



ANNUAL REPORT 2021

This report has been prepared to assist relevant stakeholders in assessing the strategies of MCB Group Limited and their potential of success. The statements contained herein may include declarations of future expectations and other forward-looking statements that are based on our current views and assumptions.

Readers are advised not to place undue reliance on forward-looking statements relating to the Group's business strategy, plans, objectives and financial positions as these statements rely on assumptions and hypotheses which inherently represent an accuracy risk. Actual results, performance and events may differ from those described in such statements due to unexpected changes in the economic, political, sanitary, industry, interest rate and currency market conditions as well as developments in relation to applicable laws and regulations. The MCB Group Limited does not undertake to update any forward-looking statement that may be made from time to time by the organisation or on its behalf.

Dear Shareholder,

The Directors of MCB Group Limited are pleased to present its Annual Report for the year ended 30 June 2021.

The Annual Report was approved by the Board of Directors on 28 September 2021.

M G Didier HAREL
Chairperson

Pierre Guy NOEL
Chief Executive

MCB Group at a glance

Our identity

MCB Group Limited (referred to as 'MCB Group Ltd' or 'Group') is the holding company of MCB Group, which consists of banking and non-banking subsidiaries and associates. Our main subsidiary, i.e. The Mauritius Commercial Bank Ltd (denoted as 'MCB Ltd', 'MCB' or 'Bank'), is the leading bank in Mauritius. Furthermore, the Group is recognised as a prominent financial services player in the region.

Our purpose-driven approach

The Group's continuous advancement is founded on the trust of its customers, shareholders and the community at large. We are committed to using our financial expertise and acting as a force for good to deliver a positive economic, societal and environmental contribution across countries where we operate.

We strive to offer adapted, convenient and innovative solutions to our clients through their channel of choice in a seamless manner.

We set out to uphold shareholder value by pursuing the implementation of our diversification strategy and maintaining a robust business model. We actively monitor and assess the dynamic operating environment and ensure that we rise up to challenges and opportunities.

Our reporting suite

This **Annual Report** is our primary report to our key stakeholders. These include shareholders and investors, customers, societies and communities, authorities and economic agents and employees.

This Annual Report is complemented by our **Sustainability Report**, which provides a comprehensive overview of our **Corporate Sustainability Programme**, 'Success Beyond Numbers'. It describes the contribution of the Group to promoting a sustainable local economy, preserving the country's environmental and cultural heritage, and supporting individual and collective well-being.

The reports can be accessed at www.mcbgroup.com. They are available in a format that is fully adapted to smartphones, tablets and computers. This allows for a more enjoyable reading experience, while making it easier to share key information from the report. The latter can, thus, be conveniently broadcast on social media platforms as well as on instant messaging services.

For a more comprehensive understanding of the Group's strategy, business, performance as well as approach to corporate governance, our **websites** provide a full suite of publications, which cater for the diverse needs of our stakeholders.



Mobilised through an exceptional year

During the extraordinarily challenging times triggered by the COVID-19 pandemic, the Group has lived up to its promise of being a responsible corporate citizen. Our teams across business lines and entities took prompt actions to ensure the continuity and soundness of our services and operations, notably amidst the introduction of a second lockdown in Mauritius. The health and safety of employees and clients continue to be a key priority and we further encouraged the implementation of digital solutions. We accompanied individuals and businesses in facing up to the challenges by means of adapted solutions, after close collaboration with relevant authorities. The Group also strengthened its risk management framework to tackle and mitigate pressures exerted on business activities. Thanks to its robust fundamentals and its ability to adapt to the constantly and rapidly changing operating landscape, the Group upheld its operational and financial resilience.

Throughout this Annual Report, we highlight how we have, so far, successfully responded to the crisis alongside supporting our people, clients and communities, with a view to helping them emerge stronger.



Highlights areas that have gained prominence amidst the pandemic as well as our response thereto



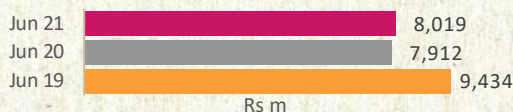
Financial highlights



Net profit

Rs 8,019 m

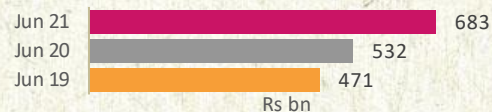
+1.4%



Total assets

Rs 683 bn

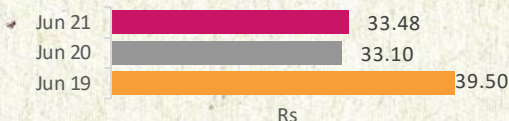
+28.4%



Earnings per share

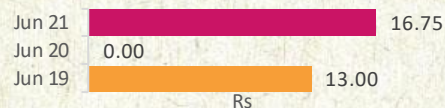
Rs 33.48

+1.1%



Dividend per share*

Rs 16.75



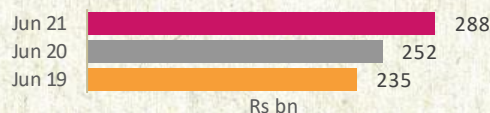
*Dividends declared for FY 2020/21 also took into consideration the results of FY 2019/20 for which no dividend payments were made amidst the uncertain context



Customer loans

Rs 288 bn

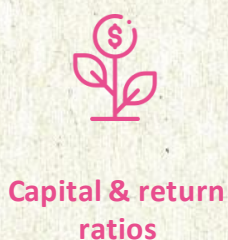
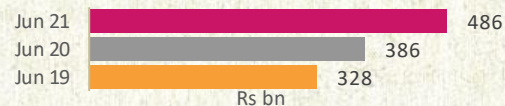
+14.3%



Customer deposits

Rs 486 bn

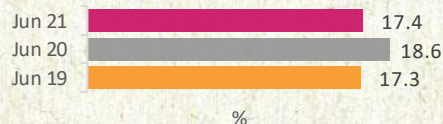
+25.8%



Capital adequacy ratio

17.4%

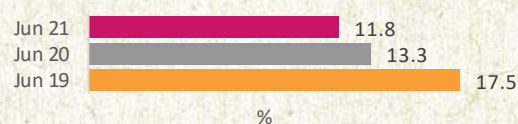
-1.2 pp



Return on equity

11.8%

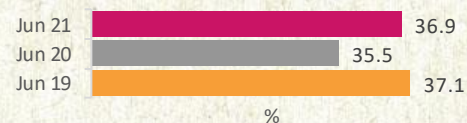
-1.5 pp



Cost to income ratio

36.9%

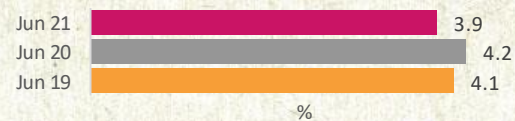
+1.4 pp



Gross NPL ratio

3.9%

-38 bp



Non-financial highlights



Shareholders and investors

~ 22,000

Shareholders

Rs 65.4 billion

Market capitalisation on Stock Exchange of Mauritius (SEM)
(First on the local stock market)

Baa3/P-3*

Long-term / short-term deposits ratings – Moody's Investors Service



Customers

~ 1.1 million

Total customers

~ 408,200

MCB Juice subscribers

95.9*

Customer Satisfaction Score

(Retail – conducted only at branch counters)



Societies and communities

Rs 54.7 million

Amount allocated to MCB Forward Foundation

25%*

Electricity consumption from renewable resources

17,345 tonnes CO₂-eq*

Carbon emissions from 2019 operations offset to reach carbon neutrality



Authorities and economic agents

~ 5%*

of the total value added generated in Mauritius

~ 10%*

of total corporate tax paid in Mauritius
(inclusive of levies on income)

~ 1.8%

of the total value added generated in Seychelles



Employees

~ 3,700

Workforce

30%*

Women at middle and senior management level

~ 96%

Employee Retention rate

* Figures relate to MCB Ltd

Note: Figures above are as at 30 June 2021



Read more about our key stakeholders in the 'Creating value in a sustainable way for our stakeholders' section on pages 50 to 66



Read more in the Sustainability Report on our website

Reflections from the Chairperson

Resilience and stability in an extremely tumultuous year

As I reflect on what has been one of the most challenging years in the Group's history, three things have stood out in my mind. First, the resilience and professionalism displayed by the Group's employees across entities in supporting our customers and communities during this particularly difficult period. The second is how we have adapted our service offerings and capitalised on our digital platforms to offer a secure and convenient service to our customers. Third, the strong sense of purpose and values that guided our response to a crisis which disrupted our 'normal' way of life and exerted a major drag on economies of the presence countries where we operate. While we could never have predicted the magnitude of the pandemic we currently face, the Group was on a sound footing operationally and financially going into the crisis. Although the pandemic significantly impacted our activities throughout FY 2020/21, the organisation managed to deliver encouraging results, reflecting our increasingly diversified operations and robust business model, as well as our ongoing focus on prudent risk management. Whilst we continued to build our reserves to absorb possible future credit losses albeit to a lower extent, profit attributable to ordinary shareholders grew by 1.4% to reach Rs 8,019 million for FY 2020/21. The Group maintained adequate capital buffers with the overall capital adequacy ratio and the Tier 1 ratio standing at 17.4% and 16.1% respectively. We maintained healthy funding and liquidity positions while our asset quality metrics remained relatively stable in spite of tough market conditions. I am also pleased to announce that the Group has resumed dividend payments, after not providing for any in the previous year, due to the exceptional circumstances and uncertainty resulting from the outbreak of the pandemic, on the one hand, and in line with directives by banking regulators across presence countries, on the other.

Adapting to the dynamic context to pursue our underlying strategic objectives

As the pandemic continued to unfold across our presence countries, we ensured that our sanitary protocols and business continuity plans were regularly updated to respond quickly and effectively to the challenging environment. Our focus remained on preserving the health and safety of our employees, customers and other stakeholders. In fact, in the wake of the spread of the COVID-19 virus and subsequent national lockdowns, we took prompt actions to increase proximity with customers facing difficult times and deliver customised solutions and advice. We leveraged our strong operational platforms, coherent governance set-up and adapted technological infrastructures, while working closely with the authorities in our countries of operation. On the business development front, our financial resilience was supported by the continuous diversification of our operations and the consolidation of our involvement in established markets. Whilst the exceptional circumstances brought about by the pandemic have prompted a review of some short-term business objectives, Group entities have, during the course of the last financial year, pursued the execution of their business expansion strategy in a disciplined and prudent manner, adopting an innovative approach along the way. Within the banking cluster, MCB Ltd maintained its leadership position in the Mauritian banking sector, notwithstanding the notable pressures on the level and quality of credit demand in both the retail and corporate segment triggered by the pandemic. It pursued its regional expansion agenda, notably in Africa, with further headway made in widening and deepening its involvement in Energy and Commodities financing alongside strengthening its position as lead arranger with financial institutions. Our foreign banking subsidiaries have, in the face of the difficult context and country-specific challenges, pursued initiatives to support balance sheet growth on the basis of a more customised

value proposition. In the non-banking field, despite facing up to the testing operating environment and travel restrictions due to the COVID-19 crisis, entities have managed to maintain their market positioning.

To reinforce our growth initiatives, the Group upgraded its inherent capabilities and further fostered internal synergies amongst entities. During the past years, the Group has invested massively in its Digital Transformation Programme to promote operational excellence and innovation as a key tenet for continuously enriching customer service quality and relationships. These efforts are paying off in the current circumstances. In fact, leveraging our strengthened value proposition across segments and enhanced platforms, we capitalised on the accelerated move towards digital, which was engendered by the pandemic, by promoting the increased take-up of our digital channels and solutions. In this respect, we made further headway in improving our digital offerings to create the best customer experiences and becoming more efficient and agile in the conduct of our operations.

In parallel, the Group sustained its efforts to enhance the competencies of its talent pool. During the year, we made progress on the deployment of major people development initiatives, notably through our dedicated talent management programme, with a view to building a competent and engaged workforce, and, going forward, we shall have to vigorously pursue our efforts in this critical area. I am particularly pleased with our Lead with Impact Academy initiative, carefully designed and structured to further entrench the MCB Leadership Brand and promote desired leadership behaviours, with the assistance of expert facilitators, highly-respected international consultants and coaches. We also focused on the digitalisation of our learning solutions through the implementation of the 'Peripio' platform to make learning accessible to all employees anywhere, anytime and through any device. The platform provides learning materials and tailored courses on a variety of topical subjects intended to enhance the skill set of our employees. Furthermore, our new Performance Management System offers an enhanced framework to pave the way for effective people management, talent development and carefully-planned career paths.

Alongside complying with industry best practices, good corporate governance standards and applicable statutory and regulatory requirements, the Group continued to anchor decision-making on its holistic, coordinated and disciplined approach to risk management as well as its strong compliance framework. Besides, we remained committed to delivering a positive economic, social, environmental and cultural impact. In this respect, we pursued our thrust to embed sustainability principles into the fabric of our business in the context of our Corporate Sustainability Programme. In addition to adopting environment-conscious practices in our operations and activities, we made further moves in support of local production as well as the promotion of gender equality.

Overall, it is comforting to note that the solid credentials of the Group have been widely acknowledged. The Group has remained the strongest blue-chip company on the Official Market of the Stock Exchange of Mauritius during the year under review. Our market capitalisation witnessed a year-on-year growth of 29% to reach Rs 69.5 billion as at 31 August 2021, accounting for a market share of some 28%. Further testifying to our resilient performance amidst the pandemic, MCB Group Ltd is ranked 622nd worldwide as per the latest Top 1000 World Banks listing of The Banker magazine and retained its status as the leading institution in East Africa. Additionally, alongside maintaining its investment grade rating amidst an unfavourable context, MCB Ltd was, for the fifth time in six years, awarded the prestigious title of 'Bank of the Year' by the Banker/FT Magazine. MCB was also recognised, for the eighth year in a row, as 'Best Bank in Mauritius' at the Euromoney Awards and has been named the 'Best Commercial Bank Mauritius 2021' and 'Best Innovation in Retail banking Mauritius 2021' by International Banker.

Moving ahead with cautious optimism about the future

The operating environment is set to remain quite challenging, with the impact of the COVID-19 pandemic continuing to cast its shadow over economic conditions across our core geographies for some time to come and thus continue impacting our business activities. That said, there are reasons to be cautiously optimistic. In Mauritius, the vaccination campaign has progressed at an accelerated pace lately, thereby paving the way for the re-opening of the country's borders which should, in turn, support a gradual recovery in the tourism sector, with multiplier effects in the economy. At another level, we anticipate heightened competitive pressures, with market players raising their game to align with evolving market dynamics. We can reasonably expect a continuous enhancement and sophistication of value offerings amongst players, with emphasis laid on boosting the recourse to disruptive technologies to meet the fast-evolving needs of customers. Further, the regulatory and compliance framework is likely to get even more stringent, in view of the increasingly complex and rapidly-changing landscape.

While attending to the immediate imperatives and continuously scrutinising the evolving operating context, we remain determined on implementing our growth agenda and investing for the future. As such, we will continue to create and consolidate the necessary building blocks for achieving sound, diversified and sustained business development. In this particular respect, while being cautious in our approach, we are intent on reinforcing our involvement in existing markets and pursue our regional diversification strategies. Specifically, the Bank would seek to deepen its involvement within the ecosystem of commodity trade finance and structured debt by focusing on selected traders in the oil and gas upstream chain, while capitalising on its network of correspondent banks, our foreign banking subsidiaries and overseas associates as well as representative offices. Concomitantly, we aim at further widening and extending our relationship with global and international corporates seeking to leverage the Mauritian International Financial Centre for tapping into the African market. We will also further push ahead with our sustainability agenda and ESG commitments in line with our pledge to be a responsible corporate entity and yield a positive impact on the environment, societies and economies.

Further enhancing our capacity for growth will remain our foremost overarching strategic objective, going forward, in order to enable us adapt to the new realities emerging in the wake of the pandemic and tap into the opportunities arising from the recovery across markets. In this context, we will maintain our innovative and customer-centric approach in our banking operations. To this end, we are seeking to fast-track the completion of our customer journeys as part of our Digital Transformation Programme alongside further sharpening our tools and platforms and becoming more data-driven. While the increasing availability and accessibility to information continues to simultaneously improve customer satisfaction and generate productivity gains, the Group shall, on an ongoing basis, ensure that, as part of the extensive use of technology and information management within its banking operations, it systematically and effectively manages emerging risks linked to the protection of information at large. To this effect, these specific attendant risks have been embedded in the Group's overall risk management framework and leading edge market practices, in the organisational and technological arenas, are being continuously implemented, with a view to mitigating these risks. From a broader angle, we aim to enhance our informed and dynamic assessment of key risks that Group entities are exposed to, notably through the consolidation of the risk mapping approach at Group level. I am more than ever committed to making discussions on Group core and emerging risks a key regular theme at Board level.

Last, but certainly not least, we will, as part of our ongoing people-management development initiatives, further strengthen our people capabilities, aimed at building the workforce of the future with specific focus on: (i) the promotion of dedicated people and career development plans to upskill our talent pool in tune with our strategic needs; (ii) the consolidation of an enhanced bottom-up succession planning process, to ultimately cover critical positions within the Group; (iii) the strengthening of our learning infrastructure, backed by online and offline training; (iv) the further development of an inspiring and rewarding learning culture; and (v) the development of strong in-house talent leaders and developers. To stimulate the implementation of these bold objectives, we shall

ensure that our People Management functions operate with 'outside-in' mindsets, in order to more productively contribute towards the realisation of organisation-wide ambitions and value creation, as well as to strive for continued excellence going forward.

Concluding remarks

On behalf of the Board, I would like to express my sincere gratitude to our customers and shareholders for their continued loyalty and confidence in the organisation. I also extend my appreciation to the Management teams and staff across all segments of the Group who remain committed to living our purpose and for their resilience in helping our customers during these unprecedented times.

I also wish to thank my fellow Directors for their valuable counsel and continued support in preserving the stability of our operations, while guiding the organisation through the persistently complex and challenging operating environment to which we have been confronted to, since the outbreak of the COVID-19 pandemic. During the year, we had the privilege of welcoming Jean-Philippe Coulier and Stephen Davidson as Independent Non-Executive Directors of the Board. I am sure that their extensive experience and knowledge will contribute positively to the different responsibilities assigned to the Board. On another note, Pierre Guy Noel, the Chief Executive of the Group, reached retirement age in August 2021. With a view to ensuring the smoothest possible transition at the helm of the Group, the Board of Directors of MCB Group Ltd has asked Pierre Guy to stay on as Group Chief Executive, on the basis of an ad-hoc, short-term contract. In this respect, the Board has also approved the appointment of Jean Michel Ng Tseung as Chief Executive Designate of MCB Group Ltd, with effect from 1 September 2021. The Board extends to Jean Michel its sincere congratulations and best wishes on his appointment. Pierre Guy has made an absolutely outstanding contribution in steering the strategic development of the Group over the years and driving its continuous transformation. We will have the opportunity to appropriately thank him in this respect, in due course.

Looking ahead, I am confident that we are well placed to emerge even stronger from the storms and adapt to the socio-economic transformations that lie ahead. Our resilient business model, the grit and commitment of our people and the continued support of our shareholders and customers will undoubtedly enable us to forge ahead with our strategic initiatives and continue to create long-term value for all our stakeholders.

M G Didier HAREL
Chairperson

Board of Directors

Independent Non-Executive Directors

Didier HAREL (*Chairperson*)

Sunil BANYMANDHUB (*until December 2020*)

Karuna BHOOJEDHUR-OBEEGADOO

Constantine CHIKOSI

Jean-Philippe COULIER (*as from December 2020*)

Stephen DAVIDSON (*as from December 2020*)

Jean-Jacques DUPONT DE RIVALZ DE ST ANTOINE

Georges Michael David LISING

Jean-Louis MATTEI (*until December 2020*)

Alain REY

San T SINGARAVELLOO

Executive Directors

Pierre Guy NOEL

Gilbert GNANY

Jean Michel NG TSEUNG (*Non-Executive Director until August 2021*)

Secretary to the Board

MCB Group Corporate Services Ltd

(*represented by Marivonne OXENHAM*)

Committees of the Board

Risk Monitoring Committee

Jean-Philippe COULIER (*Chairperson*)(*as from January 2021*)

Jean-Louis MATTEI (*former Chairperson*)(*until December 2020*)

Gilbert GNANY

Didier HAREL

Georges Michael David LISING (*until January 2021*)

Jean Michel NG TSEUNG (*also acts as Secretary*)

Pierre Guy NOEL

Strategy Committee

Didier HAREL (*Chairperson*)

Constantine CHIKOSI

Jean-Jacques DUPONT DE RIVALZ DE ST ANTOINE

Gilbert GNANY (*also acts as Secretary*)

Georges Michael David LISING (*as from January 2021*)

Jean-Louis MATTEI (*until December 2020*)

Pierre Guy NOEL

Remuneration, Corporate Governance, Ethics and Sustainability Committee

Didier HAREL (*Chairperson*)

Karuna BHOOJEDHUR-OBEEGADOO

Stephen DAVIDSON (*as from January 2021*)

Jean-Jacques DUPONT DE RIVALZ DE ST ANTOINE

Pierre Guy NOEL

Secretary: MCB Group Corporate Services Ltd

(represented by Marivonne OXENHAM)

Audit Committee

San T SINGARAVELLO (*Chairperson as from January 2021*)

Alain REY (*former Chairperson*) (*until January 2021*)

Sunil BANYMANDHUB (*until December 2020*)

Karuna BHOOJEDHUR-OBEEGADOO (*as from January 2021*)

Stephen DAVIDSON (*as from January 2021*)

Secretary: MCB Group Corporate Services Ltd

(represented by Marivonne OXENHAM)

Supervisory and Monitoring Committee

Didier HAREL (*Chairperson*)

Jean Michel NG TSEUNG (*also acts as Secretary*)

Pierre Guy NOEL

Page intentionally left blank

CONTENTS

16 About this report

21 Our corporate profile

- 22 Who we are
- 25 How we operate
- 30 What we deliver

33 Delivering on our strategic objectives

- 34 Message from the Chief Executive
- 40 Our operating context
- 46 Our strategy
- 50 Creating value in a sustainable way for our stakeholders
- 67 Our performance across entities

93 Group financial performance

- 94 Overview of results
- 96 Income statement analysis
- 98 Financial position statement analysis
- 100 Group financial summary

101 Corporate governance report

- 103 Our philosophy
- 104 Governance structure
- 106 The Board
- 133 Risk governance
- 135 Directors of MCB Group Ltd subsidiaries
- 140 Shareholder relations and communication

149 Risk and capital management report

- 150 Introduction
- 156 Financial soundness
- 162 Our risk management strategy and framework
- 170 Overview of risk management by cluster

209 Administrative information

About this report

Philosophy of the Annual Report

This Annual Report provides a holistic and transparent assessment of our ability to create sustainable value in the short, medium and long term for our multiple stakeholders. During the year, we continued to make progress towards comprehensively adhering to the key principles and requirements of the reporting framework of the International Integrated Reporting Council.

Reporting scope and boundary

Reporting period

The report is published annually and covers the period spanning 1 July 2020 to 30 June 2021. Material events taking place after this date and until approval of the report by the Board of Directors of MCB Group Ltd have also been communicated.

Reporting requirements

The contents of the report comply with the obligations and requirements falling under relevant laws and regulations as well as local and international codes and standards of good practices. The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and relevant regulatory requirements.

Financial and non-financial reporting

The report extends beyond financial reporting and provides insights on the organisation's non-financial performance and positioning in relation to its key stakeholders, which have a significant influence on its ability to create value.

Operating business

The report sheds light on activities undertaken across the Group's local and foreign subsidiaries and associates. The nature and extent of information delivered depend on their materiality and relative significance to the Group and its stakeholders.

Specific areas of reporting

The report contains information on the overall strategic progress achieved by the organisation during the period under review, while providing insights on our operating environment, business model and strategy, business performance, support to stakeholders, management of risk and adherence to corporate governance principles.

Assurance and independent assessment





Our external auditors provide independent assurance on the financial statements of MCB Group Ltd, alongside confirming that the corporate governance report is consistent with the requirements of the applicable National Code of Corporate Governance.

Sustainable Development Goals (SDGs)

The Group has assessed its contribution to each of the SDGs of the United Nations and accordingly identified and prioritised 11 SDGs that are most aligned and relevant to its operations and the local context. Throughout this report, we outline our approach to delivering on these SDGs, with more details available in our Sustainability Report.



Icons used in this report

-  Read more in this Annual Report
-  Read more in the Sustainability Report on our website
-  Find out more online (i.e. across MCB websites)
-  Area gaining prominence amidst the pandemic and/or our response thereto

Value creation

Our capitals

Our relevance as a financial services provider today and in the future depends on our ability to leverage the forms of capital as inputs to achieve desired outputs and outcomes.



Financial capital

The pool of funds – derived notably through shareholders’ equity as well as funding from investors and clients – underpinning our organisation’s operations and business activities



Human capital

Our people’s technical skills, competencies as well as their collective knowledge and motivation to innovate and develop customised solutions for clients



Social and relationship capital

Our involvement in driving social progress and a thriving financial ecosystem by collaborating with relevant institutions and acting on relationships within and between communities as well as groups of stakeholders



Natural capital

The stocks of natural assets or renewable and non-renewable environmental resources, which are, directly or indirectly, impacted by the operations and business activities of our organisation



Intellectual capital

Our knowledge-based intangibles - including our franchise and reputation, intellectual property and strategic partnerships – as well as ‘organisational capital’ such as tacit knowledge, procedures and protocols



Manufactured capital

The operational paradigms, mechanisms and processes that provide a framework for our services delivery, including our physical infrastructure as well as our information technology and digital platforms

Our key stakeholders

We engage with our internal and external stakeholders in a systematic, coherent and meaningful manner, with a view to promptly responding to their needs/requirements.



Shareholders and investors



Customers



Societies and communities



Authorities and economic agents



Employees

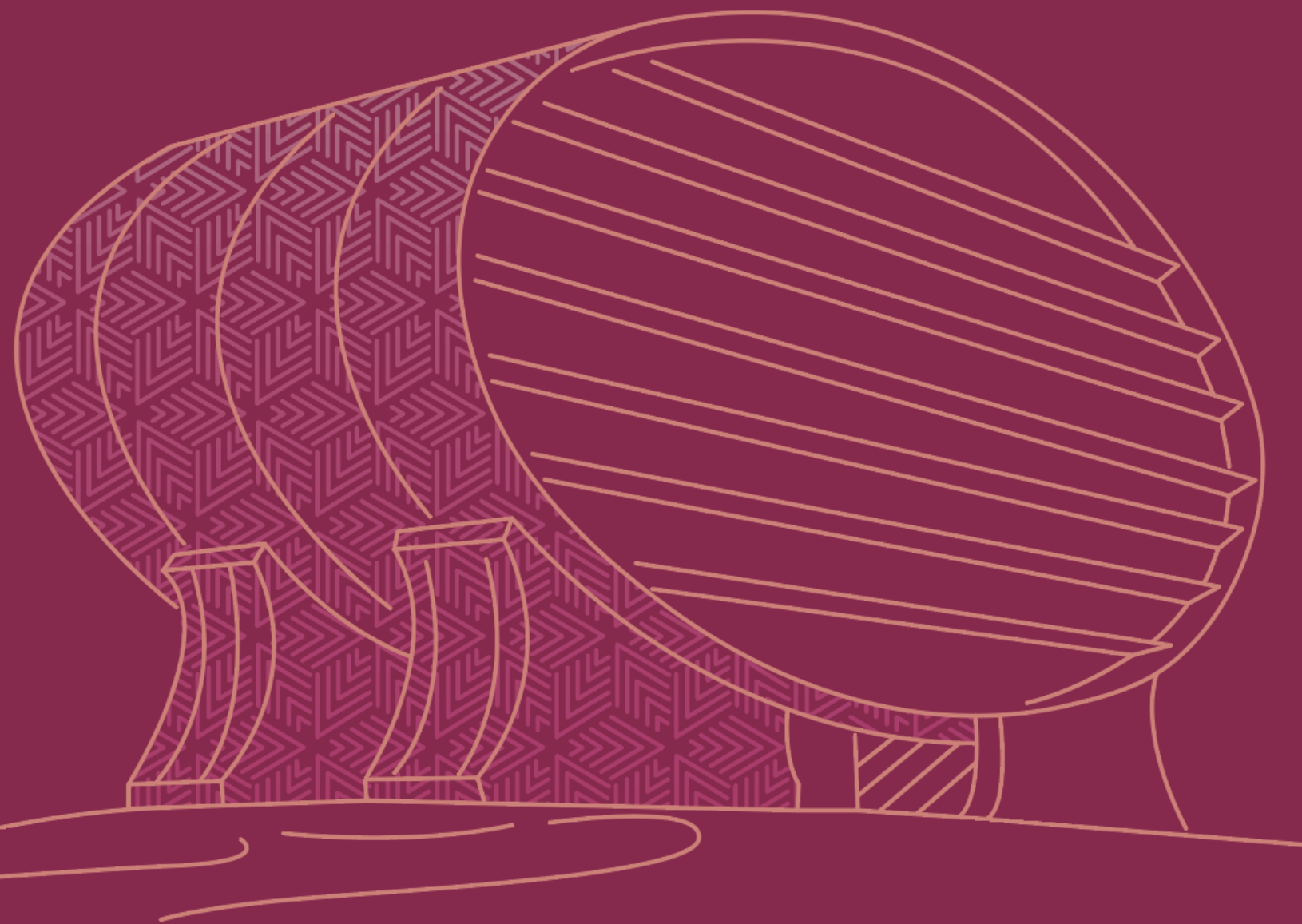
Material matters

We apply the principle of materiality in determining what should be included in our report. We focus on matters that have the potential to materially impact our ability to create value in the short, medium and long term. Our material matters are assessed and, if need be, reviewed on an annual basis, in light of the evolving operating environment. Material matters that have been identified for the year under review are summarised below.

Implications of the pandemic and macroeconomic developments	Evolving competitive landscape	Regulatory change, risk management and governance standards	Strategy execution and alignment
Digital disruptions and cybersecurity	Customer experience and data privacy	Changing world of work	Environmental considerations and social welfare

Read more in the Sustainability Report on our website

Success Beyond Numbers



Our Mission

We will keep finding ways to meet the needs of our customers

We will listen to them and help them achieve their goals

We will help people with ideas to be entrepreneurs

We will be worthy of our shareholders' confidence

We will do what we can to make the world a better, greener place

And we will never go away

Our Core Values



Integrity

Honest and trustworthy at all times



Customer care

Delivering unrivalled service



Teamwork

Working together towards a common goal



Innovation

Proactively seeking out new opportunities



Knowledge

Believing in lifelong learning



Excellence

Being the best we possibly can

Page intentionally left blank

Our corporate profile



Who we are

MCB Group is an integrated regional financial services provider. Building on its sound business model, the Group offers customised products and services to a wide range of clients through its local and foreign subsidiaries and associates. Through MCB Ltd, which was established in 1838, the Group has cemented its position as the leading banking sector player locally. In addition to that, the Group has actively diversified its activities across geographies, notably in the region, and broadened its footprint in the non-banking field. Listed on the Official Market of the Stock Exchange of Mauritius since its inception in 1989, MCB Group is one of the most traded stocks thereon, representing some 49% of market turnover¹ in FY 2020/21. We have the largest market capitalisation, with a share of around 29%². The Group has a broad and diversified shareholder base, comprising around 10% of foreign shareholding.

¹Excluding one-off transactions

²Excluding foreign-currency denominated, GBC1 and international companies

Our strength and value drivers

We are determined on building resilient, profitable and sound businesses and enabling people to fulfil their dreams and ambitions, alongside doing our best to foster the sustained success and well-being of societies and economies.



Solid business model



Proven client-centric approach



Robust risk management and compliance framework



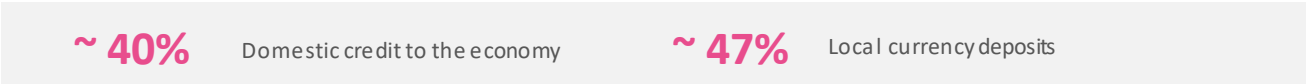
Adoption of cutting-edge channels, tools and practices



Adherence to sustainability principles

Our credentials and recognition

Domestic market shares of MCB Ltd



Credit ratings of MCB Ltd

Our main subsidiary, MCB Ltd, is investment-grade rated and is among the few financial institutions rated as such in sub-Saharan Africa. Domestically, MCB Ltd's rating assigned by CARE Ratings (Africa) Private Limited showcases the Bank's highest degree of safety regarding the timely servicing of financial obligations and hence carrying lowest credit risk.

Moody's Investors Service		
Long term rating	Short term rating	Outlook
Baa3	P-3	Negative
CARE Ratings (Africa) Private Limited		
Long term rating	Outlook	
AAA	Negative	

Sustainability ratings

In addition to the Bank's Sustainability Rating by Ecovadis, MCB Group has an MSCI ESG Rating and is a constituent of SEM Sustainability Index (SEMSI). The latter tracks the price-performance of companies listed on the Official Market and the Development & Enterprise Market which demonstrate strong sustainability practices.

MCB Group MSCI ESG Rating



MCB Ltd Sustainability Rating by Ecovadis

Sustainability score of 53/100 equivalent to a Bronze medal in the assessment of its sustainability practices.

Read more in the Sustainability Report on our website



Accolades

World

622nd in the world
in terms of Tier 1 capital

The Banker Top 1000 World Banks, June 2021



Africa

16th in Africa

in terms of Tier 1 capital
The Banker Top 1000 World Banks, June 2021

1st in East Africa

in terms of Tier 1 capital
The Banker Top 1000 World Banks, June 2021

94th in Africa

in terms of market capitalisation
African Business Top 250 Companies, May 2021

Leading Regional Bank

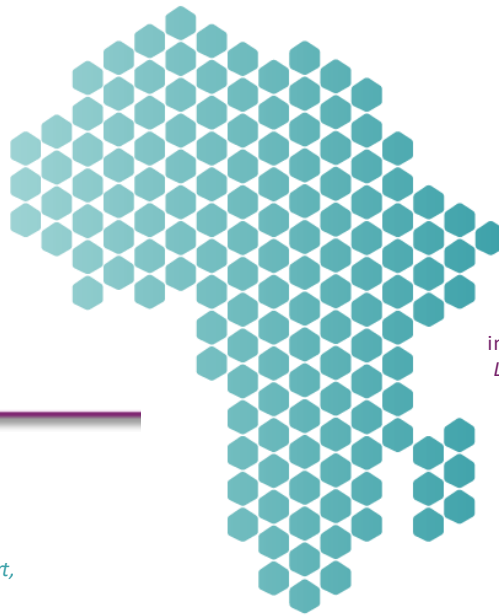
in terms of operating income and profitability
L'Eco Austral, Top 500 Regional, Edition 2020

27th in Africa

in terms of assets
Jeune Afrique, Top 200 Banks, The Africa Report, October 2020

**5th Strongest Bank in Africa
by Balance Sheet**

The Asian Banker 500 Largest and Strongest Banks Rankings 2020



Mauritius

Bank of the Year for Mauritius
The Banker Bank of the Year Awards 2020

Best Bank in Mauritius
Euromoney Awards for Excellence 2021

Best Commercial Bank Mauritius
International Banker 2021

Winner in the 'Sustainability' category
PwC Corporate Reporting Awards 2020

Best Innovation in Retail Banking Mauritius
International Banker 2021

Excellence Award 2020
Attributed by Citibank for MCB's USD straight-through processing



Our market operations

To further their business growth, Group entities can rely, to a notable extent, on wide-ranging platforms and channels, encompassing branches, ATMs as well as payment, mobile and Internet Banking platforms. Moreover, Group entities leverage organisation-wide synergies as well as alliances and partnerships with external parties. As for MCB Ltd, it also taps into a wide network of correspondent banks worldwide, including over 100 in Africa, alongside capitalising on its Representative Offices located in Johannesburg, Nairobi, Paris and Dubai. Of note, in September 2021, our Representative Office license in Dubai was upgraded to Advisory Office under Category 4.



Legend

- Banking subsidiaries of the Group
- Representative Offices of the Bank
- Group associate (Banque Française Commerciale Océan Indien)
- Group associate (Société Générale Moçambique)

While being headquartered in Mauritius, the Group has a notable presence in the Indian Ocean and sub-Saharan African regions.

Our channels and digital platforms



~ 460
Correspondent banks



213
ATMs



~ 287,500
Internet Banking subscribers



62
Branches/
Kiosks



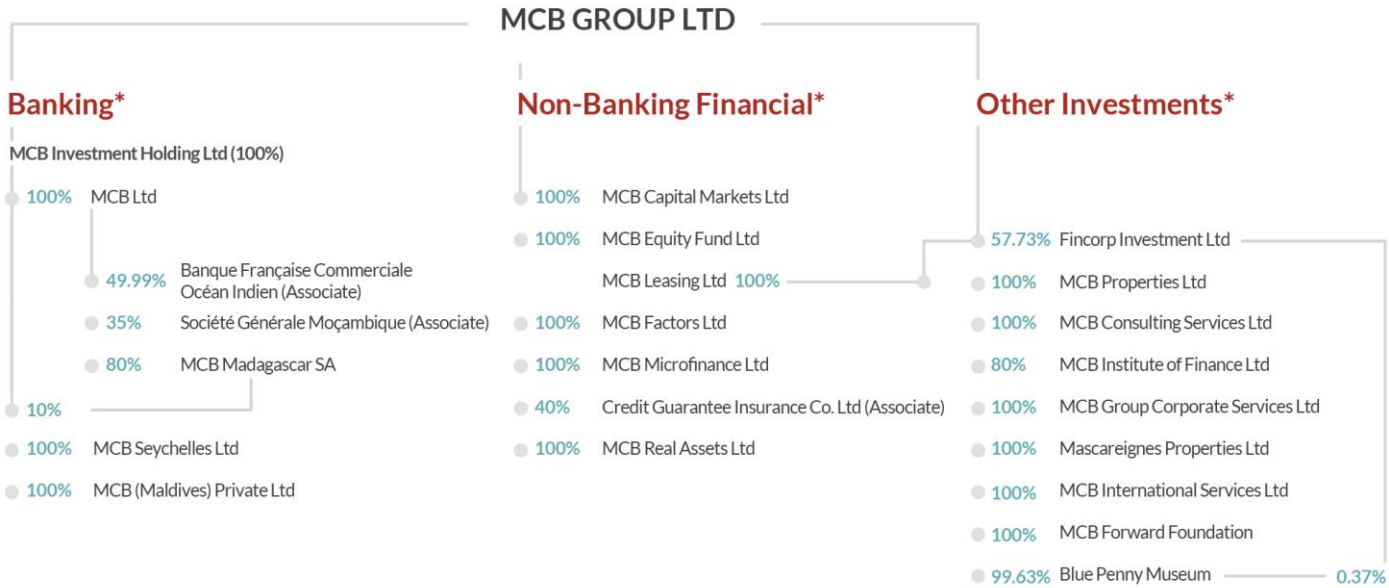
~ 12,800
POS terminals



~ 408,200
MCB Juice subscribers

How we operate

The orderly execution of our strategy is enabled by properly ring-fenced entities, business lines, as well as coverage and support functions. Common frameworks and policies are adopted where appropriate to ensure that the Group works in an integrated way.



*Relate to clusters

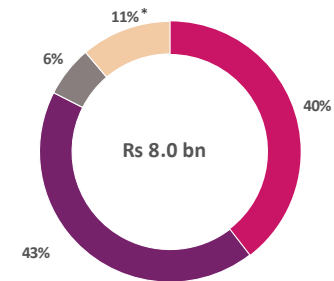
MCB Group Ltd is the ultimate holding company of the Group.

The subsidiaries and associates of the Group operate under three clusters, i.e. 'Banking', 'Non-banking financial', and 'Other investments'. **MCB Investment Holding Ltd**, a wholly-owned subsidiary of MCB Group Ltd, is the holding company of all the banking investments of the Group, namely MCB Ltd and overseas bankings subsidiaries and associates.

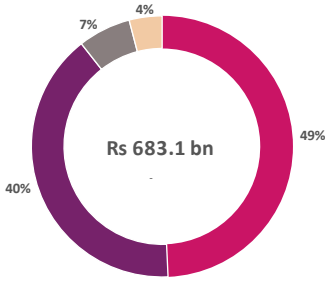
Following an agreement signed between MCB Group and Hightech Payment Systems (HPS) in February 2021, the latter has acquired MCB Group's 80% stake in ICPS Ltd, with the transaction being concluded on 7 April 2021.

Breakdown of Group performance for FY 2020/21

Profit attributable to ordinary shareholders



Assets



- MCB Ltd - Domestic
- MCB Ltd - Foreign-sourced
- Foreign banking subsidiaries & associates
- Non-banking financial & Other investments

*Includes profit on disposal of shares in ICPS Ltd of Rs 356 million



Our clusters and entities



The Group is the market leader in the Mauritian banking sector via its main subsidiary, MCB Ltd, which is also actively involved in the region. Beyond Mauritius, the Group also leverages its overseas banking subsidiaries and associates.

MCB Ltd

The Bank delivers a wide range of financial products and services across customer segments to help clients fulfil their growth ambitions and meet their transactional needs. Clients have at their disposal multiple channels and platforms and can avail of innovative digital and payments solutions.

Retail: This segment caters for the day-to-day and lifetime needs of our retail customers. In addition to credit facilities, convenient deposit facilities and adapted account packages are offered to our individual customers across age and income groups.

Private Banking and Wealth Management: The Bank nurtures client relationships through the delivery of dedicated advisory services and offerings including investment and wealth management solutions, which are geared towards the safeguard, growth and transmission of the assets of its resident and non-resident affluent and high net worth client base while also serving external asset managers through tailored offerings.

Business Banking: The Bank acts as a financial partner to small and medium and mid-market enterprises by providing them with tailored solutions to meet their growth endeavours and accompanying them during their business development cycle while facilitating their access to new markets and alternative sources of finance.

Corporate and Institutional Banking: The Bank assists domestic large corporate and institutional clients by offering them flexible solutions and dedicated advice to meet their growth and capacity building ambitions. While leveraging the Mauritian jurisdiction, it also attends to the needs of diverse customer segments doing business within and into Africa, and ventures beyond. Following a recent reorganisation, the coverage in this segment consists of specialist teams focusing on: (i) Mauritian & Regional Corporates; (ii) Global & International Corporates; (iii) Specialised Finance (which comprises Energy & Commodities financing as well as Power & Infrastructure financing); and (iv) Financial Institutions and Syndication. In line with its 'Africa Forward Together' brand and the 'Bank of Banks' initiative, the Bank is also continuously collaborating with other financial institutions to help improve their value offering and build stronger and meaningful partnerships.

Overseas entities

The Group's foreign banking subsidiaries in Madagascar, Maldives and Seychelles as well as its overseas associates, i.e. Banque Française Commerciale Océan Indien (BFCOI) – operating in Réunion Island, Mayotte and Paris – and Société Générale Moçambique provide clients with a range of banking services adapted to local market realities. Key offerings provided include *inter alia* deposit and credit facilities as well as payment services, including digital solutions. Our foreign subsidiaries capitalise on Group synergies to position themselves as the preferred banking partner of corporate and individual customers.



The Group has gradually entrenched its participation in the non-banking financial services field.

Key entities

MCB Capital Markets Ltd is the investment banking and asset management arm of MCB Group. Led by a dedicated and experienced team of specialists, the entity provides a broad range of investor services under one roof, notably including corporate finance advice, asset management, stockbroking, private equity, structured products and registry services. Based in Mauritius, the team works with clients wishing to start or grow their operations in Africa and helps them develop solutions that meet their financing, strategic and investment objectives.

MCB Factors Ltd is a prominent operator in the field of factoring in Mauritius. It offers innovative advisory and counselling solutions, while tailoring its factoring services to suit the business growth and cash flow requirements of its clients.

MCB Leasing Ltd brings in a wealth of experience to position itself as a key market player. It offers a wide range of finance and operating leasing solutions, alongside offering attractive rates on fixed deposits.

MCB Microfinance Ltd facilitates access to credit by micro and small entrepreneurs, with a view to assisting them to unleash their potential as well as implement their ideas and business plans.

The Group is involved across several other business areas and ancillary undertakings. The Group also has dedicated structures to promote its actions in the Corporate Social Responsibility and philanthropic fields.

Key entities

MCB Consulting Services Ltd provides companies with sustainable solutions to help them attain their innovation and business development goals. Its areas of specialisation include the provision of advisory services – which range from strategic planning and execution to risk management – business process and organisational reviews, assistance in the selection, implementation and maintenance of Information Technology solutions, as well as the delivery of training services. Since its inception 7 years ago, the entity carried out more than 580 assignments in 41 countries across four distinct continents.

Fincorp Investment Ltd is an investment company listed on the local stock exchange with the two strategic assets namely MCB Leasing Limited and Promotion and Development Ltd.

MCB Institute of Finance Ltd provides students and professionals alike with the financial know-how via carefully selected courses in partnership with high-calibre educational institutions. It aspires to become an African reference in the emergence and support of financial sector talents.



Read more in the 'Delivering on our Strategic Objectives' section on pages 33 to 91



More information on our market operations by cluster is available on our website

Our extensive and customised financial solutions

Through its banking and non-banking entities, the Group provides its clients in Mauritius, regionally and internationally, with customised and innovative financial solutions as well as dedicated advice to meet their ambitions. We work closely with customers to understand their imperatives, challenges and priorities, while assisting them to design solutions adapted to their needs.

Personal financial services



Everyday Banking

- Deposit accounts (current & savings)
- Multi-currency accounts
- Forex transactions
- Overdrafts
- Debit, credit & pre-paid cards
- Distribution of general insurance cover



Banking Channels

- Branch network
- ATM
- Internet banking
- Mobile banking: MCB Juice
- SMS banking



Payment Services

- Local & international money transfers
- Mobile refill & payments
- Standing order instructions & direct debits
- Bank drafts
- Book transfers
- Bill payments



Financing Solutions

- Home loans
- Personal loans
- Education loans
- Car loans & car lease
- Green loans
- Microfinance
- Lombard facilities



Savings & Investment

- Education plan/ Retirement plan
- Investment funds
- Custodian services
- Fixed deposits
- Distribution of life insurance plans, treasury bills & government bonds



Wealth Management Solutions

- Financial Planning
- Discretionary Portfolio Management
- Non-Discretionary Investment Management
- Investment Trade Execution
- Access to Private Equity groups and deals

Intra-Group synergies are tapped into to provide clients with required solutions, e.g. provision of investor-related services and pursuance of the 'Bank of Banks' initiative, through which, the Group provides adapted solutions, linked to trade finance, payments outsourcing and advisory services amongst others, to support the growth of counterparts, mainly in Africa.

Corporates & Institutions



Payments & Cash Management Solutions

- Electronic points of sale & cards acquiring services
- Corporate credit cards
- E-commerce
- International transfers
- SWIFT services
- Transfers & remittances
- Cash management solutions, Internet Banking and SmartApprove Application
- QR Payment



Financing Solutions

- Short & long term loans
- Green loans
- Syndicated loans
- Bridging loans
- Private equity
- Mezzanine financing
- Structured finance
- Factoring
- Microfinance
- Operating & finance lease
- Asset-Based lending
- Lokal is beautiful Scheme
- Lombard facilities
- SME Scheme



Transactional Banking

- Business deposit card
- Deposit accounts
- Multi-currency accounts
- Internet banking
- Bank drafts
- Forex transactions
- Overdrafts
- Mobile banking: MCB JuicePro



International Trade Finance

- Import & export
- Credit protection
- Bank guarantees
- Standard trade finance
- Structured commodity finance
- L/C re-issuance/confirmation
- Secondary asset trading



Investment Related Services

- Investment trade execution
- Structured products
- Structured credit
- Investment advisory services
 - Real assets
 - Private equity
- Securities & custodian services
- Brokerage services
- Investment management
- Dual currency deposits



Business Services

- Checking facilities
- Payroll services
- Secretarial services
- Share registry services



Foreign Exchange Services

- Currency swaps
- Spot & forward deals
- Interest rate swaps
- International transfers



Outsourcing & Advisory Services

- Payments outsourcing
- Consulting & project management services
- Corporate finance advisory
- Punch

 More information on our financial solutions is available on our website

What we deliver

Our value-creating business model

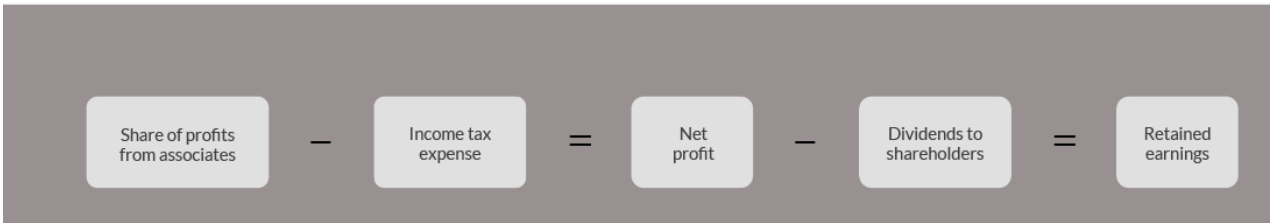
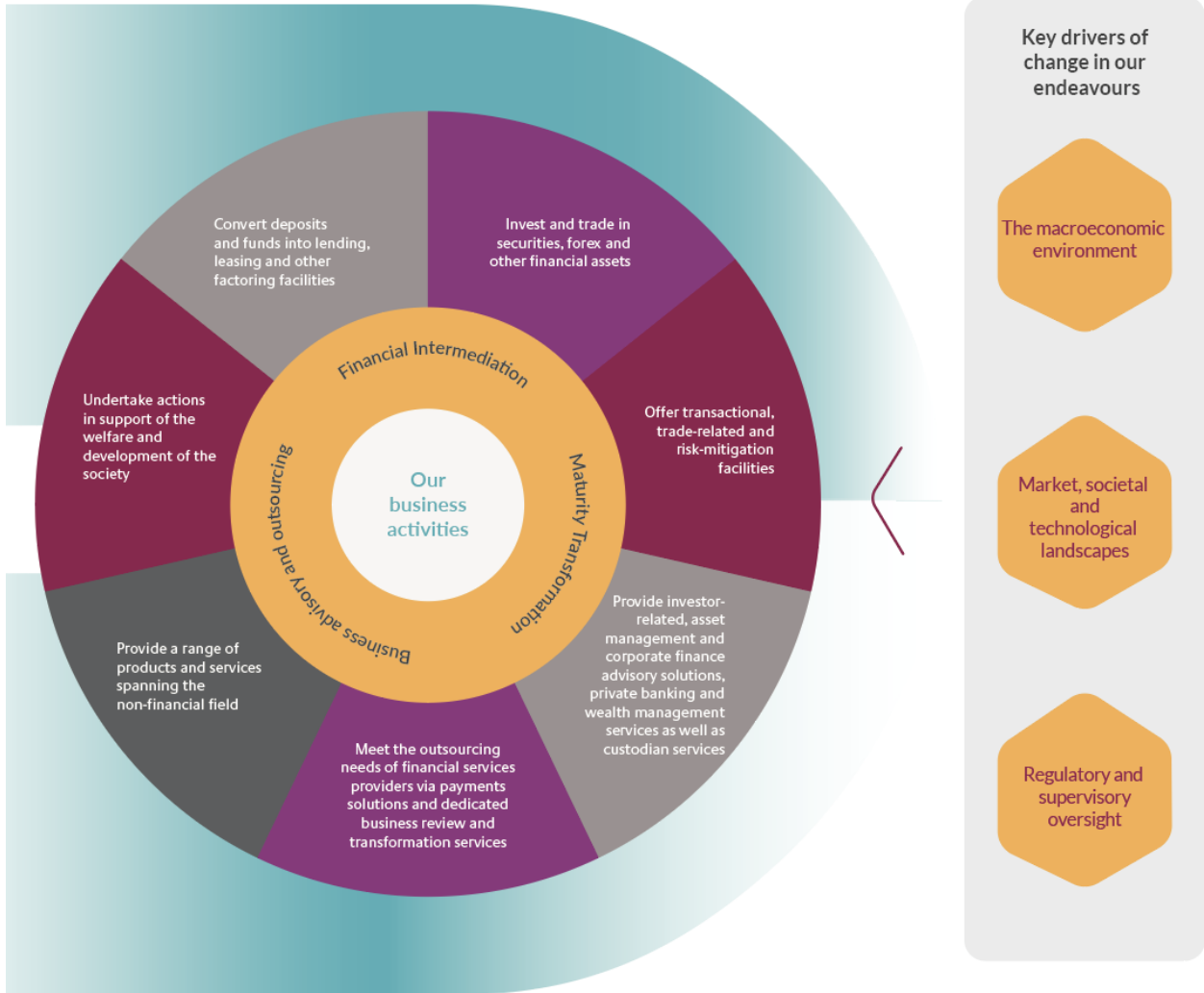
We use our resources and expertise to create sustained benefit for all our stakeholders.



Delivering financial outcomes for the Group

$$\text{Interest income} - \text{Interest expense} + \text{Non-interest income = [Net fee and commission revenue + Trading revenue + Other revenue]} - \text{Staff costs} - \text{Other operating expenses and impairment charges} +$$

Expand our non-bank activities Grow our international footprint



Read more in the 'Delivering on our Strategic Objectives' section on pages 33 to 91

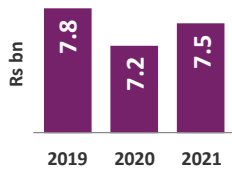
Read more in the Sustainability Report on our website

How we distributed value created

During the last financial year, the Group continued to provide relevant and meaningful ways to promote the interests of its stakeholders and help them prosper, supported by its resilient financial results.

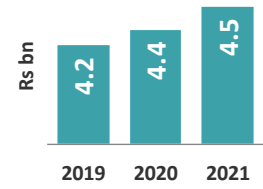
Wealth created by MCB Group

Retention to support growth



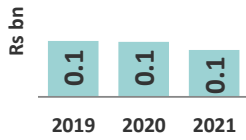
Wealth is allocated to support the Group's future growth and sustainability via our retained earnings.

Employees

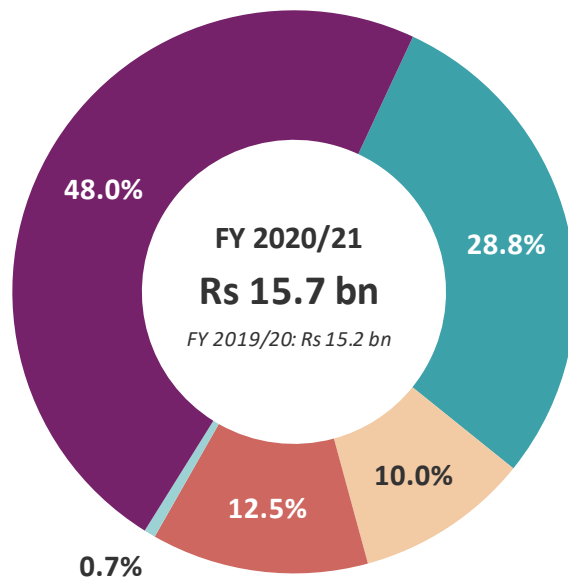


Our value proposition comprises competitive rewards and benefits, with particular emphasis laid on the personal and career development of our staff.

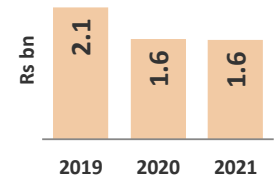
Society



We contribute to the welfare of the society in which we live and work with funds assigned for Corporate Social Responsibility (CSR) activities and sponsorships.



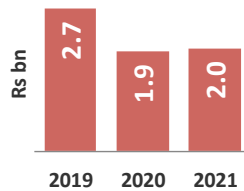
Authorities*



Via our direct and indirect tax payments, we support the authorities in fostering the execution of socio-economic development projects.

* Includes the proportion of our CSR contribution remitted to the Mauritius Revenue Authority

Providers of capital



We provide shareholders with adequate dividend payout.

Read more in the 'Delivering on our Strategic Objectives' section on pages 33 to 91

Read more in the Sustainability Report on our website



Delivering on our strategic objectives



Message from the Chief Executive

Demonstrating our operational and financial resilience amidst testing times

For all of us, this past year has been one of the most turbulent in living history. The COVID-19 pandemic has sent shock waves across the world, with efforts to contain its spread affecting every facet of our lives. Over and above the health and social challenges, the economic crisis that unfolded has been unprecedented. As in most parts of the global economy, our presence countries have experienced significant economic upheaval, contributing to highly challenging operating conditions for the Group's entities. They had to deal with restrained business activities, heightened uncertainties and increased market volatilities amongst others. Furthermore, we had to contend with unfavourable developments linked to the inclusion of Mauritius on the lists of the Financial Action Task Force and the European Commission as well as the downgrade, by Moody's Investors Service, of the sovereign credit ratings of Mauritius.

Ever since the pandemic broke out, the Group has triggered its business continuity plans to cope with the evolving context and ensure minimal disruption to service delivery whilst maintaining, as a priority, the safeguarding of the health, safety and wellbeing of our employees. I would like to highlight here the tremendous commitment and resilience of our employees, as well as their team spirit, to support all our stakeholders during these testing times. Whilst we limited on-site presence to reduce risks of contamination and contagion, our technological platforms enabled our staff to work effectively from home and continue serving our customers. We strived to find the most effective means to attend to client needs by capitalising on dedicated initiatives and the support measures put in place by the authorities.

From a financial perspective, the particularly difficult economic and market conditions exerted pressures on revenue lines across segments and prompted us to maintain a prudent stance by building additional provisions, in the form of Expected Credit Losses. Yet, the Group posted a resilient performance, with profit attributable to ordinary shareholders edging up by 1.4% to reach Rs 8,019 million.

Operating income increased by 2.0% compared to last year. Net interest income rose by 3.1%, driven primarily by increased investment in Government securities as a result of the persisting excess liquidity situation prevailing in most of our markets. Our diversification strategy led to a healthy expansion of the Bank's international loan book, helped further by the weakness of the Mauritian Rupee. However, net interest income in foreign currency declined marginally due to the drop in LIBOR rates. Net fee and commission income recovered from its contraction in the previous year to grow by 13.3%, thanks to higher revenues from regional trade financing and wealth management activities. In contrast, 'other income' bore the brunt of the challenging context and declined by 14.5%. Lower volumes of trading in foreign exchange coupled with high volatility in money and foreign exchange markets contributed to a drop of Rs 459 million in net gain from financial instruments. On the other hand, other operating income remained stable, the profit of Rs 356 million realised on the disposal of our shares in ICPS being largely offset by the absence of rental income at the level of COVIFRA, as a result of our borders being closed throughout the whole financial year.

Operating expenses increased by 6.1% on the back of ongoing investment in capacity building initiatives, notably linked to our digitalisation efforts, thus leading to a rise in the cost-to-income ratio from 35.5% to 36.9%. However, impairment charges deduced by 6.1% to Rs 4,766 million. The cost of risk in relation to loans and advances, while decreasing from 1.84% to 1.39%, remained high as we continued to increase our Expected Credit Losses (ECL) which reached Rs 8,854 million as at June 2021. Excluding ECL provisions, cost of risk for the year decreased from 64 bps to 55 bps.

The share of profit of associates fell by Rs 29 million, principally due to lower contribution from BFCOI more than offsetting improved results at the level of Promotion and Development Ltd.

The Group continued to display strong capitalisation levels with capital adequacy ratios remaining comfortably above minimum requirements. The BIS and Tier 1 ratios stood at 17.4% and 16.1% respectively despite a significant growth of 21.1% in risk-weighted assets. Furthermore, asset quality improved slightly with NPL declining from 4.2% to 3.9% while healthy liquidity and funding positions were maintained. In the latter respect, it is worth mentioning that the Group successfully raised Rs 2 billion through the first issue of unsecured floating rate notes under the Rs 10 billion Multi-Currency Note Programme approved by the Board of MCB Group Ltd in May 2021. These proceeds were invested in the capital of the Bank in order to support its future business growth.

Encouragingly, MCB preserved its investment-grade credit ratings and remains among the few financial institutions rated as such in sub-Saharan Africa. Even though MCB's long-term bank deposit and issuer ratings has been reviewed to Baa3 from Baa2 with a negative outlook as a consequence of the downgrade of the credit rating of Mauritius, the rating agency acknowledged the Bank's healthy fundamentals, solid franchise and adequate risk management framework. Further testifying to our credentials, MCB Ltd successfully tapped into global financial markets for a syndicated facility of USD 1 billion, receiving in excess of USD 1.6 billion commitments from some 30 lenders, to refinance existing obligations and to fund its asset growth. At the time it was concluded, this facility represented the largest financing to a corporate borrower in Africa for the current year.

After a year during which no dividend was paid by the Group as a result of the substantial uncertainty resulting from the outbreak of the pandemic, we have resumed payment of dividend this year, albeit at a reduced rate compared to previous years. In addition to the interim dividend of Rs 7.25 per share paid in July 2021, a dividend of Rs 9.50 per share has been declared and will be payable in December 2021. The total dividend payable this year will thus amount to Rs 16.75 per share, equivalent to 25% of profit attributable to ordinary shareholders in relation to Financial Years 2020 and 2021. The Board of Directors has also approved, subject to regulatory approval, a Scrip Dividend Scheme. This scheme will provide to the shareholders of the Group an option to convert a designated portion of their future dividends into shares of the Group. The successful implementation of this scheme will potentially enable the Group to consolidate its capital base in order to support its future expansion and/or alternatively provide it with additional capacity to increase its dividend payout.

Pursuing our growth trajectories across market segments

Whilst attending to the implications of the severe economic downturn, Group entities generally consolidated their strategic positioning in their respective markets, backed by closer client proximity and an enhanced value proposition. In parallel, we carefully pursued our underlying growth agenda across segments and further diversified our footprint, with the African continent remaining our key focus. Hence, alongside reinforcing its position as an innovative, reliable and caring financial partner and upholding its leadership status within the domestic banking sector, the Bank made appreciable inroads in deepening its involvement in Energy and Commodities financing and gradually building its Power and Infrastructure franchise, while strengthening its syndication offerings and position as lead arranger with financial institutions. Our foreign banking subsidiaries consolidated and extended their market reach, particularly in the case of MCB Madagascar, which sustained a notable business growth on the strength of commercial initiatives, improved service delivery and increased visibility. In the non-banking field, MCB Capital Markets Ltd registered a further rise in assets under management and

continued to build its track record in the corporate finance advisory arena, with the successful completion of several transactions. Likewise, notwithstanding the adverse context and travel restrictions, MCB Consulting made noteworthy strides by capitalising on its industry expertise and agile delivery model, with the company spearheading numerous projects across several countries. Of note, the Group is currently reviewing its 'Bank of Banks' proposal to reinforce its positioning as a regional platform for providing tailored solutions to counterparts.

To support their strategic progress, Group entities continued to lay emphasis on bolstering foundations for growth. We leveraged our reinforced digital capabilities to drive operational efficiency, boost service quality and meet evolving customer needs. As another key focus area, we devised dedicated training programmes to sharpen the skills of our employees and set forward to entrench the MCB Leadership Brand through our Lead with Impact Academy initiative. Entities across the Group strengthened their risk management and control framework, with key moves pertaining to continuous mitigation of compliance and information risks. Importantly also, alongside further consolidating intra-Group synergies and collaboration, we pursued business realignment and transformation initiatives to ensure that we have solid operating structures to further affirm our strategic intent within a dynamic context. In this respect, we recently upgraded our Representative Office license in the Dubai International Finance Centre to Advisory Office under Category 4, which should equip the organisation with an enhanced scope of intervention.

Sustainability embedded in our DNA

The significant toll of the pandemic has brought even greater scrutiny to the social and environmental impacts of corporates around the world. Against this backdrop, the Group is, more than ever, committed to pursuing the implementation of initiatives under the three pillars of its Corporate Sustainability Programme, 'Success Beyond Numbers', with a view to integrating our sustainability vision and principles into our strategy and operations. During the year in review, we have, in the wake of the disruption in global supply systems caused by the pandemic, launched a 'Lokal Rebound' study to assess the Mauritian productive fabric and promote local production and resilience. Additionally, alongside furthering our move towards carbon neutrality in our operations, we have pledged to investing EUR 5 million in Livelihoods Carbon Fund 3, a carbon-impact fund with leading companies worldwide joining forces to accelerate efforts on climate-change mitigation and social impact. The Group is also determined on affirming its commitment to gender equality, which it considers to be an essential social emancipation vector and a significant contributing factor to the country's economic development. With this objective in mind, the Group has signed the Gender Diversity Charter of the Africa CEO Forum – Women Working for Change – and stressed its ambition to achieve, by 2026, a target of 40% of female representation within the Middle and Senior Management echelons of MCB. To achieve this target, the Group adopted a Gender Equality Charter and launched a series of measures such as the set-up of 'Lean in Circles', a platform for women to share their experiences in order to progress together and the doubling of the paternity leave to 10 days. Another step aimed at promoting the welfare of our employees relates to the creation of an Employee Solidarity Fund, to provide assistance to those having been most affected by the ongoing pandemic. At the community level, we continued to partner with relevant stakeholders, such as NGOs and public sector entities, in Mauritius and other presence countries towards promoting social welfare, with our activities being mainly channeled via the MCB Forward Foundation.

Steering forward in a disciplined way

The operating environment continues to warrant our close attention with the global economic recovery remaining uneven and fragile. Across the Group's presence countries, notwithstanding encouraging trends in Seychelles and Maldives on the tourism front, the outlook continues to be subject to significant uncertainties relating, notably, to the pickup in long-haul travel, supply chain constraints and market volatilities. That said, progress on the vaccination front in Mauritius and the re-opening of the country's borders augur well for a gradual recovery in the tourism industry with positive offshoots onto the rest of the economy and for business confidence, at large. On the basis of our strong fundamentals and continued execution of our diversification strategy, the Group is well equipped to reap the benefits of economic recovery, with prospects on the international front in particular being encouraging.

However, we need to remain cautious and maintain our vigilance whilst monitoring the evolution of the economic and market environment closely, notably as support measures are removed. We are also conscious of the increased competitive pressures that are likely to persist in specific markets, partly linked to the more extensive use of latest technologies by operators to better meet the needs and aspirations of customers. In the same vein, the Group remains attentive to the increasingly demanding regulatory and compliance environment prevailing locally and internationally. This implies keeping track of developments impacting the positioning and competitiveness of the Mauritian International Financial Centre. In respect of the latter, it is encouraging to note that the FATF has acknowledged that Mauritius had substantially completed the implementation of the Action Plan aimed at strengthening the effectiveness of its AML/CFT system. After conducting an onsite assessment in September 2021, the FATF is set to announce its decision and it is hoped that Mauritius will exit the list of 'jurisdictions under increased monitoring', thus also triggering the removal of our jurisdiction from the EU list of High Risk Third Countries. These outcomes remain critical to the future development of the financial sector and progress of the country in future.

Mindful of the highly dynamic context, we will pursue the execution of our strategic objectives in a disciplined manner. We seek to strengthen our domestic position by supporting the country in its reconstruction path towards a stronger and greener economy, while pursuing our diversification strategy. We will expand our regional footprint by capitalising on our competencies nurtured in niche segments, leveraging the Mauritian jurisdiction in the process. The Group also aims to boost its non-interest income by enriching its value proposition in areas such as transactional banking, wealth management and other non-banking activities. As a key strategic lever, we will further entrench sustainability across our operations in order to give a new dimension to the scale and depth of our stakeholder interactions. The Group will continue to anchor its development on its healthy financial soundness and robust operational capabilities. Alongside ensuring continuous reinforcement of our risk management, internal control and compliance frameworks to effectively deal with core and emerging risks, we will pursue our digital transformation journey to improve operational agility and further connect with our customers and stakeholders. Through the further deployment of our HR Transformation Programme, we will aim at reinforcing people management processes and foster an enhanced framework for attracting, developing and retaining talents, thus allowing us to better support our ongoing growth strategies across entities.

Concluding note

I would like to thank all our employees and the Management teams across Group entities for their steadfast commitment and resolve during the exceptionally challenging context. I am proud of what we have done, as a Group, to maintain our service quality and support our customers, our countries and our communities.

I also wish to express my gratitude to the members of various Boards of the Group for their sustained counsel in helping the Group confront these unprecedented circumstances in a prompt and judicious manner, while upholding its stability and progress.

My sincere gratitude goes to our esteemed customers for continuing to trust in our ability to support them and create value for their benefit. In spite of the restrictions on movements that the crisis has triggered, we reinforced our proximity and relationship with them as we strived to find the best ways to assist them in facing the tough conditions.

Having reached the retirement age of 65 in August 2021, I accepted, at the Board's request, to stay on as Group Chief Executive on the basis of an ad-hoc, short-term contract, with a view to ensuring the smoothest possible transition at the helm of the Group. In this respect, I wish to extend my sincere congratulations to Jean Michel Ng Tsung upon his appointment as Chief Executive Designate of MCB Group Ltd. I am confident that the Group will be in safe hands, going forward, and will continue to uphold the strongest foundations for the achievement of our growth objectives. In fact, I have been very fortunate in my career at MCB to work with talented people who embrace and permanently live the core values of the organisation.

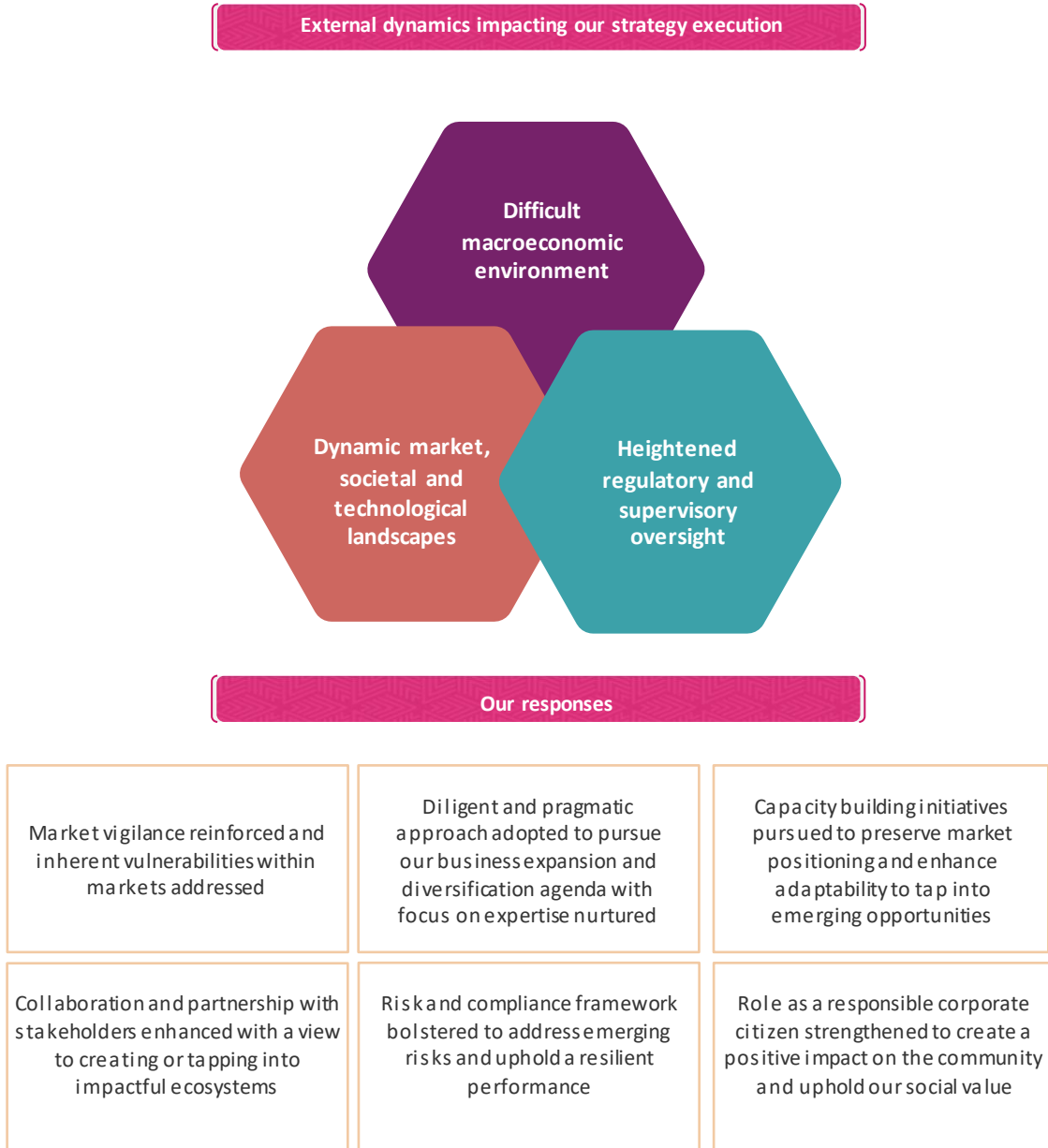
While COVID-19 caused the most brutal socio-economic collapse, which anyone of us has ever seen, I believe the Group is in a great position to weather the storm and capitalise on the anticipated economic recovery thanks to our robust business model, innovative mindset and the commitment of our people towards creating sustainable value in the interest of all its stakeholders.

Pierre Guy Noel

Chief Executive

Our operating context

The COVID-19 crisis has materially altered the external environment in which the Group operates, prompting us to navigate cautiously and adapt to the new emerging realities, while continuing to deliver value to our stakeholders amidst the prevalent uncertainties.



Macroeconomic environment

The pandemic has triggered historic declines in GDP across countries where the Group operates during the past year. Whilst a recovery is expected as from this year, prospects diverge markedly, hinging on vaccine rollout and extent of policy support.

In Mauritius, the fallout of the pandemic and the stringent measures taken to curb the transmission of the virus have taken a severe toll on economic activity in 2020 as real GDP contracted by 14.9%. With the exception of the ICT and the financial services sectors, all industry groups suffered a negative growth last year, with the tourism sector being the most impacted. As for this year, while a resurgence of COVID-19 cases led to a second lockdown in March, the impact thereof was nonetheless contained due to its relatively short duration and the quick deployment of work access permits which helped sustain a reasonable level of activity. As it stands, the domestic economy appears on course to stage a recovery, with growth projected at about 5% in 2021. Activity levels are being supported mainly by a rebound in export-oriented manufacturing and in construction activities amidst the execution of large-scale infrastructure projects while financial services and the ICT sector continue to perform reasonably well. Furthermore, the ongoing phased re-opening of the country's borders, underpinned by the progress on the vaccination front, is expected to support a gradual recovery in the tourism sector as from the latter part of the year with positive spillover effects on supporting sectors and SMEs.

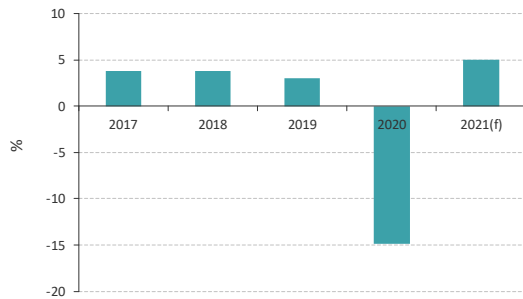
The downturn witnessed in the wake of the pandemic coupled with the huge fiscal stimulus deployed by the authorities in the form of income support schemes have led to a marked deterioration of the country's fiscal metrics, as gauged by a public sector gross debt to GDP ratio of 95% as at June 2021. As it has been the case in a number of countries worldwide, the weakening fiscal position has contributed to the downgrade, by Moody's Investors Service, of Mauritius' long-term foreign and local currency issuer rating to Baa2 from Baa1 in March 2021. On the external front, the sharp decline in foreign exchange earnings amidst the collapse in exports – notably tourism – triggered a hike in the current account deficit to 12.7% of GDP last year while the balance of payments fell into deficit territory for the first time in 15 years. High external imbalances are expected to persist this year, despite a progressive improvement in line with the gradual pickup in economic activities and recovery in capital and financial flows. Inflationary pressures have also built up lately amidst higher petroleum prices, higher freight charges and the impact of specific budgetary measures, compounded by the weakening of the rupee. In fact, headline inflation stood at 3.0% as at August 2021 and should pursue an upward trend but contextually stay at manageable levels over the coming months, partly supported by the introduction of price control measures on various essential goods.

On the regional front, output in the sub-Saharan African region is set to recover by 3.4% in 2021 following last year's collapse, supported by the pickup in global activity and a recovery in commodity prices, notably oil. However, the recovery is still fragile, given legacies of the crisis, the slow pace of vaccination as well as limited policy support, although the foundations for growth over the medium term stay generally appreciable. As regards foreign countries where the Group is present, the resumption in tourist arrivals in Maldives and Seychelles point to a notable recovery this year, but the outlook remains uncertain and contingent on the path of the pandemic and the pickup in demand from key markets. Elsewhere, a partial recovery is expected in Madagascar in 2021 following the severe impact of the crisis last year, with activity levels set to strengthen in the medium term driven by an increase in private capital expenditure, and pickup in agriculture, tourism, manufacturing and mining. In Mozambique, growth is set to recover this year and pick up over the medium term, driven by investment in commodity-related activities, including in the Liquefied Natural Gas sector. Growth in Reunion Island took a significant hit last year amidst the sharp decline in household consumption, investment and tourism activity, with the outlook for this year hinging notably on the path of the virus.

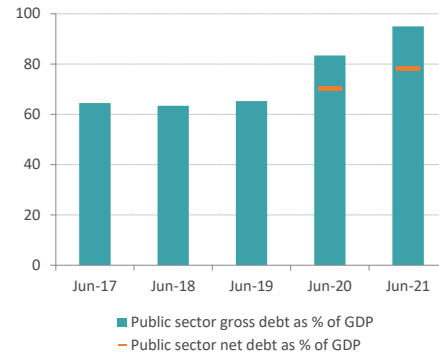
Key economic indicators

Domestic landscape

Real GDP growth at market prices

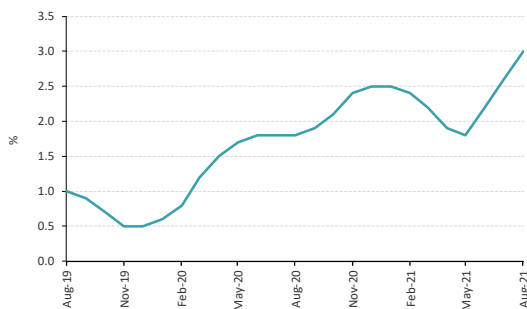


Public sector debt *



*As from 2020, debt figures are also computed in net terms as per the amended Public Debt Management Act i.e. public sector gross debt minus cash and cash equivalent and equity investment held by Government and public sector bodies in private entities.

Headline inflation



Selling rates of main currencies vis-à-vis the rupee

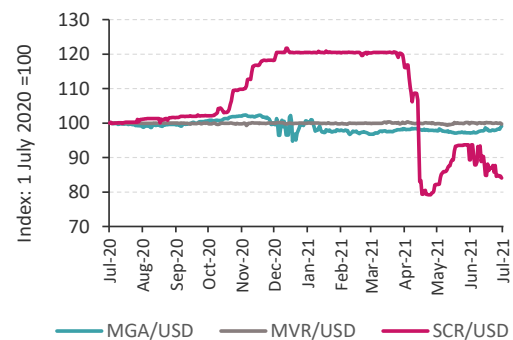
in MUR	Value as at		Annual average	
	30-Jun-20	30-Jun-21	FY 2019/20	FY 2020/21
USD	40.4	43.0	37.9	40.4
EUR	45.5	51.3	41.9	48.3
GBP	49.8	59.7	47.7	54.5

International and regional front

GDP Growth

Real GDP growth (%)	2020	2021 (f)	2022 (f)
World	-3.2	6.0	4.9
Sub-Saharan Africa	-1.8	3.4	4.1
Seychelles	-12.9	6.9	7.7
Madagascar	-4.2	3.2	5.0
Maldives	-32.2	18.9	13.4

Exchange rates



Notes:

(i) Figures for World and sub-Saharan Africa were sourced from the IMF World Economic Outlook, July 2021

(ii) Figures for Maldives and Madagascar were sourced from the IMF World Economic Outlook database, April 2021

(iii) Figures for Seychelles were sourced from the latest IMF country report, August 2021

Sources: IMF, Statistics Mauritius, Bank of Mauritius, Ministry of Finance, Economic Planning and Development, Oanda, and MCB staff estimates

Market, societal and technological landscapes

The Group continued to navigate challenging market conditions across presence countries while the pandemic has also accelerated shifts in customer behaviours and adoption of digital channels.

In Mauritius, the ongoing uncertainties associated with the pandemic and the ensuing economic disruptions have adversely impacted the demand for credit, with the growth in bank loans and advances to the private sector moderating during FY 2020/21. Operators have also faced up to heightened market volatility. In the money markets, short-term yields dropped to very low levels before moving back within the interest rate corridor towards the end of the financial year, with the Bank of Mauritius (BoM) fully resuming the issuance of its own securities as from December 2020, in an attempt to mop up the level of excess liquidity in the banking system. Additionally, the drop in export proceeds restrained the availability of foreign currencies in the banking system and exerted pressures on the value of the rupee, with the BoM having to intervene regularly to supply foreign exchange to the market. Whilst the crisis entailed increased risks to operators, the BoM stressed that banks have remained sound and resilient as highlighted in the latest Financial Stability Report. The sector's capital adequacy ratio remained well above the minimum regulatory requirement at 19.8% as at March 2021, while asset quality slightly worsened with a non-performing loans to total loans ratio of 6.2% as at March 2021 from 5.8% as at June 2020. In addition to reflecting their underlying fundamentals, the resilience of banks was upheld by support measures provided by the authorities. Indeed, alongside maintaining the Key Repo Rate at the historic low level of 1.85% to support the flow of credit in the economy, specific measures under the Central Bank's COVID-19 Support Programme, notably in the form of moratorium and funding facilities, were extended to June 2022. Additionally, the Mauritius Investment Corporation (MIC) which operates as a fully-owned subsidiary of the BoM is providing financial support to, *inter alia*, systemically important firms that are financially distressed as a result of the pandemic. As of August 2021, the MIC had approved applications worth around Rs 30 billion and disbursed some Rs 10 billion.

Similar conditions prevailed in our foreign presence countries with the authorities therein upholding support measures to mitigate the impact of the crisis. In Seychelles, amidst plummeting tourism receipts, a high degree of volatility was observed in the foreign exchange market, with the Central Bank of Seychelles (CBS) intervening in an attempt to smooth disorderly foreign exchange fluctuations. The CBS also maintained an accommodative monetary policy stance to support domestic economic activity and realigned its interest rate corridor, with the latter move expected to lead to a general reduction in interest rates over the medium term. For its part, alongside intervening to alleviate the shortage of US dollar on the market and extending the regulatory leeway on loan moratoriums, the Maldives Monetary Authority pursued its thrust to modernise the payment system, with emphasis laid on mobile services especially in the current context. In Madagascar, the primary focus of the central bank has been on supporting bank liquidity during the pandemic.

On another note, the strategy execution of some of the Group's subsidiaries remained constrained by travel restrictions. Our banking and non-banking entities continued to be exposed to high competitive pressures in specific segments. Particularly, operators have increasingly leveraged digital innovations and operating platforms to upgrade their offerings in response to the changing lifestyles and aspirations of customers in the wake of the pandemic, alongside gearing up on cybersecurity processes. Another noticeable observation through the COVID-19 crisis is the increased prominence of ESG considerations in the strategy of financial sector operators as they strive to conduct business in a more responsible manner.

Key banking sector indicators

Credit to the private sector

	Y.o.y. growth (%)		
	Jun-19	Jun-20	Jun-21
Mauritius	3.2	4.0	3.6
Madagascar	18.7	13.2	15.9
Maldives	8.2	7.8	8.8
Seychelles	20.8	21.5	-3.8

Sources: Bank of Mauritius, Banque Centrale de Madagascar, Maldives Monetary Authority and Central Bank of Seychelles

Evolution of yields

Weighted average yields on Government of Mauritius Treasury Bills/Bank of Mauritius Bills

2020		2021	
Month	Yield (%)	Month	Yield (%)
April	0.43	January	0.29
May	0.19	February	0.24
June	0.78	March	0.28
July	-	April	0.49
August	1.30	May	0.80
September	1.38	June	1.29
October	-	July	0.75
November	0.64	August	0.83
December	0.31	September	0.78

Note: There were no issuance during the months of July and October 2020

Financial soundness indicators

As at June (%)	Mauritius			Madagascar			Maldives			Seychelles		
	2019	2020	2021	2019	2020	2021	2019	2020	2021	2019	2020	2021
Capital-based												
Regulatory capital to risk-weighted assets	20.0	20.4	19.8	n.a.	n.a.	n.a.	47.4	47.9	47.2	20.7	18.2	22.5
Asset quality and liquidity												
Non-performing loans to total gross loans	6.3	5.8	6.2	7.2	7.2	7.9	9.6	9.3	8.0	4.5	3.1	5.0
Liquid assets to total assets	21.0	26.4	29.4	35.9	34.3	37.1	43.9	44.5	49.8	55.9	55.6	58.1
Profitability												
Return on assets	2.0	1.1	1.2	3.9	3.4	3.2	3.8	2.2	6.8	3.0	-2.3	2.1
Return on equity	17.4	9.5	11.4	39.4	34.7	32.9	15.2	8.9	32.0	29.2	-24.2	23.2

Notes

(i) Ratios for Mauritius refer to banks and non-bank deposit-taking institutions

(ii) Figures for Mauritius and Madagascar in 2021 relate to March 2021

Sources: Bank of Mauritius, IMF country reports & FSIs database, Banque Centrale de Madagascar, Maldives Monetary Authority and Central Bank of Seychelles

Regulatory and supervisory oversight

The response to the COVID-19 pandemic has seen increased regulatory interventions during the year, as the authorities in countries where the Group operates focused on preserving the soundness and resilience of the banking and financial services sector industry, alongside pursuing their moves towards modernising the set-up on which the delivery of services is anchored.

In addition to extending the application of some support measures, the Bank of Mauritius (BoM) came forward with various regulatory forbearance policies to bolster the ability of banks to support customers facing cash flow and working capital difficulties in the wake of the pandemic. As such, the implementation of the Capital Conservation Buffer of 2.5% was further deferred to 1 April 2022, with the current rate of 1.875% thus applicable until 31 March 2022. The Central Bank also introduced a guidance on transitional arrangements for regulatory capital treatment of IFRS 9 provisions under expected credit losses, which allows financial institutions to retain a portion of their IFRS 9 provisions to prop-up the regulatory capital, provided they refrain from paying dividends and making other transfers from profit. On another note, in its bid to ensure that banking activities remain grounded on advocated principles, the BoM introduced new and revised several guidelines during the year, including those pertaining to the computation of debt-to-income ratio for

residential property loans, recognition and use of external credit assessment institutions, liquidity risk management and cross-border exposures as well as the operational framework of primary dealers, while draft guidelines have been issued for consultations relating to private banking business and the use of cloud services. The BoM also released a Guidance on LIBOR Transition, which intends to assist banks in the transition process by setting out the expectations with regard to their governance structure, risk identification approaches and other actions in relation to the benchmark rate transition.

In the context of the Finance (Miscellaneous Provisions) Act 2021, provisions have been made for enhancing the country's AML/CFT framework, notably through the establishment of a Core Group focusing on the implementation of the Financial Action Task Force (FATF) standards while further disclosure powers have also been granted to relevant authorities. In the same vein, the Financial Services Commission (FSC) launched the 'One Platform', which provides a more seamless process for the filing and conduct of oversight of licensees. Overall, it is comforting to note that the FATF has, at its latest Plenary meeting held in June last, acknowledged that Mauritius had substantially completed the implementation of the Action Plan aimed at strengthening the effectiveness of its AML/CFT system. On the heels of the latter developments, the FATF conducted an on-site assessment in September 2021 to validate the progress achieved, with a decision regarding the exit of Mauritius from the list of 'jurisdictions under increased monitoring' set to be announced at its next meeting in October. It is worth stressing that the delisting of Mauritius from the FATF list and the subsequent removal of the jurisdiction from the European Commission's list of High Risk Third Countries are critical to the development of the financial services sector moving forward.

Provisions were also adopted to further modernise the financial services industry and support the country's objective of building back better. While incentives have been established to encourage home ownership amongst Mauritian citizens, the banking laws have recently been amended to make allowance for the establishment of frameworks for the issue of a digital currency, regtech and fintech solutions as well as sustainable bonds. With respect specifically to the non-banking financial services sector, amendments were brought to strengthen the supervisory powers of the FSC, notably in respect of issue or transfer of shares from certain classes of licensees. Elsewhere, trusts and foundations set up as from 1 July 2021 are no longer able to file a declaration of non-residence and be exempt from tax in Mauritius, with a grandfathering provision for existing companies available up to the year of assessment 2024/2025. Concomitantly, provisions have been made for the 10-year tax holiday granted to family offices to be extended subject to specific prescribed substance conditions being satisfied.

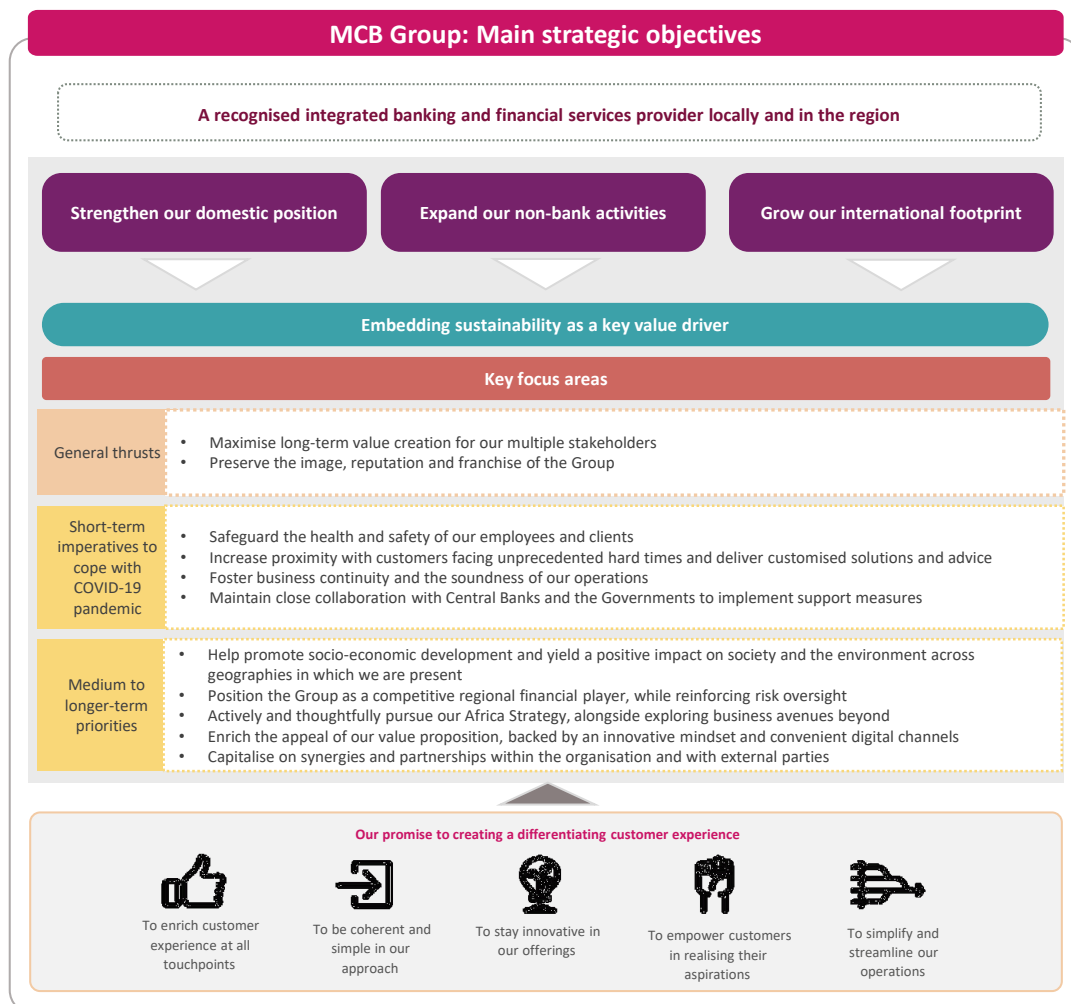
In our foreign presence countries, in line with the new AML/CFT Act, the Central Bank of Seychelles (CBS) has assumed the responsibility for AML/CFT supervision for institutions under its purview alongside collaborating with the World Bank on the elaboration of a risk-based supervision framework and a supervision manual. The CBS has also committed to pursuing its efforts to enhance the legislative framework for National Payment Systems, promote digital financial literacy and improve financial consumer protection. In the same vein, the CBS has also adopted a financial technology strategy in line with its objective of fully digitalising its financial system by 2023. In Madagascar, the central bank relaxed the reserve requirements to allow banks to reschedule and extend credit lines, while the new banking law and financial stability law have been implemented with a view to strengthening the financial sector and improving financial inclusion. In Maldives, the central bank has initiated steps to strengthen the compliance framework. Of note, new regulations were issued to promote sound corporate governance in financial institutions by stipulating a minimum standard of corporate governance principles and practices. Also, in line with Maldives Monetary Authority's objective to facilitate the settlement of domestic transactions in local currency, all the banks engaged in the card payment industry have been required to ensure that their domestic transactions conducted in Maldives using locally issued cards are acquired and settled in Maldivian Rufiyaa.

Our strategy

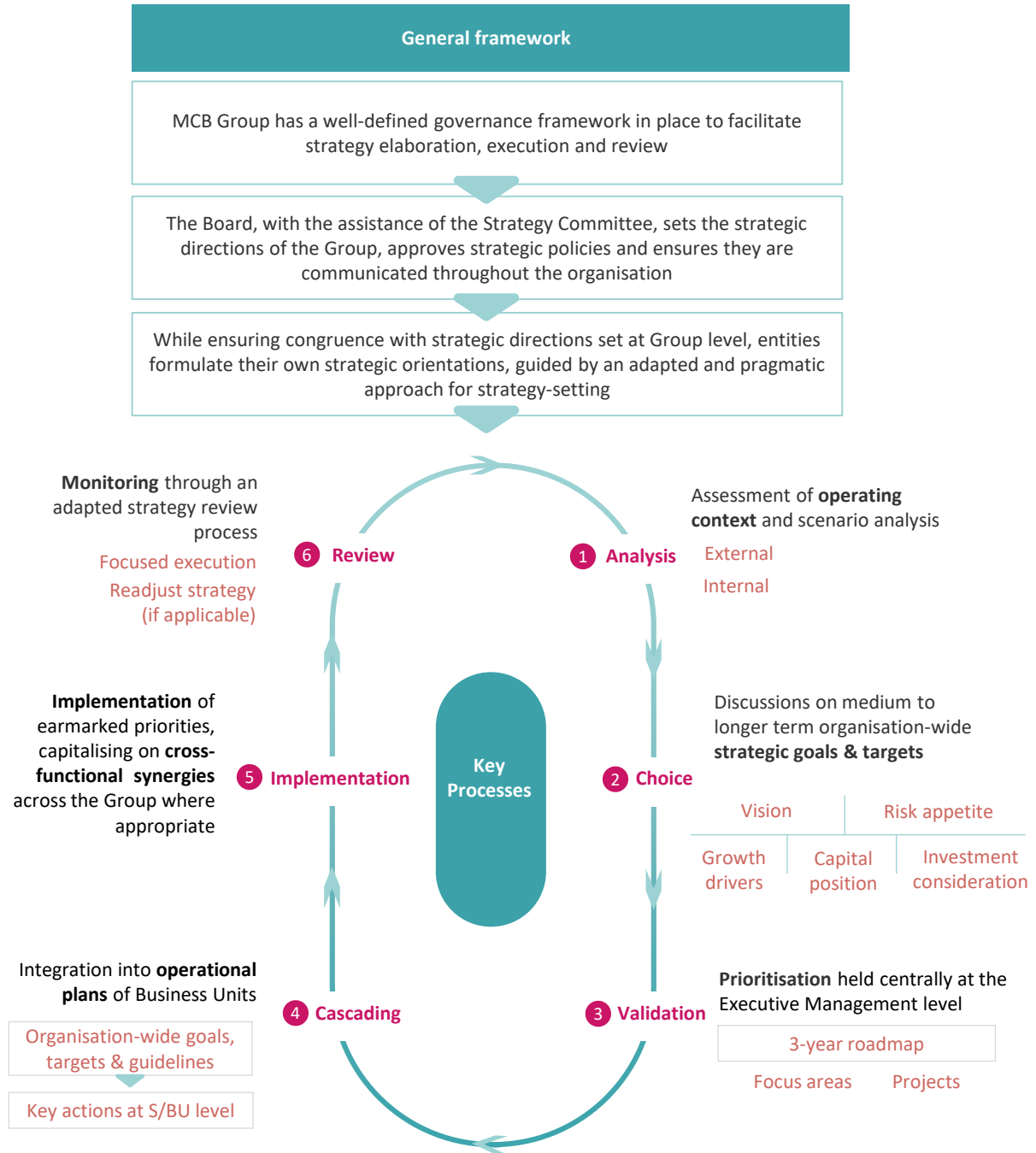
Adapting to the context to pursue our strategy execution

During the year under review, Group entities continued to devote significant attention to addressing challenges linked to the exceptional circumstances created by the pandemic with a view to preserving the resilience of their activities. Whilst this has prompted a review of some short-term business objectives, we remained determined on executing our strategic pillars and pursuing our medium term growth agenda, alongside investing for the future. In this respect, some entities have, during the year, revisited their 3-year plan in order to affirm their positioning in anticipation of the post-COVID economic recovery.

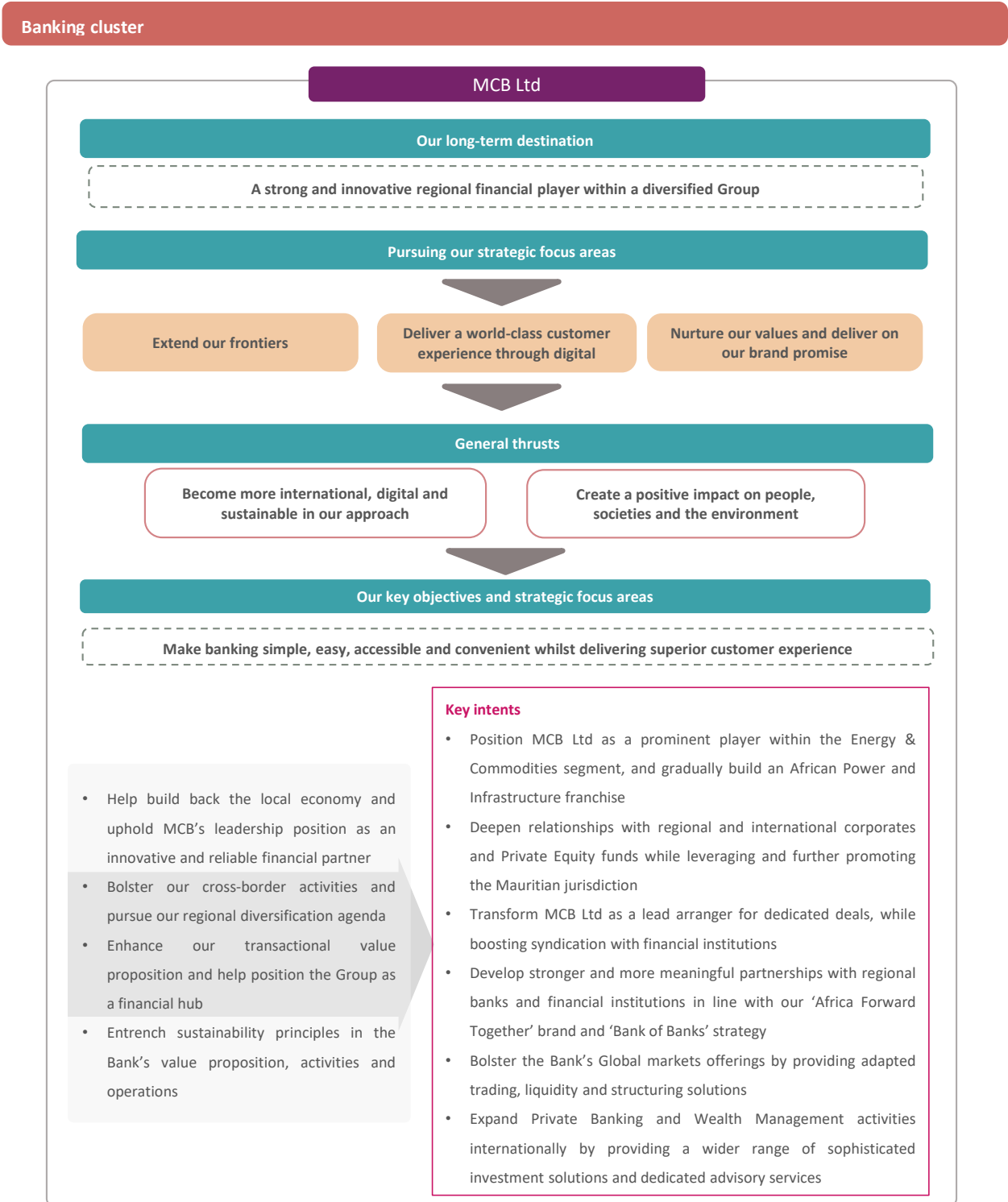
Our strategy is geared towards creating sustainable value for our stakeholders. Anchored on our proven business model, our strategy paves the way for delivering sustained earnings growth and maintaining sound financial metrics, alongside ensuring that we operate within the precinct of our risk appetite. Amidst our ongoing endeavours to transform the Group into a simpler and better organisation, we aim to deliver excellent customer service through adapted and innovative customer solutions and to tap into business development opportunities, with Africa being the main target for the Group. Concomitantly, in line with our commitment to be a responsible corporate citizen, a key objective of the Group is to embed sustainability principles in our culture, values and in the way we function and undertake business.



Our governance and processes



Underlying strategic orientations and objectives across clusters and entities



Foreign banking subsidiaries

- Adapt to current challenges in our business activities, safeguard market shares across retail and corporate segments, while upholding the positioning and brand image of the entities
- Consolidate business relationships with existing core clients, alongside reinforcing proximity with small and medium enterprises
- Diversify loan and deposit portfolio, with a focus on key players in sound economic sectors whilst carefully exploring emerging customer segments
- Accelerate implementation of digital and innovative practices, whilst enhancing internal capabilities
- Improve customer experiences and widen the range of offerings to provide adapted solutions to each customer segment
- Leverage solutions developed by MCB Ltd in the entities' presence countries, backed by service level agreements
- Continue investing in the risk and compliance infrastructure of the entities, while exercising close vigilance on risk parameters

'Non-banking financial' and 'other investments' clusters

- Reinforce the positioning of the Group as an integrated financial services provider locally and in the region
- Leverage the brand franchise and distribution capacity of the organisation to consolidate our positioning across long established business areas (notably those relating to the provision of investor, factoring and leasing services), while diversifying our activities

Zoom on selected entities



- Focus on advising blue chip clients locally and arranging financing for transactions and projects in Africa
- Broaden investment management activities to alternative assets
- Invest in private equity and hybrid debt opportunities alongside partners in Africa
- Seek strategic alliances with selected partners to expand our distribution channels and strengthen our technical capabilities



- Widen the range of offerings and revamp existing products to enrich the value proposition, alongside diversifying the customer base
- Forge close partnerships with key stakeholders, including car dealers, equipment dealers and fleet management companies
- Maintain and nurture close relationships with business lines of MCB Ltd



- Consolidate our position in the receivables finance market by leveraging latest technological solutions to enable the provision of a range of online services and diversified products
- Enhance synergies with MCB Ltd to offer best-fit solutions to clients



- Become a preferred and trusted business enabler, while positioning itself as leader across earmarked spheres of activity
- Consolidate footprint in existing markets and probe into new territories, notably in Asia-Pacific region
- Strengthen partnerships with the operational assistance to financial institutions, particularly in Africa
- Further exploit the potential of existing services and launch new ones (e.g. analytics and business process re-engineering)
- Nurture collaboration with relevant stakeholders in order to more effectively support business growth, while implementing the necessary frameworks and processes to monitor the performance of sealed agreements
- Increase market visibility



- Consolidate the democratisation of access to credit by micro-entrepreneurs and promote financial inclusion
- Foster economic empowerment of micro-businesses and contribute to sustainable development



- Nurture our academic partnerships
- Continue to provide world-class executive education programmes
- Attract targeted professionals through a strong brand



- Develop and invest in a diversified portfolio of prime real assets with a view to seeding property yield funds to be offered to various customer segments

Creating value in a sustainable way for our stakeholders

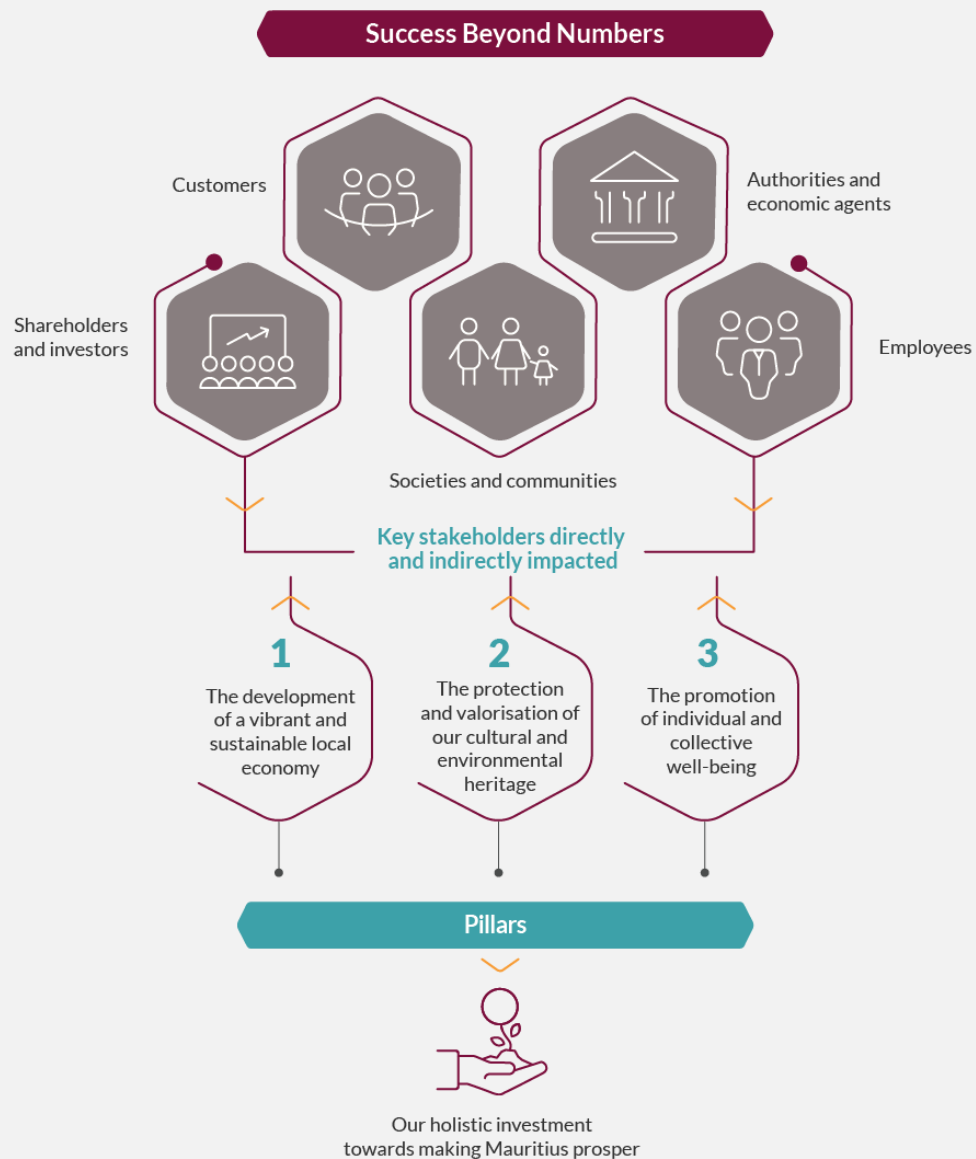
Our underlying approach

Our proactive stakeholder engagement model informs and guides our actions and behaviours. While embracing an integrated vision that aims at providing a solid contribution to the advancement and prosperity of the society and economy, notably through the execution of our Corporate Sustainability Programme, we seek to make sense of and respond to the needs and expectations of our stakeholders. The Group has a well-established governance and operational framework to ensure that engagement with stakeholders is managed in a transparent way, in alignment with international practices and regulatory stipulations. Stakeholders are kept informed about the Group's business and strategy on a regular basis through various channels. Their views and concerns, gathered through ongoing dialogues, meetings and surveys, are considered in the Group's decisions, with material issues escalated to the Board.



Our Corporate Sustainability Programme


Our Corporate Sustainability Programme, titled 'Success Beyond Numbers', was launched in November 2018 to integrate our sustainability vision and principles into our strategy and operations. The idea behind the programme is the conviction that, as a financial institution that has, over time, played a critical role in the socio-economic development of Mauritius, MCB Group has a responsibility to contribute to the nation's sustained well-being. That is why the Group has redefined the way it measures success. Our sustainability endeavours revolve around initiatives executed under three pillars: (i) development of a vibrant and sustainable local economy; (ii) protection and valorisation of our cultural and environmental heritage; and (iii) promotion of individual and collective well-being.



 [Read more in the Sustainability Report on our website](#)

Fostering our stakeholder engagement

During the period under review, the Group pursued wide-ranging initiatives to underpin the advancement and welfare of key stakeholders, alongside responding to their needs and requirements. As a key focus area, the Group upheld dedicated actions to strengthen its interactions with stakeholders and help them manage the ramifications of the particularly challenging operating environment triggered by the COVID-19 pandemic.

 Read more in the 'Our performance across entities' section on pages 67 to 91


 Read more in the Sustainability Report on our website

SHAREHOLDERS AND INVESTORS

~ 22,000
Ordinary shareholders

Rs 65.4 billion
Market capitalisation on SEM

~ 3,800
Preference shareholders and bondholders



Rs 16.75
Dividend per share

Baa3
Moody's Investors Service long-term bank deposit rating (MCB Ltd)

Member of
MSCI Frontier Markets 100 Index (USD)

Material matters

- Implications of the pandemic and macroeconomic developments
- Evolving competitive landscape
- Regulatory change, risk management and governance standards
- Strategy execution and alignment
- Environmental considerations and social welfare

WHAT THEY EXPECT FROM US ...


- Resilient financial performance and adequate dividends
- Protection and growth of investment
- Robust business model
- Sound governance practices
- Transparent reporting and disclosure
- Sound ESG practices

KEY OBJECTIVES AND METRICS ...


- Return on equity
- Earnings per share
- Dividend per share
- NAV per share
- Share price performance
- Level and quality of externally-sourced funds
- ESG ratings
- Investment-grade credit rating of MCB Ltd

SDGs IMPACTED




16
PEACE, JUSTICE AND STRONG INSTITUTIONS



17
PARTNERSHIPS FOR THE GOALS



CAPITALS IMPACTED

Note: Figures are as at 30 June 2021

How we have engaged with shareholders and investors

- Open communication with shareholders by way of timely and concise information on the positioning and performance of the Group disseminated through various channels including annual meeting of shareholders, roadshows, earnings calls and analyst meetings
- Access provided to a comprehensive set of corporate announcements and publications, notably quarterly financial and Group Management Statements, roadshow presentations, and annual reports
- Ongoing dialogue with shareholders and investors in order to better understand their perspectives
- Open, constructive and regular dialogue with international rating agencies with a view to reporting on the performance and prospects of MCB Ltd as well as providing comfort on our risk management and business growth foundations via dedicated analyses
- Entrenching of sustainability principles in our activities and operations in line with our objective of being a responsible corporate citizen and investors' focus on ESG issues

Managing the challenging context

- We maintained our close proximity with investors, credit rating agencies and correspondent banks in order to reassure them of the inherent resilience of our operations and the soundness of our key financial metrics.
- While keeping our external stakeholders abreast of material developments influencing the Group's operations and activities, we have regularly informed them about specific initiatives taken to cope with the impact of the pandemic on the organisation as a whole and across our entities and key business segments.
- We continuously liaised with players across global markets amidst our efforts to consolidate our FCY funding resources.
- We reinforced our interactions with stakeholders to provide reassurance on the substance of our jurisdiction while highlighting measures taken by the authorities in the wake of the inclusion of Mauritius on the FATF and EU lists.

Resilience amidst challenging times

MCB Ltd's investment-grade rating

In March 2021, Moody's downgraded Mauritius Government's long-term issuer rating to Baa2 from Baa1, with a negative outlook maintained. As a consequence, the rating agency took rating actions on three banks in Mauritius with MCB Ltd's long-term bank deposit and issuer ratings reviewed to Baa3 from Baa2 with a negative outlook. In spite of this downgrade, MCB Ltd remains investment-grade rated by Moody's and among the few financial institutions rated as such in sub-Saharan Africa. The Bank is also assigned a 'AAA' credit rating by CARE Ratings (Africa) Private Limited, implying that MCB has the highest degree of safety regarding the timely servicing of financial obligations in Mauritius and hence carrying lowest credit risk.

Our international fundraising exercises

In February 2021, a USD 65 million loan has been signed between Proparco (a subsidiary of Agence Française de Développement), its German counterpart DEG and MCB Ltd. The loan should enable MCB to assist small and medium sized companies in the sub-Saharan African region in their expansion or modernisation projects. While highlighting the Bank's active role in funding high-impact projects in the sub-Saharan African and Indian Ocean region, this credit facility underscores the international recognition of MCB's high level of creditworthiness. Moreover, despite the uncertain market conditions, the Bank successfully tapped into the global financial markets in September 2021 for a syndicated facility of USD 1 billion – initially launched at USD 600 million – after receiving commitments in excess of USD 1.6 billion from 31 lenders, to refinance its obligations as part of its liability management strategy and to fund its asset growth. This testifies to our strong appeal to foreign investors, the recognition of the Bank's investment-grade creditworthiness and lenders' confidence in our strong fundamentals and international growth prospects.

Our Multi-Currency Note Programme

Furthermore, in June 2021, the Group has successfully issued the first tranche of Notes amounting to Rs 2 billion as part of the implementation of its Rs 10 billion Multi-Currency Note Programme. The proceeds of this First Issue have been invested in the capital of the Bank in order to support its future business growth while simultaneously strengthening the share capital of the Bank.

Rewarding our shareholders

For the current financial year ended June 2021, the Group has resumed the payment of dividends to ordinary shareholders, with an interim dividend of Rs 7.25 per share paid in July 2021. A final dividend of Rs 9.50 was declared in September 2021 and will be paid in December 2021, with dividend per share for the year under review amounting to Rs 16.75. This is equivalent to 25% of profit attributable to ordinary shareholders in relation to FY 2019/20 and FY 2020/21, which represents a lower overall payout compared to previous years in view of the uncertainty created by the pandemic.

On 28 September 2021, subject to a approval by the relevant authorities, a Scrip Dividend Scheme has been approved by the Board to enable the Group to gradually consolidate its capital base in order to support the future expansion of its activities or alternatively to provide the Group with additional capacity to improve its dividend pay-out. Under the Scheme, the ordinary shareholders of the Group will have the option of receiving their future dividends, or part thereof, by way of ordinary shares in the Group. Details of the Scheme, including pricing considerations, will be communicated to shareholders once approved by the authorities.



Read more in the 'Corporate Governance Report' on pages on 101 to 148 and the 'Group Financial Performance' section on pages 93 to 100



More information on our Scrip Dividend Scheme is available on our website

CUSTOMERS

~ 1,106,700
Overall customer base
(Y.o.y growth: 1.7%)

Individual customers
~ 1,062,900

Non-individual customers
~ 43,800

Customer Satisfaction
Score (MCB Ltd)

95.9
Retail*

72.3
Business
Banking

~ 1,035,300
Customers - MCB Ltd



80
Financial institutions
served as part of our
'Bank of Banks'
initiative

*Conducted only at branch counters

Material matters

- Implications of the pandemic and macroeconomic developments
- Evolving competitive landscape
- Digital disruptions and cybersecurity
- Customer experience and data privacy
- Environmental considerations and social welfare

How we have engaged with customers

- Continuous engagement with clients, including via surveys carried out by our Customer Lab or direct interactions, to understand and anticipate their needs, towards providing adapted solutions to help them meet their goals and improve our value proposition
- Digitalisation of our operations and services, and continuous improvement to the reach and appeal of our channels to allow customers to undertake payments and transactions in an easier, faster and safer way
- Appropriate communication and reporting channels in place to provide customers with transparent and timely advice about our offerings as well as attend to their queries
- Dedicated initiatives taken to address customer complaints in an effective and opportune manner – about 81% of customer complaints registered during FY 2020/21 at MCB were resolved within less than five days – while round the clock assistance is provided to customers by our Contact Centre
- Continuous enhancements brought to our internal platforms and processes, including our cyber risk management framework, to ensure the safety and confidentiality of client information and reliability of our channels
- Organisation of and participation in promotional and commercial initiatives, international seminars, conferences and roadshows to strengthen client relationships and promote the Group's capabilities and value proposition
- Engagement with clients through our active presence on social media such as Facebook, Twitter, YouTube, Instagram and LinkedIn

WHAT THEY EXPECT FROM US ...

- Innovative and customised financial solutions
- Safe and convenient access to banking through a wide range of channels
- Excellent service quality and competitive pricing
- Transparent and timely advice on offerings
- Security and privacy of transactions
- Effective process for dealing with complaint
- Greater proximity amidst the difficult context with accompanying relief measures

KEY OBJECTIVES AND METRICS ...

- Life-long relationship with clients
- Brand value among banking peers
- Net Promoter Score and client satisfaction ratings
- Client complaints and outcomes
- Market shares
- Awards and recognitions

SDGs IMPACTED



CAPITALS IMPACTED



Note: Figures are as at 30 June 2021



Supporting our **customers** during the COVID-19 pandemic...

Many of our customers were hard-hit during the pandemic. We further reinforced proximity with our customers, notably by leveraging digital platforms, to understand their needs and requirements as well as accompany and advise them. Group entities assisted individual and corporate clients in coping with challenges faced, alleviating their financial burden and sustaining their activities. We delivered well-structured financial solutions after collaborating with the authorities.



...by providing loan moratoriums

During the last financial year, various entities of the Group provided moratoriums/repayment holidays on capital repayment and/or interest payment as well as rescheduling of existing facilities over a longer period of time. Of note, the Bank of Mauritius allowed for banks to extend moratorium on loans granted to economic operators, SMEs, households and individuals impacted by COVID-19 to 30 June 2022.

Read more in the 'Risk and Capital Management Report' section on pages 149 to 208



...by helping customers with concessionary facilities

MCB provided working capital facilities with flexible repayment and pricing terms to help companies support critical payments and honour obligations towards suppliers. Notably, as part of the Special Relief Fund introduced by BoM, MCB Ltd provided some Rs 3 billion of working capital loans to impacted businesses as at 30 June 2021. We also collaborated with the Mauritius Investment Corporation in respect of support being provided to specific businesses.



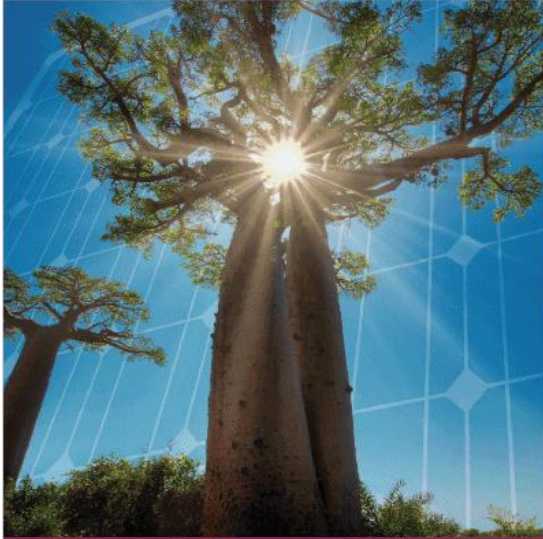
...by assisting them in taking their business online

MCB Ltd strived to equip SMEs with an array of payment acceptance solutions adapted to their needs, including mobile payment acceptance, POS terminals, a secured online payment gateway, and 'mPOS' terminals. As a result, the number of new merchants for digital payments acceptance registered a year-on-year growth of over 140%. Entrepreneurs can also avail of the Business Account Opening platform to create their bank account online at their own convenience in less than 3 days.



...by facilitating transactions through our digital channels

The Bank encouraged customers and the general public to opt for our digital and contactless channels. Of note, during the last FY, the number of contactless transactions increased fivefold. For customers who still needed in-branch services, we set up an appointment booking system that allows for better planning of customer visits across branches. We also prompted our corporate customers to avail of our SmartApprove application to approve transactions electronically.



...in Madagascar

MCB Madagascar introduced a capital rescheduling of amortising loan instalments and deferred the maturity (principal and interest) of individual loans for customers impacted by the pandemic. The bank also called upon the liquidity facilities provided by the Central Bank to help customers in need, with special facilities in place for SMEs. A fast-track system was set up to ensure that moratorium requests are processed expeditiously.



...in Maldives

MCB Maldives provided timely solutions to customers operating in sectors impacted by the crisis and granted moratoriums on facilities to allow for easier repayment schedules. The bank also catered for the foreign currency needs of customers engaged in trade finance. For added convenience, the bank enhanced its Internet Banking services to satisfy the banking needs of customers, amidst the current context. An in-house tool was used to allow customers to request for appointments at branches.

...in Seychelles

MCB Seychelles collaborated with authorities for the provision of relief schemes for MSME and corporate customers and also provided moratoriums on debt servicing to impacted customers. The latter schemes initially provided moratoriums on principal and interest payments for a period of 6 months, but were subsequently extended for a maximum period of 18 months in March 2021. To reduce traffic at branches, general moves include: (i) the accelerated issuance of contactless cards, (ii) the promotion of electronic banking channels to customers and subscription to emailing facilities, and (iii) deployment of ATMs at three new locations.



...by being flexible in our banking services

MCB provided an extension to the validity of expired cards during the second confinement in Mauritius to allow customers, including customers abroad, to continue to use their cards. The cash withdrawal fee when availing of another local bank ATM was also waived during the lockdown. The Bank ensured that key branches were operational during the second national lockdown and also deployed mobile ATMs to service clients in restricted regions.



...at factoring services

MCB Factors Ltd suspended or delayed a range of charges and commissions for specific facilities offered. The entity also provided dedicated financing schemes, especially for SMEs, and augmented flexibility in management of credit terms of debtors.

...in every way we can

With regard to entrepreneurs for whom taking on additional debt would not be a viable solution, the Bank assisted them in their search for other means of financial support (e.g. through equity investors).

SOCIETIES AND COMMUNITIES

Rs 54.7 million
Entrusted to MCB Forward Foundation, which spent Rs 38.5 million on 19 projects

17,345 tonnes CO₂-eq
Carbon emissions from 2019 operations offset to reach carbon neutrality (MCB Ltd)



BBB
MSCI ESG rating

53/100
Sustainability rating of MCB Ltd by Ecovadis (equivalent to a Bronze medal)

Material matters

- Implications of the pandemic and macroeconomic developments
- Regulatory change, risk management and governance standards
- Digital disruptions and cybersecurity
- Environmental considerations and social welfare

How we have engaged with societies and communities

- In Mauritius and across other presence countries, we partnered with relevant stakeholders, such as NGOs and public sector entities, towards promoting social welfare. Our corporate social responsibility activities are channeled via the MCB Forward Foundation (MCBFF), which is the dedicated vehicle for the effective design, implementation and management of initiatives meant to embed the Group’s engagement with the communities in which it operates. MCBFF also oversees the organisation’s ‘Social Leave’ programme, which gives the opportunity to each employee to, via a one-day paid leave, carry out social work by helping NGOs in their day-to-day activities. In FY 2020/21, 50 employees participated in the programme, dedicating their time to the Mauritius Wildlife Foundation in conservation and habitat restoration activities
- Over and above activities undertaken through the MCBFF, the organisation took various other initiatives to promote the well-being and progress of societies and communities
- Of note, no political donations were made during the year under review

WHAT THEY EXPECT FROM US ...

- Dedicated incentives and initiatives to promote social progress and financial inclusion in countries where we operate
- Sound management of natural resources to promote sustainable development
- Entrenching of eco-friendly practices in our operations and provision of solutions to support sustainable development
- Promotion of cultural heritage

KEY OBJECTIVES AND METRICS ...

- Access to credit and financial products for all
- Projects financed by the MCB Forward Foundation
- Sponsorships and media campaigns
- Financing of sustainable development initiatives
- Adoption of sustainable habits by internal and external stakeholders
- Reduction in our carbon footprint from operations and business activities
- Higher share of energy consumption from renewable sources

SDGs IMPACTED



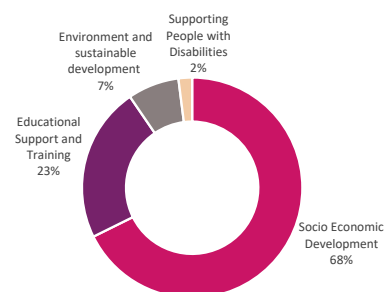
CAPITALS IMPACTED



Note: Figures are as at 30 June 2021

Projects funded by the MCB Forward Foundation

The entity remained actively engaged in undertaking initiatives aimed at meeting a multiple range of nationwide socio-economic development imperatives, aided by mobilisation of necessary logistics and execution of pedagogical programmes.



POVERTY ALLEVIATION

- We provide support in addressing poverty across countries where we operate. During the year, MCB Madagascar, partnered with the NGO ADRA to help families suffering from famine. This will ensure the food security of 650 families, or nearly 3,600 people

FINANCIAL INCLUSION

- We endeavour to promote financial inclusion in economies where we operate, by enabling our low-income customers to get access to credit and improve their conditions
- MCB Seychelles launched MCB Rupys Savings account, aimed at promoting a savings culture for junior customers by improving their account interest remuneration

With regard to MCB Ltd:

- The low minimum balance for account opening and our savings account bundle at zero cost make the offer extensively accessible.
- Parents are invited to open Junior accounts to encourage youth to be financially responsible and save from a young age
- Our unsecured personal loan offer, also available to non-MCB Ltd customers, is often sought by low-income customers to cover for education and housing purposes
- We provided innovative and customised solutions to SMEs as well as micro-enterprises and self-employed individuals

ENVIRONMENT

- In line with its objective of achieving carbon neutrality by 2023 in its operations, MCB has focused on reducing its carbon emissions and then offsetting the residual emissions by investing in projects that have environmental and social benefits. MCB has been compensating for its residual carbon emissions on a retroactive basis, starting with the year 2018, through 'Klima Neutral', the carbon compensation online platform, and will continue to do so in the coming years
- MCB has committed to invest EUR 5 million in Livelihoods Carbon Fund 3 (LCF3), a carbon impact fund created by Livelihoods Funds to accelerate efforts on climate change mitigation and social impact
- MCB is in its third year of its partnership with the Mauritian Wildlife Foundation to protect the biodiversity of the country. The Bank also funds a program aimed at protecting the islets situated around Mauritius
- The organisation actively promotes the use of e-statements by customers. The total number of customers subscribing thereto increased by around 25% during the financial year. In the same vein, the Bank launched 'MCB Digisign', a signing platform developed with Adobe, which aims to optimise our processes and reduce our paper usage
- MCB has further extended the preferential credit facilities called 'Green loans' to customers so that they could build back better and become increasingly sustainable in their recovery journey. Worth noting, MCB Madagascar signed its first line of credit of EUR 6 million with Agence Française de Développement (AFD) in the context of the latter's green finance label titled SUNREF (Sustainable Use of Natural Resources and Energy Finance)
- The MCBFF has made a contribution of EUR 41,040 to the UNDP Small Grants Programme to improve agricultural land resilience through nature-based solutions and support the farmers' community
- The Group has launched a tailored financing facility to promote the purchase of electric and hybrid vehicles through the 'Green Lease' offer for customers and 'GreenDrive' solution for employees in Mauritius
- To limit its carbon footprint, MCB Madagascar's Toliara branch was equipped with solar panels to meet its energy requirements

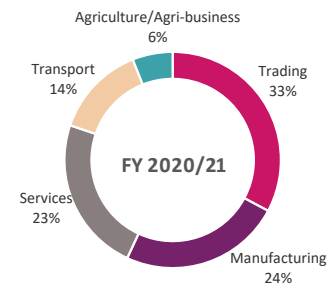
Helping entrepreneurs

2,506 clients financed by MCB Microfinance Ltd

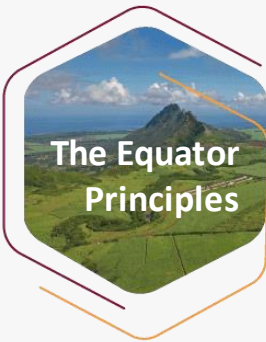
4,172 loans disbursed for

Rs 822.6 million

(since inception in July 2016)



Note: Figures in the pie chart relate to outstanding loans



Since 2012, MCB Ltd adopted the Equator Principles, which is a voluntary and internationally recognised risk management framework. This framework stands as the foundation and guiding principle of the Bank's Environmental and Social Policy. It articulates the principles, policies, roles and responsibilities through which the Bank ensures the environmental and social risk management of its lending activities, in particular regarding any project or undertaking entailing loans of an aggregate amount greater than or equal to USD 2 million and with maturity of at least 24 months.




MCB Ltd is one of the founding signatories of the Principles for Responsible Banking of the United Nations Environment Programme – Finance Initiative (UNEP-FI). The Principles provide the banking industry with a single framework that embeds sustainability at the strategic, portfolio and transactional levels across business areas, thus assisting operators in playing a leading role in achieving society's goals.



Reflecting its commitment to entrench applicable principles in its strategy and operations, MCB Ltd is an adherent to the United Nations Global Compact at participant level. The latter is the world's largest voluntary corporate responsibility initiative for businesses committed to aligning their operations and strategies with universally accepted principles in the areas of human rights, labour, environment and anti-corruption.

EDUCATION

- 33 scholarships awarded since 1988 to Mauritian students ranked next in line with those eligible for the State of Mauritius scholarships on the Economics side at the Higher School Certificate examinations
- 36 scholarships awarded since 2000 to students from Rodrigues, under the MCB Rodrigues Scholarship, enabling them to pursue tertiary studies at the University of Mauritius
- Initiatives to promote access to education for all children; 106 children were assessed for learning difficulties, of which 43 placed in special needs schools

 **~ Rs 1.7 billion**
student loans approved
 by MCB Ltd as at June 2021 (under normal banking terms and the Government Guarantee Scheme), accounting for a market share of around 67.0% (over the period April 2013 - June 2021)

ARTS AND CULTURE

- We sponsored key projects aimed at promoting local talents at various levels, including music, singing/dance, art and writing, photography, painting and sculpting, as well as theatre and performing arts. Of note, MCB Madagascar has signed a three-year agreement with the "Musée de la Photo de Madagascar" to support the museum's activities in conserving and bolstering the Malagasy cultural heritage. Also, MCB Seychelles partnered with Seylar Federation to organise the first 'Art Battle' Competition involving all primary schools, including the special needs schools

 [Read more in the Sustainability Report on our website](#)

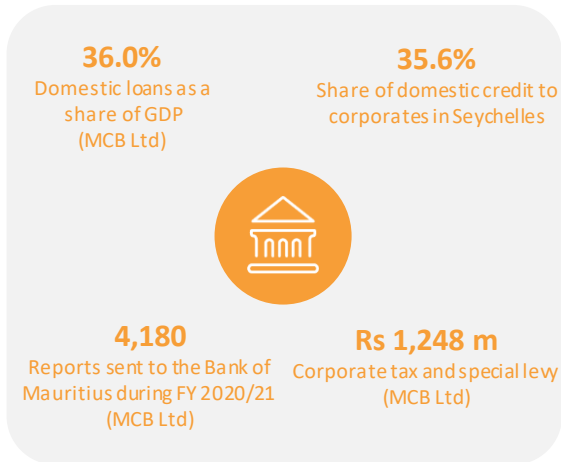
Supporting the health and well-being of societies and communities amidst the pandemic...

In keeping with our sense of corporate responsibility, we supported communities and vulnerable groups in a myriad of ways – by providing meals to those in need, empowering people who lost their jobs, or mobilising funds to combat COVID-19. The disruptions and consequences of the pandemic have been extensive and far-reaching, which is why we will continue to be engaged across geographies where we operate.

- After donating Rs 1.7 million in FY 2019/20, MCB Ltd contributed another Rs 1 million during the year under review to the crowdfunding platform 'Small Step Matters' to provide food supplies to more than 1,000 households.
- MCBFF provided some 250 food packs to families during the lockdown (Mauritius and Rodrigues) as part of the MCB Football Academy's (MCBFA) schemes.
- MCBFF assisted families who were financially impacted by COVID-19 through various support measures, namely, by providing access to training courses and helping them find new jobs.
- 5 children with special needs received tablets to stay connected with their school while 59 children benefitted from school materials and uniforms.
- 110 families of MCBFA participated in Personal development programmes, therapeutic & Parental capacity building workshops for a total of 100 hours.
- As a means for income generation, a team of 8 women received 42 hours of training in the field of organic farming and agriculture as well as hands-on training, and an agro-ecological farm was set up at Riche en Eau.
- In support of the fight against the pandemic, MCB Seychelles has contributed SCR 700,000 to the COVID-19 Relief Fund set up in the country.
- MCB Maldives, in collaboration with MCB Ltd and the Government of Maldives, facilitated the utilisation of an unused asset (land & building) as a medical facility to treat COVID-19 patients.



AUTHORITIES AND ECONOMIC AGENTS



Material matters

- Implications of the pandemic and macroeconomic developments
- Regulatory change, risk management and governance standards
- Environmental considerations and social welfare
- Evolving competitive landscape
- Strategy execution and alignment

How we have engaged with authorities and economic agents

- Continuous support to the development and modernisation of economic sectors and financial jurisdictions across the Group's presence countries
- Contribution to the positioning of Mauritius as a credible and competitive International Financial Centre, along with dedicated assistance to businesses transiting through Mauritius to conduct business across Africa
- Regular interactions and collaboration with authorities in our presence countries to implement support measures amidst the pandemic
- Strict compliance with relevant regulatory limits and guidelines relating notably to business operations, product development, market development and risk management
- Perennity and soundness of our operations safeguarded along with full compliance with mandatory provisions and requirements
- Contribution to the strengthening of the regulatory framework through our close collaboration with the regulators
- Prompt attendance to regulatory reviews and response to matters raised
- Timely submission of reports to regulatory bodies and transparent relationships forged with them to promote adequate monitoring of our activities and informed discussions about relevant issues
- Thought leadership publications, such as MCB Focus and 'Lokal Rebound', to shed light and raise awareness on topical issues

WHAT THEY EXPECT FROM US ...

- Promotion of sound and efficient financial systems in countries where we operate
- Contribution to economic and financial development as well as financial literacy
- Strict adherence to relevant laws, codes, guidelines and principles
- Meaningful interactions with authorities for proper monitoring of activities
- Participation in discussions on topical, regulatory and economic issues
- Provision of tailored support that will contribute to the advancement of entrepreneurs and businesses
- Understanding and appraisal of the Group's operating environment for informed decision-taking by foreign counterparts

KEY OBJECTIVES AND METRICS ...

- Financial soundness indicators
- Economic contribution in countries where we operate
- Best-in-class policies based on ethical behaviour
- Strong risk management and compliance set-up
- Adherence to regulatory requirements

SDGs IMPACTED

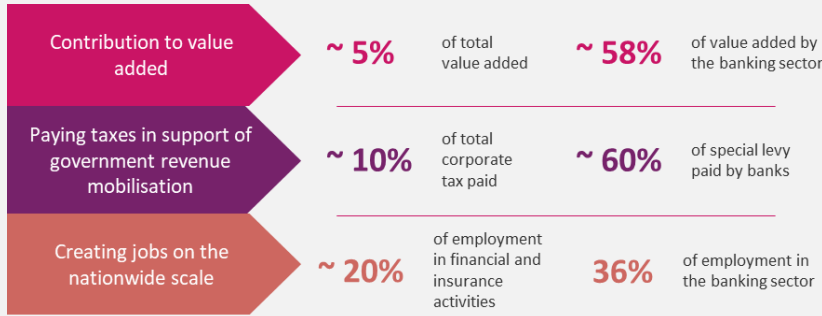


CAPITALS IMPACTED



Note: Figures are as at 30 June 2021

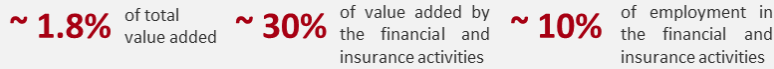
Direct contribution of MCB Ltd to the Mauritian economy
(FY 2020/21)



Notes:

- (i) Total corporate tax paid includes levies charged on income but excludes our indirect contribution induced by tax paid by our suppliers
- (ii) The estimates do not cater for the indirect implications of the Bank's operations and banking activities

Direct contribution of MCB Seychelles on the Seychellois economy
(2020)



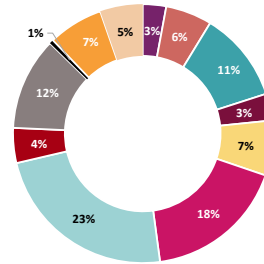
Note: Figures displayed above are indicative, based on officially-reported data and MCB staff estimates.

Supporting pandemic-hit economies

- We accompanied small, medium and large-sized businesses facing up to hardships and cash flow difficulties to, as far as possible, remain afloat, pursue their activities and mitigate job losses.
- We interacted and collaborated with Central Banks and the authorities in our presence countries (directly or through banking and relevant business associations) amidst concerted endeavours to implement macro-financial measures that are deemed necessary to underpin supply of credit and the delivery of dedicated clients solutions, after making allowance for new realities and requirements engendered by the pandemic.

Supporting businesses across economic sectors

Rs 288 billion total loans and advances to customers

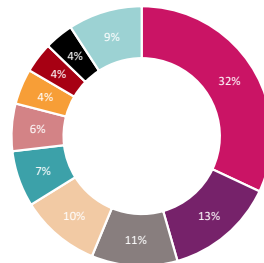


- Agriculture and fishing
- Manufacturing
- Tourism
- Transport
- Construction
- Financial and business services
- Traders
- Personal and professional
- Housing
- Foreign governments
- GBL holders
- Others

Rs 162 billion loans and advances to corporates in Mauritius

Note: Figure includes corporate notes

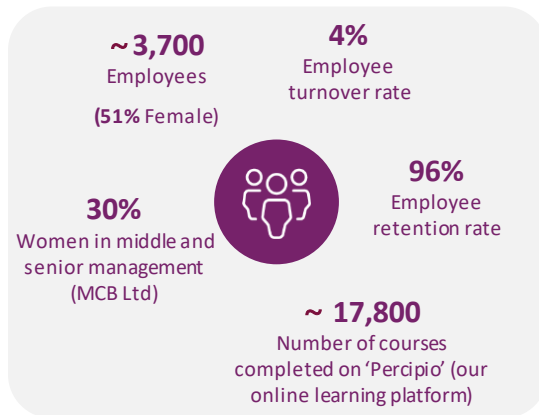
Rs 7.4 billion loans to SMEs (MCB Ltd)



- Wholesale and retail trade; and repair of motor vehicles and motorcycles
- Manufacturing
- Administrative and support service activities
- Construction
- Accommodation and food service activities
- Professional, scientific and technical activities
- Real estate activities
- Education
- Agriculture, forestry and fishing
- Others

Figures are as at 30 June 2021

EMPLOYEES



Material matters

- Implications of the pandemic and macroeconomic developments
- Regulatory change, risk management and governance standards
- Strategy execution and alignment
- Changing world of work
- Environmental considerations and social welfare

How we have engaged with employees

- Continuous efforts to attract, develop and retain talents as well as empower them to deliver their best
- Regular engagement with staff to adequately understand and respond to their needs, via surveys and culture audit
- Dedicated initiatives, notably as part of the ongoing HR Transformation Programme, to promote an environment of trust, high aspiration and achievement and foster strategic talent acquisition
- Reinforcement of human resource frameworks, in support of enhanced operational efficiencies and sound business growth
- Upgrades to our learning and training framework to equip employees in order to better respond to evolving customer needs
- Continuous enrichment of training courses available to employees, notably through the MCB Institute of Finance and 'Percipio', as well as lectures delivered by international experts
- Adherence by the employees of MCB Ltd to the Bank's Code of Conduct and the National Code of Banking Practice
- Fair and robust remuneration philosophy in place to reward our employees, in line with market conditions and meritocracy principles
- Support from the Change Management Office to cater for the impact of change from a people perspective to ensure a smooth transition following the implementation of transformation initiatives
- Provision of a range of fringe benefits to our employees, including the employee share option scheme
- Promotion of a balanced and diversified workforce in terms of gender, age group and experience to tap into a wide range of knowledge, skills and specialist competencies and support our business strategies
- Flexible Working Arrangements (FWA) available to our employees, including flexi-time, staggered hours, hot desking, and 'Work From Home' initiative (implemented under specific conditions)

WHAT THEY EXPECT FROM US ...

- Safe, positive and inspiring working conditions and operations supported by flexible work practices
- An empowering and enabling environment that embraces diversity and inclusivity
- Fair treatment and strict adherence to meritocracy principles
- Reasonable reward and career advancement structures and opportunities

KEY OBJECTIVES AND METRICS ...

- A diverse and inclusive employee profile
- Employee retention and turnover rates
- Employee satisfaction and engagement surveys
- Sustainable workplace solutions, including reduced office footprint
- Workforce equipped with future-ready skills
- Training and development hours per employee

SDGs IMPACTED



CAPITAL IMPACTED



Note: Figures are as at 30 June 2021

Key measures deployed during the period under review

Upskilling and employee development

Talent Management	Rollout of our Grow! Programme for People Managers to empower them with the key tools and principles of talent management <i>(Entailed 360 feedback, debrief sessions with international consultants, creation of Individual Development Plans)</i>	Digital learning	Implementation of a digital learning experience platform (Percipio) to enhance accessibility to learning
Leadership brand	Launch of Lead with Impact Academy to further entrench the MCB Leadership Brand and promote desired leadership behaviours	Specialised learning	Deployment of bespoke learning solutions and set-up of capability academies (e.g. Digital Academy) to support MCB's shift to a more specialised organisation

Performance management

Enhanced performance management system	Review of philosophy, with focus based on results (team and individual objectives, and special assignments) and attributes (desirable and essential competencies)	Additional key changes <ul style="list-style-type: none"> • Simplified performance scoring • Continuous feedback from the manager • Stakeholder feedback
---	---	--

Employee well-being

Staff welfare and quality of life	<ul style="list-style-type: none"> • Provision of a support unit comprising an in-house Psychologist and Wellness Coordinators • Launch of a wellness track within the MCB St Jean premises • Availability of staff offers for, namely, leisure activities • Set up of an Employee Solidarity Fund to support our employees and their families impacted by adverse, unexpected events
COVID-19 measures	<p>Safeguarding employee well-being:</p> <ul style="list-style-type: none"> • Adoption of Work From Home practices and split/rotating teams • Adherence to strict health and safety protocols across premises as per our COVID-19 Emergency Protocol Guide • Provision of remote medical advice and assistance • Reinforced role of the Wellness Unit to provide guidance on COVID-19 related matters • Facilitation of the vaccination exercise to encourage employees to get vaccinated so as to protect themselves as well as their colleagues and people in their surroundings <p>Raising awareness among employees:</p> <ul style="list-style-type: none"> • Dedicated COVID-19 information page on Workplace • Awareness videos and webinar on the importance of vaccination • Vaccination status for MCB Group in Mauritius as at end of August 2021: ~78%

Zoom on gender equality initiatives



Our target

At least **40%** of women in middle and senior management roles at MCB Ltd by 2026



Key enablers

- Adoption of the Gender Diversity Charter of the Africa CEO Forum – Women Working for Change
- Action plan based on the Gender Equality Self-assessment evaluation conducted with the AFD
- Cross-functional working group to promote gender-related initiatives



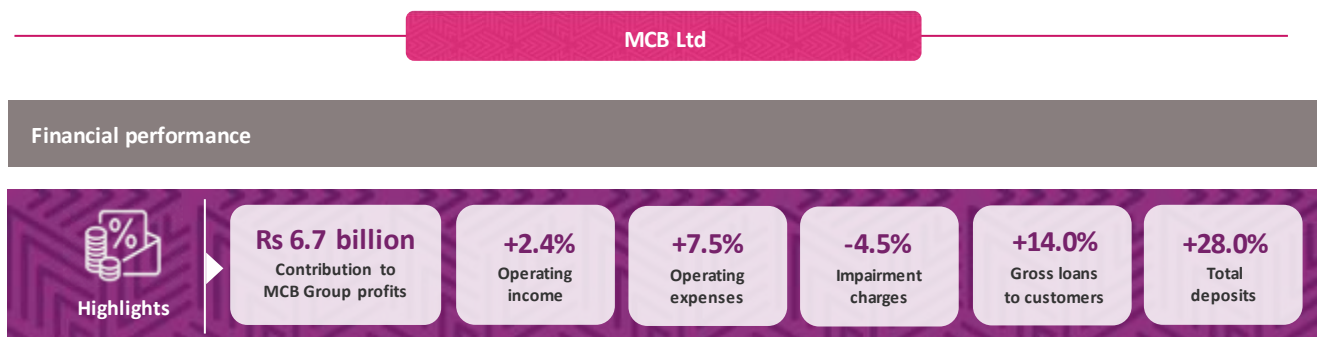
Main initiatives (FY2020/21)

- **Paternity leave doubled** to 10 days, with the leaves extended to unmarried fathers and a widened timeframe during which the leave can be taken
- Set up of **2 lactation rooms** at the two MCB main sites, for mothers returning to work after maternity leave
- Internal survey on gender and diversity to **understand our employees' perceptions** on the differences relating to conditions at work between men and women
- Provision of various online **awareness and training sessions** for our employees and leaders on gender equality related topics such as unconscious bias, diversity and women in leadership, and the business case for gender diversity
- Analysis on the importance of women to the economic development of Mauritius and fostering an inclusive society in our '**MCB Focus**' publication
- Launch of '**Lean-In Circles**', a platform for women to share their experiences in order to progress together

Our performance across entities

During FY2020/21, the Group entities continued to place significant emphasis on addressing the challenges posed by the pandemic for their operations. Concomitantly, they adapted their business development approach and strived to progress on their strategic pillars. Whilst exercising market vigilance and reinforcing risk management, the Group further diversified its exposures, upgraded its inherent capabilities for growth and pursued its sustainability agenda. In particular, the Group has made notable headway in strengthening its regional involvement, alongside consolidating its leadership banking position in Mauritius and affirming its prominence in the provision of non-bank financial services. In the process, we further leveraged internal synergies, with focus laid on: (i) tapping into need-based cross-selling avenues; (ii) the adaptation of client solutions across geographies; and (iii) the provision of integrated solutions emanating from business lines and entities, mainly in relation to investor-related services and the Group's 'Bank of Banks' value proposition, which is currently being reviewed. In the same vein, dedicated Group platforms and forums are being established to facilitate coherent and seamless execution of the Group's strategy on specific endeavours while promoting alignment around common themes.

Banking cluster



Despite the difficult market conditions, the Bank posted a satisfactory performance, with net profit remaining close to last year's level. As a result, the Bank's contribution to Group results amounted to Rs 6,734 million. Whilst the Bank maintained its prudent approach by building additional buffers in the form of Expected Credit Losses, with its cost of risk standing at 1.4%, this performance was supported by operating income growing by 2.4%. The latter was underpinned by our sound business model and our diversification strategy. Net interest income rose by 2.8%, mainly due to increased investment in Government securities amidst the high liquidity situation and the expansion in our international loan book, which was, however, offset by lower margins following a drop in LIBOR. Notwithstanding a 15.6% rise in net fee and commission income linked to increased revenue from regional trade financing and wealth management activities, non-interest income went up by only 1.7%, owing to a significant decline in profit on exchange and dampened performance in respect of financial instruments, on the back of market volatilities. With ongoing capacity building initiatives contributing to a growth of 7.5% in operating expenses, our cost to income ratio edged up but remained relatively low at 34.1%. In general and as a major source of satisfaction in view of the challenging context, the Bank preserved its financial soundness as evidenced by comfortable capital adequacy ratios, relatively stable asset quality and healthy liquidity and funding positions.

Our business development

The financial performance registered by the Bank was underpinned by sustained and thoughtful efforts to deploy its business expansion strategy alongside coping with the difficult and dynamic operating context. With a resurgence of COVID-19 cases in the local community and the introduction of a second lockdown in March 2021, the Bank remained focused on safeguarding the health and safety of employees and clients while ensuring an unwavering service delivery and propping up activities across markets.

On the domestic front, we continued to devote attention to finding optimal ways towards supporting our clients in these testing times, with the Bank being subject to pressures on the level and quality of credit demand in both the retail and corporate segments. At the same time, we took several initiatives to upgrade our value proposition across segments by notably leveraging digital solutions and platforms. Our international business remained resilient and expanded further, underpinned by our sound business model and credentials. Along the way, we maintained our thrust to reinforce our internal capabilities for growth. In addition to investing in best of breed technologies and deploying our HR Transformation Programme to build our human capital, the Bank proceeded with strengthening its risk management and compliance framework and reorganised some functions for a better alignment with set ambitions. Besides implementing the new operating model for the Corporate and Institutional Banking SBU as well as for the Finance SBU, the Bank initiated a rethinking of the positioning of the Securities Services function within the organisation to foster an enhanced and integrated wealth offering.

Looking ahead, market and economic conditions are likely to remain challenging, although a gradual improvement in the operating environment is foreseen after factoring in the reopening of borders and the progressive pickup in economic activities locally. While maintaining our quest to promote a seamless customer experience, we seek to help the country build back better into a greener and smarter economy. We will pursue our international expansion strategy, building on the expertise we have nurtured and leveraging the Mauritian jurisdiction. In the same vein, we aim to diversify our revenue streams by boosting our non-interest income activities, notably linked to wealth management, global markets and payments services. Overall, the Bank sets out to uphold its financial soundness by ensuring balanced business growth, with sustainability considerations to be also embedded as a key value driver in our activities.

Delivering on our growth pillars

The following sections shed light on underlying initiatives deployed by MCB Ltd to realise its growth aspirations across its strategic pillars amidst the testing operating landscape.



1

Extend our frontiers

The different lines of business of the Bank were effective in implementing their roadmap for the year and generally achieved their objectives after making allowance for the repercussions of the COVID-19 pandemic on their operations.

Corporate and Institutional Banking

This business line posted a noteworthy performance during the last financial year in spite of the tough context, as gauged by an appreciable growth in its exposures and deposit base. While efforts in the domestic market were geared towards helping customers confront the difficult market conditions, the Bank made interesting strides in furthering its foreign-sourced activities. In addition to increasing our penetration in traditional markets and deepening our relationships with existing clients, we made further progress in extending our customer base across segments and geographies. To this end, we capitalised on our competencies, customised solutions, investment-grade status, wide network of correspondent banks including over 100 in Africa, the Group's foreign presence via its subsidiaries and associates as well as our Representative Offices.

With respect to the latter, the upgrade of our Representative Office license in the Dubai International Financial Centre (DIFC) to Advisory Office under Category 4, in September 2021, should equip the Bank with an enhanced scope of intervention and promote closer proximity with clients and business partners across targeted market segments. We have also initiated moves during the year to apply for a license to set up a representative office in Nigeria, in view of our already extensive involvement in the country and the interesting business opportunities in West Africa.



The Dubai International Financial Centre is home to MCB's Dubai Office, covering the Middle East, North Africa and Asia Region

A key focus during the year pertained to the implementation of a new organisation structure for the Corporate and Institutional Banking SBU. The new operating model seeks to enhance our capabilities to meet increasing challenges and tap into new opportunities as MCB continues its international expansion alongside better serving our clients and responding to their specific needs. The SBU's coverage has been reorganised and now consists of teams focusing on: (i) Mauritian & Regional Corporates (MRC); (ii) Global & International Corporates (GIC); (iii) Specialised Finance (which comprises Energy & Commodities financing as well as Power & Infrastructure financing); and (iv) Financial Institutions and Syndication. As part of the restructuring exercise, the Bank has also set up and operationalised a dedicated Global Transactional Banking unit with a view to boosting MCB's transactional banking business and its fee-based value proposition.

Reflecting our strategic intent of being the preferred partner for our clients, we consolidated our leading positioning locally in respect of domestic credit to corporates, with our market share standing at around 44% as at 30 June 2021. The MRC team provided support through dedicated facilities and helped corporates build resilience and steer their business amidst the prevailing challenging context. At the same time, the desk financed key projects across various segments that are reshaping the domestic and regional landscape and

generating economic growth. We prudently expanded our exposures in various sectors and accompanied our clients in their capacity building moves, restructuring initiatives and strategic undertakings, including expansion endeavours in the Group's presence countries.

During the year, the GIC team pursued its engagement with global business entities, trusts and foundations leveraging Mauritius as a gateway for undertaking business within and into Africa, and ventures beyond. Our market development initiatives have been underpinned by adapted solutions and enhanced client interactions. As a key endeavour, the team embarked on a comprehensive realignment exercise aimed at reviewing its client segmentation, upgrading its value proposition and determining an optimal go-to-market approach. The objective is to bolster the Bank's positioning vis-à-vis companies leveraging Mauritius as an International Financial Centre (IFC) of substance by optimising the existing client ecosystem while tapping into new business openings. In this respect, we made notable inroads regarding our strategy to be the partner of choice for international corporates willing to do business and invest in Africa, notably through the development of new relationships with anchor clients such as private equity funds and large multinational corporates in Europe and Asia.

Our Specialised Finance team continued to build on its excellent track record to further entrench its commodity trade finance activity and strengthen its position as a prominent player within the Oil & Gas upstream value chain. As a key achievement, we further widened and deepened our involvement in Energy and Commodities financing, by capitalising on: (i) our broad experience as one of the leading providers of financing for the importation of Oil & Gas in the Indian Ocean and Africa; and (ii) our solid credentials and expertise as a privileged partner for direct and joint financing of Oil & Gas transactions in the region. Beyond consolidating the trade finance segment of our portfolio, we made solid inroads into the African Oil & Gas structured debt market. We gradually gained more market acceptance as we kept on playing a more prominent role in leading and structuring transactions, thereby helping clients grow, recover, adapt, adjust or reshape their business during one of the most challenging periods for Oil & Gas markets. With regard to our Power & Infrastructure activities, we continued to play an increasing role in addressing Africa's infrastructure needs while providing support to our clients for their infrastructure investments in our key geographical markets, including energy projects contributing to the transition towards cleaner energy and improving electrification rate on the continent.

In parallel, MCB continued to consolidate its syndication offering and strengthen its position as lead arranger with financial institutions. The Financial Institutions and Syndication team developed stronger business networks with FIs, DFIs and other partners as well as key intermediaries across African and Asian markets for enhanced market intelligence, enriched value offering and servicing a larger pool of international corporates. The syndicated facility of USD 1 billion recently secured by the Bank bears testimony to the close ties nurtured with these counterparts. As another key highlight, the Bank further positioned itself as an international player in the syndicated loan market by joining the Loan Market Association (LMA) as a full-fledged member since October 2020. With the key objective of improving liquidity, efficiency and transparency in the primary and secondary syndicated loan markets in Europe, the Middle East and Africa (EMEA), the LMA has over 750 member institutions from 65 countries, with members comprising commercial and investment banks, institutional investors, law firms, service providers and rating agencies.

MCB has, in close connection with the Group, remained an active promoter of the 'Bank of Banks' initiative, which consists of providing a palette of adapted solutions to financial institution counterparts, notably those operating in Africa. To underpin our strategic endeavours, we pursued image and relationship-building exercises to showcase our value proposition and capabilities. Africa Forward Together (AFT), the Group's flagship seminar with African bankers, reinvented itself in the wake of the pandemic and went digital.

Specialised Finance

Supporting economic progress in Africa



We pride ourselves in being an African institution that is resolutely committed to the development of the continent. As such, we continued to participate in and contribute to Africa's transformation agenda by providing customised financial solutions that helped to underpin the realisation of projects geared towards the development of economic sectors, accelerating productive investments, boosting intra-African trade and stimulating the social and environmental progress of the targeted countries. In doing so, we continue to build strong and long-lasting relationships and forge active partnerships with banks and external parties on the continent. Some landmark deals that we struck during FY 2020/21 are outlined below:

Supporting Senegal in its electrification efforts

MCB facilitated Senegal's endeavour to improve its national electrification rate through a USD 60 million participation in a syndicated project finance facility of USD 140 million to operate a 235 MW Powership along the shores of Dakar. MCB was not only a co-mandated lead arranger but provided the highest loan commitment. The Powership is contributing to a round 15% of Senegal's electricity supply. The Powership will soon shift from the use of heavy fuel oil to gas. This fuel switch-over will generate material reduction in Senegal's fuel bill with positive spill-over effect on electricity costs. Being the first power generation plant fueled by gas, the Powership is laying the foundation stone of Senegal's plan to diversify its energy mix while also cutting carbon emissions.

Contributing towards Nigeria's industrialisation

MCB participated in the structuring of a c. USD 255 million dual tranche Facility Agreement to finance the development of a landmark midstream project in the eastern area of the Niger Delta Basin. The gas infrastructure company – a joint venture between a parastatal and a leading energy player in Nigeria – is strategically located near prolific upstream fields and existing infrastructures such as gas pipelines connected to the country's main demand centres. The joint venture will purchase wet gas from a neighboring upstream field and sell spec gas to the domestic gas market, liquefied petroleum gas at fence to local customers and condensate on the international markets. The addition of this 300MMscfd processing capacity will support the Nigerian Federal Government's drive to increase gas supply in the domestic market and unlock over 1,200MW of gas constrained power generation capacity. This milestone project will thus foster local economic development and employment through provision of gas to industrial consumers, providing significant and visible benefits to the host countries' inhabitants.

Further boosting regional trade

MCB deepened its involvement in providing adapted financing solutions to facilitate the import of refined petroleum products and liquefied petroleum gas in its core African markets. Thanks to its consistent and proactive client-centric approach, MCB adjusted its offering and continued to accompany its clients trading with African countries despite the challenging operating context which characterised FY2020/21. MCB has therefore gradually turned into one of the leading structured trade finance providers to refined petroleum product suppliers to Kenya and Nigeria, with sizeable market shares in its other targeted countries as well.

The 11th edition of AFT, themed ‘Building Resilience Together’ was built around 4 webinars and leveraged our network as a platform to share collective experience and guide banks’ efforts for the ‘new normal’ in the post-COVID world. Going forward, the Group is looking to broaden the scope of the AFT brand and review its ‘Bank of Banks’ strategy in order to reinforce the partnership framework with its Financial Institutions network.

As a key enabler to our business development initiatives, we endeavoured to upgrade our product and service offerings alongside enhancing efficiency across the value chain. In this respect, the newly created Global Transactional Banking unit set out to bolster our cash management and global trade solutions and reinforce sales support to the coverage teams. Towards this end, inroads were made in improving the end-to-end transactional processes by way of the review of forms and templates (including smart functionalities), development of dashboards and reinforcement of capabilities like host-to-host integration. The Bank is making further headway in harnessing data and machine learning capabilities to enrich our interactions with corporate clients while unveiling opportunities for more business and cross-selling. At another level, the Credit Analysis and Structuring unit is being strengthened into a technical centre of excellence made of specialist teams offering insights and tailor-made solutions to clients on credit structuring. In parallel, the Bank is optimising the structure of support teams across the corporate value chain as well as workflows and processes to better support the ambitions of the new operating model. An Account Specialist team was also created to reinforce our compliance framework and help coverage teams to focus on client interactions and business development. Furthermore, we delivered a broadening range of adapted structured treasury solutions to meet the evolving needs of our clients, alongside further disseminating our electronic forex platform, i.e. MCB Wave, which treasurers leverage as an all-in-one digital and day-to-day tool to manage trading requirements. We deployed new features on the platform to enhance digital forex trading capabilities for clients namely in terms of FX Forward and Swaps offerings. We are also expanding the palette of currencies in which MCB can do business by leveraging the extensive network of banking partners and their platforms.

On another note and in line with our sustainability ambitions, we are currently in the process of elaborating a distinct sustainable finance strategy for our corporate, institutional and investment banking activities. This would encompass (i) an adapted Sustainable Finance value proposition; (ii) an assessment of client portfolios and targeted initiatives to accompany their transition towards ESG compliance and carbon neutrality; and (iii) the integration of ESG considerations into decision-making pertaining to profitability, risk and capital.

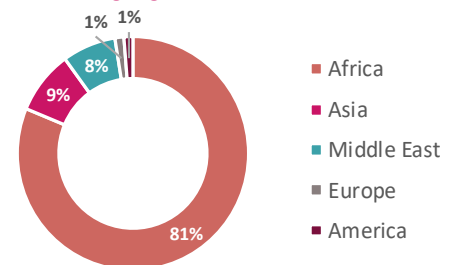
Pursuing our ‘Bank of Banks’ strategy

In July 2021, a USD 20 million loan was successfully signed between MCB Ltd and Bank of Kigali Plc. The aim of this loan is to provide additional liquidity to Bank of Kigali Plc and facilitate the execution of its lending strategy. Bank of Kigali Plc remains a systemically important bank in Rwanda and injection of the funds into the economy will likely boost growth and development.

This transaction is one among the many partnership areas MCB Group has had with the Bank of Kigali Plc over the years as part of its ‘Bank of Banks’ strategy. The two institutions have established an excellent relationship and the interactions span across various spectrums of banking activities and more specialised advisory services from MCB Consulting and MCB Capital Markets.

Overall, through its ‘Bank of Banks’ initiative, the Group partnered with and assisted 80 financial institutions worldwide, including 65 in Africa, spanning 36 countries in FY 2020/21. We enabled clients to gain access to state-of-the-art services offered by various Group entities, thus helping them to underpin capacity building and business growth initiatives, while accessing industry best practices.

The Group has serviced financial institutions across the following regions:



Business Banking

With customers in this segment being quite vulnerable to the ramifications of the pandemic and recognising their significance in the economy, the Bank strived to provide adapted solutions to help them navigate through these turbulent moments. Backed by a thorough understanding of client requirements, an enriched value proposition and reinforced business partnerships, the Bank cemented its positioning as the foremost financial service provider for SMEs and MMEs in Mauritius. MCB is ranked 1st amongst the 12 participating banks in respect of credit facilities outstanding under the Government-backed SME Financing Scheme, with a corresponding market share of 47.3% posted during the December 2011 – June 2021 period. We pursued initiatives allowing us to act as the trusted business partner towards assisting our clients to start, manage and grow their businesses, while promoting entrepreneurship and boosting local production in the country.

To better respond to our customers' daily transactional and other banking needs, more features have been added to MCB JuicePro, our mobile banking app for SMEs. In addition to beneficiaries management and Scan to Pay, amongst others, we recently launched the first digital SME lending product, Express Overdraft, which will allow entrepreneurs to apply for and obtain an overdraft facility within 4 working days. Eligible Business Banking customers will be able to apply for an overdraft facility up to Rs 1 million on the app, with facilities up to Rs 200,000 being unsecured. This new product requires no documents to be physically handed by the customers with the document



Punch is a multi-sided platform and is open to all local entrepreneurs from micro businesses to mid-market enterprises

preparation process being fully automated. During the year, we also deployed a swift onboarding process and focused our commercial efforts to equip SME clients with an array of payment acceptance solutions adapted to their needs including mobile payments acceptance, secured payment links to accept online payments, a full-fledged online payment gateway and point-of-sale terminals to accept card payments. In this respect, it is worth highlighting that we have successfully completed the extension of 'till integration'. The latter integrates our electronic payment terminals directly with the merchant's cash register, which improves the speed of payment alongside eliminating the risk of typing errors and facilitating reconciliation. As a key achievement towards boosting the expertise of our clients and creating a durable ecosystem, MCB launched 'Punch', a B2B online marketplace developed in collaboration with local SMEs. Through the 'Punch' platform, our local entrepreneurs can find solutions to business challenges, make meaningful connections and have access to interesting resources for growth.

MCB continued to fund the 'Made in Moris' campaign to promote the diversity and quality of local production while encouraging solidarity, particularly amidst such challenging times. The campaign emphasised the vital role of local businesses in guaranteeing the island's food security and domestic job supply, as well as the key contribution of Mauritians in supporting local businesses through their consumption choices. Furthermore, in our quest to increase proximity to and interactions with our clients, we created a full-fledged SME Hub in Rodrigues in collaboration with MCB Microfinance Ltd.

Retail

Operating within challenging conditions, the Retail SBU continued to lay a prime focus on preserving adequate service levels, especially during the lockdown period amidst strict sanitary measures to protect clients and employees. From a commercial perspective, it endeavoured to maintain the health and resilience of its loan portfolios while also having to deal with heightened competitive pressures in the wake of the excess liquidity situation in the country. Yet, the Bank maintained its prominent market positioning in the retail segment through the execution of its strategic intents. Alongside reflecting our strong brand, this was underpinned by (i) strengthened operational and commercial capabilities; (ii) further moves to transform the branch experience; (iii) increased recourse to innovative technologies; (iv) a continuously refined value proposition; and (v) bolstered risk management processes. As a key focus area, we pursued efforts to upgrade and promote our digital channels towards offering increasingly seamless experiences to our clients. We remained active on the payments scene by allowing clients to make and accept payments in a quick and convenient way through multiple channels. In July 2021, we released an entirely new 'JuiceByMCB' application rebranded as 'MCB Juice', which is built on an omni-channel platform. 'MCB Juice' is home to over 25 features and illustrations carefully crafted by our designers and inspired by local artists. The application is bestowed with increased performance capabilities, a simple user experience and the potential to scale with a range of new features (read more on pages 78 and 79).

In addition to maintaining our strong market foothold with respect to educational loans, we upheld our leadership position in the mortgage field, with our market share for housing loans standing at around 34% as at end-June 2021. During the year, the Bank refined the appeal of its mortgage solution with the launch of a new app for housing loan requests, backed by a series of workflow automation initiatives for faster approval and disbursement of loans and a simpler end-to-end customer journey (read more on pages 78 and 79). As part of our efforts to boost sales effectiveness, the Bank launched 'Next Best Offer' (NBO), an advanced analytics tool, which allows for cross-selling opportunities based on customer profiles. In parallel, we consolidated our outbound team for increased campaigns and NBO leads nurturing and conversion. Towards upholding our strategic positioning, the Bank opened a resolutely modern branch at Beau Plan that seeks to offer a unique banking experience, notably by leveraging our digital capabilities and providing a connected and friendly space to facilitate exchanges with customers. Besides, we further reduced waiting time in branches through a series of initiatives such as the Appointment Booking System (ABS) and the e-KYC app for greeters while also simplifying the customer onboarding process, resulting in a significant drop in serving time. In our quest to improve customer satisfaction, we are also pursuing efforts to gear up the capabilities and channel coverage of our Contact Centre, the role of which has gained increasing prominence since the beginning of the pandemic, being one of the first contact points to respond to customer queries and address their needs (by phone, email and social media).



MCB's new branch at Beau Plan blends traditional and digital banking services and hosts a meeting place for customers in the region

Private Banking and Wealth Management

Notwithstanding the challenging operating environment and unsteady financial market conditions, the Bank made further progress towards entrenching its position as the trusted lifetime partner for its affluent and high net worth customer base. It capitalised on its differentiating service quality and bespoke offerings, including its sophisticated range of investment and wealth management solutions.

In support of its growth ambitions, the Private Banking and Wealth Management (PBWM) SBU undertook a transformation programme aimed at reinforcing its strategic positioning and better addressing the needs of its growing and increasingly diverse client base across markets. As part of this initiative, the Bank is gearing up its value proposition, anchored on a reviewed customer segmentation that notably caters for fiscal residence, reinforced



system and people capabilities and increased operational efficiencies. As a major milestone, MCB unveiled its 'M' brand. Introduced by means of a comprehensive rebranding campaign, 'M' embodies a new approach to private banking built around a relationship of trust with High Net Worth (HNW) clients. By designing a holistic profile for each 'M' customer, this allows the Bank to adequately understand its clients' aspirations and provide relevant and successful banking and wealth solutions. Services provided are adapted to every client's unique situation, enabling our clients to protect, transmit and grow their assets. In addition to exclusive products and services meant for their day-to-day needs such as premium cards and 'My Conciergerie', 'M' clients are offered tailored financing and investment solutions. Indeed, they benefit from a range of wealth management offerings such as financial planning, discretionary and non-discretionary management, a fund selection service and access to exclusive Private Equity deals. Moreover, 'M' embraces the open architecture approach, which gives clients the ability to customise their investment strategies.

We pursued our international expansion and reinforced our presence in the Middle East, North Africa and Asia regions by leveraging our Representative Offices. Furthermore, underpinning the Bank's strategic intent of widening its private banking and wealth management activities internationally, our External Asset Managers (EAM) team has developed strong network and relationships with asset managers and international brokers across geographical locations for various asset classes, including equities, bonds, structured products, mutual funds, amongst others. With a view to strengthening our positioning on the tax landscape and further consolidating our client base through adapted offerings, we recently on-boarded an external tax support service provider to bolster related services, by way of *inter alia* tailored trainings, advice on international rulings and ongoing support.

We further leveraged organisational synergies and increased intra-bank partnerships towards enhancing client experience, enriching the palette of wealth management services and harnessing business development avenues via cross-selling opportunities in key target markets. For instance, through increased in-house collaboration, we were able to leverage advisory services, notably on fixed income instruments and market analysis. With a view to offering differentiated service levels, the Bank pursued its digitalisation endeavours and geared up its efforts, both in terms of technical capabilities and resource mobilisation, to accelerate the execution of earmarked projects that will allow clients to undertake trading transactions remotely through state of the art technology.

2

Deliver a world-class customer experience through digital

We have further expanded our digital footprint and continued to promote operational excellence and innovation as a key tenet for fostering enriched customer service quality and relationships, with the key objective of ensuring that clients' needs are fulfilled in a fast, convenient and simple manner. We catalysed the shift from physical to digital banking and supported the transition of Mauritius to a cash-lite society through our digitally enhanced payment offerings.

Pursuing our Digital Transformation Programme

We have made further inroads in the execution of an ambitious roadmap of initiatives as part of our Digital Transformation Programme (DTP), which we had embarked on back in 2018. The DTP is spearheaded by our Digital Factory, which serves as an incubator for embedding customer-centric operations across the Bank by redefining end-to-end customer journeys. Anchored on a culture of start-up, while favouring a co-creation paradigm, it consists of people with a broad mix of competencies across various fields and encompasses dedicated cross-functional and co-located teams, emanating from various segments of the Bank working in squads. During the year under review, we progressed on the development of our customer journeys with due emphasis laid on Change Management, across business units and the Bank in general. We continued to improve our products and services from a digital perspective while enhancing the efficiency of our internal processes. We further reinforced underlying enablers as evidenced by investment in enabling technologies and platforms alongside establishing or empowering dedicated units to facilitate an effective transformation such as the Data Business Unit (BU) and Customer Lab.

The Data BU has been set up to shore up the Bank's data management capabilities towards promoting availability, reusability and integrity of data for users. The objective is to help MCB leverage data as a strategic asset, including the use of advanced analytics to address business-related use cases and to underpin business growth and risk management. Key milestones achieved include the roll-out of the first analytics-enabled digital journeys whereby the latter were enhanced by predictive analytics, notably credit scoring and cross-selling models, and deployment of an analytics-enabled cross-selling tool for front-liners, supported by a proper governance framework with the setting up of a Data Committee to oversee data strategy and approach to uphold data quality and integrity. Additionally, more than 8 enterprise dashboards have been deployed to provide insights across the customer, profitability and transactions dimensions (Read more on page 80).

In line with the Bank's aim to nurture customer-centricity and foster a culture of continuous improvement, our Customer Lab made further headway in embedding customer feedback and experience in our operating model and core processes. We combined user research with co-creation opportunities and design experimentation to re-imagine customer experiences, drive new product development and enable strategic planning.

As another key undertaking, we made further inroads in entrenching an agile way of working across the organisation, backed by our newly set up Digital Academy, training programmes and the experience garnered during the last three years. This enhanced collaborative way of working has brought about several advantages such as better alignment across teams, increased staff engagement, improved productivity, amongst others. We are thus expanding agile practices beyond the Digital Factory and the Business Banking

Tribe to other areas of the Bank as appropriate. We have also been present on this front in the local community through participation in the Gender Initiatives Working Group and in the establishment of the Agile Mauritius community group.

Upgrading our technology platforms to boost customer satisfaction, underpin information security and improve productivity levels

The Bank avails of cutting-edge technologies across the value chain, by continuously upgrading its IT systems and infrastructure to enhance operational efficiency levels and improve customer service quality.

To underpin our digital transformation journey and enable an omni-channel ecosystem, MCB has adopted Backbase, which is a leading and award-winning digital engagement banking platform, to align all different banking channels from a design, technological and process point of view. Backbase allows the integration and orchestration of different channels for a seamless and efficient customer experience. Other benefits include: (i) more options to transact and interact with the Bank – every channel works cohesively to steer the customer journey in the same direction; (ii) simplification of the on-boarding process; and (iii) a unified security architecture. Furthermore, all debit cards were successfully migrated onto an upgraded version of our Card Management System, which allows for increased integration and efficiency.

Adding to our strong credentials, the MCB Data Centre has been awarded the Uptime Institute Tier III Certification of Design Documents, a first for the banking sector on the island, stemming from a Tier Gap Analysis to benchmark our Data Centre against international standards. MCB not only increased its hosting capacity but also invested in building the resilience and concurrent maintainability of its air conditioning plant and power distribution systems as per Tier III standards. Also as a key catalyst in our digital transformation journey, we pursued our 'Go to Cloud' strategy and furthered the cloudification of our core platforms through the Oracle Cloud solution. During the year under review, MCB has further expanded its Cloud footprint through full integration with Microsoft, Oracle & IBM Clouds, making MCB Hybrid Cloud adoption a reality in adherence to the recently published BoM Guidelines on Outsourcing by Financial Institutions.

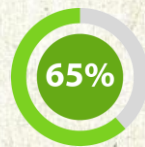
A strong and innovative payment player
locally and in the region

The payments industry is undergoing rapid changes with new products, players, regulations and payment rails, such as the Instant Payment System and MAUCAS QR launched by the Bank of Mauritius. We have also seen an acceleration in the adoption of digital forms of payments triggered by the COVID-19 pandemic. Against this backdrop, and in line with the Bank's ambitions to 'deliver a world-class customer experience through digital', MCB has launched a review of its payments business, with the objective to reinforce our position as a strong and innovative payment player locally and in the region.

Payments is a core component of our value proposition with MCB currently generating more than 55% of payment flows on the local landscape. Looking ahead, we believe that the payments business can play a key role in helping the Bank tap into emerging opportunities through wide-ranging payment solutions, allowing all customers, from the individual to SMEs and corporates, to undertake transactions in an easier, faster and safer way, while contributing to transform Mauritius into a cash-lite society.

Our digital customer journeys

Since we embarked on our Digital Transformation Programme, we have been **redefining** and **digitising end-to-end customer journeys**, backed by business process reviews and reengineering in our Digital Factory



Weighted average completion

22

Planned



2

Fully delivered

20

In progress

3 years

since inception of Digital Factory

150 employees

(2018: 23)

13

squads

Update on selected customer journeys

CIB Transactional Payments

delivered in February 2020

- Allows corporate customers to approve transactions faster and on the go – SmartApprove won Best Adoption of Tools & Governance at the Global Fintech Innovation Award 2020
- 87% International Funds Transfer Payment STP Rate

CIB Lending

ongoing

- Digitisation of the end-to-end corporate lending journey

SME Lending

last updated in August 2021

- MCB's first digital lending product, Express Overdraft, that can be fulfilled end-to-end digitally
- Eligible SMEs will be able to apply for an overdraft facility of up to Rs 1 million on MCB JuicePro
- Takes 5 steps and at most 4 working days for the customer to obtain the Express Overdraft

MCB JuicePro

last updated in August 2021

- New features added on our mobile app for SMEs such as Express Overdraft, beneficiaries management, Scan to Pay, become a merchant, cash flow graph etc.

SME Account Opening

delivered in July 2020

- Online account opening for Mauritian SMEs
- 2,600 accounts opened through the application in FY 2020/21 i.e. 83% of the total SME accounts opened

Mortgage

last updated in October 2020

- Digitisation of the end-to-end individual credit journey
- Customers applying online or in branch will have full visibility on the status of their home loan through its lifetime
- Eligible customers can get an Approval In Principle within 48 hours upon online or in branch application

MCB Juice

last updated in September 2021

- Rebuilt our mobile banking app on a new platform while optimising customer flows and terminologies
- Part of a growing omni-channel ecosystem that is being put in place to align all different banking channels from a design, technological and process point of view

Key enablers in our digital transformation journey



A multi-year programme that will revisit the way platforms are being managed across the following areas, amongst others:



- **Channels:** Backbase
- **Core Banking Platform:** Temenos Transact
- **Human Capital:** Oracle Fusion
- **Cards:** PowerCARD
- **GMTM & PBWM:** Upgrading of dedicated softwares

Our digital channels and platforms



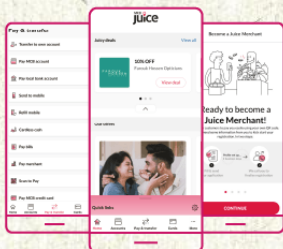
Internet Banking enables clients to handle most of their transactions online wherever, whenever, 24/7

264,139 users

+8.1% y.o.y

2.9 million transactions

+2.4% y.o.y



MCB Juice is our mobile app for individuals with embedded state-of-the-art banking features. Juice 4.0 was recently launched as a result of migration to a new platform for an enhanced user interface and experience

397,566 users

+19.0% y.o.y

+30.4% 3-year CAGR

24.0 million transactions

+53.0% y.o.y

6,129 merchants

+147.2% y.o.y

MCB JuicePro is a seamless and user-friendly mobile app for our SME customers' daily transactional and other banking needs

7,921 users

~**131,000** transactions



SmartApprove is a convenient and secure web-responsive app that allows authorised signatories of companies to approve transactions electronically

981 registered users

39,389 approved transactions



Punch is our B2B digital marketplace, launched in 2021, enabling the community of entrepreneurs to access new markets, opportunities and alternative sources of finance while also acting as a knowledge centre to support them in their development

As at 31 August 2021:

565 entrepreneurs

75 growth partners



Enabling the **low-touch** way to pay...

~5 million

contactless transactions

+407.5% y.o.y

>75% of merchant **POS devices** are contactless

8,402 contactless **terminals**



+55.6% y.o.y

debit cardholders transacting online



+35.8% y.o.y

merchants offering online payments

Note: Figures above relate to FY2020/21 unless stated otherwise

Leveraging data as a strategic asset

Through the operationalisation of a dedicated Data BU, the Bank improved data management and leveraged advanced analytics to drive customer value, insights, and manage risk

2 years

since inception of
Data Business Unit

24

employees
(2018: 3)

4

dedicated
analytics labs

6

priority data
domains launched

Data journeys

✓ Completed

• Ongoing

Individuals

- ✓ Cross-selling using advanced analytics
- ✓ Segmentation using advanced analytics
- ✓ Credit scoring for personal loans
- Credit scoring for secured loans

SMEs

- ✓ Credit scoring for SME Lending
- Segmentation for SME using advanced analytics

Corporate and Institutional Banking (CIB)

- ✓ Intelligent dashboards centralising both static and dynamic client information
- Cross-Selling for CIB using advanced analytics

Risk & Anti-Money Laundering (AML)

- ✓ Enhancement of AML monitoring using machine learning
- ✓ Interactive dashboards and descriptive analytics for management of past dues
- Provisioning and CAESL adjustment & reporting tool

Capacity building through the MCB Digital Academy




- Holistic training & coaching were provided to our staff on **Data Science**
- Forthcoming data courses include the following:
 - **Data Engineering** course– covering *inter alia* data engineering pipelines across cloud and on-premise storage; Devops, Dataops and Machine Learning Ops
 - **BI Specialist** course – covering data modelling and visualisation across technologies such as Microsoft Analysis Services & PowerBI, IBM Cognos
 - **Analytics Translator** course – aimed at preparing the next wave of analytics model owners who will act as bridge between business and analytics teams



Nurture our values and deliver on our brand promise

In line with its purpose-driven approach, the Bank has remained committed to delivering a positive economic, social, environmental and cultural impact, through its ongoing actions amidst the COVID-19 pandemic. MCB has further implemented its far-reaching Corporate Sustainability Programme (CSP), launched in November 2018, on the back of a fitting operating framework and reinforced people capabilities. On the governance front, the Remuneration, Corporate Governance, Ethics and Sustainability Committee (RCGES) has been endowed with a sub-committee on Corporate Sustainability to assist in the monitoring of the CSP and its implementation across the organisation.

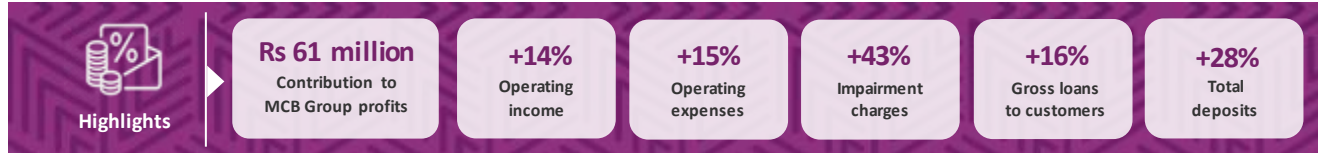
In line with our 'Success Beyond Numbers' philosophy, we have executed key initiatives across three pillars: (i) development of a vibrant and sustainable local economy; (ii) protection and valorisation of our environmental and cultural heritage; and (iii) promotion of individual and collective well-being. In particular, as part of our climate commitment unveiled during last year's 'Klima' conference and elaborated in the 'Klima Neutral 2050' report, MCB has set an objective to achieve overall carbon neutrality for its direct operations by 2023, through a mix of mitigation and offsetting actions. As a key move, MCB has taken the commitment to stop all new financing worldwide for coal infrastructure and trade (metallurgical or thermal) as from 2022 and to make available a green credit scheme amounting to Rs 1 billion per year over three years (2020-2022) for financing low-carbon transition projects for all economic sectors. We have also committed to invest EUR 5 million in Livelhoods Carbon Fund 3 (LCF3), a carbon impact fund created by Livelhoods Funds with leading companies worldwide joining forces to accelerate efforts on climate change mitigation and social impact. Our investment is expected to generate around 800,000 tonnes of carbon credits over the fund's lifetime. These credits will be available for our own compensation and to clients willing to contribute to carbon neutrality via a holistic carbon strategy. In June 2021, the Group launched its 'Lokal Rebound' study to better understand the Mauritian productive fabric and promote local production and diversification. The findings of this report call for strengthening the country's productive resilience - that is, its ability to develop alternatives in the wake of an economic shock. Additionally, the organisation adopted the MCB Gender Equality Charter, with the objective of fostering equal opportunity and fairness, work-life flexibility and a safe and respectful workplace. Moreover, the Bank sponsored the 'Dreams Without Borders' initiative, a mentoring programme, led by 'Association Mauricienne des Femmes Chefs d'Entreprises', which aims at enhancing the skills of women entrepreneurs, notably in the field of digital technology. We have also collaborated with the Mauritian Wildlife Foundation (MWF), committing to fund MWF's conservation efforts of our biodiversity over the next three years. In order to rally our customers to the cause, we launched the 'Your Card for Change' program, through which each time a customer uses his MCB debit card, the Bank will donate money to help MWF finance its activities. The program also introduced new polylactic acid biodegradable cards.

 Read more in the 'Creating value in a sustainable way for our stakeholders' section on page 50 to 66

 Read more in the Sustainability Report on our website

MCB Madagascar

Financial performance



Despite the challenging operating environment, gross loans and advances increased by some 16% and the deposit book expanded by 28%, driven by ongoing commercial initiatives to tap into key corporate players. Within this context, net interest income increased by 8%, contributing to a growth of 14% in operating income. The latter was boosted by an increase of 21% in net fee and commission income and a substantial rise of 79% in profit arising from forex dealings, as a result of an increase in business activities and transactions owing to the onboarding of several clients. Operating expenses registered an increase of 15% on the back of the deployment of several IT projects and technological upgrades, as well as a rise in staff costs, in line with the expansion of the branch network and various recruitments in support functions to strengthen growth capabilities. Overall, after accounting for the impairment charges of MGA 5.3 billion (Rs 55 million) comprising of specific provisions and expected credit losses held on account of clients impacted by the pandemic, attributable profits for the year stood at MGA 6.5 billion (Rs 68 million), with the contribution of MCB Madagascar to Group results amounting to Rs 61 million.

Main initiatives and achievements

Notwithstanding the difficult operating conditions, MCB Madagascar continued to broaden its presence in the country with the opening of a new branch located in Anosizato to cater for the needs of SMEs and high net worth customers. Also, as part of the bank-wide implementation of the 'Kit of Parts' concept, the branch in Tamatave was renovated to offer a more convivial and modern banking environment for enhanced customer service. In line with its bid to extend its channel capabilities and reinforce proximity with clients, the bank has set up its first offsite ATM at Hotel Neptune in Tamatave to better serve the second largest concentration of customers and activities in its network. Moreover, the bank strived to consolidate its positioning in established market segments. To ward this end, the commercial team laid due emphasis on accompanying corporates across sectors alongside pursuing the onboarding of new clients. Furthermore, a dedicated desk was set up to service the new institutional segment which can avail of a special package backed by MCB service quality standards. Of note also, MCB Madagascar further capitalised on its card offerings to encourage customers to opt for digital payment solutions, the more so in the current context. To support its strategic thrusts, the bank further enhanced the efficiency of its operations, notably through the upgrade of its Core Banking System and the implementation of new technological platforms, including a new Oracle Cloud ERP solution to improve financial management, supply chain management and inventory management. In terms of capacity building, the bank remained focused on reinforcing staff competencies, backed by tailored training courses while the HR transformation programme is being unfolded to ensure that the growing workforce is well prepared to actively contribute to the realisation of growth endeavours.

MCB Maldives

Financial performance



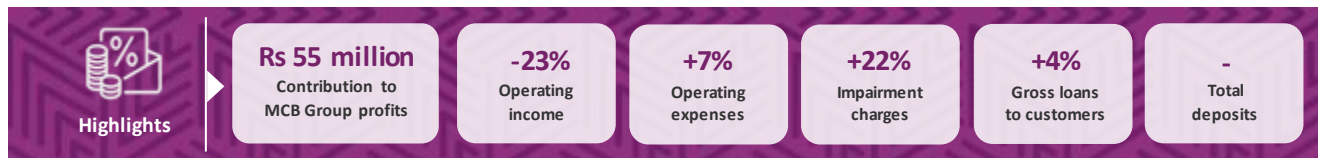
During the year under review, gross loans and advances registered a growth of 3% linked to disbursements to top tier clients during the second semester, in line with the bank's prudent lending strategy to mitigate credit risks amidst the challenging context. The deposit book increased two-fold on the back of an increase in both local and foreign currency deposits, resulting into a 146% increase in cash and cash equivalents and an 84% increase in investment securities mainly in the form of treasury bills. Against this backdrop and taking into account fewer releases of interest in suspense compared to the previous year as the pandemic hampered anticipated debt recoveries, net interest income dropped by 12%. This led to operating income falling by 12%, after also factoring in lower net fee and commission income and decreased profit from dealing in foreign currencies, owing to reduced economic activities resulting from the national lockdown, impact of lower tourist arrivals and a relative scarcity of US dollars. On the other hand, operating expenses rose by 8% during the year as a result of increases in staff costs and other operating expenses. Whilst an increase in Expected Credit Losses on performing exposures was recorded following the recalibration of IFRS 9 models, active recovery efforts on non-performing loans were fruitful with an ensuing reduction of 45% in impairment charges. On the whole, attributable results for the year decreased by 32% to stand at some MVR 24 million, with MCB Maldives contributing Rs 63 million to MCB Group results.

Main initiatives and achievements

MCB Maldives strived to consolidate its positioning in established market segments. It strengthened its relationship with corporate customers across economic sectors, including those involved in the hotel industry and the medical sector. Additionally, the bank has expanded its range of product offerings to the corporate segment with a convenient e-commerce platform that facilitates online payments. Also, with the establishment of the mass affluent segment, retail customers can avail of the direct assistance of Relationship Executives. The bank further improved its value proposition and customer experience, with a key example pertaining to the enhanced functionalities of its Internet Banking platform. The bank's offering for the Select segment was also refined to provide more personalised solutions and enhance service quality. On the capacity-building front, the team was strengthened with the recruitment of an in-house lawyer and an internal auditor while steps have been initiated with a view to ensuring proper succession planning in respect of key positions. To foster higher level of operational efficiency, a new Oracle Cloud ERP solution has been implemented to improve financial management, supply chain management and inventory management. The bank has also put in place a control mechanism to reinforce cyber security management while progress has also been made in enhancing compliance with applicable rules and standards.

MCB Seychelles

Financial performance



Notwithstanding the difficult operating context and the availability of high yielding long term government securities on the market, the bank was successful in maintaining its deposit base. Gross loans and advances posted an increase of 4% as a result of productive lending operations to some top tier corporate customers. Concomitantly, the bank was able to deploy part of its excess liquidity in some high yield securities leading to an increase of 14% in investments in treasury instruments. Net interest income, however, grew by only 5% on the back of reduced interest rates. The challenging context has particularly hit the bank's non-interest income. The slump in business activities contributed to net fee and commission income dropping by a third. Furthermore, the bank experienced a significant loss with respect to profit arising from dealing in foreign currencies amidst wide exchange rate fluctuations as evidenced by the steep appreciation of around 30% in the Seychellois rupee vis-à-vis the US dollar during the final quarter of the financial year, which appeared at odds with economic fundamentals. Against this backdrop, operating income fell by 23% as compared to the previous year. On the other hand, operating expenses increased by 7%, mainly attributed to increased IT and communication related costs while Expected Credit Losses increased to reflect the forward-looking ramifications of the pandemic and higher provisions on non-performing loans. Attributable profits for the year fell by 70% to SCR 25 million with the contribution of MCB Seychelles to MCB Group's profits standing at Rs 55 million.

Main initiatives and achievements

MCB Seychelles accelerated the issuance of contactless debit and credit cards, allowing customers to undertake purchases in a more practical way via the 'Touch & Pay' option. In fact, the bank pursued its path towards providing an innovative value proposition, as further evidenced by the provision of e-commerce facilities to its merchants, allowing customers with or without merchant websites to acquire cards transactions online and collect revenues directly to their bank accounts with minimum hassle. E-commerce forums were also organised to showcase the bank's offerings, with the number of subscriptions to such facilities growing steadily during the year. The bank's suite of offerings was further enriched with the launch of the MCB Rupys Savings account, which seeks to promote a savings culture for junior customers. Moreover, the bank laid focus on the delivery of personalised services to its affluent customers, with the launch of a new 'Select Banking' service to promote a more customer-centric approach towards generating higher satisfaction and nurturing customer loyalty. Three additional ATMs, accepting notes deposits, were deployed to add more convenience for retail banking customers, bringing the total number of notes-accepting ATMs to seven. Moreover, as the crisis impacted traditional in-branch banking, the bank actively engaged in the financial education of customers on the usage of electronic banking channels. Campaigns were conducted across various media platforms notably the new MCB Seychelles Facebook page. On the operational front, the bank implemented a new Oracle Cloud ERP solution to improve financial management, supply chain management and inventory management. Also, the bank offered an international quick and convenient bulk payment solution that works on the Swift infrastructure to a few corporate customers, thus enhancing business efficiency. Several training webinars and trainings were organised for capacity-

building and staff upskilling. The bank sponsored online courses for its employees, including the Retail Banker Association professional exams, undertaken through the MCB Institute of Finance, which leveraged a partnership with Moody's Retail Banking Academy.

Banque Française Commerciale Océan Indien (BFCOI)

As a direct result of the significant impact of the pandemic, operating income dropped by 3% mainly on account of a decrease in non-interest income following a reduction in transaction flows. For its part, operating expenses have been well contained over the period with a slight decrease of 2% noted compared to the previous year. Nonetheless, profits dropped by 35% in view of an increase in provisioning levels on performing exposures subsequent to a recalibration of the Expected Credit Loss (ECL) models and the exceptional reversal of excess ECL in prior years. As a result, profits attributable to shareholders dropped to EUR 14 million (Rs 662 million) during the financial year, thereby contributing around Rs 331 million to MCB Group results. Of note, BFCOI remained comfortably capitalised, with an overall capital adequacy ratio of 18.6%, of which 15.3% in the form of Tier 1 capital.

Société Générale Moçambique

The bank's ongoing initiatives to strengthen its market positioning and visibility in Mozambique yielded significant growth rates of over 40% in both loans and advances to customers and loans to and placements with banks while its deposit base grew by 38%. These developments generated an increase of 24% in net interest income. However, non-interest income declined by 3% mainly due to a reduction in the volume of transactions linked to the economic downturn triggered by the pandemic. As a result, operating income increased by 12%. There was a 14% rise in operating expenses following measures implemented to support the growth strategy, including investment in human capital. For its part, credit impairment charges remained high in view of the expansion of both the on- and off-balance sheet exposures. Consequently, attributable profits fell by 4% to MZN 27 million (Rs 16 million), with the bank contributing around Rs 6 million to MCB Group results. Société Générale Moçambique is in a strong position with respect to capital, with both its Tier 1 ratio and overall capital adequacy ratio standing at 13.6% as at 30 June 2021.

Non-banking financial cluster

MCB Capital Markets Ltd and its subsidiaries (MCBCM)

In FY 2020/21, MCBCM's consolidated revenues amounted to Rs 390 million (FY 2019/20: Rs 408 million) while its contribution to Group profits stood at Rs 248 million compared to Rs 172 million for FY 2019/20. Results were driven primarily by an increase in assets under management, favourable foreign currency movements and by the successful completion of corporate finance transactions.

Corporate Finance Advisory

The COVID-19 pandemic caused delays and affected both transaction execution and origination in FY 2020/21. Nevertheless, the Corporate Finance Advisory team continued to build its track record and successfully completed seven debt capital market transactions for an aggregate value of approximately Rs 10 billion. In FY 2020/21, certain issuers took advantage of the excess liquidity situation and the historically low interest rate environment to tap the capital markets for fixed rate longer tenor financing. Investors' risk appetite seems to have picked up in 2021 following a period of 'flight to safety' into Government of Mauritius paper last year. We expect this

trend to be maintained as investors continue their search for yield in the context of greater visibility on the economic outlook following the announced full re-opening of the Mauritian borders as from 1 October 2021. The aftermath of the COVID-19 pandemic has meant that investors will continue to be discerning and focus on a relatively small number of credit-worthy borrowers that have been less affected by the pandemic. This may result in a widening of credit spreads for certain issuers despite the continued excess liquidity situation. Looking ahead, we believe that our flow of Corporate Finance Advisory transactions will continue to be centred on advising clients on their debt strategy and bond issuances in Mauritius. In Africa, travel restrictions due to COVID-19 have made deal origination and execution more challenging compared to pre-pandemic times. Management has been exploring various options to address this issue.

Investment Management

Investment management activities generated revenues of Rs 184 million in FY 2020/21 (FY 2019/20: Rs 175 million) amidst an uncertain environment created by a second wave of COVID-19 and the introduction of a second lockdown in March 2021. The MCB Funds performed strongly during the year, especially the MCB Yield Fund, attracting more inflows as investors favoured less risky strategies and continued to search for better returns than the high street banks savings rate. Our best performing fund during the year was the MCB Overseas Fund (+29.8% in rupee terms). The fund offers access to a diversified portfolio of foreign funds across various asset classes for a minimum lump sum of Rs 10,000 or a monthly savings plan of Rs 500. During the year, we launched an educational campaign, the first of a series, aimed at improving the general public's understanding of investments alongside enhancing the visibility of our mutual funds. Today, MCB Investment Management has the largest fund offering in Mauritius, allowing investors to find investment solutions that cater for their risk appetite.

Going forward, our main challenge is the scarcity of foreign currencies, which limits our team's ability to execute investment mandates for rupee based clients looking for non-rupee exposure. The announced re-opening of our borders and the potential removal of Mauritius from the EU blacklist should help alleviate the situation although a return to "normal" access to foreign currencies is likely to hinge upon a material improvement in the country's external position. Management is maintaining strategy of its clients both locally and abroad. Growing our assets under management across our collective investment schemes remains our main priority to capture an investment potential where we deem to have only scratched the surface. During the year, the company won new mandates from corporate clients and increased its client base. With regard to our Africa focused strategies, a secondary listing of our African Domestic Bond Fund ETF on the Botswana Stock Exchange is underway and should be finalised by the end of this calendar year.

Stockbroking

As expected, trading volumes were lower by 17.5% in FY 2020/21 compared to previous year. The reduction is 35% if two exceptionally large transactions, which accounted for more than 20% of 2021 market turnover, are excluded. Foreign participation jumped from 24% to 39% mainly on account of restructuring exercises involving foreign participants. Notwithstanding these non-recurring transactions, MCB Stockbrokers maintained its market share although brokerage revenues fell by approximately 20%. Investor sentiment improved as the local market started to show early signs of a rebound in the last quarter of the financial year, allowing the company to improve revenues from other business lines such as distribution of financial products, underwriting and market making activities. Looking ahead, we expect market activity to improve as corporate earnings are set to recover due to the relaxation of COVID-19 related restrictions and the progressive pickup in economic activities. As more and more companies resume dividend payments, local investors are

expected to flock back to the stock market. We therefore anticipate an increase across all revenue lines of the company for the forthcoming year.

Registry & Transfer Agent

Despite the subdued level of corporate activity, revenues contracted by only 4% while profits grew by 3% as compared to FY 2019/20. These results are particularly commendable in current circumstances given that the company had posted double-digit profitability growth over the past three consecutive years. We achieved considerable reduction in technology maintenance costs with total expenses receding by 14%. From an operational perspective, the disruptions caused by the second lockdown were minimal with the team being well prepared to provide continued service to clients. The company does not expect activity to pick up significantly over the next financial year but will nevertheless sustain its investment in human and technological capital so as to remain a leader in its market.

Private Equity

MCB Equity Fund is a USD 100 million evergreen fund that provides expansion capital to established businesses with solid growth prospects, compelling value propositions and capabilities, and strong management teams in Africa. Our strategy is to co-invest in equity and quasi-equity alongside other investors, including development financial institutions, private equity firms, family offices and strategic buyers. The fund is managed by MCB Capital Partners Ltd, a wholly owned subsidiary of MCB Capital Markets Ltd. In FY 2020/21, COVID-19 restrictions limited our search for transaction opportunities. Nevertheless, the Fund successfully invested USD 2.5 million in a land development project in Mauritius and partnered with a consortium led by Metier, an independent African private equity manager, to acquire a minority stake in Africa Mobile Networks Ltd, a builder and operator of mobile base stations in rural areas across Africa. The Net Asset Value of MCB Equity Fund Ltd rose from Rs 3.7 billion to Rs 4.1 billion at the end of FY 2020/21 with contribution to Group profits rising from Rs 151 million to Rs 233 million, mainly due to fair value gains on financial assets.

MCB Leasing Ltd

During the year under review, MCB Leasing Ltd's operations continued to be impacted by the prevailing uncertainties in the operating environment, with the lockdown periods curtailing the expansion of the leasing market. The lease portfolio of the company contracted by 1.8% to reach Rs 3,882 million (FY2019/20: Rs 3,955 million), with the finance lease portfolio down by 3.7% to Rs 3,162 million and operating leases up by 7.3% to stand at Rs 720 million. The repayment of large deposits combined with a lower mobilisation of new deposits led to a reduction of 18% in the deposit base which amounted to Rs 3,395 million at year end (FY2019/20: Rs 4,143 million). This contributed to reduce the high level of liquidity held at the end of the previous financial year and significantly lower the average cost of funds. As a result, net interest income grew by 29% to reach Rs 105 million (FY2019/20: Rs 81 million). Other income (comprising principally operating lease income net of depreciation charges on leased assets) also increased by 16% to stand at Rs 70.6 million in line with the increase in the operating lease portfolio. Operating income thus increased by 22% from Rs 143 million in 2020 to Rs 176 million for the year under review. Furthermore, operating expenses (excluding impairment costs), declined on the back of reduced marketing activities and a reduction in IT related costs. The company also applied an additional impairment of Rs 7 million on the net book value of the Core Leasing Software as the latter is expected to be replaced in FY 2021/22. MCB Leasing Ltd also provided for

additional Expected Credit Losses of Rs 19 million on the back of continued uncertainty and the inherent increase in credit risks on a forward-looking basis. Overall, net profit after tax increased by 13% to reach Rs 61 million at year end (FY2019/20: Rs 54 million).

MCB Factors Ltd

MCB Factors Ltd is positioned as a prominent player in the field of factoring in Mauritius. In addition to offering full sales ledger administration service to its customers, the entity provides funding against the assignment of trade receivables. On the domestic market, both recourse and non-recourse factoring are proposed, with the latter implying protection against debtors' insolvency. On the international front, Mauritian importers and exporters are offered import and export factoring solutions. MCB Factors' contribution to Group results for FY2020/2021 dropped to Rs 18 million amidst the COVID-19 crisis, resulting mainly from a significant fall in activity, particularly from the hospitality business sector. For FY 2021/22, emphasis is being laid on the completion of the migration of the core factoring software, which aims to further improve customer experience and diversify the palette of invoice finance products.

MCB Microfinance Ltd

As part of MCB Group's pledge to fostering the financial inclusion and empowerment of small entrepreneurs, MCB Microfinance Ltd was launched in July 2016 as a wholly-owned subsidiary of MCB Group Ltd. Its aim is to facilitate access to business loans for micro-enterprises and self-employed individuals. Clients have access to three types of micro-loans: (i) working capital loans, which aim at meeting the working capital needs such as raw materials or stock; (ii) investment loans, which are targeted to meet the capital spending requirements of businesses; and (iii) since October 2020, start-up loans to help for the setting up of a micro-enterprise. The entity lays due emphasis on customer proximity, with its Relationship Officers dedicated to spending a adequate time on the field to suitably understand the characteristics and requirements of clients and offer them customised solutions that suit their repayment capacities.

Since inception, MCB Microfinance has disbursed 4,172 loans until 30 June 2021, corresponding to a gross amount of some Rs 822.6 million, of which 54% relate to investment loans. Of note, since the creation of its office in Rodrigues in March 2017, 356 micro-loans have been disbursed corresponding to a gross amount of Rs 49.8 million. As at 30 June 2021, MCB Microfinance's loans stood at around Rs 310 million. The entity started the year well and was on course to move closer to break-even point before being once again impacted by the spread of the coronavirus. In fact, reduced activity levels amidst the introduction of a second national lockdown and higher impairment charges resulting from an increase in Expected Credit Losses led to a loss of around Rs 7.2 million in FY 2020/21.

MCB Real Assets Ltd

MCB Real Assets Ltd (MCBRA) owns 93.4% in Compagnie des Villages de Vacances de L'Isle de France Limitée (COVIFRA), owner of the Club Med hotel resort located at Pointe aux Canoniers, Mauritius (the Resort). In March 2020, COVIFRA was notified of a force majeure due to the pandemic with the closure of borders leading to the Resort not operating as from 22 March 2020. As a result, all Club Med rental and other obligations were suspended and resulted in COVIFRA not receiving any income with the lease having been extended

for the period during which the hotel was closed. The lack of revenues has resulted in COVIFRA operating under a cash preservation mode, with only essential payments being made to suppliers. As such, MCBRA received no dividends in FY 2020/21 (FY 2019/20: Rs 46 million) from its investment in COVIFRA. Total contribution of MCB Real Assets to Group results amounted to a loss of Rs 66 million (FY 2019/20: Profit of Rs 116 million). Club Med has informed the company of its intention to resume operations on 16 October 2021, subject to the full re-opening of Mauritian borders as from 1 October 2021. Club Med's rental payments and other obligations under its lease agreement with COVIFRA are thus expected to resume upon re-opening of the Resort. As a result, MCBRA should revert to profitability in the next financial year, thereby being in a position to resume payment of dividends.

Credit Guarantee Insurance Co. Ltd

This associate, in which MCB has a 40% stake, is a joint venture with La Prudence Holding and provides credit insurance services to its customers by ensuring protection in respect of their trade receivables. For the year ended 30 June 2021, the contribution to Group results stood at Rs 1 million.

Other investments cluster

Fincorp Investment Ltd

Fincorp Investment Ltd (Fincorp) is an investment company which is listed on the Official Market of the Stock Exchange of Mauritius Ltd. Its financial performance is directly correlated to that of its main investments, namely MCB Leasing Ltd, its 100% owned leasing company and Promotion and Development Ltd (PAD), which is an investment company that is also listed on the local bourse and in which Fincorp has a 46.4% stake.

Fincorp posted a consolidated profit after tax of Rs 164.3 million for the financial year ended 30 June 2021 compared to a loss of Rs 51.4 million last year. Whilst benefiting from fair value gains on its equity instruments and improved results of MCB Leasing Ltd as explained earlier, the results of Fincorp was also driven by a turnaround in the performance of PAD, whose contribution to Fincorp group's results amounted to Rs 132.9 million compared to a loss of Rs 165.1 million in FY 2019/20. This is mainly explained by the enhanced performance of its subsidiary, Caudan Development Ltd (Caudan) and its associate Medine Ltd. Medine's financial performance improved significantly in FY 2020/21, reflecting increased profits from the sale of land and fair value gains from the revaluation of its investment properties, increase in the fair value of its biological assets (namely the standing crop) as a result of the higher price of sugar and bagasse as well as a lower operating cost base resulting from the restructuring that took place over the last few years. Similarly, although income from business activities was heavily impacted by the challenging operating context, Caudan's results were boosted by a fair value uplift on its investment properties and a deferred tax credit during the year under review.

International Card Processing Services Ltd

Following an agreement signed between MCB Group and Hightech Payment Systems in February 2021, the latter has acquired MCB Group's 80% stake in International Card Processing Services Ltd (ICPS), with the transaction being concluded on 7 April 2021. The Group

made a profit on disposal of Rs 356 million from this transaction. Reflecting its operations for the nine months ended 31 March 2021, the contribution of ICPS to Group results amounted to Rs 15 million.

MCB Consulting Services Ltd

The last 12 months' period was characterised by a particularly difficult environment induced by the global pandemic with serious repercussions on business operations. Prolonged travel constraints reduced interactions with clients across countries and contributed to lower efficiency and effectiveness in project delivery on a remote basis on key defined life stages of some projects, while creating difficulties in the finalisation of initiated deals. The challenging context also led to investment being halted by our main targeted prospects especially during the first 5 months of the financial year and continued to exert pressure on retention plans and strategies.

In the face of such testing and uncertain circumstances, MCB Consulting Services Ltd (MCBC) displayed notable resilience to achieve a record high profit after tax, following a growth of 76% when compared to the same period last year. In particular, notwithstanding the difficult conditions in its main 'working' territories, turnover increased by 8% in FY 2020/21, with the five topmost countries representing 66% of total income with no specific client or territory exceeding 10% of total sales. Operating expenses were kept at par with last year's level, as the reviewed delivery model of sales presentations, conferences and workshops contributed to reduced sales and business development related expenses. This growth performance reflects MCBC's strategic positioning built on solid industry expertise and continuous search for improvement, learned and sustained by key enablers. To this end, MCBC has, during the year, leveraged an adapted digital marketing strategy and its increased visibility, an agile sales motion with a mix of digital and traditional interactions with clients and partners, state-of-the-art technological platforms and reinforced people capabilities.

The performance of MCBC also highlights the prevalence of business agility. Projects are currently running smoothly with the company spearheading more than 50 projects from 20 different countries. In fact, capitalising on its ambitious three-year strategic plan, articulated around three key design principles of consolidation in strategic markets, innovation and reinvention to enhance effectiveness of the business model across the value chain, MCBC continues its journey, by constantly uplifting its game while maintaining the right tactics, its commitment to its people and its engagement towards society. Inevitably, as the global pandemic lingers, business challenges and adverse impacts will continue to be felt within the company's activities. However, MCBC remains confident that the earmarked initiatives for the coming financial year anchored on its four pillars, namely, Strategy, Process, Technology and People, shall bolster its reputation and positioning on the market and enable its business to continue to be 'positively disruptive'.


MCB Institute of Finance Ltd

Launched in 2019 through a shared venture of MCB Group and Unicity Education Hub, the education arm of the Medine Group, MCB Institute of Finance Ltd (MCB IF) positions itself as a curator with a marquee line of specialisation in banking and finance, alongside industry-agnostic courses. MCB IF has secured solid partnerships with internationally-recognised institutions delivering top-notch executive education programmes in online, on-campus or blended format, namely, Emeritus Institute of Management, Moody's

Analytics (acquirer of Retail Banking Academy (RBA) International Ltd) and Université Paris II Panthéon-Assas. Since inception, a total of 434 students have enrolled on different courses. So far, the revenue stream is tributary to enrolments from Moody's Analytics and Emeritus Institute of Management and the newly-formed understanding with Corporate Finance Institute (CFI). Amidst the pandemic-induced environment, MCB IF's operations endured severe disturbances resulting in a shortfall of Rs 10.3 million in revenue for FY 2020/21. This can be specifically traced to numerous factors, including (i) significant cuts in training budgets; (ii) delayed signature in training agreement contract with Moody's Analytics; and (iii) delayed accreditation of the Executive Master Banking & Finance, amongst others. In addition, the sales traction and initiatives did not yield the expected outcome during this period, despite increased digital marketing and communication initiatives. For FY 2021/22, harnessing its strategic plan, MCB IF intends to redefine its partnership models, develop new ones with pertinent partners and increase its portfolio of courses, whilst strengthening its sales motion and promoting the recognition of MCB IF brand among audiences.

MCB Forward Foundation

The MCB Forward Foundation (MCBFF) is the Group's dedicated vehicle responsible for fulfilling its engagement as a caring corporate citizen. Essentially, its vision is to be instrumental in the creation of sustainable value for the social, environmental and economic well-being of society through the provision of human, logistical and financial resources in support of specific corporate social responsibility initiatives. As per the standard Government policy, 75% of companies' CSR contributions for projects are channelled to the Mauritius Revenue Authority. However, in alignment with the provisions of the amended Income Tax Act 1995, MCB Group Ltd was, for the period under review, authorised by the National Social Inclusion Foundation to retain an additional 25% of its earmarked CSR fund to cater for the implementation of programmes initiated prior to 1 January 2019. Accordingly, for FY 2020/21, an aggregate amount of around Rs 54.7 million was entrusted to MCB Forward Foundation, of which Rs 38.5 million was spent on 19 projects, 9 of which are still ongoing.

 *Read more on the activities of the MCB Forward Foundation in the 'Creating value in a sustainable way for our stakeholders' section on pages 50 to 66*

Blue Penny Museum

This company manages the museum situated at the Caudoan Waterfront and, as such, represents one of the contributions of MCB Group Ltd to the promotion of arts and culture, and, more generally, the protection of the national heritage of Mauritius.

Pierre Guy NOEL

Chief Executive

Page intentionally left blank

Group financial performance



Overview of results

The Group achieved a resilient performance for the year under review in the context of the challenging economic and market conditions, with profit attributable to ordinary shareholders increasing slightly by 1.4% to stand at Rs 8,019 million.

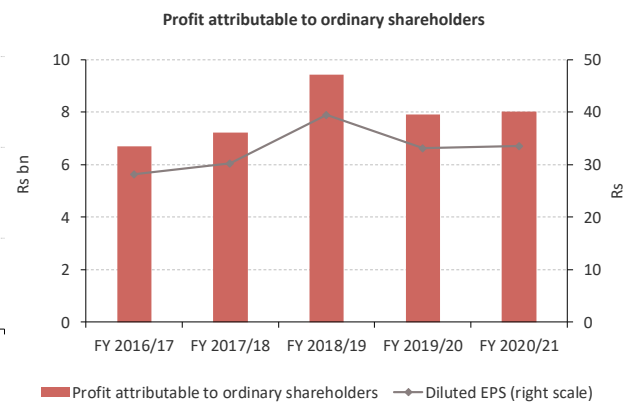
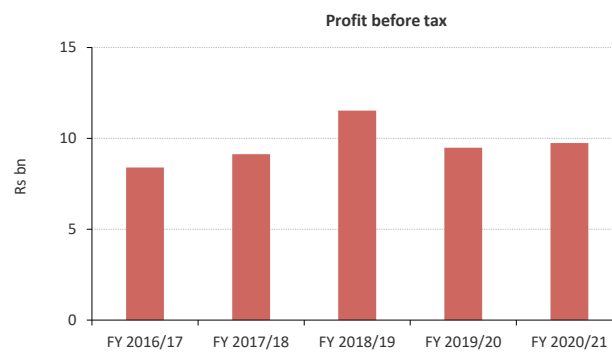
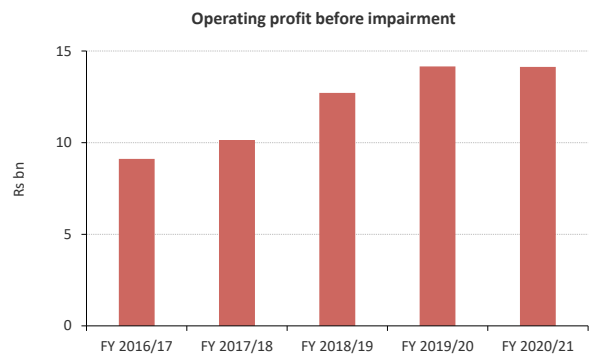
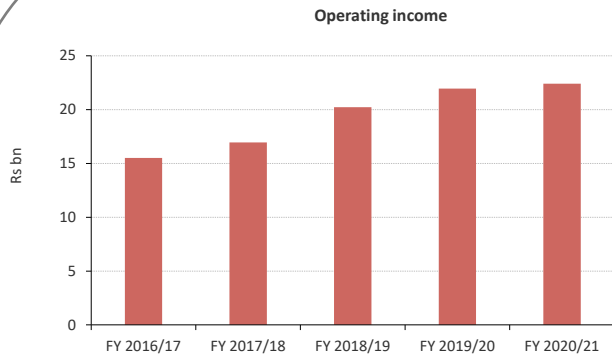
Group financial highlights

- Operating income grew by 2.0% with net interest income impacted by reduced margins and non-interest income coming under pressure as a result of unfavourable and volatile market conditions across markets
- Cost to income ratio increased to 36.9%, in line with our capacity building initiatives both from a human resource and technology perspective
- Relative drop in impairment charges on account of lower additional ECL; cost of risk declined from 1.84% to 1.39% while NPL ratio dropped from 4.2% to 3.9%
- Share of profit of associates down by Rs 29 million, due to lower contribution from BFCOI
- Healthy liquidity positions, with a loans to deposits ratio of 60.2% and loans to funding base ratio, when including borrowings, of 51.7%; USD LCR of 146% at the level of MCB Ltd
- Comfortable capital position, with both the BIS and Tier 1 ratios maintaining a notable buffer above minimum requirements

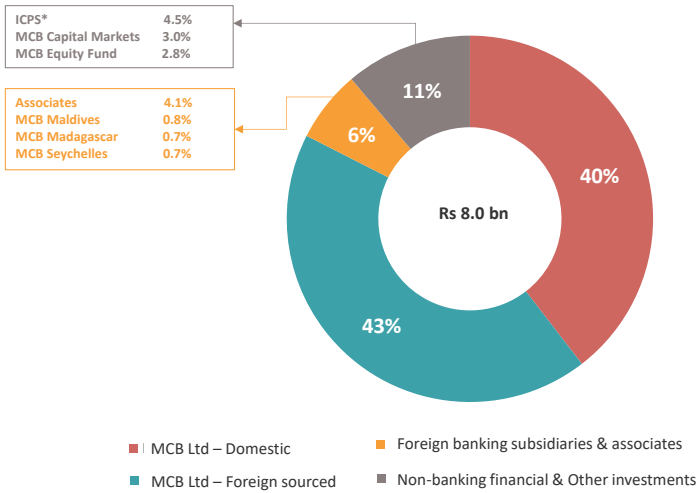
Key figures	
Rs 8,019 million	Profit attributable to ordinary shareholders
Rs 22,404 million	Operating income
36.9%	Cost to income ratio
Rs 4,766 million	Impairment charges (incl. ECL)
Rs 9,739 million	Profit before tax
11.8%	ROE ratio
17.4%	BIS ratio

Outlook for FY 2021/22

The operating context is still subject to uncertainties, with the global economic recovery remaining uneven and fragile. Notwithstanding some encouraging trends in Seychelles and Maldives on the tourism front, the future evolution of long haul travel is yet to be firmly ascertained, while further adverse dynamics, especially amidst market volatilities and supply chain constraints, could continue to impact the domestic economy. However, progress made on the vaccination front and the opening of the borders should help economic recovery, with further support expected, should the country promptly exit the FATF and EU caution lists. On the basis of our strong fundamentals and continued execution of our diversification strategy, the Group is well equipped to reap the benefits of economic recovery, with prospects on the international front in particular being encouraging.

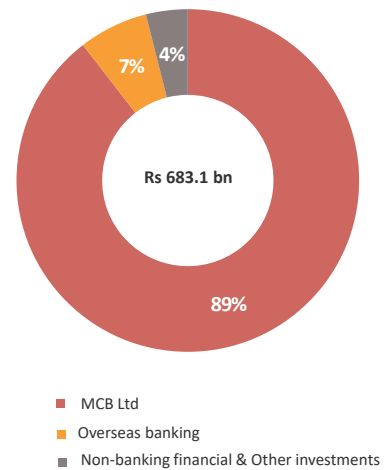


Contribution to Group profit



* Includes profit on disposal of our shares in ICPS Ltd of Rs 356 million

Asset breakdown by cluster



Income statement analysis

Net interest income

Rs 14,860 million (+451 million)

As a % of average earning assets

	FY 2019/20	FY 2020/21
	3.4%	2.8%

Net interest income rose by 3.1%, driven primarily by increased investment in Government securities as a result of the persisting excess liquidity situation prevailing in most of our markets. The Bank's international loan book also witnessed a significant growth, helped further by the weakness of the Mauritian Rupee. However, net interest income in foreign currency declined marginally due to the drop in LIBOR rates.

Non-interest income

Rs 7,544 million (-2 million)

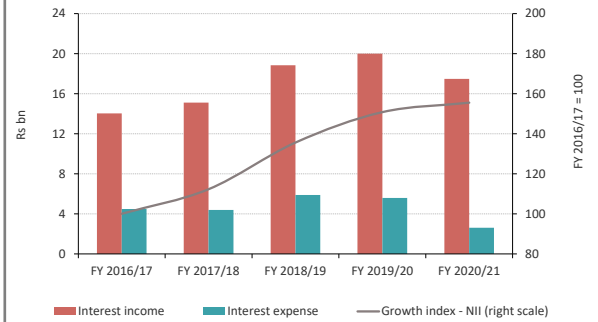
As a % of operating income

	FY 2019/20	FY 2020/21
	34.4%	33.7%

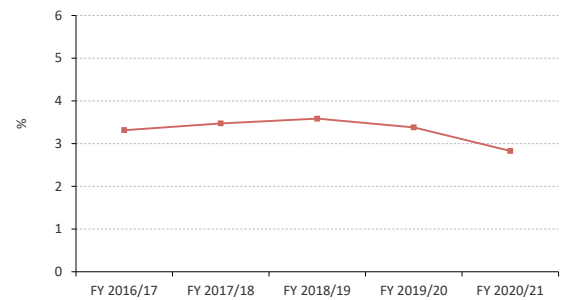
Non-interest income remained relatively flat, with the growth in net fee and commission income offset by a dampened performance in 'other income' as explained below:

- Net fee and commission income rose by 13.3% to stand at Rs 4,460 million, supported by higher revenues mainly from regional trade financing and wealth management activities.
- 'Other income' bore the brunt of the challenging context and declined by 14.5%. Lower volumes of trading in foreign exchange coupled with high volatility in money and foreign exchange markets, contributed to a drop of Rs 459 million in net gain from financial instruments. On the other hand, other operating income remained stable, the profit of Rs 356 million realised on the disposal of our shares in ICPS Ltd being largely offset by the absence of rental income at the level of COVIFRA, as a result of our borders being closed throughout the whole financial year.

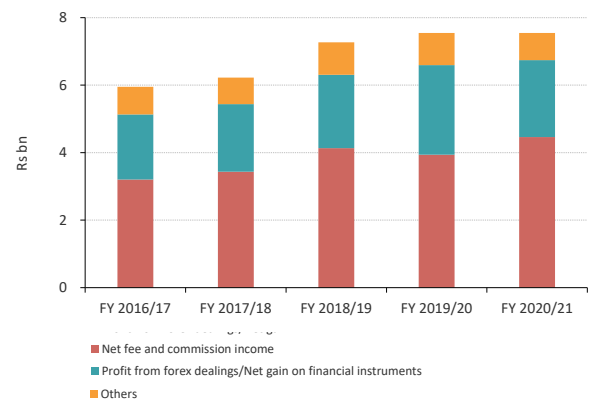
Net interest income



Net interest income to average earning assets



Breakdown of non-interest income



Operating expenses**Rs 8,271 million (+479 million)****Cost to income ratio**

	FY 2019/20	FY 2020/21
	35.5%	36.9%

Operating expenses increased by 6.1% on account of:

- A rise of 3.1% in staff costs, which represented 55% of the cost base, on the back of continued investment in human capital;
- Continued investment in technology linked to the stepping up of the digitalisation efforts contributing to a growth of 10.6% in depreciation and amortisation costs and an increase of 9.9% in other expenses following higher software and IT related costs.

Given the growth of 2.0% in operating income, the cost to income ratio worsened by 1.4 percentage points to reach 36.9%.

Impairment charges**Rs 4,766 million (-310 million)****As a % of loans and advances**

	FY 2019/20	FY 2020/21
	1.84%	1.39%

Whilst specific provisions net of recoveries increased by Rs 287 million to Rs 1,999 million, additional ECL on the Group's performing asset portfolio decreased from Rs 3,364 million to Rs 2,767 million for the period under review, leading to impairment charges declining by 6.1% to reach Rs 4,766 million. As a result, the cost of risk in relation to loans and advances thus remained high, albeit dropping by 45 basis points to reach 1.39% as at June 2021. Excluding ECL provisions, cost of risk for the year decreased from 64 to 55 basis points.

Share of profit of associates**Rs 372 million (-29 million)****As a % of profit for the year**

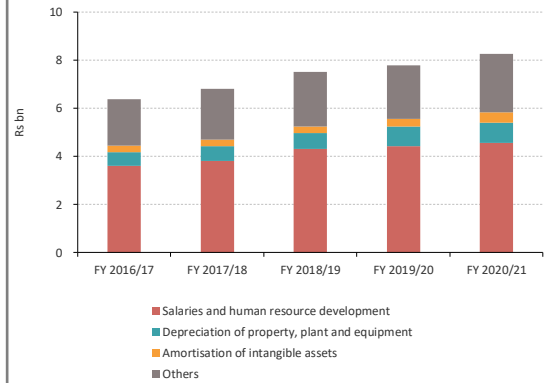
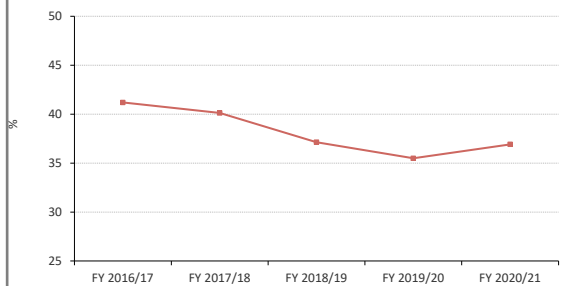
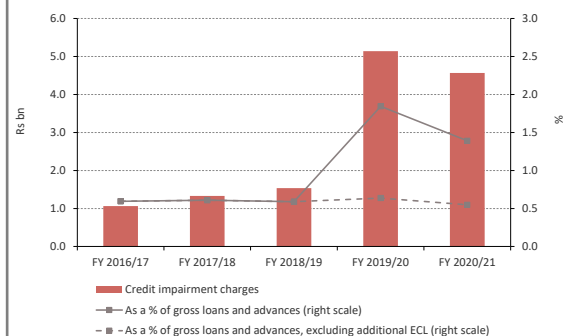
	FY 2019/20	FY 2020/21
	5.0%	4.5%

The share of profit of associates fell by Rs 29 million, principally due to lower contribution from BFCOI more than offsetting improved results at the level of Promotion and Development Ltd.

Tax expenses**Rs 1,500 million (+6 million)****Effective tax rate**

	FY 2019/20	FY 2020/21
	15.7%	15.4%

Tax expenses rose by 0.4%, with profit before tax rising by 2.6%, leading to our effective tax rate remaining broadly unchanged.

Breakdown of operating expenses**Cost to income ratio****Credit impairment charges***

*Relate to loans & advances (including corporate notes)

Financial position statement analysis

Gross loans	Gross NPL ratio	
	FY 2019/20	FY 2020/21
Rs 303.3 billion (+48.3 billion)	4.2%	3.9%

Gross loans of the Group registered a year-on-year growth of 18.9% in FY 2020/21, supported by a broad-based increase across banking subsidiaries. Specifically, MCB Ltd posted a similar growth rate in gross loans over the period under review. This performance was driven by a significant expansion in the Bank's international loan book, linked to Energy & Commodities and Financial Institutions, while rupee depreciation also weighed in the balance. At the domestic level, the overall loan portfolio rose by 10.1% underpinned by an increase of 13.8% in the corporate segment in line with facilities provided to support operators amidst the current context. The retail segment exposures increased by only 1.7% with mortgages, however, increasing at a higher rate of 4.7%. For its part, corporate notes rose by 7.7% to Rs 25.5 billion. On the asset quality side, gross NPL ratio reached 3.9% as at June 2021 compared to 4.2% one year earlier, partly explained by the expansion in loans and advances while the net NPL ratio declined from 2.9% to 2.5% as at 30 June 2021.

Funding	Loans to funding base ratio	
	FY 2019/20	FY 2020/21
Rs 587.1 billion (+139.9 billion)	57.0%	51.7%

Total deposits of the Group increased by 29.0% to reach Rs 504.0 billion as at 30 June 2021, underpinned by growth across banking subsidiaries. In particular, MCB Ltd recorded a rise of 28.0% in its deposit base. While rupee-denominated deposits grew by 9.2%, foreign currency deposits of the Bank increased by 55.8%, reflecting our commercial initiatives as well as the impact of the rupee depreciation. For its part, 'other borrowed funds' went up by 47.1% to reach Rs 77.1 billion, in line with funding initiatives undertaken by MCB Ltd with a view to supporting its international business activities. In addition, the Group has implemented a Multi-Currency Note Programme in order to finance its growth opportunities, with a first issue of Notes amounting to Rs 2.0 billion made in June 2021, the proceeds of which were invested in the capital of the Bank to support its business expansion.

June 2021	Rs m	Y.o.y. growth (%)
Loans to customers	288,238	14.3
Agriculture and fishing	8,409	18.6
Manufacturing	16,680	(2.9)
<i>of which EPZ</i>	2,830	(5.0)
Tourism	32,638	29.1
Transport	9,652	11.5
Construction	19,777	5.8
Financial and business services	50,808	4.3
Traders	67,663	42.6
Personal and professional	46,050	2.7
<i>of which credit cards</i>	830	5.1
<i>of which housing</i>	33,441	5.1
Global Business Licence holders	19,770	2.5
Others	16,791	12.3
Loans to banks	15,081	421.8
Total	303,319	18.9

Note: Figures may not add up to totals due to rounding.

Loans and advances as at June 2021	Rs m	Y.o.y. growth (%)	Mix (%)
Retail customers	46,739	2.5	15.4
<i>Credit cards</i>	872	5.1	0.3
<i>Mortgages</i>	33,441	5.1	11.0
<i>Other retail loans</i>	12,426	(3.9)	4.1
Corporate customers	136,650	12.6	45.1
Entities outside Mauritius*	103,395	23.6	34.1
Government	1,454	(2.1)	0.5
Banks	15,081	421.8	5.0
Total loans	303,319	18.9	100.0
Corporate notes	25,479	7.7	-
Total loans and advances	328,798	18.0	-

* Relate to MCB Ltd

Off balance sheet items as at 30 June 2021	Rs m	Y.o.y. growth (%)
Acceptances, guarantees, letters of credit, endorsements and other obligations on account of customers	127,108	94.1
Commitments	6,711	(8.3)
Others	18	(83.2)
Total	133,837	83.6

Investment securities and Cash & cash equivalents

Rs 322.5 billion (+95.9 billion)

Liquid assets to total assets

	FY 2019/20	FY 2020/21
	42.6%	47.2%

Liquid assets of the Group grew by 42.3% during the last financial year. This was characterised by: (i) an increase of 53.7% in cash and cash equivalents, including placements, mainly through balances with banks abroad and unrestricted balances with Central Banks (ii) a rise of 39.3% in investment securities (excluding shares and corporate notes) amidst high liquidity levels in several markets; and (iii) a growth of 13.9% in mandatory balances with Central Banks.

Overall, the above-mentioned liquid assets as a percentage of funding base stood at 54.9% as at 30 June 2021 (FY 2019/20: 50.7%). Banking subsidiaries generally maintained healthy liquidity positions with MCB Ltd displaying comfortable liquidity ratios in both rupee terms and foreign currencies.

Shareholders' funds

Rs 72.9 billion (+10.3 billion)

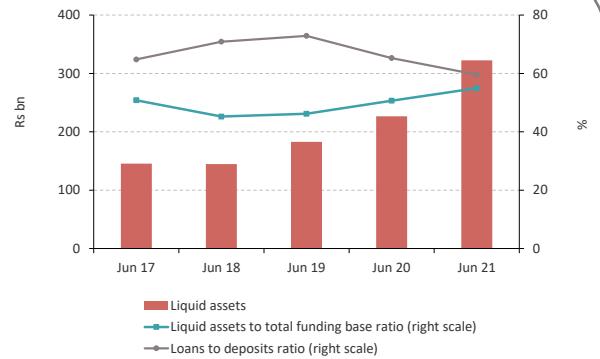
Return on equity

	FY 2019/20	FY 2020/21
	13.3%	11.8%

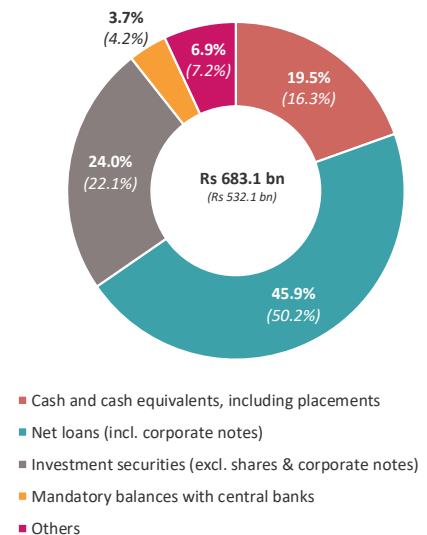
Shareholders' funds increased by 16.5% reflecting a growth of 14.4% (+Rs 7.3 billion) in retained earnings net of the interim dividend and a rise of Rs 3.0 billion in other reserves.

Notwithstanding the significant growth in risk-weighted assets, the Group maintained comfortable capitalisation levels with the BIS ratio standing at 17.4% as at June 2021, of which 16.1% in terms of Tier 1.

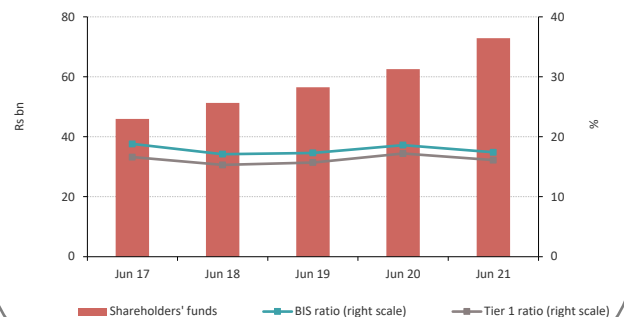
Liquidity position



Assets mix as at 30 June 2021
(Figures in brackets relate to 2020)



Shareholders' funds and capital adequacy



Note: Capital adequacy figures are based on Basel III

Group financial summary

Key financial indicators

	Jun-21	Jun-20	Jun-19	Jun-18	Jun-17
Statement of profit or loss (Rs m)					
Operating income	22,404	21,955	20,226	16,951	15,506
Operating profit before impairment	14,133	14,163	12,716	10,149	9,118
Operating profit	9,367	9,087	11,119	8,819	8,054
Profit before tax	9,739	9,488	11,523	9,126	8,392
Profit attributable to ordinary equity holders of the parent	8,019	7,912	9,434	7,221	6,702
Statement of financial position (Rs m)					
Total assets	683,133	532,114	471,418	386,370	345,210
Total loans (gross)	303,319	255,023	241,612	211,054	178,140
Investment securities	198,530	148,858	126,204	88,747	74,730
Total deposits	503,972	390,659	331,500	297,719	274,863
Subordinated liabilities	1,984	2,122	5,572	5,592	5,587
Other borrowed funds	77,136	52,444	56,886	14,373	5,968
Shareholders' funds	72,892	62,545	56,509	51,306	45,949
Performance ratios (%)					
Return on average total assets	1.3	1.6	2.2	2.0	2.0
Return on average equity	11.8	13.3	17.5	14.8	15.5
Loans to deposits ratio	60.2	65.3	72.9	70.9	64.8
Cost to income ratio	36.9	35.5	37.1	40.1	41.2
Capital adequacy ratios (%)					
BIS risk adjusted ratio	17.4	18.6	17.3	17.1	18.8
of which Tier 1	16.1	17.2	15.7	15.3	16.6
Asset quality					
Non-performing loans (Rs m)	12,575	11,723	10,559	9,734	10,882
Gross NPL ratio (%)	3.9	4.2	4.1	4.5	6.2

Note: Capital adequacy ratios are based on Basel III

Corporate governance report



Compliance with the National Code of Corporate Governance for Mauritius (2016)

During the year under review, to the best of the Board's knowledge, the Group has adhered to the requirements and provisions as specified in the National Code of Corporate Governance for Mauritius (2016) (the 'Code') and has explained how these have been applied.

Disclosures pertaining to the eight principles of the Code have been made in different sections of the Annual Report, as outlined below:

Principles of the Code	Relevant sections of the Annual Report
Principle 1: Governance Structure	<ul style="list-style-type: none"> • Our Corporate Profile¹ • Corporate Governance Report
Principle 2: The Structure of the Board and its Committees	<ul style="list-style-type: none"> • Corporate Governance Report
Principle 3: Director Appointment Procedures	<ul style="list-style-type: none"> • Corporate Governance Report
Principle 4: Director Duties, Remuneration and Performance	<ul style="list-style-type: none"> • Corporate Governance Report
Principle 5: Risk Governance and Internal Control	<ul style="list-style-type: none"> • Corporate Governance Report • Risk and Capital Management Report²
Principle 6: Reporting with Integrity	<ul style="list-style-type: none"> • Corporate Governance Report • Delivering on our strategic objectives³ • Group financial performance⁴ • Sustainability Report⁵
Principle 7: Audit	<ul style="list-style-type: none"> • Corporate Governance Report • Risk and Capital Management Report²
Principle 8: Relations with Shareholders and Other Key Stakeholders	<ul style="list-style-type: none"> • Corporate Governance Report • Delivering on our strategic objectives³ • Sustainability Report⁵

Notes:

¹ 'Our corporate profile' can be found on pages 21-32

² 'Risk and capital management report' can be found on pages 149-208

³ 'Delivering on our strategic objectives' includes information on our environmental and social performances and can be found on pages 33-91

⁴ 'Group financial performance' provides an assessment of the Group's results and can be found on pages 93-100

⁵ 'Sustainability Report' provides an overview of our Corporate Sustainability Programme and our engagement with various stakeholders and is available on our website

Our philosophy

The Board of MCB Group Ltd is committed to applying high standards of corporate governance as a solid foundation for supporting the Group's ability to create sustainable value for its stakeholders and the society at large. The Board provides ethical and effective leadership by setting the tone from the top in the way it conducts itself and oversees the business and affairs of the Company and its subsidiaries. It promotes a culture whereby the principles of integrity, accountability and transparency are embraced by employees within the organisation. During the year under review, the Board remained focused on addressing the challenges that emerged from the COVID-19 pandemic while adapting to the rapidly changing and demanding operating context. In this respect, the Board believes that good governance and increased stakeholder engagement are more important than ever to the successful delivery of the Group's purpose and strategy. The Group's sound governance standards and practices are anchored on key pillars as highlighted hereunder:



Strong commitment to ethics and values

- Dedicated Board Committee overseeing ethical conduct and sustainability matters across the Group
- Application of the Group's 'Code of Ethics', approved and monitored by the Board
- Whistleblowing Policy allowing employees to report matters of concern in strict confidentiality



Strict compliance to rules and regulations

- Adherence by Group entities to the provisions of legislations, rules and regulations in countries where they operate
- Compliance by relevant domestic entities with the National Code of Corporate Governance for Mauritius (2016)
- Compliance with international reporting requirements as applicable
- Adoption of the underlying Basel principles by banking subsidiaries



Robust risk governance and internal control

- Ring-fencing of activities, as gauged by the segregation of banking and non-banking operations
- Board responsible for oversight and monitoring of risk profile against risk appetite
- Strong and transparent governance framework, underpinned by the 'three lines of defence' model
- Provision of independent assurance by both internal and external auditors



Continuous multi-stakeholder engagement

- Ongoing dialogue with the investment community, regulatory bodies and authorities
- Contribution to economic development and resilience by providing adapted financial solutions and support to our customers
- Safeguard of cultural and environmental heritage
- Promotion of community well-being and fostering of staff development and welfare

Governance structure

Governance framework

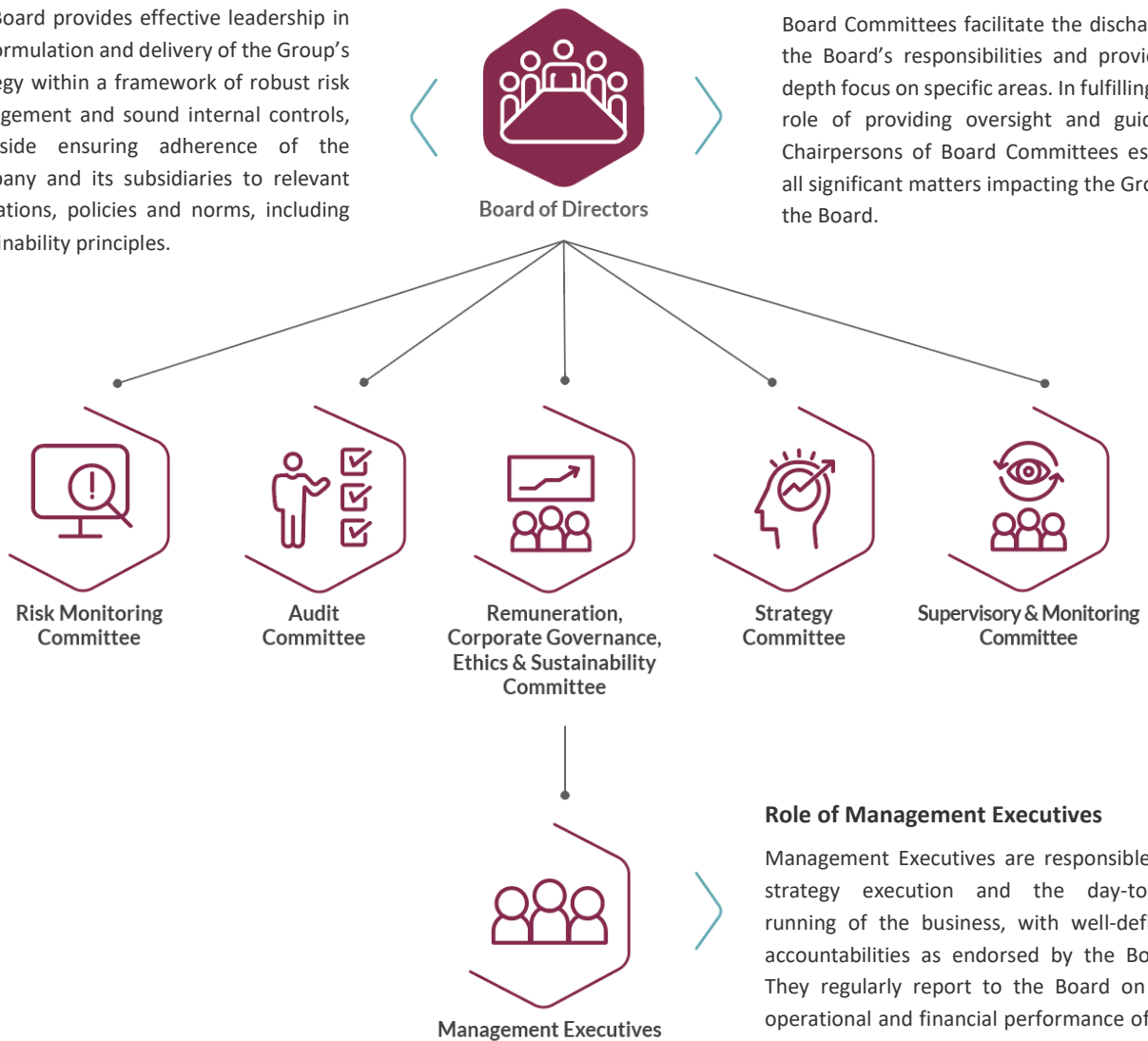
MCB Group Ltd is led by a committed and unitary Board, which has a collective responsibility for the leadership, oversight and long-term success of the organisation. The Group operates within a clearly defined governance framework, which enables delegation of authority and clear lines of responsibility, while allowing the Board to retain effective control. The Board is supported by five committees, each mandated to provide counsel, recommendations and specific expert guidance on matters affecting the Group’s activities. Acting on the direction set by the Board, Management Executives are entrusted with the operational management of the business, with their performance and effectiveness closely monitored against set objectives and policies. The fundamental relationships among the Board, Board Committees and Management Executives as well as their main roles are illustrated in the following diagram.

Role of the Board

The Board provides effective leadership in the formulation and delivery of the Group’s strategy within a framework of robust risk management and sound internal controls, alongside ensuring adherence of the Company and its subsidiaries to relevant legislations, policies and norms, including sustainability principles.

Role of Board Committees

Board Committees facilitate the discharge of the Board’s responsibilities and provide in-depth focus on specific areas. In fulfilling their role of providing oversight and guidance, Chairpersons of Board Committees escalate all significant matters impacting the Group to the Board.



Role of Management Executives

Management Executives are responsible for strategy execution and the day-to-day running of the business, with well-defined accountabilities as endorsed by the Board. They regularly report to the Board on the operational and financial performance of the Group.

More information on Board and Committee Charters is available on the website

The roles and responsibilities of the Chairperson, executive and non-executive directors as well as the Company Secretary are clearly defined in the Board Charter and Position Statements, which have been approved and are regularly reviewed by the Board. The role of the Chairperson is distinct and separate from that of the Chief Executive. There is a clear division of responsibilities with the Chairperson leading the Board and the Chief Executive managing the Group's business on a day-to-day basis. The Board ensures that the external obligations of the non-executive directors do not hinder the discharge of their duties and responsibilities. In this respect, it is worth noting that the external commitments of the Chairperson did not change during the financial year under review.

Key roles and responsibilities

Chairperson	Chief Executive	Directors
<ul style="list-style-type: none"> Provides overall leadership to the Board Ensures that the Board is effective in its duties of setting out and overseeing the implementation of the Group's strategy, alongside exercising oversight of the Group's ethics performance Ensures that committees are properly structured with appropriate terms of reference Presides and conducts meetings effectively Advises and provides support and supervision to the Chief Executive Ensures that directors receive accurate, timely and clear information Ensures that development needs of the directors are identified and that appropriate training is provided with a view to continuously updating their skills and knowledge Oversees the succession planning process at Board and Senior Executive level Maintains sound relations with stakeholders 	<ul style="list-style-type: none"> Manages the day-to-day operations Develops and executes the plans and strategy of the business, in line with the policies set by the Board Consults regularly the Chairperson and Board on matters which may have a material impact on the Group Acts as a liaison between Management and the Board Provides leadership and direction to Senior Management Builds, protects and enhances the Group's brand value Ensures that the corporate culture and values are embraced throughout the organisation Ensures the Group has implemented the necessary frameworks and structures to identify, assess and mitigate risks Ensures the maintenance of a sound internal control system 	<ul style="list-style-type: none"> Contribute to the development of Group strategy Analyse and monitor the performance of Management Executives against the set objectives Ensure that the Group has adequate and proper internal controls as well as a robust system of risk management Ensure that financial information released to markets and shareholders is accurate Actively participate in Board decision-making and constructively challenge, if necessary, proposals presented by Management Executives Provide specialist knowledge and experience to the Board Remain permanently bound by fiduciary duties which include duties of loyalty, care and disclosure
<h3>Company Secretary</h3> <ul style="list-style-type: none"> Ensures compliance with all relevant statutory and regulatory requirements Develops and circulates the agenda for Board meetings Ensures good information flows and provides practical support to directors Facilitates induction of directors and provides guidance to them in terms of their roles and responsibilities Assists the Chairperson in governance processes such as Board and Committee evaluation Ensures effective communication with shareholders and guarantees that shareholders' interests are duly taken care of 		



More information on the key roles is available on the website

Constitution of MCB Group Limited

The Constitution of MCB Group Ltd conforms to the provisions of the Companies Act 2001 of Mauritius and the Listing Rules of the Stock Exchange of Mauritius Ltd. There are no clauses of the Constitution deemed material enough for specific disclosure. A copy of the Constitution is available on the website.

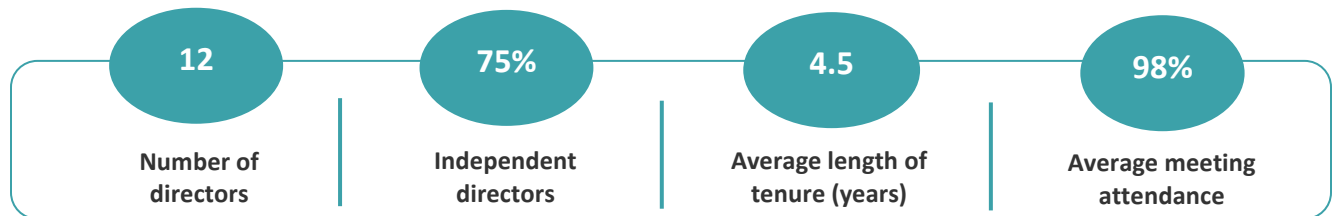
The Board



Mandate

The Board defines the Group's purpose, strategy and value and determines all matters relating to the directions, policies, practices, management and operations of the Company and all its subsidiaries locally and abroad. The Board thereafter ensures that the Group is being managed in accordance with its directions and delegations.

Key facts (FY 2020/21)



Responsibilities

The methods through which the Board exercises its powers and discharges its responsibilities are set out in the Board Charter of MCB Group Ltd, which provides, *inter alia*, for the following:

- the composition of the Board with an appropriate balance of executive, non-executive and independent directors;
- the Chairperson of the Board who may be an independent non-executive director;
- the setting-up of Board Committees;
- the adherence to the Group's 'Code of Ethics';
- the approval of strategic objectives, policies and corporate values as well as their communication throughout the organisation;
- the monitoring of Management Executives in respect of the implementation of Board plans and strategies, and compliance with set policies;
- the existence of clear lines of responsibility and accountability throughout the organisation and compliance with all relevant laws, regulations and codes of business practice;
- a formal and transparent directors' remuneration policy;
- the review of procedures and practices to ensure soundness and effectiveness of the Group's internal control systems;
- the establishment of a robust Enterprise Risk Management system, with a view to ensuring that key risks across each Group entity are effectively addressed and that risk discussions duly elevated to Board level;
- the setting of principal guidelines and policies in respect of risk and conduct of business for the Company; and
- the provision of timely and accurate information to shareholders, relevant authorities and the public.

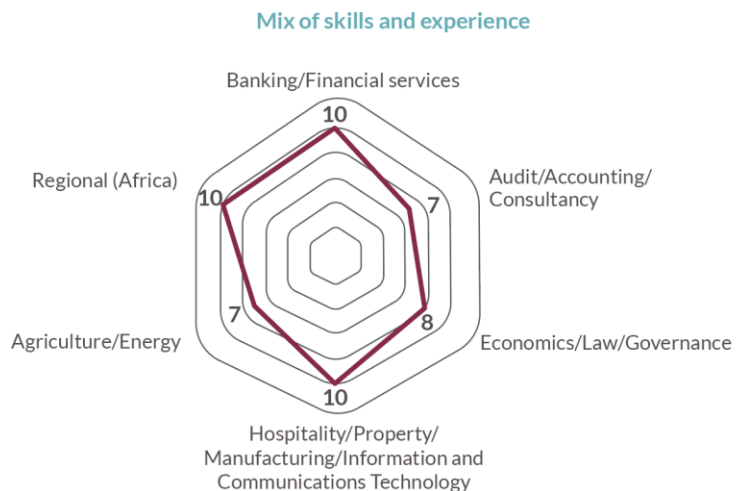
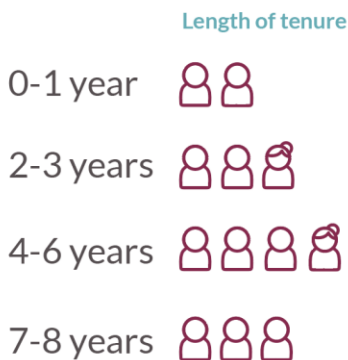
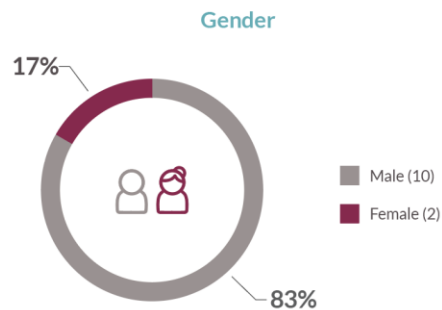
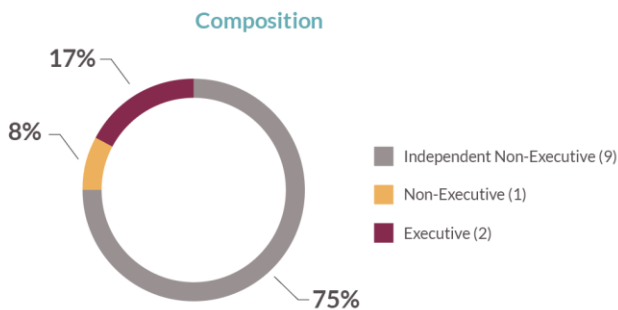
Approval of the Board is specifically required for, amongst other important matters, modifying the Company’s Constitution, issuing fresh capital or buying back its own shares, declaring dividends, acquiring or divesting sizeable stakes in subsidiaries or associates, making appointments of senior officers, and establishing the remuneration of executive and non-executive directors and chief executives.

Composition and meetings

Composition

As per the Board Charter, the Board shall consist of a minimum of five and a maximum of twelve directors, with at least two executive directors and two independent directors. The Chairperson of the Board may be independent. The Board, assisted by the Remuneration, Corporate Governance, Ethics and Sustainability Committee (RCGESC), regularly reviews its size and composition, including the independence status of the non-executive directors. Since the last Annual Meeting held in December 2020, Mr Stephen Davidson and Mr Jean-Philippe Coulier have been appointed as Directors in replacement of Mr Sunil Banymandhub and Mr Jean-Louis Mattei who retired. Moreover, Mr Pierre Guy Noël, Mr Alain Rey and Mr Jean-Jacques Dupont de Rivalz de St Antoine have been re-elected as Directors, in line with the Companies Act 2001 and the Group’s Constitution.

As at 30 June 2021, the Board consisted of 12 members, with a diverse mix of skills, knowledge and experience. The average age of Board members stood at around 62 years. The Board composition for the year under review is shown hereafter.



Meetings

The Board determines the frequency of Board meetings in such a way as to ensure that it can focus on and deal with important matters in a timely and efficient manner. In this respect, the Board Charter requires that meetings be conducted at least on a quarterly basis. Although the Board maintains a scheduled programme of meetings, the agenda for Board meetings remains sufficiently flexible to include specific items as and when required, in order to effectively respond to changing circumstances and emerging business priorities. In general, meetings are convened so that directors are able to attend and participate in person. In case personal attendance by any director is not possible, the latter can still join the meeting by means of audio and/or video conferences. In view of the COVID-19 pandemic, the Board recognised the need to be adaptable and flexible in the way meetings were organised. In the financial year under review, most of our meetings were held onsite whilst adhering to the COVID-19 social distancing measures, with directors residing abroad participating virtually. During the second national lockdown in Mauritius, only virtual meetings were conducted.

On another note, members of the Management team and/or external advisors are sometimes invited to attend meetings to discuss topical issues identified by the Board. Directors receive Board papers in a timely manner to facilitate discussions and help make informed decisions at the meetings. All materials for Board meetings are uploaded onto a secure portal, which can be accessed by directors on tablet devices. The Chairperson presides over the Board meetings to ensure their smooth functioning and promotes open discussions and debates with the objective of maximising participation and exchanges around the Board table and, as a result, upholding the quality of decision-making. The Company Secretary attends Board meetings and prepares minutes to record deliberations and decisions taken during meetings. The agenda-setting process is described in the diagram hereafter.



Board attendance

The directors who served on the Board and their attendance at Board meetings during FY 2020/21 are provided in the following table:

Members	Board member since	Board status	Meeting attendance
Didier HAREL <i>(Chairperson as from September 2016)</i>	November 2015	Independent Non-Executive Director	10/10
Sunil BANYMANDHUB <i>(until December 2020)</i>	April 2014	Independent Non-Executive Director	5/6
Karuna BHOOJEDHUR-OBEEGADOO	November 2015	Independent Non-Executive Director	9/10
Constantine CHIKOSI	November 2019	Independent Non-Executive Director	10/10
Jean-Philippe COULIER	December 2020	Independent Non-Executive Director	4/4
Stephen DAVIDSON	December 2020	Independent Non-Executive Director	4/4
Jean-Jacques DUPONT DE RIVALZ DE ST ANTOINE	November 2014	Independent Non-Executive Director	10/10
Georges Michael David LISING	November 2018	Independent Non-Executive Director	10/10
Jean-Louis MATTEI <i>(until December 2020)</i>	April 2014	Independent Non-Executive Director	6/6
Alain REY	November 2015	Independent Non-Executive Director	10/10
San T SINGARAVELLOO	November 2018	Independent Non-Executive Director	10/10
Jean Michel NG TSEUNG	November 2016	Non-Executive Director	10/10
Gilbert GNANY	April 2014	Executive Director	10/10
Pierre Guy NOEL	April 2014	Executive Director	10/10

Secretary to the Board: MCB Group Corporate Services Ltd (represented by Marivonne OXENHAM)

Board focus areas

A summary of the main undertakings of the Board during the financial year is provided below:

STRATEGY AND PERFORMANCE



- Discussed and regular assessed in-depth the impact of COVID-19 on the Mauritian economy and on business activities of the Group
- Assessed the impact of the ratings downgrade by Moody's on both Mauritius and MCB Ltd
- Assessed the impact of FATF grey list and EU blacklist
- Reviewed and endorsed the strategic orientations and budget plans of all the banking and non-banking subsidiaries of the Group
- Examined the progress made on the growth pillars of MCB Group and MCB Ltd
- Apprised of initiatives under the Corporate Sustainability Programme
- Monitored the progress of the Digital and HR Transformation projects as well as the revamping of the Corporate and Institutional Banking (CIB) function

FINANCIAL



- Assessed and monitored the Group's financial performance against budget
- Discussed and approved the dividend payout proposal
- Discussed and approved the disposal of the Group's 80% stake in International Card Processing Services (ICPS) Ltd
- Approved the implementation of a Multi-Currency Note (MCN) Programme up to a maximum aggregate nominal amount of Rs 10 billion
- Approved the issue and listing of up to Rs 2 billion Unsecured Floating Rate Notes by way of private placement under the MCN Programme
- Approved the financial budget

GOVERNANCE AND RISK



- Reviewed and approved the structure, size and composition of the Board and Board Committees
- Reviewed and approved the succession plan at Senior Executive level
- Approved, upon the recommendation of the Remuneration, Corporate Governance, Ethics and Sustainability Committee, the appointment of Mr Stephen Davidson and Mr Jean-Philippe Coulier as Board members
- Approved the Terms of Reference of the MCB Group Sustainability Committee (sub-committee of the Remuneration, Corporate Governance, Ethics and Sustainability Committee)
- Reviewed the Board and Committee Charters and other constitutive documents
- Monitored the implementation of the action plan following the last Board evaluation exercise
- Updated on progress of the implementation of the Enterprise Risk Management framework of the Group
- Reviewed the provisioning policy and the methodology adopted in the determination of Expected Credit Losses
- Reviewed the cybersecurity framework and initiatives
- Updated on the progress of the Group's adherence to the Data Protection Act and General Data Protection Regulation
- Provided with a thorough assessment of the Energy and Commodity business exposures






RECURRENT AGENDA ITEMS



- Approved the minutes of proceedings
- Reviewed reports from Chairpersons of Board Committees
- Reviewed and approved the Group's consolidated accounts on a quarterly basis
- Approved Communiqués/Announcements as required by the relevant rules and regulations
- Debriefed on the Annual Meeting of Shareholders
- Updated on trends and developments in the operating environment

Directors' profiles

The Board comprises 12 directors who have a proven track record in various fields. The names of the directors who held office at the end of the financial year, together with details of their responsibilities, qualifications, experience and directorships in other listed companies in Mauritius (where applicable) are set out hereafter. Unless otherwise stated in their respective profile, directors reside in Mauritius.

	Risk Monitoring Committee
	Audit Committee
	Remuneration, Corporate Governance, Ethics & Sustainability Committee
	Strategy Committee
	Supervisory & Monitoring Committee

Didier HAREL – Age 69

POSITION

Chairperson, Independent Non-Executive Director

CHAIRPERSON



MEMBER



RESPONSIBILITIES

Non-Executive Director since November 2015 and Chairperson as from September 2016. Didier is the Chairperson of the Remuneration, Corporate Governance, Ethics & Sustainability Committee, Strategy Committee and Supervisory & Monitoring Committee and is a member of the Risk Monitoring Committee.

QUALIFICATIONS

BSc in Chemical Engineering and Chemical Technology (UK) and MBA (INSEAD – France)

SKILLS AND EXPERIENCE

Didier has a track record of over forty years in the downstream sector of the oil industry, having worked for the EXXON and TOTAL Groups. He started his career with Esso in Mauritius in 1974 and was appointed as Managing Director of Esso Réunion in 1982. He was then transferred to the Esso Europe-Africa Services Headquarters in London to head the Supply & International Sales Division from 1985 to 1988. He joined the TOTAL Group in 1988 where he was entrusted several international assignments, initially as Managing Director of TOTAL in Zambia and Zimbabwe and subsequently as Managing Director and Chief Executive Officer of major TOTAL Refining & Marketing subsidiaries in South Africa and in the United Kingdom. He also shouldered an array of senior executive positions in the marketing and logistics arena at TOTAL's Africa and Middle East Head Office in Paris and within TOTAL France, the home-based marketing and distribution company of the group. He was seconded in 2012 by TOTAL S.A as Chairperson and CEO of Société Anonyme de Gestion des Stocks Stratégiques, the national oil compulsory stock obligation entity for France.

DIRECTORSHIP IN OTHER LISTED COMPANIES

Terra Mauricia Ltd

Pierre Guy NOEL – Age 65

POSITION

Chief Executive and Executive Director

MEMBER



RESPONSIBILITIES

Executive Director since April 2014. Pierre Guy is a member of the Risk Monitoring Committee, Remuneration, Corporate Governance, Ethics & Sustainability Committee, Strategy Committee and Supervisory & Monitoring Committee. He is also a member of the MCB Group Corporate Sustainability Committee (a sub-committee of the Remuneration, Corporate Governance, Ethics and Sustainability Committee).

QUALIFICATIONS

BSc (Honours) in Economics and Chartered Accountant (UK)

SKILLS AND EXPERIENCE

From 1981 to 1991, Pierre Guy worked at De Chazal Du Mée & Co. where he became a partner in financial consultancy. He joined MCB in 1992 as Planning and Development Consultant before being appointed General Manager of the Bank in 1996. Following the organisation's restructuring, he became the Chief Executive of MCB Group Ltd in April 2014. He is a Board member of several companies within the Group namely Banque Française Commerciale Océan Indien, MCB Madagascar, MCB Seychelles, MCB Maldives, MCB Capital Markets Ltd, MCB Equity Fund Ltd, MCB Consulting Services Ltd, MCB Factors Ltd, Credit Guarantee Insurance Co. Ltd, MCB Microfinance Ltd and MCB Institute of Finance amongst others, acting either as Chairperson or Director.

He was appointed to the Board of MCB Ltd in 2005 and was a director thereof until March 2014 when he joined the Board of MCB Group Ltd following the Group's restructuring exercise. Having reached the retirement age of 65 in August last, he has been asked by the Board to stay as Chief Executive on an ad-hoc, short-term basis, in order to ensure a smooth transition.

DIRECTORSHIP IN OTHER LISTED COMPANIES

Compagnie Des Villages De Vacances De L'Isle De France Limitée (COVIFRA)

Jean Michel NG TSEUNG – Age 53

POSITION

Chief Executive Designate as from 1 September 2021

Non-Executive Director until 31 August 2021

MEMBER



RESPONSIBILITIES

Non-Executive Director since November 2016. Jean Michel is a member and the Secretary of the Risk Monitoring Committee and Supervisory & Monitoring Committee. He is also a member of the MCB Group Corporate Sustainability Committee (a sub-committee of the Remuneration, Corporate Governance, Ethics and Sustainability Committee).

QUALIFICATIONS

BSc (Honours) in Mathematics and Chartered Accountant (UK)

SKILLS AND EXPERIENCE

Jean Michel joined MCB Ltd in January 2004 and was Head of Corporate of the Bank until July 2015, when he was appointed Chief Executive Officer of MCB Investment Holding Ltd. He trained as a Chartered Accountant with Arthur Andersen in London before becoming Partner and Head of the Audit and Business Advisory Department of De Chazal Du Mée and subsequently of Ernst & Young in Mauritius. He is currently a Board member of several companies within the Group namely MCB Investment Holding Ltd, MCB Ltd, MCB Seychelles, MCB Maldives, MCB Madagascar, Banque Française Commerciale Océan Indien and MCB Leasing. Moreover, he sits on the Risk Monitoring Committee of MCB Ltd.

Gilbert GNANY – Age 59

POSITION

Chief Strategy Officer and Executive Director

MEMBER



RESPONSIBILITIES

Executive Director since April 2014. Gilbert is a member of the Risk Monitoring Committee and Strategy Committee on which he also acts as Secretary.

QUALIFICATIONS

‘Licence ès Sciences Economiques (Economie Mathématique)’, ‘Maîtrise en Econométrie’ and ‘DESS en Méthodes Scientifiques de Gestion et Calcul Economique Approfondi’ (France)

SKILLS AND EXPERIENCE

Gilbert previously worked as Senior Advisor on the World Bank Group’s Executive Board where he was responsible for issues relating mainly to the International Finance Corporation and the private and financial sectors. Prior to joining the World Bank, he was the MCB Group Chief Economist and Group Head of Strategy, Research & Development after having been the Economic Advisor to the Minister of Finance in Mauritius. During his career, he has been involved in various high-profile boards/committees. Amongst others, he chaired the Stock Exchange of Mauritius Ltd, the Statistics Advisory Council and the Statistics Board of Mauritius as well as having been a member of the Board of Governors of the Mauritius Offshore Business Activities Authority, a director of the Board of Investment and of the Mauritius Sugar Authority. He was also a member of the IMF Advisory Group for sub-Saharan Africa and a member of the Senate of the University of Mauritius. He is currently a Board member of several companies within the Group. On the institutional side, he is an external IMF expert in statistics, in particular, on data dissemination standards and strategy. Moreover, he is a member of the Financial Services Consultative Council. He also acts as Chairperson of the Economic Commission of Business Mauritius.

DIRECTORSHIP IN OTHER LISTED COMPANIES

Promotion and Development Ltd; Caudan Development Ltd; COVIFRA; Medine Ltd

Karuna BHOJEDHUR-OBEEGADOO – Age 60

POSITION

Independent Non-Executive Director

MEMBER



RESPONSIBILITIES

Non-Executive Director since November 2015. Karuna is a member of the Remuneration, Corporate Governance, Ethics & Sustainability Committee and Audit Committee.

QUALIFICATIONS

BSc (Honours) in Actuarial Science and Fellow of the Institute and Faculty of Actuaries (UK)

SKILLS AND EXPERIENCE

Karuna started her career at the M&G Reinsurance Company in London (now Swiss Re) in 1985. She joined the State Insurance Company of Mauritius Ltd (SICOM) as Actuary and Manager of the Life, Pensions and Actuarial departments in 1990 when she was also appointed Actuarial Advisor to the National Pensions Fund and member of its Investment Committee.

She has been the Chief Executive of the SICOM Group from 1996 to 2017 and is currently a director of various companies within the group. In the past, she has served as Director on the board of several companies, including State Bank of Mauritius Ltd, National Mutual Fund Ltd, First Republic Fund Ltd, Cyber Properties Investment Ltd, Mauritius Housing Company Ltd, National Housing Development Company Ltd, China Index Fund Ltd and China Actis Ltd. She was also a Founding Member of the National Committee on Corporate Governance and of the Board of Investment. She is currently a Director of MCB Equity Fund Ltd, a subsidiary of MCB Group Ltd.

Constantine CHIKOSI – Age 66

POSITION

Independent Non-Executive Director

MEMBER



RESPONSIBILITIES

Non-Executive Director since November 2019. Constantine is a member of the Strategy Committee.

QUALIFICATIONS

LLB, MSc in Economics and Chartered Management Accountant (UK)

SKILLS AND EXPERIENCE

In a career spanning over 19 years with the World Bank Group, Constantine has held various operational, strategy and management roles, delivering development solutions for the bank's client countries through analytical work and high level policy dialogue with governments while advising the Board on internal corporate strategy and forward-looking initiatives. He oversaw a threefold growth of the World Bank's investment portfolio in South East Asia and a forty percent improvement in its performance as Chairperson of committees that shaped the bank's operational strategy and investment portfolios in Cambodia, Laos, Malaysia, Myanmar and Thailand.

Constantine led the opening of the World Bank Office in Mauritius where he assisted the Government in developing policy responses to the 2008 global financial crisis and streamlining the country's business regulation to reduce the cost of regulatory compliance. Prior to joining the World Bank, Constantine worked for a global mining company as Business Development Executive and as Company Secretary for a conglomerate listed on the Johannesburg Stock Exchange.

Non-Resident

JEAN-PHILIPPE COULIER – Age 72

POSITION

Independent Non-Executive Director

CHAIRPERSON



RESPONSIBILITIES

Non-Executive Director since December 2020. Jean-Philippe is Chairperson of the Risk Monitoring Committee.

QUALIFICATIONS

'Diplôme d'Études Supérieures en Droit' and 'Diplôme de l'Institut d'Études Politiques de Paris' (France)

SKILLS AND EXPERIENCE

During his career, Jean-Philippe has accumulated extensive experience in the banking sector, having worked for the Société Générale Group for some 40 years. Over this period, he has assumed a range of high-level responsibilities within the group, acting as Director, Chief Operating Officer and Chief Executive Officer in its various offices based worldwide. Before his retirement from Société Générale in early 2013, he was the Vice Chairperson and Managing Director of the National Société Générale Bank in Cairo, Egypt. He was a Board member of MCB Ltd from 2012 to 2018 and was appointed Chairperson thereof as from 2014. He is currently a Board member in several companies within the Group namely MCB Factors Ltd and MCB Microfinance Ltd, amongst others.

DIRECTORSHIPS IN OTHER LISTED COMPANIES

Promotion and Development Ltd (*Chairperson*); Caudan Development Ltd (*Chairperson*); Constance Hotel Services Ltd; Hotelest Ltd; Fincorp Investment Ltd

Stephen DAVIDSON – Age 66

POSITION

Independent Non-Executive Director

MEMBER



RESPONSIBILITIES

Non-Executive Director since December 2020. Stephen is a member of the Audit Committee and Remuneration, Corporate Governance, Ethics & Sustainability Committee.

QUALIFICATIONS

MA in Mathematics and Statistics (Scotland)

SKILLS AND EXPERIENCE

Stephen pursued an executive career in investment banking and in the technology, media and telecommunications (TMT) sector in the UK and in the USA. He held investment banking roles in Rothschild, Chemical Bank (now JP Morgan) and WestLB Panmure, a British corporate and institutional investment bank. He was the Chief Financial Officer before being appointed as Chief Executive Officer of Telewest plc, a cable & broadband internet, telephone carrier & cable television provider, listed on the London Stock Exchange (LSE). He has had an extensive and rich non-executive career over the last 20 years, sitting on 14 Boards, of which 11 were listed companies, including 2 FTSE 100 listed companies and he held multiple chairmanships of nomination and remuneration, audit and corporate governance committees thereon. He is currently the Chairperson of Datatec Ltd (listed on the Johannesburg Stock Exchange), Actual Experience plc (quoted on the Alternative Investment Market (AIM) of the LSE) and PRS for Music Ltd, a British music copyright collective, undertaking collective rights management for musical works. He is also a non-executive director of Informa plc (quoted on the LSE), a British multinational publishing, business, intelligence and exhibition group.

Non-Resident

JEAN-JACQUES DUPONT DE RIVALZ DE ST ANTOINE – Age 70

POSITION

Independent Non-Executive Director

MEMBER



RESPONSIBILITIES

Non-Executive Director since November 2014. Jean-Jacques is a member of the Strategy Committee and the Remuneration, Corporate Governance, Ethics & Sustainability Committee. He is also the Chairperson of the MCB Group Corporate Sustainability Committee (a sub-committee of the Remuneration, Corporate Governance, Ethics and Sustainability Committee).

QUALIFICATIONS

'Diplôme de l'Institut d'Etudes Politiques de Paris – Section Economique et Financière' (France) and MBA (USA)

SKILLS AND EXPERIENCE

Jean-Jacques started his career in 1977 as Financial Advisor at Deep River Beau Champ prior to joining the World Bank Group in 1980 under the Young Professionals Program. He integrated the International Finance Corporation where he worked on financing of agro-industrial projects in several countries in West Africa. Since 1987, he acted as Principal Operations Officer within the World Bank successively for the Latin America, Europe and Central Asia and Africa regions. Moreover, he was appointed Cluster Leader of the World Bank's HNP Division for West Africa in 2008 before acting as Sector Manager for the African region in 2011-2012. He was also a member of the Health, Nutrition and Population worldwide Sector Board.

Non-Resident

Georges Michael David LISING – Age 49

POSITION

Independent Non-Executive Director

MEMBER



RESPONSIBILITIES

Non-Executive Director since November 2018. Michael is a member of the Strategy Committee

QUALIFICATIONS

BSc (Honours) in Accounting and Financial Analysis and Chartered Accountant (UK)

SKILLS AND EXPERIENCE

Michael has a long experience in the retail industry. He currently heads the Lising Group and occupies the position of Managing Director. Prior to joining the Lising Group, Michael has worked for Ernst & Young (UK) and De Chazal Du Mée & Co. (Mauritius) where he was responsible for various consultancy projects and conducted assignments for the World Bank in Rwanda, Tanzania, Madagascar and Burkina Faso.

He previously sat on the Council of the University of Mauritius and was a member of the Executive Committee of Young Presidents Organisation. He is also a Director of MCB Factors Ltd.

Alain REY – Age 62

POSITION

Independent Non-Executive Director

MEMBER



RESPONSIBILITIES

Non-Executive Director since November 2015. Alain is a member of the Risk Monitoring Committee.

QUALIFICATIONS

BSc (Honours) in Economics and Chartered Accountant (UK)

SKILLS AND EXPERIENCE

Alain has acquired wide financial experience, having been Manager at Citibank NA (Paris) and Regional Corporate Manager at Barclays Plc in Mauritius. He also has a long experience in the textile industry and was namely Financial Director at Corotex, General Manager at Shape Fabrics Ltd and has served as Senior Vice President and Chief Financial Officer at Novel Denim Holdings Ltd, a NASDAQ listed company. He has also been the Chief Executive Officer at Compagnie de Mont Choisy Ltée, a company involved in agricultural and property development activities. He was previously a director of AfrAsia Bank Ltd, State Bank of Mauritius Ltd and SBM Holdings Ltd.

DIRECTORSHIP IN OTHER LISTED COMPANIES

Terra Mauricia Ltd; New Mauritius Hotels Ltd

San T SINGARAVELLOO – Age 48

POSITION

Independent Non-Executive Director

CHAIRPERSON



RESPONSIBILITIES

Non-Executive Director since November 2018. San is Chairperson of the Audit Committee.

QUALIFICATIONS

BSc in Economics and Statistics (South Africa), BSc (Honours) Operation Research (South Africa), LLM International Business Law (France) and Fellow of the Institute of Faculty of Actuaries (UK)

SKILLS AND EXPERIENCE

San is a qualified actuary with over 22 years of experience across the sub-Saharan Africa region, the UK and the Netherlands. Her experience spans an array of disciplines in the insurance fields with particular interest in developing markets. She has worked for various regional and international companies including Old Mutual (Cape Town), Hymans Robertson Actuaries and Consultant (Glasgow), PwC (London and Amsterdam). She currently heads the Aon Global Benefits Africa Unit. She is the Chairperson of Anglo African Investments Ltd and is a director on Happy World Property Ltd.

Remuneration philosophy

With human capital viewed as critical to the development of its strategy, the Group lays significant emphasis on employing the right people with the right skills and behaviour while rewarding them adequately. A summary of the remuneration philosophy of employees and directors is provided hereafter.

Employees

Fair remuneration

The Group aims at promoting a fair and competitive remuneration that encourages performance and assists in attracting and retaining talent, amongst others.

Our remuneration policy is based on meritocracy and ensures that:

- Comprehensive protection is provided, at the lower end of the income ladder, against cost of living increases
- Fairness and equity are promoted throughout the organisation
- Opportunity is given to employees to benefit from the financial results and development of the Group:
 - Staff members of the Group receive an annual bonus based on the Group's performance as well as an assessment of their contribution thereto and for demonstrating behaviours in line with the Group's values
 - Staff members have the added possibility to benefit from a share option scheme

Remuneration package

Generally, the remuneration package is anchored on a range of factors including qualifications, skills scarcity, past performance, individual potential, market practices, responsibilities shouldered and experience.

With a view to defining appropriate remuneration levels, the Group is also guided by the following considerations:

- Market conditions are regularly surveyed in order to ensure that remuneration packages are motivating and competitive
- Superior team performance is highly encouraged and rewarded with strong incentives
- Remuneration practices are regularly reviewed to reflect the current context while putting due emphasis on both individual and team performances

Employee benefits

The Group provides a range of fringe and other benefits to its employees to promote their well-being and to help them grow in their personal life. Examples of such benefits at the level of MCB Ltd are as follows:

- The Bank currently makes a pension contribution, representing 18.1% of employees' basic salaries, with the possibility for employees under the Defined Contribution Scheme to opt, depending on their age group, to receive part thereof, up to a threshold, by way of a cash supplement;
- The Bank provides employees with loans under preferential conditions;
- The Bank grants employees a monthly travelling allowance, with the amount varying according to their job grades;
- The Bank also provides a contributory medical coverage for all employees and their dependents; and
- The Bank offers its staff the flexibility of saving part of their monthly emoluments for their holidays. Employees can save the equivalent of 6% of their Basic Salary on an annual basis to cater for their holidays expenses, be it abroad or in a resort in Mauritius. This amount is made available at the beginning of each financial year and arrangements can be made to pay directly to our preferred travel agent, or to obtain refund upon presentation of a receipt. Employees benefit from a tax rebate on this scheme, as prescribed by the Income Tax Act.

The Group Employee Share Option Scheme (GESOS) in place provides eligible employees with the opportunity to partake in the growth and prosperity of the Group through the acquisition of shares in the Company. This acts as an additional lever to promote a performance culture alongside upholding motivation and commitment across the organisation. Under the scheme, employees are granted non-transferable options to buy MCB Group Ltd shares with up to a maximum of 25% of their annual performance bonus. The options, which can be exercised over a period of one year through four specific windows, carry a retention period of three years. The option price is based on the average of the share price over the quarter prior to the date on which the options are granted, to which a discount of 10% is applied. Management is, however, not entitled to such discount. Once issued, the shares rank *pari passu* as to dividend, capital, voting rights and in all other respects with the existing shares of MCB Group Ltd. The following table gives details of the options granted to and exercised by employees of the Group in the last financial year.

	Management	Other Employees	Total
Number of options granted in October 2020	184,200	702,000	886,200
Initial option price (Rs)	211.25	190.25	
Number of options exercised to date	80,345	159,949	240,294
Value (Rs)*	16,972,881	30,430,297	47,403,179
Percentage exercised (%)	43.6%	22.8%	27.1%
Number of employees	12	521	533
Available for the 4th window and expiring in mid-October 2021	103,855	542,051	645,906

*Based on initial option price

Directors

Executive directors

In line with the policy for employees, remuneration for executive directors consists of a base salary and short-term benefits, which reflect their responsibilities and experience, as well as a variable element in the form of an annual bonus, determined by the performance of both the Group and the individual. While seeking to motivate and retain top-level talents, the remuneration arrangement is aligned with the long-term interests of shareholders.

Non-executive directors

The Group's remuneration philosophy concerning non-executive directors, who do not hold an executive position within the Group, is summarised as follows:

- There is a basic retainer fee for each individual non-executive director reflecting the workload, size and complexity (national/international) of the business as well as the responsibility involved;
- The basic retainer fee paid to the non-executive Chairperson commensurately reflects the fact that he has a wider scope of responsibilities and a heavier workload, compared to other non-executive directors;

- Committee basic retainer fees also apply to non-executive directors, with the fees differing in accordance with the time required for preparation, the frequency and the duration of meetings. Chairpersons of committees are paid a higher basic retainer fee than members, in line with the rationale outlined in the previous point;
- There is an attendance fee for non-executive directors in respect to their presence at meetings of the Board and their respective committees as well as the Annual Meeting of Shareholders, and
- No share option or bonus is granted to non-executive directors, except those who hold an executive position within the Group.

The following table highlights the remuneration and benefits received by the directors during the financial year.

Remuneration and benefits received (Rs '000)	From the holding company	From subsidiaries	Total
Didier HAREL	3,110	-	3,110
Sunil BANYMANDHUB (<i>until December 2020</i>)	322	208	530
Karuna BHOOJEDHUR-OBEEGADOO	725	120	845
Constantine CHIKOSI	632	-	632
Jean-Philippe COULIER (<i>as from December 2020</i>)	416	444	860
Stephen DAVIDSON (<i>as from December 2020</i>)	416	-	416
Jean-Jacques DUPONT DE RIVALZ DE ST ANTOINE	871	-	871
Georges Michael David LISING	632	122	754
Jean-Louis MATTEI (<i>until December 2020</i>)	575	-	575
Jean Michel NG TSEUNG	11,020	14,655	25,675
Alain REY	803	109	912
San T SINGARAVELLOO	829	-	829
Total Non-Executive	20,351	15,658	36,009
Pierre Guy NOEL	36,864	-	36,864
Gilbert GNANY	20,688	-	20,688
Total Executive	57,552	-	57,552
Total (Non-Executive and Executive)	77,903	15,658	93,561

Directors' interests and dealings in securities

With regard to directors' dealings in the Group's securities, the directors confirm that they have followed the absolute prohibition principles and notification requirements of the model code for securities transactions by directors as detailed in Appendix 6 of the Stock Exchange of Mauritius Listing Rules.

The Company Secretary maintains a Register of Interests of directors, which is available for consultation to shareholders upon written request to the Company Secretary. Upon their appointment, all new directors are required to notify in writing to the Company Secretary their holdings as well as the holdings of their closely related parties in the Group's securities. The following tables itemise the interests of the directors in the Group's listed securities as at 30 June 2021 as well as related transactions effected by the directors during the financial year. None of the directors had any interest in the securities of the subsidiaries of MCB Group Ltd other than in the equity of Fincorp Investment Ltd.

Interests in MCB Group Ltd Ordinary shares as at 30 June 2021	Number of Ordinary shares	
	Direct	Indirect
Jean-Philippe COULIER	20,500	19,500
Jean-Jacques DUPONT DE RIVALZ DE ST ANTOINE	88	-
Gilbert GNANY	277,480	85,000
Georges Michael David LISING	11,722	45,245
Jean Michel NG TSEUNG	36,683	-
Pierre Guy NOEL	1,327,602	1,040
Alain REY	4,840	-
San T SINGARAVELLOO	-	5,000

Transactions during the year	Number of shares					
	Purchased		Sold		Other movements	
	Direct	Indirect	Direct	Indirect	Direct	Indirect
Gilbert GNANY	10,378	-	-	-	-	-
Pierre Guy NOEL	20,745	-	-	-	28,302	(28,302)

Interests in MCB Group Ltd Preference shares as at 30 June 2021	Number of Preference shares	
	Direct	Indirect
Gilbert GNANY	-	20,000

Interests in MCB Group Ltd Floating Rate Senior Unsecured Notes as at 30 June 2021	Number of shares	
	Direct	Indirect
Jean-Philippe COULIER	-	4,000

Interests in MCB Group Ltd Unsecured Floating Rate Notes as at 30 June 2021	Number of shares	
	Direct	Indirect
Georges Michael David LISING	-	3,000

Interests in Fincorp Investment Ltd as at 30 June 2021	Number of shares	
	Direct	Indirect
Jean-Jacques DUPONT DE RIVALZ DE ST ANTOINE	550	-
Gilbert GNANY	69,000	-
Pierre Guy NOEL	782,416	-

Directors' service contracts

There was no service contracts between the Company and its directors during the financial year.

Related party transactions

The Board is ultimately responsible for establishing and implementing appropriate policies on conflicts of interests and related party transactions and for administering the process for handling such transactions within the Group. Assisted by the Remuneration, Corporate Governance, Ethics and Sustainability Committee, the Board exercises this responsibility, through:

- monitoring and reporting by Senior Management within the Company and its subsidiaries in respect of related party transactions;
- regular review of related party exposures, including those pertaining to Senior Management at the level of the Company and its subsidiaries; and
- formal review and ratification of the Conflicts of Interest and Related Party Transactions Policy as applicable.

Related party transactions of the Group were conducted in line with relevant internal policies and guidelines. For related party transactions, please refer to Note 39 of the Financial Statements.



More information on the 'Conflicts of Interest and Related Party Transactions Policy' is available on the website

Board Committees

The Board has delegated authority to various Board Committees to provide specialist guidance and make recommendations, through established reporting mechanisms, on areas and matters entrusted to them. Each committee has its own charter, as approved by the Board and reviewed as required, which sets out, *inter alia*, its roles, responsibilities, composition and meeting requirements. The mandate, composition and focus areas covered during the financial year of the five Committees namely Risk Monitoring Committee, Audit Committee, Remuneration, Corporate Governance, Ethics and Sustainability Committee, Strategy Committee and the Supervisory and Monitoring Committee, are set out hereafter.

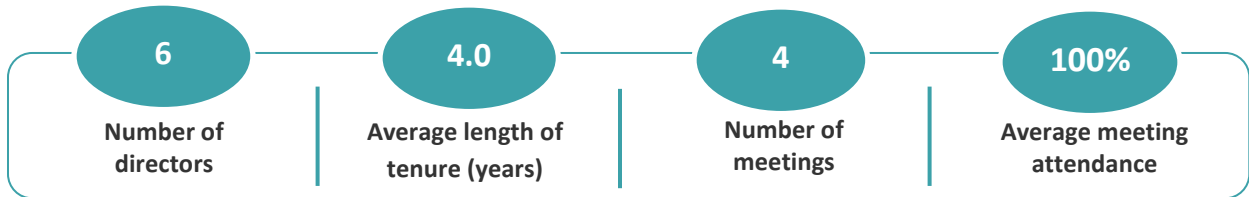
Risk Monitoring Committee (RMC)



Mandate

The RMC assists the Board in elaborating risk mitigation strategies and in assessing and monitoring the risk management process of MCB Group Ltd and all its subsidiaries. It also advises the Board on risk issues and monitors the risk of the different portfolios against the set risk appetite of the subsidiaries.

Key facts (FY 2020/21)



Composition and meetings

As per its Charter, the RMC shall consist of at least three members, including the Chief Executive, with a majority of non-executive directors. The Chairperson of the Committee shall be a non-executive director and shall not be the Chairperson of the Board. The RMC meets at least quarterly and on an ad hoc basis when required. The directors who served on the RMC and their attendance at committee meetings during FY 2020/21 are provided in the following table:

Members	Committee member since	Board status	Meeting attendance
Jean-Philippe COULIER (<i>Chairperson as from January 2021</i>)	January 2021	Independent Non-Executive Director	2/2
Jean-Louis MATTEI (<i>former Chairperson</i>) (<i>until December 2020</i>)	July 2014	Independent Non-Executive Director	2/2
Didier HAREL	February 2016	Independent Non-Executive Director	4/4
Georges Michael David LISING (<i>until January 2021</i>)	January 2019	Independent Non-Executive Director	2/2
Alain REY	January 2021	Independent Non-Executive Director	2/2
Jean Michel NG TSEUNG (<i>also acts as Secretary</i>)	January 2019	Non-Executive Director	4/4
Gilbert GNANY	July 2014	Executive Director	4/4
Pierre Guy NOEL	July 2014	Executive Director	4/4

Focus areas in FY 2020/21

Key topics discussed

- Impact of COVID-19 on asset quality, provisioning, expected credit losses and risk appetite of the Group
- COVID-19: Forward looking analysis on deferments and moratoriums granted to clients
- The Group's risk appetite
- Risk management framework of the Group and its subsidiaries
- Risk policies of the Group and its subsidiaries
- Reports from the Group's banking entities and non-banking subsidiaries covering the principal risks (notably credit, market, liquidity) and actions taken to mitigate them
- Adequacy of capital, funding and liquidity requirements of the Group and of the banking subsidiaries
- Risk portfolios of the banking subsidiaries against set limits
- Key risks of specific non-banking subsidiaries
- Implementation of the Enterprise Risk Management framework within the Group
- Asset quality metrics of the Group
- Review of economic and operating environment locally and in presence countries



More information on the Risk Monitoring Committee Charter is available on the website

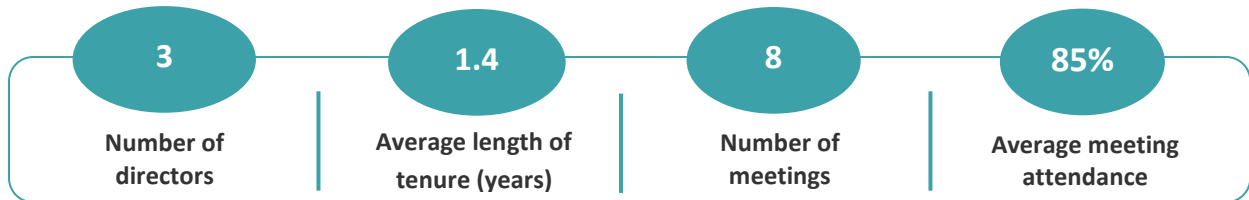
Audit Committee (AC)



Mandate

The AC assists the Board in overseeing MCB Group Ltd and its subsidiaries on matters relating to the safeguarding of assets, the monitoring of internal control processes and the preparation of accurate financial reporting and statements in compliance with all applicable legal requirements and accounting standards.

Key facts (FY 2020/21)



Composition and meetings

As per its Charter, the AC shall consist of a minimum of three non-executive members, with a majority of independent directors from whom the Chairperson shall be nominated. The Chairperson of the Board and the Chief Executive shall not be a member of the AC. The Committee meets at least four times a year corresponding to the Company's quarterly reporting cycle and on an ad hoc basis when required. Moreover, the Committee also holds consultations with the Chairpersons of Audit Committees of subsidiaries as deemed appropriate. The directors who served on the AC and their attendance at committee meetings during FY 2020/21 are provided in the following table:

Members	Committee member since	Board status	Meeting attendance
San T SINGARAVELLOO (Chairperson as from January 2021)	December 2018	Independent Non-Executive Director	8/8
Alain REY (former Chairperson) (until January 2021)	February 2016	Independent Non-Executive Director	4/4
Sunil BANYMANDHUB (until December 2020)	July 2014	Independent Non-Executive Director	2/4
Karuna BHOJEDHUR-OBEGADOO	January 2021	Independent Non-Executive Director	4/4
Stephen DAVIDSON	January 2021	Independent Non-Executive Director	3/4

Secretary: MCB Group Corporate Services Ltd (represented by Marivonne OXENHAM)

Focus areas in FY 2020/21

Key topics discussed

- Interim and audited consolidated financial statements published by the Group with recommendations made to the Board
- Reports from internal and external auditors and actions taken accordingly
- Internal and external audit reports of all subsidiaries
- Compliance plans and reports of all subsidiaries
- Permanent supervision review
- Operational and information risk review
- Adequacy of allowance for credit impairment
- Audit plans of internal and external auditors



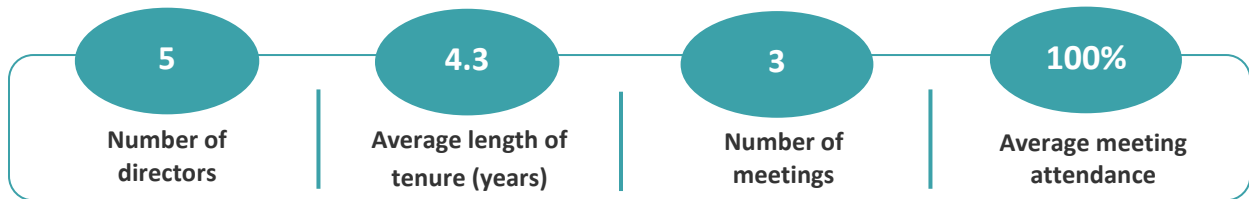
Remuneration, Corporate Governance, Ethics and Sustainability Committee (RCGESC)



Mandate

The RCGESC assists the Board with respect to all remuneration aspects, corporate governance matters and nomination of directors and senior executives of MCB Group Ltd and all its subsidiaries. Moreover, it oversees succession planning by regularly reviewing the related plan for Group senior executives and continuously updating a pipeline of directors' profiles for discussion at Board level. The RCGESC through its sub-committee, MCB Group Corporate Sustainability Committee, monitors the implementation of the Group's Corporate Sustainability Programme.

Key facts (FY 2020/21)



Composition and meetings

As per its Charter, the RCGESC shall consist of at least three members, the majority of whom shall be independent non-executive directors. The Chairperson shall be an independent non-executive director and shall normally be the Chairperson of the Board. The Chief Executive may be a member of the Committee. The Committee meets at least twice a year and on an ad hoc basis when required. The directors who served on the RCGESC and their attendance at committee meetings during FY 2020/21 are provided in the following table:

Members	Committee member since	Board status	Meeting attendance
Didier HAREL (Chairperson)	September 2016	Independent Non-Executive Director	3/3
Karuna BHOOJEDHUR-OBEEGADOO	February 2016	Independent Non-Executive Director	3/3
Stephen DAVIDSON	January 2021	Independent Non-Executive Director	1/1
Jean-Jacques DUPONT DE RIVALZ DE ST ANTOINE	November 2018	Independent Non-Executive Director	3/3
Pierre Guy NOEL	July 2014	Executive Director	3/3

Secretary: MCB Group Corporate Services Ltd (represented by Marivonne OXENHAM)

Focus areas in FY 2020/21

Key topics discussed

- Re-election and appointment of directors as Board members
- Board and Board Committees composition
- Appointment of senior executives and Board members at subsidiaries' level
- Succession plan for leadership roles within the organisation
- Group's general remuneration policy
- Review of the 'Corporate Governance Report' forming part of the Annual Report
- Follow up on the Board evaluation action plan
- Review of Board/Committee Charters and policies for approval by the Board
- Approval of the Terms of Reference of its sub-committee – MCB Group Corporate Sustainability Committee – for recommendation to the Board



More information on the Remuneration, Corporate Governance, Ethics and Sustainability Committee Charter is available on the website

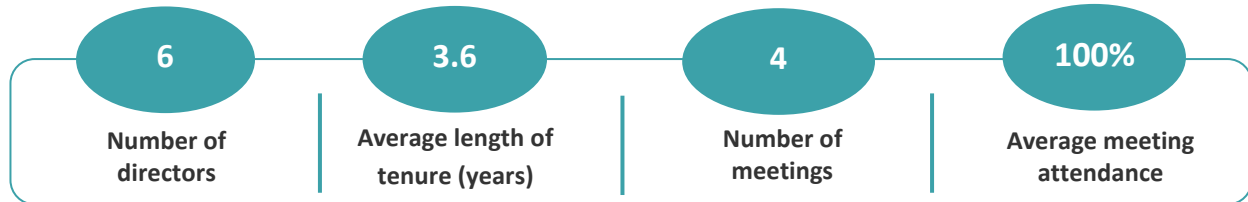
Strategy Committee (SC)



Mandate

The SC assists the Board in overseeing the business strategy of MCB Group Ltd and its subsidiaries and measures the latter's performance against set objectives whilst ensuring that capital allocation is appropriate. In addition, it helps the Board in assessing major financial and investment plans and other material issues that affect the development of the Group.

Key facts (FY 2020/21)



Composition and meetings

As per its Charter, the SC shall consist of at least five members with a majority of non-executive directors. The Chief Executive shall also be a member of the Committee. The Chairperson of the Committee shall be a non-executive director and shall normally be the Chairperson of the Board. The Committee meets at least four times in a year and on an ad hoc basis when required. The Chairperson of MCB Ltd and Chief Executives of entities of the Group may be invited to attend SC's meetings as and when required. The directors who served on the SC and their attendance at committee meetings during FY 2020/21 are provided in the following table:

Members	Committee member since	Board status	Meeting attendance
Didier HAREL (Chairperson)	November 2016	Independent Non-Executive Director	4/4
Constantine CHIKOSI	January 2020	Independent Non-Executive Director	4/4
Jean-Jacques DUPONT DE RIVALZ DE ST ANTOINE	November 2016	Independent Non-Executive Director	4/4
Georges Michael David LISING	January 2021	Independent Non-Executive Director	2/2
Jean-Louis MATTEI (until December 2020)	November 2016	Independent Non-Executive Director	2/2
Gilbert GNANY (also acts as Secretary)	November 2016	Executive Director	4/4
Pierre Guy NOEL	November 2016	Executive Director	4/4

Key topics discussed

- Progress of key strategic initiatives across the Group
- Assessment of the ramifications of the second lockdown in Mauritius and the ongoing impact of the COVID-19 pandemic on the Bank's customer portfolio
- Impact of Moody's ratings downgrade on both Mauritius and MCB Ltd
- Bank of Mauritius and Government support measures to individuals and corporates
- Capital strengthening of the Group
- Dividend strategy and related implications
- Sale of International Card Processing Services Ltd



More information on the Strategy Committee Charter is available on the website

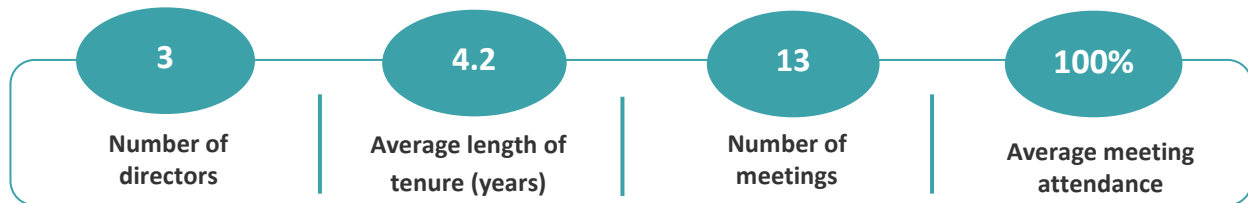
Supervisory and Monitoring Committee (SMC)



Mandate

The SMC assists the Board in overseeing the overall management of MCB Group Ltd and its subsidiaries as well as in providing direction and guidance on major policy matters. It also monitors and measures the Group's performance against set objectives, in line with the strategic orientations.

Key facts (FY 2020/21)



Composition and meetings

As per its Charter, the SMC shall consist of a minimum of three members, including the Chairperson and the Chief Executive. Chief Executives of the subsidiaries of MCB Group Ltd may be invited to attend SMC's meetings as required. The SMC shall meet regularly and on an ad hoc basis when required. The directors who served on the SMC and their attendance at committee meetings during FY 2020/21 are provided in the following table:

Members	Committee member since	Board status	Meeting attendance
Didier HAREL (Chairperson)	July 2017	Independent Non-Executive Director	13/13
Jean Michel NG TSEUNG (also acts as Secretary)	July 2017	Non-Executive Director	13/13
Pierre Guy NOEL	July 2017	Executive Director	13/13

Focus areas in FY 2020/21

Key topics discussed

- Impact of COVID-19 on the strategy, financial performance and operations of the Group
- Implementation of approved strategies and major policies
- Progress made on major transformation projects
- Sale of International Card Processing Services Ltd
- Capital structure of the Bank and the Group
- Multi-Currency Note Programme at Group level and capital injection in the Bank
- Syndicated funding initiative of the Bank
- Implications of Moody's ratings downgrade on both Mauritius and MCB Ltd
- Dividend pay-out proposal of the Group for approval by the Board
- Recruitment of potential candidates in senior executive positions within the Group as well as resignations and movements of key senior personnel
- Major litigations and market movements that can have a material/significant impact on the Group
- Insurance coverage review for the Bank and the Group
- Legal, operational and compliance matters impacting MCB Group
- Follow-up on the recommendations of the various Board Committees
- Benchmarking of the Bank's and Group's performance with other local and international banks



More information on the Supervisory and Monitoring Committee Charter is available on the website


Board effectiveness

Nomination process

The Board has a formal and transparent process in place for the nomination and appointment of directors. In fulfilling this duty, the Board is supported by the Remuneration, Corporate Governance, Ethics and Sustainability Committee (RCGESC), which is responsible for overseeing board directorship’s renewal and succession planning. The RCGESC reviews the size, structure and composition of the Board on an annual basis or whenever appointments are considered. In so doing, it seeks to promote diversity of perspectives to enable a smooth execution of the Group’s strategy in a constantly changing market environment. The RCGESC is responsible for identifying candidates, carrying out interviews and recommending potential directors to the Board for its approval. The selection criteria used to assess prospective candidates relate, amongst others, to their specific skills, expertise, knowledge and experience. The RCGESC also considers gender diversity, time commitment and independence of the candidates in their assessment. The nomination and appointment process of directors for the Board is highlighted in the diagram below.



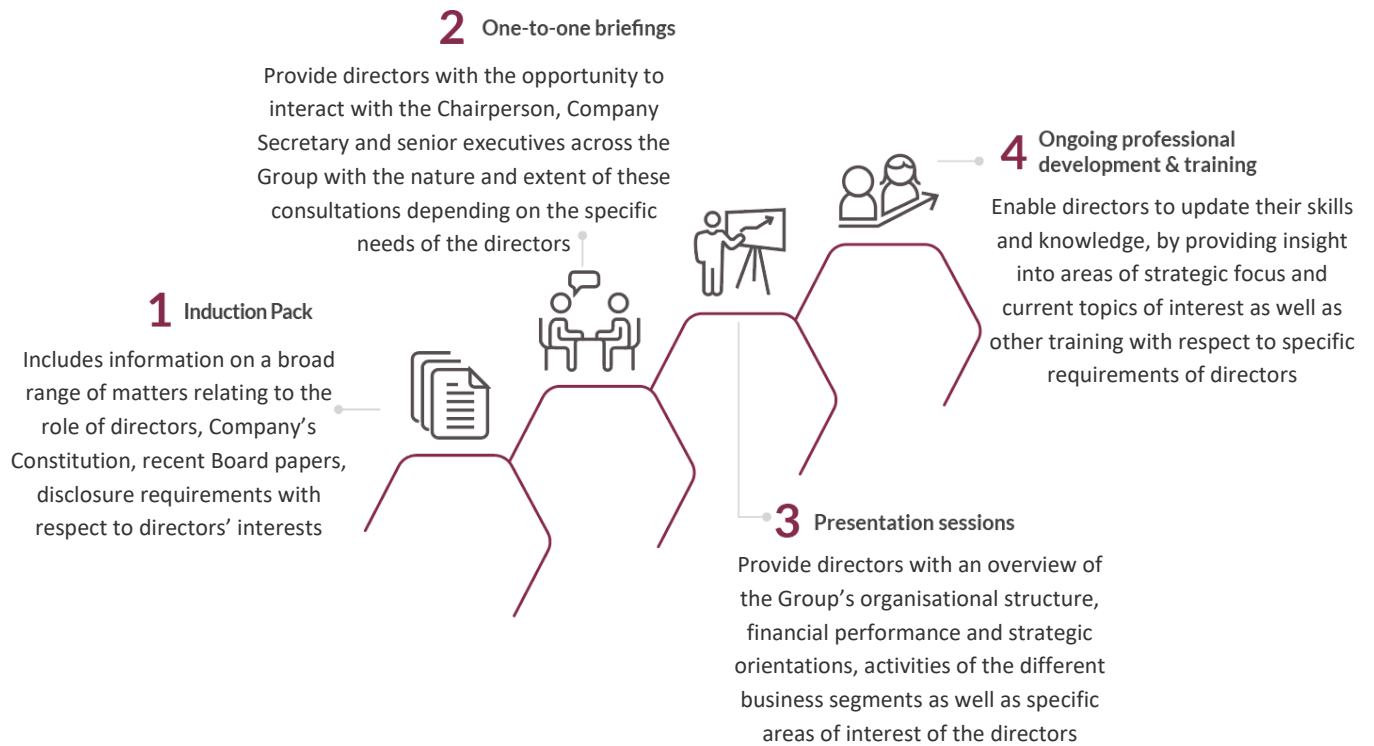
Whilst seeking to retain a core set of directors with long-standing knowledge, the Board recognises the importance of rotation of Board members to ensure that there is a good balance between continuity and fresh perspectives on the Board. It is worth highlighting that at each Annual Meeting, one third of Board members, notably those who have been longest in office, are required to retire, while being eligible to stand for re-election.

 *More information on the nomination and appointment process is available on the website*

Board induction and training

All new directors receive a comprehensive induction programme tailored to their individual requirements upon joining the Board. The training seeks, *inter alia*, to make them aware of their legal duties and facilitate their understanding of the Group’s strategy, governance structures and business operations as well as the operating environment. The programme’s objective is to enable directors to be well equipped from the outset to effectively contribute to strategic discussions and oversight of the Group. In view of the current context, the programme was adapted into a virtual format which has also enabled them to engage with other directors.

As part of its commitment for continuous improvement, the Board has established an ongoing training and development programme for directors, which is reviewed on a regular basis to ensure its pertinence. A training log is maintained for each director by the Company Secretary. Continuous development of directors is deemed essential to maintaining a highly engaged, well-informed and effective Board. During the last financial year, directors attended an e-learning course on Anti-Money Laundering and Combating the Financing of Terrorism (AML/CFT). The course provided them with the latest developments on the subject matter as well as an overview of the current AML/CTF regulatory and legislative framework in Mauritius. Besides, directors attended an online workshop titled ‘Improving both board performance and director engagement’, in collaboration with the Mauritius Institute of Directors, which enabled them to acquire practical insights on ways to further enhance overall board performance. They also attended a virtual interactive deep dive session on ‘Energy & Commodities’ exposures, delivered by the Head of the related business segment. It provided them with a greater understanding and appreciation of that segment, thus fostering better quality of debate. An outline of the induction and training programme is set out in the diagram hereafter.



Note: Briefing and reading materials are made available on the Board Portal for consultation.



Stephen DAVIDSON

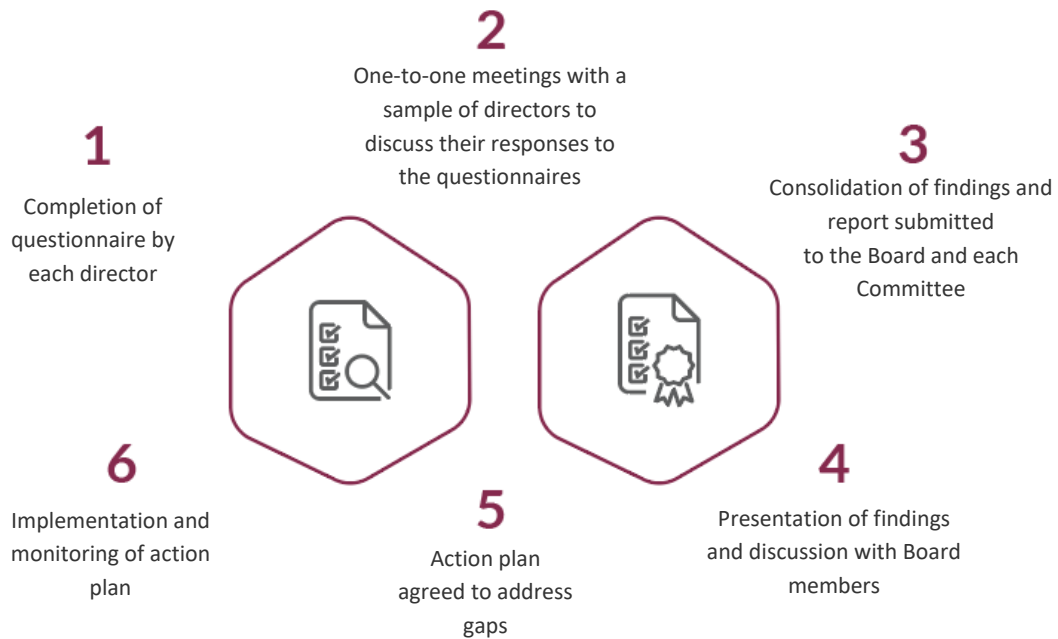
Independent Non-Executive Director

I have been impressed by my induction programme at MCB. The content was comprehensive and the time and effort committed by Management admirable. I have found board colleagues and Management alike welcoming, engaging and highly professional. Also patient as I ingest a new lexicon of acronyms! Since all meetings to date have been virtual, it is a real testament to colleagues that I am well up the learning curve and feel very much part of the MCB team.



Board/Director’s performance

The Board recognises the need to undertake a regular review of its performance and effectiveness, as well as that of its committees and individual members. The evaluation is undertaken with the support of an independent external facilitator under the oversight of the Remuneration, Corporate Governance, Ethics and Sustainability Committee (RCGESC). In this respect, an evaluation exercise was conducted by Ernst and Young Ltd in August 2019, whereby the views of directors were sought notably on a range of governance topics and related documents. The reviews concluded that the Board and its committees are operating effectively and that directors continue to fulfil their roles as required. The report also identified a few areas for improvement and an action plan was subsequently agreed. The implementation of the action plan has been monitored by the Chairperson, with the support of the RCGESC, to ensure that issues identified are given due consideration within a reasonable timeframe. With significant additional time and efforts having been deployed at Board and Board Committee levels to monitor the evolution of the COVID-19 crisis, its impact on the Group’s operations, and the implementation of mitigation measures, the Board has taken the decision to perform the next evaluation exercise in 2022. An outline of the evaluation process methodology used in FY 2019/20 is provided in the diagram hereafter.



Risk governance

Risk management and internal control

The Board has the ultimate responsibility to maintain an effective risk management and internal control system, which it regularly reviews to cater for the principal and emerging risks that may affect the achievement of the Group's strategic objectives. During the year under review, the Board continued to monitor closely the evolution of the operating environment in view of the significant challenges induced by the pandemic. Supported by the Risk Monitoring Committee, the Board ensures that the necessary structures, processes and methods for identification, evaluation and monitoring of the principal risks faced by the Group are integrated into the latter's overall risk governance framework. In this respect, during the year, the Group has made further progress on the consolidation of its Enterprise Risk Management framework across relevant subsidiaries. The Board has received assurance, through the regular reporting by the Chairpersons of relevant Committees, on the adequacy of the risk management processes and systems in place over the period under review.

The Board, assisted by the Audit Committee, ensures that the internal control framework in place results in an acceptable level of risk exposure while guaranteeing compliance with established internal policies and procedures and relevant laws and regulations. The Internal Audit, Compliance and Risk (for non-financial risk matters) functions regularly report to the Audit Committee. In addition to feedback from Audit Committees of subsidiaries, the Audit Committee receives reports from the Company's external auditor and engages with the latter in the absence of Management Executives to ensure that there are no unresolved material issues of concern. Based on the work performed by internal and external auditors, reviews by Management Executives and regular reporting from the Chairperson of the Audit Committee, the Board satisfies itself that the internal control systems are adequate and effective.



More information is available in the 'Risk and Capital Management Report' on pages 149 to 208

Information Governance

The Group places significant emphasis on the confidentiality, integrity and availability of information. It ensures that a robust framework is maintained to protect its information asset and uphold the security and performance of information and Information Technology (IT) systems. The Board is responsible for setting up and regularly reviewing relevant policies and for ensuring that they are appropriately implemented through adequate structures and processes. In this respect, access to information is only available to authorised parties. Physical and logical access controls are in place at all times with staff being regularly made aware of relevant requirements. The Group continues to invest in technology to enhance its operational resilience with significant investments monitored by the Board. During the year, the Group undertook several initiatives to uphold the robustness of its information security framework, including awareness sessions for staff on cybersecurity risks and the reinforcement of the Bank's system capabilities while leveraging external expertise and subject matter specialists. Internal Audit provides independent assurance on the suitability of the Group entities' information and IT policies while the Audit Committee evaluates the effectiveness of related internal control systems.



More information is available in the 'Information, Information Technology and Information Security Governance Policy' on the website

External auditors

With a view to ensuring the overall adequacy of the Group's internal control framework, the Audit Committee evaluates the independence, effectiveness and eligibility of the external auditor on an ongoing basis before making a recommendation to the Board on their appointment and retention. As part of the annual evaluation exercise carried out by the Audit Committee, a tender for external audit services was initiated in May 2019 for the replacement of PricewaterhouseCoopers, which was first appointed in 2015. Following the selection process, which involved the issue of a Request for Proposal (RFP) in consultation with the Audit Committee, Deloitte was recommended to the Board as external auditor for FY 2020/21. Several factors such as Deloitte's general credentials, availability of resources and ability to complete the audit in a timely manner were considered, amongst others. The proposal to appoint Deloitte for FY 2020/21 was approved by the shareholders at the Annual Meeting of MCB Group Ltd, held in December 2020.

Non-audit services

MCB Group Ltd, via the Audit Committee, has a process in place to ensure that there is no threat to the objectivity and independence of external auditors in the conduct of the audit resulting from the provision of non-audit services. As such, non-audit services by external auditors, which are limited to ad hoc advice and other assurance related services, are pre-approved by the Audit Committee.

Auditors' fees and fees for other services

	2021		2020	
	The Group	The Company	The Group	The Company
	Rs '000	Rs '000	Rs '000	Rs '000
Audit, Quarterly Review and Internal Control				
Review fees paid to:				
Deloitte Mauritius	18,234	1,000	-	-
PricewaterhouseCoopers	-	-	23,341	1,103
BDO & Co	6,976	-	5,665	-
Other firms	1,687	-	2,788	-
Fees for other services provided by:				
Deloitte Mauritius	3,450	-	-	-
PricewaterhouseCoopers	-	-	1,442	-
BDO & Co	-	-	-	-
Other firms	147	-	515	-

Note that the fees for other services relate to comfort on dividend distribution, loan loss provisions and AML/CFT review.

Directors of MCB Group Ltd subsidiaries

The Board composition of the subsidiaries is given hereafter, with the corresponding Chairpersons as well as Chief Executives or Managing Directors (where applicable) sitting on the respective Boards being mentioned. Changes in the Board composition during the financial year 2020/21 and to date are also highlighted.

Subsidiary	Cluster	Directors
MCB Investment Holding Ltd	Banking	Jean-François DESVAUX DE MARIGNY (Chairperson as from September 2020) Pierre Guy NOEL (Chairperson) (until September 2020) Jean Michel NG TSEUNG (Chief Executive) Margaret WONG PING LUN (as from September 2020)
The Mauritius Commercial Bank Ltd	Banking	Jean-François DESVAUX DE MARIGNY (Chairperson) Jonathan CRICHTON (until September 2020) Raoul GUFFLET (until December 2020) Uday Kumar GUJADHUR Philippe LEDESMA Alain LAW MIN (Chief Executive Officer) Jean Michel NG TSEUNG Su Lin ONG Simon WALKER
MCB Madagascar SA	Banking	Jean-François DESVAUX DE MARIGNY (Chairperson) Gilbert GNANY Raoul GUFFLET (until December 2020) Patrick LE GUEN (Deputy Managing Director) (as from April 2021) Jean Michel NG TSEUNG Pierre Guy NOEL Rony RADAYLALL (Managing Director) Patrick RAZAFINDRAFITO
MCB (Maldives) Private Ltd	Banking	Pierre Guy NOEL (Chairperson) Jean-François DESVAUX DE MARIGNY Gilbert GNANY Raoul GUFFLET (until December 2020) Désiré LEO (Managing Director) Laila MANIK Jean Michel NG TSEUNG Marcello Chee Yan LEUNG HING WAH (as from August 2021)
MCB Seychelles Ltd	Banking	Pierre Guy NOEL (Chairperson) Regis BISTOQUET (Deputy Managing Director) Jean-François DESVAUX DE MARIGNY Gilbert GNANY Raoul GUFFLET (until December 2020) Bernard JACKSON (Managing Director) Jean Michel NG TSEUNG

Subsidiary	Cluster	Directors
MCB Capital Markets Ltd <i>(a subsidiary of MCBCM)</i>	Non-banking Financial	Pierre Guy NOEL (Chairperson) Couldip BASANTA LALA Bertrand DE CHAZAL Gilbert GNANY Rony LAM YAN FOON <i>(Chief Executive Officer)</i> Jeremy PAULSON-ELLIS Catherine SWANEPOEL <i>(as from September 2020)</i> Gilles TRANCART
MCB Investment Services Ltd <i>(a subsidiary of MCBCM)</i>	Non-Banking Financial	Gilbert GNANY (Chairperson) Rony LAM YAN FOON Akesb UMANEE
MCB Registry & Securities Ltd <i>(a subsidiary of MCBCM)</i>	Non-Banking Financial	Gilbert GNANY (Chairperson) Rony LAM YAN FOON Marivonne OXENHAM Vimal ORI
MCB Stockbrokers Ltd <i>(a subsidiary of MCBCM)</i>	Non-Banking Financial	Gilbert GNANY (Chairperson) Rony LAM YAN FOON Jeremy PAULSON-ELLIS Shivraj RANGASAMI <i>(Managing Director)</i>
MCB Capital Partners Ltd <i>(a subsidiary of MCBCM)</i>	Non-Banking Financial	Gilbert GNANY (Chairperson) Couldip BASANTA LALA Rony LAM YAN FOON Catherine SWANEPOEL <i>(as from October 2020)</i> Bernard YEN <i>(until October 2020)</i>
MCB Investment Management Co. Ltd <i>(a subsidiary of MCBCM)</i>	Non-Banking Financial	Gilbert GNANY (Chairperson) Couldip BASANTA LALA Ameenah IBRAHIM <i>(Managing Director)</i> Rony LAM YAN FOON Michaël NAAMEH Jeremy PAULSON-ELLIS Catherine SWANEPOEL <i>(as from October 2020)</i> Gilles TRANCART
MCB Structured Solutions Ltd <i>(a subsidiary of MCBCM)</i>	Non-Banking Financial	Gilbert GNANY (Chairperson) Divya BASANTA LALA <i>(until August 2021)</i> Robert IP MIN WAN <i>(as from February 2021)</i> Rony LAM YAN FOON Vimal ORI
CM Diversified Credit Ltd <i>(a subsidiary of MCBCM)</i>	Non-Banking Financial	Gilbert GNANY (Chairperson) Divya BASANTA LALA <i>(until August 2021)</i> Robert IP MIN WAN <i>(as from February 2021)</i> Rony LAM YAN FOON Vimal ORI
CM Structured Finance Ltd <i>(a subsidiary of MCBCM)</i>	Non-Banking Financial	Gilbert GNANY (Chairperson) Divya BASANTA LALA <i>(until August 2021)</i> Rony LAM YAN FOON Anish GOORAH Vimal ORI

Subsidiary	Cluster	Directors
CM Structured Products Ltd <i>(a subsidiary of MCBCM)</i>	Non-Banking Financial	Gilbert GNANY (Chairperson) Divya BASANTA LALA <i>(until August 2021)</i> Robert IP MIN WAN <i>(as from February 2021)</i> Rony LAM YAN FOON Vimal ORI
MCB Leveraged Solutions Ltd <i>(a subsidiary of MCBCM)</i>	Non-Banking Financial	Gilbert GNANY (Chairperson) Rony LAM YAN FOON Shivraj RANGASAMI
MCB Financial Advisers <i>(a subsidiary of MCBCM)</i>	Non-Banking Financial	Gilbert GNANY (Chairperson) Rony LAM YAN FOON
MCB Equity Fund Ltd	Non-Banking Financial	Bertrand DE CHAZAL (Chairperson) Karuna BHOOJEDHUR-OBEEGADOO Pierre Guy NOEL
MCB Leasing Ltd <i>(a subsidiary of Fincorp Investment Ltd)</i>	Non-Banking Financial	Simon Pierre REY (Chairperson)(as from October 2020) Bernard D'HOTMAN DE VILLIERS <i>(Chairperson)(until October 2020)</i> Mulk Raj GUNGAH <i>(Managing Director)</i> Martine Stephanie IP MIN WAN Marie Rosiane Johanne JOSEPH <i>(as from October 2020)</i> Alain LAW MIN <i>(until October 2020)</i> François MONTOCCHIO <i>(until October 2020)</i> Jean Michel NG TSEUNG <i>(as from October 2020)</i> Anju UMROWSING-RAMTOHUL
MCB Factors Ltd	Non-Banking Financial	Margaret WONG PING LUN (Chairperson) Jean-Philippe COULIER Koomaren CUNNOOSAMY Jean-Mée ERNEST <i>(Managing Director)</i> Michael LISING Pierre Guy NOEL
MCB Microfinance Ltd	Non-Banking Financial	Pierre Guy NOEL (Chairperson) Paul CORSON Jean-Philippe COULIER Gilbert GNANY Aurélié LECLEZIO <i>(Chief Executive Officer)</i> Alain REY
MCB Real Assets Ltd (MCBRA)	Non-Banking Financial	Margaret WONG PING LUN (Chairperson) Pierre Guy NOEL Gilbert GNANY
Compagnie des Villages de Vacances de L'Isle de France Ltée <i>(a subsidiary of MCBRA as from October 2017)</i>	Other Investments	Margaret WONG PING LUN (Chairperson) Gilbert GNANY Robert IP MIN WAN Pierre Guy NOEL Jean Marc ULCOQ
Fincorp Investment Ltd	Other Investments	Jean-Pierre Montocchio (Chairperson) Sunil BANYMANDHUB Jean-Philippe COULIER Marivonne OXENHAM Margaret WONG PING LUN

Subsidiary	Cluster	Directors
MCB Properties Ltd	Other Investments	Pierre Guy NOEL (Chairperson) Gilbert GNANY
MCB Consulting Services Ltd	Other Investments	Pierre Guy NOEL (Chairperson) Jean-Michel FELIX (<i>Chief Executive Officer</i>) Gilbert GNANY Angelo LETIMIER (<i>until June 2021</i>)
MCB Institute of Finance Ltd	Other Investments	Pierre Guy NOEL (Chairperson) Marc DESMARAIS Jean-Michel FELIX Gilbert GNANY Dhiren PONNUSAMY (<i>as from August 2020</i>) Thierry SAUZIER (<i>until August 2020</i>)
MCB Group Corporate Services Ltd	Other Investments	Pierre Guy NOEL (Chairperson) Gilbert GNANY Marivonne OXENHAM (<i>Managing Director</i>)
Mascareignes Properties Ltd (<i>Incorporated in Seychelles</i>)	Other Investments	Pierre Guy NOEL (Chairperson) Regis BISTOQUET Jean-François DESVAUX DE MARIGNY Gilbert GNANY Raoul GUFFLET (<i>until December 2020</i>) Bernard JACKSON Jean Michel NG TSEUNG
MCB International Services Ltd (<i>Incorporated in Seychelles</i>)	Other Investments	Jean-François DESVAUX DE MARIGNY (Chairperson) Regis BISTOQUET Gilbert GNANY Bernard JACKSON Jean Michel NG TSEUNG
MCB Forward Foundation	Other Investments	Didier HAREL (Chairperson) Jean-François DESVAUX DE MARIGNY Gilbert GNANY Alain LAW MIN Madeleine DE MARASSE ENOUF Pierre Guy NOEL
Blue Penny Museum	Other Investments	Philippe A. FORGET (Chairperson) (until August 2021) Jean-François DESVAUX DE MARIGNY Vanessa DOGER DE SPEVILLE (<i>as from June 2021</i>) Raoul GUFFLET (<i>until January 2021</i>) Damien MAMET Pierre Guy NOEL

Directors of subsidiaries' remuneration

The remuneration and benefits paid to directors of subsidiaries, who did not sit on the Board of MCB Group Ltd during the financial year, are shown below.

Remuneration and benefits received (Rs '000)	2021	2020
Executive (Full-time)	179,173	204,674
Non-executive	14,028	11,952
Total	193,201	216,626

Shareholder relations and communication

The Board is committed to promoting an open and transparent communication with shareholders so as to build strong and trustworthy relationships with them. The Group maintains an ongoing dialogue with shareholders and provides them with clear, accurate and relevant information to help them make informed decisions, while also giving them the opportunity to share their views through different forums. Shareholders are kept abreast of all material business developments that influence the Group in a transparent and timely manner through various communication channels. In addition to official press announcements and occasional press conferences, the Group website provides for an adapted and comprehensive self-service interface. The 'Investor Centre' section, regarded as the primary source of information for investors, enables shareholders to have access to a range of corporate documents and publications, e.g. quarterly financial and Group Management statements as well as earnings call, analyst meeting and roadshow presentations, amongst others. In order to receive updates on major corporate events and announcements instantly, shareholders are able to register for email alerts directly on the website. There is also an 'Investor Enquiry' section on the website, which enables shareholders to post their queries online. Complementing information on the 'Investor Centre', the corporate website also provides for a 'Sustainability' section where shareholders are kept informed of initiatives undertaken by the Group with respect to its Corporate Sustainability Programme. In line with the latter, it is worth noting that an electronic communication campaign was organised in July 2021 to encourage shareholders and noteholders of the Group to receive corporate communications such as notices of meetings, credit advices, and annual reports from MCB Group by email.

Considering its diverse range of shareholders and investors with different communication and engagement needs, there are dedicated teams within the Group to attend to their requirements.

Individual shareholders

The Group's Company Secretary oversees communication with retail shareholders, in collaboration with the Group's Registrar and Transfer Agent, MCB Registry and Securities Ltd. The latter caters for the information needs of retail shareholders that range from sending relevant correspondences to responding to their queries in a timely manner, in strict compliance with applicable rules and regulations. The Company Secretary escalates, as and when necessary, feedback from retail shareholders to the Board.

Institutional investors

The Group's Investor Relations (IR) Unit acts as the point of contact for institutional investors and is responsible for managing and developing relationships with existing and potential investors, with a view to achieving a stable and diversified shareholder base while supporting high liquidity in and fair valuation of MCB Group shares. During the financial year, the IR Unit has maintained a comprehensive Investor Relations engagement programme in order to provide investors with timely updates on the Group's strategy and financial performance as well as latest developments in the operating context. In addition to our regular interactions with investors through, *inter alia*, our quarterly results briefings and quarterly earnings calls, the Group organised several one-on-one and group conference calls on request throughout the year to address particular concerns and queries of investors amidst the volatile market environment. In view of the COVID-19 pandemic, the Group's Executives participated in an international virtual roadshow, which was attended by institutional investors across different countries. The IR Unit keeps the Board up to date on key market trends as well as investor views and sentiment. An outline of the Group's engagement programme during the last financial year is set out hereafter.

Engaging with investors: what we did in FY 2020/21



VIRTUAL EFG HERMES ROADSHOW

- Participated in virtual EFG Hermes roadshow (Dubai) in March 2021
- Interacted with around **30** international institutional investors and active fund managers



QUARTERLY EARNINGS CALLS/ANALYST MEETINGS

- Some **40** participants on average interacted with MCB Group Executives
- Given that onsite analyst meetings were not held due to the COVID-19 pandemic, analysts were invited to participate in quarterly earnings calls



ANNUAL MEETING OF SHAREHOLDERS

- Annual Meeting of Shareholders held in December 2020
 - An onsite meeting was held, whilst adhering to the COVID-19 social distancing measures
 - Shareholders who attended, expressed their views, asked questions and received feedback directly from Board members

In FY 2020/21, the key topics discussed between Group Executives and investors revolved around, but were not limited to the following themes.



Shareholder information

Shareholding profile

Ordinary shareholders

The Group has a diversified ownership base of around 22,000 shareholders, with foreign shareholding accounting for around 10% of the total. As at 30 June 2021, outstanding ordinary issued capital of MCB Group Ltd amounted to Rs 2.8 billion, comprising 239.5 million ordinary shares. The following tables set out the 10 largest shareholders and ownership of ordinary share capital by size and type as at 30 June 2021.

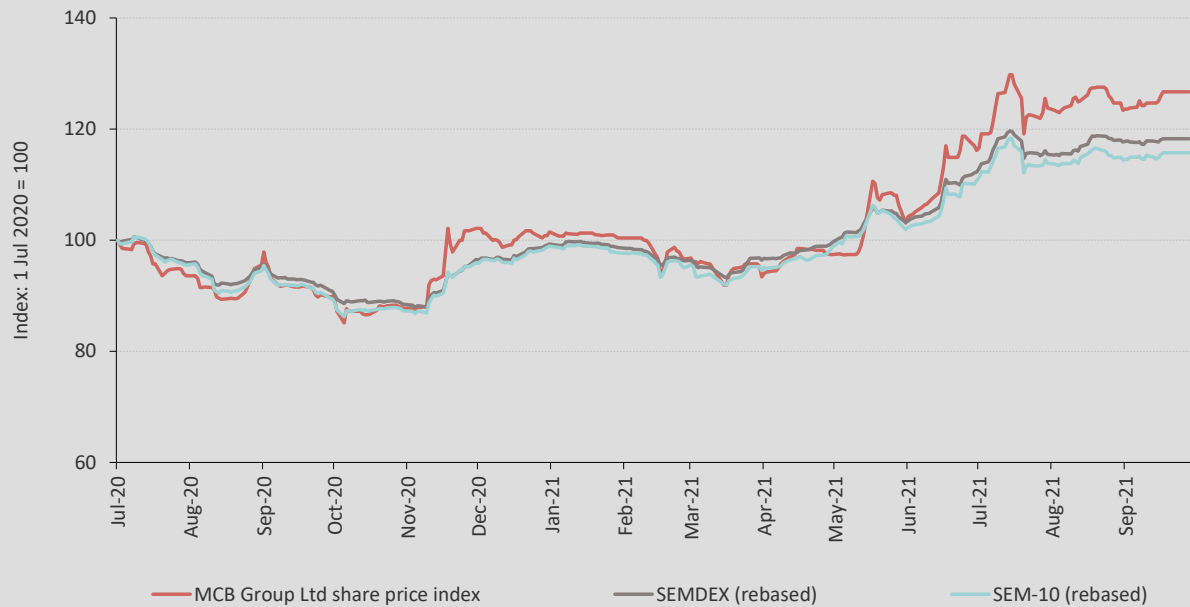
Largest shareholders	Number of shares owned	% Holding
National Pensions Fund	17,398,499	7.3
Swan Life Ltd	7,883,069	3.3
State Insurance Company of Mauritius Ltd	7,778,818	3.2
Promotion and Development Limited	7,190,573	3.0
BNYM SA/NV A/C Eastspring Investments SICAV-FIS	4,885,500	2.0
MUA Life Ltd	2,862,923	1.2
The Mauritius Commercial Bank Ltd Superannuation Fund	2,853,596	1.2
National Savings Fund	2,476,713	1.0
SSL C/O SSB Boston A/C Russell Investment Company PLC	2,215,931	0.9
New Mauritius Hotels Group Superannuation Fund	1,894,423	0.8

Size of shareholding	Number of shareholders	% Holding	Number of shares owned	% Holding
1-500 shares	14,266	65.0	1,571,208	0.7
501-1,000 shares	1,698	7.7	1,268,595	0.5
1,001-5,000 shares	2,871	13.1	7,054,929	2.9
5,001-10,000 shares	943	4.3	6,702,462	2.8
10,001-50,000 shares	1,448	6.6	33,007,713	13.8
50,001-100,000 shares	321	1.5	23,140,319	9.7
Above 100,000 shares	384	1.8	166,747,306	69.6
Total	21,931	100.0	239,492,532	100.0

Category	Number of shareholders	% Holding	Number of shares owned	% Holding
Individuals	20,753	94.6	110,964,981	46.3
Insurance and Assurance Companies	20	0.1	20,679,267	8.7
Investment and Trust Companies	152	0.7	30,896,390	12.9
Pension and Provident Funds	81	0.4	33,524,213	14.0
Other Corporate Bodies	925	4.2	43,427,681	18.1
Total	21,931	100.0	239,492,532	100.0

Performance of MCB Group

Performance of MCB Group share price against the market



Year ending June	2019	2020	2021
MCB Group			
Share price (Rs)			
High	290.00	350.00	279.00
Low	262.00	180.00	200.00
Average	274.47	285.57	228.92
Closing - Year end	289.00	236.00	273.00
Market capitalisation as at 30 June (Rs m)	69,042	56,464	65,381
Market capitalisation as % of SEMDEX ¹	27.3	28.0	28.9
Value of shares traded (Rs m)	4,891	4,951	4,100
MCB Market ² share (%)	48	49	49
Earnings per share - Basic (Rs)	39.51	33.09	33.51
Price/NAV ratio (times)	1.2	0.9	0.9
Price earnings ratio (times)	7.3	7.1	8.1
Earnings yield (%)	13.7	14.0	12.3

¹ excludes foreign currency denominated, GBC1 and international companies

² excludes one-off transactions

Dividend policy

MCB Group Ltd normally seeks to distribute around 30% of its profits in the form of dividends. For the current financial year ended June 2021, the Group has resumed paying dividend to ordinary shareholders, with an interim dividend of Rs 7.25 per share declared in May 2021 and paid in July 2021. A final dividend of Rs 9.50 was declared in September to be payable in December 2021, bringing the total dividend per share to Rs 16.75. This is equivalent to 25% of profit attributable to ordinary shareholders in relation to Financial Years 2020 and 2021, with the payout being lower than in previous years in view of the ongoing uncertainty linked to the pandemic.

Shareholders agreements

There is currently no shareholders agreement affecting the governance of the Company by the Board.

Shareholders' diary



Important shareholder and registrar information

REGISTRAR AND TRANSFER OFFICE

MCB REGISTRY & SECURITIES LTD

Raymond Lamusse Building

9-15, Sir William Newton Street

Port Louis – Republic of Mauritius

Tel: (230) 202 5640

Email: contact.rs@mcbcm.mu

INVESTOR RELATIONS UNIT

12th Floor MCB Centre

Sir William Newton Street

Port Louis – Republic of Mauritius

Tel: (230) 202 5134 / (230) 202 5558

Email: investor.relations@mcbgroup.com

Statement of Directors' responsibilities

Company law requires the directors to prepare Financial Statements for each financial year, which give a true and fair view of the state of affairs of the Group.

In preparing those Financial Statements, the directors are required to:

- ensure that adequate accounting records and an effective system of internal controls and risk management have been maintained;
- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been adhered to, subject to any material departures disclosed, explained and quantified in the Financial Statements;
- prepare the Financial Statements on the going concern basis unless it is inappropriate to presume that the Group and the Company will continue in business;
- keep proper accounting records which disclose with reasonable accuracy, at any time, the financial position of the Group and the Company while ensuring that the Financial Statements fairly present the state of affairs of the Group and the Company, as at the financial year end, and the results of their operations and cash flows for that period; and
- ensure that the Financial Statements have been prepared in accordance with and comply with International Financial Reporting Standards, the Mauritius Companies Act 2001 and the Financial Reporting Act 2004.

The directors confirm that they have complied with the above requirements in preparing the financial statements. The directors are also responsible for safeguarding the assets of the Group and, hence, for taking reasonable steps for the prevention and detection of fraud and other irregularities. Other main responsibilities of the directors include the assessment of the Management's performance relative to corporate objectives; overseeing the implementation and upholding of the Code of Corporate Governance; and ensuring timely and comprehensive communication to all stakeholders on events significant to the Group.

The directors hereby report that:

- adequate accounting records and an effective internal control system and risk management framework have been maintained;
- the Financial Statements fairly present the state of affairs of the Group and the Company, as at the financial year end, and the results of their operations and cash flows for that period;
- appropriate accounting policies supported by reasonable and prudent judgements and estimates have been consistently used;
- the financial statements have been prepared in accordance with International Financial Reporting Standards, the Mauritius Companies Act 2001 and the Financial Reporting Act 2004; and
- the Financial Statements have been prepared on the going concern basis.

On behalf of the Board

M G Didier HAREL

Chairperson

Pierre Guy NOEL

Chief Executive

Statement of compliance

(Section 75(3) of the Financial Reporting Act)

Name of Public Interest Entity ('the PIE'): MCB Group Limited

Reporting Period: 1 July 2020 to 30 June 2021

We, the Directors of MCB Group Limited, confirm that, to the best of our knowledge, the Company has complied with all of its obligations and requirements under the National Code of Corporate Governance (2016).

M G Didier HAREL

Chairperson

Pierre Guy NOEL

Chief Executive

28 September 2021

Company Secretary's certificate

Name of Public Interest Entity ('the PIE'): MCB Group Limited

Reporting Period: 1 July 2020 to 30 June 2021

In our capacity as Company Secretary, we hereby 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 2001 of Mauritius in terms of section 166(d).

Marivonne OXENHAM

Per MCB Group Corporate Services Ltd

Company Secretary

28 September 2021

Risk and capital management report



Introduction

Our philosophy

Our general approach

The conduct of our businesses and activities inherently exposes our organisation to risks. Managing risks effectively is fundamental to the successful execution of our strategy and delivery of sustainable value to our multiple stakeholders



Key objectives

Alongside complying with industry best practices, good corporate governance standards and applicable statutory and regulatory requirements, the Group places prudent and informed risk-taking at the centre of each decision. It ensures that the risks faced are effectively identified, assessed, monitored and managed within acceptable levels. It sets out to continuously improve the risk-return profile of its activities, while creating conducive conditions for tapping into market development opportunities



Our risk management set-up

- While entities are accountable to manage the risks faced at their respective levels, the risk management framework of MCB Group Ltd provides guidance for achieving sustainable business growth within the precinct of the Group-wide risk appetite
- The framework – which sets requirements in terms of responsibility, accountability, independence and transparency – ensures that a holistic, coordinated and disciplined approach to risk management is adopted across the organisation

Key directions formulated by the Group's risk management framework for its entities

Articulating an overall framework that calibrates risk management policies and processes

Providing guidance on the adoption of a dependable and coherent approach to identify, mitigate and manage risk

Promoting the general alignment of methodologies used to manage risks faced

Ensuring alignment in terms of the attitudes and behaviours of employees towards assuming and managing risk

Foundations and focus areas

General orientations

- Ensuring that our risk management principles are anchored on advocated norms and principles
- Adherence by entities to sound capitalisation, asset quality and funding/liquidity management principles
- Establishment of strong governance frameworks, including clear lines of defence, with well-defined and segregated authorities, accountabilities and responsibilities for taking on and managing risk
- Establishment of clear risk appetite which sets out the types and levels of risk that the Group is willing to take
- Availing strong, coherent and harmonised risk management processes, policies, limits and targets
- Catering for an adequate balance between risk and reward considerations

Governance framework

- Ultimate responsibility of the Board of MCB Group Ltd for risk management, with specific responsibilities delegated to its sub-committees
- Direct oversight exercised by the Boards of entities and their relevant committees
- Effective delegation of authority from the Board of each entity to its management and risk functions, with the scope of the latter depending on the nature and depth of relevant operations and activities
- Well-defined intra-Group service delivery and collaboration in support of effective risk management, as gauged by MCB Ltd providing *inter alia* internal audit, risk management and compliance services to other entities where appropriate


Other key foundations

- Regular review and update of risk management practices to ensure consistency with business activities and relevance to financial strategies, while catering for changes in the economic and market landscapes
- Adoption of policies and processes that are clear and simple to be understood and executed, alongside ensuring that they are well-documented and disseminated across all layers of the Group
- Adherence to a common set of behaviours, attitudes, skills and guiding courses of action that are integrated throughout the Group in support of coherent decision-taking at all levels of the organisation
- Ensuring that the price charged for solutions is reasonable in relation to the relative riskiness of the exposure

A summary of the year in review from a risk perspective

Group entities had to cope with significant adverse dynamics within the operating environment, in particular, triggered by the COVID pandemic, which coupled with established and other emerging trends and developments, have shaped up our approach to risk management during the year.

- | | |
|---|---|
| <p>➤ Challenging economic conditions impacting income levels across countries</p> | <p>➤ Regulatory change, risk management and governance standards</p> |
| <p>➤ Heightened market volatilities</p> | <p>➤ Inclusion of Mauritius on the FATF/EU lists and Seychelles in the EU list (for tax purposes)</p> |
| <p>➤ Increased health and safety risks and changing world of work</p> | <p>➤ Downgrade of the sovereign credit rating of Mauritius, Seychelles and Maldives</p> |
| <p>➤ Digital disruptions and higher cybersecurity risks</p> | <p>➤ Increased prominence of ESG considerations</p> |

 Read more in the 'Our operating context' section on pages 40 to 45

Our key focus areas

We took prompt actions to respond to the highly challenging context by proactively managing the key risks faced, alongside reinforcing our capacity for growth. During the year under review, we remained focused on the following key priorities across the Group.

Addressing the heightened level of risk in a COVID-19 environment



- Continued to collaborate closely with the authorities to work on sustainable solutions to help clients tackle the economic downturn
- Monitored our portfolios in a systematic manner and geared up our oversight of market development implications on a prospective basis
- Analysed our loan portfolios currently benefitting from moratoriums on a forward-looking basis with a view to anticipating our potential non-performing loans and assessing our Expected Credit Losses (ECL)
- Maintained our prudent approach by building additional provisioning buffers through ECLs
- Conducted ad-hoc stress tests in response to the emerging risks linked to the impact of COVID-19 and other events with the Bank monitoring 'Early Warning Indicators' linked to the evolution of key macroeconomic variables used in its ICAAP stress test scenarios, to eventually trigger additional stress tests if deemed necessary
- Safeguarded the health and safety of our employees while ensuring business continuity

Enhancing information and cyber security capabilities

- Undertook regular independent Penetration Testing and Vulnerability Assessments by leveraging external expertise as appropriate
- Implemented a Security Operations Centre (SOC) at MCB Ltd, which is responsible for monitoring and detecting anomalous activities on its IT infrastructure; Enhanced its cyber resilience through the setting up of a Cyber Threat Intelligence programme and the deployment of Red Team strategies
- Ran security awareness training sessions to ensure the adoption of best practices in terms of cybersecurity risk management

Strengthening management of compliance and financial crime risks

- MCB Ltd: Bolstered its Compliance function and mechanisms with a key move being the integration of the Anti-Money Laundering unit of the Bank within the function for better synergies and coordinated actions to effectively manage related risks
- Foreign banking subsidiaries: Strengthened further their Compliance function with the recruitment of additional resources as well as deployment of structured training programme to all relevant staff, revamped a number of AML/KYC and onboarding policies to be in line with international standards, reinforced our permanent control and reporting structures and continuously updated the risk rating assigned to our customers using our risk-based due diligence AML monitoring tool
- Non-banking financial subsidiaries: Initiated actions to improve operational efficiency in the application of the anti-money laundering and countering the financing of terrorism (AML/CFT) framework

Bolstering our risk management framework

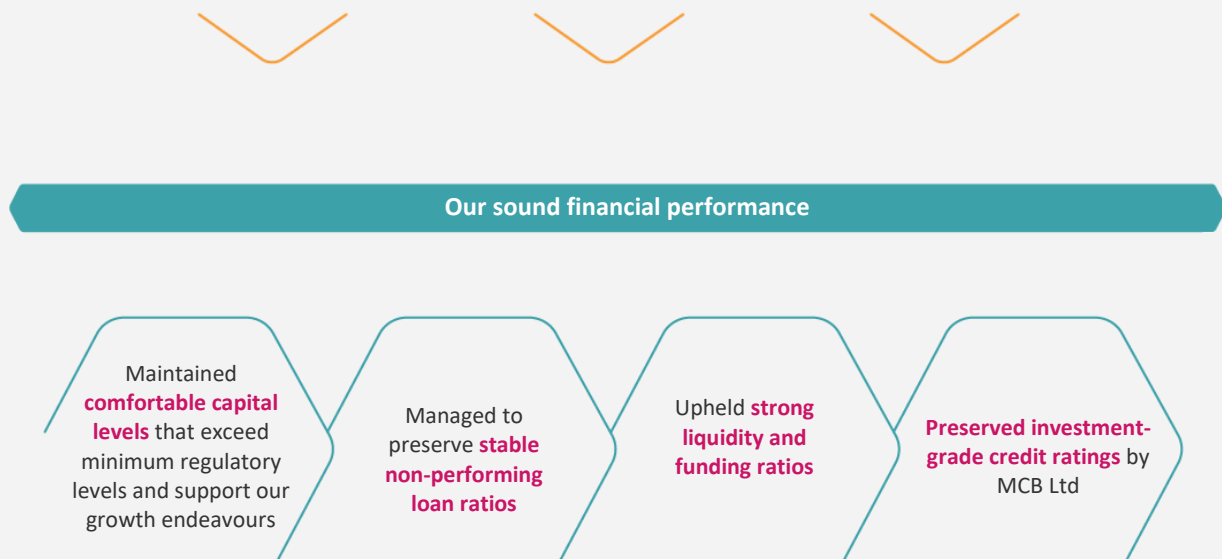
- Pursued implementation of the Risk Cartography exercise to enable the Board to undertake an informed identification and assessment of the universe of risks that the entities are being exposed to – as part of this initiative, the following were/are being established across Group entities: (i) a responsibility assignment matrix; (ii) major components of the action plans for each risk item; and (iii) target risk levels and action plans completion dates
- Strengthened our modelling capabilities through the development/refinement of credit models to enhance our predictive accuracy whilst making adjustments to reflect the ongoing uncertainty in the operating environment
- MCB Ltd: Reorganised the Risk SBU under four segments to better reflect its scope and objectives, namely, (i) Financial Risk; (ii) Permanent Supervision, Operational and Information Risk; (iii) Credit Management and (iv) Debt Restructuring and Recovery; Reinforced its Asset & Liability Management (ALM) set-up; Undertook a comprehensive review of the risk appetite framework to align it with the new operating model of the Corporate and International Banking SBU
- Sustained our investment in systems, notably towards facilitating the online recording, reporting and monitoring of business activities
- Continued to focus on building our human capital through the upskilling of our employees with a view to better equip them in responding to the evolving business environment, while contributing to their personal development


Upholding our capital and liquidity positions

- Implemented a Rs 10 billion Multi-Currency Note Programme – the Group has issued the first tranche of Notes amounting to Rs 2 billion which has been invested in the capital of the Bank in order to support its future business growth, especially its international expansion while simultaneously strengthening the share capital of the Bank
- MCB Ltd: Engaged with the international wholesale markets to secure a syndicated facility as part of its endeavour to optimise its funding profile. Despite the uncertain market conditions, this new syndication was particularly successful, receiving in excess of USD 1.6 billion commitments from some 30 lenders. This testifies to our strong appeal to foreign investors, the recognition of our investment-grade credit worthiness and lenders' confidence in our strong fundamentals and international growth prospects. In September 2021, the Bank closed this syndication at USD 1 billion with the Dual Tranche Syndicated Facility comprising of two tranches, with Tranche A having a tenor of 2 years and Tranche B having a tenor of 3 years

Preparing for changes in the regulatory framework – LIBOR transition




- The announcement made by the UK's Financial Conduct Authority that it will no longer compel panel banks to continue submitting quotes for LIBOR and subsequent developments imply that LIBOR will cease by December 2021 for all currencies except for specific US dollar settings for which the transition period would run until June 2023. Whilst discussions continue on alternative benchmark rates in different working groups across jurisdictions, MCB Group embarked on a project to prepare for the gradual phase-out of the LIBOR based pricing by the end of 2021. Right at the outset, we established a strong governance framework to carry out the transition with dedicated teams set up across several functions of the Group to drive and deliver on identified work streams, including but not limited to contract transition, awareness and communication, and implications of using the new Risk Free Rates. In light of the paradigm shift triggered by the transition, the Group is also gearing up on its system and operational capabilities, notably through internal change management initiatives to ensure readiness of stakeholders across the value chain. We are also working closely with regulators and leveraging our large network of international partners in different markets with a view to providing our clients with the latest information and ensuring a smooth transition. From an industry and regulatory perspective, the Bank is actively participating in, and contributing to, industry IBOR-related forums and closely monitors the developments at these forums. It accordingly reflects and aligns significant industry decisions into the Group's transition plans, as required



 See more in the forthcoming sections of the Risk and Capital Management Report

Looking ahead: Endeavours to anchor sound and stable operations and business growth

General targets and intents

- Foster the sustained engagement of dedicated risk functions with front-line teams to (i) undertake a close and systematic monitoring and management of risks faced by clients; (ii) nurture an in-depth understanding of client needs; and (iii) continue to assess solutions being proposed to help clients cope with the lingering effects of the crisis and monitoring implications of unwinding of support measures 
- Carefully assess Expected Credit Losses across entities and the Group so as to keep an adequate 'buffer' and stay in a strong position to absorb the impact of potential shocks 
- Maintain close discussions and interactions with the authorities and the banking sector generally to promote the stability of the financial services sector 
- Ensure that our business development endeavours across geographies materialise in a disciplined manner on the back of effective risk oversight
- Uphold the soundness of our key financial metrics, backed by (i) the strengthening of our risk management and compliance mechanisms, aided by continuous upgrades to relevant policies, practices and processes; and (ii) further entrenchment of an adequate risk culture across the organisation to embrace proper attitudes and behaviours
- Judiciously and speedily identify, appraise and manage emerging risks to which the Group entities are exposed, with key focus on (i) cyber risk given the rising adoption of technological and digital platforms; and, (ii) climate risk amidst the increased prominence of ESG considerations
- Further reinforce the inherent capabilities and operating models of Group entities, on the back notably of continued upskilling of staff across entities
- Increase collaboration between Group entities, notably for information sharing purposes and fostering the smooth replication of risk management practices wherever required, alongside ensuring the organisation-wide alignment of policies and processes

Financial soundness

Capitalisation

Philosophy

While ensuring that applicable regulatory requirements are met at all times, the capital management approach of the Group is to ensure that its subsidiaries are adequately capitalised to help achieve sound and sustained business growth and uphold adequate buffers to confront any untoward circumstances, alongside protecting and maintaining the trust of shareholders and fund providers.

Towards this end, the Group favours internal capital generation through retained earnings while being well positioned to tap into capital markets as and when required, on the basis of its status as the most liquid stock on the local stock exchange. Moreover, it seeks to maintain appropriate discipline over the nature and extent of its market development initiatives and lays due emphasis on optimising the allocation of capital across businesses.

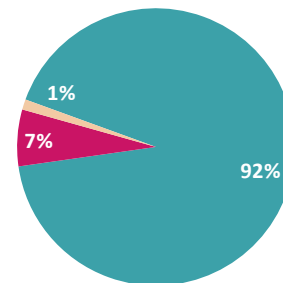
Performance

In spite of a notable growth in its asset base on the back of the growth in the loan portfolio, the Group has, on a consolidated basis, maintained comfortable capitalisation levels, being upheld by our resilient financial performance and sound dividend policy. Indeed, the BIS and Tier 1 ratios stood at 17.4% and 16.1% respectively as at 30 June 2021. The predominant contribution thereto has emanated from the banking entities of the Group, for which maintenance of adequate capital levels is a key priority by virtue of their business operations and regulatory responsibilities.

Risk-weighted assets of the Group stood at Rs 447 billion as at 30 June 2021, out of which 94% was accounted for by the banking cluster with MCB Ltd representing 82% of the overall risk-weighted assets. The Group's overseas associates, namely Société Générale Moçambique and Réunion-based BFCOI – with investments therein having been risk-weighted at 250% – represented 3% of overall risk-weighted assets.

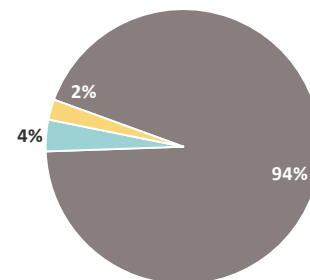
Distribution of risk-weighted assets as at 30 June 2021

By type of risk



■ Credit risk ■ Operational risk ■ Market risk

By cluster



■ Banking ■ Non-banking financial ■ Other investments

Capital adequacy	Jun 21		
	MCB Group	Banking cluster	MCB Ltd
Capital base	Rs m	Rs m	Rs m
Tier 1 capital	71,739	62,737	59,424
Tier 2 capital	5,913	4,474	3,716
Total capital	77,651	67,211	63,140
Risk-weighted assets	Rs m	Rs m	Rs m
Weighted amount of on-balance sheet assets	376,370	352,566	319,976
Weighted amount of off-balance sheet exposures	32,904	32,720	30,382
Weighted risk assets for operational risk	32,164	30,122	25,100
Aggregate net open foreign exchange position	5,324	1,417	1,065
Total risk-weighted assets	446,762	416,825	376,523
Capital adequacy ratios	%	%	%
BIS risk adjusted ratio	17.4	16.1	16.8
<i>of which Tier 1</i>	<i>16.1</i>	<i>15.1</i>	<i>15.8</i>

Capital adequacy	Jun 20		
	MCB Group	Banking cluster	MCB Ltd
Capital base	Rs m	Rs m	Rs m
Tier 1 capital	63,453	53,990	51,188
Tier 2 capital	5,064	3,736	3,135
Total capital	68,517	57,726	54,323
Risk-weighted assets	Rs m	Rs m	Rs m
Weighted amount of on-balance sheet assets	303,086	281,154	259,213
Weighted amount of off-balance sheet exposures	30,397	30,129	28,151
Weighted risk assets for operational risk	29,337	27,609	21,830
Aggregate net open foreign exchange position	5,954	1,474	1,247
Total risk-weighted assets	368,774	340,366	310,441
Capital adequacy ratios	%	%	%
BIS risk adjusted ratio	18.6	17.0	17.5
<i>of which Tier 1</i>	<i>17.2</i>	<i>15.9</i>	<i>16.5</i>

Asset quality

Philosophy

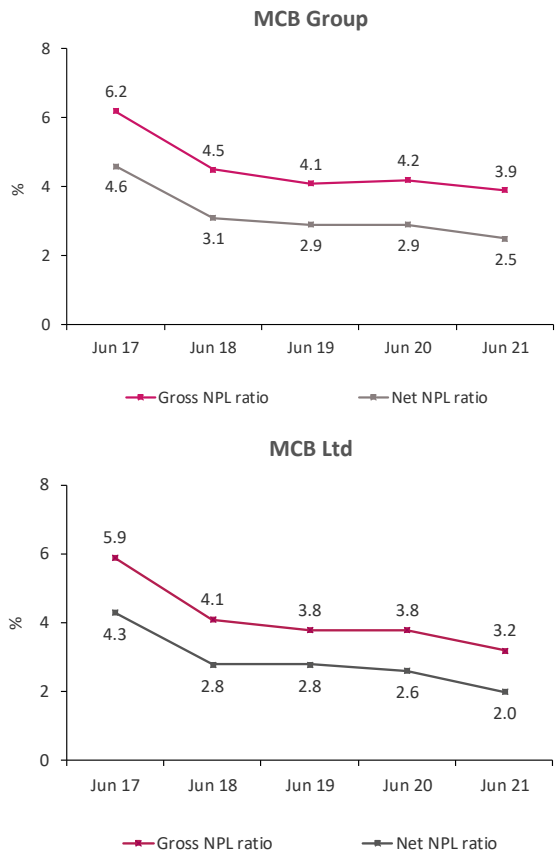
Backed by continued market vigilance as well as the careful formulation and diversification of its strategic orientations, the Group is committed to preserving the soundness of its exposures. Emphasis is laid on healthy loan portfolio through strong credit discipline, prudent market development approach and sensible strategy execution, cautious loan origination and disbursements, and active efforts for debt collection and recovery.

Performance

Whilst being exposed to difficult economic and market environments induced by the pandemic across its presence countries, the Group managed to uphold the general quality of its portfolio on the back of careful market endeavours and dedicated measures taken to face up to the tough conditions witnessed across economic sectors.

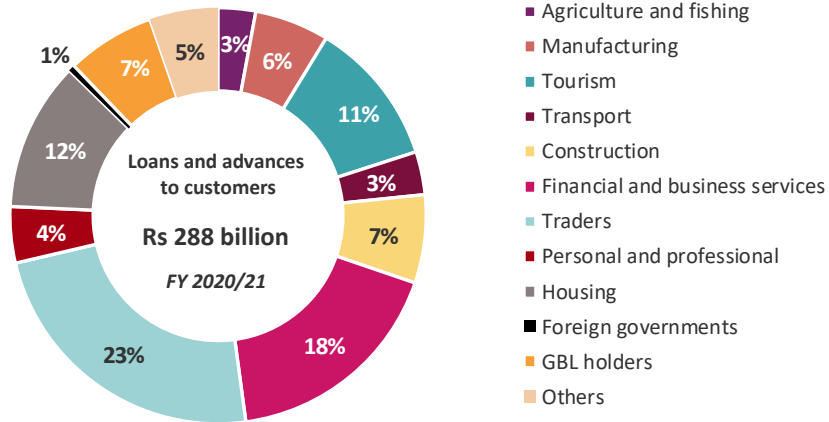
In fact, the gross NPL ratio of the Group decreased by some 40 basis points to attain 3.9%. In net terms, the ratio declined to 2.5% as at 30 June 2021. While the metrics witnessed a relative deterioration at the level of MCB Seychelles and MCB Madagascar, the gross NPL ratio of MCB Ltd declined to 3.2%, with the corresponding ratio in net terms standing at 2.0%. The Group’s specific coverage ratio increased from 32.8% to 37.5%, with the remaining portion being adequately covered by collateral, suitably discounted to reflect current market conditions and expected recovery time.

Credit quality



Note: The net NPL ratio is computed by dividing total NPLs net of specific provisions by net loans (gross loans net of total provisions)

Sectorwise distribution and quality of exposures



June 2021	Non-performing loans (NPLs)		Allowances for credit impairment	
	Rs m	% of loans	Expected Credit Loss	Specific provisions
MCB Group				
Loans to customers	12,473	4.4	7,724	7,115
Agriculture and fishing	1,412	18.1	156	1,252
Manufacturing	730	4.4	484	385
<i>of which EPZ</i>	159	5.7	179	139
Tourism	1,165	3.6	2,142	358
Transport	489	5.1	260	346
Construction (<i>including property development</i>)	1,464	7.5	337	909
Financial and business services	1,177	2.3	904	729
Traders	2,379	3.5	973	1,806
Personal and professional	1,513	3.3	230	615
<i>of which credit cards</i>	25	3.0	14	22
<i>of which housing</i>	859	2.6	77	261
Global Business Licence holders	1,809	9.2	1,424	569
Others	335	2.0	814	146
Corporate notes	-	-	371	-
Investments fair valued through other comprehensive income	101	100.0	-	13
Loans to banks	1	0.0	255	2
Total	12,575	3.9	8,350	7,130

Note: Figures may not add up to totals due to rounding

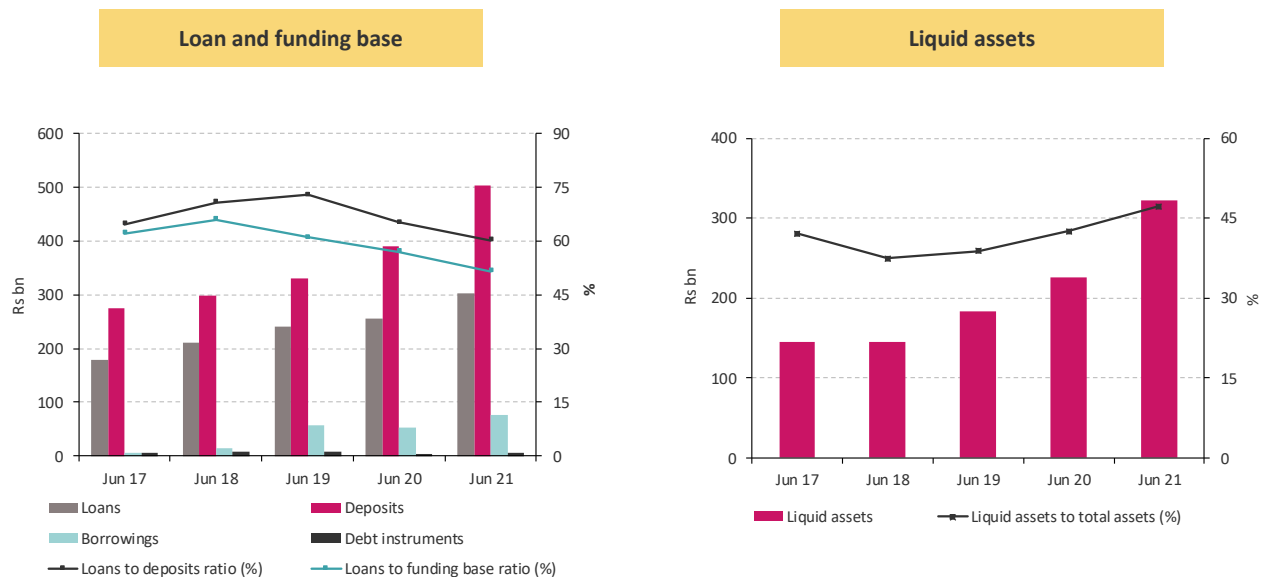
Funding and liquidity

Philosophy

The Group seeks to keep sound funding and liquidity positions in support of its business development ambitions. While accessing wholesale markets as and when required, the banking entities of the Group maintain cost-efficient, diversified and stable sources of funding which predominantly comprise customer deposits. Furthermore, an appropriate level of liquid assets is kept to ensure that obligations can be met within a reasonable time-frame.

Performance

During the year under review, the Group continued to be exposed to relatively high local-currency liquidity conditions across most of its presence countries. Against this backdrop and after making allowance for proactive steps taken to maintain comfortable buffers in the wake of the difficult economic environment, the Group continued to display strong funding and liquidity positions in FY 2020/21, as demonstrated below. We have been active across markets to uphold sufficient funding resources to help our customers ride through the downturn and support our growth ambitions. Notably, reflecting endeavours to hold adequate FCY resources in support of its regional diversification initiatives, MCB Ltd has upheld a good funding buffer by leveraging placements from banks, trade loans and repurchasing agreements. The Bank also exercised the option to extend for one year, as from March 2021, the Tranche B of its existing syndicated loan facility amounting to USD 560 million. At Group level, we issued Rs 2 billion unsecured floating rate notes under its Rs 10 billion Multi-Currency Note Programme, which was invested in the equity of the Bank to support its growth endeavours.



Note: Liquid assets comprise cash, balances with BoM, placements, T-Bills, Government securities and bonds

Notes:

- For the computation of asset quality ratios, total exposure include corporate notes and exclude interest in suspense on loans
- Figures may not add up to totals due to rounding

MCB Ltd: Key liquidity ratios

In spite of pressures emanating from the challenging landscape, MCB Ltd maintained strong liquidity ratios in both MUR and FCY during FY 2020/21, thanks to its solid deposit base and its foreign lines of credit, which enabled the Bank to duly accompany its customers.

Liquidity Coverage Ratio (LCR)

As at 30 June 2021, MCB Ltd operated comfortably above the stipulated LCR requirements. It reported a consolidated LCR of 322%, which is equivalent to a surplus of some Rs 79 billion over stressed total net cash outflows. At currency level, the Bank also exceeded the mandatory LCR limits relating to rupee and significant foreign currencies. The Bank posted a comfortable liquidity position in US dollar terms with the corresponding LCR standing at 146% as at 30 June 2021. It can be noted that HQLA eligible for the purpose of calculating the LCR as per set rules consists of cash or assets that can be converted into cash at little or no loss of value in markets. In this light, MCB maintained suitable levels of investment in sovereign, high-quality corporate and cash liquid assets.

Net Stable Funding Ratio (NSFR)

Though not yet a regulatory standard in Mauritius, MCB Ltd regularly monitors its performance in terms of NSFR, which requires an amount of available stable funding to be maintained in relation to required stable funding. As at 30 June 2021, MCB Ltd reported an NSFR of 133%, which exceeds the minimum level recommended by Basel III, itself set to at least 100% on an ongoing basis.

Our risk management strategy and framework








To achieve its strategic objectives, the Group adopts a consistent and integrated approach to risk identification, mitigation and management. Material risks that could impact our business model, performance, solvency and liquidity are continuously monitored.

Main risks faced

'Risk Trend' indicates the perceived change in risk profile (inherent risk) of the main risks faced during FY 2020/21, in light of prevailing economic and market dynamics, using the symbols shown below:

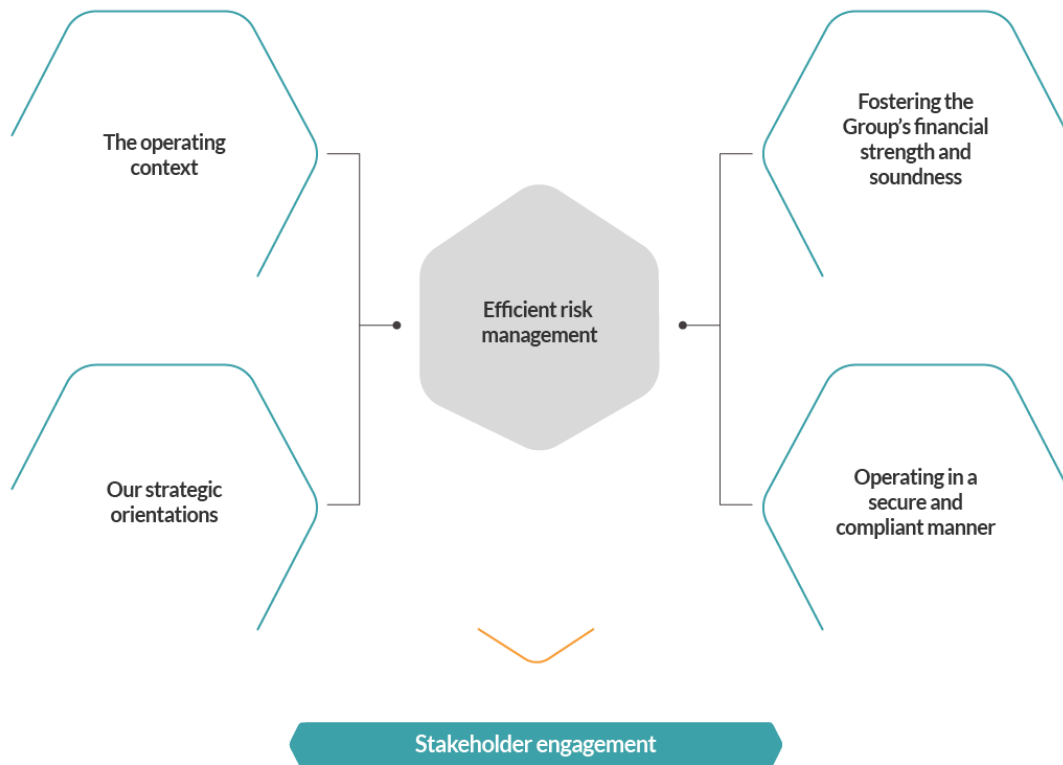


General definitions	Key objectives	Risk trend
Financial principal risks		
Credit risk		
The risk of financial loss should borrowers or counterparties fail to fulfill their financial or contractual obligations as and when they fall due; Credit risk includes counterparty risk, settlement risk and concentration risk, with the latter referring to the risk arising from an excessive build-up of exposures to a counterparty, industry, market or product, amongst others	To foster sound credit risk management principles; To uphold a well-diversified credit portfolio consistent with the risk profiles defined in the risk appetite as well as the broad characteristics set out in target market criteria; To achieve the targeted risk-return profile of the portfolio; To promote, monitor and manage the quality of the credit portfolio	
Country risk		
The risk of loss arising when political or economic conditions or events in a particular country inhibit the ability of counterparties in that country to meet their financial obligations	To provide for a comprehensive framework and adequate control processes for assessing country risk, determining risk tolerance and allocating exposures across geographies	
Market risk		
The risk of loss caused by movements in market price parameters (including interest rates, exchange rates as well as stock and commodity prices among others)	To monitor, report and control the overall market risk exposures, including market-contingent risks such as counterparty credit risk as well as profit and loss risks arising from market risk activities	
Interest rate risk		
The risk arising from changes in interest rates or in the prices of interest rate related securities and derivatives, insofar as they tend to impact the Group's earnings or economic value of equity	To manage the impact of interest rate changes on the overall risk profile both from an earnings and economic value perspective	
Foreign exchange risk		
The risk of losses on account of adverse foreign currency movements	To detect and manage impact of currency fluctuations, alongside properly managing the Group's net open position	
Funding and liquidity risk		
<i>Funding risk:</i> The risk linked to a relative lack of availability of funds or the risk that a maturing liability or class of liabilities may not be able to be refinanced (without additional relative cost) over any given period of time <i>Liquidity risk:</i> The risk arising from insufficient realisable financial assets to meet the financial commitment as and when they fall due	To maintain adequate liquidity levels and have access to diversified and stable funding sources to rapidly and effectively respond to the demands of our clients and foster our business development	
Equity investment risk		
The risk of gain or loss arising from adverse changes in the fair value of an investment in a company, fund or any financial instrument, whether listed or unlisted	To protect the Group's value by aligning timing and size of investment to applicable risk appetite	
Model risk		
The risk of losses as a consequence of decisions principally based on the output of models that are flawed or inaccurate	To establish well-anchored and transparent model development, alongside consistently performing model validation	

General definitions	Key objectives	Risk trend
Non financial principal risks		
Operational risk		
The risk of loss resulting from human factors, inadequate or failed internal processes and systems or external events. It includes fraud and criminal activity, project risk, business continuity, information and IT risk, etc.	To identify, mitigate and manage the Group's operational risks in line with acceptable tolerance limits and with a strategic intent to provide our customers with seamless services and foster an adequate risk culture within the organisation	
Information risk		
The risk of accidental or intentional unauthorised use, modification, disclosure or destruction of information resources which would compromise the confidentiality, integrity or availability of information	To maintain the confidentiality, integrity, security and availability of information assets stored, processed and transmitted throughout the organisation	
Cyber risk		
The risk of breach of information technology security arising from the malicious or unauthorised use of information systems that may have an adverse effect on the confidentiality, availability, or integrity of information or information systems	To handle and mitigate cyber risks and establish a strong IT platform to aid the delivery of the organisation's strategic objectives, while protecting confidentiality and preventing misuse of systems and business disruptions as well as strengthening the effectiveness and adequacy of human firewalls	
Regulatory and compliance risk		
The risk arising from changes in legislation, regulations and advocated norms on the operation and functioning of the Group. It is the risk of sanction and material financial loss or reputational damage	To comply with all relevant stipulations in force and advocated norms to safeguard the assets of the organisation and shield it from legal and regulatory sanctions and financial / reputation losses	
Reputation risk		
The risk arising from the damage to the Group's image caused by negative media coverage, compliance failures, pending litigations or underperformance. Such damage may result in a breakdown of trust, confidence and business relationships, which may impair the Group's ability to retain and generate business	To bolster our brand image and values and ensure that our actions and behaviours are in line with best practice standards and advocated principles	
Strategic and business risk		
The risk arising from inappropriate business decisions or strategies in relation to the operating environment. The risk is linked to changes in the business environment, regulatory decisions, client behaviours and technological progress, as well as Group-specific factors such as poor choice of strategy and inflexible cost structures	To set out and deploy our strategic orientations in a judicious and well-thought manner, remain attentive to changes in the operating environment and pay close attention to the current/future exigencies of our customers	
Environmental and social risk		
The risk that unforeseen events stemming from changes in our environment and society will result in disruptions in business activities as well as impact our customers and counterparties, while influencing our internal operations	To mitigate and manage environmental and societal impact on our operations by properly evaluating and deploying an effective approach and strategy, while, in parallel, managing our footprint through environment-friendly and sustainable practices and products	

Our business model

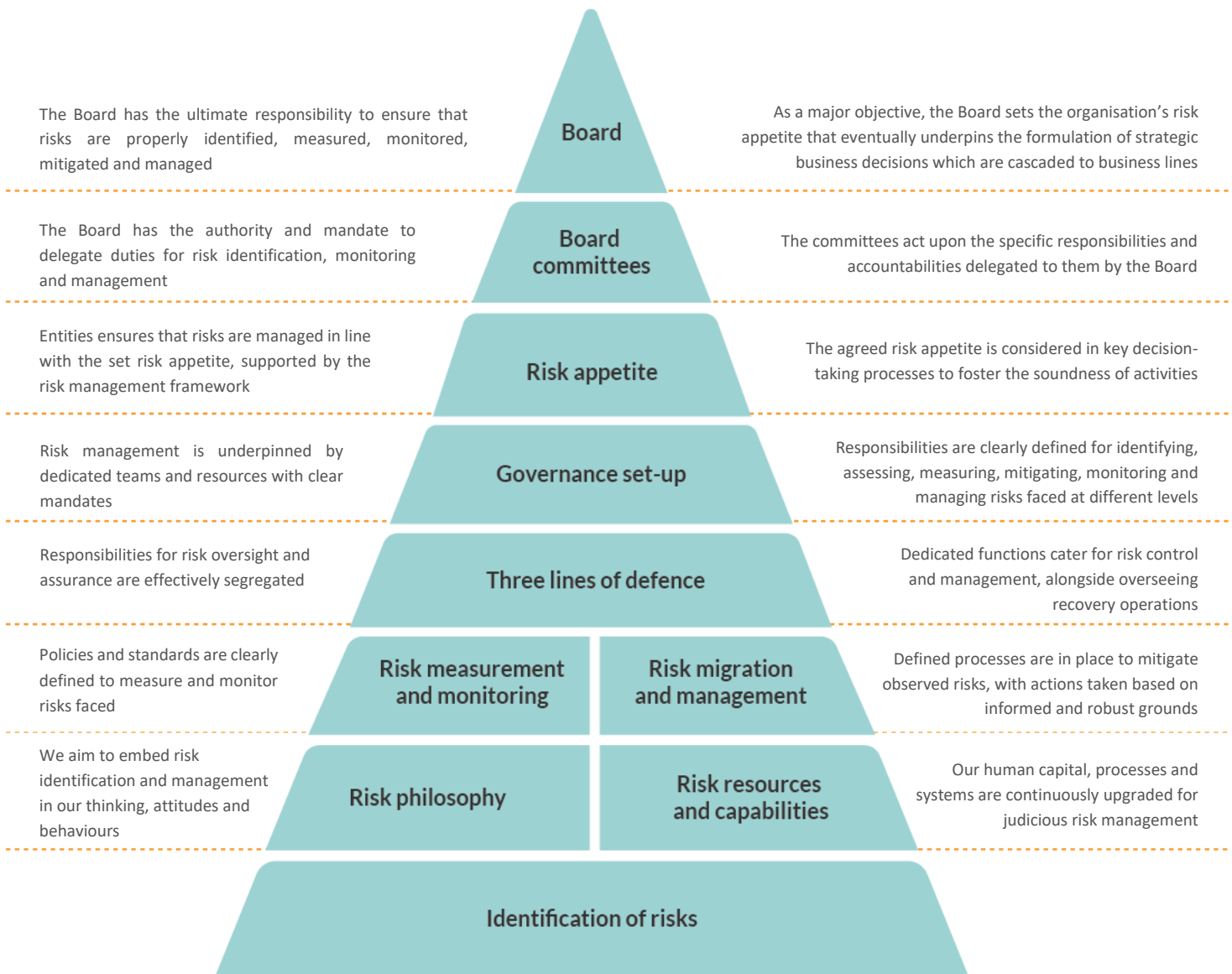
We consider that, beyond being a threat, risk can turn out to be a real competitive differentiator if it is managed in a thoughtful way. In line with our business aspirations, we manage risk in an open, transparent and disciplined way, after making due allowance for the exigencies of our stakeholders. Our risk management approach and policies are regularly reviewed and updated to account for changes in the Group’s business strategies and the external landscape, notably with regard to legal and regulatory stipulations as well as developments taking place within the economic, market and societal landscapes.



- Our risk policies make allowance for the long-term interests of our customers, regulators and other stakeholders
- While achieving sustained business growth, we help our stakeholders realise their ambitious and prosper

Key elements of our risk management set-up

Operating within the directions set by the Board of the Group, individual entities have their own arrangements to manage risks faced. The following illustration provides an overview of the underlying set-up being generally adopted by entities of the Group, with the scale of structures in place differing as per the nature of each entity's activities.



Governance and oversight

To ensure that key risks faced by its entities are properly identified, measured and monitored, the Group adopts a robust governance framework, backed by the articulation of coherent responsibilities, reporting lines and oversight across the organisation. The risk management framework of the Group provides high-level direction for each entity on how to manage risk in a consistent and interactive manner, underpinned by broad synchronisation in respect of the approach and methodology used. The allocation of responsibilities across the Group ensures that decisions are taken at the most appropriate levels, in alignment with the mandates of internal stakeholders and the strategic orientations pursued by the organisation. Overall, the governance set-up of the Group seeks to provide the organisation with optimal resources to foster a sound financial performance and stakeholder value creation. At individual entity level, each subsidiary of the Group is endowed with the autonomy and flexibility to determine and apply its own governance frameworks, in alignment with Group-level orientations, its inherent specificities and prevalent market realities.

Board

- In alignment with its business development orientations, the Board of MCB Group Ltd determines the principal strategies in respect of the risk management of the Company and its subsidiaries, while ensuring that all laws, regulations and codes of business practice are adhered to.
- Underpinned by the establishment and enforcement of clear lines of responsibility and accountability throughout the organisation, it ensures that relevant procedures and practices are in place in order to protect the Company's assets and reputation. For the discharge of its duties, the Board is assisted by committees which enable it to properly formulate, review and approve policies on monitoring and managing risk exposures.

Risk Monitoring Committee

- The Risk Monitoring Committee (RMC) advises the Board on risk issues and the monitoring of portfolios against the formulated risk appetite, in particular for the banking subsidiaries. While assigning relevant responsibilities and accountability lines, it ensures that rigorous internal processes and controls are implemented to identify, monitor, measure and report different types of risks.
- The RMC monitors risk portfolios against set limits with respect to, *inter alia*, risk concentration, asset quality, large and foreign country exposures, in compliance with regulations and internal policies.

Other committees

- The Audit Committee caters for the monitoring of internal control processes, while ensuring the preparation of accurate financial reporting and statements in compliance with applicable legal requirements and accounting standards. It also reviews operational and information risks and the actions taken to mitigate them.
- The Supervisory and Monitoring Committee continuously oversees the overall management of the Group and is also responsible for the ongoing monitoring of the Group's performance against set objectives.



Read more on the key mandates and focus areas of the Board sub-committees of MCB Group Ltd in the 'Corporate Governance Report' on pages 101 to 148

Our risk appetite framework

A key objective of the Group’s risk management strategy is to determine the level and type of risk that the organisation is able and willing to take when executing its business strategies. The risk appetite is established by means of a complementary set of statements that are determined at Group level and cascaded throughout the entities and their business segments. Qualitative statements seek to make sure that the desired risk culture is adhered to across entities. Quantitative statements seek to shield the organisation from potential adverse events in the operating environment. While ensuring congruence with directions established at Group level as well as relevant mandatory requirements, Group entities set their own risk appetite, control and tolerance levels and mechanisms, which they continuously monitor and, if necessary, update to shape up the optimal level of risk that they are willing to take for the sound execution of their short and medium term business strategies.

As an example, key considerations that guide the Group’s main subsidiary, i.e. MCB Ltd, for the identification and quantification of risks are as follows:

Framework

MCB Ltd’s framework provides an informed guidance for the management and monitoring of its risk profile in relation to the defined risk appetite



- The Bank articulates and monitors its risk appetite, which is the reasonable quantity and type of risk that it is broadly able and willing to take in the pursuit of its strategic/financial objectives.
- The purpose of setting risk appetite is not necessarily to limit risk-taking, but to align the Bank’s risk profile and strategic orientations.
- Its risk appetite is regularly updated to reflect stakeholder aspirations and the context.

Key underpinnings

MCB Ltd *inter alia* defines its risk appetite for (i) credit risk in terms of allocation of range targets for domestic and international credit exposures, exposures by sectors as well as risk profiles and asset quality of portfolios; and (ii) market risk in terms of the splits between domestic and international markets, foreign currency and interest rate exposures, exposure allocation for position-taking and target splits in terms of exposure maturities.



For proper risk identification and quantification, the Bank caters for:



Key tenets of MCB Ltd's risk management strategy

Risk Capacity

MCB determines the maximum level of risk that it can assume given its current level of resources, relevant regulatory dispositions and stakeholder requirements, to the extent that these dynamics tend to influence its ability to take risk.

Risk Appetite

The Bank ensures that its activities are undertaken within the precinct of its risk appetite. The latter is subject to constraints, such as the need to inter alia uphold the Bank's financial soundness, foster sound and sustainable revenue growth and preserve its investment-grade credit rating.

Risk Tolerance

The Bank establishes the maximum level of risk that it is willing to tolerate for a particular risk category or specific initiative, while ensuring that it achieves its business strategies and operates within its broader-level risk appetite.

Risk Profile

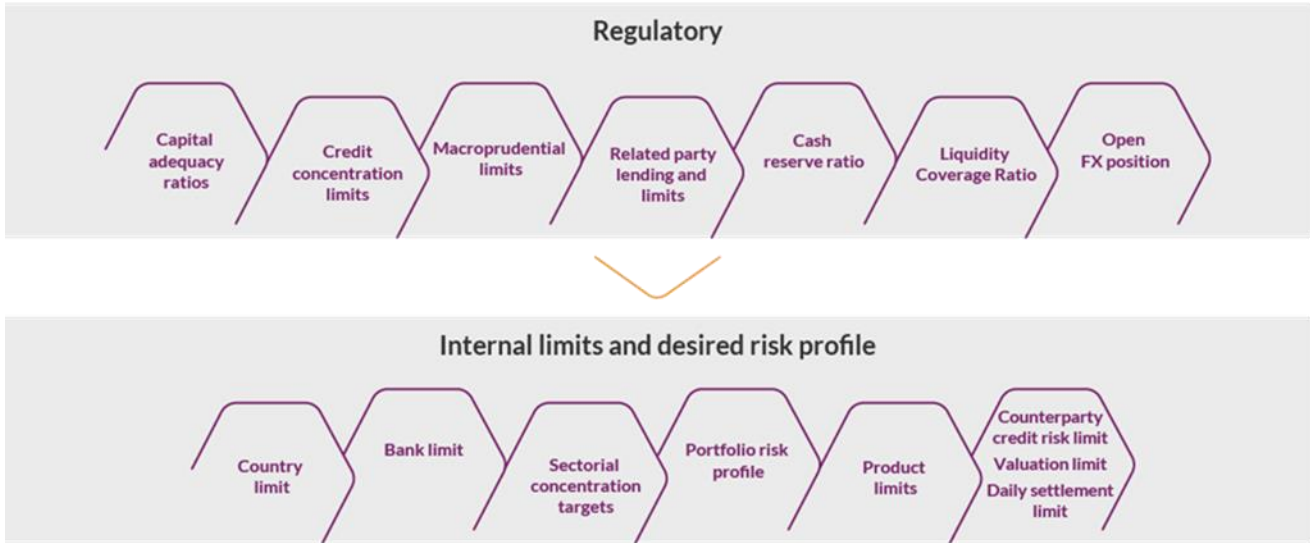
Expressed in terms of quantitative indicators and qualitative interpretations, our risk profile refers to our current net risk exposures for risk categories across customer segments and geographies. Amidst an evolving operating environment, the Bank regularly monitors its risk profile, thereby helping to prevent the level of risk from going beyond the set risk appetite.

Risk Control

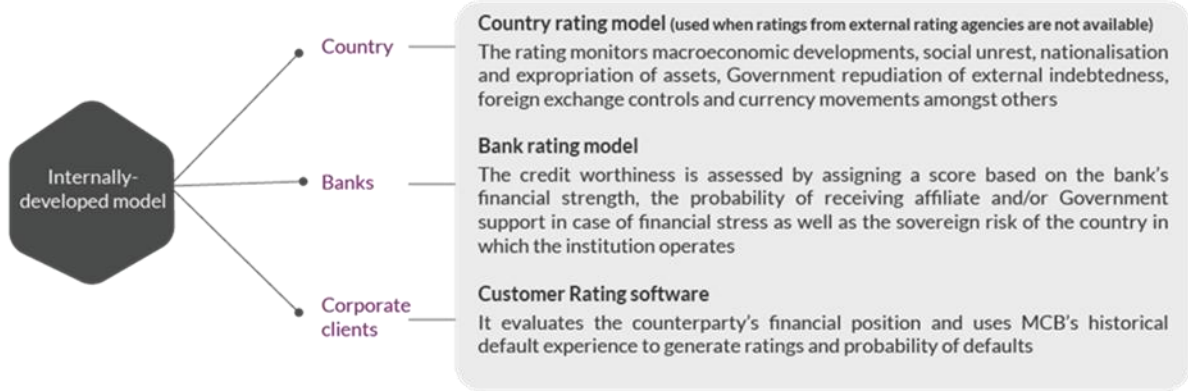
To maintain the size of our risk profile within our risk appetite, risk control tools and mechanisms are leveraged. Our control activities are notably underpinned by target market criteria and risk limits which place practical constraints on our activities.

The size of the internal risk limits is a function of regulatory requirements and the risk appetite set by MCB Ltd, after making allowance for the relevant economic and market environments. In its day-to-day business, the Bank makes use of internally-generated and externally-sourced rating tools for the purpose of risk identification, quantification and monitoring.

Limit structure of MCB Ltd



Rating tools used by MCB Ltd



Overview of risk management by cluster

General approach

MCB Group Ltd

The entities of the Group adhere to the overall risk management principles and frameworks validated by the Board of MCB Group Ltd. These entities are monitored in this respect by the Risk Monitoring Committee of the latter.

At entity level

The Board

- Functioning in alignment with the Group's objectives and targets, the Board of each entity supervises its overall risk management, alongside overseeing the establishment of relevant policies, controls, standards, practices and processes, in alignment with the inherent realities of the business. It also acts as the focal point of contact for shaping the relationship with MCB Group Ltd.
- The Board is responsible for strategy formulation in respect of risk-taking, risk appetite and policy setting. It ensures that its business strategies are clearly linked to its risk appetite and tolerance level. The aim is to ensure that the organisation manages its capital resources at an optimal level in support of growth-related objectives.
- In discharging its duties, the Board demonstrates, to the satisfaction of regulatory authorities and other stakeholders, that clear structure of policy and control systems, emanating directly from it, is adopted to identify and manage the risk inherent in activities.

Delegation of duties

For each entity, risk governance is executed through the delegation of authority and responsibilities from its Board to dedicated committees and/or the Management. Control processes and reporting lines have been put into place to foster the coherent and sound segregation of duties with regard to risk taking, processing and control.

Control processes

- The types of risk infrastructure and control processes that are adopted by each entity is a function of the nature, size and complexity of the risk involved.
- The approach and practices embraced by entities to fulfill their risk management obligations are shaped up by the following factors: (i) advocated corporate governance and risk management principles; (ii) the risk-return profiles of markets in which they are involved; (iii) the opportunities and challenges characterising the economic environment; and (iv) relevant legal and regulatory requirements as well as local and international codes and standards impacting the industries and countries in which businesses are carried out.

Intra-Group initiatives

- Group entities leverage the core competences and synergies available throughout the organisation in line with the concept of Group Shared Services. Specific business units of MCB Ltd are engaged in the provision of intra-Group services to the foreign banking subsidiaries as well as the non-banking entities of the Group, backed by the elaboration of clear guidelines and mandates. As per the modalities set out in Service Level Agreements, the business units operating under the aegis of the Internal Audit SBU of the Bank provide technical and advisory assistance in support of the operation and functioning of the local and foreign subsidiaries as per their respective areas of competence. Dedicated support also emanates from the Bank's Risk and Compliance SBUs, in line with activities falling under their respective purview.
 - MCB Investment Holding Ltd seeks to foster more focused and integrated stewardship with regard to the operations and performance of the Group's foreign banking subsidiaries. Its Finance & Risk team supports the conduct of risk management activities, with the Risk SBU of MCB Ltd being involved wherever appropriate. The team engages in risk reporting to the Risk Monitoring Committee of the respective foreign banking subsidiaries as well as that of MCB Group Ltd. It also leads or assists foreign subsidiaries in the development and implementation of risk policies and other risk related matters. It assists overseas banking subsidiaries as regards credit risk management, notably by reviewing credit files with exposure amounts exceeding a specific threshold, helping to structure or restructure complex credit files and monitoring out-of-order customer files. Moreover, the Operations team provides assistance in terms of project management, alongside offering guidance in respect of the execution and monitoring of risk- and compliance-related initiatives. It also contributes to and monitors the implementation of internal and external audit recommendations.
-

Banking cluster

Governance

MCB Ltd

Board of MCB Ltd

- As highlighted before, the Board of MCB Ltd has the ultimate responsibility for ensuring adequate risk management across the Bank, in line with good corporate governance principles. It provides clear guidance for the setting out and regular review of applicable strategic thrusts, processes and policies for risk management.
- As a key focus area, the Board is responsible to validate the Bank's risk appetite towards achieving its objectives. It delegates authority to Board committees, which formulate the specific responsibilities and required policies for effective risk management.

Risk Monitoring Committee (RMC)

- It is the primary board committee overseeing financial and legal risk matters. It assists the Board in setting up risk strategies as well as assessing and monitoring MCB's risk management process. It recommends to the Board, for approval, the risk appetite in terms of credit risk and market risk, Asset Liability Management risk as well as the review of risk appetites and tolerances as appropriate. It analyses risk portfolios against the risk appetite, while reviewing and exercising oversight over capital management.
- The RMC is entrusted with the authority of determining the Bank's overall international capital allocation and exposure limits while monitoring country exposures against set limits at least quarterly and on an ad hoc basis when required. It approves country risk policies and proposed amendments and reviews the country risk framework and risk appetite parameters. Four out of the five members of the RMC are non-executive directors, thus strengthening the Bank's independent oversight and control functions.

Other committees

- The Supervisory and Monitoring Committee sets the overall direction for the strategic development of the Bank. It monitors the Bank's performance against such strategy.
- The Audit Committee ensures that the internal control framework in place results in an acceptable level of risk exposure whilst guaranteeing compliance with internal established policies and procedures and relevant laws and regulations. The Internal Audit, Compliance and Risk (for non-financial risk matters) functions regularly report to the Audit Committee.

Adherence to the three lines of defence approach

1

1st line of defence

Adopts adequate processes and mechanisms to suitably manage risks faced and escalates knowledge of risks identified in the course of activities for appropriate mitigating actions

Risk ownership

- The first line owns risks emanating from deployed strategic activities.
- Employees engaged in client-facing divisions and support functions as well as business line managers have the first-level responsibility for day-to-day risk management in the interest of the Bank.

2

2nd line of defence

Establishes the limits, rules and constraints under which the first line activities shall be performed

Risk control and compliance

- The Risk SBU bears the responsibility for providing independent risk control. While managing key financial, operational and information risks faced by the Bank, the Risk SBU also oversees the credit management and debt restructuring and recovery operations. The Chief Risk Officer (CRO) has direct oversight on all risk areas across the Bank, while relevant Heads and Managers of the SBU establish methodologies and activities for risk measurement and regularly monitor and report risk exposures and profiles. Alongside having an administrative reporting line to the Chief Executive Officer (CEO), the CRO reports to the Audit Committee on risk matters relating to Permanent Supervision, Operational and Information Risk and reports to the Risk Monitoring Committee on matters relating to monitoring and management of other risk areas.
- The Compliance SBU has a direct reporting line to the Audit Committee and administratively reports to the CEO. This reporting structure confers the required independence to the Head of Compliance to discharge responsibilities to ensure compliance with applicable laws, regulations, codes of conduct and standards of good practice.
- Independent teams oversee the legal and physical security functions. The Head of the Legal SBU acts as the Money Laundering Reporting Officer (MLRO) to ensure strict independence. The Physical Security BU reports to the Chief Operating Officer's office.

3

3rd line of defence

Evaluates and provides independent assurance on the effectiveness of the risk governance, the control environment and risk management processes and mechanisms

Risk assurance

- The Internal Audit SBU provides independent assurance that the control objectives are achieved by the first and second lines of defence in line with the set risk appetite. It has an administrative reporting line to the Chief Executive Officer and is accountable to the Audit Committee.
- The Fraud Prevention (FP) BU, also under the aegis of the Internal Audit SBU, promotes staff awareness on fraud risks, and provides expert advice in case of, and investigates suspected irregularities.

In addition to the Board committees and the adoption of the three lines of defence approach, the risk management framework also allows for dedicated executive committees of the Bank to assist in the oversight and monitoring of risk areas within the business.

Executive committees

Financial principal risks

Credit risk

Executive Credit Committees (ECC)

- The ECC (A), which comprises the Chief Executive Officer, the Head of Corporate & Institutional Banking (CIB), the Deputy Head of CIB the Chief Risk Officer and the Head of Credit Management, sanctions/declines credit applications where customer group total commitment exceeds Rs 150 million
- The ECC (B) sanctions/declines credit applications with total client commitment of up to Rs 150 million

Credit Committee (CC)

- The CC sanctions/declines credit applications where customer group total commitment is up to Rs 50 million for retail clients and Rs 60 million for corporate clients

Country Risk Committee (CoRC)

- The CoRC, which is chaired by the Chief Executive Officer and comprises the Chief Risk Officer, is responsible for setting individual country limits within the validated risk parameters on selected countries as well as reporting any excesses observed to the RMC, with the latter retaining the ultimate decision in terms of country limit

Market risk

Asset and Liability Committee (ALCO)

- The purpose of the ALCO is to oversee the asset/liability position, market risks and overall balance sheet management of the Bank. The ALCO ensures that the overall asset/liability position as well as the resulting market, liquidity and funding risks to which the Bank is exposed are managed within the relevant limits and targets set by its Market Risk Policy, alongside being aligned with guidelines laid down by the Bank of Mauritius, notably stipulations relating to capital adequacy, liquidity coverage and funding stability
- The ALCO sets and reviews all trading book limits and banking book targets, in alignment with the diversification and growth of the Bank's balance sheet, whether it is from a domestic, foreign currency or consolidated perspective
- The committee, which comprises members of the Bank's Leadership Team, is chaired by the Chief Executive Officer, with targeted monthly meetings and/or ad-hoc and special meetings, as deemed necessary

Non-financial principal risks

Information and Operational Risk Committee (IORC)

- Chaired by the Chief Executive Officer, the IORC acts as the focal point and coordinating committee to ensure that management of information risk, including cyber risk, and operational risk is in line with the relevant policies, guidelines and procedures of the Bank. Significant risks observed are escalated to the IORC and then, if warranted, to the Audit Committee

Compliance, Anti-Money Laundering and Legal Committee (CALC)

- Chaired by the Chief Executive Officer, the CALC is mandated to review and monitor the compliance, anti-money laundering and legal framework of the Bank. The committee assists Management and the Board through the Audit Committee in fulfilling their oversight responsibilities by reviewing adherence to applicable standards as well as policies/controls to be adopted, based on the identification and assessment of compliance, anti-money laundering and legal risks

Foreign banking subsidiaries

Board and its committees

- The respective Boards exercise their responsibilities in respect of risk management through: (i) the oversight of the risk governance process, including setting risk appetite in line with Group-level orientations; (ii) regular and comprehensive assessment of risks; (iii) the maintenance of sufficient capital adequacy levels in accordance with the Group's framework, the internally-set risk appetite and regulatory requirements; and (iv) clear delegation of authority to relevant committees and management.
- Risk management matters are reported to the Board of each foreign entity through their respective committees, namely the Audit Committee and the Risk Monitoring Committee, while major issues identified are also escalated to the corresponding Board committees of MCB Group Ltd. The Management teams of the entities are responsible for conducting business within the strategic framework and risk appetite set by their Board, while monitoring risk portfolios through dedicated committees.

Executive committees

Subsidiary Credit Committee

- It is responsible for the planning, sanctioning, controlling and monitoring of credit risk
- It sanctions/declines credit applications for customers with exposures of up to USD 150,000. Exposures from USD 150,000 to USD 1.5 million are approved by a joint MCB Ltd and subsidiary committee. Facilities above this level are channeled to the Executive Credit Committee of MCB Ltd before a final decision is reached

Asset and Liability Committee

- The Asset and Liability Committee of each foreign banking subsidiary is responsible to ensure that overall asset and liability allocation decisions are adequately managed within limits/targets set by the Board and in accordance with local regulations

Overseas Subsidiary Information Risk Management, Operational Risk and Compliance Committee (IORCC)

- The IORCC of each subsidiary reviews and monitors the management and reporting of information, operational and compliance risks, while assisting the entity's Board and Management team to fulfill their responsibilities in respect of such areas. In the process, the IORCC aims to (i) ensure alignment among the entity's underlying risk management framework, risk appetite and tolerance as well as related policies and procedures; and (ii) help ascertain the necessary corrective actions/controls to be adopted to mitigate identified risks. The committee seeks to ensure that the dedicated functions in charge of Information Risk Management, Operational Risk and Compliance within the entity are endowed with adequate resources to achieve their objectives

Key risk areas: Overview and management

Our risk management process

The risk management process is of strategic importance to the Group, notably due to the broadening palette of its offerings and its expanding market footprint. The overall risk management process in place at the Group, which cuts across the entire cycle, allows for the proactive and disciplined identification, measurement, monitoring, mitigation, management and reporting of risks.



Our approach, processes and methodologies

Credit risk

General approach and objectives

- Credit risk represents the main risk type to which the Group's banking subsidiaries are exposed in view of the nature of their operations and activities.
- The banking entities ensure that sound credit risk management principles are adopted to uphold quality and well-diversified portfolios that are aligned with the set risk appetite and help to meet targeted risk-return considerations. Both counterparty and concentration risks are duly managed, backed by market vigilance, the adoption of effective control mechanisms and the judicious diversification of portfolios across customer and industry groups, product types, maturity levels and geographies. The banking entities strive to adopt a strong culture of responsible lending and debt recovery, while leveraging a robust risk management and control framework. They continuously reassess their risk profiles in the face of the changing operating context and monitor the exposures against regulatory as well as internal limits and targets.
- The Credit Risk Policy of the banking entities, which is approved and reviewed by their respective Boards and relevant sub-committees, sets forth the principles by which they conduct their credit risk management activities. The policy formulates the roles and responsibilities whereby credit risk is to be managed across business segments. It provides guidance in the formulation of the appropriate structures and architectures that work towards ensuring that business generation is harmonised with the established target market criteria. The *modus operandi* shaping up the credit risk management set-up is governed by rules set out in Central Bank Guidelines. At the level of MCB Ltd, these include the Guideline on Credit Risk Management, the Guideline on Standardised Approach to Credit Risk, the Guideline on Credit Concentration Risk, the Guideline on Credit Impairment Measurement and Income Recognition, the Guideline on Country Risk Management, the Guideline for the write-off of non-performing assets and the Guideline on Cross-Border Exposure.

Risk measurement and monitoring

- Credit risk measurement by banking entities consists of appraising the track record of customers as appropriate for the prediction of likely future behaviours of existing accounts. Credit facilities granted are guided by the credit standing, source of repayment and debt servicing ability of the borrower. As a fundamental credit principle, the banking entities do not generally grant credit facilities solely on the basis of the collateral provided. Collateral is taken whenever possible to mitigate the credit risk assumed with periodic monitoring being performed depending on the type, liquidity and volatility of the collateral value.
- Ultimately, entities assess whether individual business areas provide sufficient contribution to the targeted risk-return profile. The aim is to ensure that capital allocation generates an optimum return. This is achieved by channelling risk capital from low-return to high-return business areas, commensurate with risks shouldered. Banking entities measure credit risk capital requirements by applying appropriate risk weights to both on-balance sheet and off-balance sheet exposures in line with regulatory requirements. With respect to MCB Ltd, the capital adequacy indicators and the return on capital levels for the individual risk categories of portfolios are regularly monitored by the RMC against the overall risk-bearing capacity of the Bank. The objective is to ensure that the latter, at all times, maintains adequate capital to provide for its growth and to support a reasonable measure of unexpected

losses. The Bank has established credit rating frameworks that enable the extensive usage of ratings for its portfolios. These ratings are leveraged not only in respect of loan approval, but also credit review, monitoring of risk profiles and determination of business strategies. They are used for the purpose of the stress testing and limits determination exercises. In the same vein, at the level of foreign banking entities, relevant credit risk metrics are measured and reviewed against set limits by the respective Boards and/or RMCs on a quarterly basis.

Banking cluster: Risk-weighted assets for credit risk

Risk-weighted on-balance sheet assets	Jun 21		Weighted Assets Rs m	Jun 20 Weighted Assets Rs m
	Amount Rs m	Weight %		
Cash items	3,274	0 - 20	76	66
Claims on sovereigns	144,849	0 - 100	5,165	3,327
Claims on central banks	47,420	0 - 100	11,310	7,312
Claims on banks	122,502	20 - 100	46,594	15,997
Claims on non-central government public sector entities	1,713	0 - 100	0	0
Claims on corporates	217,293	20 - 150	204,782	179,768
Claims on retail segment	11,905	75	7,706	7,977
Claims secured by residential property	34,876	35 - 125	14,116	13,060
Claims secured by commercial real estate	18,361	100 - 125	21,748	18,893
Fixed assets/other assets	17,732	100 - 250	25,684	22,088
Past due claims	12,202	50 - 150	15,384	12,666
Total			352,566	281,154

Non-market related off-balance sheet risk-weighted assets	Nominal Amount Rs m	Credit Conversion Factor %	Jun 21		Weighted Amount %	Jun 20 Weighted Amount Rs m
			Credit Equivalent Amount Rs m	Weight %		
Direct credit substitutes	2,947	100	2,881	0 - 100	3,382	2,035
Transaction-related contingent items	29,775	50	14,424	0 - 100	12,006	17,470
Trade related contingencies	69,401	20 - 100	15,253	0 - 100	13,785	6,516
Outstanding loans commitment	6,344	20 - 50	2,664	0 - 100	2,664	3,275
Total					31,837	29,296

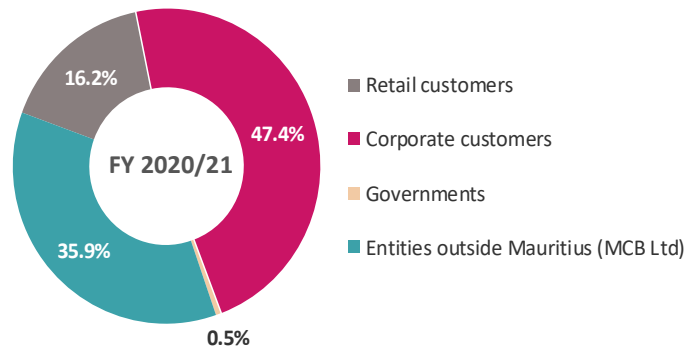
Market-related off-balance sheet risk-weighted assets	Nominal Amount Rs m	Credit Conversion Factor %	Jun 21		Credit Equivalent Amount Rs m	Weighted Assets Rs m	Jun 20 Weighted Assets Rs m
			Potential Future Exposure Rs m	Current Exposure Rs m			
Interest rate contracts	31,830	0 - 1.5	427	660	1,087	560	570
Foreign exchange contracts	24,140	1 - 7.5	272	279	550	324	264
Total						883	833

	Jun 21 Rs m	Jun 20 Rs m
Total credit risk-weighted assets	385,287	311,283

Risk mitigation and management

- The credit risk management framework enables the entities to manage credit risk within the limits of their defined risk appetite, to develop risk-response strategies and to optimise risk-taking by anticipating and acting on potential opportunities or threats. This framework encompasses the following: (i) comprehensive credit policies; (ii) clear segregation of the decision-making authority for the approval of loans; (iii) effective identification, measurement and management of credit risk; (iv) portfolio management to ensure capital adequacy; and (v) regular reporting to Management and committees on pertinent risk characteristics/trends.
- Credit risk exposures are managed through robust credit assessment, structuring and monitoring process. The latter involves the daily monitoring of credit limit excesses as well as the review of all exposures, the frequency of which is increased in accordance to the size and likelihood of potential credit losses to ensure the timely detection of possible problem loans. Exposures showing signs of deterioration are placed on a watch list for closer scrutiny where appropriate. Several credit mitigation techniques are adopted by the banking entities in the course of their activities. These include security/collateral, netting, guarantees, credit insurance and political risk covers. Exposures arising from foreign exchange and derivatives are mainly mitigated through agreements e.g. the International Swaps and Derivatives Association (ISDA) Master Agreements and Credit Support Annex (CSA) documentation.
- The banking entities are intent on diversifying their lending portfolios by setting relevant exposures limits to ensure that their performances are not negatively impacted, for instance, by a large sectoral exposure default. It is the policy of the Group’s entities to limit credit risk exposures and concentrations within the constraints of their capital base, while complying with regulatory stipulations, notably relating to aggregate large exposures and single borrower limits. Stress tests are, in some instances, performed on portfolios to ensure that sufficient capital is held to withstand any loss arising from significant exposure to a sector, single customer and group of closely-related customers.

Banking cluster: Loans and advances by customer segment



Concentration of exposures at MCB Ltd

Bank of Mauritius Guideline on Credit Concentration Risk		
Credit concentration limits (% of Bank's Tier 1 capital)	Regulatory requirements	MCB Ltd 30 June 2021
Aggregate credit exposure to any single customer	Not exceed 25%	17.9%
Aggregate credit exposure to any group of connected counterparties	Not exceed 40%	36.6%
Aggregate large credit exposures* to all customers and groups of connected counterparties	Not exceed 800%	382.3%

Note: *Refer to exposures over 10% of the financial institution's Tier 1 capital

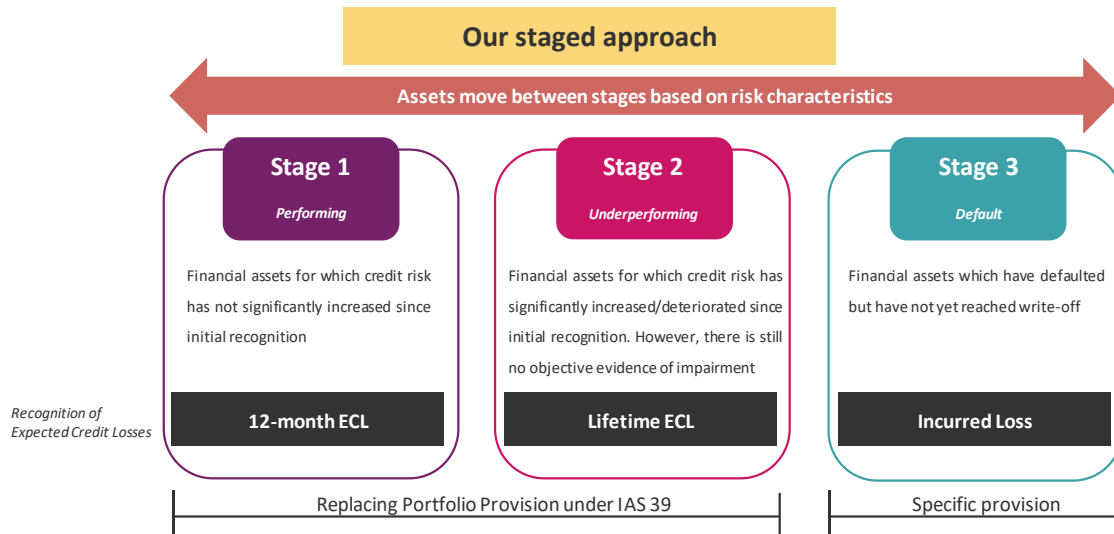
Gross exposure as at 30 June 2021	Total gross exposure	Risk capital consumed	Risk capital consumed as a % of total credit risk capital
	Rs bn	Rs bn	%
Top 5 customers / customer groups	70.1	6.6	13.1
Total large credit exposures	227.2	14.8	29.5

Determination and review of impairment and provisioning

- With regard to the determination and review of impairment and provisioning levels, the banking entities undertake their respective exercises on a regular basis, while being subject to appropriate oversight. The entities adhere to relevant regulatory stipulations, alongside aligning themselves to advocated standards. At the level of MCB Ltd, this exercise is undertaken on a quarterly basis and involves the collaboration of several stakeholders across the organisation. After being reviewed and agreed upon by the RMC as well as validated by the Board, the figures are submitted to the Bank of Mauritius (BoM). The BoM Guideline on Credit Impairment Measurement and Income Recognition aims at aligning regulatory prudential rules as regard asset classification and provisioning requirements with international accounting norms (i.e. IFRS 9). The objective is to ensure that financial institutions have adequate processes for determining allowance for credit losses in a timely manner and the carrying amounts of credit portfolio recoverable values. While ensuring adherence to prudential norms which define credit as impaired if it is past due for more than 90 days, the Bank also assesses facilities granted to clients as being impaired on case-by-case basis above a certain materiality threshold. Furthermore, loans are written off by the Bank when the prospect of recovery is poor and the loss can be reasonably determined, with MCB Ltd complying with the BoM Guideline for the write-off of non-performing assets. While MCB continues to adhere to key principles therein, it is worth noting that BoM has put on hold the Guideline on Credit Impairment Measurement and Income Recognition as part of support measures to allow commercial banks continue assisting enterprises facing cash flow and working capital difficulties in the context of COVID-19.

MCB Ltd: Adherence to IFRS 9 requirements

- In measuring Expected Credit Losses (ECL), three main parameters are considered and estimated, namely: (i) Probability of Default (PD), which represents the likelihood of a default event occurring; (ii) Loss Given Default (LGD), which denotes the estimated losses in the event that a default event occurs; and (iii) Exposure at Default (EAD), which reflects the exposure at risk at a point of default. In addition, IFRS 9 requires that allowance be made of forward-looking information in the calculation of ECL, taking into consideration past, actual and future insights on customer behaviours and macroeconomic indicators.
- A three-stage approach to the impairment calculation of financial assets is applied under IFRS 9. To determine the staging status of the asset, IFRS 9 requires an assessment of whether or not there has been a significant increase in credit risk since initial recognition. This dictates the basis on which its ECL is calculated, as illustrated below.



- In determining whether there has been significant increase in credit risk or credit deterioration, an entity considers reasonable and supportable information that is relevant and available without undue cost or effort. At MCB, quantitative and qualitative information are taken into account, based on the Bank's historical customer experience and credit risk assessment. A financial asset is credit impaired and is in Stage 3 when (i) contractual payments or accounts in excess are past due by more than 90 days; and/or (ii) other quantitative and qualitative factors indicate that the obligor is unlikely to honour its credit obligations.
- MCB segmented its financial assets into nine portfolios for ECL calculation, which are described as follows: (i) Retail: housing loans, other secured loans, unsecured and revolving facilities, SMEs; and (ii) Wholesale: corporate, financial institution, sovereign, project finance, and Energy & Commodities.
 - **Retail:** PD, LGD and EAD parameters are calculated on a portfolio-based approach, i.e. facilities having homogeneous characteristics are assumed to have similar risk behaviours and can reasonably be assigned same parameter values.
 - **Wholesale:** MCB uses a combination of internal models and external benchmarking for the calculation of PDs, LGDs and EADs. Internal historical default rates and losses have been used to calibrate PDs and LGDs respectively. For portfolios where MCB has historically experienced low or no default, external benchmarking has been used for calibrating corresponding ECL parameters. Of note, PDs leverage ratings model for all wholesale portfolios, which is mapped to an Internal Master Rating Scale. As for EAD calculation, either amortisation schedules or historical data and regulatory credit conversion factors have been used as EAD ratios.

MCB Ltd: Formulation of Expected Credit Losses

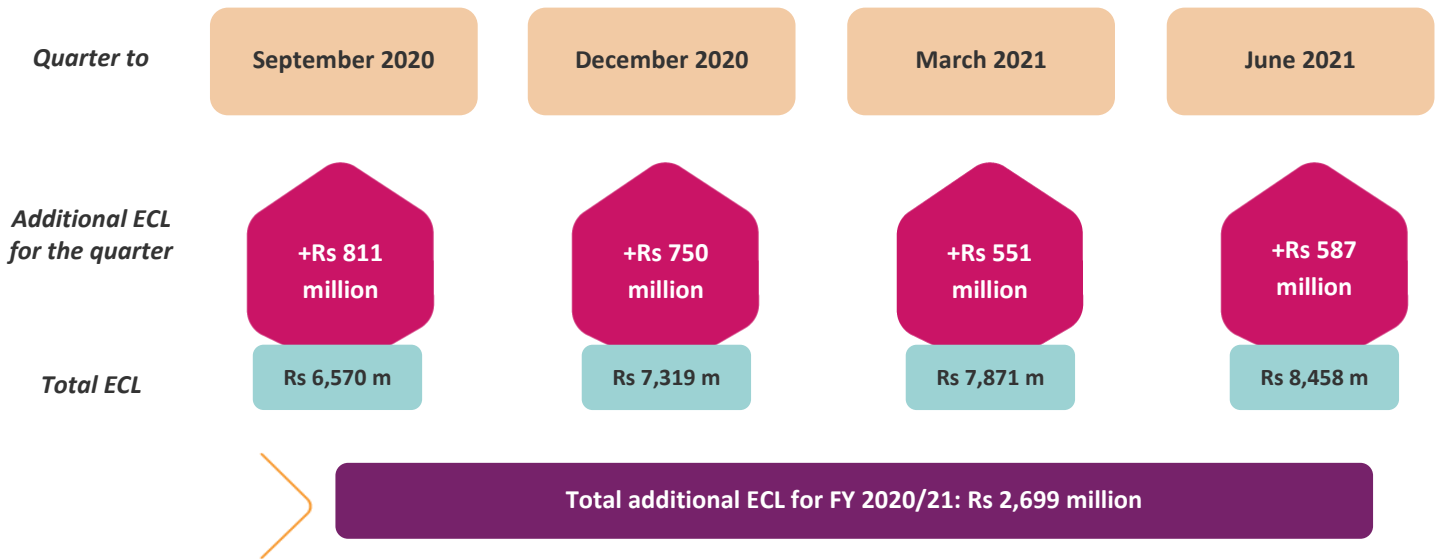
Reflecting the proactive and prudent approach being endorsed by the Bank to hold adequate provisioning levels in light of the potential impact of the pandemic on our business activities and in view of the still uncertain operating environment, MCB further increased its ECL during FY 2020/21, underpinned by informed analyses, conservative assumptions and modelling exercises.

Retail portfolio

With a view of providing an additional buffer for further risk mitigation and maintaining an adequate coverage ratio, the Bank applied an additional overlay on its retail portfolio for each quarter.

Wholesale portfolio

For each quarterly assessment and in light of the prevailing conditions, the Bank conducted an in-depth individual analysis of clients with an exposure amount of Rs 100 million or more. The outcomes were reflected, where deemed necessary and appropriate, in the clients’ internal ratings (and thus in their 12-month Probability of Default) by means of rating overlays. In some cases, where we judged that the staging of the client was not reflective of the significance of the increase in credit risk, we proceeded with staging overlays (i.e. moving some clients of Stage 1 to Stage 2).



Notes:

- (i) Figures may not add up to totals due to rounding
- (ii) Figures include investments fair valued through other comprehensive income

Provisions as at 30 June 2021

Stages	Retail portfolios	Wholesale portfolios				
		Corporate	Financial institutions	Project finance	Sovereign	Energy & commodities
	Rs m	Rs m	Rs m	Rs m	Rs m	Rs m
Stage 1						
Exposures	49,870	145,436	131,252	8,380	170,653	130,152
Expected Credit Losses	220	2,442	319	299	38	312
Coverage ratio (%)	0.4	1.7	0.2	3.6	0.0	0.2
Stage 2						
Exposures	874	27,889	0	0	0	6,946
Expected Credit Losses	475	3,871	0	0	0	473
Coverage ratio (%)	54.3	13.9	0	0	0	6.8
Stage 3						
Exposures	1,912	6,417	3	295	128	1,014
Incurred losses	575	2,326	1	253	3	626
Coverage ratio (%)	30.1	36.2	33.3	85.8	2.3	61.7

Provisions as at 30 June 2020

Stages	Retail portfolios	Wholesale portfolios				
		Corporate	Financial institutions	Project finance	Sovereign	Energy & commodities
	Rs m	Rs m	Rs m	Rs m	Rs m	Rs m
Stage 1						
Exposures	48,527	135,981	53,271	8,905	135,729	76,857
Expected Credit Losses	427	1,220	45	199	29	111
Coverage ratio (%)	0.9	0.9	0.1	2.2	0.0	0.1
Stage 2						
Exposures	1,733	26,465	0	241	0	6,647
Expected Credit Losses	357	3,093	0	45	0	224
Coverage ratio (%)	20.6	11.7	-	18.7	-	3.4
Stage 3						
Exposures	2,340	5,826	0	57	0	1,489
Incurred losses	554	2,156	0	5	0	281
Coverage ratio (%)	23.7	37.0	-	8.8	-	18.9

Notes:

- (i) Figures may not add up to totals due to rounding
- (ii) Stage 1 comprises both on- and off-balance sheet exposures while stages 2 and 3 comprise only on-balance sheet exposures
- (iii) Incurred losses do not include interest in suspense on loans and overdrafts
- (iv) Figures exclude investments fair valued through other comprehensive income

Foreign Banking Subsidiaries: Formulation of Expected Credit Losses

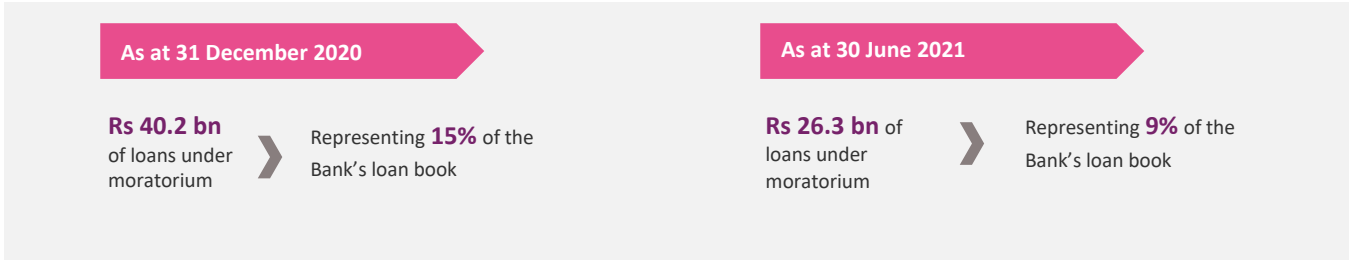
During the year under review, the foreign banking subsidiaries reassessed their macroeconomic outlooks, with forward-looking indicators being updated in their credit models in collaboration with MCB Ltd to determine the lifetime and 12-month Probability of Default for their customer segments, namely Corporate and Retail. During the exercise, management overlays for specific categories inherently more vulnerable were duly considered.

ECL by quarter of foreign banking subsidiaries	Quarter to Sep 2020	Quarter to Dec 2020	Quarter to Mar 2021	Quarter to Jun 2021	Total additional ECL for FY 2020/21	ECL for FY 2020/21 (Rupee equivalent)
MCB Seychelles	SCR m	SCR m	SCR m	SCR m	SCR m	Rs m
Additional ECL for the quarter	5	13	0	-7	11	32
Total ECL as at end of period	48	62	62	54		157
MCB Maldives	MVR m	MVR m	MVR m	MVR m	MVR m	Rs m
Additional ECL for the quarter	0	2	0	1	2	7
Total ECL as at end of period	20	21	21	22		62
MCB Madagascar	MGA m	MGA m	MGA m	MGA m	MGA m	Rs m
Additional ECL for the quarter	0	535	411	0	945	10
Total ECL as at end of period	8,792	9,327	9,738	9,738		107

COVID-19 moratorium on loans and vulnerable sectors

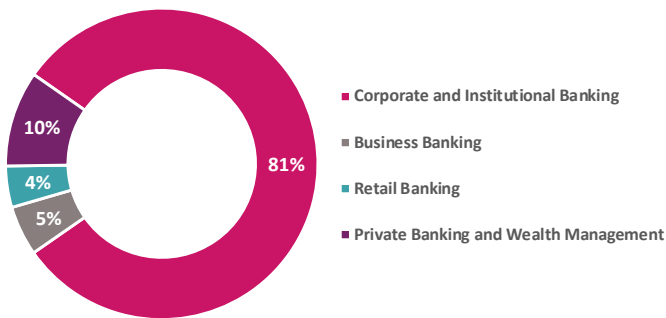
- In response to COVID-19 and its wide-ranging ramifications on economic operators, the Group’s banking entities provided moratorium on loans in respect of capital repayment as well as interest payment with a view to alleviating their customers’ financial burden and helping them sustain their activities. Such support measures were provided to fundamentally sound business models that are experiencing temporary difficulties with the aim of maximising the customers’ repayment ability. With respect to its retail portfolio, the Bank has established clear criteria to determine customers’ eligibility. Regular reviews of the client’s situation are also undertaken to ensure they remain going concern. It is worth noting that injection of quasi-equity by the Mauritius Investment Corporation in, *inter alia*, systemic domestic operators has enabled us to extend such measures. Besides, the improvement in economic conditions has enhanced the prospects for the servicing of these loans, with a case in point being the upturn in tourism observed in Seychelles and Maldives.
- The initial granting of customer relief or an extension thereof do not automatically trigger a migration to Stage 2 or 3. However, information provided by payment deferrals is considered as part of reasonable and supportable information to assess whether there has been a significant increase in credit risk to identify exposures for which lifetime ECL is appropriate. The key accounting and credit risk judgement to ascertain whether a significant increase in credit risk has occurred is whether the economic effects of the COVID-19 outbreak on the customer are likely to be temporary and whether the financial difficulties faced by the customers are inconsistent with those classified under Stage 3.

MCB Ltd

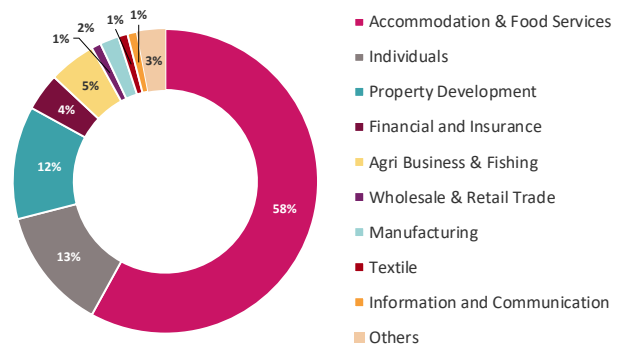


Distribution of active moratoriums

by lines of business



by sector



Foreign banking subsidiaries

MCB Seychelles

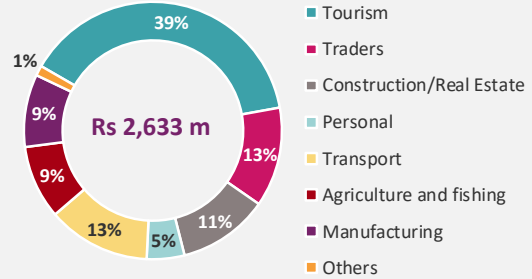
As at 31 December 2020

SCR 1,267 m of loans under moratorium Representing 38% of the bank's loan book

As at 30 June 2021

SCR 910 m of loans under moratorium Representing 29% of the bank's loan book

Active moratoriums by sector



MCB Maldives

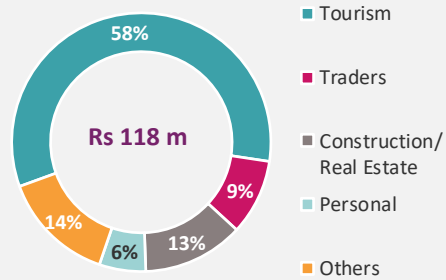
As at 31 December 2020

MVR 119 m of loans under moratorium Representing 11% of the bank's loan book

As at 30 June 2021

MVR 42 m of loans under moratorium Representing 4% of the bank's loan book

Active moratoriums by sector



MCB Madagascar

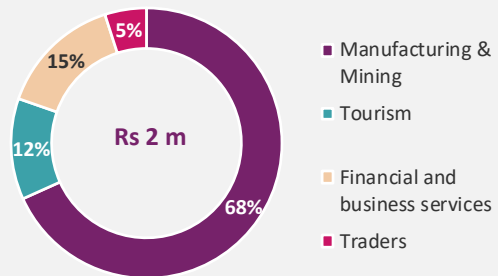
As at 31 December 2020

MGA 24.8 bn of loans under moratorium Representing 5% of the bank's loan book

As at 30 June 2021

MGA 173 m of loans under moratorium Representing 0.04% of the bank's loan book

Active moratoriums by sector



Country risk management at MCB Ltd

General approach

- The Bank applies a coherent and comprehensive approach and framework to formulate its risk tolerance and determine exposures assigned to markets, alongside adhering to the Bank of Mauritius Guideline on Country Risk Management and the Guideline on Cross-Border Exposure.
- The RMC is entrusted with the task of evaluating risks and opportunities relating to setting and reviewing the country risk framework and country risk appetite parameters. The RMC meets at least quarterly to monitor performance of the Bank’s cross-border exposures, including compliance with the risk appetite, risk limits, overall requirements set out in the framework on cross-border exposure.
- With a view to fostering sound country risk management, MCB Ltd lays emphasis on the following: (i) thoughtful and regular determination and review of its risk appetite, after making allowance for the evolving operating environment and its strategic ambitions; (ii) diversified exposures across countries and sectors; (iii) undertaking activities in a selective and, in some cases, opportunistic manner, while favouring areas that the Bank is well accustomed to and for which it nurtures strategic competencies and technical expertise; and (iv) ensuring that the Bank’s deals are appropriately selected, structured and ring-fenced (with specialised people handling complex deals), backed by the application of a series of risk mitigants and robust methodologies.

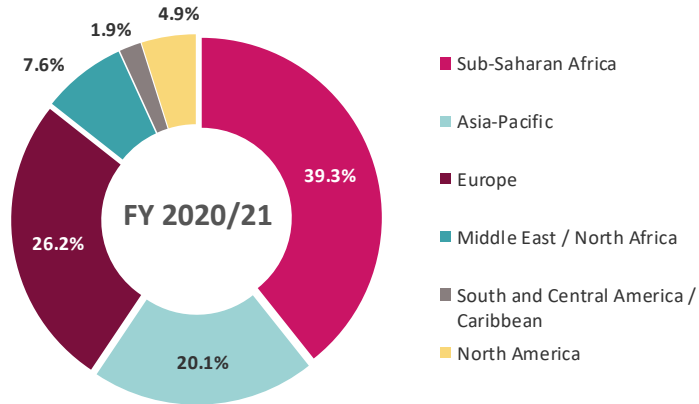
Risk measurement and monitoring

- MCB Ltd articulates a cogent risk appetite framework, with business units guided by clearly-established parameters and limits to assist them tap into markets. Target risk profiles are set at Bank level as well as for each portfolio and are complemented by target maturity profiles, consequently ensuring that its credit exposure portfolio is at all times balanced in terms of its risk profile.
- The Bank carefully monitors country risk events, including macroeconomic developments, sovereign credit worthiness, and specific occurrences such as social unrest, nationalisation and expropriation of assets, foreign exchange controls and currency depreciation/devaluation. Foreign country exposure limits are set by the Bank on the basis of (i) its current exposures and growth ambitions; (ii) assigned capital for international exposures; (iii) the prevailing economic and market environments and sizes of economies under review; (iv) sovereign ratings; (v) its areas of expertise as far as its business involvement is concerned; and (vi) its knowledge of the economies. The Bank ensures the proactive monitoring of country risk exposures against country limits and sub-limits that have been set, while promptly reviewing such levels in case of unexpected events. MCB established a list of ‘priority countries’ to focus on appealing business opportunities identified therein. The Bank also set up a list of ‘restricted countries’. No limits are established for the latter countries, with activities only conducted with approval of the Risk Monitoring Committee.

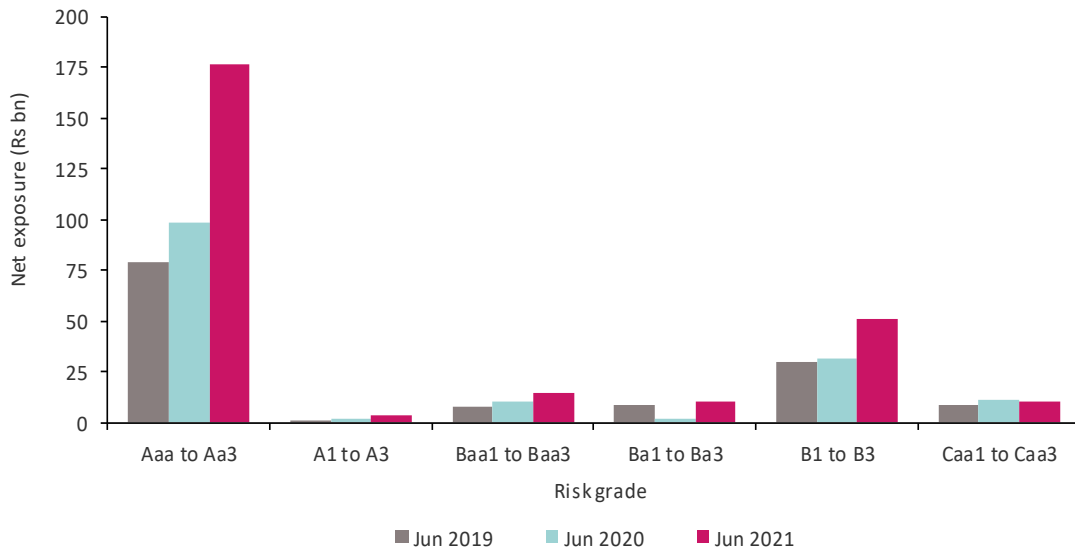
Distribution of MCB Ltd’s customer loan portfolio



Total risk-weighted exposures by region
(Excluding Mauritius)



Country risk exposures



Note: For each country, the worst of the ratings assigned by Moody's, Standard & Poor's and Fitch Ratings has been selected and converted into a Moody's equivalent rating

General approach

- The banking entities of the Group seek to minimise the risk of losses in on- and off-balance sheet positions arising from activities undertaken in or impacted by financial markets. This includes both market price risk and ancillary risks such as liquidity and funding (liability) risks. The entities ensure that an appropriate framework is in place to systematically identify, assess, monitor, control and report, within pre-defined limits, the market risk exposures across their trading and banking books.
- At the level of MCB Ltd, the market risk management approach and framework is aligned with applicable Bank of Mauritius Guidelines, namely the Guideline on Measurement and Management of Market Risk and the Guideline on Liquidity Risk Management, as well as internationally recommended practices. The Bank clearly defines its appetite in respect of market risk and manages its exposure through risk limits, both at a dealer level on individual trading activities and overall entity level, and risk targets in the case of structural market and liquidity risks. In line with relevant guidelines, the Market Risk Policy, which covers both the trading and banking books, ensures that market risk origination, settlement and control are appropriately segregated and that liquidity risk oversight is conducted independently of the risk-taking units. The Market Risk BU undertakes the monitoring and management of market risks, while providing financial position and risk analysis information to the Asset and Liability Committee (ALCO) and RMC. The RMC meets at least quarterly and on an ad-hoc basis when required and reviews market risk and liquidity risk exposures and metrics, while also assessing regulatory and other developments.
- Our foreign banking subsidiaries operate within the precinct of their Market Risk Policies which put forward the relevant processes and controls to mitigate interest rate, foreign exchange as well as funding and liquidity risks faced. Market risk sanctioning mandates are delegated to Management for the conduct and monitoring of relevant day-to-day operations and activities. They are assisted by the Global Markets and Treasury Management SBU of MCB Ltd in the deployment of their undertakings. The latter function services both their foreign exchange and money market requirements by delivering advisory services through direct access to its traders, who share their views about market trends and provide notifications on relevant updates.

Risk measurement and management

Interest rate risk

- In the banking book, the entities are mainly exposed to repricing risk in its banking book on account of the reset date of its on and off-balance sheet assets not coinciding exactly with that of its on and off-balance sheet liabilities. The resulting mismatch is monitored through the conduct of interest rate risk gap analysis on both an earnings and economic value impact basis. It limits this source of risk through the application, in most cases, of floating interest rates that are linked to benchmark rates.
- MCB Ltd also incurs interest rate risk in the trading book by virtue of (i) its primary dealership status in the local Government and/or BoM securities market; (ii) its trading positions in international fixed income securities; and (iii) the holding of net open positions in derivatives that are subject to daily fluctuation in rates and yields. To constrain its exposure to interest rate risk in the trading book, the Bank resorts to hedging techniques or ensures that certain exposures are conducted on a back-to-back basis. It also sets several sensitivity limits on outstanding positions. Basically, the limit, which is a measure of the impact of price volatility on portfolio value, aims at limiting the loss in dollar terms of a parallel upward shift of one basis point in applicable interest rates. Such sensitivity limits are calculated by an engine on both the exposure and its hedge, and monitored by the Market Risk BU. To improve on its monitoring of trading risk, the Market Risk BU also leverages on its Product Control function to monitor the daily 'Profit or Loss' changes arising on both realised and open positions with the ultimate objective of limiting downside exposure.

Foreign exchange risk

- The entities are subject to foreign exchange (FX) risk from an on-balance sheet perspective, i.e. as a result of imbalances witnessed between the foreign currency composition of their assets and liabilities. The risk to which they are exposed can also be viewed from an off-balance sheet angle through their outstanding positions, mainly in respect of foreign exchange forwards. Exposure to FX risk is monitored against both regulatory stipulations and internal targets, which are, especially, applied to metrics such as the net foreign risk exposure in any single currency and the aggregation of the net foreign exchange risk exposure.

Liquidity and funding risk

- The entities manage the liquidity profile of their balance sheet through both short-term liquidity management and long-term strategic funding, while covering both local and foreign currencies. Towards this, the entities operate mutually supporting lines of defence.

Cash flow management

- The entities create a time ladder of continuous assets and liabilities cashflows, while avoiding undue accumulation of cashflows in any time segment, especially those expected to fall due in the close future.
- They use cash and liquidity gap profiles in both local and significant foreign currencies to monitor the impact of projected disbursements by lines of business.
- They undertake the behavioural analysis of its non-maturity current and savings balances so as to assign an actuarial maturity profile which reflects the stickiness of such account balances.

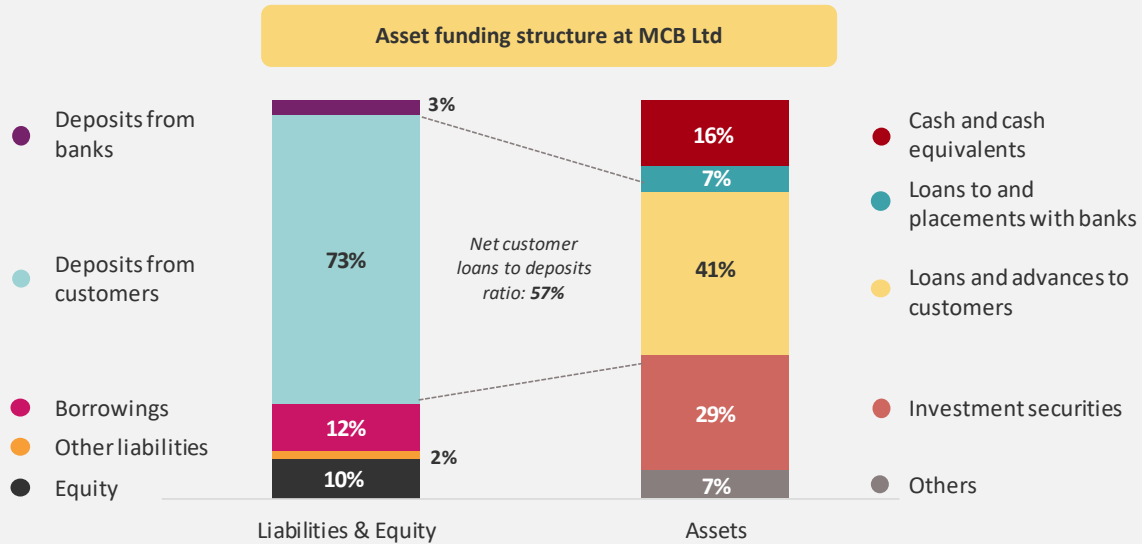
Liquid assets buffer management

- The entities hold a stock of high quality and unencumbered assets that it can rapidly dispose of in case required. The aim is to meet unexpected outflows of funds or substitute expected inflows of funds (such as loan instalments) that do not eventually materialise at little or no loss in market value.

Funding risk management

- The entities maintain diversified liability bases across different categories of depositors, alongside also covering a spectrum of short to medium term funding.
- While it pursues its efforts to mobilise FCY deposits as a primary and relatively stable source of funding, MCB Ltd remains committed to continuously optimising and diversifying its short and medium-term funding profile. Alongside exercising close scrutiny of market developments and investor sentiment, the Bank is committed to entering into international wholesale markets whenever required, while capitalising on its technical experiences as well as the relationships developed by dedicated teams dealing with financial institutions and banks. At the end of the day, the key consideration for the Bank is to diligently manage and diversify the funding and maturity profile of its balance sheet in order to ensure that it can successfully deploy its strategic endeavours over the short and longer runs.

MCB Ltd took further actions to promote a stable and diversified funding base while mobilising adequate FCY resources to support its growth strategy. As a key move, the Bank, in September 2021, secured a syndicated medium term facility of USD 1 billion arranged by a consortium of six international banks and involving some 30 lenders. Part of the funds will be used to settle an existing syndicated borrowing maturing in March 2022, with the remainder earmarked to finance ongoing cross border activities.



Liquidity ratios computed at MCB Ltd

Liquidity Coverage Ratio (LCR)

In alignment with Basel III rules, the objective of the LCR is to promote the short-term resilience of a bank’s to liquidity shocks by ensuring that it maintains an adequate reserve of unencumbered High Quality Liquid Assets (HQLA) in order to survive a period of significant liquidity stress lasting 30 calendar days. As per regulatory stipulations in the Mauritian banking system, the LCR is computed as the ratio of the stock of unencumbered HQLA to the net cash outflows over the next 30 days in the event of an acute liquidity stress scenario. Under the transitional arrangements set by the BoM, the minimum regulatory ratio rose to 100% as from 31 January 2020 for MUR, material foreign currencies and consolidated LCR. To denote the dynamic nature of liquidity, the reporting timeframe was also increased since July 2019 from month-end to fortnightly basis. Furthermore, effective September 2020, the Guideline was revised to incorporate changes with regard to transitory deposits, committed facilities in foreign currency provided by the Bank of Mauritius and to include that banks shall immediately notify the Bank of Mauritius of the use of HQLA denominated in major currencies that are freely convertible, transferable and actively traded in global foreign exchange markets to cover liquidity needs in other such major currencies.

Net Stable Funding Ratio (NSFR)

Under Basel III, the NSFR aims to promote the resilience of a bank over a longer time horizon by requiring the latter to maintain a stable funding profile in relation to the composition of its assets and off-balance sheet activities so as to mitigate any future funding stress. The NSFR effectively recognises a bank's maturity transformation role in the credit creation and resource allocation process. It seeks to limit the bank's overreliance on short-term wholesale funding or the running of large funding gaps meant to sustain rapid balance sheet growth.

Operational risk

General approach

- The banking entities of the Group aim to identify, mitigate and manage operational risks across their activities, processes and systems in line with the defined risk tolerance. The objective is to underpin the continuity of their operations and anchor a solid platform to provide customers with seamless services.
- Towards determining the operational risk tolerance levels, the entities set risk acceptance and mitigation limits in respect of the principal categories of operational risk as appropriate. Operational risk sanctioning mandates and day-to-day oversight responsibilities are entrusted to Management. The latter is responsible for the application and effectiveness of the operational risk policy. The key duties are to (i) ensure compliance with underlying objectives set in terms of the management of such types of risk; and (ii) foster the development, implementation and documentation of internal controls and processes.
- The operational risk management framework is anchored on adapted policies which are approved by the Audit Committee of each banking entity. The operational risk policies of the banking entities formulate the principles and methodologies for the management of operational risk. They set out a framework which is aligned with advocated rules and norms on the local and international fronts, best practices and standards, while setting out the relevant roles and responsibilities within the entity. The responsibility for implementing the operational risk management framework is entrusted to Senior Management.

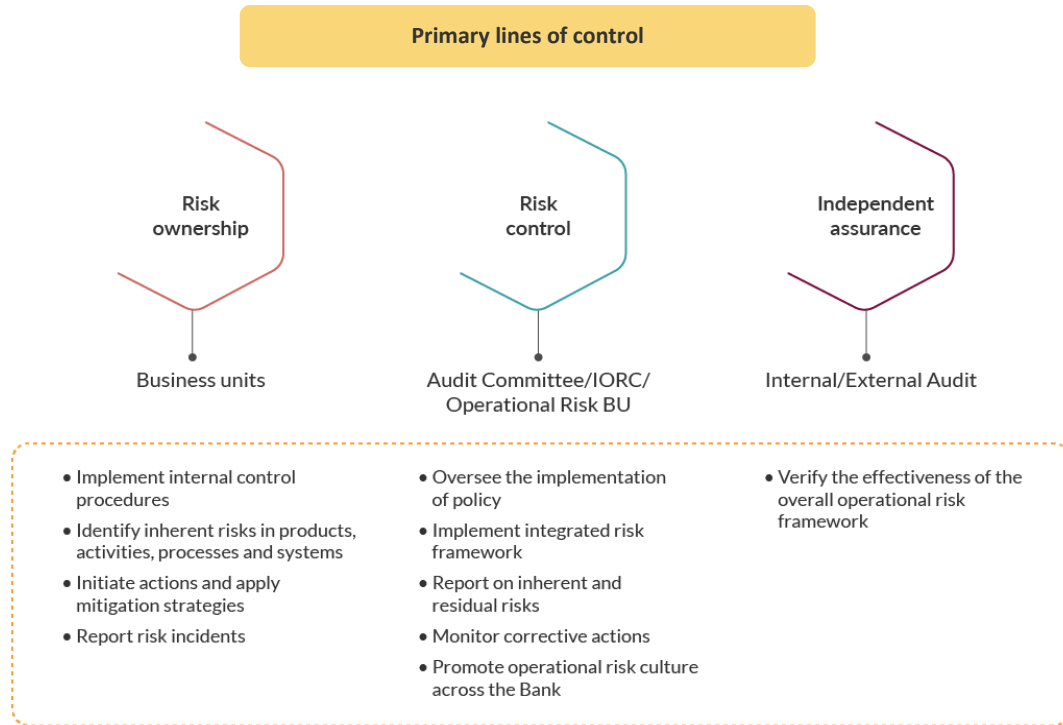
Risk measurement and monitoring

- The determination of the risk exposures is anchored on the regular review of the operational risk inherent in internal processes and client solutions, with monitoring thereof performed against acceptable tolerance limits.
- With respect to MCB Ltd, it applies the Alternative Standardised Approach for calculating and reporting its operational risk capital charge. Information on operational risk events is recorded in a centralised database, which enables systematic root cause and trend analysis for necessary corrective actions.

Risk mitigation and management

- At the level of MCB Ltd and as described in its Operational Risk Policy, the Operational Risk BU is responsible for the identification, assessment and management of related risks. Nonetheless, it should be noted that operational risk management is not just a function of the Operational Risk BU but forms part of the day-to-day responsibilities of Senior Management and employees.

Furthermore, operational risk mitigation relies on appropriate processes and systems, backed by the clear segregation of duties, dual control as well as the regular verification and reconciliation of transactions. The control environment is based on an appropriate risk culture, which is fostered through risk awareness sessions targeting relevant audiences. An overview of both operational risk and Business Continuity Management is provided to new staff at the onset of their career through induction courses. The Operational Risk Management Framework relies on three primary lines of control, as depicted below.



- The management of operational risks by the foreign banking entities is also underpinned by recourse to specific tools and systems that are adopted by MCB Ltd, notably the incident reporting system, as tailored to the subsidiaries’ business realities. In addition, staff leverage training courses from MCB Ltd to provide assistance on specific risk management needs.

Business Continuity Management (BCM)

General approach

- The banking entities of the Group adopt a robust and proactive approach to Business Continuity Management to ensure that they continue to conduct their operations and deliver products and services in case of unforeseen events or business disruptions at acceptable pre-defined levels.
- The entities aim to minimise the potential damage that such disruptions can cause to people and business activities, while setting forward to safeguard their reputation and the interests of key stakeholders by effectively planning for and responding to incidents.

Framework and initiatives

- The Business Continuity Management framework of the banking entities is encapsulated in their respective BCM policies. The latter outline the applicable governance structure as well as the roles and responsibilities of each actor involved in the BCM programme. As an integral part of the Operational Risk Management Framework in place, the BCM framework is centrally coordinated and controlled by the entities' Risk functions, in collaboration with relevant support functions. A dedicated Crisis Management Team consisting of key members of Management shoulders central command during a crisis. Specific business segments, through designated business continuity champions, are the BCM process owners and are responsible for designing, reviewing and maintaining up-to-date recovery plans at their respective levels, in alignment with entities' specificities.
- With the outbreak of the COVID-19 virus across our presence countries, the operational preparedness levels of the banking entities were put to test. Their Pandemic Preparedness Plan was activated, with key initiatives successfully executed to ensure continuity of activities during these uncertain times. Actions deployed also helped to safeguard the safety and health of employees and clients, backed by (i) guidance and direction of the Crisis Management Team of each entity and that of MCB Group as a whole, with support emanating from dedicated crisis-related tactical and operational teams; and (ii) the dissemination of clear and coherent procedures and guidelines to ensure compliance by relevant parties and stakeholders. On another note, the banking entities conduct regular Disaster Recovery simulation exercises to test the operability of critical systems hosted on servers that are located at dedicated sites. The exercise confirmed the Recovery Time Objectives identified for the entities' critical activities and consolidated their ability to resume their critical operations from their Disaster Recovery site.

Permanent Supervision

General approach

- The banking entities of the Group are committed to effectively supervising transactions and processes embedded in their regular activities, backed by adequate control mechanisms and procedures. The permanent control/internal control approach is governed by several rules and standards prevailing locally, notably (i) regulatory requirements and guidelines; (ii) relevant Basel requirements; and (iii) guidance provided and principles formulated by the Committee of Sponsoring Organisation of the Treadway Commission (in the case specifically of MCB Ltd), which is a joint initiative to combat corporate fraud and was established in the US by private sector organisations. The entities adhere to dedicated internal control policies, which formulate the key principles and underlying governance framework underpinning the efficient development, deployment and monitoring of control activities undertaken by different sections of the organisation. The applicable framework sets out the relevant roles, responsibilities and reporting mechanisms to assist in fostering sound and stable operations within the entity.

Risk and control measurement and management

- The determination of risk exposures is anchored on the regular review of the operational controls applicable to processes and client solutions, with the entities actively monitoring the applicability and effectiveness of actions deployed. Regarding MCB Ltd, information on operational control events is recorded in a centralised database, which enables systematic root cause and trend analysis for necessary corrective actions.

- Internal control forms part of the day-to-day responsibilities of Management and employees at different levels of the banking entities. The internal control mechanism relies on appropriate processes and systems, backed by clear segregation of duties, dual control as well as regular verification and reconciliation of transactions. The control environment is based on an appropriate risk culture, fostered through risk awareness sessions targeting relevant audiences. Identified internal control deficiencies are managed in a timely and effective manner through adherence to established procedures and proper monitoring of reinforcement measures implementation.
- During the period under review, actions have been taken to further improve the application of the internal control framework and relevant processes across the banking entities. With the advent of the COVID-19 pandemic, the operational processes were reviewed to adjust to Work From Home conditions and realities, with adequate controls defined to monitor whether new procedures are being adhered to. Furthermore, dedicated awareness sessions have been conducted to enhance our staff's social engineering awareness with a view to enabling them properly and promptly recognise and react to social engineering attacks.
- In the case of MCB Ltd, the scope of the Permanent Supervision BU has also been reviewed to broaden the target framework and cover other risk sources at the Bank. As such, Risk & Control Executives (previously Business Risk Correspondents) will now be deployed to look into the whole spectrum of relevant operational, information and compliance risks across the Bank. Their coverage has also been reviewed such that they focus on high risk areas and proactively engage into risk management strategy execution with the host SBUs and BUs. Our foreign banking entities have further embedded Permanent Control framework and processes as part of the ongoing and dynamic exercise to strengthen the internal control set-up, alongside adhering to clearly-defined procedures and dashboards for controlling and mitigating the effects of operational risks faced.

Information risk

General approach

- The entities adopt a dedicated approach to uphold their information security, alongside ensuring that they are prepared to respond to potential cyber-attacks and threats to its information assets in a timely and effective manner. They conduct regular assessments to identify issues that can potentially harm their assets, with adequate mitigating controls being deployed.

Risk mitigation and management

- Risk management by the banking entities implies the regular conduct of information risk assessments so as to identify issues that can potentially harm the organisation's information assets and recommend adequate mitigating controls.
- At MCB Ltd, the Information Risk Management (IRM) BU is responsible for developing and maintaining information security policies, in line with the evolving operating landscape as well as requirements set by the authorities and other stakeholders. The key objective is to ensure that an adequate level of security is maintained to protect private, confidential, personal and any other sensitive information held by the Bank. To mitigate and manage information risks, several processes are in place to assist in identifying and analysing the business need to access logical information, restrict the information deployed to what is strictly required as well as monitor and control access to such information. IRM's findings, recommendations and assessments are regularly reported to various Executive committees and the Audit Committee, with an emphasis on cyber security and data protection matters.

- The banking entities are guided by roadmaps that have been developed in order to ensure that policies and processes are continuously geared up to effectively cope with challenges posed by increasing cyber threats. As such, several initiatives have been deployed to strengthen and ensure the robustness of the entities' information security including regular independent Penetration Testing and Vulnerability Assessments by leveraging external expertise. Further details on moves undertaken by MCB Ltd are provided below:

Recent initiatives at MCB Ltd

- The Bank deployed several initiatives to uphold the robustness of its information risk and privacy framework:
 - Security events monitoring and response capabilities have been enhanced, notably through the deployment of our Security Operations Centre (SOC)
 - The Bank's critical infrastructure (which includes customer-facing applications) has been independently tested and assessed from a cyber security perspective
 - Various actions, including running security awareness sessions, have been taken to enhance our staff's cyber security awareness, with a focus on social engineering
 - Our capability to monitor and respond to cyber threats has been improved through the use of Cyber Threat Intelligence to collect and analyse data about threats
 - The set of critical controls underpinning our cyber security resilience is being continuously monitored, and our cyber incident response framework has been reviewed
 - General awareness on data privacy matters has been enhanced, with particular attention paid to ensure that privacy and security by design concepts become embedded within the Bank's culture
 - Compliance to laws and regulations relating to data protection has been assessed with a view to identifying any gaps and gearing up our capabilities to adhere to relevant stipulations, with necessary steps undertaken to fill gaps identified
 - Our risk assessment framework and information security management systems and processes were upgraded to foster alignment with internationally-recognised standards

Compliance risk

General approach and objectives

- The compliance strategy of the Group seeks to ensure consistency between the conduct of business operations and the observance of relevant laws, rules and standards of good market practices, through continued identification of compliance-related risks, and ongoing assessments and understanding of such risks as well as the design of adequate controls. The aim is to shield the organisation from legal/regulatory sanctions as well as financial/reputation losses.
- The approach is to foster a compliance-oriented culture with a view to supporting business lines in delivering fair outcomes for customers and preserving the organisation's reputation, while helping to achieve business development objectives.

Risk mitigation and management

- The entities of the Group seek to ensure that its core values and standards of professional conduct are maintained at every level and within all their activities and operations. Towards this end, they adhere to the Group's policies while also ensuring they comply with all relevant local legal requirements. They adopt dedicated systems and processes so as to properly identify and prevent any risks of non-compliance while ensuring that they are sufficiently equipped in order to live up to the increasingly stringent regulatory environment and effectively cope with greater scrutiny by regulators and law enforcement authorities. In order to guarantee that their objectives are met in a consistent and judicious manner, they perform regular monitoring exercises, to ensure compliance with policies and procedures and ascertain that controls are operating in a sound and effective way. In a nutshell, compliance risk management is anchored in the following core principles:

Core principles guiding compliance risk management

- Paying continuous attention to and undertaking regular reviews of ongoing developments as regard laws and regulations, accurately understanding their impact and coming up with necessary responses so that the Bank can effectively address the risks arising from such changes
 - Fostering a coherent compliance control mechanism within the Bank to pave the way for standardised processes and operations
 - Maintaining a set of policies to promote strong ethical behaviour by staff as well as to prevent and manage conflicts of interests
 - Promoting the awareness of Management and staff on requirements arising out of new/amendments to laws and regulations and other compliance-related matters
 - Providing adequate training to the Compliance Officers and to the Bank's employees to ensure that they have the necessary knowledge and skills to accomplish their duties
 - Maintaining close working arrangements and communication with business lines through the dissemination of compliance-related information, provision of advisory services and delivery of dedicated training courses to staff
 - Using state-of-the-art technology to monitor adherence to set norms so as to provide assurance to Management and the Board, through the Audit Committee, as regards the state of compliance
 - Fostering trusted relationships with regulatory and supervisory bodies by sustaining productive and value-adding dialogue with them to uphold effective two-way communication
 - Proactively identifying compliance and ML/TF related risks and assessing its residual likelihood and impact based on the controls in place – corrective measures are taken and monitored to minimise likelihood of the risks materialising
-
- In relation to their Anti-Money Laundering /Combating the Financing of Terrorism (AML/CFT) obligations, the banking entities of the Group ensure that adequate processes, systems and controls are in place to render their services inaccessible to criminals, including money launderers and terrorists or their financiers, alongside paving the way for detecting suspicious activities. While fostering continuous staff awareness, the entities *inter alia* ensure that employees are given appropriate training on AML/CFT and fraud prevention topics to help them identify suspicious transactions. A Financial Crime Risk Management system has been implemented for underpinning the oversight of anti-money laundering. Moreover, the entities adhere to a Whistleblowing Policy, whereby an alternative reporting process is established for use by all employees in confidence, without the risk of subsequent retaliation, victimisation, discrimination or disadvantage. The Whistleblowing Framework at the organisation is designed to assist employees deemed to have discovered malpractices or impropriety.

- The compliance frameworks of our banking entities have been reinforced through the adoption of continuous permanent supervision mechanisms. During the year, MCB Ltd undertook several initiatives to further strengthen its compliance framework while providing dedicated assistance to the foreign banking entities.

Key areas of support by MCB Ltd to foreign banking entities

- Compliance risk assessments: It extends support to the Compliance Officers of the foreign entities in the performance of compliance risk assessments and through compliance-related training provided to them
- Money Laundering and Terrorist Financing Enterprise Wide Risk Assessment (EWRA); It assists in the conduct of the EWRA for selected entities
- Advisory services: It maintains an open line of communication with afore-mentioned Compliance Officers and encourages them to seek advice/guidance whenever they are in need of same
- Staff training: It provides AML/CFT training to staff of the entities when called for, in addition to reviewing materials that the Compliance Officers have prepared for the purpose of staff training execution: It assists entities embarking on the implementation of IT tools to ensure compliance risk management
- Other areas: It reviews operational procedures to ensure that they meet set standards and that all applicable legal and regulatory requirements are incorporated therein. Its services are also solicited for the implementation of international applicable legal requirements and the resolution of regulatory-related matters

MCB Ltd: Recent initiatives

- After making allowance for the testing operating conditions and the increasingly stringent domestic and global landscape as regard alignment with advocated rules, norms and standards, the Bank continues to gear up its overall compliance framework, while ensuring that adequate processes, systems and controls are in place to underpin the deployment of its activities.
- MCB bolstered its Compliance function by integrating the Anti-Money Laundering unit therein for enhanced synergies and coordinated actions to effectively manage related risk management.
- With regard to KYC/AML procedures in place at the Bank, relevant policies and guidelines for the monitoring of High Risk Customers are being reviewed. We improved the mechanisms underpinning handling of alerts relative to unusual behaviours and suspicious transactions. We carried out a number of system revamps, notably the upgrade of our Financial Crime Risk Management system with a view to generating more pertinent alerts, alongside taking the necessary measures to foster the smooth implementation of earmarked modules linked to Customer On-Boarding, KYC, Watch List and Payment Fraud. Likewise, the Safewatch tool used by the Bank for customer screening purposes has been upgraded, with the new version providing more effective functionalities. The Bank also set up tailor-made AML/CFT e-learning training modules for members of the Board, Leadership Team, front-liners and control staff. Dedicated initiatives are in place in order to further shore up the customer on-boarding policy and process, including (i) adoption of a risk-based approach for the screening, review and rating of customers at the on-boarding stage, while reviewing the Money Laundering/Terrorist Financing customer risk scoring methodology and enhancing the automation of the process; (ii) upgrading of applicable procedures by establishing an escalation route for approval of client on-boarding (depending on the risk profile) by on-boarding committees (namely Business On-boarding Committee and Executive On-boarding Committee).

- The Bank has embarked on an eKYC (electronic Know Your Customer) journey in its quests to digitalise and transform its processes to reduce paper based hurdles and ease the customer journey, whilst ensuring adherence to applicable AML/CFT requirements.
- With regard to adherence to policies and rules guiding our operations, the following can be noted: (i) setting up of an underlying Policy for the Formulation and Management of Policies, which shall assist in establishing and harmonising the governance and approach underpinning the development, approval, and publication process regarding policies endorsed by the Bank; and (ii) review of the Bank's Policy on Economic and Financial Sanctions, in line with new regulatory developments and requirements.
- The Compliance unit spearheaded the Enterprise Wide Risk Assessment (EWRA) exercise to help MCB identify gaps and opportunities for enhancements in its internal AML/CFT framework. EWRA, which is a regulatory requirement, aims at identifying the ML/TF risks to which MCB is exposed per products, services, channels and segments, as well as determining the risk mitigation controls embedded in its AML/CFT programme and establishing the level of residual or unmitigated risks that remain for the Bank.

Risk Assurance: Internal Audit

General approach

- The aim of internal audit at the Group level is to assess the policies, methods and procedures in place at the organisation in order to cater for their adequate application. The Internal Audit function is also responsible for independently assessing the effectiveness of key controls, including those within the risk management framework, and providing timely reporting to the respective Audit Committee, thus helping to protect the organisation and its reputation.
- The established framework of the internal audit activity is risk-based. As a key thrust, the banking entities of the Group aim to gather the necessary audit and risk insights in order to support their strategic orientations.

Strategy and objectives

- The foreign banking entities of the Group rely on their locally-based internal auditors, alongside leveraging the services provided by the Internal Audit SBU of MCB Ltd to, amongst others, disseminate internal audit best practices and standardise the quality of related audit work. While factoring in the work done by the locally-based internal auditors, the Internal Audit SBU carries out regular assignments to assist these entities to better manage their risks as well as improve the quality of their control systems and processes, with advice being delivered on different aspects in line with the nature of projects being executed. In line with its continuous efforts to enhance its efficiency levels, the function increased the use of data analytics as part of the audit execution exercise, which has proved to be helpful in the current context, whereby international travel has not been possible.
- The Internal Audit function provides independent assurance to the Audit Committee and the Board by conducting reviews and engaging with committees and executive management, providing opinion and advice on risk matters and on the control environment. Internal Audit is an independent function, reporting to the Audit Committee of the Group and the Audit Committees of the subsidiaries, where they are constituted, with the Audit Committee of the Group acting as the overarching authority.
- The Internal Audit SBU of MCB Ltd includes professionals with a broad range of audit, fraud and industry experience, whilst it continues to invest in the upskilling of its team members, with professional certifications being strongly encouraged. Based on its assessments, the Internal Audit function is presently not aware of any significant area of the Bank where there are inadequate internal controls. The function does not believe that there are deficiencies in internal controls that could give rise to risks that could eventually jeopardise the operations of the Bank.

Capital management

The framework

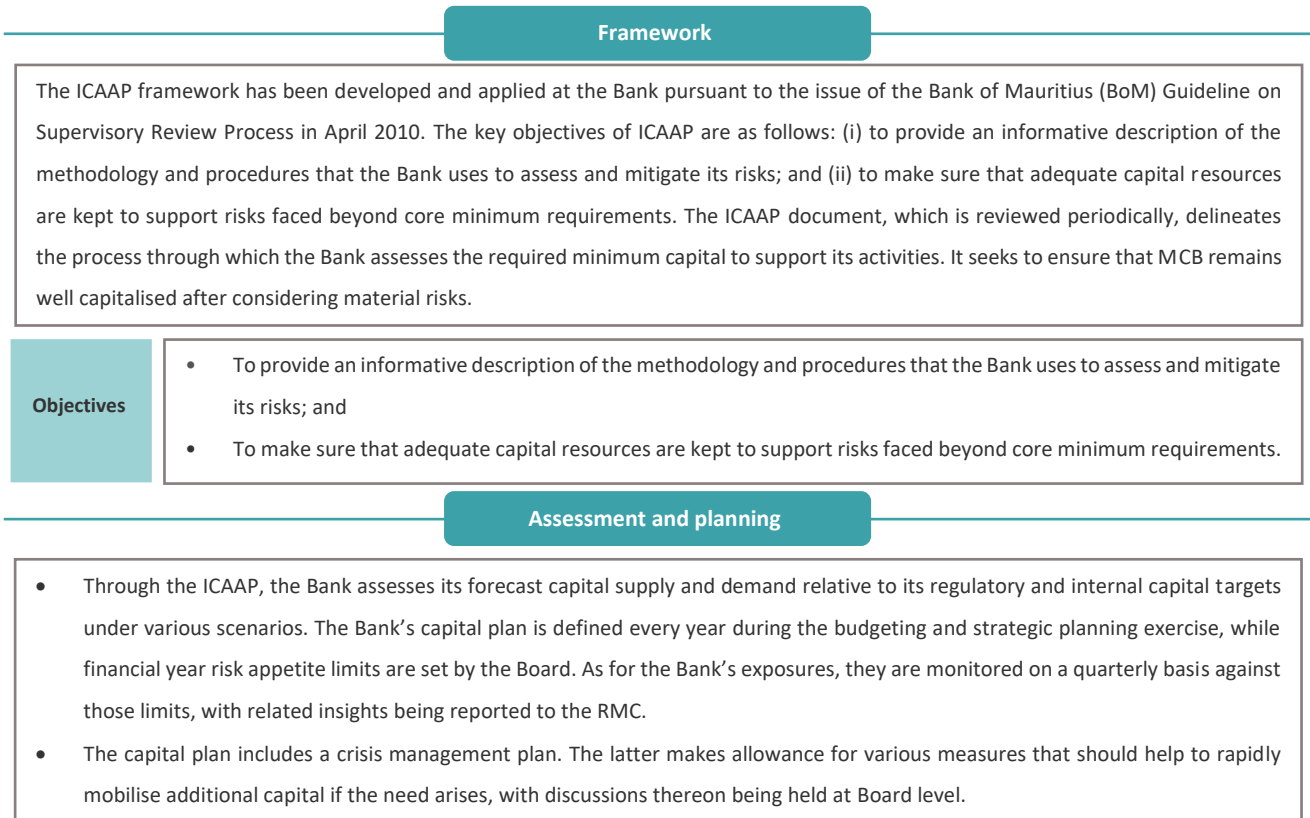
In line with regulatory rules, Basel requirements and industry best practices, the capital management objective of the banking cluster, which is aligned with Group-level directions, is to ensure that adequate capital resources are available to operate effectively, foster sustained business growth, preserve or enhance credit ratings and cope with adverse situations. Capital management policies and practices aim to maintain a strong capital position that is consistent with stakeholder expectations and requirements.

Backed by the adoption of a forward-looking approach and a sensible governance framework, banking entities determine the level and composition of capital after making allowance for multiple factors. They include the legal and regulatory landscape across countries, the business environments, the Group’s strategic orientations, conditions prevailing across economies and financial markets, etc.

Our process

Commensurate with the strategic orientations, risk appetite and risk management framework approved by the Board of MCB Group Ltd, the entities operating under the banking cluster abide by their internal policies and practices for undertaking their capital management initiatives, including (i) capital planning and allocation across business segments and geographies wherever applicable; (ii) capital reporting, budgeting and analysis; and (iii) management of capital consumption against budgets. For instance, MCB Ltd is guided by its Internal Capital Adequacy Assessment Process (ICAAP) in determining the capital planning exercise and formulating the risk appetite. This provides the framework to ensure that adequate capital is kept beyond core minimum requirements to support business activities.

Internal Capital Adequacy Assessment Process of MCB Ltd



Stress testing at MCB Ltd

Framework

Risk identification

- To detect and address existing or potential vulnerabilities such as unidentified and Bank-wide risk concentrations or interactions among various types of risk, many of which may be overlooked when relying purely on statistical risk management tools based on historical data

Risk assessment

- To promote a deep understanding of organisational vulnerabilities on the back of forward-looking risk assessments; this helps to make risk more transparent via an estimation of scenario-based losses and to prevent the development of any false sense of security about the Bank's resilience
- To evaluate the significance of risk faced during different phases, notably (i) during periods of favourable economic and financial conditions given the subsequent lack of visibility over potentially negative future developments; and (ii) during periods of business expansion when innovation leads to new products and services for which no historical data is available for forecasting future trends

Risk mitigation

- To facilitate development of risk mitigation or contingency plans across stressed conditions
- To stimulate debates and raise awareness on the various risk aspects of our client portfolios among Management, helped by (i) a well organised surveying of the operating context; (ii) an identification of the most important risk factors; and (iii) a scanning of the horizon for potential stressful events

MCB Ltd: Results

In FY 2020/21, the Bank conducted stress testing under various historical and stress test scenarios to assess the impact of unfavourable scenarios on key metrics. Forecasts are usually made over a three-year horizon. However, exceptionally in the context of the COVID-19 pandemic, given that the Bank was already in a stressed environment and due to the uncertainty on the recovery path of the global and local economy, it ran the stress scenarios over a one-year horizon. As such, MCB Ltd undertook a more thorough approach by defining 4 stress scenarios, as provided hereafter. The scenarios are regularly reviewed and fine-tuned to ensure that they remain relevant to the Bank's risk profile, activities as well as prevailing and forecasted economic conditions. MCB Ltd measured potential impacts on the following metrics: (i) Solvency: Capital adequacy ratio and Tier 1 ratio; (ii) Profitability: Net profit after tax; (iii) Asset quality: NPL ratio and cost of risk; and (iv) Liquidity: LCR, NFSR, Net Present Value (NPV) of Trading and Fair Value Through Other Comprehensive Income (FVTOCI) portfolio. The stress test results are reported and discussed at the RMC and the Board prior to being submitted to the BoM. Barring extreme cases, the recent analyses revealed that the Bank's capital adequacy ratio does not fall below the regulatory requirements in any of the 4 scenarios below based on the shape of the economic recovery.

Scenario 1	U shape with modest recovery starting second half of 2021
Scenario 2	U shape with longer bottom down period and recovery starting only second half 2022
Scenario 3	L shape with further depression in 2021
Scenario 4	L shape with further depression in 2021 and full lockdown as from Feb/Mar 2021

Internal Capital Adequacy Assessment Process of MCB Seychelles

- During the year under review, MCB Seychelles prepared an ICAAP document, in line with the Central Bank of Seychelles implementation of a Risk-based Supervision framework to further bring the Seychelles banking sector in alignment with Basel II Accords.
- MCB Seychelles demonstrated that it had a robust internal assessment process for capital adequacy towards Pillar II risks to which it is exposed, as well as external risk factors.

MCB Seychelles: Results

The bank conducted stress tests under various scenarios to assess the impact of unfavourable events on its capital position. Barring extremely unrealistic events, its capital adequacy ratios remained within the regulatory thresholds within the six envisaged scenarios:

Scenario 1	COVID-19 pandemic persists beyond 2021 resulting in defaults on exposures of vulnerable sectors and a further depreciation of the Seychelles Rupee
Scenario 2	Three largest conglomerates default
Scenario 3	Crash in the domestic property market
Scenario 4	Reputation risk impacting the deposit base and liquidity position of the Bank coupled with an additional increase of 10% in non-performing loans
Scenario 5	Combination of Scenario 1 & Scenario 4
Scenario 6	Combination of Scenario 1 & Scenario 3

Capital position of banking entities

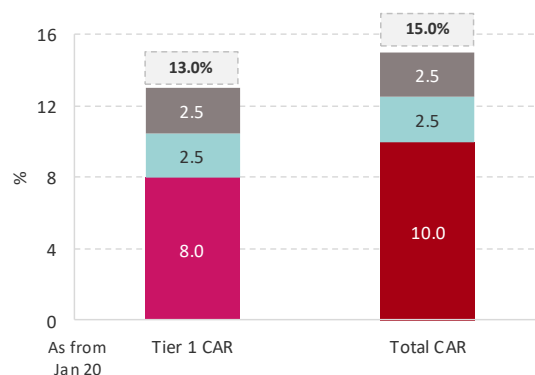
The banking subsidiaries of the Group foster strict compliance with mandatory stipulations set by the regulators of their jurisdictions. In respect of MCB Ltd, the Bank uses the Basel II Standardised Approach to manage its credit and market risk exposures, with the Alternative Standardised Approach used for operational risk. As for determination of its capital resources, the Bank adheres to the BoM Guideline on Scope of Application of Basel III and Eligible Capital. It also complies with the Guideline for dealing with Domestic-Systemically Important Banks (D-SIB). Under the latter, banks are required to hold a capital surcharge or D-SIB buffer ranging from 1.0% to 2.5% of their risk-weighted assets depending on their systemic importance. The assessment for determining domestic-systemically important banks is carried out on a yearly basis on end-June figures. As per the assessment carried out by the Central Bank, MCB Ltd features among the five banks that have been determined to be systemically important in our jurisdiction, based on the assessment of five factors, namely size, exposure to large groups, interconnectedness, complexity and substitutability.

Regulatory ratios applicable to MCB Ltd

(excluding COVID-19 capital requirement measures)

Tier 1 CAR and Total CAR

(plus Capital Conservation Buffer plus D-SIB Buffer)



■ Minimum Tier 1 CAR ■ Capital Conservation Buffer ■ D-SIB Buffer ■ Minimum Total CAR

In May 2020, to provide additional flexibility to banks to support economic stakeholders, households and individuals impacted by the COVID-19 outbreak, the BoM deferred the Capital Conservation Buffer of 2.5% which was effective as from 1 January 2020 to 1 January 2021 such that banks will be required to maintain a Capital Conservation Buffer of 1.875% until 31 December 2020. This has been further deferred such that banks will be required to maintain a Capital Conservation Buffer of 1.875% until 31 March 2022. The minimum regulatory Tier 1 and capital adequacy ratios currently applicable to MCB are 12.375% and 14.375% respectively. In addition, the regulatory risk weights on certain categories of exposures including retail and residential mortgages were reviewed. As at 30 June 2021, the capital adequacy ratio and Tier 1 ratio of MCB stood at 16.8% and 15.8% respectively compared to 17.5% and 16.5% last year.

As for the foreign banking entities, they are guided by the minimum regulatory ratios set out in the table below, with their respective capital adequacy ratios remaining comfortably above the applicable regulatory requirements.

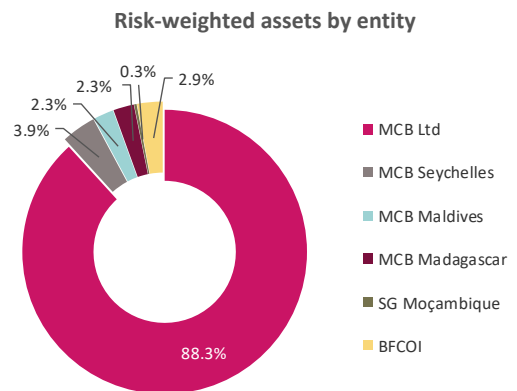
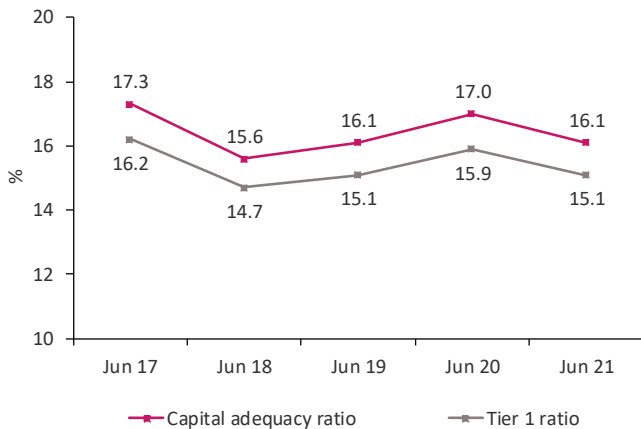
Minimum regulatory ratios applicable to the foreign banking entities			
	MCB Seychelles	MCB Maldives	MCB Madagascar
As at 30 June 2021	%	%	%
Capital adequacy ratio	12.0	12.0	8.0
Tier 1 ratio	6.0	6.0	-

Performance of the foreign banking entities			
Capital adequacy	MCB Seychelles	MCB Maldives	MCB Madagascar
	%	%	%
Capital adequacy ratio			
As at 30 June 2020	15.1	46.0	17.0
As at 30 June 2021	14.9	56.2	14.0
Tier 1 ratio			
As at 30 June 2020	13.3	35.7	13.6
As at 30 June 2021	14.3	43.1	11.3

Capital position of the banking cluster on a consolidated basis

The capital adequacy ratio of the banking cluster – as measured at the level of MCB Investment Holding Ltd on a consolidated basis – stood at 16.1% as at June 2021. The capital base was primarily made up of core capital, with the Tier 1 ratio standing at 15.1% as at June 2021. The following illustrations depict the capital adequacy ratios posted by the banking cluster and shed light on the distribution of risk-weighted assets by entity.

Banking cluster: Distribution of capital metrics

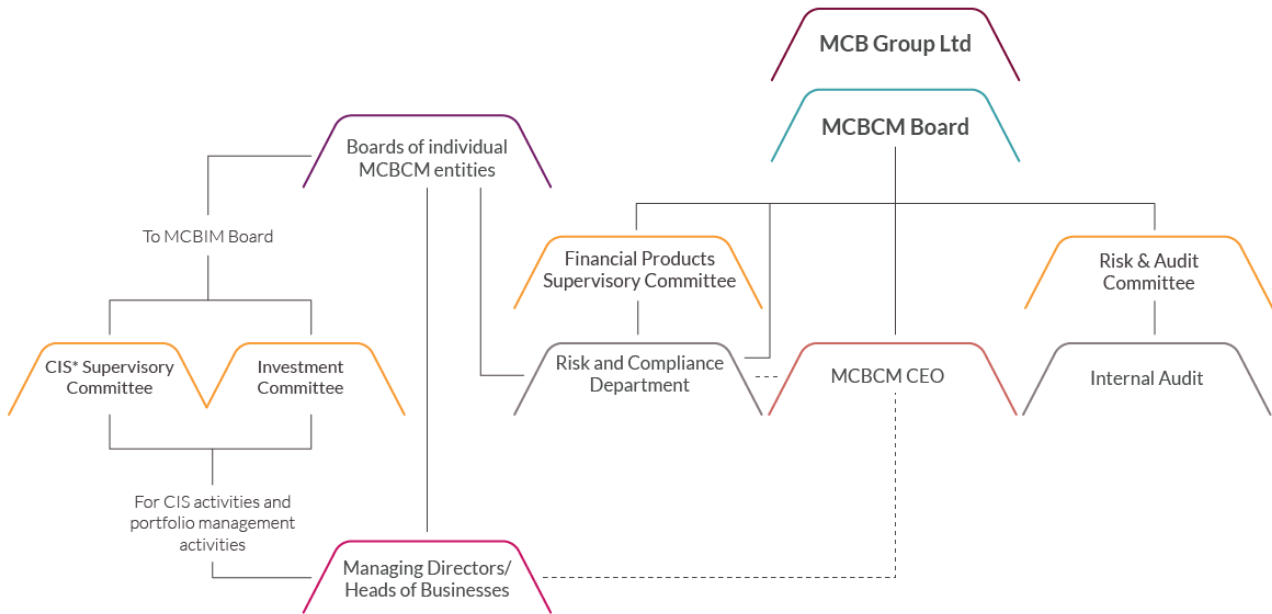


Non-banking financial and other investments clusters

- While adhering to good corporate governance principles, entities within the non-banking cluster of the Group adopt appropriate frameworks and processes that allow for an effective identification and management of risks faced by their respective business activities.

MCB Capital Markets Ltd and its subsidiaries

- Certain subsidiaries of MCB Capital Markets Ltd (MCBCM) are regulated by the Financial Services Commission. MCBCM, which is required to comply with the National Code of Corporate Governance for Mauritius (2016), seeks to implement best practice risk management standards. The ultimate responsibility for managing risks rests with the Board of each subsidiary and material issues are escalated to the main Board via the Risk & Audit Committee.
- To ensure strong governance, several sub-committees have been set up to oversee critical areas of MCBCM's operations. An example is the management and administration of Collective Investment Schemes (CIS), where MCBCM has appointed a CIS Supervisory Committee with the responsibility to review and assess all aspects relating to CIS management, including risk, investment and administration.
- MCBCM recognises that financial products are becoming increasingly complex and regulated. Accordingly, it has a strong governance framework in place with a Financial Products Supervisory Committee, comprising all independent directors, with international expertise, of MCB Investment Management Ltd, being responsible to oversee all new product launches.
- An Investment Committee, chaired by an independent director, meets on a quarterly basis and scrutinises the portfolios and processes of MCB Investment Management. A Risk & Audit Committee has also been set up as a sub-committee of MCBCM.
- Day-to-day risk management is delegated to the management team of each MCBCM subsidiary and to MCBCM's Risk & Compliance (R&C) function, whose primary responsibilities are to *inter alia*: (i) assess all legal and regulatory obligations of MCBCM's businesses, ensuring compliance with all applicable laws, regulations and policies; (ii) provide risk-related advice, recommendations and compliance assurance to members of the boards and committees of MCBCM; (iii) coordinate all risk management and compliance matters; and (iv) investigate client complaints and any breaches of applicable laws, regulations and procedures.
- The Head of R&C reports directly to the Chief Executive Officer of MCBCM and also has direct reporting lines to certain Boards of subsidiaries and sub-committees of MCBCM in line with best practice. R&C submits a compliance report to the Boards of relevant MCBCM entities every six months and has the discretion to escalate critical issues on a more frequent basis, if necessary. All entities of MCBCM are subject to annual independent internal and external audits. The Risk & Audit Committee meets at least twice a year to review *inter alia* R&C's risk reports, audit findings, progress on previously identified issues and the audited financial statements of all legal entities.
- The MCBCM governance framework is set out below.



* Relates to Collective Investment Schemes

Key principles and considerations for risk management

Legal and regulatory

- Recognising the need to adhere to international governance codes and standards, MCBCM has put in place a framework to manage its legal and regulatory risks. This is summarised below:
 - Regular review of applicable laws and regulations to identify compliance gaps;
 - Active involvement of MCBCM's Risk & Compliance and legal teams in the development of new products and services to ensure that they are in compliance with applicable laws and regulations prior to being launched;
 - Monitoring of changes to the legal and regulatory frameworks and initiation of corrective actions as necessary; and
 - Bi-annual monitoring exercises undertaken by the Risk & Compliance team to assess the level of compliance with laws and regulations, particularly with respect to anti-money laundering and financing of terrorism.

Operations (people, processes and systems)

- A significant proportion of R&C's resources is allocated to the management of operational risks. The methodology, which places particular emphasis on high volume businesses, is set out below.



- The initial stage of the above methodology includes *inter alia* formal reviews of procedures and processes, analysis of complaints and incident reports and review of new products and services. The output is then used to update MCBCM's risk maps, which address all material risks faced by the business and their pre-control ratings. These risks are eventually re-assessed taking into account existing controls and additional controls that are required to arrive at a post-control rating. Any residual post-control risks deemed material will lead to a re-design of the relevant controls until such risks are adequately addressed, mitigated or eliminated.

Financial risks

- MCBCM, through its brokerage business, offers underwriting services to corporate clients and is thus subject to financial risks. Such risks are managed by a formal process that involves:
 - A technical assessment of all requests for underwriting by a group comprising MCBCM's Chief Financial Officer, Head of Risk and Compliance, Head of Legal and the Managing Director of MCB Stockbrokers;
 - A two-tiered approval process, with the first level approval being provided jointly by the CEO of MCBCM and the Chairperson of the Board of MCB Stockbrokers, and the second level approval provided by the management of MCB Group.
- MCBCM, through its brokerage business, also acts as market-maker or liquidity provider in respect of certain securities listed on the Stock Exchange of Mauritius (SEM). Relevant safeguards have been implemented to ensure that any risks arising from this activity are properly mitigated.
- MCBCM, through various subsidiaries, is involved in the structuring, issuance and management of Credit Linked Notes (CLNs). The latter are long-dated debt instruments but have been structured so as to provide targeted investors with regular exit windows hence improving the liquidity of these financial products. Associated financial risks being borne by MCBCM require some degree of active funding and liquidity management, mainly through adequate levels of capitalisation and access to appropriate funding and credit lines.

Key initiatives – AML/CFT

- MCBCM launched several initiatives to improve the effectiveness of its anti-money laundering procedures and to strengthen its framework to counter the financing of terrorism (AML/CFT). These include, *inter alia*:
 - System amendments to integrate client risk ratings thus improving client review procedures;
 - System amendments to facilitate digitalisation of information regarding beneficial owners and controllers, thus improving the screening process;
 - Implementation of an online AML/CFT training in replacement of the traditional classroom setting. All staff members have been required to complete the training module and a test. Our R&C team continues to use the traditional classroom setting to deliver specific training to a targeted audience; and
 - Implementation of a new IT system with enhanced risk management features, including improved transaction monitoring capabilities.

Other entities of the Group

Elsewhere, in line with principles determined at Group level, risk management policies and structures have, in varying capacities, been designed in order to ensure that business activities are carried out in a sound manner, depending on the types of market undertakings being engaged into as well as the range and depth of risks faced. Fundamentally, the Board of each entity has the ultimate responsibility to ensure that risks are properly identified and managed, with relevant functions being mandated to provide clear and coherent assistance to help it in the fulfillment of its duties. In the process, the entities adhere to coherent and robust control mechanisms that enable them to achieve strategic objectives in a sustained and sound manner, backed by a thorough investigation of clients' risk profiles and the diversification of undertakings where applicable. The Internal Audit function of MCB Ltd, having a Group wide mandate, provides assurance over these controls systems and reports on those via the Audit Committee and/or Board of each individual entity. The findings are consolidated and presented to the MCB Group Audit Committee for an integrated view of the effectiveness of risk management, control and governance processes.

Jean-Philippe COULIER

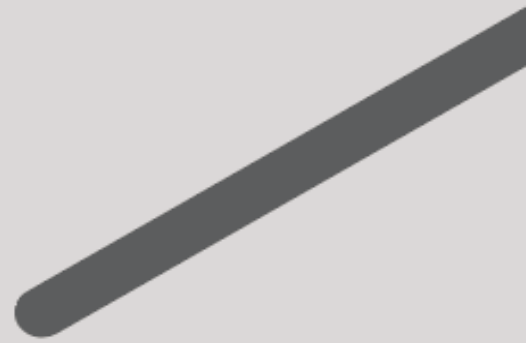
Director

Chairperson Risk Monitoring Committee

Pierre Guy NOEL

Chief Executive

Administrative Information



MCB Group Ltd

Sir William Newton Street
 Port Louis – Republic of Mauritius
 Tel: (230) 202 5000 – Fax: (230) 208 0248
 Email: contact@mcbgroup.com
 Website: www.mcbgroup.com

Banking

MCB INVESTMENT HOLDING LTD

Sir William Newton Street
 Port Louis – Republic of Mauritius
 Tel: (230) 202 5000 – Fax: (230) 208 0248
 Email: contact@mcbih.mu
 Website: www.mcbgroup.com

THE MAURITIUS COMMERCIAL BANK LTD

HEAD OFFICE – PORT LOUIS

PO Box 52 – 9-15, Sir William Newton Street
 Port Louis – Republic of Mauritius
 Tel: (230) 202 5000
 Swift Code: MCBLMUMU
 Email: contact@mcb.mu
 Website: www.mcb.mu

Foreign representative offices

PARIS – FRANCE

16, Place de la Madeleine – 75008 Paris
 Tel: (33) 1 43 12 90 05
 Email: paris.repoffice@mcb.mu

JOHANNESBURG – SOUTH AFRICA

3rd Floor 'Atrium on 5th
 East Tower, Sandton City
 Corner of Maude and 5th Streets
 Sandton Central 2146
 Tel: (27) 10 730 0500
 Email: rsa.repoffice@mcb.mu

NAIROBI – KENYA

7th Floor Pramukh Towers
 52, Westlands Road
 Nairobi
 Tel: (254) 709 796 000
 Email: ken.repoffice@mcb.mu

DUBAI

Unit 41 Level 15 The Gate (East)
 Dubai International Financial Centre
 PO Box 121208 - Dubai
 United Arab Emirates
 Tel: (971) 4 401 9550
 Email: difc.repoffice@mcb.mu

Foreign banking subsidiaries

THE MAURITIUS COMMERCIAL BANK (MADAGASCAR) SA

HEAD OFFICE – ANTANANARIVO

Rue Solombavambahoaka Frantsay 77 - Antsahavola
 BP 197 – Antananarivo 101
 Republic of Madagascar
 Tel: (261) 20 22 272 62 – Fax: (261) 20 22 322 82
 Swift Code: MCBLMGMG
 Email: contact@mcbmadagascar.com
 Website: www.mcbmadagascar.com

THE MAURITIUS COMMERCIAL BANK (MALDIVES) PRIVATE LTD

HEAD OFFICE – MALE

H. Sifa Building, Boduthakurufaanu Magu – Malé
 Republic of Maldives
 Tel: (960) 330 5656 – Fax: (960) 330 5757
 Swift Code: MCBLMVMV
 Email: contact@mcbmaldives.com
 Website: www.mcbmaldives.com

THE MAURITIUS COMMERCIAL BANK (SEYCHELLES) LTD**HEAD OFFICE – VICTORIA**

Caravelle House – Manglier Street
 PO Box 122 – Victoria – Mahé
 Republic of Seychelles
 Tel: (248) 4284 555 – Fax: (248) 4322 676
 Swift Code: MCBLSCSC
 Email: contact@mcbseychelles.com
 Website: www.mcbseychelles.com

Foreign banking associates**BANQUE FRANÇAISE COMMERCIALE OcéAN INDIEN****HEAD OFFICE – RÉUNION**

58 Rue Alexis de Villeneuve – CS 21013 – 97404 Saint Denis
 Cedex
 Tel: (262) 262 409 900
 Swift Code: BFCORERXXXX
 Email: contacts@bfcoi.com
 Website: www.bfcoi.com

PARIS BRANCH – FRANCE

16, Place de la Madeleine – 75008 Paris
 Tel: (33) 1 43 12 90 05
 Swift Code: BFCOFRPPXXX
 Email: agencepar@bfcoi.com
 Website: www.bfcoi.com

MAYOTTE

Route de l'Agriculture – BP 222 – 97600 Mamoudzou
 Tel: (269) 269 609 900
 Swift Code: BFCOYTYTXXX
 Email: contacts@bfcoi.com
 Website: www.bfcoi.com

BANCO SOCIEDADE GÉNÉRAL MOÇAMBIQUE S.A.**HEAD OFFICE & MAPUTO**

Av. Julius Nyerere, N° 140, 4° Andar
 CP 1568 – Maputo
 Republic of Mozambique
 Tel: (258) 21 48 19 00
 Swift Code: SOGEMZMA
 Email: contact-mz@socgen.com
 Website: www.societegenerale.co.mz

Non-Banking Financial**MCB CAPITAL MARKETS LTD**

Raymond Lamusse Building
 Sir William Newton Street
 Port Louis – Republic of Mauritius
 Tel: (230) 202 5000
 Email: mcbis@mcbcm.mu
 Website: www.mbcapitalmarkets.mu

MCB INVESTMENT SERVICES LTD

Raymond Lamusse Building
 Sir William Newton Street
 Port Louis – Republic of Mauritius
 Tel: (230) 202 5000
 Email: mcbis@mcbcm.mu
 Website: www.mbcapitalmarkets.mu

MCB REGISTRY & SECURITIES LTD

Raymond Lamusse Building
 Sir William Newton Street
 Port Louis – Republic of Mauritius
 Tel: (230) 202 5000
 Email: mcbis@mcbcm.mu
 Website: www.mbcapitalmarkets.mu

MCB STOCKBROKERS LTD

Raymond Lamusse Building
 Sir William Newton Street
 Port Louis – Republic of Mauritius
 Tel: (230) 202 5000
 Email: mcbis@mcbcm.mu
 Website: www.mbcapitalmarkets.mu

MCB CAPITAL PARTNERS LTD

Raymond Lamusse Building
 Sir William Newton Street
 Port Louis – Republic of Mauritius
 Tel: (230) 202 5000
 Email: mcbis@mcbcm.mu
 Website: www.mbcapitalmarkets.mu

MCB INVESTMENT MANAGEMENT CO. LTD

Raymond Lamusse Building
 Sir William Newton Street
 Port Louis – Republic of Mauritius
 Tel: (230) 202 5000
 Email: mcbim@mcbcm.mu
 Website: www.mbcapitalmarkets.mu

MCB STRUCTURED SOLUTIONS LTD

Raymond Lamusse Building
 Sir William Newton Street
 Port Louis – Republic of Mauritius
 Tel: (230) 202 5000
 Email: mcbis@mcbcm.mu
 Website: www.mbcapitalmarkets.mu

CM DIVERSIFIED CREDIT LTD

Raymond Lamusse Building
 Sir William Newton Street
 Port Louis – Republic of Mauritius
 Tel: (230) 202 5000
 Email: mcbis@mcbcm.mu
 Website: www.mbcapitalmarkets.mu

CM STRUCTURED FINANCE LTD

Raymond Lamusse Building
 Sir William Newton Street
 Port Louis – Republic of Mauritius
 Tel: (230) 202 5000
 Email: mcbis@mcbcm.mu
 Website: www.mbcapitalmarkets.mu

CM STRUCTURED PRODUCTS LTD

Raymond Lamusse Building
 Sir William Newton Street
 Port Louis – Republic of Mauritius
 Tel: (230) 202 5000
 Email: mcbis@mcbcm.mu
 Website: www.mbcapitalmarkets.mu

MCB LEVERAGED SOLUTIONS LTD

Raymond Lamusse Building
 Sir William Newton Street
 Port Louis – Republic of Mauritius
 Tel: (230) 202 5000
 Email: mcbis@mcbcm.mu
 Website: www.mbcapitalmarkets.mu

MCB FINANCIAL ADVISERS

Raymond Lamusse Building
 Sir William Newton Street
 Port Louis – Republic of Mauritius
 Tel: (230) 202 5000
 Email: corporate.finance@mcbcm.mu
 Website: www.mbcapitalmarkets.mu

MCB EQUITY FUND LTD

c/o MCB Capital Partners Ltd
 Raymond Lamusse Building
 Sir William Newton Street
 Port Louis – Republic of Mauritius
 Tel: (230) 202 5000
 Email: mcbcp@mcbcm.mu
 Website: www.mbcapitalmarkets.mu

MCB LEASING LTD

Raymond Lamusse Building
 Sir William Newton Street
 Port Louis – Republic of Mauritius
 Tel: (230) 202 5504
 Email: contactmcbleasing@mcb.mu
 Website: www.mcbleasing.mu

MCB FACTORS LTD

Raymond Lamusse Building
 Sir William Newton Street
 Port Louis – Republic of Mauritius
 Tel: (230) 202 5701
 Email: mcb.factors@mcb.mu
 Website: www.mcbfactors.mu

MCB MICROFINANCE LTD

5th Floor Currimjee Arcades
256 Royal Road
Curepipe – Republic of Mauritius
Tel: (230) 203 2744
Email: contact@mcbmicrofinance.mu
Website: www.mcbmicrofinance.mu

MCB REAL ASSETS LTD

MCB Centre
Sir William Newton Street
Port Louis – Republic of Mauritius
Tel: (230) 202 5000
Email: corporateservices@mcbgcs.mu

CREDIT GUARANTEE INSURANCE CO. LTD*

United Docks Business Park
Kwan Tee Street
Port Louis – Republic of Mauritius
Tel: (230) 213 2741
Email: customer.relations@cgi.mu
Website: www.cgi.mu

Other Investments**FINCORP INVESTMENT LTD**

MCB Centre
9-15 Sir William Newton Street
Port Louis – Republic of Mauritius
Tel: (230) 202 5000 – Fax: (230) 208 0248
Website: www.fincorp.mu

PROMOTION AND DEVELOPMENT LTD*

8th Floor Dias Pier Building
Le Caudan Waterfront
Port Louis – Republic of Mauritius
Tel: (230) 211 9430 – Fax: (230) 211 0239
Email: corporate@promotionanddevelopment.com
Website: www.promotionanddevelopment.com

CAUDAN DEVELOPMENT LTD*

8th Floor Dias Pier Building
Le Caudan Waterfront
Port Louis – Republic of Mauritius
Tel: (230) 211 9430 – Fax: (230) 211 0239
Email: corporate@promotionanddevelopment.com
Website: www.caudan.com

MCB CONSULTING SERVICES LTD

3rd Floor Harbour Front Building
President John Kennedy Street
Port Louis - Republic of Mauritius
Tel: (230) 204 7234 – Fax: (230) 208 7427
Email: mcbadmin@mcbconsulting.mu
Website: www.mcbconsulting.mu

MCB INSTITUTE OF FINANCE LTD

Uniciti Education Hub
Royal Road, Pierrefonds
Republic of Mauritius
Tel: (230) 402 0200
Email: info@mcb-if.com
Website: www.mcb-if.com

MCB GROUP CORPORATE SERVICES LTD

MCB Centre
Sir William Newton Street
Port Louis – Republic of Mauritius
Tel: (230) 202 5000
Email: corporateservices@mcbgcs.mu

MCB FORWARD FOUNDATION

1st Floor Raymond Lamusse Building
9-15 Sir William Newton Street
Port Louis – Republic of Mauritius
Tel: (230) 202 5000
Email: mcb.forwardfoundation@mcb.mu
Website: www.mcbforwardfoundation.org

BLUE PENNY MUSEUM

Le Caudan Waterfront
Port Louis – Republic of Mauritius
Tel: (230) 210 9204
Fax: (230) 210 9243
Email: info@bluepennymuseum.mu
Website: www.bluepennymuseum.com

* *Local associates*

KEY CONTACT INFORMATION

Shareholder and Noteholder Enquiries

Registrar and Transfer Office

MCB Registry & Securities Ltd
9-15, Sir William Newton Street
Port Louis – Republic of Mauritius
Tel: (230) 202 5640
Email: contact.rs@mcbcm.mu

Investor Relations Unit

Sir William Newton Street
Port Louis – Republic of Mauritius
Tel: (230) 202 5134 and (230) 202 5558
Email: investor.relations@mcbgroup.com