Atlas Mara Limited

Audited financial statements for the period ended 28 February 2021

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http://atlasmara.com

Atlas Mara at a glance

Financial facts and figures

Loans and advances

$580.5 m – (9.9%↓)

31 December 2019: $644.1m

Deposits

$672.5 m – (7.1%↓)

31 December 2019: $723.7m

Total equity

$330.5m

31 December 2019: $547.2m

Net book value per share

$1.99

31 December 2019: $2.97

Operational facts and figures

	Botswana	Mozambique	Zambia	Zimbabwe	Tanzania	Rwanda	Nigeria	Corporate
Employees	377	264	648	308	144	845	2,200	34
Customers ('000s)	56	101	171	234	105	350	6,800	-
ATMs	15	23	112	21	8	51	942	-
Number of physical locations	8	10	45	19	6	74	272	-

Sources:
UBN Q1 2021 financial analyst presentation and component management reports.

Total number of customers[1]

>1m

Total number of ATMs[1]

230

Total number of physical locations[1]

162

Note:
1. Statistics exclude UBN's operational footprint (Atlas Mara owns 47.68%, which is accounted for as an investment in associate).

Executive Chairman's statement

Dear fellow Atlas Mara shareholders,

We entered the 2020 financial year with both optimism and positive momentum for most of our underlying banks. The previously announced strategic transaction in 2019 was intended to strengthen our position in markets where we did not have top five stand-alone market positions, and, through meaningful share ownership in the combined group, provide a broader strategic partnership with one of the region's leading banking franchises. At the same time, a strategic fund-raising was underway to strengthen the Group's balance sheet and to allow the Group to focus on and invest in FinTech and digital banking in its top-performing markets. Both of these opportunities were severely impacted by the unexpected global developments of the first quarter of 2020.

The visible onset of the pandemic caused by SARS-CoV-2, government responses in attempt to contain it, and the resulting period of market panic had a substantial and immediate detrimental impact on our business and on our markets that was outsized relative to other regions, including other emerging markets, and even other industries in the region. For example, during the first quarter of 2020, African equity markets declined by nearly 40%, double the decline of the S&P 500 in the same quarter, and of the African equity markets in the worse quarter of the global financial crisis (4Q08). Foreign exchange markets were similarly impacted, with greater than 20% declines against the dollar in the quarter for local currencies in countries such as Zambia, Zimbabwe, and South Africa. The major currency depreciations across the African markets in which the Group operates resulted in a more than $145 million reduction in the US dollar value of the Company's assets and thus a reduction in the Company's debt capacity. Debt funding and liquidity dried up almost overnight. In our largest market, Nigeria, the equity markets declined by over 25% and the Naira by over 7%, while the sovereign yield blew out by over 110 basis points, foreign currency was unavailable in any size. The equity market decline in Africa was 60% worse than in other emerging markets, reflecting a particular "risk-off" view of Africa investment.

While COVID-19 infections remained relatively low, strict lockdowns and travel restrictions led to a substantial decrease in business activity in the region. Many African central banks struggled to provide the liquidity support necessary for local banks impacted by the crisis, while at the same time political pressures led to the imposition of regulatory restrictions on interest rate increases, imposition of fees and other actions that would ordinarily be available to defend liquidity and capital, if not profitability.

As the year progressed, it became apparent that neither the strategic transaction nor the strategic fundraising and repositioning of the balance sheet would be able to go forward under the circumstances. The Board made the difficult decision to undertake a formal restructuring of the Group's holding company debt and hired legal and financial advisors to assist in the process. At the same time, the Board broadened its review of strategic options to ensure that all possible alternatives to preserve value would be considered.

I am pleased to report that the Group was successful in completing the debt restructuring. In July 2021, the Company announced an agreement with creditors representing 88% of the total outstanding debt of the Group's holding companies. This critical agreement includes forbearance of debt service and other conditions favourable to the Group. The agreement also enabled the Company to continue its strategic review and certain associated divestitures, which are discussed below. The high level of creditor support was an affirmation of the alignment of the Company with its creditors, regulators and other stakeholders. I want to thank our creditors for their constructive engagement in reaching the agreement.

The Company also achieved several milestones in the strategic review aimed at maximizing creditor and shareholder value in the context of highly regulated banking environments. In the past year, we have completed or announced several important divestitures in line with this goal, including the Company's banking subsidiaries in Mozambique, Tanzania, Rwanda, and Botswana. Additionally, the company is in ongoing discussions regarding the Group's Zambian subsidiary. These announced transactions demonstrated the value of the Company's assets and represented the culmination of tremendous effort on the part of our colleagues, for which the Board and I are grateful. Today, the Company has a clear trajectory for completing the strategic review and restructuring that we began more than a year ago.

Despite the challenging macroeconomic environment in Africa, I am also pleased to report resilient operating performance from our underlying banks during the financial year. Most banks generated positive recurring operating profit during the period. Our local management teams demonstrated dedicated – and in some cases heroic – performance during this extraordinary period, and I want to thank our teams for their commitment and hard work.

Digital banking continued its rapid expansion across the footprint, particularly given the disruptions to traditional in-person banking activities, and we expect increasing contribution to income from these channels. UBN achieved an increase in profit from continuing operations (in local currency terms), due in part to improved cost efficiency, and despite the significant hit to Nigeria's economy and very limited access to hard currency.

Across the Group, the banks' balance sheets contracted as expected, given pandemic and lockdown related disruptions, but all banks remained above their minimal required capital adequacy ratios. We believe a stronger macroeconomic turnaround will enable the banks, which have improved operational efficiency in this crisis, to achieve faster growth and improved profitability in the future.

For the moment, the macroeconomic environments in our countries of operation remain precarious. The 2021 recovery seen elsewhere around the world has been slow to come to sub-Saharan Africa. The region's GDP contracted by 2.6% in 2020 and is expected to reach only 3.2% positive growth in 2021 (a respectable figure for Western markets, but far below a normal environment for sub-Saharan Africa). The muted economic activity has had widespread effects, from decreased credit book quality, negative credit growth, and lower interest income due in part to regulatory policy decisions.

With already constrained fiscal environments and relatively limited assistance from central banks, African markets have been unable to mount economic responses as impactful as those in the US or the EU, and local currencies, debt and capital markets remain under considerable pressure.

The Company continues to work with the subsidiaries to maximize value both in operations and, where appropriate, in potential partnerships or divestments. We have received expressions of interest in our remaining banking assets, and the board continues to explore all options to maximize the value of its franchises.

In July 2021, Atlas Mara's ordinary shares were suspended from trading at the Company's request, while critical elements of the strategic review were completed, and while financial results were prepared for publication following the completion of the debt restructuring. Shareholders can expect the shares to resume trading following the publication of the annual results. The Board continues to evaluate all potential options that could include a take-private or delisting of the Company and will keep the market apprised as appropriate.

The past financial year was the most challenging in the Company's history. I am proud of our teams' persistence and unwavering commitment to their customers. We continue to believe in the long-term growth story for Africa and for the banking sector, especially as it relates to financial technology and digital banking. In the short-term we remain focused first and foremost on exploring every available option for value realization. Thank you for your continued support.

Michael Wilkerson
Chairman

Chief Financial Officer's review of financial performance

Consistent with the Atlas Mara's continued efforts to monitor and mitigate the effects of the COVID-19 pandemic, the Company implemented measures to prioritise the health and safety of employees, customers, and other stakeholders and activated the business continuity processes. COVID-19 and the scale of its impact on the Group's countries of operations continues to evolve, we remain hopeful that with greater access to vaccinations, the coming months could be a bridge to "normalcy," and many aspects of social and economic life can resume. In 2020, the sub-Saharan Africa ('SSA') region contracted by 2.6% due to the adverse impact of the pandemic and the associated lockdown measures, which disrupted economic activity through multiple channels. Economic growth in the SSA region is expected to rebound by 3.2% in 2021, which is still below typical levels for the region.

Despite these challenges, during the 14-month period ended 28 February 2021, the banking subsidiaries in Botswana and Zambia respectively reported profit after tax of $8.3 million (12-month period ended 31 December 2019: Profit after tax of $11.3 million) and $5.2 million (12-month period ended 31 December 2019: reported loss of $9.8 million), despite the significant headwinds posed by the COVID-19 pandemic.

The banking subsidiary in Zimbabwe, BancABC Zimbabwe, reported a loss of $0.4 million for the 14-month period ended 28 February 2021 (12-month period ended 31 December 2019: Profit after tax of $7.8 million). Performance was impacted by an increase in loss on net monetary position as well as increased operating costs due to hyperinflationary pressures and currency depreciation. As part of balance sheet management, BancABC Zimbabwe invested in inflation and exchange rate hedging assets, which resulted in net asset value increasing to $60.7 million for February 2021 compared to $53.6 million for December 2019.

The Group's performance for the period was negatively impacted by the restrictions on business activity in each of our markets as a result of lockdowns, travel restrictions, and entire sectors of the economy being closed as "non-essential" during the height of the pandemic. Excluding IFRS 5 remeasurement loss of $1.4 million (12-month period ended 31 December 2019: $105.5 million), the Group recorded a loss of $57.3 million for the 14-month period ended 28 February 2021 (12-month period ended 31 December 2019: $37.7 million). In addition to the negative impact of the pandemic on the Group's operations, current period performance was also negatively impacted by additional losses arising from write-off of deferred tax assets of $10.9 million, additional fair value loss of $2.8 million arising on the revaluation of the Group's financial assets measured at FVTPL as well as $6.1 million net monetary loss based on hyperinflation accounting in Zimbabwe. Excluding the impact of these additional losses and that of IFRS 5 remeasurement loss, the reported loss for the

14-month period ended 28 February 2021 remained flat at $37.6 million (12-month period to 31 December 2019: $37.7 million).

Adjusted profit for the 14-month period ended 28 February 2021 was $1.5 million (12-month period ended 31 December 2019: $5.8 million), while the adjusted cost to income ratio remained flat at 106.1% (12-month period to 31 December 2019: 106.6%). Nearly all other key financial performance metrics were negatively impacted with the adjusted ROE declining to 0.9% for the 14-month period ended 28 February 2021 from 1.2% for the 12-month period ended 31 December 2019.

The Group has been stress testing its portfolios in the current environment. As of 28 February 2021, there was a decline in the ECL estimate, thereby keeping the NPL ratio constant at 11.4%. We will continue to monitor the portfolios and act as the situation unfolds.

Change in financial year-end

The Group extended its reporting date by two months from 31 December 2020 to 28 February 2021.

New financing

On 29 December 2020, the Company entered into a new secured facility agreement with a fund entity managed by UBS O'Connor LLC. The facility was for a new investment in the principal amount of US$25,824,075 with a duration of 18 months. The facility has been used to fund the near-term operating expenses and working capital requirements of the Group, and to finance the purchase of 26,435,188 ordinary shares of the Company held by the lender at a price of $0.40 per share, reflecting the closing market price on the day the funding was agreed between the parties. The repurchased shares are held in treasury.

Strategic transactions

On 30 September 2020, ABCH entered into a definitive agreement for the sale of the Group's shareholding in African Banking Corporation Mozambique Limited. The transaction was completed on 17 May 2021.

On 26 November 2020, ABCH entered into a definitive agreement for the sale of the Group's 97.3% shareholding in African Banking Corporation Tanzania Limited. The transaction, which has been approved by the Bank of Tanzania, is now subject to fulfilment of customary conditions precedent.

On 26 November 2020, ATMA entered into a definitive agreement for the sale of the Group's 62.06% shareholding in Banque Populaire du Rwanda Plc ("BPR"). The Transaction was completed on 25 August 2021.

On 19 April 2021, ABCH entered into a definitive agreement for the sale of its 78.15% shareholding in African Banking Corporation Botswana Limited. The transaction, which has already been approved by the Bank of Botswana, is now near completion.

African Banking Corporation Zambia limited is, for accounting purposes, still classified as a disposal group held for sale in terms of International Financial Reporting Standard ("IFRS") 5: *Non-current assets held for sale and discontinued operations*. The discussions with a potential investor for the sale of the subsidiary are ongoing.

Restructuring agreement

On 14 July 2021, the Support and Override agreement was signed by majority of the company lenders representing 88% of the aggregate amount of debt outstanding under the company direct and contingent facilities. The lenders who are a party to the Support and Override Agreement have agreed to forbearances in respect of certain events of default under their relevant facilities, while the Support and Override Agreement is effective, including (i) non-payment of amounts due under the company's financing agreements, (ii) any deterioration in the financial or operational performance of the Group as a result of COVID-19, and (iii) any breach of any financial covenant under the company's financing agreements. The Support and Override Agreement governs and provides a stable framework for company ongoing liquidity needs as the Company continues to work on the milestones set out in the agreement. Details of the restructuring agreement and milestones are set out in the Company's previous announcement. These milestones include Strategic Transactions required for successful implementation of the Support and Override agreement.

Country performance summary

Nigeria

UBN has shown resilient performance which has resulted in profit after tax increasing by 3.1% in local currency for continued operations for 12-month period ended December 2020 in comparison to 12-month period ended December 2019. Including the results of the discontinued operations, profit after tax declined by 6.1% in local currency for 12-month period ended December 2020 in comparison to 12-month period ended December 2019.

Overall, UBN sustained its cost to income ratio to 75.4% for 12-month period ended December 2020 compared to 74.1% reported in December 2019. The NPL ratio has decreased to 4.0% for 12-month period ended December 2020 from 5.8% for 12-month period ended December 2019. The NPL coverage ratio remained strong at 127.5% for the period ended 31 December 2020 (31 December 2019: 138.1%).

Despite the impact of the contraction in earnings, UBN remains well capitalised with its CAR at 17.5% at December 2020, well above the regulatory minimum of 15%.

UBN continues to show resilience in 2021 and is well capitalized over its regulatory minimum, NPL ratio hovering at 4.3% and sustained profitability with cost to income ratio hovering at 76%.

Zimbabwe

Zimbabwe's recession persisted in 2020 amid continued structural economic weaknesses, adverse climate conditions and the outbreak of the COVID-19 pandemic. Inflation reached a peak of 838% year-on-year in July 2020, and then trended downward to 349% year-on-year in December 2020. The economy has benefited from the currency reforms, which led to the adoption of the auction exchange rate system in June 2020.

African Banking Corporation of Zimbabwe Limited reported a loss of $0.45 million for the 14-month period ended February 2021 compared to reported profit of $7.8 million for the 12-month period ended December 2019. The numbers have been impacted by an increase in loss on net monetary position of $5.8 million compared to corresponding period due to hyperinflation. As part of balance sheet management, the Bank invested in inflation and exchange rate hedging assets, which resulted in net asset value being sustained year-on-year.

Botswana

Botswana's economy is estimated to have contracted by a record of 10% during the year as the country suffered from the collapse of international trade, which adversely affected diamond exports and tourism. In response to the pandemic, the Bank of Botswana ("BoB") cut its policy rate by 100 bps in April 2020 to provide sufficient liquidity in the economy.

The banking subsidiary in Botswana reported profit after tax of $8.3 million for the 14 months ended February 2021 compared to profit of $11.3 million for the 12-month period ended December 2019 despite the significant headwinds posed by the COVID-19 outbreak. Profitability was supported by cost reduction and containment measures implemented.

Discontinued operations

Zambia delivered a solid performance for the year after posting a profit after tax of $5.2 million for the 14-month period ended February 2021 compared to a loss of $9.8 million in 2019 largely due to increase in interest income, improved FX trading income and reduction in impairment charge. Interest income was propelled by earnings on short term structured finance deals and improved yields on government securities.

Rwanda reported a profit of $4.8 million for the 14-month period ended February 2021 compared to the profit of $2.6 million for the 12-month period in 2019. This performance has been supported by cost reduction and containment initiatives.

In Tanzania, performance was adversely impacted by the reduction in transactional activity caused by the COVID-19 pandemic and liquidity challenges, partially offset by recoveries of loans written off in previous years.

Performance summary

The Group recorded an adjusted net profit of $1.5 million for the 14-month period ended 28 February 2021 (12-month period 31 December 2019: $5.8 million).

Statement of comprehensive income review

Total income

Total income at $186.2 for the 14-month period ended 28 February 2021 has shown a decline due to decrease in net interest income.

Table 1: Total income for the period ended 28 February 2021

$'million	14 months to 28 February 2021			12 months to 31 December 2019			Var %	CC Var %
	Continuing	Discontinued	Total	Continuing	Discontinued	Total		
Net interest income	1.1	81.1	82.2	11.4	74.8	86.2	(4.6)	2.7
Non-interest revenue	51.7	52.3	104.0	53.7	49.9	103.6	0.4	1.5
Total income	**52.8**	**133.4**	**186.2**	**65.1**	**124.7**	**189.8**	**(1.9)**	**2.0**

Net interest income

Net interest income declined by $4 million resulting from an increase in interest expense. This was mainly as a result of an increase in borrowed funds and the impact of liquidity pressures experienced in some of our markets, resulting in more expensive deposits. This is reflected in the increase in the cost of funds to 6.6% for the 14-month period ended 28 February 2021 from 5.9% as reported for the 12-month period ended 31 December 2019.

Non-interest income

Non-interest income increased by $0.4 million resulting from improved earnings from digital channels and offset by a reduction in loan-related fees and foreign currency trading income. Lower loan growth and decline in business activities resulting from the impact of the COVID-19 pandemic negatively impacted the Group's ability to improve non-interest income during the period.

Total expenses

Total expenses declined to $213.1 million ($209.5 million excluding one-offs) for the 14-month period ended 28 February 2021 from $219.5 million reported for the 12-month period ended 31 December 2019, largely due to strategic cost management initiatives across the Group. Cost to income ratio decreased to 114.4% from 115.7% reported in December 2019; however, on an adjusted operating profit basis, cost to income ratio decreased to 106.1% in the 14-month period ended 28 February 2021 from 106.6% for the 12-month period ended 31 December 2019).

Staff costs decreased by 2.4% from $93.0 million reported for the 12-month period ended 31 December 2019 to $90.8 million reported for the current period ended 28 February 2021, while the contribution to total expenses decreased from 42.6% to 42.4%.

The Group continued to focus on reducing holding companies' expenses and for the 14-month period ended 28 February 2021, normalised expenses (net of restructuring costs) holding companies declined by $6.56 million for the 14-month period ended February 2021 compared to the 12-month period ended 31 December 2019. This has been achieved due to reduction in head count across the holding companies, cost rationalization and process reengineering.

Impairment charges on financial assets

The loan book reduced by 9.9% during the 14-month reporting period ended February 2021, largely due to the conservative credit appetite, as lending was halted in the high-risk sectors and a cautious approach was taken for all new lending. COVID-19 related restrictions including lockdowns and travel restrictions also negatively impacted on Customer drawdown. Notwithstanding the 9.8% reduction in the loan book, the NPL ratio remained constant at 11.4%, however reduced in actual stock by $14.6 million or 10.2% to end the period at $142.6 million. This was due to proactive remedial management strategies and hard collection efforts in some high value cases.

While most of the retail loan portfolio consists of lending to the government sector, constrained incomes have resulted in subdued increase of credit in some markets. Corporate and SME borrowers in sectors such as transport, tourism, hospitality, private education and manufacturing have experienced increasing levels of default which are the main drivers of increases in NPL and impairments. Whilst these loans are collateralized by immovable property, adjustments have been made to the expected recovery rates and time to liquidate these assets, as prices remain under pressure and asset disposals take longer to effect.

Several enhancements were made to the ECL model during the year. Some of these enhancements included development of separate PD term structures for stage 1 and stage 2 loans; improving the ECL code to compute a weighted ECL based on base, best and worse-case scenarios to account for non-linearities in the scenarios and to incorporate forward looking information; development of a macro- economic linkage model to estimate changes in macro-economic factors on PD; introduction of a Floor LGD as a minimum ECL appropriate for each of the country portfolios and segmenting the retail secured and unsecured loan portfolios to accommodate for the different PD behaviour of these portfolios.

Share of profit of associates

This represents the Group's 47.68% share of UBN's profit for the 14-month period ended 28 February 2021. The impact of the amortisation of acquisition-related intangible assets is also included.

The Group booked $25.5 million of profit from UBN for the 14-month period ended Feb 2021 compared to $31.2 million for 12-month period ended Dec 2019. The reduction in profit has been due to the change in exchange rate index from Central Bank rate to NAFEX and devaluation of the currency. (Exchange rate on 28 February 2021: NGN410, Exchange rate on December 2019: NGN306).

Statement of financial position review

Loans and advances comprise 22.3% of total assets; Cash, short-term funds and marketable securities represent 10.7%; investment in associate (UBN) balance accounts for 18.1%; goodwill and other intangible assets make up 2.4%; other assets (made up of derivatives, property and equipment, investment property, prepayments and other receivables etc.) make up 4.3% of total assets, while assets included in disposal groups account for the balance of 42.2%.

Total assets contracted by 0.7% reflecting the impact of currency movements in the Group's core markets (Botswana and Nigeria) and the slow-down in business operations resulting from the disruptions caused by COVID-19.

Deposits comprise 29.5% of the total liability base and represent 25.8% of the aggregate of liabilities and equity. The loan to deposit ratio for the period was 86.3% (December 2019: 89.0%).

Loans and deposits

Table 2: Loans and deposits composition by country at 28 February 2021

	28 February 2021 ($'m)		31 December 2019 ($'m)		Var (%)	CC Var (%)	Var (%)	CC Var (%)
	Loans	Deposits	Loans	Deposits	Loans		Deposits	
Continuing operations								
Botswana	549.4	581.5	606.3	662.5	(9.4)	(6.9)	(12.2)	(9.8)
Zimbabwe	18.4	91.0	22.7	61.2	(18.9)	(9.6)	48.7	65.8
Other	12.7	–	15.1	–	(15.9)	(15.9)	–	–
Total	**580.5**	**672.5**	**644.1**	**723.7**	**(9.9)**	**(7.2)**	**(7.1)**	**(3.9)**

Loans and deposits

As presented in Table 2 above, loans and advances to customers declined by 9.9% (7.2% on a ccy basis) while deposits also declined by 7.1% (3.9% on a ccy basis).

Decline in loans and deposits was attributable to the impact of currency devaluation in Botswana and Zimbabwe and the slowdown in business activities due to the COVID-19 pandemic. The economic environment was challenging in the period as a result of the business disruptions caused by the pandemic. Market liquidity constraints in our countries of operations hindered the writing of new loans (as there was a market-wide decline in the demand for credit) and resulted in the loss of some significant deposits.

Term deposits remained the highest contributor to deposits, making up 58.2% of total deposits as at the end of February 2021 (31 December 2019: 72.0%). There was an increase in overnight deposits/interbank borrowings reflecting the tight liquidity situation experienced in Botswana and Zimbabwe.

Credit quality

NPLs as a percentage of the loan book remained constant at 11.4% (31 December 2019: 11.4%). This is due to the impact of the COVID-19 pandemic on business activities which in turn increased the credit risk on the Group's loan portfolio.

Capital position

As at 28 February 2021, all of Atlas Mara's operating banks and affiliates complied with local minimum capital requirements relevant in respective countries, as summarised below.

Table 3: Capital adequacy ratios

	February 2021	December 2019	Regulatory Minimum
Continuing operations			
Botswana	18.4%	18.6%	12.5%
Zimbabwe	35.9%	58.7%	12.0%
Discontinued operations			
Mozambique	12.1%	19.6%	12.0%
Rwanda	23.4%	23.5%	15.0%
Tanzania	12.9%	16.6%	12.0%
Zambia	12.8%	14.3%	10.0%

Investment in associate: UBN

Our total shareholding in Union Bank of Nigeria was 47.68% as at 28 February 2021 compared to 49.97% as at 31 December 2019. The investment is equity-accounted for in the statement of financial position as an investment in associate, with a closing balance of $469.9 million (31 December 2019: $580.6 million). Reduction in carrying value is mainly attributable to the dividend income earned from UBN in the year of $8.5 million and the impact of currency translation losses of $114.2 million.

Goodwill and other intangible assets

The statement of financial position incorporates goodwill and intangible assets of $63.9 million at 28 February 2021 (31 December 2019: $73.0 million). The decline in this balance is attributable to the amortisation for the period as well as currency translation losses on the balances reported by Group's foreign operations (UBN and Botswana).

Statement of equity

The net equity balance of $330.5 million at 28 February 2021 was down from $547.2 million at 31 December 2019. $145.9 million of the reduction was due to FX translation losses taken by the Group during the

14-month period ended February 2021. As of 28 February 2021, the tangible book value of the Group was $2.01 per share (31 December 2019: $2.87 per share) and book value per share of the Group $1.99 (31 December 2019: $2.97).

Segment information

The segmental results and statement of financial position information represents management's view of its underlying operations.

Nigeria: Through our 47.68% stake in UBN and Board representation, Atlas Mara has a footprint in Nigeria, Africa's largest economy. Our share of profit from our stake in UBN is based on UBN's reviewed management accounts for the 14-month period ended 28 February 2021.

Botswana: Represents the Group's 78.15% investment in BancABC Botswana and its subsidiaries. BancABC Botswana has been listed on the Botswana Stock Exchange since 2018. The Group is currently in the process of completing the sale of its stake to Access Bank Plc. This transaction is expected to be completed before the end of the year.

Zimbabwe: Represents the Group's 100% owned investment in BancABC Zimbabwe and its subsidiaries.

Discontinued operations

Our operations in Mozambique, Tanzania, Zambia and Rwanda remain classified as discontinued operations as the Group. On 17 May 2021, the transaction was completed for the sale of African Banking Corporation Mozambique Limited. On 25 August 2021, the transaction was completed for the sale of ATMA shareholding in Banque Populaire du Rwanda Plc ("BPR").

Corporate

Included in this segment are Atlas Mara Limited, the BVI incorporated holding company, Atlas Mara Management Services, the Dubai subsidiary, and all other intermediate Group holding entities, also referred to as the Shared Services and Centre.

Segment report for the period ended 28 February 2021

$'million	Group	Continuing operations				Discontinued operations
		Botswana	Zimbabwe	Nigeria	Corporate	
Total income	186.2	55.4	51.0	–	(53.6)	133.4
Impairment charge on financial assets	(12.2)	(0.6)	(0.8)	–	1.5	(12.3)
Total expenses	(213.1)	(42.5)	(31.1)	–	(16.6)	(122.9)
Net loss on monetary position	(16.9)	–	(13.0)	–	(3.9)	–
Share of profits of associate	25.5	–	–	25.5	–	–
(Loss)/profit before tax	**(30.5)**	**12.2**	**6.2**	**25.5**	**(72.6)**	**(1.8)**
Net change on IFRS 5 remeasurement	(1.4)	–	–	–	–	(1.4)
(Loss)/profit after tax and NCI	**(58.7)**	**6.5**	**(0.4)**	**25.5**	**(78.2)**	**(12.0)**
Loans and advances	580.5	549.4	18.4	–	12.7	–
Total assets	2,608.6	727.9	197.7	470.6	111.0	1,101.4
Total liabilities	2,278.1	619.9	137.1	–	498.5	1,022.6
Deposits	672.5	581.5	91.0	–	–	–
Net interest margin – total assets	3.2%	5.9%	4.2%			
Net interest margin – earning assets	4.7%	6.0%	6.4%			
Cost to income ratio	114.4%	76.8%	60.9%			
Statutory credit loss ratio	1.2%	0.1%	4.4%			
Return on equity	(20.5%)	6.0%	(0.7%)			
Return on assets	(2.3%)	0.9%	(0.2%)			
Loan to deposit ratio	86.3%	94.5%	20.2%			

Segment report for the year ended 31 December 2019

$'million	Group	Continuing operations				Discontinued operations
		Botswana	Zimbabwe	Nigeria	Corporate	
Total income	189.8	50.1	38.3	–	(23.2)	124.6
Loan impairment charge	(11.4)	1.5	(0.2)	–	(0.3)	(12.4)
Operating expenses	(219.5)	(37.4)	(10.5)	–	(33.6)	(138.0)
Net loss on monetary position	(11.1)	–	(11.1)	–	–	–
Share of profits of associate	31.1	–	–	31.2	(0.1)	–
Profit/(loss) before tax	**(21.1)**	**14.2**	**16.5**	**31.2**	**(57.2)**	**(25.8)**
Loss on IFRS 5 remeasurement	(105.5)	–	–	–	–	(105.5)
Profit/(loss) after tax and NCI	**(143.2)**	**8.9**	**7.8**	**31.2**	**(56.4)**	**(134.7)**
Loans and advances	644.1	606.3	22.7	–	15.1	–
Total assets	2,627.4	856.7	161.3	580.6	49.2	979.6
Total liabilities	2,080.2	736.1	107.9	–	362.0	874.2
Deposits	723.7	662.5	61.2	–	–	–
Net interest margin – total assets	3.3%	4.5%	6.1%			
Net interest margin – earning assets	4.7%	5.0%	14.4%			
Cost to income ratio	115.7%	74.6%	27.4%			
Statutory credit loss ratio	1.0%	(0.2%)	0.8%			
Return on equity	(28.5%)	11.2%	14.7%			
Return on assets	(5.5%)	1.3%	4.8%			
Loan to deposit ratio	89.0%	91.5%	37.1%			

Corporate Governance report

Introduction

The governance structures and practices detailed in this Report underpin the Company's purpose and strategic objectives. We believe that building a sound corporate governance framework is the bedrock of the Company. Indeed, although the Company is not required to comply with the UK Corporate Governance Code issued by the Financial Reporting Council in 2018 (the 'Code') because of its standard listing, the Company nevertheless has taken the decision to continue to voluntarily apply the provisions of the Code to the greatest extent possible in order to drive sound decision-making and facilitate effective and prudent management of the Company.

Throughout this report, we highlight our progress to date in complying with the recently revised provisions of the Code that came into force on 1 January 2019. A copy of the revised Code can be found on the FRC's website at https://www.frc.org.uk/directors/corporate-governance-and-stewardship/uk-corporate-governance-code.

In addition, the Company also applies the corporate governance regime applicable to the Company pursuant to the laws of the British Virgin Islands ('BVI'). The corporate governance standards outlined in the BVI Business Companies Act 2004 have been incorporated into the Company's memorandum and articles and association. The Board has also voluntarily adopted a share dealing code which incorporates the provisions relating to transactions in securities by directors and persons discharging managerial responsibilities ('PDMRs') contained in the Market Abuse Regulations (EU 596/2014). The Board is responsible for taking all proper and reasonable steps to ensure compliance with these rules by the Directors and PDMRs.

How We Comply with the Principles of the Code

Although Atlas Mara is a standard listed company on the London Stock Exchange, we continue to work towards achieving conformity with the provisions of the Code where feasible, taking into account the Company's size, operations, markets and strategic objectives. Below we highlight the measures we've taken to comply with the principles set out in the Code and also provide explanations for instances where our practices depart from the provisions set out in the Code.

The first table below sets out how we applied the principles of the Code for the financial year ended 28 February 2021, and the second table below identifies and explains areas where we continue to work towards achieving full conformity with the standards of the Code.

Section of the Code	How we comply
Section 1. Board Leadership and Company Purpose	
A. Generating Long-term Value	– The Board recognises its responsibility for to provide effective oversight of the Company's business for the benefit of all stakeholders. – In response to the unprecedented challenges wrought across the globe and our jurisdictions of operation by the COVID-19 pandemic, the Board met frequently to monitor the health and economic effects of the pandemic on our businesses, as well as the effects of the various mandatory lock downs and government policies on our businesses. The Board also monitored the resilience of the businesses in response to the deep stress wrought upon our operations and customers. The Board ensured a range of tools were available to the operations to help weather the health and economic effects of the pandemic, including the appropriate policy, hygiene and technology tools. – Every year the Board holds a focused strategy session that provides the Directors with an opportunity to reassess the Company's vision and ensure financial and non-financial targets are set in alignment with the Company's overarching purpose and long-term objectives. As previously reported, in the year 2019, the Board undertook a review of the Company's strategic options, assessing the risks and opportunities in the Company's countries of operation to determine the key strategic priorities and actions for 2019 and beyond to drive shareholder value. The process included a review of each banking operation to ensure that top five market leadership is practicably achievable in the near term, or to explore transactions that will reduce risk exposure where such leadership is unlikely on a stand-alone basis. In parallel, the Company was also engaged in a strategic fundraising initiative targeting both debt and equity, to be utilized to support operations as well as address a balance sheet realignment given debt maturities expected in 2020. The strategic review resulted in a number of strategic initiatives aimed at creating a more sustainable business model. In response to the effects of the COVID-19 pandemic which fundamentally affected the strategic transactions, the Board pivoted the strategic priorities to focus on steps that will assure a stable platform and sustainability. – The Board also understands the importance of preserving value through effective risk management and oversight. To this end, the Board continuously works to ensure that internal reporting mechanisms are operating effectively in order to receive timely information relating to emerging material risks affecting the Company's operations, and monitor measures being taken to manage such risks.

B. Aligning Purpose and Culture	– The Board is responsible for setting the right tone at the top and shaping the cultural norms that influence behaviour and decision-making throughout the Company. – In addition to the annual strategy session, the Board sets the tone and regularly monitors culture on an ongoing basis throughout the year. Directors receive regular reports from the Head of Human Capital to enable them to oversee staff-related issues or concerns and measures being taken by management to address them. – Incentive structures are used to encourage the right culture and behaviour. The Board also receives regular reports from the Group General Counsel and Chief Compliance Officer on compliance or as well as on matters which may signal concerns around culture that require close monitoring and action. – Further details on the Company's culture and values can be found on page 23.
C. Effective Controls and Risk Management	– The Audit, Risk and Compliance Committee is responsible for supporting the Board in overseeing the effectiveness of the Company's internal controls and risk management systems. – In response to the challenges presented by the COVID-19 pandemic, the Board received frequent stress testing reports and challenged the scenarios on stress testing of the portfolios and operations of the Company and its subsidiaries. The Board also more frequently monitored risk-mitigation strategies and implemented early warning requirements for a range of matters. – The Committee receives regular updates from the Chief Risk Officer, Head of Internal Audit, Group General Counsel and Chief Compliance Officer and Chief Financial Officer and closely monitors emerging risks identified by management, and oversees the measures being taken to manage such risks. A comprehensive Risk Report can be found on pages 26 to 45. – The Board oversees the Company's digital strategy and monitors the Company's information technology capabilities to ensure effective management of information security, fraud, cyber security risks. – The Board also reviews the Company's infrastructure to ensure it is capable of meeting the short and long-term information technology needs of the Company. – In addition, through the anonymous whistleblowing line externally managed, the company receives reports on matters of concerns which are thoroughly invested and addressed. – In addition, through regular internal and external audits and assessments, the Board oversees areas identified for improvement, which are regularly monitored through reports to the Audit, Risk and Compliance Committee.
D. Effective Stakeholder and Shareholder Engagement	– The Company regularly evaluates its stakeholder engagement practices to identify ways to improve how we connect and communicate with our colleagues, customers, shareholders, regulators, business partners and the communities we operate in. – During 2020, the Chairman of the Board and Executive Management met with many of the major shareholders of the Company to interact on various topics on the minds of the shareholders. – The Board regularly requests reports from management to ensure that the Non-Executive Directors have an understanding of the views of major shareholders and senior management regularly provide updates to the Board to ensure awareness of the issues and concerns of major shareholders. – The Board leverages the Investor Relations Department to keep abreast of shareholder feedback. – The Company's AGM provides an additional platform to engage constructively with our shareholders. The Company's last AGM was held on 30 October 2020. At this meeting, all resolutions put to the shareholders were passed on a poll with votes cast in favour of the proposed resolutions ranging from 82.5% to 100% of the total votes cast. None of the resolutions proposed by the Board at the 2020 AGM received 20% or more votes cast against the resolution.

E. Sound Workforce Policies and Practices	– The Remuneration Committee is responsible for advising the Board in respect of the Company's workforce policies and practices aimed at attracting talented staff and aligning managements with long term interest of the Company. The Committee receives quarterly updates from the Head of Human Capital and monitors how rewards, incentives, terms of employment and disciplinary measures are structured to impact recruitment, retention, development and performance in the workplace. – The company has in place comprehensive work force policies and procedures focused on ensuring the right skills and work practices, fostering diversity, preventing harassment and ensuring sustainability of our businesses. – The Company has put in place measures for staff members to raise concerns confidentially. An anonymous whistleblowing service provides a secure and confidential means for staff and other stakeholders to raise any concerns regarding criminal or unethical activity. Compliance personnel undertake awareness campaigns to ensure staff are aware of reporting procedures and feel encouraged to speak up and utilize the whistleblowing service. – Remuneration Committee as well as the Audit, Risk and Compliance Committee receive regular and comprehensive reports on whistleblowing reports and any issues or internal investigations arising from such reports. The Committee is responsible for monitoring how these issues are being addressed by management.
Section 2. Division of Responsibilities	
F. Role of the Board Chair	– The Board Chair sets the tone for Board discussions, keeping the full board focused on the organization's mission, vision, and strategic direction and facilitating open and constructive dialogue during the meetings and actively inviting the views of all Non-Executive Directors. The Board Chair is responsible for setting the agenda for meetings and manages the calendar and timetable of meetings, leveraging the assistance of the Company Secretary. – The division of responsibilities between the Chair and Chief Executive are clearly defined, however at times the Board has for an interim period deemed it in the best Interest of the Company for the Chair of the Board to act in an executive capacity, in particular given the Board's current focus on the strategic priorities of the Company. – Since 30 April 2019, the Chairman of the Board has served as the Executive Chair, thereby taking on an executive role. In this capacity, the Board Chair is fully abreast of emerging issues, organization's goals and strategies and works together with the executive to achieve the goals of the organization.
G. Board Composition and Independence	– The Board is currently composed of five Directors, two of whom are considered independent. – The Board delegates certain responsibilities to its Committees to assist in discharging its functions. The duties of the Audit, Risk and Compliance Committee, Remuneration Committee and Nomination Committee are set out in writing in each Committee's Terms of Reference, which are available on the Company's website at http://atlasmara.com/about-us/corporate-governance/board-committees/. – The Board also delegates the operational management of the Group's business to the Executive Committee, which executes the strategy set by the Board. – It is a standard agenda item at most Board meetings for the Chairman to hold a session with Non-Executive Directors without the Executive Management in attendance to openly discuss matters relating to the business of the Company. – In 2020, the Chairman held several meetings with the Non-Executive Directors without the Executive Management present, to discuss a number of matters relating to performance and remuneration. – Rachel Robbins serves as the Board's Senior Independent Director. The Senior Independent Director and the Independent Directors constructively and rigorously challenge the Executive Management team on matters important to all stakeholders. The Independent Board members also hold regular Interaction with senior management to receive reports on various matters.

H. Time Commitment

- On appointment, Directors are notified of the time commitment expected from them in discharging their duties. Directors are also expected to disclose any jobs, external directorships or similar commitments so that an assessment of available time and commitment can be independently made by the Company.
- Following their appointment, any external directorships, which may impact on the existing time commitments of the Directors, must be agreed with the Chairman in consultation with the Company Secretary.
- The Board meets regularly to discharge its duties with meetings held at least once a month, and in-person every quarter.
- During the reporting period, the Board and Committees held an aggregate of 28 meetings and received frequent written updated in between meetings in order to remain fully abreast of the dynamic and everchanging challenges wrought by the COVID-19 pandemic. Meeting attendance by the Directors has been high for all meetings held during this period, as further detailed on page 22.

I. Information and Support

- Directors have access to independent professional advice to discharge their responsibilities as and when required and also ensure that the Board is kept up to date on regulatory developments and corporate governance requirements.
- The Board receives monthly written and verbal reports on the performance of the operating businesses, key or emerging risks, engagement with key stakeholders, and progress made in implementing key strategic initiatives. At each monthly Board meeting, the Board has an opportunity to engage and challenge management on these matters.

Section 3. Composition, Succession and Evaluation

J. Appointments to the Board

- The Nomination Committee leads the process for Board appointments and ensures that the Board and its Committees have an appropriate balance of skills, experience, availability, independence and knowledge of the Company to enable them to discharge their responsibilities effectively.
- The Nomination Committee takes into account a variety of factors including skills and experience needed to enhance diversity on the Board. Each Board candidate is interviewed by the Non-Executive Directors and relevant members of the Executive Committee prior to appointment.
- During 2020 the Committee spent time reviewing the composition of the Board and its Committees with a keen focus on ensuring that the Board was composed of the appropriate skills to deliver on the strategic initiatives.
- Amadou Raimi stepped down from the Board in 2020.Following this change, it was vital for the Committee to rigorously assess the balance of skills and expertise on the Board and its Committees and make recommendations to the Board on Committee reassignments as necessary, to ensure each Committee was appropriately composed. The Committee concluded that the current number of Board members was the right size to help achieve the Company's goals while also being consistent with corporate governance requirements.
- The Committee oversaw the nomination process for Jawaid Mirza, to the chairmanship of the Audit Risk and Compliance Committee.
- The Committee acknowledges the need to continue to improve gender balance and diversity across the Board and senior management team. The Committee will continue to seek opportunities to address diversity and inclusion.
- The Committee will also continue to ensure that our Directors are well-equipped to provide the appropriate oversight to meet the challenges wrought upon the globe by the COVID-19 Pandemic.
- The Committees Terms of Reference are available on the Company website at http://atlasmara.cI-us/corporate-governance/board-committees/.

K. Board Composition and Skills

- The Board is currently composed of five Directors who possess the right mix of skills, background and knowledge relevant to driving the company's strategic imperatives, and the particular challenges and opportunities faced by the Company.
- Michael Wilkerson, the current Chairman of the Board, assumed the position of Board Chair in February 2019 and has held the position for less than nine years.
- Although not applicable to the Company at this time, In accordance with the company's policy, any non-executive Director who has served for more than nine years will be thorough reassessed and only presented for annual re-election if consistent with the strategic requirements.

L. Board Evaluation

- Every year, the Board conducts a formal and rigorous evaluation of its own performance and that of its Committees and individual Directors. The annual evaluation is an important exercise that offers valuable insight into how effectively the Board is working together to achieve its objectives.
- The Board Chair works with the Group General Counsel and Company Secretary to oversee the annual evaluation process. The Board evaluation is tailored specifically for the Company and designed to elicit constructive feedback and identify areas that are working well and those requiring improvement.
- Considering the challenges posed by the COVID-19 pandemic, the 2020 Board evaluation did not take place.

Section 4. Audit, Risk and Internal Controls

M. Internal and External Audit

- The Audit, Risk and Compliance Committee is responsible for reviewing and reporting to the Board on the Group's financial performance, audit matters, internal controls and risk management systems, the Company's compliance with legal and regulatory requirements, and the independence and effectiveness of the external auditors.
- The Committee meets regularly throughout the year and at every meeting receives detailed reports from the Company's CFO, Head of Internal Audit, Chief Risk Officer and Group General Counsel and Chief Compliance Officer.
- The Chairman of the Committee provides regular updates to the Board following every Committee meeting. The Chairman of the Committee also regularly monitors the Company's financial reporting processes, meeting with the external auditors every quarter and providing updates to the Board. In addition, the Chairman of the Audit Committee receives one-on-one updates from the Head of Internal Audit, Chief Financial Officer and Group General Counsel, on a regular basis.
- Full details on the Committee's duties and responsibilities are set out in its Terms of Reference, which are available on the Company's website at http://atlasmara.com/about-us/corporate-governance/board-committees/
- During the reporting period, the Committee focused on the following matters, especially as it relates to the preparation of the consolidated financial statements of the Atlas Mara Group.
  - Provided oversight, ensuring the balanced nature and reliability of accounting estimates.
  - During the year, the Committee focussed on the following estimates specifically and performed the activities as set out below:

Credit impairments

- Reviewed, discussed and assessed the detailed credit risk report presented by the head of risk on a quarterly basis.
- Received frequent stress-testing reports on the portfolio and operations, especially to mitigate risks in response to the COVID-19 pandemic
- Challenged management's assumptions specifically in terms of high risk portfolios and appropriateness of impairments held against specific large exposures.

Valuation of financial instruments

- The committee reviewed and assessed the report presented by management and challenged management on the appropriateness of the assumptions and inputs applied in determining the calculations.

Valuation of investment in associate

- Reviewed and debated the valuation report presented by management.
- Challenged management's assumptions and inputs, especially those related to the exchange rate and risk adjusted discount rate.

Goodwill impairment assessment

- The Committee reviewed the financial forecasts and challenged management's assumptions and inputs, especially those related to the exchange rate and risk adjusted discount rate.

Valuation and ongoing or new classification of the assets and related liabilities included in disposal groups held for sale

- Evaluated and challenged assumptions and inputs used by management in determining the classification and fair values of the assets and related liabilities of the disposal groups held for sale in line with *IFRS 5 Non-current Assets Held for Sale and Discontinued Operations*.

Events after the reporting date

- Reviewed management's justification for treating the event as a non-adjusting event in the 28 February 2021 consolidated financial statement.

Going Concern

- Reviewed and debated the key risks to the going concern of the Group.
- Reviewed and challenged the cash flow forecast presented by management for the holding company and Group.
- Reviewed and challenged assumptions in respect of committed obligations and the impact of the terms of debt restructuring agreement concluded on 14 July 2021.

Assessment of the External Auditor

During the reporting period, the committee monitored the performance, objectivity and independence of the external auditor, KPMG Inc, including:

- assessment and determination of the scope of KPMG's Group Audit Plan
- approval of the terms of the audit engagement letter and approved, on behalf of the Board, the audit fees payable;
- meetings with the KPMG audit partner to discuss external auditor's findings with which KPMG handled the key accounting and audit judgements
- assessment of the independence of the external auditor, including a review of the non-audit services provided;
- Assessment of any other matters that could potentially affect the independence of the auditor.
- As a result of the need for frequent Board meetings in response to the pandemic and the strategic initiatives, the Committee met less frequently on a standalone basis and instead received frequent updates on a full range of audit matters during the full Board meetings.

N. Financial Reporting

- In accordance with its terms of reference, the Committee is also responsible for reviewing the financial accounts of the Company and advising the Board on whether, taken as a whole they are fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's performance, business model and strategy.
- Every annual report includes a Statement of Directors Responsibilities which explains the responsibility Directors have in preparing the Annual Financial Statements and the Group financial statements in accordance with applicable law and regulations. The Statement of Directors Responsibilities for the reporting period can be found on page 51.
- The Board's responsibilities in financial reporting include assessing the Group's ability to continue as a going concern and disclosing, as applicable, matters related to going concern. A statement from the Directors on the going concern of the Company is set out on pages 46 – 47 and 52 .

O. Risk Management and Internal Controls

- The Audit, Risk, and Compliance Committee Board assists the Board in Its oversight of current risk exposures and future risk strategy and assists the Board in monitoring and reviewing the effectiveness of the credit and risk functions in the context of Company's overall risk management framework. The Committee also monitors the Company's capability to identify and manage emerging risks and overall effectiveness of the Company's internal financial controls and internal controls and risk management systems.
- Every annual report includes a comprehensive Risk Report that sets out the Group's risk management objectives, approach to measuring and managing risk, and an assessment of risk covering the applicable reporting period.
- The Risk Report for the reporting period can be found on pages 26 to 45.

Section 5. Remuneration	
P. Aligning Remuneration Policies and Practices to Long-term Success	– The Remuneration Committee is responsible for setting and overseeing policies on matters relating to remuneration practices and ensuring they remain relevant and aligned with the Company's strategy, talent acquisition, risk appetite, and long-term objectives of the Company. – In accordance with its Terms of Reference, the Committee's responsibilities include setting and reviewing the remuneration policy for all directors and the Executive Management team. – The Committee also advises the Board on the Company's human resources policies, staff recruitment criteria, staff development, compensation and benefits, health and safety, performance evaluation and promotion criteria, gender equality, discipline and grievance procedures, diversity, and the overall wellbeing of employees. – Full details on the Committee's duties and responsibilities are set out in its Terms of Reference, which are available on the Company's website at http://atlasmara.com/about-us/corporate-governance/board-committees/. – During the reporting period, in response to the challenges wrought by the pandemic, the Committee spent time: ○ receiving reports on the health and welfare of the employees, and approved policies to facilitate rapid response to the everchanging and dynamic work environment as a result of the pandemic; ○ monitoring the rates of COVID-19 infections among our employees and received reports on testing and isolation of employees that were affected; ○ approved policies to facilitate a seamless transition to work-from home. As a result of the policy changes and tools made available to them, although many of our employee were affected by the mandatory work from home policies imposed by governments in several jurisdictions of operation for several consequent months, the employees were able to continue seamlessly continue to work and serve our customers while working from home; and ○ providing oversight in the application of the Company's remuneration policy to ensure continued alignment with shareholder interests, by determining the appropriate balance between immediate and deferred remuneration for senior management of the Company. – As a result of the need for frequent Board meetings in response to the pandemic and the strategic initiatives, the Committee met less frequently on a standalone basis and instead received frequent updates on Human Capital matters during the full Board meetings.
Q. Executive Remuneration	– The Remuneration Committee determines the compensation of executive management team, as well as the Executive Chair, and sets policies which create align incentives and rewards with setting the right tone and delivering on strategic goals. – The Executive Management do not participate in Board discussions relating to their own remuneration. The Remuneration Committee and the Board meet in an executive session when determining the compensation of the Executive team.
R. Remuneration Policies and Practices	– The Remuneration Committee oversees the remuneration policy of the Company and ensures its alignment with the Company's business strategy and objectives, risk appetite, values, and the long-term interests of the Company and its shareholders. The Committee oversees the Company's human resource policies. The Committee also reviews the design of, and targets for, any performance-related pay schemes, and all share incentive plans operated by the Company. – In making compensation decisions, the Committee reviews proposals from management and quantitative market data. The Committee relies on its own knowledge and business judgement to review and challenge management proposals and make compensation decisions. The full terms of reference of the Committee covering the authority delegated to it by the Board are available on the Company's website at: www.atlasmara.com.

Areas of the Code that the Company Continues to Work On

The table below sets out areas where the Company continues with efforts to achieve conformity with the Code and explanations for any areas of deviation.

Section of the Code	Provision of the Code	Explanation for Areas of Non-Compliance
2. Division of Responsibilities	Provision 5	– The corporate governance requirements set out in section 172 of the Companies Act 2006 do not apply to Atlas Mara since the Company is incorporated in the BVI and holds a standard listing on the London Stock Exchange.
2. Division of Responsibilities	Provision 9	– Michael Wilkerson was appointed as Executive Chairman of the Board effective 6 February 2019. While Michael Wilkerson is not independent, the Board elected to appoint him as Chairman of the Board to ensure continuity in executing the Company's strategic priorities. With Michael as CEO of Fairfax Africa Holdings Corporation ("Fairfax Africa"), the largest shareholder of Atlas Mara, it reflects the commitment of our largest shareholder to the strategic priorities to accelerate the transformation of the Group and create shareholder value. Michael Wilkerson will remain Chairman of the Board for the foreseeable future to help oversee the implementation of the Board's recently announced strategic priorities and actions.
2. Division of Responsibilities	Provision 12	– In accordance with our standard Board evaluation practices, the Board Chair's performance is appraised every year when the Directors conduct their annual Board evaluation. In light of the challenges presented by the COVID-19 pandemic in 2020, an appraisal of the Board Chair's performance during did not take place.
3. Composition, Succession and Evaluation	Provision 17	– The Nomination Committee is currently composed of four members, two of whom are considered independent. While less than a majority of the Committee members are independent, the composition of the Committee is appropriate in light of recent changes to the Board's composition as well as the recently announced strategic priorities of the Board. Importantly, the Committee has continued to discharge Its duties effectively, and notably regularly interacting and contributing to important strategy decisions. As and when additional Directors are appointed to join the Board, Committee compositions will be reassessed to identify opportunities to appoint additional independent Directors to the Nomination Committee. The Board recognizes the importance of improving diversity on the Board and senior management team and remains committed to addressing any gaps in its future appointments and succession plans.
3. Composition, Succession and Evaluation	Provision 21	– In light of the challenges posed by the COVID-19 pandemic, the 2020 Board evaluation did not take place.
3. Audit, Risk, and Internal Control	Provision 24	– The Audit, Risk and Compliance Committee is currently composed of four members, three of whom are considered independent. While not every member of the Committee is independent, the Board is satisfied that at least a majority of the Committee's members are independent and that the Committee as a whole is appropriately composed with members that bring the financial skills and knowledge required to effectively carry out their duties.
4. Remuneration	Provision 32	– The Remuneration Committee is currently composed of three members, one of whom is considered independent. While not every member of the Committee is independent, the composition of the Committee is appropriate in light of recent changes to the Board's composition as well as the recently announced strategic priorities of the Board. Notably, the current Committee Chair, Rachel Robbins, is an independent Director, and the Board is satisfied that the Committee as a whole brings the knowledge and experience required to effectively carry out its duties. Importantly, the Committee has continued to discharge its duties effectively, and notably regularly interacting and contributing to important strategy development and execution decisions, as well as overseeing efforts to right size the company to align with the Board's strategic priorities.

5. Remuneration	**Provision 34**	– As at 28 February 2021, the former Chairman of the Board, Bob Diamond, held stock options which were awarded to him as part of a new Management Incentive Plan that was put in place pursuant to the terms of the strategic financing transaction executed between the Company and Fairfax Africa, which closed on 31 August 2017. The current Chairman of the Board, Michael Wilkerson, does not hold stock options.
6. Remuneration	**Provision 41**	– As a BVI-incorporated company and with its standard listing on the LSE, Atlas Mara is not required to comply with the full disclosure requirements of the provision and have complied only to the extent required by IFRS or as disclosed on page 102.

Leadership

Overview of governance structures

The Board of Directors oversees the business of Atlas Mara on behalf of the Company's shareholders. The Board is accountable for the long-term success of the Company and delivery of sustainable value to shareholders. The Board sets the right tone and provides leadership of the Company within a framework of prudent and effective controls to appropriately assess and manage risks. The Board has delegated certain responsibilities to Board Committees to assist it with discharging its duties. Additionally, the implementation of matters approved by the Board and oversight of the day-to-day operations of the Company is delegated to the Atlas Mara Executive Committee ('EXCO'), which consists of senior management from the Company's key business lines and functional areas. Following recent changes made at the senior management level, in 2020 Atlas Mara's Executive Committee consisted of Michael Wilkerson, as Chairman of the Executive Committee, Muhammad Omar Khan (Group CFO); Beatrice Hamza Bassey (Group General Counsel); Kenroy Dowers (Group MD Strategy and Corporate Development); Sanjeev Anand (Group MD Retail and Commercial Banking) and Jonathan Muthige (head of Human Capital).

Role of the Board

Specifically, the Board:
- sets and reviews the strategy and risk appetite for the Company;
- oversees corporate governance activities of the Company, as well as compliance with the Code and any other corporate governance code the Board considers appropriate from time to time, as well as disclosures on corporate governance in the Annual Report and Accounts;
- defines the Company's purpose and shared values, and promotes and monitors its culture;
- approves capital and operating plans presented by management for the achievement of the strategic objectives it has set;
- selects and evaluates the CEO and selected senior management hires;
- sets the remuneration policy of the Company and approves the remuneration of the Executive Management team, as well as the remuneration of the Board;
- is responsible for the Company's preparedness to respond in the event of a crisis;
- oversees and approves major investments; and
- reviews annually the Board's terms of reference and its own effectiveness.

The Board is also responsible for ensuring compliance with the general secretarial functions required under the BVI Companies Act and for compliance with the Company's continuing obligations as a company listed on the Official List and trading on the main market of the London Stock Exchange. The Company's company secretarial functions are performed and managed by the General Counsel, who has been approved as Company Secretary pursuant to BVI legal requirements.

Matters reserved for the Board

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

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

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

Composition of the Board

As at 28 February 2021, the Board was comprised of five members: the Chairman and four Non-Executive Directors. Effective 7 October 2020, Amadou Raimi, Chair of the Audit Committee, retired from the Board of Directors of the Company. Following this change, the Board is currently comprised of 5 members: Michael Wilkerson, as Chairman of the Board, and Bob Diamond, Rachel Robbins, , Simon Lee, and Jawaid Mirza as Non-Executive Directors. Further details on the Board of Directors and its composition are set out on page 48.

Meetings of the Board

The Board holds regularly scheduled meetings every month with in-person meetings scheduled each quarter, however, following the impact of the Covid 19 Pandemic related travel restrictions, all meetings were conducted via telephone conference In 2020, special meetings were held in between scheduled meetings as often as necessary in order to enable the Board to fulfil its role or to consider and approve corporate activity of the Company. The Directors allocated sufficient time to the Company to perform their responsibilities effectively which includes time to prepare for Board meetings and review information packs circulated to the Board ahead of each meeting. During the reporting period, the Board and its Committees held 28 meetings in the aggregate. Board and Board Committee meetings are conducted in accordance with the articles of association of the Company.

The Board information packs include detailed reports with updates on the following key areas: financial performance; risk management; Internal Audit; legal, compliance and regulatory matters; banking and operations; Fintech and digital; global markets and treasury; and corporate development and strategic initiatives. The reports shared with the Board are agreed and prepared by in consultation with the Chairman of the Board and Chairs of the respective Committees. The Board also receives quarterly reports from external auditors. The management also makes available ad hoc information at the Board's request and endeavours to do so in a timely manner to ensure the Board has sufficient time to review materials.

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

The tables on page 22 set out the attendance by Directors at Board and Committee meetings during the reporting period.

Committees of the Board

The Board has delegated authority to its Committees to undertake various tasks on its behalf and to ensure compliance with regulatory requirements. This enables the Board to operate efficiently. The Board Committee terms of reference were drafted with the aim of promoting best practice in corporate governance. A summary of the terms of reference for each Committee is set out below. The full terms of reference are available on our website http://atlasmara.com/about-us/corporate-governance/board-committees/.

Committee	Role and terms of reference	Minimum meetings per year
Nomination	Leads the process for Board appointments and ensures that the Board and its Committees have an appropriate balance of skills, experience, availability, independence and knowledge of the Company to enable them to discharge their responsibilities effectively.	At least twice per year, and more frequently as requirements dictate.
Audit, Risk and Compliance	Reviews and reports to the Board on the Group's financial reporting, internal controls and risk management systems, the Company's compliance with legal and regulatory requirements, internal audit and the independence and effectiveness of the external auditors.	At least four times a year in person at appropriate intervals in the financial reporting and audit cycle and otherwise as required.
Remuneration	Advises the Board on developing an overall remuneration policy that is aligned with the business strategy and objectives, risk appetite, values and long-term interests of the Company, recognising the interests of all stakeholders.	At least four times per year, and more frequently as requirements dictate.

Board and Committee meetings

The attendance of Directors at Board and Committee meetings during 2020 is set out below.

Board meeting attendance in 2020[1]	
Michael Wilkerson	20 (20)
Robert E. Diamond, Jr.	21 (21)
Rachel F. Robbins	21 (21)
Amadou Raimi[1]	7 (7)
Simon Lee	19 (20)
Jawaid Mirza	21 (21)

In attendance Absent

Note:
1. Amadou Raimi stepped down from the Board effective 7 October 2020
2. Board meetings in 2020 covers period from 1 Jan 2020 to 28 February 2021.

Audit, Risk and Compliance Committee meeting attendance in 2020[1]	
Amadou Raimi[1]	4 (4)
Rachel F. Robbins	5 (5)
Simon Lee	5 (5)
Jawaid Mirza[2]	5 (5)

In attendance Absent

Note:
1. Amadou Raimi stepped down from the Board effective 7 October 2020
2. Jawaid Mirza assumed the role of chairman of the Committee effective 7October 2020.
3. Audit, Risk and Compliance meetings in 2020 covers period from 1 Jan 2020 to 28 February 2021.

Remuneration Committee meeting attendance in 2020	
Rachel Robbins	2 (2)
Robert E. Diamond, Jr.	2 (2)
Michael Wilkerson	2 (2)

In attendance Absent

1. Remuneration Committee meetings in 2020 covers period from 1 Jan 2020 to 28 February 2021.

Nomination Committee meeting attendance in 2020[1]	
Robert E. Diamond, Jr.[2]	1 (1)
Simon Lee	1 (1)
Rachel F. Robbins	1 (1)
Jawaid Mirza	1 (1)
Michael Wilkerson	1 (1)

In attendance Absent

1. Nomination Committee meetings in 2020 covers period from 1 Jan 2020 to 28 February 2021.

Strategy and Corporate Development

- Undertook an assessment of the key priorities and actions for 2020.
- Considered and approved strategic transactions, including potential M&A transactions involving certain banking assets of the Company.
- Continued to monitor progress with implementing strategic priorities throughout the year.
- Ensured strategic objectives were designed to preserve value for shareholders.
- Considered and approved leadership and organisational changes aimed at repositioning the Company.
- Reviewed the capital and funding structure of the Group's businesses and assessed strategic proposals for enhancing growth and financial performance.
- Oversaw the repositioning of the business and discussions aimed at restructuring of the Company's balance sheet.

Financial and operational performance of Retail & Commercial Banking Division

- Provided leadership and oversight to weather the effects of the challenges presented by the COVID-19 pandemic including frequent stress testing and meetings to provide direction on ever changing environment.
- Assessed management proposals for addressing key macroeconomic challenges impacting financial performance and addressing the health and economic effects of the pandemic.
- Received and reviewed regular updates on the operating environment and key drivers of the Company's performance.
- Assessed and monitored the financial performance of the Company and its operating subsidiaries against the targets set for 2020.
- Assessed and approved financial statements to be released to the market.
- Oversaw efforts to further streamline the holding company and remove centralised cost structures
- Monitored implementation of IFRS 9 requirements.
- Assessed the liquidity and solvency of the Company.
- Considered and approved capital injections into subsidiaries to capitalise subsidiaries to meet regulatory capital requirements where needed.
- Considered and approved cost control and growth initiatives to drive financial performance of the Company.

Risk and Governance

- Provided oversight and advice on the Company's risk strategy and effectiveness of the overall risk management framework.
- Reviewed and received reports on risk management and key risk exposures.
- Considered and discussed proposals to enhance internal controls and risk management systems.
- Reviewed and monitored effectiveness of the Company's compliance policies and procedures.
- Provided oversight over the implementation of the Company's compliance program.
- Monitored adherence to the Board Committee terms of reference.
- Discussed key regulatory engagement and interactions.

Shareholders and Investors

- Engaged with shareholders through proactive and Intensive Investor relations programme of conference calls and regular updates.
- Engaged with shareholders in connection with fundraising initiatives, including prospective divestments targeted at ensuring focus on the core business of the Company.
- Discussed shareholders' views and concerns on a regular basis.
- Discussed share price performance and investor feedback.

People, Culture and Values

- Focused on leadership and culture during challenges wrought by the pandemic.
- Monitored ongoing implementation of the Company's People Agenda, aimed at embedding the Company's purpose, culture and values across the group, and engaging and re-energising staff around a common vision and unified people proposition.
- Considered and reviewed compensation structures of senior management to ensure alignment with values and interests of the Company.
- Monitored implementation of cost-rationalisation projects to ensure operational stability and effective engagement with staff impacted by organisational changes.
- Provided oversight over the Company's human resource policies and received regular updates on staff recruitment and performance.
- Monitored ongoing efforts to standardise human capital policies and procedures across the group.
- Reviewed incentive structures to ensure alignment with the Company's purpose, vision and culture.

Effectiveness

Independence

Following the previously reported changes to the Board's composition during 2019, the Board currently consists of the Chairman and four Non-Executive Directors, three of whom are considered to be independent. The two Independent Non-Executive Directors on the Board are: Rachel F. Robbins and Jawaid Mirza.

Robert E. Diamond, Jr., Non-Executive Director on the Board, is a co-founder of the Company and an affiliate of AFS Partners LLC, one of the Founding Entities of the Company that holds Founder Preferred Shares issued by the Company at the time of its incorporation. Bob Diamond is not considered independent by virtue of his role in founding the Company

Out of the 5 current Board members, two were appointed to the Board pursuant to the terms of the strategic financing transaction executed between the Company and Fairfax Africa in August 2017: Michael Wilkerson and Simon Lee. Under this strategic partnership, Fairfax Africa was granted certain rights to appoint Directors to the Company's Board, which were incorporated into the Articles of the Company and approved by the shareholders of the Company at an extraordinary general meeting held on 14 July 2017. These 2 Directors are not considered independent by virtue of their appointment to the Board by Fairfax Africa, which holds a substantial minority interest in the Company.

Following recent changes to the composition of the Board, half of the Board members, excluding the Chairman, are considered independent as defined by the 2018 Code. In light of ongoing strategic initiatives, the composition of the Board will remain as is, until such time the Board determines appropriate to initiate a search for additional independent Board members.

Director election

The Code recommends that all Directors be subject to annual re-election by the shareholders. At the Company's last AGM, all Directors were submitted for re-election by the shareholders and were re-appointed accordingly.

Diversity

Atlas Mara remains committed to promoting diversity across the Group, however the Board acknowledges the need to improve gender balance across the Board and senior management team. The Company's policy on diversity is embedded in the Group's Human Capital Policy, which outlines key principles and guidelines for enhancing diversity and inclusivity at all levels within the organisation. Achieving balanced representation is important for encouraging meaningful dialogue and empowering staff, Management and Directors to work towards the Company's common strategic objectives. Further details on our values and culture, and commitment to diversity in the workplace, can be found on page 23.

Accountability

Risk management

The Board recognises its responsibility with respect to risk management with a particular focus on determining the nature and extent of the Company's risk appetite for achieving its strategic objectives.

The Audit, Risk and Compliance Committee takes responsibility for overseeing the effectiveness of sound risk management and setting the framework. The Board is very clear that risks and uncertainties are a necessary facet of the businesses in which we operate. Within this context, the Board trusts and empowers the Company's management and employees to manage risks, providing a framework designed to provide reasonable assurance that our resources are safeguarded and that the risks and uncertainties facing the business are being properly assessed, managed and mitigated.

Internal controls

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

During 2020, the Company's management continued efforts to strengthen internal controls and ensure a sound internal controls environment is established and adhered to by all the Company's subsidiaries. The Audit, Risk and Compliance Committee provided close monitoring and review of progress being undertaken by Management to improve internal controls. Management will continue to strive to ensure key issues are brought to the attention of the Committee and the Board.

The Board and the Audit, Risk and Compliance Committee has carried out a review of the effectiveness of the system of internal controls during the period ended 28 February 2021 and for the period up to the date of approval of the consolidated financial statements contained in the Annual Report. The review covered all material controls, including financial, operational and compliance controls, and risk management systems. The Board confirms that the actions it considers necessary have been, or are being, taken to remedy any significant weaknesses identified from its review of the system of internal control. This has involved considering the matters reported to it and developing plans and programmes that it considers are reasonable in the circumstances. The Board also confirms that it has not been advised of material weaknesses in the part of the internal control system that relates to financial reporting.

Relations with shareholders

The Board emphasises the importance of communicating with its shareholders to ensure that its strategy, business model and performance are clearly understood and that it remains accountable to shareholders.

Responsibility for maintaining regular communications with shareholders rests with the CFO and other members of the Executive team, as appropriate. Additionally, Atlas Mara has made available the Chairman of the Board and the Senior Non-Executive Director to investors reflecting our desire to promote shareholder access to the Company. The Company sets itself the target of providing information that is timely, clear and concise. We have a programme of communication with shareholders based on our financial reporting calendar, including the Interim and Annual Report, AGM and the Investor Relations section of the corporate website at http://atlasmara.com/investor-relations/.

Investor activity during the last financial year included:
- earnings calls for investors, analysts and stakeholders in conjunction with key financial announcements;
- attendance at various investment bank-sponsored institutional investor conferences;
- investor briefings and meetings held virtually; and
- ad hoc meetings with the Chairman of the Board and other Non-Executive Directors on request, where calendar and regulatory requirements allow.

To further support engagement with our shareholders, the senior management team arranged meetings for investors in our countries of operations including meetings with the Company's local management teams.

Risk report

The Group operates in an environment where taking considered business risks within the jurisdictions in which we operate is key to delivering on our strategy and to delivering value to shareholders.

In executing our business strategy, it is important to navigate uncertainties deftly, to optimise growth opportunities and to ensure that attendant risks fall within the Group's risk appetite framework of whichever risk type, with appropriate risk mitigants in place.

Group risk management objectives

The Board recognises that it is ultimately responsible and accountable to shareholders for:
- the process of risk management and the systems of internal control;
- identifying, evaluating and managing the significant risks faced by the Group;
- ensuring that effective internal control systems are in place to mitigate significant risks faced;
- ensuring that a documented and tested process is in place to allow the Group to continue its critical business in the event of a severe incident impacting its activities; and
- reviewing the efficacy of the internal control system.

The Group risk management function, as mandated by the Board of Directors is to:
- coordinate risk management activities across the organisation, by ultimately becoming the custodian of Atlas Mara's risk management culture;
- analyse, monitor and manage all aspects of exposures across risk classes;
- ensure risk parameters and limits are set, approved and implemented and ensure that they are consistently adhered to; and
- facilitate various risk management committees as part of the Group's risk management process.

The Group's approach to risk management

The Group's approach to risk management involves a number of fundamental elements. The procedures and methodology are enshrined in the evolving Atlas Mara Enterprise-wide Risk Management ('ERM') Framework.

The Group's risk appetite sets out the level of risk that the Group is willing to take in pursuit of its business objectives. This risk appetite is calibrated against the Group's broad financial targets including profitability and impairment targets, dividend coverage and capital levels. The Group's risk methodologies include systems that enable the Group to measure, aggregate and report risk for internal and regulatory purposes in line with best practice.

ERM in business includes the methods and processes used by organisations to manage risks and identify opportunities related to the achievement of their objectives. ERM provides a framework for risk management, which typically involves identifying particular events or circumstances relevant to the organisation's objectives (risks and opportunities), assessing them in terms of likelihood and magnitude of impact, determining a response strategy, and monitoring progress.

The Group's risk management framework defines the risk management Principles and Standards followed by the Group. These Principles and Standards ensure that risks are consistently managed throughout the Group through a set of internal controls. The Principles and Standards also ensure that risk awareness filters down through every level of the Group, and that every employee understands their responsibility in managing risk. At each operating subsidiary entity, the following sub-committees, comprising executives and senior management, are responsible for dealing with the risks facing the Group in a structured manner:

- Executive Credit Committee ('EXCO Credit') – responsible for credit risk;
- Assets and Liability Committee ('ALCO') – responsible for interest rate, market, liquidity, counterparty, currency and capital adequacy risk; and
- Operational Risk Committee ('ORCO') – responsible for technology, compliance, legal, human resources, reputational, operational and regulatory risk.

Atlas Mara has adopted the three lines of defence model to address how specific duties related to risk and control can be assigned and coordinated within the various business units. The model's underlying premise is that, under the oversight and direction of senior management and the Board of Directors, three separate groups (or lines of defence) within Atlas Mara are necessary for effective management of risk and control.

The three lines of defence are:
- Business operations;
- Risk and control functions; and
- Internal audit.

Each of the three lines plays a distinct role within Atlas Mara's wider governance framework. When each performs its assigned role effectively, the prospects of Atlas Mara being successful in achieving its overall objectives are highly enhanced.

Risk report

Role of Atlas Mara Group Risk Management
Atlas Mara Group Risk Management is responsible for maintaining a culture of risk awareness throughout the Group. While each business unit is primarily responsible for managing its own risks, Group Risk Management independently monitors, manages and reports on all risks facing the Group, as mandated by the Board of Directors. It coordinates risk management activities across the Group to ensure that risk parameters are properly set and adhered to across all risk categories and in all Group companies. It also ensures that all risk exposures can be measured and monitored across the Group. Managing risk effectively is one of the key drivers of the Group's continuous investment in technology. Group Risk Management continually seeks new ways to enhance its risk management techniques.

It also updates the Group risk management framework on a regular basis to reflect new policies adopted by the Board of Directors. Group Risk Management overseeing the banking operations regularly reports to the Atlas Mara Executive Committee and the Atlas Mara Board Audit, Risk and Compliance Committee, to provide the Board with assurance that risks are being appropriately identified, managed and controlled. Group Risk Management is headed by an executive manager who reports to the Group CEO of banking subsidiaries who in turn reports to the Executive Chairman.

The Board has approved the Group risk management framework which applies to all Group companies and deals with enterprise-wide risk and governance protocol. Risk management in the Group is underpinned by governance structures as well as risk ownership, identification and evaluation. Ownership and management of risks begins in the business units of each subsidiary, who identify and evaluate risks particular to their function. Group Risk Management reviews actions taken by business units to mitigate identified risks.

Each subsidiary or business unit produces risk reports which along with the detailed risk information provided by Group Risk Management, is discussed by the Board. The risk reports present a balanced assessment of significant risks and the effectiveness of risk management procedures, and management actions in mitigating those risks.

Credit risk

Credit risk is the risk of loss to the Group from the failure of clients, customers or counterparties, to fully honour their obligations to the Group, including the whole and timely payment of principal, interest, collateral and other receivable. Credit risk management is the most significant risk to which the Group is exposed to.

Significant changes in the economy, or in the health of a particular industry segment that represents a concentration in the Group's portfolio, could result in losses that are different from those provided for at the reporting date. Country (or Sovereign) risk is part of overall credit risk and is managed as part of the credit risk management function as it has a major impact on individual counterparties' ability to perform. Management therefore carefully manages its exposure to credit risk.

Credit exposures arise principally in loans and advances, debt securities and other similar instruments. There is also credit risk in off-balance sheet financial arrangements such as loan commitments and guarantees. The Group Risk team reviews subsidiary risk exposures regularly and reports to the Atlas Mara Board of Directors.

Credit risk management and strategy
Credit risk is managed across the Group in terms of its Board approved risk management framework, encompassing credit principles and standards, mandate limits and governance structures.

The governance structures mandated with accountability for loan approvals, monitoring and risk management include the following:
- In Country Management Committee Credit Committee (Manco Credit Committee) (including BancABC entities and BPR).
- In Country Board Credit Committee including (BancABC entities and BPR).
- ABCH Group Credit Committee.
- ABCH Board Credit Committee.
- ABCH Board Loans Review Committee.

Atlas Mara Group credit risk management objectives are to:
- enable sustainable asset growth in line with the Group Risk appetite;
- optimise credit governance and operational structures;
- create a robust control environment;
- invest in skills, training and appropriate experience;
- simplify risk management processes;
- implement and refine appropriate models for credit granting;
- improve early warning, problem recognition and remedial management capability; and
- improve credit policies and governance framework.

The Board has defined and documented a credit policy for the Group which forms the basis of credit decisions. This policy includes a framework of limits and delegation of credit approval authority which are strictly adhered to. No one individual has the power to authorise credit exposures. Each subsidiary has a credit committee which operates within the defined limits set by the Board. These committees are responsible for the management of credit risk within their country including credit decisions, processes, legal and documentation risk and compliance with impairment policies. The Group Risk Department regularly reviews each subsidiary's adherence to required standards.

The Group Executive Committee ('EXCO') reports to the Board and is responsible for approval of credit decisions that are above country limits, recommendations on exposure limits and impairment policies. There is also a Board Credit Committee that approves any loans above the EXCO limit.

Credit life cycle

The credit life cycle consists of target market identification and quantification, principles of credit evaluation and decisioning, post-sanctioning fulfilment, credit administration, portfolio monitoring, early warning triggers, problem recognition and remedial management. The business, risk and senior management are integrated into the end-to-end credit life cycle. Atlas Mara Group uses a Risk Grading tool for corporate exposures to determine a minimum credit rating for acceptance for credit granting purposes.

The rating is the result of qualitative and quantitative criteria, based on statement of financial position and profit or loss inputs including critical ratios, industry benchmarking, management experience and capability. Risk ratings awarded to obligors are reviewed annually with the latest financial information and account conduct for corporate exposures.

Measuring credit risk

The Group's approach to measuring credit risk aims to align with the requirements set out under IFRS 9, in all substantial aspects, aligned with the standard approach and methodology employed by international financial institutions.

In line with IFRS 9, the Group has adopted the Expected Credit Loss approach effective 1 January 2018. Credit risk is broken down into the common risk components of Probability of Default ('PD'), Exposure at Default ('EAD') and Loss Given Default ('LGD'), modelled at a client, facility and portfolio level. These risk components are used in the calculation of the Expected Credit Loss ('ECL'). The models used by the Group are compliant with Basel II and regulatory requirements. These risk measures would be used as inputs to calculate the collective impairment amounts.

Component	Definition
Probability of default (PD)	The probability that a counterparty will default, over the next 12 months from the reporting date (stage 1) or over the lifetime of the product (stage 2). The PD estimates will fluctuate in line with the economic cycle. The lifetime (or term structure) PDs are based on statistical models, calibrated using historical data.
Loss given default (LGD)	The loss that is expected to arise on default, which represents the difference between the contractual cash flows due and those that the bank expects to receive. The Group estimates LGD based on the history of recovery rates and considers the recovery of any collateral that is integral to the financial asset.
Exposure at default (EAD)	The expected statement of financial position exposure at the time of default, taking into account the expected change in exposure over the lifetime of the exposure. This incorporates the impact of drawdowns of committed facilities, repayments of principal and interest, amortisation and prepayments.

To determine the expected credit loss ('ECL'), these components are multiplied together (PD for the reference period (up to 12 months or lifetime) x LGD at the beginning of the period x EAD at the beginning of the period) and discounted to the balance sheet date using the effective interest rate as the discount rate.

Expected credit loss and capital requirements

The three components, PD, EAD and LGD, are building blocks used in a variety of measures of risk across the entire portfolio. ECL is the measurement of loss, which enables the application of consistent credit risk measurement across all retail and corporate credit exposures. LGD, EAD and PD estimates are also used in a range of business applications, including pricing, customer and portfolio strategy and performance measurement. ECL estimates can be compared directly to portfolio impairment figures within the regulatory capital calculation to ensure that the organisation's estimates of ECL from doing business are sufficiently covered by the level of general impairments raised. Any situations in which general impairments are insufficient to cover total ECL in totality have a direct bearing on the Group's capital requirement to ensure that these potential losses are absorbed.

Forbearance and restructuring

Forbearance refers to obligations for which the contractual terms of the facilities availed are modified or formalised into a new transaction. Atlas Mara Group Credit Principles and Standards documents the criteria to be applied in assessing clients that will qualify for restructure. Great emphasis is placed on sustainability of cash flows to repay the restructured instalments.

Restructuring activities include extended payment arrangements or the modification and deferral of payments. If the terms of a loan are modified or an existing loan is replaced with a new loan, then a qualitative as well as quantitative assessment is made to determine whether the original loan should be derecognised. The quantitative test determines whether the net present value of the cash flows under the new terms discounted at the original effective interest rate is at least 10% different from the carrying amount of the original debt. The qualitative test assesses whether there has been a significant change in the terms and conditions of the new loan compared to the original loan.

If it is determined that the expected restructuring will not result in derecognition of the existing loan, then the gain or loss due to modification is computed as the difference between the gross carrying amount of the original loan at the time of the restructure, and the discounted cash flows of the modified loan contract using the original effective interest rate as the discount factor.

If the expected restructuring will result in derecognition of the existing loan, then the expected fair value of the new loan is treated as the final cash flow from the existing loan at the time of its derecognition. This amount is included in calculating the cash shortfalls from the existing loan that are discounted from the expected date of derecognition to the reporting date using the original effective interest rate of the existing loan. These policies are kept under continuous review.

With the onset of the COVID-19 pandemic, assistance was offered to customers by way of granting payment holidays of 2 – 6 months, reducing the instalment amounts and extending loan tenures. Policy guidelines document the criteria to be applied to determine the loans that qualify for a restructure. For the COVID-19 related restructures, the Group determined that the restructuring did not result in the derecognition of the original loan. The gain or loss on modification of the loan was computed as the difference between the gross carrying amount of the original loan at the time of the restructure, and the discounted cash flows of the modified loan using the original effective interest rate as the discount rate.

Risk limit control and mitigation policies
The Group manages, limits and controls concentrations of credit risk in respect of individual counterparties and groups, and to industries and countries. The Group structures the levels of credit risk it undertakes by placing limits on the amount of risk accepted in relation to one borrower, or groups of borrowers, and to geographical and industry segments. Such risks are monitored on a revolving basis and subject to an annual or more frequent review, when considered necessary. Limits on the level of credit risk by product, industry sector and by country are approved by the Board of Directors (intermediate holding company) and relevant sub-committees and reviewed regularly. Exposure to credit risk is also managed through regular analysis of the ability of borrowers and potential borrowers to meet interest and capital repayment obligations and by changing these lending limits where appropriate. Some other specific control and mitigation measures are outlined below.

a. Collateral
The Group employs a range of policies and practices to mitigate credit risk. The most traditional of these is the taking of security for funds advanced, which is common practice.

The Group implements guidelines on the acceptability of specific classes of collateral for credit risk mitigation. The principal collateral types for loans and advances are:

- cash collateral;
- charges over assets financed;
- mortgages over residential and commercial properties;
- charges over business assets such as premises, inventory and accounts receivable; and
- charges over financial instruments such as debt securities and equities.

Loans and advances to corporates are generally secured. In addition, in order to minimise credit loss, the Group will seek additional collateral from the counterparty as soon as impairment indicators are noticed for the relevant individual loans and advances. Collateral held as security for financial assets other than loans and advances is determined by the nature of the instrument. Debt securities, treasury and other eligible bills are generally unsecured, with the exception of asset-backed securities and similar instruments, which are secured by portfolios of financial instruments.

b. Credit-related commitments
The primary purpose of these instruments is to ensure that funds are available to a customer as required. Guarantees and standby letters of credit carry the same credit risk as loans. Documentary and commercial letters of credit – which are written undertakings by the Group on behalf of a customer authorising a third party to draw drafts on the Group up to a stipulated amount under specific terms and conditions – are collateralised by the underlying shipments of goods to which they relate and therefore carry less risk than a direct loan.

Commitments to extend credit represent unused portions of authorisations to extend credit in the form of loans, guarantees or letters of credit. With respect to credit risk on commitments to extend credit, the Group is potentially exposed to loss in an amount equal to the total unused commitments. However, the likely amount of loss is less than the total unused commitments, as most commitments to extend credit are contingent upon customers maintaining specific credit standards. The Group monitors the term to maturity of credit commitments because longer-term commitments generally have a greater degree of credit risk than shorter-term commitments.

c. Derivatives
The Group maintains strict control limits on net open derivative positions (that is, the difference between purchase and sale contracts) by both amount and term. The amount subject to credit risk is limited to expected future net cash inflows of instruments, which in relation to derivatives are only a fraction of the contract, or notional values used to express the volume of instruments outstanding. This credit risk exposure is managed as part of the overall lending limits with customers, together with potential exposures from market movements. Collateral or other security is not always obtained for credit risk exposures on these instruments, except where the Group requires margin deposits from counterparties.

Impairment policies
The Group has adopted standard impairment policies which at a minimum comply with the prudential guidelines of the respective countries' Central Banks. Impairments are determined monthly at subsidiary level and are subject to regular review by EXCO Credit.

The impairments shown in the statement of financial position are measured in line with the expected credit loss model prescribed by IFRS 9. IFRS 9 outlines a 'three-stage' model for impairment based on changes in credit quality since initial recognition. Refer to the table below for further details:

Stage	Description	ECL recognised
Stage 1: 12-month ECL	Financial assets that have had no significant increase in credit risk since initial recognition or that have low credit risk at the reporting date. For example: a newly originated loan on which repayments are being received and there are no other indicators of a significant increase in credit risk.	12-month expected credit losses. Losses expected on defaults which may occur within the next 12 months.
Stage 2: Lifetime ECL not credit impaired	Financial assets that have had a significant increase in credit risk since initial recognition but that do not have objective evidence of impairment. For example: a loan on which payment is 30 days overdue.	Lifetime expected credit losses. Losses expected on defaults which may occur at any point in a loan's lifetime. Losses are adjusted for probability weighted macroeconomic scenarios.
Stage 3: Lifetime ECL credit impaired	Financial assets that are credit impaired or in default and represent those that are at least 90 days past due in respect of principal and/or interest. Financial assets are considered to be credit impaired where the obligors are unlikely to pay on the occurrence of one or more observable events that have a detrimental impact on the estimated future cash flows of the financial asset.	Lifetime expected credit losses. Losses expected on defaults which may occur at any point in a loan's lifetime. Losses are adjusted for probability weighted macroeconomic scenarios. Interest income is calculated on the carrying amount of the loan net of credit allowance.

Maximum exposure and effects of collateral and other credit enhancements (audited)

The following table shows the maximum exposure to credit risk by class of financial asset (excluding equity instruments which are not subject to credit risk). For on-balance sheet financial assets, the maximum exposure to credit risk equals their carrying amount and is net of the allowance for ECL. For financial guarantees, the maximum exposure is the maximum amount that the Group would have to pay if the guarantees were called upon. For loan commitments and other credit-related commitments, the maximum exposure is the full amount of the committed facilities.

It also shows the total fair value of collateral, any surplus collateral (the extent to which the fair value of collateral held is greater than the exposure to which it relates), and the net exposure to credit risk.

28 February 2021 $'000	**Maximum exposure**	**Fair value of collateral and credit enhancements held**				**Net collateral**	**Net exposure**
		Cash	**Letters of credit/ guarantees**	**Property[2]**	**Other[1,2]**		
On balance sheet:							
Cash and short-term funds[3]	112,339	–	–	–	–	–	112,339
Loans and advances	580,527	2,918	–	200,207	25,266	228,391	352,136
Investment securities *at amortised cost*	119,223	–	–	–	–	–	119,223
Derivative financial assets	5,543	–	–	–	–	–	5,543
Other financial assets[4]	37,708	–	–	–	–	–	37,708
Total on-balance sheet	**855,340**	**2,918**	–	**200,207**	**25,266**	**228,391**	**626,949**
Off-balance sheet							
Loan commitments	4,868	470	–	–	–	470	4,398
Financial guarantees	47,300	164	21,941	183	–	22,288	25,012
Letters of credit	5,637	4,058	–	–	–	4,058	1,579
Total off-balance sheet	**57,805**	**4,692**	**21,941**	**183**	–	**26,816**	**30,989**
Total	**913,145**	**7,610**	**21,941**	**200,390**	**25,266**	**255,207**	**657,938**

Notes:
1. Vehicles, machinery, other fixed assets, inventory and trade receivables.
2. These collateral items are not readily convertible into cash as these items are sold in the market and are dependent on a buyer and seller.
3. Represents bank balances and placements held with other banks and excludes cash in hand. Included in $183.9 million cash and short term funds balance in the statement of financial position.
4. Excludes prepayments and other non-financial assets. Balance disclosed is included in the $54.6 million other assets balance in the statement of financial position.

31 December 2019 $'000	**Maximum exposure**	**Fair value of collateral and credit enhancements held**				**Net collateral**	**Net exposure**
		Cash	**Letters of credit/ guarantees**	**Property[2]**	**Other[1,2]**		
On balance sheet:							
Cash and short-term funds[3]	117,588	–	–	–	–	–	117,588
Loans and advances	682,747	612	–	224,507	3,466	228,585	454,162
Financial assets at FVTPL	4,955	–	–	–	–	–	4,955
Investment securities *at amortised cost*	107,667	–	–	–	–	–	107,667
Derivative financial assets	5,692	–	–	–	–	–	5,692
Other financial assets[4]	15,588	–	–	–	–	–	15,588
Total on-balance sheet	**934,237**	**612**	**–**	**224,507**	**3,466**	**228,585**	**705,652**
Off-balance sheet							
Financial guarantees	19,720	5,345	–	–	–	5,345	14,375
Letters of credit	8,578	–	4,913	–	–	4,913	3,665
Loan commitments	11,529	–	–	–	–	–	11,529
Total off-balance sheet	**39,827**	**5,345**	**4,913**	**–**	**–**	**10,258**	**29,569**
Total	**974,064**	**5,957**	**4,913**	**224,507**	**3,466**	**238,843**	**735,221**

Notes:
1. Vehicles, machinery, other fixed assets, inventory and trade receivables.
2. These collateral items are not readily convertible into cash as these items are sold in the market and are dependent on a buyer and seller.
3. Represents bank balances and placements held with other banks and excludes cash in hand. Included in $130.5 million cash and short term funds balance in the statement of financial position..
4. Excludes prepayments and other non-financial assets. Balance disclosed is included in the $29.1 million other assets balance in the statement of financial position.

Credit quality analysis (audited)

The Group manages the credit quality of financial assets using internal credit ratings. Financial assets are segmented into five rating classes. The Group's rating scale, which is shown below, reflects the range of default probabilities defined for each rating class. This means that, in principle, exposures migrate between classes as the assessment of their probability of default changes. The rating tools are kept under review and upgraded as necessary. The Group regularly validates the performance of the rating and their predictive power with regard to default events.

Category	Description
Performing	The credit appears satisfactory.
Special mention	The credit appears satisfactory but exhibits potential for inherent weakness which, if not attended to, may weaken the asset or prospects of collection in full e.g. poor documentation.
Sub-standard	The credit has defined weaknesses that may jeopardise liquidation of the debt, i.e. the paying capacity of the borrower is doubtful or inadequate, or more than 90 days but less than 180 days in arrears.
Doubtful	Credit facilities with above weaknesses and has deteriorated further to the extent that even with the existing security, full recovery will not be possible, or 180 days but less than 12 months in arrears.
Loss	Facilities considered impossible to collect with little or no realisable security, or more than 12 months in arrears.

Distribution of financial assets by credit quality

The table below shows the distribution of the Group's financial assets by credit quality:

28 February 2021 $'000	Performing	Special mention	Substandard	Doubtful	Loss	Gross total	ECL	Net total
Cash and short-term funds	112,339	–	–	–	–	112,339	–	112,339
Loans and advances	552,481	9,209	7,692	3,711	38,162	611,255	(30,728)	580,527
Investment securities at amortised cost	119,481	–	–	–	–	119,481	(258)	119,223
Derivate financial assets	5,543	–	–	–	–	5,543	–	5,543
Other financial assets	37,736	–	–	–	–	37,736	(28)	37,708
Total carrying amount on balance sheet	**825,442**	**9,209**	**7,692**	**3,711**	**38,162**	**886,354**	**(31,014)**	**855,340**
Off-balance sheet								
Financial guarantees	47,393	–	–	–	–	47,393	(93)	47,300
Letters of credit	5,637	–	–	–	–	5,637	–	5,637
Loan commitments	4,868	–	–	–	–	4,868	–	4,868
Total carrying amount off-balance sheet	**57,898**	**–**	**–**	**–**	**–**	**57,898**	**(93)**	**57,805**

31 December 2019 (unaudited)* $'000	Performing	Special mention	Substandard	Doubtful	Loss	Gross total	ECL	Net total
Cash and short-term funds	117,588	–	–	–	–	117,588	–	117,588
Loans and advances	587,585	33,400	5,164	14,607	41,991	682,747	(38,635)	644,112
Investment securities at amortised cost	107,667	–	–	–	–	107,667	(377)	107,290
Derivate financial assets	5,692	–	–	–	–	5,692	–	5,692
Other financial assets	15,588	–	–	–	–	15,588	–	15,588
Total carrying amount on balance sheet	**834,120**	**33,400**	**5,164**	**14,607**	**41,991**	**929,282**	**(39,012)**	**890,270**
Off-balance sheet								
Financial guarantees	19,720	–	–	–	–	19,720	(187)	19,533
Letters of credit	8,587	–	–	–	–	8,587	–	8,587
Loan commitments	11,529	–	–	–	–	11,529	–	11,529
Total carrying amount off-balance sheet	**39,827**	**–**	**–**	**–**	**–**	**39,827**	**(187)**	**39,640**

Credit quality analysis continued

Distribution of loans and advances, financial guarantees and loan commitments by credit quality and stage allocation

The tables below set out the credit quality of loans and advances, financial guarantees and loan commitments, based on the Group's internal credit rating system and by ECL stage allocation. The amounts presented are gross of impairment allowances. For loans commitments and financial guarantees, the amounts in the table represent the amounts committed or guaranteed, respectively.

i) Loans and advances

$'000	28 February 2021				31 December 2019			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Performing	552,481	–	–	**552,481**	592,203	70	–	**592,273**
Special mention	–	9,209	–	**9,209**	–	30,740	1,429	**32,169**
Sub-standard	–	–	7,692	**7,692**	–	178	6,123	**6,301**
Doubtful	–	–	3,711	**3,711**	–	–	7,402	**7,402**
Lost	–	–	38,162	**38,162**	–	–	44,602	**44,602**
	550,343	**9,209**	**49,565**	**611,255**	**592,203**	**30,988**	**59,556**	**682,747**

ii) Financial guarantees, loan commitments and other off-balance sheet items

$'000	28 February 2021				31 December 2019			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Performing	57,898	–	–	57,898	39,640	–	–	39,640
	57,898	**–**	**–**	**57,898**	**39,640**	**–**	**–**	**39,640**

iii)Credit quality analysis for stage 3 loans and advances:

$'000	28 February 2021			31 December 2019		
	Carrying amount	Fair value of collateral	Over collateralisation	Carrying amount	Fair value of collateral	Over collateralisation
Retail	9,740	14,458	4,718	10,173	17,504	7,331
Corporate	17,250	24,441	7,191	19,362	28,551	9,189
	26,990	**38,899**	**11,909**	**29,535**	**46,055**	**16,520**

Collateral taken for this category includes cash, mortgages over residential properties, charges over business assets such as premises, inventory and accounts receivable, and charges over financial instruments such as debt securities and equities.

Modified financial assets (audited)

The contractual terms of a loan may be modified for a number of reasons, including changing market conditions, customer retention and other factors not related to a current or potential credit deterioration of the customer. With the onset of the COVID-19 pandemic, assistance was offered to customers by way of granting payment holidays of 2 – 6 months, reducing the instalment amount and extending loan tenures.

The Group considered whether the restructure will result in derecognition of the original loan by applying quantitative as well as qualitative test. The quantitative test determined whether the net present value of the cash flows under the new terms discounted at the original effective interest rate is at least 10% different from the carrying amount of the original debt while the qualitative test assessed whether there has been a significant change in the terms and conditions of the new loan compared to the original loan.

For the COVID-19 related restructures, the Group determined that the restructuring did not result in the derecognition of the original loan. The gain or loss on modification of the loan was computed as the difference between the gross carrying amount of the original loan at the time of the restructure, and the discounted cash flows of the modified loan using the original effective interest rate as the discount rate. Most of the loans that were restructured under the Group's COVID-19 restructure policy were not in arrears at the time of restructure. The Group continues to monitor these loans to assess whether there is a subsequent significant increase in credit risk.

The following table provides information on financial assets that were modified during the reporting period as part of the Group's restructuring activities and the resulting modification loss:

$'000	28 February 2021
Financial assets modified during the period	
Amortised cost before modification	**1,027**
Net modification loss	**(249)**

Concentration risk of financial assets with credit risk exposure (audited)

a. Geographical sectors

The following table breaks down the Group's main credit exposure at their carrying amounts, as categorised by geographical region. For this table, the Group has allocated exposures to regions based on the country of domicile of its counterparties:

28 February 2021 $'000	Botswana	Mozambique	Tanzania	Zimbabwe	Zambia	Other	Total
On-balance sheet:							
Cash and short-term funds[1]	60,773	–	4,944	44,792		1,855	112,364
Loans and advances	549,363	–	12,733	18,431		–	580,527
Investment securities[2]	67,265	–	–	51,958		–	119,223
Derivative financial assets	5,543	–	–	–		–	5,543
Other financial assets[3]	4,290	3,923		11,483	13,155	4,857	37,708
Total on-balance sheet	**687,234**	**3,923**	**17,677**	**126,664**	**13,155**	**6,712**	**855,365**
Off-balance sheet:							
Financial guarantees	5,022	–	–	42,278	–	–	47,300
Letters of credit	1,579	–	–	4,058	–	–	5,637
Loan commitments	4,398	–	–	470	–	–	4,868
Total off-balance sheet	**10,999**	–	–	**46,806**	–	–	**57,805**
Total	**698,233**	**3,923**	**17,677**	**173,470**	**13,155**	**6,712**	**913,170**

Notes:

1. Represents cash balances and placements held with other banks and excludes cash in hand. Included in $183.9 million cash balance per statement of financial position.
2. Excludes equity instruments. Balance disclosed is included in the $106.6 million investment securities balance per statement of financial position.
3. Excludes prepayments and other non-financial assets. Balance disclosed is included in the $54.6 million other assets balance in the statement of financial position.

31 December 2019 $'000	Botswana	Tanzania	Zimbabwe	Other	Total
On-balance sheet:					
Cash and short-term funds[1]	85,693	1,128	29,234	1,533	117,588
Financial assets at FVTPL[2]	3,925	–	1,030	–	4,955
Loans and advances	606,297	7,368	22,733	7,714	644,112
Investment securities[2]	64,747	–	42,543	–	107,290
Derivative financial assets	109	–	–	5,583	5,692
Other financial assets[3]	3,782	11,805	–	1	15,588
Total on-balance sheet	**764,553**	**20,301**	**95,540**	**14,831**	**895,225**
Off-balance sheet:					
Financial guarantees	5,264	–	14,269	–	19,533
Letters of credit	8,578	–	–	–	8,578
Loan commitments	8,414	–	3,115	–	11,529
Total off-balance sheet	**22,256**	**–**	**17,384**	**–**	**39,640**
Total	**786,809**	**20,301**	**112,924**	**14,831**	**934,865**

Notes:

1. Represents cash balances and placements held with other banks and excludes cash in hand. Included in $130.5 million cash balance per statement of financial position.
2. Excludes equity instruments. Balance disclosed is included in the $107.8 million investment securities balance per statement of financial position.
3. Excludes prepayments and other non-financial assets. Balance disclosed is included in the $29.1 million other assets balance in the statement of financial position.

Concentration risk of financial assets with credit risk exposure (audited) continued

b. Industry sectors

The following table breaks down the Group's main credit exposure at their carrying amounts, as categorised by industry sectors of the counterparties:

28 February 2021 $'000	Agriculture	Construction	Corporate, retail and trade	Public sector	Real estate	Mining and energy	Financial services	Transport	Individuals	Tourism	Other	Total
On-balance sheet:												
Cash and short-term funds[1]	–	–	–	–	–	–	112,341	–	–	–	23	112,364
Loans and advances	6,342	29	23,860	9,865	388	810	5,640	116	522,523	2,428	8,526	580,527
Investment securities[3]	–	–	–	2,272	–	–	116,951	–	–	–	–	119,223
Derivative financial assets	–	–	–	–	–	–	5,543	–	–	–	–	5,543
Other financial assets[4]	–	–	–	11,483	–	–	21,368	–	–	–	4,857	37,708
Total on-balance sheet	**6,342**	**29**	**23,860**	**23,620**	**388**	**810**	**261,843**	**116**	**522,523**	**2,428**	**13,406**	**855,365**
Off-balance sheet:												
Financial guarantees	–	13,263	5,022	–	–	–	19,999		–		9,016	47,300
Letters of credit	4,058	–	1,579	–	–	–	–		–		–	5,637
Loan commitments	470	–	3,200	–	–	–	–		1,198		–	4,868
Total off-balance sheet	**4,528**	**13,263**	**9,801**	–	–	–	**19,999**		**1,198**		**9,016**	**57,805**
Total	**10,870**	**13,292**	**33,661**	**23,620**	**388**	**810**	**281,842**	**116**	**523,721**	**2,428**	**22,422**	**913,170**

Notes:

1. Represents cash balances and placements held with other banks and excludes cash in hand. Included in $183.9 million cash balance per statement of financial position.
2. Excludes equity instruments. Balance disclosed is included in the $106.6 million investment securities balance per statement of financial position.
3. Excludes prepayments and other non-financial assets. Balance disclosed is included in the $54.6 million other assets balance in the statement of financial position.

31 December 2019 $'000	Agriculture	Construction	Corporate, retail and trade	Public sector	Real estate	Mining and energy	Financial services	Transport	Individuals	Tourism	Other	Total
On-balance sheet:												
Cash and short-term funds[1]	–	–	–	–	–	–	117,588	–	–	–	–	117,588
Financial assets at FVTPL[2]	–	–	–	–	1,030	–	3,925	–	–	–	–	4,955
Loans and advances	4,613	9,973	28,852	6,949	69,224	2,096	22,165	2,546	475,929	6,229	15,536	644,112
Investment securities[3]	–	–	–	103,028	–	–	4,262	–	–	–	–	107,290
Derivative financial assets	–	–	–	–	–	–	5,692	–	–	–	–	5,692
Other financial assets[4]	–	–	–	–	–	–	–	–	–	–	15,588	15,588
Total on-balance sheet	**4,613**	**9,973**	**28,852**	**109,977**	**70,254**	**2,096**	**153,632**	**2,546**	**475,929**	**6,229**	**31,124**	**895,225**
Off-balance sheet:												
Financial guarantees	–	10,066	5,264	3	–	–	29	–	–	–	4,171	19,533
Letters of credit	–	–	208	8,370	–	–	–	–	–	–	–	8,578
Other commitments	–	–	5,528	–	–	–	–	–	2,886	–	3,115	11,529
Total off-balance sheet	**–**	**10,066**	**11,000**	**8,373**	**–**	**–**	**29**	**–**	**2,886**	**–**	**7,286**	**39,640**
Total	**4,613**	**20,039**	**39,852**	**118,350**	**70,254**	**2,096**	**153,661**	**2,546**	**478,815**	**6,229**	**38,410**	**934,865**

Notes:

1. Represents cash balances and placements held with other banks and excludes cash in hand. Included in $130.5 million cash balance per statement of financial position.
2. Excludes equity instruments. Balance disclosed is included in the $107.8 million investment securities balance per statement of financial position.
3. Excludes prepayments and other non-financial assets. Balance disclosed is included in the $29.1 million other assets balance in the statement of financial position.

Measurement of ECLs

ECL for exposures in stage 1 is calculated by multiplying the 12-month PD by LGD and EAD. Lifetime ECL is calculated by multiplying the lifetime PD by LGD and EAD.

Credit risk grades are a primary input into the determination of the term structure of PD for exposures. The Group collects performance and default information about its credit risk exposures analysed by type of product and borrower as well as by credit risk grading. For some portfolios, information purchased from external credit reference agencies is also used.

The Group employs statistical models to analyse the data collected and generate estimates of the remaining lifetime PD of exposures and how these are expected to change as a result of the passage of time.

LGD is the magnitude of the likely loss if there is a default. The Group estimates LGD parameters based on the history of recovery rates of claims against defaulted counterparties. The LGD models consider the structure, collateral, seniority of the claim, counterparty industry and recovery costs of any collateral that is integral to the financial assets. For mortgages, loan to value ('LTV') ratios are a key parameter in determining LGD. LGD estimates are recalibrated for different economic scenarios and, for mortgage lending, to reflect possible changes in property prices. They are calculated on a discounted cash flow basis using the effective interest rate as the discounting factor.

EAD represents the expected exposure in the event of a default. The Group derives the EAD from the current exposure to the counterparty and potential changes to the current amount allowed under the contract and arising from amortisation. The EAD of a financial asset is its gross carrying amount at the time of default. For lending commitments, the EAD represents the amount of the guaranteed exposure when the financial guarantee becomes payable.

As described above, and subject to using a maximum of a 12-month PD for stage 1 financial assets, the Group measures ECL considering the risk of default over the maximum contractual period (including any borrower's extension options) over which it is exposed to credit risk, even if, for credit risk management purposes, the Group considers a longer period. The maximum contractual period extends to the date at which the Group has the right to require repayment of an advance or terminate a loan commitment or guarantee.

ECLs for retail overdrafts that include both a loan and an undrawn commitment component are measured over a period longer than the maximum contractual period if the Group's contractual ability to demand repayment and cancel the undrawn commitment does not limit the Group's exposure to credit losses to the contractual notice period. These facilities do not have a fixed term or repayment structure and are managed on a collective basis. The Group can cancel them with immediate effect; however this contractual right is not enforced in the normal day-to-day management, but only when the Group becomes aware of an increase in credit risk at the facility level. This longer period is estimated after taking into account the credit risk management actions that the Group expects to take, and that serve to mitigate ECL. These include a reduction in limits, cancellation of the facility and/or turning the outstanding balance into a loan with fixed repayment terms.

Where modelling of a parameter is carried out on a collective basis, the financial instruments are grouped on the basis of shared risk characteristics that include:

- instrument type;
- credit risk gradings;
- collateral type;
- LTV ratio for mortgages;
- date of recognition;
- remaining term to maturity;
- industry; and
- geographic location of the borrower.

The exposures are subject to regular reviews to ensure that exposures within a particular group remain appropriately homogeneous. For portfolios for which the Group has limited historical data, external benchmark information is used to supplement the internally available data.

Definition of default

The Group considers a financial instrument to be in default when:

- the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held);
- the borrower is more than 90 days past due on any material credit obligation to the Group. Overdrafts are considered as being past due once the customer has breached an advised limit or been advised of a limit smaller than the current amount outstanding; or
- it is becoming probable that the borrower will restructure the asset as a result of bankruptcy due to the borrower's inability to pay its credit obligations.

In assessing whether a borrower is in default, the Group considers indicators that are:

- qualitative: e.g. breaches of covenant;
- quantitative: e.g. overdue status and non-payment on another obligation of the same issuer to the Group; and
- based on data developed internally and obtained from external sources.

Inputs into the assessment of whether a financial instrument is in default and their significance may vary over time to reflect changes in circumstances. The definition of default largely aligns with that applied by the Group for regulatory capital purposes.

Credit impaired financial assets

Financial assets that are credit impaired (or in default) represent those that are at least 90 days past due in respect of principal and/or interest. Financial assets are also considered to be credit impaired where the obligors are unlikely to pay on the occurrence of one or more observable events that have a detrimental impact on the estimated future cash flows of the financial asset. It may not be possible to identify a single discrete event but instead the combined effect of several events may cause financial assets to become credit impaired. Evidence that a financial asset is credit impaired includes observable data about the following events:

- Significant financial difficulty of the issuer or borrower;
- Breach of contract such as default or a past due event;
- For economic or contractual reasons relating to the borrower's financial difficulty, the lenders of the borrower have granted the borrower concessions that lenders would not otherwise consider. This would include forbearance actions.
- Pending or actual bankruptcy or other financial reorganisation to avoid or delay discharge of the borrower's obligations;
- The disappearance of an active market for the applicable financial asset due to financial difficulties of the borrower;

Incorporation of forward-looking information

Forward-looking macroeconomic information has been incorporated into expected loss estimates based on the key macroeconomic variables including GDP growth, inflation and exchange rates. The impact of these variables have been forecasted using quantitative modelling techniques and judgements.

The macroeconomic scenarios are defined by taking into account the macroeconomic conditions prevalent in the Group's countries of operation and their impact on the probability of the default (PD), Exposure at Default (EAD) and Loss Given Default (LGD). Forecasts are developed using a probability weighted scenario-based approach to ensure that the asymmetry of the various economic outcomes is captured in the estimation of ECL. The Group has modelled three scenarios as follows:

Base case scenario

Botswana - Economic growth contracts substantially during 2020 but economic recovery is evident in 2021 (although not quite at prior levels). Government interventions to support the economy, a recovery in the Diamond prices and the gradual roll out of a vaccine support a rebound in GDP growth rates ranging from 3% to 7%. This is considered the most likely scenario.

Zimbabwe - Government and regulator will continue taking steps to contain the spread of the virus and support the economy. No significant change in legislation expected. Inflation is expected to peak at 667.6%. the spread of Covid-19 is limited a further 3–6-week lockdown. Businesses is expected to be back to full capacity in 2021.

Moderate case scenario

Botswana - The economy is expected to rebound quickly in 2021 post the initial COVID crisis with GDP growth reach pre-COVID19 levels. The tourism and hospitality sector is buoyed by increased number of tourists while higher Diamond prices and increased export volumes boost the economy. Unemployment is stemmed. International markets open and regional flows of goods and services resume quickly.

Zimbabwe – COVID 19 is contained. The exchange rate stablises as a result of prudent financial management. Exports rebound as demand for raw materials increases globally resulting in greater economic activity in Zimbabwe. Business growth is further supported by stable input prices. Unemployment is contained.

Worst case scenario

Botswana - Economic recovery is expected to be very slow with output remaining constrained. Job losses continue and sectors such as tourism, transport, hospitality continue to struggle. Government support programs are not enough to stimulate the required economic recovery. The Diamond market remains suppressed. Vacine roll out is delayed and the government is forced to maintain tighter lock down regulations.

Zimbabwe - Inflation is expected to peak at 1500% with persistent hyper inflation. COVID-19 is not contained resulting in low productivity, lower international commodity prices as world economies take longer to recover. The local currency remains under pressure with limited forex in Zimbabwe. Banks withdraw from the interbank market. Business continue to close due to the limited economic activity resulting in higher levels of unemployment and economic hardship.

ECL results are calculated as the probability-weighted average across multiple macroeconomic scenarios. The final ECL results are dependent on the assumptions applied during the process. The scenario probability weightings applied in measuring ECL are as follows:

	Base case	Moderate case	Worst case
Scenario probability weighting – Botswana	85%	10%	5%
Scenario probability weighting - Zimbabwe	22%	70%	8%

The Group has identified and documented key drivers of credit risk and credit losses for each portfolio of financial instruments and, using statistical analysis of historical data, has estimated relationships between macro-economic variables and credit risk and credit losses. The key drivers of credit risk for retail portfolios include GDP growth, changes in the prime lending rate, inflation, and exchange rates. The key drivers for credit risk for corporate portfolios are GDP growth, inflation, and exchange rates.

The table below lists the macroeconomic assumptions used in the base, upside and downside scenarios over the three-year forecast period for the Group's key operating markets i.e. Botswana and Zimbabwe. The assumptions represent the absolute percentage for GDP, Inflation, Change in the prime lending rate and exchange rate. The impact of COVID 19 was considered in estimating the forecasts of these macro-economic factors.

a) Base case economic assumptions

	GDP growth rate year-on-year	Year-on-Year Inflation Rate	Change in Prime Lending Rate for next quarter	Exchange Rate
Botswana	3.6%	n/a	-0.25%	n/a
Zimbabwe	n/a	667.6%	n/a	100

b) Best case economic assumptions

	GDP growth rate year-on-year	Year-on-Year Inflation Rate	Change in Prime Lending Rate for next quarter	Exchange Rate
Botswana	5.5%	n/a	-0.25%	n/a
Zimbabwe	n/a	350.6%	n/a	86

c) Worst case economic assumptions

	GDP growth rate year-on-year	Year-on-Year Inflation Rate	Change in Prime Lending Rate for next quarter	Exchange Rate
Botswana	1.8%	n/a	-0.25%	n/a
Zimbabwe	n/a	676.6%	n/a	140

Post-model adjustments and management overlays

Where there is uncertainty due to inherent limitations of the model, additional provisions via post model adjustments are made, through management overlays. Management applies expert judgement to determine the overlay ECL to incorporate the impact of forward-looking information in these cases. Any overlay ECL is based on available information and qualitative risk factors within a governed process. Management will evaluate a range of possible outcomes, taking into account past events, current conditions and the economic outlook. Additional considerations not addressed in the model are incorporated and include: (1) individual loss assessments of large exposures on watchlists; (2) observed model limitations; and (3) stress-test outputs.

Expected credit loss analysis (audited)

Analysis of gross loans and advances and ECL by business segment

The table below presents an analysis of loans and advances at amortised cost by gross exposure, impairment allowance and coverage ratio by stage allocation and business segment.

$'000	28 February 2021				31 December 2019*			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Gross exposure								
Retail	522,653	6,983	30,859	560,495	522,577	31,133	31,174	584,884
Corporate	29,828	2,226	18,706	50,760	65,008	2,267	30,588	97,863
Total	**552,481**	**9,209**	**49,565**	**611,255**	**587,585**	**33,400**	**61,762**	**682,747**
Expected credit loss								
Retail	5,827	693	18,931	25,451	5,876	1,072	18,793	25,741
Corporate	498	130	4,649	5,277	1,465	203	11,226	12,894
Total	**6,325**	**823**	**23,580**	**30,728**	**7,341**	**1,275**	**30,019**	**38,635**
Net exposure								
Retail	516,826	6,290	11,928	535,044	516,701	30,061	12,381	559,143
Corporate	29,330	2,096	14,057	45,483	63,543	2,064	19,362	84,969
Total	**546,156**	**8,386**	**25,985**	**580,527**	**580,244**	**32,125**	**31,743**	**644,112**
Coverage ratio								
Retail	1.1%	9.9%	61.3%	4.5%	1.1%	3.4%	60.3%	4.4%
Corporate	1.7%	5.8%	24.9%	10.4%	2.3%	8.9%	36.7%	13.2%
Total	**1.1%**	**8.9%**	**47.6%**	**5.0%**	**1.2%**	**3.8%**	**48.6%**	**5.7%**

*Compared to the loan staging analysis disclosed in the 2019 financial statements, the 2019 staging analysis for gross and net loan balances have been re-presented in the current period financial statements to align with the final classification disclosed in the statutory financial statements of the Group's banking components. This is a mere reclassification between stages and has no impact on the net loan balance.

Analysis of gross loans and advances and ECL by product classification

The table below presents a breakdown of loans and advances and the ECL allowance with stage allocation by product classification.

$'000	28 February 2021				31 December 2019			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Gross exposure								
Retail loans	**522,653**	**6,983**	**30,859**	**560,495**	**522,577**	**31,133**	**31,174**	**584,884**
Mortgage	68,474	1,231	9,109	78,814	64,097	5,264	8,287	77,648
Overdraft	2,417	147	1,664	4,228	1,899	255	3,642	5,796
Personal loans (including credit card and other retail lending)	451,762	5,605	20,086	477,453	456,581	25,614	19,245	501,440
Corporate loans	**29,828**	**2,226**	**18,706**	**50,760**	**65,008**	**2,267**	**30,588**	**97,863**
Term loans	26,850	1,792	17,974	46,616	57,986	1,814	29,839	89,639
Overdraft	2,978	434	732	4,144	7,022	453	749	8,224
Total – Gross exposure	**552,481**	**9,209**	**49,565**	**611,255**	**587,585**	**33,400**	**61,762**	**682,747**
Expected credit loss								
Retail loans	**5,827**	**693**	**18,931**	**25,451**	**5,876**	**1,072**	**18,793**	**25,741**
Mortgage	460	50	73	583	385	45	1,712	2,142
Overdraft	471	32	1,100	1,603	44	32	3,043	3,119
Personal loans (including credit card and other retail lending)	4,896	611	17,758	23,265	5,447	995	14,038	20,480
Corporate loans	**498**	**130**	**4,649**	**5,277**	**1,465**	**203**	**11,226**	**12,894**
Term loans	224	32	4,395	4,651	1,172	193	10,638	12,003
Overdraft	274	98	254	626	293	10	588	891
Total – Expected credit loss	**6,325**	**823**	**23,580**	**30,728**	**7,341**	**1,275**	**30,019**	**38,635**
Net exposure								
Retail loans	**516,826**	**6,290**	**11,928**	**535,044**	**516,701**	**30,061**	**12,381**	**559,143**
Mortgage	68,014	1,181	9,036	78,231	63,712	5,219	6,575	75,506
Overdraft	1,946	115	564	2,625	1,855	223	599	2,677
Personal loans (including credit card and other retail lending)	446,866	4,994	2,328	454,188	451,134	24,619	5,207	480,960
Corporate loans	**29,330**	**2,096**	**14,057**	**45,483**	**63,543**	**2,064**	**19,362**	**84,969**
Term loans	26,626	1,760	13,579	41,965	56,814	1,621	19,201	77,636
Overdraft	2,704	336	478	3,518	6,729	443	161	7,333
Total – Net exposure	**546,156**	**8,386**	**25,985**	**580,527**	**580,244**	**32,125**	**31,743**	**644,112**

Movement in gross exposures and impairment allowance

The following tables present a reconciliation of the opening to the closing balance of the gross loan exposures and ECL allowance as at 28 February 2021.

28 February 2021 $'000	Stage 1		Stage 2		Stage 3		Total	
	Gross	ECL	Gross	ECL	Gross	ECL	Gross	ECL
Opening balance	**587,585**	**7,341**	**33,400**	**1,275**	**61,762**	**30,019**	**682,747**	**38,635**
Transfer to stage 1	14,228	163	(14,056)	(143)	(172)	(20)	–	–
Transfer to stage 2	(6,729)	(56)	6,822	62	(93)	(6)	–	–
Transfer to stage 3	(8,156)	(121)	(2,383)	(44)	10,539	165	–	–
New financial assets originated	286,844	2,502	3,342	488	2,288	439	292,474	3,429
Repayment and other movements	(297,883)	(90)	(11,063)	(312)	(15,217)	(2,818)	(324,163)	(3,220)
Impaired accounts written-off	(7)	(7)	(5)	(5)	(4,399)	(4,399)	(4,411)	(4,411)
Exchange rate adjustment	(23,401)	(3,407)	(6,848)	(498)	(5,143)	200	(35,392)	(3,705)
Closing balance	**552,481**	**6,325**	**9,209**	**823**	**49,565**	**23,580**	**611,255**	**30,728**

Movement in gross exposures and impairment allowance (continued)

The following tables present a reconciliation of the opening to the closing balance of the gross loan exposures and ECL allowance as at 31 December 2019.

31 December 2019 $'000	Stage 1		Stage 2		Stage 3		Total	
	Gross	ECL	Gross	ECL	Gross	ECL	Gross	ECL
Opening balance	**1,080,990**	**33,253**	**41,498**	**5,888**	**145,071**	**74,305**	**1,267,559**	**113,446**
Transfer to stage 1	6,843	(857)	(6,087)	57	(756)	800	–	–
Transfer to stage 2	(28,288)	1	28,955	(683)	(667)	682	–	–
Transfer to stage 3	(10,208)	(4,681)	(2,584)	258	12,792	4,423	–	–
Business activity in the year	319,161	6,376	1,564	–	1,241	–	321,966	6,376
Repayment and other movements	(237,260)	–	(3,236)	–	(8,225)	–	(248,721)	–
Impaired accounts written-off	–	(2,962)	–	(688)	(707)	(3,699)	(707)	(7,349)
Exchange rate adjustment	(62,401)	(7,732)	(9,159)	(1,583)	(2,681)	(918)	(74,241)	(10,233)
Reclassified as part of disposal group held for sale	(481,252)	(16,057)	(17,551)	(1,974)	(84,306)	(45,574)	(583,109)	(63,605)
Closing balance	**587,585**	**7,341**	**33,400**	**1,275**	**61,762**	**30,019**	**682,747**	**38,635**

Measurement uncertainty and sensitivity of ECL estimates to future economic conditions

ECL estimates are sensitive to judgements and assumptions made regarding formulation of forward looking scenarios and how such scenarios are incorporated into the ECL computations.

The table below shows the loss allowance on loans and advances to corporate and retail customers assuming each forward-looking scenario (e.g. central, upside and downside) were weighted 100% instead of applying scenario probability weights across the three scenarios. For ease of comparison, the table also includes the balances that are reflected in the financial statements.

$'000	28 February 2021			
	Base case	Best case	Worst case	Carrying amounts
Gross exposure				
Retail	551,072	551,072	551,072	551,072
Corporate	60,183	60,183	60,183	60,183
Total	**611,255**	**611,255**	**611,255**	**611,255**
Expected credit loss				
Retail	20,147	21,369	25,110	25,562
Corporate	14,079	14,065	14,177	5,166
Total	**34,226**	**35,434**	**39,287**	**30,728**

Liquidity risk

Liquidity risk is the risk that the Group is unable to meet its obligations when they fall due as a result of customer deposits being withdrawn, cash requirements from contractual commitments, or other cash outflows, such as debt maturities or margin calls for derivatives. Such outflows would deplete available cash resources for client lending, trading activities and investments.

Analysis of liquidity risk (audited)

Non-derivative cash flow

The table below presents the cash flows payable by the Group under non-derivative financial liabilities and assets held for managing liquidity risk by remaining contractual maturities at the reporting date of the consolidated statement of financial position. The amounts disclosed in the table are the contractual undiscounted cash flows.

28 February 2021 $'000	Up to 1 month	1-3 months	3-12 months	Greater than 1 year	Total	Effect of discount/ financing rates	Total
Financial assets:							
Cash and short-term funds	136,959	–	4,944	24	141,927	–	141,927
Financial assets at FVTPL	–	–	3,385	13,917	17,302	–	17,302
Loans and advances	24,334	1,075	33,519	1,137,680	1,196,608	(616,081)	580,527
Investment securities	41,827	12,542	–	68,183	122,552	(2,906)	119,646
Other financial assets[1]	144	15,629	15,720	6,215	37,708	–	37,708
Total financial assets (contractual)	**203,264**	**29,246**	**57,568**	**1,226,019**	**1,516,097**	**(618,987)**	**897,110**
Financial liabilities:							
Deposits	234,205	9,261	42,614	398,434	684,514	(11,980)	672,534
Borrowed funds	408,196	3,320	25,679	52,479	489,674	(47,970)	441,704
Lease liabilities	–	–	–	–	–	–	–
Other financial liabilities[2]	18,279	1,437	76,493	6,116	102,325	(2,084)	100,241
Loan commitments	4,398	470	–	–	4,868	–	4,868
Financial guarantee contracts	83	17,339	24,671	278	42,371	–	42,371
Total liabilities (contractual)	**665,161**	**31,827**	**169,457**	**457,307**	**1,323,752**	**(62,034)**	**1,261,718**
Liquidity gap	**(461,897)**	**(2,581)**	**(111,889)**	**768,712**	**192,345**		
Cumulative liquidity gap	**(461,897)**	**(464,478)**	**(576,367)**	**192,345**			

Notes:
1. Excludes prepayments and other non-financial assets. Balance disclosed is included in the $54.6 million other assets balance in the statement of financial position.
2. Excludes provisions and other non-financial liabilities. Balance disclosed is included in the $111.4 million other liabilities balance in the statement of financial position.

31 December 2019 $'000	Up to 1 month	1-3 months	3-12 months	Greater than 1 year	Total	Effect of discount/ financing rates	Total
Financial assets:							
Cash and short-term funds	130,324	–	–	209	130,533	–	130,533
Financial assets at FVTPL	–	–	3,925	21,318	25,243	–	25,243
Loans and advances	16,436	20,244	88,674	886,474	1,011,828	(367,716)	644,112
Investment securities	70,344	19,726	11,839	5,960	107,869	(91)	107,778
Other assets[1]	10,462	5,125	–	1	15,588	–	15,588
Total financial assets (contractual)	**227,566**	**45,095**	**104,438**	**913,962**	**1,291,061**	**(367,807)**	**923,254**
Financial liabilities:							
Deposits	319,782	199,313	180,166	32,656	731,917	(8,191)	723,726
Borrowed funds	12,384	9,666	184,738	209,257	416,045	(49,236)	366,809
Lease liabilities	–	–	–	–	–	–	–
Other financial liabilities[2]	73,054	12,524	3,384	–	88,962	–	88,962
Loan commitments	3,115	–	–	–	3,115	–	3,115
Financial guarantee contracts	1,282	1,188	3,494	8,316	14,280	–	14,280
Total liabilities (contractual)	**409,617**	**222,691**	**371,782**	**250,229**	**1,254,319**	**(57,427)**	**1,196,892**
Liquidity gap	**(182,051)**	**(177,596)**	**(267,344)**	**663,733**	**36,742**	**(310,380)**	**(273,638)**
Cumulative liquidity gap	**(182,051)**	**(359,647)**	**(626,991)**	**36,742**			

Notes:
1. Excludes prepayments and other non-financial assets. Balance disclosed is included in the $29.1 million other assets balance in the statement of financial position.
2. Excludes provisions and other non-financial liabilities. Balance disclosed is included in the $97.0 million other liabilities balance in the statement of financial position.

Market risk

This defines the risk that movements in market prices will adversely affect the value of on- or off-balance sheet positions. It encompasses risks arising from changes in investment market values or other features correlated with investment markets, in particular, changes in interest rates, foreign exchange rates, and equity and commodity prices. Market risk is often propagated by other forms of financial risk such as credit and market-liquidity risks.

Analysis of market risk (audited)

Sensitivity analysis of market price

The Group holds, directly or through its subsidiaries, listed equities with a fair value of $1.2 million and unlisted equities of $15.3 million. The Group is therefore exposed to gains or losses related to the variability in the market prices of the equities held.

Market risk comprises three types of risk: interest rate risk, currency risk and other price risk, such as equity price risk and commodity risk. The exposure to equity price risk is described below.

Equity price risk

The Group's listed and unlisted equity securities are susceptible to market price risk arising from uncertainties about future values of the investment securities. The Group manages the equity price risk through diversification and by placing limits on individual and total equity instruments. The Group's Board of Directors reviews and approves all equity investment decisions.

Further details on key assumptions in valuations, and sensitivity analysis of equity instruments and price risk are shown in note 5.

Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Group's exposure to the risk of changes in foreign exchange rates relates primarily to the Group's operating activities and the Group's net investments in foreign subsidiaries.

The Group takes on exposure due to the effects of fluctuations in the prevailing foreign currency exchange rates on its financial position and cash flows. Group Risk sets limits on the level of exposure by currency and in aggregate for both overnight and intra-day positions, which are monitored daily. The following table summarises the Group's exposure to foreign currency exchange rate risk.

28 February 2021 $'000	USD	EUR	BWP	ZWL	TZS	ZAR	MZN	AED	Other	Total
Financial assets										
Cash and short-term funds	28,845	10,221	71,497	12,868	4,580	12,802	–	545	569	141,927
Financial assets held at FVTPL	12,569	–	–	3,385	1,348	–	–	–	–	17,302
Loans and advances	14,883	–	548,885	16,758	–	1	–	–	–	580,527
Investment securities	33,247	–	67,265	18,889	245	–	–	–	–	119,646
Derivative financial assets	–	–	5,543	–	–	–	–	–	–	5,543
Other financial assets[1]	19,975	1	4,387	11,340	–	2	2,003	–	–	37,708
Total financial assets	**109,519**	**10,222**	**697,577**	**63,240**	**6,173**	**12,805**	**2,003**	**545**	**569**	**902,653**
Financial liabilities										
Deposits	78,861	16,243	522,794	45,089		8,765			782	672,534
Borrowed funds	378,051		58,714	4,939						441,704
Derivative financial liabilities			5,564							5,564
Other financial liabilities[2]	87,639	45	11,172	1,130	32	220			3	100,241
Total financial liabilities	**544,551**	**16,288**	**598,244**	**51,157**	**32**	**8,985**			**785**	**1,220,043**
Net FCY exposure	**(435,032)**	**(6,066)**	**99,333**	**12,082**	**6,141**	**3,820**	**2,003**	**545**	**(216)**	**(317,390)**

Notes:

1. Excludes prepayments and other non-financial assets. Balance disclosed is included in the $54.6 million other assets balance in the statement of financial position.
2. Excludes provisions and other non-financial liabilities. Balance disclosed is included in the $111.4 million other liabilities balance in the statement of financial position.

Foreign exchange risk continued (audited)

31 December 2019 $'000	USD	EUR	BWP	ZAR	TZS	ZWL	NGN	AED	Other	Total
Financial assets										
Cash and short-term funds	66,021	2,531	51,979	5,796	1,045	170	5	1,211	1,775	130,533
Financial assets held at FVTPL	19,860	–	3,925	–	1,439	19	–	–	–	25,243
Loans and advances	4,968	–	604,832	–	3,866	22,733	–	–	7,713	644,112
Investment securities	42,702	–	64,747	–	329	–	–	–	–	107,778
Derivative financial assets	–	–	5,583	109	–	–	–	–	–	5,692
Other financial assets	11,806	–	3,782	–	–	–	–	–	–	15,588
Total financial assets	**145,357**	**2,531**	**734,848**	**5,905**	**6,679**	**22,922**	**5**	**1,211**	**9,488**	**928,946**
Financial liabilities										
Deposits	99,956	2,145	616,118	4,401	–	–	–	–	1,106	723,726
Derivative financial liabilities	8	25	5,577	–	–	–	–	–	–	5,610
Borrowed funds	352,529	–	8,179	–	–	6,101	–	–	–	366,809
Other financial liabilities	5,493	5	12,789	80	–	–	–	–	70,595	88,962
Total financial liabilities	**457,986**	**2,175**	**642,663**	**4,481**	**–**	**6,101**	**–**	**–**	**71,701**	**1,185,107**
Net FCY exposure	**(312,629)**	**356**	**92,185**	**1,424**	**6,679**	**16,821**	**5**	**1,211**	**(62,213)**	**(256,161)**

Notes:

1. Excludes prepayments and other non-financial assets. Balance disclosed is included in the $29.1 million other assets balance in the statement of financial position.
2. Excludes provisions and other non-financial liabilities. Balance disclosed is included in the $97.0 million other liabilities balance in the statement of financial position.

Sensitivity analysis (audited)

The Group is exposed to a number of currencies as a result of its investments in different countries. The impact of the weakening of the major currencies of the Group's operating components against the US Dollar is presented below:

$'000	28 February 2021		31 December 2019	
	Effect on equity	Effect on profit or loss	Effect on equity	Effect on profit or loss
EUR: 5% movement (2019: 5% movement)	289	289	(17)	(17)
BWP: 5% movement (2019: 10% movement)	(4,730)	(4,730)	(8,380)	(8,380)
ZWL : 50% movement (2019: 50% movement)	(4,027)	(4,027)	(5,607)	(5,607)
ZAR: 10% movement (2019: 30% movement)	(347)	(347)	(328)	(328)
TZS: 1% movement (2019: 1% movement)	(61)	(61)	(66)	(66)
MZN: 1% movement (2019: nil)	(20)	(20)	–	–
All other currencies: 1% movement (2019: 5% movement)	(3)	(3)	2,905	2,905
	(8,899)	**(8,899)**	**(5,886)**	**(5,886)**

Interest rate risk (audited)

Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fair value interest rate risk is the risk that the value of a financial instrument will fluctuate because of changes in market interest rates. The Group takes on exposure to the effects of fluctuations in the prevailing levels of market interest rates on both its fair value and cash flow risks. Interest margins may increase as a result of such changes but may reduce losses in the event that unexpected movements arise. In order to reduce interest rate risk, the majority of the Group's lending is on a variable interest rate with a term of less than one year. This approach has been adopted as a result of the scarcity of term deposits in the region which limits the Group's ability to build a substantial, stable pool of fixed rate funding.

The table below summarises the Group's total exposure to interest rate risks on financial instruments. It includes the Group's financial instruments at carrying amounts, categorised by the earlier of contractual re-pricing or maturity dates.

28 February 2021 $'000	Up to 1 month	1-3 months	3-12 months	1-5 years	Non-interest bearing	Total
Financial assets						
Cash and short-term funds	98,789	–	4,944	–	38,194	141,927
Financial assets at FVTPL	–	–	–	–	17,302	17,302
Loans and advances	561,115	424	2,674	6,600	9,714	580,527
Investment securities	84,204	12,587	4,177	18,255	423	119,646
Derivative financial assets	96	5,447	–	–	–	5,543
Other financial assets[1]	–	–	–	–	37,708	37,708
Total financial assets	**744,204**	**18,458**	**11,795**	**24,855**	**103,341**	**902,653**
Financial liabilities						
Deposits	234,177	9,261	42,614	386,482	–	672,534
Borrowed funds	277,150	77,677	22,546	45,240	19,091	441,704
Derivative financial liabilities	–	–	–	–	5,564	5,564
Other financial liabilities[2]	83	249	664	4,250	94,995	100,241
Total financial liabilities	**511,410**	**87,187**	**65,824**	**435,972**	**119,650**	**1,220,043**
Net interest rate risk gap	**232,794**	**(68,729)**	**(54,029)**	**(411,117)**		
Cumulative interest rate gap	**232,794**	**164,065**	**110,036**	**(301,081)**		

Notes:

1. Excludes prepayments and other non-financial assets. Balance disclosed is included in the $54.6 million other assets balance in the statement of financial position.
2. Excludes provisions and other non-financial liabilities. Balance disclosed is included in the $111.4 million other liabilities balance in the statement of financial position.

31 December 2019 $'000	Up to 1 month	1-3 months	3-12 months	1-5 years	Non-interest bearing	Total
Financial assets						
Cash and short-term funds	106,755	–	–	–	23,778	130,533
Financial assets at FVTPL	–	–	3,925	–	21,318	25,243
Loans and advances	614,259	1,562	5,782	12,795	9,714	644,112
Investment securities	70,344	19,726	11,767	5,453	488	107,778
Derivative financial assets	–	–	–	–	5,692	5,692
Other financial assets[1]	–	–	–	–	15,588	15,588
Total financial assets	**791,358**	**21,288**	**21,474**	**18,248**	**76,578**	**928,946**
Financial liabilities						
Deposits	319,605	197,919	175,756	30,446	–	723,726
Borrowed funds	378	76,220	159,845	105,509	24,857	366,809
Derivative financial liabilities	–	–	–	–	5,610	5,610
Other financial liabilities[2]	6,511	–	–	159	82,292	88,962
Total financial liabilities	**326,494**	**274,139**	**335,601**	**136,114**	**112,759**	**1,185,107**
Net interest rate risk gap	**464,864**	**(252,851)**	**(314,127)**	**(117,866)**		
Cumulative interest rate gap	**464,864**	**212,013**	**(102,114)**	**(219,980)**		

Notes:

1. Excludes prepayments and other non-financial assets. Balance disclosed is included in the $29.1 million other assets balance in the statement of financial position.
2. Excludes provisions and other non-financial liabilities. Balance disclosed is included in the $97.0 million other liabilities balance in the statement of financial position.

Net interest income sensitivity to interest rate risk (audited)

The following is an analysis of the sensitivity of the Group's net interest income to increase or decrease in market interest rates. Based on a review of the movements in interest rates, especially as a result of the crisis caused by the COVID-19 pandemic, a 100-basis points ('bps') stress was deemed to be reflective of current interest rate movements.

$'000	28 February 2021		31 December 2019	
	+100bps	-100bps	+100bps	-100bps
Change in net interest income	(4,466)	4,466	(3,370)	3,370
Taxation effects on the above	1,142	(1,142)	873	(873)
Effect on profit for the year	(3,342)	3,342	(2,497)	2,497
As a percentage of total shareholders' equity	(1.16%)	1.16%	(0.50%)	0.50%

The table below illustrates the impact of interest rate movements for each banking subsidiary, on the subsidiary. Based on a review of the movements in interest rates at country level, a 100 bps (2019: 100 bps) stress was deemed to be reflective of current interest rate movements, except for ABC Zimbabwe, where a higher rate has been assumed to account for the impact of inflation.

$'000	28 February 2021				31 December 2019			
	Increase in rate		Decrease in rate		Increase in rate		Decrease in rate	
	Pre-tax	Post-tax	Pre-tax	Post-tax	Pre-tax	Post-tax	Pre-tax	Post-tax
African Banking Corporation of Botswana Limited								
Change in net interest income: +/-100 basis points (2019: +/-100 basis points)	(4,398)	(3,430)	4,398	3,430	(1,944)	(1,517)	1,944	1,517
As a percentage of total shareholders' equity	(4.07%)	(3.18%)	4.07%	3.18%	(1.92%)	(1.50%)	1.92%	1.50%
African Banking Corporation (Zimbabwe) Limited								
Change in net interest income: +/-1000 basis points (2019: +/-1,000 basis points)	1,925	1,449	(1,925)	(1,449)	377	280	(377)	(280)
As a percentage of total shareholders' equity	3.17%	2.39%	(3.17%)	(2.39%)	0.71%	0.53%	(0.71%)	(0.53%)

Risks arising from the impact of COVID-19

The COVID-19 pandemic, which developed and was prevalent throughout 2020, with a second wave being experienced in the second half of the year, negatively impacted the Group's customers as well as the performance of the Group for the 14-month period ended 28 February 2021. The second wave, as well as the third wave being experienced across nations has significantly caused uncertainty over how the future development of the outbreak will impact the Group's business and customer demand for its products and services. Whilst COVID-19 vaccine roll-outs gathered momentum around the world, there still remains uncertainty over the impact of the vaccine roll-outs in the markets the Group has footprints in as well as the efficacy of the vaccine against the emerging variants of the COVID-19 virus.

Containment measures taken by governments, including travel bans, border closures, mandatory 'stay at home' policies, quarantines, social distancing, closures of non-essential services and in some countries full lockdown, triggered significant disruptions to businesses activities worldwide and also to the Group's staff, customers and other stakeholders. Global economies as well as the economic environments of the Group's countries of operations were adversely impacted by the slowdown of economic activities caused by the pandemic.

Across the globe, governments and central banks responded with monetary and fiscal interventions, such as stimulus packages, quantitative easing, interest rate cuts, reduction in deposit statutory reserves, reduction in minimum capital adequacy requirements, removal of fees and charges on certain customer transactions, directing all banks to support customers during these uncertain times by providing access to credit, moratorium, and flexibility on repayment of loans, placing embargos on any reduction of workforce during the crisis and injection of liquidity into the markets, amongst other measures, to stabilise economic conditions.

The Group implemented a comprehensive range of measures to support staff and customers, with focus on the health and safety of staff. Some of the measures implemented include work from home policies, reconfiguration of offices, social distancing, provision of masks and other protective gear, periodic testing of staff, virtual meetings and provision of sanitisers. Some of the measures implemented to support customers include the restructuring of customer loans on a case by case basis; improvement of digital platforms, especially mobile and internet banking channels to ease the conduct of banking transactions by customers; provision of working capital to productive sectors and reduction of bank charges especially on digital platforms.

A number of digital innovations were undertaken by the Group. BancABC Zimbabwe launched Ally A.I. Chatbot, which allows customers to conduct transactions on social media platforms such as WhatsApp. In addition, the first virtual branch in Zimbabwe was launched, which makes virtual banking services accessible through channels including Skype, WhatsApp and Telephone Banking, coupled with Dial-A-Visa service and a Virtual Ignition Hub for SMEs. Other subsidiaries enhanced their internet and mobile platforms including offering of SaruMoney application in Botswana.

Across the Group's network of operations, business continuity plans ('BCP') were activated to ensure that business operations continued, while developing resilience against the crisis. Despite the activation of the BCPs, the Group's operations was vulnerable to the business disruptions caused by the pandemic, with attendant impacts on the Group's financial performance and position. Some of the actions taken by the Group such as payment holidays, extension of moratorium and loan restructures negatively impacted the interest income earned on the Group's loans and also resulted in lower fee income on credit. In addition, the rate cuts implemented by some central banks also negatively impacted the interest income earned by the Group during the period.

The effect of the pandemic on business activities also resulted in lower digital transaction volumes, thereby resulting in lower digital fee income. In addition, the economic slowdown impaired the ability of the Group's ability to grow its loan book, largely due to the conservative credit appetite as lending was halted in the high risk sectors and a cautious approach was taken for all new lending. The Group was able to keep the NPL ratio constant by proactively implementing remedial strategies and driving loan recovery efforts.

The weakening of market and macroeconomic indices such as GDP growth forecasts, inflation, exchange rates etc. could trigger impairments of the Group's assets such as investments in subsidiaries and associates (UBN) as well as goodwill and other intangible assets.

The economic outlook in the markets of operation remains uncertain with the longer-term impact on the Group's business, financial position and performance, liquidity and capital position, dependent on the severity and length of the pandemic and the mitigating impact of containment measures imposed by governments and other bodies as well as the success of the vaccination efforts across countries. Throughout this period of uncertainty, the Group will continue to work closely with customers, colleagues, regulators and the government and keep a close eye on the performance of the portfolios with frequent stress testing and scenario analysis.

Operational risk management

Managing operational risk requires timely, reliable as well as a strong control culture. We seek to manage our operational risk through:

- active participation of all business units in identifying and mitigating key operational risks across the Group;
- the training and development of the bank's employees;
- independent control and support functions that monitor operational risk periodically; and
- a network of systems and tools throughout the bank to facilitate the collection of data used to analyse and assess our operational risk exposure.

Operational risk is overseen by senior management under the Operational Risk Committee Framework. Our operational risk framework is in part designed to comply with operational risk measurement and assessment rules under Basel II. The Group's operational risk management processes focus primarily on risk assessment, loss data collection and the tracking of key risk indicators. The results of these processes are used to raise awareness of operational risk management and to enhance the internal control environment, with the ultimate aim of reducing losses.

Compliance risk management

Compliance risk is the risk of non-compliance with all relevant regulatory statutes, Central Bank supervisory requirements and industry codes of practice. The compliance function is an integral part of the overall Group Risk Management function. A decentralised compliance function has been implemented within business units and subsidiaries, and compliance officers have been appointed in each operating entity.

Compliance risk is effectively managed through developing and implementing compliance processes, developing effective policies and procedures affecting the respective regulatory frameworks, and providing advice and training on the constantly changing regulatory environment. A key role of compliance officers in the Group is to develop and maintain sound working relationships with its various regulators in the Group's operating countries.

Legal risk management

Group Chief Legal Counsel is responsible for ensuring that legal risk is adequately managed. This is achieved through standard approved legal documentation wherever possible; however, specialised external legal advisers are used when required for non-standard transactions. Group Chief Legal Counsel ensures that only approved legal advisers provide legal opinions or draw up specialised agreements for the Group.

Group internal audit

The primary function of Internal Audit is to give objective assurance to the Board that adequate management processes are in place to identify and monitor risks, and that effective internal controls are in place to manage those risks. Group Internal Audit independently audits and evaluates the effectiveness of the Group's risk management, internal controls and governance processes.

Internal Audit operates under terms of reference approved by the Audit, Risk and Compliance Committee. The terms of reference define the role and objectives, authority and responsibility of the internal audit function. The Group's reporting structures ensure that the Group internal auditor has unrestricted access to the Chairman of the Audit, Risk and Compliance Committee.

At the outset of each financial year, Group Internal Audit carries out a risk assessment for all business units and subsidiaries. A comprehensive audit plan for the year that identifies specific areas of focus is then derived from this assessment. The audit plan is reviewed regularly, and any changes must be approved by the Audit, Risk and Compliance Committee. The areas of focus are confirmed with executive management before being submitted to the Audit, Risk and Compliance Committee for approval.

Going concern assessment (audited)

The Group reported a loss of $57.3 million for the 14-month period ended 28 February 2021 (12-month period ended 31 December 2019: $141.0 million). As at that date, total assets exceeded total liabilities by $330.5 million (31 December 2019: $547.2 million).

The financial statement of the Group for the 14-month period ended 28 February 2021, were prepared on a going concern basis with the following matters identified as events or conditions requiring significant consideration with regards to the appropriateness of the going concern assumption:

- **Strategic options:** The ability of the Group and Company to close the on-going strategic transactions which have been announced and thus transform the overall financial status of the Group and Company.
- **Liquidity challenges:** Beginning in 2019, the Group launched a review of strategic options to partner in or exit certain markets. In parallel, the Group was also engaged in a strategic fundraising initiative targeting both debt and equity, to be utilised to support operations as well as address a balance sheet realignment given certain debt maturities expected in 2020. This initiative focused only on the holding companies, i.e. ATMA BVI, the Group's ultimate holding company and ABC Holdings Limited ('ABCH'), the intermediate holding company.

  The extraordinary economic challenges related to the COVID-19 pandemic resulted in delays in the strategic fundraising initiative, which was paused because of tightening global liquidity. Emerging markets were affected more significantly due to the tightening of global liquidity. Further compounding these challenges, the major currency depreciations across the African markets in which the Group operates resulted in significant reduction in the US dollar value of the Group's assets and thus a reduction in the Group's debt capacity.

The cumulative effect of these challenges, and the pandemic's effects on growth and liquidity of the Group, led to an acceleration of potential transactions, as well as discussions with bilateral lenders towards an overall restructuring of the balance sheet of the holding companies. These discussions explored a range of options to provide stability to position the Group to weather the downturn and continue to pursue its strategic options. These discussions culminated in the standstill agreement announced on 29 December 2020, which was replaced by a long-term restructuring agreement that became effective on 14 July 2021 with the participating lenders in the form of the Support and Override agreement. The Support and Override agreement sets out the terms, milestones and timing of the debt repayments. While the signing of this definitive agreement provided the foundation for the stabilisation of the platform, given that the settlement of the Group's outstanding debt is dependent on a number of milestones, including the strategic transactions as set out below, the successful ongoing implementation of the Support and Override agreement results in a material uncertainty in respect of the going concern assumption.

Strategic transactions

The Group remains focused on executing the publicly announced strategic transactions, as listed below, to maximise value for its lenders and other stakeholders.

On 30 September 2020, ABCH entered into a definitive agreement with Access Bank Plc for the sale of the Group's shareholding in African Banking Corporation Mozambique Limited. The transaction was completed on 17 May 2021.

On 26 November 2020, ABCH entered into a definitive agreement with KCB Group Plc for the sale of the Group's 97.3% shareholding in African Banking Corporation Tanzania Limited. The transaction, which has been approved by the Bank of Tanzania, is now subject to fulfilment of customary conditions precedent.

On 26 November 2020, ATMA entered into a definitive agreement with KCB Group Plc for the sale of the Group's 62.06% shareholding in Banque Populaire du Rwanda Plc ("BPR"). The transaction was completed on 25 August 2021.

On 19 April 2021, ABCH entered into a definitive agreement with Access Bank Plc for the sale of its 78.15% shareholding in African Banking Corporation Botswana Limited. The transaction, which has already been approved by the Bank of Botswana, is now near completion. The Group expects the change of ownership and control to be completed before the end of the year.

African Banking Corporation Zambia limited is, for accounting purposes, still classified as a disposal group held for sale in terms of International Financial Reporting Standard ("IFRS") 5: *Non-current assets held for sale and discontinued operations. D*iscussions with a potential investor for the sale of the subsidiary are at an advanced stage.

Support and override agreement ('SOA')

On 14 July 2021, the SOA was signed by majority of the lenders representing 88% of the aggregate amount of debt outstanding under ATMA BVI ('the Company') and ABCH's direct and contingent facilities. The key terms of the SOA include:

- The creditors who are a party to the SOA (the 'participating creditors') agreed to forbearances in respect of certain events of default under their relevant facilities while the SOA is effective, including: (i) non-payment of amounts due under certain of the Company's and ABCH's financing agreements, (ii) any deterioration in the financial or operational performance of the Group as a result of COVID-19, and (iii) any breach of any financial covenant under certain of the Company's and ABCH's financing agreements;
- The participating creditors with direct facilities with the Company have agreed to forbearances in respect of the maturities of their facilities to 30 September 2021, with the possibility of further extension;
- The participating creditors with direct facilities with ABCH have agreed to waive the maturities of their facilities until 31 December 2022, with the possibility of further extension;
- Proceeds received in respect of the Group's on-going strategic divestments will be held by Wilmington Trust, acting as Global Agent, to support repayments of the Company and ABCH's creditors in accordance with agreed "waterfall" arrangements;
- Participating creditors have agreed to either support, or not object to, the Company and ABCH proposing a restructuring procedure if required, including a UK restructuring plan, UK scheme of arrangement or a scheme of arrangement under Part IX of the British Virgin Islands Business Companies Act 2004, to ensure that all of the Company's financial creditors become bound by the terms of the SOA; and
- The SOA will terminate either automatically, or upon notice from certain participating creditors, if specific criteria are not met, such as divestment milestones or any successful liquidation applications.

The Group, through ABCH, is in discussions with AATIF in relation to its participation in the restructuring. For Norsad, the Group continues to explore a consensual agreement while continuing to contest the petition filed by Norsad. Details on the Norsad litigation are provided in note 35.6.

In addition to the matters presented above, the Directors also considered the capital forecast, liquidity and funding position of individual banking entities within the Group, compared with minimum requirements set by banking regulators in each country as well as reasonable commercial headroom or so-called buffers in line with the Group's risk appetite. The Directors also considered forecasts for the parent company itself.

Based on the above, the Directors believe that the use of the going concern assumption in the preparation of the consolidated financial statements of the Group for the period ended 28 February 2021 is appropriate. This assumption is contingent on the availability of funds to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business. However, should the SOA not be successfully implemented, a material uncertainty exists which may cast significant doubt on the Group's ability to continue as a going concern.

Directors' report

Corporate governance and management report
DTR 7.2 requires that certain information be included in a corporate governance statement. The Corporate Governance Report is included in the Company's 2020 Annual Report.

For the purposes of compliance with DTR 4.1, the required content of the 'Management Report' can be found on page 6 and in this Directors' report.

Results
The consolidated statement of profit or loss shows a reported loss of $57.3 million for the year ended 28 February 2021

Dividends
The Directors do not propose paying a dividend in respect of the year ended 28 February 2021.

Events after the reporting date
Please see pages 79, 87 and 108 – 111 in the Financial statements, which are incorporated into this Report by reference.

Branches
In respect of the year 2020, Atlas Mara had subsidiaries and investment vehicles domiciled and/or operating in Botswana, Germany, Luxembourg, Mauritius, Mozambique, Nigeria, Rwanda, Tanzania, United Arab Emirates, Zambia and Zimbabwe.

Financial risk management objectives and policies
Details on financial risk management are set out in the Risk Report on pages 26 to 45 and are incorporated into this Report by reference.

Change of control
The Company is party to the following contracts that are subject to change of control provisions in the event of a takeover bid. In connection with the placement of senior secured convertible notes initially due 2020 (and now extended by agreement to 2021) and the placement of secured bonds due 2021 (the "Bonds"), the Company is party to contracts that give Bondholders the right to require redemption of their Bonds upon a change of control. In addition, a change of control triggers a downward adjustment to the conversion applicable to the Convertible Bonds due 2020 (but extended to 2021), for a limited period of time following the change of control. The Company is also party to facility agreements that give the Lenders the right to declare all amounts outstanding under the loans immediately due and payable upon a change of control. There are no agreements between the Company and its Directors or employees providing compensation for loss of office or employment that occurs because of a takeover bid. However, if options are granted to senior executive officers, the vesting of issued options is accelerated in the case of a change of control.

Significant contracts
Details of related party transactions are set out on page 101 and are incorporated into this Report by reference.

Going concern
The going concern of the Company is dependent on successfully funding the balance sheet of Atlas Mara and its subsidiaries ('the Group') and maintaining adequate levels of capital. To satisfy themselves that the Company has adequate resources to continue to operate for the foreseeable future, the Directors have considered a number of key dependencies relating to funding, liquidity and capital. Having considered these, the Directors consider that it is appropriate to adopt the use of the going concern assumption in the preparation of the consolidated financial statements of the Group for the period ended 28 February 2021.This assumption is contingent on the successful execution of the restructuring agreement the Company entered into with the majority of its creditors on July 14, 2021 (the "SOA") and other factors, as described on page 46 of the financial statements. Should the SOA not be successfully implemented, a material uncertainty exists which may cast significant doubt on the Group's and Company's ability to continue as going concerns. (A fuller discussion of the going concern assessment is provided on page 46 of the financial statements).

Directors
The names of the current members of the Board of Directors of the Company, as at 31 August 2021, are listed in the table below. The Directors' interests in shares in the Company are provided on page 50 below. The composition of the Board and dates of appointment are shown in the table below:

	Date of appointment			
Director[1]	3 December 2013	3 October 2017	24 April 2018	1 April 2019
Robert E. Diamond, Jr.	●			
Rachel F. Robbins	●			
Michael Wilkerson		●		
Simon Lee			●	
Jawaid Mirza				●

Notes:
1. Amadou Raimi, who was appointed to the Board in January 2015, stepped down from the Board, effective 7 October 2020.

Directors’ report continued

Directors’ indemnities

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

Rights to appoint and remove Directors

On 31 August 2017, the Company entered a strategic financing transaction with Fairfax Africa (now ‘Helios Fairfax Partners’), which resulted in Fairfax Africa acquiring a 42.4% ownership stake in the Company (the ‘Strategic Financing’). On 22 December 2017 Fairfax Africa acquired additional ordinary shares of Atlas Mara, increasing its ownership stake to 43.3%. Pursuant to the terms of the Strategic Financing, Fairfax Africa was granted certain rights to appoint and remove directors to the Company’s Board, which were incorporated into the Articles of the Company and approved by the shareholders of the Company at an extraordinary general meeting held on 14 July 2017. The amended Articles of the Company are available for inspection at the Company’s registered office.

In December 2020, Fairfax Africa’s holdings in the Company were transferred to Fairfax Financial Holdings Limited (‘Fairfax Financial’) along with certain rights to appoint and remove Directors pursuant to the Strategic Financing agreement. Fairfax Financial has the right to nominate four persons as Directors of the Company (the ‘Investor Directors’), and the Directors shall appoint such persons to the Board, subject to the BVI Companies Act and the Articles. In the event Fairfax Financial notifies the Company to remove an Investor Director from the Board, the Directors shall remove such Investor Director, and Fairfax Financial shall have the right to nominate an Investor Director to fill such vacancy. For so long as Fairfax Financial has the right to appoint four Directors to the Board, the Directors retain the right, acting by majority, to nominate five persons as Directors of the Company (the ‘Non-Investor Directors’).

Following completion of the Strategic Financing, and subsequent to the changes in the governance arrangements of the Company, a holder of Founder Preferred Shares (being a Founding Entity together with its affiliates) owning 20% or more of the Founder Preferred Shares in issue, is no longer entitled to nominate a person as a Director of the Company.

Powers of the Directors

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

Substantial shareholders

As at 31 August 2021, the Company has been notified of the following significant holdings (being 5% or more of the voting rights in the Company) in the Company’s ordinary share capital.

Shareholder	% fully diluted interest[1]	Transaction date[1]
Fairfax Financial Holdings Limited	42.3	08/12/2020
Wellington Management Company, LLP	9.9	19/01/2017
Citigroup	5.0	12/02/2020

Note:

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

Share capital

General

As at 28 February 2021, the Company had in issue 174,618,767 ordinary shares of no-par value and 1,250,000 Founder Preferred Shares of no-par value. As at 31 August 2021 (the latest practicable date prior to the publication of this document) the Company had a total number of 174,618,767 ordinary shares in issue, of which 26,653,711 are held in treasury and 3,298,298 are held in escrow as part of the contingent consideration for the acquisition of Finance Bank Zambia Limited.

Founder Preferred Shares

Details of the Founder Preferred Shares can be found in note 3 on page 70 and are incorporated into this Report by reference.

Directors' report continued

Directors' interest in shares

The Directors' beneficial shareholding in the Company, as of 31 August 2021 (the latest practicable date prior to the publication of this document) is as follows:

Directors	Number of ordinary shares held	% ownership
Robert E. Diamond, Jr.	3,948,991	2.73%
Rachel F. Robbins	315,113	0.22%
Michael Wilkerson	508,927	0.35%
Simon Lee	206,881	0.14%
Jawaid Mirza	193,471	0.13%

Notes:

1. Amadou Raimi stepped down from the Board, effective 7 October 2020.

Securities carrying special rights

Save as disclosed above in relation to the shares held by Fairfax and the Founder Preferred Shares, no person holds securities in the Company carrying special rights with regard to control of the Company.

Voting rights

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

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

Restrictions on voting

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

Transfer of shares

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

Independent auditor and audit information

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

Annual General Meeting

The AGM of the Company will be held on a date to be announced in due course in New York City at 477 Madison Avenue, 22nd Floor, New York, NY, 10022. All shareholders have the opportunity to attend and vote, in person or by proxy, at the AGM. The Notice of the AGM will be mailed out and made available on the Company's website at least 20 working days prior to the date of the AGM. The Notice of the AGM sets out the business of the meeting and explanatory notes on all resolutions. Separate resolutions will be proposed in respect of each substantive issue. The Chairman of the Board and the Chairpersons of the Board Committees will be available to answer shareholders' questions.

Statement of Directors' responsibilities

The directors are responsible for preparing the Annual Financial Statements and the Group financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare Group financial statements for each financial year. Under that law they are required to prepare the Group financial statements in accordance with International Financial Reporting Standards as adopted by the European Union (IFRSs as adopted by the EU) and applicable law.

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and of their profit or loss for that period. In preparing each of the Group Company financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable, relevant and reliable;
- state whether they have been prepared in accordance with IFRSs as adopted by the EU;
- assess the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the Group or to cease operations or have no realistic alternative but to do so.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the parent Company's transactions and disclose with reasonable accuracy at any time the financial position of the parent Company. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

Under applicable law and regulations, the directors are also responsible for preparing a Management report, Risk report and Directors' report that complies with that law and those regulations.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Responsibility statement of the directors in respect of the annual financial statements

We confirm that to the best of our knowledge:

- the financial statements, prepared in accordance with the applicable set of accounting standards, give a true and fair view of the assets, liabilities, financial position and profit or loss of the group and the undertakings included in the consolidation taken as a whole; and

- the Management report, Risk report and Directors' report includes a fair review of the development and performance of the business and the position of the issuer, and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face.

Signed on behalf of the Board

Michael Wilkerson
Chairman
31 August 2021

Independent Auditor's report

1. Our opinion is unmodified

We have audited the financial statements of Atlas Mara Limited ("the Group") for the period ended 28 February 2021 which comprise the consolidated statement of financial position, consolidated statement of profit and loss, consolidated statement of other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows and related notes, including the accounting policies in note 1, as well as the credit risk, liquidity risk and market risk information identified as "audited" in the risk report on pages 26 to 45 and the going concern assessment on pages 46 and 47.

In our opinion:

- the financial statements give a true and fair view of the state of the Group's affairs at 28 February 2021 and of the Group's loss for the period then ended; and
- the Group financial statements have been properly prepared in accordance with International Financial Reporting Standards as adopted by the European Union (IFRSs as adopted by the EU).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion. Our audit opinion is consistent with our report to the audit committee.

We were first appointed as auditor by the directors on 3 December 2013. The period of total uninterrupted engagement is for the eight financial years ended 28 February 2021. We have fulfilled our ethical responsibilities under, and we remain independent of the Group in accordance with, UK ethical requirements including the FRC Ethical Standard as applied to listed public interest entities. No non-audit services prohibited by that standard were provided.

2. Material uncertainty related to going concern

	The risk	Our response
Going concern We draw attention to the going concern assessment on pages 46 and 47 of the financial statements which indicates that the ability to settle the Group's outstanding debt is dependent on a number of milestones, including the strategic transactions and the successful execution of the support and override agreement. These events and conditions, along with the other matters explained in the going concern assessment on pages 46 and 47, constitute a material uncertainty that may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.	**Disclosure quality** The financial statements explain how the Board has formed a judgement that it is appropriate to adopt the going concern basis of preparation for the Group. That judgement is based on an evaluation of the inherent risks to the Group's business model and how those risks might affect the Group's financial resources or ability to continue operations over a period of at least a year from the date of approval of the financial statements. There is little judgement involved in the Directors' conclusion that risks and circumstances described in note 1 and the going concern assessment on pages 46 and 47 to the financial statements represent a material uncertainty over the ability of the Group to continue as a going concern for a period of at least a year from the date of approval of the financial statements. However, clear and full disclosure of the facts and the Directors' rationale for the use of the going concern basis of preparation, including that there is a related material uncertainty, is a key financial statement disclosure and so was the focus of our audit in this area. Auditing standards require that to be reported as a key audit matter.	**Our procedures included:** Assessing transparency: Considering whether the going concern disclosure in the going concern assessment on pages 46 and 47 to the financial statements gives a full and accurate description of the Directors' assessment of going concern, including the identified risks and, dependencies, and related sensitivities. Our assessment of management's going concern assessment also included: Our sector experience: Reviewing the cash flow forecasts and assumptions in line with current market conditions and pending transactions. Evaluating assumptions: Evaluating whether the assumptions, used in the cash flow forecasts, are realistic and achievable, and consistent with the external and/or internal environment and other matters identified in the audit. Funding assessment: Evaluating management's assessment of compliance with debt covenants. This included reviewing levels of capital and liquidity and understanding the extent of breaches during the year. Reviewing regulatory correspondence which included evaluating whether regulatory capital requirements have been met as well as the approval of some of the strategic transactions. Evaluating Directors' intent: Challenging management's plans for future actions and assessed the reliability and relevance of data including cash flows from strategic initiatives and the expected timing of current liabilities and expenses. Reviewing the "Support and Override Agreement" as signed on 14 July 2021 and challenged the likelihood of meeting the necessary milestones. Our results: We found the going concern disclosure on pages 46 and 47 (going concern assessment) with a material uncertainty to be acceptable (2019 result: We found the going concern disclosure with no material uncertainty to be acceptable).

3. Other key audit matters: our assessment of risks of material misstatement

Key audit matters are those matters that, in our professional judgement, were of most significance in the audit of the financial statements and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by us, including those which had the greatest effect on the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. Going concern is a significant key audit matter and is described in section 2 of our report.

We summarise below the other key audit matters (unchanged from 2019), in decreasing order of audit significance, in arriving at our audit opinion above, together with our key audit procedures to address those matters and, as required for public interest entities, our results from those procedures. These matters were addressed, and our results are based on procedures undertaken, in the context of, and solely for the purpose of, our audit of the financial statements as a whole, and in forming our opinion thereon, and consequently are incidental to that opinion, and we do not provide a separate opinion on these matters.

<table>
<tr><td colspan="2">Impairment of loans and advances
Refer to accounting policies: (iii) Financial assets and liabilities as well as notes 10 and 12 to the financial statements.</td></tr>
<tr><td>Key audit matter</td><td>How the matter was addressed in our audit</td></tr>
<tr><td>The Group's core business involves providing loans and advances to corporate and retail customers.

In the consolidated financial statements, gross loans and advances amount to USD 611 million and the expected credit losses amount to USD 31 million as at 28 February 2021.

The expected credit loss (ECL) model applied to measure impairment requires management to exercise significant judgement in the determination of expected credit losses.

Management calculates the ECL using statistical models. The following inputs to these models require significant management judgement:
• Determination of significant increase in credit risk (SICR);
• Determination of macroeconomic inputs and forward looking information into the SICR assessment and ECL measurement; and
• Estimation of the probability of default, the exposure at default and the loss given default.

In addition to the above, judgement is also applied to determine whether any post model overlays are required for credit risk elements which are not captured by the models.

Due to the significance of the loans and advances and the increased significant estimation uncertainty and judgement involved in determining the ECL, the impairment of loans and advances was considered to be a key audit matter.</td><td>Our procedures included the following:

We evaluated the design and implementation, and where applicable, the operating effectiveness of key controls over the loan impairment process, focusing on the identification of the ECL, the governance processes implemented for credit models and inputs, and management's oversight over the ECL.

We evaluated the design and implementation and the operating effectiveness of controls relating to the Group's loan origination process and credit reviews.

Where expected credit losses were calculated on a modelled basis, we performed the following procedures, in conjunction with our credit risk specialists:
• We critically assessed the ECL models developed by management by using our credit risk specialists in the evaluating the appropriateness of the ECL model, data, inputs and the resultant outputs. This included assessing the ability of the model to reflect the impact of COVID-19 through appropriate calibration;
• We assessed the completeness, accuracy and validity of data and inputs used during the development and application of the ECL models; and
• We challenged the parameters and significant assumptions applied in the calculation models which included SICR, the estimated probability of default, exposure at default and loss given default by evaluating these assumptions against internal business practices, industry norms and our own independent assumptions.

We assessed how management have considered the uncertainties of COVID-19 in the estimate of ECL, specifically regarding macro-economic forecasts and behaviors of borrowers subject to payment holidays as well as the criteria set by management for determining whether there has been a SICR.

We evaluated the appropriateness of management's additional post model overlays by independently assessing the reasonability of these assumptions.

We evaluated the adequacy of the financial statement disclosures against the requirements of IFRS 9: Financial Instruments and IFRS 7: Financial Instruments Disclosures.

We concluded that the Group's ECL provisions were reasonable and recognised in accordance with IFRS 9.</td></tr>
</table>

<table>
<tr><td colspan="2">Valuation of goodwill
Refer to note 17 to the financial statements.</td></tr>
<tr><td>Key audit matter</td><td>How the matter was addressed in our audit</td></tr>
<tr><td>Goodwill has been allocated to two cash-generating units (CGUs) for the purposes of impairment testing, namely Botswana and West Africa.

An annual impairment test was performed on goodwill by determining the recoverable amounts of the CGUs based on their value in use.

Management's determination of the value in use required the application of significant judgements in the following areas:
• future cash flows;
• discount rate applied;
• the assumptions underlying the forecast growth and terminal growth rates.
The judgements applied by management have a significant impact on the valuation on the CGU's. Consequently, the valuation of goodwill was therefore considered to be a key audit matter.</td><td>Our procedures include:

We compared the current methods and significant assumptions with the methods and assumptions used in previous impairment testing and valuations for consistency.

We performed a forecast comparison of the current year forecasts compared to forecasts received in the prior year.

We evaluated management's assumptions on growth rates and discount rates by comparing them to known market and industry trends.

We evaluated the adequacy of the disclosures made in the financial statements against the requirements of IAS 36 Impairment of Assets.

We found the resulting estimate of goodwill to be acceptable.</td></tr>
</table>

Disposal groups classified as held for sale Refer to note 32 to the financial statements.	
Key audit matter	**How the matter was addressed in our audit**
On 30 April 2019, the Group publicly announced its intention to dispose of its investments in the following subsidiaries: African Banking Corporation (Tanzania) Limited, African Banking Corporation (Moçambique) S.A., African Banking Corporation Zambia Limited and Banque Populaire du Rwanda Limited. On 29 September 2020, the Group announced that it had entered into definitive agreements with Access Bank Plc for the sale of the Group's banking asset in African Banking Corporation Mozambique, subject to regulatory approval and other customary conditions precedent. On 26 November 2020, the Group announced that it had entered into an agreement with KCB Group Plc for the sale of the Group's banking assets in African Banking Corporation (Tanzania) Limited and Banque Populaire du Rwanda Limited, pending regulatory approvals and other customary conditions. Atlas Mara Limited successfully completed the sale of 100% of its shareholding in African Banking Corporation (Moçambique) S.A on 17 May 2021 and the sale of 62.06% of its shareholding in Banque Populaire du Rwanda Limited on 25 August 2021. The change of control was effective on the same dates. The application of IFRS 5, Non-current assets held for sale (IFRS 5) as a result of the announcements had a significant effect on the profit or loss, the carrying values of its assets and on the presentation of results, and as such this was considered to be a key audit matter.	Our procedures included the following: We assessed the appropriateness of the classification of the investments/disposal group as held for sale by assessing the terms and conditions of the offer term sheets or signed agreements. As relates to the Tanzania, Mozambique and Rwanda sales, we inspected the signed sale agreements and confirmed that the offer price represented the lower of carrying value and fair value less costs to sell. As relates to the Zambia sale, we interrogated and compared the accuracy of the inputs, used to determine the lower of carrying value and fair value less costs to sell, against the signed term sheet and third party comparable data. We evaluated the accuracy of the consolidation journal entries between continued and discontinued operations to assess the appropriate application of IFRS 5. We evaluated the adequacy of the financial statement disclosures against the requirements of IFRS 5. We found the Group's classification and disclosure of disposal groups classified as held for sale to be acceptable.

4. Our application of materiality and an overview of the scope of our audit

Materiality

Materiality for the group financial statements as a whole was set at USD 7.3 million (2019: USD 7.8 million), determined with reference to a benchmark of total assets of continued assets.

In line with our audit methodology, our procedures on individual account balances and disclosures were performed to a lower threshold, performance materiality, so as to reduce to an acceptable level the risk that individually immaterial misstatements in individual account balances add up to a material amount across the financial statements as a whole.

Performance materiality was set at 65% (2019: 65%) of materiality for the financial statements as a whole, which equates to USD 4.7 million (2019 : USD 5.1 million) for the group. We applied this percentage in our determination of performance materiality based on the increased aggregation risk.

We agreed to report to the audit committee any corrected or uncorrected identified misstatements exceeding USD 0.29 million (2019: 0.3 million), in addition to other identified misstatements that warranted reporting on qualitative grounds.

Scope

The group team performed the audit of the group as if it was a single aggregated set of financial information. The audit was performed using the materiality levels set out above.

5. Going concern basis of preparation

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the Group or to cease its operations, and as they have concluded that the Group's financial position means that this is realistic for at least a year from the date of approval of the financial statements ("the going concern period"). As stated in section 2 of our report, they have also concluded that there is a material uncertainty related to going concern.

An explanation of how we evaluated management's assessment of going concern is set out section 2 of our report.

Our conclusions based on this work:

- we consider that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the above conclusions are not a guarantee that the Group will continue in operation.

Based on this work, we are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least a year from the date of approval of the financial statements.

6. Fraud and breaches of laws and regulations – ability to detect

Identifying and responding to risks of material misstatement due to fraud

To identify risks of material misstatement due to fraud ("fraud risks") we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included:

- Enquiring of directors, as to the Group's high-level policies and procedures to prevent and detect fraud, as well as whether they have knowledge of any actual, suspected or alleged fraud.
- Reading the Board and Audit, Risk and Compliance Committee minutes.
- Using analytical procedures to identify any unusual or unexpected relationships.
- Using our own forensic specialists to assist us in identifying fraud risks based on discussions of the circumstances of the Group.

We communicated identified fraud risks throughout the audit team and remained alert to any indications of fraud throughout the audit. This included communication from the group to full scope component audit teams of relevant fraud risks identified at the Group level and request to full scope component audit teams to report to the Group audit team any instances of fraud that could give rise to a material misstatement at group.

As required by auditing standards, we perform procedures to address the risk of management override of controls and the risk of fraudulent revenue recognition

We also identified a fraud risk related to the overlays on the ECL and the accuracy of the selling price of the disposal group classified as held for sale given the level of judgement applied by management.

Identifying and responding to risks of material misstatement due to non-compliance with laws and regulations

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience, and through discussion with the directors and other management (as required by auditing standards), and from inspection of the Group's regulatory and legal correspondence and discussed with the directors and other management the policies and procedures regarding compliance with laws and regulations.

As the Group is regulated, our assessment of risks involved gaining an understanding of the control environment including the entity's procedures for complying with regulatory requirements.

We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit. This included a request for full scope component auditors to report to the group team any instances of non-compliance with laws and regulations that could give rise to a material misstatement at group.

Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the directors and inspection of regulatory and legal correspondence, if any. Therefore if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach.

Context of the ability of the audit to detect fraud or breaches of law or regulation

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remained a higher risk of non-detection of fraud, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

7. We have nothing to report on the other information in the Annual Financial Statements

The directors are responsible for the other information presented in the Annual Financial Statements together with the financial statements. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except as explicitly stated below, any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work we have not identified material misstatements in the other information.

8. We have nothing to report on the other matters on which we are required to report by exception

We have nothing to report in these respects.

9. Respective responsibilities

Directors' responsibilities

As explained more fully in their statement set out on page 51, the directors are responsible for: the preparation of the financial statements including being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue our opinion in an auditor's report. Reasonable assurance is a high level of assurance but does not guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

10. The purpose of our audit work and to whom we owe our responsibilities

This report is made solely to the Company's members, as a body. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

KPMG Inc
Pierre Fourie
Chartered Accountant
85 Empire Road
Parktown
Johannesburg
2193
31 August 2021

Consolidated statement of profit or loss

for the period ended 28 February 2021

$'000	Notes	14 months to 28 February 2021			12 months to 31 December 2019*		
		Continuing operations	Discontinued operations	Total	Continuing operations	Discontinued operations	Total
Interest and similar income	15	81,418	143,787	225,205	77,085	133,643	210,728
Interest and similar expense	8	(80,274)	(62,694)	(142,968)	(65,712)	(58,846)	(124,558)
Net interest income		**1,144**	**81,093**	**82,237**	**11,373**	**74,797**	**86,170**
Impairment credit/(charge) on financial assets	12	79	(12,290)	(12,211)	967	(12,388)	(11,421)
Net interest income after loan impairment charges		**1,223**	**68,803**	**70,026**	**12,340**	**62,409**	**74,749**
Non-interest income	23	51,743	52,345	104,088	53,741	49,925	103,666
Share of profit of associates	16	25,510	-	25,510	31,101	-	31,101
Total operating income		**78,476**	**121,148**	**199,624**	**97,182**	**112,334**	**209,516**
Operating expenses	24	(90,240)	(123,923)	(214,163)	(81,405)	(136,732)	(218,137)
Transaction and integration expenses		-	1,000	1,000	–	(1,350)	(1,350)
Loss on monetary position		(16,872)	-	(16,872)	(11,081)	-	(11,081)
Net movement on IFRS 5 remeasurement		-	(1,435)	(1,435)	–	(105,461)	(105,461)
(Loss)/profit before tax*		**(28,636)**	**(3,210)**	**(31,846)**	**4,696**	**(131,209)**	**(126,513)**
Income tax expense	25.1	(18,393)	(7,042)	(25,435)	(12,459)	(2,061)	(14,520)
Loss for the period		**(47,029)**	**(10,252)**	**(57,281)**	**(7,763)**	**(133,270)**	**(141,033)**
Attributable to:							
Ordinary shareholders		(46,593)	(12,006)	(58,599)	(8,451)	(134,768)	(143,219)
Non-controlling interests		(436)	1,754	1,318	688	1,498	2,186
Loss for the period		**(47,029)**	**(10,252)**	**(57,281)**	**(7,763)**	**(133,270)**	**(141,033)**
Basic loss per share ($)	26	**(0.28)**	**(0.07)**	**(0.35)**	**(0.05)**	**(0.79)**	**(0.84)**
Diluted loss per share ($)	26	**(0.28)**	**(0.07)**	**(0.35)**	**(0.05)**	**(0.79)**	**(0.84)**

* The IFRS 5 remeasurement loss was incorrectly presented after the profit/(loss) before tax line for the year 2019 but has been correctly reported for the current year. Refer to note 34 for further details of the correction of this prior year error.

Consolidated statement of other comprehensive income

for the period ended 28 February 2021

$'000	14 months to 28 February 2021			12 months to 31 December 2019		
	Continuing operations	Discontinued operations	Total	Continuing operations	Discontinued operations	Total
Loss for the period	**(47,029)**	**(10,252)**	**(57,281)**	**(7,763)**	**(133,270)**	**(141,033)**
Other comprehensive income/(loss)						
Items that may be reclassified to profit or loss:	**(122,830)**	**(28,805)**	**(151,635)**	**11,239**	**(11,613)**	**(374)**
Exchange differences on translating foreign operations	(119,534)	(28,469)	(148,003)	(1,163)	(11,663)	(12,826)
Net change in FVOCI reserves (net of tax)	(19)	(336)	(355)	(150)	50	(100)
Share of OCI of equity-accounted investees (net of tax)	(3,277)	-	(3,277)	12,552	-	12,552
Items that will not be reclassified to profit or loss:	-	-	-	**(414)**	-	**(414)**
Revaluation of land and buildings (net of tax)	-	-	-	(414)	-	(414)
Total other comprehensive (loss)/income, net of tax	**(122,830)**	**(28,805)**	**(151,635)**	**10,825**	**(11,613)**	**(788)**
Total comprehensive (loss)/income for the period	**(169,859)**	**(39,057)**	**(208,916)**	**3,062**	**(144,883)**	**(141,821)**
Attributable to:						
Ordinary shareholders	(168,897)	(39,074)	**(207,971)**	1,666	(145,045)	**(143,379)**
Non-controlling interests	(962)	17	**(945)**	1,396	162	**1,558**
Total comprehensive (loss)/income for the period	**(169,859)**	**(39,057)**	**(208,916)**	**3,062**	**(144,883)**	**(141,821)**

Consolidated statement of financial position

at 28 February 2021

$'000	Notes	28 February 2021	31 December 2019
Assets			
Cash and short-term funds	14	141,927	130,533
Financial assets at fair value through profit or loss	9	17,302	25,243
Loans and advances	10	580,527	644,112
Investment securities	11	119,646	107,778
Derivative financial assets	13	5,543	5,692
Investment in associates	16	471,496	582,141
Property and equipment	18	36,768	41,232
Investment property	19	11,644	6,586
Goodwill and intangible assets	17	63,864	73,005
Current tax assets	25.3	78	2,243
Deferred tax assets	25.4	2,388	149
Other assets	20	56,012	29,052
		1,507,195	**1,647,766**
Assets included in disposal groups classified as held for sale	32	1,101,383	979,645
Total assets		**2,608,578**	**2,627,411**
Liabilities			
Deposits	7	672,534	723,726
Borrowed funds	6	441,704	366,809
Derivative financial liabilities	13	5,564	5,610
Current tax liabilities	25.3	1,157	767
Deferred tax liability	25.4	25,629	12,107
Other liabilities	21	108,867	96,974
		1,255,455	**1,205,993**
Liabilities included in disposal groups classified as held for sale	32	1,022,648	874,235
Total liabilities		**2,278,103**	**2,080,228**
Equity			
Founder preference shares	3	11,300	11,300
Ordinary share capital	3	993,192	993,192
Capital reserves		(31,101)	(38,478)
Accumulated loss		(195,972)	(128,951)
Fair value through OCI reserves		(36)	310
Foreign currency translation reserve		(457,190)	(311,450)
Treasury shares		(33,426)	(23,393)
Equity attributable to ordinary shareholders		**286,767**	**502,530**
Non-controlling interest		43,708	44,653
Total equity		**330,475**	**547,183**
Total equity and liabilities		**2,608,578**	**2,627,411**

Consolidated statement of changes in equity

for the period ended 28 February 2021

$'000	Founder Preference Shares	Ordinary share capital	Capital reserves[1]	FVOCI reserves	Foreign currency translation reserve	Treasury shares[2]	(Accumulated loss)	Equity attributable to ordinary shareholders	Non-controlling interests	Total equity
Opening balance as at 1 January 2020	**11,300**	**993,192**	**(38,478)**	**310**	**(311,450)**	**(23,393)**	**(128,951)**	**502,530**	**44,653**	**547,183**
(Loss)/profit for the period	–	–	–	–	–	–	(58,599)	**(58,599)**	1,318	**(57,281)**
Other comprehensive income:										
Exchange differences on translating foreign operations	–	–	–	–	(145,740)	–	–	(145,740)	(2,263)	**(148,003)**
Movement in FVOCI reserves	–	–	–	(355)	–	–	–	(355)	–	**(355)**
Equity-accounted investees – OCI	–	–	–	–	–	–	(3,277)	(3,277)	–	**(3,277)**
Total comprehensive loss for the period	–	–	–	**(355)**	**(145,740)**	–	**(61,876)**	**(207,971)**	**(945)**	**(208,916)**
Transactions within equity										
Employee share awards	–	–	4,754	–	–		–	4,754	–	4,754
Shares buy-back	–	–	–	–	–	(10,574)	–	(10,574)	–	(10,574)
Movements within reserves	–	–	2,623	9	–	541	(5,145)	(1,972)	–	(1,972)
Closing balance as at 28 February 2021	**11,300**	**993,192**	**(31,101)**	**(36)**	**(457,190)**	**(33,426)**	**195,972**	**286,767**	**43,708**	**330,475**
Opening balance as at 1 January 2019	**11,300**	**993,192**	**(38,314)**	**488**	**(299,252)**	**(23,551)**	**2,981**	**646,844**	**42,094**	**688,938**
(Loss)/profit for the year	–	–	–	–	–	–	(143,219)	**(143,219)**	2,186	**(141,033)**
Other comprehensive income:										
Exchange differences on translating foreign operations	–	–	–	–	(12,198)	–	–	**(12,198)**	(628)	(12,826)
Movement in FVOCI reserves	–	–	–	(100)	–	–	–	**(100)**	–	(100)
Equity-accounted investees – OCI	–	–	–	–	–	–	12,552	**12,552**	–	12,552
Revaluation of property and equipment	–	–	80	–	–	–	(494)	**(414)**	–	(414)
Total comprehensive income for the year	**–**	**–**	**80**	**(100)**	**(12,198)**	**–**	**(131,161)**	**(143,379)**	**1,558**	**(141,821)**
Transactions within equity										
Employee share awards	–	–	3,983	–	–	699	–	4,682	–	4,682
Shares buy-back	–	–	–	–	–	(918)	–	(918)	–	(918)
Share of equity in subsidiary transferred to NCI	–	–	650	–	–	–	–	650	1,491	2,141
Dividends paid to NCI	–	–	–	–	–	–	–	–	(490)	(490)
Movements within reserves	–	–	(4,877)	(78)	–	377	(771)	(5,349)	–	(5,349)
Closing balance as at 31 December 2019	**11,300**	**993,192**	**(38,478)**	**310**	**(311,450)**	**(23,393)**	**(128,951)**	**502,530**	**44,653**	**547,183**

Notes:

1. Capital reserves consists of the following:
   - The credit risk reserve represents an appropriation from retained earnings to comply with the Countries Central Bank Regulations. The balance in the reserve represents the excess of impairment provisions determined in accordance with Central Bank regulations over the impairment provisions recognised in accordance with IFRSs. The reserve is not distributable.
   - Equity-settled share-based payment reserve.
   - The revaluation reserve represents the revaluation surplus on the revaluation of property for the year.
   - The equity portion of the convertible bond represents the equity component of the compound instrument. This has been measured as the residual amount which is the issued price less the fair value of the liability component.
2. Treasury shares: Treasury shares comprise the cost of the Company's own shares held by subsidiaries.

Consolidated statement of cash flows

for the period ended 28 February 2021

$'000	14-month period ended 28 February 2021			12-month period ended 31 December 2019		
	Continuing operations	Discontinued operations	Total	Continuing operations	Discontinued operations	Total
Cash flow from operating activities:						
(Loss)/profit before tax[(i)]	**(28,636)**	**(3,210)**	**(31,846)**	**4,696**	**(131,209)**	**(126,513)**
Adjusted for:						
Foreign exchange gain	(15,851)	(18,469)	(34,320)	(21,866)	(14,755)	(36,621)
Impairment (credit)/charge on financial assets	(79)	12,290	12,211	(967)	12,388	11,421
Depreciation and amortisation	9,378	17,016	26,394	8,649	16,729	25,378
Fair value loss/(gain) on derivative financial instruments	86	–	86	(296)	(110)	(406)
Fair value (gain)/loss on financial instruments at FVTPL	(1,609)	–	(1,609)	3,084	–	3,084
Share of profit of associates	(25,510)	–	(25,510)	(31,101)	–	(31,101)
Fair value loss/(gain) on investment property	315	(184)	131	(4,586)	–	(4,586)
Revaluation loss on property and equipment	2,440	–	2,440	–	–	–
(Gain)/loss on disposal of property and equipment	–	(85)	(85)	(21)	115	94
Gain on disposal of investment property	–	–	–	–	(1,164)	(1,164)
Write-off of intangible asset	–	–	–	–	1,848	1,848
Equity-settled share-based payment transactions	4,754	–	4,754	4,682	–	4,682
IFRS 5 remeasurement loss[(ii)]	–	1,435	1,435	–	105,461	105,461
Net cash flow from operating activities before changes in operating funds	**(54,712)**	**8,793**	**(45,919)**	**(40,766)**	**(16,106)**	**(56,872)**
Net change in operating funds	**22,390**	**158,571**	**180,961**	**(60,923)**	**171,321**	**110,398**
Decrease/(increase) in operating assets	62,542	41,018	103,560	38,548	(31,843)	6,705
Increase/(decrease) in operating liabilities	(40,152)	117,553	77,401	(99,471)	203,164	103,693
Tax paid	(3,553)	(3,953)	(7,506)	(3,040)	(5,409)	(8,449)
Net cash from operating activities	**(35,875)**	**163,411**	**127,536**	**(101,689)**	**155,215**	**53,526**
Cash flow from investing activities						
Purchase of property and equipment	(3,067)	(6,513)	(9,580)	(2,888)	(27,587)	(30,475)
Purchase of investment property	(879)	–	(879)	(1,572)	(768)	(2,340)
Purchase of intangible assets	(4,061)	(2,610)	(6,671)	(4,618)	(4,353)	(8,971)
Additions to associates	–	–	–	(5,877)	–	(5,877)
Dividend received from associate	8,521	–	8,521	–	–	–
Disposal/(purchase) of financial assets held at FVTPL	4,135	–	4,135	(3,942)	–	(3,942)
Net (purchase)/disposal of investment securities	(19,952)	(77,767)	(97,719)	39,083	(65,887)	(26,804)
Proceeds from disposal of property and equipment	–	173	173	284	175	459
Proceeds from disposal of investment property	–	–	–	–	2,531	2,531
Net cash from investing activities	**(15,303)**	**(86,717)**	**(102,020)**	**20,470**	**(95,889)**	**(75,419)**
Cash flow from financing activities						
Net proceed from new borrowings	130,554	79,812	210,366	96,277	313	96,590
Repayment of borrowings	(26,018)	(35,897)	(61,915)	(20,499)	(12,228)	(32,727)
Lease payments	(1,019)	(4,364)	(5,383)	(996)	(4,925)	(5,922)
Proceeds from partial disposal of shareholding in subsidiary	–	–	–	2,142	–	2,142
Dividends paid to noncontrolling interests	–	–	–	(490)	–	(490)
Net purchase of treasury shares	(10,033)	–	(10,033)	(918)	–	(918)
Net cash from financing activities	**93,484**	**39,551**	**133,035**	**75,516**	**(16,840)**	**58,676**
Increase/(decrease) in cash and cash equivalents	**42,306**	**116,245**	**158,551**	**(5,703)**	**42,486**	**36,783**
Cash and cash equivalents at the beginning of the year	130,533	245,685	376,218	161,577	220,411	381,988
Effect of exchange rate fluctuations on cash and cash equivalents held	(30,912)	(53,142)	(84,054)	(25,341)	(17,212)	(42,553)
Cash and cash equivalents related to disposal groups classified as held for sale	–	(308,788)	(308,788)	–	(245,685)	(245,685)
Cash and cash equivalents at the end of the year	**141,927**	**–**	**141,927**	**130,533**	**–**	**130,533**
Analysed as follows:						
Cash and cash equivalents	133,821	–	133,821	129,102	–	129,102
Statutory reserve balances	8,106	–	8,106	1,431	–	1,431
	141,927	**–**	**141,927**	**130,533**	**–**	**130,533**

(i) (Loss/profit) before tax line is restated to include IFRS 5 remeasurement loss. Refer to note 34.1 for further details of the restatement.

(ii) As part of the correction of prior period error as referenced to note 34.1 above, prior year statement has been updated to include this line.

Notes to the consolidated financial statements

for the period ended 28 February 2021

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

1. Significant accounting policies

A. Reporting entity

These financial statements have been prepared for Atlas Mara Limited (the 'Company'), a company domiciled in the BVI, and its subsidiaries (the 'Group'). The Group is a financial services provider, engaged in retail banking, credit cards, wholesale banking, investment banking, wealth management and investment management services.

B. Compliance with IFRS

The consolidated financial statements of the Group (the 'financial statements') have been prepared in accordance with International Financial Reporting Standards ('IFRS') and IFRS Interpretations Committee ('IFRIC') interpretations as issued by the International Accounting Standards Board ('IASB') and as endorsed by the European Union ('EU'). The financial statements of all material subsidiaries and associates are prepared in accordance with IFRS as issued by the IASB and there are no material inconsistencies in the accounting policies applied.

IFRS as adopted by the EU may differ from IFRSs as issued by the IASB if, at any point in time, new or amended IFRSs have not been endorsed by the EU. As at 28 February 2021, there were no unendorsed standards effective for the period ended 28 February 2021 that affect these consolidated financial statements, and there was no difference between IFRSs endorsed by the EU and IFRSs issued by the IASB in terms of their application to the Group.

C. Basis of preparation

The financial statements have been prepared under the historical cost convention adjusted for the effects of inflation where entities operate in hyperinflationary economies and for the revaluation of certain financial instruments, property and equipment, investment property and non-current assets held for sale to fair value. All amounts disclosed in the financial statements and notes have been rounded off to the nearest thousand currency units unless otherwise stated.

Change of financial year-end

The financial year end of the Group was changed from 31 December to 28 February, driven by the ongoing strategic review of the Group's operations.

Accordingly, these consolidated financial statements present the statements of financial position as at 28 February 2021 and 31 December 2019, and the results of operations for the 14 months ended 28 February 2021 and 12 months ended 31 December 2019. The comparative figures stated in the income statement, statement of changes in equity, cash flow statement and the related notes are not comparable.

Going concern

The financial statements have been prepared on a going concern basis, as the directors have a reasonable expectation that the Group will continue to have the necessary resources to continue in business for the foreseeable future.

When considering the going concern basis of the Group, the Directors have referenced the Financial Reporting Council's Guidance on the Going Concern Basis of Accounting and Reporting on Solvency and Liquidity Risks, as was published in April 2016. The assessment of the appropriateness of the going concern basis of accounting for the Group's annual report and accounts has been subject to a thorough process involving analysis and discussion by Management, the Executive Committee, the Audit, Risk and Compliance Committee and the Board. As a result of the assessment, the Directors identified certain events and conditions which may cast significant doubt about the Group's ability to continue as a going concern.

Refer to page 46 for further information on the conditions that indicate the existence of a material uncertainty which may cast significant doubt over the Group's ability to continue as a going concern. The Directors believe that actions taken by the Group to resolve the uncertainty are sufficient to support the position that the use of the going concern assumption is appropriate.

D. Accounting policies

The Group's significant accounting policies relating to specific financial statement items, together with a description of the accounting estimates and judgements that were critical to preparing them, are set out under the relevant notes. Accounting policies that affect the financial statements as a whole are set out below:

(i) Consolidation

The Group applies IFRS 10 Consolidated financial statements. The consolidated financial statements combine the financial statements of Atlas Mara Limited and all its subsidiaries. Subsidiaries are entities over which the Group has control. The Group has control over another entity when the Group has all of the following:

- power over the relevant activities of the investee, for example through voting or other rights;
- exposure to, or rights to, variable returns from its involvement with the investee; and
- the ability to affect those returns through its power over the investee.

The assessment of control is based on the consideration of all facts and circumstances. The Group reassesses whether it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control.

Intra-group transactions and balances are eliminated on consolidation. Consistent accounting policies are used throughout the Group for the purposes of the consolidation. Changes in ownership interests in subsidiaries are accounted for as equity transactions if they occur after control has already been obtained and they do not result in loss of control.

(ii) Foreign currency translation

a) Functional and presentation currency

The Directors consider US dollars ($) as the currency that represents the economic effects of the underlying transactions, events and conditions. The financial statements of the Company are presented in US dollars, which is also the Company's functional currency. The presentation currency of the Group is also US dollars ($).

b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains or losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at closing rates, are recognised in the statement of profit or loss.

c) Foreign operations

The results and the financial position of Group subsidiaries and associates which are not accounted for as entities which operate in hyperinflationary economies and that have a functional currency that is different from the presentation currency of the Group are translated into the presentation currency as follows:

- Assets and liabilities, including goodwill and fair value adjustments arising on acquisition, are translated into US dollars at the spot exchange rates at the reporting date.
- Income and expenses are translated into US dollars at the at the average exchange rates for the period presented; and
- All resulting translation differences are recognised in other comprehensive income and presented as a separate component of equity in the foreign currency translation reserve (FCTR).

The results and the financial position of Group entities which operate in hyperinflationary economies and that have a functional currency that is different from the presentation currency of the Group are translated into US Dollars at the exchange rates ruling at the reporting date.
When a foreign operation is disposed of or sold and the Group loses control of or significant influence over a foreign operation, all of the exchange differences accumulated in equity in respect of that operation attributable to the equity holders of the Group are reclassified to the statement of profit or loss. On partial disposal of a foreign subsidiary, where a change occurs in the absolute ownership percentage held by the Group and control is not lost, a proportionate share of all related exchange rate differences recognised in other comprehensive income is re-attributed to the non-controlling interests in that foreign operation. On partial disposal of a foreign associate, where a change occurs in the absolute ownership percentage held by the Group and significant influence is not lost, a proportionate share of all related exchange rate differences recognised in other comprehensive income are reclassified from equity to the statement of profit or loss.

d) Hyperinflation

The results and the financial position, including comparative amounts, of Group entities whose functional currencies are the currencies of hyperinflationary economies are adjusted in terms of the measuring unit current at the end of the reporting period.

As the presentation currency of the Group is that of a non-hyperinflationary economy, comparative amounts are not adjusted for changes in the price level or exchange rates in the current year. Differences between these comparative amounts and the hyperinflation adjusted equity opening balances are recognised in equity.

Items in the statement of financial position not already expressed in terms of the measuring unit current at the reporting period, such as non-monetary items carried at cost or cost less depreciation, are restated by applying a general price index. The restated cost, or cost less depreciation, of each item is determined by applying to its historical cost and accumulated depreciation the change in a general price index from the date of acquisition to the end of the reporting period. An impairment loss is recognised in profit or loss if the restated amount of a non-monetary item exceeds its estimated recoverable amount.

Losses on the net monetary position are recognised separately on the statement of profit or loss.

All items recognised in the statement of comprehensive income are restated by applying the change in the general price index from the dates when the items of income and expenses were initially earned or incurred.

At the beginning of the first period of application, the components of owners' equity, except retained earnings, are restated by applying a general price index from the dates the components were contributed or otherwise arose. Restated retained earnings are derived from all other amounts in the restated statement of financial position.

At the end of the first period and in subsequent periods, all components of owners' equity are restated by applying a general price index from the beginning of the period or the date of contribution, if later.

All items in the statement of cash flows are expressed in terms of the general price index at the end of the reporting period.

(iii) Financial assets and liabilities

The Group applies *IFRS 9 Financial Instruments* to the recognition, classification and measurement, and derecognition of financial assets and financial liabilities and the impairment of financial assets

Initial recognition, measurement and derecognition

Financial assets and liabilities are recognised initially when the Group becomes a party to the contractual provisions of the instruments. Trade date or settlement date accounting is applied depending on the classification of the financial asset.

The Group classifies financial instruments, or their component parts, on initial recognition as a financial asset, a financial liability or an equity instrument in accordance with the substance of the contractual arrangement

At initial recognition, the Group measures all financial assets and liabilities at fair value plus or minus, in case of a financial asset or financial liability not at fair value through profit or loss, transactions costs that are incremental and directly attributable to the acquisition or the issue of the financial asset or financial liability, such as fees and commissions. Transaction costs on financial assets and liabilities at fair value through profit or loss are immediately recognised in profit or loss. The fair value of a financial instrument at initial recognition is generally its transaction price.

Immediately after initial recognition, an expected credit loss allowance (ECL) is recognised for financial assets measured at amortised cost and investments in debt instruments measured at FVOCI, which results in an accounting loss being recognised in profit or loss when an asset is newly originated.

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Group are recorded at the proceeds received, net of direct issue costs.

Financial assets are derecognised when rights to receive cash flows from the financial asset have expired or where the Group has transferred substantially all contractual risks and rewards of ownership. On derecognition of a financial asset, the difference between the carrying amount of the asset (or the carrying amount allocated to the portion of the asset derecognised) and the sum of (i) the consideration received (including any new asset obtained less any new liability assumed) and (ii) any cumulative gain or loss that had been recognised in OCI is recognised in profit or loss.

The Group derecognises financial liabilities when its contractual obligations are discharged, cancelled, or expire.

Financial assets – Classification and subsequent measurement

The Group's financial assets comprise cash and short-term funds, financial assets at fair value through profit or loss (FVTPL), derivative financial assets, loans and advances to customers, other assets and investment securities. The Group classifies all its financial assets on the basis of two criteria:

(i) the business model within which financial assets are managed, and
(ii) their contractual cash flow characteristics (whether the cash flows represent 'solely payments of principal and interest' (SPPI)).

Business model assessment

The Group assesses the objective of a business model in which an asset is held at a portfolio level because this best reflects the way the business is managed, and information is provided to management. The information considered includes:

(i) the stated policies and objectives for the portfolio and the operation of those policies in practice;
(ii) how the performance and risks of the portfolio are managed, evaluated and reported to the Group's management; and
(iii) the frequency, volume and timing of sales in prior periods, the reasons for such sales and its expectations about future sales activity.

SPPI

The contractual cash flow characteristics of financial assets are assessed with reference to whether the cash flows represent SPPI. In assessing whether contractual cash flows are SPPI compliant, interest is defined as consideration primarily for the time value of money and the credit risk of the principal outstanding. The time value of money is defined as the element of interest that provides consideration only for the passage of time and not consideration for other risks or costs associated with holding the financial asset. Terms that could change the contractual cash flows so that it would not meet the condition for SPPI are considered, including: (i) contingent and leverage features, (ii) non-recourse arrangements and (iii) features that could modify the time value of money.

The classification requirements for debt and equity instruments are as described below:

Debt instruments

Amortised cost: Financial assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest ('SPPI'); and that are not designated at FVTPL, are measured at amortised cost. The carrying amount of these assets is adjusted by any expected credit loss allowance recognised. Interest income from these financial assets is included in 'Interest income' using the effective interest rate method.

Fair value through other comprehensive income (FVOCI): Financial assets that are held for collection of contractual cash flows and for selling the assets, where the assets' cash flows represent solely payments of principal and interest ('SPPI'); and that are not designated at FVTPL, are measured at fair value through other comprehensive income. Movements in carrying amounts are taken through OCI, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses on the instrument's amortised cost which are recognised in profit or loss. When the asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss. Interest income from these financial assets is included in 'Interest income' using the effective interest rate method.

Fair value through profit or loss (FVTPL): Financial assets that do not meet the criteria for amortised cost or FVOCI are measured at fair value through profit or loss. Financial assets that are held for trading or managed and whose performance is evaluated on a fair value basis are measured at FVTPL because they are neither held to collect contractual cash flows nor held both to collect contractual cash flows and to sell financial assets. In addition, on initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise. Subsequent changes in fair value for these financial assets are recognised in the statement of profit or loss within 'Non-interest income".

Financial assets – Classification and subsequent measurement (continued)

Equity instruments

Equity instruments are instruments that meet the definition of equity from the issuer's perspective; that is, instruments that do not contain a contractual obligation to pay and that evidence a residual interest in the issuer's net assets.

The Group subsequently measures all equity instruments at fair value through profit or loss, except where the Group's management has elected, at initial recognition, to irrevocably designate an equity instrument at FVOCI. When this election is used, fair value gains and losses are recognised in OCI and are not subsequently reclassified to profit or loss, including on disposal. Impairment losses (and reversal of impairment losses) are not reported separately from other changes in fair value.

Impairment

The Group assesses on a forward-looking basis the expected credit loss (ECL) associated with its debt instruments carried at amortised cost and FVOCI and with the exposure arising from loan commitments and financial guarantee contracts. The Group recognises a loss allowance for such losses at each reporting date. The measurement of ECL reflects:

- An unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
- The time value of money; and
- Reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

Reclassifications

Financial assets are not reclassified subsequent to their initial recognition, except in the period after the Group changes its business model for managing financial assets.

Financial liabilities – Classification and subsequent measurement

Financial liabilities are classified as financial liabilities at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis, except for financial liabilities at fair value through profit or loss. For financial liabilities measured at amortised cost, transaction costs are included in the initial measurement and accounted for in profit or loss as part of the effective interest while that of financial liabilities measured at FVTPL are expensed immediately.

Financial liabilities at fair value through profit or loss are classified as such where the financial liability is either held for trading (derivative financial liabilities) or it is designated as at fair value through profit or loss (borrowed funds).

Financial liabilities comprise other liabilities, deposits, derivative financial liabilities and borrowed funds. The Group derecognises financial liabilities when its contractual obligations are discharged, expired or cancelled.

Interest income and expense

Interest income and expense for all financial instruments, excluding those classified as held for trading or designated at fair value, are recognised in 'Interest income' and 'Interest expense' in the statement of profit or loss using the effective interest method. The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees on points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset, or, where appropriate, a shorter period. When calculating the effective interest rate, the Group estimates future cash flows considering all contractual terms of the financial instrument, excluding credit losses. Interest on credit impaired financial assets is recognised using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss.

Derivative financial assets and liabilities

Derivative instruments are contracts whose value is derived from one or more underlying financial instruments or indices defined in the contract. They include swaps and forward-rate agreements. Derivatives are normally recorded in the statement of financial position at fair value. Notional amounts of the contracts are not recorded on the statement of financial position. Derivatives held by the Group are for risk management purposes and are used to hedge interest rate and exchange rates risks.

Derivatives are classified as assets when their fair value is positive or as liabilities when their fair value is negative. Derivative assets and liabilities arising from different transactions are only offset where there is a legal right of offset of the recognised amounts and the parties intend to settle the cash flows on a net basis or realise the asset and settle the liability simultaneously.

Derivatives are recognised initially at fair value; attributable transaction costs are recognised in profit or loss when incurred. Subsequent to initial recognition, derivatives are measured at fair value with changes in fair value recognised in profit or loss.

Compound instruments

Convertible Bonds entitle bondholders to convert their bonds into a fixed number of shares of the issuing company usually at the time of their maturity. Convertible bonds are compound financial instruments. This implies the instrument has the characteristics of both liability and equity.

On initial recognition the liability component of the instrument is measured at fair value (in terms of IFRS 13 Fair Value) and the equity component is the residual amount which is the issued price less the fair value of the liability component.

Subsequently, the liability will be accounted for at amortised cost using the effective interest method. The equity component will not be remeasured. On conversion of the instrument, the liability component is reclassified to equity. No gain or loss is recognised in profit or loss.

Write-off

Loans and debt securities are written off (either partially or in full) when there is no reasonable expectation of recovering a financial asset in its entirety or a portion thereof. This is generally the case when the Group determines that the borrower does not have the assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. This assessment is carried out at the individual asset level.

Recoveries of amounts previously written off are included in 'impairment charges on financial instruments' in the statement of profit or loss.

Financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

Offsetting financial instruments

Financial assets and liabilities are offset, and the net amount is reported in the statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the asset and settle the liability simultaneously. Deferred loan income reduces the outstanding loans and advances balance on the basis that the revenue will be recognised over the terms of the loans. During the current period, there was no offsetting of financial assets and liabilities.

E. New and amended standards and interpretations

The accounting policies adopted are consistent with those of the previous financial year. A number of new standards are effective from 1 January 2020, but they do not have a material effect on the Group's financial statements.

F. Standards and interpretations issued and not yet applicable

The following amendments, issued by the IASB, are not yet effective and are not expected to have a significant impact on the Group's consolidated financial statements:

- Amendment to IAS 37: Onerous contracts – cost of fulfilling a contract
- Amendment to IFRS 16: COVID-19 related rent concessions
- Amendment to IAS 16: Property, Plant and Equipment: proceeds before intended use
- Amendment to IFRS 3: Reference to conceptual framework
- Amendment to IAS 1: Classification of liabilities as current or non-current.

G. Use of estimates and judgements

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

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively. The Group's estimates and assumptions are based on historical experience and expectation of future events and are reviewed periodically. Further information about key assumptions concerning the future, and other key sources of estimation uncertainty, are set out in the relevant disclosure notes for the following areas:

- fair value of financial instruments (notes 5);
- assessment of the investment in associates for impairment (note 16);
- assessment of control over equity-accounted investment (note 16)
- assessment of goodwill and intangible assets for impairment (note 17);
- impairment charges on financial assets (note 12);
- share-based payment valuations (note 33);
- recognition of deferred tax assets (note 25);
- fair value of investment properties (note 19); and
- fair value of assets and liabilities included in disposal groups held for sale (note 32).

H. Other disclosures

To improve transparency and ease of reference, by concentrating related information in one place, certain disclosures required under IFRS have been included within the Risk review section as follows:

Credit risk – pages 27 to 39;
Liquidity risk – page 40; and
Market risk – pages 41 to 44.

These disclosures are covered by the Audit opinion (included on pages 52 to 56) where referenced as audited.

Notes to the consolidated financial statements

for the period ended 28 February 2021

This section focuses on information on the segmental performance, income generated, expenditure incurred and tax.

2. Segmental reporting

Segment information

Segment results that are reported to the Group's Executive Committee (EXCO – being the chief operating decision maker) include items that are directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly of corporate assets (primarily the Group's headquarters), head office expenses and tax assets and liabilities.

For management purposes, the Group is organised into business units based on the countries of operation of its components as follows: Botswana, Zimbabwe, Nigeria, Mozambique, Tanzania, Zambia and Rwanda. All entities and/or consolidation adjustments not part of operating banks, are included as 'Corporate'.

The operations of Mozambique, Tanzania, Zambia and Rwanda have been reclassified and reported as discontinued operations in line with the Group's strategic decision to dispose of its interests in these entities.

Transfer prices between operating segments are on an arm's-length basis in a manner similar to transactions with third parties. The Group's transfer pricing policy is in line with OECD requirements and also in line with both Group and country-level tax and regulatory best practice.

Revenue from external parties reported to the EXCO is measured in a manner consistent with that in the consolidated statement of profit or loss.

As the banking operations comprise of stand-alone banks, each banking operation is funded with Tier I and II Capital from the holding and intermediate holding company.

Other material items of income or expense between the operating segments comprise of management fees and dividends.

The Group's management reporting is based on a measure of operating profit comprising net interest income, loan impairment charges, net fee and commission income, non-interest income and operating expenses.

The CFO's review of financial performance describes the impact of non-recurring items of income and expenses.

The information provided about each segment is based on the internal reports about segment profitability, assets and liabilities composition, and other information, which are regularly reviewed by the EXCO.

An analysis of the Group's performance by countries of operation has been presented below:

Statement of profit or loss for the 14-month period ended 28 February 2021

$'000	Continuing operations				
	Botswana	**Zimbabwe**	**Nigeria**	**Corporate[1]**	**Total**
Interest and similar income	72,166	11,271	–	(2,019)	81,418
Interest and similar expense	(29,518)	(2,922)	–	(47,834)	(80,274)
Net interest income/(expense)	**42,648**	**8,349**	**–**	**(49,853)**	**1,144**
Impairment (charge)/credit on financial assets	(625)	(805)	–	1,509	79
Net interest income after loan impairment charges	**42,023**	**7,544**	**–**	**(48,344)**	**1,223**
Non-interest income	12,706	42,659	–	(3,623)	51,742
Total operating income	**54,729**	**50,203**	**–**	**(51,967)**	**52,965**
Operating expenses	(42,525)	(31,055)	–	(16,660)	(90,240)
Loss on net monetary position	–	(12,951)	–	(3,921)	(16,872)
Net income from operations	**12,204**	**6,197**	**–**	**(72,548)**	**(54,147)**
Share of profit of associates	–	–	25,470	40	25,510
Profit/(loss) before tax	**12,204**	**6,197**	**25,470**	**(72,508)**	**(28,637)**
Income tax expense	(3,932)	(6,617)	–	(7,843)	(18,392)
Profit/(loss) for the year	**8,272**	**(420)**	**25,470**	**(80,351)**	**(47,029)**
Non-controlling interest	(1,808)	–	–	2,243	435
Profit/(loss) attributable to ordinary shareholders	**6,464**	**(420)**	**25,470**	**(78,108)**	**(46,594)**

Note:

1. Corporate segment includes Dubai, Germany, BVI, Mauritius and all other regions.

2. Segmental reporting continued

Statement of profit or loss for 14-month period ended 28 February 2021 continued

$'000	Discontinued operations					
	Mozambique	Tanzania	Zambia	Rwanda	Other[1]	Total
Interest and similar income	19,336	18,455	69,028	46,344	(9,375)	143,788
Interest and similar expense	(8,217)	(8,569)	(32,971)	(14,730)	1,793	(62,694)
Net interest income	**11,119**	**9,886**	**36,057**	**31,614**	**(7,582)**	**81,094**
Impairment charge on financial assets	(1,013)	316	(7,506)	(4,087)	–	(12,290)
Net interest income after loan impairment charges	**10,106**	**10,202**	**28,551**	**27,527**	**(7,582)**	**68,804**
Non-interest income	8,397	1,719	33,030	9,199	–	52,345
Total operating income	**18,503**	**11,921**	**61,581**	**36,726**	**(7,582)**	**121,149**
Total expenses	(18,725)	(13,651)	(52,197)	(30,046)	(8,305)	(122,924)
(Loss)/profit before tax	**(222)**	**(1,730)**	**9,384**	**6,680**	**(15,887)**	**(1,775)**
Income tax expense	(1,089)	(63)	(4,168)	(1,929)	207	(7,042)
(Loss)/profit after tax	**(1,311)**	**(1,793)**	**5,216**	**4,751**	**(15,680)**	**(8,817)**
Net movement on IFRS 5 remeasurement	–	–	–	–	(1,435)	(1,435)
Loss for the period	**(1,311)**	**(1,793)**	**5,216**	**4,751**	**(17,115)**	**(10,252)**
Non-controlling interest	–	49	–	(1,802)	–	(1,753)
(Loss)/profit attributable to ordinary shareholders	**(1,311)**	**(1,744)**	**5,216**	**2,949**	**(17,115)**	**(12,005)**

Note:
1. Others include intercompany eliminations between continuing and discontinued operations.

Statement of profit or loss for the year ended 31 December 2019

$'000	Continuing operations				
	Botswana	Zimbabwe	Nigeria	Corporate[1]	Total
Interest and similar income	69,170	12,560	–	(4,645)	77,085
Interest and similar expense	(30,889)	(2,790)	–	(32,033)	(65,712)
Net interest income	**38,281**	**9,770**	**–**	**(36,678)**	**11,373**
Loan impairment charges	1,455	(180)	–	(308)	967
Income/(loss) from lending activities	**39,736**	**9,590**	**–**	**(36,986)**	**12,340**
Non-interest income	11,809	39,569	–	2,363	53,741
Total operating income	**51,545**	**49,159**	**–**	**(34,623)**	**66,081**
Operating expenses	(37,392)	(21,569)	–	(22,444)	(81,405)
Loss on monetary position	–	(11,081)	–	–	(11,081)
Net income from operations	**14,153**	**16,509**	**–**	**(57,067)**	**(26,405)**
Share of profit of associates	–	–	31,230	(129)	31,101
Profit/(loss) before tax	**14,153**	**16,509**	**31,230**	**(57,196)**	**4,696**
Income tax expense	(2,834)	(8,688)	–	(937)	(12,459)
Profit/(loss) for the year	**11,319**	**7,821**	**31,230**	**(58,133)**	**(7,763)**
Non-controlling interest	(2,440)	–	–	1,752	(688)
Profit/(loss) attributable to ordinary shareholders	**8,879**	**7,821**	**31,230**	**(56,381)**	**(8,451)**

Note:
1. Corporate segment includes Dubai, Germany, BVI, Mauritius and all other regions.

2. Segmental reporting continued

Statement of profit or loss for the year ended 31 December 2019 continued

$'000	Discontinued operations					
	Mozambique	Tanzania	Zambia	Rwanda	Other[1]	Total
Interest and similar income	21,997	17,597	64,749	37,686	(8,386)	133,643
Interest and similar expense	(10,252)	(8,318)	(31,544)	(10,118)	1,386	(58,846)
Net interest income	**11,745**	**9,279**	**33,205**	**27,568**	**(7,000)**	**74,797**
Loan impairment charges	2,363	(535)	(9,597)	(3,742)	(877)	(12,388)
Income/(loss) from lending activities	**14,108**	**8,744**	**23,608**	**23,826**	**(7,877)**	**62,409**
Non-interest income	8,201	2,352	28,569	10,803	–	49,925
Total operating income	**22,309**	**11,096**	**52,177**	**34,629**	**(7,877)**	**112,334**
Operating expenses	(26,049)	(14,835)	(60,970)	(27,639)	(8,589)	(138,082)
(Loss)/profit before tax	**(3,740)**	**(3,739)**	**(8,793)**	**6,990**	**(16,466)**	**(25,748)**
Income tax expense	1,422	(63)	(1,011)	(2,425)	16	(2,061)
(Loss)/profit after tax	**(2,318)**	**(3,802)**	**(9,804)**	**4,565**	**(16,450)**	**(27,809)**
Loss on remeasurement to fair value less costs to sell	–	–	–	–	(105,461)	(105,461)
(Loss)/profit for the year	**(2,318)**	**(3,802)**	**(9,804)**	**4,565**	**(121,911)**	**(133,270)**
Non-controlling interest	–	103	–	(1,732)	131	(1,498)
(Loss)/profit attributable to ordinary shareholders	**(2,318)**	**(3,699)**	**(9,804)**	**2,833**	**(121,780)**	**(134,768)**

Note:

1. Others include intercompany eliminations between continuing and discontinued operations.

Segment assets and liabilities comprise the majority of items appearing in the consolidated statement of financial position.

Statement of financial position for the period ended 28 February 2021

$'000	Continuing operations				Discontinued operations	Group total
	Botswana	Zimbabwe	Nigeria	Corporate[1]		
Loans and advances	549,363	18,431	–	12,733	–	580,527
Total assets	777,052	197,747	470,630	61,766	1,101,383	**2,608,578**
Deposits	581,491	91,043	–	–	–	672,534
Total liabilities	669,098	137,098	–	449,259	1,022,648	**2,278,103**

Note:
1. Corporate segment includes Dubai, Germany, BVI, Mauritius and all other regions.

Statement of financial position for the year ended 31 December 2019

$'000	Continuing operations				Discontinued operations	Group total
	Botswana	Zimbabwe	Nigeria	Corporate[1]		
Loans and advances	606,297	22,733	–	15,082	–	644,112
Total assets	**856,680**	**161,262**	**580,622**	**49,202**	979,645	**2,627,411**
Deposits	662,487	61,239	–	–	–	723,726
Total liabilities	**736,112**	**107,904**	–	**361,977**	874,235	**2,080,228**

Note:
1. Corporate segment includes Dubai, Germany, BVI, Mauritius and all other regions.

3. Capital and reserves

Share capital

Founder Preferred Shares and ordinary share capital are classified as equity. Incremental costs directly attributable to the issue of new ordinary shares are shown in equity as a deduction from the proceeds.

Other Reserves

Other reserves excluding capital reserves and treasury shares reserves recorded in equity (other comprehensive income) on the Group's statement of financial position include:

1) Foreign currency translation reserve

The currency translation reserve represents the cumulative gains and losses on the retranslation of the Group's net investment in foreign operations.

2) Fair value through OCI reserve

The fair value reserve represents the changes in the fair value of FVOCI investments since initial recognition.

3.1. Authorised and issued share capital

	28 February 2021		31 December 2019	
	No. of shares '000	$'000	No. of shares '000	$'000
Opening balance[1]	171,321	993,192	171,321	993,192
Shares held in escrow[2]	3,298	–	3,298	–
Total shares in issue	**174,619**	**993,192**	**174,619**	**993,192**
Shares in issue excluding escrow shares	171,320	–	171,320	–
Founder preference shares[3]	1,130	11,300	1,130	11,300
	172,450	**1,004,492**	**172,450**	**1,004,492**

Note:

1. Comprises ordinary shares.
2. Shares held in escrow are part of the contingent consideration for the acquisition of Finance Bank Zambia and has no voting rights associated to it.
3. As allowed, under Article 5.2 of the Company's Articles, a holder of Founder Preferred Shares (FPS) has the right to request for conversion of FPS into Ordinary Shares at any time, by providing notice in writing to the Company requiring such conversion of FPS into an equal number of ordinary shares.

3.2. Issued and fully paid

$'000	28 February 2021	31 December 2019
Ordinary share capital	993,192	993,192

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at the AGM of the Company.

Terms of the Founder Preferred Shares

The Founder Preferred Shares do not carry the same voting rights as are attached to the ordinary shares. The Founder Preferred Shares do not carry any voting rights except in respect of any variation or abrogation of class rights or on any Resolution of Members required, pursuant to BVI law, to approve either an acquisition or, prior to an acquisition, a merger or consolidation.

Once the average price per ordinary share is at least $11.50 for 10 consecutive trading days, the holders of Founder Preferred Shares will be entitled to receive an 'annual dividend amount', payable in ordinary shares, equal in value to 20% of the increase each year, if any, in the market price of the ordinary shares multiplied by the then outstanding number of ordinary shares. On the last day of the seventh full financial year following completion of the BancABC acquisition, the Founder Preferred Shares will automatically convert to ordinary shares on a one-for-one basis.

The shares have a monetary value, and the fair value is based on future performance of the share price. Given the limited market data available that would be required to measure the shares, it is impractical to assign a value to the shares. IFRS 2 allows for valuing the shares at the intrinsic value in circumstances where a fair value cannot be reliably determined. Given that no dividend has been paid as yet and the trigger has not been met, the intrinsic value of the optionality is deemed to be $nil.

Notes to the consolidated financial statements

for the period ended 28 February 2021

4. Capital planning

For the purpose of the Group's capital management, capital includes issued share capital, convertible preference shares, share premium and all other equity reserves attributable to the equity holders of the Company.

The Group's principal objectives when managing capital are:
- to optimise business activities and ensure return on capital targets is achieved through efficient capital management and allocation;
- to ensure the Group and operating banks hold sufficient risk capital in compliance with regulatory requirements in relevant jurisdictions;
- to ensure that the Group's ability to operate as a going concern and to provide returns to shareholders is safeguarded; and
- to support the development of the Group's business by maintaining a strong and sustainable capital base.

These objectives are delivered through regular reviews of the capital position of operating banks both in-country and at Group. Group management closely monitors capital adequacy and the use of regulatory capital and is actively involved in country level discussions to ensure compliance with local supervisory requirements. An annual capital plan is prepared by each operating entity and submitted to Group for review and approval as part of the annual budget process. A buffer of 2% above regulatory minimum capital limit is generally set and monitored by country management and Group as part of the Asset and Liability Management Committee ('ALCO'). In addition, operating entities carry out stress testing of capital position as part of the Internal Capital Adequacy Assessment Process ('ICAAP').

Subject to compliance with laws and regulations in relevant jurisdictions, no significant restrictions exist on transfer of funds and regulatory capital within the Group.

Capital adequacy computations – 28 February 2021

$'000	**Continuing operations**			**Discontinued operations**		
	ABC Botswana Limited	**ABC (Zimbabwe) Limited**	**ABC Zambia Limited**	**ABC (Tanzania) Limited**	**ABC (Moçambique) S.A**	**BP Rwanda**
Tier I capital						
Share capital and premium	20,367	34,651	47,028	53,026	26,541	45,149
Capital reserves and retained earnings	87,586	–	(11,203)	(36,596)	(10,686)	4,087
Intangible assets (software)/deferred charges	(9,105)	7,453	(6,801)	–	(3,147)	744
Deferred tax asset	–	–	–	(4,439)	–	–
Prepayments	–	7,584	(2,127)	(440)	–	–
Exposures to insiders	–	177	–	-	(2,102)	–
Total qualifying for tier I capital	**98,848**	**49,865**	**26,897**	**11,551**	**10,606**	**49,980**
Tier II capital						
Shareholder's loan	24,777	–	2,923	–	4,004	–
General debt provision	6,295	367	–	–	15	–
Fair value revaluation	–	–	–	–	211	–
Revaluation reserves (limited to tier I capital)	–	–	–	–	–	–
Profit for the year	8,606	–	–	–	–	–
Total qualifying for tier II capital	**39,678**	**367**	**2,923**	**11,551**	**4,230**	–
Total capital						
Risk weighted assets[1]						
Market risk	184,986	12,441	–	**3,789**	1,550	1,096
Operational risk	66,177	54,016	–	**7,904**	2,761	18,886
Credit risk	503,617	73,474	232,864	**77,637**	117,836	193,897
Total risk weighted assets	**754,780**	**139,931**	**232,864**	**89,330**	**122,147**	**213,879**
Capital adequacy ratio	**18.4%**	**35.9%**	**12.8%**	**12.9%**	**12.1%**	**23.4%**
Minimum regulatory capital adequacy ratio	**12.50%**	**12.00%**	**10.00%**	**12.00%**	**12.00%**	**15.00%**

Note:

1. Weighting of assets is based on the nature of the asset and the weighting as prescribed by the relevant regulatory authority.

Notes to the financial statements

for the period ended 28 February 2021

4. Capital planning continued

Capital adequacy computations – 31 December 2019

$'000	Continuing operations		Discontinued operations			
	ABC Botswana Limited	ABC (Zimbabwe) Limited	ABC Zambia Limited	ABC (Tanzania) Limited	ABC (Moçambique) S.A	BP Rwanda
Tier I capital						
Share capital and premium	20,934	27,924	72,829	53,504	32,341	47,525
Capital reserves and retained earnings/ (accumulated loss)	76,360	23,873	(24,292)	(31,513)	(7,498)	1,590
Intangible assets (software)/deferred charges	(7,855)	–	(10,484)	–	(4,530)	(1,879)
Deferred tax asset	–	–	–	(6,722)	–	–
Prepayments	–	–	(1,591)	(557)	–	–
Exposures to insiders	–	(1)	–	–	(543)	–
Total qualifying for Tier I capital	**89,439**	**51,796**	**36,462**	**14,712**	**19,770**	**47,236**
Tier II capital						
Shareholder's loan	16,184	–	3,434	–	4,442	–
General debt provision	7,233	322	–	–	15	–
Revaluation reserves (limited to Tier I capital)	–	–	–	–	800	–
Profit for the year	11,460	18,429	–	–	–	–
Total qualifying for Tier II capital	**34,877**	**18,751**	**3,434**	**–**	**5,257**	**–**
Total capital	**124,316**	**70,547**	**39,896**	**14,712**	**25,027**	**47,236**
Risk weighted assets[1]						
Market risk	29,029	2,285	–	2,099	2,061	10,296
Operational risk	63,234	18,663	–	7,890	3,763	24,256
Credit risk	576,875	99,132	279,336	78,419	122,046	166,197
Total risk weighted assets	**669,138**	**120,080**	**279.336**	**88,408**	**127,870**	**200,749**
Capital adequacy ratio	**18.6%**	**58.7%**	**14.3%**	**16.6%**	**19.6%**	**23.5%**
Minimum regulatory capital adequacy ratio	**15.0%**	**12%**	**10%**	**12.0%**	**11.0%**	**15%**

Note:

1. Weighting of assets is based on the nature of the asset and the weighting as prescribed by the relevant regulatory authority.

5. Fair value of financial instruments

Fair value determination
Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at measurement date.

The fair values of quoted investments are based on current bid prices. If the market for a financial asset is not active (and for unlisted securities), the Group establishes fair value by using valuation techniques. These include the use of recent arm's-length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, and option pricing models making maximum use of market inputs and relying as little as possible on entity-specific inputs.

The Group classifies fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:
- quoted prices (unadjusted) in active markets for identical assets or liabilities (**level 1**);
- inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices) (**level 2**); and
- inputs for the asset or liability that are not based on observable market data (unobservable inputs) (**level 3**).

The level in the fair value hierarchy within which the fair value measurement is categorised in its entirety is determined on the basis of the lowest level input that is significant to the fair value measurement in its entirety. For this purpose, the significance of an input is assessed against the fair value measurement in its entirety. If a fair value measurement uses observable inputs that require significant adjustments based on unobservable inputs, that measurement is a level 3 measurement. Assessing the significance of a particular input to the fair value measurement in its entirety requires judgement, considering factors specific to the asset or liability.

Fair value determination as included in the measurement and disclosure requirements of IFRS 13 is applicable to all elements of the statement of financial position, and not only financial instruments.

Critical accounting estimates and judgements
The valuation of financial instruments often involves a significant degree of judgement and complexity, in particular where valuation models make use of unobservable inputs ('Level 3' assets and liabilities). This note provides information on these instruments, including the related unrealised gains and losses recognised in the period, a description of significant valuation techniques and unobservable inputs, and a sensitivity analysis.

The following table shows the Group's assets and liabilities that are held at fair value disaggregated by fair value hierarchy:

28 February 2021 **$'000**	**Quoted prices** **Level 1**	**Significant observable inputs** **Level 2**	**Significant unobservable inputs** **Level 3**	**Total at fair value**
Assets measured at fair value:				
Fair value through profit or loss				
Listed equities	1,168	–	–	1,168
Unlisted equities	–	–	13,917	13,917
Unlisted debentures	–	–	4	4
Property units	–	–	2,214	2,214
Derivative financial assets	–	96	5,447	5,543
Investment securities at FVOCI: *unlisted equities*	–	–	422	422
Fair value hierarchy for financial assets measured at fair value	1,168	96	**22,004**	**23,268**
Liabilities measured at fair value:				
Derivative financial liabilities	–	98	5,466	5,564
Borrowed funds	–	19,690	–	19,690
Fair value hierarchy for financial liabilities measured at fair value	–	**19,788**	**5,466**	**25,254**

There were no transfers between levels in the current period.

Notes to the consolidated financial statements

for the period ended 28 February 2021

5. Fair value of financial instruments continued

31 December 2019 $'000	Quoted prices Level 1	Significant observable inputs Level 2	Significant unobservable inputs Level 3	Total at fair value
Assets measured at fair value:				
Fair value through profit or loss	**803**	**3,925**	**20,515**	**25,243**
Money market funds	–	3,925	–	3,925
Listed equities	803	–	–	803
Unlisted equities	–	–	19,467	19,467
Unlisted debentures	–	–	18	18
Property units	–	–	1,030	1,030
Derivative financial assets	**–**	**109**	**5,583**	**5,692**
Investment securities at FVOCI: *unlisted equities*	**–**	**–**	**488**	**488**
Fair value hierarchy for financial assets measured at fair value	**803**	**4,034**	**26,586**	**31,423**
Liabilities measured at fair value:				
Derivative financial liabilities	**–**	**100**	**5,510**	**5,610**
Borrowed funds	**–**	**24,857**	**–**	**24,857**
Fair value hierarchy for financial liabilities measured at fair value	**–**	**24,957**	**5,510**	**30,467**

There were no transfers between levels in the period.

Level 3 fair value movements

The following table shows a reconciliation from the beginning balances to the ending balances for fair value measurements in level 3 of the fair value hierarchy:

28 February 2021 $'000	Debt or equity investments	Derivative financial assets	Total assets at fair value	Derivative financial liabilities	Total liabilities at fair value
Opening balance	**21,003**	**5,583**	**26,586**	**5,510**	**5,510**
Total gains or losses					
– in profit/(loss)	(3,556)	14	(3,542)	101	101
– in other comprehensive income	64	–	64	–	–
Exchange rate adjustment	(954)	(150)	(1,104)	(145)	(145)
Closing balance	**16,557**	**5,447**	**22,004**	**5,466**	**5,466**

31 December 2019 $'000	Debt or equity investments	Derivative financial assets	Total assets at fair value	Derivative financial liabilities	Total liabilities at fair value
Opening balance	**23,635**	**5,376**	**29,011**	**5,444**	**5,444**
Total gains or losses					
– in profit/(loss)	(2,790)	(102)	(2,892)	14	14
– in other comprehensive income	(26)	–	(26)	–	–
Exchange rate adjustment	184	309	493	52	52
Closing balance	**21,003**	**5,583**	**26,586**	**5,510**	**5,510**

5. Fair value of financial instruments continued

Total gains or losses for the period in the above table are presented in the statement of profit or loss and statement of other comprehensive income as follows:

28 February 2021 $'000	Debt or equity investments	Derivative financial assets	Total assets at fair value	Derivative financial liabilities	Total liabilities at fair value
Total gains or losses recognised in profit/loss for the year	(3,556)	14	**(3,541)**	101	**101**
Total gains or losses recognised in other comprehensive income	64	–	**64**	–	–

31 December 2019 $'000	Debt or equity investments	Derivative financial assets	Total assets at fair value	Derivative financial liabilities	Total liabilities at fair value
Total gains or losses recognised in profit/loss for the year	**(2,790)**	**(102)**	**(2,892)**	**14**	**14**
Total gains or losses recognised in other comprehensive income	**(26)**	–	**(26)**	–	–

Description of significant unobservable inputs to valuation

The table below sets out information about significant unobservable inputs used at year end in measuring financial instruments categorised as level 2 and 3 in the fair value hierarchy.

Type of financial instrument	Valuation technique	Significant unobservable input	Range of estimates (weighted average) for unobservable input
Unlisted equity and investment securities measured at FVOCI and borrowed funds	Market comparison technique: The valuation model is based on market multiples derived from quoted prices of companies comparable to the investee on actual Earnings before Interest, Tax, Depreciation and Amortisation (EBITDA). The estimate is adjusted for the effect of the non-marketability of the equity securities.	Adjusted price to book ratio. Adjusted Enterprise value (EV)/EBITDA, Discount rate, Terminal growth rate.	12% – 25%
Unlisted equity, unlisted, property units and unlisted debentures measured at FVTPL	Dividend discount model: This valuation model estimates the value of the Company based on future dividends payable by the Company, discounted back to the present value using the cost of equity.		
Derivative financial assets and liabilities	Each Credit Default Swap (CDS) is BWP denominated and is valued by discounting the expected payments of the CDS to the valuation date. The discount factors for the cash flows for each future payment date are calculated off a BWP Bond curve. This is the most liquid risk-free curve available for Botswana. In addition to the calculation of the risk-neutral value, the Group also calculates a credit and debt value adjustment for each CDS. A semi-analytical approach was used to generate the various potential fair values of the CDS margin payments to their maturity, based on option pricing theory. In this approach, volatilities are used to calculate future fair values, which in turn are used to approximate the Expected Positive Exposures (EPE) and Expected Negative Exposure (ENE). These are then used in the calculation of fair value balances..	Recovery rates, Credit ratings for BancABC and each of its counterparties.	20% – 40%

Sensitivity analysis

a) Unlisted financial assets – equities, debentures and property units.

For unlisted financial assets measured at fair value, changes at the reporting date to one of the significant unobservable inputs, holding other inputs constant, would have the following effects:

$'000	28 February 2021				31 December 2019			
	Profit or loss		Equity		Profit or loss		Equity	
	Increase	Decrease	Increase	Increase	Increase	Decrease	Increase	Decrease
Average price to book ratio (5% movement)	51	(51)	51	(51)	52	(52)	52	(52)
Book value (2% movement)	4	(4)	4	(4)	21	(21)	21	(21)
Adjusted EV/EBITDA (5% movement)	51	(51)	51	(51)	52	(52)	52	(52)
EBITDA (2% movement)	4	(4)	4	(4)	21	(21)	21	(21)

5. Fair value of financial instruments continued

b) Sensitivity analysis - derivative financial instruments

Credit valuation adjustment ('CVA') and debit valuation adjustment ('DVA') are incorporated into derivative valuations to reflect the impact on fair value of counterparty credit risk and the Group's own credit quality respectively: CVA for the asset and DVA for the liability. CVA and DVA are calculated using estimates of exposure at default, probability of default and recovery rates, at a counterparty level. CVA is calculated as the discounted product of the counterparties' marginal Probability of Defaults ('PDs'), Loss Given Defaults ('LGDs') and Expected Positive Exposures at every node while DVA is calculated as the discounted product of the Group's marginal PDs, LGDs and Expected Negative Exposures at every node.

Because of the uncertainty attached to recovery rates, the sensitivity analysis of the fair values of derivatives have been performed for a range of possible recovery rates (20%, 30% and 40%).

i) Derivative financial asset

$'000	28 February 2021			31 December 2019		
	20%	30%	40%	20%	30%	40%
20%	(12)	(12)	(12)	(21)	(21)	(21)
30%	(11)	(11)	(11)	(19)	(19)	(19)
40%	(9)	(9)	(9)	(16)	(16)	(16)

ii) Derivative financial liability

$'000	28 February 2021			31 December 2019		
	20%	30%	40%	20%	30%	40%
20%	12	12	12	7	7	7
30%	11	11	11	6	6	6
40%	9	9	9	5	5	5

Comparison of carrying amounts and fair values for assets and liabilities not held at fair value:

The following tables show the breakdown of carrying amounts and fair values of financial assets and financial liabilities by class and category of financial instrument measured at amortised cost, where the carrying values differ from the fair values

$'000	28 February 2021		31 December 2019	
	Carrying amount	Fair value (Level 2)	Carrying amount	Fair value (Level 2)
Financial assets measured at amortised cost				
Loans and advances	580,527	503,616	644,112	644,112
Investments securities held at amortised cost	119,223	112,637	107,290	106,548
Financial liabilities measured at amortised cost				
Deposit	672,534	674,201	723,726	723,726
Borrowed funds	422,014	419,947	341,952	333,797

Other financial instruments not carried at fair value are typically short term in nature and reprice to current market rates frequently. Accordingly, their carrying amount is a reasonable approximation of fair value. They include cash and short-term funds, loans and advances to customers, deposits, other assets and other liabilities.

The fair values of the financial instruments not carried at fair value disclosed in the table above were determined as follows:

i. Loans and advances
The fair value of loans and advances, for the purpose of this disclosure, is derived from discounting expected cash flows in a way that reflects the current market price for lending to issuers of similar credit quality.

ii. Investment securities held at amortised cost
Fair value is estimated using quoted market prices for securities with similar credit, maturity and yield characteristics.

iii. Borrowed funds
The estimated fair value of borrowed funds is based on discounted cash flows using interest rates for new debts with similar remaining maturity.

iv. Deposits
Deposit balances are made up of deposits that are short-term in nature or have interest rates that reprice frequently, hence the fair values of such deposits have been assessed to approximate their carrying values. The fair value for deposits with longer-term maturities, mainly term deposits, are estimated using discounted cash flows applying either market rates or current rates for deposits of similar remaining maturities.

6. Borrowed funds

Refer to accounting policy pertaining to financial instruments.

$'000	28 February 2021	31 December 2019
Convertible bonds (a)*	91,518	80,016
Other borrowed funds (b)	350,186	286,793
Total	**441,704**	**366,809**

*Included in other borrowed funds balance in the 31 December 2019 financial statement was $16,705 convertible bonds balance relating to Fairfax. This has been correctly disclosed as part of other convertible bonds in the 2019 comparative in this year's financial statement. This is a mere reclassification between borrowed funds and has no impact on the total borrowed funds balance.

The following table illustrates the carrying value compared to the fair value of the borrowed funds:

$'000	Carrying value		Fair value	
	28 February 2021	31 December 2019	28 February 2021	31 December 2019
Convertible bonds – liability component	91,518	80,016	91,518	77,069
Fairfax Financial Holdings Limited	46,412	41,061	46,412	40,809
Afrexim bank	45,948	49,098	45,948	46,726
Helios Fairfax Partners Corporation	43,576	–	43,576	–
U.S. International Development Finance Corporation ('DFC')	27,651	40,207	26,417	37,715
Nineteen77 Global Multi-Strategy Alpha Master Ltd.	21,811	–	21,811	–
Export Development Canada ('EDC')	20,876	19,816	20,863	19,798
Standard Chartered	19,690	24,857	19,690	24,857
Africa Agriculture and Trade Investment Fund S.A.	18,029	21,039	18,029	21,080
HFP Investments Limited	17,130	14,033	17,130	14,874
Nineteen77 Capital Solutions A LP	15,026	12,948	15,026	13,388
Other	74,037	63,734	73,217	62,338
Total	**441,704**	**366,809**	**439,637**	**358,654**

a. Convertible bonds

The following section presents the details of the convertible bonds outstanding as of 28 February 2021:

i) On 1 October 2015 Atlas Mara placed $63.4 million five-year senior secured convertible bonds with a maturity date in 2020. The bonds carry a coupon of 8.0% and were issued at an issue price of 82.7% of their principal amount, have a maturity date of 31 December 2020 and are convertible into the ordinary shares of Atlas Mara at a price of $11.00 per share at the option of the bondholder.

The fair value of the liability at inception was determined using a market-based rate of 17.7% calculated using the US five-year treasury rate adjusted for the average yield on similar instruments with similar risk exposure to discount the contractual cash flows.

The equity component was determined as the residual value after deducting the fair value of the liability component from the receipts of the issue of the bond. The equity portion of $14 million is included in capital reserves.

On 22 April 2017, following discussions with both existing and prospective investors, including reverse inquiries, and given remaining capacity under the bonds' structure, Atlas Mara placed a further $17.4 million of its 8.00% senior secured convertible notes due in 2020. The additional issuance was undertaken on identical terms to the October 2015 tranche, except that these bonds were issued at a price of $84, as opposed to $82.7 in October, to account for the intervening passage of time.

As of 28 February 2021, the convertible bond has a balance of $71.2million (31 December 2019: $63.3 million).

ii) On 24 April 2018, the Group reached an agreement in principle for a $36 million debt facility by issuing bonds to Fairfax Africa Holdings Investments Limited, the Company's largest shareholder. Tranche A of $16 million, which was structured as convertible bonds issued by Atlas Mara limited, was drawn down on 17 May 2018 and has a maturity date of 31 December 2020. The bonds accrue interest at the rate of 11%, payable on maturity and are convertible to ordinary shares by dividing the principal amount of the Bond by 90% of the 30-day volume weighted average price (VWAP) of the ordinary shares calculated on the dealing day prior to final maturity date. The facility was amended during the year, with maturity date extended to December 2021.

As of 28 February 2021, the convertible bonds issued to Fairfax has a balance of $20.3 million (31 December 2019: $16.7 million).

b. Other borrowed funds

$'000	28 February 2021	31 December 2019
Borrowed funds – At fair value through profit/loss	19,690	24,857
Borrowed funds – Amortised cost	422,014	261,936
	441,704	**286,793**

6. Borrowed funds continued

The following represents a summary of significant Group borrowed funds, i.e. funding obtained to support business growth other than through banking products and customer accounts, rather third-party lenders supporting the liability side of the consolidated statement of financial position.

Afrexim Bank Limited

This relates to loan for $54 million advanced in November 2018 to ABCH by Afrexim Bank Limited. The loan attracts interest of 3 months LIBOR + 7.3%, payable quarterly, with the principal amount to be repaid over four years, which includes a grace period of one year from the closing date of the transaction. In October 2019, $5 million was repaid out of the loan principal amount. On 4 August 2020, a new facility of $15 million was availed to the Group under Afrexim's COVID-19 relief fund.

Africa Agriculture and Trade Investment Fund S.A.

A loan agreement was entered with AATIF in December 2018 with the repayment of the outstanding principal of $20 million commencing on 30 June 2020 until the maturity date of 30 June 2022 with five equal semi-annual repayments of $4 million each at an interest rate of LIBOR plus 6.5%.

Standard Chartered

The loan from Standard Chartered is a US dollar denominated loan obtained to finance the funding from ADC to UGPL, on 19 July 2012. The loan was repayable in December 2020; however, the termination date was extended to 31 December 2021. The loan can be further extended further based on mutual agreement. The loan is measured at fair value based on the determined fair value of the UBN shares at NGN5.35 per share as of 28 February 2021.

Nineteen77 Capital Solutions A LP

This represents $20 million secured bonds issued in November 2018 and due in 2021 to the bondholder – Nineteen77 Capital Solutions A LP. The bond attracts an interest rate of 9% per annum, with the interest payable half-yearly on 30 June and 31 December.

Nineteen77 Global Multi-Strategy Alpha Master Limited

On 28 December 2020, the Group secured a $25.8 million facility due in June 2022 from Nineteen77 Global Multi-Strategy Alpha Master Limited. The facility attracts an interest rate of 15% per annum for the first 12 months after which interest increases to 20% per annum. The interest is capitalised and added to principal amount on which interest is accrued. The facility is secured by a portion of the Company's shareholding in Union Bank of Nigeria.

United States International Development Finance Corporation "DFC" (previously Overseas Private Investment Corporation)

In March 2017, Banc ABC Botswana finalised a $40 million Fintech and Financial Inclusion Debt Facility provided by DFC. The funding is part of the $200 million multi-country facility the DFC approved for Atlas Mara's banks in Botswana, Zambia and Mozambique in August 2015. The debt facility was used to provide access to finance for SME's and support the company's efforts to accelerate its digital finance initiatives, which are key areas of the Company's strategy. The loan has a seven-year tenor with a three-year moratorium on capital. Interest is paid quarterly during the three years and capital is paid in 16 equal instalments after year three. The rate is three-month LIBOR plus a margin of 4.5%.

During the year, the Group entered into an amendment agreement with DFC to defer the principal payments for the period August 2020 till February 2021 for ABC Zambia DFC facility. After the year end, DFC signed the Support and override agreement. Refer to note 35 for further details.

Export Development Canada ('EDC')

On 11 December 2018, the Group secured a three-year $20 million debt facility from Export Development Canada ('EDC') for general corporate purposes. The first tranche of the facility $13.6 million, was drawn on 18 December 2018 and the second draw down of $6.4 million in April 2019. The facility attracts an interest rate of 9.0%, payable half yearly. The facility is secured by a portion of the Company's indirect shareholding in Union Bank of Nigeria.

Helios Fairfax Partners Corporation (previously Fairfax Africa Holdings Corporation)

On 26 March 2020, the Group entered into another $40 million loan facility agreement with Fairfax Africa holdings Corporation Fairfax secured against BancABC Botswana shares owned indirectly by Group (and directly by ABC Holdings Limited). The facility accrues interest at the rate of 10% per annum, payable quarterly and matures in March 2021 with the option to extend further by mutual agreement. This loan was not repaid since Fairfax Africa Holdings Corporation had entered into the Standstill agreement with the Group.

Fairfax Financial Holdings Limited

On 26 June 2019, the Group obtained a $40 million secured loan facility from Fairfax Financial Holdings Limited. The loan accrues interest at the rate of 10%, payable quarterly with a new maturity date of June 2022. The original maturity date was 30 June 2020.

HFP Investments Limited (previously Fairfax Africa Holdings Investments Limited)

On 24 April 2018, the Group reached an agreement in principle for a $36 million debt facility by issuing convertible bonds to Fairfax Africa Holdings Investments Limited. The agreement was amended and restated on 5 July 2018 and on 6 November 2018, with a further amendment to the deed poll on 11 December 2018. The facility is analysed as follows:

i) **Tranche A $16 million convertible bonds**: The tranche was drawn down on 17 May 2018 and is repayable in December 2020. The facility accrues interest at the rate of 11%, payable on maturity. Refer to the convertible bonds note in section a above for further details.; and

ii) **Tranche B $20 million facility**: The tranche was obtained on 6 July 2018, with a three-year term maturing in July 2021 and an interest rate of 9%, payable half-yearly – 30 June and 31 December. The facility is secured over UBN shares and was amended during the year, with maturity date extended to December 2021.

6. Borrowed funds continued

Other

Other borrowings relate to medium to long-term funding from international financial institutions for working capital financing and onward lending to the Group's clients. Included in other are:

- Norsad loan of $10 million attracting quarterly interest at six-month Libor plus 7.5%, which matured in December 2020 but is yet to be settled;
- TLG Limited ('TLG') loan of $10 million with semi-annual interest payments at an interest rate of 9.8% with $5 million maturing in January 2021 and the balance due in March 2021. The loan is deemed to have been settled subsequent to year end, after TLG assumed ownership of the UBN shares pledged as collateral under the facility agreement;
- Sanlam loan of $5 million attracting quarterly interest at three-month Libor plus 7%, maturing in December 2021. The loan is deemed to have been settled subsequent to year end, after Sanlam assumed ownership of the UBN shares pledged as collateral under the facility agreement; and
- TLG Credit Opportunities Fund loan of $8 million which was guaranteed by Fairfax Africa Holdings Corporation, maturing in January 2021. The loan was settled by Fairfax Africa Holdings Corporation upon maturity after the lender called-in the guarantee. Refer to note 35.3 for further details.

Following the assessment of the cashflow position of ATMA and its main subsidiary, ABCH, prior to the end of the year 2020, the Group engaged majority of its lenders in a bid to refinance its debts and provide a stable runway and time for the Company and its lenders at ATMA and ABCH group levels to work on a common solution with the goal of preserving value for the stakeholders. This resulted in the signing of the standstill agreement, which precluded ATMA and ABCH from making interest payments and/or principal repayments in preference to any lender. Norsad and TLG did not sign and the standstill agreement, and as a result of the default, they subsequently initiated winding up proceedings against ABCH and ATMA respectively. Refer to notes 35.5 and 35.6 for further details on the TLG and Norsad litigations. This action relates only to ATMA and ABCH obligations and have no effect on the debts of the operating subsidiaries.

Standstill agreement

On 29 December 2020, the Group publicly announced that it had entered into a Standstill agreement ("Standstill") or similar bilateral agreements with certain participating lenders in respect of the Group's financing arrangements. Parties to the Standstill then proceeded with negotiations to agree and final documentation for a binding Support and Override agreement.

The participating lenders under the standstill agreement agreed not to exercise certain rights, or otherwise take actions, in respect of rights and repayments that may arise under the facilities as a result of the Group not making principal and interest payments until termination of the Standstill. These agreements relate to the holding companies only, ATMA and ABCH, and exclude facilities of the Group's operating subsidiary companies. The Standstill was replaced by a long-term restructuring agreement signed on 14 July 2021 with the participating lenders in the form of a Support and Override agreement.

Support and override agreement ("SOA")

On 14 July 2021, the SOA was signed by a majority of the Group's lenders. The lenders who are a party to the SOA have agreed to forbearances in respect of certain events of default under their relevant facilities, while the SOA is effective, including (i) non-payment of amounts due under the financing agreements, (ii) any deterioration in the financial or operational performance of the Group as a result of COVID-19, and (iii) any breach of any financial covenant under the financing agreements. Refer to note 35.2 for further details on the SOA.

Maturity analysis

The table below presents the maturity analysis based on contractual maturity.

$'000	28 February 2021	31 December 2019
On demand to one month	307,096	390
One to three months	2,862	606
Three months to one year	86,506	146,915
Over one year	45,240	218,898
Total	**441,704**	**366,809**

7. Deposits

Refer to accounting policy pertaining to financial instruments.

$'000	28 February 2021	31 December 2019
Deposits from banks	20,527	18,893
Deposits from other customers	652,007	704,833
	672,534	**723,726**
Current	**281,434**	**687,056**
Non-current	**391,100**	**36,670**

The table below presents the analysis of deposits by segment:

$'000	28 February 2021			31 December 2019		
	Payable on demand	Term and savings deposits	Total	Payable on demand	Term and savings deposits	Total
Corporate customers	106,934	250,161	357,095	69,656	87,830	**157,486**
Public sector	35,827	79,641	115,468	24,707	162,862	**187,569**
Retail customers	102,632	33,360	135,992	75,521	41,262	**116,783**
Other financial institutions	15,514	27,938	43,452	18,178	224,817	**242,995**
Banks	20,527	–	20,527	14,590	4,303	**18,893**
	281,434	**391,100**	**672,534**	**202,652**	**521,074**	**723,726**

8. Interest and similar expense

Refer to accounting policy pertaining to financial instruments.

$'000	14 months to 28 February 2021			12 months to 31 December 2019		
	Continuing operations	Discontinued operations	Total	Continuing operations	Discontinued operations	Total
Deposits	(23,990)	(53,495)	(77,485)	(24,775)	(47,697)	(72,472)
Borrowed funds	(54,648)	(8,260)	(62,908)	(39,846)	(9,941)	(49,787)
Other	(1,636)	(939)	(2,575)	(1,091)	(1,208)	(2,299)
	(80,274)	**(62,694)**	**(142,968)**	**(65,712)**	**(58,846)**	**(124,558)**

Other interest expense includes $1.3 million (2019: $1.8million) relating to IFRS 16 lease interest expenses.

9. Financial assets at fair value through profit or loss

Accounting for financial assets at fair value through profit or loss

Refer to accounting policy pertaining to financial instruments.

$'000	28 February 2021	31 December 2019
Money market fund	–	3,925
Listed equities	1,168	803
Unlisted equities	13,917	19,467
Unlisted debentures	4	18
Property units	2,213	1,030
	17,302	**25,243**
Current	–	**3,925**
Non-current	**17,302**	**21,318**

10. Loans and advances

Accounting for loans and advances
Refer to accounting policy pertaining to financial instruments.

Critical accounting estimates and judgements
The measurement of the expected credit loss allowance for loans and advances is an area that requires the use of complex models and significant assumptions about future economic conditions and credit behaviour (e.g. the likelihood of customers defaulting) and the resulting losses.

A number of significant judgements are also required in applying the accounting requirements for measuring ECL, such as:
- determining criteria for significant increase in credit risk ('SICR');
- choosing appropriate models and assumptions for the measurement of ECL; and
- establishing groups of similar financial assets for the purposes of measuring ECL.

When determining whether the risk of default on a financial instrument has increased significantly since initial recognition, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and expert credit assessment. The objective of this assessment is to identify whether a SICR has occurred for an exposure by comparing:
- the remaining lifetime PD as at the reporting date; with
- the remaining lifetime PD for this point in time that was estimated at the time of initial recognition of the exposure (adjusted where relevant for changes in prepayment expectations).

The Group uses three criteria for determining whether there has been a SICR:
- quantitative test based on movement in PD;
- qualitative indicators; and
- a backstop of 30 days past due.

The Group monitors the effectiveness of the criteria used to identify SICR by regular reviews to confirm that:
- the criteria are capable of identifying SICR before an exposure is in default;
- the criteria do not align with the point in time when an asset becomes 30 days past due;
- the average time between the identification of a significant increase in credit risk and default appears reasonable;
- exposures are not generally transferred directly from 12-month ECL measurement to credit impaired; and
- there is no unwarranted volatility in loss allowance from transfers between 12-month PD (stage 1) and lifetime PD (stage 2).

$'000	28 February 2021	31 December 2019
Gross loans and advances	611,255	682,747
Expected credit loss	(30,728)	(38,635)
Net loans and advances	**580,527**	**644,112**
Current	**39,372**	**152,629**
Non-current	**541,155**	**491,483**

11. Investment securities

Accounting for investment securities
Refer to accounting policy pertaining to financial instruments

$'000	28 February 2021	31 December 2019
Amortised cost:		
Treasury bills	87,892	97,540
Corporate bonds	2,443	–
Government bonds	29,146	10,127
Amortised cost – gross balance	**119,481**	**107,667**
Less: Expected credit loss	(258)	(377)
Amortised cost – net balance	**119,223**	**107,290**
Fair value through OCI: *unlisted equities*	**423**	488
Total – investment securities	**119,646**	**107,778**
Current	**40,005**	**101,837**
Non-current	**79,641**	**5,941**

Included in investment securities at amortised cost are pledged assets of $22.7 million (31 December 2019: $35.4 million).

12. Impairment charges on financial assets

Accounting for the impairment of financial assets
Refer to accounting policy pertaining to financial instruments.

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

$'000	14 months to 28 February 2021			12 months to 31 December 2019		
	Continuing operations	Discontinued operations	Total	Continuing operations	Discontinued operations	Total
Stage 1 – 12-month ECL	331	(156)	175	1,120	(3,970)	(2,850)
Stage 2 – Lifetime ECL not credit impaired	(391)	74	(317)	1,122	(3,390)	(2,268)
Stage 3 – Lifetime ECL credit impaired	(1,934)	(13,626)	(15,560)	(3,347)	(5,443)	(8,790)
Net movement in ECL on loans and advances	**(1,994)**	**(13,708)**	**(15,702)**	**(1,105)**	**(12,803)**	**(13,908)**
Recoveries of bad debts previously written-off	2,917	2,134	5,051	1,951	3,300	5,251
Other	(844)	(716)	(1,560)	121	(2,885)	(2,764)
	79	**(12,290)**	**(12,211)**	**967**	**(12,388)**	**(11,421)**

Analysed as follows:

Continuing operations $'000	14 months to 28 February 2021			12 months to 31 December 2019		
	Impairment charge	Recoveries	Total	Impairment charge	Recoveries	Total
Loans and advances	(1,994)	2,917	923	(1,105)	1,951	846
Investment securities at amortised cost	(155)	–	(155)	(48)	–	(48)
Other financial assets at amortised cost	(689)	–	(689)	169	–	169
	(2,838)	**2,917**	**79**	**(984)**	**1,951**	**967**

Discontinued operations $'000	14 months to 28 February 2021			12 months to 31 December 2019		
	Impairment charge	Recoveries	Total	Impairment charge	Recoveries	Total
Loans and advances	(13,708)	2,134	(11,574)	(12,803)	3,300	(9,503)
Investment securities at amortised cost	(592)	–	(592)	(2,885)	–	(2,885)
Other financial assets at amortised cost	(124)	–	(124)	–	–	–
	(14,424)	**2,134**	**(12,290)**	**(15,688)**	**3,300**	**(12,388)**

13. Derivative financial instruments

Accounting for derivative financial instruments
Refer to accounting policy pertaining to financial instruments.

The table below shows the fair values of derivative financial instruments recorded as assets or liabilities together with their notional amounts. The notional amount, recorded gross, is the amount of a derivative's underlying asset, reference rate or index and is the basis upon which changes in the value of derivatives are measured. The notional amounts indicate the volume of transactions outstanding at the year-end and are indicative of neither the market nor the credit risk.

$'000	28 February 2021			31 December 2019		
	Assets	**Liabilities**	**Notional amount**	Assets	Liabilities	Notional amount
Derivatives held for trading						
Forward foreign exchange contracts	96	98	8	109	100	9
Derivatives designated at fair value through profit or loss						
Credit default swap	5,447	5,466	4,988	5,583	5,510	5,127
	5,543	**5,564**	**4,996**	**5,692**	**5,610**	**5,136**

Credit default swaps (CDS)
Credit default swap contracts involve an arrangement between the Group and various counterparties which allows one party to protect against losses incurred as a result of credit default. The two parties to the transaction are referred to as (i) the buyer of protection and (ii) the seller of protection. The buyer of protection makes periodic premium payments to the seller of protection in exchange for the seller of protection's promise to make payments if certain defined credit events occur.

The CDS contract involves an arrangement between ABC Botswana and other counterparties. In the first leg of the transaction which resulted in the recognition of the derivative liability, ABC Botswana is the seller of credit protection and earns periodic premiums at the rate of 13% annually. In the second leg of the transaction which resulted in the derivative asset, ABC Botswana is the buyer of credit protection, paying a premium of 11% per annum.

The table below presents the cash flows payable by the Group for derivative financial liabilities by remaining contractual maturities at the date of the consolidated statement of financial position. The amounts disclosed in the table are the contractual undiscounted nominal currency swap cash flows for the liability leg of such swaps, whereas the Group manages the inherent liquidity risk based on expected undiscounted cash inflows:

$'000	**28 February 2021**			**31 December 2019**		
	Up to 1 month	**1 – 3 months**	**Total**	**Up to 1 month**	**3 – 12 months**	**Total**
Forward foreign exchange contracts	98	–	98	100	–	100
Credit default swap	–	5,466	5,466	–	5,510	5,510
Total derivatives financial liabilities	**98**	**5,466**	**5,564**	**100**	**5,510**	**5,610**

With the exception of swaps where ongoing cash flows are settled on a gross basis, all derivative financial liabilities are settled on a net basis.

14. Cash and short-term funds

Accounting for cash and short-term funds
Cash and cash equivalents comprise of balances with banks that are short-term highly liquid investments with an original maturity of three months or less that are readily convertible into known amounts of cash. Cash and cash equivalents are carried at amortised cost in the statement of financial position.

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

$'000	28 February 2021	31 December 2019
Cash on hand	21,455	11,514
Balances with central banks	17,684	16,531
Balances with other banks	59,543	30,067
Money market placements maturing within three months	35,139	70,990
Cash and cash equivalents	**133,821**	**129,102**
Statutory reserve balances	8,106	1,431
Cash and short–term funds	**141,927**	**130,533**

15. Interest and similar income

Accounting for interest and similar income
Refer to accounting policy pertaining to financial instruments

$'000	14 months to 28 February 2021			12 months to 31 December 2019		
	Continuing operations	Discontinued operations	Total	Continuing operations	Discontinued operations	Total
Interest income calculated using effective interest method:						
Cash and short-term funds	902	4,466	5,368	779	4,629	5,408
Investment securities at amortised cost	4,384	31,683	36,067	6,650	19,290	25,940
Investment securities at fair value through OCI	–	2,466	2,466	-	4,924	4,924
Loans and advances	75,695	105,172	180,867	69,026	104,800	173,826
Total interest income calculated using EIR method	**80,981**	**143,787**	**224,768**	**76,455**	**133,643**	**210,098**
Other interest income	437	–	437	630	–	630
	81,418	**143,787**	**225,205**	**77,085**	**133,643**	**210,728**

Interest income includes $12.6 million (31 December 2019: $2.3 million) accrued on impaired loans.

16. Investment in associates

Accounting for investment in associate

Associates are entities in which the Group has significant influence, but not control, over the operating and financial policies.

The Group's investments in associates are recognised using the equity method. These investments are initially recorded at cost and increased (or decreased) each year by the Group's share of the post-acquisition profit (or loss). The Group ceases to recognise its share of the losses of equity accounted associates when its share of the net assets and amounts due from the entity have been written off in full, unless it has a contractual or constructive obligation to make good its share of the losses. When the Group acquires an additional share in the investment, while still maintaining significant influence, the investment is accounted for at cost. The incremental fair value adjustments of the assets and liabilities of the investment is determined and included in the carrying amount of the investment.

Impairment losses

After application of the equity method, including recognising the associate's losses, the entity applies IAS 36 Impairment of Assets to determine whether it is necessary to recognise any additional impairment loss with respect to its net investment in the associate or joint venture.

The entity also applies IAS 36 to determine whether any additional impairment loss is recognised with respect to its interest in the associate or joint venture that does not constitute part of the net investment and the amount of that impairment loss.

Goodwill forms part of the carrying amount of an investment in an associate and is not separately recognised, it is therefore not tested for impairment separately by applying the requirements for impairment testing goodwill in IAS 36 Impairment of Assets. Instead, the entire carrying amount of the investment is tested for impairment in accordance with IAS 36 as a single asset, by comparing its recoverable amount (higher of value in use and fair value less costs to sell) with its carrying amount, whenever there are indications that the investment may be impaired.
An impairment loss recognised in those circumstances is not allocated to any asset, including goodwill, that forms part of the carrying amount of the investment in the associate. Accordingly, any reversal of that impairment loss is recognised in accordance with IAS 36 to the extent that the recoverable amount of the investment subsequently increases.

In determining the value in use ('VIU') of the investment, an entity estimates its share of the present value of the estimated future cash flows expected to be generated by the associate, including the cash flows from the operations of the associate and the proceeds from the ultimate disposal of the investment. The recoverable amount of an investment in an associate shall be assessed for each associate, unless the associate does not generate cash inflows from continuing use that are largely independent of those from other assets of the entity.

Assets of the associate

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

Investment in the associate

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

Intangible assets

Included in the fair value of UBN are intangible assets of $3.4 million (31 December 2019: $5.9 million).

Share of profit and OCI

The value of equity accounted earnings in the statement of comprehensive income for Atlas Mara represents the reported profit and other comprehensive income for UBN, based on the estimated profit of UBN for the 14-month period ended 28 February 2021.

Critical accounting estimates and judgements

Determination of control over the associate

Determining whether the Group has control of an entity is generally straightforward based on ownership of the majority of the voting capital. However, in certain instances, this determination will involve significant judgement, particularly in the case of UBN where the Group has approximately 47.68% (2020: 49.78%; 2019: 48.99%) shareholding and has representation on the Board of Directors.

Based on the assessment performed by management, UBN is not a controlled entity of the Group because the Group is not exposed, and has no right, to variable returns from this entity and is not able to use its power over the entity to affect those returns.

$'000	28 February 2021	31 December 2019
Opening balance	**582,141**	**532,233**
Share of profits	25,510	31,101
Share of OCI	(3,277)	12,552
Exchange rate adjustment	(114,203)	–
Dividend income	(8,521)	–
Disposals during the period	(10,170)	
Additions during period	16	6,255
Investment in associates	**471,496**	**582,141**

16. Investment in associates continued

Investment in Union Bank of Nigeria ('UBN')

The Group effectively holds total direct and indirect share of UBN's voting rights of 47.68% as at 28 February 2021. The investment in UBN is equity accounted using the management accounts of UBN for the period ended 28 February 2021. The local currency of UBN is the Nigerian Naira.

The following table presents the summarised financial information of UBN for the period ended 28 February 2021. The financial information for the years ended 31 December 2020 and 2019 were extracted from UBN's published annual financial statements for 2020 and 2019 respectively, while the financial information for the 14-month period ended 28 February 2021, were based on the estimate of UBN's financial performance derived from a combination of the published annual financial statements for 2020 and the Q1 2021 published unaudited financial statement.

$'000	28 February 2021	31 December 2020	31 December 2019
Cash and cash equivalents	700,838	676,210	1,045,034
Loans and advances	1,695,028	1,730,580	1,796,454
Investment securities	1,076,810	1,259,164	980,610
Other assets	1,716,644	1,807,097	2,286,323
Total assets	**5,189,320**	**5,473,051**	**6,108,421**
Deposits from customers	2,716,875	2,813,396	2,891,560
Borrowed funds	649,649	655,454	499,103
Other liabilities	1,180,206	1,343,949	1,894,457
Total liabilities	**4,546,730**	**4,812,799**	**5,285,120**
Group's share of equity (47.68%) (2020: 49.78%; 2019: 48.99%)	297,996	320,387	400,772
Intangible assets	4,826	4,978	5,930
Share of total identifiable net assets	**302,822**	**325,365**	**406,702**
Carrying value of the investment in associate including intangible assets	**469,945**	**481,866**	**580,622**

$'000	28 February 2021	31 December 2020	31 December 2019
Net interest income	169,584	150,244	171,399
Non-interest income	131,593	116,419	139,798
Impairment credit/(charges) on financial instruments	5,942	6,701	(600)
Total expenses	(232,124)	(205,379)	(231,764)
Profit for the period	**54,861**	**48,872**	**64,862**
Other comprehensive income for the period	(6,746)	963	25,116
Total comprehensive income for the period	**48,115**	**49,835**	**89,978**

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

Impairment testing

At 28 February 2021, the Group performed an impairment test on the carrying amount of the investment in UBN. The test confirmed that there was no impairment at 28 February 2021. The table below illustrates the value-in-use ('VIU'), carrying value and fair value of the Group's 47.68% (31 December 2019: 49.97%) investment in UBN:

$'000	28 February 2021			31 December 2019		
	VIU	Carrying amount*	Fair value	VIU	Carrying amount*	Fair value
Union Bank of Nigeria	**485,753**	483,028	**297,996**	614,981	598,143	285,171

*Carrying amount includes the investment in associate balance of $469.9 million (31 December 2019: $580.6 million) and associated goodwill balance of $13.1 million (31 December 2019: $17.5 million).

16. Investment in associates continued

Basis of recoverable amount

The impairment test was performed by comparing the recoverable amount of the Group's investment in UBN with the carrying amount. The recoverable amount, calculated as value in use ("VIU"), has been determined using cash flow predictions based on financial budgets approved by UBN's management, covering a five-year period. Forecast risk weighted assets have been calculated to ensure that the bank maintains the capital adequacy requirements in order to calculate the movement in regulatory reserve requirements. This movement has been deducted from forecast cash flows.

Key assumptions in VIU calculation

The key assumptions used in the calculation of value in use were as follows. The values assigned to the key assumptions represent management's assessment of future trends in the earnings of UBN and have been based on historical data from both external and internal sources.

	28 February 2021	31 December 2019
Discount rate	28.5%	31.1%
Long-term growth rate	2.3%	2.3%
Exchange rate (USD/NGN)	410.5	306.5

Long-term growth rate

The long-term growth rate is used to extrapolate the cash flows in perpetuity. This has been derived as the lower of the forecast GDP growth rate for Nigeria and the long-term compound annual profit before taxes, depreciation and amortisation growth rate estimated by management.

Discount rate

The discount rate is a pre-tax rate, derived using the capital asset pricing model ('CAPM'). CAPM depends on a number of inputs reflecting financial and economic variables, including the risk-free rate and a premium to reflect the inherent risk of the business being evaluated.

The VIU based on the above assumptions was computed as $499.8 million (2019: $615.0 million); resulting in a headroom of $4.5 million (2019: $16.8 million).

Sensitivity of VIU to changes in key assumptions

The tables below illustrate the impact of changes in the key assumptions on VIU, especially given the shock to the market resulting from the COVID-19 outbreak. This reflects the sensitivity of the VIU to each key assumption on its own, while keeping other inputs constant. It is possible that more than one favourable and/or unfavourable change may occur at the same time. The selected rates of reasonably possible changes to key assumptions are largely based on external analysts' forecasts.

a) Exchange rate sensitivity

As at 28 February 2021, if exchange rates move in the directions specified in the table below, the adjusted carrying value of the Group's investment in UBN will be as follows:

$'000	VIU
Devaluation to NGN410.5/$1	485,753
Devaluation to NGN440.0/$1	453,163
Devaluation to NGN460.0/$1	433,460
Devaluation to NGN480.0/$1	415,399
Devaluation to NGN500.0/$1	398,783

b) Changes in other assumptions – 1% change in discount rate and long-term growth rate

	Favourable change			Unfavourable change		
	Revised rate	VIU	Headroom	Revised rate	VIU	(Impairment)
Long-term growth rate	3.3%	492,127	9,099	1.3%	479,848	(3,169)
Discount rate	27.5%	504,113	21,085	29.5%	468,659	(14,369)

A reduction in the forecast cash flows of 10% per annum is estimated to reduce the recoverable amount by $48.6 million.

Reduction in ATMA's shareholding in Union bank of Nigeria

Following the Group's default on its debts, TLG and Sanlam exercised their rights to assume ownership of the portion of the Group's shares in UBN pledged as collateral under their respective facility agreements. As at 28 February 2021, TLG assumed ownership of 616,500,000 units of UBN shares representing 2.11% shareholding, effectively reducing the Group's shareholding in UBN to 47.68% as at that date (2020: 49.78%; 2019: 48.99%).

Subsequent to the reporting date, additional 187,083,320 units of UBN shares, representing 0.64% shareholding were transferred to TLG, totalling 803,583,320 units of UBN shares transferred to TLG, while 442,747,459 units were transferred to Sanlam, representing 1.51% shareholding in UBN. On a total basis, the Group transferred 1,246,330,779 units of UBN shares, representing 4.26% of the Group's shareholding in UBN, to both lenders to fully settle the obligation to these lenders. The Group's shareholding currently sits at 45.56% after completion of the transfer of shares post-period end.

17. Goodwill and intangible assets

Goodwill

Goodwill arises on the acquisition of subsidiaries and associates and represents the excess of the fair value of the purchase consideration over the fair value of the Group's share of the assets acquired and the liabilities and contingent liabilities assumed on the date of the acquisition. Goodwill arising on the acquisition of subsidiaries and associates is measured at cost less accumulated impairment losses. Goodwill has an indefinite useful life. An annual impairment evaluation is performed in respect of goodwill, or more frequently when there are indications that an impairment may be necessary. The evaluation involves comparing the carrying value of goodwill with the present value of the pre-tax cash flows, discounted at a rate of interest that reflects the inherent risks, of the cash-generating unit ('CGU') to which the goodwill relates, or the CGU's fair value if this is higher.

Intangible assets

Intangible assets other than goodwill are accounted for in accordance with IAS 38 Intangible Assets. Intangible assets include trade names, customer relationships, core deposits, core overdrafts, software, licences and other contracts. They are initially recognised when they are separable or arise from contractual or other legal rights, the cost can be measured reliably and, in the case of intangible assets not acquired in a business combination, where it is probable that future economic benefits attributable to the assets will flow from their use.

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

Amortisation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate. Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognised in profit or loss as incurred.

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

	Goodwill	Other intangibles
Useful lives	Indefinite	From 3 to 10 years
Amortisation method	n/a	Straight-line

Critical accounting estimates and judgements

The Group assesses goodwill for impairment on an annual basis based on value in use calculations. Significant estimates and judgements are applied in projecting the future pre-tax cash flows, the appropriate growth and discount rates as set out below.

$'000	28 February 2021	31 December 2019
Goodwill	40,623	45,827
Software and other intangibles	23,241	27,178
	63,864	**73,005**

The table below shows the movement in goodwill and intangible assets balance for the year

$'000	28 February 2021			31 December 2019		
	Goodwill	Other intangible assets	Total	Goodwill	Other intangible assets	Total
Cost						
Opening balance	**45,827**	**74,986**	**120,813**	**82,941**	**141,808**	**224,749**
Exchange rate adjustment	(5,204)	(3,280)	(8,484)	(2,899)	3,523	624
Additions during the period	–	4,061	4,061	–	8,971	8,971
Disposals during the period	–	–	–	(34,215)	(79,316)	(113,531)
Closing balance	**40,623**	**75,767**	**116,390**	**45,827**	**74,986**	**120,813**
Impairment losses and amortisation						
Opening balance	–	**(47,808)**	**(47,808)**	**(2,936)**	**(62,793)**	**(65,729)**
Exchange rate adjustment	–	266	266	440	(634)	(194)
Amortisation during the period	–	(4,984)	(4,984)	–	(11,819)	(11,819)
Disposals during the period	–	–	–	2,496	27,438	29,934
Closing balance	–	**(52,526)**	**(52,526)**	–	**(47,808)**	**(47,808)**
Carrying value at period end	**40,623**	**23,241**	**63,864**	**45,827**	**27,178**	**73,005**

17. Goodwill and intangible assets continued

Goodwill has been allocated to the Group's CGUs (operating banks) as follows:

$'million	28 February 2021			31 December 2019		
		Allocation			Allocation	
		Retail	Corporate		Retail	Corporate
Botswana	27.5	15.2	12.3	28.3	15.6	12.7
West Africa	13.1	–	13.1	17.5	–	17.5
Total	**40.6**	**15.2**	**25.4**	**45.8**	**15.6**	**30.2**

Impairment testing

IFRS requires annual impairment testing of goodwill, or more frequently when there is an indication that the CGU may be impaired. Where there is no impairment trigger, there is no need for the two-step approach.

The annual impairment test was performed for goodwill. A comprehensive assessment of the underlying CGUs has taken place. This assessment included a review of the forecast financial information. The review and testing of goodwill for impairment inherently requires significant management judgement as it requires management to derive the best estimates of the identified CGUs' future cash flows.

The recoverable amounts for the CGUs have been calculated based on their value in use (VIU), determined by discounting the future cash flows expected to be generated from the continuing use of the CGUs' assets. No impairment losses were recognised during the period ended 28 February 2021 (31 December 2019: nil) because the recoverable amounts of these CGUs were determined to be higher than their carrying amounts.

The principal assumptions considered in determining the VIUs were as follows:

Future cash flows – The forecast periods adopted reflect a set of cash flows that, based on management judgement and expected market conditions, could be sustainably generated over such a period. The cash flow projections covering a five-year period were based on financial budgets approved by management.

Discount rates – The CoE percentages were derived from an equity pricing model deemed appropriate based on the entities under review. The risk-free rate used to determine the CoE has been derived from the 10-year US treasury bonds as at 28 February 2021. The future cash flows are discounted using the CoE assigned to the appropriate CGUs and by nature can have a significant effect on their valuations.

The following table summarises the key inputs used in testing the Group's goodwill for current and prior years.

	28 February 2021		31 December 2019	
	Botswana	West Africa	Botswana	West Africa
Discount rate (%)	16.1%	28.5%	20.0	31.1
Terminal growth rate (%)	5.1%	2.3%	4.4	2.3
Forecast period (years)	5	5	5	5

The key assumptions described above may change as economic and market conditions change. The Group estimates that for Botswana, 1% change in the discount rate or terminal growth rate would increase the recoverable amount by $20.7 million (31 December 2019: $14.5 million) and $38.9 million (31 December 2019: $8.9 million) respectively or decrease the recoverable amount by $17.1 million (31 December 2019: $12.7 million) and $26.9 million (31 December: $7.8 million), respectively. A reduction in the forecast cash flows of 10% per annum would reduce the recoverable amount by $17.7 million (31 December 2019: $16 million). Changes in these assumptions would not cause the recoverable amount of the Botswana CGU to decline below the carrying amount.

West Africa segment goodwill

A goodwill test was also performed in respect of the West Africa segment. This segment houses the investment in associate. Refer to note 17 for details of the valuation performed to determine the value-in-use of the investment. As at 28 February 2021, the carrying value of the investment of $495.3 million is less than the VIU of $499.8 million and therefore no impairment is required.

Other intangible assets

The other intangible assets have been assessed for indications of impairment and at 28 February 2021, there were no indications of impairment.

18. Property and equipment

Accounting for property and equipment

Land and buildings are shown at fair value based on annual valuations by external independent valuers under hyperinflationary economies, otherwise at least once every three years. However, management conducts annual assessments, to ensure that the carrying amount of land and buildings is not significantly different from fair value. Surpluses and deficits arising thereon are transferred to the property revaluation reserve included under capital reserves in equity.

All other items of property and equipment are stated at cost less accumulated depreciation and impairment losses. Where parts of an item of property and equipment have different useful lives, they are accounted for as separate items of property and equipment. Owner-occupied properties are held for use in the supply of services or for administrative purposes.

Depreciation is charged to the statement of profit or loss on a straight-line basis over the estimated useful life of the property and equipment. Land is not depreciated.

The estimated useful lives are as follows:

- Buildings: 20–50 years;
- Motor vehicles: 4 years;
- Computer and office equipment: 3–5 years; and
- Furniture and fittings: 4–10 years.

The assets' residual values, depreciation methods and useful lives are reviewed, and adjusted if appropriate, at each statement of financial position date. Subsequent costs are included in the asset's carrying amount or are recognised as a separate asset, as appropriate only when it is probable that future economic benefits associated with the item will flow to the Group. The cost of day-to-day servicing of property and equipment are recognised in the statement of profit or loss as incurred.

Any gain or loss on disposal of an item of property and equipment is recognised within non-interest income in the statement of profit or loss.

The tables below show the movement in property and equipment balance for the current and prior years

At 28 February 2021 $'000	Land and buildings	Motor vehicles	Computer and office equipment	Furniture and fittings	Total
Cost or valuation					
Opening balance at 1 January 2020	**42,729**	**1,772**	**19,791**	**11,697**	**75,989**
Exchange rate adjustment including hyperinflation impact	2,438	(38)	(361)	(265)	1,774
Additions during the period	523	41	2,140	363	3,067
Revaluation	(2,440)	–	–	–	(2,440)
Reclassification to investment property	(3,041)	–	–	–	(3,041)
Cost or valuation at 28 February 2021	**40,209**	**1,775**	**21,570**	**11,795**	**75,349**
Accumulated depreciation					
Opening balance	**(10,969)**	**(1,348)**	**(14,719)**	**(7,721)**	**(34,757)**
Exchange rate adjustment including hyperinflation impact	58	24	205	135	422
Reclassification to investment property	148	–	–	–	148
Charge for the period	(2,225)	(30)	(1,264)	(875)	(4,394)
Accumulated depreciation at 28 February 2021	**(12,988)**	**(1,354)**	**(15,778)**	**(8,461)**	**(38,581)**
Carrying value at 28 February 2021	**27,221**	**421**	**5,792**	**3,334**	**36,768**

As at 28 February 2021, property and equipment included right-of-use assets of $5.4 million (31 December 2019: $6.4 million) related to leased branches and office premises. Refer to note 31 for further details.

Land and building with a market value of $3.4 million has been pledged as security for the Botswana Building Society loan of $0.6 million, included as part of the other borrowed funds balance. Principal and interest amounts are repayable monthly. The loan matures on 30 December 2022.

18. Property and equipment continued

At 31 December 2019 $'000	Land and buildings	Motor vehicles	Computer and office equipment	Furniture and fittings	Total
Cost or valuation					
Opening balance at 1 January 2019	**70,236**	**5,434**	**43,549**	**25,061**	**144,280**
Recognition of right-of-use asset on initial application of IFRS 16	18,597	384	–	–	18,981
Adjusted balance at 1 January 2019	**88,833**	**5,818**	**43,549**	**25,061**	**163,261**
Exchange rate adjustment including hyperinflation impact	6,465	260	4,962	356	12,043
Additions during the year	17,359	806	8,597	3,713	30,475
Revaluation	(563)	–	–	–	(563)
Write-off	(1,061)	–	(56)	(6)	(1,123)
Reclassification from investment property	405	–	–	–	405
Disposal during the year	(173)	(703)	(7,163)	(2,977)	(11,016)
Reclassified as part of disposal groups held for sale	(68,536)	(4,409)	(30,098)	(14,450)	(117,493)
Cost or valuation at 31 December 2019	**42,729**	**1,772**	**19,791**	**11,697**	**75,989**
Accumulated depreciation					
Opening balance	(15,512)	(4,228)	(32,032)	(14,091)	(65,863)
Exchange rate adjustment including hyperinflation impact	(4,655)	(376)	(3,696)	(616)	(9,343)
Disposals during the year	102	658	7,131	2,571	10,462
Write-off	703	–	22	–	725
Reclassified as part of disposal groups held for sale	14,943	2,840	17,800	7,238	42,821
Charge for the year	(6,550)	(242)	(3,944)	(2,823)	(13,559)
Accumulated depreciation at 31 December 2019	**(10,969)**	**(1,348)**	**(14,719)**	**(7,721)**	**(34,757)**
Carrying value at 31 December 2019	**31,760**	**424**	**5,072**	**3,976**	**41,232**

19. Investment property

Accounting for investment property
Investment property is initially measured at cost and subsequently at fair value, with any change therein recognised in profit or loss within non-interest income.

Any gain or loss on disposal of investment property (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognised in profit or loss.

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

Critical accounting estimates and judgements
The Group obtains independent valuations for its investment properties at least annually. At the end of each reporting period, the directors update their assessment of the fair value of each property, taking into account the most recent independent valuations. The directors determine a property's value within a range of reasonable fair value estimates.

The fair values of the investment properties at 28 February 2021 have been determined based on the valuations performed by accredited independent valuers. The Group has no restrictions on the realizability of its investment properties and no contractual obligations to either purchase, construct or develop investment properties or for repairs, maintenance and enhancements.

Valuation technique and significant unobservable inputs
The fair values of the investment properties have been determined using the market sales comparison approach, which uses the market prices from recent sale of similar properties to value the investment properties. The fair values of investment properties have been categorised under level 3 in the fair value hierarchy based on the inputs used. These inputs include:

- Sales price of comparable properties
- Replacement costs of a building
- Adjustments due to specific building components
- Rental rates per square meter: $3.50 - $4.50
- Market yields: 6% to 10%

The estimated fair value would increase/(decrease) if:
- Expected market rental growth were higher/(lower)
- The occupancy rates were higher (lower)

$'000	28 February 2021	31 December 2019
Opening balance	**6,586**	12,414
Exchange rate adjustment	1,601	(2,017)
Fair value gain	(315)	4,586
Additions during the period	879	2,341
Reclassifications from/(to) property and equipment	2,893	(405)
Disposals during the period	–	(1,367)
Reclassified as part of disposal groups held for sale	–	(8,966)
Closing balance	**11,644**	**6,586**

20. Other assets

Accounting for other assets

Included in other assets are prepayments, security deposits and other receivables. Except for prepayments and some balances included in other receivables, other assets are financial assets carried at amortised cost. Refer to the accounting policy on financial instruments for further details. Prepayments are non-financial assets and are stated at their nominal values.

$'000	28 February 2021	31 December 2019
Other financial assets measured at amortised cost		
Accounts receivable	13,273	5,100
Security deposits	3	28
Legacy debt receivable	11,367	10,443
Other receivables [(i)]	13,065	17
	37,708	**15,588**
Other non-financial assets		
Prepayments	17,073	4,967
Other assets [(ii)]	1,231	8,497
	56,012	**29,052**
Current	47,859	23,622
Non-current	8,153	5,430

Notes:

i) Other receivables relate mainly to balances due from Group entities classified as disposal groups.

ii) Other assets include stationery and other inventory balances.

21. Other liabilities

Accounting for other liabilities

Other liabilities include financial and non-financial liabilities. For other financial liabilities, refer to accounting policy pertaining to financial instruments.

Non-financial liabilities are made up mainly of provisions. Refer to note 21.1 below for details of the Group's policy on provisions.

$'000	28 February 2021	31 December 2019
Other financial liabilities measured at amortised cost		
Accruals	6,412	8,361
Accounts payable[(i)]	76,127	68,322
Lease liability	6,171	6,670
Other liability accounts	11,531	5,189
	100,241	**88,542**
Other non-financial liabilities		
Provisions (note 21.1)	8,294	8,222
Other liabilities	332	210
	108,867	**96,974**
Current	**103,687**	**94,185**
Non-current	**5,180**	**2,789**

Notes:

1. Included in accounts payable are balances due to Group entities classified as disposal groups. This was included as part of other liability accounts in the prior year financial statement but has now been reclassified in the prior year balance included in the current period financial statement.

21.1. Provisions

Accounting for provisions
The Group applies IAS 37 Provisions, Contingent Liabilities and Contingent Assets in accounting for non-financial liabilities. Provisions are recognised for present obligations arising as consequences of past events where it is more likely than not that a transfer of economic benefit will be necessary to settle the obligation, which can be reliably estimated.

The table below sets out the movement in provisions:

$'000	28 February 2021				31 December 2019			
	Retention and bonus pay	Restructuring cost	Other provisions	Total	Retention and bonus pay	Restructuring cost	Other provisions	Total
At 1 January	**5,178**	**910**	**2,134**	**8,222**	**4,778**	**–**	**11,644**	**16,422**
Additions	3,076	4,819	1,276	9,171	5,648	3,017	950	9,615
Amounts utilised	–	(4,229)	(1,845)	(6,074)	(2,607)	–	(1,088)	(3,695)
Unused amounts reversed	(2,338)	–	(96)	(2,434)	(1,979)	(2,107)	–	(4,086)
Exchange and other movements	(1,718)	–	1,127	(591)	(662)	–	(9,372)	(10,034)
At 31 December	**4,198**	**1,500**	**2,596**	**8,294**	**5,178**	**910**	**2,134**	**8,222**

Included in other provisions are leave pay provision, provisions on off-balance sheet items and others.

22. Off-balance sheet items

a. Loan commitments and other financial facilities

The timing profile of the contractual amounts of the Group's off-balance sheet financial instruments that commit it to extend credit to customers and other facilities for the period ended 28 February 2021 are summarised below:

$'000	28 February 2021	31 December 2019
Financial guarantees	47,393	19,720
Letters of credit	5,637	8,578
Loan commitments	4,868	11,529
Gross balance	**57,898**	**39,827**
Expected credit loss allowance	(93)	(187)
Net balance	**57,805**	**39,640**
Maturity analysis		
Less than one year	50,838	29,304
Between one and five years	1,371	10,336
Over five years	5,596	–
Total	**57,805**	**39,640**

b. Capital commitments

The Groups capital commitments for the period ended 28 February 2021 are summarised below. Funds to meet these commitments will be provided from existing Group resources.

$'000	28 February 2021	31 December 2019
Approved and contracted for	1,493	1,181
Approved but not contracted for	7,041	15,823
Total	**8,534**	**17,004**

23. Non-interest income

Accounting for non-interest income

Fees and commission

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

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

Other fees and commission expenses relate mainly to transaction and service fees, which are expensed as the services are received.

Net trading income

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

$'000	14 months to 28 February 2021			12 months to 31 December 2019		
	Continuing operations	Discontinued operations	Total	Continuing operations	Discontinued operations	Total
Net fee and commission income:	**30,213**	**29,625**	**59,838**	**19,365**	**30,367**	**49,732**
Fee income on loans and advances	5,371	7,187	12,558	6,294	9,943	16,237
Fee income from trust and fiduciary activities	706	307	1,013	735	5,821	6,556
Cash transaction fees	13,381	5,705	19,086	2,903	5,664	8,567
Fee income on digital transactions	8,677	5,236	13,913	1,414	4,359	5,773
Account maintenance fees	3,521	8,154	11,675	2,948	4,368	7,316
Other fee income	2,236	4,192	6,428	5,071	1,194	6,265
Fee and commission expense	(3,679)	(1,156)	(4,835)	–	(982)	(982)
Net gains/(losses) on financial instruments at FVTPL:	**1,609**	**–**	**1,609**	**(3,084)**	**–**	**(3,084)**
Financial assets at FVTPL	(3,556)	–	(3,556)	(1,574)	–	(1,574)
Financial liabilities at FVTPL	5,165	–	5,165	(1,510)	–	(1,510)
Net trading income:	**22,025**	**19,639**	**41,664**	**31,033**	**15,054**	**46,087**
Gains on foreign exchange transactions	15,851	18,469	34,320	30,375	14,755	45,130
Other net income from non-proprietary trading	6,174	1,170	7,344	658	299	957
Other non-interest income:	**(2,104)**	**3,081**	**977**	**6,427**	**4,504**	**10,931**
Dividends received	816	4	820	1,166	368	1,534
Gains/(losses) on disposal of property and equipment	–	85	85	21	(115)	(94)
Gains/(losses) on disposal of investment property	(2,433)		(2,433)	–	1,164	1,164
Gains on derivatives	–	–	–	296	110	406
Rental income on investment property	158	1,216	1,374	30	1,174	1,204
Gain on revaluation of investment property	(315)	184	(131)	4,586	–	4,586
Other income	(330)	1,592	1,262	328	1,803	2,131
	51,743	**52,345**	**104,088**	**53,741**	**49,925**	**103,666**

24. Operating expenses

$'000	14 months to 28 February 2021			12 months to 31 December 2019		
	Continuing operations	Discontinued operations	Total	Continuing operations	Discontinued operations	Total
Administrative expenses	(38,501)	(50,479)	(88,980)	(31,265)	(62,243)	(93,508)
Property lease rentals	(364)	(1,395)	(1,759)	(930)	(516)	(1,446)
Staff costs (note 24.1)	(36,456)	(54,326)	(90,782)	(36,337)	(56,662)	(92,999)
Auditor's remuneration (note 24.2)	(2,423)	(707)	(3,130)	(1,242)	(582)	(1,824)
Depreciation	(4,394)	(11,074)	(15,468)	(3,314)	(10,245)	(13,559)
Amortisation charge	(4,984)	(5,942)	(10,926)	(5,335)	(6,484)	(11,819)
Directors' remuneration (note 28.3)	(3,118)	–	(3,118)	(2,982)	–	(2,982)
	(90,240)	**(123,923)**	**(214,163)**	**(81,405)**	**(136,732)**	**(218,137)**

24.1. Staff costs

Accounting for staff costs

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

Short-term employee benefits – Short-term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

Post-retirement benefits – The Group operates a defined contribution scheme and recognises contributions due in respect of the accounting period in the income statement. Any contributions unpaid at the balance sheet date are included as a liability.

$'000	14 months to 28 February 2021			12 months to 31 December 2019		
	Continuing operations	Discontinued operations	Total	Continuing operations	Discontinued operations	Total
Salaries	(26,063)	(40,224)	(66,287)	(23,203)	(46,419)	(69,622)
Employer contributions to post-retirement funds	(2,123)	(2,459)	(4,582)	(1,884)	(2,802)	(4,686)
Other staff costs	(8,270)	(11,643)	(19,913)	(11,250)	(7,441)	(18,691)
	(36,456)	**(54,326)**	**(90,782)**	**(36,337)**	**(56,662)**	**(92,999)**

Notes:

1. Total equity-settled share-based payments costs of $2.3 million (2019: $2.5 million) have been included in other staff costs. Other staff costs comprise incentive pay, medical aid contributions, staff training and other staff-related expenses.

24.2. Auditor's remuneration

$'000	14 months to 28 February 2021			12 months to 31 December 2019		
	Continuing operations	Discontinued operations	Total	Continuing operations	Discontinued operations	Total
Fees paid to external auditors	**(2,423)**	**(707)**	**(3,129)**	**(1,242)**	**(582)**	**(1,824)**
Fees paid for audit services	(2,057)	(655)	(2,711)	(1,131)	(582)	(1,713)
Fees paid for non-audit services:	(366)	(52)	(418)	(111)	–	(111)
Taxation-related services	(43)	(35)	(78)	(52)	–	(52)
Other assurance services	(323)	(17)	(340)	(59)	–	(59)

25. Taxation

Accounting for taxation

Income tax comprises current tax and deferred tax. Income tax is recognised in the income statement except to the extent that it relates to items recognised in other comprehensive income or directly in equity, in which case the tax is recognised in the same statement as the related item appears.

Current tax is the tax expected to be payable on the taxable profit for the year and any adjustment to tax payable in respect of previous years. Potential current tax liabilities that may arise on the basis of the amounts expected to be paid to the tax authorities are provided for. Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the statement of financial position, and the amounts attributed to such assets and liabilities for tax purposes. Deferred tax is calculated using the tax rates expected to apply in the periods in which the assets will be realised or the liabilities settled. Current and deferred tax is calculated based on tax rates and laws enacted, or substantively enacted, at the reporting date.

Critical accounting estimates and judgements

The recognition of a deferred tax asset relies on an assessment of the probability and sufficiency of future taxable profits, future reversals of existing taxable temporary differences and ongoing tax planning strategies. In the absence of a history of taxable profits, the most significant judgements relate to expected future profitability and to the applicability of tax planning strategies, including corporate reorganisations. The Group has concluded that the deferred tax assets will be recoverable using the estimated future taxable income based on the approved business plans and budgets of the affected subsidiaries. The subsidiaries are expected to generate taxable profit from 2021 onwards. This estimate would be most sensitive to a change in the underlying projected profits, where a change of $1 million would have an approximate impact on the carrying value of +/- 25% (based on average tax rate for entities in tax jurisdictions).

25.1 Income tax expense

$'000	14 months to 28 February 2021			12 months to 31 December 2019		
	Continuing operations	Discontinued operations	Total	Continuing operations	Discontinued operations	Total
Current tax expense						
Current period tax expense	(4,446)	(2,928)	(7,374)	162	(915)	(753)
Withholding tax	(1,436)	(1,606)	(3,042)	(288)	(1,298)	(1,586)
Bank levies	(1,110)	–	(1,110)	–	–	–
	(6,992)	**(4,534)**	**(11,526)**	**(126)**	**(2,213)**	**(2,339)**
Deferred tax						
Impairment losses	(769)	–	(769)	(3,798)	3,883	85
Property and equipment	(3,437)	235	(3,202)	(1,398)	(3,894)	(5,292)
Gains/(losses) from investments	776	–	776	(419)	–	(419)
Utilisation of assessed losses	–	(3,367)	(3,367)	(635)	1,837	1,202
Write-off of deferred tax assets	(10,086)	(808)	(10,894)	–	–	–
Currency revaluation	(2,595)	–	(2,595)	(3,829)	(4,114)	(7,943)
Other	4,710	1,432	6,142	(2,254)	2,440	186
Total deferred tax	**(11,401)**	**(2,508)**	**(13,909)**	**(12,333)**	**152**	**(12,181)**
Total tax expense per statement of profit or loss	**(18,393)**	**(7,042)**	**(25,435)**	**(12,459)**	**(2,061)**	**(14,520)**
Reconciliation of effective tax charge:						
(Loss)/profit before tax*	**(28,636)**	**(3,210)**	**(31,846)**	**4,696**	**(131,209)**	**(126,513)**
Income tax using corporate tax rates	12,515	(4,698)	7,817	(4,126)	3,299	(827)
Non-taxable income	3,595	–	3,595	(362)	–	(362)
Tax exempt revenues	(4,104)	–	(4,104)	3,374	34	3,408
Bank levies	(1,110)	–	(1,110)	–	–	–
Non-deductible expenses	6,282	390	6,672	(41)	(1,928)	(1,969)
Income tax at different rates	–	(1,373)	(1,373)	2	(432)	(430)
Unrecognised deferred tax	(606)	(250)	(856)	(10,291)	–	(10,291)
Impact of IAS 29 application	(7,303)	–	(7,303)	–	–	–
Tax and fair value losses of prior years claimed	(426)	(64)	(490)	280	–	280
Write-off of deferred tax assets	(10,086)	(808)	(10,894)	–	–	–
Other [1]	(17,150)	(239)	(17,389)	(1,295)	(3,034)	(4,329)
Current tax expense per statement of profit or loss	**(18,393)**	**(7,042)**	**(25,435)**	**(12,459)**	**(2,061)**	**(14,520)**
Effective tax rate	**64.2%**	**219.4%**	**79.9%**	**265.3%**	**1.6%**	**11.5%**

(1) (Loss/profit) before tax line is restated. Refer to note 34.1 for further details of the restatement.

(2) Other relates to legal fees, entertainment charges, depreciation and amortization not deductible and effects of tax rate on foreign income

25. Taxation continued

25.2. Income tax effects relating to components of other comprehensive income

14 months to 28 February 2021 $'000	Continuing operations			Discontinued operations			Total		
	Before tax	Tax charge	After tax	Before tax	Tax charge	After tax	Before tax	Tax charge	After tax
Exchange differences on translating foreign operations	(119,534)	–	(119,534)	(28,469)	–	(28,469)	(148,003)	–	(148,003)
Share of associate OCI	(3,277)	–	(3,277)	–	–	–	(3,277)	–	(3,277)
Movement in FVOCI reserves	(8)	(11)	(19)	(349)	13	(336)	(357)	2	(355)
	(122,819)	**(11)**	**(122,830)**	**(28,818)**	**13**	**(28,805)**	**(151,637)**	**2**	**(151,635)**

12 months to 31 December 2019 $'000	Continuing operations			Discontinued operations			Total		
	Before tax	Tax charge	After tax	Before tax	Tax charge	After tax	Before tax	Tax charge	After tax
Exchange differences on translating foreign operations	(1,163)	–	(1,163)	(11,663)	–	(11,663)	(12,826)	–	(12,826)
Share of reserves in associate	12,552	–	12,552	–	–	–	12,552	–	12,552
Movement in fair value reserves	(149)	(1)	(150)	62	(12)	50	(87)	(13)	(100)
Revaluation of land and buildings	(563)	149	(414)	–	–	–	(563)	149	(414)
	10,677	**148**	**10,825**	**(11,601)**	**(12)**	**(11,613)**	**(924)**	**136**	**(788)**

25.3. Current tax assets and liabilities

Movements on current tax assets and liabilities were as follows:

$'000	28 February 2021	31 December 2019
Balance at the beginning of the year	1,476	753
Exchange rate adjustment	(529)	(1,522)
Statement of profit or loss charge	(6,992)	(2,549)
Corporate income tax paid	3,553	8,098
Prior year over/(under) provision	1,413	5,460
Income tax relating to disposal group classified as held for sale	–	(8,764)
Closing balance	**(1,079)**	**1,476**
Disclosed as follows:		
Current tax asset	78	2,243
Current tax liability	(1,157)	(767)
Total	**(1,079)**	**1,476**

25. Taxation continued

25.4 Deferred tax assets and liabilities

Movements on deferred tax assets and liabilities were as follows:

$'000	28 February 2021	31 December 2019
Balance at the beginning of the year	(11,958)	22,118
Exchange rate adjustment	129	1,897
Statement of profit or loss charge (note 25.1)	(11,401)	(12,181)
Deferred tax on amounts charged to equity (note 25.2)	(11)	136
Deferred tax relating to disposal group classified as held for sale	–	(23,928)
Closing balance	**(23,241)**	**(11,958)**
Disclosed as follows:		
Deferred tax asset	2,388	149
Deferred tax liability	(25,629)	(12,107)
Total	**(23,241)**	**(11,958)**
Tax effects of temporary differences:		
Impairment losses	2,816	3,383
Property and equipment	(6,680)	(3,495)
Investment property	(782)	(406)
Unrealised gains on investment	(3,347)	(1,322)
Revaluation surplus	(1,567)	(2,878)
Other	(13,681)	(7,240)
	(23,241)	**(11,958)**

26. Earnings per share

Accounting for earnings per share
The Group presents basic and diluted EPS data for its ordinary shares. Basic earnings per ordinary share is calculated by dividing the profit attributable to ordinary shareholders of the parent company by the weighted average number of ordinary shares outstanding, excluding own shares held. Diluted earnings per ordinary share is calculated by dividing the basic earnings, which require no adjustment for the effects of dilutive potential ordinary shares, by the weighted average number of ordinary shares outstanding, excluding own shares held, plus the weighted average number of ordinary shares that would be issued on conversion of dilutive potential ordinary shares.

$'000	14 months to 28 February 2021			31 December 2019		
	Continuing operations	Discontinued operations	Total	Continuing operations	Discontinued operations	Total
Loss attributable to ordinary shareholders	**(46,593)**	**(12,006)**	**(58,599)**	(8,451)	(134,768)	(143,219)
Basic and diluted earnings	**(46,593)**	**(12,006)**	**(58,599)**	(8,451)	(134,768)	(143,219)
Weighted-average ordinary shares (number of shares)						
Recognised as treasury shares	(5,395)	(5,395)	(5,395)	(1,327)	(1,327)	(1,327)
Ordinary shares in issue	172,450	172,450	172,450	172,450	172,450	172,450
Total weighted-average ordinary shares (number of shares)	**167,055**	**167,055**	**167,055**	**171,123**	**171,123**	**171,123**
Diluted number of ordinary shares (number of shares)						
Diluted shares	343	343	343	362	362	362
Total diluted number of ordinary shares (number of shares)	**167,399**	**167,399**	**167,399**	**171,485**	**171,485**	**171,485**
Basic loss per share – $	**(0.28)**	**(0.07)**	**(0.35)**	**(0.05)**	**(0.79)**	**(0.84)**
Diluted loss per share – $	**(0.28)**	**(0.07)**	**(0.35)**	**(0.05)**	**(0.79)**	**(0.84)**

27. Analysis of changes in financing during the period

Reconciliation of movements of liabilities to cash flows arising from financing activities

$'000	28 February 2021		31 December 2019	
	Borrowings	Leases	Borrowings	Leases
Balance at 1 January	**366,809**	**6,670**	**410,157**	**18,981**
Changes from financing cash flows				
Proceeds from borrowings	131,223	–	97,645	–
Transaction costs related to borrowings	(669)	–	(1,055)	–
Repayment of borrowings	(26,018)	–	(32,727)	–
Lease payments	–	(1,019)	–	(5,922)
Total changes from financing cash flows	**96,170**	**(1,019)**	**63,863**	**(5,922)**
Other changes				
Interest expenses	54,648	565	49,787	1,757
Interest paid	(22,662)	(455)	(30,101)	(309)
Fair value adjustments	(5,165)	–	1,510	–
Reclassified as part of disposal groups held for sale	–	–	(96,705)	(7,270)
Foreign exchange and other movements	(56,462)	410	(31,702)	(567)
Total other changes	**(29,641)**	**520**	**(107,211)**	**(6,389)**
Closing balance	**441,704**	**6,171**	**366,809**	**6,670**

28. Related parties

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operational decisions, or one other party controls both. Related parties of the Group include subsidiaries, associates, and key management personnel ('KMP'). KMPs are defined as those persons having authority and responsibility for planning, directing and controlling the activities of Atlas Mara Limited (directly or indirectly) and comprise the Directors and senior management.

Parent company

The parent company, which is also the ultimate parent company, is Atlas Mara Limited.

Subsidiaries and associates

The main subsidiaries include:

- ABC Holdings Limited ('ABCH'): This is the holding company of the ABC Group subsidiaries made up of African Banking Corporation of Botswana Limited; African Banking Corporation (Zimbabwe) Limited, Tanzania Development Finance Company Limited; and the subsidiaries held for sale: African Banking Corporation (Moçambique) S.A.; African Banking Corporation (Tanzania) Limited and African Banking Corporation Zambia Limited.
- Banque Populaire du Rwanda Limited ('BPR').
- Atlas Mara Financial Services Limited ('AMFS').

The Group also has investment in Union Bank of Nigeria which is accounted for as an investment in associate.

28.1 Transactions and balances with related parties

Related party transactions

$'000	14 months to 28 February 2021				12 months to 31 December 2019			
	Management fees	Interest income/ expense	Others	Total	Management fees	Interest income/ expense	Others	Total
Transactions between Atlas Mara and ABCH	–	2,787	–	2,787	(1,881)	2,580	827	1,526
Transactions between Atlas Mara and ABC Group subsidiaries	–	(1,468)	–	(1,468)	2,451	(2,136)	–	315
Transactions between Atlas Mara and Atlas Mara Digital Ltd	–	–	179	179	–	–	66	66
Transactions between Atlas Mara and founder shareholders' affiliated companies	–	–	34	34	–	–	(632)	(632)
Transactions between Atlas Mara and shareholder companies [1]	–	(17,464)	(137)	(17,601)	–	(5,974)	(256)	(6,230)
	–	**(16,145)**	**76**	**(16,069)**	**570**	**(5,530)**	**5**	**(4,955)**

Related party balances

$'000	28 February 2021				31 December 2019			
	Loans to Group companies	Loans from Group companies	Other	Total	Loans to Group companies	Loans from Group companies	Other	Total
Balances between Atlas Mara and ABCH	470	–	–	470	15,692	–	–	15,692
Balances between Atlas Mara and Banc ABC subsidiaries	–	(13,432)	(3,289)	(16,721)	–	(11,964)	917	(11,047)
Transactions between Atlas Mara and Atlas Mara Digital Ltd	–	–	118	118	–	–	(61)	(61)
Balances between Atlas Mara and founder shareholders' affiliated companies	–	–	(838)	(838)	–	–	(1,514)	(1,514)
Balances between Atlas Mara and shareholder companies [(1)]	–	(137,045)	(79)	(137,124)	–	(71,799)	–	(71,799)
Other related party balances (BPR, AMFS and Eagle)	–	–	–	–	190	–	(147)	43
	470	**(150,477)**	**(4,088)**	**(154,095)**	**15,882**	**(83,763)**	**(805)**	**(68,686)**

Note:

1. Transactions and balances with shareholder companies relate to transactions with Fairfax Africa Holdings Corporation and Fairfax Financial Holdings Limited.

All outstanding balances with these related parties, apart from the balances with shareholder companies, are to be settled in cash within twelve to twenty-four months (two years) of the reporting date. None of the balances are secured. Please refer to note 6 on borrowed funds for details of the balances with Fairfax Africa Holdings Corporation and Fairfax Financial Holdings Limited.

28. Related parties continued

28.2 Transactions with key management personnel

$'000	14 months to 28 February 2021	12 months to 31 December 2019
Short-term employee benefits	2,284	3,118
Post-employment benefits	304	183
Share-based payment expenses	861	1,510
Other benefits	2,621	1,941
	6,070	**6,752**

28.3 Directors' remuneration

$'000	14 months to 28 February 2021	12 months to 31 December 2019
Executive Directors		
Salary, performance-related remuneration and other	(292)	(500)
Non-Executive Directors		
Fees as Director of holding company	(2,826)	(2,482)
Total directors' remuneration	**(3,118)**	**(2,982)**

Notes:
- The executive directors' fees include the cash component of $145.8k (2019: $171.9k) and share based component of $145.8k (2019: $183k).
- Non-executive directors' fees include a cash component of $654.2k (2019: $475k), share based component of $291.2k (2019: $419k) and share options of $1.7 million (2019: $1.59 million).

29. Funds under management

$'000	28 February 2021	31 December 2019
Funds under management	87,697	36,777

The Group provides asset management and unit trust activities to pension funds, individuals, trusts and other institutions, whereby it holds and manages assets. The Group receives a management fee for providing these services. The Group is not exposed to any credit risk relating to such placements as these do not represents assets held by the Group.

30. Collateral

Liabilities for which collateral is pledged:

$'000	28 February 2021	31 December 2019
Deposits from banks	856	4,530
Deposits from customers	134	1,859
Borrowed funds	29,870	52,743
	30,860	**59,132**

Assets pledged to secure these liabilities are as follows:

$'000	28 February 2021	31 December 2019
Advances	43,005	45,122
Financial assets at FVTPL	–	3,925
Investment securities	22,612	35,418
Property and equipment	3,170	3,258
	68,787	**87,723**

These transactions are conducted under terms that are usual and customary to standard lending and borrowing activities.

31. Leases

Accounting for leases
The Group applies IFRS 16 using the modified retrospective in accounting for its leases.

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. At commencement or on modification of a contract that contains a lease component, the Group allocates consideration in the contract to each lease component on the basis of its relative standalone price. However, for leases of branches and office premises the Group has elected not to separate non-lease components and accounts for the lease and non-lease components as a single lease component.

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove any improvements made to branches or office premises.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. The Group determines its incremental borrowing rate by analysing its borrowings from various external sources and makes certain adjustments to reflect the terms of the lease and type of asset leased.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the Group is reasonably certain to exercise, lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, if the Group changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Group presents right-of-use assets in 'property and equipment' and lease liabilities in 'Other liabilities' in the statement of financial position

31.1 Right-of-use assets

Right-of-use assets relate to leased branch and office premises that are presented as part of Land and buildings, within property and equipment.

$'000	28 February 2021	31 December 2019
Balance at 1 January	6,391	18,981
Additions	–	33
Depreciation charge for the period	(1,222)	(4,548)
Foreign exchange adjustment	235	(617)
Reclassified as part of disposal groups held for sale	–	(7,458)
	5,404	**6,391**

31.2 Lease liabilities

$'000	28 February 2021	31 December 2019
Current	1,329	1,173
Non-current	4,842	5,497
	6,171	**6,670**

31.3 Amounts recognised in the statement of cash flow

$'000	28 February 2021	31 December 2019
Total cash outflow for leases	1,474	5,921

31. Leases continued

31.4 Amounts recognised in the statement of profit or loss

$'000	28 February 2021	31 December 2019
Depreciation charge on right-of-use assets	1,222	5,122
Interest expense on lease liabilities	565	1,757
Lease expenses included in operating expenses	–	266

32. Disposal groups classified as held for sale and discontinued operations

Critical accounting estimates and judgements
In determining the fair value less costs to sell of the disposal groups held for sale, the Group makes use of estimates based on the proposed multiples as part of the on-going negotiation with potential buyers. The fair value of the disposal groups has been determined as the estimated recoverable amount based on negotiations with potential buyers. The non-recurring fair value measurement for the disposal group has been categorised as a level 3 fair value based on the inputs to the valuation technique used.

On 30 April 2019, the Group publicly announced its intention to dispose of its investments in the following subsidiaries: African Banking Corporation (Moçambique) S.A.; African Banking Corporation (Tanzania) Limited; African Banking Corporation Zambia Limited; and Banque Populaire du Rwanda Limited ('BPR'). The assets and associated liabilities of the disposal groups were classified as held for sale at that date and reported at the lower of fair value less to sell.

Current year update on sale transaction

On 29 September 2020, the Group through its subsidiary, ABCH, entered into a definitive agreement with Access Bank Plc for the sale of the Group's 100% shareholding in African Banking Corporation Mocambique S.A. Following regulatory approvals and conclusion of other customary conditions precedent, the transaction was completed and ownership as well as control transferred to Access Bank Plc on 17 May 2021. Of the assets and related liabilities of the disposal groups classified as held for sale as at 28 February 2021, the fair value of assets relating to ABC Moçambique was $199.9 million while the related liabilities was $183.5 million.

On 26 November 2020, the Group entered into a definitive agreement with KCB Group Plc for the sale of the Group's 97.3% shareholding in African Banking Corporation Tanzania Limited and 62.06% shareholding in BPR. The transactions have been approved by the respective regulatory authorities and in the case of BPR, the sale was subsequently finalised on 25 August 2021 and control of the subsidiary transferred to KCB as at that date. Sale of ABC Tanzania is expected to be concluded before the end of the year. Of the assets and related liabilities of the disposal groups classified as held for sale as at 28 February 2021, the fair value of assets relating to BPR was $433.9 million while the related liabilities was $401.0 million.

The Group is still actively engaged in negotiations with other potential buyers for African Banking Corporation Zambia Limited, with a view to completing the disposal of the subsidiary by or before the end of the year; hence it still remains classified as a disposal group held for sale in line with IFRS 5: *Non-current assets held for sale and discontinued operations.*

The assets included in disposals groups classified as held for sale and the associated liabilities are presented in the table below:

$'000	28 February 2021	31 December 2019
Assets included in disposal groups classified as held for sale		
Cash and short-term funds	308,788	245,685
Loans and advances	392,444	371,489
Investment securities	224,317	181,453
Property and equipment	50,984	64,358
Investment property	6,671	8,965
Current tax assets	8,152	5,192
Deferred tax assets	3,465	13,685
Other assets	106,562	88,818
	1,101,383	**979,645**
Liabilities included in disposal groups classified as held for sale		
Deposits	832,826	697,063
Borrowed funds	126,118	96,705
Current tax liabilities	1,671	17
Deferred tax liability	4,438	7,212
Other liabilities	57,595	73,238
	1,022,648	**874,235**
Net assets directly associated with disposal group	**78,735**	**105,410**

33. Share-based payment transactions

Accounting for share-based payments

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

Equity-settled transactions

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

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

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

Cash-settled transactions

The cost of cash-settled transactions is measured initially at fair value at the grant date using a binomial model. This fair value is expensed over the period until the vesting date with recognition of a corresponding liability. The liability is remeasured to fair value at each reporting date up to and including the settlement date, with changes in fair value recognised in employee benefits expense.

Critical accounting estimates and judgements

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

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

Fair value is determined by using appropriate valuation models. Vesting conditions include service conditions. Vesting conditions are not taken into account in the initial estimate of the fair value at the grant date. They are taken into account by adjusting the number of equity instruments included in the measurement of the share-based payment transaction. In determining the grant date fair value of the equity-settled share-based payments, the Group has made key assumptions in relation to inputs included in the valuation methodology, the most significant thereof, relating to the expected volatility of the Atlas Mara shares. In making these assumptions the following were taken into account to determine a proxy volatility:

- Volatility of the traded shares of the significant investments held by the Group.
- Volatilities of peer group companies in the same markets as the significant investments.

33.1. Description of share-based payment arrangements

Atlas Mara currently operates three share-based remuneration arrangements for key management, directors and employees. These programmes are limited to Directors, key management and senior employees. The key terms and conditions related to these arrangements are listed below. All options/grants are settled by the physical delivery of shares. A number of options were granted to employees to buy Atlas Mara shares, as traded on the London Stock Exchange, in the future at a predetermined price (strike price).

Employee/consultant options

These options were granted to employees and consultants of Atlas Mara. These options were granted under terms similar to the Atlas Mara Global Share Plan. Under this plan the employee/consultant is required to remain employed or engaged with the Group during the vesting period. Requirements are subject to Board discretion. One-third of the options vests on the grant date (8 September 2014 and 15 November 2014 respectively), one-third of the options vests on the first anniversary of the grant date and the remaining third vests on the second anniversary of the grant date. All vested options expire seven years from the grant date. Management indicated that the employees are not entitled to dividends (if any) prior to the vesting date, nor will they receive the value of the dividends that they would have earned if they had been the owner of the shares from grant date.

33. Share-based payment transactions continued

Summary of Share Awards Scheme operation

Awards C – M

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

The vesting of the shares occurs on variable dates as summarised below.

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

	Share Options Scheme								
	Employee options								
	Award C	Award D	Award E	Award F	Award G	Award H	Award I	Award J	Award K
Grant date	31-Mar-15	19-Nov-15	11-Jan-16	11-Jan-16	27 Apr 16	25 Aug 16	03 Oct 17	4-Oct-17	1-May-18
Vesting dates	31-Mar-15	19-Nov-15	11-Jan-16	11-Jan-16	27 Apr 17	25 Aug 16	03 Oct 22	4-Oct-22	1-Nov-19
	31-Mar-16	19-Nov-16	1-Mar-16	11-Jan-17	27 Apr 18	25 Aug 17	–	–	1-May-23
	31-Mar-17	19-Nov-17	11-Jan-17	11-Jan-18	27 Apr 19	25 Aug 18	–	–	
			1-Mar-17		–	–	–	–	
			11-Jan-18		–	–	–	–	
Expiry date	31 Mar 22	19 Nov 22	11 Jan 23	11 Jan 23	27 Apr 23	25 Aug 23	04 Oct 27	4-Oct-27	4-May-28

	Share Awards Scheme												
	Award A	Award C	Award D	Award E	Award F	Award G	Award H	Award I	Award J	Award K	Award L	Award M	Award M
Grant date	8 Sep 14	31 Mar 15	19 Nov 15	14 Dec 15	11 Jan 16	11 Jan 16	27 Apr 16	27 Apr 16	27 Apr 16	27 Apr 16	25 Aug 16	22-Mar-17	22-Mar-17
Vesting dates	8 Sep 14	31 Mar 15	1 Mar 16	14 Dec 15	1 Mar 16	1 Mar 17	27 Apr 17	27 Apr 16	27 Apr 16	1 Mar 17	1 Mar 17	22-Mar-17	1-Apr-17
	1 Apr 15	31 Mar 16	1 Mar 17	1 Mar 17	1 Mar 17	1 Mar 18	27 Apr 18	27 Apr 17	1 Mar 17	1 Mar 18	1 Mar 18	22-Mar-18	1-Apr-18
	1 Apr 16	31 Mar 17	1 Mar 18	1 Mar 18	1 Mar 18	–	27 Apr 19	27 Apr 18	27 Apr 17	–	1 Mar 19	22-Mar-19	1-Apr-19
	1 Apr 17	–	–	–	–	–	–		1 Mar 18	–	–	–	–
Expiry date	–	–	–	–	–	–	–		27 Apr 18	–	–	–	–

33.2. Reconciliation of outstanding share options

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

	28 February 2021		**31 December 2019**	
	Number of options	**WAEP ($)**	**Number of options**	**WAEP ($)**
Outstanding at 1 January	12,950,666	3.43	14,783,999	3.31
Granted during the period	–	–	–	–
Forfeited during the period	–	–	(1,800,000)	2.36
Expired during the period	–	–	(33,333)	7.18
Outstanding at period-end	12,950,666	3.43	12,950,666	3.43
Exercisable at period-end	7,555,666	4.20	7,555,666	4.20

The options outstanding at 28 February 2021 had an exercise price in the range of $2.00-11.50 (31 December 2019: $2.00-11.50) and a weighted-average contractual life of 4.7 years (31 December 2019: 5.89 years).

33. Share-based payment transactions continued

33.3. Measurement of fair values of options granted

The fair value of the share grants have been measured using the binomial model. Service conditions attached to the transactions were not taken into account in the measurement of fair value. The fair value of a share award is based on the share price at the date of the grant. The model and key assumptions used in the valuation are as follows:

Expected volatility (%)	25.63/38.17
Risk-free interest rate (%)	0.90/1.20/1.70
Expected life of share options (years)	<10
Weighted average share price ($)	3.59

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

Share options outstanding at the end of the year have the following expiry dates, exercise prices and fair values:

Grant date	Expiry date	Exercise Price	Fair value per option	Spot price	Share options 28 February 2021	Share options 31 December 2019
08 September 2014	08 September 2021	11.00	2.29	10.10	436,333	436,333
15 November 2014	15 November 2021	9.50	2.41	9.50	145,000	145,000
26 March 2015	26 March 2022	7.18	1.69	7.00	416,000	416,000
26 March 2015	26 March 2025	7.18	1.69	7.00	500,000	500,000
19 November 2015	19 November 2022	5.68	1.68	5.68	313,333	313,333
11 January 2016	11 January 2023	5.00	1.49	5.25	700,000	700,000
27 April 2016	27 April 2023	4.28	1.24	4.30	925,000	925,000
25 August 2016	25 August 2023	3.05	0.81	3.00	20,000	20,000
3 October 2017	3 October 2026	2.36	2.17	3.53	8,100,000	8,100,000
4 October 2017	4 October 2027	2.36	1.99	3.56	1,395,000	1,395,000
					12,950,666	**12,950,666**
Weighted average remaining contractual life (years)					4.72	**5.90 years**

The spot prices are the prices per Atlas Mara share as traded on the London Stock Exchange, as at the respective grant dates, and were sourced from Bloomberg.

33.4. Expenses arising from share-based payment transactions

Total expenses arising from share-based payment transactions recognised during the period as part of employee benefit expense were as follows:

	14 months to 28 February 2021	12 months to 31 December 2019
Expenses relating to staff share options	2,726,817	2,427,351
Expenses relating to staff share awards	–	51,390
	2,726,817	**2,478,741**

34. Correction of prior period error

34.1 IFRS 5 remeasurement loss

During the year, management realised that the IFRS 5 remeasurement loss was incorrectly presented after the profit/(loss) before tax line on the consolidated statement of profit or loss for the year 2019. This constitutes a prior year error in terms of IAS 8. As a result of this error, "profit/(loss) before tax" presented in the consolidated statements of profit or loss and cash flows, was overstated in 2019 but has now been corrected. The impact of the correction of this error on the consolidated statements of comprehensive income and cash flow has been shown in the table below:

a) Consolidated statement of comprehensive income

$'000	Previously reported	Adjustments	As restated
IFRS 5 remeasurement loss	(105,461)	–	(105,461)
Profit/(loss) before tax	(25,748)	(105,461)	(131,209)
Loss for the year	**(133,270)**	**–**	**(133,270)**

b) Consolidated statement of cash flows

$'000	Previously reported	Adjustments	As restated
Profit/(loss) before tax	(25,748)	(105,461)	(131,209)
IFRS 5 remeasurement loss	–	105,461	105,461
Net cash outflow from operating activities before changes in operating funds	**(104,748)**	**–**	**(104,748)**

35. Events after the reporting date

35.1 Sale of African Banking Corporation of Botswana Limited

On 19 April 2021, the Group announced that it has entered into definitive agreements with Access Bank Plc for the sale of the remaining 78.15% shareholding in African Banking Corporation Botswana. The transaction is subject to fulfilment of various customary conditions precedent. The transaction is expected to conclude before the end the year. Based on management's assessment as at reporting date, the subsdiairy did not meet the requirements to be classified as held for sale in line with IFRS 5 as management was not fully committed to the plan to sell the subsidiary until regulatory approval was obtained.

35.2 Support and override agreement ("SOA")

On 14 July 2021, the SOA was signed by majority of the Group's lenders The lenders who are a party to the SOA have agreed to forbearances in respect of certain events of default under their relevant facilities, while the Support and Override Agreement is effective, including (i) non-payment of amounts due under the financing agreements, (ii) any deterioration in the financial or operational performance of the Group as a result of COVID-19, and (iii) any breach of any financial covenant under the financing agreements.

Below are the lenders that have accepted to the revised terms and signed the SOA:

- Nineteen77 Global Multi-Strategy Alpha Master Limited
- Convertible bonds – CERVO (Majority)
- Nineteen77 Capital Solutions A LP
- HFP Investments Limited
- Helios FairFax Partners Corporation
- Fairfax Financial Holdings Limited
- Export Development Canada ('EDC')
- U.S. International Development Finance Corporation ('DFC')
- Afrexim Bank Limited

Under the new restructuring agreement, the debt and repayment profile of the lenders that signed the SOA are as follows:

Nineteen77 Global Multi-Strategy Alpha Master Limited

In accordance with the SOA, all recoveries from sale of UBN shares shall be distributed to the first lien UBN secured creditors based on the proportion of the UBN Shares held as security. Nineteen77 Global Multi-Strategy Alpha Master Limited hold 8.7% of first lien UBN Security and 13.4% of second lien UBN Security. Nineteen77 Global Multi-Strategy Alpha Master Limited qualifies for 21.5% of fund recovery from the proceeds received by the Group with respect to the UBN share disposal, which will be utilised to repay the lenders dues, as per the first lien UBN security.

If funds under second Lien UBN recoveries are insufficient to repay the Nineteen77 Global Multi-Strategy Alpha Master Limited in full, the Nineteen77 Global Multi-Strategy Alpha Master Limited shall recover excess UBN recoveries in its capacity as an unsecured ATMA Creditor.

35. Events after the reporting date continued

Convertible bonds – CERVO (Majority)

Majority of the convertible bondholders under the SOA implies that participating bondholders are in aggregate at least 60% of the principal amount outstanding under the Convertible Bonds. Convertible Bondholders are secured bondholders under first lien UBN security, holding 12.8% of shares in UBN as first lien UBN security and 8.7% of second lien UBN Security. Pursuant to the agreement, 31.7% of recoveries from disposal of UBN Shares due to the Group will be utilised to settle the Bondholders under first lien UBN security. Under the Convertible bond second Lien UBN Security, any excess UBN Recoveries attributable to Nineteen77 Global Multi-Strategy Alpha Master Limited First Lien UBN Security will be repaid to the Convertible Bond Trustee provided that Nineteen77 Global Multi-Strategy Alpha Master Limited facility is settled in full. In addition, bondholders will be eligible for recoveries from redemption of the preference share instrument issued to ABCH by its subsidiary, ABC Tanzania, as part of a recapitalisation of ABC Tanzania, subject to priority given to Nineteen77 Global Multi-Strategy Alpha Master Limited and ranking pari passu with EDC with respect to these proceeds.

In the event that the funds of the Convertible Bond Second Lien UBN Recoveries is not enough to repay the Convertible Bonds in full, the Convertible Bond Trustee shall only be entitled to recover excess UBN Recoveries on behalf of the Convertible Bondholders in its capacity as an unsecured ATMA Creditor.

Nineteen77 Capital Solutions A LP

The Nineteen77 Capital Solutions A LP bondholders hold a proportion of 6.7% of UBS bonds first lien UBN security because of which 16.6% of funds recovered by the Group from UBN share disposal shall be distributed to settle Nineteen77 Capital Solutions A LP outstanding balance.In the event, where the funds from UBN Recoveries under first lien are not enough to repay the entire liability of Nineteen77 Capital Solutions A LP, the lender shall recover excess UBN Recoveries in its capacity as an unsecured ATMA Creditor.

HFP Investments Limited (previously Fairfax Africa Holdings Investments Limited)

Fairfax Convertible Bondholders hold 6.7% of UBN shares under first lien UBN security. According to the restructuring terms, 16.6% proceeds received by the Group from sale of UBN Shares shall be allocated to settle the Bondholders under the first lien UBN security. In circumstances, where the amount recovered from UBN proceeds under first lien are inadequate to repay the HFP Investments Limited facility entirely, the lender is entitled to recover excess UBN Recoveries in its capacity as an unsecured ATMA Creditor.

Helios Fairfax Partners Corporation “HFP” (previously Fairfax Africa holdings Corporation) and HFP TLG Guarantee

0.7% of UBN shares are collateralised to HFP under first lien UBN security. In line with the restructuring terms, 1.7% recoveries by the Group from the sale of UBN Shares will be utilised to pay off the Helios Fairfax Partners Corporation outstanding liability under first lien UBN security. The remaining balance of Fairfax Africa holdings Corporation and TLG Guarantee paid by HFP is due to be settled from 90% of the net upfront recoveries from ABC Botswana Proceeds in the proportions agreed among the ABC Botswana Secured Creditors.

Fairfax Financial Holdings Limited

Based on the SOA, 90% of the net upfront recoveries from ABC Botswana Proceeds (net of the intercompany debt owed by ABCH to ABC Botswana) will be distributed to the discharge liabilities from ABC Botswana Secured Creditors such as Fairfax Financial Holdings Limited in the proportions agreed among the ABC Botswana Secured Creditors and notified to the ABC Global Agent.

Export Development Canada (‘EDC’)

In agreement with the terms, 4.8% of UBN shares are held as security to EDC under first lien UBN security, due to which, 11.9% of UBN proceeds received by the Group will be distributed to EDC to settle the outstanding balance. Furthermore, funds obtained from redemption of the preference share instrument issued to ABCH by its subsidiary, ABC Tanzania, as part of a recapitalisation of ABC Tanzania, subject to priority given to Nineteen77 Global Multi-Strategy Alpha Master Limited and ranking pari passu with the Convertible Bondholders, will be applied to discharge the remaining EDC liability.

U.S. International Development Finance Corporation (‘DFC’)

With reference to the SOA, $7.5 million of BPR recoveries shall be distributed to ABC Zambia by ABCH for issuance of a preference share instrument by ABC Zambia in favour of ABCH to effect a recapitalisation of ABC Zambia in accordance with the terms of the sale and purchase agreement with respect to the disposal of ABC Zambia.This consideration shall be utilised by ABC Zambia for settlement of the DFC Zambia Facility in order to complete the disposal of ABC Zambia. The remaining balance to be settled from DFC from ABC Zambia sale proceeds. In case the DFC ABC Zambia milestone is not achieved, all BPR recoveries (other than the funds for working capital assigned to Group as per SOA), shall be paid to DFC.

Afrexim Bank Limited, AATIF and Norsad Finance Limited

As specified under the terms of the SOA, settlement of ABCH creditors will be in staggered installments with 10% of the net upfront proceeds from the disposal of ABC Botswana (after offset of the intercompany debt owed by ABCH to ABC Botswana) applied towards the discharge of liability from AFREXIM, AATIF and Norsad, on a pari passu basis.

The remaining balance to be settled from 50% of the earn out recoveries from ABC Botswana, ABC Mozambique proceeds (after adjustment the Central Bank of Mozambique Claim), ABC Tanzania proceeds, TDFL proceeds utilised to repay AFREXIM, AATIF and Norsad, on a pro rata and pari passu basis. In addition to this, ABC Zimbabwe recoveries shall be paid to Afrexim to discharge ABC Zimbabwe’s guarantee obligations under the Afrexim facility agreement.

Of the three ABCH lenders, only Afrexim Bank Limited consented to the restructuring terms and signed the SOA.

35. Events after the reporting date continued

35.3 Settlement of debt obligation to TLG Credit Opportunities Fund ("TLG Credit")

On 31 December 2019, the Group reached a $20 million loan agreement with TLG Credit, out of which $8 million was drawn down in 2020. The loan was secured against BancABC Botswana shares owned indirectly by Group (and directly by ABC Holdings Limited) and backed by a guarantee from Fairfax Africa Holdings Corporation. The loan accrued interest at the rate of 10%, payable half-yearly every 30 June and 31 December, maturing in January 2021.

On 7 December 2020, TLG Credit issued a notice to the Group and Fairfax Africa demanding repayment of the total outstanding commitment and subsequently called in the guarantee on 8 January 2021. Fairfax Africa Holdings Corporation discharged its obligation as a guarantor and settled the outstanding dues to TLG Credit Opportunities Fund.

35.4 Demand for settlement of AATIF Facility

On 8 June 2021, Group received a notice from AATIF for repayment of outstanding balance due to AATIF of $16.9 million. The Group is in discussions with AATIF to find a mutually acceptable resolution since the SOA prevents the Group from repayment to any lenders unless explicitly stated in the SOA.

35.5 TLG litigation against ATMA

On 17 February 2021, TLG filed an application with the High Court of Justice (Commercial Division) in the British Virgin Islands Court against Atlas Mara Limited, seeking to appoint joint liquidators. The Group successfully defended the TLG Application. On 21 July 2021, the High Court of Justice dismissed the Application in all respects.

35.6 Norsad litigation against ABCH

On 9 April 2021, Norsad filed a petition in terms of the Botswana Companies Act [Cap 42:01] seeking that the Group's subsidiary, ABCH be placed under provisional winding up. This action relates to ABCH and does not affect the operating subsidiaries.

The Group, through ABCH, opposes the request for a winding-up order and has appealed that the Court dismiss the liquidation application citing that the liquidation application invokes the interest of numerous stakeholders whose interests extend beyond the mere commercial relationship between the applicant and defendant.

The Group is in discussions with Norsad to find a mutually acceptable resolution. A procedural hearing in relation to Norsad's application is scheduled for September 2021 before the High Court of Botswana.

35.7 Sale and transfer of ownership of disposal groups held for sale

During the period ended 28 February 2021, the Group completed the sale process for two (2) out of the four (4) subsidiaries classified as disposal groups held for sale. These subsidiaries include African Banking Corporation (Moçambique) S.A and Banque Populaire du Rwanda Limited. Details of the sale are summarised below:

i. Sale of ABC Mozambique

The Group successfully completed the sale of 100% of its shareholding in African Banking Corporation (Moçambique) on 17 May 2021. The transfer of control to Access Bank Mozambique was effective on the same date. Details of the sale of the subsidiary are shown below:

$'000	17 May 2021
Cash	11,915
Fair value of deferred consideration	7,367
Total consideration	**19,282**
Carrying value of ABC Mozambique's net assets as at date of disposal	18,220
Gain on disposal	**1,062**
Reclassification of foreign currency translation reserve	(8,286)
Net impact of disposal	**(7,224)**

ii. Sale of BPR

The Group successfully completed the sale of its 62.06% shareholding in BPR to KCB on 25 August 2021. The transfer of control to KCB was effective as at that date. Details of the sale of the subsidiary are shown below:

$'000	25 August 2021
Cash	33,028
Fair value of deferred consideration	2,831
Total consideration	**35,859**
Carrying value of BPR's net assets as at date of disposal	32,922
Gain on disposal	**2,937**
Reclassification of foreign currency translation reserve (net of NCI)	8,085
Net impact of disposal	**11,022**

Annexure A – Reconciliation Non-GAAP measures

Use of non-GAAP financial measures

As stated in our reported results, our financial results are prepared in accordance with IFRS as detailed in the Financial Statements starting on page 57.

When measuring our performance, we include certain financial measures, to report our results, where the impact of certain non-recurring or non-core activities are excluded to provide a view of our sustainable performance. We also include certain measures, where factors that distort year-on-year comparison is excluded. These are considered non-GAAP measures.

Adjusted operating profit

When calculating our adjusted operating profit, we exclude the impact of one-off and transaction-related items.

One-off items are considered, but not limited to be those related to matters such as separation packages paid to staff and executives, integration cots when acquiring new business and costs associated with corporate restructures and reorganisations which management would identify and evaluate separately when assessing performance and performance trends of the business. The following table provides a reconciliation of the adjusted operating profit to most directly comparable measures under IFRS.

		Feb 2021	Dec 2019	CC Var %
Adjusted profit after tax	$ million	**1.5**	5.8	(15.2)
Transaction and M & A related items	$ million	**(12.6)**	(109.5)	88.5
Reorganisations and restructuring costs	$ million	**(4.3)**	(13.1)	67.4
Impact of hyperinflation	$ million	**(16.9)**	(11.1)	(45.7)
Tax and NCI	$ million	**(26.4)**	(15.3)	(45.5)
IFRS reported loss attributable to ordinary shareholders	$ million	**(58.7)**	(143.2)	61.0

Note:

* 14 months to February 2021 – Included in M&A costs are the IFRS 5 impairment loss of 1.4 million for sale and related transaction costs of $0.5 million. Included in reorganisation and restructuring costs are staff restructuring costs of $4.3 million, amongst others
12 months to December 2019 – Included in M&A costs are the IFRS 5 impairment loss on remeasuring the net assets included in the disposal groups held for sale and related transaction costs. Included in reorganisation and restructuring costs are staff restructuring costs of $2.4 million, amongst others.

Glossary

AMFS	Atlas Mara Financial Services Limited (formerly ADC Financial Services Limited)
AATIF	Africa Agriculture and Trade Investment Fund S.A.
ABC	BancABC
ABCH	ABC Holdings Limited
AfDB	African Development Bank
ADC AG	ADC African Development Corporation AG
AED	United Arab Emirates Dirham
AGM	Annual General Meeting
ALCO	Assets and Liability Committee
BIFM	BIFM Capital Investment Fund One (Pty) Ltd
BPR	Banque Populaire du Rwanda Limited
BRD-C	Banque Rwandaise de Développement – Commercial/Development Bank of Rwanda – Commercial
BVI	British Virgin Islands
CEO	Chief Executive Officer
CFO	Chief Financial Officer
CGU	Cash-generating unit
CoE	Cost of equity
COMESA	Common Market for Eastern and Southern Africa
Corporate centre	Atlas Mara Dubai based office
CPI	Corruption Perceptions Index
CREDCO	Credit Committee
CRO	Chief Risk Officer
CTP	Credit transformation programme
DFI	Development finance institution
DTR	Disclosure and Transparency Rules
EAC	East African Community
EAD	Exposure at default
ECOWAS	Economic Community of West African States
EIR	Effective interest rate
EL	Expected loss
EPS	Earnings per share
ERM	Enterprise-wide Risk Management
EU	European Union
EXCO	Executive Committee
EV	Expected value
EBITDA	Earnings before interest, tax, depreciation and amortisation
FDI	Foreign Direct Investment
FISP	Farmer Input Support Programme
FVOCI	Fair value through other comprehensive income
FVTPL	Fair value through profit or loss
GBFC	Green Buffaloes Football Club
HIFA	Harare International Festival of the Arts
IASB	International Accounting Standards Board
ICAAP	Internal Capital Adequacy Assessment Process
IFC	International Finance Corporation
IFRS	International Financial Reporting Standards
IFRSIC	International Financial Reporting Standards Interpretation Committee
IMA	Investment Management Association
IMF	International Monetary Fund
IPDEV	I&P Development
IPO	Initial Public Offering
KPI	Key performance indicator
KPMG	KPMG Inc
LGD	Loss given default
NBTS	National Blood Transfusion Services
NCI	Non-controlling interests
NPL	Non-performing loan
OCI	Other comprehensive income
OECD	Organisation for Economic Co-operation and Development
OPIC	Overseas Private Investment Corporation
ORCO	Operational Risk Committee
Parent company	Atlas Mara
PD	Probability of default
PE	Private equity
RAROC	Risk adjusted return on capital
RBZ	Reserve Bank of Zimbabwe
REC	Regional Economic Community
REMCO	Remuneration Committee
RoE	Return on equity
SADC	Southern African Development Community
SMEs	Small- and medium-sized enterprises
SSA	Sub-Saharan Africa
TFTA	Tripartite Free Trade Agreement
The Model	Three lines of defence model
Translation reserve	Foreign currency translation reserve
TSA	Treasury Single Account
UBN	Union Bank of Nigeria
UGPL	Union Global Partners Limited
VIU	Value in use
WAEP	Weighted-average exercise price
WEF	World Economic Forum
ZAMCO	Zimbabwean Asset Management Company

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