

THIS ANNOUNCEMENT CONTAINS INSIDE INFORMATION FOR THE PURPOSES OF ARTICLE 7 OF THE MARKET ABUSE REGULATION (EU) NO. 596/2014.

30 April 2019

### **Proposed Strategic Transaction with Equity Group Holdings**

Atlas Mara Limited ("Atlas Mara" or the "Company" and including its subsidiaries, the "Group"), the sub-Saharan African financial services group, announces that it has entered into a binding term sheet with Equity Group Holdings Plc ("EGH") for the exchange of certain banking assets of the Company in four countries for ordinary shares in EGH (the "Proposed Transaction"). The Proposed Transaction is subject to confirmatory due diligence, definitive transaction documentation, relevant regulatory approvals, and other conditions precedent customary for transactions of this nature.

As part of the Proposed Transaction, EGH would acquire for shares in EGH Atlas Mara's 62% shareholding in Banque Populaire du Rwanda (BPR) and, via the Company's subsidiary ABC Holdings Limited, all of Atlas Mara's indirect interests in African Banking Corporation Zambia (BancABC Zambia), African Banking Corporation Tanzania (BancABC Tanzania), and African Banking Corporation Mozambique (BancABC Mozambique). The parties would anticipate mergers of their respective banks within each of Rwanda and Tanzania.

The Company expects to receive as consideration approximately 252,482,300 ordinary shares of EGH representing approximately 6.27% of the pro forma share capital of EGH post-closing. This implies the consideration to be paid is the equivalent of approximately USD 105.4 million. The aggregate consideration ultimately payable will be that set out in the definitive agreements negotiated following confirmatory due diligence, and may be subject to adjustment (positive or negative), based on the performance of the banks through consummation of the transactions, and on the net asset value of the banks at the time of closing relative to the net asset value they reported as at 31 December 2018. Further, actual aggregate consideration could include an additional conditional deferred amount.

As part of the Proposed Transaction, the Company and EGH also consider that it may be of mutual benefit to invest further cash resources in EGH at the same time or shortly after consummation of the Proposed Transaction, which would increase Atlas Mara's shareholding in EGH. The parties intend to further explore this and set out the final agreed position in the definitive transaction agreements, subject to obtaining the required regulatory and shareholder approvals.

Subject to regulatory approval, the individual transactions are expected to close between the fourth quarter of 2019 and the first quarter of 2020, depending on jurisdiction.

The Proposed Transaction would result in the deconsolidation of the four banks, with the accounting treatment expected to have a negative impact on the stated profit and capital of the Company for 2019. This negative impact would result from the realization of translation losses and the impairment of goodwill allocated for these entities on completion of the Proposed Transaction.

Commenting on the Proposed Transaction, Michael Wilkerson, Executive Chairman, said, "We are very pleased to announce this agreement with Equity Group. The Proposed Transaction is consistent with our previously announced strategic review, and our stated intention to focus on investments in core markets where a path to market leadership is clearly achievable, and to partner elsewhere. These four countries contribute less than 2% of total Group net income, with an implied aggregate return on equity of approximately 2%, and represent substantial carrying costs in terms of capital and liquidity support. The Proposed Transaction represents an opportunity to strengthen the position of these banks, and to refocus on our largest and strongest market positions. While the Proposed Transaction is expected to be dilutive to book value at closing (primarily as a result of impairment of acquisition-related intangibles and goodwill), it is expected to be value accretive long-term, given the lower returns and capital-intensive nature of these banks for Atlas Mara. With Equity Group's proven history of achieving profitable growth in East Africa

through the use of technology, and the stronger combined scale in Rwanda and Tanzania, we believe these banks will benefit from Equity Group's business model while continuing to serve customers and the stakeholders in the markets in which they operate. At the same time, we expect Atlas Mara to be better positioned to compete and drive our growth strategy in our core markets."

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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. 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](http://www.atlasmara.com).

**About Equity Group Holdings**

Equity Group Holdings Plc (EGHL), is a financial service holding company listed at the Nairobi Securities Exchange, Uganda Securities Exchange, and Rwanda Stock Exchange. The Group has banking subsidiaries in Kenya, Rwanda, Uganda, South Sudan, Tanzania and DRC with additional non-banking subsidiaries engaged in provision of investment banking, custodial, insurance agency, philanthropy, consulting, and infrastructure services. For more information, visit: [www.equitygroupholdings.com](http://www.equitygroupholdings.com).