Released: 26 April 2016

Atlas Mara Limited Announces 2015 Year-End Results

Atlas Mara Limited ("Atlas Mara" or the "Company", including its subsidiaries, the “Group”), the sub-Saharan African financial services group, today releases summary full year results extracted from its audited financial statements for the year ended 31 December 2015.

Key financial highlights during the period

- Atlas Mara reported profit before tax of $19.2 million compared to a loss before tax of $58 million for the prior period. The Group reported net profit after tax for the year of $11.3 million compared to a Pro-Forma loss of $47.8 million for the year 2014. The Company delivered net interest income growth of 27.8%, non-interest revenue growth of 21.4% ahead of operating expenses growth of 20.3% year-over-year, on a constant currency basis.
- On an adjusted operating profit basis (excluding one-off items and M&A transaction expenses), Atlas Mara reported a profit before tax of $38.7 million (Pro-Forma 2014: $37.1 million) and net profit after tax of $24.9 million (Pro-Forma 2014: $9.7 million). The Group cost to income ratio was 85.1% (Pro-Forma 2014: 81.2%). This reflects solid operational momentum coupled with targeted investment in building a scalable banking proposition and investment in the Groups’ technology platform.
- Union Bank of Nigeria Plc (“UBN”) contributed income from associates of $20.3 million, reflecting Atlas Mara’s 31.15% shareholding on an equity accounted basis. This represents a decrease of 43.7% year-over-year, excluding the impact of Naira depreciation, largely as a result of the non-recurrence of disposal gains reported by UBN in 2014.
- Reported equity at period end was $625.5 million, a decline from 31 December 2014 reported equity of $682 million, largely due to $92.6 million of foreign exchange translation losses driven by the strengthening of the U.S. Dollar against most African currencies. Implied book value per share at 31 December 2015 was $8.94 (compared to $9.13 at 30 June 2015). Tangible book value was $7.00 at year end.
- Following the announcement of a share repurchase programme of up to $10 million at the time of the third quarter results, the Company purchased 1.03 million shares in the open market for aggregate consideration of $5.29 million (through 15th March 2016). Over the course of 2015, a voluntary stock repurchase programme by members of Atlas Mara’s Executive Committee purchased 199,928 shares in the Company at a cost of $1.3 million.
- The Company announced a partnership with the U.S. Government’s Overseas Private Investment Corporation ("OPIC"), whereby OPIC is committing $200 million for selected acquisitions and inclusive on-lending.
- The Company issued a $63.4 million placement of 8% senior secured convertible bonds due 2020. Subsequent to the initial offering in October, the Company recently announced the placement of an additional $17.4 million of bonds. The bonds are convertible into the ordinary shares of Atlas Mara at a price of $11.00 per share.

Key operational highlights during the period

- Loans and advances grew by 15.2% on a constant currency basis, reflecting Atlas Mara's investment in improved credit origination processes. Deposits increased by 11.5% on a constant currency basis, as a result of the Company's focus on liability management.
- Client acquisition strategy and cross-selling initiatives have been bearing fruit. Retail deposits comprised 20.8% of the total deposit book as at 31 December 2015 (compared to 18.3% at 31 December 2014). Corporate deposits were 36.5% of the total deposit book at 31 December 2015 (21.0% at 31 December 2014) and there is less reliance on more expensive Treasury deposits which represented 42.7% of total deposits as at 31 December 2015 from 60.6% a year earlier.
- Atlas Mara's support of its local banking entities, as evidenced by their ability to raise deposits, has become more tangible – larger deposit sizes, at reduced rates, for longer tenors – have all contributed to improved margins. Benefits are evident across the network with cost of funds reducing by between 40bps and 320bps across BancABC countries from December 2014, with the exception of Zambia where local currency liquidity pressures across the market continue to negatively impact the cost of funds.
- A comprehensive programme to strengthen Atlas Mara's subsidiaries' end-to-end credit processes has been implemented, which will continue to benefit the group meaningfully going forward in terms of sustained and profitable loan book growth. Early successes of this focused program include 2015 asset recoveries of $18.1 million which contributed to reduce the profit and loss charge for the year to $12 million, a decrease in NPL ratios and increasing coverage ratios.
- A number of innovative new products were launched in 2015, notably: an "e-voucher" program for small scale farmers in Zambia, supported by the Zambian government, which is aimed at providing enhanced access to agricultural inputs, pre-paid cards for pensioners, also supported by the Zambian government, whereby registered pensioners' monthly disbursements get loaded directly onto their BancABC cards, and a chip-and-pin co-branded fuel card in partnership with Puma Energy in Zambia. The appointment of Chidi Okpala as our Chief Digital Officer at the beginning of 2016 will accelerate execution of our market share growth strategies and investment in new innovative and disruptive initiatives.
- The Company announced the acquisition of a majority of Banque Populaire du Rwanda Limited ("BPR"), Rwanda's second largest bank, with the transaction completing in early in 2016. Integration and rebranding plans are being implemented and we are excited about the growth opportunities for us in this market. We are working to close a second acquisition, Finance Bank of Zambia ("FBZ"), as soon as possible, consistent with conditions precedent being met or mitigated. We will merge FBZ with our existing Zambian asset, BancABC Zambia. Upon combination, it will result in the creation of Zambia's largest bank by branch network and fifth largest bank by assets.
- The Group continued to attract high calibre talent with significant new hires made throughout the year and into 2016, bolstering our executive team. Michael Christelis (ex-Barclays Africa) joined as Head of Treasury and Markets. Eric Odhiambo (ex-Citibank) joined as Chief Risk Officer. Jonathan Muthige (ex-Pick n'Pay and Standard Bank) joined as Head of Human Resources. John-Paul Crutchley (ex-UBS & Barclays) joined as Head of Investor Relations. Chidi Okpala (ex-Bharti Airtel) joined as Chief Digital Officer.

- Brand endorsement strategy was rolled out across BancABC wherein "part of Atlas Mara" with the Atlas Mara logo now appears on BancABC communications and infrastructure.

Arnold Ekpe, Chairman of the Board of Directors, said:

> "2015 was a milestone year for Atlas Mara. Despite a challenging economic backdrop, we are pleased to have declared our first annual profit. Strategically, the building blocks are falling into place and I fully expect that 2016 will demonstrate further progress on our journey towards building sub-Saharan Africa's premier financial institution which will deliver the returns and growth our shareholders expect.
>
> We are mindful that 2015 was a difficult year for our shareholders given our stock price performance. Ensuring alignment between our leadership team and shareholders is a core principle at Atlas Mara. For this reason, our entire Executive Committee reinvested a substantial part of their after-tax 2014 cash bonuses in stock during 2015 and into 2016, purchasing an aggregate 199,928 shares at a cost of approximately $1.3 million.
>
> For 2015, I, as Chairman, asked for my remuneration to be paid entirely in shares. All other non-Executive directors have agreed for their directors' fees to be paid 50% in stock, 50% in cash and our CEO, John Vitalo, and CFO, Arina McDonald, have voluntarily agreed to forgo cash bonuses for 2015. As a consequence, their 2015 bonuses are down 50% versus 2014 levels, with their bonuses for 2015 taken entirely in stock."

Commenting on the results, John F. Vitalo, CEO, noted:

> "I am pleased with our operational progress and the tremendous talent we welcomed during the year. Our prime task in 2015 was to attract high calibre talent as well as reinforce, rationalize and integrate the businesses we have acquired to make them fit to deliver superior growth in the years ahead. Although much remains to be done, we are excited to see our efforts already beginning to make a positive impact on our performance.
>
> While we expect 2016 to be another challenging year, our confidence in the thesis that existed at the time of Atlas Mara's founding is unshaken: Prospects for the growth of financial services in sub-Saharan Africa remain robust. There is scope for a newly-established, innovation-driven, financial institution with access to capital, liquidity and funding to rapidly build scale, attract talent, earn strong returns and make a positive impact in the communities in which it operates. The significant steps we have made towards achieving our strategic objectives in the year 2015 are notable. In the year ahead, we will continue to build on this ground work and remain focused on executing on our strategy, while being conscious of the need to manage the balance between making investments and delivering value to our shareholders, customers, employees and other stakeholders."

Investor Conference Call

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

The Company will not be disclosing any new material information.

Dial-in details are as follows:

- Conference ID: 92923894
- US: +16316215256 / +18669265708
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About Atlas Mara

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

Summary of Results

Basis of Presentation

The term "Atlas Mara", "the Company" or "Group" refers to Atlas Mara Limited and its subsidiaries and associates. This release covers the audited results of the Group for the year ended 31 December 2015.

Unless otherwise stated, the financial information set out as an annexure to this news release is presented in accordance with International Financial Reporting Statements, as adopted by the EU (IFRS), with results from subsidiaries and investments included from the effective date of acquisition.

Pro-Forma Basis

In order to present the financial results of the Group for the whole of the year 2015, and to enable a more meaningful comparable twelve-month period of business operations as a basis for future reference and measurement of performance, the 2014 financial results are also presented on a Pro-Forma basis. The key assumption in restating the IFRS set of accounts is an implied date of consolidation of all the acquisitions made during 2014 as at 1 January 2014, as opposed to the actual date of completion. Note that BRD Commercial was a newly-formed entity, thus, the financial results for its 3 months of operation remain unchanged as far as its inclusion in such restated Pro-Forma accounts for the Group are concerned. The treatment of UBN on a Pro-Forma basis is set out below. It should be noted that the Pro-Forma results are not audited numbers.

Segment Information

Atlas Mara analyses its business operations across sub-Saharan Africa on a segmental basis as described below. This is in line with the execution of the Group's strategy of capitalizing on the strengths of three of the leading economic trade blocs in Africa namely, the Southern African Development Community ("SADC"), the East African Community ("EAC") and the Economic Community of West African States ("ECOWAS"). Unless otherwise stated, segment results are presented, per geography, on a Pro-Forma basis. The Group is also focused on operations through two key business lines centered around clients and related products and services, comprising retail and wholesale (corporate) business operations. Going forward, additional information will be provided with regard to the financial performance of these two key business lines within each of the geographic segments.

UBN

Atlas Mara's audited consolidated results include its 31.15% equity accounted shareholding in UBN, held both directly and indirectly. The effective 9.05% investment, held through ADC, was accounted for on a fair value accounting method from 1 September 2014. 21.16% further acquisition of UBN shares have been accounted for on an equity method basis with effect from the closing of the previously announced purchase on 19 December 2014. The Pro-Forma Atlas Mara accounts, in turn, account for the 31.15% associate investment in UBN on a full equity-accounted basis.

Summary of Results

Atlas Mara Limited	**Audited Results**	**Unaudited Pro-Forma Comparative**	**Constant Currency(1)**	**Audited Year End**
	31.12.15	**31.12.14(2)**	**Variance**	**31.12.14**
	$'million	**$'million**	**%**	**$'million**
Statement of comprehensive income	205.2	180.5	24.6%	57.4
Total income				
Impairments	(12.0)	(6.3)		(6.3)
Operating expenses	(174.2)	(146.7)	20.3	(129.9)
Income from associates	20.3	36.0		36.0
Profit / (loss) before taxation	19.2	(58.0)	>100%	(58.0)
Profit / (loss) attributable to ordinary shareholders	11.3	(47.8)	>100%	(63.5)
Statement of financial position				
Loans and advances	1,229.4	1,236.5	15.2%	1 218.0
Total Assets	2,452.1	2,637.9	6.8%	2 621.4
Total Equity	625.5	707.5	(10%)	682.0
Total Liabilities	1,826.6	1,955.5	9.8%	1 939.0
Total Deposits	1,436.1	1,531.0	11.5%	1 531.0
Key performance measures(3)				
Net interest margin	4.3%	3.3%		1.1%
Credit loss ratio	1.0%	2.6%		0.5%
Cost to income ratio	94.7%	126.8%		226.3%
Return on equity	1.7%	(7.0)%		(9.3%)
Return on assets	0.4%	(1.8)%		(2.4)%
Earnings per share	0.17	(1.35)		(1.35)
Tangible book value per Share	7.0	7.54		7.54
Book value per Share	8.94	9.73		9.73

(1) Constant currency variances reflect the operational variance (either positive or (negative)) period-on-period excluding the impact of foreign currency translation, due to the U.S. Dollar strengthening against all of the relevant African currencies. By way of example: Total Income for would have reflected positive growth of 24.6% compared to the prior period had it not been for the impact of foreign exchange translation.

(2) FY 2014 numbers are shown on a Pro-Forma basis as if the acquisitions were made at the beginning of the financial year. Pro-Forma numbers are reviewed but not audited figures.

(3) Key performance indicators are not audited figures.

Chief Executive Officer's Review

We achieved several critical milestones on our way to building sub-Saharan Africa's premier financial institution during 2015. Although we have more work to do, the progress is exciting.

Our confidence in the thesis that existed at the time of Atlas Mara's founding is unshaken: the prospects for the growth of financial services in sub-Saharan Africa remain robust – there is scope for a newly-established, innovation-driven financial institution with access to capital, liquidity and funding to rapidly build scale, attract talent, earn strong returns and make a positive impact in the communities in which it operates, and in 2015 the significant steps we have made towards achieving our strategic objectives are notable.

As I highlighted in our Interim Report in August 2015, we have spent considerable time codifying our culture and values across the organization, analyzing our strategy (both in terms of our geographic and client focus), refining our operating model (the organizational structure required to manage our increasingly diverse operations), calibrating the sequencing of our main efforts, and further refining the key performance indicators against which we will measure our success.

Talent

As I highlighted in last year's Annual Report, as well as our Interim Report, to achieve our goals, it is critical that we have the right people in the right roles. The execution of our strategy requires great people and, to this end, we have proactively sought professionals with unique skill-sets who are passionate about Africa, building our business and are willing to "run through walls" to deliver for our customers and achieve our broader corporate objectives.

Building on the recruitment successes of last year, during the course of 2015, we made several further notable hires. Michael Christelis joined us as Head of Treasury and Markets as of 1 August, having been at Barclays Africa for the previous seven years where he headed the Rest of Africa Markets. Eric Odhiambo joined us in October as Chief Risk Officer, having served in several senior risk management positions at Citibank across Africa and other emerging markets, including, most recently, as Chief Risk Officer for Turkey and "non-presence" CIS.

More recently, in January 2016, three further senior members of the team began at Atlas Mara: Jonathan Muthige joined as Head of Human Resources, having previously been Group Human Resources Director at Pick n' Pay in South Africa and, prior to this, having served in senior human resources and operational roles at Standard Bank, Coca-Cola, Edcon and BP; John-Paul Crutchley joined as Head of Investor Relations, having been a leading sell-side analyst at various bulge-bracket investment banks for nearly two decades and, prior to that, a corporate banker at Barclays; and Chidi Okpala joined as our Chief Digital Officer, with an immediate focus on the implementation of our strategy in this key area, having previously been with Bharti Airtel, where he was, most recently, the CEO of Airtel Money across 17 African countries.

These hires are representative of the calibre of talent that we have been able to attract. We have audacious goals and are delighted that we have been able to identify and on-board like-minded individuals. Our senior management team at Atlas Mara is now effectively in place.

Execution

In addition to having the right strategy and the right people, to succeed in our mission, we need to do two things well:

– We need to buy the right banks at the right prices; and,

– We need to integrate and run them well.

In this regard, our Buy, Protect, Grow business model, which we laid out in our Annual Report last year, provides a useful framework for highlighting our areas of focus during the past year.

Buy

In 2014, we made four acquisitions. We have since announced two more acquisitions. One is completed – the acquisition of a majority of Banque Populaire du Rwanda Limited ("BPR"), which we are merging with our existing Rwandan asset, BRD Commercial Ltd. ("BRD Commercial"), resulting in Rwanda's largest bank by branch locations and second largest bank by assets. We are working to close a second acquisition, Finance Bank of Zambia ("FBZ"), as soon as possible, consistent with conditions precedent being met or mitigated. FBZ will merge with our existing Zambian asset, BancABC Zambia. Upon combination, it will result in the creation of Zambia's largest bank by branch network and fifth largest bank by assets.

These transactions are consistent with our strategy of being a scale participant in the markets in which we operate. While there is significant work to be undertaken to integrate these entities, we remain excited by the prospects. Our evaluation of further acquisitions, both in our existing markets, as well as new geographies, remains ongoing – despite the well-recognised macroeconomic headwinds, we continue to see attractive opportunities across sub-Saharan Africa.

Protect

As I highlighted in our Interim Report, a core component of our business model is ensuring that, before we seek to accelerate the growth of our banks, the platform has to be fully prepared. We continue to be focused on sustainable growth, not just growth for growth's sake. To this end, we undertook a comprehensive series of initiatives across our Southern and East operations, particularly in the areas of credit origination, liability origination, recoveries, IT infrastructure and human resources management. Inculcating a culture whereby everyone is focused on the holistic value of a customer and risk-adjusted returns on capital is critical. To ensure that we have a competitive and differentiated product suite, lowering the cost of funds across the group and reducing expenses through effective process management and automation are the key levers for driving profitability upon which we are focused. As our CFO, Arina McDonald, will note in her review of financial performance, we have made meaningful strides forward, particularly in relation to our banks' cost of funds and non-performing loan portfolios.

Grow

A host of growth-related initiatives have also been launched across the organization. These have related to the execution of series of identified cross-selling initiatives, the development and roll-out of digital banking channels, and the identification of several agency banking opportunities that we continue to evaluate.

Branding

As announced in connection with our half-year results, we launched a brand endorsement strategy across BancABC wherein "part of Atlas Mara" with the Atlas Mara logo now appears on all BancABC communications, from billboard signage to checkbooks. A similar endorsement strategy will be considered in connection with our acquired operations following the consummation of the respective mergers. The preservation of our banks' existing brand equity combined with the benefits of being affiliated with the larger Atlas Mara group is consistent with our stated objective to combine the best of local and global capabilities. Thus far, the results of our re-branding efforts have been very encouraging with tangible evidence of the impact as demonstrated by the growth in deposits (in local currency terms).

Financing

Access to capital and funding underpins our strategy and business model. To this end, two initiatives are particularly notable. In August 2015, we announced that the Board of Directors of OPIC had approved $200 million in funding for Zambia, Botswana and Mozambique. This funding will enable BancABC to scale up lending to SMEs, increase financial inclusion, launch enhanced mobile banking efforts, and, importantly, provide scope for acquisition funding. This financing is a major milestone in the execution of our DFI engagement strategy and efforts to reduce the cost of funding across our operations.

In October 2015, despite very difficult market conditions, we closed a $63.4 million 8% Senior Secured Convertible Bonds due 2020 subscribed to by both existing ordinary shareholders and new investors demonstrating ongoing confidence and interest in the Atlas Mara story. We recently followed this offering with a further placement of $17.4 million of these bonds to bring the total issue outstanding to approximately $81 million.

Shareholder returns and management alignment

While we are pleased with the progress we have made towards building our operating platform in 2015, we recognize that this has yet to be translated into adequate returns for our shareholders. The sharp decline in our share price during 2015 has been disappointing.

From a macro perspective, global markets are clearly in a more challenging place than when we initially raised capital in 2013 and 2014. We recognize that our results for 2015 have been negatively impacted by our investment in building the Group. We are acutely conscious of the need to manage the balance between making investments and delivering returns. Although much remains to be done, 2015 saw Atlas Mara move from an embryonic stage towards having the capability and capacity to operate the scale of banking group to which we aspire. Although the cost-to-income ratio for 2015 is higher than we would like to see, it has been lifted by investments in the talent and infrastructure required to deliver our medium-term objectives. In addition to being focused on costs, we remain confident that, as the business grows and our revenue base broadens, there will be a significant reduction in the cost-to-income ratio and a commensurate increase in returns.

Finally, while our share price performance over 2015 has been broadly in-line with African peers (when looked at in US Dollar terms), we recognise shareholder frustrations. I would highlight the fundamental importance to me of ensuring that the senior management team's (including my) interests are aligned with our investors'. Not only has the senior management team continued to purchase stock for its own account over the past year, but, in terms of annual remuneration, in collaboration and consultation with the Remuneration Committee and the broader Board, the proportion of share-based compensation of the senior management has increased and the cash proportion has decreased. Additionally, it is important to note that a significant portion of the aggregate investment in Atlas Mara by the senior management team, including me, when we joined was undertaken at share prices at or close to the original IPO price.

We are very focused on improving earnings and returns in order to justify and deliver stronger share price performance.

We are working tirelessly to deliver on our stated goals. The progress that we have seen to-date would not have been possible without the commitment and dedication of our management and employees, the support from the regulators in the countries in which we operate and our investors, and, importantly, the trust vested in us by our customers. Our co-founders and the Board's counsel and engagement has also been invaluable.

Dividend

As a result of desire to retain capital to fund our well-elaborated growth strategy, the Board does not recommend the payment of a dividend in respect of the period ended 31 December 2015.

Outlook

The Company's medium term guidance remains unchanged, with all previously communicated targets remaining in place. We expect 2016 to be challenging due to macroeconomic headwinds in countries where we operate. Our focus on delivering growth through execution of our business model of Buy, Protect and Grow supports our expectation for earnings growth for the full year 2016 vs. 2015, in spite of negative earnings in Q1.

Chief Financial Officer's Review of Financial Performance

In 2015 we delivered profit before tax of $19.2 million compared to a loss before tax of $58 million for the prior period. This led to a net profit after tax of $11.3 million versus a loss of $47.8 million in 2014. This represents the first step along the journey to results that deliver the returns our shareholders expect. This performance was achieved despite a challenging global macroeconomic environment. More specific to our operating markets, liquidity constraints and, more recently, the drought in southern Africa have presented additional challenges for all companies operating in these geographies. The weakening of African currencies against the US Dollar reduced our reported profit after tax by c.$2.3 million. On a constant currency performance basis, Atlas Mara's full year earnings would have been around $13.5 million.

We reported growth in total income of $44.3 million on a constant currency basis through adding new customers and broadening our product offerings. As part of our "Protect" philosophy, we have brought a renewed focus to preventing customer attrition and delivering growth in total customer numbers. We have also reduced portfolio concentration risk by diversifying our client base and this is very much in line with the risk appetite framework that we have implemented at the banks we have acquired. We continue to build our capability in digital and mobile banking and expect less balance sheet intensive revenues from this source to begin to contribute to 2016 revenue growth.

Delivering a reduction in funding costs to drive an improvement in margins and improve returns is a key focus for management. Over the course of 2015, a number of our markets, notably Botswana in the first quarter and Tanzania in the second half of the year, faced tight liquidity conditions. Despite this, we managed to reduce the cost of funds across our markets by between 1% and 3% through a focus on retail deposit gathering and targeting lower cost wholesale funding. We have partnered with a number of development finance institutions to achieve this goal. This has also allowed us to reduce the cost of borrowing for our customers while reporting an improvement in margins.

Our cost-to-income ratio fell by 32 percentage points over the course of the year despite inflationary cost pressures across our businesses and having the headwind from a significant component of our cost base being US Dollar denominated while our revenues are in local currencies of the country of operation which have generally depreciated over the course of the year. Our cost-to-income ratio will continue to fall further as the scale of our business increases. While we remain vigilant on costs and disciplined on investment spend, our priority in 2016 will be towards investment in FinTech to drive future revenues and ensuring continuous improvement in controls and governance.

The reduction in the credit loss ratio provides evidence that our focus on credit processes is generating returns. Our group risk appetite has also been tilted towards sectors that are being promoted as growth areas by respective Governments. The NPL coverage ratio increased to 57.6% at December 2015 from 52.9% in the previous year.

Our focus on deposit growth has delivered demonstrable results with growth of 26% year on year in retail deposits with this, in turn, supporting our aim of reducing the cost of funding for the Group. Risk weighted asset growth was contained to just 0.6% reflecting both the subdued demand for credit across our markets but also our selective approach to credit risk as a result of refining our overall risk appetite.

In terms of the operating momentum of the businesses we have acquired, we were pleased to add a net 14,000 customers year-on-year and our total number of touch-points across all our geographies now totals 254. Our business teams remain focused on driving operational performance and on delivering an improved customer service proposition that will ultimately drive improved financial results.

Reflecting the fact that Atlas Mara is at an early stage in its lifecycle, focused on targeting new purchases whilst simultaneously protecting and integrating acquired businesses to put them in a position to deliver high quality growth, we also focus on operating earnings which exclude certain revenues and costs that are not part of the ongoing earnings base. Our operating earnings for 2015, adjusted on this basis, was $24.9 million versus the $9.7 million calculated on a similar basis for 2014. On a constant currency basis, the improvement in our adjusted earnings would have been $30.0 million. Over time, we expect the one-off transaction-related items to diminish with Atlas Mara maturing into a more comparable entity versus its peers.

Adjusted Operating Profit	**Reported Results**	**Pro-Forma Comparative**		**Constant Currency(1)**
	31.12.15	**31.12.14**	**Variance**	**Variance**
	$'m	**$'m**	**%**	**$'m**
Total income	205.2	180.5	13.7%	24.6%
Total expenses (excluding one-off)	(174.2)	(146.7)	(19.1%)	(20.3%)
Adjusted net Profit / (Loss)	**24.9**	**9.7**	**>100%**	**>100%**
M&A transaction expenses (staff costs and operating expenses)	(11.9)	(41.9)	71.6%	71.6%
One-off expenses and consolidation entries	(7.6)	(22.3)	65.9%	65.9%
Reported net Profit / (Loss)	**11.3**	**(47.8)**	**>100%**	**>100%**
Reported cost to income ratio	94.7	126.8		
Adjusted cost to income ratio	85.2	81.3		
Reported return on equity	1.7	(7.0)		
Operational return on equity	3.8	1.4		
Reported EPS	0.16	(1.35)		
Operational EPS	0.34	(1.02)		
Reported return on assets	0.4	(1.8)		

Adjusted return on assets	1.0	0.4

As our CEO, John Vitalo, noted, we have undertaken some expenditure during 2015 to ensure that Atlas Mara is able to support the scale of the business we aim to build rather than the size of the business as it stands today. Excluding one-off and transaction related expenses, our cost to income ratio was 85% versus the comparable figure in 2014 of 81%. This increase reflected investment in our IT platform and investment in digital product capabilities (mobile and online) in order to facilitate accelerated product rollout. In line with guidance to the market, M&A transaction costs of $11.9 million were $30 million below 2014 levels. Of the 2015 spend in this area, $3.5 million related to staff expenditure while the remainder were deal related. Specific one-off costs related to performance related "exits", right-sizing acquired entities, business simplification costs, IT spend on business resilience (disaster recovery, etc.) and amortization of intangible assets.

To improve our Group financial reporting systems, we have partnered with Oracle Financial Solutions (with Britehouse S.A. as implementation partner) to be the first African user of Oracle Cloud Solutions Services. Both companies have a large footprint across Africa and share Atlas Mara's vision of optimising business opportunities and growth in the African markets. The new management information system will be implemented during 2016 and is another way that our Group will leverage technology to utilise data in a timely manner to support an improved customer service proposition.

The implementation of a lower cost, real-time reporting information system, which allows seamless integration of future acquisitions, is key to the scalability of our model. Lowering the cost of IT integration, reducing the cost of disaster recovery and an improved security platform are benefits from the new system we are implementing.

Income Statement Review

Total Income

	2015	2014 (Pro-Forma)	Var	CC Var
Net Interest Income	$106.4 million	$87.9 million	21.0%	27.8%
Non-Interest Income	$98.8 million	$92.6 million	6.7%	21.4%

Net Interest Income - The improvement in net interest income is largely due to a reduction in the funding costs. This has been a targeted effort by management through a variety of measures including a focus on accessing lower cost sources of liabilities, specifically retail deposits and longer tenor DFI loan facilities with improved pricing terms. With the ongoing focus on attracting low-cost retail deposits across the Group, we expect to see the retail business making a greater contribution to net interest income over time and this will, in turn, support an improvement in net interest margins.

During 2015 market-wide liquidity pressures in various countries in which the Group operates had an adverse impact on our ability to lower the cost of funding. Despite this, the margin trajectory remains positive. The focus to attract cheaper funding continues to be a management priority

Non-Interest Income – non-interest income increased by 6.6% to $98.8 million in 2015 (2014: $92.6 million). Non-funded income comprised 48.1% of total income during 2015 (2014: 51.3%).

Insurance income is included in non-interest income (mainly from the Botswana business) and broker revenues from businesses in Botswana, Zimbabwe and Zambia. Trading revenue (2015: $12.8 million vs. 2014: $12.1 million on a constant currency basis) showed some increase in the first half of 2015 but was depressed during the second half with central banks intervening in local currency markets (specifically in Zambia and Mozambique).

Total Expenses

	2015	2014 (Pro-Forma)	Var	CC Var
Staff Costs	$75.2 million	$83.3 million	4.3%	(5.0%)
Transaction Expenses	$9.3 million	$38.8 million	>100%	>100%
Operating Expenses	$184.9 million	$106.8 million	0.7%	(10.6%)

Staff costs amounted to $75.2 million or 41% of the total expense base during 2015 (2014: 36%).

Within Operating Expenses, $4 million was spent on projects supporting our “Protect” goals, i.e. credit improvement, governance and controls remediation and some defensive IT improvements. “Grow” related spend totalled c.$6.8 million mainly comprising of IT spend on product development and alternative channels such as agency banking. Transactional expenditure, supporting Atlas Mara’s acquisition driven agenda, decreased during 2015 with the focus on embedding the four acquisitions made during 2014 and on executing the further acquisitions we announced.

Income from Associates

	2015	2014 (Pro-Forma)	Var	CC Var
Income from Associates	$20.3 million	$36.0 million	(43.7%)	(25.9%)

Income from associates 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 31 December 2015. The impact of goodwill and associated intangibles, as per IFRS3 Business Combinations, are also included. Given that, as of the date of release of these results, UBN had publicly disclosed its 2015 results to the market, their results have been included in this set of accounts without any change or assumption.

The Nigerian macroeconomic environment has been challenging in 2015. 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 FDI. According to the UN report of March 2016[1], growth in West Africa decreased to 4.4% in 2015 from 6% in 2014, largely as a result of lower growth rate in Nigeria due to the weak oil sector and the uncertainty caused by the March 2015 elections. West Africa's growth is projected to increase to 5.2% in 2016 and then to 5.3% in 2017, driven mainly by the increasing strength of the non-oil sectors in Nigeria, which will underpin the performance of the broader economy.

During 2014, UBN benefited from several large, non-recurring items reflecting the disposal of non-core banking entities. The 2015 UBN reported results are thus more sustainable than the comparable period. Severe tightening in market liquidity post CRR harmonisation by the Central Bank of Nigeria, and the Treasury Single Account (TSA) implementation, has meant that lending has been slower across the Nigerian banking sector. As well as reduced credit demand, a lack of foreign currency availability is evident across the 2015 results for the Nigerian banking sector.

During 2015, deposits grew by 12% while gross loans only grew by 3%. This was a deliberate strategy and is evidence of UBN’s risk management strategy of only targeting selective credit growth in lower risk sectors. UBN grew private-sector deposits by 17% in 2015, which more than offset the liquidity challenges brought about by the TSA-induced decline in public sector accounts.

NPLs increased to 7.39% (2014: 5.03%), which reflects UBN’s conservative and realistic perspective on the stresses expected in the local economy into 2016.

UBN’s CAR was at 15.4% as at December 2015, with the Basel II 15% CAR requirement becoming effective from 30th June 2016.

A foreign exchange loss of approximately $18.2 million arising from the translation of Naira into US Dollars was accounted for directly against equity upon the consolidation of UBN’s results into the Atlas Mara Group.

Credit Impairments

	2015	2014 (Pro-Forma)	Var	CC Var
Credit Impairments	$12.0 million	$32.7 million	63.2%	50.8%

The 2015 credit impairment charge of $12.0 million represented a significant improvement year-on-year (2014: $32.7 million). This is after recoveries of $18.1 million reflecting the success of the Special Operations Credit Recovery team in managing the restructuring, resolution and recovery of NPLs following the 2014 acquisition of the ABC Group. Additional credit costs of $18.5 million were accounted for as an IFRS3 adjustment as part of the fair value unwind of this non-performing book, as per IFRS3 Business Combinations rules.

[1] http://www.uneca.org/sites/default/files/PublicationFiles/era2016_eng_rev30march.pdf

At a country level, the Group has benefited from action taken by the Reserve Bank of Zimbabwe, with the formation of the Zimbabwean Asset Management Company (ZAMCO), to purchase non-performing loans from banks where the borrowers are of strategic importance to the Zimbabwean economy. These steps taken to stabilize and improve the banking sector, as well as the broader Zimbabwean economy, have been a significant factor in the successes achieved through asset recoveries ($13 million recovered via a ZAMCO debt repurchase agreement).

As at December 2015, the credit loss ratio was at 1.0% compared to 5.9% reported for 2014.

Balance Sheet Review

	2015	2014 (Pro-Forma)	Var	CC Var
Total Assets	$2,452.1 million	$2,637.9 million	(6.2%)	6.8%
Customer loans	$1,229.4 million	$1,236.5 million	(0.6%)	15.2%
Total deposits	$1,436.1 million	$1,531.0 million	(6.2%)	11.5%

Customer loans and advances comprise c. 50% of the group's total asset base, with cash, short term funds and marketable securities represent 13%, investment in government securities constitute a further 8% of the total asset base. The investment in our Associate bank, UBN, accounts for 17% of the asset base. Goodwill and intangible assets represents 6% of assets with fixed assets and other assets making up the remaining 6%. On a constant currency basis, balance sheet growth was 6.8% compared to 2014.

Credit quality

In management's view, the customer loan book is adequately provided for. This is reflected in the provision adequacy ratio of 39.8% (2014: 32.4%), which demonstrates a satisfactory improved coverage position given the uncertain economic outlook. Non-performing loans (NPLs) as a percentage of the loan book also declined to 10.6% (2014: 13.4%), reflecting evidence of our improved credit origination and collection processes.

Maintaining a focus on improving credit processes and ensuring responsible lending practices to drive continuous improvements in the quality of the loan portfolio remains a key priority for management.

Capital Position

As at 31 December 2015, each of Atlas Mara's operating banks complied with local minimum capital requirements relevant in that country. During 2015, we injected capital into both BancABC Tanzania ($27 million) and BancABC Mozambique ($17 million) to offset the impact of depreciating currencies and support risk asset growth thus demonstrating Atlas Mara's commitment to full regulatory compliance and supporting business growth in our markets.

Goodwill and intangibles

As a result of the acquisitions made during 2014, and in compliance with IFRS3: Business Combinations, the balance sheet incorporates a goodwill asset of $82.7 million, (2014: $87.5 million Pro-Forma) and intangible assets of $56.6 million (2014 $74.8 million Pro-Forma). Intangible assets are amortized over a 10-year useful life period, in accordance with IFRS. These assets represent a combined 6% of the Group's asset base, resulting in a tangible book value of $7.00 per share (2014: $7.54 per share) versus a book value per share of $8.94 per share (2014: $9.73 per share).

Investment in Associate: UBN

Our investment in UBN is equity accounted for in the balance sheet as an Investment in Associate, with a closing balance of $395.9 million (2014: $373 million). The value of the equity accounted earnings is as reported in the UBN's 31 December 2015 audited financials given that UBN has already reported to the market. As part of the financial year audit review procedures, substantial focus was put on supporting the carrying value of the investment held in UBN from a valuations perspective. Stress-testing of future expected earnings, together with the impact of a potential devaluation in the Naira, as well as potential credit shocks in the Nigerian market from continued lower oil prices and continued illiquidity of USD foreign currency were also considered. The carrying value was substantiated notwithstanding such potential stresses that might occur in the local market.

Liabilities

	2015	2014 (Pro-Forma)	Var	CC Var
Deposits due to customers	$1,436 million	$1,531 million	(6.2%)	11.5%
Borrowed funds	$302 million	$300 million	0.7%	12.9%

Reported equity at period end was $625 million, a decline from 31 December 2014 of $682 million, largely due to $92.6 million of foreign exchange translation losses driven by the strengthening of the U.S. Dollar against most African currencies. This led to a translation loss from converting the equity investment in our African subsidiaries into US Dollar as our reporting currency. The depreciation of many African currencies during 2015 has had a noticeable negative impact on equity (as unrealized conversion loss) of US$88 million – of which Zambia, Botswana and Nigeria were the largest contributors, resulting in the decrease in the equity component of our balance sheet funding of 2% year-on-year on a constant currency basis.

Customer deposits comprise 79% of the liability base and represent 58% of the aggregate of liabilities and equity. The loan to deposit ratio for 2015 is 86% (2014: 80%).

Principal sources of funding for the Atlas Mara group are corporate depositors, government-backed institutions and inter-bank funding lines which together represent 79.2% of total deposit base. The retail deposit base makes up the residual 20.8%, with this showing positive improvement on the prior year position of 18.3%. Increasing this proportion further remains an area of focus as retail deposits are both relatively low cost and behaviourally longer term in nature than corporate deposits. We also remain focused on attracting longer term cost effective, relative to maturity, DFI funding by leveraging existing strong relationships in this space.

Funding

As a newly established Group, the execution of our strategy of Buy, Protect and Grow is dependent on our ability to continue to raise long term funding. There is a strategic focus on the structure of the group's capital as well as the cost of capital, in terms of finding an appropriate blend of debt and equity sources, to support the execution of our strategy.

Liquidity management is a focus at both the operating entity level, as well as at the parent company levels and management recognizes the importance of liquidity in the day-to-day operations of our banking business. This activity is managed through a centralised treasury function that both directs and supports asset and liability management activities at country level and on a consolidated review level, including the optimal management of surplus cash across our banking network. Management further considers it critical to have a plan for addressing liquidity in times of illiquidity or shortages. Atlas Mara has a contingency funding plan in place which clearly defines Key Risk Indicators to monitor the market conditions and measure its impact on our liquidity position and highlight funding strategies available to execute on should actions, should that be required.

Segment information

The segmental results and balance sheet information are representative of Atlas Mara's 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 key focus on underlying business line performance.

Southern Africa

Table 9: Southern Africa segmental results				
		Banking operations		
	Audited 2015 $million	Unaudited Pro-Forma 2014 $million	Audited 2014 Year End	CC[1] Var versus Pro-Forma $million
Total income	**181.2**	162.4	48.8	36.2
Provision for credit losses	**(12.4)**	(32.4)	(4.5)	16.0
Staff costs	**(49.2)**	(57.0)	(24.8)	1.4
Other operating expenses	**(87.1)**	(79.2)	(28.3)	(17.2)
Income from associates	**(0.1)**	–	–	(0.1)
Profit/(loss) before tax	**32.4**	(6.3)	(8.9)	36.3
Profit/(loss) after tax and NCI	**21.6**	**(8.1)**	**(12.1)**	**27.5**
Loans and advances	**1,100.3**	1,102.6	1,084.4	173.5
Total assets	**1,643.0**	1,679.0	1,546.9	256.9

Table 9: Southern Africa segmental results				
		Banking operations		
Total equity	**101.1**	108.0	(28.2)	11.1
Total liabilities	**1,542.2**	1,571.1	1,575.1	246.2
Deposits	**1,248.5**	1,345.0	1,349.9	145.5
Net interest margin – total assets	**6.6%**	6.4%	2.0%	
Net interest margin – earnings assets	**7.2%**	7.0%	-	
Cost to income ratio	**75.2%**	83.9%	108.7%	
Statutory credit loss ratio	**3.8%**	12.0%		
Return on equity	**21.4%**	(7.5%)	43%	
Return on assets	**1.3%**	(0.5%)	(0.8%)	
Loan to deposit ratio	**88.1%**	82.0%	80.3%	

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 in those jurisdictions.

As the UN recently reported[2] Southern Africa's growth in real GDP is forecast to increase to 3% in 2016 from 2.5% in 2015, and to 3.5% in 2017. The economic outlook for this region in particular, and Africa as a whole, has been impacted by weaker global growth and lower inward investment from China. Botswana remains highly reliant on diamond mining, although the government is seeking to roll out an economic stimulus programme to address the current low growth environment. Political risk remains low, with Botswana remaining the continent's highest ranking country, improving its ranking by three positions to reach 28th according to the Transparency International 2015 Corruption Perceptions Index (CPI) released in January 2016.

Mozambique achieved a real growth rate of 6.3% during 2015 which was relatively disappointing when contrasted with an average of 7.2% p.a. over the 2011-14 period, with this largely due to low external demand for Mozambique's commodities, adverse weather conditions, depressed prices for the country's primary exports, and a decrease in foreign investment inflows. Real GDP growth is projected to increase to 6.5% in 2016 and accelerate to over 7.2% p.a.by the UN[3] during the 2017-19 period supported by extensive extractive industry investments, particularly from liquefied natural gas projects. With the business environment expected to improve, relatively low level of political risk, a track record of strong economic growth and high levels of FDI inflows, we see meaningful growth opportunity in the country.

2 http://www.uneca.org/sites/default/files/PublicationFiles/era2016_eng_rev30march.pdf

3 http://www.uneca.org/sites/default/files/PublicationFiles/era2016_eng_rev30march.pdf

Zambia has suffered from the unfortunate combination of low copper prices, adverse weather conditions and electricity supply concerns. Although mining only makes up around 10% of GDP, this sector is responsible for 77% of Zambia's foreign currency earnings. The agriculture sector has received substantial investment, which has been helpful in reducing poverty through the employment opportunities it creates. Atlas Mara has been a keen supporter of government initiatives to farming cooperatives to expand the agricultural sector in Zambia, as well as across other African countries.

Economic growth in Zimbabwe was subdued during 2015 given the combination of drought, a slump in commodity prices, and a shortage of electricity, which restricted mining output and suppressed the recovery of the manufacturing sector. The UN[4] predicts a slowdown in economic growth to 1.1% for 2015 before an expected increase to 1.9% during 2016. The country intends to increase gold production to support economic recovery. However, risks to growth remain to the downside given the weak outlook for commodity prices. The financial sector in Zimbabwe received an incrementally positive review from the International Monetary Fund in March 2016[5]. However, this still noted that risks remained and further reductions in non-performing loans are needed.

East Africa

Table 10: East Africa segmental results				
		Banking operations		
	Audited 2015 $million	Unaudited Pro-Forma 2014 $million	Audited 2014 Year End	CC[1] Var versus Pro-Forma $million
Total income	**14.1**	8.3	8.2	6.9
Provision for credit losses	**0.4**	(0.2)	(1.7)	0.6
Staff costs	**(6.5)**	(5.8)	(3.3)	(1.7)
Other operating expenses	**(11.2)**	(11.6)	(2.8)	(1.7)
Income from associates	**0.2**	–	–	0.2
Profit/(loss) before tax	**(3.0)**	(9.4)	0.4	4.4
Profit/(loss) after tax and NCI	**(1.9)**	**(10.1)**	**(1.6)**	**6.1**
Loans and advances	**129.8**	135.5	133.6	13.3
Total assets	**241.6**	217.5	222.9	58.5
Total equity	**32.1**	2.0	(2.6)	29.4
Total liabilities	**209.5**	215.5	225.4	29.1
Deposits	**187.6**	180.9	181.1	36.0
Net interest margin – total assets	**5.3%**	1.5%	0.9%	
Net interest margin – earnings assets	**5.6%**	1.5%	–	
Cost to income ratio	**125.4%**	>100%	74.2%	

[4] http://www.uneca.org/sites/default/files/PublicationFiles/era2016_eng_rev30march.pdf

[5] http://www.imf.org/external/np/sec/pr/2016/pr1696.htm

Table 10: East Africa segmental results				
		Banking operations		
Statutory credit loss ratio	**(10.1%)**	20.4%	–	
Return on equity	**(6.0%)**	n.a.	65%	
Return on assets	**(0.8%)**	(4.6%)	(0.7%)	
Loan to deposit ratio	**69.2%**	74.9%	73.8%	

Our East Africa segment consists of BPR, BRD Commercial Bank and BancABC Tanzania. In Tanzania, the banking industry has been severely affected by a tightening liquidity position, which has resulted in increased interest rates on deposits and higher funding costs. Tanzania's economy has proven relatively resilient with economic growth remaining strong. While the country's growth outlook remains positive, with GDP expected to grow to 7.3 % and 7.5% in 2016 and 2017 respectively (Standard Bank Group Equity Research: African Reviews: Dec 2015). Tanzania's growth has been driven by the construction, manufacturing and the wholesale and retail trade sectors. The country remains dependent on donor funding which appears erratic from time to time, impacting the government's planning towards the Tanzania Development Vision 2025. The newly elected president John Magufuli's demonstrable fight against corruption is likely to bode well for economic growth in the medium term. Tanzania's stable political environment, sizeable domestic consumer market, ample natural resources, strategic location, and strong economic growth performance have made the country a favoured foreign investment destinations on the continent.

In the Transparency International's CPI released in January 2016, Rwanda improved its ranking by a significant margin to become Africa's fourth highest rated country. Rwanda appears to continue its steady growth path despite some exogenous headwinds – estimated to be around 7% year-on-year for the following two years, with macroeconomic stability under President Paul Kagame's continued presidential term. The overall environment in Rwanda remains safe, stable and good for business. Household consumption has been growing steady, with the upside in investment spending driven by construction activity in the main. Agriculture, wholesale and retail trade are other sectors posing for further growth, together with a focus from President Kagame to play a leadership role in furthering trade within the East African community. Most other economic fundamentals remain strong, with considerable foreign investor interest, an adequate level of foreign currency reserves and a sustainable level of external liabilities.

In January 2016 Atlas Mara completed its acquisition of a 45% stake in Banque Populaire du Rwanda Limited ('BPR') and merging its existing Rwandan operation, BRD Commercial Bank, into BPR resulting in Atlas Mara owning 62% of the merged entity. BPR was established in 1975 and is the second largest bank in Rwanda with total assets of c$240 million, loans of $164 million and deposits of c$188 million as at 31 December 2015. BPR is the second largest bank by assets and the largest bank by branch network in this key market. The integration process of both banks is going according to plan and we are positive about the prospects for the merged entity in Rwanda.

West Africa

Table 11: West Africa segmental results		

		Banking operations		
	Audited 2015 $million	Unaudited Pro-Forma 2014 $million	Audited 2014 Year End	CC[1] Var versus Pro-Forma $million
Total income	**–**	–	–	–
Provision for credit losses	**–**	–	–	–
Staff costs	**–**	–	–	–
Other operating expenses	**–**	–	–	–
Income from associates	**20.2**	36.0	14.4	(9.4)
Profit/(loss) before tax	**20.2**	36.0	14.4	(9.4)
Profit/(loss) after tax and NCI	**20.2**	**36.0**	**14.4**	**(9.4)**
Total assets	**395.3**	373.4	373.4	3.6

Our contribution to earnings from West Africa is represented by our Associate investment in UBN, adjusted for attributable equity earnings (based on UBN's published results). Our investment in UBN resulted in associate income of $20.2 million in 2015 compared to $36 million for 2014. On a constant currency basis an associate income of $29.4 million would have been generated from UBN if we were to exclude the impact of the depreciating Naira.

UBN delivered a satisfactory set of results in a challenging macroeconomic environment. The fall in oil prices in 2015 led to a significant fall in the revenues of the Nigerian government where oil and gas sales account for up to 70% of foreign exchange earnings. The second half of 2015 was also characterized by a scarcity of foreign currency in Nigeria with the Naira pegged at the official rate of 199 Naira to the dollar but a significant divergence to the parallel exchange rate of 300 Naira to the dollar and beyond. The fall in government revenues and the resultant scarcity of foreign exchange has resulted in the slowing GDP growth and increasing inflation in the country. This has resulted in higher operating costs for UBN and also an increase in the impairment charge to the income statement as there has been a need to provide for a higher number of loans especially to companies in the oil and gas sector who have been affected by the lower price of oil.

Atlas Mara through its three board seats on the UBN board is working closely with the UBN management to monitor the impact of the recent oil price declines and currency weakness on the credit position and capital position. We see positive medium growth potential for UBN irrespective of the near-term challenges from the macroeconomic environment.

Other

Table 12: Other segmental results							
	Atlas Mara corporate centre			M&A, ADC and Consol			Total Other
	Audited 2015 $million	Unaudited Pro-Forma 2014 $million	CC[1] Var $million	**Audited 2015 $million**	Unaudited Pro-Forma 2014 $million	CC[1] Var $million	Audited 2014 Year End

Table 12: Other segmental results							
	Atlas Mara corporate centre			M&A, ADC and Consol			Total Other
Total income	**11.4**	(1.1)	12.5	**(1.6)**	11.0	(11.3)	0.4
Provision for credit losses	**–**	–	–	**–**	–	–	
Staff costs	**(19.9)**	(14.2)	(5.7)	**(4.1)**	(6.2)	1.7	(12.1)
Other operating expenses	**(13.5)**	(9.9)	(3.6)	**(2.6)**	(44.9)	41.5	(58.6)
Income from associates	**–**	–	–	**–**	–	–	6.4
Profit/(loss) before tax	**(22.0)**	(25.3)	3.3	**(8.3)**	(40.1)	32.0	(64.1)
Profit/(loss) after tax and NCI	**(22.0)**	**(25.3)**	**3.3**	**(6.6)**	**(40.3)**	**33.9**	
Loans and advances	**–**	–	-	**(0.6)**	(1.6)	0.9	
Total assets	**744.0**	733.7	10.3	**(183.1)**	(15.4)	(153.8)	
Total equity	**668.1**	684.8	(16.7)	**(182.3)**	(135.4)	(41.6)	
Total liabilities	**75.9**	48.9	27.0	**1.1**	120.0	(113.2)	
Deposits	**–**	–	–	**[0.0]**	5.0	(5.0)	

Included in this Other segment are Atlas Mara Limited, the BVI incorporated holding company, as well as Atlas Mara's Dubai subsidiary and all other intermediate Group holding entities acquired in connection with acquisitions of ABCH and ADC in August 2014. Non-core assets in the Group entity structure were disposed of in 2015 to streamline the Group structure with the objective of driving cost efficiencies. Accounting adjustments are also presented within the Other segment.

The corporate centre of Atlas Mara, depicted in the table above, reflects a net loss of $22.0 million for 2015 compared to a net loss of $25.3 million for 2014. The improvement in the net loss position of 2015 compared to 2014 is driven primarily by income in the form of management charges which have been generated by the corporate centre and which offset the increase in costs and expenses in 2015 as we continue to invest and build a best in class banking infrastructure.

Included in the column 'M&A, ADC and Consol' below are M&A-related expenses incurred in connection with Atlas Mara's acquisition-driven strategy. These costs have reduced significantly in 2015 compared to 2014 as expected as the focus has moved from the initial "Buy" phase into the combined "Buy, Protect and Grow" phase.

Principal Risks

At Atlas Mara we recognise that effective risk management is fundamental to the sustainability of our business. A strong risk management culture within the Group ensures an appropriate balance between the diverse risks and rewards inherent in any transaction, and underpins sound decision-making. Accordingly, a comprehensive risk management process is in place to evaluate, monitor and manage the principal risks the Group assumes in conducting its activities.

The principal risks faced by Atlas Mara, which could impact the Group's ability to meet its strategic objectives, are highlighted in the table below, together with key mitigating actions.

Principal risks	Key mitigating actions
Credit risk The Group may be adversely impacted by an increase in its credit exposure related to lending, trading and other business activities. Credit Risk stems from the possibility of losses arising from the failure of Group Customers or counterparties to meet their financial obligations on a timely basis. Credit Risk is the most significant risk type faced by the Group as explained in more detail further down in this report. Credit Risk arises from Lending and other Financing activities comprising of the Group's core business.	• Well-considered credit policies incorporating prudent lending criteria. • Well-defined authorities and governance structures with appropriate separation between origination and sanctioning. • Improvements to credit processes and controls, including proactive portfolio monitoring and effective remedial management.
Market Risk Atlas Mara may be adversely impacted by both global and local markets and economic conditions 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. • Establishment and regular monitoring of trading limits and positions. • Rates hedging programs, both with respect to interest rates and foreign exchange. • Stress and scenario testing.
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. Cash is currently upstreamed to the parent company in the form of management fees.	• Maintenance of prudent levels of liquid assets to meet cash and collateral outflows. • Appropriate "contingency" liquidity plans. • Active dialogue with development finance institutions to provide funding at the subsidiary level. • Frequent stress and scenario testing.
Acquisition/Integration risk Atlas Mara may not be successful in its strategic objectives and specifically it may not be able to find enough acquisition opportunities to meet the Company's criteria and to enable it to achieve its strategy of building sub-Saharan Africa's premier	• Dedicated team focused on originating and evaluating opportunities. • Multiple prospective transactions under consideration with no reliance on one single transaction coming to fruition. • Atlas Mara is building a track record of

financial institution.	successful acquisitions and integration and expects to continue this in 2016.
Operational risk Atlas Mara may incur losses due to lapses in controls, internal processes or systems, or as a result of external events which could also have negative repercussions across other risk dimensions. 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 risk than more mature markets. 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 and elevation of employee awareness 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 programs. • Enhancements to Operational Risk policies and processes for ensuring compliance with safe practice and a secure controls environment.
Legal risk Legal proceedings against Atlas Mara or insufficient legal protection could adversely affect its operating results for a particular period and impact its credit ratings.	• Vigilant monitoring of pending and ongoing litigation. • Enhancements to staffing and training 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 dialogue with relevant government officials and monitoring of events potentially impacting our business. • High level and senior attention given to all matters pertaining to regulatory standards and requirements.
Reputation risk Atlas Mara's strategy is to become sub-Saharan Africa's premier financial institution. Damage to Atlas Mara 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	• Continuous emphasis on a culture of excellence and integrity across the entire Group in which the preservation and enhancement of our reputation is sacrosanct. • Sustaining a robust compliance infrastructure with world-class standards, technology, policies and procedures

goals.	across the Group.

Forward Looking Statement and Disclaimers

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