

BUSINESS SEGMENTS ACHIEVEMENTS (CONTINUED)

Commentary

In terms of performance, our strategy has been constantly delivering excellent results and this year was no different.

Trading Income performance was at a robust MUR 816.8m as at the close of financial year June 2018, a 19% growth year-on-year.

Strong performance was noted on Foreign Exchange and Structured Solutions, both recording a year on year growth in excess of 20%. Money Markets and Fixed Income Trading remained strong, though subdued due to tough local market conditions.

In terms of FX turnover, our domestic banking volume firmly stood at USD 1.2bn, representing a 12.5% market share in the local market – cementing our robust position on the market.

Net Interest Income closed at MUR 1.25bn as at financial year June 2018, experiencing growth of 58% year on year. Growth was particularly enabled by driving balance sheet growth, particularly in the interbank placement space, loans to Financial Institutions and investment in Securities.

This is testament to our growing Financial Institutions business. Indeed, there has been a constant drive to diversify and grow our network of banking counterparts, all within a clear and defined risk appetite. This, coupled with significant work underdone in shoring up our tactical liquidity management has brought in more efficiency from a balance sheet perspective.

Fee Income was also up 160% year on year, with performance ending at MUR 29.4m as at financial year June 2018. Of note, AfrAsia Bank acted as the lead arranger for IBL Ltd's "Multicurrency Medium Term Secured and

Unsecured Note Programme". This was the highest ever bond issuance in Mauritius, with massive MUR 12.63bn raised for the first tranche, recording an oversubscription of 4 times.

Custody & Securities trading related income also grew by 28% year on year, closing at MUR 143.6m as at financial year June 2018. Despite to competitive landscape having evolved in this space, our focus remained growth in Assets under Custody (AUC) and importantly, the diversification of our client base. We intend to bring in more sophistication in this space, in line with our strategy to constantly improving our services and product offering.

AFRASIA CAPITAL MANAGEMENT LIMITED (ACM)

At a glance

ACM, the investment arm of the AfrAsia Group with 27 years of experience, offers a full range of investment services ranging from execution, discretionary management, 7 in-house Collective Investment Scheme (CIS) funds and a wide range of tailor-made investment solutions.

ACM's target is to help a select group of valued clients, comprising of a diverse mix of institutional and retail clients to meet their financial goals and prepare for the future. As the world evolves, so do the needs of its clientele. Given its extensive experience in the local market coupled with a sound understanding of global macroeconomics, ACM has a philosophy of adapting early to shifts in market dynamics and product demands while tailoring our investment solutions to what matters most to our valued clients.

In that vein, ACM believes in delivering superior outcomes by knowing and understanding clients, their aspirations, their risk appetites and their

financial needs, and following up with relevant, actively-managed offerings to assist them in furthering their wealth.

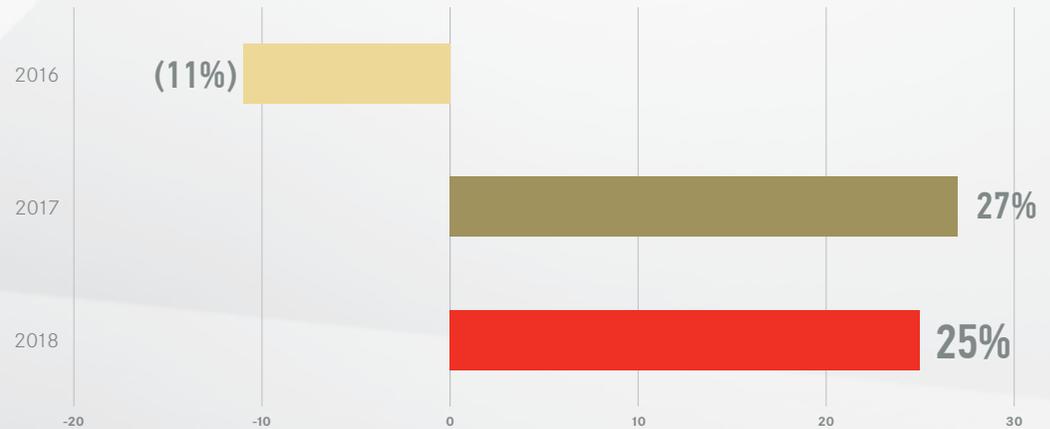
In addition to an efficient risk profiling and client on boarding process, to facilitate the most seamless entry of the client to the full suite of our services, our investment toolkit facilitates investment into most of the world's leading economies across equities, bonds and alternative asset classes. We have an open architecture platform which allows dynamic and flexible investing whilst collaborating with the world's best performing asset managers.

Development and financial highlights

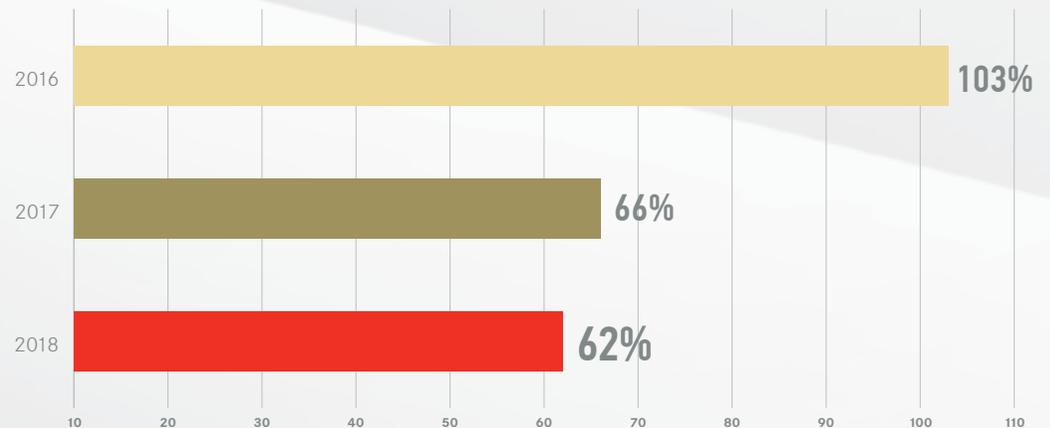
Management is pleased to present another year of good results for ACM, which included strategic investment in the future growth of the business. Its income statement displays a culture of strong cost discipline, improving cost to income ratio at 62% for the financial year compared to 66% in the previous one. Despite the competitive environment and pressure on revenue, the team has delivered with a growth of 26% in revenue and 17% in net profit compared to the previous year.

The lower net profit is attributable to ACM's attempts to generate durable performance and improving management of risk across portfolios of clients. This involved previous investment in a software system that was written off in the current year affecting the net profit margin.

Net Profit Margin



Cost to Income ratio



BUSINESS SEGMENTS ACHIEVEMENTS (CONTINUED)

ACM differentiates itself via its long-term approach of investing in the future growth of the business, developing talent and building client relationships. Alongside a sound understanding of its clients, supported by data-driven market intelligence from Bloomberg, Morningstar Direct and insights from our foreign partners, ACM has been able to establish a range of strategic capabilities which englobe the investment universe and provide outcomes that are suitable to the clients across market cycles.

The ongoing improvement of the business has been primarily driven by the people. Diversity of thoughts and innovation is encouraged with a clear focus on developing the business for the benefit of both our clients and our Group. ACM remains committed to nurturing its pool of talent by providing an environment that is accessible and collaborative, where everyone has the opportunity to deliver to their best ability and potential.

Looking forward

ACM remains committed to placing its clients at the heart of the business, developing and maintaining long-standing relationships based on trust.

The previous year and the current one has allowed ACM to build a powerful combination of components to meet and anticipate clients' needs. The focus remains to bringing these components closer together and integrating the company more deeply into our clients' ecosystems.

Improving synergies with the Bank will allow ACM to leverage the full capabilities of the Group's platform with broader participation across the investment environment. This include continuing engagement and enhancement of efficiency between the custodians and the business, growing our digital presence and reaching out to more clients.

There are a variety of trends reshaping the asset management industry such as rapid advancements in technology, heightened regulatory scrutiny and changing priorities of investors. ACM plans on positioning itself to meet these challenges and transform them into opportunities by continuing to create innovative solutions in line with the investment strategies of its clients.