


Delivering on our strategic objectives



DISHA
Meet the artist

A portrait of Pierre Guy NOEL, a middle-aged man with white hair and a beard, wearing a dark suit jacket over a light blue button-down shirt. He is standing in a modern, brightly lit interior space with a white ceiling and a blurred background of a hallway with recessed lighting.

“We have further extended our reach outside the country by diversifying our banking and non-banking activities and value proposition across market segments and geographies.”

Pierre Guy NOEL

Message from the Chief Executive

Facing up to a challenging and uncertain backdrop

When I wrote my message to you last year, I was hoping that, by now, we would be seeing a general acceleration in economic activities following the COVID-19 induced crisis. Instead, we are still navigating through a highly complex and uncertain environment. The unfolding war in Ukraine has accentuated international trade and supply-chain disruptions, triggered a hike in food, energy and other commodity prices that have fuelled higher inflationary pressures while precipitating a potential restructuring of the global order and reinforcing the importance of accelerating the energy transition. Furthermore, the wave of pronounced tightening of financial conditions across major advanced economies is contributing to a sharp slowdown in global growth, with ramifications on the operating environment across the countries where the Group is present. In Mauritius, the health impact of the pandemic has been well managed with most of the population now vaccinated and an encouraging pick-up in tourist arrivals is underway. However, the economic recovery is being impacted by the spillover effects of the war in terms of rising input costs and heightened market volatility. In addition, whilst the country's exit from the lists of the Financial Action Task Force and the European Union in a relatively short timeframe represents an important breakthrough, we had to contend with the downgrade, by Moody's Investors Service, of the sovereign credit ratings of Mauritius. That said, the affirmation of MCB Ltd's long-term deposit and issuer ratings at Baa3 by Moody's and the change in the outlook to stable from negative testify to the resilience of our financial profile in the face of the challenging context.

Indeed, despite the impact of volatile market conditions, Group profits attributable to ordinary shareholders for the year ended 30 June 2022 grew by 20.2% to Rs 9,637 million, reflecting improved operating results across business clusters as well as lower impairment charges.

Operating income maintained its uptrend and grew by 6.4%, supported by the Group's diversification strategy and the pick-up in economic activity. Notwithstanding a significant rise in earning assets, net interest income rose by only 3.6%, being impacted by lower yields on Government securities locally and reduced margins on our international loan book amidst a shift in its mix toward the shorter tenor loans. Non-interest income rose by 11.8% to Rs 8,654 million in spite of fair value losses of Rs 518 million on equity investments compared to a gain of Rs 919 million in the previous year. This performance was driven by an increase of 36.1% in net fee and commission income, reflecting higher revenues across banking subsidiaries, notably from trade financing and payment activities, as well as a strong growth in profit arising from dealings in foreign currencies and the resumption of rental income at the level of MCB Real Assets following the reopening of the borders.

"We have continued to stand by our customers in these uncertain times, supporting the economies in which we operate."

Sustained efforts to reinforce our human capital and technological capabilities led to operating expenses increasing by 10.4%, thus contributing to a rise in the cost to income ratio from 36.9% to 38.3%. On the other hand, in spite of an increase in specific provisions net of recoveries, net impairment charge of financial assets declined by 27.0% to Rs 3,481 million. As a result, cost of risk in relation to loans and advances declined by 53 basis points to reach 0.86%.

The share of profit of associates rose by 115% to Rs 799 million, mainly due to enhanced

performance of Promotion and Development Ltd and our banking associates, BFCOI and Société Générale Moçambique.

Encouragingly, the Group preserved its financial soundness in face of the difficult operating context. Whilst asset quality metrics were relatively stable with the gross NPL ratio standing at 3.7%, the Group has maintained healthy funding and liquidity positions alongside further strengthening its capital buffer, with the BIS and Tier 1 ratios improving to 18.1% and 16.8% respectively. With the objective of gradually consolidating its capital base and delivering sustainable returns for our shareholders, the Group launched its Scrip Dividend Scheme in September 2021. As part of the Scheme, ordinary shareholders now have the option of receiving their dividends, or part thereof, by way of ordinary shares of MCB Group Ltd (Scrip shares) at a predetermined price. Adoption of the Scheme enabled us to consolidate our shareholders' funds by Rs 481.6 million in relation to the dividends declared during the financial year.

Pursuing our growth trajectories

We have continued to stand by our customers in these uncertain times, supporting the economies in which we operate. We remained focused on developing the best value propositions, across our platforms, to build the financial well-being of our clients as we learned to live with COVID-19. Among other things, we strengthened our offerings and improved the customer experience through digitalisation, backed by our Digital Transformation Programme. Importantly also, alongside further consolidating intra-Group synergies and collaboration, we conducted business realignment and transformation initiatives to ensure that we have solid operating structures to help us strengthen our strategic positioning. In this respect, MCB Ltd has set up a new Payments SBU which is

Message from the Chief Executive

set to play a pivotal role in helping the Bank tap into emerging opportunities through wide-ranging payment solutions, allowing all customers, ranging from individuals to SMEs and corporates, to undertake transactions in an easier, faster and safer way. A new Financial Markets SBU was also created to develop global markets and treasury products and services for Corporate and Institutional customers and other segments, as we extend our coverage regionally. Furthermore, whilst the recent upgrade of our Representative Office in Dubai to Advisory Office under Category 4 is enhancing our scope of intervention, we have also applied for the set-up of a Representative Office in Nigeria in view of our involvement in the country's Oil & Gas sector and the commercial opportunities in West Africa. The Representative Office will offer MCB a first physical presence in West Africa and reinforce existing coverage and relationships with Nigerian clients and partners, including financial institutions.

In Mauritius, we upheld our foothold across markets and client segments through enhanced and bespoke value offerings whilst reinforcing our contribution to the socio-economic development of the country. MCB Ltd upheld its leadership position – with market shares of 48% for local currency deposits and close to 40% in respect of the domestic credit to economy during the year under review – helped by its refined value proposition and upgraded channel capabilities. For its individual customers, the Bank revamped its mortgage solution and its unsecured loan offering with improved turnaround time alongside further enriching MCB Juice with added functionalities. Additionally, we sustained our support to economic operators as well as SMEs and microenterprises in the country in line with our aim to promote the development of a vibrant and sustainable local economy. Specifically for our Business Banking clients, we endowed MCB JuicePro with several additional features alongside enhancing PUNCH, our collaborative community

ecosystem. Our corporate clients also benefitted from enhanced digital tools with our SmartApprove application now equipped with a cross-border international payment solution, the SWIFT gpi. We continued to facilitate the country's transition to a cash-lite society by notably further equipping our customers, including merchants, with digital tools. As a result, our contactless transactions increased by more than 150% whilst merchants now offering online payments increased by 17%. Worth noting, the cash to digital payments ratio of our customers was at 44%, representing a significant drop compared to the pre-pandemic period. For its part, MCB Capital Markets made appreciable headway in increasing its assets under management on the back of net flows into MCB funds, new institutional mandates and the market recovery.

In parallel, we have further extended our reach outside the country by diversifying our banking and non-banking activities and value proposition across market segments and geographies. The Bank broadened its footprint on the African continent, being mainly involved in niche segments where it displays strategic competencies. We made further inroads in respect of our Energy and Commodities financing, widened our involvement in regional project finance linked to Power and Infrastructure, and at the same time positioned ourselves as the 'go-to' business partner for international corporates having a sight in Africa. We are also reviewing our 'Bank of Banks' proposition and governance, to reinforce our position as a regional partner that provides tailored solutions to financial counterparts. As for our foreign banking entities, they have pursued their business development activities and continued to reinforce their capabilities for ultimately improving customer experience. In this respect, MCB Madagascar launched 'Juice Madagascar', providing customers with a comprehensive set of mobile banking and payment services. As a key recent initiative, MCB Capital Markets officially listed its African Domestic Bond Fund ETF on the Botswana

Stock Exchange, the first cross-listing of the Fund after it was launched and listed on the Stock Exchange of Mauritius in 2018.

To support our growth, we have further consolidated our capabilities through upgrades to our IT systems and infrastructure, a reinforced risk management framework – due emphasis was laid on enhancing our compliance and cyber security capabilities – and the deployment of a number of strategic initiatives to support the advancement and well-being of our employees. Indeed, 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 notably with the launch Grow! Programme in the overseas banking subsidiaries.

Responding to the evolving ESG landscape

Our commitment to sustainability is embedded in our strategy and is fundamental to our purpose. As a major financial services provider, we have both the responsibility to contribute to positive and sustainable change for the societies we are part of, and we are committed to helping our customers turn challenges into opportunities. In particular, through our 'Success Beyond Numbers' philosophy, we are taking actions to reduce and offset our own emissions alongside continuing to help make the local and regional economies in which we are involved prosperous and resilient. We also understand that one of our most important roles is helping our customers navigate the energy transition. In this respect, the Bank recently participated in three landmark projects in Ghana, Rwanda and Senegal, which are crucial milestones in the electrification goals of these respective countries and in their transition from fossil energy to cleaner energy sources. Internally, in line with its engagement to implement the appropriate risk management system for

environmental and social considerations in its banking activities, the Bank reviewed its Environmental and Social Risk Policy with its general structure upgraded to international environmental and social standards. An international service provider was also enlisted to accompany us in the development of an adapted sustainable finance framework as part of our aspiration to position ourselves as a key sustainable finance player on the domestic and regional fronts. On another note, we also made progress on promoting gender parity in the workplace. We have launched the Allies for Change Programme in collaboration with Charles Telfair Leadership Centre, to assist us in advancing gender equality and women's empowerment within the organisation and beyond.

Moving ahead with cautious optimism

I believe we will continue to live through periods of high market volatility and uncertainty in the near term, with the risk of the global economy edging towards a recession next year having risen in the wake of the aggressive interest rate tightening by major central banks to rein in inflationary pressures. As such, the economic outlook locally and across our presence countries would remain under scrutiny, although the boost to business confidence from the recovery being observed in the tourism and hospitality sector is encouraging. On the other hand, we are fully aware that the regulatory and compliance requirements prevailing locally and internationally would get even more demanding. Group entities will also have to attend to higher competitive pressures, across specific markets, notably amidst the acceleration of digitisation that is shifting customer behaviours and causing operators to reimagine the way they conduct business.

Notwithstanding the dynamic context, I am confident in our business model. I expect our operating results to improve further

in FY 2022/23, backed by the offshoots of higher yields on international markets and the disciplined execution of our strategic plans. We seek to further strengthen our positioning on the domestic front and support the country in its transition to a cash-lite society and greener economy. In parallel, we will continue to pursue our diversification agenda across markets and products. We will further expand our involvement in specific segments on the African continent by capitalising on the positioning of the Mauritian International Financial Centre. We also aim at uplifting our value offering across areas such as transactional banking towards playing a key role in facilitating trade in the region, wealth management as well as non-banking activities. This should help in boosting our share of non-interest income.

“As a major financial services provider, we have both the responsibility to contribute to positive and sustainable change for the societies we are part of, and we are committed to helping our customers turn challenges into opportunities.”

To pursue our endeavours, we will ensure continuous reinforcement of our risk management, internal controls and compliance frameworks to effectively cope with core and emerging risks. We will remain focused on pursuing our digital transformation journey in support

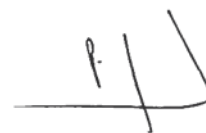
of operational excellence and improved customer experience whilst continuing our investment in our people who are the backbone of our organisation. Above all, we will ensure that sustainability remains at the heart of everything we do as we advance on our ESG agenda, in line with our purpose.

Concluding note

The realisation of this robust financial performance in a highly volatile year heralds our ability to remain focused on our strategic intent. It goes without saying that this would not have been possible without the support of all staff members and Management teams across all Group entities. I would like to take this opportunity to thank them for their dedication and resilience and for continuing to live up to the values of the MCB Group.

I would also like to extend my appreciation to the members of the various Boards of the Group for their resolve, guidance and oversight in navigating these challenges and creating long-term value for our stakeholders. Furthermore, I would like to express my gratitude to our customers for continuing to trust us with their financial services needs.

Looking ahead, I am confident that the solid values we exercise will help us maintain the momentum successfully and deliver even better outcomes for our customers, employees and shareholders whilst supporting the communities in which we operate.

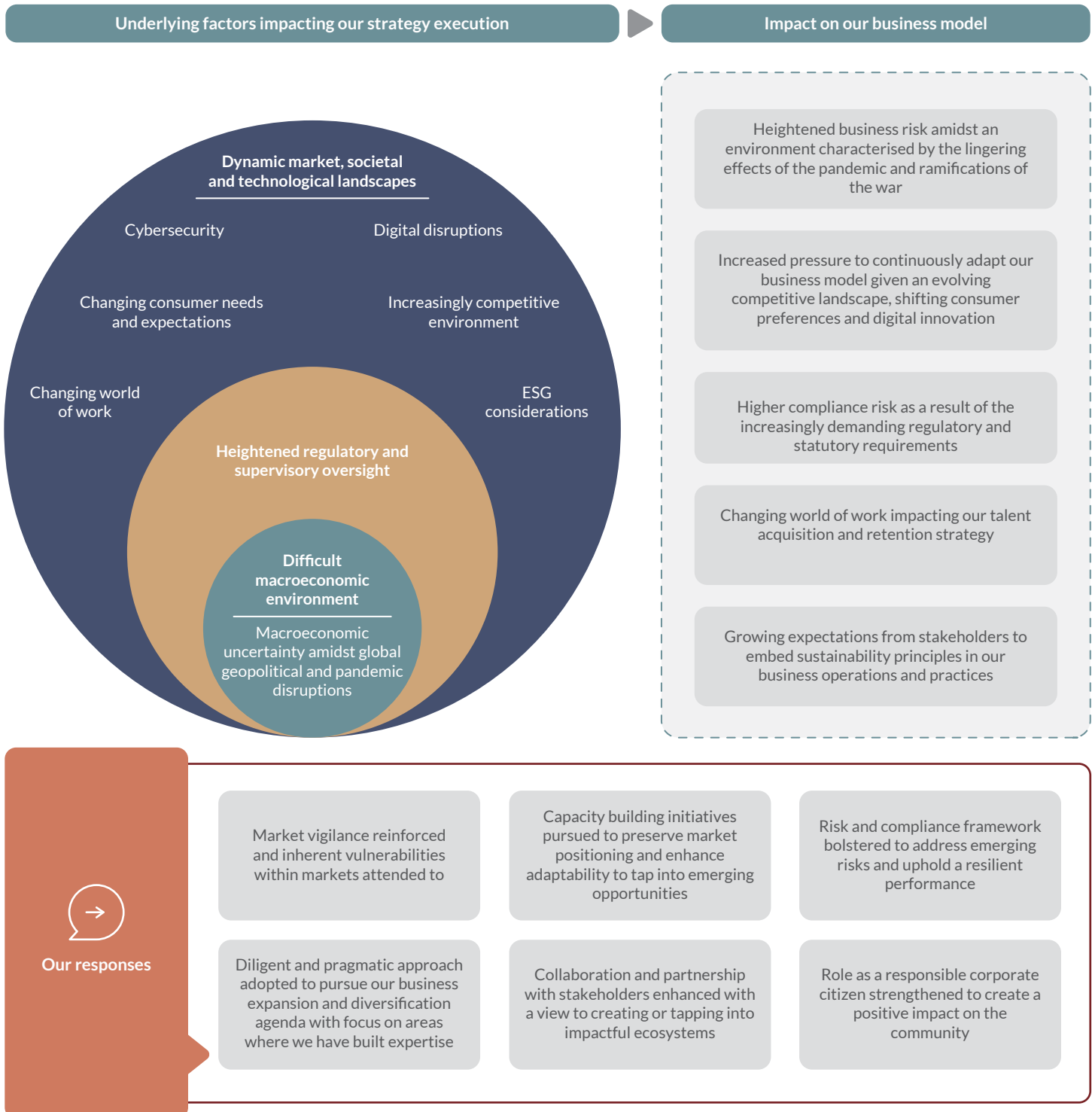


Pierre Guy NOEL
Chief Executive

Delivering on our strategic objectives

Our operating context

The operating environment across the Group's presence countries remained beset by key challenges and a high degree of volatility during the year in review. We continuously assessed the implications of these external influences on our business to devise appropriate responses with a view to upholding sustained value creation for our multiple stakeholders in the medium to long-term.



Macroeconomic environment

The macroeconomic landscape across countries where we are involved was dominated by: (i) the multi-speed recovery from the pandemic; and (ii) the spillover effects of the Russia-Ukraine conflict notably in terms of exacerbated supply-chain disruptions, high inflation and market uncertainties.

In 2021, economic activity in Mauritius bounced back from the severe fallout of the pandemic underpinned, notably, by high vaccination rate and policy support. Most economic sectors posted positive growth rates whilst momentum built up in the tourism sector following the border re-opening in October 2021, although travel restrictions introduced in respect of specific markets amidst the emergence of the Omicron variant put a temporary brake on arrivals between the end of 2021 and early 2022. Since then, the economic recovery has gathered pace this year, in line with a rebound in tourism as well as an upturn in the export-oriented manufacturing activities and continued expansion in nationwide investment and financial services. The outlook is, however, restrained by the global ramifications of the Russia-Ukraine war, notably in terms of heightened volatility and rising input costs. The latter triggered a sustained hike in the headline inflation rate, which attained 8.8% in August 2022 and is on course to reach 10% by December 2022. Price increases also reflected unfavourable currency dynamics in a volatile foreign exchange market on the back of a high deficit on the current account, with the balance of payments, nonetheless, reverting to a surplus position last year thanks to a pick-up in capital and financial flows. In the wake of the difficult context, Moody's has, in July 2022, reviewed the long-term foreign and local currency issuer ratings of Mauritius to Baa3 from Baa2 although the country's debt metrics improved during the year under review. That said, the country retained its investment grade status and is one of the only two countries rated as such on the African continent.

On the regional front, whilst the Omicron variant hit economic activity at the end of 2021, GDP growth in the sub-Saharan African region held up relatively well, albeit to varying degrees across countries. The commodity price shock following the Russia-Ukraine war has, however, stalled the positive momentum this year despite somewhat benefitting producer countries, with inflation expected to accelerate above 12%, the highest reading for the region since 2008. Regarding countries of our foreign banking subsidiaries, a strong recovery in the tourism sector has invigorated activity levels in both Maldives and Seychelles. Madagascar has also sustained an economic recovery with the growth momentum expected to continue this year, although adverse weather shocks and the economic fallout from the Russia-Ukraine conflict would weigh to some extent on real output.

Key economic indicators

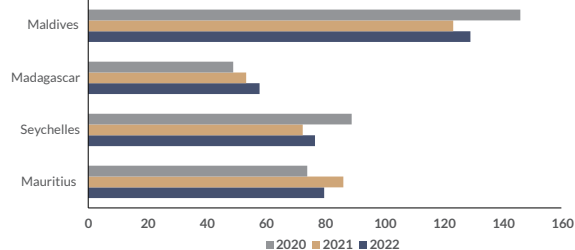
Real GDP growth (%)

	2020	2021	2022 (f)
World	-3.1	6.1	3.2
Sub-Saharan Africa	-1.6	4.6	3.8
Mauritius	-14.6	3.6	6.0
Seychelles	-7.7	7.9	7.1
Madagascar	-7.1	4.3	4.2
Maldives	-33.5	33.4	8.7

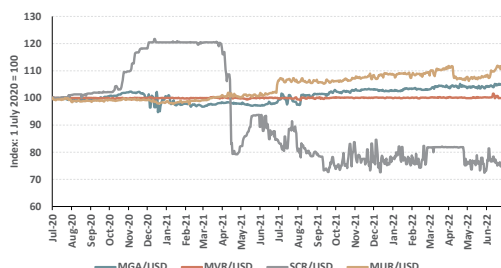
Headline inflation (%)

	2020	2021	2022 (f)
Mauritius	2.5	4.0	10.2
Seychelles	1.2	9.8	4.1
Madagascar	4.2	5.8	9.8
Maldives	-1.6	0.2	3.1

General government debt to GDP (%)



Exchange rates



An increase (decrease) in the index indicates a depreciation (appreciation) of the currency versus USD

Note: Debt figures for Mauritius pertain to financial year ending June

Sources: International Monetary Fund (IMF), Statistics Mauritius, Bank of Mauritius, Ministry of Finance, Economic Planning and Development, Oanda and MCB Staff estimates

Delivering on our strategic objectives

Market, societal and technological landscapes

The Group has had to cope with volatile market conditions across geographies while the competitive landscape is increasingly being shaped by the shift to digital channels which is expanding consumer choice and changing their behaviours.

In Mauritius, the shortfall in export earnings over the last two years continued to exert pressure on the foreign exchange market, with the Bank of Mauritius (BoM) intervening to supply foreign currencies in an attempt to contain heightened volatility in the exchange rate of the rupee. Besides, in response to growing inflationary pressures, the Key Repo Rate was raised by a cumulative 40 basis points during the financial year and a further 75 basis points to 3.0% in September, in line with the monetary tightening trend globally. That said, growth in credit to the economy picked up following the moderation witnessed in the previous year, whilst the banking sector preserved its financial soundness. Capital adequacy ratio in the banking system stayed well above the minimum regulatory requirement at 21% as at March 2022, and asset quality remained at a reasonable level with a non-performing loans to total loans ratio of 5.8%. The resilience of banks continued to be upheld by support measures provided in the wake of COVID-19, some of which, including moratoria on loan repayments, were extended until June 2022, thus helping to ease the cash flow constraints of households and corporates. The Mauritius Investment Corporation (MIC) also provided support to systemically important firms that are financially distressed, amongst others, by way of quasi-equity investment. For instance, out of the Rs 52.2 billion approved by the MIC as at August 2022, some Rs 14.5 billion relate to companies in the accommodation and food service sector, which were severely hit by COVID-19. As part of the phasing out of support measures, the cash reserve ratio on rupee deposits was brought back from 8.0% to 9.0% effective July 2022. The banking system is still characterised by excess rupee liquidity, with short-term yields staying at the lower end of the interest rate corridor. The Central Bank has introduced an instrument, the 7-Day Bank of Mauritius Bill, since August 2022 as part of the phased introduction of the new Monetary Policy Framework. Besides, competitive pressures remained relatively high, notably in the individual and payments segments, as operators enriched their offering, while the digital landscape is being broadened with new players.

With regard to our foreign presence countries, the authorities focused on dealing with the consequences of the geopolitical and sanitary crises. In Seychelles, following the realignment of the interest rate corridor, a sustained reduction in domestic interest rates has been observed during the financial year. On the other hand, the stock of outstanding credit to the private sector fell by 2.4% relative to June 2021, mainly due to a contraction in the balance of foreign currency loans in Seychellois rupee terms, notably linked to tourism, following the unwinding of COVID-19 support measures. In Maldives, loans to the private sector edged up slightly during the last FY whereas credit growth in Madagascar sustained a notable momentum. On another note, the authorities, across countries where our foreign banking subsidiaries operate, pursued efforts towards modernising their payment systems to pave the way for more efficient, convenient, affordable and innovative payment facilities.

Financial soundness indicators

	Mauritius			Madagascar			Maldives			Seychelles		
	2020	2021	2022	2020	2021	2022	2020	2021	2022	2020	2021	2022
As at June (%)												
Capital-based												
Regulatory capital to risk-weighted assets	20.4	19.7	21.0	12.0	11.4	12.4	47.9	47.2	48.3	18.9	19.7	n.a
Asset quality and liquidity												
Non-performing loans to total gross loans	5.8	5.6	5.8	7.2	7.7	9.4	9.6	7.8	6.0	3.1	5.0	n.a
Liquid assets to total assets	53.7	58.5	49.8	34.3	35.0	33.8	44.6	42.5	48.9	55.8	58.1	n.a
Profitability												
Return on assets	1.1	1.3	1.2	3.3	3.1	3.4	3.1	4.9	5.4	1.3	1.2	n.a
Return on equity	8.5	11.1	10.4	25.8	25.8	28.6	8.9	16.3	18.6	12.5	9.1	n.a

Note: Figures refer to deposit-taking institutions. Figures for Mauritius in 2022 relate to March 2022

Source: IMF Financial Soundness Indicators Database

Regulatory and supervisory oversight

The Group faced heightened demands on the regulatory and supervisory front as authorities in our presence countries focused on upholding the soundness and stability of the banking and financial services sectors in the face of the post-COVID realities.

In its bid to adapt its supervisory framework to market dynamics, the BoM issued new guidelines on private and digital banking, stress testing, cloud services as well as climate-related and environmental financial risks. Furthermore, it revised the guidelines on: (i) Standardised Approach to Credit Risk to incorporate measures aimed at providing flexibility to banks in supporting businesses and individuals impacted by the pandemic; (ii) Payment of Dividends to require banks to submit their financial forecasts under stressed scenarios and assumptions when seeking approval for payment of dividends; and (iii) Disclosure of Information to Guarantors which lays down the responsibilities of institutions towards guarantors and sets out the framework for issuing statements of accounts in written or electronic form to guarantors of credit facilities. Of note, the BoM, in collaboration with the Mauritius Bankers Association and an international consultancy firm, crafted the 'Future of Banking in Mauritius' report, outlining the key focus areas for shaping the future of the domestic banking sector. As part of the Finance (Miscellaneous Provisions) Act 2022, the Bank of Mauritius Act has been amended to establish a Central KYC System, while the Banking Act was revised to, amongst others, provide the framework for the in-principle approval for a banking licence. The Companies Act was amended to, *inter alia*, specify information that a company should include in relation to each of its subsidiaries in its group financial statements as part of its annual report. Also, the Cybersecurity and Cybercrime Act 2021 was enacted to establish the National Cybersecurity Committee and a legal framework to deal with cybercrime.

As a positive development, Mauritius was removed from the FATF list of jurisdictions under increased monitoring in October 2021. This triggered its removal from the UK List of High-Risk Third Countries as well as the EU List of High-Risk Third Countries, thus affirming the status of Mauritius as a reliable and transparent jurisdiction. More recently, it was announced that Mauritius is now 'Compliant' or 'Largely Compliant' with all of the 40 FATF Recommendations following a technical compliance upgrade – representing a first in Africa. This has notably been facilitated by the introduction of the Virtual Asset Initial Token Offering Services Act that provides a comprehensive legislative framework to regulate virtual assets and initial token offerings. In an effort to consolidate the country's position as an International Financial Centre and bolster its competitiveness as a domicile for investment funds, the Financial Services Commission (FSC) introduced the Variable Capital Companies Act. Besides, the FSC Guidelines for Issue of Corporate and Green Bonds in Mauritius issued in December 2021 and amended in April 2022 describe the practices and procedures to be adopted by issuers of corporate and green bonds. The Securities Act was also amended to strengthen the capital market sector with main changes, *inter alia*, pertaining to the definition of sophisticated and retail investors.

As regards our foreign subsidiaries, the National Payment System Act came into effect in Maldives to provide for the development, regulation and oversight of the payment landscape. Additionally, the Regulation on Financing Business was issued, providing for licensing and prudential requirements for financing businesses. Maldives has started reporting under the OECD Common Reporting Standard, towards reducing and eliminating tax evasion through transnational exchange of information amongst tax authorities. In Seychelles, the Financial Services Authority, in collaboration with the Central Bank of Seychelles, fostered the fair and effective handling of consumer disputes through the passing of the Financial Consumer Protection Act. Seychelles was also upgraded from Annex I of the European Union's list of non-cooperative jurisdictions for tax purposes to Annex II ('EU grey list'), with the country now only requiring a 'Largely Compliant' status in the next Supplementary Review to exit the latter list. In Madagascar, banking laws were amended and new guidelines issued for customer protection by mandating greater transparency and more secure IT systems and providing tools to detect money laundering and terrorism financing. A new financial stability law is due in Parliament towards creating a national unit responsible for the analysis, identification and prevention of systemic risks as well as the management of financial crises.

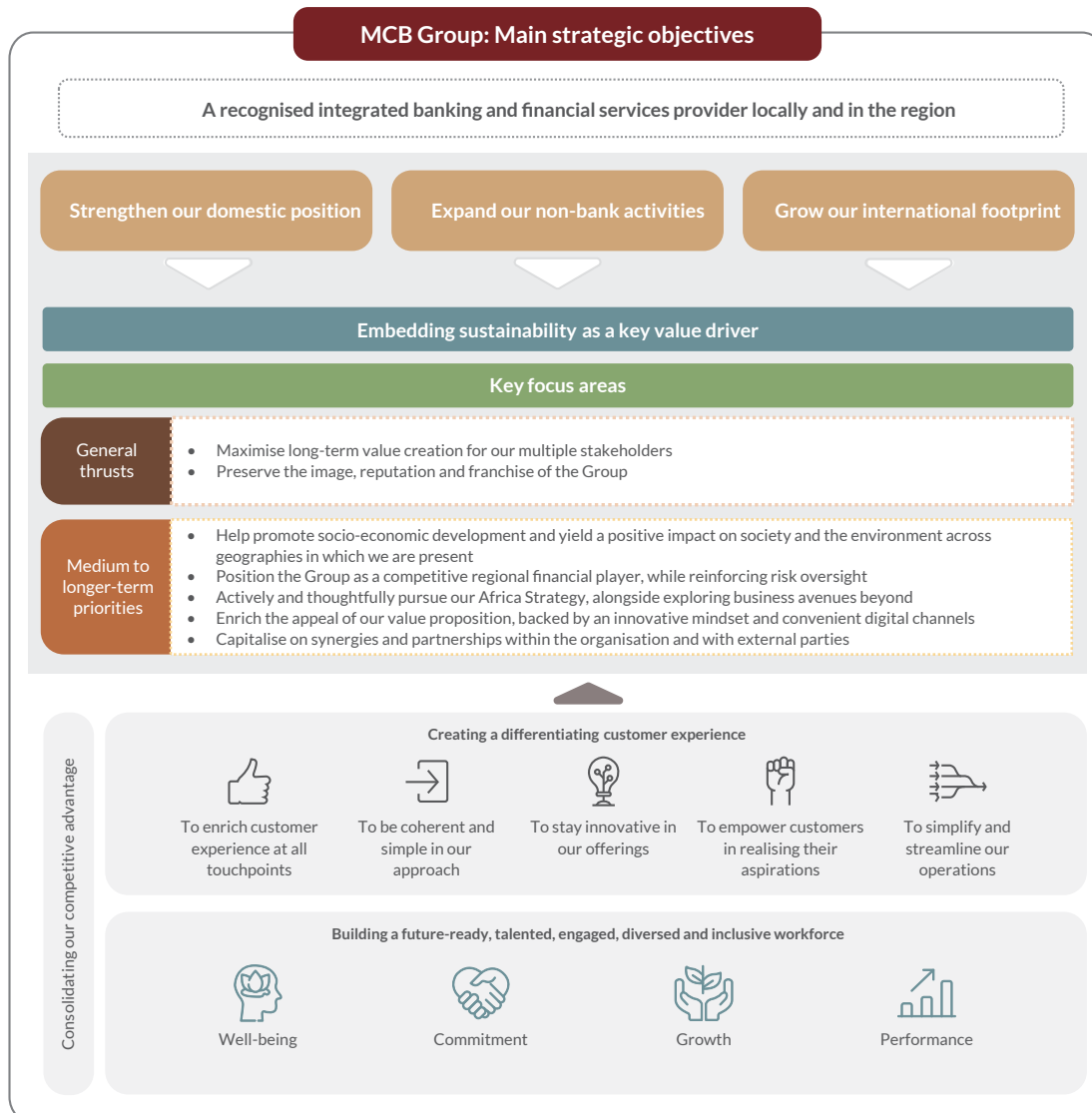
Delivering on our strategic objectives

Our strategy

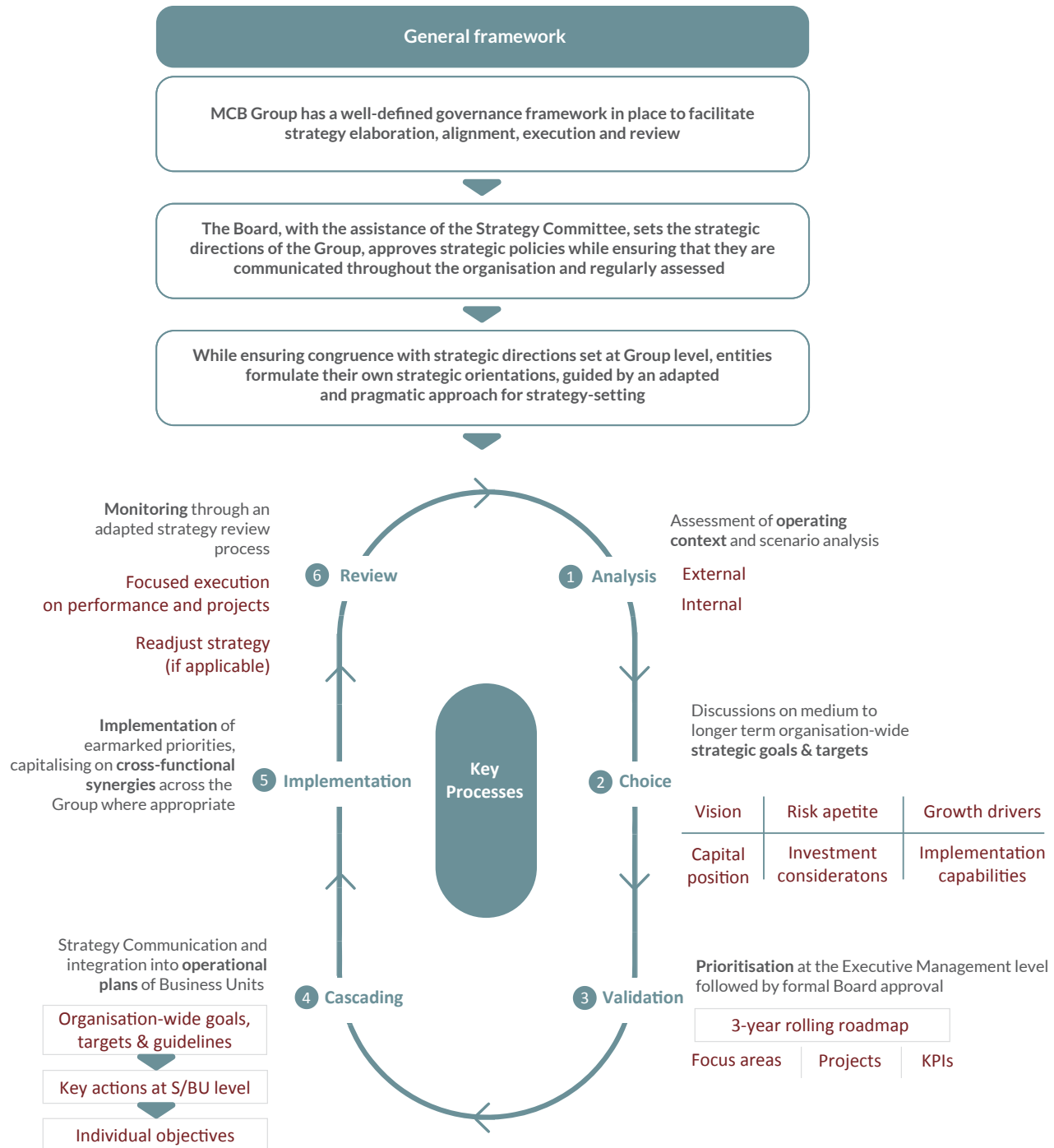
Pursuing our strategy amidst a volatile environment

During FY 2021/22, Group entities focused on upholding the resilience of their operations amidst an unsteady context. Concurrently, we remained committed to implementing our strategic intents alongside laying the foundations for future growth. In this respect, Group entities progressed on their medium-term strategic objectives and elaborated a new 3-year rolling plan towards affirming their positioning to take advantage of opportunities unfolding from the anticipated economic recovery.

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 ongoing endeavours to transform the Group into a simpler and better organisation, we aim to strengthen our positioning by delivering excellent customer service through adapted and innovative customer solutions and grow and diversify our business by tapping into opportunities in areas where we display strategic competencies, with Africa being our main target. Concomitantly, in line with our commitment to be a responsible corporate citizen, a key objective is to further promote sustainability principles in our culture, values and in the way we conduct our business.



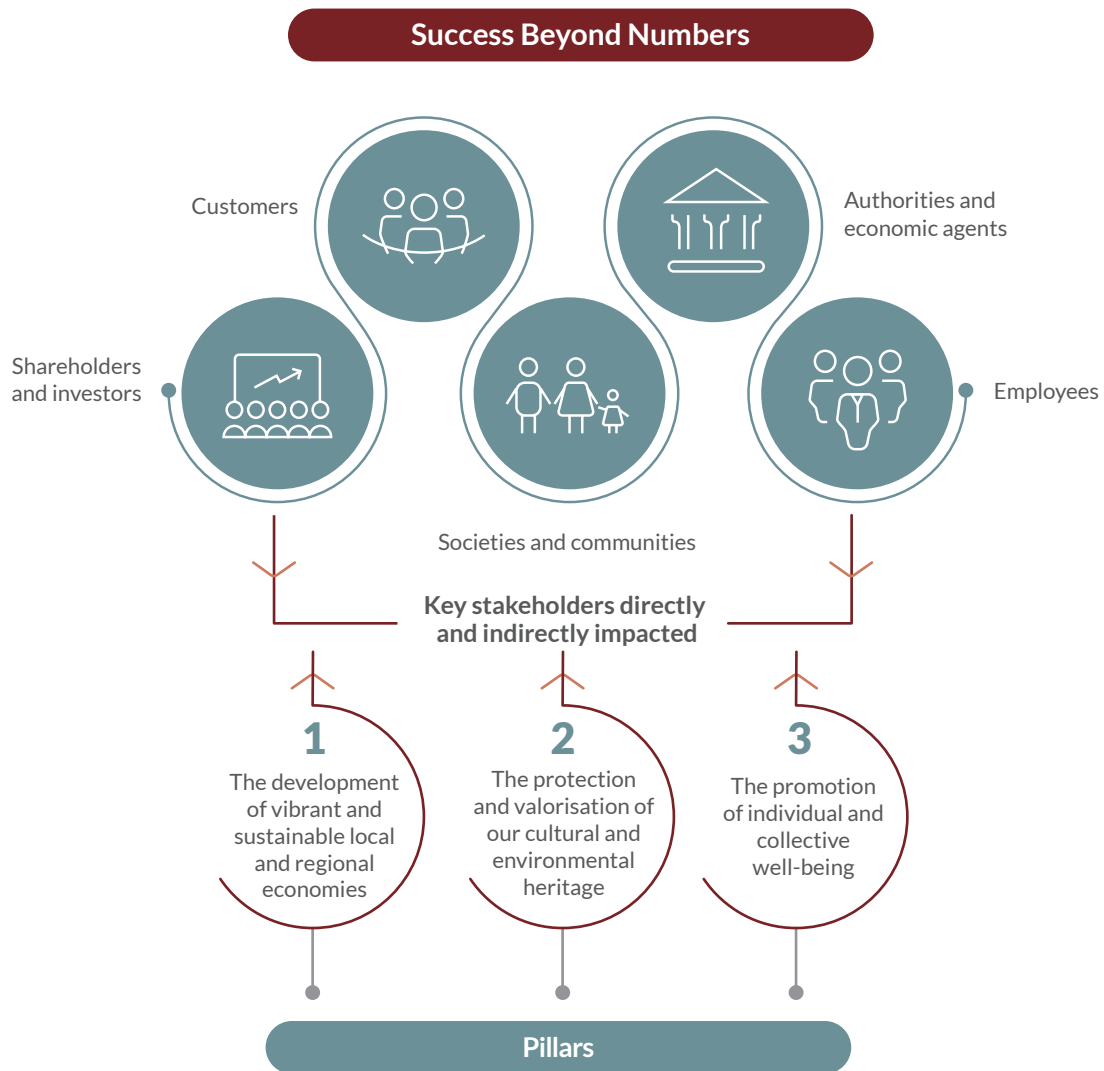
Our governance and processes



Delivering on our strategic objectives

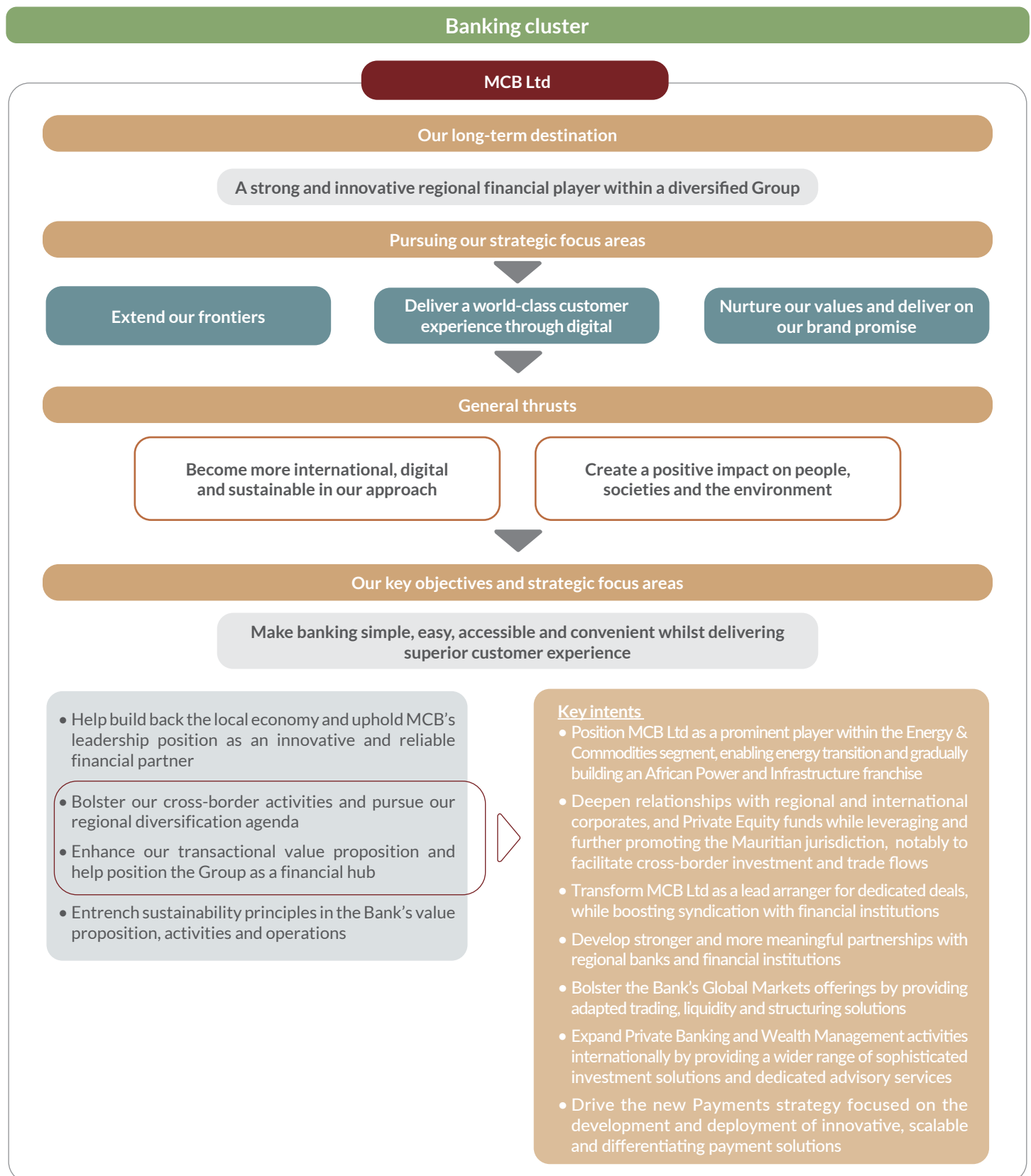
Our approach to Sustainability

Our 'Success Beyond Numbers' philosophy articulates our commitment to be a responsible organisation and contribute to the economic development of the countries in which we operate. Our approach to sustainability is founded on the material issues we have identified and is underpinned by international principles, standards, and frameworks that we have adopted over the years.



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

Underlying strategic orientations and objectives across clusters and entities



Delivering on our strategic objectives

Foreign banking subsidiaries

- Contribute to the economic development and resilience of our presence countries by strengthening ties with key stakeholders and deepening relationships with our core clients through adapted financial solutions and advice
- Adjust to current challenges in our business activities and safeguard market shares across our individual and non-individual client segments
- Diversify our loan and deposit portfolio, with a focus on key players in sound economic sectors whilst carefully exploring emerging customer segments
- Uphold our brand image and increase market visibility
- Accelerate the implementation and use of digital and innovative practices, alongside enhancing internal capabilities
- Leverage solutions developed by MCB Ltd on the back of service level agreements
- Continue investing in risk and compliance infrastructure, and exercising close vigilance on risk parameters
- Further embed sustainability principles and ESG commitments into the fabric of our business to help create a positive impact on the environment, society and economy

'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 to stakeholder engagement

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, we seek to understand and respond to the needs and requirements of our stakeholders. As a key focus area, Group entities have, during the year under review, pursued wide-ranging initiatives to help stakeholders navigate the challenging operating context.

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.

Delivering on our strategic objectives



SHAREHOLDERS AND INVESTORS

SDGs IMPACTED



CAPITALS IMPACTED



~22,300
Ordinary
shareholders
*(Individual shareholders account for
51% of the ownership base)*

~3,900
Preference
shareholders and
bondholders

Rs 74 billion
Market capitalisation
on SEM

~ Rs 5 billion
Total value traded
during
FY 2021/22

A

MCB Group
MSCI ESG rating

Baa3

Long-term deposit rating
Moody's Investors service
(MCB Ltd)

4.5%

Dividend yield

WHAT THEY EXPECT FROM US

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

KEY OBJECTIVES AND METRICS

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

MATERIAL MATTERS

- Macroeconomic uncertainty amidst global geopolitical and pandemic disruptions
- Increasingly competitive environment
- Heightened regulatory and supervisory oversight
- ESG considerations

Note: Figures are as at 30 June 2022

How we have engaged with shareholders and investors

- Regular interaction with shareholders and investors to better understand their perspectives and update them on our financial performance, strategic positioning, as well as sustainability and ESG commitments, via various channels including annual meeting of shareholders, roadshows, earnings calls and analyst meetings
- Access provided to a comprehensive set of corporate announcements and publications, in particular quarterly financial and Group Management Statements, roadshow presentations, and annual reports, notably on our websites
- Open, constructive and regular dialogue with rating agencies with a view to reporting on the performance and prospects of MCB Ltd as well as providing comfort on its risk management and business growth foundations via dedicated analyses
- Timely interaction with players across global markets amidst our efforts to consolidate our FCY funding resources

Maintaining resilience in an increasingly volatile environment

Rewarding our shareholders

For our ordinary shareholders, an interim dividend of Rs 5.90 per share was paid in July 2022, while a final dividend of Rs 8.00 per share was declared in September 2022 and will be paid in December 2022. Dividend per share for the year under review stood at Rs 13.90.

In September 2021, the Group launched its Scrip Dividend Scheme (the Scheme). As part of the Scheme, ordinary shareholders are given the option of receiving their dividends, or part thereof, by way of ordinary shares of MCB Group Ltd (Scrip shares). The price of the latter is calculated based on the five-day volume-weighted average share price of MCB Group's ordinary share, beginning with the first ex-dividend date, less a discount of 3%. In addition, the Scheme gives the opportunity to ordinary shareholders to invest in the Scrip shares without any of the applicable fees usually payable when acquiring such shares on the market.

MCB Ltd's credit ratings

In July 2022, Moody's Investors service took rating actions on three banks in Mauritius. It affirmed MCB Ltd's long-term bank deposit rating at Baa3 and reviewed the outlook to stable from negative. According to the rating agency, the affirmation of the Bank's rating reflects its resilient financial profile, in particular, its strong liquidity position and solid capital buffers. With this rating action, MCB remains among the few investment-grade rated financial institutions in Africa and is the only commercial bank rated as such within the continent by Moody's. Domestically, MCB is assigned a 'AAA' credit rating by CARE Ratings (Africa) Private Limited (CRAF), which positions the Bank as the only corporate in Mauritius as at date, designated by CRAF, as having the highest degree of safety regarding timely servicing of financial obligations in Mauritius and hence carrying lowest credit risk. In March 2022, CRAF reaffirmed the Bank's rating and changed the outlook to stable from negative.

MCB Ltd's syndicated facility

In September 2021, MCB Ltd successfully raised a syndicated facility of USD 1 billion to refinance its obligations as part of its liability management strategy and to fund its asset growth. A first disbursement of USD 500 million was drawn at the end of September 2021 with the remainder disbursed in December 2021. This testifies to our strong appeal to foreign investors, the recognition of the Bank's investment-grade credit worthiness and lenders' confidence in our strong fundamentals and international growth prospects.




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



Read more in the 'Corporate governance report' on pages 98 to 147 and the 'Group financial performance' on pages 88 to 96


Delivering on our strategic objectives




CUSTOMERS

SDGs IMPACTED


1 No Poverty




8 Decent Work and Economic Growth








10 Reduced Inequalities

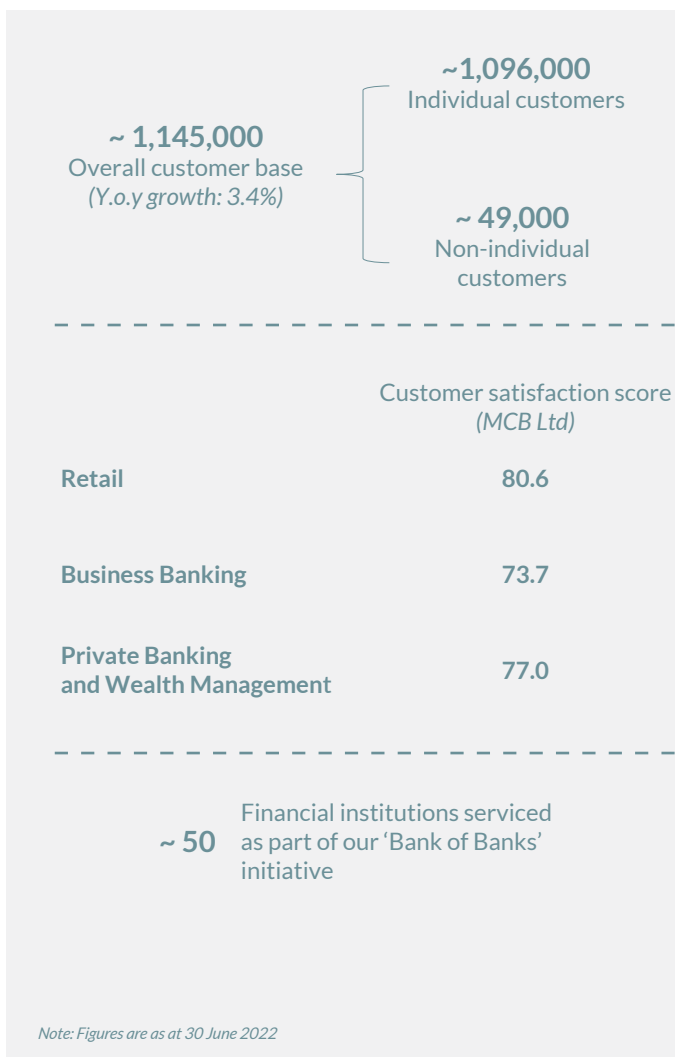


12 Responsible Consumption and Production



CAPITALS IMPACTED



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 and data
- Effective process for dealing with complaints
- Continued support and assistance in the aftermath of the pandemic

KEY OBJECTIVES AND METRICS

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

MATERIAL MATTERS

- Macroeconomic uncertainty amidst global geopolitical and pandemic disruptions
- Increasingly competitive environment
- Digital disruptions
- Cybersecurity
- Changing consumer needs and expectations
- ESG considerations

How we have engaged with customers

- Continuous interactions with clients to understand and anticipate their needs so as to provide adapted solutions to help them meet their goals
- Digitalisation of our operations and services to allow customers to undertake payments and transactions in an easier, faster and safer way
- Appropriate communication and reporting channels in place, including social media, 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 timely manner with round the clock assistance provided to customers by our Contact Centres
- Compliance with laws and regulations relating to data protection
- 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
- Assistance provided, on a case-to-case basis, to individual and corporate clients still facing challenges following the pandemic
- Dedicated committees in place to cater for the effective pricing and management of new and existing product offering in tune with customer needs

Complaints management at MCB Ltd (FY 2021/22)

4.4 days Average resolution time

81% Share of complaints resolved within 5 days

74% Share of complaints conveyed by telephone or on the website

Customer Lab: Nurturing customer-centricity



~ 10,000

Customer participation in surveys/research projects



112

Number of research projects/initiatives undertaken



20

Recurrent surveys (monthly/quarterly)




25

Real Time Dashboards

With customer experience being of key priority, we endeavoured to embed the voice of the customer at the heart of our strategy through the set-up of the Customer Lab (CL). In a nutshell, the CL combines market data, co-creation research and design experimentation with the aim of re-imagining customer experiences (CX). The CL purports to serve as an essential platform for the centralisation and analysis of all customer feedback – gathered through an iterative process – at various touchpoints for identifying pain points and acting thereon. *In fine*, the CL fosters product development, innovation as well as enhancement of existing products and services while being a lever for strategic decision-making.

In the same spirit, CX frameworks have, so far, been set up for three lines of business – Retail SBU, Business Banking SBU and Private Banking and Wealth Management SBU – to provide them with a set of targeted CX metrics such as level of satisfaction through live dashboards to monitor and manage customer experiences across various touchpoints and channels. A full-fledged Voice of the Customer Programme is also under way for enhanced customer centricity to ensure delightful customer interaction.

 Read more on our initiatives to deliver excellent customer experiences in the 'Our performance across entities' section on pages 63 to 86

Delivering on our strategic objectives



SOCIETIES AND COMMUNITIES

SDGs IMPACTED

7 Affordable and Clean Energy



10 Reduced Inequalities



12 Responsible Consumption and Production



13 Climate Action



14 Life Below Water



15 Life On Land



CAPITALS IMPACTED








Rs 63.5 million

Spent by MCB Forward Foundation on 40 projects, of which 20 are ongoing

■ Socioeconomic development

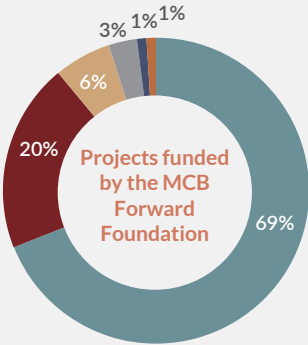
■ Education

■ Environment and sustainable development

■ Supporting people with disabilities

■ Family protection

■ Health



Projects funded by the MCB Forward Foundation

629 MWh

Electricity generated from in-house photovoltaic system (MCB Ltd)

100%

of residual emissions from 2020 operations offset to contribute to carbon neutrality (MCB Ltd)

58%

of total procurement expenditure sourced from local suppliers (MCB Ltd)

Note: Figures are as at 30 June 2022

WHAT THEY EXPECT FROM US

- Dedicated incentives and initiatives to promote socio-economic 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 ecological footprint from operations and business activities
- Higher share of energy consumption from renewable sources

MATERIAL MATTERS

- Macroeconomic uncertainty amidst global geopolitical and pandemic disruptions
- Heightened regulatory and supervisory oversight
- Digital disruptions
- Cybersecurity
- ESG considerations

How we have engaged with societies and communities

- We partnered with relevant stakeholders across presence countries, such as non-governmental organisations (NGOs) and public sector entities, towards promoting social welfare. Our corporate social responsibility activities are channelled 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 remained actively engaged in undertaking initiatives aimed at meeting a range of nationwide socio-economic development imperatives, aided by mobilisation of necessary logistics and execution of pedagogical programmes.
- Over and above activities undertaken through the MCBFF, the organisation took 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.

Socio-economic development as a means to poverty alleviation

- We continued to provide support in addressing poverty across countries where we operate. During the year, MCB Madagascar continued its collaboration with the NGO ADRA to help families suffering from famine, with more than 3,000 individuals supported.
- MCBFF supported a platform where NGOs can interact and learn from each other. Two main realisations by the platform which benefited from a contribution of Rs 1.3 million from MCBFF during the year are: (i) the provision of equipment for online services to two special needs schools; and (ii) assistance extended to NGOs for the review of their strategies and awareness on entrepreneurship.
- As a means for income generation, MCBFF has given the team of the agro-ecological community farm at Riche en Eau, consisting of 8 women, a plot of land, on which they have already started to cultivate and harvest. In addition, a total investment of Rs 180,000 has been provided for the preparation of the land and for the purchase of seeds and seedlings.
- In May 2022, MCBFF set up 'La Boutique Solidaire' in the region of Camp Leveux. The aim of this project is to enable families, who have been financially impacted by the pandemic, to purchase necessities at a reduced price.
- We have, with the help of selected small and medium enterprises, embarked on a project to promote the local workforce. The project includes the provision of re-skilling and work-oriented life skills courses. To date, 12 participants have been selected to start the work-oriented life skills programme on a full-time basis.

Health

- MCBFF has made a contribution of Rs 2.4 million for the set-up of the first training centre for the provision of palliative care in Mauritius. The aim of the centre is to create awareness around palliative care, dispense courses and provide the opportunity to interact with international practitioners.
- To help people manage the emotional challenges linked to the pandemic, MCBFF collaborated with Action for Integral Human Development to provide psychological support online and across 16 secondary schools, with contributions totalling Rs 1.3 million.

Education

- 33 scholarships have been 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.
- 37 scholarships have been awarded since 2000 to students from Rodrigues, under the MCB Rodrigues Scholarship, enabling them to pursue tertiary studies at the University of Mauritius.
- To commemorate the 22nd Youth Festival, MCB Seychelles contributed to the Word Splash Spelling Bee Competition hosted by Seychelles National Youth Council.



~Rs 1.8 billion

student loans approved by MCB Ltd as at June 2022 (under normal banking terms and the Government Guarantee Scheme), accounting for a market share of around 66% (over the period April 2013 - June 2022)

Delivering on our strategic objectives

Financial inclusion

- We strive to promote financial inclusion in economies where we operate, by enabling low-income clients to get access to credit and improve their conditions.
- MCB Madagascar has partnered with two key local telecommunication companies to promote digitalisation and financial inclusion in the country.

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 for education and housing purposes.
- We provided innovative and customised solutions to SMEs as well as micro-enterprises and self-employed individuals.

Arts and culture

- We made further inroads in preserving our cultural heritage, promoting the dissemination of art and sponsoring key projects aimed at supporting local talents at various levels. Of note, we were one of the main sponsors of an art exposition, which showcased the different works of art of Max Boullé, a Mauritian artist who greatly contributed to our local artistic heritage. Moreover, as part of the bicentenary of the famous French poet Charles Baudelaire, the Blue Penny Museum held the Matisse exhibition, a first in this part of the world.

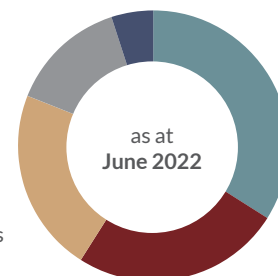
Environment

- The organisation took the commitment not to finance new coal-fuelled power plants as from 2022 and assist our clients in their transition towards cleaner technologies with a dedicated envelope made available for financing low-carbon emission projects. Additionally, in line with its objective of achieving carbon neutrality 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. During the year, MCB has catered for the redemption of its Scope 2 electricity consumption linked to its 2020 operations through the purchase of International Renewable Energy Certificates (I-REC). Besides, the Bank's commitment to invest EUR 5 million, over the period 2021-2040, in the Livelihoods Carbon Fund 3 is expected to generate around 800,000 carbon credits over the fund's lifetime. These credits will be available for its own compensation and to clients willing to contribute to carbon neutrality via a holistic carbon strategy.
- MCB has renewed its support to the Mauritian Wildlife Foundation (MWF) for another three years to protect the biodiversity of the country and preserve the islets around Mauritius. Of note, the partnership with MWF aims to protect four endemic species that are currently under the threat of extinction. MCB Seychelles contributed SCR 10,000 to Veuve Reserve, the breeding habitat for rare and endemic species in the country, for general enhancements of the nature reserve. In the same vein, MCB Seychelles launched the Seychelles Endemic Board school project, whereby all schools in Seychelles will be outfitted with three boards identifying endemic species.

Helping entrepreneurs

2,958 clients financed by MCB Microfinance Ltd
5,120 loans disbursed amounting to
Rs 1,039 million
(since July 2016)

34% Trading
25% Services
22% Manufacturing
14% Transport
5% Agriculture/Agri-business



Note: Figures in the pie chart relate to outstanding loans

- The organisation actively promotes the use of e-statements by customers. The total number of customers subscribing thereto increased by 19% during the financial year. The Group also encourages shareholders and bondholders to receive our Annual Report by email instead of the hard copy usually sent to them. As at June 2022, 37% of shareholders have opted for the soft copy.
- Under the 3rd edition of the Sustainable Use of Natural Resources and Energy Finance (SUNREF III) developed by Agence Française de Développement (AFD), MCB has made a total drawdown of EUR 18 million with projects financed focusing on renewable energy, energy efficiency and circular economy. The objectives of the facility are to (i) reinforce the market of mitigation finance; (ii) scale up of the market to advance Mauritius' adaptation to climate change agenda; and (iii) mainstream gender equality in the Mauritian private sector. For its part, MCB Madagascar has pursued its utilisation of the SUNREF line of credit of EUR 6 million signed last year with the AFD, with a notable rise witnessed in respect of demand for green financing.
- To support the circular economy, the Bank has partnered with The Good Shop, based on a defined three-year plan, to raise their productivity, add value to their current activities and better communicate on the NGO's different initiatives.



The Equator Principles

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 5 million.



UNEP-FI

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.



UN Global Compact

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.



Read more in the Sustainability Report on our website

Delivering on our strategic objectives

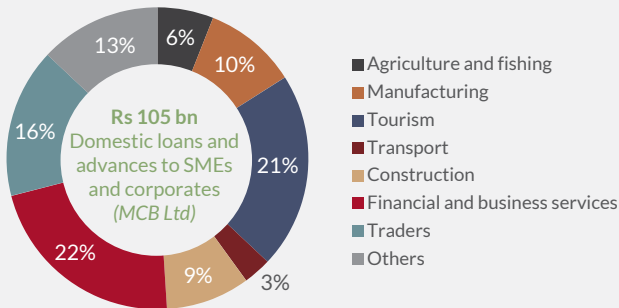


AUTHORITIES AND ECONOMIC AGENTS

SDGs IMPACTED



CAPITALS IMPACTED



28.3%
Domestic loans as a share of GDP (MCB Ltd)

Rs 1,532 m
Corporate tax and special levy (MCB Ltd)

38.5% Share of domestic credit to corporates in Seychelles

2,181
Number of fraud/alleged fraud cases investigated (MCB Ltd)

129,564
Number of financial crime risk management alerts investigated and closed (MCB Ltd)

636
Number of suspicious internal transaction reports investigated (MCB Ltd)

4,312
Reports sent to the Bank of Mauritius (MCB Ltd)

44% Cash to digital payments ratio (MCB Ltd)

Note: Figures are as at 30 June 2022

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
- Transition to a cash-lite society
- Best-in-class policies based on ethical behaviour
- Strong risk management and compliance set-up
- Adherence to regulatory requirements

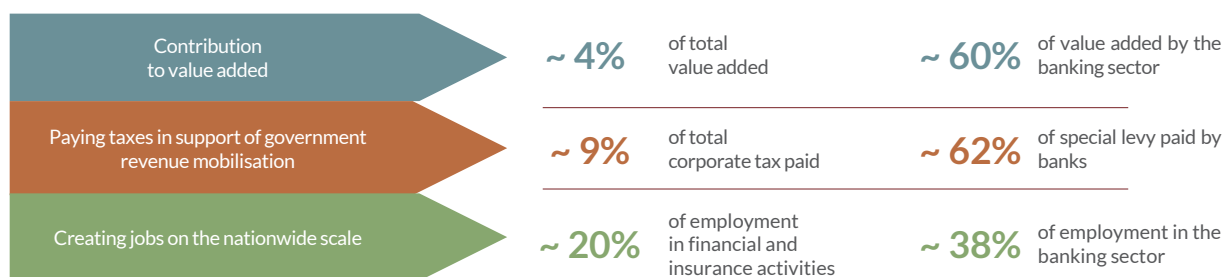
MATERIAL MATTERS

- Macroeconomic uncertainty amidst global geopolitical and pandemic disruptions
- Heightened regulatory and supervisory oversight
- ESG considerations
- Increasingly competitive environment

How we have engaged with authorities and 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 and beyond
- Regular interactions and collaboration with authorities in our presence countries to provide support to our customers in line with COVID-19 measures implemented 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 compliance with mandatory provisions and requirements
- Policies and procedures in place to detect and prevent financial crimes such as money laundering, bribery and tax evasion in line with legal 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 initiatives, including the publication of MCB Focus, weekly MCB Wave podcast on financial markets and articles posted on the MCB Group's 'TH!NK' website

Direct contribution of MCB Ltd to the Mauritian economy (FY 2021/22)

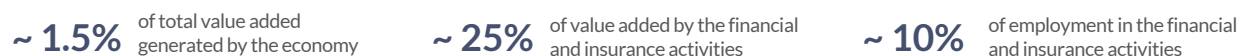


Notes:

(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 (2021)



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


Delivering on our strategic objectives




EMPLOYEES

SDGs IMPACTED


5 Gender Equality






8 Decent Work and Economic Growth




10 Reduced Inequalities



CAPITALS IMPACTED



~ 3,900
Employees
(52% female)

29%
Women in middle and
senior management
(MCB Ltd)

~ 95%
Employee
retention rate

~ 6%
Employee
turnover rate

Results from the Trust Index© employee survey

68% Participation rate

54% of surveyed employees view MCB Group as a great place to work

71% of surveyed employees feel proud to tell others they work at MCB Group

~ 23,600
Number of courses
completed on 'Percipio'
(our online learning
platform)

~ 16,600
Total hours spent learning
on 'Percipio'

260 Number of employees enrolled in our
Lead with Impact Academy
(MCB Ltd)

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
- Gender-equitable workplace
- 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

MATERIAL MATTERS

- Macroeconomic uncertainty amidst global geopolitical and pandemic disruptions
- Heightened regulatory and supervisory oversight
- Changing world of work
- ESG considerations

Note: Figures are as at 30 June 2022

How we have engaged with employees

- Continuous efforts to identify, attract, grow and retain talents as well as empower them to deliver their best
- Regular interaction with employees to adequately understand and respond to their needs, and gauge their level of motivation and engagement
- Dedicated initiatives 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 and enrichment of our training courses – notably through the MCB Institute of Finance and ‘Percipio’ – to equip employees to better respond to evolving customer needs
- Application of the Group Code of Ethics to help employees understand their ethical responsibilities as they conduct business and the Code of Banking Practice that sets out the standards of disclosure and conduct for maintaining good relationships with customers
- Adoption of a Group Whistleblowing Policy which enables colleagues to raise matters of concern without fear of retaliation
- Fair and robust remuneration philosophy in place to reward our employees, in line with market conditions and meritocracy principles
- Provision of a range of fringe benefits to our employees, including the employee share option scheme
- 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
- Promotion of a balanced and diversified workforce in terms of age group and experience as well as gender in line with our Gender Equality Charter
- Flexible Working Arrangements (FWA) available to our employees, including flexi-time, staggered hours, hot desking, and ‘Work From Home’ initiative (implemented under specific conditions)
- Dedicated initiatives put in place to cater for the health and well-being of employees

Promoting gender parity in the workplace



Our underlying objective is to have at least **40%** of women in middle and senior management roles at MCB Ltd by **2026**

Main initiatives during FY 2021/22

- Extension of maternity leave period from 14 to 18 weeks and two more weeks of leave, or 20 weeks, granted to employees giving birth to several babies or as from their 3rd child onwards
- Extension of nursing leave period by three months
- Awareness raised on International Women’s Day through internal channels
- Training on unconscious bias and Women in Leadership integrated in curriculum of Lead With Impact Academy for People Managers
- Launch of ‘Allies for Change Programme’ in collaboration with Charles Telfair Leadership Centre, to assist Management in advancing gender equality and women’s empowerment within the organisation and beyond
- Unfolding of the ‘Lean In Circles’ initiative - providing space where women can come together in small groups across roles and levels to get peer-to-peer mentorship, connect with each other, recognise and combat gender bias, and build leadership skills

Delivering on our strategic objectives

Key measures deployed during the period under review

Talent development

Talent Management

- Progress on the implementation of our Grow! Programme in Mauritius and launch of the programme in our overseas subsidiaries
- Launch of 'Beyond Numbers' Graduate Programme

Digital learning

- 'Percipio' becoming the one-stop shop for digital learning solutions, with a 88% adoption rate and 93% engagement rate since implementation

Leadership brand

- Completion of the first phase of the Lead with Impact Academy that aims at further entrenching the MCB Leadership Brand and promoting desired leadership behaviours

Specialised learning

- Ongoing deployment of specialised learning solutions through activities and experience towards building capabilities across the value chain in line with organisation-wide strategic orientations

Employee well-being

Staff welfare and quality of life

- Reinforcement of our support unit, with the recruitment of two in-house psychologists
- Availability of periodic staff offers on a range of goods and services, including leisure activities
- Trust Index© survey completed in June 2022 to gather employees' views, feedback, and suggestions on their experience, with the aim to make the work environment more conducive
- Internal platform for communication and awareness around Wellness theme – easy access to resources, visibility to events and programmes and running of polls to collect feedback
- Wellness events for staff, such as 'run and/or walk' initiative at MCB St Jean
- Provision of a supplementary cost of living and transport allowance in view of inflationary pressures in Mauritius

COVID-19 measures

Safeguarding employee well-being:

- Adherence to strict health and safety protocols across premises as per MCB's COVID-19 Pandemic Protocol
- Flexible working arrangements provided
- Provision of remote medical advice and assistance
- Facilitation of the vaccination exercise, notably the booster dose, for our employees

Ongoing initiatives

Career and rewards architecture

Review of the organisation's job architecture framework to better adapt it to current business realities and ensure its alignment with global best practice

Culture

Review of Employer Value Proposition with the assistance of an external service provider to reinforce our offering for our employees

Onboarding journey

Rethinking of the onboarding journey to help new recruits in smoothly adapting to the organisation's environment and culture

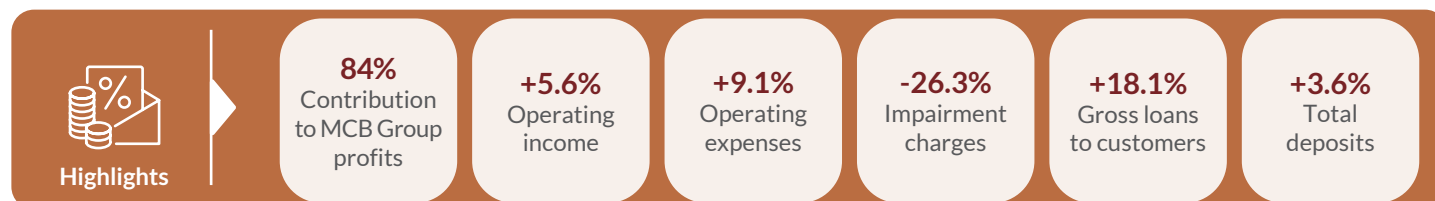
Our performance across entities

During FY 2021/22, the Group has sustained its efforts to pursue its business development thrusts, alongside coping with the difficult and dynamic operating context. Essentially, we have continued to accompany closely our clients during their recovery phase, while upholding the stability and resilience of our operations as well as the soundness of our key financial indicators. Locally, we have continued to strengthen our positioning across markets and client segments through enhanced and bespoke value offerings whilst reinforcing our contribution to the socio-economic development of Mauritius. In parallel, we have further extended our reach outside the country by deepening and widening our regional footprint, diversifying our banking and non-banking activities and value proposition across market segments and geographies. Internally, we have further consolidated our capabilities to support growth notably through upgrades to our IT systems and infrastructure, a reinforced risk management and compliance framework and the deployment of a number of strategic initiatives to support the advancement and well-being of our employees. Underpinned by our philosophy 'Success Beyond Numbers', the Group has continued to deliver on our commitment towards creating a positive impact on our people, society and environment. During the year under review, the Group has maintained efforts to forge stronger alliances with partnering banks and key market players while leveraging organisational synergies to bolster our value proposition and identify meaningful business development opportunities as we further cemented our position as a reference financial player in the region. In this respect, we are reviewing the 'Bank of Banks' proposition and framework to better service financial counterparts.

Banking cluster

MCB Ltd

Financial performance



The Bank delivered a good performance amidst the dynamic operating environment. Net profit returned to its pre-pandemic level to stand at Rs 8,948 million, after a growth of 21.0% compared to FY 2020/21, mainly reflecting an improvement in its core earnings and a drop in net impairment charges on account of lower Expected Credit Losses (ECL). Whilst net interest income grew marginally by 1.8%, reflecting lower average yields, non-interest income grew by 14.3% in spite of fair value losses from equity investments. This performance was driven by higher revenues from regional trade finance and payments activities as well as increased profit from dealing in foreign currencies. As such, operating income rose by 5.6% to Rs 20,854 million. With ongoing investment in technology and human capital, operating expenses grew by 9.1% leading to a cost to income ratio of 35.2% compared to 34.1% for FY 2020/21. For its part, in spite of an increase in specific provisions, net impairment of financial assets declined by 26.3% following lower additional ECL. As a result, cost of risk in relation to loans and advances declined by 52 basis points to stand at 0.91%. As a major source of satisfaction in view of the still challenging context, the Bank preserved its financial soundness as evidenced by relatively stable asset quality, comfortable capital adequacy ratios and healthy liquidity and funding positions.

Delivering on our strategic objectives

Our business development

During the year under review, MCB Ltd pursued its three-pronged strategy of international diversification, digital transformation and sustainable development while actively reinforcing its foundations to support sound and sustainable growth. As the impact of the pandemic continued to linger, the Bank remained focused on supporting its clients to help them emerge stronger and tap into new business opportunities. Locally, MCB further consolidated its leadership status and reinforced its support to the progress and development of the country through its contribution to key sectors and the promotion of responsible entrepreneurship to boost local production and resilience. Furthermore, the Bank pursued its digital transformation towards accompanying Mauritius in its transition towards a cash-lite economy through the rapid adoption and utilisation of digital channels and solutions. Beyond Mauritius, the Bank continued to strengthen its positioning as a specialist bank, especially in areas where it has built a strong expertise and franchise over time. To sustain its international endeavours, MCB successfully tapped into the global financial markets in September 2021 for a syndicated facility of USD 1 billion. Our cross-border strategy translated into strengthened client engagement, reinforced collaboration with our network of partners and intermediaries, with the Bank also leveraging its strategically positioned Representative and Advisory Offices. In the latter respect, the Bank has applied for the setting up of a Representative Office in Nigeria given its notable involvement in the energy sector of the country and the commercial opportunities in the West African region. In our bid to become a prominent transactional banking services provider and grow our non-interest income, we took several initiatives to enhance our value proposition, including the repositioning of our Global Markets & Treasury Management function and operationalisation of the new Payments SBU. In parallel, the Bank continued to leverage the growing synergies between its coverage teams and product houses across the Group in putting forward enriched product offerings tailored for the respective client segments. To support its growth, the Bank further reinforced its internal capabilities by investing in cutting-edge technology, embedding a more rigorous risk and compliance framework and strengthening human capital and upholding employee engagement and well-being to maintain a high performance culture.

Looking ahead, MCB will pursue its strategic intents and deliver on its focus areas towards cementing its position as a reference player in the region, while capitalising on the Mauritian IFC as a competitive business and investment hub. Locally, it aims to maintain its leadership position as a strong and innovative digital bank while playing a more prominent role in helping the country build back better. The Bank also aims to continue widening and deepening diligently its regional diversification strategy through stronger and more meaningful relationships with its clients, an enhanced go-to-market approach, targeted value proposition and a robust network of intermediaries and partners. As it reinforces its business locally and grows its regional footprint, MCB aims to further embed sustainability into its core business. It remains focused on developing a clear sustainable finance strategy and framework, providing adapted financial solutions to its customers to accompany them in their transition to carbon neutrality and towards a greener economy.

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

Consolidating our domestic positioning and pursuing our regional diversification agenda by exploring new growth avenues

2

Deliver a world-class customer experience through digital

Embedding digital innovation and technology as a key enabler of enriched customer service quality and relationships

3

Nurture our values and deliver on our brand promise

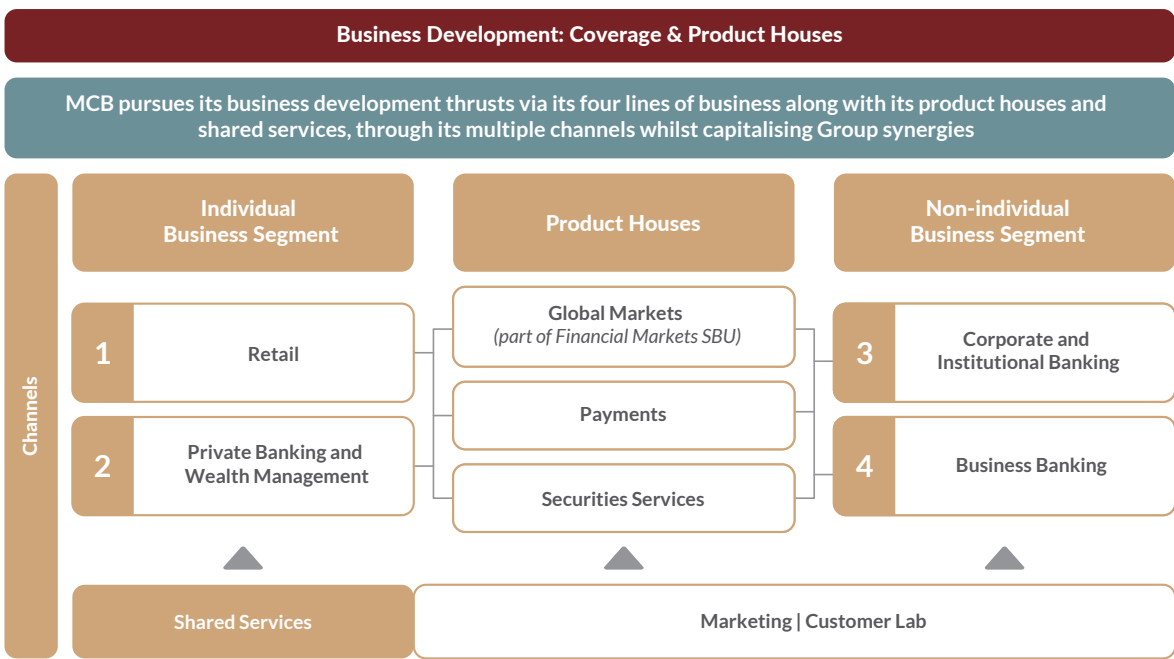
Strengthening the MCB franchise and cementing the organisation as a positive brand, while entrenching sustainability in our DNA, our behaviours and our value proposition

1 Extend our frontiers

General approach

Alongside successfully coping with the ramifications of the pandemic, the different lines of business of the Bank have, during the year in review, pursued the implementation of their roadmap of initiatives and supported clients in achieving their objectives by capitalising notably on its digital capabilities and the upskilling of its people.

MCB's product houses partner with the lines of business as well as other units to maximise its share of wallet across business segments whilst co-creating customer solutions and business value proposition. The business development ecosystem is outlined below.



Retail

Strategic priorities set for FY 2021/22

- Uphold diligent growth in our loan book and promote cross-selling to increase net fee and commission income, supported by reinforced commercial capabilities and enhanced customer solutions
- Enhance the omni-channel experience by further enriching our digital solutions and the MCB Juice mobile banking application while improving the in-branch journey
- Improve customer service and efficiency levels through the optimisation of our branch/ATM network and the use of innovative technologies
- Roll out of a customer service learning training to uplift employee skills and improve customer experience

Delivering on our strategic objectives

Main initiatives and achievements during the year under review

- Whilst facing a challenging operating environment, characterised by heightened competitive pressures and difficult economic conditions as evidenced by elevated inflation, the Bank affirmed its position as a leading financial player across the retail segment and achieved a resilient performance, thanks to the progress made on the execution of its strategic initiatives.
- As part of moves to upgrade its value proposition, the appeal of its mortgage solution was further refined with the launch of the 'Your Happy Place' housing loan campaign endowed with enhanced incentives in terms of interest rates and rebates on fees.
- Additionally, the web-based Mortgage application continued to gain traction with 21% of total housing loan applications initiated via this channel. In parallel, the Bank launched its revamped unsecured loan offering which provides instant approval and same day disbursement for eligible customers. Towards providing tailored product offerings, the Neo bundle for mass affluent customers has been enriched, leading to an increase in subscriptions thereto.
- In our bid to boost sales effectiveness, we launched and widely used the Next Best Offer analytics tool, which allowed for successful cross-selling opportunities based on customer profiles.
- Leveraging advanced technologies and strategic partnerships, the Bank further enriched MCB Juice with the anchoring of the aforementioned mortgage and personal lending solutions as well as MauCAS QR and push notifications, amongst others. Following last year's launch of the 4.0 version, MCB Juice's subscribers increased by 8%.
- In terms of operational efficiency, the Bank made headway in simplifying the end-to-end customer journeys for loan application and approval, by adopting agile principles and streamlining processes along the credit chain. It reviewed the credit value chain for individual customers to enhance their experience, which contributed to faster approval, document preparation and disbursement of loans. The Bank also encouraged its customers to use its Appointment Booking Service for in-branch customer service transactions and benefit from a reduced waiting time in branch.
- Towards upholding our strategic positioning and in line with our branch review strategy with a bespoke service orientation, Pamplemousses and Plaine des Papayes customers were relocated to the Beau Plan branch which seeks to offer a unique banking experience to customers.
- The year under review saw the roll out of the Customer Service Learning programme co-created by HR and Retail. The gist of the programme aimed at strengthening the service skills of our employees to create an effective customer focus while better connecting with customers. The programme comprised a mix of online courses leveraging Percipio and on the job training. Some 1050 digital token certificates were distributed to frontliners who completed their digital training covering subjects such as Discovering Customer Needs, Serving Digital Customers, Building Emotional Leadership amongst others. Moreover, training was provided on how to communicate effectively with customers and how to build rapport with them.



Key priorities looking ahead

- Consolidate our market positioning, backed by commercial initiatives to grow our loan book and non-interest income alongside promoting cross-selling and up-selling
- Further enhance customer experience across all touch points towards delivering the promise of omni-channel experience
- Pursue strategic initiatives to ensure that internal processes and systems are further streamlined so that the in-branch or digital customer experience becomes more seamless
- Further contribute to the organisation's Sustainability agenda
- Pursue the focus on customer service to consolidate the relationships with customers, increase customer loyalty and reinforce the existing customer centric approach

Private Banking and Wealth Management

Strategic priorities set for FY 2021/22

- Build on the launch of the 'M' brand and deepen existing relationships while pursuing client acquisition
- Extend the spectrum of products and services beyond conventional offerings and tailor them to the different client segments
- Sustain its international development thrust by strengthening its market positioning through its network of business introducers and referral partners, alongside acquiring new Business Partners notably in Dubai, Europe and Africa
- Focus on digital enablement with the implementation of an Order Management System (OMS)

Main initiatives and achievements during the year under review

- Even though the operating performance of this segment was impacted by adverse market conditions, the unit remained focused on reinforcing the enabling conditions to underpin its growth ambitions in the future.
- As part of its transformation programme, the SBU has been segmented under three clusters based on investable assets and fiscal residence, namely Private Banking i.e. 'M', Select – which tends to affluent customers – and External Asset Managers & Financial Intermediaries (EAM&FI), whilst enhancing its portfolio management capabilities to facilitate strategy execution. With a view to consolidating its existing value proposition in line with the revamped identities of 'M' and Select, the Bank undertook a Wealth Study to better understand its clients' behavioural patterns and customise its value proposition to their profile and requirements.
- The unit launched its investment advisory offering for its individual clients, which, in contrast to discretionary portfolio management, adopts a "hybrid" approach. It is designed to empower the investment-savvy clients, wanting to have an oversight over their portfolios and making their own investment choices, with the optional assistance of an investment advisor.
- With regard specifically to the 'M' segment, new avenues have been explored, such as ESG investing, to cater for the differentiated needs of its diverse client profiles. The Bank also revamped the Private Banking website, which offers an exclusive window to all the banking and wealth management resources proposed to its clients.
- A value proposition review and brand lift were undertaken with respect to the Select segment to reinforce its strategic positioning through the adoption of a more sophisticated approach and the provision of distinctive investment solutions to clients based on their personal objectives, life stage and risk appetite. Additionally, it also came up with an adapted marketing and communication strategy for increased visibility to young affluent customers.
- Through an open-architecture approach, EAM&FI clients can fulfill their portfolio diversification endeavours by having access to major markets and most asset classes, also allowing them to tap into specific investment themes such as electric vehicles and clean energy.
- To support its international ambition, EAM&FI reinforced its presence in the Middle East and North Africa, by capitalising on the Dubai Advisory office. A Senior Relationship Manager has been appointed to ensure proximity and bolstered rapport with MENA-based External Asset Managers and family offices alongside offering the Bank's Private Banking and Wealth Management services and concomitantly promoting the Mauritius IFC.
- In order to widen its range of products and services and address the needs of its clients, due emphasis was laid on deepening partnerships with key actors in the industry by connecting with world-class companies in terms of advisory services in Africa and Europe and other players in the wealth sector, such as real estate agencies. In the same vein, the EAM&FI team has fostered the development of a strong network of international brokers across geographical locations for various asset classes, including equities, bonds, structured products and mutual funds. These brokers provide their services to both foreign-based and locally-based External Asset Managers.



Delivering on our strategic objectives

- The SBU also reinforced internal synergies to further its objectives. It has formalised a cross-selling and collaboration framework with the Corporate and Institutional Banking SBU in order to widen its prospects and effectively tap into new business opportunities in target markets. Besides, thanks to enhanced collaboration with MCB Capital Markets and the Global Markets and Treasury Management unit, thought leadership capabilities were strengthened to provide insights on current trends in the field of Investment Services, thereby promoting brand visibility.
- The SBU pushed forward with its digitalisation strategy aimed at delivering a superior experience to affluent clients and providing services that meet the needs of the next generation of investors. It embarked on the implementation of MoneyWare, a full-fledged Order Management System, which will generate added efficiency gains and enhance customer experience by allowing (i) 24-hour access to self-service platforms; (ii) near real-time transmission of orders with brokers over Financial Exchange Protocol; and (iii) automatic settlement with its custodian.

Key priorities looking ahead

- Accelerate business development efforts and prospection to boost growth in investable assets and the asset book
- Diversify its international markets through enhanced brand visibility, by leveraging the Bank's Representative/Advisory Offices, notably Dubai, increased presence in earmarked markets and the Mauritian jurisdiction
- Bolster relationship management and increase the sophistication and differentiation in our value proposition to grow the client base with a focus on addressing investment and wealth management needs
- Enrich its ecosystem to service clients' financial and ancillary needs in collaboration with existing and new partners, notably on the international front
- Pursue the digitalisation of its offerings with the priority being to complete the full implementation of the OMS and a Portfolio Management System and enhancing MCB Juice application with investment and wealth features

Business Banking

Strategic priorities set for FY 2021/22

- Ease access to finance for Mauritian entrepreneurs to promote local production in the country
- Enrich its value offering by, notably, introducing new value-added features and digital products to MCB JuicePro, such as the first end-to-end automated credit journey for non-individual customers
- Smoothen the service delivery and enhance customer relationships, supported by increased client proximity, to improve overall customer satisfaction
- Encourage migration to digital channels and boost digital sales
- Improve turnaround time and internal efficiency levels

Main initiatives and achievements during the year under review

- Cognisant of the significance of Micro, Small and Medium Enterprises (MSMEs) as well as Mid-Market Enterprises (MMEs) in the economic development of Mauritius, the Bank continued to accompany them in their growth initiatives and activities, notably by facilitating their business transactions, which contributed to a notable rise in non-interest income of this segment. In fact, helping SMEs and boosting entrepreneurship to promote a vibrant and sustainable local economy are key priorities of the Bank, being well ingrained in our purpose of 'Success Beyond Numbers'. In this respect, the unit endeavoured to enrich the appeal of its value proposition, backed by a pioneering mindset and reinforced sales and client competencies focused on customer centricity.

o MCB JuicePro has been endowed with several additional features. These include a full suite of pay and transfer options (e.g MauCas QR), Cards Management, security enhancements, centralised access to Statements and Advices and a seamless process for a user to also become a Merchant. Moreover, the Express Overdraft feature, introduced in August 2021, is MCB's first online lending product that can be fulfilled end-to-end digitally, with an average turnaround time of 7 days including customer-waiting time. Worth noting, a dedicated squad is currently working towards developing a full pipeline of new features on the app that should come live in months ahead.

o PUNCH, our collaborative community ecosystem, has been enhanced with more features and is rapidly becoming the strategic gateway for SMEs to gain access to a pool of industry experts, accountants, consultants, export markets, clients and equity partners. This digital B2B marketplace affirms our engagement vis-à-vis entrepreneurs beyond banking and helps promote ecosystem building and co-creation within the community. Currently, PUNCH has more than 1,600 members, above 125 growth partners and 6 institutional investors.



o Given the focus of the 'Lokal is Beautiful' pillar in our strategy, we led a series of actions to enhance the Bank's presence in the domestic entrepreneurial community. Notably, the unit has pursued its close collaboration with key actors in the community, namely incubators and aggregators such as La Turbine, Katapult Mauritius and other associations including the 'Association Mauricienne des Femmes Chefs d'Entreprises', and Regeneration Mauritius, by way of sponsorships and capital investment. Equally, considerable efforts were spent to assess feasibility and define implementation criteria for alternative sustainable finance solutions.

- The Bank worked on boosting the adoption of digital solutions by MSMEs to facilitate the country's transition to a cash-lite society.
- The unit has also adopted Agile practices whereby all forms of digital deliveries, sales, operations and support functions within the department are functioning in an Agile mode and experimenting new ways of working, supported by a cohesive operating model. This allows the unit to strengthen its ability to provide tailor-made, value-added and digital solutions to MSMEs and MMEs, alongside helping to reduce time to market and improve customer experience within the wider ecosystem.
- Overall, MCB has remained the foremost service provider in the MSME segment in Mauritius, being ranked 1st amongst the 12 participating banks operating in the country in respect of credit facilities granted under the Government-backed SME Financing Scheme, with a corresponding market share of around 46% posted during the December 2011 – June 2022 period.

Key priorities looking ahead

- Improve our digital product offering and promote the use of digital channels and platforms as well as enhancing product coverage with targeted cross-selling of key services
- Strengthen the 'Lokal is Beautiful' framework by boosting the value proposition of PUNCH and implementing new schemes as well as other financing solutions
- Pursue efforts to grow the lending business and explore other avenues to support the growth of MSMEs and MMEs leveraging its 'Beyond Banking' vision clustered around a community engagement plan and the provision of value-added services
- Promote tailored solutions to facilitate transactional banking and leverage cross-selling opportunities with Group entities
- Enhance the efficiency of operations underpinned by the optimisation and automation of processes and systems

Delivering on our strategic objectives

Corporate and Institutional Banking

Strategic priorities set for FY 2021/22

- Consolidate our leadership status and reinforce the Bank's contribution to the socio-economic progress of Mauritius through continuous support to the development and modernisation of key sectors
- Strengthen its position as an established financial partner and product specialist across the region, underpinned by (i) increased on-field presence to enhance proximity with clients and their ecosystems; (ii) stronger foothold in target markets through the promotion of the Mauritius International Financial Centre (MIFC) and MCB brand; and (iii) segmented strategy to cater for the differentiated target markets, supported by a customised value proposition
- Uphold its positioning as a prominent, meaningful and trusted player with a solid track record and strong brand in the African Oil & Gas market as well as gradually build a Power & Infrastructure franchise
- Develop stronger business networks with financial institutions, whilst strengthening its position as lead arranger for dedicated deals and boosting its syndication capabilities
- Boost transactional banking through adapted solutions
- Promote operational excellence and innovation to better accompany clients and foster enriched customer service relationships

Main initiatives and achievements during the year under review

- This segment maintained a strong operating performance, driven by its foreign activities and a high growth in non-interest income in line with the objective to strengthen the Bank's strategic positioning in the provision of transaction banking services.
- In Mauritius, MCB reinforced its position as the leading financial player and sustained its support to economic operators in the country amidst a highly volatile operating environment. Reflecting its efforts, the Bank maintained its prominent market positioning in the domestic market, with its market share in respect of credit to corporates standing at around 41% as at June 2022. Through its customised financial solutions, the Mauritian & Regional Corporates team helped corporates build resilience and better navigate ongoing challenges, namely dealing with the ramifications of the pandemic, supply chain disruptions and currency volatility. Concomitantly, the Bank prudently expanded its exposures to various sectors and accompanied its clients in writing their next growth chapter by, notably, supporting them in their capacity building moves, restructuring initiatives and strategic undertakings.
- On the international front, the Bank pursued its growth agenda by selectively exploring business avenues in areas where it has built expertise over time. It thoughtfully entrenched its activities across regional and international market segments backed by customer-centric solutions, regularly-adjusted risk appetite and leveraging a wide network of correspondent banks worldwide (with around 100 in Africa) as well as the Representative Offices in Paris, Johannesburg and Nairobi and the Advisory Office in Dubai. The latter's team is being reinforced following the upgrade of its licence in September 2021 to tap into the opportunities that this new status confers on the Bank given that we can now provide advisory services on financial products and arrange credit, deals in investment and custody facilities, with a particular focus on institutional and corporate clients.
- In line with its aim to connect stakeholders and bolster a network of meaningful relationships with intermediaries and partners, MCB recently became a member of the African Private Equity & Venture Capital Association (AVCA), which is a pan-African industry body championing private investment into Africa, and was also a diamond sponsor in the latest AVCA conference.
- The Bank also leveraged synergies with MCB Group's foreign banking subsidiaries and associates, mainly in Madagascar, Seychelles and Maldives, to better assist existing clients in their endeavours to expand regionally while consolidating its position as a reliable banking partner to international clients operating across the region.
- From a commercial perspective, the Global & International Corporates team made notable inroads regarding its strategy to be the partner of choice for international corporates willing to do business and invest in and across Africa, notably through the development of new relationships with anchor clients such as private equity funds and large regional corporates in Europe and Asia. The unit also sought to facilitate business opportunities across the various trade corridors with Africa – while also helping to unlock synergies of the MIFC with other strategically positioned International Financial Centres such as Dubai IFC – to reinforce MCB's position as a renowned financial partner and established product specialist.

- The Specialised Finance team also delivered on its strategic objectives:
 - Specifically with regard to the E&C segment, the Bank remained a prominent player in the African Oil & Gas business across downstream, midstream and upstream value chain by nurturing relationships with key clients and building on its expertise, established brand and track record. In line with the organisation's climate commitments, the unit initiated actions towards increasing its presence in the gas trading business in Africa going forward, as the Bank seeks to accompany the region in its energy transition. However, the Bank understands that it is going to take some time for its key African markets to shift to renewable energy, and remains committed to being their partner during this transition.
 - As for Power & Infrastructure financing, the Bank maintained its efforts to play an increasing role in addressing Africa's infrastructure needs. We thus continued to provide support to clients for their infrastructure investments in the Bank's key geographical markets, including energy projects contributing to the transition towards cleaner energy and improving electrification rate on the continent.
- The Financial Institutions and Syndication team consolidated its syndication offering and strengthened its position as lead arranger with financial institutions. The unit developed stronger business networks with financial institutions, development financial institutions 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 clients.
- MCB has, in close connection with the Group, remained an active promoter of the 'Bank of Banks' initiative as part of its Africa Forward Together (AFT) strategy, which consists of providing a palette of adapted solutions to financial institution counterparts, notably those operating in Africa. The Bank has reviewed its AFT strategy towards working with its network of correspondent banks to enhance its offerings and better service its clients in foreign markets as well as tap into new business opportunities.
- As a key enabler, the coverage teams have strengthened their collaboration with specific product houses, such as Global Markets and Treasury Management team, towards developing customised solutions to meet the sophisticated needs of the international clients, notably to facilitate cross-border trade and business flows.
- The Bank invested in its digital platforms in order to simplify the customer experience with its SmartApprove application – a convenient and secure web-responsive app that allows authorised signatories of companies to approve transactions electronically – now equipped with a cross-border international payment solution, the SWIFT gpi. The latter is a self-service payment tracker which enables our corporate clients to track all their international payments from end-to-end, in real time.
- In the same vein, the Bank has made further headway towards the digitalisation of its workflows and processes to enhance operational efficiency and improve the customer experience.



Key priorities looking ahead

- Help build back Mauritius better through dedicated support to the modernisation of its existing growth pillars and development of emerging sectors with a focus on clean-energy investment to facilitate the transition of the country to a greener economy
- Reinforce the Bank's position as a sustainable financier, through the development of a palette of sustainable financing products and the setting up of an ESG team in collaboration with Risk SBU
- Devote efforts towards becoming a reference bank for funds, regional and international corporates, by leveraging a targeted value proposition, strong network of intermediaries and partners, and an enhanced go-to-market approach
- Uphold its positioning within the Energy & Commodities segment by nurturing existing relationships, consolidating its reputation as a credible and long-term financing partner and enabling energy transition through a gradual and committed focus to gas financing, whilst pursuing its African Power and Infrastructure financing initiatives
- Boost cross-selling opportunities, leveraging organisational synergies at coverage and product level, with a key focus being to position the Bank as a leading transactional banking player
- Develop and nurture a more meaningful network, notably through targeted events and backed by pertinent thought leadership series, towards servicing and bridging stakeholders across the African markets and along the various business corridors with Africa (i.e. Asia, Gulf and Europe)
- Accelerate digital efforts and enhance technical expertise in the analysis, structuring and monitoring of financing solutions

Delivering on our strategic objectives

Product Houses

Main initiatives and achievements during the year under review

Financial Markets

- The unit consolidated its collaboration with the coverage teams to unearth new opportunities and broaden the Bank's customer value proposition to better address customers' needs whether transactional in nature or focused on risk management/hedging or investment solutions.
- Accordingly, the unit has been deploying significant efforts to bolster the Bank's palette of offerings beyond the traditional vanilla foreign exchange products, across asset classes and tailored to each segment. Additionally, the Global Markets Sales and Structuring teams are being reinforced to consolidate the Bank's position as an innovative Financial Markets service provider both locally and in the region.
- On the trading front, the risk management framework has been reinforced and the internal capabilities are being bolstered, underpinned by the upskilling of employees and the strengthening of the unit's research function.
- As a key recent initiative to help the Bank achieve its growth ambitions, a Strategy & Projects Office within the unit has been set up to facilitate its transformation journey, with due emphasis on digitalisation and innovation.

Payments

- The reviewed Payments structure is enabling (i) the emergence of new business models including Payments as a Service; (ii) the set-up of a dedicated product house with a focus on innovative and scalable solutions development and deployment; and (iii) strategic partnerships with fintechs and networks.
- In line with the Bank's aim to help transform Mauritius into a cash-lite society, it geared up its commercial initiatives to push for contactless offerings by actively promoting its convenient and secure digital channels to underpin the conduct of round-the-clock customer transactions. The Bank also encouraged clients' migration to digital through awareness, rewards and incentives programmes. In this respect, MCB recently kicked off the MCB/Visa promotional campaign for the FIFA World Cup in Qatar. For FY 2021/22, the cash to digital payments ratio of its customers was at 44% (FY 2020/21: 50%; FY 2019/20: 57%), representing a significant shift compared to the pre-pandemic period.
- The unit has reinforced its relationship management with key stakeholders in the payments ecosystem alongside increasing its reach and network on the back of a solid brand with stronghold across all business segments of the Bank.

Deployment of payments solutions towards a safer and cash-lite economy

~ 13 million
Contactless transactions
+151% y.o.y

10,193
Contactless POS enabled
(representing 85% of
total POS terminals)

+17% y.o.y
Merchants offering online
payments

+17% y.o.y
Debit cardholders
transacting online

Note: Figures relate to FY 2021/22

Securities Services

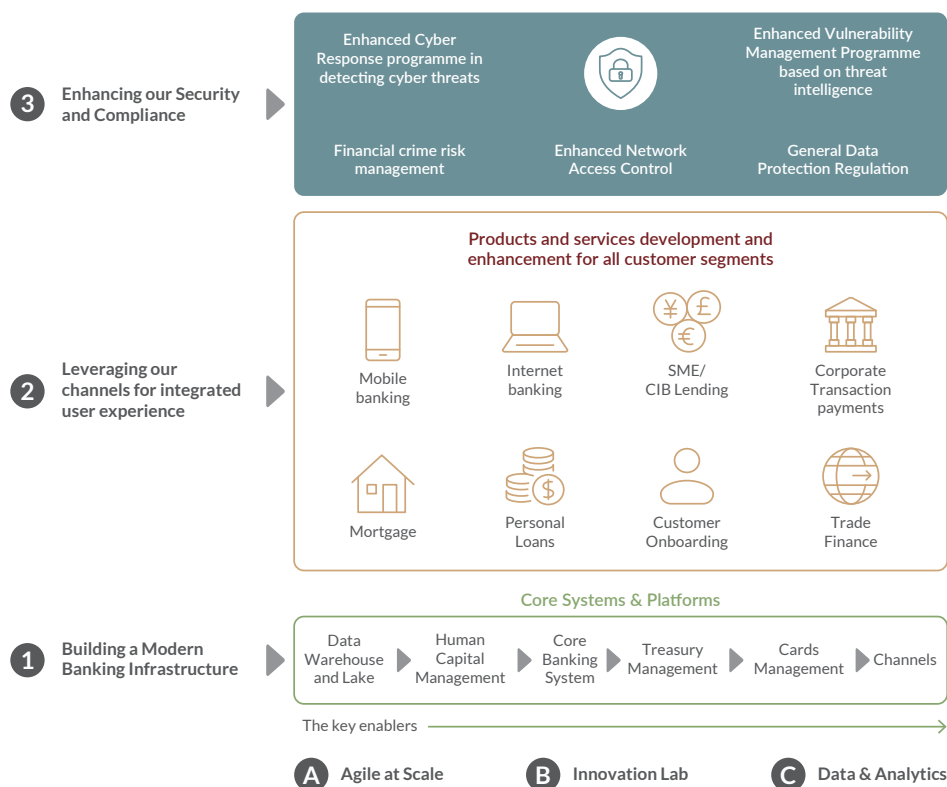
- The unit's value offering was extended with (i) the rolling out of a new pricing model, helping to increase MCB's visibility in some markets; (ii) a revised billing methodology nearing completion, thereby ensuring fairer pricing to both MCB and its clients; and (iii) a rebranding campaign launched with success in January 2022, which started with the enhancement of the Securities Services website. Other marketing actions will follow suit in FY 2022/23 to mark the 30th anniversary of the unit.
- It successfully rolled out its Shadow Revenue Model for CIB and Private Banking and Wealth Management (PBWM) Relationship Managers (RMs) as well as custody services for Financial Institutions clients alongside providing regular support to RMs. Through the sharing of revenue among different BUs, this initiative aims at encouraging RMs to cross-sell Custody Services to their clients.
- Efficiency is being improved with the implementation of a client ticketing tool alongside promoting the use of electronic document exchange both internally and externally. The client ticketing tool allows for traceability in all instructions received and entries made. It should also help the Bank adhere to Service-Level Agreements (SLAs) and improve its service level via analysis of data such as time taken to tackle requests.

2

Deliver a world-class customer experience through digital

General approach

The Bank continued to progress on its digital transformation agenda backed by the implementation of dedicated initiatives with a view to fulfilling the needs of its customers in a fast, convenient and simple fashion. As the foundation of this transformation, MCB is investing to build a modern banking infrastructure, using best-in-class information systems and platforms to underpin business operations. Concomitantly, the Bank is leveraging its channels for an integrated user experience, towards catalysing and encouraging the evolution from physical to digital banking and accompanying the country in its transformation towards a cash-lite economy. Due emphasis is also being laid on enhancing our security and compliance systems and frameworks through the implementation of a secured and robust network architecture. To support its strategic endeavours, the Bank is capitalising on (i) new ways of working by leveraging its Digital Factory experience; (ii) its Innovation Lab to evaluate opportunities and risks in the technology and digitalisation sphere; and (iii) data and analytics to uncover meaningful and actionable insights to improve efficiency and decision-making, manage risks and drive sales and cross-selling.



Main initiatives and achievements during the year under review

Building a modern banking infrastructure

The Bank made further strides towards making its core systems and platforms responsive and scalable as well as supporting Continuous Integration/Continuous Delivery (CI/CD) to improve the time to market. An upgrade of its Core Banking System (Temenos Transact) is underway, while the organisation also aims to have a single Group 'Software as a Service' (SaaS) for enhanced efficiency, improved governance and economies of scale. MCB pursued its omni-channel strategy with the objective of having a unified process for clients when interacting with the Bank, thus enjoying the same customer experience regardless of the entry point or channels. In particular, it upgraded the Backbase platform to the latest version and is migrating its trade finance services on the digital banking platform.

Delivering on our strategic objectives

The omni-channel strategy is expected to result in increased performance capabilities, a seamless user experience and the potential to scale with a range of new features. It will also serve to extend the agile delivery capability of the organisation while enabling improved management of the customer journeys, across all touch-points and for each line of business. The Bank is also in the process of migrating all cards operations to an upgraded version of its Card Management System, which allows for increased integration and efficiency.

Leveraging our channels for integrated user experience

Besides the omni-channel strategy, MCB pursued its efforts to redefine and digitise end-to-end customer journeys, backed by process reviews and reengineering, in line with its objective of improving the customer centricity of its operations across the Bank to capture new growth opportunities and unlock greater value for customers. MCB's recent initiatives and achievements are outlined below.

Key facts and figures on our customer journeys



¹ Turnaround time figures relate to June 2022, include the time taken for customers to respond and exclude outliers
Figures above relate to FY 2021/22, unless otherwise stated

Enhancing our security and compliance

As technology becomes increasingly integrated into the Bank's business fabric, including the adoption of cloud technologies, MCB faces heightened threat exposure and control complexity in the face of the sophistication of cyberattacks. Accordingly, the Bank remains highly focused on identifying, appraising and managing cyber and information security risks to which the organisation is exposed. Concomitantly, the Bank has taken necessary measures to ensure that the organisation is poised to react to the fast-evolving legal and compliance landscape. During the year, the Bank undertook several initiatives to uphold the robustness of its information security systems and frameworks and boost MCB's risk culture. Specifically, the Bank:

- Redefined its security roadmap by evaluating its cyber maturity against well-known security frameworks, best practices and regulatory guidelines
- Is investing in new technologies to better protect/detect cyber threats whilst continuously improving its security hygiene, processes and practices
- Has enhanced its cyber incident management process by contracting out advanced cyber response services, for forensic analysis and legal counsel, to better assist MCB in responding to and recovering from cyberattacks in the most effective and efficient way
- Is building a Human Firewall, underpinned by training, regular awareness campaigns and social engineering simulations
- Has contracted a Red Team to conduct penetration testing activities and identify exploitable vulnerabilities for proactive remediation
- Has implemented a Cyber Threat Intelligence platform to help gather information and data on existing and emerging cyber threats

 Read more in the 'Risk and capital management report'

Key enablers

To meaningfully execute our digital transformation, the Bank facilitated a work and culture shift to an agile mindset and operating framework to unlock business potential, break silos and improve operational efficiency. As another key enabler in the digital journey, the Innovation Lab, active in Mauritius and in the region, is continuously looking for new ways to unlock value through emerging technologies and aims to foster an innovative culture and mindset within the Bank. For its part, the Data BU aims to shore up MCB's data management and analytics capabilities towards promoting availability, reusability and integrity of data for users. The objective is to help MCB leverage data as a strategic asset to support its business strategy and foster value creation for customers. The range of use cases delivered so far spans across descriptive to predictive and prescriptive analytics, including *inter alia* (i) analytics-driven support to frontliners to advise clients on potential products adapted to their profiles; (ii) enhancement of AML monitoring processes to improve detection of suspicious transactions; and (iii) development of credit scoring models to support digitalisation of lending processes. The unit has an average completion rate of 68% regarding the integration of data and analytics in the Bank's customer journeys' roadmaps across business lines. To support its endeavours, a Data Committee is in place to oversee the data strategy and the approach to uphold data quality and integrity, with the aim of ensuring a proper governance framework around the use of data.

Priorities looking ahead

- Further upgrade its technology platforms to improve productivity levels and help boost customer satisfaction
- Complete MCB's customer journeys whilst ensuring that set objectives are met
- Continue to reinforce its cyber security to ensure effective resilience of its systems to such attacks
- Pursue its investment in CI/CD and cloud technologies towards further simplifying its operations, boosting the resilience of its systems and ensuring faster response time

Delivering on our strategic objectives

3

Nurture our values and deliver on our brand promise

General approach

The Group is actively engaged in disseminating its core values across different layers of the organisation to foster an alignment of actions being deployed to achieve common goals. As a purpose-driven organisation, we remain committed to integrating our sustainability principles as a key value driver in our strategy and operations. Thus, MCB continued to adopt dedicated initiatives executed under the three pillars, namely: (i) development of vibrant and sustainable local and regional economies; (ii) protection and valorisation of our cultural and environmental heritage; and (iii) promotion of individual and collective well-being.

Main initiatives and achievements during the year under review

- MCB pursued its efforts to support the island's recovery by promoting local entrepreneurship and generating synergies between local SMEs, notably via its digital marketplace, PUNCH. The latter seeks to bring entrepreneurs together so as to find ways and means to grow together, by providing them with the tools and network they need as they set off on their growth journey.
- With the objective of complying with the BoM Guideline on Climate Related and Environmental Financial Risk Management, a project team has been set up comprising different units of the Bank. A Steering Committee has also been put in place to monitor the progress of the implementation of the Guideline (Read more in the 'Risk and capital management report' on page 154).
- In line with MCB's engagement to implement the appropriate risk management system for environmental and social considerations in its banking activities, the Bank reviewed its Environmental and Social Risk Policy. The general structure of the Policy has been upgraded in line with the Equator Principles and international environmental and social standards. The Policy caters for distinct sections covering the following: (i) Scope of Application; (ii) Governance: Integration of environmental and social related risks as part of decision-making process within various units of the Bank and committees; (iii) Roles and responsibilities of stakeholders involved in the Environmental and Social Risk Management (ESRM) process; and (iv) Implications for the Bank's Credit Cycle. The Bank's exclusion list has also been updated to (i) allow for its climate engagements; (ii) align with exclusion lists included in its facility agreements with development financial institutions; and (iii) include measures for environmentally sensitive areas. Additionally, the financial threshold for project to be subject to an ESRM assessment was updated to USD 5 million (total project capital costs). The Bank also reserves the right to apply a lighter ESRM process for projects less than USD 5 million with potential environmental and social risks.
- An international service provider was enlisted to accompany the Group in the development of an adapted sustainable finance framework as part of the organisation's aspiration to position itself as a key sustainable finance player on the domestic and regional fronts. Key priority areas have been identified and an action plan has been elaborated accordingly with all impacted stakeholders.
- Moreover, in alignment with the organisation's ambition to support a just transition to a low-carbon economy, which includes the termination of all new financing of coal infrastructure and trade worldwide as well as new-coal fired power plants in Mauritius as from 2022, MCB is in the process of setting up a task force. The objective is to determine what is required to fully integrate ESG considerations in its financing and risk management frameworks for its local and international portfolios. It is worth noting that the Bank is already more engaged in the financing of sustainable energy projects and aims to increase its participation in such projects that seek to increase living standards whilst promoting both climatic and environment friendliness. Indeed, MCB has recently participated in three landmark projects in Ghana, Rwanda and Senegal. These projects are crucial milestones in the electrification goals of these respective countries and in their transition from fossil energy to more renewable, low-carbon energy sources.

- MCB conducted various training sessions to (i) raise employees' awareness on sustainability; (ii) shed light on the updated ESRM Policy and approach; (iii) describe the Equator Principles; and (iv) outline the roles and responsibilities of employees. ESRM training was provided to some 50 colleagues from different teams including Credit Analysts and the Credit Structuring and the Credit Management team. 'The Climate Fresk' workshops were also held to help staff understand the essential issues of climate change in order to take action.
- The Bank sustained its efforts to promote the well-being of its workforce alongside pursuing initiatives in favour of gender equality. On the latter front, it continued to support the 'Business Without Borders' initiative, a mentoring programme, led by 'Association Mauricienne des Femmes Chefs d'Entreprises', with the second cohort comprising 60 mentors and mentees from Mauritius and the region. The Bank was also the Platinum Sponsor of the 2022 FCEM World Committee Meeting (The Worldwide Network of Women Business Owners) which was held in Mauritius, reinforcing MCB's commitment to support women's economic empowerment in the country.

Key priorities looking ahead

- Promote local entrepreneurship and help boost local production
- Deliver on our ESG agenda and commitments underpinned by a strengthened governance structure and sustainable finance framework as well as compliance with international frameworks, standards and principles; Enrich our sustainable finance offerings
- Continue to implement dedicated initiatives in line with the Group's Gender Equality Charter and promote employee engagement



Read more in the 'Creating value in a sustainable way for our stakeholders' section on page 49 to 62



Read more in the Sustainability Report on our website

Delivering on our strategic objectives

MCB Madagascar

Financial performance



Highlights

0.6%
Contribution
to MCB Group
profits

+8%
Operating
income

+26%
Operating
expenses

-48%
Impairment
charges

+6%
Gross loans
to customers

+26%
Total
deposits

Reflecting its ongoing commercial strategy to tap into key corporate players, an increase of 26% was noted in the bank's deposit book. Nonetheless, the deployment of the excess liquidity that was earmarked for productive lending operations and investment in sovereign securities got delayed due to the knock-on effects of the pandemic. As such, gross loans and advances posted a moderate growth of 6%, leading to a decrease of 3% in net interest income. However, operating income increased by 8% on the back of a significant growth of 66% in net fee and commission income resulting from a general pickup in economic activities and business flows. Operating expenses registered an increase of 26% linked to a rise in management fees, higher telecommunication and IT related costs as well as a growth in staff costs due to recent recruitment initiatives. The bank also incurred capital expenditures during the year in respect of the new head office. Overall, after accounting for impairment charges of MGA 2.7 billion (Rs 29 million) comprising mainly specific provisions, attributable profits for the year stood at MGA 6.0 billion (Rs 65 million), with the contribution of MCB Madagascar to Group results amounting to Rs 59 million.

Main initiatives and achievements

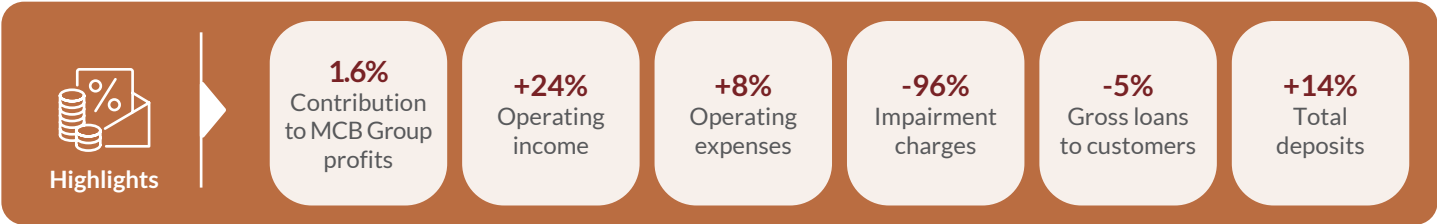


MCB Madagascar strived to consolidate its positioning in established market segments. The bank remained an active partner for corporates across sectors including mining, energy, agri-business and real estate. At the same time, it capitalised on enhanced synergies across the organisation to offer unique selling propositions to corporates leveraging the Mauritian International Financial Centre for their growth plans. In the retail segment, the bank's value proposition for individual customers was further enriched with the introduction of two new packages, namely Karibo and Tamotamo, which include card offers and overdraft facilities. To reinforce client proximity and support its business development ambitions, MCB Madagascar relocated its head office to the business centre in the region of Alarobia where it also opened a branch, thereby bringing the total number of branches to 14. The bank also launched 'Juice Madagascar', providing customers with a comprehensive set of mobile banking and payment services while progress

is being seen on the 'bank-to-wallet and wallet-to-bank' project which allows customers to conduct transactions from their mobile wallet securely. Additionally, a new Facebook page was created to better engage with customers and attend to their queries. On the capacity-building front, the team was strengthened with recruitments notably for the commercial and front-line functions while various training was dispensed for staff upskilling. Additionally, 18 employees were assigned to the first cohort of the organisation's Grow! Programme, which aims at fostering talent development. Besides, to promote operational efficiency, a new Oracle ERP has been put in place to improve the management of key HR tasks.

MCB Maldives

Financial performance



MCB Maldives’ deposit book grew by 14% on the back of an increase in foreign currency deposits, contributing to a 24% rise in cash and cash equivalents and a 12% growth in investment securities. On the other hand, gross loans and advances registered a contraction of 5% linked to various recoveries and settlement of non-performing loans driven by active recovery efforts. Against this backdrop and taking into account higher releases of interest in suspense compared to the previous year, net interest income was positively impacted and rose by 24%. This led to an equivalent rise in operating income, after also factoring in higher net fee and commission income and increased profit from dealing in foreign currencies following a sustained upturn in tourist arrivals and a general pick-up in economic activities. Operating expenses grew by 8% during the year, driven by a hike in telecommunication expenses on account of a new lease signed with a foreign service provider for increased bandwidth. Notwithstanding additional provisions on existing non-performing facilities, impairment charges declined by 96% with various recoveries noted during the year. Overall, attributable results for the year increased by 137% to stand at MVR 57 million, with MCB Maldives contributing Rs 162 million to MCB Group results.

Main initiatives and achievements

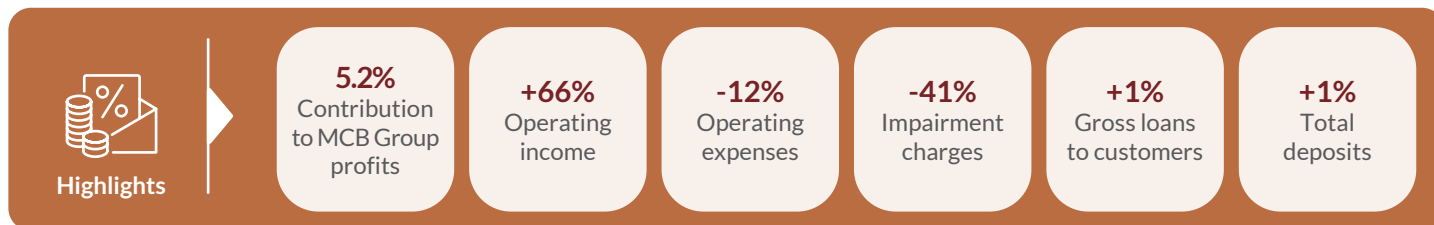
Alongside reinforcing its support to corporates across economic sectors, including those in the tourism, real estate and trading sectors, MCB Maldives pursued efforts to enrich its value proposition towards offering a seamless client experience. The bank introduced the MyMCBCard mobile application, which enables customers to activate, deactivate and generate a PIN code as well as view their card transactions. The bank’s Internet Banking platform has been upgraded to enable payments to tax and customs authorities. Moreover, the bank leveraged bulk SMS to interact with clients in a more effective and efficient way to convey key messages and a first customer survey was undertaken during the year. On the operational front, the bank reviewed all of its procedures and worked towards overhauling its IT infrastructure, notably through the upgrade of its equipment and Core Banking System. MCB Maldives adopted dedicated moves to gear up the quality of its human capital. A new HR system has been adopted and key appointments made notably in the retail segment. MCB Maldives also sustained its investment in human capital development by conducting several training and placement programmes while the Grow! Programme was launched as part of the Group’s thrust to foster talent management.



Delivering on our strategic objectives

MCB Seychelles

Financial performance



While investment in treasury instruments increased by 38% following the effective deployment of excess liquidity in some high yield securities, a mild growth of 1% was registered at the level of both gross loans and advances as well as the deposit book. Coupled with a drop in interest rates, this contributed to a moderate growth of 5% in net interest income. However, operating income posted a growth of 66%, reflecting a notable pickup from the loss recorded in forex profits amidst wide exchange rate fluctuations in the previous year. Similarly, net fee and commission income registered a significant growth in line with a pickup in economic activities. The bottom line also benefitted from a 12% reduction in operating expenses resulting mainly from a decrease in IT related costs and a fall in general expenses linked with the appreciation of the SCR vis-à-vis the USD. Overall, after accounting for impairment charges of SCR 12 million comprising specific provisions, attributable profits increased by more than six-fold to SCR 161 million. Furthermore, the depreciation of the MUR against the SCR further enhanced the contribution of MCB Seychelles to Group profits to stand at Rs 512 million.

Main initiatives and achievements

MCB Seychelles pursued efforts to boost its competitive positioning across key market segments, with particular emphasis laid on Select Banking and Junior accounts, where the bank continued to grow its client bases. In addition, its refurbishment project was completed, offering a collaborative workspace for staff and a more modern and customer-friendly banking environment. MCB Seychelles also upheld its market visibility, notably, through the launch of a promotional campaign to encourage electronic card usage, with the designated winners each earning a monthly prize money of SCR 5,000 over a year. To support its business strategy, the bank remained focused on improving the efficiency of its operations, with a key initiative being the kick-off of the T24 Transact Migration project. The bank continued its long-term investment in staff development with the deployment of a new Performance Management System designed to better translate the Group's objectives into team and individual metrics. Importantly, the organisation's Grow! Programme was launched in Seychelles and 23 employees were enrolled to develop their competencies in line with MCB's Lead with Impact model.

Banque Française Commerciale Océan Indien (BFCOI)

While both the loan and deposit books of BFCOI registered a slight contraction amidst the challenging operating context, operating income posted a growth of 5% compared to the latter year. This performance was driven mainly by an increase in non-interest income linked to a general pickup in economic activities, namely in Reunion and Mayotte. For its part, operating expenses and impairment charges altogether have been well contained with a slight increase of some 1% over the year. Overall, profits attributable to shareholders increased to EUR 16 million (Rs 802 million) during the financial year, thereby contributing around Rs 401 million (FY 2020/21: Rs 331 million) to MCB Group results. Of note, BFCOI remained comfortably capitalised, with a capital adequacy ratio of 17.4%, of which 15.2% in the form of Tier 1 capital.

Société Générale Moçambique

Société Générale Moçambique posted a significant growth in its operating income, up 54% to MZN 1,597 million (Rs 1,086 million), reflecting a more dynamic commercial and business development strategy as well as the deployment of its excess liquidity into higher yielding treasury bills. Operating expenses climbed by 17% due to measures taken to support the growth strategy, including investment in human capital. For its part, impairment charges remained high at MZN 192 million (Rs 130 million), arising principally from additional specific provisions made on Stage 3 exposures. Against this backdrop, attributable profits noted a significant hike to MZN 316 million (Rs 215 million), with the bank contributing Rs 75 million (FY 2020/21: Rs 6 million) to MCB Group results. Société Générale Moçambique is in a strong position with respect to capital, with both Tier 1 ratio and capital adequacy ratio standing at 20.5% as at 30 June 2022.

Non-banking financial cluster

MCB Capital Markets Ltd and its subsidiaries (MCBCM)

In FY 2021/22, MCBCM's consolidated revenues amounted to Rs 456 million (FY 2020/21: Rs 433 million) while its contribution to Group profits stood at Rs 228 million compared to Rs 248 million for FY 2020/21. Results were driven primarily by an increase in assets under management on the back of net flows of Rs 1.1 billion into MCB funds, new institutional mandates and the market recovery.

Corporate Finance Advisory

Whilst the Corporate Finance Advisory business was impacted by the challenging operating environment, the team successfully completed four debt capital market transactions during the financial year for an aggregate value of approximately Rs 6.8 billion. Looking ahead, we believe that the Corporate Finance Advisory business will continue to be focused on assisting clients on their financing strategy and on executing M&A and debt capital market transactions. During the year, the Corporate Finance Advisory business extended its geographic reach through the recruitment of an experienced investment banker in Johannesburg. We are confident that we will be able to draw upon our relationships to generate more deal flows from the region.

Delivering on our strategic objectives

Investment Management

Revenue crossed the Rs 200 million mark for the first time to reach Rs 220 million in FY 2021/22 (FY 2020/21: Rs 184 million). Whilst global equity markets retreated sharply in the second half of the financial year in the wake of the Russia-Ukraine conflict and the ensuing inflation and recessionary fears, the local equity market sustained a positive performance of 14.2%. Our best performing fund for the year under review was the MCB Domestic Equities Fund, which was up by 16.9% over the period. Fund inflows were heavily skewed towards the MCB Yield Fund, which continued to attract relatively conservative investors looking for higher returns than the bank savings rate. The team successfully pitched for and won mandates from new institutional clients. In spite of the re-opening of our frontiers and resumption of tourism, limited availability of hard currencies constrained the investment team's ability to execute mandates for rupee-based clients seeking to capture investment opportunities in international markets. During the year, the MCB Africa Equity Fund was closed and the proceeds returned to investors. This decision was triggered by a combination of relatively poor fund performance in recent years and the belief that investor appetite for African equities is likely to remain subdued for the next few years. Looking ahead, the team will focus on winning new institutional mandates, broadening the distribution channels and helping international investors access attractive opportunities in Africa through its products. In line with this objective, we have successfully listed our African Domestic Bond Fund ETF on the Botswana Stock Exchange in September 2022, after its primary listing on the Stock Exchange of Mauritius in 2018.



Stockbroking

Activity on the local stock market for the financial year returned to pre-COVID levels and volume traded was up by 22% compared to the previous year, mainly driven by local investors with foreign participation dropping by approximately 14%. MCB Stockbrokers continued to gain market share and brokerage commissions were up 40%, which helped drive total revenues, including distribution fees, higher by 12% to Rs 91 million. MCB Stockbrokers continued to diversify its sources of income with increased focus on distribution of financial products, market making and underwriting activities. Going forward, MCB Stockbrokers expects trading activity to remain flat due to the negative impact of the war on investors' appetite for frontier markets, high inflation and pressure on the local currency. This may be offset partially by the normalisation of economic activity following the relaxation of COVID-19 related restrictions.

Registry & Transfer Agent

After a year of subdued activity, MCB Registry saw a 13% growth in its revenue and a 20% growth in profits. The entity was able to keep its costs under control with total operating expenses falling by 3%. The sustained investment in technology in the past few years is starting to bear fruit in the form of productivity gains and new value-added services to clients. In the context of an improved outlook for economic growth over the next financial year, the entity is well positioned to continue to support its clients while embarking on a medium term project for a complete overhaul of its technology infrastructure.

Private Equity

MCB Equity Fund is the Group's captive USD 100 million evergreen fund that provides expansion capital to established businesses in Africa. The Fund's strategy is to co-invest in equity and quasi-equity alongside like-minded partners, including development financial institutions, private equity firms, family offices and strategic investors while working with them in identifying attractive investment opportunities and creating value post investment. The Fund is managed by MCB Capital Partners Ltd, a wholly owned subsidiary of MCB Capital Markets Ltd.

In June 2022, the Fund, alongside its consortium of co-investors comprising Amethis, DEG and IFC, completed the sale of a 31.5% stake in Naivas International (Mauritius), the holding company of Naivas Limited, the largest supermarket chain in Kenya. The investment in Naivas was made in early 2020 and constituted a rapid and profitable exit for the consortium. During the financial year, the Fund partnered with an investor consortium led by Metier, an Africa focused private equity fund manager, to acquire a minority stake in Africa Mobile Networks Ltd (AMN), an operator of mobile base stations in rural areas across Africa. AMN operates a network of approximately 2,500 towers in rural towns and villages across 12 countries on the continent, and serves approximately 8 million people. MCB Equity Fund, together with co-investors, developed Le Domaine de Grand Baie, a 155-unit senior residence located in the North of Mauritius and managed by AEGIDE-Domitys, a specialist operator of senior residences in France. The residence started operations in October 2021 following the re-opening of the Mauritian frontiers and is performing according to plan. We expect that the property will start generating profits next year. MCB Equity Fund incurred losses of Rs 255 million for the year mostly on account of net fair value losses resulting in its Net Asset Value being reduced to Rs 3.8 billion at year-end.

MCB Leasing Ltd

During the year under review, MCB Leasing's operations have gained traction, supported by the gradual lifting of restrictions to mobility and shift to new ways of working, producing, trading and consuming. The lease portfolio of the entity grew by 1.3% to reach Rs 4,039 million (FY2020/21: Rs 3,986 million), with a slight drop of 3% in the finance lease portfolio to Rs 3,152 million being compensated by a growth in net operating leases of 23% to stand at Rs 887 million. The growth in the lease portfolio was funded by an increase of 6% in fixed deposits from customers to Rs 3,591 million (FY2020/21: Rs 3,395 million). Net interest income declined by 2% with the combined effect of lower finance lease balances and average interest rates more than offsetting the impact of reduced cost of funds. The rise in the operating lease portfolio led to an increase of 11% in other income to Rs 239 million, while correspondingly contributing to a growth of 16% in operating expenses on account of higher depreciation on leased assets. Overall, after accounting for impairment charges of Rs 2 million, net profit after tax improved by 2% to reach Rs 61.8 million for FY2021/22 (FY2020/21: Rs 60.6 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. Following the re-opening of Mauritius' national borders and the ensuing gradual recovery of business activities, an increase of 25% was recorded in MCB Factors' turnover while contribution to Group results for FY 2021/22 increased by 19%. For FY 2022/23, emphasis is being laid on the full deployment of the newly launched web portal to clients, which aims to provide a round-the-clock and swift customer service.

Delivering on our strategic objectives

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 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 more than 5,100 loans, corresponding to a gross amount of some Rs 1,039 million, of which 54% relate to investment loans. Of note, since the creation of its office in Rodrigues in March 2017, around 448 micro-loans have been disbursed, corresponding to a gross amount of Rs 64 million. As at 30 June 2022, MCB Microfinance's loans stood at around Rs 367 million. However, the reduced activity levels as a result of the ramifications of the pandemic and higher impairment charges resulting from an increase in Expected Credit Losses led to a loss of Rs 10.3 million for FY 2021/22.

MCB Real Assets Ltd (MCBRA)

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, a 394-key property situated on one of the prime beach spots of Mauritius, is managed by Club Med under a long-term lease agreement. The Resort resumed operations on 16 October 2021, after 18 months of closure due to the COVID-19 pandemic, which triggered the resumption of lease payments. Total contribution of MCB Real Assets to Group results amounted to a profit of Rs 279 million (FY 2020/21: Loss of Rs 66 million), including a fair value gain of Rs 204 million arising from the revaluation of the investment property.

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 2022, the contribution to Group results stood at Rs 11 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, a wholly owned subsidiary offering both finance and operating lease services and Promotion and Development Ltd (PAD), an investment company listed on the local bourse in which Fincorp has a 46.4% stake.

Fincorp posted a consolidated profit after tax of Rs 326.7 million for the financial year ended 30 June 2022, up from Rs 164.3 million recorded in FY 2020/21. This enhanced performance was mainly driven by the strong results of PAD, whose contribution to Fincorp results increased to Rs 300.9 million, compared to Rs 64.4 million in FY 2020/21. This was explained by the improved performance from its subsidiary, Caudan Development Ltd (Caudan) and its associates, particularly at the level of Medine Ltd, as well as an increase in investment income of Rs 54.6 million from its listed equity investments portfolio. Medine's results improved significantly in FY 2021/22 on the back of increased profits from the sales of land. While Caudan's performance was impacted by the ongoing challenging context and the fire outbreak which occurred at the craft market of Le Caudan Waterfront in November 2021, its results were boosted by fair value gains in respect of the revaluation of its investment properties.

MCB Consulting Services Ltd (MCBC)

The last financial year has been particularly difficult for MCB Consulting given the challenges of the operating environment. The prolonged inability to travel during the first half of the financial year restrained client interactions, affecting project execution and delivery, while delayed implementations had a bearing on revenue generated during the year. Furthermore, the uncertain global economic environment has had a tendency to delay or even freeze investment decisions, resulting in a slowdown in conversion of prospects into assignments. These unfavourable conditions resulted in reduced or delayed billings for the year, exacerbated by ensuing inefficiencies relating to outsourcing costs. As a result, the company registered a loss of Rs 41 million during FY 2021/22.

Notwithstanding this setback, the company's fundamentals remained robust with its strategic positioning built on solid industry expertise and continuous search for improvement. MCBC pursued the reinforcement of its internal capabilities to boost operational efficiency through adapted tools and technology whilst maintaining investment in human capital backed by adapted recruitment strategies and continuous training for staff.

Whilst business challenges continue to prevail amidst the volatile market environment, the company remains confident in its ability to bounce back. In this respect, it is intent on pursuing its business development efforts, leveraging its digital marketing capabilities and network of partners, to augment its palette of offerings around its four pillars of execution, namely, Strategy, Process, Technology and People. In so doing, its recent worldwide accolade from its main business partner Temenos as the Best Regional Delivery Partner should support the company in achieving its objectives.

Delivering on our strategic objectives


MCB Institute of Finance Ltd (MCBIF)

Launched in 2019 through a shared venture of MCB Group and Unicity Education Hub (UEH), the education arm of the Medine Group, MCBIF positions itself as a curator with a marquee line of specialisation in banking and finance, alongside industry-agnostic courses. Since its inception, MCBIF has built strong partnerships with worldwide training organisations to provide professionals with the most relevant courses that suit their personal and career needs.

During the last years, MCBIF's operations experienced severe disruption as a result of the COVID-19 pandemic. Looking ahead, however, the prospects around the recently-received accreditation of the Executive Master Banking & Finance of Université Paris II Panthéon-Assas together with key partnerships targeted to be finalised soon in different fields of expertise bode well for MCBIF and will provide interesting avenues of growth going forward.

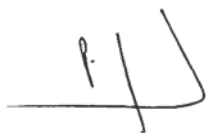
MCB Forward Foundation (MCBFF)

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. For FY 2021/22, an aggregate amount of around Rs 56 million was entrusted to MCBFF, while Rs 30 million of funds that were earmarked for FY 2020/21 but not used because of the pandemic were carried forward. Accordingly, MCBFF spent Rs 63.5 million on 40 projects in FY 2021/22, 20 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 49 to 62

Blue Penny Museum

This entity manages the museum located at the Caudan Waterfront. As such, it 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



JESSIE
Meet the artist