

18 December 2018

Atlas Mara Limited Unaudited 3rd Quarter Results – Nine Months Ended 30 September 2018 and full year 2018 earnings outlook

Atlas Mara Limited ("Atlas Mara" or the "Company" and, including its subsidiaries, the "Group"), the sub-Saharan African financial services group, today releases its results for the third quarter ended 30 September 2018.

Group highlights

- Year to date net profit of \$30.6 million for the period ended 30 September 2018, compared to \$15.8 million for the period ended 30 September 2017. Net profit was \$2.0 million for the quarter ended 30 September 2018.
- The Markets and Treasury business continued its growth with total revenue of \$39 million year to date compared to \$32 million for the comparative period in 2017, driven by a rise in certain interest rates coupled with a relatively stable cost of funds.
- Expenses increased 8.3% year-on-year on a constant currency basis to \$170.7 million, primarily due to the impact of local inflation in countries of operation, as well as to some increased expenditure on key IT solutions.
- Reported equity as at 30 September 2018 was \$760.2 million, a decrease of \$53.0 million from the reported equity of \$813.2 million as at 31 December 2017 due mainly to the day 1 impact of IFRS 9 and the negative FX translation impact of converting investments into US dollars as reporting currency. Excluding the day 1 impact of IFRS 9, equity increased by \$9.7 million. Including the impact of IFRS 9, book value per share was \$4.39 at 30 September 2018 (30 September 2017: \$4.44), and tangible book value per share was \$3.53 at 30 September 2018 (30 September 2017: \$3.58) on the same basis.

BancABC Group and BPR (Rwanda)

- Net interest income year to date was \$100.2 million vs \$117.9 million in the comparative period, driven by a 10.2% decline in interest income due to flat loan growth and lower interest margins, albeit partially mitigated by improved cost of funds. The decline in loan growth was the result of a more conservative approach towards growing risk-weighted assets in the current environment.
- Non-interest revenue (NIR) improved by 8.9% year on year driven by increases in fees and commissions income and trading revenue in Zimbabwe, Botswana and Zambia.
- A segmental summary is as follows:
 - The Southern Africa segment reported a year to date net profit of \$19.7 million (2017: profit of \$3.2 million). This improvement primarily reflects results from Botswana and Zimbabwe, where the Group continues to see consistent performance. Mozambique and Zambia also improved compared to the prior year, albeit with muted asset growth.
 - The East Africa segment reported a loss of \$3.3 million (2017: loss \$1.9 million). This primarily reflects losses in Tanzania on the back of continued market pressures, partially offset by a profit from Rwanda.

Union Bank of Nigeria ("UBN")

- Union Bank of Nigeria Plc ("UBN") contributed associate income of \$4.8 million for the third quarter, compared to \$2.8 million for the comparative quarter in 2017, and \$41.4 million for the year to date ended 30 September 2018, reflecting Atlas Mara's c. 49% shareholding on an equity accounted basis. UBN reported the following key results:
 - **Profit before tax** up 14%
 - **Gross earnings** up 12%, driven by higher earning assets and a 46% growth in non-interest income
 - **Interest income** up 3%

- **Net operating income** up 17%
- **Operating expenses** up 18% driven mostly by a 28% increase in charges due to higher regulatory levies on Nigerian banks
- **Gross loans** up 5%
- **Customer deposits** up 10%, with a 37% increase in foreign currency deposits (excluding impact of devaluation) alongside a growing low-cost deposit book
- As a result of UBN's strong performance, the West Africa segment, i.e. the Company's c. 49% stake in UBN, contributed a net profit of \$22.2 million (2017: \$11.6 million).

Subsequent Events

- On December 13, 2018, ABC Holdings Limited ("ABCH"), a wholly-owned subsidiary of the Company, successfully completed the partial Initial Public Offering of BancABC Botswana on the Botswana Stock Exchange, selling 20.5% to institutional and retail investors, raising \$28 million in gross proceeds at a multiple of 1.5x book value as at 30 June 2018. The transaction strengthens the bank's local market connectivity by providing a broad base of more than 450 domestic shareholders, and serves to illustrate the value of the Group's underlying banking operations not currently reflected in the share price of the Company.
- The Company also announces that the Board of Directors reinstated a previously authorised but lapsed share purchase program, granting authority for the Company to repurchase the Company's issued share capital up to an aggregate market value equivalent to \$10 million. Under the Share Buyback Program, the Company will seek to acquire its ordinary shares in the market by way of its nominated brokers on an ongoing basis. The program will be conducted from time to time within the parameters prescribed by the Board of Directors and applicable regulations.
- Atlas Mara plans to host an Investor Day in 1Q 2019 to provide additional detail on its strategy for the Group, including its investment in UBN, managerial outlook for 2019, and certain growth initiatives. The date, details, and further information will be announced in due course.

FY18 Outlook

The Company expects the prevailing challenges in the macroeconomic environment to continue through the fourth quarter of 2018, resulting in muted operational growth. Management expects full-year results for 2018 to exceed the reported year to date profit of \$30.6 million through 30 September 2018.

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About Atlas Mara

Atlas Mara Limited (LON: ATMA) is a financial services institution founded by Bob Diamond and listed on the London Stock Exchange. Its vision is to create sub-Saharan Africa's premier financial services institution through organic and inorganic growth by combining the best of global institutional knowledge with extensive local insights. With a presence in seven sub-Saharan countries, Atlas Mara aims to be a positive disruptive force in the markets in which we operate by leveraging technology to provide innovative and differentiated product offerings, deliver excellent customer service and accelerate financial inclusion. For more information, visit www.atlasmara.com.

Basis of Presentation

The terms "Atlas Mara", the "Company" or the "Group" refers to Atlas Mara Limited and its subsidiaries and associates. This release covers the unaudited consolidated results for the Group for the nine months ended 30 September 2018.

Unless otherwise stated, the financial information for the nine-month period ended 30 September 2018 is set out in this release on a basis consistent with International Financial Reporting Standards, as adopted by the EU (IFRS) and consistent with the Group accounting policies as disclosed in the 2017 annual report.

Summary of Results (Unaudited, unless otherwise noted)

Atlas Mara Limited	Reported Results	Reported Comparative	Constant Currency ⁰	Audited Year End
	30.09.18 \$'m	30.09.17 \$'m	Variance %	31.12.17 \$'m
Adjusted operating profit and reconciliation to IFRS profit				
Total income	176	189	(6.2)	260.5
Loan impairment charge	(4.5)	(19.4)	76.6	(22.3)
Operating expenses	(170.9)	(157.2)	8.7	(213.5)
Share of profit of associates	22.1	11.5	92	17.8
Adjusted profit before tax	22.7	23.9	(5.3)	42.5
Adjusted profit attributable to ordinary shareholders	18.4	18.1	1.6	37
M&A transaction gains/(costs)	19.2	(0.4)	>100	20.6
Reorganisation/Restructuring costs	0.2	(2.7)	>100	(10.0)
Reported profit before tax	42.1	20.8	>100	53.1
Reported profit attributable to ordinary shareholders	30.6	15.8	>100	45.4
Statement of financial position				
Loans and advances	1,261.5	1,303.2	1.3	1,330.0
Total Assets	3,145.7	2,954.4	11.1	3,140.4
Total Equity	760.2	757.5	3.3	813.2
Total Liabilities	2,385.5	2,196.9	13.8	2,327.2
Total Deposits	1,911.8	1,799.3	12.1	1,877.5
Number of Shares Outstanding	169,110,405	166,319,041		172,258,735
Key Performance measures				
Net interest margin	3.2%	5.3%		4.6%
Credit loss ratio	0.5%	2.0%		1.7%
Adjusted cost to income ratio	97.1%	83.2%		82.0%
Reported cost to income ratio	97.0%	84.8%		85.8%
Adjusted return on equity	3.3%	3.2%		4.5%
Reported return on equity	5.5%	2.8%		5.6%
Adjusted return on assets	0.0%	0.8%		1.2%
Reported return on assets	1.3%	0.7%		1.4%
Loan to deposit ratio	66.0%	72.4%		70.8%
NPL ratio	11.9%	11.1%		11.8%
Book value per share (\$)	4.39	4.44		4.77

Atlas Mara Limited
Consolidated summary statement of financial position

Quarterly			Period ended 30 September			
Q4 2017	Q1 2018	Q2 2018	USD million	2018	2017	CC Var %
457.0	302.9	339.6	Cash and short-term funds	343.8	497.6	(27.4%)
95.9	82.0	25.3	Financial assets at FVPL	18.8	99.2	(81.1%)
1,330.0	1,367.7	1,280.9	Loans & advances to customers	1,261.5	1,303.2	1.3%
355.0	429.5	509.6	Investments	608.4	330.9	95.6%
444.6	515.6	537.5	Investment in associates	542.2	306.1	77.1%
174.6	177.1	169.4	Intangible assets	152.6	171.9	(7.8%)
283.3	226.8	242.0	Other assets	218.4	245.5	(5.1%)
3,140.4	3,101.6	3,104.3	Total assets	3,145.7	2,954.4	11.1%
1,877.5	1,853.9	1,910.1	Customer deposits	1,911.8	1,799.3	12.1%
346.2	350.5	358.1	Borrowed funds	408.2	341.1	25.5%
103.5	70.9	59.9	Other liabilities	65.5	56.5	2.3%
813.2	826.3	776.2	Capital and reserves	760.2	757.5	3.3%
3,140.4	3,101.6	3,104.3	Total equity and liabilities	3,145.7	2,954.4	11.1%
11.8%	11.6%	12.9%	NPL ratio	11.9%	11.1%	
70.8%	73.8%	67.1%	Loan: Deposit ratio	66.0%	72.4%	

Forward Looking Statement and Disclaimers

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

The release, publication or distribution of this announcement in certain jurisdictions may be restricted by law and therefore persons in such jurisdictions into which this announcement is released, published or distributed should inform themselves about and observe such restrictions.

Certain statements in this announcement are forward-looking statements which are based on Atlas Mara's expectations, intentions and projections regarding its future performance, anticipated events or trends and other matters that are not historical facts, including expectations regarding the future operating and financial performance of the Company. These statements are not guarantees of future performance and are subject to known and unknown risks, uncertainties and other factors that could cause actual results to differ materially from those expressed or implied by such forward-looking statements.

Given these risks and uncertainties, prospective investors are cautioned not to place undue reliance on forward-looking statements and the actual events or consequences may differ materially from those contained in or expressed by such forward-looking statements. Forward-looking statements speak only as of the date of such statements and, except as required by applicable law or regulation, Atlas Mara expressly disclaims any obligation or undertaking to update or revise publicly any forward-looking statements, whether as a result of new information, future events or otherwise.