

**THIS DOCUMENT AND ANY ACCOMPANYING DOCUMENTS ARE IMPORTANT
AND REQUIRE YOUR IMMEDIATE ATTENTION.**

If you are in any doubt as to the action you should take, you are recommended to seek your own personal financial advice immediately from your stockbroker, bank manager, solicitor, accountant, fund manager or other independent financial adviser authorised under the Financial Services and Markets Act 2000 ("FSMA") if you are in the United Kingdom or, if not, from another appropriately authorised independent financial adviser.

This document, which comprises a prospectus relating to Atlas Mara Limited prepared in accordance with the Prospectus Rules of the FCA made under section 73A of FSMA, has been approved by the FCA in accordance with section 85 of FSMA and made available to the public in accordance with Rule 3.2 of the Prospectus Rules.

Subject to the restrictions set out below, if you sell or have sold or otherwise transferred all of your Existing Ordinary Shares before 11 August 2017, being the date the shares are treated as "ex" the entitlement to the Open Offer, please send this document, together with any Application Form, if and when received, as soon as possible to the purchaser or transferee, or to the stockbroker, bank or other agent through whom the sale or transfer was effected, for onward delivery to the purchaser or transferee. This document and/or the Application Form should not, however, be distributed, forwarded to or transmitted in or into any jurisdiction where to do so might constitute a violation of local securities laws or regulations including, but not limited to (subject to certain exceptions), the United States and the Excluded Territories. Please refer to paragraph 8 of Part VIII (*Terms of the Issue*) of this document if you propose to send this document and/or the Application Form outside the United Kingdom. If you sell or have sold or transferred only part of your holding of Existing Ordinary Shares (other than ex-entitlement) before the ex-entitlement date, you should immediately consult the stockbroker, bank or other agent through whom the sale or transfer was effected. Instructions regarding split applications are set out in Part VIII (*Terms of the Issue*) of this document and the Application Form. If your registered holding(s) of Existing Ordinary Shares which were sold or transferred were held in uncertificated form and were sold or transferred before 5.30 p.m. on 8 August 2017, a claim transaction will automatically be generated by CREST which, on settlement, will transfer the appropriate number of Basic Open Offer Entitlements to the purchaser or transferee. Instructions regarding split applications are set out in the Application Form.

The distribution of this document and/or the Application Form and/or New Ordinary Shares into jurisdictions other than the United Kingdom may be restricted by law and therefore persons into whose possession this document and/or any accompanying documents come should inform themselves about and observe any such restrictions. Any failure to comply with any such restrictions may constitute a violation of the securities laws of such jurisdictions. In particular, subject to certain exceptions, this document and the Application Form should not be distributed, forwarded to or transmitted in or into the United States or any of the Excluded Territories.

The Existing Ordinary Shares have been admitted to the Official List by way of a standard listing and to trading on the London Stock Exchange's main market for listed securities. Application will be made to the FCA for the New Ordinary Shares to be admitted to the Official List by way of a standard listing, and to the London Stock Exchange for the New Ordinary Shares to be admitted to trading on the London Stock Exchange's main market for listed securities. It is expected that Admission will become effective and that dealings in the New Ordinary Shares will commence on the London Stock Exchange on 31 August 2017.



Atlas Mara Limited

*(incorporated in the British Virgin Islands under the BVI Business Companies Act 2004
with registered number 1800950)*

Firm Placing of 13,333,333 New Ordinary Shares at US\$2.25 each and Placing and Open Offer of 31,111,111 New Ordinary Shares at US\$2.25 each

**in connection with the proposed direct and indirect acquisition of shares in UBN and scaling of
Markets and Treasury and Fintech business lines**

Prospectus

Citigroup Global Markets Limited

Financial Adviser and Corporate Broker

Your attention is drawn to the letter from the Chairman of the Company, which is set out in Part VII (*Letter from the Chairman*) of this document. You should read the whole of this document, any accompanying document and any documents incorporated herein by reference. Shareholders and any other person contemplating a purchase of New Ordinary Shares should review, in particular, the risk factors set out in Part II (*Risk Factors*) of this document for a discussion of certain risks and uncertainties and other factors that should be considered when deciding on what action to take in relation to the Issue and deciding whether or not to purchase the New Ordinary Shares.

The latest time and date for acceptance and payment in full for the New Ordinary Shares is 11.00 a.m. (UK time) on 29 August 2017. The procedure for acceptance and payment is set out in Part VIII (*Terms of the Issue*) of this document and, for Qualifying Non-CREST Shareholders only, in the accompanying Application Form. Qualifying CREST Shareholders should refer to paragraph 6.2 of Part VIII (*Terms of the Issue*) of this document.

Citigroup Global Markets Limited is authorised by the PRA and regulated by the FCA and is acting exclusively for the Company and for no one else in connection with the Issue, will not regard any other person (whether or not a recipient of this document) as its client in relation to the Issue and will not be responsible to anyone other than the Company for

providing the protections afforded to its clients or for providing advice in connection with the Issue or any other matter referred to in this document.

Except for the responsibilities and liabilities, if any, which may be imposed on Citigroup Global Markets Limited by FSMA, the regulatory regime established thereunder or otherwise under law, Citigroup Global Markets Limited does not accept any responsibility whatsoever for the contents of this document and no representation, express or implied is made by Citigroup Global Markets Limited in relation to the contents of this document, including as to its accuracy, completeness or verification or regarding the legality of any investment in the New Ordinary Shares by any person under the laws applicable to such person or for any other statement made or purported to be made by it, or on its behalf, in connection with the Company, the New Ordinary Shares or the Issue, and nothing in this document is or shall be relied upon as a promise or representation in this respect, whether as to the past or the future. To the fullest extent permissible, Citigroup Global Markets Limited accordingly disclaims all and any responsibility or liability whether arising in tort, contract or otherwise (except as referred to above) which it might otherwise have in respect of this document or any such statement.

NOTICE TO OVERSEAS SHAREHOLDERS

EXCEPT AS OTHERWISE SET OUT HEREIN, THE FIRM PLACING AND PLACING AND OPEN OFFER DESCRIBED IN THIS DOCUMENT IS NOT BEING MADE TO SHAREHOLDERS OR INVESTORS IN THE UNITED STATES OR ANY OF THE EXCLUDED TERRITORIES. Subject to certain exceptions, neither this document nor the Application Form constitutes, or will constitute, or forms part of any offer or invitation to sell or issue, or any solicitation of any offer to purchase or subscribe for, New Ordinary Shares to any Shareholder with a registered address in, or who is resident or located in, the United States or any of the Excluded Territories. None of the New Ordinary Shares has been or will be registered under the relevant laws of any state, province or territory of the United States or any of the Excluded Territories. Neither this document nor the Application Form constitutes an offer to sell or issue, or a solicitation of any offer to purchase or subscribe for, New Ordinary Shares in any jurisdiction in which such offer or solicitation is unlawful. Subject to certain exceptions, neither this document nor the Application Form should be distributed in or into the United States or any of the Excluded Territories.

The New Ordinary Shares have not been and will not be registered under the Securities Act or under the applicable securities laws of any state, province or territory of the United States. Accordingly, the New Ordinary Shares may not be offered, sold, taken up, renounced or delivered, directly or indirectly, in, into or within the United States except pursuant to an exception from, or in transactions not subject to, the registration requirement of the Securities Act and in accordance with any applicable securities law of any state, province or territory of the United States. There will be no public offer of New Ordinary Shares in the United States. Shareholders who believe that they, or persons on whose behalf they hold Ordinary Shares, are eligible for an exemption from such requirements should refer to Part VIII (*Terms of the Issue*) of this document to determine whether and how they may participate. Overseas Shareholders and any person who has a registered address in, or is otherwise resident or located in, any country outside the United Kingdom (including, without limitation, nominees, custodians and trustees) who has a contractual or other legal obligation to forward this document or an Application Form to a jurisdiction outside the United Kingdom should read paragraph 8 of Part VIII (*Terms of the Issue*) of this document.

The New Ordinary Shares have not been approved or disapproved by the SEC, any state securities commission in the United States or any regulatory authority in the United States, nor have any of the foregoing authorities passed upon or endorsed the merits of the offering of the New Ordinary Shares, or the accuracy or adequacy of this document. Any representation to the contrary is a criminal offence in the United States.

In addition, until 40 days after the commencement of the Firm Placing and Placing and Open Offer, an offer, sale or transfer of the New Ordinary Shares within the United States by a dealer (whether or not participating in the Firm Placing and Placing and Open Offer) may violate the registration requirements of the Securities Act.

NOTICE TO ALL INVESTORS

Without limitation, the contents of the websites of the Group do not form part of this document.

Certain information in relation to the Company is incorporated by reference into this document as specified in Part XX (*Documents Incorporated by Reference*) of this document.

Capitalised terms have the meanings ascribed to them in Part XXI (*Definitions*) of this document.

Any reproduction or distribution of this document, in whole or in part, and any disclosure of its contents or use of any information herein for any purposes other than in considering an investment in New Ordinary Shares, is prohibited. By accepting delivery of, or accessing, this document, each offeree of the New Ordinary Shares agrees to the foregoing.

The contents of this document are not to be construed as legal, business, financial or tax advice. Neither the Company nor any of its representatives, is making any representation to any offeree or purchaser of the New Ordinary Shares regarding the legality of an investment in the New Ordinary Shares by such offeree or purchaser under the laws applicable to such offeree or purchaser. Each prospective investor should consult his, her or its own legal adviser, business adviser, financial adviser or tax adviser for legal, financial, business or tax advice in connection with the purchase of the New Ordinary Shares. In making an investment decision, each investor must rely on their own examination, analysis and enquiry of the Company and the terms of the Firm Placing and Placing and Open Offer, including the merits and risks involved.

This document contains forward-looking statements, which are based on the Board's current expectations and assumptions and involve known and unknown risks and uncertainties that could cause actual results, performance or events to differ materially from those expressed or implied in such statements. These forward-looking statements are subject to the risk factors described in Part II (*Risk Factors*) of this document. It is believed that the expectations reflected in these statements are reasonable, but they may be affected by a number of variables which could cause

actual results to differ materially. Each forward-looking statement speaks only as of the date of the particular statement. Except as required by the Listing Rules, the Disclosure and Transparency Rules, the Prospectus Rules, the London Stock Exchange or otherwise by law, the Company expressly disclaims any obligations or undertaking to release publicly any updates or revisions to any forward-looking statements contained herein to reflect any change in the Company's expectations with regard thereto or any change in events, conditions or circumstances on which any such statement is based.

Neither the delivery of this document nor any acquisition or sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the Group since the date of this document or that the information in this document is correct as at any time after its date.

The distribution of this document and the offer and sale of New Ordinary Shares in certain jurisdictions may be restricted by law. No action has been or will be taken by the Company or Citigroup Global Markets Limited (or any of their respective affiliates), to permit a public offering of New Ordinary Shares where this would be in breach of applicable securities laws of any jurisdiction. Other than in the UK, no action has been taken or will be taken to permit the possession or distribution of this document (or any other offering or publicity materials relating to the New Ordinary Shares) in any jurisdiction where action for that purpose may be required or where doing so is restricted by law. Accordingly, neither this document, nor any advertisement, nor any other offering material may be distributed or published in any jurisdiction except under circumstances that will result in compliance with any applicable laws and regulations. Persons into whose possession this document comes are required to inform themselves about and observe any such restrictions, including those in the preceding paragraphs. Any failure to comply with such restrictions may constitute a violation of the securities laws of any such jurisdiction. For further information on the manner of distribution of New Ordinary Shares, and the transfer restrictions to which they are subject, see Part V (*Important Information*).

NOTICE TO UNITED STATES INVESTORS

The Ordinary Shares have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the "Securities Act"), and the New Ordinary Shares may not be offered or sold within the United States except, notwithstanding anything to the contrary contained in this Prospectus, to qualified institutional buyers ("QIBs"), as defined in Rule 144A under the Securities Act ("Rule 144A"), that are also accredited investors ("Accredited Investors"), as defined in Rule 501 of Regulation D under the Securities Act ("Regulation D"), in reliance on an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. Prospective purchasers of the New Ordinary Shares in the United States are hereby notified that the Company may be relying on an exemption from the provisions of Section 5 of the Securities Act and there are no specific disclosure requirements for such type of offering. Until the expiration of 40 days after the commencement of the Firm Placing and Placing and Open Offer an offer or sale of the Ordinary Shares within the United States by a dealer, whether or not participating in the Firm Placing and Placing and Open Offer, may violate the registration requirements of the Securities Act if such offer or sale is made other than pursuant to an available exemption from the registration requirements of the Securities Act.

By accepting delivery of this Prospectus, each purchaser within the United States will be deemed to have represented, agreed and acknowledged that:

- (a) it is: (i) a QIB; (ii) an Accredited Investor; (iii) acquiring such New Ordinary Shares for its own account or for the account of one or more QIBs that are also Accredited Investors with respect to whom it has the authority to make, and does make, the representations and warranties set forth herein; (iv) acquiring the New Ordinary Shares for investment purposes, and not with a view to further distribution of such New Ordinary Shares; and (v) aware, and each beneficial owner of such New Ordinary Shares has been advised, that the sale of such New Ordinary Shares to it is being made in reliance on an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act;
- (b) it understands that the New Ordinary Shares are being offered in a transaction not involving any public offering in the United States within the meaning of the Securities Act, and that such New Ordinary Shares have not been and will not be registered under the Securities Act or with any securities regulatory authority of any state or territory or other jurisdictions in the United States and may not be offered, sold, pledged or otherwise transferred except: (i) to the Company; (ii) pursuant to an exemption from registration under the Securities Act provided by Rule 144 of the Securities Act ("Rule 144") thereunder (if available); (iii) pursuant to another available exemption from the registration requirements of the Securities Act; (iv) in "offshore transactions" within the meaning of Regulation S under the Securities Act in accordance with Rule 903 or 904 of Regulation S; or (v) pursuant to an effective registration statement under the Securities Act, in each case in accordance with any applicable securities laws of any state, territory or other jurisdiction of the United States and provided that in the case of offers, sales, pledges and transfers pursuant to (ii) or (iii) above, a legal opinion satisfactory to the Company and its counsel must first be provided;
- (c) it understands that such New Ordinary Shares will not be in certificated form unless otherwise determined by the Company in accordance with applicable law, and if in certificated form will bear a legend substantially to the following effect:

THE ORDINARY SHARES REPRESENTED HEREBY HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT") OR WITH ANY SECURITIES REGULATORY AUTHORITY OF ANY STATE, TERRITORY OR OTHER JURISDICTION OF THE UNITED STATES AND MAY NOT BE OFFERED SOLD, PLEDGED OR OTHERWISE TRANSFERRED EXCEPT (1) TO THE ISSUER, (2) PURSUANT TO AN EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT PROVIDED BY RULE 144 THEREUNDER (IF AVAILABLE), (3) PURSUANT TO ANOTHER AVAILABLE EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT, (4) IN "OFFSHORE TRANSACTIONS" WITHIN THE MEANING OF REGULATION S UNDER THE SECURITIES ACT IN ACCORDANCE WITH RULE 903 OR 904 OF REGULATION S, OR (5) PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT, IN EACH CASE IN ACCORDANCE WITH ANY APPLICABLE SECURITIES LAWS OF ANY STATE, TERRITORY OR OTHER JURISDICTION OF THE UNITED

STATES AND PROVIDED THAT IN THE CASE OF OFFERS, SALES, PLEDGES AND TRANSFERS PURSUANT TO (2) OR (3) ABOVE, IF REQUESTED, A LEGAL OPINION SATISFACTORY TO THE ISSUER AND ITS COUNSEL MUST FIRST BE PROVIDED. NO REPRESENTATION CAN BE MADE AS TO THE AVAILABILITY OF THE EXEMPTION PROVIDED BY RULE 144 UNDER THE SECURITIES ACT FOR RESALES OF THE ORDINARY SHARES. NOTWITHSTANDING ANYTHING TO THE CONTRARY OF THE FOREGOING, THE ORDINARY SHARES REPRESENTED HEREBY MAY NOT BE DEPOSITED INTO ANY UNRESTRICTED DEPOSITARY RECEIPT FACILITY IN RESPECT OF THE ORDINARY SHARES ESTABLISHED OR MAINTAINED BY A DEPOSITARY BANK. EACH HOLDER, BY ITS ACCEPTANCE OF ORDINARY SHARES, REPRESENTS THAT IT UNDERSTANDS AND AGREES TO THE FOREGOING RESTRICTIONS;

- (d) notwithstanding anything to the contrary in the foregoing, the New Ordinary Shares may not be deposited into any unrestricted depository receipt facility in respect of the Ordinary Shares established or maintained by a depository bank;
- (e) it (i) understands that the New Ordinary Shares sold to it in the Open Offer will constitute “restricted securities” within the meaning of Rule 144 under the Securities Act and, for so long as they remain “restricted securities”, such New Ordinary Shares may not be transferred except as described in paragraph (b) above, and that no representation is made as to the availability of the exemption provided by Rule 144 under the Securities Act for resales of the Ordinary Shares, (ii) understands that the New Ordinary Shares sold to it in the Open Offer may not be deposited into any unrestricted American depository receipt facility in respect thereof that may hereafter be established or maintained by a depository bank; and (iii) understands that the Company may not recognise any offer, sale, resale, pledge or other transfer of the New Ordinary Shares sold to it in the Open Offer made other than in compliance with the above-stated restrictions;
- (f) any offer, sale, resale, pledge or other transfer made other than in compliance with the above-stated restrictions will not be recognised by the Company in respect of the New Ordinary Shares;
- (g) it is not acquiring or subscribing for the New Ordinary Shares as a result of any general solicitation or general advertising, including advertisements, articles, notices, or other communications published in any newspaper, magazine or similar media or broadcast over radio or television; or any seminar or meeting whose attendees have been invited by general solicitation or general advertising;
- (h) prior to its deciding to purchase or subscribe for any New Ordinary Shares, it (i) will have consulted with its own legal, regulatory, tax, business, investment, financial and accounting advisers, (ii) will have possessed all information relating to the Company and the Ordinary Shares which it believes is necessary for the purpose of making its investment decision, including, but not limited to, this Prospectus, (iii) will have reviewed all information that it believes is necessary or appropriate in connection with a purchase of or subscription for any New Ordinary Shares, including, but not limited to, the information contained in this Prospectus, and (iv) will have conducted its own due diligence on the Company, the Ordinary Shares and the Open Offer, and will have made its own investment decisions based upon its own judgement, due diligence and advice from such advisers;
- (i) it has such knowledge and experience in financial and business matters as to be capable of evaluating the merits and risks of an investment in the New Ordinary Shares, and it has the financial ability to bear the economic risk of investment in the New Ordinary Shares and to sustain a complete loss in connection therewith; and
- (j) if, in the future, it offers, resells, pledges or otherwise transfers such New Ordinary Shares while they remain “restricted securities” within the meaning of Rule 144 under the Securities Act, it shall notify such subsequent transferee of the restrictions set out above.

TABLE OF CONTENTS

PART I	SUMMARY	6
PART II	RISK FACTORS	20
PART III	EXPECTED TIMETABLE OF PRINCIPAL EVENTS	46
PART IV	SHARE CAPITAL AND ISSUE STATISTICS	47
PART V	IMPORTANT INFORMATION	48
PART VI	DIRECTORS, COMPANY SECRETARY, REGISTERED OFFICE AND ADVISERS	55
PART VII	LETTER FROM THE CHAIRMAN	57
PART VIII	TERMS OF THE ISSUE	68
PART IX	INFORMATION ON THE GROUP'S BUSINESS AND STRATEGY	95
PART X	BUSINESS OVERVIEW OF UBN	110
PART XI	OPERATING AND FINANCIAL REVIEW	116
PART XII	STATEMENT OF CAPITALISATION AND INDEBTEDNESS	117
PART XIII	INFORMATION CONCERNING THE NEW ORDINARY SHARES	119
PART XIV	DIRECTORS AND EMPLOYEES	122
PART XV	HISTORICAL FINANCIAL INFORMATION ON THE GROUP	132
PART XVI	UNAUDITED PRO FORMA FINANCIAL INFORMATION	135
PART XVII	TAXATION	141
PART XVIII	DESCRIPTION OF THE CLERMONT STAKE ACQUISITION AND THE TRANSACTION	146
PART XIX	ADDITIONAL INFORMATION	149
PART XX	DOCUMENTS INCORPORATED BY REFERENCE	171
PART XXI	DEFINITIONS	172
ANNEX I	PROFIT FORECAST RELATING TO THE GROUP	178
ANNEX II	FINANCE BANK ZAMBIA PLC'S 2016 ANNUAL REPORT AND CONSOLIDATED FINANCIAL STATEMENTS	182

PART I
SUMMARY

Summaries are made up of disclosure requirements known as “Elements”. These elements are numbered in Sections A–E (A.1–E.7).

The summary contains all the Elements required to be included in a summary for this type of issuer and securities. Because some Elements are not required to be addressed, there may be gaps in the numbering sequence of the Elements.

Even though an Element may be required to be inserted in the summary because of the type of issuer and securities, it is possible that no relevant information can be given regarding the Element. In this case, a short description of the Element is included in the summary with the mention of the words “not applicable”.

Section A – Introduction and warnings		
Element	Disclosure requirement	Disclosure
A.1	Warning	<p>This summary should be read as an introduction to this document. Any decision to invest in the New Ordinary Shares should be based on consideration of this document as a whole by the investor.</p> <p>Where a claim relating to the information contained in this document is brought before a court, the plaintiff investor might, under the national legislation of the Member States, have to bear the costs of translating this document before the legal proceedings are initiated.</p> <p>Civil liability attaches only to those persons who have tabled the summary including any translation thereof, but only if the summary is misleading, inaccurate or inconsistent when read together with the other parts of this document or it does not provide, when read together with the other parts of this document, key information in order to aid investors when considering whether to invest in such securities.</p>
A.2	Any consents to and conditions regarding use of this document	Not applicable. No consent has been given by the Company or any person responsible for drawing up this document to use this document for subsequent sale or final placement of securities by financial intermediaries.
Section B – Issuer		
Element	Disclosure requirement	Disclosure
B.1	Legal and commercial name	The legal and commercial name of the issuer is Atlas Mara Limited.
B.2	Domicile and legal form of the issuer, legislation under which the issuer operates and country of operation	The Company was incorporated with limited liability under the laws of the British Virgin Islands under the BVI Business Companies Act 2004 with an indefinite life. The Company’s principal place of business is the United Arab Emirates.

B.3	Nature of the Company's current operations and principal activities	<p>The Company is a financial services holding company, with banking operations through its subsidiaries across six markets in SSA: Botswana, Mozambique, Rwanda, Tanzania, Zambia and Zimbabwe. The Company also has a substantial minority interest in UBN in Nigeria, which is held through:</p> <ul style="list-style-type: none"> • a direct interest of 22.1% held by the Group in UBN; and • an indirect stake of 9.05% held by the Group through UGPL, a vehicle for a consortium of investors who purchased a majority stake in UBN in 2012. <p>The Company's objective is to build SSA's premier financial services group. The Company aims to provide corporate and retail financial services to corporations, SMEs and individuals across key markets in SSA, leveraging its access to capital, liquidity and funding.</p> <p>The Directors believe that there are significant gaps in the SSA financial services market at a critical time for growth in SSA. This situation presents opportunities for the Company to create a financial institution that provides leadership, liquidity, access to investors, product innovation, and technology to support economic growth and strengthen financial systems in Africa.</p> <p>The Company operates a business model referred to as "Buy, Protect and Grow" to achieve its objective. Acquisitions are likely to be a key element of achieving scale in the long term, but following the completion of six acquisitions since its inception, the Company's current priority is on execution in existing markets and growing organically.</p> <p>The Group's business is currently organised into three key business lines:</p> <ul style="list-style-type: none"> • traditional retail and banking through its six banking subsidiaries, and its minority interest in UBN; • Markets and Treasury, of which the Treasury function manages the Group's banks' surplus liquidity, and the Markets function deals with clients' foreign exchange and hedging requirements; and • Fintech, which seeks to develop the opportunities to deliver financial services in Africa through digital and technology-based platforms.
B.4	Significant recent trends	<p>The macroeconomic environment in SSA has started to register a positive uptick, with the World Bank's June 2017 Global Economic Prospects Report projecting growth of 2.6% for 2017. This has been aided by recent commodity price strengthening and recovering oil prices compared with 2016. Continued growth is expected by the Directors across SSA in excess of developed markets, with Nigerian growth also expected to improve.</p> <p>The financial services industry continues to be the focus of significant regulatory change and scrutiny worldwide, including in the Group's countries of operation and Nigeria.</p> <p>As at 31 March 2017, total income increased by 12.5% year-on-year with the Company reporting a profit after tax for the first quarter of US\$5.0m, evidencing operating momentum at the underlying subsidiaries and cost reduction efforts at the holding company level specifically contributing to this result. Total operating expenditure was 13.0% lower versus the comparative prior period and total assets increased to US\$2,771.4m.</p>
B.5	Group description	<p>The Company is the parent company of the Group, which is a financial services provider focused on SSA. At the date of this document, the Group comprises the Company and the following significant subsidiaries:</p>

		<p>Atlas Mara Luxembourg Holding S.a.r.l. Atlas Mara Mauritius Limited Atlas Mara Financial Services Limited Atlas Mara Management Services Limited Atlas Mara Digital Limited Atlas Mara Digital Kenya Limited Atlas Mara Beteiligungs GmbH Banque Populaire du Rwanda ATMA Eagle Investments Limited ADC IT & Payment Solutions ADC Investments ADC Enterprises ADC Ventures ABC Holdings African Banking Corporation of Botswana African Banking Corporation of Mozambique SA African Banking Corporation of Tanzania Limited Tanzania Development Finance Corporation ABC Holdings (Zimbabwe) Limited ABCH Management Support Services (Pty) Limited African Banking Corporation Zambia Limited Finance Bank Zambia plc</p> <p>Additionally, the Company has a substantial minority interest in UBN.</p>																					
<p>B.6</p>	<p>Major shareholders</p>	<p>As at the Latest Practicable Date and so far as is known to the Company by virtue of the notifications made to it pursuant to the Disclosure and Transparency Rules, the number of Ordinary Shares held by each person (other than any Director) who, directly or indirectly, is interested in three per cent. or more of the Company's share capital, and the amount of such person's interest, is as follows:</p> <table border="1" data-bbox="597 1060 1409 1386"> <thead> <tr> <th data-bbox="597 1199 1101 1224">Name</th> <th data-bbox="1130 1066 1252 1224">Number of Ordinary Shares prior to the Firm Placing and Placing and Open Offer</th> <th data-bbox="1279 1087 1409 1224">Per cent. prior to the Firm Placing and Placing and Open Offer¹</th> </tr> </thead> <tbody> <tr> <td data-bbox="597 1245 1101 1270">Guggenheim Partners Investment Management</td> <td data-bbox="1157 1245 1252 1270">5,000,000</td> <td data-bbox="1344 1245 1409 1270">11.22</td> </tr> <tr> <td data-bbox="597 1270 1101 1295">Wellington Management Company, LLP</td> <td data-bbox="1157 1270 1252 1295">6,952,805</td> <td data-bbox="1356 1270 1409 1295">9.91</td> </tr> <tr> <td data-bbox="597 1295 1101 1320">Owl Creek Asset Management, LP</td> <td data-bbox="1157 1295 1252 1320">2,500,000</td> <td data-bbox="1356 1295 1409 1320">7.99</td> </tr> <tr> <td data-bbox="597 1320 1101 1346">Trafigura Holding Limited</td> <td data-bbox="1157 1320 1252 1346">4,039,037</td> <td data-bbox="1356 1320 1409 1346">6.23</td> </tr> <tr> <td data-bbox="597 1346 1101 1371">UBS Asset Management: O'Connor</td> <td data-bbox="1157 1346 1252 1371">6,304,690</td> <td data-bbox="1356 1346 1409 1371">8.10</td> </tr> <tr> <td data-bbox="597 1371 1101 1396">Janus Capital Management LLC</td> <td data-bbox="1157 1371 1252 1396">2,632,710</td> <td data-bbox="1356 1371 1409 1396">3.92</td> </tr> </tbody> </table> <p data-bbox="597 1434 667 1459">Notes:</p> <p data-bbox="597 1459 1409 1507">1. Excluding Ordinary Shares held in escrow as part of the contingent consideration for the acquisition of FBZ and Ordinary Shares held in Treasury.</p> <p data-bbox="597 1518 1409 1577">None of the major Shareholders in the Company has different voting rights.</p> <p data-bbox="597 1587 1409 1675">As at the Latest Practicable Date, the Company is not aware of any person who, directly or indirectly, jointly or severally, exercises control over the Company.</p>	Name	Number of Ordinary Shares prior to the Firm Placing and Placing and Open Offer	Per cent. prior to the Firm Placing and Placing and Open Offer ¹	Guggenheim Partners Investment Management	5,000,000	11.22	Wellington Management Company, LLP	6,952,805	9.91	Owl Creek Asset Management, LP	2,500,000	7.99	Trafigura Holding Limited	4,039,037	6.23	UBS Asset Management: O'Connor	6,304,690	8.10	Janus Capital Management LLC	2,632,710	3.92
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UBS Asset Management: O'Connor	6,304,690	8.10																					
Janus Capital Management LLC	2,632,710	3.92																					

B.7	Historical key financial information	<p>The selected historical financial information set out below for FY 2016, FY 2015 and FY 2014 has, unless otherwise stated, been extracted without material adjustment from the audited consolidated financial statements included in the 2016 Annual Report, the 2015 Annual Report and the 2014 Annual Report, respectively.</p> <p>Statement of profit or loss for the year ended 31 December</p> <table border="1"> <thead> <tr> <th></th> <th style="text-align: right;">2016</th> <th style="text-align: right;">2015</th> <th style="text-align: right;">2014 (Restated)</th> </tr> <tr> <th></th> <th style="text-align: right;">US\$000</th> <th style="text-align: right;">US\$000</th> <th style="text-align: right;">US\$000</th> </tr> </thead> <tbody> <tr> <td>Interest and similar income</td> <td style="text-align: right;">247,052</td> <td style="text-align: right;">245,356</td> <td style="text-align: right;">80,372</td> </tr> <tr> <td>Interest and similar 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Consolidated statement of financial position as at 31 December

	2016	2015	2014
	US\$000	US\$000	Restated US\$000
Assets			
Cash and short-term funds	406,325	320,682	409,785
Financial assets held for trading	101,727	190,231	144,767
Financial assets designated at fair value	13,868	13,343	11,826
Derivative financial assets	6,323	1,893	62
Loans and advances	1,334,763	1,229,438	1,218,018
Investment securities	237,192	21,580	146,051
Prepayments and other receivables	62,244	47,901	30,019
Current tax assets	5,633	4,618	8,215
Investment in associates	293,980	398,423	375,112
Property and equipment	92,428	64,518	82,709
Investment property	17,318	11,979	2,696
Other intangible assets	84,435	56,633	71,367
Deferred tax assets	14,323	8,130	—
Goodwill on acquisition	83,800	82,736	109,441
Non-current assets held for sale	1,633	—	11,365
Total assets	2,755,992	2,452,105	2,621,433
Equity and liabilities			
Deposits	1,799,443	1,436,148	1,530,981
Derivative financial liabilities	5,770	5,191	6,280
Creditors and accruals	74,599	64,824	82,119
Current tax liabilities	4,463	2,805	5,020
Deferred tax liability	23,088	15,396	13,326
Borrowed funds	322,574	302,215	300,018
Non-current liabilities and disposal groups held for sale	—	—	1,263
Total liabilities	2,229,937	1,826,579	1,939,007
Equity attributable to ordinary shareholders	506,545	630,209	687,937
Non-controlling interest	19,510	(4,683)	(5,511)
Total equity	526,055	625,526	682,426
Total equity and liabilities	2,755,992	2,452,105	2,621,433

Note: 2014 figures were restated in the 2015 Annual Report

In 2014, the Group raised \$625 million in equity capital by way of the Company's initial public offering and a subsequent private placement. As a result of acquisitions that occurred during the year, by 31 December 2014 the Group's total assets were US\$2,621.4 million. Consolidated reported loss after tax and non-controlling interests was US\$63.1 million, largely due to pre-acquisition adjustments and non-recurring transaction and integration expenses incurred.

In 2015, the Group reported a profit before tax of US\$19.2 million compared with a loss before tax of US\$58.0 million for the prior financial year. Net profit after tax was US\$12.4 million. Net interest income increased to US\$106.4 million in 2015, compared with US\$28.6m in 2014. At period end, reported equity was US\$625.5 million, a decline from 31 December 2014 reported equity of US\$682.4 million, largely due to foreign exchange translation losses driven by the strengthening of the U.S. Dollar against most African currencies.

In 2016, net profit was US\$8.4m and total income grew by 17.8% to US\$241.7 million. Over the year, the Group delivered on US\$8 million cost reduction commitment and net interest income further increased to US\$127.2 million. The Group's total assets as at 31 December 2016 increased to US\$2,756.0 million, compared with US\$2,452.1 million for the prior period.

		<p>There has been no significant change in the financial or trading position of the Group since 31 December 2016, the date to which the Group's latest audited financial statements were prepared, except for (i) a net gain of US\$3.1 million in March 2017 following non-performing loan recoveries in Zimbabwe, (ii) a US\$3.4 million gain in May 2017 resulting from the release of an escrow in relation to a doubtful debtor which was acquired as part of the FBZ acquisition, subsequently impaired and then written-off, and (iii) the issuance of US\$100 million Mandatory Convertible Bonds to Fairfax Africa Investments on 17 July 2017, following an earlier private placement equity raise concluded in February 2017 of US\$13.5 million from existing shareholders, supporting the Group's business growth.</p>
B.8	Key pro forma financial information	<p>The unaudited consolidated pro forma statement of profit or loss and the unaudited consolidated pro forma statement of net assets together form "the pro forma financial information".</p> <p>The unaudited consolidated pro forma statement of profit or loss has been prepared on the basis of the notes set out below to illustrate the effect of the Finance Bank Zambia Plc (FBZ) acquisition on the statement of profit or loss of the Company as if it had occurred on 1 January 2016. The unaudited consolidated pro forma statement of profit or loss has been prepared in accordance with paragraph 20.2 of Annex I of the Prospectus Directive Regulation and in a manner consistent with the accounting policies adopted by Atlas Mara Limited in preparing the audited financial statements for the year ended 31 December 2016. The pro forma statement of profit or loss has been prepared for illustrative purposes only in accordance with paragraph 20.1 of Annex I of the Prospectus Directive Regulation.</p> <p>The unaudited consolidated pro forma statement of net assets has been prepared to illustrate the effect of the conversion of the Mandatory Convertible Bonds into equity, the Clermont Stake Acquisition, the Firm Placing and Placing and Open Offer and the Transaction on the statement of net assets of the Company as if they had occurred on 31 December 2016. The unaudited consolidated pro forma statement of net assets has been prepared in accordance with Annex II of the Prospectus Directive Regulation and in a manner consistent with the accounting policies adopted by Atlas Mara Limited in preparing the audited financial statements for the year ended 31 December 2016.</p> <p>Because of the nature of pro forma information, the unaudited pro forma statement of profit or loss and the unaudited pro forma statement of net assets address a hypothetical situation and do not therefore represent the actual financial position or results of the Company or the Group.</p>

Unaudited consolidated pro forma statement of profit or loss for the year ended 31 December 2016

US\$000	1. Atlas Mara Group	2. Removal of post-acquisition FBZ profit or loss	3. Inclusion of full year FBZ profit or loss	4. Reversal of adjustments not applicable to Atlas Mara	5. Unwind of IFRS 3 adjustments	Pro forma
Consolidated statement of profit or loss						
Interest and similar income	247,052	(23,277)	44,278	—	—	268,053
Interest and similar expense	(119,811)	10,961	(22,400)	—	—	(131,250)
Net interest income	127,241	(12,316)	21,878	—	—	136,803
Loan impairment charges	(15,448)	0	(1,676)	—	0	(17,124)
Net interest income after loan impairment charges	111,793	(12,316)	20,202	—	—	119,679
Non-interest income	114,499	(13,438)	26,150	—	—	127,211
Share of profit of associates	17,926	0	0	—	—	17,926
Total operating income	244,218	(25,754)	46,352	—	—	264,816
Operating expenses	(223,068)	19,645	(55,989)	17,506	(1,251)	(243,157)
Transaction and integration expenses	(11,783)	1,019	0	—	—	(10,764)
Profit before tax	9,367	(5,090)	(9,637)	17,506	(1,251)	10,895
Income tax expense	(78)	2,595	(1,470)	—	438	1,485
Profit for the period	9,289	(2,495)	(11,107)	17,506	(813)	12,380
Attributable to:	—	—	—	—	—	—
Ordinary shareholders	8,402	(2,495)	(11,107)	17,506	(813)	11,493
Non-controlling interests	887	—	—	—	—	887

		Unaudited consolidated pro forma statement of net assets as at 31 December 2016							
		US\$'000	1. Atlas Mara Group	2. New Mandatory Convertible Debt	3. Acquire Clermont Stake	4. Firm Placing and Placing and Open Offer	5. ATMA share of UBN rights (both original and Clermont Stake)	6. Transaction costs and Underwriting fees	Pro forma
		Assets							
	Cash and short-term funds		406,325	98,970	(57,085)	100,000	(60,699)	(7,678)	479,833
	Financial assets held for trading		101,727						101,727
	Financial assets designated at fair value		13,868						13,868
	Derivative financial assets		6,323						6,323
	Loans and advances		1,334,763						1,334,763
	Investment securities		237,192						237,192
	Prepayments and other receivables		62,244						62,244
	Current tax assets		5,633						5,633
	Investment in associates		293,980		57,085		60,699		411,764
	Property and equipment		92,428						92,428
	Investment property		17,318						17,318
	Other intangible assets		84,435						84,435
	Deferred tax assets		14,323						14,323
	Goodwill on acquisition		83,800						83,800
	Non-current assets held for sale		1,633	1,633					
	Total assets		2,755,992	98,970	—	100,000	—	(7,678)	2,947,284
		Liabilities							
	Deposits		1,799,443						1,799,443
	Derivative financial liabilities		5,770						5,770
	Creditors and accruals		74,599						74,599
	Current tax liabilities		4,463						4,463
	Deferred tax liability		23,088						23,088
	Borrowed funds		322,574						322,574
	Total liabilities		2,229,937	—	—	—	—	—	2,229,937
	Net assets		526,055	98,970	—	100,000	—	(7,678)	717,347
B.9	Profit forecast or estimate	The Company expects to deliver a significant improvement in earnings in 2017. The Company is targeting reported earnings for 2017 of more than double the level achieved in 2016.							
B.10	Description of the nature of any qualifications in the audit report on the historical financial information	Not applicable; there are no qualifications in the audit report on the historical financial information incorporated into this document by reference.							
B.11	Working capital explanation	The Company is of the opinion that, after taking into account the net proceeds of the issue of the Mandatory Convertible Bonds, the Firm Placing and Placing and Open Offer and the bank and other facilities							

		available to the Group, the working capital available to the Group is sufficient for its present requirements, that is for at least the 12 months following the date of this document.
Section C – Securities		
Element	Disclosure requirement	Disclosure
C.1	Type and class of securities	<p>The Group is proposing to offer 44,444,444 New Ordinary Shares at US\$2.25 per New Ordinary Share.</p> <p>The Issue comprises New Ordinary Shares of the Company of no par value granting the same Shareholder rights as the Existing Ordinary Shares.</p> <p>When admitted to trading, the New Ordinary Shares will be registered with the same ISIN and SEDOL number as the Existing Ordinary Shares (ISIN VGG0697K1066 and SEDOL number BH1RCH8).</p>
C.2	Currency of the securities issue	The currency of the New Ordinary Shares is US dollars.
C.3	Number of shares issued and values per share	<p>At the date of this document, there are 83,092,069 Existing Ordinary Shares of no par value (including Ordinary Shares held in escrow as part of the contingent consideration for the acquisition of FBZ and Ordinary Shares held in Treasury) and 32,529,500 Warrants in issue. The Warrants are due to expire on 21 August 2017.</p> <p>In addition, there are 1,250,000 Founder Preferred Shares in issue, held by the Founding Entities.</p>
C.4	Description of the rights attached to the securities	<p>The New Ordinary Shares issued under the Firm Placing and Placing and Open Offer, when issued and fully paid, will be identical to, and rank <i>pari passu</i> with, the Existing Ordinary Shares, including the right to receive all dividends and other distributions declared, made or paid on the Existing Ordinary Shares by reference to a record date on or after Admission.</p> <p>Subject to the BVI Business Companies Act 2004, on a winding-up of the Company the assets of the Company available for distribution shall be distributed, provided there are sufficient assets available:</p> <ul style="list-style-type: none"> • first to the holders of Ordinary Shares in an amount up to US\$10.00 per share in respect of each fully paid up Ordinary Share; • then, provided there are assets remaining, to the holders of Founder Preferred Shares in an amount up to US\$10.00 per share in respect of each fully paid up Founder Preferred Share. <p>If, following these distributions to holders of Ordinary Shares and Founder Preferred Shares, there are any assets of the Company still available, they shall be distributed to the holders of Ordinary Shares and Founder Preferred Shares pro rata to the number of such fully paid up Ordinary Shares and fully paid up Founder Preferred Shares held (by each holder as the case may be) relative to the total number of issued and fully paid up Ordinary Shares as if such fully paid up Founder Preferred Shares had been converted into Ordinary Shares immediately prior to the winding-up.</p>

C.5	Description of any restrictions on the free transferability of the securities	Subject to the terms of the Articles, any Shareholder may transfer all or any of his certificated Ordinary Shares by an instrument of transfer in any usual form or in any other form which the Directors may approve. No transfer of Ordinary Shares will be registered if, in the reasonable determination of the Directors, the transferee is or may be a Prohibited Person, or is or may be holding such Ordinary 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 Ordinary Shares in the Company in uncertificated form (including in the form of depositary interests or similar interests, instruments or securities).
C.6	Admission to trading of the securities	Application will be made to the FCA for the New Ordinary Shares to be issued pursuant to the Firm Placing and Placing and Open Offer to be admitted to a standard listing on the Official List and to trading on the London Stock Exchange's main market for listed securities.
C.7	Dividend policy	<p>The Company intends to pay dividends on the Ordinary Shares at such times (if any) and in such amounts (if any) as the Board determines appropriate. The Company's current intention is to retain any earnings for use in its business operations, and the Company does not anticipate declaring any dividends to the extent that to do so is in accordance with all applicable laws.</p> <p>Only once the average price per Ordinary Share is at least US\$11.50 for ten consecutive Trading Days (as defined in the Articles of Association), 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 acquisition of African Development Corporation AG and ABC Holdings Limited, the Founder Preferred Shares will automatically convert to Ordinary Shares on a one-for-one basis.</p>

Section D – Risks

Element	Disclosure requirement	Disclosure
D.1	Key information on the risks specific to the Company	<p>Macroeconomic risk: The Group and UBN are exposed to the impact of adverse macroeconomic factors, and any adverse economic conditions prevailing in the markets in which they operate.</p> <p>Exchange rate risk: The Group's subsidiary banks and UBN are each exposed to foreign exchange risk as a result of adverse movements in exchange rates primarily through their loan and deposit portfolios that are denominated in foreign currencies and through acting as an intermediary in foreign exchange transactions between central and commercial banks. Such risk, if material, would have a material adverse effect on the Group's and/or UBN's respective businesses, results of operations and/or financial conditions.</p> <p>Credit risk: Risks arising from changes in credit quality and the recoverability of loans and amounts due from counterparties are inherent in a wide range of the Group's and UBN's businesses.</p> <p>Regulatory risk: The Group and UBN are subject to a wide variety of banking and financial services laws and regulations, and are supervised by various regulatory and enforcement agencies in their countries of operation. The regulatory environments in which the Group and UBN</p>

		<p>operate are subject to significant levels of change. In particular, the Group's banks and UBN are subject to the risk of regulators imposing more onerous prudential standards, including increased capital, leverage and liquidity requirements. The impact of such law and regulation and changes to them on the Group's and UBN's businesses, the costs of compliance and any failure to comply with such laws and regulations or to manage legal and regulatory risk effectively may have a material adverse effect on the Group and/or UBN.</p> <p>Interest rate risks: The Group's and UBN's respective financial conditions and operating results could be affected by interest rate risks, including fluctuations in interest rates that are beyond the Group's and UBN's control.</p> <p>Liquidity and price risk: The risk that the Group or UBN either do not have sufficient financial resources available to meet obligations as they fall due, or can only access these financial resources at excessive cost, is inherent in banking operations and can be heightened by a number of factors, including an over-reliance on or inability to access a particular source of funding, the extent of mobility of intra-group funding, changes in credit ratings or market-wide phenomena such as financial market instability and natural disasters. The Group and UBN operate in markets which may be affected by illiquidity and extreme price volatility, either directly or indirectly through exposures to securities, loans, derivatives and other commitments.</p> <p>Operational risk: The potential for losses resulting from inadequate or failed internal processes, people and systems or from the impact of external events, including cyber security breaches or legal risks, is inherent in many of the operations of the Group and UBN.</p> <p>Strategy risk: The Group is executing a reorientation in its strategy, which is subject to significant execution risk. If the benefits to the Group targeted by the updated strategy are not realised or achieved within the anticipated timescales, this could have a material adverse effect on the Group. Additionally, following the conversion of the Mandatory Convertible Bonds and the Issue, the Company will have a major new shareholder with the ability to appoint up to four Directors to the Board, and whose approval will be needed in relation to the implementation of or changes to the Group's strategy and other activities.</p> <p>Implementation risk: If the Group were to increase its direct shareholding in UBN to or in excess of 30%, it would be required to make a mandatory takeover offer for all outstanding shares in UBN. Additionally, if the Company were to increase its interest in UBN such that it had to consolidate UBN's financials into the Company's consolidated balance sheet, this may constitute a reverse takeover which, subject to discussions with the UK Listing Authority, may result in the Company's listings for Ordinary Shares and Warrants being suspended pending publication of a readmission prospectus. The Clermont Stake Acquisition is conditional on change of control approval being granted by the PRA. The Company is additionally exposed to the risks associated with holding part of its interest in UBN indirectly through UGPL.</p> <p>Risks associated with investments in Africa: Investments in African countries are subject to greater risks than investments in more developed countries, including the possibility of nationalisation, expropriation or confiscatory taxation, imposition of withholding or other taxes on dividends, interest, capital gains or other income, political changes, government regulation, religious conflicts, political and social instability, terrorism, civil wars, guerrilla activities, military</p>
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		repression, crime, extreme fluctuations in currency exchange rates and hyperinflation.
D.3	Key information on the risks specific to the securities	<p>Share price fluctuation risk: The market value of listed securities may fluctuate and may not reflect the underlying asset value of the Group.</p> <p>Dilution risk: Shareholders will experience dilution in their ownership of the Company as a result of the Firm Placing and the conversion of the Mandatory Convertible Bond, and Shareholders who do not acquire New Ordinary Shares in the Placing and Open Offer will experience further dilution in their ownership of the Company.</p> <p>Future dilution risk: Any future Ordinary Share issues may further dilute the holdings of current Shareholders.</p> <p>Dividend risk: To the extent the Company intends to pay dividends on the Ordinary Shares, it will pay such dividends at such times (if any) and in such amounts (if any) as the Board determines appropriate and in accordance with applicable law, but it expects to be principally reliant upon dividends received on shares held by it in its operating subsidiaries in order to do so. The Company can therefore give no assurance that it will be able to pay dividends going forward or as to the amount of such dividends, if any.</p>

Section E – Offer

Element	Disclosure requirement	Disclosure
E.1	Net proceeds and costs of the issue	The total gross proceeds of the Firm Placing and Placing and Open Offer are expected by the Company to amount to approximately US\$100 million. The total costs, charges and expenses (including fees and commissions) payable by the Company in connection with the Firm Placing and Placing and Open Offer amount to approximately US\$7.7 million and in connection with the Transaction are estimated to amount to approximately US\$9.8 million. The Company intends to pay for all expenses arising from, or in connection with, the Firm Placing and Placing and Open Offer and the Transaction from the proceeds. There are therefore no additional expenses to be charged by the Company to Shareholders who participate in the Firm Placing and Placing and Open Offer.
E.2	Reason for offer and use of proceeds	<p>The Company has a substantial minority interest in UBN, held through a direct shareholding of 22.1% and an indirect stake of 9.05% held through UGPL. On 11 April 2017, the Company agreed with Clermont Financial Holdings to purchase Clermont's 21.8% shareholding in UGPL, representing a 13.4% indirect shareholding in UBN. To fund the Clermont Stake Acquisition, the Company announced on 21 June 2017 that it had conditionally agreed to issue Mandatory Convertible Bonds to Fairfax Africa for a subscription price of US\$100 million; the Mandatory Convertible Bonds were issued to Fairfax Africa Investments, a subsidiary of Fairfax Africa incorporated in Mauritius, on 17 July 2017.</p> <p>In December 2016, the shareholders of UBN approved a rights issue (the "UBN Rights Issue") to improve UBN's capital position, which is expected to close in Q3 2017.</p> <p>The Company proposes to fund its participation in the UBN Rights Issue, and its proportionate share (taking into account the Company's pro forma interest in UGPL following the Clermont Stake Acquisition) of UGPL's participation in the UBN Rights Issue at an estimated cost of US\$70 million through a combination of:</p>

		<ul style="list-style-type: none"> the balance of funds resulting from the issue of the Mandatory Convertible Bonds following the Clermont Stake Acquisition, representing approximately US\$45 million; and the proceeds of the Firm Placing and Placing and Open Offer of 44,444,444 New Ordinary Shares at an Issue Price of US\$2.25 per New Ordinary Share, raising gross proceeds of approximately US\$100 million and net proceeds of approximately US\$92.3 million after deduction of estimated expenses of the Firm Placing and Placing and Open Offer. <p>The balance of the anticipated net proceeds of the Issue (estimated to be approximately US\$65 million) is intended to be used to fund:</p> <ul style="list-style-type: none"> further expansion of the Group's Markets and Treasury and Fintech business lines and product offering; any future acquisition strategy in respect of shares in UBN or UGPL, if the Directors choose to do so; and any other general corporate purposes as the Directors may deem appropriate.
E.3	Terms and conditions of the offer	<p>The Company intends to raise gross proceeds of approximately US\$100 million through the Firm Placing and Placing and Open Offer of 44,444,444 New Ordinary Shares at the Issue Price.</p> <p>The Firm Placing and Placing and Open Offer is conditional upon, amongst other things, Admission becoming effective by not later than 10.00 a.m. on 31 August 2017 (or such later time and/or date as the Company may agree with Fairfax Africa).</p> <p>The Issue Price represents a discount of US\$0.25 (10%) to the closing middle market price of US\$2.50 per Existing Ordinary Share on the London Stock Exchange on 21 June 2017, being the date of announcement of the Transaction.</p> <p>Fairfax Africa has agreed, pursuant to the Placing Agreement, to have all the Open Offer Shares placed conditionally with them at the Issue Price. The commitments of Fairfax Africa are subject to clawback in respect of valid applications for Open Offer Shares by Qualifying Shareholders pursuant to the Open Offer. Subject to the Placing and Open Offer not being terminated, any Open Offer Shares which are not applied for in respect of the Open Offer will be issued to Fairfax Africa and/or its affiliates at the Issue Price, with the net proceeds retained for the benefit of the Company and used for the purposes described in E.2.</p> <p>Qualifying Shareholders are being given the opportunity to apply for the Open Offer Shares at the Issue Price on and subject to the terms and conditions of the Open Offer, pro rata to their holdings of Existing Ordinary Shares on the Record Date on the following basis:</p> <p>0.3998 New Ordinary Shares for every 1 Existing Ordinary Share</p> <p>Fractions of New Ordinary Shares will not be allotted and each Qualifying Shareholder's entitlement under the Open Offer will be rounded down to the nearest whole number. Fractional entitlements will be aggregated and made available in the Excess Application Facility. Accordingly, Qualifying Shareholders with fewer than three Existing Ordinary Shares will not have the opportunity to participate in the Open Offer.</p>
E.4	Material interests	Not applicable. There are no interests (including conflicts of interest) known to the Company which are material to the Firm Placing and Placing and Open Offer or the Transaction.

E.5	Name of person selling securities / lock-up agreements	Not applicable. The Firm Placing and Placing and Open Offer is comprised of New Ordinary Shares being issued by the Company and no lock-up agreements have been executed.
E.6	Dilution	All Shareholders will be diluted as a result of the Firm Placing and the conversion of the Mandatory Convertible Bonds. Qualifying Shareholders who take up their pro rata entitlement in full will experience a dilution of 8% as a result of the Firm Placing and a dilution of 34.8% as a result of the Firm Placing and the conversion of the Mandatory Convertible Bonds. A Qualifying Shareholder (or a Shareholder in the United States or an Excluded Territory who is not eligible to participate in the Open Offer) that does not take up any Open Offer Shares under the Open Offer will experience a dilution of 26.6% as a result of the Issue and 53.4% as a result of the Issue and the conversion of the Mandatory Convertible Bonds.
E.7	Estimated expenses charged to the investor by the Company	Not applicable. No expenses will be directly charged to any Qualifying Shareholder by the Company.

PART II

RISK FACTORS

Any investment in the New Ordinary Shares is subject to a number of risks and uncertainties. Prior to investing in the New Ordinary Shares, prospective investors should carefully consider the factors, risks and uncertainties associated with any such investment, the Group's business, strategy and the industry in which it operates, together with all other information contained in this Prospectus including, in particular, the risk factors described below. Prospective investors should note that the risks and uncertainties identified in the Summary are the risks and uncertainties that the Company believes to be the most essential to an assessment by a prospective investor of whether to consider an investment in the New Ordinary Shares. However, as the risks and uncertainties which the Group faces relate to events and depend on circumstances that may or may not occur in the future, prospective investors should consider not only the information on the key risks summarised in the Summary but also, among other things, the risks and uncertainties described below.

The following is not an exhaustive list or explanation of all risks that prospective investors may face when making an investment in the New Ordinary Shares and should be used as guidance only. The order in which risks are presented is not necessarily an indication of the likelihood of the risks actually materialising, of the potential significance of the risks or of the scope of any potential harm to the Group's business, operating results, financial condition or prospects. Additional risks and uncertainties relating to the Group that are not currently known to the Group, or that the Group currently deems immaterial, may individually or cumulatively also have a material adverse effect on the Group's business, operating results, financial condition or prospects and, if any such risk should materialise, the price of the New Ordinary Shares may decline and investors could lose all or part of their investment. Investors should carefully consider whether an investment in the New Ordinary Shares is suitable for them in the light of the information in this Prospectus and their personal circumstances.

1. RISKS RELATING TO THE GROUP, UBN AND THEIR BUSINESS OPERATIONS

1.1 The Group and UBN are exposed to macroeconomic risk

The Group and UBN are affected by the prevailing economic conditions in each of the markets in which they currently operate (in respect of the Group these markets are Botswana, Mozambique, Rwanda, Tanzania, Zambia and Zimbabwe, and in respect of UBN this market is Nigeria and, to a lesser extent, the United Kingdom). Macroeconomic factors have an impact on personal expenditure and consumption, demand for business products and services, the debt service burden of consumers and businesses, the general availability of credit for retail and corporate borrowers and the availability of capital and liquidity for the Group and UBN. All these factors may impact the Group's and UBN's respective financial condition and results of operations (especially where adverse macroeconomic factors are or have been prevalent in, or are affecting or have significantly affected, one or more of the Group's and UBN's key markets). If such adverse macroeconomic factors affect one or more of the Group's and UBN's key markets and are severe or prolonged, this is likely to impact the Group's and UBN's prospects adversely. For example, continued low oil prices could worsen economic conditions in Nigeria, which would likely have a negative impact on UBN's (and therefore the Group's) financial performance and adverse movements in commodity prices could have an adverse effect on the Group's financial performance in a number of markets.

1.2 The Group and UBN are subject to foreign exchange risks and are affected by changes in the value of local currencies against other currencies

The Company's reporting currency is the US dollar, while the Group operates in several local currencies and has exposure to such currencies (such as the Botswana Pula, Mozambican Metical, Nigerian Naira, Rwandan franc, Tanzanian Shilling and the Zambian Kwacha). As a result, the Group's reported income as well as its net value of investments in subsidiaries are affected by changes in the value of its operating currencies in relation to the US dollar. Similarly, UBN's reported income is affected by changes in the value of the Nigerian Naira and, to a lesser extent, the British pound sterling. Although the Group's banks and UBN, from time to time when possible and commercially sensible, enter into forward contracts and cross-

currency linked forward contracts to hedge against the mismatches in the foreign currency structure of their respective assets and liabilities, these measures may not adequately protect them from the effect of exchange rate fluctuations or may limit any benefit that either bank might otherwise receive from favourable movements in exchange rates. Furthermore, these instruments are not readily available in the markets in which the Group and UBN operate. As such, exchange rate fluctuations may have a material adverse effect on the Group's or UBN's respective businesses, results of operations and/or financial condition.

In addition, each of the Group's banks and UBN is exposed to foreign exchange risk, as a result of adverse movements in exchange rates, primarily through acting as an intermediary in foreign exchange transactions between customers and commercial banks. While the Group has a policy of limiting such risks, these risks if material, would have a material adverse effect on the Group's and/or UBN's respective businesses, results of operations and/or financial condition.

The Group's and UBN's respective customers may be subject to substantial foreign exchange risk, which indirectly affects their respective credit risk profiles. Where the Group's or UBN's loans and advances to customers in local markets are denominated in foreign currencies (such as US dollars), any significant decline in the value of local currencies may result in some borrowers being unable to repay foreign currency denominated loans, and other fluctuations in the value of local currencies against foreign currencies may have a material adverse effect on the Group's or UBN's respective businesses, results of operations and/or financial condition.

1.3 The Group and UBN are exposed to risks associated with changes in the credit quality and the recoverability of loans and amounts due from counterparties

Risks arising from changes in credit quality and the recoverability of loans and amounts due from counterparties are inherent in a wide range of the Group's and UBN's businesses. As at 31 December 2016, the Group's provision for loan impairments was US\$37.7m and UBN's provision for loan impairments was N28.6bn, whereas those figures for 31 December 2015 were, respectively, US\$20.1m and N22.1bn.

Adverse changes in the credit quality of the Group's and/or UBN's borrowers and counterparties, and adverse changes arising from a deterioration (or a prolonged or severe deterioration) in global or country-specific economic conditions (whether cyclical or otherwise), have reduced and could continue to reduce the recoverability and value of the Group's and/or UBN's loan assets and require an increase in the Group's and/or UBN's level of provisions for bad and doubtful debts or increase the levels of impairments or write-downs experienced by the Group and/or UBN. The Group and UBN may also experience these effects if a systemic failure in one or more financial systems were to occur.

Although the Group and UBN devote considerable resources to managing credit risks, many of the factors affecting borrower and counterparty credit risks are beyond the control of the Group and UBN and the occurrence of any of the foregoing risks, or a failure by the Group or UBN to manage these risks effectively, could have a material adverse effect on the Group's and/or UBN's respective financial condition, results of operations and, if severe or prolonged, their future financial prospects.

1.4 The Group and UBN may not be able to grow their loan portfolios at rates required to increase their profitability without having difficulty maintaining credit quality

An increase in their respective overall levels of lending could increase the credit risk of the Group or UBN. In particular, retail and small commercial banking customers typically have less financial strength than large companies, and as the banks' retail and SME businesses grow going forwards, negative developments in the broader economy could affect these borrowers more significantly than large companies. This could result in higher levels of non-performing loans in this sector, which, although the Group and UBN price for such risk, may not be fully covered and therefore higher levels of provisioning may result. Additionally, this could lead to substantial losses in the future.

Any deterioration in the quality of a borrower, a guarantee or collateral for the performing loans or the Group's or UBN's currently impaired loans, including due to general deterioration of economic conditions, may result in an increase in their respective impaired loans or provisions for impairment.

In 2009, UBN was among the Nigerian banks that were recapitalised by the Asset Management Corporation of Nigeria (a statutory corporation established to acquire non-performing loans of Nigerian banking institutions) (“AMCON”) specifically due to an unsustainable over-exposure of non-performing loans. It cannot be assured that a similar situation will not occur within the Group, UBN or any other bank in which the Company acquires an interest in the future.

Centralised registers or credit bureaus are not well established in most countries in SSA and are mostly at an infancy stage. The Group’s and UBN’s respective risk management methods depend upon, in part, an evaluation of information regarding the current market in question, character of sponsors, and the credit history and capacity of a borrower to repay. This information may not be accurate, complete, up to date or properly evaluated.

Further, while there are limitations on taking security over certain assets, including land, a substantial portion of both the Group’s and UBN’s respective loans to corporate customers and individuals are secured by collateral such as real estate property, land leasing rights, production equipment, vehicles and securities. Downturns in the relevant markets, a lack of an existing market for the collateral where it is located or a general deterioration of economic conditions may result in declines in the value of collateral securing a number of loans to levels below the amounts of the outstanding principal and accrued interest on those loans. If collateral values decline, the collateral may not be sufficient to cover irrecoverable amounts on the affected bank’s secured loans (including any non-performing loans), which may require the affected bank to reclassify the relevant loans, establish additional loan loss expenses and increase reserve requirements. Additionally, the Group may experience delays in being able to realise the value of collateral in a timely manner. A failure to recover the expected value of collateral may expose the affected bank to losses, which could result in increases in loan losses and have an adverse effect on the Group’s or UBN’s respective businesses, results of operations and/or financial condition.

1.5 The Group has off-balance sheet credit-related commitments that may lead to potential losses

The Group and UBN each conducts business involving contingent liabilities and commitments including guarantees, loan commitments and other credit-related facilities. All such credit-related commitments are classified as off-balance sheet items in the Group’s and UBN’s respective financial statements. As at 31 December 2016, the Group’s off-balance sheet exposures were valued at US\$45.6m, of which guarantees accounted for US\$13.8m, letters of credit accounted for US\$2.8m, forward contracts and currency swaps accounted for US\$18.6m and other contingent liabilities accounted for US\$10.4m. As at 31 December 2016, UBN’s off-balance sheet exposures were valued at N320bn, of which performance bonds and guarantees accounted for N62bn, letters of credit accounted for N155.9bn and FX-sold spot accounted for N102bn.

Although the Group and UBN each establish allowances for its off-balance sheet credit-related commitments as it does for its on-balance sheet credits, there can be no assurance that these allowances will be sufficient to protect the Group or UBN from the actual losses that the Group or UBN may potentially incur on their respective credit-related commitments. The Group and UBN do not create provisions for off-balance sheet liabilities so long as they are performing. However, in the event that an off-balance sheet liability becomes non-performing, the Group or UBN (as applicable) would expect to take it on balance sheet and create an appropriate provision. This may have a material adverse impact on the Group’s or UBN’s respective businesses, results of operations and/or financial condition.

1.6 The Group’s and UBN’s net interest margin may be under pressure due to government monetary policies and the banking sector environment

Central banks in the markets in which the Group and UBN operate have been calling for the banking sector to reduce its charges, and specifically lending rates to individual customers, in order to reflect the decreasing central bank rates being applied by the government monetary policy committees in these markets. The effect of such calls for reform, alongside increased competition and a structural increase in cost of funds, could increase the pressure on the Group’s or UBN’s respective net interest margin. The Group’s net interest margin (defined as net interest income divided by average interest earning assets of the Group calculated in

accordance with IFRS) was 6.3% for the year ended 31 December 2016 and 5.8% for the year ended 31 December 2015. UBN's net interest margin for the same periods was 5.6% and 5.4%, respectively.

The Zambian government has previously put in place a cap on interest rates that could be charged by commercial banks. As a result, the net interest margin on loans reduced significantly. The Bank of Botswana has previously implemented a two-year freeze on any increases in bank charges.

Commercial lending rates in Zimbabwe have also varied significantly depending on the cost structures of lending banks and the varying risk profiles of borrowers. Although rates of up to 35% are, in the Group's view, reflective of the difficult operating environment in Zimbabwe, the higher rates are considered to be punitive and there remains concern that the government may move to introduce interest rate controls. The Group's Zimbabwe subsidiary has accepted an unofficial memorandum of understanding with the Zimbabwean government, whereby it and other major banking groups have agreed to a cap on bank interest rates of 12%.

Additionally, in Nigeria in July 2016, the monetary policy rate was raised by 200 basis points to 14%. Further changes in the monetary and interest rate environment in Nigeria are an ongoing possibility based on trends in the economy, including actual and projected rate of inflation together with output gap, and potential differences between desired and actual exchange rate.

Any further government action in jurisdictions where the Group or UBN operates to limit interest rates, or the rates of return earned by commercial banks, may have an adverse effect on the Group's and/or UBN's business, results of operations and/or financial condition.

1.7 The Group and UBN are exposed to interest rate risks

Interest rate risk is the potential for loss of earnings or economic value due to adverse changes in financial market rates or prices. The Group's and UBN's respective financial condition and operating results could be affected by market risks, including fluctuations in interest rates that are beyond the Group's and UBN's control. Fluctuations in interest rates could adversely affect the Group's and/or UBN's respective operations and financial condition in a number of different ways. Interest rates are sensitive to many factors, including the policies of central banks, local and international economic conditions and geopolitical factors. For example, an increase in interest rates may increase the Group's or UBN's funding costs and could also generally decrease the value of fixed-rate debt securities in the securities portfolio. In addition, an increase in interest rates may also reduce overall demand for new loans and increase the risk of impairments or customer default. At the same time, general volatility in interest rates may result in a gap between interest-earning assets and interest-bearing liabilities. The Group and UBN might not be able to protect themselves from the adverse effects of future interest rate fluctuations due to the scarcity of hedging products in their markets. Any fluctuations in market interest rates, and the Group's and/or UBN's inability to respond in a cost-effective manner, could lead to a reduction in net interest income and adversely affect the Group's and/or UBN's respective businesses, results of operations and/or financial condition.

1.8 The Group and UBN are exposed to liquidity and price risks

Liquidity risk is the risk that the Group or UBN either does not have sufficient financial resources available to meet its obligations as they fall due or can only access these financial resources at excessive cost. This risk is inherent in banking operations and can be heightened by a number of factors, including an over-reliance on or inability to access a particular source of funding, the extent of mobility of intra-group funding, changes in credit ratings or market-wide phenomena such as financial market instability and natural disasters. In addition, any significant increase in the cost of acquiring deposits, inability to further increase deposits or significant outflow of deposits from the Group and/or UBN, particularly if it occurs over a short period of time, could have a material adverse impact on the Group's and/or UBN's respective financial condition and liquidity positions.

The middle-income segment has typically been the engine of growth in the economies in which the Group and UBN operate. However, the middle-income segment is generally a net borrower from the banking sector. Consequently, if the Group or UBN respectively are not able to raise sufficient deposits or credit lines to fund the growing needs of the middle-income segment, it may lose market share to competitors.

Further, the Group and UBN have historically relied primarily on deposits to fund their respective businesses, with the result that the Group and UBN are each required to manage a significant maturity gap in relation to longer-dated assets. As at 31 December 2016, customer deposits represented 80.7% of the Group's total liabilities, with 44.9% of deposits being payable on demand (for UBN, as of 31 December 2016, deposits represented 73.2% of its total liabilities, with 39% of deposits with customers being payable on demand). Most deposits in the markets in which the Group and UBN operate are short-term in nature, as most customers are not prepared to commit to investing significant funds on a long-term basis. Moreover, other than Zimbabwe, Rwanda and Nigeria, none of the countries in which the Group operates provides formal deposit protection schemes. The absence of such schemes has a negative impact on investors' confidence in the banking sector, and in turn on the ability of banks to attract depositors' funds.

As the Group and UBN operate in markets that may be affected by illiquidity and extreme price volatility, either directly or indirectly through exposures to securities, loans, derivatives and other commitments, the Group's and UBN's respective policies are to manage their respective liquidity prudently in all geographic locations and for all currencies. As a market-wide phenomenon, most deposits in the markets in which the Group and UBN operate are short-term in nature. If either the Group or UBN fails to attract further medium- to long-term financing, or customers withdraw or do not roll over their short-term deposits, they may need to seek expensive sources of funding to meet their respective liquidity requirements. The Group or UBN might not be able to obtain additional funding on commercially viable terms when required. Accordingly, the Group's and UBN's reliance on short-term deposits may expose them to liquidity gaps and, if either the Group or UBN fails to bridge the liquidity gaps, this could have a material adverse effect on the Group's or UBN's respective businesses, results of operations and/or financial conditions.

While the Group's banking operations are generally exposed to illiquidity and price volatility, the Group's Markets and Treasury business line is also exposed to liquidity and price risk, particularly where the Group has externalised in-country risks to the Group's Treasury function. A lack of available hedges for certain exposures of the Group can make it more difficult for the Group to manage its liquidity risk than a banking group operating in more liquid markets. All of these factors could have a material impact on the Group's business and financial condition.

1.9 Operational risks are inherent in the Group's and UBN's businesses

Operational risk is the potential for loss resulting from inadequate or failed internal processes, people and systems or from the impact of external events, including legal risks. Operational losses can result, for example, from failure to prevent or detect money laundering, prevent or detect international terrorist financing or to comply with sanctions regulations, comply with legal or regulatory requirements, prevent or rectify IT failures or outages, prevent or detect information and cyber-security breaches, deter, prevent or detect external and internal fraud, manage data adequately or handle client data with the appropriate duty of care, manage critical change projects, manage systemic product risks, prevent mis-selling, deliver the conduct of business expected of the Group and UBN and their respective employees, prevent risks concentrated in critical third party vendors, comply with standards set by regulatory authorities, prevent a major systems failure, prevent a significant business interruption, and ensure that its collateral and legal documentation is available and reliable when called upon.

As operational risks are inherent in banking activities, from time to time the Group and UBN have experienced non-material losses arising from operational risks. The Group and UBN each seek to ensure that operational risks are managed and kept to a minimum through an operational risk framework and processes. Failure to manage one or more of such risks effectively such that a material loss arises from an operational risk may have a material adverse effect on the Group's or UBN's respective financial condition, results of operations and prospects.

1.10 The Group and UBN are subject to risks relating to their information technology systems and their ability to remain competitive depends on their ability to upgrade these systems

The Group and UBN depend on their information technology systems to process a large number of transactions on an accurate and timely basis, and to store and process substantially all of their business and operating data. The proper functioning of their financial control, risk management, credit analysis and reporting, accounting, customer service and other information technology systems (such as their electronic fraud monitoring and surveillance systems and customer insurance programs), as well as the communication networks between their branches and main data processing centres, is critical to their business and ability to compete effectively. The importance of information technology systems for the Group's business is likely to further increase as the Group's Fintech business line expands.

The Group's and UBN's business activities would be materially disrupted if there were a partial or complete failure of any of their material information technology systems or communications networks. Such failures can be caused by a variety of factors, including natural disasters, extended power outages and computer viruses. In addition, limited national fibre optic coverage makes reliance on technology used to transmit narrowband data, such as the Very Small Aperture Terminal technology, mandatory in certain remote areas, which may also be affected by similar issues. The proper functioning of the information technology systems also depends on accurate and reliable data and other system inputs, which are subject to human errors. Any failure or delay in recording or processing transaction data could subject the Group or UBN to claims for losses and regulatory fines and penalties.

In particular, the secure transmission of confidential information is a critical element of the Group's and UBN's operations. Their networks and systems may be vulnerable to unauthorised access and other security problems. Persons who circumvent the banks' security measures could use the relevant bank or its clients' confidential information wrongfully. Any material security breach or other disruptions could expose the affected bank to risk of loss and regulatory actions and harm its reputation.

Any substantial failure to improve or upgrade the information technology systems of the Group or UBN effectively or on a timely basis or failure to implement more efficient process automation could have a material adverse effect on the Group's or UBN's respective businesses, results of operations and/or financial condition.

To date, there has been no disruption to the Group's information technology systems that has caused material loss, but minor disruptions to the Group's information technology systems occur from time to time as is usual for any complex information technology system.

1.11 The Group and UBN may not be successful in its strategic objectives, and specifically the expansion and enhancement of the Group's or UBN's respective business activities may not be successful

Expansion of the Group's and UBN's business activities exposes them to a number of risks and challenges, including the following:

- they will have to build up their market share and ability to compete effectively in these areas;
- growing scale, managing costs and rolling out the right products in the time required to meet expectations for profitability;
- they must retain and/or recruit talent with the necessary skill and experience to execute on their strategic objectives in a highly competitive environment; and
- they must continually add to the capability of their respective risk management and information technology systems to support a broader range of activities.

If either the Group or UBN is not able to achieve the intended results in new business areas or products, their respective businesses, results of operations and/or financial condition may be materially and adversely affected.

Additionally, while the Company's strategy is now more balanced between organic and inorganic growth, the Company may acquire further businesses in SSA countries that meet the Company's strategic focus and also where the scale of the opportunity is appropriate and its quality and return-driven performance criteria are met. Acquisitions and other business

combination transactions, whether undertaken by the Group or UBN, are inherently risky because of difficulties that can arise when integrating acquired entities, businesses, personnel, operations, technologies and products. Whether the anticipated benefits from acquisitions and related activities are realised will depend on many factors. In addition, expected business growth opportunities, revenue and cost synergies, operational efficiencies and other benefits may not materialise as expected, in part because the assumptions upon which a transaction is premised may prove to be incorrect. Furthermore, there can be no assurance that the due diligence conducted by the Group in relation to a transaction is sufficient to find all material risk-related issues, and no assurance can be given that the procedures that are adopted to mitigate the risks relating to acquisitions and other business combinations will be adequate or that any such transactions will be successful.

The Group's recent strategic reorientation, as described more fully in Part IX (*Information on the Group's Business and Strategy*), has expanded its focus on developing the Group's Fintech and Markets and Treasury businesses, which are currently less mature than the Group's Commercial Banking business. As with any large and complex plans to develop such businesses, the Group is subject to the risk that it will not be successful in executing its plans as intended or in achieving the ambitions it has set in these areas. Failure to meet these strategic objectives could have a material adverse effect on the Group's businesses, results of operations and/or financial condition.

1.12 The Group may not be able to control or influence the development of companies in which they hold or acquire a minority position, including UBN

Although the Group's strategy involves the acquisition of controlling stakes in banks or other financial services businesses in SSA with a view to achieving majority stakes, it also considers the acquisition of minority stakes if such opportunity is attractive and presents the Group a clear path to acquire sufficient influence to implement its strategy. In such instances where the Group acquires either less than the whole voting control of, or less than the entire equity interest in, a target company or business, the remaining ownership interest will be held by third parties. Accordingly, the Group's decision-making authority may be limited. Such acquisitions may also involve the risk that such third parties may become insolvent or unable or unwilling to fund additional investments in the relevant company. Such third parties may also have interests which are not aligned to the Group's interests or the Group's strategy for the target, or may propose an alternative strategy. Any third party's interests may be contrary to the Company's interests. In addition, disputes among the Group and any such third parties could result in litigation or arbitration. Any of these events could impair the Group's objectives and strategy for the relevant target, which could have an adverse effect on the Group's business.

It is recognised that the Company will not, as a result of the Clermont Stake Acquisition and the Transaction, achieve a majority stake in UBN. The Company will not control the votes of the shares in UBN which it holds indirectly through its interest in UGPL and the Company may choose not to or not be able to hold those shares directly or increase its direct holding in UBN to a level where it controls UBN. Furthermore, any increase in the Company's direct holding in UBN which results in the Company directly holding 30% or more of the voting rights of UBN would require the Company to make a mandatory takeover offer for all outstanding shares in UBN.

UBN is currently owned 61.4% by UGPL, in which the Group currently holds 14.7% of the UGPL shares, translating to a 9.05% indirect holding in UBN. The Group also holds 22.1% of the shares in UBN directly. In addition, there is a 12.9% free float of UBN's shares. The Group's current interest in UBN is held as a combination of its direct stake and the indirect stake held through UGPL. The Group only owns a minority stake in UGPL, and would continue to do so following completion of the Clermont Stake Acquisition, and the Company is therefore at risk that the other investors in UGPL will seek to pursue a strategy for UBN which impedes the successful implementation of the Company's investment strategy in UGPL and UBN. The Company also runs the risk that despite investing significant resources and management attention in UBN, the investors in UGPL may decide to sell their stakes to another investor. This could have an adverse effect on the Group's business, results of operations and/or financial condition.

While the Company's current strategic intention is to seek a majority stake in UBN in the future, there can be no assurance that the Company will decide to do so or that it would be successful if it did try to acquire a majority stake in UBN. If the Company decides not to or is unsuccessful in any attempt to acquire a majority stake in UBN, the aforementioned risks would continue to apply to the Company's stake in UBN.

1.13 The development of the Group's offshore Markets and Treasury business requires authorisation in Dubai, which may not be granted

The Group's plans to develop its offshore Markets and Treasury business, as described more fully in Part IX (*Information on the Group's Business and Strategy*) require it to obtain authorisation from the Dubai Financial Services Authority. The Group's operations in Dubai have begun the process of applying for this authorisation, and the Company currently anticipate that such authorisation may be granted sometime in Q4 2017. There can be no guarantee that such authorisation will be granted.

1.14 A key factor for the Group's Fintech business is the development and management of strategic partnerships with third party organisations

The Group's Fintech business, as described more fully in Part IX (*Information on the Group's Business and Strategy*), is seeking to develop through a series of strategic partnerships with various third party organisations, including telecommunications operators, retailers and technology specialists. A key factor in the development of its Fintech businesses relies on the successful management and cultivation of those partnerships and in executing them to realise the benefits as intended. Failure to establish and effectively manage those relationships appropriately, or to realise the benefits of those partnerships, may have an adverse effect on the Group's business.

Additionally, as the Fintech business is developed in part through such partnerships, the Group is exposed to the operational risks affecting the organisations it is working with, including the possibility of such organisations and the digital platforms they develop being targeted for fraud, other financial crime and cyber-crime, and such organisations' security procedures and policies being unsuccessful in preventing these from occurring.

1.15 Any failure to manage growth effectively may adversely affect the Group's business

In addition to strategic acquisitions within the region (most recently in relation to Banque Populaire du Rwanda and FBZ), the Group currently intends to expand operations through organic growth in both wholesale and retail banking, as well as Fintech and Markets and Treasury markets. In relation to UBN, the Group in its capacity as a significant shareholder in UBN will seek to support UBN to expand its operations. These activities will require significant capital and management resources. At the same time, the Group and UBN must maintain a consistent level of client services in current operations to avoid loss of business or damage to their respective reputations. The Group's ability to successfully implement its strategic objectives continues to depend on its ability to successfully manage growth, and to secure and effectively allocate resources to meet the needs of its expanding business.

Management of the Group's growth, particularly the integration of acquired businesses following acquisition, has required significant managerial and operational resources and has increased the overall complexity of the Group's business, and such demands are expected to increase as the Group's banking business expands.

If the Group or UBN fails to manage its growth and strategy developments successfully, this could have a material adverse effect on the Group's and/or UBN's businesses, results of operations and/or financial condition.

1.16 The Company will rely on dividends from its affiliates, proceeds from the sale of investments and/or other income to meet its operational costs

The Company is a holding company without any operations of its own and is dependent on existing cash resources and the income generated by the Group to cover its expenses. As a result, management costs and costs of running the Company can only be paid with existing cash resources, equity or debt capital raised at the subsidiary level, dividends from its proprietary investments, management fee income charged to subsidiaries in respect of services provided to such entities, interest on tier II shareholder loan funding injected into Group subsidiaries, or proceeds from the sale of any of the proprietary investments. Although

the Company believes that, in the short term, its current cash resources are sufficient to satisfy its working capital requirements and meet its operational costs, in the medium to long term the Company may enter into borrowing arrangements, in addition to raising further equity financing, which may increase costs and impact its existing cash resources. Should such additional costs be incurred in the medium to long term, the Company's cash resources at such time may not be sufficient and could require the Company to reduce its costs and may negatively affect the management of the Company.

Additionally, the Group's and UBN's operations are based in countries where local law and regulation can make it difficult for banks to pay dividends to their shareholders or for cash to be repatriated outside of the country. Therefore even where the Group's banking subsidiaries and UBN are generating profits, they may be unable to make dividend payments to the Company. In particular, given the current economic and currency environments, it is difficult to transfer cash out of Zimbabwe and Nigeria.

Any inability for the Group's subsidiary banks or UBN to make dividend payments, or for cash to be transferred out of their countries of operation, could have a material adverse effect on the Group's business, results of operations and/or financial condition.

1.17 There is no assurance that any operating improvements will be successful or that they will be effective in increasing the valuation of the Group or UBN

Any operational improvements implemented by the Group or UBN may not lead to an increase in the value of the Company. Furthermore, there can be no assurance that the Company will be able to propose and implement effective operational improvements for the Group or UBN. In addition, general economic and market conditions or other factors outside the Company's control could make the Company's operating strategies difficult or impossible to implement. Any failure to implement these operational improvements successfully and/or the failure of these operational improvements to deliver the anticipated benefits could have a material adverse effect on the Group's or UBN's respective businesses, results of operations and/or financial condition.

1.18 Current and future success depends on the recruitment and retention of key management and qualified personnel across the Group

The Company's Board and senior management team have built up a significant network of experts and business contacts, and have extensive experience in the financial services industry and/or in SSA. If one or more of the key management members leave, the Group's business network, reputation and ability to effectively manage the Group and its bank holdings could be materially adversely affected.

Additionally, knowledge of the local market and of international banking standards is required at the level of local senior management in each of the Group's subsidiaries and UBN. If one or more of the key members of local management at UBN cannot be successfully retained, the local management of such companies could lose required market know-how and the necessary skills to profitably manage a bank in SSA. Any of these factors could have a material adverse effect on the Group's or UBN's respective businesses, results of operations and/or financial condition.

The success of the Group and UBN depend on, in part, the ability to retain, motivate and attract, qualified and experienced banking and management personnel. The Group and UBN are likely to face challenges in recruiting qualified personnel to run its businesses going forward. Generally, attracting, training and retaining qualified personnel is harder in emerging markets such as the SSA countries in which the Group and UBN operate than in developed markets. Competition in the SSA banking industry for personnel is considerable. There can be no assurance that the Group's or UBN's staff recruitment, training and incentive programmes will be sufficient to allow it to recruit, train and retain sufficient numbers of qualified personnel. A failure to recruit, train and/or retain necessary personnel could have a material adverse effect on the Group's or UBN's businesses, results of operations and/or financial condition.

1.19 The Group will rely on equity and debt financing to execute its strategy and difficulties in obtaining necessary financing will impair future growth

The Company is a holding company without any operations of its own. Its principal investments are operating companies in SSA, which generally find it more difficult to raise equity and debt financing on the international markets at reasonable rates than European or North American companies. As a result, the Company's strategy is centred on raising equity at the level of the Company, in addition to its current cash resources, to fund growth and future acquisitions, and the Company may also support the raising of debt financing at the Group level, where appropriate. Any raising of debt or equity financing will ultimately be to accelerate the Company's strategy and further its long-term growth and expansion plan. If the Company is unable in the future to raise further equity and debt, for instance as a result of unfavourable financial market conditions, to adequately support further acquisitions in pursuit of its strategy to create a leading African banking group, it may not be able to sufficiently capitalise its subsidiaries, which could impact growth in the Group's corporate lending and retail lending business as well as the Group's long-term growth and expansion strategy. This could have a material adverse effect on the Group's business, results of operations and/or financial condition.

1.20 The Group and UBN operate in tax environments in which uncertainties exist around regulations, laws, and potential future changes to such regulations or laws

Uncertainties exist with respect to the interpretation of complex tax regulations, changes in tax laws, and the amount and timing of future tax charges. Given the wide range of international business relationships and the long-term nature and complexity of existing contractual agreements, differences arising between the actual results and the assumptions made, or future changes to such assumptions, could necessitate future adjustments to tax expenses already recorded. The Group and UBN each establishes provision, based on reasonable estimates, for possible audits by the tax authorities of the respective countries in which they operate. The amount of such provision is based on various factors, such as experience of previous tax audits and differing interpretations of tax regulations by the taxable entity and the responsible tax authority. Such differences of interpretation may arise on a wide variety of issues depending on the conditions prevailing in the respective domicile of the Group companies or UBN.

1.21 The Group and UBN face strong competition in their markets, which may hinder their abilities to achieve set targets

Although the banking market in SSA is still underdeveloped, competition in the Group's principal markets in Botswana, Mozambique, Rwanda, Tanzania, Zambia and Zimbabwe as well as UBN's principal market Nigeria is extensive. The Group's ability to form a leading African banking group and to create first-tier banks in each of its principal target markets requires it to effectively compete with the other main banks in the area and to differentiate from the competition, specifically in terms of quality, capitalisation, efficiency, business know-how and scope of business network as well as technology.

Digital banking has also created a platform for new entrants. The Group's ability to execute and deliver on its digital financial services strategy is key to the Group's ability to compete in the evolving industry landscape.

Competitors may also have more financial and management resources and better access to debt and equity capital markets. Failure by the Group or UBN, or any other financial services business in which the Company has or acquires an interest in the future, to effectively compete in their respective markets could have a material adverse effect on the Group's or UBN's respective businesses, results of operations and/or financial condition.

1.22 Lending ability may be restricted if the Group is unable to meet regulatory requirements relating to capital adequacy

The Group's banks and UBN are subject to the regulations of the relevant banking regulators in each of the jurisdictions in which they operate. All of these jurisdictions currently impose capital adequacy requirements that are generally based on the international framework for capital measurement and capital standards of banking institutions proposed by the Basel Committee on Banking Supervision (the "Basel Committee") in 1988, commonly known as the Basel capital framework ("Basel I"). In 2004, the Basel Committee issued a revised capital

adequacy framework (“Basel II”) to replace Basel I. With regard to the risk weightings to be applied to exposures to sovereign states, Basel II replaced the previous approach by a system that uses both external and internal credit assessments for determining risk weightings.

The Group’s subsidiaries are currently following either a Basel I framework or moving on to Basel II, as required by the local bank regulators. Central banks in the jurisdictions in which the Group operates have elected to adopt the standardised approach to risk weighting for all risk types, whilst permitting banks to develop adequate data repositories for the possible use of advanced approaches in the future.

Following the guidance of Basel I, the regulators in the jurisdictions in which the Group operates require that all banking subsidiaries should hold capital equal to a percentage of their risk-weighted assets. The minimum capital adequacy ratios in these jurisdictions range from 8% to 15%. The regulator in Tanzania is implementing an increase in its minimum capital adequacy requirement ratio to 14.5% which will be in force by August 2017, and the regulators in Mozambique has also announced an increase in its minimum capital adequacy ratio from 8% to 12%, to be implemented over a three-year period from 2017.

Historically, the Group’s subsidiaries have been able to meet these minimum capital adequacy ratios or, in the exceptional circumstances where they have not met the minimum capital adequacy ratios, the situation has always been swiftly resolved in agreement with the relevant regulators.

The regulator in Zambia operates a two-tier capital adequacy system consisting of a minimum capital adequacy requirement (10%) and an absolute capital requirement (Kwacha 520.0 million) for a foreign-owned bank and Kwacha 104.0 million for locally-owned banks). Following the acquisition of FBZ (a locally-owned bank) and subsequent merger with BancABC Zambia (a foreign-owned bank), the merged bank became subject to the foreign-owned bank requirements, thereby leading to a shortfall in the absolute capital requirement. By contrast, BancABC Zambia’s capital adequacy ratio of 12.5% still exceeds the minimum capital adequacy ratio of 10% for Zambian banks. The regulator in Zambia has granted a waiver on the minimum capital requirement until December 2017, and the Directors believe that this minimum capital breach will be rectified before the end of 2017 based on the current plans the Group has in place to do so, as approved by the Zambian regulator. In the event this is not achieved, the Directors will seek a further extension of time from the Bank of Zambia and consider other measures to rectify the situation. The Bank of Zambia has wide discretion to grant dispensations for a financial institution to address any capital deficiency. If the deficiency is not rectified and the Bank of Zambia does not grant any more dispensations, it has the power to (i) suspend the financial institution’s lending privilege, branch expansion and capital expenditures, or direct the financial institution to restructure its balance sheet risks to the satisfaction of the Bank of Zambia; and (ii) suspend, fine and/or imprison for up to five years any director, officer or employee who approves any loan or credit facility, branch expansion or capital expenditure while the bank remains under suspension.

During the third quarter of 2016, UBN’s capital adequacy ratio dropped to 13.3%, below the minimum requirement of 15% imposed by the Central Bank of Nigeria for banks with international authorisation. UBN responded to this by announcing the UBN Rights Issue, which is intended to bring its capital adequacy ratio above the Central Bank of Nigeria’s minimum level for banks with an international authorisation. A capital plan was agreed by UBN with the Central Bank of Nigeria to regularise such capital shortfall. Where a bank fails to meet the specified capital adequacy ratio, it may be prohibited from advertising for or accepting new deposits, granting credit and making investments, or paying cash dividends to shareholders. In addition, non-compliance with the capital adequacy ratio prescription may constitute a ground for revocation of the banking licence of the bank. The prudential guidelines issued by the Central Bank of Nigeria however provide a scale for the effect of falling below the prescribed capital adequacy ratio, so that the effect depends on the level of undercapitalisation of the bank.

In December 2010 and January 2011, the Basel Committee issued its final guidance on a new capital adequacy framework (“Basel III”). The reforms under Basel III include increasing the minimum common equity (or equivalent) requirement and applying stricter regulatory adjustments. In addition, banks will be required to maintain, in the form of common equity (or

equivalent), a capital conservation buffer. A countercyclical buffer may also be implemented if there is excess credit growth in any given country resulting in a system-wide build-up of risk. If the Basel III guidelines are implemented in their current form, they could increase the minimum quantity and quality of capital which the Group and UBN is obliged to maintain, as well as increasing the Group's and UBN's liquidity requirements.

Once Basel III implementation is initiated, there are likely to be significant challenges for the Group and UBN in meeting the net stable funding ratio targets, if they are implemented in a way that adheres strictly to the current proposals under Basel III. This is because the Group and UBN depend on short-term funding. The Company believes it is very unlikely that implementation of Basel III will commence in the near-term in those jurisdictions where the Group and UBN operates, as even more developed legal and regulatory environments have faced significant practical challenges prior to implementation.

There can be no assurance that the appropriate regulators will not further raise the capital requirements applicable to the Group or UBN, and if the Group or UBN requires additional capital in the future, there can be no assurance that it will be able to obtain this capital on favourable terms, in a timely manner or at all.

If the Group or UBN fails to meet the capital adequacy requirements, the relevant regulator(s) may take certain actions, including restricting its asset growth, suspending all but its low-risk activities and imposing restrictions on the payment of dividends. Failure of the Group or UBN to comply with capital adequacy ratios may ultimately result in the revocation of banking licences. These actions could materially and adversely affect the Group's or UBN's respective businesses, results of operations and/or financial condition.

1.23 The Group and UBN may in the future be subject to new legal and statutory requirements and their ability to meet new requirements has not been tested

The Group's and UBN's operations are subject to regulation by various government and banking authorities in the jurisdictions in which they operate, and must comply with these regulatory requirements to obtain, maintain and renew operating licences and permits. Changes in the nature of the regulatory requirements applicable to entities in any jurisdiction in which the Group and UBN operate could limit the Group's or UBN's respective abilities to execute their growth strategy and could adversely affect existing business and results of operations.

The Group is international, and therefore has an increased burden of regulatory management and compliance than if it operated in a single jurisdiction.

Regulatory obligations require a commitment of resources. The Group's and UBN's respective abilities to comply with applicable laws, rules and regulations is largely dependent on their establishment and maintenance of compliance, control and reporting systems, as well as their ability to attract and retain qualified compliance and other risk management personnel. If it fails to maintain such compliance and reporting systems or fails to attract and retain personnel who are capable of designing and operating such systems, this will increase the likelihood that the Group or UBN may breach applicable laws and regulations exposing them to the risk of civil litigation and investigations by regulatory agencies. Similarly, any failure of commercial management to understand and act upon applicable laws and regulations would present a similar risk.

The requirements imposed by the regulators are designed to ensure the integrity of the financial markets and to protect customers and other third parties who deal with the Group or UBN and are not designed to protect the Group's or UBN's respective shareholders or investors. Consequently, these regulations can serve to limit the Group's or UBN's flexibility regarding capital structure. Customer protection and market conduct requirements may also limit the scope of the Group's or UBN's respective activities, or increase the costs of carrying out their businesses.

1.24 The Group and UBN operate in each of their respective target countries under banking licences that are subject to compliance with stringent controls and prudential requirements

While UBN only operates in Nigeria and the UK and therefore only requires a Nigerian banking licence and authorisation from the FCA, the Group holds banking licences in each market in which it operates. Each jurisdiction issuing banking licences also supervises local banks operating under such banking licences, and may prescribe different business standards

and minimum capitalisation requirements for operating subsidiaries of the Group in that jurisdiction or subject to its regulatory authority. In recent years, regulators in some of the markets in which the Group operates as well as the Nigerian bank supervisor have implemented more stringent and burdensome compliance requirements and controls for banks. Compliance with local controls requires significant efforts and it cannot be guaranteed that local regulatory requirements will not be introduced that would constrain the Group's and UBN's ability to retain their respective banking licences or to continue to operate under their licences in the same way they have in the past. Any loss of a licence or further burdensome regulation and control could have a material adverse effect on the Group's or UBN's respective businesses, results of operations and/or financial condition. The Directors are not aware of existing or upcoming issues in relation to any of the Group's banking licences.

1.25 *The Group's and UBN's reputation and ability to do business may be impaired by exposure to corruption risks*

The Group and UBN operate in countries and sectors considered to be at high risk for corruption. While the Company, each member of the Group and UBN are each committed to conducting business in a legal and ethical manner and have put in place policies and procedures to prevent and monitor corrupt behaviour, there is a risk that their employees or agents or other third parties may take actions that would be prohibited by the U.S. Foreign Corrupt Practices Act or the United Kingdom Bribery Act 2010 or legislation promulgated pursuant to the 1997 Organisation for Economic Co-operation and Development Convention on Combating Bribery of Foreign Public Officials in International Business Transactions or other applicable local anti-corruption rules or regulations. These actions could result in monetary penalties against the Group or UBN and could damage the Group's and/or UBN's reputation and, therefore, their respective abilities to do business and could have a material adverse effect on the Group's or UBN's respective businesses, results of operations and/or financial condition. The Directors are not aware of any material instances of corruption within the Group.

1.26 *The Group and UBN may be exposed to risks of non-compliance with anti-money laundering regulations, which could result in governmental fines and reputational damage*

The Group and UBN are required to comply with a variety of anti-money laundering and anti-terrorism laws and other regulations in the jurisdictions in which they operate and each bank is required to comply with further standards if it expands its operations.

While the Group and UBN have implemented policies and procedures aimed at detecting and preventing the use of their banking networks for money laundering and terrorist activities, these may not be sufficient to prevent potential money laundering schemes perpetrated by individuals and companies in the target markets. To the extent that the Group or UBN fails to fully comply with applicable laws and regulations, the relevant government agencies to which it reports have authority to impose fines and other penalties, including the suspension or removal of banking licences. The Group's and UBN's business and reputation could suffer as a result of the imposition of any such penalties or any allegations relating thereto, which could, in turn, have a material adverse effect on the Group's or UBN's respective businesses, results of operations and/or financial condition.

1.27 *The Group operates in a country whose citizens have been targets of international sanctions*

The United States Office of Foreign Assets Control ("OFAC") as well as the EU, currently administers limited economic sanctions that target certain entities and individuals in certain countries, including Zimbabwe. Although the Group has implemented policies and procedures to screen and prevent transactions with designated persons, there is no guarantee that the Group through its Zimbabwean subsidiary may not engage in transactions with such designated entities and individuals in compliance with the laws applicable to those transactions in Zimbabwe. To the Company's knowledge, the Group has not engaged in, and does not expect to engage in, any actions that would violate OFAC or EU sanctions or cause the Group to be sanctioned by any relevant authority, and the Group currently screens all new corporate and retail customers to establish that they are not the subject of international sanctions (including those administered by OFAC and the EU). However, there can be no assurance that such screening will be effective in every case. The Group's reputation may

suffer if its operations in Zimbabwe are linked to persons that are the subject of international sanctions. Any such damage to reputation, or any sanction by governmental authorities, may have a material adverse effect on the Group's business or the prices of its securities.

1.28 Labour disputes, strikes and related actions by the employees of the Group or UBN could disrupt banking operations and could have an impact on the reputation of the respective affected bank

A labour dispute or a strike in any of the countries in which the Group or UBN operates could disrupt banking operations and impact the Group's or UBN's respective reputations in their markets. To date, there have been no labour disputes or strikes that have caused major disruption to the Group. In addition, negotiations related to labour disputes could result in higher costs as a result of demands by its workforce. UBN is also unionised and has recently exited a substantial part of its legacy workforce. In addition, negotiations are currently ongoing with respect to the unionized staff of the two banks merged in Zambia. There is no guarantee that future labour disputes would not arise. Any such event could have an adverse effect on the Group's or UBN's respective businesses and reputation.

2. ADDITIONAL RISKS RELATING TO THE TRANSACTION AND THE COMPANY'S POST-TRANSACTION STRATEGY

2.1 Implementation of the Transaction, or further steps taken to acquire a majority stake in UBN in the future, may result in the Company being required to make a mandatory takeover offer for all outstanding shares in UBN

As detailed in Part XVIII (*Description of the Clermont Stake Acquisition and the Transaction*), following the completion of the Clermont Stake Acquisition and the UBN Rights Issue, the Company anticipates it will have a pro forma interest in UBN of approximately 44.5% (aggregating its direct and indirect holdings) but will not acquire a majority stake in UBN. The Nigerian Investment and Securities Act 2007 (the "2007 Act") requires a shareholder in a publicly traded Nigerian company to make a mandatory takeover offer to the holder of any class of equity share capital in which such shareholder or any person acting in concert with it holds shares for all outstanding shares of that class in the company when its shareholding reaches or exceeds 30% of the voting rights of that company.

If in the future the Company decides to:

- extract its shares in UBN held indirectly through UGPL and thereby convert them to a direct shareholding;
- purchase additional shares in UBN through open market purchases; or
- pursue a combination of the above,

the Company would, if its direct shareholding reached or exceeded 30% of UBN's total shares, be required to make a mandatory takeover offer for all outstanding shares (of the same class held by the Company) in UBN under the 2007 Act.

Any retrospective change in the law or change in the interpretation of the law in Nigeria which applies the mandatory takeover offer rules under the 2007 Act to include indirect shareholdings could additionally require the Company to make a mandatory takeover offer for all outstanding shares in UBN.

2.2 The structure of the financing of the Clermont Stake Acquisition and the Transaction, including the Issue, will result in Fairfax Africa being a new major shareholder in the Company with rights to appoint Directors to the Board

As a result of the conversion of the Mandatory Convertible Bonds and the structure of the Firm Placing and Placing and Open Offer, Fairfax Africa (together with its affiliates) will be a major new shareholder in the Company that will hold at least 34.8% of the Ordinary Shares in the Company, and potentially up to 53.4% of the Ordinary Shares in the Company if there is no take up by Shareholders of Basic Open Offer Entitlements (calculated excluding Ordinary Shares held in escrow as part of the contingent consideration for the acquisition of FBZ and Ordinary Shares held in Treasury). Fairfax Africa will, pursuant to its, and its affiliates, voting interests in the Company and its right to appoint up to four Directors to the Board (out of a total of nine), be able to exercise a significant influence on the Board and in relation to shareholder votes of the Company. As a result, the strategy of the Company and its ability to

pursue such strategy and other activities may be dependent on the approval of Fairfax Africa, and the interests of Fairfax Africa may not be aligned with those of the Company's other shareholders.

Fairfax Africa is a Canadian investment holding company, whose objective is to achieve long-term capital appreciation, while preserving capital, by investing in public and private equities and debt instruments in Africa and African businesses or other businesses with customers, suppliers or business primarily conducted in, or dependent on, Africa. Fairfax Africa is listed on the Toronto Stock Exchange under the symbol FAH.U. In the first quarter of 2017, Fairfax Africa completed its initial public offering raising gross proceeds of approximately US\$506 million. These proceeds included a US\$75.0 million in-kind contribution of an indirect interest in AFGRI Holdings Proprietary Limited, a South Africa-based leading agricultural services and food processing company with a core focus on grain commodities. Additional information regarding Fairfax Africa is available at www.fairfaxafrica.ca.

2.3 Further acquisitions of shares in UBN or UGPL in the future may result in a suspension of the Company's listing under the reverse takeover rules

If the Company were to acquire additional shares in UBN (either through purchases of additional shares or by extracting its indirect shareholding from UGPL), or to increase its shareholding in UGPL, such that the Company were required to consolidate UBN's balance sheet into its consolidated balance sheet, the impact of such consolidation would likely mean that the relevant transactions resulting in such consolidation would exceed the thresholds for a reverse takeover under the Listing Rules. In such circumstances, the Company's Ordinary Shares and Warrants may, depending on discussions with the UK Listing Authority, be suspended pending the publication of a readmission prospectus.

The Company would be required to consolidate UBN's balance sheet into its consolidated balance sheet when it acquires control over UBN pursuant to the meaning of control under IFRS 10. Based on the current governance arrangements in place in UBN and UGPL, the Company expects that control will first be achieved when the Company acquires, directly or indirectly, over 50% of all UBN shares.

Generally, when a reverse takeover is announced or leaked, there may be insufficient publicly available information in the market about the proposed transaction and the listed company will be unable to assess accurately its financial position and inform the market appropriately. In this case, the FCA will often consider that suspension of the listing of the listed company's securities will be appropriate. The London Stock Exchange will suspend the trading in the listed company's securities if the listing of such securities has been suspended. However, if the FCA is satisfied that there is sufficient publicly available information about the proposed transaction it may agree with the listed company that a suspension is not required. The FCA will generally be satisfied that a suspension is not required in the following circumstances: (i) the target company is admitted to listing on a regulated market or another exchange where the disclosure requirements in relation to financial information and inside information are not materially different than the disclosure requirements under the Disclosure and Transparency Rules; or (ii) the issuer is able to fill any information gap at the time of announcing the terms of the transaction, including the disclosure of relevant financial information in relation to the target and a description of the target.

If the FCA determines that there is insufficient information in the market about UBN, the Company's Ordinary Shares and Warrants may be suspended from listing and may not be readmitted to listing thereafter. A suspension or cancellation of the listing of the Company's Ordinary Shares and Warrants would materially reduce liquidity in such shares and such warrants, which may materially affect the ability of an investor in the Company to realise some or all of its investment in Ordinary Shares and Warrants and/or the price at which such investment can be realised.

2.4 Further steps taken to acquire a majority shareholding in UBN in the future would result in the Company being more exposed to a single subsidiary bank and a single market

The Group's banking operations are currently diversified among its six main markets. If the Company were to acquire a majority stake in UBN, the size of the acquisition and the balance sheet of UBN would considerably change the size and composition of the Company's consolidated balance sheet, which would be substantially influenced by the future financial

performance of UBN. The size of UBN's balance sheet relative to the Company's current consolidated balance sheet would result in the Company being more exposed to a single market, Nigeria, than is currently the case. Any deterioration in Nigeria's economic prospects or in the financial performance of UBN would therefore be expected to have a similar impact on the Group's operations and financial performance.

2.5 *The Company is required to seek approval from the PRA prior to the Clermont Stake Acquisition which may not be granted at all or prior to the long stop date for the Clermont Stake Acquisition, and further acquisitions of direct or indirect interests in UBN may result in the Company being required to seek further regulatory approvals, which may not be granted*

PRA approval is required as a condition precedent to the Clermont Stake Acquisition as the Company, and the relevant subsidiaries within the control chain, would fall within a different control band in respect of UBN's UK-regulated subsidiary, Union Bank UK plc, as a result of the acquisition. There can be no assurance that such regulatory approval will be granted at all, or prior to the long stop date for completion of the Clermont Stake Acquisition.

In the event that the Company decides to acquire further direct or indirect interests in UBN, it may be required to seek other regulatory approvals in respect of such acquisitions. There can be no assurance that any such regulatory approvals would be granted.

3. ADDITIONAL RISKS RELATING TO UBN

3.1 *Nigeria has recently experienced significant depreciation of the Naira, inflation and economic recession*

Nigeria experienced significant depreciation in the Naira in 2016, following the Central Bank of Nigeria's decision to introduce a flexible exchange rate in Q2 2016 after significant pressure on the then-existing currency peg to the US dollar. The Naira proceeded to depreciate from the value of N199/US\$, ending 2016 at N304/US\$. Inflation rose from 9.62% in January 2016 to 18.55% in December 2016. The Nigerian economy contracted by approximately 1.5% in 2016, compared with 2.8% growth in 2015. The depreciated Naira impacted the quality of UBN's loan book and contributed to UBN's capital adequacy level falling to 13.3%, below the 15% stipulated by the Central Bank of Nigeria for banks operating with an international licence. The Group's associate income deriving from UBN in 2016 was US\$18.1 million compared with US\$20.2 million for 2015, representing a decrease of 10.4%.

While the Nigerian outlook may be improving, UBN, as a Nigerian bank, is exposed to the difficult economic and currency environment in Nigeria, which may in turn have adverse effects on UBN's businesses and performance.

3.2 *UBN's investment and loan portfolios and deposit base are highly concentrated*

UBN's investment portfolio (consisting of non-pledged trading assets, pledged assets, investment securities, trading properties and investment properties), constituted 20.0% of total assets, or N250,129m as of 31 December 2016. UBN's investment portfolio is highly concentrated in Nigerian federal government bonds and state government bonds (the "FGN Bonds") and treasury bills (together the "Government Securities"). As of 31 December 2016, N140,961m or 56.4% of UBN's investment portfolio consisted of investments in Government Securities. Further, in the event that UBN's deposits grow at a faster pace than its loan portfolio, it may need to increase its investments in Nigerian treasury bills and federal and state government bonds which are subject to the risk of declining yields and/or default. In the event that the Nigerian government defaults on its obligations, the value of Government Securities declines or there is some other interruption in the market for Government Securities, there could be a significant adverse impact on UBN. In addition, the continued strengthening of the Nigerian economy could lead to less risk aversion and lower demand for Government Securities, resulting in lower prices which could have an adverse impact on UBN.

As of 31 December 2016, 43% of UBN's depositors came from the corporate and commercial segments, with 57% from retail. Failure to manage concentration risks could, however, expose the Group to increased liquidity risk and have a material adverse effect on the Group's business, results of operations and/or financial condition.

3.3 UBN's loan book is exposed to the oil and gas sector

UBN's net loans in 2016 comprised approximately 47% of lending to the oil and gas sector, which represents a significant exposure to that sector. While these loans are split between upstream and downstream activities and UBN has already restructured a proportion of them and now lends to that sector on set risk appetite limits, volatility in oil and/or gas prices could, given the size of UBN's exposure, have an adverse effect on UBN's business, results of operations and financial condition.

3.4 UBN's execution of the UBN Rights Issue may result in dilution of the Company's interests in UBN

The Group intends to maintain its interest in UBN, and the interest to be acquired following the completion of the Clermont Stake Acquisition, by participating in and funding (up to the proportionate value of the Group's pro forma stake in UGPL after completion of the Clermont Stake Acquisition) UGPL's participation in the UBN Rights Issue. Any failure by the Group to follow its rights or to fund UGPL to follow its rights pursuant to the UBN Rights Issue would result in the dilution of the Group's interest in UBN.

3.5 UBN's execution of the UBN Rights Issue may not be successful in meeting its minimum capital adequacy ratio requirements

There is a risk that the UBN Rights Issue may not raise sufficient capital for UBN to meet its minimum capital adequacy requirements in Nigeria, which may affect UBN's business and operations. If UBN were to seek further capital to increase its capital adequacy ratio, and the Group did not or was unable to participate in such further capital raising, the Group's interest in UBN may be diluted.

3.6 UBN may have inadequate insurance to cover losses suffered as a result of a breakdown in internal control policies and procedures

There is a risk that UBN will not be able to ensure that its internal control policies and procedures will protect it from fraud or other criminal acts committed by its employees. There can be no assurance that UBN will not suffer losses from any failure of its controls to detect or contain operational risk in the future and the inadequacy or a failure of its internal processes or systems may result in unauthorised transactions and errors that may not be detected.

Furthermore, there can be no assurance that the insurance obtained by UBN will be sufficient to cover the losses from all such transactions or errors that, in turn, may have a material adverse effect on the Group's business, results of operations and/or financial condition.

3.7 UBN may face regulatory consequences as a result of its free float being below the minimum requirement

There is currently a 12.9% free float of UBN's shares, which is below the mandatory 20% free float requirement prescribed by the Nigerian Stock Exchange Listing Rules. The Nigerian Stock Exchange has previously granted UBN a waiver of this requirement for a five-year period which expired on 30 June 2017. The Company understands that UBN is currently seeking a further extension of the waiver and UBN believes it will be granted, however there can be no guarantee that such extension will be granted. In Nigeria, where a company falls below the free float requirement and there is no waiver in place, such company may voluntarily delist or be subject to a regulatory delisting by the Nigerian Stock Exchange if the free float requirement is not addressed. The Nigerian Stock Exchange will usually grant a grace period prior to requiring an issuer to delist. If UBN is delisted either via a voluntary delisting or a regulatory delisting, UBN's shares will no longer be traded on the Nigerian Stock Exchange. In addition, where UBN delists either voluntarily or through a regulatory delisting, UBN is precluded from making an application for listing on the Nigerian Stock Exchange for a period of three years from the date of the delisting. A delisting could adversely affect the valuation of UBN and therefore the Company's interests in UBN.

4. RISKS RELATING TO THE FINANCIAL SERVICES SECTOR

4.1 *Global economies and financial markets are unstable, which could have a material adverse effect on a company operating in the financial services sector*

The financial condition and performance of companies operating in the financial services sector generally tend to be significantly affected by the regional and global economic conditions. As a result any worsening of general economic conditions in Africa or globally may have a material adverse effect on the Group and/or UBN.

4.2 *The financial services sector in the region is becoming increasingly competitive and the growth strategy of the Group depends on effective competitive positioning*

The banking industry in the countries in which the Group and UBN operate has become increasingly competitive, which has resulted in increasing pressure on the loan interest rates chargeable by the Group and UBN. Competitive pressure to reduce interest rates could have a material adverse effect on the Group's or UBN's respective businesses, results of operations and/or financial condition.

4.3 *The Group and UBN could be adversely affected by a deterioration of the commercial soundness of other financial institutions*

The Group and UBN are each exposed to different industries and counterparties in the normal course of their respective businesses, but their exposure to counterparties in the financial services sector is particularly significant. This exposure can arise through trading, lending, deposit taking, clearance and settlement and other activities and relationships. The Group's and UBN's counterparties include brokers and dealers, commercial banks, investment banks, insurers and hedge funds, and other institutional clients. Many of these relationships could expose the Group and/or UBN to credit risk in the event of default by a counterparty or client. The failure of these counterparties to settle or their perceived weakness could have a material adverse effect on the Group's or UBN's respective businesses, results of operations and/or financial condition.

4.4 *The Group and UBN are subject to regulatory compliance risk*

Companies in the financial services sector tend to be highly regulated. Non-compliance with such regulations could lead to fines, public reprimands, damage to reputation, increased prudential requirements, enforced suspension of operations or, in extreme cases, withdrawal of authorisations to operate.

Any future regulatory changes within the financial services sector may potentially restrict the operations of the Group or UBN in such industry, impose increased compliance and regulatory capital costs, restrict leverage/borrowing and dividend payments, reduce investment returns or increase associated fees, restrict the ability to hedge or off set investment exposure, increase corporate governance/supervision costs, reduce the competitiveness of any business of the Group or UBN, reduce the ability of the Group or UBN to hire and retain key personnel or impose restrictions on whether individuals may be appointed or retained as directors and impose other restrictions and obligations which could adversely affect the Group's or UBN's respective profitability.

5. RISKS RELATING TO AFRICA

5.1 *Investments in many African countries can be subject to greater risks than investments in more developed countries*

Operating a business in Africa can involve a greater degree of risk than operating a business in more developed countries.

Among others, these risks include the possibility of nationalisation, expropriation or confiscatory taxation, imposition of withholding or other taxes on dividends, interest, capital gains or other income, political changes, government regulation, political and social instability, terrorism, civil wars, guerrilla activities, military repression, crime, extreme fluctuations in currency exchange rates and hyperinflation, which could adversely affect the economies of such countries or the value of the Group's or UBN's assets in those countries. There may also be restrictions on the right to convert or repatriate currency or export assets.

Many of the laws that govern the acquisition of or the investment in private companies and other contractual relationships in emerging markets are new and largely untested. As a result, the Group and UBN may be subject to a number of unusual risks, including inadequate investor protection, contradictory legislation, incomplete, unclear and changing laws, ignorance or breaches of regulations on the part of other market participants, lack of established or effective avenues for legal redress, lack of standard practices and confidentiality customarily characteristic of developed markets and lack of enforcement of existing regulations. Furthermore, it may be difficult to obtain and enforce a judgment in certain of the emerging markets in which the Group and UBN operate. The Group can offer no assurance that this difficulty in protecting and enforcing rights will not adversely affect its investments. In the event that any of the above risks are realised, the Group or UBN could suffer a material adverse effect in their respective businesses, results of operations and/or financial condition.

Investors should exercise particular care in evaluating the risks involved and must decide for themselves whether, in light of those risks, their investment is appropriate. Generally, investments in securities of issuers that invest in SSA are only suitable for sophisticated investors who fully appreciate the significance of the risks involved and investors are urged to consult their own legal and financial advisers before making an investment in the New Ordinary Shares. Investors should also note that SSA countries are subject to rapid change and that the information set forth in this document may become outdated relatively quickly.

Moreover, financial turmoil in any emerging market country tends to adversely affect prices in equity markets of other emerging market countries, as investors move their money to more stable, developed markets. As has happened in the past, financial problems or an increase in the perceived risks associated with investing in emerging economies could dampen foreign investment in SSA and adversely affect the economies of SSA countries. In addition, during such times, companies that operate in emerging markets can face severe liquidity constraints as foreign funding sources are withdrawn.

Companies located in countries in emerging markets may be particularly susceptible to disruptions in the capital markets and the reduced availability of credit or the increased cost of debt, which could result in these companies experiencing financial difficulties. In addition, the availability of credit to entities operating within emerging markets is significantly influenced by levels of investor confidence in such markets as a whole and so any factors that impact market confidence (for example, a decrease in credit ratings or state or central bank intervention) could affect the price or availability of funding for entities within any of these markets.

5.2 *Foreign companies wishing to invest in certain African countries, including those in which the Group and UBN operate, may be obliged to obtain prior clearance and approvals to do so from the relevant regulatory authorities in those countries, and failure to obtain, or in the case of existing investments to retain, such clearances will significantly impair the Group's or UBN's respective abilities to achieve its objectives*

Foreign companies wishing to invest in many African countries can be required to obtain prior clearance and approvals from the regulatory authorities in those countries. The regulations of the central banks of many African countries provide that shares in locally registered companies may, in certain circumstances, only be issued to a foreign resident with the approval of the relevant central bank. Prior to the Group or UBN making any new investment or expanding a business into a new country in Africa, it may need to seek and be granted an investment certificate pursuant to any applicable central bank regulations. There is no guarantee that the Group or UBN will be successful in obtaining such approvals and clearance or that any existing approvals and clearances will not be revoked or withdrawn.

5.3 *The implementation of economic empowerment legislation requiring minimum local shareholder participation may negatively affect the Group's or UBN's respective financial condition and results of operations*

Many countries in Africa in which the Group and UBN operate have either already introduced or are proposing to introduce legislation with the intention of economically empowering local citizens. The legislation typically requires minimum percentage participation by local shareholders in the equity of the businesses operated in those countries. If fully implemented

in the countries in Africa in which the Group and UBN operate, or in which the Group may operate in the future, the Company may be unable to retain majority ownership or control of businesses, which may adversely affect its financial position.

In addition, any majority owned investments by the Group could be subject to forced sale or confiscation in order to achieve compliance with the foreign ownership limitations contained in any applicable legislation.

5.4 *Regulatory reforms and governmental and central bank action may significantly affect the business model and the competitive environment of the businesses*

The banking activities of the Group and UBN are subject to extensive regulation in the countries in which they operate. Following the global financial crisis, a number of regulators in SSA have tightened the regulatory frameworks within which the Group and UBN conduct their businesses. These measures have included increasing the amounts of the minimum regulatory capital the banks are required to maintain, increasing cash reserve ratios on public sector deposits, increasing the risk weighting of loans to selected public sector borrowers, reducing fees chargeable to customers and introducing a floor on savings deposits. Similarly, governments and central banks have imposed asset-based or transaction-based fees, which are paid to the government or central bank or into a prudential fund. The responsible regulatory authorities may change the amounts of these asset-based and transaction-based fees at any time. Depending on the amount and timing of these increases, they can have a significant effect on the Group's or UBN's results of operations and may result in changes being made to their respective business models.

Since 1 April 2013, the Central Bank of Nigeria has required that Nigerian savings accounts must earn interest at a minimum rate of 30% of Nigeria's monetary policy rate per annum. At the current monetary policy rate of 14.0%, this translates to a minimum of 4.2% per annum. An increase in this minimum rate could reduce the profitability of UBN's activities. In addition, UBN, along with other Nigerian banks, is required each year to contribute 0.50% of its total assets in respect of the immediately preceding financial year into a fund to cover any net deficit of AMCON. Such charges, and increases to such charges, negatively affect UBN's profitability.

African countries are also increasingly implementing international banking regulation standards. In recent years, SSA countries have implemented various Basel II specific measures, specifically relating to minimum regulatory capital requirements and supervision of banks. With the global adoption of the Basel III framework, banks in the Group's and UBN's current markets, and future SSA target markets of the Company, could be faced with even higher minimum capital requirements than they are today and a more complex regulatory framework. These regulatory changes could have a material adverse effect on the Group's or UBN's respective businesses, results of operations and/or financial condition.

5.5 *Economic growth in several SSA countries is heavily dependent on the extraction of natural resources and global commodity prices*

The economies of several SSA countries rely to a significant degree on the extraction of natural resources for growth, which causes these countries to be dependent on global demand for these natural resources and also to be especially susceptible to fluctuations in global commodity prices. Nigeria's oil production accounts for a significant amount of its GDP, while Zambia's economy is particularly dependent on copper mining.

Oil prices are subject to wide fluctuations in response to relatively minor changes in the supply of, and demand for, oil, market uncertainty and a variety of additional factors, including political conditions in the Middle East and other regions, internal and political decisions of the Organization of the Petroleum Exporting Countries and other oil producing nations as to whether to decrease or increase production of crude oil, domestic and foreign supplies of oil, consumer demand, weather conditions, domestic and foreign government regulations, transport costs, the price and availability of alternative fuels and overall economic conditions. Other commodity prices may demonstrate volatility due to these and other factors.

The lack of economic diversification in some of the SSA countries, coupled with their dependency on global commodity prices, exposes them to fluctuations in general economic activity, which in turn affects the demand for banking services. A sharp or sustained decline in demand for banking services or asset quality could have a material adverse effect on the Group's or UBN's respective businesses, results of operations and/or financial condition.

5.6 High inflation, exchange rate changes and interest rate volatility could have a material adverse effect on the economics of target markets

SSA countries are exposed to the risk of high inflation. In addition to the hyperinflation experienced by Zimbabwe in the past, which led to the adoption of the US dollar as its *de facto* currency in 2009, the countries in which the Group and UBN operate experienced average annual inflation rates (measured by the consumer price index) between 2007 to 2016 ranging from 6.3% in Rwanda to 10.7% in Nigeria (Source: World Bank, World Development Indicators). In 2016, Nigeria had an annual inflation rate of 15.7%, while Mozambique had an annual inflation rate of 19.9% (Source: World Bank, World Development Indicators).

Zimbabwe in particular remains a challenging economic environment. In 2016, the Zimbabwean government introduced a bond note system to address a lack of physical cash in the banking system and the wider economy. While the country has not yet seen a return to hyperinflation, this remains a risk in Zimbabwe.

Although tighter monetary policies may help to curb inflation, the impact of inflation on higher food, fuel and other import prices is often beyond the government's control in SSA countries where most of these products are imported. Changes in monetary or fiscal policy may also result in higher rates of inflation. There can be no assurance that the inflation rate will not rise in the future. Significant inflation could have a material adverse effect on the economies of SSA countries and, as a result, on the Group's or UBN's respective businesses, results of operations and/or financial condition.

5.7 General elections, ethnic and religious differences and internal and regional conflicts may result in political instability or changes in policies by the governments in SSA and may adversely affect the business environment

While certain SSA countries such as Botswana, for example, have enjoyed political stability in recent years, other SSA countries have undergone substantial upheaval, in some cases accompanied by violence. In Nigeria, for example, while the 2015 general elections resulted in a peaceful transition of power, there is no assurance that the outcome of future elections will not be subject to challenge or result in further outbreaks of violence or discontent. The outcome of future elections may have a significant impact on Nigeria's political stability, may adversely affect its economy and no assurance can be given that the reforms and policies that are proposed or taking place at the relevant time will continue.

Any post-election administration in any of the Group's and UBN's current markets or the Company's future target countries may pursue different policies and priorities than the previous administration, alter or reverse certain reforms or take actions that make domestic and foreign investment less attractive. Further, if there are allegations of fraud or other irregularities in connection with elections and such allegations are not properly handled in an orderly manner, such allegations may undermine the legitimacy of the new administration or lead to protests, violence or other unrest.

Political differences within certain SSA countries can be exacerbated by ethnic and religious differences. For example, Nigeria is divided between the mainly Muslim north and Christian south, and there have been recent clashes between nomadic and agrarian communities. In some of the Company's potential target countries in SSA, similar ethnic and religious differences exist, which could lead to conflicts in the future.

Similarly, countries in which the Group and UBN operate are or have recently been subject to internal conflicts and civil unrest. In recent years, Zimbabwe has seen phases of civil unrest related to elections and potential food shortages, among other things. Political instability, in particular, has been detrimental to the financial sector and the Zimbabwean economy as a whole. Zambia was likewise exposed to civil unrest in recent years, both before and after the 2011 elections. Mozambique has a history of civil war and, although it has recently been a politically stable country, tensions could arise again. In addition, Nigeria has recently experienced ethnic and religious unrest, including religiously motivated attacks by the Islamic

extremist group Boko Haram, unrest in the oil-rich Niger Delta region and in other parts of the country regarding the allocation of oil revenue and other conflicts relating to issues of land ownership certain parts of the country. Increases or intensification of these tensions could pose a threat to the operations of UBN, which could have a material adverse effect on the Group's operations.

Any significant changes in the political climate in SSA countries such as changes affecting the stability of the government or involving a rejection, reversal or significant modification of policies, favouring the privatisation of state-owned enterprises, reforms in economically important sectors such as oil and gas, or other reforms, may have negative effects on the economy, government revenues or foreign reserves and, as a result, a material adverse effect on the Group's or UBN's respective businesses, results of operations and/or financial condition.

5.8 Failure to address infrastructure deficiencies could adversely affect the economy and growth prospects of certain SSA countries

Most of the SSA countries require substantial investment in infrastructure to grow their economies. These investments are proceeding at different speeds and with different emphases.

There can be no assurance that the plans to improve the available infrastructure in SSA countries will be implemented in a timely or efficient fashion, or at all. Failure to significantly improve the infrastructure in SSA countries could adversely affect the region's economy and growth prospects, including the respective countries' ability to meet their GDP growth targets. This, in turn, may have an adverse effect on the Group's or UBN's respective businesses, results of operations and/or financial condition.

5.9 Inefficiencies in the judicial systems in SSA countries and the fragmentation of jurisdictions and legal systems may create an uncertain environment for investment and business activity and additional burdens to operate in SSA

The legal systems of SSA countries reflect their historical roots and combine elements of traditional, civil and common law. Most of the Group's and UBN's current markets and the Company's potential future target countries are based on English common law or European civil legal systems. However, since SSA countries gained their independence, they have further developed their legal systems, resulting in a highly fragmented legal landscape in SSA.

All the Group's and UBN's markets' legal systems continue to undergo development and face a number of challenges, including delays in the judicial process.

Delays in obtaining judgments and enforcing them, in particular in enforcing against security received in lending transactions, as well as operating in a number of different legal jurisdictions, result in greater risk and uncertainty in the conduct of the Group's and UBN's businesses, which may have an adverse effect on the Group's or UBN's respective businesses, results of operations and/or financial condition.

In addition, the commitment of local business people, government officials and agencies and the judicial system to abide by legal requirements and negotiated agreements may be more uncertain, creating particular concerns with respect to licences and agreements for business which may be susceptible to revision or cancellation, as a result of which legal redress may be uncertain or delayed. There can be no guarantee that joint ventures, licences, licence applications or other legal arrangements will not be adversely affected by the actions of government authorities or others and the effectiveness of, and enforcement of, such arrangements in these jurisdictions cannot be assured, which may impact negatively on the Group's or UBN's respective businesses, results of operations and/or financial condition.

5.10 Certain proposed legal and regulatory reforms in SSA countries may not be successfully implemented and reforms may impose additional burdensome regulation

SSA countries generally require further legal and regulatory reforms to create a modern business environment comparable with that of more developed countries.

There is, however, the risk that the legal and regulatory reforms may not be implemented appropriately or that they may be delayed. Additionally, many SSA countries may also impose additional regulations as part of their reforms, specifically in the financial sector, that may be burdensome and result in increased costs of doing business.

If any reforms are not implemented as intended or the Group's target countries implement further reforms which constrain business activities, specifically in the financial sector, the Group, UBN and any future investments may be negatively influenced, which may have a material adverse effect on the Group's or UBN's respective businesses, results of operations and/or financial condition.

5.11 *Failure to adequately address actual and perceived risks of corruption may adversely affect the economies of SSA countries and their ability to attract foreign direct investment*

SSA countries have generally implemented and are pursuing major initiatives to prevent and fight corruption and unlawful enrichment. However, corruption remains a significant issue in SSA. Transparency International's 2016 Corruption Perceptions Index ranks Rwanda at the 50th place, Zambia at the 87th place, Tanzania at the 116th place, Mozambique at the 142nd place, Nigeria at the 136th place and Zimbabwe at the 154th place out of 176 countries and territories. The measures implemented in the Group's and UBN's current markets range from governmental commissions receiving complaints, pursuing investigations and prosecuting offenders such as in Nigeria, to more stringent criminal laws and efforts to promote increased awareness of the problem of corruption.

Despite these various reform efforts, corruption continues to be a serious problem in SSA. The Group or UBN may have to cease or alter certain activities or liquidate certain investments as a result of criminal threats or activities. Legal rights may be difficult to enforce in the face of corruption. Prospective counterparties to the Group or UBN may seek to structure transactions in an irregular fashion, to evade fiscal or legal requirements. They may also deliberately conceal information from the Group or UBN and their respective advisers or provide inaccurate or misleading information.

While the Group and UBN each maintains an anti-corruption policy and implement other safeguards and programmes across their businesses, including anti-corruption training programmes, designed to prevent the occurrence of fraud, bribery and corruption, they may not be able to detect or prevent every instance of fraud, bribery and corruption in every jurisdiction in which their respective employees, agents, subcontractors or joint venture partners are located. Each of the Group and UBN may therefore be subject to civil and criminal penalties and to reputational damage. Instances of fraud, bribery and corruption, and violations of laws and regulations in the jurisdictions in which the Group and UBN operate could have a material adverse effect on the Group's or UBN's respective businesses, results of operations and/or financial condition.

5.12 *Statistical information provided by governments in SSA may differ from that produced by other sources and may be unreliable*

The ministries and central banks of countries in SSA produce statistics relating to the respective countries, their economies and banking sectors. The Group and UBN use some of these statistics to evaluate their respective current business model and strategy and to implement their future strategy. There can be no assurance that these statistics are as accurate or as reliable as those published by counterpart agencies in more developed countries. As a result, an important basis for the Group's and UBN's analysis of the sector in which they operate and for their business decisions may be inaccurate, and this could have a material adverse effect on the Group's or UBN's respective businesses, results of operations and/or financial condition.

5.13 *There are risks associated with inadequate disclosure transparency in SSA, specifically with respect to self-dealing*

Many of the businesses with which the Group and UBN conduct business are closely held and are not subject to stringent disclosure standards. As a result, information made available to the Group or UBN in connection with banking transactions, such as the extension of loans, may not be entirely reliable. In particular, the distinction between personal activities and the activities of a business owned by an individual or group of individuals may be blurred, with the business undertaking activities that are for the benefit of the individual or group. The Group and UBN are familiar with these practices and rigorously apply the established lending criteria, but the risk remains that debtors of the Group or UBN may misrepresent their financial condition when seeking financing or subsequently misuse the proceeds of loans granted for a business purpose for their personal benefit. If the loan amounts are not

subsequently repaid and prove to be uncollectable, this would have a material adverse effect on the Group's or UBN's respective businesses, results of operations and/or financial condition.

5.14 SSA economies are vulnerable to natural disasters such as earthquakes and droughts

The economies of one or several of the Group's or UBN's markets could be significantly impacted by the occurrence of natural disasters such as earthquakes, droughts, floods, wildfires or the outbreak of epidemics. In 2008, the Lake Kivu earthquake had a significant impact on parts of the population of Rwanda. The 2011 East African drought, which occurred over a large part of the East African region, led to a severe food crisis and had a significant adverse effect on the economies of Somalia, Djibouti, Ethiopia, Kenya and Uganda. Other natural disasters have also occurred in the past, which affected the population of SSA countries and their economies. Should a significant natural disaster occur in one or several of the Group's or UBN's markets, the financial sector of such countries could be affected. Any such development could have a material adverse effect on the Group's or UBN's respective businesses, results of operations and/or financial condition.

5.15 Political and economic instability in Zimbabwe could adversely affect the Group

Zimbabwe conducted a general election in 2013 that was considered peaceful. However, there are debates as to whether the results were fair. The African Union and the Southern African Development Community announced that they believe that the results were democratic while the US and the UK do not believe that the elections were either free or fair. Concerns in the lead up to the elections, and delays on the part of the President of Zimbabwe in appointing his new cabinet and addressing succession issues with the Zanu PF party in the wake of the results, led to an uncertain political environment and outflows of an estimated US\$500 million from the domestic banking system.

The next general election in Zimbabwe is scheduled to be held on or before 31 July 2018. The current President of Zimbabwe has announced his intention to run as the Zanu PF party candidate in the 2018 general election.

Any disruptions, either political or economic, in Zimbabwe could have a material adverse effect on the operations, performance and profits of BancABC Zimbabwe.

OFAC as well as the EU, currently administer limited economic sanctions that target certain entities and individuals in Zimbabwe. There is a risk that the Group through its Zimbabwean subsidiary may engage in transactions with such designated entities and individuals not in compliance with the laws applicable to those transactions in Zimbabwe. To the Company's knowledge, the Group has not engaged in, and does not expect to engage in, any actions that would violate OFAC or EU sanctions or cause the Group to be sanctioned by any relevant authority, and the Group currently screens all new corporate and retail customers to establish that they are not the subject of international sanctions (including those administered by OFAC and the EU). The Group's reputation may suffer if its operations in Zimbabwe are linked to persons the subject of international sanctions. Any such damage to reputation may have a material adverse effect on the Group's business or the prices of its securities.

5.16 Delay or failure to effectively implement economic reforms in the Group's and UBN's markets may adversely affect the growth prospects of the Group

Governments in African countries in general are implementing economic reforms to improve their performance.

For example, the Zambian Government in recent years has been implementing reforms in the financial services sectors, including the development of new companies legislation and new legislation regulating the pensions and insurance sectors. Nigeria's federal government announced a new economic recovery and growth plan in February 2017, which aims to drive improvement in non-oil sector growth and the creation of approximately 15 million new jobs by 2020.

The Company believes that such reforms may generate new business opportunities (including increased lending opportunities) for the Group and UBN. However, there are risks that the expected reforms may not be implemented, or, if implemented, may not provide the expected

benefits. Further, any uncertainty or turbulence caused as a result of the implementation (or lack of implementation) of these reforms could have a material effect on the Group's and/or UBN's operations and performance.

6. RISKS RELATING TO THE ISSUE

6.1 Possible volatility of the price of the Ordinary Shares

The market price of the Ordinary Shares could be subject to significant fluctuations due to a change in sentiment in the market regarding the Ordinary Shares (or securities similar to them), including, in particular, in response to various facts and events, including any changes in the macroeconomic environment, regulatory changes affecting the Group's operations, variations in the Group's operating results and/or business developments of the Group and/or its competitors. Stock markets have from time to time experienced significant price and volume fluctuations that have affected the market prices for securities and which may be unrelated to the Company's operating performance or prospects. Furthermore, the Group's operating results and prospects from time to time may be below the expectations of market analysts and investors. Any of these events could result in a decline in the market price of the Ordinary Shares.

6.2 Admission of the New Ordinary Shares may not occur when expected

Application for Admission of the New Ordinary Shares is subject to the approval (subject to satisfaction of any conditions to which such approval is expressed to be subject) of the UK Listing Authority and Admission will become effective as soon as a dealing notice has been issued by the UK Listing Authority and the London Stock Exchange has acknowledged that the New Ordinary Shares will be admitted for trading. There can be no guarantee that any condition to which Admission is subject will be met or that the UK Listing Authority will issue a dealing notice. See Part III (*Expected Timeline of Principal Events*) for further information on the expected dates of these events.

6.3 Exchange rate risk

The New Ordinary Shares are priced in US dollars. Accordingly, investors are subject to adverse movements to their local currency against US dollars.

6.4 Shareholders will experience dilution in their ownership of the Company as a result of the Firm Placing and the conversion of the Mandatory Convertible Bonds, and Shareholders who do not acquire New Ordinary Shares in the Placing and Open Offer will experience further dilution in their ownership of the Company

Qualifying Shareholders will experience an immediate dilution in their proportion of ownership and voting interests in the Enlarged Share Capital of 34.8% following the issue of New Ordinary Shares pursuant to the Firm Placing and the conversion of the Mandatory Convertible Bonds. If Qualifying Shareholders do not take up their Open Offer Entitlements in full pursuant to the Open Offer, they will be further diluted in their proportionate ownership and voting interests in the Enlarged Share Capital, up to a maximum dilution of 53.4%, as a result of the Issue and the conversion of the Mandatory Convertible Bonds.

6.5 Dividend payments on the Ordinary Shares are not guaranteed

To the extent the Company intends to pay dividends on the Ordinary Shares, it will pay such dividends at such times (if any) and in such amounts (if any) as the Board determines appropriate and in accordance with applicable law, but it expects to be principally reliant upon dividends received on shares held by it in its operating subsidiaries in order to do so. Payments of such dividends will be dependent on the availability of any dividends or other distributions from such subsidiaries, which are in turn subject to approval by regulators of those subsidiaries. The Company can therefore give no assurance that it will be able to pay dividends going forward or as to the amount of such dividends, if any.

6.6 *The pre-emption rights contained in the Articles of Association have in certain circumstances been disapplied for Shareholders, which may dilute the interests of Shareholders*

The pre-emption rights contained in the Articles of Association have in certain circumstances been disapplied for Shareholders pursuant to resolutions adopted by Shareholders, including for the purposes of or in connection with acquisitions, and do not apply to issuances of bonus shares, issues for non-cash consideration or issuances of shares to be held under an employee share scheme. See Part XIX (*Additional Information*) for further information. Any issuance of Ordinary Shares, preferred shares or convertible debt securities may:

- significantly dilute the value of the Ordinary Shares held by existing Shareholders;
- cause a change of control if a substantial number of Ordinary Shares are issued, which may, among other things, result in its then existing Shareholders becoming the minority, which will give the Founding Entities the right to exercise the conversion right in the Founder Preferred Shares;
- in certain circumstances, have the effect of delaying or preventing a change of control;
- subordinate the rights of holders of Ordinary Shares if preferred shares are issued with rights senior to those of Ordinary Shares; or
- adversely affect the market price of the Company's Ordinary Shares.

6.7 *Securities laws in certain jurisdictions may restrict the ability of Shareholders outside the UK to subscribe for or receive New Ordinary Shares pursuant to the Placing and Open Offer*

Securities laws of certain jurisdictions may restrict the Company's ability to allow participation by Shareholders in the Placing and Open Offer and any future equity offerings. In particular, holders of Ordinary Shares who are located in the US may not be able to exercise their rights to participate in the Placing and Open Offer or any future equity offerings unless a registration statement under the Securities Act is effective with respect to such rights or an exemption from the registration requirements is available thereunder. The Placing and Open Offer will not be registered under the Securities Act. Securities laws of certain other jurisdictions may restrict the Company's ability to allow participation by Shareholders in such jurisdictions in any future issue of shares carried out by the Company. Qualifying Shareholders who have a registered address in or who are resident in, or who are citizens of, countries other than the UK should consult their professional advisers as to whether they require any governmental or other consents or need to observe any other formalities to enable them to receive New Ordinary Shares or to take up their entitlements to the Placing and Open Offer.

PART III

EXPECTED TIMETABLE OF PRINCIPAL EVENTS

Each of the times and dates in the table below is indicative only and may be subject to change.

	2017
Announcement of the Transaction and Open Offer	21 June
Publication and posting of the Notice of General Meeting and the Form of Proxy	30 June
Latest time and date for receipt of Forms of Proxy	10.00 a.m. EST on 12 July
General Meeting of Shareholders	10.00 a.m. EST on 14 July
Record Date for entitlement under the Open Offer	close of business on 8 August
Ex-entitlement date for the Open Offer	11 August
Publication of this document and posting of the Application Form	11 August
Basic Open Offer Entitlements and Excess Basic Open Offer Entitlements credited to stock accounts in CREST of Qualifying CREST Shareholders	14 August
Latest recommended time and date for requesting withdrawal of Basic Open Offer Entitlements and Excess Basic Open Offer Entitlements from CREST (i.e. if your Basic Open Offer Entitlements and Excess Basic Open Offer Entitlements are in CREST and you wish to convert them into certificated form)	4.30 p.m. BST on 22 August
Latest recommended time and date for depositing Basic Open Offer Entitlements and Excess Basic Open Offer Entitlements into CREST (i.e. if your Basic Open Offer Entitlements and Excess Basic Open Offer Entitlements are represented by an Application Form and you wish to convert them to uncertificated form)	3.00 p.m. BST on 23 August
Latest time and date for splitting Application Forms (to satisfy <i>bona fide</i> market claims)	3.00 p.m. BST on 24 August
Latest time and date for receipt of completed Application Forms and payment in full under the Open Offer or settlement of relevant CREST instructions (as appropriate)	11.00 a.m. BST on 29 August
Results of Firm Placing and Placing and Open Offer to be announced through a Regulatory Information Service	30 August
Dealings in New Ordinary Shares, fully paid, to commence on the London Stock Exchange	by 8.00 a.m. BST on 31 August
New Ordinary Shares credited to CREST stock accounts (uncertificated holders only)	31 August
Despatch of definitive share certificates for the New Ordinary Shares in certificated form (to Qualifying Non-CREST Shareholders only)	by no later than 8 September

The times and dates set out in the expected timetable of principal events above and mentioned throughout this document may be adjusted by the Company, in which event details of the new times and dates will be notified to the UK Listing Authority, the London Stock Exchange and, where appropriate, to Shareholders.

PART IV
SHARE CAPITAL AND ISSUE STATISTICS

Issue Price per New Ordinary Share	US\$2.25
Discount to Existing Ordinary Share ¹	US\$0.25
Basic Open Offer Entitlement	0.3998 New Ordinary Shares for every 1 Existing Ordinary Share
Number of Ordinary Shares in issue at the Latest Practicable Date ²	77,816,675
Number of New Ordinary Shares to be issued pursuant to the Firm Placing	13,333,333
Number of New Ordinary Shares to be issued pursuant to the Placing and Open Offer	31,111,111
Number of New Ordinary Shares to be issued pursuant to the Firm Placing and Placing and Open Offer	44,444,444
Number of Ordinary Shares issued as a result of the conversion of the Mandatory Convertible Bonds	44,722,222
Number of Ordinary Shares in issue after conversion of the Mandatory Convertible Bonds and following completion of the Firm Placing and Placing and Open Offer ^{2, 3}	166,983,341
Percentage of the Enlarged Share Capital represented by Ordinary Shares issued as a result of the conversion of the Mandatory Convertible Bonds	26.8%
New Ordinary Shares as a percentage of the Enlarged Share Capital of the Company as a result of the Firm Placing and Placing and Open Offer ³	26.6%
Percentage of the Enlarged Share Capital represented by Ordinary Shares issued as a result of the conversion of the Mandatory Convertible Bonds and New Ordinary Shares issued pursuant to the Firm Placing and Placing and Open Offer	53.4%
Estimated net proceeds receivable by the Company after expenses	US\$189,000,000
Estimated expenses in connection with the Firm Placing and Placing and Open Offer	US\$7,677,800
Size of shareholding of Fairfax Africa (together with its affiliates) resulting from conversion of Mandatory Convertible Bonds	26.8%
Size of shareholding of Fairfax Africa (together with its affiliates) resulting from Firm Placing	8.0%
Size of shareholding of Fairfax Africa (together with its affiliates) resulting from Firm Placing and Placing and Open Offer and conversion of the Mandatory Convertible Bonds assuming full take up of Basic Open Offer Entitlements by Qualifying Shareholders	34.8%
Size of shareholding of Fairfax Africa (together with its affiliates) resulting from Firm Placing and Placing and Open Offer and conversion of the Mandatory Convertible Bonds assuming no take up of Basic Open Offer Entitlements by Qualifying Shareholders	53.4%

Notes:

1. The discount is to the middle price of Existing Ordinary Shares at the close of business on 21 June 2017, being the date of announcement of the Transaction.
2. Excluding Ordinary Shares held in escrow as part of the contingent consideration for the acquisition of FBZ and Ordinary Shares held in Treasury.
3. On the assumption that no further Ordinary Shares are issued as a result of the exercise of any option between the posting of this document and the closing of the Open Offer.

PART V

IMPORTANT INFORMATION

1. GENERAL

In deciding whether to invest in New Ordinary Shares, investors should rely only on the information contained in, or incorporated by reference into, this document. No person has been authorised to give any information or make any representations regarding an investment in New Ordinary Shares other than as contained in this document and, if given or made, such information or representations must not be relied on as having been authorised by the Company or the Directors. Without prejudice to the Company's obligations under FSMA, the Prospectus Rules, Listing Rules and Disclosure and Transparency Rules, the delivery of this document shall not, under any circumstances, create any implication that there has been no change in the affairs of the Company since the date of this document or that the information contained herein is correct as at any time after its date.

Investors must not treat the contents of this document, any documents incorporated herein by reference or any subsequent communications from the Company or the Directors or any of their respective affiliates, officers, directors, employees or agents as advice relating to legal, taxation, accounting, regulatory, investment or any other matters.

Part I (*Summary*) should be read as an introduction to this document. Any decision to invest in the New Ordinary Shares should be based on consideration of this document as a whole by the investor. In particular, investors must read the section headed "Section D — Risks" of the Summary together with the risks set out in Part II (*Risk Factors*).

2. NOTICE TO INVESTORS

Notice to investors in the European Economic Area

In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each a "Relevant Member State"), with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State, an offer to the public of any New Ordinary Shares may not be made in the Relevant Member State (other than in the United Kingdom), except that an offer to the public in that Relevant Member State of any New Ordinary Shares may be made at any time under the following exemptions under the Prospectus Directive, if they have been implemented in that Relevant Member State:

- (A) to any legal entity which is a qualified investor as defined in the Prospectus Directive;
- (B) to fewer than 100 or, if the Relevant Member State has implemented the relevant provision of the 2010 PD Amending Directive (as defined below), 150 natural or legal persons (other than qualified investors as defined in the Prospectus Directive), as permitted under the Prospectus Directive; or
- (C) in any other circumstances falling within Article 3(2) of the Prospectus Directive,

provided that no offer of New Ordinary Shares shall result in a requirement for the publication of a prospectus pursuant to Article 3 of the Prospectus Directive or any measure implementing the Prospectus Directive in a Relevant Member State. Each person who initially acquires any New Ordinary Shares or to whom any offer is made under the Firm Placing and Placing and Open Offer will be deemed to have represented, acknowledged, and agreed that it is a "qualified investor" within the meaning of Article 2(1)(e) of the Prospectus Directive.

For this purpose, the expression "an offer to the public" in relation to any New Ordinary Shares in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and any New Ordinary Shares to be offered so as to enable an investor to decide to purchase any New Ordinary Shares as the same may be varied in that Relevant Member State by any measure implementing the Prospectus Directive in that Relevant Member State and the expression "Prospectus Directive" means Directive 2003/71/EC (and amendments thereto, including the Directive 2010/73/EU, to the extent implemented in the Relevant Member State) and includes any relevant implementing measure in each Relevant Member State.

In the case of any New Ordinary Shares being offered to a financial intermediary as that term is used in Article 3(2) of the Prospectus Directive, such financial intermediary will also be deemed to have represented, acknowledged and agreed that the New Ordinary Shares acquired by it in the Open Offer have not been acquired on a non-discretionary basis on behalf of, nor have they been acquired with a view to their offer or resale to, persons in circumstances which may give rise to an offer of New Ordinary Shares to the public other than their offer or resale in a Relevant Member State to qualified investors (as so defined in Article 2(1)(e) of the Prospectus Directive) or in circumstances in which the prior consent of the Company has been obtained to each such proposed offer or resale. The Company and its respective affiliates will rely upon the truth and accuracy of the foregoing representation, acknowledgement and agreement.

Notice to Overseas Shareholders

Securities laws of certain jurisdictions may restrict the Company's ability to allow participation by certain Shareholders in the Open Offer or any future issue of shares carried out by the Company. Qualifying Shareholders who have a registered address or are resident in, or who are citizens of, countries other than the United Kingdom should consult their professional advisers as to whether they require any government or other consents or need to observe any other formalities to enable them to receive the New Ordinary Shares or to take up their entitlements to the Placing and Open Offer.

All Overseas Shareholders should read paragraph 8 of Part VIII (*Terms of the Issue*).

Notice to investors in the United States

The Ordinary Shares have not been and will not be registered under the Securities Act and the New Ordinary Shares may not be offered or sold within the United States except, notwithstanding anything to the contrary contained in this Prospectus, to qualified institutional buyers ("QIBs"), as defined in Rule 144A under the Securities Act ("Rule 144A"), that are also accredited investors ("Accredited Investors"), as defined in Rule 501 of Regulation D under the Securities Act ("Regulation D"), in reliance on an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. Prospective purchasers of the New Ordinary Shares in the United States are hereby notified that the Company may be relying on an exemption from the provisions of Section 5 of the Securities Act and there are no specific disclosure requirements for such type of offering. Until the expiration of 40 days after the commencement of the Firm Placing and Placing and Open Offer an offer or sale of the Ordinary Shares within the United States by a dealer, whether or not participating in the Firm Placing and Placing and Open Offer, may violate the registration requirements of the Securities Act if such offer or sale is made other than pursuant an available exemption from the registration requirements of the Securities Act.

By accepting delivery of this Prospectus, each purchaser within the United States will be deemed to have represented, agreed and acknowledged that:

- (a) it is: (i) a QIB; (ii) an Accredited Investor; (iii) acquiring such New Ordinary Shares for its own account or for the account of one or more QIBs that are also Accredited Investors with respect to whom it has the authority to make, and does make, the representations and warranties set forth herein; (iv) acquiring the New Ordinary Shares for investment purposes, and not with a view to further distribution of such New Ordinary Shares; and (v) aware, and each beneficial owner of such New Ordinary Shares has been advised, that the sale of such New Ordinary Shares to it is being made in reliance on an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act;
- (b) it understands that the New Ordinary Shares are being offered in a transaction not involving any public offering in the United States within the meaning of the Securities Act, and that such New Ordinary Shares have not been and will not be registered under the Securities Act or with any securities regulatory authority of any state or territory or other jurisdictions in the United States and may not be offered, sold, pledged or otherwise transferred except: (i) to the Company; (ii) pursuant to an exemption from registration under the Securities Act provided by Rule 144 of the Securities Act ("Rule 144") thereunder (if available); (iii) pursuant to another available exemption from the registration requirements of the Securities Act; or (iv) in "offshore transactions" within the meaning of Regulation S under the Securities Act in accordance with Rule 903

or 904 of Regulation S; or (v) pursuant to an effective registration statement under the Securities Act, in each case in accordance with any applicable securities laws of any state, territory or other jurisdiction of the United States and provided that in the case of offers, sales, pledges and transfers pursuant to (ii) or (iii) above, a legal opinion satisfactory to the Company and its counsel must first be provided;

- (c) it understands that such New Ordinary Shares will not be in certificated form unless otherwise determined by the Company in accordance with applicable law, and if in certificated form will bear a legend substantially to the following effect:

THE ORDINARY SHARES REPRESENTED HEREBY HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT") OR WITH ANY SECURITIES REGULATORY AUTHORITY OF ANY STATE, TERRITORY OR OTHER JURISDICTION OF THE UNITED STATES AND MAY NOT BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED EXCEPT (1) TO THE ISSUER, (2) PURSUANT TO AN EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT PROVIDED BY RULE 144 THEREUNDER (IF AVAILABLE), (3) PURSUANT TO ANOTHER AVAILABLE EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT, (4) IN "OFFSHORE TRANSACTIONS" WITHIN THE MEANING OF REGULATION S UNDER THE SECURITIES ACT IN ACCORDANCE WITH RULE 903 OR 904 OF REGULATION S, OR (5) PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT, IN EACH CASE IN ACCORDANCE WITH ANY APPLICABLE SECURITIES LAWS OF ANY STATE, TERRITORY OR OTHER JURISDICTION OF THE UNITED STATES AND PROVIDED THAT IN THE CASE OF OFFERS, SALES, PLEDGES AND TRANSFERS PURSUANT TO (2) OR (3) ABOVE, IF REQUESTED, A LEGAL OPINION SATISFACTORY TO THE ISSUER AND ITS COUNSEL MUST FIRST BE PROVIDED. NO REPRESENTATION CAN BE MADE AS TO THE AVAILABILITY OF THE EXEMPTION PROVIDED BY RULE 144 UNDER THE SECURITIES ACT FOR REALES OF THE ORDINARY SHARES. NOTWITHSTANDING ANYTHING TO THE CONTRARY OF THE FOREGOING, THE ORDINARY SHARES REPRESENTED HEREBY MAY NOT BE DEPOSITED INTO ANY UNRESTRICTED DEPOSITARY RECEIPT FACILITY IN RESPECT OF THE ORDINARY SHARES ESTABLISHED OR MAINTAINED BY A DEPOSITARY BANK. EACH HOLDER, BY ITS ACCEPTANCE OF ORDINARY SHARES, REPRESENTS THAT IT UNDERSTANDS AND AGREES TO THE FOREGOING RESTRICTIONS;

- (d) notwithstanding anything to the contrary in the foregoing, the New Ordinary Shares may not be deposited into any unrestricted depository receipt facility in respect of the Ordinary Shares established or maintained by a depository bank;
- (e) it (i) understands that the New Ordinary Shares sold to it in the Open Offer will constitute "restricted securities" within the meaning of Rule 144 under the Securities Act, and for so long as they remain "restricted securities", such New Ordinary Shares may not be transferred except as described in paragraph (b) above, and that no representation is made as to the availability of the exemption provided by Rule 144 under the Securities Act for resales of the Ordinary Shares, (ii) understands that the New Ordinary Shares sold to it in the Open Offer may not be deposited into any unrestricted American depository receipt facility in respect thereof that may hereafter be established or maintained by a depository bank; and (iii) understands that the Company may not recognise any offer, sale, resale, pledge or other transfer of the New Ordinary Shares sold to it in the Open Offer made other than in compliance with the above-stated restrictions;
- (f) any offer, sale, resale, pledge or other transfer made other than in compliance with the above-stated restrictions will not be recognised by the Company in respect of the New Ordinary Shares;
- (g) it is not acquiring or subscribing for the New Ordinary Shares as a result of any general solicitation or general advertising, including advertisements, articles, notices, or other communications published in any newspaper, magazine or similar media or broadcast over radio or television; or any seminar or meeting whose attendees have been invited by general solicitation or general advertising;

- (h) prior to its deciding to purchase or subscribe for any New Ordinary Shares, it (i) will have consulted with its own legal, regulatory, tax, business, investment, financial and accounting advisers, (ii) will have possessed all information relating to the Company and the Ordinary Shares which it believes is necessary for the purpose of making its investment decision, including, but not limited to, this Prospectus, (iii) will have reviewed all information that it believes is necessary or appropriate in connection with a purchase of or subscription for any New Ordinary Shares, including, but not limited to, the information contained in this Prospectus, and (iv) will have conducted its own due diligence on the Company, the Ordinary Shares and the Open Offer, and will have made its own investment decisions based upon its own judgement, due diligence and advice from its own advisers;
- (i) it has such knowledge and experience in financial and business matters to be capable of evaluating the merits and risks of an investment in the New Ordinary Shares, and it has the financial ability to bear the economic risk of investment in the New Ordinary Shares and to sustain a complete loss in connection therewith; and
- (j) if, in the future, it offers, resells, pledges or otherwise transfers such New Ordinary Shares while they remain “restricted securities” within the meaning of Rule 144 under the Securities Act, it shall notify such subsequent transferee of the restrictions set out above.

3. PRESENTATION OF FINANCIAL AND OTHER INFORMATION

The financial information in this document, and any information incorporated herein by reference, has been prepared in accordance with International Financial Reporting Standards as adopted by the European Union (“IFRS”). The significant IFRS accounting policies applied in the financial information of the Company are applied consistently in the financial information in this document and any documents incorporated herein by reference.

The financial information presented in summary form, or incorporated by reference, in this document includes:

- historical financial information of the Company, incorporated by reference, for the years ended 31 December 2016, 2015 and 2014, and the first quarters of 2017 and 2016; and
- historical financial information for UBN for the years ended 31 December 2016, 2015 and 2014 (in summary form only).

The Company’s financial year runs from 1 January to 31 December. The financial year of UBN runs from 1 January to 31 December.

None of the financial information used in this document (including any documents incorporated herein by reference) has been prepared in accordance with US GAAP nor has it been audited in accordance with auditing standards generally accepted in the United States of America (“US GAAS”) or auditing standards of the Public Company Accounting Oversight Board (United States) (“PCAOB”). There could be differences between IFRS and US GAAP and between the auditing standards issued by the Auditing Practices Board in the United Kingdom and those required by US GAAS or the auditing standards of the PCAOB. Prospective investors should consult their own professional advisers to gain an understanding of the financial information included in Part XV (*Historical Financial Information on the Group*) and the implications of differences between the auditing standards noted herein.

4. USE OF NON-IFRS MEASURES OF FINANCIAL PERFORMANCE

Certain key performance measures presented here are not defined under IFRS, but are found by the Company to be useful in analysing results, and are widely used by investors to monitor the results of banks generally. These measures include net interest margin, cost-to-income ratio, return on equity, risk-weighted assets, tier I capital, tier II capital, and capital adequacy ratio. Some of these measures are defined by, and calculated in compliance with, applicable banking regulation, but that regulation often provides the Company with certain discretion in making its calculations. In addition, certain statistical data about operations presented here do not form part of the accounting records and are not subject to an audit or review process by independent external auditors. Because of the discretion that the Company has in defining these measures and calculating the reported amounts, care should be taken in

comparing these various measures with similar measures used by other banks. These measures should not be used as a substitute for evaluating the performance of the Company or UBN based on their audited financial statements.

In particular, in this Prospectus “adjusted earnings” is defined as “earnings adjusted to exclude M&A and other transaction expenses relating to M&A activities of the Group” and “reported earnings” is defined as “profit attributable to the holders of Ordinary Shares as reported in accordance with IFRS”.

5. AVAILABLE INFORMATION

The Company is not subject to the reporting requirements of Section 13 or 15(d) of the US Securities Exchange Act of 1934, as amended (the “Exchange Act”). The Company makes no representation to any investor in the United States or otherwise pursuant to any exemption from registration under the Securities Act that it will provide to Shareholders, any owner of a beneficial interest in New Ordinary Shares, any prospective purchaser designated by such holder or owner, or any other person or marketplace, any minimum information contemplated by the laws, rules and regulations of the United States, including without limitation Rule 144A(d)(4) under the Securities Act.

6. ENFORCEMENT OF JUDGMENTS

The Company is incorporated under the laws of the British Virgin Islands. Although certain of the Directors are citizens or residents of the United States, it may not be possible for investors to effect service of process within the United States upon the Company, or any Directors who are not U.S. citizens or residents of the United States, or to enforce outside the United States judgments obtained against the Company, or any Directors who are not U.S. citizens or residents of the United States in U.S. courts, including, without limitation, judgments based upon the civil liability provisions of the U.S. federal securities laws or the laws of any state or territory within the United States. There is doubt as to the enforceability in the United Kingdom and the British Virgin Islands, in original actions or in actions for enforcement of United States court judgments, of civil liabilities predicated solely upon U.S. federal securities laws. In addition, awards for punitive damages in actions brought in the United States or elsewhere may be unenforceable in the United Kingdom and the British Virgin Islands.

7. DATA PROTECTION

The Company may delegate certain administrative functions to third parties and will require such third parties to comply with data protection and regulatory requirements of any jurisdiction in which data processing occurs. Such information will be held and processed by the Company (or any third party, functionary or agent appointed by the Company) for the following purposes:

- (A) verifying the identity of the investor to comply with statutory and regulatory requirements in relation to anti-money laundering procedures;
- (B) carrying out the business of the Company and the administering of interests in the Company;
- (C) meeting the legal, regulatory, reporting and/or financial obligations of the Company in the British Virgin Islands, the United Kingdom or elsewhere; and
- (D) disclosing personal data to other functionaries of, or advisers to, the Company to operate and/or administer the Company.

Where appropriate it may be necessary for the Company (or any third party, functionary or agent appointed by the Company) to:

- (i) disclose personal data to third party service providers, agents or functionaries appointed by the Company to provide services to investors; and
- (ii) transfer personal data outside of the EEA to countries or territories that do not offer the same level of protection for the rights and freedoms of investors as the United Kingdom.

If the Company (or any third party, functionary or agent appointed by the Company) discloses personal data to such a third party, agent or functionary and/or makes such a transfer of personal data, it will use reasonable endeavours to ensure that any third party, agent or functionary to whom the relevant personal data is disclosed or transferred is contractually bound to provide an adequate level of protection in respect of such personal data.

In providing such personal data, investors will be deemed to have agreed to the processing of such personal data in the manner described above. Prospective investors are responsible for informing any third-party individual to whom the personal data relates of the disclosure and use of such data in accordance with these provisions.

8. INVESTMENT CONSIDERATIONS

In making an investment decision, investors must rely on their own examination, analysis and enquiry of the Company, this document, any documents incorporated herein by reference and the terms of the Firm Placing and Placing and Open Offer, including the merits and risks involved. The contents of this document and any documents incorporated herein by reference are not to be construed as advice relating to legal, financial, taxation, investment decisions or any other matter. Investors should inform themselves as to:

- the legal requirements within their own countries for the purchase, holding, transfer or other disposal of the New Ordinary Shares;
- any foreign exchange restrictions applicable to the purchase, holding, transfer or other disposal of the New Ordinary Shares which they might encounter;
- the income and other tax consequences which may apply in their own countries as a result of the purchase, holding, transfer or other disposal of the New Ordinary Shares or distributions by the Company, either on a liquidation and distribution or otherwise. Investors must rely upon their own representatives, including their own legal advisers and accountants, as to legal, tax, investment or any other related matters concerning the Company and an investment therein; and
- an investment in the Company should be regarded as a long-term investment. There can be no assurance that the Company's objective will be achieved.

It should be remembered that the price of the New Ordinary Shares, and any income from such Ordinary Shares, could go down as well as up.

This document, any documents incorporated herein by reference and any accompanying documents should be read in their entirety before making any investment in the New Ordinary Shares. All Shareholders are entitled to the benefit of, are bound by, and are deemed to have notice of, the provisions of the Memorandum of Association and Articles of Association, which investors should review.

9. INFORMATION REGARDING FORWARD-LOOKING STATEMENTS

This document and any document incorporated herein by reference includes statements that are, or may be deemed to be, "forward-looking statements". In some cases, these forward-looking statements can be identified by the use of forward-looking terminology, including the terms "targets", "believes", "estimates", "anticipates", "expects", "intends", "may", "will", "should" or, in each case, their negative or other variations or comparable terminology. They appear in a number of places throughout the document and any documents incorporated by reference herein and include statements regarding the intentions, beliefs or current expectations of the Company and the Board concerning, among other things: (i) the Company's objective, acquisition and financing strategies, results of operations, financial condition, capital resources, prospects, capital appreciation of the Ordinary Shares and dividends; and (ii) future deal flow and implementation of active management strategies, including with regard to the Transaction. By their nature, forward-looking statements involve risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future. Forward-looking statements are not guarantees of future performance. The Company's or the Group's actual performance, results of operations, financial condition, distributions to shareholders and the development of its financing strategies may differ materially from the forward-looking statements contained in this document and any documents incorporated by reference herein. In addition, even if the Company's or the Group's actual performance, results of operations, financial condition,

distributions to shareholders and the development of its financing strategies are consistent with the forward-looking statements contained in this document and any documents incorporated by reference herein, those results or developments may not be indicative of results or developments in subsequent periods. Important factors that may cause these differences include, but are not limited to:

- the Company's ability to ascertain the merits or risks of the proposed Transaction;
- the availability and cost of equity or debt capital for future transactions;
- currency exchange rate fluctuations, as well as the success of the Company's hedging strategies in relation to such fluctuations (if such strategies are in fact used); and
- legislative and/or regulatory changes, including changes in taxation regimes.

Investors should carefully review Part II (*Risk Factors*) of this document for a discussion of additional factors that could cause the Company's or the Group's actual results to differ materially, before making an investment decision. For the avoidance of doubt, nothing in this paragraph constitutes a qualification of the working capital statement contained in paragraph 11 of Part XIX (*Additional Information*).

Forward-looking statements contained in this document and any documents incorporated by reference herein, apply only as at the date of this document. Subject to any obligations under the Listing Rules, the Disclosure and Transparency Rules and the Prospectus Rules, the Company undertakes no obligation publicly to update or review any forward-looking statement, whether as a result of new information, future developments or otherwise.

10. MARKET DATA

This document contains market, economic and industry data which the Company has obtained from the following third party sources:

- the International Monetary Fund; and
- the World Bank.

Where information contained in this document, or incorporated by reference herein, has been sourced from a third party, the Company and the Directors confirm that such information has been accurately reproduced and, so far as they are aware and have been able to ascertain from information published by that third party, no facts have been omitted which would render the reproduced information inaccurate or misleading.

11. CURRENCY PRESENTATION

Unless otherwise indicated, in this document (including the information incorporated by reference herein), all references to "US\$" or "US dollars" are to the lawful currency of the United States; all references to "British pound sterling", "sterling", "£" or "pounds" are to the lawful currency of the UK; all references to "EUR", "euro" or "€" are to the lawful currency of the EU; all references to "Pula" or "BWP" are to the lawful currency of Botswana; any reference to "Metical" is to the lawful currency of Mozambique; all references to "Naira" or "N" are to the lawful currency of Nigeria; any reference to "Rwanda franc", "RWF" or "Rwf" are to the lawful currency of Rwanda; any reference to "Shilling" is to the lawful currency of Tanzania; and any reference to "Kwacha" or "ZMW" is to the lawful currency of Zambia.

12. ROUNDING

Certain figures included in this document and in the information incorporated by reference into this document have been subject to rounding adjustments. Accordingly, any discrepancy in tables between the totals and the sums of the relevant amounts may be due to rounding.

13. NO INCORPORATION OF WEBSITE INFORMATION

The contents of any website of the Company or UBN or any other person do not form part of this document.

14. DEFINITIONS

A list of defined terms used in this document, or incorporated by reference herein, is set out in Part XXI (*Definitions*).

PART VI

DIRECTORS, COMPANY SECRETARY, REGISTERED OFFICE AND ADVISERS

DIRECTORS

Name	Position
Robert Edward Diamond Jr.	Chairman
Ashish Jagdish Thakkar	Non-Executive Director
Rachel Finkle Robbins	Independent Non-Executive Director
Tonye Cole	Independent Non-Executive Director
Eduardo Chivambo Mondlane Jr.	Independent Non-Executive Director
Olufunke Olayemi (“Funke”) Opeke	Independent Non-Executive Director
Amadou Raimi	Independent Non-Executive Director

COMPANY SECRETARY

The Company’s General Counsel, Beatrice Hamza Basse, performs the functions of Company Secretary for the Company.

REGISTERED OFFICE

Ritter House
Wickhams Cay II
Road Town
Tortola VG1110
British Virgin Islands

WEBSITE

<http://atlasmara.com>

ADVISERS AND OTHERS

Financial Adviser and Corporate Broker

Citigroup Global Markets Limited
Citigroup Centre
Canada Square
Canary Wharf
London E14 5LB
United Kingdom

Legal adviser to the Company (as to English law)

Slaughter and May
One Bunhill Row
London EC1Y 8YY
United Kingdom

Legal adviser to the Company (as to US law)

Hughes Hubbard & Reed LLP
One Battery Park Plaza
New York NY 10004-1482
United States of America

Legal adviser to the Company (as to BVI law)

Ogier
44 Esplanade
St Helier
Jersey JE4 9WG

Legal adviser to the Financial Adviser and Corporate Broker (as to English and US law)

Ashurst LLP
Broadwalk House
5 Appold Street
London EC2A 2HA
United Kingdom

Auditors to the Company

KPMG Inc
85 Empire Road
Parktown
Johannesburg 2193
South Africa

(A member firm of the South African
Institute of Chartered Accountants)

Registrar and Receiving Agent

Computershare Investor Services (BVI) Limited
Corporate Actions Projects
The Pavilions
Bridgwater Road
Bristol BS99 6AH

Reporting Accountants to the Company

KPMG LLP
15 Canada Square
Canary Wharf
London E14 5GL
United Kingdom

PART VII
LETTER FROM THE CHAIRMAN
ATLAS MARA LIMITED

(incorporated in the British Virgin Islands under The BVI Business Companies Act 2004 with registered number 1800950)

Directors:

Robert E. Diamond Jr.
Ashish J. Thakkar
Rachel F. Robbins
Tonye Cole
Eduardo C. Mondlane Jr.
Funke Opeke
Amadou Raimi

Registered Office:

Ritter House
Wickhams Cay II
Road Town
Tortola VG1110
British Virgin Islands

To the holders of Ordinary Shares and, for information only, to holders of options over Ordinary Shares

Dear Shareholder,

**Firm Placing and Placing and Open Offer of 44,444,444 New Ordinary Shares
at US\$2.25 per New Ordinary Share**

1. INTRODUCTION

On 21 June 2017, we announced a strategic financing partnership with Fairfax Africa Holdings Corporation. This strategic investment will be used to support Atlas Mara's growth initiatives and is anchored by US\$200 million of new capital from Fairfax Africa and existing Shareholders, comprising:

- a US\$100 million offer of New Ordinary Shares at a price of US\$2.25 per share. Fairfax Africa will have the right to secure a minimum of 30% of the equity offering by way of the Firm Placing. Qualifying Shareholders will be invited to participate in the remaining 70% of the equity offering by way of an open offer. Any shares not taken up by Qualifying Shareholders will be subscribed by Fairfax Africa and/or its affiliates; and
- US\$100 million mandatory convertible bonds to be issued to Fairfax Africa and/or its affiliates. The bonds were issued to Fairfax Africa Holdings Investments Limited on 17 July 2017.

On 21 June 2017, we also announced an agreement to acquire an indirect 13.4% shareholding in Union Bank of Nigeria plc (UBN) from Clermont (the Clermont Stake Acquisition) for a total consideration of US\$55 million. The Clermont Stake Acquisition is subject to regulatory approval. The Clermont Stake Acquisition will increase Atlas Mara's combined direct and indirect shareholding in UBN to 44.5%, and will accelerate Atlas Mara's long-term strategy to build its banking business in Nigeria.

The proceeds of the strategic financing are primarily intended to support the Company's commitment to UBN and Nigeria, by funding:

- the Clermont Stake Acquisition; and
- the Company's subscription of its pro rata entitlements under the announced and anticipated UBN Rights Issue.

The remaining proceeds will also be used to fund the expansion of the Group's Markets and Treasury and Fintech business lines and product offering, any future acquisition strategy in respect of shares in UBN or UGPL, if the Directors choose to do so, payment of transaction expenses, and any other general corporate purposes as the Directors deem appropriate.

The Company believes the current valuations for the additional shares to be acquired in UBN make this expansion positive for shareholder value.

The strategic partnership between Atlas Mara and Fairfax Africa creates a strong relationship between two like-minded, long-term investors in Africa. Each is focused on capitalising on the long-term growth potential of the region, and each uses permanent capital to invest for growth. Furthermore, the principals of each company have long-term track records working in financial services in emerging markets, and are anchored by a long-term vision for SSA. Following the conversion of the Mandatory Convertible Bonds and the closing of the Firm Placing, Fairfax Africa (together with its affiliates) will hold at least 34.8% of the shareholding in the Company, which may be increased up to a maximum of 53.4% if no Open Offer Shares are taken up by Shareholders. Fairfax Africa will nominate four Directors to the Board out of a total of nine Directors. I will continue to serve in my capacity as Chairman of the Board.

The Issue Price represents a discount of approximately 10% to the Closing Price of US\$2.50 per Ordinary Share on 21 June 2017 (being the date of announcement of the Transaction). The Firm Placing and Placing and Open Offer are conditional, *inter alia*, upon Admission.

The purpose of this document is to explain the background to and reasons for the Transaction and the Issue, the terms and conditions of the Issue and why the Board considers that the Transaction and the Issue are in the best interests of the Company and its Shareholders.

2. BACKGROUND TO AND REASONS FOR THE TRANSACTION AND ISSUE

Since the Company's inception, the Directors have believed that Nigeria, with the largest population in SSA and an attractive demographic profile, is a key market for the Group. The Company currently holds a direct and indirect stake in UBN (amounting in aggregate to a 31.15% interest in UBN), a long-standing Nigerian financial institution.

On 11 April 2017, the Company reached agreement with Clermont to purchase the Clermont Stake in the Company for US\$55 million, thereby increasing the Company's combined direct and indirect shareholding in UBN to 44.5%. The purchase of the Clermont Stake is to be financed from the issue of the Mandatory Convertible Bonds by the Company for a subscription price of US\$100 million, which were issued to Fairfax Africa Investments on 17 July 2017 following Shareholder approval of the issue of the Mandatory Convertible Bonds at the General Meeting. The completion of the Clermont Stake Acquisition is conditional upon regulatory approvals. The terms of the Mandatory Convertible Bonds are described in further detail in paragraph 2 of Part XVIII (*Description of the Clermont Stake Acquisition and the Transaction*).

In December 2016, UBN's shareholders approved the UBN Rights Issue intended to improve UBN's capital adequacy ratio and to bring it above the 15% minimum requirement set by the Central Bank of Nigeria for banks with an international authorisation.

The Directors wish to preserve the Company's existing interest in UBN and the enlarged interest it would hold if the Clermont Stake Acquisition were to complete. To fund the Company's direct pro rata entitlements under the UBN Rights Issue, and to allow the Company to fund UGPL's pro rata entitlements under the UBN Rights Issue so as to preserve the Company's indirect shareholding in UBN, the Company requires an estimated US\$70 million to subscribe for its and Clermont's pro rata entitlements (both directly held and indirectly held through UGPL) in the new shares issued pursuant to the UBN Rights Issue. The subscription for the new shares in UBN will be funded partly out of the US\$45 million balance on the proceeds of the issue of the Mandatory Convertible Bonds after the Clermont Stake Acquisition, with the remaining estimated US\$25 million funded out of the proceeds of the Issue.

The balance of the anticipated net proceeds of the Issue (estimated to be approximately US\$65 million) is intended to be used to fund:

- further expansion of the Group's Markets and Treasury and Fintech business lines and product offering;
- any future acquisition strategy in respect of shares in UBN or UGPL, if the Directors choose to pursue such a strategy; and
- any other general corporate purposes as the Directors may deem appropriate.

In the unlikely event that the UBN Rights Issue does not occur, the Company intends to use the proceeds that would have funded its subscription of its entitlements under the UBN Rights Issue to increase its interest in UBN, either directly or indirectly.

While the Company does not intend to acquire a majority stake in UBN as a result of the above transactions, the transactions will put the Company in a stronger position to acquire further shares in UBN in the future. The Directors' current expectation is that the Company will seek to acquire a majority stake in UBN in the future, whether directly or indirectly, but no decision to do so has yet been taken. The Directors believe that ultimately taking a majority stake in UBN is a key element in the Company's long-term overall strategy for growth, synergies across the Group, and shareholder value.

3. SUMMARY INFORMATION ON THE COMPANY

Atlas Mara is a financial services holding company, with banking operations through its subsidiaries across six markets in SSA: Botswana, Mozambique, Rwanda, Tanzania, Zambia and Zimbabwe. The Company also has a substantial minority interest in UBN in Nigeria.

The Company's objective is to build SSA's premier financial services group. The Directors believe that there are significant opportunities in the SSA financial services market today at a critical time for growth in the region. This positions the Company to create a financial institution that provides leadership, liquidity, access to investors, product innovation, and technology to support economic growth and strengthen financial systems in Africa, while delivering shareholder value.

The Company aims to provide commercial and retail financial services to corporations, SMEs and individuals across targeted markets in SSA, leveraging its access to capital, liquidity and funding. The Company pursues both organic growth and acquisitions to achieve its goals. Acquisitions played a significant role in achieving the Company's current size and will remain a key element of achieving scale in the long term. However, following the completion of six acquisitions since the Company's inception, the Company is primarily focused on execution in existing markets and growing organically.

The Group's business is currently organised into three key business lines:

- Retail and Commercial Banking through its six banking subsidiaries and its minority interest in UBN;
- Markets and Treasury; and
- Financial Technology ("Fintech").

In 2016, the Group announced plans to reduce its non-staff costs and headcount so as to ensure the Group's cost base is more aligned with the current operating environment, and to yield net savings of approximately US\$20 million on an annualised basis. The realigned holding company structure allowed the Group to place more emphasis on asset-light businesses (principally Markets and Treasury, and Fintech).

Summary of Markets and Treasury business

The Markets and Treasury business line currently operates an "onshore" component, with business being transacted by the Company's subsidiary banks across Africa. The Treasury function manages the Group's banks' surplus liquidity, and the Markets function serves external clients' needs, primarily in foreign exchange and hedging. Markets and Treasury has a presence in the Group's six existing markets of operation, as well as Nigeria (through its holding in UBN). The Markets and Treasury team has expertise in global and local markets, and in sales, trading, and balance sheet management. Current products are centred on foreign exchange, local currency money market, and local currency fixed-income transactions.

The Company intends to build out an "offshore" component, with business transacted from Dubai through a separately regulated entity to serve clients. Clients would be those active outside of the Group's countries of operation that either have or want exposure to African rates and currencies. The offshore business would require a regulatory licence, and the Company has begun the process of applying for a licence from the Dubai Financial Services Authority. The Group currently anticipates that such authorisation may be granted sometime in Q4 2017.

Markets and Treasury seeks to use the onshore and offshore offerings to deliver a wide product set to its client base, backed by central Group oversight. Offshore sales provide coverage and distribution to offshore clients of the full set of Markets and Treasury products, while the trading desk facilitates the flow of client trades back into local markets or the clearing of risk offshore. The aim of the Group's model is to allow the onshore part of the business to transfer excess onshore risks for distribution offshore. The onshore sales team manages the domestic client base, with the trading team managing the risk from the domestic client base.

The onshore and offshore parts of Markets and Treasury would allow synergies to be developed in size, tenor, and complexity of product offerings, while providing substantial benefits to local markets through improved flows, liquidity, risk management and product development, among other factors.

The Directors believe the Group is well positioned to capture the opportunities in SSA for its Markets and Treasury business.

Summary of the Group's Fintech business

The combination of low levels of access to formal financial services and high levels of mobile telephony and internet adoption across SSA continue to present unique and compelling opportunities to deliver digital financial services offerings to unbanked and underbanked segments.

The Group's Fintech business line seeks to develop the opportunities to deliver financial services in Africa through digital and technology-based platforms.

The Fintech strategy is anchored in two broad areas: Transformational Initiatives and Reinventional Initiatives.

Transformational Initiatives are those that seek to transform and position the Group's traditional banks for the emerging digital financial services landscape with the objective of efficiently expanding their reach, customer base and segments, and maximising revenues. These initiatives strive to ensure the long-term relevance and competitiveness of the Group's banks. Current focus initiatives include open loop agency banking, merchant acquiring, digital credit, revamping of the Group's current card offerings, cross-border funds transfers and digital banking.

Reinventional Initiatives are those that seek to invent new technology-based business models on a standalone basis in collaboration with telecommunications operators, fintech firms and retailers. The primary objective is to quickly and efficiently pursue scale. Reinventional Initiatives will help position the Group at the forefront of the evolving digital financial services landscape in Africa. The Group is exploring partnerships with various technological platforms, retailers and mobile telecommunications operators to develop its Reinventional Initiatives. The Fintech business is currently pursuing a variety of initiatives, such as the delivery of lending and microfinance to SMEs through new technology platforms, and the development of payments-based smart money platforms and wallets.

Further information

Further information on the Company and the Group is set out in Part IX (*Information on the Group's Business and Strategy*), Part XI (*Operating and Financial Review*) and Part XV (*Historical Financial Information on the Group*).

4. SUMMARY INFORMATION ON FAIRFAX AFRICA

Fairfax Africa is a Canadian investment holding company, whose objective is to achieve long-term capital appreciation while preserving capital, by investing in public and private equities and debt instruments in Africa and African businesses or other businesses with customers, suppliers or business primarily conducted in, or dependent on, Africa. Fairfax Africa is listed on the Toronto Stock Exchange ("TSX") under the symbol FAH.U. In the first quarter of 2017, Fairfax Africa completed its initial public offering raising gross proceeds of approximately US\$506 million. These proceeds included a US\$75.0 million in-kind contribution of an indirect interest in AFGRI Holdings Proprietary Limited, a South Africa based leading agricultural services and food processing company with a core focus on grain commodities. Additional information regarding Fairfax Africa is available at www.fairfaxafrica.ca.

Fairfax Financial Holdings Limited (“Fairfax”) created Fairfax Africa and, through its subsidiaries, owns 30,000,000 multiple voting shares and 2,500,000 subordinate voting shares, representing 98.8% of the voting rights and 64.2% of the equity interest in Fairfax Africa. Fairfax was founded in 1985 by its present Chairman and Chief Executive Officer, V. Prem Watsa. Fairfax is a TSX-listed (FFH and FFH.U) holding company which, through its subsidiaries, is engaged in property and casualty insurance and reinsurance and investment management. Fairfax’s corporate objective is to achieve a high rate of return on invested capital and build long-term shareholder value. Additional information regarding Fairfax is available at www.fairfax.ca.

5. SUMMARY INFORMATION ON UBN

UBN, established in 1917, is one of Nigeria’s long-standing financial institutions. Over the years, the bank evolved into an established brand, with a substantial branch network across Nigeria. In 2009, UBN was one of eight banks rescued from insolvency with the aid of a cash injection from the Asset Management Corporation of Nigeria (AMCON). A net asset value of zero was attained by the end of 2011 and non-performing loans from the years 2010-2012 were purchased by AMCON in order to re-establish a non-performing loan ratio of close to 5%. In 2012, a consortium of international investors provided US\$500 million to recapitalise UBN. The consortium invested via an intermediate vehicle, Union Global Partners Limited (UGPL), which currently holds 61.4% of the shares in UBN.

As a result of the transaction by which the Company acquired ABC Holdings Limited in 2014, the Company acquired a 14.7% stake in UGPL, which translates to an indirect stake of 9.05% in UBN. The Company does not exercise control over the shares in UBN held indirectly through UGPL, but the Company does have rights to extract its indirect interest in UBN from UGPL and convert it into a directly-held stake, subject to certain requirements, as explained in more detail in paragraph 3 of Part XVIII (*Description of the Clermont Stake Acquisition and the Transaction*).

In September 2014, the Company acquired a 21.16% direct stake in the voting shares of UBN from AMCON. During 2015, the Company acquired an additional 0.93% stake via direct investment in UBN for US\$8.82 million cash consideration. At present, in total, the Company holds a 22.1% direct stake in UBN, which, together with its shareholding of 9.05% held indirectly via its participation in UGPL, equates to a 31.15% interest in UBN. UBN is currently classified as an “Investment in associate” on the Company’s balance sheet.

UGPL currently holds 61.4% of UBN. Since UGPL acquired a majority stake in UBN in 2012, UBN has demonstrated significant improvement on a range of measures. Between 2012 and 2016, UBN achieved growth in total assets of 23.3%, in equity of 53.0% and in profit attributable to equity holders of 277.7%.

UBN has sought to improve efficiency since 2012 by reducing headcount while growing its number of active customers. UBN has also expanded its ATM network and point-of-sales terminals.

The Directors believe UBN has demonstrated an improvement in both financial performance and operational efficiency since 2012 which, combined with a recently upgraded core-banking platform and a highly regarded and experienced management team, makes UBN an attractive proposition in Nigeria.

UBN’s capital position in 2016 relative to 2015 was affected primarily by devaluation of the Naira, which resulted in inflation in the value of UBN’s risk-weighted assets, which in turn caused UBN’s capital adequacy ratio to drop to 13.3%, below the minimum requirement of 15% imposed by the Central Bank of Nigeria for banks with an international authorisation. In addition to the UBN Rights Issue, UBN has also announced that it intends to enhance its capital position with the retention of profit for the financial year ending 31 December 2017.

Despite recent headwinds, the Directors believe that Nigeria’s position as SSA’s largest economy remains unrivalled, and that its long-term growth potential is intact. Nigeria’s recent economic performance has been significantly affected by global oil price weakness, combined with a domestic drop in oil production. However, the Directors believe that recent developments in oil price and production, combined with economic reforms, lay the foundation for return to stronger economic growth.

Further information on UBN is set out in Part X (*Business Overview of UBN*) and Part XVIII (*Description of the Clermont Stake Acquisition and the Transaction*).

6. FINANCING THE TRANSACTION

The Company proposes to fund the Transaction (at an estimated cost of US\$70 million) through a combination of:

- the balance of funds resulting from the issue of the Mandatory Convertible Bonds following the Clermont Stake Acquisition as set out in paragraph 2 of this letter (*Description of the Transaction*), representing approximately US\$45 million; and
- the proceeds of the Firm Placing and Placing and Open Offer of 44,444,444 New Ordinary Shares at an Issue Price of US\$2.25 per New Ordinary Share, raising gross proceeds of approximately US\$100 million and net proceeds of approximately US\$92.3 million after deduction of estimated expenses of the Firm Placing and Placing and Open Offer. The principal terms of the Firm Placing and Placing and Open Offer are set out in paragraph 9 of this letter.

The balance of the anticipated net proceeds of the Issue (estimated to be approximately US\$65 million) is intended to be used to fund:

- further expansion of the Group's Markets and Treasury and Fintech business lines and product offering;
- any future acquisition strategy in respect of shares in UBN or UGPL, if the Directors choose to do so; and
- the payment of transaction expenses, and any other general corporate purposes as the Directors deem appropriate.

7. CURRENT TRADING AND PROSPECTS

The macroeconomic environment in SSA has started to register a positive uptick, with the World Bank's June 2017 Global Economic Prospects Report projecting growth of 2.6% for 2017. This has been aided by recent commodity strengthening and recovering oil prices compared with 2016. Continued growth is expected by the Directors across SSA in excess of developed markets, with Nigerian growth also expected to improve.

The financial services industry continues to be the focus of significant regulatory change and scrutiny worldwide, including in the Group's countries of operation and Nigeria.

As at 31 March 2017, total income increased by 12.5% year-on-year with the Company reporting a profit after tax for the first quarter of US\$5.0m, evidencing operating momentum at the underlying subsidiaries and cost reduction efforts at the holding company level specifically contributing to this result. Total operating expenditure was 13.0% lower versus the comparative prior period and total assets increased to US\$2,771.4m.

8. STRUCTURE OF THE ISSUE

The Company proposes to raise an aggregate of US\$100 million (gross) through the issue of 44,444,444 New Ordinary Shares by way of the Firm Placing and Placing and Open Offer. The decision to structure the equity capital raising by way of the Firm Placing and Placing and Open Offer takes into account a number of factors, including the total net proceeds to be raised. The Directors consider the Firm Placing and Placing and Open Offer to be an appropriate fundraising structure, providing certainty of funds to complete the Transaction and access to a major new investor, while providing existing Shareholders with the opportunity to participate in the fundraising through the Open Offer.

Subject to the conditions to the Firm Placing and Placing and Open Offer being satisfied, Qualifying Shareholders are being offered the opportunity to apply for the Open Offer Shares at the Issue Price pro rata to their holdings of Existing Shares on the Record Date on the basis of 0.3998 New Ordinary Shares for every 1 Existing Ordinary Share (the "Basic Open Offer Entitlement"). Qualifying Shareholders are also being given the opportunity, provided they take up their Basic Open Offer Entitlements in full, to apply for Excess Shares through the Excess Application Facility (the "Excess Basic Open Offer Entitlement"). Qualifying

Shareholders are not being offered the right to subscribe for the Firm Placed Shares. Qualifying Shareholders with fewer than three Existing Ordinary Shares will not have the opportunity to participate in the Open Offer.

All elements of the Issue have the same Issue Price.

9. PRINCIPAL TERMS OF THE ISSUE

The Company intends to raise gross proceeds of approximately US\$100 million (approximately US\$92.3 million net of estimated expenses of the Firm Placing and Placing and Open Offer) through the issue of 44,444,444 New Ordinary Shares by way of the Firm Placing and Placing and Open Offer at the Issue Price. The Issue is conditional upon, amongst other things, Admission becoming effective by no later than 10.00 a.m. on 31 August 2017 (or such later time and/or date as the Company and Fairfax Africa may agree).

Firm Placing

The Company is proposing to issue 13,333,333 Firm Placed Shares pursuant to the Firm Placing at the Issue Price, the principal terms and conditions of which are summarised in paragraph 2 of Part VIII (*Terms of the Issue*).

The Firm Placed Shares are not subject to clawback and do not form part of the Placing and Open Offer. The Firm Placing is expected to raise gross proceeds of approximately US\$30 million. The Firm Placing is subject to the same conditions and termination rights which apply to the Placing and Open Offer. Subject to waiver or satisfaction of the conditions and the Firm Placing not being terminated, the Firm Placed Shares will be issued to Fairfax Africa and/or its affiliates subject to the terms and conditions of the Placing Agreement, with the net proceeds retained for the benefit of the Company and for the uses set out in paragraph 6 (*Financing the Transaction*) of this letter.

Fairfax Africa and its affiliates will not be entitled to participate in the Open Offer in respect of the Firm Placed Shares or the New Ordinary Shares resulting from the conversion of the Mandatory Convertible Bonds.

Placing and Open Offer

The Company intends to raise gross proceeds of approximately US\$70 million through the Placing and Open Offer of 31,111,111 New Ordinary Shares at the Issue Price. Shareholders should note that the Open Offer is not a rights issue. Please refer to "Additional Information" section below for further details.

The Placing and Open Offer is conditional upon, amongst other things, Admission becoming effective by no later than 10.00 a.m. on 31 August 2017 (or such later time and/or date as the Company and Fairfax Africa may agree).

The Issue Price represents a discount of US\$0.25 (10%) to the closing middle market price of US\$2.50 per Existing Ordinary Share on the 21 June 2017, being the date of announcement of the Transaction.

Fairfax Africa has agreed, pursuant to the Placing Agreement, to conditionally have placed with it all the Open Offer Shares at the Issue Price. The commitments of Fairfax Africa are subject to clawback in respect of valid applications for Open Offer Shares by Qualifying Shareholders pursuant to the Open Offer. Subject to the Placing and Open Offer not being terminated, any Open Offer Shares which are not applied for in respect of the Open Offer will be issued to Fairfax Africa and/or its affiliates at the Issue Price, with the net proceeds retained for the benefit of the Company and for the uses set out in paragraph 6 (*Financing the Transaction*) of this letter. Fairfax Africa (together with its affiliates), as the new investor in the Company, will hold at least 34.8% of the shareholding in the Company following the conversion of the Mandatory Convertible Bonds and pursuant to the Firm Placing, which may be increased up to a total of 53.4% if the Open Offer shares are not taken up by Shareholders (calculated excluding Ordinary Shares held in escrow as part of the contingent consideration for the acquisition of FBZ and Ordinary Shares held in Treasury). Fairfax Africa will have the right to appoint up to four Directors to the Board. The Directors welcome Fairfax Africa as its new investor, and look forward to working with them to execute Atlas Mara's strategy.

Qualifying Shareholders are being given the opportunity to apply for the Open Offer Shares at the Issue Price on and subject to the terms and conditions of the Open Offer, pro rata to their holdings of Existing Ordinary Shares on the Record Date on the following basis:

0.3998 New Ordinary Shares for every 1 Existing Ordinary Share

Fractions of New Ordinary Shares will not be allotted and each Qualifying Shareholder's entitlement under the Open Offer will be rounded down to the nearest whole number. Fractional entitlements will be aggregated and made available in the Excess Application Facility. Accordingly, Qualifying Shareholders with fewer than 3 Existing Ordinary Shares will not have the opportunity to participate in the Open Offer.

Qualifying Shareholders may apply for any whole number of New Ordinary Shares up to their maximum entitlement, which, in the case of Qualifying Non-CREST Shareholders, is equal to the number of Basic Open Offer Entitlements as shown on their Application Form or, in the case of Qualifying CREST Shareholders, is equal to the number of Basic Open Offer Entitlements standing to the credit of their stock account in CREST. Qualifying Shareholders with holdings of Existing Ordinary Shares in both certificated and uncertificated form will be treated as having separate holdings for the purpose of calculating their Basic Open Offer Entitlements.

Excess Application Facility

Qualifying Shareholders who have taken up their Basic Open Offer Entitlements in full may apply for Excess Shares using the Excess Application Facility. Qualifying Non-CREST Shareholders wishing to apply to subscribe for Excess Shares may do so by completing the relevant sections on the Application Form. Qualifying CREST Shareholders who wish to apply to subscribe for more than their Basic Open Offer Entitlements will have Excess Basic Open Offer Entitlements credited to their stock account in CREST and should refer to Part VIII (*Terms of the Issue*) for information on how to apply for Excess Shares pursuant to the Excess Application Facility.

Applications for Excess Shares will be satisfied only to the extent that corresponding applications for Basic Open Offer Entitlements are not made by other Qualifying Shareholders or are made for less than their pro rata entitlements. The total number of Open Offer Shares is fixed and will not be increased in response to any applications under the Excess Application Facility. If there is an oversubscription resulting from applications for Excess Shares, allocations in respect of such applications will be scaled down pro rata to the number of Excess Shares applied for under the Excess Application Facility by Qualifying Shareholders and no assurances can be given that the applications by Qualifying Shareholders will be met in full, in part or at all.

Excess monies in respect of applications for Excess Shares which are not met in full will be returned to the applicant (at the applicant's risk) without interest as soon as practicable thereafter by way of cheque or CREST payment, as appropriate.

Additional information

An application has been made to the UK Listing Authority for the New Ordinary Shares to be admitted to listing on the standard listing segment of the Official List and an application has been made to the London Stock Exchange for the New Ordinary Shares to be admitted to trading on its main market for listed securities. Subject to the conditions below being satisfied, it is expected that Admission will become effective on 31 August 2017 and that dealings for normal settlement in the New Ordinary Shares will commence at 8.00 a.m. on the same day.

The New Ordinary Shares issued under the Firm Placing and Placing and Open Offer, when issued and fully paid, will be identical to, and rank *pari passu* with, the Existing Ordinary Shares, including the right to receive all dividends and other dividends declared, made or paid on the Existing Ordinary Shares by reference to a record date on or after Admission.

Shareholders should note that the Open Offer is not a rights issue. Qualifying CREST Shareholders should note that the Basic Open Offer Entitlements will not be tradeable or listed and that, although the Basic Open Offer Entitlements will be admitted to CREST and be enabled for settlement, applications in respect of entitlements under the Open Offer may only be made by the Qualifying Shareholder originally entitled or by a person entitled by virtue of a *bona fide* market claim raised by Euroclear's Claims Processing Unit. Qualifying Non-CREST Shareholders should note that the Application Form is not a negotiable document and cannot

be traded. Qualifying Shareholders should be aware that in the Open Offer, unlike in a rights issue, any Open Offer Shares not applied for will not be sold in the market or placed for the benefit of Qualifying Shareholders who do not apply under the Open Offer, but will be subscribed for under the Placing with the net proceeds retained for the benefit of the Company and Qualifying Shareholders who do not apply to take up their Basic Open Offer Entitlements will have no rights under the Open Offer to receive any proceeds from it.

All Shareholders will be diluted as a result of the Firm Placing and the conversion of the Mandatory Convertible Bonds. Qualifying Shareholders who take up their pro rata entitlement in full will experience a dilution of 8% as a result of the Firm Placing and a dilution of 34.8% as a result of the Firm Placing and the conversion of the Mandatory Convertible Bonds. A Qualifying Shareholder that does not take up any Open Offer Shares under the Open Offer (or a Shareholder in the United States or an Excluded Territory who is not eligible to participate in the Open Offer) will experience a dilution of 26.6% as a result of the Issue and 53.4% as a result of the Issue and the conversion of the Mandatory Convertible Bonds.

Further information on the Issue, and the terms and conditions on which it is made, including the procedure for application and payment in the Open Offer, are set out in Part VIII (*Terms of the Issue*) and, where relevant, in the Application Form.

10. CORPORATE GOVERNANCE

Following the closing of the Firm Placing and Placing and Open Offer, Fairfax Africa will have the right to appoint four Directors to the Board for so long as it (together with its affiliates) holds at least 50,011,668 Ordinary Shares, decreasing to the right to appoint three Directors if it holds between 41,676,390 and 50,011,667 Ordinary Shares, the right to appoint two Directors if it holds between 33,341,112 and 41,676,389 Ordinary Shares, and the right to appoint one Director if it holds between 16,670,556 and 33,341,111 Ordinary Shares, in each case such numbers of Ordinary Shares to be subject to adjustment to take account of consolidation or sub-division of the Company's share capital, or pursuant to a pre-emptive offering or a bonus issue of Ordinary Shares. Additionally, if the Firm Placing and Placing and Open Offer does not take place, the Directors shall, pursuant to the terms of the issue of the Mandatory Convertible Bonds, appoint two persons nominated by Fairfax Africa Holdings Investments Limited to the Board. In addition, the Chairman of the Board will be a non-executive Director, but not an independent non-executive Director.

As an issuer with a standard listing on the Official List, Atlas Mara is not required to comply with the UK Corporate Governance Code, but has sought to do so on a voluntary basis. As the Board expects to have a non-executive but non-independent Director as Chair of the Board and will no longer comprise a majority of independent Directors following the Firm Placing and Placing and Open Offer, which is a requirement of the UK Corporate Governance Code, the Company will no longer comply with the requirements of the UK Corporate Governance Code. The Company shall continue to comply with all applicable rules which apply to an issuer with a standard listing on the Official List.

The Company shall continue to place emphasis on a sound corporate governance framework through which its strategic objectives are set, and to achieving the highest standards of corporate governance.

11. MANAGEMENT INCENTIVE PLAN

Pursuant to the terms of the Placing Agreement, a new management incentive plan will be put in place following the closing of the Firm Placing and Placing and Open Offer. This new management incentive plan will have to be approved by the Board, Fairfax Africa and the Remuneration Committee. The principal terms of the new management incentive plan will include a total incentive pool of 16,000,000 options for the purchase of Ordinary Shares, comprising 10,000,000 Ordinary Shares reserved for existing contributors (with an exercise price of US\$2.37 per Ordinary Share) and 6,000,000 Ordinary Shares reserved for future issuances or for new hires (with an exercise price based on market price at the time of grant). Awards under the new management incentive plan will be subject to vesting at the end of a five-year period from the date of grant.

12. FURTHER INFORMATION

Your attention is drawn to Part II (*Risk Factors*) and to Part V (*Important Information*). You should read all of the information contained in this document, as well as conducting your own examination, analysis and enquiry of the Company and the terms of the Firm Placing and Placing and Open Offer, including the merits and risks involved, before making an investment decision. If you are a Qualifying Shareholder, and, subject to certain exceptions, unless you have a registered address in, or are resident in, the United States or any of the Excluded Territories, your attention is drawn in connection with the Firm Placing and Placing and Open Offer to the further information contained in Part VIII (*Terms of the Issue*).

13. OVERSEAS SHAREHOLDERS

The distribution of this document, the Application Form and the making of the Open Offer to persons who have registered offices in, or who are resident or ordinarily resident in, or citizens of, or which are corporations, partnerships or other entities or organisations created or organised under the laws of countries other than the United Kingdom or to persons who are nominees of, or custodians, trustees or guardians for, persons who are citizens or nationals of, or resident in, countries other than the United Kingdom may be restricted by the laws or regulatory requirements of the relevant jurisdictions.

Any failure to comply with such restrictions may constitute a violation of the securities law of the relevant jurisdiction. Those persons outside the United Kingdom should consult their professional advisers as to whether they require any governmental or other consents or need to observe any applicable legal requirement or other formalities to enable them to apply for Open Offer Shares under the Open Offer.

No action has been or will be taken by the Company or any other person, to permit a public offering in any jurisdiction where action for that purpose may be required, other than the United Kingdom.

Receipt of this document and/or an Application Form and/or a credit of Basic Open Offer Entitlements to a stock account in CREST will not constitute an invitation or offer of securities for subscription, sale or purchase in those jurisdictions in which it would be illegal to make such an invitation or offer and, in those circumstances, this document and/or the Application Form must be treated as sent for information only and should not be copied or redistributed.

Application Forms will not be sent to, and Basic Open Offer Entitlements will not be credited to stock accounts in CREST of, persons with registered addresses in the United States or any Excluded Territory or their agent or intermediary, except where the Company is satisfied that such action would not result in the contravention of any registration or other legal requirement in any jurisdiction.

It is the responsibility of any person (including, without limitation, custodians, agents, nominees and trustees) outside the United Kingdom wishing to apply for Open Offer Shares under the Open Offer to satisfy himself or herself as to the full observance of the laws of any relevant territory in connection therewith, including obtaining any governmental or other consents that may be required, observing any other formalities required to be observed in such territory and paying any issue, transfer or other taxes due in such territory.

14. TAXATION

Your attention is drawn to Part XVII (*Taxation*) in relation to taxation matters. If you are in any doubt as to your tax position, you should consult your own professional adviser without delay.

15. ACTION TO BE TAKEN

Qualifying Non-CREST Shareholders (i.e. holders of Existing Ordinary Shares who hold their Existing Ordinary Shares in certificated form)

If you are a Qualifying Non-CREST Shareholder you will receive an Application Form which gives details of your Basic Open Offer Entitlement under the Open Offer (as shown by the number of Basic Open Offer Entitlements set out in Box B). If you wish to apply for Open Offer Shares under the Open Offer, you should complete the Application Form in accordance with the procedure for application set out in paragraph 6 of Part VIII (*Terms of the Issue*) and on the Application Form itself.

Your completed Application Form, accompanied by full payment in accordance with the instructions in paragraph 6 of Part VIII (*Terms of the Issue*), should be returned by post in the accompanying pre-paid envelope to Computershare Investor Services (BVI) Limited, Corporate Actions Projects, The Pavilions, Bridgwater Road, Bristol, BS99 6AH so as to be received by not later than 11.00 a.m. on 29 August 2017. If you do not wish to apply for any New Ordinary Shares under the Open Offer, you should not complete or return the Application Form.

Qualifying CREST Shareholders

If you are a Qualifying CREST Shareholder no Application Form will be sent to you and you will receive a credit to your appropriate stock account in CREST in respect of the Basic Open Offer Entitlements representing your maximum entitlement under the Open Offer. You should refer to the procedure for application set out in paragraph 6.2 of Part VIII (*Terms of the Issue*). The relevant CREST instructions must have settled in accordance with the instructions in paragraph 6.2 of Part VIII (*Terms of the Issue*) by no later than 11.00 a.m. on 29 August 2017. Qualifying CREST Shareholders who are CREST sponsored members should refer to their CREST sponsors regarding the action to be taken in connection with this document and the Open Offer.

If you sell or have sold or otherwise transferred all of your Existing Ordinary Shares (other than ex-entitlements) held in certificated form on or after the ex-entitlement date, please forward this document and any Application Form received at once to the purchaser or transferee or the bank, stockbroker or other agent through whom the sale or transfer was effected for delivery to the purchaser or transferee, except that such documents should not be sent to any jurisdiction where to do so might constitute a violation of local securities laws or regulations, including, but not limited to, the United States or any of the Excluded Territories.

If you sell or have sold or otherwise transferred only part of your holding of Existing Ordinary Shares (other than ex-entitlements) held in certificated form before the ex-entitlement date, you should refer to the instruction regarding split applications in Part VIII (*Terms of the Issue*) and the Application Form.

The latest time and date for receipt of Application Forms and payment in full under the Open Offer and the settlement of relevant CREST instructions (as appropriate) is expected to be 11.00 a.m. on 29 August 2017, unless otherwise announced by the Company. Details of the further terms and conditions of the Issue are set out in Part VIII (*Terms of the Issue*) and, where relevant, will also be set out in the Application Forms.

For Qualifying Non-CREST Shareholders, the Open Offer Shares will be issued in certificated form and will be represented by definitive share certificates, which are expected to be despatched by not later than 8 September 2017 to the registered address of the person(s) entitled to them.

For Qualifying CREST Shareholders, the Receiving Agent will instruct Euroclear to credit the stock accounts of the Qualifying CREST Shareholders with their Open Offer Shares. It is expected that this will take place on 31 August 2017.

Qualifying CREST Shareholders who are CREST sponsored members should refer to their CREST sponsor regarding the action to be taken in connection with the Open Offer.

If you are in any doubt as to what action you should take, you should immediately seek your own financial advice from your stockbroker, bank manager, solicitor or other independent professional adviser duly authorised under the FSMA who specialises in advice on the acquisition of shares and other securities.

16. CONCLUDING REMARKS

The Directors consider the Transaction and the Issue to be in the best interest of the Company and Shareholders as a whole.

Each of the directors intends to participate in the Firm Placing and Placing and Open Offer.

Yours faithfully,

Bob Diamond
Chairman

PART VIII

TERMS OF THE ISSUE

1. Summary of the Issue

The Company is proposing, subject to certain conditions, to issue in aggregate 44,444,444 New Ordinary Shares through the Firm Placing and Placing and Open Offer, raising gross proceeds of approximately US\$100 million (approximately US\$92.3 million net of expenses).

13,333,333 New Ordinary Shares will be issued through the Firm Placing, raising gross proceeds of approximately US\$30 million, and 31,111,111 New Ordinary Shares will be issued through the Placing and Open Offer, raising gross proceeds of approximately US\$70 million.

Upon completion of the Issue, the New Ordinary Shares will represent approximately 26.6% of the Enlarged Share Capital (excluding Ordinary Shares held in escrow as part of the contingent consideration for the acquisition of FBZ and Ordinary Shares held in Treasury) and the Existing Ordinary Shares will represent approximately 46.6% of the Enlarged Share Capital (excluding Ordinary Shares held in escrow as part of the contingent consideration for the acquisition of FBZ and Ordinary Shares held in Treasury). The remaining 26.8% of the Enlarged Share Capital will be represented by Ordinary Shares issued on conversion of the Mandatory Convertible Bonds.

The Open Offer is an opportunity for Qualifying Shareholders to apply for, in aggregate, 31,111,111 Open Offer Shares pro rata to their current holdings at the Issue Price in accordance with the terms of the Open Offer and pursuant to the Excess Application Facility, to apply for Excess Shares at the Issue Price in accordance with the terms of the Open Offer. The Open Offer Shares have been placed conditionally with Fairfax Africa at the Issue Price, subject to clawback to satisfy valid applications by Qualifying Shareholders under the Open Offer.

The Firm Placing and Placing and Open Offer are conditional, *inter alia*, on:

- (A) the Company having complied with its obligations under the Placing Agreement and under the terms and conditions of the Firm Placing and Placing and Open Offer which fall to be performed on or prior to Admission;
- (B) the Placing Agreement becoming unconditional in all respects, save for Admission, and not being terminated in accordance with its terms; and
- (C) Admission taking place by not later than 10.00 a.m. on 31 August 2017 (or such later time and/or date as the Company and Fairfax Africa may agree).

A summary of the principal terms of the Placing Agreement is set out in paragraph 9.1 of Part XIX (*Additional Information*) of this document.

The Record Date for entitlements under the Open Offer for Qualifying CREST Shareholders and Qualifying Non-CREST Shareholders was 5.30 p.m. on 8 August 2017. Application Forms for Qualifying Non-CREST Shareholders are expected to be posted on 11 August 2017 and Basic Open Offer Entitlements and Excess Basic Open Offer Entitlements are expected to be credited to stock accounts of Qualifying CREST Shareholders in CREST on 14 August 2017. The latest time and date for receipt of completed Application Forms and payment in full under the Open Offer and settlement of relevant CREST instructions (as appropriate) is expected to be 11.00 a.m. on 29 August 2017 with Admission and commencement of dealings in Open Offer Shares expected to take place at 8.00 a.m. on 31 August 2017 (whereupon an announcement through a Regulatory Information Service will be made by the Company).

This document and, for Qualifying Non-CREST Shareholders only, the Application Form, the instructions from the respective nominees, contain the formal terms and conditions of the Issue. Your attention is drawn to paragraph 6.1 of this Part VIII (*Terms of the Issue*), which gives details of the procedure for application and payment for the Open Offer Shares available under the Open Offer. The attention of Overseas Shareholders is drawn to paragraph 8 of this Part VIII (*Terms of the Issue*).

The New Ordinary Shares, when issued and fully paid, will be identical to, and rank *pari passu* with, the Existing Ordinary Shares, including the right to receive all dividends and other distributions declared, made or paid on the Existing Ordinary Shares by reference to a record date on or after the relevant date of Admission. No temporary documents of title will be issued.

Applications have been made (i) to the FCA for the New Ordinary Shares to be admitted to listing on the standard listing segment of the Official List; and (ii) to the London Stock Exchange for the New Ordinary Shares to be admitted to trading on the main market for listed securities. The Existing Ordinary Shares are, and the New Ordinary Shares will be, in registered form and can be held in certificated form or in uncertificated form in CREST. It is expected that Admission will become effective and that dealings in the New Ordinary Shares will commence at 8.00 a.m. on 31 August 2017.

Any Qualifying Shareholder who has sold or transferred all or part of his/her registered holding(s) of Existing Ordinary Shares prior to 8.00 a.m. on 11 August 2017 is advised to consult his or her stockbroker, bank or other agent through or to whom the sale or transfer was effected as soon as possible since the invitation to apply for New Ordinary Shares under the Open Offer may be a benefit which may be claimed from him/her by the purchasers under the rules of the London Stock Exchange.

Subject to the conditions referred to above being satisfied (as described in more detail in paragraph 5 of this Part VIII (*Terms of the Issue*)) and save as provided in paragraph 8 of this Part VIII (*Terms of the Issue*) (in respect of Overseas Shareholders), it is intended that:

- (A) Application Forms in respect of the New Ordinary Shares to be offered under the Open Offer will be despatched to Qualifying Non-CREST Shareholders (other than, subject to certain limited exceptions, Excluded Overseas Shareholders and Shareholders with registered addresses in the United States or who are otherwise located in the United States) at their own risk on 11 August 2017;
- (B) the Receiving Agent will instruct Euroclear UK & Ireland to credit the appropriate stock accounts of Qualifying CREST Shareholders (other than, subject to certain limited exceptions, Excluded Overseas Shareholders and Shareholders with registered addresses in the United States or who are otherwise located in the United States) with such Shareholders' Basic Open Offer Entitlements and Excess Basic Open Offer Entitlements with effect from 14 August 2017;
- (C) the relevant Open Offer Shares will be credited to the stock accounts in CREST of relevant Qualifying CREST Shareholders who validly apply for Open Offer Shares as soon as practicable on 31 August 2017; and
- (D) share certificates for the Open Offer Shares to be held in certificated form will be despatched to relevant Qualifying Non-CREST Shareholders, who validly take up their Basic Open Offer Entitlements by not later than 8 September 2017 at their own risk.

Qualifying Shareholders taking up their Basic Open Offer Entitlements will be deemed to have given the representations and warranties set out in paragraph 9 of this Part VIII (*Terms of the Issue*).

2. The Firm Placing

The Company is proposing to issue 13,333,333 Firm Placed Shares pursuant to the Firm Placing at the Issue Price.

The Firm Placed Shares are not subject to clawback and do not form part of the Open Offer. The Firm Placing is subject to the same conditions as the Placing and Open Offer. The Firm Placing is expected to raise approximately US\$30 million (gross).

The Firm Placed Shares have been placed with Fairfax Africa subject to, and in accordance with, the Placing Agreement, which is described at paragraph 9.2 of Part XIX (*Additional Information*).

The Firm Placing is conditional, *inter alia*, upon:

- (A) the Company having complied with its obligations under the Placing Agreement and under the terms and conditions of the Firm Placing and Placing and Open Offer which fall to be performed on or prior to Admission;

- (B) the Placing Agreement becoming unconditional in all respects (as regards the Firm Placing and Placing and Open Offer) and not having been terminated prior to Admission; and
- (C) Admission taking place by not later than 10.00 a.m. on 31 August 2017 (or such later time and/or date as the Company and Fairfax Africa may agree).

Accordingly, if any such conditions are not satisfied or waived (where capable of waiver), the Firm Placing will not proceed.

In accordance with the Placing Agreement and subject to the satisfaction or waiver of the conditions contained therein, the Company will effect the Firm Placing and will not be entitled to revoke any offers made in connection with the Firm Placing.

Application will be made to the FCA for the Firm Placed Shares to be admitted to listing on the standard listing segment of the Official List and to the London Stock Exchange for the Firm Placed Shares to be admitted to trading on its main market for listed securities. Subject to the above conditions being satisfied, it is expected that Admission will become effective on 31 August 2017 and that dealings for normal settlement in the Firm Placed Shares will commence at 8.00 a.m. on the same day.

The Firm Placed Shares, when issued and fully paid, will be identical to, and rank *pari passu* with, the Existing Ordinary Shares, including the right to receive all dividends and other distributions declared, made or paid on the Existing Ordinary Shares by reference to a record date on or after Admission.

3. The Open Offer

Subject to the terms and conditions set out below (and, in the case of Qualifying Non-CREST Shareholders, in the Application Form) each Qualifying Shareholder is being given the opportunity to apply for any number of Open Offer Shares at the Issue Price (payable in full on application and free of all expenses) up to a maximum of their pro rata entitlement which shall be calculated on the basis of the following Basic Open Offer Entitlement:

0.3998 Open Offer Shares for every 1 Existing Ordinary Share

registered in the name of the Qualifying Shareholder on the Record Date.

Qualifying Shareholders applying for their full Basic Open Offer Entitlements may also apply, under the Excess Application Facility, for Excess Shares in excess of their Basic Open Offer Entitlements at the Issue Price (payable in full on application and free of all expenses). The maximum number of Open Offer Shares to be allotted under the Excess Application Facility will be limited to the maximum number of Open Offer Shares to be issued by the Company under the Open Offer less any Open Offer Shares issued under the Open Offer pursuant to Qualifying Shareholders' valid applications for their Basic Open Offer Entitlements. Qualifying Non-CREST Shareholders who wish to subscribe for more than their Basic Open Offer Entitlements should complete Boxes E, F and G of the Application Form and sign and date the Application Form.

If applications under the Excess Application Facility are received for more than the total number of Open Offer Shares available following take up of Basic Open Offer Entitlements, such applications shall be scaled back pro rata to the number of Excess Shares applied for by Qualifying Shareholders under the Excess Application Facility or allocated in such manner as the Board may, in its absolute discretion, determine. No assurance can be given that the applications by Qualifying Shareholders under the Excess Application Facility will be met in full, in part or at all.

Fractional entitlements to Open Offer Shares will not be allotted to Qualifying Shareholders in the Open Offer and, where necessary, fractional entitlements under the Open Offer will be rounded down to the nearest whole number of Open Offer Shares. Fractional entitlements will be aggregated and made available in the Excess Application Facility. Accordingly, Qualifying Shareholders with fewer than three Existing Ordinary Shares will not have the opportunity to participate in the Open Offer.

Valid applications by Qualifying Shareholders will be satisfied in full up to the maximum amount of their individual Basic Open Offer Entitlement.

Holdings of Existing Ordinary Shares in certificated and uncertificated form will be treated as separate holdings for the purpose of calculating entitlements under the Open Offer, as will holdings under different designations and in different accounts.

If you are a Qualifying Non-CREST Shareholder, the Application Form shows the number of Existing Ordinary Shares registered in your name on the Record Date and also shows the maximum number of Open Offer Shares for which you are entitled to apply if you apply for your Basic Open Offer Entitlements in full.

Qualifying CREST Shareholders will have Basic Open Offer Entitlements and Excess Basic Open Offer Entitlements credited to their stock accounts in CREST and should refer to paragraph 6.2 of this Part VIII (*Terms of the Issue*) and also to the CREST Manual for further information on the relevant CREST procedures.

Qualifying Shareholders may apply for any number of Open Offer Shares up to the maximum to which they are entitled under the Open Offer.

The attention of Overseas Shareholders or any person (including, without limitation, an agent, custodian, nominee or trustee) who has a contractual or other legal obligation to forward this document or the Application Form, into a jurisdiction other than the UK is drawn to paragraph 8 of this Part VIII (*Terms of the Issue*). The Placing and Open Offer will not be made into certain territories. Subject to the provisions of paragraph 8, Excluded Overseas Shareholders and Shareholders with registered addresses in the United States or who are otherwise located in the United States are not being sent this document and will not be sent an Application Form or have their CREST accounts credited with Basic Open Offer Entitlements or Excess Basic Open Offer Entitlements.

All Shareholders will be diluted by the Firm Placing and the conversion of the Mandatory Convertible Bonds. Qualifying Shareholders who take up their Basic Open Offer Entitlements in full will experience a dilution of 8% as a result of the Firm Placing and a dilution of 34.8% as a result of the Firm Placing and the conversion of the Mandatory Convertible Bonds. A Qualifying Shareholder (or a Shareholder in the United States or an Excluded Territory who is not eligible to participate in the Open Offer) that does not take up any Open Offer Shares under the Open Offer will experience a dilution of 26.6% as a result of the Issue and 53.4% as a result of the Issue and the conversion of the Mandatory Convertible Bonds.

Qualifying Shareholders should be aware that the Open Offer is not a rights issue. Qualifying Non-CREST Shareholders should also note that their Application Form is not a negotiable document and cannot be traded. Qualifying CREST Shareholders should note that the Basic Open Offer Entitlements will not be tradeable or listed although the Basic Open Offer Entitlements will be credited to CREST and be enabled for settlement, applications in respect of entitlements under the Open Offer may only be made by the Qualifying Shareholder originally entitled or by a person entitled by virtue of a *bona fide* market claim raised by Euroclear's Claims Processing Unit. Open Offer Shares not applied for under the Open Offer will not be sold in the market for the benefit of those who do not apply under the Open Offer and Qualifying Shareholders who do not apply to take up Open Offer Shares will have no rights under the Open Offer. Any Open Offer Shares which are not applied for in respect of the Open Offer will be issued to Fairfax Africa and/or its affiliates subject to the terms and conditions of the Placing Agreement.

Application has been made for the Basic Open Offer Entitlements and Excess Basic Open Offer Entitlements to be credited to Qualifying CREST Shareholders' CREST accounts. The Basic Open Offer Entitlements and Excess Basic Open Offer Entitlements are expected to be credited to CREST accounts on 14 August 2017. The ISIN for the New Ordinary Shares will be the same as that of the Existing Ordinary Shares, being VGG0697K1066. The ISIN for the Basic Open Offer Entitlements will be VGG0697Q1037 and Excess Basic Open Offer Entitlements will be VGG0697Q1110.

The Existing Ordinary Shares are already admitted to CREST. No further application for admission to CREST is accordingly required for the New Ordinary Shares. All such shares, when issued and fully paid, may be held and transferred by means of CREST.

The Open Offer Shares, when issued and fully paid, will be identical to, and rank *pari passu* with, the Existing Ordinary Shares, including the right to receive all dividends and other distributions declared, made or paid on the Existing Ordinary Shares by reference to a record date on or after Admission. The Open Offer Shares are not being made available in whole or in part to the public except under the terms of the Open Offer.

4. The Placing

The Company has agreed, pursuant to the Placing Agreement, to place conditionally all the Open Offer Shares at the Issue Price to Fairfax Africa and/or its affiliates. The commitments of Fairfax Africa are subject to clawback in respect of valid applications for Open Offer Shares by Qualifying Shareholders pursuant to the Open Offer, including under the Excess Application Facility. Subject to waiver or satisfaction of the conditions and the Placing Agreement not being terminated, any Open Offer Shares which are not applied for in respect of the Open Offer will be issued to Fairfax Africa and/or its affiliates subject to the terms and conditions of the Placing Agreement.

For information on the Placing Agreement see paragraph 9.2 of Part XIX (*Additional Information*).

5. Conditions and Further Terms of the Firm Placing and Placing and Open Offer

The Open Offer Shares have been placed with Fairfax Africa subject to clawback to satisfy valid applications under the Open Offer subject to, and in accordance with, the Placing Agreement.

The Firm Placing and Placing and Open Offer is conditional, *inter alia*, upon:

- (A) the Company having complied with its obligations under the Placing Agreement and under the terms and conditions of the Firm Placing and Placing and Open Offer which fall to be performed on or prior to Admission;
- (B) the Placing Agreement becoming unconditional in all respects (as regards the Firm Placing and Placing and Open Offer) and not having been terminated prior to Admission; and
- (C) Admission taking place by not later than 10.00 a.m. on 31 August 2017 (or such later time and/or date as the Company and Fairfax Africa may agree).

Accordingly, if any such conditions are not satisfied or waived (where capable of waiver) or the Placing Agreement is terminated, the Firm Placing and Placing and Open Offer will not proceed and any applications made by Qualifying Shareholders will be rejected. In such circumstances, application monies will be returned (at the applicant's sole risk, including any exchange rate risk), without payment of interest, as soon as practicable thereafter.

No temporary documents of title will be issued in respect of Open Offer Shares held in uncertificated form. Definitive certificates in respect of Open Offer Shares taken up are expected to be posted to those Qualifying Shareholders who have validly elected to hold their Open Offer Shares in certificated form by 8 September 2017. In respect of those Qualifying Shareholders who have validly elected to hold their Open Offer Shares in uncertificated form, the Open Offer Shares are expected to be credited to their stock accounts maintained in CREST by 31 August 2017. Applications will be made (i) to the FCA for the Open Offer Shares to be admitted to listing on the standard listing segment of the Official List; and (ii) to the London Stock Exchange for the Open Offer Shares to be admitted to trading on the main market for listed securities. Admission to the London Stock Exchange is expected to occur on 31 August 2017, when dealings in the New Ordinary Shares to be issued pursuant to the Firm Placing and Placing and Open Offer are expected to begin. All monies received by the Receiving Agent in respect of Open Offer Shares will be held in a non-interest bearing account by the Receiving Agent until all conditions are met. After Admission, the Placing Agreement will not be subject to any conditions or rights of termination (including in respect of statutory withdrawal rights).

If for any reason it becomes necessary to adjust the expected timetable as set out in this document, the Company will make an appropriate announcement to a Regulatory Information Service giving details of the revised dates.

In accordance with the Placing Agreement and subject to the satisfaction or waiver of the conditions contained therein, the Company will effect the Firm Placing and Placing and Open Offer and will not be entitled to revoke any offers made in connection with the Firm Placing and Placing and Open Offer.

6. Procedure for Application and Payment

If you are in any doubt as to what action you should take, or the contents of this document, you are recommended to consult immediately your stockbroker, bank manager, solicitor, accountant, fund manager or other appropriate independent financial adviser being, if you are resident in the United Kingdom, a firm authorised under FSMA or, if you are in a territory outside the United Kingdom, otherwise from another appropriately authorised independent financial adviser.

The action to be taken by Qualifying Shareholders in respect of the Open Offer depends on whether, at the relevant time, such Qualifying Shareholder has received an Application Form in respect of his or her entitlement under the Open Offer, has had Basic Open Offer Entitlements and Excess Basic Open Offer Entitlements credited to his or her CREST stock account in respect of such entitlement. Qualifying Shareholders who hold their Existing Ordinary Shares in certificated form and apply for Open Offer Shares will be allotted Open Offer Shares in certificated form. Qualifying Shareholders who hold part of their Existing Ordinary Shares in uncertificated form will be allotted Open Offer Shares in uncertificated form to the extent that their entitlement to Open Offer Shares arises as a result of holding Existing Ordinary Shares in uncertificated form. However, it will be possible for Qualifying Shareholders to deposit Basic Open Offer Entitlements and Excess Basic Open Offer Entitlements into, and withdraw them from, CREST. Further information on deposit and withdrawal from CREST is set out in paragraph 10 of this Part VIII (*Terms of the Issue*).

CREST sponsored members should refer to their CREST sponsor, as only their CREST sponsor will be able to take the necessary action specified below to apply under the Open Offer in respect of the Basic Open Offer Entitlements and Excess Basic Open Offer Entitlements of such members held in CREST. CREST members who wish to apply under the Open Offer in respect of their Basic Open Offer Entitlements and Excess Basic Open Offer Entitlements in CREST should refer to the CREST Manual for further information on the CREST procedures referred to below.

Qualifying Shareholders who do not want to apply for, or are not eligible to apply for, the Open Offer Shares under the Open Offer should take no action and should not complete or return the Application Form.

6.1 If you have an Application Form in respect of your Basic Open Offer Entitlements and Excess Basic Open Offer Entitlements

(A) General

Subject as provided in paragraph 8 of this Part VIII (*Terms of the Issue*) in relation to Overseas Shareholders, Qualifying Non-CREST Shareholders will receive an Application Form. The Application Form shows the number of Existing Ordinary Shares registered in their name on the Record Date in Box A. It also shows the maximum number of Open Offer Shares for which they are entitled to apply under the Open Offer, as shown by the total number of Basic Open Offer Entitlements allocated to them set out in Box B. Box C shows how much they would need to pay if they wish to take up their Basic Open Offer Entitlements in full. Qualifying Non-CREST Shareholders may apply for less than their entitlement should they wish to do so. Qualifying Non-CREST Shareholders may also hold such an Application Form by virtue of a *bona fide* market claim. Under the Excess Application Facility, provided that they have agreed to take up their Basic Open Offer Entitlement, Qualifying Non-CREST Shareholders may apply for more than their Basic Open Offer Entitlements should they wish to do so. If the total number of Excess Shares applied for by all Qualifying Shareholders exceeds the total number of Excess Shares available, applications shall be scaled back pro rata to the number of Excess Shares applied for by Qualifying Shareholders under the Excess Application Facility or allocated in such manner as the Board may, in its absolute discretion, determine.

The instructions and other terms set out in the Application Form form part of the terms of the Open Offer in relation to Qualifying Non-CREST Shareholders.

The latest time and date for acceptance of the Application Forms and payment in full will be 11.00 a.m. on 29 August 2017. The Open Offer Shares are expected to be issued on 31 August 2017. After such date the Open Offer Shares will be in registered form, freely transferable by written instrument of transfer in the usual common form, or if they have been issued in or converted into uncertificated form, in electronic form under the CREST system.

(B) Bona fide market claims

Applications to subscribe for Open Offer Shares may only be made on the Application Form and may only be made by the Qualifying Non-CREST Shareholder named in it or by a person entitled by virtue of a *bona fide* market claim in relation to a purchase of Existing Ordinary Shares through the market prior to the date upon which the Existing Ordinary Shares were marked “ex” the entitlement to participate in the Open Offer. Application Forms may not be assigned, transferred or split, except to satisfy *bona fide* market claims up to 3.00 p.m. on 24 August 2017. The Application Form is not a negotiable document and cannot be separately traded. A Qualifying Non-CREST Shareholder who has sold or otherwise transferred all or part of his/her holding of Existing Ordinary Shares prior to the date upon which the Existing Ordinary Shares were marked “ex” the entitlement to participate in the Open Offer, should consult his or her broker or other professional adviser as soon as possible, as the invitation to subscribe for Open Offer Shares under the Open Offer may be a benefit which may be claimed by the transferee.

Qualifying Non-CREST Shareholders who have sold or otherwise transferred all their registered holdings prior to 8.00 a.m. on 11 August 2017, being the date upon which the Existing Ordinary Shares were marked “ex” the entitlement to participate in the Open Offer should, if the market claim is to be settled outside CREST, complete Box J on the Application Form and immediately send it (together with this document) to the stockbroker, bank or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee in accordance with the instructions set out in the Application Form, or directly to the purchaser or transferee, if known. Qualifying Non-CREST Shareholders who have sold or otherwise transferred some only of the Existing Ordinary Shares shown in Box A on the Application Form prior to 8.00 a.m. on 11 August 2017, being the date upon which the Existing Ordinary Shares were marked “ex” the entitlement to participate in the Open Offer, should contact the stockbroker, bank or other agent through whom the sale or transfer was effected to arrange for split Application Forms to be obtained. The Application Form should not, however, be forwarded or transmitted in or into the United States or any other Excluded Territory. If the market claim is to be settled outside CREST, the beneficiary of the claim should follow the procedures set out in the accompanying Application Form. If the market claim is to be settled in CREST, the beneficiary of the claim should follow the procedures set out in paragraph 6.2 below.

(C) Excess applications

Qualifying Non-CREST Shareholders applying for their Basic Open Offer Entitlements may apply to acquire Excess Shares using the Excess Application Facility, should they wish. The total number of Open Offer Shares to be issued by the Company will not be increased in response to any applications under the Excess Application Facility. Applications for Excess Shares will therefore only be satisfied to the extent that other Qualifying Shareholders do not apply for their Basic Open Offer Entitlements.

If applications under the Excess Applications Facility are received for more than the total number of Excess Shares available following take up of Basic Open Offer Entitlements, applications shall be scaled back pro rata to the number of Excess Shares applied for by Qualifying Shareholders under the Excess Application Facility or allocated in such manner as the Board may, in its absolute discretion, determine.

Qualifying Non-CREST Shareholders who wish to apply for Open Offer Shares in excess of their Basic Open Offer Entitlements should follow the instructions in paragraph 6.1(D) below and complete the Application Form in accordance with the instructions set out in the Application Form.

Should the Open Offer become unconditional in all respects and applications for Excess Shares exceed the total number of Excess Shares available following the take up of Basic Open Offer Entitlements, resulting in a scale back of applications, each Qualifying Non-CREST Shareholder who has made a valid application for Excess Shares under the Excess

Application Facility, and from whom payment in full for Excess Shares under the Excess Application Facility has been received, will receive a US dollar amount equal to the number of Open Offer Shares applied and paid for by, but not allocated to, the relevant Qualifying Non-CREST Shareholder, multiplied by the Issue Price. Monies will be returned as soon as reasonably practicable thereafter by cheque, without payment of interest and at the applicant's sole risk.

Fractions of the Open Offer Shares will not be issued and fractions of the Open Offer Shares will be rounded down to the nearest whole number. Fractional entitlements will be aggregated and made available in the Excess Application Facility. Accordingly, Qualifying Shareholders with fewer than three Existing Ordinary Shares will not have the opportunity to participate in the Open Offer.

(D) Application procedures

Qualifying Non-CREST Shareholders (other than, subject to certain exceptions, Excluded Overseas Shareholders or Shareholders with registered addresses in the United States or who are otherwise located in the United States) wishing to apply to subscribe for all or any of the Open Offer Shares (including any of its entitlement under the Excess Application Facility) in respect of their Basic Open Offer Entitlements should complete the Application Form in accordance with the instructions printed on it.

Completed Application Forms should be posted in the accompanying pre-paid envelope to the Receiving Agent, by post to Computershare Investor Services (BVI) Limited, Corporate Actions Projects, The Pavilions, Bridgwater Road, Bristol, BS99 6AH or by hand (during normal business hours), to Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol BS13 8AE so as to be received by not later than 11.00 a.m. on 29 August 2017, after which time Application Forms will not be valid. Qualifying Non-CREST Shareholders should note that applications, once made, will be irrevocable and receipt thereof will not be acknowledged.

If an Application Form is being sent by post in the United Kingdom, Qualifying Shareholders are recommended to allow at least four Business Days for delivery. Although, should there be any postal delays or disruptions as a result of industrial action or otherwise, Qualifying Shareholders should act promptly and may need to make alternative delivery arrangements if they wish to participate in the Open Offer.

All payments must be in US dollars and made by cheque or banker's draft made payable to "CIS PLC re Atlas Mara" and crossed "A/C Payee Only". Cheques or banker's drafts must be drawn on a bank in the UK which is a member of either the Cheque and Credit Clearing Company Limited or the CHAPS Clearing Company Limited or which has arranged for its cheques and banker's drafts to be cleared through the facilities provided by any of those companies or committees and must bear the appropriate sort code in the top right hand corner and must be for the full amount payable for the application. Third party cheques may not be accepted with the exception of building society cheques or banker's drafts where the building society or bank has confirmed the name of the account holder by stamping or endorsing the back of the cheque or draft to such effect. The account name should be the same as that shown on the application. Post-dated cheques will not be accepted.

Third party cheques (other than building society cheques or banker's drafts where the building society or bank has confirmed that the relevant Qualifying Shareholder has title to the underlying funds) will be subject to compliance with Money Laundering Regulations, which would delay Shareholders receiving their Open Offer Shares. The consequences of any failure to comply with Money Laundering Regulations are set out in paragraph 7 of this Part VIII (*Terms of the Issue*).

Cheques or banker's drafts will be presented for payment upon receipt. The Company reserves the right to instruct the Receiving Agent to seek special clearance of cheques and banker's drafts to allow the Company to obtain value for remittances at the earliest opportunity. No interest will be paid on payments. It is a term of the Open Offer that cheques shall be honoured on first presentation and the Company may elect to treat as invalid acceptances in respect of which cheques are not so honoured. All documents, cheques and banker's drafts sent through the post will be sent at the risk of the sender. Payments via CHAPS, BACS or electronic transfer will not be accepted. If cheques or banker's drafts are presented for payment before all of the conditions of the Open Offer are fulfilled, the

application monies will be kept in a separate bank non-interest bearing account until all conditions are met. If the Firm Placing and Placing and Open Offer does not become unconditional, no Open Offer Shares will be issued pursuant to the Firm Placing and Placing and Open Offer and all monies will be returned (at the applicant's sole risk), without payment of interest, to applicants as soon as practicable following the lapse of the Firm Placing and Placing and Open Offer.

The Company may in its sole discretion, but shall not be obliged to, treat an Application Form as valid and binding on the person by whom or on whose behalf it is lodged, even if not completed in accordance with the relevant instructions or not accompanied by a valid power of attorney where required, or if it otherwise does not strictly comply with the terms and conditions of the Issue. The Company may treat as valid Application Forms from which pages 2 and 3 have been removed.

Multiple applications will not be accepted. All documents and remittances sent by post by or to an applicant (or as the applicant may direct) will be sent at the applicant's own risk.

If Open Offer Shares have already been allotted to a Qualifying Non-CREST Shareholder and such Qualifying Non-CREST Shareholder's cheque or banker's draft is not honoured upon first presentation or such Qualifying Non-CREST Shareholder's application is subsequently otherwise deemed to be invalid, the Receiving Agent shall be authorised (in its absolute discretion as to manner, timing and terms) to make arrangements, on behalf of the Company, for the sale of such Qualifying Non-CREST Shareholder's Open Offer Shares and for the proceeds of sale (which for these purposes shall be deemed to be payments in respect of successful applications) to be paid to and retained by the Company. Neither of the Receiving Agent or the Company, nor any other person shall be responsible for, or have any liability for, any loss, expense or damage suffered by such Qualifying Non-CREST Shareholder as a result.

If an Application Form is accompanied by a payment for an incorrect sum, the Company reserves the right:

- (i) to reject the application in full and return the cheque or bankers' draft or refund the payment to the Qualifying Non-CREST Shareholder in question (without interest); or
- (ii) in the case that an insufficient sum is paid, to treat the application as a valid application for such lesser whole number of Open Offer Shares as would be able to be applied for with that payment at the Issue Price, refunding any unutilised sum, without interest, to the Qualifying Non-CREST Shareholder in question (without interest), save that any sums of less than US\$5.00 will be retained for the benefit of the Company; or
- (iii) in the case that an excess sum is paid, to treat the application as a valid application for all of the Open Offer Shares referred to in the Application Form, refunding any unutilised sums, without interest, to the Qualifying Non-CREST Shareholder in question (without interest), save that any sums of less than US\$5.00 will be retained for the benefit of the Company.

(E) Effect of application

By completing and delivering an Application Form, the applicant:

- (i) represents and warrants to the Company that he/she has the right, power and authority, and has taken all action necessary, to make the application under the Open Offer and to execute, deliver and exercise his/her rights, and perform his/her obligations under any contracts resulting therefrom and that he/she is not prevented by legal or regulatory restrictions from applying for Open Offer Shares and/or acting on behalf of any such person on a non-discretionary basis;
- (ii) agrees with the Company that all applications under the Open Offer and any contracts or non-contractual obligations resulting therefrom shall be governed by and construed in accordance with the laws of England and Wales;
- (iii) confirms to the Company that in making the application he/she is not relying on any information or representation in relation to the Company other than that contained in this document, and he/she accordingly agrees that no person responsible solely or jointly for this document or any part thereof, or involved in the preparation thereof, shall have any

liability for any such information or representation not so contained and further agrees that, having had the opportunity to read this document, he/she will be deemed to have had notice of all the information in relation to the Company contained in this document;

- (iv) confirms to the Company that no person has been authorised to give any information or to make any representation concerning the Company or the New Ordinary Shares (other than as contained in this document) and, if given or made, any such other information or representation should not be relied upon as having been authorised by the Company;
- (v) represents and warrants to the Company that he/she is the Qualifying Shareholder originally entitled to the Basic Open Offer Entitlements or that he/she received such Basic Open Offer Entitlements by virtue of a *bona fide* market claim;
- (vi) represents and warrants to the Company that if he/she has received some or all of his/her Basic Open Offer Entitlements from a person other than the Company, he/she is entitled to apply under the Open Offer in relation to such Basic Open Offer Entitlements by virtue of a *bona fide* market claim;
- (vii) unless otherwise agreed by the Company in its sole discretion, represents and warrants to the Company and the Receiving Agent that such person and any person on whose behalf the applicant is making the application (a) is not located in the United States or any Excluded Territory; (b) is not in any jurisdiction in which it is unlawful to make or accept an offer to acquire the New Ordinary Shares; (c) is not acting on a non-discretionary basis on behalf of, or for the account or benefit of, a person located within the United States or any other Excluded Territory or any territory referred to in (b) above; and (d) it is not acquiring the New Ordinary Shares with a view to the offer, sale, resale, transfer, delivery or distribution, directly or indirectly, of any such New Ordinary Shares into the United States, any of the Excluded Territories or any other jurisdiction referred to in (b) above;
- (viii) requests that the New Ordinary Shares, to which he/she will become entitled pursuant to the Open Offer, be issued to him/her on the terms set out in this document and the Application Form subject to the Memorandum of Association and Articles of Association;
- (ix) represents and warrants to the Company that he/she is not, and nor is he/she applying as nominee or agent for, a person who is or may be liable to notify and account for tax under the Stamp Duty Reserve Tax Regulations 1986 at any of the increased rates referred to in section 93 (depository receipts) or section 96 (clearance services) of the Finance Act 1986; and
- (x) confirms to the Company and Fairfax Africa that in making the application, he/she is not relying and has not relied on Fairfax Africa or any person affiliated with Fairfax Africa in connection with any investigation of the accuracy of any information contained in this document or his/her investment decision.

Qualifying Shareholders outside the United States who complete and deliver an Application Form must also make the representations and warranties set out in paragraph 9 of this Part VIII (*Terms of the Issue*).

Qualifying Non-CREST Shareholders who do not want to take up or apply for the Open Offer Shares under the Open Offer should take no action and should not complete or return the Application Form.

6.2 If you have your stock account in CREST credited in respect of your Basic Open Offer Entitlements and Excess Basic Open Offer Entitlement

(A) General

Subject as provided in paragraph 8 of this Part VIII (*Terms of the Issue*) in relation to certain Overseas Shareholders, each Qualifying CREST Shareholder will receive a credit to his or her stock account in CREST of his or her Basic Open Offer Entitlements, and also Excess Basic Open Offer Entitlements equal to the maximum number of Open Offer Shares available under the Open Offer.

The CREST stock account to be credited will be an account under the participant ID and member account ID that apply to the Existing Ordinary Shares held on the Record Date by the Qualifying CREST Shareholder in respect of which the Basic Open Offer Entitlements and Excess Basic Open Offer Entitlements have been allocated.

If for any reason the Basic Open Offer Entitlements and/or Excess Basic Open Offer Entitlements cannot be admitted to CREST by, or the stock accounts of Qualifying CREST Shareholders cannot be credited on 31 August 2017, or such later time and/or date as the Company may decide, an Application Form will, unless the Company agrees otherwise, be sent to each Qualifying CREST Shareholder in substitution for the Basic Open Offer Entitlements and Excess Basic Open Offer Entitlements which should have been credited to his or her stock account in CREST. In these circumstances, the expected timetable as set out in this document will be adjusted as appropriate and the provisions of this document applicable to Qualifying Non-CREST Shareholders with Application Forms will apply to Qualifying CREST Shareholders who receive such Application Forms. The Company will make an appropriate announcement through a Regulatory Information Service giving details of the revised dates but Qualifying CREST Shareholders may not receive any further written communication. CREST members who wish to apply to subscribe for some or all of their entitlements to Open Offer Shares should refer to the CREST Manual for further information on the CREST procedures referred to below.

If you are a CREST sponsored member, you should consult your CREST sponsor if you wish to apply for Open Offer Shares as only your CREST sponsor will be able to take the necessary action to make this application in CREST.

(B) Bona fide market claims

The Basic Open Offer Entitlements and Excess Basic Open Offer Entitlements will constitute a separate security for the purposes of CREST and will have a separate ISIN. Although Basic Open Offer Entitlements and Excess Basic Open Offer Entitlements will be admitted to CREST and be enabled for settlement, applications in respect of Basic Open Offer Entitlements and Excess Basic Open Offer Entitlements may only be made by the Qualifying Shareholder originally entitled or (in respect of Basic Open Offer Entitlements only) by a person entitled by virtue of a *bona fide* market claim transaction. Transactions identified by the CREST Claims Processing Unit as “cum” the Basic Open Offer Entitlements will generate an appropriate market claim transaction and the relevant Basic Open Offer Entitlement(s) will thereafter be transferred accordingly.

Excess Basic Open Offer Entitlements will not be subject to Euroclear’s market claims process. Qualifying CREST Shareholders claiming Excess Basic Open Offer Entitlements by virtue of a *bona fide* market claim are advised to contact the Receiving Agent to request a credit of the appropriate number of entitlements to their CREST account.

(C) Excess applications

Qualifying CREST Shareholders applying for their Basic Open Offer Entitlements in full may apply to acquire Excess Shares using the Excess Application Facility, should they wish. The total number of Open Offer Shares to be issued by the Company will not be increased in response to any application under the Excess Application Facility. Applications for Excess Shares will therefore only be satisfied to the extent that other Qualifying Shareholders do not apply for their Basic Open Offer Entitlements.

If applications under the Excess Application Facility are received for more than the total number of Excess Shares available following take up of Basic Open Offer Entitlements, applications shall be scaled back pro rata to the number of Excess Shares applied for by Qualifying Shareholders under the Excess Application Facility or allocated in such manner as the Board may, in its absolute discretion, determine.

Neither Basic Open Offer Entitlements nor Excess Basic Open Offer Entitlements may not be sold or otherwise transferred. Subject as provided in paragraph 8 of this Part VIII (*Terms of the Issue*) in relation to certain Overseas Shareholders, the CREST accounts of Qualifying CREST Shareholders will be credited with Excess Basic Open Offer Entitlements in order for any applications for Excess Shares pursuant to the Excess Application Facility to be settled through CREST. The credit of such Excess Basic Open Offer Entitlements does not in any way give Qualifying CREST Shareholders a right to the Excess Shares attributable to the Excess Basic Open Offer Entitlements as an Excess Basic Open Offer Entitlement is subject to scaling back in accordance with the terms of this document.

Qualifying CREST Shareholders should note that, although the Basic Open Offer Entitlements and the Excess Basic Open Offer Entitlements will be admitted to CREST, they will have limited settlement capabilities (in respect of Basic Open Offer Entitlements, for the purpose of market claims only). Neither the Basic Open Offer Entitlements nor the Excess Basic Open Offer Entitlements will be tradable or listed and applications in respect of the Open Offer may only be made by the Qualifying Shareholders originally entitled or, in respect of Basic Open Offer Entitlements only, by a person entitled by virtue of a *bona fide* market claim.

To apply for Excess Shares pursuant to the Open Offer, Qualifying CREST Shareholders should follow the instructions in paragraph 6.2(D) below and must not return an Application Form and cheque.

Should a transaction be identified by the CREST Claims Processing Unit as “cum” the Open Offer Entitlements and the relevant Basic Open Offer Entitlements are transferred, the Excess Basic Open Offer Entitlements will not transfer with the Basic Open Offer Entitlements claim. Should a Qualifying CREST Shareholder cease to hold all of his Existing Ordinary Shares as a result of one or more *bona fide* market claims, as Excess Basic Open Offer Entitlements will not be subject to Euroclear’s market claims process, Qualifying CREST Shareholders claiming Excess Basic Open Offer Entitlements by virtue of a *bona fide* market claim are advised to contact the Receiving Agent to request a credit of the appropriate number of entitlements to their CREST account. Please note that a separate USE Instruction must be sent to Euroclear in respect of any application under the Excess Basic Open Offer Entitlements.

Fractions of Excess Shares will not be issued under the Excess Application Facility and fractions of Excess Shares will be rounded down to the nearest whole number. Fractional entitlements will be aggregated and made available in the Excess Application Facility. Accordingly, Qualifying Shareholders with fewer than three Existing Ordinary Shares will not have the opportunity to participate in the Open Offer.

The total number of Open Offer Shares to be issued by the Company is fixed and will not be increased in response to applications under the Excess Application Facility. Applications under the Excess Application Facility will therefore only be satisfied to the extent that other Qualifying Shareholders do not apply for their Basic Open Offer Entitlements. Qualifying Shareholders applying for their full Basic Open Offer Entitlements will be entitled to apply for Excess Shares in proportion to the number of Existing Ordinary Shares held respectively by such Qualifying Shareholders, rounded down to the nearest whole number of Excess Shares. Excess monies in respect of applications which are not met in full will be returned to the applicant (at the applicant’s risk) without interest as soon as practicable thereafter by way of cheque or CREST payment, as appropriate.

Qualifying CREST Shareholders will be credited Excess Basic Open Offer Entitlements equal to the total number of Open Offer Shares available under the Open Offer. This is in addition to the Basic Open Offer Entitlements they will receive.

(D) USE Instructions

Qualifying CREST Shareholders who are CREST members and who want to apply for Open Offer Shares in respect of all or some of their Basic Open Offer Entitlements in CREST must send (or, if they are CREST sponsored members, procure that their CREST sponsor sends) an Unmatched Stock Event (“USE”) instruction (“USE Instruction”) to Euroclear, which, on its settlement, will have the following effect:

- (i) the crediting of a stock account of the Receiving Agent under the participant ID and member account ID specified below, with a number of Basic Open Offer Entitlements corresponding to the number of Open Offer Shares applied for; and
- (ii) the creation of a CREST payment, in accordance with the CREST payment arrangements in favour of the payment bank of the Receiving Agent in respect of the amount specified in the USE Instruction which must be the full amount payable on application for the number of Open Offer Shares referred to in (i) above.

(E) Content of USE Instruction in respect of Basic Open Offer Entitlements

The USE Instruction must be properly authenticated in accordance with Euroclear’s specifications and must contain, in addition to the other information that is required for settlement in CREST, the following details:

- (i) the number of Open Offer Shares for which application is being made (and hence the number of the Basic Open Offer Entitlement(s) being delivered to the Receiving Agent);
- (ii) the ISIN of the Basic Open Offer Entitlement. This is VGG0697Q1037;
- (iii) the CREST participant ID of the accepting CREST member;
- (iv) the CREST member account ID of the accepting CREST member from which the Basic Open Offer Entitlements are to be debited;
- (v) the participant ID of the Receiving Agent in its capacity as a CREST receiving agent. This is 3RA42;
- (vi) the member account ID of the Receiving Agent in its capacity as a CREST receiving agent. This is ATLAS;
- (vii) the amount payable by means of a CREST payment on settlement of the USE Instruction. This must be the full amount payable on application for the number of Open Offer Shares referred to in (i) above;
- (viii) the intended settlement date. This must be on or before 11.00 a.m. on 29 August 2017; and
- (ix) the Corporate Action Number for the Open Offer. This will be available by viewing the relevant corporate action details in CREST.

In order for the application in respect of Basic Open Offer Entitlements under the Open Offer to be valid, the USE Instruction must comply with the requirements as to authentication and contents set out above and must settle on or before 11.00 a.m. on 29 August 2017.

In order to assist prompt settlement of the USE Instruction, CREST members (or their sponsors, where applicable) may consider adding the following non-mandatory fields to the USE Instruction:

- (i) a contact name and telephone number (in the free format shared note field); and
- (ii) a priority of at least 80.

CREST members and, in the case of CREST sponsored members, their CREST sponsors, should note that the last time at which a USE Instruction may settle on 29 August 2017 to be valid is 11.00 a.m. on that day.

In the event that the Firm Placing and Placing and Open Offer does not become unconditional by 10.00 a.m. on 31 August 2017 (or such later time and/or date as the Company and Fairfax Africa may agree), the Open Offer will lapse, the Basic Open Offer Entitlements admitted to CREST will be disabled and the Receiving Agent will refund the amount paid by a Qualifying CREST Shareholder by way of a CREST payment, without interest, as soon as practicable thereafter.

The interest earned on such monies (if any) will be retained for the benefit of the Company.

(F) Content of USE Instruction in respect of Excess Basic Open Offer Entitlements

The USE Instruction must be properly authenticated in accordance with Euroclear's specifications and must contain, in addition to the other information that is required for settlement in CREST, the following details:

- (i) the number of Excess Shares for which application is being made (and hence the number of the Excess Basic Open Offer Entitlement(s) being delivered to the Receiving Agent);
- (ii) the ISIN of the Excess Basic Open Offer Entitlement. This is VGG0697Q1110;
- (iii) the CREST participant ID of the accepting CREST member;
- (iv) the CREST member account ID of the accepting CREST member from which the Excess Basic Open Offer Entitlements are to be debited;
- (v) the participant ID of the Receiving Agent in its capacity as a CREST receiving agent. This is 3RA42;
- (vi) the member account ID of the Receiving Agent in its capacity as a CREST receiving agent. This is ATLAS;

- (vii) the amount payable by means of a CREST payment on settlement of the USE Instruction. This must be the full amount payable on application for the number of Excess Shares referred to in (i) above;
- (viii) the intended settlement date. This must be on or before 11.00 a.m. on 29 August 2017; and
- (ix) the Corporate Action Number for the Open Offer. This will be available by viewing the relevant corporate action details in CREST.

In order for an application in respect of Excess Basic Open Offer Entitlements to be valid, the USE Instruction must comply with the requirements as to authentication and contents set out above and must settle on or before 11.00 a.m. on 29 August 2017.

In order to assist prompt settlement of the USE Instruction, CREST members (or their sponsors, where applicable) may consider adding the following non-mandatory fields to the USE Instruction:

- (i) a contact name and telephone number (in the free format shared note field); and
- (ii) a priority of at least 80.

CREST members and, in the case of CREST sponsored members, their CREST sponsors, should note that the last time at which a USE Instruction may settle on 29 August 2017 in order to be valid is 11.00 a.m. on that day.

In the event that the Firm Placing and Placing and Open Offer does not become unconditional by 10.00 a.m. on 31 August 2017 (or such later time and/or date as the Company and Fairfax Africa may agree), the Open Offer will lapse, the Excess Basic Open Offer Entitlements admitted to CREST will be disabled and the Receiving Agent will refund the amount paid by a Qualifying CREST Shareholder by way of a CREST payment, without interest, as soon as practicable thereafter.

(G) Deposit of Basic Open Offer Entitlements into, and withdrawal from, CREST

A Qualifying Non-CREST Shareholder's entitlement under the Open Offer as shown by the number of Basic Open Offer Entitlements set out in his/her Application Form may be deposited into CREST (either into the account of the Qualifying Shareholder named in the Application Form or into the name of a person entitled by virtue of a *bona fide* market claim). Similarly, Basic Open Offer Entitlements held in CREST may be withdrawn from CREST so that the entitlement under the Open Offer is reflected in an Application Form. Normal CREST procedures (including timings) apply in relation to any such deposit or withdrawal, subject (in the case of a deposit into CREST) as set out in the Application Form.

A holder of an Application Form who is proposing to deposit the entitlement set out in such form into CREST (in accordance with the instructions contained in the Application Form) is recommended to ensure that the deposit procedures are implemented in sufficient time to enable the person holding or acquiring the Basic Open Offer Entitlements following their deposit into CREST to take all necessary steps in connection with taking up the entitlement prior to 11.00 a.m. on 29 August 2017.

In particular, having regard to normal processing times in CREST and on the part of the Receiving Agent, the recommended latest time for depositing an Application Form with the CREST Courier and Sorting Service, where the person entitled wishes to hold the entitlement under the Open Offer set out in such Application Form as Basic Open Offer Entitlements in CREST, is 3.00 p.m. on 23 August 2017 and the recommended latest time for receipt by Euroclear of a dematerialised instruction requesting withdrawal of Basic Open Offer Entitlements from CREST is 4.30 p.m. on 22 August 2017, in either case so as to enable the person subscribing for or (as appropriate) holding the Basic Open Offer Entitlements following the deposit or withdrawal (whether as shown in an Application Form or held in CREST) to take all necessary steps in connection with applying in respect of the Basic Open Offer Entitlements prior to 11.00 a.m. on 29 August 2017. CREST holders inputting the withdrawal of their Basic Open Offer Entitlements from their CREST account must ensure that they withdraw their Basic Open Offer Entitlements.

Delivery of an Application Form with the CREST deposit form duly completed whether in respect of a deposit into the account of the Qualifying Shareholder named in the Application Form or into the name of another person, shall constitute a representation and warranty to

the Company and the Registrar by the relevant CREST member that it/they is/are not in breach of the provisions of the notes under the section headed "INSTRUCTIONS FOR DEPOSITING ENTITLEMENTS UNDER THE OPEN OFFER INTO CREST" on page 2 of the Application Form, and a declaration to the Company and the Registrar from the relevant CREST member(s) that it/they is/are not in the United States or any Excluded Territory or citizen(s) or resident(s) of the United States or any Excluded Territory or any jurisdiction in which the application for New Ordinary Shares is prevented by law and, where such deposit is made by a beneficiary of a market claim, a representation and warranty that the relevant CREST member(s) is/are entitled to apply under the Open Offer by virtue of a *bona fide* market claim.

(H) Validity of application

A USE Instruction complying with the requirements as to authentication and contents set out above which settles by not later than 11.00 a.m. on 29 August 2017 will constitute a valid application under the Open Offer.

(I) CREST procedures and timings

CREST members and (where applicable) their CREST sponsors should note that Euroclear does not make available special procedures in CREST for any particular corporate action.

Normal system timings and limitations will therefore apply in relation to the input of a USE Instruction and its settlement in connection with the Open Offer. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST sponsored member, to procure that his CREST sponsor takes) such action as shall be necessary to ensure that a valid application is made as stated above by 11.00 a.m. on 29 August 2017. In this connection CREST members and (where applicable) their CREST sponsors are referred in particular to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.

(J) Incorrect sums

If a USE Instruction includes a CREST payment for an incorrect sum, the Company, through the Receiving Agent, reserves the right:

- (i) to reject the application in full and refund the payment to the CREST member in question (without interest);
- (ii) in the case that an insufficient sum is paid, to treat the application as a valid application for such lesser whole number of Open Offer Shares as would be able to be applied for with that payment at the Issue Price, refunding any unutilised sum to the CREST member in question (without interest) save than any sum less than US\$5.00 will be retained for the benefit of the Company; or
- (iii) in the case that an excess sum is paid, to treat the application as a valid application for all the Open Offer Shares referred to in the USE Instruction, refunding any unutilised sum to the CREST member in question (without interest) save than any sum less than US\$5.00 will be retained for the benefit of the Company.

(K) Effect of valid application through CREST

A CREST member or CREST sponsored member who makes or is treated as making a valid application in accordance with the above procedures thereby will be deemed to have:

- (i) represented and warranted to the Company that he/she has the right, power and authority, and has taken all action necessary, to make the application under the Open Offer and to execute, deliver and exercise his/her rights, and perform his/her obligations, under any contracts resulting therefrom and that he/she is not prevented by legal or regulatory restrictions from applying for Open Offer Shares or acting on behalf of any such person on a non-discretionary basis;
- (ii) agreed with the Company to pay the amount payable on application in accordance with the above procedures by means of a CREST payment in accordance with the CREST payment arrangements (it being acknowledged that the payment to the Registrar's payment bank in accordance with the CREST payment arrangements shall, to the extent of the payment, discharge in full the obligation of the CREST member to pay to the Company the amount payable on application);

- (iii) agreed with the Company that all applications and any contracts or non-contractual obligations resulting therefrom under the Open Offer shall be governed by, and construed in accordance with, the laws of England and Wales;
- (iv) confirmed to the Company that in making the application he/she is not relying on any information or representation other than that contained in this document, and he/she accordingly agrees that no person responsible solely or jointly for this document or any part thereof, or involved in the preparation thereof, shall have any liability for any such information or representation not so contained and further agrees that, having had the opportunity to read this document, he/she will be deemed to have had notice of all the information in relation to the Company contained in this document;
- (v) confirmed to the Company that no person has been authorised to give any information or to make any representation concerning the Company or the New Ordinary Shares (other than as contained in this document) and, if given or made, any such other information or representation should not be relied upon as having been authorised by the Company;
- (vi) represented and warranted to the Company that he/she is the Qualifying Shareholder originally entitled to the Basic Open Offer Entitlements or that he/she has received such Basic Open Offer Entitlements by virtue of a *bona fide* market claim;
- (vii) represented and warranted to the Company that if he/she has received some or all of his Basic Open Offer Entitlements from a person other than the Company, he/she is entitled to apply under the Open Offer in relation to such Basic Open Offer Entitlements by virtue of a *bona fide* market claim;
- (viii) unless otherwise agreed by the Company in its sole discretion, represents and warrants to the Company and the Receiving Agent that such person and any person on whose behalf the applicant is making the application (a) is not located in the United States or any Excluded Territory; (b) is not in any jurisdiction in which it is unlawful to make or accept an offer to acquire the New Ordinary Shares; (c) is not acting on a non-discretionary basis on behalf of, or for the account or benefit of, a person located within the United States or any other Excluded Territory or any territory referred to in (b) above; and (d) it is not acquiring the New Ordinary Shares with a view to the offer, sale, resale, transfer, delivery or distribution, directly or indirectly, of any such New Ordinary Shares into the United States, any of the Excluded Territories or any other jurisdiction referred to in (b) above;
- (ix) requested that the New Ordinary Shares to which he/she will become entitled be issued to him/her on the terms set out in this document, subject to the Memorandum of Association and Articles of Association (as defined);
- (x) represented and warranted to the Company that he/she is not, and nor is he/she applying as nominee or agent for, a person who is or may be liable to notify and account for tax under the Stamp Duty Reserve Tax Regulations 1986 at any of the increased rates referred to in section 93 (depository receipts) or section 96 (clearance services) of the Finance Act 1986; and
- (xi) confirmed to the Company and Fairfax Africa that in making the application he/she is not relying and has not relied on Fairfax Africa or any person affiliated with Fairfax Africa in connection with any investigation of the accuracy of any information contained in this document or his/her investment decision.

Any CREST member or CREST sponsored member who makes, or is treated as making, a valid application in accordance with the above procedures will also be deemed to have made the representations and warranties set out in paragraph 9 of this Part VIII (*Terms of the Issue*).

(L) Company's discretion as to the rejection and validity of applications

The Company may in its sole discretion:

- (i) reject any acceptance constituted by a USE Instruction, which is otherwise valid, in the event of a breach of any of the representations, warranties and undertakings set out or referred to in paragraph 6.1(E) of this Part VIII (*Terms of the Issue*). Where an acceptance is made as described in this paragraph 6.2 which is otherwise valid, and the

USE Instruction concerned fails to settle by 11.00 a.m. on 29 August 2017 (or by such later time and/or date as the Company may determine), the Company shall be entitled to assume, for the purposes of their right to reject an acceptance as described in this paragraph 6.2, that there has been a breach of the representations, warranties and undertakings set out or referred to in this paragraph 6.2 above unless the Company is aware of any reason outside the control of the Qualifying CREST Shareholder or CREST sponsor (as appropriate) concerned for the failure of the USE Instruction to settle;

- (ii) treat as valid (and binding on the CREST member concerned) an application which does not comply in all respects with the requirements as to validity set out or referred to in paragraph 6.1 of this Part VIII (*Terms of the Issue*);
- (iii) accept an alternative properly authenticated dematerialised instruction from a CREST member or (where applicable) a CREST sponsor as constituting a valid application in substitution for or in addition to a USE Instruction and subject to such further terms and conditions as the Company may determine;
- (iv) treat a properly authenticated dematerialised instruction (in this sub-paragraph the “first instruction”) as not constituting a valid application if, at the time at which the Registrar receives a properly authenticated dematerialised instruction giving details of the first instruction or thereafter, either the Company or the Registrar has received actual notice from Euroclear of any of the matters specified in Regulation 35(5)(a) of the CREST Regulations in relation to the first instruction. These matters include notice that any information contained in the first instruction was incorrect or notice of lack of authority to send the first instruction; and
- (v) accept an alternative instruction or notification from a CREST member or CREST sponsored member or (where applicable) a CREST sponsor, or extend the time for settlement of a USE Instruction or any alternative instruction or notification, in the event that, for reasons or due to circumstances outside the control of any CREST member or CREST sponsored member or (where applicable) CREST sponsor, the CREST member or CREST sponsored member is unable validly to apply for Open Offer Shares by means of the above procedures. In normal circumstances, this discretion is only likely to be exercised in the event of any interruption, failure or breakdown of CREST (or any part of CREST) or on the part of the facilities and/or systems operated by the Receiving Agent in connection with CREST.

(M) Lapsing of the Firm Placing and Placing and Open Offer

In the event that the Firm Placing and Placing and Open Offer does not become unconditional by 10.00 a.m. on 31 August 2017 or such later time and/or date as the Company and Fairfax Africa may agree, either the Company or Fairfax Africa may terminate the Firm Placing and Placing and Open Offer in accordance with the Placing Agreement, the Basic Open Offer Entitlements and Excess Basic Open Offer Entitlements admitted to CREST will be disabled and the Receiving Agent will refund the amount paid by a Qualifying CREST Shareholder by way of a CREST payment, without interest, as soon as practicable thereafter. The interest earned on such monies, if any, will be retained for the benefit of the Company.

7. Money Laundering Regulations

7.1 Holders of Application Forms

To ensure compliance with the Money Laundering Regulations, the Receiving Agent may require, at its absolute discretion, verification of the identity of the person by whom or on whose behalf an Application Form is lodged with payment (which requirements are referred to below as the “verification of identity requirements”). If the Application Form is submitted by a UK regulated broker or intermediary acting as agent and which is itself subject to the Money Laundering Regulations, any verification of identity requirements are the responsibility of such broker or intermediary and not of the Receiving Agent. In such case, the lodging agent’s stamp should be inserted on the Application Form.

The person lodging the Application Form with payment and in accordance with the other terms as described above (the “acceptor”), including any person who appears to the Receiving Agent to be acting on behalf of some other person, accepts the Open Offer in respect of such number of Open Offer Shares as is referred to therein (for the purposes of

this paragraph 7.1 the “relevant Open Offer Shares”) and shall thereby be deemed to agree to promptly provide the Receiving Agent with such information and other evidence as the Receiving Agent may require to satisfy the verification of identity requirements and to do all other acts and things as may reasonably be required to comply with the Money Laundering Regulations.

If the Receiving Agent determines that the verification of identity requirements apply to any acceptor or application, the relevant Open Offer Shares (notwithstanding any other term of the Open Offer) will not be issued to the relevant acceptor unless and until the verification of identity requirements have been satisfied in respect of that acceptor or application. The Receiving Agent is entitled, in its absolute discretion, to determine whether the verification of identity requirements apply to any acceptor or application and whether such requirements have been satisfied, and neither the Receiving Agent nor the Company will be liable to any person for any loss or damage suffered or incurred (or alleged), directly or indirectly, as a result of the exercise of such discretion.

If the verification of identity requirements apply, failure to provide the necessary evidence of identity within a reasonable time may result in delays in the despatch of share certificates or in crediting CREST accounts. If, within a reasonable time following a request for verification of identity, the Receiving Agent has not received evidence satisfactory to it as aforesaid, the Company may, in its absolute discretion, treat the relevant application as invalid, in which event the monies payable on acceptance of the Open Offer will be returned (at the acceptor’s risk) without interest to the account of the bank or building society on which the relevant cheque or banker’s draft was drawn.

Submission of an Application Form with the appropriate remittance will constitute a warranty to each of the Company and the Receiving Agent from the applicant that the Money Laundering Regulations will not be breached by application of such remittance and an undertaking by the applicant to provide promptly to the Receiving Agent such information as may be specified by the Receiving Agent as being required for the purpose of the Money Laundering Regulations. If the verification of identity requirements apply, failure to provide the necessary evidence of identity may result in delays in the despatch of share certificates or in crediting CREST accounts.

The verification of identity requirements will not usually apply:

- (A) if the applicant is an organisation required to comply with the Money Laundering Directive (2005/60/EC of the European Parliament and of the EC Council of 26 October on the prevention of the use of the financial system for the purpose of money laundering and terrorist financing); or
- (B) if the acceptor is a company whose securities are listed on a regulated market subject to specified disclosure obligations; or
- (C) the acceptor (not being an acceptor who delivers his application in person) makes payment through an account in the name of such acceptor with a credit institution that is subject to the EU Money Laundering Directive (2005/60/EC) or with a credit institution situated in a non-EEA state that imposes requirements equivalent to those laid down in the EU Money Laundering Directive (2005/60/EC); or
- (D) if the acceptor is a regulated UK broker or intermediary acting as agent and is itself subject to the Money Laundering Regulations; or
- (E) if the applicant (not being an applicant who delivers his application in person) makes payment by way of a cheque drawn on an account in the applicant’s name; or
- (F) if the aggregate subscription price for the Open Offer Shares is less than €15,000 (approximately US\$17,700 as at the Latest Practicable Date).

In other cases, the verification of identity requirements may apply. Satisfaction of these requirements may be facilitated in the following ways:

- (i) if payment is made by cheque or banker’s draft in US dollars drawn on a branch in the UK of a bank or building society which bears an appropriate bank sort code number in the top right hand corner, the following applies: Cheques should be made payable to “CIS PLC re: Atlas Mara” in respect of an application by a Qualifying Shareholder and crossed “A/C Payee Only”. Third party cheques may not be accepted with the exception

of building society cheques or bankers' drafts where the building society or bank has confirmed the name of the account holder by stamping or endorsing the back of the cheque/bankers' draft to such effect. However, third party cheques will be subject to compliance with Money Laundering Regulations, which would delay Shareholders receiving their Open Offer Shares. The account name should be the same as that shown on the Application Form; or

- (ii) if the Application Form is lodged with payment by an agent which is an organisation of the kind referred to in (a) above or which is subject to anti-money laundering regulation in a country which is a member of the Financial Action Task Force (the non-EU members of which are Argentina, Australia, Brazil, Canada, China, Hong Kong, Iceland, India, Japan, Malaysia, Mexico, New Zealand, Norway, Republic of Korea, Russian Federation, Singapore, South Africa, Switzerland, Turkey and the US and, by virtue of their membership of the Gulf Cooperation Council, Bahrain, Kuwait, Oman, Qatar, Saudi Arabia and the United Arab Emirates), the agent should provide with the Application Form written confirmation that it has that status and a written assurance that it has obtained and recorded evidence of the identity of the person for whom it acts and that it will on demand make such evidence available to the Receiving Agent. If the agent is not such an organisation, it should contact the Receiving Agent at Computershare Investor Services (BVI) Limited, Corporate Actions Projects, The Pavilions, Bridgwater Road, Bristol, BS99 6AH.

To confirm the acceptability of any written assurance referred to in (ii) above, or in any other case, the acceptor should contact the Receiving Agent on 0370 702 0000. The helpline is open between 8.30 a.m. – 5.30 p.m., Monday to Friday excluding public holidays in England and Wales. Please note that the Receiving Agent cannot provide any financial, legal or tax advice and calls may be recorded and monitored for security and training purposes.

If the Application Form(s) is/are lodged by hand by the acceptor in person, or if the Application Form(s) in respect of Open Offer Shares is/are lodged by hand by the acceptor and the accompanying payment is not the acceptor's own cheque, he/she should ensure that he/she has with him/her evidence of identity bearing his/her photograph (for example, his/her passport) and separate evidence of his/her address.

If, within a reasonable period of time following a request for verification of identity, and in any case by not later than 11.00 a.m. on 29 August 2017, the Receiving Agent has not received evidence satisfactory to it as aforesaid, the Receiving Agent may, at its discretion, as agent of the Company, reject the relevant application, in which event the monies submitted in respect of that application will be returned without interest to the account at the drawee bank from which such monies were originally debited (without prejudice to the rights of the Company to undertake proceedings to recover monies in respect of the loss suffered by it as a result of the failure to produce satisfactory evidence as aforesaid).

7.2 Basic Open Offer Entitlements and Excess Basic Open Offer Entitlements in CREST

If you hold your Basic Open Offer Entitlements and Excess Basic Open Offer Entitlements in CREST and apply for Open Offer Shares in respect of all or some of your Basic Open Offer Entitlements and Excess Basic Open Offer Entitlements as agent for one or more persons and you are not a UK or EU regulated person or institution (e.g. a UK financial institution), then, irrespective of the value of the application, the Receiving Agent is obliged to take reasonable measures to establish the identity of the person or persons on whose behalf you are making the application. You must therefore contact the Receiving Agent before sending any USE Instruction or other instruction so that appropriate measures may be taken.

Submission of a USE Instruction, which on its settlement constitutes a valid application as described above, constitutes a warranty and undertaking by the applicant to provide promptly to the Receiving Agent such information as may be specified by the Receiving Agent as being required for the purposes of the Money Laundering Regulations. Pending the provision of evidence satisfactory to the Receiving Agent as to identity, the Receiving Agent may in its absolute discretion take, or omit to take, such action as it may determine to prevent or delay issue of the Open Offer Shares concerned.

If satisfactory evidence of identity has not been provided within a reasonable time, then the application for the Open Offer Shares represented by the USE Instruction will not be valid. This is without prejudice to the right of the Company to take proceedings to recover any loss suffered by it as a result of failure to provide satisfactory evidence.

8. Overseas Shareholders

This document has been approved by the FCA, being the competent authority in the UK, as a prospectus which may be used to offer securities to the public for the purposes of section 85 of FSMA and of the Prospectus Directive. Arrangements may also be made with the competent authority in certain member states of the EEA that have implemented the Prospectus Directive for the use of this document as an approved prospectus in such jurisdictions to make a public offer in such jurisdictions. Issue or circulation of this document may be prohibited in countries other than those in relation to which notices are given below.

No action has been or will be taken in any jurisdiction (other than the United Kingdom) that would permit a public offer of the New Ordinary Shares, or possession or distribution of this document or any other offering material, in any country or jurisdiction where action for that purpose is required. Accordingly, the New Ordinary Shares may not be offered or sold, directly or indirectly, and this document may not be distributed or published in or from any country or jurisdiction, except under circumstances that will result in compliance with all applicable rules and regulations of any such country or jurisdiction. Persons into whose possession this document comes should inform themselves about and observe any restrictions on the distribution of this document and the offer of New Ordinary Shares contained in this document. Any failure to comply with these restrictions may constitute a violation of the securities laws of any such jurisdiction.

The comments set out in this paragraph 8 are intended as a general guide only and any Overseas Shareholders who are in any doubt as to their position should consult their professional advisers without delay.

8.1 General

This document comprises a prospectus relating to the New Ordinary Shares. Subject to certain exceptions, under no circumstance does this document generally constitute an offer to sell or issue or the solicitation of an offer to buy or subscribe for Basic Open Offer Entitlements, Excess Basic Open Offer Entitlements or New Ordinary Shares (whether Open Offer Shares or otherwise) in the United States or any Excluded Territories.

The distribution of this document, the Application Form and the making of the Open Offer to persons who have registered addresses in, or who are resident or ordinarily resident in, or citizens of, or which are corporations, partnerships or other entities created or organised under the laws of countries other than the United Kingdom or to persons who are nominees of, or custodians, trustees or guardians for, persons who are citizens or nationals of, or resident in, countries other than the United Kingdom may be restricted by the laws or regulatory requirements of the relevant jurisdictions. Any failure to comply with such restrictions may constitute a violation of the securities laws of the relevant jurisdiction. Those persons should consult their professional advisers as to whether they require any governmental or other consents or need to observe any applicable legal requirement or other formalities to enable them to apply for Open Offer Shares under the Open Offer. No action has been or will be taken by the Company or any other person, to permit a public offering in any jurisdiction where action for that purpose may be required, other than in the United Kingdom.

Receipt of this document and/or an Application Form and/or a credit of Basic Open Offer Entitlements and Excess Basic Open Offer Entitlements to a stock account in CREST will not constitute an invitation or offer of securities for subscription, sale or purchase in those jurisdictions in which it would be illegal to make such an invitation or offer and, in those circumstances, this document and/or the Application Form must be treated as sent for information only and should not be copied or redistributed.

Application Forms will not be sent to, and Basic Open Offer Entitlements and/or Excess Basic Open Offer Entitlements will not be credited to stock accounts in CREST of, persons with registered addresses in the United States or any Excluded Territory or their agent or intermediary, except where the Company is satisfied that such action would not result in the contravention of any registration or other legal requirement in any jurisdiction.

No person receiving a copy of this document and/or an Application Form and/or a credit of Basic Open Offer Entitlements and Excess Basic Open Offer Entitlements to a stock account in CREST in any territory other than the United Kingdom may treat the same as constituting an invitation or offer to him or her, nor should he or she in any event use any such Application Form and/or credit of Basic Open Offer Entitlements and Excess Basic Open Offer Entitlements to a stock account in CREST, in the relevant territory, such an invitation or offer could lawfully be made to him or her and such Application Form and/or credit of Basic Open Offer Entitlements and Excess Basic Open Offer Entitlements to a stock account in CREST could lawfully be used, and any transaction resulting from such use could be effected, without contravention of any registration or other legal or regulatory requirements. In circumstances where an invitation or offer would contravene any registration or other legal or regulatory requirements, this document and/or the Application Form must be treated as sent for information only and should not be copied or redistributed.

It is the responsibility of any person (including, without limitation, custodians, agents, nominees and trustees) outside the United Kingdom wishing to apply for Open Offer Shares under the Open Offer to satisfy himself or herself as to the full observance of the laws of any relevant territory in connection therewith, including obtaining any governmental or other consents that may be required, observing any other formalities required to be observed in such territory and paying any issue, transfer or other taxes due in such territory.

Neither the Company nor any of its respective representatives is making any representation to any offeree or purchaser of the New Ordinary Shares regarding the legality of an investment in the New Ordinary Shares by such offeree or purchaser under the laws applicable to such offeree or purchaser. Each investor should consult with his or her own advisers as to the legal, tax business, prospects, financial and related aspects of a purchase of the New Ordinary Shares.

Persons (including, without limitation, custodians, agents, nominees and trustees) receiving a copy of this document and/or an Application Form and/or a credit of Basic Open Offer Entitlements and Excess Basic Open Offer Entitlements to a stock account in CREST, in connection with the Open Offer or otherwise, should not distribute or send either of those documents nor transfer Basic Open Offer Entitlements and Excess Basic Open Offer Entitlements in or into any jurisdiction where to do so would or might contravene local securities laws or regulations. If a copy of this document and/or an Application Form and/or a credit of Basic Open Offer Entitlements and Excess Basic Open Offer Entitlements to a stock account in CREST is received by any person in any such territory, or by his or her custodian, agent, nominee or trustee, he or she must not seek to apply for Open Offer Shares in respect of the Open Offer unless the Company determines that such action would not violate applicable legal or regulatory requirements. Any person (including, without limitation, custodians, agents, nominees and trustees) who does forward a copy of this document and/or an Application Form and/or transfers Basic Open Offer Entitlements and Excess Basic Open Offer Entitlements into any such territory, whether pursuant to a contractual or legal obligation or otherwise, should draw the attention of the recipient to the contents of this Part VIII (*Terms of the Issue*) and specifically the contents of this paragraph 8.

The Company reserves the right to treat as invalid any application or purported application for Open Offer Shares that appears to the Company or its agents to have been executed, effected or despatched from the United States or any Excluded Territory or in a manner that may involve a breach of the laws or regulations of any jurisdiction or if the Company or its agents believe that the same may violate applicable legal or regulatory requirements or if it provides an address for delivery of the share certificates of Open Offer Shares or in the case of a credit of Basic Open Offer Entitlements and Excess Basic Open Offer Entitlements to a stock account in CREST, to a CREST member whose registered address would be, in the United States or an Excluded Territory or any other jurisdiction outside the United Kingdom in which it would be unlawful to deliver such share certificates or make such a credit to an

account holder whose registered address would be, in the United States or an Excluded Territory or any other jurisdiction outside the United Kingdom in which it would be unlawful to deliver such share certificates or make such a credit.

The attention of Overseas Shareholders is drawn to paragraphs 8.2 to 8.4 (inclusive) and 9 below.

Notwithstanding any other provision of this document or the Application Form, the Company reserves the right to permit any person to apply for Open Offer Shares in respect of the Open Offer if the Company, in its sole and absolute discretion, is satisfied that the transaction in question is exempt from, or not subject to, the legislation or regulations giving rise to the restrictions in question.

Overseas Shareholders who wish, and are permitted, to apply for Open Offer Shares should note that payment must be made in US dollars denominated cheques or bankers' drafts or, where such Overseas Shareholder is a Qualifying CREST Shareholder, through CREST.

Due to restrictions under the securities laws of the United States and the Excluded Territories, and subject to certain limited exceptions, Qualifying Shareholders located in the United States or who have registered addresses in, or who are resident or ordinarily resident in, or citizens of, any Excluded Territory will not qualify to participate in the Open Offer and will not be sent an Application Form nor will their stock accounts in CREST be credited with Basic Open Offer Entitlements or Excess Basic Open Offer Entitlements.

No public offer of New Ordinary Shares is being made by virtue of this document or the Application Form into the United States or any Excluded Territory. Receipt of this document and/or an Application Form and/or a credit of an Basic Open Offer Entitlements or Excess Basic Open Offer Entitlements to a stock account in CREST will not constitute an invitation or offer of securities for subscription, sale or purchase in those jurisdictions in which it would be illegal to make such an invitation or offer and, in those circumstances, this document and/or the Application Form must be treated as sent for information only and should not be copied or redistributed.

8.2 United States of America

None of the New Ordinary Shares, the Basic Open Offer Entitlements or the Excess Basic Open Offer Entitlements have been or will be registered under the US Securities Act or under the securities laws of any state or other jurisdiction of the United States and, subject to certain exceptions, may not be offered, sold, resold, taken up, transferred, delivered or distributed, directly or indirectly, within the United States. There will be no public offer of the New Ordinary Shares, the Basic Open Offer Entitlements or the Excess Basic Open Offer Entitlements in the United States.

Prospective investors are hereby notified that sellers of New Ordinary Shares may be relying on an exemption from the registration provisions under Section 5 of the Securities Act.

Accordingly, subject to certain exceptions, the Company is not extending the Placing and Open Offer into the United States and, subject to certain exceptions, none of this document, the Application Form nor the crediting of Basic Open Offer Entitlements or the Excess Basic Open Offer Entitlements to a stock account in CREST constitutes or will constitute an offer or an invitation to apply for or an offer or an invitation to acquire any New Ordinary Shares in the United States. Subject to certain exceptions, neither this document nor the Application Form will be sent to, and no Basic Open Offer Entitlements, Excess Basic Open Offer Entitlements or New Ordinary Shares will be credited to a stock account in CREST of, any Qualifying Shareholder with a registered address in the United States.

Subject to certain exceptions, Application Forms sent from or postmarked in the United States, or including a United States registered address, will be deemed to be invalid and all persons acquiring Open Offer Shares and wishing to hold such Open Offer Shares in registered form must provide an address outside the United States for registration of the Open Offer Shares.

The Company reserves the right to treat as invalid any Application Form that appears to the Company or its agents to have been executed in, or despatched from, the United States, or that provides an address in the United States for the receipt of New Ordinary Shares, or which does not make the warranties set out in the Application Form or where the Company

believes acceptance of such Application Form may infringe applicable legal or regulatory requirements. In addition, subject to certain exceptions, any person exercising Basic Open Offer Entitlements or the Excess Basic Open Offer Entitlements must make the representations and warranties set out in paragraph 6.1(E) and paragraph 9 of this Part VIII (*Terms of the Issue*), as appropriate. Accordingly, the Company reserves the right to treat as invalid (i) any Application Form which does not make the representations and warranties set out in paragraph 6.1(E) and paragraph 9 of this Part VIII (*Terms of the Issue*), and (ii) any USE Instruction which does not make the representations and warranties set out in paragraph 6.2(K) paragraph 9 of this Part VIII (*Terms of the Issue*). The attention of persons holding for the account of persons located in the United States is directed to such paragraphs. In addition, the Company reserves the right to reject any USE Instruction sent by or on behalf of any CREST member with a registered address in the United States or that appears to the Company to have been despatched from the United States or any Excluded Territory, or that was sent in a manner which they or their agents believe may violate any applicable legal or regulatory requirement, or which does not make the representations and warranties set out in paragraph 6.1(C) or paragraph 9 of this Part VIII (*Terms of the Issue*).

Any person in the United States into whose possession this document comes should inform himself about and observe any applicable legal restrictions.

8.3 Other overseas territories

Application Forms will be posted to Qualifying Non-CREST Shareholders (other than those Qualifying Non-CREST Shareholders who have registered addresses in the Excluded Territories) and Open Offer Entitlements and Excess Basic Open Offer Entitlements will be credited to the CREST stock accounts of Qualifying CREST Shareholders (other than those Qualifying CREST Shareholders who have registered addresses in the Excluded Territories). No offer of or invitation to subscribe for New Ordinary Shares is being made by virtue of this document or the Application Form into the Excluded Territories except as permitted by any relevant law. Overseas Shareholders in jurisdictions other than the Excluded Territories may, subject to the laws of the relevant jurisdiction, accept their entitlements under the Issue in accordance with the instructions set out in this document and, in the case of Qualifying Non-CREST Shareholders only, the Application Form.

Qualifying Shareholders who have registered addresses in or who are resident in, or who are citizens of, countries other than the United Kingdom should consult their appropriate professional advisers as to whether they require any governmental or other consents or need to observe any other formalities to enable them to take up their Open Offer Entitlements and any Excess Basic Open Offer Entitlements. If you are in any doubt as to your eligibility to accept the offer of New Ordinary Shares, you should contact your appropriate professional adviser immediately.

8.4 Waiver

The provisions of this paragraph 8 and of any other terms of the Open Offer relating to Overseas Shareholders may be waived, varied or modified as regards specific Shareholders or on a general basis by the Company in its absolute discretion. Subject to this, the provisions of this paragraph 8 supersede any terms of the Open Offer inconsistent herewith. References in this paragraph 8 to “Shareholders” shall include references to the person or persons executing an Application Form and, in the event of more than one person executing an Application Form, the provisions of this paragraph 8 shall apply to them jointly and to each of them.

9. Additional representations, warranties and agreements relating to US law

Subject to certain exceptions, each purchaser within the United States to whom the New Ordinary Shares (other than the New Ordinary Shares to be issued to Fairfax Africa and/or its affiliates) are distributed, offered or sold will (on behalf of itself and on behalf of each investment account for which it is acting as fiduciary or agent) be deemed by its subscription for New Ordinary Shares to have represented, warranted and agreed as follows:

- (a) it is: (i) a QIB; (ii) an Accredited Investor; (iii) acquiring such New Ordinary Shares for its own account or for the account of one or more QIBs that are also Accredited Investors with respect to whom it has the authority to make, and does make, the

representations and warranties set forth herein; (iv) acquiring the New Ordinary Shares for investment purposes, and not with a view to further distribution of such New Ordinary Shares; and (v) aware, and each beneficial owner of such New Ordinary Shares has been advised, that the sale of such New Ordinary Shares to it is being made in reliance on an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act;

- (b) it understands that the New Ordinary Shares are being offered in a transaction not involving any public offering in the United States within the meaning of the Securities Act, and that such New Ordinary Shares have not been and will not be registered under the Securities Act or with any securities regulatory authority of any state or territory or other jurisdictions in the United States and may not be offered, sold, pledged or otherwise transferred except: (i) to the Company; (ii) pursuant to an exemption from registration under the Securities Act provided by Rule 144 of the Securities Act (“Rule 144”) thereunder (if available); (iii) pursuant to another available exemption from the registration requirements of the Securities Act; or (iv) in “offshore transactions” within the meaning of Regulation S under the Securities Act in accordance with Rule 903 or 904 of Regulation S; or (v) pursuant to an effective registration statement under the Securities Act, in each case in accordance with any applicable securities laws of any state, territory or other jurisdiction of the United States and provided that in the case of offers, sales, pledges and transfers pursuant to (ii) or (iii) above, a legal opinion satisfactory to the Company and its counsel must first be provided;
- (c) it understands that such New Ordinary Shares will not be in certificated form unless otherwise determined by the Company in accordance with applicable law, and if in certificated form will bear a legend substantially to the following effect:

THE ORDINARY SHARES REPRESENTED HEREBY HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE “SECURITIES ACT”) OR WITH ANY SECURITIES REGULATORY AUTHORITY OF ANY STATE, TERRITORY OR OTHER JURISDICTION OF THE UNITED STATES AND MAY NOT BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED EXCEPT (1) TO THE ISSUER, (2) PURSUANT TO AN EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT PROVIDED BY RULE 144 THEREUNDER (IF AVAILABLE), (3) PURSUANT TO ANOTHER AVAILABLE EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT, (4) IN “OFFSHORE TRANSACTIONS” WITHIN THE MEANING OF REGULATION S UNDER THE SECURITIES ACT IN ACCORDANCE WITH RULE 903 OR 904 OF REGULATION S, OR (5) PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT, IN EACH CASE IN ACCORDANCE WITH ANY APPLICABLE SECURITIES LAWS OF ANY STATE, TERRITORY OR OTHER JURISDICTION OF THE UNITED STATES AND PROVIDED THAT IN THE CASE OF OFFERS, SALES, PLEDGES AND TRANSFERS PURSUANT TO (2) OR (3) ABOVE, IF REQUESTED, A LEGAL OPINION SATISFACTORY TO THE ISSUER AND ITS COUNSEL MUST FIRST BE PROVIDED. NO REPRESENTATION CAN BE MADE AS TO THE AVAILABILITY OF THE EXEMPTION PROVIDED BY RULE 144 UNDER THE SECURITIES ACT FOR REALES OF THE ORDINARY SHARES. NOTWITHSTANDING ANYTHING TO THE CONTRARY OF THE FOREGOING, THE ORDINARY SHARES REPRESENTED HEREBY MAY NOT BE DEPOSITED INTO ANY UNRESTRICTED DEPOSITARY RECEIPT FACILITY IN RESPECT OF THE ORDINARY SHARES ESTABLISHED OR MAINTAINED BY A DEPOSITARY BANK. EACH HOLDER, BY ITS ACCEPTANCE OF ORDINARY SHARES, REPRESENTS THAT IT UNDERSTANDS AND AGREES TO THE FOREGOING RESTRICTIONS;

- (d) notwithstanding anything to the contrary in the foregoing, the New Ordinary Shares may not be deposited into any unrestricted depository receipt facility in respect of the Ordinary Shares established or maintained by a depository bank;
- (e) it (i) understands that the New Ordinary Shares sold to it in the Open Offer will constitute “restricted securities” within the meaning of Rule 144 under the Securities Act, and for so long as they remain “restricted securities”, such New Ordinary Shares may not be transferred except as described in paragraph (b) above, and that no representation is made as to the availability of the exemption provided by Rule 144 under the Securities Act for resales of the Ordinary Shares, (ii) understands that the

New Ordinary Shares sold to it in the Open Offer may not be deposited into any unrestricted American depository receipt facility in respect thereof that may hereafter be established or maintained by a depository bank; and (iii) understands that the Company may not recognise any offer, sale, resale, pledge or other transfer of the New Ordinary Shares sold to it in the Open Offer made other than in compliance with the above-stated restrictions;

- (f) any offer, sale, resale, pledge or other transfer made other than in compliance with the above-stated restrictions will not be recognised by the Company in respect of the New Ordinary Shares;
- (g) it is not acquiring or subscribing for the New Ordinary Shares as a result of any general solicitation or general advertising, including advertisements, articles, notices, or other communications published in any newspaper, magazine or similar media or broadcast over radio or television; or any seminar or meeting whose attendees have been invited by general solicitation or general advertising;
- (h) prior to its deciding to purchase or subscribe for any New Ordinary Shares, it (i) will have consulted with its own legal, regulatory, tax, business, investment, financial and accounting advisers, (ii) will have possessed all information relating to the Company and the Ordinary Shares which it believes is necessary for the purpose of making its investment decision, including, but not limited to, this Prospectus, (iii) will have reviewed all information that it believes is necessary or appropriate in connection with a purchase of or subscription for any New Ordinary Shares, including, but not limited to, the information contained in this Prospectus, and (iv) will have conducted its own due diligence on the Company, the Ordinary Shares and the Open Offer, and will have made its own investment decisions based upon its own judgement, due diligence and advice from its own advisers;
- (i) it has such knowledge and experience in financial and business matters as to be capable of evaluating the merits and risks of an investment in the New Ordinary Shares, and it has the financial ability to bear the economic risk of investment in the New Ordinary Shares and to sustain a complete loss in connection therewith; and
- (j) if, in the future, it offers, resells, pledges or otherwise transfers such New Ordinary Shares while they remain “restricted securities” within the meaning of Rule 144 under the Securities Act, it shall notify such subsequent transferee of the restrictions set out above.

10. Withdrawal rights

Persons wishing to exercise or direct the exercise of statutory withdrawal rights pursuant to section 87Q(4) of FSMA after the issue by the Company of a prospectus supplementing this document must do so by lodging a written notice of withdrawal within two Business Days commencing on the Business Day after the date on which the supplementary prospectus is published. The withdrawal notice must include the full name and address of the person wishing to exercise statutory withdrawal rights and, if such person is a CREST member, the participant ID and the member account ID of such CREST member. The notice of withdrawal must be delivered by post to Computershare Investor Services (BVI) Limited, Corporate Actions Projects, The Pavilions, Bridgwater Road, Bristol BS99 6AH or by hand (during normal business hours), to Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol BS13 8AE so as to be received before the end of the withdrawal period. Please call the Receiving Agent on 0370 702 0000. The helpline is open between 8.30 a.m. – 5.30 p.m., Monday to Friday excluding public holidays in England and Wales. Please note that the Receiving Agent cannot provide any financial, legal or tax advice and calls may be recorded and monitored for security and training purposes.

The Company will not permit the exercise of withdrawal rights after payment by the relevant person for the Open Offer Shares applied for in full and the allotment of such Open Offer Shares to such person becoming unconditional save to the extent required by statute. In such event, Shareholders are advised to seek independent legal advice.

11. Admission, settlement and dealings

The results of the Firm Placing and Placing and Open Offer are expected to be announced on or around 30 August 2017. Application will be made to the FCA for the New Ordinary Shares to be admitted to listing on the standard listing segment of the Official List and to the London Stock Exchange for the New Ordinary Shares to be admitted to trading on its main market for listed securities.

Subject to certain conditions being satisfied, as set out in this paragraph 11 of this Part VIII (*Terms of the Issue*), it is expected that Admission will become effective and that dealings in the New Ordinary Shares, fully paid, will commence at 8.00 a.m. on 31 August 2017.

The Existing Ordinary Shares are already admitted to CREST. No further application for admission to CREST is accordingly required for the New Ordinary Shares. All such shares, when issued and fully paid, may be held and transferred by means of CREST. Basic Open Offer Entitlements and Excess Basic Open Offer Entitlements held in CREST are expected to be disabled in all respects after 11.00 a.m. on 29 August 2017 (the latest date for applications under the Open Offer). If the condition(s) to the Firm Placing and Placing and Open Offer described above are satisfied, Open Offer Shares will be issued in uncertificated form to those persons who submitted a valid application for Open Offer Shares by utilising the CREST application procedures and whose applications have been accepted by the Company. On 31 August 2017, the Receiving Agent will instruct Euroclear to credit the appropriate stock accounts of such persons with such persons' entitlements to Open Offer Shares with effect from Admission (expected to be 31 August 2017). The stock accounts to be credited will be accounts under the same CREST participant IDs and CREST member account IDs in respect of which the USE Instruction was given.

Notwithstanding any other provision of this document, the Company reserves the right to send Qualifying CREST Shareholders an Application Form instead of crediting the relevant stock account with Basic Open Offer Entitlements and Excess Basic Open Offer Entitlements, and to allot and/or issue any Open Offer Shares in certificated form. In normal circumstances, this right is only likely to be exercised in the event of any interruption, failure or breakdown of CREST (or of any part of CREST) or on the part of the facilities and/or systems operated by the Receiving Agent in connection with CREST.

For Qualifying Non-CREST Shareholders who have applied by using an Application Form, share certificates in respect of the Open Offer Shares validly applied for pursuant to the Open Offer are expected to be despatched by post by 8 September 2017. No temporary documents of title will be issued and, pending the issue of definitive certificates, transfers will be certified against the share register of the Company. All documents or remittances sent by or to applicants, or as they may direct, will be sent through the post at their own risk. For more information as to the procedure for application, Qualifying Non-CREST Shareholders are referred to paragraph 6 above and their respective Application Form.

12. Times and dates

The Company shall, after consultation with its legal advisers, be entitled to amend the dates that Application Forms are despatched or amend or extend the latest date for acceptance under the Open Offer and all related dates set out in this document and in such circumstances shall notify the FCA and the London Stock Exchange and, where appropriate, Qualifying Shareholders by way of announcement issued via Regulatory Information Service. Qualifying Shareholders may not receive any further written communication. In this regard, the attention of Shareholders is drawn to paragraph 6.2 of this Part VIII (*Terms of the Issue*).

13. Taxation

Please see Part XVII (*Taxation*) of this document for information relating to UK taxation (including a discussion of UK stamp duty and SDRT, which is relevant to holders of New Ordinary Shares, irrespective of their tax residence), as well as for information relating to British Virgin Islands and US taxation.

14. Further information

Your attention is drawn to the further information set out in this document and also, in the case of Qualifying Non-CREST Shareholders and other Qualifying Shareholders to whom the Company has sent an Application Form, to the terms, conditions and other information printed on the accompanying Application Form.

15. Governing law and jurisdiction

The terms and conditions of the Issue as set out in this document, the Application Form and any non-contractual obligation related thereto shall be governed by, and construed in accordance with, the laws of England and Wales. The courts of England and Wales are to have exclusive jurisdiction to settle any dispute which may arise out of or in connection with the Open Offer, this document and/or the Application Form, including, without limitation, disputes relating to any non-contractual obligations arising out of or in connection with the Open Offer, this document and/or the Application Form. By taking up Open Offer Shares in accordance with the instructions set out in this document and, where applicable, the Application Form, Qualifying Shareholders irrevocably submit to the jurisdiction of the courts of England and Wales and waive any objection to proceedings in any such court on the ground of venue or on the ground that proceedings have been brought in an inconvenient forum.

PART IX

INFORMATION ON THE GROUP'S BUSINESS AND STRATEGY

1. Introduction

1.1 Overview

The Company is a financial services holding company, with banking operations through its subsidiaries across six markets in SSA: Botswana, Mozambique, Rwanda, Tanzania, Zambia and Zimbabwe. The Company also has a substantial minority interest in UBN in Nigeria.

1.2 Company objective

The Company's objective is to build SSA's premier financial services group. The Company aims to provide corporate and retail financial services to corporations, SMEs and individuals across key markets in SSA, leveraging its access to capital, liquidity and funding.

The Directors believe that there are significant gaps in the SSA financial services market today, including the need for capital created by European financial institutions retreating to their home territories due to the sovereign debt crisis and the Basel III regulatory framework at a critical time for growth in SSA. This situation presents opportunities for the Company to create a financial institution that provides leadership, liquidity, access to investors, product innovation, and technology to support economic growth and strengthen financial systems in Africa.

1.3 Business and strategy

The Company operates a business model referred to as "Buy, Protect and Grow" to achieve its objective. Acquisitions are likely to be a key element of achieving scale in the long term, but following the completion of six acquisitions since its inception, the Company's current priority is on execution in existing markets and growing organically.

The "Buy" aspect of the business model refers to expansion through the acquisition of selected SSA financial services assets, ranging from multinational operations to smaller purchases. This is intended to secure a more extensive geographic footprint to drive growth, bring benefits of scale, provide synergies and enable diversification of risk. In considering opportunities for acquisitions, the Company considers the following key factors:

- countries exhibiting relative political stability, the rule of law and institutional frameworks in which the Company can operate to its standards of ethics and governance;
- markets with strong prospects for sustainable growth;
- fragmented markets that could benefit from consolidation;
- institutions where the Company believes it can add value;
- potential synergies and the cost savings from achieving them; and
- consistency with the Company's overall strategy.

The Company measures its performance in relation to acquisitions against targets, including the achievement or clear path to achievement of a top five market position by assets, loans and/or deposits within the relevant jurisdiction, and acquisitions to be accretive to shareholder value (measured by book value per share and earnings per share) in the medium term.

The "Protect" aspect of the business model refers to generating value in the short to medium term through operational improvements in the businesses acquired by the Company. Before deploying capital to grow the relevant business, the Company develops and implements a detailed action plan in respect of the relevant business to:

- enhance corporate governance and compliance structure;
- strengthen management teams;
- improve credit processes;
- drive operational efficiencies;
- identify and strengthen key relationships with customers, partners and the relevant regulators in respect of that business;
- revitalise and optimise branch networks; and

- provide liquidity and capital support to safeguard the business.

The action plan aims to safeguard the Company's assets and ensure the relevant business is "fit for growth". The key measures of performance in respect of the "Protect" aspect are against targets of 60-65% cost-to-income ratio over the medium term, and less than 4% for the ratio of non-performing loans ("NPLs") to total loans.

The "Grow" aspect of the business model refers to the delivery of long-term value through a focus on driving growth in the Company's subsidiaries. This focuses on:

- implementing new business initiatives to drive balance sheet growth and ancillary revenue generation (such as in its Markets and Treasury and Fintech businesses, as described in more detail in section 3 below);
- encouraging innovation across the value chain, most notably with respect to enhancing the customer experience at the point of contact and driving efficiencies/enhancing automation in the back-office;
- extracting identified synergies and efficiencies;
- seeking opportunities to enhance liquidity and funding costs by leveraging relationships with direct foreign investors;
- injecting capital to support growth; and
- executing additional acquisitions in relation to the relevant subsidiary to enhance its market position or diversify product offerings.

The Company measures its performance against the "Grow" aspects of the business model by targeting:

- an increase in the number of countries in which the Group operates over the medium term, currently set at greater than ten;
- loan and deposit growth greater than 1.5x GDP growth;
- a return on average equity of approximately 20% in the medium term; and
- a return on average assets of approximately 2% in the medium term.

1.4 History

The Company was incorporated on 28 November 2013 in accordance with the laws of the British Virgin Islands with an indefinite life. The Company was formed by Atlas Merchant Capital LLC and the Mara Group, led by Robert E. Diamond Jr. and Ashish J. Thakkar, respectively, to undertake an acquisition of a target company or business. Mr. Diamond and Mr. Thakkar are qualified and experienced professionals with extensive operational, technological and financial expertise in Africa, emerging markets and the financial services sector.

Since its incorporation, the Company has acquired the following:

- ABC Holdings Limited, a holding company incorporated in Botswana with banking subsidiaries in Botswana, Mozambique, Tanzania, Zambia and Zimbabwe (collectively, the "BancABC Group"), completed in August 2014;
- African Development Corporation AG, completed in August 2014;
- the commercial arm of Rwanda Development Bank ("BRD-C"), completed in October 2014;
- a 22.1% direct shareholding in UBN (comprised of a 21.16% stake acquired from AMCON in September 2014, and an additional 0.93% stake acquired via a direct investment in 2015) in addition to the 9.05% indirect stake in UBN held through UGPL which was acquired as part of the transaction by which the Company acquired ABC Holdings Limited that completed in December 2014;
- a 45.3% stake in Banque Populaire du Rwanda ("BPR"), completed in January 2016 (BPR was subsequently merged with BRD-C); and
- Finance Bank of Zambia ("FBZ"), completed in June 2016 (In 2017 FBZ was merged with BancABC Zambia, with the latter being the surviving entity).

Annex II to this Prospectus contains FBZ's annual report and consolidated financial statements for the year ended 31 December 2016.

The Company's Ordinary Shares and Warrants were admitted to the Official List by way of a Standard Listing in accordance with Chapters 14 and 20, respectively, of the Listing Rules, and to trading on the London Stock Exchange's main market for listed securities, on 17 December 2013, simultaneously with which the Company raised US\$325,000,000 before expenses.

Following the Company's announcement on 31 March 2014 that it had reached agreements in respect of the transactions by which it would acquire ABC Holdings Limited, which constituted a reverse takeover under the Listing Rules, the listing of the Ordinary Shares and Warrants was suspended on 1 April 2014 pending the Company publishing a prospectus in relation to readmission. On 21 August 2014, the Company published a prospectus in respect of such readmission, and the Ordinary Shares and Warrants were readmitted to the Official List and dealings commenced on the London Stock Exchange of the Ordinary Shares and Warrants on 27 August 2014.

1.5 Listings

The Existing Ordinary Shares and Warrants are listed on the Official List via a Standard Listing and are traded on the London Stock Exchange.

As discussed more fully in section 9.8(A) of Part XIX (*Additional Information*), the Company also has a listing of convertible bonds on the Freiverkehr, the unregulated open-market segment of the Frankfurt Stock Exchange.

2. Geographic segments

2.1 Introduction

The Group operates in Botswana, Mozambique, Rwanda, Tanzania, Zambia and Zimbabwe, and has a significant stake in UBN, which operates in Nigeria. Through its banking subsidiaries and its interest in UBN, the Group has a presence in each of the Eastern African Community (EAC), Southern African Development Community (SADC) and Economic Community of West African States (ECOWAS) trading blocs. The Group reports by reference to three geographic segments in relation to its banking operations, namely:

- SADC, which includes the Group's banking operations in Botswana, Mozambique, Zambia and Zimbabwe, as well as the holding company of the BancABC companies ABCH, and various affiliated non-bank Group entities in those jurisdictions;
- EAC, which includes the Group's banking operations in Tanzania and Rwanda; and
- ECOWAS, which includes the Group's interests in UBN.

In addition to the banking operations segments, the Group reports by reference to a segment referred to as "Other", which includes the operations of the Company, the Group's Dubai subsidiary and all other intermediate Group holding entities.

2.2 Performance

As at 31 March 2017, total income increased by 12.5% year-on-year with the Company reporting a profit after tax for the first quarter of US\$5.0m, evidencing operating momentum at the underlying subsidiaries and cost reduction efforts at the holding company level specifically contributing to this result. Total operating expenditure was 13.0% lower versus the comparative prior period and total assets increased to US\$2,771.4m.

The following table is an unaudited summary statement of profit or loss for the quarter ended 31 March 2017, with comparative information for the same period in 2016.

	31 March	
	US\$ million	
	2017	2016
Net interest income	37.1	23.7
Non-interest income	21.3	28.2
Total income	58.4	51.9
Credit impairment	(3.0)	(8.5)
Operating income	55.4	43.4
Total expenses	(50.0)	(57.5)
Net operating income	5.4	(14.1)
Income from associates	3.9	6.9
Profit/(loss) before tax	9.3	(7.2)
Taxation and minority interest	(4.3)	0.5
Profit/(loss) after tax	5.0	(6.7)

Source: Reviewed but unaudited Q1 2017 figures

The following table is an unaudited summary statement of financial position as at 31 March 2017, with comparative information for the same period in 2016.

US\$ million	Q1 2017	Q1 2016
Cash and short term funds	422.4	345.0
Financial assets held for trading and investments	367.8	254.4
Loans & advances to customers	1,304.0	1,339.4
Investment in associates	295.8	422.1
Intangible assets	155.3	153.5
Other assets	226.1	163.4
Total assets	2,771.4	2,677.8
Customer deposits	1,753.8	1,628.8
Borrowed funds	367.3	298.3
Other liabilities	102.6	89.0
Capital and reserves	547.7	661.7
Total equity and liabilities	2,771.4	2,677.8

Source: Reviewed but unaudited Q1 2017 figures

The following table provides an analysis of the Group's segmental results for the first quarter of 2017:

US\$ million	Banking Operations				Other	
	Group	SADC	EAC	ECOWAS	Shared Services and Centre	M&A, AMFS and Consol
Total Income	58.4	46.9	12.5	0	2.1	(3.1)
Loan impairment charge	(3)	(2)	(1)	0	0	0
Operating expenses	(50)	(37.8)	(11.3)	0	(3.7)	2.8
Share of profits of associate	3.9	0	0	3.9	0	0
Profit/(loss) before tax	9.3	7.1	0.2	3.9	(1.6)	(0.3)
Profit/(loss) after tax and NCI	5	3.8	(0.2)	3.9	(1.6)	(0.9)
Loans and advances	1 304.0	1 022.1	278.7	0	0	3.2
Total assets	2 771.4	1 861.7	478.5	293.7	700.5	(563)
Total liabilities	2 223.7	1 762.6	413.5	0	66.8	(19.2)
Deposits	1 753.8	1 377.9	375.9	0	0	0
Net interest margin – total assets	5.4%	6.4%	7.8%			
Net interest margin – earnings assets	7.1%	7.2%	8.5%			
Cost-to-income ratio	85.6%	80.6%	90.4%			
Statutory credit loss ratio	0.9%	0.8%	1.4%			
Return on equity	3.7%	15.3%	(1.2)%			
Return on assets	0.7%	0.8%	(0.2)%			
Loan-to-deposit ratio	74.4%	74.2%	74.1%			

Source: Reviewed but unaudited Q1 2017 figures

3. Business segments

3.1 Introduction

The Group has three key business segments, namely:

- Retail and Commercial Banking;
- Markets and Treasury; and
- Fintech.

3.2 Retail and Commercial Banking

Retail and Commercial Banking is split into two sub-segments: Retail and Corporate.

Retail is focused on the mass and upper mass segments of the retail and SME banking sector and offers traditional banking products and services in the form of deposit-taking and lending, comprising transactions and current accounts, business accounts, savings accounts, prepaid cards, overdrafts, term lending, mortgage loans, vehicle and asset finance, unsecured personal lending and payroll deduction lending, fixed-term deposits and call deposits.

Corporate focuses on offerings to mid-sized companies and large corporates, as well as financial institutions, state-owned enterprises and government agencies. Sectors in which corporate customers operate include mining, agriculture, tourism, construction, transportation, telecommunications, energy, commerce, services and manufacturing. Products offered by the Corporate part of Retail and Commercial Banking include:

- international banking services, including trade products such as documentary letters of credit, guarantees, foreign bills and foreign money transfers, and professional advisory services relating to exchange control matters;
- short-term loans typically with a maturity of less than one year and primarily aimed at funding short-term working capital requirements and pre- and post-shipment finance requirements, including bankers' acceptances, cash advances, bridge finance, documentary letters of credit, guarantees, commodity loans, factoring and invoice discounting, promissory notes and commercial paper, syndicated working capital facilities and insurance premium finance; and
- medium-term loans typically with a maturity greater than one year and less than three years and some with a maturity of greater than three years and less than five years, with a small number of loans with a maturity of between five and seven years. Products in the medium-term loans category include asset finance, medium-term loans, syndicated loans, project finance, external lines of credit and property development finance.

3.3 Markets and Treasury

The Markets and Treasury business line currently comprises an onshore component, with business being transacted by the Company's subsidiary banks across Africa. The Treasury function manages the Group's banks' surplus liquidity, and the Markets function deals with clients' foreign exchange and hedging requirements. The onshore Markets and Treasury business line has a presence in the Group's six existing markets of operation, as well as in Nigeria. The Markets and Treasury team has expertise in global and local markets, and in sales, trading and balance sheet management.

The Markets and Treasury product expertise is focused on foreign exchange spot market, foreign exchange forwards/swaps and non-deliverable forwards, cross-currency swaps, local currency money market and local currency fixed-income transactions.

The foreign exchange spot offering focuses on delivering foreign exchange solutions tailored to foreign exchange exposure, with the majority of clients using plain-vanilla products such as spot, forward and swaps transactions, and hedging of foreign currency operational expenditure. This part of the business is mainly focused on clients' transaction risk and day-to-day foreign exchange requirements, as well as the provision of market updates.

The foreign exchange forwards/swaps and non-deliverable forwards offering focuses on the active use of foreign exchange forwards to enable clients to protect and optimise the net profit of their underlying businesses and projects. This part of the business focuses on providing a wide range of clients with access to plain-vanilla hedging products, including SME clients who do not typically have full access to these management tools.

The cross-currency swaps part of the business focuses on medium-sized and large corporate clients, and typically provides products to hedge currency risks. Primarily this business is of interest to regionally operating African countries with assets denominated in non-local currency.

Local currency money market focuses on accessing pools of local liquidity to support the local businesses.

The local currency fixed income proposition is aimed at institutional clients, both domestic and foreign, for which such products are their main touchpoint to African assets, and provide alternative investment solutions.

In addition to the onshore component, the intention is to build out an offshore component, with business being transacted from Dubai as a separately regulated base. The clients for the offshore component would be clients active outside of the Group's countries of operation that either have or want to have exposure to African rates and currencies.

The key activity areas for the offshore Markets and Treasury business include:

- executing principal and client trades with a focus on foreign exchange and interest rates with global clients out of Dubai;
- facilitating risk management for local subsidiaries to help grow local client business in-country and enhance the skill set of local market participants;
- managing a yield enhancement portfolio through principal investments;
- coordinating with subsidiary banks' treasuries and training coverage teams to cross-sell and develop client solutions to promote development of local markets;
- monitoring aggregate balance sheet and subsidiary banks' activities, effectively hedging and managing these risks at a centralised level, enabling subsidiary banks to increase client coverage and market liquidity by freeing up risks;
- building and maintaining relationships with diverse financial institutions across the African continent and beyond; and
- managing risks in countries where the Group does not have a presence by creating partnerships with domestic and foreign banks in those countries.

In order to be in a position to execute on the above, the offshore business needs to be regulated, and the Group's operations in Dubai have begun the process of applying for authorisation from the Dubai Financial Services Authority. The Group currently anticipates that such authorisation may be granted sometime in Q4 2017.

The offshore component of Markets and Treasury will primarily focus on the following key target clients:

- smaller banks, to whom the Group aims to provide hedging products which they would otherwise struggle to obtain from larger banks;
- Middle Eastern banks with clients who are active in the Africa / Middle East trade corridor and who do not have trading capacity in SSA currencies, which can be provided by the Group and allows indirect access to that client base;
- multinational and regional corporates, with an initial target of clients with offices in the Middle East and Europe (including the UK), focusing on products offering hedging of dividend flows and intercompany loans, as well as foreign exchange flow business for clients who have externalised their hedging to a central treasury; and
- smaller funds and money managers (with an average deal size in the US\$1m to US\$5m range) who are not receiving proper service levels from the larger banks, with a focus on rates markets for T-bills and bonds and foreign exchange forwards, with the possibility of such clients allowing the Group to distribute risk off-balance sheet if necessary.

Markets and Treasury seeks to use the onshore and offshore offering to deliver a wide product set to its client base, backed by central Group oversight. Offshore sales provide coverage and distribution to offshore clients of the full set of Markets and Treasury products, while the trading desk facilitates the flow of client trades back into local markets or the clearing of risk offshore. The Group's model allows the onshore part of the business to transfer excess onshore risks for distribution offshore. The onshore sales team manages the domestic client base, with the trading team managing the risk from the domestic client base.

The onshore and offshore parts of Markets and Treasury allow synergies to be developed in:

- size, with the offshore capability allowing larger onshore trades, which can be risk managed through the offshore capability;
- tenor, with a longer duration of trades resulting from offshore desk clients having a longer duration appetite, which can be used to enhance the tenor of hedging solutions onshore; and
- complexity, with centralised risk management by the Markets and Treasury team allowing for more complex flows, and allowing an improved view of cross-subsidiary risks and better management at Group level.

In turn, these allow the following benefits to local markets:

- improved flows and liquidity, with the addition of offshore clients enabling more flows into local markets, allowing a wider client base to be serviced, better liquidity locally and increased revenue for the Group's operating subsidiaries;
- better risk management and governance, with more sophisticated risk management tools being made available to the Group's operating subsidiaries and their local clients; and
- local product market development, enabling local market expansion and growth, and the development of local institutions through the adoption of developed country practices.

The Directors believe the Group is well positioned to capture the opportunities in SSA for its Markets and Treasuries business for the following reasons:

- Africa has a small number of large companies, with only approximately 400 companies with an annual revenue greater than US\$1bn, with the majority of companies being SMEs with limited access to sophisticated financial instruments, creating an opportunity for the Group to offer developed market products to SMEs and assist them in managing their risks efficiently to scale their businesses;
- the Group's operations are able to service smaller funds and new entrants seeking to access Africa; and
- investors globally are looking to emerging markets in Africa for yield enhancement in their portfolios.

Additionally, in the event the Company decides to obtain a majority stake in UBN in the future, the Markets and Treasury business would benefit from an improved executing capacity and would enhance the offering to offshore investors.

3.4 Fintech

The combination of low levels of access to formal financial services and high levels of mobile telephony adoption across SSA continue to present unique and compelling opportunities to deliver digital financial services offerings to a broader population that are unbanked and underbanked.

The Global Findex Database 2014 produced by the World Bank estimated SSA's financial inclusion (calculated as the percentage of the population aged 15 years and over with a bank account) to be approximately 34%. Among the Group's operating countries, the highest level of financial inclusion was estimated to be in Botswana at 52%.

In contrast, there are over 650 million mobile phone subscribers in Africa and over 500 million unique connections. Mobile phones also generate behavioural data to support credit underwriting and strict SIM card registration regulation has strengthened KYC provisions for financial services. Mobile telephony therefore represents a significant platform for financial services extension across Africa.

The Group's Fintech business line seeks to develop the opportunities to deliver financial services in Africa through digital and technology-based platforms. The Company aims to develop Fintech product offerings, including for merchant payments, agency banking, remittances, mobile-lending and payment wallets, to gain a presence in SSA countries in which the Group does not already have a current operational presence.

The Group's Fintech strategy is anchored in two broad areas: Transformational Initiatives and Reinventational Initiatives.

Transformational Initiatives are those that seek to transform and position the Group's traditional banks for the emerging digital financial services landscape with the objective of efficiently expanding their reach, customer base and segments while maximising revenues. These initiatives strive to ensure the long-term relevance and competitiveness of the Group's banks.

The focus initiatives in FY2017-18 include:

- **Open loop agency banking.** This initiative seeks to develop the provision of financial services through an agency network comprising a combination of retail outlets such as gas stations and "single window" outlets, including account opening and customer on-boarding, deposits and withdrawals, bill payments and money transfer. Agency outlets are mapped to branches, who are responsible for agent enrolment, on-boarding

(including training and outlet branding), monitoring and management. Agency outlets will have point-of-sale machines, and all transactions will be card-based for bank customers and mobile money-based for mobile money subscribers. The Group uses a distribution model to be applied in agency selection and mapping to ensure optimal coverage. Two models are under deployment: Indirect and Direct. Indirect Agency Banking involves leveraging existing third party Agency Banking distribution infrastructure. Tanzania is the Group's pilot country for Indirect Agency Banking, with the Group preparing for a "go live" date by the end of Q3 2017. Direct Agency Banking involves building the Group's network and systems from scratch. The Group has procured a robust and proven agency banking solution from the Software Group. The pilot country for Direct Agency Banking is Mozambique, with the Group preparing for a "go live" date by the end of Q3 2017. The Group also plans to implement Direct Agency Banking in Rwanda in Q4 2017.

- **Merchant payments.** This initiative is aimed at building a wide network of micro, small, medium and large merchants that accept electronic payments for goods and services. The primary aims are to track and trap large volumes of low-cost deposits, generate non-interest income from transaction fees and interest income from loans to these merchants. The deployment is in two phases: Phase one involves deployment of point-of-sale terminals that accept VISA, MasterCard and Union Pay Cards in these merchant outlets. This initiative has been implemented in Zimbabwe, Zambia and Mozambique, with implementation in Botswana scheduled for Q3 2017 and the rest of the Group's markets in Q4 2017. Phase two of this initiative, being developed with MasterCard and VISA, will involve the deployment of MasterCard's and VISA's low-cost frictionless QR code-based payments at micro, small and medium-sized merchant outlets. Implementation for this second phase is scheduled to commence in 2018.
- **Digital credit.** The digital credit initiative focuses on the provision of loans to consumers and SMEs, utilising a predictive credit assessment based on behavioural and transactional analytics to define risk acceptance criteria and qualifying customers, including own-data loans, counterparty-data loans and peer-to-peer (P2P) loans. These are typically low value, high volume, short tenor and high margin loans. The Group is currently implementing a service for 1.5m mobile phone customers in Mozambique and 600,000 electricity consumers in Rwanda.
- **Card revamp.** The Group continues to see a big opportunity across its markets for large-scale disbursements via cards and companion cards for mobile money operators. The Group recently secured a mandate from the government of Botswana to disburse US\$500m on their behalf over a five-year period. Additionally, it secured Companion Card mandates for 8.5m mobile money customers in Tanzania and 500,000 mobile money customers in Zimbabwe. These initiatives (as well as other initiatives under development) require a complete transformation of the Group's existing cards infrastructure. The Group is also currently evaluating a complete outsourcing of its cards back office.
- **Cross-border funds transfer service.** This initiative seeks to facilitate funds transfers across Africa, complemented by the aggregation of direct-to-bank account/card transfers from money transfer operators globally and branded send-side remittance portal into Africa, including fund transfer services across bank accounts and mobile money wallets as well as remittances across banking networks. This initiative primarily targets intra-Africa remittances and small trade. The Group is collaborating with MasterCard HomeSend to develop this initiative, which is currently at its implementation stage across all operating countries. The first phase of this initiative is scheduled to have a "go live" date by end of Q4 2017.
- **Digital bank.** The Group is seeking to develop a digital "bank within a bank", which seeks to provide banking services exclusively through digital channels, supported by mobile, cards and agency banking outlets, including 90-second account opening, budget optimiser and virtual assistants. Customer onboarding and enrolment are intended to be handled by the agency network. This initiative may allow a market entry strategy into other countries. The Group is currently exploring a pilot in one of Nigeria, Mozambique, Rwanda or Tanzania.

- **Mobile money.** This is an initiative to provide cash loans to qualifying customers and agents of a mobile money network and encourage the loading of deposits on to virtual payment wallets. The Group also provides trust account management services to a number of telecommunication companies in SSA countries.

Reinventional Initiatives are those that seek to invent new business models on a standalone basis in collaboration with telecommunications operators, Fintech firms and retailers. The primary objective is to quickly and efficiently pursue scale. The Group's Reinventional Initiatives will help position the Group at the forefront of the evolving digital financial services landscape in Africa.

The Group is exploring partnerships with various technological platforms, retailers and mobile telecommunications operators to develop its Reinventional Initiatives. The focus of the various initiatives varies, but broadly the Group is seeking to develop technology-based tools and products in areas including:

- the delivery of lending and microfinance to SMEs through new technology platforms; and
- the development of payments-based smart money platforms and digital wallets, which allow retail customers to make air-time purchases, bill payments, merchant payments, remittances and money transfers, while benefiting from loyalty schemes.

To support the development of the Group's Fintech initiatives, it has established strategic partnerships in respect of:

- developing strategic digital infrastructure through digital banking and community middle-ware solutions;
- payments technology, in areas including customer and agent onboarding, acceptance development, scale and innovation and customer engagement;
- merchant payment solutions;
- technology platforms that use natural language processing and machine learning to reveal insights from large amounts of unstructured data;
- distribution of insurance and microinsurance;
- short-term microlending with individuals and SMEs; and
- telecommunications and mobile money operators across the Group's operating countries and other SSA countries, including Kenya.

4. Countries of operation

4.1 Botswana

The Group's subsidiary bank in Botswana is BancABC Botswana, part of the ABC Group acquired in 2014.

BancABC Botswana is the largest component in the Group's subsidiary network (excluding its minority interest in UBN, which is not a subsidiary of the Group), accounting for approximately 40% of the Group's loan portfolio as of 31 December 2016.

BancABC Botswana is primarily engaged in the provision of retail and SME lending (accounting for approximately 73% of its total lending as of 31 December 2016), with the remainder comprising 17% corporate lending, 8% mortgage lending, 1% commercial and property lending, and 1% instalment lending). BancABC Botswana's lending is supported by a solid deposit base (comprising 61% term deposits and 39% on-demand deposits as of 31 December 2016). There is scope to grow the lending of BancABC Botswana, which had a loan-to-customer deposits ratio of 82.7% as of 31 December 2016.

Over 2016, lower discretionary expenditure, improved cost of funding and cost management helped to reduce the bank's costs-to-income ratio from 69.7% in 2015 to 57.1% in 2016.

As at FY 2016, BancABC had a presence in five towns and cities nationwide served through a network of nine branches, 15 ATMs and 287 employees.

BancABC Botswana's product offering includes:

- personal banking: personal lending, home lending, vehicle lending, fixed-term deposit accounts, savings accounts, payroll accounts and insurance products;

- business banking: business transaction accounts, SME starter accounts, asset finance and SME term loans; and
- wholesale banking: overdraft facilities, cash advances, term loans, letters of credit, guarantees, invoice discounting/factoring, bankers' acceptances, commercial paper, promissory notes, leasing and treasury solutions.

4.2 Mozambique

The Group's subsidiary bank in Mozambique is BancABC Mozambique, part of the ABC Group acquired in 2014. BancABC Mozambique accounted for approximately 6% of the Group's loan portfolio as of 31 December 2016.

BancABC Mozambique is primarily engaged in the provision of corporate loans (accounting for approximately 68% of its total lending as of 31 December 2016), with the remainder comprising 11% SME lending, 11% mortgage lending and 10% consumer lending). As of 31 December 2016, BancABC Mozambique's lending was funded through a deposit base comprising 82% on-demand deposits and 18% term deposits, with a loans-to-customer deposits ratio of 65.2%.

Despite challenging headwinds caused by excessive government borrowing, in 2016 the bank recorded a profit of US\$2.4 million, which was aided by success in the Treasury business (non-interest income in 2016 was US\$12.7 million).

As at FY 2016, BancABC Mozambique had a presence in seven towns and cities nationwide served through a network of ten branches, 27 ATMs and 308 employees.

BancABC Mozambique's product offering includes:

- personal banking: personal lending, home lending, vehicle lending, fixed-term deposit accounts and savings accounts;
- business banking: business banking current accounts, SME fixed-term deposits, vehicle lending and asset lending; and
- wholesale banking: overdraft facilities, cash advances, premium finance, guarantees, order financing, leasing and treasury solutions.

4.3 Tanzania

The Group's subsidiary bank in Tanzania is BancABC Tanzania, part of the ABC Group acquired in 2014. BancABC Tanzania accounted for approximately 5% of the Group's loan portfolio as of 31 December 2016.

BancABC Tanzania's business is split between consumer and corporate lending, accounting for approximately 57% and 37% of total lending respectively as of 31 December 2016, with the remainder comprising 3% SME lending and 3% mortgage lending. As of 31 December 2016, BancABC Tanzania's lending was funded through a deposit base comprising 86% term deposits and 14% on-demand deposits, with a loans-to-customer deposits ratio of 53.5%.

BancABC Tanzania is preparing to scale up through the roll-out of agency banking platforms, overseen by a refreshed management team, which includes new heads of Corporate, Retail, Marketing and Legal and Compliance.

As at FY 2016, BancABC Tanzania had a presence in two towns and cities, served through a network of four branches, seven ATMs and 164 employees.

BancABC Tanzania's product offering includes:

- personal banking: personal lending, group scheme lending, savings accounts and current accounts;
- business banking: business lending, business accounts, SME business accounts and fixed-term investment accounts; and
- wholesale banking: overdraft facilities, promissory notes, premium finance, guarantees, term loans, loan syndications, invoice discounting, order financing, leasing, structured arrangements and treasury solutions.

4.4 Rwanda

The Group's subsidiary bank in Rwanda is Banque Populaire du Rwanda (BPR). In October 2014, the Group acquired BRD-C, which it operated as a commercial bank in Rwanda. In January 2016, the Group acquired a stake in BPR, which was merged into BRD-C. The Group holds 62.06% of the merged entity. BPR accounted for approximately 16% of the Group's loan portfolio as of 31 December 2016.

BPR has been historically focused on microfinance and SMEs, with a recent expansion into food and agricultural sectors. Mortgage lending is the largest single component of BPR's lending, accounting for 36% of total lending as of 31 December 2016, followed by corporate lending (19%), commercial and property lending (18%), SME lending (16%) and consumer lending (12%). As of 31 December 2016, the bank's lending is financed 64% by on-demand loans and 36% by term deposits, with a loans-to-customer deposits ratio of 89.2%.

As at FY 2016, BPR (combined with BRD-C) had a presence in ten towns and cities nationwide, served through a network of 192 branches, 106 ATMs and 996 employees.

BPR's product offering includes:

- personal banking: personal lending and deposits;
- business banking: credit lines, overdraft facilities, invoice discounting, working capital finance, equipment finance, and deposits and guarantees; and
- SME banking: loans (SME, microcredit and agricultural) and special funds operations.

4.5 Zambia

The Group's subsidiary bank in Zambia is BancABC Zambia, part of the ABC Group acquired in 2014. BancABC Zambia accounted for approximately 15% of the Group's loan portfolio as of 31 December 2016.

Of BancABC Zambia's total lending as of 31 December 2016, 57.6% was consumer lending, 20.4% was corporate lending, 15.7% commercial and property lending, 3.6% SME lending and 2.7% mortgage lending. BancABC Zambia's lending is funded through a deposit base comprising 41.8% term deposits and 58.2% on-demand deposits as at 31 December 2016. In 2016, the loans-to-customer deposits ratio was 60.7%, indicating potential for expansion. These figures are pro forma for the acquisition in June 2016 of FBZ, the corporate-focused lending book of which complemented BancABC Zambia's existing retail-focused business.

As at FY 2016, BancABC Zambia had a presence in 13 towns and cities nationwide, served through a network of 89 branches, 177 ATMs and 638 employees. Annex II of this Prospectus contains FBZ's annual report and consolidated financial statements for the year ended 31 December 2016.

BancABC Zambia's product offering includes:

- personal banking: personal lending, savings accounts, fixed deposits and current accounts;
- business banking: SME savings accounts, fixed deposits and current accounts; and
- wholesale banking: overdraft facilities, bankers' acceptances, commercial paper, premium finance, guarantees, structured arrangements, order financing, leasing, treasury solutions and investment solutions.

4.6 Zimbabwe

The Group's subsidiary bank in Zimbabwe is BancABC Zimbabwe, part of the ABC Group acquired in 2014. BancABC Zimbabwe accounted for approximately 18% of the Group's loan portfolio as of 31 December 2016.

BancABC Zimbabwe's corporate lending accounted for approximately 69% of total lending as of 31 December 2016, with the remainder comprising 17% consumer lending, 6% instalment lending, 5% mortgage lending and 3% SME lending. As of 31 December 2016, BancABC Zimbabwe's lending activities were funded through a deposit base split between 59% on-demand deposits and 41% term deposits, with a loans-to-customer deposits ratio of 83.0%.

In response to a challenging economic environment and a US dollar shortage throughout the Zimbabwean banking system, BancABC Zimbabwe has become more innovative in the digital sphere while also pursuing efficiency savings.

As at FY 2016, BancABC Zimbabwe had a presence in 14 towns and cities nationwide, served through a network of 23 branches, 33 ATMs and 347 employees.

BancABC Zimbabwe's product offering includes:

- personal banking: personal lending, group scheme lending, fixed deposits and savings accounts;
- business banking: business current accounts, term deposits, transaction and savings accounts and business loans; and
- wholesale banking: overdraft facilities, bankers' acceptances, commercial paper, promissory notes, premium finance, guarantees, structured arrangements, order financing, leasing, treasury solutions and investment solutions.

5. Long-term prospects in SSA and current economic outlook

The Directors believe that the long-term investment thesis for SSA remains resilient given its fundamentals and demographics. Population growth is expected to be strong over 2017 to 2021, averaging 2.5% across SSA. The banking sector in Africa is significantly under-penetrated, representing a clear growth opportunity with expected catch-up to developed markets. The Group's Fintech offering can serve as a key catalyst for growth, with over 650 million mobile phone users in Africa.

Weak commodity prices and the impact of drought on food prices and electricity production, combined with a generally less supportive global economic environment, took their toll on growth in SSA over 2015 and 2016, which was exacerbated by increasing inflation and interest rates.

The macroeconomic environment in SSA has started to register a positive uptick, with the World Bank's June 2017 Global Economic Prospects Report projecting growth of 2.6% for 2017. Continued growth is expected by the Directors across SSA in excess of developed markets. The Directors believe there are early signs of improvement in SSA indicated by:

- reductions in interest rates across a number of markets where the Group operates, namely Zambia, Botswana and Tanzania;
- recent currency stabilisation in Zambia and Mozambique; and
- commodity strengthening in copper and diamonds in particular.

6. Strategy

6.1 2016 overview

In 2016, the Company completed two acquisitions: the acquisition of BPR in Rwanda in January, which was subsequently integrated into BRD-C; and the acquisition of FBZ in Zambia in late June, which was subsequently integrated into BancABC Zambia.

As noted above, while acquisitions are likely to remain a key element of achieving scale in the long-term, the Company's current priority is in growing existing operations organically.

As well as completing the integration of the acquired businesses in Zambia and Rwanda, the Group has focused on a number of business transformation projects within its southern operations, reducing operating costs and managing down non-performing loans and impairments. The Group continues to improve governance and compliance processes across its banks, through measures such as automating Know Your Customer and transaction monitoring procedures.

The Group's increased focus on organic growth over 2016 was a strategic shift which saw more emphasis being placed on the Markets and Treasury and Fintech business lines. Revenues from Markets and Treasury grew from US\$31.1 million in 2015 to US\$53.5 million in 2016 (equating to a 72% year-on-year increase), demonstrating strong momentum which the Directors expect to continue through 2017 and beyond.

The Directors expect the Fintech business line to be a significant contributor to the Group's financial performance once fully under way, in driving retail deposit volumes, lowering the cost of funds, providing ancillary revenue generation and helping to support operational efficiencies over time.

6.2 Restructured platform and emphasis on profitability

In 2016, the Group announced plans to reduce its non-staff costs and headcount in its Shared Services and Centre in Dubai and Johannesburg. The Johannesburg office was subsequently closed. These changes were designed to ensure the Group's cost base is more aligned with the current operating environment, and to yield net savings of approximately US\$20 million on an annualised basis. The realigned holding company structure allowed the Group to place more emphasis on asset-light businesses (principally Markets and Treasury, and Fintech). In February 2017, the Company raised US\$13.5 million in an oversubscribed placement of Ordinary Shares to fund the development of these key business lines.

The Group experienced consecutive years of profit in 2015 and 2016, complemented by improvements in key financial metrics, including an operating income of US\$244.2 million in 2016 compared with US\$213.4 million in 2015 (an 14.4% year-on-year increase), and an increase in net interest margin on earning assets to 6.3% in 2016 compared with 5.8% in 2015.

The Group's management has delivered on its initial growth plan by successfully completing six acquisitions to date, as set out above.

The revised operating model for the Group focuses on enhanced leadership of the Group's three business lines, and strong leadership within each of the operating banks. The Directors believe the Group's local leadership teams in the subsidiary banks have demonstrated experience and execution focus with a track record for success. Notable hires in 2016 included:

- Head of Legal and Compliance at BancABC Botswana;
- Country Managing Director and Chief Financial Officer in Mozambique;
- Country Managing Director and entire new management team in Rwanda;
- Head of Corporate, Head of Retail, Head of Marketing and Head of Legal and Compliance in Tanzania; and
- Country Managing Director and Chief Financial Officer in Zambia.

The Group has targeted increased efficiency throughout its subsidiary banks through:

- staff rationalisation programmes in Rwanda, Zambia and Zimbabwe;
- achieving lower cost of funding on aggregate across the banking subsidiaries through deposit re-pricing and increased focus on mobile banking to capture retail deposits;
- introducing stricter procurement approval processes across the Group;
- introducing improved management information systems and expense tracking in Rwanda;
- reducing event sponsorships and discretionary spending across the subsidiary network; and
- seeking integration synergies through common supplier strategies across the Group.

The Group's efforts to improve asset quality across the Group have focused on:

- improving corporate business recoveries across the subsidiary network;
- monitoring of collections of key outstanding exposures; and
- establishing taskforces to recover portfolios which have been written off.

In turn, strong credit recoveries have helped drive improved cost of risk.

The Group has also enhanced its banking subsidiaries and seeks to achieve growth through:

- rolling out a governance and compliance framework across the Group, including policies, providing training and continuously monitoring processes;
- recruiting new board members with appropriate skills for subsidiary boards to improve oversight;
- efforts to improve customer experience across the group;

- launching retail and SME customer acquisition campaigns in Mozambique and Botswana;
- launching a new brand, refreshed layout, centralised risk management and upgraded stock management software in Rwanda;
- improving liquidity through more direct customer contact in Tanzania;
- improving stability of key systems and improved control environment across each country; and
- introducing improved and enhanced know-your-customer standards and processes in all countries of operation, which are applied to legacy as well as new customers to achieve compliance with know-your-customer requirements.

Other recent key initiatives include:

- in January 2017, the Company entered into an agreement with VISA to introduce a dynamic suite of new payment solutions and expand access to electronic payments within SSA;
- in February 2017, the Company entered an agreement with MasterCard to provide financial access for up to 20 million consumers and 100,000 merchants across Africa by 2020; and
- in March 2017, the Company closed a US\$40 million debt facility provided by the Overseas Private Investment Corporation to BancABC Botswana, which will be used to provide access to finance for SMEs and to support the Company's efforts to accelerate its digital finance initiatives.

The Directors consider that the above progress and developments have paved the way for the Atlas Mara 2.0 strategy, built upon a new operating model with the business split across its three key business lines. The Company has completed its initial restructuring of its operations to deliver a leaner, flatter structure to deliver a new management and operating model providing focus and efficiency. The Company's focus is now on three key growth drivers, which the Directors believe will help drive future growth and revenues and improve operational leverage, and in turn, profitability. These three growth drivers are:

- the potential to acquire a majority stake in UBN during 2018, as explained in more detail in paragraph 4 of Part XVIII (*Description of the Clermont Stake Acquisition and the Transaction*);
- developing the Group's asset-light businesses in Markets and Treasury and Fintech, with the exploration of a potential acquisition of a consumer finance digital platform to serve as an additional growth catalyst; and
- pursuing further operational efficiencies, including reduction of financial leverage at the BancABC holding company (ABC Holdings Limited), as well as targeted non-performing loans reduction at subsidiary level to drive improvements in cash flow, funding costs and profitability.

PART X

BUSINESS OVERVIEW OF UBN

1. OVERVIEW

UBN was established in 1917 and is one of Nigeria's longstanding financial institutions. Over the years, the bank has evolved into an established brand with a substantial national branch network across Nigeria. In 2009, UBN was among the Nigerian banks rescued from insolvency with the aid of a cash injection from AMCON. A net asset value of zero was attained by the end of 2011 and the non-performing loans from the years 2010-2012 were purchased by AMCON in order to re-establish a non-performing loan ratio of close to 5%. Between January and mid-2012, a consortium of international investors stepped in to finance UBN's total recapitalisation, amounting to US\$500 million. The consortium invested in UBN via an intermediate vehicle, UGPL, which currently holds 61.4% of the shares in UBN.

As a result of the transaction by which the Company acquired ABC Holdings Limited, the Company acquired a 14.7% stake in UGPL. The Company's investment in UGPL is held via two separate vehicles: ADC Enterprises, a wholly-owned subsidiary of the Company which holds 6.35% of the shares in UGPL, and an interest in a special purpose vehicle, ADC Ventures, which exposes the Company to a further 8.39% stake in UGPL. The ADC Ventures special purpose vehicle is majority financed as mezzanine debt. Through its 14.7% stake in UGPL, the Company has an indirect interest of 9.05% in UBN.

In September 2014, the Company acquired a 21.16% direct stake in the voting shares of UBN from AMCON. During 2015, the Company acquired an additional 0.93% stake via direct investment in UBN for US\$8.82 million cash consideration. At present, in total, the Company holds a 22.1% direct stake in UBN, which, together with its shareholding of 9.05% held indirectly via its participation in UGPL, equates to a 31.15% interest in UBN. UBN is currently classified as an "Investment in associate" on the Company's balance sheet.

In line with its interests in UBN, the Company currently has the right to appoint three directors to the board of UBN, where its current members are Beatrice Hamza Basse and Arina MacDonald, with the third member, Kenroy Dowers, awaiting regulatory approval.

As at 31 December 2016, the Group's share of profit of UBN for the year was US\$18.1m, whereas total operating income for the Group was US\$244.2m, meaning that UBN income accounted for about 7.4% of total operating income. As at 31 December 2016, the carrying value of the Company's 31.15% investment in UBN (including intangible assets) was US\$291m, whereas total assets for the Group were valued at US\$2,756m, meaning the UBN investment accounted for about 10.6% of the Group's total assets.

2. UBN'S HISTORY

UBN was first established as Colonial Bank in 1917, and catered to the needs of the government and merchant companies. In 1925, UBN was acquired by Barclays, and became known as Barclays Bank DCO (Dominion, Colonial and Overseas). As Barclays Bank DCO, UBN's operations expanded to other parts of Nigeria. After Nigeria's independence was declared in 1960 and the enactment of its Companies Act of 1968, the bank was renamed as Barclays Bank of Nigeria Limited.

In 1971, UBN was listed on the Nigerian Stock Exchange. The Nigerian government took a stake in the bank, and it became a wholly Nigerian-owned entity. In 1979, the company changed its status to a public company, and changed its name to Union Bank of Nigeria Plc.

The Nigerian government divested its shares in UBN in 1993 in line with its privatisation policies, resulting in the bank becoming fully owned by private organisations and individuals.

UBN acquired the former Universal Trust Bank Plc and Broad Bank Ltd in 2005 in line with the Central Bank of Nigeria's banking sector consolidation policy, and also absorbed its former subsidiary Union Merchant Bank Ltd.

In 2009, the banking crisis led to the intervention of the Central Bank of Nigeria via AMCON to provide financial support, which was followed in 2012 with an injection of US\$500 million by UGPL. As set out in paragraph 1, the Company subsequently acquired a stake in UGPL (resulting in the Company holding a 9.05% indirect stake in UBN via UGPL) and a direct stake in UBN from AMCON.

In compliance with the Central Bank of Nigeria's Regulation on the Scope of Banking Activities & Ancillary Matters No.3 2010, UBN is currently divesting its non-core banking subsidiaries, which will result in UBN holding only one subsidiary, Union Bank UK PLC.

3. UBN'S BUSINESS SEGMENTS

UBN is a mid-tier bank in Nigeria with market shares of 3.95% by assets, 3.53% by loans and 2.9% by deposits as of December 2016.

UBN offers a portfolio of banking services to individual, SME, commercial and corporate clients.

UBN's retail offering is focused on the larger mass market in Nigeria, while also providing an offering to high net worth individuals and SMEs.

The commercial bank offering focuses on corporate banking, where UBN enjoys long-standing relationships with large and mid-sized companies.

The bank's product offerings include current, savings and deposit account services, funds transfer, foreign currency domiciliation, loans, overdrafts, equipment leasing and trade finance. These services are provided through electronic channels, including online banking, mobile banking, debit cards and point-of-sale terminals, and a network of over 340 sales and service centres and over 800 ATMs spread across Nigeria.

3.1 Retail banking

UBN's retail banking segment offers traditional banking products and services to the mass market in Nigeria, including various current and savings accounts (including in domestic currency or in US dollars, euro and pound sterling), debit cards, online and mobile banking and fixed deposits covering short-term, medium-term or long-term, as well as children's savings accounts. UBN also offers personal lending and overdraft products to customers.

The SME offering, referred to as "Business Banking", focuses on small businesses, micro-businesses and medium business, offering products and services including various types of current accounts (including in domestic currency or in US dollars, euro and pound sterling), loans and overdrafts, and point-of-sale terminals.

The SME loans and overdrafts offering includes:

- lease financing, comprised of flexible loans to businesses to facilitate purchases of equipment;
- invoice discounting, comprised of short-term loans to help manage the cash-flow position of businesses, backed by future sales invoices;
- cooperative lending, comprised of loans offered to cooperatives on behalf of their members to support the expansion of micro and small businesses;
- school aid, comprising short-term loans for schools to cover operating expenses during the school term;
- contract finance, comprising loans provided to companies to enable them to execute contracts;
- term loans, consisting of structured loans provided to finance specific transactions or assets over a fixed tenor with pre-determined repayments; and
- overdraft facilities, comprised of short-term loans on current accounts to cover payments exceeding available balances.

The SME point-of-sales (POS) terminals offering facilitates the payment and receipt of money using credit and debit cards at the point of sale. UBN's dual SIM POS terminals are designed to enable stable connections, and are used for collections in locations such as retail outlets, churches, hotels, gas stations, restaurants and supermarkets. Collections at point of sale are credited to merchant accounts on the next working day.

3.2 Commercial banking

The commercial banking range offers a more sophisticated set of products and services to larger corporate and institutional clients for domestic and international banking requirements, in the areas of cash management, trade finance, credit solutions and treasury solutions.

The cash management offering includes:

- 'UnionOne', a cash management solution which provides a single gateway to a payments application and customisable account receivable solution to afford clients visibility over, control of and access to their receivables;
- the 'UnionOne Payments Module', which aims to provide corporate customers with a customisable platform for their recurrent payable requirements, allowing customers to make payments to suppliers, vendors, tax collection bodies and employee and staff payments;
- the 'UnionOne Collections Module', a customisable in-branch solution that allows corporate customers to access their account receivables at any of UBN's offices across Nigeria, thereby providing corporates who deal with a large number of customers, dealers or distributors with the ability to render customised collections. The module also allows customers real-time access to online reports of in-branch payments;
- the 'UnionOne Liquidity Management Module', which provides customers with solutions to manage their liquid assets so as to assist them to meet their financial obligations as they become due, including through ensuring the availability of funds in the correct accounts and minimising of costs of overdrafts;
- 'consolidated balance reporting' functions, allowing cash balances to be combined across banks and currencies and thereby allow customers to view their overall cash position, with transaction-specific details available on forms of payment activity, and statements available through 'UnionOne' or through SWIFT; and
- various account offerings both resident and non-resident, including current accounts, money market accounts, escrow accounts, and foreign institutional bank accounts, offering features to facilitate payments and collections, as well as the tracking of balances, recording of transactions and establishing of account positions to allow customers to manage their liquidity.

Trade finance products and services include:

- import letters of credit services;
- export letters of credit services, including receiving, reviewing and advising on authenticated instruments, negotiating documentation, export financing, and receiving and certification of exports proceeds;
- import (inward) bills for collection services;
- export (outward) bills for collection services, supporting customers' exports through services including production/sourcing of exported goods and document checking, despatch and receipt, and certification of export proceeds; and
- provision of various bonds and guarantees including bid/tender Bonds, performance bonds, customs bonds, advance payment guarantees, shipping guarantees and retention bonds.

The credit solutions business line focuses on multinationals, large corporates and foreign owned companies in various sectors (including manufacturing, food and beverages, transport, oil and gas, construction, telecommunications and financial institutions). Its offerings include asset finance, corporate lending, debt capital finance, supplier finance, working capital and project finance products and services.

UBN's Treasury business line focuses on advising corporate customers on investment and financing options in respect of short-term, medium-term and long-term business aims, offering a range of products including foreign exchange, money market instruments, debt market services, cash management and fixed-term deposit accounts.

4. Improvement since 2012

Since UGPL acquired a majority stake in UBN in 2012, UBN has demonstrated significant improvement on a range of measures, with growth in total assets of 23.3% between 2012 and 2016, growth in equity of 53.0% between 2012 and 2016 and a 277.7% increase in profit attributable to equity holders between 2012 and 2016.

UBN has sought to improve efficiency over 2012 to 2016 by reducing its numbers of employees, while active customers have grown from 1.7m to 3.0m over the same period.

UBN has also grown its ATM network from 270 in 2012 to 800 in 2016 (almost a three-fold increase). Its point-of-sales terminals have grown by a similar factor, from 1,000 in 2012 to 3,100 in 2016, while mobile banking users have increased by over 37 times from 11,000 users in 2012 to 414,000 users in 2016.

A new board and management team at UBN were appointed following UGPL's acquisition of a majority of UBN, which have overseen the turnaround in UBN. The current management team at UBN consists of:

Name	Title
Emeka Emuwa	Chief Executive Officer and Group Managing Director
Oyinkansade Adewale	Chief Financial Officer
Kandolo Kasongo	Chief Risk Officer
Emeka Okonkwo	Head of Corporate, International, Investment Banking and Treasury
Adekunle Sonola	Head of Commercial Banking
Carlos Wanderley	Head of Retail Banking
Nath Ude	Head of Service & Technology

The management team at UBN is highly regarded and experienced, having navigated UBN through a difficult environment.

The above metrics demonstrate an improvement in both financial performance and operational efficiency, which combined with a recently upgraded core-banking platform and a strong management team, makes UBN an attractive proposition in Nigeria.

5. Key financial information on UBN

The tables below summarise UBN's financial performance for the financial years ended 31 December for each of 2014, 2015 and 2016, and certain key metrics.

(in NGNm, unless otherwise stated)	2014	2015	2016	CAGR
Balance Sheet				
Cash and Cash Equivalents	121,960	82,252	136,194	5.7%
Customer Loans	312,797	366,721	507,190	27.3%
Investment Securities	197,200	215,137	181,720	(4.0%)
Property and Equipment	48,575	52,611	52,800	4.3%
Deferred Tax Assets	95,883	95,883	95,910	0.0%
Other Assets	232,036	237,127	278,868	9.6%
Total Assets	1,008,451	1,049,731	1,252,682	11.5%
Total Assets (US\$m)	5,511	5,274	3,977	(15.0%)
<i>NGN/USD (EoP)</i>	<i>183</i>	<i>199</i>	<i>315</i>	
Interbank Deposits	61,890	44,091	90,266	20.8%
Customer Deposits	527,617	570,639	658,444	11.7%
Borrowed Funds	78,135	76,059	89,514	7.0%
Other Liabilities	119,281	112,182	142,788	9.4%
Total Liabilities	786,923	802,971	981,012	11.7%
Shareholders' Equity	221,528	246,760	271,670	10.7%
Shareholders' Equity (US\$m)	1,211	1,240	862	(15.6%)
<i>NGN/USD (EoP)</i>	<i>183</i>	<i>199</i>	<i>315</i>	
Income Statement				
Net Interest Income	52,056	55,683	65,039	11.8%

(in NGNm, unless otherwise stated)	2014	2015	2016	CAGR
Net Fees and Commissions	10,153	7,697	10,577	2.1%
Other Operating Income	33,986	18,470	18,011	(27.2%)
Total Operating Income	96,195	81,850	93,627	(1.3%)
Operating Expenses	(59,419)	(58,164)	(62,000)	2.1%
Loan Loss Provisions	(4,828)	(9,948)	(16,582)	85.3%
Profit Before Tax	27,719	14,756	15,738	(24.6%)
Net Income	25,629	14,302	15,617	(21.9%)
Net Income (US\$m)	149	75	61	(36.2%)
NGN/USD (Avg.)	171	191	257	

Source: UBN 2015 and 2016 Annual Reports, Company calculations

	2014	2015	2016
Key Metrics			
Net Interest Margin	5.2%	5.4%	5.6%
Fees/Revenue	10.6%	9.4%	11.3%
Revenue/Assets	9.6%	8.0%	8.1%
Cost/Assets	5.9%	5.7%	5.4%
Cost/Income	61.8%	71.1%	66.2%
Cost of Risk	1.6%	2.7%	3.6%
RoA A	2.5%	1.4%	1.4%
RoA E	12.6%	6.3%	6.1%
Loans/Deposits	59.3%	64.3%	77.0%
NPL Ratio	5.0%	6.7%	6.9%
Coverage Ratio	139.3%	85.1%	77.4%
Coverage Ratio Inc. RRR	191.0%	177.0%	182.0%
Equity/Assets	22.0%	23.5%	21.7%
CAR	16.4%	15.9%	13.3%

Source: Company calculations

The above tables indicate the restructuring of UBN, with greater orientation of the balance sheet towards loans and higher interest earning assets, as well as lower funding costs, which has supported an improved net interest margin year-on-year.

Fee income has supported revenues, with account maintenance fees and e-business fee income offsetting lower commission on turnover following regulatory changes. Other income has mainly been comprised of trading income, recoveries and gains on disposal (2014 was impacted by a NGN15.7 billion gain on disposal of subsidiaries). Over 2015-2016, there was an improvement in the costs/assets and costs/income ratios; the Company's Directors believe there is still considerable room for improvement in these ratios relative to UBN's competitors in Nigeria.

The recent macroeconomic backdrop has affected asset quality and, in turn, capital. This is reflected in a non-performing loans ratio of 6.9% in 2016, up from 5.0% in 2014. This was largely comprised of exposure to the power and energy sector, resulting in higher cost of risk and ultimately affecting bottom-line returns. The non-performing loan portfolio remains broadly well provisioned for, with a coverage ratio of 77.4% as at 2016 and 182.0% inclusive of the regulatory risk reserve. The regulatory capital position of 13.3% as of the end of 2016 was below the minimum 15% capital adequacy ratio threshold set by the Central Bank of Nigeria for banks with international authorisation. UBN is aiming to improve its capital adequacy ratio in excess of the minimum threshold through the UBN Rights Issue intended to raise NGN50 billion, which was approved by UBN's shareholders in December 2016 and is expected to complete in Q3 2017.

The following table summarises UBN's capital position for the financial years ended 31 December for each of 2014, 2015 and 2016.

(in NGNmn, unless otherwise stated)	2014	2015	2016
Ordinary Share Capital	8,468	8,468	8,468
Share Premium	391,641	391,641	391,641
Retained Deficit	(251,172)	(246,533)	(247,868)
Statutory Reserve	19,404	22,062	24,445
Other Reserves	1,753	1,753	2,205
Deferred Tax Assets	(95,875)	(95,875)	(95,875)
Intangibles	(2,071)	(3,318)	(2,859)
Investment in Subsidiaries (50%)	(4,186)	(5,284)	(5,284)
Tier 1 Capital	67,962	72,915	74,874
Fair Value Reserves	27,213	32,240	33,579
Investment in Subsidiaries (50%)	(4,186)	(5,284)	(5,284)
Tier 2 Capital	23,027	20,783	21,436
Total Regulatory Capital	90,989	93,697	96,309
Credit RWAs	439,655	451,594	594,450
Market RWAs	9,992	18,948	14,471
Operational RWAs	105,550	116,973	115,740
Total Risk-Weighted Assets	555,197	587,515	724,660
Tier 1 Ratio	12.2%	12.4%	10.3%
CAR	16.4%	15.9%	13.3%
<i>Regulatory Requirement</i>	<i>15.0%</i>	<i>15.0%</i>	<i>15.0%</i>

Source: UBN 2015 and 2016 Annual Reports, Company calculations

UBN's capital position in 2016 relative to 2015 was affected primarily by devaluation of the Naira, which resulted in inflation in the value of UBN's risk-weighted assets, which in turn caused UBN's capital adequacy ratio to drop below 15%. In addition to the UBN Rights Issue, UBN has also announced that it intends to enhance its capital position with the retention of profit for the financial year ending 31 December 2017. The Company estimates that, following the UBN Rights Issue and assuming constant risk-weighted assets, UBN would have a pro forma capital adequacy ratio of 20.2%, which would both support growth and act as a buffer against any further foreign exchange or asset quality stress.

6. Economic outlook in Nigeria

Despite recent headwinds, the Directors believe that Nigeria's status as SSA's largest economy remains unrivalled, with its long-term growth proposition intact.

Nigeria's recent economic performance has been significantly affected by global oil price weakness, combined with a drop in oil production in Nigeria. However, the Directors believe that recent developments in oil price and production, combined with economic reforms, lay the foundation for return to stronger economic growth. According to World Bank data, Nigeria's GDP growth is expected to be 1.2% in 2017, 2.4% in 2018 and 2.5% in 2019.

Nigeria's federal government announced a new economic recovery and growth plan in February 2017, which aims to drive improvement in non-oil sector growth and the creation of approximately 15 million new jobs by 2020. Even if the aspirations in the plan are not fully achieved, the Directors believe that there is substantial potential which could be unlocked if some aspects of the plan are achieved.

Nigeria's population is expected to exceed 200 million by 2020. Its banking sector still represents a small fraction of GDP relative to other parts of SSA, and credit as a percentage of GDP for 2015 was 23% compared with a SSA average of 58%, indicating a significantly underpenetrated market with many opportunities for the Group.

PART XI

OPERATING AND FINANCIAL REVIEW

1. Information incorporated by reference

The operating and financial reviews contained in the following documents (as identified in paragraph 2 below) are incorporated by reference into this document:

- (A) the 2014 Annual Report and Accounts;
- (B) the 2015 Annual Report and Accounts; and
- (C) the 2016 Annual Report and Accounts.

2. Cross-reference list

The following list is intended to enable investors to easily identify the items of information which have been incorporated by reference into this document.

(A) *2014 Annual Report and Accounts*

The page numbers below refer to the relevant pages of the 2014 Annual Report and Accounts for:

- Chairman's letter – pages 34 to 37
- Chief Executive Officer's letter – pages 38 to 39
- Business model – pages 40 to 41
- Strategy and key performance indicators – pages 42 to 45
- Chief Financial Officer's review of financial performance – pages 54 to 59

(B) *2015 Annual Report and Accounts*

The page numbers below refer to the relevant pages of the 2015 Annual Report and Accounts:

- Our markets – pages 2 to 15
- Chairman's letter – pages 16 to 17
- Chief Executive Officer's letter – pages 18 to 19
- Our strategy – pages 20 to 22
- Our business model – pages 23 to 24
- Buy in action – pages 24 to 27
- Protect in action – pages 28 to 29
- Grow in action – pages 30 to 43
- Key Performance Indicators – pages 48 to 49
- Chief Financial Officer's review of financial performance – pages 50 to 61

(C) *2016 Annual Report and Accounts*

The page numbers below refer to the relevant pages of the 2016 Annual Report and Accounts:

- Our markets – pages 4 to 7
- Chairman's introduction – pages 8 to 9
- Our strategy – pages 10 to 11
- Our business model – pages 12 to 13
- Buy and protect in action – pages 14 to 17
- Grow in action – pages 18 to 23
- Key Performance Indicators – pages 26 to 27
- Chief Financial Officer's review of financial performance – pages 28 to 37

PART XII

STATEMENT OF CAPITALISATION AND INDEBTEDNESS

The following table sets out the consolidated capitalisation of the Company at 31 December 2016. This statement of capitalisation has been extracted, without material adjustment, from Atlas Mara Limited's audited consolidated financial statements for the year ended 31 December 2016.

Capitalisation at 31 December 2016

Shareholders' equity

	(US\$000)
Share capital	785,713
Capital reserves	45,840
Other reserves	(278,332)
Retained earnings	(46,676)
	506,545
Total parent equity	506,545
Non-controlling interest	19,510
	526,055
Total equity	526,055

There has been no material change in the Company's capitalisation since 31 December 2016.

The following table sets out the consolidated indebtedness of Atlas Mara Limited as at 31 May 2017.

Indebtedness at 31 May 2017 – secured vs unsecured

	(US\$000)
Total current debt	
Secured	12,007
Unguaranteed/unsecured	44,441
	56,448
Total non-current debt	
Secured	226,234
Unguaranteed/unsecured	87,930
	314,164
Total indebtedness	370,612

Indebtedness at 31 May 2017 – borrowing type

	(US\$000)
Current – capital bonds	—
Current – other debt or borrowed funds	56,448
Current financial debt	56,448
Non-current – capital bonds	50,508
Non-current – other debt or borrowed funds	263,656
Non-current financial indebtedness	314,164
Total indebtedness	370,612

This statement of indebtedness has been extracted, without material adjustment, from the unaudited accounting records of the Company which are prepared using policies which are consistent with those used in preparing the audited financial statements of the Company.

The following table sets out the consolidated indirect and contingent indebtedness of Atlas Mara as at 31 May 2017. This statement of indirect and contingent indebtedness has been extracted without material adjustment from the unaudited accounting records of Atlas Mara.

Indirect and contingent indebtedness

	US\$000
Guarantees	14,145
Letters of credit and other contingent liabilities	18,791
Capital commitments	5,240
Operating lease commitments	5,676
Derivative financial liabilities	20,692
Total indirect and contingent indebtedness	64,544

PART XIII

INFORMATION CONCERNING THE NEW ORDINARY SHARES

1. DESCRIPTION OF THE TYPE AND CLASS OF SECURITIES BEING OFFERED

The New Ordinary Shares will be Ordinary Shares with no par value. The ISIN of the New Ordinary Shares will be the same as the Existing Ordinary Shares, VGG0697K1066. The New Ordinary Shares will be created under the BVI Business Companies Act 2004 and the Articles of Association.

2. LISTING

Application has been made to the UK Listing Authority for the New Ordinary Shares to be admitted to a standard listing segment of the Official List, and to the London Stock Exchange for the New Ordinary Shares to be admitted to trading on the London Stock Exchange's main market for listed securities. Admission is expected to become effective, and dealings commence in the New Ordinary Shares, on 31 August 2017. Listing of the New Ordinary Shares will not be sought on any stock exchange in connection with the Issue other than the London Stock Exchange.

3. FORM AND CURRENCY OF THE NEW ORDINARY SHARES

The New Ordinary Shares resulting from the Issue will be issued in registered form and will be capable of being held in certificated and uncertificated form.

Title to the certificated New Ordinary Shares will be evidenced by entry in the register of members of the Company and title to uncertificated New Ordinary Shares will be evidenced by entry in the operator register maintained by Euroclear (which forms part of the register of the Company). The registrars of the Company are Computershare Investor Services (BVI) Limited.

If any New Ordinary Shares are converted to be held in certificated form, share certificates will be issued in respect of those shares in accordance with the Articles and applicable legislation.

The New Ordinary Shares will be denominated in US dollars.

4. RIGHTS ATTACHED TO THE NEW ORDINARY SHARES

Each New Ordinary Share will rank *pari passu* in all respects with each Existing Ordinary Share and has the same rights (including voting and dividend rights and rights on a return of capital) and restrictions as the Existing Ordinary Shares, as set out in the Articles. Certain of these rights are summarised in paragraph 7 of Part XIX (*Additional Information*).

5. DIVIDENDS

There is no guarantee that any future dividends will be declared or paid in respect of the Ordinary Shares. To date, no dividend has been paid by the Company, and the Company intends to pay dividends on the Ordinary Shares at such times (if any) and in such amounts (if any) as the Board determines appropriate. The Company's current intention is to retain any earnings for use in its business operations, and the Company does not anticipate declaring any dividends in the foreseeable future. The Company will only pay dividends to the extent that to do so is in accordance with all applicable laws.

Once the average price per Ordinary Share is at least US\$11.50 for ten consecutive Trading Days (as defined in the Articles of Association), the holders of Founder Preferred Shares will be entitled to receive an "Annual Dividend Amount", payable in Ordinary Shares.

In the first year in which such dividend becomes payable, such dividend will be equal in value to 20% of the increase in the market value of one Ordinary Share, being the difference between US\$10.00 and the Dividend Price, multiplied by the number of Ordinary Shares outstanding as at the last Trading Day of the relevant Dividend Determination Period.

Thereafter, the Annual Dividend Amount will only become payable if the Dividend Price during any subsequent year is greater than the highest Dividend Price in any preceding year in which a dividend was paid in respect of the Founder Preferred Shares. Such Annual Dividend

Amount will be equal in value to 20% of the increase in the Dividend Price over the highest Dividend Price in any preceding Dividend Year multiplied by the number of Ordinary Shares outstanding as at the last Trading Day of the relevant Dividend Determination Period.

For the purposes of determining the Annual Dividend Amount, the “Dividend Price” is the highest amount calculated by adding together the Average Price per Ordinary Share for any period of ten consecutive Trading Days in the relevant Dividend Year (the “Dividend Determination Period”) and dividing by ten.

In each case the number of Ordinary Shares issued to holders of Founder Preferred Shares in connection with such dividend will be determined by the Dividend Price of such year, even though such share price may be lower than the market value of the Ordinary Shares at the end of any relevant Dividend Year.

The amounts used for the purposes of calculating an Annual Dividend Amount and the relevant numbers of Ordinary Shares are subject to such adjustments for stock splits, stock dividends and certain other recapitalisation events as the Directors in their absolute discretion determine to be fair and reasonable in the event of a consolidation or sub-division of the Ordinary Shares in issue after the date of Admission or otherwise as determined in accordance with the Articles.

Each Annual Dividend Amount shall be divided between the holders pro rata to the number of Founder Preferred Shares held by them on the relevant Dividend Date. The Annual Dividend Amount will be paid on the relevant Payment Date by the issue to each holder of Founder Preferred Shares of such number of Ordinary Shares as is equal to the pro rata amount of the Annual Dividend Amount to which they are entitled divided by the Average Price per Ordinary Share on the relevant Dividend Date.

6. RESOLUTIONS, AUTHORISATIONS AND APPROVALS RELATING TO THE NEW ORDINARY SHARES

The issue of New Ordinary Shares is subject to the approval of the Company’s shareholders. This approval was granted by the Company’s shareholders at the Company’s last general meeting held on 14 July 2017.

7. DESCRIPTION OF RESTRICTIONS ON FREE TRANSFERABILITY

Subject to the terms of the Articles, any Shareholder may transfer all or any of his/her certificated Ordinary Shares by an instrument of transfer in any usual form or in any other form which the Directors may approve.

The Directors may refuse to register the transfer of any Ordinary Shares if, in the reasonable determination of the Directors, the transferee is or may be a Prohibited Person, 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 Ordinary Shares in the Company in uncertificated form (including in the form of depositary interests or similar interests, instruments or securities).

8. MANDATORY BIDS, SQUEEZE-OUT AND SELL-OUT RULES RELATING TO THE NEW ORDINARY SHARES

The City Code does not apply to the Company and there are no rules or provisions relating to mandatory takeover bids in relation to the Ordinary Shares. There are no rules or provisions relating to the Ordinary Shares and squeeze-out and/or sell-out rules, save as provided by Section 176 of the BVI Business Companies Act 2004 (ability of the shareholders holding 90% of the votes of the outstanding shares or class of outstanding shares to require the Company to redeem the shares or class of shares held by the remaining members), which has been disapplied by the Company.

The Company has not been the subject of any public takeover bid in the last or current financial years.

9. TAXATION

Please see Part XVII (*Taxation*) of this document for information relating to UK taxation (including a discussion of UK stamp duty and SDRT which is relevant to holders of New Ordinary Shares, irrespective of their tax residence), as well as for information relating to British Virgin Islands and US taxation.

PART XIV

DIRECTORS AND EMPLOYEES

1. DIRECTORS

Biographical details of the Directors are given on pages 42 to 44 of the Company's 2016 Annual Report and Accounts, which are incorporated into this document by reference.

Each Director's appointment is renewed annually at the Company's annual general meeting, the last such annual general meeting being held on 31 May 2017.

Except as disclosed below, no Director has been, at any time during the five years preceding the date of this document, a director (or otherwise a member of any administrative, management or supervisory body) or partner of any companies or partnerships other than the directorships or partnerships of any member of the Group from time to time.

Director	Company	Position	Still held
Robert E. Diamond	Atlas Merchant Capital LLC	CEO	Yes
	South Street Securities Holdings Inc.	Director	Yes
	AMC MGP GP Ltd	Director	Yes
	AMC Special MGP Ltd	Director	Yes
	Atlas Merchant Capital Holdings Ltd	Director	Yes
	Incapture L.P.	General Partner and Non-Executive Chairman	Yes
	Barclays PLC	CEO	No
Ashish J. Thakkar	MG Investments Assets Limited	Director	Yes
	Mara Partners FS Limited	Director	Yes
	Raps Middle East LLC	Director	Yes
	Mara Investment Partners Limited	Director	Yes
	MIC Investment Management Limited	Director	Yes
	Mara Sokoni Holdings Limited	Director	Yes
	Sustainable Development Goals Center for Africa	Board Member	Yes
	Museum of African Art Inc.	Director	No
	Azure Holdings Limited	Director	No
	Mara Africa Special Opportunities SPC Limited	Director	No
	Mara Agriculture Holdings Limited	Director	No
	Mara Agriculture EA Holdings Limited	Director	No
	Mara Capital Partners Limited	Director	No
	Mara Financial Institution Holdings Limited	Director	No
	Mara Ison Technologies Holdings Limited	Director	No
	MF Holdings Group Limited	Director	No
	MF Ventures Holdings Limited	Director	No
	Riley Packaging Limited	Director	No
	Red Line International	Director	No
	Mara JS Investment Holding Limited	Director	No
Mara JS Ethanol Holdings Limited	Director	No	
Mara JS Ethanol East African Limited	Director	No	

Director	Company	Position	Still held
	Mara JS Sugar Holdings Limited	Director	No
	Mara JS Sugar West Africa Limited	Director	No
	Mara Social Media Limited	Director	No
	Mara Online Limited	Director	No
	Mara Investment Corporation SPC Limited	Director	No
	Mara Partners (Cayman) Limited	Director	No
Rachel F. Robbins	FINCA Microfinance Holdings LLC	Non-Executive Director	No
	International Finance Corporation	Vice President and General Counsel	No
Tonye Cole	Digital Jewels Ltd	Non-Executive Director	Yes
	Nehemiah Youth Empowerment Initiative	Non-Executive Director	Yes
	Enactus Project LCD/GTE	Non-Executive Director	Yes
	VolunteerCorps Ltd	Non-Executive Director	No
	Excel Charity Foundation	Non-Executive Director	No
	234 Give Nigeria	Non-Executive Director	No
	Servant Leaders Foundation	Non-Executive Director	No
	Petroleum Warehousing & Supplies Ltd (Ghana)	Director	Yes
	Sahara Energy Resource (Nig.) Ltd	Director	Yes
	Sahara Gas Line Ltd	Director	Yes
	Sahara Trade Nigeria Ltd	Director	Yes
	Sahara Trade West Africa Ltd	Director	Yes
	Sahara International Pte. Limited	Director	Yes
	Sahara Energy Resources DMCC	Director	Yes
	Sahara Gas Ltd	Director	Yes
	Rheinoel Limited	Director	Yes
	So Energy Ltd (Ghana)	Director	Yes
	Sempra Sahara Liquefied Natural Gas Ltd	Director	Yes
	So Aviation Fuel Ltd	Director	Yes
	Sahara Energy Africa Netherlands	Director	Yes
	Sahara Group Ltd	Director	Yes
	Att Aviation Limited	Director	Yes
Director	Company	Position	Still held
	Energy Resource Upstream Ventures Ltd	Director	Yes
	Enageed Resource Ltd	Director	Yes
	Sahara Upstream 274 Ltd	Director	Yes
	Sahara Energy 284 Ltd	Director	Yes
	Sahara Energy Exploration & Production Ltd	Director	Yes
	SEFL Exploration & Production Company Ltd	Director	Yes
	Sahara Energy Field Ghana	Director	Yes

Director	Company	Position	Still held
	Limited		
	Sahara Energy Field Ltd	Director	Yes
	Sahara Energy Field Holding UK Limited	Director	Yes
	Olympia Hotel Management Company Limited	Director	Yes
	Kepeco Energy Resource Ltd	Director	Yes
	New Electricity Distribution Company Ltd	Director	Yes
	Sahara Power Resource Ltd	Director	Yes
	NG Power – HPS Ltd	Director	Yes
	Energy Resource Limited	Director	Yes
	Ikeja Electricity Distribution Company	Director	Yes
	Egbin Power Plc	Director	Yes
	Hankuk Plant Service Company Limited	Director	Yes
	Sahara Energy Fields Ltd	Director	Yes
	Sahara Energy Resource Ltd	Director	Yes
	White Pearl Oil & Gas Ltd	Director	Yes
	Sahara International Cote d'Ivoire	Director	Yes
	Sahara Charitable Foundation	Director	Yes
	FIPL Power	Director	Yes
Eduardo C. Mondlane Jr.	Project Materials Moçambique Lda	Non-Executive Director	Yes
	Logistique Lda	Non-Executive Director	Yes
	BancACB Mozambique	Non-Executive Director and Chairman	Yes
	Ilha Quilalea Lda	Non-Executive Director	Yes
	Tutudesk Company	Non-Executive Director	Yes
	Anadarko Petroleum Corporation	Senior Strategic Advisor	Yes
	MozMotion Lda	Partner and Chairman of the General Assembly	Yes
	ABSA Group	Non-Executive Director	No
	ABSA Bank Limited (Barclays Africa Group)	Non-Executive Director	No
	ABSA Financial Services	Non-Executive Director	No
	Barclays Bank Mozambique	Non-Executive Director and Chairman	No
	Pick 'N' Pay Supermarket Group (Mozambique)	REMCO Director and Chairman	No

Director	Company	Position	Still held
Funke Opeke	Cameron Hotels Nigeria	Non-Executive Director	Yes
	Main One Cable Company Limited	Executive Director and CEO	Yes
	Main Street Technologies	Executive Director	Yes
	Main One Service Company Limited	Executive Director	Yes
	MainData	Executive Director	Yes
	Main One Cable Company Ghana Limited	Executive Director	Yes
	Main One Cable Company Nigeria Limited	Executive Director	Yes
	Main One Cable Company Portugal S.A.	Executive Director	Yes
	Amadou Raimi	Cauris Management	Director
Yeelen Capital		Member of Investment Committee	Yes
IMS – Entreprenre Pour La Cité		Non-Executive Director	Yes
Croissance sud Conseils		President	Yes
Orabank Group		Director	Yes
I&P Development		Non-Executive Director	No
BGFI Benin		Non-Executive Director	No

2. OTHER MANAGERIAL PERSONNEL

All the managerial personnel mentioned below are permanent employees. The business address of each of the managerial personnel mentioned below (except for Sanjeev Anand) is Atlas Mara Limited, Burj Daman Building, Level 6, Al Sa'ada Street, DIFC, PO Box 507003, Dubai, UAE. The business address of Sanjeev Anand is Banque Populaire du Rwanda Ltd, KN 67 ST.2 PO. Box 1348-Kigali, Rwanda.

Biographical details of the senior managers of the Company are listed below.

- ***Beatrice Aisha Hamza Bassey***

Managing Director, General Counsel

Beatrice Hamza Bassey joined Atlas Mara as Group General Counsel after almost two decades representing a roster of corporate entities in compliance and corporate governance matters. In her current role, she is the Corporate Secretary of Atlas Mara as well as Chief Legal and Compliance Officer.

Prior to joining Atlas Mara, Beatrice was a Partner in the New York office of Hughes Hubbard & Reed where she was member of the Executive Committee and chair of the firm's Africa Practice Group. She has advised Boards and Audit Committees of NYSE, FTSE and CAC 40 companies. She has also designed and implemented compliance programs for multinational firms and counselled on various aspects of compliance. Beatrice has garnered many international accolades for her work, and has been profiled by Forbes Africa and CNN's African Voices, as a top African lawyer. Beatrice's expertise in Africa, corporate governance and compliance provides Atlas Mara a great resource in navigating the continent and today's heightened regulatory and compliance environment.

- **Arina McDonald**

Managing Director, Chief Financial Officer

Arina joined Atlas Mara from The Standard Bank Group of South Africa (Standard Bank), where she was Head of Group Central Finance. She was with Standard Bank from 2002 until 2014, and held roles including Chief Financial Officer for the Africa business; Director of Group Finance Projects and a Director in Investment Banking. Prior to that she worked at Goldman Sachs (UK) and PricewaterhouseCoopers (SA, UK). Arina has extensive experience in tax compliance, advisory work, risk management, and strategic planning. She is qualified as a Chartered Accountant.

- **Chidi Okpala**

Managing Director, Fintech

Chidi joined Atlas Mara from Bharti Airtel International (Netherlands) B.V., where he established and grew the Mobile Financial Services business (Airtel Money) in 17 African countries as Director and Africa Head for Airtel Money. Prior to joining Bharti Airtel, he was the Division CEO of Retail Banking Business for United Bank for Africa with responsibility for Consumer Banking business across 19 countries. Chidi earlier worked with Accenture as a Senior Strategy & Business Architecture Consultant in the Financial Services Industry Group, where he worked on Banking and Payments industry projects in Nigeria and South Africa.

- **Kenroy Dowers**

Managing Director, Strategy & Investments

Kenroy joined Atlas Mara from the International Financial Corporation where he managed a global investment portfolio in excess of \$5 billion in investments in equities, fixed income and structured products for insurance, non-bank financial companies, distressed assets and housing finance.

- **Michael (“Mike”) Peter Christelis**

Managing Director, Markets & Treasury

Mike joined Atlas Mara as the Head of Treasury and Markets in 2015. Mike has a total of 30 years corporate and banking experience.

Prior to joining Atlas Mara, Mike worked for Barclays Africa and Absa Capital for seven years, the last three of which he was the Head of Markets for SSA. In this role, he managed the markets area of the 12 Barclays Africa businesses. During this time Mike was responsible for transforming the business from a purely retail managed business into a full investment bank operation, growing the product range while at the same time implementing a rigorous control framework and growing revenue.

Mike also worked for 11 years at Rand Merchant bank in various roles as well as in corporate treasury at Bayer and Siemens.

- **Sanjeev Anand**

Managing Director, Retail and Commercial Banking

Sanjeev is the Managing Director of Banque Populaire du Rwanda Ltd (BPR). BPR was formed by the merger of BRD-Commercial Rwanda with BPR.

He has been appointed as Group Managing Director for Retail and Commercial Banking at Atlas Mara Ltd since February 2017, a role in which he will step into full-time after completion of his present assignment in BPR. Prior to joining BPR, Sanjeev was Managing Director of I&M Bank Rwanda Limited (previously Banque Commerciale du Rwanda-BCR). During this period, he managed the transition of ownership of the bank from Actis to the I&M consortium, comprising I&M Bank, DEG and PROPARCO.

Prior to joining BCR/I&M, Sanjeev had a career spanning 25 years with Citibank, where he held a number of senior assignments across Asia, Europe, America and Africa. Some of the key positions he held during this period were as CEO of Citibank in Zambia and Uganda and Executive Director of Citibank Nigeria.

- **Thifhelimbilu Jonathan Muthige**

Group Human Resources Director

Jonathan joined Atlas Mara from Pick 'N' Pay in South Africa where he was Group HR Director. Prior to Pick 'N' Pay, Jonathan was Head of Operations, Rest of Africa for the Standard Bank Group. In this role he led the transformation of operations in 17 countries. Jonathan brings with him international experience, having worked as an HR executive for BP in London and Coca-Cola in Turkey previously. Jonathan holds a Bachelor of Arts postgraduate degree from the University of Natal, a Project Management diploma and an Advanced Management Certificate from Wharton Business School.

John Vitalo, the former CEO, will depart the Company after serving his contractual notice period of six months, which he began serving in February 2017.

Except as disclosed below, no managerial personnel has been, at any time during the five years preceding the date of this document, a director (or otherwise a member of any administrative, management or supervisory body) or partner of any companies or partnerships other than the directorships or partnerships of any member of the Group from time to time.

Senior manager	Company	Position	Still held
Mike Christelis	Barclays Africa Group	Head of Markets for Sub-Saharan Africa	No
Chidi Okpala	Bharti Airtel International (Netherlands) B.V.	Director and Africa Head	No
	United Bank for Africa	Division CEO of Retail Banking Business	No
Kenroy Dowers	International Finance Corporation	Senior Manager of the Executive Management Team for the Financial Institutions Group	No
Sanjeev Anand	Sovereign Wealth Fund of Rwanda (Agaciro Development Fund)	Acting Board Chairman and Vice Chairman	Yes
	I&M Bank Rwanda Limited	Managing Director	No
Beatrice Hamza Bassey	Union Bank of Nigeria Plc Hughes Hubbard & Reed LLP	Director	Yes
		Partner and Member of Executive Committee, Chair of Africa Practice Group and Co-Chair of Personnel Committee	No
	PowerPlay New York Nigeria Higher Education Foundation	Director Director	No No
Jonathan Muthige	Asiye Green Pty Ltd	Director	Yes
	Pick 'N' Pay Holdings Limited	HR Director	No
	Standard Bank Group Limited	Head of Operations	No
Arina McDonald	Union Bank of Nigeria Plc The Standard Bank Group of South Africa Ltd	Director	Yes
		Head of Group Central Finance	No
	The Standard Bank Group of South Africa Ltd	CFO: Rest of Africa Business	No

3. DIRECTORS' AND SENIOR MANAGERS' SERVICE CONTRACTS AND EMOLUMENTS

Base salary, fees, bonuses and benefits in kind

The amount of remuneration paid and benefits in kind granted to the Directors by the Group for the calendar year ended 31 December 2016 (being the last full financial year for the Company) is set out on page 81 of the Company's 2016 Annual Report and Accounts, which are incorporated into this document by reference.

For the calendar year ended 31 December 2016, the aggregate total remuneration paid (including bonuses) and the benefits in kind granted to the senior managers by members of the Group was US\$7.17 million (including accrued gratuity payments payable as end of service benefits).

Retirement benefits

The Directors and senior managers are not entitled to any pension allowance or benefit from the Company.

Service contracts

As mentioned above, John Vitalo, the former CEO, will depart the Company after serving his contractual notice period of six months, which he began serving in February 2017.

The Non-Executive Directors have letters of appointment which set out their duties and responsibilities and do not have service contracts with the Company. In accordance with the UK Corporate Governance Code, the Non-Executive Directors are subject to annual re-election by shareholders at the AGM. The Non-Executive Directors are not eligible for benefits on termination of appointment. The key employment terms and conditions of the Non-Executive Directors' letters of appointment are set out in the following table:

Director	Effective Date	Notice period from Company	Notice period from the Director
Robert E. Diamond Jr.	3 December 2013	Three months' notice	Three months' notice
Ashish J. Thakkar	3 December 2013	Three months' notice	Three months' notice
Tonye Cole	3 December 2013	Three months' notice	Three months' notice
Rachel F. Robbins	3 December 2013	Three months' notice	Three months' notice
Eduardo C. Mondlane Jr.	21 January 2015	Three months' notice	Three months' notice
Funke Opeke	21 January 2015	Three months' notice	Three months' notice
Amadou Raimi	21 January 2015	Three months' notice	Three months' notice

4. DIRECTORS' AND SENIOR MANAGERS' INTERESTS IN SHARES

As at the Latest Practicable Date, and except as set out below, no Director or senior manager has any interest in the issued share capital of the Company which is required to be notified to the Company pursuant to the Disclosure and Transparency Rules.

Director / Senior manager	Ordinary Shares	Warrants
Robert E. Diamond Jr. ⁽¹⁾	2,538,346	1,600,000
Ashish J. Thakkar ⁽²⁾	93,760	200,000
Tonye Cole	45,555	8,500
Rachel F. Robbins	45,555	8,500
Amadou Raimi	38,100	0
Funke Opeke	33,529	0
Eduardo C. Mondlane Jr.	33,529	0
Beatrice Hamza Bassey	174,440	0
Arina McDonald	234,127	0
Chidi Okpala	50,706	0
Kenroy Dowers	64,643	0
Mike Christelis	43,290	0
Sanjeev Anand	88,733	0
Jonathan Muthige	89,816	0

(1) 600,000 of the total 2,538,346 Ordinary Shares represents an indirect interest held by Atlas – AFS Partners LLC. Mr. Diamond is the majority owner of Atlas – AFS Partners LLC. The remaining Ordinary Shares represent an indirect interest held by Mr. Diamond through REDWM.

(2) These holdings represent an indirect interest held by Mara Partners FS Limited. Mr. Thakkar owns a 50% interest in Mara Partners FS Limited. SJT Corporation, an entity which is owned by Mr. Thakkar's family, has subscribed for a further 9,091 Ordinary Shares in the May 2014 private placement. Mr. Thakkar has no shareholding in SJT Corporation.

5. COMPANY SHARE SCHEMES

The Company currently operates two share schemes. A summary of the key terms of these share schemes (including schemes that are no longer used) is given in both a) pages 81 to 84 of the Company's 2016 Annual Report, and b) Note 22 to the consolidated financial statements in the Company's 2016 Annual Report, both of which are incorporated into this document by reference.

Under these share schemes, both restricted shares and share options are designed to vest over three years. Currently there are no deferred share awards subject to performance conditions.

Pursuant to the terms of the Placing Agreement, a new management incentive plan will be put in place following the closing of the Firm Placing and Placing and Open Offer. This new management incentive plan will have to be approved by the Board, Fairfax Africa and the Remuneration Committee. The principal terms of the new management incentive plan will include a total incentive pool of 16,000,000 options for the purchase of Ordinary Shares, being comprised of 10,000,000 Ordinary Shares reserved for existing contributors (with an exercise price of US\$2.37 per Ordinary Share) and 6,000,000 Ordinary Shares reserved for future issuances or for new hires (with an exercise price based on market price at the time of grant). All awards under the new management incentive plan will be subject to vesting at the end of a five-year period from the date of grant.

6. DIRECTORS' AND SENIOR MANAGERS' INTERESTS IN OPTIONS

As at the Latest Practicable Date, none of the Directors held options over Ordinary Shares and the senior managers held options over Ordinary Shares as set out below.

Director / Senior manager	Unvested share options	Vested but unexercised share options	Exercised units
Beatrice Hamza Bassey	100,000	285,000	0
Arina McDonald	100,000	195,000	0
Chidi Okpala	83,334	166,666	0
Kenroy Dowers	0	80,000	0
Mike Christelis	71,667	68,333	0
Sanjeev Anand	28,334	56,666	0
Jonathan Muthige	50,000	200,000	0

7. CORPORATE GOVERNANCE AND BOARD COMMITTEES

Board committees

The Board has three existing Board Committees: the Nomination Committee, the Audit, Risk and Compliance Committee and the Remuneration Committee.

Summaries of each of the Board Committee's roles and terms of reference are outlined below.

(A) The Nomination Committee

The Nomination Committee comprises at least three members, the majority of whom are currently independent non-executive Directors. The committee meets at least twice per year. The current members are Ashish J. Thakkar, Rachel F. Robbins, Tonye Cole and Funke Opeke.

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.

(B) The Audit, Risk and Compliance Committee

The Audit, Risk and Compliance Committee comprises at least three members, all of whom are independent non-executive Directors. The committee meets at least four times per year. The current members are Rachel F. Robbins, Eduardo C. Mondlane Jr., Funke Opeke and Amadou Raimi.

The Audit, Risk and Compliance Committee 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.

(C) The Remuneration Committee

The Remuneration Committee comprises at least three members, three of whom are independent non-executive Directors. The committee meets at least twice per year. The current members are Robert E. Diamond Jr., Tonye Cole, Eduardo C. Mondlane Jr. and Amadou Raimi.

The Remuneration Committee 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.

Corporate governance

As an issuer with a standard listing on the Official List, the Company is not required to comply with the UK Corporate Governance Code, but has sought to do so on a voluntary basis. As the Board will no longer have an independent Chair nor be comprised of a majority of independent Directors following the Firm Placing and Placing and Open Offer, which is a requirement of the UK Corporate Governance Code, the Company will no longer be

complying with the requirements of the UK Corporate Governance Code. The Company shall continue to comply with all applicable rules which apply to an issuer with a standard listing on the Official List.

The Company shall continue to place emphasis on a sound corporate governance framework through which its strategic objectives are set, and to achieving the highest standards of corporate governance.

The Company's assessment of its application of the Main Principles of the UK Corporate Governance Code as of 31 December 2016 is set out over pages 45 to 48 of the Company's 2016 Annual Report and Accounts, which are incorporated into this document by reference.

In addition, the Company applies the corporate governance regime applicable to the Company pursuant to the laws of the British Virgin Islands.

8. EMPLOYEES

The average number of the Group's employees for each of the last three financial years was approximately 2,740 in FY 2016, 3,718 FY 2015 and 1,600 in FY 2014.

9. DIRECTORS' AND SENIOR MANAGERS' CONFIRMATIONS

- 9.1 Save as disclosed in paragraph 9.2 below, at the date of this document none of the Directors or senior managers:
- (A) has any convictions in relation to fraudulent offences for at least the previous five years;
 - (B) has been associated with any bankruptcy, receivership or liquidation while acting in the capacity of a member of the administrative, management or supervisory body or of senior manager of any company for at least the previous five years; or
 - (C) has been subject to any official public incrimination and/or sanction of him by any statutory or regulatory authority (including any designated professional bodies) or has ever been disqualified by a court from acting as a director of a company or from acting as a member of the administrative, management or supervisory bodies of an issuer or from acting in the management or conduct of the affairs of any issuer for at least the previous five years.
- 9.2 Revolute Holdings LLC filed for protection under US Federal Bankruptcy Law on 24 September 2013. The filing indicated that Mr. Diamond was a director until 17 September 2013 when Mr. Diamond terminated his affiliation with this company.
- 9.3 Other than by virtue of the Directors' interests in the Ordinary Shares, Warrants and Founder Preferred Shares (as the case may be) disclosed in paragraphs 4 and 9.4 in this Part which may give rise to potential conflicts of interest between their duties as a Director and their private interests as a beneficial owner of the Ordinary Shares, Warrants and Founder Preferred Shares (as the case may be), none of the Directors has any potential conflicts of interest between their duties to the Company and their private interests or other duties they may also have.
- 9.4 In addition to each of their holdings of Ordinary Shares and Warrants, the Founder Directors beneficially own Founder Preferred Shares, which may give rise to a potential conflict of interest between their duties to the Company as Directors and their private interests as beneficial owner of the Founder Preferred Shares. Mr Diamond beneficially owns 1,000,000 Founder Preferred Shares and Mr. Thakkar beneficially owns 250,000 Founder Preferred Shares.

PART XV

HISTORICAL FINANCIAL INFORMATION ON THE GROUP

1. SELECTED FINANCIAL INFORMATION

The selected historical financial information set out below for FY 2016, FY 2015 and FY 2014 has, unless otherwise stated, been extracted without material adjustment from the audited consolidated financial statements included in the 2016 Annual Report, the 2015 Annual Report and the 2014 Annual Report respectively.

The consolidated financial statements included in the 2016 Annual Report and Accounts, 2015 Annual Report and Accounts and 2014 Annual Report and Accounts for FY 2016, FY 2015 and FY 2014 respectively are incorporated by reference into this document. These consolidated financial statements have been audited by:

- (A) in respect of the consolidated financial statements set out in the 2016 Annual Report and Accounts, KPMG Inc, independent auditors. KPMG Inc. is a firm of chartered accountants registered with the South African Institute of Chartered Accountants; and
- (B) in respect of the consolidated financial statements set out in the 2015 Annual Report and Accounts and the 2014 Annual Report and Accounts, KPMG LLP, independent auditors. KPMG LLP is a firm of chartered accountants registered with the Institute of Chartered Accountants in England and Wales.

Annex II of this Prospectus contains FBZ's annual report and consolidated financial statements for the year ended 31 December 2016.

2. STATEMENT OF PROFIT OR LOSS FOR THE YEAR ENDED 31 DECEMBER

	2016 \$000	2015 \$000	2014 \$000 (Restated)
Interest and similar income	247,052	245,356	80,372
Interest and similar expense	(119,811)	(138,951)	(51,735)
Net interest income	127,241	106,405	28,637
Loan impairment charges	(15,448)	(12,042)	(6,288)
Net interest income after loan impairment charges	111,793	94,363	22,349
Non-interest income	114,499	98,747	28,774
Share of profit of associates	17,926	20,282	20,740
Total operating income	244,218	213,392	71,863
Operating expenses	(223,068)	(184,896)	(91,146)
Transaction and integration expenses	(11,783)	(9,315)	(38,761)
Profit before tax	9,367	19,181	(58,044)
Income tax expense	(78)	(6,820)	(5,408)
Profit for the period	9,289	12,361	(63,452)
Attributable to:			
Ordinary shareholders	8,402	11,251	(63,119)
Non-controlling interests	887	1,110	(333)
	9,289	12,361	(63,452)
Basic earnings per share (\$)	0.12	0.16	(1.35)
Diluted earnings per share (\$)	0.12	0.16	(1.35)

Note: 2014 figures were restated in the 2015 Annual Report

3. CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER

	2016 \$000	2015 \$000	2014 \$000 (Restated)
Assets			
Cash and short-term funds	406,325	320,682	409,785
Financial assets held for trading	101,727	190,231	144,767
Financial assets designated at fair value	13,868	13,343	11,826
Derivative financial assets	6,323	1,893	62
Loans and advances	1,334,763	1,229,438	1,218,018
Investment securities	237,192	21,580	146,051
Prepayments and other receivables	62,244	47,901	30,019
Current tax assets	5,633	4,618	8,215
Investment in associates	293,980	398,423	375,112
Property and equipment	92,428	64,518	82,709
Investment property	17,318	11,979	2,696
Other intangible assets	84,435	56,633	71,367
Deferred tax assets	14,323	8,130	—
Goodwill on acquisition	83,800	82,736	109,441
Non-current assets held for sale	1,633	—	11,365
Total assets	2,755,992	2,452,105	2,621,433
Equity and liabilities			
Deposits	1,799,443	1,436,148	1,530,981
Derivative financial liabilities	5,770	5,191	6,280
Creditors and accruals	74,599	64,824	82,119
Current tax liabilities	4,463	2,805	5,020
Deferred tax liability	23,088	15,396	13,326
Borrowed funds	322,574	302,215	300,018
Non-current liabilities and disposal groups held for sale	—	—	1,263
Total liabilities	2,229,937	1,826,579	1,939,007
Equity attributable to ordinary shareholders	506,545	630,209	687,937
Non-controlling interest	19,510	(4,683)	(5,511)
Total equity	526,055	625,526	682,426
Total equity and liabilities	2,755,992	2,452,105	2,621,433

Note: 2014 figures were restated in the 2015 Annual Report

4. SUMMARY CONSOLIDATED CASH FLOW STATEMENT

Summary consolidated cash flow statement for the year ended 31 December

	2016 \$000	2015 \$000	2014 \$000 (Restated)
Cash flows from operating activities	89,493	(88,381)	1,126
Cash utilised in operating activities	(6,653)	(25,250)	(66,919)
Tax paid	(7,810)	(6,996)	(508)
Net cash outflow from operating activities before changes in operating funds	(14,463)	(32,246)	(67,427)
Net increase/(decrease) in operating funds	103,956	(56,065)	68,553
Cash flow from investing activities	9,369	58,509	(141,578)
Cash flow from financing activities	(2,670)	18,017	567,577
Increase/(decrease) in cash and cash equivalents	96,192	(11,855)	427,125
Cash and cash equivalents at the beginning of the period	320,682	409,785	—
Exchange rate adjustment on opening balance	(10,549)	(77,248)	(17,340)
Cash and cash equivalents at the end of the period	406,325	320,682	409,785

Note: 2014 figures were restated in the 2015 Annual Report

PART XVI

UNAUDITED PRO FORMA FINANCIAL INFORMATION

Section A: Unaudited Pro Forma Financial Information

Note 1 to the unaudited pro forma financial information:

The unaudited consolidated pro forma statement of profit or loss and the unaudited consolidated pro forma statement of net assets together form “the pro forma financial information”.

The unaudited consolidated pro forma statement of profit or loss has been prepared on the basis of the notes set out below to illustrate the effect of the Finance Bank Zambia Plc (FBZ) acquisition on the statement of profit or loss of the Company as if it had occurred on 1 January 2016. The unaudited consolidated pro forma statement of profit or loss has been prepared in accordance with paragraph 20.2 of Annex I of the Prospectus Directive Regulation and in a manner consistent with the accounting policies adopted by Atlas Mara Limited in preparing the audited financial statements for the year ended 31 December 2016. The pro forma statement of profit or loss has been prepared for illustrative purposes only in accordance with paragraph 20.1 of Annex I of the Prospectus Directive Regulation.

The unaudited consolidated pro forma statement of net assets has been prepared to illustrate the effect of the conversion of the Mandatory Convertible Bonds into equity, the Clermont Stake Acquisition, the Firm Placing and Placing and Open Offer and the Transaction on the statement of net assets of the Company as if they had occurred on 31 December 2016. The unaudited consolidated pro forma statement of net assets has been prepared in accordance with Annex II of the Prospectus Directive Regulation and in a manner consistent with the accounting policies adopted by Atlas Mara Limited in preparing the audited financial statements for the year ended 31 December 2016.

Because of the nature of pro forma information, the unaudited pro forma statement of profit or loss and the unaudited pro forma statement of net assets address a hypothetical situation and do not therefore represent the actual financial position or results of the Company or the Group.

Shareholders should read the whole of this document and not rely solely on the summarised financial information contained in this Part XVI.

Unaudited consolidated pro forma statement of profit or loss for the year ended 31 December 2016.

\$000	1. Atlas Mara Group	2. Removal of post-acquisition FBZ profit or loss	3. Inclusion of full year FBZ profit or loss	4. Reversal of adjustments not applicable to Atlas Mara	5. Unwind of IFRS 3 adjustments	Pro forma
Consolidated statement of profit or loss						
Interest and similar income	247,052	(23,277)	44,278	—	—	268,053
Interest and similar expense	(119,811)	10,961	(22,400)	—	—	(131,250)
Net interest income	127,241	(12,316)	21,878	—	—	136,803
Loan impairment charges	(15,448)	0	(1,676)	—	0	(17,124)
Net interest income after loan impairment charges	111,793	(12,316)	20,202	—	—	119,679
Non-interest income	114,499	(13,438)	26,150	—	—	127,211
Share of profit of associates	17,926	0	0	—	—	17,926
Total operating income	244,218	(25,754)	46,352	—	—	264,816
Operating expenses	(223,068)	19,645	(55,989)	17,506	(1,251)	(243,157)
Transaction and integration expenses	(11,783)	1,019	0	—	—	(10,764)
Profit before tax	9,367	(5,090)	(9,637)	17,506	(1,251)	10,895
Income tax expense	(78)	2,595	(1,470)	—	438	1,485
Profit for the period	9,289	(2,495)	(11,107)	17,506	(813)	12,380
Attributable to:	—	—	—	—	—	—
Ordinary shareholders	8,402	(2,495)	(11,107)	17,506	(813)	11,493
Non-controlling interests	887	—	—	—	—	887

Notes to the unaudited consolidated pro forma statement of profit or loss:

- (1) The statement of profit or loss for Atlas Mara Limited has been extracted without material adjustment from Atlas Mara Limited's consolidated audited financial statements for the year ended 31 December 2016.
- (2) This adjustment reflects the removal of the unaudited 6 month statement of profit or loss included for FBZ in Atlas Mara Limited's consolidated audited statement as presented in Atlas Mara Limited's consolidated audited financial statements for the year ended 31 December 2016. This adjustment also includes the removal of six months of amortisation relating to the intangible assets recognised on the acquisition of FBZ in accordance with IFRS 3 for 6 months and the applicable deferred tax impact at the Zambian corporate tax rate of 35%.
- (3) This adjustment reflects the 12 month audited consolidated statement of profit or loss of FBZ. The statement of profit or loss for FBZ has been extracted without material adjustment from FBZ's consolidated audited financial statements for the year ended 31 December 2016. The results of FBZ have been converted to US dollar from Zambian Kwacha using the 2016 average 12 month exchange rate of 10.28.
- (4) This adjustment reflects the reversal of the IFRS 3 fair value adjustments that were made at the time of the FBZ acquisition. The adjustments are included in the audited 12 months statement of profit or loss as included in the audited consolidated FBZ financial statements. For the purposes of this pro forma information the following adjustments have been reversed:
 - (a) On acquisition, as at 30 June 2016, Atlas Mara Limited identified that the fair value of property in possession was US\$3.9 million more than its carrying value in the FBZ financial statements. During the year ended 31 December 2016, this item was written off in the statutory financial statements of FBZ. For the purposes of the Atlas Mara consolidated audited statement of profit or loss for the year ended 31 December 2016, this write-off was reversed reflecting the lower fair value at acquisition.
 - (b) Included in the FBZ financial statements at acquisition was US\$13.6 million of goodwill. This goodwill was not separately recognised as part of the acquisition take on balance sheet at 30 June 2016. Instead goodwill for the purposes of the Atlas Mara Limited consolidated audited financial statements was calculated as the difference between the fair value of the identifiable assets and liabilities of FBZ and the fair value of the consideration paid. For statutory financial reporting purposes the goodwill within the FBZ financial statements was written off, and included in the 12 months statement of profit or loss. For the Atlas Mara consolidated statement of profit or loss, this write-off is reversed as the goodwill was not recognised.
- (5) This adjustment includes the amortisation of the intangible assets, identified as part of the Atlas Mara acquisition, for a 12 month period. Intangible assets with a fair value of US\$12.5 million were identified as part of the purchase price allocation exercise as at 30 June 2016 and in accordance with the Group's accounting policy are amortised over 10 years.
- (6) No adjustment has been made to reflect the trading results of Atlas Mara Limited since 31 December 2016 or any other change in its financial position in this period.

Unaudited consolidated pro forma statement of net assets as at 31 December 2016.

\$'000	1. Atlas Mara Group	2. New Mandatory Convertible Debt	3. Acquire Clermont Stake	4. Firm Placing and Placing and Open Offer	5. ATMA share of UBN rights (both original and Clermont Stake)	6. Transaction costs and underwriting fees	Pro forma
Assets							
Cash and short-term funds	406,325	98,970	(57,085)	100,000	(60,699)	(7,678)	479,833
Financial assets held for trading	101,727						101,727
Financial assets designated at fair value	13,868						13,868
Derivative financial assets	6,323						6,323
Loans and advances	1,334,763						1,334,763
Investment securities	237,192						237,192
Prepayments and other receivables	62,244						62,244
Current tax assets	5,633	5,633					
Investment in associates	293,980		57,085		60,699		411,764
Property and equipment	92,428						92,428
Investment property	17,318						17,318
Other intangible assets	84,435						84,435
Deferred tax assets	14,323						14,323
Goodwill on acquisition	83,800						83,800
Non-current assets held for sale	1,633						1,633
Total assets	2,755,992	98,970	—	100,000	—	(7,678)	2,947,284
Liabilities							
Deposits	1,799,443						1,799,443
Derivative financial liabilities	5,770						5,770
Creditors and accruals	74,599						74,599
Current tax liabilities	4,463						4,463
Deferred tax liability	23,088						23,088
Borrowed funds	322,574						322,574
Total liabilities	2,229,937	—	—	—	—	—	2,229,937
Net assets	526,055	98,970	—	100,000	—	(7,678)	717,347

Notes to the unaudited pro forma statement of financial position:

(1) The statement of net assets for Atlas Mara Limited has been extracted without material adjustment from Atlas Mara Limited's consolidated audited financial statements for the year ended 31 December 2016

(2) This adjustment reflects the issue of US\$100 million mandatory convertible bonds (the "Mandatory Convertible Bonds") issued to Fairfax Africa Holdings Investments Limited on 17 July 2017 as disclosed in Part XVIII (*Description of the Clermont Stake Acquisition and the Transaction*) which will convert into New Ordinary Shares at the Issue Price upon the closing of the Open Offer.

The Mandatory Convertible Bonds constitute direct, unsecured and unsubordinated debt of the Company. The bonds have a mandatory conversion to equity clause. The conversion will occur automatically upon the completion of the issuance of the Firm Placed Shares and the Open Offer Shares.

The salient terms of the Mandatory Convertible Bonds are set out below:

- (a) the Mandatory Convertible Bonds will convert into Ordinary Shares upon completion of the Firm Placing and Placing and Open Offer, or if the Firm Placing and Placing and Open Offer does not proceed, on maturity of the Mandatory Convertible Bonds at the election of Fairfax Africa Investments, or on an event of default, a change of control or a de-listing of the Company, at the option of Fairfax Africa Investments;
- (b) the Mandatory Convertible Bonds will accrue interest at 5% per annum up to (but excluding) 31 August 2017 and 10% per annum from (and including) 31 August 2017;
- (c) the maturity date of the Mandatory Convertible Bonds is the first date after the anniversary of their issue;
- (d) the conversion price of the Mandatory Convertible Bonds is:
 - upon completion of the Firm Placing and Placing and Open Offer, US\$2.25 per Ordinary Share;
 - if the Firm Placing and Placing and Open Offer does not proceed and Fairfax Africa Investments elects to convert the Mandatory Convertible Bonds into New Ordinary Shares on maturity, a price that is the lower of US\$2.25 per Ordinary Share and 90% of the market price of the Ordinary Shares on the maturity date; or
 - upon an event of default, change of control or de-listing of the Company at the election of Fairfax Africa Investments, a price that is the lower of US\$2.25 per Ordinary Share and 90% of the current market price of the Ordinary Shares on the date of the relevant event of default, or on a date calculated by reference to the change of control or de-listing event occurring, as applicable; and
- (e) the Mandatory Convertible Bonds are transferable.

No account has been taken of the embedded derivative and the interest that will accrue on the Mandatory Convertible Bonds between its issue and conversion upon the closing of the Open Offer.

Included in this adjustment is the accounting for the transaction fees associated with the raising of the new debt of US\$1.03 million. These have been capitalised against the borrowed funds.

The Mandatory Convertible Bonds will initially be accounted for as a financial liability, but given the mandatory convertible nature of the bonds as set out above, they will convert into equity upon the closing of the Open Offer.

- (3) This adjustment reflects the cash purchase of the Clermont Stake indirectly in UBN, via UGPL at US\$55 million representing 13.4% (2,269 million shares). The transaction will be executed through ATMA Eagle Investments Limited, a wholly-owned subsidiary of Atlas Mara, incorporated in Mauritius.

As at 31 December 2016, being the date of the acquisition for pro-forma purposes, the fair value of the consideration transferred, being the cash consideration paid, will be measured against 13.4% of the fair value of the underlying assets and liabilities of UBN. An assessment of the fair value of the assets and liabilities as it relates to the additional investment in the associate (including a valuation of intangible assets) has not yet been performed but will be prepared for inclusion in the financial statements of Atlas Mara Group for the year ending 31 December 2017. The impact of any gain or goodwill arising on the acquisition has therefore not been taken into account in preparing this pro forma statement.

The cost of acquisition also includes the impact of US\$2.085 million transaction costs capitalised against the cost of the acquisition in accordance with IFRS.

- (4) This adjustment represents the effect of the Firm Placing and Placing and Open Offer as described in Part VIII (*Terms of the Issue*) of this Prospectus. Any shares not taken up by qualifying existing Shareholders in the Open Offer will be subscribed for by Fairfax Africa and/or its affiliates.
- (5) This adjustment represents the effect of the Company participating in the Naira 50 billion rights issue, following its current rights of 31.15% and the additional Clermont Stake of 13.4% at an exchange rate of 367 Naira per USD (being the cash translation rate to be applied in determining the value of the rights issue).
- (6) This adjustment represents the effect of the transaction costs associated with the Firm Placing and Placing and Open Offer. The US\$7.678 million relates to the Firm Placing and Placing and Open Offer and will be reflected within Equity.

No adjustment has been made to reflect the trading results of Atlas Mara Limited since 31 December 2016 or any other change in its financial position in this period.

Section B: Accountant's Report on the unaudited pro forma financial information



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The Directors

Atlas Mara Limited
Ritter House
Wickhams Cay II
Road Town
Tortola VG1110
British Virgin Islands

Dear Sirs,

10 August 2017

Ladies and Gentlemen

We report on the pro forma financial information (the 'Pro forma financial information') set out in Part XVI, Section A of the prospectus dated 10 August 2017, which has been prepared on the basis described in Note 1, for illustrative purposes only, to provide information about how the transactions described therein might have affected the financial information presented on the basis of the accounting policies adopted by Atlas Mara Limited in preparing the financial statements for the period ending 31 December 2016. This report is required by paragraph 20.2 of Annex I and paragraph 7 of Annex II of the Prospectus Directive Regulation and is given for the purpose of complying with that paragraph and for no other purpose.

Responsibilities

It is the responsibility of the Directors of Atlas Mara Limited to prepare the Pro forma financial information in accordance with paragraph 20.2 of Annex I and paragraph 7 of Annex II of the Prospectus Directive Regulation.

It is our responsibility to form an opinion, as required by paragraph 7 of Annex II of the Prospectus Directive Regulation, as to the proper compilation of the Pro forma financial information and to report that opinion to you.

Save for any responsibility arising under Prospectus Rule 5.5.3R (2)(f) to any person as and to the extent there provided, to the fullest extent permitted by law we do not assume any responsibility and will not accept any liability to any other person for any loss suffered by any such other person as a result of, arising out of, or in connection with this report or our statement, required by and given solely for the purposes of complying with paragraph 23.1 of Annex I of the Prospectus Directive Regulation, consenting to its inclusion in the prospectus.

Basis of Opinion

We conducted our work in accordance with the Standards for Investment Reporting issued by the Auditing Practices Board in the United Kingdom. The work that we performed for the purpose of making this report, which involved no independent examination of any of the underlying financial information, consisted primarily of comparing the unadjusted financial information with the source documents, considering the evidence supporting the adjustments and discussing the Pro forma financial information with the Directors of Atlas Mara Limited.

We planned and performed our work so as to obtain the information and explanations we considered necessary in order to provide us with reasonable assurance that the Pro forma financial information has been properly compiled on the basis stated and that such basis is consistent with the accounting policies of Atlas Mara Limited.

Our work has not been carried out in accordance with auditing or other standards and practices generally accepted in the United States of America or other jurisdictions and accordingly should not be relied upon as if it had been carried out in accordance with those standards and practices.

Opinion

In our opinion:

- the Pro forma financial information has been properly compiled on the basis stated; and
- such basis is consistent with the accounting policies of Atlas Mara Limited.

Declaration

For the purposes of Prospectus Rule 5.5.3R (2)(f) we are responsible for this report as part of the prospectus and declare that we have taken all reasonable care to ensure that the information contained in this report is, to the best of our knowledge, in accordance with the facts and contains no omission likely to affect its import. This declaration is included in the prospectus in compliance with paragraph 1.2 of Annex I of the Prospectus Directive Regulation.

Yours faithfully,
KPMG LLP

PART XVII

TAXATION

1. GENERAL

The comments below are intended only as a general guide to the current tax law and published practice (both of which are subject to change, possibly with retrospective effect) of the British Virgin Islands, the United Kingdom and the US. They do not constitute tax advice, are not exhaustive and relate only to certain limited aspects of the tax consequences of holding or disposing of New Ordinary Shares.

The paragraphs below are intended to apply only to Shareholders: (i) who are the absolute beneficial owners of their New Ordinary Shares and any dividends paid in respect of them; (ii) who hold their New Ordinary Shares as investments (and not as securities to be realised in the course of a trade); and (iii) who have not (or are deemed to have not) acquired their New Ordinary Shares by virtue of an office or employment. These comments may not apply to certain classes of person, including dealers in securities, financial service providers, insurance companies, pension funds and collective investment schemes. Such persons may be subject to special rules.

An investment in the Company involves a number of complex tax considerations. Changes in tax legislation in any of the countries in which the Company has assets or in the British Virgin Islands (or in any other country in which a subsidiary of the Company is located or operates), or changes in tax treaties negotiated by those countries, could adversely affect the returns from the Company to investors.

Prospective investors should consult their own independent professional advisers on the potential tax consequences of being issued with, subscribing for, purchasing, holding or selling New Ordinary Shares under the laws of their country and/or state of citizenship, domicile or residence including the consequences of distributions by the Company, either on a liquidation or distribution or otherwise.

Save in relation to paragraph 3.2(E) below, references in this Part XVII (*Taxation*) to Existing Ordinary Shares shall include depositary interests in CREST representing those Existing Ordinary Shares and references to New Ordinary Shares shall include depositary interests in CREST representing those New Ordinary Shares.

2. BRITISH VIRGIN ISLANDS TAXATION

2.1 *The Company*

The Company is not subject to any income, withholding or capital gains taxes in the British Virgin Islands. No capital or stamp duties are levied in the British Virgin Islands on the issue, transfer or redemption of Ordinary Shares.

2.2 *Shareholders*

Shareholders who are not tax resident in the British Virgin Islands will not be subject to any income, withholding or capital gains taxes in the British Virgin Islands, with respect to the shares of the Company owned by them and dividends received on such Ordinary Shares, nor will they be subject to any estate or inheritance taxes in the British Virgin Islands.

3. UNITED KINGDOM TAXATION

The information in the paragraphs below is intended to apply only to persons: (i) who are resident for UK tax purposes (and, if individuals, domiciled) in the UK; (ii) to whom split-year treatment does not apply; (iii) who do not hold their Ordinary Shares through an individual savings account or a pension arrangement; (iv) who are not treated as holding their Ordinary Shares as carried interest; (v) who hold less than 5% of the Ordinary Shares; (vi) who hold an interest in the capital or income of the Company which (whether taken alone or together with persons connected to them) does not exceed 25%; and (vi) in relation to which the Company is not a controlled foreign company within the meaning of Part 9A of TIOPA 2010.

3.1 The Company

The Directors intend to conduct the affairs of the Company in such a manner that it does not become resident in the UK for UK tax purposes. Accordingly, and provided that the Company does not carry on a trade in the UK (whether or not through a permanent establishment situated therein), the Company will not be subject to UK income tax or UK corporation tax, except on certain types of UK source income.

3.2 Shareholders

(A) Taxation of chargeable gains – Issue of New Ordinary Shares

Firm Placing

The issue of the Firm Placed Shares will not constitute a reorganisation of the Company's share capital for the purposes of UK taxation of chargeable gains and, accordingly, any Firm Placed Shares acquired by Fairfax Africa and/or its affiliates will be treated as a separate acquisition of New Ordinary Shares and the price paid for those shares will constitute their base cost.

Open Offer

As a matter of UK tax law, the acquisition of Open Offer Shares may not, strictly speaking, constitute a reorganisation of share capital for the purposes of UK taxation of chargeable gains. The published practice of HMRC to date has been to treat any subscription of shares by an existing shareholder which is equal to or less than the shareholder's minimum entitlement pursuant to the terms of an open offer as a reorganisation, but it is not certain that HMRC will apply this practice in circumstances where an open offer is not made to all shareholders. HMRC's treatment of the Open Offer cannot therefore be guaranteed and specific confirmation has not been requested in relation to the Open Offer.

To the extent that the acquisition of the Open Offer Shares is regarded as a reorganisation of the share capital of the Company for the purposes of UK taxation of chargeable gains, the shares issued to a Qualifying Shareholder will be treated as the same asset as, and having been acquired at the same time as, that Qualifying Shareholder's holding of Existing Ordinary Shares (together, the "New Holding"). In these circumstances, the issue of the Open Offer Shares will not constitute a disposal for the purposes of UK taxation of chargeable gains and, accordingly, Qualifying Shareholders will have no liability to UK capital gains tax or corporation tax by virtue of the issue of the Open Offer Shares. For the purpose of computing any gain or loss on a subsequent disposal of a Qualifying Shareholder's New Holding, the amount paid for the Open Offer Shares will be added to the base cost of his holding of Existing Ordinary Shares. However, to the extent that a Qualifying Shareholder takes up Open Offer Shares in excess of his Basic Open Offer Entitlement, pursuant to the Excess Application Facility, this will not constitute a reorganisation and the treatment described below will apply to such shares.

If, or to the extent that, the issue of Open Offer Shares by the Company to Qualifying Shareholders is not treated as a reorganisation of the Company's share capital for the purposes of UK taxation of chargeable gains, such Open Offer Shares will be treated as separately acquired from any Existing Ordinary Shares. In these circumstances, it is not expected that a liability to UK capital gains tax or corporation tax will arise by virtue of the issue of the Open Offer Shares. For both corporate and individual Shareholders, the New Ordinary Shares should be pooled with the Existing Ordinary Shares such that they are treated as the same asset, the base cost of which will be the aggregate of the amount paid for the New Ordinary Shares and the base cost of the Existing Ordinary Shares.

Placing

The issue of the Placing Shares will not constitute a reorganisation of the Company's share capital for the purposes of the UK taxation of chargeable gains and, accordingly, any Placing Shares acquired by Fairfax Africa and/or its affiliates will be treated as a separate acquisition of New Ordinary Shares and the price paid for those shares will constitute their base cost.

(B) UK Taxation of chargeable gains – Disposal of New Ordinary Shares

Individual Shareholders

A disposal (or deemed disposal) of New Ordinary Shares may, depending on the circumstances and subject to any available exemption or relief, give rise to a chargeable gain or an allowable loss for the purposes of UK capital gains tax.

An individual Shareholder who is resident in the UK for UK tax purposes and whose total taxable gains and income in a given tax year (including any gains made on the disposal or deemed disposal of his New Ordinary Shares) are less than or equal to the upper limit of the income tax basic rate band applicable in respect of that tax year (the 'Band Limit') will generally be subject to capital gains tax currently at the rate of 10% in respect of any chargeable gain arising on a disposal or deemed disposal of his New Ordinary Shares. To the extent that any chargeable gains (or part of any chargeable gains) arising in a tax year exceed the Band Limit, capital gains tax will be charged (currently at a rate of 20%).

No indexation allowance will be available to an individual Shareholder of New Ordinary Shares in respect of any disposal of such shares. However, the capital gains tax annual exemption (which is £11,300 for individuals in the 2017/18 tax year) may be available to exempt any chargeable gain, to the extent that the exemption has not already been utilised.

Corporate Shareholders

Where a corporate Shareholder is within the charge to UK corporation tax, a disposal (or deemed disposal) of New Ordinary Shares may, depending on the circumstances and subject to any available exemption or relief, give rise to a chargeable gain or an allowable loss for the purposes of UK corporation tax at the applicable UK corporation tax rate (currently at a rate of 19 per cent and expected to decrease to 17 per cent from 1 April 2020). Indexation allowance may reduce the amount of any chargeable gain for these purposes, but may not create or increase any allowable loss.

(C) Taxation of dividends

Dividends paid by the Company in respect of New Ordinary Shares will not be subject to withholding or deduction for or on account of UK income tax.

Individual Shareholders

The general UK tax treatment of dividends paid by the Company to individual Shareholders is as follows:

- Dividends paid by the Company do not carry a tax credit.
- A nil rate of income tax applies to the first £5,000 of taxable dividend income received by an individual Shareholder in a tax year (the "Nil Rate Amount"), regardless of what tax rate would otherwise apply to that dividend income.
- Any taxable dividend income received by an individual Shareholder in a tax year in excess of the Nil Rate Amount is taxed at a special rate, as set out below.
- That tax will be applied to the amount of the dividend income actually received by the individual Shareholder (rather than to any grossed-up amount).

Where an individual Shareholder's taxable dividend income for a tax year exceeds the Nil Rate Amount, the excess amount (the "Relevant Dividend Income") will, subject to the availability of any income tax personal allowance, be subject to income tax currently at the following rates:

- at the rate of 7.5%, to the extent that the Relevant Dividend Income falls below the threshold for the higher rate of income tax;
- at the rate of 32.5%, to the extent that the Relevant Dividend Income falls above the threshold for the higher rate of income tax but below the threshold for the additional rate of income tax; and
- at the rate of 38.1%, to the extent that the Relevant Dividend Income falls above the threshold for the additional rate of income tax.

In determining whether and, if so, to what extent the Relevant Dividend Income falls above or below the threshold for the higher rate of income tax or, as the case may be, the additional rate of income tax, the shareholder's total taxable dividend income for the tax year in question (including the part within the Nil Rate Amount) will be treated as the highest part of the shareholder's total income for UK income tax purposes.

Corporate Shareholders

Shareholders within the charge to UK corporation tax who are "small companies" (as that term is defined in section 931S of CTA 2009) will be subject to UK corporation tax on dividends paid to them by the Company because the Company is not resident in a "qualifying territory" for the purposes of section 931B of CTA 2009.

Other Shareholders within the charge to UK corporation tax will not be subject to tax on dividends they receive from the Company so long as the dividends fall within one of the exempt classes provided for by sections 931E to 931I of CTA 2009 and do not fall within any of the anti-avoidance provisions in sections 931J to 931Q of CTA 2009. Dividends paid: (i) on non-redeemable shares that do not carry any present or future preferential rights to dividends or to the company's assets on its winding up, or (ii) to a person holding less than 10% of the issued share capital of the company (or any class of that share capital in respect of which the distribution is made), are examples of dividends that should, subject to the anti-avoidance provisions, fall within an exempt class.

(D) Certain other provisions of UK tax legislation

Chapter 2 of Part 13 of ITA 2007—Deemed Income of Individuals

The attention of Shareholders who are individuals resident in the UK for UK tax purposes is drawn to the provisions set out in Chapter 2 of Part 13 of ITA 2007, which may render those individuals liable to UK income tax in respect of undistributed income (but not capital gains) of the Company.

"Transactions in securities"

It is not expected that the tax treatment outlined above should be affected by the transactions in securities anti-avoidance provisions, set out in Part 15 of CTA 2010 and Chapter 1 of Part 13 of ITA 2007. However, the Company has not applied for advance clearance under section 748 of CTA 2010 or section 701 of ITA 2007 in respect of the application of those provisions.

(E) Stamp duty/stamp duty reserve tax

The following statements are intended as a general and non-exhaustive guide to the current UK stamp duty and SDRT position and apply regardless of whether or not a Shareholder is resident in the UK for UK tax purposes. They assume that New Ordinary Shares are not issued or transferred to, or to a nominee or an agent for, a person whose business is or includes the provision of clearance services or issuing depositary receipts.

Issue of New Ordinary Shares

No UK stamp duty or SDRT should be payable on the issue of New Ordinary Shares (whether in certificated form outside CREST or credited in uncertificated form to an account in CREST).

Subsequent dealings in New Ordinary Shares

An instrument of transfer relating to the sale of New Ordinary Shares will in principle be subject to stamp duty at the rate of 0.5% of the amount or value of the consideration payable (rounded up to the nearest multiple of £5 of the consideration) if: (a) the amount or value, or if it is part of a larger transaction or series of transactions, the aggregate amount or value, of the consideration is greater than £1,000; and (b) the instrument of transfer is executed in the UK or relates to any property situated, or to any matter or thing done or to be done, in the UK. Investors should be aware that, even where an instrument of transfer is in principle subject to stamp duty, stamp duty is not required to be paid unless it is necessary to rely on the instrument for any formal or legal purposes, for example to register a change of ownership. Under BVI law, (a) no stamp duty is imposed on the transfer of shares in the Company; (b) an instrument of transfer need not be stamped in order for the Company's register of members to be updated (although where shares are listed on a recognised

exchange, the transfer of such shares must be carried out in accordance with all requirements applicable to shares listed on such exchange); and (c) the Company's register of members is prima facie evidence of legal title to the relevant shares.

Any agreement to transfer New Ordinary Shares in certificated form outside CREST should not give rise to a liability to SDRT provided that:

- the Company is not incorporated in the UK;
- the New Ordinary Shares are not registered in a register maintained in the UK by or on behalf of the Company; and
- the New Ordinary Shares are not paired with any shares issued by a company incorporated in the UK.

An agreement to transfer depositary interests in CREST representing New Ordinary Shares shall not be liable to SDRT so long as, at the time of the agreement:

- the Company does not become UK resident for UK tax purposes. As noted above, the Directors intend to conduct the affairs of the Company so that it does not become resident in the UK for UK tax purposes;
- the New Ordinary Shares represented by such depositary interests are not registered in a register maintained in the UK; and
- the New Ordinary Shares represented by such depositary interests are included in the Official List and admitted to trading on the London Stock Exchange's main market for listed securities.

4. UNITED STATES TAXATION

Notwithstanding anything to the contrary herein, this Prospectus does not contain, does not purport to contain and must not be relied on as containing any information, guidance, advice or implications whatsoever with respect to any matters of or relating to tax in the United States or any state or other jurisdiction therein; and prior to its deciding to purchase or subscribe for any New Ordinary Shares, each investor with respect to any and all of the foregoing is encouraged to consult and must have consulted with its own legal, regulatory, tax, business, investment, financial and accounting advisers.

PART XVIII

DESCRIPTION OF THE CLERMONT STAKE ACQUISITION AND THE TRANSACTION

1. INTRODUCTION

As set out in Part X (*Business Overview of UBN*), the Company holds a direct stake in UBN of 22.1% and an indirect stake of 9.05% through its interests in UGPL. As a result of the Transaction (as described in paragraph 3 below), the Company may increase its shareholding in UBN but would not achieve a majority stake in UBN.

However, if executed, the Transaction will put the Company in a strong position to acquire further shares in UBN in the future. The Directors' current expectation is that the Company will seek to acquire a majority stake in UBN in 2018, but no decision to do so has yet been taken. The Directors believe that taking a majority stake in UBN would represent the achievement of a key strategic ambition in line with the Company's overall strategy and purpose.

2. ACQUISITION OF THE CLERMONT STAKE

On 11 April 2017, the Company entered an agreement with UGPL Holdco Limited (a subsidiary of Clermont Financial Holdings) (together, "**Clermont**") to acquire Clermont's 21.8% shareholding in UGPL, representing a 13.4% indirect shareholding in UBN (the "**Clermont Agreement**"). Combined with the Company's existing 14.7% interest in UGPL, completion of the Clermont Stake Acquisition would result in the Company holding a pro forma interest of 36.6% in UGPL, representing a pro forma indirect shareholding in UBN of 22.5%. The consideration payable for the Clermont Stake Acquisition is US\$55 million. The Company expects that completion will occur upon approval from the PRA to the Company, and the relevant subsidiaries within the control chain, passing through a control threshold in respect of UBN's UK regulated subsidiary, Union Bank UK plc.

On 17 July 2017, the Company issued new convertible bonds (the "**Mandatory Convertible Bonds**") to Fairfax Africa Holdings Investments Limited ("**Fairfax Africa Investments**"), a Mauritian subsidiary of Fairfax Africa, for a total subscription amount of US\$100 million, the majority of the proceeds of which are to be used to fund the Clermont Stake Acquisition, and the remainder to be contributed towards funding the Company's direct and indirect participation in the UBN Rights Issue.

The material terms of the Mandatory Convertible Bonds are as follows:

- the Mandatory Convertible Bonds will convert into Ordinary Shares upon completion of the Firm Placing and Placing and Open Offer, or if the Firm Placing and Placing and Open Offer does not proceed, on maturity of the Mandatory Convertible Bonds at the election of Fairfax Africa Investments, or on an event of default, a change of control or a de-listing of the Company, at the option of Fairfax Africa Investments;
- the Mandatory Convertible Bonds will accrue interest at 5% per annum up to (but excluding) 31 August 2017 and 10% per annum from (and including) 31 August 2017;
- the maturity date of the Mandatory Convertible Bonds is the first date after the anniversary of their issue;
- the conversion price of the Mandatory Convertible Bonds is:
 - upon completion of the Firm Placing and Placing and Open Offer, US\$2.25 per Ordinary Share;
 - if the Firm Placing and Placing and Open Offer does not proceed and Fairfax Africa Investments elects to convert the Mandatory Convertible Bonds into New Ordinary Shares on maturity, a price that is the lower of US\$2.25 per Ordinary Share and 90% of the market price of the Ordinary Shares on the maturity date; or
 - upon an event of default, change of control or de-listing of the Company at the election of Fairfax Africa Investments, a price that is the lower of US\$2.25 per Ordinary Share and 90% of the current market price of the Ordinary Shares on the date of the relevant event of default, or on a date calculated by reference to the change of control or de-listing event occurring, as applicable; and

- the Mandatory Convertible Bonds are transferable.

The issue of the Mandatory Convertible Bonds was conditional upon the approval of Shareholders at the General Meeting, which was granted on 14 July 2017. The Company intends to complete the Clermont Stake Acquisition following approval from the PRA to the Company passing through a control threshold in respect of UBN's UK regulated subsidiary, Union Bank UK plc.

In addition to increasing the Company's indirect interest in UBN, the Clermont Stake Acquisition would entitle the Company to appoint an additional director to the UBN board, resulting in a total of four seats on the board of UBN held by the Company. In addition, the Clermont Stake Acquisition would entitle the Company to appoint an additional director to UGPL, resulting in a total of two out of six directors representing the Company on the UGPL Board. Further detail on the Clermont Agreement is set out in paragraph 9.3 of Part XIX (*Additional Information*).

3. UBN RIGHTS ISSUE

On 7 December 2016, the shareholders of UBN approved the UBN Rights Issue. The proceeds from the UBN Rights Issue will be used to improve UBN's capital adequacy ratio above the Central Bank of Nigeria's minimum level for banks with an international authorisation, and also to fund working capital, investments in technology and digitalisation, and investments in future customer "touch points" (which will include the establishment of new branches and infrastructure upgrades).

To follow its rights, and to fund UGPL to allow it to follow its rights in proportion to the Company's interest in UGPL (including the pro forma interest resulting from the Clermont Stake Acquisition), in the UBN Rights Issue, the Company anticipates that it requires US\$70 million in total funding.

The Company will additionally consider purchasing nil paid rights pursuant to the UBN Rights Issue not taken up by other shareholders in UBN, and thereby increasing its own direct shareholding in UBN, but will limit any such acquisitions so as to remain below 30% of the total shares held directly in UBN, the threshold at which the Company would be required to make a mandatory takeover offer for all outstanding shares in UBN under the Nigerian Investment and Securities Act 2007.

4. FUTURE ACQUISITION STRATEGY IN RELATION TO UBN

Following the completion of the Clermont Stake Acquisition and the UBN Rights Issue, the Company anticipates it will have a pro forma interest in UBN of approximately 44.5% (aggregating its direct and indirect holdings). The Company does not intend to acquire a majority stake in UBN in 2017, though acquiring a majority stake remains a strategic goal of the Company.

The Directors currently anticipate that the Company may seek to acquire a majority stake in UBN in the future, which could be achieved through either further purchases of shares in UBN or in UGPL, or a combination of them. No assurance can be given that either of these steps would be successful.

Additionally, any further transactions to increase the Company's direct shareholdings in UBN to 30% or more of UBN's total shares may result in the Company being required to make a mandatory takeover offer for all outstanding shares in UBN under the Nigerian Investment and Securities Act 2007. The Company may decide that it is not in its interests to make such an offer, and may therefore decide not to proceed with any such transactions.

Upon undertaking transactions to acquire a majority stake in UBN, the Company may exceed the thresholds for a reverse takeover under the Listing Rules. In such circumstances, the Company's Ordinary Shares and Warrants may, depending on discussions with the UK Listing Authority, be suspended pending the publication of a readmission prospectus. The Directors will consider the impact of any potential suspension in deciding whether to acquire a majority stake in UBN, and therefore there can be no assurance that the Company will seek to acquire a majority stake in UBN in 2018.

5. UBN'S PROSPECTS

While the Company will not acquire a majority stake in UBN as a result of the Transaction, as a significant shareholder in UBN the Company's intention would be to support UBN's growth trajectory with the implementation of business initiatives to drive revenue growth, as well as additional funding to enable UBN to position itself as the leading Tier 2 institution in Nigeria.

The Company's intention for UBN is to support efforts to optimise funding, capital and implementation of business initiatives (including the Group's Markets and Treasury and Fintech initiatives) to achieve growth in UBN from 2018 onwards. Acquisition opportunities may also be potentially contemplated thereafter (from 2019 onwards) as the Company would aim to improve the market position of UBN in Nigeria in future years.

In particular, the Directors believe that the Group's Fintech initiatives would play a key role in reinforcing UBN's retail deposit growth, which the Directors consider is not fully optimised despite the size of UBN's branch network. Growing retail deposits would allow expansion in net interest margin via lower cost of funds. Additionally, the Group has the capability to drive long-term US dollar funding for UBN to scale its balance sheet quicker than UBN's Tier 2 peers in Nigeria. The Company estimates that up to US\$450 million in senior funding could be secured by 2019 to support UBN's loan growth, which could be focused on infrastructure and other project finance lending in particular.

Furthermore, the Directors believe that UBN's treasury business performance could be further optimized, given its potential. The Directors consider that UBN could boost treasury business volumes and revenues significantly given the scope of its client base and offshore presence. The Group's existing Markets and Treasury business would work closely with UBN to drive synergies and performance, in line with the Group's approach to improving existing operations within the BancABC subsidiaries and BPR, and to connect Nigeria to the existing Group network.

In respect of capital in relation to UBN's treasury business, the Directors believe that more emphasis needs to be placed on asset and risk-weighting optimisation. The Company would intend to focus on ensuring growth is not at the risk of further capital hikes, and would prioritise high profit initiatives to enhance organic capital building.

In respect of UBN's asset quality, UBN's non-performing loans ratio of approximately 7% is higher than the Group's targeted levels. The Group would seek to strengthen ongoing efforts towards loan recoveries, and would seek to focus growth at less risky sectors of the economy. Emphasis would be placed on further diversification of the loan book, which currently has a high overall oil and gas exposure.

Furthermore, the long-term funding which the Group would intend to raise on behalf of UBN would help in rebalancing the loan portfolio. Several clients in the Nigerian banking space are broadly sound over the long-term but are challenged and non-performing owing to the maturity mismatch profiles of their existing facilities with banks.

Beyond 2019, the Company would aim to scale UBN into a Tier 1 bank in Nigeria, potentially through acquiring another Nigerian bank. Based on the current outlook, the Directors believe that consolidation in the Nigerian banking sector is inevitable and the Company would enable UBN to lead on this front. However, the current focus is on first ensuring the bank is well-positioned for growth. The Directors believe that Tier 2 capital could be sourced from development finance institutions in order to support inorganic growth as UBN considers the acquisition of another Nigerian bank.

PART XIX

ADDITIONAL INFORMATION

1. PERSONS RESPONSIBLE

The Directors, whose names appear in paragraph 1 of Part XIV (*Directors and Employees*) of this document, and the Company accept responsibility for the information contained in this document. To the best of the knowledge of the Directors and the Company (each of whom has taken all reasonable care to ensure that such is the case), the information contained in this document is in accordance with the facts and does not omit anything likely to affect the import of such information.

2. INCORPORATION AND ACTIVITY OF THE COMPANY

- 2.1 The Company was incorporated under the BVI Business Companies Act in the British Virgin Islands on 28 November 2013 as a company limited by shares with the name Atlas Mara Co-Nvest Limited and company number 1800950. The Company changed its name to Atlas Mara Limited on 26 January 2015. The principal legislation under which the Company operates and pursuant to which the Ordinary Shares and Warrants have been created, is the BVI Business Companies Act 2004 (as amended).
- 2.2 The Company is not regulated by the British Virgin Islands Financial Services Commission or the FCA or any financial services or other regulator. The Company is subject to the Listing Rules and the Disclosure and Transparency Rules (and the resulting jurisdiction of the UK Listing Authority), to the extent such rules apply to companies with a Standard Listing pursuant to Chapter 14 of the Listing Rules.
- 2.3 The Company is incorporated in British Virgin Islands with its registered office at Ritter House, Wickhams Cay II, Road Town, Tortola VG1110, British Virgin Islands. The telephone number of the Company's registered office is +1 284 852 7900. The Company's principal place of business is the United Arab Emirates.
- 2.4 The Company is the holding company of the Atlas Mara group companies, the principal activities of which are providing banking and financial services particularly focusing on the markets of SSA. The jurisdictions in which these group companies operate are Botswana, Mozambique, Rwanda, Tanzania, Zambia and Zimbabwe. The business of the Company, and its principal activity, is to act as the ultimate holding company of the Group. In addition, the Group holds a 31.15% direct and indirect interest in UBN.
- 2.5 The Directors and their respective functions are set out in Part XIV (*Directors and Employees*) of this document. The business address of each of the Directors is as follows:

Name	Business Address
Robert E. Diamond Jr.	375 Park Avenue, 21st Floor, New York, NY 10152, USA
Ashish J. Thakkar	146th Floor, Burj Khalifa, PO Box 27153, Dubai, UAE
Rachel F. Robbins	Atlas Mara Limited, Burj Daman Building, Level 6, Al Sa'ada Street, DIFC, PO Box 507003, Dubai, UAE
Tonye Cole	7a Oluwa Road, Ikoyi, Lagos, Nigeria
Eduardo C. Mondlane Jr.	Rua Joaquim Mara, 7 Maputo, Mozambique
Funke Opeke	MAINONE, FABAC Center, 3B Ligali Ayorinde Street, VI, Lagos, Nigeria
Amadou Raimi	3 Avenue Velasquez, 75008 Paris, France

3. SHARE CAPITAL OF THE COMPANY

Issued share capital of the Company

- 3.1 The issued and fully paid share capital of the Company as at the Latest Practicable Date is, and immediately following Admission is expected to be, as follows:

	<u>Nominal value</u>	<u>Number of shares issued</u>	<u>Amount</u>
Ordinary Shares (as at the Latest Practicable Date)	No par value	83,092,069	0
Founder Preferred Shares (as at the Latest Practicable Date)	No par value	1,250,000	0
Ordinary Shares (as at Admission)	No par value	171,980,957	0
Founder Preferred Shares (as at Admission)	No par value	1,250,000	0

- 3.2 As at the Latest Practicable Date, the Company held 1,977,096 Ordinary Shares of no par value in Treasury, which amounts to 2.38% of the issued ordinary share capital (including treasury shares). No Ordinary Shares have been issued other than fully paid.

- 3.3 As at the Latest Practicable Date, 3,298,298 Ordinary Shares are held in escrow as part of the contingent consideration for the acquisition of Finance Bank of Zambia plc ("FBZ").

Convertible securities

- 3.4 As at the Latest Practicable Date, the Company has issued the convertible securities described more fully in paragraphs 9.8(A), 9.8(B) and 9.2(B) of this Part XIX (*Additional Information*) below.

Warrants

- 3.5 As at the Latest Practicable Date, the Company has 32,529,500 Warrants in issue. These were issued on 17 December 2013, pursuant to a resolution of the Board passed on 16 December 2013. Each Warrant entitles a warrant holder to subscribe for one-third of an Ordinary Share upon exercise. Warrant holders will have subscription rights to subscribe in cash for all or any whole number of ordinary shares at an exercise price of US\$11.50 during the period commencing on 17 December 2013 and ending on the earlier to occur of (i) the third anniversary of the completion of the Company's initial acquisition and (ii) such earlier date as determined by the Warrant instrument. As at the Latest Practicable Date, the Warrants issued were all outstanding. The Warrants are due to expire on 21 August 2017.

History of share capital

- 3.6 The Company was incorporated with an issued share capital of US\$0, divided into two Founder Preferred Shares with no par value.

- 3.7 The following changes have occurred in the share capital of the Company for the period covered by the historical financial information:

- (A) On 21 August 2014, the Company issued 11,262,662 Ordinary Shares of no par value to African Development Corporation AG shareholders and 2,030,577 Ordinary Shares of no par value to other shareholders in connection with the Company's acquisition of ABC Holdings Limited.
- (B) On 27 August 2014, the Company issued 27,277,274 Ordinary Shares of no par value in connection with a private placement.
- (C) On 11 September 2014, the Company issued 300,482 Ordinary Shares of no par value pursuant to the terms of Mr Vitalo's employment contract.
- (D) On 26 September 2014, the Company issued and allotted 112,426 Ordinary Shares of no par value to a financial adviser of Atlas Mara Limited pursuant to the terms of its engagement.
- (E) On 17 November 2014, the Company issued 161,527 Ordinary Shares of no par value pursuant to the terms of Ms McDonald's employment contract.

- (F) On 28 November 2014, the Company issued 34,076 Ordinary Shares in connection with the mandatory public offer to the minority shareholders of ABC Holdings Limited.
- (G) On 7 June 2016, the Company issued 3,568,611 Ordinary Shares as part of the contingent consideration for the acquisition of FBZ and which were immediately transferred to an escrow account. To date, 263,949 of these Ordinary Shares have been released from the escrow account to the FBZ shareholders, with the remainder still held in escrow.
- (H) On 16 February 2017, a total of 7,034,934 Ordinary Shares of no par value in the Company, representing approximately 9.99% of the Company's existing issued ordinary share capital were issued by the Company at a price of US\$1.9125 per share, and on 22 February 2017, these Ordinary Shares were admitted to trading on the main market of the London Stock Exchange.

4. INTERESTS OF NATURAL AND LEGAL PERSONS INVOLVED IN THE FIRM PLACING AND PLACING AND OPEN OFFER

Save as otherwise disclosed in this document, the Company is not aware of any person involved in the Firm Placing and Placing and Open Offer who had an interest which was material to the Firm Placing and Placing and Open Offer.

5. FOUNDING ENTITIES AND OTHER INTERESTS

The table below sets out the interests that the Founding Entities will have in the shares of the Company or any of its subsidiaries, together with details of the amount and percentage of immediate dilution of their interests in the Ordinary Shares of the Company as a result of the Firm Placing and Placing and Open Offer:

Founders	Number (and percentage) of issued Warrants	Number (and percentage) of Founder Preferred Shares	Number (and percentage) of issued Ordinary Shares ¹	Percentage of issued Ordinary Shares following the Firm Placing and Placing and Open Offer ²
Atlas – AFS Partners LLC	1,600,000 (4.92%)	1,000,000 (80%)	600,000 (0.77%)	0.50%
Mara Partners FS Limited	400,000 (1.23%)	250,000 (20%)	150,000 (0.19%)	0.13%

Notes:

1. Excluding Ordinary Shares held in escrow as part of the contingent consideration for the acquisition of FBZ and Ordinary Shares held in Treasury.

2. Assuming full take up of the Open Offer and conversion of the Mandatory Convertible Bonds.

6. MAJOR SHAREHOLDERS

- 6.1 As at the Latest Practicable Date and so far as is known to the Company by virtue of the notifications made to it pursuant to the Disclosure and Transparency Rules, the number of Ordinary Shares held by each person (other than any Director) who, directly or indirectly, is interested in 3% or more of the Company's share capital, and the amount of such person's interest, is as follows:

Name	Number of Ordinary Shares prior to the Firm Placing and Placing and Open Offer	Percentage prior to the Firm Placing and Placing and Open Offer¹
Guggenheim Partners Investment Management	5,000,000	11.22
Wellington Management Company, LLP	6,952,805	9.91
Owl Creek Asset Management, LP	2,500,000	7.99
Trafigura Holding Limited	4,039,037	6.23
UBS Asset Management: O'Connor	6,304,690	8.10
Janus Capital Management LLC	2,632,710	3.92

Notes:

1. Excluding Ordinary Shares held in escrow as part of the contingent consideration for the acquisition of FBZ and Ordinary Shares held in Treasury.

- 6.2 None of the major Shareholders in the Company have different voting rights.
- 6.3 As at the Latest Practicable Date, the Company is not aware of any person who, directly or indirectly, jointly or severally, exercises control over the Company.
- 6.4 Following the Firm Placing and Placing and Open Offer and the conversion of the Mandatory Convertible Bonds, the Company expects that Fairfax Africa and/or its affiliates will have a significant but non-controlling interest in the Company, however Fairfax Africa (together with its affiliates) could exercise control over the Company if insufficient Existing Shareholders take up their rights pursuant to the Firm Placing and Placing and Open Offer such that Fairfax Africa (together with its affiliates) acquires over 50% of the Ordinary Shares. Save as described in the foregoing, as at the Latest Practicable Date, the Company is not aware of any person who, following the Firm Placing and Placing and Open Offer, directly or indirectly, jointly or severally, will exercise or could exercise control over the Company.

7. SUMMARY OF MEMORANDUM AND ARTICLES OF THE COMPANY

- 7.1 The Memorandum of Association of the Company provides that the Company has, subject to the BVI Business Companies Act 2004 and any other British Virgin Islands legislation from time to time in force, irrespective of corporate benefit, full capacity to carry on or undertake any business or activity, do any act or enter into any transaction and full rights, powers and privileges for these purposes. For the purposes of Section 9(4) of the BVI Business Companies Act 2004, there are no limitations on the business that the Company may carry on.
- 7.2 Set out below is a summary of the provisions of the Memorandum of Association and Articles of Association of the Company. Certain provisions of the Memorandum of Association and Articles of Association specifically relate to the initial acquisition undertaken by the Company that completed on 21 August 2014, which was the acquisition of African Development Corporation AG and ABC Holdings Limited. These provisions have not been summarised below due to the remoteness of such provisions being invoked, but these terms can be viewed in full in the Memorandum of Association and Articles of Association. Unless otherwise stated, all capitalised terms in this section have the same meaning as in the Memorandum of Association and Articles of Association of the Company. A copy of the Memorandum of Association and Articles of Association is available for inspection at the addresses specified in paragraph 16 of this Part XIX (*Additional Information*).

(A) *Variation of rights*

The rights attached to any class of shares may only, whether or not the Company is being wound up, be varied with the consent in writing of the holders of not less than 50% (fifty per cent.) of the issued shares of that class or by the holders representing not less than 50% (fifty per cent.) of the votes cast by eligible holders of the issued shares of that class at a separate meeting of the holders of that class.

For the purposes of any consent required as specified in the preceding paragraph, the Directors may treat one or more classes of shares as forming one class if they consider that any proposed variation of the rights attached to each such class of shares would affect each such class in materially the same manner.

The rights conferred upon the holders of any shares or of any class issued with preferred, deferred or other rights shall not (unless otherwise expressly provided by the terms of issue) be deemed to be varied by the creation of or issue of further shares ranking *pari passu* therewith, or in the case of the Founder Preferred Shares (for the avoidance of doubt) the creation or issue of Ordinary Shares, the exercise of any power under the disclosure provisions requiring members to disclose an interest in shares as set out in the Articles, the reduction of capital on such shares or by the purchase or redemption by the Company of its own shares or the sale into Treasury. There are 110 express provisions under the BVI Business Companies Act 2004 relating to variation of rights of shareholders.

(B) *Depository interests and uncertificated shares*

The Directors shall, subject always to any applicable laws and regulations and the facilities and requirements of any relevant system concerned and the Articles, have power to implement and/or approve any arrangement they may think fit in relation to the evidencing of title to and transfer of interests in shares in the capital of the Company in the form of depository interests or similar interests, instruments or securities. The Board may permit shares (or interests in shares) to be held in uncertificated form and to be transferred by means of a relevant system of holding and transferring shares (or interests in shares) in uncertificated form in such manner as they may determine from time to time.

(C) *Squeeze-out provisions*

Section 176 of the BVI Business Companies Act 2004 (ability of the shareholders holding 90 per cent. of the votes of the outstanding shares or class of outstanding shares to require the Company to redeem the shares held by the remaining members), which may be disapplied by the memorandum or articles of association of a company, shall not apply to the Company.

(D) *Pre-emption rights*

- (i) Section 46 of the BVI Business Companies Act 2004 (statutory pre-emptive rights), which may be disapplied by the memorandum or articles of association of a company, does not apply to the Company.
- (ii) The Company shall not following Admission issue any equity securities (and shall not sell any of them from Treasury) to a person on any terms unless:
 - (a) it has made a written offer in accordance with the Articles to each holder of equity securities of that class (other than the Company itself by virtue of it holding treasury shares) to issue to him on the same or more favourable terms a proportion of those equity securities which is as nearly as practicable equal to the proportion in value held by the holders of the relevant class(es) of equity securities then in issue; and
 - (b) the period during which any such offer may be accepted by the relevant current holders has expired or the Company has received a notice of the acceptance or refusal of every offer so made from such holders.
- (iii) Equity securities that the Company has offered to issue to a holder of equity securities in accordance with sub-paragraph (D)(ii)(a) and (b) above may be issued to him, or anyone in whose favour he has renounced his right to their issue, without contravening the above pre-emption rights.

- (iv) Where equity securities are held by two or more persons jointly, an offer pursuant to the above pre-emption rights may be made to the joint holder first named in the register of members in respect of those equity securities.
- (v) In the case of a holder's death or bankruptcy, the offer must be made:
 - (a) by sending it by post in a prepaid letter addressed to the persons claiming to be entitled to the equity securities in consequence of the death or bankruptcy by name, or by the title of the representatives of the deceased, or trustee of the bankruptcy, or by any like description, at an address supplied, in accordance with the Articles; or
 - (b) until any such address has been so supplied, by giving the notice in any manner in which it would have been given if the death or bankruptcy had not occurred.
- (vi) The above pre-emption rights shall not apply in relation to the issue of bonus shares, equity securities in the Company if they are, or are to be, wholly or partly paid up otherwise than in cash, and equity securities in the Company which would, apart from any renunciation or assignment of the right to their issue, be held under an employee share scheme.
- (vii) Equity securities held by the Company as treasury shares are disregarded for the purpose of the pre-emption rights so that the Company is not treated as a person who holds equity securities and equity securities held as treasury shares are not treated as forming the issued shares of the Company.
- (viii) The Directors may be given by virtue of a special resolution of members the power to issue or sell from Treasury equity securities of any class either generally or in respect of a specific issue or sale, and, on the passing of such resolution, the Directors shall have the power to issue or sell from Treasury pursuant to that authority, equity securities wholly for cash as if the pre-emption rights above do not apply to the issue or sale from Treasury.

(E) Shareholder meetings

Not more than 15 months shall elapse between the date of one annual general meeting and the date of the next, unless the members pass a resolution in accordance with the Articles waiving such requirement.

Any Director may convene an annual general meeting or other meeting of members at such times and in such manner and places within or outside the British Virgin Islands as the Directors consider necessary or desirable. The Directors shall convene a meeting of members upon the written request of members entitled to exercise 30% (thirty per cent.) or more of the voting rights in respect of the matter for which the meeting is requested.

The Director convening a meeting shall give not less than ten calendar days' written notice of a meeting to those members who are entitled to vote at the meeting and the other Directors. A meeting of members may be called by shorter notice if members holding at least 90% (ninety per cent.) of the total voting rights on all the matters to be considered at the meeting have waived notice of the meeting. The inadvertent failure to give notice of a meeting to, or the non-receipt of notice of a meeting by, any person entitled to receive such notice shall not invalidate the proceedings at the meeting.

(F) Votes of members

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, and if one or more joint holders are present at a meeting of members in person or by proxy, they must vote as one.

(G) *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 as described in sub-paragraph (I) below 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.

(H) *Share rights*

Pursuant to the Memorandum of Association (which, subject to the Articles, may be amended by a special resolution of members):

- (i) the Company is authorised to issue an unlimited number of shares each of no par value which may be either Ordinary Shares or Founder Preferred Shares.
- (ii) Ordinary Shares confer upon the holder (in accordance with the Articles):
 - (a) the rights in a winding-up (in accordance with the provision of the Articles) as specified in sub-paragraph (X) below;
 - (b) the rights to receive all amounts available for distribution and from time to time to be distributed by way of dividend or otherwise at such time as the Directors shall determine (and in each case distributed among the holders of fully paid up Ordinary Shares pro rata to the number of fully paid up Ordinary Shares held by each holder); and
 - (c) the right to receive notice of, attend and vote as a member at any meeting of members.
- (iii) Founder Preferred Shares confer upon the holder (in accordance with the Articles) the rights as specified in paragraph 7.3 of this Part XIX (*Additional Information*).

Subject to the provisions of the BVI Business Companies Act 2004 and without prejudice to any rights attaching to any existing shares, any share in the Company may be issued to such persons, for such consideration and on such terms as the Directors may determine.

The Company shall issue registered shares only. The Company is not authorised to issue bearer shares, convert registered shares to bearer shares or exchange registered shares for bearer shares.

The Company may exercise the powers of paying commissions and in such an amount or at such a percentage rate as the Directors may determine. Subject to the provisions of the BVI Business Companies Act 2004, any such commission may be satisfied by the payment of cash or by the issue of fully or partly paid shares or partly in one way and partly in another. The Company may also on issue of shares pay such brokerage as may be lawful.

Except as required by law, no person shall be recognised by the Company as holding any share upon any trust and (except as otherwise provided by the Articles or by law) the Company shall not be bound by or recognise (even when having notice thereof) any interest in any share other than an absolute right of the registered holder to the entirety of the share or fraction thereof.

(I) *Notice requiring disclosure of interest in shares*

The Company may, by notice in writing, require a person whom the Company knows to be or has reasonable cause to believe is, or at any time during the three years immediately preceding the date on which the notice is issued to have been, interested in any shares, to confirm that fact or (as the case may be) to indicate whether or not it is the case and to give such further information as may be required in accordance with the Articles. Such information may include, without limitation: particulars of the person's

status (including whether such person constitutes or is acting on behalf of or for the benefit of a Plan (as defined in the Articles) or is a U.S. Person), domicile, nationality and residency; particulars of the person's own past or present interest in any shares; the identity of any other person who has a present interest in the shares held by him; where the interest is a present interest and any other interest in any shares subsisted during that three-year period at any time when his own interest subsisted to give (so far as is within his knowledge) such particulars with respect to that other interest as may be required by the notice; and where a person's interest is a past interest (so far as is within his knowledge), like particulars for the person who held that interest immediately upon his ceasing to hold it.

If any member is in default in supplying to the Company the information required by the Company within the prescribed period (which is 14 days after service of the notice or seven days if the shares concerned represent 0.25% or more in number of the issued shares of the relevant class, or such other reasonable period as the Directors may determine), the Directors in their absolute discretion may serve a direction notice on the member or (subject to the rules of any relevant system, the Listing Rules and the requirements of the UK Listing Authority and the London Stock Exchange) take such action as is referred to in paragraph (L) below.

(J) *Untraced shareholders*

The Company may sell the share of a Shareholder or of a person entitled by transmission at the best price reasonably obtainable at the time of sale, if:

- (i) during a period of not less than 12 years before the date of publication of the advertisements referred to in sub-paragraph (J)(iii) at least three cash dividends have become payable in respect of the share;
- (ii) throughout such period no cheque payable on the share has been presented by the holder of, or the person entitled by transmission to, the share to the paying bank of the relevant cheque, no payment made by the Company by any other means permitted by the Articles has been claimed or accepted and, so far as any Director is aware, the Company has not at any time during such period received any communication from the holder of, or person entitled by transmission to, the share;
- (iii) on expiry of such period the Company has given notice of its intention to sell the share by advertisement in accordance with the Articles; and
- (iv) the Company has not, so far as the Board is aware, during a further period of three months after the date of the advertisements referred to in sub-paragraph (J)(iii) and before the exercise of the power of sale received a communication from the holder of, or person entitled by transmission to, the share.

Where a power of sale is exercisable over a share, the Company may at the same time also sell any additional share issued in right of such share or in right of such an additional share previously so issued provided that the requirements of sub-paragraphs (J)(ii) to (iv) have been satisfied in relation to the additional share (except that the period of not less than 12 years shall not apply in respect of such additional share).

To give effect to a sale, the Board may authorise a person to transfer the share in the name and on behalf of the holder of, or person entitled by transmission to, the share, or to cause the transfer of such share, to the purchaser or his nominee.

The Company shall be indebted to the Shareholder or other person entitled by transmission to the share for the net proceeds of sale and shall carry any amount received on sale to a separate account. Any amount carried to the separate account may either be employed in the business of the Company or invested as the Board may think fit. No interest is payable on that amount and the Company is not required to account for money earned on it.

(K) *Transfer of shares*

Subject to the BVI Business Companies Act 2004 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, 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).

(L) Compulsory transfer of shares

The Directors may require (to the extent permitted by the rules of any relevant system where applicable) the transfer by lawful sale, by gift or otherwise as permitted by law of any shares that, in the reasonable determination of the Directors, are or may be held or beneficially owned by a Prohibited Person to a person who is not a Prohibited Person qualified under the Articles to hold the shares. In the event that the member cannot locate a qualified purchaser within such reasonable time as the Directors may determine then the Company may locate an eligible purchaser. If no purchaser is found by the selling member or the Company before the time the Company requires the transfer to be made then the member shall be obligated to sell the shares at the highest price that any purchaser has offered and the Company shall have no obligation to the member to find the best price for the relevant shares. The Directors may, from time to time, require of a member that such evidence be furnished to them or any other person in connection with the foregoing matters as they shall in their discretion deem sufficient.

Members who do not comply with the terms of any compulsory transfer notice shall forfeit or be deemed to have forfeited their shares immediately. The Directors, the Company and the duly authorised agents of the Company, including, without limitation, the Registrar, shall not be liable to any member or otherwise for any loss incurred by the Company as a result of any Prohibited Person breaching the compulsory transfer restrictions referred to herein and any member who breaches such restrictions is required under the Articles to indemnify the Company for any loss to the Company caused by such breach.

The Directors may at any time and from time to time call upon any member by notice to provide them with such information and evidence as they shall reasonably require in relation to such member or beneficial owner which relates to or is connected with their holding of or interest in shares in the Company. In the event of any failure of the relevant member to comply with the request contained in such notice within a reasonable time as determined by the Directors in their sole and unfettered discretion, the Directors may proceed to avail themselves of the rights conferred on them under the Articles as though the relevant member were a Prohibited Person.

(M) Alteration and redemption of shares

The Company may, subject to the provisions of the BVI Business Companies Act 2004 (including satisfaction of the solvency test pursuant to Section 56 of the BVI Business Companies Act 2004), purchase, redeem or otherwise acquire its own shares (with the consent of the member whose shares are to be purchased, redeemed or otherwise acquired) and may hold such shares as treasury shares.

Sections 60, 61 and 62 of the BVI Business Companies Act 2004 (statutory procedure for a company purchasing, redeeming or acquiring its own shares), which may be disappplied by a company's memorandum or articles of association, shall not apply to the Company.

The Company may (subject to the BVI Business Companies Act 2004) pursuant to a resolution of members obtained at any time: consolidate and divide all or any of its shares into a smaller number than its existing shares; sub-divide its shares, or any of them, into shares of a larger number so that, however, in such sub-division the

proportion between the amount paid and the amount (if any) unpaid on each reduced share shall be the same as in the case of the share from which the reduced share is derived; cancel any shares which at the date of the passing of the resolution have not been taken up or agreed to be taken up by any person; convert all or any of its shares denominated in a particular currency or former currency into shares denominated in a different currency, the conversion being effected at the rate of exchange (calculated to not less than three significant figures) current on the date of the resolution or on such other dates as may be specified therein; where its shares are expressed in a particular currency or former currency, denominate or redenominate those shares, whether by expressing the amount in units or sub-divisions of that currency or former currency or otherwise; and reduce any of the Company's reserve accounts (including any share premium amount) in any manner.

(N) Interests of Directors

A Director shall, forthwith after becoming aware of the fact that he is interested in a transaction entered into or to be entered into by the Company, disclose the interest to all other Directors. A disclosure to all other Directors to the effect that a Director is to be regarded as interested in any transaction which may, after the date of the entry or disclosure, be entered into, is a sufficient disclosure of interest in relation to that transaction, and any such Director may:

- (i) vote on a matter relating to the transaction;
- (ii) attend a meeting of Directors at which a matter relating to the transaction arises and be included among the Directors present at the meeting for the purposes of a quorum; and
- (iii) sign a document on behalf of the Company, or do any other thing in his capacity as a Director that relates to the transaction, and such Director shall not, by reason of his office be accountable to the Company for any benefit which he derives from such transaction and no such transaction shall be liable to be avoided on the grounds of any such interest or benefit.

(O) Remuneration and appointment of Directors

The Directors shall be remunerated for their services at such rate as the Directors shall determine. In addition, all of the Directors shall be entitled to be paid all reasonable out-of-pocket expenses properly incurred by them in attending meetings of members or class meetings, Board or committee meetings or otherwise in connection with the discharge of their duties.

The minimum number of Directors shall be one and the maximum number of Directors is nine.

Subject to the BVI Business Companies Act 2004 and the Articles, the Directors shall have power at any time, and from time to time, without sanction of the members, to appoint any person to be a Director, either to fill a casual vacancy or as an additional Director. Subject to the BVI Business Companies Act 2004 and the Articles, the members may by a resolution of members appoint any person as a Director and remove any person from office as a Director.

Fairfax Africa shall be entitled to nominate as Directors of the Company (the "Investor Directors") the number of persons in accordance with the Investor Share Thresholds, and the Directors shall appoint such person as an Investor Director. In the event Fairfax Africa notifies the Company to remove any Investor Director nominated by it, the other Directors shall remove such Investor Director, and in the event of such a removal, or should an Investor Director resign, Fairfax Africa shall have the right to nominate another person to fill such vacancy. In the event Fairfax Africa ceases to be entitled to nominate as many Investor Directors as are on the Board, the Directors shall remove such number of Investor Directors as is appropriate in accordance with the Investor Share Thresholds.

The “Investor Share Thresholds” are as follows:

- (i) for so long as Fairfax Africa (and/or Fairfax Africa’s affiliates) together hold in aggregate no less than 50,011,668 Ordinary Shares, Fairfax Africa shall have the right to appoint four Directors;
- (ii) for so long as Fairfax Africa (and/or Fairfax Africa’s affiliates) together hold in aggregate no less than 41,676,390 Ordinary Shares, Fairfax Africa shall have the right to appoint three Directors;
- (iii) for so long as Fairfax Africa (and/or Fairfax Africa’s affiliates) together hold in aggregate no less than 33,341,112 Ordinary Shares, Fairfax Africa shall have the right to appoint two Directors; and
- (iv) for so long as Fairfax Africa (and/or Fairfax Africa’s affiliates) together hold in aggregate no less than 16,670,556 Ordinary Shares, Fairfax Africa shall have the right to appoint one Director,

in each case such numbers of Ordinary Shares to be subject to adjustment to take account any consolidation or sub-division of the Company’s share capital, or pursuant to a pre-emptive offering (save in order to deal in a customary manner with fractional entitlements and legal or practical matters in the laws of any territory, or the requirements of any regulatory body or stock exchange) and such offering is made available to Fairfax Africa and any affiliate of Fairfax Africa (to the extent that such persons hold Ordinary Shares at the relevant record date in respect of that offer) or a bonus issue of Ordinary Shares.

If Admission does not occur by 10.00 a.m. on 31 August 2017, pursuant to the terms of the Mandatory Convertible Bonds, Fairfax Africa Investments will have a contractual right to nominate two Directors to the Board.

Subject to Fairfax Africa’s right to nominate Investor Directors, the Directors shall by majority be entitled to nominate such number of non-Investor Directors to the Board such that there is a maximum on nine Directors on the Board at any time. Thereafter each non-Investor Director shall be proposed for re-election annually at the Company’s annual general meeting and, if any non-Investor Director is not re-elected by a majority by poll vote of the holders of the Ordinary Shares (provided that, for as long as Fairfax Africa and/or its affiliates hold in aggregate less than or equal to 50% of the Ordinary Shares in issue, for the purposes of any such vote the voting rights of Fairfax Africa and/or its affiliates in aggregate shall be the lower of (i) their actual aggregate percentage of voting rights, and (ii) 29 per cent of the voting rights), the Directors shall remove such non-Investor Director and nominate another person as a non-Investor Director of the Company to fill such vacancy. In the event the Directors cease to be entitled to nominate as many non-Investor Directors as are on the Board, the Directors shall remove such number of non-Investor Directors as is appropriate in accordance with Fairfax Africa’s right to nominate Investor Directors.

The Directors may from time to time appoint one or more of their body to the office of managing director or to any other office for such term and at such remuneration and upon such terms as they determine.

(P) Retirement, disqualification and removal of Directors

A Director is not required to hold a share as a qualification to office.

The office of Director shall be vacated if the Director resigns his office by written notice, if he shall have absented himself from meetings of the Board for a consecutive period of 12 months and the Board resolves that his office shall be vacated, if he ceases to be a Director by virtue of any provision of law or becomes prohibited by law from or is disqualified from being a Director, if he becomes of unsound mind or incapable, if he becomes bankrupt or makes any arrangement or composition with his creditors generally or otherwise has any judgment executed on any of his assets, if he is requested to resign by written notice signed by all his co-Directors (in the case of there being more than two Directors), or (in relation to Non-Investor Directors only) he is removed by a resolution of members passed at a meeting of members called for the purposes of removing the Director or for purposes including the removal of the Director.

(Q) *Proceedings of Directors*

Subject to the provisions of the Articles, the Directors may regulate their proceedings as they think fit. A Director may, and the secretary at the request of a Director shall, call a meeting of the Directors. Questions arising at a meeting shall be decided by a majority of votes and in the case of an equality of votes the Chairman shall have a second or casting vote.

The Directors may by resolution designate one or more committees, each consisting two or more Directors (at least one of whom shall be an Investor Director for so long as there is an Investor Director on the Board), and delegate one or more of their powers to the committee.

Except where otherwise decided by the Directors, the quorum for the transaction of the business of the Directors shall be two, of which at least one is a non-Investor Director and the other (for so long as Fairfax Africa is entitled to appoint four Investor Directors) is an Investor Director.

(R) *Alternate directors*

Any Director (other than an alternate director) may appoint any other Director or any other person to be an alternate director to attend and vote in his place at any meeting of the Directors or to undertake and perform such duties and functions and to exercise such rights as he would personally.

(S) *Distributions*

Founder Preferred Shares confer upon the holder (in accordance with the Articles) the rights specified in paragraph 7.3 of this Part XIX (*Additional Information*).

The Directors may, by a resolution of Directors, authorise a distribution if they are satisfied, on reasonable grounds, that, immediately after the distribution, the value of the Company's assets will exceed its liabilities and the Company will be able to pay its debts as they fall due.

All dividends or other distributions shall be declared and paid only in respect of fully paid up shares (or those credited as fully paid up) and the holder of any share or shares not fully paid up (or not credited as fully paid up) as at the date such dividend is declared or such distribution is authorised shall not be entitled to such dividend or distribution. For the purposes of calculating each holder's pro rata share of any dividend or distribution paid, reference shall only be had to fully paid up shares (as at the date the dividend is declared or the distribution authorised) of the class or classes to which the dividend or distribution relates. If any share is issued on terms providing that it shall rank for dividend or other distributions as from a particular date, that share shall rank for dividend or other distribution accordingly.

Any resolution of Directors declaring a dividend or a distribution on a share may specify that the same shall be payable to the persons registered as the holders of the shares at the close of business on a particular date notwithstanding that it may be a date prior to that on which the resolution is passed and thereupon the dividend or distribution shall be payable to such persons in accordance with their respective holdings so registered, but without prejudice to the rights *inter se* in respect of such dividend or distribution of transferors and transferees of any such shares.

A resolution of Directors declaring a dividend or other distribution may direct that it shall be satisfied wholly or partly by the distribution of assets, may authorise the issue of fractional certificates, may fix the value for distribution of any assets and may determine that cash shall be paid to any member upon the footing of the value so fixed in order to adjust the rights of members and may vest any assets in trustees.

The Directors may deduct from any dividend or other distribution, or other moneys, payable to any member on or in respect of a share, all sums of money (if any) presently payable by him to the Company on account of calls or otherwise in relation to the shares of the Company.

All unclaimed dividends or other distributions may be invested or otherwise made use of by the Directors for the benefit of the Company until claimed and the Company shall not be constituted a trustee thereof. All dividends unclaimed for three years may be forfeited

by a resolution of Directors for the benefit of the Company and shall cease to remain owing by the Company. No dividend or other distribution or other moneys payable in respect of a share shall bear interest against the Company unless otherwise provided by the rights attached to the share.

The Directors are empowered to create reserves before recommending or declaring any dividend. The Directors may also carry forward any profits which they think prudent not to divide.

(T) Disposition of assets

Section 175 of the BVI Business Companies Act 2004 (any disposition of more than fifty per cent. in value of the assets of a company (other than a transfer of assets in trust to one or more trustees pursuant to Section 28(3) of the BVI Business Companies Act 2004) if not made in the usual or regular course of the business carried out by the company, requiring approval by a resolution of members) which may be disapplied by the Memorandum of Association or Articles of Association of a company, shall not apply to the Company.

(U) Continuation

The Company may by resolution of Directors or resolution of members continue as a company incorporated under the laws of a jurisdiction outside the British Virgin Islands in the manner provided under those laws.

(V) Merger and consolidation

The Company may, with the approval of a resolution of members, merge or consolidate with one or more other BVI or foreign companies. A resolution of members shall not be required in relation to a merger of a "parent company" with one or more "subsidiary companies", each as defined in the BVI Business Companies Act 2004.

(W) Winding-up

The Directors may by a resolution of Directors at any time approve the winding up of the Company to occur when the Directors reasonably conclude that the Company is or will become a Dormant Company (as defined in the Articles).

If any proposal to wind up the Company is approved by such resolution of members, the Company shall proceed to be wound up.

Save as described in this sub-paragraph (W), a special resolution of members is required to approve the voluntary winding up of the Company.

The Company may at all times by resolution of members appoint a voluntary liquidator.

(X) Return of capital on a winding-up

Subject to the BVI Business Companies Act 2004, on a winding-up of the Company the assets of the Company available for distribution shall be distributed, provided there are sufficient assets available:

- first to the holders of Ordinary Shares in an amount up to US\$10.00 per share in respect of each fully paid up Ordinary Share;
- then, provided there are assets remaining, to the holders of Founder Preferred Shares in an amount up to US\$10.00 per share in respect of each fully paid up Founder Preferred Share.

If, following these distributions to holders of Ordinary Shares and Founder Preferred Shares, there are any assets of the Company still available, they shall be distributed to the holders of Ordinary Shares and Founder Preferred Shares pro rata to the number of such fully paid up Ordinary Shares and fully paid up Founder Preferred Shares held (by each holder as the case may be) relative to the total number of issued and fully paid up Ordinary Shares as if such fully paid up Founder Preferred Shares had been converted into Ordinary Shares immediately prior to the winding-up.

(Y) *Borrowing powers*

The Directors may exercise all the powers of the Company to borrow or raise money 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.

(Z) *Indemnification*

The Company may indemnify against all expenses, including legal fees, and against all judgments, fines and amounts paid in settlement and reasonably incurred in connection with legal, administrative or investigative proceedings, any person who is or was a party or is threatened to be made a party to any threatened, pending or completed proceedings, whether civil, criminal, administrative or investigative, by reason of the fact that the person is or was a Director or is or was, at the request of the Company, serving as a Director of, or in any other capacity is or was acting for, another company or a partnership, joint venture, trust or other enterprise. This indemnity only applies if the person acted honestly and in good faith with a view to the best interests of the Company and, in the case of criminal proceedings, the person had no reasonable cause to believe that their conduct was unlawful.

The Company may purchase and maintain insurance in relation to any person who is or was a Director, officer or liquidator of the Company, or who at the request of the Company is or was serving as a Director, officer or liquidator of, or in any other capacity is or was acting for, another company or a partnership, joint venture, trust or other enterprise, against any liability asserted against the person and incurred by the person in that capacity, whether or not the Company has or would have had the power to indemnify the person against the liability as provided in the Articles.

7.3 Founder Preferred Shares

Once the average price per Ordinary Share is at least US\$11.50 for ten consecutive Trading Days (as defined in the Articles), the holders of Founder Preferred Shares will be entitled to receive an "Annual Dividend Amount", payable in Ordinary Shares.

In the first year in which such dividend becomes payable, such dividend will be equal in value to 20 per cent. of the increase in the market value of one Ordinary Share, being the difference between US\$10.00 and the Dividend Price, multiplied by the number of Ordinary Shares outstanding as at the last Trading Day of the relevant Dividend Determination Period.

Thereafter, the Annual Dividend Amount will only become payable if the Dividend Price during any subsequent year is greater than the highest Dividend Price in any preceding year in which a dividend was paid in respect of the Founder Preferred Shares. Such Annual Dividend Amount will be equal in value to 20 per cent. of the increase in the Dividend Price over the highest Dividend Price in any preceding Dividend Year multiplied by the number of Ordinary Shares outstanding as at the last Trading Day of the relevant Dividend Determination Period

For the purposes of determining the Annual Dividend Amount, the "Dividend Price" is the highest amount calculated by adding together the Average Price per Ordinary Share for any period of ten consecutive Trading Days in the relevant Dividend Year (the "Dividend Determination Period") and dividing by ten.

In each case the number of Ordinary Shares issued to holders of Founder Preferred Shares in connection with such dividend will be determined by the Dividend Price of such year, even though such share price may be lower than the market value of the Ordinary Shares at the end of any relevant Dividend Year.

The amounts used for the purposes of calculating an Annual Dividend Amount and the relevant numbers of Ordinary Shares are subject to such adjustments for stock splits, stock dividends and certain other recapitalisation events as the Directors in their absolute discretion determine to be fair and reasonable in the event of a consolidation or sub-division of the Ordinary Shares in issue after the date of Admission or otherwise as determined in accordance with the Articles.

Each Annual Dividend Amount shall be divided between the holders pro rata to the number of Founder Preferred Shares held by them on the relevant Dividend Date. The Annual Dividend Amount will be paid on the relevant Payment Date by the issue to each holder of Founder Preferred Shares of such number of Ordinary Shares as is equal to the pro rata amount of the Annual Dividend Amount to which they are entitled divided by the Average Price per Ordinary Share on the relevant Dividend Date.

The Founder Preferred Shares will automatically convert into Ordinary Shares on a one-for-one basis (subject to adjustment in accordance with the Articles) on the earliest of a Change in Control of the Company (as defined in the Articles) or on the last day of the seventh full financial year of the Company following completion of the acquisition of African Development Corporation AG and ABC Holdings Limited (or if any such date is not a Trading Day, the first Trading Day immediately following such date). In the event of any such automatic conversion, the Annual Dividend Amount shall be payable for such shortened Dividend Year on the Trading Day immediately prior to such conversion.

A holder of Founder Preferred Shares may require some or all of his Founder Preferred Shares to be converted into an equal number of Ordinary Shares (subject to adjustment in accordance with the Articles) by notice in writing to the Company, and in such circumstances those Founder Preferred Shares the subject of such conversion request shall be converted into Ordinary Shares five Trading Days after receipt by the Company of the written notice. In the event of a conversion at the request of the holder, no Annual Dividend Amount shall be payable in respect of those Founder Preferred Shares for the Dividend Year in which the date of conversion occurs.

A holder of Founder Preferred Shares may exercise its rights independently of the other holders of Founder Preferred Shares.

On the entry into liquidation of the Company, an Annual Dividend Amount shall be payable in respect of a shortened Dividend Year which shall end on the Trading Day immediately prior to the date of commencement of liquidation, following which the holders of Founder Preferred Shares shall have the right to a pro rata share (together with Shareholders) in the distribution of the surplus assets of the Company.

In any circumstances where:

- (A) the Directors or the holders of a majority of the outstanding Founder Preferred Shares consider that an adjustment should be made to (1) any factor relevant for the calculation of the Annual Dividend Amount (including the amount which the Average Price per Ordinary Share must meet or exceed for ten consecutive Trading Days in order for the right to an Annual Dividend Amount to commence (initially set at US\$11.50 or (2) the number of Ordinary Shares into which the Founder Preferred Shares shall convert, whether following a consolidation or sub-division of the Ordinary Shares in issue after the date of Admission or otherwise; or
- (B) the holders of a majority of the outstanding Founder Preferred Shares disagree with any adjustment as determined by the Directors,

the Directors will either (i) make such adjustment as is mutually determined by the Directors and the holders of the majority of the outstanding Founder Preferred Shares (acting reasonably) or (ii) failing agreement within a reasonable time, will at the Company's expense appoint the Auditors, or such other person as the Directors shall, acting reasonably, determine to be an expert for such purpose, to determine as soon as practicable what adjustment (if any) is fair and reasonable. Upon determination in either case the adjustment (if any) will be made and will take effect in accordance with the determination. The Auditors (or such other expert as may be appointed) shall be deemed to act as an expert and not an arbitrator and applicable laws relating to arbitration shall not apply, the determination of the Auditors (or such other expert as may be appointed) shall be final and binding on all concerned and the Auditors (or such other expert as may be appointed) shall be given by the Company all such information and other assistance as they may reasonable require.

Other than as summarised in this paragraph 7.3, the holders of Founder Preferred Shares shall not be entitled to participate in any other dividends or distributions of the surplus assets of the Company.

The Founder Preferred Shares do not carry voting rights except in respect of any variation or abrogation of class rights.

8. GROUP STRUCTURE AND SIGNIFICANT SUBSIDIARIES

The following is a list of the Company's significant subsidiaries as at the Latest Practicable Date:

Name	Country of Incorporation	Proportion of ownership interests
Atlas Mara Luxembourg Holding S.a.r.l.	Luxembourg	100% by the Company
Atlas Mara Mauritius Limited	Mauritius	100% by the Company
Atlas Mara Financial Services Limited	Mauritius	100% by the Company
Atlas Mara Management Services Limited	UAE	100% by the Company
Atlas Mara Digital Limited	Mauritius	100% by the Company
Atlas Mara Digital Kenya Limited	Mauritius	100% by Atlas Mara Digital Limited
Atlas Mara Beteiligungs GmbH	Germany	100% by Atlas Mara Luxembourg Holding S.a.r.l.
Banque Populaire du Rwanda	Rwanda	62.1% by Atlas Mara Mauritius Limited
ATMA Eagle Investments Limited	Mauritius	100% by Atlas Mara Financial Services Limited
ADC IT & Payment Solutions	Mauritius	100% by Atlas Mara Financial Services Limited
ADC Investments	Mauritius	100% by Atlas Mara Financial Services Limited
ADC Enterprises	Mauritius	100% by Atlas Mara Financial Services Limited
ADC Ventures	Mauritius	100% by ADC Investments
ABC Holdings	Botswana	62.13% by the Company and 37.87% by Atlas Mara Financial Services Limited
African Banking Corporation of Botswana	Botswana	100% by ABC Holdings
African Banking Corporation of Mozambique SA	Mozambique	100% by ABC Holdings
African Banking Corporation of Tanzania Limited	Tanzania	97.29% by ABC Holdings and 2.71% by Tanzania Development Finance Corporation
Tanzania Development Finance Corporation	Tanzania	67.89% by ABC Holdings
ABC Holdings (Zimbabwe) Limited	Zimbabwe	100% by ABC Holdings
ABCH Management Support Services (Pty) Limited	South Africa	100% by ABC Holdings
African Banking Corporation Zambia Limited	Zambia	100% by ABC Holdings
Finance Bank Zambia plc	Zambia	100% by African Banking Corporation Zambia Limited

9. MATERIAL CONTRACTS

The following is a summary of contracts (not being entered into in the ordinary course of business) which have been entered into by members of the Group: (i) within the two years immediately preceding the date of this document and are, or may be material; or (ii) which contains any provision under which any member of the Group has any obligation or entitlement which is material to the Group as at the date of this document:

9.1 Citi Agreement

The Company has appointed Citigroup Global Markets Limited (“Citi”) as financial adviser in connection with the Firm Placing and Placing and Open Offer and the issue of the Mandatory Convertible Bonds pursuant to an agreement dated on the date of this Prospectus (the “Citi Agreement”). Pursuant to the Citi Agreement, subject to certain conditions that are typical for an agreement of this nature:

- (A) Citi has agreed to provide financial advisory services to the Company in relation to the Firm Placing and Placing and Open Offer and the issue of the Mandatory Convertible Bonds;
- (B) the Company has given certain customary representations, warranties and undertakings to Citi including, among others, warranties in relation to the information contained in this Prospectus and other documents prepared by the Company in connection with the Firm Placing and Placing and Open Offer and the issue of the Mandatory Convertible Bonds. In addition, the Company has agreed to indemnify Citi against certain liabilities, including in respect of the accuracy of information contained in this Prospectus and certain other losses suffered or incurred in connection with the Firm Placing and Placing and Open Offer and the issue of the Mandatory Convertible Bonds;
- (C) Citi is entitled to terminate the Citi Agreement at any time prior to Admission in certain circumstances. The Citi Agreement also entitles Citi, in certain circumstances, to withdraw any approval it has given in respect of this Prospectus and other documents produced in connection herewith; and
- (D) the Citi Agreement is governed by English law.

9.2 Fairfax Africa Placing Agreement

On 21 June 2017, the Company executed an agreement with Fairfax Africa (the “Placing Agreement”) pursuant to which Fairfax Africa agreed, *inter alia*, to:

- (A) (i) subscribe for the 13,333,333 New Ordinary Shares to be issued pursuant to the Firm Placing, and (ii) subscribe conditionally for the 31,111,111 New Ordinary Shares to be issued pursuant to the Placing and Open Offer, subject to clawback to satisfy applications under the Open Offer, each at a price of US\$2.25 per New Ordinary Share. The Placing Agreement is subject to the same conditions as the Open Offer and to the extent material, the fulfilment by the Company of its obligations under a number of provisions of the Placing Agreement by the times specified therein, as well as customary warranties and indemnities. As a result of subscribing for the aforementioned shares, following Admission Fairfax Africa will be entitled to nominate four Directors to the Board of the Company (as described more fully in paragraph 7.2(O) above); and
- (B) subscribe for US\$100,000,000 mandatory convertible bonds due 2018 (the “Mandatory Convertible Bonds”) to be issued by the Company on the terms and subject to the conditions of the deed poll and the conditions attached thereto in agreed form between the Company and Fairfax Africa to be executed by the Company. The Mandatory Convertible Bonds carry a coupon of 5% up to (but excluding) 31 August 2017 and 10% from (and including) 31 August 2017, and were issued at an issue price of 100% of their principal amount, have a maturity date of the earlier of (i) the date of Admission, and (ii) 18 July 2018 (if Admission does not occur for any reason) and are convertible into the Ordinary Shares of the Company at a price of US\$2.25 per share if conversion occurs upon Admission and otherwise at a price to be determined on 18 July 2018 based on the lower of US\$2.25 and 90% of the market price of the Ordinary Shares on 18 July 2018 (determined by reference to the volume-weighted average price of the Ordinary Shares on each of the five consecutive dealing days prior to 18 July 2018). The Mandatory Convertible Bonds were issued to Fairfax Africa Investments on 17 July 2017. The Mandatory Convertible Bonds entitle Fairfax Africa Investments to nominate two Directors to the Board if Admission does not occur by 10.00 a.m. on 31 August 2017. The Company will use the net proceeds of the issue of the Mandatory Convertible Bonds to (i) fund the acquisition of an indirect interest in up to 13.4% of the issued share capital of UBN, by way of the acquisition from Clermont of interests in UGPL

(discussed in paragraph 9.3 below), and (ii) to subscribe for new UBN shares directly and indirectly through the Company's investments in UGPL (both existing and those acquired from Clermont).

9.3 Clermont UGPL Acquisition

On 11 April 2017, the Company executed an agreement to acquire Clermont's 13.4% indirect stake in UBN (held via an entity called UGPL Holdco Limited, which is a shareholder of UGPL) for US\$55 million. It is intended that the funds raised from the issue of the Mandatory Convertible Bonds will be used to fully fund the purchase. Completion will occur as soon as is practicable following the satisfaction or waiver of each of the conditions precedent to the transfer (including the condition that all regulatory approvals and consents required by applicable laws are obtained). The Company expects that completion will occur upon approval from the PRA to the Company, and the relevant subsidiaries within the control chain, passing through a control threshold in respect of UBN's UK regulated subsidiary, Union Bank UK plc. For further information on the Clermont Agreement, please see paragraph 2 of Part XVIII (*Description of the Clermont Stake Acquisition and the Transaction*) of this document.

9.4 February 2017 Placing

On 16 February 2017, a total of 7,034,934 Ordinary Shares of no par value in the Company, representing approximately 9.99% of the Company's then-existing issued ordinary share capital, were placed at a price of US\$1.9125 per share, raising gross proceeds of approximately US\$13,454,310. The shares were fully paid and rank *pari passu* in all respects with the existing Ordinary Shares. The proceeds of the issue are being used by the Company to support the operational growth of the Company through the roll-out and expansion of the Company's global markets and treasury business, scaling up of its digital finance business, and for general corporate purposes.

9.5 Agreement with Atlas Merchant Capital LLC

The Company entered into an agreement with Atlas Merchant Capital LLP for the provision of advisory services in connection with the Transaction. Atlas Merchant Capital LLC is the investment fund co-founded by Bob Diamond. Pursuant to this agreement, Atlas Merchant Capital LLC is entitled to receive a fee, currently estimated to be US\$1.9 million, for its financial advisory services. This fee will be payable upon completion of the Transaction. Under this agreement, the Company has given customary warranties and indemnities that are usual for an agreement of this kind with a financial adviser.

9.6 Acquisition of Finance Bank of Zambia plc

On 2 November 2015, the Company entered into an agreement to acquire 100% of FBZ and its subsidiaries, subject to selected conditions precedent and requisite regulatory approvals, for approximately US\$60 million in cash and 2.6 million of the Company's shares. On 30 June 2016, the Company completed this acquisition. As a result of a number of conditions within the agreement, including certain conditions surrounding the Zambian Kwacha/US dollar exchange rate at closing, the consideration for the acquisition was adjusted to US\$61 million in cash and up to 3.3 million Ordinary Shares on closing to be held in escrow.

9.7 Acquisition of Banque Populaire du Rwanda

On 2 November 2015, the Company entered into an agreement to acquire a 45.03% equity stake in Banque Populaire du Rwanda ("**BPR**") in exchange for the Company investing approximately US\$ 20.4 million (RWF15.3bn) in BPR. The agreement also stipulated that BPR should merge with BRD Commercial Bank Ltd ("**BRD Commercial**"), a Rwandan bank acquired by the Company in 2014. As a result of this agreement, the Company acquired a majority stake of 62.1% in the combined BPR entity with the other existing shareholders retaining a minority stake. The acquisition completed on 7 January 2016.

9.8 Senior Secured Convertible Bond Issuances

(A) On 1 October 2015, the Company placed US\$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 the Company at a price of US\$10.51 per share at the option of the bondholder. The Company used the net

proceeds of the issue of the bonds to fund near-term acquisition opportunities and for general corporate purposes. This instrument is a compound instrument. The conversion period commences 60 days following the closing date and ends at the close of business on the tenth dealing day prior to the maturity date. 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 US\$14 million was included in capital reserves. These convertible bonds are listed on the Freiverkehr, the unregulated open-market segment of the Frankfurt Stock Exchange.

- (B) On 22 April 2016, the Company placed a further US\$17.4 million of its 8.00% senior secured convertible bonds due 2020 at a price of US\$10.51 per share. 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 2015, to account for the intervening passage of time. The instrument is treated as a compound financial instrument. The discount rate used to determine the fair value of the liability for the original convertible bond has been assessed as meeting the valuation requirements of IFRS 13 Fair Value. For this issue, a discount rate of 17.7% was used to determine the fair value of the liability, resulting in the equity component being valued as US\$3.4 million. These convertible bonds are listed on the Freiverkehr, the unregulated open-market segment of the Frankfurt Stock Exchange.

9.9 OPIC financing

In August 2015, the Company (by way of its subsidiary, BancABC), agreed a US\$200 million facility with the Overseas Private Investment Corporation (“**OPIC**”), the US-based development finance institution. The debt funding was made available to finance strategic acquisitions in key markets for BancABC and the Company, and enable BancABC to scale-up SME lending, increase lending for financial inclusion, and accelerate financial technology and mobile banking initiatives, at a reduced effective cost of funds.

As part of this facility:

- (A) on 6 January 2016, US\$65 million was advanced to BancABC Zambia to finance the acquisition of Finance Bank Zambia. This loan attracts interest at a rate of three-months LIBOR plus a margin of 4.45%, and there is a three-year grace period on the repayment of principal with the loan repaid on a quarterly basis over 16 quarters starting in the first quarter of 2019; and
- (B) on 7 March 2017, BancABC Botswana finalised a US\$40 million Fintech and Financial Inclusion Debt Facility provided by OPIC. The debt facility will be used to provide access to finance for SMEs and to 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 the capital is paid in 16 equal instalments after year three. The rate is three-month LIBOR plus a margin of 4.45%.

9.10 Sale of stake in Brainworks

On 17 June 2015, the Company agreed to sell its 10.1% stake in Brainworks Capital Management (Private) Limited (“**Brainworks**”), a Zimbabwe-focused private equity and advisory firm, for US\$8.72 million. In connection with the transaction, the Company, by way of an indirect wholly-owned subsidiary, repurchased 664,300 of the Company’s Ordinary Shares and received approximately US\$3.1 million in cash.

10. NO SIGNIFICANT CHANGE

There has been no significant change in the financial or trading position of the Group since 31 December 2016, the date to which the Group’s latest audited financial statements were prepared, except for (i) a net gain of US\$3.1 million in March 2017 following non-performing loan recoveries in Zimbabwe, (ii) a US\$3.4 million gain in May 2017 resulting from the release of an escrow in relation to a doubtful debtor which was acquired as part of the FBZ acquisition, subsequently impaired and then written-off, and (iii) the issuance of US\$100 million

Mandatory Convertible Bonds to Fairfax Africa Investments on 17 July 2017, following an earlier private placement equity raise concluded in February 2017 of US\$13.5 million from existing shareholders, supporting the Group's business growth.

11. WORKING CAPITAL STATEMENT

The Company is of the opinion that, after taking into account the net proceeds of the issue of the Mandatory Convertible Bonds, the Firm Placing and Placing and Open Offer and the bank and other facilities available to the Group, the working capital available to the Group is sufficient for its present requirements, that is for at least the 12 months following the date of this document.

12. RELATED PARTY TRANSACTIONS

12.1 Save as disclosed in: (i) Note 25 to the consolidated financial statements in the 2016 Annual Report and Accounts; (ii) Note 27 to the consolidated financial statements in the 2015 Annual Report and Accounts; (iii) Note 25 to the consolidated financial statements in the 2014 Annual Report and Accounts; and (iv) paragraph 12.2 below, there were no related party transactions entered into by the Company or any member of the Group during the period between the start of the period covered by the historical financial information and the Latest Practicable Date.

12.2 Other than the Company's agreement with Atlas Merchant Capital LLC (described in further detail in paragraph 9.5 of this Part), there have been no related party transactions entered into by the Company between the end of the period covered by the historical financial information and the Latest Practicable Date.

13. LITIGATION

13.1 As at the date of this document, and during the previous 12 months from the date of this document, there are no and have not been any governmental, legal or arbitration proceedings (and the Directors are not aware of any such proceedings which are pending or threatened) which may have, or have had in the recent past, significant effects on the Company and/or the Group's financial position or profitability.

14. GENERAL

14.1 Citigroup Global Markets Limited is registered in England and Wales (registered number 01763297) and has its registered office at Citigroup Centre, Canada Square, Canary Wharf, London E14 5LB.

14.2 The registrars of the Company and the receiving agent in respect of the Firm Placing and Placing and Open Offer is Computershare Investor Services (BVI) Limited.

14.3 The auditors of the Company are KPMG Inc. who have audited the accounts of the Company for the year ended 31 December 2016. Previously, the Company's auditors were KPMG UK LLP who audited the accounts of the Company for the years ended 31 December 2015 and 31 December 2014.

14.4 KPMG LLP has given and has not withdrawn its written consent to the inclusion of its reports in Part XVI (*Unaudited Pro Forma Financial Information*) and in Annex I (*Profit Forecast relating to the Group*) in the form and context in which these reports appear and has authorised the contents of the part of the document which comprises its reports for the purposes of paragraph 5.5.3R(2)(f) of the Prospectus Rules.

14.5 The total costs, charges and expenses of the Firm Placing and Placing and Open Offer are estimated to amount to approximately US\$7.7 million. These expenses will be paid for by the Company out of the proceeds of the Issue. The net proceeds of the Firm Placing and Placing and Open Offer are expected to amount to approximately US\$65 million.

14.6 The Issue Price for the Firm Placing and Placing and Open Offer Price is US\$2.25 per New Ordinary Share. If all Qualifying Shareholders were to take up their entitlements to New Ordinary Shares under the Firm Placing and Placing and Open Offer, there would be a 34.8% dilution of Shareholders' holdings of Existing Ordinary Shares as a result of the Firm Placing and the conversion of the Mandatory Convertible Bonds.

- 14.7 The New Ordinary Shares are not being marketed or made available to the public in whole or in part other than in connection with the Firm Placing and Placing and Open Offer.
- 14.8 Documents to be sent to Shareholders will be posted to their registered addresses and, in the case of joint holders, will be posted to the registered address of the first-named holder. In addition, appropriate public announcements and advertisements will be made in accordance with the Listing Rules.

15. BVI LAW

The Company is registered in the BVI as a BVI business company and is subject to BVI law. English law and BVI law differ in a number of areas, and certain key aspects of BVI law as they relate to the Company are summarised below, although this is not intended to provide a comprehensive review of the applicable BVI law. The Company has incorporated equivalent provisions in its Memorandum and Articles to address the material elements of these differences (further details are provided in paragraph 7 above).

15.1 Shares

Subject to the BVI Business Companies Act 2004 and to a BVI business company's memorandum and articles of association, directors have the power to offer, allot, issue, grant options over or otherwise dispose of such shares in the Company.

15.2 Dividends and distribution

Subject to the BVI Companies Act and the provisions of a BVI business company's memorandum and articles of association, directors may declare dividends in money, shares or other property provided they determine the company will pass the solvency test (i.e. be able to meet its debts as they fall due and that the value of the company's assets will exceed its liabilities).

15.3 Protection of minorities

BVI law permits personal, derivative and class actions by shareholders.

15.4 Management

Subject to the provisions of its memorandum and articles of association, a BVI business company is managed by its board of directors, each of whom has authority to bind the company. Directors are required under BVI law to act honestly and in good faith with a view to the best interests of the company, and to exercise the care, diligence and skill that a reasonable director would exercise, taking into account but without limitation, (i) the nature of the company, (ii) the nature of the business and (iii) the position of the directors and the nature of the responsibilities taken.

15.5 Accounting and audit

A BVI business company is obliged to keep financial records that (i) are sufficient to show and explain the company's transactions and (ii) will, at any time, enable the financial position of the company to be determined with reasonable accuracy. There is no statutory requirement to audit or file annual accounts unless the company is engaged in certain business, which requires a licence under BVI law. It is not anticipated that the Company's activities would require such a licence.

15.6 Exchange control

BVI business companies are not subject to any exchange control regulations in the BVI.

15.7 Inspection of corporate records

Shareholders of a BVI business company may inspect the BVI business company's books and records upon giving written notice to the company. However, the directors may refuse such request on the grounds that inspection would be contrary to the interests of the BVI business company. The only corporate records generally available for inspection by members of the public are those required to be maintained at the Registry of Corporate Affairs in the British Virgin Islands, namely the certificate of incorporation and memorandum and articles together with any amendments thereto. A BVI business company may elect (but this is not required under BVI law) to file a copy of its share register for registration with the BVI

Registry of Corporate Affairs and thereafter to file any changes thereto with the BVI Registry of Corporate Affairs. A BVI business company is required under the BVI Companies Act to file a copy of its register of directors with the BVI Registry of Corporate Affairs. A register of charges must be maintained by a BVI business company and such register of charges shall be kept at the registered office of the company or at the office of its registered agent. Where a BVI business company creates a relevant charge either the company or the secured party may make an application to register the charge with the BVI Registry of Corporate Affairs. A BVI business company shall keep the original or a copy of its register of members and register of directors at the office of its registered agent. These registers may be inspected with the BVI business company's consent, or in limited circumstances pursuant to a court order.

15.8 Insolvency

The BVI business company and any creditor may petition the court, pursuant to the Insolvency Act 2003 of the British Virgin Islands, for the winding up of the BVI business company upon various grounds, *inter alia*, that the BVI business company is unable to pay its debts or that it is just and equitable that it be wound up.

15.9 Takeovers

There are no provisions governing takeover offers analogous to the City Code applicable in the BVI.

15.10 Mergers

Generally, the merger or consolidation of a BVI business company requires shareholder approval. However, subject to the provisions of the BVI Companies Act, a BVI business company parent company may merge with one or more BVI subsidiaries without member approval, provided that the surviving company is also a BVI business company. Members dissenting from a merger are entitled to payment of the fair value of their shares unless the BVI business company is the surviving company and the shareholders continue to hold a similar interest in the surviving company. BVI law permits BVI business companies to merge with companies incorporated outside the BVI, providing the merger is lawful under the laws of the jurisdiction in which the non-BVI company is incorporated. Under BVI law, following a domestic statutory merger or consolidation, one of the companies is subsumed into the other or both are subsumed into a third company. In either case, with effect from the effective date of the merger, the surviving company or the new consolidated company assumes all of the assets and liabilities of the other entity(ies) by operation of law and other entities cease to exist.

16. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection during normal business hours on any weekday (Saturdays and public holidays excepted) at the registered office of the Company at Ritter House, Wickhams Cay II, PO Box 4041, Road Town, Tortola, VG1110, British Virgin Islands and at the offices of Slaughter and May in One Bunhill Row, London EC1Y 8YY from 11 August 2017 up to and including 30 August 2017:

- (A) this document;
- (B) all documents incorporated by reference into this document as set out in Part XX (*Documents Incorporated by Reference*);
- (C) the Memorandum of Association and Articles of Association; and
- (D) the written consent referred to in paragraph 14.4 of this Part XIX (*Additional Information*).

Copies of the documents described above will be made available free of charge upon request.

PART XX

DOCUMENTS INCORPORATED BY REFERENCE

The following information, available for inspection in accordance with paragraph 16 of Part XIX (*Additional Information*) of this document and also otherwise available on the Company's website at <http://atlasmara.com>, is incorporated by reference into this document so as to provide the information required under the Prospectus Rules, and to ensure that Shareholders and others are aware of all information which, according to the particular nature of the Company and the New Ordinary Shares is necessary to enable Shareholders and others to make an informed assessment of the assets and liabilities, financial position, profit and losses and prospects of the Company and of the rights attaching to the New Ordinary Shares.

Document	Section
2014 Annual Report and Accounts	Entire report
2015 Annual Report and Accounts	Entire report
2016 Annual Report and Accounts	Entire report

Information that is itself incorporated by reference in the above documents is not incorporated by reference into this document. It should be noted that, except as set forth above, no other portion of the above documents are incorporated by reference into this document and those portions which are not specifically incorporated by reference in this document are either not relevant for prospective investors or the relevant information is included elsewhere in this document.

Any statement contained in a document which is deemed to be incorporated by reference herein shall be deemed to be modified or superseded for the purpose of this document to the extent that a statement contained herein (or in a later document which is incorporated by reference herein) modifies or supersedes such earlier statement (whether expressly, by implication or otherwise). Any statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this document.

PART XXI

DEFINITIONS

The definitions set out below apply throughout this document, unless the context requires otherwise.

“2014 Annual Report” or “2014 Annual Report and Accounts”	the annual report and accounts of the Company for the financial year ended 31 December 2014;
“2015 Annual Report” or “2015 Annual Report and Accounts”	the annual report and accounts of the Company for the financial year ended 31 December 2015;
“2016 Annual Report” or “2016 Annual Report and Accounts”	the annual report and accounts of the Company for the financial year ended 31 December 2016;
“adjusted earnings”	earnings adjusted to exclude M&A and other transaction expenses relating to M&A activities of the Group;
“Admission”	admission of the Ordinary Shares to the Official List and to trading on the main market for listed securities of the London Stock Exchange;
“AMCON”	Asset Management Corporation of Nigeria;
“AMFS”	means Atlas Mara Financial Services Limited;
“Application Form”	the personalised application form being sent to Qualifying Non-CREST Shareholders for use in connection with the Open Offer;
“Articles of Association” or “Articles”	the articles of association of the Company dated 3 December 2013 as amended by a special resolution of the members of the Company dated 14 July 2017;
“Atlas Mara” or “the Company”	Atlas Mara Limited, a company incorporated in the British Virgin Islands with registered number 1800950, whose registered office is at Ritter House, Wickhams Cay II, Road Town, Tortola VG1110, British Virgin Islands;
“Atlas Mara Group” or “the Group”	the Company together with its subsidiaries and subsidiary undertakings;
“Basic Open Offer Entitlement”	an entitlement of a Qualifying Shareholder to apply for 0.3998 Open Offer Shares for every 1 Existing Ordinary Share held by him or her on the Record Date pursuant to the Open Offer;
“Board”	the board of directors of the Company from time to time;
“Business Day”	any day on which banks are generally open in London for the transaction of business other than a Saturday or Sunday or public holiday;
“CBN”	means the Central Bank of Nigeria;
“certificated” or “in certificated form”	a share or other security which is not in uncertificated form (that is, not in CREST);
“City Code”	the UK City Code on Takeovers and Mergers;
“Clermont”	Clermont Financial Holdings;
“Clermont Stake”	Clermont’s existing shareholding in UGPL as of the date of this document;
“Clermont Stake Acquisition”	the transaction under which the Company shall purchase the Clermont Stake from Clermont or its affiliates;
“Closing Price”	the closing, middle market quotation of an Existing Ordinary Share, as published in the Daily Official List;
“CREST”	the electronic transfer and settlement system for the paperless settlement of trades in securities and the holding of uncertificated securities in accordance with the CREST Regulations operated by Euroclear;

“CREST Manual”	the rules governing the operation of CREST, consisting of the CREST Reference Manual, CREST International Manual, CREST Central Counterparty Service Manual, CREST Rules, CREST CCSS Operations Manual and CREST Glossary of Terms (all defined in the CREST Glossary of Terms promulgated by Euroclear on 15 July 1996, as amended);
“CREST member”	a person who has been admitted by Euroclear as a system-member (as defined in the CREST Regulations);
“CREST participant”	a person who is, in relation to CREST, a system participant (as defined in the CREST Regulations);
“CREST Regulations”	the Uncertificated Securities Regulations 2001 (SI 2001 No. 3755), as amended;
“CREST Shareholders”	Shareholders holding Ordinary Shares in CREST in uncertificated form;
“CREST sponsor”	a CREST participant admitted to CREST as a CREST sponsor;
“CREST sponsored member”	a CREST Member admitted to CREST as a sponsored member;
“CTA 2009”	means the Corporation Tax Act 2009;
“CTA 2010”	means the Corporation Tax Act 2010;
“Daily Official List”	the daily official list of the London Stock Exchange;
“dealing day”	a day upon which dealings in domestic securities may take place on and with the authority of the London Stock Exchange;
“Directors”	the directors of the Company at the date of this document and “Director” means one of them;
“Disclosure and Transparency Rules”	the disclosure guidance and transparency rules made by the UK Listing Authority under Part VI of FSMA, as amended;
“EEA” or “European Economic Area”	the member states of the EU, Iceland, Norway and Liechtenstein;
“Enlarged Share Capital”	the Existing Ordinary Shares together with the Open Offer Shares and the Ordinary Shares issued pursuant to the conversion of the Mandatory Convertible Bonds at Admission;
“EU”	the European Union;
“euro” or “€”	the single currency of the member states of the European Communities that adopt or have adopted the euro as their lawful currency under the legislation of the EU or European Monetary Union;
“Euroclear”	Euroclear UK & Ireland Limited;
“Excess Application Facility”	a facility of Excess Shares available under the Excess Basic Open Offer Entitlements;
“Excess Basic Open Offer Entitlements”	Shareholders’ entitlements to Ordinary Shares available under the Excess Application Facility;
“Excess Shares”	Ordinary Shares which are not subscribed for by Qualifying Shareholders in connection with their Basic Open Offer Entitlements;
“Exchange Act”	the US Securities Exchange Act of 1934, as amended;
“Excluded Overseas Shareholders”	Shareholders who are resident or located in or have a registered address in an Excluded Territory;
“Excluded Territories”	the United States, Canada, Japan, Australia, South Africa and any other jurisdiction where the extension or availability of the Firm Placing and Placing and Open Offer (and any other transaction contemplated thereby) would breach any applicable law;

“Existing Ordinary Shares”	the Ordinary Shares in issue as at the Latest Practicable Date;
“Fairfax Africa”	Fairfax Africa Holdings Corporation;
“Fairfax Africa Investments”	Fairfax Africa Holdings Investments Limited;
“FBZ”	Finance Bank of Zambia plc;
“FCA” or “Financial Conduct Authority”	the Financial Conduct Authority in its capacity as the United Kingdom Listing Authority and, where applicable, includes any successor body or bodies carrying out the functions of the United Kingdom Listing Authority currently carried out by the Financial Conduct Authority;
“Firm Placed Shares”	the 13,333,333 New Ordinary Shares which are the subject of the Firm Placing;
“Firm Placing”	the placing of the Firm Placed Shares with Fairfax Africa and/or its affiliates;
“Founder Preferred Shares”	means a convertible preferred share of no par value in the Company having the rights and being subject to the restrictions specified in the Memorandum of Association;
“Founding Entities”	each initial holder of Founder Preferred Shares, being Atlas-AFS Partners LLC and Mara Partners FS Limited, together with their respective affiliates (if any) to whom any Founder Preferred Shares are transferred by them from time to time;
“FSMA”	the Financial Services and Markets Act 2000;
“General Meeting”	the general meeting of the Company held at 375 Park Avenue, New York, NY 10152 at 10.00 a.m. EST on 14 July 2017 that approved the Resolutions;
“Group”	the Company together with its subsidiaries and subsidiary undertakings;
“IFRS”	International Financial Reporting Standards;
“ISIN”	international securities identification number;
“Issue”	the Firm Placing and the Placing and Open Offer;
“Issue Price”	US\$2.25 per New Ordinary Share;
“ITA 2007”	means the Income Tax Act 2007;
“Latest Practicable Date”	7 August 2017, being the latest practicable date prior to the publication of this document;
“Listing Rules”	the listing rules made under Part VI of FSMA (as set out in the FCA Handbook), as amended;
“London Stock Exchange”	London Stock Exchange plc or its successor(s);
“Mandatory Convertible Bonds”	the new convertible bonds issued by the Company on 17 July 2017;
“Memorandum of Association”	the memorandum of association of the Company dated 3 December 2013;
“Money Laundering Regulations”	the Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations (SI 2017 No. 692);
“New Ordinary Shares”	the ordinary shares of no par value in the capital of the Company to be issued by the Company pursuant to the Firm Placing and Placing and Open Offer;
“Official List”	the official list of the UK Listing Authority;
“Open Offer”	the offer to Qualifying Shareholders to subscribe for Open Offer Shares;
“Open Offer Shares”	the 31,111,111 New Ordinary Shares to be offered to Qualifying Shareholders pursuant to the Open Offer;

“Ordinary Shares”	ordinary shares of no par value in the capital of the Company;
“Overseas Shareholders”	Qualifying Shareholders who are resident in, or citizens of, countries other than the United Kingdom;
“Prospectus Directive Regulation”	the Prospectus Directive Regulation (2004/809/EC);
“Placing”	the conditional placing of the Open Offer Shares with Fairfax Africa, subject to clawback pursuant to the Open Offer;
“Placing Agreement”	the conditional agreement among the Company and Fairfax Africa dated 21 June 2017, a summary of which is contained in paragraph 9.2 of Part XIX (<i>Additional Information</i>);
“Placing Shares”	the New Ordinary Shares issued to Fairfax Africa and/or its affiliates pursuant to the Placing and Open Offer;
“pounds” or “£” or “pounds sterling”	the lawful currency of the United Kingdom;
“PRA” or “Prudential Regulation Authority”	the Prudential Regulation Authority of the United Kingdom and, where applicable, includes any successor body or bodies carrying out the functions currently carried out by the Prudential Regulation Authority;
“Prohibited Person”	any person who by virtue of his or her holding or being the beneficial owner of shares in the Company would or might in the opinion of the Directors: <ul style="list-style-type: none"> (A) give rise to an obligation on the Company to register as an investment company under the US Investment Company Act of 1940, as amended and related rules or any similar legislation; (B) give rise to an obligation on the Company to register under the US Exchange Act of 1934, as amended or any similar legislation or result in the Company not being considered a “foreign private issuer” as such term is defined in Rule 3b-4(c) under the US Exchange Act of 1934, as amended; (C) result in a US plan investor holding shares in the Company; or (D) create a material legal or regulatory issue for the Company under the US Bank Holding Company Act of 1956, as amended, or regulations or interpretations thereunder;
“Prospectus Directive”	means Directive 2003/71/EC (and amendments thereto, including Directive 2010/73/EU, to the extent implemented in the Relevant Member State);
“Prospectus Rules”	the prospectus rules made under Part VI of FSMA (as set out in the FCA Handbook), as amended;
“Prospectus” or “this document”	this document dated 10 August 2017, comprising a prospectus relating to the Company for the purpose of the Firm Placing and Placing and Open Offer and the listing of the New Ordinary Shares on the London Stock Exchange (together with any supplements or amendments thereto);
“Qualified Institutional Buyer” or “QIB”	Qualified Institutional Buyer within the meaning given by Rule 144A under the Securities Act;
“Qualifying CREST Shareholder”	Qualifying Shareholders holding Ordinary Shares in uncertificated form;
“Qualifying Non-CREST Shareholders”	Qualifying Shareholders holding Ordinary Shares in certificated form;
“Qualifying Shareholders”	holders of Existing Ordinary Shares on the register of members of the Company on the Record Date (excluding Ordinary Shares

	held in escrow as part of the contingent consideration for the acquisition of FBZ and Ordinary Shares held in Treasury);
“Receiving Agent”	Computershare Investor Services (BVI) Limited;
“Record Date”	the close of business in London on 8 August 2017;
“Registrar”	Computershare Investor Services (BVI) Limited;
“Regulation S”	Regulation S under the Securities Act;
“Regulatory Information Service”	one of the regulatory information services authorised by the UK Listing Authority to receive, process and disseminate regulatory information from listed companies;
“Relevant Member State”	each Member State of the European Economic Area which has implemented the Prospectus Directive;
“reported earnings”	profit attributable to the holders of Ordinary Shares as reported in accordance with IFRS;
“resolutions”	the special resolutions passed at the General Meeting to approve the issue of the Mandatory Convertible Bonds and the New Ordinary Shares and approve amendments to the Articles of Association;
“SDRT”	stamp duty reserve tax;
“Securities Act”	the US Securities Act of 1933, as amended;
“Shareholder(s)”	holder(s) of Ordinary Shares;
“SMEs”	small and medium-sized enterprises;
“SSA”	sub-Saharan Africa;
“stock account”	an account within a member account in CREST to which a holding of a particular share or other security in CREST is credited;
“TIOPA 2010”	means the Taxation (International and Other Provisions) Act 2010;
“Transaction”	the proposed acquisition of shares to be issued pursuant to the UBN Rights Issue pro rata to the Company’s existing direct and indirect shareholdings in UBN and the Company’s indirect shareholdings in UBN to be acquired pursuant to the Clermont Stake Acquisition;
“UBN”	Union Bank of Nigeria plc;
“UBN Rights Issue”	the proposed rights issue by UBN that was approved by UBN’s shareholders in December 2016;
“UGPL”	Union Global Partners Limited;
“UK Corporate Governance Code”	the UK Corporate Governance Code of the Financial Reporting Council dated September 2014;
“UK Listing Authority”	the Financial Conduct Authority acting in its capacity as the competent authority for the purposes of Part VI of FSMA;
“uncertificated” or “in uncertificated form”	a share or other security recorded on the UK register as being held in uncertificated form in CREST and title to which by virtue of the CREST Regulations, may be transferred by means of CREST;
“United Kingdom” or “UK”	the United Kingdom of Great Britain and Northern Ireland;
“United States” or “US”	the United States of America, its territories and possessions, any state of the United States and the District of Columbia;
“US Shareholder”	a Shareholder (i) whose address appears on the register of members of the Company as being in the United States, or (ii) any other Shareholder to the extent such Shareholder holds Existing

	Ordinary Shares on behalf of a person located within the United States;
“US\$”, “US dollars” or “\$”	the lawful currency of the United States;
“Warrants”	means the warrants to subscribe for Ordinary Shares issued pursuant to a warrant instrument executed by the Company on 17 December 2013.

ANNEX I

PROFIT FORECAST RELATING TO THE GROUP

Section A: Profit forecast for the Group for the Financial Year ending 31 December 2017

On 31 March 2017, Atlas Mara announced its consolidated audited results for the year ended 31 December 2016, and made the following statement in relation to its financial targets for the 12 months to 31 December 2017:

“While 2017 will have its challenges, we expect to deliver a significant improvement in earnings relative to 2016 as we execute on our cost savings and revenue growth plans. We also expect reported and adjusted earnings to converge as one-off costs fall away. We are targeting reported earnings for 2017 to be more than double the level achieved in 2016.”

On 10 April 2017, Atlas Mara published its 2016 Annual Report and Accounts. On page 9 of the 2016 Annual Report, Atlas Mara made the following statement:

“We expect to deliver a significant improvement in earnings in 2017 as we execute on our cost savings and revenue growth plans. We also expect reported and adjusted earnings to converge as one-off costs fall away. We are targeting reported earnings for 2017 of more than double 2016, with profitability expected to accelerate over the course of the year.”

On 27 April 2017, Atlas Mara announced its interim results for the first quarter of 2017. In the Q1 interim management statement, Atlas Mara updated the statement:

“We expect to deliver a significant improvement in earnings in 2017 as we execute on our cost savings and revenue growth plans. We also expect reported and adjusted earnings to continue to converge as one-off costs fall away. We are targeting reported earnings for 2017 of more than double the level achieved in 2016.”

The statement “The Company expects to deliver a significant improvement in earnings in 2017. The Company is targeting reported earnings for 2017 of more than double the level achieved in 2016.” constitutes a profit forecast (the “Profit Forecast”) for the purposes of the Prospectus Rules. The Profit Forecast relates to the period ending 31 December 2017 and relates to reported earnings.

Basis of preparation

The Profit Forecast has been properly compiled on the basis of the assumptions stated below and on a basis consistent with the accounting policies of the Group for the historical financial information, which are in accordance with IFRS and which are those expected by the Group to be applicable for the year ending 31 December 2017.

The Directors have prepared the Profit Forecast and is based on the unaudited interim financial results for the three months ended 31 March 2017, the unaudited management accounts for the two months ended 31 May 2017 and a forecast to 31 December 2017.

The Directors have considered and confirm that the Profit Forecast remains correct as at the date of this document. The Profit Forecast does not take into account any effects of the Transaction (including associated costs) or any other material business acquisitions or disposals.

Assumptions

The Profit Forecast has been prepared on the basis of the following assumptions during the forecast period:

Factors outside the influence or control of the Board and senior management

- (A) there will be no material change in the political and/or economic environment that would materially affect the Group or UBN;
- (B) there will be no material change in legislation or regulation affecting the Group’s or UBN’s operations or its accounting policies;
- (C) there will be no business disruptions that materially affect the Group or UBN, their customers or operations, including supply chain disruptions, cyber-attacks, technological issues, natural disasters, pandemics, epidemics, other disease, acts of terrorism or other material disruption;
- (D) there will be no material change in inflation, interest or tax rates in the markets and regions in which the Group and UBN operate;

- (E) the exchange rates of local currencies where the Group and UBN operate into US dollars;
- (F) the tax rates will remain materially unchanged from the prevailing rates;
- (G) there will be no material changes in the structure of the markets, customer demand or the competitive environment; and
- (H) there will be no adverse event that will have an impact on the Group's financial performance which is material in the context of the Profit Forecast.

Factors within the influence or control of the Board and senior management

- (A) the Profit Forecast excludes any material acquisitions or disposals in the year ending 31 December 2017;
- (B) there will be no material change in the business or operational strategy of the Group;
- (C) there are no material strategic investments over and above those currently planned by the Group; and
- (D) there is no other issue which is material in the context of the Profit Forecast, beyond those issues that are already known to the Directors and senior management at the current time, that will arise in the context of the Group's business.

Section B: Accountants' report on the Profit Forecast of the Group



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The Directors
Atlas Mara Limited
Ritter House
Wickhams Cay II
Road Town
Tortola VG1110
British Virgin Islands
10 August 2017

Ladies and Gentlemen

Atlas Mara Limited

We report on the profit forecast comprising the following statement “The Company expects to deliver a significant improvement in earnings in 2017. The Company is targeting reported earnings for 2017 of more than double the level achieved in 2016” by Atlas Mara Limited (the ‘Company’) and its subsidiaries (the ‘Group’) for the year ending 31 December 2017 (the ‘Profit Forecast’). The Profit Forecast, and the material assumptions upon which it is based, are set out in Annex I of the prospectus issued by the Company dated 10 August 2017. This report is required by paragraph 13.2 of Annex I of the Prospectus Directive Regulation and is given for the purpose of complying with that paragraph and for no other purpose.

Responsibilities

It is the responsibility of the Directors of the Company to prepare the Profit Forecast in accordance with the requirements of the Prospectus Directive Regulation.

It is our responsibility to form an opinion as required by the Prospectus Directive Regulation as to the proper compilation of the Profit Forecast and to report that opinion to you.

Save for any responsibility arising under Prospectus Rule 5.5.3R (2)(f) to any person as and to the extent there provided, to the fullest extent permitted by law we do not assume any responsibility and will not accept any liability to any other person for any loss suffered by any such other person as a result of, arising out of, or in connection with this report or our statement, required by and given solely for the purposes of complying with paragraph 23.1 of Annex I of the Prospectus Directive Regulation, consenting to its inclusion in the prospectus.

Basis of preparation of the Profit Forecast

The Profit Forecast has been prepared on the basis stated in Annex I of the prospectus and is based on the unaudited interim financial results for the three months ended 31 March 2017, the unaudited management accounts for the two months ended 31 May 2017 and a forecast to 31 December 2017. The Profit Forecast is required to be presented on a basis consistent with the accounting policies of the Group.

Basis of opinion

We conducted our work in accordance with the Standards for Investment Reporting issued by the Auditing Practices Board in the United Kingdom. Our work included evaluating the basis on which the historical financial information included in the Profit Forecast has been prepared and considering whether the Profit Forecast has been accurately computed based upon the disclosed assumptions and the accounting policies of the Group. Whilst the assumptions upon which the Profit Forecast are based are solely the responsibility of the Directors of the Company, we

considered whether anything came to our attention to indicate that any of the assumptions adopted by the Directors of the Company which, in our opinion, are necessary for a proper understanding of the Profit Forecast have not been disclosed and whether any material assumption made by the Directors of the Company appears to us to be unrealistic.

We planned and performed our work so as to obtain the information and explanations we considered necessary in order to provide us with reasonable assurance that the Profit Forecast has been properly compiled on the basis stated.

Since the Profit Forecast and the assumptions on which it is based relate to the future and may therefore be affected by unforeseen events, we can express no opinion as to whether the actual results reported will correspond to those shown in the Profit Forecast and differences may be material.

Our work has not been carried out in accordance with auditing or other standards and practices generally accepted in the United States of America or other jurisdictions and accordingly should not be relied upon as if it had been carried out in accordance with those standards and practices.

Opinion

In our opinion the Profit Forecast has been properly compiled on the basis stated and the basis of accounting used is consistent with the accounting policies of the Group.

Declaration

For the purposes of Prospectus Rule 5.5.3R (2)(f) we are responsible for this report as part of the prospectus and declare that we have taken all reasonable care to ensure that the information contained in this report is, to the best of our knowledge, in accordance with the facts and contains no omission likely to affect its import. This declaration is included in the prospectus in compliance with paragraph 1.2 of Annex I of the Prospectus Directive Regulation.

Yours faithfully
KPMG LLP

ANNEX II
FINANCE BANK ZAMBIA PLC'S 2016 ANNUAL REPORT
AND CONSOLIDATED FINANCIAL STATEMENTS

Finance Bank Zambia Plc

Annual report and consolidated financial statements
for the year ended 31 December 2016

Finance Bank Zambia Plc

Consolidated financial statements

for the year ended 31 December 2016

<i>Contents</i>	<i>Page</i>
Directors' report	1-3
Directors' responsibilities in respect of the preparation of the consolidated financial statements	4
Independent auditor's report	5 -7
Consolidated financial statements:	
Consolidated statement of profit or loss and other comprehensive income	8
Consolidated statement of financial position	9
Consolidated statement of changes in equity	10 -12
Consolidated statement of cash flows	13
Notes to the consolidated financial statements	14 - 67
Shareholder information	68

Finance Bank Zambia Plc

Directors' report

for the year ended 31 December 2016

The directors submit their report together with the audited consolidated financial statements for the year ended 31 December 2016, which disclose the state of affairs of Finance Bank Zambia Plc ("the Bank") and its subsidiaries Micro Finance Zambia Limited, Finance Building Society and Leasing Finance Company (together "the Group").

PRINCIPAL ACTIVITIES

The Group is engaged in the business of banking and the provision of related services. The Group has continued with its network expansion programme during the year.

CHANGE IN SHAREHOLDING STRUCTURE

Atlas Mara through African Banking Corporation Zambia Limited completed the process of acquiring 100% shareholding in finance Bank Zambia Plc effective 30th June 2016.

GOING CONCERN

The Group incurred a loss of K114m during the year ended 31 December 2016 (2015: Profit of K124m).

The Directors have reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis in preparing the financial statements.

Further details regarding the adoption of the going concern basis can be found in note 3 to the consolidated financial statements.

RESULTS AND DIVIDEND

The loss for the year of K114m (2015: profit of K124m) has been added to retained earnings. No dividend was paid during the year (2015: nil).

SHARE CAPITAL

There were no changes to the authorised and issued share capital of the Group during the year.

DIRECTORS

The directors who held office during the year and to the date of this report were:

Mr Chanda Chileshe	Chairman –Appointed on 30 June 2016
Mr Benjamin Dabrah	Managing Director
Mr Mark Libakeni	Non – executive – Resigned on 14 February 2017
Mr John Vitalo	Non – executive – Resigned on 15 February 2017
Ms Sally Bott	Non - executive
Mr Eric Odhiambo	Non - executive

Finance Bank Zambia Plc

Directors' report *(continued)*
for the year ended 31 December 2016

AVERAGE NUMBER OF EMPLOYEES AND REMUNERATION

The total remuneration of employees during the year amounted to K160m (2015: K154m) and the average number of employees was as follows:

Month	Number	Month	Number
January	870	July	899
February	870	August	895
March	888	September	891
April	890	October	889
May	861	November	871
June	864	December	868

The Group has policies and procedures to safeguard the occupational health, safety, and welfare of its employees.

GIFTS AND DONATIONS

During the year, the Group made donations of K279,697 (2015: K820,000) to charitable organisations and events.

PROPERTY AND EQUIPMENT

The Group purchased property and equipment amounting to K38m (2015: K67m) during the year.

In the opinion of the directors, the carrying value of property and equipment is not less than their recoverable value.

RESEARCH AND DEVELOPMENT

During the year the Group did not incur any research and development costs (2015: nil).

RELATED PARTY TRANSACTIONS

Related party transactions are disclosed in note 43 of the financial statements.

DIRECTORS' EMOLUMENTS AND INTERESTS

Directors' fees are disclosed in note 43 to the financial statements.

PROHIBITED BORROWINGS OR LENDING

As at 31 December 2016, there were no prohibited borrowings or lending as defined under Sections 72 and 73 of the Banking and Financial Services Act of Zambia (as amended).

CAPITAL ADEQUACY REGULATIONS

The Bank's subsidiary, Finance Building Society was under capitalised by K11.74m as at 31 December 2016 in accordance with section 86 of the Banking and Financial Services Act, 1994 (as amended) which required the Society to have been capitalised by 10% of its Risk Weighted Assets as computed or K50m whichever is higher. However, a recapitalisation plan has been submitted and accepted by the central bank to comply by 30 September 2017.

Finance Bank Zambia Plc

Directors' report *(continued)*
for the year ended 31 December 2016

OTHER MATERIAL FACTS, CIRCUMSTANCES AND EVENTS

The directors are not aware of any material fact, circumstance or event, which has occurred between the accounting date and the date of this report which might influence an assessment of the Group's financial position or the results of its operations.

RISK MANAGEMENT AND CONTROL

The Group through its normal operations is exposed to a number of risks, the most significant of which are credit, market, operational and liquidity risks. The Group's risk management objectives, policies and strategies are disclosed in note 7 of the financial statements.

KNOW YOUR CUSTOMER AND MONEY LAUNDERING POLICIES

The Group has Know Your Customer (KYC) and Money Laundering policies and adheres to current legislation in these areas.

AUDITOR

The Bank's Auditors, Messrs KPMG Chartered Accountant, have indicated their willingness to continue in office. A resolution proposing their re appointment and authorising the directors to fix their remuneration will be put to the Annual General Meeting.

By order of the Board



Secretary

Date: 26.05.2017

Finance Bank Zambia Plc

Directors' responsibilities in respect of the preparation of financial statements

The directors are responsible for the preparation and fair presentation of the consolidated financial statements of Finance Bank Zambia Plc and its subsidiaries ("the Group"), comprising the consolidated statement of financial position at 31 December 2016, the consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and the notes to the consolidated financial statements which include a summary of significant accounting policies and other explanatory notes, in accordance with International Financial Reporting Standards and the requirements of the Companies Act, the Banking and Financial Services Act and the Securities Act of Zambia. In addition, the directors are responsible for preparing the directors' report.

The directors are also responsible for such internal control as they determine necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and for maintaining adequate accounting records and an effective system of risk management.

The directors have made an assessment of the ability of the Group to continue as a going concern and have no reason to believe that the business will not be a going concerns in the year ahead.

The auditor is responsible for reporting on whether the consolidated financial statements are fairly presented in accordance with the applicable financial reporting framework, described above.

Approval of Annual financial statements

The consolidated financial statements of Finance Bank Zambia Plc, as identified in the first paragraph, were approved by the board of directors on5.....MAY..... 2017 and signed by:


.....
Chairman
.....
Director



KPMG CHARTERED ACCOUNTANTS
First Floor, Elunda Two
Addis Ababa Roundabout
Rhodes Park, Lusaka
P O Box 31282
Lusaka, Zambia

Telephone +260 211 372 900
Website www.kpmg.com

Independent auditor's report
To the Shareholders of Finance Bank Zambia Plc

Report on the audit of the consolidated financial statements

Opinion

We have audited the consolidated financial statements of Finance Bank Zambia Plc and its subsidiaries (the 'Group') set out on pages 8 to 67, which comprise the consolidated statement of financial position as at 31 December 2016, and the consolidated statements of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2016, and its consolidated financial performance and consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Companies Act, the Banking and Financial Services Act and the Securities Act of Zambia.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report. We are independent of the Group in accordance with the *International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants* (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other matter

The prior year consolidated financial statements for the year ended 31 December 2015, were audited by another auditor who expressed an unmodified opinion in their report on those statements on 20 May 2016.

Other information

The directors are responsible for the other information. The other information comprises the Directors' report, the Directors' responsibilities in respect of the preparation of the consolidated financial statements, and shareholders information.

Our opinion on the consolidated financial statements does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.



Responsibilities of the directors for the consolidated financial statements

The directors are responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards and the requirements of the Companies Act, the Banking and Financial Services Act and the Securities Act of Zambia, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for 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 the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the consolidated financial statements

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

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.



We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on other legal and regulatory requirements

In accordance with Section 173(3) of the Companies Act of Zambia, we report that, in our opinion, the required accounting records, and registers have been properly kept in accordance with the Act.

In accordance with Section 64 (2) of the Banking and Financial Services Act of Zambia, we report that in our opinion:

- the Bank made available all necessary information to enable us to comply with the requirements of this Act;
- the Bank has complied with the provisions of this Act and the regulations, guidelines and prescriptions under this Act; and
- included in gross loans and advances of K1,197 million are two loans whose total principal amount of K149 million exceeds 5% of regulatory capital of the Bank in breach of section 64 (2) (d)(ii);
- the Bank's subsidiary, Finance Building Society was under capitalised by K11.74 million as at 31 December 2016 in accordance with section 86 of the Banking and Financial Services Act, 1994 (as amended) which required the Society to have been capitalised by 10% of its Risk Weighted Assets as computed or K50m whichever is higher. However, a recapitalisation plan has been submitted and accepted by the central bank to comply by 30 September 2017.

In accordance with section 18 of the Securities Act of Zambia we confirm that, in our opinion:

- the financial statements of the Bank have been properly prepared in accordance with the SEC Rules;
- the Bank has, throughout the financial year, kept proper accounting records in accordance with the requirements of the SEC Rules;
- the statement of financial position and statement of comprehensive income are in agreement with the Bank's accounting records; and
- we have obtained all the information and explanations which, to the best of our knowledge and belief, are necessary for the purposes of our audit.

In accordance with Section 149 of the Securities Act, 2016, we report as follows:

In terms of relevant International Standards applicable to audit, review and other assurance engagements we were unable to accept and perform an engagement on the existence, adequacy and effectiveness or otherwise of the internal control system of the Bank, as required by section 149 of the Securities Act 2016, for the Act does not specify which internal control framework to use in assessment of the Bank's internal control. We have not performed any audit, review or other assurance engagement in relation to these matters and accordingly we do not express any assurance opinion or conclusion thereon.

KPMG Chartered Accountants

Maaya Chipwayambokoma
Partner

1/6/2017

AUD/F000861

Finance Bank Zambia Plc

Consolidated statement of profit or loss and other comprehensive income for the year ended 31 December 2016

In Zambian Kwacha

	Notes	2016	2015
		K'000	K'000
Interest and similar income	9	455,119	437,944
Interest and similar expense	10	(230,249)	(177,726)
Net interest income		224,870	260,218
Loan impairment charges	20	(17,228)	(8,569)
Net interest income after loan impairment charges		207,642	251,649
Fee and commission income	11	167,230	180,047
Foreign exchange income	12	84,432	95,016
Other income	13	17,129	8,860
Operating expenses	14	(435,652)	(346,152)
Goodwill impairment	14(b)	(139,848)	-
Share of net loss of Associate accounted for using the equity method	39	-	(1,983)
(Loss)/profit before tax		(99,067)	187,437
Income tax expense	15	(15,110)	(63,637)
(Loss)/profit for the year		(114,177)	123,800
Other comprehensive income:			
Items that will not be reclassified subsequently to profit or loss			
Gain on revaluation of buildings	38	-	17,711
Deferred tax arising on gain on revaluation of buildings	38	-	(6,199)
Available-for-sale financial assets		75	-
Other comprehensive income for the year		75	11,512
Total comprehensive (loss)/income for the year		(114,102)	135,312

The notes on pages 14 to 67 are an integral part of these consolidated financial statements.

Finance Bank Zambia Plc

Consolidated statement of financial position for the year ended 31 December 2016

In Zambian Kwacha

	Notes	2016 K' 000	2015 K' 000
Assets			
Cash and balances with Central Bank	16	935,787	1,056,628
Balances with other banks	17	391,108	350,635
Investment securities - Available for sale	22(a)	477,880	-
Financial assets at amortised cost	22(b)	-	429,318
Loans and advances to customers	20	1,130,444	1,189,587
Net Investment in finance leases	21	15,236	3,995
Other assets	26	275,149	247,433
Property and equipment	23	163,237	169,078
Investment property	25	45,000	39,920
Goodwill	40	-	139,848
Intangible assets	24	28,134	5,685
Investment in Associate	39	-	4,084
Total assets		3,461,975	3,636,211
Liabilities			
Customer deposits	27	2,259,086	2,626,915
Deposits from other banks	28	242,994	7,903
Derivative financial instruments	18	118	15,789
Debentures	30	29,224	31,685
Borrowings	29	26,181	65,280
Other liabilities	33	231,817	86,234
Current income tax	15	18,516	9,849
Deferred current income tax	32	30,625	30,625
Deferred income tax liabilities	31	9,959	34,051
Total liabilities		2,848,520	2,908,331
Equity			
Share capital	34	110,000	110,000
Preference shares	35	200,000	200,000
Statutory reserve	36	18,630	18,630
Regulatory reserve	37	49,947	14,349
Revaluation reserve	38	33,485	33,485
Retained earnings		201,318	351,416
Available-for-sale reserve	22(a)	75	-
Total equity		613,455	727,880
Total equity and liabilities		3,461,975	3,636,211

These financial statements were approved by the Board of Directors on 5 MAY 2017 and were signed on its behalf by:

.....
Chanda Chileshe
Chairman

.....
Company Secretary

.....
Benjamin T. Dabrah
Managing Director

The notes on pages 14 to 67 are an integral part of these financial statements

Finance Bank Zambia Plc

Consolidated statement of changes in equity for the year ended 31 December 2016

In Zambian Kwacha

	Share capital	Preference share capital	Statutory Reserves	Revaluation reserves	Regulatory reserve	Retained earnings	Total
	K'000	K'000	K'000	K'000	K'000	K'000	K'000
Balance at 1 January 2015	110,000	200,000	18,630	23,319	21,232	219,387	592,568
Other Comprehensive income							
Profit for the year	-	-	-	-	-	123,800	123,800
Transfer of excess depreciation	-	-	-	(2,177)	-	2,177	-
Deferred income tax on excess Depreciation	-	-	-	831	-	(831)	-
Revaluation surplus on buildings (net of deferred income tax)	-	-	-	11,512	-	-	11,512
Total comprehensive income	-	-	-	10,166	-	125,146	135,312
Transfer from regulatory reserve	-	-	-	-	(6,883)	6,883	-
Balance at 31 December 2015	110,000	200,000	18,630	33,485	14,349	351,416	727,880

The notes on pages 14 to 67 are an integral part of these consolidated financial statements.

Finance Bank Zambia Plc

Consolidated statement of changes in equity (continued)

for the year ended 31 December 2016

In Zambian Kwacha

	Share capital	Preference share capital	Statutory reserve	Revaluation reserve	Regulatory reserve	Available for sale	Retained earnings	Total
	K'000	K'000	K'000	K'000	K'000	K'000	K'000	K'000
Balance at 1 January 2016	110,000	200,000	18,630	33,485	14,349	-	351,416	727,880
Other comprehensive income								
Loss for the year	-	-	-	-	-	-	(114,177)	(114,177)
Movement in available-for-sale reserves	-	-	-	-	-	75	-	75
Total comprehensive income	-	-	-	-	-	75	(114,177)	(114,102)
Transfer to regulatory reserve	-	-	-	-	35,598	-	(35,598)	-
Repayment of funds received for as share consideration	-	-	-	-	-	-	(323)	(323)
Balance at 31 December 2016	110,000	200,000	18,630	33,485	49,947	75	201,318	613,455

The notes on pages 14 to 67 are an integral part of these consolidated financial statements.

Finance Bank Zambia Plc

Consolidated statement of changes in equity *(continued)* for the year ended 31 December 2016

Preference shares

The Bank issued Preference shares with a nominal value of K200 million as consideration for the acquisition of Leasing finance company in 2014. The terms and conditions of the preference shares were as below:

- (i) The preference shares can only be redeemable after a minimum period of 10 years at the issuer's option.
- (ii) Dividends/interest will be payable at BOZ rate plus margin at the sole discretion of the issuer. Such payment will take the form of equity in form of preference shares.
- (iii) The preference shares are non- voting.

Statutory reserve

The statutory reserve is established in accordance with Chapter VI Section 69 of the Banking and Financial Services Act which requires a bank to maintain a reserve account and, before declaring any dividend, transfer 50% of the dividend for the year to the account, to a maximum of the issued share capital of the bank. The statutory reserve is not distributable.

Revaluation reserve

The revaluation reserve represents solely the surplus on the revaluation of buildings net of deferred income tax and is non distributable.

Regulatory reserve

The balance in the regulatory reserve represents the excess of impairment provisions determined in accordance with the Central Bank Prudential Regulations over the impairment provisions recognised in accordance with International Financial Reporting Standards (IFRS) and the Bank's accounting policy. The reserve is not distributable.

Retained earnings

Retained earnings are the brought forward recognised income net of expenses of the Group, plus current year loss attributable to shareholders, less dividends paid and transfers to other reserves.

Available for sale reserve

The available for sale reserve represents solely the gain/loss on the revaluation of investment securities classified as available for sale.

The notes on pages 14 to 67 are an integral part of these consolidated financial statements.

Finance Bank Zambia Plc

Consolidated Statement of cashflows for the year ended 31 December 2016

In Zambian Kwacha

	Notes	2016	2015
		K'000	K'000
Cash flows from operating activities			
Interest income	9	455,119	437,944
Interest expense	10	(230,249)	(177,726)
Net fee and commission receipts		184,358	188,905
Net trading and other income		67,205	82,732
Payments to employees and suppliers		(550,669)	(329,678)
Income tax paid	15	(28,843)	(69,877)
Cash flows (used in)/ from operating activities before changes in operating assets and liabilities		(103,079)	132,300
Changes in operating assets and liabilities:			
-loans and advances to customers		59,143	332,106
-cash reserve requirements		55,351	(80,879)
- other assets		106,782	(70,884)
- finance lease obligations		(10,888)	2,035
- customer deposits		(367,829)	103,060
- other liabilities		145,583	(18,553)
- derivative financial instruments		(15,671)	17,577
- financial assets at amortised cost		(48,562)	(113,982)
Net cash (used in)/ from operating activities		(179,170)	302,780
Cash flows from investing activities			
Purchase of property and equipment	23	(37,893)	(67,045)
Purchase of intangible assets	24	(4,516)	(1,705)
Proceeds from sale of investment property		5,350	-
Proceeds from sale of property and equipment		-	391
Net cash used in investing activities		(37,059)	(68,359)
Cash flows from financing activities			
Long term borrowings repaid	29	(32,634)	(21,862)
Debentures repaid	30	(18,183)	(11,101)
Proceeds from long term borrowings	29	-	34,000
Proceeds from debentures	30	11,650	12,973
Net cash (used in)/ from financing activities		(39,167)	14,010
Net (decrease)/increase in cash and cash equivalents		(255,396)	248,431
Cash and cash equivalents at start of year		957,341	688,607
<i>Effects of exchange losses on cash and cash equivalents</i>		<i>(4,712)</i>	<i>20,303</i>
Cash and cash equivalents at end of year	42	697,233	957,341
Represented by:			
Cash and balances with Central Bank	16	549,119	614,609
Deposits and placements with other banks	17	391,108	350,635
Deposits from other banks	28	(242,994)	(7,903)
		697,233	957,341

The notes on pages 14 to 67 are an integral part of these consolidated financial statements.

Finance Bank Zambia Plc

Notes to the consolidated financial statements
for the year ended 31 December 2016

1. General Information

Finance Bank Zambia Plc is incorporated in Zambia under the Zambia Companies Act as a limited liability company, and is licensed to carry out the business of banking under the Banking and Financial Services Act. It is domiciled in Zambia. The address of its registered office is:

Plot 226, Finsbury House
Buteko Avenue, Ndola
Zambia

The consolidated financial statements for the year ended 31 December 2016 have been approved for issue by the Board of Directors. Neither the entity's owners nor others have the power to amend the consolidated financial statements after issue.

2. Basis of preparation

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") and the requirements of the Companies Act, the Banking and Financial Services Act and the Securities Act of Zambia.

Details of the Group's accounting policies are included in note 5.

3. Going concern

The financial statements have been prepared on a going concern basis which assumes that the Group will continue as a going concern for the foreseeable future.

The Group incurred a loss of K 114m during the year ended 31 December 2016 (2015: Profit of K124m).

Management forecasts profits before tax of K 113 million in 2017 and believe this is achievable based on the following:

Management has embarked on a number of initiatives in view of the merger with African Banking Corporation Zambia Limited ("BancABC") that, based on its projections, demonstrate increases in revenues, cash flows and profitability of the Group and hence, improvement in the financial performance for the year ending 31 December 2017 and beyond.

- The management accounts for the merged entity for the period to 31 March 2017, indicate that the Group has generated a profit before tax of about K9.8 million.
- Cost reduction through synergies owing to the merger with African Banking Corporation Zambia Limited ("BancABC").
- The successful integration with BancABC which has culminated into the fifth largest bank in Zambia by asset value and the largest Bank in Zambia in terms of branch footprint with the combined physical present increasing from 43 branches to 65 branches.
- Over 2000,000 Retail, Business Banking and Corporate customers from both FBZ and BancABC with access to any of both banks' branches and ATMs as well as a wider selection of products.
- The Bank's subsidiary, Finance Building Society was under capitalised by K11.74m as at 31 December 2016 in accordance with section 86 of the Banking and Financial Services Act, 1994 (as amended) which required the Society to have been capitalised by 10% of its risk Weighted Assets as computed or K50m whichever is higher. However a recapitalisation plan has been submitted and accepted by the central bank to comply by 30 September 2017.

Finance Bank Zambia Plc

Notes to the consolidated financial statements *(continued)* for the year ended 31 December 2016

4 Standards issued but not yet adopted

A number of new standards and amendments to standards are effective for annual periods beginning after 1 January 2017, however, the Group has not applied the following new or amended standards in preparing these consolidated financial statements.

Effective date	Standard, Amendment or Interpretation	Summary of Requirements
1 January 2018	IFRS 15 Revenue from contracts with customers	<p>This standard replaces IAS 11 Construction Contracts, IAS 18 Revenue, IFRIC 13 Customer Loyalty Programmes, IFRIC 15 Agreements for the Construction of Real Estate, IFRIC 18 Transfer of Assets from Customers and SIC-31 Revenue – Barter of Transactions Involving Advertising Services.</p> <p>The standard contains a single model that applies to contracts with customers and two approaches to recognising revenue: at a point in time or over time. The model features a contract-based five-step analysis of transactions to determine whether, how much and when revenue is recognised.</p> <p>This new standard will most likely have a significant impact on the Group, which will include a possible change in the timing of when revenue is recognised and the amount of revenue recognised.</p> <p>The Group is currently in the process of performing a more detailed assessment of the impact of this standard on the Group and will provide more information in the year ending 31 December 2017 financial statements.</p>
1 January 2018	IFRS 9 Financial Instruments	<p>On 24 July 2014, the IASB issued the final IFRS 9 <i>Financial Instruments</i> Standard, which replaces earlier versions of IFRS 9 and completes the IASB's project to replace IAS 39 <i>Financial Instruments: Recognition and Measurement</i>.</p> <p>This standard will have a significant impact on the Group, which will include changes in the measurement bases of the Group's financial assets to amortised cost, fair value through other comprehensive income or fair value through profit or loss. Even though these measurement categories are similar to IAS 39, the criteria for classification into these categories are significantly different. In addition, the IFRS 9 impairment model has been changed from an "incurred loss" model from IAS 39 to an "expected credit loss" model, which is expected to increase the provision for bad debts recognised in the Group.</p> <p>The standard is effective for annual periods beginning on or after 1 January 2018, with early adoption permitted.</p>

Finance Bank Zambia Plc

Notes to the consolidated financial statements *(continued)*
for the year ended 31 December 2016

4 Standards issued but not yet adopted *(continued)*

Effective date	Standard, Amendment or Interpretation	Summary of Requirements
1 January 2019	<i>IFRS 16 Leases</i>	<p>IFRS 16 was published in January 2016. It sets out the principles for the recognition, measurement, presentation and disclosure of leases for both parties to a contract, i.e. the customer ('lessee') and the supplier ('lessor'). IFRS 16 replaces the previous leases Standard, IAS 17 <i>Leases</i>, and related Interpretations. IFRS 16 has one model for lessees which will result in almost all leases being included on the Statement of Financial position. No significant changes have been included for lessors.</p> <p>The standard is effective for annual periods beginning on or after 1 January 2019, with early adoption permitted only if the entity also adopts IFRS 15. The transitional requirements are different for lessees and lessors. The group and company have begun assessing the potential impact on the financial statements resulting from the application of IFRS 16. No significant impact is expected for the group and company's finance leases.</p>
1 January 2017	<i>Disclosure Initiative (Amendments to IAS 7)</i>	<p>The amendments provide for disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flow and non-cash changes. This includes providing a reconciliation between the opening and closing balances for liabilities arising from financing activities.</p> <p>The amendments apply for annual periods beginning on or after 1 January 2017 and early application is permitted.</p>

Finance Bank Zambia Plc

Notes to the consolidated financial statements (*continued*)
for the year ended 31 December 2016

4 Standards issued but not yet adopted (*continued*)

Effective date	Standard, Amendment or Interpretation	Summary of Requirements
1 January 2017	<i>Recognition of Deferred Tax Assets for Unrealised Losses (Amendments to IAS 12)</i>	<p>The amendments provide additional guidance on the existence of deductible temporary differences, which depend solely on a comparison of the carrying amount of an asset and its tax base at the end of the reporting period, and is not affected by possible future changes in the carrying amount or expected manner of recovery of the asset.</p> <p>The amendments also provide additional guidance on the methods used to calculate future taxable profit to establish whether a deferred tax asset can be recognised</p> <p>Guidance is provided where an entity may assume that it will recover an asset for more than its carrying amount, provided that there is sufficient evidence that it is probable that the entity will achieve this.</p> <p>Guidance is provided for deductible temporary differences related to unrealised losses are not assessed separately for recognition. These are assessed on a combined basis, unless a tax law restricts the use of losses to deductions against income of a specific type.</p> <p>The amendments apply for annual periods beginning on or after 1 January 2017 and early application is permitted.</p>

Finance Bank Zambia Plc

Notes to the consolidated financial statements *(continued)*
for the year ended 31 December 2016

5 Summary of significant accounting policies *(continued)*

5.1 Consolidation

5.1.1 Subsidiaries

Subsidiaries are all entities (including structured entities) over which the group has control. The group controls an entity when the group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the group. They are deconsolidated from the date that control ceases.

The group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of acquiree's identifiable net assets.

Acquisition-related costs are expensed as incurred.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is re-measured to fair value at the acquisition date; any gains or losses arising from such re-measurement are recognised in profit or loss.

Any contingent consideration to be transferred by the group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognised in accordance with IAS 39 either in profit or loss or as a change to other comprehensive income. Contingent consideration that is classified as equity is not re-measured, and its subsequent settlement is accounted for within equity.

The excess of the consideration transferred the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill. If the total of consideration transferred, non-controlling interest recognised and previously held interest measured is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in the income statement.

Inter-company transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated. When necessary amounts reported by subsidiaries have been adjusted to conform with the group's accounting policies.

(a) Changes in ownership interests in subsidiaries without change of control

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions – that is, as transactions with the owners in their capacity as owners. The difference between fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

Finance Bank Zambia Plc

Notes to the consolidated financial statements *(continued)*
for the year ended 31 December 2016

5 Summary of significant accounting policies *(continued)*

5.1 Consolidation *(continued)*

5.1.1 Subsidiaries *(continued)*

b) Disposal of subsidiaries

When the group ceases to have control any retained interest in the entity is re-measured to its fair value at the date when control is lost, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

5.1.2 Associates

Associates are all entities over which the group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting. Under the equity method, the investment is initially recognised at cost, and the carrying amount is increased or decreased to recognise the investor's share of the profit or loss of the investee after the date of acquisition. The group's investment in associates includes goodwill identified on acquisition.

If the ownership interest in an associate is reduced but significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income is reclassified to profit or loss where appropriate.

The group's share of post-acquisition profit or loss is recognised in the in profit or loss, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income with a corresponding adjustment to the carrying amount of the investment. When the group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.

The group determines at each reporting date whether there is any objective evidence that the Investment in the associate is impaired. If this is the case, the group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognises the amount adjacent to 'share of profit (loss) of associates in the profit or loss.

Profits and losses resulting from upstream and downstream transactions between the group and its associate are recognised in the group's financial statements only to the extent of unrelated investor's interests in the associates. Unrealised losses are eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the group.

Finance Bank Zambia Plc

Notes to the consolidated financial statements *(continued)* for the year ended 31 December 2016

5 Summary of significant accounting policies *(continued)*

5.2 Interest income and expense

Interest income and expense for all interest-bearing financial instruments, except for those classified as held for trading or designated at fair value through profit or loss, are recognised within 'interest income' or 'interest expense' respectively in profit or loss using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial asset or a financial liability and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability. When calculating the effective interest rate, the Group estimates cash flows considering all contractual terms of the financial instrument (for example, prepayment options) but does not consider future credit losses. The calculation includes all fees paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums or discounts. Once a financial asset or a group of similar financial assets has been written down as a result of an impairment loss, interest income is recognised using the rate of interest that was used to discount the future cash flows for the purpose of measuring the impairment loss.

5.3 Fees and commission income

Fees and commissions are generally recognised on an accrual basis when the service has been provided. Loan commitment fees for loans that are likely to be drawn down are deferred (together with related direct costs) and recognised as an adjustment to the effective interest rate on the loan.

5.4 Foreign currency translation

i) Functional and presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"), the Zambian Kwacha (K). The financial statements are presented in Kwacha ("K") which is the Group's functional currency.

ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Monetary items denominated in foreign currency are translated with the closing rate as at the reporting date. If several exchange rates are available, the forward rate is used at which the future cash flows represented by the transaction or balance could have been settled if those cash flows had occurred. Non-monetary items measured at historical cost denominated in a foreign currency are translated with the exchange rate as at the date of initial recognition; non-monetary items in a foreign currency that are measured at fair value are translated using the exchange rates at the date when the fair value was determined.

Foreign exchange gains and losses resulting from the settlement of foreign currency transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss. Changes in the fair value of monetary assets denominated in foreign currency classified as available-for-sale are analysed between translation differences resulting from changes in the amortised cost of the security and other changes in the carrying amount of the security. Translation differences related to changes in the amortised cost are recognised in profit or loss, and other changes in the carrying amount, are recognised in other comprehensive income. Translation differences on non-monetary financial instruments, such as equities held at fair value through profit or loss, are reported as part of the fair value gain or loss. Translation differences on non-monetary in other comprehensive income.

Finance Bank Zambia Plc

Notes to the consolidated financial statements *(continued)*
for the year ended 31 December 2016

5 Summary of significant accounting policies *(continued)*

5.5 Financial assets and liabilities

Financial assets

The Group classifies its financial assets in the following categories: financial assets at fair value through profit or loss, loans and receivables, held-to-maturity and available-for-sale financial assets. The directors determine the classification of its financial assets at initial recognition. The Group uses trade date accounting for regular way contracts when recording financial asset transactions.

The Group designates certain financial assets upon initial recognition as at fair value through profit or loss (fair value option). This designation cannot subsequently be changed and can only be applied when the following conditions are met:

- the application of the fair value option reduces or eliminates an accounting mismatch that would otherwise arise; or
- the financial assets are part of a portfolio of financial instruments which is risk managed and reported to senior management on a fair value basis; or
- the financial assets consist of debt host and an embedded derivatives that must be separated.

(a) Financial assets at fair value through profit or loss

This category comprises two sub-categories: financial assets classified as held for trading, and financial assets designated by the Group at fair value through profit or loss upon initial recognition. A financial asset is classified as held for trading if it is acquired or incurred principally for the purpose of selling or repurchasing it in the near term or if it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking.

Financial instruments included in this category are recognised initially at fair value; transaction costs are taken directly to profit or loss. Gains and losses arising from changes in fair value are included directly in profit or loss and are reported as 'Net gains/ (losses) on financial instruments classified as held for trading'. Interest income and expense on financial assets held for trading are included in 'Net interest income'. Fair value changes relating to financial assets designated at fair value through profit or loss are recognised in 'Net gains on financial instruments designated at fair value through profit or loss'.

(b) Loans and advances

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market, other than:

- (a) those that the Group intends to sell immediately or in the short term, which are classified as held for trading, and those that the Group upon initial recognition designates as at fair value through profit or loss;
- (b) those that the Group upon initial recognition designates as available-for-sale; or
- (c) those for which the holder may not recover substantially all of its initial investment, other than because of credit deterioration.

Loans and advances are initially recognised at fair value – which is the cash consideration to originate or purchase the loan including any transaction costs – and measured subsequently at amortised cost using the effective interest method.

Finance Bank Zambia Plc

Notes to the consolidated financial statements *(continued)*
for the year ended 31 December 2016

5 Summary of significant accounting policies *(continued)*

5.5 Financial assets and liabilities *(continued)*

(c) Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the directors have the positive intention and ability to hold to maturity, other than:

- (i) those that the Group upon initial recognition designates as at fair value through profit or loss;
- (ii) those that the Group designates as available-for-sale; and
- (iii) those that meet the definition of loans and receivables.

Held-to-maturity investments are initially recognised at fair value including direct and incremental transaction costs and measured subsequently at amortized cost, using the effective interest method.

(d) Available-for-sale

AFS financial assets are non-derivatives that are either designated as AFS or are not classified as (a) loans and receivables, (b) held-to-maturity investments or (c) financial assets at fair value through profit or loss.

The Group also has investments in unlisted shares that are not traded in an active market but that are also classified as AFS financial assets and stated at fair value at the end of each reporting period (because the directors consider that fair value can be reliably measured). Changes in the carrying amount of AFS monetary financial assets relating to changes in foreign currency rates (see below), interest income calculated using the effective interest method and dividends on AFS equity investments are recognised in profit or loss. Other changes in the carrying amount of available-for-sale financial assets are recognised in other comprehensive income and accumulated under the heading of investments revaluation reserve. When the investment is disposed of or is determined to be impaired, the cumulative gain or loss previously accumulated in the investments revaluation reserve is reclassified to profit or loss.

Dividends on AFS equity instruments are recognised in profit or loss when the Group's right to receive the dividends is established.

AFS equity investments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured and derivatives that are linked to and must be settled by delivery of such unquoted equity investments are measured at cost less any identified impairment losses at the end of each reporting period.

Financial liabilities

The Group's holding in financial liabilities represents mainly deposits from Groups and customers and other liabilities. Such financial liabilities are initially recognised at fair value and subsequently measured at amortised cost.

Determination of fair value

Fair value is determined using valuation techniques. In these techniques, fair values are estimated from observable data in respect of similar financial instruments, using models to estimate the present value of expected future cash flows or other valuation techniques, using inputs (for example, LIBOR yield curve, FX rates, volatilities and counterparty spreads) existing at the reporting dates. The Group uses widely recognised valuation models for determining fair values of non-standardised financial instruments of lower complexity, such as options or interest rate and currency swaps. For these financial instruments, inputs into models are generally market-observable.

Finance Bank Zambia Plc

Notes to the consolidated financial statements *(continued)*
for the year ended 31 December 2016

5. Summary of significant accounting policies *(continued)*

5.5 Financial assets and liabilities *(continued)*

Derecognition

Financial assets are derecognised when the contractual rights to receive the cash flows from these assets have ceased to exist or the assets have been transferred and substantially all the risks and rewards of ownership of the assets are also transferred (that is, if substantially all the risks and rewards have not been transferred, the Group tests control to ensure that continuing involvement on the basis of any retained powers of control does not prevent derecognition). Financial liabilities are derecognized when they have been redeemed or otherwise extinguished.

The Group may choose to reclassify a non-derivative financial asset held for trading out of the held-for-trading category if the financial asset is no longer held for the purpose of selling it in the near-term. Financial assets other than loans and receivables are permitted to be reclassified out of the held for trading category only in rare circumstances arising from a single event that is unusual and highly unlikely to recur in the near-term. In addition, the Group may choose to reclassify financial assets that would meet the definition of loans and receivables out of the held-for-trading or available-for-sale categories if the Group has the intention and ability to hold these financial assets for the foreseeable future or until maturity at the date of reclassification.

Reclassifications are made at fair value as of the reclassification date. Fair value becomes the new cost or amortised cost as applicable, and no reversals of fair value gains or losses recorded before reclassification date are subsequently made. Effective interest rates for financial assets reclassified to loans and receivables and held-to-maturity categories are determined at the reclassification date. Further increases in estimates of cash flows adjust effective interest rates prospectively.

On reclassification of a financial asset out of the 'at fair value through profit or loss' category, all embedded derivatives are re-assessed and, if necessary, separately accounted for.

Finance Bank Zambia Plc

Notes to the consolidated financial statements *(continued)*
for the year ended 31 December 2016

5. Summary of significant accounting policies *(continued)*

5.5 Financial assets and liabilities *(continued)*

Classes of financial instruments

The Group classifies the financial instruments into classes that reflect the nature of information and take into account the characteristics of those financial instruments. The classification made can be seen in the table as follows:

Category (as defined by IAS 39)		Class (as determined by the Group)		Subclasses
Financial assets	Available-for-sale	Available-for-sale	Investment securities	
	Loans and receivables	Balances with other Groups		
		Loans and advances to customers	Loans to individual (retail)	Over drafts
				Personal loans
		Loans to corporate entities	Loans to corporate entities	Staff loans
				Other
Overdrafts				
Financial liabilities	Financial liabilities at amortised cost	Deposits from other Banks and borrowings		
		Customer deposits	Savings deposits	
			Debtentures	
			Demand deposits	
Off balance sheet financial instruments	Loan commitments			
	Guarantees, acceptance and other financial facilities			

Finance Bank Zambia Plc

Notes to the consolidated financial statements *(continued)*
for the year ended 31 December 2016

5. Summary of significant accounting policies *(continued)*

5.6 Impairment of financial assets

(a) Assets carried at amortised cost

The Group assesses at each reporting date whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

The criteria that the Group uses to determine that there is objective evidence of an impairment loss include:

- a) significant financial difficulty of the issuer or obligor;
- b) a breach of contract, such as a default or delinquency in interest or principal payments;
- c) the lender, for economic or legal reasons relating to the borrower's financial difficulty granting to;
- d) the borrower a concession that the lender would not otherwise consider;
- e) it becomes probable that the borrower will enter bankruptcy or other financial reorganization;
- f) the disappearance of an active market for that financial asset because of financial difficulties;
- g) observable data indicating that there is a measurable decrease in the estimated future cash flows
- h) from a portfolio of financial assets since the initial recognition of those assets, although the
- i) decrease cannot yet be identified with the individual financial assets in the portfolio, including:
 - i) adverse changes in the payment status of borrowers in the portfolio; and
 - ii) national or local economic conditions that correlate with defaults on the assets in the portfolio.

The estimated period between a loss occurring and its identification is determined by the directors for each identified portfolio. In general, the periods range up to 3 months.

The Group first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, and individually or collectively for financial assets that are not individually significant. If the Group determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognised are not included in a collective assessment of impairment.

Finance Bank Zambia Plc

Notes to the consolidated financial statements *(continued)*
for the year ended 31 December 2016

5. Summary of significant accounting policies *(continued)*

5.6 Impairment of financial assets *(continued)*

(a) Assets carried at amortised cost (continued)

The amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in profit or loss. If a loan or held-to-maturity investment has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract. As a practical expedient, the Group may measure impairment on the basis of an instrument's fair value using an observable market price.

The calculation of the present value of the estimated future cash flows of a collateralized financial asset reflects the cash flows that may result from foreclosure less costs for obtaining and selling the collateral, whether or not foreclosure is probable.

For the purposes of a collective evaluation of impairment, financial assets are grouped on the basis of similar credit risk characteristics (that is, on the basis of the Group's grading process that considers asset type, industry, geographical location, collateral type, past-due status and other relevant factors). Those characteristics are relevant to the estimation of future cash flows for groups of such assets by being indicative of the debtors' ability to pay all amounts due according to the contractual terms of the assets being evaluated.

Future cash flows in a group of financial assets that are collectively evaluated for impairment are estimated on the basis of the contractual cash flows of the assets in the group and historical loss experience for assets with credit risk characteristics similar to those in the group. Historical loss experience is adjusted on the basis of current observable data to reflect the effects of current conditions that did not affect the period on which the historical loss experience is based and to remove the effects of conditions in the historical period that do not currently exist.

Estimates of changes in future cash flows for groups of assets should reflect and be directionally consistent with changes in related observable data from period to period (for example, changes in unemployment rates, property prices, payment status, or other factors indicative of changes in the probability of losses in the Group and their magnitude). The methodology and assumptions used for estimating future cash flows are reviewed regularly by the Group to reduce any differences between loss estimates and actual loss experience.

When a loan is uncollectible, it is written off against the related allowance for loan impairment. Such loans are written off after all the necessary procedures have been completed and the amount of the loss has been determined. Impairment charges relating to loans and advances to Groups and customers are classified in loan impairment charges whilst impairment charges relating to investment securities (held-to-maturity and loans and receivables categories) are classified in 'Net gains/ (losses) on investment securities'.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the previously recognised impairment loss is reversed by adjusting the allowance account. The amount of the reversal is recognised in profit or loss.

Finance Bank Zambia Plc

Notes to the consolidated financial statements *(continued)*
for the year ended 31 December 2016

5 Summary of significant accounting policies *(continued)*

5.6 Impairment of financial assets *(continued)*

(b) Renegotiated loans

Loans that are either subject to collective impairment assessment or individually significant and whose terms have been renegotiated are no longer considered to be past due but are treated as new loans. In subsequent years, the renegotiated terms apply in determining whether the asset is considered to be past due.

5.7 Property and equipment

Buildings comprise mainly branches and offices. All property and equipment is initially stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of these assets. Buildings are subsequently recognised at market value, based on regular valuation by external independent valuers, less depreciation based on market values.

Increases in carrying amounts arising on revaluation are credited to a revaluation reserve. Decreases on the same asset are offset against the revaluation reserve only to the extent of previous increases credited to the revaluation reserve; excess is charged to profit or loss. The revaluation reserves are non-distributable though they form part of equity.

Depreciation of fixed assets is calculated on the straight line basis to allocate their cost less their residual values over their estimated useful lives, as follows:

Buildings	40 years
Fixtures, fittings and equipment	5- 10 years
Motor vehicles	5 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

The Group assesses at each reporting date, date whether there is any indication that any item of property and equipment is impaired. If any such indication exists, the Group estimates the recoverable amount of the relevant assets. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are included in profit or loss. When revalued assets are sold, the amounts included in reserves relating to that asset are transferred to retained earnings.

5.8 Intangible assets

Acquired computer software licences are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised over their estimated useful lives (three to five years).

Costs associated with maintaining computer software programmes are recognised as an expense as incurred.

5 Summary of significant accounting policies*(continued)*

5.9 Income tax

(a) Current income tax

The tax expense for the period comprises current and deferred income tax. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

Current income tax is the amount of income tax payable on the taxable profit for the year determined in accordance with the relevant tax legislation. The current income tax charge is calculated on the basis of the tax enacted or substantively enacted at the statement of financial position date. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

(b) Deferred income tax

Deferred income tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit nor loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted at the statement of financial position date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis

5.10 Accounting for lease

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases.

To date, all leases entered into by the Group are operating leases with the Group as the lessor. Payments made under operating leases are charged to the profit and loss account on a straight-line basis over the period of the lease.

Finance Bank Zambia Plc

Notes to the consolidated financial statements *(continued)* for the year ended 31 December 2016

5. Summary of significant accounting policies *(continued)*

5.11 Cash and cash equivalents

Liquid investments with original maturities of three months or less, including: cash and non-restricted balances with the Central Bank, treasury and other eligible bills, and amounts due from other Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short term highly liquid investments. Cash and cash equivalents excludes the cash reserve requirement held with the Central Bank.

5.12 Employee benefits

Retirement benefit obligations

The Group operates a defined contribution retirement benefit scheme for its employees. This defined contribution plan is a pension plan which the Group pays fixed contributions into a separate entity. The Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

The assets of all schemes are held in separate trustee administered funds, which are funded by contributions from both the Group and employees. The Group and all its employees also contribute to the National Pension Scheme Authority, which is a defined contribution scheme. The Group's contributions are charged to the profit or loss in the year in which they relate.

5.13 Derivative financial instruments

Derivatives, which comprise solely currency swaps, are initially recognised at fair value on the date the derivative contract is entered into and are subsequently measured at fair value. The fair value is determined using the forward exchange market rates at the balance sheet date or appropriate pricing models.

The derivatives do not qualify for hedge accounting. Changes in the fair value of derivatives are recognised immediately in the profit and loss account

5.14 Borrowings

Borrowings are recognised initially at fair value, being their issue proceeds (fair value of consideration received) net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between proceeds net of transaction costs and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest method. Borrowings from Bank of Zambia and European Investment Bank are classified as revolving funds.

5.15 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

5.16 Share capital

Ordinary shares are classified as 'share capital' in equity. Any premium received over and above the par value of the shares is classified as "share premium" in equity.

Finance Bank Zambia Plc

Notes to the consolidated financial statements *(continued)* for the year ended 31 December 2016

5. Summary of significant accounting policies*(continued)*

5.17 Dividends payable

Dividends on ordinary shares are charged to equity in the period in which they are declared.

5.18 Fiduciary activities

The Group commonly acts as trustees and in other fiduciary capacities that result in the holding or placing of assets on behalf of individuals, trusts, retirement benefit plans and other institutions. These assets and income arising thereon are excluded from these financial statements, as they are not assets of the Group.

5.19 Acceptances and letters of credit

Acceptances and letters of credit are accounted for as off-balance sheet transactions and disclosed as contingent liabilities.

5.20 Sale and repurchase agreements

Securities sold subject to repurchase agreements ('repos') are reclassified in the financial statements as pledged assets when the transferee has the right by contract or custom to sell or re-pledge the collateral; the counterparty liability is included in deposits from banks or deposits from customers, as appropriate. Securities purchased under agreements to resell ('reverse repos') are recorded as loans and advances to other banks or customers, as appropriate. The difference between sale and repurchase price is treated as interest and accrued over the life of the agreements using the effective interest method. Securities lent to counterparties are also retained in the financial statements.

5.21 Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

5.22 Comparatives

Where necessary, prior year comparatives have been reclassified in line with current year presentation.

Finance Bank Zambia Plc

Notes to the consolidated financial statements *(continued)* for the year ended 31 December 2016

5 Summary of significant accounting policies *(continued)*

5.23 Goodwill

Goodwill is measured as described in note 5.1.1 Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill is not amortised but it is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose. The units or groups of units are identified at the lowest level at which goodwill is monitored for internal management purposes.

5.24 Investment property

Investment property is initially measured at cost and subsequently at fair value, with any change therein recognised in profit or loss.

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 investment property that was previously classified as property, plant and equipment is sold, any related amount included in the revaluation reserve is transferred to retained earnings.

5.25 Deposits issued and subordinated liabilities

Deposits and subordinated liabilities are the Group's sources of debt funding.

When the Group sells a financial asset and simultaneously enters into an agreement to repurchase the asset (or a similar asset) as at a fixed price on a future date (sale and repurchase agreement), the arrangement is accounted for as a deposit, and the underlying asset continues to be recognised in the Group's financial statements.

The Group classifies capital instruments as financial liabilities or equity instruments in accordance with the substance of the contractual terms of the instruments.

Deposits and subordinated liabilities are initially measured at fair value minus incremental director transaction costs, and subsequently measured at their amortised cost using the effective interest method, except where the Group designates liabilities at fair value through profit or loss.

5.26 Financial guarantee contracts

Financial guarantee contracts are contracts that require the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due, in accordance with the terms of a debt instrument. Such financial guarantees are given to banks, financial institutions and other bodies on behalf of customers to secure loans, overdrafts and other banking facilities.

Financial guarantee liabilities are initially recognised at fair value on the date the guarantee is given; and the initial fair value is amortised over the life of the guarantee. Subsequent to initial recognition, the Bank's liabilities under such guarantees are measured at the higher of this amortised amount and the present value of any expected payment when a payment under the guarantee has become probable. Any increase in the liability relating to guarantees is taken to the statement of comprehensive income under other operating expenses.

Finance Bank Zambia Plc

Notes to the consolidated financial statements *(continued)*
for the year ended 31 December 2016

5 Summary of significant accounting policies*(continued)*

5.27 Collateral

The Bank obtains collateral in respect of customer liabilities where this is considered appropriate. The collateral normally takes the form of a lien over the customer's assets and gives the Bank a claim on these assets for both existing and future liabilities.

The Bank receives collateral in the form of cash or debt securities in respect of other financial instruments in order to reduce credit risk. Collateral received in the form of debt securities is not recognised on the statement of financial position. Collateral received in the form of cash is recognised on the statement of financial position with a corresponding liability. These items are assigned to deposits received from banks or other counterparties. Any interest payable or receivable arising is recognised as interest expense or interest income respectively.

6 Critical accounting estimates and judgements in applying accounting policies

The Group makes estimates and assumptions that affect the reported amounts of assets and liabilities within the next financial year. All estimates and assumptions required in conformity with IFRS are best estimates undertaken in accordance with the applicable standard. Estimates and judgements are evaluated on a continuous basis, and are based on past experience and other factors, including expectations with regard to future events.

Accounting policies and directors' judgements for certain items are especially critical for the Group's results and financial situation due to their materiality.

(a) Impairment losses on loans and advances

The Group reviews its loan portfolios to assess impairment at least on a quarterly basis. In determining whether an impairment loss should be recorded in profit or loss account, 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 regularly to reduce any differences between loss estimates and actual loss experience. Where the net present value of estimated cash flows to differs by +/-0.1%, the impairment loss is to be estimated K1 million higher or K1 million lower (2015: K1.4 million).

(b) Impairment of goodwill

The Group tests annually whether goodwill has suffered any impairment, in accordance with accounting policy stated in note 5.23. The recoverable amounts of cash-generating units have been determined based on value-in-use calculations.

Finance Bank Zambia Plc

Notes to the consolidated financial statements *(continued)* for the year ended 31 December 2016

7 Financial risk management

The Group's activities expose it to a variety of financial risks: market risk (including currency risk and interest rate risk), credit risk and liquidity risk. Those activities involve the analysis, evaluation, acceptance and management of some degree of risk or combination of risks. Taking risk is core to the Group's business, and the financial risks are an inevitable consequence of being in business. The Group's aim is therefore to achieve an appropriate balance between risk and return and minimise potential adverse effects on its financial performance. The Group defines risk as the possibility of losses or profits foregone, which may be caused by internal or external factors.

Risk management is carried out by the Treasury department under policies approved by the Board of Directors. Treasury identifies, evaluates and hedges financial risks in close cooperation with the operating units. The Board provides written principles for overall risk management, as well as written policies covering specific areas such as foreign exchange risk, interest rate risk, credit risk, use of derivative and non-derivative financial instruments. In addition, the Internal Audit department is responsible for the independent review of risk management and the control environment.

The risks arising from financial instruments to which the Group is exposed are financial risks, which include credit risk, liquidity risk and market risk.

(a) Credit risk

The Group takes on exposure to credit risk, which is the risk of suffering financial loss, should any of the Group's customers, clients or market counterparties fail to fulfil their contractual obligations to the Group. Credit risk is the most important risk for the Group's business. Management therefore carefully manages the exposure to credit risk. Credit exposures arise principally in lending and investment activities. There is also credit risk in off-balance sheet financial instruments, such as loan commitments. Credit risk management and control is centralised in the credit risk management team in which reports regularly to the Board of Directors. The composition of the approving authority is vested in the Country Credit Committee of the Board. Significant disbursements are approved by the full Board of Directors.

The Group further ensures that its policies are in conformity with the Bank of Zambia Prudential Regulations and its own credit policy.

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 industry segments. No single or group of insider borrowers can borrow more than 10% of its regulatory capital. All insiders put together cannot borrow 100% of its regulatory capital. Large loans are defined as amounts equivalent or in excess of 10% of the regulatory capital. Any exposure to any one individual or group of companies shall not exceed 25% of the regulatory capital. Borrowing by the Government is exempt from this limit. Such risks are monitored on a revolving basis and subject to annual or more frequent review. Limits on the level of the credit risk by product, industry sector and by country are approved quarterly by the Board of Directors.

The exposure to any one borrower including banks is further restricted by sub-limits covering on and off-balance sheet exposures and daily delivery risk limits in relation to trading items such as forward foreign exchange contracts. Actual exposures against limits are monitored daily.

Exposure to credit risk is managed through regular analysis of the ability of borrowers and potential borrowers to meet interest and capital repayment obligations and by changing lending limits where appropriate. Exposure to credit risk is also managed in part by obtaining collateral and corporate and personal guarantees for high net worth individuals, but a significant portion is personal lending where no such facilities can be obtained. The Group strives to maintain a lending ratio of 60% of its deposits and also to lend against tangible security not exceeding 60% of the value of security offered.

Finance Bank Zambia Plc

Notes to the consolidated financial statements (continued) for the year ended 31 December 2016

7 Financial risk management (continued)

(a) Credit risk (continued)

Credit related commitments

The primary purpose of these instruments is to ensure that funds are available to a customer as required. Guarantees which represent irrevocable assurances that the Group will make payments in the event that a customer cannot meet its obligations to third parties 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 borrowing.

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.

The maximum exposure to credit risk before collateral held or other credit enhancements is equal to the carrying amount except for credit risk relating to off-balance sheet items.

	2016 K'000	2015 K'000
Balances with Bank of Zambia	682,942	881,121
Balances with other Banks	391,108	350,635
Loans and advances to customers	1,130,444	1,189,587
Investment securities - Available for sale	477,880	-
Financial assets at amortised cost	-	429,318
Other assets	275,149	138,001
	<u>2,961,011</u>	<u>3,029,036</u>
Credit risk exposures relating to off-balance sheet items:		
- Acceptances and letters of credit	1,842	3,927
- Guarantee and performance bonds	1,646	36,447
	<u>2,961,011</u>	<u>3,029,036</u>

The above table represents a worst case scenario of credit risk exposure to the Group at 31 December 2016 and 2015, without taking account of any collateral held or other credit enhancements attached.

For on-balance sheet assets, the exposures set out above are based on carrying amounts as reported in the statement of financial position (SOFPI).

Management is confident in its ability to continue to control and sustain minimal exposure of credit risk to the Group resulting from financial assets based on the following:

- the Group exercises stringent controls over the granting of new loans.
- 54% of the loans and advances portfolio are neither past due nor impaired.
- 100% of the investments in debt securities are Government securities.
- Balances with the Bank of Zambia are risk free as these are statutory placements.
- Placements with other banks are secured by collateral in the form of Government securities.
- 92% of loans and advances portfolio are backed by collateral.

Finance Bank Zambia Plc

Notes to the consolidated financial statements *(continued)*
for the year ended 31 December 2016

7 Financial risk management *(continued)*

(a) Credit risk *(continued)*

Financial assets are summarised as follows:

	2016 K'000	2015 K'000
Neither past due nor impaired	752,748	672,325
Past due but not impaired	332,458	510,055
Individually impaired	111,582	70,143
Gross carrying amount	1,196,788	1,252,523
Less: Allowance for impairment (note 16)	(47,157)	(45,308)
Interest in suspense	(19,187)	(17,628)
Net carrying amount	1,130,444	1,189,587

No other financial assets are either past due or impaired.

Loans and advances neither past due nor impaired

The credit quality of the portfolio of loans and advances that were neither past due nor impaired can be assessed by reference to the internal rating system adopted by the Group:

	2016 K'000	2015 K'000
Standard	752,748	672,325
Total	752,748	672,325

These are loans and advances that are within the repayment terms and conditions.

Loans and advances past due but not impaired

Loans and advances less than 90 days past due are not considered impaired, unless other information is available to indicate the contrary. The gross amounts of loans and advances that were past due but not impaired were as follows:

	2016 K'000	2015 K'000
Past due up to 30 days	271,125	11,510
Past due 31 – 60 days	35,873	52,683
Past due 61 – 90 days	25,460	445,862
Total	332,458	510,055
Extent of loans covered by collateral	332,458	510,055

Finance Bank Zambia Plc

Notes to the consolidated financial statements *(continued)* for the year ended 31 December 2016

7 **Financial risk management** *(continued)*

(a) **Credit risk** *(continued)*

Of the total gross amount of impaired loans, the following amounts have been individually assessed:

	2016 K'000	2015 K'000
Individually assessed impaired loans and advances		
- corporate	84,622	43,904
- retail	26,960	26,239
	<u>111,582</u>	<u>70,143</u>
Financial effect of collateral held	<u>88,831</u>	<u>55,841</u>

Balances with other banks

There were no impairment charges on placements with other banks.

Financial assets at amortised cost

All the financial assets at amortised cost are not rated and are issued by the Government of the Republic of Zambia.

(b) **Concentrations of risk of financial assets with credit risk exposure** *(continued)*

Group

	Financial assets at available- for-sale	Balances with Bank of Zambia	Placements with other banks	Other assets	Total
At 31 December 2016					
Investment grade	477,880	296,274	391,108	-	1,165,262
Unrated	-	-	-	275,149	275,149
	<u>477,880</u>	<u>296,274</u>	<u>391,108</u>	<u>275,149</u>	<u>1,440,411</u>
At 31 December 2015					
Investment grade	429,318	439,102	350,635	-	1,219,055
Unrated	-	-	-	247,433	247,433
	<u>429,318</u>	<u>439,102</u>	<u>350,635</u>	<u>247,433</u>	<u>1,466,488</u>

(c) **Liquidity risk**

The Group's liquidity management process, as carried out within the Group and monitored by a separate team in Treasury, includes:

- Day-to-day funding, managed by monitoring future cash flows to ensure that requirements can be met. This includes replenishment of funds as they mature or are borrowed by customers. The Group maintains an active presence in global money markets to enable this to happen;
- Maintaining a portfolio of highly marketable assets that can easily be liquidated as protection against any unforeseen interruption to cash flow;
- Monitoring the liquidity ratios of the statement of financial position against internal and regulatory requirements; and
- Managing the concentration and profile of debt maturities.

Monitoring and reporting take the form of cash flow measurement and projections for the next day, week and month respectively, as these are key periods for liquidity management. The starting point for those projections is an analysis of the contractual maturity of the financial liabilities and the expected collection date of the financial assets.

Finance Bank Zambia Plc

Notes to the consolidated financial statements (continued)
for the year ended 31 December 2016

7 Financial risk management (continued)

Non-derivative financial assets and liabilities

The table below presents the undiscounted cash flows payable by the Group under financial liabilities by remaining contractual maturities at the balance sheet date and receivable from financial assets by expected maturity dates. All figures are in thousands of Zambia Kwacha.

Non-derivative financial assets and liabilities

	Up to 1 month	1-3 months	3-12 Months	1-5 Years	Over 5 years	Total
At 31 December 2016						
Liabilities						
Customer deposits	-	(1,528,923)	(661,290)	(68,873)	-	(2,259,086)
Borrowed funds	-	-	(4,178)	(22,003)	-	(26,181)
Other liabilities	(231,817)	-	-	-	-	(231,817)
Debentures	(1,102)	(1,870)	(22,502)	(3,750)	-	(29,224)
Total financial liabilities (contractual maturity dates)	(232,919)	(1,530,793)	(687,970)	(94,626)	-	(2,546,308)
Assets						
Cash and Bank balances with Central Bank	732,277	134,080	30,378	39,052	-	935,787
Due from other banks	242,994	-	-	-	-	242,994
Balances with other Banks	391,108	-	-	-	-	391,108
Loans and advances to customers	71,140	290,764	412,810	355,730	-	1,130,444
Finance leases	1,356	1,950	6,975	4,955	-	15,236
Investment securities Available- for-sale	90,995	82,714	267,155	37,016	-	477,880
Other assets (excluding prepayments)	-	2,287	-	-	-	2,287
Total financial assets (expected maturity dates)	1,529,870	511,795	717,318	436,753	-	3,195,736
Net Liquidity Gap	1,296,951	(1,018,998)	29,348	342,127	-	649,428
	Up to 1 month	1-3 months	3-12 months	1-5 years	Over 5 years	Total
At 31 December 2015						
Liabilities						
Customer deposits	(1,237,088)	(43,825)	(1,346,002)	-	-	(2,626,915)
Debentures	(1,537)	(2,590)	(22,500)	(5,058)	-	(31,685)
Borrowed funds	-	(1,750)	(26,230)	(37,300)	-	(65,280)
Other liabilities	(30,209)	(47,160)	(8,471)	(394)	-	(86,234)
Total financial liabilities (contractual maturity dates)	(1,268,834)	(95,325)	(1,403,203)	(42,752)	-	(2,810,114)
Assets						
Cash and Bank balances with Central Bank	1,056,628	-	-	-	-	1,056,628
Balances with other Banks	1,146	341,185	8,304	-	-	350,635
Loans and advances to customers	671,511	26,695	304,722	165,355	21,304	1,189,587
Financial assets at amortised cost	40,100	20,000	369,218	-	-	429,318
Due to other banks	-	-	7,903	-	-	7,903
Finance leases	357	610	1,355	1,673	-	3,995
Other assets (excluding prepayments)	13,143	81,392	15,169	28,297	-	138,001
Total financial assets (expected maturity dates)	1,782,885	469,882	706,671	195,325	21,304	3,176,067
Net Liquidity Gap	514,051	374,557	(696,532)	152,573	21,304	365,953

Finance Bank Zambia Plc

Notes to the consolidated financial statements *(continued)*
for the year ended 31 December 2016

7 Financial risk management *(continued)*

(b) Liquidity risk *(continued)*

Non-derivative financial assets and liabilities *(continued)*

Assets held for managing liquidity risk

The Group holds a diversified portfolio of cash and high-quality highly-liquid securities to support payment obligations and contingent funding in a stressed market environment. The Group's assets held for managing liquidity risk comprise:

- Cash and balances with central Bank;
- Certificates of deposit;
- Government bonds and other securities that are readily acceptable in repurchase agreements with central banks; and
- Secondary sources of liquidity in the form of highly liquid instruments in the Group's trading portfolios.

Derivative liabilities

The Group's derivatives that are settled on a gross basis include:

- Foreign exchange derivatives: currency forward, currency swaps; and
- Interest rate derivatives: interest rate swaps for which cash flows are exchanged on a gross basis, cross currency interest rate swaps.

The table below analyses the Group's derivative financial instruments that are settled on a gross basis into relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date. Contractual maturities are assessed to be essential for an understanding of the timing of the cashflows on all derivatives. Some of the Group's derivatives are subject to collateral requirements. The amounts disclosed in the table are the contractual undiscounted cash flows.

Derivative financial instruments

	Up to 1 month	1-3 months	3-12 months	1-5 Years	Over 5 Years	Total
At 31 December 2015						
Foreign exchange derivatives						
– Outflow	(181,168)	(864)	(111,604)	-	-	(293,636)
– Inflow	190,290	4,658	93,191	-	-	288,139
Total inflow/(outflow) (expected maturity dates)	9,122	3,794	(18,413)	-	-	(5,497)

Finance Bank Zambia Plc

Notes to the consolidated and separate financial statements *(continued)*
for the year ended 31 December 2016

7 Financial risk management *(continued)*

(c) Liquidity risk *(continued)*.

Off-balance sheet items

The dates of the contractual amounts of the Group's off-balance sheet financial instruments that it commits to extend credit to customers and other facilities are summarised in the table below.

	Up to 1 month	1-3 months	3-12 months	1-5 Years	Total
At 31 December 2016					
Guarantees and Performance bonds	50	1,487	100	10	1,647
Letters of credit	-	-	1,842	-	1,842
Operating lease commitments	1,405	2,810	12,644	67,436	84,295
Total	1,455	4,297	14,586	67,446	87,784
At 31 December 2015					
Guarantees and Performance bonds	5,284	3,889	27,264	10	36,447
Letters of credit	3,530	397	-	-	3,927
Operating lease commitments	1,684	3,369	15,159	80,848	101,060
Total	10,498	7,655	42,423	80,858	141,434

(d) Market risk

Market risk is the risk that changes in market prices, which include currency exchange rates and interest rates, will affect the fair value or future cash flows of a financial instrument. Market risk arises from open positions in interest rates and foreign currencies, all of which are exposed to general and specific market movements and changes in the level of volatility. The objective of market risk management is to manage and control market risk exposures within acceptable limits, while optimising the return on risk. Overall responsibility for managing market risk rests with the Assets and Liabilities Committee (ALCO). The Treasury department is responsible for the development of detailed risk management policies (subject to review and approval by ALCO) and for the day to day implementation of those policies.

Currency risk

The Group always endeavours to monitor and square the position on a daily basis. The board sets limits of exposure by currency for both intra-day and overnight and the Group monitors the currency position on a daily basis.

At 31 December 2016, if the Kwacha had weakened/ strengthened by 2% (2015: 2%) against the US dollar with all variables constant, the profit for the year would have been 0.6million higher/lower mainly due to US Dollar loans and advances (2015: K4.05millionlower/higher).

If the Kwacha had weakened/ strengthened by 1.5% (2015: 1.5%) against the British Sterling Pounds with all variables constant, there would have been no material effect on the profit for the year (2015: immaterial).

If the Kwacha had weakened/ strengthened by 10 % (2015:10%) against the South African rand, with all variables constant, there would have been no material effect on the profit for the year (2015: immaterial).

If the Kwacha had weakened/ strengthened by 1.5% (2015: 1.5%) against the Euro, with all variables constant, the profit for the year would have been no material effect on the profit for the year (2015: K0.4million).

The Group takes on exposure to the effects of fluctuations in the prevailing foreign currency exchange rates on its financial position and cash flows.

Finance Bank Zambia Plc

Notes to the consolidated and separate financial statements *(continued)*
for the year ended 31 December 2016

7 Financial risk management *(continued)*

(d) Market risk *(continued)*

The table below summarises the Group's exposure to foreign currency exchange rate risk at 31 December 2016 and 2015. Included in the table are the Group's financial instruments, categorised by currency(all amounts expressed in thousands of Zambian Kwacha):

	USD	GBP	Euro	ZAR	Total
At 31 December 2016					
Assets					
Cash and balances with Central Bank	148,936	-	212,364	642	361,942
Balances with other Banks	5,154	-	-	-	5,154
Loans and advances to customers	177,865	-	-	-	177,865
Total assets	331,955	-	212,364	642	544,961
Customer deposits	243,240	1,344	202,828	3,866	451,278
Deposits from other banks	118,932	-	-	-	118,932
Total liabilities	362,172	1,344	202,828	3,866	570,210
Net position	(30,217)	(1,344)	9,536	(3,224)	(25,249)
	USD	GBP	EURO	ZAR	Total
At 31 December 2015					
Assets					
Cash and balances with Central Bank	93,570	609	1,011	459	95,649
Balances with other Banks	86,823	312	7,890	4,963	99,988
Loans and advances to customers	293,801	-	1	-	293,802
Other assets	113,743	64	-	371	114,178
Total assets	587,937	985	8902	5,793	603,617
Liabilities					
Customer deposits	(321,524)	(1,282)	(35,708)	(5,810)	(364,324)
Deposits from other banks	(29,369)	-	-	-	(29,369)
Other liabilities	(34,270)	(3)	-	-	(34,273)
Total liabilities	(385,163)	(1,285)	(35,708)	(5,810)	(427,966)
Net position	202,774	(300)	(26,806)	(17)	175,651

Interest rate risk

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 or create losses in the event that unexpected movements arise. The Board of Directors sets limits on the level of mismatch of interest rate re-pricing that may be undertaken, which is monitored daily.

The table below summarises the Group's exposure to interest rate risks. Included in the table are the Group's assets and liabilities at carrying amounts, categorised by the earlier of contractual repricing or maturity dates. The Group does not bear any interest rate risk on off balance sheet items.

Finance Bank Zambia Plc

Notes to the consolidated and separate financial statements *(continued)*
for the year ended 31 December 2016

7 Financial risk management *(continued)*

(d) Market risk *(continued)*

Interest rate risk *(continued)*

	Up to 1	1-3	3-12	Over 1	Non-interest	Total
At 31 December 2016	month	months	months	year	Bearing	K'000
	K'000	K'000	K'000	K'000	K'000	
Assets						
Cash and balances with the Central Bank	-	-	-	-	935,787	935,787
Balances with other Banks	375,208	15,900	-	-	-	391,108
Loans and advances to customers	83,548	247,307	391,790	407,799	-	1,130,444
Finance leases	1,356	1,950	6,975	4,955	-	15,236
Financial assets at amortised cost	-	173,709	266,883	37,288	-	477,880
Other assets	-	-	-	-	275,149	275,149
Due from other Banks	-	-	242,994	-	-	242,994
Total financial assets	460,112	438,866	908,642	450,042	1,210,936	3,468,598
Liabilities						
Customer deposits	(1,566,727)	(173,950)	(518,409)	-	-	(2,259,086)
Other liabilities	-	-	-	-	(231,817)	(231,817)
Debentures	(1,102)	(1,870)	(22,502)	(3,750)	-	(29,224)
Borrowed funds	-	-	(4,178)	(22,003)	-	(26,181)
Total financial liabilities	(1,567,829)	(175,820)	(545,089)	(25,753)	(231,817)	(2,546,308)
Interest re-pricing gap	(1,107,717)	263,046	365,553	424,289	979,119	992,290
At 31 December 2015						
Assets						
Cash and balances with the Central Bank	8,812	-	-	-	1,047,816	1,056,628
Balances with other Banks	1,147	334,342	15,146	-	-	350,635
Loans and advances to customers	663,869	23,717	269,848	232,153	-	1,189,587
Finance leases	353	1,063	1,463	1,116	-	3,995
Financial assets at amortised cost	36,121	19,067	374,130	-	-	429,318
Other assets	45	-	7,048	308	130,600	138,001
Due from other Banks	-	-	7,903	-	-	7,903
Total financial assets	710,347	378,189	667,635	233,577	1,178,416	3,168,164
Liabilities						
Customer deposits	(1,268,615)	(313,699)	(1,044,601)	-	-	(2,626,915)
Debentures	(1,508)	(7,480)	(20,399)	(2,298)	-	(31,685)
Borrowed funds	-	(1,667)	(21,860)	(41,753)	-	(65,280)
Other liabilities	-	-	(22,606)	-	(63,628)	(86,234)
Total financial liabilities	(1,270,123)	(322,846)	(1,109,466)	(44,051)	(63,628)	(2,810,114)
Interest re-pricing gap	(559,776)	55,343	(441,831)	189,526	1,114,788	358,050

The matching and controlled mismatching of the maturities and interest rates of assets and liabilities is fundamental to the management of the Group. It is unusual for banks ever to be completely matched since business transacted is often of uncertain terms and of different types. An unmatched position potentially enhances profitability, but can also increase the risk of losses. The maturities of assets and liabilities and the ability to replace, at an acceptable cost, interest-bearing liabilities as they mature, are important factors in assessing the liquidity of the Group and its exposure to changes in interest rates and exchange rates.

Finance Bank Zambia Plc

Notes to the consolidated and separate financial statements *(continued)*
for the year ended 31 December 2016

7 Financial risk management *(continued)*

(e) Fair values of financial assets and liabilities

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date i.e. an exit price. Fair value is therefore a market based measurement and when measuring fair value the Bank uses the assumptions that market participants would use when pricing an asset or liability under current market conditions, including assumptions about risk. When determining fair value it is presumed that the Bank is a going concern and the fair value is therefore not an amount that represents a forced transaction, involuntary liquidation or a distressed sale.

The Group adopted IFRS 13, 'Fair value measurement' from 1 January 2013. The impact of this adoption did not cause a significant change in the valuation input as the difference between the bid-ask price was not material. The carrying amounts of all financial assets and liabilities at the reporting date approximate their fair values. The table on page 48 presents the Funds' assets that are measured at fair value.

Recurring fair value measurements

Recurring fair value measurements are those for assets and liabilities that IFRS requires or permits to be recognised at fair value and are recognised in the statement of financial position at reporting date. This includes financial assets, financial liabilities and non-financial assets, including investment properties and commodities, which the Bank measures at fair value at the end of each reporting period.

Financial instruments

When determining the fair value of a financial instrument, where the financial instrument has a bid or ask price (for example in a dealer market), the Group uses the price within the bid-ask spread that is most representative of fair value in the circumstances. Although not a requirement, the Group uses the bid price for financial assets or the ask/offer price for financial liabilities where this best represents fair value.

When determining the fair value of a financial liability or the Group's own equity instruments the quoted price for the transfer of an identical or similar liability or own equity instrument is used. Where this is not available, and an identical item is held by another party as an asset, the fair value of the liability or own equity instrument is measured using the quoted price in an active market of the identical item, if that price is available, or using observable inputs (such as the quoted price in an inactive market for the identical item) or using another valuation technique.

Fair value of financial instruments

Where the Group has any financial liability with a demand feature, such as demand deposits, the fair value is not less than the amount payable on demand, discounted from the first date that the amount could be required to be paid where the time value of money is significant.

Finance Bank Zambia Plc

Notes to the consolidated and separate financial statements *(continued)* for the year ended 31 December 2016

7 Financial risk management *(continued)*

(e) Fair values of financial assets and liabilities *(continued)*

Non-financial assets

When determining the fair value of a non-financial asset, a market participant's ability to generate economic benefits by using the assets in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use, is taken into account. This includes the use of the asset that is physically possible, legally permissible and financially feasible. In determining the fair value of the Group's investment properties and commodities, the highest and best use of the assets was their current use.

Non-recurring fair value measurements

Non-recurring fair value measurements are those triggered by particular circumstances and include the classification of assets and liabilities as non-current assets or disposal banks held for sale under IFRS 5 where fair value less costs to sell is the recoverable amount, IFRS 3 business combinations where assets and liabilities are measured at fair value at acquisition date, and IAS 36 impairments of assets where fair value less costs to sell is the recoverable amount. These fair value measurements are determined on a case by case basis as they occur within each reporting period.

Other fair value measurements

Other fair value measurements include assets and liabilities not measured at fair value but for which fair value disclosures are required under another IFRS e.g. financial instruments at amortised cost. The fair value for these items is determined by using observable quoted market prices where these are available, such as market prices quoted on the Lusaka Stock Exchange (LuSE), or in accordance with generally acceptable pricing models such as a discounted cash flow analysis.

The Group classifies assets and liabilities measured at fair value using a fair value hierarchy that reflects whether observable or unobservable inputs are used in determining the fair value of the item. If this information is not available, fair value is measured using another valuation technique that maximises the use of relevant observable inputs and minimises the use of unobservable inputs. The valuation techniques employed by the Group include, inter alia, quoted prices for similar assets or liabilities in an active market, quoted prices for the same asset or liability in an inactive market, adjusted prices from recent arm's length transactions, option-pricing models, and discounted cash flow techniques.

Where a valuation model is applied and the Bank cannot mark to market, it applies a mark-to-model approach, subject to prudent valuation adjustments. Mark-to-model is defined as any valuation which has to be benchmarked, extrapolated or otherwise calculated from a market input. When applying mark-to-model, an extra degree of conservatism is applied. The Bank will consider the following in assessing whether a mark-to-model valuation is appropriate:

- As far as possible, market inputs are sourced in line with market prices;
- Generally accepted valuation methodologies are consistently used for particular products unless deemed inappropriate by the relevant governance forums;
- Where a model has been developed in-house, it is based on appropriate assumptions, which have been assessed and challenged by suitably qualified parties independent of the development process;
- Formal change control procedure are in place;
- The model is subject to periodic review to determine the accuracy of its performance; and
- Valuation adjustments are only made when appropriate, for example, to cover the uncertainty of the model valuation.

Finance Bank Zambia Plc

Notes to the consolidated and separate financial statements *(continued)*
for the year ended 31 December 2016

7 Financial risk management *(continued)*

(e) Fair values of financial assets and liabilities *(continued)*

Level 1 - Fair value is determined using unadjusted quoted prices in active markets for identical assets or liabilities where this is readily available and the price represents actual and regularly occurring market transactions. An active market is one in which transactions occur with sufficient volume and frequency to provide pricing information on an on-going basis. This category includes listed bonds and equity, exchange-traded derivatives, exchange-traded commodities and short trading positions.

Level 2 - Fair value is determined using inputs other than quoted prices that are observable for the asset or liability, either directly or indirectly such as quoted prices for similar items in an active market or for an identical item in an inactive market, or valuation models using observable inputs or inputs derived from observable market data. This category includes loans and advances to customers, equities listed in an inactive market, certain debt instruments, private equity investments, non-recourse investments and deposits, over the counter derivatives, deposits, other liabilities, Tier 2 liabilities, commodities which are not exchange-traded and investment properties.

Level 3 - Fair value is determined using a valuation technique and significant inputs that are not based on observable market data (i.e. unobservable inputs) such as an entity's own assumptions about what market participants would assume in pricing assets and liabilities. The assumptions applied by the Group are set out in the table on page 51. This category includes certain loans and advances to customers, certain over the counter derivatives such as equity options, investments in debt instruments, private equity investments, and certain deposits such as credit linked notes.

The following principle methods and assumptions are used to determine the fair value of financial instruments:

Investments securities

Treasury Bills

Treasury bills are valued by using the discounted cash flow model. The discount curve is derived from similar market quoted instruments.

Government, public and utility stocks

Where market prices are not available, the fair value is estimated using quoted market prices of securities with similar credit, maturity and yield characteristics.

Finance Bank Zambia Plc

Notes to the consolidated and separate financial statements *(continued)*
for the year ended 31 December 2016

7 Financial risk management *(continued)*

(e) Fair values of financial assets and liabilities *(continued)*

Deposits and current accounts

Fair value of deposits and current accounts is determined by discounting future cash flows using a swap curve adjusted for liquidity premiums and business unit margins. The valuation methodology does not take early withdrawals and other behavioral aspects. Call deposits are valued at the undiscounted amount of the cash balance. This is considered appropriate because of the short term nature of these instruments. Fair valuation will only be applied to deposits that have a maturity profile of longer than 30 days. For all non-term products, it is assumed that fair value equals amortised cost.

Advances

The fair value of advances is the present value of the expected future cash flows determined using an appropriate discount rate adjusted for credit spreads where necessary. Projected cash flows, taking into account behavior, loss given default and probability of default, are grouped according to their maturity dates. The discount rate for fixed interest rate instruments is adjusted by an appropriate risk premium while floating rate cash flows are discounted by means of a yield curve which represents the projected cash flows.

The interest rate component of the valuation uses observable inputs from market interest rate curves. To calculate the fair value of credit the bank uses a valuation methodology based on the credit spread matrix, which considers loss given default of the tenor. The following table represents the fair values of financial instruments not carried at fair value on the statement of financial position. For all other instruments the carrying value is equal to or a reasonable approximation of the fair value.

K '000	2016		2015	
	Carrying value	Fair value	Carrying value	Fair value
Assets				
Cash and Balances with Central Bank	935,787	935,787	1,056,628	1,056,628
Balances with other Banks	391,108	391,108	350,635	350,635
Loans and advances	1,130,444	1,130,444	1,189,587	1,189,587
Finance Leases	-	-	3,995	3,995
Investment securities - Available for sale	477,880	477,955	-	-
Held to maturity financial securities	-	-	429,318	429,318
	2,935,219	2,935,294	3,030,163	3,030,163
Liabilities				
Customer deposits	(2,259,086)	(2,259,086)	(2,626,915)	(2,626,915)
Deposits from other Banks	(242,994)	(242,994)	(7,903)	(7,903)
Derivative Financial Instruments	(118)	(118)	(15,789)	(15,789)
Debentures	-	-	(31,685)	(31,685)
Borrowings	(26,181)	(26,181)	(65,280)	(65,280)
	(2,528,379)	(2,528,379)	(2,747,572)	(2,747,572)

Finance Bank Zambia Plc

Notes to the consolidated financial statements *(continued)*

for the year ended 31 December 2016

In *Zambian Kwacha*

7 Financial risk management *(continued)*

(e) Fair values of financial assets and liabilities *(continued)*

The following table presents the Group's financial assets and liabilities that are measured at fair value at 31 December 2016.

2016	Level 1 K	Level 2 K	Level 3 K	Total K
Foreign exchange derivatives	-	118	-	118

All fair value measurements disclosed are recurring fair value measurements, required for the purposes of measuring the Bank's assets at fair value. During the year no transfers were made amongst the different levels.

The fair value of financial assets and liabilities that are not traded in an active market (for example, unquoted equities) is determined using valuation techniques. The Group uses a variety of methods and makes assumptions that are based on market conditions existing at each reporting date. These take into account valuation techniques commonly used by market participants making the maximum use of market inputs and relying as little as possible on entity-specific inputs. The input used in the valuation of these instruments is based on market rates for comparable instruments.

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. These valuation techniques maximize the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2. If one or more of the significant inputs is not based on observable market data, the instrument is included in 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 adjustment 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 judgment, considering factors specific to the asset or liability. The determination of what constitutes 'observable' requires significant judgment by the Group. The Group considers observable data to be that market data that is readily available, regularly distributed or updated, reliable and verifiable, not proprietary, and provided by independent sources that are actively involved in the relevant market.

Offsetting financial assets

Financial assets and liabilities are only off-set and the net amount reported in the statement of financial position where the Group currently has a legally enforceable right to set-off the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

Finance Bank Zambia Plc

Notes to the consolidated financial statements *(continued)*
for the year ended 31 December 2016
In *Zambian Kwacha*

7 Financial risk management *(continued)*

(f) Fair values of non- financial assets *(continued)*

Fair value estimation of buildings

An independent valuation of the Bank's land and buildings and investment property was performed by valuers to determine the fair value of the land and buildings and investment property. The following table analyses the non-financial assets carried at fair value, by valuation hierarchy. The different levels have been defined as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1). As of 31 December 2016, there were no land and buildings classified as level 1.
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly (Level 2).
- Inputs for the asset or liability that are not based on observable market data (that is unobservable inputs) (Level 3).

Fair value measurements at 31 December 2016 using recurring fair value measurements

	Level 1	Level 2	Level 3
	K	K	K
Buildings	-	93,044	-
Investment property	-	45,000	-

During the year no transfers were made amongst the different levels.

(g) Capital management

The Group's objectives when managing capital, which is a broader concept than the 'equity' on the balance sheets, are:

- to comply with the capital requirements set by the Grouping and Financial Services Act;
- to safeguard the Group's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders;
- to maintain a strong capital base to support the development of its business.

Capital adequacy and use of regulatory capital are monitored regularly by management, employing techniques based on the guidelines developed and implemented by the Bank of Zambia for supervisory purposes. The required information is filed with the Bank of Zambia on a monthly basis.

The Bank of Zambia requires each Bank to hold the minimum level of regulatory capital of K104 million for a local Bank and K520 million for foreign owned Banks. The Central Bank also requires banks to maintain a ratio of total regulatory capital to the risk-weighted assets plus risk-weighted off-balance sheet assets (the 'Basel ratio') at or above the required minimum of 10%, maintain primary or tier 1 capital of not less than 5% of total risk weighted assets; and a total capital of not less than 10% of risk-weighted assets plus risk-weighted off-balance sheet items.

Finance Bank Zambia Plc

Notes to the consolidated financial statements *(continued)*

for the year ended 31 December 2016

In Zambian Kwacha

7 Financial risk management *(continued)*

(g) Capital management *(continued)*

The Bank's total regulatory capital is divided into two tiers:

- Tier 1 capital (primary capital): common shareholders' equity, qualifying preferred shares and minority interests in the equity of subsidiaries that are less than wholly owned.
- Tier 2 capital (secondary capital): qualifying preferred shares, 40% of revaluation reserves, subordinated term debt or loan stock with a minimum original term of maturity of over five years (subject to a straight-line amortisation during the last five years leaving no more than 20% of the original amount outstanding in the final year before redemption) and other capital instruments which the Bank of Zambia may allow. The maximum amount of secondary capital is limited to 100% of primary capital.

The risk weighted assets are measured by means of a hierarchy of four risk weights classified according to the nature of – and reflecting an estimate of the credit risk associated with each asset and counterparty. A similar treatment is adopted for off-balance sheet exposure, with some adjustments to reflect the more contingent nature of the potential losses.

The table below summarises the composition of regulatory capital and the ratios of the Bank as at 31 December 2016:

	Bank	
	2016	2015
	K' 000	K' 000
Tier 1 capital	493,092	452,188
Tier 2 capital	13,424	13,394
Tier 1 + Tier 2 capital	<u>506,516</u>	<u>465,582</u>
Risk-weighted assets		
On-balance sheet	1,386,702	1,479,550
Off-balance sheet	11,527	50,452
Total risk-weighted assets	<u>1,398,229</u>	<u>1,530,002</u>
Regulatory ratios		
Tier 1 (Regulatory minimum – 5%)	35%	31.1%
Tier 1 + Tier 2 (Regulatory minimum – 10%)	36%	32.0%

(h) Compliance with Banking and Financial Services Act 1994(BFSA)

The Group is required to disclose its compliance with the Sections 72 and 73 of the Banking and Financial Services Act. During the year, the Bank had one facility whose total outstanding balance was more than 25% of the Bank's regulatory capital.

8 Segment information

The Group has four reportable operating segments as detailed below as at 31 December 2016. For each of the segments, The Group's Executive Committee reviews internal management reports on a monthly basis.

Information regarding the results of each reportable segment is included below. Performance is measured based on services and profit before income tax, as included in the internal management reports that are reviewed by the Managing Director. Segment growth and profit are used to measure performance as Directors believe that such information is relevant in evaluating the results of the segment

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis

Finance Bank Zambia Plc

Notes to the consolidated financial statements (continued)

for the year ended 31 December 2016

In Zambian Kwacha

8 Segment information (continued)

31 December 2016	Banking K' 000	Microfinance K' 000	Mortgages K'000	Leasing K'000	Total K'000
Revenue-external					
Net Interest Income	166,828	27,764	10,016	18,907	223,515
Other operating income	207,572	28,694	2,517	15,017	253,890
Total Income	374,400	56,458	12,533	34,014	477,405
Other operating expenses	(533,486)	(26,638)	(5,569)	(10,779)	(576,472)
Profit/(loss) before tax	(159,086)	29,820	6,964	23,235	(99,067)
Income tax expense	(8,784)	(10,580)	(2,554)	6,808	(15,110)
Profit/(loss) for the year	(167,870)	19,240	4,410	30,043	(114,177)
31 December 2015					
Revenue-external					
Net Interest Income	208,327	29,794	9,094	13,003	260,218
Other operating income	250,088	26,658	2,156	3,039	281,941
Total Income	458,415	56,452	11,250	16,042	542,159
Other operating expenses	(313,286)	(24,704)	(4,815)	(11,916)	(354,721)
Profit before tax	145,129	31,748	6,435	4,126	187,438
Income tax expense	(47,193)	(10,325)	(2,940)	(3,180)	(63,638)
Profit for the year	97,936	21,423	3,495	946	123,800

The segment assets and liabilities as at 31 December 2016 were as follows

Total assets	Banking K' 000,	Microfinance K' 000	Mortgages K' 000	Leasing K' 000	Total K' 000
Segment assets					
Cash and balances with banks	1,261,161	37,273	25,367	3,094	1,326,895
Investment securities - Available for sale cost	477,880	-	-	-	477,880
Loans and advances	833,686	160,781	63,889	72,088	1,130,444
Other segment assets	429,373	19,622	4,875	72,886	526,756
Total assets	3,002,100	217,676	94,131	148,068	3,461,975
Segment liabilities					
Customer deposits	(2,365,938)	(132,633)	(32,821)	(27,584)	(2,568,976)
Borrowings	-	(13,657)	(10,921)	(5,000)	(29,578)
Other segment liabilities	(209,300)	(19,258)	(1,651)	(19,757)	(249,966)
Total liabilities	(2,575,238)	(165,548)	(55,393)	(52,341)	(2,848,520)

The segment assets and liabilities as at 31 December 2015 were as follows

Segment assets	Banking K' 000	Microfinance K' 000	Mortgages K' 000	Leasing K' 000	Total K' 000
Cash and balances with banks	1,392,797	6,566	440	7,460	1,407,263
Financial assets at amortised cost	422,475	-	6,843	-	429,318
Loans and advances	916,483	159,894	37,090	76,120	1,189,587
Other segment assets	544,637	9,084	7,501	48,821	610,043
Total assets	3,276,392	175,544	51,874	132,401	3,642,721
Segment liabilities					
Customer deposits	(2,626,915)	-	-	-	(2,626,915)
Borrowings	-	(25,365)	(17,774)	(22,141)	(65,280)
Other segment liabilities	(156,884)	(38,943)	(6,166)	(14,143)	(216,136)
Total liabilities	(2,783,799)	(76,037)	(35,669)	(48,014)	(2,908,331)

Finance Bank Zambia Plc

Notes to the consolidated financial statements (continued)

for the year ended 31 December 2016

In Zambian Kwacha

9 Interest income

	2016 K' 000	2015 K' 000
Loans and advances	312,874	341,301
Finance Lease income	1,133	1,292
Government securities	106,339	64,557
Cash and short term funds	34,773	30,794
	<u>455,119</u>	<u>437,944</u>

There was no interest income recognised on impaired financial assets (2015: nil).

10 Interest expense

Customer deposits	214,313	154,797
Deposits from other banks	845	2,662
Borrowed funds	15,091	20,267
	<u>230,249</u>	<u>177,726</u>

11 Fee and commission income

Commission on letters of credit	58,229	87,787
Commission on cash management services	46,747	5,098
Fees on automated teller machines	20,206	16,821
Ledger fees	12,268	11,679
Other	29,780	58,662
	<u>167,230</u>	<u>180,047</u>

12 Foreign exchange income

Gains on foreign exchange differences	84,405	95,016
Non-trading foreign exchange	27	-
	<u>84,432</u>	<u>95,016</u>

13 Other income

Bad debts recovered	-	3,212
Rental income	6,643	-
Gain on revaluation of investment property	10,430	-
Others	56	5,648
	<u>17,129</u>	<u>8,860</u>

14 Operating expenses

Employment expense (note 14a)	160,120	153,595
Depreciation of property and equipment (note 23)	18,092	13,736
Amortisation of intangible assets (note 24)	6,740	1,904
Repairs and maintenance	11,377	14,127
Legal and professional expenses	34,052	29,312
Insurance	673	4,272
Cash in transit	5,109	6,532
Operating lease rentals	16,859	6,662
Telex and telephone	3,381	9,514
Security	12,204	9,640
Advertising	6,811	7,835
Directors' fees	11,484	13,633
Other operating expenses	148,750	75,390
	<u>435,652</u>	<u>346,152</u>

Finance Bank Zambia Plc

Notes to the consolidated financial statements *(continued)*
for the year ended 31 December 2016
In *Zambian Kwacha*

14 Operating expenses *(continued)*

14(a) Employee benefits expense

	2016	2015
	K'000	K'000
Salaries and wages	151,345	146,206
Retirement benefit costs:		
Defined contribution scheme	2,867	2,563
National Pension Scheme Authority	5,908	4,826
	<u>160,120</u>	<u>153,595</u>

14(b) Good will impairment

Impairment of goodwill on Leasing Finance Company	139,848	-
	<u>139,848</u>	<u>-</u>

Refer to note 40 where justification of impairment has been disclosed.

15 Income tax expense

	2016	2015
	K'000	K'000
Current income tax	39,202	74,399
Over provision of current/deferred tax in prior years	(11,630)	(8,139)
Deferred income tax (note 31)	(12,462)	(2,623)
	<u>15,110</u>	<u>63,637</u>

The tax on the Group's profit before income tax differs from the theoretical amount that would arise using the statutory income tax rate as follows:

	2016	2015
	K' 000	K' 000
(Loss)/profit before income tax	(99,067)	187,437
Tax calculated at the statutory income tax rate of 35% (2015: 35%)	(34,674)	65,603
Tax effect of:		
Expenses not deductible for tax purposes	65,895	6,173
Income taxed at a different rate	(4,481)	-
Overprovision of current/deferred tax in prior years	(11,630)	(8,139)
Income tax expense	<u>15,110</u>	<u>63,637</u>

Current income tax movement in the statement of financial position

	2016	2015
	K'000	K'000
At start of year	9,849	43,696
Current income tax charge	39,202	74,399
Payments during the year	(28,843)	(69,877)
Over-provision of current tax in prior years	(1,692)	(8,139)
Withholding tax over accrued in prior years	-	395
Transfer to deferred current income tax account (note 32)	-	(30,625)
	<u>18,516</u>	<u>9,849</u>

Finance Bank Zambia Plc

Notes to the consolidated financial statements (continued)

for the year ended 31 December 2016

In Zambian Kwacha

16 Cash and balances with Central Bank

	2016	2015
	K' 000	K' 000
Cash in hand and at Bank	252,845	175,507
Balances with Bank of Zambia	296,274	439,102
Included in cash and cash equivalents	549,119	614,609
Statutory reserves with Bank of Zambia	386,668	442,019
	<u>935,787</u>	<u>1,056,628</u>

Banks are required to maintain a prescribed minimum cash balance with the Central Bank that is not available to finance the Group's day-to-day activities. The amount, known as the statutory reserve deposit, is determined as 18% of the average outstanding customer deposits over a cash reserve cycle period of one month.

17 Balances with other banks

Included in cash and cash equivalents

	2016	2015
	K' 000	K' 000
Deposits	135,000	90,683
Placements	256,108	259,952
	<u>391,108</u>	<u>350,635</u>

18 Derivative Financial instruments-Group and Bank

	2016	2015
	K' 000	K' 000
Currency swap contracts liability	(118)	(15,789)

19 Financial Instruments by category

	Loans and receivables	Available for sale	Total
	K'000	K'000	K'000
At 31 December 2016			
Financial assets			
Cash and balances with Central Bank	935,787	-	935,787
Balances with other banks	391,108	-	391,108
Loans and Advances to customers	1,130,444	-	1,130,444
Investment securities – Available-for-sale	-	477,880	477,880
Other assets	275,149	-	275,149
Total financial assets (contractual maturity)	<u>2,732,488</u>	<u>477,880</u>	<u>3,210,368</u>
		Financial liabilities at amortised cost	Total
At 31 December 2016		K'000	K'000
Financial liabilities			
Debentures		(29,224)	(29,224)
Borrowings		(26,181)	(26,181)
Deposits from customers		(2,259,086)	(2,259,086)
Other liabilities		(355,996)	(355,996)
Total financial liabilities		<u>(2,670,487)</u>	<u>(2,670,487)</u>

Finance Bank Zambia Plc

Notes to the consolidated financial statements (continued)

for the year ended 31 December 2016

In Zambian Kwacha

19 Financial Instruments by category (continued)

At 31 December 2015	Loans and Receivables K'000	Available- for-sale K'000	Total K'000
Financial assets			
Cash and balances with Central Bank	1,056,628	-	1,056,628
Loans and advances to banks	350,635	-	350,635
Loans and advances to customers	1,189,587	-	1,189,587
Investment in Government securities	-	429,318	429,318
Other assets	138,001	-	138,001
Total financial assets (contractual maturity dates)	<u>2,734,851</u>	<u>429,318</u>	<u>3,164,169</u>
		Financial liabilities at amortised cost K'000	Total K'000
At 31 December 2015			
Financial liabilities			
Debentures		(31,685)	(31,685)
Borrowings		(65,280)	(65,280)
Deposits from customers		(2,626,915)	(2,626,915)
Derivative financial instruments		(15,789)	(15,789)
Other liabilities		(76,512)	(76,512)
Total financial liabilities		<u>(2,816,181)</u>	<u>(2,816,181)</u>

20 Loans and advances to customers

	2016 K'000	2015 K'000
Overdrafts	96,888	273,663
Commercial loans	908,406	725,797
Personal loans	186,723	246,343
Staff loans	4,771	6,720
Gross Loans and Advances	<u>1,196,788</u>	<u>1,252,523</u>
Less: Provision for impairment of loans and advances		
- Individually assessed	(46,033)	(39,073)
- Collectively assessed	(1,124)	(6,235)
- Interest in suspense	(19,187)	(17,628)
	<u>1,130,444</u>	<u>1,189,587</u>
Current	758,151	957,434
Non-current	372,293	232,153
	<u>1,130,444</u>	<u>1,189,587</u>

Finance Bank Zambia Plc

Notes to the consolidated financial statements (continued)

for the year ended 31 December 2016

In *Zambian Kwacha*

20 Loans and advances to customers (continued)

Loans and advances to customers

Movements in provisions for impairment of loans and advances are as follows:

	Overdrafts	Term loans	Total
	K'000	K'000	K'000
Year ended 31 December 2016			
At start of year	41,131	21,805	62,936
Provision for loan impairment	4,187	13,041	17,228
Loans written off during the year as uncollectible	(4,839)	(12)	(4,851)
Loan recoveries	-	(524)	(524)
Foreign exchange	(2,120)	(6,325)	(8,445)
At end of year	<u>38,359</u>	<u>27,985</u>	<u>66,344</u>
Year ended 31 December 2015			
At start of year	36,695	22,354	59,049
Provision for loan impairment	2,759	5,810	8,569
Loans written off during the year as uncollectible	(2,981)	(9,415)	(12,396)
Loan recoveries	-	(1,082)	(1,082)
Foreign exchange	4,658	4,138	8,796
At end of year	<u>41,131</u>	<u>21,805</u>	<u>62,936</u>

The principal amount on one of the non-performing loans owing to the Bank exceeded 5% of the regulatory capital. The principal amount owing was 24% of the regulatory capital.

21 Finance lease receivables

The average term of finance leases is three years. Interest rate inherent in the leases is fixed at the contract date for all of the lease terms. The weighted average interest rate at 31 December 2016 was approximately 10% (31 December 2015: 10%) per annum.

Principal	K' 000	K' 000
At start of year	3,995	6,032
Acquisitions of subsidiary	14,224	-
Finance lease receivables eliminated on consolidation	468	-
Exchange gains	(115)	-
Repayments during the year	(3,336)	(2,037)
At end of period	<u>15,236</u>	<u>3,995</u>
Current	4,019	3,995
Non - Current	<u>11,217</u>	<u>-</u>
	<u>15,236</u>	<u>3,995</u>

Leases past due but not impaired

Lease receivable less than 90 days past due are not considered impaired, unless other information is available to indicate the contrary.

Movement in the allowance for doubtful debts

At start of year	-	(548)
Impairment losses recognised on lease receivables	-	-
Written off during the year	-	548
At end of year	<u>-</u>	<u>-</u>

Finance Bank Zambia Plc

Notes to the consolidated financial statements *(continued)*

for the year ended 31 December 2016

In Zambian Kwacha

21 Finance lease receivables- Group *(continued)*

Sector analysis:	2016	2015
	%	%
Manufacturing	6.3	66
Financial services	-	14
Hotel	0.2	14
Construction	0.5	6
Agriculture	93.0	-
	<u>100</u>	<u>100</u>

22 Investment securities

22(a) Investment securities –available for sale

Government securities – maturing after 90 days of the date of acquisition	2016	2015
	K' 000	K' 000
At start of the year	-	-
Additions	477,805	-
Gain from changes in fair value	75	-
	<u>477,880</u>	<u>-</u>

Government securities include Treasury bills and Government bonds issued by Bank of Zambia. The amount held as at 31 December 2016 relates to investments acquired during the year.

22(b) Investment securities -amortised cost

Government securities – maturing after 90 days of the date of acquisition	2016	2015
	K' 000	K' 000
At start of the year	429,318	315,336
Matured during the year	(429,318)	(310,705)
Acquired during the year	-	424,687
	<u>-</u>	<u>429,318</u>

The Government securities held as at 31 December 2015 were Treasury bills which matured during the year ended 31 December 2016.

Finance Bank Zambia Plc

Notes to the consolidated financial statements (continued)

for the year ended 31 December 2016

In Zambian Kwacha

23 Property and equipment

	Buildings K' 000	Motor vehicles K' 000	Fixtures, Fittings and Equipment K' 000	Work in Progress K' 000	Total K' 000
At 1 January 2015					
Cost or Valuation	58,500	9,020	107,533	12,417	187,470
Accumulated depreciation	(7,556)	(7,239)	(73,786)	-	(88,581)
Net book amount	50,944	1,781	33,747	12,417	98,889
Year ended 31 December 2015					
Opening net book amount	50,944	1,781	33,747	12,417	98,889
Additions	7,183	2,524	21,826	35,512	67,045
Disposals	-	(2,280)	(543)	-	(2,823)
Depreciation eliminated on disposals	-	2,272	523	-	2,795
Revaluation Gain	17,711	-	-	-	17,711
Impairment Loss	-	-	(803)	-	(803)
Transfers	19,005	-	2,797	(21,802)	-
Depreciation charge	(1,799)	(1,272)	(10,665)	-	(13,736)
Closing net book amount	93,044	3,025	46,882	26,127	169,078
At 1 January 2016					
Cost	102,399	9,264	131,613	26,127	269,403
Accumulated depreciation	(9,355)	(6,239)	(84,731)	-	(100,325)
Closing net book amount	93,044	3,025	46,882	26,127	169,078
Year ended 31 December 2016					
Opening net book amount	93,044	3,025	46,882	26,127	169,078
Additions	12,786	4,839	16,855	3,413	37,893
Disposals	-	(2,886)	(58)	(969)	(3,913)
Depreciation eliminated on disposals	-	2,886	58	-	2,944
Transfers	1,691	-	2,207	(3,898)	-
Transfer to intangible Assets	-	-	-	(24,673)	(24,673)
Depreciation charge	(2,766)	(1,446)	(13,880)	-	(18,092)
Closing net book amount	104,755	6,418	52,064	-	163,237
At 31 December 2016					
Cost or valuation	116,876	11,217	150,617	-	278,710
Accumulated depreciation	(12,121)	(4,799)	(98,553)	-	(115,473)
Net book amount	104,755	6,418	52,064	-	163,237

In the opinion of the Directors, there has been no impairment of property and equipment. The fair value measurement of the leasehold buildings as at 31 December 2016 were performed by Messrs Mak Associate Consulting, independent valuers not related to the Bank and they have appropriate qualifications and recent experience in the fair value measurement of properties in the relevant locations.

Finance Bank Zambia Plc

Notes to the consolidated financial statements (continued)

for the year ended 31 December 2016

In Zambian Kwacha

23 Property and equipment (continued)

The fair value of business buildings was determined using the depreciated replacement cost approach that reflects the cost to a market participant to construct assets of comparable utility and age, adjusted for obsolescence. The valuation techniques are consistent with those applied in the past.

In accordance with section 193 of the Zambia Companies Act, 1994 (as amended) the register of Lands and Buildings is available for inspection by members and their duly authorised agents at the Registered records office of the Bank.

If the buildings were stated on the historical basis, the amounts would be as follows:

	2016	2015
	K ' 000	K '000
Cost	63,494	49,018
Accumulated depreciation	<u>(5,617)</u>	<u>(4,187)</u>
Net book amount	<u>57,877</u>	<u>44,831</u>
24 Intangible assets		
At start of year	5,685	5,884
Additions	4,516	1,705
Transfers from Capital Work in Progress	24,673	-
Amortisation	<u>(6,740)</u>	<u>(1,904)</u>
At end of year	<u>28,134</u>	<u>5,685</u>
At 31 December		
Cost	43,594	14,405
Accumulated amortisation	<u>(15,460)</u>	<u>(8,720)</u>
At end of year	<u>28,134</u>	<u>5,685</u>

Intangible assets comprise computer software.

25 Investment Property

	2016	2015
	K' 000	K' 000
Principal		
At start of year	39,920	39,920
Disposal at book value	(5,350)	-
Change in fair value	10,430	-
Net Investment at end of period	<u>45,000</u>	<u>39,920</u>

The rental income earned by the company from its investment property, a significant portion of which is leased under operating leases with group companies, amounted to K1,656,000 (2015: K1,262,642). Direct operating expenses arising on the investment property in the year amounted to K1,256,852 (2015: K1,295,779).

Investment property is stated at fair value, which has been determined as at 31 December 2016, based on a valuation prepared by an accredited independent valuer, R. M. Fumbeshi & Co, registered valuation surveyors and real estate agents, who are specialists in valuing these types of investment properties.

Finance Bank Zambia Plc

Notes to the consolidated financial statements (continued)

for the year ended 31 December 2016

In Zambian Kwacha

26 Other assets

	2016 K'000	2015 K'000
Stationery	1,136	1,245
Bills receivable	1,151	4
Other receivables and prepayments	272,862	246,184
	<u>275,149</u>	<u>247,433</u>

27 Customer deposits

Customer and demand deposits	949,838	1,188,315
Savings accounts	423,936	501,530
Fixed deposit accounts	885,312	937,070
	<u>2,259,086</u>	<u>2,626,915</u>

28 Deposits from other banks

Placements	<u>242,994</u>	<u>7,903</u>
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29 Borrowings

	2016 K'000	2015 K'000
Habitat and Housing in Africa (Shelter-Afrique)	7,523	11,491
Banc ABC	-	25,447
Development Bank of Zambia	8,651	9,926
Cavmont Bank Zambia	10,007	18,416
	<u>26,181</u>	<u>65,280</u>
Current	17,530	29,906
Non-current	8,651	35,374
	<u>26,181</u>	<u>65,280</u>
Balance at beginning of the year	65,280	47,449
Proceeds from borrowings	-	34,000
Repayments during the year	(32,634)	(21,862)
Exchange gains	(6,465)	5,693
	<u>26,181</u>	<u>65,280</u>

The terms and conditions of the above borrowings are as below;

(i) Habitat and Housing in Africa (Shelter- Afrique)

Line of credit 3

This is a USD2,500,000 loan by way of a line of credit from Shelter Afrique repayable by Twenty half yearly installments from the date of execution 09 May 2009 at an interest of six months LIBOR plus margin of 4% per annum for tenure of 10 years. The loan is secured by Deed of Guarantee executed by Professional Insurance Corporation (Zambia) Limited in favor of Shelter Afrique which is supported by assignment of mortgages.

Finance Bank Zambia Plc

Notes to the consolidated financial statements *(continued)*
for the year ended 31 December 2016
In *Zambian Kwacha*

29 Borrowings *(continued)*

(ii) Development Bank of Zambia

This is a seventy eight months kwacha denominated loan with Development Bank of Zambia at 18.5% per annum. The loan is secured by assignment over the Microfinance Zambia loan book funded by Development Bank of Zambia of K25 million and a legal undertaking from the Group to be signed by the borrower and the bank

(iii) Cavmont Bank Limited

Line of credit 1

This is a loan with Cavmont Bank Limited at Bank of Zambia policy rate plus margin of 11% per annum.

The loan is secured by limited cessation loan book of K20 million and a lien over fixed deposit for K4 million. The loan is due from Microfinance Zambia Ltd.

Line of credit 2

This is a loan with Cavmont Bank Limited at Bank of Zambia policy rate plus margin of 11% per annum.

The loan is secured and repayable bi-annually in equal installments of K1, 666,666.67 each. The loan is secured by a letter of comfort from the Group and the cession over loan book for K13, 300,300. The Loan is due from Leasing Finance Company Limited.

30 Debentures

	2016 K' 000	2015 K' 000
Principal		
At start of year	31,685	21,992
Additions during the year	11,650	12,973
Repaid during the year	(18,183)	(11,101)
Interest	6,436	4,105
Foreign exchange losses	(2,364)	3,716
	<u>29,224</u>	<u>31,685</u>
Current	24,840	29,386
Non-current	4,384	2,299
	<u>29,224</u>	<u>31,685</u>

The debentures are secured by a floating charge over the assets of Leasing Finance Company and two of the company's directors. The debentures may be redeemed at par at three months' notice to the registered holder thereof, but become immediately payable if the company is in breach of certain terms of the debentures or upon the company going into liquidation or receivership. The debentures are denominated in *Zambian Kwacha* and foreign currency and bear interest rates between 5 percent and 24 percent per annum which is regularly rolled over.

Finance Bank Zambia Plc

Notes to the consolidated financial statements (continued)

for the year ended 31 December 2016

In Zambian Kwacha

31 Deferred income tax

Deferred income tax is calculated using the enacted income tax rate of 35% (2015:35%). The movement on the deferred income tax account is as follows.

	2016 K' 000	2015 K'000
At start of year	34,051	30,685
Charge to profit or loss (note 15)	(12,462)	(2,623)
Charge to equity	-	6,199
Over provision in prior year	(11,630)	(210)
At end of year	<u>9,959</u>	<u>34,051</u>

The following are the major deferred tax liabilities recognised by the group and their movements in the year:

Year ended 31 December 2016	Balance at 1 January K' 000	Prior year over provision	Charge/ (credit) to profit or loss K'000	Balance at 31 December K'000
Deferred income tax liabilities				
Property and equipment	18,373	-	(336)	18,037
Fair value adjustment to investment Property	11,518	-	-	11,518
Exchange gains	(1,483)	-	(1,304)	(2,787)
Terminal benefits provision	(1,246)	-	-	(1,246)
Deferred tax on revaluation	6,199	-	-	6,199
Losses	-	-	(1,865)	(1,865)
Other timing differences	690	(11,630)	(8,957)	(19,897)
	<u>34,051</u>	<u>(11,630)</u>	<u>(12,462)</u>	<u>9,959</u>

Year ended 31 December 2015	Balance at 1 January K' 000	Prior year over provision	Charge/ (credit) to profit or loss K'000	Charged/ (credited) to OCI K'000	Balance at 31 December K'000
Deferred income tax liabilities					
Property and equipment	18,844	-	(471)	-	18,373
Fair value adjustment to investment property	11,518	-	-	-	11,518
Exchange gains	351	-	(1,834)	-	(1,483)
Terminal benefits provision	(1,095)	-	(151)	-	(1,246)
Deferred tax on revaluation	-	-	-	6,199	6,199
Other timing differences	1,067	(210)	(167)	-	690
	<u>30,685</u>	<u>(210)</u>	<u>(2,623)</u>	<u>6,199</u>	<u>34,051</u>

Finance Bank Zambia Plc

Notes to the consolidated financial statements *(continued)*

for the year ended 31 December 2016

In *Zambian Kwacha*

31 Deferred income tax *(continued)*

Deferred income tax is calculated using the enacted income tax rate of 35% (2015: 35%). The movement on the deferred income tax account was as follows:

31 December 2016	Assets	Liabilities	Net
	K'000	K'000	K'000
Property and equipment	-	17,358	17,358
Deferred tax on revaluation	-	6,199	6,199
Terminal benefits	(1,246)	-	(1,246)
Revaluation gain/(loss) of investment property	-	11,518	11,518
Unrealised foreign exchange losses	(2,787)	-	(2,787)
Tax losses	(2,369)	504	(1,865)
Other timing differences	(19,218)	-	(19,218)
	(25,620)	35,579	9,959
	Assets	Liabilities	Net
	K'000	K'000	K'000
Property and equipment	-	18,373	18,373
Deferred tax on revaluation	-	6,199	6,199
Terminal benefits	(1,246)	-	(1,246)
Revaluation gain/(loss) of investment property	-	11,518	11,518
Unrealised foreign exchange losses	(1,483)	-	(1,483)
Tax losses	(5,064)	-	(5,064)
Other timing differences	(2,125)	7,879	5,754
	(9,918)	43,969	34,051

Finance Bank Zambia Plc

Notes to the consolidated financial statements (continued)

for the year ended 31 December 2016

In Zambian Kwacha

32 Deferred current income tax

	2016 K'000	2015 K'000
At start of year	30,625	-
Transfer from income tax payable (note 15)	-	30,625
At end of year	<u>30,625</u>	<u>30,625</u>

The deferred current income tax arises from the tax due on repossessed property that will only be payable when the property is disposed of.

33 Other liabilities

	2016 K'000	2015 K'000
Bills payable	5,438	5,741
Other payables and accrued expenses	<u>226,379</u>	<u>80,493</u>
Other payables and accrued expenses	<u>231,817</u>	<u>86,234</u>

34 Share capital

	Number of shares Thousands 2016	Ordinary shares K'000 2016	Number of shares Thousands 2015	Ordinary shares K'000 2015
Authorised				
Ordinary shares of K1 each	<u>110,000</u>	<u>110,000</u>	<u>110,000</u>	<u>110,000</u>
Issued and fully paid				
Ordinary shares of K1 each	<u>110,000</u>	<u>110,000</u>	<u>110,000</u>	<u>110,000</u>

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 meetings of the Group.

35 Preference share capital

	Number of shares Thousands 2016	Preference shares K'000 2016	Number of shares Thousands 2015	Preference shares K'000 2015
Balance as at 31 December	<u>200,000</u>	<u>200,000</u>	<u>200,000</u>	<u>200,000</u>

The Bank issued K200 million preference shares with a nominal value of K1 as consideration for the acquisition of Leasing finance company in 2014.

The terms and conditions of the preference shares were as below;

- (i) The preference shares can only be redeemable after a minimum period of 10 years at the issuer's option.
- (ii) Dividends/interest will be payable at BOZ rate plus margin at the sole discretion of the issuer. Such payment will take the form of equity in form of preference shares.
- (iii) The preference shares are non-voting.

Finance Bank Zambia Plc

Notes to the consolidated financial statements (continued)

for the year ended 31 December 2016

In Zambian Kwacha

36 Statutory reserves

	2016 K'000	2015 K'000
At start of year	18,630	18,630
Transfer from retained earnings	-	-
	<u>18,630</u>	<u>18,630</u>

The statutory reserve is established in accordance with Chapter VI Section 69 of the Banking and Financial Services Act which requires a bank to maintain a reserve account and, before declaring any dividend, transfer 50% of the dividend for the year to the account, to a maximum of the issued share capital of the bank. The statutory reserve is not distributable.

37 Regulatory reserves

	2016 K'000	2015 K'000
At start of year	14,349	21,232
Transfer to retained earnings	35,598	(6,883)
Statutory reserves	<u>49,947</u>	<u>14,349</u>

The balance in the regulatory reserve represents the excess of impairment provisions determined in accordance with the Central Bank Prudential Regulations over the impairment provisions recognised in accordance with International Financial Reporting Standards (IFRS) and the Bank's accounting policy. The reserve is not distributable.

38 Revaluation reserves

	2016 K'000	2015 K'000
At start of year	33,485	23,319
Revaluation surplus	-	17,711
Deferred tax on revaluation surplus	-	(6,199)
Transfer on excess depreciation	-	(2,177)
Deferred income tax on excess depreciation	-	831
	<u>33,485</u>	<u>33,485</u>

The revaluation surplus represents solely the surplus on the revaluation of buildings net of deferred income tax and is non distributable.

39 Investments in associate and subsidiaries

(a) Interests in Subsidiaries

The bank has the following subsidiaries at:

31 December 2016

Name	Country of incorporation /place of business	Nature of business	Proportion of ordinary shares held by the Parent (%)	Proportion of ordinary shares held by the Group (%)	K'000
Finance Building Society	Zambia	Mortgage loans	100	100	56,000
Microfinance Zambia Limited	Zambia	Micro loans	100	100	15,000
Leasing Finance Company	Zambia	Leasing	100	100	60,152
					<u>131,152</u>

Finance Bank Zambia Plc

Notes to the consolidated financial statements (continued)

for the year ended 31 December 2016

In Zambian Kwacha

39 Investments in associate and subsidiaries (continued)

31 December 2015

Name	Country of incorporation /place of business	Nature of business	Proportion of ordinary shares held by the Parent (%)	Proportion of ordinary shares held by the Group (%)	K'000
Finance Building Society	Zambia	Mortgage loans	100	100	26,000
Microfinance Zambia Limited	Zambia	Micro loans	100	100	15,000
Leasing Finance Company	Zambia	Leasing	100	100	200,000
					<u>241,000</u>

All subsidiary undertakings are included in the consolidation. The proportion of the voting rights in the subsidiary undertakings held directly by the parent company do not differ from the proportion of ordinary shares held. The Parent company further does not have any shareholdings in the preference shares of subsidiary undertakings included in the group. The criteria for consolidation were met as per requirements under IFRS 10, *Consolidated Financial Statements*.

(b) Interests in associates – Finance Bank Malawi

Country of incorporation/ place of business	Proportion of shares held (%)	Nature of relationship	Measurement method	Carrying amount 2016 K'000	Carrying amount 2015 K'000
Malawi	15	Associate	Equity method	-	4,084

The movement on the investment on the associate is as follows:

	2016 K'000	2015 K'000
At start of year	4,084	4,673
Share of net loss in Associate	-	(1,983)
Divestment of interest in associate at book value	(3,697)	-
Impairment of residual interest in associate	(387)	1,394
	<u>-</u>	<u>4,084</u>

The Group's interest in FBZ Malawi was divested at acquisition of Finance Bank Zambia by BancABC Zambia Limited through Atlas Mara.

40 Goodwill

Goodwill arose on the acquisition of Leasing Finance Company and represents the excess of the fair value of the purchase consideration over the fair value of the assets acquired and the liabilities assumed on the date of the acquisition.

The annual impairment test was performed for goodwill that arose in the acquisition of Leasing Finance company limited. This assessment included a review of the forecast information. The recoverable amount of the segment is determined based on value-in-use calculations.

The principal assumptions considered in determining an entity's values are:

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. A forecast period of five years has been used.

Finance Bank Zambia Plc

Notes to the consolidated financial statements (continued)

for the year ended 31 December 2016

In Zambian Kwacha

40 Goodwill (continued)

Growth rates-The recoverable amount of the segment is determined based on value-in-use calculations. These calculations use post-tax cash flow projections based on financial budgets approved by the Directors covering a five-year period. The growth rate is based on past performance and management's expectations of market development.

Discount rate-The discount rate used was derived from typical returns on Kwacha denominated investments made in Zambia. The risk free rate used was the 5 year Treasury bond rate. The discount rates used are post-tax and reflect specific risks relating to Leasing Finance.

The key assumptions used for value-in-use calculations are as follows:

	2016	2015
Growth rate	12.5%	35%
Discount rate	24%	32%
Forecast period(years)	20	5

The results of the impairment testing, under the assumptions and conditions presented, indicate that the value of the asset under review was impaired as at 31st December, 2016. The carrying value of the asset under consideration is higher than its recoverable amount in all the circumstances over the next 20 years except under the base case conditions. Therefore, goodwill of K140 million has been written off.

41 Off balance sheet financial instruments, contingent liabilities and commitments

In common with other banks, the Group conducts business involving acceptances, letters of credit, guarantees, performance bonds and indemnities. The majority of these facilities are offset by corresponding obligations of third parties. In addition, there are other off-balance sheet financial instruments including forward contracts for the purchase and sale of foreign currencies, the nominal amounts for which are not reflected in the statement of financial position.

	2016	2015
	K'000	K'000
Contingent liabilities		
Guarantees and performance bonds	1,646	36,447
Letters of credit	1,842	3,927
	<u>3,488</u>	<u>40,374</u>

Nature of contingent liabilities

An acceptance is an undertaking by a bank to pay a bill of exchange drawn on a customer. The Bank expects most acceptances to be presented, and reimbursement by the customer is normally immediate. Letters of credit commit the Bank to make payments to third parties, on production of documents, which are subsequently reimbursed by customers.

Guarantees are generally written by a bank to support performance by a customer to third parties. The Bank will only be required to meet these obligations in the event of the customer's default.

Finance Bank Zambia Plc

Notes to the consolidated financial statements *(continued)*

for the year ended 31 December 2016

In Zambian Kwacha

41 Off balance sheet financial instruments, contingent liabilities and commitments *(continued)*

Operating lease commitments

	2016	2015
	K'000	K'000
Within 1 year	16,859	20,212
Within 1-5 years	67,436	80,848
	<u>84,295</u>	<u>101,060</u>

Nature of commitments

Commitments to lend are agreements to lend to a customer in future, subject to certain conditions. Such commitments are normally made for a fixed period. The Bank may withdraw from its contractual obligation for the undrawn portion of agreed overdraft limits by giving reasonable notice to the customer.

42 Analysis of balances shown in the cash flow statement

Analysis of cash and cash equivalents as shown in the cash flow statement:

	2016	2015
	K' 000	K' 000
Cash and balances with Central Bank (note 16)	549,119	614,609
Deposits and Placements with other banks (note 17)	391,108	350,635
Deposits from other banks (note 28)	(242,994)	(7,903)
	<u>697,233</u>	<u>957,341</u>

For the purposes of the cash flow statement, cash and cash equivalents comprise balances with less than 90 days maturity from the date of acquisition including: cash and balances with central banks, Treasury bills and other eligible bills, and amounts due from other banks. Cash and cash equivalents exclude the cash reserve requirement held with the Central Bank.

43 Related party transactions

There are companies which are related to Finance Bank Zambia Limited through common shareholdings or common directorships.

In the normal course of business, current accounts are operated and placing of foreign currencies are made with other group companies and subsidiaries at interest rates in line with the market. The relevant balances are shown below:

	2016	2015
	K' 000	K'000
Amounts due from:		
Loans due from related parties		
Banc ABC Zambia	<u>216,288</u>	32,000
Interest Income earned on the above	<u>432</u>	3,854
Amounts due to:		
Deposits from related parties	<u>124,063</u>	14,229
Interest expense incurred on the above	<u>28</u>	<u>29</u>

Finance Bank Zambia Plc

Notes to the consolidated financial statements *(continued)*

for the year ended 31 December 2016

In Zambian Kwacha

43 Related party transactions *(continued)*

Advances to customers at 31 December 2016 include loans to directors, loans to companies controlled by directors and their families:

	2016 K' 000	2015 K' 000
Loans to directors and key management personnel		
At start of year	806	1,115
Advanced during the year	132	1,212
Repaid during the year	<u>(411)</u>	<u>(1,521)</u>
At end of year	<u>527</u>	<u>806</u>

Key management personnel include Executive Directors. All the above loans were given on commercial terms and at market rates.

Interest income earned	<u>185</u>	<u>221</u>
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Deposits from companies controlled by directors

	2016 K' 000	2015 K' 000
Customer deposit accounts	<u>-</u>	<u>14,229</u>

Deposits by directors and key management personnel

At start of year	982	1,846
Net withdrawals during the year	483	(864)
At end of year	<u>1,465</u>	<u>982</u>
Interest expense incurred	<u>123</u>	<u>2</u>

Key management compensation

Salaries and other short-term employment benefits	9,404	17,302
NAD Defined contribution pension cost (NAPSA)	47	64
	<u>9,451</u>	<u>17,366</u>

Directors' remuneration

- fees for services as a director	4,923	3,465
- Director's travel and other expenses	7,191	8,743
	<u>12,114</u>	<u>12,208</u>

Finance Bank Zambia Plc

Shareholder information
for the year ended 31 December 2016

Distribution of shareholders by number of shares

	Number of shares (thousands)	Number of shares (thousands)
	2016	2015
Clarkwell Limited	-	27,500
Finsbury Investments Limited	-	27,500
Rajan L Mahtani	-	27,500
Credit Suisse Investments (Nederland) BV	-	16,500
Samuel J Albert	-	7,150
Estate of the late Pat Bwalya Puta	-	2,750
Patrick S Chamunda	-	1,100
African Banking Corporation Zambia Limited	<u>110,000</u>	-
	<u>110,000</u>	<u>110,000</u>

Distribution of shareholders by percentage

	2016 %	2015 %
Clarkwell Limited	-	25.0
Finsbury Investments Limited	-	25.0
Rajan L Mahtani	-	25.0
Credit Suisse Investments (Nederland) BV	-	15.0
Samuel J Albert	-	6.5
Estate of the late Pat Bwalya Puta	-	2.5
Patrick S Chamunda	-	1.0
African Banking Corporation Zambia Limited	<u>100</u>	-
	<u>100</u>	<u>100</u>

The summary above does not form part of the audited consolidated financial statements.