

FINANCIAL CAPITAL



Financial capital is broadly understood as the pool of funds available to an organization. This includes both debt and equity finance. This description of financial capital focuses on the source of funds, rather than its application, which results in the acquisition of manufactured or other forms of capital.



Financial Capital is broadly understood as:

- › the pool of funds available to an organization for the production of goods or the provision of services;
- › the pool of funds obtained through financing, operations, and investments.

Reference: <https://integratedreporting.org/wp-content/uploads/2013/03/IR-Background-Paper-Capitals.pdf>



TOGETHER WITH OUR FINANCIAL PARTNERS SUCH AS AFRASIA, WE AIM TO HELP SMALL AND VULNERABLE COUNTRIES ACCESS INTERNATIONAL SOURCES OF CLIMATE FINANCE TO MEET THEIR PRIORITY ADAPTATION AND MITIGATION NEEDS AND REALIZE THEIR SUSTAINABLE DEVELOPMENT GOALS.

BILAL ANWAR

General Manager, The Commonwealth Climate Finance Access Hub Business Association



Domestic-Systemically Important Banks (D-SIBs)

The Bank of Mauritius (BOM) has adopted an internationally recognized framework in order to identify Domestic-Systemically Important Banks (D-SIBs) in Mauritius. D-SIBs are banks whose failure could have an impact on the domestic economy. AfrAsia Bank Limited is one of the five Mauritian banks that has been included in this list and is thus subjected to a capital surcharge.

<http://www.mba.mu/pdf/2016/D-SIBs-28-Jan-2016.pdf>

[\(More information in the Management Discussion and Analysis section\)](#)

Financial Capital Inputs

As a financial institution, our main source of fund is Deposits from Customers

>MUR 111bn

Financial year ending June 2018

In addition, we generate income through our different activities and services provided. Below is an extract from our financial statements focusing on the different types of income generated.

	Year ended 30 June 2018 MUR'000	Year ended 30 June 2017 MUR'000	Year ended 30 June 2016 MUR'000
Net interest income	1,629,058	1,139,288	829,476
Non-interest income	1,273,602	1,073,096	898,461
Total operating income	2,902,660	2,212,384	1,727,937

Total Operating Income for the Bank

[\(More information in the Management Discussion and Analysis section\)](#)

Value Distributed

As a Bank, financial capital remains amongst our top most priorities. We ensure a fair distribution of financial value to our different stakeholders.

Government & Regulators

	Year ended 30 June 2018 MUR '000	Year ended 30 June 2017 MUR '000	Year ended 30 June 2016 MUR '000
Tax Expense	141,224	102,676	89,885

Tax Expense for the Bank

The applicable corporate tax rate in Mauritius is 15%, with a deemed tax credit of 80% applicable for Segment B income (foreign source income).

[\(For more information, refer to the Management and Disclosure section.\)](#)

FINANCIAL CAPITAL (CONTINUED)

Shareholders

	Year ended 30 June 2018 MUR '000	Year ended 30 June 2017 MUR '000	Year ended 30 June 2016 MUR '000
Total Dividends	300,159	242,949	168,698

Dividends paid by the Bank

Dividends are proposed by management to its Board of Directors in line with the provisions of the Banking Act 2004, the Mauritius Companies Act 2001 and the Bank's Constitution. Once the Board is satisfied with the Bank's recommendation and once the solvency tests are met, approval of the Bank of Mauritius is then sought prior to distribution to shareholders.

[\(For more information, please see the Corporate Governance Report\)](#)

Employees

	Year ended 30 June 2018 MUR '000	Year ended 30 June 2017 MUR '000	Year ended 30 June 2016 MUR '000
Total Expenses	529,664	436,358	396,790

Personnel Expenses for the Bank

The Bank invests in its people as a strategy to attract and retain the best talents. These include:

1. Payment of salaries
2. Staff benefits
3. Pension cost – defined contribution scheme
4. Investment in training

(For more information, refer to the [Human Capital](#) and [Financial Statements](#) sections.)

Society

The Corporate Social Responsibility ('CSR') was legislated by the Government of Mauritius in July 2009. In terms of the legislation, the Bank is required to allocate 2% of its chargeable income under Segment A ('Resident') of the preceding financial year to Government-approved CSR projects. Where the amount paid out of the CSR fund is less than the amount provided under the fund, the difference shall be remitted to the regulatory body at the time of submission of the income tax return on the year under review.

Customers

Our customers are at the heart of our operations. Value is distributed to customers through various ways including Loans & Advances and Interests payable.

MORE THAN

MUR 28bn

IN LOANS AND ADVANCES TO CUSTOMERS

MORE THAN

MUR 612m

PAID IN INTEREST TO CUSTOMERS

Being a key financial institution, one of our main impacts is our investment portfolio. We are committed to invest in socially responsible and green projects. The different business segments along with the sustainability department has started to work on a Sustainable Finance Strategy for the Bank. In addition to the development of internal sustainable products, AfrAsia Bank aspires to bring international green financial instruments to the Mauritian market. Through this, we want to be aligned to the five pillars of Vision 2030 of the Mauritian Government and the UN 2030 agenda.

Currently, AfrAsia Bank has already started to work with clients that are engaged in renewable products and energy efficiency. As the first step in this new sector, we are focusing on Research & Development on products most appropriate for our clients' database and the markets that we serve.