



## CONTENTS

Message from the Group Chief Executive 30

Our strategy 34

Executing our strategy in a volatile environment 34

Our governance and processes 35

Underlying strategic goals and objectives across clusters and entities 36

Our material matters

How we determine our material matters 39

Delving into our material matters 40

How we created value for our stakeholders 47

Shareholders and investors 48

Customers 50

Societies and communities 52

Authorities and economic agents 56

Employees 58

Our performance across entities 63

Banking cluster 63

Non-banking cluster 83

Other investments cluster 85





*In spite of the constantly shifting and volatile landscape, profits attributable to ordinary shareholders have demonstrated remarkable resilience and growth..."*



# Message from the Group Chief Executive

## Introduction

I am proud and honoured to have been appointed as Group Chief Executive. I would like to thank the Board of Directors for their trust and express my sincere gratitude to Pierre Guy Noel for his instrumental role in steering MCB into the successful and diversified organisation it is today. I am fully conscious of the responsibilities and challenges that this position entails. At the same time, I am comforted to have a team of talented people who have helped to foster a long string of achievements for the Group.

As I reflect upon how we continued to provide value to our stakeholders during the year in review, let me start by acknowledging the exceptionally volatile economic landscape to which Group entities have been exposed. In addition to creating a more uncertain geopolitical backdrop, the war in Ukraine has resulted in historically-high inflation that was followed by rapidly rising interest rates and instability in global financial markets, with ripple effects on the operating environment across countries where the Group is present. African countries have grappled with foreign currency shortages and constrained fiscal capacities, putting pressures on sovereign ratings. Locally, we are encouraged by the pickup in tourism and the recovery in economic activities, although the high inflation environment and difficulties facing key export markets continue to warrant attention. We also had to cope with the downgrade, by Moody's Investors Service, of the sovereign credit rating of Mauritius to Baa3 in July 2022. Nevertheless, the affirmation of MCB Ltd's long-term deposit and issuer ratings at Baa3 in spite of the country's downgrade testifies to the resilience of our financial profile.

---

*“Remaining focused on our core values and executing our strategy has supported strong organic growth in recent years.”*

---

## A strong financial performance

Indeed, in spite of the constantly shifting and volatile landscape, profits attributable to ordinary shareholders have demonstrated remarkable resilience and growth, increasing by 46.7% to Rs 14,133 million driven by an improvement in core earnings across operating entities. Operating income continued its uptrend, growing by 33.3%. Net interest income rose by 30.3%, driven by the increase in interest rates and the resulting improved margins on our interest-earning assets in foreign currency, as well as an expansion in our foreign loan book and investment securities portfolio. Non-interest income displayed a robust growth of 38.7% to Rs 12,002 million on the back of a 12.9% increase in net fee and commission income notably from trade financing and payment activities as well as a solid growth of 92.4% in other income pertaining to foreign currency dealings and fair value gains from equity financial instruments. Our relentless efforts to strengthen our human capital and technological capabilities have resulted

in operating expenses increasing by 23.3%, with our cost to income ratio, nevertheless, declining to 35.4% compared to 38.3% for FY 2021/22. Preserving our financial soundness has been paramount in these challenging times. Our asset quality metrics improved, with the gross NPL ratio falling to 3.2%. We sustained strong funding and liquidity positions which were upheld by various funding initiatives during the year. We maintained our capital buffers, with the BIS and Tier 1 ratios standing at 19.2% and 16.7% respectively. To further consolidate our capital base, the Bank successfully closed its first Basel III compliant Tier 2 bond issuance of USD 147 million with the African Development Bank in March 2023. This capital and funding instrument will help us to finance high impact projects in the sub-Saharan African and Indian Ocean regions.

This excellent performance underscores the effectiveness of our strategy execution and the dedication of our team. I remain proud of our resilience and what our employees have achieved, collectively and individually. We have always been and will remain committed to fostering the growth and prosperity of the people, families, businesses and communities we serve. Our success is not just about financial gains, it is also about how well we serve the evolving needs of our customers and empower them to reach their full potential and achieve impactful goals. This has always been the case and is where we shall continue to focus.

## Delivering on our strategy

Remaining focused on our core values and executing our strategy has supported strong organic growth in recent years. We will continue to champion the communities we serve and be driven by our purpose, Success Beyond Numbers. Our financial discipline, ongoing technological investment and the development of our people are key enablers to further boost our impact.

As we look to the future, it is clear that our universal banking model will remain core to our strategy as it gives us a remarkable platform to support our customers at every stage of their lives. The goals and challenges of our customers are continuously evolving and our approach to delivering exceptional customer experience requires ongoing focus and attention. We are working hard to build deeper and more meaningful relationships with our customers to ensure:

- our innovations in new products and services meet and exceed fast-evolving demands;
- we can provide individualised and tailored options from our vast palette of products and services in the most efficient and easy-to-access way; and
- we target our investments in innovation, technology and people so that they have maximum customer impact.

Our Group has a rich history and is proud of the critical role it has played over the years in powering economic growth in the countries where we are present. In Mauritius, despite the highly competitive environment, MCB Ltd maintained its domestic market shares – 48% for local currency deposits and 41% for domestic credit to the economy. At the same time, our diversification strategy over the years has been instrumental to the development and resilience of the Group and today

# Message from the Group Chief Executive

more than 60% of our profits are generated from activities outside of our banking activities in Mauritius.

Going forward, our strategy will continue to be focused on

- Becoming more diversified and international;
- Becoming more digital; and
- Becoming more sustainable.

## *Becoming more diversified and international*

During the year, we made further inroads regarding our strategic goal of becoming more international by pursuing our expansion agenda in selective markets and niche segments while capitalising on the Mauritius International Financial Centre (MIFC) and our regional hubs in Paris, Johannesburg, Nairobi and Dubai. We are also expanding our physical presence in Africa through a new Representative Office in Nigeria given our notable involvement in the energy sector of the country and the commercial opportunities in West Africa.

We progressed on our quest to help position Mauritius as a prominent International Financial Centre and further cemented our position as a crucial player in the ecosystem of investment and private equity funds, multinational enterprises, regional and international corporates, management companies, advisors and other partners doing business in Africa. We are going beyond the provision of traditional banking services and becoming a trusted solution provider offering bespoke and specialised solutions that promote the MIFC and serve trade and investment corridors between Asia, Africa and Europe. These solutions typically include structured financing solutions, financial risk and treasury management solutions, transactional banking and securities solutions.

Our expertise, established brand and track record have also been instrumental to help us nurture relationships with best-in-class operators within the African oil and gas industry and support their transition efforts. We continued to accompany clients in their infrastructure projects in key geographical markets, including projects contributing to the transition towards cleaner energy and improving electrification rates on the continent. For example, we acted as joint Mandated Lead Arranger in a major financing deal for Infinity Power's acquisition of Lekela Power, the largest renewable energy deal in Africa. MCB Capital Markets successfully completed sizeable corporate finance advisory transactions and, in collaboration with MCB Ltd, acted as the co-lead arranger of a EUR 135 million acquisition debt finance deal in West Africa. Additionally, the MCB Equity Fund collaborated with South Suez Capital Ltd to invest in a consortium led by Development Partners International, a prominent Africa-focused private equity manager based in London.

To underpin our international diversification strategy, MCB Ltd also undertook several important funding initiatives in addition to the aforementioned Tier 2 instrument. In June 2023, the Bank signed a three-year USD 500 million syndicated loan, which was exceptionally well supported in the market and attracted commitments from investors globally. After having established its USD 3 billion Global Medium Term Note Programme on the International Securities Market of

the London Stock Exchange in October 2022, MCB launched its inaugural USD 300 million five-year senior unsecured notes issuance under the Programme in April this year. This landmark transaction marked the first investment grade-rated senior bond issued by a commercial bank out of Africa at the time of issuance and the first international bond by any Mauritian non-sovereign issuer.

## *Becoming more digital*

We remain committed to enhancing our value proposition and enriching the customer experience through digitalisation. Our flagship mobile banking application for individual customers, MCB Juice, which celebrated its 10th anniversary this year, has been further endowed with additional functionalities with its subscriber count crossing the 500,000 mark in Mauritius. In Madagascar, 'MCB Juice Madagascar' has been exceeding enrollment and usage expectations, while in Seychelles, we launched an upgraded MCB Juice application. For our Business Banking clients in Mauritius, we capitalised on our collaborative digital platform, PUNCH, now integrated within MCB JuicePro, to foster synergies among local entrepreneurs.

We furthered our efforts to support the country's transition to a cash-lite society by providing additional digital solutions to our customers, including merchants. We introduced Pay+ in Mauritius, a payment acceptance solution which has been designed for merchants, to facilitate seamless cashless payments. Such initiatives led to a 51% increase in contactless transactions, and a 30% rise in the number of merchants offering digital payments. As regards our corporate clients, we partnered with Backbase to launch IB Pro, our new Internet Banking platform for non-individuals. Additionally, we unveiled the MCB Global Trade Portal, a dedicated platform for international trade connecting buyers and suppliers across markets.

## *Becoming more sustainable*

MCB Group steadfastly continued its journey towards fostering a sustainable future. We are working hard to reduce our own environmental impact while supporting our clients in their transition to a low-carbon economy.

I am pleased with the way our new Transition Taskforce is delivering value, both from a value creation and a risk management perspective, with three main streams identified:

- (i) the first stream relates to climate risk and we are currently working at full speed to better understand the vulnerabilities of our existing credit portfolio to climate risk while integrating climate risk considerations in financing our customers' businesses;
- (ii) the second stream relates to the deployment of our Sustainable Loan offering in Mauritius with a credit line of Rs 10 billion for local entrepreneurs and corporates transitioning to a low-carbon business model. The Group will aim to play a central role in helping to achieve the national objectives as set out in the "Mauritius Renewable Energy Roadmap 2030" and the "Roadmap and Action Plan to help Mauritius accelerate its shift to a circular economy".

(iii) the third stream relates to the development of our Sustainable Finance strategy on the international scene, thus contributing at the same time to the effective development of Mauritius as a prominent and sustainable International Financial Centre. Through an assessment of the dynamics underlying the energy transition, this stream is helping to determine the future trajectory for MCB's Energy and Commodities activities, which is compelling, realistic and progressively realised.

To raise awareness on climate change, we pursued several initiatives for the benefit of our stakeholders. We hosted 'La Semaine Klima', which included brainstorming, awareness and training sessions with clients, NGOs, teachers, students, and our employees. Besides, in our ongoing journey to foster gender equality, we have put several initiatives in place to ensure a workplace that operates on the principles of fairness and inclusivity. A key initiative in this respect has been our commitment to uphold the principles of equal pay for equal work, a pledge fortified through the collaboration between Group entities in Mauritius and a globally-recognised organisation specialising in equal salary certification. Building on our Gender Equality Charter, we continued to empower our leadership to advance gender equality and women's empowerment within the organisation.

## The road ahead

Moving forward, whilst we expect the positive momentum in tourism to continue in Mauritius, Seychelles and Maldives, we know we will navigate a complex world characterised by uncertainties, heightened competition and increasingly stringent regulatory demands. Yet, I remain confident in our business model and in the guiding principles that have underpinned the Group's progress. We aim to consolidate our local positioning by supporting the transition to a more digital and greener economy, while pursuing our diversification strategy. Alongside widening our involvement in presence countries through enhanced Group synergies, we will pursue our international strategy with Africa remaining our prime market. We also aim to expand our non-interest income by enriching our value proposition in areas such as transactional banking, wealth management and non-banking activities.

Our future growth plans will continue to be underpinned by our commitment to building an enduring business that is a trusted and chosen partner of our customers. The Group will continue to develop robust operational capabilities by strengthening our risk management, internal control and compliance frameworks to effectively identify and respond to core and emerging risks. We will remain focused on harnessing data and digital capabilities to improve operational agility across Group entities and enrich our offerings to deliver a differentiated and superior customer experience. To this end, we will scale existing and build new partnerships, including with tech disruptors, to design and offer innovative value propositions across segments.

Central to everything that we do is our purpose, Success Beyond Numbers, with sustainability remaining a focal point in our strategy while paying key attention to the nurturing of our people. Winning in the market place starts with winning

in the workplace. Our revamped career architecture is a testament to this commitment, embodying a modern and flexible approach to career development. It lays a robust foundation for attracting and retaining key talents while promoting greater mobility within the Group to enhance professional and personal growth. To further reinforce our people-centred organisational culture, we introduced a Corporate Culture Alignment project, with a cornerstone thereof being the delineation of our Shared Ways of Working, a set of guiding principles encouraging simplicity, responsibility, and fostering positive impacts. This will help to embed a culture which ensures that everything we are doing internally will connect to the evolving needs of our stakeholders.

## Concluding note

I would like to end by expressing my sincere gratitude to every member of our team across all Group entities: your dedication, resilience and unwavering commitment have been the cornerstone of our success during another challenging year. As I express this gratitude, my thoughts lean towards Xavier Bathfield, the Head of our Mauritian and Regional Corporates unit of MCB Ltd, who sadly passed away in August last. We are truly privileged to have had the opportunity to work alongside such a thoughtful and passionate colleague and friend.

---

*“Our future growth plans will continue to be underpinned by our commitment to building an enduring business that is a trusted and chosen partner of our customers.”*

---

To the members of the various Boards of the Group, thank you for your steadfast guidance and wisdom in steering the organisation forward. I must extend our deepest appreciation to Alain Law Min, the Chief Executive Officer of MCB Ltd, who will soon retire. He has been key in strengthening MCB's franchise and revenue streams in the face of challenging times. My sincere thanks also go to our customers for partnering with us and to our shareholders for trusting our ability to create sustainable value for them.

As we move forward, I am confident that we will continue to execute our strategy with dedication and focus. As we do, we will continue to make a meaningful contribution to our valued stakeholders across countries and deliver on our purpose.



**Jean Michel NG TSEUNG**  
Group Chief Executive

## Our strategy

### Executing our strategy in a volatile environment

In an environment characterised by persisting uncertainty and volatility, MCB Group has, during FY 2022/23, remained committed to pursuing its strategic objectives. In this respect, we have progressed on the execution of our 3-year rolling plan while positioning ourselves to take advantage of opportunities unfolding from the dynamic operating landscape.

Anchored on our proven business model, our strategy paves the way for delivering sustained earnings 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. Our actions are guided by our purpose, Success Beyond Numbers, with the key objective being to deliver a positive economic, social, environmental and cultural impact.



**Our key value drivers**

Customer experience

Build deeper connections and more meaningful relationships with our customers

Provide excellent customer service across touchpoints

People and culture

Shape the right culture that aligns with our values and shared ways of working

Build a future-ready, talented, engaged, diverse and inclusive workforce

Risk and compliance

Manage our risks effectively to preserve our financial soundness and uphold brand value

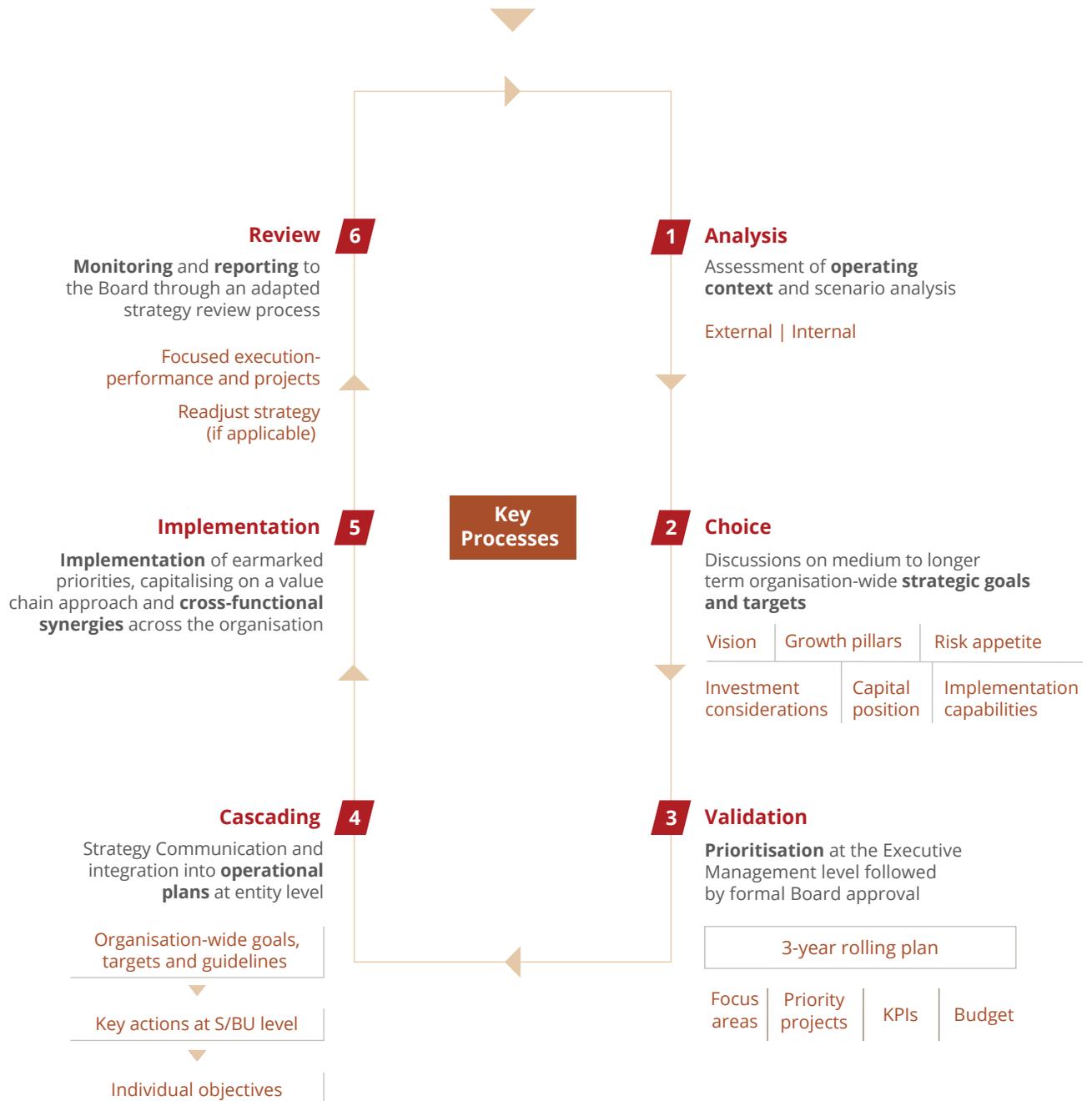
Ensure strict adherence with regulatory norms and developments

Our governance and processes

General framework

The Board, with the assistance of the Strategy Committee, sets the strategic directions of the Group, approves strategic policies while ensuring that they are communicated throughout the organisation and regularly assessed

While ensuring congruence with the strategic directions set at Group level, entities formulate their own strategic goals, guided by an adapted and pragmatic approach for strategy-setting



## Underlying strategic goals and objectives across clusters and entities

### Banking cluster

#### MCB Ltd: Strategic objectives and focus areas

Our long-term destination → A strong and innovative regional financial player within a diversified Group

#### Delivering on our strategic objectives

Extend our  
frontiers

Deliver a world-class customer  
experience through digital

Nurture our values and deliver  
on our brand promise

#### Our focus areas

**1** Help boost resilience and support growth of local economy while upholding MCB's leadership position as an innovative and responsible financial partner

**2** Bolster our cross-border activities and pursue our regional diversification agenda

**3** Enhance our transactional value proposition and help position the Group as a financial hub

**4** Entrench sustainability principles in the Bank's value proposition, activities and operations

- Position MCB Ltd as a prominent player within the Energy & Commodities segment, enabling energy transition, and gradually building an African Power and Infrastructure franchise
- While leveraging and promoting the Mauritian jurisdiction, deepen relationships with funds and large corporates doing business in Africa and/or in International Financial Centres, notably by facilitating cross-border investment and trade flows
- Build meaningful relationships with financial institutions and boost syndication whilst transforming MCB as a lead arranger for dedicated deals
- Bolster the Bank's Global Markets offerings by providing adapted trading, liquidity and structuring solutions
- Expand Private Wealth Management activities internationally by providing a wider range of sophisticated investment solutions and dedicated advisory services
- Drive the Payments strategy focused on the development and deployment of innovative, scalable and differentiating payment solutions

### 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
- Consolidate our market share across our individual and non-individual client segments
- Diversify our loan and deposit portfolios, with a focus on key players in promising 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 facilitating the move for cash-lite
- 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, under the guidance of MCB Group
- Foster the engagement, upskilling and well-being of our employees
- Leverage solutions developed by MCB Ltd on the back of service level agreements

### *'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

## Our material matters

### How we determine our material matters

The Group’s overall strategic direction and performance are influenced by developments occurring across both its internal and external environments. Through our materiality determination exercise, we seek to identify and respond to the factors that have the greatest likelihood of impacting our value creation ability in the short, medium and long term, while assessing the severity of their potential impact on the organisation. The following section dwells on the material matters, the process through which they have been determined and our response thereto.

### Our materiality determination process



#### Identify

We identify a list of factors that can affect revenue generation and our ability to create value. This process involves internal discussions engaging with various stakeholders, and carefully analysing the evolving environment.



#### Prioritise

From issues identified, a list of material matters is established by selecting those with the greatest bearing on our strategy execution, the viability of our business and our relationships with key stakeholders.



#### Integrate

The matters that are most important to value creation are integrated in our strategic planning process with a view to formulating our short to medium term business plans and strategic targets.



#### Monitor

The Group ensures that the impact of material matters and their relevance to its operations are regularly evaluated, with their significance being regularly reassessed.

### Material matters identified for FY 2022/23

- 1 Macroeconomic uncertainty
- 2 Increasing regulatory requirements
- 3 ESG considerations
- 4 Cyber threats and digital disruptions
- 5 Increased competition
- 6 Workplace transformations and employee expectations



### Our materiality severity assessment

The materiality severity assessment is one of the main outcomes of the materiality determination exercise described above. It is built by appraising the severity of the potential impact of each material matter identified in terms of the inherent risk such factors expose the organisation’s strategy, reputation, performance and operations to. This assessment serves as a strategic compass, enabling us to make informed decisions and targeted interventions.



- Cyber threats and digital disruptions
- Macroeconomic uncertainty
- Workplace transformations and employee expectations
- Increasing regulatory requirements
- Increased competition
- ESG considerations
- Our material matters

Read more on how we responded to our material matters across this Annual Report, notably, in the ‘Risk and capital management report’ on page 155 to 201

## Delving into our material matters

1

### Macroeconomic uncertainty

Key factors: Multi-speed economic recovery; High inflation and interest rates; Foreign exchange shortage in specific markets; Sovereign rating downgrades

#### Capital impacted



Financial capital



Social and relationship capital



Manufactured capital

#### Stakeholder impacted



Shareholders &amp; investors



Societies &amp; communities



Authorities &amp; economic agents



Employees



Customers

- The global context has been characterised by multiple challenges during the past year, with the ramifications of the war in Ukraine fueling inflation levels higher than seen in decades across regions, which have, in turn, triggered a sharp tightening of interest rates. Such conditions have, along with pandemic legacies, dampened economic prospects worldwide. Notwithstanding the challenging international landscape, the Mauritian economy pursued its recovery path in 2022, driven by the rebound in tourism which accounted for over 50% of the growth outturn, combined with an upturn in the export-oriented manufacturing activities and the expansion in nationwide investment and financial services. For 2023, growth is projected by the IMF at close to 5%, with the outlook being, however, subject to the testing conditions in key export markets and the still elevated inflation environment. In fact, whilst moderating to 9.6% in August 2023 from a peak of 11.3% in February, the annual average headline inflation rate is set to remain above historical levels at close to 7% in December 2023. Activity levels in sub-Saharan Africa have continued to be impacted by war-related difficulties and country-specific issues. Growth in the region is set to decelerate for a second year in a row in 2023 with slower GDP expansions expected in the two largest constituent economies – Nigeria and South Africa. Regarding countries where we are present through banking subsidiaries, Madagascar remains confronted by weather-related disruptions and high inflation while the recovery was sustained in Maldives and Seychelles in 2022 on the back of strong tourism growth. In spite of the pickup in tourism earnings, the foreign exchange market in some of our presence countries continued to deserve scrutiny on the back of elevated external imbalances amidst the high import bill, with central banks having to intervene to reduce exchange rate volatility. On the domestic front, the Bank of Mauritius sustained its intervention to remove excess volatility in the rupee. In Maldives, a USD 200 million Currency Swap Agreement was signed with the Reserve Bank of India as a backstop line of funding for short-term foreign exchange liquidity requirements while restrictions were put on residents' holding of FCY bank accounts in Madagascar to alleviate the short supply of foreign currency. In Seychelles, the lagged effect of the rupee appreciation more than offset the impact of higher global commodity prices with inflation trending down.
- In response to heightened inflationary pressures, the monetary policy tightening cycle has, in general, continued during the year in review. Rates were raised by 300 basis points since the start of the financial year in Madagascar and the Key Rate in Mauritius increased by 225 basis points during FY 2022/23 to 4.5%. Whilst this led to rising debt servicing costs for both households and corporates, growth in credit to the economy was sustained. Moreover, excess liquidity in the banking system dropped markedly following the issue of the 7-Day Bank of Mauritius Bill on a full allotment basis. That said, a shift has been noted lately, with the Bills being now issued on a tender basis, which warrants attention. Overall, the financial services and banking sector both locally and in countries where we are present through banking subsidiaries have remained resilient in the face of the difficult operating landscape and global financial fragilities, particularly the banking turmoil in some advanced economies, amidst tightened monetary policy.
- Heightened debt levels and higher debt service costs in the wake of currency weakening have led to sovereign credit rating downgrades in various economies in the region, including Nigeria, Kenya and Egypt lately. Concerning our presence countries, Maldives saw Fitch Ratings revising its outlook from stable to negative in October 2022 given the heightened external and debt difficulties. On the other hand, the rating agency upgraded Seychelles' Long-Term Foreign-Currency Issuer Default Rating, reflecting a combination of strong growth and narrowing primary deficit. Concerning Mauritius, since the downgrade by Moody's Investors Service of the country's long-term foreign and local currency issuer ratings to Baa3 from Baa2 in July 2022, a relative improvement has been observed in economic conditions, supported by the ongoing recovery described above and the gradually improving debt metrics which should help in upholding the country's investment-grade ratings. The latter factors have also paved the way for S&P Global Ratings to assign an investment grade rating of BBB- to Mauritius in July last.

### Opportunities

- Leverage the boost to interest income from the prevailing higher interest rate environment to lift growth foundations
- Tap into regional niche markets with promising growth prospects
- Accompany our clients during their recovery phase

### Challenges

- Persistently high inflation and continued rate hikes across countries where we operate and intervene imply heightened risk of credit defaults and put pressure on our cost base, thereby impacting operating margins; Shortage of foreign currencies in specific markets impacting business activities
- Potential financial losses linked to market volatility
- Downgrade of sovereign ratings in countries where the Group is involved leading to higher risk-weighted assets

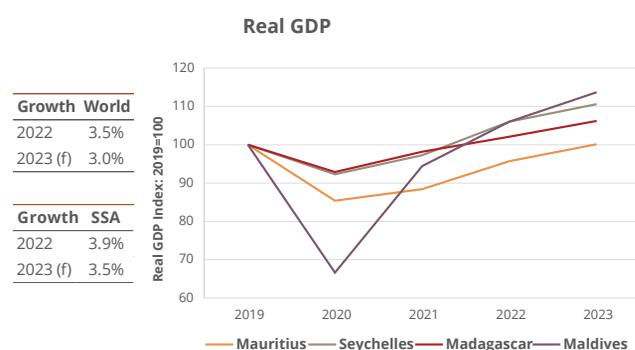
### Main risk types impacted

- Credit; Country; Market; Funding and Liquidity; Capital; Model; Strategic and business

### Our response

- Remained focused on segments where we have built expertise over time on the regional front and dealing with large corporates/multi-national corporates who have a solid track record, while reinforcing the Group's market vigilance, in order to adequately appraise and respond to the needs and expectations of customers
- Maintained a regular monitoring of country risk developments arising in markets we are exposed to; Continuously assessed our activities in countries that have been downgraded or have their ratings under review for downgrade to ensure proper ring-fencing of our exposures

### Zoom on key indicators



Growth World	
2022	3.5%
2023 (f)	3.0%

Growth SSA	
2022	3.9%
2023 (f)	3.5%

Source: IMF World Economic Outlook

### Headline inflation (%)

	2021	2022	2023 (f)
Sub-Saharan Africa	11.0	14.5	14.0
Mauritius	4.0	10.8	7.0
Seychelles	9.8	2.6	1.4
Madagascar	5.8	8.2	10.5
South Africa	4.6	6.9	6.0
Nigeria	17.0	18.8	20.1
Maldives	0.2	2.6	5.2

Sources: IMF World Economic Outlook and Bank of Mauritius

### Movements of selected currencies vis-à-vis the USD

	Value as at		Annual average	
	30-Jun-22	30-Jun-23	FY 2021/22	FY 2022/23
Mauritian rupee	44.2	45.6	43.0	44.7
Seychellois rupee	13.4	13.5	13.9	13.5
Malagasy ariary	4,084.7	4,543.1	3,970.8	4,310.8
Maldivian rufiyaa	14.7	15.3	15.4	15.3

Sources: Oanda and MCB Staff estimates

### Financial soundness indicators (%)

	Mauritius		Seychelles		Madagascar		Maldives	
	2021	2022	2021	2022	2021	2022	2021	2022
<b>As at December</b>								
<b>Capital-based</b>								
Regulatory capital to risk-weighted assets	20.7	20.6	22.7	20.3	11.0	11.0	46.9	50.7
<b>Asset quality and liquidity</b>								
NPL to total gross loans	5.8	4.9	5.5	7.6	9.1	7.7	6.7	5.9
Liquid assets to total assets	48.6	45.5	59.4	63.0	33.7	29.8	46.5	45.2
<b>Profitability</b>								
Return on assets	1.3	1.6	2.6	2.2	3.5	3.6	5.7	4.6
Return on equity	10.5	14.0	28.1	25.4	28.7	30.1	19.8	15.9

Note: Financial Soundness indicators (FSI) refer to deposit-taking institutions and are taken from the IMF Database for all countries except Seychelles. FSI for Seychelles are taken from the IMF Article IV July 2023.

Sources: IMF Financial Soundness Indicators Database, Bank of Mauritius and Central Bank of Seychelles

## 2 Increasing regulatory requirements

Key factors: Complex regulatory and supervisory requirements; Blacklisting/greylisting of some African countries

### Capital impacted



Social and relationship capital



Intellectual capital



Manufactured capital

### Stakeholder impacted



Shareholders & investors



Societies & communities



Authorities & economic agents



Customers

The Group faced up to heightened regulatory demands pursuant to the objective of authorities in our presence countries to cater for the evolving realities and developments, such as the recent banking turmoil in advanced markets, and growing complexities within the industry. Below are key developments warranting attention in view of their impact on our activities and stakeholders.

- |   |   |   |
|---|---|---|
| <p><b>Monetary Policy Framework</b></p> | } | <ul style="list-style-type: none"> <li>• Introduction, effective January 2023, of a new Monetary Policy Framework by the Bank of Mauritius (BoM) with key features including (i) the adoption of an inflation target range; and (ii) a symmetric interest rate corridor that was initially set at 200 basis points, but widened recently to 300 basis points, around the Key Rate which has replaced the Key Repo Rate</li> <li>• Initially issued on full allotment basis, a shift has been observed lately regarding the issue of the 7-Day BoM Bill, which is now on a tender basis at the Key Rate, with excess liquidity now invested at the overnight rate which is Key Rate minus 150 basis points</li> <li>• In Maldives, the Minimum Reserve Requirement for foreign currency deposits has been reverted back to 10% from the temporarily level of 5% seen in the wake of the pandemic</li> <li>• Issue of new capital adequacy guidelines by the Central Bank of Madagascar effective from the next financial year</li> </ul> |
| <p><b>Liquidity requirement</b></p>     | } | <ul style="list-style-type: none"> <li>• Amendment to the BoM Guideline on Liquidity Risk Management such that cash balances held with BoM in excess of 60% of the required reserves are now classified as High Quality Liquid Assets (HQLA) while, previously, none qualified for that purpose</li> <li>• Issuance of a new Guideline on Cash Reserve Requirement in Mauritius which highlights changes made to the Cash Reserve Requirement as part of the new Monetary Policy Framework, including (i) change in the basis for calculating the Cash Reserve Ratio (CRR) on both the rupee and foreign currency deposits from 14 to 28 days; and (ii) increase in the foreign currency CRR from 6% to 9%</li> </ul>   |
| <p><b>Climate and environment</b></p>   | } | <ul style="list-style-type: none"> <li>• Introduction of the BoM Guideline on Climate-related and Environmental Financial Risk Management setting out key parameters for a prudent approach to climate related and environmental financial risks</li> </ul>   |
| <p><b>Cyber security</b></p>            | } | <ul style="list-style-type: none"> <li>• Issuance by the BoM of a Guideline on Cyber and Technology Risk Management setting out the minimum requirements which banks and payment service providers are expected to implement with respect to cyber and technology risk management to ensure that the risks are well understood and managed</li> <li>• Issue of a new Data Protection Bill in Seychelles</li> <li>• Issue of a Privacy and Personal Data Protection Bill for public comments in Maldives</li> </ul>  |

### Finance (Miscellaneous Provisions) Act 2023 in Mauritius

- Abolition of reduced tax incentive system of 5% that was applicable for banks under prescribed conditions with chargeable income in excess of Rs 1.5 billion now taxed at 15%
- Special levy on leviabale income of more than Rs 1.2 billion increased from 4.5% to 5.5%
- Amendments have been brought to the Securities Act to the effect that the definition of the terms 'closed end fund' and 'collective investment scheme' now accommodates the concept of 'money market instruments'
- Amendments brought to the Virtual Asset and Initial Token Offering Services (VAITOS) Act to allow for a Virtual Asset Custodian (Class R) to hold custody of securities tokens or such other instruments as approved by the Financial Services Commission

### Anti-Money Laundering/ Combating the Financing of Terrorism (AML/CFT)

- Enhanced Due Diligence requirements following the inclusion of Nigeria, South Africa and United Arab Emirates in the Financial Action Task Force list of jurisdictions under increased monitoring as well as the EU high-risk third countries list
- Consultation initiated between the BoM and industry players for the upcoming Central KYC Registry project
- Launch of an Artificial Intelligence (AI) Powered Due Diligence Platform by the Financial Services Commission

### Payments

- Forthcoming roll-out of the digital rupee, on a pilot basis, by the BoM
- Start of testing phase by the Maldives Monetary Authority for the introduction of a state of the art Instant Payment System in the Maldives
- Implementation of a National Switch in Madagascar

### Opportunities

- Strengthen capabilities and frameworks to adapt to the evolving landscape and reinforce the soundness of our operations alongside protecting our clients

### Challenges

- Shift in the auction system for the issue of 7-Day BoM Bill implies a more rigorous liquidity management
- Change in the fiscal regime leading to an increase in our tax charges

### Main risk types impacted

- Funding and Liquidity; Capital; Model; Cyber and information security; Regulatory and compliance; Strategic and business; Environmental and social

### Our response

- Maintained a proactive engagement with regulators and strengthened the Group's risk management and compliance capabilities to ensure strict adherence to mandatory rules and advocated norms

## 3 ESG considerations

Key factors: Prominent emphasis on promoting gender diversity and transparency; Growing awareness of climate change

### Capital impacted



Financial capital



Social and relationship capital



Natural capital



Intellectual capital

### Stakeholder impacted



Shareholders & investors



Societies & communities



Authorities & economic agents



Employees



Customers

ESG considerations have risen to the forefront in recent years within the financial services sector, as investors and stakeholders increase their scrutiny of the effects of their economic decisions on the climate, society and corporate governance. There is an evident shift happening towards sustainable investment and responsible business practices by operators to reinforce their market positioning while, at the same time, authorities remain very active in adapting the regulatory framework as appropriate. That said, some countries, notably on the African continent, remain highly dependent on traditional energy sources – in particular fossil fuels – for their development, which is impacting the speed of the transition.

### Key ESG trends

Greater complexity of ESG-related regulations

Sustainable finance products gaining prominence

Rising ESG claims and growing cost of greenwashing

Need to equip workers with the necessary skills

**USD 5.8 trillion**

Value of sustainable finance market in 2022

**USD 4 trillion**

Investment gap in developing countries across all SDGs - largest gaps in energy, water and infrastructure

**USD 2.7 trillion**

Africa's cumulative financing need over 2020-30 to respond to climate change

**USD 1.3 trillion**

ESG debt issuance in 2022, with social bonds amounting to USD 141 billion

Sources: World Investment Report 2023, AfDB Economic Outlook 2023, Economist Intelligence Unit

In June 2023, the International Sustainability Standards Board issued its first two IFRS Sustainability Disclosure Standards, IFRS S1 General Requirements for Disclosure of Sustainability-related Financial Information and IFRS S2 Climate-related Disclosures. In Mauritius, emphasis was laid on promoting the sustainability agenda by way of workshops, guidelines and appropriate legislation. In this respect, amendments have been recently brought through the Finance (Miscellaneous Provisions) Act 2023 to include: the set-up of a National Contact Point for Responsible Business Conduct; requirements for companies with more than 250 employees to provide workplace-based childcare facilities; entitlement of a worker to use up to 10 days of their paid annual leave, sick leave or vacation leave entitlements to look after elders having healthcare-related issues; and provisions to authorise workers to complete their normal working week in 4 working days. Moreover, interest derived from a sustainability bond or a sustainability-linked bond to finance sustainable projects are to be exempted from income tax. To promote gender equality, listed companies are required to have a minimum of 25% of women on their boards. Progress was also made across countries of foreign banking subsidiaries in incorporating ESG elements, with Seychelles adopting the Victoria Consensus on advancing responsible and inclusive innovation for financial inclusion.

### Opportunities

- Make further leaps in the provision of sustainable financing in support of the transition to a low-carbon economy
- Promoting gender diversity and equality within corporate leadership and decision-making structures

### Challenges

- Issues related to product design, pricing and sales; Potential disruptions to production process or sales for customers
- Heightened regulatory requirements

### Main risk types impacted

- Regulatory and compliance; Strategic and business; Reputation; Environmental and social

### Our response

- Reviewed our governance around sustainability
- Launched a sustainable finance offering to assist local entrepreneurs in their transition to greener energy; increased ESG awareness through participation in panels and trainings; integrated ESG principles in risk processes and reporting disclosures

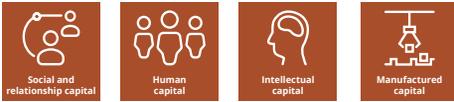


Read more in the Sustainability Report on our website

# 4 Cyber threats and digital disruptions

Key factors: Evolving cyber threat landscape; Emergence of new technologies; Increased interconnectedness, digital adoption and more sophisticated demand

## Capital impacted



## Stakeholder impacted



The world continues to become increasingly digitalised. The World Trade Organization estimates that digital services almost quadrupled in 2022 compared to their 2005 levels. The rising wave of digital disruptions and extensive adoption of innovative technologies have also reshaped the financial services industry and changed the way we attract, secure and serve customers. Operators are increasingly capitalising on digital platforms to enhance client experience and enrich their value offerings to derive a competitive edge. In addition, technology continues to drive shifts in organisation structures and operating models alongside supporting work-from-home through online platforms. That said, such developments also come with attendant risks, particularly when making allowance for increasing instances of cyber threats while the forthcoming roll-out, on a pilot basis, of a Central Bank Digital Currency in Mauritius and the increasing prominence of Virtual Assets warrant attention.

### Cost of cybercrime

**>USD 10 trillion**

estimated cost of cybercrime worldwide by 2025

### Distributed infrastructure

**>75%**

of enterprise-generated data will be processed by edge or cloud computing by 2025

### Next-generation computing

**>USD 1 trillion**

Potential value of quantum-computing use cases at full scale by 2035

### Applied Artificial Intelligence

**>75%**

of all digital-service touch points will see improved usability and enriched personalisation

Sources: McKinsey Technology Trends Outlook 2023, Statista: Cyber Crime and Security

## Opportunities

- Enhance client experiences through digital-led innovations, offering personalised services, streamlined onboarding processes, and improved security features
- Partner with tech companies to enhance our digital offerings
- Boost productivity and operational efficiencies by implementing digitised processes, leading to reduced costs and greater cost-effectiveness

## Challenges

- Increasingly sophisticated cyberattacks can be carried out by fraudsters, with the rise of Artificial Intelligence (AI), resulting in significant costs to prepare and respond to the challenges posed
- High demand for technology skills, combined with the intense competition and shortage of skilled workers in this field

## Main risk types impacted

- Model; Operational; Business continuity; Cyber and information security; Regulatory and compliance; Strategic and business; Reputation

## Our response

- Provided increasingly adapted solutions, alongside reimagining customer experience
- Reinforced our cybersecurity framework, including the related risk culture, and data management and analytics capabilities to support strategic moves and preserve information security
- Equipped employees with more sophisticated tools, mainly by leveraging machine learning, and dedicated trainings notably in terms of cybersecurity

## 5 Increased competition

Key factors: Innovative product offerings and competitive pricing models; New players such as fintech and mobile money companies

### Capital impacted



### Stakeholder impacted



Group entities remain confronted by high competitive pressures across specific markets. Such challenges have subsisted notably in the individual and payments segments, with banks in Mauritius, for instance, upholding an aggressive stance in segments such as mortgage in view of the high liquidity situation. At the same time, the past few years have seen the accelerated recourse by industry players to disruptive technologies to deliver superior client experience and the broadening of the competitive landscape globally, with new entrants, including fintechs and tech disruptors that are giving rise to new competitive pressures. There is also an ongoing battle to attract and retain the best employees. Furthermore, operators in the sector are increasingly turning to sustainable finance to gain a long-lasting competitive advantage.

### Opportunities

- Accelerate diversification efforts, pioneer novel solutions and establish market-leading client experience to affirm our competitive edge

### Challenges

- Potential pressures on market shares and margins/revenues across specific segments in view of heightened competition

### Main risk types impacted

- Strategic and business

### Our response

- Pursued our investment in innovative technologies to sharpen our offerings towards upholding our competitive edge and reinforcing client proximity

## 6 Workplace transformations and employee expectations

Key factors: Addressing skills shortages; Talent management and development; Flexibility and wellbeing

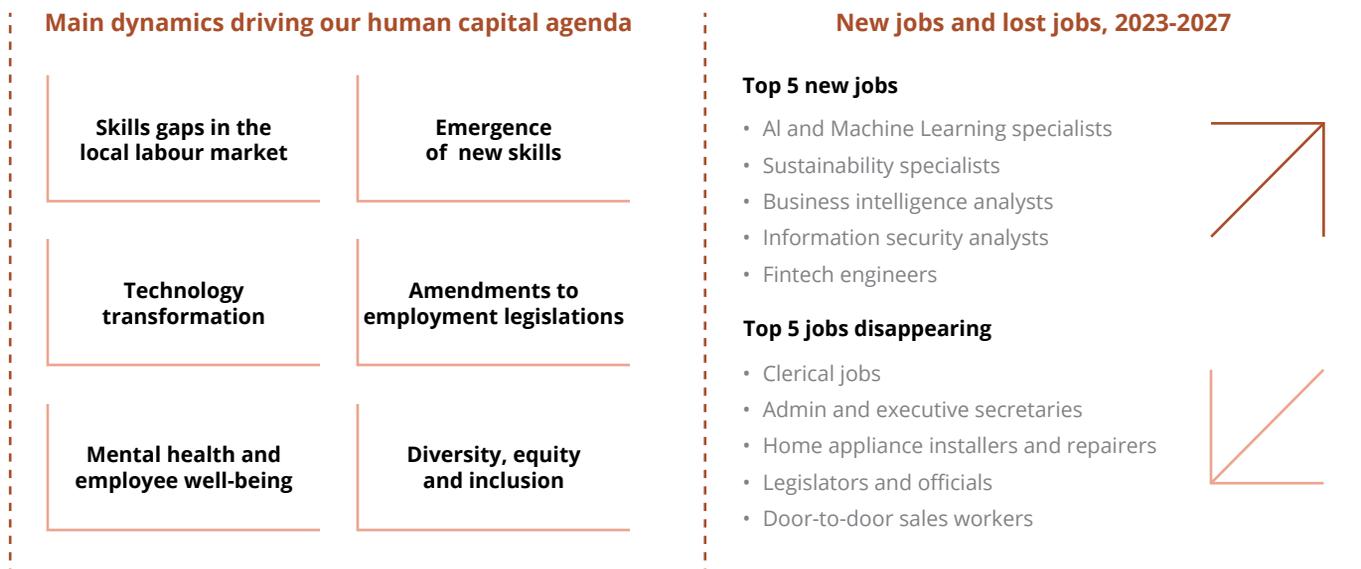
### Capital impacted



### Stakeholder impacted



The world of work has profoundly transformed in recent years, with the pandemic propelling remote work, hybrid working arrangements and technological integration. Such trends, coupled with evolving employment legislations in specific markets, are shaping the future of work and affecting the way we work. At the same time, shortages and competition for critical skills have risen worldwide, and this is also true for markets where the Group is involved, notably in respect of technology and specialised fields.



Source: Future of jobs report 2023, World Economic Forum

### Opportunities

- Invest in the skills and career development of our employees to pave the way for a workforce that is well equipped to embrace and excel in an evolving world of work
- Enhance staff productivity and work life balance through flexible working arrangements

### Challenges

- Heightened brain drain pressures and competition for talents which can disrupt business activities and potentially make succession planning difficult
- Need for reskilling of employees
- Enhanced concerns about stress and fatigue

### Main risk types impacted

- Model; Operational; Business continuity; Cyber and information security; Strategic and business; Reputation

### Our response

- Shifted to a hybrid work model to offer flexible working options to our employees while also reassessing our internal practices and expanding our well-being value proposition
- Reviewed our career architecture to support the growth and career development of employees
- Launched a new Employee Value Proposition that showcases the benefits, rewards and opportunities employees can expect from working for the Group

## How we created value for our stakeholders

Our proactive stakeholder engagement model informs and guides our actions and behaviours. We embrace an integrated vision that aims at making a solid contribution to and meeting the needs and expectations of our valued stakeholders.

The Group has a well-established governance and operational framework to ensure that stakeholder engagement 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, help in shaping our strategic priorities and guiding our initiatives.

## Shareholders and investors

**Rs 77.2 billion**  
Market capitalisation  
on SEM

**~ 22,700**  
Ordinary shareholders  
(Individual shareholders  
account for 46% of the  
ownership base)

**AAA\***  
Issuer rating  
CARE Ratings (Africa)  
Private Limited

**Rs 2.5 billion**  
Issuance of unsecured  
floating rate notes  
under the Group's  
Multi-Currency Note  
Programme

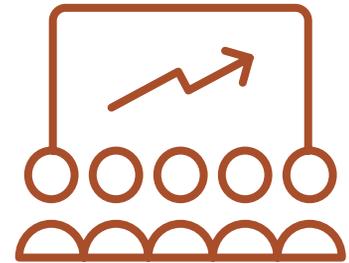
**Rs 4.7 billion**  
Total value traded  
during FY 2022/23

**~ 2,700**  
Preference  
shareholders &  
bondholders

**A**  
MCB Group MSCI  
ESG rating

**6.5%**  
Dividend yield

**Baa3**  
Long-term deposit  
rating – Moody's  
Investors Service  
(MCB Ltd)



### Material matters of relevance

- Macroeconomic uncertainty
- Increasing regulatory requirements
- ESG considerations
- Cyber threats and digital disruptions
- Increased competition
- Workplace transformations and employee expectations

### What they expect from us

- Good financial performance and adequate dividends
- Protection and growth of investment
- Robust business model
- Sound ESG practices
- Strong, experienced and diverse management
- Rigorous risk management
- Transparent reporting and effective communication

### Key performance indicators

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

### SDG impacted



### Capital impacted



\* Pertains to the servicing of financial obligations in Mauritius  
Note: Figures are as at 30 June 2023, unless otherwise stated

### 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 platforms 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, available on our websites
- Open, constructive and regular dialogue with rating agencies with a view to reporting on our performance and prospects as well as providing comfort on our risk management and business growth foundations via dedicated analyses
- Timely interaction with players across capital and debt markets amidst our efforts to consolidate our foreign currency funding resources to support our international diversification strategy

### Rewarding our ordinary shareholders

Taking into account the earnings per share of Rs 57.66 for the financial year under review, the Board decided to apply part of the proceeds from the issue of Scrip shares amounting to Rs 914.4 million to declare a final dividend of Rs 11.75. This, together with the interim dividend per share of Rs 8.50 paid in July 2023, resulted in a total dividend pay-out of Rs 20.25 per share.

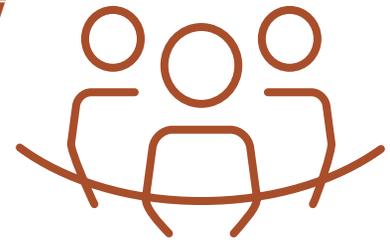
### Supporting our international diversification strategy

The year in review saw the organisation, notably MCB Ltd, moving forward with important capital raising and funding initiatives, with a view to supporting its international expansion in the region and consolidating its capital base. The success of these initiatives attests to MCB's attractiveness for its robust credit profile and growth strategy while reflecting the international recognition of the Bank's strong fundamentals, its investment grade ratings – being the only commercial bank rated as such within the African continent by Moody's Investors Service – and investor confidence in MCB's strong growth potential.



 Read more in the 'Corporate governance report' on pages 99 to 151 and the 'Group financial performance' on pages 89 to 96

## Customers



**~ 1,180,800**

Overall customer base  
*(Y.o.y growth: 3.1%)*

**~ 70**

Financial institutions serviced as part of our 'Bank of Banks' initiative

**~ 1,126,800**

Individual customers

**~ 54,000**

Non-individual customers

**40**

Net Promoter Score for 2023

*(MCB Ltd; Based on a brand study by Kantar; Compared to a world benchmark of 27)*

Customer satisfaction scores *(MCB Ltd)*

**84**

Retail  
*(FY 2021/22: 81)*

**81**

Private Wealth Management  
*(FY 2021/22: 77)*

**76**

Business Banking  
*(FY 2021/22: 74)*

**75**

Corporate and Institutional Banking  
*(Mauritian and Regional Corporates unit)*

### Material matters of relevance

- Macroeconomic uncertainty
- Increasing regulatory requirements
- ESG considerations
- Cyber threats and digital disruptions
- Increased competition

### What they expect from us

- Innovative and customised financial solutions
- Safe and convenient access to financial solutions 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
- Responsible banking solutions to support the transition to a low-carbon economy

### Key performance indicators

- Customer base
- Brand value
- Net Promoter Scores and client satisfaction scores
- Client complaints and outcomes
- Market shares
- Awards and recognitions

### SDG impacted



### Capital impacted



*Note: Figures are as at 30 June 2023, unless otherwise stated*

### How we have engaged with customers

- Multiple channels in place, including digital banking, contact centres and adapted branch network, for prompt and adequate service delivery
- Ongoing efforts to further reduce waiting times and improve turnaround efficiency towards enhancing customer experience
- Continuous interactions with clients to better understand and anticipate their needs to provide them with the right solutions
- Provision of adapted banking and financial solutions and services, by capitalising on innovative technologies, to deliver a differentiated customer experience
- Appropriate communication and reporting channels in place, including on 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 through our contact centres. During FY 2022/23, 3.8 days were, on average, taken to solve complaints at the level of MCB Ltd (FY 2021/22: 4.5 days), with 84% of complaints resolved within 5 days
- 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 networks as well as promote the Group's capabilities and value proposition
- Dedicated committees in place to cater for the effective pricing and management of new and existing product offering in tune with customer needs

#### Embedding the voice of the customer at the heart of our strategy



~ **12,000**

Customer participation  
in surveys/research projects



> **100**

Number of research projects/  
initiatives undertaken



**30**

Recurrent surveys  
(monthly/quarterly)



**25**

Real Time  
Dashboards

Our Customer Lab, which serves as an essential platform for the centralisation and analysis of all customer feedback, has made further headway towards enhancing customer experience (CX) within the organisation, underpinned, amongst others, through:

- Enhancement of our research methodologies, with the introduction of new customer immersion techniques
- Identification of the challenges faced by our customers during the onboarding and lending process
- Launch of CX framework for the Payments SBU of MCB Ltd and initiated CX frameworks for MCB Seychelles and MCB Madagascar
- New CX surveys to reinforce our capacity to measure our clients' experience at all touchpoints with the organisation
- Tapping into a pool of customers willing to participate in the development and enhancement of our products and services, notably by way of user testing and discovery exercises
- Live dashboards implemented for (i) monitoring leads of key products/campaigns; and (ii) managing key events

 Read more on our initiatives to deliver excellent customer experiences in the 'Our performance across entities' section on pages 63 to 87

## Societies and communities

### Rs 73 million

Spent by MCB Forward Foundation on 30 projects, of which 10 are ongoing

### Rs 10 billion

Dedicated envelope made available under the new Sustainable Loan (MCB Ltd)

### SCR 50 million

Dedicated envelope made available for green financing (MCB Seychelles)



**3,855 tonnes CO<sub>2</sub>eq<sup>1</sup>**

**10,969 iRECs<sup>2</sup>**

Climate contribution (MCB Ltd)

<sup>1</sup> Amount of carbon credits purchased equivalent to our Scope 1 and 3 emissions for 2021

<sup>2</sup> International Renewable Energy Certificates (iRECs) purchased which are equivalent to our grid consumption for 2021

**48%** Share of our retail customers using e-statements (MCB Ltd)

**65%** of total procurement expenditure sourced from local suppliers (MCB Ltd)

**7** MCB Football Academies, including a 3<sup>rd</sup> Academy recently launched in Rodrigues

### Material matters of relevance

- Macroeconomic uncertainty
- Increasing regulatory requirements
- ESG considerations
- Cyber threats and digital disruptions

### 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
- Eco-friendly operations, responsible banking practices, and support to the transition to a low-carbon economy
- Promotion of cultural heritage

### Key performance indicators

- Projects financed by the MCB Forward Foundation
- Amount allocated to sustainable financing
- Carbon footprint from our operations
- Local procurement spend

### SDG impacted



### Capital impacted

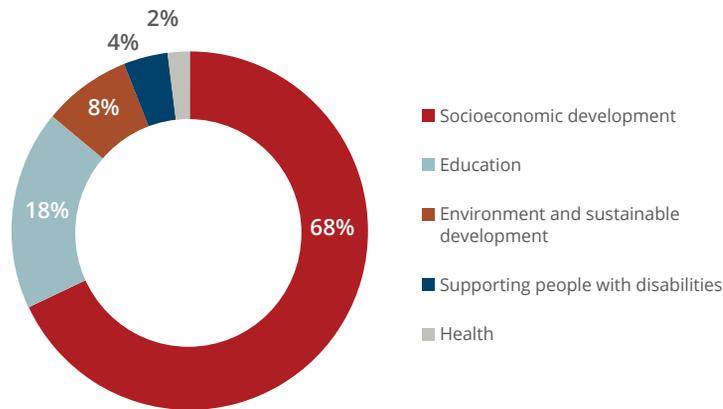


Note: Figures are as at 30 June 2023, unless otherwise stated

*How we have engaged with societies and communities*

- Regular engagement with the communities in which the Group operates, facilitated mainly by the MCB Forward Foundation (MCBFF), which is responsible for the design, implementation, and management of socio-economic development initiatives as part of our corporate social responsibility efforts
- Partnership with relevant stakeholders across presence countries, such as non-governmental organisations (NGOs) and public sector entities, towards promoting social welfare
- No political donations were made during the year under review

**Key projects financed by MCBFF during FY 2022/23**



*Support the transition to a low-carbon economy*

During the year under review, MCB Ltd launched its first in-house Sustainable Loan, a credit line of Rs 10 billion at a preferential rate of Prime Lending Rate -1%, available to local businesses. The line of credit aims at financing a wide range of projects notably in the environmental and social categories, as per our green taxonomy. At the same time, in line with its objective of contributing to carbon neutrality in its own 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 also catered for the redemption of its Scope 2 electricity consumption linked to its 2021 operations through the purchase of International Renewable Energy Certificates.

*Commitment to responsible practices*



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 Risk 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.



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



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

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

## Key initiatives to foster a more inclusive and equitable society

### Social inclusion and poverty alleviation

In collaboration with the NGO 'Not a Number', MCBFF has provided a sum of Rs 1.1 million to **support the reintegration of 60 former detainees**. This aid addresses recidivism challenges by targeting key risk factors.

MCBFF renewed its **support to a platform enabling 13 NGOs to collaborate and exchange best practices**. With an investment of about Rs 844,000 this year, MCBFF encouraged NGOs to adopt modern technologies post-COVID.

To **alleviate the impact of high cost of living**, we granted preferential interest rates to **support vulnerable and middle-class households**.

MCBFF partnered with the Adolescent Non-Formal Education Network (ANFEN), donating Rs 2.5 million, to establish pastry classes aimed to **empower marginalised teenagers**, who have left the traditional schooling system, with essential skills to sustain a living.

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.

In line with the Bank of Mauritius recommendations aimed at recovering spare coins, we relaunched the **"Your Coins for Change"** initiative, a solidarity action in favour of rehabilitating young people in distress.

### 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 Ltd offers **accessible accounts with low minimum balances** and zero-cost savings account bundles, as well as **encourages youth savings through Junior accounts**. The Bank also provides unsecured personal loans, available to non-MCB Ltd customers, which is often sought for education and housing purposes.

The Bank initiated a **financial well-being programme for women** with the goal of fostering an investment culture and involving them as ambassadors to raise awareness on this important issue within the broader community. The kick-off meeting centred around the theme, 'The impact of inflation on everyday lives and investment', addressing the wealth disparity between men and women.

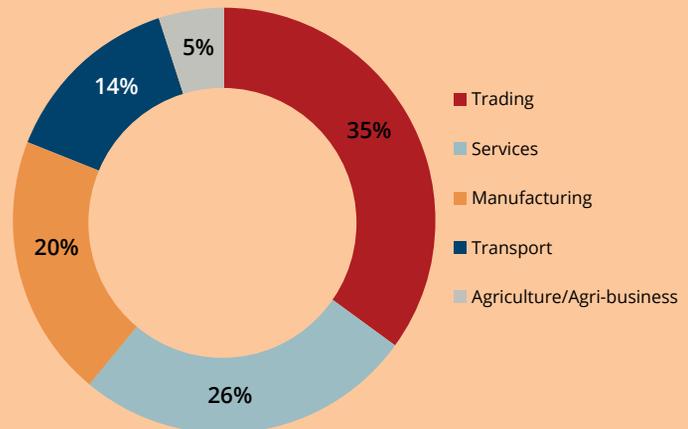
We provided innovative and customised solutions to SMEs as well as micro-enterprises and self-employed individuals.

**3,368 clients** financed by MCB Microfinance Ltd

**6,149 loans** disbursed amounting to

**Rs 1,283 million**

(since July 2016)



Note: Figures relate to outstanding loans

### Health

In FY 2022/23, MCBFF's Rs 1 million investment in Link to Life **facilitated cancer patients' access to psychological support, transport**, and raised awareness about various types of cancer.

MCBFF financed the setting up of the **François Piat Centre for Disability Studies and Research Centre** for an amount of Rs 2.5 million. This centre, under the aegis of Association de Parents d'Enfants Inadaptés de l'Île Maurice, will house an interdisciplinary network of professionals and researchers united by their commitment to achieve **equality and social justice for people living with disabilities**.

### Protection of the environment

- The organisation hosted **'La Semaine Klima' to educate its stakeholders** on the importance of climate adaptation and mitigation. We also organised the first edition of **'Deba Klima'**, a debate competition whose objective is to encourage students to conduct research on climate change-related topics and engage in debates in Kreol, to allow a wider audience to understand the challenges of climate change.
- In collaboration with the Mauritian Wildlife Foundation through the **funding of a conservation project at Grand Montagne Nature Reserve in Rodrigues** for Rs 2.3 million during FY 2022/23, MCBFF enabled the **planting of 40,000 endemic trees** on 7 hectares of land.
- The organisation sponsors several NGOs in Mauritius pursuing impactful environmental initiatives.
  - Le Velo Vert receives **support for a mobile app** promoting direct sales of bio farming products and creating a sustainable school farm.
  - We-Recycle benefits from annual **funding for waste collection and recycling**, including a station at a heritage site, as well as awareness campaigns in the Black River region.
  - MCB is the main sponsor of Mauritian Wildlife Foundation since 2019 with an annual sponsorship of Rs 5 million each year for the **protection of endemic species and the preservation of the islets** around Mauritius.
  - MCB is a key partner of Ebony Forest since 2017 and **supports their restoration projects** to raise awareness on the importance of conservation work and saving endangered species in Mauritius.

### Arts, culture and wellness

- MCB is committed to **promoting Mauritian talent in Arts and Culture**. MCB sponsored two private screenings for its Neo and MCB Select customers where the guests had the privilege of enjoying a movie which is a 100% Mauritian production.
- **MCB Madagascar was the banking sponsor for the 11<sup>th</sup> Indian Ocean Island Games** held in Madagascar in August, underpinning our long-standing commitment to promoting sports.
- MCB Seychelles made a **sponsorship of SCR 1 million for the Seychelles National Team**, in the context of the 11<sup>th</sup> Indian Ocean Island Games.

### Waste management

- For the third consecutive year, MCB joined the Pledge on Food Waste programme. Both MCB restaurants were again **fully certified GOLD under The PLEDGE™ on Food Waste** this year. With 98% compliance, MCB shows relentless commitment to cutting food waste and reducing unnecessary costs and negative environmental impacts to reach international certification and benchmarking standards.

### Education

**34 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.

**42 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.



**~ Rs 1.9 billion student loans approved**

by MCB Ltd as at June 2023 (under normal banking terms and the Government Guarantee Scheme), accounting for a market share of around 65% (over the period April 2013 - June 2023)

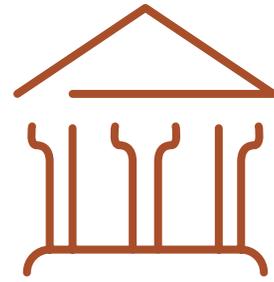
In line with its commitment to improving the access of education in Mauritius, MCBFF provided Rs 1.4 million towards the **provision of online courses to students** from Action for Economic and Social development. The project benefitted some 200 students and 20 teachers.

MCBFF **contributed Rs 1 million to Autism Maurice** for the provision of specialised classroom equipment, educational toys and a sensory room for children on the autism spectrum, thus enabling the creation of an adequate sensory environment – a prerequisite to any form of care or education for people with autism.

Under the MCB Football Academy programme, MCBFF collaborated with the Special Education Needs Society, with a contribution of Rs 2.9 million, for the educational screenings of 74 children. This effort led to the **integration of 44 children into the Montessori project**, a method that fosters a nurturing and inclusive learning environment.

Under the MCB Football Academy programme, MCBFF partnered with 'Fondation Cours Jeanne d'Arc' in FY 2022/23 for the **setting up of a class for 9 students that focuses on human values and holistic development growth** alongside academics. The project's investment totaled Rs 1 million.

## Authorities and economic agents



<b>30%</b> Domestic loans as a share of GDP in Mauritius <i>(including corporate notes)</i>	<b>12%</b> Domestic loans as a share of GDP in Seychelles	<b>Rs 2.1 billion</b> Income tax paid in Mauritius by MCB Ltd <i>(including special levy)</i>
<b>46%</b> Share of domestic credit to SMEs and corporates in Mauritius	<b>36%</b> Share of domestic credit to corporates in Seychelles	<b>3,424</b> Number of fraud cases investigated <i>(MCB Ltd)</i>
<b>175,097</b> Number of financial crime and risk management alerts investigated and closed <i>(MCB Ltd)</i>	<b>3,832</b> Reports sent to the Bank of Mauritius <i>(MCB Ltd)</i>	<b>562</b> Number of suspicious internal transaction reports received for investigation <i>(MCB Ltd)</i>
<b>40%</b>	Cash to digital payments ratio <i>(MCB Ltd)</i>	

### Material matters of relevance

- Macroeconomic uncertainty
- Increasing regulatory requirements
- ESG considerations
- Cyber threats and digital disruptions
- Increased competition
- Workplace transformations and employee expectations

### What they expect from us

- Strict adherence to relevant laws, codes, guidelines and principles
- Promotion of sound and efficient financial systems in countries where we operate
- Contribution to economic and financial development as well as financial literacy
- Moves to promote the transition to a cash-lite society
- Meaningful interactions with authorities for proper monitoring of activities
- Participation in and promotion of discussions on topical, regulatory and economic issues

### Key performance indicators

- Economic contribution in countries where we operate
- Financial soundness indicators
- Regulatory reports
- Adoption of digital solutions

### SDG impacted



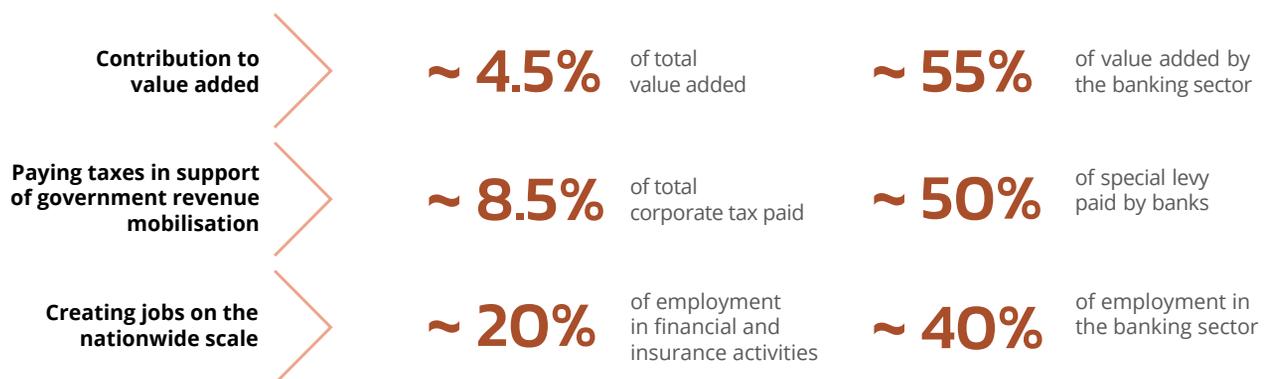
### Capital impacted



*How we have engaged with authorities and economic agents*

- Continuous support to the development and modernisation of economic sectors and financial jurisdictions across the Group’s presence countries
- Contribution to the positioning of Mauritius as a credible and competitive International Financial Centre, along with dedicated assistance to companies transiting through Mauritius to conduct business across Africa and beyond
- Full compliance with regulatory requirements and guidelines relating notably to business operations, product development, market development and risk management, thereby safeguarding the perennity and soundness of our operations
- 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, submission of regular 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, various conferences on topical issues, such as the GIC Business Series, and social media blog posts, notably on the MCB Group’s ‘TH!NK’ website and LinkedIn
- Enabling informed decision-making for economic agents and individuals by promoting financial literacy on multiple fronts designed to enhance the financial awareness and capabilities

*Direct contribution of MCB Ltd to the Mauritian economy (FY 2022/23)*



*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 to the Seychellois economy (2022)*



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

## Employees



**~ 4,100**  
Employees  
(53% female)

**31%**  
Women in middle  
and senior  
management  
(MCB Ltd)

**~ 93%**  
Employee  
retention rate

**~ 3,150**  
Employees,  
representing 77%  
of our workforce,  
engaged on  
'Percipio'  
(our online learning  
platform)

**~ 14,500**  
Total hours  
spent learning on  
'Percipio'  
(Average of 4.6  
hours spent  
learning per user)

**~ 8%**  
Employee  
turnover rate

**432** Employees enrolled in our Lead with Impact Academy, which aims to further entrench the MCB Leadership Brand and promote desired leadership behaviours

### Material matters of relevance

- Macroeconomic uncertainty
- Increasing regulatory requirements
- ESG considerations
- Cyber threats and digital disruptions
- Increased competition
- Workplace transformations and employee expectations

### What they expect from us

- Safe, positive and enriching 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
- Strong leadership and change management
- Reasonable reward and effective performance management system
- Training, development and career opportunities

### Key performance indicators

- Share of women in middle and senior management
- Employee retention and turnover rates
- Employee satisfaction and engagement surveys
- Training and development hours
- Investment in training
- Industry salaries and benefits

### SDG impacted



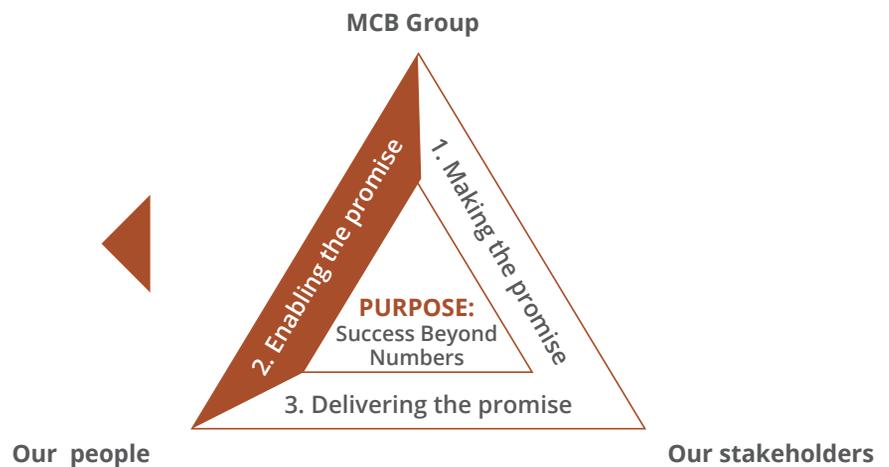
### Capital impacted



### Our approach underpinning our employee engagement

#### Our employees are key to everything we do.

We ensure that our established systems, procedures, and resources enable our people to effectively achieve our strategic goals and deliver on our promise to consistently meet the requirements of our stakeholders.



#### 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, notably by way of surveys
- Gold Standard Management Routines in place with our People Managers practicing regular conversations, team meetings, town hall meetings and walk arounds to promote the desired culture and take care of our employees
- Succession planning to ensure the organisation's continuity, stability and long-term success
- Reinforcement of human resource frameworks, in support of enhanced operational efficiencies and employee engagement
- Continuous enrichment of our training courses, both in-class and digital, 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, in applicable presence countries, 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
- Maintenance of healthy relationships with employee representatives in order to work collectively towards enhancing the work environment and conditions
- 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
- Dedicated initiatives put in place to cater for the health and well-being of employees, including, amongst others, extended parental leaves
- Social leave policy in place that allows our employees in Mauritius to benefit from a paid leave and engage in a positive impact activity by helping NGOs or other organisations having social or environmental goals

## Key measures deployed for our employees

### Career architecture

The organisation has revamped its job architecture to ensure it is adapted to current business realities and aligned with global best practices. This achievement represents a significant milestone on our HR transformation agenda initiated in FY 2017/18. In particular:

- The new career architecture provides a more modern and flexible approach to organising and defining jobs within the Group. It has been designed to provide our employees with the required information and support to manage their career.
- The career architecture contains job families and career levels that reflect not only the hierarchy of roles but also the way in which they contribute to and how they impact on the organisation, informed by the job evaluation outcomes.
- It also aims at giving due recognition to staff expertise while laying the appropriate foundations to enable us to attract, develop and retain key talents while ensuring better mobility across the Group. The new job architecture provides the Group with a consistent and flexible framework for managing roles, pay structures, career development pathways, promotions and other HR processes.

### Corporate Culture Alignment project

- A Corporate Culture Alignment project was launched to further embed, reinforce and sustain the right culture across the Group. To support this initiative, a new Head of Culture and Leadership Development was appointed in September 2022 with a view to building and implementing a framework that effectively expresses our desired culture and helps us to prepare to meet the challenges of the external environment and ever-evolving needs of our clients. As a key milestone, five Shared Ways of Working have been defined and shared to our employees, describing the elements of MCB's culture.

## Our Shared Ways of Working



### Employee Experience

- The objective of the 'Employee Experience' initiative is to identify and enhance crucial moments throughout an employee's professional journey, reflecting our commitment to creating a more positive and enriching experience within MCB Group. In line with the review, the Recruitment and Onboarding journey has also been re-assessed, taking into consideration employees' and leaders' input for the revised approach.

*Employee Value Proposition (EVP)*

- The EVP is an integral part of the broader 'Employee Experience'. It refers to the overall value and experiences an employee can expect from working for MCB Group. The newly defined EVP should enable us to affirm our position as an employer of choice and foster a positive and engaged culture with the following key pillars: *Joining, Thriving, Rewarding and Growing* as its foundations.

<p><b>Joining with purpose</b></p>		<p>We ensure that you are part of an inspiring culture that delivers a positive employee experience, values your authenticity, embraces diversity and nurtures long-lasting relationships.</p>	
	<p>We ensure that you feel valued and appreciated by openly praising and rewarding you for your engagement to our vision.</p>		<p><b>Work rewarded</b></p>
<p><b>Work and Thrive</b></p>		<p>We ensure that you are part of something bigger through collaboration with other diverse, talented players who are unafraid to express their true selves and bring their uniqueness to the table.</p>	
	<p>We ensure that you grow continuously. We are eager for you to challenge yourself, discover new strengths, and scale us to new heights.</p>		<p><b>Growing beyond titles</b></p>

### *Employee well-being*

- A series of wellness-related activities have been organised for the well-being of our staff, across presence countries. The organisation held a Wellness Fair over three days in Mauritius, attracting around 750 employees, which included health check-ups/screenings, nutrition stands, health talks and promotion of wellness products.
- Ongoing initiatives include (i) mental well-being awareness sessions with People Managers and individual consultations from our 2 part-time psychologists, (ii) events to promote physical well-being (e.g., hiking, health track at MCB St Jean, and corporate massages), and (iii) staff offers to encourage employees to adopt healthier lifestyles.
- MCB Maldives pursued several initiatives on the wellness front, notably (i) the identification of wellness dimensions; (ii) the creation of a wellness committee; and (iii) a survey to gather employees' views on the subject. MCB Seychelles hosted mental health workshops for all its employees and well-being sessions for its team leaders, amongst other initiatives.

### *Gender equality*

As part of the Group's Gender Equality Charter, we pursued the following initiatives:

- Panel discussion on women-led businesses to start a dialogue on collectively contributing to building a resilient entrepreneurial ecosystem in Mauritius that promotes equality and fairness
- Internal event hosted in light of the International Women's Day 2023 to bring women across the Group to share, network and celebrate the important role that they play within our organisation
- Training on unconscious bias to shed light on gender inequality and 'Women in Leadership' programme to provide women within the organisation with the skills and competencies to fulfill managerial roles
- Embarked on a comprehensive analysis of existing remuneration processes and policies towards addressing potential gender inequalities within our organisation, as part of our application for the Equal Salary Certification assigned by the Equal Salary Foundation in Switzerland
- Follow up of the 'Allies for Change Discussion Forums' with Management with a view to defining key actions towards Gender Equality within the organisation
- 'Lean In Circles' initiative 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

### *Other strategic initiatives*

- We made further inroads regarding talent attraction, development and retention, namely through (i) the Talent Management Committee and (ii) the Beyond Numbers Graduate Programme. The former was set up in 2022 to ensure the continuous growth and advancement of our talents within the organisation. The committee plays a vital role in aligning the Bank's business goals with its human capital needs, creating a robust talent pipeline, and fostering a culture of excellence and innovation. The Beyond Numbers Graduate Programme aims to strengthen our talent pipeline at a more junior level, with graduates who demonstrate the potential to grow and move in different roles within the Group. Of note, there are 6 graduates enrolled in the 2023 Beyond Numbers Graduate Programme.
- We have made further headway regarding leadership development, notably through the continuation of the People Managers Programme. The programme encompasses a diverse range of content designed to equip our People Managers with the skills they need to thrive, underpinned namely by the Gold Standard Management Routines and learnings through the Lead With Impact Academy.
- 9 specialised learning journeys were provided, supported notably by a number of specialised/technical courses, to strengthen capabilities across the value chain whilst supporting the organisation's strategic goals and objectives.
- Various trainings were conducted on sustainability to raise employees' awareness on the subject, while sessions were also held on handling conflicts and ensuring a safe workplace.
- To create a better workplace for its employees and adapt to the constantly evolving business requirements, the organisation has reviewed its Flexible Working Arrangements and, notably, allowed for eligible employees to work four days onsite and one day from home.

## Our performance across entities

During FY 2022/23, the Group successfully navigated through a highly volatile landscape and delivered a strong performance by diligently pursuing its business development endeavours, while remaining true to its purpose, Success Beyond Numbers. Building upon the foundations laid, we continuously strived to support our clients, alongside ensuring that the robustness of our key financial indicators is preserved. In particular, we have cemented our position as a key financial player in the region in certain niche segments, while consolidating our leadership banking position in Mauritius and growing our prominence in the provision of non-bank financial services. By leveraging organisational synergies, we further strengthened our value proposition and uncovered new business development opportunities, with various Group platforms and forums helping to facilitate coherent and seamless strategy execution on specific endeavours and promoting alignment around common themes. On the operational front, we reinforced our capabilities in support of our growth endeavours. This was achieved through strategic upgrades to our IT systems and infrastructure, the reinforcement of our risk management and compliance framework, and the implementation of a series of initiatives to promote the growth and well-being of our employees. Key emphasis is also being laid on promoting the right culture as a linchpin for superior performance through the launch of the Corporate Culture Alignment project.

### Banking cluster

#### MCB Ltd

#### Financial performance



Whilst facing a volatile and uncertain landscape, net profit after tax of MCB Ltd increased by 44.8% to Rs 12,959 million, with continued robust contribution from its international activities, which accounted for some 63% of the results. Operating income grew by 34.8% as a result of a strong growth of 32.6% in net interest income, being boosted by improved margins on foreign currency earnings assets amidst successive interest rate hikes and an increase in interest earning assets notably linked to our cross-border activities, as well as an increase of 39.3% in non-interest income. With regard to the latter, net fee and commission income rose by 12.9%, driven by its trade finance and payment activities, whilst other income went up by 117.4% reflecting fair value gains from equity investments and higher foreign exchange profits. This performance contributed to the cost to income ratio improving to 32.9% despite an increase of 25.9% in operating expenses in line with continuous investment in people and technology. 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.

*Our business development*

The Bank remained committed to executing its three-pronged strategy, – (i) Extend our frontiers; (ii) Deliver a world-class customer experience through digital; and (iii) Nurture our values and deliver on our brand promise – with key initiatives summarised in the table below and further details provided in the subsequent sections. In parallel, we have dedicated significant efforts to strengthen our foundations to ensure sound and sustainable growth. We have invested in our human capital, nurturing a culture of excellence, diversity, and inclusion alongside reinforcing our risk management and compliance measures to ensure that we are in line with regulatory standards and prudent practices as well as the evolving context.

---

**Key initiatives and achievements in FY 2022/23**


---


**Extend our frontiers**
**Consolidating our domestic positioning:**

- Cross-selling more with optimised coverage-product model and enhanced Group synergies
- Helping Mauritius to build back better, focusing on priority sectors
- Promoting ESG funding

**Growing our business internationally:**

- Building on its momentum to further grow the Specialised Finance segment alongside enabling energy transition through a gradual and committed focus to gas financing
- Tapping into the potential of Global and International Corporates
- Consolidating our Financial Institutions network and bolstering our Syndication offering
- Capitalising on the Mauritian IFC to strengthen our positioning on the international front

**Diversifying our revenue base and increasing our share of non-interest income:**

- Enriching Global Markets offerings
- Boosting private wealth management
- Progressing on our Payments strategy


**Deliver a world-class customer experience through digital**
**Enriching our digital value proposition:**

- Launching innovative end-to-end client solutions with enhanced features and functionalities
- Enabling omni-channel and mobile-first
- Helping transition towards a cash-lite economy

**Bolstering our IT infrastructure while streamlining processes:**

- Improving turnaround time and customer satisfaction
- Capturing additional value through data and analytics
- Building a modern technology infrastructure


**Nurture our values and deliver on our brand promise**
**Promoting vibrant and sustainable economies:**

- Continuing our Lokal is Beautiful endeavours
- Promoting local economy through partnerships

**Contributing to our cultural & environmental heritage:**

- Developing our sustainable finance activity
- Progressing on MCB's direct impact agenda (carbon footprint, energy, water)

**Fostering individual & collective well-being:**

- Making headway with regard to our Gender Equality Charter
- Promoting an inclusive workplace & work-life balance

---

**Key priorities looking ahead**


---

- Consolidate our leadership position as a universal bank locally
- Strengthen the positioning as a specialist bank on the international front in specific segments
- Reinforce the expertise as an established transaction specialist beyond borders

- Accelerate enriched client solutions
- Enhance security and compliance through data
- Future-proof the technology infrastructure and Move to Cloud

- Strengthen our position as a leading player in sustainable development
- Boost employee engagement

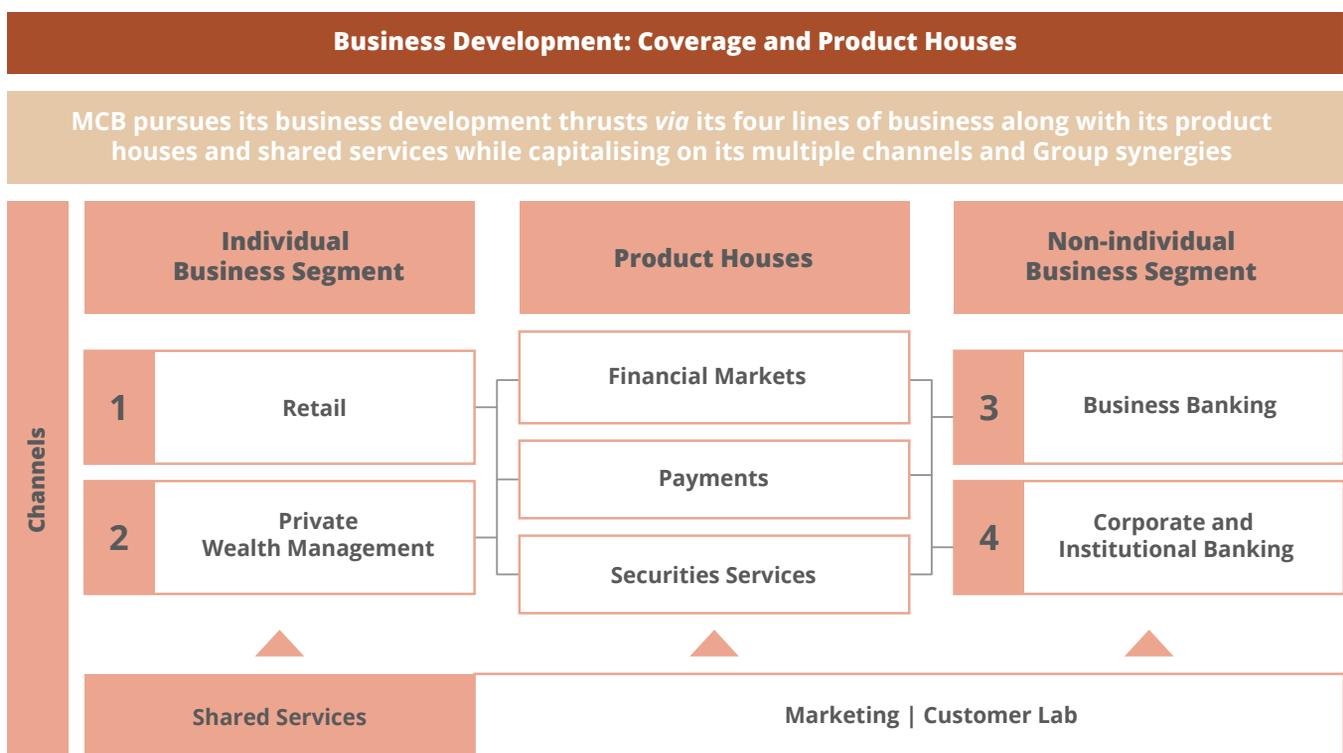
1

**Extend our frontiers**

*General approach*

In addition to effectively coping with the dynamic environment, the different lines of business of the Bank have progressed on their strategic initiatives during the past year. They remained dedicated to assisting clients in attaining their goals by harnessing the power of digital technologies and investing in the development of their people to enhance their value proposition.

The lines of business leverage their internal support and product functions, and partner with the other , such as Financial Markets, Payments and Securities Services, as well as other units across the organisation, to maximise their share of wallet across business segments whilst co-creating customer solutions and business value proposition. The business development ecosystem is outlined below.



*Retail*

*Key clients*

- Mass and mass affluent individual customers
- Junior, youth and young professionals segments

*Strategic priorities set for FY 2022/23*

- Further grow our credit portfolio while promoting cross-selling, underpinned by reinforced commercial capabilities, enhanced offerings and integration of analytics
- Increase sale opportunities through fee-based income pertaining to our bundled offerings
- Pursue the omni-channel strategy with Mobile First at its core to promote a coherent and seamless experience across touchpoints
- Uphold customer service and efficiency levels backed by process optimisation and innovative solutions

**Highlights**

**Contribution to the Bank's operating income**

**9%**

**Loans and advances (y.o.y. growth)**

**9%**

**Deposits (y.o.y. growth)**

**7%**

## *Main initiatives and achievements during the year under review*

### *Strengthening our market positioning*

- The loan book maintained a resilient growth despite the highly competitive environment. The Bank further promoted its housing loan campaign, which covers up to 100% financing and approval in principle within 48 hours, with clients benefitting from competitive rates and rebates on fees and discounts at approved partners. It is worth highlighting that the end-to-end credit journey has been digitised and streamlined, enabling the customer to apply online or in-branch, with visibility on the status of his home loan throughout its lifetime. We have also reviewed our unsecured loan offering by leveraging data analytics in the approval process and improving the disbursement cycle, leading to a strong growth in the related loan portfolio.
- Towards providing tailored product offerings, the Neo bundle for mass affluent customers has been further promoted, resulting in a rise in subscriptions to reach more than 18,500 (+21% y.o.y. growth), with a penetration rate of almost 50%.
- Our Next Best Offer data analytics tool has been improved, resulting in more accurate customer profiling, which paved the way for enhanced customisation of recommendations. Therefore, more cross-selling prospects were leveraged, being better suited to the financing needs and requirements of our customers.

### *Enhancing our digital offerings*

- Marking a significant milestone in our digital transformation journey, our flagship mobile banking application for individual customers, MCB Juice, celebrates its 10<sup>th</sup> anniversary this year and has registered over 93,000 new subscribers (+22% y.o.y. growth) between June 2022 and June 2023. Since its launch, the application has been undergoing continuous refinements and upgrades with enhanced features and functionalities as well as faster login, less system bugs, amongst others, for a more seamless experience. Latest enhancements include:
  - The registration of multiple accounts, even with other local banks, to enable the user to use the application as a centralised digital wallet. Users can now access all their bank accounts held on one single application and are therefore able to effect instant inter-bank transfers at reduced costs. Moreover, clients are able to open additional savings or current accounts on MCB Juice, which are operational instantly.
  - Our unsecured loan offering being embedded on MCB Juice, providing instant approval and same day disbursement for a higher number of eligible customers. Of note, the anchoring of our mortgage offering is gaining traction with some 3,200 housing loan applications initiated via this channel since its launch in early 2023.
  - The introduction of Push Notifications generates in-app alerts to the user's attention with a view to phase out SMS that was used to notify customers of important transactions on their accounts.

### *Improving the customer service*

- To offer a superior banking experience, a review of our branch network is underway, with the deployment of a more self-service oriented concept to facilitate the shift to digital namely through additional self-service kiosks and digital interfaces/channels. Furthermore, we are reaping the benefits of the e-KYC, delivering smoother in-branch onboarding for our services provided, resulting in reduced average waiting times.
- To enhance service delivery, our frontliners were enrolled in the Customer Service Learning Programme, covering subject areas such as Discovering Customer Needs, Serving Digital Customers, Building Emotional Leadership, amongst others. Customer experience workshops have also been initiated across branches with the aim to find ways to improve operational efficiency and service delivery.

### *Key priorities looking ahead*

- Consolidate our market positioning to grow our loan book and increase fee and commission-based income, while leveraging cross-selling and up-selling
- Deliver a more seamless customer experience by capitalising on digitally-enabled solutions and our omni-channel strategy
- Maintain the focus on customer service and reduce the cost to serve through process optimisation
- Further progress on our Sustainability offering, notably green loans

## Private Wealth Management

### Key clients

- Affluent individuals
- High Net Worth and Ultra High Net Worth individuals
- Domestic and international External Asset Managers & Financial Intermediaries such as fiduciaries, family offices and financial advisors

### Strategic priorities set for FY 2022/23

- Be a truly customer-centric bank by fostering premium client relationships, backed by increasingly differentiated and sophisticated value proposition
- Accelerate business development efforts and prospection to boost growth in investable assets
- Diversify our international markets through enhanced brand visibility, by leveraging the Bank's Representative/Advisory Offices, notably in Dubai, as well as increased presence through on-field missions in earmarked jurisdictions
- Pursue digital transformation initiatives aimed at upgrading our offerings, customer relationship management as well as processes and operations

### Main initiatives and achievements during the year under review

#### Enriching our client offerings

- The Private Wealth Management (PWM) SBU has consolidated its market positioning across both the M and Select segments, capitalising on ongoing efforts to enrich its value proposition.
  - The existing Lombard credit offering was upgraded to encapsulate more complex asset classes and investment products, targeting primarily international clients.
  - Following its launch during the previous financial year, our investment management value proposition was further enriched, to enable investment-savvy clients to be hands-on in the management and oversight of their portfolios, with the optional assistance of an investment advisor.
  - A new ESG offering with respect to residential financing has also been recently deployed, in response to growing demand for sustainable investment options.
- Our MCB Juice application was enhanced with a 'Portfolio' feature accessible through the 'Wealth' entry point for all our private banking clients. It is an all-in-one investment and banking solution, which facilitates on-the-go portfolio access at the convenience of our domestic and international clients. Our clients can thus have an aggregated view as well as delve into further portfolio details, such as Asset allocation and Portfolio holdings.
- The SBU leveraged the MCB's cross-selling and collaborative framework for intra-bank synergies with other units, such as the Corporate and Institutional Banking SBU and the Financial Markets SBU, in order to widen its prospects by capitalising on their extensive reach and effectively tapped into new business opportunities. Furthermore, collaboration with MCB Capital Markets has enabled PWM's Investment Services unit to provide thought leadership and market insights to its client base and foster brand outreach while enabling our clients to access the full spectrum of products and services provided by the Group.
- We were able to target an untapped segment, namely young affluent clients, through customer profiling. This enabled us to customise a lightweight investment product for them, with a lower minimum investment threshold of Rs 5 million, with differentiated portfolio management service and pricing applicable to that segment.

#### Reinforcing our regional presence and our network of collaborators and partners

- We reinforced the competitive positioning of MCB as a reference player in the region for premium banking and wealth management expertise, alongside pursuing expansion endeavours through our strengthened network of Representative/Advisory Offices, business introducers and referrals, whilst broadening interactions with External Asset Managers and Financial Intermediaries. The upgrade of the Bank's licence in Dubai into an Advisory Office, coupled with a dedicated External Asset Manager desk, has yielded proven traction for the PWM SBU's business development in the region.
- We further deepened partnerships with key players in the industry by connecting with world-class companies in terms of advisory services in Africa and the development of a strong network of international brokers across geographical locations for various asset classes, including equities, bonds, structured products and mutual funds.

### Highlights

#### Contribution to the Bank's operating income

8%

#### Loans and advances (y.o.y. growth)

5%

#### Investable assets (y.o.y. growth)

13%

### Consolidating our growth enablers

- The SBU made headway in technical capacity building and staff upskilling in order to accelerate the execution of its digital projects, notably, the implementation of a full-fledged Order Management System for added efficiency gains.
- In its bid to further strengthen its risk management framework, the unit has also enhanced its risk monitoring processes, improved compliance mechanisms while providing ongoing training to its employees.

### Looking ahead

- Further enrich our value proposition with a wider palette of offerings, more adapted to the various tiers of its premier clientele
- Fostering premium client relationships and experiences, through the deployment of our digital solutions, ongoing mentoring of client-facing employees and an upcoming review of the service charter
- Lay solid foundations for sustained growth in our international business development underpinned by the capacity building initiatives in foreign banking subsidiaries and Representative/Advisory Offices
- Unlock the potential from existing customer base through data analytics and cross-selling while collaborating with business introducers and ancillary service providers

## Business Banking

### Key clients

- Micro enterprises (Less than Rs 10 million turnover)
- Small enterprises (Between Rs 10 million and Rs 30 million turnover)
- Medium enterprises (Between Rs 30 million and Rs 100 million turnover)
- Mid-market enterprises (Between Rs 100 million and Rs 250 million turnover)

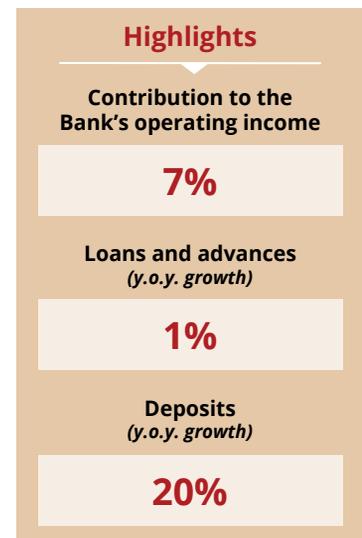
### Strategic priorities set for FY 2022/23

- Ease access to finance for Mauritian entrepreneurs in line with the Bank's endeavour to help boost resilience and support growth of the local economy
- Boost revenue drivers through business development initiatives and generate more fee-and commission-based income from trade financing, forex and payments activities
- Continue to enhance features of its digital offerings for increased product differentiation and enhanced customer experience
- Pursue process streamlining and back-office automation while ensuring proper risk and compliance management

### Main initiatives and achievements during the year under review

#### Promoting local entrepreneurship

- The value proposition under the aegis of our 'Lokal is Beautiful' scheme has been enhanced. The loan offering has been reviewed with a revamped application process, which is now simpler and more efficient. The coverage includes CAPEX financing, overdrafts and import/export loans which address the liquidity needs of our clients while supporting them in growing their business. Through this scheme, the Bank aims to lay a renewed focus on enterprises which are either 'Made in Moris' certified or aligned to SMART or CIRCULAR economy.
- We collaborated with Graines De Boss, an entrepreneurial competition to accelerate the development of young local entrepreneurs across Mauritius. The platform connects entrepreneurs with professional mentors and investors and creates opportunities to access funding and business support.
- To gain foothold in the untapped segment of women entrepreneurs, we partnered with Association Mauricienne des Femmes Chefs D'Entreprises (AMFCE) and Femmes Chefs D'Entreprises Mondiales (FCEM), and have sponsored several initiatives, notably the 'Business Without Borders' project, which is a Coaching and Mentoring Programme with the objectives to enable women entrepreneurs to grow their business.



- Our new Sustainable Loan offer – which carries preferential rates, flexible financing structure, with a repayment period of up to 15 years, as well as customised support – is available to local SMEs and MMEs transitioning to a low carbon business model.
- We leveraged our collaborative community digital platform, PUNCH, to generate synergies among local entrepreneurs. PUNCH is now anchored on MCB JuicePro to enable a more seamless client experience and has more than 3,000 entrepreneurs and 150 growth partners registered on it. We have also helped boost the visibility of entrepreneurs and prominence of their businesses through a series of events including PUNCH Meets and PUNCH Talks.

### *Enhancing our digital value proposition*

- In June 2023, we have expanded our payments ecosystem by introducing Pay+, which enables seamless and efficient cashless payments. It is a more convenient alternative to traditional point of sale terminals used in various businesses such as stores and supermarkets. Pay+ is a small payment acceptance device, designed primarily for merchants, which is wireless and easy to carry. Merchants can thereby accept payments through debit or credit cards with contactless option or a dynamic QR code.
- MCB JuicePro has been enriched with additional features for the ease and convenience of non-individual clients. Following the introduction of the Bank of Mauritius' Instant Payment Switch, MCB JuicePro now allows the instant transfer of funds to all other local bank accounts, catering for the transactional needs of businesses, enabling them to undertake faster inter-bank transfers at reduced rates. More user-friendly features have also been introduced such as: the removal of daily funds transfer limit, instant credit options like the express overdraft facility, push notifications with regard to payment approval and option to share e-receipt. Of note, the number of registrations on MCB JuicePro has increased by two-fold over the past two years to stand at some 21,000 as at June 2023. Worth highlighting also, through the Express Overdraft feature on the application, more than 300 overdrafts were disbursed for a total value of over Rs 140 million during the year.

### *Reinforcing foundations for growth*

- The back-end platform is now fully operational and gaining momentum. It hosts our end-to-end customer journeys, now servicing express loans in addition to short-term overdraft underpinned by a solid credit-scoring model.
- As part of our thrust to further improve the efficiency of internal processes, several initiatives have been deployed to upgrade service levels. As a result, customer experience has been enhanced on various fronts, for instance, through a simplified and less time-consuming onboarding process, with the SME Account Opening journey averaging about 5 days. Furthermore, the most frequently-used forms can now be downloaded from the MCB website.

### *Key priorities looking ahead*

- Support the growth of entrepreneurs and consolidate our foothold in the segment by: (i) offering a wider palette of financing solutions; (ii) bolstering product awareness; and (iii) exploring other specialised services such as invoice discounting
- Focus on merchant acquisition while expanding our digital payments solutions, with a view to catalysing the shift to cashless alternatives
- Pursue our digital transformation agenda to deliver a superior customer experience through seamless onboarding and enriched offerings, underpinned by technology-enabled improvements in the efficiency of our operations and processes
- Adopt a more targeted approach with respect to the under-served sub-segments, entailing a reviewed operational structure and leveraging data analytics for enhanced cross-selling

## Corporate and Institutional Banking

### Key clients

- Large Mauritian and regional corporate clients
- International corporates with specialised finance needs; entities within the energy and commodities (e.g. majors, traders and refineries) and power and infrastructure fields
- Global business companies, funds, trusts and foundations as well as other entities using the Mauritius International Financial Centre as a gateway for doing business or investing abroad, notably in Africa; private equity firms; investment and asset management companies; Government bodies and other multinational and pan-African corporates
- Financial institutions

### Strategic priorities set for FY 2022/23

- 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; Help Mauritius transition towards a greener economy, in line with the Government's ambition to produce 60% of energy needs from renewable sources by 2030
- Build strong business connections by enhancing proximity with clients and their ecosystem and bolstering our network of intermediaries and partners in the Mauritius IFC and other key financial hub markets
- Deploy targeted commercial strategies towards accompanying clients doing business in the Group's presence countries in collaboration with our foreign banking subsidiaries and associates
- Position MCB as a prominent provider of financing solutions geared towards helping clients achieve their sustainability ambitions
- Nurture stronger business networks with financial institutions to consolidate our syndication capabilities and enhance support to the other coverage teams
- Support African economies in their energy requirements and transition through oil and gas financing as well as project financing with deep commitment towards making a difference in the African energy landscape; Position ourselves in the Power and Infrastructure franchise
- Boost transactional banking through adapted solutions
- Bolster customer service experience by promoting high-end solutions, including innovative digital offerings

### Main initiatives and achievements during the year under review

#### Enhancing our product offerings to better meet the needs of our clients both in Mauritius and across the region

- MCB has strengthened its position as the reference financial institution for accompanying corporates doing business in Mauritius and sustaining the local economy. The Bank has reinforced client relationships by striving to ascertain how the challenges of the business environment, such as currency volatility, supply chain disruptions and interest rates hikes, are influencing their operations and ambitions. Once client expectations were gauged, the Bank was in a better position to propose tailored solutions allowing them to build their resilience and capabilities and to facilitate their next growth chapter.
- In line with its sustainability objectives, the Corporate and Institutional Banking (CIB) SBU leveraged the Bank's new Sustainable Loan with preferential rates to support and accompany clients undertaking sustainable projects in Mauritius. During the second *Klima* conference in April, the envelope allocated was increased from Rs 5 billion to Rs 10 billion, and, as at June 2023, the pipeline of potential projects amounted to more than Rs 6 billion.

### Highlights

#### Contribution to the Bank's operating income

**58%**

#### Loans and advances (y.o.y. growth)

**16%**

#### Deposits (y.o.y. growth)

**30%**

- We launched a Sustainable Supply Chain Finance facility in collaboration with the International Chamber of Commerce Standards for Sustainable Trade and Sustainable Trade Finance to help eligible clients, with proven commitment towards contributing to environmental protection and socioeconomic development, optimise their working capital by boosting their cash flows and shift part of their business model towards more eco-friendly practices.
- On the international front, the Bank has continued to prudently develop its business by accompanying existing and new corporate clients doing business mainly in Africa as well as in Asian markets. Over the year under review, we worked towards providing superior client solutions, carefully fine-tuned our risk appetite in light of the evolving context and enhanced proximity with clients in the markets they operate alongside striving for an increasingly recognised brand.
  - With regard to the Specialised Finance unit, the Energy & Commodities team leveraged its expertise, established brand and track record to nurture relationships with best-in-class operators within the African oil and gas industry. Customer centricity being a key underpinning of all our undertakings, we developed and maintained excellent relationships with our trade finance clients based on our unique value proposition and recognition as a reliable and meaningful solutions provider. We played a pivotal role in countries in the Indian Ocean, East and West African regions and increased our portfolio of African-focused trade finance facilities as well as expanded our cooperation with national oil companies in the Middle East as their partner of choice for their African ambitions. We collaborated with operators demonstrating commitment to the longer term sustainable impact, by supporting their efforts to gradually decrease their carbon emissions, while being conscious of the fact that our key energy markets in Africa are still highly dependent on traditional energy sources for their development and that the transition to cleaner sources is likely to require time and huge investments. The Power & Infrastructure segment continued to support 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 Global and International Corporates team has made significant progress towards realising its aim of making MCB the go-to banking partner for private equity/capital funds, strategically positioned multinational corporates and large corporations looking to conduct business in African and Asian markets, while capitalising on business opportunities with the Mauritius IFC and other regional hubs. The unit is actively strengthening its capacity to provide tailored solutions to meet the increasingly complex needs of its various client segments backed by the close cooperation of our , including Financial Markets, Securities Services, as well as Global Trade Solutions within the CIB SBU.
  - The Financial Institutions and Syndication team, in line with its goal to consolidate its syndication capabilities and enhance support to other coverage teams, has continued to reinforce its position as lead arranger with other financial institutions. The unit also helped the Bank close major capital and funding initiatives, notably, (i) its first Basel III compliant Tier 2 bond issuance of USD 147 million; (ii) the first ever issuance of a USD 300 million eurobond from a Mauritian corporate, listed on the London Stock Exchange; and (iii) a USD 500 million syndicated loan.
- During the year, the CIB SBU financed impactful deals and transactions, that are instrumental in driving economic growth, promoting sustainability, fostering innovation, and solidifying the Bank's position as a trusted financial partner. These activities are not only financially rewarding but also contribute to broader societal and environmental goals. Some landmark deals that we struck are outlined on the next page.

## Acquisition financing for purchase of Lekela Power, Africa's largest renewable energy platform

### USD 120 million

MCB acted as joint Mandated Lead Arranger in relation to an initial senior loan facility to support Infinity Power on its acquisition of Lekela Power. Infinity Power is a joint venture between Egypt's Infinity and UAE's Masdar. The transaction makes Infinity Power the largest renewable energy company on the African continent.



## Acted as Mandated Lead Arranger in Apex's Egyptian natural gas investment

### USD 45 million

The acquisition of concessions in the western desert oil producing region of Egypt by Apex from IEOC Production B.V., a unit of Eni S.p.A, was financed in part through a senior secured borrowing base facility, with the MCB acting as Mandated Lead Arranger, Modelling Bank and Hedging Bank. The acquisition helped Apex to increase its production by 65% and enabled the company to commence its first natural gas production. This landmark transaction further demonstrates the ability of MCB to develop and offer adapted solutions that suit the needs of its clients.

## Financing for one of the largest solar power plants in Mauritius

### Rs 350 million

MCB concluded a transaction with GreenYellow, the leader in solar photovoltaic production in the Indian Ocean region to finance a solar photovoltaic power plant in Arsenal. This partnership will help catalyse the energy transition of Mauritius by supporting the objectives of the Mauritian government, led by the Central Electricity Board (CEB), in its programme to reduce Mauritius' dependence on fossil fuels.



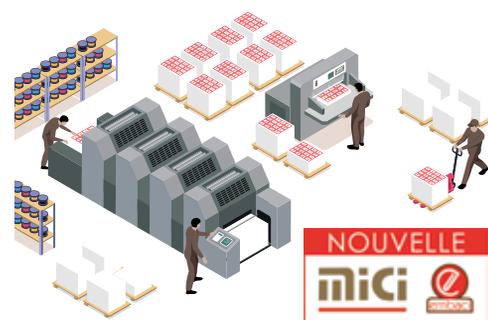
## Financing for the acquisition of JA Delmas, the exclusive Caterpillar dealer in West Africa

### EUR 135 million

Leveraging synergies between the CIB SBU and MCB Capital Markets, we facilitated the financing for the acquisition of JA Delmas. This successful debt raise attests to the depth of the Group's capabilities, including acting as Co-Lead Arranger, Security Agent, Facility Agent, Accounts Bank and largest Lender on the transaction.

## Acted as a lead arranger for one of the biggest private equity deals in West Africa

The transaction comprised the structuring of the leveraged financing enabling the acquisition of Nouvelle Mici Embaci (NME) in the Ivory Coast by a consortium of investors which includes Advanced Finance and Investment Group fund and Norfund, the Norwegian Investment Fund for Developing Countries.



### Enhancing our digital offerings

- In collaboration with our omni-channel partner, Backbase, we successfully launched our Internet Banking platform for our non-individual segment, IB Pro. It comprises a set of new and innovative features such as a fresh interface and intuitive navigation, a graphical representation of account balances, self-services, seamless registration to IB Pro for new users, amongst others. Highlighting the success of this new offering, almost 50% of our CIB customers have been onboarded on IB Pro with more than 90% penetration rate for our Mauritian and Regional Corporates, and Global and International Corporates customers. Besides, our updated SmartApprove mobile application, directly linked to our omni-channel platform, enables approval for transactions processed on IB Pro. SmartApprove has become the only 'two-factor' authentication tool for IB Pro transactions, making the approval experience of signatory users seamless and more efficient.
- MCB has recently deployed the MCB Global Trade Portal, a platform dedicated to international trade which helps bridge buyers and suppliers across markets by allowing corporate clients to (i) explore new markets; (ii) engage with each other; and (iii) access information on deals as well as technical information such as custom-linked processes and requirements which are essential in managing trade operations.

### Reinforcing our physical presence and building a strong network of intermediaries and partners

- As part of its ambitions to broaden its market presence and physical network, the Bank has recently been granted the licence to open a Representative Office in Lagos. Together with the existing offices in Paris, Dubai, Nairobi and Johannesburg, this new office enables the Bank to better understand the African market dynamics, challenges and opportunities, while further entrenching its activities across regional segments and promoting the MCB brand in Africa. Besides, the Bank has reinforced its position as the banking partner of choice for doing business in the African region, mainly by consolidating synergies with MCB Group's foreign banking subsidiaries and associates, namely with MCB Madagascar and BFCOI Reunion where common commercial actions have been defined towards servicing reputable large corporates doing business in these countries.
- Consistent with its goal to build meaningful relationships as well as promote our brand image and value offering, the Bank has sponsored several key African and international conferences such as the African Private Equity & Venture Capital Association (AVCA), which is a pan-African body promoting the flow of private capital into and across the continent. In addition, the CIB teams hosted several events targeted at addressing ongoing concerns and challenges of its clients and collaborators. For instance, in June 2023, the Global Trade Solutions team, together with members of the CIB coverage teams, hosted the *MCB Trade Week* which comprised a series of impactful presentations by industry experts and panel discussions aimed at helping clients to better understand the international trade and supply chain dynamics and promote the solutions MCB could offer them. In addition, the Energy & Commodities team hosted an exclusive event in Geneva, during the commodity finance week, where key players in the commodity trading community discussed crucial topics such as energy efficiency, security, transition, sustainability, and investment. This event also served as a platform for the team to interact with its clients and partners and helped to reinforce the importance of MCB in the European commodity finance community as an agile, dynamic and customer centric solution provider. More recently, the Global and International Corporates team launched its first *Business Series* which saw the participation of more than 150 industry professionals and clients and focused on how corporates doing business in Africa and/or Asia could better manage their treasury needs by leveraging solutions offered by MCB and the Mauritius International Financial Centre.

### Key priorities looking ahead

- Strengthen our positioning as the reference bank for local corporates as they navigate the challenges of the business environment and assist them in their business development and growth
- Bolster the Bank's position as a sustainable financier by increasing our focus on lower emissions solutions such as gas as well as accompanying clients with a strong commitment towards achieving their sustainability ambitions
- Reinforce our oil and gas strategy, balancing on the different cornerstones of the energy reality of our African markets which are: (i) the need for sufficient and affordable energy supply to meet the pressing and growing socio-economic demand; (ii) the need to ensure security of supplies; and (iii) the need to decarbonise energy sources and help contribute to a fair share towards meeting global climate goals
- Enrich our transactional banking solutions in close collaboration with the various and coverage teams
- Be the banking partner of choice for local corporates having an expansion ambition in the region of Africa, mainly by reinforcing synergies with MCB Group's foreign banking subsidiaries and associates, to develop and nurture a more valuable network
- Forge stronger connections with international corporates and their ecosystem in the countries where they operate to better understand market dynamics, spot shared opportunities and meet client demands
- Reinforce the MCB brand by (i) being more visible on the ground for African corporates; (ii) participating in and sponsoring major international rendez-vous, while hosting discussion platforms with our stakeholders to unlock synergies; and (iii) increasing market presence through regional hubs
- Boost digital efforts by pursuing investment into technical knowledge and innovation to enhance operational efficiency and improve the customer experience

## Zoom on selected

### Financial Markets

#### Main initiatives and achievements during the year under review

- The SBU has invested heavily towards achieving its ambition of becoming a 'best in class' and solutions-driven global markets and treasury & capital management player.
  - On the coverage front, the team has been restructured to ensure that efforts are focused on boosting the development of more sophisticated and adapted solutions, backed by regular client meetings in collaboration with colleagues from the other coverage teams. In this regard, several hedging and structured products, spanning across various asset classes, have been tailored and offered to both local and international clients.
  - A new Head of Trading has been recruited and, for the year, the team has achieved a substantial growth in trading income on the back of more active position management, enhanced flow and proprietary trading, increased specialisation in foreign currency trading while also developing trading across the other asset classes.
  - Substantial investments were made in strengthening risk management frameworks and operational fundamentals while over 20 projects related to systems and processes were completed throughout the year.

#### Key priorities looking ahead

- Build more meaningful relationships with clients across the different segments, by leveraging the recently appointed Head of Client Coverage and enhanced product offerings, while unearthing new opportunities to add value and enrich our business
- Focus on bolstering the Bank's ability to navigate the evolving market dynamics by reinforcing its liquidity and capital management frameworks in close collaboration with the different teams across the treasury management ecosystem such as Asset and Liability Management, Banking Operations and Financial Risk

### Payments

#### Main initiatives and achievements during the year under review

- In line with the Bank's aim to help transform Mauritius into a cash-lite society, the unit pursued efforts to push for digital payments solutions by actively promoting its secure and convenient digital channels that allow clients to undertake transactions anywhere and anytime.
- The unit also reinforced relationships with business segments of the Bank, notably the Business Banking SBU, to provide more customised solutions for SMEs alongside encouraging the latter clients' migration to digital through targeted campaigns aimed at promoting financial literacy and dedicated workshops. As a key move, the Bank, in collaboration with local fintech MIPS, launched Pay+, a payment acceptance solution that has been designed for merchants. Pay+ enables payment through the Central Bank's MauCAS system as well as through cards, for both in-store and remote payments.
- For FY 2022/23, the cash to digital payments ratio improved to 40% from 44% for the previous year, underpinned by the strategic deployment of around 12,900 POS terminals, with over 90% of them catering for contactless payments.
- During the year, further enhancements were brought to MCB Juice including seamless transfer to other local banks and government entities via the Instant Payment Switch (IPS), the registration of a non-MCB account into MCB Juice, expanded bill presentment with the Central Electricity Board, innovative 'Pay with Emotions' functionality, and simplified second account opening.
- The unit has registered an increase of 20% in cross-border payments flows during the year under review, on the back, notably of reinforced synergies across various lines of business and other across the organisation.

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

**~ 19 million**  
**Contactless transactions**  
+51% y.o.y. growth

**11,905**  
**Contactless enabled POS**  
(representing 92% of  
total POS terminals)

**+30%**  
y.o.y. growth  
**Merchants offering  
digital payments**

**+27%**  
y.o.y. growth  
**Debit cardholders  
transacting online**

Note: Figures relate to FY 2022/23

### *Key priorities looking ahead*

- Pursue efforts to digitalise SME payment flows and scaling SME debit cards, mPOS and MCB Juice/MCB JuicePro
- Continue to gear up on our commercial initiatives to push for a cash-lite society by actively promoting our digital solutions
- Position ourselves to better capture and facilitate cross border flows by leveraging the Mauritius IFC
- Enhance efficiency of operations, underpinned by optimisation and digitalisation of processes, as well as improved risk management

### *Securities Services*

- Securities Services marked its 30 years of operations and cemented its leadership position in Mauritius. The unit further strengthened its activities, accounting for around 90% of locally executed custodian trades on the local stock exchange. The unit now provides access to over 90 markets, with clients actively investing in over 40 markets.
- The unit has made notable strides in improving its value proposition and operational efficiency to meet growing client demands and maintain competitiveness in a demanding business environment. It forged new partnerships and leveraged digital platforms, resulting in a consistent rise in Assets under Custody.
- In terms of business development, it extended its market coverage to provide safekeeping services for unlisted securities in key African markets through local providers, in synergy with CIB SBU's forays in the region. To meet the increasing investment demand in the MENA region, it strategically appointed a sub-custodian bank in order to cover the region.
- The unit fostered visibility by conducting a roadshow and an outreach campaign aimed at showcasing and promoting custody and other ancillary services provided.

### *Key priorities looking ahead*

- Pursue the unit's international endeavours, in line with MCB's strategy, by maintaining business development efforts in both existing and newly covered markets alongside leveraging its enhanced offering to underpin future growth
- Explore technological developments and build on its current digitalisation efforts to enhance customer service and create a more fluid customer experience

2

## Deliver a world-class customer experience through digital

### General approach

During FY 2022/23, MCB pursued its Digital Transformation Journey with an emphasis on delivery and impact, driven by its unwavering commitment to meet its customers' needs in a fast, convenient, and simple manner. We have achieved significant milestones that have not only shaped the future of our organisation but have also helped redefine the way we engage with our customers. We have delivered on our numerous end-to-end customer journeys ranging from Onboarding to Lending, Payments, Channels, and Investment. Our strategic emphasis on an omni-channel approach and a Mobile-First mindset has also ensured that we are aligned with the preferences of our tech-savvy clientele, offering them seamless access to our services across various digital platforms. As a responsible financial institution, we are playing a pivotal role in facilitating the transition towards a cash-lite economy, promoting financial inclusion and enhancing the convenience of transactions for all segments of society. By embracing the power of data and analytics, we have harnessed invaluable insights to drive our decision-making processes, while simultaneously building a robust and modern technology infrastructure that serves as the bedrock for supporting our digital ambitions and ensuring robust security, scalability as well as agility in our operations.

### Main initiatives and achievements during the year under review

#### Delivering on our customer journeys

At the core of our transformation journey is the enrichment of our offerings through various digital channels. With the majority of journeys having reached maturity, we are now seeing concrete results of these initiatives, notably in terms of turnaround time, increased digital adoption and customer satisfaction. We are endeavouring to diligently complete our remaining journeys, for instance, pertaining to the digital onboarding of new customers and the seamless updating of their KYC documents, hence enhancing convenience and security for all.

### Key performance indicators across selected customer journeys

#### Lending

##### Mortgage

Average TAT of **26 days**

**87%** digital requests

CSAT score **81**

##### Unsecured personal loan

Average TAT of **4 days**

**95%** digital requests

CSAT score **96**

##### SME lending

(Express overdraft)

Average TAT of **8 days**

**91%** digital requests

##### CIB lending

Average TAT of **20 days**

**92%** digital requests

#### Payments and channels

##### MCB Juice

**521,172** subscribers  
(+22% y.o.y)

**56 million** transactions  
(+55% y.o.y)

CSAT score **88**

##### MCB JuicePro

~ **21,000** subscribers

**932,384** transactions  
(+103% y.o.y)

CSAT score **88**

##### CIB transactional payments

**1,980** registered users  
on SmartApprove (+48% y.o.y)

**88%** International Funds  
Transfer Payment STP rate

**78%** digital to manual transfer

##### IB Pro

**26,926** transactions

**Rs 21.7 billion**  
value of transactions

#### Onboarding

##### SME account opening

Average TAT of **5 days**

Digital account opening **90%**

CSAT score **74**

#### Investment

##### Juice Wealth anchored on MCB Juice

**3,080** subscribers

CSAT score **70**

#### Notes:

(i) All figures relate to FY 2022/23, unless otherwise stated

(ii) CSAT scores relate to June 2023, except for Juice Wealth which relates to July 2023

(iii) TAT refers to turnaround time in June 2023 and excludes the time taken for customers to respond and outliers

 Read more on our digital offerings in the 'Our performance across entities' section on page 63 to 87

### *Building a modern banking infrastructure*

The Bank has been enhancing its core systems and platforms over the last few years, and its dedicated efforts have enabled significant progress. Its focus during the year has been towards two pivotal initiatives:

- **Card management system migration:** Our existing card database was migrated to the most recent version of our card management system. The system's streamlined interface and advanced functionalities have resulted in more efficient processes including activation, monitoring and issue resolution. This has optimised our internal operations as our employees now have a unified and intuitive backend system, enabling smoother card management processes and faster response times to customer inquiries, thereby significantly improving our ability to manage and service customer card accounts.
- **Moving to Cloud:** Reflecting our resolute commitment to remaining at the forefront of modern technology practices, we have successfully migrated part of our systems and applications to Cloud for enhanced efficiency and scalability. The cloudification of key systems such as our contact centre platform, Oracle, Microsoft 365, and content management systems have improved the efficiency of our internal operations and translated in enhanced customer experience.

### *Bolstering our cybersecurity defenses*

Cybersecurity remains a key priority at all levels of the organisation. In this respect, several key projects and platforms were implemented during the year, to improve our overall security posture:

- Operationalised a dedicated Red Team to test our cyber detection and response mechanisms with a view to enhancing them
- Replaced our antivirus software with an Endpoint Detection and Response solution, implemented with a global cybersecurity leader on an advanced cloud-native platform for protecting endpoints, cloud workloads, identities and data
- Set up the Privileged Access Management solution that enables MCB to protect privileged identities, mitigate threats and reinforce security for access to servers
- Launched a Network Access Control project to further protect valuable digital assets
- Upgraded the MCB Security Information and Event Management infrastructure which allows us to collect more logs from our various systems on a more robust infrastructure
- Reviewed and enhanced the incident response framework and the Incident Response plans
- Enhanced our continuous vulnerability management program with a risk based perspective

 *Read more in 'Risk and capital management report' on page 155 to 201*

### *Leveraging data and advanced analytics*

The Bank's continuous thrust to capitalise on data and analytics has led to concrete results at different levels. In particular, the Data team helped the Bank to achieve enhanced informed decision-making, better business outcomes, and improved customer experiences through these initiatives:

- **Cross-selling:** Improved cross-selling capabilities to further promote our products and services, notably non-interest income-based ones, and help our frontliners to undertake proactive conversations and forge better relationships with targeted clients;
- **Credit scoring:** Implemented behavioural analytics and Artificial Intelligence in credit scoring to improve loan performance;
- **Risk and compliance:** Significant reduction in Financial Crime Risk Management alerts with improved alert accuracy;
- **Data Governance:** Deployed data quality and metadata efforts across priority domains to improve quality and efficiency of regulatory reporting as well as enhance the quality of insights in management reporting and advanced analytics models;
- **Upskilling and reskilling:** Offered, through MCB's Digital Academy, a growing spectrum of courses to data professionals and aspiring data practitioners to keep abreast of emerging technologies and improve data and AI literacy; and
- **Business Intelligence (BI):** Improved time-to-insights with responsive BI solutions for critical topics, like Payments, Credit, Risk, and Customer, leading to faster decision making.

### *Key priorities looking ahead*

- Continue to extract value from investments made as part of our digital transformation and help grow our business sustainably by accelerating the development of innovative client solutions
- Explore partnerships with fintechs to complement our customer offerings
- Consolidate our modern banking infrastructure to be future ready; Refine and expand our cloud-based capabilities and enhance our backup and recovery strategy
- Continue to reinforce our cybersecurity to ensure effective resilience of our systems to cyberattacks
- Further leverage data insights and customer feedback to drive continuous improvement
- Scale digital across the Group, leveraging investments made at the Bank's level

## 3

## Nuture our values and deliver on our brand promise

### General approach

MCB continued to adopt dedicated initiatives executed under the three sustainability 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

#### Reviewing our sustainability governance

- Headway has been made on the structural changes and collaboration avenues among the Central Sustainability Office, Risk SBU and Corporate and Institutional Banking SBU. While the Sustainability function will be elevated at Group level, other changes include the integration of Environment and Social Risk Management within the Credit Management BU and Climate Risk within the Financial Risk BU, under our Risk SBU, while a new ESG BU has been created within the Corporate and Institutional Banking SBU. The Central Sustainability Office also consolidated the team with the recruitment of three additional members, in the Content & Reporting, ESG and Climate, and ESG initiatives sections respectively.
- A Transition Taskforce was set up to drive momentum on Sustainable Finance endeavours and develop a coherent strategy to support the transition to a low carbon economy. The key components of the transition include climate mitigation and adaptation, ESG considerations, alignment with national policies (especially African countries where we have exposure) and shifting from brown towards green financing. The Transition Taskforce consists of three streams namely: (i) Climate Risk; (ii) Sustainable Finance (Local & Regional); and (iii) Sustainable Finance (International), mainly in the Specialised Finance and Global and International Corporate segments.

#### Promoting vibrant and sustainable local and regional economies

- Coupled with the revamp of our Lokal is Beautiful Scheme, we hosted several initiatives to support entrepreneurs in Mauritius in their business journey. Noteworthy examples include (i) 'La Minute PUNCH' to assist entrepreneurs to deal with their banking operations in an efficient, simple and quick manner; and (ii) Celebration of International Women's Day which was marked by a panel discussion addressing challenges women entrepreneurs face such as limited access to funding, networking opportunities, and bias and discrimination in the industry.

#### Contributing to our cultural and environmental heritage

- Progress has also been made on the implementation of the Principles for Responsible Banking (PRB) of the United Nations Environment Programme – Finance Initiative (UNEP FI). Following an analysis of MCB's environmental and social impacts relating to its financing operations, two main areas have been identified, namely, climate and resource efficiency/circular economy. A third party assurance audit is being conducted on MCB's progress in implementing these principles.
- As mentioned before, the Bank launched its Sustainable Loan offering with a financing line of Rs 10 billion to support local companies with their transition initiatives towards a low carbon business model. Through this new offering, clients can benefit from a preferential rate of Prime Lending Rate -1%, a flexible financing structure and a repayment period of up to 15 years. Financing covers projects in the environmental and social categories as per our green taxonomy.
- Additionally, under the 3<sup>rd</sup> edition of the Sustainable Use of Natural Resources and Energy Finance (SUNREF III) developed by Agence Française de Développement (AFD), MCB made a total drawdown of EUR 56 million, representing 75% of the line of credit, with projects financed focusing on renewable energy, energy efficiency and adaptation to climate change. The objectives of the facility were to (i) reinforce the market of mitigation finance; (ii) support Mauritius' climate adaptation agenda; and (iii) promote gender equality in the Mauritian private sector.
- Whilst being cognisant of our own carbon footprint, we also raised awareness and educated our stakeholders on the importance of climate adaptation and mitigation. In this vein, we hosted 'La Semaine Klima'. Dr. François Gemenne, a renowned specialist of environmental geopolitics and migration dynamics, led brainstorming, awareness and training sessions with clients, NGOs, teachers, students, and our employees.
- MCB also organised its first edition of the inter college debate competition, 'Deba Klima', in collaboration with the Rajiv Gandhi Science Centre and Dr. François Gemenne. The competition involved students from 16 schools conducting research and debating on a topic related to climate change in Kreol.

### *Fostering individual and collective well-being*

- 2023 saw the resumption of the Social Leave Programme which gives the opportunity to each employee to, via a one-day paid leave, carry out social work by helping NGOs in their day-to-day activities. Additionally, an internal platform, 'Aksion Ekolojik', was created for employees to share eco-friendly habits and good practices in support of a more sustainable lifestyle.
- With regard to initiatives in favour of gender equality, MCB continues to support the 'Business without Borders', a mentoring programme led by 'Association Mauricienne des Femmes Chefs d'Entreprises'.
- The organisation also embarked on a comprehensive analysis of existing remuneration processes and policies towards addressing potential gender inequalities, as part of the application for the Equal Salary Certification assigned by the Equal Salary Foundation in Switzerland.
- A series of wellness-related activities has been organised for the well-being of our employees, namely a Wellness Fair and dedicated initiatives aimed to improve physical and mental well-being.

### *Key priorities looking ahead*

- Promote local entrepreneurship and help boost local production
- Pursue momentum on Sustainable Finance and support the transition to low carbon economies through the development of our sustainable value offering for local and international clients
- Integrate climate risk within our overall risk management framework
- Continue to nurture an inclusive workplace, namely by unfolding the Group's Gender Equality Charter
- Foster a strong sustainability culture at MCB through the launch of an organisation-wide ESG learning programme and continued awareness endeavours

 Read more in 'Risk and capital management report' on page 155 to 201 and in the 'How we created value for our stakeholders' section on page 47 to 62

 Read more in the Sustainability Report on our website

## MCB Madagascar

### Financial performance



On the back of ongoing commercial initiatives to tap into key corporate players, MCB Madagascar's deposit book witnessed an increase of 13%, while borrowings expanded more than two-fold in line with growth endeavours. On the asset side, gross loans and advances grew by 39% reflecting various productive lending operations during the year and investment in sovereign securities almost doubled following an effective deployment of excess liquidity. As such, net interest income posted a strong performance to rise by 23%. This contributed to a growth of 38% in operating income, which was further boosted by increases in net fee and commission income and forex income linked to an upsurge in business volume coupled with a review of banking transactions tariffs in January 2022. Operating expenses registered a growth of 12% linked to (i) increased staff costs following recent recruitments to strengthen its human capital; (ii) a rise in management fees; (iii) costs associated with the implementation of MCB Juice Madagascar; and (iv) higher IT related costs. Overall, after accounting for the significant increase in impairment charges to MGA 6.0 billion (Rs 62 million) comprising mainly specific provisions, attributable profits for the year stood at MGA 12.7 billion (Rs 131 million), with the contribution of MCB Madagascar to Group results amounting to Rs 118 million (FY 2021/22: Rs 59 million).

### Main initiatives and achievements

MCB Madagascar pursued initiatives to boost quality of service delivery and enhance market visibility through targeted prospection campaigns and the hosting of conferences and meetings with corporates, leveraging greater synergies across the organisation. Coupled with a broadened geographical coverage of the bank's network, such moves have contributed to sustain business growth during the year. Additionally, the introduction of MCB Juice Madagascar marked an important milestone for the bank, firmly establishing its commitment to championing digitalisation. Both the enrollment and usage rates have surpassed initial expectations, reflecting the strong adoption of this digital offering. Another landmark event was the celebration of the 30 years of existence of MCB in Madagascar and the inauguration of the new headquarters in the business centre of the Alarobia region. With the reopening of the Malagasy skies, the new branch at the airport terminal also started its operations. To support its business strategy, MCB Madagascar has bolstered its risk management practices, with the creation of a new senior management position in charge of finance and risk for the oversight of all risk and compliance related matters of the bank. It also sustained its investment in staff development with relationship managers as well as credit analysts from MCB Madagascar visiting MCB Ltd for training while corporate frontliners and analysts from Mauritius also spent some time in Madagascar to better understand the local environment with a view to unlocking further synergies.

## MCB Maldives

### Financial performance



The bank posted satisfactory growth in business activities with the deposit book expanding by 11% and gross loans and advances increasing by 15%. The investment portfolio grew by 54% mainly due to investments in US government bonds and corporate bonds of international financial institutions in line with a pragmatic management of excess liquidity. This led to an increase of 9% in net interest income. However, operating income posted a mild growth of 1% on the back of a fall in net fee and commission income reflecting the cessation of book transfer fees as well as a drop in profit from dealing in foreign currencies. On the expense side, while operating costs were well contained, impairment charges, consisting of specific provisions, registered a considerable increase for the year under review, with various recoveries driving down impairment charges in the preceding year. Overall, attributable profits for the year stood at MVR 46 million, with MCB Maldives contributing Rs 134 million to MCB Group results (FY 2021/22: Rs 162 million).

### Main initiatives and achievements

MCB Maldives reinforced its support to corporates across economic sectors, with a particular emphasis on consolidating its existing customer base alongside securing new clients. The bank upheld its market visibility through well-executed promotional initiatives, including networking events, which were warmly welcomed by its valued customers. This also helped to increase the number of customers onboarded in the 'Select' segment. On the operational front, the successful launch of the T24 upgrade to the R22 version on the central platform in Mauritius has enhanced the bank's internal efficiency. In the same vein, the integration of the MCB Group Payroll platform and the adoption of the MCB Group Oracle Human Capability Management platform have helped to streamline processes and personnel management. Additionally, the bank has implemented a robust cybersecurity management system and has made notable progress in aligning with relevant rules and standards to improve its compliance set-up. Besides, the bank engaged with a consultancy firm in 2022 to conduct a comprehensive Risk Assessment Exercise, with actions taken to mitigate the highest residual risks identified during the exercise.

## MCB Seychelles

*Financial performance*

MCB Seychelles' gross loans and advances as well as deposits posted a relative improvement compared to the previous year by registering growth rates of 2% and 5% respectively. However, net interest income posted a strong growth of 22%, reflecting an effective deployment of excess liquidity in placements with banks abroad and significant recoveries in interest in suspense. Operating income rose by 11%, after also factoring in higher net fee and commission income following an increase in card-related fees and other general banking transactions, even though forex income dropped after the exceptional profits recorded during the preceding year. For its part, operating expenses noted a 16% growth, arising from increased staff costs as well as higher software maintenance costs, telecom costs and general operating expenses. Overall, with impairment charges remaining stable at SCR 12 million, attributable profits increased by 7% to reach SCR 173 million. The depreciation of the MUR against the SCR further boosted the contribution of MCB Seychelles to Group profits to Rs 580 million (FY 2021/22: Rs 512 million).

*Main initiatives and achievements*

MCB Seychelles has pursued its development strategies over FY 2022/23 with substantial progress made across several areas. The bank has further strengthened its market visibility with the launching of the VISA FIFA World Cup Promotion campaign which led to a noteworthy growth of 27% in its card transactions volume by the end of the campaign period. In the same breadth, the ratio of ATM withdrawals relative to other modes of transactions using cards also declined to 45% representing a positive shift away from cash that will help to generate higher revenues. Along its digital innovative journey, MCB Seychelles launched its upgraded MCB Juice mobile banking application in April 2023, providing customers with a dashboard that can be personalised and incorporated an option that enables users to track their spending and view their transaction history in real-time. New self-service features allow customers to manage their own cards, offering easy toggle controls over the different types of transactions they wish to enable or disable and an option to lock their cards for security reasons. Besides, in its move to promote sustainable growth through access to low-cost finance for climate change adaptation, renewable energy and energy efficiency, MCB Seychelles revamped its Green Loan scheme committing an overall envelope of SCR 50 million for the next two years to the funding of such projects. On the operational front, MCB Seychelles successfully upgraded its Core Banking System and migrated to the Group T24 platform. The new core banking system incorporates latest technological features to simplify, automate and speed up testing and deployment of regular software update releases. On the human resource front, the bank has upgraded its performance management system to foster alignment across the organisation and pave the way for an improved assessment of individual and team contributions to the bank's strategic goals. Moreover, the bank's team leaders were enrolled in the Lead With Impact Academy, a comprehensive development programme designed to evaluate and fulfil their individual needs namely in enhancing their self-knowledge and people management skills. Moreover, MCB Seychelles sustained its investment in staff trainings through both online and classroom sessions.

### Banque Française Commerciale Océan Indien (BFCOI)

While both loan and deposit books remained stable, operating income witnessed a contraction of 3% compared to last year. This decline was mostly driven by a fall in net interest income due to an increase in the cost of funds. Operating expenses were well contained with a slight increase of 3% from the previous year. Some notable recoveries during the year resulted in provision releases, contributing to the increase in profits attributable to shareholders to EUR 21 million (Rs 977 million) during the financial year. MCB Group's share of profits in BFCOI results amounted to Rs 489 million for the year ended June 2023 (FY 2021/22: Rs 401 million). Of note, BFCOI remained well capitalised, with Tier 1 ratio and capital adequacy ratio of 14.3% and 16.4% respectively, which are above the minimum regulatory requirements of 9% for Tier 1 ratio and 10.5% for capital adequacy ratio.

### Société Générale Moçambique

Société Générale Moçambique's operating income rose by 27% to MZN 2,024 million (Rs 1,417 million) during FY 2022/23. This was mainly driven by an increase in net interest income as a result of interest rate hikes coupled with higher interest income on placements with banks. Operating expenses climbed by 40% mainly due to a one-off consultancy fee incurred during the year as well as measures taken to support the growth strategy, including investment in human capital. Overall, after accounting for the increase in impairment charges to MZN 314 million (Rs 220 million), the bank reported a profit of MZN 241 million (Rs 168 million), thus contributing Rs 59 million to MCB Group results (FY 2021/22: Rs 75 million). Société Générale Moçambique registered strong capital metrics, with Tier 1 ratio and capital adequacy ratio standing at 16.9% and 15.9% respectively as at 30 June 2023, which are above the minimum regulatory requirements of 10% for Tier 1 ratio and 12% for capital adequacy ratio.

## Non-banking financial cluster

### MCB Capital Markets Ltd and its subsidiaries (MCBCM)

In FY 2022/23, MCBCM's consolidated revenues amounted to Rs 566 million (FY 2021/22: Rs 455 million) while its contribution to Group profits stood at Rs 317 million compared to Rs 227 million for FY 2021/22. Results were driven primarily by successful completion of sizeable corporate finance advisory transactions and the strong assets under management.

#### *Corporate Finance Advisory*

The Corporate Finance Advisory business performed better than in FY 2021/22 when activity was impacted by the challenging operating environment. The team successfully completed five debt capital market transactions during FY 2022/23 for aggregate values of approximately Rs 10.8 billion and also acted as the co-lead arranger on a EUR 135 million acquisition debt finance in West Africa. Looking ahead, the Corporate Finance Advisory business will continue to be focused on assisting clients on their financing strategy and on executing mergers and acquisitions as well as debt capital market transactions both locally and from the region.

#### *Investment Management*

For the year under review, turnover reached Rs 215 million compared to Rs 220 million in the preceding year. FY 2022/23 was a continuity of FY 2021/22 with a constraint on the availability of foreign currency in Mauritius for investment purposes, coupled with a peak in inflation print leading to interest rate hike both locally and worldwide. Our collective investment fund range witnessed reduced inflows compared to previous years whilst the advisory business maintained its momentum bringing in both new institutional clients and solid inflows. The sluggishness in the retail business can be explained by reduced purchasing power in view of the high inflationary environment, the increase in the savings rate and public offer of bonds. For the coming year, efforts will be channeled towards financial literacy to demystify investment. A new fund, with daily dealing, will be launched – MCB USD Short duration fund – aiming at offering investors a liquid instrument to manage their cash.

### *Stockbroking*

FY 2022/23 was eventful for the brokerage business with total income increasing by 18% and crossing the Rs 100 million mark despite trading volume on the local market witnessing a sharp decline of 15% (representing more than Rs 5 billion of lower trading activity) over the year. Although foreign participation picked up from 14% to 25% during the year, foreign investors remained net sellers whilst Mauritian institutional investors continued to diversify their allocation away from the local market and the home currency. Despite this challenging environment, the stockbroking team focused their efforts on strengthening the leadership position of the entity in the market and on growing brokerage and other revenues. Amidst high volatility in interest rates and a risk-off in investor sentiment, we successfully completed two major public offerings as sponsoring broker, helping two blue-chip issuers in raising more than Rs 3 billion in debt and Rs 2 billion in equity capital. MCB Stockbrokers also undertook and successfully completed a few preferential offers during the year. Net operating profit grew by 11% compared to the previous year with overheads and expenses being contained. Additionally, we completed negotiations and obtained regulatory approvals for the acquisition of the MUA Stockbroking business with effect from 1 July 2023, with the core team of the latter joining us. The acquisition is expected to contribute to further growth in brokerage revenues and allow for positive synergies for clients and the larger team in the near future.

### *Registry & Transfer Agent*

Coming off the strong base of FY 2021/22, MCB Registry managed to improve recurrent income by 9% while recurrent profits grew marginally by 1%. Total recurrent expenses increased by close to 20% on the back of high inflation, the depreciation of the rupee and higher amortisation charges resulting from the sustained technology investments made in the past few years. Despite a more competitive labour market, the entity has managed to strengthen its human capital and is well positioned to kickstart the overhaul of its technology platform with modest to negligible impact to its bottom line in the short term.

### *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 finance 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 FY 2022/23, the Fund partnered with South Suez Capital Ltd to invest in a consortium of investors led by Development Partners International (DPI), a leading London-based Africa-focused private equity manager, which acquired 100% stake in Solevo Holding B.V. (Solevo). Solevo is a leading agricultural and industrial chemicals distributor in sub-Saharan Africa that has a deep heritage with over 100 years of operations and a unique capillary distribution network underpinned by a premium brand, large production facilities and port access. Solevo operates across 4 main business segments, namely, plant nutrition, crop protection, chemicals and seeds and others. Additionally, the Fund invested in quasi-equity in Villas Chambly Ltd, to finance the acquisition and refurbishment of villas located in Port Chambly. MCB Equity Fund generated a profit of Rs 74 million for FY 2022/23 (FY2021/22: Losses of Rs 255 million) mostly on account of net fair value gains resulting in a slight increase in Net Asset Value to Rs 3.9 billion at year-end.

---

## MCB Leasing Ltd

---

Amidst a recovering economic climate, the lease portfolio of MCB Leasing grew by 8.7% to reach Rs 4,392 million (FY 2021/22: Rs 4,039 million). The increase was principally attributable to a growth of 32% in operating leases to stand at Rs 1,168 million while the finance lease portfolio increased by 2% to reach Rs 3,223 million. To finance the expansion of the lease portfolio, the deposit base expanded by 10% to Rs 3,952 million (FY 2021/22: Rs 3,591 million). The combined impact of lower average finance leases balances and lower interest margin coupled with the increase in average deposits balances year on year led to a decline of 12% in net interest income to Rs 90 million at year-end (FY 2021/22: Rs 103 million). On the other hand, other income, comprising principally of operating lease income, increased by 24% to Rs 297 million as a result of the increase in the operating lease portfolio. Correspondingly, operating expenses (excluding impairment costs), increased on the back of a rise in the depreciation on leased assets in line with the increase in the operating lease portfolio. Following the implementation of a rigorous credit management system, non-performing leases declined from Rs 113 million to Rs 64 million. This, together with the annual recalibration of IFRS 9 models, contributed largely to the reversal of impairment charges of Rs 26 million in FY2022/23. Overall, net profit after tax increased by 46% to reach Rs 91 million for FY2022/23 (FY2021/22: Rs 62 million).

### MCB Factors Ltd

MCB Factors Ltd is positioned as a prominent player in the field of factoring in Mauritius. It provides funding to clients against assignment of trade receivables as well as full sales ledger administration of the debtors book. Both recourse and non-recourse factoring are offered, with the latter implying protection against debtors' insolvency. The year under review has seen a growth of 42% in assignment of invoices to MCB Factors, while contribution to Group results doubled to Rs 35 million. Pursuant to the challenging operating environment, notable emphasis has been placed on enhancing risk management while improving the quality of customer service mainly by giving customers access to a state of the art round-the-clock web platform. The current product offering is to be further enriched during FY 2023/24 with the provision of reverse factoring services.

### 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 key emphasis on customer proximity, with its Relationship Officers dedicated to spending adequate time on the field to duly understand the characteristics and requirements of clients and offer them customised solutions that suit their repayment capacities. Since inception, MCB Microfinance has disbursed some 6,150 loans, corresponding to a gross amount of Rs 1,283 million, of which 53% relate to investment loans. Since the creation of its office in Rodrigues in March 2017, around 570 micro-loans have been disbursed, corresponding to a gross amount of Rs 87 million. As at 30 June 2023, MCB Microfinance's loans stood at around Rs 414 million. The entity is reaching a break-even point this year with a loss of Rs 0.9 million (FY 2021/22: loss of Rs 10.3 million).

### MCB Real Assets Ltd

MCB Real Assets Ltd 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 Canonnières, 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. Total contribution of MCB Real Assets to Group results amounted to Rs 213 million for FY 2022/23 (FY 2021/22: Profit of Rs 279 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 2023, the contribution to Group results stood at Rs 15 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. Its financial performance is directly correlated to 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 stock market in which Fincorp has a 46.4% stake.

Reflecting the improved results of MCB Leasing Ltd, Fincorp recorded a consolidated profit after tax of Rs 360 million for the financial year ended June 2023 compared to Rs 327 million in the previous year. As regards PAD, its contribution to Fincorp's results was relatively flat, standing at Rs 300 million. This is explained by the lower profitability recorded by its subsidiary, Caudan Development Ltd (Caudan) being compensated by the enhanced performance of its associates, particularly at the level of Medine Ltd, and increased investment income from its listed equity investment portfolio. Despite higher net rental income, Caudan's results were impacted by relatively lower fair value gains on investment property. Conversely, Medine's results were up in FY 2022/23, supported by higher revenues across all its operating segments.

---

### MCB Consulting Services Ltd (MCBC)

---

The last financial year has been particularly difficult for MCB Consulting due to both internal and external factors. Several strategic and revenue-loaded projects endured notable delays in terms of execution and delivery, originating from typical project related matters as well as unforeseen socio-economic conditions prevailing in specific countries. This resulted in significantly delayed billings and the loss of some big ticket deals in the Middle East region, leading to a loss of Rs 111 million for the year under review.

Notwithstanding this setback, some large contracts were won across two different continents over the last few months, as a result of a diligent business development plan. MCB Consulting also remains a trusted and recognised partner with its strategic positioning built on solid industry expertise and continuous search for improvement: MCBC has recently secured a partner license to develop Temenos Transact Country Model Bank for selected regions and countries. This new offering has the potential to generate new sources of revenue via sale of licenses, implementation as well as service and maintenance, while helping us to set a major footprint in the French-speaking countries. We are also honoured to have been entrusted the responsibility to organise the Autumn forum of the famous Club des Dirigeants des Etablissements D'Afrique Francophone in October 2023, in Mauritius. This platform shall impact positively on our brand but more importantly constitute a privileged opportunity to network and consolidate the needed pan-African spirit.

MCBC shall continue to pursue the reinforcement of its internal capabilities predominantly through recruitment outside the island and carefully selected partnerships with a view to boosting operational efficiency, better harnessing the multicultural and lingual nature of our footprint and improving bottom line. In addition, the company seeks to further strengthen its brand positioning across stakeholders, while remaining committed to its sustainable development objectives through innovative initiatives.

---

### MCB Institute of Finance Ltd (MCBIF)

---

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.

Despite several setbacks over the last years as a result of the COVID-19 pandemic, MCBIF has navigated the crisis and pursued its efforts to ensure continuity of its activities and provide quality executive education to professionals, aligned to our sustainable development goals. For FY 2022/23, the entity made a loss of Rs 2 million (FY 2021/22: Loss of Rs 3 million).

As an aftermath of the decision by Paris-Assas University not to pursue further with its Executive Master Banking & Finance offering, MCBIF accelerated its search for high profile partners that were carefully selected, resulting in the following flagship signed business relationships amongst others:

- Association of Certified Anti-Money Laundering Specialist (ACAMS), the gold standard in AML certifications, recognised internationally by financial institutions, governments and regulators as a serious commitment to protecting the financial system against money laundering
- Corporate Finance Institute, a Canadian online self-study training institution and Fitch Learning, which is part of Fitch Group.
- Fintelligence, a Swiss training institution specialised in customised Banking & Finance programmes

Looking ahead, MCBIF will build on its solid design principles around partnerships, customer-focus and brand awareness to initiate new areas of collaboration and secure more relevant and industry-focused relationships, while also increasing its international footprint.

### 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 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 channeled 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 2022/23, an aggregate amount of around Rs 58 million was entrusted to MCBFF together with the unutilised amount of Rs 17 million that was carried forward from last year. Accordingly, MCBFF spent Rs 73 million on 30 projects in FY 2022/23, 10 of which are still ongoing.

 *Read more on the activities of the MCB Forward Foundation in the 'How we created value for our stakeholders' section on page 47 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.



**Jean Michel NG TSEUNG**  
Group Chief Executive