stand-alone December 2015 was at $250 million) – and a total customer deposit base of $260 million as at June 2017 (December 2015: $188 million).

West Africa

The contribution to earnings from West Africa comprises our associate investment in UBN, based on our 31.15% share of UBN's earnings attributable to equity holders as disclosed in its published results. Our investment in UBN resulted in associate income of $8.7 million in 2017 compared to $12.5 million for 2016, representing a 7.5% increase in constant currency.

Atlas Mara, through its three Board seats on the UBN Board, is working closely with UBN Management to navigate investment and banking opportunities in that market as UBN focuses on diversifying away from a mostly oil-based economy. The total assets growth for UBN year on year of 15.2% on a constant currency basis reflect early successes of such a strategy to grow, with a positive 24.1% growth in customer deposits which has been a key focus over the past year.

Other

Included in this segment are Atlas Mara Limited, the BVI incorporated holding company, Atlas Mara's Dubai subsidiary and all other intermediate Group holding entities acquired in connection with acquisitions of ABCH and ADC in August 2014.

The Shared Services and Centre of Atlas Mara have shown improved results for H1 2017 compared H1 2016, representing the positive result for shareholders following the restructuring in Q1 2017 that focused on taking costs out of the Centre and better aligning the Group's head office structure and cost base to its revenue generating subsidiaries.

Table 7: Segmental results

2017		**Banking Ops**			**Other**	
US$m	**Group**	**Southern**	**East**	**West**	**Shared Services & Centre**	**M&A, ADC and Consol**
Total income	122.2	95.1	24.7	–	2.1	0.3
Loan impairment charge	(10.0)	(6.9)	(5.6)	–	–	2.5
Operating expenses	(104.1)	(79.6)	(21.5)	–	(3.7)	0.7
Share of profits of associate	8.7	–	–	8.7	–	–
Profit / (loss) before tax	16.8	8.6	(2.4)	8.7	(1.6)	3.5
Profit / (loss) after tax and NCI	**11.5**	**4.5**	**(1.6)**	**8.7**	**(1.6)**	**1.5**
Loans and advances	1 329.9	1 047.2	276.0	–	–	6.7
Total assets	2 913.4	2 006.3	480.6	300.6	692.7	(566.8)
Total liabilities	2 340.3	1 891.1	412.1	–	–	37.1
Deposits	1 892.7	1 518.5	376.0		–	(1.8)
Net interest margin - total assets	5.4%	5.7%	8.0%			
Net interest margin - earning assets	7.1%	6.4%	8.8%			
Cost to income ratio	85.2%	83.7%	87.1%			
Statutory credit loss ratio	1.5%	1.3%	4.1%			
Return on equity	4.0%	7.7%	(4.8%)			
Return on assets	0.8%	0.4%	(0.7%)			
Loan to deposit ratio	70.3%	69.0%	73.4%			

2016		Banking Ops			Other	
US$m	**Group**	**Southern**	**East**	**West**	**Shared Services & Centre**	**M&A, ADCand Consol**
Total income	113.5	71.2	27.1	–	6.6	8.6
Loan impairment charge	(9.1)	(8.1)	(1.5)	–	–	0.5
Operating expenses	(115.5)	(61.0)	(24.6)	–	(18.4)	(11.5)
Share of profits of associate	12.5	–	–	12.5	–	–
Profit / (loss) before tax	1.4	2.1	1.0	12.5	(11.8)	(2.4)
Profit / (loss) after tax and NCI	**1.2**	**2.1**	**1.1**	**12.5**	**(11.8)**	**(2.7)**
Loans and advances	1 421.0	1 125.3	297.0	–	–	(1.3)
Total assets	2 946.7	1 979.3	504.2	321.4	722.4	(580.6)
Total liabilities	2 369.4	1 873.8	434.1	–	76.3	(14.8)
Deposits	1 814.9	1 423.7	391.5	–	–	(.0.3)
Net interest margin - total assets	3.1%	3.4%	7.9%			
Net interest margin - earning assets	4.1%	4.3%	9.3%			
Cost to income ratio	101.7%	85.7%	90.9%			
Statutory credit loss ratio	1.3%	1.4%	1.0%			
Return on equity	0.4%	3.9%	3.1%			
Return on assets	0.1%	0.2%	0.4%			
Loan to deposit ratio	78.3%	79.0%	75.9%			

Arina McDonald

Chief Financial Officer

Principal Risks

The principal risks as listed and described on pages 38 - 40 of the 2016 Annual Report have been evaluated and individually considered by Management. The Prospectus dated 10 August 2017 published in connection with the Placing and Open Offer also sets out certain risk factors on pages 38 - 40.

These risks are deemed to be still applicable and no material additional risks have been identified as at the period ended 30 June 2017.

Directors' Responsibilities Statement in Respect of the Interim Results

We confirm that to the best of our knowledge:

The condensed set of financial statements has been prepared in accordance with IAS 34 Interim Financial Reporting as adopted by the EU;

The interim management report includes a fair review of the information required by:

a) DTR 4.2.7R of the Disclosure and Transparency Rules, being an indication of important events that have occurred during the first six months of the financial year and their impact on the condensed set of financial statements; and a description of the principal risks and uncertainties for the remaining six months of the year; and

b) DTR 4.2.8R of the Disclosure and Transparency Rules, being related party transactions that have taken place in the first six months of the current financial year and that have materially affected the financial position or performance of the entity during that period; and any changes in the related party transactions described in the last annual report that could do so.

By order of the Board

Bob Diamond

Chairman

7 September 2017

Forward Looking Statement and Disclaimers

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

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