



BOARD CHARTER

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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 2001, the Code of Corporate Governance and the banking laws as may be amended from time to time.

The Board shall effectively oversee the affairs of the Bank. It has the responsibility of overseeing executive management and ensuring the proper functioning of the Bank, that is in accordance with the directions and delegations of the Board.

The review of this Charter shall be done at least every two years or as and when required. This Charter has been reviewed and endorsed by the Board on 13 February 2025.

This Charter is posted on the Bank’s website.

2. Composition

2.1. The Board is a unitary Board and shall have the appropriate balance of executive, non-executive directors and at least 40% of independent directors. There shall be two executive directors.

2.2. The Board shall consist of not less than five (5) and not more than fourteen (14) directors.

2.3. The Board must have the right balance of knowledge, expertise, skills and experience amongst its non-executive directors.

2.4. The Board should have directors from both genders as members of the Board.

2.5. 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.

2.6. The Board shall, on the recommendation of the Corporate Governance Committee, determine whether a director is independent based on the criteria as set out in the relevant code, laws and regulations.

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

3. Appointment and Performance Review of the Board, Board Committees and Directors

3.1. The Board has delegated to the Corporate Governance Committee, acting as the Nomination Committee, the appointment process and recommends candidates/ directors to be appointed / elected or re-elected.

3.2. All directors shall stand for election / re-election at each Annual Meeting of Shareholders upon recommendation of the Corporate Governance Committee.

3.3. The Corporate Governance Committee shall review and evaluate the performance and effectiveness of the Board, Board committees and individual directors every two years.

4. Meetings and Quorum

- 4.1. The Board shall determine the frequency of its meetings which shall be at least once every quarter.
- 4.2. 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.
- 4.3. Board meetings shall be chaired by the Chairperson. In his/her absence, the directors present shall choose one of them to be Chairperson of the meeting.
- 4.4. The quorum for a Board meeting shall be a majority of the 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.
- 4.5. 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. 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.
- 4.6. The notice given shall include the date, time, and place of the meeting and the matters to be discussed.
- 4.7. 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 three (3) Business Days before any meeting of the Board.
- 4.8. The Chairperson and the CEO shall ensure that the directors are kept informed of any matter pertaining to the Bank which is deemed essential to enable them to perform their duties and responsibilities.
- 4.9. Directors are bound by duty of confidentiality with regards to information obtained and discussions in which they participate. All Board papers and recordings shall remain strictly confidential unless directed otherwise by the Board or if disclosure is required by law.
- 4.10. Directors shall endeavour to attend all meetings of the Board and are expected to act independently and participate fully and constructively in Board discussions and decisions.
- 4.11. Senior Management, professional advisers and any other persons may be in attendance in Board meetings by invitation of the Chairperson and shall not be entitled to vote.

5. Decision Making

- 5.1. 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. In case of equality of votes, the Chairperson shall not have a second or casting vote by virtue solely of his position as Chairperson.
- 5.2. Written resolution by Board or committees, other than through a vote at a properly convened meeting, needs to be unanimously signed or assented by all Board or Committee members then entitled to receive notice.

5.3. The written resolution or decision should be ratified by the Board or Committee thereafter.

5.4. Minutes of meetings shall be signed by the Chairperson and the Company Secretary.

6. Roles and Responsibilities of the Board

The main role of the Board is to direct and control the Bank effectively. As the focal point of the Corporate Governance system, it shall oversee effectively the affairs of the Bank. Delegation of authority to any committee does not discharge the Board of its responsibilities.

Below is a non-exhaustive list of roles of the Board:

- 6.1. To determine the Bank's purpose, strategy and values. The Board is responsible to set the long-term goals, the strategic planning and sanction action plans.
- 6.2. To keep all the shareholders informed of material events affecting the Bank as determined by the Board.
- 6.3. To ensure that the Bank is governed in a transparent manner through accurate and timely information to the public, through its reports to the relevant authorities, and in its annual report.
- 6.4. To periodically conduct a self-assessment of its effectiveness as well as that of its subcommittees.
- 6.5. To approve, monitor and evaluate the implementation of strategies, major 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 directions.
- 6.6. To exercise leadership, enterprise, intellectual honesty, integrity, objectivity and judgment in directing the Bank so as to achieve sustainable prosperity for the Bank.
- 6.7. 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.
- 6.8. 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 and remediated.
- 6.9. 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.
- 6.10. To set principal policies in respect of risk and conduct of business, including Conduct and Ethics, for the Bank. The Board must regularly monitor that senior management is running the business in accordance with such policies.
- 6.11. 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.
- 6.12. To determine the remuneration policy applicable to Senior Management and staff, upon recommendation of Remuneration Committee.

- 6.13. To ensure that clear lines of responsibility and accountability exist and are enforced throughout the organisation.
- 6.14. To ensure that there is appropriate oversight by senior management consistent with Board policy.
- 6.15. To ensure that the Bank complies with all the relevant laws, regulations, guidelines, regulatory requirements and codes of business practice.
- 6.16. 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.
- 6.17. To declare dividends when appropriate and determine the amount of dividends to be declared having regards to solvency, capital and other financial ratios.
- 6.18. To approve the budget at least annually and review of the main investment proposals.
- 6.19. 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.
- 6.20. 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.
- 6.21. 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.
- 6.22. To approve the terms and conditions for credit facilities to the staff of the financial institution under the terms and conditions of employment contracts.
- 6.23. To approve credit facilities to staff which are not in line with the terms and conditions as approved by the board.
- 6.24. All exposures approved by the Conduct Review Committee must be duly noted by the Board on a quarterly basis.
- 6.25. To receive quarterly reports on the performance of credit exposures and any other transactions approved by the Conduct Review Committee.
- 6.26. To approve relevant approval authorities for related party transactions.
- 6.27. To approve Write-offs of related party credit exposure.
- 6.28. To approve and to oversee the strategy for climate-related and environmental risks and opportunities management.
- 6.29. To approve the technology strategy, the IT Security Strategy and the cyber and technology risk management strategy and framework.
- 6.30. To receive regular and timely report on cyber and technology risk management matters.
- 6.31. To promote a strong culture of awareness of cyber and technology risk management and resilience throughout the institution.
- 6.32. To monitor and evaluate the implementation of the approved business and risk strategies.

- 6.33. To approve the appointment of senior officers as per relevant legislation.
- 6.34. To ensure that the requirements on 'fit and proper person' are applied to directors, senior officers, and shareholders that are in a position to exercise significant influence on the Bank.
- 6.35. To ensure that nominations, initiated by the Board, of persons for election to the board of directors meet the test of fit and proper person set out in the Guideline before such nominations are placed before the shareholders' meeting.
- 6.36. To ensure that candidates for appointment to the senior officer level, meet the test of fit and proper person before the appointments are approved.
- 6.37. To ensure that acquisition of shares by persons who are likely to be in a position to exercise significant influence on the financial institution meet the test of fit and proper person before their shares are registered in the register of shareholders, and to advise the Bank of Mauritius if events have occurred that put into question their ability to meet the test.
- 6.38. To ensure requirements of section 46 of the Banking Act 2004 are complied with, including those with respect to prior notice to the Bank of Mauritius for the appointment of a senior officer; the notice shall be accompanied by a completed questionnaire outlined in the Annexure to the Guideline and complete information on any objections or contrary views expressed by any director.
- 6.39. To constantly ensure that directors, senior officers, and shareholders with significant influence continue to meet the fit and proper person test.
- 6.40. To ensure that the chief executive officer applies the fit and proper person test to other management positions below the senior officer level and reports to the Board periodically on the result achieved.
- 6.41. The Board shall ensure that each item of special business included in the notice of meeting of shareholders is accompanied by full explanation, justifications and effect of such proposed resolution.

7. Role of the Chairperson

The directors shall elect one of their number as Chairperson of the Board and determine the period for which he is to hold office. The Chairperson represents the Board and has exclusive authority to speak on behalf of the Board.

The key functions of the Chairperson are detailed in his/her Position Statement (Annex 1).

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

- 8.1. All directors are bound by fiduciary duties and duties of care and skill and must comply with all legal and regulatory requirements.
- 8.2. 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.
- 8.3. 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.

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

8.5. 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.

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

8.7. The directors must also comply with the banking laws, directives, guidelines and instructions issued by the central bank and the Bank's constitution.

9. Role of the Chief Executive Officer

The CEO shall be appointed by the Board and responsible for the executive management of the Bank as well as the day-to-day operations.

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 Bank. 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 key functions of the CEO are detailed in his/her Position Statement (Annex 2).

10. Role of the Company Secretary

The Board shall appoint the Company Secretary upon recommendation of the Corporate Governance Committee (acting as Nomination Committee). The incumbent shall hold the required qualification as set out under the Companies Act 2001. The role and responsibilities of the Company Secretary are detailed in prevailing legislation and the Code of Corporate Governance.

The key functions of the Company Secretary are detailed in his/her Position Statement (Annex3).

11. Remuneration of Directors

11.1. The remuneration of the Chairperson shall be approved by the Board upon recommendation of the Remuneration Committee. The Chairperson should not be involved in its own remuneration.

11.2. The remuneration of directors shall also be recommended to the Board by the Remuneration Committee. Executive directors shall be remunerated in accordance with their respective contract with the Bank.

11.3. Expenses incurred by the directors exclusively in the exercise of their duties shall be reimbursed upon justification and approval of the Chairperson and/or the Corporate Governance Committee.

11.4. The Board may grant exceptional remuneration to some of its members for assignments or mandates entrusted to them provided that such remuneration shall exclusively be in relation to tasks which exceed the usual mandate or responsibilities of the respective director. The remuneration shall be fair and reasonable.

11.5. Remuneration of directors should be disclosed in the annual report and approved by the shareholders at the annual meeting.

12. Board Committees

12.1. The Board shall delegate certain duties and responsibilities to Board Committees to ensure a more comprehensive and focused evaluation of specific issues.

12.2. However, this delegation shall not discharge the Board from its overall duties and responsibilities and there must be transparent and full disclosure from the Board Committees to the Board.

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

12.3.1. Audit Committee

12.3.2. Risk Committee

12.3.3. Remuneration Committee

12.3.4. Corporate Governance Committee (also acts as the Nomination committee)

12.3.5. Technology, Digitalisation and Platforms Committee

12.4. Every Board Committee shall have a clear and formal charter that sets out its objectives, composition, tenure, delegated authorities and reporting mechanism to the Board. The summary of the charter and membership of each Board Committee shall be published in the annual report and on the Bank's website.

12.5. Board Committees shall comprise exclusively of Board members. However, professional advisers and members of the Senior Management may be invited by the Chairperson to attend whole or part of committee meetings.

12.6. The Chairperson of each Board Committee shall provide a report on the deliberations and recommendations of significant matters preferably on a quarterly basis.

12.7. 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.

12.8. The Board Committees shall be subject to regular formal evaluation by the Board to ascertain their performance and effectiveness every two years. The Board Committees' charter shall be reviewed on an annual basis.

12.9. The Board may set up ad-hoc committees, as may be required from time to time.

13. Directors' and Officers' Indemnity Insurance

The Bank shall have in place at all times an insurance policy to indemnify the directors, the Company Secretary and its officers to the extent permitted by law, liabilities incurred while performing their duties.

14. Independent Professional Advice

14.1. In the fulfilment of their duties, the directors may, where needed, seek independent professional advice, via the Company Secretary, at the expense of the Bank.

14.2. In exceptional cases, the directors may seek independent advice directly at the expense of the Bank provided that prior written notice is provided to the Chairperson.

14.3. Any independent professional advice sought shall be made available to the Board and shall be for the benefit of the Board as a whole.

15. Directors' Training and Development

An induction program shall be in place for newly appointed directors to familiarise them with the Bank's operations and affairs and the senior management as well as their fiduciary duties and responsibilities to enable them to fulfil their role effectively. There should be one to one session with the Chairperson, the CEO, the Company Secretary as well as relevant members of the senior management team.

Newly appointed directors shall receive an induction kit containing, inter alia, the following:

- Group structure;
- Board and Committees composition;
- Terms of reference of Board Committees;
- Latest Annual report;
- Latest interim or annual financial statements;
- Board Charter;
- Constitution of the Bank;
- Minutes of Board for the last 6 months;
- Any other pertinent information or documents.

The Chairperson should regularly review and agree with each director on his or her training and development needs. The Chairperson should ensure that the directors continually update their skills and knowledge. The Bank should provide the necessary resources for developing and updating its directors' knowledge and capabilities.

In case conflict in the content or meaning arises, the Constitution and relevant acts and guidelines shall prevail over this Charter.