BOARD CHARTER

AFRASIA BANK LIMITED

Contents

1. Introduction

The Board Charter ("Charter") sets out the objectives, roles, responsibilities and composition of the Board of Directors (the "Board") of AfrAsia Bank Limited (the "Bank"). This Board Charter should be read in conjunction with the Bank's constitution (the "Constitution") and will be governed by the Companies Act and relevant guidelines issued by the Bank of Mauritius (the "BOM"). In case conflict in the content or meaning arises, the wording of the Constitution and requirements of the relevant acts and guidelines shall prevail over this Charter.

2. Composition

I. The Board must be well-balanced in relation to its number of executive, non-executive and independent directors and the blend of knowledge, skills, objectivity, experience, commitment and gender that the directors bring to the Board.

II. The Board must include an appropriate combination of executive directors, independent directors and non-independent non-executive directors to prevent one individual or a small group of individuals from dominating the Board's decision taking

III. The Board must comprise of at least 5 natural persons and 40 per cent independent directors, as per the Banking Act.

IV. The Board shall consist of no less than 5 and no more than 14 Directors, as per the Bank's Constitution.

V. The Chairperson of the Board (the "Chairperson") shall be an independent or a non-executive director. When the Chairperson is not an independent director, the Board shall be composed of at least 50% of independent directors instead of 40%, as per BOM Guidelines on Corporate Governance.

VI. The Chief Executive Officer ("CEO") of the Bank shall be a member of the Board but not its Chairperson.

3. Meetings

I. As per BOM Guidelines on Corporate Governance, the Board shall meet at least once every quarter.

II. The Chairperson shall ensure that clear and complete minutes of the Board meeting are maintained and circulated, on a timely manner, to all of its members.

III. As per the Bank's Constitution a quorum for a meeting of the Board shall be a majority of the number Directors. No business shall be transacted at a meeting of Directors if a quorum is not present at the commencement and throughout the meeting. If the quorum is not present, any two (2) Directors may call a meeting of the Board, to be held on a date not earlier than five (5) Business Days from the first meeting. A quorum for such further meeting of the Board shall be any three (3) Directors.

IV. Notice of meeting - A Director or, if requested by a Director to do so, an employee or the secretary of the Company, may convene a meeting of the Board.

V. A prior written notice of at least ten (10) Business Days shall be sent to every Director of any meeting of the Board, except where those convening such meeting describe any of the matters to be treated therein as a matter requiring the urgent attention of the Board, in which case the minimum ten (10) Business Days requirement shall be reduced to three (3) Business Days.

VI. The notice given shall include the date, time, and place of the meeting and the matters to be discussed.

VII. The agenda of the matters to be discussed at the meeting together with all documentation relating to such matters shall be given to every Director at least seven (7) Business Days before any meeting of the Board and all comments on the board papers from the directors through Boardvantage should ideally be received by the Company Secretary at least 3 Business Days prior to the meeting. Further questions shall be taken at the meeting directly. All questions and answers on Boardvantage shall be appended to the minutes of the respective meeting.

VIII. The Board shall take note of decisions and recommendations taken by the committees and may recommend additional proposals or changes to decisions, if required.

IX. As per the Bank's Constitution, every director shall have one vote and a resolution of the Board shall be passed if it is agreed to by a majority of the directors' present.

X. Written resolution or decision by Board or committee, other than through a vote at a properly convened meeting, needs to be unanimously signed or assented by all Board Committee or members.

XI. The written resolution or decision should be ratified at the following Board or Committee meeting and same should form part of the minutes of the company.

4. Roles and Responsibilities of the Board

The main role of the Board is to head, lead and control the Bank effectively. As the focal point of the Corporate Governance system, it is ultimately accountable and responsible for the performance and affairs of the Bank.

<u>Below is a non-exhaustive list of roles of the Board:</u>

I. to head, lead and control the bank effectively.

II. To determine the Bank's purpose, strategy and values. The Board is responsible to set the long-term goals, do the strategic planning and sanction action plans.

III. To keep all the shareholders informed of material events affecting the Bank as determined by the Board.

IV. To ensure that the Bank is governed in a transparent manner through accurate and timely information to the public, through its reports to the BOM and relevant authorities, and in its annual report.

V. To periodically conduct a self-assessment of its effectiveness as well as that of its sub-committees.

VI. To monitor and evaluate the implementation of strategies, policies, management performance criteria and business plans. The Board must provide guidance, maintain effective control over the Bank and monitor the Bank's management in carrying out Board's plans and strategies.

VII. To exercise leadership, enterprise, intellectual honesty, integrity, objectivity and judgment in directing the Bank so as to achieve sustainable prosperity for the Bank.

VIII. To ensure that procedures and practices are in place to protect the Bank's assets, reputation and interest generally. Thus, the Board must regularly review processes and procedures to guarantee the effectiveness of the Bank's internal control systems.

IX. To consider, on recommendation of Corporate Governance Committee, the necessity and appropriateness of installing a mechanism by which breaches of the principles of Corporate Governance could be reported.

X. To define levels of materiality, reserving specific powers for itself and delegating other related matters with the necessary written authority to the management of the Bank. These matters should be monitored and evaluated by the Board on a regular basis. Such delegation by the Board must have due regard for the directors' statutory and fiduciary responsibilities to the Bank, while taking into account strategic and operational effectiveness and efficiency.

XI. To set principal policies in respect of risk and conduct of business for the Bank. The Board must regularly monitor that senior management is running the business in accordance with such policies.

XII. Be responsible for the appointment of the CEO and ensure that its succession is planned and that an emergency replacement plan exists in case of temporary disability. The Board shall set out the criteria for measuring the CEO's performance annually in achieving the approved corporate objectives and risk appetite framework.

XIII. To determine the remuneration policy applicable to the staff, Executive Committee and Senior Management, upon recommendation of Remuneration Committee.

XIV. To ensure that clear lines of responsibility and accountability exist and are enforced throughout the organisation.

XV. To ensure that there is appropriate oversight by senior management consistent with Board policy.

XVI. To ensure that the Bank complies with all the relevant laws, regulations, guidelines, regulatory requirements and codes of business practice.

XVII. To approve the quarterly accounts ensuring that they have been prepared using the appropriate accounting policies and standards and fairly present the state of affairs of the Bank and any other information for disclosure to the market.

XVIII. To declare dividends when appropriate and determine the amount of dividends to be declared.

XIX. To approve the budget at least annually and review of the main investment proposals.

XX. To avoid any conflict of interest. A director should make a best effort to avoid conflicts of interest or situations where others might reasonably perceive there to be a conflict of interest. A director shall forthwith after becoming aware of the fact that he or she is or could be interested in a transaction or proposed transaction with the Bank, disclose same to the Board and cause same to be entered in the Interests Register.

XXI. To maintain high ethical standards, in instances of an actual or potential conflict of interest, the director concerned should not be present at that part of the meeting in which the conflict or potential conflict is discussed and should not participate in the debate, vote or indicate how he or she would have voted on the matter in the Board or the committee meeting.

XXII. Subject to Banking Act, Companies Act and the Code of Corporate Governance, the Directors of the Bank shall not make use of, or disclose, any confidential information received by them on behalf of the Bank as Directors otherwise than as permitted and in accordance with the Act.

XXIII. To approve the terms and conditions for credit facilities to the staff of the financial institution under the terms and conditions of employment contracts.

XXIV. To approve credit facilities to staff which are not in line with the terms and conditions as approved by the board.

XXV. All exposures approved by the Conduct Review Committee must be duly noted by the board on a quarterly basis.

XXVI. To receive quarterly reports on the performance of credit exposures and any other transactions approved by the Conduct Review Committee.

XXVII. To approve relevant approval authorities for related party transactions.

XXVIII. To approve Write-offs of related party credit exposure.

XXIX. To approve and to oversee the strategy for climate-related and environmental risks and opportunities management

5. Role of the Chairperson

I. To preside meetings of directors and to ensure the smooth functioning of the Board in line with best practice of good corporate governance.

II. To preside over the Bank's meetings of shareholders.

III. To provide general leadership to the Board and encourage active participation of each director in discussions and board matters.

IV. To participate in the selection of Board members to ensure an appropriate mix of gender, competencies, experience, skill and independence on the Board.

V. To ensure that newly appointed directors participate in an induction program with the support of the Company Secretary and other Executives of the Bank.

VI. To ensure that the development needs of the directors are identified and appropriate training is provided continuously.

VII. To oversee a formal succession plan for the Board, the CEO and the Senior Management.

VIII. To provide support and supervision to the CEO.

IX. To make sure that monitoring and evaluation of the Board and the directors' appraisal are carried out.

X. To ensure that all relevant information and facts are given to the Board so as to enable it to take informed decisions.

XI. To ensure that the decisions by the Board are executed promptly and in a proper manner.

XII. To maintain sound relations with the Bank's stakeholders and ensure that the principles of effective communication and pertinent disclosure are followed.

6. Role of Executive, Non-Executive and Independent Directors

I. All directors are bound by fiduciary duties and duties of care and skill and must comply with all legal and regulatory requirements.

II. To contribute to the development of the strategy, analyse and monitor the performance of management against agreed objectives. Whenever required, they should challenge proposals presented by management and request additional information where they consider that information is necessary to support informed decision-making.

III. To take reasonable steps to satisfy themselves that financial information released to the markets and all stakeholders is accurate and that the Bank has adequate and proper financial controls and performance systems of risk management.

IV. Non-executive and independent directors collectively should provide independent judgment in all circumstances.

V. Non-executive and independent directors individually should inform themselves to a reasonable extent about the subject matter of all decisions they are called upon to make as directors of the Bank.

VI. Non-executive and independent directors are expected to maintain the skills required to discharge their obligations to the Bank.

7. Chief Executive Officer

The CEO must maintain a positive and ethical work climate conducive to attracting, retaining and motivating a diverse group of top-quality employees at all levels of the Company. Moreover, she/ he must foster a corporate culture that promotes ethical practices, rejects corrupt practices, offers equal opportunities, encourages individual integrity, and meets social responsibility objectives and imperatives.

The CEO shall be:

- A suitably qualified person with the requisite competencies to develop and manage the affairs of the Company.
- A fit and proper person and this should be evaluated, at the very least, by reference to the requirements of the Guideline on Fit and Proper Person Criteria issued by the Bank.

Role of CEO:

I. The role of the Chair of the board shall be separated from that of the Chief Executive Officer (CEO) as this is critical to maintaining the board's independence as well as its ability to execute its mandate effectively.

II. To be directly responsible for the day to day operations of the Bank and shall be conversant with the state of internal control, the prevailing legislation as well as current issues and policies affecting the financial sector.

III. To develop and recommend to the Board a long-term vision and strategy for the Bank that will generate satisfactory levels of shareholder value and positive, reciprocal relations with the relevant stakeholders.

IV. To devise and recommend to the Board annual business plans and budgets that support the Bank's long-term strategy. The CEO must ensure that a proper assessment of the risks, under a variety of possible or likely scenarios, is undertaken and presented to the Board.

V. To strive consistently to achieve the Bank's financial and operational goals and objects, and ensure the proper management and monitoring of the daily business of the Bank.

VI. To be the chief spokesperson for the Bank in relation to all operational and day to-day matters.

VII. The CEO and the other key officers of the Bank must attend meetings of the shareholders and be ready to present material operational developments to the meeting.

VIII. The CEO is responsible for implementing a performance and accountability regime for senior management personnel.

IX. The CEO must raise with the Board any matter of significance affecting the Bank which requires the Board's attention, including any matters which exceed the delegated authority of the executive management.

X. Ensure that the policies spelt out by the Board in the Bank's overall corporate strategy are implemented.

XI. Identify and recommend to the Board competent officers to manage the operations of the institution and overview the organisational structure of the bank. In the fulfilment of this duty, the CEO should ensure that the Bank's human resources policy is adhered to.

XII. Co-ordinate the operations of the various departments within the Bank.

XIII. Establish and maintain efficient and adequate internal control systems.

XIV. Design and implement the necessary management information systems in order to facilitate efficient and effective communication within the Bank. The CEO has to ensure that appropriate management information systems and tools are in place for the purpose of reviewing and controlling the Bank's operations and to organize all data collected from every level of the Bank, summarize it, and present it in a way that facilitates and improve the quality of the decisions being made to improve the Bank's profitability and productivity.

8. Board Sub Committees

I. Board Sub Committees ("Board Committees") are a mechanism to assist the Board and the directors in discharging their duties through a more comprehensive and focused evaluation of specific issues, followed by well-considered recommendations to the Board.

II. However, the delegation does not discharge the Board from its duties and responsibilities and there must be transparent and full disclosure from the Board Committees to the Board.

III. At a minimum the Board shall ensure the following Board Committees are in place:

- Audit Committee
- Risk Committee
- Credit Committee
- Remuneration Committee
- Strategy Committee
- Technology, Digitalisation and Platform Committee
- Corporate Governance Committee (also acts as the Nomination committee)
- Conduct Review Committee

IV. Every Board Committee shall have a clear and formal charter that sets out its role, schedule of meetings and delegated responsibilities while safeguarding the ultimate decision-making authority of the Board as a whole. The summary of the charter and membership of each Board Committee shall be published in the annual report and on the Bank's website.

V. Board Committees shall comprise exclusively of Board members. However, non-directors can be invited to attend whole or part of committee meetings.

VI. Proceedings of committee meetings shall be reported to the Board to allow other directors to be informed and seek clarifications from the committee members, if so desired.

VII. The Chairmanship of the committees shall, as far as it is practical, be well distributed among the directors so that no individual is burdened with too many committees.

VIII. The Board Committees shall be subject to regular evaluation by the Board to ascertain their performance and effectiveness. The Board Committees' charter shall be reviewed periodically.

IX. The Board may establish ad hoc committee for special purposes as and where required which terms of reference shall be substantially similar to the existing terms of reference except for the duties and responsibilities.

9. Role of the Company Secretary

I. To provide the Board with guidance as to its duties, responsibilities and powers, and governance matters.

II. To inform the Board of all legislation relevant to or affecting meetings of shareholders and of the Board of Directors, reporting at any meetings and the filing of any documents required of the Bank, and any failure to comply with such legislation.

III. To maintain registers properly.

IV. To certify in the annual financial statements of the Bank that the Bank has submitted with the Registrar of Companies all such returns that are required of the Bank as per the applicable laws and regulations.

V. To ensure that a copy of the Bank's annual financial statements and the annual report are sent to every person entitled to such statements or report in accordance to the laws and regulations.

VI. To ensure that minutes of all meetings of shareholders or of the Board directors are properly recorded and all statutory documents are properly kept and recorded.

VII. To prepare the agenda of Board, Board Committees and shareholder's meetings in consultation with the Chairperson and the CEO, and to circulate the agendas and supporting documents in a timely manner.

VIII. To facilitate the proper induction of directors into their role.

IX. To ensure that there is a good communication flow within the Board, the Board Committees and between the management and the Non-executive directors.

10. Appendix 1 - MAIN STRUCTURE & COMPONENTS OF THE TERMS OF REFERENCES OF BOARD SUB COMMITTEES

a. <u>Purpose of Board Sub Committees</u>

Section 18(6) of the Banking Act requires directors to establish such Committees as the Board deems necessary to discharge its responsibilities effectively. Their mandates will be clearly set out and available publicly. The Bank currently has the following Board Sub-Committees in place:

- Audit Committee – mandatory as per BOM Guideline on Corporate Governance and National Code of Corporate Governance
- Corporate Governance Committee (at the Bank it is the Corporate Governance Committee which also acts as the Nomination Committee) – mandatory as per BOM Guideline on Corporate Governance and National Code of Corporate Governance.
- Remuneration Committee – mandatory as per BOM Guideline on Corporate Governance and National Code of Corporate Governance.
- Credit Committee
- Risk Management Committee – mandatory as per BOM Guideline on Corporate Governance and National Code of Corporate Governance
- Strategy Committee
- Technology, Digitization and Platforms (TDP) Committee
- Conduct Review Committee

b. <u>Membership/Composition</u>

All Board Sub Committees must consist of a minimum of three members. The Chairmanship and membership of the committees shall, as far as it is practical, be well distributed among the directors so that no individual is burdened with too many committees. Details as per below:

I. Mandatory Board Sub Committees

Board Sub Committee	Membership	Chairperson
Audit Committee	Only independent directors who shall not be less than 3 in number. Members shall preferably have financial background and conversant with both international auditing standards and international financial reporting standard. The Committee may have one member from the Risk Committee. However, this member shall neither participate in the debate nor vote on any Estimated Credit Loss (ECL) related matter and any other matter presented to Audit Committee which has been debated at Risk Committee and on which that Risk Committee member voted on.	Any member of the Audit Committee but not the Chairperson of the board.
Corporate Governance Committee (It will also act as the Nomination Committee)	It must consist of a majority of non-executive directors	Any member of the Corporate Governance Committee but not an executive director nor Chairperson of the Audit Committee nor the Chairperson of the Board.
Remuneration Committee	It must consist of a majority of non-executive directors	Any member of the Remuneration Committee but not an executive director nor Chairperson of the Audit Committee nor the Chairperson of the Board.
Risk Committee	Any board members, including an executive director who must be the CEO. Members must be well versed with risk management of the Bank.	Any member of the Risk Committee but preferably not the Chairperson of the board or Chairperson of the Audit Committee. Ideally, he or she must be an independent director.

II. **Non-Mandatory Board Sub Committees**

Board Sub Committee	Membership	Chairperson
Credit Committee	The Committee shall consist of independent non-executive and non-executive directors. It must exclude members of the Audit Committee.	The Chairperson of the Credit Committee should be a non-executive director but preferable an Independent non-executive Director. The Chairperson of the Board should preferably not be the Chairperson of the Committee.
Conduct Review Committee	The committee shall comprise of at least three members and it shall be distinct from the Risk Management Committee and Audit Committee The members of the Conduct Review Committee do not form part of the Audit Committee Only one member of the Conduct Review Committee may be a member of the Risk Management Committee	The Chairperson may be any member of the Conduct Review Committee but neither the Chairperson of the Audit Committee nor the Chairperson of the Board.
Strategy Committee	The committee shall comprise of at least three members and up to 50% of the directors. The majority of the members shall be non-executive directors and CEO will be a member.	The Chairperson shall be a non-executive director.
Technology, Digitization and Platforms (TDP) Committee	Any Member, including CEO, can be a member. It shall consist of a minimum of three members and a maximum of five members.	The Chairperson should be a non-executive director but preferable an Independent non-executive Director. The Chairperson of the Board should preferably not be the Chairperson of the Committee.

c. **<u>Meetings</u>**

- Frequency of Meetings - At least once every quarter or more frequently as circumstances require.
- The Secretary of the Company shall act as Secretary to all Board Sub Committees, except for monthly/regular Board Credit Committee.

- Meetings of the Committee shall be convened by the Secretary of the Committee at the request of any of its members.
- The notice of each meeting of the Board Sub Committee confirming the venue, time and date and enclosing an agenda of items to be discussed shall, other than under exceptional circumstances, be, in general, forwarded to each member of the Committee at his known registered address or electronic communication/email or Board Vantage. Supporting documents and a prior written notice of at least four (4) Business Days shall be sent to every members of any meeting except for Audit Committee which shall be ten (10) Business Days.
- Proceedings of all Board Sub Committees shall be reported periodically to the Board of Directors.

d. <u>Quorum</u>

- The quorum for any meeting shall be a majority of its members.
- Written resolution or decision by Board or committee, other than through a vote at a properly convened meeting, needs to be unanimously signed or assented by all Board Committee members.
- The written resolution or decision should be ratified at the following Committee meeting and same should form part of the minutes of the company.

e. <u>Minutes of Meetings</u>

- The Secretary shall minute the proceedings and decisions of all meetings of the Committee, including recording the names of those present and in attendance.
- Draft minutes of Committee meetings shall be circulated to all members of the all Committee within 15 Business days of the Meeting or earlier in case of urgent matter

f. <u>Role & Responsibilities</u>

The role and responsibilities are as per each Terms of References of the Board Sub Committees and in line with regulatory requirements.