



Delivering on our strategic objectives

Driving on our strategy

“Our customers are at the core of everything we do and we strive to deliver the best customer experience.”

Alain
LAW MIN



Message from the Chief Executive Officer

Navigating an uncertain and volatile environment

During the year, Mauritius made significant progress in adapting to COVID-19. The vaccination campaign covered most of the population, which has enabled the full re-opening of the country's borders. As a result, we have witnessed encouraging trends in tourism and hospitality, which are driving the economic recovery. Other positive developments include the exit of the Mauritian jurisdiction from the lists of the Financial Action Task Force (FATF) and European Union as well as its compliance with all 40 FATF recommendations. The economic momentum has, however, been unsettled by the worldwide spillover effects of the war in Ukraine, with the steep rise in food and energy prices and supply chain disruptions resulting in higher inflationary pressures and heightened foreign exchange market volatility. Moreover, we took cognisance of the downgrade, by Moody's Investors Service, of the country's sovereign credit rating to Baa3 from Baa2. That said, it is comforting to note that Moody's maintained MCB's long-term deposit and issuer ratings at Baa3 while changing the outlook on our ratings to stable from negative. This testifies to the resilience of our financial profile in the face of the difficult operating environment.

Good performance testifying to our resilient business model

Continued focus on our customers and disciplined execution have helped us deliver a year of good financial and operational performance. Indeed, our net profit after tax stood at Rs 8,948 million for FY 2021/22, representing an increase of 21.0% compared to the previous year, mainly reflecting an improvement in our core earnings and a drop in net impairment charges on account of lower expected credit losses. Operating income grew by 5.6%, with a marginal rise recorded in net interest income due to reduced margins – despite a healthy expansion of our loan book, we were impacted by lower yields – whilst non-interest income was boosted by higher revenues from regional trade finance and payment activities. In line with

our capacity-building initiatives linked to our investment in human capital and digitalisation efforts, operating expenses increased by 9.1%. This led to a rise in our cost to income ratio to 35.2%, which remains among the lowest in our industry.

“We will remain focused on executing our three-year plan while reinforcing key areas to effectively adapt and respond to the dynamic external environment.”

Amidst a challenging environment, we preserved our financial soundness. Our non-performing loan to gross loan ratio stood at 3.4% and both our BIS and Tier 1 capital ratios were maintained comfortably above minimum regulatory requirements at 17.2% and 16.3% respectively. Our strong capital position and credit quality give us the stability and strength to support our customers and improve our performance even further. Throughout FY 2021/22, MCB also remained compliant with the liquidity coverage ratio (LCR) requirement with a consolidated ratio of 412% and a USD LCR of 209% at end-June 2022.

Strong pillars supporting continued growth

This performance was achieved as we continued to deliver on our growth agenda. We pursued key initiatives across our three strategic pillars – (i) extending our frontiers; (ii) delivering a world-class customer experience through digital; (iii) and nurturing values and delivering on our brand promise. We continued to accompany our clients in their endeavours as they gradually recover from the pandemic and adjust to the new norm. Our customers are at the core of everything we do and we strive to deliver the best customer experience.

Locally, we refined our offerings with a focus on digital to provide customers with easier access to banking products and services, and to offer a more convenient experience, which helped us consolidate our leadership status as an innovative universal bank. For our 1 million individual customers, we focused on improving the turnaround time for our loan offerings – for example, our revamped unsecured loan offering now provides instant approval and same day disbursement – and enhanced the functionalities of MCB Juice. We also helped domestic corporates build resilience and better navigate ongoing challenges, namely dealing with the ramifications of the pandemic, supply chain disruptions and currency volatility. For our Business Banking clients, cognisant of their significance in the economic progress of Mauritius, we accompanied them in their activities and growth initiatives, as a means to promote the development of a vibrant and sustainable local economy. Illustratively, the number of MCB JuicePro users has increased by 84% to some 14,500 while PUNCH, our online marketplace, has above 1,600 members, more than 125 growth partners and 6 institutional investors. In line with our commitment towards a cash-lite economy, we actively promoted our convenient and secure digital channels whilst further equipping our merchants with point-of-sale capabilities. For FY 2021/22, our contactless transactions increased by more than 150% whilst merchants now offering online payments increased by 17%. Additionally, the cash to digital payments ratio of our customers was at 44%, representing a significant drop compared to the pre-pandemic period.

On the international front, leveraging our investment-grade status, we pursued our cross-border diversification strategies by selectively exploring business avenues in areas where we have built expertise over time, mainly across sub-Saharan Africa, in line with our specialised banking model approach. We pride ourselves in being an African institution that is resolutely committed to the development of the continent. As such, we continued to

Message from the Chief Executive Officer

participate in Africa's transformation agenda by providing customised financial solutions geared towards accelerating productive investments, boosting intra-African trade and stimulating the social and environmental progress of the targeted countries. Within the Mauritius IFC, we are a partner of choice for international corporates willing to do business and invest in and across Africa, especially with anchor clients such as private equity funds and large regional and international corporates. We also facilitated business opportunities across the various trade corridors with Africa to reinforce MCB's position as a trusted financial partner and product specialist. Moreover, we deepened our involvement in the Energy and Commodities (E&C) sector and shown, in some respect, that the Bank has a unique value proposition in the African Oil & Gas business. Indeed, our E&C exposures increased by some 40% as at 30 June 2022 compared to last year. We are aware of the need for the continent to transition from fossil energy to low-carbon energy sources and we are gradually engaged in the financing of cleaner energy projects. However, it will take some time for our key African markets to make this shift, and we remain committed to being their partner during this transition. On another note, to help us pursue our international endeavours, we leveraged our strategically positioned Representative Offices and our Advisory Office in Dubai. With regard to the latter, it has gained momentum during its first year since its upgrade to an Advisory Office, highlighting our interest in contributing to further trade and investment flows between the MENA-region and Africa.

As key enablers to our success, due emphasis was laid on embedding a more rigorous risk and control framework with a key focus on enhancing our cybersecurity and compliance capabilities by investing in cutting-edge technology and our people. As a testament to our successful business model as well as robust service, we received several awards and recognitions including,

“It is as vital as ever that we contribute to building back our country better...with a focus on clean-energy investment to help the transition to a greener economy, upholding responsible entrepreneurship and boosting local production in the country.”

the 'Regional Bank of the Year - Southern Africa' by African Banker Awards 2022 and the 'Euromoney Awards for Excellence: Best Bank in Mauritius', for the ninth year in a row. We were also the winners for the 'Brand Purpose' and 'Sustainable Brand' categories at the Brand Magic Summit 2022 in Mauritius. In line with our engagement as a caring entity, we remained committed to making a sustainable contribution to the economy, society and environment. During the year, we enlisted an international service provider to accompany us in the development of an adapted framework as part of the organisation's ambition to position itself as a key sustainable finance player. In addition to offsetting our carbon footprint to contribute to carbon neutrality in our operations, we continued to promote local production while pursuing initiatives in favour of our commitment towards gender equality.

Positioning ourselves for the future

Moving ahead, we will remain focused on executing our three-year plan while reinforcing key areas to effectively adapt and respond to the dynamic external environment. We are intent to maintain

our leadership position as a strong and innovative digital bank on the local front and further grow our international business, with a key focus area being the diversification of our revenue base and increasing our share of non-interest income. In this respect, by capitalising on our strong network of key relationships, we will play an important role in facilitating cross-border trade flows within the African corridor as well as enriching our payments offerings and boosting our Private Banking and Wealth Management activities. We have recently set up a new Payments SBU, which will play a pivotal role in helping the Bank tap into emerging opportunities through wide-ranging payment solutions, allowing all customers, ranging from individuals to SMEs and corporates, to undertake transactions in an easier, faster and safer way. A new Financial Markets SBU was recently created to develop global markets and treasury products and services for Corporate and Institutional customers both locally and across Africa and the region. We have also applied for the set-up of a Representative Office in Nigeria in view of our involvement in the country's Oil & Gas sector and the commercial opportunities in West Africa. Together with our representative office presence in four other countries, this move aims to strengthen MCB's disciplined international expansion approach to properly appreciate inherent risks across key markets and reinforce coverage and relationships with clients and partners, including financial institutions.

In line with our commitment to be a socially responsible organisation, we will embed sustainability principles in everything that we do, towards the fulfilment of our purpose, 'Success Beyond Numbers', hence contributing to the well-being of individuals, businesses and society at large. We will thus continue to assist our clients in tackling challenges through the provision of more sustainable and circular

solutions. As a leading operator in Mauritius, it is as vital as ever that we contribute to building back our country better, through continuous support to the modernisation of its existing growth pillars, development of emerging sectors with a focus on clean-energy investment to help the transition to a greener economy, upholding responsible entrepreneurship and boosting local production in the country. We will dial up our commitments in respect of sustainable and transition financing by developing a clear enabling framework and taxonomy to support the shift to a low-carbon economy. In parallel, we will continue to invest in our people to develop a future-ready, talented and engaged workforce where diversity and gender equality are valued. We aim at nurturing a conducive corporate culture that aligns our actions and organisational set-up and instills a deeper sense of belonging and unity in our employees. In order to strengthen our position as an employer of choice, our job and career architecture will evolve so that we adapt to changing business realities, in line with global best practices. It also aims to lay the appropriate foundations to enable us to attract, develop and retain our talents. We will continue to offer tailored learning journeys to help our staff elevate their potential and sharpen our leadership brand as part of our Talent Management Programme. We will also adapt to changes in the future of work emerging from the post-covid realities and promote a hybrid working environment that allows our staff to manage their professional and personal commitments, ensuring a healthy and sustainable work-life balance.

Concluding remarks

The last two years have confronted us with challenges that have tested our limits. We have successfully managed the delicate balance between maintaining the health and safety of our employees and providing support to our customers, our two key priorities. I would like to highlight

the remarkable efforts, commitment and endurance of our employees in serving our customers and the community at large during those difficult periods. I wish also to thank all the members of the Leadership team for their valuable support in steering the Bank forward during the fast-changing and extraordinarily testing times. Let me extend my warm welcome to Parikshat Tulsidas who was appointed as Business Executive within the Leadership team during the year. Moreover, I would like to express my sincere gratitude to our esteemed customers and our wider community of stakeholders for their continued trust during good and bad times. I also extend my appreciation to the Board of MCB Ltd and that of our ultimate shareholder, MCB Group Ltd, for their support and guidance in driving the Bank forward.

While challenges lie ahead, I am confident in our ability to deliver on our strategic objectives and align our performance to our purpose to contribute to the inclusive and sustainable growth of the country and create value for all our stakeholders.

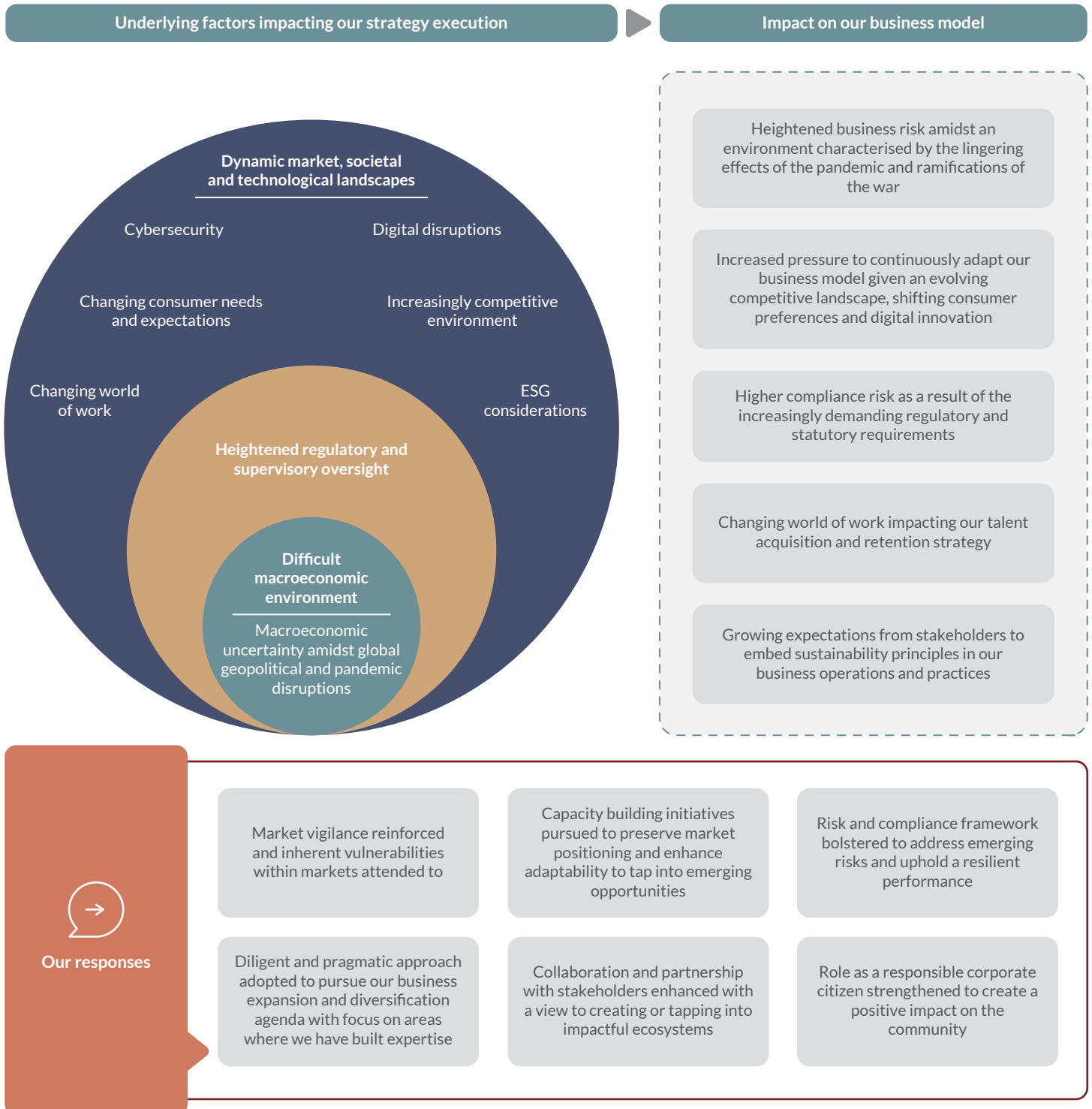


Alain LAW MIN
Chief Executive Officer

Delivering on our strategic objectives

Our operating context

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



Macroeconomic environment

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

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

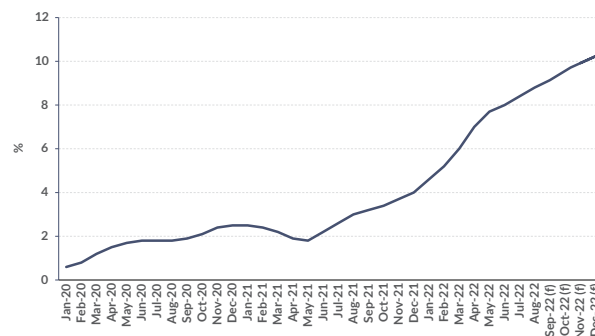
On the regional front, whilst the Omicron variant hit economic activity at the end of 2021, GDP growth in the sub-Saharan African region held up relatively well, albeit to varying degrees across countries. The commodity price shock following the Russia-Ukraine war has, however, stalled the positive momentum this year despite somewhat benefitting producer countries, with inflation expected to accelerate above 12%, the highest reading for the region since 2008.

Key economic indicators

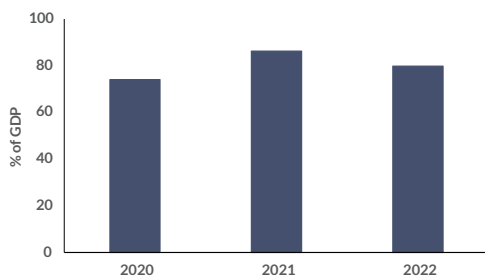
Real GDP growth (%)

	2020	2021	2022 (f)
World	-3.1	6.1	3.2
Sub-Saharan Africa	-1.6	4.6	3.8
Mauritius	-14.6	3.6	6.0

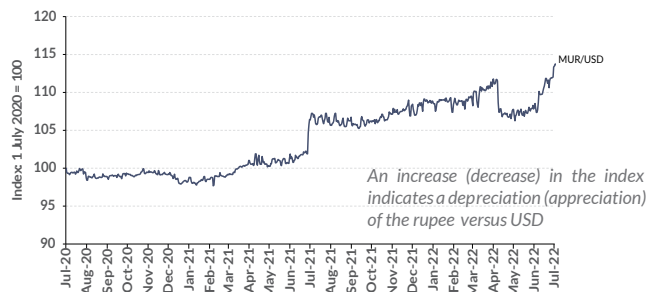
Headline inflation (%)



General government debt to GDP (%)



Exchange rate



(f) Forecast

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

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

Delivering on our strategic objectives

Market, societal and technological landscapes

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

In Mauritius, the shortfall in export earnings over the last two years continued to exert pressure on the foreign exchange market, with the Bank of Mauritius (BoM) intervening to supply foreign currencies in an attempt to contain heightened volatility in the exchange rate of the rupee. Besides, in response to growing inflationary pressures, the Key Repo Rate was raised by a cumulative 40 basis points during the financial year to 2.25%, in line with the monetary tightening trend globally. That said, growth in credit to the economy picked up following the moderation witnessed in the previous year, whilst the banking sector preserved its financial soundness. Capital adequacy ratio in the banking system stayed well above the minimum regulatory requirement at 21% as at March 2022, and asset quality remained at a reasonable level with a non-performing loans to total loans ratio of 5.8%. The resilience of banks continued to be upheld by support measures provided in the wake of COVID-19, some of which, including moratoria on loan repayments, were extended until June 2022, thus helping to ease the cash flow constraints of households and corporates. The Mauritius Investment Corporation (MIC) also provided support to systemically important firms that are financially distressed, amongst others, by way of quasi-equity investment. For instance, out of the Rs 52.2 billion approved by the MIC as at August 2022, some Rs 14.5 billion relate to companies in the accommodation and food service sector, which were severely hit by COVID-19. As part of the phasing out of support measures, the cash reserve ratio on rupee deposits was brought back from 8.0% to 9.0% effective July 2022. The banking system is still characterised by excess rupee liquidity, with short-term yields staying at the lower end of the interest rate corridor. The Central Bank has introduced an instrument, the 7-Day Bank of Mauritius Bill, since August 2022 as part of the phased introduction of the new Monetary Policy Framework. Besides, competitive pressures remained relatively high, notably in the individual and payments segments, as operators enriched their offering, while the digital landscape is being broadened with new players.

Key banking sector indicators

Domestic credit to the economy

	Jun-20	Jun-21	Jun-22
Y.o.y. growth (%)	4.0	3.6	7.7

Financial soundness indicators

Ratios (%)	Jun-20	Jun-21	Mar-22
Capital-based			
Regulatory capital to risk-weighted assets	20.4	19.7	21.0
Asset quality and liquidity			
Non-performing loans to total gross loans	5.8	5.6	5.8
Liquid assets to total assets	53.7	58.5	49.8
Profitability			
Return on assets	1.1	1.3	1.2
Return on equity	8.5	11.1	10.4

Note: Figures refer to deposit-taking institutions

Sources: IMF Financial Soundness Indicators Database and Bank of Mauritius

Evolution of yields

Weighted average yields on Government of Mauritius Treasury Bills/Bank of Mauritius Bills			
2021		2022	
Month	Yield (%)	Month	Yield (%)
April	0.49	January	0.66
May	0.80	February	0.65
June	1.29	March	0.74
July	0.75	April	0.80
August	0.83	May	0.83
September	0.78	June	1.00
October	0.79	July	1.06
November	0.83	August	1.08
December	0.65	September	1.05

Notes:

(i) Figures exclude the 7-Day Bank of Mauritius Bills

(ii) Figure for September 2022 is until 23 September

Regulatory and supervisory oversight

The Bank faced heightened demands on the regulatory and supervisory front as authorities focused on upholding the soundness and stability of the banking industry in the face of the post-COVID realities.

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

As a positive development, Mauritius was removed from the FATF list of jurisdictions under increased monitoring in October 2021. This triggered its removal from the UK list of High-Risk Third Countries as well as the EU List of High-Risk Third Countries, thus affirming the status of Mauritius as a reliable and transparent jurisdiction. More recently, it was announced that Mauritius is now 'Compliant' or 'Largely Compliant' with all of the 40 FATF Recommendations following a technical compliance upgrade – representing a first in Africa. This has notably been facilitated by the introduction of the Virtual Asset Initial Token Offering Services Act that provides a comprehensive legislative framework to regulate virtual assets and initial token offerings. In an effort to consolidate the country's position as an International Financial Centre and bolster its competitiveness as a domicile for investment funds, the Financial Services Commission introduced the Variable Capital Companies Act.

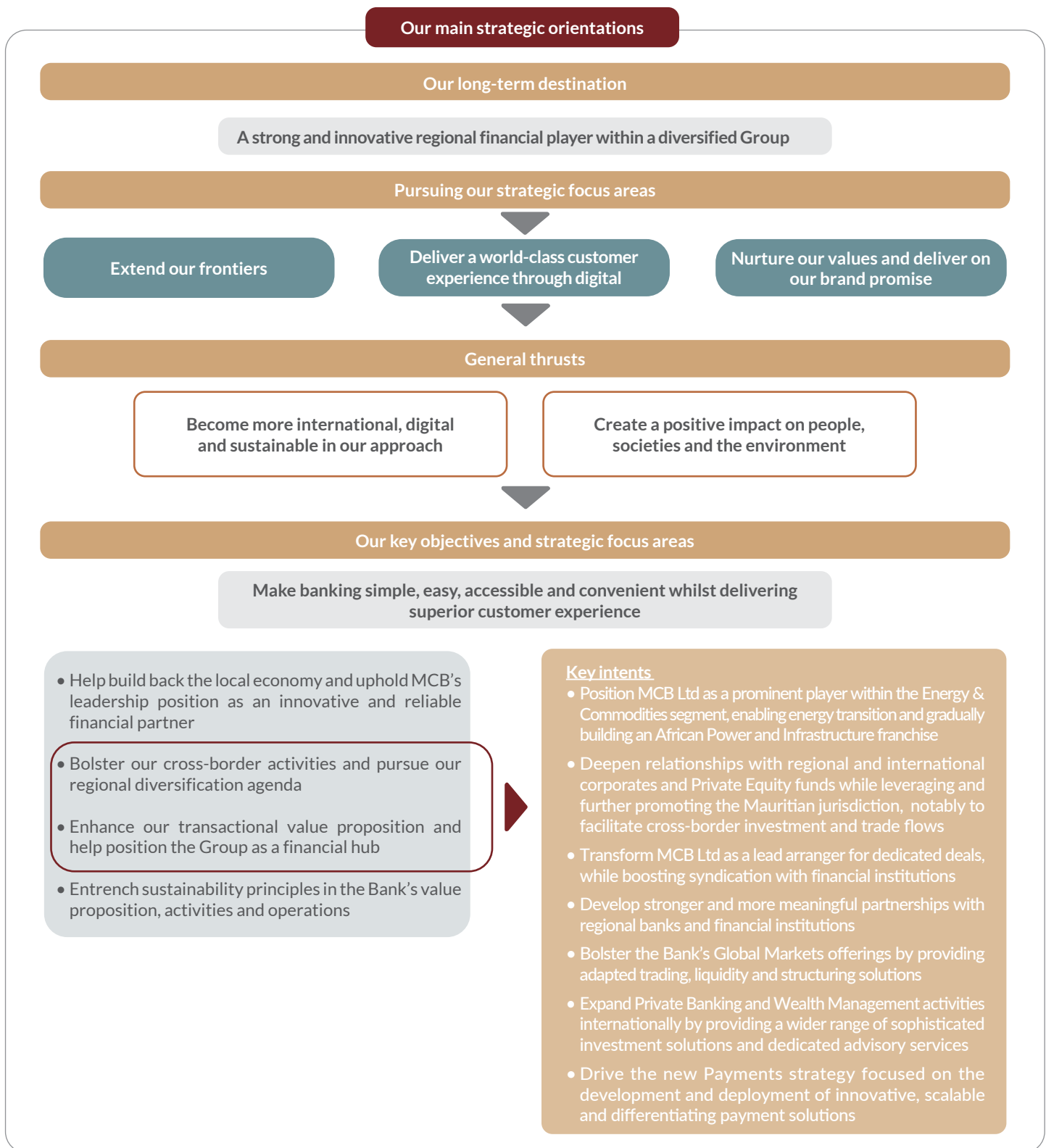
Our strategy

Pursuing our strategy amidst a volatile environment

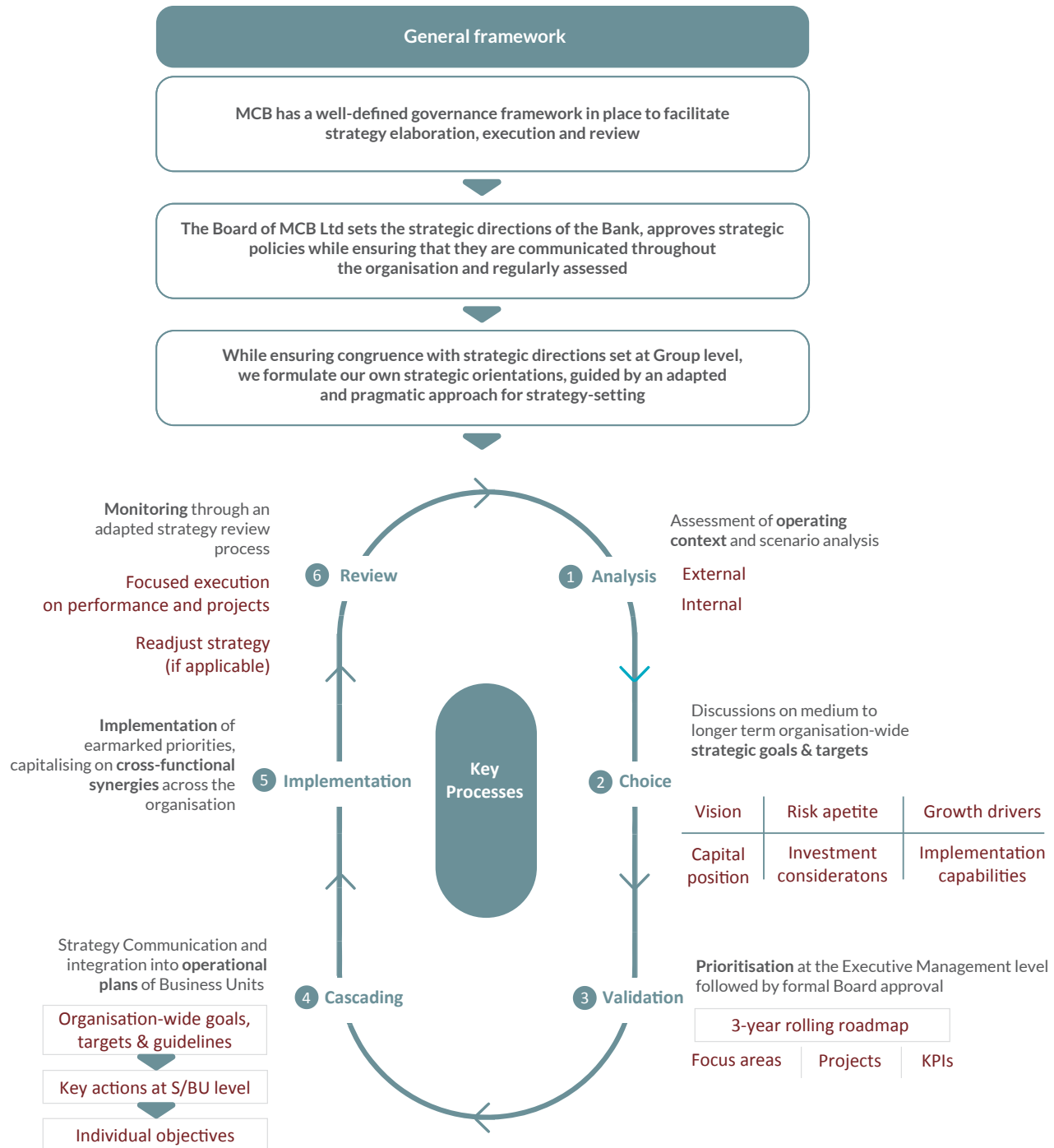
During FY 2021/22, the Bank focused on upholding the resilience of its operations amidst an unsteady context. Concurrently, we remained committed to implementing our strategic intents alongside laying the foundations for future growth. In this respect, the Bank progressed on its medium-term strategic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

Anchored on our proven business model, our strategy paves the way for delivering sustained earnings growth and maintaining sound financial metrics, alongside ensuring that we operate within the precinct of our risk appetite. Amidst ongoing endeavours to transform the Bank into a simpler and better organisation, we aim to strengthen our positioning by delivering excellent customer service through adapted and innovative customer solutions and grow and diversify our business by tapping into opportunities in areas where we display strategic competencies, with Africa being our main target. Concomitantly, in line with our commitment to be a responsible corporate citizen, a key objective is to further promote sustainability principles in our culture, values and in the way we conduct our business.

Delivering on our strategic objectives



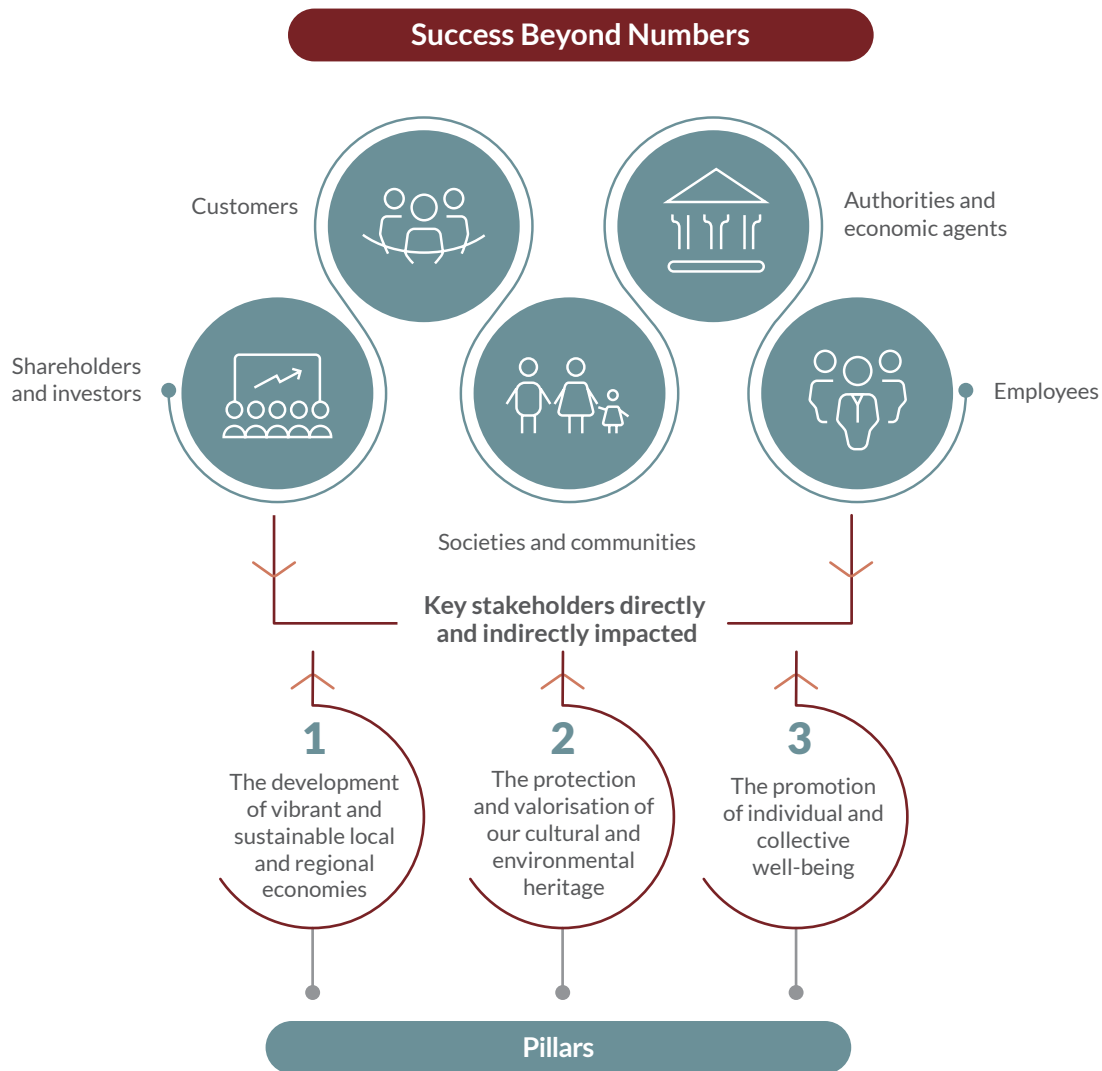
Our governance and processes



Delivering on our strategic objectives

Our approach to Sustainability

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



Read more in the Sustainability Report on our website

Creating value in a sustainable way for our stakeholders

Our underlying approach to stakeholder engagement

Our proactive stakeholder engagement model informs and guides our actions and behaviours. While embracing an integrated vision that aims at providing a solid contribution to the advancement and prosperity of the society and economy, we seek to understand and respond to the needs and requirements of our stakeholders. As a key focus area, the Bank has, during the year under review, pursued wide-ranging initiatives to help stakeholders navigate the challenging operating context. The Bank has a well-established governance and operational framework to ensure that engagement with stakeholders is managed in a transparent way, in alignment with international practices and regulatory stipulations. Stakeholders are kept informed about the Bank’s business and strategy on a regular basis through various channels. Their views and concerns, gathered through ongoing dialogues, meetings and surveys, are considered in the Bank’s decisions, with material issues escalated to the Board.



SHAREHOLDERS AND INVESTORS

SDGs IMPACTED

16 Peace, Justice and Strong Institutions



17 Partnerships for the Goals



CAPITALS IMPACTED







84% Contribution of MCB Ltd to Group profits

AAA

Issuer rating
CARE Ratings
(Africa)
Private limited

Baa3

Long-term deposit rating
Moody’s Investors service

WHAT THEY EXPECT FROM US

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

MATERIAL MATTERS

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

KEY OBJECTIVES AND METRICS

- Adequate earnings generation
- ESG ratings
- Level and quality of externally-sourced funds
- Investment-grade credit rating

Note: Figures are as at 30 June 2022

Delivering on our strategic objectives

How we have engaged with shareholders and investors

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

Maintaining resilience in an increasingly volatile environment

Our credit ratings

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

Our syndicated facility

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



Read more in the 'Financial performance' section on pages 75 to 84 and 'Corporate governance report' on pages 87 to 126

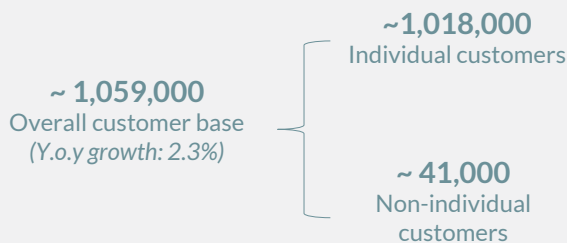


CUSTOMERS

SDGs IMPACTED



CAPITALS IMPACTED



	Customer satisfaction score
Retail	80.6
Business Banking	73.7
Private Banking and Wealth Management	77.0

Note: Figures are as at 30 June 2022

WHAT THEY EXPECT FROM US

- Innovative and customised financial solutions
- Safe and convenient access to banking through a wide range of channels
- Excellent service quality and competitive pricing
- Transparent and timely advice on offerings
- Security and privacy of transactions and data
- Effective process for dealing with complaints
- Continued support and assistance in the aftermath of the pandemic

KEY OBJECTIVES AND METRICS

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

MATERIAL MATTERS

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

Delivering on our strategic objectives

How we have engaged with customers

- Continuous interactions with clients to understand and anticipate their needs so as to provide adapted solutions to help them meet their goals
- Digitalisation of our operations and services to allow customers to undertake payments and transactions in an easier, faster and safer way
- Appropriate communication and reporting channels in place, including social media, to provide customers with transparent and timely advice about our offerings as well as attend to their queries
- Dedicated initiatives taken to address customer complaints in an effective and timely manner with round the clock assistance provided to customers by our Contact Centre
- Compliance with laws and regulations relating to data protection
- Continuous enhancements brought to our internal platforms and processes, including our cyber risk management framework, to ensure the safety and confidentiality of client information and reliability of our channels
- Organisation of and participation in promotional and commercial initiatives, international seminars, conferences and roadshows to strengthen client relationships and promote the Bank's capabilities and value proposition
- Assistance provided, on a case-to-case basis, to individual and corporate clients still facing challenges following the pandemic
- Dedicated committees in place to cater for the effective pricing and management of new and existing product offering in tune with customer needs

Complaints management (FY 2021/22)

4.4 days average resolution time

81% share of complaints resolved within 5 days

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

Customer Lab: Nurturing customer-centricity



~ 10,000

Customer participation in surveys/research projects



112

Number of research projects/initiatives undertaken



20

Recurrent surveys (monthly/quarterly)



25

Real Time Dashboards

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

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

 Read more on our initiatives to deliver excellent customer experiences in the 'Delivering on our growth pillars' section on pages 60 to 73



SOCIETIES AND COMMUNITIES

SDGs IMPACTED



CAPITALS IMPACTED



Rs 53.7 million Entrusted to MCB Forward Foundation

629 MWh
Electricity generated from
in-house photovoltaic
system

100%
of residual emissions from
2020 operations offset to
contribute to carbon neutrality

58%
of total procurement
expenditure sourced
from local suppliers

WHAT THEY EXPECT FROM US

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

KEY OBJECTIVES AND METRICS

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

MATERIAL MATTERS

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

Note: Figures are as at 30 June 2022

Delivering on our strategic objectives

How we have engaged with societies and communities

- We partnered with relevant stakeholders, such as NGOs and public sector entities, towards promoting social welfare. Our corporate social responsibility activities are channelled via the MCB Forward Foundation (MCBFF), which is the dedicated vehicle for the effective design, implementation and management of initiatives meant to embed the Bank's engagement with the communities in which it operates.
- MCBFF remained actively engaged in undertaking initiatives aimed at meeting a range of nationwide socio-economic development imperatives, aided by mobilisation of necessary logistics and execution of pedagogical programmes.
- Over and above activities undertaken through the MCBFF, the organisation took other initiatives to promote the well-being and progress of societies and communities.
- Of note, no political donations were made during the year under review.

Socio-economic development as a means to poverty alleviation

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

Health

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

Education

- 33 scholarships have been awarded since 1988 to Mauritian students ranked next in line with those eligible for the State of Mauritius scholarships on the Economics side at the Higher School Certificate examinations.
- 37 scholarships have been awarded since 2000 to students from Rodrigues, under the MCB Rodrigues Scholarship, enabling them to pursue tertiary studies at the University of Mauritius.



~Rs 1.8 billion

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

Financial inclusion

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

Arts and culture

- We made further inroads in preserving our cultural heritage, promoting the dissemination of art and sponsoring key projects aimed at supporting local talents at various levels. Of note, we were one of the main sponsors of an art exposition, which showcased the different works of art of Max Boullé, a Mauritian artist who greatly contributed to our local artistic heritage.

Environment

- The organisation took the commitment not to finance new coal-fuelled power plants as from 2022 and assist our clients in their transition towards cleaner technologies with a dedicated envelope made available for financing low-carbon emission projects. Additionally, in line with its objective of achieving carbon neutrality in its operations, MCB has focused on reducing its carbon emissions and then offsetting the residual emissions by investing in projects that have environmental and social benefits. MCB has been compensating for its residual carbon emissions on a retroactive basis, starting with the year 2018, through 'Klima Neutral', the carbon compensation online platform. During the year, MCB has catered for the redemption of its Scope 2 electricity consumption linked to its 2020 operations through the purchase of International Renewable Energy Certificates (I-REC). Besides, the Bank's commitment to invest EUR 5 million, over the period 2021-2040, in the Livelihoods Carbon Fund 3 is expected to generate around 800,000 carbon credits over the fund's lifetime. These credits will be available for its own compensation and to clients willing to contribute to carbon neutrality via a holistic carbon strategy.
- MCB has renewed its support to the Mauritian Wildlife Foundation (MWF) for another three years to protect the biodiversity of the country and preserve the islets around Mauritius. Of note, the partnership with MWF aims to protect four endemic species that are currently under the threat of extinction.
- The organisation actively promotes the use of e-statements by customers. The total number of customers subscribing thereto increased by 19% during the financial year.
- Under the 3rd edition of the Sustainable Use of Natural Resources and Energy Finance (SUNREF III) developed by Agence Française de Développement (AFD), MCB has made a total drawdown of EUR 18 million with projects financed focusing on renewable energy, energy efficiency and circular economy. The objectives of the facility are to (i) reinforce the market of mitigation finance; (ii) scale up of the market to advance Mauritius' adaptation to climate change agenda; and (iii) mainstream gender equality in the Mauritian private sector.
- To support the circular economy, the Bank has partnered with The Good Shop, based on a defined three-year plan, to raise their productivity, add value to their current activities and better communicate on the NGO's different initiatives.

Delivering on our strategic objectives



The Equator Principles

Since 2012, MCB Ltd adopted the Equator Principles, which is a voluntary and internationally recognised risk management framework. This framework stands as the foundation and guiding principle of the Bank's Environmental and Social Policy. It articulates the principles, policies, roles and responsibilities through which the Bank ensures the environmental and social risk management of its lending activities, in particular regarding any project or undertaking entailing loans of an aggregate amount greater than or equal to USD 5 million.



UNEP-FI

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



UN Global Compact

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



Read more in the Sustainability Report on our website

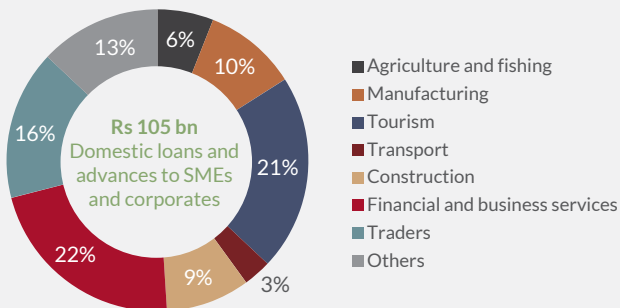


AUTHORITIES AND ECONOMIC AGENTS

SDGs IMPACTED



CAPITALS IMPACTED



28.3%
Domestic loans as a share of GDP

Rs 1,532 m
Corporate tax and special levy

2,181
Number of fraud/
alleged fraud cases
investigated

129,564
Number of financial crime
risk management alerts
investigated and closed

636
Number of suspicious
internal
transaction reports
investigated

4,312
Reports sent to the
Bank of Mauritius

44% Cash to digital
payments ratio

WHAT THEY EXPECT FROM US

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

KEY OBJECTIVES AND METRICS

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

MATERIAL MATTERS

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

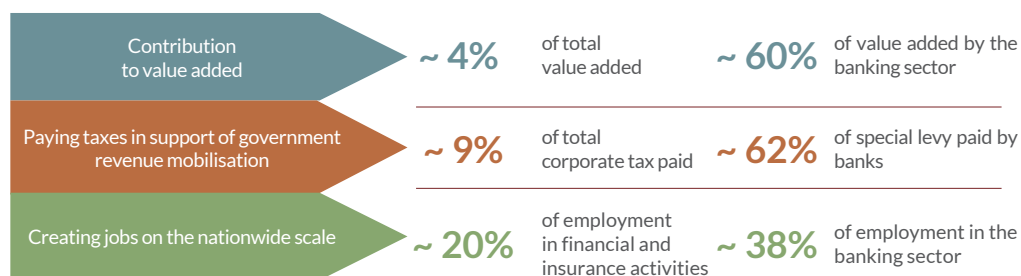
Note: Figures are as at 30 June 2022

Delivering on our strategic objectives

How we have engaged with authorities and agents

- Continuous support to the development and modernisation of the country's economic sectors
- Contribution to the positioning of Mauritius as a credible and competitive International Financial Centre, along with dedicated assistance to businesses transiting through Mauritius to conduct business across Africa and beyond
- Regular interactions and collaboration with the Central Bank and authorities to provide support to our customers in line with COVID-19 measures implemented amidst the pandemic
- Strict compliance with relevant regulatory limits and guidelines relating notably to business operations, product development, market development and risk management
- Perennity and soundness of our operations safeguarded along with compliance with mandatory provisions and requirements
- Policies and procedures in place to detect and prevent financial crimes such as money laundering, bribery and tax evasion in line with legal requirements
- Contribution to the strengthening of the regulatory framework through our close collaboration with the regulators
- Prompt attendance to regulatory reviews and response to matters raised
- Timely submission of reports to regulatory bodies and transparent relationships forged with them to promote adequate monitoring of our activities and informed discussions about relevant issues
- Thought leadership initiatives, including the publication of MCB Focus, weekly MCB Wave podcast on financial markets and articles posted on the MCB Group's 'TH!NK' website

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



Notes:

(i) Total corporate tax paid includes levies charged on income but excludes our indirect contribution induced by tax paid by our suppliers

(ii) The estimates do not cater for the indirect implications of the Bank's operations and banking activities

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

EMPLOYEES

SDGs IMPACTED



CAPITALS IMPACTED



~ 3,100
Employees
(50% female)

29%
Women in middle and
senior management

~ 96%
Employee
retention rate

~ 5%
Employee
turnover rate

Results from the Trust Index© employee survey

68% Participation rate

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

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

~ 22,400
Number of courses
completed on 'Percipio'
(our online learning
platform)

~ 15,500
Total hours spent learning
on 'Percipio'

260 Number of employees enrolled in our
Lead with Impact Academy

WHAT THEY EXPECT FROM US

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

KEY OBJECTIVES AND METRICS

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

MATERIAL MATTERS

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

Note: Figures are as at 30 June 2022

Delivering on our strategic objectives

How we have engaged with employees

- Continuous efforts to identify, attract, grow and retain talents as well as empower them to deliver their best
- Regular interaction with employees to adequately understand and respond to their needs, and gauge their level of motivation and engagement
- Dedicated initiatives to promote an environment of trust, high aspiration and achievement and foster strategic talent acquisition
- Reinforcement of human resource frameworks, in support of enhanced operational efficiencies and sound business growth
- Upgrades to our learning and training framework and enrichment of our training courses – notably through the MCB Institute of Finance and ‘Percipio’ – to equip employees to better respond to evolving customer needs
- Application of the Group Code of Ethics that helps employees understand their ethical responsibilities as they conduct business and the Mauritius Bankers Association’s Code of Ethics and Banking Practice that sets out the standards of disclosure and conduct for maintaining good relationships with customers
- Adoption of a Group Whistleblowing Policy which enables colleagues to raise matters of concern without fear of retaliation
- Fair and robust remuneration philosophy in place to reward our employees, in line with market conditions and meritocracy principles
- Provision of a range of fringe benefits to our employees, including the employee share option scheme
- Support from the Change Management Office to cater for the impact of change from a people perspective to ensure a smooth transition following the implementation of transformation initiatives
- Promotion of a balanced and diversified workforce in terms of age group and experience as well as gender in line with our Gender Equality Charter
- Flexible Working Arrangements (FWA) available to our employees, including flexi-time, staggered hours, hot desking, and ‘Work From Home’ initiative (implemented under specific conditions)
- Dedicated initiatives put in place to cater for the health and well-being of employees

Promoting gender parity in the workplace



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

Main initiatives during FY 2021/22

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

Key measures deployed during the period under review

Talent development

Talent Management

- Progress on the implementation of our Grow! Programme
- Launch of 'Beyond Numbers' Graduate Programme

Digital learning

- 'Percipio' becoming the one-stop shop for digital learning solutions, with a 95% adoption rate and 97% engagement rate since implementation

Leadership brand

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

Specialised learning

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

Employee well-being

Staff welfare and quality of life

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

COVID-19 measures

Safeguarding employee well-being:

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

Ongoing initiatives

Career and rewards architecture

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

Culture

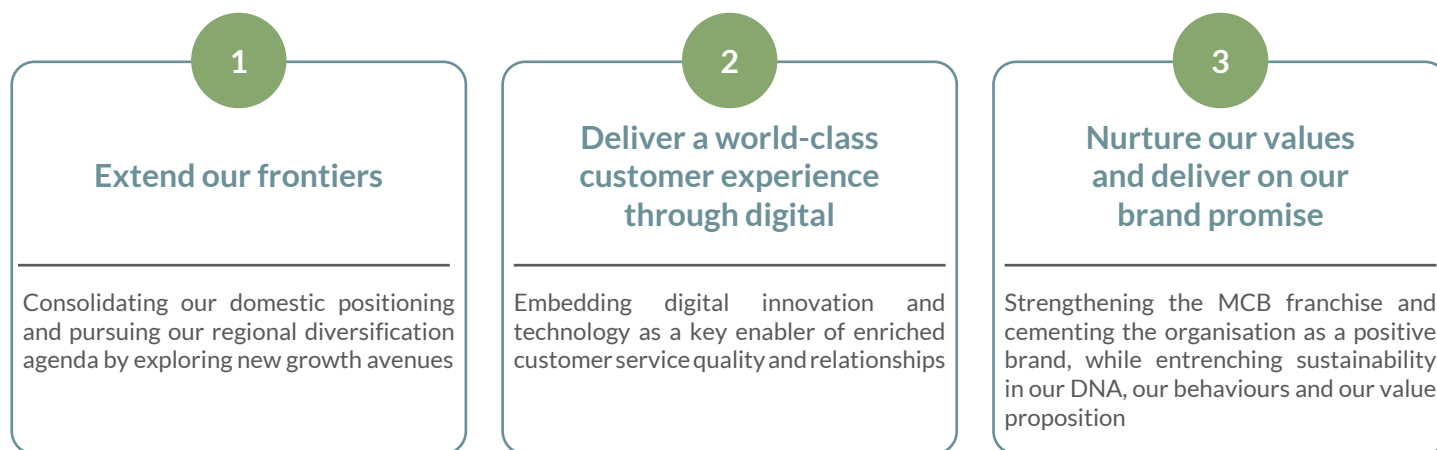
Review of Employer Value Proposition with the assistance of an external service provider to reinforce our offering for our employees

Onboarding journey

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

Delivering on our strategic objectives

Delivering on our growth pillars



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

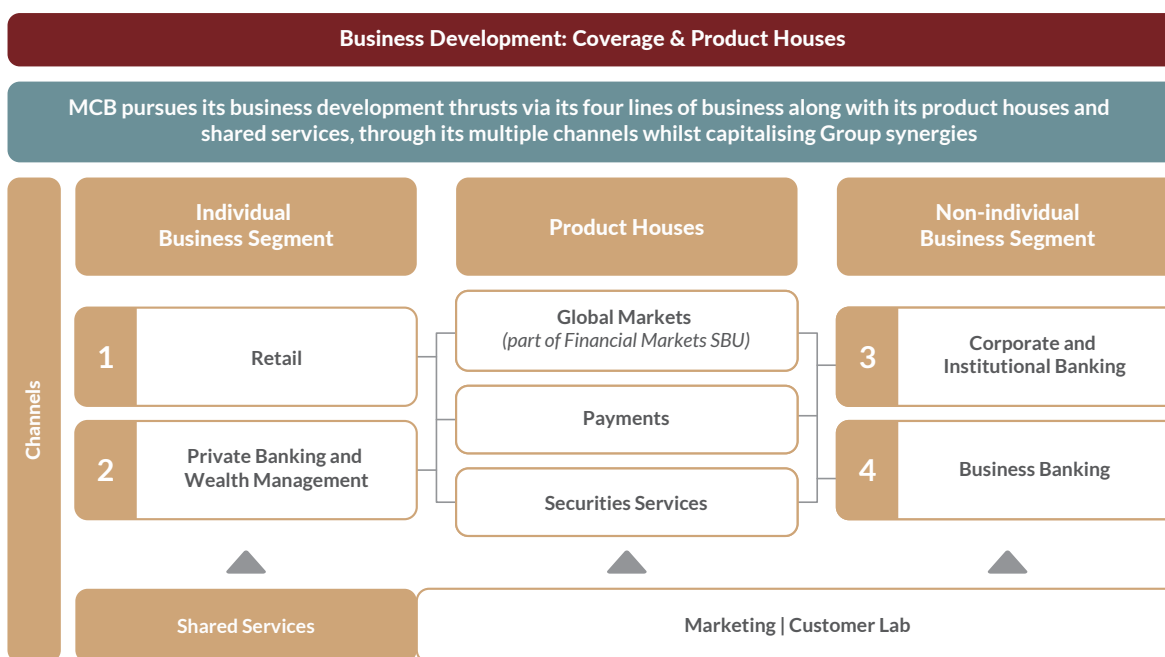
Looking ahead, we will pursue our strategic intents and deliver on our focus areas towards cementing our position as a reference player in the region, while capitalising on the Mauritian IFC as a competitive business and investment hub. Locally, we aim to maintain our leadership position as a strong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

1 Extend our frontiers

General approach

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

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



Retail

Strategic priorities set for FY 2021/22

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

Delivering on our strategic objectives

Main initiatives and achievements during the year under review

- Whilst facing a challenging operating environment, characterised by heightened competitive pressures and difficult economic conditions as evidenced by elevated inflation, we affirmed our position as a leading financial player across the retail segment and achieved a resilient performance, thanks to the progress made on the execution of our strategic initiatives.
- As part of moves to upgrade our value proposition, the appeal of our mortgage solution was further refined with the launch of the 'Your Happy Place' housing loan campaign endowed with enhanced incentives in terms of interest rates and rebates on fees.
- Additionally, the web-based Mortgage application continued to gain traction with 21% of total housing loan applications initiated via this channel. In parallel, the Bank launched its revamped unsecured loan offering which provides instant approval and same day disbursement for eligible customers. Towards providing tailored product offerings, the Neo bundle for mass affluent customers has been enriched, leading to an increase in subscriptions thereto.
- In our bid to boost sales effectiveness, we launched and widely used the Next Best Offer analytics tool, which allowed for successful cross-selling opportunities based on customer profiles.
- Leveraging advanced technologies and strategic partnerships, the Bank further enriched MCB Juice with the anchoring of the aforementioned mortgage and personal lending solutions as well as MauCAS QR and push notifications, amongst others. Following last year's launch of the 4.0 version, MCB Juice's subscribers increased by 8%.
- In terms of operational efficiency, the Bank made headway in simplifying the end-to-end customer journeys for loan application and approval, by adopting agile principles and streamlining processes along the credit chain. It reviewed the credit value chain for individual customers to enhance their experience, which contributed to faster approval, document preparation and disbursement of loans. The Bank also encouraged its customers to use its Appointment Booking Service for in-branch customer service transactions and benefit from a reduced waiting time in branch.
- Towards upholding our strategic positioning and in line with our branch review strategy with a bespoke service orientation, Pamplemousses and Plaine des Papayes customers were relocated to the Beau Plan branch which seeks to offer a unique banking experience to customers.
- The year under review saw the roll out of the Customer Service Learning programme co-created by HR and Retail. The gist of the programme aimed at strengthening the service skills of our employees to create an effective customer focus while better connecting with customers. The programme comprised a mix of online courses leveraging Percipio and on the job training. Some 1,050 digital token certificates were distributed to frontliners who completed their digital training covering subjects such as Discovering Customer Needs, Serving Digital Customers, Building Emotional Leadership amongst others. Moreover, training was provided on how to communicate effectively with customers and how to build rapport with them.

Key priorities looking ahead

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

Private Banking and Wealth Management

Strategic priorities set for FY 2021/22

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

Main initiatives and achievements during the year under review

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

Delivering on our strategic objectives

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

Key priorities looking ahead

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

Business Banking

Strategic priorities set for FY 2021/22

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

Main initiatives and achievements during the year under review

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

- o MCB JuicePro has been endowed with several additional features. These include a full suite of pay and transfer options (e.g. MauCAS QR), Cards Management, security enhancements, centralised access to Statements and Advices and a seamless process for a user to also become a Merchant. Moreover, the Express Overdraft feature, introduced in August 2021, is MCB's first online lending product that can be fulfilled end-to-end digitally, with an average turnaround time of 7 days including customer-waiting time. Worth noting, a dedicated squad is currently working towards developing a full pipeline of new features on the app that should come live in months ahead.
 - o PUNCH, our collaborative community ecosystem, has been enhanced with more features and is rapidly becoming the strategic gateway for SMEs to gain access to a pool of industry experts, accountants, consultants, export markets, clients and equity partners. This digital B2B marketplace affirms our engagement vis-à-vis entrepreneurs beyond banking and helps promote ecosystem building and co-creation within the community. Currently, PUNCH has more than 1,600 members, above 125 Growth Partners and 6 institutional investors.
 - o Given the focus of the 'Lokal is Beautiful' pillar in our strategy, we led a series of actions to enhance the Bank's presence in the domestic entrepreneurial community. Notably, the unit has pursued its close collaboration with key actors in the community, namely incubators and aggregators such as La Turbine, Katapult Mauritius and other associations including the 'Association Mauricienne des Femmes Chefs d'Entreprises', and Regeneration Mauritius, by way of sponsorships and capital investment. Equally, considerable efforts were spent to assess feasibility and define implementation criteria for alternative sustainable finance solutions.
- The Bank worked on boosting the adoption of digital solutions by MSMEs to facilitate the country's transition to a cash-lite society.
 - The unit has also adopted Agile practices whereby all forms of digital deliveries, sales, operations and support functions within the department are functioning in an Agile mode and experimenting new ways of working, supported by a cohesive operating model. This allows the unit to strengthen its ability to provide tailor-made, value-added and digital solutions to MSMEs and MMEs, alongside helping to reduce time to market and improve customer experience within the wider ecosystem.
 - Overall, we have remained the foremost service provider in the MSME segment in Mauritius, being ranked 1st amongst the 12 participating banks operating in the country in respect of credit facilities granted under the Government-backed SME Financing Scheme, with a corresponding market share of around 46% posted during the December 2011 – June 2022 period.

Key priorities looking ahead

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

Delivering on our strategic objectives

Corporate and Institutional Banking

Strategic priorities set for FY 2021/22

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

Main initiatives and achievements during the year under review

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

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

Key priorities looking ahead

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

Delivering on our strategic objectives

Product Houses

Main initiatives and achievements during the year under review

Financial Markets

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

Payments

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

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

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

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

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

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

Note: Figures relate to FY 2021/22

Securities Services

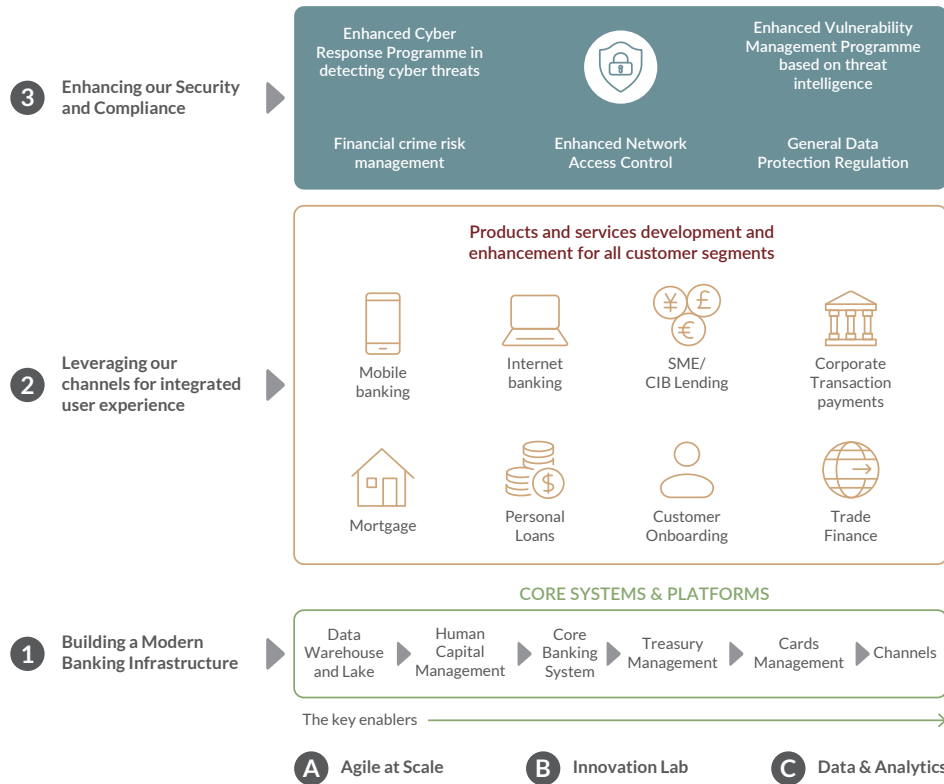
- The unit's value offering was extended with (i) the rolling out of a new pricing model, helping to increase MCB's visibility in some markets; (ii) a revised billing methodology nearing completion, thereby ensuring fairer pricing to both MCB and its clients; and (iii) a rebranding campaign launched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

2

Deliver a world-class customer experience through digital

General approach

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



Main initiatives and achievements during the year under review

Building a modern banking infrastructure

We made further strides towards making our core systems and platforms responsive and scalable as well as supporting Continuous Integration/Continuous Delivery (CI/CD) to improve the time to market. An upgrade of our Core Banking System (Temenos Transact) is underway, while the Group also aims to have a single Group 'Software as a Service' (SaaS) for enhanced efficiency, improved governance and economies of scale. We pursued our omni-channel strategy with the objective of having a unified process for clients when interacting with the Bank, thus enjoying the same customer experience regardless of the entry point or channels. In particular, it upgraded the Backbase platform to the latest version and is migrating its trade finance services on the digital banking platform. The omni-channel strategy is expected to result in increased performance capabilities, a seamless user experience and the potential to scale with a range of new features. It will also serve to extend the agile delivery capability of the organisation while enabling improved management of the customer journeys, across all touch-points and for each line of business. We are also in the process of migrating all cards operations to an upgraded version of its Card Management System, which allows for increased integration and efficiency.

Delivering on our strategic objectives

Leveraging our channels for integrated user experience

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

Key facts and figures on our customer journeys



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

Enhancing our security and compliance

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

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

 Read more in the 'Risk and capital management report'

Key enablers

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

Priorities looking ahead

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

Delivering on our strategic objectives

3

Nurture our values and deliver on our brand promise

General approach

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

Main initiatives and achievements during the year under review

- We pursued our efforts to support the island's recovery by promoting local entrepreneurship and generating synergies between local SMEs, notably via our digital marketplace, PUNCH. The latter seeks to bring entrepreneurs together so as to find ways and means to grow together, by providing them with the tools and network they need as they set off on their growth journey.
- With the objective of complying with the BoM Guideline on Climate Related and Environmental Financial Risk Management, a project team has been set up comprising different units of the Bank. A Steering Committee has also been put in place to monitor the progress of the implementation of the Guideline (Read more in the 'Risk and capital management report' on page 132).
- In line with our engagement to implement the appropriate risk management system for environmental and social considerations in our banking activities, we reviewed our Environmental and Social Risk Policy. The general structure of the Policy has been upgraded in line with the Equator Principles and international environmental and social standards. The Policy caters for distinct sections covering the following: (i) Scope of Application; (ii) Governance: Integration of environmental and social related risks as part of decision-making process within various units of the Bank and committees; (iii) Roles and responsibilities of stakeholders involved in the Environmental and Social Risk Management (ESRM) process; and (iv) Implications for the Bank's Credit Cycle. The Bank's exclusion list has also been updated to (i) allow for its climate engagements; (ii) align with exclusion lists included in its facility agreements with development financial institutions; and (iii) include measures for environmentally sensitive areas. Additionally, the financial threshold for project to be subject to an ESRM assessment was updated to USD 5 million (total project capital costs). We also reserve the right to apply a lighter ESRM process for projects less than USD 5 million with potential environmental and social risks.
- An international service provider was enlisted to accompany us in the development of an adapted sustainable finance framework as part of the organisation's aspiration to position itself as a key sustainable finance player on the domestic and regional fronts. Key priority areas have been identified and an action plan has been elaborated accordingly with all impacted stakeholders.
- Moreover, in alignment with the organisation's ambition to support a just transition to a low-carbon economy, which includes the termination of all new financing of coal infrastructure and trade worldwide as well as new-coal fired power plants in Mauritius as from 2022, we are in the process of setting up a task force. The objective is to determine what is required to fully integrate ESG considerations in our financing and risk management frameworks for our local and international portfolios. It is worth noting that we are already more engaged in the financing of sustainable energy projects and aim to increase our participation in such projects that seek to increase living standards whilst promoting both climatic and environment friendliness. Indeed, the Bank has recently participated in three landmark projects in Ghana, Rwanda and Senegal. These projects are crucial milestones in the electrification goals of these respective countries and in their transition from fossil energy to more renewable, low-carbon energy sources.

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

Key priorities looking ahead

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



Read more on how we have engaged with societies and communities on pages 51 to 54



Read more in the Sustainability Report on our website

Alain LAW MIN
Chief Executive Officer

