

CHIEF EXECUTIVE OFFICER'S MESSAGE



2014 – A SIGNIFICANT YEAR OF PROGRESS

With customers in 104 countries and a brand that is becoming well-known regionally, we have grown in resilience as a powerful boutique corporate and private bank with corporate finance, asset management, trade finance and global custody capabilities.

Decisions about where and when to invest are centered on the creation of value. In 2013 we introduced a series of technology initiatives across the Bank aimed at finding more efficient ways to deliver superior service to our customers.

These efforts are designed to drive sustainable revenue growth by deepening existing customer relationships and forging new ones.

FINANCIAL STRENGTH

On the back of this customer investment, we are pleased to record significant growth in our financial performances. Operating profit for the Bank reached MUR 506m for the year ended 30 June 2014, a 49% increase on MUR 340m we reported in the previous year. Indeed, the strong increase in operating profit was driven by an 80% increase in net interest income and an 86% increase in net trading income, both from serving our customers better. Net Operating Income after credit provisions crossed the MUR 1bn mark, an increase of 51% over the previous year.

With the current liquidity issues in Zimbabwe, our subsidiary AfrAsia Zimbabwe Holdings Ltd has been affected by these challenges. However plans to revitalize the Group are being set out and several strategies are being rolled out to restore confidence of the stakeholders. The turn-around strategy involves key local and

international investors to address the liquidity issue through an equity raise and Senior Secured Note. This turnaround has had my personal and direct involvement.

Nonetheless, our local operations have not been affected by the challenges faced in Zimbabwe. Liquidity ratio as at June 2014 was at 92.5%, as compared to 83.5% in June 2013. The Bank has successfully recorded no excess following the new guidelines on Liquidity Risk Management issued by the Bank of Mauritius.

Our customer loans and advances as at June 2013 amounted to MUR 17.4bn and customer deposits at MUR 41.1bn, a 24% increase and 51% increase from the previous year, respectively. Total assets grew to MUR 47bn which is a 50% increase over the previous year. Our strong growth is derived partly from the level of service the Bank offers and the unique competitive advantage the Mauritian market offers to investors locally and internationally. We plan to continue to build on our relevance in the region through operational presence in selective markets and use our head office in Mauritius and regional office in South Africa to support those developments. Our London representative office in the UK was opened during the year as well.

MARKETING AND BRANDING

We have been at the forefront of pioneering initiatives with numerous key launches on both the domestic and international market, as can be seen in the '2013-2014 – At a Glance' section of the report. Our strategy remains to participate in various trade shows and conferences, such as Mines & Money, African Mining Indaba, STEP, deepening thus our presence on several African, Asian and European markets. We affiliated with once in a lifetime opportunities through sports and social involvement for education and groundbreaking with title sponsorships such as AfrAsia Barcelona Club as well as the communities in which we operate through the AfrAsia Bank Cape Wine Auction, a charity-driven initiative in South Africa.

Our AfrAsia XtraMiles programme, launched in December 2013, a pioneering initiative in Africa, aims at anticipating our clients' needs tailoring the most rewarding experiences for them. This platform is linked to our credit cards and deposits offering our clients unique opportunities in their travel and leisure endeavours.

Moreover, with the consolidation of our operations at AfrAsia Capital, AfrAsia Corporate Finance and AfrAsia Bank Zimbabwe Ltd, we are working towards building the brand more completely this year.

OPERATIONS AND HUMAN RESOURCES

AfrAsia Bank has an extraordinary depth of talented people who understand the business. Nevertheless, we needed to reinforce our skill set with the opening of our London Representative Office

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as well as strengthening our workforce in South Africa, to tap into the opportunities arising in the European and African markets. With the rapid growth of the Bank and its subsidiaries, the talent pool has been deepened with several appointments in its core business lines, Finance, Legal, Asset Management, Human Resources, IT and Marketing together with various internal promotions.

To further prevent and mitigate operational risks, the Bank has implemented Business Continuity Management framework to provide for a disaster recovery site and appropriate plans as a commitment to continue business to our shareholders, customers and employees. Following the major flood damage caused in March 2013, the back office of the Bank moved to Ebene, which is a technological hub also known to be the next financial centre of the island as will further explain the Risk Management Report. A state-of-the-art branch in the Ebene CyberCity, with full service banking, was also launched to simultaneously celebrate the Bank's 7th anniversary in October.

FUTURE OUTLOOK

Overall, we remain exceptionally positive about the long-term prospects of Africa and the emerging markets which AfrAsia Bank Limited will leverage on. As we pursue our corporate mission, we remain assured that the chosen strategic direction is sound. Sustaining business for the next financial year is of utmost importance as we expand our client base through active market engagement primarily in the Southern and Eastern African regions. Over 60% of our balance sheet assets are now outside of Mauritius.

The future priorities remain to provide dedicated customer service, with tailor-made banking solutions and advice through our Representative Offices, subsidiaries and related companies. We will also continue to invest into the customer experience which should represent instantaneous, transparent services with seamless multichannel access.

We have set ambitious but achievable targets that will position us as an above-market performer, creating long-term stakeholder value in our growing expansion.

James Benoit
Chief Executive Officer

