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

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

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

Principles of the Code	Relevant sections of the Annual Report
Principle 1: Governance Structure	<ul style="list-style-type: none"> • Our corporate profile¹ • Corporate governance report
Principle 2: The Structure of the Board and its Committees	<ul style="list-style-type: none"> • Corporate governance report
Principle 3: Director Appointment Procedures	<ul style="list-style-type: none"> • Corporate governance report
Principle 4: Director Duties, Remuneration and Performance	<ul style="list-style-type: none"> • Corporate governance report
Principle 5: Risk Governance and Internal Control	<ul style="list-style-type: none"> • Corporate governance report • Risk and capital management report²
Principle 6: Reporting with Integrity	<ul style="list-style-type: none"> • Corporate governance report • Delivering on our strategic objectives³ • Financial performance⁴ • Sustainability Report⁵
Principle 7: Audit	<ul style="list-style-type: none"> • Corporate governance report • Risk and capital management report²
Principle 8: Relations with Shareholders and Other Key Stakeholders	<ul style="list-style-type: none"> • Corporate governance report • Delivering on our strategic objectives³ • Sustainability Report⁵

Notes:

¹ 'Our corporate profile' can be found on pages 20 to 31

² 'Risk and capital management report' can be found on pages 134 to 181

³ 'Delivering on our strategic objectives' includes information on our environmental and social performances and can be found on pages 32 to 80

⁴ 'Financial performance' provides an assessment of the Group's results and can be found on pages 82 to 93

⁵ 'Sustainability Report' provides an overview of our corporate sustainability initiatives and our engagement with various stakeholders and is available on our website

Our philosophy

The Board of MCB Ltd is committed to applying high standards of corporate governance with a view to upholding the organisation's long-term business sustainability and creating value for all its stakeholders, whilst acting for the good of society. The Board provides purpose-driven and ethical leadership by setting the tone from the top in the way it conducts itself and oversees the operation and management of the Bank. It ensures that good governance principles are adopted throughout the organisation, with the aim to maintain ethical and responsible behaviour by all employees in their dealings with stakeholders. Principles of accountability, strong risk management, transparency, and integrity are thus inherent to the Bank's values, culture, processes and operating structures. The Bank's governance framework is also guided by major developments arising in the dynamic market place, whose implications are constantly assessed by the Board, and which, during the year, pertained to the ongoing macroeconomic uncertainty, increased competition and regulatory requirements, heightened prominence of ESG considerations, cyber threats and digital disruption, as well as, workplace transformations and employee expectations. The Bank's governance standards and practices are anchored on key pillars as highlighted hereunder.



Strong commitment to ethics and values

- Adherence to the Mauritius Bankers Association's Code of Ethics and Banking Practice (2016)
- Application of the Group's 'Code of Ethics', approved and monitored by the Board
- Whistleblowing Policy allowing employees to report matters of concern in strict confidentiality
- Establishment of a Gender Policy Charter



Strict compliance to rules and regulations

- Compliance with the National Code of Corporate Governance for Mauritius (2016)
- Adherence to Bank of Mauritius Guidelines
- Compliance with international reporting standards as applicable
- Adoption of the underlying Basel principles



Robust risk governance and internal control

- Board responsible for oversight and monitoring of risk profile against risk appetite
- Strong and transparent governance framework, underpinned by the 'three lines of defence' model
- Dedicated functions in place to ensure risks are properly identified, measured and monitored
- Provision of independent assurance by both internal and external auditors



Continuous multi-stakeholder engagement

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

Governance structure

Governance framework

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

The Board

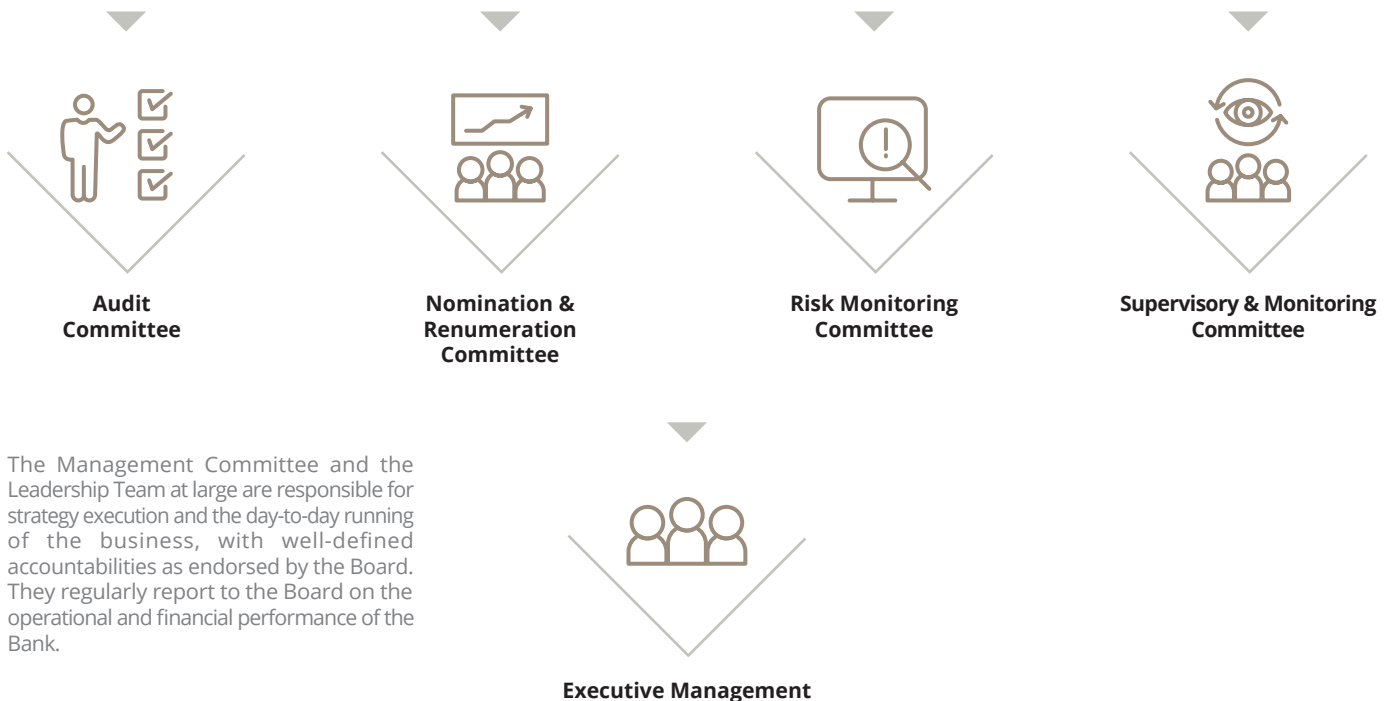
The Board provides effective leadership in the formulation and delivery of the Bank’s Strategy within a framework of robust risk management and internal controls, alongside ensuring adherence by the Company to relevant legislations, policies and norms, including sustainability principles.



Board of Directors

Board committees

Board committees facilitate the discharge of the Board’s responsibilities and provide in-depth focus on specific areas. In fulfilling their role of providing oversight and guidance, the Chairperson of Board committees escalates all significant matters affecting the Bank to the Board.



The Management Committee and the Leadership Team at large are responsible for strategy execution and the day-to-day running of the business, with well-defined accountabilities as endorsed by the Board. They regularly report to the Board on the operational and financial performance of the Bank.

[More information on Board and Committee Charters is available on the website](#)

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

Key roles and responsibilities


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

 *More information on the above key roles is available in the Board Charter on the website*

Constitution of The Mauritius Commercial Bank Limited

The salient features of the Bank's Constitution are highlighted below:

- the Board may, subject to the Companies Act 2001 of Mauritius ("Act") and its Constitution and the terms of issue of any existing shares, issue shares of any Class at any time, to any person and in such numbers as the Board may approve. The Board shall not issue further shares unless such issue has been approved by ordinary resolution;
- the Company may purchase or otherwise acquire its own shares in accordance with, and subject to, sections 68 to 74, and 108 to 110 of the Act and may hold the acquired shares in accordance with section 72 of the Act;
- the Board may authorise a distribution by the Company, if it is satisfied on reasonable grounds that the Company will satisfy the Solvency Test immediately after the distribution;
- the quorum for a meeting of the Board is a majority of the directors;
- a director who has declared his interest in a transaction or proposed transaction with the Company, shall not be counted in a quorum present at the meeting;
- subject to the Banking Act, the directors shall have the power at any time to appoint any person to be a director, either to fill a casual vacancy or as an addition to the existing directors but so that the total number of directors shall not at any time exceed the number fixed in accordance with the Constitution. The directors appointed shall hold office only until the next following Annual Meeting of Shareholders and shall then be eligible for re-election;
- the Constitution of MCB Investment Holding Limited (MCBIH) provides for Reserved Matters. These provide that the representatives of the shareholder shall not vote on a shareholder's resolution of The Mauritius Commercial Bank Ltd which would trigger shareholder's rights under sections 105, 108 or 114 of the Act without prior consent of the shareholders of MCB Group Limited. Such shareholders' resolutions include:
 - adoption of a Constitution or the alteration or revocation of the Constitution;
 - reduction of the stated capital of the Company under section 62 of the Act;
 - approval of a major transaction;
 - approval of an amalgamation of the Company under section 246 of the Act;
 - putting the Company into liquidation; and
 - variation of rights attached to a class of shares.
- at each Annual Meeting, one-third of the directors for the time being, or if their number is not a multiple of three, then the number nearest to, but not exceeding one-third, shall retire from office and shall be eligible for re-election. The directors to retire every year shall be those who have been longest in the office since their last election.

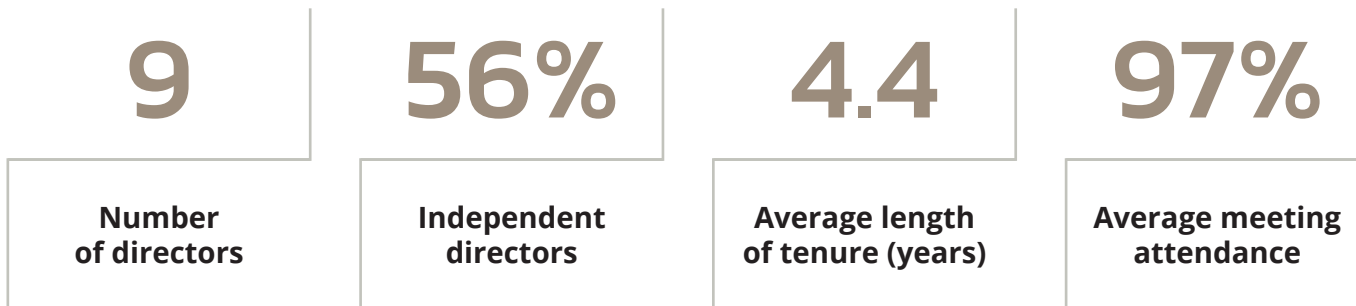
 *More information on the Constitution is available on the website*

The Board

Mandate of the Board

The Board defines the Bank's purpose, strategy and values and determines all matters relating to the directions, policies, practices, management and operations of the Bank. The Board thereafter ensures that the Bank is managed in accordance with its directions and delegations.

Key facts (FY 2022/23)



Responsibilities

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

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

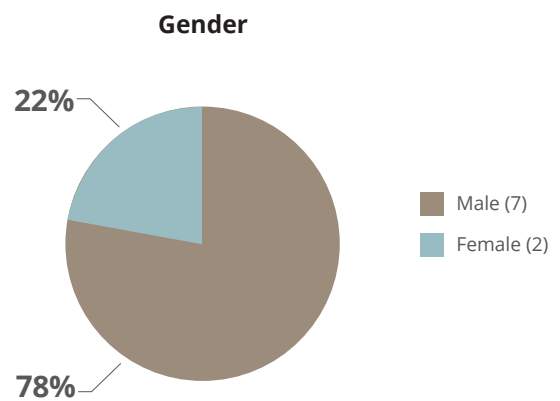
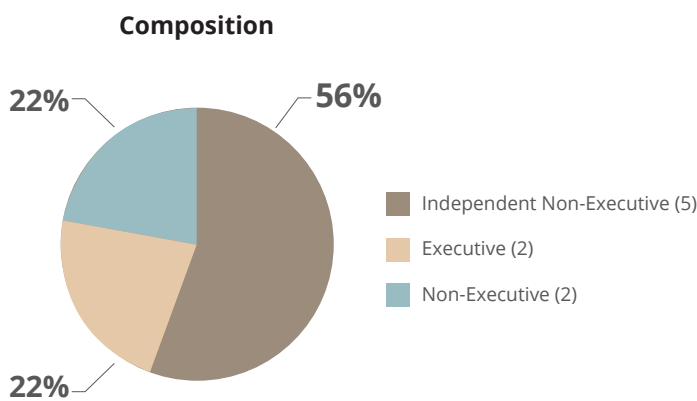
Approval of the Board is required for, amongst other important matters, modifying the Company's Constitution, issuing fresh capital or buying back its own shares, declaring dividends, acquiring or divesting sizeable stakes in subsidiaries or associates, appointing of senior officers, and establishing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

Composition and meetings

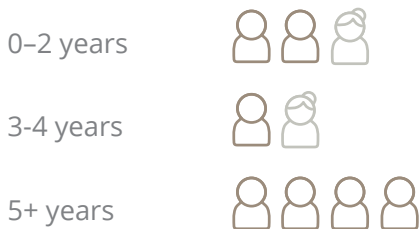
Composition

As per the Board Charter, the Board shall consist of a minimum of five and a maximum of twelve directors including the Chief Executive Officer. The Chairperson of the Board shall be an independent or a non-executive director. In case the Chairperson is an independent director, the Board shall comprise at least 40% of independent directors in line with Bank of Mauritius (BoM) Guidelines. Otherwise, independent directors should make up for at least 50% of the Board. The Board, assisted by the Nomination and Remuneration Committee, regularly reviews the Board size and composition, including the independence status of the non-executive directors, in line with applicable laws and regulations. At the last Annual Meeting, Mr Alain Law Min and Mr Uday Gujadhur were re-elected as Directors in line with the Bank’s Constitution, whilst Mr Thierry Hebraud was appointed as a new Board Member in June 2023.

As at 30 June 2023, the Board consisted of 9 members, with a diverse mix of skills, knowledge and experience. The average age of Board members stood at around 61 years. The Board composition for the year under review is shown hereafter.



Length of tenure

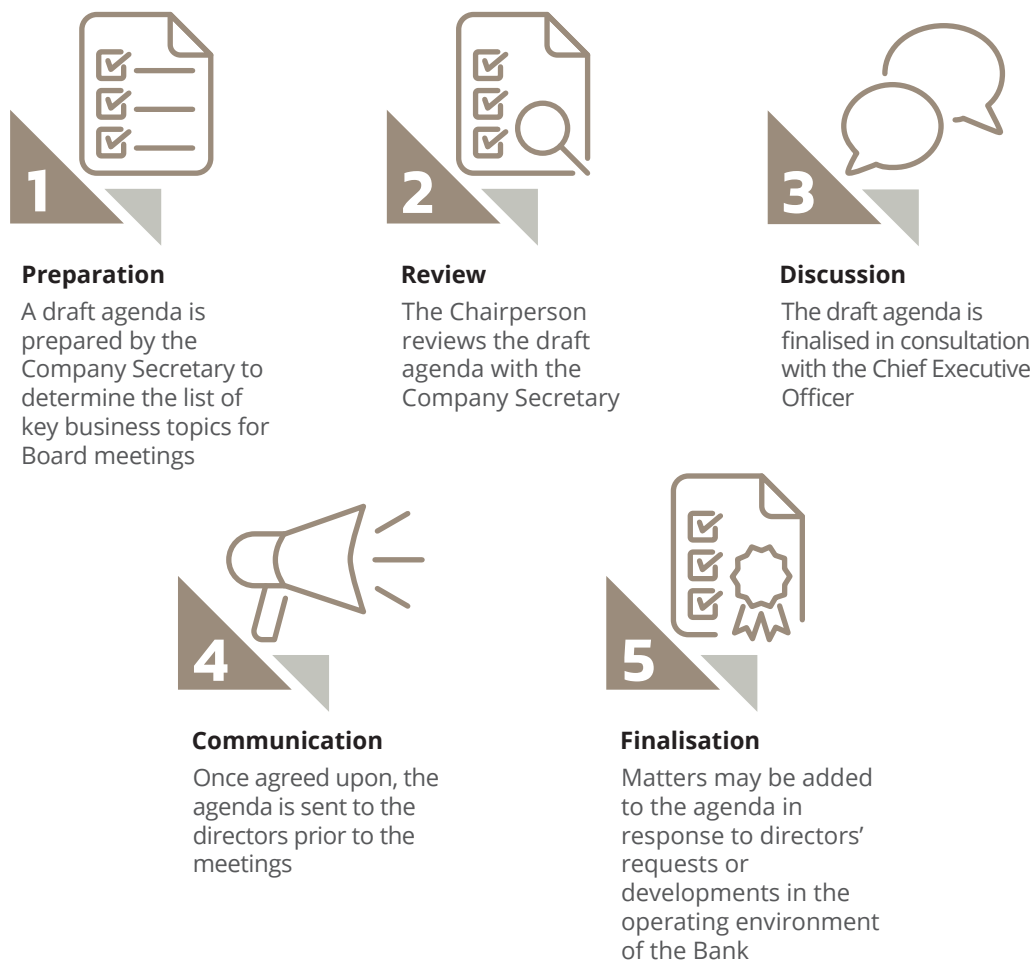


Mix of skills and experience



Meetings

The Board determines the frequency of Board meetings in such a way as to ensure that it can focus on and deal with important matters in a timely and efficient manner. In this respect, the Board Charter requires that meetings be conducted at least on a quarterly basis. Although Board meetings follow an annually scheduled calendar and a provisional agenda of items for discussion, the latter remains sufficiently flexible to include new topics while additional meetings are also called upon to effectively respond to new business needs. In general, meetings are convened so that directors are able to attend and participate in person. In case personal attendance by a director is not possible, the latter can still join the meeting by video conference. To help directors prepare effectively for meetings, relevant documents are provided sufficiently in advance to ensure they have enough time to digest the information for productive discussions during meetings. All materials for Board meetings are uploaded onto a secure portal, which can be easily accessed by directors. Of note, members of the Leadership Team and/or external advisors are sometimes invited to attend meetings to discuss topical issues identified by the Board. The Chairperson presides over the Board meetings to ensure their smooth functioning and promotes open discussions and debates with the objective of maximising participation and, as a result, upholding the quality of decision-making. The Company Secretary attends Board meetings and prepares minutes to record deliberations and decisions taken during meetings. The agenda-setting process is described in the diagram hereafter.



Board attendance

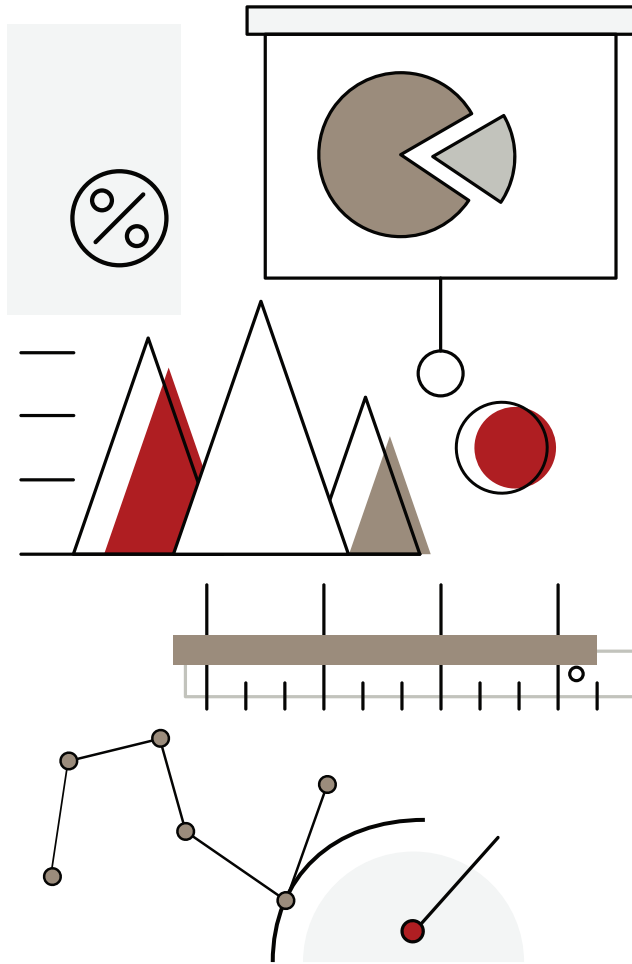
The directors who served on the Board and their attendance at Board meetings during FY 2022/23 are provided in the following table.

Members	Board member since	Board status as at 30 June 2023	Meeting attendance
Jean-François DESVAUX DE MARIGNY (Chairperson)	December 2018	Non-Executive Director	8/8
Uday GUJADHUR	December 2017	Independent Non-Executive Director	8/8
Johanne HAGUE	January 2022	Independent Non-Executive Director	8/8
Philippe LEDESMA	December 2017	Independent Non-Executive Director	8/8
Su Lin ONG	November 2019	Independent Non-Executive Director	8/8
Simon WALKER	June 2020	Independent Non-Executive Director	8/8
Jean Michel NG TSEUNG	August 2015	Non-Executive Director	8/8
Thierry HEBRAUD	June 2023	Executive Director	-
Alain LAW MIN	August 2015	Executive Director	8/8

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

Board focus areas

A summary of the main undertakings of the Board during the financial year is provided hereafter.



Strategy and Performance

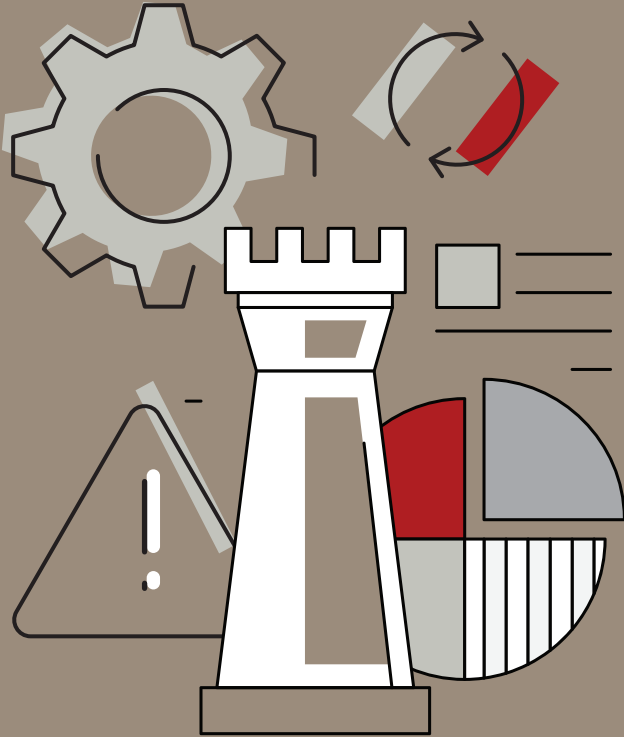
- Discussed major developments in the operating context as well as their impact on the Mauritian economy and on business activities of the Bank
- Reviewed and approved the 3-year strategic plans and budget of the Bank
- Assessed the development of the growth pillars of the Bank
- Reviewed the progress on the Bank's sustainable finance strategy and related governance framework
- Updated on the Digital Transformation Programme and HR Transformation programmes, including the 'Career Architecture' and 'Successful Together' projects
- Discussed the revamping of the Financial Markets function
- Apprised of the progress on the strategic initiatives implemented by the Global & International Corporates and the Payments SBU
- Discussed in depth the results of the 'Great Place to Work' – Trust Index Survey

Financial

- Assessed and monitored the Bank's financial performance against budget
- Discussed and approved dividend payout
- Discussed the Bank's capital and debt raising initiatives
- Approved financial budget



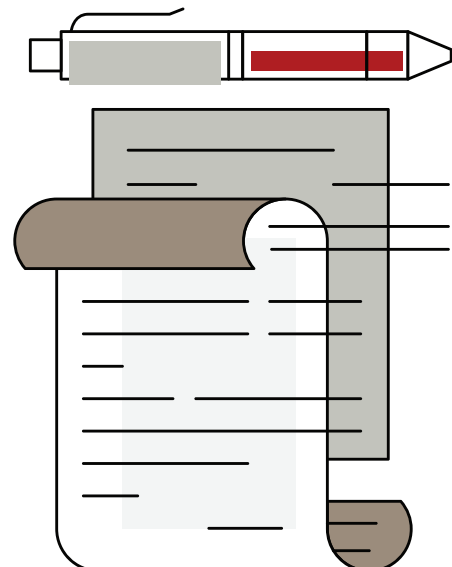
Governance and Risk



- Reviewed and approved the structure, size and composition of the Board and Board committees
- Validated the setting up of a Conduct Review Management Committee in replacement of the Conduct Review Board Committee
- Approved, upon the recommendation of the Nomination and Remuneration Committee, the appointment of Mr Thierry Hebraud as the Chief Executive Officer Designate and as Board member
- Reviewed the Board and Committee Charters and other constitutive documents
- Monitored the implementation of the Board evaluation action plan
- Approved the Board committee self-evaluation assessment
- Reviewed and approved the Bank's risk appetite
- Reviewed the Risk Heat Map
- Discussed the impact of stress testing scenarios
- Appraised the findings of the Cybersecurity Maturity Assessment
- Reviewed relevant policies and changes thereto
- Assessed reports from the Risk Monitoring Committee and the Audit Committee
- Approved the directors' development training programme

Recurrent Agenda Items

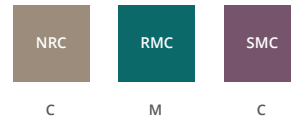
- Reviewed reports from Chairperson of Board committees
- Approved the minutes of proceedings
- Reviewed and approved the Bank's Financial Statements on a quarterly basis
- Updated on trends and developments in the operating environment



Directors' profiles

The Board comprises 9 directors who have a proven track record in various fields. The names of the directors who held office at the end of the financial year, together with details of their position, qualifications, experience and directorships in other listed companies in Mauritius (where applicable) are set out hereafter. Unless otherwise stated in their respective profile, directors reside in Mauritius.

Jean-François DESVAUX DE MARIGNY – Age 69



POSITION:

Chairperson, Non-Executive Director

Non-Executive Director since December 2018. Jean-François is the Chairperson of the Supervisory & Monitoring Committee as well as the Nomination & Remuneration Committee on which he also acts as Secretary. He is also a member of the Risk Monitoring Committee. Moreover, he is a member of the Group's Corporate Sustainability Committee (a sub-committee of MCB Group Remuneration, Corporate Governance, Ethics & Sustainability Committee) and Technology & Innovation Committee (a sub-committee of MCB Group Strategy Committee).

QUALIFICATIONS:

Chartered Accountant (UK)

SKILLS AND EXPERIENCE:

Jean-François has accumulated wide-ranging experience in the banking and financial sector, having worked as an Auditor in Europe for several years before joining MCB in 1986. During his career at the Bank, he shouldered various high-level responsibilities in his capacity as Head of Finance, Company Secretary and Deputy Chief Executive, amongst others. He has participated actively in the development of MCB's regional network and was also involved in the launching of the Stock Exchange of Mauritius in 1989. He was an Executive Director of MCB Ltd from 2013 to 2015 when he retired. He is currently a director of several companies within the MCB Group.

DIRECTORSHIP IN OTHER LISTED COMPANIES:

Attitude Hotels Group

KEY

AC	Audit Committee
NRC	Nomination and Remuneration Committee
RMC	Risk Monitoring Committee
SMC	Supervisory & Monitoring Committee
C	Committee Chair
M	Committee Member

Alain LAW MIN – Age 64**POSITION:***Chief Executive Officer and Executive Director*

Executive Director since August 2015. Alain is a member of the Nomination & Remuneration Committee, the Risk Monitoring Committee as well as the Supervisory & Monitoring Committee on which he also acts as Secretary. Moreover, he is a member of the Group's Corporate Sustainability Committee (a sub-committee of MCB Group Remuneration, Corporate Governance, Ethics & Sustainability Committee) and Technology & Innovation Committee (a sub-committee of MCB Group Strategy Committee).

QUALIFICATIONS:

BA (Honours) in Economics, Chartered Accountant and MBA (UK)

SKILLS AND EXPERIENCE:

Prior to being appointed Chief Executive Officer in 2017, Alain was the Head of the Retail SBU, responsible for the Affluent, Individual, Small and Medium business customer segments, the multi-channel distribution, including the branch network, as well as the 'Retail Product' and 'Operations and Service' units. He started his career at MCB Ltd in 1995 as Head of Projects and he successfully launched the leasing, factoring and private banking services while also being responsible for Structured Project Finance within the Corporate Banking division. He acted as Project Director for the Business Process Re-engineering exercise initiated with Accenture in 2001. Before joining the Bank, he was Senior Manager at De Chazal Du Mée's Consulting division, specialising in financial and strategy consulting. He is currently a director of MCB Forward Foundation, a subsidiary of MCB Group Limited. He was the Chairperson of the Mauritius Bankers Association Ltd for two consecutive years until June 2021.

Thierry HEBRAUD – Age 61**POSITION:***Chief Executive Officer Designate and Executive Director*

Executive Director since June 2023. Thierry is a member of the Risk Monitoring Committee and the Supervisory & Monitoring Committee. Moreover, he is a member of the Group's Corporate Sustainability Committee (a sub-committee of MCB Group Remuneration, Corporate Governance, Ethics & Sustainability Committee) and Technology and Innovation Committee (a sub-committee of MCB Group Strategy Committee).

QUALIFICATIONS:

Diplôme d'Etudes Supérieures de Commerce, Administration et Finance (France)

SKILLS AND EXPERIENCE:

Thierry joined MCB Ltd in October 2019 as Head of Corporate and Institutional Banking, with the responsibility to oversee the SBU's coverage teams namely 'Global and International Corporates', 'Specialised Finance', 'Mauritian and Regional Corporates' and 'Financial Institutions and Syndication', alongside other supporting units such as 'Global Transaction Banking', 'Credit Analysis and Structuring', 'Middle Office' and 'Business Development'. Prior to joining the Bank, he has accumulated extensive experience in Corporate and Investment Banking over the last 35 years, holding leading positions within Crédit Agricole Group in Eastern and Central Europe, Asia, and North Africa.

He has been appointed Chief Executive Officer Designate as from May 2023.

Uday GUJADHUR – Age 68

AC

C

POSITION:*Independent Non-Executive Director*

Non-Executive Director since December 2017. Uday is the Chairperson of the Audit Committee.

QUALIFICATIONS:

Chartered Certified Accountant (UK)

SKILLS AND EXPERIENCE:

Uday has over 40 years of professional experience in the fields of auditing, taxation, consulting and structuring. He has been involved in advising both local and international firms in various business sectors, including investment funds seeking listing on the Stock Exchange of Mauritius. Between 1986 and 1994, he carried out several audits of companies and projects financed by the World Bank and African Development Bank in African countries. Until October 2008, he was the Chief Executive Officer, director and shareholder of a major Trust and Fiduciary company in Mauritius. He was a member of the Consultative committee set up by the Government of Mauritius to advise on the reforms of the non-banking financial services sector in 2000 which led to the setting up of the Financial Services Commission and the enactment of a new legal and regulatory framework in 2001. He is the Founder member of the International Fiscal Association (IFA) (Mauritius branch) and currently serves as an independent non-executive director of several companies including investment funds and entities listed on the Stock Exchange of Mauritius. He is a resident director of Essar Capital (Mauritius) Limited and the Honorary Consul of Georgia. He is also a member of the Institute of Directors (UK) and a Fellow of MIoD.

DIRECTORSHIP IN OTHER LISTED COMPANIES:

RHT Holding Ltd

Johanne HAGUE – Age 42

AC

M

POSITION:*Independent Non-Executive Director*

Non-Executive Director since January 2022. Johanne is a member of the Audit Committee. She also sits on the Group's Corporate Sustainability Committee (a sub-committee of the MCB Group Remuneration, Corporate Governance, Ethics & Sustainability Committee).

QUALIFICATIONS:

LLB English and French Law (UK), 'Maîtrise en Droits français et anglais' (France) and Diploma in Legal Practice (UK)

SKILLS AND EXPERIENCE:

Johanne is a tax lawyer practising at the Mauritian bar and is the founder of Prism Chambers, a boutique tax law firm in Mauritius. She is also a practising solicitor of England & Wales since 2007. She has worked for many years in London, initially at a Magic Circle law firm, Linklaters LLP and thereafter as an in-house lawyer at JPMorgan Chase Bank N.A. She has significant experience in tax legislation in the UK, Mauritius and a number of African countries and routinely advises multinational and domestic clients on their contentious and transactional tax issues. She assists clients in connection with audits, investigations and assessments by the Mauritius Revenue Authority and appears for her clients before the Assessment Review Committee and the Supreme Court of Mauritius on tax-related matters. She sits on the Tax Committee of Mauritius Finance and regularly lectures on Tax law at the Paris 2 Panthéon-Assas University and the International Bureau of Fiscal Documentation in Amsterdam. She is also a Director of MCB Leasing Ltd, a subsidiary of MCB Group Limited.

Philippe LEDESMA – Age 65**POSITION:***Independent Non-Executive Director*

Non-Executive Director since December 2017. Philippe is a member of the Nomination & Remuneration Committee and Risk Monitoring Committee.

QUALIFICATIONS:

Master's Degree (DESS and DJCE) in Business and Company Law (France)

SKILLS AND EXPERIENCE:

Philippe has more than 35 years of practice as a tax and business law adviser for governments, international financial institutions, banks and private groups in various countries. He has a dual experience both as an in-house lawyer and as a lawyer within large consultancy groups. He specialises in mergers and acquisitions, restructuring and privatisation processes, drafting of new legal frameworks, negotiation and drafting of commercial agreements as well as in tax planning, particularly through offshore vehicles registered in Mauritius. Among his many assignments, he has been involved as a leading counsel for investments in hotel and real estate industries in Mauritius, privatisation of a state owned company in Madagascar, studying the feasibility of a transatlantic airline company and, in consortium with the Stock Exchange of Mauritius Ltd, the setting up of a regional stock exchange common to the Member States of the Central African Economic and Monetary Community (CEMAC). Previously, Philippe has been a foreign trade advisor for France and President of the corresponding section in Mauritius.

Su Lin ONG – Age 63**POSITION:***Independent Non-Executive Director*

Non-Executive Director since November 2019. Su Lin is a member of the Audit Committee. She also sits on the Group's Technology and Innovation Committee (a sub-committee of MCB Group Strategy Committee).

QUALIFICATIONS:

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

SKILLS AND EXPERIENCE:

Su Lin has 37 years of professional experience in Audit and Advisory. She trained as a Chartered Accountant in London with Deloitte, Haskins & Sells where she worked for 8 years before joining Coopers & Lybrand Mauritius (which subsequently became PwC) as a Partner in the Consulting Division. She has also been a Partner in De Chazal Du Mée Consulting (local partner of Accenture), specialising in digitalisation and systems integration, and a Director at KPMG Advisory Services, specialising in internal audit and risk management. She is a past President of the Society of Chartered Accountants in Mauritius. Since November 2019, she sits as an Independent Non-Executive director on several boards in Mauritius.

DIRECTORSHIP IN OTHER LISTED COMPANIES:

Tropical Paradise Co. Ltd; Les Moulins de la Concorde Ltée; Mauritius Oil Refineries Ltd

Simon WALKER – Age 62

M

C

POSITION:***Independent Non-Executive Director***

Non-Executive Director since June 2020. Simon is the Chairperson of the Risk Monitoring Committee and a member of the Nomination & Remuneration Committee.

QUALIFICATIONS:

BSc (Honours) in Geography (UK), Associate of the Chartered Institute of Bankers (UK), Fellow of Australasian Institute of Banking & Finance (Australia) and Executive MBA (Brazil)

SKILLS AND EXPERIENCE:

Simon built a diversified international career in the financial services industry, having worked for HSBC Holdings plc for nearly 30 years. Over this period, he has shouldered an array of senior executive positions within the group, acting namely as Country Manager, Deputy CEO, Head of Group Audit, amongst others, in its various offices worldwide. Thereafter, he had a three-year stint as Regional General Manager for Europe at Qatar National Bank SAQ in London until the end of 2015. Prior to his retirement in 2019, he was the Founder and CEO of Silver Sparkle Ltd, a web portal company in the educational support services field. Simon also held external positions in various institutions, acting as either director or board member.

Non-Resident

Jean Michel NG TSEUNG – Age 55

M

POSITION:***Non-Executive Director***

Non-Executive Director since August 2015. Jean Michel is a member of the Risk Monitoring Committee.

QUALIFICATIONS:

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

SKILLS AND EXPERIENCE:

Jean Michel joined MCB Ltd in January 2004 and was Head of Corporate Banking of the Bank until July 2015, when he was appointed Chief Executive Officer of MCB Investment Holding Ltd. He trained as a Chartered Accountant with Arthur Andersen in London before becoming Partner and Head of the Audit and Business Advisory Department of De Chazal Du Mée and subsequently of Ernst & Young in Mauritius. He is currently the Chief Executive and Executive Director of MCB Group Ltd and a Board member of several companies within the Group namely MCB Investment Holding Ltd, Banque Française Commerciale Océan Indien, MCB Seychelles Ltd, MCB Maldives Private Ltd, MCB Madagascar SA, MCB Capital Markets Ltd and MCB Equity Fund Ltd, amongst others. He also sits on various Board committees of MCB Group Limited.

DIRECTORSHIP IN OTHER LISTED COMPANIES:

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

Remuneration philosophy

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

Employees

Fair remuneration

The Bank aims at promoting a fair and competitive remuneration that encourages performance and assists in attracting and retaining talent.

Our remuneration policy is based on meritocracy and ensures that:

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

Remuneration package

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

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

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

Employee benefits

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

- Employees are entitled to a pension contribution representing 18.1% of employees' basic salaries, with the possibility for employees under the Defined Contribution Scheme to opt, depending on their age group, to receive part thereof, up to a threshold, by way of a cash supplement
- Employees are provided with banking facilities under preferential conditions
- Employees are granted a monthly travelling allowance, with the amount varying according to their job grades
- Employees and their dependents benefit from a contributory medical and insurance coverage

Group Employee Share Option Scheme

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

	Leadership Team	Other employees	Total
Number of options granted in October 2022	93,725	527,656	621,381
Initial option price (Rs)	310.50	279.50	-
Number of options exercised to date	23,806	109,691	133,497
Value (Rs)*	7,391,763	30,658,635	38,050,398
Percentage exercised	25%	21%	21%
Number of employees	5	711	716
Available for the 4th window and expiring in mid-October 2023	69,919	417,965	487,884

*Based on initial option price

*Directors**Executive directors*

In line with the policy for employees, remuneration for executive directors consists of a base salary and short-term benefits, which reflect their respective responsibilities and experience, as well as a variable element in the form of an annual bonus, determined by the financial performance of the Bank, on the one hand, and their individual performance appraisal, on the other. The remuneration modalities are aimed at motivating and retaining top-level talents, in key senior executive positions.

Non-executive directors

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

- There is a basic retainer fee for each individual non-executive director reflecting the workload, size and complexity (national/international) of the business as well as the responsibility involved;
- The basic retainer fee paid to the non-executive Chairperson commensurately reflects the fact that he has a wider scope of responsibilities and a heavier workload, compared to other non-executive directors;
- Board committee basic retainer fees also apply to non-executive directors, with the fees differing in accordance with the time required for preparation, the frequency and the duration of committee meetings. Chairperson of committees are paid a higher basic retainer fee than members, in line with the rationale outlined in the previous point;
- There is, in addition, an attendance fee for non-executive directors in respect of their presence at meetings of the Board and respective Board committees; and
- No share option or bonus is granted to non-executive directors, except those who hold an executive position within the Group.

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

Remuneration and benefits received	Rs '000
Jean-François DESVAUX DE MARIGNY	2,998
Uday GUJADHUR	1,152
Johanne HAGUE	853
Philippe LEDESMA	977
Su Lin ONG	955
Simon WALKER	1,275
Total Non-Executive	8,211
Thierry HEBRAUD <i>(as from June 2023)</i>	628
Alain LAW MIN	36,944
Total Executive	37,572
Total (Non-Executive and Executive)	45,783

Remuneration and benefits received by Jean Michel NG TSEUNG are paid by MCB Investment Holding Limited in his capacity as Chief Executive Officer of the latter and partly by MCB Group Limited.

Figures may not add up due to rounding

Directors' interests and dealings in securities

MCB Investment Holding Ltd being the sole direct shareholder of MCB Ltd, the directors do not hold shares of their own company. However, regarding directors' dealings in the Group's securities, the directors confirm that they have followed the absolute prohibition principles and notification requirements of the 'Model Code for Securities Transactions by Directors of Listed Companies' as detailed in Appendix 6 of the Stock Exchange of Mauritius Listing Rules.

The Company Secretary maintains a Register of Interests. Upon their appointment, all new directors are required to notify in writing to the Company Secretary their interest as well as the interest of their closely related parties in the Group's securities. The following tables itemise the interests of the directors in the Group's listed securities as at 30 June 2023 as well as the transactions effected by them during the financial year.

Interests in MCB Group Ltd Ordinary shares as at 30 June 2023	Number of Ordinary shares	
	Direct	Indirect
Jean-François DESVAUX DE MARIGNY	492,679	277,814
Alain LAW MIN	303,241	21,887
Philippe LEDESMA	-	48,520
Jean Michel NG TSEUNG	55,872	-
Su Lin ONG	14,996	53,458
Simon WALKER	-	2,003

Transactions during the year	Number of Ordinary shares	
	Purchased	
	Direct	Indirect
Jean-François DESVAUX DE MARIGNY	55,856	26,681
Alain LAW MIN	18,636	19,070
Jean Michel NG TSEUNG	2,481	-
Su Lin ONG	2,628	1,967
Simon WALKER	-	88

Interests in Fincorp Investment Ltd as at 30 June 2023	Number of shares	
	Direct	Indirect
Jean-François DESVAUX DE MARIGNY	88,225	11,124
Alain LAW MIN	52,270	11,346
Simon WALKER	-	10,320

Directors' service contracts

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

Board committees

The Board has delegated authority to various Board committees to provide specialist guidance and make recommendations, through established reporting mechanisms, on areas and matters entrusted to them. Each committee has its own charter, as approved by the Board and reviewed as required, which sets out, *inter alia*, its roles, responsibilities, composition and meeting requirements. The mandate, composition and focus areas covered by the four Committees namely: (i) Audit Committee; (ii) Nomination and Remuneration Committee; (iii) Risk Monitoring Committee; and (iv) Supervisory and Monitoring Committee are presented hereafter. Further to the revised Bank of Mauritius guidelines on related transactions, the Board took the decision to discontinue the Conduct Review Committee to operate as a Board committee since January 2023. A new committee has been set up at executive level, namely the Conduct Review Management Committee, which deliberates on related party transactions, with facilities above the prescribed threshold being taken up at Board level. Of note also, some directors of MCB Ltd sit on Board sub-committees of MCB Group, namely the MCB Group Corporate Sustainability Committee which monitors the implementation of the Group's corporate sustainability initiatives, and the MCB Group Technology and Innovation Committee which oversees matters relating to technological innovation.

Audit Committee (AC)

Mandate

The AC assists the Board in the oversight of the financial reporting process to ensure the balance, integrity and transparency of the financial information published by MCB Ltd. It monitors internal control processes and ensures compliance with relevant laws and regulations.

Key facts (FY 2022/23)



Composition and meetings

As per its Charter, the AC shall comprise between three and five members and shall consist solely of independent directors from whom the Chairperson shall be nominated. The Chairperson of the Board shall not be a member of the AC. The AC meets at least four times a year corresponding to the Company's quarterly reporting cycle and on an ad hoc basis when required. A member of the Risk Monitoring Committee may be requested to attend the AC whenever deemed appropriate. The directors who served on the AC and their attendance at committee meetings during FY 2022/23 are provided in the following table:

Members	Committee member since	Board status as at 30 June 2023	Meeting attendance
Uday GUJADHUR (Chairperson)	December 2017	Independent Non-Executive Director	11/11
Johanne HAGUE	January 2022	Independent Non-Executive Director	11/11
Su Lin ONG	November 2019	Independent Non-Executive Director	11/11

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

Focus areas in FY 2022/23

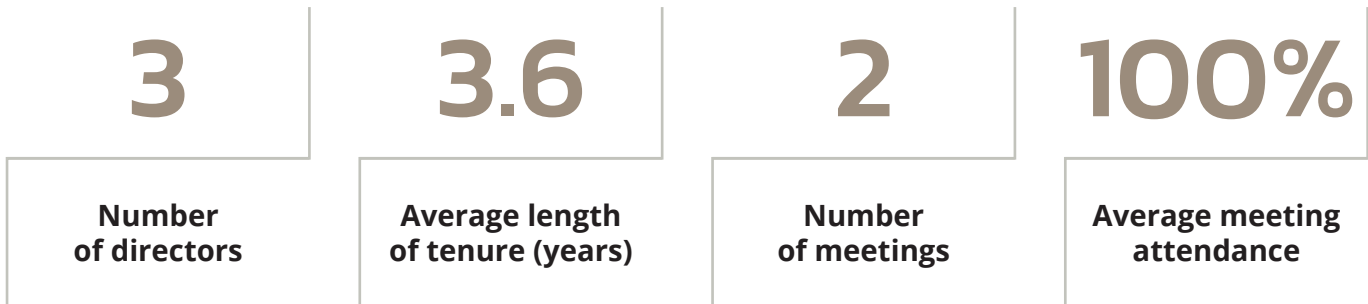
Key topics discussed

- Interim and audited Financial Statements published by the Bank with recommendations made to the Board
- Reports from internal and external auditors and actions taken accordingly
- Audit plans of internal and external auditors
- Updated Risk Heat Map and action plan
- Compliance plan and report
- Report from the Money Laundering Reporting Officer
- Follow-up action plan of audit recommendations by the Bank of Mauritius
- The update of existing policies
- Approval of new policies with recommendations
- Permanent supervision review
- Operational risk review
- Cyber & information security review
- Adequacy of allowance for credit impairment
- Review of model risk
- Specific regulatory changes
- Quality assurance reviews of internal audit by an Independent consultancy firm (which recognised the function as being 'Generally Compliant' with the standards of the Institute of Internal Auditors)
- Ongoing activities of some business segments

Conduct Review Committee (CRC)

As explained in the section above, the Committee ceased to operate as a Board committee since January 2023 with an executive committee set up accordingly. The mandate of the CRC was to assist the Board in monitoring and reviewing related party transactions, their terms and conditions, and ensuring the effectiveness of established procedures and compliance with the Bank of Mauritius Guidelines.

Key facts (FY 2022/23)



Meetings

The directors who served on the CRC and their attendance at committee meetings during FY 2022/23 are provided in the following table.

Members	Committee member since	Board status as at 30 June 2023	Meeting attendance
Su Lin ONG (Chairperson)	November 2019	Independent Non-Executive Director	2/2
Uday GUJADHUR	December 2017	Independent Non-Executive Director	2/2
Johanne HAGUE	January 2022	Independent Non-Executive Director	2/2

Secretary: Frederic PAPOCCHIA (Chief Risk Officer)

Focus areas in FY 2022/23

Key topics discussed

- Credit facilities granted to related parties
- Reporting to the BoM on related party exposures
- Reports with respect to deposits of related parties
- Financial positions (exposures and deposits) relating to external auditors as well as partners in charge of the audit of the Bank
- Review of the Conflicts of Interest and Related Party Transactions Policy

Nomination and Remuneration Committee (NRC)

Mandate

The NRC assists the Board by making recommendations in respect of nominations and remunerations for the Board and Committee members as well as Chief Executive Officer/Senior Officers who form part of the Leadership Team of the Bank.

Key facts (FY 2022/23)



Composition and meetings

As per its Charter, the NRC shall comprise between three and five members, the majority of whom shall be independent non-executive directors. The Chairperson shall be a non-executive director and the Chief Executive Officer may be a member of the NRC. The NRC meets at least twice a year and on an ad hoc basis when required. The directors who served on the NRC and their attendance at committee meetings during FY 2022/23 are provided in the following table.

Members	Committee member since	Board status as at 30 June 2023	Meeting attendance
Jean-François DESVAUX DE MARIGNY <i>(Chairperson & Secretary)</i>	December 2018	Non-Executive Director	5/5
Philippe LEDESMA	December 2017	Independent Non-Executive Director	3/5
Simon WALKER	June 2020	Independent Non-Executive Director	4/5
Alain LAW MIN	January 2017	Executive Director	5/5

Focus areas in FY 2022/23

Key topics discussed

- Appointment of CEO Designate
- Board committees composition
- Succession plan for leadership roles, including strategic talent acquisition
- Identification of a senior officer to the Leadership Team with recommendations submitted to the Board
- Career architecture project
- Remuneration strategy and reward architecture project
- Review of the financial and non-financial objectives set to Management as per the 3-year strategic plan
- Approval of salary reviews and bonuses for the Leadership Team as well as for all other employees
- Directors' fees for Board and Board committees
- Board Succession Plan

Risk Monitoring Committee (RMC)

Mandate

The RMC assists the Board in setting up risk mitigation strategies and in assessing and monitoring the risk management process of the Bank. It also advises the Board on risk issues and monitors the risk of the different portfolios against the set risk appetite, in compliance with relevant regulations and advocated norms.

Key facts (FY 2022/23)



Composition and meetings

As per its Charter, the RMC shall consist of the Chief Executive Officer and at least three non-executive directors. The Chairperson of the Committee shall be an independent non-executive director. The RMC meets at least quarterly and on an ad hoc basis when required. The directors who served on the RMC and their attendance at committee meetings during FY 2022/23 are provided in the following table.

Members	Committee member since	Board status as at 30 June 2023	Meeting attendance
Simon WALKER (Chairperson)	June 2020	Independent Non-Executive Director	5/5
Philippe LEDESMA	December 2017	Independent Non-Executive Director	5/5
Jean-François DESVAUX DE MARIGNY	December 2018	Non-Executive Director	5/5
Jean Michel NG TSEUNG	August 2015	Non-Executive Director	5/5
Alain LAW MIN	January 2017	Executive Director	5/5

Secretary: Frederic PAPOCCHIA (Chief Risk Officer)

Focus areas in FY 2022/23

Key topics discussed

- Review and recommend to the Board the updated risk appetite, including stress testing of the 3-year budget approved at Board as well as quarterly RWA limits
- Quarterly monitoring of risk appetite targets/ limits/ parameters including RWA limits
- Review and recommend to the Board the updated country risk appetite
- Quarterly monitoring of country risk appetite limits
- Follow-up and monitoring of early warning indicators used as a basis to trigger, or not, stress testing
- Review and recommend to the Board the annual ICAAP stress testing exercise and findings
- Review and recommend to the Board regarding quarterly asset classification, loan loss allowances (including expected credit losses) and write-offs review and follow-up on large sensitive credit files
- Capital Management with a view to ensuring target CAR and CAR Tier 1 ratios are met
- Follow-up of trading book and FX Profit or Loss Report produced by the Market Risk & Product Control Unit
- Review of updated Credit Risk Policy
- Review of updated Market Risk Policy
- Follow-up and risk assessment on the deterioration of the macro-economic situation of various African economies particularly Ghana, Nigeria, Egypt and Kenya
- Review the impact analysis and risk assessment of the high interest rate environment on clients' repayment capacity
- Review of the updated Environment and Social Risk (ESR) Policy
- Review of ad hoc liquidity stress tests to assess survival horizon in a situation of bank run on FCY deposits
- Review of the contingency funding plan

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

Supervisory and Monitoring Committee (SMC)

Mandate

The SMC assists the Board in setting the development strategy and objectives of MCB Ltd whilst monitoring and measuring the Bank's performance against such strategy. It oversees the overall management of the Bank in accordance with set policies.

Key facts (FY 2022/23)



Composition and meetings

As per its Charter, the SMC shall consist of at least two members, including the Chairperson and the Chief Executive Officer. Any two members of the Committee shall form a quorum, provided that one of them is the Chairperson. In the absence of the Chairperson or the Chief Executive Officer, a non-executive or independent director, appointed by the Board or the NRC, shall act as member. The SMC shall meet regularly and on an ad hoc basis when required. The directors who served on the SMC and their attendance at committee meetings during FY 2022/23 are provided in the following table.

Members	Committee member since	Board status as at 30 June 2023	Meeting attendance
Jean-François DESVAUX DE MARIGNY <i>(Chairperson)</i>	January 2019	Non-Executive Director	41/41
Alain LAW MIN <i>(also acts as Secretary)</i>	July 2015	Executive Director	41/41

Focus areas in FY 2022/23

Key topics discussed

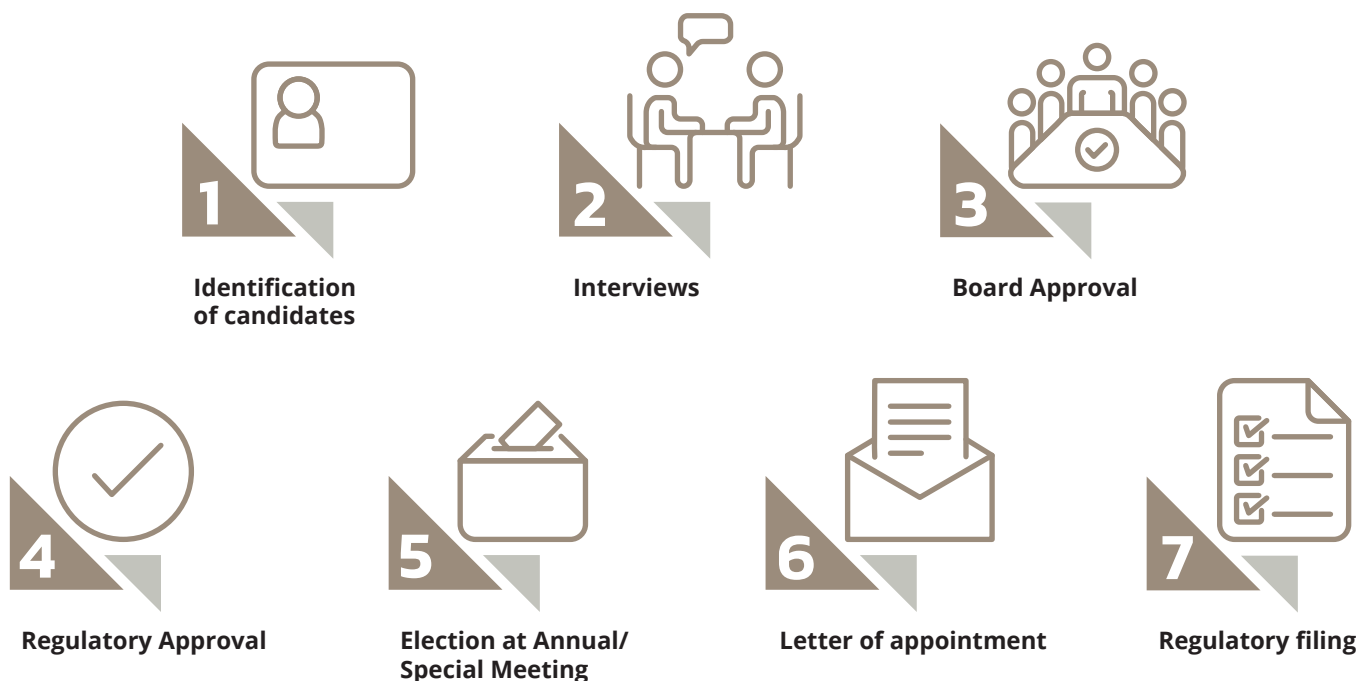
- Impact of developments in the operating environment on the strategy, financial performance and operations of the Bank
- Progress on key organisation-wide initiatives, including major projects
- Review of financial performance
- Capital and funding initiatives as well as liquidity position of the Bank
- Major credit risk issues and large credit exposures ratification
- Approval of policies, procedures and terms of reference
- Legal, operational and compliance matters
- Delegation of powers and authority as well as review of authorised signatories for specific purposes
- Review of cloud-based outsourcing services or material outsourcing services
- HR matters including requests for early retirements, compliance to regulations and policies
- Investment and immovable property acquisition opportunities

Board effectiveness

Nomination Process

The Board has a formal and transparent process in place for the nomination and appointment of directors. In fulfilling this duty, the Board is supported by the Nomination and Remuneration Committee (NRC), which is responsible for overseeing board directorship renewal and succession planning. The NRC reviews the size, structure and composition of the Board on an annual basis or whenever appointments are considered. The Board places high emphasis on ensuring that its membership reflects diversity to provide the range of perspectives, insights and challenge needed to support good decision-making in the execution of the Bank's strategy. The NRC is responsible for identifying candidates, carrying out interviews and recommending potential directors to the Board for its approval. Appointment of prospective candidates are based on merit and due considerations are given to, amongst others, specific skills, expertise, knowledge, experience, their background, including the value the individual can bring to the overall Board performance. In addition, the NRC also considers gender diversity, independence and time commitments of prospective Board members. Prior to their appointment, non-executive directors are advised of time commitments and are required to devote such time as is necessary to discharge their duties effectively. The Board is satisfied that there are no directors whose time commitments are considered to be a matter of concern.

The nomination and appointment process of directors for the Board is highlighted in the diagram below.



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

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

Board induction and training

All new directors, upon joining the Board, receive a comprehensive induction programme tailored to their specific requirements. The training seeks, *inter alia*, to make them aware of their legal duties and facilitate their understanding of the Bank's business strategy, governance, business operations as well as the key issues and challenges that it faces. The objective of the programme is to enable directors to be well equipped from the outset to effectively contribute to strategic discussions and oversight of the Bank. Continuous development of directors is deemed essential to maintaining a highly engaged, well-informed and effective board. In this respect, the Chairperson of the Board is responsible for identifying the development needs of members and monitoring the implementation of related training. The Company Secretary oversees the training plan for the directors, which is reviewed on a regular basis to ensure its pertinence, and a training log is maintained for each director.

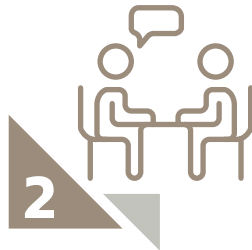
During the year under review, as part of the ongoing training and development programme, directors attended an 'ESG Masterclass' training delivered by an international expert from a global law firm. The course contained an overview of the key trends in sustainable finance namely, pertaining to sustainability-linked notes and green loans. The directors were also provided with an outline of the advocated governance, including the assurance entailed in green financing as well as the relevant rules and regulations to comply with. In addition, they participated in a training titled 'Agile Governance: Building Impactful Boards', which enabled them to grasp the benefits of adopting an agile approach to running Board meetings and monitoring significant projects in a dynamic and fast-paced environment. Directors were provided with some insights into agile principles and methodologies as well as the prerequisites for their effective implementation. They also participated in AML and cybersecurity in-house trainings. An outline of the induction and training programme is set out in the diagram hereafter.



1

Induction pack

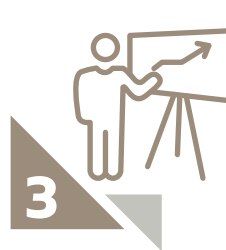
Includes information on a broad range of matters relating to the role of the directors, Company's Constitution, Board and Board committee Charters, recent Board papers and disclosure requirements with respect to directors' interests



2

One-to-one briefings

Provide directors with the opportunity to interact with the Chairperson, Company Secretary and Senior Executives across the Bank with the nature and extent of these consultations depending on the specific needs of the directors



3

Presentation sessions

Provide directors with an overview of the Bank's organisational structure, financial performance, strategic orientations, activities of the different business segments as well as specific areas of interest of the directors



4

Ongoing professional development & training

Enable directors to update their skills and knowledge by providing insight into specific areas of strategic focus and current topics of interest as well as other training with respect to specific requirements of directors

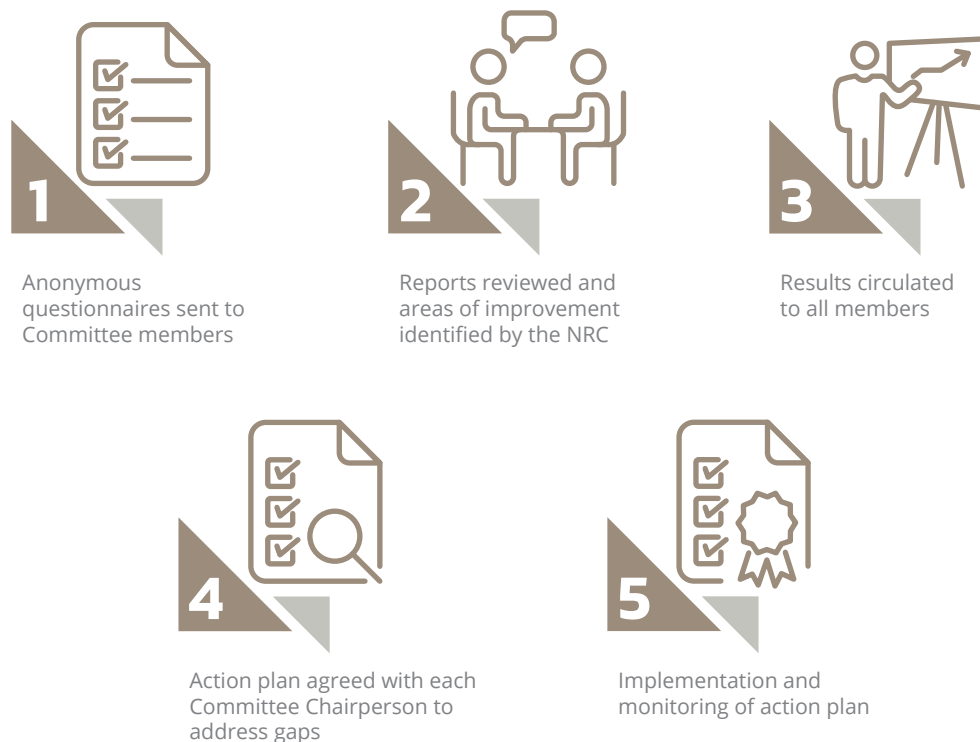
Note: Briefing and reading materials are made available on the Board Portal for consultation.

Board/Directors' performance

The Board recognises the need to undertake a regular review of its performance and effectiveness, as well as those of its committees and individual members. In this respect, the Board generally undergoes a yearly assessment either with the support of an independent external facilitator or internally, under the oversight of the Nomination and Remuneration Committee (NRC). Further to a refreshed Board evaluation exercise carried out by Ernst and Young Ltd in June 2022 based on a range of governance topics, focus was laid, during the year, on the implementation of proposed recommendations. In FY 2022/23, the Company Secretary also facilitated an internal self-assessment of Board committees, through anonymous questionnaires sent to committee members, in order to assess committees' performance, notably in terms of their functioning and effectiveness. The findings of the assessment concluded that Board committees are operating effectively and that directors continue to fulfil their roles as required. The report, which was presented to the Board, also identified a few areas for improvement, with an action plan subsequently agreed upon. The Chairperson of the Board, with the support of the NRC, will oversee the implementation of specific actions to ensure that issues identified are given due consideration within a reasonable timeframe.

In the same vein, a self-evaluation of all directors is carried out through confidential questionnaires. The Chairperson thereafter meets with each director individually to discuss their own performance and they agree upon potential areas for improvement. The performance of the Chairperson is debriefed by the other non-executive members of the NRC.

An outline of the internal self-assessment process used to evaluate the Board committees in FY 2022/23 is provided in the diagram hereafter.



Risk governance

Risk management and internal control

The Board has the ultimate responsibility to maintain an effective risk management and internal control system, which it regularly reviews to cater for the principal and emerging risks, including those that could threaten the Bank's business model, performance, solvency, liquidity and reputation. Supported by the Risk Monitoring Committee and Audit Committee, the Board ensures that the necessary structures, processes and methods for identification, evaluation and monitoring of the principal risks faced by the Bank are integrated into the latter's overall risk governance framework. The Board has received assurance, through the regular reporting by the Chairpersons of relevant committees, on the adequacy of the risk management processes and systems in place over the period under review.

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

Information governance

The Bank places significant emphasis on the confidentiality, integrity and availability of information. It ensures that a robust framework is maintained to protect its information asset and uphold the security and performance of information and Information Technology (IT) systems. The Board is responsible for setting up and regularly reviewing relevant policies and for ensuring that they are appropriately implemented through adequate structures and processes while adhering to relevant rules and regulations. In this respect, access to information is only available to authorised parties. Physical and logical access controls are in place at all times with staff being regularly made aware of relevant requirements. Adoption of best practices in terms of cybersecurity risk management is actively promoted through regular awareness exercises including training sessions and simulated phishing attacks. The Bank continues to invest in technology to enhance its operational resilience with significant investments monitored by the Board. Internal Audit provides independent assurance on the suitability of the Bank's information and IT policies while the Audit Committee evaluates the effectiveness of related internal control systems.



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



More information is available in the 'Risk and capital management report' on pages 134 to 181

Internal audit

The primary role of Internal Audit is to assist the Board in protecting the assets and reputation of the Bank. The aim of internal audit is to assess the policies, methods and procedures in place at the organisation in order to cater for their adequate application. It is responsible for independently assessing the effectiveness of key controls, including those within the risk management framework, and providing timely reporting to the Audit Committee with a view to strengthening the internal control framework. In the exercise of their function, the internal auditors have sufficient access to information, records, and employees of the Bank.



More information is available in the 'Risk assurance: Internal audit' section on pages 174 and 175

External auditor

With a view to ensuring the overall adequacy of the Bank's internal control framework, the Audit Committee evaluates the independence, effectiveness and eligibility of the external auditor on an ongoing basis before making a recommendation to the Board on their appointment and retention. The appointment of Deloitte as external auditor was approved at the Annual Meeting of Shareholders of MCB Ltd, held in November 2022. As regards the timeframe, the total duration of the audit assignment is for a period of one year with the possibility of reappointing the selected firm annually, subject to regulatory provisions and approval at the Annual Meeting of Shareholders of MCB Ltd.

Non-audit services

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

Auditors' fees and fees for other services

	2023	2022
	Rs '000	Rs '000
Audit, Quarterly Review and Internal Control Review fees paid to:	20,967	18,975
Deloitte		
Fees for other services provided by:	11,897	1,898
Deloitte		

Note that the fees for other services relate mainly to comforts on dividend declaration, AML/CFT review, issuance of GMTN programme, Senior Bond issuance under GMTN programme and Tier 2 Capital issuance. The bulk of the non-audit fees relates to the one-off fees for the issuance of the GMTN programme.

Executive Management

The conduct of the business is entrusted to the Leadership Team of the Bank which has the responsibility to operate within the strategic framework, risk appetites and policies set by the Board while adhering to regulatory requirements. To this end, various committees involving the Bank's senior officers are in place to deliberate on key issues for informed decision making. The Management Committee assists the Chief Executive Officer to manage the day-to-day running of the Bank's business and affairs. Of note also, oversight and monitoring of the various risk areas within the business are exercised through dedicated standing committees, such as (i) Executive Credit Committee (ii) Country Risk Committee (iii) Asset and Liability Committee (iv) Information and Operational Risk Committee (v) Compliance, Anti-Money Laundering and Legal Committee (vi) Conduct Review Management Committee and (vii) Project Review Committee.

Profiles of the Management Committee members

The profiles of the Management Committee members who held office during the financial year – excluding that for Alain LAW MIN and Thierry HEBRAUD, which appear in the Directors' Profiles section – are given hereafter.

Vincent CHATARD – Age 59

Chief Operating Officer

QUALIFICATIONS: Master of Science in Engineering (France) and MBA (France)

SKILLS AND EXPERIENCE: Vincent was appointed Chief Operating Officer in September 2015 and since February 2018, he is also steering the Digital Transformation Programme. He has accumulated wide-ranging experience in the banking sector, having occupied a number of senior executive positions in international banks. He spent 7 years working for Crédit Lyonnais International before joining KPMG France as a Management Consultant in 1995. In 1997, he was appointed as Head of Information Technology and Organisation of Banque Robeco France (a Personal Banking Unit of the Rabobank Group). From 2000 to 2008, he was appointed Chief Information Officer and Senior Vice-President Business Development of ING Direct, to establish the units in both France and the UK. From 2008 to 2011, he launched and was the Chief Operating Officer of BforBank, the direct banking unit of Crédit Agricole. He then acted as Chief Operating Officer, Chief Business Development Officer and Executive Board Director of MeDirect Bank, a privately owned investment and wealth bank operating in Malta and Belgium prior to joining MCB Ltd.

Bhavish NAECK – Age 52*Head of Finance*

QUALIFICATIONS: BSc (Honours) in Economics with specialisation in Accounting and Finance and Fellow Chartered Accountant (UK)

SKILLS AND EXPERIENCE: Bhavish, who is the first MCB Foundation scholar, spent some years in Singapore, working in the Audit and Business Advisory division of Deloitte and as Financial Controller at JDA Asia, a subsidiary of a listed NASDAQ entity. After a stint at Sun Resorts, he joined MCB in May 2000 as Manager – Investment Administration and then worked as Project Leader on the Business Process Re-engineering project in 2001. He heads the Finance SBU since January 2014 and was Project Sponsor on a Finance Transformation Project with the aim of better responding to stakeholders' expectations in the light of the growing internal, external and technological changes. He is responsible for the provision of internal and external financial/regulatory reports, a team of finance business partners and a number of strategic finance functions. He is Chairperson of the Asset & Liability Committee and the Procurement Committee.

Frederic PAPOCCHIA – Age 49*Group Chief Risk Officer*

QUALIFICATIONS: Master's Degree in Finance and MBA (France)

SKILLS AND EXPERIENCE: Frederic is the Chief Risk Officer of MCB Ltd since January 2016 and is also the Group Chief Risk Officer since August 2023. He joined the Bank in July 2012 as a Consultant to the Group Chief Executive and worked on various projects in the risk arena before taking office as Deputy Chief Risk Officer in April 2014. He currently oversees the following functions namely 'Credit Management' including 'Environmental and Social Risk Management', 'Debt Restructuring and Recovery', 'Permanent Supervision', 'Operational Risk', 'Cyber and Information Security', 'Business Continuity Management' as well as Financial Risk, which comprises Credit Risk, Credit Modelling, Market Risk and Climate Risk. As part of his ongoing responsibilities, he also acts as Secretary to the Risk Monitoring Committee of the Board alongside sitting on dedicated risk committees and other committees of the Bank. Prior to joining MCB, he had accumulated extensive experience in management consultancy particularly in areas of risk management and regulation, during which he engaged with several large banks such as Bank of America, Société Générale and BNP Paribas, working on various assignments including the implementation of the Basel 2 and Basel 2.5 reforms, the development of stress-testing frameworks and the review of credit origination frameworks.

Mike SOPHIE – Age 54*Head of Human Resources*

QUALIFICATIONS: Fellow member of the Association of Chartered Certified Accountants and MBA (UK)

SKILLS AND EXPERIENCE: Mike has a vast experience in banking. He spent 9 years in overseas subsidiaries of the Group from 1999 to 2008 before joining the Retail SBU. He held various positions therein namely as Regional Manager, Retail Operations and Service Manager and subsequently as Head of Retail since August 2017. He was appointed Head of Human Resources effective May 2018. His career within the Group gives him a sound oversight of the different business lines, to better shape HR strategies to accompany them to meet their business goals.

Parikshat TULSIDAS – Age 44*Head of Financial Markets*

QUALIFICATIONS: BA (Honours) Human Resource Management & Marketing (UK)

SKILLS AND EXPERIENCE: Parik is a seasoned banking professional with more than 20 years of experience in leadership roles within Financial Markets and Corporate & Investment Banking across continents. He started his career within the Treasury Department at BNP International in Mauritius and has, since, worked within other renowned international banks in Mauritius, UK and Asia, with a thorough knowledge of Financial Markets, Risk Management, Financial Institutions and Securities Services. He also has a thorough understanding of African markets having covered the China – Africa corridor during his time in Beijing and having formulated the Emerging Markets Financial Institutions strategy at his previous employer.

Interest in shares

The following table gives the interests of Management Committee members in the Group's listed securities as at the end of the financial year.

Interest as at 30 June 2023	MCB Group Limited shares		MCB Group Limited Preference shares		MCB Group Limited Senior Unsecured Floating Rate Notes	
	Direct	Indirect	Direct	Indirect	Direct	Indirect
Bhavish NAECK	38,300	12,378	-	-	-	-
Frederic PAPOCCHIA	22,566	-	-	-	-	-
Mike SOPHIE	18,779	-	-	-	-	-

Note: The above did not hold any share in Fincorp Investment and COVIFRA as at June 2023

Remuneration

The aggregate amount paid to the Management Committee members in terms of remuneration can be found in Note 35 of the Financial Statements.

Related party transactions

For the purposes of these Financial Statements, parties are considered to be related to the Bank if they have the ability, directly or indirectly, to control the Bank or exercise significant influence over the Bank in making financial and operating decisions, or vice versa, or if they and the Bank are subject to common control. Related parties may be individuals or entities. The Bank of Mauritius Guideline on Related Party Transactions, revised in May 2022, is articulated around three main elements:

- the responsibilities of the Board of Directors of a financial institution in establishing and implementing appropriate policies on related party transactions and administering the process for handling the transactions;
- the definition of the different types of related party transactions and the setting out of regulatory limits on credit exposures to related parties; and
- the definition of basic rules for monitoring and regulatory reporting of related party transactions and their disclosure in the Annual Report.

In fact, the Guideline is more stringent than the applicable International Accounting Standard (IAS 24) in that a person holding directly or indirectly 10% or more of the capital or of the voting rights of the Bank also falls within the definition of related party. As a general rule, all transactions with a related party must be carried out at arm's length i.e. on terms and conditions that are at least as favourable to the Bank as market terms and conditions.

Related party transactions include:

- loans, finance leases and service agreements;
- guarantees issued on behalf of a related party;
- investments in any securities of a related party;
- deposits and placements; and
- professional service contracts.

As regards regulatory reporting on exposures to related parties, the latter are classified into three categories:


1. Directors, their close family members and any entity where any of them holds more than a 10% interest; Shareholders owning more than 10% of the financial institution's capital; Directors of any controlling shareholder; and Entities (excluding subsidiaries) where the financial institution holds more than a 10% interest.
2. Senior Management, their close family members and any entity where any of them holds more than 10% interest; Senior Management of any controlling shareholder; and Subsidiaries of the financial institution.
3. Senior Management, provided their exposures are within the terms and conditions of their employment contract. Category 3 above, as well as exposures representing less than 2% of the institution's Tier 1 capital, are excluded from regulatory limits which are set, in aggregate, at 60% of Tier 1 capital for category 1 and 150% thereof for the total of categories 1 and 2.

The Bank's policy on related party transactions sets out the rules governing the identification of related parties, the terms and conditions applicable to transactions entered into with them and reporting procedures to the Conduct Review Management Committee and the Board as applicable. Note 35 to the Financial Statements sets out on- and off- balance sheet exposures to related parties as at 30 June 2023.

Aggregate exposure of related parties, including exposure of the Bank to subsidiary companies amounted to Rs 7,886 million (on-balance sheet) and Rs 2,812 million (off-balance sheet), which represented respectively 2.3% and 2.3% of Bank loans and Bank contingent liabilities as at 30 June 2023.

Exposure of the Bank's top six related parties as at 30 June 2023 were Rs 3,064 million, Rs 1,617 million, Rs 1,275 million, Rs 755 million, Rs 616 million and Rs 614 million. These balances represented 4.4%, 2.3%, 1.8%, 1.1%, 0.9% and 0.9% respectively of the Bank's Tier 1 capital.

None of the loans granted to related parties were non-performing as at 30 June 2023.

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

Stakeholders' relations and communication

The Board is committed to building open and trustworthy relationships with stakeholders and the public at large through regular engagement. All material business developments that influence the Bank are communicated to stakeholders in a transparent, consistent and timely manner through various communication channels. In addition to direct interactions with stakeholders, official press announcements and occasional press conferences, the Bank's website, hosted at mcb.mu, provides for an adapted and comprehensive self-service interface.

Shareholders agreement

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

Dividend policy

Although there is no formal dividend policy, the Company aims to supply its shareholder with adequate returns to meet the objective of the Group to distribute around one third of its profits while ensuring that the Bank maintains a strong level of capitalisation.

Statement of Directors' responsibilities

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

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

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

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

The directors report that:

- adequate accounting records and an effective system of internal control system and risk management framework have been maintained;
- the Financial Statements fairly present the state of affairs of the Bank, as at the financial year end, and the results of its operations and cash flows for that period;
- appropriate accounting policies supported by reasonable and prudent judgements and estimates have been consistently used;
- International Financial Reporting Standards, the Mauritius Companies Act 2001, the Financial Reporting Act 2004 as well as the requirements of the Banking Act 2004 and the guidelines issued thereunder have been adhered to; and
- the Financial Statements have been prepared on the going concern basis as the Bank is likely to continue in business in the foreseeable future.

On behalf of the Board



Jean-François DESVAUX DE MARIGNY
Chairperson



Alain LAW MIN
Chief Executive Officer

Statement of compliance

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

Name of Public Interest Entity ('the PIE'): The Mauritius Commercial Bank Limited
Reporting Period: 1 July 2022 to 30 June 2023

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



Jean-François DESVAUX DE MARIGNY
Chairperson



Alain LAW MIN
Chief Executive Officer

25 September 2023