

18 November 2014

**Atlas Mara Co-Nvest Limited**  
**Interim Management Statement**

Atlas Mara Co-Nvest Limited ("**Atlas Mara**" or the "**Company**") today publishes its interim management statement for the period up to and including 17 November 2014. Key highlights include the following:

- Atlas Mara continues effecting its strategy with an intense focus on operational execution, hiring additional senior executives, closing three acquisitions, and evaluating further expansion opportunities.
- ADC and BancABC acquisitions completed in August 2014. Pre-acquisition provisions and fair value adjustments reflected in Atlas Mara's opening, post-acquisition, balance sheet. Persistent macroeconomic imbalances present some challenges in selected BancABC markets, but focused initiatives in place to address them.
- Acquisition of additional c.20% stake in UBN nearing completion, increasing Atlas Mara's indirect ownership to 29.9%. UBN results show continued improvement driven by ongoing transformation program.
- Atlas Mara reports balance sheet as at 31 August 2014, following the acquisitions of ADC and BancABC, with stated book equity of USD 737.8 million, implying a book value per share of USD 10.27 and a tangible book value per share of USD 8.11.
- Acquisition of BRD Commercial in Rwanda completed on 15 October 2014. Talented senior team in place and preparations underway to build on that market's growth opportunities.
- Authority to establish share repurchase plan for up to 10% of the issued share capital granted by the Board.

**Introduction**

Atlas Mara was incorporated in the British Virgin Islands, pursuant to the BVI Business Companies Act 2004, on 28 November 2013. Following the completion of its acquisitions of ABC Holdings Limited ("BancABC") and ADC African Development Corporation AG ("ADC") and commensurate with the closing of an approximately USD 300 million equity private placement, the Company's shares were re-admitted to the Official Listing by way of a Standard Listing and to trading on the London Stock Exchange's main market for listed securities on 27 August 2014.

Atlas Mara's strategy is to create Sub-Saharan Africa's premier financial institution through a combination of its experience, expertise and access to capital, liquidity and funding. The goals are to combine the best of global institutional knowledge with extensive local insights and experience and to support economic growth and strengthen financial systems in the Sub-Saharan African countries in which the Company operates.

## Recent Events

Since the publication of its interim results for the period ended 30 June 2014, the Company has continued to make significant progress in executing its strategy by expanding its footprint, completing previously announced transactions and attracting additional talented professionals to the senior team:

- On 4 July 2014, John Vitalo joined as Chief Executive Officer (“CEO”). John was previously employed by Barclays Plc where he held a number of senior managerial positions, including, most recently, Chief Executive Officer, Middle East and North Africa, a position he had held since May 2009. During the previous four years, while based in Johannesburg, John had been responsible for creating, building and leading Absa Capital, the pan-African investment bank.
- On 21 August 2014, Atlas Mara announced the closing of its acquisitions of BancABC and ADC, having acquired interests in excess of 95% in both cases, thus establishing majority ownership of a banking group with operations in five African countries and acquiring a c.9.1% interest in Union Bank of Nigeria Plc (“UBN”) by way of ADC’s interests in UBN’s controlling shareholder group.
- On 5 September 2014, the Company announced that it had exercised an option agreement to acquire a c.20% interest in UBN from Asset Management Corporation of Nigeria (“AMCON”). Upon completion of the transaction, the Company will own a total combined interest in UBN of c.29.9%, consisting of the acquisition of shares from AMCON and existing UBN shares indirectly held by ADC.
- On 8 September 2014, Atlas Mara announced the appointment of Arina McDonald as Chief Financial Officer effective as of 1 November 2014. Arina joined Atlas Mara from The Standard Bank Group of South Africa, where she was Head of Group Central Finance. She had been with Standard Bank since 2002 and held roles including Chief Financial Officer for Africa.
- On 8 September 2014 and 22 September 2014, the Company requested ADC to undertake a squeeze-out and announced its intention to launch a mandatory offer for the remaining shares of BancABC, respectively, to ultimately own 100% of both entities.
- On 15 October 2014, Atlas Mara announced the completion of the acquisition of the commercial banking operations of the Development Bank of Rwanda (“BRD Commercial”) and the appointment of Konde Busingo as the CEO of this newly formed entity. Konde joined from RSwitch, Rwanda's national payments switch, where he was CEO. Prior to that, he was COO of Banque Populaire du Rwanda (“BPR”), Rwanda's second largest bank.
- On 17 November 2014, Atlas Mara and BancABC announced that, as a result of the Company’s mandatory offer for BancABC’s remaining shares, Atlas Mara now owns 98.7% of BancABC.

## **BancABC**

ABC Holdings Limited is the parent company of a number of Sub-Saharan Africa banks operating under the BancABC brand. They offer a diverse range of financial services, including personal, business and corporate banking, as well as asset management, stockbroking and treasury services. BancABC has a heritage dating back to 1956 and has grown through a series of mergers and acquisitions of financial institutions operating in southern Africa. BancABC now has operations in Botswana, Mozambique, Tanzania, Zambia and Zimbabwe and a group services office in South Africa.

As per BancABC's half-year results published on 29 September 2014 and related communications, BancABC has faced challenging conditions in several of its countries of operation. Due to increasing impairments, notably in Zimbabwe and Tanzania, and market liquidity pressures slowing asset growth and putting downward pressure on margins, performance was depressed. While BancABC achieved modest growth in loan and deposit balances, net interest income declined considerably year-on-year.

Atlas Mara has incorporated in its post-acquisition balance sheet of 31 August 2014 certain pre-acquisition provisions and fair value adjustments against loans and advances. These adjustments are broadly consistent with additional provisions of USD 35.5 million reported in Atlas Mara's ADC offer prospectus dated 2 July 2014 in its presentation of BancABC's year-end 2013 accounts. Approximately half of these related to credit impairments on corporate loans in Zimbabwe, reflecting the demanding current economic situation in that country. Further provisions were also taken in Tanzania.

Following completion of the acquisition of BancABC in August and in light of the above challenges, Atlas Mara has been working intensively on the identification and execution of specific revenue enhancement and cost savings measures. These include customer segmentation and cross-selling initiatives and the commencement of an in-depth analysis of BancABC's credit life-cycle processes, including activities to improve the monitoring, restructuring and recovery procedures to reduce the level of impairments going forward. There have also been significant senior management changes at BancABC. These include the appointment of new country managers in Zimbabwe, Tanzania and Mozambique.

As referenced above, Atlas Mara launched a mandatory offer for the remaining shares in BancABC that it had not acquired directly or by way of its acquisition of ADC. As at 17 November 2014, Atlas Mara's ownership stood at 98.7%.

Despite near-term challenges, Atlas Mara remains confident of the potential of this unique multi-country platform and is committed to investing up to \$100 million to support BancABC and the execution of its strategy.

## **UBN**

Established in 1917 and listed on the Nigerian Stock Exchange in 1971, UBN is one of Nigeria's longest-standing and most respected financial institutions. UBN is a trusted and well-recognised brand, with an extensive network of over 350 branches across Nigeria. UBN currently offers a variety of banking services to both individual and corporate clients. In late 2012, a new Board of Directors and Executive Management team were appointed to UBN and, in 2013, UBN embarked upon a comprehensive transformation program designed to re-establish UBN as one of Nigeria's leading financial institutions.

UBN's results for the nine months ended 30 September 2014 indicate continued progress in the execution of the transformation program. The loan book grew by 21% since the beginning of the year and the



deposit book posted a modest gain of 2.2%. UBN has reiterated its focus to make more aggressive inroads in acquiring low cost deposits in the fourth quarter of 2014. UBN reported that the disposal of its non-banking subsidiaries, a result of the Central Bank of Nigeria's Regulation 3 and consistent with the transformation program's strategy of focusing on the core banking business, continues to yield gains, with five subsidiaries divested to date. The group's profit before tax for the nine months ended 30 September 2014 increased 21.6% compared to the first nine months of 2013. Return on equity for the banking group, as defined in UBN's financial statements, increased from 2.8% at December 2013 to 8.2% at September 2014. UBN also reported a 20% capital adequacy ratio as at 30 September 2014.

Atlas Mara expects to announce the completion of its acquisition of an additional c.20% shareholding in UBN from AMCON in November 2014, having already received requisite Nigerian and UK regulatory approvals. Upon completion of this transaction, Atlas Mara will effectively have a 29.9% interest in UBN.

### **BRD Commercial**

Following the closing of the acquisition of the commercial banking operations of BRD, Atlas Mara has been working extensively with BRD Commercial's new CEO, Konde Bugingo, and his team in Rwanda to establish the necessary infrastructure and commence operations. Rwanda has mobile telephone penetration of c. 72% and internet penetration estimated at c.25%. This has led Rwanda to emerge as one of the fastest growing African information, communication and technology ("ICT") markets. BRD Commercial will serve as both Atlas Mara's mobile technology innovation center and hub for expansion in East Africa.

### **ADC**

As was announced by ADC, Atlas Mara has commenced preparations for effecting a squeeze-out of the remaining shareholders in ADC, thus facilitating 100% ownership of this entity with a de-listing of ADC shares to follow shortly thereafter. Atlas Mara has been working closely with members of the ADC Supervisory and Management Boards in overseeing the ongoing disposal of ADC's private equity portfolio.

As announced by ADC, Dirk Harbecke, CEO of ADC, has stepped down from his role in order to pursue other opportunities. Dirk co-founded ADC, successfully led the company since its inception, and his support was vital to Atlas Mara's successful acquisition.

### **Other Initiatives**

Atlas Mara is pleased to announce that Richard Muller will be joining Atlas Mara as Chief Integration Officer and will be responsible for ensuring that long-term synergies across the acquired businesses are delivered. Richard was previously with Barclays Plc and Absa Group Ltd where he served as Chief Operating Officer of Middle East and North Africa and Chief Operating Officer of Absa Wealth, respectively. Richard brings a wealth of experience in strategic planning, business management and large-scale change and program management.

The Board of Directors of Atlas Mara has granted authority for the establishment of a share repurchase program whereby the Company can acquire up to 10% of its outstanding share capital should it choose to do so in the future. The Company has not yet initiated the program.

## **Consolidated Balance Sheet – 31 August 2014**

In connection with the completion of the acquisition of BancABC and ADC, Atlas Mara has conducted an IFRS 3 Business Combinations-compliant purchase price allocation exercise by which acquired assets and liabilities have been provisionally valued at their fair values as at the acquisition date. For accounting purposes, the effective acquisition date of ADC and BancABC was 31 August 2014 and the consolidated unaudited balance sheet of Atlas Mara at this date is presented in the attached exhibit. This balance sheet excludes BRD Commercial and the acquisition of the additional stake in UBN, as neither of these transactions had closed as of 31 August 2014.

Summary figures of note, as at 31 August 2014, include: loans and advances of USD 1,180 million, deposits of USD 1,538 million, shareholders' equity of USD 737 million, implied book value per share of USD 10.27 and implied tangible book value per share of USD 8.11. At the parent level, the Company reported cash, cash equivalents and liquid investments available for sale of USD 495 million, which excludes, among other post-period transactions, the consideration due in connection with the acquisitions of BRD Commercial (c. USD 10 million) and the additional stake in UBN (c. USD 260 million, a decrease from the previously reported figure of USD 270 million, as a result of the strengthening of the US dollar versus the Nigerian Naira).

## **Outlook**

Atlas Mara remains highly confident in the prospects of financial services growth in Sub-Saharan Africa and the Company's ability to establish an institution which, through a combination of experience, operational expertise and access to capital, liquidity and funding, can become a leader in the sector.

2014 will represent an acquisitions-and-integration-oriented year. The expansion of Atlas Mara's executive leadership enables the Company to drive operational efficiencies, improve the control and governance environments and address shortcomings in the credit processes in order to position the Company for future growth.

- With respect to BancABC, Atlas Mara's conviction in the attractiveness of the platform, its underlying value and potential for delivering sustainable growth remains unchanged, notwithstanding current headwinds facing the business.
- With respect to UBN, the Company looks forward to working constructively with the management team and other shareholders to effect further value creation. The recent strides made by UBN, particularly in relation to credit growth, are encouraging.
- In terms of BRD Commercial, Atlas Mara remains enthusiastic about the prospects of this newly established entity, Rwanda and the East Africa Community trade bloc, more broadly.

In summary, Atlas Mara will continue to execute its plans for safeguarding, integrating and growing its operating businesses while also continuing to evaluate acquisition opportunities in its existing, as well as other, attractive Sub-Saharan African markets.

**ATLAS MARA CO-NVEST LIMITED  
CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
AS OF 31 AUGUST 2014 (UNAUDITED)**

<b>USD '000s</b>	<b>31 August 2014</b>
<b>ASSETS</b>	
Cash and short term funds	371,170
Investment Securities – Available for Sale	479,790
Financial assets held for trading	195,210
Financial assets designated at fair value	23,449
Derivative financial assets	1,071
Other Intangible assets and Goodwill on acquisition	146,362
Loans and advances	1,180,721
Investment securities	7,345
Prepayments and other receivables	28,999
Current tax assets	4,053
Investment in associates	84,819
Property and equipment	82,709
Investment property	2,692
Deferred tax assets	21,736
Non-current assets and disposal groups held for sale	10,176
<b>TOTAL ASSETS</b>	<b><u>2,640,302</u></b>
<b>LIABILITIES AND EQUITY</b>	
<b>LIABILITIES</b>	
Deposits	1,538,589
Derivative financial liabilities	3,667
Creditors and accruals	38,693
Deferred tax liability	1,995
Borrowed funds	307,268
Non-current liabilities and disposal groups held for sale	1,361
<b>TOTAL LIABILITIES</b>	<b><u>1,891,573</u></b>
<b>EQUITY</b>	
Founder Preference Shares	12,500
Shareholders' Equity	765,606
Reserves	(13,969)
Retained earnings	(26,331)
<b>TOTAL EQUITY ATTRIBUTABLE TO ORDINARY SHARE HOLDERS</b>	<b><u>737,806</u></b>
Non-controlling interest	10,923
<b>TOTAL EQUITY</b>	<b><u>748,729</u></b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b><u>2,640,302</u></b>
Ordinary shares outstanding	71,850,013



## **Investor Conference Call**

Atlas Mara will be hosting an investor conference call today, 18 November 2014, at **10am EST / 3pm GMT**. Dial-in details are as follows:

- United Kingdom: 08003767922
- International: +44 (0) 20 7192 8000
- US: +1 866 966 1396
- Call ID 37339534

## **Contact Details**

### ***Investors***

Brad Gibbs, +971 4325 3745

Kojo Dufu, +1 212 883 4330

### ***Media***

StockWell Communications, +44 (0)20 7240 2486

Anthony Silverman

Robert Morgan

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