

ABOUT THIS REPORT

Reporting Period

AfrAsia Bank Limited Integrated Report 2018 is a thorough report that addresses our Economic, Environmental, and Social performance for the Financial Year 2017 - 2018, as well as our vision and goals for the next 3 years.

Targeted Audience

This report is intended for all stakeholders of the Bank. The comprehensive report gives emphasis to material issues, value creation over the short, medium and long-terms, as well as disclosure and transparency to enable our stakeholders to make informed decisions.

International Standards

Our previous reports lay the groundwork for adopting the Integrated Reporting Framework as directed by the International Integrated Reporting Council (IIRC). Our integrated report is drawn up in accordance with the GRI Reporting Principles, a set of standards that are essential to reporting non-financial metrics. AfrAsia Bank Limited (ABL) conducted its first “Materiality Assessment” in July 2018 to identify and prioritize material issues that matter most to our stakeholders.

This report also highlights our achievement around the United Nations Sustainable Development Goals (SDGs) through our GRI Index.

For the first time since its participation in the United Nations Global Compact (UNGC), AfrAsia Bank is submitting an Integrated Report as its Communication on Progress (COP) that communicates our efforts to support and uphold the Ten Principles of the UN Global Impact.

Boundaries

This report includes information pertaining to AfrAsia Bank Limited and its subsidiaries. The boundaries for Key Performance Indicators have been clearly stated in light of our commitment to being more transparent with regards to our stakeholders and other interested parties.

Forward Looking Statement

Note that this report also includes forward-looking statements, which may change in future in line with the corporate strategy and vision.

Contact

AfrAsia Bank Limited welcomes feedback and suggestions on this report, which may be communicated to Mrs. Luvna Arnassalon-Seerungen, Head of Corporate Sustainability & CSR, at Luvna.Arnassalon@afasiabank.com.

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ADOPTING



ADOPTING

SUSTAINABILITY PRACTICES

Our “Responsible Bank 2020” goals integrate sustainability principles, such as the triple bottom-line thinking (People, Planet, and Profit), starting with our employees and clients, extending to our stakeholders and trickling down into our communities.

CORPORATE PROFILE & OVERVIEW

[About AfrAsia Bank Limited](#)

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ABOUT AFRASIA BANK LIMITED

AfrAsia in Numbers

NUMBER OF
EMPLOYEES

368



NET OPERATING
INCOME

>MUR 1.8bn



VOLUNTEERING
HOURS

478



AFRASIA
KIDS

30



CLIENTS IN
140
COUNTRIES



TOTAL
ASSETS

>MUR 120bn



TOTAL DEPOSITS
FROM CUSTOMERS

>MUR 111bn



STAFF
TRAINING HOURS

>6,500



DIVIDENDS

MUR >300 M



[All figures are for the Bank](#)



OUR LOCATION

AfrAsia Bank Limited (“AfrAsia”, the “Bank”), is headquartered in Port Louis, Mauritius, in a historic building dating back to 1879, and listed as a National Heritage site. The Bank also has a branch in Ebène, the island’s Cybercity, further strengthening its presence in Mauritius. Additionally, our representative office in Johannesburg, South Africa, provides Customer Service to our regional and international clients. These strategic office locations serve to bridge Africa and Asia, the two fastest growing emerging markets.



Port Louis office



Ebène office

STRATEGIC SHAREHOLDERS

AfrAsia Bank Limited is backed by three strategic shareholders who provide us with a competitive advantage in our positioning in regional and global markets.



The Bank's anchor shareholder, IBL Ltd, is the 1st business group in Mauritius (2018 Top 100 Companies) and employs more than 21,800 employees.

IBL Group is active in various economic sectors, namely Agro, Building & Engineering, Commercial, Financial Services, Hospitality, Manufacturing & Processing, Logistics, Properties and Innovation.

IBL Group is listed on the Stock Exchange of Mauritius (SEM) since the 14th of July 2016 and on the Stock Exchange of Mauritius Sustainability Index (SEMSI) since September 2017. It also has 6 companies listed on the SEM and 2 companies listed on the SEMSI.

<http://www.iblgroup.com/>



Founded in 1859, National Bank of Canada (NBC) is one of the six systemically important banks in Canada.

It is an integrated provider of financial services to retail, commercial, corporate, and institutional clients.

Headquartered in Montreal, NBC has more than 23,000 employees and 2.5 million individual clients. Clients in the United States, Europe, and other parts of the world are served through a network of representative offices, subsidiaries, and partnerships.

National Bank of Canada is listed on the Toronto Stock Exchange (TSX: NA) and its long-term senior debt is rated A+ by Fitch and A by S&P as at July, 2018.

<https://www.nbc.ca>



IntrAsia Capital Pte Ltd (Group) is a Singapore established family office and investment holding company. Its operations are managed from Mauritius.

IntrAsia Group is mainly focused on developing and managing international public and private companies in the corporate and financial services industry, energy and resources, properties and agriculture. In Mauritius, it is the developer of the unique healthy Mighty Rice product and provides corporate structuring and administration services. Its other businesses operate in Australia, Madagascar, Tanzania and Mozambique.

The Group is the third largest shareholder of the Bank and provides guidance and support to our international expansion.

<http://www.intrasiacapital.com/>



“

THE BANK'S PROACTIVE SHAREHOLDER ENGAGEMENT DRIVES VALUE ACROSS THE FLOOR BY FOSTERING RELATIONSHIPS WITH OUR VARIOUS STAKEHOLDERS, LEVERAGING OUR BUSINESS NETWORK, AND PROMOTING THE HIGHEST LEVEL OF CORPORATE GOVERNANCE

”

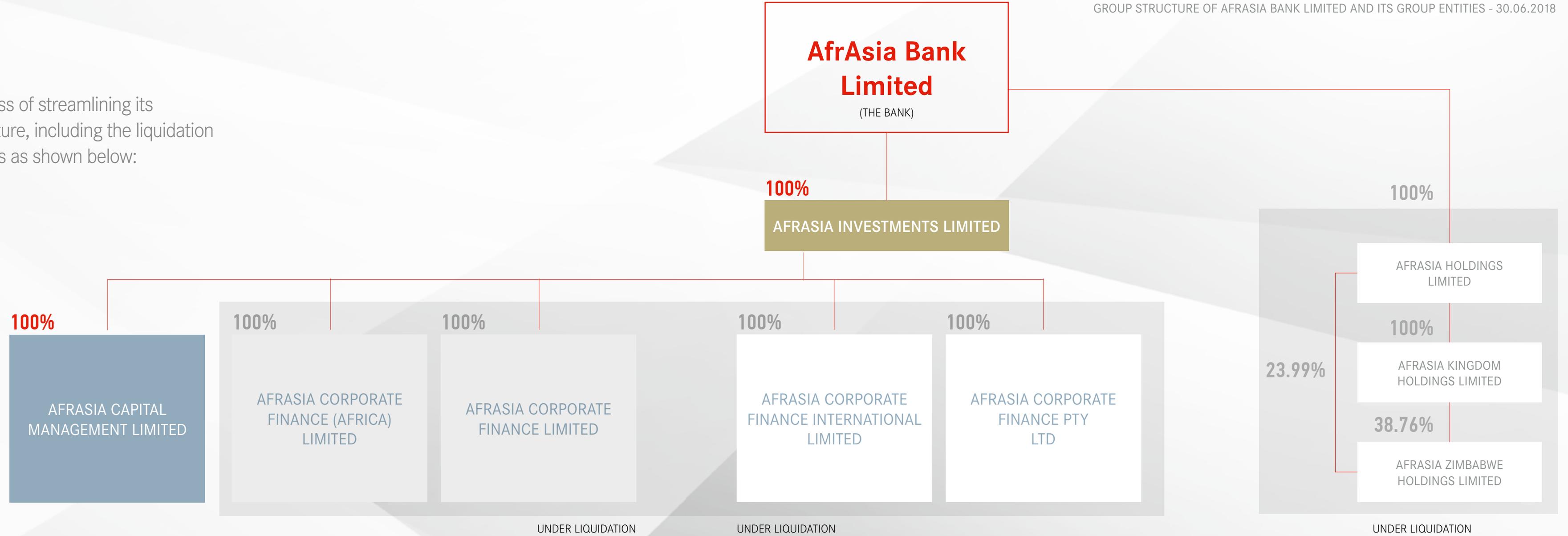
MR JEAN-CLAUDE BÉGA

Group Head of Financial Services and Business Development
IBL GROUP

Shareholder

OUR STRUCTURE

The Bank is in the process of streamlining its overarching group structure, including the liquidation of some dormant entities as shown below:



OUR 'BANK DIFFERENT' PHILOSOPHY



CUSTOMER-FOCUS

01

- > Our aim is to be agile, creative, flexible and innovative. These qualities enable us to deliver outstanding service.

- > We have an entrepreneurial mindset that encourages employees to develop their leadership skills.



TEAMWORK

02

"BANK DIFFERENT" PHILOSOPHY

03

INNOVATION



- > Our digital transformation journey allows us to engage with customers and embrace market challenges.

- > Sustainability is integrated throughout our processes and we optimise AfrAsia's positive impact on society, environment and ensure long-term business success.

04

SUSTAINABILITY



OUR CORE VALUES

Our new culture, DARE, was launched on 07 April 2017 as an integral part of the Bank's Transformation Journey. The idea was to instill a conducive environment with the objective of making our employees happy so they could, in turn, make our customers happy. Our Culture Ambassadors, referred to as the Dare Devils, act as representatives for each department. They have been vested the mission to deploy the values bank wide as well as in the day-to-day operations and mindset.



DISRUPTIVE

Be the change.

Think different, innovate and work smart

ALWAYS CHALLENGE THE STATUS QUO.

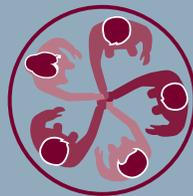


ACTION

Actions speak louder than words .

Do whatever it takes to get the job done!

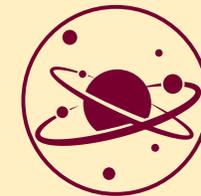
DO WHAT WE SAY WE WILL DO ... MAKE IT HAPPEN .



ROCKING

Play as a team with dynamism
and mutual respect

WE ARE ONE TEAM, WE WORK TOGETHER
TOWARDS THE SAME OBJECTIVE.



E!!

Everyone, Everyday, Everything Fun!!

WE WORK IN A FUN ENVIRONMENT.

AFRASIA BANK LIMITED'S BUSINESS SEGMENTS

Today's clients expect a whole new kind of banking experience - one that is personalized, transparent, and informed. In line with our philosophy, "Bank Different", we provide tailored financial solutions to our clients in four areas of expertise. In addition, AfrAsia Capital Management Limited complements the Bank by providing Asset Management services.

CORPORATE AND INVESTMENT BANKING

Short term lending, Term lending, Debt advisory products, Corporate syndications, transactional banking, trade finance, Foreign Exchange Solutions

Clients -

LOCAL: Top 100 local corporates, mid corporates, parastatals, other government bodies, Film Industry

INTERNATIONALS: selective clients in South Africa and India



PRIVATE BANKING AND WEALTH MANAGEMENT

Private Banking, Personal Banking, External Asset Management & Custody, Asset Management, Wealth Management

A. PERSONAL BANKING

Primary clients ~ 5,000
Accounts - 11,000

B. WEALTH MANAGEMENT

Analytics application to drive Private Wealth Proposition
Clients - Resident Individuals, Non-Resident Individuals, Expatriates, Investors



AFRASIA BANK BUSINESS SEGMENTS



GLOBAL BUSINESS BANKING

Transactional & Payment Services, Cash & Liquidity Management, Other Products & Services

Total Deposits Segment B represent around 14.4% of Total deposits of all Banks in Mauritius at around MUR 78.3bn

>10,000 clients based in 140 countries

Clients: Trust & Foundations, External Asset Managers, Private Equity Funds, Foreign Companies, Pension Funds, Investment Holding Companies, Trading Companies, Local & International Management Companies.

TREASURY & MARKETS

Four key pillars within the Treasury & Markets being:

- > Treasury (Foreign Exchange, Money Markets & Fixed Income Trading, Hedging Solutions, Yield Enhancement Solutions)
- > Financial Institutions
- > Custody & Securities Services
- > Debt Capital Markets

Provider of tailored treasury solutions to our clients

Aims to develop and deepen AfrAsia Bank's banking relationships

Advisory on debt raising to local and international clients
Enabling clients to trade in Securities whilst ensuring settlement and safekeeping of assets

Gross Income - **MUR 2.24bn**

Clients - Local & International Corporates, Parastatals, Mid-Tier Corporates, SMEs, High Net Worth Individuals, Global Banking Business Clients, Financial Institutions
Landmark Deals - IBL Bond Issue (Largest Oversubscription in Mauritius with MUR 12.6bn raised, recording an oversubscription of 4 times)



Through our four business segments and subsidiary, AfrAsia Capital Management Limited (ACM), we offer a wide range of financial services and products to meet our clients' evolving needs.



Accounts:

Savings, Current, Term Deposits



Wealth Management:

Wealth Management, Global Custody



Treasury & Markets:

Foreign Exchange, Money Markets & Fixed Income Trading, Structured Solutions, Custody & Securities Services and Debt Capital Markets



Financing Facilities:

Financing solutions for Individuals & Corporates, Trade Finance, Cards

AFRASIA CAPITAL MANAGEMENT LIMITED (ACM)

SERVICES PROVIDED



Pension Fund Management



Portfolio Management



Advisory Service

PRODUCTS



Collective Investment Schemes



Distribution of financial products

> 300 clients

MAJOR COMPANIES IN DIFFERENT SECTORS, HIGH NET WORTH INDIVIDUALS AND CORPORATES

Key Goals:

Achievements FY2018

RETURN ON EQUITY



> 22%

34%

NPAT



> 25%

17%

COST TO INCOME RATIO



< 70%

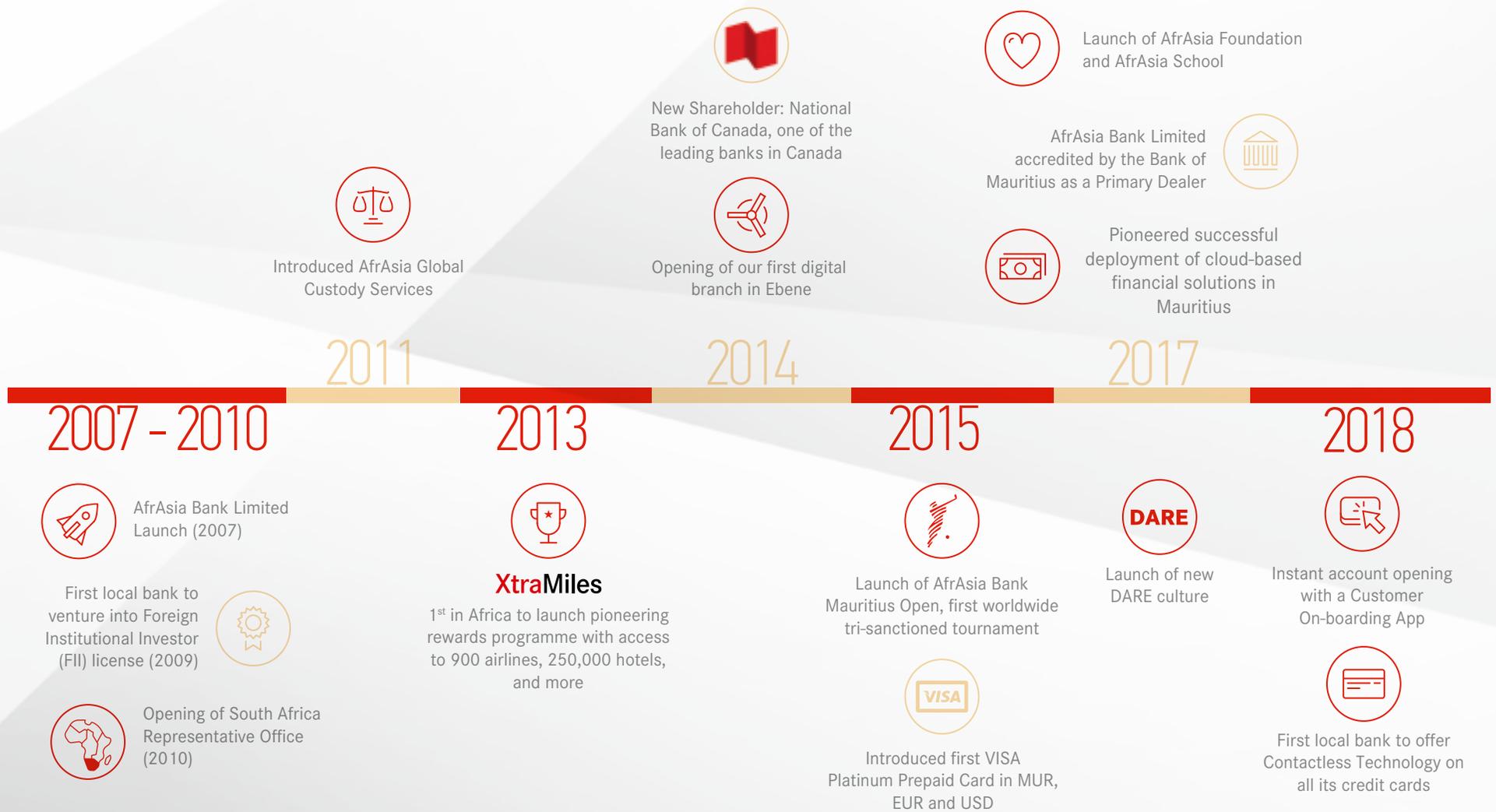
62%

GROWTH IN REVENUE

26%



OUR KEY MILESTONES



CHAIRMAN'S REVIEW

The Board and management team remain committed to bring the Bank to the next growth stage, while ensuring it is future-fit to deliver outperformance for all our stakeholders.

MAURICE LAM
Chairman



Dear Valued Shareholders,

Thank you for trusting us with your investments in the capital of AfrAsia Bank Limited. This is the Bank's first Integrated Report 2018, detailing a year of further consolidation of its financial soundness and business model for enhanced value creation for all our stakeholders. The Bank has produced another good performance while keeping up its transformation drive to a more client-focused organization.

AFRASIA BANK HAD A SUCCESSFUL RIGHTS ISSUE OF

MUR **430.6** m

TO STRENGTHEN ITS CAPITAL BASE
FOR FUTURE GROWTH

Economic Review

The financial year 2017-2018 has seen profound economic and geopolitical change worldwide, marked by the divergence of economic growth between the US and the rest of the world, the start of the withdrawal of liquidity by central banks starting with the US, challenges arising from the Brexit decision, China's growing economic and political clout globally and the "America First" principle of the US administration. There is no doubt that a new business and international trade environment is emerging which would challenge existing trade patterns and relationship between countries.

Mauritius managed to post a decent economic growth rate in spite of these significant global challenges with the Financial Services and the Tourism Sectors as the major contributors of economic growth. Both the private and public sectors are currently re-engineering the Mauritius International Financial Centre to be the preferred centre to service the Sub Sahara African continent and be the effective bridge linking Asia and Africa.

CHAIRMAN'S REVIEW (CONTINUED)

Business Landscape

Major global trends impacting the banking sector are the widespread adoption of digital technologies and platforms, the emergence of an increasing young and smart phone natives middle class consumer group in Africa and an increasing number of High Net Worth Individuals in Africa. The Bank embarked on the journey to be of relevance to these two emerging groups by migrating its offerings on mobile platforms and digitalising its processes to meet more efficiently and effectively our clients' needs.

The Group's businesses have continued to grow, highlighting the diversity of our business offering, our operational architecture combining efficient processes and technology, as well as our ability to adapt to evolving market conditions. We are focused on generating synergies between our various business segments, as well as our investment arm, AfrAsia Capital Management Limited. The objective is to proactively nurture long-lasting relationships with our clients and be a one-stop-shop for all their requirements while enabling growth on both the commercial and affluent banking relationships, domestically and internationally.

Performance, Capital Structure and Dividend

Our financial year results demonstrate the positive momentum across all our business divisions. The Group reported a profit after tax of MUR 763m while recording a stellar performance in terms of top line with an income growth of 31% compared to prior year which has been driven by leveraging on our franchise value. The incremental income was, however, impacted by an increase in impairments and operating expenses. Elsewhere, our investment arm, AfrAsia Capital Management Limited, recorded a growth of 26% in revenue, showing its strategic abilities to provide outcomes that are relevant to clients across market cycles.

Return on average equity was 15% for 2017-2018. Dividends of MUR 1.50 per share were paid to its ordinary shareholders and in line with the Class A (Series 1 & 2) shares programme memorandum, the Bank paid MUR 140m of dividends to the holders of these shares.

During the year, AfrAsia Bank had a successful rights issue of MUR 430.6m to strengthen its capital base for future growth and closed the year with a shareholders' equity of MUR 6.9bn. The Bank's capital adequacy ratio stood at a healthy 3% above regulatory limits as at 30 June 2018, while being

considered as a Domestic Systemically Important Bank (D-SIB) by the central bank.

THE GROUP REPORTED
A PROFIT AFTER TAX
OF MUR 763M WHILE
RECORDING A STELLAR
PERFORMANCE IN TERMS
OF TOP LINE

Future Outlook

The AfrAsia brand remains strong in its key markets, and we continue to leverage relationship-building and networking opportunities through strategic partnerships, roadshows, summits and our flagship event, AfrAsia Bank Mauritius Open. The Board and management team remain committed to bring the Bank to the next growth stage, while ensuring it is future-fit to deliver outperformance for our shareholders, clients, employees and the communities in which we operate. We are determined to drive better client outcomes through the execution of our consistent client-focused strategy, building on our capabilities as an agile bank through technology and innovation with the objective of creating sustainable long-term value for all our stakeholders. We have entered the financial year 2018-2019 with a positive outlook.

Corporate Governance

The AfrAsia Group is committed to uphold the highest level of corporate governance by having an effective board composed of the optimal mix of qualified and experienced independent and non-independent members with each board member working in the best interests of the Bank and not of another group or entity. The Board ensures that there is management depth and quality through the recruitment of persons of sound character with a diverse set of experience and expertise to successfully implement the strategy that it has approved.

I would like to thank Nicolas Weiss for his contribution during his tenure, and welcome Dipak Chummun and Lee Boon Huat, whose decades of experience will surely assist in steering our growth strategy.

Finally, on behalf of the Board, I would like to thank our team members whose dedication and professionalism are the pillars of the Afrasia Brand and the financial results of the Group.



Lim Sit Chen LAM PAK NG
Chairman

CREATE

Create synergies among our business segments through the diversity of our product offering and expand our footprint across geographies.



BUILD

Build networks and relationships through strategic partnerships, roadshows, summits and our flagship golf event, AfrAsia Bank Mauritius Open.



TRANSFORM

Transform the AfrAsia Group through a customer-focused strategy through technology, disruptive innovation and sustainability.



DELIVER

Deliver outperformance and build continuous engagement to create sustainable value to all our stakeholders – customers, shareholders, employees, communities, suppliers and partners.

CHIEF EXECUTIVE OFFICER'S MESSAGE

Dear Valued Partner

The financial year ended June 2018 has been marked by significant achievements. We moved ahead on our journey to be a reference in customer service and employer of choice in the banking industry. We kept pace with the challenging business environment as well as economic, social, regulatory and technological changes. I am pleased to share with you our first Integrated Report. This provides a clear roadmap of the Bank's activities as well as its preparedness to create and sustain value for all its stakeholders. It looks at the interconnectedness of financial, human, intellectual, natural, manufactured, social and relationship capital.

THE BANK RECORDED A 31% INCREASE
YEAR-ON-YEAR WITH TOTAL OPERATING INCOME AT

MUR **2.9** bn



The Bank's success for the year has been through disciplined execution of our strategy, led by our key differentiators: Customer-Focus, Teamwork, Innovation and Sustainability.

SANJIV BHASIN
Chief Executive Officer



CHIEF EXECUTIVE OFFICER'S MESSAGE (CONTINUED)

Delivering our Business Strategy

This past year, we have kept our focus on operating our businesses to its full potential, managing diligently our credit impairments and implementing International Financial Reporting Standard (IFRS) 9 Financial Instruments. However, with a challenging credit environment, we followed a conservative approach to onboarding risk throughout a volatile year.

Our deposits grew by 22% to reach MUR 111bn as at year end, a result of our successful client strategy in Segment B business. It provided the necessary liquidity for expansion. It generated ancillary fees and forex income. On the lending side, a conservative and disciplined approach resulted in our loan book growing by 2% to reach MUR 28bn. Our aim is to achieve a stable and good growth through the gradual increase in volume and quality of our assets and diversify our sources of revenue on an ongoing basis to spread our risk amongst a variety of income streams. The eventual growth plan is to have more sources of revenue which are less capital intensive.

In terms of top line, the Bank recorded a 31% increase year-on-year with Total Operating Income at MUR 2.9bn at the end of June 2018. This helped to absorb specific provisioning with capital provision levels reaching 64% coverage ratio before write offs of non-performing assets. We believe we have a stronger and more stable balance sheet with our repositioning and de-risking strategy

successfully executed during the year. With Net Profit after Tax (NPAT) standing at MUR 766m, we believe the Bank's success for the year has been through disciplined execution of our strategy, led by our key differentiators: Customer-Focus, Teamwork, Innovation and Sustainability. The higher level of provisioning to stabilise the asset quality explains a decline in NPAT from MUR 817m to MUR 766m. Cost containment remained in the forefront as Cost to Income Ratio was maintained at 32%.

The introduction of new regulations such as Basel III and IFRS 9 Financial Instruments make it challenging to grow revenues but we seem to be well prepared and in position to compete.

Re-structuring our businesses lines has given us the opportunity to deliver better collaboration and synergies to cross-sell with more innovative and differentiated value propositions. We continue to nurture a dedicated team who ensures proximity to our target markets and clients.

- Corporate Banking: Awarded as the 'Best Corporate Bank 2018' by Banker Africa for the 2nd consecutive year, we delivered an 11% growth in income compared to last year.
- Consumer Banking: Our re-structured cluster regrouping Wealth Management, Private Banking, Personal Banking and Business Banking has enabled a successful cross-selling strategy of our products, particularly from AfrAsia Capital Management Limited, and enabled us to grow our Custody portfolio significantly from last year.

WE BELIEVE WE HAVE A
STRONGER AND MORE
STABLE BALANCE SHEET
WITH OUR REPOSITIONING
AND DE-RISKING
STRATEGY SUCCESSFULLY
EXECUTED DURING
THE YEAR.

- International Banking: Total deposits from global business banking represent 14.4% of the total deposits of all Banks in Mauritius (Segment B only).
- Treasury & Markets: Our strategy has delivered a robust performance. With a better liquidity management framework in place, coupled with steady increase in rates both locally and internationally, our Net Interest Income has been boosted by 57.8% during the year. This enabled our Total Operating income to exceed our target.
- The brand has been growing locally and internationally through various efforts mainly with our flagship event AfrAsia Bank Mauritius Open which has a potential reach of over 400 million households worldwide and provides the Bank with visibility in the right target market. We have also engaged in providing relevant research on wealth markets in Africa and the region, which is aligned with our strategy to focus on this part of the world. We continued to build the capabilities of our South Africa Representative Office and collaborate more closely in East and West Africa to source deals. The mission is to capture trade and investment flows to and from these two areas, supplemented by investment flows to each of the regions from Asia and elsewhere. With

the opportunities lying in front of us, and the availability of a talent pool and global network, we are fully committed to tap into emerging markets while showcasing Mauritius as an International Financial Centre of choice.

Building on our Brand Pillars - Customer Focus, Innovation, Teamwork and Sustainability

CREATING VALUE FOR OUR STAKEHOLDERS AND ENGAGING WITH THEM EQUALLY IMPLIES THEY ALSO NEED TO UNDERSTAND OUR PHILOSOPHY, OUR LONG-TERM OBJECTIVES AND HOW OUR CLOSE COLLABORATION CAN MAKE AFRASIA A SUSTAINABLE BRAND.

Our major founding principles, executed to reshape our DNA and culture, have been critical to the growth of our business. Customer-Focus has been key, where we have continued to listen to our clients, and developed our products and capabilities to meet their requirements progressively and effectively. Our yearly survey revealed that the reorganisation of our operations and processes, complemented with increased staff training over the last financial year, have been bearing the expected fruits, especially from a B2B perspective, with a rising Customer Satisfaction Index (CSI) at 78 in 2018 compared to 69 in 2017.

To support this and enable us become a more digital, competitive and agile bank, we are leveraging Innovation, where we have introduced various digital initiatives including client onboarding mobile applications, migration to cloud and we continue to invest in mobile solutions, automation and artificial intelligence to drive

efficiency, and better serve and protect our customers.

CHIEF EXECUTIVE OFFICER'S MESSAGE (CONTINUED)

There is no doubt that our people remain our most important asset, and the environment, the organisational culture and their well-being matter. After reviewing our core values to `DARE`, we have, this year, invested more in employee development than ever before and training hours increased significantly. We have also redesigned our workplace with a more meaningful approach, to create a blue-sky thinking environment that further promotes a collaborative culture, creativity and thus Teamwork.

Sustainable banking is a strategic priority for us. We intend to become a leader in this field, both in terms of our product offering and our contribution to building a sustainable economy. As part of our objective `Responsible Bank 2020', we are integrating Sustainability principles that acknowledge our everyday business decisions and processes. To promote lifelong learning opportunities, we have launched during the year the AfrAsia School, managed by our Foundation, demonstrating our larger commitment to society. We plan to build this over the next decades to have a small but meaningful impact on our environment.

We are hosting the very first AfrAsia Bank Sustainability Summit in October this year, grouping renowned speakers, to debate on Sustainable Development Goals related themes in their everyday business, and simultaneously sharing knowledge with all our stakeholders - customers,

shareholders, employees, suppliers and all other partners. Creating value for our stakeholders and engaging with them equally implies they also need to understand our philosophy, our long-term objectives and how our close collaboration can make AfrAsia a sustainable brand. This challenging and exciting mission also means we need to keep educating our employees while bringing this very deep thought to our everyday interaction.

Looking forward to successful years ahead of us

We enter the financial year 2018-2019 with a positive outlook and the drive to transform the organization and create a sustainable future for the AfrAsia brand.

We are in a dynamic environment which is expected to witness changes following the evolution of regulations, technology and client expectations. To remain successful in this ever-evolving environment is a challenge. We must assess the host of disruptive technologies being rolled out and adopt quickly to sustain competitive advantage. People will have to be more

adaptive to change and we need to promote that aspect of financial literacy to make them understand that technological disruption as a component of our business strategy is only here to make banking simple and more efficient. Alongside these developments, continuous investment in cybersecurity remains crucial to protect the Bank and its customers.

WITH OUR CONTINUED IMPROVEMENTS IN OUR EXECUTION CAPABILITIES, THE OPPORTUNITIES LYING AHEAD OF US AS WELL AS OUR PROVEN ABILITY TO INNOVATE AND ENGAGE WITH OUR STAKEHOLDERS WILL ENSURE THAT THE AFRASIA GROUP IS WELL POSITIONED TO GROW PROFITABLY INTO THE FUTURE.

As regards our strategic footprint, Africa remains the hinterland for Mauritius. There is much work to do to promote the country as a sophisticated financial centre, and we fully believe in the continent's potential despite the socio-political instability in some areas. Targeting African High Net Worth Individuals to invest in or use Mauritius as an investment hub is an area of focus. We are looking at restructuring our SA office to tap into the market, and promote Mauritius as an investment platform. Our flagship golf tournament and biggest brand-building event, the AfrAsia Bank Mauritius Open, positions the island on the world map as a financial and lifestyle hub and is a unique opportunity to build relationships.

Our people's dedication to our clients, our vision and core values give me confidence in AfrAsia's future. As I look forward, there is no doubt that with our continued improvements in our execution capabilities, the opportunities lying ahead of us as well as our proven ability to innovate and engage with our stakeholders will ensure that the AfrAsia Group is well positioned to grow profitably into the future. We wish to work towards building a position where our clients regard us as an institution which creates a future where financial services and products are delivered differently.

Appreciation

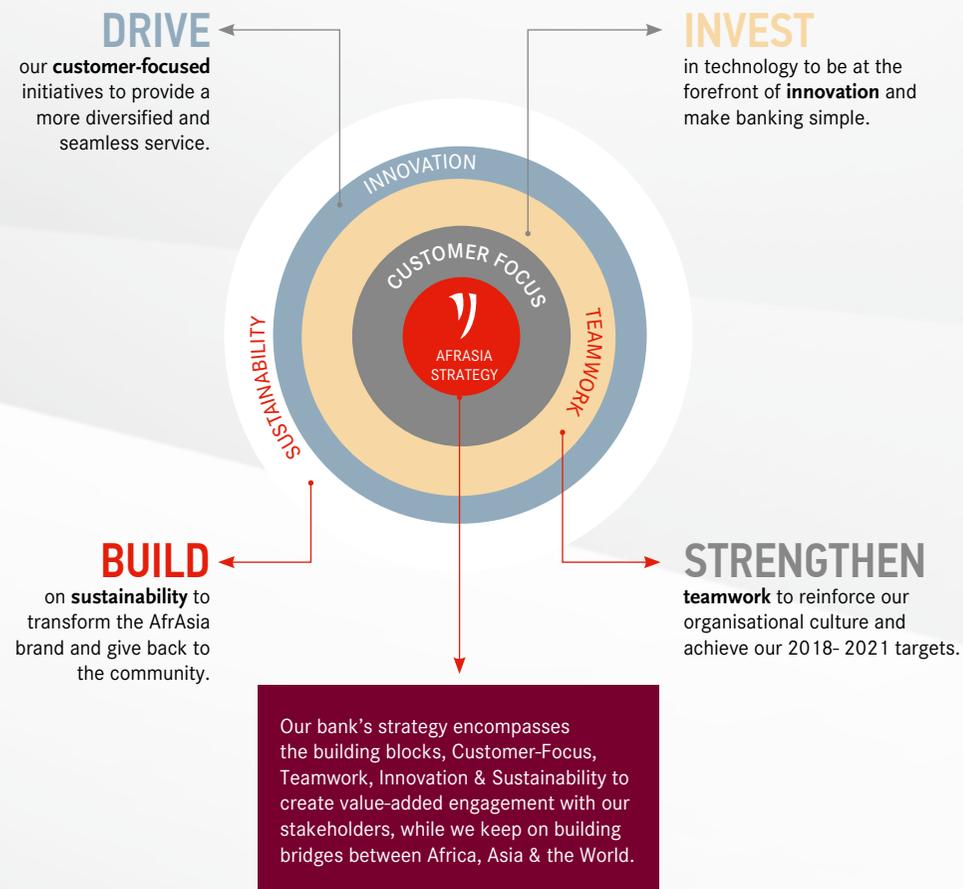
I thank the Chairman, the Shareholders, the Board members and my fellow Management team for their support and guidance. To our clients from 140 countries, thank you for choosing to bank different. I also extend a thank you note to all our stakeholders for accompanying us in our journey. Indeed, our success would not have been possible without the unflinching hard work and team spirit of our passionate AfrAsians, who continue to uphold the 'Bank Different' promise every day.



SANJIV BHASIN

Chief Executive Officer

Building on stakeholder engagement to enhance the AfrAsia brand



OUR STRATEGIC FOCUS

Over the past few years, our “*Bank Different*” philosophy has enabled us to establish ourselves as a reputed brand in what is a highly competitive landscape. We have identified five strategic focus areas that will help us move closer towards our objective: to be the Bank of Choice for Institutional and Private clients in the next 3 years.

01



FOCUSING ON KEY SEGMENTS
TO DRIVE GROWTH

Our most successful business segment remains our “Global Banking”, which targets institutional investors, multinationals, family offices, and mass affluent customers. This particular segment is at the top of the leadership agenda; we rely on various initiatives, as well as service and product innovation to continue to develop our Global Banking offer.

We are currently reviewing the operational structure, tariffs & product offerings of our Private Banking and Wealth Management department to anticipate the demands of our various client segments. In what is a new era of investing, our clients are increasingly seeking a different client experience.

02



COST EFFICIENCY

We are currently investing into our operating platform in order to streamline processes and procedures, improving the overall customer experience.

03



ORGANIZATIONAL CULTURE
TRANSFORMATION & BRAND SUCCESS

Currently, an exercise is being carried out to gain better insight into our brand positioning in the market, and to identify any gaps. Various strategies and initiatives are being implemented to ensure the Bank’s culture and brand are aligned with our overall vision.

A cultural journey has begun, namely with how we engage with our stakeholders and fine-tune the customer experience. Initiatives such as the attraction and retention of talent, benefits, rewards, recognition, training and internal promotions serve to drive our staffs, and motivate them to deliver, and find their place within the Bank.

04



DIGITAL
TRANSFORMATION

To keep pace, stay relevant, and map a clearer path forward, it is essential we embrace digital innovations. The IT Steering Committee is working hand in hand with the Board to drive this transformation at every level of the Bank.

05



GREEN IS THE NEW GOLD :
SUSTAINABLE BANKING

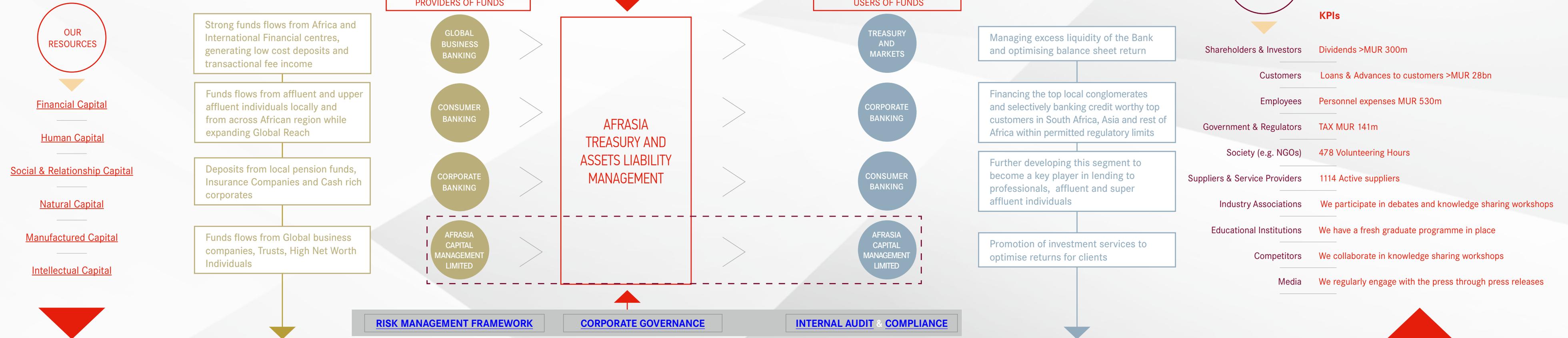
We are committed to addressing the challenge of sustainability, which also presents an opportunity for future growth. We are benchmarking our reporting against the GRI Sustainability Reporting Standards in order to report on financial and non-financial indicators in an accurate and transparent manner.

HOW WE CREATE VALUE

“Value is created, changed or destroyed by an organization through its business model, which takes inputs from the Capitals and transforms them through business activities and interactions to produce outputs and outcomes that, over the short, medium and long term, create or destroy value for the organization, its stakeholders, society and the environment.”

Source: <http://integratedreporting.org/wp-content/uploads/2013/08/Background-Paper-Value-Creation.pdf>

AfrAsia Bank Business Model & Strategy



Our Business Model and Strategy illustrates the ways in which we internally manage our resources and funds to create and distribute value to our stakeholders.

HOW WE USE OUR RESOURCES

We allocate our resources in a way that creates shareholder value over the short, medium and long-term. The table below shows the interconnectedness between all factors – both quantitative and qualitative – that impact value creation and offers a holistic view of our Six Capitals.

We have categorized the Bank's resources into the Six Capitals.

RESOURCES (CAPITALS)	HOW WE MANAGE OUR RESOURCES?	INDICATORS	2016-2017	2017-2018
FINANCIAL 	We ensure our clients receive the best services and products on the market and that all their banking needs are met in a sustainable way.	Eligible Risk-Weighted Capital Capital Adequacy Ratio Customer Deposits	MUR 6 bn 13.09% MUR 91.1 bn	MUR 6.7 bn 14.7% MUR 111.4bn
HUMAN 	Our people are our most valuable asset. We strive to keep them engaged and happy.	Number of employees Diversity (Men:Women) Total Investment in Training Unique Employee Trained Number of Training Hours	314 47%:53% >MUR 0.8m N/A >3,600 hrs	368 49.7%:50.3% >MUR 11m 368 >6,500 hrs
SOCIAL & RELATIONSHIP 	We ensure that our employees and customers have a great experience working and collaborating with us.	Number of customers Individual Residents Individual Non Residents Corporate Residents Corporate Non-Residents Staff CSR Volunteer Hours	>7k >10k >3k >8k >700	>7k >10k >3k >8k 478 (Participation in CSR projects is core responsibility of CSR department and has not been accounted here)
		No of Active Suppliers/Service Providers	Not Available	1,114

RESOURCES (CAPITALS)	HOW WE MANAGE OUR RESOURCES?	INDICATORS	2016-2017	2017-2018
NATURAL 	We strive to utilize our resources in a responsible manner while being mindful about our planet.	Paper consumption Energy consumption (KWH) * Ebene premises only Recycled waste (KG) *Port Louis premises only	5,400 reams Not Available 1,371	4,432 reams 502,977 7,559
INTELLECTUAL 	We are guided by the highest principles of integrity and ethics in everything that we do.	Number of ethical practice trainings carried out	Not Available	16
MANUFACTURED 	Technology and our IT platform are valuable assets that enable us to grow our client base.	No of active Internet Banking (IB) users Active IB users having completed IB transfers	29,895 111,301	41,111 150,609

[More information on the different capitals and our stakeholders can be found in the “Our Performance” section.](#)

HOW WE DISTRIBUTE THE VALUE CREATED

The value created by our organization, both financial and non-financial, is distributed to all major stakeholders as illustrated in the figure in the [“Our Approach to Sustainability”](#) section.