



# **AFRASIA BANK LIMITED**

## **INFORMATION MEMORANDUM**

IN RESPECT OF

A PROPOSED RIGHTS ISSUE OF UP TO 9,677,419  
NEW ORDINARY SHARES AT AN ISSUE PRICE OF MUR 62 PER SHARE FOR  
A MAXIMUM AMOUNT OF MUR 600,000,000

0.09969 NEW ORDINARY SHARES WILL BE OFFERED FOR EVERY ONE (1)  
ORDINARY SHARE HELD ON 11 NOVEMBER 2016.

THE NUMBER OF NEW ORDINARY SHARES WILL BE ROUNDED DOWN TO  
THE NEAREST INTEGER WHEN FRACTIONS OCCUR. SHAREHOLDERS WHO  
HAVE TEN (10) SHARES OR LESS AS AT 11 NOVEMBER 2016 WILL BE  
ENTITLED TO SUBSCRIBE FOR ONE (1) ORDINARY SHARE.

Date: 9 November 2016

**AFRASIA BANK LIMITED**

**Information Memorandum in respect of a proposed Rights Issue of up to 9,677,419 New Ordinary Shares at an issue price of MUR 62 per share**

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**IF YOU ARE A SHAREHOLDER OF AFRASIA BANK LIMITED (“ABL”), THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION**

For a full appreciation of this Information Memorandum, this document should be read in its entirety. If you are in doubt about the action you should take, please consult your legal advisor or other professional advisor immediately.

**This document is neither an invitation nor a prospectus nor a statement in lieu of a prospectus for the public in Mauritius or elsewhere to subscribe for shares in ABL.**

This document is intended only for the use of shareholders registered on the shareholders' register of ABL as at 11 November 2016 and is not to be redistributed, reproduced or used, in whole or in part, for any other purpose without the prior written consent of ABL.

If you have any query or require any clarification concerning this Information Memorandum, please address them to the legal department of ABL on the following email address: [RightIssue2016@afasiabank.com](mailto:RightIssue2016@afasiabank.com) by 18 December 2016 at latest.

AFRASIA BANK LIMITED

Information Memorandum in respect of a proposed Rights Issue of up to 9,677,419 New Ordinary Shares at an issue price of MUR 62 per share

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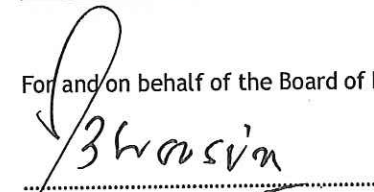
DECLARATION BY DIRECTORS

The Directors of ABL, whose names appear in section 5, collectively and individually accept full responsibility for the accuracy and completeness of the information contained in this Information Memorandum and confirm having made all reasonable enquiries that, to the best of their knowledge and belief, there are no other facts, the omission of which would make any statement herein misleading.

On 9 November 2016, the Board approved the Rights Issue of up to 9,677,419 New Ordinary Shares at an issue price of MUR 62 per share, subject to the terms and conditions set out in this Information Memorandum. 0.09969 New Ordinary Shares will be offered for every one (1) Ordinary Share held by ABL shareholders registered on 11 November 2016 and throughout the subscription period.

The issue and subscription of the New Ordinary Shares are conditional upon approval of the Rights Issue by the shareholders by way of a special resolution (requiring not less than 75% of the votes of the shareholders entitled to vote and voting on the Rights Issue, including the support of certain shareholders in accordance with ABL's constitution and shareholders agreement) passed at the annual meeting of the shareholders to be held in accordance with ABL's constitution, no later than the proposed date of issue of the New Ordinary Shares.

For and on behalf of the Board of Directors of ABL

  
.....  
Director

  
.....  
Director

9 November 2016

**AFRASIA BANK LIMITED**

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**SALIENT FEATURES OF THE RIGHTS ISSUE**

<b>New Ordinary Shares</b>	New Ordinary Shares of no par value of ABL, having the same rights and ranking pari passu with the existing Ordinary Shares of ABL
<b>Purpose of the issue</b>	To increase the capital base to meet future growth
<b>Terms of the issue</b>	Rights Issue of up to 9,677,419 New Ordinary Shares at an issue price of MUR 62 each on the terms and conditions set out in this Information Memorandum  A shareholder of ABL will be entitled to 0.09969 New Ordinary Shares for every one (1) Ordinary Share registered in its name on 11 November 2016 and throughout the subscription period rounded down to the nearest integer when fractions occur, subject to regulatory constraints. Shareholders who have ten (10) shares or less as at 11 November 2016 will be entitled to subscribe for one (1) ordinary share.
<b>Maximum amount to be raised under the Rights Issue</b>	MUR 600,000,000
<b>Opening of rights subscription</b>	20 December 2016
<b>Closing of rights subscription</b>	27 December 2016
<b>Payment terms</b>	Payable on 27 December 2016 at latest
<b>Issue date</b>	5 January 2017 (or at such other date(s) as ABL may determine)

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## AFRASIA BANK LIMITED

### Information Memorandum in respect of a proposed Rights Issue of up to 9,677,419 New Ordinary Shares at an issue price of MUR 62 per share

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## 1 DEFINITIONS

In this document, where the context permits, the abbreviations set out below bear the following meanings:

Term	Definition
ABL	AfrAsia Bank Limited
Board	The Board of Directors of ABL
Director	A person appointed as a director of ABL and continuing in office for the time being, in accordance with ABL's constitution.
Excess Shares	Ordinary The New Ordinary Shares for which shareholders have not initially subscribed under section 3.2.1.
Founding Executives	First four key executive members of ABL
FSC	The Financial Services Commission of Mauritius
Group	ABL and its subsidiaries, as defined in accordance with the International Financial Reporting Standards (IFRS)
Information Memorandum	This document, prepared for the purpose of enabling the shareholders of ABL to make an informed decision about the proposed Rights Issue
MUR	Mauritian Rupee
New Ordinary Shares	New ordinary shares of no par value of ABL, having the same rights and ranking pari passu with the existing Ordinary Shares
Ordinary Shares	Ordinary shares of no par value in the capital of ABL
Rights Issue	The issue of up to 9,677,419 New Ordinary Shares at an issue price of MUR 62 each to the shareholders as particularised in this Information Memorandum
Shareholder	Any natural person, corporation, company, société, partnership, firm, voluntary association, joint venture, trust, unincorporated organisation, authority or any other entity whether acting in an individual, fiduciary or other capacity whose names appear on the register of shares of ABL at the close of business on

## 2 COMPANY BACKGROUND AND PRINCIPAL ACTIVITIES

### 2.1 Company Background

Headquartered in the Mauritius International Financial Centre with representative offices in South Africa, ABL specialises in banking that builds bridges between Africa, Asia and the world.

ABL's entrepreneurial approach helps to develop flexible financing and investment solutions and provide tailor-made advice while combining expertise in four core divisions:

- ✔ Corporate Banking Business
- ✔ Global Banking Business
- ✔ Consumer Banking Business
- ✔ Treasury and Institutional Banking Business

In addition to our anchor Mauritian shareholder, IBL Ltd, the largest conglomerate in the country, other strong strategic partners include National Bank of Canada (NBC), the sixth largest bank in Canada with over 2.4 million clients, Intrasia Capital (Singapore) and Société De Promotion et de Participation pour la Coopération Economique S.A (PROPARCO) (subsidiary of the Agence Française de Développement) and other shareholders.

PROPARCO informed ABL of its intention to sell its shares to IBL Ltd, subject to approvals.

ABL's core banking and transactional capabilities are also complemented by its asset management arm, AfrAsia Capital Management Limited.

With an experienced team and regional foundations giving customers the reliability and trust of a global banking network, ABL helps clients achieve their financial aspirations, all delivered with boutique agility and service.

Incorporated on 12 January 2007, ABL has since shown consistent growth through a balanced growth strategy and an efficient use of capital to create value for our different stakeholders.

ABL's next 3-year strategic vision is based on 3 pillars namely customer centricity, innovation and teamwork. Our focus is to address the needs of the customer to enhance accessibility, convenience and quality of the delivery, leverage on technology to capture ideas and convert them into deliverables and encourage employees to interact for better service level.

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The table below shows an overview of ABL's business lines and its key metrics as at 30 June 2016.

<b>Business lines</b>	<b>Objective</b>	<b>Key Metrics</b>
<b>Corporate Banking Business</b>	To be the best in class corporate banking service provider offering tailor-made expert advices	<u>Loans:</u> MUR 17bn
<b>Global Banking Business</b>	To be the largest global business unit in Mauritius and preferred banker for all global business clients	<u>Deposits:</u> MUR 49bn
<b>Consumer Banking Business</b>	To be the consumer banking reference in Mauritius with a range of tailor-made solutions for our local and international private customers	<u>Assets under Custody:</u> MUR 17bn
<b>Treasury and Institutional Banking Business</b>	To be the most profitable trading room in Mauritius and preferred liquidity and solution provider for African Banks	<u>Trading Income:</u> MUR 595m



## AFRASIA BANK LIMITED

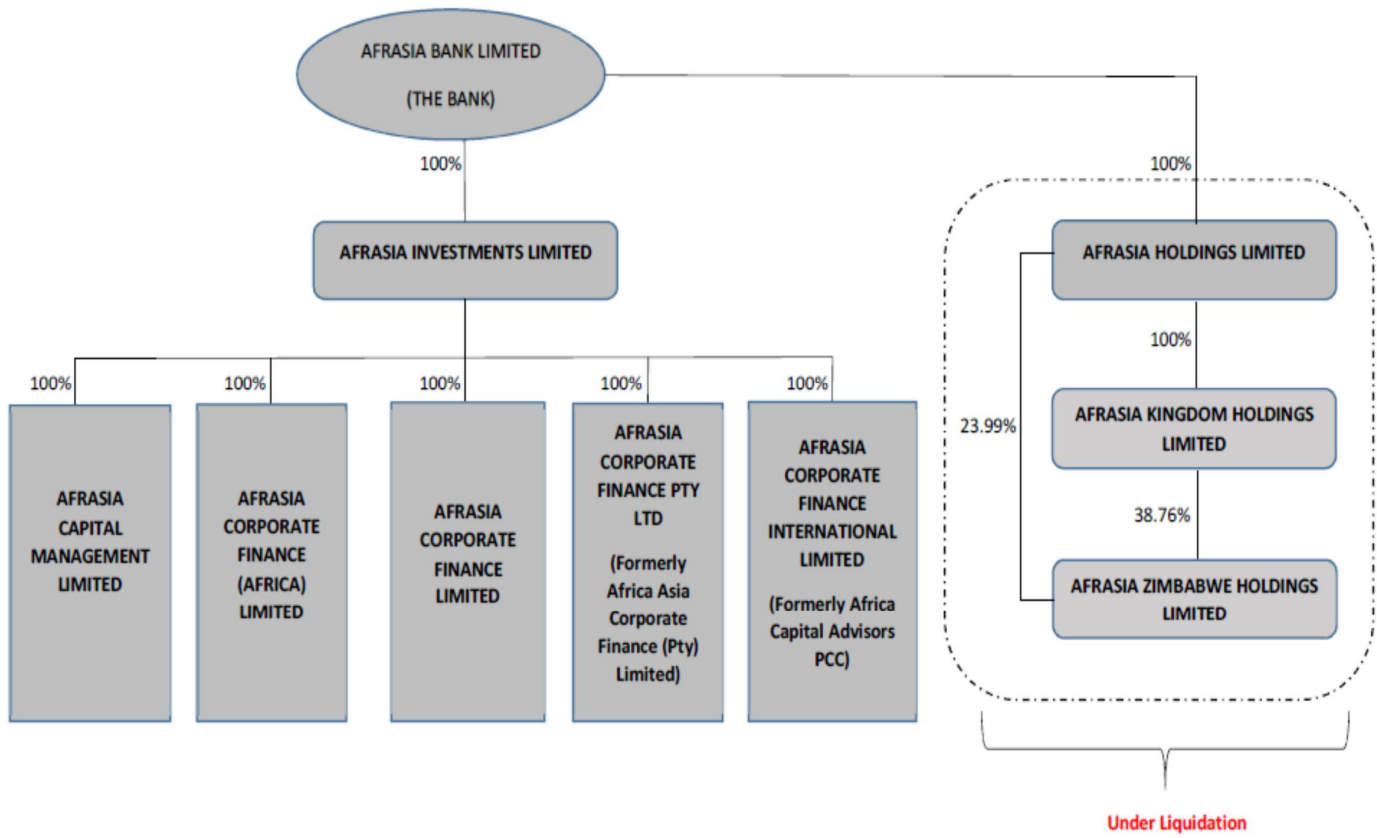
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### 2.2 Group Structure

The organisational structure of ABL as at 30 June 2016 is set out below.

GROUP STRUCTURE OF AFRASIA BANK AND ITS GROUP ENTITIES AS AT 30 JUNE 2016



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The shareholding structure of ABL as at 30 June 2016 and 30 September 2016 is as follows:

<b>Shareholder</b>	<b>% Holding</b>
IBL Ltd	24.7
National Bank of Canada	17.4
Intrasia Capital Pte Ltd	10.4
Société De Promotion et de Participation pour la Coopération Economique S.A	9.0
Belle Mare Holding Ltd	5.9
Others	32.6

ABL has a good combination of renowned institutional investors, both local and foreign.

## 3 PARTICULARS OF THE RIGHTS ISSUE

### 3.1 Background to and Purpose of the Rights Issue

ABL was incorporated in 2007 with the dual aim (i) to become a bank of reference for the corporate and private banking markets in Mauritius and the region and (ii) to capture Mauritius's potential as an International Financial Centre and the compelling opportunities Africa had to offer. Our objectives today are still aligned with the above and, as such, ABL has been strategically based in Mauritius with representations in South Africa to serve the Africa-Asia trade and investment corridor.

ABL offers a diversified range of financial products with the aim of providing a high level of service to customers along with flexibility and transparency through the dedication of its people towards customers. The goal is to deliver innovative products to local and international customers and enhance their banking experience. Since inception, ABL has displayed a consistent and balanced level of growth and, as at 30 June 2016, its customer deposits stand at MUR 80bn while customer loans and advances stand at MUR 22bn. ABL has also been regularly rewarded for the quality of its private banking offer and level of innovation over the years. ABL has customers domiciled in over 120 countries and has the capability to open accounts in 30 currencies and can undertake 3rd party payments in 100 currencies.

ABL intends to raise capital through the Rights Issue as part of its statutory capital requirements and strategy, to strengthen its capital base and to support the growth of its statement of financial position. ABL's 3-year vision is based on the consolidation of its existing technological platform, enhancing the quality of our portfolio, further improvement in its customer centricity including processes and procedures and on creating value for its people.

In addition to its local consolidation, ABL seeks to continuously position itself to capture opportunities while ensuring that risks are well managed and mitigated. ABL plans on enhancing its footprint in Africa through durable partnerships with key players on the continent including private equity funds as well as banks. In its Regional Economic Outlook on Sub-Saharan Africa, the International Monetary Fund reported that despite the fact that there had been an overall weakness as to the region's recent growth momentum, "medium-term growth prospects remain favorable".

The Board and the management of ABL are confident that the 3-year plan of ABL is realistic, and achievable, and that it embraces ABL's vision.

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**3.2 Terms of the Rights Issue**

*3.2.1 New Ordinary Shares*

ABL will issue up to 9,677,419 New Ordinary Shares of no par value at an issue price of MUR 62 each.

The shareholders will be entitled to subscribe for 0.09969 New Ordinary Shares for every one (1) Ordinary Share registered in their names at the close of business on 11 November 2016 and throughout the subscription period, subject to customary regulatory constraints. ABL will not issue fractional shares. The number of New Ordinary Shares will be rounded down to the nearest integer when fractions occur. Shareholders who have ten (10) shares or less as at 11 November 2016 will be entitled to subscribe for one (1) ordinary share.

Any Excess Ordinary Shares will be placed under the control of the Board to be issued at its discretion, but at the issue price of not less than MUR 62 per share.

*3.2.2 Issue Price for New Ordinary Shares*

An issue price of MUR 62 per New Ordinary Share has been decided by the Board on 9 November 2016.

The Directors confirm that they have made due enquiry and consultation and are satisfied that the issue price for the proposed Rights Issue is fair and reasonable to ABL and all the shareholders under Section 56(1) of the Companies Act 2001.

*3.2.3 Opening and Closing Date for the proposed Rights Issue*

The proposed Rights Issue will open on 20 December 2016 and will close on 27 December 2016.

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#### **3.2.4 Rights Attached to the New Ordinary Shares**

Immediately following the completion of the proposed Rights Issue, the New Ordinary Shares will have the same rights and privileges as, will be subject to the same conditions as, and will rank pari passu in all respect with the existing Ordinary Shares. These rights, privileges and conditions are reproduced below:

- (a) the right to vote at meetings of shareholders and on a poll to cast one vote for each share held;
- (b) subject to the rights of holders of class A shares of ABL, the right to an equal share in dividends and other distributions made by ABL; and
- (c) subject to the rights of holders of class A shares of ABL, the right to an equal share in the distribution of the surplus assets of ABL in its liquidation.

### **3.3 Subscription Procedure for Rights Issue**

The section below provides information about the subscription procedure for the proposed Rights Issue.

The proposed Rights Issue consists of the offer of up to 9,677,419 New Ordinary Shares of ABL at an issue price of MUR 62 in a proportion of 0.09969 New Ordinary Shares for every one (1) Ordinary Share held by the shareholders on 11 November 2016 and throughout the subscription period, subject to customary regulatory constraints.

An Offer Letter will be sent via email or by post on 2 December 2016 to the shareholders of ABL, detailing the number of New Ordinary Shares to which they are entitled, along with the Application Form and Bank Transfer Form (or equivalent document from another bank).

#### **3.3.1 Acceptance**

Shareholders will be entitled to apply for New Ordinary Shares starting on 20 December 2016.

Acceptances are irrevocable and may therefore not be withdrawn.

Shareholders may decide to fully or partially subscribe to New Ordinary Shares by completing and returning parts A, B and C of the Application Form and the Bank Transfer Form for the shares subscribed to ABL's Share Registry Agent, DTOS Ltd at 10th Floor, Standard Chartered Tower, 19 Cybercity, Ebene. The completed forms should reach ABL's Share Registry Agent, not later than 27 December 2016 at 16.00 hours, Mauritius time.

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Scanned copies of the completed Application Form and the Bank Transfer Form (or equivalent document from another bank) will be accepted by email on the following email address; [fundservices@dtos-mu.com](mailto:fundservices@dtos-mu.com) not later than 27 December 2016 at 16.00 hours, Mauritius time, provided that hard copies of these two forms are also delivered to ABL's Share Registry Agent, DTOS Ltd at 10th Floor, Standard Chartered Tower, 19 Cybercity, Ebene, Mauritius by private courier, not later than 30 December 2016 at 16.00 hours, Mauritius time.

A shareholder will be deemed to have declined the offer to subscribe for New Ordinary Shares if it fails to abide by the deadlines set out in the preceding paragraph.

Incomplete applications will be rejected.

**3.3.2 Entitlement to the Rights Issue**

This offer is personal to each shareholder and is non-renounceable. This means that a shareholder's entitlement to participate in the proposed Rights Issue is not transferable. If a shareholder does not take up its entitlement to the Rights Issue in full or in part, such entitlement may not be sold or otherwise transferred.

**3.4 Payment**

Subject to the following paragraph, payment for New Ordinary Shares should be made electronically by using the attached Bank Transfer Form (or equivalent document from another bank) not later than 27 December 2016 at 16.00 hours, Mauritius time.

ABL will reject applications for New Ordinary Shares if payment is not effected in accordance with this Information Memorandum (on account of the failure of an electronic transfer, a dishonoured cheque, or otherwise), or as otherwise agreed.

No cash payments will be accepted.

**3.5 Share Fractions**

ABL will not issue any fractions of New Ordinary Shares. Fractions will be rounded down to the nearest integer. Shareholders, who have ten (10) shares or less as at 11 November 2016 will be entitled to subscribe for one (1) ordinary shares. Fractional shares will be pooled together and will remain under the control of the Board who may allot them at its discretion, but at an issue price of not less than MUR 62 per share.

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**3.6 New Ordinary Shares not Subscribed For**

The Board will decide on the allocation of all unsubscribed rights.

**3.7 Issue of New Ordinary Shares**

The New Ordinary Shares will be issued on 30 December 2016, or at such other date(s) as the Board may determine. ABL's Share Registry Agent, DTOS Ltd, will send by email or by post to the shareholders who subscribed to the New Ordinary Shares a confirmation of the number of New Ordinary Shares issued to them.

All New Ordinary Shares issued under the Rights Issue will be in nominal certificated form.

**3.8 Approval by Shareholders**

The terms and conditions of the Rights Issue require the approval of the shareholders of ABL by way of a special resolution (requiring not less than 75% of the votes of the shareholders entitled to vote and voting on the Rights Issue, including the support of certain shareholders in accordance with ABL's constitution and shareholders agreement) passed at the annual meeting of the shareholders to be held in accordance with ABL's constitution, no later than the proposed date of issue of the New Ordinary Shares.

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## 4 ISSUED CAPITAL

### 4.1 Issued Capital

The issued capital of ABL as at 30 June 2016 is as follows:

Description of shares	Currency	Value	No of Shares
Ordinary Shares	MUR' 000	2,595,363	97,024,360
Class A Shares	MUR' 000	1,385,768	2,000,000 Class A Series 1  8,000,000 Class A Series 2



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4.2 Alterations to issued capital

Other than the share issues, offers and repurchases described below, there have been no alterations to the issued stated capital of ABL and any of ABL's subsidiaries during the years ended 30 June 2013, 30 June 2014, 30 June 2015 and 30 June 2016.

Period Ended	Closing Share Capital	Increase during the year	Date of issue and Price
Financial year 30 June 2013	MUR 1,694,593,418	MUR 296,135,926  (Issued by ABL to Asiabridge Fund I, LLC in proportion to its holdings)	Nov 2012 at a cost of MUR 45.25 per share
Financial year 30 June 2014	MUR 1,747,639,471	MUR 53,046,053  (Issued by ABL to SJP Capital Ltd, James Benoit, Kamben Padayachy, Thierry Vallet and Rouben Chocalingum)  (ABL also bought back 6,544,778 of its shares from Asiabridge Fund I, LLC. which were then held as Treasury Shares)	Aug and Dec 2013 at a cost of MUR 58 per share and June 2014 at a cost of MUR 62 per share  June 2014 at a cost of MUR 62 per share
Financial year 30 June 2015	MUR 2,590,959,243	MUR 843,319,772  (Purchase of 6,544,778 shares by National Bank of Canada (Treasury Shares))  <u>Issue Cost MUR 73,945,321</u>  (Rights Issue of 18,782,600 shares in June 2015)  <u>Issue Cost MUR 7,990,891</u>	12 Dec 2014 at a cost of MUR 62.75 against treasury shares (MUR 62)  25 June 2015 at a cost of MUR 49
Financial year 30 June 2016	MUR 2,595,363,310	MUR 4,404,067  (Issue of 352,272 shares to Founding Executives)  <u>Issue Cost MUR 12,857,261</u>	14 July 2015 at a cost of MUR 49

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**4.3 Options of preferential rights granted**

On 29 November 2012, ABL has granted a European style share option to the Founding Executives for a consideration of MUR 1.00 per option. As of 30 June 2016, there is an amount of 44,034 shares left to be exercised by 30 June 2017, provided the Founding Executives remain in employment at ABL pursuant to the contract on the exercise date and neither the Founding Executives nor ABL must have issued a notice to terminate the contract on or before the exercise date.

**4.4 Dilution Impact**

	<b>Total number of Ordinary Shares</b>
<b>Current</b>	97,068,394
<b>Following Rights Issue</b>	Up to 106,745,813
<b>Maximum Dilution</b>	9.07%

As a result of the Rights Issue, the maximum dilution per share for a shareholder not subscribing to the Rights Issue has been estimated to be 9.07%.

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## 5 DIRECTORS

### 5.1 Directors Details as at 30 June 2016

Name	Residential address
Lim Sit Chen Lam Pak Ng <b>Chairman</b>	Singapore, Singapore
Sanjiv Bhasin <b>Chief Executive Officer</b>	Black River, Mauritius
Jean-Claude Béga	Calodyne, Grand Gaube, Mauritius
Henri Calvet	Paris, France
Yves Jacquot	Paris, France
Catherine McIlraith	Black River, Mauritius
Mark Mulroney	Ontario, Canada
Graeme Robertson	Singapore, Singapore
Arvind Sethi	Gurgaon, India
Nicolas Weiss	Poste Lafayette, Mauritius

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**5.2 Directors' Profiles**

The name of all Directors, their categories and their profiles are provided hereafter.

As at 30 June 2016, the Board of Directors of ABL is as follows:

**LIM SIT CHEN LAM PAK NG**

Independent Non-Executive Chairman

Appointed as Director: 12 February 2007

Appointed as Chairman: 12 February 2015

Qualifications: MBA degree from the Graduate School of Business of Columbia University, New York, N.Y, USA.

Lim Sit Chen Lam Pak Ng (Maurice) is the founding partner of Stewardship Consulting, based in Singapore, providing strategy consulting services to family owned companies and government organisations. Prior to Stewardship Consulting, Maurice was in banking, advising public and private sector clients in treasury and risk management, financial strategy and investment management. He has worked in London, Montreal, New York, Singapore and Tokyo.

A Mauritian and Canadian citizen, he lives in Singapore. Lim Sit Chen Lam Pak Ng is not a director of any listed company in Mauritius.

Committees:

Corporate Governance Committee (Chairman)

Credit Committee

Risk Management/Conduct Review Committee

**SANJIV BHASIN**

Chief Executive Officer and Executive Director

Appointed: 19 November 2015

Qualifications: MBA in Finance (XLRI Jamshedpur), B.Com (Hons) degree in Accounting and Finance (Delhi University)

Sanjiv Bhasin started his career with HSBC in 1979 and over the years, worked in various capacities mainly in the Corporate Banking, Investment Banking and Credit and Risk Management divisions in India, UK and Mauritius until 2004. His last role at HSBC was Chief Operating Officer HSBC India. From 2004 to 2008 he was the Managing Director and CEO of RaboBank in India and thereafter he joined DBS India, making that the fourth largest foreign bank in India. Sanjiv holds an MBA in Finance from XLRI Jamshedpur, a B.Com (Hons) degree in Accounting and Finance from Shri Ram College of Commerce, Delhi University. Sanjiv Bhasin is not a director of any listed company in Mauritius.

Committees:

Corporate Governance Committee

Risk Management/Conduct Review Committee

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#### **JEAN-CLAUDE BÉGA**

Non-Executive Director

Appointed: 28 October 2011

Qualifications: Fellow of the Association of Chartered Certified Accountants

Jean-Claude Béga is a Fellow of the Association of Chartered Certified Accountants. He joined GML in 1997 and has been nominated as Group Head of Financial Services and Business Development of IBL Ltd on 1 July 2016. He is the Non-Executive Chairman of Phoenix Beverages Limited and Anahita Estates Limited and serves as Director of a number of companies including Alteo Limited, AfrAsia Bank Limited, Abax Corporate Services Limited, Lux Island Resorts Limited, Alteo Properties Ltd, Anahita Golf Ltd and Anahita Residences and Villas Limited.

Jean-Claude is a director of three listed companies on the Stock Exchange of Mauritius namely Alteo Limited, Lux\* Island Resorts Ltd and Phoenix Beverages Limited (Non-Executive Chairman).

Committee:

None

#### **HENRI CALVET**

Independent Non-Executive Director

Appointed: 23 March 2015

Qualifications: Graduate of Ecole Normale Supérieure de Cachan and University degree (Economics, Paris-I Panthéon-Sorbonne)

Henri Calvet is the founder of H2C CONSEIL, a company offering advisory and training services to credit institutions and securities firms, in the main following fields: banking accounting, prudential rules, internal control (including risk management and compliance control). Prior to setting up his own business, Henri had worked for numerous banks, namely, BRED-Banque Populaire, Compagnie Financière Edmond de Rothschild Banque and Compagnie Parisienne de Reescompte, inter-alia. Henri Calvet is not a director of any listed company in Mauritius.

Committees:

Audit Committee

Credit Committee

Risk Management/Conduct Review Committee (Chairman)

#### **YVES JACQUOT**

Non-Executive Director

Appointed: 16 January 2015

Qualifications: ESSEC

Yves Jacquot has a wide experience in the banking sector. He is presently the First Vice-President of International Development for the National Bank of Canada Group and the Deputy Chief Executive of NATCAN INVESTISSEMENTS INTERNATIONAUX SAS which is a subsidiary of National Bank of Canada. Previously, he was the Deputy Chief Executive of BRED-Banque Populaire and Managing Director of COFIBRED. Yves Jacquot is not a director of any listed company in Mauritius.

Committees:

Corporate Governance Committee

Credit Committee

Risk Management/Conduct Review Committee

**AFRASIA BANK LIMITED**

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**CATHERINE MCILRAITH**

Independent Non-Executive Director

Appointed: 8 February 2011

Qualifications: Chartered Accountant (South Africa)

Catherine McIlraith, a Mauritian citizen, holds a Bachelor of Accountancy degree from the University of the Witwatersrand, Johannesburg, South Africa and has been a member of the South African Institute of Chartered Accountants since 1992. She then joined the investment banking industry and has held senior positions in corporate and specialised finance for Ridge Corporate Finance, BoE NatWest and BoE Merchant Bank in Johannesburg. She returned to Mauritius in 2004 to join Investec Bank where she was Head of Banking until June 2010. Catherine is a Fellow Member of the Mauritius Institute of Directors ('MIoD'). She is a non-executive Director of a number of public and private companies in Mauritius.

Catherine is a director of four listed companies on the Stock Exchange of Mauritius namely CIEL Limited, Les Gaz Industriels Limited, the Mauritius Development Investment Trust Limited and Astoria Investment Limited.

**Committees:**

Audit Committee

Credit Committee (Chairperson) (as from 18 November 2015)

Risk Management/Conduct Review Committee (In Attendance up to 24 September 2015)

**MARK MULRONEY**

Non-Executive Director

Appointed: 1 September 2015

Qualifications: Bachelor of Arts: Major in History from Duke University, USA

Mark Mulroney joined the National Bank of Canada in May 2012 as a Managing Director and Co-Head of Equity Trading and is presently the Managing Director and Head of Equity Capital Markets. Prior to joining National Bank of Canada, Mark worked for the Royal Bank of Canada in a multiple roles in London (UK) and Toronto (Canada) and Goldman Sachs and Co, New York (USA).

Mark is not a director of any listed company in Mauritius.

**Committee:**

Risk Management/Conduct Review Committee (up to 3 February 2016)

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**GRAEME ROBERTSON**

Non-Executive Director

Appointed: 16 August 2011

Qualifications: FAICD (F) - Australian Institute of Company Directors, MAIE (M) Australian Institute of Energy

Educated in Sydney, Australia, Graeme Robertson has lived in Southeast Asia since 1972 and has been responsible for pioneering the development and managing internationally world class mining, energy and infrastructure operations. He is a recipient of the ASEAN Development and the Millennium 500 Awards in 1996 and 2000 respectively for his contribution to growing significant commercial operations in developing nations in Asia. Graeme is the Chairperson and owner of Intrasia Capital Pte Ltd, a private investment group in Singapore and its subsidiaries including Vita Rice Limited developing healthy rice production in Mauritius. He is also Chairperson of listed companies Intra Energy Corporation and NuEnergy Gas Limited for coal mining and gas extraction. His companies operate extensively in Eastern Africa in coal production and supply, electricity generation, drilling and domestic gas development.

Graeme is a humanitarian with interests in poverty alleviation and health improvement. He is a personal Advisor to the Vice Prime Minister and Minister of Energy and Public Utilities in relation to the energy future of Mauritius.

Graeme is not a director of any company listed in Mauritius.

Committee:

None

**ARVIND SETHI**

Non-Executive Director

Appointed: 20 April 2016

Qualifications: Keble, Oxford University, UK (MA Hons in PPE, Philosophy, Politics and Economics)

Before joining the banking sector, Arvind Sethi was Assistant Editor for the Economic Times from 1979 to 1980. While beginning his career in banking in 1981, he spent virtually his time in dealing rooms occupying key leadership roles such as Managing Director Global Markets at Bank of America, General Manager Global Markets at ANZ Grindlays Bank, Manager Treasury and Head of Retail Banking at HSBC India. From 2001 to 2012, he was a Wealth Advisor and Trainer in Financial Markets and Derivatives. From 2012 to 2015 he was the Managing Director and CEO of Tata Asset Management Ltd and has served as Board Director at Rabo India Finance Ltd, Canara Robeco Asset Management and currently serves as an Independent Director on the Boards of HSBC InvestDirect India Ltd, HSBC InvestDirect Financial Services (India) Ltd, Old World Hospitality and Sundaram Asset Management Ltd.

Arvind is not a Director of any company listed in Mauritius.

Committee:

Audit Committee (Chairman as from 27 July 2016)

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**NICOLAS WEISS**

Non-Executive Director

Appointed: 1 November 2013

Qualifications: ESSEC - Ingénieur Telecoms - MBA Cranfield University (UK)

Nicolas Weiss is a Telecommunications engineer. He is an Essec Business School graduated and holds an MBA from Cranfield (UK). Nicolas Weiss started his career in 1988 at Deltabanque, where he developed an interest rate risk management system. He later developed portfolio insurance and market arbitrage models. In 1991, he joined M.Philippe Oddo and helped raise the clientele of Institutional Investors for mutual funds actions, bonds and derivatives. In 1993, he joined Mr. Le Baron Edmond de Rothschild and was General Manager and Shareholder to the creation of AssMgt subsidiaries of the Rothschild Group in Europe: Rothschild Asset Management (EUR20bn), E.de AssMgt Rothschild Investment Services (USD4bn), and Rothschild Multi Management (EUR5bn). Nicolas Weiss was also director and treasurer for 'Rothschild Foundations' since 1997. He left the Rothschild Group in 2010 to settle in Mauritius. Nicolas Weiss has been teaching finance at ESSEC, at Paris Dauphine and at Arts et Métiers. He is a jury member at ESSEC since 1987. Nicolas is not a director of any company listed in Mauritius.

Committee:

Corporate Governance Committee



**AFRASIA BANK LIMITED**

Information Memorandum in respect of a proposed Rights Issue of up to 9,677,419 New Ordinary Shares at an issue price of MUR 62 per share

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## 6 CORPORATE INFORMATION

### 6.1 Company Information

<b>Company Name</b>	AfrAsia Bank Limited
<b>Country of incorporation</b>	Mauritius
<b>Year of incorporation</b>	2007
<b>Business Registration Number</b>	C07067923
<b>Registered Office</b>	Bowen Square, 10 Dr Ferrière Street, Port Louis Tel : (+230) 208 5500

### 6.2 Third Party Information

<b>Company Secretary</b>	<b>IBL Corporate Services Ltd</b> 4 <sup>th</sup> Floor, IBL House Caudan Waterfront Port Louis Mauritius Tel : (+230) 203 2000
<b>Share Registry</b>	<b>DTOS Ltd</b> Share Registry Agent 10 <sup>th</sup> Floor, Standard Chartered Tower 19 Cybercity Ebene Mauritius
<b>Auditors</b>	<b>Ernst &amp; Young</b> Andre Lai Wan Loong, ACA Level 9, Tower 1, NeXTeracom Cybercity, Ebène Mauritius Tel: (+230) 403 4777
<b>Legal Advisor for the Rights Issue</b>	<b>Jean-Francois Boisvenu</b> Group Head Legal AfrAsia Bank Limited 4 <sup>th</sup> Floor, NeXTeracom Tower III Ebène Mauritius Tel : (+230) 403 5500

AFRASIA BANK LIMITED

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7 FINANCIAL INFORMATION

7.1 Consolidated Condensed Statement of Profit or Loss and Other Comprehensive Income for the year ended 30 June 2016

	Notes	THE GROUP			THE BANK		
		Year ended 30 June 2016	Year ended 30 June 2015	Year ended 30 June 2014	Year ended 30 June 2016	Year ended 30 June 2015	Year ended 30 June 2014
		MUR'000	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000
Interest income	3	1,745,056	1,803,348	1,382,484	1,740,611	1,809,153	1,353,358
Interest expense	4	(797,206)	(758,280)	(701,314)	(774,912)	(748,584)	(694,338)
<b>Net interest income</b>		<b>947,850</b>	<b>847,068</b>	<b>681,170</b>	<b>965,699</b>	<b>860,569</b>	<b>659,020</b>
Fees and commission income	5	581,849	563,837	341,432	457,243	341,006	207,383
Fees and commission expense	5	(159,458)	(73,071)	(36,193)	(159,440)	(72,768)	(38,043)
<b>Net fees and commission income</b>	5	<b>422,391</b>	<b>490,766</b>	<b>305,239</b>	<b>297,803</b>	<b>268,238</b>	<b>169,340</b>
<b>Net trading income</b>	6a	<b>590,892</b>	<b>7,485</b>	<b>248,818</b>	<b>594,683</b>	<b>471,082</b>	<b>245,815</b>
Other operating income	6b	4,170	45,008	9,875	5,975	46,844	102,388
<b>Total operating income</b>		<b>1,965,303</b>	<b>1,390,345</b>	<b>1,225,100</b>	<b>1,864,160</b>	<b>1,848,753</b>	<b>1,176,561</b>
Net allowance for credit impairment	7	(644,557)	(238,880)	(87,711)	(644,557)	(500,279)	(175,711)
<b>Net operating income</b>		<b>1,320,746</b>	<b>1,153,365</b>	<b>1,157,389</b>	<b>1,219,603</b>	<b>1,146,474</b>	<b>1,000,850</b>
Personnel expenses	8	(452,346)	(371,877)	(341,434)	(396,790)	(294,044)	(288,877)
Depreciation of equipment	23	(22,788)	(15,888)	(8,582)	(20,504)	(13,536)	(8,878)
Amortisation of intangible assets	24	(33,145)	(84,546)	(48,458)	(9,224)	(8,729)	(6,824)
Other operating expenses	9	(343,440)	(329,843)	(213,474)	(269,564)	(273,373)	(192,259)
<b>Total operating expenses</b>		<b>(851,719)</b>	<b>(781,954)</b>	<b>(611,859)</b>	<b>(696,082)</b>	<b>(589,682)</b>	<b>(494,638)</b>
<b>Operating profit</b>		<b>469,027</b>	<b>371,411</b>	<b>545,430</b>	<b>523,521</b>	<b>556,792</b>	<b>506,212</b>
Loss on disposal of subsidiary	18	(4,185)	-	-	-	-	-
Share of profit of joint venture	21	-	-	2,884	-	-	-
Fair value gain on acquisition of subsidiaries	19	-	-	125,848	-	-	-
Impairment loss on subsidiary	18	-	-	-	-	(302,554)	(217,000)
Impairment loss on associate	22	-	(118,565)	(144,247)	-	-	-
Impairment of intangible assets	24	(100,514)	-	-	-	-	-
Impairment of available-for-sale investment	17	-	(327,847)	-	-	-	-
Share of loss of associate	22	-	-	(129,175)	-	-	-
Gain on liquidation of subsidiaries	18	372,447	-	-	-	-	-
<b>Profit/(loss) before tax</b>		<b>736,775</b>	<b>(74,801)</b>	<b>400,518</b>	<b>523,521</b>	<b>254,238</b>	<b>289,212</b>
Tax expense	10	(97,036)	(101,287)	(75,904)	(89,885)	(79,207)	(68,587)
<b>Profit/(loss) for the year</b>		<b>639,739</b>	<b>(178,088)</b>	<b>324,524</b>	<b>433,636</b>	<b>175,031</b>	<b>222,645</b>
<b>Other comprehensive income to be reclassified to profit or loss in subsequent period:</b>							
Net (loss)/gain on available-for-sale investments		(6,867)	1,999	1,978	(579)	-	-
Movement in other reserves		(1,309)	-	(814)	-	-	-
Exchange differences on translation of foreign operations		(17,165)	(678)	(9,830)	-	-	-
Net gain on hedge of a net investment		-	-	7,008	-	-	-
<b>Total other comprehensive (loss)/income to be reclassified to profit or loss in subsequent period</b>		<b>(25,341)</b>	<b>1,321</b>	<b>(1,458)</b>	<b>(579)</b>	<b>-</b>	<b>-</b>
<b>Total comprehensive income/(loss) for the year</b>		<b>614,398</b>	<b>(174,747)</b>	<b>323,066</b>	<b>433,057</b>	<b>175,031</b>	<b>222,645</b>

AFRASIA BANK LIMITED

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7.2 Consolidated Condensed Statement of Financial Position as at 30 June 2016.

	Notes	THE GROUP			THE BANK		
		2016	2015	2014	2016	2015	2014
		MUR'000	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000
<b>ASSETS</b>							
Cash and balances with the Central Bank	12	3,029,129	2,514,213	2,021,272	3,029,129	2,512,469	2,019,625
Due from banks	13	46,009,527	41,447,018	18,265,309	46,000,675	41,434,529	18,251,138
Derivative financial instruments	14	138,647	217,383	880,845	33,644	68,527	78,088
Financial investments - held-for-trading	15	4,893,741	3,045,474	2,838,145	3,542,070	1,967,124	1,911,412
Loans and advances to customers	16	21,958,341	21,772,735	17,227,455	21,958,341	21,707,888	17,387,055
Financial investments - available-for-sale	17a	350,798	41,049	341,340	316,033	-	-
Financial investments - held-to-maturity	17b	11,538,879	5,071,692	6,836,837	11,538,879	5,071,692	6,836,837
Investment in subsidiaries	18	-	-	-	189,563	189,563	409,801
Investment in joint venture	21	-	-	-	-	-	-
Investment in associates	22	-	-	118,585	-	-	-
Equipment	23	140,101	103,498	71,207	135,991	98,955	68,310
Intangible assets	24	300,804	358,071	401,507	111,841	48,018	37,667
Other assets	25	130,207	283,743	197,071	206,184	288,150	174,217
Deferred tax assets	10	60,441	24,060	12,644	60,441	19,607	8,997
<b>TOTAL ASSETS</b>		<b>88,550,615</b>	<b>74,856,932</b>	<b>48,990,197</b>	<b>87,122,791</b>	<b>73,408,502</b>	<b>47,189,047</b>
<b>LIABILITIES AND EQUITY</b>							
Due to banks	26	173,510	227,418	1,015,350	173,510	227,411	1,015,350
Derivative financial instruments	14	232,917	555,094	857,442	127,914	54,775	72,885
Deposits from customers	27	80,012,268	66,437,716	40,413,544	80,378,976	66,928,651	41,089,955
Debts issued	28	1,489,943	1,655,238	1,108,517	1,111,032	1,094,275	1,033,574
Other liabilities	29	1,770,876	1,627,871	2,091,923	407,506	531,787	589,510
Current tax liabilities	10	84,510	67,836	53,040	84,379	51,327	44,739
Deferred tax liabilities	10	125	114	-	-	-	-
<b>TOTAL LIABILITIES</b>		<b>83,764,149</b>	<b>70,571,287</b>	<b>45,539,816</b>	<b>82,283,317</b>	<b>68,888,226</b>	<b>43,855,813</b>
<b>EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT</b>							
Ordinary shares	30	2,595,363	2,580,959	1,747,639	2,595,363	2,590,959	1,747,639
Class A shares	30	1,399,768	1,399,768	1,400,244	1,385,768	1,385,768	1,386,244
Treasury shares	30	-	-	(405,778)	-	-	(405,778)
Share application monies		-	17,261	-	-	17,261	-
Retained earnings/(Accumulated losses)		448,491	(142,091)	434,086	493,283	107,086	332,174
Other reserves	31	342,844	419,748	274,178	365,060	417,202	272,953
<b>TOTAL EQUITY</b>		<b>4,786,466</b>	<b>4,285,645</b>	<b>3,450,381</b>	<b>4,839,474</b>	<b>4,518,276</b>	<b>3,333,234</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>88,550,615</b>	<b>74,856,932</b>	<b>48,990,197</b>	<b>87,122,791</b>	<b>73,408,502</b>	<b>47,189,047</b>

AFRASIA BANK LIMITED

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7.3 Consolidated Condensed Statement of Changes in Equity for year ended 30 June 2016

(a) THE GROUP

	Notes	Ordinary shares	Treasury shares	Class A shares	Share application monies	Retained earnings/ (Accumulated losses)	Other reserves	Total
		MUR'000	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000
At 1 July 2013		1,694,593	-	-	-	290,050	212,751	2,197,394
Profit for the year		-	-	-	-	324,524	-	324,524
Other comprehensive income		-	-	-	-	-	(1,458)	(1,458)
Total comprehensive income for the year		-	-	-	-	324,524	(1,458)	323,066
Issue of shares	30	53,046	-	1,400,244	-	-	-	1,453,290
Acquisition of shares	30	-	(405,776)	-	-	-	-	(405,776)
Share-based payments	31	-	-	-	-	-	(1,566)	(1,566)
Appropriation of reserves	31	-	-	-	-	(64,451)	64,451	-
Dividends	11	-	-	-	-	(116,027)	-	(116,027)
At 30 June 2014		1,747,639	(405,776)	1,400,244	-	434,096	274,178	3,450,381
At 1 July 2014		1,747,639	(405,776)	1,400,244	-	434,096	274,178	3,450,381
Loss for the year		-	-	-	-	(176,068)	-	(176,068)
Other comprehensive income		-	-	-	-	-	1,321	1,321
Total comprehensive income/(loss) for the year		-	-	-	-	(176,068)	1,321	(174,747)
Issue of shares	30	843,320	405,776	-	-	-	-	1,249,096
Incidental cost on issue of shares		-	-	(476)	-	-	-	(476)
Acquisition of shares	30	-	-	-	-	-	-	-
Share application monies		-	-	-	17,261	-	-	17,261
Share-based payments	31	-	-	-	-	-	(360)	(360)
Appropriation of reserves	31	-	-	-	-	(144,609)	144,609	-
Dividends	11	-	-	-	-	(255,510)	-	(255,510)
At 30 June 2015		2,590,959	-	1,399,768	17,261	(142,091)	419,748	4,285,645
At 1 July 2015		2,590,959	-	1,399,768	17,261	(142,091)	419,748	4,285,645
Profit for the year		-	-	-	-	639,739	-	639,739
Other comprehensive income		-	-	-	-	-	(25,341)	(25,341)
Total comprehensive income/(loss) for the year		-	-	-	-	639,739	(25,341)	614,398
Issue of shares	30	17,261	-	-	(17,261)	-	-	-
Indemnity costs	30	(12,857)	-	-	-	-	-	(12,857)
Consolidation adjustment		-	-	-	-	(1,718)	-	(1,718)
Appropriation of reserves	31	-	-	-	-	51,563	(51,563)	-
Dividends	11	-	-	-	-	(99,002)	-	(99,002)
At 30 June 2016		2,595,363	-	1,399,768	-	448,491	342,844	4,786,466

(b) THE BANK

	Notes	Ordinary shares	Treasury shares	Class A shares	Share application monies	Retained earnings	Other reserves	Total
		MUR'000	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000
At 1 July 2013		1,694,593	-	-	-	290,007	210,068	2,194,668
Profit for the year		-	-	-	-	222,645	-	222,645
Other comprehensive income		-	-	-	-	-	-	-
Total comprehensive income for the year		-	-	-	-	222,645	-	222,645
Issue of shares	30	53,046	-	1,386,244	-	-	-	1,439,290
Acquisition of shares	30	-	(405,776)	-	-	-	-	(405,776)
Share-based payments	31	-	-	-	-	-	(1,566)	(1,566)
Appropriation of reserves	31	-	-	-	-	(64,451)	64,451	-
Dividends	11	-	-	-	-	(116,027)	-	(116,027)
At 30 June 2014		1,747,639	(405,776)	1,386,244	-	332,174	272,953	3,333,234
At 1 July 2014		1,747,639	(405,776)	1,386,244	-	332,174	272,953	3,333,234
Profit for the year		-	-	-	-	175,031	-	175,031
Other comprehensive income		-	-	-	-	-	-	-
Total comprehensive income for the year		-	-	-	-	175,031	-	175,031
Issue of shares	30	843,320	405,776	-	-	-	-	1,249,096
Incidental cost on issue of shares		-	-	(476)	-	-	-	(476)
Share application monies		-	-	-	17,261	-	-	17,261
Share-based payments	31	-	-	-	-	-	(360)	(360)
Appropriation of reserves	31	-	-	-	-	(144,609)	144,609	-
Dividends	11	-	-	-	-	(255,510)	-	(255,510)
At 30 June 2015		2,590,959	-	1,385,768	17,261	107,086	417,202	4,518,276
At 1 July 2015		2,590,959	-	1,385,768	17,261	107,086	417,202	4,518,276
Profit for the year		-	-	-	-	433,636	-	433,636
Other comprehensive income		-	-	-	-	-	(579)	(579)
Total comprehensive income/(loss) for the year		-	-	-	-	433,636	(579)	433,057
Issue of shares	30	17,261	-	-	(17,261)	-	-	-
Indemnity costs	30	(12,857)	-	-	-	-	-	(12,857)
Appropriation of reserves	31	-	-	-	-	51,563	(51,563)	-
Dividends	11	-	-	-	-	(99,002)	-	(99,002)
At 30 June 2016		2,595,363	-	1,385,768	-	493,283	365,060	4,839,474

## 8 RISK MANAGEMENT

Investing in any business comprises risks. The risks relevant to ABL include the following:

### *Exchange rate risks*

Foreign exchange risk is defined as the risk that ABL's foreign currency positions during a period may be affected by adverse movements in exchange rates.

ABL's open positions arising from foreign exchange transactions with counterparties are monitored daily relative to trading limits and policies, with daily reporting of open positions to Bank of Mauritius for monitoring within set regulatory limits.

Profits or losses arising from ABL's foreign currency deposits and loan book together with operational cash flows in foreign currencies are managed on an on-going basis.

### *Risks of market fluctuations*

ABL's activities are subject to interest rate risks and also to foreign exchange. ABL makes profit primarily from a spread between the interest earned on assets less interest paid on liabilities. Changes in interest rate levels, yield curves and spreads may affect this interest rate margin (reinvestment risk) and the market value of the ABL's assets and the ABL's equity (price risk). The performance of financial markets may cause changes in the value of the ABL's investment and trading portfolios. ABL has implemented risk management methods to mitigate and control these and other market risks factor to which ABL is exposed.

### *Operational risks*

ABL's businesses are subject to operational risk, and losses can result from inadequate or failed internal processes, documentation, people, systems, fraud, equipment failures, natural disasters or the failure of external systems, including those of ABL's suppliers and counterparties. At ABL, management of Operational Risk is everyone's responsibility and ABL's systems, processes and internal controls are designed to ensure that the operational risks associated with its activities are appropriately monitored and controlled. In addition, business resumption and disaster recovery processes have been implemented to mitigate operational risks inherent in ABL's business. ABL has in place all necessary measures to ensure the continuity of business operations and to minimize recovery time in the case of disaster (natural or otherwise) or in the event of an emergency.

### *Country risks*

ABL conducts regional banking in accordance with our Africa-Asia strategic mandate. Hence, managing country risk is another key component of the ABL's overall risk management approach.

The assessment of country risk involves the determination of the nature of risks associated with individual country exposures and the evaluation of country conditions. In this way, ABL makes a thorough evaluation of risks which may be associated with its cross-border operations and which have the potential to adversely affect its risk profile.

## **AFRASIA BANK LIMITED**

### **Information Memorandum in respect of a proposed Rights Issue of up to 9,677,419 New Ordinary Shares at an issue price of MUR 62 per share**

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#### ***Liquidity risk***

Liquidity risk is the risk of not being able to meet cash flow requirements when they fall due and at a reasonable price.

ABL runs forward-looking models to project expected available liquidity and assesses the likelihood of a funding stress point at any future point in time.

ABL has, in this respect, set its Net Funding Requirement Ratio in line with the new guidelines on Liquidity Risk Management issued by the Bank of Mauritius.

Any indicator below risk tolerance limits would trigger an early warning signal and a change in ABL's strategy.

#### ***Risks concerning borrower credit***

Changes in the credit quality of ABL's borrowers and counterparties or arising from systemic risk in the financial systems could reduce the value of ABL's assets, and require increased provisions for bad and doubtful debts. In addition, changes in economic conditions may result in deterioration in the value of security held against lending exposures and increase the risk of loss in the event of borrower default. ABL has established credit quality management policies and actively monitors credit exposure on an on-going basis to mitigate such risks.

#### ***Concentration Risk***

Key focus of ABL's macro credit risk management approach is to avoid any undue concentrations in its credit portfolio, whether in terms of counterparty, group, portfolio, product, country, sovereign, or currency. ABL's portfolio management supports a comprehensive assessment of concentrations within its credit risk portfolio for provision of subsequent risk mitigating actions and diversification across various geographical boundaries, sectors, borrower groups and products, with the main objectives of maximising shareholder value.

#### ***Regulatory Risk***

ABL, being a licensed bank, operates in a highly regulated environment. ABL is subject to capital adequacy guidelines adopted by the Bank of Mauritius and (with reference to the third Capital Accord of the Basel Committee on Banking Supervision) which provide for a minimum ratio of capital to risk-adjusted assets. Any failure by ABL to maintain its ratios may result in action taken by ABL's main regulator, the Bank of Mauritius, which may in turn impact on its ability to fulfil its obligations.

The nature and impact of future changes in laws, regulations and regulatory policies are not predictable and are beyond ABL's control. Changes in such laws, regulations and regulatory policies may have an adverse effect on ABL's financial condition and results of operations.

## 9 LEGAL PROCEEDINGS AND CONTINGENCIES

Jurisdiction	Date case lodged	Brief details of case
Mauritius - Intermediate Court	15 March 2013	<p>Accepting payment in cash in excess of MUR 500,000, contrary to section 5(1) of the Financial Intelligence and Anti Money Laundering Act 2002.</p> <p>The case was heard in January 2015 and judgment was delivered on 23 April 2015 by the Intermediate Court. Although ABL and its client were found guilty, they were both absolutely discharged, notably because the Court found that there was no criminal intent and the money deposited was not the proceeds of a crime.</p> <p>No fine was imposed on ABL, which is only required to pay Court costs of MUR 500. The law has since been amended and if the transactions had taken place now, they would arguably have been treated as Exempt Transactions, i.e. no breach of section 5 of FIAMLA.</p> <p>Appeal was lodged before the Appellate Court (Supreme Court), however, the Supreme Court could not hear the appeal as the sentence part of the judgment was not compliant with the law. The case had to be remitted back to the trial court with a direction that the trial court complies with section 8 of FIAMLA. ABL and the customer were both fined MUR 5,000 plus MUR 500 as costs by the trial court. An appeal against conviction was lodged again before the Supreme Court and ABL is currently awaiting the court circular for the appeal to be fixed.</p>
Mauritius - Supreme Court	3 April 2014	<p>This is a claim for breach of contract alleging that ABL allowed a customer to make payments in excess of MUR 500,000.</p> <p>The defence was filed and the matter not yet fixed for Merits.</p>

## 10 STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Board is responsible for:

- The preparation of financial statements which give a true and fair view of the financial position, financial performance and cash flow of ABL and which comply with the Companies Act 2001 and with the International Financial Reporting Standards ('IFRS');
- Safeguarding the assets of ABL and for taking reasonable steps for the prevention and detection of fraud and other irregularities;
- Assessment of the management team's performance relative to corporate objectives;
- Overseeing the implementation and upholding of good corporate practices;
- Acting as the central coordination body for the monitoring and reporting of the sustainability performance of ABL; and
- Ensuring timely and comprehensive communication to all stakeholders on events which are significant to ABL.

The Board must ensure that accounting records:

- Are correctly recorded and can explain the transactions of ABL;
- At any time, enable the financial position of ABL to be determined with reasonable accuracy; and
- Enable the directors to prepare financial statements that comply with the Companies Act 2001 and IFRS.

In preparing these financial statements, the Directors are required to:

- Select suitable accounting policies and then apply them consistently;
- Make judgments and estimates that are reasonable and prudent;
- State whether or not the Companies Act 2001 and IFRS have been adhered to and explain material departures thereto; and
- Prepare these financial statements on the going concern basis, unless it is inappropriate to presume that ABL will continue in business.

The Directors confirm that they have complied with the above requirements in preparing the financial statements for the year ended 30 June 2016.



**AFRASIA BANK LIMITED**

**Information Memorandum in respect of a proposed Rights Issue of up to 9,677,419 New Ordinary Shares at an issue price of MUR 62 per share**


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## 11 DOCUMENTS AVAILABLE FOR INSPECTION

The following documents are available for inspection during normal business hours (8.30 to 16.30) from 3 December 2016 to 18 December 2016 at the offices of ABL's Company Secretary, IBL Corporate Services Ltd, 4<sup>th</sup> Floor, IBL House, Caudan Waterfront, Port Louis, Mauritius.

- the constitution of ABL;
- the original Information Memorandum; and
- the audited financial statements of ABL for the financial year ended 30 June 2016.

For and on behalf of the Board of Directors of ABL

  
.....  
Director

  
.....  
Director