PROSPECTUS

IN RESPECT OF THE ISSUE AND LISTING BY WAY OF AN OFFER FOR SUBSCRIPTION ON THE OFFICIAL MARKET OF THE STOCK EXCHANGE OF MAURITIUS LTD OF UP TO 450,000,000 OF PREFERENCE SHARES (THE "**SHARES**") TO THE ELIGIBLE SUBSCRIBERS (AS DEFINED BELOW)

Sponsoring Broker
M.C.B Stockbrokers Limited

Arranger
MCB Capital Markets

Issue of Preference Shares
by MCB Group Limited

A public company limited by shares, with unlimited life, incorporated on 5 August 2013 in the Republic of Mauritius, bearing business registration number C13117853 and having its registered office at Sir William Newton Street, Port Louis, Mauritius.

This prospectus ("**Prospectus**") is issued pursuant to the Securities Act 2005 and rules and regulations made thereunder and is deemed to be the listing particulars for the purposes of the rules ("**SEM Listing Rules**") of the Stock Exchange of Mauritius Ltd ("**SEM**") in relation to a listing by way of an offer for subscription on the Official Market of the SEM. This Prospectus relates to the issue of up to 450,000,000 Shares representing an aggregate amount of up to MUR 4,500,000,000 (the "**Issue**"), which will be listed on the Official Market of the SEM.

The date of this Prospectus is 23 December 2019

LEC/OS/01/2019

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

This Prospectus provides information to the Eligible Subscribers and the general public pertaining to the issue of the Shares by MCB Group Limited ("**MCB Group**" or the "**Issuer**" or the "**Company**") and includes information given in compliance with Chapter 9 part A of the SEM Listing Rules with regard to the issue and listing of up to 450,000,000 Shares, of no par value, having an issue price of MUR 10 each by MCB Group and to be admitted on the Official Market of the SEM by way of an offer for subscription.

An application was made to the SEM to seek its approval for the listing, permission to deal in the Shares and for the listing of the Ordinary Shares following the conversion of the Shares into Ordinary Shares in accordance with this Prospectus and this Prospectus has been approved by the Listing Executive Committee of the SEM ("**LEC**") on 23 December 2019. A listing has not been sought for these Shares on any other stock exchange.

A copy of this Prospectus has been registered with the Financial Services Commission ("**FSC**") pursuant to the Securities Act 2005 and the rules and regulations made thereunder.

For a full appreciation of this Prospectus, it should be read in its entirety. If you have any doubt as to the action you should take, please consult your banker, stockbroker, legal adviser, accountant or other professional adviser immediately.

The attention of readers is drawn to Paragraph A, which contains a summary definition of all key terms used in this Prospectus.

This document is not to be redistributed, reproduced, or used, in whole or in part, for any other purpose.

SELLING RESTRICTIONS

The circulation and distribution of this Prospectus in certain jurisdictions may be restricted by law. Persons who may come into possession of this Prospectus are required to inform themselves of, and to observe, any such restrictions. This Prospectus does not constitute an offer to sell, or a solicitation of an offer to buy, a security in any jurisdiction in which it is unlawful to make such an offer or to any person to whom it is unlawful to make such an offer or solicitation in such jurisdiction.

The Shares and this Prospectus have not been registered under the United States Securities Act of 1933, as amended, or the United States Investment Company Act of 1940, as amended and may not be offered, sold or delivered in the United States of America, or to or for the account of a U.S. Person. Any investor should consult his own legal, tax and other advisers to determine whether an investment in the Shares could result in adverse consequences to the investor or his related persons and affiliates. All U.S. Persons may have United States tax consequences arising from investing in the Shares.

DISCLAIMER

Neither the LEC, the SEM nor the FSC assumes any responsibility for the contents of this document. The LEC, the SEM and the FSC make no representation as to the accuracy or completeness of any of the statements made or opinions expressed in this document and expressly disclaim any liability whatsoever for any loss arising from or in reliance upon the whole or any part thereof. The FSC shall not be liable for any action in damages suffered as a result of any prospectus registered by the FSC.

This Prospectus and such other information provided in connection with this Prospectus are not intended to provide a basis for any credit or other evaluation. Prospective investors should ensure that they understand the nature of the Shares and the extent of their exposure to risks and that they consider the suitability of the Shares as an investment in light of their own circumstances and financial condition.

The Arranger and the other professional advisers have not separately verified the information contained herein. Accordingly, no representation, warranty or undertaking, express or implied, is made and no responsibility is accepted by them as to the accuracy or completeness of the information contained in this Prospectus or any other information provided by the Issuer. The Arranger and the other professional advisers do not accept any liability in relation to the information contained in this Prospectus or any other information provided by the Issuer in connection with the Issue.

Any information on taxation contained in this Prospectus is a summary of certain tax considerations but is not intended to be a complete discussion of all tax considerations. The contents of this Prospectus are not to be construed as investment, legal or tax advice. Prospective investors should consult their own lawyer, accountant, or investment adviser as to legal, tax and related matters concerning their investment.

Furthermore, nothing in this Prospectus shall be construed as a recommendation by the Issuer and/or the Arranger that any recipient thereof should purchase the Shares.

Unless otherwise specified herein, the statements and information contained in this Prospectus have been compiled as of 15 November 2019. Neither the delivery of this Prospectus nor any issue of any Shares shall under any circumstances create an implication or constitute a representation that the information given in this Prospectus is correct as at any time subsequent to the date thereof.

RESPONSIBILITY STATEMENT

The directors, whose names appear on pages 18 to 23, collectively and individually:-

a) confirm that the accounts of the Issuer for the financial years ended 30th June 2017, 30th June 2018 and 30th June 2019 have been prepared in accordance with the Securities Act 2005 and with relevant accounting standards, and accept full responsibility for them; and

b) accept full responsibility for the accuracy and completeness of the information contained in this Prospectus and confirm, to the best of their knowledge and belief after having made all reasonable enquiries, that this Prospectus complies with the Securities Act 2005 (including applicable rules and regulations issued thereunder) and the SEM Listing Rules, and that this Prospectus contains or incorporates all information which is material in the context of the Issue and the offering of the Shares, that the information contained or incorporated in this Prospectus is true and accurate in all material respects and is not misleading, that the opinions and the intentions expressed in this Prospectus are honestly held and that there are no other facts, the omission of which would make this Prospectus or any of such information or expression of any such opinions or intentions misleading.

The Prospectus has been unanimously approved by the Board (as defined below) of the Issuer on 27 September 2019 and signed on its behalf by:

Director

Director

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A. SUMMARY AND OVERVIEW OF THE ISSUE

This overview must be read as an introduction to this Prospectus. Any decision to invest in the Shares should be based on consideration of this Prospectus as a whole, including the Documents Incorporated by Reference.

A.1 About the Issue of Shares

Further to the cautionary announcement dated 27 September 2019, MCB Group intends to offer to the Eligible Subscribers the opportunity to subscribe for up to 450,000,000 Shares at an issue price of MUR 10 per Share and having the rights set forth in this Prospectus. Pursuant to article 8.2(b) of the Constitution, the issue of the Shares to the Eligible Subscribers has been approved by the existing shareholders of the Issuer on 15 November 2019.

A.2 Parties

Issuer	MCB Group Limited, a public company limited by shares, incorporated under the laws of Mauritius with business registration number C13117853 and having its registered office at Sir William Newton Street, Port Louis, Mauritius
Arranger	MCB Financial Advisers, trading under the name of MCB Capital Markets, a private company limited by shares, incorporated under the laws of Mauritius with business registration number C17145952 and having its registered office at Sir William Newton Street, Port Louis, Mauritius
Sponsoring Broker	M.C.B Stockbrokers Limited, a public company limited by shares, incorporated under the laws of Mauritius with business registration number C07007927 and having its registered office at Sir William Newton Street, Port Louis, Mauritius
Registrar, Calculation, Transfer and Paying Agent	M.C.B. Registry and Securities Ltd., a public company limited by shares, incorporated under the laws of Mauritius with business registration number C07009196 and having its registered office at Sir William Newton Street, Port Louis, Mauritius
Eligible Subscribers	Every holder of the MCBG Notes, not being a U.S Person, whose name appear in the Notes Register at the close of business of the Notes-to-Prefs Record Date will be entitled to subscribe to the Shares in the manner specified in this Prospectus

A.3 General

Instrument	Preference Shares of MCB Group
Offer Mode	Public offer in accordance with the Securities Act 2005 and the Securities (Public Offers) Rules 2007

Currency	MUR
Minimum number of Shares	The Board reserves the right not to proceed with the issue of the Shares where the number of Shares applied for is less than one hundred million (100,000,000). In such case, the applications received will not be processed
Maximum number of Shares	Up to Four hundred and fifty million (450,000,000) Shares
Purpose of the Issue	The purpose of the Share issuance is to further consolidate the permanent capital structure of the Company in order to support its growth
Subscription Amount	Upon the offer of the Shares being accepted by an Eligible Subscriber, the payment of the Subscription Amount to the Issuer on the Payment Date shall be settled through the cancellation of one hundred percent (100%) of the MCBG Notes held by that Eligible Subscriber as at the Notes-to-Prefs Record Date in accordance with this Prospectus and the Applicable Procedures
Annual Yield at Issue Date	Subject to dividends on the Shares being declared by the Board and the applicable laws, the annual non-cumulative yield on the Shares shall be 4.7% (i.e. MUR 0.470 per Share per annum based on the Issue Price)
Form of the Shares	The Shares will be issued in registered form. No certificates will be issued Legal ownership of the Shares, listed on the Official Market of the SEM, will be reflected in book entries recorded by the CDS and such records shall constitute the definitive evidence of the title of the Preference Shareholder to the number of Shares shown in the CDS Account of the Preference Shareholder
Status of the Shares	The Shares shall rank junior to all creditors of the Company but in priority to the holders of Ordinary Shares
Conversion of Shares into Ordinary Shares	Preference Shareholders shall have the right to convert any or all of their Shares into Ordinary Shares on the terms and conditions laid out in this Prospectus
Redemption of Shares	Redemption of the Shares shall only be at the option of the Issuer as described in this Prospectus
<u>Important Dates</u>	
a) Offer Start Date	27 December 2019
b) Offer End Date	20 February 2020
c) Notes-to-Prefs Record Date	26 February 2020

d) Allotment Date, Payment Date & Issue Date	28 February 2020
e) Date of listing and first trading	2 March 2020
Register	The Register maintained by the Agent as per the Terms and Conditions
Taxation	The dividend paid on the Shares will be exempt from tax under paragraph 1(a) of Sub-Part B of Part II of the Second Schedule to the Income Tax Act 1995. However, every individual, resident in Mauritius, whose leviable income exceeds MUR 3.5 million in an income year shall be liable to pay a solidarity levy in accordance with the Income Tax Act 1995
Listing	This Prospectus has been approved by the Listing Executive Committee of the SEM on 23 December 2019 and the Shares will be listed on the Official Market of the SEM with first day of listing and trading being 2 March 2020
Governing Law	The Shares and this Prospectus are governed by, and shall be construed in accordance with, the laws of the Republic of Mauritius
Dispute Resolution	Mediation and arbitration under the rules of MARC (as defined below)

B. GLOSSARY OF DEFINITIONS AND ABBREVIATIONS

Where any term is defined within the context of any particular paragraph or section in this Prospectus, the term so defined, shall bear the meaning ascribed to it for all purposes in this Prospectus, unless the context otherwise requires. Expressions defined in this Prospectus shall bear the same meanings in supplements to this Prospectus which do not themselves contain their own definitions.

Any reference in this Prospectus to any statute, regulation or other legislation shall be a reference to that statute, regulation or other legislation at the date of this Prospectus, as amended or substituted from time to time.

In this Prospectus, unless inconsistent with the context, the following expressions shall have the following meanings:

Agency Agreement	An agreement between the Issuer and the Agent signed on or about the date hereof setting out the rights and obligations of the parties thereunder as may be further supplemented and/or amended and/or restated from time to time
Agent	M.C.B. Registry and Securities Ltd., Sir William Newton Street, Port Louis, Mauritius
Allotment Date	The date on which all successful Eligible Subscribers will be notified of their allotment by way of an allotment letter sent by email and/or by post
Applicable Procedures	The rules, guidelines and operating procedures of the SEM and/or CDS, as the case may be
Application Form	The application form approved by the Issuer for subscription of Shares to be issued hereunder
Board	The board of directors of the Issuer
Business Day	A day (other than a Saturday or Sunday or public holiday) on which commercial banks settle MUR payments in Mauritius
CDS	Central Depository & Settlement Co. Ltd
CDS Account	An Eligible Subsciber's CDS account on which the MCBG Notes are held as specified in the Application Form
Companies Act	The Companies Act 2001 of the Republic of Mauritius, as amended from time to time
Condition	A term and condition specified in the Paragraph '*Terms and Conditions of the Issue*'
Constitution	The Issuer's constitution, as may be amended from time to time
Conversion Acceptance Notice	A notice to be sent to the Company by the Eligible Preference Shareholders, following receipt of a Conversion Notice, in the manner described in this Prospectus

Conversion Date(s)	A Conversion Date shall be the twentieth (20th) Business Day from the date of the relevant Conversion Record Date
Conversion Notice	A notice to be served by the Company on the Eligible Preference Shareholders after the Non-Conversion Period and the applicable Conversion Record Date in the manner specified in this Prospectus
Conversion Price	The Conversion Price shall be equal to ninety-seven percent (97%) of the Reference Price
Conversion Record Date	The Conversion Record Date means the date on which the Issuer will determine the Eligible Preference Shareholders, and subject to the Non-Conversion Period, such date shall be an Ordinary Dividend Record Date
Decimal Place	Shall have the meaning ascribed to it under Condition 6
Eligible Preference Shareholders	The holders of the Shares who shall be entitled to convert their Shares into Ordinary Shares at the relevant Conversion Date
Eligible Subscribers	Shall have the meaning ascribed to it under paragraph A.2
Existing LP	Means the listing particulars dated 12th June 2015 (LEC/I/02/2015) issued by the Issuer
FSC	The Financial Services Commission
Group	The Issuer, its subsidiaries and associates
Issuer	MCB Group Limited, a public company incorporated under the laws of the Republic of Mauritius and having its registered office at Sir William Newton Street, Port Louis, Mauritius
Issue	The issue of up to 450,000,000 Shares for an aggregate amount of up to MUR 4,500,000,000 in accordance with this Prospectus
Issue Date	28 February 2020
Issue Price	The issue price per Share will: • be payable in specie in accordance with the terms of this Prospectus; and • correspond to one hundredth (1/100) of the nominal value of an MCBG Note and therefore be equivalent to MUR 10
LEC	The Listing Executive Committee of the SEM
MCB	The Mauritius Commercial Bank Limited
MCBG Notes	The Floating Rate Subordinated Notes Due 2023 issued by the Issuer under the Existing LP
Non-Conversion Period	The period during which the Issuer shall not accept any request for conversion. This period shall start on the Issue Date and end on the second (2nd) anniversary of the Issue Date
Notes Register	The register of MCBG Notes held by the Agent

Notes-to-Prefs Record Date	26 February 2020
Offer End Date	Means the date as specified in paragraph A.3 above
Offer Period	Means the period starting on the Offer Start Date and ending on the Offer End Date
Offer Start Date	Means the date as specified in paragraph A.3 above
Ordinary Dividend Declaration Date(s)	A day on which dividends on the Ordinary Shares are declared by the Board in accordance with the applicable laws
Ordinary Dividend Record Date(s)	A date to be communicated by the Company at the relevant Ordinary Dividend Declaration Date to determine the holders of Ordinary Shares entitled to a dividend payment
Ordinary Shares	Means the shares issued by the Issuer, which entitle the holders thereof to vote on all shareholders' matters concerning the Issuer and to such other rights as described in the Constitution
Ordinary Share Conversion	Shall have the definition ascribed to it under Condition 6
Ordinary Share Entitlement	Shall have the definition ascribed to it under Condition 6
Payment Date	The date on which the Shares are paid through the cancellation of the relevant MCBG Notes in accordance with this Prospectus and the Applicable Procedures
Preference Dividend Declaration Date(s)	A day on which dividends on the Shares are declared by the Board in accordance with the applicable laws
Preference Dividend Record Date	A date to be communicated by the Company at the relevant Preference Dividend Declaration Date to determine the Preference Shareholders entitled to a dividend payment
Preference Entitlement	The right, by each Eligible Subscriber, to subscribe for one hundred (100) Shares at the Issue Price for every one (1) MCBG Note held by it on the Notes-to-Prefs Record Date, provided that such MCBG Note is held by it as at the Issue Date. This entitlement is not transferable and not sellable
Preference Shareholder	A holder of a Share
Preference Shares Dividend Amount	Shall have the meaning ascribed to it under paragragh 5.1
Redemption Date	Any Business Day occurring after the tenth (10^{th}) anniversary of the Issue Date
Redemption Notice	A notice served by the Company to the Preference Shareholders at least thirty (30) days prior to a Redemption Date
Redemption Price	Shall have the meaning ascribed to it under Condition 7
Reference Price	The Reference Price in respect of a Conversion Date shall be the average of the daily volume-weighted average price (VWAP) of the Ordinary Shares as

	published by the SEM over the relevant Trading Period less the dividend per share (if any) declared on the Ordinary Shares on the relevant Ordinary Dividend Declaration Date
Register	The register maintained in accordance with Condition 14
Restricted Countries	All countries other than the Republic of Mauritius
SEM	The Stock Exchange of Mauritius Ltd
Simplified Prospectus	In relation to this Prospectus, the simplified prospectus prepared in accordance with Rule 5 of the Securities (Public Offers) Rules 2007
Subscription Amount	In relation to an Eligible Subscriber, the Subscription Amount shall be the product of the number of MCBG Notes held by that Eligible Subscriber at the Notes-to-Prefs Record Date ("*N*"), the Issue Price ("*P*") and 100. This Subscription Amount shall be calculated by the following formula: $N \times P \times 100$
Terms and Conditions	The Terms and Conditions incorporated in the Paragraph headed "*Terms and Conditions of the Issue*" under which the Shares will be issued
Trading Period	A trading period shall be a period of thirty (30) days, ending three (3) Business Days prior to an Ordinary Dividend Record Date
U.S. Person	a) any natural person resident in the United States, including any U.S. resident who is temporarily outside the United States; b) any corporation, partnership, limited liability company or other entity organised or incorporated under the laws of the United States; c) any estate of which any executor or administrator is a U.S. Person; d) any trust of which any trustee is a U.S. Person; e) any agency or branch of a foreign entity located in the United States; f) any non-discretionary account or similar account (other than an estate or trust) held by a dealer or other fiduciary for the benefit or account of a U.S. Person; g) any discretionary account or similar account (other than an estate or trust) held by a dealer or other fiduciary organised, incorporated, or (if an individual) resident, in the United States; and h) any corporation, partnership, limited liability company or other entity if (1) organised or incorporated under the laws of any non-U.S. jurisdiction and (2) formed by a U.S. Person principally for the purpose of investing in securities not registered under the U.S. Securities Act, unless it is organised or incorporated, and owned, by accredited investors (as defined in Rule 501(a) promulgated under the U.S. Securities Act) which are not natural persons, estates or trusts. Notwithstanding the foregoing, the following persons do not constitute "U.S. Person" for purposes of this Prospectus: a) any discretionary account or similar account (other than an estate or trust) held for the benefit or account of a non-U.S. Person by a dealer or

other professional fiduciary organised, incorporated, or (if an individual) resident, in the United States;

b) any estate of which any professional fiduciary acting as executor or administrator is a U.S. Person if (i) an executor or administrator of the estate which is not a U.S. Person has sole or shared investment discretion with respect to the assets of the estate and (ii) the estate is governed by non-U.S. law;

c) any trust of which any professional fiduciary acting as trustee is a U.S. Person shall not be deemed a U.S. Person if a trustee who is not a U.S. Person has sole or shared investment discretion with respect to the trust assets, and no beneficiary of the trust (and no settlor if the trust is revocable) is a U.S. Person;

d) an employee benefit plan established and administered in accordance with the laws of a country other than the United States and customary practices and documentation of such country;

e) any agency or branch of a U.S. Person located outside the United States if (i) the agency or branch operates for valid business reasons and (ii) the agency or branch is engaged in the business of insurance or banking and is subject to substantive insurance or banking regulation, respectively, in the jurisdiction where located; and

f) the International Monetary Fund, the International Bank for Reconstruction and Development, the Inter-American Development Bank, the Asian Development Bank, the African Development Bank, the United Nations, and their agencies, affiliates and pension plans, and any other similar international organisations, their agencies, affiliates and pension plans.

C. DOCUMENTS INCORPORATED BY REFERENCE

The following documents shall be deemed to be incorporated in, and to form part of, this Prospectus (hereinafter the "**Documents Incorporated by Reference**"):

a) all supplements to this Prospectus as may be issued by the Issuer from time to time; and
b) the Agency Agreement.

Following publication of this Prospectus, a supplement may be prepared by the Issuer. Statements contained in any such supplement (or contained in any document incorporated by reference therein) shall, to the extent applicable (whether expressly, by implication or otherwise), be deemed to modify or supersede statements contained in this Prospectus or in a document which is incorporated by reference in this Prospectus. Any statement so modified or superseded shall not, except as so modified or superseded, constitute a part of this Prospectus.

Prospective investors shall be deemed to have notice of all information contained in the Documents Incorporated by Reference into this Prospectus, as if all such information were included in this Prospectus. Prospective investors who have not previously reviewed such information should do so in connection with their application for purchase of the Shares.

D. DESCRIPTION OF THE ISSUER

D.1 About MCB Group

The Issuer was incorporated on 5 August 2013 as part of the reorganisation of the activities of the MCB group of companies into three main clusters: banking, non-bank financial, and other investments.

Building on its sound business model, the Group, as an integrated financial services provider, offers customised products and services to a wide range of clients through its local and foreign subsidiaries and associates as morefully described in section D.4. Through MCB, which was established in 1838, the Group has cemented its position as the leading player in the domestic banking sector. In addition, the Group has actively diversified its activities across geographies and broadened its footprint in the non-banking field. Listed on the Official Market of the SEM since its inception in 1989, the Issuer is one of the most traded stocks thereon. The Issuer has a broad and diversified shareholder base.

The Issuer has nurtured a strong brand image, helped by a long track record of solid profitability, healthy balance sheet as well as robust capital and funding profiles. Its main subsidiary, MCB, is rated by international and domestic rating agencies. The rating of MCB is summarised in the table below.

Agency	Rating Scale	Outlook	Long-term	Short-term
Moody's Investors Service	International	Stable	Baa2	P-2
Fitch Ratings	International	Stable	BBB-	F3
CARE Ratings (Africa) Private Limited	National	Stable	AAA	

Source: MCB Group Annual Report 2019

D.2 A Catalyst for Socio-Economic Development

MCB Group has continued to foster the well-being and progress of the societies and communities in which it operates. In Mauritius and across other presence countries, it partners with relevant stakeholders, such as NGOs and public sector entities, towards promoting societal well-being. It provides support in key focus areas, notably community empowerment and preservation of the natural environment, arts and culture, youth development and sports, as well as education.

During the last financial year, MCB Group launched an ambitious "Corporate Sustainability Programme", which is founded on its "Success Beyond Numbers" philosophy. The latter has 3 key pillars:

- The development of a sustainable and vibrant local economy: MCB released the 'Lokal is Beautiful' report, a full-fledged study that was commissioned with a view to identifying and appraising economic leaks in Mauritius. The study aimed at uncovering how the country's prosperity could be uplifted by enhancing the multiplier effect within the economy by means of dedicated policies and initiatives;

- The protection and valorisation of our cultural and environmental heritage: The second season of VIBE Moris® – a song competition which has been imagined, designed and produced by MCB Group in collaboration with key partners – was broadcasted on the national television in May last. MCB's commitment to protecting the environment was demonstrated through its promotion of green financing (Green Loans);

- The promotion of individual and collective well-being: The organisation has launched its 'Social Leave' initiative. A 1-day paid leave is granted to all MCB's employees on a yearly basis for participation in volunteering activities. The aim is to provide employees with the opportunity, by means of a dedicated framework, to be actively engaged in the community and yield a long-term impact on projects where our staff are involved.

D.3 Key Facts and Figures

Banking*	• MCB is the mainstay of the MCB Group • Local subsidiaries in Seychelles, Madagascar and Maldives and asscociates through BFCOI and SG Mozambique located in Reunion, Paris, Mayotte and Mozambique • Over 1 million individual and institutional customers • Market share of over 41% of domestic credit to the economy and 47% of local currency deposits • Network of 60 branches redesigned around the 'department store' concept • 206 strategically-located ATMs • c. 238,000 registered Internet Banking customers • Wide range of mobile services: SMS banking, airtime refill, mobile banking and mobile payments (c. 263,000 subscribers to 'JuiceByMCB') • Pioneered the introduction of contactless payments in Mauritius as well as alternative payments methods via 'JuiceByMCB' QR code • Workforce of c. 3,617 employees
Non-Banking	• MCB Capital Markets Ltd, through its subsidiaries, is the investment banking and asset management arm of the Group and has assets under management of c. MUR 34 billion. MCB Capital Markets is the leading arranger and structurer of debt capital market instruments in Mauritius. • MCB REAL ASSETS LTD acts as seed investor in acquiring prime income generating real estate assets in Mauritius with a view over time to giving investing customers access to an attractive income yielding asset class. • Major player in leasing and factoring through MCB Factors Ltd and MCB Leasing Ltd • MCB Microfinance Ltd promotes financial inclusion by providing access to financing in the form of working capital and investment facilities to micro and small entrepreneurs • Provision of consulting services (MCB Consulting Limited), cards outsourcing operations (International Card Processing Services Limited) as well as other investment and ancillary undertakings as part of its "Bank of Banks" strategy

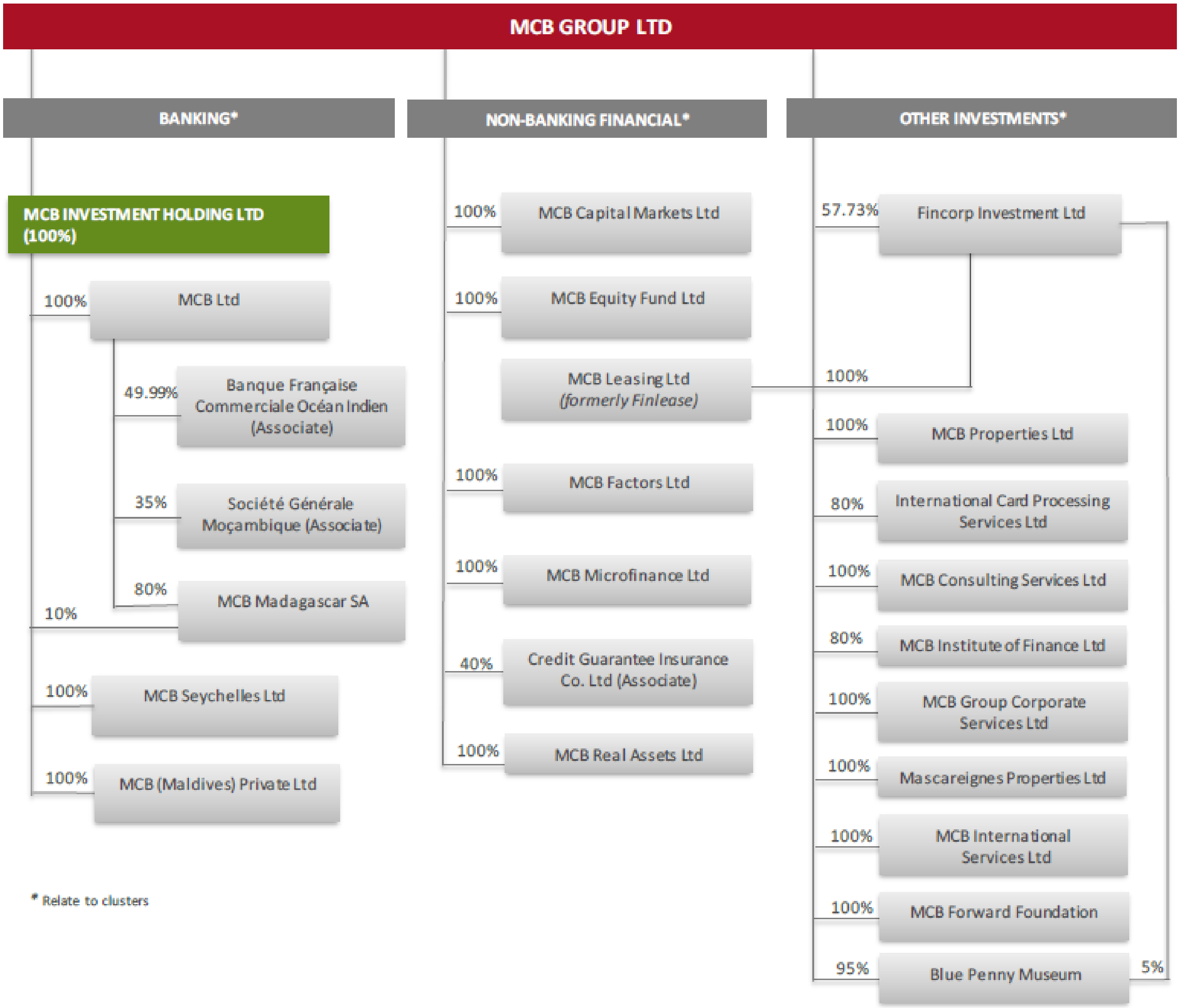
Foreign involvement	• Presence in 9 countries outside Mauritius through subsidiaries, associates, and representative offices • Network of approximately 1,150 correspondent banks worldwide • Services offered in the context of its 'Bank of Banks' strategy are outside Mauritius and predominantly in Africa • Participation in loan syndication as well as structured commodities and project financing
The Group	• Market capitalisation of MUR 69 billion as at 30 June 2019, representing 27.3% of SEMDEX • A broad & diversified shareholder base, with more than 20,000 shareholders • Most tradable security on the local stock exchange with value of shares traded in FY 2018/19 amounting to MUR 4.9 billion, representing 48% of the market

Source: MCB Group Ltd (as at 30 June 2019)

**Figures relate to MCB in Mauritius*

D.4 Group structure

The chart below sets out the current Group structure. MCB Goup is a company listed on the Official Market of the SEM. MCB Group's strategy execution is enabled by key operating pillars, which comprise entities, business lines and support functions. Common frameworks and policies, where appropriate, contribute to the accomplishment of the Group's strategic objectives in an integrated manner. MCB Investment Holding Ltd, as a wholly-owned subsidiary of the Issuer, is the intermediate holding company of the 'Banking' cluster, which includes MCB as well as the foreign banking subsidiaries and associates.



Source: MCB Group, as at 30 June 2019.

D.5 Board Composition

MCB Group is led by a committed and unitary board, which is collectively accountable and responsible for the long-term success of the organisation. The MCB Group operates within a clearly defined governance framework which provides for delegation of authority and clear lines of responsibility while enabling the Board to retain effective control. As such, the Board is ultimately accountable and responsible for the performance and affairs of the MCB Group. The Board comprises highly experienced individuals with a wealth of expertise across various sectors (including banking and financial services). A summary profile of the directors of MCB Group is included in the table below. The Company is not aware of any relationship between its directors as mentioned below.

Name	Biography	Nationality	Address
Marie Gerard Didier HAREL (Chairperson)	**Qualifications**: BSc in Chemical Engineering and Chemical Technology (UK) and MBA (France) **Skills and experience**: Didier has a track record of over forty years in the downstream sector of the oil industry, having worked for the EXXON and TOTAL Groups. He started his career with Esso in Mauritius in 1974 and was appointed as Managing Director of Esso Reunion in 1982. He joined the TOTAL Group in 1988 where he was entrusted several international assignments, initially as Managing Director of TOTAL in Zambia and Zimbabwe and subsequently as Managing Director and Chief Executive Officer of major TOTAL Refining & Marketing subsidiaries in South Africa and in the United Kingdom. He also shouldered an array of senior executive positions in the marketing and logistics arena at TOTAL's Africa and Middle East Head Office in Paris and within TOTAL France, the home-based marketing and distribution company of the group. He was seconded in 2012 by TOTAL S.A as Chairman and CEO of Société Anonyme de Gestion des Stocks Stratégiques, the national oil compulsory stock obligation entity for France. **Directorship(s) in other public companies**: Sun Ltd; Terra Mauricia Ltd	Mauritian	Morc Les Vieux Banians, Balaclava, Mauritius
Pierre Guy NOEL (Chief Executive)	**Qualifications**: BSc (Honours) in Economics and Chartered Accountant (UK) **Skills and experience**: From 1981 to 1991, Pierre Guy worked at De Chazal Du Mée & Co. where he became a partner in financial consultancy. He joined MCB in 1992 as Planning and Development Consultant before being appointed General Manager of the Bank in 1996. Following the organisation's restructuring, he became the Chief Executive of MCB Group Ltd in April 2014. He is a Board member of several companies within the Group namely Banque Française Commerciale Océan Indien, MCB Madagascar, MCB Seychelles, MCB Maldives, MCB Investment Holding Ltd, MCB Capital Markets Ltd, MCB Equity Fund Ltd, MCB Consulting Services Ltd, MCB Factors Ltd, International Card Processing Services Ltd, Credit Guarantee Insurance Co. Ltd, MCB Microfinance Ltd and MCB Institute of Finance amongst others, acting either as Chairperson or Director. He was appointed to the Board of MCB Ltd in 2005 and was a Director thereof until March 2014 when he joined the Board of MCB Group Ltd following the	Mauritian	Route Paturau, Trou d'Eau Douce, Mauritius

	Group's restructuring exercise. **Directorship(s) in other public companies:** Compagnie Des Villages De Vacances De L'Isle De France Limitée (COVIFRA)		
Jean Desire Gilbert GNANY (Chief Strategy Officer)	**Qualifications:** 'Licence ès Sciences Economiques (Economie Mathématique)', 'Maîtrise en Econométrie' and 'DESS en Méthodes Scientifiques de Gestion et Calcul Economique Approfondi' (France) **Skills and experience**: Gilbert previously worked as Senior Advisor on the World Bank Group's Executive Board where he was responsible for issues relating mainly to the International Finance Corporation and to the private and financial sectors. Prior to joining the World Bank, he was the MCB Group Chief Economist and Group Head of Strategy, Research & Development after having been the Economic Advisor to the Minister of Finance in Mauritius. During his career, he has been involved in various high-profile boards/committees. Amongst others, he chaired the Stock Exchange of Mauritius Ltd, the Statistics Advisory Council and the Statistics Board as well as having been a member of the Board of Governors of the Mauritius Offshore Business Activities Authority, a director of the Board of Investment and of the Mauritius Sugar Authority. He was also a member of the IMF Advisory Group for sub-Saharan Africa, a member of the Senate of the University of Mauritius and a director of the Financial Services Institute. He is currently a Board member of several companies within the Group namely MCB Capital Markets Ltd, MCB Seychelles, MCB Maldives, MCB Madagascar, MCB Microfinance Ltd and MCB Consulting Services Ltd amongst others. On the institutional side, he is an external IMF expert in statistics, in particular on data dissemination standards and strategy and is also a member of the Financial Services Consultative Council. Furthermore, he is the Chairperson of the Economic Commission of Business Mauritius which serves, inter alia, as a platform for public-private sector dialogue. **Directorship(s) in other public companies**: Promotion and Development Ltd; Caudan Development Ltd; COVIFRA, Medine Ltd, MCB India Sovereign Bond ETF, African Domestic Bond Fund	Mauritian	Port Chambly, Terre Rouge 21416, Mauritius
Sunil BANYMANDHUB	**Qualifications**: BSc (Honours) in Civil Engineering, Master's degree in Business Studies and	Mauritian	Impasse des Tourterelles , Pereybere,

	Chartered Accountant (UK) **Skills and experience**: Sunil has occupied senior positions in the private sector in Mauritius prior to launching his own transport company in 1990. In 2001, he joined the CIM Group, a company engaged in financial and international services, from which he retired as Chief Executive Officer in 2008. During his career, he has been involved in various private sector organisations. Amongst others, he was President of the Mauritius Employers' Federation. He was a member of the Presidential Commission on Judicial Reform, headed by Lord Mackay of Clashfern, a former UK Lord Chancellor. He is currently a director of a number of domestic and global business entities, acting either as Chairperson or board member, and is also Adjunct Professor at the University of Mauritius. **Directorship(s) in other public companies:** Fincorp Investment Ltd; New Mauritius Hotels; Blue Life Ltd		Mauritius
Karuna BHOOJEDHUR-OBEEGADOO	**Qualifications**: BSc (Hons) in Actuarial Science and Fellow of the Institute and Faculty of Actuaries (UK) **Skills and experience**: Karuna started her career at the M&G Reinsurance Company in London (now Swiss Re) in 1985 prior to joining the State Insurance Company of Mauritius Ltd (SICOM) as Actuary and Manager of the Life, Pensions and Actuarial departments in 1990 when she was also appointed Actuarial Advisor to the National Pensions Fund and member of its Investment Committee. She has been previously the Chief Executive of the SICOM Group, from 1996 to 2017 and is a director of various companies within the group. In the past, she has served as director on the Board of several companies, including State Bank of Mauritius Ltd, National Mutual Fund Ltd, First Republic Fund Ltd, Cyber Properties Investment Ltd, Mauritius Housing Company Ltd, National Housing Development Company Ltd, China Index Fund Ltd and China Actis Ltd. She was also a Founding Member of the National Committee on Corporate Governance and of the Board of Investment. She is currently a director of MCB Equity Fund Ltd, a subsidiary of MCB Group Ltd.	Mauritian	La Hausse de la Louvière Street, Floreal, Mauritius
Jean-Jacques DUPONT DE RIVALZ DE ST ANTOINE	**Qualifications**: 'Diplôme de l'Institut d'Etudes Politiques de Paris' (France) and MBA (USA) **Skills and experience**: Jean-Jacques started his	Mauritian	1084 Pipesten PL, Potomac MD 20854, USA

	career in 1977 as Financial Advisor at Deep River Beau Champ prior to joining the World Bank Group in 1980 under the Young Professionals Program. He integrated the International Finance Corporation where he worked on agro-industrial projects in several countries in West Africa. Since 1987, he acted as Principal Operations Officer within the World Bank successively for Europe, Central Asia, Latin America and the African region, whilst being responsible for the Health, Nutrition and Population (HNP) projects undertaken in various countries therein. Moreover, he was appointed as Cluster Leader of the World Bank's HNP Division for West Africa in 2008 before acting as the Sector Manager for the African region in 2011-2012 when he was also a member of the HNP Sector Board worldwide.		
Georges Michael David LISING	**Qualifications**: BSc (Honours) in Accounting and Financial Analysis and Chartered Accountant (UK) **Skills and experience**: After 4 years with Ernst & Young in UK, Michael moved to De Chazal du Mée (Mauritius) in 1997 where he was responsible for various consultancy projects and conducted assignments for international companies and for the World Bank in Rwanda, Tanzania, Madagascar and Burkina Faso. He was previously on the University of Mauritius Council and was in the Executive Committee of Young Presidents Organisation. He joined the Lising Group in 2000 and currently occupies the position of Managing Director. He is currently a director of MCB Factors Ltd, a subsidiary of MCB Group Ltd.	Mauritian	Appartement A3, Le Ravin 4, Mount Ory, Moka, Mauritius
Jean-Louis MATTEI	**Qualifications**: 'Diplôme d'Etudes Supérieures en Droit Privé', 'Diplôme du Centre d'Etudes Supérieures de Banque' and 'Diplôme de l'Institut d'Etudes Politiques de Paris' (France) **Skills and experience**: Jean-Louis has accumulated wide-ranging experience in the banking sector, having worked for Société Générale Group for some 40 years. Over this period, he has shouldered an array of high-level responsibilities within the group, acting as Chairperson, Director or Chief Executive Officer, in its various offices based worldwide. In 1998, he took charge of Société Générale international retail banking operations and built the group's international network, particularly in Northern Africa and in the sub-Saharan region as well as in Eastern Europe. Prior to his retirement in 2013, he was a member of the Executive Committee of Société Générale Group. He is a member of the Board of Agence Française de Développement	French	24 Rue Pierre et Marie Curie, 75005, Paris, France

	and also acts as Chairperson of its Audit Committee and Risk Committee.		
Alfred Joseph Gerard Robert Alain REY	**Qualifications**: BSc (Honours) in Economics and Chartered Accountant (UK) **Skills and experience**: Alain has acquired wide financial experience, having been Manager at Citibank NA (Paris) and Regional Corporate Manager at Barclays Plc in Mauritius. He also has a long experience in the textile industry and was namely Financial Director at Corotex, General Manager at Shape Fabrics Ltd and has served as Senior Vice President and Chief Financial Officer at Novel Denim Holdings Ltd, a NASDAQ listed company. He has also been the Chief Executive Officer at Compagnie de Mont Choisy Ltée, a company involved in agricultural and property development activities. He was previously a director of AfrAsia Bank Ltd, State Bank of Mauritius Ltd and SBM Holdings Ltd. **Directorships in other listed companies:** Terra Mauricia Ltd; Ciel Textile Ltd; New Mauritius Hotels Ltd	Mauritian	41C Queen Mary Avenue, Floréal, Mauritius
San T. SINGARAVELLOO	**Qualifications**: BSc Economics and Statistics (South Africa), BSc (Hons) Operation Research (South Africa), LLM International Business Law (France) and Fellow of the Institute of Faculty of Actuaries (UK) **Skills and experience**: San is a qualified actuary with over 20 years of experience across the Sub-saharan Africa region, the UK and the Netherlands. Her experience spans an array of disciplines namely pension, healthcare, life insurance and general insurance, with particular interest in business development in new markets. She has worked for various regional and international companies including Old Mutual (Cape Town), Hymans Robertson Actuaries and Consultant (Glasgow), PwC (London and Amsterdam), ABN Amro (Amsterdam), The UK Pension Regulator (UK) and Anglo Mauritius/CIM Insurance (Mauritius). She currently heads the Aon Global Benefits Africa Unit and is a director of Anglo African Investments Ltd. She is also a member of the Institute of Directors of Southern Africa (IODSA).	Mauritian	23 B Avenue des Cordonniers, Tamarin, Mauritius
Jean Michel NG TSEUNG	**Qualifications**: BSc (Honours) in Mathematics and Chartered Accountant (UK)	Mauritian	Queen Mary Avenue, Floreal, Mauritius

	Skills and experience: Jean Michel joined MCB Ltd in January 2004 and was Head of Corporate 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. Whilst currently a Board member of several companies within the Group namely MCB Investment Holding Ltd, MCB Ltd, MCB Seychelles, MCB Maldives, MCB Madagascar and Banque Française Commerciale Océan Indien, he also sits on the Risk Monitoring Committee of MCB Ltd.		
Constantine Fungai CHIKOSI	**Qualifications**: Constantine is a lawyer, a Chartered Accountant and a graduate of INSEAD Business School **Skills and experience**: In a career spanning over more than 19 years with the World Bank Group, Constantine has held various operational, strategy and management roles delivering development solutions for the Bank's client countries through analytical work, high level policy dialogue with governments and advising the Board on internal corporate strategy and forward-looking initiatives. He oversaw a threefold growth of the World Bank's investment portfolio in Southeast Asia and a 40 percent improvement in its performance as chair of committees that shaped the Bank's operational strategy and investment portfolios in Cambodia, Laos, Malaysia, Myanmar and Thailand. Constantine led the opening of the World Bank Office in Mauritius where he assisted the government in developing policy responses to the 2008 global financial crisis and streamlining the country's business regulation to reduce the cost of regulatory compliance. Prior to joining the World Bank, Constantine worked for a global mining company as a new business development executive and as Company Secretary for a conglomerate listed on the Johannesburg Stock Exchange.	Zimbabwean	14 Windermere Court Bethesda, MD, USA

D.6 Board Committees

While the Board has reserved certain matters for its approval, it has created five committees tasked to provide specialist guidance to the Board to help it carry out its duties and responsibilities. A reporting mechanism is in place to ensure that matters affecting the affairs and reputation of the Group are escalated to the Board by the chairpersons of these committees and the boards of its subsidiaries. In this way, the Board maintains an effective oversight process within a flexible and autonomous structure that allows for adequate ring-fencing of activities, as gauged by the segregation of banking and non-banking operations.

The Board's committees consist of the "Risk Monitoring Committee", the "Audit Committee", the "Remuneration, Corporate Governance & Ethics Committee", the "Strategy Committee" and the "Supervisory & Monitoring Committee". The Board's committees have the role of facilitating the discharge of Board's responsibilities and provide in-depth focus on specific areas. In fulfilling their role of providing oversight and guidance, chairpersons of Board's committees escalate all significant matters impacting the Group to the Board.

D.7 Gearing up for the Future

MCB Group's main strategic objectives are to strengthen its domestic position, expand its non-bank activities and grow its international footprint by maximising long-term value creation for its multiple stakeholders while preserving the image, reputation and franchise of the Group. As such, the Group has set specific targets to:

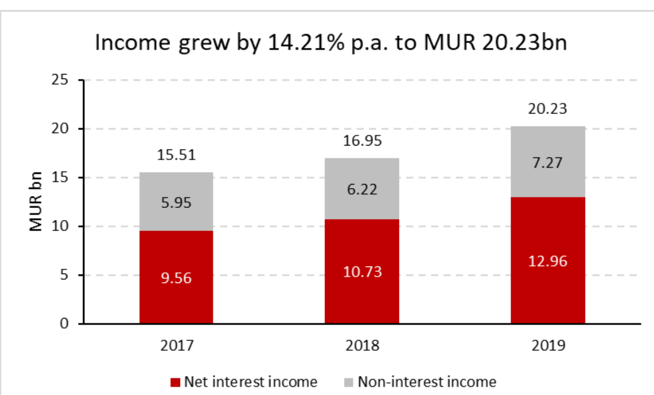
- Increase its share of foreign source income, while positioning the Group as a competitive regional financial player;
- Actively and thoughtfully pursue its Africa Strategy, alongside exploring business avenues beyond;
- Enrich the appeal of its value proposition across markets, backed by an innovative mindset; and
- Capitalise on synergies and partnerships within the organisation and with external parties.

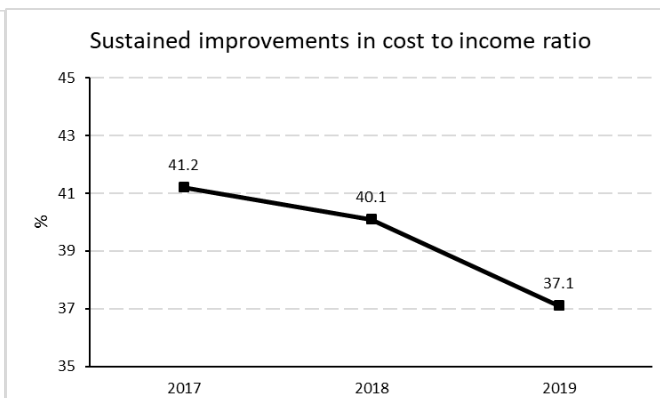
D.8 Financial Performance

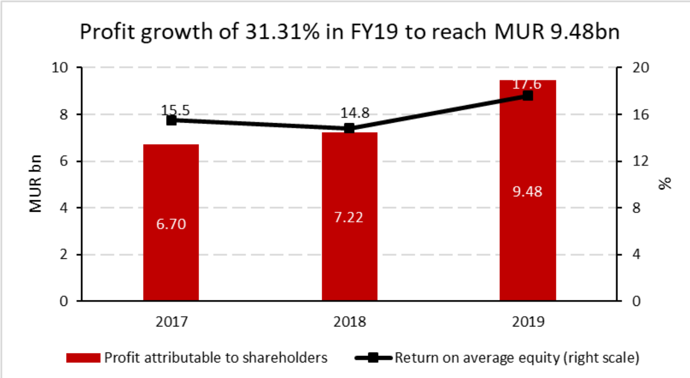
MCB Group's financial position over the last 3 financial years is included in Paragraph F of this Prospectus.

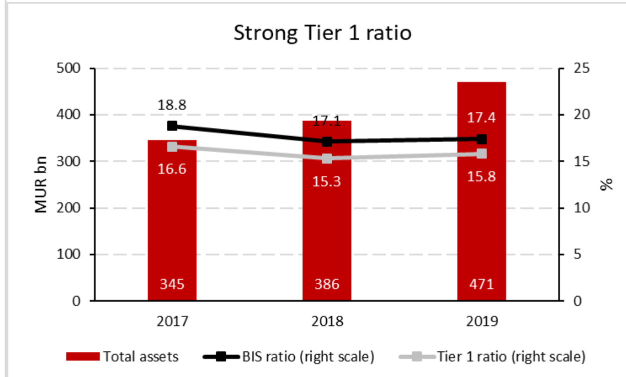
Key Trends

MCB Group's key financial metrics are included in the chart below.









Source: MCB Group Annual Report 2019

The Group registered excellent results for the year ended June 2019, with further headway made at the level of both the banking and non-banking clusters, more particularly on the international front. Profit attributable to equity holders grew by 31.3% to reach MUR 9,482 million, with the combined share of foreign-sourced income and non-banking operations standing at 69% thereof.

Underpinned by its diversification strategy, operating income increased by 19.3% to reach MUR 20,226 million. This was supported by a growth of 20.8% in net interest income, which benefitted from enhanced performances across banking subsidiaries. In particular, MCB registered a significant expansion of its international loan book and improved yields on Government securities. Net fee and commission income grew by 10.3% to reach MUR 3,786 million as a result of enhanced contribution from MCB Capital Markets Ltd and higher revenues across banking subsidiaries, with strong growth recorded with regard to its Energy and Commodities business and payments services. In spite of a subdued performance in respect of profit on exchange and lower gains on disposal of investments by MCB Equity Fund Ltd, 'other income' grew by 24.9%, principally due to fair value gains on equity instruments at the level of MCB and higher contribution from entities in the non-banking segment, mainly MCB Consulting Services Ltd and MCB REAL ASSETS LTD.

On the back of initiatives to strengthen its human capital and uplift its technological readiness, operating expenses grew by 10.4%. In view of the robust performance on the revenue front, the cost to income ratio declined by 3.0 percentage points to 37.1%. Whilst the Group's impairment charges rose by some 20%, the cost of risk in relation to loans and advances dropped marginally to 59 basis points of the latter. Asset quality further improved as gauged by gross NPL ratio declining from 4.5% to 4.1%.

Notwithstanding a reduced contribution from BFCOI, its share of profit of associates grew by MUR 97 million, following improved performances of Société Générale Moçambique and Promotion and Development Group. Shareholders' funds of the Group increased by 9.6%, with the BIS ratio standing at 17.4% as at 30 June 2019, of which 15.8% by way of Tier 1.

Contribution to Group profits

The table below sets out the Group operating entities and their relative contribution to the Issuer's FY 2019 profits.

Group entities and associates	Country of incorporation	Principal activities	% of Group Profit
Banking			
The Mauritius Commercial Bank Limited	Mauritius	Banking & Financial services	86.0
MCB Seychelles Ltd	Seychelles	Banking & financial services	2.2
MCB Madagascar SA	Madagascar	Banking & financial services	0.6
MCB (Maldives) Private Ltd	Republic of Maldives	Banking & financial services	0.7
Associates		Banking & financial services	2.5
Total Banking			**92.0**
Non-banking financial and other investments			
MCB Equity Fund Ltd	Mauritius	Private Equity Fund	1.4
MCB Capital Markets Ltd	Mauritius	Investment	2.4
MCB Factors Ltd	Mauritius	Factoring	0.5
MCB Leasing Ltd	Mauritius	Leasing Company	0.5
MCB REAL ASSETS Ltd	Mauritius	Real estate investing	2.2
Other Investments			1.0
Total Non-Banking			8.0
Total			**100.0**

Source: MCB Group Annual Report 2019

Analysis of results for first quarter to 30 September 2019

The Issuer's financial performance during the first quarter of FY 2019/20 can be summarised as follows:

- Group attributable profits went up by 18.9% to reach MUR 2,533 million for the quarter ended September 2019, following a general improvement in performances across the banking and non-banking clusters of the Group.
- Operating income increased by 12.6% to reach MUR 5,259 million.

- Shareholders' funds of the Group reached MUR 57 billion, resulting in an improvement in the Group's capital adequacy ratio to 17.6%, of which 16.0% in the form of Tier 1.
- Despite the uncertainties prevailing in the international environment, results for the semester to December 2019 are projected to improve over last year.

Prospective investors can find additional details pertaining to the Issuer's latest financial performance at https://www.mcbgroup.com/en/investor-centre/financial-reports and the unaudited quarterly interim report of the Issuer for the first quarter to 30 September 2019 is available for inspection pursuant to Paragraph J (Documents Available for Inspection).

Outlook for FY 2019/20

Looking ahead, the Group will pursue its expansion strategy anchored on sound foundations, backed by continued investment in human capital and technology amongst others. While paving the way for the next development phase, it aims to further improve its resilience in the face of the highly dynamic operating environment characterised by challenges on various fronts, be they regulatory, technological or economic. Against this backdrop, supported by its activities in the region in particular, Group results should improve further in FY 2019/20, albeit at a reduced pace given the strong performance achieved in 2018/19.

D.9 Shareholder Information

The Issuer's issued share capital is shown in the table below. As at 30 June 2019, the Issuer's stated capital amounted to MUR 2,608.3 million comprising of 238,900,661 Ordinary Shares. The Ordinary Shares have no par value and rank '*pari passu*' among themselves. The Ordinary Shares have a right to dividend.

Date	No. of Ordinary Shares
30 June 2019	238,900,661
30 June 2018	238,683,096
30 June 2017	238,422,890

Source: MCB Group Annual Report 2019

Largest Shareholders

The table below sets out the Issuer's ten largest shareholders as at 30 June 2019.

Largest shareholders	No. of shares owned	% Holding
National Pension Fund	16,500,966	6.9
Swan Life Ltd	8,042,906	3.4
Promotion and Development Limited	7,190,573	3.0
State Insurance Company of Mauritius Ltd	5,224,503	2.2
BNYM Lux SA A/C Eastspring Investments SICAV-FIS	4,431,200	1.9

MUA Life Ltd	2,862,923	1.2
Policy Ltd	2,513,535	1.1
New Mauritius Hotels Group Superannuation Fund	2,305,158	1.0
The Bank of New York Mellon	2,193,286	0.9
The Mauritius Commercial Bank Superannuation Fund	2,161,824	0.9
Total	**53,426,874**	**22.4**

Source: MCB Group Annual Report 2019

Group Employee Share Option Scheme

The Group has built a reputation as an 'employer of choice' based on its performance culture and emphasis on professional development. The Group was also the first listed company in Mauritius to introduce a fully comprehensive employee share option scheme. The Issuer is one of the largest employers in Mauritius with a headcount of 3,617 employees as at 30 June 2019.

The Issuer has put in place an employee share option scheme. This scheme provides eligible employees with the opportunity to participate in the financial performance of the Issuer through the acquisition of shares in MCB Group.

Under the group employee share option scheme, employees are granted non-transferable options to buy the Issuer's shares with up to 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 Group's management team are, however, not entitled to such a discount. Once issued, the shares rank pari passu as to dividend, capital, voting right and in all other respects with the Ordinary Shares.

Earnings per Ordinary Share

The earnings per Ordinary Share is calculated by dividing the profit attributable to the ordinary equity holders of the Company by the weighted average number of Ordinary Shares outstanding during the year after adjustment for the effects of all dilutive potential ordinary shares. The Ordinary Shares can be diluted by: (i) the Group's employee share option scheme, and (ii) the conversion of the Shares into Ordinary Shares under the terms and conditions of this Prospectus. The calculation of the earnings per Ordinary Share for the last 3 years, including the share options, is shown in the table below.

Description	FY 2019	FY 2018	FY2017
Profit attributable to ordinary equity holders of the Group (MUR 'm)	9,482.2	7,220.9	6,702.1
Weighted average number of Ordinary Shares - basic (thousands)	238,791	238,593	238,309
Effect of share options in issue (thousands)	75	45	166
Weighted average number of Ordinary Shares - diluted (thousands)	238,866	238,638	238,475
Diluted earnings per share	39.70	30.26	28.10

Source: MCB Group Annual Report 2019 and 2018

Dividend Policy

MCB Group Ltd seeks to distribute around 30% of its profits in the form of dividends. An interim dividend is declared in June and paid in July, while a final dividend is declared in September and paid in December. The Issuer aims to supply its shareholders with on-going returns in the form of a stable and relatively predictable dividend path. The dividend per share paid during the last 3 years is shown in the table below.

	2019	2018	2017
Dividend Paid in	MUR/Share	MUR/Share	MUR/Share
July	5.40	4.50	4.25
December	7.60	5.50	5.00
Total dividend paid	**13**	**10**	**9.25**
As a % of Diluted EPS	**32.7**	**33.0**	**32.9**

Source: MCB Group Investor Centre website

D.10 Additional Consideration

1) <u>Directors' Interest</u>

The directors and the chief executive of the Issuer and their associates (as known to each director having made all reasonable enquiries) having an interest in the equity or debt securities of the Issuer as at 30 June 2019, are set out below:

Directors	No. of shares held		No. of notes held
	Directly	Indirectly	
Sunil BANYMANDHUB	2,200	-	-
Jean-Jacques DUPONT DE RIVALZ DE ST ANTOINE	88	-	-
Jean Desire Gilbert GNANY	257,102	30,000	200
Georges Michael David LISING	11,722	45,245	-

Jean Louis MATTEI	-	-	-
San T. SINGARAVELLOO	-	5,000	-
Jean Michel NG TSEUNG	18,423	-	-
Pierre Guy NOEL	1,185,625	28,542	-
Margaret (Chui Puing) WONG PING LUN	500	81,675	-
Karuna BHOOJEDHUR-OBEEGADOO	-	-	-
Marie Gerard Didier HAREL	-	-	-
Alfred Joseph Gerard Robert Alain REY	4,840	-	-

Source: MCB Group Annual Report 2019

2) Directors' Remuneration

The table below sets out the remuneration received by each director on the Board in the financial year ended 30 June 2019.

Remuneration and benefits received (MUR '000)	From the holding company	From subsidiaries	Total
Marie Gerard Didier HAREL	2,857	-	**2,857**
Sunil BANYMANDHUB	1,032	60	**1,092**
Jean-Jacques DUPONT DE RIVALZ DE ST ANTOINE	838	-	**838**
Navin HOOLOOMANN, C.S.K. *(until Nov 2018)*	234	-	**234**
Georges Michael David LISING *(as from Jan 2019)*	285	35	**320**
Jean-Louis MATTEI	1,019	-	**1,019**
Jean-Pierre MONTOCCHIO *(until Nov 2018)*	234	156	**390**
Karuna BHOOJEDHUR-OBEEGADOO	494	50	**544**
Jean Michel NG TSEUNG	9,800	14,445	**24,245**
Alfred Joseph Gerard Robert Alain REY	641	62	**703**
San T. SINGARAVELLOO *(as from Jan 2019)*	310	-	**310**
Margaret (Chui Puing) WONG PING LUN	476	280	**756**
Total Non-Executive	***18,220***	***15,088***	***33,308***
Pierre Guy NOEL	37,103	-	**37,103**
Jean Desire Gilbert GNANY	19,467	-	**19,467**
Total Executive	***56,570***	**-**	***56,570***
Total (Non-Executive and Executive)	**74,790**	**15,088**	**89,878**

Source: MCB Group Annual Report 2019

The remuneration of the executive directors is determined by the Remuneration, Corporate Governance & Ethics Committee and is based on the performance of the Group. For FY 2019/20, the remuneration of the non-executive directors for a full year of service is expected to rise by approximately 4% p.a. The remuneration of the executive directors will be determined by the Remuneration, Corporate Governance & Ethics Committee and will be based on the performance of the Group.

3) <u>Outstanding Debt Securities</u>

As at the date of this Prospectus, the Issuer's total listed securities (not representing share capital) comprised the MCBG Notes having a nominal value of MUR 4.5 billion and notes worth MUR 2 billion issued pursuant to a listing particulars dated 14 December 2017.

4) <u>Other Borrowings</u>

The total amount of all other borrowings of the Group amounts to MUR 56.9bn.

5) <u>Mortgages</u>

The Issuer has not granted any Encumbrances on its assets.

6) <u>Working capital</u>

The directors of the Issuer, after due and careful enquiry, certify that the working capital available to the Issuer is sufficient for its present requirements, that is 12 months from the date of admission of the Shares.

7) <u>Material adverse change</u>

There has been no material adverse change in the financial or trading position of the Issuer since 30 June 2019.

8) <u>Material interest</u>

There are no contracts or arrangements subsisting at the date of this Prospectus in which a director of the Issuer is materially interested and which is significant in relation to the business of the Group**.**

9) <u>Material contracts entered outside the ordinary course of business</u>

There is currently no service contract between the Issuer and its directors.

The directors, the Issuer or any member of the Group has not entered into any material contracts, other than contracts entered into in the ordinary course of business, in the two years immediately preceding the publication of the Prospectus.

10) <u>Loans and guarantees to directors of the Issuer</u>

As at date of this Prospectus, the Issuer has not granted any loans and/or guarantees to its directors.

11) Legal and arbitration proceedings

As far as the directors of the Issuer are aware, there are no current, pending or threatened legal or arbitration proceedings against the Issuer, which may have, or have had, in the past twelve months preceding the date of this Prospectus, a material impact on the Issuer's financial position.

12) Conflicts of Interest

Prospective investors are advised that the directors of the Issuer are employed by and/or are directors of entities within the Issuer's group (its affiliates, parent company and ultimate holding company), which may result in conflicts between the financial interests of the Issuer and the interest of other entities within the Group.

13) Costs relating to the Listing and Estimated Net Proceeds

An application has been made for a listing of the Shares on the Official Market of the SEM. The total estimated proceeds from the issue of the Shares is MUR4,500,000,000 and the estimated cost for the admission of the Shares to the Official Market of the SEM is as follows:

Details	Amount (MUR)
Total fees to functionaries	26,480,000
SEM fees	273,950
FSC Fees	100,000
Total	26,853,950

The above costs are exclusive of VAT and are inclusive of the first year listing fee payable to the SEM. Expenses relating to the listing of the Shares shall be borne solely by the Issuer.

14) Key licences of subsidiaries

(a) Banking (under Section 7 of the Banking Act 2004), Investment Adviser (Unrestricted) (under the Securities Act 2005 and rules made thereunder), Insurance Agent (under Insurance Act 2005) and Distributor of Financial Products (under Financial Services Act 2007) licences issued to The Mauritius Commercial Bank Limited;

(b) Banking licences for foreign banking subsidiaries of the Group; and

(c) Credit Finance, Leasing, Non-Bank Deposit-Taking, Factoring, Registrar & Transfer Agent, CIS Manager, Investment Dealer (Full Service Dealer Including Underwriting), Investment Adviser (Unrestricted) and Investment Adviser (Corporate Finance Advisory) licences issued to other relevant subsidiaries pursuant to the Banking Act 2004, Financial Services Act 2007, Securities Act 2005 and the rules and regulations made thereunder (as applicable).

E. TERMS AND CONDITIONS OF THE ISSUE

The Board has approved the issue of the Shares, the terms and conditions of which are provided in this Part E of this Prospectus.

1. Issue

1.1 The Issuer will issue up to 450,000,000 redeemable convertible non-voting preference shares, of no par value each, for an aggregate amount of up to MUR 4,500,000,000.

1.2 For each Eligible Subscriber, the Subscription Amount shall be settled in the manner specified in Condition 10.

1.3 The offer will be made available to the Eligible Subscribers and not to the general public.

1.4 The holders of the Ordinary Shares have waived their pre-emptive rights in relation to the Issue by shareholders' resolution on 15 November 2019.

1.5 The Board reserves its right to close the offer at an earlier date and/or not to process subscriptions received (without assigning any particular reasons thereof) on the occurrence of events which are beyond the control of the Issuer.

1.6 The Board reserves the right not to proceed with the issue of the Shares where the number of Shares subscribed for is less than one hundred million (100,000,000) at the time of the Offer End Date. In such case, the applications received will not be processed.

1.7 The Issue is not underwritten.

2. Form of the Shares

2.1 The Shares will be issued in registered form. All Eligible Subscribers who wish to subsribe to the Shares will be required to provide the details of their CDS Account.

2.2 No certificates will be issued. Legal ownership of the Shares will be reflected in book entries recorded by the CDS and such records shall constitute the definitive evidence of the title of the Preference Shareholder to the number of Shares shown in its CDS Account. Successful applicants for the Shares will be issued with an allotment letter to confirm allotment of the Shares subscribed for.

2.3 The Register of Preference Shareholders is to be kept by the Agent as per Condition 14.

3. Status of the Shares

The Shares shall rank junior to all creditors of the Company but in priority to the holders of Ordinary Shares.

4. Purpose of the Issue of Shares

The purpose of the Share issuance is to further consolidate the permanent capital structure of the Company in order to support its growth.

5. Rights attached to the Shares

The Shares shall entitle their holders to the following rights:

5.1 Dividend rights

Subject to dividends being declared by the Board and the applicable laws, the Preference Shareholders shall receive an annual non-cumulative dividend of MUR 0.470 per Share (i.e. a dividend yield of 4.70% per annum based on the Issue Price) (the "**Preference Shares Dividend Amount**"). The Preference Shares Dividend Amount shall be:

i. payable out of the profits of the Company resolved by the Board to be distributed in respect of that year in accordance with section 63 of the Act; and

ii. paid in two equal instalments on or around the 30th June and 31st December of each calendar year (the "**Preference Dividend Payment Date**"), subject to the Business Day Convention (as described in Condition 11), in priority to the dividends paid on the Ordinary Shares.

If dividends on the Shares are paid on the Preference Dividend Payment Date immediately following the Issue Date, such dividend payment immediately following the Issue Date shall be calculated based on the following formula:

$$0.470 \times \left(\frac{D}{365}\right)$$

Where: *D* is The number of days between (and including) the Issue Date and (excluding) the first Preference Dividend Declaration Date

5.2 Voting rights

Save for class meetings, Preference Shareholders shall have no right to receive notice of, or attend, or vote on shareholders' matters under the Companies Act at shareholders' meetings of the Company.

6. Conversion of the Shares into Ordinary Shares

Item	**Details**
Conversion Communique	After the Non-Conversion Period and prior to sending a Conversion Notice, the Company shall within one (1) Business Day of the end of the Trading Period, communicate to the Preference Shareholders the applicable Conversion Record Date, the applicable Conversion Price, the applicable Conversation Date and such other information as may be deemed reasonable by the Company.
Conversion Notice	A Conversion Notice shall notify the Eligible Preference Shareholders of the forthcoming Ordinary Share Conversion, the applicable Conversion Date and the applicable Conversion Price. A Conversion Notice shall be served within five (5) Business Days of a Conversion Record Date
Ordinary Share Conversion	Upon receipt of a Conversion Notice, the Eligible Preference Shareholders shall have the option of converting some or all of their Shares into Ordinary Shares based on the Conversion Price at the specified Conversion Date (the "**Ordinary Share Conversion")**. The Eligible Preference Shareholders shall exercise their conversion option by serving a Conversion Acceptance Notice on the Company.
Conversion Acceptance Notice	An Eligible Preference Shareholder will be able to convert any number of Preference Shares it holds at a Conversion Date, provided that its Conversion Acceptance Notice is received by the Company no later than five (5) Business Days ahead of the relevant Conversion Date.

Ordinary Share Entitlement	The number of Ordinary Shares to which an Eligible Preference Shareholder will be entitled upon conversion (the "**Ordinary Share Entitlement**") shall be the aggregate value of the Shares to be converted (i.e. number of Shares to be converted multiplied by the Issue Price) divided by the Conversion Price applicable on a Conversion Date. If the above formula results in a decimal number (the "**Decimal Number**"), then: • The Ordinary Share Entitlement shall be the integer part of that Decimal Number; and • The decimal part of that Decimal Number shall be multiplied by the Reference Price and the resulting amount shall be rounded to two (2) decimal places and paid out to holders of the converted Shares as per the prevailing instructions under the CDS Account within five (5) Business Days of the Conversion Date.

7. Redemption of Shares only at the option of the Issuer

Subject to (i) the number of Shares in issue being less than fifty million (50,000,000) and (ii) all applicable laws, the Company may, by serving a Redemption Notice, redeem on a Redemption Date, all (but not part of) the Shares at a price of MUR 10 each (the "**Redemption Price**").

The redemption proceeds payable to each Preference Shareholder shall be the Redemption Price multiplied by the number of Shares held by that holder. Such redemption proceeds shall be payable to the Preference Shareholder by the Company as per the prevailing instructions under the CDS Account within ten (10) Business Days of the Redemption Date.

8. Distribution of surplus assets

The Shares shall rank in priority to the Ordinary Shares with regards to distribution of surplus assets.

9. Variations of Rights

The Company, conformably to the provisions of Section 114 of the Act, shall not take any action which varies the rights attached to a class of shares unless that variation is approved by a special resolution, passed at a separate meeting of the shareholders of that class, or by consent in writing of the holders of seventy-five per cent (75%) of the shares of the said class.

Provided however that the necessary quorum shall be the holders of at least one third of the issued shares of the class concerned (but so that if, at any adjourned meeting of such holders a quorum is not present those shareholders who are present shall constitute a quorum).

10. Payment of Subscription Amount

On the Issue Date and based on the Preference Entitlement of an Eligible Subscriber, the Company shall issue the Shares, at an issue price of MUR 10 each. The Subscription Amount for an Eligible Subscriber shall be paid through the cancellation of all (but not part) of the MCBG Notes held by that Eligible Subscriber in accordance with the Applicable Procedures. For the purpose of the Existing LP, the above transaction shall be considered as a purchase of MCBG Notes by the Company.

Any interest amount accruing on the MCBG Notes between the applicable interest payment date under the Existing LP and the Issue Date shall be paid to relevant Eligible Subscribers who subscribed to the Shares by the Company on the Issue Date as per the prevailing instructions under the CDS Account.

11. Business Day Convention

If any date which is specified in this Prospectus would fall on a day which is not a Business Day, then such date shall be postponed to the next day which is a Business Day.

12. Taxation

All payments made under the Shares shall be made without set off or counterclaim and without any withholding or deduction for or on account of tax other than as required from time to time by law.

13. Trading of Shares

Once listed, all transfer of Shares will be effected through the automated trading system of SEM in accordance with the Application Procedures.

14. Register

Except as provided for in these Terms and Conditions or as required by law, in respect of Shares, the Issuer will only recognise a Preference Shareholder as the owner of the Shares registered in that person's name as per the register maintained by the CDS.

15. Agent

15.1 The Issuer is entitled to vary or terminate the appointment of the Agent and/or appoint additional or other agents and/or approve any change in the specified office through which any such agent acts on the terms of the Agency Agreement, provided that there will at all times be an Agent with an office in such place as may be required by the Applicable Procedures. The Agent does not assume any obligation towards or relationship of agency or trust for or with any Noteholders.

15.2 To the extent that the Issuer acts as the Agent, all references in these Terms and Conditions to:

a) any action, conduct or functions in such role shall be understood to mean that the Issuer shall perform such action, conduct or function itself; and

b) requirements for consultation, indemnification by or of, payment by or to, delivery by or to, notice by or to, consent by or to or agreement between the Issuer and such Agent shall be disregarded to the extent that the Issuer performs such role.

16. Notices

16.1 All notices to be given pursuant to this Prospectus shall be in writing and shall be sent either by registered post, by email or delivered by hand to the address appearing in the relevant CDS Account.

16.2 Notices will be sent by email to all Preference Shareholders who (i) have provided an email address and/or (ii) who have an email address associated with his CDS Account. Prospective investors are informed that following allotment and crediting of the Shares to their respective CDS Account, the email addresses associated with the CDS Account of the Preference Shareholder will be used for the purposes of this Condition 16.

16.3 Any notice given by the Company to the Preference Shareholders by registered post, by email or delivered by hand shall be deemed to have been received within seven days after the day on which it is posted, and on the day on which it has been emailed or of delivery if delivered by hand.

17. Governing law and jurisdiction

17.1 This Prospectus and the Shares to be issued hereunder will be governed by and construed in accordance with the laws of the Republic of Mauritius.

17.2 In the event any dispute or difference relating to the present document, the Parties shall forthwith meet to attempt to settle such dispute or difference amicably. Failing any settlement within a period of fourteen (14) days from the date of commencement of the aforesaid meeting, any of the Parties may submit the aforesaid dispute or difference to mediation and/ or arbitration in the manner set forth hereinafter.

17.3 Any dispute, controversy, difference or claim arising out of or relating to the present document may, failing an amicable settlement, be referred, by consenting parties, to mediation under the Mediation Rules of the Arbitration and Mediation Center of the Mauritius Chamber of Commerce and Industry (MARC).

17.4 In the event no mediation is attempted, or if mediation is attempted and no settlement is reached within thirty days of the commencement of the mediation, or such further period as the parties shall agree in writing, the dispute, controversy, difference or claim shall be referred, or referred back as the case may be, to be finally resolved by arbitration administered by the Arbitration and Mediation Center of the Mauritius Chamber of Commerce and Industry (MARC) under the MARC Arbitration Rules in force when the Request for Arbitration is submitted, which rules are deemed to be incorporated by reference into this clause.

17.5 The language to be used in the mediation and in the arbitration shall be English.

17.6 In any arbitration commenced pursuant to this clause:

(a) The number of arbitrator shall be one;

(b) the seat, or legal place, of the arbitration shall be Port Louis, Republic of Mauritius; and

(c) the award of the arbitrator shall be final, binding and shall not be subject to appeal.

F. ISSUER'S FINANCIAL POSITION

The Issuer's financial position for the last three (3) years are set out in Schedule 1 of this Prospectus

G. SUBSCRIPTION AND SALE

G.1 Restrictions

The Issuer represents, warrants and agrees that it will not offer the Shares for subscription and will not solicit for or sale of the Shares in any Restricted Countries in which it is unlawful to make such an offer or solicitation.

The Arranger will be required to agree that it will not, directly or indirectly, offer, sell or deliver any Shares or distribute or publish any offering circular, information memorandum, prospectus, form of application, advertisement or other document or information in any of the Restricted Countries except under circumstances that will, to the best of its knowledge and belief, result in full and strict compliance with any applicable laws and regulations and all purchases, offers, sales and deliveries of Shares by it will be made on the same terms.

Without prejudice to the generality of the above paragraph, the Arranger will be required to agree that it has obtained any consent, approval or permission which is, to the best of its knowledge and belief, required for the offer, purchase, sale or delivery by it of Shares under the laws and regulations in force in any of the Restricted Countries to which it is subject or in which it makes such offers, purchases, sales or deliveries and it will, to the best of its knowledge and belief, comply with all such laws and regulations.

Neither the Issuer nor the Arranger represent that the Shares may at any time lawfully be subscribed for or sold in compliance with any applicable registration or other requirements in any of the Restricted Countries or pursuant to any exemption available thereunder or assumes any responsibility for facilitating such subscription or sale.

G.2 Procedures of the Issue

- **Timetable**

Offer Start Date	27 December 2019
Offer End Date	20 February 2020
Notes-to-Prefs Record Date	26 February 2020
Allotment Date, Payment Date & Issue Date	28 February 2020

Date of first trading of the Shares	2 March 2020

Pursuant to Section 75(2) of the Securities Act 2005, the Shares shall be issued within six (6) months of the effective date of registration of the Prospectus.

- **Procedures for the application**

Application Forms will be sent by the Company together with the Simplified Prospectus to the attention of those holders who hold the MCBG Notes as at the Notes-to-Prefs Record Date.

The Company will only consider Application Forms received during the Offer Period and provided that those applicants are Eligible Subscribers.

Applications may only be made by persons over 18 years old. However, a parent or guardian of a minor may apply for the benefit of the minor.

Non-individual prospective investors should sign under the hand of a duly authorised official whose representative capacity must be stated. Non-residents, not being a U.S. Person, may apply to this Issue.

Completed Application Forms and the required documents as described therein should reach M.C.B. Registry and Securities Ltd at the following address by latest 14h00 on the Offer End Date.

M.C.B. Registry and Securities Ltd

Sir William Newton Street, Port-Louis

Tel: (+230) 202 5397

- **Financial Intelligence and Anti-Money Laundering Act 2002 & Code on the Prevention of Money Laundering and Terrorist Financing**

In line with anti-money laundering legislation, the Company reserves the right to request updated KYC documents or any further document and/or information that it may determine from the Eligible Subscribers.

Prospective investors may call personally at M.C.B. Registry and Securities Ltd with the stipulated **original** documents and the officers will certify the copies accordingly.

Alternatively, the required documents can be certified as true copies by any one of the following persons: a notary, a lawyer, an actuary or an accountant holding a recognized professional qualification, a serving high ranked police or customs officer, a member of the judiciary, a civil servant, an employee of an embassy or consulate of the country of issue of documentary evidence of identity, or a director of a regulated financial services business in Mauritius.

Your application may be rejected if the documents requested are not submitted together with your Application Form.

- **Allotment**

  Every Eligible Subscribers having applied for the Shares shall be issued with an allotment letter or notice of refusal, to confirm allotment of the Shares subscribed for on the Allotment Date.

- **CDS account**

  Shares will be issued in inscribed form and will be credited directly to a CDS Account in the name of the Eligible Subscribers as specified in the Application Form.

- **Data protection**

  The Issuer shall, for the performance of its obligations, collect and, where necessary or required, process, information hereby voluntarily communicated by any Eligible Subscriber (the "**Personal Data**"). The consent may at any time be withdrawn, but, notwithstanding the foregoing, any Personal Data processed by the Issuer (or such other Person to whom the Personal Data has been disclosed in compliance with this paragraph) prior to the consent being withdrawn shall at all times be authorised and be lawful. The Issuer undertakes to treat the Personal Data confidentially and securely in line with the provisions of the Data Protection Act 2017, as amended from time to time.

  Any Eligible Subscriber has the right of access to, the possibility of correction of and destruction of, the Personal Data which is in the custody or control of the Issuer. The Personal Data will be stored for a minimum period of seven years, unless destroyed earlier by the Issuer at the request of the Eligible Subscriber in accordance with the Data Protection Act 2017. Save as otherwise herein provided, the Issuer warrants not to reveal or otherwise disclose the Personal Data to any external body, unless (i) the Issuer has obtained the express consent of the Eligible Subscriber, or (ii) it is under either a legal obligation or any other duty to do so, or (iii) where the Personal Data is disclosed to any agent, third party service provider, professional adviser or any other person under a duty of confidentiality to the Issuer's group (its affiliates, parent company and ultimate holding company), as well as to certain service providers within the Issuer's group. It is drawn to the attention of Eligible Subscribers that the foregoing disclosures may require that the Personal Data be transferred to parties located in countries which do not offer the same level of data protection as the Republic of Mauritius.

  Where personal information relating to the officers, employees and directors of any Eligible Subscriber is, or is required to be, collected by the Issuer, the Eligible Subscriber expressly shall procure to do all such things that may be required by the Issuer to ensure that its officers, employees and directors are made aware of the data protection provisions herein and that such officers, employees and directors give their consent with regards to the collection, processing and transfer of such personal information by the Issuer.

  Any Eligible Subscriber has the right to lodge a complaint with the Data Protection Commissioner for breach of the Data Protection Act 2017 by the Issuer.

H. RISK FACTORS

Prior to making an investment decision, prospective investors should carefully consider, along with the information contained in this Prospectus, the following risk factors associated with an investment in the Republic of Mauritius, the Issuer and the Shares. The risks and uncertainties below are not the only ones the Issuer and the Preference Shareholders face. Additional risks and uncertainties not presently known to the Issuer, or that the Issuer currently believes are immaterial, could also impair the Issuer's business, financial condition or results of operations and, as a result, its ability to service its payment obligations under the Shares. Investors should pay particular attention to the fact that the Issuer is subject to the legal and regulatory environment in the Republic of Mauritius, which, in some respects, may differ from that prevailing in other countries.

The Issuer believes that the factors outlined below may affect its ability to fulfil its obligations under the Shares, but the inability of the Issuer to pay dividend, principal or other amounts on or in connection with any Shares may occur for other reasons which may not be considered significant risks by the Issuer based on information currently available to it, or which it may not currently be able to anticipate. Accordingly, the Issuer does not represent that the statements below regarding the risks of holding any Shares are exhaustive.

Prospective investors should also read the detailed information set out in this Prospectus to reach their own views prior to making any investment decision. The information given below is as at the date of this Prospectus.

H.1 Risk factors relating to general economic conditions

The health of the local banking industry is directly related to conditions in the global economic, political and social environment. Any slowdown in economic growth, be it domestic or foreign, could adversely affect the Issuer's financial performance.

H.2 Risk factors relating to the Issuer

In the course of its business activities, the Issuer is subject to a variety of risks including credit risks, operational risks, market risks and country risks. Whilst the Issuer believes that it has implemented the appropriate policies, systems and processes to control and mitigate these risks, based on information currently available to it, other risks which the Issuer may not currently be able to anticipate may arise which may adversely affect the Issuer's financial condition, results of operations, prospects and reputation.

<u>Credit risk</u>

The risk of financial loss should borrowers or counterparties fail to fulfil their financial or contractual obligations to the Group as and when they fall due; credit risk typically includes counterparty risk, settlement risk and concentration risk, with the latter referring to the risk that the institution faces from the lack of diversification of its lending portfolio due to the build-up of exposures to a counterparty, industry, market or product amongst others.

<u>Country risk</u>

The risk of loss arising when political or economic conditions or events in a particular country affects the ability of counterparties in that country to meet their financial obligations.

Market risk

The risk arising from adverse movements in market variables such as equity, bond and commodity prices, currency exchange and interest rates, affecting the market value of a portfolio of financial instruments..

Risk pertaining to fluctuating Interest Rates

The risk arising from changes in interest rates or the prices of interest rate related securities and derivatives, has an impact on the Group's earnings or economic value of equity.

Funding and liquidity risk

Funding risk: The Issuer is a holding company and, as a result, depends on the receipt of dividends from its subsidiaries to meet its obligations. The ability of the Issuer's subsidiaries to pay dividends and to receive distributions from its investments in other entities are subject to these entities' financial performance, funding structure and to applicable local laws and regulations.

Liquidity risk: The risk that the Issuer does not have sufficient financial resources to meet its obligations as they fall due or will have to do so at an excessive cost.

Regulatory and Compliance risk

The risk that is primarily linked to the impact of changes in legislation and regulations on the operation and functioning of the Issuer. It is the risk of statutory or regulatory sanction and material financial loss or reputational damage, which eventually results in the risk of losses, fines or penalties linked to the failure to comply with any applicable laws, regulations or supervisory requirements.

Companies within the Group may be subject to banking, financial services laws, regulations, administrative actions and policies (as applicable) in the relevant jurisdictions where they operate. Changes in regulations may materially affect the Issuer's business, its products and services and net worth.

Operational risk

The risk of loss or costs resulting from human factors, inadequate or failed internal processes and systems or external events. It includes fraud and criminal activity, project risk, business continuity, information and IT risk, etc. Although the Group has implemented risk controls and loss mitigation strategies and substantial resources are devoted to developing efficient procedures, it is not possible to eliminate all operational risks.

Strategic and business risk

The risk to current or prospective earnings arising from inappropriate business decisions or inadequate future business strategies in relation to the operating environment. The risk is, usually, caused by inflexible cost structures, changes in the business environment, Government or international regulatory decisions, client's behaviour and technological change, and Group-specific factors such as poor choice of strategy. The risk includes strategic risk, business risk, as well as environmental, social and governance risks

Reputation risk

The risk of loss resulting from reputational damage to the Group's image caused by a negative media coverage, compliance failures, litigation or underperformance. Such damage may result in a breakdown of trust, confidence and business relationships, which may impair the Group's ability to retain and generate business.

H.5 General Considerations

Forward-looking statements

Certain statements in this Prospectus are forward-looking in nature. These statements include, amongst other things, discussions of the Issuer's business strategy and expectation concerning the Issuer's position in the Mauritian economy, future operations, profitability, liquidity, capital resources and financial position. All forward-looking statements are based on estimates and assumptions made by the Issuer `and third party consultants that, although believed to be reasonable, are subject to risks and uncertainties that may cause actual events and the future results of the Issuer to be materially different from that expected or indicated by such statements and estimates and no assurance can be given that any of such statements or estimates will be realised. In the light of these and other uncertainties, the inclusion of forward-looking statements in this Prospectus should not be regarded as a representation or warranty by the Issuer or any other person that the plans and objectives of the Issuer will be achieved.

I. MAURITIUS TAXATION

Information on taxation given below is a summary of certain tax considerations under the laws of the Republic of Mauritius as at the date of this Prospectus. It is not intended to be a complete discussion of all tax considerations and Investors should consult their lawyer, accountant, or investment advisor with regard to legal, tax, and related matters concerning their investment.

- **Income Tax**

  The dividend paid on the Shares will be exempt from tax under paragraph 1(a) of Sub-Part B of Part II of the Second Schedule to the Income Tax Act 1995. However, every individual, resident in Mauritius, whose leviable income exceeds MUR 3.5 million in an income year shall be liable to pay a solidarity levy in accordance with the Income Tax Act 1995

- **Stamp and registration duty**

  No stamp or registration duty is payable on the issue or transfer of the Shares.

- **Capital gains tax**

  Gains derived by a Preference Shareholder from the sale of Shares are treated as capital gains and are not subject to tax in Mauritius.

J. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection at M.C.B. Registry and Securities Ltd, Sir William Newton Street, Port-Louis during normal business hours on any Business Day between the Offer Start Date and the Offer End Date:

- This Prospectus;
- The Simplified Prospectus;
- The Constitution;
- The Agency Agreement;
- Written statement signed by the reporting accountant of the Company; and
- The Audited Financial Statements of the Issuer for financial years ended 30th June 2017, 30th June 2018 and 30th June 2019.

In addition, this Prospectus and the Simplified Prospectus will be available for viewing on the website of the Issuer: https://www.mcbgroup.com. All documents will be published in English.

K. CORPORATE INFORMATION

Issuer	MCB Group Limited
Business Registration number	C13117853
Registered office	Sir William Newton Street, Port-Louis, Mauritius
Company Secretary	MCB Group Corporate Services Ltd Sir William Newton Street, Port-Louis
Banker	The Mauritius Commercial Bank Limited Sir William Newton Street, Port Louis
Auditors	FY 2017: PricewaterhouseCoopers FY 2018: PricewaterhouseCoopers FY 2019: PricewaterhouseCoopers PwC Centre Avenue de telfair Telfair 80829 Moka
Registrar, Calculation, Transfer and Paying Agent	M.C.B. Registry and Securities Ltd. Sir William Newton Street, Port-Louis
Arranger	MCB Financial Advisers (trading under the name of MCB Capital Markets) Sir William Newton Street, Port-Louis
Sponsoring Broker/ Investment Dealer	M.C.B Stockbrokers Limited Sir William Newton Street, Port-Louis

L. Salient Features of the Constitution

1. The Board may, subject to the Companies 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;
2. Fully paid-up shares are freely transferable;
3. The shareholders shall approve any issue of shares that are not pro-rata to existing shareholding;
4. 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 Companies Act and may hold the acquired shares in accordance with section 72 of the Companies Act;
5. The Board may authorise a distribution by the Company, if it is satisfied on reasonable grounds that the Company will satisfy the solvency test (as defined under the Companies Act) immediately after the distribution;
6. The quorum for a meeting of the Board is a majority of the directors;
7. The Board shall consist of a minimum of five (5) directors and a maximum of twelve (12) directors;
8. 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;
9. The directors 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;
10. The shareholders by ordinary resolution, or the Board if it is satisfied that to do so is fair to the Company, shall approve (i) the payment of the remuneration (or the provisions of other benefits) by the Company to a director for his services as director, or the payment of compensation for loss of office; and (ii) the making of loans and the giving of guarantees by the Company to a director in accordance with section 159(6) of the Companies Act;
11. The Board shall have all the powers of the Company to purchase and sell property, to borrow money and to mortgage, pledge or create charges on its assets and to issue debentures and other securities, whether outright or as security for any debt , liability, or obligation of the Company or of any third party;
12. A director will be disqualified from holding office of director if he attains or is over the age of 70 years (but subject always to section 138 of the Companies Act);
13. All dividends unclaimed for one year after having been authorized may be invested or otherwise made us of by the Board for the benefit of the Company nutil claimed, and all dividends unclaimed for five years after having been declared may be forfeited by the Board for the benefit of the Company;
14. The Board shall not vote on a shareholders' resolution of The Mauritius Commercial Bank Ltd which would trigger shareholders' rights under sections 105, 108 or 114 of the Companies Act without prior consent of the shareholders. Such shareholders' resolution includes:

    - 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 Companies Act;
- approval of a major transaction;
- approval of an amalgamation of the company under section 246 of the Companies Act;
- putting the company into liquidation; and
- variation of rights attached to a class of shares.

15. The quorum for shareholders' meeting is twelve (12) shareholders present or represented;
16. The Chairperson of a Meeting of Shareholders shall be entitled to a casting vote;
17. 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.

Schedule 1: Issuer's Financial Position

1. Consent Letters (For Figures relating to 30 June 2017, 30 June 2018, 30 June 2019)

pwc

The Directors
MCB Group Limited
c/o MCB Registry & Securities Ltd
9th Floor MCB Centre
Sir William Newton Street
Port Louis

23 December 2019

Reference: Confidential GCB/HLU/Dec19

Dear Sirs

Subject: Issue of up to 450,000,000 preference shares (the "Preference shares") by MCB Group Limited "the issuer"

1. With specific regard to the issue of the Preference shares, we confirm that we were the auditors of the issuer for the year ended 30 June 2017, 2018 and 2019, and we consent to our name being stated and referred to, and to our independent auditor's report dated 27 September 2019 for which we accept responsibility, be included in the form and context in which it appears in the prospectus which will be submitted to the Financial Services Commission and the Stock Exchange of Mauritius (SEM) for approval.
2. Such consent will not be withdrawn prior to the approval of the prospectus.
3. We confirm that since our audit report dated, 27 September 2019, we are not aware of any matters which could affect the validity of our report.
4. We also confirm that we are not shareholders of the issuer nor do we have the right to subscribe for securities in the issuer.
5. This letter is provided solely for the purpose of complying with the securities Act 2005 and the Securities (Public Offers) Rules 2007 and the Listing Rules of the SEM.

Yours faithfully

PricewaterhouseCoopers

Gilles Beesoo, licensed by FRC

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Independent Auditor's Report (30 June 2017, 30 June 2018, 30 June 2019)

Independent Auditor's Report (30 June 2017)

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Independent Auditor's Report

To the Shareholders of MCB Group Limited

Report on the Audit of the Consolidated and Separate Financial Statements

Our Opinion

In our opinion, the accompanying consolidated and separate financial statements give a true and fair view of the financial position of MCB Group Limited (the "Company") and its subsidiaries (together the "Group") and of the Company standing alone as at 30 June 2017, and of their financial performance and their cash flows for the year then ended in accordance with International Financial Reporting Standards and in compliance with the Mauritian Companies Act 2001.

What we have audited

MCB Group Limited's accompanying consolidated and separate financial statements comprise:

- the consolidated and separate statements of financial position as at 30 June 2017;
- the consolidated and separate statements of profit or loss for the year then ended;
- the consolidated and separate statements of comprehensive income for the year then ended;
- the consolidated and separate statements of changes in equity for the year then ended;
- the consolidated and separate statements of cash flows for the year then ended; and
- the notes, comprising significant accounting policies and other explanatory information.

Certain required disclosures have been presented elsewhere in the risk management report, rather than in the notes to the consolidated and separate financial statements. These disclosures are cross-referenced from the consolidated and separate financial statements and are identified as audited.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the "Auditor's Responsibilities for the Audit of the Consolidated and Separate Financial Statements" section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code). We have fulfilled our other ethical responsibilities in accordance with the IESBA Code.

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Independent Auditor's Report

To the Shareholders of MCB Group Limited (Continued)

Report on the Audit of the Consolidated and Separate Financial Statements (Continued)

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated and separate financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matters relating to the consolidated financial statements	*How our audit addressed the key audit matters relating to the consolidated financial statements*
Impairment loss on loans and advances Impairment loss on loans and advances represents management's best estimates of the losses incurred within the loan portfolio at the end of the reporting period. They are calculated on a collective basis for portfolios of loans of a similar nature and on an individual basis for significant loans. The calculation of both collective and individual impairment allowances is inherently judgemental. Collective impairment losses are calculated using historical loan loss ratios, adjusted for management estimates relating to the impact of current economic conditions. For specific impairments, judgement is required to determine when an impairment event has occurred and then to estimate the amount and timing of expected future cash flows related to that loan. The audit was focused on impairment due to the materiality of the balances and the subjective nature of the calculations. See Notes 2 and 6 to the financial statements.	• We assessed and tested the design and operating effectiveness of the controls over impairment data and calculations. These controls included those over the identification of which loans and advances were impaired, the granting of forbearance, the data transfer from source systems to impairment models and model output to the general ledger and the calculation of the impairment provisions. • We have tested the IT controls for impairment systems and determined that we could rely on these controls for the purposes of our audit. • We performed detailed testing on the calculation of the collective and individual impairment. This testing varied by portfolio, but typically included re-performance of the calculation and testing the extraction of data used in the models including the 'bucketing' into delinquency bandings. • We tested a sample of adjustments made to the actual loan loss ratios, by considering the basis for the adjustments, the logic applied, the source data used, the key assumptions adopted.

Independent Auditor's Report

To the Shareholders of MCB Group Limited (Continued)

Report on the Audit of the Consolidated and Separate Financial Statements (Continued)

Key Audit Matters (Continued)

Key audit matters relating to the consolidated financial statements	*How our audit addressed the key audit matters relating to the consolidated financial statements*
	• Where impairment was individually calculated, we tested controls over the timely identification of potentially impaired loans and concluded that we could rely on these controls for the purposes of our audit. • For a sample of loans and advances, we ascertained whether the loss event (that is the point at which impairment is recognised) had been identified in a timely manner including, where relevant, how forbearance had been considered. Where impairment had been identified, we examined the forecasts of future cash flows prepared by management to support the calculation of the impairment, challenging the assumptions and comparing estimates to external evidence where available. We found no material exceptions in these tests. • We examined a sample of loans and advances which had not been identified by management as potentially impaired and formed our own judgements as to whether these were appropriate, using external evidence in respect of the relevant counterparties. We found no material exceptions in these tests. • In respect of some impairment provisions, we arrived at a different conclusion than management, but in our view, the differences were within a reasonable range of outcomes in the context of the overall loans and advances and the uncertainties disclosed in the financial statements.

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Independent Auditor's Report

To the Shareholders of MCB Group Limited (Continued)

Report on the Audit of the Consolidated and Separate Financial Statements (Continued)

Key Audit Matters (Continued)

Key audit matters relating to the consolidated financial statements	*How our audit addressed the key audit matters relating to the consolidated financial statements*
Valuation of unquoted financial assets held at fair value The valuation of the Group's unquoted financial assets held at fair value was a key area of audit focus due to their significance. The Directors make significant judgements because of the complexity of the techniques and assumptions used in valuing some of the level 3 investment securities given the limited external evidence and unobservable market data available to support the Group's valuations. See Notes 2, 3 and 7 to the financial statements.	• We assessed the design and operating effectiveness of the Group's key controls supporting the identification, measurement and oversight of valuation risk of financial assets. • For the more judgemental valuations, which may depend on unobservable inputs, we evaluated the assumptions, methodologies and models used by the Group. We performed an independent valuation of a sample of positions which in some cases resulted in a different valuation compared to management. In our view, the differences were within a reasonable range of outcomes in the context of the inherent uncertainties disclosed in the financial statements. • We also involved our valuation experts to check the appropriateness of the methodologies used and found that these are reasonable in the context of the relevant investment securities held.

In connection with the separate financial statements, we have determined that there are no Key Audit Matters to communicate in our report.

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Independent Auditor's Report

To the Shareholders of MCB Group Limited (Continued)

Report on the Audit of the Consolidated and Separate Financial Statements (Continued)

Other information

The directors are responsible for the other information. The other information comprises the following: navigating this annual report, the highlights, the corporate profile, delivering value to our stakeholders, the board of directors and committees of the board, the chairperson statement, the chief executive statement, the corporate governance report, the statement of compliance, the company secretary's certificate, the business and financial review, the risk management report and the administrative information but does not include the consolidated and separate financial statements and our auditor's report thereon.

Our opinion on the consolidated and separate financial statements does not cover the other information and we do not express any form of assurance conclusion thereon. Our reporting responsibilities regarding the corporate governance report is dealt with in the "Report on Other Legal and Regulatory Requirements" section of this report.

In connection with our audit of the consolidated and separate financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated and separate financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Consolidated and Separate Financial Statements

The directors are responsible for the preparation and fair presentation of the consolidated and separate financial statements in accordance with International Financial Reporting Standards and in compliance with the Mauritian Companies Act 2001, and for such internal control as the directors determine is necessary to enable the preparation of consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated and separate financial statements, the directors are responsible for assessing the Group's and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group and/or the Company or to cease operations, or have no realistic alternative but to do so.

The directors are responsible for overseeing the Group's and the Company's financial reporting process.

Independent Auditor's Report

To the Shareholders of MCB Group Limited (Continued)

Report on the Audit of the Consolidated and Separate Financial Statements (Continued)

Auditor's Responsibilities for the Audit of the Consolidated and Separate Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated and separate financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated and separate financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated and separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and/or the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

Independent Auditor's Report

To the Shareholders of MCB Group Limited (Continued)

Report on the Audit of the Consolidated and Separate Financial Statements (Continued)

Auditor's Responsibilities for the Audit of the Consolidated and Separate Financial Statements (Continued)

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the consolidated and separate financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

Mauritian Companies Act 2001

The Mauritian Companies Act 2001 requires that in carrying out our audit we consider and report to you on the following matters. We confirm that:

(a) we have no relationship with or interests in the Company or any of its subsidiaries other than in our capacity as auditor of the Company and some of its subsidiaries, tax advisor of one of its subsidiaries and dealings in the ordinary course of business with some of its subsidiaries;

(b) we have obtained all the information and explanations we have required; and

(c) in our opinion, proper accounting records have been kept by the Company as far as appears from our examination of those records.

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Independent Auditor's Report

To the Shareholders of MCB Group Limited (Continued)

Report on Other Legal and Regulatory Requirements (Continued)

Mauritian Financial Reporting Act 2004

The directors are responsible for preparing the corporate governance report. Our responsibility is to report on the extent of compliance with the Code of Corporate Governance (the "Code") as disclosed in the annual report and on whether the disclosure is consistent with the requirements of the Code.

In our opinion, the disclosure in the annual report is consistent with the requirements of the Code.

Other Matter

This report, including the opinion, has been prepared for and only for the Company's shareholders, as a body, in accordance with Section 205 of the Mauritian Companies Act 2001 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

PricewaterhouseCoopers

Gilles Beesoo, licensed by FRC

29 September 2017

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Independent Auditor's Report

To the Shareholders of MCB Group Limited

Report on the Audit of the Consolidated and Separate Financial Statements

Our Opinion

In our opinion, the accompanying consolidated and separate financial statements give a true and fair view of the financial position of MCB Group Limited (the "Company") and its subsidiaries (together the "Group") and of the Company standing alone as at 30 June 2018, and of their financial performance and their cash flows for the year then ended in accordance with International Financial Reporting Standards and in compliance with the Mauritian Companies Act 2001.

What we have audited

MCB Group Limited's accompanying consolidated and separate financial statements comprise:

- the statements of financial position as at 30 June 2018;
- the statements of profit or loss for the year then ended;
- the statements of comprehensive income for the year then ended;
- the statements of changes in equity for the year then ended;
- the statements of cash flows for the year then ended; and
- the notes, comprising significant accounting policies and other explanatory information.

Certain required disclosures have been presented elsewhere in the risk and capital management report, rather than in the notes to the consolidated and separate financial statements. These disclosures are cross-referenced from the consolidated and separate financial statements and are identified as audited.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the "Auditor's Responsibilities for the Audit of the Consolidated and Separate Financial Statements" section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code). We have fulfilled our other ethical responsibilities in accordance with the IESBA Code.

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Independent Auditor's Report

To the Shareholders of MCB Group Limited (Continued)

Report on the Audit of the Consolidated and Separate Financial Statements (Continued)

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated and separate financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matters relating to the consolidated financial statements	**How our audit addressed the key audit matters relating to the consolidated financial statements**
Impairment provisions on loans and advances to customers, and loans to and placements with banks Impairment provisions relating to loans and advances to customers, and loans to and placements with banks, as disclosed in note 6 to the consolidated financial statements, represent management's best estimates of the credit losses incurred within the loan portfolio as at 30 June 2018. They are calculated on a collective basis for portfolios of loans of a similar nature and on an individual basis for significant credit-impaired loans. The determination of both collective and individual impairment allowances is inherently judgemental and involves the application of critical accounting estimates by management, as disclosed in note 2(f) to the consolidated financial statements.	• We tested a sample of movements in the loan loss ratios from prior year based on our understanding of the various sectors of the industry and their operational environment, by considering the basis for the adjustments, the rationale, the source data used and the key assumptions adopted. • We re-calculated the portfolio provision and tested the completeness and accuracy of the extraction of data used in the models, including the 'bucketing' by the relevant sectors. • We assessed the design and operating effectiveness of the controls over impairment data and calculations. These controls included those over the identification of which loans and advances were impaired, the granting of forbearance, the data transfer from source systems to impairment models and model output to the general ledger, and the calculation of the impairment provisions.

Independent Auditor's Report

To the Shareholders of MCB Group Limited (Continued)

Report on the Audit of the Consolidated and Separate Financial Statements (Continued)

Key Audit Matters (Continued)

Key audit matters relating to the consolidated financial statements	**How our audit addressed the key audit matters relating to the consolidated financial statements**
Collective impairment allowances are calculated on loans using historical loan loss ratios by sector, adjusted for management estimates relating to the impact of current economic conditions, including any known adverse economic conditions likely to affect the financial performance of the relevant sectors. For specific impairment, judgement is required to determine when an impairment event has occurred and then to estimate the amount and timing of expected future cash flows related to that loan. The audit was focused on impairment due to the materiality of the loan balances, associated impairment allowances and the subjective nature of the calculations.	• We re-performed the calculation of specific impairment and independently assessed the appropriateness of the assumptions used, the provision methodologies and policies applied, and formed an independent view of the adequacy of the provision. • For specific impairment, where the cash flows of large credits include the net realisable value of collateral securing the credit, the value of such collateral takes into account the time taken to realisation and is based on the opinion of qualified appraisers. We assessed the objectivity and the qualifications of the appraisers. • We examined a sample of loans which had not been identified by management as impaired and formed our own judgement as to whether the latter were appropriate, using appropriate external evidence in respect of the relevant counterparties. • For collateral held, we inspected legal agreements on a sample basis and other supporting documentation to confirm the existence of and the legal rights to the relevant collaterals.

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Independent Auditor's Report

To the Shareholders of MCB Group Limited (Continued)

Report on the Audit of the Consolidated and Separate Financial Statements (Continued)

Key Audit Matters (Continued)

Key audit matters relating to the consolidated financial statements	**How our audit addressed the key audit matters relating to the consolidated financial statements**
IFRS 9 Transition Disclosure IFRS 9 'Financial Instruments' is effective for the Group for the financial year ending 30 June 2019 and replaces the existing financial instruments standard IAS 39 'Financial Instruments: Recognition and Measurement'. Refer to note 1 which provides the disclosures required by IAS 8 'Accounting Policies, Accounting Estimates and Errors', on the impact of the new standard in the 2018 financial statements. The disclosures are significantly less comprehensive than those which will be made in the 2019 financial statements. IFRS 9 requires the recognition of expected credit losses ('ECL') rather than incurred credit losses and is therefore a fundamentally different approach. Management is required to determine the expected credit loss that may occur over either a 12-month period or the remaining life of an asset, depending on the categorisation of the individual asset.	• In evaluating the required disclosures of the impact of the adoption of IFRS 9, we considered, and where necessary (as described below) tested the governance over the project, the implementation of the necessary systems, processes, methodologies and controls of the Group. • We considered the disclosures made with regard to the impact that IFRS 9's classification and measurement requirements are expected to have on the Group's reserves as at 1 July 2018 based on our understanding of the new classification and measurement requirements of IFRS 9.

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Independent Auditor's Report

To the Shareholders of MCB Group Limited (Continued)

Report on the Audit of the Consolidated and Separate Financial Statements (Continued)

Key Audit Matters (Continued)

Key audit matters relating to the consolidated financial statements	How our audit addressed the key audit matters relating to the consolidated financial statements
This categorisation is determined by an assessment of whether there has been a significant increase in credit risk ('SICR') of the borrower since loan origination. It is also necessary to consider the impact of different future macroeconomic conditions in the determination of ECLs. The calculation of ECLs in accordance with IFRS 9 is complex and involves a number of judgemental assumptions. Management has made a number of interpretations and assumptions when designing and implementing models that are compliant with the new standard. The models use risk parameters, such as loss given default ('LGD') and probability of default ('PD') to calculate an ECL based on past experience. Management applied judgement in situations where this past experience is not considered to be reflective of future outcomes due to limited or incomplete data.	• For the expected credit loss impairment model, we considered if the disclosure is consistent with our understanding of the requirements of IFRS 9 and the output of the Group's impairments models, based on the work we performed on the Group's readiness assessment as at 30 June 2018.

Independent Auditor's Report

To the Shareholders of MCB Group Limited (Continued)

Report on the Audit of the Consolidated and Separate Financial Statements (Continued)

Key Audit Matters (Continued)

Key audit matters relating to the consolidated financial statements	How our audit addressed the key audit matters relating to the consolidated financial statements
This includes the use of proxy LGDs relating to corporate loans due to the limited level of historical loss data on the Group's portfolios. The following judgements are also key to the determination of the ECL: • Setting of appropriate thresholds for what represents a SICR; • The determination of forward looking macroeconomic scenarios and the probability weights applied to each; and • Assessment of model and data limitations and use of post model adjustments to address such risks.	
Tax Assessments As disclosed in note 21 to the consolidated financial statements, a subsidiary was subject to income tax assessments covering financial years ended 30 June 2007 to 2014 against which the subsidiary has initially objected.	• We assessed the adequacy of the provision and contingent liabilities in the accounts with respect to the tax assessments raised against the subsidiary by reviewing the underlying assumptions and calculations on which these were derived.

Independent Auditor's Report

To the Shareholders of MCB Group Limited (Continued)

Report on the Audit of the Consolidated and Separate Financial Statements (Continued)

Key Audit Matters (Continued)

Key audit matters relating to the consolidated financial statements	How our audit addressed the key audit matters relating to the consolidated financial statements
The basis of the assessments raised by the Mauritius Revenue Authority ("MRA") were around a number of areas and during the year, there have been advanced discussions between the subsidiary and the MRA in relation to some areas and an additional provision of Rs 258 million has been made as at 30 June 2018. This represents management's best estimate of additional tax payable including penalties and interests for all the years up to 30 June 2017 (excluding the upfront payment that was due at the time of objection of the respective assessments). In addition, the subsidiary received several assessments in the previous 5 years under the Value Added Tax Act for the periods beginning April 2006 to June 2015 against which the subsidiary has also objected.	• We examined correspondences between the subsidiary and the MRA. • We assessed the adequacy of the subsidiary's disclosures relating to the tax assessment. • We discussed with management to understand the basis of the provision made and the contingent liabilities disclosed. • We also involved our tax specialist to assess the adequacy of the income tax provision and contingent liabilities and found that these were reasonable in the actual context.

Independent Auditor's Report

To the Shareholders of MCB Group Limited (Continued)

Report on the Audit of the Consolidated and Separate Financial Statements (Continued)

Key Audit Matters (Continued)

Key audit matters relating to the consolidated financial statements	How our audit addressed the key audit matters relating to the consolidated financial statements
Management is of opinion that the likelihood of incurring additional payment to the MRA is low on the remaining areas where no agreement has yet been reached under the Income Tax and Valued Added Tax Acts. The maximum liability that could arise from these amounted to Rs 537 million and disclosure of these contingent liabilities is in note 21 to the consolidated financial statements. The assessments are still pending in front of the Assessment Review Committee. The determination of income tax provision and contingent liabilities is complex and requires management to use significant judgement and critical accounting estimates as disclosed in notes 2(g), 21 and 30 to the consolidated financial statements.	
Valuation of unquoted financial assets held at fair value The valuation of the Group's unquoted financial assets held at fair value was a key area of audit focus due to the significance of the amount and complexity involved in the valuation process.	• We assessed the design and operating effectiveness of the Group's key controls supporting the identification, measurement and oversight of valuation risk of financial assets. • For the more judgemental valuations, which depend on unobservable inputs, we evaluated the assumptions, methodologies and models used by the Group.

Independent Auditor's Report

To the Shareholders of MCB Group Limited (Continued)

Report on the Audit of the Consolidated and Separate Financial Statements (Continued)

Key Audit Matters (Continued)

Key audit matters relating to the consolidated financial statements	How our audit addressed the key audit matters relating to the consolidated financial statements
Management makes significant judgements because of the complexity of the techniques and assumptions used in valuing some of the level 3 investment securities given the limited external evidence and unobservable market data available to support the Group's valuations. The valuation of the level 3 investment securities are dependent on market conditions and key assumptions made. The determination of these assumptions is complex and requires the exercise of management judgement. See notes 2(d), 3(d) and 7(d) to the consolidated financial statements.	• We performed an independent valuation of a sample of positions which in some cases resulted in a different valuation compared to management. In our view the differences were within a reasonable range of outcomes in the context of the inherent uncertainties disclosed in the consolidated financial statements. • We also involved our valuation experts to assess the appropriateness of the methodologies used and found that these are reasonable in the context of the relevant investment securities held.

In connection with the separate financial statements, we have determined that there are no Key Audit Matters to communicate in our report.

Other Information

The directors are responsible for the other information. The other information comprises the information included in the annual report but does not include the consolidated and separate financial statements and our auditor's report thereon.

Our opinion on the consolidated and separate financial statements does not cover the other information and we do not express any form of assurance conclusion thereon. Our reporting responsibilities regarding the corporate governance report is dealt with in the "Report on Other Legal and Regulatory Requirements" section of this report.

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Independent Auditor's Report

To the Shareholders of MCB Group Limited (Continued)

Report on the Audit of the Consolidated and Separate Financial Statements (Continued)

Other Information (Continued)

In connection with our audit of the consolidated and separate financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated and separate financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Consolidated and Separate Financial Statements

The directors are responsible for the preparation and fair presentation of the consolidated and separate financial statements in accordance with International Financial Reporting Standards and in compliance with the Mauritian Companies Act 2001, and for such internal control as the directors determine is necessary to enable the preparation of consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated and separate financial statements, the directors are responsible for assessing the Group's and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group and/or the Company or to cease operations, or have no realistic alternative but to do so.

The directors are responsible for overseeing the Group's and Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated and Separate Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated and separate financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated and separate financial statements.

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Independent Auditor's Report

To the Shareholders of MCB Group Limited (Continued)

Report on the Audit of the Consolidated and Separate Financial Statements (Continued)

Auditor's Responsibilities for the Audit of the Consolidated and Separate Financial Statements (Continued)

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated and separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and/or the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated and separate financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

Independent Auditor's Report

To the Shareholders of MCB Group Limited (Continued)

Report on the Audit of the Consolidated and Separate Financial Statements (Continued)

Auditor's Responsibilities for the Audit of the Consolidated and Separate Financial Statements (Continued)

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the consolidated and separate financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

Mauritian Companies Act 2001

The Mauritian Companies Act 2001 requires that in carrying out our audit we consider and report to you on the following matters. We confirm that:

(a) we have no relationship with or interests in the Company or any of its subsidiaries other than in our capacity as auditor of the Company and some of its subsidiaries, tax advisor of one of its subsidiaries and dealings in the ordinary course of business with some of its subsidiaries;

(b) we have obtained all the information and explanations we have required; and

(c) in our opinion, proper accounting records have been kept by the Company as far as appears from our examination of those records.

Independent Auditor's Report

To the Shareholders of MCB Group Limited (Continued)

Report on Other Legal and Regulatory Requirements (Continued)

Mauritian Financial Reporting Act 2004

The directors are responsible for preparing the corporate governance report. Our responsibility is to report on the extent of compliance with the Code of Corporate Governance (the "Code") as disclosed in the annual report and on whether the disclosure is consistent with the requirements of the Code.

In our opinion, the disclosure in the annual report is consistent with the requirements of the Code.

Other Matter

This report, including the opinion, has been prepared for and only for the Company's shareholders, as a body, in accordance with Section 205 of the Mauritian Companies Act 2001 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

PricewaterhouseCoopers

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27 September 2018

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Independent Auditor's Report

To the Shareholders of MCB Group Limited

Report on the Audit of the Consolidated and Separate Financial Statements

Our Opinion

In our opinion, the accompanying consolidated and separate financial statements give a true and fair view of the financial position of MCB Group Limited (the "Company") and its subsidiaries (together the "Group") and of the Company standing alone as at 30 June 2019, and of their financial performance and their cash flows for the year then ended in accordance with International Financial Reporting Standards and in compliance with the Mauritian Companies Act 2001.

What we have audited

MCB Group Limited's accompanying consolidated and separate financial statements comprise:

- the statements of financial position as at 30 June 2019;
- the statements of profit or loss for the year then ended;
- the statements of comprehensive income for the year then ended;
- the statements of changes in equity for the year then ended;
- the statements of cash flows for the year then ended; and
- the notes, comprising significant accounting policies and other explanatory information.

Certain required disclosures have been presented elsewhere in the risk and capital management report, rather than in the notes to the consolidated and separate financial statements. These disclosures are cross-referenced from the consolidated and separate financial statements and are identified as audited.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the "Auditor's Responsibilities for the Audit of the Consolidated and Separate Financial Statements" section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code). We have fulfilled our other ethical responsibilities in accordance with the IESBA Code.

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Independent Auditor's Report

To the Shareholders of MCB Group Limited (Continued)

Report on the Audit of the Consolidated and Separate Financial Statements (Continued)

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated and separate financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matters relating to the consolidated financial statements	How our audit addressed the key audit matters relating to the consolidated financial statements
Impairment of loans and advances and debt instruments carried at fair value through other comprehensive income - application of IFRS 9 and estimates used in the calculation	
As from 01 July 2018, the Group has applied IFRS 9 'Financial Instruments' which requires the recognition of Expected Credit Losses ('ECL') rather than incurred credit losses. The determination of ECL requires a fundamentally new and highly judgemental approach and relies on complex modelling and the use of a number of data points to determine the ECL on its stage 1 and stage 2 financial assets. The data has been sourced from a number of systems that have not been used previously for the preparation of accounting records. This increases the risk around completeness and accuracy of certain data used to create assumptions and operate the models. Management is required to determine the ECL that may occur over either a 12-month period or the remaining life of a financial asset, depending on the categorisation of the individual asset.	Given the complexity of the PD, EAD and LGD models used for the ECL calculation, our actuarial expert team assisted us in performing certain procedures. With the assistance of our actuarial expert team, we assessed the input assumptions applied within those models by agreeing the key inputs used therein to the supporting documentation and independent extraction made from the system. The reasonableness of the forward looking information were independently verified, on a sample basis, to external sources. Further, our procedures included assessing the appropriateness of stage 1 and stage 2 of the ECL model through independent re-performance and validation procedures. In addition, we tested the integrity of critical data used at year end to calculate ECL by verifying these to the relevant systems. We performed risk based substantive testing of the models, including independently re-building certain assumptions.

Independent Auditor's Report

To the Shareholders of MCB Group Limited (Continued)

Report on the Audit of the Consolidated and Separate Financial Statements (Continued)

Key Audit Matters (Continued)

Key audit matters relating to the consolidated financial statements	How our audit addressed the key audit matters relating to the consolidated financial statements
The Group also applied judgement and estimates in determining the impairment provision on its stage 3 financial assets to estimate the loss event and the amount and timing of their expected future cash flows. The key areas of significant management judgements and estimates within the ECL calculations include: • Input assumptions applied to estimate the probability of default ("PD"), exposure at default ("EAD") and loss given default ("LGD") within the ECL measurement; • Evaluation of significant increase in credit risk ("SICR"); • Incorporation of macro-economic inputs and forward looking information into the SICR assessment and ECL measurement; and • Assessment of ECL raised for stage 3 exposures. The application of IFRS 9 by the Group along with its impact on the opening balances has been disclosed in notes 2(d), 3(b) and 20 to the consolidated financial statements.	For ECL calculated for stage 3 financial assets, we considered the significant financial difficulty of the Group's customers and number of days in arrears for repayment. We also considered the assumptions applied by the directors in their assessment of the recoverability of the exposure. We independently recalculated the ECL, on a sample basis, based on our assessment of the expected cash flows and recoverability of collateral at an individual counterparty level. Where collaterals were used, we assessed, on a sample basis, the reasonableness of the time taken into account to realise those collaterals and the objectivity and qualifications of the respective independent appraisers.

Independent Auditor's Report

To the Shareholders of MCB Group Limited (Continued)

Report on the Audit of the Consolidated and Separate Financial Statements (Continued)

Key Audit Matters (Continued)

Key audit matters relating to the consolidated financial statements	How our audit addressed the key audit matters relating to the consolidated financial statements
Valuation of unquoted financial assets held at fair value	
MCB Group Limited's subsidiaries have invested in several listed and unlisted investments. The fair values of the subsidiaries' unlisted investments are determined by applying different valuation methodologies. Management makes significant judgements because of the complexity of the techniques and assumptions used in valuing the level 3 investment securities given the limited external evidence and unobservable market data available to support the Group's valuation. Due to the magnitude of the investments, the estimation uncertainties in the assumptions, and the degree of judgement required, the assessment of the fair value of the underlying investment in the subsidiaries is considered to be a matter of most significance to our audit. See note 2(b), 3(d) and 7(d) to the consolidated financial statements.	We assessed the design and operating effectiveness of the Group's key controls supporting the identification, measurement and oversight of valuation risk of financial assets. For the more judgemental valuations, which depend on unobservable inputs, we evaluated the assumptions, methodologies and models used by the Group. We performed an independent valuation of a sample of positions. We tested that the valuation techniques adopted reflect the best appropriate basis for valuation of the investments. We also involved our valuation experts to assess the appropriateness of the methodologies used.

In connection with the separate financial statements, we have determined that there are no key audit matters to communicate in our report.

Independent Auditor's Report

To the Shareholders of MCB Group Limited (Continued)

Report on the Audit of the Consolidated and Separate Financial Statements (Continued)

Other Information

The directors are responsible for the other information. The other information comprises the information included in the annual report but does not include the consolidated and separate financial statements and our auditor's report thereon.

Our opinion on the consolidated and separate financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated and separate financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated and separate financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

In addition to the responsibilities described above and our work undertaken in the course of the audit, the Financial Reporting Act 2004 requires us to report certain matters as described below.

Corporate Governance Report

Our responsibility under the Financial Reporting Act 2004 is to report on the compliance with the Code of Corporate Governance ("Code") disclosed in the annual report and assess the explanations given for non-compliance with any requirement of the Code. From our assessment of the disclosures made on corporate governance in the annual report, the Company has, pursuant to section 75 of the Financial Reporting Act 2004, complied with the requirements of the Code.

Responsibilities of the Directors for the Consolidated and Separate Financial Statements

The directors are responsible for the preparation and fair presentation of the consolidated and separate financial statements in accordance with International Financial Reporting Standards and in compliance with the Mauritian Companies Act 2001, and for such internal control as the directors determine is necessary to enable the preparation of consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated and separate financial statements, the directors are responsible for assessing the Group's and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group and/or the Company or to cease operations, or have no realistic alternative but to do so.

The directors are responsible for overseeing the Group's and Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated and Separate Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated and separate financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated and separate financial statements.

Report on the Audit of the Consolidated and Separate Financial Statements (Continued)

Auditor's Responsibilities for the Audit of the Consolidated and Separate Financial Statements (Continued)

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated and separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and/or the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

Report on the Audit of the Consolidated and Separate Financial Statements (Continued)

Auditor's Responsibilities for the Audit of the Consolidated and Separate Financial Statements (Continued)

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the consolidated and separate financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

Mauritian Companies Act 2001

The Mauritian Companies Act 2001 requires that in carrying out our audit we consider and report to you on the following matters. We confirm that:

a) we have no relationship with or interests in the Company or any of its subsidiaries other than in our capacity as auditor of the Company and some of its subsidiaries, tax and business advisors of one of its subsidiairies and dealings in the ordinary course of business with some of its subsidiaries;
b) we have obtained all the information and explanations we have required; and
c) in our opinion, proper accounting records have been kept by the Company as far as appears from our examination of those records.

Independent Auditor's Report

To the Shareholders of MCB Group Limited (Continued)

Other Matter

This report, including the opinion, has been prepared for and only for the Company's shareholders, as a body, in accordance with Section 205 of the Mauritian Companies Act 2001 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

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27 September 2019

2. Statements of Financial position

	GROUP			COMPANY		
	2019	2018	*2017*	**2019**	2018	*2017*
	MURm	MURm	*MURm*	**MURm**	MURm	*MURm*
ASSETS						
Cash and cash equivalents	**49,333.5**	35,903.0	*35,711.4*	**357.8**	522.8	-
Derivative financial instruments	**695.8**	512.8	*479.7*	**-**	-	-
Loans to and placements with banks	**19,672.8**	18,920.8	*25,716.3*	**-**	-	-
Loans and advances to customers	**227,040.4**	199,298.2	*170,779.5*	**-**	-	-
Investment securities	**126,204.0**	88,747.4	*74,729.7*	**395.2**	200.0	-
Investments in associates	**9,961.5**	9,796.0	*9,552.3*	**118.7**	117.2	*109.7*
Investments in subsidiaries	**-**	-	-	**11,113.5**	10,799.6	*9,386.4*
Investment properties	**3,991.7**	2,861.1	-	**-**	-	-
Goodwill and other intangible assets	**1,462.9**	1,238.8	*949.4*	**-**	-	-
Property, plant and equipment	**6,437.8**	6,194.8	*6,196.8*	**224.7**	224.9	*226.8*
Deferred tax assets	**291.9**	285.8	*282.2*	**-**	-	-
Other assets	**26,069.0**	22,611.1	*20,812.4*	**1,679.7**	1,387.4	*1,374.5*
Total assets	**471,161.3**	386,369.8	*345,209.7*	**13,889.6**	13,251.9	*11,097.4*
LIABILITIES AND SHAREHOLDERS' EQUITY						
Liabilities						
Deposits from banks	**3,850.9**	3,157.7	*2,489.5*	**-**	-	-
Deposits from customers	**327,649.5**	294,560.9	*272,373.8*	**-**	-	-
Derivative financial instruments	**935.0**	883.4	*401.7*	**-**	-	-
Other borrowed funds	**56,886.3**	14,372.5	*5,968.4*	**-**	-	*242.6*
Subordinated liabilities	**5,571.8**	5,591.8	*5,587.0*	**4,531.7**	4,531.7	*4,535.0*
Debt securities	**2,012.7**	2,012.7	-	**2,012.7**	2,012.7	-
Current tax liabilities	**986.6**	1,000.2	*905.9*	**0.2**	0.3	-
Deferred tax liabilities	**287.9**	236.4	*53.4*	**0.2**	0.1	*0.4*
Other liabilities	**14,202.7**	10,787.6	*9,093.4*	**1,363.5**	1,128.9	*1,063.7*
Total liabilities	**412,383.4**	332,603.2	*296,873.1*	**7,908.3**	7,673.7	*5,841.7*
Shareholders' equity						
Stated capital	**2,608.3**	2,547.9	*2,477.8*	**2,608.3**	2,547.9	*2,477.8*
Retained earnings	**44,536.0**	38,233.2	*34,761.0*	**3,350.2**	3,030.3	*2,777.9*
Other components of equity	**9,109.9**	10,525.1	*8,710.4*	**22.8**	-	-
Equity attributable to the ordinary equity holders of the parent	**56,254.2**	51,306.2	*45,949.2*	**5,981.3**	5,578.2	*5,255.7*
Non-controlling interests	**2,523.7**	2,460.4	*2,387.4*	**-**	-	-
Total equity	**58,777.9**	53,766.6	*48,336.6*	**5,981.3**	5,578.2	*5,255.7*
Total equity and liabilities	**471,161.3**	386,369.8	*345,209.7*	**13,889.6**	13,251.9	*11,097.4*
CONTINGENT LIABILITIES						
Acceptances, guarantees, letters of credit and other obligations on account of customers	**69,002.5**	59,872.2	*43,102.9*			
Commitments	**6,503.1**	6,773.3	*7,201.2*			
Tax assessments	**89.7**	537.1	*992.6*			
Other	**1,709.2**	1,440.4	*1,360.2*			
	77,304.5	68,623.0	*52,656.9*			

3. Statements of profit or loss

	GROUP			COMPANY		
	30th June 2019 MURm	30th June 2018 MURm	*30th June 2017 MURm*	**30th June 2019 MURm**	30th June 2018 MURm	*30th June 2017 MURm*
Interest income	**18,841.4**	15,112.9	*14,034.3*	**5.5**	2.3	-
Interest expense	**(5,884.6)**	(4,383.7)	*(4,478.0)*	**(288.3)**	(268.1)	*(246.2)*
Net interest income	**12,956.8**	10,729.2	*9,556.3*	**(282.8)**	(265.8)	*(246.2)*
Fee and commission income	**5,135.0**	4,547.6	*4,134.4*	**-**	-	-
Fee and commission expense	**(1,348.9)**	(1,114.6)	*(930.0)*	**-**	-	-
Net fee and commission income	**3,786.1**	3,433.0	*3,204.4*	**-**	-	-
Other income						
Profit arising from dealing in foreign currencies	**1,816.4**	2,391.7	*1,827.9*	**-**	-	-
Net gain/(loss) from financial instruments	**702.9**	(385.5)	*101.3*	**-**	-	-
	2,519.3	2,006.2	*1,929.2*	**-**	-	-
Dividend income	**95.7**	85.2	*88.8*	**3,370.2**	2,922.6	*2,841.4*
Net gain on sale of financial instruments	**33.7**	226.7	*278.8*	**-**	-	-
Other operating income	**834.8**	470.5	*448.5*	**-**	-	-
	3,483.5	2,788.6	*2,745.3*	**3,370.2**	2,922.6	*2,841.4*
Operating income	**20,226.4**	16,950.8	*15,506.0*	**3,087.4**	2,656.8	*2,595.2*
Non-interest expense						
Salaries and human resource costs	**(4,315.0)**	(3,813.6)	*(3,611.5)*	**(108.0)**	(90.9)	*(78.6)*
Depreciation of property, plant and equipment	**(655.9)**	(600.4)	*(551.8)*	**(2.4)**	(2.0)	*(1.9)*
Amortisation of intangible assets	**(264.7)**	(288.5)	*(281.6)*	**-**	-	-
Other	**(2,275.1)**	(2,099.1)	*(1,943.3)*	**(53.6)**	(44.4)	*(33.8)*
	(7,510.7)	(6,801.6)	*(6,388.2)*	**(164.0)**	(137.3)	*(114.3)*
Operating profit before impairment	**12,715.7**	10,149.2	*9,117.8*	**2,923.4**	2,519.5	*2,480.9*
Net impairment of financial assets	**(1,596.9)**	(1,329.9)	*(1,063.8)*	**-**	-	-
Operating profit	**11,118.8**	8,819.3	*8,054.0*	**2,923.4**	2,519.5	*2,480.9*
Share of profit of associates	**403.9**	306.6	*338.2*	**-**	-	-
Profit before tax	**11,522.7**	9,125.9	*8,392.2*	**2,923.4**	2,519.5	*2,480.9*
Income tax expense	**(1,930.2)**	(1,884.6)	*(1,643.8)*	**(0.6)**	(0.1)	-
Profit for the year	**9,592.5**	7,241.3	*6,748.4*	**2,922.8**	2,519.4	*2,480.9*
Profit for the year attributable to:						
Ordinary equity holders of the parent	**9,482.2**	7,220.9	*6,702.1*	**2,922.8**	2,519.4	*2,480.9*
Non-controlling interests	**110.3**	20.4	*46.3*	**-**	-	-
	9,592.5	7,241.3	*6,748.4*	**2,922.8**	2,519.4	*2,480.9*
Earnings per share:						
Basic (Rs)	**39.71**	30.26	*28.12*			
Diluted (Rs)	**39.70**	30.26	*28.10*			

4. Statements of comprehensive income

	GROUP			COMPANY		
	30th June 2019 MURm	30th June 2018 MURm	*30th June 2017 MURm*	**30th June 2019 MURm**	30th June 2018 MURm	*30th June 2017 MURm*
Profit for the year	**9,592.5**	7,241.3	*6,748.4*	**2,922.8**	2,519.4	*2,480.9*
Other comprehensive (expense)/income:						
Items that will not be reclassified to profit or loss:						
Net fair value (loss)/gain on equity instruments	**(57.1)**	-	-	**22.8**	-	-
Remeasurement of defined benefit pension plan, net of deferred tax	**(404.5)**	(235.1)	*287.1*	**-**	-	-
Share of other comprehensive income/(expense) of associates	**69.1**	(18.5)	*(120.9)*	**-**	-	-
	(392.5)	(253.6)	*166.2*	**22.8**	-	-
Items that may be reclassified subsequently to profit or loss:						
Exchange differences on translating foreign operations	**56.3**	118.1	*(184.4)*	**-**	-	-
Reclassification adjustments on disposal of investments at fair value through other comprehensive income	**(25.3)**	-	-	**-**	-	-
Reclassification adjustments on disposal of available-for-sale investments	**-**	(240.7)	*16.4*	**-**	-	-
Net fair value gain on debt instruments	**81.7**	-	-	**-**	-	-
Net fair value gain on available-for-sale investments	**-**	670.0	*432.1*	**-**	-	-
Share of other comprehensive income of associates	**10.6**	28.5	*242.8*	**-**	-	-
	123.3	575.9	*506.9*	**-**	-	-
Other comprehensive (expense)/income for the year	**(269.2)**	322.3	*673.1*	**22.8**	-	-
Total comprehensive income for the year	**9,323.3**	7,563.6	*7,421.5*	**2,945.6**	2,519.4	*2,480.9*
Total comprehensive income attributable to:						
Ordinary equity holders of the parent	**9,212.3**	7,526.2	*7,272.2*	**2,945.6**	2,519.4	*2,480.9*
Non-controlling interests	**111.0**	37.4	*149.3*	**-**	-	-
	9,323.3	7,563.6	*7,421.5*	**2,945.6**	2,519.4	*2,480.9*

5. Statements of cash flows

	GROUP			COMPANY		
	30th June 2019 MURm	30th June 2018 MURm	*30th June 2017 MURm*	**30th June 2019 MURm**	30th June 2018 MURm	*30th June 2017 MURm*
Operating activities						
Net cash flows from trading activities	**18,125.1**	(4,303.6)	*894.0*	**2,652.1**	2,522.3	*2,179.6*
Net cash flows from other operating activities	**(11,484.9)**	6,937.0	*6,518.3*	**-**	-	-
Dividends received from associates	**249.4**	373.5	*305.1*	**-**	-	-
Dividends paid	**(2,386.9)**	(2,206.2)	*(2,084.4)*	**(2,386.9)**	(2,206.2)	*(2,084.4)*
Dividends paid to non-controlling interests in subsidiaries	**(48.4)**	(297.9)	*(40.8)*	**-**	-	-
Income tax paid	**(1,803.8)**	(1,689.8)	*(1,568.1)*	**(0.6)**	-	-
Net cash flows from operating activities	**2,650.5**	(1,187.0)	*4,024.1*	**264.6**	316.1	*95.2*
Investing activities						
Investment in associate	**(99.9)**	(198.5)	*(136.6)*	**(1.5)**	(7.5)	*(83.2)*
Purchase of investment property	**(925.0)**	(569.4)	-	**-**	-	-
Purchase of property, plant and equipment	**(838.1)**	(674.8)	*(990.9)*	**(2.2)**	(0.1)	*(221.8)*
Purchase of intangible assets	**(393.0)**	(195.7)	*(345.0)*	**-**	-	-
Proceeds from sale of property, plant and equipment	**69.0**	62.5	*116.4*	**-**	-	-
Investment in subsidiaries	**-**	-	-	**(41.0)**	(2.0)	*(83.2)*
Net subordinated loan granted to subsidiaries	**-**	-	-	**(272.9)**	(1,411.2)	*(50.0)*
Investment in securities	**-**	-	-	**(172.4)**	(200.0)	-
Acquisition by subsidiary, net of cash acquired	**-**	(944.7)	-	**-**	-	-
Net cash flows from investing activities	**(2,187.0)**	(2,520.6)	*(1,356.1)*	**(490.0)**	(1,620.8)	*(438.2)*
Net cash flows before financing activities	**463.5**	(3,707.6)	*2,668.0*	**(225.4)**	(1,304.7)	*(343.0)*
Financing activities						
Shares issued/employee share options exercised	**60.4**	70.1	*51.0*	**60.4**	70.1	*51.0*
Impact of right issue exercised by minority shareholders in subsid	**13.3**	6.7	-	**-**	-	-
Loan from associate	**1,168.6**	-	-	**-**	-	-
Refund of subordinated liability	**(51.4)**	-	-	**-**	-	-
Debt securities issued	**-**	2,000.0	-	**-**	2,000.0	-
Net cash flows from financing activities	**1,190.9**	2,076.8	*51.0*	**60.4**	2,070.1	*51.0*
Increase/(Decrease) in cash and cash equivalents	**1,654.4**	(1,630.8)	*2,719.0*	**(165.0)**	765.4	*(292.0)*
Net cash and cash equivalents at 01 July	**34,063.3**	35,660.7	*33,215.1*	**522.8**	(242.6)	*49.4*
Effect of foreign exchange rate changes	**110.8**	33.4	*(273.4)*	**-**	-	-
Net cash and cash equivalents at 30 June	**35,828.5**	34,063.3	*35,660.7*	**357.8**	522.8	*(242.6)*

6. Statements of changes in equity - Group

	Attributable to ordinary equity holders of the parent								
	Stated Capital	Retained Earnings	Capital Reserve	Translation Reserve	Statutory Reserve	General Banking Reserve	Total	Non-Controlling Interests	Total Equity
	MURm	MURm	MURm	MURm	MURm	MURm	MURm	MURm	MURm
GROUP									
At 01 July 2016	**2,426.8**	**30,886.1**	**2,765.5**	**(349.8)**	**4,020.3**	**981.0**	**40,729.9**	**2,278.7**	**43,008.6**
Profit for the year	-	6,702.1	-	-	-	-	6,702.1	46.3	6,748.4
Other comprehensive income/(expense) for the year	-	164.7	589.3	(183.9)	-	-	570.1	103.0	673.1
Total comprehensive income/(expense) for the year	-	6,866.8	589.3	(183.9)	-	-	7,272.2	149.3	7,421.5
Dividends	-	(2,144.9)	-	-	-	-	(2,144.9)	(40.8)	(2,185.7)
Effect of increase in shareholding in subsidiary	-	2.0	-	-	-	-	2.0	(28.4)	(26.4)
Issue of shares following the exercise of Group Employee Share Options Schem	51.0	-	-	-	-	-	51.0	-	51.0
Transactions with owners	51.0	(2,142.9)	-	-	-	-	(2,091.9)	(69.2)	(2,161.1)
Share of transfer by associate	-	(4.6)	4.6	-	-	-	-	-	-
Share of other movements in reserves of associate	-	44.5	(5.5)	-	-	-	39.0	28.6	67.6
Transfer from general banking reserve	-	51.2	-	-	-	(51.2)	-	-	-
Transfer to statutory reserve	-	(940.1)	-	-	940.1	-	-	-	-
At 30 June 2017	**2,477.8**	**34,761.0**	**3,353.9**	**(533.7)**	**4,960.4**	**929.8**	**45,949.2**	**2,387.4**	**48,336.6**
At 01 July 2017	**2,477.8**	**34,761.0**	**3,353.9**	**(533.7)**	**4,960.4**	**929.8**	**45,949.2**	**2,387.4**	**48,336.6**
Profit for the year	-	7,220.9	-	-	-	-	7,220.9	20.4	7,241.3
Other comprehensive (expense)/income for the year	-	(232.3)	416.1	121.5	-	-	305.3	17.0	322.3
Total comprehensive income for the year	-	6,988.6	416.1	121.5	-	-	7,526.2	37.4	7,563.6
Dividends	-	(2,267.0)	-	-	-	-	(2,267.0)	(297.9)	(2,564.9)
Unclaimed dividends pertaining to previous years	-	27.1	-	-	-	-	27.1	-	27.1
Impact of acquisition by subsidiary	-	-	-	-	-	-	-	326.3	326.3
Impact of rights issue exercised by minority shareholders in subsidiary	-	-	-	-	-	-	-	6.7	6.7
Issue of shares following the exercise of Group Employee Share Options Schem	70.1	-	-	-	-	-	70.1	-	70.1
Transactions with owners	70.1	(2,239.9)	-	-	-	-	(2,169.8)	35.1	(2,134.7)
Share of transfer by associate	-	0.2	(0.2)	-	-	-	-	-	-
Share of other movements in reserves of associate	-	0.4	0.2	-	-	-	0.6	0.5	1.1
Transfer to general banking reserve	-	(256.7)	-	-	-	256.7	-	-	-
Transfer to statutory reserve	-	(1,020.4)	-	-	1,020.4	-	-	-	-
At 30 June 2018	**2,547.9**	**38,233.2**	**3,770.0**	**(412.2)**	**5,980.8**	**1,186.5**	**51,306.2**	**2,460.4**	**53,766.6**
Impact of adopting IFRS 9:									
Impairment on financial assets:									
Reversal of portfolio provision	-	1,359.6	-	-	-	-	1,359.6	-	1,359.6
Reversal of general banking reserve	-	1,168.8	-	17.2	-	(1,186.0)	-	-	-
Expected credit losses	-	(3,116.5)	17.1	-	-	-	(3,099.4)	(15.4)	(3,114.8)
	-	(588.1)	17.1	17.2	-	(1,186.0)	(1,739.8)	(15.4)	(1,755.2)
Classification and measurement of financial assets	-	1,579.3	(1,559.7)	-	-	-	19.6	-	19.6
Impact of adopting IFRS 9	-	991.2	(1,542.6)	17.2	-	(1,186.0)	(1,720.2)	(15.4)	(1,735.6)
At 01 July 2018	**2,547.9**	**39,224.4**	**2,227.4**	**(395.0)**	**5,980.8**	**0.5**	**49,586.0**	**2,445.0**	**52,031.0**
Profit for the year	-	9,482.2	-	-	-	-	9,482.2	110.3	9,592.5
Other comprehensive (expense)/income for the year	-	(400.7)	71.9	58.9	-	-	(269.9)	0.7	(269.2)
Total comprehensive income for the year	-	9,081.5	71.9	58.9	-	-	9,212.3	111.0	9,323.3
Dividends	-	(2,602.9)	-	-	-	-	(2,602.9)	(48.4)	(2,651.3)
Investment in subsidiary	-	-	-	-	-	-	-	4.0	4.0
Impact of rights issue exercised by minority shareholders in subsidiary	-	-	-	-	-	-	-	13.3	13.3
Issue of shares following the exercise of Group Employee Share Options Schem	60.4	-	-	-	-	-	60.4	-	60.4
Transactions with owners	60.4	(2,602.9)	-	-	-	-	(2,542.5)	(31.1)	(2,573.6)
Share of transfer by associate	-	37.3	(37.3)	-	-	-	-	-	-
Share of other movements in reserves of associate	-	(1.6)	-	-	-	-	(1.6)	(1.2)	(2.8)
Transfer to general banking reserve	-	(248.7)	-	-	-	248.7	-	-	-
Transfer to statutory reserve	-	(954.0)	-	-	954.0	-	-	-	-
At 30 June 2019	**2,608.3**	**44,536.0**	**2,262.0**	**(336.1)**	**6,934.8**	**249.2**	**56,254.2**	**2,523.7**	**58,777.9**

7. Statements of changes in equity – Company

	Stated Capital MURm	Retained Earnings MURm	Capital Reserves MURm	Total Equity MURm
COMPANY				
At 01 July 2016	**2,426.8**	**2,441.9**	**-**	**4,868.7**
Profit for the year	-	2,480.9	-	2,480.9
Total comprehensive income for the year	-	2,480.9	-	2,480.9
Dividends	-	(2,144.9)	-	(2,144.9)
Issue of shares following the exercise of Group Employee Share Options Scheme	51.0	-	-	51.0
Transactions with owners	51.0	(2,144.9)	-	(2,093.9)
At 01 July 2017	**2,477.8**	**2,777.9**	**-**	**5,255.7**
Profit for the year	-	2,519.4	-	2,519.4
Total comprehensive income for the year	-	2,519.4	-	2,519.4
Dividends	-	(2,267.0)	-	(2,267.0)
Issue of shares following the exercise of Group Employee Share Options Scheme	70.1	-	-	70.1
Transactions with owners	70.1	(2,267.0)	-	(2,196.9)
At 30 June 2018	**2,547.9**	**3,030.3**	**-**	**5,578.2**
Profit for the year	-	2,922.8	-	2,922.8
Other comprehensive income for the year	-	-	22.8	22.8
Total comprehensive income for the year	-	2,922.8	22.8	2,945.6
Dividends	-	(2,602.9)	-	(2,602.9)
Issue of shares following the exercise of Group Employee Share Options Scheme	60.4	-	-	60.4
Transactions with owners	60.4	(2,602.9)	-	(2,542.5)
At 30 June 2019	**2,608.3**	**3,350.2**	**22.8**	**5,981.3**

8. Contingent Liabilities

As at 30 June 2019, contingent liabilities (detailed in the table below) amounted to MUR 77,304.5m.

Description	Amount, MURm
Acceptances, guarantees, letters of credit, endorsements, and other obligations on account of customers	69,002.5
Commitments	6,503.1
Tax assessments	89.7
Other	1,709.2
Total	77,304.5

Source: MCB Group Annual Report 2019

9. Important Notice

The consolidated and separate summary financial statements are derived from the audited consolidated and separate financial statements of MCB Group Limited (the “Company”) and its subsidiaries (together the “Group”) and the separate financial statements of the Company for the years ended 30 June 2017, 30 June 2018 and 30 June 2019. These audited consolidated and separate financial statements, which have been prepared in accordance with International Financial Reporting Standards, are available at 9-15 Sir William Newton Street, Port Louis – Mauritius and can be viewed on our website: https://www.mcbgroup.com.

10. Significant accounting policies for the year ended 30 June 2019

The principal accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

(a) Basis of preparation

These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and in compliance with the Mauritian Companies Act 2001.

Where necessary, comparative figures have been amended to conform with changes in presentation, or in accounting policies in the current year.

The financial statements include the consolidated financial statements of the parent company MCB Group Limited and its subsidiary companies (The Group) and the separate financial statements of the parent company (The Company).

The financial statements are prepared under the historical cost convention, except for certain specific classes of Property, Plant and Equipment, namely agricultural land and factory buildings, which are carried at revalued amounts/deemed costs.

New and amended standards adopted by the Group

The Group has adopted IFRS 9 issued by the IASB for financial year beginning on 01 July 2018, which resulted in changes in accounting policies and adjustments to the amounts previously recognised in the consolidated financial statements.

As permitted by the transitional provisions of IFRS 9, the Group elected not to restate comparative figures. Any adjustments to the carrying amounts of financial assets and liabilities at the date of transition were recognised in the opening retained earnings and other reserves of the current period. The Group has also elected to continue applying the hedge accounting requirements of IAS 39 on adoption of IFRS 9.

Consequently, for notes disclosures, the consequential amendment to IFRS 7 disclosures have also only been applied to the current period. The comparative period notes disclosures repeat those disclosures made in the prior year.

The adoption of IFRS 9 has resulted in changes in the Group's accounting policies for recognition, classification and measurement of financial assets and financial liabilities and impairment of financial assets. IFRS 9 also significantly amends other standards dealing with financial instruments such as IFRS 7 'Financial Instruments: Disclosures'.

Further details of changes as a result of application of IFRS 9 have been set out in **Note 20** to the consolidated financial statements.

IFRS 15 Revenue from contracts with customers

The Group has adopted IFRS 15 'Revenue from contracts with customers' for the financial year beginning on 01 July 2018 which has now replaced IAS 18 Revenue, IAS 11 Construction Contracts and related interpretations.

IFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. The Group has assessed that the standard does not have a material impact on the financial statements.

New standards, amendments and interpretations issued but not effective for the financial year and not adopted early

A number of new standards and amendments to standards and interpretations are effective for annual periods beginning on 01 July 2019, and have not been applied in preparing these financial statements. None of these is expected to have a significant effect on the consolidated financial statements of the Group, except the following set out below:

IFRS 16 Leases

IFRS 16, 'Leases' will result in all leases being recognised on the statement of financial position as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised. The only exceptions are short-term and low-value leases. The standard is mandatory for financial years commencing on 01 July 2019. At this stage, the Group does not intend to adopt the standard before its effective date.

There are no other standards that are not yet effective and that would be expected to have a material impact on the Group in the current or future reporting periods and on foreseeable future transactions.

(b) Basis of consolidation and equity accounting

(1)(i) Subsidiaries

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

The acquisition method of accounting is used to account for business combinations by the Group. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred and the equity interests issued by the Group.

The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. On an acquisition-by-acquisition basis, the Group recognises any non-controlling interests in the acquiree either at fair value or at the non-controlling interests' proportionate share of the acquiree's net assets.

The excess of (a) the aggregate of the consideration transferred, the amount of any non-controlling interests in the acquiree and the acquisition-date fair value of any previously held equity interest in the acquiree over (b) the net of the acquisition-date amounts of identifiable assets acquired and the liabilities and contingent liabilities assumed measured in accordance with IFRS 3 is recorded as goodwill. In the case of a bargain purchase (excess of (b) over (a)), the resulting gain is recognised in profit or loss.

Inter-company transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

(ii) Separate financial statements of the Company

In the separate financial statements of the Company, investments in subsidiaries companies are carried at cost. In subsequent years, the carrying amount is reduced to recognise any impairment in the value of individual investments.

(iii) Transactions with non-controlling interests

The Group treats transactions with non-controlling interests as transactions with equity owners of the Group. For purchases from non-controlling interests, the difference between any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests without loss of control are also recorded in equity.

Disposal of subsidiaries

When the Group ceases to have control, any retained interest in the entity is remeasured to its fair value at the date control is lost, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

(2) Associates

An associate is an entity over which the Group has significant influence but not control, or joint control, generally accompanying a shareholding between 20% and 50% of the voting rights.

Investments in associates are accounted for using the equity method except when classified as held-for-sale (see below). Investments in associates are initially recognised at cost as adjusted by post acquisition changes in the Group's share of the net assets of the associate less any impairment in the value of individual investments.

Any excess of the cost of acquisition over the Group's share of the net fair value of the associate's identifiable assets and liabilities recognised at the date of acquisition is recognised as goodwill, which is included in the carrying amount of the investment. Any excess of the Group's share of the net fair value of identifiable assets and liabilities over the cost of acquisition, after assessment, is included as income in the determination of the Group's share of the associate's profit or loss.

When the Group's share of losses exceeds its interest in an associate, the Group discontinues recognising further losses, unless it has incurred legal or constructive obligation or made payments on behalf of the associate.

Unrealised profits and losses are eliminated to the extent of the Group's interest in the associate. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Where necessary, appropriate adjustments are made to the financial statements of associates to bring the accounting policies used in line with those adopted by the Group. If the ownership interest in an associate is reduced but significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income are reclassified to profit or loss where appropriate.

Dilution gains and losses arising in investments in associates are recognised in profit or loss.

In the separate financial statements of the Company, the investments in associates are carried at cost (which includes transaction costs).In subsequent years, the carrying amount is reduced to recognise any impairment in the value of the individual companies.

(c) Foreign currency translation

The foreign subsidiaries' statement of financial position are translated to Mauritian Rupees at the closing rate at the end of the reporting period. Their statements of profit or loss, comprehensive income and cash flows are translated at the average rate for the period unless the average is not a reasonable approximation of the cumulative effects of the rates prevailing at the transaction dates, in which case income and expenses are translated at the rates prevailing on the dates of the transactions. Any resulting exchange differences are recognised in other comprehensive income. On disposal of a foreign entity, such exchange differences are recognised in profit or loss as part of the gain or loss on sale.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

(i) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using Mauritian Rupee, the currency of the primary economic environment in which the entity operates ("functional currency"). The consolidated and separate financial statements are presented in Mauritian Rupees, which is the Company's functional currency. All amounts are in million, rounded to one decimal place except as otherwise stated.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation when the items are remeasured.

Trading transactions denominated in foreign currencies are accounted for at the rate of exchange ruling at the date of the transaction.

Monetary assets and liabilities expressed in foreign currencies are reported at the rate of exchange ruling at the end of the reporting date. Differences arising from reporting monetary items are dealt with through profit or loss.

Non-monetary items that are measured at historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date the fair value was determined.

(d) Derivative financial instruments

Derivatives are financial instruments that derive their value from the price of underlying items such as equities, interest rates or other indices. Derivatives are recognised initially and are subsequently measured at fair value through profit or loss. Derivatives are classified as assets when their fair value is positive or as liabilities when their fair value is negative.

Where the derivatives are managed with debt securities issued by the Group that are designated at fair value, the contractual interest is shown in ‘Interest expense’ together with the interest payable on the issued debt.

(e) Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

(f) Interest income

Interest income is calculated by applying the effective interest rate to gross carrying amount of financial assets, except for :

(i) Purchased or originated credit-impaired ('POCI') financial assets, for which the original credit-adjusted effective interest rate is applied to the amortised cost of the financial asset.

(ii) Financial assets that are not 'POCI' but have subsequently become credit-impaired (or 'stage 3'), for which interest revenue is calculated by applying the effective interest rate to their amortised cost (i.e. net of the expected credit loss provision).

(g) Fees and commissions

Fees and commissions are generally recognised when the service has been provided. Loan commitment fees for loans that are likely to be drawn down are deferred (together with the related direct costs) and recognised as an adjustment to the effective interest rate on the loan.

(h) Sale and repurchase agreements

Securities sold subject to linked repurchase agreements ("repos") are retained in the statement of financial position as Government securities and Treasury bills and the counterparty liability is included in amount due to other banks or deposits, as appropriate.

Securities purchased under agreements to resell ("reverse repos") are recorded as amount due from other banks or loans and advances, as appropriate. The difference between sale and repurchase price is treated as interest and accrued over the life of the repos agreements using the effective interest method.

(i) Investments and other financial assets Classification

From 01 July 2018, the Group classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through OCI or through profit or loss), and
- those to be measured at amortised cost.

Debt instruments

The classification depends on the Group's business model for managing the financial assets and the contractual terms of the cash flows.

Business model: the business model reflects how the Group manages the assets in order to generate cash flows, that is, whether the Group's objective is solely to collect the contractual cash flows from the assets or is to collect both the contractual cash flows and cash flows arising from the sale of assets. If neither of these is applicable (e.g. financial assets are held for trading purposes), then the financial assets are classified as part of 'other' business model and measured at FVPL. Factors considered by the Group in determining the business model for a group of assets include past experience on how the cash flows for these assets were collected, how the asset's performance is evaluated and reported to key management personnel, how risks are assessed and managed and how managers are compensated.

Securities held for trading are held principally for the purpose of selling in the near term or are part of a portfolio of financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking. These securities are classified in the "other" business model and measured at FVPL.

SPPI: Where the business model is to hold assets to collect contractual cash flows or to collect contractual cash flows and sell, the Group assesses whether the financial instruments' cash flows represent solely payments of principal and interest (the "SPPI test"). In making this assessment, the Group considers whether the contractual cash flows are consistent with a basic lending arrangement i.e. interest includes only consideration for the time value of money, credit risk, other basic lending risks and a profit margin that is consistent with a basic lending arrangement. Where the contractual terms introduce exposure to risk or volatility that are inconsistent with a basic lending arrangement, the related financial asset is classified and measured at fair value through profit or loss.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or OCI. For investments in equity instruments that are not held-for-trading, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income (FVOCI).

The Group reclassifies debt investments when and only when its business model for managing those assets changes.

The reclassification takes place from the start of first reporting period following change. Such changes are expected to be very infrequent and none occurred during the year.

Equity instruments

Equity instruments are instruments that meet the definition of equity from the issuer's perspective; that is, instruments that do not contain a contractual obligation to pay and that evidence a residual interest in the issuer's net assets. Examples of equity instruments include basic ordinary shares.

The Group subsequently measures all equity investments at fair value through profit or loss, except where the Group's management has elected, at initial recognition, to irrevocably designate an equity investment at fair value through comprehensive income. The group's policy is to designate equity instruments as FVOCI when those investments are held for purposes other than to generate investment returns. When

this election is used, fair value gains and losses are recognised in OCI and are not subsequently reclassified to profit or loss, including on disposal. Impairment losses (and reversal of impairment losses) are not reported separately from other changes in fair value. Dividends, when representing a return on such investments, continue to be reocognised in profit or loss as other income when the Group's right to receive payments is established.

Gains or losses on equity investments at FVTPL are included in the 'Net trading income' line in the statement of profit or loss.

Modification of loans

The Group sometimes renegotiates or otherwise modifies the contractual cash flows of loans to customers. When this happens, the Group assesses whether or not the new terms are substantially different to the original terms. The Group does this by considering, among others, the following factors:

(i) If the borrower is in financial difficulty, whether the modification merely reduces the contractual cash flows to amounts the borrower is expected to be able to pay.

(ii) Whether any substantial new terms are introduced, such as a profit share/equity-based return that substantially affects the risk profile of the loan.

(iii) Significant extension of the loan term when the borrower is not in financial difficulty.

(iv) Significant change in the interest rate.

(v) Change in the currency the loan is denominated in.

(vi) Insertion of collateral, other security or credit enhancements that significantly affect the credit risk associated with the loan.

If the terms are substantially different, the Group derecognises the original financial asset and recognises a 'new' asset at fair value and recalculates a new effective interest rate for the assets. The date of renegotiation is consequently considered to be the date of initial recognition for impairment calculation purposes, including for the purpose of determining whether a significant increase in credit risk has occurred. However, the Group also assesses whether the new financial asset recognised is deemed to be credit-impaired at initial recognition, especially in circumstances where the renegotiation was driven by the debtor being unable to make the originally agreed payments. Differences in the carrying amount are also recognised in profit or loss in net impairment of financial assets.

If the terms are not substantially different, the renegotiation or modification does not result in derecognition, and the Group recalculates the gross carrying amount based on the revised cash flows of the financial asset and recognises a modification gain or loss in profit or loss. The new gross carrying amount is recalculated by discounting the modified cash flows at the original effective interest rate (or credit-adjusted effective interest rate for purchased or originated credit-impaired financial assets).

Derecognition other than on a modification

Financial assets, or a portion thereof, are derecognised when the contractual rights to receive the cash flows from the assets have expired, or when they have been transferred and either (i) the Group transfers substantially all the risks and rewards of ownership, or (ii) the Group neither transfers nor retains substantially all the risks and rewards of ownership and the Group has not retained control.

The Group enters into transactions where it retains the contractual rights to receive cash flows from assets but assumes a contractual obligation to pay those cash flows to other entities and transfers substantially all of the risks and rewards. These transactions are accounted for as 'pass through' transfers that result in derecognition if the Group:

(i) Has no obligation to make payments unless it collects equivalent amounts from the assets;

(ii) Is prohibited from selling or pledging the assets; and

(iii) Has an obligation to remit any cash it collects from the assets without material delay.

Collateral (shares and bonds) furnished by the Group under standard repurchase agreements and securities lending and borrowing transactions are not derecognised because the Group retains substantially all the risks and rewards on the basis of the predetermined repurchase price, and the criteria for derecognition are therefore not met. This also applies to certain securitisation transactions in which the Group retains a subordinated residual interest.

Financial Liabilities

(i) Classification and subsequent measurement

In both the current and prior period, financial liabilities are classified as subsequently measured at amortised cost, except for:

-Financial liabilities at fair value through profit or loss: this classification is applied to derivatives financial instruments.

-Financial liabilities arising from the transfer of financial assets which did not qualify for derecognition, whereby a financial liability is recognised for the consideration received for the transfer. In subsequent periods, the Group recognises any expense incurred on the financial liability; and

-Financial guarantee contracts and loan commitments

(ii) Derecognition

Financial liabilities are derecognised when they are extinguished (i.e. when the obligation specified in the contract is discharged, cancelled or expires).

The exchange between the Group and its original lenders of debt instruments with substantially different terms, as well as substantial modifications of the terms of existing financial liabilities, are accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. The terms are substantially different if the discounted present value of the cash flows under the new terms, including any fees paid net of any fees received and discounted using the original effective interest rate, is at least 10% different from the discounted present value of the remaining cash flows of the original financial liability. In addition, other qualitative factors, such as the currency that the instrument is denominated in, changes in the type of interest rate, new conversion features attached to the instrument and change in covenants are also taken into consideration. If an exchange of debt instruments or modification of terms is accounted for as an extinguishment, any costs or fees incurred are recognised as part of the gain or loss on the extinguishment. If the exchange or modification is not accounted for as an extinguishment, any costs or fees incurred adjust the carrying amount of the liability and are amortised over the remaining term of the modified liability.

Financial guarantee contracts and loan commitments

Financial guarantee contracts are contracts that require the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due, in accordance with the terms of a debt instrument. Such financial guarantees are given to banks, financial institutions and others on behalf of customers to secure loans, overdrafts and other banking facilities.

Financial guarantee contracts are initially measured at fair value and subsequently measured at the higher of:

-The amount of the loss allowance; and

-The premium received on initial recognition less income recognised in accordance with the principles of IFRS 15.

For loan commitments and financial guarantee contracts, the loss allowance is recognised as a provision. However, for contracts that include both a loan and an undrawn commitment and the Group cannot separately identify the expected credit losses on the undrawn commitment component from those on the loan component, the expected credit losses on the undrawn commitment are recognised together with the loss allowance for the loan. To the extent that the combined expected credit losses exceed the gross carrying amount of the loan, the expected credit losses are recognised as a provision.

Recognition and measurement

Financial assets and financial liabilities are recognised when the entity becomes a party to the contractual provisions of the instrument. Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the Group commits to purchase or sell the asset.

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVPL), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

Debt instruments

Debt instruments are those instruments that meet the definition of a financial liability from the issuer's perspective, such as loans, government and corporate bonds.

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Group classifies its debt instruments:

Amortised cost

Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in interest income using the effective interest rate method. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial asset or financial liability to the gross carrying amount of a financial asset (i.e. its amortised cost before any impairment allowance) or to the amortised cost of a financial liability. The calculation does not consider expected credit losses and includes transaction costs, premiums or discounts and fees and points paid or received that are integral to the effective interest rate,such as origination fees. For purchased or originated credit-impaired ('POCI') financial assets - assets that are credit-impaired at initial recognition the Group calculates the credit-adjusted effective interest rate, which is calculated based on the amortised cost of the financial asset instead of its gross carrying amount and incorporates the impact of expected credit losses in estimated future cash flows. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other gains/(losses) together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the statement of profit or loss.

Loans originated by the Group by providing money directly to the borrower (at draw-down) are categorized as loans by the Group and are carried at amortised cost, which is defined as the fair value of cash consideration given to originate these loans as is determinable by reference to market prices at origination date. Third party expenses, such as legal fees, incurred in securing a loan are treated as part of the cost of the transaction.

FVOCI

Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the fair value are taken through OCI, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in other gains/(losses). Interest income from these financial assets is included in interest income using the effective interest rate method. Foreign exchange gains and losses are presented in other gains/(losses) and impairment expenses are presented as separate line item in the statement of profit or loss.

FVPL

Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVPL. A gain or loss on a debt investment that is subsequently measured at FVPL is recognised in profit or loss and presented net within other gains/(losses) in the period in which it arises.

Accounting policies applied until 30 June 2018

Investment securities

The Group classifies its investment securities as financial assets at fair value through profit or loss, held-to-maturity or available-for-sale assets. The directors determine the appropriate classification of the investments at the time of the purchase. Investment securities with fixed maturity where the directors have both the intent and the ability to hold to maturity are classified as held-to-maturity. Investment securities intended to be held for an indefinite period of time in response to needs for liquidity or changes in interest rates, exchange rates or equity prices are classified as available-for-sale, which may be sold.

Investment securities are initially recognised at fair value plus, in the case of those not at fair value through profit or loss, transaction costs. Available-for-sale financial assets are subsequently remeasured at fair value. Changes in the fair value of securities classified as available-for-sale are recognised in other comprehensive income and cumulated in a separate reserve, capital reserve.

Financial assets at fair value through profit or loss are financial assets held-for-trading.

Held-to-maturity investments are carried at amortised cost using the effective interest method, less any provision for impairment. If the Group was to sell or reclassify more than an insignificant amount of held-to-maturity investments before maturity (other than in certain specific circumstances), the entire category would be tainted and would have to be reclassified as available-for-sale. Furthermore, the Group would be prohibited from classifying any financial asset as held-to-maturity during the following two years.

Interest earned while holding investment securities is reported as interest income. Dividends receivable are included separately in 'dividend income ' in profit or loss when the Group's right to receive payment is established.

All regular way purchases and sales of investment securities are recognised at trade date which is the date that the Group commits to purchase or sell the assets.

Trading securities

Trading securities are securities which were either acquired for generating a profit from short-term fluctuations in price or dealer's margin, or are securities included in a portfolio in which a pattern of short-term profit taking exists. Trading securities are initially recognised at fair value (which includes transaction costs) and measured at subsequent reporting dates at fair value. All related realised and unrealised gains and losses are recognised in profit or loss for the year.

Loans and advances

Loans originated by the Group by providing money directly to the borrower (at draw-down) are categorised as loans by the Group and are carried at amortised cost, which is defined as the fair value of cash consideration given to originate these loans as is determinable by reference to market prices at origination date. Third party expenses, such as legal fees, incurred in securing a loan are treated as part of the cost of the transaction.

(j)Impairment of financial assets

The Group assesses on a forward-looking basis the expected credit losses ('ECL') associated with its debt instrument assets carried at amortised cost and FVOCI and with the exposure arising from loan commitments and financial guarantee contracts. The Group recognises a loss allowance for such losses at each reporting date. The measurement of ECL reflects:

- An unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes.

- The time value of money; and

- Reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecast of future economic conditions.

<u>Accounting policies applied until 30 June 2018</u>

(i)Assets carried at amortised cost

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets carried at amortised cost is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation, and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

For loans and receivables category, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognised in profit or loss. If a loan or held-to-maturity investment has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract. As a practical expedient, the Group may measure impairment on the basis of an instrument's fair value using an observable market price.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is recognised in profit or loss.

Statutory and other regulatory loan loss reserve requirements that exceed these amounts are dealt with in the general banking reserve as an appropriation of retained earnings.

(ii)Assets classified as available-for-sale

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or a group of financial assets classified as available-for-sale is impaired.

For debt securities, if any such evidence exists, the cumulative loss - measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss – is removed from equity and recognised in profit or loss. If, in a subsequent period, the fair value of a debt instrument classified as available-for-sale increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss is reversed through profit or loss.

For equity investments, a significant or prolonged decline in the fair value of the security below its cost is also evidence that the assets are impaired. If any such evidence exists, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss – is removed from equity and recognised in profit or loss. Impairment losses recognised in profit or loss on equity instruments are not reversed through profit or loss.

(k) Investment properties

Investment properties are properties held to earn rentals and/or for capital appreciation. Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are measured at fair value. Gains and losses arising from changes in the fair value of investment properties are included in profit or loss in the period in which they arise.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from the disposal. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the period in which the property is derecognised.

(l) Goodwill

The excess of the consideration transferred, the amount of any non-controlling interest in the acquired entity over the fair value of the net identifiable assets is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the subsidiary acquired, the difference is recognised directly in profit or loss as a bargain purchase.

Goodwill on acquisition of associates is included in investments in associates. Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. On disposal of a subsidiary or associate, the attributable amount of goodwill is included in the determination of the gains and losses on disposal. Goodwill is allocated to cash-generating units for the purpose of impairment testing.

(m) Property, plant and equipment

Property, plant and equipment are carried at cost less accumulated depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably.

Depreciation is calculated to write down the cost of such assets to their residual values on a straight-line basis over their estimated useful lives as follows:

Buildings	50 years
Computer and other equipment	5-10 years
Furniture, fittings and vehicles	5-15 years

Land is not depreciated.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

Where the carrying amount of an asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount.

Gains or losses on disposal of property, plant and equipment are determined by reference to their carrying amounts and are recognised as income or expense in profit or loss. Repairs and renewals are charged to profit or loss when the expenditure is incurred.

(n) Computer software development costs

Costs associated with maintaining computer software programmes are recognised as an expense as incurred. Costs that are directly attributable with the design of identifiable and unique software products controlled by the Group are recognised as intangible assets when the following criteria are met:

- it is technically feasible to complete the software product so that it will be available for use;
- the directors intend to complete the software product and use or sell it;
- there is an ability to use or sell the software product;
- it can be demonstrated how the software product will generate probable future economic benefits;
- adequate technical, financial and other resources to complete the development and to use or sell the software product are available; and
- the expenditure attributable to the software product during its development can be reliably measured.

Direct costs include staff costs of the software development team and an appropriate portion of relevant overheads.

Expenditure that enhances or extends the benefits of computer software programmes beyond their original specifications and lives is recognised as a capital improvement and added to the original cost of the software. Computer software development costs recognised as assets are amortised using the straight-line method over their useful lives, but not exceeding a period of eight years.

(o) Finance leases

Assets acquired under finance leases are accounted for at inception, at fair value, or if lower at the present value of the minimum lease payments and depreciated over their estimated useful lives. A corresponding liability is recorded as outstanding lease obligations.

Lease payments are apportioned between the liability and the finance charge so as to achieve a constant periodic rate of interest on the outstanding lease obligations.

Leased assets are depreciated over the shorter of the useful life of the asset and the lease terms.

(p) Accounting for leases - where the subsidiary is the lessor

Finance leases

When assets are leased out under a finance lease, the present value of the lease payments is recognised as a receivable, the amount being equal to the net investment in the leases after specific provision for impairment loss in respect of all identified impaired leases in the light of periodical reviews. The difference between the gross receivable and the present value of the receivable is recognised as unearned finance income. Lease income is recognised over the term of the lease using the net investment method, which reflects a constant periodic rate of return.

Operating leases

Assets leased out under operating leases are included in property, plant and equipment in the statement of financial position. They are depreciated over their expected useful lives on a basis consistent with similar assets. Rental income is recognised on a straight-line basis over the lease term.

(q) Cash and cash equivalents

For the purposes of the statement of cash flows, cash and cash equivalents comprise cash and balances with Central Banks, treasury bills and amounts due to and from other banks which are short-term, highly-liquid with original maturities of three months or less. A further breakdown of cash and cash equivalents is given in note 4 to the financial statements.

(r) Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made.

(s) Deposits from banks and customers

Deposits from banks and customers are classified as financial liabilities at amortised cost. They are initially measured at fair value and subsequently carried at amortised cost.

(t) Employee benefits

The Group operates a number of defined benefit and defined contribution plans and provides for the requirements under the Employment Rights Act 2008. The defined benefit plan is fully funded. The assets of the funded plan are held independently and administered by The Mauritius Commercial Bank Limited Superannuation Fund.

(i) Defined contribution plans

Short term obligations

Liabilities for wages and salaries, including non-monetary benefits that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the balance sheet.

A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. The Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

Payments to defined contribution plans are recognised as an expense when employees have rendered service that entitle them to the contributions.

(ii) Defined benefit plans

Gratuity on retirement

For employees who are not covered (or who are insufficiently covered by the above pension plans), the net present value of gratuity on retirement payable under the Employment Rights Act 2008 (Amended) is calculated by a qualified actuary and provided for. The obligations arising under this item are not funded.

Termination Benefits

Termination benefits are payable when employment is terminated before the normal retirement date or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Bank recognises termination benefits when it is demonstrably committed to either: terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal; or providing termination benefits as a result of an offer made to encourage voluntary redundancy. Benefits falling due more than 12 months after the end of the reporting period are discounted to present value.

A defined benefit plan is a pension plan that is not a defined contribution plan. Typically defined benefit plans define an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation.

The liability recognised in the statement of financial position in respect of defined benefit pension plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The main assumptions made in the actuarial valuation of the pension fund are listed in note 18 to the financial statements.

The Group determines the net interest expense/(income) on the net defined benefit liability/(asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the net defined benefit liability/(asset), taking into account any changes in the net defined liability/(asset) during the period as a result of contributions and benefit payments. Net interest expense/(income) is recognised in profit or loss.

Service costs comprising current service cost, past service cost, as well as gains and losses on curtailments and settlements are recognised immediately in profit or loss.

Remeasurement of the net defined benefit liability, which comprise actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), is recognised immediately in other comprehensive income in the period in which they occur. Remeasurements recognised in other comprehensive income shall not be reclassified to profit or loss in subsequent period.

As from 01 July 2015, the Bank has introduced a Defined Contribution Cash Balanced scheme (DCCB) for its employees.

With the introduction of DCCB, new employees automatically join the DCCB scheme, whilst existing employees had a one-time opportunity to choose from one of the options listed below:

Option A: To stay in the Defined Benefit (DB) scheme for all service.

Option B: To keep the accrued past pension benefits until 30 June 2015 in the DB scheme and join the DCCB scheme as from 01 July 2015.

Option C: To join the DCCB scheme as from 01 July 2015 and transfer the total accrued benefits as at 30 June 2015 from the DB scheme into the DCCB scheme.

(u) Current and deferred income tax

The tax expense for the period comprises current and deferred income tax. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

(i) Current income tax

The current income tax charge is based on taxable income for the year calculated on the basis of tax laws enacted or substantively enacted by the end of the reporting period and includes the Corporate Social Responsibility charge and Bank levy.

(ii) Deferred income tax

Deferred tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, if the deferred income tax arises from initial recognition of an asset or liability in a transaction, other than a business combination, that at the time of the transaction affects neither accounting nor taxable profit or loss, it is not accounted for.

Deferred income tax is determined using tax rates that have been enacted or substantively enacted by the end of the reporting period and are expected to apply in the period when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which deductible temporary difference can be utilised.

(v) Borrowings

Borrowings are recognised initially at fair value, being their issue proceeds (fair value of consideration received) net of transaction costs incurred. Borrowings are subsequently stated at amortised cost and any difference between net proceeds and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method.

(w) Dividend declared and unpaid

Dividend declared and unpaid to the Company's shareholders at reporting date is recognised as a liability in the period in which dividend is declared.

(x) Acceptances

Acceptances comprise undertakings by the Group to pay bills of exchange drawn on customers. The Group expects most acceptances to be settled simultaneously with the reimbursement from the customers. Acceptances are disclosed as liabilities with corresponding contra-assets.

(y) Operating segments

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. All operating segments' operating results are reviewed regularly by the Supervisory and Monitoring Committee to make decisions about resources to be allocated to segments and assess their performance, and for which discrete financial information are available.

Detailed analysis of segment reporting are shown in note 37 to the financial statements.

(z) Stated capital

(i) Ordinary shares are classified as equity.

(ii) Share issue costs are incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

(aa) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets are capitalised until such time as the assets are substantially ready for their intended use or sale.

Other borrowing costs are expensed.

(ab) Impairment of non-financial assets

Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Any impairment loss is recognised for the amount by which the carrying amount of the asset exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

(ac) Share-based payments

Share-based compensation benefits are provided to all employees via the Group Employee Share Option Scheme (GESOS). Information relating to this scheme is set out in note **29 (c).**

The fair value of options granted under the GESOS is recognised as an employee benefit expense with a corresponding increase in equity. The total amount to be expensed is determined by reference to the fair value of the options granted:

- including any market performance conditions,

- excluding the impact of any service and non-market performance vesting conditions, and

- including the impact of any non-vesting conditions.

The total expense is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. At the end of each period, the Group revises its estimates of the number of options that are expected to vest based on the non-market vesting and service conditions. It recognises the impact of the revision to original estimates, if any, in profit or loss, with a corresponding adjustment to equity.

Social security contributions payable in connection with an option grant are considered an integral part of the grant itself and the charges are treated as cash-settled transactions.

(ad) Earnings per share

Earnings per share are determined by dividing the profit or loss attributable to owners of the Group by the weighted average number of participating shares outstanding during the reporting year.