

CHAIRMAN'S REVIEW

The Board and management team remain committed to bring the Bank to the next growth stage, while ensuring it is future-fit to deliver outperformance for all our stakeholders.

MAURICE LAM
Chairman



Dear Valued Shareholders,

Thank you for trusting us with your investments in the capital of AfrAsia Bank Limited. This is the Bank's first Integrated Report 2018, detailing a year of further consolidation of its financial soundness and business model for enhanced value creation for all our stakeholders. The Bank has produced another good performance while keeping up its transformation drive to a more client-focused organization.

AFRASIA BANK HAD A SUCCESSFUL RIGHTS ISSUE OF

MUR **430.6** m

TO STRENGTHEN ITS CAPITAL BASE
FOR FUTURE GROWTH

Economic Review

The financial year 2017-2018 has seen profound economic and geopolitical change worldwide, marked by the divergence of economic growth between the US and the rest of the world, the start of the withdrawal of liquidity by central banks starting with the US, challenges arising from the Brexit decision, China's growing economic and political clout globally and the "America First" principle of the US administration. There is no doubt that a new business and international trade environment is emerging which would challenge existing trade patterns and relationship between countries.

Mauritius managed to post a decent economic growth rate in spite of these significant global challenges with the Financial Services and the Tourism Sectors as the major contributors of economic growth. Both the private and public sectors are currently re-engineering the Mauritius International Financial Centre to be the preferred centre to service the Sub Sahara African continent and be the effective bridge linking Asia and Africa.

CHAIRMAN'S REVIEW (CONTINUED)

Business Landscape

Major global trends impacting the banking sector are the widespread adoption of digital technologies and platforms, the emergence of an increasing young and smart phone natives middle class consumer group in Africa and an increasing number of High Net Worth Individuals in Africa. The Bank embarked on the journey to be of relevance to these two emerging groups by migrating its offerings on mobile platforms and digitalising its processes to meet more efficiently and effectively our clients' needs.

The Group's businesses have continued to grow, highlighting the diversity of our business offering, our operational architecture combining efficient processes and technology, as well as our ability to adapt to evolving market conditions. We are focused on generating synergies between our various business segments, as well as our investment arm, AfrAsia Capital Management Limited. The objective is to proactively nurture long-lasting relationships with our clients and be a one-stop-shop for all their requirements while enabling growth on both the commercial and affluent banking relationships, domestically and internationally.

Performance, Capital Structure and Dividend

Our financial year results demonstrate the positive momentum across all our business divisions. The Group reported a profit after tax of MUR 763m while recording a stellar performance in terms of top line with an income growth of 31% compared to prior year which has been driven by leveraging on our franchise value. The incremental income was, however, impacted by an increase in impairments and operating expenses. Elsewhere, our investment arm, AfrAsia Capital Management Limited, recorded a growth of 26% in revenue, showing its strategic abilities to provide outcomes that are relevant to clients across market cycles.

Return on average equity was 15% for 2017-2018. Dividends of MUR 1.50 per share were paid to its ordinary shareholders and in line with the Class A (Series 1 & 2) shares programme memorandum, the Bank paid MUR 140m of dividends to the holders of these shares.

During the year, AfrAsia Bank had a successful rights issue of MUR 430.6m to strengthen its capital base for future growth and closed the year with a shareholders' equity of MUR 6.9bn. The Bank's capital adequacy ratio stood at a healthy 3% above regulatory limits as at 30 June 2018, while being

considered as a Domestic Systemically Important Bank (D-SIB) by the central bank.

THE GROUP REPORTED
A PROFIT AFTER TAX
OF MUR 763M WHILE
RECORDING A STELLAR
PERFORMANCE IN TERMS
OF TOP LINE

Future Outlook

The AfrAsia brand remains strong in its key markets, and we continue to leverage relationship-building and networking opportunities through strategic partnerships, roadshows, summits and our flagship event, AfrAsia Bank Mauritius Open. The Board and management team remain committed to bring the Bank to the next growth stage, while ensuring it is future-fit to deliver outperformance for our shareholders, clients, employees and the communities in which we operate. We are determined to drive better client outcomes through the execution of our consistent client-focused strategy, building on our capabilities as an agile bank through technology and innovation with the objective of creating sustainable long-term value for all our stakeholders. We have entered the financial year 2018-2019 with a positive outlook.

Corporate Governance

The AfrAsia Group is committed to uphold the highest level of corporate governance by having an effective board composed of the optimal mix of qualified and experienced independent and non-independent members with each board member working in the best interests of the Bank and not of another group or entity. The Board ensures that there is management depth and quality through the recruitment of persons of sound character with a diverse set of experience and expertise to successfully implement the strategy that it has approved.

I would like to thank Nicolas Weiss for his contribution during his tenure, and welcome Dipak Chummun and Lee Boon Huat, whose decades of experience will surely assist in steering our growth strategy.

Finally, on behalf of the Board, I would like to thank our team members whose dedication and professionalism are the pillars of the Afrasia Brand and the financial results of the Group.



Lim Sit Chen LAM PAK NG
Chairman

CREATE

Create synergies among our business segments through the diversity of our product offering and expand our footprint across geographies.



BUILD

Build networks and relationships through strategic partnerships, roadshows, summits and our flagship golf event, AfrAsia Bank Mauritius Open.



TRANSFORM

Transform the AfrAsia Group through a customer-focused strategy through technology, disruptive innovation and sustainability.



DELIVER

Deliver outperformance and build continuous engagement to create sustainable value to all our stakeholders – customers, shareholders, employees, communities, suppliers and partners.