

Delivering on our strategic objectives

Our performance across entities

Banking cluster

MCB Ltd

Financial performance

While MCB Ltd pulled off the first half of the year with a strong performance, results posted for FY 2019/20 were impacted by the significant increase in net impairment of financial assets related to the economic downturn triggered by the COVID-19 pandemic. This movement is explained by the significant rise in Expected Credit Losses on our performing assets, as per IFRS 9 requirements, on account of an inherent increase in credit risks and our revised forward-looking assumptions made to reflect the impact of the pandemic on our operations, amidst significant uncertainties on how future developments will unfold. Overall, net profit for the year fell by 15.5% with the Bank's contribution to Group results amounting to Rs 6,755 million.

Reflecting the Bank's sound business model and disciplined growth agenda, operating income increased by 9.6%. This was underpinned by a rise of 9.9% in net interest income, on the back mainly of the rise in its gross loans and advances and increased investment in Government securities. Although net fee and commission income remained relatively unchanged owing to dampened activity levels, non-interest income rose by 9.0%, driven by increases in profit on exchange, net gain from financial instruments carried at fair value as well as net gain on sale of foreign financial instruments. Whilst operating expenses increased up by 5.6% on the back of initiatives to strengthen human capital and technological capabilities, the cost to income ratio declined by more than one percentage point to reach 32.5%. More generally, it is comforting to note that the Bank has, in the face of the demanding environment, preserved its financial soundness in terms of capitalisation, asset quality as well as funding and liquidity.

Our business development

The financial resilience of the Bank was supported by sustained and thoughtful efforts to execute its underlying business expansion agenda, alongside promptly adapting to the highly challenging operating context. Indeed, in the wake of the economic downturn engendered by the COVID-19 pandemic, the Bank has deployed proactive moves in the latter part of the financial year with a view to safeguarding the continuity and stability of its operations as well as underpinning its activities across markets.

Fundamentally, the Bank delivered on its strategic focus areas by consolidating its leading banking position on the local scene and pursuing its regional diversification endeavours across key growth pillars. Nonetheless, business activities were impacted by the increasingly challenging operating context prevailing in the last few months of the financial year owing to the ramifications of the pandemic, including the national lockdown imposed. Locally, the Bank was subject to notable pressures on the level and quality of credit demand in both the retail and corporate segments, on the back of the dampened performances of specific economic sectors, the lockdown of the population, the closing of borders as well as strains on the revenue streams of households and businesses. Beyond domestic shores, it is encouraging to note that, in spite of shocks associated with the turbulent market environment, the Bank's Energy and Commodities as well as international structured finance portfolios have remained resilient to conditions faced, supported by our selective deal origination policy and the series of risk mitigants leveraged. On the operational side, the Bank mobilised the necessary resources to build sustainable capabilities for growth, with guiding considerations being customer focus, an engaged and agile workforce, seamless operations, an innovative culture as well as a robust risk and compliance framework. As a major focus area for the period under review, the Bank pursued business transformation and realignment initiatives with notable organisation-wide implications. Specific business lines and support functions have moved forward to transform their operations towards helping to support MCB's growth ambitions amidst a demanding context. The underlying objectives of such moves are to: (i) optimise and reshape existing operating paradigms for more impactful outcomes; (ii) better respond to the evolving aspirations of an increasingly sophisticated customer base and develop more appealing value propositions; (iii) foster new ways of working that are anchored on agile, innovative and collaborative principles; (iv) bring about increased operational efficiencies; (v) reinforce risk management and oversight; and (vi) uphold the productivity, engagement and advancement of our employees.

Looking ahead, the Bank is conscious that market and economic conditions would, in all probability, remain particularly challenging for some time amidst persisting concerns associated with the pandemic on the local and international fronts and little visibility on the pace at which the situation will heal. Alongside upholding its vigilance and preserving its disciplined market positioning, the Bank will continue to keep track of developments taking place across segments and geographies, with emphasis laid on ensuring balanced business growth and healthy financial soundness metrics. It remains intent on building the bank of the future and pursuing its growth agenda in a thoughtful way, by executing its three-pronged strategic objectives, namely to extend its frontiers, deliver a world-class customer experience through digital, and nurture its values and deliver on its brand promise.

Delivering on our growth pillars

The following sections shed light on underlying initiatives deployed by MCB Ltd to realise its growth aspirations across markets and geographies, while making allowance for the repercussions of the COVID-19 pandemic and the testing operating landscape. Amidst the ongoing crisis, the targeted measures deployed by the Bank to respond to challenges faced as well as accompany and engage with its stakeholders, notably strategic moves to support local and international customers, are shown on pages 55–67.

Extend our frontiers, while consolidating existing markets

Local – Individuals

- Whilst being exposed to competitive pressures across some segments, the Bank pursued its strategic intents and maintained its prominent market positioning. Such headway was underpinned by strengthened operational and commercial capabilities – backed by sales and service transformation endeavours, moves to transform the branch experience and efforts to boost employee engagement – the recourse to innovative technologies, a continuously refined value proposition and bolstered risk management processes. Amidst our aim to boost omnichannel experiences, we pursued efforts to upgrade and promote our digital channels vis-à-vis our clients towards offering increasingly seamless experiences. We remained active on the payments scene by allowing clients to make and accept payments in a quick and hassle-free way via multiple channels. We have further distributed the Group offerings, with dedicated investment solutions helping to encourage our customers to save and invest.
- Within the mass and mass affluent segments, in addition to upholding our prominent footprint in respect of education loans, we maintained our leadership position in the mortgage field, with our market share for housing loans standing at around 36% as at end-June 2020. It can be noted that MCB has refined the appeal of its mortgage solution, which has been further customised to meet different client needs. We made headway in simplifying the end-to-end customer journeys for loan application and approval, while leveraging agile principles and digital channels. In this spirit, we streamlined the credit value chain for individual customers to enhance experiences, after centralising key tasks such as credit analysis and credit-related documentations. This has contributed to faster approval, document preparation and disbursement of loans. Additionally, in our quest to promote optimal service delivery across segments, we have launched an automated Appointment Booking System, which allows for better planning of specific customer visits across branches.
- The Bank made further progress towards meeting its objective of becoming the trusted lifetime partner for its affluent and high net worth customer base in Mauritius. It capitalised on its differentiating service quality and bespoke offerings, notably its sophisticated range of investment and wealth management solutions. To underpin its strategic thrusts, the Bank bolstered the quality of its human capital, while attracting talents with comprehensive investment expertise, and reinforcing its partnerships with external partners. The Bank pursued dedicated initiatives underpinning product innovation and client service upgrades, helped by strengthened customer interactions and a more conducive operating model. On this note, we set forward to upgrade our dedicated Wealth Management function, offering a full spectrum of solutions from discretionary portfolio management to the establishment of an investment advisory and fund selection service, whilst having the ability to customise investment strategies through an open architecture approach. The aim thereof is to cater for the investment needs of the ultra-high-net-worth individuals. We are currently in the process of upgrading our wealth management software, which will allow our clients unfaltering access to their portfolios and enable them to carry out online trading. With this platform, we expect to generate gains in operational efficiency and uncover sustainable opportunities to scale up business volumes.

Delivering on our strategic objectives

Local – Large corporates

- While we were confronted by a difficult economic environment and dampened investment levels, amidst the virus spread in the second half of the year, we maintained our engagement in attending to the needs of our corporate customers in an informed and sensible manner. To this end, we capitalised on our unique selling propositions and tailored products and services, while further gearing up our operating models and staff capabilities and improving operational efficiency levels. We developed closer relationships with key business players across value chains, alongside leveraging organisational synergies and the promotion of a cross-selling culture across the Group. In addition to helping us increase our penetration in traditional markets, such moves supported the diversification of our customer base, with progress made in meeting the needs of underserved segments, with whom dedicated working arrangements are being defined and implemented. Reflecting our endeavours, we maintained our leading positioning in respect of domestic credit to corporates, with our market share standing at 41% as at 30 June 2020. During the last financial year, we assisted businesses and investors across various segments and contributed to the materialisation of key projects shaping the landscape of Mauritius. We expanded our exposures vis-à-vis various sectors, e.g. financial and business services, tourism and traders. While acting as a trusted business advisor, we accompanied corporate and institutional clients in their capacity building moves, restructuring initiatives and strategic undertakings, including expansion endeavours in the Group's presence countries. Along the way, the Bank widened its involvement in respect of the provision of the third edition of its preferential credit facilities named as 'Green Loans' (see page 62). It remained active in delivering adapted treasury and forex solutions to meet client requirements.
- We made further inroads in attending to the needs of companies leveraging Mauritius as an International Financial Centre (IFC) of substance. In the wake of the testing operating context, we remained vigilant in our undertakings and maintained our thoughtful business growth agenda. We pursued our engagement vis-à-vis global business entities, trusts and foundations after capitalising into the positioning of Mauritius as a gateway for conducting business with other regions. Our market development initiatives have been, essentially, underpinned by adapted solutions and enhanced client interactions.
- Reflecting our aim to deliver increasingly seamless and innovative solutions to our clients, we launched two customer journeys to enrich our digital banking propositions and experiences. To start with, our Internet Banking platform has been endowed with a renewed user interface and revamped functionalities. This led to simplified and secured as well as user-friendly processes for undertaking international transfers, while facilitating online treatment of payment instructions. There is, thus, no cut-off time for processing of payment instructions by MCB, with the bulk of transactions processed and transfers undertaken on a real-time basis and a 24/7 mode. In the same vein, MCB brought about a new payment application, i.e. SmartApprove, on the marketplace. The latter, which is a convenient and secure web-responsive Application, allows authorised signatories to approve transactions via tablet or smartphone. Moreover, backed by further improvement in the process workflow (i.e. from initiation to disbursement) for relevant products and services, we have developed a world-class loan application process which has contributed to boost customer satisfaction levels.

Local – Small and Medium Enterprises (SMEs) and Mid-Market Enterprises (MMEs)

- Backed by a thorough understanding of client requirements, an enriched value proposition and forging of business partnerships, the Bank cemented its positioning as the foremost service provider for SMEs and MMEs in Mauritius. This reflects our ambition to actively promote entrepreneurship and boost local production in the country. MCB is ranked 1st amongst the 12 participating banks in respect of credit facilities outstanding under the Government-backed SME Financing Scheme, with a corresponding market share of 49.5% posted during the December 2011 – June 2020 period.

A first in Mauritius, Juice Pro, the mobile app for SMEs, was launched in June this year.



- We pursued initiatives allowing us to act as trusted business partner towards helping our clients start, manage and grow their businesses. Towards promoting their strategic initiatives and boosting their expertise as well as creating a durable ecosystem, MCB provided its clients with a broader and more customised palette of innovative solutions, alongside gearing up the ease and accessibility of services delivered. We launched the first version of our mobile banking service for SMEs, with our secure 'JuicePro' app setting out to effectively respond to our customers' daily transactional and other banking needs. Key features of this service are as follows: (i) simple, fast and secure login; (ii) view account balances in real time; (iii) view loans at one's convenience; (iv) keep track of last 30 transactions; (v) transfer funds to other MCB accounts or other local banks; (vi) formulate direct feedback just by taking a photo on the app; and (vii) allow users

to save and manage beneficiaries that will be reused for future payments. This is the first mobile banking app for SMEs on the market and the Bank is continuously working on new releases. Backed by support from the Bank's Digital Factory, we launched our Business Account Opening Journey. Our SME Online Onboarding exercise provides our clients with the leeway to apply for and create their business account online at their own convenience, with their application treated via a full end-to-end process and only a single in-branch visit to be made for verification of original documents. Conducted in an agile mode, the project resulted in reduced processing time as regard client files and improved customer service. It helped the Bank achieve its promise of opening a business account within 72 hours, instead of 15 days or more.

- We engaged into an ambitious project of setting up SME Hubs across our retail network on the island – with five strategically located branches already being equipped with adapted infrastructures – to increase proximity to and interactions with clients towards better understanding their needs and activities, improving turnaround time and internal efficiency levels, smoothing service delivery and enhancing customer satisfaction. We are experimenting an SME Tribe structure, whereby all forms of digital deliveries, sales, operations and support functions within the Business Banking SBU are being organised into an agile way of working, supported by a fitting operating model. This new structure is allowing us to strengthen our ability to provide value-added and cutting-edge solutions to SMEs, alongside helping to reduce the time to market.

Regional and international fronts

- The Bank pursued its regional diversification strategy, alongside being involved beyond, backed by a disciplined approach and ongoing mobilisation of FCY funding resources. In addition to embracing an opportunistic stance to diversify its positioning and tap into interesting opportunities, the Bank remained mainly engaged in niche areas where it displays strategic competencies. Overall, MCB deepened its relationships with existing clients and selectively extended its customer base across segments and geographies, thus cementing its position as a dependable and competitive banking player in Africa. To underpin its market development initiatives and foster its strategy of further diversifying its revenue streams, the Bank capitalised on its customised solutions, regularly-updated risk appetite, a network of over 750 correspondent banks worldwide (including around 175 in Africa), Representative Offices as well as the Group's foreign presence via its subsidiaries.
- We widened and deepened our involvement in Energy and Commodities (E&C) financing, backed by (i) our broad experience as one of the leading providers of finance for the importation of Oil & Gas in the Indian Ocean and Africa; and (ii) our solid credentials and expertise (reflected by our full-fledged sectorial product offerings and specialised teams) as a privileged partner for direct and joint financing of Oil & Gas transactions in the region. Beyond consolidating our trade finance segment, we made solid inroads into the African oil and gas structured debt market. We are gradually shifting towards medium-term financing along the value chain, while broadening our involvement across the upstream business. We played a pivotal role in meeting the petroleum products requirements of countries across Africa and beyond. We deepened our market positioning by (i) gearing up our relations with oil traders, national oil companies, oil majors, procurement entities, junior African producers, and importers for wholesale and retail distribution; and (ii) diversifying projects financed, including reserve-based lending, across a wide range of countries.
- MCB made major headway in broadening and diversifying its portfolio of international structured finance deals, after financing major development projects and landmark deals across various sectors, countries and products on the African continent. We accompanied our clients by means of a comprehensive range of tailored working capital and term loan facilities, while taking advantage of in-depth technical capabilities developed across niche sectors, e.g. power, infrastructure, telecommunications and hospitality. We tapped into the continuous strengthening of client relationships and enhancement of our brand visibility.
- The Bank has, in close connection with the Group, remained an active promoter of the 'Bank of Banks' initiative, which consists of providing a palette of adapted solutions to financial institution counterparts, notably those operating in Africa. The Group partnered with and assisted 78 financial institutions worldwide, including over 50 in Africa and spanning 37 countries in FY 2019/20. We enabled clients to gain access to state-of-the-art services offered by various entities, thus helping them to underpin capacity building and business growth initiatives, while accessing industry best practices. To underpin our strategic endeavours, we pursued image- and relationship-building exercises to showcase our value proposition and capabilities. In October 2019, the 10th edition of our 'Africa Forward Together' seminar welcomed around 35 delegates from 17 African countries. The event hosted fast-paced workshops, panels and collaborative discussions, with participants discussing main challenges faced by various African institutions and brainstorming on possible avenues of collaboration and partnership. Following the conduct of our 'Meeting of Minds' workshop, the organisation leveraged and published the insights of around 35 C-suite and senior banking delegates who had identified the biggest challenges facing their respective institutions.
- MCB took dedicated initiatives in line with its aim of positioning itself as a reference in the region for premium banking and wealth management expertise. In spite of being confronted by a challenging operating environment amidst unsteady financial market conditions,



For its 10th edition, Africa Forward Together regrouped more than 40 African bankers around the theme "Beyond numbers".

we set out to reinforce our status as a trusted lifetime partner vis-à-vis our client base by delivering bespoke solutions, notably those that are geared towards the safeguard, growth and transmission of customer assets. Backed by our sophisticated value proposition and active promotional campaigns, we pursued our international expansion through our Representative Offices, business introducers and referrals. In addition, MCB further positioned itself as a unique point of contact for serving External Asset Managers, Multifamily Offices and independent financial advisors, while offering a suite of differentiated investment and banking solutions, from transactional to multi-asset class trading. Interactions with such clients, notably those in Europe, Africa and Dubai, were broadened as we continue to enhance our visibility on the international scene. Major initiatives put in place during the period under review include the: (i) setting up of a dedicated Investment Products and Services function, offering not only discretionary portfolio management but also investment advisory service; and (ii) review of our financial planning services. We have also enhanced our risk management and compliance processes to foster disciplined cross-border activities and market expansion.

Deliver a world-class customer experience through digital

- Alongside further widening and upgrading its digital footprint amidst sustained investments, MCB has, during the period under review, continued to promote operational excellence and innovation as a key underpinning of enriched customer service quality and relationships. The key objective is to ensure that client needs are fulfilled in a fast, convenient and simple manner. We pursued our strategy aiming to transform Mauritius into a cash-lite society by means of our payments solutions and platforms. Along the way, we unleashed dedicated initiatives to encourage migration of customers from branches to digital and payments channels.

Pursuing our Digital Transformation Programme

- We reinforced our human and technological capabilities to execute an ambitious roadmap of initiatives in support of our Digital Transformation Programme. This helped to strengthen the Bank's competitive edge across markets by delivering more convenient and appealing client solutions as well as promoting the conduct of more agile and productive operations.
- We strengthened the operationalisation of our Digital Factory to spearhead our digital transformation. Of note, our Digital Factory is anchored on a culture of start-up, while favouring a co-creation paradigm. It is integral to our objective to becoming an agile organisation and fostering the next phase of our growth journey. It serves as an incubator for embedding truly customer-centric operations across the Bank by redefining and digitising end-to-end customer journeys. During the period under review, beyond launching customer journeys as highlighted earlier, specific initiatives pursued have assisted the Bank in accomplishing the following: (i) fostering operational efficiency gains, while stimulating employee engagement; (ii) enhancing business operations and paving the way for greater innovation in what we do; (iii) increasing the efficiency and scalability in the design and development of our products, backed by the formulation of clear guidelines and principles; and (iv) improving the quality of client solutions and delivering value faster to stakeholders.

- We geared up our Change Management Office, whose mandate is to ensure the successful implementation of parallel customer journeys and transformational moves undertaken throughout the organisation and to support smooth transition phases, fostering business readiness for projects 'Going Live' and assisting in driving post-implementation adoption. During the period under review, the Office helped to develop a Change Management Framework for the Bank, while boosting relevant capabilities to meet earmarked objectives. Alongside leveraging a dedicated communication strategy and ensuring a coherent deployment of identified initiatives, the Office has collaborated with various squads and project teams to cater for the impact of change from a people perspective and has assisted to limit the risks of organisation resistance to change.
- We upgraded the operating model of our Customer Lab, which collaborates closely with product development teams across the Bank. The Customer Lab is involved as soon as the product initiation phase is put into motion, with a key role being to undertake customer research as well as measure customer experiences and behaviours. Such endeavours are underpinned by conduct of surveys and customer interviews as well as the leveraging of organisation data. During FY 2019/20, we worked with more than 2,000 customers to (re)design solutions and experiences. As a key accomplishment, we set up 'The Lab', which is a collaborative and social media-hosted platform. On a first stance, this set-up provides staff members with the opportunity to support the advancement of MCB by means of ideation, co-creation, product testing, sharing of opinions and experiences, etc. In the periods ahead, the Bank aims to extend this tool to its customers, with the dedicated assistance and guidance of its employees.



Our Digital Factory has been set up in view of facilitating MCB's digital transformation and redefining better customer experience through the use of digital technology.

Delivering on our strategic objectives

- Towards promoting availability, reusability and integrity of data for users, the Bank has further shored up its data management capabilities, towards using data as a lever and strategic asset to underpin business growth and risk management. Our Data Office supported business lines, which were provided with management/reporting dashboards and KPIs that enable users to get timely access to client facilities and sales performances data on workstations and mobile devices, thus allowing for improved monitoring and analysis. We established our Advanced Analytics practice, which, notably, helped the Bank to review its Financial Crime Risk Management system after using data-driven approaches to complement ongoing expert reviews. To increase the effectiveness of our Anti-Money Laundering controls and processes, the practice adopted key initiatives, including the formulation of optimised alerts and credit scores in alignment with clients' risk profiles.
- We made progress in entrenching an agile way of working across the organisation to underpin team effectiveness and quality service deliveries, backed by training programmes and alignment with practices already adopted by the Digital Factory.



Read more about digitally-enabled initiatives in the 'Our performance across entities' section on pages 68 to 85

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

- The Bank avails cutting-edge technologies across the value chain, alongside continuously upgrading its IT systems and infrastructure to further enhance operational efficiency levels and improve customer service quality. Following a complete review of the way technology is managed and delivered to the Bank and its customers, a full-fledged Technology SBU, which adopts agile mind-set and principles, was established via a refined operating model. This set-up – which incorporates Technical and Functional Delivery Domain teams acting in an autonomous and cross-functional mode, Infrastructure Delivery teams which are based on solutions delivered to users and Technology Chapters – aims to (i) deliver value faster to users and customers; and (ii) bolster synergies and cross-collaboration with business segments of the Bank.
- The Bank embarked on a project geared towards the cloudification of its core platforms, as evidenced by the successful migration of its Enterprise Resource Planning (ERP) and the Human Capital Management System (HCMS). MCB is now using a complete and secure Cloud Platform encompassing the latest General Ledger, Accounts Payable, Procurement and Fixed Assets modules and a suite of HR-related modules. This makes us the pioneer and largest organisation in sub-Saharan Africa to implement such a platform on the Cloud. In the process, we have successfully implemented the Oracle Fusion Maintenance Module – as another milestone in our Cloud Technology adoption – which aims to optimise our business operations by means of modern and intuitive maintenance solutions. The Bank achieved the latest PCI certification. We are now compliant with the toughest PCI Data Security Standards. Reflecting the strong credentials of its main Data Centres, the Bank is making steady progress towards achieving Tier 3 certification, while its Disaster Recovery site is already a Tier 4 certified Data Centre. Recently, the Bank's SWIFT Service Bureau achieved compliance with the applicable controls of the Shared Infrastructure Programme, Security and Operational Framework for 2020. The latter defines the operational standards for third-party service bureaux offering SWIFT connectivity, while ensuring service quality, security and reliability. MCB became the second Service Bureau to be certified on this front out of seven in Africa. Other achievements during the period under review can be delineated as follows: (i) upgrade of our Core Banking Platform to the latest technology; (ii) phased rollout of a new Omnichannel platform; (iii) implementation of a state-of-the-art Workflow platform (BPMN 2.0 compliant) for all new business flows and introduction of a new middleware platform to facilitate the integration of our channels and our Core Services layer via APIs; (iv) increased use of Robotic Process Automation to improve the efficiency and resilience of critical back-office operations; and (v) implementation of new Portfolio Management Platform to improve capabilities of our Private Banking and Wealth Management business line.

Nurture our values and deliver on our brand promise

- The Bank remained actively engaged in disseminating its core values across different layers of the organisation to foster alignment in terms of actions deployed to achieve common goals. We strived to ensure that such values are continuously lived up and transposed into the day-to-day attitudes, behaviours and activities of our employees. While the Bank has, during the period under review, focused on immediate imperatives in the wake of the ramifications of the COVID-19 pandemic and, to some extent, reassessed the pace underpinning the unfolding of sustainability initiatives, it maintained its commitment to create a positive impact on our people, society and environment, alongside fostering the well-being of the nation at large.
- MCB made progress in further refining and implementing its Corporate Sustainability Programme (CSP), backed by reinforced capabilities. While being aligned with the United Nations Sustainable Development Goals (SDGs), a long-term Sustainability Strategic Plan is being finalised to more holistically and coherently shape up the Bank's sustainability engagement. The governance structure and relevant functions underpinning the execution of the CSP have been further refined to (i) improve smoothness and coherence of the decision-making process; (ii) render the project workflow more impactful and efficient, alongside fostering improved project execution and management; (iii) allow for a more effective integration of environmental and social risk management topics in operations and financing activities; and (iv) ensure seamless communication amongst internal and external stakeholders. The former Remuneration, Corporate Governance and Ethics Committee of the Group has been endowed with a well-defined 'sustainability' mandate and renamed as Remuneration, Corporate Governance, Ethics and Sustainability Committee, with a view to enabling the organisation to exercise a better oversight of its overarching sustainability strategy. The Project Steering Committee has been renamed as the Sustainability Strategic Council. Chaired by the Deputy Chief Executive of the Bank who acts as the Executive Sponsor, its composition has been redesigned and its mandate is being streamlined with refined responsibilities for increased efficiency. In addition, the Sustainability team, which monitors the implementation of the CSP, has been strengthened with additional resources and expertise.
- In line with our 'Success Beyond Numbers' philosophy, we have executed key initiatives across the three pillars of our CSP: (i) development of a vibrant and sustainable local economy; (ii) protection and valorisation of our cultural and environmental heritage; and (iii) promotion of individual and collective well-being. They reflect our efforts to drive sustainability as a core feature of our way of doing business and make a difference in the societies and communities in which we live and operate. As a key move, the 'Klima' Conference we organised and the 'Klima Neutral 2050' study we commissioned showcased the organisation's ambitious and bold Climate Strategy. The underlying objective is to engage our economic, social and political stakeholders as part of concerted and impactful endeavours that will help to pave the way for Mauritius to progressively achieve carbon neutrality. This is intended to underpin the organisation's contribution to making the country the laboratory of the new climate economy, while we act, ourselves, as a responsible and unifying financial player and look for new sustainable business opportunities. While we are currently reviewing this value proposition, notably in terms of commercial appeal and eligibility criteria, we disseminated our 'Lokal is Beautiful' scheme. Alongside embedding a network providing SMEs and entrepreneurs with strengthened means in order to realise their ambitions, the scheme aims to promote adoption of sustainability principles by the society, alongside underpinning the country's resilience and progress at large. Clients on-boarded as part of this scheme are subject to specific eligibility criteria and have to comply with set environmental, social and governance standards.



Read more in the 'Creating value in a sustainable way for the benefit of our stakeholders' on pages 53 to 54



Read more in the Sustainability Report on our website

Delivering on our strategic objectives

Foreign banking subsidiaries

MCB Madagascar

Financial performance

- On the back of efforts to diversify and strengthen its funding and liquidity position, the bank's deposit base expanded by 16% during FY 2019/20, while the loan book increased by more than 10%, partly driven by the ongoing strategy to on-board key corporate players and conglomerates operating within the jurisdiction. After making allowance for a growth of 41% in investment securities and slightly higher margins overall, net interest income increased by 21%, notwithstanding higher interbank borrowing in both local and foreign currencies. Whilst a decline was registered in net fee and commission income, largely explained by the repercussions of the COVID-19 pandemic on the level of economic and market activities, operating income rose by 15%, underpinned by the increase in net interest income as well as a rise in profit on exchange and a hike in other operating income. In addition to expenditures linked to technological upgrades, the bank witnessed a rise in staff costs in line with the expansion of the branch network and recruitments across support functions. However, the growth in operating expenses was contained to 3%, reflecting the adoption of IFRS 16 which led to a higher reduction in rental expenses than the increase in depreciation charges. Overall, after factoring in heightened impairment charges due to an increase in Expected Credit Losses to reflect the impact of the coronavirus and specific provisions held for some clients, attributable profits for the year increased by 6% to reach MGA 6.5 billion. This led MCB Madagascar to contribute Rs 58 million to MCB Group results.

Main initiatives and achievements

- To reinforce proximity with clients and support its business development aspirations across targeted segments, the bank broadened its market presence, with the opening up of new branches in the new airport terminal and the Santillo commercial centre, thereby bringing the total to 13. In the same vein, the 'Kit of Parts' concept is being adopted across branches, as a first in Madagascar, towards providing a more convivial and modern banking environment that contributes to fostering enhanced customer service levels. The bank's value proposition was further shored up, with the introduction of a new E-commerce platform to bolster the range of online payment services, while functionalities offered by its Internet Banking platform were uplifted. Of note also, the issuance of contactless cards constitutes a major leap towards encouraging the adoption of digital payment solutions and better serving customers. To support its strategic intents and stakeholder engagement, the entity fostered greater brand visibility through participation in key events, as gauged by the launch of promotional campaigns to encourage cards usage as well as moves to highlight the bank's commitment to accompany its customers and the public at large during these difficult times. On the capacity-building front, the bank improved the efficiency of its operations and worked towards overhauling its IT infrastructure, notably through the upgrade of its Core Banking System and implementation of new technological platforms. Additionally, continuous efforts were devoted to gear up service levels through reinforcement of staff competencies as well as the redeployment and strengthening of the sales workforce, backed by tailored training and development initiatives. As a key initiative to reward the best performers and attract talents alongside fostering alignment with advocated Group practices, the bank implemented a new Performance Management System and Reward System.

MCB Maldives

Financial performance

- During the financial year, pursuant to the spread of the COVID-19 pandemic and its ramifications on the economy, MCB Maldives registered a decline of 9% in its deposit base, driven mainly by outflow of USD deposits from some corporate customers. The loan book declined by 8% on the back mainly of (i) subdued demand for credit amidst the delicate economic environment; (ii) the prudent approach being adopted by the bank for the deployment of credit facilities amidst prevailing uncertainties; and (iii) recovery efforts made with respect to non-performing facilities. Investment in securities grew by around 11% on account of (i) high liquidity conditions linked to challenging market and economic conditions; and (ii) pragmatic liquidity management initiatives deployed to uphold adequate buffers in the wake of the demanding operating context and to bolster investment in USD-denominated bills in line with ongoing diversification strategies. Against this backdrop and given fewer releases of interest in suspense as compared to the prior year, net interest income dropped by 9%. This led to operating income falling by 13%, after making allowance for lower net fee and commission income and profit arising from dealing in foreign currencies owing to reduced activities amidst the country's lockdown, the cancellation of tourist bookings as resorts suspended their operations following closing of borders and a relative scarcity in the availability of US dollars, especially in the last quarter of the year. In spite of the sustained execution of capacity building initiatives, operating expenses fell by 14%, mainly explained by (i) the adoption of IFRS 16, which led to a decrease in rent expenses, partly offset by an increase in depreciation charges; and (ii) reduced management fees. Notwithstanding the impact of COVID-19 on Expected Credit Losses, the bank witnessed a notable reduction in impairment charges as compared to last year, helped by the pursuance of active recovery efforts in a testing landscape. Overall, attributable results for the year posted a marked increase of 21% to stand at some MVR 37 million in FY 2019/20, with the bank contributing Rs 87 million to MCB Group results.

Main initiatives and achievements

- Alongside laying emphasis on established clients with proven track record, the bank set forward to widen and diversify its customer base, with some key corporate players in the trade, construction and education sectors being on-boarded. Along the way, it continued to partner with several leading hotel groups. In fact, while leveraging its unique selling propositions, it offered several products and services to such clients. It further engaged with affluent customers, aided by reinforced on-field presence and conduct of tailor-made surveys. Its value proposition for mass affluent customers was further enriched following the issue of a new contactless Visa Classic debit card and provision of personalised services with the assistance of dedicated Relationship Managers. Furthermore, the bank pursued its digital transformation programme, as gauged by the upgrade of its Internet Banking platform with a view to attending to customer needs in a more seamless manner and the launch of a new E-commerce platform to respond to requirements of businesses involved in this field. To support its strategic thrusts, MCB Maldives adopted dedicated moves, including the (i) gearing up of the quality of human resources to foster customer service excellence, underpin improved efficiency with respect to daily activities and bolster risk management (of note, a full time Compliance Officer and an in-house Legal Counsel were recruited); (ii) implementation of a structured marketing and communication plan to uphold brand visibility; and (iii) enhancement of operational processes to foster proper control of activities and underpin timely service delivery. The Bank reinforced its risk management practices to improve credit quality, while shoring up its onboarding exercise and enhancing compliance with applicable rules and standards.

Delivering on our strategic objectives

MCB Seychelles

Financial performance

- During the financial year, MCB Seychelles registered an expansion of 15% in its deposit base, following increases in respect of both the retail and corporate segments, backed notably by the active deployment of market development strategies. In spite of the challenging context, the bank's loan book witnessed a remarkable growth of around 20%, underpinned by further headway in serving retail clients, essentially on the mortgage front, and the expansion in long-term corporate loans provided for the financing of projects within the tourism, transport and construction sectors. Against this backdrop and following an increase of 23% in investment securities linked to investments in treasury bills and Government Solidarity Bonds issued in the wake of the COVID-19 pandemic, net interest income increased by only 10% due to (i) a declining interest rate environment leading to a squeeze in margin; and (ii) the adoption of IFRS 16 leading to the recognition of interest expense on the lease liabilities. Factoring in the decline in net fee and commission income following reduced earnings from credit card-related transactions amidst the tough economic conditions, operating income rose by 6%. Operating expenses remained fairly stable during the year, with the rise in staff and technology-driven expenses being compensated for by the application of IFRS 16, which impacted rental expenses and depreciation charges. Overall, bearing in mind the significant increase in net impairment of financial assets owing to a rise in Expected Credit Losses, based on forward-looking assumptions relating to the impact of the COVID-19 pandemic, attributable profits for the year increased by 2% to reach SCR 84.8 million, with the bank contributing Rs 219 million to MCB Group profits.

Main initiatives and achievements

- The bank broadened its suite of products and services. It launched its new contactless Visa Classic Debit cards as well as Visa Gold and Classic credit cards and allowed customers to undertake purchases in a faster and more practical way via the 'Touch and Pay' option. MCB Seychelles pursued its path towards providing a more innovative value proposition, as gauged by the further extension and enrichment of its digital and channel capabilities. Notably, the user-friendliness and convenience of the 'JuiceByMCB' mobile banking service was further upgraded, with new features added, including bill payment and Other Local Bank transfers. New contactless Point of Sale terminals were launched to offer more convenient and seamless checkout experiences. An additional ATM, which is equipped with enhanced security features and note deposit facilities, was set up at the Anse Royale branch and a Bunch Note Acceptor (BNA) cash deposit ATM was installed at the Caravelle House & Providence Branch. To support its market activities, MCB Seychelles promoted greater brand visibility through organisation of and participation in promotional and commercial initiatives. In terms of capacity building, the bank carried out a staff engagement survey, with findings thereof guiding business units in executing dedicated initiatives to promote staff empowerment. Employees took part in tailored training courses delivered by the MCB Institute of Finance, especially in the fields of Leadership and Retail Banking. It invested in a Forward Graduate Training Programme to attract creative and dynamic individuals with the vision and commitment to lead MCB Seychelles to new heights. As a key achievement and reflecting its strong credentials, the bank was granted the 'Best Banking & Financial Services Award' by the Seychelles Chamber of Commerce & Industry for the sixth time.

Foreign banking associates

Banque Française Commerciale Océan Indien (BFCOI)

- Operating income dropped by 5% on the back of the impact of the COVID-19 outbreak on market activities. While operating expenses were generally well-contained, the bank registered major provision reversals following the recalibration of the ECL models during the year. The impairment provisions were impacted to a lesser extent as a result of the ramifications of COVID-19 pandemic thanks to the loan guarantee schemes deployed by the French Government. Against this backdrop, profits attributable to shareholders grew by a notable extent to attain EUR 22 million during the financial year, thus contributing around Rs 439 million to MCB Group results. BFCOI remained comfortably capitalised, with overall capital adequacy ratio of 17.7%, of which 14.6% in the form of Tier 1 capital.

Société Générale Moçambique

- In the wake of initiatives deployed to strengthen the bank's market involvement, Société Générale Moçambique witnessed a growth of 36% in respect of loans and advances to customers, driven mainly by rising exposures to corporates across several economic sectors, while deposits also increased considerably. Altogether, this led to net interest income rising by 49%. As for operating income, it grew by more than 40%, after also considering (i) a marked rise in net fee and commission income, triggered by increased participation in trade finance, heightened card-related activities and higher credit-related fees on account of the loan book expansion; and (ii) a notable increase in profit arising from dealing in foreign currencies following greater volumes of deals struck and increased margins. Operating expenses rose by 2%, reflecting measures taken to execute strategic intents and reinforce capabilities. Notwithstanding a substantial increase in allowance for credit impairment as a result, essentially, of the widening loan book – as compared to net recoveries in respect of credit impairment charges recorded during the prior year – as well as higher tax expenses in view of the bank's bolstered revenue streams, profits attributable to shareholders rose significantly to stand at MZN 28 million, thus contributing around Rs 6 million to MCB Group results during the period under review. As another source of satisfaction, the bank stays firmly capitalised, with both Tier 1 ratio and overall capital adequacy ratio standing at 17.6% as at 30 June 2020. The bank has, during the year, increased its share capital by MZN 250 million to support growth strategies and mobilise adequate buffers in view of the operating context.

Non-banking financial cluster

MCB Capital Markets Ltd and its subsidiaries (MCBCM)

- In FY 2019/20, consolidated revenues and profit after tax amounted to Rs 408 million (FY 2018/19: Rs 453 million) and Rs 172 million (FY 2018/19: Rs 231 million) respectively. The decrease in profit after tax is attributable to the crystallisation of a first-loss guarantee in favour of investors in credit-linked notes issued by a special purpose vehicle owned by MCBCM, which resulted in a net impairment of Rs 75 million. Otherwise, MCBCM's results were driven primarily by an increase in assets under management and by the successful completion of corporate finance transactions.

Corporate Finance Advisory

- The Corporate Finance Advisory team continued to build its track record and successfully completed nine debt capital market transactions for an aggregate value of approximately Rs 9 billion. This was achieved in spite of the delays caused by the COVID-19 pandemic, which affected both transaction execution and origination.
- Looking ahead, Corporate Finance Advisory will face strong headwinds as a number of historically active bond issuers that have been affected by the pandemic will find it difficult to tap the debt capital markets and investors become increasingly risk averse. Our activities will be focused on restructuring corporate bonds and on originating and executing new transactions in Africa. Investors will continue to be discerning and their risk appetite is likely to diminish as they focus on a relatively small number of credit-worthy borrowers that have been less affected by the pandemic. This may result in a widening of credit spreads despite the continued excess liquidity situation. All of the above mean that revenues will be negatively affected.

Delivering on our strategic objectives

Investment Management

- Investment management activities generated revenues of Rs 175 million (FY2018/19: Rs 154 million) in FY19/20. In the context of low interest rates, our Collective Investment Scheme (CIS) business continued to grow as investors turned to certain MCB funds in search for yields. The results for FY2019/20 would have been even stronger had it not been for COVID-19, which held back fund inflows in the last quarter of the financial year.
- A notable bright spot in the last financial year has been the growth of our African Domestic Bond Fund (ADBF), an exchange traded fund that invests in local currency African sovereign bonds. ADBF was launched on 18th September 2018 and is managed by MCB Investment Management, with the African Development Bank and MCB Group as anchor investor and sponsor. The fund is denominated and traded in USD, and is listed on the Stock Exchange of Mauritius.
- The fund has continued to produce excellent returns and pay semi-annual dividends in spite of the uncertain economic and volatile market conditions globally. On a total return basis, the fund is up 32.04% since launch and 3.96% year-to-date (both to 15 September 2020), beating its global peers such as USD denominated Emerging Markets, High Yield or even Investment Grade bonds since launch. Unsurprisingly, we are seeing growing investor interest in this niche asset class and MCB Investment Management, the manager, is exploring a potential secondary listing of the fund on another stock exchange in Africa with a view to raising its visibility and attracting local capital.
- The outlook for overall growth in assets under management is bleak as we expect that disposable income will be severely affected by furlough schemes, cuts in salaries and redundancies in the coming years. In Mauritius, the impact on income will be exacerbated by an increase in personal tax announced in the June 2020 National Budget of the authorities. Another budgetary announcement namely the replacement of the National Pension Fund by a new Contribution Sociale Généralisée (CSG) scheme effective from 1 September 2020 would warrant attention in view of the potential impact on our business activities.
- That said, we are actively working on various initiatives to make our funds more attractive and accessible to investors, develop new distribution channels and attract new institutional clients, both locally and regionally, despite the challenging conditions ahead.

Stockbroking

- This year's trading activities were affected by the closure of the Stock Exchange of Mauritius for 10 consecutive sessions in March 2020 as a result of the COVID-19 related lockdown and curfew. Indices crashed in March before partly recovering a few weeks later but overall the bearish view prevailed as the broad market index, SEMDEX, lost 22% over the previous financial year.
- Local investors have stepped in as foreign investors withdrew from frontier markets in the midst of the pandemic, their participation falling from c.35% to c.24% of trading volumes. Higher market volatility led to an increase in trading volumes of approximately 5.2% over the previous year. Despite these turbulent times, MCB Stockbrokers maintained its leading position for the third year in a row, with an increase of approximately 3 percentage points in market share. Turnover improved by 19% over the previous financial year, reflecting an 8% growth in the brokerage business and underwriting activities linked to new product launches. On the other hand, distribution fees were almost at par with FY 2018/19 as unfavourable market conditions and negative investor sentiment affected demand for investment products generally.
- Looking ahead, market activity is expected to remain subdued as foreign investors reduce their exposure to frontier markets, albeit at a lower pace, and the pandemic continues to affect corporate earnings and dividends. Investors' appetite for risk is likely to be held back by the uncertainty triggered by the pandemic, while our core retail client base would also be confronted by pressures on disposable income. Accordingly, we are forecasting a reduction in trading volumes and investment flows compared to last year, which will be reflected in lower brokerage income and distribution fees. Given these headwinds, management continues to actively explore avenues to diversify its sources of income.

Registry & Transfer Agent

- MCB Registry and Securities continued on a sustained growth path, producing revenue growth of 11% while profits were up by 17% as compared to FY 2018/19. These excellent results were underpinned by continued corporate activity in the market along with the company's ability to support new product development launches by MCB Capital Markets. While the company strengthened its team and further upgraded its technology during the year, it achieved good cost control with a reduction of c. 3% in expenses. The company coped well with the disruption caused by the COVID-19 lockdown and provided uninterrupted service to its clients throughout this atypical period. With corporate activity expected to be subdued over the next financial year, the company will prudently sustain its technology investment programme in the light of its assessment of the impact of the pandemic on its clients.

Private Equity

- MCB Equity Fund is a USD 100 million evergreen fund that provides expansion capital to established businesses with solid growth prospects, compelling value propositions and capabilities, and strong management teams in Africa. The fund is managed by MCB Capital Partners Ltd, a wholly owned subsidiary of MCB Capital Markets Ltd.
- In FY 2019/20, we continued to implement the fund's strategy of co-investing alongside partners, including Development Financial Institutions, family offices and private equity firms, and working with them in creating value. In March 2020, the fund acquired a minority stake in the Naivas Group, Kenya's leading retailer in partnership with Amethis.
- The Net Asset Value of MCB Equity Fund Ltd rose to Rs 3.8 billion at the end of the FY 2019/20, having realised net profits of Rs 48 million from the disposal of its financial assets. Unrealised gains on the fair value of its financial assets amounted to Rs 83 million. Dividend income amounted to Rs 15 million in FY 2019/20 compared to Rs 36 million in FY 2018/19.

MCB Leasing Ltd

- During the year under review, MCB Leasing Ltd's operations was heavily impacted by the 3 months lockdown as well as a highly competitive commercial environment. The lease portfolio contracted by 5.2% to reach Rs 3,955 million (2019: Rs 4,173 million), with the finance lease portfolio down by 5.8% to Rs 3,285 million and operating leases down by 3.3% to now stand at Rs 670 million. The reduction in disbursement of new leases during the year caused by the 3 months of national lockdown also led to an increase in liquidity which was invested in financial instruments yielding negligible returns as a result of the significant drop in interest rates during the last quarter of the financial year. The combined impact of lower financial lease portfolio and the significant reduction in interest income resulting from the investment of our excess liquidity led to a decrease in net interest income of 17% to reach Rs 81.5 million. Other income (comprising principally operating lease income net of depreciation charges on leased assets) also decreased by Rs 14.2 million to reach Rs 61.1 million in line with the reduction in the operating lease portfolio and reduced margins in that business segment. The company proceeded with a rebranding exercise and marketing campaign to advertise its new identity. The cost of this campaign coupled with continued capacity building initiatives during the year led to an increase of 16% in operating costs which reached Rs 76.7 million. The year under review was also highly impacted by additional provisioning for Expected Credit Losses of Rs 9.7 million on the back of uncertainties in the local economy as well as the capacity of the company's clients to face the current economic difficulties. As a result of the above, with decreasing operating income and increase in operating expenses, the contribution to MCB Group results profit fell by 24% to Rs 39 million.

MCB Factors Ltd

- MCB Factors Ltd is positioned as a prominent player in the field of factoring in Mauritius. In addition to offering full sales ledger administration service to its customers, the entity provides funding against the assignment of trade receivables. On the domestic market, both recourse and non-recourse factoring are proposed, with the latter implying protection against debtors' insolvency. On the international front, Mauritian importers and exporters are offered import and export factoring solutions. MCB Factors' contribution to Group results for FY 2019/20 dropped to Rs 33 million amidst the COVID-19 crisis, which resulted in a significant fall in activity in the last quarter, and an increase in Expected Credit Loss on the company's performing asset portfolio, in line with the inherent increase in credit risks. For FY 2020/21, emphasis is being laid on improving customer experience, enhancing risk management and further diversifying the palette of invoice finance products.

Delivering on our strategic objectives

MCB Microfinance Ltd

- As part of MCB Group's pledge to fostering the financial inclusion and empowerment of small entrepreneurs, MCB Microfinance Ltd was launched in July 2016 as a wholly-owned subsidiary of MCB Group Ltd. Its aim is to facilitate access to business loans for micro-enterprises and self-employed individuals. Clients have access to two types of micro-loans: (i) working capital loans, which aim at meeting the working capital needs such as raw materials or stock; and (ii) investment loans, which are targeted to meet the capital spending requirements of businesses. The entity lays due emphasis on customer proximity, with its Relationship Officers dedicated to spending adequate time on the field to suitably understand the characteristics and requirements of clients and offer them customised solutions that suit their repayment capacities.
- Since inception, MCB Microfinance has disbursed 3,440 loans until 30 June 2020, corresponding to a gross amount of some Rs 668 million, of which 55% relate to investment loans. Of note, since the creation of its office in Rodrigues, 255 micro-loans have been disbursed corresponding to a gross amount of Rs 34 million. As at 30 June 2020, MCB Microfinance's loans stood at around Rs 287 million. The entity started the year well and was on course to move closer to break-even point before being impacted by the outbreak of the coronavirus. In fact, reduced activity levels amidst the imposition of the national lockdown and higher impairment charges resulting from an increase in Expected Credit Losses led to a loss of around Rs 13.9 million in FY 2019/20.

MCB Real Assets Ltd

- In October 2017, MCB Group announced its real estate investment strategy, whereby the Group will act as seed investor for the acquisition and development of prime real estate assets with a view to giving investing customers access to an attractive income yielding asset class. The real estate investment activity is conducted through MCB Real Assets (MCBRA), a wholly owned subsidiary of MCB Group Ltd. MCBRA owns 93.4% in Compagnie des Villages de Vacances de L'Isle de France Limitée (COVIFRA), owner of the Club Med hotel resort located at La Pointe aux Canoniers, Mauritius (the 'Resort'), which it acquired in 2017. As part of the transaction, MCBRA entered into a triple net lease with Club Med S.A.S. COVIFRA is listed on the Development and Enterprise Market of the Stock Exchange of Mauritius. In FY2017/18, COVIFRA undertook a refurbishment and extension of the Resort, which involved major renovation works and the construction of 108 additional rooms, taking the total to 394. The construction was completed in November 2018 at a cost of approximately Rs 1.6 billion. COVIFRA's investment property was valued in FY 2019 by Jones Lang LaSalle (Pty) Ltd at EUR 99 million, which resulted in a fair value gain of approximately EUR 3 million. In March 2020, COVIFRA was notified by Club Med of a force majeure due to the COVID-19 pandemic and of the closure of the Resort from 22 March 2020. As a result, all Club Med's payment and other obligations have been temporarily suspended and shall result in COVIFRA not receiving any income for the duration of the force majeure. The duration of the force majeure and the resumption date of the hotel activities is as yet unknown. In FY 2019/20, MCBRA received dividends of Rs 46 million (FY2018/19: Rs 75 million) from its investment in COVIFRA. For this period, total contribution of MCB Real Assets to Group results amounted to Rs 116 million (FY 2018/19: Rs 207 million).

Credit Guarantee Insurance Co. Ltd

- This associate, in which MCB has a 40% stake, is a joint venture with La Prudence Holding and provides credit insurance services to its customers by ensuring protection in respect of their trade receivables. For the year ending 30 June 2020, the contribution to Group results was negative at Rs 1 million.

Other investments cluster

Fincorp Investment Ltd

- Fincorp Investment Ltd (Fincorp) is an investment company which is listed on the Official Market of the Stock Exchange of Mauritius Ltd. Its financial performance is directly correlated to that of its main investments, namely MCB Leasing Ltd, its 100% owned leasing company and Promotion and Development Ltd (PAD), which is an investment company that is also listed on the local bourse and in which Fincorp has a 46.5% stake.
- The contribution of Fincorp to MCB Group's results shifted from a profit of Rs 127 million in FY 2018/19 to a loss of Rs 2 million in FY 2019/20. MCB Leasing Ltd's contribution dropped from Rs 51 million to Rs 39 million as explained earlier (see section on MCB Leasing Ltd). The performance of Fincorp was further impacted by a downturn in results at the level of PAD. This reflected the adverse performance of Caudan Development Ltd (a subsidiary of PAD), whose operations have been impacted by the COVID-19 pandemic as well as a difficult start in respect of its Phase 3 building amidst higher financing charges. Medine Ltd, an associate of PAD, posted losses for the period under review as a result of lower land sales and a challenging operating environment characterising the sugar industry.

International Card Processing Services Ltd (ICPS)

- ICPS has successfully moved towards the wide-ranging adoption of digitally-enabled platform and established itself as a prominent player providing multi-channel card, mobile and e-commerce payment solutions across the value chain of issuing, acquiring and switching by providing connectivity to existing card associations. While continuously reviewing its operating model, the entity maintained its market diversification strategy and upheld client service levels. The entity has expanded its new open platform and enhanced it with additional value-added services. Of note also, its uniqueness in providing back office operations puts it in a position where it is considered as a one-stop-shop on the marketplace. Strategically, ICPS continues to reinforce its geographical expansion by strengthening its payment processing capabilities and acting as an enabler for its clients located in Mauritius, the Indian Ocean as well as key African and Asian economies, providing an end-to-end integration of services and functionalities. With proven capabilities in consultancy, business operations outsourcing, training, system implementation, a Card personalisation bureau service and information security advisory services, the company has extended its footprint in 21 markets across Africa and Asia. Reflecting its strategic initiatives, ICPS saw its turnover growing by 30% to reach Rs 354 million in FY 2019/20, in spite of the challenging context triggered by the pandemic. With expenses being restrained due to reduced activity associated with the COVID-19 situation, the contribution of the entity to Group reached Rs 65 million.

MCB Consulting Services Ltd

- MCB Consulting Services Ltd delivers sustainable solutions to companies to enable them achieve their innovation and business development goals. Its key areas of focus include the provision of advisory services – which range from strategic planning and execution to risk management – business process reviews and organisation reviews, assistance in the selection, implementation and maintenance of Information Technology solutions as well as the delivery of training services. MCB Consulting Services Ltd is involved in 37 countries, predominantly across the African, Asian and Middle East regions.
- With more than 95% of its turnover recorded outside the shores of its country of incorporation, MCB Consulting has been severely impacted by heavy travel constraints and border restrictions. Notwithstanding this major business limitation and the difficult pandemic-induced economic and social environment in our main 'working' territories, MCB Consulting achieved a turnover of above USD 7 million in FY 2019/20, backed by its sound risk management, geographical diversification and adapted business development strategies. Previous technological investments made to facilitate the 'work from home' concept and the staff's resilience enabled us to reinvent and readjust our delivery model, with a few marquee projects being successfully executed (e.g. launch of a full-fledged digital commercial bank for a major French telecommunication operator). Building on its core fundamentals and recent brand repositioning, which led to a review of the entity's mission, vision and core values, MCB Consulting crafted a new and ambitious three-year strategic plan, articulated around three key design principles: (i) consolidation in strategic markets by leveraging our proven track record and successes; (ii) innovation by adapting our offerings to the evolving context; and (iii) reinvention by enhancing the effectiveness of the business model across the value chain.
- Inevitably, the company's activities are being adversely impacted by various challenges linked to a murky global economic outlook and muted demand across markets. Additionally, the inherent limitations of not being on our clients' premises warrant attention. However, we remain confident that our reputation on the marketplace, proven ability to be resilient and our tweaked strategic orientations shall enable our business to be truly and positively disruptive.

Delivering on our strategic objectives

MCB Institute of Finance Ltd (MCB IF)

- MCB IF, born out of a shared vision of MCB Group and Unicity Education Hub, positions itself as a generalist curator with a range of specialist courses in banking and finance, including both online and in-class deliveries leveraging on an astute selection of partners such as Paris II University Panthéon-Assas, the Retail Banking Academy (RBA) International, and the Emeritus Institute of Management. Following inception to June 2020, MCB IF has registered 279 student enrolments in total, featuring participation from banks and corporates both locally and overseas (from countries such as Seychelles, Madagascar, Zimbabwe, Malawi, Botswana and Gabon). Online self-study courses of the Retail Banking Academy (RBA) International were the most preferred courses justifying therefore the launch of other professional courses around retail banking, cards and payments. MCB IF hosted in February 2020 a two-day Execution Leadership Masterclass which focused on the essentials of how to effectively execute a strategic plan, whilst embracing the newest concepts around leadership and industry 4.0. Of note this particular course, crafted by two seasoned and recognised Mauritius based professionals, saw the participation of incumbents from 4 different countries. We remain positive that – in spite of the prevailing business uncertainties and through an enhanced product offering – our ambition to become an emerging African player in supporting talent development in the financial sector shall materialise in the foreseeable future.



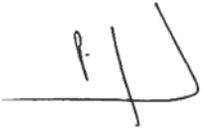
Banking mediation, artificial intelligence and digitalisation in the financial world were discussed during a two-day conference hosted by the MCB Institute of Finance (MCB IF). Jean-Louis Guillot and Emmanuel Jouffin, two experts in French banking law, were the guest speakers.

MCB Forward Foundation

- The MCB Forward Foundation is the Group's vehicle responsible for fulfilling its corporate social responsibility. Its vision is to be instrumental in the creation of sustainable value for the social, environmental and economic well-being of society through the provision of human, logistical and financial resources in support of specific initiatives. As per Government policy, 75% of companies' CSR contributions for projects are channeled to the Mauritius Revenue Authority, thus curtailing the level of financial resources available to MCB Forward Foundation to comprehensively implement its CSR programme. That being said, under the provisions of the amended Income Tax Act 1995, the Group was allowed by the National Social Inclusion Foundation to retain an additional 25% of the CSR contributions to allow for the smooth implementation of programmes started before 1 January 2019. Hence, for FY 2019/20, an aggregate amount of around Rs 46.5 million was entrusted to MCB Forward Foundation, which was spent on a wide range of projects.

Blue Penny Museum

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



Pierre Guy NOEL
Chief Executive