



Annual General Meeting 14 November 2018



Chairman's Welcome & Opening Address



Item 1 – To Consider the Annual Report

Item 2 – To Receive the report of the Auditors

A clean Auditors' Report as per pages 265 to 270 of the Annual Report



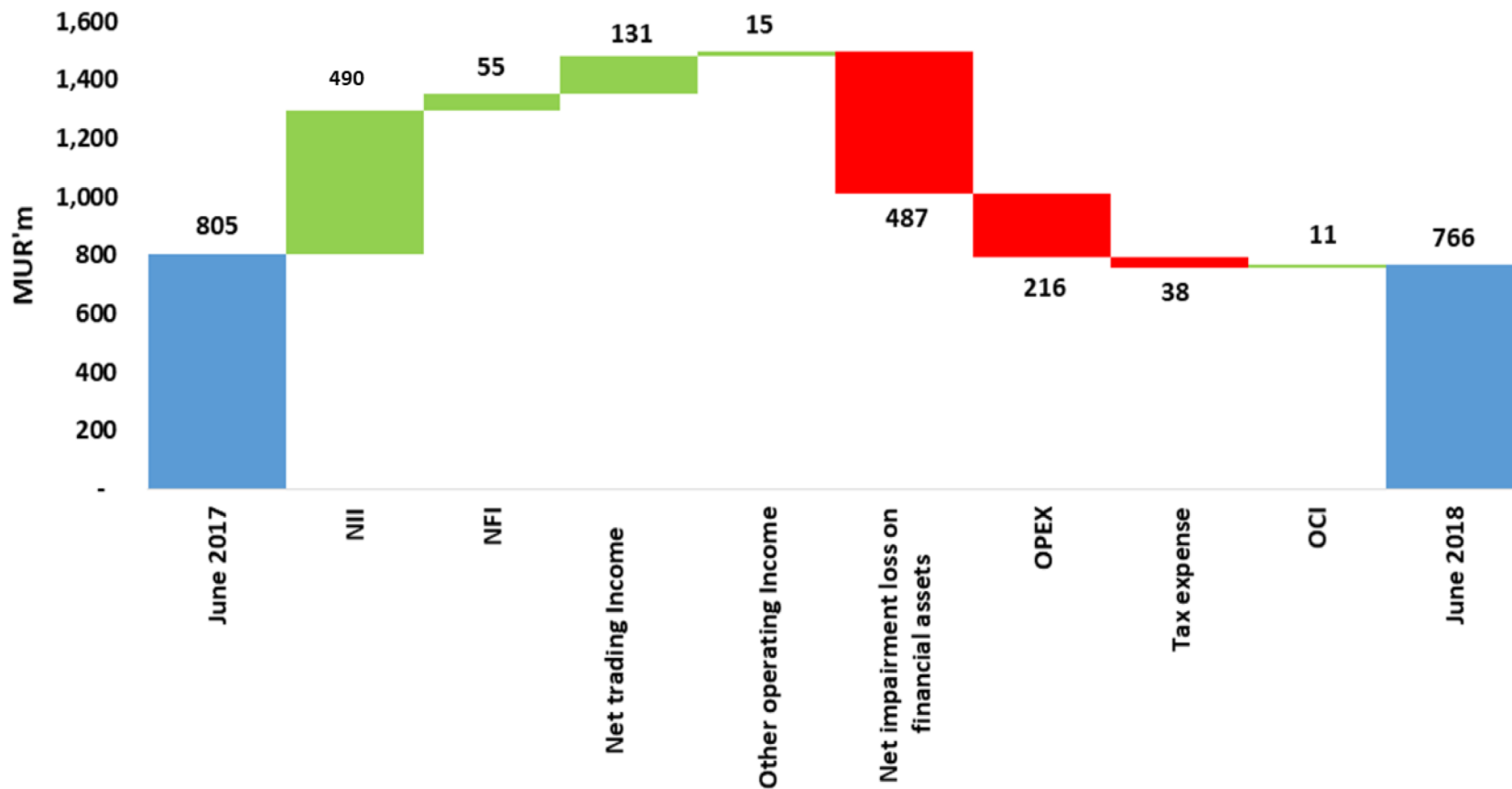
**Item 3 – To Consider and Approve
the Group's and Company's
Audited Financial Statements
for the year ended 30 June 2018**



Statement of Comprehensive Income



How did the Bank's profitability evolve between 2017 & 2018?



Growth in Interest Income on the back of Financial Investments



	2018	2017	Var 2018 v/s 2017
	MUR'000	MUR'000	MUR'000
Banks	502,907	342,267	160,639
Customers	1,158,480	1,058,600	99,880
Financial investments	663,236	447,776	215,461
	2,324,623	1,848,643	475,980

- II grew to reach MUR 2.3bn, i.e, a 26% rise compared to last FY.
- Main source of II pertains to customer loans and advances, which contributed around 50% for the year under review, with MUR 700.1m coming from Segment B as reflective of our loan book being concentrated towards this segment;
- II from financial investments (HTM/AFS) recorded the largest growth y-o-y @ 48% driven mainly by Segment B.

Interest Expense slightly down



	2018	2017	Var 2018 v/s 2017
	MUR'000	MUR'000	MUR'000
Banks	21,702	63,079	(41,377)
Customers	612,195	568,066	44,129
Other	61,668	78,210	(16,542)
	695,565	709,355	(13,790)

- IE to Customers of MUR 612.2m accounted for 88% of the Bank's IE – with 64% on account of Segment A;
- IE to Banks dropped by 66% compared to 2017.

Net Interest Income Growing y-on-y



	2018	2017	Var 2018 v/s 2017
	MUR'000	MUR'000	MUR'000
Net Interest Income	1,629,058	1,139,288	489,770

- NII makes up 56% of the Bank's total operating income;
- NII grew steadily by a more than satisfactory level of 43% to reach MUR 1.6bn this year compared to MUR 1.1bn in the preceding year; and
- In terms of split, it is to be noted that the contribution of Segment B was to the tune of 71% compared to 63% in the previous year.

Growth in NFI & CI y-o-y

	2018	2017	Var 2018 v/s 2017
	MUR'000	MUR'000	MUR'000
Fee and commission income			
Credit related fees and commission	484,485	403,717	80,768
Custody fees income	239,719	199,575	40,144
Other fees received	6,056	5,370	686
Total fee and commission income	730,260	608,662	121,598
Fee and commission expense			
Custody fees expense	(99,134)	(88,454)	(10,680)
Other fees	(207,268)	(151,112)	(56,156)
Total fee and commission expense	(306,402)	(239,566)	(66,836)
Net fee and commission income	423,858	369,096	54,762

- FI and CI grew by MUR 121.6m y-o-y, that is, a 20% growth in total;
- The largest component of growth is from credit related fees and commission income at MUR 484.5m from MUR 403.7m in 2017 mainly from segment B; and
- FE and CE also grew by MUR 66.8m y-o-y, that is, a 28% growth mainly on account of credit card business.

Net Trading Income keeps growing



	2018	2017	Var 2018 v/s 2017
	MUR'000	MUR'000	MUR'000
Net gain on financial investments - held-for-trading	123,845	159,704	(35,859)
Foreign exchange gain	692,922	526,317	166,605
	816,767	686,021	130,746

- Net trading income, our largest component of non-interest income, grew by 19% to reach MUR 816.8m in 2018 and is primarily sourced from gains made from foreign exchange trading; and

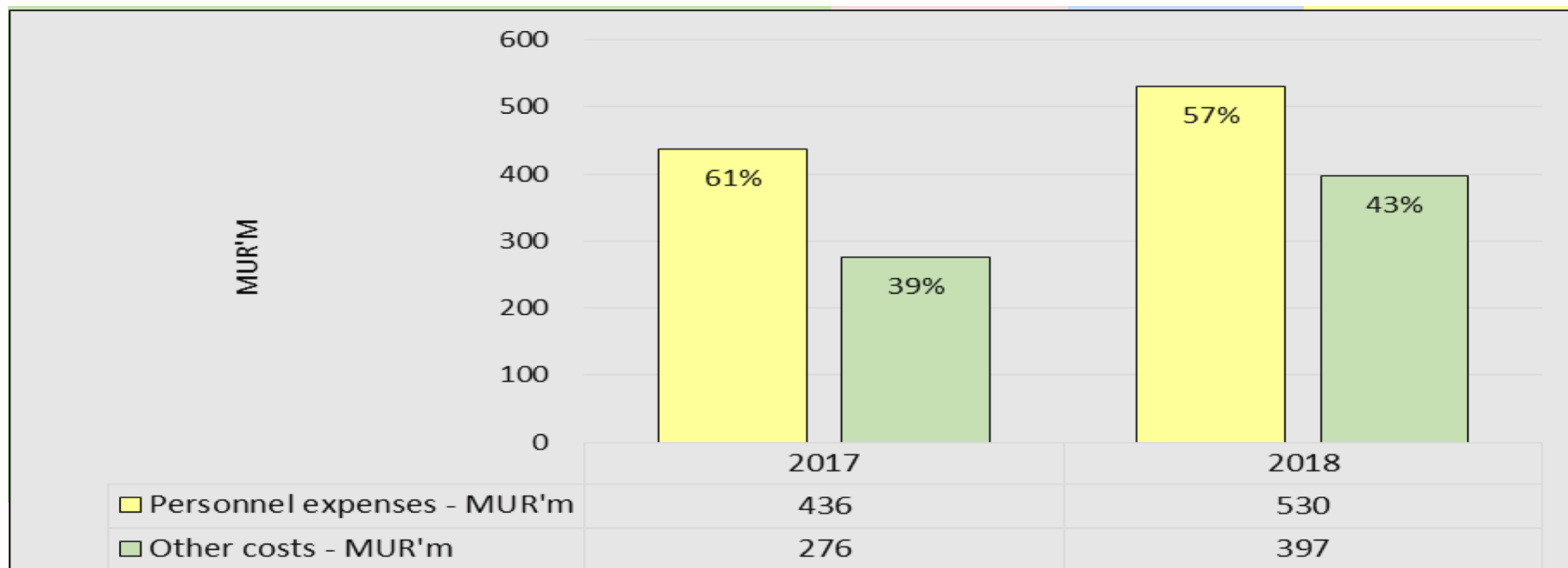
Net Impairment Loss on Financial Assets doubles on last year



	2018	2017	Var 2018 v/s 2017
	MUR'000	MUR'000	MUR'000
Specific provisions on loans and advances to customers	770,935	473,271	297,664
Portfolio provisions on loans and advances to customers	34,479	107,278	(72,799)
Bad debt recovered	(8,553)	-	(8,553)
	796,861	580,549	216,312
Impairment loss on placement	270,720	-	270,720
	270,720	-	270,720
NET IMPAIRMENT OF FINANCIAL ASSETS	1,067,581	580,549	487,032

- The Bank recorded a substantial increase in its net impairment loss on financial assets which includes, impairment loss on loans and advances to customers to the tune of MUR 796.9m (2017: MUR 580.5m) and impairment loss on a particular placement of MUR 270.7m (2017: nil);
- The net impairment loss on financial assets can be broken down – MUR 34.5m on portfolio and MUR 1.0bn on specific impairment, of which 72% pertains to Segment B; and
- Write off of bad loans and placement of MUR 1.6bn, of which MUR 707.8m relates to provisions on loans booked during 2018 and MUR 927.1m relates to previous financial years. Of note, the MUR 1.6bn can be split between 19% Segment A and 81% Segment B.

Total Operating Expenses increased while cost-to-income ratio remains stable @ 32%



- 57% of the Bank's total operating expenses, that is, MUR 530m was spent on personnel expenses to attract and reward its people during the year compared to MUR 436m. Headcount increased from 314 in 2017 to 368 in 2018;
- Other costs increased by 43% y-o-y to reach MUR 397m, main component includes IT Related expenses.

Total Operating Expenses increased while cost-to-income ratio remains stable @ 32%



- Tax expense of MUR 141.2m is made up of MUR 84.9m of corporate tax (including deferred tax) and MUR 41.6m of banking levy;
- Bank's effective rate increased from 11.16% to 15.56% on account of:
 - ❖ An increase in level of credit impairment in 2017 and for 2018 the increase in credit impairment level principally offset by a substantial level of write offs of credit exposures which were considered as non-allowable in the current year from a tax perspective;
 - ❖ More than half of assets written off of MUR 1.6bn not yet considered as allowable for tax purposes in 2018.

Statement of Financial Position

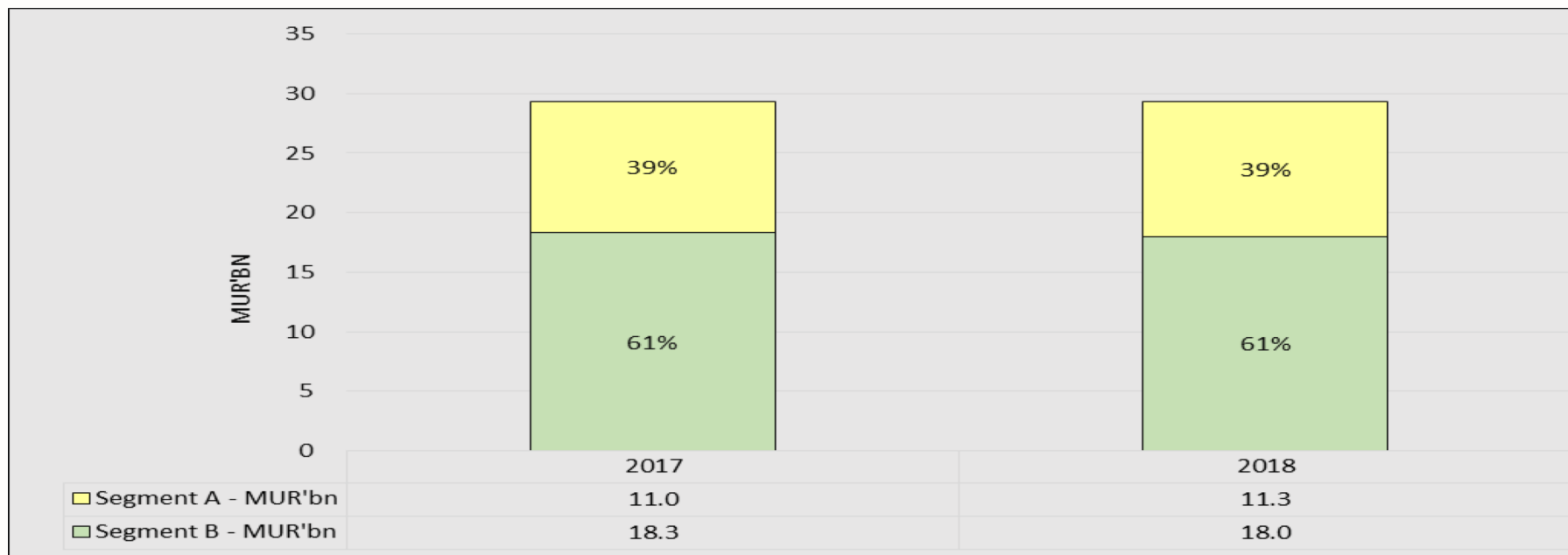


Total Assets growth to MUR 120.4bn in June 2018



ASSETS	Year ended 30 June 2018		Year ended 30 June 2017		Variance 2018 vs 2017
	MUR '000	%	MUR '000	%	MUR '000
Placements and Nostro	55,139,389	46%	40,697,541	41%	14,441,848
Financial Investments:					
Held for Trading	2,958,296	2%	2,944,577	3%	13,719
Available for Sale	4,055,941	3%	5,726,288	6%	(1,670,347)
Held to Maturity	27,360,177	23%	21,190,422	21%	6,169,755
Loans and advances to customers	28,066,483	23%	27,512,745	27%	553,738
Fixed assets	439,439	0%	342,124	0%	97,315
Other Assets (including Mandatory balance with BOM, Derivative financial instruments, Investment in subsidiary and Deferred tax assets)	2,380,688	3%	1,992,586	2%	388,102
Total Assets	120,400,413	100%	100,406,283	100%	19,994,130

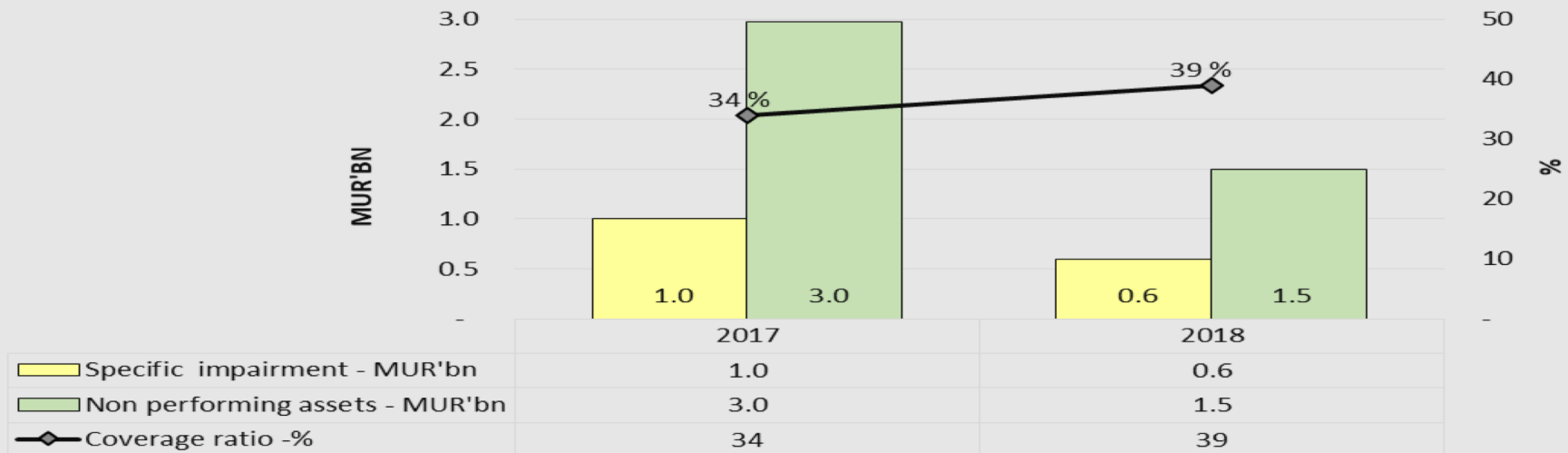
Gross Customer Loans & Advances @ par with LY



- The Bank's gross loans and advances remained at par with last year @ MUR 29.3bn; 61% towards Segment B;
- LTD was lower than expected at 25% compared to 30% last year, on account of a lower than expected growth in the Bank's loans and advances compared to the growth on deposits;
- Slightly over 60% of the Bank's assets book was in the greater than 1 year maturity bucket;
- An increased share of the Bank's loan book, that is 32%, from 22% in 2017 was allocated to the financial and business services sector with manufacturing sector ranking in second position at 9% of the total loan book. Allocation towards construction, infrastructure and real estate showed a reduction from MUR 3.2bn in 2017 to MUR 1.8bn in 2018.

NPA @ MUR 1.5bn, with coverage of 39% in 2018

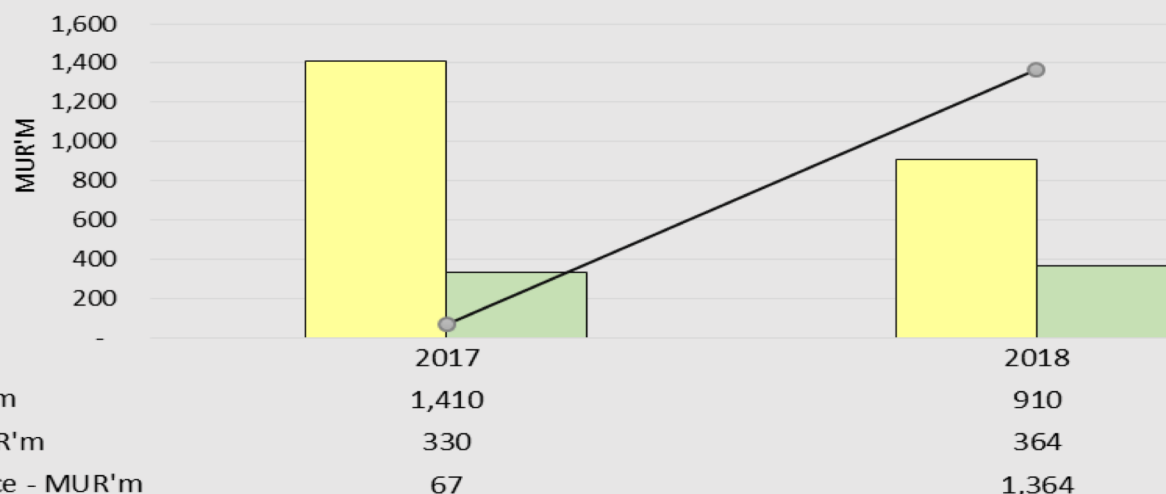
SPECIFIC IMPAIRMENT TO NON PERFORMING ASSETS



- The Bank's NPA decreased from MUR 3.0bn at end of June 2017 to MUR 1.5bn at end June 2018 enabling the Bank to achieve its target of 5% NPA to gross customer loans compared to 10% in 2017. This improvement is mainly on account of the write offs.
- The largest exposure of the Bank's non-performing assets is against the manufacturing sector at 35%, same sector was last year at 31%;
- The Bank measures its coverage ratio as follows : specific impairment (capital component) as a percentage of total non-performing asset. Between 2017 and 2018, the ratio improved from 34% in 2017 to 39% in 2018.

Impairment allowance for loans & advances to customers @ MUR 1.3bn in 2018 vs MUR 1.7bn in 2017

IMPAIRMENT ALLOWANCE FOR LOANS AND ADVANCES TO CUSTOMERS



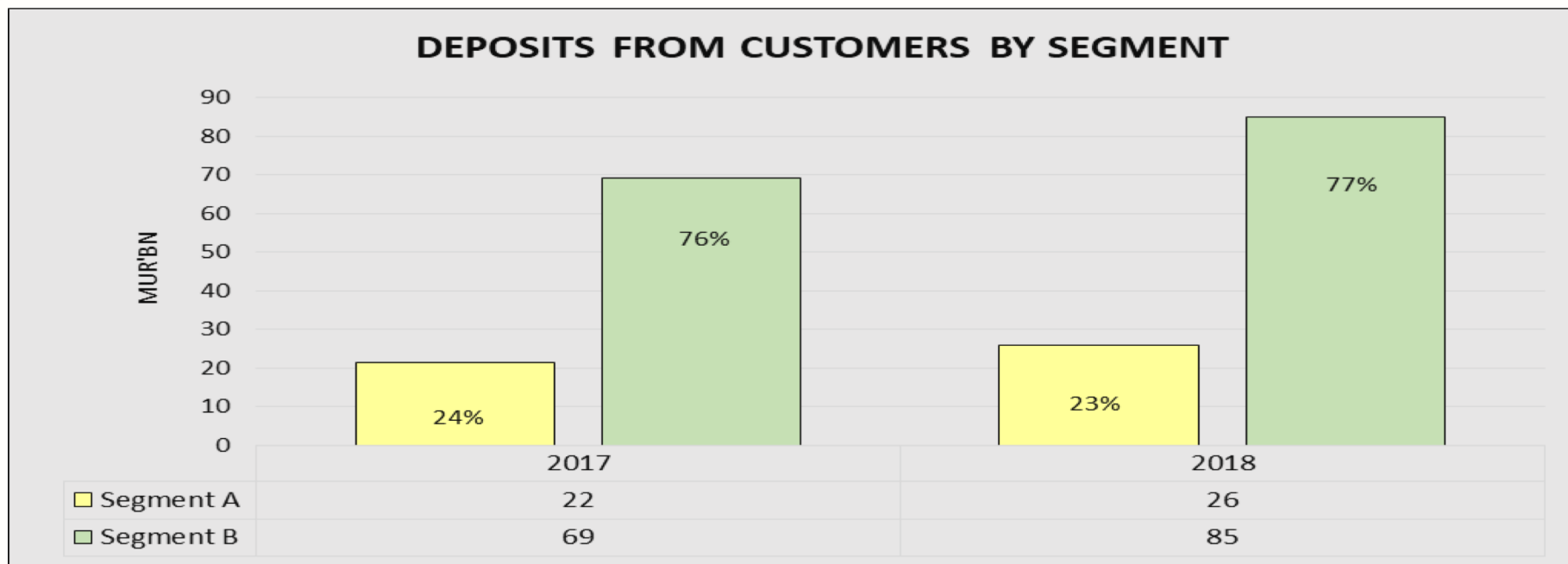
- Overall Bank's allowance for impairment losses comprising of portfolio and specific provisioning, decreased from MUR 1.7bn in 2017 to MUR 1.3bn in 2018, with Segment A making 58% of the total allowance for impairment losses;
- MUR 1.4bn of loans and advances to customers were written off against provisions, with a split of 78% to Segment B; and
- The highest specific impairment was against the manufacturing sector at MUR 342.5m compared to last year which was MUR 552.6m in the same sector

Total Liabilities grew to reach MUR 113.5bn in June 2018



	Year ended 30 June 2018 MUR'000	Year ended 30 June 2017 MUR'000	Variance MUR'000
Due to banks	932,755	1,500,815	(568,060)
Deposits from customers	111,385,467	91,082,564	20,302,903
Debts issued	600,208	1,111,493	(511,285)
Other liabilities	582,731	718,963	(136,232)
Total Liabilities	113,501,161	94,413,835	19,087,326

Customer Deposits growth to MUR 111.4bn in 2018



- Split of Customer deposits base was as follows:
 - ❖ Current accounts MUR 84.2bn, that is, 76% of total deposits and 28% growth y-on-y;
 - ❖ Fixed deposits MUR 22.7bn, that is, 20% of total deposits and 9% growth y-on-y; and
 - ❖ Savings accounts MUR 4.5bn, that is, 4% of total deposits and 3% drop y-on-y.
- Growth in the Customer deposits base continues to be towards the Segment B, with a continued growth of 16% between 2016 and 2017 and 23% between 2017 and 2018;

Total equity increased by approx. MUR1bn



	Year ended 30 June 2018 MUR'000	Year ended 30 June 2017 MUR'000	Variance 2018 vs 2017 MUR'000
Ordinary shares	3,641,049	3,197,608	443,441
Class A shares	1,385,768	1,385,768	-
Retained earnings	1,277,521	944,373	333,148
Other reserves	594,914	464,699	130,215
Total Equity	6,899,252	5,992,448	906,804

Capital Resources and Dividends



Capital Resources

- MUR 430.6m of fresh rights issue capital from its existing shareholders during the course of the year;
- On the regulatory side, with a RWA base of MUR 45.3bn and total capital of MUR 6.7bn, the Bank achieved 14.71% in terms of Total CAR against regulatory requirement of 12%, CET1 10.85% against regulatory requirement of 8.50% and Tier1 13.85% against regulatory requirement of 8.75%.
- The Bank remains a D-SIB at the end of June 2018, as a result of which an additional buffer of 0.75% becomes applicable to it as compared to the other banks;

Dividends

- Ordinary Dividends - The Bank paid out a dividend per share of MUR 1.50 to its existing shareholders. This is equivalent to a dividend pay-out ratio of 24% and represents an amount of MUR 160.2m in total based on 2017 results. Following board and regulators approval, dividend per share of MUR 1.65 were paid in October 2018 representing a dividend pay-out ratio of 30% based on June 2018 results;
- Class A Dividends – An amount of MUR 140.0m were paid during the financial year ended 30 June 2018 to the Bank's Class A shareholders in line with its PM and APS. Dividend of approximately MUR 72.0m were paid in October 2018 after approval of board and regulators.

Item 4 – To re-elect the following persons as Directors on the Board of AfrAsia Bank by way of separate resolutions to hold office until the next Annual Meeting



Re-election of Directors



’ To re-elect as Directors of the Bank by way of separate resolutions to hold office until the next Annual Meeting, the following persons :

4.1. Mr Sanjiv Bhasin

4.2. Mr Henri Calvet

4.3. Mr Yves Jacquot

4.4. Mr Philippe Jewtoukoff

4.5. Mr Arvind Sethi

Items 5 to 9 – To appoint the following persons as Directors on the Board of the Bank



Directors' Appointment



’ To appoint the following persons as Directors :

5. Mr Dipak Chummun

6. Mr Boon Huat Lee

7. Mr Martin Caron

8. Mr Arnaud Lagesse (subject to regulatory approvals)

9. Mr Francois Wertheimer (subject to regulatory approvals)

**Item 10 – To fix the Directors' remuneration for the
FY 2019 and to ratify emoluments paid to
Directors for the FY 2018**



Directors' Remuneration



Category of Member	MUR'000	Fee details
Board Member	440	Fixed fee per annum
Committee Member	45	Per attendance
Additional fee to Credit Committee Member – Independent Only	540	Yearly
Additional fee to Credit Committee Member	15	Per attendance
Additional fee to Chairman of Committee	10	Per attendance
Risk Committee Member being also a Credit Committee Member	25	Per attendance

Directors' Remuneration - 30 June 2018



- To ratify the emoluments paid to the Directors for the Financial Year ended 30 June 2018 of MUR 30.5m;
- Copy contained on pages 73 and 74 of the Audited Financial Statements.

Item 11 – To re-appoint the Auditors, Deloitte, for the FY 2019 and to authorise the Board to fix their remuneration



External Auditors – 30 June 2019



- To re-appoint the Auditors, Deloitte, for the Financial Year ending 30 June 2019 and to authorise the Board to fix their remuneration of approximately MUR 2.7m excluding VAT and Out of pocket expenses.

Item 12 – To ratify the fees paid to Deloitte for the FY 2018



External Auditors - 30 June 2018



- To ratify the audit fees of MUR 2.6m plus VAT and Out of pocket expenses paid to Deloitte for the Financial Year ended 30 June 2018



Thank you for your attention

The End

