



AFRASIA BANK LIMITED

(Incorporated in the Republic of Mauritius with limited liability under business registration number C07067923)

USD100,000,000 (or its equivalent in Mauritian Rupees)

Class A Share Programme

LR 18.78m Under this USD 100,000,000 class A share Programme (the “**Programme**”) AfrAsia Bank Limited (the “**Issuer**” or “**AfrAsia Bank**”) may from time to time issue Securities (as defined herein) denominated in USD or, subject to applicable law (as defined herein), such other currency agreed by the Issuer. Any Securities issued under the Programme are issued subject to the provisions described in the section of this Programme Memorandum (as defined herein) headed “**Securities Terms and Conditions**”. In addition, any Securities issued are subject to all applicable law (as defined herein) and, in the case of Securities listed on the Official Market of the SEM (as defined herein) or such other Exchange(s) (as defined herein) as may be determined by the Issuer, in accordance with the listing requirements of the SEM or such other Exchange(s), as the case may be.

LR 18.77 As at [●] 2014 (the “**Programme Date**”), the Programme Amount (as defined herein) is USD100,000,000. This Programme Memorandum will apply to Securities issued under the Programme in an aggregate Calculation Amount (as defined in the Securities Terms and Conditions) which do not exceed USD100,000,000 unless such amount is increased by the Issuer pursuant to the section of this Programme Memorandum headed “**General Description of the Programme**”.

Securities will be issued on, and subject to, the Securities Terms and Conditions, as replaced, amended and/or supplemented by the terms and conditions set out in the Applicable Pricing Supplement.

LR 18.72 An application has been made to the SEM for the listing of the first tranches of MUR 300,000,000 and USD 20,000,000 of the Programme (“**First Tranches**”) on the Official Market of the SEM. Permission has

LR 18.77 been granted by the Listing Executive Committee (as defined herein) of the SEM on [] 2014 for the issue and listing of the First Tranches.

Any reference in this Programme Memorandum to “**Applicable Terms and Conditions**” shall be the Securities Terms and Conditions applicable to the Securities.

The Issuer may determine that Securities may be issued in a form and on terms not contemplated by the Applicable Terms and Conditions, in which case a supplementary Programme Memorandum, if appropriate, will be made available which will describe the terms and conditions upon which such Securities will be issued.

Programme Memorandum dated [●] 2014

GENERAL

Capitalised terms used in this section headed “General” shall bear the same meanings as used in the Applicable Terms and Conditions, except to the extent that they are separately defined in this section or it is clearly inappropriate from the context.

LR 18.66 This Programme Memorandum constitutes the listing particulars required under the Stock Exchange of Mauritius Ltd Rules governing the Official Listing of Securities (the “**Listing Rules**”) and includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Issuer. The directors, whose names appear on page 70, collectively and individually, accept full responsibility for the accuracy or completeness of the information contained in these listing particulars 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.

The Issuer accepts full responsibility for the accuracy of the information contained in this Programme Memorandum and all documents incorporated by reference (see the section of this Programme Memorandum headed “Documents Incorporated by Reference”). To the best of the knowledge and belief of the Issuer, the Issuer having taken all reasonable care to ensure that such is the case, the information contained in this Programme Memorandum is in accordance with the facts and does not omit anything which would make any statement false or misleading and all reasonable enquiries to ascertain such facts have been made. This Programme Memorandum contains all information required by law and the relevant listing requirements of the SEM.

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LR 18.77 been granted by the Listing Executive Committee (as defined herein) of the SEM on [] 2014 for the issue and listing of the First Tranches.

The Securities that will be issued pursuant the First Tranches will be offered to “qualified investors” (as this term is defined in Chapter 18 Part B of the Listing Rules, that is investors acceptable to the SEM who are knowledgeable and understand the risks of investing in specialist debt instruments and include but are not limited to expert investors as defined in the Securities (Collective Investment Schemes and Closed-end Funds) Regulations 2008).

Neither the Listing Executive Committee nor the Financial Services Commission (“**FSC**”) assumes any responsibility for the contents of this document. The Listing Executive Committee and the FSC make no representation as to the accuracy or completeness of any of the statements made or opinions expressed in this document and expressly disclaim any liability whatsoever for any loss arising from or in reliance upon the whole or any part thereof.

The Issuer shall accept full responsibility for the accuracy of the information contained in this Programme Memorandum, the Applicable Pricing Supplements and the annual report (as amended or restated from time to time), except as otherwise stated herein.

The Issuer, having made all reasonable enquiries, and having taken all reasonable care, confirms that this Programme Memorandum contains or incorporates all information which is material in the context of the issue and the offering of Securities, that the information contained or incorporated in this Programme Memorandum is true and accurate in all material respects and is not intended to be misleading, that the opinions and the intentions expressed in this Programme Memorandum are honestly held and that there are no other facts, the omission of which would make this Programme Memorandum or any of such information or expression of any such opinions or intentions misleading in any material respect.

This Programme Memorandum is to be read in conjunction with all documents which are deemed to be incorporated herein by reference (see the section of this Programme Memorandum headed “Documents Incorporated by Reference”) and, in relation to any Tranche of Securities, should be read

and construed together with the Applicable Pricing Supplement, as the case may be. This Programme Memorandum shall be read and construed on the basis that such documents are incorporated into and form part of this Programme Memorandum.

The Arranger and the other professional advisers named herein have not separately verified the information contained herein. Accordingly, no representation, warranty or undertaking, express or implied, is made and no responsibility is accepted by the Arranger and the other professional advisers as to the accuracy or completeness of the information contained in this Programme Memorandum or any other information provided by the Issuer. The Arranger and the other professional advisers do not accept any liability in relation to the information contained in this Programme Memorandum or any other information provided by the Issuer in connection with the Programme.

No Person has been authorised by the Issuer to give any information or to make any representation not contained in or not consistent with this Programme Memorandum or any other information supplied in connection with the Programme and, if given or made, such information or representation must not be relied upon as having been authorised by the Issuer, the Arranger or the other professional advisers.

Neither this Programme Memorandum nor any other information supplied in connection with the Programme is intended to provide a basis for any credit or other evaluation, or should be considered as a recommendation by the Issuer, the Arranger and the other professional advisers that any recipient of this Programme Memorandum, or any other information supplied in connection with the Programme, should subscribe for, or purchase, any Securities.

Each Person contemplating the purchase of any Securities should make its own independent investigation of the financial condition and affairs, and its own appraisal of the creditworthiness, of the Issuer and its purchase of Securities should be based upon any such investigation as it deems necessary. None of the Programme Memorandum, the Applicable Pricing Supplement(s) or any other information supplied in connection with the Programme constitutes an offer or invitation by or on behalf of the Issuer or the Arranger to any Person to purchase any Securities.

The delivery of this Programme Memorandum does not at any time imply that the information contained herein concerning the Issuer is correct at any time subsequent to the date hereof or that any other financial statements or other information supplied in connection with the Programme is correct as at any time subsequent to the date indicated in the document containing the same. Investors should review, among others, the most recent non-consolidated and/or consolidated financial statements of the Issuer when deciding whether or not to purchase any Securities.

None of the Programme Memorandum, the Applicable Pricing Supplement(s) constitutes an offer to sell or the solicitation of an offer to buy or an invitation to purchase of any Securities in any jurisdiction to any Person to whom it is unlawful to make the offer or solicitation in such jurisdiction (see the section of this Programme Memorandum headed "Subscription and Sale").

The distribution of this Programme Memorandum, any Applicable Pricing Supplement, as the case may be, and the issue, sale or offer of Securities may be restricted by law in certain jurisdictions. Persons into whose possession this Programme Memorandum or any Securities come must inform themselves about, and observe, any such restrictions. In particular, there are restrictions on the distribution of this Programme Memorandum and the offer or sale of Securities in the United States of America, the European Economic Area, the United Kingdom, South Africa, and certain other jurisdictions (see the section headed "Subscription and Sale"). The Issuer, the Arranger and the other professional advisers do not represent that this Programme Memorandum may be lawfully distributed, or that any Securities may be lawfully offered, in compliance with any applicable registration or other requirements in any such jurisdiction, or pursuant to an exemption available thereunder, or assume any responsibility for facilitating any such distribution or offering. In particular, no action has been taken by the Issuer, the Arranger and the other professional advisers which would permit a public offering of any Securities or distribution of this document in any jurisdiction where action for that purpose is required. Accordingly, no Securities may be offered or sold, directly or indirectly, and neither this Programme Memorandum

nor any advertisement or other offering material may be distributed or published in any jurisdiction, except under circumstances that will result in compliance with all applicable laws and regulations.

Securities have not been and will not be registered under the United States Securities Act of 1933 (as amended) (the “**Securities Act**”). Securities may not be offered, sold or delivered within the United States of America or to U.S. Persons (as defined in the Securities Act) except in accordance with Regulation S (as defined in the Securities Act) under the Securities Act.

All references in this document to “MUR”, “Rupee”, “Mauritius Rupee”, and “Rs” refer to the lawful currency of Mauritius and all references to “U.S. Dollar”, “US\$” or “Dollars” shall be a reference to the lawful currency of the United States of America.

Where any term is defined within the context of any particular clause or section in this Programme Memorandum, the term so defined, unless it is clear from the clause or section in question that the term so defined has limited application to the relevant clause or section, shall bear the meaning ascribed to it for all purposes in this Programme Memorandum, unless qualified by the terms and conditions of any particular Tranche of Securities as set out in the Applicable Pricing Supplement as applicable, or unless the context otherwise requires. Expressions defined in this Programme Memorandum shall bear the same meanings in supplements to this Programme Memorandum which do not themselves contain their own definitions.

DIRECTORS DECLARATION

The Directors, whose names appear on page 70, collectively and individually accept full responsibility for the accuracy or completeness of the information contained in this Programme Memorandum and confirm, after 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.

LR 18.90 The Directors of the Issuer hereby declare that:

LR 18.89 Since the latest audited financial statements, AfrAsia has increased its stake in AfrAsia Corporate Finance Pty Limited and AfrAsia Corporate Finance (Africa) Limited from 50% to 100%, in AfrAsia Capital Management Limited from 50% to 100% and in AfrAsia Zimbabwe Holdings Limited from 35% to 47%.

LR 18.87(b) Save as disclosed in this Programme Memorandum, there has been no material adverse change in the financial or trading position of the Issuer since the date of the Issuer's latest audited financial statements; and

The working capital available to the Group is sufficient for its present requirements, that is, for at least the next twelve months from the date of issue of this Programme Memorandum.

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1. DOCUMENTS INCORPORATED BY REFERENCE

Capitalised terms used in this section headed "Documents Incorporated by Reference" shall bear the same meanings as used in the Applicable Terms and Conditions, except to the extent that they are separately defined in this section or it is clearly inappropriate from the context.

The following documents shall be deemed to be incorporated in, and to form part of, this Programme Memorandum:

- a) all amendments and supplements to the Programme Memorandum prepared by the Issuer from time to time;
- b) as at the Programme Date, the published annual report (incorporating the Issuer's audited annual financial statement, together with the reports and notes thereto) of the Issuer for the last three financial years and in respect of any issue of Securities under the Programme, the published annual report (incorporating the Issuer's audited annual financial statement, together with the reports and notes thereto) of the Issuer in respect of its three financial years prior to the date of such issue financial years post the date of such issue, as and when such annual reports become available;
- c) each Applicable Pricing Supplement relating to any Tranche of Securities issued under the Programme; and
- d) the unaudited management accounts of the Issuer and its subsidiaries for the period running from 30th June 2013 to 31st December 2013.

Save that any statement contained in this Programme Memorandum or in any of the documents incorporated by reference in and forming part of this Programme Memorandum shall be deemed to be modified or superseded for the purpose of this Programme Memorandum to the extent that a statement contained in any such subsequent document which is deemed to be incorporated by reference herein modifies or supersedes such earlier statement (whether expressly, by implication or otherwise).

The Issuer will provide, free of charge, to any Person upon request of such Person, a copy of any of the documents which are incorporated herein by reference, unless such documents have been modified or superseded. Requests for such documents should be directed to the Issuer at its registered office as set out at the end of this Programme Memorandum. This Programme Memorandum, any amendments and/or supplements to this Programme Memorandum all Applicable Pricing Supplements relating to Programme Securities in issue under the Programme and the audited annual financial statements of the Issuer are also available for inspection, upon request, (or will be available for inspection, upon request) at the registered office of the Issuer as set out at the end of this Programme Memorandum and on the Issuer's website, www.afasiabank.com. This Programme Memorandum does not constitute an offer or invitation by or on behalf of the Issuer, the Arranger and other professional advisors or the SEM to any Person in any jurisdiction to purchase any Securities

The Issuer will, for so long as any Securities remain outstanding and listed on the SEM, publish a new Programme Memorandum or a supplement to the Programme Memorandum, as the case may be, if:

- a) a change in the condition (financial or otherwise) of the Issuer has occurred which is material in the context of the Securities and the Issuer's payment obligations thereunder; or
- b) an event has occurred which affects any matter contained in this Programme Memorandum, the disclosure of which would reasonably be required by holders of Securities and/or potential investors in the Securities; or

- c) any of the information contained in this Programme Memorandum becomes outdated in a material respect; or
- d) this Programme Memorandum no longer contains all the material correct information required by the Applicable Procedures,

provided that, in the circumstances set out in paragraphs (c) and (d) above, no new Programme Memorandum or supplement to this Programme Memorandum, as the case may be, is required in respect of the Issuer's audited annual financial statements if such audited annual financial statements are incorporated by reference into this Programme Memorandum.

2. GENERAL DESCRIPTION OF THE PROGRAMME

Capitalised terms used in this section entitled “General Description of the Programme” shall bear the same meanings as used in the Applicable Terms and Conditions, except to the extent that they are separately defined in this section or this is clearly inappropriate from the context.

The Issuer may from time to time issue one or more Tranches of Securities under the Programme, pursuant to this Programme Memorandum, provided that the Programme Amount is not exceeded.

A Tranche of Securities may be listed on one or more Exchange(s) as may be determined by the Issuer, subject to applicable laws.

LR 18.78 a,c-e Details of the Calculation Amount of the Securities, dividend payable in respect of the Securities, the status of the Securities, the issue price of Securities and any other terms and conditions not contained in the Terms and Conditions which are applicable to any Securities will be set forth in the Applicable Pricing Supplement issued in connection with the issue of each Series (as defined in the Terms and Conditions) of Securities. The Applicable Pricing Supplement for each Series (other than the first Series) will be submitted to the SEM before the issue of such Securities.

The sale or transfer of Securities when listed on the Official List of the SEM will be subject to:

- a) the Listing Rules of the SEM,
- b) the Securities (Central Depository, Clearing and Settlement) Act 1996, CDS Rules and Procedures if Securities are held in the Central Depository System;
- c) the Stock Exchange (Conduct of Trading Operations) Rules 2001 and Automated Trading System Schedule of Procedures; and/or
- d) the provisions of the Listing Particulars.

There are currently no other restrictions on the sale or transfer of Securities under Mauritian law (kindly refer to Section 5 “Form of Securities”).

LR 18.78 m Under the Programme, the Issuer may from time to time issue Securities denominated in the currency specified in the Applicable Pricing Supplement, as the case may be. The applicable terms of any Securities will be set out in the Applicable Terms and Conditions incorporated by reference into the Securities, as modified and supplemented by the Applicable Pricing Supplement relating to any Tranche of Securities issued under the Programme and any supplementary Programme Memorandum. A summary of the Programme and the Applicable Terms and Conditions appears in the section of this Programme Memorandum headed “Summary of the Programme”.

As at the Programme Date, the Programme Amount is USD100,000,000 or its equivalent in Mauritian Rupees. This Programme Memorandum will only apply to Securities issued under the Programme in an aggregate Calculation Amount (as defined in the Securities Terms and Conditions) which do not exceed the Programme Amount, unless such amount is increased as set out below. For the purpose of calculating the aggregate Calculation Amount (as defined in the Securities Terms and Conditions) of Securities, as the case may be, issued under the Programme from time to time, the USD equivalent of Securities denominated in another currency shall be determined at or about the time at which an agreement is reached for the issue of such Securities as between the Issuer and the Arranger on the basis of the spot rate at such time for the sale of such USD amount against the purchase of such currency or unit of account in the Mauritian foreign exchange markets, as quoted by the Issuer or by any leading bank selected by the Issuer.

From time to time, the Issuer may wish to increase the Programme Amount. Subject to the Applicable Procedures and all applicable law, the Issuer may, without the consent of Securityholders, increase the Programme Amount by delivering notice thereof to (i) Securityholders, (ii) the relevant Exchange(s), (iii) the Transfer Agent and (iv) the Arranger. Upon such notices being given, all references in the Programme Memorandum or any other agreement, deed or document in relation to the Programme, to the Programme Amount, shall be, and shall be deemed to be, references to the increased Programme Amount.

Investing in the Securities involves certain risks (see the section of this Programme Memorandum headed "Risk Factors").

A summary of the Programme and the Applicable Terms and Conditions appears below.

This Programme Memorandum will only apply to Securities issued under the Programme.

Programme	Mauritian Rupees) class A share Programme.
Distribution	Securities may be offered by way of private placement, auction, bookbuild or by any other means permitted by applicable law as determined by the Issuer and reflected in the Applicable Pricing Supplement, as the case may be.
Form of Securities	Securities shall be issued in the form of registered Securities as described in the section of this Programme Memorandum headed "Form of Securities".
Governing Law	The Applicable Terms and Conditions and the Securities will be governed by, and construed in accordance with, the laws of the Republic of Mauritius.
Holder(s)	The holders of Securities who are recorded as such in the Register.
Dividend Period(s) Or Dividend Payment Date(s)	Such period(s) or date(s) as may be indicated in the Applicable Pricing Supplement
Issue Price	Securities shall be issued at the price specified in the Applicable Pricing Supplement.
Issue and Transfer Taxes	The Issuer is not liable for any taxes that may arise as a result of the transfer of any Securities (as defined herein) therein.
Listing	Securities issued under the Programme shall be listed on the Official Market of the SEM as shall be specified in the Applicable Pricing Supplement.
Negative Pledge	The Security Terms and Conditions do not contain negative pledge provisions.
Register	The Register of Securityholders maintained by the Transfer Agent in terms of the Applicable Terms and Conditions.
Regulatory Event	Subject to the prior sanction of Securityholders or a Class of Securityholders, as the case may be, by Ordinary Resolution, if a Regulatory Event occurs and as a consequence of that Regulatory Event, the Issuer suffers or incurs an Increased Cost, the Issuer may propose a decrease in the Dividend Rate. If a decrease in the Dividend Rate is not sanctioned by the relevant Securityholders or the relevant Class of Securityholders, the Issuer may call the relevant Securities or Class of Securities in accordance with the

Securities Terms and Conditions.

Securities	The class A shares issued or to be issued by the Issuer under the Programme.
Selling Restrictions	The distribution of this Programme Memorandum, any Applicable Pricing Supplement, as applicable, and any offering or sale of a Tranche of Securities may be restricted by law in certain jurisdictions, and is restricted by law in the United States of America, the European Economic Area, the United Kingdom, South Africa (see the section of this Programme Memorandum headed “Subscription and Sale”). Any other or additional restrictions which are applicable to the placing of a Tranche of Securities will be set out in the Applicable Pricing Supplement, as the case may be. Persons who come into possession of this Programme Memorandum and/or any Applicable Pricing Supplement must inform themselves about and observe all applicable selling restrictions.
SEM	The Stock Exchange of Mauritius Limited is a public company with registration number C06007748 incorporated in Mauritius on March 30, 1989 under the Stock Exchange Act, 1988, responsible for the operation and promotion of an efficient and regulated securities market in Mauritius.
Size of the Programme	Up to USD100,000,000 (or its equivalent in Mauritian Rupees) outstanding at any time. The Issuer may increase the Programme Amount in the manner set out in the section of this Programme Memorandum headed “General Description of the Programme”.
Specified Currency	United States Dollar or Mauritian Rupees or, subject to all applicable law, or, such other currency as specified in the Applicable Pricing Supplement, as the case may be.
LR 18.79c Status of Securities	<p>Each Security will rank ahead of Ordinary Shareholders for dividends.</p> <p>In a winding-up or liquidation of the Issuer, the Securities rank subordinated to all creditors including depositors, senior to Ordinary Shareholders for return of the Issue Price, and otherwise do not participate in the winding up. All Securities rank equally amongst themselves.</p>
Taxation	A summary of the applicable tax legislation in respect of the Securities as at the Programme Date is set out in the section of this Programme Memorandum headed “Taxation”. The summary does not constitute tax advice. Potential Investors in the Securities should, before making an investment in the Securities, consult their own professional advisors as to the potential tax consequences of,

and their tax positions in respect of, an investment in the Securities.

LR 18.77 Use of Proceeds

The Issuer will use the issue proceeds of the Securities for its general corporate purposes, or as may otherwise be described the Applicable Pricing Supplement, as the case may be.

4. RISK FACTORS

Capitalised terms used in this section headed "Risk Factors" shall bear the same meanings as used in the Terms and Conditions, except to the extent that they are separately defined in this section or this is clearly inappropriate from the context.

The Issuer believes that the following factors may affect its ability to fulfill its obligations under Securities issued under the Programme. Most of these factors are contingencies which may or may not occur and the Issuer is not in a position to express a view on the likelihood of any such contingency occurring.

In addition, factors which are material for the purpose of assessing the market risks associated with Securities issued under the Programme are also described below.

The Issuer believes that the factors described below represent the principal risks inherent in investing in Securities issued under the Programme, but the inability of the Issuer to pay dividend or other amounts on or in connection with any Securities may occur for other reasons which may not be considered significant risks by the Issuer based on information currently available to it or which it may not currently be able to anticipate. Prospective investors should also read the detailed information set out elsewhere in this Programme Memorandum to reach their own views prior to making any investment decision. The information given below is as at the Programme Date.

Factors that may affect the Issuer's ability to fulfill its obligations under Securities issued under the Programme

The Securities may not be a suitable investment for all investors

Each potential investor in the Securities must determine the suitability of that investment in light of its own circumstances. In particular, each potential investor should:

- have sufficient knowledge and experience to make a meaningful evaluation of the Securities it wishes to subscribe for, the merits and risks of investing in such Securities and the information contained or incorporated by reference in this Programme Memorandum and/or any Applicable Pricing Supplement;
- have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Securities and the impact the Securities in question will have on its overall investment portfolio;
- have sufficient financial resources and liquidity to bear all of the risks of an investment in the Securities, including Securities with principal or dividends (as applicable) payable in one or more currencies, or where the currency for principal or dividends (as applicable) payments is different from the potential Investor's currency;
- understand thoroughly the terms of the Securities and be familiar with the behaviour of any relevant indices and financial markets;
- be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks; and
- be aware that the Securities, though listed, may be illiquid and any attempt to sell a significant amount of the instrument could have a material adverse impact on the value of the instrument and price achieved by the seller for the instrument.
- Some Securities are complex financial instruments. Sophisticated institutional investors generally do not purchase complex financial instruments as stand-alone investments. They purchase complex financial instruments as a way to reduce risk or enhance yield with an understood, measured, appropriate addition of risk to their overall portfolios. A potential

investor should not invest in Securities which are complex financial instruments unless it has the expertise (either alone or with a financial adviser) to evaluate how the Securities will perform under changing conditions, the resulting effects on the value of the Securities and the impact this investment will have on the potential Investor's overall investment portfolio.

Risks related to the structure of a particular issue of Securities

If specified as applicable in the Applicable Pricing Supplement, in respect of a Tranche of Securities, the Issuer may, at its option, redeem that Tranche of Securities (in whole or in part) as stipulated in the Applicable Pricing Supplement. The Issuer may be expected to redeem Securities when its cost of borrowing is lower than the interest rate on the Securities. At those times, an investor generally would not be able to reinvest the redemption proceeds at an effective interest rate as high as the interest rate on the Securities being redeemed and may only be able to do so at a significantly lower rate. Potential investors should consider reinvestment risk in light of other investments available at that time.

An optional redemption feature of Securities is likely to limit their market value. During any period when the Issuer may elect to redeem Securities, the market value of those Securities generally will not rise substantially above the price at which they can be redeemed. This also may be true prior to any redemption period.

Fixed/Floating Rate Securities

Fixed/Floating Rate Securities may bear dividends at a rate that converts from a fixed rate to a floating rate, or from a floating rate to a fixed rate. Where the Issuer has the right to effect such a conversion, this will affect the secondary market and the market value of the Securities since the Issuer may be expected to convert the rate when it is likely to produce a lower overall cost of borrowing. If the Issuer converts from a fixed rate to a floating rate in such circumstances, the spread on the Fixed/Floating Rate Securities may be less favourable than then prevailing spreads on comparable Floating Rate Securities tied to the same reference rate. In addition, the new floating rate at any time may be lower than the rates on other Securities. If the Issuer converts from a floating rate to a fixed rate in such circumstances, the fixed rate may be lower than then prevailing rates on its Securities.

The ranking of the Securities

The Securities rank ahead of ordinary shares for payment of dividends. In the winding-up or liquidation of the Issuer, the Securities rank subordinated to all depositors, senior to Ordinary Shareholders for return of the Issue Price, and otherwise do not participate in a winding-up. All Securities rank pari passu amongst themselves.

Compliance with the provisions of the Companies Act and the Banking Act

The payment of any Preference Dividend and/or Redemption Amount under the Securities may be subject to the provisions of the Companies Act and the Banking Act. Failure by the Issuer to satisfy the requirements under the Companies Act and the Banking Act at any time when any Dividend Amount and/or Redemption Amount, as the case may be, is due to be paid under the Terms and Conditions shall not relieve the Issuer of its obligation to pay such Dividend Amount and/or Redemption Amount, as applicable, at any time when it is lawfully able to do so.

Minimum Subscription

Each Tranche is subject to a minimum subscription rate of 50% of the size of the Tranche. As such, where the minimum subscription amount is not achieved, the Issuer will not proceed to accept bids or allot any Securities.

Trading conditions for the Securities

Securities issued under the Programme may not be widely distributed and there may not be an active

trading market for the Securities. If the Securities are traded after their initial issuance, they may trade at a discount to their initial offering price, depending upon prevailing interest rates, the market for similar securities, general economic conditions and the financial condition of the Issuer.

Capital Regulations

In order for the proceeds of the issuance of any Class of Securities to qualify as Regulatory Capital, the Class of Securities must comply with the applicable Regulatory Capital Requirements, where “**Regulatory Capital Requirements**” means, at any time, any legislation, regulations, requirements, guidelines and policies relating to capital adequacy then in effect in Mauritius in relation to banks registered under the Banking Act and licensed to conduct the business of a bank in Mauritius or the controlling companies of such banks.

Risks related to the market generally

Set out below is a brief description of the principal market risks, including liquidity risk, exchange rate risk, interest rate risk and credit risk:

Exchange rate risks

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

The Issuer’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 BOM for monitoring within set regulatory limits.

Profits or losses arising from the Issuer’s foreign currency deposits and loan book together with operational cash flows in foreign currencies are managed on an ongoing basis.

Legal investment considerations may restrict certain investments

The investment activities of certain investors are subject to legal investment laws and regulations, or review or regulation by certain authorities. Each potential investor should consult its legal advisers to determine whether and to what extent (1) Securities are legal investments for it, (2) Securities can be used as collateral for various types of borrowing and (3) other restrictions apply to its purchase or pledge of any Securities. Financial institutions should consult their legal advisers or the appropriate regulators to determine the appropriate treatment of Securities under any applicable risk-based capital or similar rules.

Risks relating to the Issuer generally

The Issuer’s financial performance is subject to inherent risks concerning borrower credit

The Issuer’s businesses are subject to inherent risks regarding borrower credit quality and the recoverability of loans and amounts due from counterparties. Changes in the credit quality of the Issuer’s borrowers and counterparties or arising from systemic risk in the financial systems could reduce the value of the Issuer’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. The Issuer has established credit quality management policies and actively monitors credit exposure on an on-going basis to mitigate such risks.

The Issuer’s businesses are inherently subject to the risk of market fluctuations

The Issuer’s businesses, as with other banks in Mauritius and elsewhere, are inherently subject to the risk of market fluctuations. In particular, the Issuer’s activities are subject to interest rate risks and may

in some cases also be subject to foreign exchange, bond and equity price risks. Changes in interest rate levels, yield curves and spreads may affect the interest rate margin realised between lending and borrowing costs. The performance of financial markets may cause changes in the value of the Issuer's investment and trading portfolios. The Issuer has implemented risk management methods to mitigate and control these and other market risks to which the Issuer is exposed. However, it is difficult to predict with accuracy changes in economic or market conditions and to anticipate the effects that such changes could have on the Issuer's financial performance.

The Issuer's business may be exposed to the adverse effects of operational risks

The Issuer'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 the Issuer's suppliers and counterparties. The Issuer'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 the Issuer's business.

The Issuer's business may be exposed to the adverse effects of specific country risks

The Issuer, pre-Group Restructuring, has significant stakes in a number of subsidiaries, some of which operate in countries with heightened political and economic risk. In particular, pre-Group Restructuring, the Issuer owns a 47% stake in AfrAsia Zimbabwe Holdings Limited ("AZHL"), an entity which operates in Zimbabwe. AZHL owns a controlling stake in AfrAsia Bank Zimbabwe Limited (ABZL), a medium sized bank operating in Zimbabwe, MicroKing Finance, a leading micro finance business in Zimbabwe and Kingdom Asset Management (Private) Limited.

On the macroeconomic front, growth in Zimbabwe has decelerated sharply in 2013, after a rebound phase reflecting the impact of adverse weather conditions, weak prices for key exports combined with competitive pressures and low liquidity. Real GDP growth in 2013 is estimated at just above 3 percent, sharply down from 10½ percent in 2012. As a result of weak domestic demand, the 12-month inflation rate decelerated from 2.9 percent end-2012 to 0.3 percent at end-2013. The macroeconomic environment is expected to remain challenging in 2014, and the outlook is for continued moderate growth. Downside risks to the outlook include the possibility of further weakening of export prices, a tightening of external financing conditions, as well as risks related to policy implementation delays.

As mentioned above, the economy of Zimbabwe has experienced significant volatility and the banking system has been characterized by a tightening of liquidity over the past 18 months. This has put a strain on the liquidity of many banks in Zimbabwe including ABZL. Although the investment in AZHL will be ring fenced from the Issuer, further volatility and adverse movements in the Zimbabwean economy could negatively impact the funding capacity, liquidity and ultimately, the value of the Issuer's stake in AZHL.

Liquidity risk may impair the Issuer's ability to adequately fund its operations

The Issuer's ability to access funding sources on favourable economic terms is dependent on a variety of factors, including a number of factors outside its control, such as liquidity constraints applicable across the economy on a systemic basis, general market conditions and confidence in the Mauritius banking system as a whole.

Considering the dislocation in the capital markets and credit conditions globally during 2009, 2010 and 2011, the impact of such conditions within Mauritius has led to the most severe examination of the banking system's capacity to absorb sudden significant changes in the funding and liquidity environment in recent history, and has had an impact on the global economy. Individual institutions

have faced varying degrees of stress. Should the Issuer be unable to continue to source a sustainable funding profile which can absorb these sudden shocks, the Issuer's ability to fund its financial obligations at a competitive cost, or at all, could be adversely affected.

Although the Issuer believes that its level of access to domestic and international interbank and capital markets and its liquidity risk management policy allow and will continue to allow the Issuer to meet its short-term and long-term liquidity needs, any maturity mismatches may have a material adverse effect on its financial condition and results of operations. Furthermore, there can be no assurance that the Issuer will be successful in obtaining additional sources of funds on acceptable terms or at all (see the section headed "Risk Management").

The Issuer's risk management policies and procedures may not have identified or anticipated all potential risk exposures

The Issuer has devoted significant resources to developing its risk management policies and procedures, particularly in connection with credit, market, liquidity, interest rate and operational risks, and expects to continue to do so in the future. Nonetheless, its risk management techniques may not be fully effective in mitigating its risk exposure in all market environments or against all types of risk, including risks that are unidentified or unanticipated. Some of the Issuer's methods of managing risk are based upon its use of observed historical market behaviour. As a result, these methods may not predict future risk exposures, which could be greater than historical measures indicate.

Other risk management methods depend upon evaluation of information regarding the markets in which the Issuer operates, its clients or other matters that are publicly available or otherwise accessible by the Issuer. This information may not be accurate in all cases, complete, up-to-date or properly evaluated. Any failure arising out of the Issuer's risk management techniques may have an adverse effect on its results of operations and financial condition.

The financial services industry in which the Issuer operates is competitive

The financial services industry in which the Issuer's businesses operate is highly competitive. The Issuer competes on the basis of a number of factors, including customer services and quality, transaction execution, its products and services, innovation, reputation and price. New competitors, including companies other than banks, may disintermediate the market, thus impacting market share. Many of the banks operating in the Issuer's markets compete for substantially the same customers as the Issuer. An increase in competition in some or all of the Issuer's principal markets may have an adverse effect on its financial condition and results of operations.

Concentration Risk

The Issuer's business is significantly focused on the markets of the SADC region and therefore faces a geographic concentration risk. Any adverse changes affecting this region's economy are likely to have an adverse impact on the Issuer's loan portfolio and, as a result, on its financial condition and results of its operations.

The Issuer may be unable to recruit, retain and motivate key personnel

The Issuer's performance is dependent on the talents and efforts of key personnel, some of whom may have been employed by the Issuer for a substantial period of time and have developed with the business. The Issuer's continued ability to compete effectively and further develop its businesses also depends on its ability to attract new employees. In relation to the development and training of new staff, the Issuer is reliant on the continued development of the educational sector within Mauritius, including access to facilities and educational programmes by its future employees.

Terrorist acts and other acts of war could have a negative impact on the business

Terrorist acts, and other acts of war or hostility and responses to those acts, may create economic and

political uncertainties, which could have a negative impact on Mauritius, and international economic conditions generally, and more specifically on the business and results of operations of the Issuer in ways that cannot be predicted.

The impact of any future change in law or regulation on the Issuer's business is uncertain

The Issuer, being a licensed bank, operates in a highly regulated environment. The Issuer 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 and any successors thereto, which provide for a minimum ratio of capital to risk-adjusted assets. Any failure by the Issuer to maintain its ratios may result in action taken in respect of the Issuer which may in turn impact on its ability to fulfil its obligations under the Securities.

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

5. FORM OF SECURITIES

Capitalised terms used in this section entitled "Form of Securities" shall bear the same meanings as used in the Applicable Terms and Conditions, except to the extent that they are separately defined in this section or this is clearly inappropriate from the context.

LR 18.79f *Each Tranche of Securities shall be issued in the registered form.*

Securities are issued in accordance with the laws of the Republic of Mauritius and in accordance with the Issuer's constitutional documents.

6. PRO FORMA APPLICABLE PRICING SUPPLEMENT

Set out below is the form of Applicable Pricing Supplement which will be completed for each Tranche of Securities issued under the Programme:



AFRASIA BANK LIMITED

(Incorporated in the Republic of Mauritius with limited liability under business registration number C07067923)

LR 18.78m

**Issue of [Aggregate Issue Price of Tranche] [Title of Programme Securities] Under its
USD100,000,000 (or its equivalent in Mauritian Rupees) class A
shares Programme**

This document constitutes the Applicable Pricing Supplement relating to the issue of Securities described herein in accordance with the Programme Memorandum. Terms used herein shall be deemed to be defined as such for the purposes of the terms and conditions set forth under the section headed "Securities Terms and Conditions", as updated and amended from time to time. This Pricing Supplement must be read in conjunction with the Securities Terms and Conditions. To the extent that there is any conflict or inconsistency between the contents of this Pricing Supplement and the Securities Terms and Conditions, the provisions of this Pricing Supplement shall prevail.

PARTIES

- | | |
|----------------------|---|
| 1. Issuer | AfrAsia Bank Limited |
| 2. Specified Office | Bowen Square, 10 Dr Ferriere St,
Port Louis, Mauritius |
| 3. Calculation Agent | [...] |
| 4. Specified Office | [...] |
| 5. Transfer Agent | [...] |
| 6. Specified Office | [...] |

PROVISIONS RELATING TO THE SECURITIES

- | | |
|--------------------------------|-------|
| 7. Class of Securities | [...] |
| 8. Status of Securities | [...] |

(a) Class Number	[...]
(b) Tranche Number	[...]
9. Number of Securities	[...]
10. Dividend/Payment Basis	[...]
11. Form of Securities	[...]
12. Automatic/Optional Conversion from one Dividend/ Payment Basis to another	[...]
13. Issue Date	[...]
14. Business Centre	[...]
15. Additional Business Centre	[...]
16. Calculation Amount	[...]
17. Issue Price	[...]
18. Dividend Commencement Date	[...]
19. Specified Currency	[...]
20. Applicable Business Day Convention	[...]
21. Final Callable Amount	[...]
22. Books Closed Period(s)	[...]
23. Last Day to Register	[...]
24. Penalty Dividend Rate	[...]
25. Provisions applicable to Securities, the proceeds of which are intended to qualify as Regulatory Capital	[...]
26. Additional Amounts	[...]
27. Preference Dividends Payable	[...]
FIXED RATE SECURITIES	
28. Payment of Dividend Amount	[...]
(a) Dividend Rate(s)	[...]
(b) Dividend Payment Date(s)	[...]
(c) Fixed Dividend Amount [(s)]	[...]
(d) Initial Broken Amount	[...]

- (e) Final Broken Amount [...]
- (f) Day Count Fraction [...]
- (g) Any other terms relating to the particular method of calculating dividends [...]

FLOATING RATE SECURITIES

- 29. **Payment of Dividend Amount** [...]
- (a) Dividend Rate(s) [...]
- (b) Dividend Payment Date(s) [...]
- (c) Any other terms relating to the particular method of calculating dividends [...]
- (d) Definition of Business Day (if different from that set out in Condition 7.1 (Definitions)) [...]
- (e) Minimum Dividend Rate [...]
- (f) Maximum Dividend Rate [...]
- (g) Day Count Fraction [...]
- (h) Other terms relating to the method of calculating dividends (e.g.: day count fraction, rounding up provision, if different from Condition 7.6.3 (Dividend on Floating Rate Securities and Indexed Securities)) [...]
- 30. **Manner in which the Dividend Rate is to be determined** [...]
- 31. **Margin** [...]
- 32. **Insert basis for determining Dividend Rate/Margin/Fallback provisions** [...]
- 33. **Entity responsible for calculating amount of principal and dividend** [...]

MIXED RATE SECURITIES

- 34. **Period(s) during which the dividend rate for the Mixed Rate Securities will** [...]

be (as applicable) that for:

- (a) Fixed Rate Securities [...]
- (b) Floating Rate Securities [...]
- (c) Indexed Securities [...]
- (d) Other Securities [...]

35. The Dividend Rate and other pertinent details are set out under the headings relating to the applicable forms of Securities [...]

INDEXED SECURITIES

- 36. (a) Type of Indexed Securities [...]
- (b) Index/Formula by reference to which Dividend Rate/ Dividend Amount/Final Callable Amount (delete as applicable) is to be determined [...]
- (c) Manner in which the Dividend Rate/Dividend Amount/Final Callable Amount (delete as applicable) is to be determined [...]
- (d) Dividend Period(s) [...]
- (e) Dividend Payment Date(s) [...]
- (f) Provisions where calculation by reference to Index and/or Formula is impossible or impracticable [...]
- (g) Minimum Dividend Rate [...]
- (h) Maximum Dividend Rate [...]
- (i) Other terms relating to the calculation of the Dividend Rate (e.g.: Day Count Fraction, rounding up provisions) [...]

OTHER SECURITIES

37. Relevant description and any additional Securities Terms relating to such Securities [...]

PROVISIONS REGARDING CALLABLE AT THE OPTION OF THE ISSUER

This Tranche of Securities may be callable at the initiative of the Issuer 6 years after the Issue Date, with the prior approval of the Bank of Mauritius

- | | |
|---|-------|
| 38. Callable at the option of the Issuer: if | [...] |
| yes: | |
| (a) Callable Date(s) | [...] |
| (b) Optional Callable Amount(s) and method, if any, of calculation of such amount | [...] |
| (c) Minimum period of notice (if different from Condition 7.14 (Notices)) | [...] |
| (d) Minimum Callable Amount(s) | [...] |
| (e) Other terms applicable on Call | [...] |
| | [...] |

GENERAL

- | | |
|--|-------------------|
| 39. Aggregate Nominal Amount of Notes Outstanding (as defined in the Note Terms and Conditions) and the aggregate Calculation Amount of Securities as at the Issue Date | [...] |
| 40. Exchange | [...] |
| 41. ISIN No. | [...] |
| 42. Stock Code | [...] |
| 43. Additional selling restrictions | [...] |
| (a) Exchange | [...] |
| (b) Relevant sub-market of the Exchange | [...] |
| 44. Method of distribution | Private Placement |
| 45. Credit Rating assigned to [Issuer]/[s Securities]] as at the Issue Date (if any) | N/A |
| 46. Governing law (if the laws of Mauritius are not applicable) | Laws of Mauritius |
| 47. Other Banking Jurisdiction | N/A |
| 48. Use of proceeds | [...] |

Responsibility:

The Issuer accepts full responsibility for the information contained in this Applicable Pricing Supplement. To the best of the knowledge and belief of the Issuer (who has taken all reasonable care to ensure that such is the case) the information contained in this Applicable Pricing Supplement is in accordance with the facts and does not omit anything which would make any statement false or misleading and all reasonable enquiries to ascertain such facts have been made. This Applicable Pricing Supplement contains all information required by law and the relevant listings requirements of the SEM.

Application has been made to list this issue of Securities on the SEM.

SIGNED at _____ on this _____ day of _____ 20●●

For and on behalf of

AFRASIA BANK LIMITED

Name:
Capacity: Director
Who warrants his/her authority
hereto

Name:
Capacity: Director
Who warrants his/her authority
hereto

7. TERMS AND CONDITIONS OF THE SECURITIES

The following are the Terms and Conditions of the Securities to be issued by the Issuer under the Programme which will be incorporated by reference into each Security.

Capitalised expressions used in these Terms and Conditions and not here defined shall bear meaning assigned to them in the Applicable Pricing Supplement.

The Applicable Pricing Supplement in relation to any Tranche of Securities may specify other terms and conditions which shall, to the extent so specified or to the extent inconsistent with the following Terms and Conditions, replace or modify the following Terms and Conditions for the purpose of such Tranche of Securities.

Securities will be issued in individual Tranches which, together with other Tranches, may form a Series of Securities. Before the Issuer issues any Tranche of Securities, the Issuer shall complete and sign the Applicable Pricing Supplement, based on the Pro Forma Applicable Pricing Supplement included in the Programme Memorandum, setting out details of such Securities. The Applicable Pricing Supplement in relation to any Tranche of Securities may specify other terms and conditions which shall, to the extent so specified or to the extent inconsistent with the following Terms and Conditions, replace or modify the following Terms and Conditions for the purpose of such Tranche of Securities.

Copies of the Applicable Pricing Supplement are available for inspection at the registered office of the Issuer. The Securityholders are deemed to have notice of, and are entitled to the benefit of, and are subject to, all the provisions of the Applicable Pricing Supplement.

Words and expressions defined in the Applicable Pricing Supplement shall have the same meanings where used in these Terms and Conditions unless the context otherwise requires or unless otherwise stated. Any reference to legislation or a statute shall be to such legislation or statute as amended, varied or re-enacted from time to time.

7.1. DEFINITION

In these Terms and Conditions, unless inconsistent with the context or separately defined in the Applicable Pricing Supplement, the following expressions shall have the following meanings:

“Applicable Pricing Supplement”	In relation to a Tranche of Securities, the pricing supplement completed and signed by the Issuer in relation to that Tranche of Securities, setting out the additional and/or other terms and conditions as are applicable to that Tranche of Securities, based upon the pro forma pricing supplement which is set out in the section of the Programme Memorandum headed “Pro Forma Applicable Pricing Supplement”.
“Applicable Procedures”	The rules and operating procedures of the SEM Listings Requirements
“Banking Act”	The Banking Act No. 39 of 2004 of the Republic of Mauritius as amended from time to time.
“Bank of Mauritius or BOM”	The Bank of Mauritius established under section 3 of The Bank of Mauritius Act No. 34 of 2004 and mandated to act as the central bank for the Republic of Mauritius and to ensure the stability and soundness of its

financial system.

“Board”	The board of directors of the Issuer as constituted from time to time.
“Business Day”	A day (other than a Saturday, Sunday or public holiday as declared in the Republic of Mauritius) which is a day on which commercial banks settle USD or Mauritian rupees (“MRU”) or any other applicable currency payments in Port Louis or any additional business centre specified in the Applicable Pricing Supplement, save that if the Applicable Pricing Supplement so provides, “Business Day” shall include a Saturday.
“Calculation Agent”	The Issuer, unless the Issuer elects to appoint, in relation to a particular Tranche or Series of Securities, another entity as Calculation Agent, in which event that other entity shall act as a calculation agent in respect of that Tranche or Series of Securities.
“Calculation Amount”	in relation to a Tranche of Securities, the meaning ascribed thereto in the Applicable Pricing Supplement relating to that Tranche.
“Callable Security”	A type of security in which the Issuer has the right to call in the security at a preset price after a defined date. The terms of a callable security issue, such as the call price, the date after which it can be called, and the call premium (if any) are all defined in the Applicable Pricing Supplement.
“Capital Regulations”	Means, at any time, any legislation, regulations, requirements, guidelines and policies relating to capital adequacy then in effect in Mauritius in relation to banks registered under the Banking Act and licensed to conduct the business of a bank in Mauritius.
“CDS”	The Central Depository & Settlement Co. Ltd (CDS), established pursuant to section 3 of the Securities (Central Depository, Clearing and Settlement) Act No 30 of 1996 to provide clearing and settlement services to the SEM.
“Class”	A Tranche of Securities together with any further Tranche or Tranches of Programme which are (a) expressed in the authorising resolution of the Issuer to form part of the same Class as another Tranche of class A shares issued under the Programme, and (b) identical in all respects (including as to listing) except for their respective Issue Dates and/or Issue Prices.
“Class of Securityholders”	The holders of Securities or, where appropriate, the holders of different classes of class A shares.
“Companies Act”	The Companies Act No 15 of 2001 of the Republic of Mauritius, as amended

from time to time.

“Constitution”

The constitution of the Issuer or the memorandum and articles of association constituting the Issuer, including its annexures and/or schedules, as the case may be.

“Day Count Fraction”

In respect of the calculation of an amount for any period of time (the “Calculation Period”), such day count fraction as may be specified in these Securities Terms and Conditions or the Applicable Pricing Supplement:

- a) if “Actual/Actual (ICMA)” is so specified, means:
- (i) where the Calculation Period is equal to or shorter than the Regular Period during which it falls, the actual number of days in the Calculation Period divided by the product of (1) the actual number of days in such Regular Period and (2) the number of Regular Periods in any year; and
 - (ii) where the Calculation Period is longer than one Regular Period, the sum of:
 - (1) the actual number of days in such Calculation Period falling in the Regular Period in which it begins divided by the product of (1) the actual number of days in such Regular Period and (2) the number of Regular Periods in any year; and
 - (2) the actual number of days in such Calculation Period falling in the next Regular Period divided by the product of (1) the actual number of days in such Regular Period and (2) the number of Regular periods in any year;
- if “Actual/365” or “Actual/Actual (ISDA)” is so specified, means the actual number of days in the Calculation Period divided by 365 (or, if any portion of the Calculation Period falls in a leap year, the sum of (A) the actual number of days in that portion of the Calculation Period falling in a leap year divided by 366 and (B) the actual number of days in that portion of the Calculation Period falling in a non-leap year divided by 365);
- b) if “Actual/365 (Fixed)” is so specified, means the actual number of days in the Calculation Period divided by 365;
- c) if “Actual/360” is so specified, means the number of days in the Calculation Period divided by 360;
- d) if “30/360” is so specified, means the number of days in the Calculation Period divided by 360 (the number of days to be calculated on the basis of a year of 360 days with 12 30 day months (unless (i) the last day of the Calculation Period is the 31st day of a month but the first day of the Calculation Period is a day other than the 30th or 31st day of a month, in which case the month that included the last day shall not be considered to be shortened to a 30 day month, or (ii) the last day of the Calculation Period is the last

day of the month of February, in which case the month of February shall not be considered to be lengthened to a 30 day month)); and

- e) if “30E/360” or “Eurobond Basis” is so specified means, the number of days in the Calculation Period divided by 360 (the number of days to be calculated on the basis of a year of 360 days with 12 30 day months, without regard to the date of the first day or last day of the Calculation Period unless, in the case of the final Calculation Period, the date of final maturity is the last day of the month of February, in which case the month of February shall not be considered to be lengthened to a 30 day month.

“Deliver”

Deliver in the manner in which the Issuer is entitled to give notice or deliver documents in accordance with Conditions 7.14 (Notices), the Companies Act, and shall, where permitted by the Companies Act and the SEM Listings Requirements, include delivery of an abridged document together with instructions as to how the recipient may obtain an unabridged version of such document.

“Designated Maturity”

In relation to a Tranche of Securities, has the meaning ascribed thereto in the Applicable Pricing Supplement relating to that Tranche.

“Dividend Amount”

In relation to a Tranche of Securities and a Dividend Period, the amount of dividend payable on the Calculation Amount of each Securities in that Tranche, on each Dividend Payment Date in respect of such Dividend Period, determined by the Issuer in accordance with Condition 7.6 (Dividend Rights of the class A shares).

“Dividend Commencement Date”

In relation to a Tranche of Securities, the first date from which dividends on such Tranche will accrue, as specified in the Applicable Pricing Supplement relating to that Tranche.

“Dividend Payment Date”

In respect of a Tranche of Securities, the date(s) specified in the Applicable Pricing Supplement relating to that Tranche.

“Dividend Period”

Each successive period beginning on (and including) a Dividend Payment Date and ending on (but excluding) the following Dividend Payment Date; provided that the first Dividend Period shall begin on (and include) the Dividend Commencement Date and, in respect of any Callable Securities, the last Dividend Period in respect of such Securities shall end on (but exclude) the Applicable Redemption Date.

“Dividend Rate”

In respect of a Tranche of Securities, the dividend rate(s) specified in the Applicable Pricing Supplement relating to that Tranche.

“Dividend Determination Date”

In respect of a Tranche of Securities, the date(s) specified in the Applicable Pricing Supplement.

“Exchange”		The SEM or its successor, and/or any further financial exchange or financial exchanges on which any Securities shall be listed, and references in this Programme Memorandum to the “relevant Exchange(s)” shall, in relation to any Securities, be references to the exchange(s) or stock exchange(s) on which such Securities are from time to time, or are intended to be, listed subject to applicable laws.
“Final Amount”	Redemption	The amount of principal payable in respect of each Security upon final redemption thereof, as specified in the Applicable Pricing Supplement.
“Final Redemption Date”		In relation to a Tranche of Callable Securities, the date specified as such in the Applicable Pricing Supplement.
“Group”	or “AfrAsia Group”	The Issuer and its subsidiaries as determined under the Companies Act.
“Issue Date”		In relation to a Tranche of Securities, the date specified as such in the Applicable Pricing Supplement, being the date upon which such Tranche of Securities is issued by the Issuer.
“Issue Price”		In relation to a Tranche of Securities, the price specified as such in the Applicable Pricing Supplement, being the consideration for which each Security in that Tranche is issued by the Issuer.
“Issuer”		AfrAsia Bank Limited, a company incorporated with limited liability under business registration number C07067923 in the Republic of Mauritius.
“Indebtedness”		Any indebtedness in respect of monies borrowed and guarantees given, whether present or future, actual or contingent.
“Investor”		A qualified investor as defined under the listing rules of the SEM.
“Last Day to Register”		With respect to a particular Series of Securities (as specified in the Applicable Pricing Supplement), the last date or dates preceding a Payment Day on which the CDS will accept Transfer Forms and record the transfer of Securities in the Register for that particular Series of Securities and whereafter the Register is closed for further transfers or entries until the Payment Day.
“LIBOR”		The London Interbank Offered Rate.

“Listing Committee”	Executive	The Listing Executive Committee responsible for listing matters established by the board of directors of the SEM in accordance with the Listing Rules of the SEM.
“Margin”		Has the meaning ascribed thereto in the Applicable Pricing Supplement.
“MUR”		The lawful currency of the Republic of Mauritius, being Mauritius Rupee, or any successor currency.
“Ordinary Resolution”		a resolution passed at a meeting (duly convened) of the Securityholders by a majority consisting of more than 50 percent of the persons entitled to vote and voting thereat
“Ordinary Shareholders”		Means holders of ordinary shares in the share capital of the Issuer.
“Programme”		This USD100,000,000 Programme under which the Issuer may from time to time issue Securities.
LR 18.78a “Programme Amount”		The maximum aggregate of the Calculation Amount of all the Securities that may be issued under the Programme at any one point in time being USD100,000,000 or such increased amount as is determined by the Issuer from time to time, subject to the Applicable Procedures and applicable laws as set out in the section of this Programme Memorandum headed “General Description of the Programme”.
“Programme Date”		The date of this Programme Memorandum being XX June 2014.
“Reference Rate”		In relation to a Tranche of Floating Rate Securities, the meaning ascribed thereto in the Applicable Pricing Supplement relating to that Tranche.
“Register”		The register maintained by the Issuer in terms of Condition 7.12.
“Relevant Date”		In respect of any payment relating to the Securities, the date on which such payment first becomes due.
“Repo Rate”		The Repo Rate as set from time to time by the Bank of Mauritius.

“Representative”	A Person duly authorised to act on behalf of a Securityholder, who may be regarded by the Issuer and the Agent (acting in good faith) as being duly authorised based upon the tacit or express representation thereof by such Representative, in the absence of express notice to the contrary from such Securityholder.
“Regulatory Capital”	“common equity tier 1” and “additional tier 1 capital” as defined in Section 1 of the Bank of Mauritius Guideline on Scope of Application of Basel III and Eligible Capital dated May 2013.
“Regulatory Requirements”	Capital At any time, any legislation, regulations, requirements, guidelines and policies relating to capital adequacy then in effect in Mauritius in relation to banks registered under the Banking Act and licensed to conduct the business of a bank in Mauritius or the controlling companies of such banks.
“Regulatory Event”	<ul style="list-style-type: none"> a) any implementation, introduction, abolition, withdrawal, or variation of any applicable law or regulation (including, without limitation, any tax law); or b) the promulgation of or any change in the interpretation by any court, tribunal or regulatory authority with competent jurisdiction of any applicable law or regulation (including any action taken by a taxing authority), the Issuer determines in good faith that it will incur an Increased Cost in performing its obligations under such Securities, including without limitation; c) any change in the exchange control regulations of Mauritius, d) any change in the Mauritian Income Tax Act or any other legislation which (i) imposes any taxation of any nature whatsoever on the Issuer, in relation to the Securities, in Mauritius; or (ii) in any other way impacts adversely on the Securities; e) any change in the Banking Act and/or the regulations relating to banks promulgated under the Banking Act; or f) any change in the Banking Act and/or the regulations relating to banks promulgated under the Banking Act; or g) any change in the Companies Act and/or any other legislation which deals with companies generally.
“Relevant Time”	In relation to a Tranche of Floating Rate Securities, the meaning ascribed thereto in the Applicable Pricing Supplement (Securities) relating to that Tranche.
“Terms and Conditions”	The terms and conditions of the Securities as set out in the section of the Programme Memorandum headed “Terms and Conditions”.
“SEM”	The Stock Exchange of Mauritius Ltd, incorporated in Mauritius on March 30, 1989 under the Stock Exchange Act 1988, as a private limited company responsible for the operation and promotion of an efficient and regulated securities market in Mauritius.
“SEM Listing”	The listings requirements of the SEM in force from time to time in respect to

Requirement”	listing on the official market.
“Series”	A Tranche of Securities together with any further Tranche or Tranches of Securities which are: (i) expressed to be consolidated and form a single series; and (ii) identical in all respects (including as to listing) except for their respective Issue Dates, Interest Commencement Dates and/or Issue Prices.
“Scheduled Preference Dividend”	The cumulative or non-cumulative (as specified in the Applicable Pricing Supplement cash dividends which are payable in respect of a Security (whether it be a Fixed Rate Securities, Floating Rate Securities, Mixed Rate Securities, Indexed Securities or such other type of Securities determined by the Issuer and the relevant Dealer and specified in the Applicable Pricing Supplement in accordance with the Securities Terms and Conditions and the relevant Applicable Pricing Supplement.
“Settlement Agent”	A Participant, approved by the SEM or any other Exchange to perform electronic net settlement of both funds and scrip on behalf of market participants.
“Special Resolution”	A resolution passed at a meeting (duly convened) of the Securityholders by a majority consisting of not less than 75 percent of the persons entitled to vote and voting thereat
“Specified Currency”	In relation to each Security in a Tranche of Securities, United States Dollars (“USD”) or Mauritius Rupees (“MUR”) or, subject to all applicable laws, such other currency as is specified in the Applicable Pricing Supplement.
“Specified Office”	The registered address of the Issuer or the relevant agent, as the case may be, as specified in the Applicable Pricing Supplement (Securities) or such other address as the Issuer or the relevant agent, as the case may be, may specify by notice to the Securities which change of address shall in each case be notified to the Securityholders in accordance with Condition 7.14 (Notices).
“Taxes”	All present and future taxes, duties, imposts, levies, charges, fees withholdings or deductions of whatever nature imposed, levied, collected, withheld or assessed by, or on behalf of, any governmental, fiscal or other competent authority in Mauritius (including any penalty payable in connection with any failure to pay, or delay in paying, any of the same) and “Tax” and “Taxation” will be construed accordingly.
“Terms and Conditions”	The Terms and Conditions incorporated in this section headed “Terms and Conditions of the Securities” and in accordance with which the Securities will be issued.
“Additional Tier I Capital”	Additional “Tier I Capital” as defined under the guidelines issued by the Bank of Mauritius pursuant to the Banking Act and based on the Basel III.

“Tranche”	In relation to any particular Series, all Securities which are identical in all respects (including as to listing).
“Transfer Form”	The written form for the transfer of a Security, in the form approved by the Issuer, and signed by the transferor and transferee.
LR 18.78k “Transfer Agent”	The Issuer, unless the Issuer elects to appoint, in relation to a particular Tranche or Series of Securities, another entity as Transfer Agent in accordance with the Agency Agreement, in which event that other entity shall act as a Transfer Agent in respect of that Tranche or Series of Securities.

7.2. INTERPRETATION

In these Securities Terms and Conditions:

- a) if an expression is stated in Condition 7.1 (Definition) to have the meaning given in the Applicable Pricing Supplement, but the Applicable Pricing Supplement gives no such meaning or specifies that such expression is “not applicable” then such expression is not applicable to the relevant Tranche of Securities;
- b) any reference to any statute, regulation or other legislation will be a reference to that statute, regulation or other legislation as at the Programme Date and as amended, re-enacted or replaced and substituted from time to time;
- c) any reference to “Currency” or “currency” means the lawful currency from time to time of a country.

Unless inconsistent with the context or save where the contrary is expressly specified in the Securities Terms and Conditions:

- a) references to any condition are to that Condition of the Securities Terms and Conditions;
- b) words denoting the singular only will include the plural also and vice versa, words denoting one gender only will include the other genders and words denoting persons only will include firms and corporations and vice versa;
- c) the use of the word “including” followed by a specific example/s will not be construed as limiting the meaning of the general wording preceding it and the ejusdem generis rule will not be applied in the interpretation of such general wording or such specific example/s. Such references to “including” and “in particular” will not be construed restrictively but will mean “including, without prejudice to the generality of the foregoing” and “in particular, but without prejudice to the generality of the foregoing” respectively;
- d) any reference to days (other than a reference to Business Days), months or years will be a reference to calendar days, months or years, as the case may be;
- e) where any number of days is to be calculated from a particular day, such number shall be calculated as inclusive of the first day and exclusive of the last day. If the last day of such number so calculated falls on a day which is not a Business Day, the last day shall be deemed to be the immediately preceding day which is a Business Day.

If any provision in a definition in the Securities Terms and Conditions is a substantive provision

conferring a right or imposing an obligation on any party then, notwithstanding that it is only in a definition, effect shall be given to that provision as if it were a substantive provision in the body of the Securities Terms and Conditions.

Headings and sub-headings in the Securities Terms and Conditions are inserted for convenience only.

Where any term is defined within a particular Condition, that term shall bear the meaning ascribed to it in that Condition wherever it is used in the Securities Terms and Conditions.

The rule of construction that, in the event of ambiguity, a contract shall be interpreted against the party responsible for the drafting thereof shall not be applied in the interpretation of the Securities Terms and Conditions.

7.3. ISSUE

The Issuer may, at any time and from time to time (without the consent of any Securityholder), subject to the approval of the Board and the prior written approval of the relevant regulators (to the extent applicable), issue one or more Tranche(s) of Securities pursuant to the Programme; provided that the aggregate and the aggregate Calculation Amount of all the Securities issued under the Programme from time to time does not exceed the Programme Amount.

Securities will be issued in individual Tranches which, together with other Tranches, may form a Class of Securities. A Tranche of Securities will be issued on, and subject to, the applicable Securities Terms and Conditions as determined by the Board from time to time at the time of issuance in accordance with the laws of Mauritius provided that, the Securities in all cases shall be subject to these Securities Terms and Conditions, as replaced, amended and/or supplemented by the terms and conditions of that Tranche of Securities set out in the Applicable Pricing Supplement relating to that Tranche of Securities.

Copies of the Applicable Pricing Supplements and relevant approval documentations are available for inspection at the Specified Office of the Issuer.

7.4. FORM

7.4.1. General

A Tranche of Securities shall be issued in the form of listed Securities on the SEM as specified in the Applicable Pricing Supplement.

LR 18.79f **7.4.2. Securities issued in uncertificated form**

A Tranche of Securities shall be issued in uncertificated form and listed on the SEM. Securities issued in uncertificated form will be held in the CDS. Securities issued in uncertificated form will not be represented by any certificate or written instrument.

Title to Securities issued in uncertificated form will pass upon registration of transfer in the Register in accordance with Securities (Central Depository, Clearing and Settlement) Act 1996.

7.4.3. Securities held at the CDS

- (i) The CDS will hold the Securities issued in uncertificated form, subject to the Securities (Central Depository, Clearing and Settlement) Act 1996 and the Applicable Procedures.
- (ii) All amounts to be paid and all rights to be exercised in respect of Securities held in the CDS will be paid to the Securityholders.

7.4.4. Final Redemption Amount and Specified Currency

The Final Redemption Amount and Specified Currency of a Tranche of Securities will be specified in the Applicable Pricing Supplement.

7.4.5. Securities

Each Tranche of Securities will, subject to Condition 7.20 (Securities and the Companies Act):

- (i) be callable or non-callable Securities as specified in the Applicable Pricing Supplement;
- (ii) in relation to a Tranche of Callable Securities, be callable and be issued with an Applicable Redemption Date, as indicated in the Applicable Pricing Supplement;
- (iii) if such Tranche of Securities is specified to be listed on the SEM in the Applicable Pricing Supplement, be issued as fully paid up shares in the Issuer;
- (iv) be issued in accordance with the Companies Act and the Issuer's Constitution;
- (v) be issued at such Issue Price as is specified in the Applicable Pricing Supplement;
- (vi) be a Fixed Rate Security, a Floating Rate Security, a Mixed Rate Security or an Indexed Security, or such combination of any of the foregoing, or such other type of Security, as may be determined by the Issuer and specified in the Applicable Pricing Supplement;
- (vii) cumulative or non-cumulative, non-participating Securities as specified in the Applicable Pricing Supplement; and
- (viii) have the status set out in Condition 7.5 (Status of Securities)

Securities issued in uncertificated form

Title to Securities issued in uncertificated form will pass upon registration of transfer in the Register in accordance with Securities (Central Depository, Clearing and Settlement) Act 1996.

7.4.6. Securities held at the CDS

In relation to each Person shown in the records of the CDS or the relevant Participant, as the case may be, as the holder of Securities, a certificate or other document issued by the CDS or the relevant Participant, as the case may be, as to the aggregate number of such Securities and the aggregate Calculation Amount standing to the account of such Person shall be prima facie proof of such title.

LR 18.79c 7.5. STATUS OF SECURITIES

Each Security will rank ahead of Ordinary Shareholders for dividends.

In a winding-up or liquidation of the Issuer, the Securities rank subordinated to all creditors including depositors, senior to Ordinary Shareholders for return of the Issue Price, and otherwise do not participate in the winding up. All Securities rank equally amongst themselves.

7.5.1. Capital Regulations

In order for the proceeds of the issuance of Securities to qualify as Regulatory Capital, such Securities must comply with the applicable Regulatory Capital Requirements. The Issuer will specify in the relevant Applicable Pricing Supplement whether any issue of Securities is an issue of Securities the proceeds of which are intended to qualify as Regulatory Capital.

7.6. DIVIDEND RIGHTS OF THE SECURITIES

7.6.1. Preference Dividends

- (i) Each Tranche of Securities will confer on the Securityholders of that Tranche of Securities a right to receive, in priority to any payments of dividends to the holders of any lower ranking shares in the Issuer, a cumulative or non-cumulative (as specified in the Applicable Pricing Supplement) preferential cash dividend, determined and payable in accordance with this Condition 7.6 and the Applicable Pricing Supplement.
- (ii) If the Issuer is specified in the Applicable Pricing Supplement as having a discretion to declare and pay Preference Dividends, no Preference Dividend shall accrue or be payable to the Preference Shareholders or Class of Securityholders, as the case may be, if the Issuer does not declare such Preference Dividends.

7.6.2. Dividend on Fixed Rate Securities

7.6.2.1. Accrual of Dividend

Each Fixed Rate Security will have associated with it the right of the holder of such Fixed Rate Security to receive a cumulative or non-cumulative (as specified in the Applicable Pricing Supplement) preferential cash dividend during each Dividend Period commencing on (and including) the Dividend Commencement Date to (but excluding), if applicable, the Applicable Redemption Date in an amount calculated in accordance with this Condition 7.6.2. Subject to Condition 7.6.6 (Business Day Convention), such dividend shall fall due for payment in arrears on each Dividend Payment Date and, if applicable, on the Applicable Redemption Date (if the Applicable Redemption Date does not fall on a Dividend Payment Date).

7.6.2.2. Fixed Dividend Amount

The dividend payable in respect of each Fixed Rate Security for any Dividend Period shall be the relevant Fixed Dividend Amount.

7.6.2.3. Calculation of Dividend Amounts

Unless otherwise specified in the Applicable Pricing Supplement, the dividend payable in respect of each Fixed Rate Security for any period for which a Fixed Dividend Amount is not specified shall be calculated by applying the Dividend Rate to the Calculation Amount, multiplying the product by the relevant Day Count Fraction and rounding the resulting figure to the nearest sub-unit of the Specified Currency (half a sub-unit being rounded upwards), provided that:

- a) if an Initial Broken Amount is specified in the Applicable Pricing Supplement, then the first Dividend Amount shall equal the Initial Broken Amount specified in the Applicable Pricing Supplement; and
- b) if a Final Broken Amount is specified in the Applicable Pricing Supplement, then the final Dividend Amount shall equal the Final Broken Amount specified in the Applicable Pricing Supplement (Securities).

7.6.3. Dividend on Floating Rate Securities and Indexed Securities

7.6.3.1. Accrual of Dividend

Each Floating Rate Security and each Indexed Security will have associated with it the right of the holder of such Floating Rate Security and each Indexed Security to receive a cumulative or non-cumulative (as specified in the Applicable Pricing Supplement) preferential cash dividend during each Dividend Period commencing on (and including) the Dividend Commencement Date to (but excluding), if applicable, the

Applicable Redemption Date in an amount calculated in accordance with this Condition 7.6.3. Subject to Condition 7.6.6 (Business Day Convention), such dividend shall fall due for payment in arrears on each Dividend Payment Date and, if applicable, on the Applicable Redemption Date (if the Applicable Redemption Date does not fall on a Dividend Payment Date).

7.6.3.2. Dividend Rate in respect of Floating Rate Securities

The Dividend Rate which is applicable to a Tranche of Floating Rate Securities for a Dividend Period will be determined by the Issuer.

7.6.3.3. Dividend Rate in respect of Indexed Securities

The Dividend Rate which is applicable to a Tranche of Indexed Securities for each Dividend Period will be determined in the manner specified in the Applicable Pricing Supplement.

7.6.3.4. Maximum and/or Minimum Dividend Rate

If the Applicable Pricing Supplement specifies a Maximum Dividend Rate for any Dividend Period, then the Dividend Rate for such Dividend Period shall in no event be greater than such Maximum Dividend Rate and/or if it specifies a Minimum Dividend Rate for any Dividend Period, then the Dividend Rate for such Dividend Period shall in no event be less than such Minimum Dividend Rate.

7.6.3.5. Determination of Dividend Rate and calculation of Dividend Amount

The Calculation Agent, in the case of Floating Rate Securities will, at or as soon as practicable after each time at which the Dividend Rate is to be determined in relation to each Dividend Period, calculate the Dividend Amount payable in respect of each Floating Rate Security for such Dividend Period. The Dividend Amount will be calculated by applying the Dividend Rate for such Dividend Period to the Calculation Amount and multiplying the product by the relevant Day Count Fraction, rounding the resultant product to the nearest sub-unit being rounded upwards.

7.6.3.6. Calculation of Other Amounts

If the Applicable Pricing Supplement specifies that any other amount is to be calculated by the Calculation Agent, the Calculation Agent will, as soon as practicable after the time or times at which any such amount is to be determined, calculate the relevant amount. The relevant amount will be calculated by the Calculation Agent in the manner specified in the Applicable Pricing Supplement.

7.6.3.7. Publication

The Calculation Agent will cause each Dividend Rate and Dividend Amount determined by it, together with the relevant Dividend Payment Date, and any other amount(s) required to be determined by it, together with any relevant payment date(s) to be notified to the Issuer, the Paying Agent, the Transfer Agent (to the extent the Calculation Agent, the Issuer, the Paying Agent and the Transfer Agent are different persons), any Exchange on which the relevant Floating Rate Securities or the Indexed Securities, as the case may be, are for the time being listed and any securities depository in which the Securities are deposited, as soon as practicable after their determination but (in the case of each Dividend Rate, Dividend Amount and Dividend Payment Date) in any event not later than (i) where the Dividend Rate is determined with reference to the Repo rate or LIBOR, where applicable, the last day of the relevant Dividend Period; (ii) in respect of Indexed Securities, the date specified in the Applicable Pricing Supplement, and (iii) in all other circumstances, the first day of the relevant Dividend Period. Notice thereof shall also promptly be given to the Securityholders in accordance with Condition 7.14 (Notices).

The Calculation Agent will be entitled to recalculate any Dividend Amount (on the basis of the foregoing provisions) without notice in the event of an extension or shortening of the relevant Dividend Period. Any such amendment will be promptly notified to the Issuer (if the Calculation Agent is not the Issuer)

and to the Securityholders in accordance with Condition 7.14 (Notices).

7.6.3.8. Notifications to be final

All notifications, opinions, determinations, certificates, calculations, quotations and decisions given, expressed, made or obtained for the purposes of the Condition 7.6 by the Calculation Agent will (in the absence of wilful default, bad faith or manifest error) be binding on the Issuer and the Securityholders and (subject as aforesaid) no liability to any such Securityholders will attach to the Calculation Agent in connection with the exercise or non exercise by it of its powers, duties and discretions for such purposes.

7.6.4. Accumulated Preference Dividends

- (i) If the Preference Dividends are specified in the Applicable Pricing Supplement as being payable in accordance with these Securities Terms and Conditions, the Issuer shall be liable to pay, and the Securityholders shall be entitled to be paid, by no later than the Applicable Redemption Date all Preference Dividends that have accrued or become payable in relation to the Securities in accordance with these Securities Terms and Conditions and which have not been paid on the applicable Dividend Payment Dates (“Accumulated Preference Dividends”).
- (ii) If the Preference Dividends are specified in the Applicable Pricing Supplement as being non-cumulative, then to the extent that all or any part of a Preference Dividend has accrued or has become payable in accordance with these Securities Terms and Conditions but is not paid by the Issuer on a relevant Dividend Payment Date, the Securityholders shall not be entitled to payment of such Preference Dividends thereafter.

7.6.5. Regulatory Event

- (i) If specified as being applicable in the Applicable Pricing Supplement, if a Regulatory Event occurs and as a consequence of that Regulatory Event, the Issuer suffers or incurs an Increased Cost, the Issuer shall be entitled (but not obliged), by delivery of an announcement (an “Adjustment Notice”), in accordance with the listings requirements of the Exchange on which such Securities are listed (if applicable), to propose to decrease the Dividend Rate by such a margin specified by the Issuer in such Adjustment Notice as may be necessary to place the Issuer in the same position as it would have been in had the Regulatory Event not occurred in respect of the Securities to which the Adjustment Notice applies and/or ensure that the Issuer will receive the same return, in either case as if the relevant Regulatory Event had not occurred, provided that the Issuer shall be required to deliver to the Securityholders written confirmation signed by two directors setting out the amount and the calculation of the Increased Cost and/or reduced return.
- (ii) Upon the occurrence of a Regulatory Event and simultaneously with the delivery of an Adjustment Notice, the Issuer shall deliver a notice convening a meeting of Securityholder or of holders of a Class of Securities in accordance with Condition 7.16 (Meetings of Securityholders) at which meeting Securityholders or holders of a Class of Securities, as the case may be, shall be required to consider whether or not to accept the proposed decrease in the Dividend Rate as set out in the Adjustment Notice. No adjustment in the Dividend Rate in accordance with this Condition 7.6 may be effected unless:
 - a. sanctioned by Ordinary Resolution of the relevant Class of Securityholders; or
 - b. if a decrease in the Dividend Rate is not sanctioned by the Securityholders or the relevant Class of Securityholders, the Issuer may call the relevant Securities or Class of Securities in accordance with the Terms and Conditions and the Applicable Pricing Supplement.

- (iii) Any Adjustment Notice delivered by the Issuer pursuant to this Condition 7.6.5 will set out (i) the details and date of the Regulatory Event which has occurred, (ii) the Securities or Class of Securities affected by such Regulatory Event and accordingly, to which such Adjustment Notice applies, and (iii) the proposed adjusted Dividend Rate(s).

7.6.6. Business Day Convention

- (i) If any Dividend Payment Date (or other date) which is specified in the Applicable Pricing Supplement to be subject to adjustment in accordance with a Business Day Convention would otherwise fall on a day which is not a Business Day, then, if the Business Day Convention specified is:
 - a) the “Floating Rate Business Day Convention”, such Dividend Payment Date (or other date) shall in any case where Dividend Periods are specified in accordance with Condition 7.6.3 (Dividend on Floating Rate Securities and Indexed Securities), be postponed to the next day which is a Business Day unless it would thereby fall into the next calendar month, in which event: (i) such Dividend Payment Date (or other date) shall be brought forward to the first preceding Business Day; and (ii) each subsequent Dividend Payment Date (or other date) shall be the last Business Day in the month which falls the number of months or other period specified as the Dividend Period in the Applicable Pricing Supplement after the preceding applicable Dividend Payment Date (or other date) has occurred; or
 - b) the “Following Business Day Convention”, such Dividend Payment Date (or other date) shall be postponed to the next day which is a Business Day; or
 - c) the “Modified Following Business Day Convention”, such Dividend Payment Date (or other date) shall be postponed to the next day which is a Business Day unless it would thereby fall into the next calendar month, in which event such Dividend Payment Date (or other such date) shall be brought forward to the first preceding Business Day; or
 - d) the “Preceding Business Day Convention”, such Dividend Payment Date (or other date) shall be brought forward to the first preceding Business Day.

7.6.7. Payment of Preference Dividends

Each Preference Dividend that is due and payable shall be paid on its Dividend Payment Date in accordance with the provisions of Condition 7.9 (Payments).

The Issuer and the Board shall each comply with the requirements of the Companies Act, the Banking Act and the Constitution in respect of the declaration and payment of each Preference Dividend.

Dividends to Securityholders will be subject to the Bank’s capacity to pay and upon receiving prior approval of the Regulator. However, Securityholders will rank ahead of Ordinary Shareholders for dividends.

7.7. ADDITIONAL AMOUNTS

LR 18.79f If specified in the Applicable Pricing Supplement to be applicable, should a Redemption Event occur and only as a direct result of the Redemption Event a Securityholder is required to pay an amount of Mauritius income tax (calculated at the rate of normal tax payable by Mauritian companies at the relevant time) on any Preference Dividend, the Issuer shall pay to each Securityholder of Securities in that Tranche an amount equal to such income tax (the “Additional Amount”), such that the affected Securityholder will receive after such income tax, an amount equal to that Preference Dividend, provided that:

- a) the affected Securityholder is required to deliver to the Issuer a copy of its tax assessment showing that an amount of income tax is payable on the Preference Dividend that would not otherwise be payable other than as a result of the occurrence of the Redemption Event;
- b) the affected Securityholder claims the Additional Amount and delivers the assessment referred in Condition 7.7 within one year from the occurrence of the Redemption Event.

7.8. TRANSFER TAXES

The Issuer is not liable for any Taxes that may arise as a result of the transfer of any Security.

7.9. PAYMENTS

7.9.1. General

Only Securityholders named in the Register at 17h00 (Mauritius time) on the relevant Last Day to Register shall be entitled to payment of amounts due and payable in respect of the Securities.

All payments of all amounts (whether in respect of dividends or otherwise) due and payable in respect of any Securities shall be made by the Issuer (where the Issuer itself acts as Paying Agent) or the Paying Agent on behalf of the Issuer (where the Issuer has appointed a third party to act as Paying Agent), as the case may be, on the terms and conditions of an agency agreement (if any) and this Condition 7.9.1.

All references in this Condition 7.9.1 to “Paying Agent” shall be construed as references to the Issuer (where the Issuer itself acts as Paying Agent) or the Paying Agent on behalf of the Issuer (where the Issuer has appointed a third party entity to act as Paying Agent), as the case may be.

Payments will be subject in all cases to any fiscal or other laws, directives and regulations applicable thereto in the place of payment, but without prejudice to the provisions of Condition 7.8 (Transfer Taxes).

7.9.2. Payment of all amounts due and payable in respect of Securities

- (i) The Paying Agent shall pay all amounts due and payable in respect of any Registered Securities in immediately available and freely transferable funds, in the Specified Currency, by electronic funds transfer to the bank account of the CDS as the registered Securityholder of such Securities, which in turn will transfer such funds, via the Participants, to the Securityholders.
- (ii) Neither the Issuer nor the Paying Agent (if the Paying Agent is not the Issuer) shall be responsible for the loss in transmission of any such funds, and payment of any amount into the bank accounts referred to above, in accordance with this Condition 7.9.2, shall be satisfaction pro tanto, to the extent of such amount, of the Issuer’s obligations to the Securityholders under the relevant Registered Securities and the applicable Securities Terms and Conditions.

7.9.3. Securityholders

- (i) Each of the persons reflected in the records of the CDS or the relevant Participant, as the case may be, as the Securityholders, will look solely to the CDS or the relevant Participants, as the case may be, for such Person’s share of each payment so made by the Paying Agent, as the registered Securityholder of such Securities.
- (ii) Neither the Paying Agent (if the Paying Agent is not the Issuer) nor the Issuer will have any responsibility or liability for any aspect of the records relating to, or payments made on account of, Securityholders or for maintaining, supervising or reviewing any records relating to Securityholders.

7.9.4. Method of Payment

- (i) Payments of dividends and the Applicable Redemption Amount will be made in the Specified Currency by electronic funds transfer.
- (ii) If the Issuer is prevented or restricted directly or indirectly from making any payment by electronic funds transfer in accordance with the preceding Condition (whether by reason of strike, lockout, fire, explosion, floods, riot, war, accident, act of God, embargo, legislation, shortage of or breakdown in facilities, civil commotion, unrest or disturbances, cessation of labour, Government interference or control or any other cause or contingency beyond the control of the Issuer), the Issuer shall make such payment by cheque (or by such number of cheques as may be required in accordance with applicable banking law and practice) of any such amounts. Such payments by cheque shall be sent by post to the address of the Securityholder as set forth in the Register or, in the case of joint Securityholders, the address set forth in the Register of that one of them who is first named in the Register in respect of that Securities.
- (iii) Each such cheque shall be made payable to the relevant Securityholder or, in the case of joint Securityholders, the first one of them named in the Register. Cheques may be posted by ordinary post, provided that the Issuer shall not be responsible for any loss in transmission and the postal authorities shall be deemed to be the agent of the Securityholders for the purposes of all cheques posted in terms of this Condition 7.9.4.
- (iv) In the case of joint Securityholders payment by electronic funds transfer will be made to the account of the Securityholder first named in the Register. Payment by electronic transfer to the Securityholder first named in the Register shall discharge the Issuer of its relevant payment obligations under the Securities.
- (v) Payments will be subject in all cases to any taxation or other laws, directives and regulations applicable thereto in the place of payment, but subject to the provisions of Condition 7.8 (Transfer Taxes).

7.9.5. Payment Day

If the date for payment of any amount in respect of any Securities is not a Business Day and is not subject to adjustment in accordance with a Business Day Convention, the holder thereof shall not be entitled to payment until the next following Payment Day in the relevant place for payment and shall not be entitled to further dividends or other payment in respect of any such delay.

7.10. PRESCRIPTION

Subject to Condition 7.7 (Additional Amounts), any claim for payment of any amount in respect of the Securities and the applicable Securities Terms and Conditions will prescribe five years after the date on which such amount first becomes due and payable under the applicable Securities Terms and Conditions, provided that if payment of such amount is required, in accordance with the applicable Securities Terms and Conditions.

LR 18.79g 7.11. TRANSFER OF SECURITIES

Securities which are listed may be subject to restrictions provided that the restrictions are not such as to prevent dealings in the Securities from taking on an open and proper basis.

LR 18.78l 7.11.1. Transfer of Securities held by the CDS

- (i) Securities may be transferred only in accordance with the Applicable Procedures through the CDS.

- (ii) Transfers of Securities to and from clients of Participants occur by way of electronic book entry in the securities accounts maintained by the Participants for their clients, in accordance with the Applicable Procedures.
- (iii) Transfers of Securities among Participants occur through electronic book entry in the central securities accounts maintained by the CDS for the Participants, in accordance with the Applicable Procedures.

7.11.2. Death and sequestration or liquidation of Securityholder

Any Person becoming entitled to Securities in consequence of the death, sequestration or liquidation of the holder of such Securities may, upon producing evidence to the satisfaction of the Issuer that he holds the position in respect of which he proposes to act under this Condition 7.11.2 or of his title as the Issuer shall require, be registered himself as the holder of such Securities or, subject to the Applicable Procedures, this Condition 7.11.2 and Condition 7.11 (Transfer of Securities), may transfer such Securities. The Issuer and (if applicable) the CDS and the relevant Participant shall be entitled to retain any amount payable upon the Securities to which any Person is so entitled until such Person shall be registered as aforesaid or shall duly transfer the Securities.

7.12. REGISTER

The Register shall be kept at the Specified Office of the Issuer. The Register shall reflect the number of Securities at any given time and the date upon which each of the Securityholders was registered as such. The Register shall contain the name, address, and bank account details of the Securityholders. The Register shall set out the Issue Price of the Securities issued to such Securityholders and shall show the date of such issue. The Register shall be open for inspection during the normal business hours of the Issuer to any Securityholder or any Person authorised in writing by any Securityholder. The Transfer Agent shall not be obliged to record any transfer while the Register is closed. The Transfer Agent shall not be bound to enter any trust into the Register or to take notice of any or to accede to any trust executed, whether express or implied, to which any Security may be subject. The Register shall be closed from the Last Day to Register until each payment date of the Applicable Redemption Amount (if applicable and/or dividends in respect of the Securities, as the case may be).

The Transfer Agent shall alter the Register in respect of any change of name, address or bank account number of any of the Securityholders of which it is notified in accordance with these Securities Terms and Conditions.

Except as provided for in these Securities Terms and Conditions or as required by law, in respect of Securities, the Issuer will only recognise a Securityholder as the owner of the Securities registered in that Securityholder's name as per the Register.

7.13. TRANSFER AGENT, CALCULATION AGENT AND PAYING AGENT

Any third party appointed by the Issuer as Transfer Agent, Calculation Agent and/or Paying Agent shall act solely as the agent of the Issuer and does not assume any obligation towards or relationship of agency or trust for or with any Securityholders.

If the Issuer elects to appoint another entity (not being the Issuer) as Transfer Agent, Calculation Agent and/or Paying Agent, that other entity, on execution of an appropriate agency agreement or an appropriate accession letter to any agency agreement, as the case may be, shall serve in that capacity in respect of the Securities. The Issuer shall notify the Securityholders (in the manner set out in Condition 7.14 (Notices) of any such appointment and, if any Securities are listed on the SEM, the Issuer shall notify the SEM of any such appointment.

The Issuer is entitled to vary or terminate the appointment of the Transfer Agent, the Calculation Agent and/or the Paying Agent and/or appoint additional or other agents and/or approve any change in the

specified office through which any such agent acts, provided that there will at all times be a Transfer Agent, Calculation Agent and a Paying Agent with an office in such place as may be required by the Applicable Procedures. The Transfer Agent, Paying Agent and Calculation Agent act solely as the agents of the Issuer and do not assume any obligation towards or relationship of agency or trust for or with any Securityholders.

7.14. NOTICES

7.14.1. By the Issuer

7.14.1.1. Service of Notice

- (i) Subject to Conditions 7.14.1.2 and 7.14.1.4, any notice or document may be served on or delivered to any Securityholder by the Issuer either personally or by sending it by post in a pre-paid envelope addressed to such Securityholder at his registered address, supplied by him to the Issuer as his address for the service of notices, or by delivering it to such address addressed as aforesaid, provided that notice by advertisement shall be made through the SEM.
- (ii) Any notice, document or information which is sent or supplied by the Issuer in hard copy form, or in electronic form, and which is properly addressed shall, where required to be delivered for any purpose contemplated in the Companies Act be deemed to have been Delivered to the intended recipient on the date and at the time determined in accordance with the laws of Mauritius. The Issuer shall however not be bound to use any method of giving notice, documents, records or statements or notices of availability of the foregoing, contemplated in the Companies Act.
- (iii) The accidental failure to send, or the non-receipt by any person entitled to, any notice of or other document relating to any meeting or other proceeding shall not invalidate any action taken at the relevant meeting or other proceeding.

7.14.1.2. Joint Securityholders

In the case of joint Securityholders, any notice given to that one of the joint Securityholders who is first named in the Register in respect of that Securities shall be sufficient notice to all the joint Securityholder their capacity as such.

7.14.1.3. Deceased and Insolvent Securityholders

A Person entitled to a security in consequence of the death or insolvency of a Securityholder or otherwise by operation of law, upon supplying to the Issuer such evidence as the Board may reasonably require to show his title to that Security, and upon supplying also an address within Mauritius for the service of notices, shall be entitled to have served upon or delivered to him at such address any notice or document to which the said Securityholder would have been entitled, and such service or delivery shall for all purposes be deemed a sufficient service or delivery of such notice or document on all persons interested, whether jointly with or as claiming through or under him, in that Security. Save as aforesaid any notice or document delivered or sent by post to or left at the address of any Securityholder in pursuance of the Issuer's Constitution shall, notwithstanding that such Securityholder be then dead or insolvent or in liquidation, and whether or not the Issuer has notice of his death or insolvency or liquidation, be deemed to have been duly served or delivered in respect of any Security registered in the name of such Securityholder as sole or first-named joint Securityholder.

7.14.1.4. Electronic Communication

- (i) Any Securityholder may notify the Issuer of an e-mail address or fax number for the purpose of his receiving electronic communications from the Issuer, and having done so shall be deemed to have agreed to receive by electronic communication notices and other documents from the Issuer at his e-mail address or fax number, and the Issuer may satisfy its obligation to send him

any notice or other document by using electronic communication to give notices and other documents or notices of availability of the foregoing to him.

- (ii) Any amendment or revocation of a notification given to the Issuer under this Condition 7.14.1.4 shall only take effect if in writing, signed by the Securityholder and on actual receipt by the Issuer thereof.
- (iii) An electronic communication shall not be treated as received by the Issuer if it is rejected by computer virus protection arrangements.
- (iv) If the Issuer receives actual notice that a failure of delivery of an electronic communication to a Securityholder has occurred, and then receives actual notice that subsequent attempts to resend the original communication have also failed, the Issuer shall send a hard copy of the communication by post to the Securityholder's registered address within 48 hours of the Issuer receiving the notice of the original failure of delivery.

7.14.1.5. Statutory Requirements as to notices

Nothing in Conditions 7.14.1.2 to 7.14.1.4 shall affect any requirement of the Companies Act, the Banking Act, the Applicable Procedures and/or applicable law, as the case may be, that any particular offer, notice or other document be served in any particular manner.

7.14.1.6. Notice by the Securityholders

Notice shall be given by any Securityholder to the Issuer via the CDS in accordance with the Applicable Procedures, in such manner as the Issuer and the CDS may approve for this purpose. Such notices shall be deemed to have been received by the Issuer on the date and at the time determined in accordance with the laws of Mauritius.

7.14.1.7. Notice in relation to Securities listed on the SEM

In addition to the provisions of Conditions 7.14, for so long as any Securities are listed on the SEM all notices in respect of such SEM-listed Securities, shall be made by way of an announcement on the SEM.

7.15. VOTING RIGHTS

LR 18.78b No Security shall have associated with it any general voting right at any shareholders meeting of the Issuer other than an irrevocable right of the Securityholders of any Class of Securities to vote on any proposal to amend the Security Terms and Conditions associated with that Class of Securities.

Provided that where any amendment to the Securities Terms and Conditions is a proposed amendment to the Securities Terms and Conditions and/or the Issuer's Constitution which affects or relates to all Securities in issue under the Programme at that time, then such amendment shall not be effective unless it is approved by Special Resolution of all Securityholders and for such purpose all of the holders of Securities shall be treated as a single class and each Securities shall have associated with it one general voting right for the purposes of such Special Resolution. Where any proposed amendment to the Securities Terms and Conditions is a proposed amendment to the Securities Terms and Conditions or the Issuer's Constitution, which affects or relates to a Class of Securityholders only, then such amendment shall not be effective unless it is approved by Special Resolution of the affected Class of Securityholders.

7.16. MEETINGS OF SECURITYHOLDERS

LR 18.78b **7.16.1. Convening of meetings**

The Issuer may at any time convene a meeting of all Securityholders or holders of any Class of Securities, and shall be obliged to do so upon the request in writing of Securityholders holding not less

than 5 percent of the voting rights in that Class, as the case may be. Should the Issuer fail to requisition a meeting within 15 (fifteen) Business Days of such a request being Delivered to the Specified Office of the Issuer, the Securityholders requesting such a meeting may convene such meeting by written notice to the Issuer and the relevant Securityholders to which such meeting applies in accordance with Condition 7.14 (Notices). A meeting so convened will be convened as nearly as possible in the same manner as that in which meetings may be convened by the Issuer.

7.16.2. Notice of meetings

- (i) Any meeting of all Securityholders or holders of any Class of Securities shall be called by at least 15 (fifteen) Business Days' notice after Delivery in writing by the Issuer to all Securityholders entitled to vote or otherwise entitled to receive notice and the SEM. An announcement shall also be made on the SEM. The period of notice shall in each case be exclusive of the day on which the notice is Delivered or deemed to be Delivered in accordance with the Securities Terms and Conditions, the Companies Act and inclusive of the day on which the relevant meeting is to be held. A meeting of all Securityholders or holders of any Class of Securities, notwithstanding that it has been called by a shorter notice than that specified above, shall be deemed to have been duly called if every person who is entitled to exercise voting rights in respect of any item on the meeting agenda (i) is present at the meeting; and (ii) votes to waive the required minimum notice of the meeting.
- (ii) A requisition notice by Securityholders requesting a meeting of Securityholders pursuant to Condition 7.16.2 (i) above may consist of several documents in like form, each signed by one or more requisitioning Securityholders. Such a requisition notice will be delivered to the Specified Offices of the Issuer.

7.16.2.1. Contents of notice of meetings of Securityholders

- (i) Every notice calling a meeting of Securityholders must be in writing and shall specify, in addition to any other information prescribed by the Companies Act, the Banking Act, Applicable Procedures and/or the SEM Listings Requirements, the place, the day and the hour of the meeting and there shall appear, with reasonable prominence in every such notice a statement that a Securityholder entitled to attend and vote is entitled to appoint a proxy or proxies to attend, speak and vote instead of him on a poll or a show of hands and that a proxy need not be a Securityholder of the Issuer.
- (ii) The notice shall specify the general or specific purpose of the meeting.
- (iii) For the purposes of determining which persons are entitled to attend or vote at a meeting and how many votes such person may cast, the Issuer or the Transfer Agent, as the case may be, shall specify in the notice of the meeting, the record date by which a person must be entered on the Register in order to have the right to participate in and vote at such meeting.

7.16.2.2. Proxy

- (i) A Securityholder may by an instrument in writing in any usual form or common form or in any other form which the Board may approve (a "form of proxy") signed by the holder or his attorney or, in the case of a corporation, executed on its behalf by an attorney or a duly authorised officer or representative of the corporation, appoint any Person (a "proxy") to act on his or its behalf in connection with any meeting or proposed meeting of the Securityholders.
- (ii) The signature on such form of proxy need not be witnessed. Where a form of proxy appointing a proxy is signed on behalf of the appointer by an attorney, the letter or power of attorney or a duly certified copy thereof must, failing previous registration with the Issuer or the Transfer Agent, as the case may be, be lodged with the form of proxy, failing which the form of proxy may be treated as invalid.

- (iii) Validly completed proxy appointments will be accepted at the address specified for that purpose in or by way of note to or in any documents accompanying the notice convening the meeting or, if no address is so specified, at the Specified Office of the Issuer or the Transfer Agent, as the case may be, and in default shall not be treated as valid, unless it is accepted by the chairperson of the meeting to which the proxy appointment relates.
- (iv) The form of proxy shall, unless the contrary is stated thereon, be valid as well for any adjournment of the meeting as for the meeting to which it relates. A form of proxy relating to more than one meeting, including any adjournment thereof, having once been delivered for the purposes of any meeting shall not require again to be delivered for the purposes of any subsequent meeting to which it relates.
- (v) A Securityholder may appoint more than one proxy in relation to a meeting provided that each proxy is appointed to exercise the rights attached to a different Security or Securities held by him.
- (vi) Subject to the Companies Act, the Banking Act, any Applicable Procedures and any other applicable laws of Mauritius, any Securityholder which is a corporate entity may by resolution of its directors or other governing body authorise any Person to act as its Representative in connection with any meeting or proposed meeting of the Securityholders.
- (vii) A proxy or Representative shall have the right to exercise all or any of the rights of his appointer, or (where more than one proxy is appointed) all or any of the rights attached to the Securities in respect of which he is appointed to attend, speak and vote at a meeting of Securityholders. Unless his appointment provides otherwise, a proxy may vote or abstain at his discretion on any resolution put to the vote at the meeting to which his appointment relates.

7.16.2.3. Chairperson

The Chairperson (who may, but need not, be a Securityholder) of the meeting shall be appointed by the Issuer in accordance with its Constitution. The procedures to be followed at the meeting shall be as determined by the Chairperson subject to the remaining provisions of this Condition 7.16. Should the Securityholder requisition a meeting, and the Issuer fails to call such a meeting within 15 (fifteen) Business Days of the requisition, then the Chairperson of the meeting held at the instance of the Securityholders shall be selected in accordance with the Issuer's Constitution, and in case of failure to appoint the Chairperson thereof, by a majority of Securityholders present in Person, by Representative or by proxy. The chairman of an adjourned meeting need not be the same Person as was chairman of the original meeting.

7.16.2.4. Quorum

- (i) Subject to the provisions of Condition 7.16, no business shall be transacted at any meeting of Securityholders or Class of Securityholders, as the case may be, unless a quorum is present. The quorum necessary for the commencement of a meeting of Securityholders or Class of Securityholders shall be sufficient persons present in person or represented by Representative or by proxy holding a majority of the votes to be cast on the business to be transacted at the meeting.
- (ii) A matter to be decided at a meeting of Securityholders or Class of Securityholders, as the case may be, may not begin to be considered unless those who fulfilled the quorum requirements of Condition 7.16.2.4, continue to be present. If a resolution is proposed to meet the requirements of the SEM, notwithstanding that Securityholders of Securities not listed on the SEM shall be entitled to be counted in the quorum as a matter of law, they shall not be taken into account for the purposes of determining whether or not the quorum requirements of the SEM have been attained.

- (iii) If within thirty minutes from the time appointed for a meeting of Securityholders or Class of Securityholders, as the case may be, or such longer interval not exceeding one hundred and twenty minutes as the chairperson of the meeting may think fit to allow a quorum is not present, or if during the meeting a quorum ceases to be present, the meeting shall stand adjourned to the same day, time and place of the following week or to such other date, time and place as the Directors may determine, subject to the provisions of Condition 7.16.2.6 (Adjournment of meetings).

7.16.2.5. Quorum at any meeting for passing an Ordinary Resolution or Special Resolution

The quorum at any meeting for passing an Ordinary Resolution or Special Resolution, as the case may be, shall be the Securityholders of that Class present or represented by proxies or Representatives and holding or representing a majority of the votes to be cast on the business to be transacted at the meeting. A Special Resolution passed at any meeting of the holders of Securities of that Class will be binding on all holders of Securities, whether or not they are present at the meeting. No amendment to or modification of the Securities Terms and Conditions may be effected without the written agreement of the Issuer.

7.16.2.6. Adjournment of meetings

- (i) The Chairperson of any meeting of Securityholders or Class of Securityholders, as the case may be, at which a quorum is present may with the consent of the meeting, and shall if so directed by the meeting (such consent or direction being given by a motion supported by persons entitled to exercise, in aggregate, a majority of Securityholders present or represented by proxies or Representatives and holding or representing a majority of the votes to be cast on the business to be transacted at the meeting) adjourn the meeting from time to time and from place to place to a day not earlier than 7 (seven) days and not later than 21 (twenty-one) days after the date of the meeting, but no business shall be transacted at any adjourned meeting except business which might lawfully have been transacted at the meeting from which the adjournment took place. Subject to Condition 7.16, notice of the adjourned meeting shall be given in the like manner as in the case of the original meeting.
- (ii) Unless required under the Companies Act, the Banking Act, the Applicable Procedures or any applicable laws of Mauritius, it shall not be necessary to give any notice of an adjournment or of the business to be transacted at an adjourned meeting.

7.16.2.7. Participation

The following may attend and speak at a meeting:

- (i) Securityholders present, by Representative or by proxy provided that no such Person shall be entitled to attend and speak (or vote) unless he or she provides proof acceptable to the Issuer that he or she is a Securityholder, its Representative or proxy if so required by the Issuer to do so;
- (ii) any officer or duly appointed representative of the Issuer and every other Person authorised in writing by the provided that such Person shall not be entitled to vote, other than as a proxy or Representative;
- (iii) the legal counsel to the Issuer;
- (iv) the Transfer Agent (where the applicable);
- (v) any other Person approved by the Securityholders at such meeting; and

- (vi) every director or duly appointed representative of the Issuer and every other Person authorised in writing by the Issuer may attend and speak at a meeting of Securityholders, but shall not be entitled to vote, other than as a proxy or Representative.

7.16.2.8. Poll

- (i) At any meeting all resolutions, and any proposed amendment thereto, put to the vote of the meeting shall be decided on show of hands or voice unless the Chairperson determines, subject to Condition 7.16, that such resolution, and any proposed amendments thereto, shall be decided on poll.
- (ii) If pursuant to Condition 7.16, the Chairperson of the meeting has determined that a resolution, and any proposed amendments thereto, shall be decided on poll, before, or on the declaration of the result of such a vote, a poll may be demanded by:
 - a) not less than 5 (five) Securityholders in person or by proxy and entitled to vote, or
 - b) the Chairperson of the meeting, or
 - c) the Securityholder(s) present in person or by Representative or by proxy and representing not less than 10 percent of the total voting rights of the Securities having the right to vote at the meeting,

provided that no poll may be demanded on a resolution for the election of the Chairperson of a meeting.

- (i) A demand for a poll may, before the poll is taken, be withdrawn but only with the consent of the Chairperson. A demand so withdrawn shall not be taken to have invalidated the result of a show of hands declared before the demand was made.
- (ii) A poll shall be taken in such manner, including the use of ballot or voting papers or tickets, as the Chairperson of the meeting may direct, and the result of the poll shall be deemed to be the resolution of the meeting to which the poll relates. The Chairperson of the meeting may, and if so directed by the meeting shall, appoint scrutineers, who need not be Securityholders, and may adjourn the meeting to some place and time fixed by him for the purpose of declaring the result of the poll.
- (iii) On a poll, votes may be given either personally or by Representative or by Proxy and a Securityholder entitled to more than one vote need not use all his votes or cast all the votes he uses in the same way.
- (iv) A poll in relation to a question of adjournment shall be taken forthwith. A poll in relation to any other question shall be taken either at the meeting or at such subsequent time not being more than thirty days from the date of the meeting and place as the chairperson of the meeting may direct. Any poll may, as the Chairperson of the meeting shall direct, close at different times for different Classes of Securityholders. No notice need be given of a poll not taken immediately. The taking of a poll shall not prevent the continuance of the meeting for the transaction of any business other than the question to which the poll relates.

7.16.2.9. Votes

Subject to Condition 7.16, the provisions of the Banking Act and any special rights or restrictions as to voting attached by or in accordance with the Issuer's Constitution to any Class of Securities, every Securityholder present in Person, by Representative or by proxy and who provided proof acceptable to the Issuer of his entitlement to vote, if so required by the Issuer, shall have (i) on a show of hands or voice, one vote; or (ii) on a poll, one vote for each Security held or represented by him.

Unless the form of proxy states otherwise, a Representative or proxy shall not be obliged to exercise all

the votes which he is entitled or cast all the votes which he exercises in the same way.

A majority shall be required to ordinarily pass a resolution of Securityholders.

7.16.2.10. Validity of votes by proxies

Any vote by a proxy in accordance with the form of proxy shall be valid even if such form of proxy or any instruction pursuant to which it was given has been amended or revoked, provided that the Transfer Agent (where applicable) or the Issuer at its Specified Office has not been notified in writing of such amendment or revocation by the time which is 24 hours before the time fixed for the relevant meeting. Unless revoked, any appointment of a proxy under a form of proxy in relation to a meeting shall remain in force in relation to any resumption of such meeting following an adjournment.

7.16.2.11. Powers

A meeting of Securityholders will have the power (exercisable by Ordinary Resolution or Special Resolution, as applicable), without prejudice to any other powers conferred on it or any other Person:

- a) to sanction any compromise or arrangement proposed to be made between the Issuer and the Class of Securityholders or any of them;
- b) to approve the substitution of any entity for the Issuer which shall be proposed by the Issuer;
- c) to sanction any abrogation, modification, compromise or arrangement in respect of the rights of the Class of Securityholders against the Issuer or against any of its property whether such rights shall arise under the Securities or otherwise;
- d) to assent to any modification of the provisions contained in the Securities Terms and Conditions which shall be proposed by the Issuer;
- e) to give any authority or sanction which under the Securities Terms and Conditions is required to be given by Ordinary Resolution or Special Resolution, as the case may be;
- f) to appoint any persons (whether Securityholders or not) as a committee or committees to represent the interests of the Securityholders of that Class and to confer upon such committee or committees any powers or discretions which the Securityholders could themselves exercise by Ordinary Resolution or Special Resolution, as applicable;
- g) to sanction any scheme or proposal for the exchange or sale of the Securities for, or the conversion of the Securities into or the cancellation of the Securities in consideration of, shares, stocks, notes, bonds, debentures, debenture stock and/or other obligations and/or securities of the Issuer or any entity (corporate or otherwise) formed or to be formed, or for or into or in consideration of cash, or partly for or into or in consideration of such shares, stock, notes, bonds, debentures, debenture stock and/or other obligations and/or securities as aforesaid and partly for or into or in consideration for cash.

7.16.2.12. Validity and result of vote

- (i) No objection shall be raised as to the admissibility of any vote except at the meeting or adjourned meeting or poll at which the vote objected to is or may be given or tendered and every vote not disallowed at such meeting shall be valid for all purposes. Any such objection shall be referred to the chairperson of the meeting whose decision shall be final and conclusive.
- (ii) Unless a poll is taken, a declaration by the Chairperson of the meeting that a resolution has been carried, or carried unanimously, or by a particular majority, or lost, and an entry to that effect in the minute book, shall be conclusive evidence of that fact without proof of the number or proportion of the votes recorded for or against such resolution.

7.16.2.13. Binding effect of resolutions

- (i) Any resolution passed at a meeting of a Class of Securityholders duly convened shall be binding upon all Securityholders of that Class whether or not present at such meeting and whether or not voting, and each Securityholder of that Class shall be bound to give effect to it accordingly.
- (ii) An Ordinary Resolution and a Special Resolution shall be binding upon all Securityholders whether or not present at such meeting and whether or not voting, and each of the Securityholders shall be bound to give effect to it accordingly.

7.16.2.14. Notice of the result of voting on any resolution

Notice of the result of the voting on any resolution (including any Ordinary Resolution or Special Resolution) duly considered by the Securityholders shall be given to the Securityholders within 14 (fourteen) days of the conclusion of the meeting in accordance with Condition 7.14 (Notices). Non-publication shall not invalidate any such resolution.

7.17. MODIFICATION

Subject to the Companies Act, the SEM Listings Requirements and the listings requirements of any other applicable Exchange, as the case may be, the Issuer may effect, without the consent of the relevant Class of Securityholders, any modification of the Securities Terms and Conditions in any manner necessary to correct a patent error in spelling, punctuation, reference, grammar or similar defect on the face of the Securities Terms and Conditions, by publishing a notice of the alteration, in any manner required or permitted by the Issuer's Constitution or the rules of the Issuer and filing a notice of the alteration with the Companies and Intellectual Property Commission. Any such modification shall be binding on the relevant Class of Securityholders. For the avoidance of doubt, the exercise by the Issuer of its rights under Condition 7.13 (Transfer Agent, Calculation Agent and Paying Agent) shall not constitute a modification of these Securities Terms and Conditions.

Save as provided in Condition 7.17, no modification of these Securities Terms and Conditions may be effected unless:

- a) The SEM has been notified of the amendments; and
- b) the amendments are either:
 - (i) approved in writing and signed by or on behalf of the Issuer and by or on behalf of the members of the relevant Class of Securityholders holding not less than 75% (seventy-five percent) of the Securities in that Class; or
 - (ii) sanctioned by a Special Resolution of the relevant Class of Securityholders.

Any modification of the Securities Terms and Conditions which may have a direct effect on compliance with the SEM Listing Requirements or such other Exchange as the case may be, will require the approval of the SEM or such other Exchange as the case may be.

7.18. FURTHER ISSUES

The Issuer shall be at liberty from time to time without the consent of the Securityholders to create and issue further Securities (the "Additional Securities") having terms and conditions which are identical as any of the other Securities already issued under the Programme (the "Existing Securities") or the same in all respects save for their respective Issue Prices and Issue Dates, so that the Additional Securities shall be (i) consolidated to form a single Class with the Existing Securities and (ii) rank pari passu in all respects with the Existing Securities.

LR 18.79e **7.19. GOVERNING LAW**

Unless otherwise specified in the Applicable Pricing Supplement, the provisions of the Securities Terms and Conditions and the Securities are governed by, and shall be construed in accordance with, the laws of Mauritius.

LR 18.79e **7.20. SECURITIES AND THE COMPANIES ACT**

Notwithstanding anything to the contrary contained in these Securities Terms and Conditions or the Programme Memorandum, (i) the Issuer, (ii) each Tranche of Securities, and (iii) each of the Securityholders, shall be subject to all of the applicable provisions of the Companies Act and the Banking Act (the “**Applicable Provisions**”).

For the purpose of the Securities and in relation to (i) the Issuer, (ii) each Tranche of Securities, and (iii) each of the Securityholders:

- (i) the Applicable Provisions are deemed to be incorporated by reference into these Securities Terms and Conditions; and
- (ii) to the extent that there is any conflict or inconsistency between the Applicable Provisions and any of these Securities Terms and Conditions, the Applicable Provisions shall prevail; and
- (iii) to the extent that, in consequence of such conflict, the Applicable Provisions replace, amend, or supplement any of these Securities Terms and Conditions, any reference to “ Securities Terms and Conditions” in the Programme Memorandum and/or the Applicable Pricing Supplement shall be deemed to include these Securities Terms and Conditions as so replaced, amended or supplemented.

7.21. SEVERABILITY

Should any of the applicable Securities Terms and Conditions be, or become, invalid, the validity of the remaining applicable Securities Terms and Conditions shall not be affected in any way.

LR 18.77 **8. USE OF PROCEEDS**

The net proceeds from each issue of Securities will be applied by the Issuer for its general corporate purposes or as otherwise may be described in the Applicable Pricing Supplement.

9. DESCRIPTION OF AFRASIA BANK LIMITED

9.1. INTRODUCTION AND HISTORY

AfrAsia Bank Limited (the “Bank” or “AfrAsia”) is a specialist regional bank which is incorporated and headquartered in Port Louis, Mauritius. In addition to established operations in its domestic market, AfrAsia is strategically positioned to provide banking services to the fast growing Africa-Asia trade and investment corridor.

AfrAsia was founded on 12 October 2007 and operates in highly attractive markets where its network of representative offices, strong and experienced management team, strategically diversified shareholder base and established track-record provide it with competitive advantages.

The core business lines of the Issuer are:

(i) Corporate and Investment Banking (including Treasury)

- a) Offering of innovative rolling call working capital facilities, term lending for project finance and real estate, cash management (including multi-currency deposits and trade finance) and participation in cross-border syndicated loans for both project and trade finance;
- b) Treasury capabilities for corporates, private clients and banks, including foreign exchange (fx) trading, options, swaps and forwards and money market products.
- c) Investment banking services, conducted via AfrAsia Corporate Finance Proprietary Limited, which include mergers and acquisitions advisory, restructuring advisory, project finance advisory, strategic advice and structured lending;

(ii) Private Banking and Wealth Management

- a) Offering of attractively remunerated core banking transactional accounts with easy internet access, access to dedicated relationship and wealth managers, wide range of investment products, exclusive up-scale credit cards and the ability to lend in various tax efficient structures.

(iii) Global Business

- a) International (offshore) banking in the region and beyond, leveraging Mauritius' network of over 30 tax treaties as well as the relationships of the Bank's regional shareholders and other affiliations.

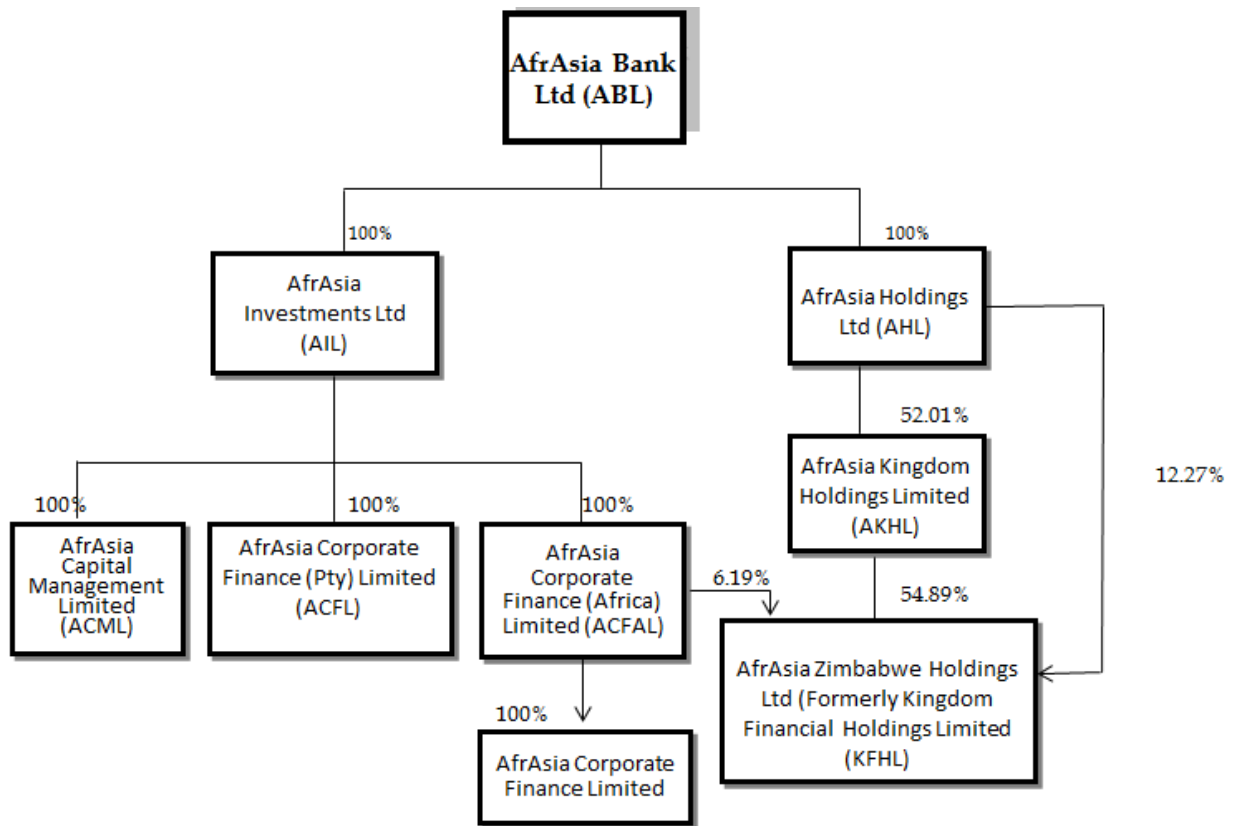
Since inception, the Bank has expanded through a combination of substantial organic growth and a series of strategic acquisitions. Its core activities are in Mauritius, South Africa and Zimbabwe with marketing capabilities in Singapore, London, France and Switzerland.

AfrAsia's core banking and transactional capabilities are in Mauritius, along with bank representative offices in Cape Town and Johannesburg, its asset management arm, AfrAsia Capital Management Limited (“**AfrAsia Capital Management**”), its investment banking arm, AfrAsia Corporate Finance as well as its Zimbabwean bank subsidiary, AfrAsia Zimbabwe Holdings Limited.

The Bank's strategic goals and objectives are based on the aspiration to be recognised as a distinctive and leading bank in the region connecting the Africa-Asia trade and investment corridor using the Mauritius International Financial Centre (“IFC”) as the bridge. This distinction is embodied in its culture, which is an ability to be agile, flexible and continuously innovative.

9.2. OWNERSHIP AND CONTROL

The organisational structure of AfrAsia as at the Programme Date is set out below.



AfrAsia has a good combination of local and foreign private institutional investors of reputation renowned across various continents. Conversely, the Bank's aim is to ensure that there is proper and efficient information dissemination to all of its shareholders in order to ensure the rights of minority shareholders are not neglected. Approximately 3% of the Bank's shareholding structure is held by current staff of the Bank, a testament to staff involvement and participation in the Bank's growth story.

The shareholding structure of AfrAsia as at the Programme Date is as follows:

Shareholder	% Holding
GML Investissement Ltée	30%
Intrasia Capital Pte Limited	12%
Société De Promotion Et De Participation Pour La Cooperation Economique (Proparco)	9%
Asiabridge Fund I, LLC	8%

Belle Mare Holding Limited	6%
GML Ineo Ltée	5%
Other	30%

9.3. REVIEW OF OPERATIONS/DESCRIPTION OF BUSINESS

9.3.1. Corporate and Investment Banking

9.3.1.1. Corporate Banking

AfrAsia has made its strongest impact in Mauritius and the SADC region with an internationally talented and well-networked team of corporate bankers and treasury staff. GML, one of the largest and most respected conglomerates in Mauritius, as majority owner, also provides the Bank with ready access to every major corporation, government related enterprise as well as high net worth individuals in Mauritius.

Products Offered

AfrAsia has established relationships with the majority of leading conglomerates, entrepreneurs and parastatals, offering innovative rolling call working capital facilities, term lending for project finance and real estate, foreign exchange trading, options, swaps and forwards.

AfrAsia has provided mezzanine finance, syndicated loan arrangements, debt capital markets issuance, merger and acquisitions and restructuring advisory services to a broad range of clients in both Mauritius and South Africa.

Operations Outside of Mauritius

The Bank is actively involved with the expansion of Mauritian corporates, including the financing of hotels in the Maldives and Seychelles. AfrAsia is also a banker for selected corporates from Reunion, South Africa and Madagascar. Additional opportunities exist due to Mauritius' large infrastructure needs which necessitate increased bank debt and capital markets issuance.

Performance and Growth

Corporate banking interest, fee income and foreign exchange dealing have been the key sources of returns, and have, to date, driven the profitability of AfrAsia. Despite the prevailing uncertainties of the global economy during the last financial year, Corporate Banking registered strong continued growth primarily through diversification of the customer base and superior penetration of clients in its target markets. At the same time, the Bank has continued to actively manage credit risk. AfrAsia has also grown the share of revenue derived from non-capital intensive advisory work. The Bank gained market share in the year ended June 2013 through its "can-do attitude" and living the brand values of "bank different".

9.3.1.2. Investment Banking

AfrAsia, through its wholly owned subsidiary AfrAsia Corporate Finance, provides financial advisory and capital raising solutions to clients in connection with mergers and acquisitions, restructurings and other strategic matters. AfrAsia Corporate Finance advises a wide range of organisations across the SADC region, from corporates and project sponsors to investment funds and financial institutions, and also supports its client relationships with innovative financing solutions ranging from bridging facilities for

acquisitions to turnaround financing and short term working capital facilities.

AfrAsia Corporate Finance's business is to provide comprehensive support to the strategic initiatives of its clients, through an offering that encompasses the full spectrum of services from the formulation of strategy through to its financing and implementation, as set out below:

Strategic role:

- a) advising on the formulation, implementation and communication of the corporate strategy;
- b) assisting on formulating the most appropriate capital and funding structure;
- c) assisting on the identification and assessment of acquisition and disposal opportunities;
- d) advising on communication with shareholders and analysts;

Financing role:

- a) advice and assistance in structuring and executing equity and equity-linked offerings to help clients fund acquisitions and other important strategic initiatives;
- b) underwriting selected equity and equity-linked offerings by its clients;
- c) advice and assistance in structuring and raising of debt finance;
- d) arrangement or provision of short-term funding to support its clients' businesses, if conventional funding is unavailable;

Implementation role:

- a) advice and assistance with negotiations on corporate finance transactions, including:
- b) assistance in identifying and approaching acquisition targets and their shareholders;
- c) full management of acquisition and disposal processes;
- d) advice on valuation of businesses, due diligence exercises and funding structures for transactions;
- e) Co-ordination of other advisers on transactions;
- f) Assistance and advice on preparation of transaction documents and press releases

9.3.2. Private Banking and Wealth Management

9.3.2.1. Overview

The Bank offers a full service private banking offering which ranges from traditional banking services such as savings and time deposits, mortgages and other types of lending, credit cards and internet banking, to a full range of investment and wealth management solutions as well as global custody services. The objective is to position Mauritius as a 24/7 private banking jurisdiction serving as the primary gateway to and between Africa and Asia.

AfrAsia meets the needs of private clients by providing attractively remunerated core banking transactional accounts with easy internet access, access to dedicated relationship and wealth managers, exclusive up-scale credit cards and the ability to provide financing in a variety of tax efficient structures. AfrAsia has developed a robust and scalable private banking platform, capable of servicing a significantly larger level of client assets on an open architecture basis, giving access to a wide range of

funds, ETFs, stock and bond markets.

AfrAsia offers a variety of tailor-made structured investment products along with selected asset management and portfolio management, which is provided by AfrAsia Capital Management. This capability has been scaled up after AfrAsia acquired a 50% interest in the then known AXYS Capital Management Limited in February 2010 to formalise the private client offering known as “AfrAsia Private Bank”. In October 2013, the Bank exercised the option it had to acquire the remaining 50% interest in AXYS Capital Management and rebranded it as AfrAsia Capital Management Limited.

9.3.2.2. Product Offering

AfrAsia offers a wide range of private banking services, including:

- a) Discretionary Portfolio Management: Bespoke, segregated investment management service available to clients;
- b) Investment Portfolio Advisory: Investment advisory service with the ultimate investment decision made by the client;
- c) Innovative Investment Solutions: Tailored investment solutions in conjunction with AfrAsia Capital Management;
- d) Access to specialised managed funds from top Fund Houses, short-term notes, direct access to stocks, bonds and ETFs on exchanges around the world;
- e) Credit Card: Unique Titanium MasterCard Credit Card with special privileges and Titanium awards;
- f) Deposits and Cash Management: Multiple account offerings;
- g) Lending: A range of credit facilities to private clients, including loans, guarantees, overdrafts and mortgages;
- h) Global Custody Services: Offered in partnership with ABN AMRO Bank, the Global Custody service provides a single point and easy access to the world's financial market.

9.3.3. Global Business Banking

9.3.3.1. Overview

Since Mauritius introduced Global Business incentives in 1992, this sector has experienced high growth and the country is now recognised as a leading International Financial Centre. This expansion initially started on the back of the India-Mauritius Double Taxation Avoidance Agreements (“DTAAs”). However, since then, the sources of growth of the Global Business sector have diversified as Mauritius currently has an established network of DTAAs with no less than 36 countries, including 14 with African countries. The various structures which can be incorporated in Mauritius include Category 1 and Category 2 Global Business Licensed companies (GBL1 and GBL2), trusts, protected cell companies, societies, limited life companies and similar legal entities. It may also include businesses which Mauritius conducts through other trade associations such as COMESA, SADC, AGOA and other treaties which drive global, cross border or offshore structures.

A steadily growing number of multinationals and foreign investors, including major investment funds, use Mauritius as a base for investing in other countries. This is primarily due to the combination of Double Taxation Treaties between Mauritius and these countries, and the domestic low tax regime, which make fiscal planning advantageous to multinationals and funds. In addition, Mauritius has signed Investment Promotion and Protection Agreements (IPPA) with 16 African countries, which afford investors who register their companies in Mauritius protection from political and economic instability,

over-regulated fiscal regimes and exchange control constraints that are common in certain African countries. Mauritius also guarantees tax-free repatriation of funds.

The Bank's focus is on funds and corporates who require a boutique level of service, competitive rates and customized technology in respect of foreign currency credit cards, internet banking and flexible processing, working closely with the Management Companies (MCs) in Mauritius.

This business line is continuously expanding its sales capacity and multi-channel capabilities, as well as improving the service model and customer contact practices. The Bank leverages off the in-depth knowledge and expertise of its experienced and dedicated personnel in order to deliver unique financial solutions to its clients.

As at 30 June 2013, AfrAsia's client base spanned 95 countries with 6 467 bank accounts and 6,633 relationships. The Bank's clients include several Africa Private Equity Funds and Special Purpose Vehicles, and it has been present as the Africa specialist through several strategic financial roadshows and conferences, namely Mauritius Private Equity, London, Switzerland, China, India, STEP (Society and Trust and Estate Practitioners) (Mauritius and South Africa), promoting Mauritius as the IFC and outlining AfrAsia's capabilities.

AfrAsia's Global Business Desk delivered solid performance during its financial year ended 30 June 2013, supported by inherent dynamics such as the provision of tailored financial solutions and the nurturing of alliances with various business introducers. Segment B (non-residents) deposits registered a substantial rise during the period as non-resident depositors gained more confidence in the Bank. Segment B deposits increased by 78% over the year. With regard to Segment B advances, the growth was realized on short term working capital facilities (including trade finance) as well as term project financing, an important portion of which is generated from participation in international syndications. For the year ended 30 June 2013, Segment B advances grew by 4%.

The Bank's Global Business Desk widened its client portfolio during the year ended 30 June 2013, further establishing its position as a permanent partner for Management Companies. As at the date of this Programme Memorandum, the Bank has adopted 115 intermediaries in Mauritius and 50 based outside of Mauritius, in several IFCs.

During the year ended 30 June 2013, the Bank worked closely with several clients in order to find and provide viable solutions to their projects. A few notable examples include:

- a) Helping one of Africa's largest Private Equity funds (with Assets under Management exceeding USD 5 billion) in terms of their payments in and out of Africa.
- b) Further nurturing the Bank's relationship with a Top 500 BEE company (one of South Africa's most successfully managed companies) in providing their Mauritian subsidiary with the best FX treasury solutions and private banking services to their top management.
- c) Following an introduction made in 2011 during a road show in South Africa, the Bank attracted a Financial Services Board registered company to use Mauritius as a hub for their African FX deals. This South African company is now one of the Bank's biggest FX clients.
- d) Providing cash management and money market solutions to a Mauritian joint venture company owned by two mining giants and being involved in mining and concentration of platinum group metals in Zimbabwe.
- e) Being responsive to a trust company (and their clients), which had relocated to Mauritius in 2012 due to lower cost, time zone advantage and the Island's sound and reputable financial services sector.
- f) Helping one of the top 15 Indian pharmaceutical manufacturing and trading companies (with a Cyprus subsidiary) in the issuance of bid bonds to beneficiaries based in Algeria, Nigeria,

Mozambique and some other African countries. This listed Indian company exports to more than 25 African countries and the Bank has also helped in terms of their working capital requirements. The bank account has now moved to Mauritius and the client is also looking at migrating its subsidiary to Mauritius in order to benefit from, inter alia, the DTAs and IPPAs network of Mauritius.

- g) Setting up a structured trade finance facility for one of the biggest petroleum distribution companies in East Africa in financing the imports of oil from Beira into Zimbabwe.
- h) The Bank is now leveraging on the FX transactions and capturing the deposits of the Distribution Company.

9.3.3.2. Evolution of the Global Business Sector

The Bank's financial year ended 30 June 2013 was marked by the financial depression in Cyprus and the crackdown of G20 countries on bank secrecy in IFCs. In Mauritius, continued uncertainties concerning the implementation of the provisions of the Indian GAAR, a depreciating Indian Rupee and the apprehensions that this situation has raised for the global business sector in Mauritius have affected AfrAsia's Indian business. In spite of these negative factors, the Bank has seen the number of Management Companies and Global Business companies increasing.

Leveraging on Mauritius as an IFC of good repute and substance, the financial services sector, including banks, has in fact benefitted from the above crisis. These have prompted the Management Companies into diversifying their business geographically, adopting new business models and partnering with trust companies based outside of Mauritius in order to service the banking needs of their clients from Mauritius. The treaty network has also been enlarged with treaties signed/ratified with Kenya, Nigeria, Zambia and Egypt.

Mauritius is also quickly emerging as a regional IFC and the private banking platform of choice for the growing African population of High Net Worth Individuals. As an example, Mauritius is the country with the highest number of Society and Trust and Estate Practitioners (STEP) members in Africa, with more than 157 fully qualified members registered with the local branch as at 30 June 2013.

9.3.3.3. Main Products and Services Offering

9.3.3.3.1. Bank accounts for different types of corporate vehicles

AfrAsia has a dedicated team of specialists with experience in International Banking, Global Business and Fiduciary Services who assist clients with the setting up of different types of bank accounts for their banking needs. Accounts can be opened for Mauritius Global Business companies, International Business Companies registered in jurisdictions other than Mauritius and other corporate vehicles and Special Purpose Vehicles, including trusts and foundations, as well as for Private High Net Worth Individuals directly.

9.3.3.3.2. Deposits and Credit Cards

AfrAsia offers high yielding fixed term deposit accounts in all major convertible currencies. Certain current accounts are also remunerative and interest accrues free of withholding tax in Mauritius. Interest is paid on a monthly basis.

A unique Titanium MasterCard affiliated credit card which offers special privileges and awards is also available.

9.3.3.3.3. Corporate and Private Clients Lending

AfrAsia offers a wide range of multi-currency corporate lending facilities that include working capital funding (rolling-call loans, overdrafts, etc.) as well as short to medium term financing. Offshore private

clients can also benefit from financing such as equity loans on the back of their portfolio, overdrafts and even mortgage backed facilities.

9.3.3.3.4. Remittances

With a dedicated remittances team that oversees the delivery of the highest quality inward and outward international money transmission services and an established network of reputable correspondent banks, the Bank offers fast and efficient money transmission services worldwide. Its correspondent banking network for international funds transfers includes Citibank, HSBC, Rand Merchant Bank, Standard Chartered Bank, Banque Nationale du Canada, ICICI Bank, Sumitomo Bank, Tokyo and Commerzbank.

9.3.3.3.5 Internet Banking

AfrAsia offers free internet banking in either English or French to all its clients both for viewing and transacting. This online banking facility is web-based, user-friendly, firewall-protected and secured.

9.3.3.3.6. Foreign Exchange and Treasury

A comprehensive range of competitive foreign exchange and treasury services are available. AfrAsia has significant dealings in the major foreign currencies for both spot and forward transactions and can also provide FX conversions for the most exotic currencies.

9.3.3.3.7 Trade Finance

AfrAsia offers a comprehensive range of trade finance services and facilities which include Documentary Letters of Credit, Back to Back Credit/Guarantees, Inward and Outward Bills for Collection and Bills Discounting.

9.3.3.3.8 Escrow Agent

AfrAsia is able to act as agent and provide bank accounts for escrow arrangements whereby an asset is deposited in safekeeping under the trust of a neutral third party pending satisfaction of contractual contingency or condition.

9.3.3.3.9 Trustee

AfrAsia can act as security agent to hold borrowers assets in a fiduciary capacity on behalf of the lenders. Responsibilities of the Security Agent include holding charge over assets of the borrower/other obligors and acting upon the instructions of the lenders as well as enforcing security in case of default.

9.3.3.4 Foreign Institutional Investors (FII) – India

AfrAsia is the first domestic bank in Mauritius to obtain an FII license from the Securities and Exchange Board of India in order to sponsor sub-account applications for Indian investments. AfrAsia's services include fund transfers between bank and custody accounts, treasury capabilities offering competitive FX rates, introduction to major Indian custodians and recommendation to brokers in India.

9.3.3.5 Participation in International Syndications

AfrAsia selectively participates in international syndications arranged by major financial institutions such as Citibank, Standard Chartered Bank, Axis Bank, Commerzbank and HSBC. Although the Bank is selective in participating in syndicated loans, the Bank is active in both primary and secondary market offers and tends to limit the tenor of the assets it takes on book to 5 years. It also participates in the funding of trade finance transactions via Master Risk Participation Agreements.

9.3.4 Investments in subsidiaries

9.3.4.3 AfrAsia Zimbabwe Holdings Limited

AfrAsia has a well-defined strategy of considered expansion and growth of its operations in the SADC and COMESA regions, both organically and through carefully selected acquisition opportunities. In line with this strategy, the Bank acquired a 35% stake in Kingdom Financial Holdings Limited, an investment holding company domiciled in Zimbabwe with interests in the banking, stockbroking and asset management sectors in Zimbabwe, in January 2012 and rebranded it as AfrAsia Kingdom Zimbabwe Limited (“AKZL”). AKZL’s subsidiaries include Kingdom Bank Limited (“KBL”), Kingdom Asset Management (Private) Limited (“KAM”) and MicroKing Finance and Savings Company (Private) Limited. Its core business lines include personal, SME and business and corporate banking.

In September 2013, following a restructuring and recapitalization exercise, AKZL, KBL and KAM were rebranded as AfrAsia Zimbabwe Holdings Limited (“AZHL”), AfrAsia Bank (Zimbabwe) Limited and AfrAsia Capital Management (Private) Limited, respectively. AfrAsia’s effective stake in AZHL increased from 35% to 47% with the possibility to increase to 62% following the exit of AfrAsia’s initial partner, Crustmoon Investments (Private) Ltd which is currently ongoing. AfrAsia’s total investment in AZHL and its subsidiaries currently stands at USD14.4m. The bank has also granted lines of credit to ABZL for USD3.7m in terms of bank guarantees and USD10 in terms of money market placement.

Due to the challenging operating environment in Zimbabwe since the acquisition and the need to exit the previous controlling shareholder, the bank is in the process of being recapitalized in order to strengthen the capital base and stabilize the operation. As such, AZHL is currently undertaking a capital raising exercise of USD25m via a USD5m rights issue and a USD20m preference share issue. The rights issue is now complete while the preference share issue is currently underway, with a USD10m funding coming from a major African DFI. Management is focused on implementing a turnaround strategy, improving the liquidity of the bank and position the bank for growth and participate in the expected recovery of the Zimbabwean economy.

9.3.4.4 AfrAsia Corporate Finance

In July 2010, AfrAsia completed the acquisition of a 30% interest in Trinity Corporate Finance Proprietary Limited and rebranded it as AfrAsia Corporate Finance. By December 2011, AfrAsia had increased its holding in AfrAsia Corporate Finance to 50% and in October 2013 it exercised the option it had to acquire the remaining 50% interest from management. AfrAsia’s total investment in ACF and its subsidiaries currently stands at USD4.5m.

AfrAsia Corporate Finance is a niche, independent corporate finance adviser based in Cape Town, with additional offices in Johannesburg and Port Louis, Mauritius. It provides financial advisory and capital raising solutions to clients in connection with mergers and acquisitions, restructurings and other strategic matters, and holds a Johannesburg Stock Exchange sponsor license. It also advises investment funds that integrate capital with its advisory capabilities.

AfrAsia Corporate Finance advises a wide range of organisations across South Africa, Mauritius, Southern and East Africa, from corporates and project sponsors to investment funds and financial institutions. The company also supports its client relationships with innovative financing solutions ranging from bridging facilities for acquisitions to turnaround financing and short term working capital facilities.

The Bank’s arrangement with AfrAsia Corporate Finance ensures its independence is maintained but facilitates access, where it is in the Bank’s clients’ interests, to their financing, treasury, distribution and wealth management capabilities.

The acquisition of AfrAsia Corporate Finance has provided the Bank with corporate finance capability in South Africa, along with an opportunity to further grow brand recognition at relatively low cost. This

investment is the first step in a broader goal of building a market-leading, Pan-African investment banking capability.

9.3.4.5 Special Opportunities Fund

AfrAsia Corporate Finance (Africa) Ltd is the manager of the AfrAsia Special Opportunities Fund (“ASOF”), a Mauritian registered and regulated GBL 1 Collective Investment Scheme that invests in high-margin lending and underwriting opportunities for liquidity constrained, mid-market corporates in the SADC region. This fund also supports the activities of AfrAsia Corporate Finance through its lending activities.

ASOF aims to generate superior absolute returns to investors through the funding of trade related working capital, factoring, bridging finance and other credit strategies. ASOF holds a diversified portfolio of loans which are generally collateralised and actively monitored and managed. AfrAsia Corporate Finance, as the fund manager, has a proven track record in deal origination, execution and recovery strategies.

A proven investment process is followed, with a particular focus on the accessibility and “liquidation value” of the underlying loan security. The investment process incorporates rigorous upfront planning of security exit strategies and risk is also reduced by diversification.

9.3.4.6 AfrAsia Corporate Finance (Africa) Limited

AfrAsia Corporate Finance (Africa) Limited (“ACF Africa”) is incorporated as a Category 1 GBL company in Mauritius. The ownership structure of ACF Africa is the same as that of AfrAsia Corporate Finance. ACF Africa was established to build a standalone advisory capability in Mauritius and in other African countries outside of South Africa. ACF Africa leverages off the existing execution capacity of AfrAsia Corporate Finance but is solely focused on non-South African mandates and opportunities.

9.3.4.7 AfrAsia Capital Management

AfrAsia Capital Management is the Asset Management and Wealth Management division of the Bank. Until October 2013, the Bank held a 50% interest in the then known AXYS Capital Management Limited, which interest was increased to 100% when the Bank exercised the option it had to acquire the remaining 50%. The company was subsequently rebranded as AfrAsia Capital Management. AfrAsia’s total investment in ACM currently stands at USD5.8m.

AfrAsia Capital Management have structured their offering into two distinct services, namely Asset Management and Wealth Management, as detailed below.

(i) Asset Management

With more than 20 years of experience in the field, AfrAsia Capital Management provides investment solutions to both corporate clients and High Net Worth individuals, in line with their specific and targeted objectives. Their investment management services, which may either be discretionary or non-discretionary, include:

- a) overall asset management;
- b) pension fund management;
- c) portfolio management; and
- d) investment advisory.

(ii) Wealth Management

Geared towards High Net Worth Individuals, their mandated service entails the monitoring and managing of clients' overall wealth in accordance with their specific needs, and includes:

- a) financial advisory;
- b) investment portfolio monitoring;
- c) financial planning;
- d) insurance monitoring; and
- e) real estate portfolio planning.

LR 18.86 9.3.5 Licenses

AfrAsia holds a banking licence, issued by the Bank of Mauritius under Section 7 of the Banking Act 2004, to conduct banking business in Mauritius. The Group holds the following licences:

Legal Entity	Domiciled	Regulatory Oversight
AfrAsia Holdings Limited	Mauritius (GBL1)	Bank of Mauritius, Financial Services Commission
AfrAsia Kingdom Holdings Limited	Mauritius (GBL1)	Bank of Mauritius, Financial Services Commission
AfrAsia Zimbabwe Holdings Limited	Zimbabwe	Reserve Bank of Zimbabwe
AfrAsia Investments Limited	Mauritius (Domestic)	Financial Services Commission
AfrAsia Corporate Finance Proprietary Limited	South Africa	South African Reserve Bank, Financial Services Board (FSB-South Africa)
AfrAsia Corporate Finance (Africa) Limited	Mauritius (GBL1)	Financial Services Commission
AfrAsia Capital Management Limited	Mauritius Domestic	Financial Services Commission

The Bank of Mauritius has granted the Bank the status of Primary Dealer to deal in government securities. AfrAsia is also an Integrated Trading and Clearing member of the Global Board of Trade Exchange.

9.3.6 Accolades

AfrAsia has a strong commitment to excellence and client satisfaction. The Bank has been recognised by many leading publications for the quality and innovation of its services. The awards that AfrAsia has recently received include:

- a) best Bank in Southern Africa 2013 (African Banker);
- b) best Local Private Bank in Mauritius 2013 (Euromoney);

- c) online Reporting Award 2013 (PricewaterhouseCoopers Mauritius);
- d) best Local Private Bank 2012 (Euromoney);
- e) best Private Bank for Super Affluent in Mauritius 2012 (Euromoney);
- f) best Private Bank in Mauritius 2011 (Euromoney);
- g) quality Recognition for Achieving High Straight Through Processing Rate for Payments and Transfers 2010 (Citi Bank) ;
- h) most Innovative Bank in Mauritius 2008 (World Finance); and
- i) listed among Top 200 African Banks 2013 (The Africa Report).

9.3.7 South African Representative Offices

Located in the two largest cities in Africa’s biggest economy, namely Cape Town and Johannesburg, the primary function of the South African Representative Offices is to generate business for the Bank. This is accomplished in a variety of ways, being:

- a) promoting Mauritius as an international financial and business destination and AfrAsia as the banking brand of choice;
- b) utilising established relationships with South African corporates and banks to initiate lending, deposit-taking, corporate finance mandates and treasury transactions for the Bank;
- c) developing networks with local and international introducers; and
- d) facilitating the introduction of private banking clients to the Bank in Mauritius.

The Representative Office has been capitalising on the following 3 main trends:

- a) given low economic growth rates at home and in South Africa’s traditional export markets, there are a growing number of local businesses seeking to expand into new territories. Countries in SADC and COMESA are of particular interest. Being a member of both blocs and offering a network of double-taxation agreements, IPPAs and other advantages, Mauritius is an ideal platform to facilitate this expansion.
- b) managers of listed and unlisted funds continue to be attracted to use Mauritius as the base for their operations.
- c) like corporates, there are individuals who similarly seek international diversification of their wealth and access to private banking products.

The Representative Office’s local presence combines well with the Bank’s ranking, competitive offering and personalised service, enabling AfrAsia to successfully compete for international banking in the South African market.

Since inception, the Representative Office’s strategy has been to invest in seasoned bankers who are well-grounded in the local market but also have the ability to address the myriad touch points of international banking.

Tangible and intangible benefits accrue to AfrAsia positioning itself in Africa’s largest economy. One tangible measure of success is the fact that the Representative Office has contributed over MUR 1bn in deposits and investments. An even greater amount of high quality lending facilities has been written at the same time. The Bank’s increasing acceptance as a regional bank of substance is evidenced by the profile of South African companies choosing to do business with AfrAsia, which now competes with the

world's largest banks for transactional and treasury business from some of the Johannesburg Stock Exchange's largest listed companies. This goes hand-in-hand with independent financial advisors who are recommending private clients to the Bank in ever increasing numbers.

In May 2012, AfrAsia signed a bilateral agreement with Rand Asia, one of South Africa's preeminent trade finance structuring houses, partly owned by China Construction Bank. The Representative Office continues to work with the Rand Asia team to successfully execute regional structured trade finance transactions.

9.4 KEY VALUES AND MANAGEMENT STRATEGY

9.4.3 Key Values

9.4.3.3 *Disruptive Banking*

AfrAsia provides customers with tailor-made, innovative and attractive products and services which are entirely different from traditional banking. AfrAsia strongly believes in Disruptive Innovation. 'A "Disruptive Innovation" is a successfully exploited product, service or business model that significantly transforms the demands and needs of a mainstream market and disrupts its former key players.' - Harvard Professor Clayton Christensen.

9.4.3.4 *Privileged Relationships*

Establishing a privileged and durable relationship takes time and requires a specialist advisor with whom customers can build an open and confidential dialogue. That is what makes AfrAsia stand out. AfrAsia Relationship Managers are the preferred banking experts and financial advisors and, first and foremost, trusted and accessible people on whom customers can rely at any time for financial solutions and advice.

9.4.3.5 *Genuineness*

Dealings with AfrAsia are carried out in terms of full confidentiality. Business is conducted in a professional and ethical way. AfrAsia is committed to best-in-class governance and all credit decisions are processed independently of shareholders.

9.4.3.6 *Passionate Partners*

AfrAsia has a highly experienced team. The staff thrives on the success of their customers and the Bank does its level best to reward customers in the most beneficial way. Its team of professionals are dedicated to providing customers with the highest standard of service. AfrAsia is more than just a banker; it is a partner.

9.4.3.7 *"Can-do" Attitude*

AfrAsia's aim is to help clients to reach their objectives. The Bank believes in quick decision taking. Employees are focused, proficient and friendly. With the latest state-of-the-art IT platform, it is capable of bringing customers service excellence and efficient products.

With customers in over 95 countries and several new awards of recognition, the Bank has developed into a powerful boutique corporate and private bank with corporate finance, asset management, trade finance and global custody capabilities. AfrAsia has built a solid regional platform of local and international relevance, with diversified revenue streams and geographical diversity.

9.4.4 Management Strategy

AfrAsia's current focus is on seven main objectives, as set out below. The achievements, opportunities and risks relating to the Bank's strategy and business model are included in its 2013 Annual Report.

9.4.4.3 Global Business

- (i) To capture cross-border trade and investment flows routed via the Mauritius IFC, more specifically those going into the African continent.
- (ii) To be the reference bank for intermediaries based in Mauritius and other reputable IFCs.

9.4.4.4 Private banking

- (i) To be the Best Private Bank in Mauritius.
- (ii) To provide a Private Banking platform to High Net Worth Individuals and assist Mauritius in becoming the regional IFC for the growing population of High Net Worth Individuals in Africa, and the world.

9.4.4.5 Corporate and investment banking

To consolidate its position on financing of conglomerates and increase its share of business on the overall corporate market, with key focus on trade finance and foreign exchange capabilities respectively.

9.4.4.6 Treasury

AfrAsia strives to provide sophisticated and competitive Forex and Money Market products to meet clients' commercial and investment needs.

9.4.4.7 Geographic diversification and acquisitions

To develop win-win strategic partnerships with leading financial services organisations to complement its growing capabilities and serve Mauritius and the dynamic Africa and Asia trade and investment corridor.

9.4.4.8 "Bank different" as commercial focus

To position AfrAsia as a boutique bank with the ability to tailor innovative banking solutions for both local and international markets.

To always uphold and deliver on the brand promise – 'Bank Different'.

9.4.4.9 Investing in our people

To become the most preferred employer for the financial sector in the region by 2015.

9.5 RISK MANAGEMENT

AfrAsia adopts international best practice with regards to its risk management policies and processes, which is evident from the fact that the Bank has never received any adverse reports from any regulatory authorities. The risk management structure is geared towards facilitating the implementation and monitoring of all regulatory and internal policies and guidelines. Whilst all departments report directly to the Chief Executive on a regular basis, they have access to various committees for reporting and

monitoring control purposes.

AfrAsia ensures that all risks inherent to its business activities are identified and allocated to one of the four primary risks, namely:

- a) credit risk;
- b) operational risk;
- c) market; or
- d) liquidity risks.

Secondary generic risk categories comprise:

- a) strategic risk;
- b) business risk; and
- c) reputation risk.

These risks are supported by clearly defined policies, roles and responsibilities which are documented and subject to regular reviews.

AfrAsia's comprehensive Risk Management Report is included in its 2013 Annual Report.

LR 18.92 BOARD OF DIRECTORS

As at the Programme date, the Board of Directors of AfrAsia are as follows:

Arnaud Lagesse (Non-Executive Chairman)

Arnaud joined GML in 1995 as the Finance and Administrative Director before becoming its Chief Executive Officer in August 2005. He also participated in the National Corporate Governance Committee as a member of the Board of Directors' subcommittee. He is a member of the Board of Directors of several of the country's major companies and is also the Chairman of Alteo Limited, IOREC Limited, LUX Island Resorts Limited, United Investments Limited and Ireland Blyth Limited, amongst others. He is an ex-President of the Mauritius Chamber of Agriculture, the Mauritius Sugar Producers' Association and the Sugar Industry Pension Fund.

James Benoit (Chief Executive Officer and Executive Director)

James was previously a global management executive with the Hong Kong and Shanghai Banking Corporation Group for 16 years in emerging and developing markets in China, Philippines, Hong Kong, the Middle East, Canada and Mauritius. He has developed, implemented and grown leading consumer banking, wealth management, credit card and corporate banking businesses in these regions with proven ability to engage customers, regulators and staff from diverse backgrounds. He is also a co-founder of the local Chapter of the CFA Institute which has won global awards for revitalization under his Presidency. He is a sought-after financial conference speaker and opinion leader published in media channels in South Africa, London, India, UK, Vietnam, Singapore, Philippines and Mauritius.

Jean-Claude Béga (Non-Executive Director)

Jean-Claude was appointed as Alternate Director to J. Cyril Lagesse in June 2007 and as Non-Executive

Director in October 2011. He is a Fellow of the Association of Chartered Certified Accountants and joined GML in 1997 and is presently the Chief Financial Officer of GML Management Ltée. He is also the Chairman of Phoenix Beverages Limited and Director of a number of companies including LUX Island Resorts Limited, Alteo Limited and The Emerging Africa Infrastructure Fund Limited.

Brett Childs (Independent Non-Executive Director)

Prior to moving to Mauritius, where he has been for twelve years, Brett spent fifteen years living in London during which time he was involved in the development of Equitas, the vehicle set up by Lloyds of London to acquire distressed re-insurance contracts from Names. He was one of the first individuals to be approved by Lloyds of London to act as the Chief Finance Officer to corporate capital providers in Lloyds of London. After leaving the re-insurance industry, he helped build a successful venture capital business focused on the IT industry, ultimately culminating in the listing of companies on the London Stock Exchange, Finnish HEX exchange and exiting other investments via trade sales. Brett resides in Mauritius and is executive Chairman of Brait in Mauritius. He also sits on the Boards, in a non-executive capacity, of a number of privately and publicly owned investment businesses.

Jean de Fondaumière (Independent Non-Executive Director)

Jean acquired experience in the field of Merchant Banking with Kleinwort Benson in Australia between 1984 and 1991 before joining the Swan Group in 1992. He retired as Chief Executive Officer of the Swan Group in December 2006. He is a Director of a number of companies involved in various economic activities such as finance, tourism, agriculture and commerce in Mauritius and in the region. Several of those companies are listed on the Stock Exchange of Mauritius. He was the Chairman of the Stock Exchange of Mauritius from 2002 to 2006 and is a member of a number of Corporate Governance and Audit Committees.

Catherine McIlraith (Independent Non-Executive Director)

Catherine, 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) and is currently working for her own account as a Financial Advisor. She is a non-executive director of a number of public and private companies in Mauritius.

Lim Sit Chen Lam Pak Ng (Independent Non-Executive Director)

Lim Sit Chen (Maurice) is the founding partner of Stewardship Consulting, a strategy consulting firm in Singapore. Prior to Stewardship Consulting, Maurice was in investment banking, advising multinational companies, government agencies and fund management companies in financial strategy, investment management, treasury and risk management. He has worked in London, New York, Singapore and Tokyo.

He holds an MBA degree from the Graduate School of Business of Columbia University, New York, N.Y., USA.

Maurice is a Citizen of Mauritius and Canada and he and his wife live in Singapore.

Kamben Padayachy (Executive Director)

Kamben is one of the founding executives of AfrAsia. He has over 19 years' experience in banking, having successively worked with BNP Paribas (BNPI), Barclays Bank and Standard Bank prior to joining

AfrAsia. He has held senior management roles at both retail and corporate levels throughout his career and has originated investment banking transactions from debt capital markets to structured trade finance. Kamben is the deputy Chief Executive Officer and Head of Global Banking, Treasury and Markets at AfrAsia.

Michael John Pike (Independent Non-Executive Director)

Michael joined the Hong Kong and Shanghai Banking Corporation (HSBC) in 1968 in London. He worked for HSBC for 35 years in eight different countries in Europe, the Far East, the Middle East and South America and has a wide banking experience in Corporate, Retail and Operations. He was the Head of Group Risk for the Mauritius Commercial Bank Limited from 2005 to 2007.

Graeme Robertson (Independent Non-Executive Director)

Educated in Sydney, Australia, Graeme has lived in Indonesia and South East Asia since 1972 and is a Singapore citizen. He has been responsible for pioneering the development and managing world-class international mining, energy and infrastructure operations. His expertise in the development of significant commercial operations in developing nations has blended well with his humanitarian activities in health improvement and poverty alleviation. He is the Chairman, owner and Chief Executive Officer of Intrasia Capital (Private) Limited, an investment and development group, and also Chairman of listed companies Intra Energy Corporation and Nu Energy Gas Limited with operations in Eastern Africa.

The Bank has outsourced its company secretarial functions to:

LR 18.93 **IBL Corporate Services Limited**, which is situated at 5th Floor, IBL House, Caudan, Port Louis, Mauritius.

Contact Person: Doris Dardanne

LR 18.95 **9.6.3 Directors' Interests**

Directors	YEAR ENDED 30 JUNE 2013		YEAR ENDED 30 JUNE 2012		YEAR ENDED 30 JUNE 2011	
	Ordinary shares held directly	% Shares held indirectly	Ordinary shares held directly	% Shares held indirectly	Ordinary shares held directly	% Shares held indirectly
Arnaud LAGESSE	-	3.08%	-	3.37%	-	3.89%
Jean-Claude BÉGA	-	-	-	-	-	-
James BENOIT	749,270	-	1,063,820	-	1,035,420	-
Brett CHILDS	-	-	-	-	-	-
Jean de FONDAUMIÈRE	-	-	-	-	-	-
Catherine DVORAK	-	-	-	-	-	-
Thierry LAGESSE	-	3.89%	-	4.26%	-	3.39%
Lim Sit Chen LAM PAK NG	-	-	-	-	-	-
Kamben PADAYACHY	598,320	-	648,320	-	648,320	-
Michael John PIKE	-	-	-	-	-	-
Graeme ROBERTSON	-	-	-	-	-	-
Kevindra TEEROOVENGADUM	-	-	-	-	-	-

LR 18.96 Apart from the payments of Directors' fees, the directors have no other dealings or transactions with the Company. As at the date of this Programme Memorandum, there were no loans or guarantees provided by the Company in favour of any Director.

LR 18.97

9.7 FINANCIAL STATEMENTS

9.7.3 Certificate from Company Secretary

Certificate from the Company Secretary

Year Ended 30 June 2013

In terms of Section 166 (d) of the Companies Act 2001, we certify that to the best of our knowledge and belief, the Company has filed with the Registrar of Companies all such returns as are required of the Company under the Companies Act.



IBL Corporate Services Ltd
Company Secretary

24 September 2013

Independent Auditors' Report

To the Members of AfrAsia Bank Limited and its Group Entities

Report on the financial statements

We have audited the financial statements of AfrAsia Bank Limited (the 'Bank') and its group entities (altogether the 'Group') on pages 138 to 218 which comprise the statements of financial position as at 30 June 2013, the statements of comprehensive income, the statements of changes in equity and the statements of cash flows for the year then ended and a summary of significant accounting policies and other explanatory notes.

Directors' responsibility for the financial statements

The directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and in compliance with the requirements of the Companies Act 2001, Financial Reporting Act 2004 and Banking Act 2004 and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement whether due to fraud or error.

Auditors' responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those Standards require that we comply with ethical requirements, plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the Group's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements on pages 138 to 218 give a true and fair view of the financial position of the Group and the Bank at 30 June 2013, of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards and comply with Companies Act 2001.

Other matter

This report, including the opinion, has been prepared for and only for the Bank's members, as a body, in accordance with Section 205 of the Companies Act 2001 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Report on other legal and regulatory requirements

Companies Act 2001

We have no relationship with or interests in the Bank other than in our capacities as auditors, tax advisors and in dealings with the Group and the Bank in the ordinary course of business.

We have obtained all the information and explanations we have required.

In our opinion, proper accounting records have been kept by the Bank as far as it appears from our examination of those records.

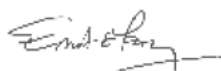
Banking Act 2004

In our opinion, the financial statements have been prepared on a consistent basis and are complete, fair and properly drawn up and comply with the Banking Act 2004, the regulations and guidelines of the Bank of Mauritius. The explanations or information called for or given to us by the officers or agents of the Group and the Bank were satisfactory.

Financial Reporting Act 2004

The directors are responsible for preparing the corporate governance report. Our responsibility is to report on the extent of compliance with the Code of Corporate Governance (the 'Code') as disclosed in the annual report and on whether the disclosure is consistent with the requirements of the Code.

In our opinion, the disclosure in the annual report is consistent with the requirements of the Code.



ERNST & YOUNG
Ebène, Mauritius

25 September 2013



ANDRE LAI WAN LOONG, A.C.A.
Licensed by FRC

Statements of Comprehensive Income

For the Year Ended 30 June 2013

	Notes	THE GROUP			THE BANK		
		Year ended 30 June 2013	Year ended 30 June 2012	Year ended 30 June 2011	Year ended 30 June 2013	Year ended 30 June 2012	Year ended 30 June 2011
		MUR	MUR	MUR	MUR	MUR	MUR
Interest income	3	986,611,615	829,224,426	543,026,048	986,614,164	829,230,689	543,017,482
Interest expense	4	(620,362,470)	(506,702,114)	(324,266,104)	(620,367,037)	(506,702,307)	(324,271,915)
Net interest income		366,249,145	322,522,312	218,759,944	366,247,127	322,528,382	218,745,567
Fees and commission income	5	179,492,120	116,006,675	53,752,370	176,526,845	116,006,675	53,752,370
Fees and commission expense	5	(21,367,222)	(14,620,861)	(10,826,069)	(20,730,461)	(14,576,701)	(10,731,589)
Net fees and commission income	5	158,124,898	101,385,814	42,926,301	155,796,384	101,429,974	43,020,781
Net trading income	6	193,093,707	62,062,243	107,997,630	132,453,791	62,056,737	107,978,574
Other operating income		9,336,696	1,608,361	341,655	9,336,696	11,210,410	144,357
Total operating income		726,804,446	487,578,730	370,025,530	663,833,998	497,225,503	369,889,279
Reversal of impairment charge/ (Net allowance for credit impairment)	7	1,152,052	(24,874,478)	(25,299,641)	1,152,052	(24,874,478)	(25,299,641)
Net operating income		727,956,498	462,704,252	344,725,889	664,986,050	472,351,025	344,589,638
Personnel expenses	8	(197,632,225)	(172,852,372)	(126,720,957)	(197,632,225)	(172,852,372)	(126,720,957)
Depreciation of equipment	21	(4,695,949)	(3,227,502)	(3,058,647)	(4,694,856)	(3,226,406)	(3,046,724)
Amortisation of intangible assets	22	(5,714,166)	(4,031,198)	(3,812,237)	(5,714,166)	(4,031,198)	(3,812,237)
Other operating expenses	9	(118,000,522)	(92,310,605)	(68,561,015)	(116,857,206)	(91,881,232)	(68,297,982)
Personnel expenses	8	(197,632,225)	(172,852,372)	(126,720,957)	(197,632,225)	(172,852,372)	(126,720,957)
Depreciation of equipment	21	(4,695,949)	(3,227,502)	(3,058,647)	(4,694,856)	(3,226,406)	(3,046,724)
Amortisation of intangible assets	22	(5,714,166)	(4,031,198)	(3,812,237)	(5,714,166)	(4,031,198)	(3,812,237)
Other operating expenses	9	(118,000,522)	(92,310,605)	(68,561,015)	(116,857,206)	(91,881,232)	(68,297,982)
Total operating expenses		(326,042,862)	(272,421,677)	(202,152,856)	(324,898,453)	(271,991,208)	(201,877,900)
Operating profit		401,913,636	190,282,575	142,573,033	340,087,597	200,359,817	142,711,738
Share of profit of joint venture	19	16,283,494	6,777,014	5,703,724	-	-	-
Share of (loss)/profit of associates	20	(177,483,655)	93,403,802	2,662,251	-	-	-
Profit before tax		240,713,475	290,463,391	150,939,008	340,087,597	200,359,817	142,711,738
Tax expense	10	(37,678,683)	(20,086,630)	(26,552,498)	(37,491,675)	(20,092,051)	(26,567,883)
Profit for the year		203,034,792	270,376,761	124,386,510	302,595,922	180,267,766	116,143,855
Other comprehensive income							
Share of associates revaluation reserve		2,122,705	-	-	-	-	-
Exchange differences on translation of foreign operations		527,011	17,414,350	-	-	-	-
Hedge of a net investment in a foreign operation reserve		48,401	(17,429,109)	-	-	-	-
Other comprehensive income for the year, net of income tax		2,698,117	(14,759)	-	-	-	-
Total comprehensive income for the year		205,732,909	270,362,002	124,386,510	302,595,922	180,267,766	116,143,855

9.7.6 Statement of Financial Position

Statements of Financial Position

As at 30 June 2013

		THE GROUP			THE BANK		
		2013	2012	2011	2013	2012	2011
Notes		MUR	MUR	MUR	MUR	MUR	MUR
ASSETS							
Cash and balances with the Central Bank	12	1,598,715,632	676,371,624	1,085,084,764	1,598,715,632	676,371,624	1,085,084,764
Due from banks	13	9,009,843,939	3,527,186,481	3,945,077,133	9,009,807,334	3,527,119,302	3,944,929,389
Derivative financial instruments	14	68,581,360	190,544,328	181,201,384	25,637,161	123,782,046	101,097,074
Financial investments - held-for-trading	15	532,685,518	1,162,543,500	441,804,000	532,685,518	1,162,543,500	441,804,000
Loans and advances to customers	16	14,007,752,016	12,784,321,295	8,549,378,712	14,007,752,016	12,784,435,754	8,549,378,712
Financial investments - available-for-sale	17	40,722,657	14,999,997	-	-	-	-
Financial investments - held-to-maturity	17	5,807,802,824	3,506,007,725	2,560,492,783	5,807,802,824	3,506,007,725	2,560,492,783
Investment in subsidiaries	18	-	-	-	383,115,237	363,163,638	25,000,000
Investment in joint venture	19	55,177,034	53,393,539	46,616,525	-	-	-
Investment in associates	20	225,313,514	408,444,360	7,684,689	-	-	5,022,438
Equipment	21	28,763,936	14,321,946	13,364,250	28,756,687	14,313,604	13,354,813
Intangible assets	22	15,420,212	17,094,812	13,591,022	15,420,212	17,094,812	13,591,022
Deferred tax assets	10	8,055,035	7,681,088	2,532,127	8,055,035	7,637,567	2,494,027
Other assets	23	165,323,024	29,440,868	19,907,408	41,951,992	29,365,439	19,900,410
TOTAL ASSETS		31,564,156,701	22,392,351,563	16,866,734,797	31,459,699,648	22,211,835,011	16,762,149,432
LIABILITIES AND EQUITY							
Due to banks	24	881,908,278	8,516,013	28,483,333	881,908,278	8,516,013	28,483,333
Derivative financial instruments	14	66,241,883	126,912,147	125,325,638	49,697,684	63,249,865	48,321,328
Deposits from customers	25	27,224,339,709	19,626,670,732	14,962,435,979	27,232,616,080	19,628,367,164	14,962,538,164
Debts issued	26	940,323,447	688,625,890	547,090,779	883,069,803	565,479,715	421,574,481
Amount due to subsidiary	27	-	-	-	57,253,644	123,146,176	125,516,298
Current tax liabilities	10	22,175,979	9,631,747	18,385,558	22,175,979	9,631,747	18,385,558
Other liabilities	28	231,773,086	150,243,695	116,129,669	138,309,815	131,281,959	97,941,160
TOTAL LIABILITIES		29,366,762,382	20,610,600,224	15,797,850,956	29,265,031,283	20,529,672,639	15,702,760,322
EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT							
Issued capital	29	1,694,593,418	1,398,457,492	921,638,335	1,694,593,418	1,398,457,492	921,638,335
Retained earnings		290,049,913	289,421,575	100,758,107	290,007,317	189,817,849	91,263,376
Other reserves	30	212,750,988	93,872,272	46,487,399	210,067,630	93,887,031	46,487,399
TOTAL EQUITY		2,197,394,319	1,781,751,339	1,068,883,841	2,194,668,365	1,682,162,372	1,059,389,110
TOTAL LIABILITIES AND EQUITY		31,564,156,701	22,392,351,563	16,866,734,797	31,459,699,648	22,211,835,011	16,762,149,432

The financial statements have been approved for issue by the Board of Directors on 24 September 2013.



Arnaud Lagesse
Chairman



James Benoit
Chief Executive Officer



Kevindra Teeroovengadam
Director

Statements of Cash Flows

For the Year Ended 30 June 2013

	Notes	THE GROUP			THE BANK		
		2013	2012	2011	2013	2012	2011
		MUR	MUR	MUR	MUR	MUR	MUR
OPERATING ACTIVITIES							
Profit before tax		240,713,475	290,463,391	150,939,008	340,087,597	200,359,817	142,711,738
Adjustments for:							
Change in operating assets	32(b)	(3,252,573,700)	(6,214,707,025)	(6,053,310,449)	(3,151,902,485)	(6,228,100,501)	(6,090,899,426)
Change in operating liabilities	32(c)	8,699,014,329	4,768,890,790	7,267,644,294	8,677,131,579	4,783,074,018	7,305,057,822
Non-cash items included in profit before tax	32(d)	205,464,727	(50,137,685)	33,366,834	43,861,873	23,769,562	41,720,886
Tax paid		(25,508,399)	(33,987,059)	(17,795,504)	(25,364,911)	(33,987,059)	(17,795,504)
Net cash flows from/ (used in) operating activities		5,867,110,432	(1,239,477,588)	1,380,844,183	5,883,813,653	(1,254,884,163)	1,380,795,516
INVESTING ACTIVITIES							
Purchase of equipment	21	(19,964,487)	(4,306,677)	(3,236,300)	(19,964,487)	(4,306,677)	(3,236,300)
Purchase of investment in associates		(643,843)	(307,355,868)	(5,022,438)	-	(9,696,696)	(5,022,438)
Purchase of intangible assets	22	(4,039,565)	(7,534,988)	(2,355,199)	(4,039,565)	(7,534,988)	(2,355,199)
Investment in subsidiaries	18	-	-	-	(20,000,000)	(320,734,529)	-
Investment in joint venture	19	(500,000)	-	-	-	-	-
Purchase of available-for-sale financial investments		(25,662,280)	(14,999,997)	-	-	-	-
Proceeds from sale of investment in associates		-	-	-	-	23,562,500	-
Dividend income		23,413,740	-	-	-	-	-
Net cash flows used in investing activities		(27,396,435)	(334,197,530)	(10,613,937)	(44,004,052)	(318,710,390)	(10,613,937)
FINANCING ACTIVITIES							
Issue of shares		296,135,926	476,819,157	267,660,686	296,135,926	476,819,157	267,660,686
Dividends paid	11	(88,068,022)	(34,560,878)	(9,572,363)	(88,068,022)	(34,560,878)	(9,572,363)
Net cash flows from financing activities		208,067,904	442,258,279	258,088,323	208,067,904	442,258,279	258,088,323
Net cash flows for the year		6,047,781,901	(1,131,416,839)	1,628,318,569	6,047,877,505	(1,131,336,274)	1,628,269,902
Movement in cash and cash equivalents							
Cash and cash equivalents at beginning of the year		2,919,642,013	4,051,058,852	2,422,740,283	2,919,574,834	4,050,911,108	2,422,641,206
Net increase/(decrease) in cash and cash equivalents		6,047,781,901	(1,131,416,839)	1,628,318,569	6,047,877,505	(1,131,336,274)	1,628,269,902
Net foreign exchange difference		65,030	-	-	-	-	-
Cash and cash equivalents at 30 June	32(a)	8,967,488,944	2,919,642,013	4,051,058,852	8,967,452,339	2,919,574,834	4,050,911,108
Operational cash flows from interest							
Interest paid		566,729,381	443,083,735	492,295,573	576,208,690	454,110,197	268,155,028
Interest received		725,408,056	651,789,243	268,149,216	725,410,605	780,458,900	492,287,007

9.7.8 Statement of Changes in Equity

Statements of Changes in Equity

For the Year Ended 30 June 2013

(a) THE GROUP		Notes	Issued capital	Retained earnings	Other reserves	Total
			MUR	MUR	MUR	MUR
At 1 July 2010			653,977,649	16,059,240	12,418,250	682,455,139
Profit for the year			-	124,386,510	-	124,386,510
Other comprehensive income			-	-	-	-
Total comprehensive income for the year			-	124,386,510	-	124,386,510
Issue of shares		29	267,660,686	-	-	267,660,686
Share-based payments		30	-	-	3,953,869	3,953,869
Appropriation of reserves		30	-	(30,115,280)	30,115,280	-
Dividends		11	-	(9,572,363)	-	(9,572,363)
At 30 June 2011			921,638,335	100,758,107	46,487,399	1,068,883,841
At 1 July 2011			921,638,335	100,758,107	46,487,399	1,068,883,841
Profit for the year			-	270,376,761	-	270,376,761
Other comprehensive income			-	-	(14,759)	(14,759)
Total comprehensive income for the year			-	270,376,761	(14,759)	270,362,002
Issue of shares		29	476,819,157	-	-	476,819,157
Share-based payments		30	-	-	247,217	247,217
Appropriation of reserves		30	-	(47,152,415)	47,152,415	-
Dividends		11	-	(34,560,878)	-	(34,560,878)
At 30 June 2012			1,398,457,492	289,421,575	93,872,272	1,781,751,339
At 1 July 2012			1,398,457,492	289,421,575	93,872,272	1,781,751,339
Profit for the year			-	203,034,792	-	203,034,792
Other comprehensive income			-	-	2,698,117	2,698,117
Total comprehensive income for the year			-	203,034,792	2,698,117	205,732,909
Issue of shares		29	296,135,926	-	-	296,135,926
Share-based payments		30	-	-	1,842,167	1,842,167
Appropriation of reserves		30	-	(114,338,432)	114,338,432	-
Dividends		11	-	(88,068,022)	-	(88,068,022)
At 30 June 2013			1,694,593,418	290,049,913	212,750,988	2,197,394,319

(b) THE BANK		Notes	Issued capital	Retained earnings	Other reserves	Total
			MUR	MUR	MUR	MUR
At 1 July 2010			653,977,649	14,807,164	12,418,250	681,203,063
Profit for the year			-	116,143,855	-	116,143,855
Other comprehensive income			-	-	-	-
Total comprehensive income for the year			-	116,143,855	-	116,143,855
Issue of shares		29	267,660,686	-	-	267,660,686
Share-based payments		30	-	-	3,953,869	3,953,869
Appropriation of reserves		30	-	(30,115,280)	30,115,280	-
Dividends		11	-	(9,572,363)	-	(9,572,363)
At 30 June 2011			921,638,335	91,263,376	46,487,399	1,059,389,110
At 1 July 2011			921,638,335	91,263,376	46,487,399	1,059,389,110
Profit for the year			-	180,267,766	-	180,267,766
Other comprehensive income			-	-	-	-
Total comprehensive income for the year			-	180,267,766	-	180,267,766
Issue of shares		29	476,819,157	-	-	476,819,157
Share-based payments		30	-	-	247,217	247,217
Appropriation of reserves		30	-	(47,152,415)	47,152,415	-
Dividends		11	-	(34,560,878)	-	(34,560,878)
At 30 June 2012			1,398,457,492	189,817,849	93,887,031	1,682,162,372
At 1 July 2012			1,398,457,492	189,817,849	93,887,031	1,682,162,372
Profit for the year			-	302,595,922	-	302,595,922
Other comprehensive income			-	-	-	-
Total comprehensive income for the year			-	302,595,922	-	302,595,922
Issue of shares		29	296,135,926	-	-	296,135,926
Share-based payments		30	-	-	1,842,167	1,842,167
Appropriation of reserves		30	-	(114,338,432)	114,338,432	-
Dividends		11	-	(88,068,022)	-	(88,068,022)
At 30 June 2013			1,694,593,418	290,007,317	210,067,630	2,194,668,365

9.7.9 Unaudited Management Accounts As At 31-December-2013

9.7.9.3 Statement of Comprehensive Income

AFRASIA BANK LIMITED AND ITS GROUP ENTITIES		
STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE PERIOD ENDED 31 DECEMBER 2013	THE GROUP	
	Period ended 31 December 2013	Period ended 31 December 2012
MUR		
Interest income	654,166,661	477,045,287
Interest expense	(325,503,119)	(307,925,469)
Net interest income	328,663,542	169,119,818
Fees and commission income	106,215,185	55,068,015
Fees and commission expense	(15,833,666)	(7,809,147)
Net fees and commission income	90,381,519	47,258,868
Net trading income	95,647,734	50,467,905
Other operating income	42,382,433	761,678
Total operating income	557,075,228	267,608,269
Net allowance for credit impairment	(14,441,397)	(6,015,946)
Net operating income	542,633,831	261,592,323
Personnel expenses	(107,412,161)	(66,008,870)
Depreciation of equipment	(2,781,831)	(1,819,782)
Amortisation of intangible assets	(13,493,433)	(2,778,187)
Other operating expenses	(116,842,615)	(63,432,886)
Total operating expenses	(240,530,039)	(134,039,724)
Operating profit	302,103,792	127,552,599
Fair value gain on acquisition	110,845,606	
Share of profit of joint venture	2,664,054	5,637,889
Share of profit of associates	2,884,818	28,173,280
Profit before tax	418,498,269	161,363,767
Tax expense	(42,711,815)	(15,858,019)
Profit for the period	375,786,453	145,505,748
Other comprehensive income to be reclassified to profit and loss in subsequent periods:		
Net gain on available-for-sale financial assets	215,443	-
Exchange differences on translation of foreign operations	(9,180,651)	2,659,388
Hedge of a net investment in a foreign operation reserve	7,448,888	(2,662,046)
Total other comprehensive income for the period, net of income tax to be classified to profit and loss in subsequent periods	(1,516,321)	(2,658)
Total comprehensive income for the period	374,270,133	145,503,090

9.7.9.4 Statement of Financial Position

AFRASIA BANK LIMITED AND ITS GROUP ENTITIES		
STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2013	THE GROUP	
MUR	31-Dec-13	30-Jun-13
ASSETS		
Cash and balances with the Central Bank	1,354,344,685	1,598,715,632
Due from banks	11,759,655,330	9,009,843,939
Derivative financial instruments	53,070,206	68,581,360
Financial investments – at fair value through profit or loss	676,236,516	532,685,518
Loans and advances to customers	18,240,857,018	14,007,752,016
Financial investments – available-for-sale	37,878,749	40,722,657
Financial investments - held-to-maturity	5,468,993,002	5,807,802,824
Investments and cash held on behalf of clients	1,869,999,867	-
Trade and other receivables	63,458,459	-
Investment in joint venture	-	55,177,034
Investment in associates	251,827,291	225,313,514
Equipment	34,527,217	28,763,936
Intangible assets	406,262,692	15,420,212
Deferred tax assets	8,055,035	8,055,035
Other assets	88,685,443	165,323,024
TOTAL ASSETS	40,313,851,510	31,564,156,701
LIABILITIES AND EQUITY		
Due to banks	1,145,181,472	881,908,278
Derivative financial instruments	42,047,045	66,241,883
Deposits from customers	33,142,153,486	27,224,339,709
Debts issued	1,089,558,866	940,323,447
Clients' current account	1,869,999,866	-
Borrowings	59,780,000	-
Financial liabilities	191,673	-
Deferred tax liabilities	389,790	-
Current tax liabilities	35,239,741	22,175,979
Other liabilities	465,239,823	231,773,086
TOTAL LIABILITIES	37,849,781,762	29,366,762,382
EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT		
Issued capital	1,715,025,194	1,694,593,418
Retained earnings	530,066,369	290,049,913
Other reserves	218,978,185	212,750,988
TOTAL EQUITY	2,464,069,748	2,197,394,319
TOTAL LIABILITIES AND EQUITY	40,313,851,510	31,564,156,701

9.7.9.5 Statement of Changes in Equity

AFRASIA BANK LIMITED AND ITS GROUP ENTITIES				
STATEMENTS OF CHANGES IN EQUITY FOR THE PERIOD ENDED 31 DECEMBER 2013	Issued capital	Retained earnings/ (revenue deficit)	Other reserves	Total
MUR				
At 1 July 2012	1,398,457,492	289,421,575	93,872,272	1,781,751,339
Issue of shares	296,135,926	-	-	296,135,926
Profit for the year	-	203,034,792	-	203,034,792
Other comprehensive income	-	-	2,698,117	2,698,117
Total comprehensive income for the year	-	203,034,792	2,698,117	205,732,909
Share-based payments	-	-	1,842,167	1,842,167
Appropriation of reserves	-	(114,338,432)	114,338,432	-
Dividends	-	(88,068,022)	-	(88,068,022)
At 30 June 2013	1,694,593,418	290,049,913	212,750,988	2,197,394,319
At 1 July 2013	1,694,593,418	290,049,913	212,750,988	2,197,394,319
Issue of shares	20,431,776	-	-	20,431,776
Profit for the period	-	375,786,453	-	375,786,453
Other comprehensive income	-	-	(1,516,321)	(1,516,321)
Total comprehensive income for the period	-	375,786,453	(1,516,321)	374,270,133
Share-based payments	-	-	-11,999,279	-11,999,279
Appropriation of reserves	-	(19,742,797)	19,742,797	-
Dividends	-	(116,027,201)	-	(116,027,201)
At 31 December 2013	1,715,025,194	530,066,369	218,978,185	2,464,069,748

9.8 CORPORATE GOVERNANCE AND REGULATORY FRAMEWORK

AfrAsia is incorporated in Mauritius as a public company and holds a banking licence issued by the Bank of Mauritius. Thus, AfrAsia remains guided by, and complies with, the principles issued by:

the Mauritius Financial Reporting Council in its “Guidelines on Compliance with the Code of Corporate Governance”;

the Bank of Mauritius in its “Guidelines on Corporate Governance”, which can be accessed on the Bank of Mauritius website

www.bom.mu/pdf/Legislation_Guidlines_Compliance/GuidlineCorporateGovenance_20120308.pdf;
and

the provisions of the Companies Act.

AfrAsia’s comprehensive Corporate Governance Report is included in its 2013 Annual Report. The salient features of the Bank’s corporate governance and regulatory framework are as follows:

9.8.3 Board of Directors

The Board of Directors of AfrAsia plays a key role in ensuring that a good level of corporate governance is maintained. The powers of directors are set out in the Bank’s Constitution and in the Terms of Reference for the Board. The Board is aware of its responsibility to ensure that the Bank adheres to all relevant legislations such as the Banking Act 2004, the Mauritian Financial Services Act 2007 and the Companies Act 2001. The Board also follows the principle of good corporate governance as recommended in the National Code on Corporate Governance.

The Constitution of AfrAsia provides for a Board comprising a minimum of five directors and maximum of twelve directors. Currently, the Bank has a unitary Board of eleven members with a blend of experienced and well-known Mauritian executives with high calibre international financiers from South Africa, Singapore, Canada and Australia. Furthermore, the eleven members, two of whom are Executive Directors and nine Non-Executive Directors, function independently of management.

The Bank of Mauritius requires a minimum of 40% independent directors and certain Board Committees, that is, Risk and Audit, must all be independent. The Bank of Mauritius also places term limits of 6 years for all directors, except for executive directors.

The Bank’s Terms of Reference also provide for a clear definition of the Chairman’s and Chief Executive Officer’s roles and responsibilities.

9.8.4 Board Committees

Board Committees are a mechanism for the Board to discharge its powers and duties necessary for managing, directing and supervising the management of the business and affairs of the Bank. AfrAsia has four Board Sub-Committees for more in-depth analysis and review of various issues as may be appropriate. A report is then prepared by each Board Sub-Committee and presented to the Board after each meeting.

9.8.5 AfrAsia’s Board Sub-Committees include:

- a) Audit Committee;
- b) Conduct Review Committee;
- c) Corporate Governance Committee; and

- d) Risk Committee.

9.8.6 Board Appraisal

The Board of Directors undergoes an annual performance appraisal, during which the directors evaluate the Board as regards to:

- a) its function;
- b) the size, composition and independence of the Board;
- c) whether the Board meetings are professional, efficient and well structured;
- d) the role and function of the Chairman; and
- e) the role and function of the Board Committees.

9.8.7 Dividends Policy

The Bank's dividends are proposed by the Executive Committee to its Board regarding the amount of dividends payable in line with the provisions of the Mauritian Banking Act 2004, Companies Act 2001 and the Bank's Constitution. Once the Board is satisfied with the Bank's recommendation along with the solvency tests being met, approval of the Bank of Mauritius can then be sought for distribution of same.

9.8.8 Code of Ethics

In line with Section 65 of the Bank of Mauritius "Guidelines on Corporate Governance", the Bank has adopted and published a written Code of Ethics that sets out explicit expectations for decision making and personal behaviour by all Board Members in the performance of their duties. The members of the Board, including ex officio members of the Board, shall at all times abide by and conform to the code of conduct in their capacity as Board Members.

At an employee level, the Bank's Conduct and Ethics policy is one of the first policies it shares with all new recruits. The policy is reviewed by the Senior Executive team on an annual basis to ensure it not only is compliant, but remains relevant to the Bank's day to day activities.

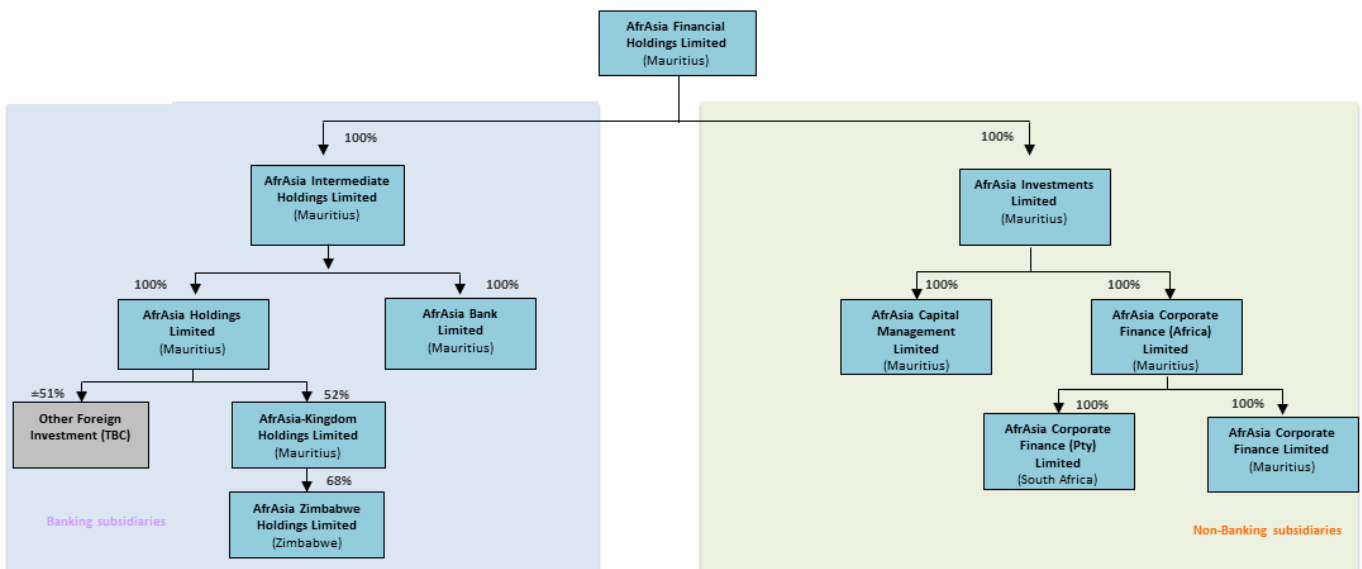
9.8.9 Social Responsibility

The sustainability of the economy and local communities is very much reliant on having access to talented people that have the necessary tools to achieve these long term goals. As an organisation, AfrAsia understands the pivotal role education has to play in the delivery of economic and social transformation. The Bank is therefore supporting this change through a number of educational and social initiatives that aim to develop the skills and knowledge today's youth will need to achieve success in tomorrow's world.

9.9 RECENT DEVELOPMENTS

The Bank is in the midst of a corporate restructuring which will lead to the separation of the bank's banking and non-banking operations under the Group. Specifically, AfrAsia intends to establish a holding company with two intermediate banking and non-banking holding companies through which all the operating entities, such as the Bank, will be owned and managed. The group restructuring will not only allow AfrAsia to meet various regulatory needs to firewall bank depositors from risks in other business lines but will provide the Group with greater flexibility in raising capital as well as allowing it to secure the capital more efficiently and effectively.

The proposed organisational structure of AfrAsia following its corporate restructuring is set out below:



10.MAURITIAN TAXATION

The comments below are intended as a general guide to the current position under the laws of the Republic of Mauritius. The contents of this section headed “Mauritian Taxation” do not constitute tax advice and persons who are in any doubt as to their tax position should consult their professional advisers.

Words used in this section shall have the same meanings as defined in the Terms and Conditions, unless they are defined in this section or this is clearly inappropriate from the context.

10.3 Income Tax

Dividends paid by a resident company are exempt from tax in Mauritius.

10.4 Capital Gains Tax

Gains made by a Securityholder who is a physical person or société resident in Mauritius are considered as capital gains and are not subject to income tax.

Gains derived by a Securityholder that is a company resident in Mauritius from the sale of Securities held for a period of at least six (6) months prior to the sale by the Securityholder are considered as capital gains. Whether gains derived by such a Securityholder from Securities held for a period of less than 6 months are chargeable to income tax depends on the nature of the business that the Securityholder carries on. Where the Securityholder is resident in Mauritius and hold the Securities as fixed assets, gains derived from the disposal of the Securities are treated as capital gains.

10.5 Stamp and registration duty

No stamp or registration duty is payable on the issue and transfer of Securities issued under the Programme.

10.6 Withholding Tax

No withholding tax is applicable to dividends.

11.SUBSCRIPTION AND SALE

LR 18.81c Words used in this section headed “Subscription and Sale” shall bear the same meanings as used in the Terms and Conditions, except to the extent that they are separately defined in this section or clearly inappropriate from the context.

11.3 Application procedure

Application forms (as set out in [•] for the Securities may be obtained from the registered office of the Issuer or the Arranger. Applications must be submitted directly to the Issuer at its registered office marked for the attention of [•] or the Arranger so as to arrive no later than [•] on the date specified in the Pro Forma Applicable Pricing Supplement. Successful applicants will be notified by the Issuer or the Arranger of the amount of Securities allotted to them immediately after the allotment date specified in the Pro Forma Applicable Pricing Supplement.

LR 18.78h .4 Payment for Securities and delivery

and
LR 18.81a Payment for the Securities is to be made in full to the Issuer in cleared funds by the date set out in the Pro Forma Applicable Pricing Supplement. The Securities will be delivered to investors not later than [•] after the Issue Date specified in the Pro Forma Applicable Pricing Supplement.

LR 18.80 .5 General distribution

Securities may be distributed by way of private placement or any other means permitted under Mauritian law, and in each case on a syndicated or non-syndicated basis as may be determined by the Issuer and reflected in the Applicable Pricing Supplement.

11.6 Republic of South Africa

The Issuer has represented and agreed that it will not solicit any offers for subscription of Securities in contravention of the South African Companies Act, 2008.

11.7 United Kingdom

Any Arranger that may be appointed under the Programme will be required to represent, warrant and undertake to the Issuer, that:

- a) in relation to any Securities which have a maturity of less than one year, (i) it is a person whose ordinary activities involve it in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of its business and (ii) it has not offered or sold and will not offer or sell any Securities other than to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or as agent) for the purposes of their businesses or who it is reasonable to expect will acquire, hold, manage or dispose of investments (as principal or agent) for the purposes of their businesses where the issue of the Securities would otherwise constitute a contravention of Section 19 of the Financial Services and Markets Act 2000 (“**FSMA**”) by the Issuer;
- b) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of section 21 of the FSMA received by it in connection with the issue or sale of any Securities in circumstances in which section 21(1) of FSMA does not apply to the Issuer; and
- c) it has complied and will comply with all applicable provisions of FSMA with respect to anything done by it in relation to the Securities in, from or otherwise involving the United Kingdom.

11.8 United States of America

The Securities have not been and will not be registered under the United States Securities Act of 1933, (as amended)(the “**Securities Act**”) or under the regulations of the U.S. Office of the Comptroller of the Currency, the U.S. Securities and Exchange Commission or under any other U.S. Securities laws and may not be offered or sold within the United States of America or to, or for the account or benefit of, U.S. Persons (as defined in the Securities Act) except in certain transactions exempt from the registration requirements of the Securities Act. Terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act.

- a) The Securities are subject to U.S. tax law requirements and may not be offered, sold or delivered within the United States or its possessions to a U.S. Person, except in certain transactions permitted by U.S. tax regulations. Terms used in this paragraph have the meanings given to them by the U.S. Internal Revenue Code of 1986 and the Regulations thereunder.
- b) Prior to the issue of any Tranche of Securities under the Programme, the Arranger who has (or will have) agreed to place that Tranche of Securities will be required to represent and agree that:
- c) the Securities in that Tranche have not been and will not be registered under the Securities Act and may not be offered or sold within the United States or to, or for the account of or benefit of, U.S. Persons except in certain transactions exempt from the registration requirements of the Securities Act;
- d) it has not offered, sold or delivered any Securities in that Tranche and will not offer, sell or deliver any Securities in that Tranche (i) as part of their distribution at any time or (ii) otherwise until 40 days after completion of the distribution or, in the case of an issue of such Securities on a syndicated basis, the relevant lead manager, of all Securities of the Tranche of which such Securities are a part, within the United States or to, or for the account or benefit of, U.S. Persons;
- e) it will send to the Arranger to which it sells any of such Securities during the distribution compliance period a confirmation or other notice setting forth the restrictions on offers and sales of such Securities within the United States or to, or for the account or benefit of, U.S. Persons; and
- f) it, its affiliates and any persons acting on its or any of its affiliates behalf have not engaged and will not engage in any directed selling efforts in the United States (as defined in Regulation S under the Securities Act) with respect to the Securities in that Tranche and it, its affiliates and any persons acting on its or any of its affiliates’ behalf have complied and will comply with the offering restrictions requirements of Regulation S.

Within 40 days after the commencement of the offering of any Series of Securities, an offer or sale of such Securities within the United States by the Arranger (whether or not participating in the offering) may violate the registration requirements of the Securities Act if such offer or sale is made otherwise than in accordance with an available exemption from registration under the Securities Act.

11.9 General

The Arranger appointed under the Programme will be required to agree that it will not, directly or indirectly, purchase, offer, sell or deliver any Securities or distribute or publish any offering circular, information memorandum, prospectus, form of application, advertisement or other document or information in any country or jurisdiction except under circumstances that will, to the best of its knowledge and belief, result in compliance with any applicable laws and regulations and all purchases, offers, sales and deliveries of Securities by it will be made on the same terms.

Without prejudice to the generality of the above paragraph, the Arranger appointed under the Programme will be required to agree that it has obtained any consent, approval or permission which is, to the best of its knowledge and belief, required for the offer, purchase, sale or delivery by it of Securities under the laws and regulations in force in any jurisdiction to which it is subject or in which it makes such offers, purchases, sales or deliveries and it will, to the best of its knowledge and belief, comply with all such laws and regulations.

Neither the Issuer nor the Arranger represent that Securities may at any time lawfully be subscribed for or sold in compliance with any applicable registration or other requirements in any jurisdiction or pursuant to any exemption available thereunder or assumes any responsibility for facilitating such subscription or sale.

12.ADDITIONAL DISCLOSURES

12.3 EXPENSES RELATING TO THE LISTING

- LR 18.73 The total cost associated with the AfrAsia Bank Limited USD 100,000,000 Programme, in respect of the initial issue, is estimated at 1% of the total proceeds of the initial issue (VAT exclusive), relating to advisers' fees, capital raising and brokerage fees.

13.GENERAL INFORMATION ABOUT THE GROUP

13.3 Stated Capital

The Company is a public company limited by shares and has 77,537,216 ordinary shares of no par value in issue. The details of the stated capital of the Company before and after the issue of Securities are set out below.

LR 18.87a .4 Trend of the Group's business

Since the last audited accounts of the Issuer were made, there has been no material adverse change in the trend of the Group's business.

14. GENERAL INFORMATION

Words used in this section headed “General Information” shall bear the same meanings as used in the Terms and Conditions, except to the extent that they are separately defined in this section or clearly inappropriate from the context.

14.3 Authorisation

LR 18.79a The issue of Securities has been duly authorised by the board of directors of the Company on [•] and ratified by the Shareholders of the Company by way of an ordinary resolution passed on [•].

All consents, approvals, authorisations or other orders of all regulatory authorities required by the Issuer under the laws of Mauritius as at the date of this Programme Memorandum have been given for the establishment of the Programme and the issue of Securities and for the Issuer to undertake and perform its obligations under the Programme Memorandum and the Securities.

14.4 Listing

Securities to be issued under the Programme are to be listed on the Official Market of the SEM.

LR 18.99 14.5 Documents Available for Inspection

For a period of not less than fourteen days from the date of this Programme Memorandum and for as long as Securities are capable of being issued under the Programme, copies of the following documents will, when published, be available during normal business hours from the registered office of the Issuer as set out at the end of this Programme Memorandum:

- LR 18.99a a) the constitutional documents of the Issuer;
- b) this Programme Memorandum;
- LR 18.99c c) all amendments and supplements to this Programme Memorandum prepared by the Issuer from time to time;
- d) in respect of any issue of Securities under the Programme, the most recently published consolidated audited financial statements and Securities and reports thereto of the Issuer;
- LR 18.99d e) a written statement signed by the licensed auditors setting out the adjustments made by them in arriving at the figures shown in their report and giving the reasons thereof;
- f) each Applicable Pricing Supplement relating to any Tranche of Securities issued under the Programme, listed on an Exchange (if any) (and in respect to which there is a Calculation Amount);
- g) all information and documents incorporated into this Programme Memorandum by reference under the section headed “Documents Incorporated by Reference”; and
- h) a written statement signed by the reporting accountants setting out the adjustments made by them in arriving at the figures shown in the accountant report and their reasoning.
- LR 18.99e In respect of any issue of Securities under the Programme, the audited annual financial statements (together with reports and Securities thereto) of the Issuer, for its three financial years prior to the date of such issue, and the audited annual financial statements (together with reports and Securities thereto) of the Issuer for all financial years post the date of such issue as and when such statements are published are available on the Company’s website (www.afasiabank.com).

LR 18.89 **14.6 Working capital**

The AfrAsia Directors have considered the effect of the AfrAsia Bank Limited USD100,000,000 Programme set out in this Pre-Listing Statement and are of the opinion that, after the implementation of the AfrAsia Bank Limited USD100,000,000 Programme:

AfrAsia and the AfrAsia Group will be able, in the ordinary course of business, to pay its debts for a period of 12 months after the date of this Programme Memorandum (for this purpose the assets and liabilities were recognised and measured in accordance with the accounting policies used in the latest audited results for the year ended 30 June 2013);

the assets of AfrAsia and the AfrAsia Group will be in excess of the liabilities of AfrAsia and AfrAsia Group for a period of 12 months after the date of this Programme Memorandum;

the ordinary stated capital and reserves of AfrAsia and the AfrAsia Group will be adequate for ordinary business purposes for a period of 12 months after the date of this Programme Memorandum; and

the working capital of AfrAsia and AfrAsia Group will be adequate for ordinary business purposes for a period of 12 months after the date of this Programme Memorandum.

LR 18.90 **14.7 Material Change**

Since the latest audited financial statements, AfrAsia has increased its stake in ACF from 50% to 100%, in ACM from 50% to 100% and in AZHL from 35% to 47%. Save as disclosed in this Programme Memorandum, there has been no material adverse change in the financial or trading position of the Issuer since the date of the Issuer's latest audited financial statements.

LR 18.91 **14.8 Litigation**

Save as disclosed herein, the Issuer is not or has not been involved in any legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Issuer is aware) which may have or have had a significant effect on the financial position of the Issuer

14.9 Minimum Subscription

LR 18.81d Each Tranche is subject to a minimum subscription rate of 50% of the size of the Tranche. As such, where the minimum subscription amount is not achieved, the Issuer will not proceed to accept bids or allot any Securities

14.10 Oversubscription

In the event of an oversubscription of any Tranche issued under the Programme, additional Securities may be allotted up to the over-subscribed amount, up to a maximum amount stated in the Applicable Pricing Supplement, and subject to (i) the overall outstanding principal of Securities in issue not exceeding the Programme Amount and, (ii) the approval of the SEM being obtained to list the additional Securities (where applicable). The supplementary proceeds will be utilised for the same purposes stated in this Programme Memorandum.

Allotment for any oversubscribed amount will be either only partially filled on a pro-rata basis, total filled or not filled at all, as the case may be and at the sole discretion of the Bank.

14.11 Conflicts of Interest

At the date of this Programme Memorandum, there are no potential conflicts of interests between any duties to the Issuer of the members of its administrative, management or supervisory bodies and their

private interests. However, it cannot generally be ruled out that such persons may have an interest at the time of the offer or issue of Securities; whether this is the case will depend upon the facts at the time of the offer or issue. A description of any potential conflicting interests that are of importance to an offer or issue of Securities will be included in the Applicable Pricing Statement, specifying the persons involved and the types of interests.

14.12 Auditors

- LR 18.68 Ernst and Young have acted as the auditors of the financial statements of the Issuer for the financial years ended 30 June 2008, 30 June 2009, 30 June 2010, 30 June 2011, 30 June 2012 and 30 June 2013 and has in respect of those years, issued an unqualified audit report.
- LR 18.70a
- LR 18.70b-c Ernst and Young has no shareholding in the Issuer or the right to subscribe or nominate persons to subscribe for securities in the Issuer.

LR 18.79e .13 Governing Law and Jurisdiction

- LR 18.79f The Securities will be governed by and construed in accordance with the laws of Mauritius from time to time.

The courts of Mauritius shall have non-exclusive jurisdiction to hear and determine any suit, action or proceedings, which may arise out of or in connection with the Securities and/or this Programme Memorandum (respectively, 'Proceedings') and, for such purposes, the Issuer shall irrevocably submit to the jurisdiction of such courts.

**ISSUER / TRANSFER AGENT/CALCULATION
AGENT/ PAYING AGENT**

LR 18.65

AfrAsia Bank Limited

Bowen Square,
10 Dr Ferrière Street,
Port Louis,
Mauritius.

COMPANY SECRETARY OF THE ISSUER

IBL Legal & Secretarial

5th Floor, IBL House
Caudan,
Port Louis,
Mauritius

ARRANGER

LR 18.67

AfrAsia Capital Management Limited

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LR 18.68

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