

RISK AND CAPITAL MANAGEMENT REPORT

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FY 2025/26 highlights

The year in review from a risk perspective

Overall, the Group's risk profile remained within set appetite during FY 2025/26 despite heightened geopolitical, macroeconomic, technological and regulatory uncertainty. Asset quality improved, funding and liquidity remained robust, and capital levels continued to support the Group's growth ambitions. During the year, we strengthened Group-wide oversight, enhanced country, climate, cyber and artificial intelligence risk capabilities, and reinforced forward-looking stress testing. We updated our Enterprise Risk Heat Map to reflect the unfolding risk landscape and strengthened the monitoring framework for our risk mitigation action plans. We also deepened our risk culture across the organisation through awareness sessions, simulated phishing exercises and induction programmes. Strong risk management is a differentiating capability for the Group, enabling us to pursue targeted growth opportunities across our home markets and Africa while maintaining asset quality, capital resilience and stakeholder confidence. By embedding consistent risk standards across our footprint, we support the disciplined and sustainable execution of Vision 2030.

The most prominent external influences impacting our risk landscape in FY 2025/26 related to geopolitical shocks and macroeconomic conditions; evolving regulatory and compliance landscape; technology, AI and cybersecurity threats; climate, environmental and social considerations; workplace transformation and employee engagement; and customer experience in a competitive landscape. A description of these factors and our responses are provided on pages 38 to 44. The key risks set out below represent the most significant risks affecting our business and are not intended to be exhaustive.

Our key risks

Principal financial risks

1. Credit risk
2. Country risk
3. Market risk
4. Asset and liability management risk
5. Capital risk

Principal non-financial risks

6. Model risk
7. Operational risk
8. Business continuity risk
9. Cyber and Information security risk
10. Legal risk
11. Compliance risk
12. Strategic and business risk
13. Reputation risk

Sustainability risks

14. Climate risk
15. Environmental and social risk

Our risk management approach remained effective, anchored on: (i) an integrated governance structure promoting sound risk standards, regularly reviewed and adapted as required; (ii) comprehensive, structured processes for identifying, evaluating, addressing and monitoring risks; and (iii) an entrenched risk culture which underpins the shared values, behaviours and practices that drive how risk is considered in decisions. We allocated our capital types prudently to opportunities consistent with our risk appetite, aiming to deliver sustainable, risk-adjusted growth and returns while protecting value for stakeholders. A snapshot of our FY 2025/26 risk profile and key risk developments is set out below.

Details of the frameworks, policies and controls through which these risks are managed are provided in the 'Management of key risks' section.

How we responded to our risk landscape

The following section outlines the impact of developments in our operating environment on key risks during FY 2025/26 and our response thereto. We continued to invest in strengthening our risk framework, enhancing our systems and tools and upskilling our people, with a view to addressing risks faced. The symbol included for each key risk below indicates the perceived change in risk profile, in inherent risk terms, of the main risks faced during FY 2025/26 compared to FY 2024/25.

Increasing | Decreasing | Stable

The capital types impacted by each of the key risks have also been included. Effective management of these capital types not only helps us mitigate risks but also supports our long-term growth and success in a rapidly changing landscape.



Financial capital | Social and relationship capital | Natural capital | Human capital | Intellectual capital | Manufactured capital

Principal financial risks

Credit risk

The risk of loss should borrowers or counterparties fail to fulfil their financial or contractual obligations as and when they fall due; Credit risk includes counterparty risk, settlement risk and concentration risk (excessive build-up of exposures to a counterparty, industry, market or product, amongst others).

Capital impacted



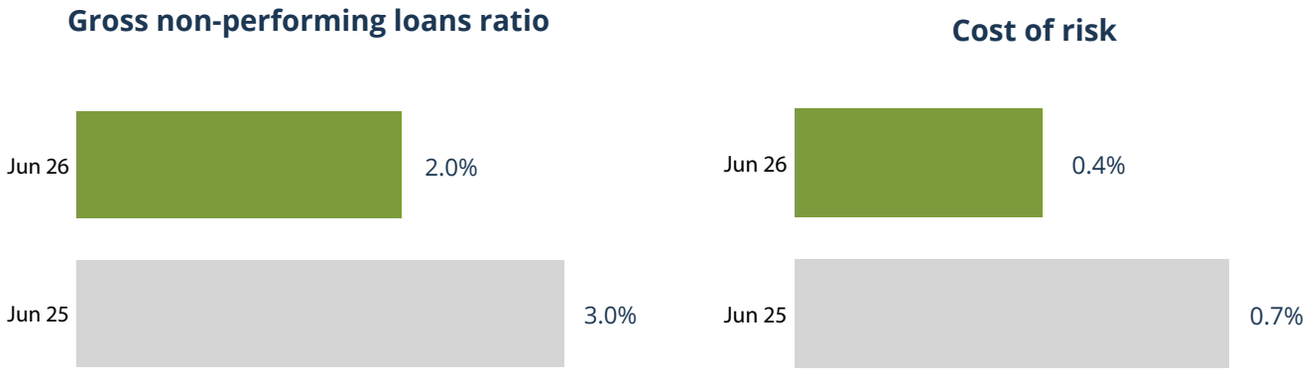
Operating context influences: Geopolitical shocks and macroeconomic conditions

The fallout from the war in the Middle East weighed on economic activity and reignited inflationary and currency pressures across several economies, bringing the monetary policy easing cycle to a halt. Amidst tighter financial conditions and elevated interest rates, credit default risk and debt-servicing challenges persisted in some markets where we operate.

Our response

- Conducted a rapid risk review and portfolio-wide stress test to gauge the impact of the Middle East conflict and related geopolitical uncertainty on key sectors, business lines and our risk exposure
- Maintained a vigilant and proactive approach to credit risk management, backed by careful deal structuring and borrower creditworthiness assessments, and active monitoring of the performing portfolio to detect early warning signs
- Continuously assessed the impact of developments in the operating environment on borrowers' debt repayment capacity, with particular attention to foreign exchange constraints in some African markets, notwithstanding improvements observed in specific jurisdictions
- Monitored the potential impact of economic and sovereign challenges on credit provisions through ongoing review of the non-performing asset portfolio
- Strengthened the recovery process by reinforcing co-management between the business segments and the debt restructuring and recovery function, enabling potential challenges to be identified and addressed early

Despite the challenging backdrop, the quality of our credit portfolio improved during the year, reflected in a lower gross non-performing loans ratio and reduced cost of risk, underpinned by significant recoveries.



Country risk

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

Capital impacted

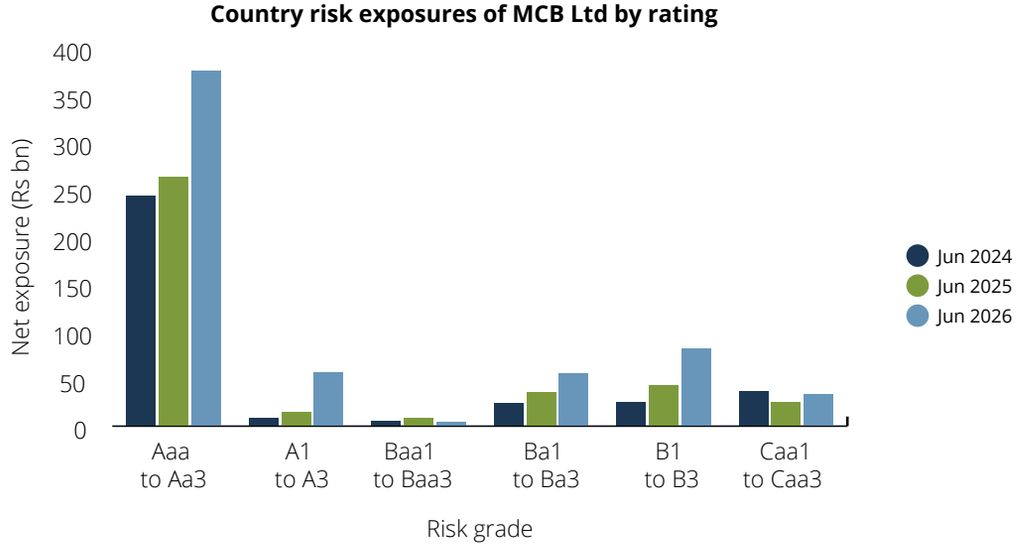
Operating context influences: Geopolitical shocks and macroeconomic conditions

Renewed fiscal pressures from the war, together with political and social tensions, continue to weigh on some African countries. That said, the reform-driven rating upgrades in key markets have helped contain overall country risk.

Our response

- Assessed and monitored developments in countries with existing exposures and conducted risk-informed evaluations of new jurisdictions, supported by in-country visits and engagement with regulators, international financial institutions and rating agencies, while reinforcing our analytical capabilities with the development of an in-house Macroeconomic Pressure Index, providing a forward-looking view of economic conditions across Africa
- Maintained a diversified portfolio across geographies and sectors, while remaining within risk appetite and judiciously pursuing appropriately mitigated opportunities
- Sustained active scenario analysis and regularly updated contingency plans to respond to evolving country risk dynamics

These actions reinforced the Group's capacity to support regional expansion while maintaining a disciplined and risk-informed approach to country risk management.



Notes:
(i) Exposures pertain to funded and unfunded financing activities as well as treasury activities
(ii) For each country, the worst of the ratings assigned by Moody's Ratings, S&P Global Ratings and Fitch Ratings has been selected and converted into a Moody's equivalent rating

Market risk

Market risk is the potential for losses arising from changes in the value of financial instruments resulting from adverse movements in market variables such as interest rates, foreign exchange rates and equity prices. It reflects the exposure of our trading portfolio to fluctuations in market conditions that are outside the organisation's control.

Capital impacted



Operating context influences: Geopolitical shocks and macroeconomic conditions | Evolving regulatory and compliance landscape

Market risk has risen amidst heightened volatility driven by tensions in the Middle East. Higher energy and commodity prices fuelled inflationary concerns, prompting markets to price in higher policy rates and pushing long-term yields upwards. Against this backdrop, fluctuations across interest rate, foreign exchange and fixed income markets intensified.

Our response

- Monitored material market risks arising from trading portfolios against established desk-level risk limits, supported by our Value-at-Risk (VaR) and Stressed VaR models
- Established a dedicated risk appetite for the Africa Trading Desk with its market risk exposures monitored and overseen by ALCO within the limits set by the Board
- Enhanced commodity valuation models to better capture market volatility and improve the assessment and management of commodity-related risks

Asset and Liability Management (ALM) risk

ALM risk refers to the vulnerability of the organisation's balance sheet arising from changes in the structure, composition, and behavioural characteristics of its assets, liabilities, and capital. It encompasses the following key components: (i) liquidity risk, arising from the inability to meet financial commitments as and when they fall due; (ii) funding risk, linked to the availability, stability, and cost of funding sources; and (iii) interest rate risk, referring to the impact of changes in market interest rates on net interest income and the economic value of equity.

Capital impacted



Operating context influences: Geopolitical shocks and macroeconomic conditions | Evolving regulatory and compliance landscape

Asset and Liability Management risk rose during the year, principally reflecting the effect of persisting global uncertainties and market volatility on funding stability at a time of growing lending activity, alongside evolving dynamics impacting the competitiveness of the Mauritian jurisdiction.

Our response

- Assessed the stickiness and stability of our foreign currency deposits and maintained the foreign currency loan to deposit ratio within set target
- Performed monthly and ad hoc liquidity stress tests to assess the organisation's survival horizon, strengthen contingency and proactively monitor emerging liquidity risk indicators
- Successfully closed a USD 450 million GCC and India focused Syndicated Term Loan and raised a further USD 400 million through a bond issuance, advancing MCB Ltd's funding diversification strategy, broadening access to international investors and reinforcing long-term funding resilience
- Developed and implemented behavioural models for loan rollovers, deposit retention/stickiness, and off-balance sheet to on-balance sheet conversion assumptions, enhancing the accuracy of liquidity risk measurement, stress testing outcomes and funding projections
- Enhanced the Interest Rate Risk in the Banking Book (IRRBB) framework, strengthening the assessment and monitoring of earnings sensitivity to interest rate movements, in line with industry best practices
- Improved liquidity risk oversight by introducing one-week and two-week forward-looking LCR monitoring, improving our ability to anticipate liquidity trends and act promptly where required

Capital risk

The risk that arises from the possibility of having an inadequate quantity or quality of capital to meet internal business strategies, regulatory requirements or market expectations in the area of structural risk.

Capital impacted

Operating context influences: Geopolitical shocks and macroeconomic conditions | Evolving regulatory and compliance landscape

Capital risk remained subject to evolving regulatory requirements while higher oil prices contributed to greater oil and gas-related exposures, placing upward pressure on risk-weighted assets and increasing capital consumption to support our growth strategy. This was partly offset by credit rating upgrades in key African markets and our strengthened capital position.

Our response

- Performed regular stress tests on the lending portfolio to ensure that there is sufficient capital to withstand any loss arising from significant exposure to a sector, single customer and group of closely related customers
- Assessed the risks that could affect our solvency ratios and closely monitored key exposures against the risk appetite limits
- Exercised ongoing oversight of the exposure of MCB in countries having a non-investment grade rating status
- Optimised capital deployment and balance sheet structure to support sustainable growth, preserve capital adequacy, and enhance the Group's ability to absorb potential stress events

Despite witnessing a drop amidst a significant rise on our exposures, capital levels remained comfortable throughout the year, underpinned by prudent capital management practices as illustrated below.

Capital adequacy ratio



Tier 1 capital ratio



Principal non-financial risks

Model risk

The risk of losses as a consequence of decisions being based on the output of models that are flawed or inaccurate.

Capital impacted



Operating context influences: Geopolitical shocks and macroeconomic conditions | Evolving regulatory and compliance landscape | Technology, AI and cybersecurity | Workplace transformation and employee engagement

The potential impact of evolving market conditions on model performance, coupled with the growing use of sophisticated machine learning techniques whose outputs are inherently more complex to validate, continued to warrant close attention.

Our response

- Updated the Corporate Rating Framework through the annual recalibration of quantitative rating models to strengthen rating precision and predictive performance
- Reviewed the qualitative rating module regularly to reflect changes in industry outlooks, business fundamentals and country risk considerations, supporting the ongoing relevance of client credit ratings
- Conducted back-testing of all existing Credit Scoring models to assess their performance, predictive power, and adequacy in accurately assessing credit risk

Operational risk

The risk of loss resulting from human factors, inadequate or failed internal processes and systems, or external events such as third-party dependencies and service provider failures. It includes fraud and criminal activity, project risk, information and IT risk.

Capital impacted



Operating context influences: Technology, AI and cybersecurity | Workplace transformation and employee engagement

The Group continued to face potential operational disruptions, notably from the rising incidence and sophistication of cyber-attacks globally and its growing reliance on third-party providers and technology infrastructure. These were compounded by the increasing complexity of the Group's activities and a more competitive labour market for critical skills.

Our response

- Expanded the Permanent Supervision and Operational Risk frameworks across all Group entities to strengthen governance and controls over operational risks
- Embedded a robust and sound risk culture in our day-to-day business activities, namely through the ongoing delivery of awareness campaigns and training programmes for staff as part of our Risk Culture Programme
- Ensured the monitoring of mitigation actions for risks identified in the Group's risk cartography

Business continuity risk

The risk of being unable to continue the delivery of products and services within acceptable time frames at predefined capacity during a disruption.

Capital impacted



Operating context influences: Technology, AI and cybersecurity | Climate, environmental and social considerations | Workplace transformation and employee engagement

The Group's business continuity risk profile reflected potential disruptions arising from technology outages, energy supply constraints, and events affecting the availability of or access to physical sites, including those linked to climatic events.

Our response

- Reviewed and enhanced the Business Continuity Management Framework, with a primary focus on strengthening governance, as part of the Group's ongoing commitment to operational resilience
- Conducted awareness campaigns on Business Continuity Management principles to further embed a culture of preparedness and resilience
- Tested business continuity and disaster recovery arrangements through regular simulation exercises to confirm the resilience and recoverability of critical applications and infrastructure

Cyber and information security risk

The risk of accidental or intentional unauthorised use, modification, disclosure, destruction or breach of information resources/systems that may have an adverse effect on the confidentiality, availability, and/or integrity of information or information systems.

Capital impacted



Operating context influences: Evolving regulatory and compliance landscape | Technology, AI and cybersecurity | Workplace transformation and employee engagement

Rapid digital adoption and evolving customer needs have increased data volumes and heightened cybersecurity risks. Furthermore, artificial intelligence is creating both opportunities and risks for financial institutions. AI can enhance efficiency, customer experience, fraud detection and decision-making, but it also raises challenges relating to governance, data integrity, cyber resilience and workforce transformation. While the growing use of AI is accelerating the sophistication of cyber threats, it also enhances organisations' ability to detect, prevent and respond to them.

Our response

- Advanced the transformation of the Governance, Risk and Compliance platform into a broader Enterprise Risk Management capability, with a focus on enhancing enterprise-wide risk visibility, strengthening risk governance and supporting the continued maturation of third-party risk management practices
- Improved cybersecurity maturity through the review and enhancement of cyber and technology risk management policies, strengthened alignment with internationally recognised cybersecurity and resilience practices such as the NIST Cybersecurity Framework
- Advanced AI-specific risk governance, building on existing risk management frameworks to support responsible AI adoption, while assessing AI-enabled capabilities to enhance threat detection, security monitoring, identity protection and incident response
- Strengthened cyber resilience through independent penetration testing, vulnerability assessments, red team exercises, threat intelligence-led reviews, and enhanced cyber incident response preparedness
- Enhanced network access controls, log monitoring and vulnerability management through a more risk-based practices, while progressing towards a Zero Trust approach to address evolving threats
- Continued to promote a strong risk culture through cybersecurity awareness campaigns and simulated phishing exercises

Compliance risk

The risk arising from changes in legislation, regulations and advocated norms on the operation and functioning of the Group. It is the risk of sanction and material financial loss or reputational damage.

Capital impacted



Operating context influences: Evolving regulatory and compliance landscape | Climate, environmental and social considerations | Technology, AI and cybersecurity

Compliance risk was shaped by the growing breadth and complexity of regulatory requirements across our markets, which warranted continuous enhancements to our systems and procedures.

Our response

- Strengthened our compliance and financial crime risk management framework through ongoing enhancements to policies, procedures, controls and transaction/sanctions screening systems, including the upgrade of the FCRM platform to support ISO 20022 (MX) message screening across banking subsidiaries
- Enhanced enterprise-wide risk oversight by reviewing the Risk Heat Map and Enterprise-Wide Risk Assessment (EWRA) from an AML/CFT/CPF perspective, identifying emerging risks and integrating ESG considerations into the risk management framework to meet evolving regulatory expectations
- Supported key regulatory and industry initiatives, including the implementation and maintenance of the Bank of Mauritius Central KYC System to streamline customer due diligence processes, improve efficiency and reduce compliance costs
- Reinforced the culture of compliance and capability building through targeted Board and employee training, awareness campaigns, induction programmes and professional development initiatives to promote regulatory compliance, ethical conduct and industry best practices

Legal risk

The risk of incurring losses, sanctions (financial loss, regulatory sanctions, damage to reputation) or operational disruption that may arise from failure or inability to comply with the rule of law (applicable laws, regulations, guidelines, codes of conduct), contractual obligations, or from unclear or equivocal legal interpretations.

Capital impacted



Operating context influences: Evolving regulatory and compliance landscape | Climate, environmental and social considerations | Technology, AI and cybersecurity

Regulatory frameworks and legal requirements remained dynamic across several of our African markets, requiring ongoing monitoring of developments across jurisdictions.

Our response

- Conducted a full jurisdictional survey of the Group's main African target markets under Vision 2030, delivering actionable market, legal, regulatory and compliance insights on cross-border structuring, enforceability, sanctions and dispute resolution
- Refined our external counsel model, moving towards a more direct Africa-to-Africa relationship with reputable local law firms for timelier jurisdiction-specific advice
- Strengthened collaboration between the Legal and Compliance SBUs on anti-corruption, AML/CFT/CPF and sanctions to ensure a unified approach to legal and regulatory risk
- Continued to automate elements of contract drafting and review, with appropriate human oversight, leveraging technology and AI to improve efficiency, consistency, control and auditability

Strategic and business risk

The risk arising from inappropriate business decisions or strategies in relation to the operating environment. The risk is linked to changes in the business environment, regulatory decisions, client behaviours and technological progress, as well as Group-specific factors such as poor choice of strategy and inflexible cost structures.

Capital impacted



Operating context influences: Geopolitical shocks and macroeconomic conditions | Evolving regulatory and compliance landscape | Climate, environmental and social considerations | Technology, AI and cybersecurity | Workplace transformation and employee engagement | Customer experience in a competitive landscape

Strategic and business risks were shaped by a more volatile operating environment across our markets, marked by the fallout from the Middle East war, uneven market conditions, intensifying competition for talent and the evolving expectations of our stakeholders alongside operational complexities associated with executing our strategic ambitions.

Our response

- Continued to assess the implications of changes in the operating environment on the execution of our cross-border strategy through ongoing discussions at strategic forums and dedicated steering platforms
- Maintained active engagement with regulators, authorities and rating agencies to remain responsive to evolving market, regulatory and stakeholder expectations
- Strengthened internal capabilities through investment in new technologies supporting customer engagement, productivity and operational resilience and initiatives to strengthen talent acquisition, development, retention and succession planning

Reputation risk

The risk arising from the damage to the Group's image caused by negative media coverage, compliance failures, pending litigations 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.

Capital impacted



Operating context influences: Climate, environmental and social considerations | Technology, AI and cybersecurity | Workplace transformation and employee engagement | Customer experience in a competitive landscape

Risks to the Group's brand image and reputation are driven mainly by the impact of adverse developments in both the internal and external operating landscape on our relationship with stakeholders.

Our response

- Undertook daily screening of local and international media for potential reputation threats and performed daily automated customer database screening against World-Check lists for risk assessment
- Systematically performed Customer Due Diligence and ongoing monitoring of customers flagged in adverse media
- Responded to customer feedback in a timely manner and addressed complaints effectively, while actively moderating our social media platforms

Sustainability risks

Climate risk

The financial risks associated with the potential impacts of climate change, which can arise through physical and/or transition risk channels such as extreme weather conditions or changes in legislations.

Capital impacted



Operating context influences: Evolving regulatory and compliance landscape | Climate, environmental and social considerations

The rising frequency and severity of extreme weather events, including cyclones, prolonged droughts and flash floods, increase the potential for disruption to our operations and long-term resilience. At the same time, climate-related risks have assumed greater prominence within the supervisory and disclosure landscape.

Our response

- Approved and embedded a dedicated Climate-related Financial Risk Policy to strengthen climate risk governance
- Enhanced our risk assessment capabilities through the implementation of a physical risk assessment platform provided by an internationally recognised service provider and the development of an internal methodology to evaluate the potential impact of climate transition risks on the wholesale portfolio
- Integrated climate risk considerations progressively into existing risk management processes, such as the ICAAP

Environmental and social risk

The risks that environmental degradation and social issues result in disruptions in business activities as well as impact our customers and counterparties, while influencing our internal operations.

Capital impacted



Operating context influences: Evolving regulatory and compliance landscape | Climate, environmental and social considerations

As regulatory demands rise and the focus on sustainability deepens, environmental and social standards are shaping both financing decisions and strategic initiatives.

Our response

- Continued to enhance the Environmental and Social Risk Management (ESRM) process and the monitoring of environmental and social risks (E&S) throughout the credit cycle, with risk categorisation based on International Finance Corporation (IFC) and Equator Principles criteria
- Strengthened our E&S risk framework for high-risk sectors by (i) enhancing the internal E&S Risk Policy through a broader scope and formalised climate risk assessment requirements, and (ii) introducing dedicated oil and gas and metals and mining policies,supported by enhanced due diligence requirements
- Leveraged the expertise of E&S consultants, under Proparco's Technical Assistance programme, to (i) develop internal Climate, Biodiversity and Gender risk assessment tools; and (ii) deliver training on ESRM and these newly developed tools to key stakeholders across the credit value chain
- Continued capacity building for the ESRM team on high E&S risk sectors, such as oil and gas and metals and mining
- Sustained partnerships with Development Finance Institutions (DFIs) to support and guide improvements to the ESRM process and build capacity within the organisation

Main priorities looking ahead

Against a rapidly evolving banking landscape, we will continue to monitor emerging risks and opportunities that may reshape financial services over the medium to long term. Particular areas of focus include artificial intelligence and automation, increasingly sophisticated cyber threats, geopolitical fragmentation, changing payment ecosystems, digital assets and evolving sustainability expectations. While these developments present new challenges, they also offer opportunities to strengthen resilience, enhance customer experience and improve decision-making across the Group. Their early identification and assessment will help ensure that the Group remains well positioned to execute its strategic ambitions in an increasingly complex and fast-changing environment.

Our key areas of focus include:

- Strengthening risk culture through awareness programmes and simulated phishing exercises, and establishing a dedicated Emerging Risk function focused on sustainability, virtual assets and other evolving domains
- Assessing emerging geopolitical and macroeconomic developments, including shifts in global trade patterns, sanctions regimes and cross-border capital flows, to ensure that strategic decisions remain informed by an evolving international environment
- Focusing on the early identification of warning signals, prudent lending and effective debt recovery, while closely monitoring country risk and borrower resilience in an uncertain environment
- Ensuring that business development endeavours and strategic initiatives under Vision 2030 materialise in a disciplined manner, backed by effective risk oversight and investment in our capabilities, including our people
- Maintaining capital resilience to support our growth strategy amidst upward pressure on risk-weighted assets through disciplined capital preservation and forward-looking capital planning
- Preserving a robust funding and liquidity position through proactive monitoring and adherence to funding targets and limits across selected business lines
- Reinforcing our market risk oversight to ensure exposures remain within our pre-defined risk appetite amidst heightened volatility
- Reinforcing compliance and financial crime risk management through enhanced screening, monitoring and due diligence capabilities, while adapting proactively to evolving regulatory requirements across our markets
- Pursuing the cybersecurity roadmap by further strengthening governance, controls and oversight across the Group, with particular emphasis upon bolstering our cyber resilience and advancing our capabilities to anticipate, detect and respond to increasingly sophisticated AI-enabled cyber threats
- Building upon existing governance, risk management and policy frameworks to further strengthen our AI governance and risk management capabilities, enabling the Group to harness the transformative opportunities of Artificial Intelligence while ensuring its responsible, secure and effective adoption
- Supporting our sustainability ambitions by completing the ESRM roll-out across the Group, applying reinforced due diligence on high-risk sectors, while strengthening climate-related financial risk management through better methodologies, data, skills and governance

To achieve our strategic objectives, we will continue to leverage our robust risk management and compliance framework. Details of the latter are provided hereafter with the following sections organised around: (i) the key foundations and principles including our governance set-up; (ii) management of key risks faced and our positioning; and (iii) capital management

Our risk management strategy and framework

Our risk management philosophy and foundations

The conduct of our businesses and activities inherently exposes our organisation to risks. Identifying and managing risks effectively is fundamental to the successful execution of our strategy and delivery of sustainable value to our multiple stakeholders.

Key objectives

- Ensuring that our risk management principles are anchored on advocated norms and principles through alignment with industry best practices, corporate governance standards, and applicable statutory and regulatory requirements
- Upholding sound risk metrics by entities to support prudent and informed risk-taking across all decision-making processes
- Adoption of strong governance frameworks, including clear lines of defense, with well-defined and segregated authorities, accountabilities and responsibilities for taking on and managing risk
- Establishment of a clear risk appetite which sets out the types and levels of risk that the Group is willing to take, while ensuring risks are effectively identified, assessed, monitored and managed within acceptable levels
- Availing strong, coherent and harmonised risk management processes, policies, limits and targets
- Catering for an adequate balance between risk and reward considerations, while creating conducive conditions for tapping into market development opportunities

Governance framework

- Ultimate responsibility of the Board of MCB Group Ltd for risk management, with specific responsibilities delegated to its sub committees
- Direct oversight exercised by the Boards of entities and their relevant committees, with support from Group Risk and Compliance functions
- Effective delegation of authority from the Board of each entity to its management and risk functions, with the scope of the latter depending on the nature and depth of relevant operations and activities
- Well-defined intra-Group service delivery and collaboration in support of effective risk management, e.g. specific functions of MCB Ltd providing dedicated services to other entities

Other key foundations

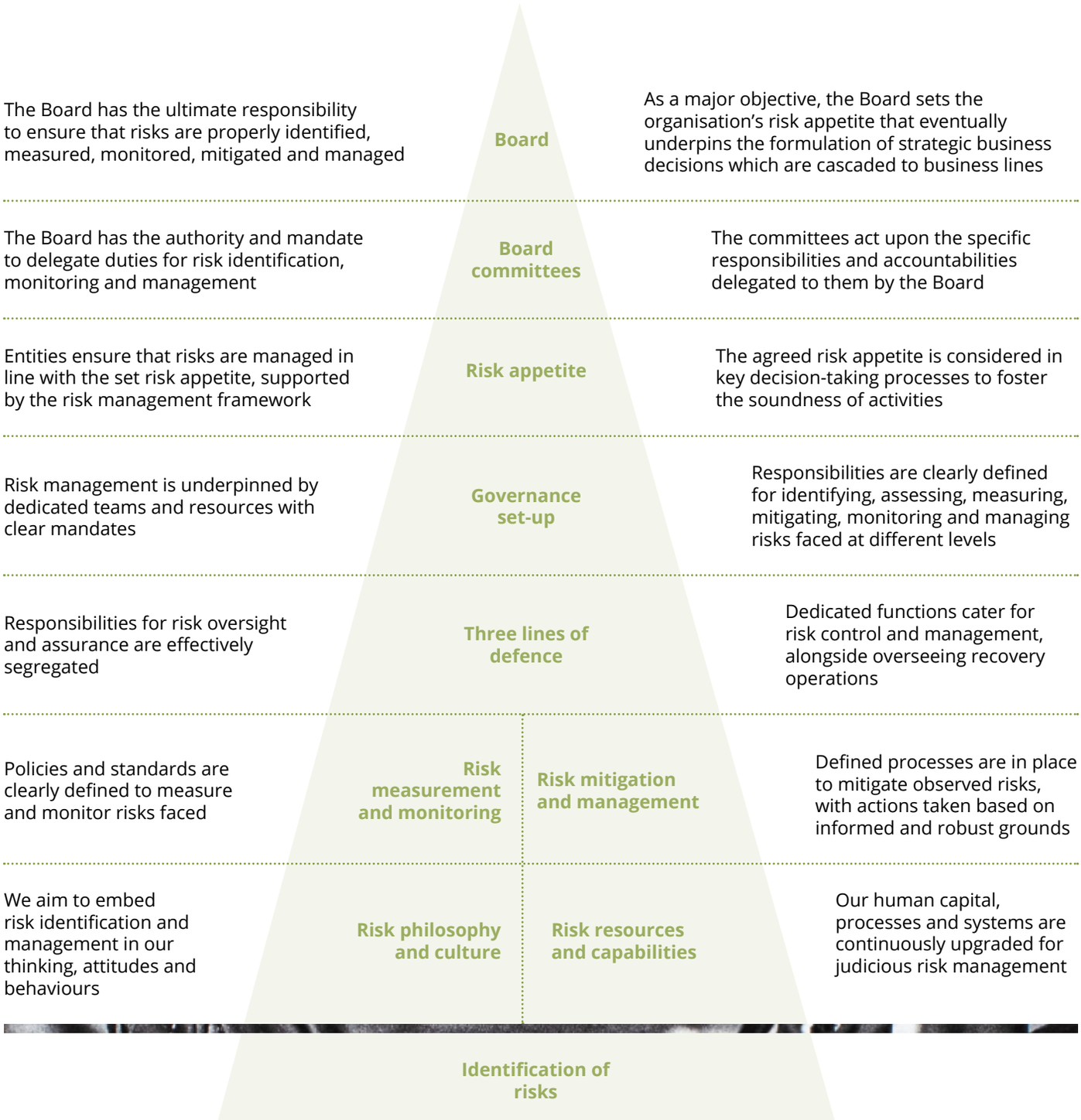
- Regular review and update of risk management practices to ensure consistency with business activities and relevance to financial strategies, while catering for changes in the economic, market and regulatory landscapes
- Adoption of policies and processes that are clear and simple to be understood and executed, alongside ensuring that they are well-documented and disseminated across all layers of the Group
- Adherence to a common set of behaviours, attitudes, skills and guiding courses of action that are integrated throughout the Group in support of coherent decision-taking
- Ensuring that the price charged for solutions is reasonable in relation to the relative riskiness of the exposure

Financial soundness

- Complying with applicable regulatory requirements at all times
- Ensuring that subsidiaries of the Group are adequately capitalised to help achieve sound and sustained business growth and upholding adequate buffers to confront any untoward circumstances
- Maintaining appropriate discipline over the nature and extent of our market development initiatives, with due focus on optimising the allocation of capital across businesses
- Preserving the soundness of our exposures with emphasis laid on healthy loan portfolios through strong credit discipline, prudent market development approach and sensible strategy execution, cautious loan origination and disbursements, and active efforts for debt collection and recovery
- Keeping sound funding and liquidity positions in support of our business development ambitions

Key elements of our risk management set-up

Operating within the directions set by the Board of the MCB Group Ltd, individual entities have their own arrangements to manage risks faced. The following illustration provides an overview of the underlying set-up being generally adopted by entities of the Group, with the scale of structures in place depending on the nature of each entity's activities.



Governance and oversight

To ensure that key risks faced by its entities are properly identified, measured and monitored, the Group adopts a robust governance framework. The framework defines clear responsibilities, reporting lines and oversight arrangements across the organisation and provides high-level direction for each entity on how to manage risks in a consistent and interactive manner. Responsibilities are allocated across the Group to ensure that decisions are taken at the appropriate levels, in alignment with the mandates of internal stakeholders and the strategic orientations pursued by the organisation. MCB's Risk and Compliance Group functions reinforce enterprise-wide risk oversight and promote a consistent and integrated approach to risk management across all entities. Each subsidiary, nevertheless, retains ownership of its operational risks and the management of its risk and compliance functions, underpinned by its own governance framework aligned with Group-level orientations, its inherent specificities and prevailing market realities. Group Risk and Compliance functions, in turn, provide oversight of these risks and activities. To support this model, entities also benefit from technical and advisory support provided by specific Strategic Business Units of the Bank, e.g. Internal Audit and Legal through clearly-defined Service Level Agreements. In parallel, the Group Head of Finance supports a harmonised financial governance framework across the Group.

At Group Level

The Board

- In alignment with its business development orientations, the Board of MCB Group Ltd determines the principal strategies in respect of the risk management of the organisation, while ensuring that all laws, regulations and codes of business practice are adhered to.
- Through the establishment and enforcement of clear lines of responsibility and accountability across the organisation, it ensures that relevant procedures and practices are in place in order to protect the Group's assets and reputation. For the discharge of its duties, the Board is assisted by committees which enable it to properly formulate, review and approve policies on monitoring and managing risk exposures.

Risk Monitoring Committee

- The Risk Monitoring Committee (RMC) advises the Board on risk issues and monitors the risk of the different portfolios against the defined risk appetite, in particular for the banking subsidiaries. While assigning relevant responsibilities and accountability lines, it ensures that rigorous internal processes and controls are implemented to identify, monitor, measure and report different types of risks.
- The RMC monitors risk portfolios against set limits with respect to, *inter alia*, risk concentration, asset quality, large exposures and foreign country exposures. It also oversees the adequacy of the capital, liquidity and funding positions, including under stressed conditions.

Other committees

- The joint Cyber and Technology Risk Committee assists the Board of Directors of MCB Group Ltd and MCB Ltd in defining risk strategies, assessing and monitoring the cybersecurity, information and technology risk.
- The Supervisory and Monitoring Committee oversees the overall management of the Group and is also responsible for the ongoing monitoring of the Group's performance against set objectives in line with the strategic orientations of the Group.
- The Corporate Strategy Committee oversees the business strategy of the Group and its subsidiaries and measures the latter's performance against set objectives whilst ensuring that capital allocation is appropriate.
- The Audit Committee caters for the monitoring of internal control processes and ensures the preparation of accurate financial reporting and statements in compliance with applicable legal requirements and accounting standards. It also reviews operational and information risks and the actions taken to mitigate them.

Read more on the key mandates and focus areas of the Board committees of MCB Group Ltd in the 'Corporate Governance Report' on pages 118 to 125

At entity level

The entities of the Group adhere to the overall risk management principles and frameworks validated by the Board of MCB Group Ltd and are accordingly monitored by the Risk Monitoring Committee of the latter. The ultimate responsibility for ensuring that risks are properly identified and managed, however, rests at the level of each entity.

The Board

- Functioning in alignment with the Group's objectives and targets, the Board of each entity supervises its overall risk management, alongside overseeing the establishment of relevant policies, controls, standards, practices and processes, in accordance with the inherent realities of the business. It also acts as the focal point of contact for shaping the relationship with MCB Group Ltd.
- The Board of each entity is responsible for strategy formulation in respect of risk-taking, risk appetite and policy setting. It ensures that its business strategies are clearly linked to its risk appetite and tolerance level. The aim is to ensure that the organisation manages its capital resources at an optimal level in support of growth-related objectives.
- In discharging their duties, the respective Boards demonstrate, to the satisfaction of regulatory authorities and other stakeholders, that a clear structure of policy and control systems is adopted to identify and manage the risk inherent in activities.

Delegation of duties	Control processes
For each entity, risk governance is executed through the delegation of authority and responsibilities from its Board to dedicated committees and/or Management. Control processes and reporting lines have been put into place to foster a coherent and sound segregation of duties with regard to risk taking, processing and control.	The types of risk infrastructure and control processes that are adopted by each entity are a function of the nature, size and complexity of the risks involved. The approach and practices embraced by entities to fulfil their risk management obligations are shaped up by the following factors: (i) advocated corporate governance and risk management principles; (ii) the risk-return profiles of markets in which they are involved; (iii) the opportunities and challenges characterising the operating environment; and (iv) relevant legal and regulatory requirements as well as local and international codes and standards impacting the industries and countries in which businesses are carried out.

Key committees by entity

<table>
<tr><th colspan="3">Key committees by entity</th></tr>
<tr><th colspan="2">Banking cluster</th><th>Non-banking financial cluster</th></tr>
<tr><th>MCB Ltd</th><th>Overseas Banking Subsidiaries</th><th>MCB Capital Markets (MCBCM) and its subsidiaries</th></tr>
<tr><td colspan="3">Board committees</td></tr>
<tr><td>Risk Monitoring Committee</td><td>Audit and Risk Committee</td><td rowspan="2">Risk & Audit Committee (MCBCM)</td></tr>
<tr><td>Audit Committee</td><td></td></tr>
<tr><td>Cyber and Technology Risk Committee</td><td></td><td rowspan="2">Supervisory and Monitoring Committee (SMC)</td></tr>
<tr><td>Supervisory and Monitoring Committee</td><td></td></tr>
<tr><td colspan="2">Executive committees</td><td rowspan="4">MCB Investment Management (MCBIM)

Collective Investment Scheme (CIS) Supervisory Committee

• The committee is responsible for the review and assessment of all aspects relating to the CIS management activities of MCBIM, including set-up of new funds, material changes to existing funds and regulatory compliance

Investment Committee (IC)

• The committee, though not a sub-committee of the Board of MCBIM, serves an important purpose in respect of the investment management activities of MCBIM. The IC meets on a quarterly basis and reviews all material aspects of MCBIM's portfolio management process, including strategic and tactical asset allocation, portfolio performance/risk and mandate compliance</td></tr>
<tr><td colspan="2">Financial risk: Credit risk</td></tr>
<tr><td>Executive Credit Committees (ECC)

• The ECC (A), sanctions/declines credit applications where customer group total commitment exceeds Rs 400 million

• The ECC (B) sanctions/declines credit applications with total client commitment of up to Rs 400 million</td><td>Subsidiary Credit Committee (SCC)

• The Local OBS credit committee sanctions/declines credit applications for customers with exposures of up to USD 500,000. Exposures from USD 500,000 to USD 2 million are approved by a joint MCB Subsidiaries Credit Committee. Facilities above this level are channelled to the MCB Subsidiaries Executive Credit Committee</td></tr>
<tr><td>Credit Committees (CC)

• The CC sanctions/declines credit applications where customer group total commitment is up to Rs 75 million for retail clients and Rs 150 million for corporate clients</td><td></td></tr>
<tr><td>Country Risk Committee (CoRC)

The CoRC is responsible for setting individual country limits within the validated risk parameters on selected countries</td><td></td><td rowspan="3">MCB Financial Advisers (MCBFA)

On-boarding Committee (OBC)

• The OBC, though an internal committee, plays an important role in the governance framework of MCBFA by screening and (if deemed relevant) approving all new corporate finance advisory mandates being contemplated by the company's executives. The OBC may escalate material transactions to the SMC for review and final approval

MCB Securities (MCBSL)

Transaction Review Committee (TRC)

• The TRC is an internal committee of MCBSL which has the responsibility to review all material transactions/ activities being contemplated by MCBSL including, but not limited to, underwriting, market making and IPOs. The TRC has the authority to (where applicable) approve, reject or escalate to the SMC all transactions being contemplated by MCBSL</td></tr>
<tr><td>Conduct Review Management Committee (CRMC)

• The CRMC ratifies credit exposures and other transactions with related parties where the aggregate of credit exposures/any other transactions to any single related party and/or its group of connected counterparties do not exceed 2% of the Bank's Tier 1 capital or Rs 500 million, whichever is lower</td><td></td></tr>
<tr><td colspan="2">Financial risks: Market and Asset & Liability Management risks</td></tr>
<tr><td>Asset and Liability Committee</td><td>Asset and Liability Committee</td></tr>
<tr><td colspan="2">Non-financial risks</td><td rowspan="3">Overseas Banking Subsidiaries Cybersecurity Committee</td></tr>
<tr><td>Information and Operational Risk Committee

• Cybersecurity Committee</td><td></td></tr>
<tr><td>Compliance, Anti-Money Laundering and Legal Committee</td><td></td></tr>
</table>

In line with principles determined at Group level, risk management policies and structures in other non-banking entities have been designed in order to ensure that business activities are carried out in a sound manner, depending on the types of market undertakings being engaged into as well as the range and depth of risks faced.

Adherence to the three lines of defence approach

The risk control framework of the Group's entities is anchored on the three lines of defence approach, which promotes transparency, accountability and consistency through the proactive identification and segregation of actual and potential risks across the entities.

1st Line of defence

Adopts adequate processes and mechanisms to suitably manage risks faced and escalates knowledge of risks identified in the course of activities for appropriate mitigating actions.

Risk ownership

- The first line owns risks emanating from deployed business activities
- Employees engaged in client-facing divisions and support functions as well as business line managers have the first-level responsibility for day-to-day risk management in the interest of the organisation

2nd Line of defence

Establishes the limits, rules and constraints under which the first line activities shall be performed.

Risk control and compliance

- The Group has relevant independent risk control and compliance functions across entities for effective risk management which also provide advice and guidance in relation to the risk
- At the level of MCB Ltd, for example, the Risk SBU establishes methodologies and activities for risk measurement and regularly monitors and reports risk exposures and profiles, whilst the Compliance SBU ensures compliance with applicable laws, regulations, guidelines, codes of conduct and standards of good practice.
- MCB's Risk and Compliance SBUs, in their capacity as Group functions, provide guidance, expertise and oversight to other Group entities, which can also avail of intra-Group services from Legal SBU in line with the Group Shared Services

3rd Line of defence

Evaluates and provides independent assurance on the effectiveness of the risk governance, control environment and risk management processes and mechanisms, in tune with business strategies and the evolving external environment.

Risk assurance

- The Internal Audit function provides independent assurance that the control objectives are achieved by the first and second lines of defence in line with the set risk appetite
- MCB's Internal Audit SBU provides assurance over control systems and reports on those via the Audit Committee and/or Board of each entity. The findings are consolidated and presented to the MCB Group Audit Committee for an integrated view of the effectiveness of risk management, control and governance processes

Key tenets of our risk management strategy

Risk capacity

The Group determines the level of risk that it can assume given its current level of resources, relevant regulatory dispositions and stakeholder requirements, to the extent that these dynamics tend to influence their ability to take risk.

Risk appetite

The Group entities ensure that their activities are undertaken within the parameters of their risk appetite. The latter is subject to constraints, such as the need to *inter alia* uphold their financial soundness and foster sound and sustainable revenue growth.

Risk tolerance

The Group entities establish the maximum level of risk that they are willing to tolerate for a particular risk category or specific initiative, while ensuring that they achieve their business strategies and operate within their broader-level risk appetite.

Risk profile

Expressed in terms of quantitative indicators and qualitative assessments, each entity's risk profile refers to its current net risk exposures for different risk categories. Amidst a volatile and uncertain operating environment, Group entities regularly monitor their risk profile, thereby helping to prevent the level of risk from going beyond the set risk appetite.

Risk control

To maintain the size of the entities' risk profile within their risk appetite, risk control tools and mechanisms are leveraged. Control activities are notably underpinned by target market criteria and risk limits which place practical constraints on their activities.

Risk culture

The Group recognises the importance of entrenching a sound risk culture to ensure that we undertake our daily business activities consistently within our risk appetite. Risk culture sets out the suitable behaviours and practices related to risk management and promotes collective responsibility whereby every employee exercises due care and makes informed and risk-based decisions while the Board sets the tone from the top. It is supported by continuous monitoring, regular awareness campaigns and staff training.

Our risk appetite framework

A key objective of the Group's risk management strategy is to determine the level and type of risk that the organisation is able and willing to take when executing its business strategies. The risk appetite is established by means of a complementary set of statements that are determined at Group level and cascaded throughout the entities and their business segments. Qualitative statements seek to make sure that the desired risk culture is adhered to across entities. Quantitative statements seek to shield the organisation from potential adverse events in the operating environment. While ensuring congruence with directions established at Group level as well as relevant mandatory requirements, Group entities set their own risk appetite, control and tolerance levels and mechanisms, which they continuously monitor and, if necessary, update to reflect the optimal level of risk that they are willing to take for the sound execution of their short and medium-term business strategies.

As a case in point, key considerations that guide the Group's main subsidiary, i.e. MCB Ltd, for the identification and quantification of risks are as follows:

Framework

The framework provides an informed guidance for the management and monitoring of its risk profile in relation to the defined risk appetite.

The Bank articulates and monitors its risk appetite, which is the reasonable quantity and type of risk that it is broadly able and willing to take in the pursuit of its strategic/financial objectives.

The purpose of setting risk appetite is not necessarily to limit risk-taking, but to align the Bank's risk profile and strategic orientations. Its risk appetite is updated at least annually or on an ad hoc basis in order to reflect stakeholder aspirations and the context.

Key underpinnings

MCB Ltd *inter alia* defines its risk appetite for (i) credit risk in terms of allocation of range targets for domestic and international credit exposures, exposures by sectors as well as risk profiles and asset quality of portfolios; and (ii) market risk in terms of the splits between domestic and international markets, foreign currency and interest rate exposures, exposure allocation for position-taking and target splits in terms of exposure maturities.

For proper risk identification and quantification, the Bank caters for:

- Continuous monitoring of risk targets
- Quarterly risk reporting to RMC
- Preparation of risk reports for capital management
- Use of internally-generated and externally-sourced rating tools
- Application of a stress-testing framework

The size of the internal risk limits is a function of regulatory requirements, and the risk appetite set by the Board of MCB Ltd, after making allowance for the relevant economic and market environments. In its day-to-day business, the Bank makes use of internally-generated and externally-sourced rating tools for the purpose of risk identification, quantification and monitoring.

Limit structure of MCB Ltd

Regulatory

- Capital adequacy ratios
- Credit concentration limits
- Macroprudential limits
- Related party lending and limits
- Cash reserve ratio
- Liquidity coverage ratio
- Open FX position
- Net Stable Funding Ratio

Internal limits and desired risk profile

- Country limit
- Bank limit
- Sectorial concentration targets
- Portfolio risk profile
- Counterparty credit risk limit
  Valuation limit
  Daily settlement limit
- Market risk limits
- ALM risk targets

Rating tools

Internally-developed models

Country

Country rating model (used when ratings from external rating agencies are not available)

The rating monitors macroeconomic performance, political and institutional developments, evolution of fiscal metrics, social unrest, and currency movements, amongst others

Banks

Bank rating model

The creditworthiness is assessed by assigning a score based on the bank's financial strength, the probability of receiving affiliate and/or Government support in case of financial stress as well as the sovereign risk of the country in which the institution operates

Corporate clients

Customer rating software

It evaluates the counterparty's financial position and uses MCB's historical default experience to generate ratings and probability of defaults

External rating agencies

Country and banks

International ratings

Moody's Ratings, Fitch Ratings, S&P Global Ratings and others as deemed appropriate

Corporate clients

International rating agencies including CARE Ratings (Africa) Private Limited (CRAF) and Global Credit Rating Co Ltd (GCR Ratings)

Financial securities subscribed by the Bank in favour of domestic corporate customers can be rated by CRAF and GCR Ratings, which are recognised by the Bank of Mauritius, with capital relief being applicable on investment-grade ratings

Management of key risks

Our risk management cycle

Our expanding portfolio and growing market presence underscore the critical importance of maintaining a continuous and integrated risk management lifecycle. The Group's overall risk management process spans the entire cycle, enabling the proactive, disciplined, structured identification, measurement, monitoring, mitigation, management, and reporting of risks.

1. Identification

Identification of internal and external risks related to the Group, which may directly or indirectly influence our business performance, our ability to achieve set targets as well as our overall viability over time

2. Measurement

Assessment, by means of proven methodologies, of the likelihood of identified risks to materialise (under existing or stressed conditions) as well as their likely impact and materiality under different scenarios; review of the default rates in respect of specific products; determination of capital requirements across risk types

3. Monitoring

Analysis of the sources and specificities of risks faced; appraisal of outcomes posted following the management of risks faced, while factoring in the risk appetite and set KPIs; verifying whether risk controls are efficient in both their design and operation; finding ways and means to further enhance the efficiency of risk assessment and mitigation

4. Mitigation

Adoption/enhancement of measures to reduce the level of risks faced, while deploying actions that minimise the impact should there be adverse events; establishment of an appropriate internal control framework to deal with specific risk situations

5. Management and reporting

Stress testing the resilience of selected portfolios and ensuring that sufficient capital is available to withstand potential losses; regular elaboration of accurate and relevant information on pertinent risk characteristics and trends; ensuring urgent escalation of observed events and outcomes internally and to the authorities, wherever applicable

Our processes, methodologies and positioning by risk type

Credit risk

General approach and objectives

Credit risk represents the main risk type to which we are exposed in view of the nature of our main operations and activities. We ensure that sound credit risk management principles are adopted to uphold quality and well-diversified portfolios that are aligned with the set risk appetite and help to meet targeted risk-return considerations. In line with these principles, we actively promote, monitor and manage the quality of the credit portfolio. Both counterparty and concentration risks are duly managed, backed by market vigilance, the adoption of effective control mechanisms and the judicious diversification of portfolios across customer and industry groups, product types, maturity levels and geographies. MCB Group strives to adopt a strong culture of responsible lending and debt recovery, while leveraging a robust risk management and control framework. We continuously reassess risk profiles in the face of the demanding operating context and monitor the exposures against regulatory as well as internal limits and targets.

The Credit Risk Policy of applicable Group entities, which is approved and reviewed by their respective Boards and relevant sub-committees, sets forth the principles by which they conduct their credit risk management activities. The Policy defines the roles and responsibilities for credit risk to be effectively managed across business segments. It provides guidance in the formulation of appropriate frameworks that work towards ensuring that business generation is harmonised with the established target market criteria. The *modus operandi* shaping up the credit risk management set-up is governed by rules set out in Guidelines issued by the respective central banks.

Measurement and monitoring

Credit risk measurement consists of appraising the track record of customers as appropriate for the prediction of likely future behaviours of existing accounts. Credit facilities granted are guided by the credit standing, source of repayment and debt servicing ability of the borrower. As a fundamental credit principle, we do not generally grant credit facilities solely on the basis of the collateral provided. Collateral is taken whenever possible to mitigate the credit risk assumed with periodic monitoring being performed depending on the type, liquidity and volatility of the collateral value.

Ultimately, we assess whether individual business areas provide sufficient contribution to the targeted risk-return profile. The aim is to ensure that capital allocation generates an optimum return. This is achieved by channelling risk capital from low-return to high-return business areas, commensurate with risks shouldered. We measure credit risk capital requirements by applying appropriate risk weights to both on-balance sheet and off-balance sheet exposures in line with regulatory requirements. In this respect, MCB Ltd has established credit rating frameworks that enable the extensive usage of ratings for its portfolios. These ratings are leveraged not only in respect of loan approval, but also credit review, monitoring of risk profiles and determination of business strategies. They are also used for the purpose of the stress testing and limits determination exercises.

The relevant credit risk metrics of the Group entities, in particular banking and para-banking subsidiaries are measured and reviewed against set limits by the respective Boards and/or RMCs on a quarterly and ad hoc basis. The objective is to ensure that the entities, at any time, maintain adequate capital to provide for their growth and to support a reasonable measure of unexpected losses.

Risk-weighted assets for credit risk

Risk-weighted on-balance sheet assets	Jun 26 Amount	Weight	Weighted Assets	Jun 25 Weighted Assets
	Rs m	%	Rs m	Rs m
Cash items	4,717	0 - 20	56	92
Claims on sovereigns	451,440	0 - 100	1,399	1,400
Claims on central banks	109,480	0 - 100	18,298	13,033
Claims on banks	120,166	20 - 100	43,894	36,462
Claims on non-central government public sector entities	905	0 - 100	453	345
Claims on corporates	437,510	20 - 150	381,233	296,858
Claims on retail segment	21,308	75	14,954	12,669
Claims secured by residential property	61,624	35 - 125	25,423	21,306
Claims secured by commercial real estate	15,976	100 - 125	18,399	16,331
Fixed assets/other assets	56,285	100 - 250	60,351	56,394
Past due claims	2,787	50 - 150	3,414	3,236
Total			**567,873**	**458,126**

Non-market related off-balance sheet risk-weighted assets	Jun 26 Nominal Amount	Credit Conversion Factor	Credit Equivalent Amount	Weight	Weighted Amount	Jun 25 Weighted Amount
	Rs m	%	Rs m	%	Rs m	Rs m
Direct credit substitutes	2,950	100	2,950	0 - 100	2,829	2,493
Transaction-related contingent items	63,626	50	28,546	0 - 100	25,311	19,589
Trade related contingencies	194,753	20 - 100	29,956	0 - 100	23,487	18,734
Outstanding loans commitment	16,651	20 - 50	8,779	0 - 100	7,212	7,556
Total					**58,838**	**48,372**

Market-related off-balance sheet risk-weighted assets	Jun 26 Nominal Amount	Credit Conversion Factor	Potential Future Exposure	Current Exposure	Credit Equivalent Amount	Weighted Assets	Jun 25 Weighted Assets
	Rs m	%	Rs m	Rs m	Rs m	Rs m	Rs m
Interest rate contracts	18,012	0 - 1.5	102	83	185	106	739
Foreign exchange contracts	75,133	1 - 7.5	793	816	1,609	871	1,041
Other commodity contracts (other than precious metals)	42,621	10 - 15	4,398	2,810	7,208	5,242	4,954
Total						**6,219**	**6,734**

	Jun 26	Jun 25
	Rs m	Rs m
Total credit risk-weighted assets	**632,930**	**513,231**

Note: Figures may not add up to totals due to rounding

Mitigation and management

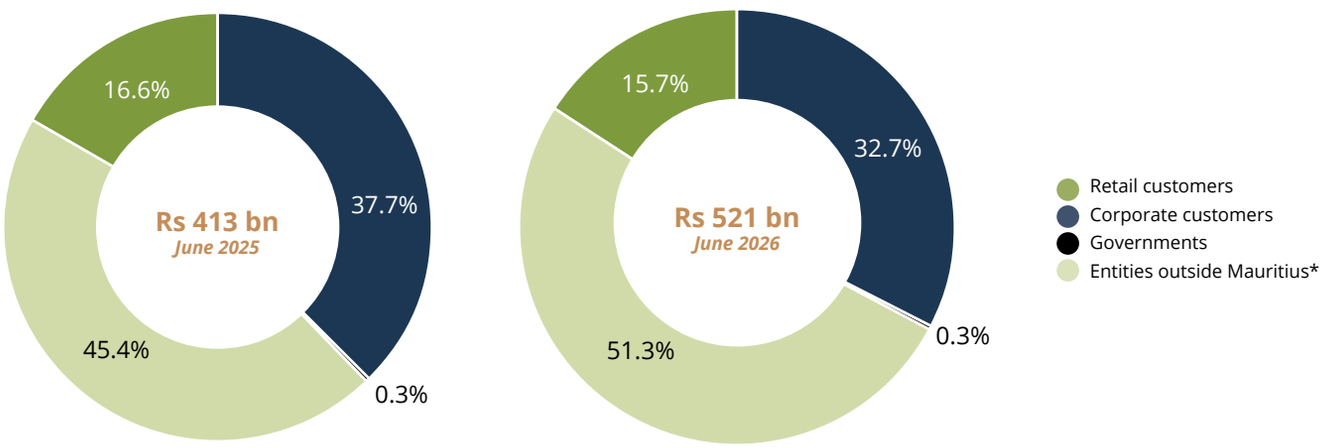
The credit risk management framework enables Group entities to manage credit risk within the limits of their defined risk appetite, to develop risk-response strategies and to optimise risk-taking by anticipating and acting on potential opportunities or threats. This framework encompasses the following: (i) comprehensive credit policies; (ii) clear segregation of the decision-making authority for the approval of loans; (iii) effective identification, measurement and management of credit risk; (iv) portfolio management to ensure capital adequacy; and (v) regular reporting to Management and committees on pertinent risk characteristics/trends.

Credit risk exposures are managed through robust credit assessments, structuring and monitoring processes. The latter involves the daily monitoring of credit limit excesses as well as the review of all exposures, the frequency of which is increased in accordance with the size and likelihood of potential credit losses to ensure the timely detection of possible problem loans. Exposures showing signs of deterioration are placed on a watch list for closer scrutiny where appropriate. Several credit mitigation techniques are adopted by the banking entities in the course of their activities. These include security/collateral, netting, guarantees, credit insurance and political risk cover. Exposures arising from foreign exchange and derivatives are mainly mitigated through agreements, e.g. International Swaps and Derivatives Association Master Agreements and Credit Support Annex documentation, while exposures arising from repurchase agreements are mitigated through the Global Master Repurchase Agreement (GMRA).

We are intent on diversifying our lending portfolios by setting relevant exposure limits to ensure that our performance is not negatively impacted, for instance, by a large sectoral exposure default. It is the policy of the Group's entities to limit credit risk exposures and concentrations within the constraints of their capital base, while complying with regulatory stipulations, notably relating to aggregate large exposures and single borrower limits. Stress tests are, in some instances, performed on portfolios to ensure that sufficient capital is held to withstand any loss arising from significant exposure to a sector, single customer and group of closely-related customers.

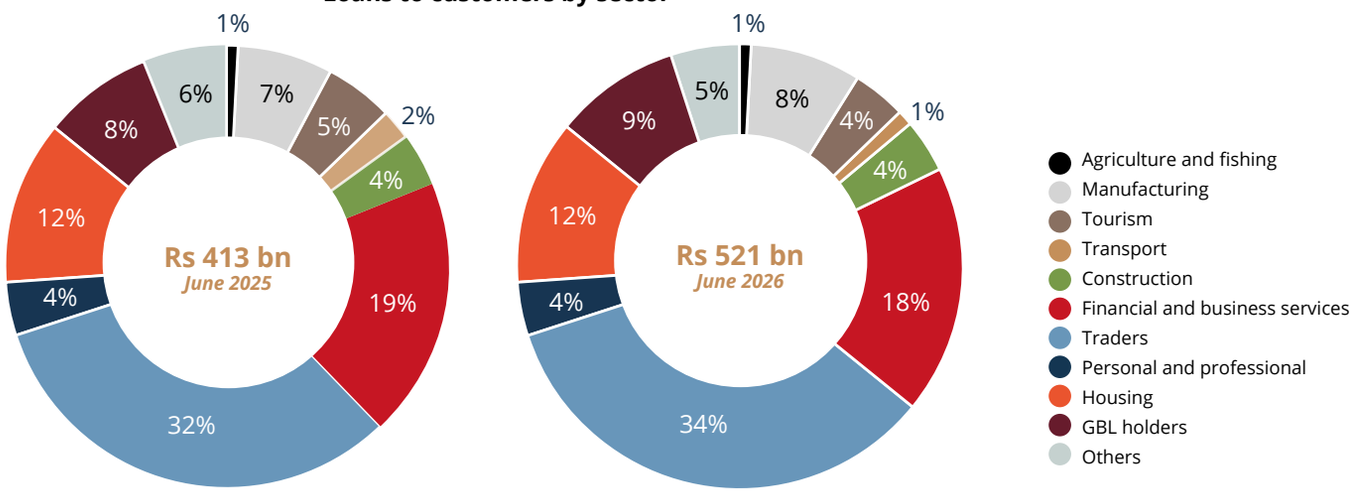
In FY 2025/26, we maintained a diversified market footprint across segments and geographies, which helped us remain well positioned in terms of credit concentration and within regulatory limits. Our largest credit concentration pertains to oil and gas with a major part of these exposures being of a short-term and self-liquidating nature, hence carrying a lower risk profile.

Loans to customers by segment



** Entities outside Mauritius pertain to MCB Ltd's cross-border activities*

Loans to customers by sector



Concentration of exposures at MCB Ltd

Bank of Mauritius Guideline on Credit Concentration Risk

Credit concentration limits (% of Bank's Tier 1 capital)	Regulatory requirements	MCB Ltd 30 June 2026
Aggregate credit exposure to any single customer	Not exceed 25%	20.9%
Aggregate credit exposure to any group of connected counterparties	Not exceed 40%	31.2%
Aggregate large credit exposures* to all customers and groups of connected counterparties	Not exceed 800%	288.2%

**Refer to exposures over 10% of the financial institution's Tier 1 capital*

Gross exposure as at 30 June 2026	Total gross exposure	Risk capital consumed	Risk capital consumed as a % of total credit risk capital
	Rs bn	Rs bn	%
Top 6 customers / customer groups	151.1	8.1	9.8
Total large credit exposures	295.7	14.6	17.7

Note: Figures in the above table are audited

Building on our established watch-list and monitoring processes, we further strengthened our approach to account monitoring during the year, placing greater emphasis on the early identification of warning signals preceding financial distress to enable timely intervention and remedial action. In line with our culture of responsible lending and debt recovery, Credit Management and Debt Restructuring and Recovery functions increased their participation in monitoring forums such as Account Monitoring Committees, further reinforcing oversight and the timely detection of problem loans. Consistent with this proactive approach, recovery efforts were pursued through active and ongoing negotiations on large and sensitive exposures, resulting in significant recoveries and targeted write-offs during the year. The Debt Restructuring and Recovery function also worked closely with business segments, including Corporate and Institutional Banking, on client negotiations and the management of Stage 2 exposures.

Restructuring of facilities

The organisation adopts a proactive, client-centric approach to loan restructuring as part of its distressed debt management framework. Restructuring solutions are considered for borrowers who face difficulty meeting their original repayment terms but continue to demonstrate viable business prospects and sustainable underlying cash flows. Generally initiated following discussions with clients, restructuring aims to align debt-servicing obligations with expected cash flow generation, supporting clients through periods of financial stress while preserving the organisation's ability to maximise recovery and maintain asset quality. Such requests may also arise in response to significant commercial developments, market conditions or strategic events affecting a client's financial position.

Each proposal is assessed on a case-by-case basis through a comprehensive review of both quantitative and qualitative factors. These assessments are conducted under our established credit approval framework and subject to the same rigorous analysis, governance standards and approval processes applicable to new credit exposures, guided by a reasonable expectation that the borrower's financial condition remains sustainable or can be restored within a foreseeable timeframe. Depending on the client's circumstances, measures may include extending loan maturities, temporary repayment moratoria, modified repayment schedules or broader restructuring arrangements. In certain cases, these are complemented by balance-sheet strengthening initiatives undertaken by clients, such as equity injections, bond issuances, rights issues or other debt management programmes aimed at restoring financial stability.

The Risk functions of Group entities perform independent assessments of distressed restructurings for staging purposes and to determine economic gains or losses.

Determination and review of impairment and provisioning

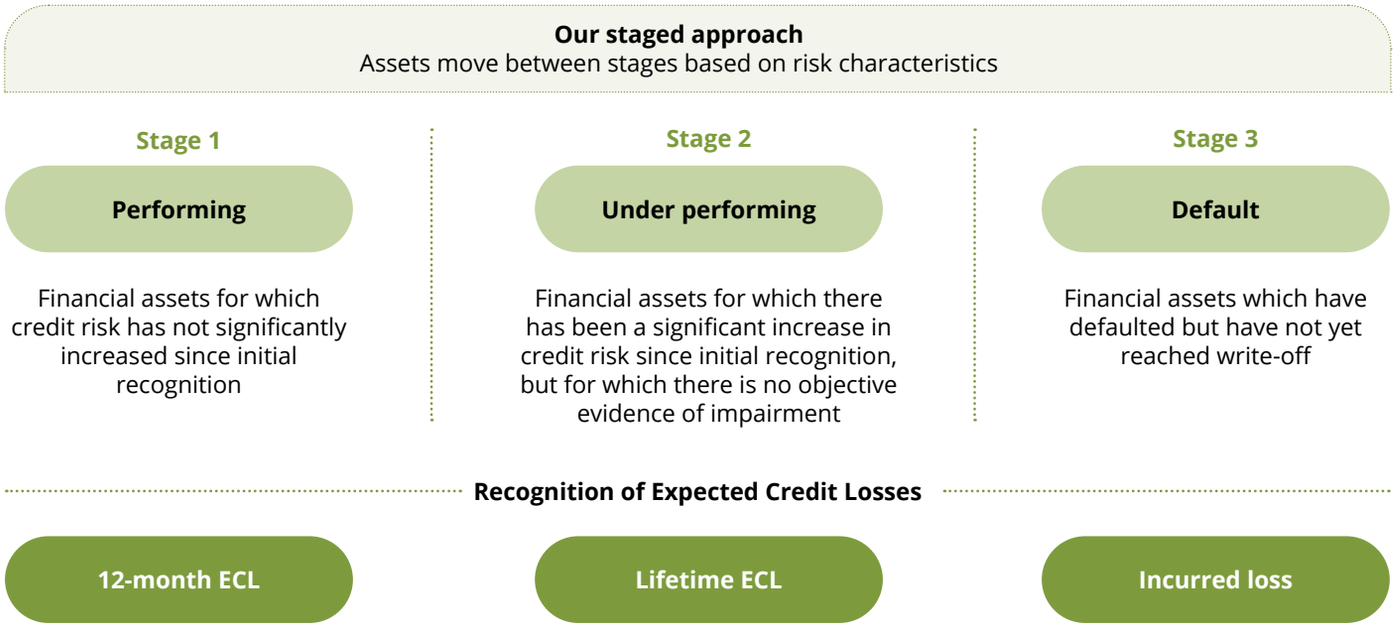
With regard to the determination and review of impairment and provisioning levels, Group entities undertake their respective exercises on a regular basis. The entities adhere to relevant regulatory stipulations, alongside aligning themselves to other advocated standards. At the level of MCB Ltd, this exercise is undertaken on a quarterly basis and involves the collaboration of several stakeholders across the organisation. After being reviewed and agreed upon by the RMC as well as validated by the Board, the figures are submitted to the Bank of Mauritius (BoM). The objective of this exercise is to ensure

that financial institutions have adequate processes for determining allowance for credit losses in a timely manner and the carrying amounts of credit portfolio recoverable values. While ensuring adherence to prudential norms, which define credit as impaired if it is past due for more than 90 days, the Bank also assesses facilities granted to clients as being impaired on a case-by-case basis above a certain materiality threshold. Furthermore, loans are written off by the Bank when the prospect of recovery is poor and the loss can be reasonably determined, with MCB complying with the BoM Guideline for Classification, Provisioning and Write off of Credit Exposures. The guideline sets the foundations for a consistent and timely classification of credit exposures and complements the existing accounting standards requirements by providing a prudential backstop for credit classification and provisioning and ensuring write-off of non-performing exposures in a timely manner.

Adherence to IFRS 9 requirements

In measuring Expected Credit Losses (ECL), three main parameters are considered and estimated, namely: (i) Probability of Default (PD), which represents the likelihood of a default event occurring; (ii) Loss Given Default (LGD), which denotes the estimated losses in the event that a default occurs; and (iii) Exposure at Default (EAD), which reflects the exposure at risk at a point of default. In addition, IFRS 9 requires that allowance be made for forward-looking information in the calculation of ECL, taking into consideration past, actual and future insights on customer behaviours and macroeconomic indicators.

A three-stage approach to the impairment calculation of financial assets is applied under IFRS 9. To determine the staging status of the asset, IFRS 9 requires an assessment of whether there has been a significant increase in credit risk since initial recognition. This dictates the basis on which its ECL is calculated, as illustrated below.



In determining whether there has been significant increase in credit risk or credit deterioration, an entity considers reasonable and supportable information that is relevant and available without undue cost or effort. Within the Group, quantitative and qualitative information are taken into account, based on historical customer experience and credit risk assessment. A financial asset is credit impaired and is in Stage 3 when (i) contractual payments or accounts in excess are past due by more than 90 days; and/or (ii) other quantitative and qualitative factors indicate that the obligor is unlikely to honour its credit obligations.

Relevant entities of the Group calculate ECL parameters for the retail segment on a portfolio basis, i.e. facilities having homogeneous characteristics are assumed to have similar risk behaviours and can reasonably be assigned same parameter values. As for wholesale portfolios pertaining to corporate, financial institutions and sovereign amongst others, they use a combination of internal models and external benchmarking for the calculation of PDs, LGDs and EADs.

Formulation of Expected Credit Losses for FY 2025/26

Reflecting the proactive and prudent approach being endorsed by the Group to hold adequate provisioning levels in view of the still unsteady operating environment, we maintained comfortable levels of ECL during FY 2025/26, underpinned by informed analyses, conservative assumptions and modelling exercises.

In addition to the recalibration of models and review of forward-looking indicators, the entities applied additional overlays when the calculated ECLs were deemed insufficient. For instance, MCB Ltd applied an additional overlay on its retail portfolio for each quarter and conducted an in-depth individual analysis of clients with exposures of Rs 100 million or more for its wholesale portfolio, which resulted in rating overlays or staging overlays where necessary.

As at 30 June 2026, ECL amounted to Rs 10.9 billion, of which Rs 9.8 billion pertained to stage 1 and stage 2 loans and advances, with the corresponding ECL coverage ratio standing at 1.7%.

MCB Ltd

Provisions as at 30 June 2025

Stages	Retail portolios	Wholesale portfolios				
		Corporate	Financial institutions	Project finance	Sovereign	Energy & commodities
	Rs m	Rs m	Rs m	Rs m	Rs m	Rs m
Stage 1						
Exposures	70,739	235,966	116,356	10,947	369,898	245,849
Expected Credit Losses	489	2,675	179	439	139	1,580
Coverage ratio (%)	0.7	1.1	0.2	4.0	0.0	0.6
Stage 2						
Exposures	841	8,256	0	329	0	1,397
Expected Credit Losses	158	1,924	0	82	0	564
Coverage ratio (%)	18.8	23.3	0.0	25.0	0.0	40.4
Stage 3						
Exposures	1,235	9,004	0	0	0	1,670
Specific provisions	509	8,268	0	0	0	1,670
Coverage ratio (%)	41.2	91.8	-	-	-	100.0

Provisions as at 30 June 2026

Stages	Retail portfolios	Wholesale portfolios				
		Corporate	Financial institutions	Project finance	Sovereign	Energy & commodities
	Rs m	Rs m	Rs m	Rs m	Rs m	Rs m
Stage 1						
Exposures	83,972	281,514	130,501	11,835	529,588	358,992
Expected Credit Losses	570	2,827	548	412	88	1,614
Coverage ratio (%)	0.7	1.0	0.4	3.5	0.0	0.4
Stage 2						
Exposures	758	6,084	0	115	0	19,986
Expected Credit Losses	185	1,541	0	29	0	2,608
Coverage ratio (%)	24.4	25.3	-	25.0	-	13.0
Stage 3						
Exposures	1,375	6,378	0.0	0.0	0.0	1,749
Specific provisions	616	5,086	0.0	0.0	0.0	1,749
Coverage ratio (%)	44.8	79.7	-	-	-	100.0

Notes:
(i) Figures may not add up to totals due to rounding
(ii) Stage 1 comprises both on- and off-balance sheet exposures while stages 2 and 3 comprise only on-balance sheet exposures
(iii) Stage 3 exposures do not include interest in suspense on loans and overdrafts
(iv) Figures exclude investments fair valued through other comprehensive income
(v) Figures in the above table are audited

Overseas banking subsidiaries

Provisions as at 30 June 2025

Overseas banking subsidiaries	Retail	Corporate	Financial institutions	Sovereign
	Rs m	Rs m	Rs m	Rs m
Stage 1				
Exposures	3,521	18,361	9,154	22,563
Expected Credit Losses	33	144	8	77
Coverage ratio (%)	0.9	0.8	0.1	0.3
Stage 2				
Exposures	78	754	0	0
Expected Credit Losses	19	60	0	0
Coverage ratio (%)	23.9	8.0	-	-
Stage 3				
Exposures	330	1,667	0	3
Specific provisions	290	1,155	0	3
Coverage ratio (%)	87.9	69.3	-	100.0

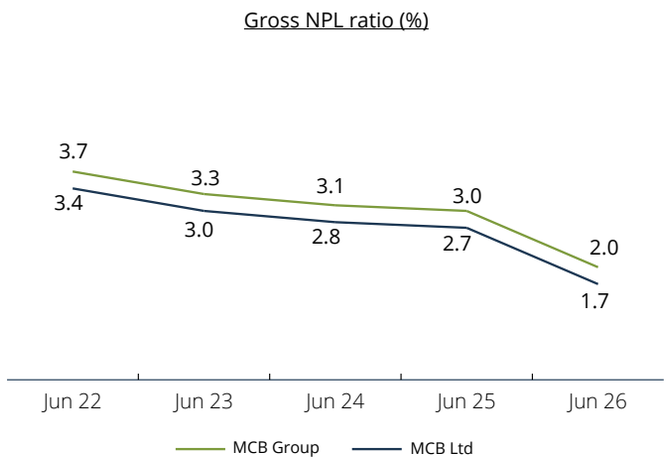
Provisions as at 30 June 2026

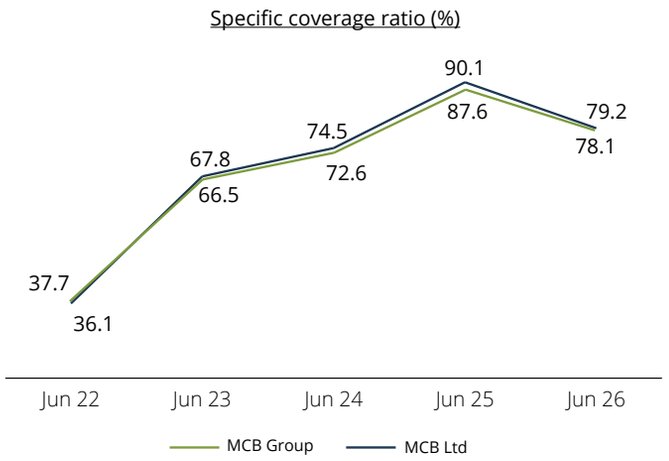
Overseas banking subsidiaries	Retail	Corporate	Financial institutions	Sovereign
	Rs m	Rs m	Rs m	Rs m
Stage 1				
Exposures	4,404	20,698	10,781	29,079
Expected Credit Losses	29	131	7	115
Coverage ratio (%)	0.7	0.6	0.1	0.4
Stage 2				
Exposures	76	1,235	0	0
Expected Credit Losses	18	125	0	0
Coverage ratio (%)	23.2	10.1	-	-
Stage 3				
Exposures	361	2,063	0	3
Specific provisions	298	1,279	0	3
Coverage ratio (%)	82.5	62.0	-	100.0

Asset quality

We improved the general quality of our exposures on the back of careful market endeavours and strong risk management framework, while having also recorded significant recoveries of bad debts and targeted write-offs during the year. Our gross NPL ratio stood at 2.0% as at June 2026, down from 3.0% in June 2025. Our specific coverage ratio stood at 78.1%, with the remaining portion being adequately covered by collateral, suitably discounted to reflect current market conditions and expected recovery time.

Quality of exposures





June 2026	Non-performing loans (NPLs)		Specific provisions	
MCB Group	**Rs m**	***% of exposures***	**Rs m**	***% of NPLs***
Loans to customers				
Agriculture and fishing	460	*6.9*	281	*37.3*
Manufacturing	1,628	*3.7*	1,233	*66.0*
Tourism	354	*1.8*	176	*6.3*
Transport	241	*3.8*	219	*12.0*
Construction *(including property development)*	635	*3.5*	683	*94.5*
Financial and business services	854	*0.9*	705	*78.6*
Traders	2,657	*1.5*	3,173	*88.2*
Personal and professional	1,212	*1.5*	687	*45.2*
of which credit cards	67	*4.5*	59	*88.1*
of which housing	655	*1.1*	232	*30.3*
Global Business Licence holders	2,970	*6.4*	4,767	*100.0*
Others	366	*1.4*	415	*101.2*
Corporate notes/bonds	**380**	***0.7***	**414**	***100.1***
Total	**11,757**	***2.0***	**12,753**	***78.1***

Notes:
(i) For the computation of asset quality ratios, interest in suspense on loans is excluded and exposures also include loans to banks
(ii) Figures may not add up to totals due to rounding

Country risk at MCB Ltd

General approach and objectives

In line with the BoM's Guidelines on Country Risk Management and Cross-Border Exposure, MCB applies a comprehensive framework, backed by control processes to formulate its country risk tolerance and set appropriate country limits. The RMC sets and reviews the country risk framework and country risk appetite parameters. The RMC meets at least quarterly to monitor the performance of the Bank's cross-border exposures, including compliance with the risk appetite, risk limits and overall requirements set out in the framework on cross-border exposure.

Measurement and monitoring

The risk appetite framework establishes clearly articulated parameters and limits that serve as guiding principles for business lines when exploring market opportunities. Target risk profiles are set at Bank level as well as for each portfolio and are complemented by target maturity profiles, consequently ensuring that the risk profile of our cross-border credit exposure portfolio is appropriately balanced.

We carefully monitor country risk events, including macroeconomic developments, sovereign credit worthiness, and specific occurrences such as social unrest, nationalisation and expropriation of assets, foreign exchange controls, currency depreciation/devaluation and political developments. Foreign country exposure limits are set by the Bank on the basis of (i) its current exposures and growth ambitions; (ii) assigned capital for international exposures; (iii) the prevailing economic and market environments as well as the size of economies under review; (iv) sovereign ratings; (v) its areas of expertise as far as its business involvement is concerned; and (vi) its knowledge of the economies.

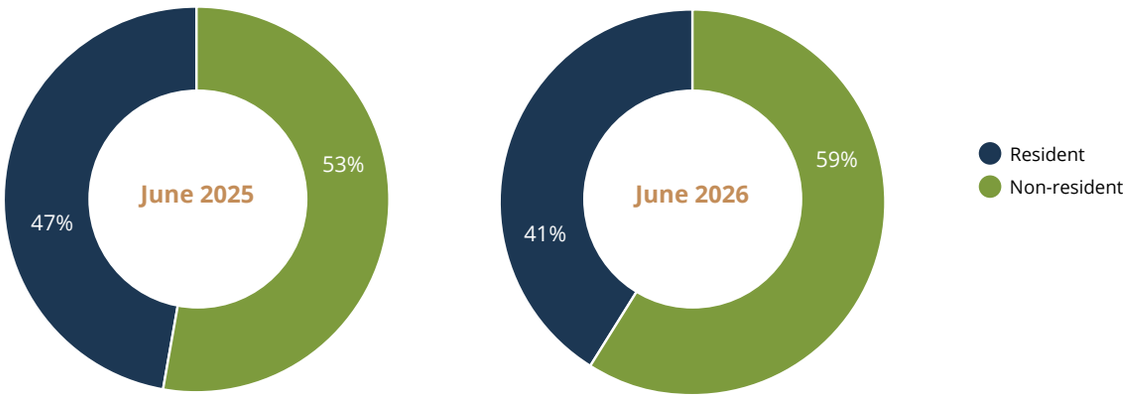
The Bank ensures the proactive monitoring of country risk exposures against country limits and sub-limits that have been set, while promptly reviewing such levels in case of unexpected events. MCB keeps track of the unfolding developments and business opportunities across markets of interest, using open-source data as well as insights garnered from multidisciplinary in-country assessments undertaken by Risk, Legal and Economic Research teams, as well as intelligence gathered through its partners and representative offices. Furthermore, we have also set up a list of 'restricted countries'. No limits are established for the latter countries, with activities only conducted with approval of the RMC.

Mitigation and management

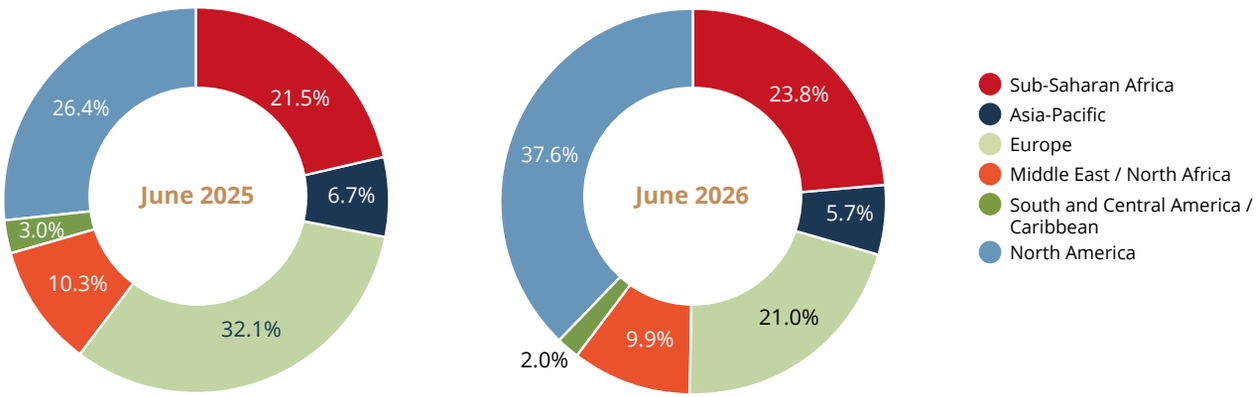
With a view to fostering sound country risk management, we emphasise on (i) regular determination and review of our risk appetite, after making allowance for the evolving operating environment and our strategic ambitions; (ii) diversified exposures across countries and sectors; (iii) undertaking activities in a selective manner, while favouring areas that we are well accustomed to and for which we nurture strategic competencies and technical expertise; and (iv) ensuring that our deals are appropriately selected, structured and ring-fenced (with area specialists handling complex deals), backed by the application of a series of risk mitigants and robust methodologies.

Diversification of exposures

Distribution of customer loan portfolio



Exposures by region *(Excluding Mauritius)*



Note: Exposures include funded and unfunded financing exposures as well as treasury activities

Market risk

General approach and objectives

The Group seeks to minimise the risk of losses in trading positions arising from activities undertaken in or impacted by financial markets. We ensure that an appropriate framework is in place to systematically identify, assess, monitor, control and report the market risk exposures across the trading book. These include market-contingent risks such as counterparty credit risk as well as profit and loss risks arising from market risk activities. We also detect and manage the impact of currency fluctuations, alongside properly managing the net open positions.

At the level of MCB Ltd, the market risk management approach and framework are aligned with applicable Bank of Mauritius Guidelines, namely the Guideline on Measurement and Management of Market Risk and the Guideline on Liquidity Risk Management, as well as internationally recommended practices. The Bank clearly defines its appetite in respect of market risk and manages its exposure through risk limits, at both the individual trading activity and overall entity levels, together with risk targets for structural market risks. In line with relevant guidelines, the Market Risk Policy, which covers both the trading and banking books, ensures that market risk origination, settlement and control are appropriately segregated. The Market Risk and Product Control BU (MRPC BU) undertakes the monitoring and management of market risks and provides financial position and risk analysis information to the ALCO and RMC. The Board sets the risk appetite for market risk and the RMC reviews market risk and liquidity risk exposures and metrics, while also assessing regulatory and other developments.

Our overseas banking subsidiaries operate within the precinct of their Market Risk Policies, which put forward the relevant processes and controls to mitigate interest rate, foreign exchange as well as funding and liquidity risks faced. Market risk sanctioning mandates are delegated to Management for the conduct and monitoring of relevant day-to-day operations and activities. They are assisted by MCB Ltd's Financial Markets SBU in the deployment of their undertakings. The latter function services both their foreign exchange and money market requirements by delivering advisory services through direct access to its traders, who share their views about market trends and provide notifications on relevant updates.

Measurement and management

Interest rate risk

The Group is exposed to interest rate risks, mainly at the level of MCB Ltd by virtue of: (i) its primary dealership status in the local Government and BoM securities market; (ii) its trading positions in international fixed income securities; and (iii) the holding of interest rate derivatives products that are subject to daily fluctuation in rates and yields. To contain its exposure to interest rate risk in the trading book, the Bank resorts to hedging techniques or ensures that certain exposures are conducted on a back-to-back basis. It also sets several sensitivity limits on outstanding positions, such as notional limits and DV01 limits, which measures the change in the value of a financial instrument (or portfolio) resulting from a 1 basis point change in interest rates. Such interest rate metrics are calculated by an engine on both the exposure and its hedge, and are monitored by the Market Risk and Product Control BU.

To further improve its monitoring of trading risk, the MRPC BU, through its Product Control function, monitors the daily Profit or Loss changes arising on both realised and open positions and enforces periodic stop-loss limits across horizons ranging from daily to yearly, with the ultimate objective of limiting downside exposure.

Foreign exchange risk

The Group is subject to foreign exchange (FX) risk from an on-balance sheet perspective, i.e. as a result of imbalances witnessed between the foreign currency composition of our assets and liabilities. The risk to which we are exposed can also be viewed from an off-balance sheet angle through our outstanding positions, mainly in respect of foreign exchange forwards. Exposure to FX risk is monitored against both regulatory stipulations and internal targets, which are, especially, applied to metrics such as the net open foreign exchange position as a percentage of the Tier 1 capital and the overall net foreign exchange risk exposure. In addition, we determine prudential trading, transactional and daily stop-loss limits as applicable.

Asset, Liability and Capital Management Risk

The Group adopts a structured approach to managing Asset, Liability and Capital Management risk, with the objective of safeguarding balance sheet integrity and supporting financial resilience. This involves the continuous oversight of the following key dimensions - interest rate risk, liquidity and funding risk as well as capital risk- through robust governance and sound policies. For Asset and Liability Management, the overarching objective is to ensure that mismatches in asset and liability profiles are effectively monitored and managed, supported by appropriate hedging strategies where relevant, in alignment with regulatory expectations and strategic priorities. Capital management aims to ensure that the organisation maintains adequate capital to support its growth objectives while remaining resilient to potential stress events.

Read more on the capital risk in the Capital Management section (page 198)

Interest rate risks in the banking book

Measurement, monitoring and management

In the banking book, the Group's primary exposure to interest rate risk stems from mismatches in the reset dates of its on- and off-balance sheet assets and liabilities. These exposures are measured and monitored through regular interest rate gap analysis and earnings sensitivity assessments that evaluate the impact of changes in interest rates on net interest income (NII). The Group also performs sensitivity analyses on the Economic Value of Equity (EVE) and NII under a range of prescribed and internally defined interest rate scenarios, including both parallel and non-parallel shifts of the yield curve, to assess the resilience of the balance sheet under varying market conditions.

The Group mitigates interest rate risk through prudent balance sheet management, including the use of floating-rate instruments linked to market benchmark rates, diversification of asset and liability repricing profiles, and adherence to established risk appetite limits, with close oversight by ALCO. Behavioural assumptions are applied to deposits, loan roll-overs and the conversion of off-balance sheet exposures to on-balance sheet exposures to ensure that exposures are assessed realistically. This approach ensures that risks remain within appetite while safeguarding the earnings of the balance sheet.

Liquidity and funding risk

General approach and objectives

The Group is committed to maintaining robust funding and liquidity positions that support its business development ambitions. While it accesses wholesale and bond markets as and when required, the Group prioritises sources of funding that are cost-efficient, diversified and stable, with a primary focus on customer deposits. Furthermore, an appropriate level of liquid assets is kept to ensure that obligations can be met within a reasonable timeframe.

The ALCO of the banking subsidiaries oversee the management of liquidity and funding risk in line with regulatory requirements and internationally recommended practices. The ALCO has set robust strategies, policies, processes and systems for the identification, measurement, management and monitoring of liquidity risk over an appropriate set of time horizons. The RMC also reviews a summary of liquidity risk exposures and metrics, while assessing regulatory and other developments affecting the entities in this respect. The Market Risk Policy stipulates that liquidity risk oversight is conducted independently of the risk-taking units, reinforcing the Group's commitment to sound risk management practices.

Measurement and monitoring

Funding and liquidity risk is measured and monitored separately for each material currency, for foreign currencies on an aggregated basis and on a consolidated level. The Group assesses funding and liquidity positions with respect to obligations under both Business As Usual (BAU) and stressed conditions. At the level of MCB Ltd, it sets risk appetite limits on metrics such as the liquidity coverage ratio (LCR), Net Stable Funding Ratio (NSFR), Loan-to-Deposit Ratio, survival horizon and 1-year impact on earnings for significant currencies, whilst monitoring other ratios and Early Warning Indicators to assess its liquidity situation. The key actions undertaken to ensure that funding and liquidity risk is effectively measured and monitored at the Bank include the following:

- Robust Contingency Funding Plan in place which *inter alia* provides for active monitoring and reporting of Early Warning Indicators and courses of action under a liquidity stress; Scenario analysis conducted by simulating withdrawal of funds e.g. withdrawal of USD current accounts under severe stress scenarios; Uncommitted money and short-term forex swap and repo lines regularly tested for liquidity depth
- Maintenance of adequate high-quality liquid assets (HQLA) buffer as well as achievement of conservative maturity transformation and operational deposit optimisation to ensure compliance with the LCR with monitoring/reporting for assets and liabilities denominated in significant currencies. This entails close monitoring of the LCR and circulation of the ratio to Management on a daily basis. LCR, along with other liquidity indicators, such as gap analysis and BIS net stable funding ratio (NSFR), are presented to the ALCO on a monthly basis and to the RMC on a quarterly basis; Carrying out of frequent simulation on LCR, based on what if investment in HQLA and renewal of wholesale market funding
- Diversification of balance sheet funding sources with a mix of internal treasury surplus, institutional lines of credit and trade refinancing lines
- Active monitoring and management of daily liquidity through a daily Operational Cash Flow model, which provides the Bank with daily cash flow projection over different time bands under various scenarios

Mitigation and management

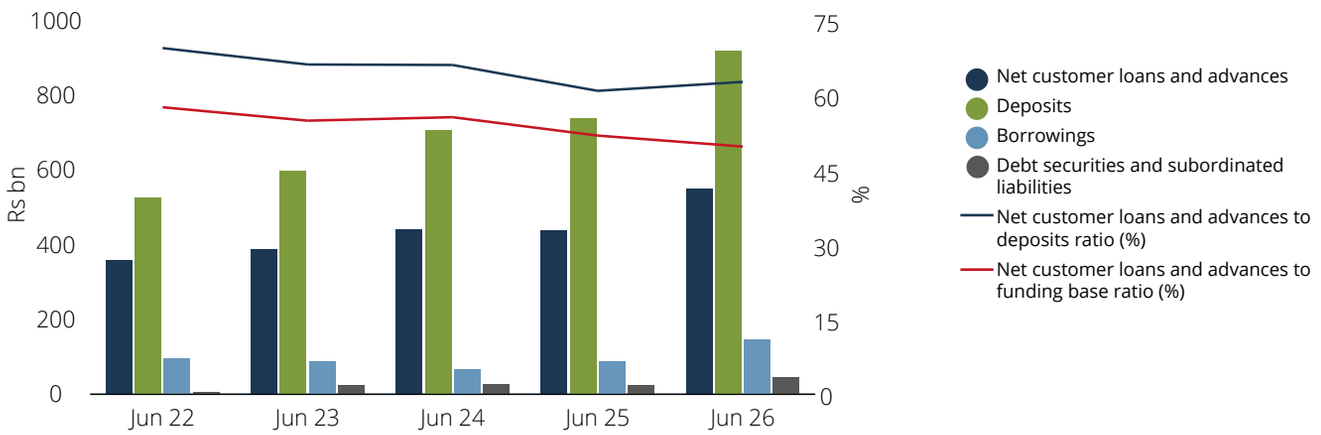
The Group diligently manages and diversifies the funding and maturity profile of the balance sheet in order to ensure that we can successfully deploy our strategic endeavours over the short and longer runs.

To achieve this, banking entities of the Group employ a methodical approach that involves creating a time ladder of continuous assets and liabilities cash flows. This approach minimises the risk of undue accumulation of cash flows in any single time segment, especially those falling due in the near future, thereby maintaining a balanced and resilient liquidity profile. They use cash and liquidity gap profiles for both local and significant foreign currencies to analyse and monitor the impact of projected disbursements by lines of business. They also undertake the behavioural analysis of their non-maturity current and savings account balances to assign an actuarial maturity profile that accurately reflects the stickiness and stability of these balances.

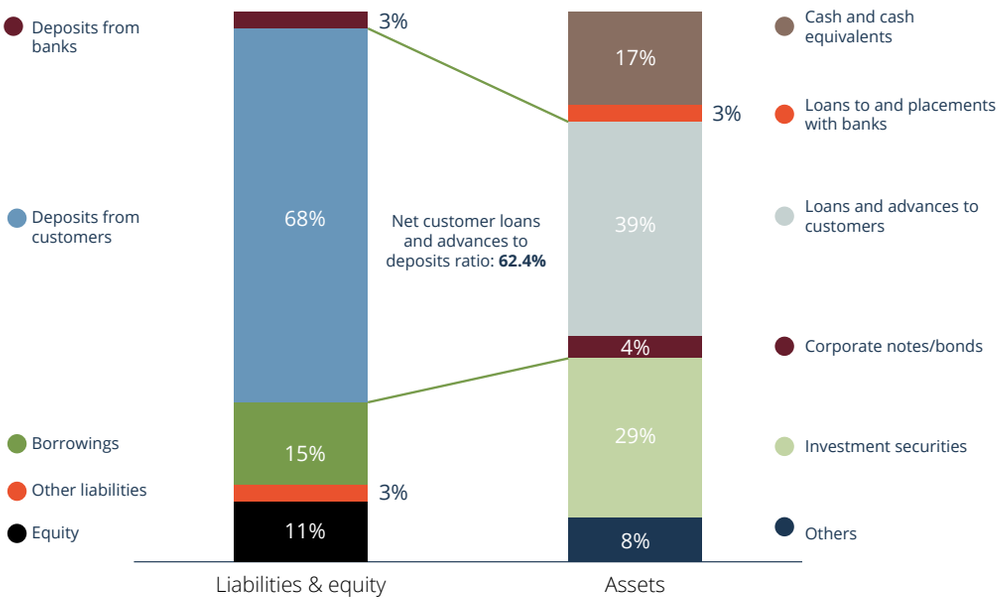
The stock of liquid assets is proactively managed to cover day-to-day cash management needs as well as to provide for an adequate coverage of the risk-weighted cash outflows associated with the standardised crisis scenario under the Basel III framework for liquidity coverage ratio. The components of the liquid assets buffer are also managed taking into account market risk volatility, the credit risk weighting and the low returns typically associated with holding such highly liquid assets. This prudent management ensures that the banking entities remain well-prepared to address potential liquidity challenges without compromising their financial stability.

During the year, we sustained efforts to maintain substantial buffers in light of the challenging economic environment, with the Group continuing to display strong funding and liquidity positions in FY 2025/26. We have been active across multiple markets to secure sufficient funding resources to support our growth ambitions. In this respect, we leveraged placements from banks and repurchasing agreements. Over the past years, MCB Ltd has strengthened its liquidity and funding position through successful funding initiatives. These strategic moves have strengthened the Bank's overall financial position and underscore its commitment to maintaining a robust and diversified funding base. Building on this momentum, in FY 2025/26, the Bank closed a new USD 450 million GCC and India focused Syndicated Term Loan and USD 400 million through a Euro-bond issuance under our Global Medium Term Note Programme listed on the London Stock Exchange.

Loan and funding base



Asset funding structure as at June 2026



MCB Ltd: Key liquidity ratios

Liquidity coverage ratio (LCR)

In alignment with Basel III rules, the objective of the LCR is to promote the short-term resilience of a bank to liquidity shocks. With regard to MCB, the LCR ensures that the Bank maintains an adequate reserve of unencumbered high-quality liquid assets (HQLA), which can quickly be converted to cash to cover cash outflows during a 30 calendar day period of significant liquidity stress. As per local regulations, the LCR is computed as the ratio of the stock of unencumbered HQLA to the net cash outflows over the next 30 days in the event of an acute liquidity stress scenario. The minimum regulatory LCR stands at 100% for MUR, as well as for material foreign currencies, and consolidated LCR. The Guideline on Liquidity Risk Management requires banks to immediately notify the Bank of Mauritius of the use of HQLA denominated in major currencies that are freely convertible, transferable and actively traded in global foreign exchange mWarkets to cover liquidity needs in other such major currencies, amongst others.

As at 30 June 2026, MCB operated comfortably above the stipulated LCR requirements. It reported a consolidated LCR of 401%, reflecting a stable liquidity position with sufficient HQLA to fund cash outflows over the next 30-day period. At currency level, the Bank's LCR in dollar terms stands at 558%. It can be noted that HQLA eligible for the purpose of calculating the LCR as per set rules consist of cash or assets that can be converted into cash at little or no loss of value in markets. In this light, MCB diligently managed its investment portfolio, holding suitable levels of investment in sovereign and cash liquid assets. This strategic approach not only contributes to meeting regulatory requirements but also reinforces the Bank's readiness to navigate various market conditions while preserving value and stability.

Net stable funding ratio (NSFR)

Under Basel III, the NSFR aims to strengthen the resilience of a bank over a longer time horizon. It achieves this by requiring the Bank to maintain a stable funding profile relative to the composition of its assets and off-balance sheet activities so as to mitigate any future funding stress. The NSFR effectively recognises a bank's maturity transformation role in the credit creation and resource allocation process. It seeks to limit the bank's over-reliance on short-term wholesale funding or the running of large funding gaps meant to sustain rapid balance sheet growth.

MCB Ltd closely monitors its NSFR to ensure it remains above the minimum regulatory threshold of 100%. As at 30 June 2026, the Bank reported an NSFR of 151%, demonstrating a robust funding structure supported by a well-diversified and stable funding base. This strong position underscores the Bank's prudent funding strategy and commitment to maintaining long-term financial resilience while supporting sustainable business growth.

Zoom on MCB Capital Markets (MCBCM)

By virtue of their activities, MCBCM and its subsidiaries are exposed to both financial and non-financial risks.

Financial risks:

Through its brokerage business, MCB Securities Ltd (MCBSL), MCBCM acts as market-maker and liquidity provider in respect of certain securities listed on the Stock Exchange of Mauritius. Appropriate safeguards have been implemented to ensure that any risks arising from this activity are properly mitigated. MCB Securities also offers underwriting services to corporate clients and is thus subject to financial risks. Such risks are managed by a formal process that involves: (i) a review and decision by MCBSL's Transaction Review Committee; and (ii) Escalation to the SMC for final review and approval.

Moreover, MCBCM is involved in the structuring, issuance and management of Credit Linked Notes. The underlying instruments are medium and long dated debt securities but are structured so as to provide targeted investors with regular exit windows, hence improving the liquidity profile of these financial products. Associated financial risks being borne by MCBCM also require some degree of active funding and liquidity management, mainly through adequate levels of capitalisation and access to appropriate funding lines.

The Group is also exposed to financial risks via its investment vehicles, MCB Equity Fund and MCB Real Assets, and, as such, ensures that it has the appropriate framework in place, including relevant due diligence, financial appraisal and follow-up of prospective investments, to manage and mitigate those risks.

Non-financial risks:

MCBCM is exposed to reputational risk given the potential conflict of interest particularly between buy-side and sell-side activities. This risk is managed through strict separation of the two activities both physically and in terms of information flows. Rigorous procedures are in place to control business interactions between these activities so as to ensure that transactions (if any) are carried out at arm's length. These procedures are further monitored by an independent risk function to ensure strict adherence thereto.

Model risk

General approach and objectives

We make use of models for a broad range of business and risk management activities, such as in the credit approval process, valuation of risk exposures, stress testing exercises and pricing strategies. Such applications invariably give rise to risks of model errors that could expose the organisation to financial loss or reputational damage. The Group is determined to continuously enhance its model risk management framework, alongside strengthening capabilities to minimise uncertainty of output and cater for the increasing complexity of models. We adopt best practices for transparent model development, implementation, and validation. At the level of MCB Ltd, model risk oversight is assumed by the Model Review Committee, which is chaired by the Chief Risk Officer, and is responsible for validating all new, updated or recalibrated models and assessing if models are fit for purpose, efficient and make business sense.

Mitigation and management

Policies and procedures have been established to ensure the effective development, deployment and validation of models and adequate performance monitoring thereof. Model development data, which are guided by principles of transparency, explainability and auditability, are thoroughly assessed before use. Before models are deployed, they go through an internal validation process covering dimensions such as data sampling, variable treatments, variable selection, model design, and measures of model performance during back-testing exercises, among others. All relevant stakeholders are involved during the development phases of the models. In addition, Management and model sponsors are regularly updated, at each critical milestone of model development and deployment. The organisation's business rules are implemented in certain cases to make models more rigorous in areas which cannot be directly modelled. These rules, which are continuously adapted to reflect prevailing economic and market conditions, are also helpful in cases of severe economic downturns where models might not perform as expected. Moreover, in order to curtail the risk of losses from incorrect model decisions in loan approvals, automated model decisions are meticulously designed and allowed within a pre-set maximum loan limit. Furthermore, models are periodically assessed post-deployment to evaluate input drift and accuracy. Once sufficient historical data is available, back-testing is conducted to validate their robustness and reliability.

Operational risk

General approach and objectives

The Group aims to identify, mitigate and manage operational risks across activities, processes and systems in line with the defined risk tolerance. The objective is to underpin the continuity of our operations and anchor a solid platform to provide customers with seamless services. Towards determining the operational risk tolerance levels, we set risk acceptance and mitigation limits in respect of the principal categories of operational risk as appropriate. Operational risk sanctioning mandates and day-to-day oversight responsibilities are entrusted to the Management of Group entities. The latter are responsible for the application and effectiveness of their respective Operational Risk Policy as approved by relevant governance bodies. The operational risk policies formulate the principles and methodologies for the management of operational risk. They set out a framework which is aligned with best practices and standards, advocated rules and norms on the local and international fronts, while setting out the relevant roles and responsibilities within the entity. As part of their responsibility to implement the operational risk management framework, Management has to (i) ensure compliance with underlying objectives set in terms of the management of such types of risk; and (ii) foster the development, implementation and documentation of internal controls and processes.

Measurement and monitoring

The determination of the risk exposures is anchored on the regular review of operational risks inherent in internal processes and client solutions, with monitoring thereof performed against acceptable tolerance limits. MCB Ltd applies the Alternative Standardised Approach for calculating and reporting its operational risk capital charge whilst the other entities apply the Basic Indicator Approach. Information on operational risk events is recorded in centralised databases, which enables systematic root cause and trend analysis for necessary corrective actions.

Mitigation and management

Operational risk mitigation relies on appropriate processes and systems, backed by the clear segregation of duties, dual control as well as the regular verification and reconciliation of transactions. The control environment is based on the appropriate risk culture, fostered through risk awareness sessions targeting relevant audiences. For example, an overview of both Operational Risk and Business Continuity Management is provided – in the form of a dedicated induction course – to new employees joining the Group. The latter's Operational Risk Management Framework relies on three primary lines of control, as shown below.

Board or Sub-Committee of the Board

Risk Management Execution	Risk Management Framework & Oversight	Independent assurance
Strategic Business Units & Entities of the Group	**Risk & Control function**	**Internal Audit**
• Risk owners - Responsible for identifying and controlling risks • Implement internal control procedures • Initiate actions and mitigation strategies • Report risk incidents	• Oversee the conduct of the policy • Oversee risk owners in managing operational risks • Monitor corrective actions • Promote Operational Risk Culture	• Provide assurance on design and effectiveness of 1st and 2nd line • Advisory role to process improvement • Verify effectiveness of the operational risk framework

At the level of MCB Ltd, whilst the Operational Risk BU is responsible for the identification, assessment and management of related risks, operational risk management forms part of the day-to-day responsibilities of Management and employees. The Operational Risk Cartographies of the various SBUs are regularly updated and leveraged for the assessment of operational risks and the implementation of relevant controls.

Specific tools and systems adopted by the Bank – such as the incident reporting system – are also leveraged by subsidiaries and tailored to their business realities for the management of operational risks. In addition, staff are offered training courses from MCB Ltd to ensure that they are well prepared to deal with specific risk management needs.

At MCB Capital Markets, the initial stage for the management of operational risks includes formal reviews of procedures and processes, analysis of complaints, incident reports and IT change requests as well as review of new products and services. The output is then used to update MCBCM's risk libraries which have been revised following the Risk Control Self-Assessment exercise facilitated by Group Risk in September 2025. This ensures that, where applicable, all material risks faced by the business are captured along with their corresponding pre-control ratings. These risks are eventually reassessed taking into account existing and additional controls that are required to arrive at a post-control rating. Any residual post-control risks deemed material will lead to a re-design of the relevant controls until such risks are adequately addressed, mitigated or eliminated.

In addition, MCBCM has embarked on an exercise to align its current active compliance methodology with MCB Group's Permanent Supervision methodology, including the formalisation of a control library and the implementation of key risk indicators within MCBCM entities. This aims to ensure a Group-standardised approach to the identification, monitoring and mitigation of key operational and compliance risks.

Health and safety

The Group ensures the highest standards of safety and health are adopted across all our business activities and on our premises. Towards this end, it complies with the provisions of relevant legislations. We maintain a safe and healthy environment for our staff and clients through regular health and safety audits and on-site inspections. These reviews help identify potential hazards and implement appropriate measures to mitigate risks. By promoting a strong safety culture across the organisation, we help prevent accidents, reduce injuries, and ensure a secure environment for everyone.

Business continuity risk

General approach and objectives

A robust and proactive approach to Business Continuity Management (BCM) is adopted by the Group to ensure that its entities continue to conduct their key business activities and deliver products and services in case of unforeseen events or business disruptions at acceptable pre-defined service levels. The Group aims to minimise the potential damage that such disruptions can cause to people and business activities, while setting forward to safeguard the reputation of entities and the interests of key stakeholders by effectively planning for and responding to incidents.

Mitigation and management

The Group's Business Continuity Management (BCM) framework is an integral component of the Operational Risk Management framework and is encapsulated in entities' respective BCM policies. These policies set out the governance structure, methodology and principles for managing disruption-related risks, with a forward-looking focus on emerging threats, such as cyber risks, climate-related events and third-party dependencies, alongside traditional risks including technology outages and site unavailability. The BCM programme is centrally coordinated by entities' risk functions, in collaboration with relevant support functions. Crisis roles and responsibilities are clearly defined: dedicated Crisis Management Teams provide central command during a crisis, supported by specialised crisis teams and Business Continuity Champions within business segments who act as process owners for the design, periodic review and maintenance of recovery plans aligned to each entity's specificities.

Contingency strategies are refreshed on a continuing basis and validated through a structured cycle of exercises to confirm effectiveness and readiness to protect mission-critical activities. Banking entities conduct planned and unplanned disaster recovery (DR) simulations to validate DR site operability and the failover of critical systems; for illustration, MCB Ltd completed its planned annual concurrent DR simulation during the year and executed additional unplanned exercises to evidence technical readiness. Cyber resilience is assessed through immersive crisis simulations using realistic, evolving attack scenarios to test response capabilities and cross-functional coordination, while climate resilience is exercised-through remote-working and alternative service-delivery arrangements during adverse weather. Findings are formally documented, with remediation actions assigned and tracked to closure through the BCM programme, reinforcing continuous improvement and overall organisational resilience.

Cyber and information security risk

General approach and objectives

The Group adopts a dedicated approach to safeguarding its information security, alongside complying with applicable regulatory requirements on data protection. It ensures that the Group is prepared to respond to potential cyber-attacks and threats to information assets in a timely and effective manner. The Group's primary objectives are to maintain the confidentiality, integrity, security, and availability of information assets stored, processed, and transmitted throughout the organisation. In addition, the Group aims to handle and mitigate cyber risks, establishing a strong IT platform to aid the delivery of the organisation's strategic objectives, while protecting confidentiality and preventing misuse of systems and business disruptions.

Mitigation and management

Risk management implies the regular conduct of information risk assessments so as to identify issues that can potentially harm the organisation's information assets and recommend adequate mitigating controls. At MCB Ltd, the Cyber & Information Security Risk (CIS) BU is responsible for, *inter alia*, developing and maintaining cyber, technology and information risk policies, in line with the evolving operating and threat landscapes, as well as the requirements set by the regulator and other major stakeholders. The key objective is to ensure that an adequate level of security is maintained to protect private, confidential, personal and any other sensitive information held by the Bank. Importantly, the Group has taken the necessary steps to ensure compliance with the requirements of the Mauritius Data Protection Act (DPA) and applicable Bank of Mauritius (BoM) guidelines by regulated entities based in Mauritius, as well as with the European Union's General Data Protection Regulation (GDPR), where applicable.

The risk mitigation strategy encompasses regular threat and vulnerability assessments and the implementation of appropriate controls. The organisation has established comprehensive processes to manage access to logical information, ensuring that access is restricted to individuals with a justified business requirement, and is subject to continuous monitoring and control. The Group has cyber incident response plans, disaster recovery plans, business continuity plans and crisis management plans that are regularly reviewed, simulated and tested. Moreover, a proactive promotion of a cyber risk culture has resulted in enhanced security awareness amongst staff. These measures form a cohesive framework designed to protect the Group's assets and maintain operational resilience.

The Group's cybersecurity risk management is structured across multiple levels, each with distinct responsibilities. At the operational level, the Information Security BU manages day-to-day security operations, incident response, threat intelligence, and disaster recovery. The CIS BU provides strategic oversight, focusing on risk identification, management, policy formulation, and governance. This unit ensures compliance with security practices across all domains of cyber, information, data, and technology. The Internal Audit function offers an independent assessment of the effectiveness of the Group's cybersecurity measures, providing an additional layer of assurance. To maintain the efficacy of our security posture, the Group conducts annual audits of its information security policies and systems. The CIS BU regularly reports its findings, recommendations, and assessments to executive committees and the Cyber and Technology Risk Committee (CTRC), ensuring that cybersecurity, technology risks and data protection remain at the forefront of the Group's risk management agenda.

From a broader perspective, the Group's entities are guided by roadmaps that have been developed in order to ensure that policies and processes are continuously geared up to effectively cope with growing challenges posed by cyber threats. As such, several initiatives have been deployed to strengthen and ensure the robustness of the entities' information security including regular independent Penetration Testing and Vulnerability Assessments by leveraging external expertise.

Zoom on our Permanent Supervision framework

The Group continues to apply the Permanent Supervision methodology across banking entities to reinforce independent controls within its second line of defence. The Permanent Supervision approach is governed by the Group Internal Controls Policy and by rules and standards prevailing locally, notably: (i) applicable laws; (ii) regulatory requirements and guidelines; (iii) relevant Basel requirements; and (iv) guidance provided and principles formulated by the Committee of Sponsoring Organizations of the Treadway Commission, a joint initiative to combat corporate fraud established in the US by private sector organisations. The banking entities of the Group also adhere to dedicated internal control policies, which formulate the key principles and underlying governance framework underpinning the efficient development, deployment and monitoring of control activities undertaken by different sections of the organisation. The applicable framework sets out the relevant roles, responsibilities and reporting mechanisms to assist in fostering sound and stable operations within the entity.

The Group applies a series of controls with respect to internal processes and client solutions. Such controls are regularly reviewed and actively monitored in order to gauge the applicability and effectiveness of actions taken. Internal control forms part of the day-to-day responsibilities of Management and all employees. At MCB Ltd in particular, while Management is responsible to implement the internal control framework, the Permanent Supervision BU, through dedicated Risk & Control Executives, is responsible for providing ongoing assurance on the effectiveness of the internal controls embedded within the Bank's processes through ongoing controls testing and continuous monitoring mechanisms. The Risk & Control Executives across SBUs regularly report any internal control deficiencies observed, while ensuring timely escalation of findings to Heads of host SBUs, the IORC and the Audit Committee as appropriate. Identified internal control deficiencies are managed in a timely and effective manner through adherence to established procedures and proper monitoring of the implementation of reinforcement measures.

Compliance and Permanent Supervision perform continuous monitoring of regulatory compliance and the effectiveness of controls respectively, while Internal Audit provides independent, risk-based assurance. Coordination among these functions through structured information sharing and assurance planning helps ensure comprehensive risk coverage and coherent reporting of risk assurance outcomes across the Group.

Compliance risk

General approach and objectives

Forming part of the Group's second line of defence for managing risks, the Group Compliance function is duty-bound to provide assistance to the Board and Management of the Group entities in order to ensure that business activities are conducted in strict compliance with applicable laws, rules, regulations, industry codes of conduct, policies, standards and good governance practices. The main objectives include complying with all relevant stipulations to safeguard the organisation's assets and shield it from legal and regulatory sanctions and financial/reputation losses, while at the same time ensuring a sustainable growth both for its stakeholders and the society.

We also continually strive to ensure consistency between the conduct of business operations and the observance of relevant laws, regulations and standards of good market practices. This is achieved through the continued identification of compliance-related risks, ongoing assessments, and the design of adequate controls. As a socially responsible organisation, the Group is committed to upholding ethical conduct and adherence to legal standards which, in turn, reinforces the trust and confidence of our stakeholders, including investors, customers and the communities in which the Group operates. It fosters a compliance-oriented culture, supporting business lines in delivering fair outcomes for customers and preserving the Group's reputation, all while helping to achieve sustainable business development objectives.

The Group Compliance function also helps to protect the Group's goodwill and to minimise the risk of investigation, prosecution, regulatory sanctions and penalties.

The year in review from a Compliance Risk perspective

During the year, we ensured that our business activities were conducted in adherence to our compliance framework while further reinforcing Group-level oversight. The Group Compliance function oversees the compliance aspects of the banking and non-banking entities of the Group, both locally and internationally where the Group has a presence. While such oversight is undertaken by the Group Head of Compliance and respective teams, each subsidiary retains ownership of the risks arising from its operations and responsibility for the management of its compliance function.

The Group continued to strengthen its compliance framework in response to evolving regulatory requirements and emerging risk trends. Relevant policies, procedures and controls are being reviewed and enhanced across the Group to support alignment with applicable regulations and international standards, while promoting the effective management of compliance and financial crime risks.

Group Compliance AML/CFT/CPF initiatives

Financial crime risk management remains a cornerstone of the Group's governance and risk management framework. During the year, the Group further enhanced its Anti-Money Laundering, Countering the Financing of Terrorism and Proliferation Financing (AML/CFT/CPF) framework through strengthened risk assessments, customer due diligence processes, sanctions screening controls, monitoring activities and staff awareness programmes. These initiatives contributed to safeguarding the integrity of the Group's operations and protecting customers, investors and the broader financial ecosystem. Supported by a risk-based approach and ongoing employee training, the Group remains committed to meeting its legal and regulatory obligations while fostering a strong culture of compliance and ethical conduct.

Group Compliance main objectives

One of the main objectives of the Group Compliance function is to foster collaboration, create synergy and promote a harmonised approach to compliance and regulatory matters across the Group. This operationalisation of the Group Compliance function is achieved through the following key Group initiatives:

1. Centralised oversight – by identifying emerging trends, regulatory developments, gaps and best practices across the Group, while simultaneously reducing duplication of efforts
2. Economies of scale – optimising the use of resources, expertise and compliance-related technology to enhance efficiency and effectiveness
3. Standardisation of policies and procedures – promoting a consistent and risk-based approach to the management of compliance risks across the Group, where appropriate
4. Enhancing overall compliance effectiveness – monitoring activities, reviews and oversight across Group entities to support sound compliance risk management
5. Capacity building and knowledge sharing – fostering the exchange of expertise and best practices across the Group while enhancing staff competencies through continuous learning and development initiatives

Group Compliance main priorities

From a holistic perspective, the main compliance priorities during the year in review encompassed the following:

- Implementing Group compliance controls, policies and procedures
- Ensuring adherence to Group's Code of Ethics and Business Conduct, Anti-Bribery Policy, Whistleblowing Policy and Fraud Policy to uphold good conduct, good order and the values of honesty and integrity
- Promoting strong ethical behaviour amongst employees of the Group as well as preventing, identifying and managing potential conflicts of interest
- Conducting compliance risk assessments, compliance audits and reviews
- Providing proactive compliance advice and support
- Conducting regular awareness and training programmes aiming to promote compliance culture, transparency and coherence across the Group
- Revamping and upholding the Group's whistleblowing system
- Ensuring ongoing enhancement of the transaction monitoring, sanctions screening, alert management frameworks and data analytics capabilities to reinforce effectiveness
- Implementing innovative and technology-enabled compliance solutions
- Conducting Enterprise Risk Heat Map and the Enterprise Wide Risk Assessment (EWRA) from an AML/CFT/CPF perspective, including the identification of new/emerging risks and ensuring corrective measures are taken and monitored to minimise the likelihood of the risks materialising
- Paying continuous attention to the fast-changing legal and regulatory framework and undertaking regular reviews of ongoing developments with respect to laws, regulations, guidelines and standards of good practice
- Fostering trusted relationships with regulatory and supervisory bodies by sustaining productive and value-adding dialogue to support effective engagement and cooperation
- Increasing synergies and close collaboration amongst risk functions and with other areas of the Group to promote a coordinated and holistic approach to risk and compliance management

Legal risk

General approach and objectives

The Group manages legal risk through a proactive and integrated approach combining legal expertise, market intelligence, strong governance and technology-driven solutions. The Legal SBU serves all Group entities, except MCB Capital Markets Ltd which maintains its own legal department, and plays a critical role in the risk management framework. It has a dual mandate: to act as guardian of legal risk and regulatory integrity, and to enable business. Its objectives are to ensure adherence to applicable laws, regulations, guidelines, codes of conduct and contractual obligations, alongside the Compliance SBU; protect revenue while supporting business lines within legal confines; address complex legal issues at both local and international levels, including cross-border interpretations; and promote a holistic risk culture in close coordination with Group Risk. The function oversees traditional areas such as litigation and regulatory compliance, as well as emerging domains including data privacy, ESG and sanctions enforcement.

Mitigation and management

Legal risk is monitored and managed through defined controls, specialist collaboration and targeted use of technology. The Legal SBU works closely with the Compliance SBU on anti-corruption, AML, CFT and sanctions to ensure a unified approach to legal and regulatory risks. The MLRO Office leads and coordinates investigations into suspicious activities and transactions. For commercial litigation, the department applies a settlement-driven approach that prioritises resolution. Cross-border matters are managed through structured legal opinions and, where appropriate, engagement of external counsel. The department has begun automating elements of contract drafting and review, with human oversight, and plans to further leverage technology and artificial intelligence to enhance efficiency and control.

Climate risk at MCB Ltd

General approach and objectives

Climate risk may directly or indirectly affect banks through exposures to customers, resulting in both financial and non-financial impacts. At MCB, we assess the impact of climate change on financial risks through physical and transition risk factors.

Physical risk

This refers to potential losses and economic costs which may arise due to increased severity of extreme weather events such as cyclones and floods (acute risks) and longer term shifts in climate patterns such as sustained higher temperatures and rising sea levels (chronic risks).

Transition risk

This refers to potential losses and economic costs which may arise due to significant and rapid policy changes, disruptive technology development or market sentiment shifts as part of the transition towards a lower carbon economy.

Governance and oversight

The Bank operates within a well-established governance framework, which has been adapted to cater for climate-related risk management considerations. This is set out in the context of the broader sustainability governance structure.

In May 2026, the Board approved a Climate-related Financial Risk Policy, which sets out the governance arrangements - including the roles and responsibilities of the Board, senior management and relevant internal functions - for managing climate-related financial risks in alignment with the Three Lines of Defence model. Under the Policy, physical and transition risk indicators are monitored regularly and reported to the RMC on a half-yearly basis. The RMC oversees the progressive development and integration of these considerations into the Bank's broader risk management framework.

Read more about our sustainability governance structure in the Sustainability Report on our website

Measurement, monitoring and management

The Bank has established methodologies to identify, assess and monitor both climate-related physical and transition risks across its portfolio. Physical risk assessments are performed using a platform provided by an internationally recognised service provider that evaluates current natural hazard exposures and projected climate-related risks under selected Intergovernmental Panel on Climate Change (IPCC) scenarios across short-, medium- and long-term time horizons.

To assess transition risk, the Bank has developed an internal methodology that evaluates the potential impact of climate transition pathways on its wholesale portfolio. The approach incorporates selected Network for Greening the Financial System (NGFS) scenarios and considers the potential impact of carbon pricing across different time horizons. Alongside exploring the integration of the financed emissions calculation being undertaken under the Partnership for Carbon Accounting Financials (PCAF) framework, the transition risk methodology is being further enhanced to capture additional transmission channels.

Read more about our PCAF approach in the Sustainability Report on our website

The Bank runs regular climate-related physical and transition risk assessments on its in-scope portfolio, covering a range of sectors and geographies. Climate-related financial risks are being progressively embedded into existing risk management processes, including through the incorporation of a climate-related scenario in the ICAAP stress testing exercise to assess potential impacts on the Bank's risk profile and capital adequacy over the planning horizon. The Bank has also embedded climate risk considerations into its sector-specific policies for Oil and Gas and Metals and Mining and is implementing a climate risk screening questionnaire as part of its Environmental and Social Risk Management process.

Read more on the ICAAP stress testing exercise in the Capital Management section (page 198)

Environmental and Social risk at MCB Ltd

General approach and objectives

MCB Ltd is committed to contributing to the sustainable development of countries where we operate. We have integrated environmental and social (E&S) risk management into our credit value chain to promote positive impacts and mitigate potential negative effects on people, communities, and the environment. Our approach is guided by our internal E&S Risk Policy, which outlines our commitment to identifying and managing E&S risks in our financing activities. The E&S Risk Policy is reviewed annually to ensure alignment with evolving standards and our operating context.

Our dedicated Environmental and Social Risk Management function sits within the Risk function and is responsible for the identification of E&S risks in financing activities and for the provision of recommendations on E&S matters, with the Head of Credit Management integrating the objectives of the E&S Risk Policy into relevant credit committees and processes. Exposure of ESRM-eligible transactions, including highly E&S-sensitive exposures, is reported quarterly to the Risk Monitoring Committee. The Executive Credit Committee (ECC) ensures E&S and reputational risks are considered alongside credit risks in decision making.

Measurement, monitoring and management

MCB Ltd has developed a systematic Environmental and Social Risk Management (ESRM) methodology to identify, assess, manage, and monitor E&S risks in our lending activities in line with our E&S Risk Policy, which defines transactions eligible for E&S Risk Assessment, covering all sectors within our risk appetite. Our scope of application is aligned to the Equator Principles, with a lower financial materiality threshold for Project Finance, which applies to corporate and MME/SME clients, sustainable financing products, corporate and government loans and unfunded facilities. We are dedicated to also addressing emerging E&S risks such as biodiversity loss, gender issues, and working conditions across various sectors through the use of newly developed tools to enhance assessment of those risks.

Our ESRM process begins with a preliminary E&S screening to ensure compliance with our Board-approved Exclusion List for new clients and projects. This exclusion list relates to activities with damaging impacts on the environment and human rights. Eligible transactions then undergo risk identification and are categorised as per the magnitude of their potential impact based on criteria defined by the International Finance Corporation and the Equator Principles. We conduct E&S due diligence for all projects, with the depth of assessment varying based on the project's risk category. This process evaluates compliance with applicable laws, regulatory frameworks, and international standards, including the UN Guiding Principles on Human Rights and IFC Performance Standards. When necessary, we develop Environmental and Social Action Plans to bring projects into compliance with applicable standards and Bank requirements.

E&S risks identified and their relevant proposed mitigants are escalated to the ECC for all in-scope transactions. The ECC may approve, reject, or approve subject to amendments/conditions. E&S conditions and covenants are included in contractual agreements with clients. Post-disbursement, we continue to monitor relevant E&S covenants, engage with clients, and conduct site visits throughout the loan tenor. Any breaches are promptly escalated to Executive Credit Committees, ensuring ongoing management of E&S risks throughout the credit lifecycle. By integrating E&S risk management into every stage of its credit process, from initiation to monitoring, MCB Ltd demonstrates its commitment to responsible banking practices and sustainable development in the regions we serve.

Read more on our ESRM Policy on our website

Risk assurance: Internal audit

General approach

The Internal Audit Function is the third line of defence within MCB Group, operating independently from the business and support functions (first line) and the risk oversight and compliance functions (second line). Its primary responsibility is to provide independent, objective assurance to the MCB Group Audit Committee, the Audit and Risk Committees of subsidiary entities and Executive Management on the adequacy and effectiveness of the Group's governance, risk management and internal control frameworks.

The Function performs its duties with full organisational independence and professional objectivity, in accordance with the IIA Code of Ethics, the Global Internal Audit Standards (GIAS) and applicable regulatory and governance requirements. It has unrestricted access to all records, systems, premises, information, personnel and Management necessary to discharge its responsibilities, enabling it to provide impartial and reliable assurance across the Group. During the reporting period, no limitations were placed on the scope of its activities or its right of access.

Internal Audit assesses whether key risks to the Group's strategic, operational, financial, regulatory and cyber objectives are appropriately identified, evaluated, monitored, managed and reported. This includes evaluating the design and operating effectiveness of internal controls, the robustness of governance arrangements and the adequacy of risk management processes. Where provided under applicable Service Level Agreements, its mandate covers other banking and non-banking entities of MCB Group Ltd - with its independence, access rights, reporting rights and ability to communicate results to the relevant Audit Committee or Board preserved in all cases.

While the Group maintains a comprehensive internal control framework, no system of internal control can provide absolute assurance against all risks. Certain emerging risks - particularly those associated with rapid technological change, evolving cybersecurity threats, third-party dependencies, geopolitical developments and regulatory change - may evolve at a pace that challenges existing controls. These areas are continuously reassessed through the Group's risk management and audit planning processes.

To support a consistent assurance approach across the Group, the overseas banking subsidiaries maintain locally based Internal Audit teams that conduct assurance activities within their respective jurisdictions. These auditors report functionally to the Head of Internal Audit of MCB Ltd - preserving their independence and alignment with Group standards, methodologies and quality requirements - and maintain an administrative reporting line to their respective Managing Directors to facilitate local coordination. The Internal Audit SBU of MCB Ltd, which is compliant with the Institute of Internal Auditors' (IIA) Standards, provides ongoing guidance, technical support and specialist expertise to subsidiary teams, promoting methodological consistency, quality assurance and the adoption of best practices. Audit plans are developed from risk assessments and reviewed by the respective Audit Committees to ensure adequate coverage of significant risks and regulatory requirements.

Audit reports, detailing key observations and associated corrective action plans, are formally communicated to responsible operational management and senior leadership. To maintain its independence, the function provides at least quarterly updates to the Audit Committee on the adequacy of its resources, structure, staffing and audit coverage. The progress of all management action plans is monitored, with past-due items actively followed up. Overall, the function does not believe that any significant control deficiencies currently exist that could reasonably be expected to jeopardise the Group's ability to achieve its objectives or materially impact its operations.

Main priorities

The Internal Audit function seeks to continue to strengthen its role as a trusted, independent assurance provider by enhancing its capabilities, methodologies and coverage in response to an increasingly dynamic risk environment. Over the short to medium term, its strategic priorities will focus on keeping assurance activities aligned with the Group's strategic objectives, evolving risk profile and regulatory expectations:

- Further integrating advanced data analytics, automation and emerging technologies into the audit process, while continuing to invest in the development, certification and specialised expertise of audit staff through targeted training and professional qualifications
- Continuously enhancing audit methodologies to align with the Global Internal Audit Standards (GIAS) and leading international practices
- Completing the IFACI Quality Certification assessment and implementing any improvement identified
- Increasing focus on emerging risks, including cybersecurity, digital transformation, artificial intelligence, operational resilience and third-party risk management
- Continuing investment in the development and professional certification of staff to audit increasingly complex, technology-driven environments
- Further strengthening coordination with Risk Management, Compliance and other assurance providers, in line with the Three Lines Model, to optimise assurance coverage and improve organisational risk oversight

Through these initiatives, the function aims to continuously enhance the quality, relevance and impact of its assurance activities while supporting the Group in achieving its strategic objectives and maintaining the confidence of the Board, regulators, shareholders and other stakeholders.

Capital management

The framework

In line with regulatory rules, Basel requirements and industry best practices, the capital management objective of the Group is to ensure that adequate capital resources are available to operate effectively, foster sustained business growth, either maintain or enhance credit ratings and cope with adverse economic and market conditions. Capital management policies and practices of the Group entities aim to maintain a strong and resilient capital position that is consistent with stakeholder expectations and regulatory requirements.

Capital management at the Group is underpinned by a forward-looking and risk-based approach and coupled with a comprehensive governance framework. The entities determine the appropriate level and composition of capital after making allowance for multiple factors. They include the legal and regulatory landscape across countries, conditions prevailing across economies and financial markets, business growth prospects, risk appetite and the Group's strategic priorities. Through this holistic assessment, we fine-tune our capital strategy to align with our broader goals, thereby ensuring our sustained resilience and capacity for strategic advancement.

Our process

Commensurate with the strategic orientations, risk appetite and risk management framework approved by the Board of MCB Group Ltd, the entities, particularly those within the banking cluster, abide by their internal policies and practices for undertaking their capital management initiatives. These include (i) capital planning and allocation across business segments and geographies wherever applicable; (ii) capital reporting, budgeting and analysis; and (iii) management of capital consumption against budgets. Banking subsidiaries are guided by their Internal Capital Adequacy Assessment Process (ICAAP) in determining the capital planning exercise and formulating the risk appetite. This provides the framework to ensure that adequate capital is kept beyond core minimum requirements to support business activities.

Internal Capital Adequacy Assessment Process of MCB Ltd

Framework

MCB is guided by its Internal Capital Adequacy Assessment Process (ICAAP) when determining its capital planning and formulating its risk appetite process. The ICAAP framework has been developed and applied at the Bank pursuant to the issue of the Bank of Mauritius (BoM) Guideline on Supervisory Review Process in April 2010. The ICAAP document, which is reviewed periodically, delineates the process through which the Bank assesses the required minimum capital to support its activities. It seeks to ensure that MCB remains well capitalised after considering material risks.

Objectives

To provide an informative description of the methodology and procedures that the Bank uses to assess and mitigate its risks; and to make sure that adequate capital resources are kept to support risks faced beyond core minimum requirements.

Assessment and planning

Through the ICAAP, the Bank assesses its forecast capital supply and demand relative to its regulatory and internal capital targets under various scenarios. The Bank's capital plan is defined every year during the budgeting and strategic planning exercise, while financial year risk appetite limits are set by the Board. As for the Bank's exposures, they are monitored on a quarterly basis against those limits, with related insights being reported to the RMC. The capital plan includes a crisis management plan. The latter makes allowance for various measures that should help to rapidly mobilise additional capital if the need arises, with discussions thereon being held at Board level.

Stress testing at MCB Ltd

Stress testing is a key risk management tool used by the Bank and is an integral part of its ICAAP. The aim of the Bank's stress testing framework is to identify, quantify, evaluate and make sense of the potential impact of specific changes in risk factors on the business development and financial strength of the Bank. MCB applies the stress testing principles set out under the BoM Guideline on Stress Testing issued in June 2022. Forecasts are made over a 3-year horizon, taking into account the Basel Pillar I and II stresses. The ICAAP provides for an assessment of the Pillar I risk types (i.e. credit, operational and market risks) and Pillar II risk types (i.e. concentration, liquidity, interest rate, strategic risks, etc.). In line with this approach, climate risk considerations are also integrated into the Bank's stress testing framework, notably through the inclusion of a dedicated climate scenario as part of the risk appetite setting process and the ICAAP for FY 2025/26. These assessments are undertaken to understand the sensitivity of the key assumptions of the capital plan with regard to the realisation of plausible stress scenarios. This helps MCB evaluate how it can maintain adequate capital under such scenarios.

Risk identification

- To detect and address existing or potential vulnerabilities such as unidentified and Bank-wide risk concentrations or interactions among various types of risk, many of which may be overlooked when relying purely on statistical risk management tools based on historical data

Risk assessment

- To promote a deep understanding of organisational vulnerabilities on the back of forward-looking risk assessments; this helps to make risk more transparent via an estimation of scenario-based losses and to prevent the development of any false sense of security about the Bank's resilience
- To evaluate the significance of risk faced during different phases, notably during periods of: (i) favourable economic and financial conditions given the subsequent lack of visibility over potentially negative future developments; and (ii) business expansion when innovation leads to new products and services for which no historical data is available for forecasting future trends

Risk mitigation

- To facilitate the development of risk mitigation or contingency plans across stressed conditions
- To stimulate debates and raise awareness of the various risk aspects of our client portfolios among Management, helped by (i) a well organised surveying of the operating context; (ii) an identification of the most important risk factors; and (iii) a scanning of the horizon for potential stressful events

Stress testing results

In FY 2025/26, the Bank conducted stress testing under various historical and stress test scenarios to assess the impact of unfavourable scenarios on key metrics. We have used the 3-year budget forecasts to conduct our different stress tests. We assumed that the stress scenarios took place in the middle of FY 2025/26, i.e. at the beginning of January 2026, and we then measured the relevant impacts accordingly. The scenarios are regularly reviewed and fine-tuned to ensure that they remain relevant to the Bank's risk profile, activities as well as prevailing and forecasted economic conditions. We measured potential impacts on the following metrics: (i) Solvency: Capital adequacy ratio and Tier 1 ratio; (ii) Profitability: Net profit after tax; (iii) Asset quality: NPL ratio and cost of risk; and (iv) Liquidity: LCR, NSFR and Survival Horizon. The stress test results are reported and discussed at the RMC and the Board prior to being submitted to the BoM. Barring extreme cases, our recent analyses revealed that the Bank's capital adequacy ratio does not fall below the regulatory requirements in any of the 3 scenarios described hereunder.

Economic recovery
(Mild scenario)

After weeks of tension, Israel and Iran reach a favourable resolution. However, the trade war set off by the US administration continues and even results in the termination of the AGOA agreement. US companies continue to boost their local production which causes China's exports to shrink considerably, therefore resulting in industrial firms across China cutting their production levels and consequentially causing a sharp decrease in oil prices to around USD 45/barrel. Separately, in FY26, the Bank falls victim to a cyberattack and is forced to pay USD 90m in ransom to prevent the release of encrypted customer data.

In FY27, oil prices continue to decrease and China's exports continue to deteriorate further. At the same time, African oil producers feel the effects of the prolonged low oil prices and start to face increased pressures to meet their FCY debt obligations. In turn, MCB experiences a shrinkage of its oil-linked financing activities while existing structured oil transactions begin to default. In addition, while the Bank continues its push to move to cloud-hosted platforms, the Treasury ecosystem software provider suffers a severe cyberattack resulting in a complete shutdown of the Treasury system for 2 weeks, a reversion to manual operations and a near total stop of trading activities as well as FX commercial transactions, resulting in an overall loss of revenue of MUR 2bn.

In FY28, climate regulations become even more restrictive, resulting in oil prices to decrease further as a consequence of this shift to greener energy sources, which in turn continues to impact the good standing of several oil traders banking with MCB.

Climate Risk and Austerity Measures
(Moderate scenario)

In FY26, Mauritius faces a turbulent year marked by two back-to-back powerful tropical cyclones with widespread flooding that leave a trail of destruction across the island, damaging infrastructure and disrupting banking operations. As the country begins to recover, a wave of fiscal tightening is introduced including deep public spending cuts, new banking taxes and a capital gains tax on property sales. These measures, coupled with the discontinuation of investor-friendly schemes like the Smart City initiative, erode investor confidence and drive capital outflows from the Mauritius IFC as they seek more stable jurisdictions. Tourism and agriculture sectors, both heavily impacted by the physical damage and unpredictable weather, see sharp declines in revenue further straining debt performance.

In FY27, the focus shifts to transition risk as the EU enforces stricter environmental regulations and expands its carbon border tax to key Mauritian exports, putting pressure on exporters to meet new sustainability requirements. At the same time, persistent coastal degradation and erratic weather continue to erode asset values and new taxes and fees come into effect squeezing household budgets and deterring tourists. Meanwhile, MCB's recently implemented new quantitative trading model misfires, executing automated FX trades based on misleading news about African central banks. The model's failure to account for market volatility leads to a loss of USD 45m, triggering reputational damage and regulatory scrutiny.

In FY28, the regulatory burden deepens as EU's extensive sustainability reporting rules extend to non-EU firms and in parallel, Mauritian exporters have no choice but to invest heavily in sustainable upgrades to stay competitive. The tourism sector faces a structural decline as EU travellers opt for greener and more affordable destinations. Air Mauritius struggles to keep pace with regional competitors. With rising compliance costs, weakening demand and an outdated tourism model, the financial sector is left navigating in a complex and shifting landscape.

Trade and Conventional war
(Severe scenario)

Between FY26 & FY28, global economic and geopolitical turbulence intensifies, driven by persistent US trade wars against large trading partners such as China, Canada, EU and Mexico. Military conflict between Israel and Iran amplifies. FY26 sees steep rise in oil prices to USD 150/barrel following the closure of the Strait of Hormuz, a critical chokepoint for oil transportation. Both wars cause widespread decline in economic growth and high inflation. Mauritius faces economic strain from reduced exports, tourism and financial downgrades. In addition, the Bank experiences a critical operational failure due to inadvertent duplicate payment leading to an operational loss of USD 50m.

In FY27, the trade crisis deepens with negotiations toughening with the US. As a result, more countries join BRICS, reinforcing its influence on the economic cooperation while in the Middle East, Lebanon, Yemen and Iraq join the war. Iran launches cyberattacks on Israeli and US infrastructure as well as financial systems. Another important shipping route, the Gulf of Aden, is closed further disrupting the energy supply, leading oil prices to soar to USD 175/barrel. Global recession sets in. The manufacturing and hospitality sectors witness significant layoffs as more and more local companies are no longer breaking-even. Bank of Mauritius raises interest rates to curb the effect of imported inflation.

In FY28, while tensions resurge as hostilities in the Middle East de-escalate to unconventional war, Russia proclaims victory over Ukraine without the support of the US. Russia attempts to reconquer ex-USSR Baltic regions, creating huge uncertainties in Europe and impacting the tourism industry in Mauritius. Imposition of foreign taxes by the US in its new regulations, the high oil prices and low global demand exacerbate the already weakened local economy.

Internal Capital Adequacy Assessment Process at the level of our overseas banking subsidiaries

During the year under review, our overseas subsidiaries submitted their annual ICAAP documents. They demonstrated that they had robust internal assessment processes for capital adequacy in relation to Pillar II risk types to which they are exposed, as well as external risk factors.

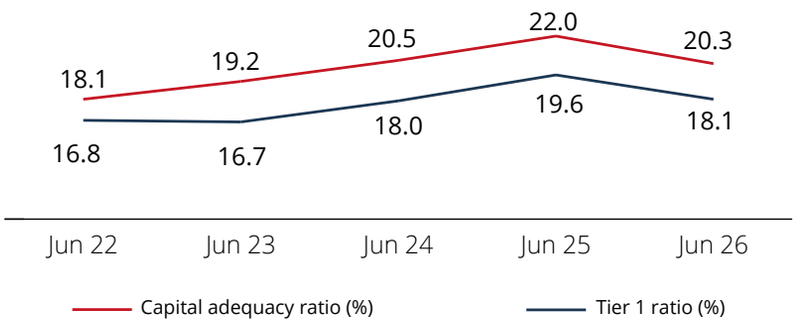
Stress testing results

Our overseas subsidiaries conducted stress tests under various scenarios to assess the impact of unfavourable events on their capital position. They proved that they had robust capital bases, allowing them to withstand adversities in events of severe shocks, whilst also maintaining capital adequacy ratios above the regulatory thresholds in the scenarios tested.

Capital position for FY 2025/26

The Group continued to be well capitalised in view of higher retained earnings and the issue of scrip shares in lieu of dividend under the Group's scrip dividend scheme. The capital adequacy and Tier 1 capital ratios dropped on the back of the growing exposure but remained robust at 20.3% and 18.1% respectively as at 30 June 2026. The predominant contribution thereto has emanated from the banking entities of the Group, for which maintenance of adequate capital levels is a key priority by virtue of their business operations and regulatory responsibilities. Risk-weighted assets of the Group stood at Rs 702 billion as at 30 June 2026, out of which 94% was accounted for by the banking cluster with MCB Ltd representing 85% of the overall risk-weighted assets.

Capital adequacy and Tier 1 ratios



Zoom on the banking cluster

Regulatory requirements

The Group's banking entities maintain strict compliance with mandatory stipulations set by the regulators in their respective jurisdictions. In respect of MCB Ltd, it uses the Basel II Standardised Approach to manage its credit and market risk exposures, with the Alternative Standardised Approach used for operational risk. The determination of its capital resources is conducted in line with the BoM Guideline on Scope of Application of Basel III and Eligible Capital. It also complies with the Guideline for dealing with Domestic-Systemically Important Banks (D-SIB). Under the guideline, banks are required to hold a capital surcharge, also known as D-SIB buffer, ranging from 1.0% to 2.5% of their risk-weighted assets depending on their systemic importance. The assessment for determining Domestic-Systemically Important Banks is carried out on a yearly basis by the Central Bank using end-June figures. According to the assessment carried out by the BoM, MCB Ltd features among the four banks that have been identified as systemically important in our jurisdiction. This assessment is based on five factors, namely size, exposure to large groups, interconnectedness, complexity and substitutability.

The minimum regulatory Tier 1 and capital adequacy ratios currently applicable to MCB Ltd stand at 13.0% and 15.0% respectively. As for the overseas banking entities, they are guided by the minimum regulatory ratios set out in the table below.

Minimum regulatory ratios

	MCB Ltd	MCB Seychelles	MCB Maldives	MCB Madagascar
As at 30 June 2026	%	%	%	%
Capital adequacy ratio	15.0	12.0	12.0	10.5
Tier 1 ratio	13.0	6.0	6.0	8.5

Performance for FY 2025/26

The capital adequacy ratio of the banking cluster – as measured at the level of MCB Investment Holding Ltd on a consolidated basis – stood at 18.8% as at 30 June 2026. The capital base was primarily made up of core capital, with the Tier 1 ratio standing at 16.7%. The following tables depict the capital adequacy ratios posted by the banking cluster.

Banking cluster: Capital adequacy ratios

Capital adequacy	MCB Group		Banking cluster	
	Jun 25	Jun 26	Jun 25	Jun 26
Capital base	**Rs m**	**Rs m**	**Rs m**	**Rs m**
Ordinary shares (paid-up) capital	9,545	11,476	8,880	8,880
Retained earnings	102,647	115,702	81,971	97,961
Accumulated other comprehensive income and other disclosed reserves	6,266	7,154	11,062	11,488
Common Equity Tier 1 capital before regulatory adjustments	**118,458**	**134,332**	**101,913**	**118,328**
Regulatory adjustments				
Goodwill and other intangible assets	(3,494)	(3,730)	(3,050)	(3,302)
Deferred tax assets	(3,599)	(4,441)	(4,846)	(5,239)
Cash flow hedge reserve	110	(52)	11	(52)
Defined benefit pension fund assets	0	0	0	0
Common Equity Tier 1 capital (CET1)	**111,474**	**126,110**	**94,028**	**109,736**
Additional Tier 1 capital (AT1)	943	846	-	-
Tier 1 capital (T1 = CET1 + AT1)	**112,417**	**126,955**	**94,028**	**109,736**
Capital instruments	6,757	6,997	6,757	6,997
Provisions or loan-loss reserves	6,415	7,912	5,927	7,429
45% of surplus arising from revaluation of land and buildings	1,264	1,372	-	-
Tier 2 capital before regulatory adjustments	**14,436**	**16,281**	**12,684**	**14,426**
Regulatory adjustments	(583)	(639)	(580)	(639)
Tier 2 capital (T2)	**13,854**	**15,642**	**12,104**	**13,788**
Total capital (T1 + T2)	**126,271**	**142,597**	**106,132**	**123,524**

Risk-weighted assets	Rs m	Rs m	Rs m	Rs m
Weighted amount of on-balance sheet assets	458,126	567,873	419,907	529,907
Weighted amount of off-balance sheet exposures	55,106	65,057	54,290	64,420
Weighted risk assets for operational risk	55,428	63,111	53,096	60,992
Aggregate net open foreign exchange position	4,914	6,117	1,017	2,124
Total risk-weighted assets	**573,573**	**702,158**	**528,310**	**657,443**

Capital adequacy ratios (%)	Jun 25	Jun 26	Jun 25	Jun 26
Total capital adequacy ratio	**22.0**	**20.3**	**20.1**	**18.8**
of which Tier 1	***19.6***	***18.1***	***17.8***	***16.7***

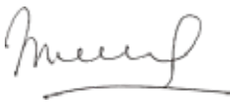
Notes: (i) Figures may not add up to totals due to rounding
(ii) Figures in the above table are audited

	MCB Ltd	MCB Seychelles	MCB Maldives	MCB Madagascar
	%	%	%	%
Capital adequacy ratio				
As at 30 June 2025	21.1	20.8	62.8	10.9
As at 30 June 2026	19.5	21.1	49.9	12.1
Tier 1 ratio				
As at 30 June 2025	18.6	17.9	52.6	8.8
As at 30 June 2026	17.3	18.7	40.5	12.1

Note: Figures are as per the banking entities' respective regulatory norms



Stephen DAVIDSON
Director
Chairperson Risk Monitoring Committee



Jean Michel NG TSEUNG
Group Chief Executive